Galibier Capital Management Ltd.

Quarterly Investment Review

Q4 2022

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"It's a lot easier to find needles in a needle stack than in a haystack"

- Joe Sirdevan

Starting in March of 2022, the Bank of Canada drove Canada's overnight interest rate up from 0.25% to 4.25%. In the U.S., the Fed Fund's rate went from a range of 0-0.25% a year ago to the current range of 4.25-4.50%. As a result of these central bank actions, both stock and bond markets performed poorly over the course of 2022.

However, unlike the first three quarters of 2022 which produced declines, equity markets rallied sharply in the fourth quarter. During Q4 2022, the S&P/TSX Composite was up 6.0% while the MSCI World Index and S&P 500 were up 8.2% and 6.1%, respectively, in CAD. Why? Markets began to anticipate that rate increases are perhaps coming to an end or will proceed in a more measured way. There is also evidence that central banks actions are beginning to impact inflationary pressures. An offsetting concern is that the interest rate increases may slow the economy sharply which will impact corporate profits and ultimately share prices. The persistent inversion of the yield curve portends that a recession is in the cards in 2023.

As is always the case in periods of macroeconomic stability or instability, Galibier keeps its focus on the microeconomics of the companies it owns and on the spread between intrinsic value and market price. Nothing else.

Our two-step process seeks to first define a universe of investable companies. This universe is our "needlestack". For a company to be investable, it must have a durable competitive advantage, management team with a demonstrated record of strong ES&G practices, produce economic earnings (free cash flow), have solid growth prospects and possess a strong balance sheet. Then, for a company to be invested in, it must trade below our estimate of its intrinsic value.

December 31, 2022 is our 10th calendar year of managing Canadian equities. In our calculations of intrinsic value, we have always used a 12-15% discount rate range. This relatively high hurdle rate was to build in a margin of safety in our valuation process. We have often said that we aim for annual returns of 12-15% in the hopes of getting an 8-10% absolute return. We are pleased that we exceeded the high end of the expected range as the Galibier Canadian Equity Pool has generated an annualized return of 10.4% for 10 calendar years.

Thank you to our clients for your unwavering support. Onward and upward!

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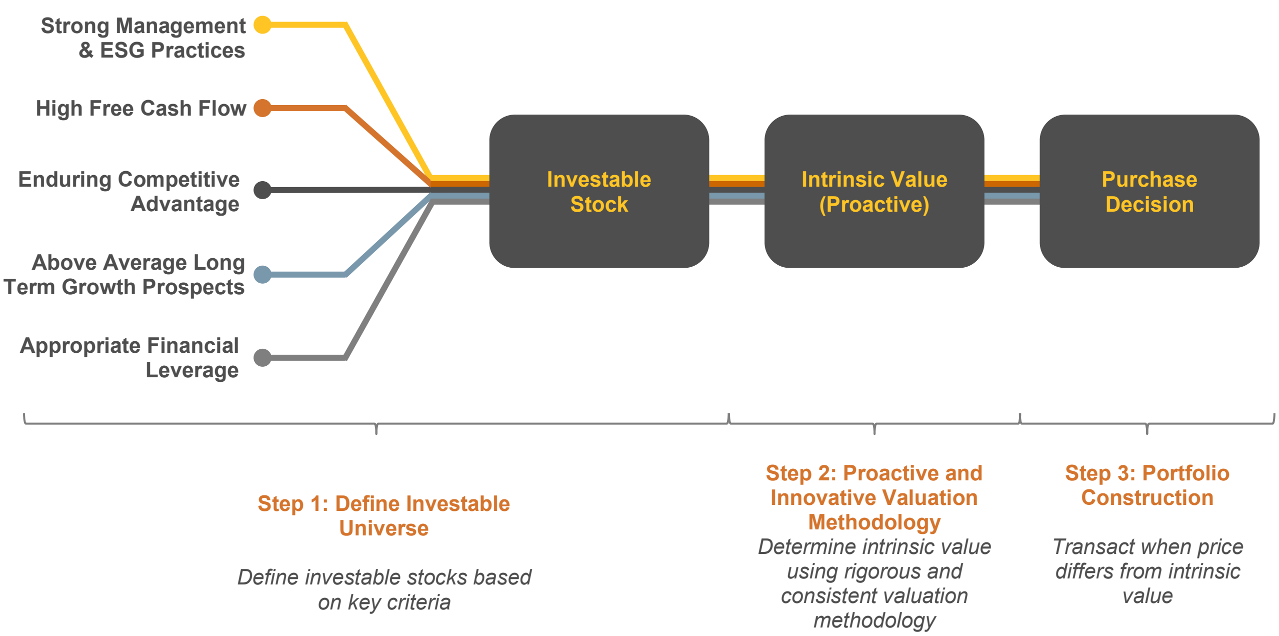
Galibier Capital Management Ltd.

