Calgary Portfolio Management Trust

2018 Q3 Report

UNIVERSITY OF CALGARY
HASKAYNE SCHOOL OF BUSINESS

Table of Contents

Biographies

CPMT CLASS OF 2018

ABDULRAHMAN ALNOAIMI

Fund Analyst

5th Year, Chemical Engineering and Economics

Abdulrahman is in his fifth and final year of a double degree in Economics and Chemical Engineering, with a Minor in Petroleum Engineering. He recently completed a 16-month internship at NOVA Chemicals as a Process Engineering Intern, where he focused on process modelling and data analytics. Since joining CPMT in September 2016, Abdulrahman has developed a deeper understanding and appreciation of financial markets. He is extremely grateful for all the support and guidance from faculty advisors, alumni, mentors and peers. In his spare time, Abdulrahman enjoys playing soccer and ultimate frisbee.

CHASE MACDOUGALL

Fund Manager

5th Year, Finance

Chase MacDougall joined the CPMT program in October 2016 as a Research Associate. After returning from a summer internship at BMO Nesbitt Burns as an Investment Banking Summer Analyst, he is eager to pass on the skills and knowledge he developed over the course of the summer to the class of 2019. Outside of CPMT, Chase was a member of the Haskayne Trading Team which competed at the Rotman International Trading Competition in both 2016 and 2017, achieving 3rd and 2nd place finishes respectively. In addition to his interest in financial markets, Chase enjoys participating in and spectating a variety of sports, including hockey, baseball, basketball, and squash. Following graduation, he is excited to be returning to BMO Nesbitt Burns as an Investment Banking Analyst.

DANIEL CASSINO

Fund Manager

4th Year, Finance

Daniel joined the CPMT program in March 2016 as a Research Associate and would like to thank the board, speakers, and alumni for their continued support for the program. He looks forward to further developing his skills in portfolio management and intrinsic valuation over the coming year as well as working with the new class of research associates. Daniel completed a summer at JP Morgan as an Investment Banking Analyst and will be returning full-time in July 2018. In addition to his interest in working in capital markets, Daniel enjoys playing baseball, snowboarding, and is an avid car enthusiast.

DANIIL ZHIGATOV

Fund Manager

5th Year, Finance / Economics

Dan is in the fifth year of his studies and a Fund Manager in the CPMT program. He joined the program in the spring semester of 2016. He is very excited to continue learning about financial analysis and portfolio management as well as delve deeper into his understanding of the overall Canadian economy. He is very grateful to the board, alumni and the CPMT faculty advisors for their continuing mentorship. He is looking forward to another four-month summer internship at RS Energy Group. Dan plans to pursue a career in Equity Research upon his graduation.

DARREN LUOMA

Fund Manager

4th Year, Finance

Darren joined the CPMT as a Research Associate in October 2016. He is a certified Journeyman B-pressure Rig Welder with a passion for financial markets who is ecstatic to be pursuing a degree in Finance at the University of Calgary. Through the mentorship program, guidance from his former FM, and collaboration with his peers in the CPMT, he has stoked his passion for finance, trading, and equity research. He is exceptionally grateful to be participating in the program, and is looking forward to contributing even more this coming year. He is currently finishing his last year of university, and returning to TransCanada as a full time Analyst in May of 2018. Outside of school and work he is a huge MotoGP fan and loves biking, skiing, rock climbing, and spending time with his wife and dog.

ERICK NOH
Fund Manager
4th Year, Finance
Erick joined the CPMT program in March 2016 as a Research Associate. He is extremely grateful for the continued support of the CPMT's faculty advisors, board members and alumni. Erick is looking forward to working with his peers to further his knowledge of capital markets, portfolio management, as well as his critical thinking skills. Mentoring a Research Associate is a challenge that Erick is thrilled about. He looks to share his experiences and learnings from his time in the program in hopes to better the development of his Research Associate. In addition to this, Erick is excited to conduct more in-depth valuation and research during the remainder of his tenure as a CPMT member. Erick will be joining Tudor, Pickering, Holt & Co. as an Investment Banking Analyst after graduation. In addition to his interest in finance, Erick also enjoys going to the gym and playing hockey.

JENNIFER LABINE
Fund Manager
5th Year, Finance / Economics
Jennifer LaBine joined the CPMT program in October 2016 as a Research Associate, and is grateful for all the support she has received throughout her time in the program. Between lessons learned from peers and guidance provided by mentors, she considers being a member of the CPMT to be the most invaluable experience of her undergraduate degree thus far. She looks forward to further developing her research and valuation skills, and conducting in-depth portfolio analysis alongside her peers and friends in the coming year. Upon graduation, Jennifer will be joining RBC Capital Markets as an Investment Banking Analyst, and plans to pursue the CFA designation in the coming years. Outside of this, she is an avid reader and recreational pilot.

KELSEY MILLS
Fund Analyst
4th Year, Finance
Kelsey joined the CPMT program in October 2016 as a Fund Analyst. She has enjoyed working with the team and expanding her knowledge of capital markets. Additionally, she is thankful for the unique opportunities the program has provided her and is grateful for the support provided by the board of directors, faculty advisors, mentors and guest speakers. She is pursuing a second bachelor's degree, having previously graduated from the University of Alberta. This past summer she worked with the Institutional Equity Research group at AltaCorp Capital. Upon graduation, Kelsey will be joining Scotiabank as an Analyst in the Commercial Accelerate Program.

KRISTIN GORKOFF
Fund Manager
4th Year, Finance
Kristin joined the CPMT program in October 2016 as a Research Associate. Since joining the program, she has thoroughly enjoyed working with the team, gaining hands on experience in portfolio management, and expanding her knowledge about capital markets. She recently completed an 8-month co-op term with Credit Union Central Alberta working in the treasury department. Upon graduation, Kristin intends to pursue a career in the capital markets and obtain her CFA designation. Outside of her academic pursuits, she enjoys hiking, classical music, travelling, and learning new languages.

MAHAD NADEEM
Fund Manager
5th Year, Finance / Economics
Mahad joined the CPMT program in September 2015 as a Research Associate. He is enthralled by the learning opportunities that CPMT has provided him. He accredits the CPMT program for helping him develop a tireless work ethic, attention to detail, and intellectual curiosity. He recently completed a summer internship in the Private Investment Valuations group at the Alberta Investment Management Corporation (AIMCo). Prior to this, he interned at Azimuth Capital Management (formerly Kern Energy Partners) and at the Canadian Energy Research Institute (CERI). Upon graduation, he intends to pursue the CFA designation. In his spare time, Mahad loves to play and watch tennis and soccer, and is enthusiastic about current events.

CPMT CLASS OF 2019

A.J. BANGLOY
Research Associate
4th Year, Finance / Economics

A.J. joined the CPMT program in March 2017 as a Research Associate. He is looking forward to learning more about portfolio management, valuation and financial modeling. In the summer of 2017, A.J. worked at Husky Energy as a Credit Analyst and prior to that, at AltaLink in the Accounting Department. This upcoming summer, A.J. is looking forward to joining Credit Suisse as an Investment Banking Summer Analyst. Upon graduation, he plans to pursue a career in capital markets as well as obtain his CFA designation. In his spare time, A.J. enjoys boxing, running and keeping up-to-date on current events.

ALI SALEH
Research Associate
3rd Year, Finance

Ali joined the CPMT program in September 2017 as a Research Associate. He is looking forward to improving his portfolio management, financial modelling and valuation skills. Ali is excited to have the opportunity to use these skills to further grow the fund. Outside of CPMT, Ali competes in case competitions such as the CFA Ethics Case, the National Investment Banking Competition and Ryerson University's 'Battle on Bay' 2018. Over the past summer, Ali worked as an accounting co-op student at PCL and is currently an Investment Banking Junior Analyst at Valitas Capital Partners. Upon graduation in December 2019, he intends to pursue a career in capital markets and obtain his CFA designation. Apart from his interest in capital markets, Ali enjoys going to the gym, playing soccer and track & field.

ALIM SULEMAN
Research Associate
4th Year, Finance

Alim joined the CPMT in March 2017 as a Research Associate. Alim is excited about the opportunity to learn about and improve upon his research and valuation skills, as well as to further his interest in portfolio management and capital markets. In addition, he is excited to work with his peers to grow the Fund. This upcoming summer, he is looking forward to joining Bank of America Merrill Lynch as an Investment Banking Summer Analyst. In his spare time, Alim enjoys participating in, and spectating various sports, particularly hockey and squash.

ANDREW GORMLEY
Research Associate
3rd Year, Finance

Andrew joined the CPMT program in September 2017 as a Research Associate and would like to thank the Board of Trustees, speakers, and alumni for their dedication in developing the program. He is looking forward to learning more about portfolio management, equity research and financial modeling. This past summer, Andrew worked as a business operations intern for Zume Pizza in Mountain View, California. Upon graduation, he will be pursuing a career in capital markets and looks to obtain his CFA designation. In addition to his interest in working in capital markets, Andrew enjoys playing basketball, hockey, and is an avid car and timepiece enthusiast.

BRODIE WILSON
Research Associate
4th Year, Finance

Brodie joined the CPMT program in March 2017 as a Research Associate and is grateful to the board, speakers, and alumni for their support throughout the year. He is excited about developing his research, valuation, and portfolio management knowledge, and applying these techniques to further the growth of the Fund. In the coming year, Brodie hopes to expand his responsibilities as a Research Associate, and continue to provide support in security analysis and selection. Brodie will be joining Tudor, Pickering, Holt & Co. this summer as an Investment Banking Summer Analyst. In addition to his capital markets interests, Brodie enjoys playing hockey, golf, squash, and snowboarding.

EESHWAR DUTT
Research Associate
3rd Year, Finance / Economics

Eeshwar joined the CPMT program as a research associate in September 2017 primarily to expand his knowledge of capital markets and explore what the industry has to offer. Eeshwar is currently pursuing a combined degree in finance and economics and is looking to obtain a CFA designation in the future as well as a summer internship. He is thankful for the continued support that the Board of Trustees, speakers and alumni have offered to help afford the students of the CPMT this opportunity. In his free time Eeshwar enjoys hiking, sports and cooking.

LUKAS SUTHERLAND
Research Associate
4th Year, Finance / Geology

Lukas joined the CPMT in March 2017 as a Research Associate and would like to extend his thanks to the board, speakers and alumni for their continued support. He is looking forward to expanding his knowledge of portfolio management, research, and valuation throughout his years with the CPMT. Lukas is currently pursuing a combined degree in Geology and Finance with hopes of eventually obtaining both his CFA, and P.Geo designations. Lukas will be joining RBC Capital Markets this summer as an Investment Banking Summer Analyst. With his spare time, Lukas enjoys hiking, golfing, skiing, and agriculture.

MAHDIS SADEGHI
Research Associate
3rd Year, Finance

Mahdis joined the CPMT in September 2017 as a Research Associate and would like to thank the Board of Trustees, speakers and alumni for their continued support and mentorship. She is excited to apply her classroom knowledge of finance into portfolio management, valuation and financial modeling and to also learn from her peers. Over the summer, Mahdis worked with ATB Financial on the Gig Pilot Project. Outside of the CPMT, Mahdis enjoys staying active in the mountains and in the gym. She is very excited for what is to come in the next two years of the program.

