Galibier Capital Management Ltd.

Quarterly Investment Review

Q1 2022

Joseph Sirdevan, CFA
Graham Anderson, CPA, CFA
Scott Connell, CFA
Lauree Wheatley, CFA
Andrew Wallman, CFA
Kelvin Wong, CFA
Jonathan Ruel, CFA
Colin Pearson, CFA
Investors

"Liftoff! We have liftoff!"

Jack King (Nasa - July 1969)

Equity markets generated very mixed results in the first quarter of 2022. Canadian markets, as measured by the S&P/TSX Composite Index, were up 3.8%. Global markets on the other hand were down 6.2% in the quarter as measured by the MSCI World Index in CAD.

The major reason for this remarkable divergence was due to increases in energy and other commodity prices which had a disproportionate positive impact on the Canadian index due to its much higher exposure to energy, base metals and agricultural companies. Global equity markets were also weak because central banks finally began to raise interest rates ("Liftoff") and scale back on the quantitative easing programs that have distorted the yield curve and caused significant inflation in asset prices (including equities) over the past number of years. The yield on the benchmark U.S. 10 Year Treasury bond rose from 1.51% to 2.34% over the quarter.

In addition, the conflict in Europe has made commodity supply even tighter as Russia and Ukraine are both major producers of energy and agricultural products leading to further inflationary pressures.

The U.S. Bureau of Labor Statistics February release summed up the situation as follows: "Producer prices for final demand increased 10.0 percent during the 12 months ended in February 2022. Prices for final demand goods increased 14.4 percent over the year ended in February 2022. Final demand energy prices increased 33.8 percent, while final demand food prices were up 13.7 percent."

These are levels of inflation not seen in 40 years. At the same time, the situation in Europe remains highly uncertain.

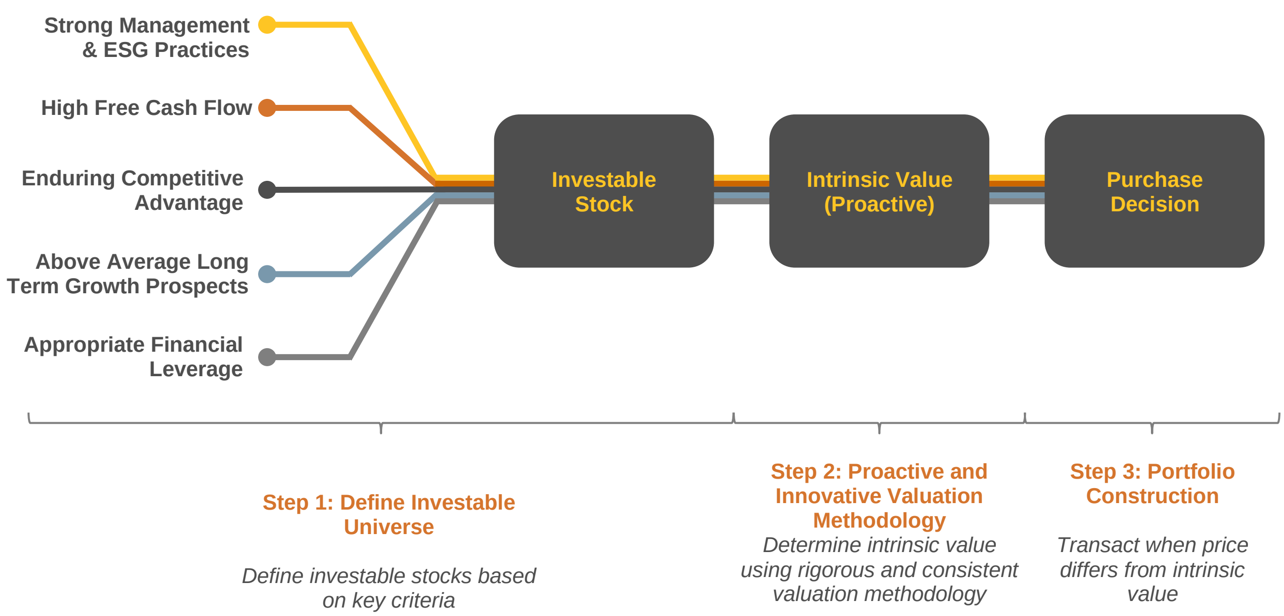
Against this complicated backdrop, we at Galibier carry on. As we apply our time tested 'Galibier Investment Philosophy and Process' we continuously assess our positions in light of the turbulent times. As always, our focus is on delivering for our clients by careful management of our investment activity, identification of new investment ideas and the proactive valuation of the companies that compromise our investable universe.

