Galibier Opportunities Fund
Quarterly Investment Review

Q2 2023

Joseph Sirdevan, CFA
Graham Anderson, CPA, CFA
Andrew Wallman, CFA
Kelvin Wong, CFA
Colin Pearson, CFA
Zohan Barkur
Jun Chuah, CFA
Neeti Pandey
Hai Ho, CFA

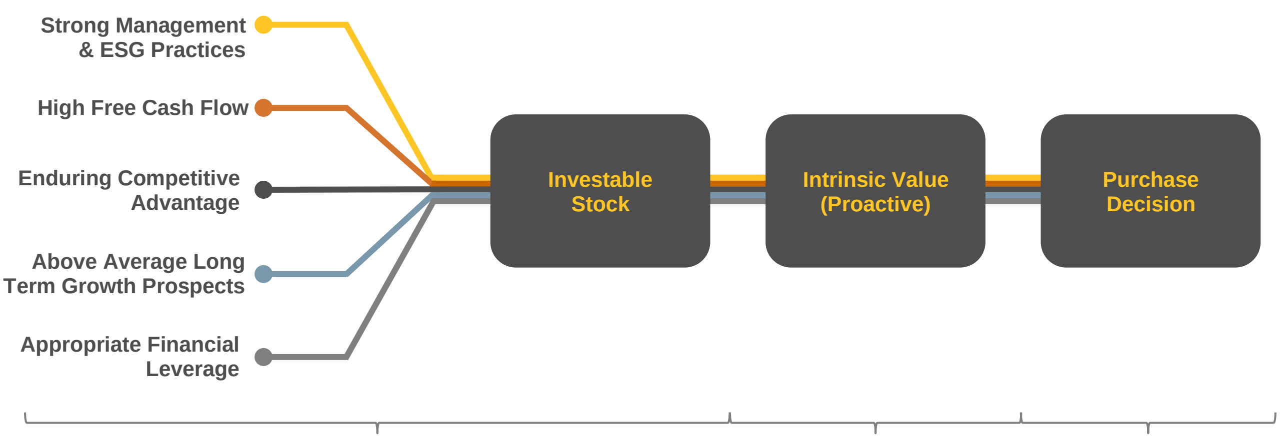
Galibier Capital Management Ltd. | Growth. At a Reasoned Price.™
80 Richmond St. West | Suite 1100 | Toronto | ON | M5H 2A4
416.867.1234
www.galibiercapital.com

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 Opportunities Fund Summary of Results

Period ending: Jun30/2023	Since Oct31/14 (%)	5 year (%)	3 year (%)	1 year (%)	Year-to-date (%)
Galibier Opportunities Fund	**9.0**	**8.5**	**12.2**	**15.4**	**10.4**
S&P/TSX Composite (total return)	7.0	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 October 31, 2014.*
v. *Returns are presented only for periods during which Galibier has been registered as a portfolio manager.*
vi. *The investment objectives of the Galibier Opportunities Fund have not changed since the Funds' inception.*
vii. *All returns of the Galibier Opportunities Fund prior to November 30, 2014 are related to Galibier's proprietary accounts, as Galibier's employees were the sole investors in the Funds during this period of time. 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*

See Notes and Disclaimer at the end of this document for information about the returns and benchmarks.
Source: Galibier Capital Management Ltd, Bloomberg.

Galibier Opportunities Fund

In Q2 2023, the Galibier Opportunities Fund generated a return of 0.8%. Since its inception on October 31, 2014, the fund has provided an annual return of 9.0%.

Opportunities Fund Largest Positions (Jun30/2023)

Long positions		Weight (%)
1.	Oshkosh Corp.	5.7
2.	Cargojet Inc.	5.3
3.	Truist Financial Corp	5.3
4.	Agnico Eagle Mines Ltd	5.0
5.	Canadian Imperial Bank of Commerce	5.0
6.	Estee Lauder Companies Inc.	4.9
7.	Restaurant Brands International Inc.	4.9
8.	Premium Brands Holdings Corp	4.9
9.	The Walt Disney Company	4.7
10.	AXS Short Innovation ETF	4.5
Total		**50.2**

Best performers during the quarter[2]

Generac Holdings up +46%

We bought Generac 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.

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.

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.

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.

Worst performers during the quarter[2]

Target down -22%

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.

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. 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.

