Galibier Capital Management Ltd.

Galibier Opportunities Fund Quarterly Investment Review

Q4 2022

Joseph Sirdevan, CFA
Graham Anderson, CPA, CFA
Lauree Wheatley, CFA
Andrew Wallman, CFA
Kelvin Wong, CFA
Colin Pearson, CFA
Zohan Barkur
Jun Chuah, CFA
Neeti Pandey

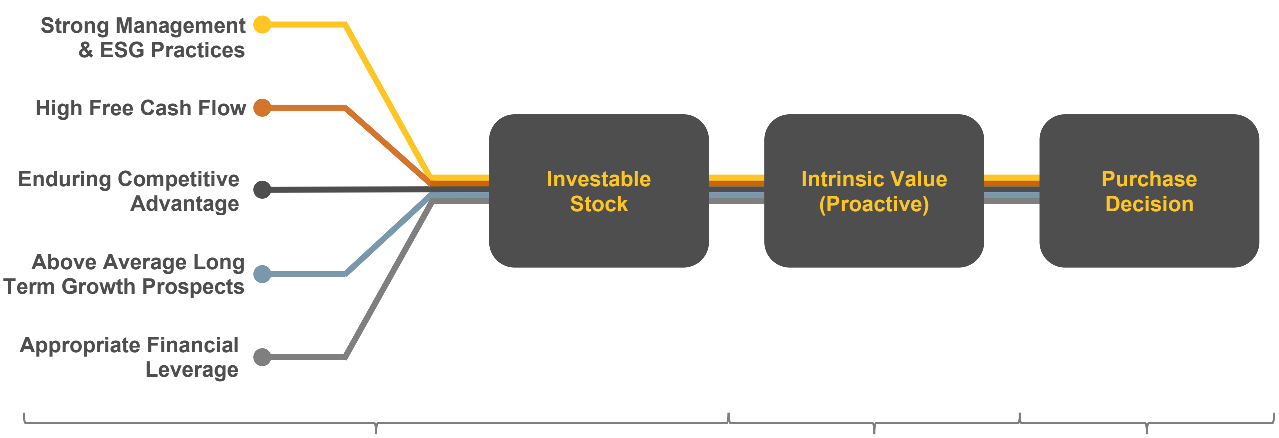
Galibier Capital Management Ltd. | **Growth. At a Reasoned Price.™**
80 Richmond St. West | Suite 1100 | Toronto | ON | M5H 2A4
416.867.1234
www.galibiercapital.com

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… i.e. to be sanguine when others are discouraged and to be cautious when others are exuberant.…

Galibier Opportunities Fund Summary of Results

Period ending: Dec31/2022	Since Oct31/14 (%)	5 year (%)	3 year (%)	1 year (%)
Galibier Opportunities Fund	**8.2**	**7.8**	**4.2**	**-3.8**
S&P/TSX Composite (total return)	6.7	6.8	7.5	-5.8

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 Notes 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 Q4 2022, the Galibier Opportunities Fund generated a return of 6.1%. Since its inception on October 31, 2014, the fund has provided an annual return of 8.2%.

Opportunities Fund Largest Positions (Dec31/2022)

Long positions		Weight (%)
1.	Canadian Pacific Railway Ltd.	6.7
2.	LVMH Moet Hennessy Louis Vuitton SE	6.0
3.	Savaria Corp.	5.7
4.	Spin Master Corp.	5.5
5.	Agnico Eagle Mines Ltd.	5.4
6.	Park Lawn Corp.	5.3
7.	Canadian Imperial Bank of Commerce	5.3
8.	Apple Inc.	5.2
9.	Target Corp.	5.1
10.	Premium Brands Holdings Corp.	5.0
Total		**55.2**

Best performers during the quarter[2]

Cenovus Energy Warrants up +35%

Energy prices were up only slightly over the quarter but remained at quite high levels with the benchmark WTI oil price at $80.26 USD at the end of the year. Cenovus, however, exhibited strong price performance largely due to its remarkable financial performance in the quarter. The company generated over $2B of free cash flow in the quarter and returned it to shareholders with both a significant share buyback of ~$650 million and announced a variable dividend. Even more importantly, Cenovus has been aggressively reducing its debt and is on track to reach its final net debt target of $4B (vs market cap of ~$50 billion) in Q1/23. With the Husky purchase, Cenovus has buttressed its competitive advantage and has become an industry leading integrated oil producer and has one of the best portfolios of long life, low decline, oil sand assets in the world.

Ag Growth International up +35%

Shares of Ag Growth were strong in the quarter, reflecting both strong operating results and a shift in company strategy towards integrating existing businesses and leveraging its organic growth opportunities. This strategic shift means moving away from acquisitions, and instead focusing on free cash flow and debt reduction. The appointment of a new Chief Executive Officer, Paul Householder, clearly marks this shift. With continued organic growth opportunities available to Ag Growth around the world, we see a continued opportunity to drive equity value as the balance sheet improves.

LVMH UP +22%

Louis Vuitton continues to generate strong revenue growth across its diversified portfolio of high-end luxury brands. The organic growth in the most recent quarter was quite strong with the fashion/leather segment up 22%, wine /spirits up 14% and watches/jewelry up 16%. Once again, LVMH produced results that were ahead of expectation and confirmed its position as one of the global leaders in luxury. With the strong recent price performance, LVMH is now trading at almost 24X its 2024 earnings estimates and thus we reduced our position marginally over the quarter.

AGNICO EAGLE MINES UP +21%

Gold rallied sharply over the quarter up 9.9% to $1,824 USD per ounce at year end. In addition to benefitting from a higher gold price, Agnico announced another strategic acquisition with the purchase of Yamana Gold's Canadian portfolio consisting of the Malartic and Wasamac mines. Agnico has been on a strong acquisition spree this year with Kirkland Lake, San Nicolas and now Malartic being added to the quiver. As a result, production growth will be substantial almost doubling to the 3.7MM oz/year by 2025. As well, the most recent acquisition increases Agnico's exposure to low political risk Canada to 81%.

