Galibier Opportunities Fund
Quarterly Investment Review

Q3 2018

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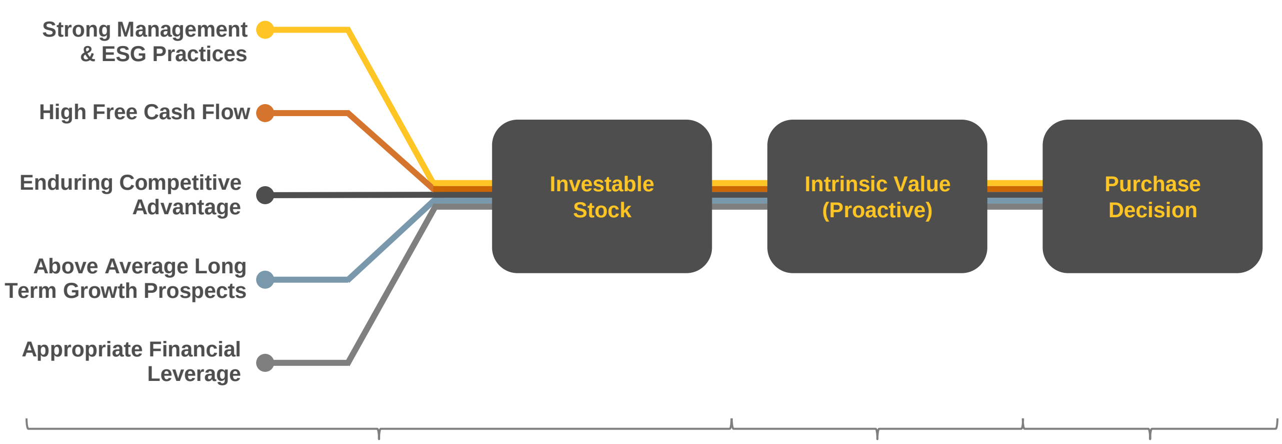
Galibier Capital Management Ltd.

At Galibier we work hard to (1) derive a measure of intrinsic value for a universe of investable stocks and (2) transact when market prices offer opportunities. To paraphrase Warren Buffett "Price is what you pay. [Intrinsic] Value is what you get." Thus, while we welcome price to earnings multiple expansions, what really drives increases in the future value of companies is higher future earnings. Our investment process seeks to identify and value future earnings power and balance sheet structure using reasonable expectations about future economic conditions and high discount rates.

Galibier Investment Philosophy and Process – *The Galibier Way*

*Galibier follows a proactive and innovative **valuation** methodology*



Step 1: Define Investable Universe

Define investable stocks based on key criteria

Step 2: Proactive and Innovative Valuation Methodology

Determine intrinsic value using rigorous and consistent valuation methodology

Step 3: Portfolio Construction

Transact when price differs from intrinsic value

We Believe

- Companies have an intrinsic value that can be calculated
- Market prices do not always reflect intrinsic value
- Growth is a component of value
- Concentration is essential for generating alpha
- At some price, almost all stocks offer a value proposition
- Risk is the permanent loss of capital, not benchmark underperformance
- Investment companies should be independent and investor led
- The success of investment companies should be measured by the success of its clients
- An essential element towards investment success is to have a contrarian mindset… ie. to be sanguine when others are discouraged and to be cautious when others are exuberant….

Summary of Results

Period ending: September 30/2018	3 months (%)	1 year (%)	2 year (%)	3 year (%)	Since Inception (%)
Galibier Opportunities Fund	**5.0**	**21.1**	**17.6**	**17.3**	**10.4**
S&P/TSX Composite (total return)	-0.6	5.9	7.5	9.7	5.5

Notes:

i. Return figures are gross of fees.
ii. Return figures are annualized for periods greater than 1 year.
iii. The Funds' returns are not guaranteed, the values change frequently and past performance may not be repeated.
iv. Inception date of the fund is October 31, 2014.
v. Returns are presented only for periods during which Galibier has been registered as a portfolio manager.
vi. The investment objectives of the Galibier Opportunities Fund have not changed since the Funds' inception.
vii. All returns of the Galibier Opportunities Fund prior to November 30, 2014 are related to Galibier's proprietary accounts, as Galibier's employees were the sole investors in the Funds during this period of time. Canadian securities administrators have expressed concerns regarding marketing returns for proprietary accounts as firms can employ different strategies and take greater risks when managing its own investments without a fiduciary duty to third party investors.

See Note 1 and Disclaimer at the end of this document for information about the returns and benchmarks.
Source: Galibier Capital Management Ltd, Bloomberg.