MAXIM BOUIANOVA
Research Associate
3rd Year, Finance

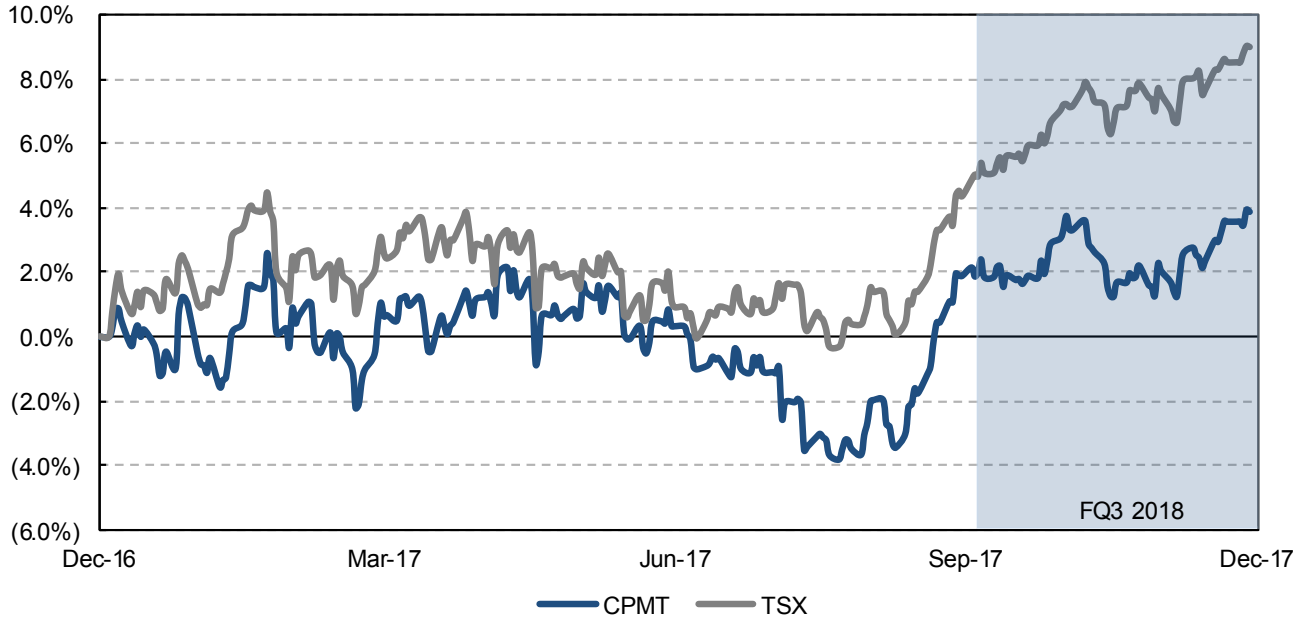
Maxim joined the CPMT program in March 2017 as Research Associate. During his second year at Haskayne, Maxim was also a member of the Rotman International Trading Team and was an Analyst for the Haskayne Finance Club. He since became a Research Manager and Executive Vice President of the club. Over the past year, Maxim has worked for Perron & Partners Wealth Management as an Equity Research Summer Analyst and for the British Columbia Investment Management Corporation (bcIMC) as a Public Equities Co-op Analyst. Next summer, Maxim will be joining Goldman Sachs & Co. as an Investment Banking Summer Analyst. Maxim is very excited for the opportunities that the CPMT has to offer during of his degree. During his free time Maxim enjoys freerunning, snowboarding, and hiking.

WYATT PHILLIPS
Research Associate
3rd Year, Finance

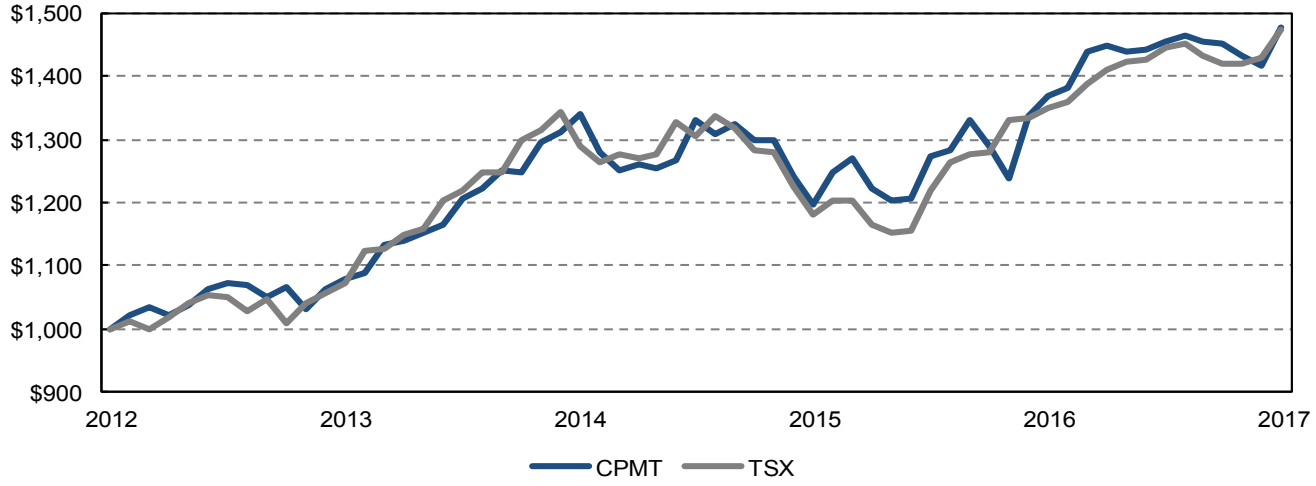
Wyatt joined the CPMT program in March 2017 as a Research Associate and would like to thank the board, alumni and speakers for their time and support since joining the program. Although a new member to the program, Wyatt appreciates the significant amount of learning experiences that CPMT has already had to offer, specifically the speaker series, mentorship program and personal involvement in the portfolio management process. In addition, Wyatt currently works part-time as a server, bartender and floor manager at Earls Restaurant + Bar on 16th Avenue where he has been for two and a half years now. Wyatt's interest in capital markets began in his first year of university through his personal investment account and has grown exponentially through his academic career. Outside of his academia and interest in capital markets, Wyatt enjoys playing soccer, is an avid skier, and enjoys discovering and expanding his collection of music.

Performance Snapshot – FQ3 2018

The CPMT and the TSX Composite Total Return (TTM)



Value of $1000 (since September 2012)

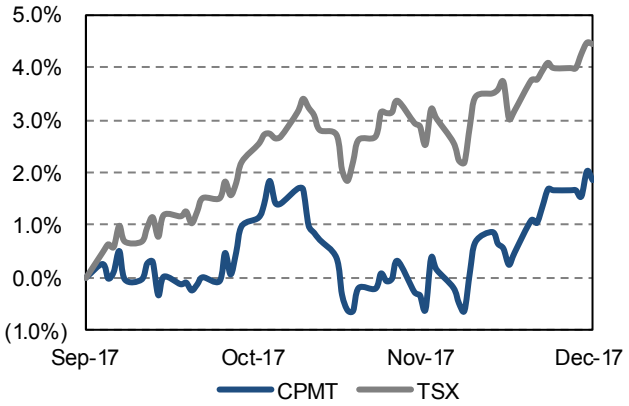


Canadian Equity Fund Universe

	FQ3	1 Year	3 Year	5 Year	10 Year
CPMT	1.85%	3.89%	6.05%	8.08%	3.60%
TSX	4.45%	9.10%	6.59%	8.63%	4.65%
Peer Group Average	4.90%	6.81%	5.11%	8.23%	3.61%
TSX Difference	(2.60%)	(5.20%)	(0.54%)	(0.56%)	(1.05%)

Quarter in Review

QUARTERLY RETURN



NOTE TO STAKEHOLDERS

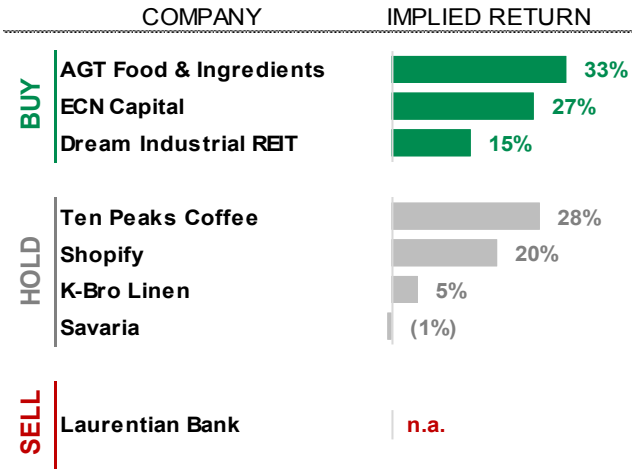
The Calgary Portfolio Management Trust (CPMT) Class of 2018 would like to extend our gratitude to the Board of Trustees, the CFA Society of Calgary, and the CPMT alumni for their involvement and support. We would like to thank all of our supporters in the Calgary business community for their vested interest in the program and those professionals who have volunteered their time to be a part of the mentorship program, which provides students invaluable support from technical expertise to career guidance.

Involvement in the CPMT program offers invaluable exposure to a challenging and scholastic environment, creating an unrivaled student experience. The goal for the Fund to succeed long into the future and support student opportunities is driven by our commitment to research within the Fund as well as donating 2.5% of 3-year trailing AUM to support collaborative financial research.

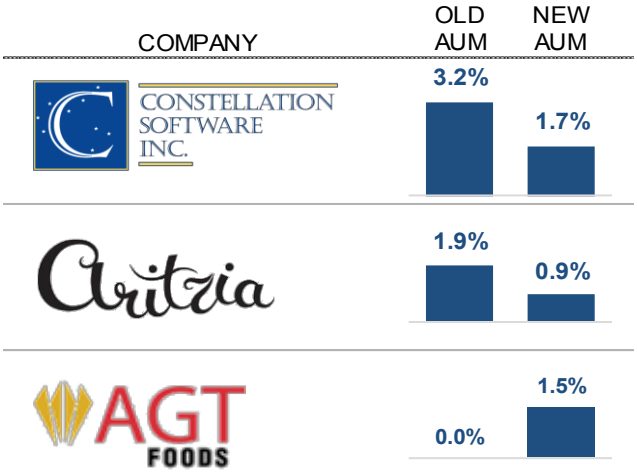
ON THE HORIZON

The CPMT has a few developments which are expected to materialize in the coming weeks. These developments include the launch of a new website, as well as the release of monthly updates which will include research and pitches worked on over the previous month. The first monthly report published will include an analysis of Waste Connections (TSX: WCN) and will be published early March.

NEW RECOMMENDATIONS



TRANSACTION LOG



Note: Reflects time of transaction, not end of Q3 2018

SUBSEQUENT EVENTS

An important milestone reached was the first withdrawal from our AUM to fund collaborative financial research. While ultimately executed in early 2018, discussions took place previous to quarter end in regards to the strategy of fulfilling the cash outflow. The withdrawal was achieved by liquidating the remaining position in Aritzia, and making the difference of the $18,500 through the sale of a portion of our XIC investment.

Macroeconomic Update

Over FQ3 2018, the S&P/TSX Composite Total Return Index returned ~4.5%. The top performing sectors over the period were Healthcare and Consumer Staples, while the sectors with the lowest performance were Energy and Utilities.

Over this quarter, the U.S. passed a tax bill which cuts corporate tax rates from 35% to 21%, and is expected to lead to significant tax savings by U.S. corporations over the long term. Financial institutions, especially those with strong U.S. exposure, are poised to benefit the most with one-time deferred tax asset write-downs as well as loan book expansion. Retailers are also likely to benefit from increased demand, though this is expected to be a short-term catalyst as individual tax cuts expire in 2026. The CPMT expects the long-term effect for corporations with U.S. exposure to be net-positive as future earnings will benefit from lower taxes. As well, we expect the U.S. to attract greater investment compared to Canada given the more favorable tax environment.

In terms of Canada's real estate market, residential sales activity during the quarter rose ~2.6% YoY, with the national average selling price rising ~2.9% in November. Increased activity in late 2017 could signal that the housing market is still overheated despite a rising interest rate environment and changing mortgage regulations that come into effect in the new year. On the other hand, the late-year activity increase may be a result of buyers entering the market before the stress test imposed in 2018; buyers that signed a purchase agreement before January 1, 2018 will not be subject to the stress test, even if they apply for a mortgage in 2018. Canadian household debt remained at ~173% of disposable income over the quarter, but this is likely to decline over the medium-term as subsequent rate-hikes and mortgage regulations suppress new borrowing.

Regarding trade regulations, the possible termination of the North American Free Trade Agreement (NAFTA) would be disruptive to the Canadian economy, although the future of the trade policy is still vastly unknown. The U.S. administration has already imposed countervailing duties on Canadian aircraft manufacturers, elevating uncertainty around the NAFTA outcome. Potential outcomes of a renegotiation include decreased productivity and employment in industries that are involved in the production of export goods, as well as a decrease in real income as imports rise.

The Bank of Canada (BoC) refrained from another rate hike twice this past quarter, after raising the overnight rate to 1.0% throughout 2017. The CPI increased 2.1% YoY in December, largely attributed to a rise in food and energy prices; refining capacity disruption effects resulting from hurricanes earlier this year increased gasoline prices, but crack spreads have since compressed from higher levels relative to the beginning of the year. Core CPI increased 1.3% YoY in December, though this is expected to rise slightly as the output gap continues to close.

Annualized GDP growth fell to 1.7% this quarter, well below the 4.3% seen in the previous quarter, partially due to tightening in Canadian housing markets. Other factors contributing to the downward pressure included weaker exports, a lower investment in residential properties, and possibly aggressive rate hikes. Unemployment fell to a 40-year low of 5.7% in December. In general, Canada has seen better economic growth compared to the U.S. since the 2007-2009 recession as a result of a more aggressive recovery from the financial crisis due to fiscal policy intervention. Although the U.S. has historically had a higher labor productivity rate, its effects on GDP have been minimal due to a higher labor force participation rate in Canada since the financial crisis. It seems appears as though our economy is nearing capacity as we use up the remainder of this slack, and we expect a weaker economic environment in Canada going forward over 2018 and 2019. Considering the expected slowdown in Canada’s economy, the corporate tax rate cuts in the U.S., and continued economic growth in other countries, we will continue to seek out companies with more diverse geographic exposure.