Worst performers during the quarter[2]

NFI GROUP DOWN -23%

NFI Group continued to be negatively impacted by supply chain challenges, leading to another quarter of poor share price performance. With 'Buy America' legislation limiting the potential supplier pool, and orders featuring high customization, NFI has seen significant impact from the failure of its supplier to deliver critical components on schedule. This has led to a renegotiation with the banking syndicate to avoid a default on covenants and a suspension of the dividend. Without a doubt, NFI has been the most negatively impacted in our portfolio from supply chain challenges. Despite all the headwinds, the company remains the transit bus leader in North America, with significant demand for its buses and a record backlog.

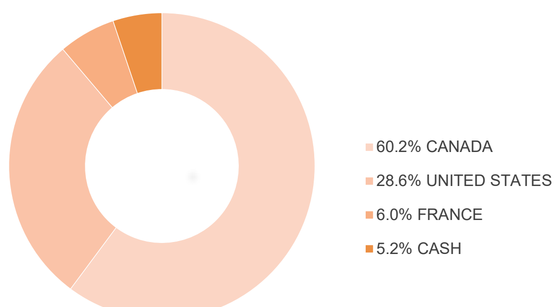
SPIN MASTER DOWN -20%

With concern around the outlook for the consumer heading into the holiday season, Spin Master shares reacted negatively to conservative guidance provided alongside the company's quarterly results. A stock sale by one of the founders, who remains a significant shareholder, also created downward pressure on the share price. Spin Master has a very compelling financial position, with almost one quarter of the share price sitting in net cash. This gives the management team significant flexibility to deploy this capital, whether it be through acquisitions, share buybacks or a special dividend.

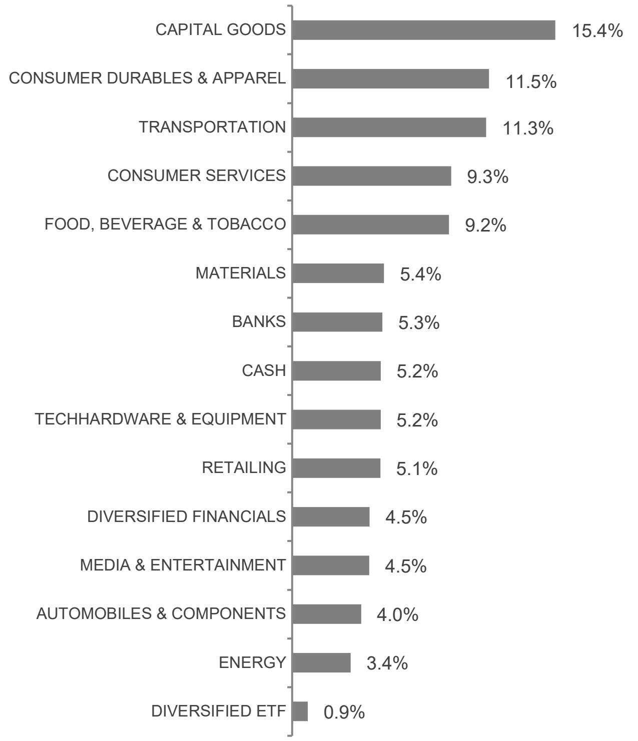
CIBC DOWN -8%

With rising rates, CIBC's net interest margin came in lighter than expected and at the same time its PCL's (provision for credit losses) was up as the CIBC adjusted its economic forecast to a more negative outlook. In fact, the bank's ACL (Allowance for Credit losses) is now running at 0.49% which is higher than its pre-pandemic ratio. As a result, the CIBC now has the second highest reserves among the big six banks. It remains to be seen if management is being overly cautious in these provisions. At its current valuation, we see the bank as being fundamentally undervalued. At current market prices, the dividend yield is 5.9% and the P/E is 9.2x 2023 expected earnings per share.

Geographic Split (Dec31/2022)



Industry Split (Dec31/2022)



Buys & Sells

During the quarter, we added one new name to the portfolio: The Walt Disney Co.

In addition, we added to numerous positions including Target, Spin Master, Apple, CIBC and Cenovus Energy among others.

We reduced our positions in NFI Group, Restaurant Brands International, Wabtec, General Motors and Ag Growth International among others.

Three positions were eliminated from the portfolio: Amazon, Fluor and VF Corp.

New Buys:

THE WALT DISNEY CO.

Disney is a company with world renown intellectual properties resulting in a 30-50% share of box office revenues for the 5 years pre-pandemic (including 20th Century Studios.) The stock has been underperforming in a rapidly changing media distribution landscape where we believe they will be one of best performers in the new world of streaming. No other media company has the infrastructure and the scale of Disney where its story telling and brand name allows them to sell its properties on the big screen, on TV, streaming, at its parks, on its cruises and in consumer products. Although the cost of setting up the streaming business was more than we expected, we believe the streaming business will provide very strong and growing free cash in 2025 and beyond.

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. *The returns of the S&P TSX Composite index are provided for comparison purposes. The S&P/TSX Composite Index is the benchmark Canadian index, representing roughly 70% of the total market capitalization on the Toronto Stock Exchange with about 250 companies included in it. The index returns do not take into account any fees and expenses. The returns of this index are provided for reference purposes to show how the performance of the fund fared relative to the market as a whole. The composition of the holdings of the fund and the index vary, because the holdings of the fund are comprised of individuals equities selected on the basis of the fund's investment objectives and strategies.*
3. *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).*