Galibier Opportunities Fund

In Q3 2018, the Galibier Opportunities Fund's investment results were +5.0%. Since its inception on October 31, 2014, the fund has provided an annual return of +10.4% versus the S&P/TSX index which returned +5.5%.

Opportunities Fund Largest Positions (Sep 30/2018)

Long positions		Weight (%)
1.	WABCO Holdings Inc.	5.9
2.	Park Lawn Corp.	5.8
3.	Walgreens Boots Alliance Inc.	5.7
4.	Alcanna Inc.	5.6
5.	Premium Brands Holdings Corp.	5.5
6.	Metro Inc.	5.4
7.	Starbucks Corp.	4.8
8.	Anheuser-Busch InBev NV	4.5
9.	Middleby Corp.	4.5
10.	NFI Group Inc.	4.4
Total		**52.1**

Short positions		Weight (%)
1.	Tiffany & Co.	(5.6)
Total		**(5.6)**

Best performers during the quarter[2]

CARGOJET UP +30%

Cargojet's (CJT) share performance during the quarter reflected both its solid operating performance and the interest of investors in finding a way to invest in the e-commerce supply chain. Cargojet volumes have been increasing double digits and management recently commented they are expecting explosive growth in the always busy fourth quarter. With delivery times for all e-commerce retailers compressing, Cargojet offers the only solution for overnight delivery to cities across Canada. With its major customers under long term contract, we expect Cargojet has a long runway of growth ahead.

MIDDLEBY UP +22%

After weak performance in the second quarter, shares of Middleby rallied after the release of its most recent earnings results. The results showed a return to organic growth in its Commercial Foodservice division, which improved investor confidence in the company's long term growth story. While results in Food Processing remained weak, management continues to have conviction that the pipeline of interest will convert to firm orders in the coming quarters. The residential segment also showed organic growth as the changes in the Viking sales structure have started to generate positive momentum. We believe Middleby remains well positioned to benefit from its recent acquisition of Taylor as they work to integrate the two businesses and leverage revenue synergy opportunities.

Walgreens Boots Alliance up +20%

Early in the quarter, Amazon made its official entry into the retail pharmacy business with the acquisition of online pharmacy PillPack. The news made a big splash and Walgreens' shares sold off, eventually reaching a free cash flow yield of 11% at its trough. We continue to believe Walgreen's business will not be materially disrupted by Amazon's entry into the market given the need for a high touch purchase experience, the stickiness of its relationships with insurance payers, the high acuity need of medications, and its sourcing cost advantage as the world's largest purchaser of generic pharmaceuticals. Consequently, we took advantage of the sell off to further build our position in the company at a very attractive risk/reward proposition. Furthermore, we applaud management's decision to launch a $10 billion share buyback program as we continue to see the shares selling below intrinsic value despite the recent upward movement.

Biogen up +19%

Biogen, among the world's largest biotech companies, saw data released during the quarter on BAN2401, an antibody treatment for early stage Alzheimer's, that gave further hope that its therapies will provide improvement for this prevalent and currently untreatable condition. As well, the company continues to develop its very high potential Alzheimer's formulation, Aducanumab. This formulation, if proven, could be a block buster product with multi-billion dollar revenue potential. Due to the company's global leadership in both multiple sclerosis (Avonex and Techfidera) and oncology (Rituxan), and the resulting huge earnings power of these established drugs, investors are getting all of the optionality of the Alzheimer's products for free.

Worst performers during the quarter[2]

Anheuser-Busch down -15%

The global brewer, Anheuser-Busch (BUD), has been hurt by depreciating currencies in some of its key markets including Brazil. This has led to some concern about a potential dividend cut as the company's free cash flow has been constrained. Happily, 93% of BUD's debt is fixed rate and therefore not impacted by rising yields. As well, improvement in end markets could quickly bring free cash flow back to levels which would allow for significant deleveraging. All in all, we remain optimistic about BUD's prospects going forward and increased our position over the quarter.

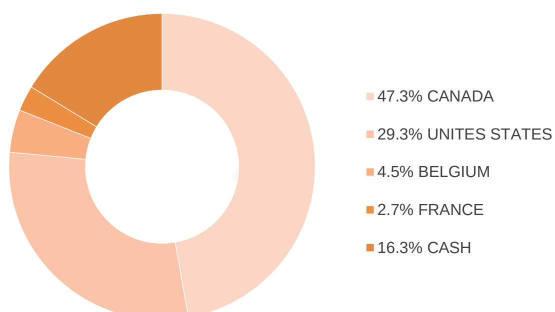
Spin Master down -12%

After being a top contributor in the second quarter, shares of Spin Master weakened during the third quarter. The market had lingering concerns regarding the Toys R Us bankruptcy earlier this year and how that will impact the ever important holiday shopping season. Management is confident that children will continue to have birthdays and celebrate holidays, but are cautious that retailers may shift their buying activity from the usual third quarter into the fourth quarter as they wait for assurance that demand will be in line with expectations. We believe that the disruption by Toys R Us will have cleared through the market by 2019 and that Spin Master's track record of innovation will allow the company to continue to gain market share.

