Quarterly Investment Review

Q3 2019

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"A short focus is not conducive to long profits."

- Warren Buffett 1987

Never in our collective 120+ years of investment experience has the Galibier team witnessed more unusual times across global economic, geopolitical and capital markets conditions.

In the most recent quarter alone, a number of unsettling events have emerged which add to an already volatile economic and political backdrop:

- fears about the potential for impeachment of a U.S. president
- increasing uncertainty about Brexit
- a stalled China / U.S. trade deal
- attacks on strategic oil assets in Saudi Arabia
- the Kurdish situation in Syria
- increased fears of global economic slowdown
- perceived irrelevancy of monetary policy
- an inverted yield curve and low or negative real rates
- large and growing deficits
- questions about the Fed's independence, and
- the continued rise of populism.

Yet we remain optimistic about the future and about our investments. Why? Due to our adherence to "The Galibier Way".

The Galibier Way is the combination of our unique investment philosophy with our rigorous investment process. Our investment philosophy is to be "valuation driven bottom up stock pickers." We then combine this philosophy with our two-step investment process that seeks to (1) identify an investable universe based on our five key criteria and (2) proactively value the companies in our investable universe using a rigorous and consistent valuation methodology.

The key benefit of The Galibier Way is that the process controls the two most important risks in equity investing: business risk and price risk. Business risk is simply the risk that the investee company's strategy or execution is inadequate for it to be successful. Price risk is the risk that an investment is too richly valued in the market that it no longer offers the potential of an adequate rate of return.

It is our slavish application and reapplication of The Galibier Way, day after day and week after week, that gives us confidence to buy, sell and hold securities in challenging market environments such as these. The Galibier Way allows us to focus on the long-term outcomes and ignore the short-term noise as famously advised by Warren Buffett in 1987.

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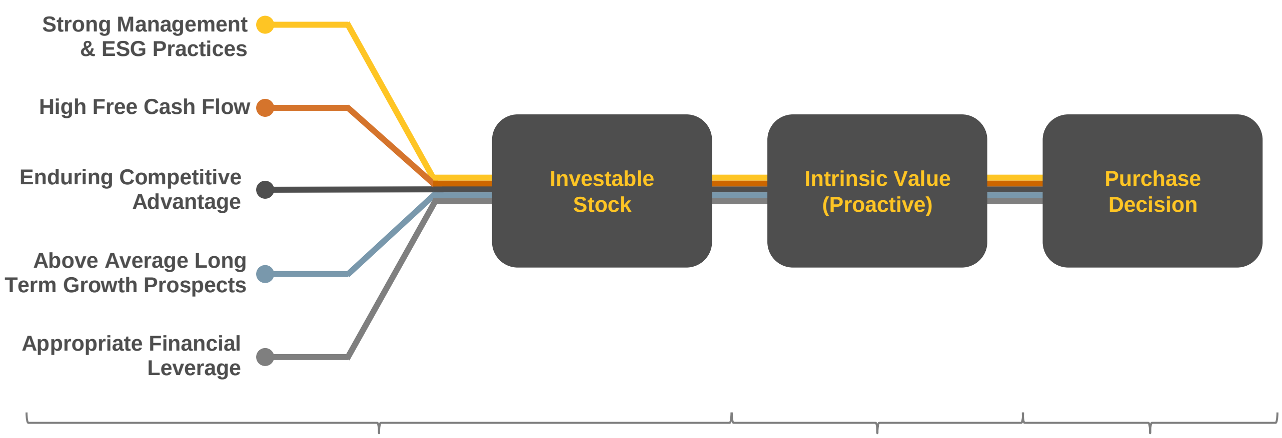
Galibier Capital Management Ltd.

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….

Galibier Canadian Equity Pool Summary of Results

Period ending: Sep 30/2019	Since Sep 27/12 (%)	7 Year (%)	6 Year (%)	5 Year (%)	4 Year (%)	3 Year (%)	2 Year (%)	1 Year (%)	Year-to-date (%)
Galibier Canadian Equity Pool	**10.9**	**10.9**	**10.0**	**6.7**	**10.2**	**8.6**	**7.7**	**1.6**	**20.2**
S&P/TSX Composite (total return)	7.6	7.6	7.7	5.3	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 September 27, 2012.*
v. *Returns are presented only for periods during which Galibier has been registered as a portfolio manager.*
vi. *The investment objectives of the Galibier Canadian Equity Pool have not changed since the Funds' inception.*
vii. *All returns of the Galibier Canadian Equity Pool prior to June 6, 2013 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*

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

Galibier Canadian Equity Pool

In Q3 2019, the Galibier Canadian Equity Pool generated a return of +0.6%. Since inception on September 27, 2012, the Canadian Pool's annualized return has been +10.9% per year which was ahead of the +7.6% annual return of the index. At the end of the quarter, the active share[3] of the portfolio was 82%.

