Galibier Capital Management Ltd.

The Presbyterian Church in Canada
Quarterly Investment Review

Q2 2022

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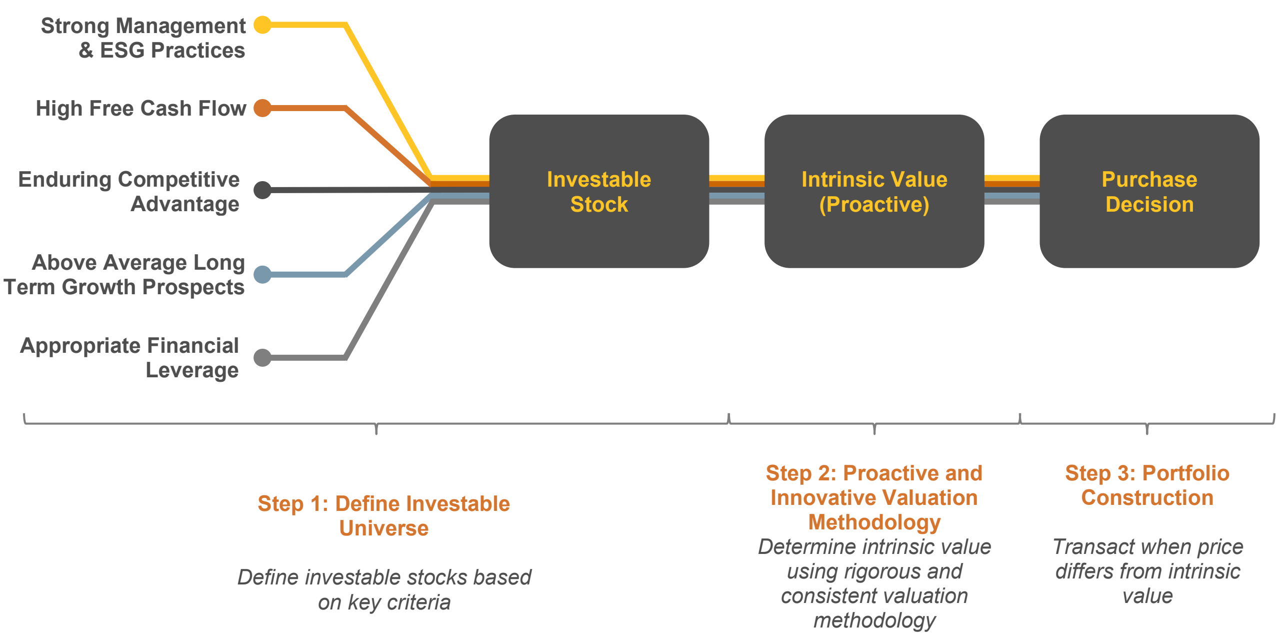
Galibier Capital Management Ltd.

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… ie. to be sanguine when others are discouraged and to be cautious when others are exuberant….

Summary of Results

Period ending: Jun30/2022	3 months (%)	Year-to-date (%)	1 year (%)	2 year (%)	3 year (%)	Since Inception (%)
The Presbyterian Church in Canada	**-10.0**	**-5.5**	**-1.8**	**19.5**	**8.8**	**10.6**
S&P/TSX Composite (total return)	-13.2	-9.9	-3.9	13.4	8.0	8.3

Note:
i) Inception date of The Presbyterian Church in Canada account is March 25, 2019.
Return figures are annualized for periods greater than 1 year.
Source: Galibier Capital Management Ltd, Bloomberg. Return figures are gross of fees.
See Note 1. and Disclaimer at the end of this document for information about the returns and benchmarks.

Galibier Canadian Equity Pool

In Q2 2022, the Galibier Canadian Equity Pool generated a return of -10.0%. At the end of the quarter, the active share[3] of the portfolio was 76%.