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*



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: Dec31/2022	Since Sep27/12 (%)	10 Year (%)	5 Year (%)	3 Year (%)	1 Year (%)
Galibier Canadian Equity Pool	**10.2**	**10.4**	**7.0**	**6.9**	**-3.8**
S&P/TSX Composite (total return)	7.7	7.7	6.8	7.5	-5.8

Notes:

i. *Return figures are gross of fees.*
ii. *Return figures are annualized for periods greater than 1 year.*
iii. *The Funds' returns are not guaranteed, the values change frequently, and past performance may not be repeated.*
iv. *Inception date of the fund is 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 Notes and Disclaimer at the end of this document for information about the returns and benchmarks.

Galibier Canadian Equity Pool

In Q4 2022, the Galibier Canadian Equity Pool generated a return of 5.1%. Since inception on September 27, 2012, the Canadian Pool's annualized return was +10.2% per year. At the end of the quarter, the active share[3] of the portfolio was 74%.

Canadian Equity Pool Top Holdings (Dec31/2022)		
		Weight (%)
1.	Canadian Pacific Railway Ltd.	5.8
2.	Manulife Financial Corp.	5.2
3.	Agnico Eagle Mines Ltd.	4.9
4.	Spin Master Corp.	4.9
5.	Northland Power Inc.	4.5
6.	WSP Global Inc.	4.4
7.	CGI Inc.	4.3
8.	CCL Industries Inc.	4.2
9.	Rogers Communications Inc.	4.2
10.	Intact Financial Corp.	4.1
Total		**46.5**

Best performers during the quarter[2]

Ag Growth International up +35%

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

Cenovus Energy up +25%

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

CAE UP +24%

CAE performed well in the quarter. After reporting charges related to two defence contracts in the previous quarter, investors were concerned that more would follow. However, with the release of the second quarter fiscal 2023 results, and no additional charges taken, the stock rallied. We believe that CAE remains well positioned to benefit from outsourcing of training while airlines focus on improving their core operations, dedicating cash flow towards increasing their fleet instead of buying simulators. We also expect to see defence margins at CAE improve from levels depressed by supply chain challenges and other elevated costs.

AGNICO EAGLE MINES UP +21%

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

Worst performers during the quarter[2]

