Galibier Capital Management Ltd.

GALIBIER

Quarterly Investment Review

Q4 2015

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Results

Happy New Year from all of us here at Galibier Capital.

Many Alpha Returns in 2016!

The 4th quarter of 2015 was mixed for investors as concerns about the pace of the economic recovery in the western world were intensified by continued evidence of a significant slowdown in China as well as acts of terrorism in Europe. The Federal Reserve was finally able to engineer a "lift off" in rates in the U.S. which, along with continued supply and demand imbalances, put additional downward pressure on commodity prices. These developments in turn had a further damaging effect on resource intensive markets such as Canada's. With equity prices falling, our investment team was doubly busy applying the Galibier process to identify companies that meet our criteria and to identify new investment opportunities. To this end, we did make several changes to the portfolios during the quarter.

In addition, Galibier welcomed two new large institutional clients to the family during the 4th quarter.

Q4 2015 generated small negative returns in Canada while the U.S. market was sharply higher when measured in C$. During Q4, the Canadian market returned -1.4% (S&P/TSX) while the U.S. market generated +10.9% (S&P500 C$).

For the year in Canada, the best performing sectors were Information Technology, Consumer Staples and Telecom Services while the weakest performing were Energy, Materials and Healthcare. In the U.S., the market was led higher by the Consumer Discretionary, Health Care and Consumer Staples sectors, offset by the weakest performing sectors of Energy and Materials.

For the year ended December 31/2015, performance in the overall Canadian market was -8.3% dramatically lower than the +21.6% of the U.S. market (in C$) due in large part to C$ weakness.

Summary of Results

Period ending: December 31/2015	3 Months (%)	1 Year (%)	2 Year (%)	3 Year (%)	Since Inception (%)
Galibier Canadian Equity Pool	**-0.8**	**-8.2**	**3.2**	**11.6**	**10.8**
S&P/TSX Composite (total return)	-1.4	-8.3	0.7	4.6	4.8
Galibier U.S. Equity Pool	**8.0**	**14.5**	**13.4**	**22.3**	**20.3**
S&P500 (CAD, total return)	10.9	21.6	22.8	28.6	26.2

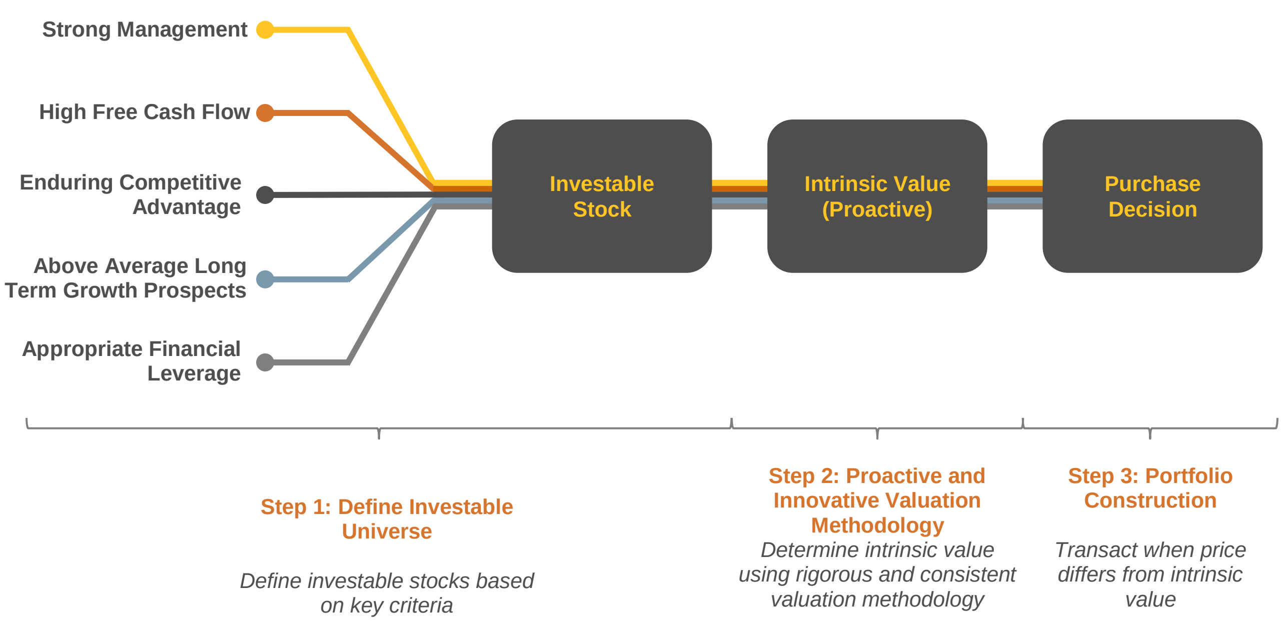
Note:
Return figures are gross of fees and fund expenses.
Return figures are annualized for periods greater than 1 year.
Inception date of the Canadian and U.S. Pools is September 27, 2012.
See Note 1 and Disclaimer at the end of this document for information about the returns and benchmarks.
Source: Galibier Capital Management Ltd, Bloomberg.

