Galibier Opportunities Fund
Quarterly Investment Review

Q3 2019

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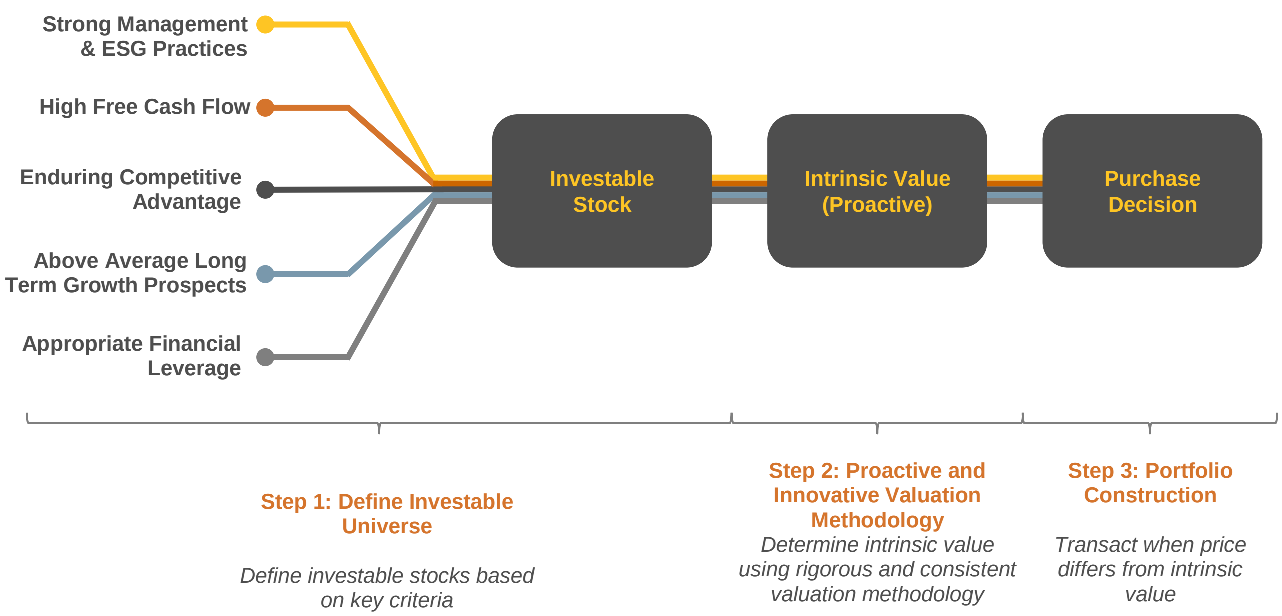
Galibier Capital Management Ltd.

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*



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: Sep 30/2019	Since Oct31/14 (%)	4 year (%)	3 year (%)	2 year (%)	1 year (%)	YTD (%)
Galibier Opportunities Fund	**9.3**	**14.2**	**13.3**	**12.9**	**5.2**	**20.2**
S&P/TSX Composite (total return)	5.8	9.0	7.4	6.5	7.1	19.1

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.*
viii. *Performance presentation consistent with recommendations from FCLTGlobal "Institutional Investment Mandates: Anchors for Long-term Performance" www.fcltglobal.org*

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 2019, the Galibier Opportunities Fund generated a return of +1.7%. Since its inception on October 31, 2014, the fund has provided an annual return of +9.3% versus the S&P/TSX index which returned +5.8%.

Opportunities Fund Largest Positions (Sep 30/2019)

Long positions		Weight (%)
1.	AstraZeneca PLC ADR	6.6
2.	AbbVie Inc.	6.1
3.	NFI Group Inc.	5.7
4.	Oshkosh Corp.	5.6
5.	Interfor Corp.	5.5
6.	Ryanair Holdings PLC ADR	5.3
7.	Spin Master Corp.	5.3
8.	Ag Growth International Inc.	5.0
9.	Park Lawn Corp.	4.9
10.	Stericycle Inc.	4.6
Total		**54.6**

Best performers during the quarter[2]

Dream Global REIT up +22%

Dream Global REIT (DRG) shareholders benefitted from a takeover offer from The Blackstone Group during the quarter. DRG has been a successful holding in the fund for many years due to the unique characteristics of its European real estate exposure and the high dividend yield paid to shareholders. Since our original investment in 2013, management successfully exploited the company's competitive advantage in Germany and its ability to make real estate acquisitions at attractive economics.