NFI GROUP DOWN -21%

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

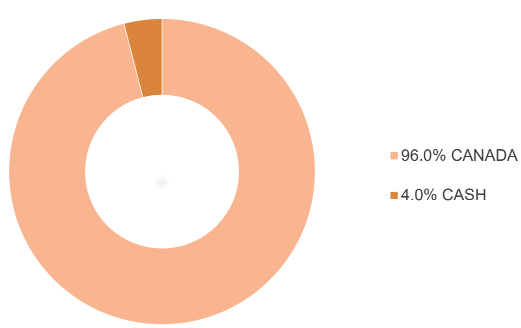
SPIN MASTER DOWN -20%

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

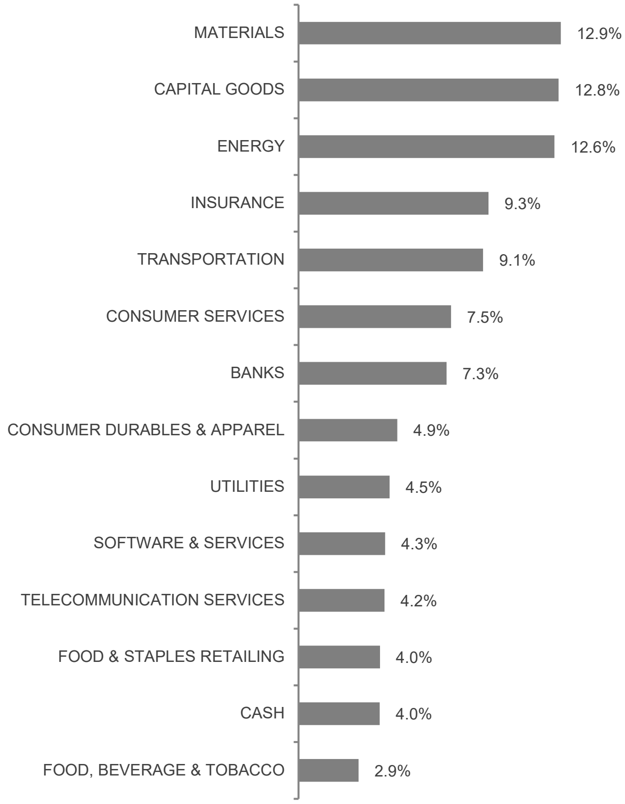
NUTRIEN DOWN -14%

Coincident with its 3rd quarter earnings release, Nutrien's management cut guidance due to lower than expected commodity price realizations. All the key agricultural commodities were lower including potash, nitrogen and phosphate. We continue to be bullish on Nutrien's prospects. It is the world's largest fertilizer producer and agriculture input retailer with a unique vertically integrated business model. The company generates massive free cash flow which will be deployed in M&A, share buybacks and dividends. As well, the company has significant potential to increase its potash production through relatively low capex brownfield expansions. In nitrogen, there is significant scope in "de-bottlenecking" projects to expand production and improve the carbon footprint of its operations. Trading at a singe digit multiple on both earnings and free cash flow and yielding 2.6%, the stock is priced at an attractive valuation.

Canadian Equity Pool Geographic Split (Dec31/2022)



Canadian Equity Pool Industry Split (Dec31/2022)



Buys & Sells

During the quarter, we added to numerous positions including Spin Master, Premium Brands Holdings, Canadian Natural Resources, CAE and Bank of Nova Scotia among others.

We reduced our position in Restaurant Brands International, Ag Growth International and Intact Financial. One position was eliminated from the portfolio: Gildan Activewear.

As a result of these transactions, the cash position increased to 4.0% compared to 1.1% at the end of the prior quarter.

Canadian Equity Pool Dynamics (Dec31/2022)

Measure	Canadian Pool	S&P/TSX Comp
Fwd 12M P/E	15.2x	12.4x
Dividend Yield	2.5%	3.3%
Number of Names	25	236
Active Share[3]	74%	-

Source: *Galibier Capital Management Ltd, Bloomberg*

Galibier Global Equity Pool Summary of Results				
Period ending: Dec31/2022	Since May12/17 (%)	5 year (%)	3 year (%)	1 year (%)
Galibier Global Equity Pool	**6.6**	**6.7**	**2.8**	**-8.3**
MSCI World (CAD, total return)	7.4	7.8	6.5	-12.2

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 Notes and Disclaimer at the end of this document for information about the returns and benchmarks.

Galibier Global Equity Pool

In Q4 2022, the Galibier Global Equity Pool generated a return of +9.9%. Since inception on May 12, 2017, the Global Pool's annualized return was 6.6% per year. At the end of the quarter, the active share[3] of the portfolio was 90%.

Global Equity Pool Top Holdings (Dec31/2022)		
		Weight (%)
1.	Alphabet Inc.	5.3
2.	Berkshire Hathaway Inc.	5.1
3.	Oshkosh Corp.	5.0
4.	Apple Inc.	5.0
5.	Generac Holdings Inc.	4.9
6.	Target Corp.	4.6
7.	LVMH Moet Hennessy Louis Vuitton SE	4.6
8.	ING Groep NV	4.5
9.	JPMorgan Chase & Co.	4.3
10.	Intel Corp.	4.2
Total		**47.5**

Best performers during the quarter[2]

ING Groep up +41%

ING is expected to produce significantly higher net interest income as yield curves shift up and normalize. The ultra low interest rate environment of the last few years made deposit taking a money losing activity. In particular, banks with large retail deposit bases suffered. But this situation is now reversing and a return to higher interest rates has very positive implications for ING's earnings. As a result, we expect 2023 earnings per share (EPS) to come in at the €1.25 level, up ~ 18% from 2022 levels. With this strong earnings potential, ING announced a significant buy back of 4% of its float. Further buybacks could follow. As well, the company may increase its yield of close to 5% this year. With return on equity of 8% and trading at 0.8x price to book value, the stock remains compellingly valued.

HeidelbergCement up +40%

Cement and building material producer, Heidelberg, has been plagued by cost pressures in raw materials and energy costs. In the later half of the year, price increases started to take hold in its end markets leading to organic revenue growth of 13%. However, raw material costs kept pace leading to relatively flat margins. But with rate increases leading to a cooling of inflationary pressure, investors are looking forward to margins widening in 2023 and commensurate earnings improvement. Even after the 40% price move in the quarter, Heidelberg's current P/E is only 7.6X and should produce very solid free cash flow which supports the current dividend yield of ~4.1%.

