Galibier Capital Management Ltd.

Quarterly Investment Review

Q3 2021

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"I look to the business to determine whether I made a good investment…when you are just looking at the price of something, you are not investing."

Warren Buffett

Last quarter, we mentioned that the seeds of inflation were in the air and with the fear of inflation comes the fear of interest rate increases.

Interest rates act on asset prices as gravity acts on matter. Higher interest rates will drag down asset prices, including bond prices, stock prices and house prices. Additionally, as government deficits have widened out with extreme spending programs in support of COVID-19 relief, the level of government debt has ballooned significantly which makes the debt to GDP ratio of many economies a serious concern.

The main concern with higher debt levels is that they can make economies less stable and can hamper the stability of the currency, trade and growth within these economies. The costs to service the higher debt funnels revenue away from other necessary or productive investments such as infrastructure projects and investments in people and technology.

The U.S. Federal Reserve recently acknowledged in a series of speeches that inflation might prove to be more sticky than transitory, as it had previously guided, and indicated that interest rate increases were on the horizon. One measure of inflation, the Producer Price Index (Bureau of Labor Statistics), has already increased from 3% year-over-year in January 2021 to 8.6% year-over-year in August 2021. Policy makers will have to start taking these numbers into account on both fiscal and monetary policy fronts.

At Galibier, although we keep an eye on macroeconomics, we focus much more on the microeconomics of the businesses we invest in. We use a large "margin of safety" approach in calculating our estimate of a business's value and we do it independently of the stock market's price of the business.

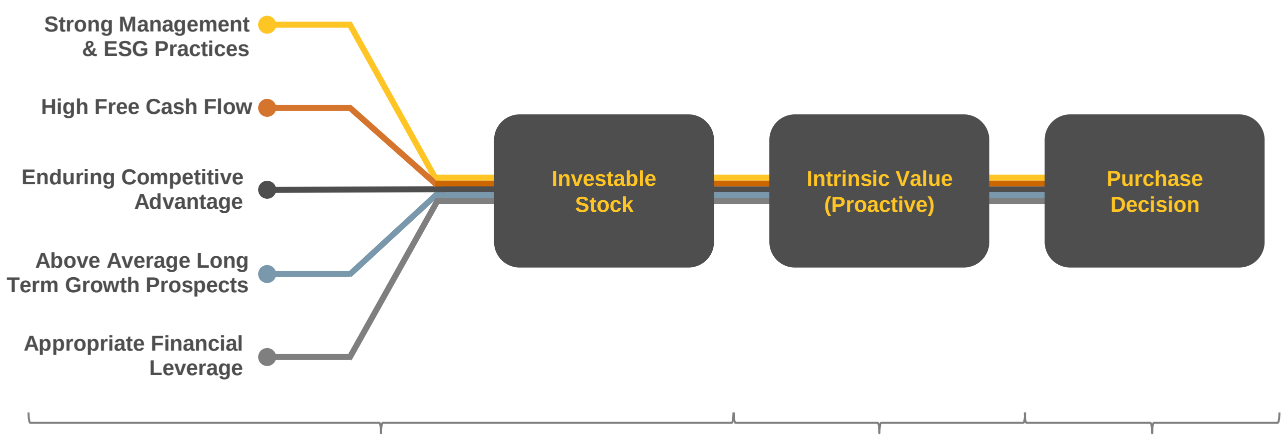
The two major sources of building in this margin of safety come from business selection and price paid. We carefully define an investable universe of companies with sustainable competitive advantages, honest and capable management teams (including effective ESG policies), above average growth prospects, high free cash flow generation and appropriate financial leverage. We then carefully analyze the business to determine future earnings power and balance sheet structure and utilize conservative valuation ratios and a relatively high discount rate (12-15%) to determine our estimate of intrinsic value. So we look to the business to determine its value, not its price.

