Galibier Capital Management Ltd.

Quarterly Investment Review

Q2 2023

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Objective judgement, now, at this very moment. That's all you need.

Marcus Aurelius

Many phenomena have cycles, and many observers have commented on history repeating… in fact Mark Twain said that "history never repeats itself, but it does often rhyme." And so, we again find ourselves living in a period of speculative markets. As Benjamin Graham reminds us, the market vacillates between acting as a voting machine and a weighing machine. Currently, markets are in voting mode.

In the second quarter, a handful of names dominated the global investment landscape… huge mega cap companies that are being pushed up by investment flows into index linked products and high frequency trading. Dubbed the "Magnificent 7" they are Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla. In aggregate they represent ~$10Trillion in market capitalization or ~25% of the overall capitalization of the S&P 500 index. The Canadian proxy for this effect is Shopify which is about ~3% of the Toronto Stock Exchange.

And the phenomenon is self-reinforcing… the more money that flows into passive or index linked products, the more stock is demanded which pushes up price which in turn leads to larger weight in the index and even higher demand for the name. So, index weight, not intrinsic value is the determination of market price. However, what is different this time is that this speculative flow is happening coincident with very significant interest rate increases globally. Now, higher rates act as a drag on equity prices as ultimately equity valuations are a function of interest rates (the "discount" in discounted cash flow). Also, the higher rates are leading to the potential for reduced consumption which will lead to reduced earnings by corporations, which is the "cash flow" element of a discounted cash flow calculation.

Speculative inflows by price indifferent market participants, narrow markets due to concentration of the Magnificent 7, sharply higher rates and potentially declining cash flows… this could lead to a sharp reversal in the markets. And this will give fundamental discipline and valuation sensitive investors such as Galibier an opportunity. We watch and wait…

As many of you know, Lauree Wheatley has decided to leave Galibier and Q2 2023 marks the end of her tenure at the firm. She has been an exemplary partner and colleague and her efforts contributed significantly to Galibier's investment performance. We thank her for her hard work and wish her the very best.

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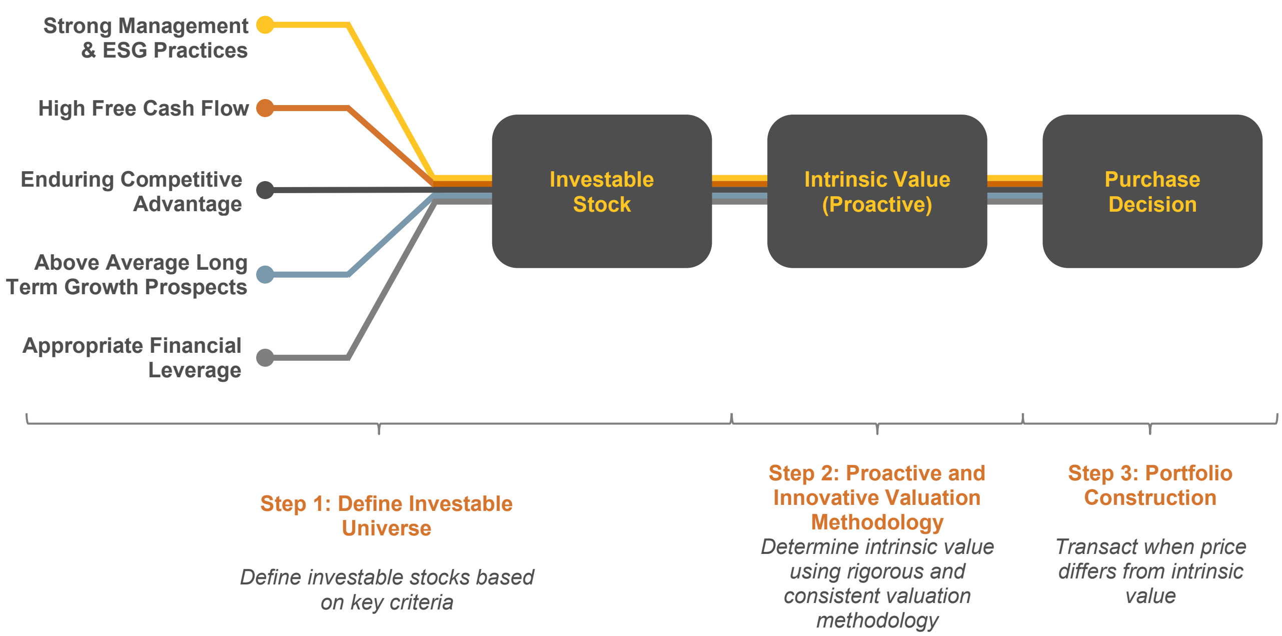
Galibier Capital Management Ltd.