JPMorgan Chase up +28%

Investors were relieved as JPMorgan reported solid earnings in the quarter. In particular, the company had strong net interest margins which more than offset a somewhat weaker fee environment. Capital formation was strong and the company is on track to meet its 13% CET1 target by Q1 of 2023. Credit quality remains a slight concern especially if the recession deepens. At its current valuation, the stock is trading at 11X forecasted earnings and yielding just under 3%.

Oshkosh up +24%

Specialty truck manufacturer, Oshkosh (OSK), benefitted from strong pricing and order inflow over the quarter. Despite ongoing supply chain issues which is inhibiting volume, the company is improving its margins and managing other expenses lower. As of the third quarter, the company's backlog is around $13 billion which is ~1.5X annual revenue. The company expects to start producing a major small truck solution for the U.S. Postal Service commencing in 2025, with order potential in the several thousands. There will be a significant electric vehicle component to these vehicles and OSK will be able to lever on the technological knowledge gained for other customer solutions. Oshkosh's exemplary balance sheet with net-net working capital of ~$19 per share will allow for buy backs and perhaps M&A activity.

Worst performers during the quarter[2]

Walt Disney down -9%

Bob Chapek shocked the market with a large loss on the streaming business and rare forward guidance which was well below sell side estimates. Although this may have been the earnings call that resulted in Chapek losing his job, when going through the numbers it appears our longer-term thesis is still intact. We forecast 2024 to be a breakeven year for the streaming business with 2023 being a year that doesn't get the full benefit of price increases. This business is still in its infancy with a long runway of growth and modest subscriber growth in 2025 will lead to profitability. Without the streaming business Disney should earn more than $5 in EPS putting them at 17 times EPS which implies we are near a point where we are getting the streaming business for free. We believe 2023 will be a much better year for Disney, especially with Bob Iger back at the helm.

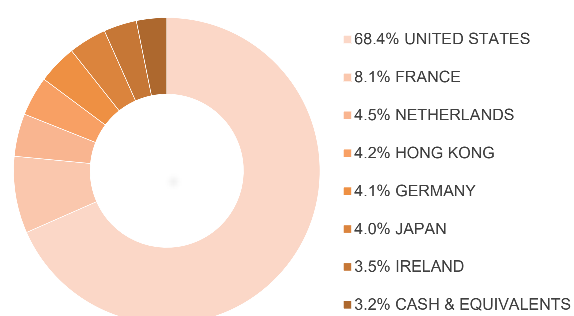
Alphabet down -9%

The majority of the underperformance of Alphabet happened on the release of its third quarter earnings where Alphabet reset near term earnings expectations. The advertising market slowed down in advance of a tougher macro environment while Alphabet continues to invest in its business for longer term growth which is pressuring margins in the short term. Of the large cap tech companies, it appears that Alphabet is pulling back the least on future investments which we believe will create longer term value. With Alphabet trading at 15x 2023 P/E ex-cash, we added to the position after its earnings report.