Quarterly Sector Updates

CONSUMER DISCRETIONARY & STAPLES

Over FQ3 2018, the S&P/TSX Consumer Discretionary Total Return Index gained 4.5% with the S&P/TSX Consumer Staples Total Return Index gaining 6.2%.

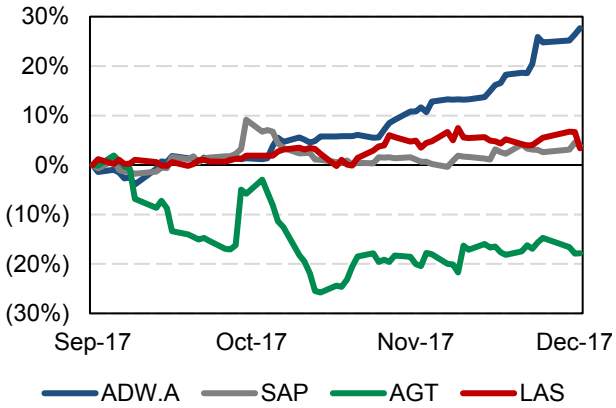
This sector heavily relies on trends in consumer discretionary income, influenced largely by factors such as national consumer debt, unemployment and overall consumer sentiment. FQ3 2018 saw a further decrease in the unemployment rate, which fell to 5.7% in December of 2017. The labor force participation rate is roughly unchanged from last year, indicating that this drop in unemployment is due to a rise in employment and not due to a decrease in participation. With this rise in employment, average hourly wage growth has also picked up, increasing 2.7% YoY from December 2016. This increase in wage growth is likely the result of recent increases in the minimum wage in provinces such as British Columbia, Alberta and Manitoba, as well as the historically low unemployment rate.

Although this rise in employment and wages will surely be beneficial for consumer spending, it also will likely result in further rate hikes by the BoC, as they are indicators of a strengthening economy. Given the current high consumer debt levels, a rising rate environment will likely result in reduced consumer spending in the medium-term due to higher borrowing costs. However, this impact should occur gradually given the fixed, long-term nature of mortgage rates.

In a rising rate environment, Magna International Inc (TSX: MG) is likely the only current consumer holding that would be impacted. This is a product of how higher financing rates would hinder demand for new vehicles and thus demand for auto parts. However, in the event that a rising interest rate environment does affect consumer spending, the CPMT should be well positioned to outperform the index due to its large position in names that sell staple goods such as Saputo (TSX: SAP), Lassonde Industries Inc (TSX: LAS.A), Andrew Peller (TSX: ADW.A), and AGT Food and Ingredients Inc (TSX: AGT). Consumer discretionary companies make up roughly 5.3% of the TSX with consumer staples companies making up roughly 3.6%. In contrast, the CPMT has an 8% weighting in consumer staples and only a 3.5% weighting in consumer discretionary companies.

The consumer space has also continued to see the trend of rising e-commerce sales, with e-commerce representing 2.6% of total retail sales in October 2017 compared to 2.3% in October 2016. YoY, e-commerce sales have increased 19.4% compared to the 7.3% increase seen for all retail sales. This indicates that consumers are continuing to purchase more goods online rather than in-store, representing a trend that continues to affect brick and mortar retailers. The CPMT's consumer holdings are unlikely to be negatively impacted by this trend, however, given the funds weighting towards staple companies that have the ability to sell their products through distributors that include e-commerce platforms as well as brick and mortar retailers. Thus, if this shift continues and consumers start to purchase more staple products online, this would likely just result in the Fund's staple holdings selling more of their products through e-commerce platforms rather than physical brick and mortar retailers.

CPMT Consumer Staples Performance

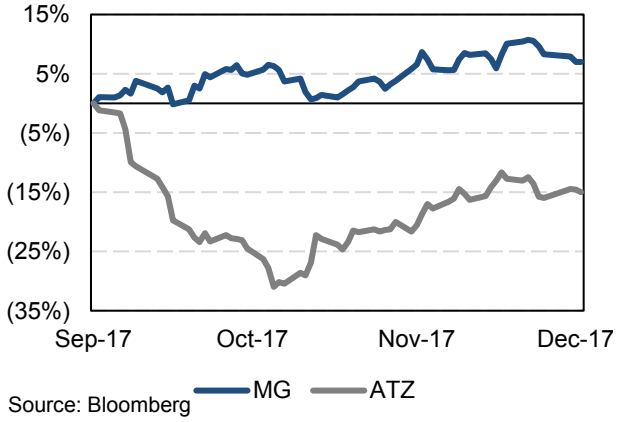


Source: Bloomberg

With regards to the Fund's performance over the quarter, the CPMT's consumer discretionary holdings declined 3.1% with the Fund's consumer staples holdings gaining 15.3%. ADW.A was the Fund's top performing consumer name, returning 29.9% over FQ2 2018. This considerable increase in the Company's stock price occurred after ADW.A released its Q2 2018 financials, in which

the Company reported a 4% increase QoQ in revenue, as well a strategic focus towards growing through selling more premium high margin wines. MG and SAP also performed well in FQ2 2018, having total returns of 7.5% and 5.0% respectively. MG continued its expansion into China, announcing a joint-venture with Huayu Automotive Systems to produce electric-drive powertrain systems. The Company also announced a share repurchase program with a plan to repurchase a maximum of 2.87mm common shares, an initiative the market viewed favorably. With regards to SAP, the Company made a significant acquisition over the quarter, announcing the purchase of Murray Goulburn Co-operative, an Australian dairy company, for a total deal value of $1.31B. Through this acquisition, SAP will become the top milk producer in Australia and will have the ability to export dairy products to the Asian market.

CPMT Consumer Discretionary Performance



Source: Bloomberg

The CPMT entered into a position in AGT Food and Ingredients Inc in late November 2017. Our thesis is based primarily on strong product and industry fundamentals as well as a focused and proven management team. Demand for pulse proteins have increased steadily since 2006 due to their strong macronutrient profile and the ease of growing, requiring less water and fertilizer than other crops. In India, the largest importer of pulses, an exceptionally high pulse crop yield, coupled with trade restrictions designed to protect local farmers, has led to the largest price drop seen in lentils. However, prices are expected to stabilize over the course of 2018 due to supply and demand re-balancing.

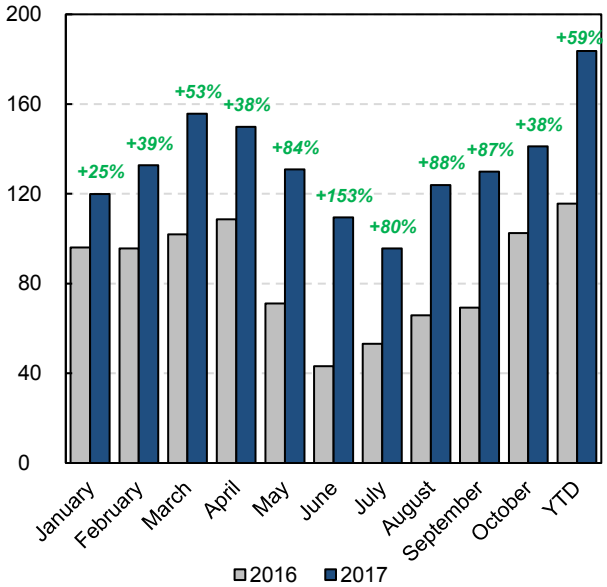
Subsequent to the quarter, the CPMT exited the remaining position we held in Aritzia (TSX: ATZ) as per our revised thesis and outlook on the name.

ENERGY

The S&P/TSX Energy Total Return Index rose 0.7% over FQ3 2018, contrary to the CPMT energy holdings, which declined 5.6% over the period.

While strength in WTI prices, ending the year at USD $60.42/bbl, has been followed with a positive sentiment for oil, Canadian producers have been subject to multiple variables affecting realized pricing. Apportionment is likely to increase in coming years resulting from increased oil sands and E&P production, which is already evident through Canadian rail volumes. Through October 2017, crude by rail volumes have increased approximately ~59% YoY. This is slightly skewed by the wildfires around Fort McMurray in 2016, which took production offline, but the trend holds in months which would be unaffected by the fires. This trend is likely to continue into the foreseeable future with the completion of the Trans Mountain Expansion (expected September 2020) as the first project to provide transportation relief for Canadian producers.

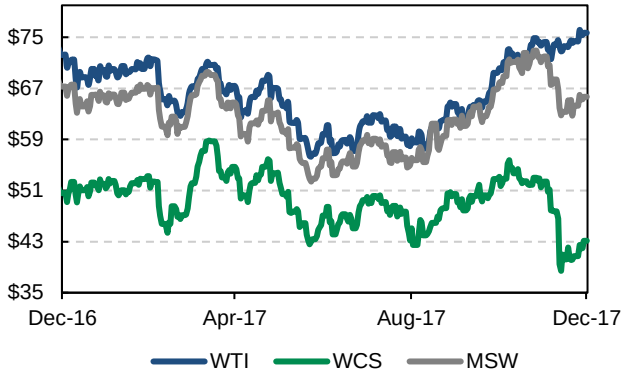
Crude by Rail Exports (mbbl/d)



Source: National Energy Board

Canadian differentials blew out in November as the shutdown of the Keystone Pipeline due to a spill reduced takeaway capacity out of western Canada for weeks. Despite this, the differential was eroding in the weeks leading up to spill, which could be signaling depressed differentials in Canada for the foreseeable future. As markets rebalance from the pipeline outage, in the CPMT's opinion, the WCS differential is unlikely to return and stabilize at the USD ($10) producers benefited from for a good portion of 2017.

Crude Benchmark Flat Pricing ($CAD)



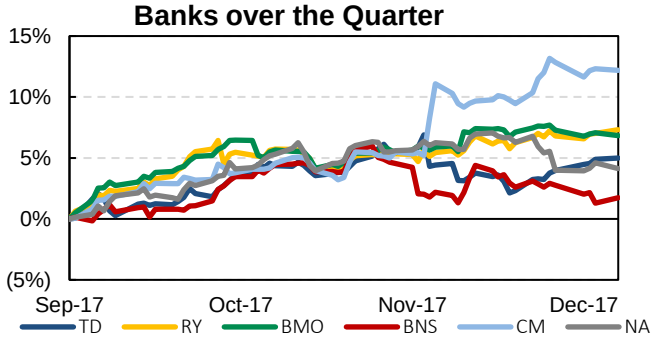
Source: Bloomberg

Notable events in holdings included Whitecap Resource's (TSX: WCP) acquisition of Cenovus' (TSX: CVE) interest in the Weyburn CO2 flood. This provides WCP with additional low decline production, acquired at what we believe to be a reasonable valuation at 5.5x cash flow given the low capital requirements to maintain production and its contribution to a lower payout ratio.

FINANCIALS

The S&P/TSX Financials Total Return Index gained 5.7% over FQ3 2018, driven by relatively strong Canadian economic data.

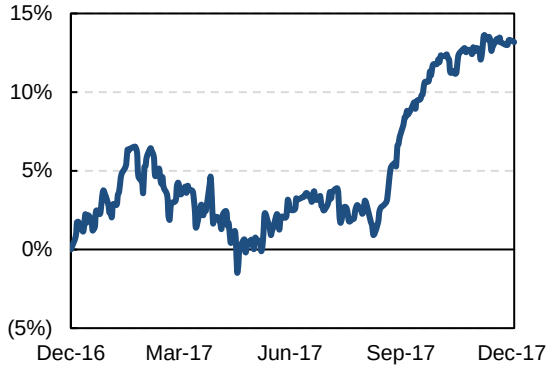
Performance of the Canadian Big 6 Banks over the Quarter



Source: Bloomberg

During the quarter, Canada's top banking regulator, the Office of the Superintendent of Financial Institutions (OFSI), published its new set of mortgage rules that took place starting January 1, 2018. The test is to ensure that borrowers will be able to continue interest payments should interest rates rise. The CPMT will monitor how this impacts consumers and banks' loan books moving forward.

Financial Index Return - 2017



Source: Bloomberg

Twice over the quarter, the BoC elected to keep the overnight rate unchanged at 100 bps. During both meetings, the BoC reiterated a cautionary tone and hinted that interest rates may rise in the imminent future due to the Canadian economy being "very close to capacity." This can be attributed to strength in the Canadian job market, where as previously mentioned, the unemployment rate is at a 40-year low. In the BoC's statements, it also noted the recent wage growth, strong business investment and the "resilience of consumer spending."