Galibier 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

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
- 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

In Q4 2015, the S&P/TSX provided a negative total return of -1.4%. The Galibier Canadian Equity Pool's investment results were marginally better at -0.8%. For the 1-year period ending December 31/2015, Galibier's Canadian Equity Pool returned -8.2% versus the S&P/TSX -8.3%. On a two-year basis Galibier's annualized numbers are +3.2% vs. the S&PTSX at +0.7%. Since its inception, the Canadian Pool has returned +10.8% per year vs. the index +4.8%.

Canadian Equity Pool Top Holdings (Dec 31/2015)	
	Weight (%)
1. Cenovus Energy Inc.	6.7
2. CGI Group Inc.	6.1
3. CIBC	5.6
4. Industrial Alliance Ins. & Fin. Services	5.2
5. Northland Power	5.1
6. MacDonald Dettwiler & Associates	4.9
7. Genworth MI Canada Inc.	4.7
8. Cargojet Inc.	3.9
9. Ag Growth International	3.8
10. WSP Global Inc.	3.8
Total	**49.8**

Best performers[2]

Evertz Technologies up +26%

Shares of Evertz Technologies, a global leader in software and hardware for the content creation and video delivery industry, reacted positively to results which demonstrated continued growth in revenue and profits. The company is benefitting from the increase in the use of internet protocol (IP) video, recent new product launches and a tailwind from the four year broadcast cycle (U.S. election & Olympics). With $1.30 per share in cash, sustainable growth and a greater than 4% dividend yield, the stock continues to offer a compelling value proposition.

CargoJet up +24%

Cargojet shares had strong returns in the quarter after reporting solid operating results. After adding significantly to their fleet in response to winning the Purolator and Canada Post contract, Cargojet was able to work on optimizing the flying plan, which improved their margins over the previous quarter. The outlook is also optimistic as they expect fourth quarter holiday season volumes to be quite strong. We continue to like the long term opportunity as they optimize their fleet utilization, expand their charter business and benefit from growth in online shopping.

CGI Group up +16%

Shares of CGI Group, a global technology consulting, integration and outsourcing firm, increased during the quarter as margins continued to improve along with the firm's "book-to-bill" ratio and backlog. The company ended its fiscal year with total backlog of $20.7 billion, a $1.0bn increase during the quarter. All of this should lead to future organic revenue and profit growth. In addition, with substantial annual cash flow and healthy balance sheet the company is positioned to benefit from further consolidation in its industry.

MacDonald Dettwiler up +15%

MacDonald Dettwiler's stock rebounded during the quarter as concerns regarding a lack of orders for new satellites dissipated. During the quarter, the company announced four new satellite contracts as well as several other orders for communication systems and data analysis. This bodes well for future revenue growth and helped the company regain some of the lost investor confidence which resulted from a lack of orders earlier this year.

Worst Performers[2]

Paramount Resources Down -50%

Paramount was repurchased during Q4 2015. Unfortunately, the stock sold off sharply post purchase as the company's production of liquid rich natural gas was reported to be well behind expectation. We expect this situation to reverse itself in the first quarter of 2016 and we also expect the company to pursue a strategy to monetize some of its gas processing assets so as to reduce the level of its bank debt. The company is trading at a fraction of its net asset value and we anticipate a positive market reaction if the debt issue is laid aside.