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… 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: Mar31/2022	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	**12.0**	**11.9**	**9.7**	**9.4**	**12.3**	**11.1**	**11.4**	**15.0**	**37.9**	**16.1**	**5.0**
S&P/TSX Composite (total return)	9.4	9.4	8.6	8.9	11.7	10.3	12.6	14.1	31.7	20.2	3.8

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 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 Q1 2022, the Galibier Canadian Equity Pool generated a return of 5.0%. Since inception on September 27, 2012, the Canadian Pool's annualized return has been +12.0% per year which was ahead of the +9.4% annual return of the index. At the end of the quarter, the active share[3] of the portfolio was 77%.

Canadian Equity Pool Top Holdings (Mar31/2022)

		Weight (%)
1.	Nutrien Ltd.	5.2
2.	Canadian Pacific Railway Ltd.	5.1
3.	Agnico Eagle Mines Ltd.	4.9
4.	Manulife Financial Corp.	4.8
5.	Canadian Imperial Bank of Commerce	4.8
6.	Enbridge Inc.	4.7
7.	Northland Power Inc.	4.6
8.	Park Lawn Corp.	4.5
9.	Spin Master Corp.	4.4
10.	Rogers Communications Inc.	4.3
Total		**47.3**

Best performers during the quarter[2]

AG GROWTH UP +37%

Shares of Ag Growth performed well in the quarter. This reflected a combination of positive operational developments at the company as well as global macroeconomic influences in agricultural markets. Ag Growth provided a strong outlook for 2022, showing it can produce healthy margins despite the supply chain and inflation pressures being experienced around the world. The company has been plagued by an overhang resulting from a grain bin collapse back in September 2020. As it progresses towards resolution of the resulting liabilities, investor focus has shifted back to the strong fundamentals of the company. The Russian invasion of Ukraine has driven agricultural crop prices higher and highlighted the importance of global food supply chains. Ag Growth is well positioned to benefit from additional investments to fortify the network.

NUTRIEN UP +37%

Nutrien's profits and share price are benefiting from an extended period of high commodity prices due to a few different factors. First, robust farmer economics, because of high commodity prices for their crops, is helping to sustain demand for fertilizers at a high level. Second, the high price for natural gas in Europe, a significant input for producing Nitrogen fertilizer, has reduced the supply of Nitrogen as production is no longer economical in some regions. Third and finally, the largest impact on price is from reduced supply of potash as production in Russia and Ukraine is experiencing difficulties in getting to market due to sanctions against Russia and the conflict in Ukraine. Russia, Belarus and Ukraine account for about 40% of global potash production. For Nutrien, a combination of increased production and higher realized price has doubled expected near-term profit. The excess profit will be used to reduce debt, buy back shares and build a larger retail business. This has also increased the intrinsic value of Nutrien but with the significant increase in share price, the position was reduced by 20% though the quarter.

Cenovus Energy up +34%

WTI crude oil price was strong and highly volatile in the quarter, rising from U$75 on December 31 to U$100/bbl on March 31 and peaking at $130+ during the quarter. Heavy oil producers such as Cenovus (CVE) benefitted from this price move due to its high operating leverage. This was due to sustained high demand for energy coupled with Western countries imposing sanctions on Russian oil meaning that supply has become even tighter. With its significant free cash flow earmarked for debt reduction and minimal capex given its large reserves, CVE could soon declare a dividend or conduct a significant share buy back.

Agnico Eagle up +23

Gold price also rallied over the quarter (~+6%) as the metal is traditionally viewed as a safe haven and a store of value during troubled times. As well, Agnico Eagle made some management changes as a result of its combination with Kirkland Lake gold which was met with investors' approval. We expect the synergies from the merger to begin to emerge over the coming months.