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: Jun30/2023	Since Sep27/12 (%)	10 Year (%)	5 Year (%)	3 Year (%)	1 Year (%)	Year-to-date (%)
Galibier Canadian Equity Pool	**10.0**	**9.9**	**7.2**	**14.7**	**5.6**	**3.7**
S&P/TSX Composite (total return)	7.9	8.4	7.6	12.4	10.4	5.7

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 Q2 2023, the Galibier Canadian Equity Pool generated a return of -1.9%. Since inception on September 27, 2012, the Canadian Pool's annualized return was +10.0% per year. At the end of the quarter, the active share[3] of the portfolio was 75%.

Canadian Equity Pool Top Holdings (Jun30/2023)

		Weight (%)
1.	Canadian Pacific Railway Ltd.	5.2
2.	Manulife Financial Corp.	5.1
3.	CGI Inc.	4.8
4.	WSP Global Inc	4.7
5.	Spin Master Corp.	4.6
6.	Agnico Eagle Mines Ltd.	4.5
7.	CCL Industries Inc.	4.5
8.	Intact Financial Corp.	4.2
9.	Empire Co. Ltd.	4.1
10.	Restaurant Brands International Inc.	4.0
Total		**45.7**

Best performers during the quarter[2]

NFI Group up +39%

Shares of NFI were strong in the quarter, as the company announced a comprehensive refinancing plan consisting of equity issuance and debt financing that helps to alleviate near-term liquidity concerns and strengthens its balance sheet. NFI is making good progress in resolving supply chain challenges, with management expecting to begin ramping up bus production meaningfully in late 2023 and through 2024. NFI remains the transit bus leader in North America and is set to capitalize on significant demand for its buses.

Restaurant Brands International up +14%

Restaurant Brands outperformed this quarter, as their same-store sales exceeded investor expectations by a significant margin. We bought Restaurant Brands at a discounted price compared to its intrinsic value due to underperformance at the Tim Hortons and Burger King chains. Tim Hortons has successfully revamped its menu through the Back-to-Basics program and is now focusing on the untapped opportunities in lunch, dinner, and cold beverages. Burger King has shown promising early results with their Reclaim the Flame program. As Tim Hortons continues to improve its growth trajectory and align with its industry peers, we anticipate a potential increase in its valuation multiple.

CGI UP +7%

CGI shares performed well in the quarter as end-market demand for its services remains resilient amidst general macro uncertainty. CGI has seen a shift in client priorities to focus more on cost saving and digitization initiatives. Management continues to see solid organic growth opportunities in Managed Services, Consulting and IP solutions across North America and Europe. In addition, CGI's M&A pipeline remains robust, with the company focused on more IP-related firms and expanding their footprint in the US.

INTACT FINANCIAL UP +6%

Intact, a superbly managed property and casualty insurer, once again delivered impressive financial results. Notably, earnings in property underwriting were exceptionally strong, while personal auto underwriting results remained consistent with expectations.