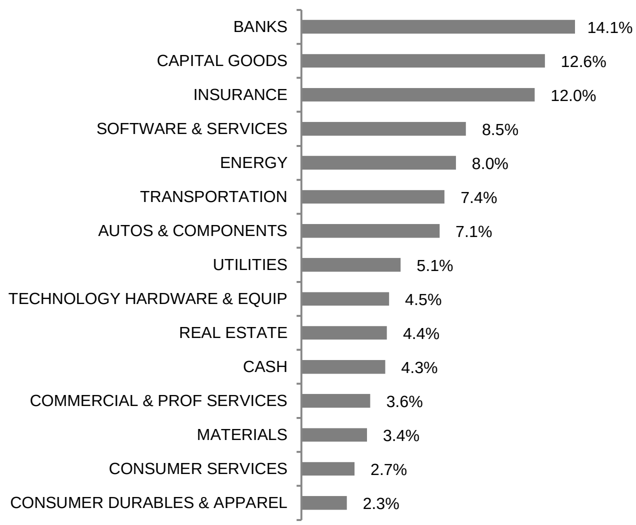
Computer Modelling Group Down -20%

Computer Modelling Groups' shares sold off during the quarter along with the continued decline in the price of oil, as they sell into a completely energy-driven customer base. As the industry standard for any in-situ applications, the company has a strong competitive advantage in reservoir simulation software and should benefit from the roll out of its newest product, CoFlow.

CENOVUS DOWN -18%

Cenovus has been a victim of the continued decline of oil prices. The company has a pristine balance sheet due to the sale of its fee simple lands to a large pension fund and we expect that it will be in a very favorable position to make some acquisitions in the near term at highly accretive prices.

Canadian Equity Pool Industry Split (Dec 31/2015)



Buys & Sells-Canada

New Buys:

GILDAN ACTIVEWEAR

Gildan Activewear was added to the portfolio during the quarter after its share price declined on concerns about excess inventory at Wal-Mart and the impact on retail sales from warmer autumn weather in North America. Gildan Activewear is a manufacturer and marketer of premium-quality basic apparel, primarily t-shirts, sports shirts, socks, underwear and fleece products. It sells principally into the U.S. wholesale channel, with a growing retail presence under several different brands of its own (Gildan, Anvil, Goldtoe, Secret, Silks). Its competitive advantage lies in its vertically integrated low-cost production capabilities and its ability to innovate in a commodity product. Going forward, the company should benefit from market share gains in the global print wear market, further growth in the higher margin branded apparel segment that leverages existing core competencies, and the cost reduction initiatives announced last year.

PARAMOUNT RESOURCES

Paramount Resources is a company that Galibier has held previously. We originally purchased shares at prices in the $20s and subsequently sold between $38-$50. We repurchased it in Q4 2015 in the $12's. Why? Paramount is a producer of liquid rich natural gas and has been expanding its gas processing facilities to strip the liquids out of this gas in order to turn it into products such as butane and propane. These products trade more like oil than gas. The company has also gotten hit as investors are concerned about the level of bank debt against its infrastructure. We expect that markets will react positively if the company is able to monetize some of its processing capacity and reduce its debt levels.

Over the third quarter the fund added to its positions in a number of names due to funds flow. The fund also reduced its exposure to Tricon over the quarter.

The fund eliminated the positions in Air Canada, BSM Technologies, McCoy Global and Potash Corp. of Saskatchewan.

As a result of these transactions along with fund flows, the cash position in the fund increased to 4.3% from the 3.9% position as at September 30th.

Canadian Equity Pool Dynamics (Dec 31/2015)

Measure	Canadian Pool	S&P/TSX Comp
FY1 P/E	16.7x	14.5x
Dividend Yield	3.3%	3.3%

Source: *Galibier Capital Management Ltd, Bloomberg*

Galibier U.S. Equity Pool

The S&P500 returned +10.9% in Q4 2015 as measured in Canadian dollar terms. Galibier's investment results were behind those of the index at +8.0% for the quarter. For the year ended December 31/2015, the U.S. market was up +21.6% (S&P500 C$) while Galibier's investment result was +14.5%. Since inception the U.S. market returned +26.2% per year vs Galibier's return of +20.3%.