Worst performers during the quarter[2]

NFI Group down -21%

Shares of NFI Group were weak throughout the quarter as it continues to be negatively impacted by supply chain challenges. These headwinds lead to dramatically lower guidance for 2022 compared to investor expectations. NFI is the largest transit and motorcoach bus manufacturer in North America with highly customized products to suit each client's unique needs. When they are not able to receive the quantity of window extrusions or wiring harnesses, as examples, needed to assemble a bus, NFI must respond by slowing down its production line to avoid building up a backlog of partially completed buses. Unfortunately, after completing a significant acquisition in 2019, NFI entered the pandemic with elevated debt levels. This leverage has proved challenging as its revenues, earnings and cash flow are depressed by the supply chain challenges discussed. While these developments have been frustrating, NFI maintains its market leading position, has a strong order book, and momentum on electric buses driven by unprecedented government support for public transit, indicate a better future ahead.

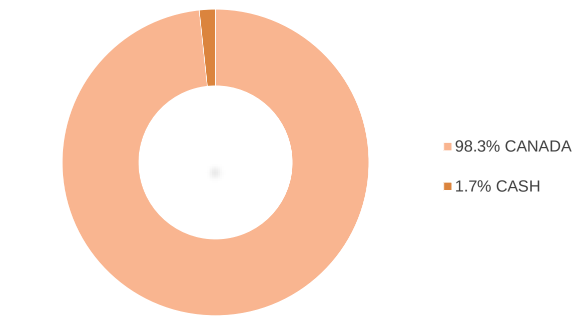
CCL Industries down -17%

CCL Industries shares underperformed during the quarter as its commentary for the year ahead reflected the realities of input cost inflation and lags in passing through pricing increases. Always known for his honesty, the CEO of CCL, Geoff Martin spoke openly about the challenges facing the company. The company's balance sheet is in a very strong position and investors have been awaiting the return of acquisition activity as pandemic travel restrictions lift. While we have yet to see material acquisition activity to date, the company has been successful in completing several tuck-in acquisitions. The long term fundamentals of the company remain sound and we expect that a sizeable deal would be a positive catalyst for the company in the future.

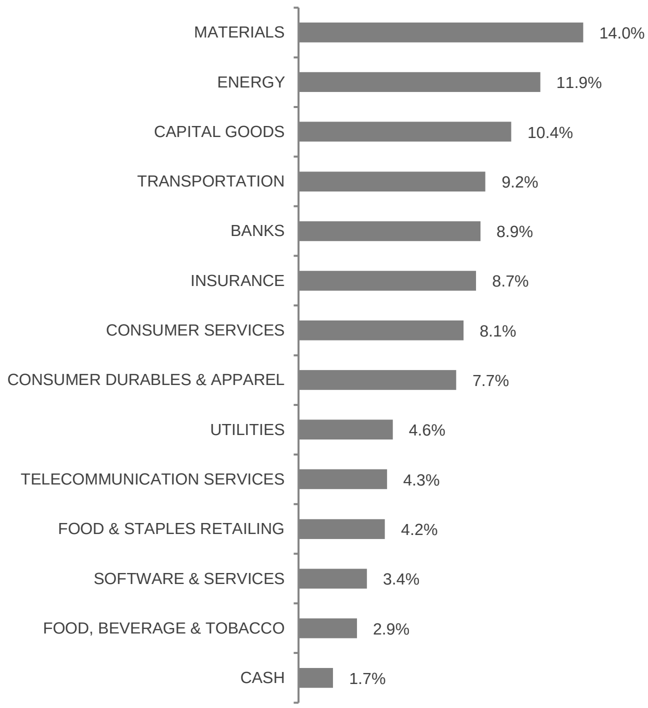
Park Lawn down -16%

Park Lawn (PLC) shares were under pressure during the quarter despite strong operating results. There is a view in the deathcare industry, promoted by PLC's larger competitors, that 2022 will see a double-digit contraction in the death rate, as COVID-19 subsides, and we lap elevated death levels in 2021. While there was no doubt that COVID-19 had the impact of pulling forward deaths from future years, we share Park Lawn management's view that all those deaths were not pulled forward from only 2022, therefore the impact on the industry this year will be less significant. Park Lawn has an incredibly long runway of consolidation opportunities ahead and a strong financial position from which to execute on those opportunities. PLC's recently released long-term guidance suggests more of the same successful strategy as the company navigates a post-COVID world.

Canadian Equity Pool Geographic Split (Mar31/2022)



Canadian Equity Pool Industry Split (Mar31/2022)



Buys & Sells

During the quarter, we added to our positions in numerous names including Bank of Nova Scotia, Spin Master, Parkland, NFI Group and Northland Power among others.

We reduced our positions in Ag Growth, Nutrien, Cenovus Energy, Canadian Imperial Bank of Commerce.