Canadian Equity Pool Top Holdings (Jun30/2022)

		Weight (%)
1.	Canadian Pacific Railway Ltd.	5.3
2.	Manulife Financial Corp.	5.0
3.	Park Lawn Corp.	5.0
4.	Spin Master Corp.	4.8
5.	Northland Power Inc.	4.8
6.	CCL Industries Inc.	4.7
7.	Canadian Imperial Bank of Commerce	4.4
8.	Enbridge Inc.	4.3
9.	Intact Financial Corp.	4.3
10.	Empire Co. Ltd.	4.3
Total		**46.9**

Best performers during the quarter[2]

Cenovus Energy up +18%

WTI crude oil price rallied in the quarter closing at $105.76 (USD). At this price level, heavy oil producers such as Cenovus generate significant cash flow per barrel. Over the quarter, Cenovus agreed to purchase additional reserves by acquiring the remaining 50% of the Sunrise Oil Sands project from British Petroleum. Given its enormous reserves, Cenovus does not have to incur capital expenditures in order to find and develop additional barrels meaning that significant cash flow is available for debt reduction, share buy backs or dividend increases.

CAE up +16%

Shares of CAE increased following the release of its delayed full year results. Strong quarterly results, in addition to a recently hosted investor day, have given management multiple opportunities to communicate their longer-term goals for growth of the business on both the civil and defense platforms. Utilization rates in the civil training business continue to tick higher as commercial air traffic returns, and strong book-to-bill in the defense business suggests strong revenues ahead in that segment. Management continues to integrate several recently acquired businesses, which have helped CAE to offer customers a well-rounded and more diversified product offering than ever before.

CCL Industries up +8%

Shares of CCL reacted positively in the quarter after its results reflected the diversification and resilience of its business model. While label sales for hand sanitizer bottles have declined, it has been offset by labels for cosmetics, as an example. The geographic and end market diversification of the business has helped it to weather the challenges of the past few years. With large acquisitions still viewed as expensive, management has committed capital to a share buyback in order to take advantage of its strong balance sheet and cash flow generation. We continue to like management's disciplined and prudent approach to capital allocation which has served the company well.

CGI up +3%

CGI outperformed in the quarter as its organic revenue growth hit a fifteen-year high, and management reiterated their goal of continuing to grow the top line at double digits. Management believes that digital transformation initiatives are not discretionary spending for customers and it is likely these projects continue uninterrupted despite macroeconomic concerns. We also believe that CGI is an attractive technology company for investors who have seen valuations in some of the high-flying technology names compress dramatically following the highs of late last year.

Worst performers during the quarter[2]

Ag Growth International down -31%

After a strong start to the year, shares of Ag Growth International declined in the second quarter. Concerns over rising input costs and supply chain delays, which could pressure margins in the near term, are reasons why the shares were weaker. With continued uncertainty in the agricultural supply chain and strong backlogs to support its 2022 revenues, we believe that Ag Growth is well positioned to benefit from farmer spending and the need to build redundancy into global supply chains. As capital spending levels decline, we expect that free cash flow for Ag Growth will accelerate nicely, leading to a reduction in the debt outstanding and a re-rating of the business going forward.