U.S. Equity Pool Top Holdings (Dec 31/2015)	Weight (%)
1. Alphabet Inc.	5.2
2. Thermo Fisher Scientific Inc.	5.0
3. Express Scripts Holding Co	4.9
4. Booz Allen Hamilton Inc.	4.7
5. Priceline Group, Inc.	4.6
6. AIG	4.5
7. JPMorgan Chase & Co	4.4
8. Emerson Electric Co	4.2
9. VISA Inc.	4.1
10. Polaris Industries Inc.	4.1
Total	**45.7**

Best performers[2]

ALPHABET (GOOGLE) UP +25%

Shares in Alphabet (the reincarnated Google) reacted favourably during the quarter to a number of significant announcements. First, the company delivered strong results with its 16th quarter of greater than 17% growth in advertising revenue and higher operating margins. Second, the company improved its capital allocation strategy with the announcement of its first ever share repurchase plan ($5 billion). Lastly, the company announced it will improve its disclosure by further segmenting results around a few key product categories. The latter should highlight how profitable the company's core businesses are and how fast the ancillary businesses are growing. With greater than 60% share of global internet searches, 1.4 billion Android users, more than 1 billion Google Play users, and more than 1 billion YouTube users, Alphabet and its shareholders are well positioned to benefit further.

BOOZ ALLEN HAMILTON UP +22%

Booz Allen saw strong performance in the quarter as it reported very strong "book to bill", which is a positive indicator towards revenue growth. In recent quarters, management has been more optimistic that revenue growth is returning and they are investing against that expected growth by hiring new employees now. We also like the end markets that Booz Allen participates in, such as threat monitoring and cyber security, given the uncertainty in the world right now.

THERMO FISHER UP +20%

Thermo Fisher (TMO) had solid results in the quarter buoyed by new immunodiagnostic tests and instruments, mass spectrometry products and related software that were released into the marketplace. The company also continues to benefit from strong end markets especially within the fields of pharmaceuticals, biotechnology and academic research. In addition, with food and environmental issues gaining more attention in recent months (e.g. E.coli contamination at certain restaurants), TMO stands to gain from a potential increase in National Institute of Health funding. The company's less cyclical business, plus its outstanding free cash flow generation, make it an attractive stock in this relatively volatile stock market environment.

Worst Performers[2]

POLARIS INDUSTRIES DOWN -15%

Polaris had weak performance in the quarter as its management lowered annual guidance towards the end of the year. In response to weaker end markets in off road vehicles, the company decided to significantly slow shipments in order to avoid building inventory at the dealer level. Demand for Polaris' products weakened due to lower capital spending budgets at companies in the oil & gas and agricultural industries. We continue to like the long-term opportunity for both organic growth and acquisitions as management deploys free cash flow and takes advantage of an unlevered balance sheet.

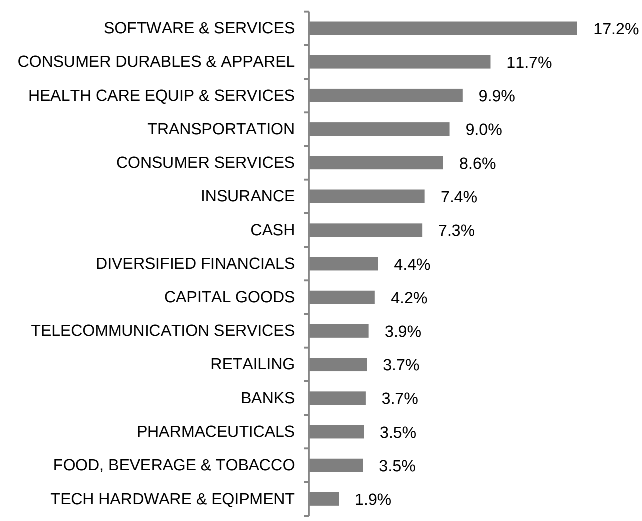
CUMMINS INC. DOWN -15%

Investors were disappointed with lower than expected 3rd quarter earnings and revenue. This is due to lackluster global demand for Cummins diesel engines and turbines. In particular, emerging markets have been extremely weak and these are key areas for the company, as are energy producers. The company has announced a significant cost cutting program to buttress profitability. Over the longer term, the company's products have reasonably good fundamentals as they are utilized to offset tightening emission standards globally.