Over the quarter, the BoC also conducted its semi-annual Financial System Review. The BoC warned that high levels of household debt and the overheated housing market continue to be the biggest risks to the Canadian economy. However, the BoC sees Canada's record household debt as the "most important vulnerability" to the financial system. It estimates that the new tests may restrict as much as 10% of prospective Canadian homebuyers ($15B in loans per year). The CPMT will be monitoring the implications of the new OFSI mortgage rules previously mentioned and will be looking to see if it tempers some of the steam and the risks in the housing market.

South of the border, Federal Reserve Chair Janet Yellen said she will step down from the Fed's Board of Governors once her successor, Jerome Powell, is sworn into office in early 2018. Her decision to leave will give President Trump a fourth spot to fill out of the Fed's seven-person board. Trump's appointments thus far have shown loyalty to the President and share a similar doctrine, one that Yellen did not display through her support of the post-crisis reform, Dodd-Frank Act. The Dodd-Frank Act has not been appealing to the President's Republican advisors and the new appointments will likely be opposed to banking reform and regulation. The CPMT will continue to monitor what happens with the Fed and the implications that may arise from a board that favors deregulation.

In December, The Fed raised its rates for a third time in 2017 by 25 bps, targeting a range of 125 bps – 150 bps. The Fed also revised its outlook for the U.S. economy to between 2% and 4% GDP growth after new tax laws come into place. Looking forward, the Fed has forecasted three rate hikes in 2018 and 2019.

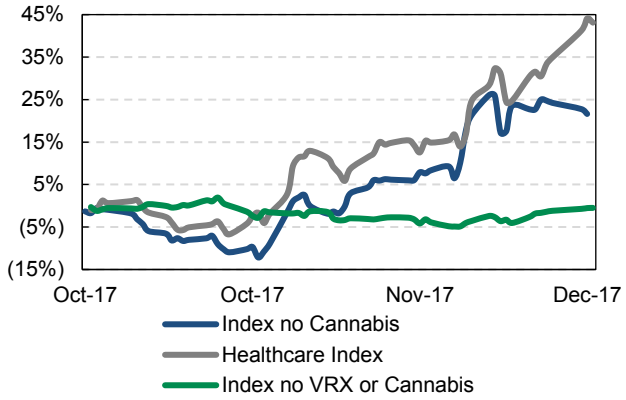
A number of the CPMT's financial holdings will record lower net income during FY2018 Q1 due to one-time deferred tax asset write downs, after President Trump's corporate tax cut was passed by Congress in December and will take effect in 2018. The tax cut lowered the U.S. corporate tax rate to 21%, previously 35%. Canadian businesses that have operations on both sides of the border will be impacted as they write down the value of deferred tax assets to match the new rate in the Tax Act. Toronto Dominion Bank (TSX: TD) estimated that the one-time tax hit will be USD ~$400mm. Manulife Financials (TSX: MFC) John Hancock division announced that it would incur an after-tax hit of USD ~$1.9B. The CPMT believes that the lower tax rate in the U.S. will help the banks' bottom line in the future, especially TD, due to its significant U.S. operations.

Furthermore, over FQ3 2018, CPMT holding Scotiabank (TSX: BNS) said that Banco Bilbao Vizcaya Argentina S.A. (BBVA) has accepted its offer to acquire a 68% stake in the Spanish bank. The transaction values BBVA at ~2.1x book value. Scotiabank's common equity tier 1 (CET1) is expected to fall by 90 bps to 10.6% (135 bps if the Said Family sells the remaining 32%). This move would propel Scotiabank from the 7th largest bank in Chile to the 4th largest with respect to the size of the loan-book, and gives the bank a 14% market share in Chile. Scotiabank estimates the deal will be ~1.5% accretive to EPS in the first full year.

HEALTHCARE

The S&P/TSX Total Healthcare Index rose 46.7% over FQ3 2018. The index experienced a significant rally upon adding marijuana stocks Canopy Growth Corporation (TSX: WEED) and Aphria Inc (TSX: APH) over the quarter. Part of the index's positive performance can be attributed to Valeant Pharmaceuticals (TSX: VRX) wild price swings over the quarter, as VRX comprises ~41% of the index. The chart below shows the performance of the S&P/TSX Total Healthcare Index with and without the addition of companies with marijuana centric business models calculated using a market cap weighted index.

Healthcare Index Performance



Source: Bloomberg

Data released in November by the Canadian Institute for Health Information (CIHI) highlights that the country's healthcare spending is forecasted to grow by almost 4.0% in 2017, bringing the total to ~$242B for the year. This represents a marginal increase in the rate of healthcare spending; from 2010 to date the average annual increase has been ~3.2%. The CIHI found that health costs are expected to represent ~11.5% of Canada's GDP in 2017, which is in line with 2016. The institute forecasted total health spending to reach ~$6,600 per capita in 2017, which represents a ~$200 increase per person from 2016. Hospitals (28.3%), drugs (16.4%) and physician services (15.4%) were projected to continue to constitute the largest share

of spending in 2017. These positive healthcare spending trends could provide a tail-wind for the CPMT's lone healthcare holding, Knight Therapeutics (TSX: GUD) as it looks to expand its portfolio of pharmaceuticals through 2018 and beyond.

On December 12, Bill 160 received royal assent in Ontario. The new bill enacts the *Health Sector Payment Transparency Act, 2017*. When this act is enforced it will require payers, including pharmaceutical manufacturers, to report financial relationships with healthcare professionals, organizations, and other prescribed recipients. The results of this have yet to surface, but this could bode well for investors (from a transparency perspective) as it will likely act as a catalyst for further disclosure within the industry.

On the M&A front, in early December of 2017 CVS Health Corp (NYSE: CVS) agreed to buy Aetna Inc (NYSE: AET) for USD ~$69B in cash and stock in a move to transform the pharmacy company and capture more consumer healthcare spending. Companies from insurers to hospital chains are looking for ways to reduce costs and boost their leverage against other major competitors. Combining Aetna's vast available data with CVS's retail expertise will enable better treatment of costly chronic diseases. It should be noted however, that this deal has yet to be finalized and could potentially be halted by U.S. regulators.

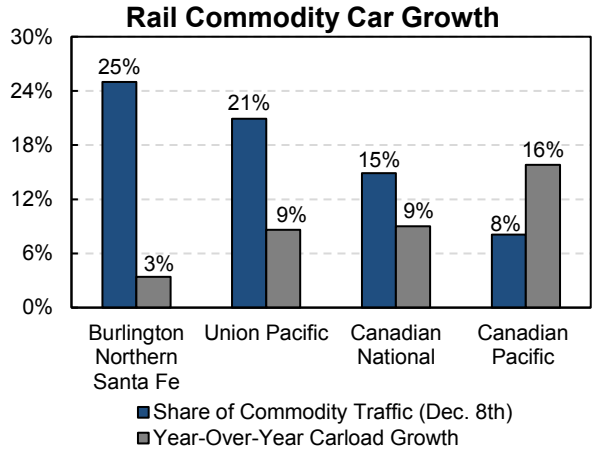
South of the border, the congressional republicans tried and failed to repeal the Affordable Care Act (ACA). However, Republicans used the December 2017 tax bill to defang the individual mandate, removing the financial penalties for individuals who do not hold health insurance. In the most recent enrollment period ending December 2017, nearly nine million people signed up for 2018 Obamacare; these figures are in line with those from last year and greatly exceeded expectations. This does not affect any current CPMT holdings as our healthcare position does not have material exposure to the U.S. market, although this is subject to change in 2018 as the CPMT considers moving into the U.S. space. On average, the U.S. spends nearly twice as much per capita on healthcare as Canada, 66% of this difference in spending comes from hospitals and physicians. Given the significantly larger market, and the ability to capitalize on the increased spending per capita the CPMT believes that opportunities in the U.S. healthcare sector would be worthwhile to explore.

Over the quarter, GUD fell 12.3%. The Company's fiscal year ended on December 31, 2017; the Fund is looking forward to gaining further clarity on the Company's performance during the final quarter of 2017. In the next monthly update, the CPMT will dig into the updates on GUD's drug pipeline, the Company's financials, and management's guidance.

INDUSTRIALS

During the quarter the S&P/TSX Industrials Total Return Index gained 4.3%.

Much of the growth can be attributed to the strong increase in commodity rail carloads, which saw a 6% increase YoY. Both Canadian National Railway (TSX: CNR) and Canadian Pacific Railway (TSX: CP) saw increases in carloads, with the latter seeing a 16% increase (the largest in the sub-industry), and the former experiencing a 9% increase. The growth realized by Canadian rail companies exceeded growth seen by their largest U.S. competitors.



Source: Bloomberg

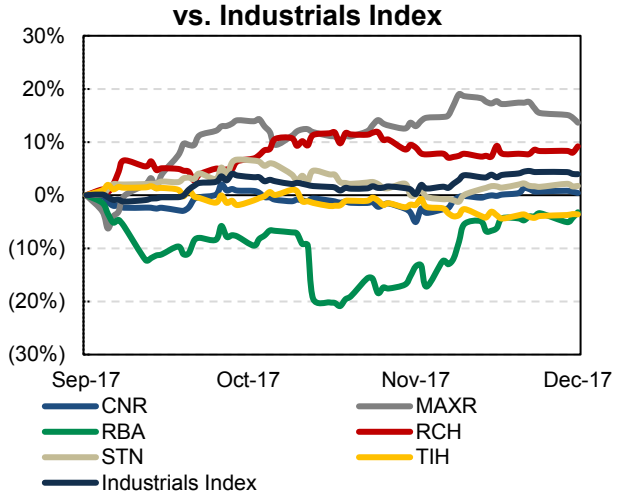
The strongest performing name in the sector during the quarter was Bombardier Inc (TSX: BBD), which increased by 34.1%. The large appreciation was primarily due to Bombardier signing an agreement with Airbus (EPA: AIR) to make and market CSeries jets. The deal came after BBD was forced to pay duties upward of 300% on all CSeries sold in the U.S. Additionally, Airbus acquired a 50% stake in the CSeries jet program as part of the deal. Airbus also received a call option to buyout Bombardier's stake in the program in 2025 for "fair market value."

Within the CPMT's holdings, the highest performing name in the sector was Maxar

Technologies Ltd (TSX: MAXR), which gained 14.5% over the quarter. In October, MAXR completed the acquisition of DigitalGlobe. DigitalGlobe is an international leader in high resolution optical satellite imagery. This acquisition prompted a re-branding of the Company from MacDonald Dettwiler and Associates Ltd to Maxar Technologies Ltd. The acquisition was valued at $2.4B, and represents the largest deal to date in the earth imaging market.

The worst performing name in the sector was CPMT holding, Ritchie Bros. Auctioneers (TSX: RBA). RBA saw a loss of 4.6% during the quarter. Due to financial hardship, RBA announced that they would be closing four auction sites throughout North America. RBA also posted disappointing auction metrics for the months of September and October, with gross transactional values (GTV) of USD $541mm and $301mm, respectively. Last year, these values were USD $530mm and $298mm. On the contrary, the CPMT still maintains a positive outlook on the business model due to its counter cyclical nature, thus acting as a portfolio hedge during dire macroeconomic conditions.

CPMT Industrials FQ3 Performance vs. Industrials Index



Source: Bloomberg

The outlook further into 2018 is mired with uncertainty caused by ongoing NAFTA negotiations. The current unease with regards to the negotiations has the potential to hurt the Canadian Industrial space due to heavy integration of supply chains throughout Canada and the U.S.

INFORMATION TECHNOLOGY

The S&P/TSX Composite Information Technology (IT) Index Gained 3.5% over FQ3 2018.

Security, artificial intelligence (AI) and most importantly blockchain, were regarded as some of the most popular topics throughout the information technology space in Canada in the third quarter this year. Emerging technologies for digital security continue to maintain a resilient standing in discussions amongst technology followers. Biometric authentication, a form of securely accessing devices using the operators' fingers, face, eyes and even vein patterns is said to be on the rise in consumer electronics. In a report released by Visa (NYSE: V) surveying what type of authentication consumers would prefer, the majority favored biometric authentication over the traditional memory recall method of which requires users to manually enter passwords. This could prove advantageous for users of technology such as credit and debit cards, cell phones, and computers as companies operating in the space turn to these innovations to make products more secure and easily accessible for everyday buyers.

Artificial Intelligence remained on the radar of technology purveyors over the course of the third quarter this year. AI has developed a firm position in both the private and public markets. Most recently, Toronto Dominion Bank (TSX: TD) and the Government of Canada both shelled out significant sums of cash to aid in the continued development of the technology in domestic spaces.