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 Canadian Equity Pool Summary of Results

Period ending: Sep 30/2021	Since Inception (%)	9 Year (%)	8 Year (%)	7 Year (%)	6 Year (%)	5 Year (%)	4 Year (%)	3 Year (%)	2 Year (%)	1 Year (%)	Year-to-date (%)
Galibier Canadian Equity Pool	**11.6**	**11.6**	**10.9**	**8.7**	**11.3**	**10.6**	**10.7**	**9.5**	**13.7**	**29.3**	**13.9**
S&P/TSX Composite (total return)	8.8	8.8	9.0	7.5	10.4	9.6	9.7	11.1	13.1	28.0	17.5

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 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 2021, the Galibier Canadian Equity Pool generated a return of -0.8%. Since inception on September 27, 2012, the Canadian Pool's annualized return has been +11.6% per year which was ahead of the +8.8% annual return of the index. At the end of the quarter, the active share[3] of the portfolio was 80%.

Canadian Equity Pool Top Holdings (Sep 30/2021)

		Weight (%)
1.	Park Lawn Corp.	5.2
2.	Canadian Imperial Bank of Commerce	5.1
3.	Kirkland Lake Gold Ltd.	5.0
4.	Manulife Financial Corp.	4.8
5.	CCL Industries Inc.	4.8
6.	Nutrien Ltd.	4.8
7.	Northland Power Inc.	4.6
8.	WSP Global Inc.	4.6
9.	Cargojet Inc.	4.5
10.	Spin Master Corp.	4.1
Total		**47.5**

Best performers during the quarter[2]

KIRKLAND LAKE GOLD UP +11%

Kirkland Lake Gold (KL) and Agnico Eagle Mines (AEM) have agreed to a merger of equals with a conversion ratio of 1 KL share for 0.7935 AEM share. The deal makes a lot of sense strategically, as they have several mines/properties relatively close to each other as well as the opportunity to share best practices and best people. The culture of both companies is very similar. Importantly, one of the attractions of Galibier towards KL was that it only operated in highly environmentally and politically safe regions: Canada and Australia. AEM has similar country mining footprint although AEM also has mining operations in two other jurisdictions: Finland and Mexico, which adds a bit of geopolitical risk to the combined entity. Anthony Makuch becomes CEO of the combined entity while Sean Boyd becomes executive chairman. Boyd was an excellent CEO at AEM but Makuch has had strong exploration success at KL and we think this is a good evolution. The size of the combined entity reduces single mine risk and will approach annual production of 3.6 million ounces going to 4 million ounces as the recently acquired Detour Gold assets ramp up.

NUTRIEN UP +10%

Nutrien is benefiting from a very strong agricultural cycle in 2021. Industry dynamics of high demand and production issues at other producers are causing price and volume to increase in Nutrien's key potash segment. Near term profits expectations are now 15% higher than just a few months ago. This dynamic resulted in a substantial increase in Nutrien's share price during the quarter as well as Galibier's view of intrinsic value. With the weight of the stock increasing in the portfolio a small portion was sold during the quarter.

CARGOJET UP +10%

Cargojet was a strong performer during the quarter as the company is seeing increased demand for its cargo services because of ongoing global supply chain delays. New capacity is being contracted out before the planes are even delivered, speaking to the extremely strong demand environment for cargo capacity. As an example, DHL has recently announced it will no longer use commercial aircraft capacity to move its cargo, rather it will be contracting entirely with dedicated cargo aircraft which indicates an even stronger relationship between DHL and Cargojet going forward.

PARK LAWN UP +10%

Shares of Park Lawn were strong during the quarter as the company signaled a strong pipeline of potential acquisition opportunities lies ahead. The company completed an equity issue in August to have the financing available to fund future acquisitions. We believe the operating culture at Park Lawn, where it keeps the local brands in the communities following an acquisition, is a superior model in the death care industry where reputation and trust is critical during vulnerable times for its customers. We believe that even as COVID-19 recedes, it will remain a trigger event for families to pre-plan for end-of-life celebrations, which will be a driver for Park Lawn's pre-need business.

Worst performers during the quarter[2]

AG GROWTH DOWN -26%

Shares of Ag Growth International underperformed during the quarter following the disclosure of two lawsuits along with its second quarter results. The lawsuits are related to the bin collapse incident back in September of 2020 and are likely to take some time to be resolved. In the meantime, demand for agricultural equipment remains strong around the globe and outside of Western Canada as forecasted harvests are in good shape. Like many companies, Ag Growth faces headwinds with cost of inputs rising, specifically steel, which could see some short-term margin pressure until pricing increases are fully passed through to customers.