Canadian Equity Pool Top Holdings (Sep 30/2019)

		Weight (%)
1.	Manulife Financial Corp.	5.1
2.	Cargojet Inc.	5.0
3.	iA Financial Corp.	5.0
4.	Ag Growth International Inc.	4.8
5.	Spin Master Corp.	4.8
6.	Enbridge Inc.	4.7
7.	CCL Industries Inc.	4.6
8.	Nutrien Ltd.	4.4
9.	NFI Group Inc.	4.4
10.	Canadian Imperial Bank of Commerce	4.1
Total		**46.9**

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.

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.

Cargojet up +12%

Cargojet (CJT) was a strong performer in the quarter as the company benefitted from the announcement of a strategic agreement with Amazon. The growth in e-commerce continues to be a big driver for Cargojet and this agreement with Amazon gives more comfort that CJT will continue to be Amazon's partner in its Canadian strategy. Canada Post's Purolator recently announced a move to provide weekend service, another sign that e-commerce is changing the industry dynamics. Cargojet is poised to benefit from increasing the utilization of its fleet as they provide daytime and weekend flights, levering its best in class network in Canada.

INTACT FINANCIAL UP +11%

The delightfully managed Intact Financial (IFC) continued its strategy of making accretive acquisitions in complementary business lines in the third quarter. Following on the successful entry into specialty lines with the purchase of One Beacon last year, the company purchased The Guarantee (a commercial specialty, surety and personal line insurer) and Frank Cowan Company (a managing general agent). This furthers IFC's U.S. commercial market expansion.

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.

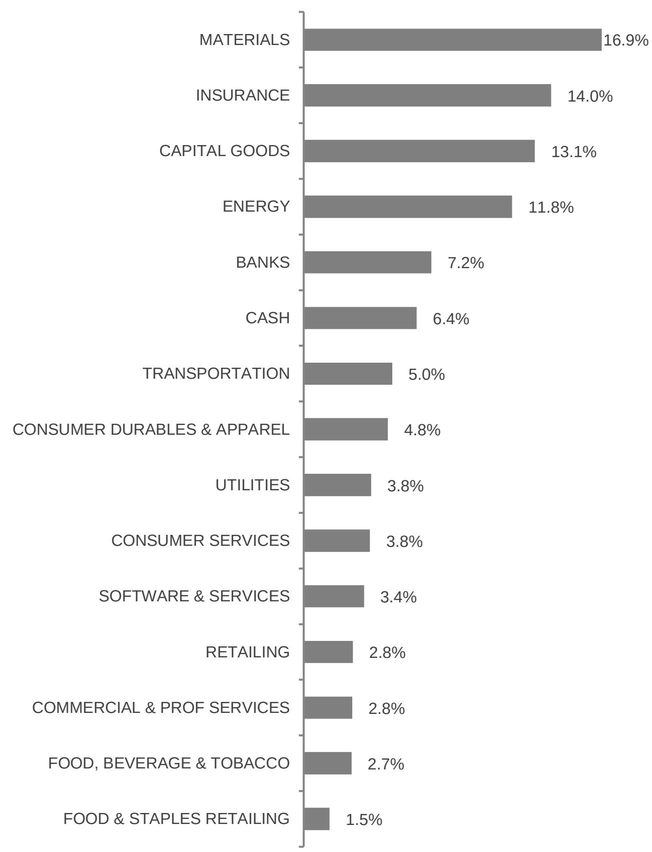
AG GROWTH DOWN -18%

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.

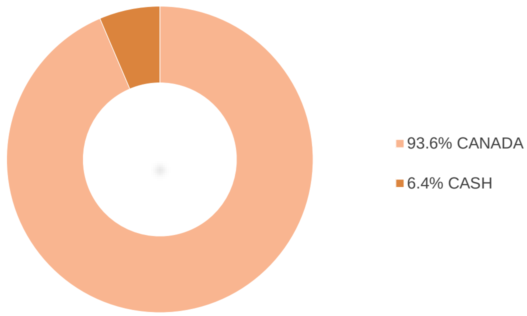
CCL INDUSTRIES DOWN -17%

CCL shares sold off after the company reported second quarter results that missed expectations. Management cited weakness in the aerosols segment which saw a significant year over year decline following unique circumstances in the second quarter of 2018. On the positive side, the company's Innovia division has stabilized after struggling with a rapid rise in resin prices. Despite the short term weakness, we believe that CCL is the best global player in the label industry and is well positioned to be the supplier of choice to customers who want to have one single label supplier with a coordinated global reach. We are impressed with management's discipline around acquisitions and believe CCL will be well positioned to consolidate the industry if we see an economic slowdown.