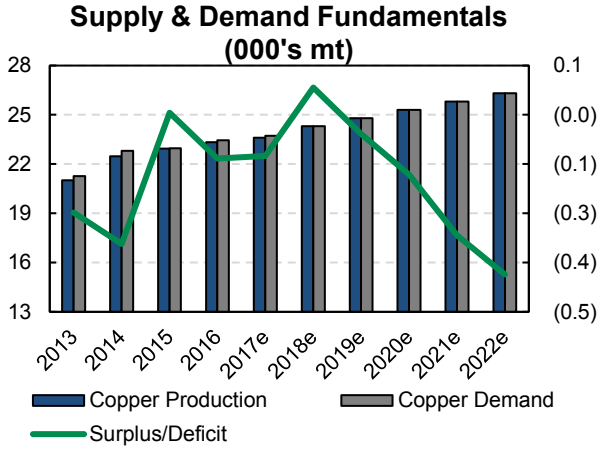
Blockchain and cryptocurrencies were amongst the most talked about technological trends around the globe in the third quarter. Publicly listed companies claiming to be using one of the two kinds of technology were able to drive apparent value through immediate and volatile share price appreciation. Most recently, a company listed on the NYSE, Kodak (NYSE: KODK), claimed to be developing a form of blockchain technology to help individuals get paid whenever their photos were used. Regardless of how the Company intends to use the newly popularized technology, its share price boost of ~250% is not justified by the immediate value it will bring to shareholders. Kodak is one of the few companies to claim blockchain this quarter, joining the likes of Long

Island Iced Tea Corporation, and Rich Cigars Inc with its sudden spike in price. With technologies like blockchain emerging within companies more frequently, it will be important to follow those claiming to utilize the technology to see if they are able to implement it. Furthermore, it remains to be seen if these claims drive true shareholder value worthy of the appreciation the companies have already received in the market.

This quarter, the CPMT decided to take a deep dive into Shopify (TSX: SHOP), a Canadian technology giant which has become increasingly popular over the last two years. The Canadian IT sector is not traditionally home to a silicon valley-like start up. The similarities between SHOP and silicon valley growth-oriented companies is what drove the Fund to see what the publicity was about and seek out a potential opportunity. Due to its current high valuation, the Fund has decided to avoid taking action on the Company at this time. A more detailed analysis of this Company can be found later in the report.

MATERIALS

The S&P/TSX Materials Total Return Index was up 5.0% over FQ3 2018.



Source: Bloomberg

Copper returned 12.0% over the quarter. Looking forward, a global shortage of copper is expected from 2019 onwards. The shortage is forecasted to be caused by an increase in demand, combined with political turmoil causing mine shutdowns as well as a lack of new mining projects impacting the supply base. With this in mind, the CPMT views 2018 as a good time to look at entering the space. We will continue to monitor the commodity over the next year evaluating if there is indeed a good opportunity in and a strong name that fits the CPMT investment mandate.

CPMT holding Stella-Jones Inc (TSX: SJ) had a strong quarter, gaining 5.4%. SJ Q3 2017 results were largely in line with expectations. EPS matched consensus, coming in at $0.61. While earnings were in line with expectations, the Company did see some margin compression; the operating margin decreased from 13% to 12% YoY. Margin compression of this magnitude was not terribly surprising considering the increases in the residential lumber segment, and decreasing prices in railway ties.

In the railway ties segment, sales declined 11.6% YoY due to lower pricing, which was not unexpected and was due to a lull in the replacement cycle. Utility pole sales increased 9.0% YoY excluding the effect of acquisitions and currency exchange. This increase was due to organic sales growth in the southeast U.S. and a gradual return to historical maintenance demand after a down year in 2016. Residential lumber sales increased 18.8% YoY, mainly due to higher prices and better weather in Canada leading to more sales.

Looking forward, the CPMT is intrigued by the potential of the residential lumber segment, expecting that most of the growth that SJ sees will come from this segment. We will continue to monitor this name closely as it continues to grow in the residential lumber space.

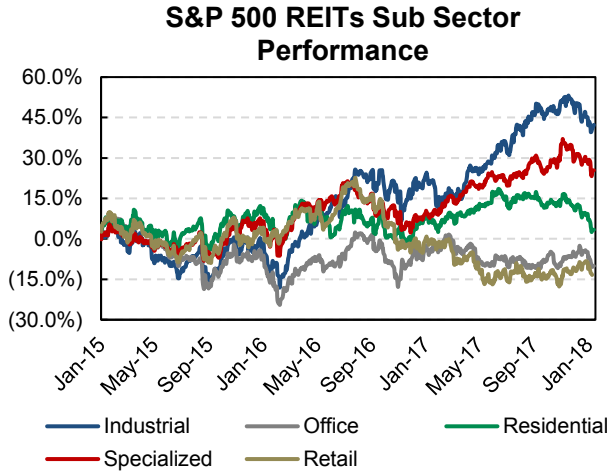
CPMT holding CCL Industries (TSX: CCL.B) had a poor quarter, losing 3.6% over FQ3 2018, and fell short of expectations. While sales did increase 13% YoY to $1.2B, it was still short of the $1.26B expected. Flowing through to EPS, the Company missed expectations of $0.68, although EPS did grow by $0.11 YoY to $0.61. The growth in sales and earnings was mainly due to the Innovia acquisition, which contributed ~12% of the total 13% in revenue growth.

Although CCL.B missed revenue and earnings expectations, it was encouraging to see gross margins in line with expectations. Looking forward, we expect CCL.B to continue growing, as the Innovia segment is further integrated with the

Company's operations, and as input costs for the segment return to normal levels which should result in a margin increase for the segment. Overall, although we would have liked to see stronger revenue and earnings this quarter, we remain pleased with the Company, looking forward to a strong Q4 performance, piggybacking on increased projected consumer spending.

REAL ESTATE

The S&P/TSX Total Real Estate Index increased by 6.0% over the quarter. Canadian real estate equities largely outperformed their U.S. counterparts, with the S&P 500 Total Real Estate Index increasing by only 3.2%.



Source: Bloomberg

Canadian housing sales activity was up ~4.1% YoY, partly due to an increase in demand coming from buyers attempting to avoid new mortgage regulations coming into effect this year. Lower sales activity in the Greater Toronto Area (GTA) was more than offset by increases in other major Canadian real estate markets. With rising national sales and new listings up ~6.7% YoY (primarily from increased supply in the GTA), the national sales to new listings ratio has remained stable at ~57.6% by the end of 2017, down ~6.2% from last year. A ratio between 40% and 60% is generally consistent with a balanced national housing market, according to The Canadian Real Estate Association.

The Office of the Superintendent of Financial Institutions (OSFI), Canada's top banking regulator, announced new regulations for underwriting uninsured mortgages in October 2017, coming into effect in 2018. These regulations set a new minimum qualifying rate as either the greater of the BoC's 5-year benchmark rate or the contractual mortgage rate plus another 200 bps. Federally regulated lenders will have to adhere to appropriate loan-to-value limits which will be updated to reflect the risk of the evolving housing markets and economic conditions. By law, borrowers with a down payment of under 20% for a home must purchase mortgage insurance. The test ensures that borrowers will be able to continue to meet required interest payments, should interest rates rise. This announcement brought on a surge of buyers attempting to lock in mortgage rates under the old regulatory criteria towards the end of the year. The CPMT expects these new regulations to help slow down the Canadian housing market, and we expect housing prices to continue their downward trend through 2018.

Over the quarter the Canadian Government announced its $40B National Housing Strategy with the objective of reducing homelessness. This plan includes creating around 60,000 affordable homes and repairing another 240,000 existing community homes over the next decade. We believe that this increase in supply will alleviate some pressure on Canada's housing markets, although in the near- to medium-term, the effect will likely be marginal since it could take several years to have any real impact.

During 2017, there was a shift of preference away from department stores resulting from a fear of e-commerce and a change in consumer preference towards more experiential retail. For this reason, retail focused REITs underperformed the rest of the sector. While many of these fears are justified, we do believe that the effect on specific properties has been overstated. We expect that retail REITs with exposure to well-located, high-quality, and upscale properties will continue to see strong traffic going forward. As the retail landscape gains a larger presence online, the supply chain from the retailer to the consumer becomes larger and more complex. In terms of e-commerce, we believe that industrial REITs with exposure to warehousing and distribution facilities stand to benefit going forward.

TELECOMMUNICATION SERVICES

The S&P/TSX Telecommunication Services Total Return Index Gained 4.3% over FQ3 2018.

The sector expanded this quarter, as the need for larger, more secure and more reliable data services took precedence for Canadians. Two key trends continue to dominate the sector, including the development and implementation of a wireless 5G network and the Canadian data consumption that positively relates usage and subscription to cost burdens for consumers.

The lone CPMT holding, TELUS Corporation (TSX: T) outperformed the index in the third quarter, returning 7.0%. The Company continues to be a front-runner in the race to establish a 5G wireless network in Canada.

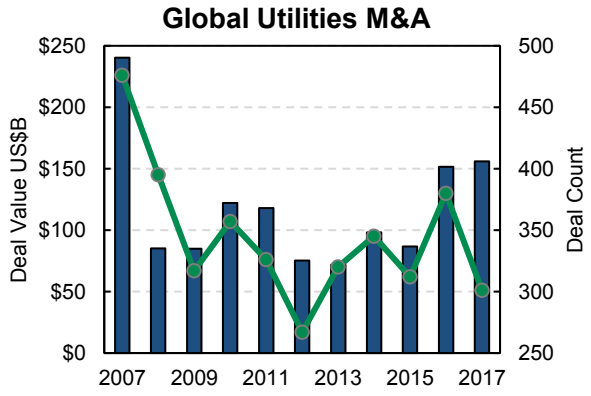
A trend continuing to burden Canadian consumers is the premium they are faced with paying in exchange for additional data in their wireless and mobile plans. In a recent report by Innovation, Science and Economic Development (ISED) Canada, it was said that Canadians are paying the most amongst all G7 countries for data use and mobile plans. This report echoes views first voiced earlier this year by the Canadian Radio-Television and Telecommunications Commission (CRTC) where it was outlined that on average, Canadians are paying more for data and continue to demand larger plans from service providers. TELUS disclosed in the second quarter of this year that much of the growth it experienced in its revenue was due to consumers upgrading to larger data plans. Should a trend like this continue, the CPMT sees upside if companies operating in the sector are able to maintain high prices while attracting consumers to premium data plans.

UTILITIES

The S&P/TSX Utilities Total Return Index gained 2.6% over FQ3 2018.

During FQ3 2018, the sector continued to build on a central theme of previous reports of increased renewables diversification, driven by the largest aggregate deal value in utilities M&A since 2007. According to Bloomberg, the value of proposed, pending, or completed deals for 2017 was USD $155.9B globally (Source: Bloomberg New Energy Finance). The uptick in M&A activity from utilities players is being prompted by both generation and distribution markets, as companies seek economies of scale and expanding regulated return opportunities, respectively. Recently, traditional utilities models have been disrupted, pressured by lower demand growth, higher renewables generation, market liberalization, and the implementation of new technology. With this, players have increasingly been dipping into M&A markets to uncover additional avenues for growth.

The CPMT is of the view that solar and wind projects will be the major growth drivers moving forward, as renewables are providing margin expansion prospects that are filling the gap that top-line growth is currently not providing. Moreover, in our view, acquisitions as a growth driver remain attractive, but there is also an incentive to explore greenfield renewable projects as regulations favor the renewables market, and there is growing demand for new projects through positive sentiment from investors for 'green projects.' Thus, temperament within the M&A market will be an interesting space to monitor in consequent quarters, where we will take a specific focus on individual asset valuations and how full they will become. We believe this will dictate the appetite for M&A in the space as companies attempt to achieve growth and expand their asset portfolios. In the end, 2017 was a significant year for utilities M&A; total value featured a 34% CAGR since 2015, yet, deal count was at its lowest level since 2012.



Source: Bloomberg

Regarding the CPMT, our lone utilities holding Algonquin Power & Utilities (TSX: AQN) gained 7.4% over FQ3 2018. During the period, AQN

announced its third quarter financial results, which continued on its momentum from previous quarters. The Company posted strong results, backed by continued support from its Empire Electric acquisition, an increase in the number of generation stations, and higher production from U.S. wind generation, which has become a consistent driver for AQN. Along with strong financial results, AQN also expanded its geographic positioning through a joint venture (JV) with Spanish-based Abengoa, and entered an equity interest in Atlantica Yield PLC. This represents AQN's first steps to enter markets outside Canada and the U.S., with Abengoa holding operations in North America, South America, Europe, and Africa. We are of the view that through a JV, AQN partially reduces the risk associated with entering a foreign market, but with the project being outside its geographical expertise, it will initially rely heavily on Abengoa's proficiency as an operator in the regions. Though, at a recent investor day, AQN's management stressed the similarities in the operational nature of the assets, which may prove to ease the transition. Additionally, this JV provides new asset class exposure in the increasingly important energy storage sector. This is a significant strategic move for the Company as the North American space continues to feature fierce competition, and with the rising valuation parameters being featured in the market, success in this endeavor will expand opportunities for AQN to differentiate itself against its peers, and find new avenues for growth.