SPIN MASTER DOWN -15%

Spin Master shares were weaker over the quarter despite second quarter results coming in well ahead of expectations. Concerns around supply chain have held the shares back, as the market worries about the availability of toys in the upcoming holiday season. With a majority of its goods produced in both China and Vietnam, they are subject to supply chain delays, however, management has indicated they proactively brought in more inventory earlier in the year and feel they are well positioned for the holidays. We are optimistic that the strong results from the box office for Paw Patrol: The Movie will translate into holiday box office and engagement with this evergreen Spin Master property.

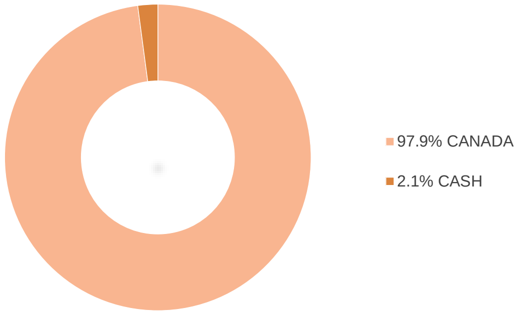
NFI GROUP DOWN -15%

NFI Group shares were hit towards the end of the quarter when it revised its guidance lower for the remainder of 2021. NFI is experiencing negative impacts from supply chain disruptions, with critical shortages in several of its components, which caused it to slow down its production line. This led to a reduction in guidance for the remainder of this year and a more cautious outlook for the first half of 2022. The transportation space is being supported by government funding in many countries, encouraging the growth of electric buses and other environmentally friendly propulsion methods, which we think will be supportive of NFI's business once supply chain issues ease.

PARKLAND DOWN -10%

Shares of Parkland (PKI) underperformed in the quarter even as overall energy prices have increased. Although the company is part of the energy sector, Parkland is more of a derivative oil exposure with its network of fuel stations and convenience stores not directly benefitting from higher oil prices. While the fundamentals of the company have remained strong, investors are concerned about the impact of higher crude oil prices that will increase feedstock costs for Parkland's refinery. As well, higher energy prices will ultimately lead to higher prices at the pump reducing the volume of gasoline purchased by PKI's customers. PKI has handled the lower gasoline volumes quite well which demonstrates the strength of its convenience store operations.

Canadian Equity Pool Geographic Split (Sep 30/2021)

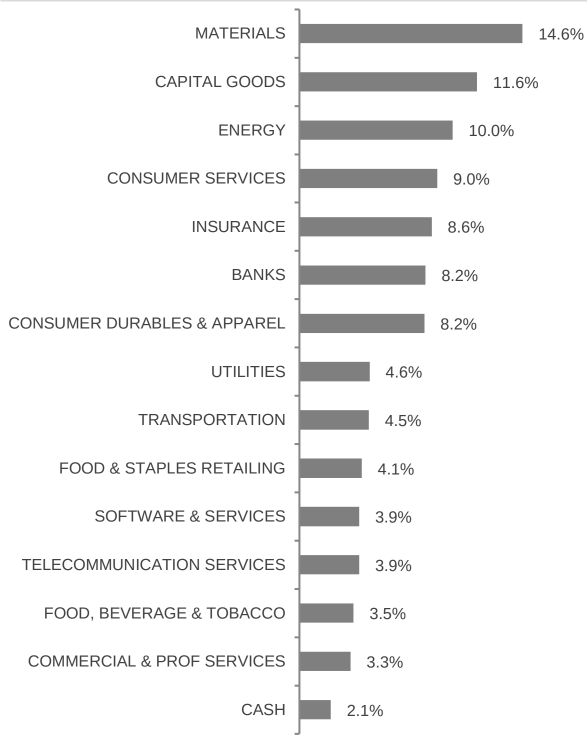


Canadian Equity Pool Dynamics (Sep 30/2021)

Measure	Canadian Pool	S&P/TSX Comp
Fwd 12M P/E	18.3x	16.0x
Dividend Yield	2.3%	2.6%
Number of Names	24	234
Active Share[3]	80%	-

Source: *Galibier Capital Management Ltd, Bloomberg*

Canadian Equity Pool Industry Split (Sep 30/2021)



Buys & Sells

During the quarter, we added to our positions in Ag Growth International, Cenovus Energy and Park Lawn.