Looking ahead, Intact's proven track record of accretive M&A is expected to drive reasonable earnings growth over the investment horizon. With a valuation of 14.5x EPS and a 2.2% yield, Intact presents an attractive value proposition.

Worst performers during the quarter[2]

NUTRIEN DOWN -21%

During the second quarter, both India and China announced contracts with Nutrien (NTR), specifying a potash price lower than initially anticipated. However, despite these declines, forecasts for Nutrien's free cash flow remain robust. Moreover, agricultural fundamentals have moderated to mid-cycle levels, which supports a solid mid-term outlook for Nutrien.

We capitalized on the market's sell-off of NTR shares and strategically increased our position when the stock price dipped into the low to mid $70s.

NORTHLAND POWER DOWN -18%

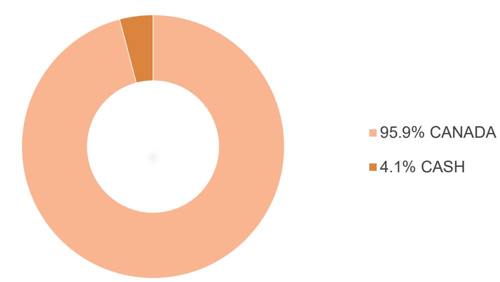
Cost inflation on the Baltic Power offshore wind project and uncertainty regarding the financial close of the Hai Long offshore wind project have exerted downward pressure on Northland Power's (NPI) shares in the quarter. However, we find reassurance in management's disciplined approach to growth projects, exemplified by the sale of their 49% ownership stake in the Nordseecluster offshore wind portfolio. This decision was made because the project returns no longer met NPI's hurdle rate. Furthermore, Northland Power has successfully issued $500 million in green hybrid bonds, fully covering the company's equity needs for 2023. This resolution alleviates concerns over near-term equity issuance. Achieving financial closure on both the Hai Long and Baltic Power projects in the second half of 2023 is expected to serve as a positive catalyst for the stock, unlocking value for investors from these sizeable growth projects.

AG GROWTH INTERNATIONAL DOWN -17%

Ag Growth (AFN), a long-time holding, experienced a substantial price increase last year but consolidated some of those gains in the second quarter. Similar to Nutrien, Ag Growth is facing the effects of moderating crop prices, farmer sentiment, and farmer incomes. However, under a new management team, the company has made diligent efforts to consolidate and optimize its operations following a period of intense M&A activities.

We were able to secure significant profits in AFN earlier this year and substantially reduced our position.

Canadian Equity Pool Geographic Split (Jun30/2023)



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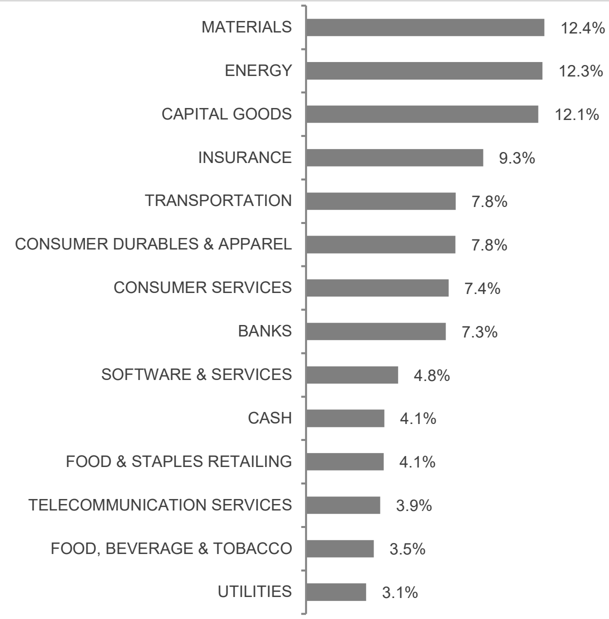


Buys & Sells

During the quarter, we added to numerous positions including Aritzia, Nutrien, Canadian Natural Resources, Canadian Imperial Bank of Commerce, and Cenovus Energy.