AGT Food & Ingredients Inc

Consumer Staples
TSX: AGT
Buy Recommendation

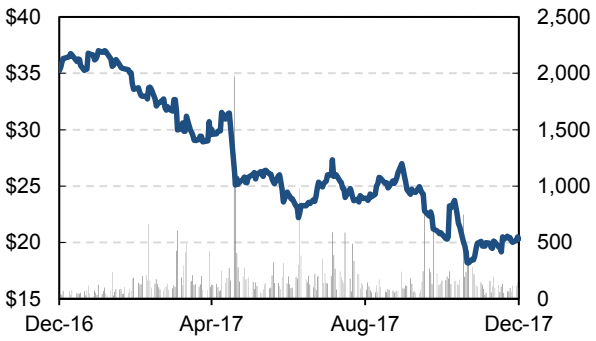
December 31, 2017
Darren Luoma, Fund Manager
Alim Suleman, Research Associate

Return on Investment	
Current Share Price	$20.11
Target Price	$26.11
Dividend Yield	2.98%
Holding Period Return	33%
Conviction Rating	1.5

Market Profile	
52-Week Range	$17.85 - $36.95
Shares Outstanding (mm)	30
Average 30-Day Vol (000s)	99
Market Capitalization (mm)	$602
Net Debt (mm)	$539
Enterprise Value (mm)	$1,141
Beta (5-Year Monthly)	0.77

Metrics	2018E	2019E	2020E
Revenue (mm)	$1,695	$1,843	$1,990
EBITDA (mm)	$81	$114	$122
EBITDA Margin	5%	6%	6%
EPS	$0.45	$1.10	$1.00
P/E	45.0x	18.3x	20.0x

Historical Trading Performance



Source: CPMT Estimates, Bloomberg

Business Description

AGT Food and Ingredients (TSX: AGT), is an international player in the processing, splitting, and distributing of pulses, staple foods, and specialty crops. Among these crops are: peas, chickpeas, beans, rice, durum wheat, canola, flax, and of course AGT's bread and butter, lentils. AGT operates three segments: pulse and grain processing, bulk handling and distribution, and packaged food & ingredients.

Industry Overview

AGT operates in two industries: packaged food & ingredients, and the pulse/grain trade. The pulse and grain trade is volatile and commodity driven with low margins, the packaged food industry is much less so. The packaged food and ingredients industry is advertising heavy, historically had moderate growth, and experiences segment profitability driven by consumer trends. The volatility the pulse and grain trade is known for stems from the perpetual crop rotation cycle. Farmers plant less of what is unprofitable the year before, and more of what was profitable. This rotation on top of relative steady growing demand causes price volatility. This volatility is accentuated by extreme weather events and political/trade policies that can cause higher highs, and lower lows.

The Harvest Moon & Fallow Fields

We found AGT through a new screening process. We implemented a 5-year factor based value approach and overlaid a relative sector rotation, then dug into the consumer staple names in the second tranche. AGT is a commodity and product play on lentils based on the distinct cycle in the industry, and the healthy eating trend that is expected continue to include plant proteins as an alternative. The value add and room to grow above the underlying commodity comes from the burgeoning packed food and ingredients segment. This segment has much higher margins than the grain processing and bulk distribution segments. Over the past 2 years AGT has lost ~50% of its share value from peak prices. While being warry of bottom feeding, we believe that November to December of 2017 was a bottom in the lentil cycle. Our thesis is based on forecasted Canadian and Indian crop data and modest model assumptions. Initially a conviction of 3, with the strategy of stepping out on the way up was put forward. We have been burned before by entering positions too quickly and aggressively, needless to say, some very healthy discussion was had. Our discussion impounded a balance between lessons learned regarding discipline, and willingness to act when opportunity presents itself. Not wanting to be marred by our previous experiences with entering a position hastily, a conviction of 1.5 was initiated. The remainder of the discussion revolved around clearly defining our risk principles. We would much rather miss upside and preserve capital than be over-exposed to downside risk in volatile commodity plays. Regardless of the outcome of the investment, the CPMT is confident the correct decision was made and prudent risk tolerances defined. In the spirit of having more robust and actionable theses on investments, we find it fitting to include strategy on when to harvest profit, or rotate out and let the field lay fallow. Situations in which we should take profits are a sluggish packaged food segment with a lentil price recovery. More importantly, how will we know if we are wrong? The strongest indicator to exit the entire position would be news that the monsoon season in India brought heavy rains, but no crop damage, or a significant pullback in the packaged food segment.

Dream Industrial Real Estate Investment Trust

Calgary Portfolio Management Trust

Real Estate
TSX: DIR-U
Buy Recommendation

dream industrial REIT

December 31, 2017

Daniel Cassino, Fund Manager
Andrew Gormley, Research Associate

Return on Investment

Current Share Price	$8.80
Target Price	$9.42
Dividend Yield	7.49%
Holding Period Return	15%
Conviction Rating	2

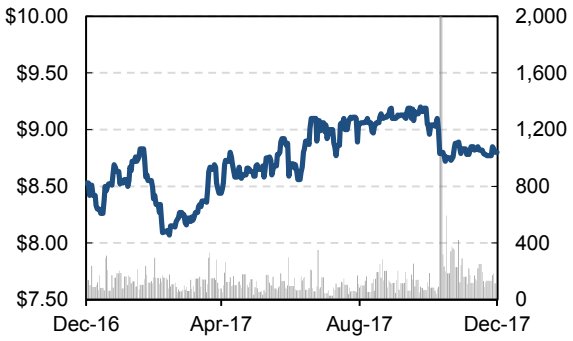
Market Profile

52-Week Range	$8.02 - $9.49
Shares Outstanding (mm)	75
Average 30-Day Vol (000s)	229
Market Capitalization (mm)	$659
Net Debt (mm)	$1,020
Enterprise Value (mm)	$1,679
Beta (5-Year Monthly)	0.88

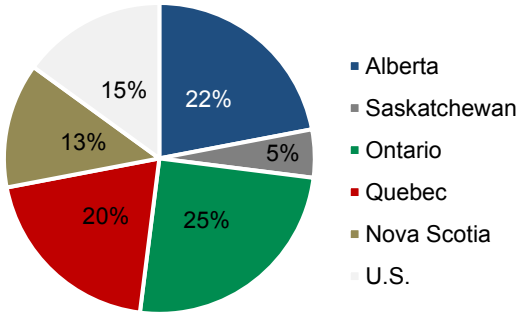
Metrics	2018E	2019E	2020E
Revenue ($mm)	$180	$193	$207
FFO ($mm)	$60	$70	$85
FFO Per Share	$0.82	$0.93	$1.13
P/FFO	10.7x	9.5x	7.8x
Debt/Total Assets	50%	43%	43%

Valuation Method:	P/NAV
Implied Cap Rate:	6.63%

Historical Trading Performance



Portfolio Distrubution



Source: Company Filings

Business Description

Dream Industrial REIT ("DIR", "Dream", or "the Company") is an unincorporated, open-ended real estate investment trust ("REIT") focused on acquiring and owning single- and multi-tenant industrial properties in Canada and the U.S. Upon the finalization of DIR's recent acquisitions of four properties in the U.S. (two in Memphis, one in Charlotte, and one in Orlando), the Company's portfolio will comprise of 218 properties with a total Gross Leasable Area ("GLA") of ~19mm square feet, of which, ~15% of GLA (~2.8mm square feet) will be situated in the U.S. In addition to these recent acquisitions in the U.S., Dream has properties within industrial markets across Canada including Québec, Alberta, Ontario, Saskatchewan, and New Brunswick.

Investment Thesis

The CPMT's thesis for DIR is predicated upon four factors: 1) attractive dividend yield 2) strong management team 3) stable and diversified tenant base 4) and increasing exposure to the U.S. Dream pays its unitholders a monthly distribution, which has a very attractive annualized rate of ~7.5%. With a Adjusted Funds from Operations (AFFO) payout ratio of ~88**%** we believe this distribution is sustainable over the long-term, but don't forecast much payout growth in the near-term. The industrial real estate market in most of Canada has recently received a tailwind as retained low vacancy rates have been driving up rents and market property values (reducing cap rates). This paired with the opportunity to capitalize on the rapidly expanding e-commerce rental space within the industrial real estate market could be the driving force for the Company going forward. Dream has an experienced external management team, with strong performance incentives which aligns it with interests of the shareholders. It should be noted that Dream Office REIT (TSX: D.UN) owns ~25% of the Company. The manager of Dream Office feels it is prudent to deploy its available capital into shares of this industrial REIT instead of purchasing buildings. The Company's net operating income (NOI) is split between multi-tenant (64%) and single-tenant (36%) properties which are dispersed across Canada. Its NOI is now further diversified by the Company's recent acquisitions in the U.S. Furthermore, Dream has exposure to a larger proportion of shorter lease terms (~3.4 years) given its heavier weighting towards multi-tenant leases. This could be advantageous as it may allow Dream to capitalize on the increasing rental rates expected in the near future. Finally, from a value investing standpoint, DIR trades at a minor discount to NAV at ~4% with an implied cap rate of 6.63%, whereas the average cap rate among U.S. peers is ~4.5%. That said, this may be attributable to its increased leverage relative to its peer-group. For these reasons, we believe Dream Industrial REIT will perform well in the foreseeable future.

Management & Corporate Governance

All members of Dream's executive team have 15-30+ years of experience in their respective specialities, with respect to the industry. Six of the seven board of trustee nominees are independent with the exception of Micheal Cooper, the President and Chief Responsible Officer of Dream Asset Management. Mr. Cooper has sat on the board since 2012 and is well aligned with unitholders as he holds ~$8.4mm in equity ownership of DIR. Executives and Trustee members are subject to stock ownership guidelines; they are required to maintain a minimum equity ownership in the Company; most trustee and executives well exceed this minimum requirement. With strong insider ownership, shareholder alignment, and a established team of experienced professionals with track records of executing on strategic initiatives, we believe that DIR management team is well situated to successfully execute on the Company's long term vision, which in turn will create value for the shareholders.

ECN Capital

Financials
TSX: ECN
Buy Recommendation

December 31, 2017

Mahad Nadeem, Fund Manager
Eeshwar Dutt, Research Associate

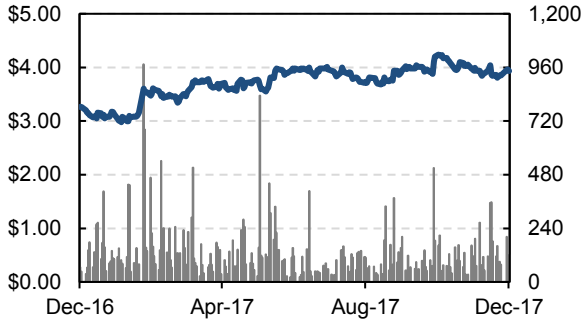
Return on Investment

Current Share Price	$3.93
Target Price	$4.96
Dividend Yield	1.06%
Holding Period Return	27%
Conviction Rating	3

Market Profile

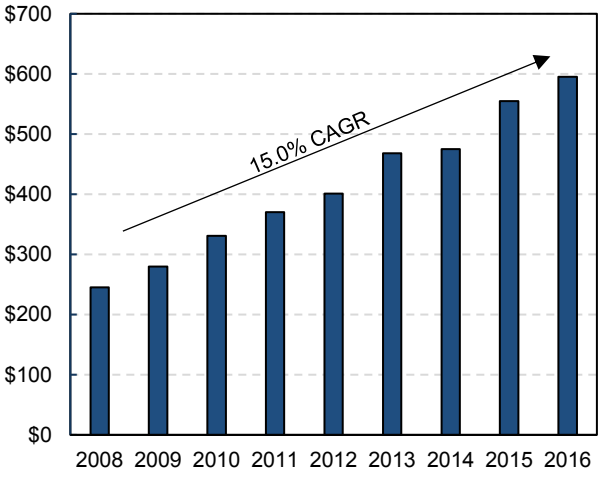
52-Week Range	$2.97 - $4.41
Shares Outstanding (mm)	382
Average 30-Day Vol (000s)	3,056
Market Capitalization (mm)	$1,502
Beta	0.89

Historical Trading Performance



Source: CPMT Estimates, Bloomberg

Exhibit I: Global Private Debt AUM



Source: Preqin

Business Description

ECN Capital (TSX: ECN) was established in October 2016 as a result of the split of Element Financial into Element Fleet Management Corp (TSX: EFN) and ECN. Element Financial provides leasing and financing services for a wide variety of assets, ranging from construction-related equipment, aircrafts, and railcars along with a separate segment for fleet management. As a result of this broad exposure to different assets, transaction sizes varied from approximately $25,000 to $100mm. Following the split, Element Fleet began to focus on the fleet management business, while ECN began to focus on legacy assets of Element Financial, as well as private debt.