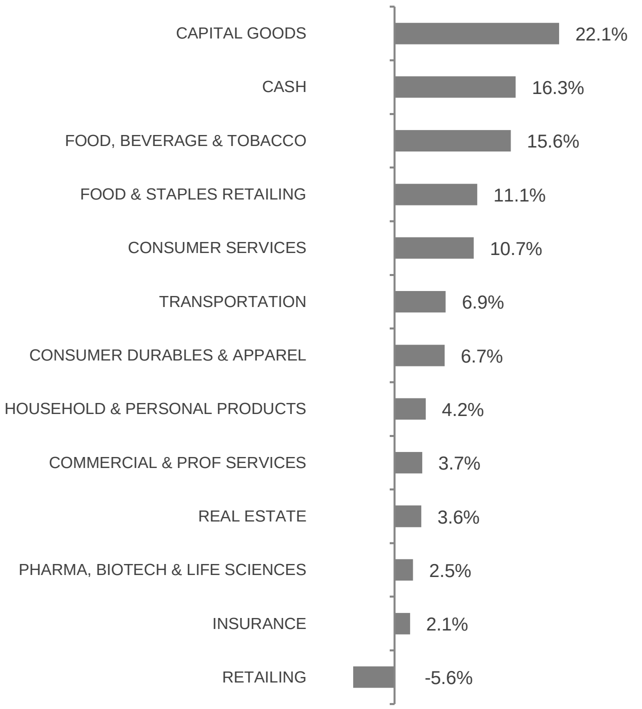
Stericycle down -12%

Stericycle provides regulated medical waste management and related ancillary services primarily in the U.S. This is a high "moat" business and Stericycle also enjoys scale advantages. However, in 2015 the company embarked on two acquisitions (PSC and Shred-It) which increased financial leverage and damaged returns on invested capital. As well, the company's largest customers are hospital groups with significant power to extract pricing concessions from Stericycle which has pressured margins. The company has embarked on a significant multi-year turnaround strategy and we anticipate a significant rebound in earnings in the near term.

Geographic Split (September 30/2018)



Industry Split (September 30/2018)



Buys & Sells

One new position was added to the fund in the quarter: Premium Brands Holdings Corp. In addition, we added to several names including Alcanna Inc., Spin Master Corp., WABCO Holdings Inc. and Anheuser-Busch Inbev NV ADR.

We reduced our positions in LVMH Moet Hennessy Louis Vuitton SE ADR, Colgate Palmolive Co., Starbucks Corp., Middleby Corp., Walgreens Boots Alliance Inc. and Biogen Inc. One position was eliminated: Zimmer Biomet Holdings Inc.

New Buys:

Premium Brands Holdings Corp.

Shares of PBH were added to the portfolio after the company missed short term expectations around its quarterly results and the shares declined below our view of Intrinsic Value. This is the second time the portfolio has held PBH. The company sells and distributes specialty prepared foods such as premium meats, seafood, baked goods and sandwiches to the grocery industry as well as quick serve restaurants and cafes. Key brands include SK Foods, Raybern's, Buddy's, Pillers, Grimms, Oberto and Freybe. The company augments high organic growth with a significant acquisition strategy to consolidate the fragmented food industry and has acquired 33 businesses in the past 5 years. By leveraging the larger platform of PBH the acquired businesses, which generally retain key employees and are run autonomously, are able to lower costs and grow faster than if they stayed independent. Over the past 5 years the company has increased profits and earnings per share by greater than 20% per year. With its competitive advantage in distribution and acquisitions, supported by strong cash flows and appropriate leverage, the high levels of growth should be sustained and supports our view of a higher share price.

Notes:

1. *When evaluating the performance of any investment, it is important to compare it against an appropriate benchmark in order to make an informed assessment of the account's performance based on its investment strategy. Galibier utilizes broad market indexes such as the S&P/TSX Composite index, the MSCI World Index and the S&P 500 index for this purpose as they are the most well-known indices and are most likely to resemble the investment strategy of the accounts. It is important to note that benchmarks do not include operating charges and transaction charges as well as other expenses related to the account's investments, which may affect its performance.*

2. *Performance % represents the return to the pool during the most recent quarter and includes the impact of market price changes, buys, sells, and dividends (if any).*