In addition, we reduced our positions in Ag Growth, Spin Master, and Agnico Eagles Mines.

As a result of these transactions, the cash position remained at 4.1% compared to 4.1% at the end of the prior quarter.

Canadian Equity Pool Dynamics (Jun30/2023)		
Measure	Canadian Pool	S&P/TSX Comp
Fwd 12M P/E	16.0x	13.5x
Dividend Yield	2.6%	3.4%
Number of Names	26	229
Active Share[3]	75%	-

Source: *Galibier Capital Management Ltd, Bloomberg*

Galibier Global Equity Pool Summary of Results

Period ending: Jun30/2023	Since May12/17 (%)	5 year (%)	3 year (%)	1 year (%)	Year-to-date (%)
Galibier Global Equity Pool	**7.5**	**7.6**	**9.0**	**21.5**	**8.8**
MSCI World (CAD, total return)	8.8	9.2	11.1	21.6	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 Notes and Disclaimer at the end of this document for information about the returns and benchmarks.

Galibier Global Equity Pool

In Q2 2023, the Galibier Global Equity Pool generated a return of 0.7%. Since inception on May 12, 2017, the Global Pool's annualized return was 7.5% per year. At the end of the quarter, the active share[3] of the portfolio was 90%.

Global Equity Pool Top Holdings (Jun30/2023)

		Weight (%)
1.	Berkshire Hathaway Inc.	6.4
2.	Apple Inc.	6.2
3.	Alphabet Inc.	6.0
4.	Estee Lauder Companies Inc.	5.6
5.	Truist Financial Corp.	5.5
6.	Diageo PLC	5.3
7.	Oshkosh Corp.	5.3
8.	Shimano Inc.	5.2
9.	Target Corp.	5.1
10.	LVMH Moet Hennessy Louis Vuitton SE	5.0
Total		**55.6**

Best performers during the quarter[2]

Generac Holdings up +37%

We bought Generac towards the end of last year, anticipating a weaker year in 2023 following Generac's strong earnings in 2021 and 2022. However, in their first-quarter report, Generac revealed that they had cleared out field inventory faster than expected, while near-term demand remained high. Additionally, there were several mass power outages during the quarter due to ice storms in Quebec, heat waves in Texas, and storms stretching from Michigan to Georgia, among others. All of this implying a softer landing for 2023 earnings and a sustained high demand for home generators. This is attributed to the aging US power grid struggling to cope with increased electrification while witnessing frequent extreme weather events. During the quarter, we reduced our position to manage our portfolio weight but still consider Generac to be inexpensive at 16x 2024 P/E.

Apple up +15%

As the world's largest company with a market capitalization exceeding $3 trillion and generating nearly $400 billion in annual revenue, it becomes increasingly challenging for the company to generate new sources of revenue that will make a significant impact at Apple (AAPL). Despite our belief that AAPL is arguably the finest business globally, we have been reducing our position due to the diminishing attractiveness of its valuation. We hold a skeptical outlook regarding the potential impact of the headset, thus further contributing to our decision.

ING Groep up +15%

ING, like many European banks, experienced robust earnings growth this quarter primarily due to expanding net interest margins. Furthermore, there was limited spillover from the stress faced by US regional banks. The company remains committed to renewing its stock buyback program, which is expected to support continued strong price performance.

With solid operating performance, an attractive yield, and sustained buybacks, ING is positioned to deliver good returns over the investment horizon.

Alphabet up +14%

During the quarter, the positive outlook on AI continued to contribute to the revaluation of Alphabet (GOOG). The integration of AI into Alphabet's products is expected to enhance their capabilities and drive increased demand for their cloud services, thus supporting earnings growth in the medium term. At the beginning of the year, there was a negative sentiment regarding Alphabet's position in the cloud market, as Microsoft had launched its offerings earlier, causing Alphabet's cash-adjusted P/E to drop to 15x. Despite the subsequent revaluation, Alphabet's valuation still stands at only 18x next year's earnings which is inexpensive relative to their secular growth and strong market position.