The rationale behind the separation of the two segments into distinct firms stems from the requirement of having different capital structures among the different lines of businesses. For an asset manager focused on alternative investments such as ECN it is more prudent to have a clean investment grade balance sheet. On the other hand, the significance of a less levered balance sheet tends to subside for a fleet manager, where cash flows are more predictable. The carved out ECN is transforming its business model from solely focusing on equipment financing of rail and aviation assets to a hybrid asset manager, with a new emphasis on structuring and managing private debt funds for institutional investors.

Investment Thesis

ECN provides exposure to private debt as an asset class, which over the past 10 years has gained a phenomenal amount of prominence in the industry. The 2008 financial crisis made banks much more conservative in lending out their funds to risky clients. This created a vacuum for liquidity in numerous mid-market businesses. The vacuum was subsequently filled by private debt funds, which specifically catered to smaller businesses. The value proposition of private debt revolves around a higher yield due to the illiquidity of the private debt instrument. Therefore, exposure to the industry is particularly sensible during a rising interest rate environment as increases in interest rates would further enhance yields without necessarily having an adverse impact on the liquidity of the debt instruments.

Assets under management (AUM) of private debt funds have virtually tripled from a little over USD $200B in 2008 to just under USD $600B in 2016 (Exhibit I). This steadily growing appetite for private debt is a consequence of traditional lenders becoming more conservative after the 2008 financial crisis. In addition, North American monetary policy continues to remain contractionary. The CPMT believes that lenders will continue to act conservatively going forward; the rising interest rate environment would reduce the incentive for banks to take on incremental risk as higher yields offset the appetite for risk. As such, we expect the market for private debt funds to remain healthy in the future.

Risks

The main threat associated with private debt is a sudden drop in preference among high yield investors for private debt funds. In the current environment traditional debt instruments may also offer yields similar to private debt. This could defeat the purpose of exposure to private debt for yield-hungry investors and consequently lead to capital re-allocation within fixed income portfolios, and out of private debt funds.

K-Bro Linen Inc

Industrials
TSX: KBL
Hold Recommendation

Calgary Portfolio Management Trust

K-BRO LINEN SYSTEMS

December 31, 2017

Brodie Wilson, Research Associate
Erick Noh, Fund Manager

Return on Investment

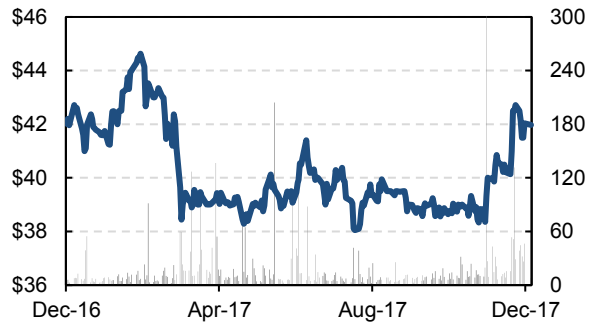
Current Share Price	$41.34
Target Price	$42.00
Dividend Yield	2.95%
Holding Period Return	5%
Conviction Rating	N/A

Market Profile

52-Week Range	$37.39 - $45.00
Shares Outstanding (mm)	11
Average 30-Day Vol (000s)	26
Market Capitalization (mm)	$434
Net Debt (mm)	($1.07)
Enterprise Value (mm)	$433
Beta (5-Year Monthly)	0.23

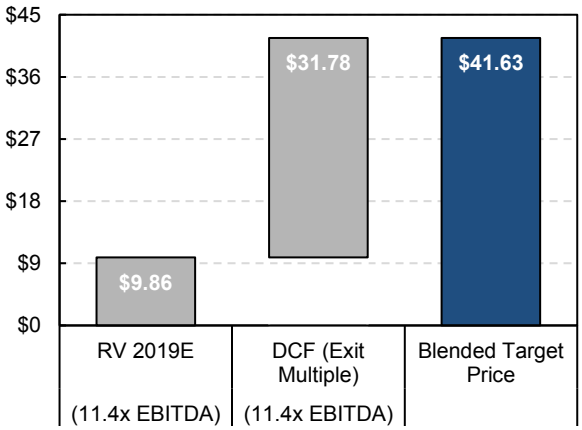
Metrics	2017E	2018E	2019E
Revenue (mm)	$168	$199	$217
EBITDA (mm)	$27	$33	$36
EBITDA Margin	16%	17%	17%
EV/EBITDA	16.1x	13.1x	12.0x
P/E	37.9x	26.5x	23.2x

Historical Trading Performance



Source: CPMT Estimates, Bloomberg

Exhibit I: Valuation Waterfall



Source: CPMT Estimates

Business Description

K-Bro Linen Inc (TSX: KBL) is Canada's largest private owner and operator of laundry and linen processing facilities. KBL has nine Canadian facilities, and recently brought on seven UK facilities through its acquisition of Fishers Topco Ltd.

Corporate Governance and Ownership

Linda McCurdy has led the management team for KBL as Director, President, and Chief Executive Officer since 2000. KBL distributes its compensation through stock awards, and cash bonuses. Current insider ownership totals ~3.3%, though, stock-based awards averaged 34% of total compensation for the C-Suite in 2016. KBL's cash bonus is limited to 60% of base salary, with 70% based off target distributable income and EBITDA levels, while the remainder is deduced at the discretion of the Board, which we view as a negative.

Industry Overview & Catalysts

KBL operates in the fragmented institutional laundry services industry, where revenues are derived from healthcare institutions, hospitality services, and manufacturers. Within the current structure of the institutional laundry services industry, long-term limitations exist due to the size and maturity of the market. It is estimated that ~74% of the Canadian market is currently being outsourced, which makes acquisitions an attractive avenue for growth. Success in the space is a function of a company's capacity to win contracts, which are typically determined through a request for proposal (RFP) process, and span 3-5 years. Demand is mainly driven by an increase in tourism and an aging population for the hospitality and healthcare sectors, respectively. The latter is important for KBL as it generates ~70% of its Canadian revenue and ~15% of its UK revenue from healthcare. Additionally, transactions that geographically diversify operations are critical to providing scale enhancement and market share growth that is otherwise limited due to the saturated market conditions.

Investment Thesis

Although we see KBL having a leading market share in the Canadian industry, a new, yet strong presence in the UK market, and a top-tier cost structure that is competitive in current market conditions, KBL currently falls short in our view. Firstly, while we are constructive on the experience of the management team, it has failed to outperform its linen-service peers in terms of EPS and dividend growth since 2012. Despite this, we view management's success in developing and ramping facility expansions, and its prudent acquisition strategy as potential positives moving forward. Second, KBL has lacked the ability to sufficiently generate free cash, though, it has been slightly skewed due to high capex to complete facility enhancement. For these reasons, we will not be investing in KBL. With the completion of facility enhancements, and KBL's focus shifting towards contract wins and its UK operations, the generation of growing free cash, and prudent allocation of funds will be critical in improving our view. On a positive note, KBL does have a strong balance sheet; its current capital structure consists solely of equity, and its $83.4mm revolving credit facility provides capacity to support future acquisitions. Additionally, we see its competitive advantage through relational barriers to entry expanding, evident through recent healthcare contract wins in the Toronto market. We view KBL as having the opportunity to grow inorganically in a fragmented industry, using the strength of its balance sheet to diversify its geographic base, and combined with strong organic growth through contract wins, KBL would represent an attractive investment opportunity.

Laurentian Bank of Canada

Financials
TSX: LB
Sell Recommendation

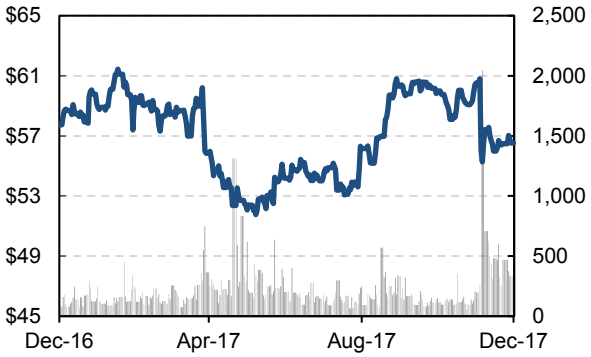
December 31, 2017

Kristin Gorkoff, Fund Manager
Ali Saleh, Research Associate

Market Profile

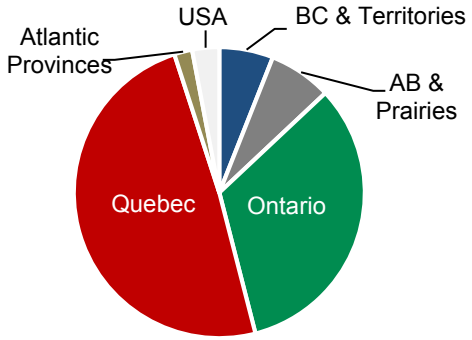
Current Share Price	$56.53
52-Week Range	$51.57 - $62.92
Dividend Yield	4.46%
Shares Outstanding (mm)	42
Average 30-Day Vol (000s)	468
Market Capitalization (mm)	$2,351

Historical Trading Performance



Source: CPMT Estimates, Bloomberg

Geographic Distribution of Loans



Source: Company Filings

Business Description

Laurentian Bank of Canada (TSX: LB) is Canada's 8th largest bank, offering financial products and services to individuals, small-to-medium sized enterprises, and other institutions via itself and its subsidiaries.

Screening and Selection Process

The CPMT used a screener that incorporated metrics such as Tier 1 Common Capital, price-to-earnings, and price-to-book ratios, as well as return-on-assets, net-interest-margin, and return-on-equity. From this, Laurentian Bank ranked second among the Canadian banks screened, only behind the Canadian Imperial Bank of Commerce (TSX: CIBC). We then decided to look further into the name as we thought that it had the potential to provide diversification within the CPMT's current financial holdings, given that the Bank primarily serves smaller niche clients not served by the larger banks.

Looking Beyond the Financials

The Bank is in the process of transforming from its previously Québec-concentrated retail branch network model to an increasingly tech-driven model to better serve its clients. LB announced its seven-year "Transformation Plan" in 2015. Another key goal of that plan is to make the Bank more competitive with its peer Canadian banks, with a quantitative target of being within an ROE of 300 bps of the other major Canadian banks. Although the Bank is on its way to achieving the targets that it has set out, substantial uncertainty remains, and work that needs to be done.

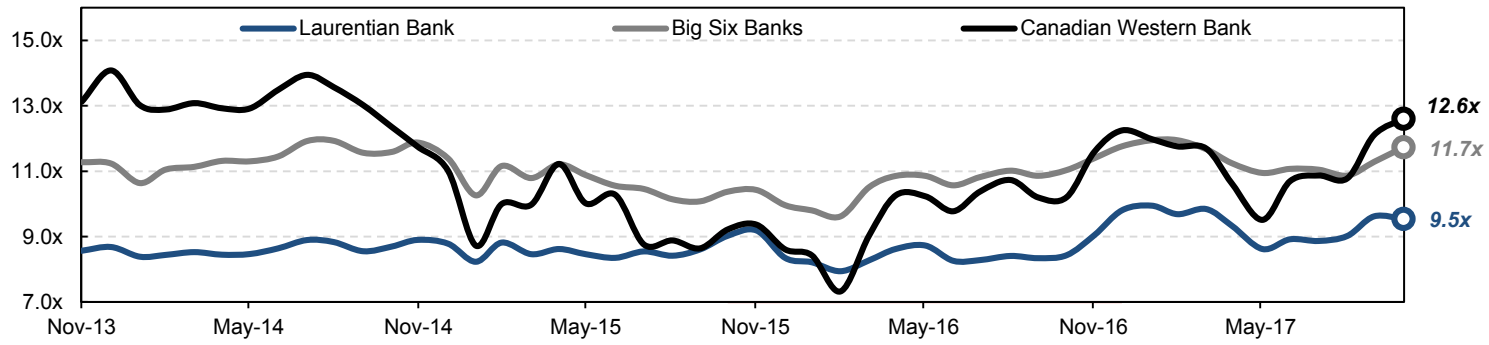
As we continued researching, we also began uncovering a number of concerning factors, including the way that the Bank reported its debt ratios, the fact that its operations are so heavily concentrated in Québec, and the potential for new mortgage regulations introduced by OSFI in January 2018 to negatively impact the Bank. We also noted that LB's historical trading multiple was well under that of the industry peer group. Although the name trades at a discount to its peers, the chart in exhibit I demonstrates that this is nothing new for LB.