Canadian Equity Pool Industry Split (Sep 30/2019)



Canadian Equity Pool Geographic Split (Sep 30/2019)



Buys & Sells

During the quarter, we added to numerous positions due to positive fund flows. Notable additions in the portfolio include West Fraser Timber Co., Ag Growth International Inc., Nutrien Ltd., Enbridge Inc. and CCL Industries Inc.

We exited our position in Dream Global REIT.

As a result of these transactions, the cash position rose to 6.4% from 3.7% at the end of the prior quarter.

Canadian Equity Pool Dynamics (Sep 30/2019)

Measure	Canadian Pool	S&P/TSX Comp
Fwd 12M P/E	20.2x	14.9x
Dividend Yield	2.7%	3.1%
Number of Names	24	233
Active Share[3]	82%	-

Source: *Galibier Capital Management Ltd, Bloomberg*

Galibier Global Equity Pool Summary of Results

Period ending: Sep 30/2019	Since May12/17 (%)	2 year (%)	1 year (%)	Year-to-date (%)
Galibier Global Equity Pool	**8.8**	**12.3**	**11.5**	**17.6**
MSCI World (CAD, total return)	6.6	9.5	4.3	14.0

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 May 12, 2017.*
- *v. The investment objectives of the Galibier Global Equity Pool have not changed since the Funds' inception.*
- *vi. Returns are presented only for periods during which Galibier has been registered as a portfolio manager.*
- *vii. Performance presentation consistent with recommendations from FCLTGlobal "Institutional Investment Mandates: Anchors for Long-term Performance" www.fcltglobal.org*

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

Galibier Global Equity Pool

In Q3 2019, the Galibier Global Equity Pool generated a return of +3.7%. Since inception on May 12, 2017, the Global Pool's annualized return has been +8.8% per year which was ahead of the +6.6% annual return of the index. At the end of the quarter, the active share[3] of the portfolio was 95%.

Global Equity Pool Top Holdings (Sep 30/2019)

		Weight (%)
1.	Ryanair Holdings PLC ADR	5.3
2.	AstraZeneca PLC ADR	5.2
3.	Emerson Electric Co.	5.0
4.	Heidelberg Cement AG	4.8
5.	AbbVie Inc.	4.8
6.	Booking Holdings Inc.	4.7
7.	ING Groep NV ADR	4.5
8.	Alphabet Inc.	4.5
9.	Schneider Electric SE	4.4
10.	Oshkosh Corp.	4.3
Total		**47.5**

Best performers during the quarter[2]

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.

ALPHABET UP +14%

Shares of Alphabet reacted positively during the quarter as the company's core business (Search, Youtube and mobile) continues to demonstrate significant growth. Revenue in these segments accelerated in the quarter to 23% growth. Shares in Alphabet continue to be attractive as the company will continue to benefit from further growth in its core business as well as generating greater revenue from well-known products like Google Maps (>1bn users) and Waze. In addition, the company has attained a leadership position in new services such as autonomous driving and cloud computing which should further accelerate growth.

MEDTRONIC UP +14%

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.

BB&T UP +11%

Shareholders approved the merger between SunTrust and BB&T on July 30th clearing the way for the combined entity to form the sixth largest U.S. bank. The new company will be named Truist. Expected cost reductions of $1.6B should prove nicely accretive to future earnings power which accounts for the price move in the quarter.

Worst performers during the quarter[2]

HEIDELBERG CEMENT DOWN -10%

Although the stock retreated somewhat in the quarter, Heidelberg has been a strong performer in the first nine months of 2019 rallying 24%. In the third quarter, however, uncertainly about global economies weighed on the building products industry. Longer term, we expect Heidelberg's geographically diversified end markets to have strong secular growth potential due to the necessary infrastructure build required for ageing infrastructure, rising sea levels and more severe weather conditions. Despite these secular growth drivers, Heidelberg trades at a 9x price to earnings multiple and offers a 3.5% yield.