Worst performers during the quarter[2]

Target down -21%

During the quarter, Target (TGT) managed to generate controversy and upset both sides of the spectrum regarding LGBT+ issues. As part of their support for Pride Month, Target faced backlash, with reports of attacks on employees and instances of store vandalism due to their promotion of LGBT+ merchandise. While Target has been supporting these causes for years, it is evident that the issue has become increasingly polarized in the United States. In response, Target decided to remove certain products and downplay others, which led to a short-term boycott by various groups on both sides of the issue. We anticipate that the financial impact of this situation will be limited to the second quarter, but it will nevertheless delay Target's earnings recovery.

We first purchased Target after they announced their inventory issues, and we consider the recent controversy to be a temporary setback. It is important to note that sales per square foot have increased by 38% since before the pandemic, highlighting Target's ability to gain market share. We expect this trend to continue in the medium term, with higher store productivity resulting in improved operating leverage over the next few years. Based on our analysis, we see Target trading at 12x earnings for FY24, offering a 3.3% yield and projecting strong earnings growth in FY25 and beyond due to enhanced store productivity. As the headlines regarding the boycott fade, we anticipate a swift recovery for Target.

The Walt Disney Company down -13%

The primary reason for the underperformance was largely attributed to poor guidance provided by the company during the quarter. While the underlying guidance for high single-digit EBIT (earnings before interest and taxes) remained unchanged, there was a shift in the composition of this growth. Parks will be contributing more to the profit, while the linear networks segment will provide less. It should be noted that some of these changes are temporary, as advertising revenues have declined due to increased concerns about a potential recession.

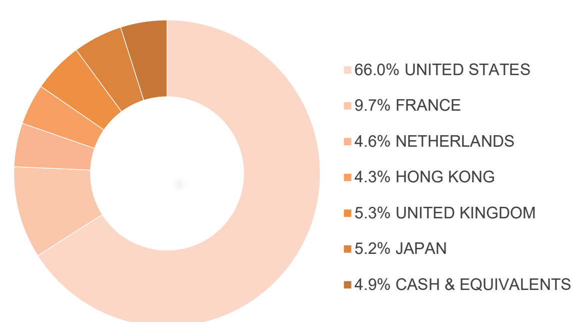
Excluding the impact of streaming, Disney (DIS) is projected to earn around $5 per share this year. This puts the company's valuation at 18x earnings, which we consider a level that implies the streaming business is essentially being obtained for free. We actively managed our position in Disney, selling prior to the earnings announcement and subsequently increasing our position towards the end of the quarter.

AXS Short Innovation down -12%

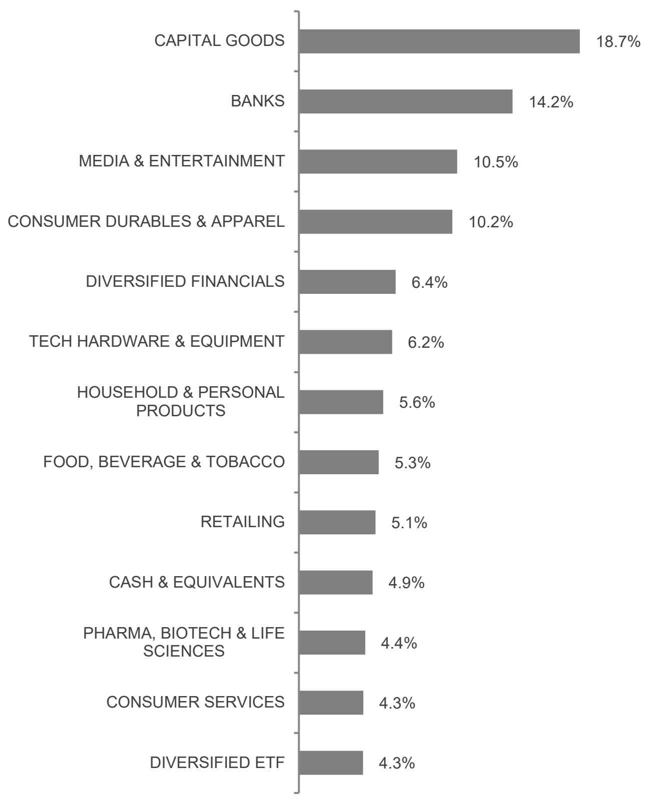
AXS Short Innovation (SARK), an ETF designed to have an inverse impact on the performance of the ARK Fund, presents an opportunity to capitalize on what we perceive as overvalued technology holdings within ARK. Notably, ARK holds significant positions in several technology names, including Tesla at approximately 12% of the portfolio, Coinbase at around 7%, Roku at 7%, Zoom at 7%, Block at 6%, and UiPath at 6%.