We reduced our positions in numerous names including Nutrien, Spin Master, Cargojet, WSP Global and Kirkland Lake Gold among others. One name was eliminated from the portfolio: West Fraser Timber.

As a result of these transactions, the cash position decreased to 2.1% compared to 4.0% at the end of the prior quarter.

Galibier Global Equity Pool Summary of Results

Period ending: Sep 30/2021	Since May12/17 (%)	4 year (%)	3 year (%)	2 year (%)	1 year (%)	Year-to-date (%)
Galibier Global Equity Pool	**9.7**	**11.6**	**11.1**	**10.9**	**20.3**	**8.8**
MSCI World (CAD, total return)	11.0	13.0	12.4	16.7	22.2	12.4

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 2021, the Galibier Global Equity Pool generated a return of -0.4%. Since inception on May 12, 2017, the Global Pool's annualized return has been +9.7% per year. At the end of the quarter, the active share[3] of the portfolio was 93%.

Global Equity Pool Top Holdings (Sep 30/2021)

		Weight (%)
1.	Alphabet Inc.	5.1
2.	AstraZeneca PLC ADR	4.8
3.	Berkshire Hathaway Inc.	4.6
4.	Schneider Electric SE	4.4
5.	Intel Corp.	4.2
6.	Wabtec Corp.	4.2
7.	Cognizant Tech Solutions Corp.	4.2
8.	GlaxoSmithKline PLC ADR	4.1
9.	Heidelberg Cement AG	3.9
10.	Cisco Systems Inc.	3.7
Total		**43.2**

Best performers during the quarter[2]

THERMO FISHER UP +16%

During the quarter, Thermo Fisher (TMO) had an analyst day where it alleviated the market's concerns about declining COVID-19 tailwinds that have benefitted the company in the past two years. TMO highlighted that its end markets and its competitive position improved throughout the pandemic. As a result, organic topline growth of 7-9% is forecasted which leads to mid-teens earnings per share growth. Thermo Fisher's competitive positioning continues to improve, and it remains the best-in-class one-stop shop for all life science products. We give CEO, Marc Casper, a lot of credit to how he has reshaped the company over the past decade. We did use the strength in the quarter to slightly reduce our position.

ALPHABET UP +12%

Shares of Alphabet moved higher again during the quarter. Revenue and profits continue to benefit from a greater amount of advertising dollars moving online in search of an audience. Revenue for the second quarter of 2021 were 58% higher than the comparable period in 2019 demonstrating how strong this trend is. With its dominant position in Search advertising (~80% market share), increasing video consumption on its Youtube platform and greater opportunity to monetize it's dominant mapping application, Alphabet is well positioned to win its share of the incremental advertising dollars moving online. This should help increase revenue and profits further as well as the share price.

ING Groep up +12%

ING reported stellar earnings results in the second quarter with reported profit up sharply on a year over year basis. The main driver of this reversal was due to a release of loan loss provisions over the quarter but the company also reduced costs sharply which led to 5% pre-provision earnings per share growth. Even more importantly, the company confirmed that it will be returning about 8% of its capital to shareholders in the fourth quarter through a combination of dividends and share buybacks. Unlike many of its European peers, ING is honoring its outstanding 2019 suspended dividend. Going forward ING's payout ratio will be a conservative 50% indicating the bank is taking a cautious approach to capital deployment.

Cognizant Tech up +10%

Shares of Cognizant rebounded during the third quarter after having a difficult second quarter on mixed results. In the latest quarter, bookings increased 12% and the company had a 1.2x book-to-bill ratio as demand for its services remains strong. Customers are accelerating their push to be more digital and efficient and require Cognizant's help to implement the changes. This demand trend should continue over the medium term and further help Cognizant and shareholders. With significant free cash flow and a net cash balance sheet, the company and shareholders will also benefit from value enhancing acquisitions in its core verticals.