As a result of these transactions, the cash position decreased to 1.7% compared to 3.2% at the end of the prior quarter.

New Holding:

Agnico Eagle Mines Ltd.

Over the quarter, the "merger of equals" of Kirkland Lake and Agnico Eagle was consummated. As a result, Galibier's Kirkland Lake holding was exchanged for Agnico Eagle shares We like the merger as the companies have operations near to each other which means the potential of asset optimization and economies of scale. As well, the company's capital structure is further optimized due to the merger as Kirkland Lake was slightly under levered.

Canadian Equity Pool Dynamics (Mar31/2022)

Measure	Canadian Pool	S&P/TSX Comp
Fwd 12M P/E	17.1x	14.1x
Dividend Yield	2.3%	2.6%
Number of Names	24	239
Active Share[3]	77%	-

Source: *Galibier Capital Management Ltd, Bloomberg*

Galibier Global Equity Pool Summary of Results						
Period ending: Mar31/2022	Since May12/17 (%)	4 year (%)	3 year (%)	2 year (%)	1 year (%)	Year-to-date (%)
Galibier Global Equity Pool	**8.6**	**8.9**	**9.1**	**17.7**	**1.6**	**-4.1**
MSCI World (CAD, total return)	10.0	11.2	12.4	22.0	9.4	-6.2

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 Q1 2022, the Galibier Global Equity Pool generated a return of -4.1%. Since inception on May 12, 2017, the Global Pool's annualized return has been 8.6% per year. At the end of the quarter, the active share[3] of the portfolio was 93%.

Global Equity Pool Top Holdings (Mar31/2022)		Weight (%)
1.	AstraZeneca PLC ADR	5.6
2.	Berkshire Hathaway Inc.	5.3
3.	Alphabet Inc.	5.2
4.	Applied Materials Inc.	5.1
5.	Wabtec Corp.	5.0
6.	Intel Corp.	4.5
7.	Medtronic PLC	4.2
8.	GlaxoSmithKline PLC ADR	4.0
9.	The Walt Disney Company	4.0
10.	Ross Stores Inc.	3.9
Total		**46.8**

Best performers during the quarter[2]

BERKSHIRE HATHAWAY UP +17%

The world's largest holding company is firing on all cylinders. The prospect of higher interest rates will ultimately pay off in its enormous insurance operations. High commodity and agricultural prices will likely lead to strong volumes for Berkshire subsidiary, BNSF Railway. The company has a huge cash balance and with equity markets weakening somewhat, Berkshire's appetite for accretive acquisitions may be on the upswing. The purchase of Alleghany Insurance late in the quarter may be the first in a series of such developments.

GALAXY ENTERTAINMENT UP +15%

Shares of Galaxy Entertainment Group rebounded during the first quarter as Macau continues to advance its efforts to reform gaming laws. Most of the investor concerns during the initial public consultation process such as adding an approval process for distribution of profits and an increase in government supervision have dissipated, as the legislation council continues to articulate on the changes and/or remove the articles completely. Additionally, Galaxy resumed its semi-annual dividend payment during Q4 2021, highlighting its strong balance sheet position and ability to generate profits despite the tough market environment, which was welcomed by investors. In the long term, we firmly believe Galaxy is best positioned for the demand recovery as the Chinese authorities look for an exit from its zero-tolerance COVID-19 strategy and as development progresses on its Galaxy Macau phase 3 and 4 properties.

AstraZeneca up +15%

AstraZeneca has one of the best growth profiles in the medium term and a young drug portfolio, which means it does not need to worry about patent cliffs. Additionally, they have one of the highest R&D productivity rates in the industry which helps push longer-term earnings higher. In the first quarter, the company presented very favourable phase 3 data for Enhertu, an antibody-drug conjugate for cancer treatment, which nearly doubles the addressable breast cancer patient population. This is a roughly $2 billion dollar opportunity in the next few years which increased the intrinsic value of the company. We continue to like AstraZeneca as they have an average pharmaceutical valuation with an above average growth rate.