AbbVie up +15%

AbbVie rebounded in the quarter after being oversold earlier in the year due to the announcement of its intention to acquire Allergan. Our AbbVie investment thesis is that once the Allergan deal is finalized, the non-Humira portfolio can outgrow the patent cliff from Humira. At an investor conference, AbbVie CEO, Richard Gonzalez, said that Skyrizi, a treatment for psoriasis, had a high-20% share of new patient starts which is now higher than Humira even though it has only been on the market for two quarters. This early data point shows that Skyrizi should be able to beat the 2025 guidance of $5B in sales which strengthens our investment thesis.

IA Financial up +14%

IA Financial (IAG) posted another surprisingly strong quarter with the strength spread across its business lines. In the quarter, the company generated a return on equity of 13.2% which is well above its long term 12% expectation. As a result, 2019 earnings should be comfortably above $6.00 per share. As well, the company has significantly improved its capital position which could be a source of further future earnings per share (EPS) growth. Trading at 9-10x 2019 EPS and yielding 3.1%, we see IAG as somewhat undervalued vs. our estimated low to mid $60's intrinsic value.

MEDTRONIC UP +13%

We initiated a position in Medtronic (MDT) during Q2 2019 when the market was questioning its growth. Recall that in June 2018 Medtronic updated its long-term growth algorithm and by January 2019 announced it was going to miss the target in the first year. Going through its financials it was clear that the weak first year in the long-term plan was due to short term factors outside of the company's control. When MDT announced Q1 earnings (April 30th fiscal year end) there was strong underlying growth outside of the short-term noise that gave us, and the market, confidence in its ability to grow earnings per share in the double digits. As Medtronic's share price quickly moved towards our intrinsic value we used this as an opportunity to take some profits and allocate elsewhere.

Worst performers during the quarter[2]

NFI GROUP DOWN -22%

The main catalyst for NFI's share price decline in the quarter was the company cutting its 2019 bus delivery guidance. NFI is ramping up its new parts fabrication facility in the United States and unfortunately, operational delays at the facility have led to an increased level of work in process inventory and reduced the number of finished buses that would be inspected by clients and delivered in 2019. Management is confident they have now remedied the problem and are looking to clear the backlog of inventory over the next few months. We remain excited about NFI's future opportunities following the acquisition of ADL earlier this year and feel the valuation of NFI shares are extremely attractive at these levels.