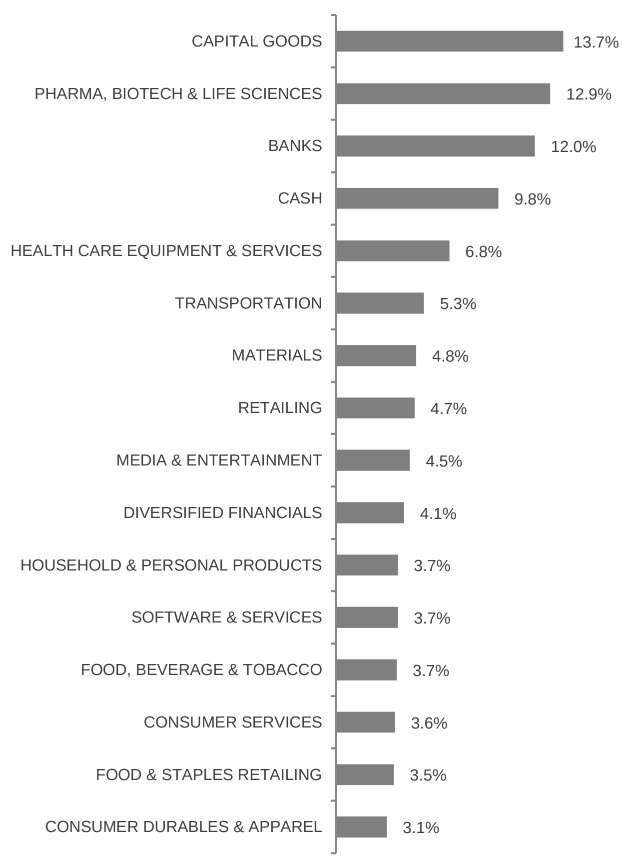
OSHKOSH DOWN -8%

Despite posting solid quarterly results, Oshkosh's (OSK) share price declined due to increased concern regarding weakness in its largest operating segment (access products). Access products (booms, lifts, elevated platforms) are tied to the North American building and construction cycle and both OSK and its competitors have guided the street to some softness in this segment in 2020. Offsetting this cyclical weakness are OSK's three other operating segments, cement trucks, fire trucks and military vehicles. Most notably OSK is benefitting from a large and long duration contract from the U.S. Department of Defense to build the next generation Humvee vehicle. The company trades at under a 10x price to earnings multiple and has a pristine balance sheet.

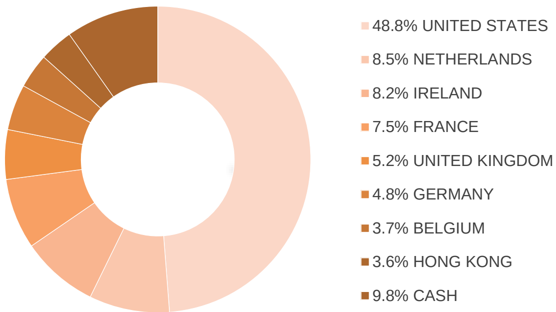
ING GROUP DOWN -6%

Falling rates in Europe put pressure on ING as investor's focus shifted to narrowing net interest rate margins for European banks. As well, the bank has been diversifying its business lines which should ultimately reduce its dependence on interest income and shift to more fee income. However, in the near term this investment has led to a higher cost structure which has pressured the bank's efficiency ratio. ING's geographic expansion utilizing its 'challenger bank' strategy is also a positive. The bank offers a very attractive dividend yield of 7.6%.

Global Equity Pool Industry Split (Sep 30/2019)



Global Equity Pool Geographic Split (Sep 30/2019)



Buys & Sells

During the quarter, we added one new name to the portfolio: AbbVie Inc.

In addition, we added to our positions in AstraZeneca PLC ADR, Oshkosh Corp., Galaxy Entertainment Group, Emerson Electric Co., Heidelberg Cement AG, Ryanair Holdings PLC ADR, Voya Financial Inc. and ING Groep NV ADR.

We reduced our positions in Anheuser Busch Inbev ADR, Metronic PLC, Koninklijke Philips NV ADR, Alphabet Inc., Walgreens Boots Alliance Inc. and LVMH Moet Hennessy Louis Vuitton SE ADR.

Two positions were eliminated: Anta Sports Products Ltd. and American International Group.

As a result of these transactions, the cash position increased to 9.8% from 2.2% at the end of the prior quarter.

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.

Global Equity Pool Dynamics (Sep 30/2019)

Measure	Global Pool	MSCI World
Fwd 12M P/E	15.2x	16.2x
Dividend Yield	1.9%	2.5%
Number of Names	22	1,650
Active Share[3]	95%	-

Source: *Galibier Capital Management Ltd, Bloomberg, MSCI Inc.*

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

3. *Active share: a measure of the percentage of stock holdings in a portfolio that differ from the benchmark index. Data source: Bloomberg.*

Disclaimer