Raytheon Technologies up +14%

Shares of Raytheon Technologies performed well during the quarter alongside other defense stocks given the unfortunate Russia-Ukraine war situation. Raytheon's defense business is widely diversified, one of the many investment merits of this holding for us. For example, Raytheon is involved in supplying the U.S. and its allies from leading cybersecurity services to missile defense systems to manufacturing the F35 engine. At the same time, through its Pratt & Whitney and Collins Aerospace division, Raytheon Technologies remains a commercial aerospace recovery growth story. With the recovery in domestic aerospace traffic well under way and still a long runway to go in the recovery in international traffic, Raytheon Technologies is well on its way to meet its 2025 free cash flow (FCF) target of $10 billion which compares to $5 billion in 2021 and management's guidance of $6 billion for 2022. At a current forward valuation of 19x FCF, Raytheon Technologies remains attractively valued in light of a recovery and the company continues to be a core holding for us

Worst performers during the quarter[2]

General Motors down -26%

General Motors (GM), along with many other manufacturing companies, is suffering from an acute lack of semiconductor chips which are necessary to operate cars and trucks. As a result, although demand for cars remains very strong, GM's production in the March quarter had fallen sharply from levels a year ago. Sales were down 20% year over year. Supply shortages are expected to abate at some point and GM will likely recover these sales. The stock trades at a single digit price to earnings multiple and has significant free cash flow even at these production levels.

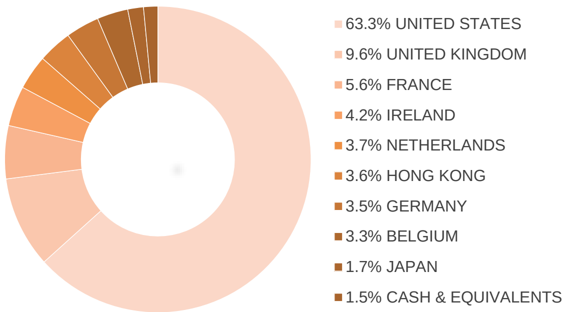
ING Groep down -26%

ING is a well capitalized pan-European bank but like many European banks, it sold off in the quarter due to both uncertainty about the path to higher interest rates and due to the war in Ukraine. ING does have some direct exposure to Russia and to Ukraine. As a result, earnings estimates have been reduced about 10%. The stock remains extremely cheap trading at sub 9X 2022 expected earnings per share and offers a dividend yield of +7%. We took advantage of the sell off and added to our position during the quarter.

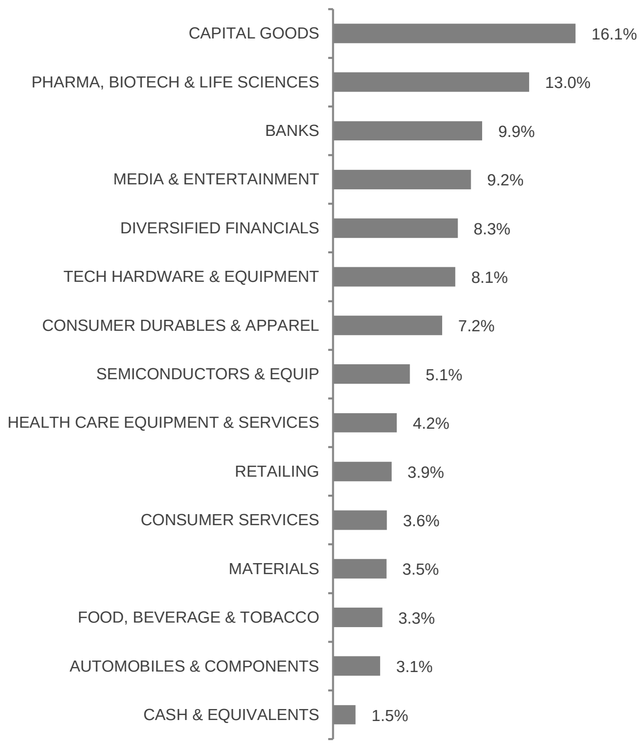
VF Corp. down -23%

Shares of VF Corp. (VFC) have underperformed for several months as many headwinds have merged for the apparel and footwear industry. Supply chain issues, Vietnam lockdowns, and COVID-19 mobility restrictions in China are all examples of industry wide headwinds impacting both topline growth and margin developments. However, for VFC specifically, the results with Vans, its largest brand, have not met management's medium-term strategic initiatives since the start of our holding given a fashion-driven slower than expected recovery in the "classics" Vans footwear category. This in turn has resulted in disappointing group results versus consensus expectations and another driver of underperformance for the shares. At current levels, the shares trade for an attractive 17x price / earnings ratio on the company's current guided results for the fiscal year ending in March 2022 and offer a relatively high dividend yield of 3.6%. In addition, management is shifting its capital allocation framework towards more share repurchases over the near-term and has brought back one of the original leaders of Vans when they first bought the brand in 2004 to lead a turnaround. At the current quote, shares of VFC continue to trade at a significant discount to our conservative estimate of intrinsic value, with significantly more upside should management convince investors that Vans can grow low-double-digits once again.