VF Corp Down -5%

Shares of VF Corp were impacted by a tepid near term consumer (direct to consumer / wholesale) last quarter. More specifically, the company's workwear business saw weakness from a slowdown in oil exploration markets. Like many other multinational companies in the United States, margins were also under pressure solely as a result of a greater than anticipated foreign exchange impact (the strong U.S. dollar is translating into lower U.S. earnings from overseas sales). Nonetheless, we continue to like the long-term story of VF Corp, especially as it is still at the early stages of its expansion into emerging markets as well management's solid record of executing through shorter term, cyclical issues that it is currently facing.

U.S. Equity Pool Industry Split (Dec 31/2015)



Buys & Sells

New Buys:

Polaris Industries (PII)

We added Polaris to our U.S. pool during the quarter. Polaris is a leader in its end markets, including off road vehicles, motorcycles and snowmobiles, as well as related parts and accessories. They have a loyal customer base, strong dealership network and significant growth opportunities, especially in their recently re-launched Indian motorcycle brand. We like the financial flexibility as the company has no debt and the business generates significant free cash flow. Management has set out ambitious targets for 2020 and we expect they will be able to add value through both organic and acquisition opportunities as they work towards these goals.

Kering Ltd ADR (KER)

Kering is a luxury goods maker that owns several well-known brands including Gucci, Bottega Veneta, Saint Laurent, Brioni, Volcom, and Puma among others. The flagship brand, Gucci, is currently undergoing a transformation, with the appointment of a new creative director and CEO that are leading the roll out of refreshed premium products in key categories such as leather goods and apparel. The company is also known for developing smaller brands as has been demonstrated by the success of Bottega Venetta which has grown double digit sales annually since the early part of this decade. We also like Kering's balanced geographic exposure and sales formats as it helps mitigate short term dislocations in economic environments. Finally, we believe that Kering's majority ownership of Puma is currently being undervalued by the market and should realize outsized returns going forward.

Tiffany and Co. (TIF)

Tiffany is a stock that has had a long history at Galibier. We originally purchased shares at around \$50 a few years ago and exited it on a valuation basis at \$88. During the fourth quarter the stock sold off down to \$75-\$76 due to currency impacts and we re-purchased the stock. The company has a global footprint and well defined new store rollout plans. It occupies a unique retailing advantage as a result of both brand and experiential value as well as its own jewellery designs. The company's balance sheet is pristine with significant net net working capital and huge potential real estate value in its flagship store's 5th Avenue location.

Over the quarter the fund added to its positons in VF Corp and reduced positions in Booz Allen, Visa and PriceLine. Four names were eliminated in the fund: National Oilwell Varco, Iconix, Qualcomm and Sanofi.

As a result of these transactions as well as funds flows, the cash position of the fund was 7.3% as of December 31st, up somewhat from 4.9% level at the end of September.

U.S. Equity Pool Dynamics (Dec 31/2015)		
Measure	U.S. Pool	S&P500
FY1 P/E	15.6x	16.0x
Dividend Yield	1.8%	2.2%

Source: *Galibier Capital Management Ltd, Bloomberg*

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 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).*

Disclaimer

Galibier Capital Management Ltd. ("Galibier") is registered with the Ontario Securities Commission as a Portfolio Manager and Investment Fund Manager, with the British Columbia Securities Commission as a Portfolio Manager, with the Nova Scotia Securities Commission as a Portfolio Manager and with the Autorité des Marchés Financiers in Quebec as a Portfolio Manager and Investment Fund Manager. This summary does not constitute an offer to sell or buy any securities. All information and opinions as well as any figures indicated herein are subject to change without notice.

The Galibier Canadian Equity Pool, the Galibier U.S. Equity Pool and the Galibier Opportunities Fund (the "Funds") are available to accredited investors as that term is defined under Canadian securities legislation. An investment in the Funds will involve significant risks due, among other things, to the nature of the Funds' investments.

All return figures for the Funds are gross of fees and fund expenses. Indicated rates of return are historical returns, including changes in security value and reinvestment of all distributions and does not take into account any applicable income taxes payable by any security holder that would have reduced returns.

The Funds' returns are not guaranteed, the values change frequently and past performance may not be repeated.

All returns of the Galibier Canadian Equity Pool and the Galibier U.S. Equity Pool prior to June 6, 2013 and 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. Returns are presented only for periods during which Galibier has been registered as a portfolio manager. The investment strategies of the Funds have not changed since the Funds' inception. 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.