During the quarter, the value of ARK experienced an upward trajectory, leading to a corresponding decline in SARK. This trend reflects our belief that the valuations of these technology companies may be stretched and that taking a position in SARK allows us to potentially benefit from these perceived overvaluations.

Global Equity Pool Geographic Split (Jun30/2023)



Global Equity Pool Industry Split (Jun30/2023)



Buys & Sells

During the quarter, we added one new name to the portfolio: Estee Lauder.

In addition, we added to Truist Financial, AXS Short Innovation ETF, and Target.

We reduced our positions in numerous names including Generac, JP Morgan, Alphabet, and ING. Two positions were eliminated from the portfolio: Cisco and General Motors.

As a result of these transactions, the cash and equivalents position increased to 4.9% from 1.6% at the end of the prior quarter.

New Buys:

ESTEE LAUDER

Estee Lauder's portfolio of leading global prestige beauty brands, including Clinique, Aramis, Bobbi Brown, MAC, and more recently, Tom Ford Beauty, provides the company with a durable competitive advantage. Moreover, EL has room for expansion in high-growth emerging markets, which presents an opportunity for future growth.

However, in the past couple of quarters, the company faced challenges due to a slowdown in the Asian travel retail market, stemming from the lingering impacts of COVID. This led to a reduction of sales outlook and earnings for 2023. The share price overreacted to this news, plummeting from $370 to the current level of $200, where we purchased it. Nevertheless, as the markets recover, Estee Lauder is poised to capitalize on its ample growth potential.

Estee Lauder is also a potential target for acquisition by a global luxury goods company such as LVMH Moet Hennessy Louis Vuitton SE, further enhancing its investment appeal.

Global Equity Pool Dynamics (Jun30/2023)

Measure	Global Pool	MSCI World
Fwd 12M P/E	19.7x	17.7x
Dividend Yield	1.5%	2.1%
Number of Names	19	1,512
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.*

   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.

   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.

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

Galibier Capital Management Ltd. ("Galibier") is registered with the Ontario Securities Commission as a Portfolio Manager, Investment Fund Manager and Exempt Market Dealer, with the British Columbia Securities Commission as a Portfolio Manager, with the Nova Scotia Securities Commission as a Portfolio Manager, with the Autorité des Marchés Financiers in Quebec as a Portfolio Manager and Investment Fund Manager, with the Alberta Securities Commission as a Portfolio Manager, with the Financial Services Regulation Division Department of Service NL in Newfoundland & Labrador as a Portfolio Manager and Investment Fund Manager, and with the Financial and Consumer Affairs Authority of Saskatchewan as a Portfolio Manager. This summary does not constitute an offer to sell or buy any securities and does not constitute investment advice. All information and opinions as well as any figures indicated herein are subject to change without notice.

The Galibier Canadian Equity Pool, the Galibier Global 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. 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.