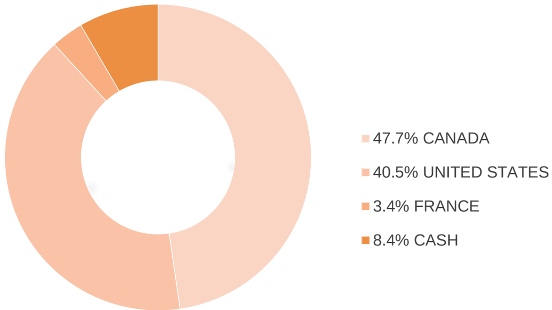
We were able to secure significant profits in AFN earlier this year and substantially reduced our position.

The Walt Disney Company down -13%

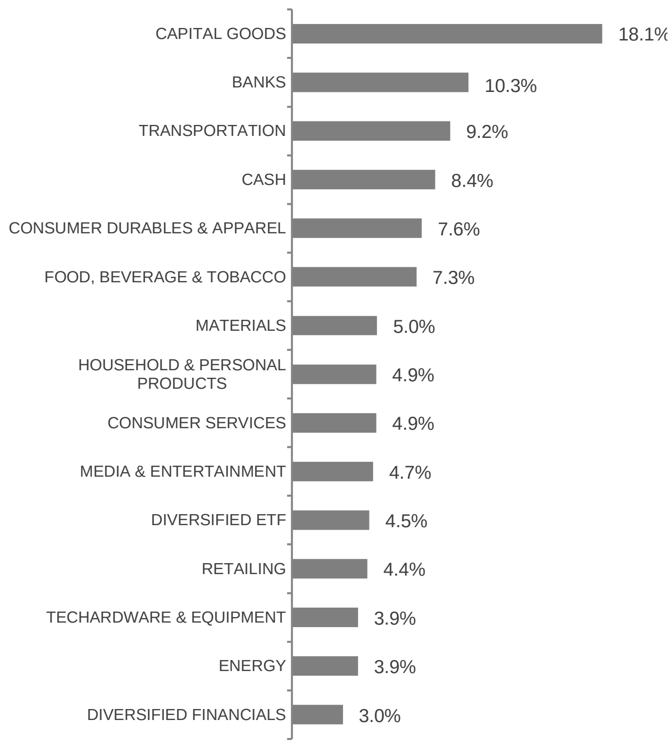
The primary reason for the underperformance was largely attributed to poor guidance provided by the company during the quarter. While the underlying guidance for high single-digit EBIT (earnings before interest and taxes) remained unchanged, there was a shift in the composition of this growth. Parks 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.

Geographic Split (Jun30/2023)



Industry Split (Jun30/2023)



Buys & Sells

During the quarter, we added 3 new names to the portfolio: Estee Lauder, Generac Holdings and Oshkosh.

In addition, we added to our position in numerous names including NFI, Cargojet, Cenovus, Truist and Target.

We reduced our positions in Apple, Ag Growth and Maple Leaf Foods. Three positions were eliminated from the portfolio: General Motors, Park Lawn and Wabtec.

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.

Generac Holdings

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 the US power grid remains under pressure from years of under investment.

Generac was over earning during the pandemic as sales of their 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 12 times our 2024 EPS. We believe this is a great price for a company that will return to secular growth in 2024 and beyond.

Oshkosh

Oshkosh is a light industrial company that manufactures various speciality trucks and other apparatus. It holds dominant market shares in lifting platforms (under the name JLGI), fire trucks (Pierce), cement mixers (London), municipal waste trucks, and defense vehicles. Recently, the company secured a deal to develop next-generation vehicles for the US Postal Service.

Although the stock experienced a sell-off during the quarter due to the loss of a military contract for the Joint Light Tactical Vehicle, Oshkosh has other opportunities with the Department of Defense that will offset this loss.

Purchased in the fund at a price range of $78-$79, Oshkosh has a very strong balance sheet, reasonable yield, and an attractive valuation with a 2023E P/E ratio of 12-13x.

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 returns of the S&P TSX Composite index are provided for comparison purposes. The S&P/TSX Composite Index is the benchmark Canadian index, representing roughly 70% of the total market capitalization on the Toronto Stock Exchange with about 250 companies included in it. The index returns do not take into account any fees and expenses. The returns of this 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 return to the pool during the most recent quarter and includes the impact of market price changes, buys, sells, and dividends (if any).*