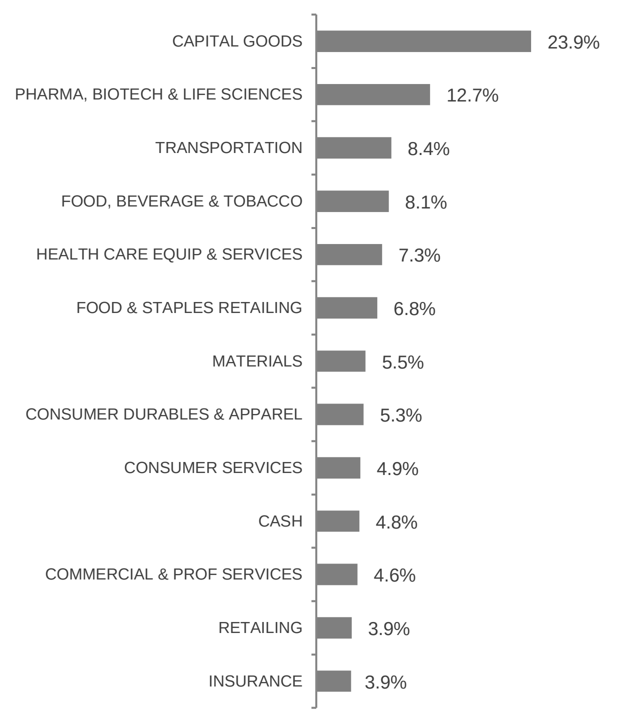
AG GROWTH DOWN -18%

The weak performance of Ag Growth International (AFN) in the quarter was partially a reflection of poor share performance across the entire agricultural space. Specific to AFN, along with the release of its second quarter results, management lowered their outlook for the remainder of 2019. This guidance reduction is a result of orders being delayed due to global trade uncertainty. Management is confident that this business is not lost and orders will be placed once there is more clarity on the outcome of China / U.S. trade negotiations. We believe Ag Growth remains well positioned in the global agricultural industry as it continues to execute on its growth strategy.

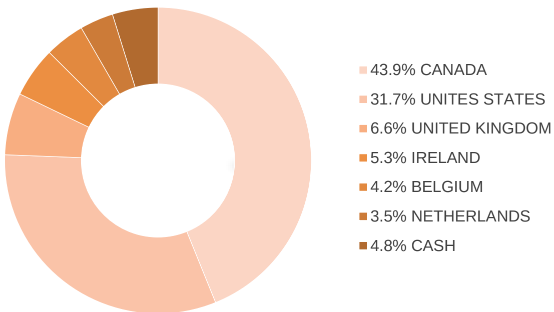
ALCANNA DOWN -13%

Alcanna had another disappointing quarter of share price performance. Progress is being made on the turnaround of the company's Alberta liquor business, with strong same store sales results suggesting that it has been successful at bringing customers back into its stores. We expect this will start to translate into better profitability in the next year. The cannabis business, while a small part of the company, attracts a significant amount of attention. As a result, the shares tend to trade with cannabis sentiment, which has been increasingly negative.

Industry Split (Sep 30/2019)



Geographic Split (Sep 30/2019)



Buys & Sells

During the quarter, we added two new positions to the portfolio: Abbvie Inc. and Ryanair Holdings PLC ADR.

In addition, we added to several positions including Oshkosh Corp., Ag Growth International Inc., AstraZeneca PLC ADR, NFI Group Inc. and Middleby Corp.

We reduced our positions in several names including Koninklijke Philips NV ADR, Anheuser Busch Inbev ADR, Premium Brands Holdings Corp., Walgreens Boots Alliance Inc. and Cargojet Inc.

Two positions were eliminated during the quarter: Medtronic PLC and Dream Global REIT.

New Buys:

ABBVIE INC.

Pharmaceutical companies are attractive due to strong cash flows generated from monopoly positions created by patent protection. Since we know the end date of these patents (i.e. the patent cliff), these companies are easier to forecast. In June, AbbVie reacted to its looming 2023 patent cliff of Humira ($19B of sales) with the acquisition of Allergan for $63B which caused AbbVie's shares to fall 16%. Overall, we like the deal as the company didn't overpay and Allergan comes with durable revenues from its aesthetics portfolio which includes Botox as well as many other on market drugs. Modelling out the combined company we get growth, albeit small growth, between the proforma 2019 results and 2025 when the patent cliff will have played out. The non-Humira growth is strong enough to support the company through the patent cliff. At the same time, AbbVie has a dividend yield above 6% with room to grow despite paying down debt.

RYANAIR HOLDINGS PLC ADR

Ryanair is the leading, low-cost airline in Europe and moves over 150 million passengers per year on 475 aircraft from 86 bases in 38 countries. Shares of the company have been under pressure due to overcapacity in the European short haul ultra-low cost market which has pressured fares and profits. This has caused several bankruptcies as the industry adjusts to overcapacity and will ultimately lead to a more rational competitive environment. Ryanair's competitive advantage comes from its position as the low cost producer in the air travel sector and is well positioned to benefit going forward. The current industry dynamic should allow Ryanair to increase its market share which will also help increase revenue from ancillary services on its planes. Longer term the company and its share price will benefit from profitably moving more people with the goal of reaching 200 million passengers by 2024. This is the second time the portfolio has had a position in Ryanair.

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).*

Disclaimer