Worst performers during the quarter[2]

Galaxy Entertainment down -35%

Galaxy Entertainment Group sold off during the quarter due to multiple factors. First, Macau has experienced a slower than expected recovery due to China's zero-tolerance policy on virus containment. The government has locked down any city with new COVID-19 cases and performed mass virus tests for every resident to isolate the source. The recent cases in Fujian province and Macau caused the Chinese government to discourage travelling and extended the quarantine requirement when travelling to Macau. Despite the sudden development and the weaker near-term outlook, demand heading into early October before the involuntary trip cancellations was strong, and showed a 100% expected occupancy rate for four of the major hotels in Galaxy Macau. Second, the Macau government has begun its public consultation process on the gaming law before the gaming license renewal, adding regulations such as introducing an approval process for distributing profits and a government representative supervising day-to-day operations. The market related the reform to the recent common prosperity campaign in China, resulting in a sharp drop in share price. However, after speaking with Galaxy's management team, who welcome the changes, we believe the proposed changes are pretty reasonable. The increase in control was justified by the fact the gaming law was written 20 years ago, and the gaming tax represents the majority of Macau government's revenue. Along with the pent-up demand mentioned above and a strong balance sheet, we firmly believe that Galaxy can weather the storm and achieve significant growth upon completing the Galaxy Macau phase 3 and 4 expansion project.

Alibaba Group down -33%

In July, China stepped up its campaign for common prosperity and its anti-monopoly rhetoric where they went from targeting select companies to entire industries. Our view is that these policies are not anti-business nor anti-profit. The country still needs profitable companies to drive innovation which is one of China's long-term goals. China's internet companies have grown very rapidly, and the government is trying to fit a decade's worth of regulation into 2021. The market questions what regulations will be announced next which has depressed multiples across all Chinese companies. What hasn't changed is Alibaba's core business of Tmall and Taobao growing revenue double digits from the strength of Chinese consumption. Our long-term earnings estimates have only slightly changed as we see Alibaba investing more back into the economy. We are still projecting a 20% earnings per share compound annual growth rate leading to a single digit cash-adjusted P/E multiple in 2024 and beyond which should re-rate as regulatory headwinds ease.

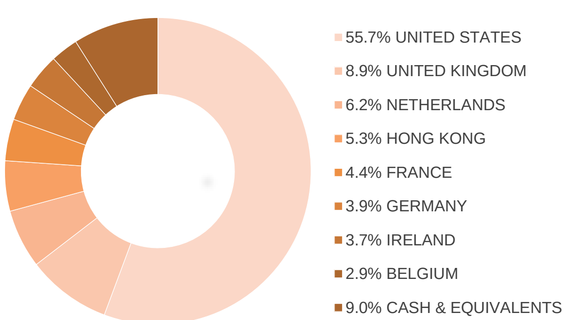
Anheuser-Busch down -20%

Not unlike other beer brewers, shares of Anheuser-Busch (ABI) have underperformed during the quarter as indications of rapid and significant cost inflation in barley, aluminum, and transportation input costs increasingly became reality. ABI cannot realistically offset significant and rapid inflationary cost pressures with corresponding price increases over such short time periods and therefore the outlook for profit margins over the next year is now worse versus expectations only a few months ago. Still, we do have strong conviction in ABI's pricing power and therefore for operating margins to normalize in time, especially as its mix of premium beers such as Stella Artois, Michelob, Corona, and Budweiser in emerging markets (where the brand holds distinct premium positions in both Asia and Africa) continuously become a bigger representation of the company's total sales. In addition, we also see a re-opening of the on-trade channel in emerging markets as another eventual tailwind that will further support operating margin normalization in time. Finally, given ABI's market capitalization of $110 billion USD, free cash flow generation of over $6 billion USD per year, and management's ongoing priority to de-lever the balance sheet, we see attractive shareholder returns over the near-term as the balance sheet strengthens and continue to see the shares as trading for a significant discount to our estimate of intrinsic value based on normalized margins.