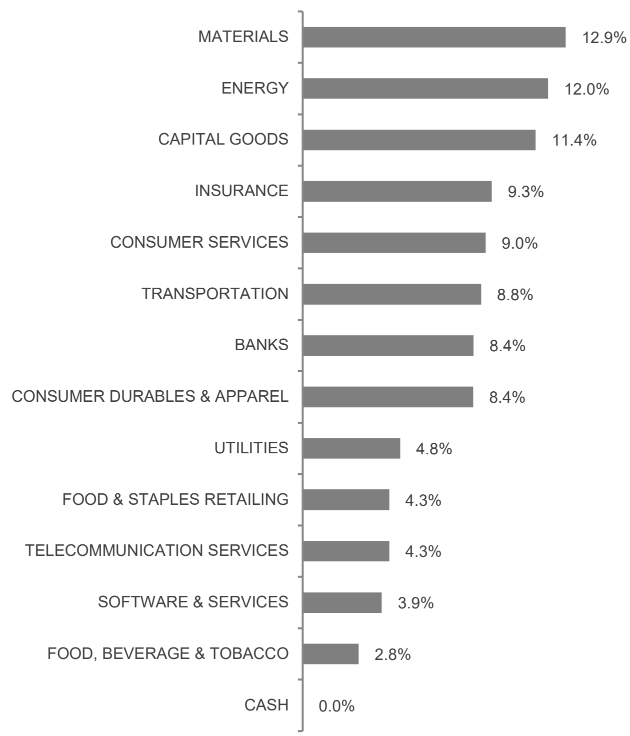
Cargojet down -25%

Cargojet shares declined during the quarter because of concerns around the economic health of the consumer, as well as the perceived risk of overcapacity in global air cargo markets long-term. While there is no doubt about the challenges facing the consumer, we are comforted by the long-term take or pay contracts that Cargojet operates within its domestic business. Late in the first quarter, it announced a significant new long-term contract with DHL, which will utilize most of the additional capacity being added into the Cargojet network over the next few years. We believe that business to be very secure as DHL has committed to the use of dedicated cargo aircraft in the future, even as commercial belly capacity returns. While the charter business could see some weakness, we are comfortable that Cargojet's superior performance and customer service will continue to make them a preferred provider in the charter business.

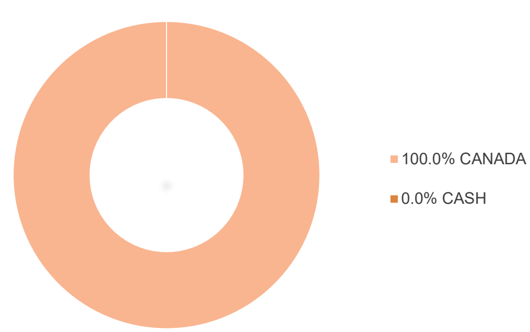
Agnico Eagle Mines down -22%

Like many companies, gold producers signalled operational issues due to COVID-19 related absenteeism as well as rising energy and input costs were impacting margins. As well, bullion itself sold off over the quarter and was down about 4% over that time. Even at the current bullion price of $1740 (USD), Agnico Eagle trades below our estimate of intrinsic value while generating solid earnings per share and free cash flow per share. The implosion of the cryptocurrencies is likely to be a good sign for gold prices in the future as is the spectre of continued inflation. If the U.S. dollar were to weaken due to interest rate differentials this would also impact gold price favourably.

Canadian Equity Pool Industry Split (Jun30/2022)



Canadian Equity Pool Geographic Split (Jun30/2022)



Buys & Sells

During the quarter, we added one new name to the portfolio: CAE Inc. In addition, we added to our positions in Gildan Activewear, Restaurant Brands International and Manulife Financial.

We reduced our positions in numerous names including Cenovus Energy, Nutrien, Enbridge, Spin Master and Agnico Eagle Mines among others.

As a result of these transactions, the cash position decreased to 0.0% compared to 1.7% at the end of the prior quarter.

New Buys:

CAE Inc.

COVID-19 has been extremely disruptive to the global travel industry and airlines continue to work through the challenges resulting from being understaffed as demand for travel returns. With a continuing pilot shortage, demand for training services has rebounded quickly. We expect that as airlines look to reduce capital allocated to non-core businesses (i.e. training), CAE is very well positioned to sign outsourcing agreements, which improves its training center utilization. Ongoing conflict in Europe is driving more commitment to defense spending, which also bodes well for the demand for CAE's defense training and simulation business. CAE is well positioned to benefit from tailwinds in both of its largest segments. Lastly, action taken by management during COVID-19 including cost cutting initiatives and the realization of synergies will allow CAE to generate structurally higher margins in the future.

Canadian Equity Pool Dynamics (Jun30/2022)

Measure	Canadian Pool	S&P/TSX Comp
Fwd 12M P/E	15.0x	11.2x
Dividend Yield	2.6%	3.1%
Number of Names	25	239
Active Share[3]	76%	-

Source: *Galibier Capital Management Ltd, Bloomberg*

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.*

Disclaimer