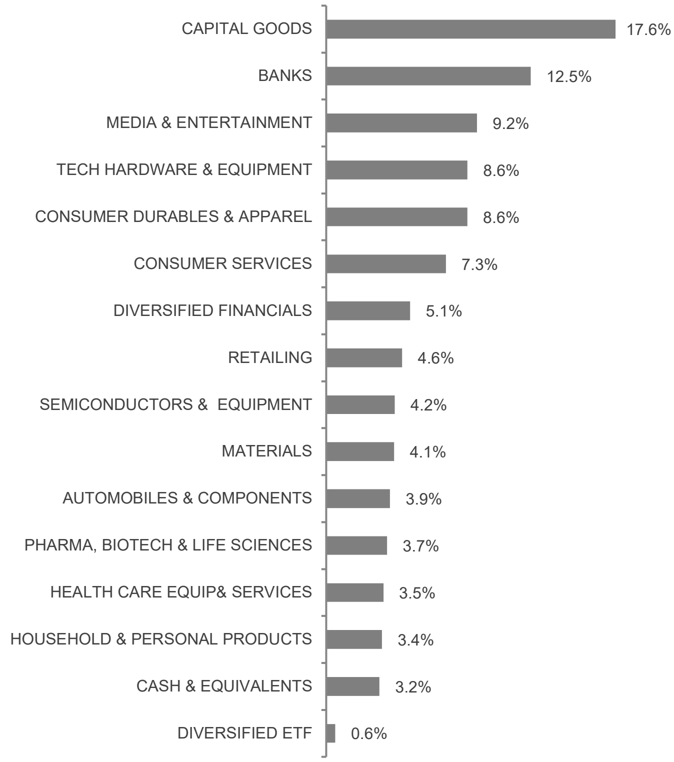
Apple down -7%

Apple (AAPL) sold off somewhat in the quarter as investors fretted about supply chain issues impacting iPhone volumes and Q4 revenue. We remain confident that AAPL will manage its way through this short-term blip. AAPL is the world's most valuable technology franchise with an amazing 1.8 billion active devices. In the medium-term, new product launches, new generation PC's, increasing monetization of higher margin services rather than hardware and share buybacks make AAPL a core holding for Galibier.

Global Equity Pool Geographic Split (Dec31/2022)



Global Equity Pool Industry Split (Dec31/2022)



Buys & Sells

During the quarter, we added two new names to the portfolio: Generac Holdings Inc. and Estée Lauder Companies Inc.

In addition, we added to numerous positions including Alphabet, Shimano, Vail Resorts, Apple and Target among others.

We reduced our positions in JPMorgan Chase, ING Groep, Wabtec, LVMH and General Motors among others. Three positions were eliminated from the portfolio: Amazon, Ross Stores and VF Corp.

As a result of these transactions, the cash and equivalents position increased to 3.2% from 0.6% at the end of the prior quarter.

New Buys:

Generac Holdings Inc.

Generac manufactures and sells home and commercial standby generators which immediately turn on in the event of a power failure. Given that Generac has around 75% market share, all home standby generators are generically referred to as a Generac the same way tissues are Kleenex. Generac supports this high market share with by far the largest dealer network (who handle the local sales), the highest R&D budget and best scale in manufacturing making them the lowest cost producer. We have always admired this business which has been well run by CEO, Aaron Jadfled, for the past 15 year and is in a good position given that the U.S. power grid remains under pressure from years of under investment. Generac was over earning during the pandemic as sales of its generators skyrocketed and the market gave them a P/E above 40 times expected earnings as investor extrapolated this growth in perpetuity. The market finally realized Generac was over-earning and the stock fell 80% to 12x our 2024 EPS. We believe this is a great price for a company that will return to secular growth in 2024 and beyond.

Estée Lauder Companies Inc.

Estée Lauder (EL) is among the world's largest cosmetic and skin care companies with brands such as Estée Lauder, Clinique, Aramis, Origins, M.A.C., Bobbi Brown and Aveda. In the quarter, EL extended its product reach with the purchase of the luxury Tom Ford brand. We took advantage of a sharp drop in the share price of EL during the quarter due to concerns about Covid related restrictions in China which we believe to be transitory. EL is a long-time constituent of Galibier's investable universe. With the sell off, it traded below our estimate of intrinsic value and then we purchased – a great example of the Galibier process in action. We bought the shares at an average price of $199 which is a far cry from the $374 which was the peak in the share price. The stock sharply appreciated in the next few weeks as China restrictions alleviated, and the stock rebounded sharply.

Global Equity Pool Dynamics (Dec31/2022)

Measure	Global Pool	MSCI World
Fwd 12M P/E	17.1x	15.0x
Dividend Yield	1.7%	2.3%
Number of Names	24	1,508
Active Share[3]	90%	-

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 and the MSCI World Index for this purpose as they are the most well-known indices and are most likely to resemble the investment strategy of the accounts. It is important to note that benchmarks do not include operating charges and transaction charges as well as other expenses related to the account's investments, which may affect its performance.*
2. *The S&PTSX Composite is an unmanaged index of common stocks. Its performance is considered representative of the performance of the Canadian market. The index returns do not take into account any fees and expenses. The returns of the S&P/TSX Composite are provided for reference purposes to show how the performance of the fund fared relative to the market as a whole. The composition of the holdings of the fund and the index vary, because the holdings of the fund are comprised of individuals equities selected on the basis of the fund's investment objectives and strategies.*
3. *The MSCI World Index is an unmanaged index of common stocks. Its performance is considered representative of the performance of the Global market. The index returns do not take into account any fees and expenses. The returns of the MSCI World Index are provided for reference purposes to show how the performance of the fund fared relative to the market as a whole. The composition of the holdings of the fund and the index vary, because the holdings of the fund are comprised of individuals equities selected on the basis of the fund's investment objectives and strategies.*
4. *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).*
5. *Active share: a measure of the percentage of stock holdings in a portfolio that differ from the benchmark index. Data source: Bloomberg.*