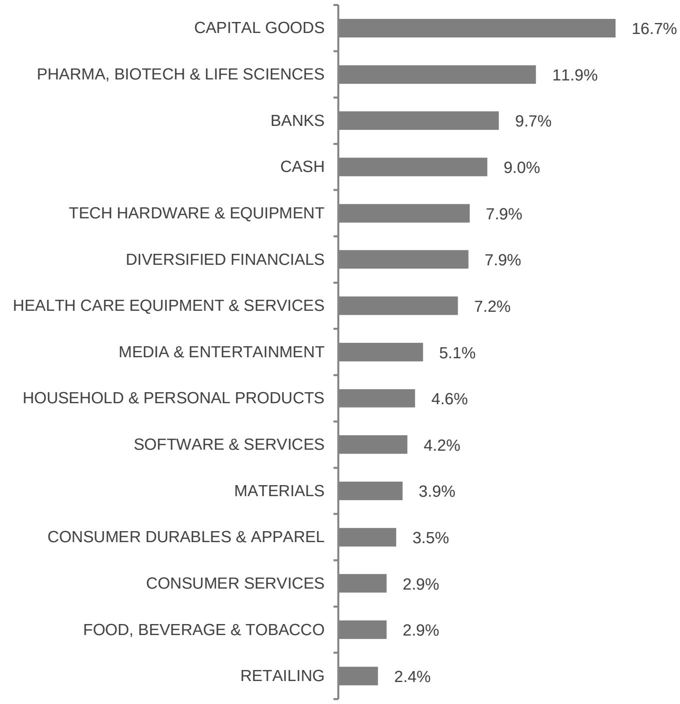
VF Corp. down -16%

Shares of VF Corp. (VFC) were down during the quarter due to both severe lockdowns in Vietnam, where the company sources 40% of its footwear and due to concerns of growth slowing down in its most important brand, Vans. While it remains to be seen whether or not Vans is going through short-term seasonal fashion hiccups, we are keeping a close eye on its performance. The supply chain disruptions are not impactful to VFC's long-term earnings power in our view and we expect the shares to outperform significantly over the medium-term as the footwear supply chain issues stemming from Vietnam resolve themselves. With a healthy balance sheet, a proven management team, and trading for 21x management's guidance of $3.20 in earnings per share (our yardstick of current earnings power), we see shares of VFC as being attractively valued today and trading for a significant discount to our estimate of intrinsic value.

Global Equity Pool Geographic Split (Sep 30/2021)



Global Equity Pool Industry Split (Sep 30/2021)



Buys & Sells

During the quarter, we added one new name to the portfolio: Wabtec Corp. In addition, we added to our positions in Anheuser-Busch, Galaxy Entertainment, Unilever, Oshkosh, Intel and VF Corp.

We reduced our positions in Emerson Electric, Alphabet, Thermo Fisher Scientific, Medtronic, Cisco Systems, Schneider Electric and AstraZeneca.

As a result of these transactions, the cash and equivalents position decreased to 9.0% from 10.8% at the end of the prior quarter.

New Buys:

Wabtec Corp.

We are excited about the addition of leading rail freight component and locomotive manufacturer, Wabtec. The company holds a 75% market share in freight components and a 70% market share in the U.S. locomotive market – a position it gained from its acquisition of GE's transportation business in 2018. We see several positive investment merits to this business. First, a complete patent portfolio (numbered at ~7,000) resulting in high barriers to entry and a sustainable technology leadership position in this industry. Secondly, high margin and regulatory-driven maintenance products and aftermarket services representing 60% revenues mitigate the cyclical nature of original equipment orders in the railroad industry. Thirdly, with low capital requirements and a strong competitive moat, Wabtec is a highly free cash flow generative business, and we expect management to return the majority of the excess funds to shareholders. We are very excited about Wabtec's near-term growth prospects in locomotive retrofits from helping railroads achieve their new carbon emission reduction initiatives. In the longer term, the fleet continues to age and new replacement locomotives will be required. In addition to management working on achieving their cost synergy goals from the acquisition of GE Transportation, we believe Wabtec has an attractive fundamental outlook and the shares trade at a discount to our estimate of intrinsic value.

Global Equity Pool Dynamics (Sep 30/2021)

Measure	Global Pool	MSCI World
Fwd 12M P/E	17.1X	18.8x
Dividend Yield	1.9%	1.7%
Number of Names	26	1,557
Active Share[3]	93%	-

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.*