Global Equity Pool Geographic Split (Mar31/2022)



Global Equity Pool Industry Split (Mar31/2022)



Buys & Sells

During the quarter, we added four new names to the portfolio: Applied Materials, LVMH, Ross Stores and Shimano. In addition, we added to our positions in ING Groep, VF Corp., HeidelbergCement, Walt Disney and Intel.

We reduced our positions in GlaxoSmithKline, Alphabet, Raytheon Technologies and Cisco Systems. Four positions were eliminated from the portfolio: Visa, Colgate Palmolive, Cognizant Tech Solutions and Becton Dickinson.

As a result of these transactions, the cash and equivalents position decreased to 1.5% from 3.3% at the end of the prior quarter.

New Buys:

Applied Materials Inc.

Applied Materials has a dominant position in the consolidated semiconductor equipment industry and will benefit from increased demand for its equipment and services as its customers add capacity to meet unprecedented demand. The company's competitive advantage comes from its intellectual property [16k active patents] specific to the manufacturing steps it is involved in. Additionally, the company services the 35,000 pieces of equipment it has installed at customers and earns revenue which is more recurring in nature and under longer term contract. This collaborative process between Applied and its customers increases the switching costs for the customer. Both of these competitive advantages will benefit Applied Materials as demand for semiconductors has increased significantly as they are needed in greater quantities in more products. Additionally, recent global events have moved the sourcing of semiconductors to be a national security issue and governments around the world have allocated $100 billion of subsidies for the industry to help persuade semiconductor manufacturers to increase local capacity. To do this the manufacturers will need to buy Applied Material's equipment which will help to sustain demand. Applied Materials has been in Galibier's investment universe for several years and recent volatility in the stock moved it below intrinsic value and provided an opportunity to add it to the portfolio.

LVMH Moet Hennessy Louis Vuitton SE

During the quarter, we took advantage of market volatility to add shares of former holding, Louis Vuitton Moet Hennessy (LVMH) to our portfolio. Led by CEO and controlling shareholder Bernard Arnault, LVMH is a global leading conglomerate of luxury goods with timeless luxury brands such as: Louis Vuitton, Christian Dior, Tiffany's, Bulgari, Dom Perignon, and Sephora. These global leading luxury products have common characteristics such as timeless brands with very little fashion risks, exclusivity-driven pricing power, and significant scale in their respective market verticals. Therefore, the list of investment merits for LVMH include durable brands leading to a sustainable competitive advantage, pricing power which we always favor but especially do so in this current economic environment, and Mr. Arnault's proven track record of capital allocation and creating value for shareholders. Hence, given the market volatility during the quarter, we were able to add shares of LVMH at a significant discount to our estimate of intrinsic value.

ROSS STORES INC.

Ross Stores is also returning to the portfolio, a company we know well, highlighting the Galibier process in action. While we continued to like the business, we sold our position back in 2020 when we felt the price reflected full value. We patiently waited for an opportunity for the share price to come back to us and recently reinitiated a position. Ross is the second-largest off-price retailer in the United States, which we believe is very well positioned to benefit from supply chain disruptions in apparel, as well as consumers looking for value during times of heightened inflation. The Ross management team recently revised their long-term store count guidance higher, adding to several years of square footage growth in the future.

SHIMANO INC.

Shimano is by far the world's largest producer of bicycle components and a major fishing reel and tackle producer. Demand for bicycles has been very strong in the last few years for several reasons including COVID-19. In addition, the shift toward disc brakes and away from rim brake systems as well as electronic shifting means that Shimano's installed base will be subject to an upgrade cycle. The company's balance sheet is pristine with significant positive net-net working capital. Purchased at a cash adjusted price to earnings of 15-16X 2022 expected earnings per share coupled with its growth potential suggests the possibility for multiple expansion from the current level.

Global Equity Pool Dynamics (Mar31/2022)

Measure	Global Pool	MSCI World
Fwd 12M P/E	17.9x	17.7x
Dividend Yield	2.0%	1.8%
Number of Names	26	1,539
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.*

Disclaimer