Learnings and Conclusion

Looking at LB was a good exercise in demonstrating that although a company may screen well, qualitative factors still play an important role in determining whether or not a company will provide value to the CPMT. Overall, LB is a name that we will continue to monitor moving forward. However, we recommend a sell at this time given the significant uncertainties previously outlined. In order to invest in the name, we would need to see continued evidence of progress towards achieving the targets set out in the Bank's transformation plan.

Exhibit I:

Historical P/E Multiple Relative to Peers



Source: Bloomberg

Savaria Corp

Industrials
TSX: SIS
Hold Recommendation

December 31, 2017

Erick Noh, Fund Manager
Brodie Wilson, Research Associate

Return on Investment

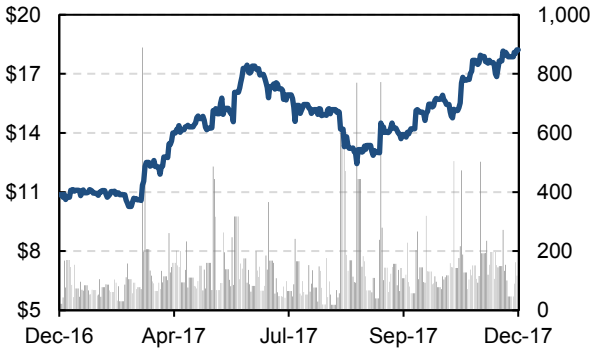
Current Share Price	$18.22
Target Price	$17.71
Dividend Yield	1.98%
Holding Period Return	(0.84%)
Conviction Rating	0

Market Profile

52-Week Range	$10.18 - $19.25
Shares Outstanding (mm)	42
Average 30-Day Vol (000s)	138
Market Capitalization (mm)	$767
Net Debt (mm)	$29
Enterprise Value (mm)	$796
Beta (5-Year Monthly)	1.10

Metrics	2017E	2018E	2019E
Revenue (mm)	$161	$232	$312
EBITDA (mm)	$27	$39	$54
EV/EBITDA	29.5x	20.2x	14.8x
EPS	$0.34	$0.41	$0.52
P/E	54.0x	44.1x	35.3x

Historical Trading Performance



Source: CPMT Estimates, Bloomberg

Exhibit I - Valuation Sensitivity

Exit EBITDA Multiple	WACC 6.7%	7.2%	**7.7%**	8.2%	8.7%
14.0x	$20.16	$19.73	$19.31	$18.90	$18.50
13.5x	$19.32	$18.91	$18.50	$18.11	$17.73
13.0x	$18.48	$18.09	**$17.70**	$17.32	$16.95
12.5x	$17.65	$17.27	$16.90	$16.53	$16.18
12.0x	$16.81	$16.45	$16.09	$15.75	$15.41

Source: CPMT Estimates

Business Description

Savaria Corporation (TSX: SIS) is a North American leader in the accessibility equipment industry and is headquartered in Laval, Quebec. It operates through its three segments: Accessibility, Adapted Vehicles, and Span. To distribute its products across North America, Savaria has ~600 active dealers that sell its products.

Industry Overview

The accessibility industry that Savaria resides in has seen, and will continue to see growth due to the nature of an aging demographic. In addition, it is estimated that 7.2% of Canadians over the age of 15 and 15.2% of Americans over the age of 18 have some sort of mobility disability. This provides a large consumer base for Savaria to serve.

Catalysts for Growth

We view SIS as more than a traditional roll-up story, depicted through its robust organic growth in the past. Organic growth historically has come from new products within its segments as well as an aging demographic in North America, both of which are expected to continue moving forward. In addition, further growth is expected from its Span division. With its businesses residing in fairly fragmented industries littered with private players, SIS is expected to continue to be an aggressive consolidator in the space, building on its six acquisitions since 2013. Lastly, while SIS has experienced margin expansion recently, we expect the focus of Savaria to move from margin expansion and efficiencies to top-line growth.

Valuation

A five-year discounted cash flow analysis (DCF) was performed, accounting for necessary acquisitions to hit its $500mm revenue target, which resulted in an intrinsic value of $17.70.

Thesis

By examining Savaria through the lens of the CPMT's investment criteria, we find that it fits the bill in most of the categories. Savaria has a clean balance sheet at 1.1x debt-to-annualized Q3 2017 EBITDA and boasts ~$80mm in liquidity which positions itself well for necessary future acquisitions to hit its $500mm revenue target in 2021. It has a solid management team with a CEO that has been with the Company since inception in 1989 and is aligned with shareholders through high equity stakes in the Company. It trades close to its intrinsic value (assuming management delivers and hits the $500mm in revenue in 2021) which indicates that the stock is currently fairly valued. The Company also holds a sustainable competitive advantage since the industry has barriers to entry with regards to the distribution network relationships that Savaria holds. In addition, Savaria is one of the only public players in its industry (for certain products), allowing the Company to tap public equity markets for acquisition capital.

Where Savaria falls short is with its ability to generate free cash flow in the short-term. This is a direct result of possessing the obligation to the markets to deliver $500mm in revenue by 2021 and the necessity of acquisition capex to make up the balance between $500mm and the CPMT projected organic revenue growth.

The CPMT will not be investing in Savaria due to the cash flow outspend required to hit targets that management has set for the Company and the corresponding risks that come with the outspend.

Shopify Inc

Information Technology
TSX: SHOP
Hold Recommendation

December 31, 2017

Dan Zhigatov, Fund Manager
Lukas Sutherland, Research Associate

Return on Investment

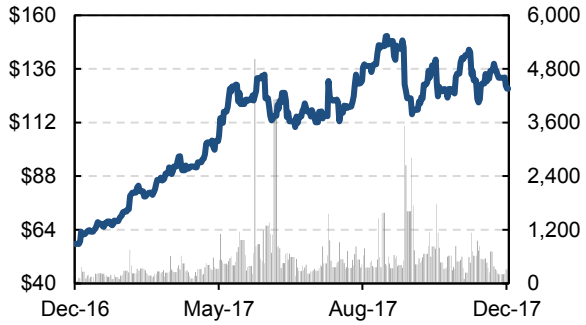
Current Share Price	$127.11
Target Price	$152.00
Dividend Yield	0.00%
Holding Period return	20%

Market Profile

52-Week Range	$65.31 - $160.69
Shares Outstanding (mm)	99
Average 30-Day Vol (000s)	366
Market Capitalization (mm)	$12,556
Net Debt (mm)	($839)
Enterprise Value (mm)	$11,716
Beta (5-Year Monthly)	0.37

Metrics	2017E	2018E	2019E
Revenue (mm)	$307	$487	$731
Gross Margin	60%	62%	64%
P/S	40.9x	25.8x	17.2x

Historical Trading Performance



Source: CPMT Estimates, Bloomberg

Business Description

Shopify Inc (TSX: SHOP) is an e-commerce company which provides cloud-based, multi-channel sales and marketing platforms for small and mid-sized businesses. SHOP employs a subscription-based approach and vertically integrates its software to provide business owners with a comprehensive view of their sales channels. This enables them to track inventory, process orders and payments, ship orders and utilize business analytics to continually improve their performance. The Shopify technology provides business owners the opportunity to make use of what is claimed to be an entirely integrated back office system.

Valuation

The valuation of SHOP was an unorthodox exercise. The Fund initially used a three-prong approach in order to reach the target price. First was the DCF model along with a 2% terminal growth rate, an EV/EBITDA exit multiple based on the Company's comparables and a Price/Sales multiple. The first two approaches results were polar, concluding with target prices of <$50 and >$300, respectively. This is due to the difficulty of valuing a company currently operating at a net loss. The valuation required the CPMT to use forecasted positive earnings as the basis of which a share price was calculated. Due to this discovery, the Fund relied on a Price/Sales exit multiple of ~5.6x, resulting in a target price of $152.00. This represents a ~20% premium to the Company's current share price.

Investment Thesis

Shopify has proven itself to be the superior company amongst its peers with respect to its product offering. It is able to provide quality website management while maintaining low customer costs. The Company uses an in-house developed proprietary coding template, allowing it to facilitate a vertically integrated dependence for users of its product. The Company's merchant offering provides supplementary payment services to small business owners, leveraging its current customer base and drawing out more value per customer. SHOP offers its payment processing solution at no cost to subscribers and charges a small fee to those wishing to use a different platform. For a growing tech company, Shopify has an outstanding balance sheet, holding over $800mm in cash equivalents, allowing it to make necessary acquisitions and cover operational expenses. The Company has a driven management team with significant experience in the technology industry. Together, the board and management own ~14% of the Company, which translates to well over 50% of the voting rights due to the Class B 10 to 1 voting weight. Though SHOP fits the CPMT investment charter, we believe the Company to be overvalued on a Price/Sales multiple basis. The CPMT plans to monitor the Company in the near term in the case an advantageous entry point arises.

Governance

Shopify's management team has substantial experience in the tech industry. The Company had two founders, Tobi Lutke and Daniel Weinand. As of August 2017, Daniel is no longer the Chief Design Officer and has moved on to work at Blue Pacific Studios. Tobi Lutke owns ~8% of the Company and holds Class B shares. Through this structure, the board and management retain control of the company. Compensation is mostly stock based since the Company is currently operating at a net loss. Management and the Board receive compensation through class A stock options which they can sell in the market. This trend has been accelerating during the past two years, as the Company's stock has picked up momentum.

Ten Peaks Coffee Co Inc

Consumer, Non-cyclical
TSX: TPK
Hold Recommendation

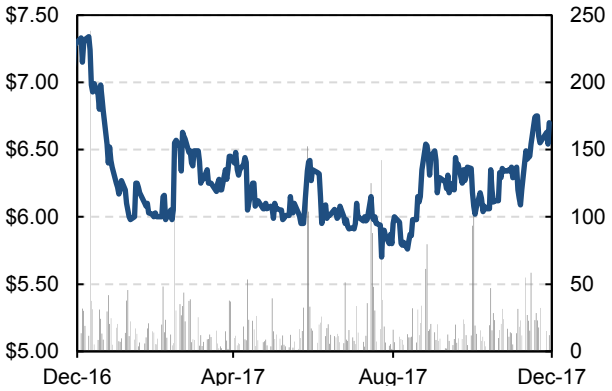
December 31, 2017
Jennifer LaBine, Fund Manager
A.J. Bangloy, Research Associate

Return on Investment	
Current Share Price	$6.70
Target Price	$8.43
Dividend Yield	3.68%
Holding Period Return	29%

Market Profile	
52-Week Range	$5.70 - $7.06
Shares Outstanding (mm)	9
Average 30-Day Vol (000s)	25
Market Capitalization (000s)	$60,560
Net Debt (000s)	$9,560
Enterprise Value (000s)	$70,120
Beta (5-Year Monthly)	(0.20)

Metrics	2018E	2019E	2020E
Revenue (000s)	$90,543	$93,966	$97,774
EBIT (000s)	$5,050	$5,241	$5,454
EBIT Margin	5.6%	5.6%	5.6%
EPS	$0.40	$0.42	$0.43
EV/EBITDA	13.9x	13.4x	12.9x
P/E	16.7x	16.1x	15.4x

Historical Trading Performance



Source: CPMT Estimates, Bloomberg

Business Description

Ten Peaks Coffee (TSX: TPK) is composed of two fully-owned subsidiaries, the first being The Swiss Water Decaffinated Coffee Company (SWDCC) and the second being Seaforth Supply Chain Solutions (Seaforth). SWDCC is involved in the business of green coffee decaffeination with Seaforth, which does not contribute materially to the overall performance of Ten Peaks, providing green coffee handling and storage to coffee importers and roasting companies. Both companies operate out of Vancouver, British Columbia. SWDCC provides green coffee decaffeination through the use of its proprietary, 100% chemical-free, Swiss Water decaffeination process. The Company derives its revenues from its "toll" business, in which it decaffeinates coffee owned by customers, and its "regular" business, which operates by purchasing, decaffeinating, and selling its own inventory of green coffee.

Industry Overview

The market for decaffeinated coffee is a subset of the larger coffee and better-for-you beverages market, with the percentage of Americans drinking coffee daily up to 62% in 2017 from 57% in 2016[(1)] and the percentage of Canadians drinking coffee daily up to 71% in 2017 from 67% in 2016[(2)]. Overall, coffee consumption in both Canada and the U.S. is expected to experience continued growth, driven largely by the millennial and younger generations, and the emerging trends towards espresso-based beverages and single cup brewing. Consumption of decaffeinated coffee is also expected to rise as health-conscious consumers scale-back their daily caffeine intake.

The market for green coffee decaffeination can be broadly divided into companies using chemical solvent processes, currently the most prevalent method, and those which use chemical-free processes, such as the Swiss Water and carbon dioxide methods. Of the non-chemical processes, carbon dioxide decaffeination processes are currently the most widely-adopted and most cost-effective method. This industry is reaching maturity, with high competition and a focus on cost-reduction.

Investment Thesis

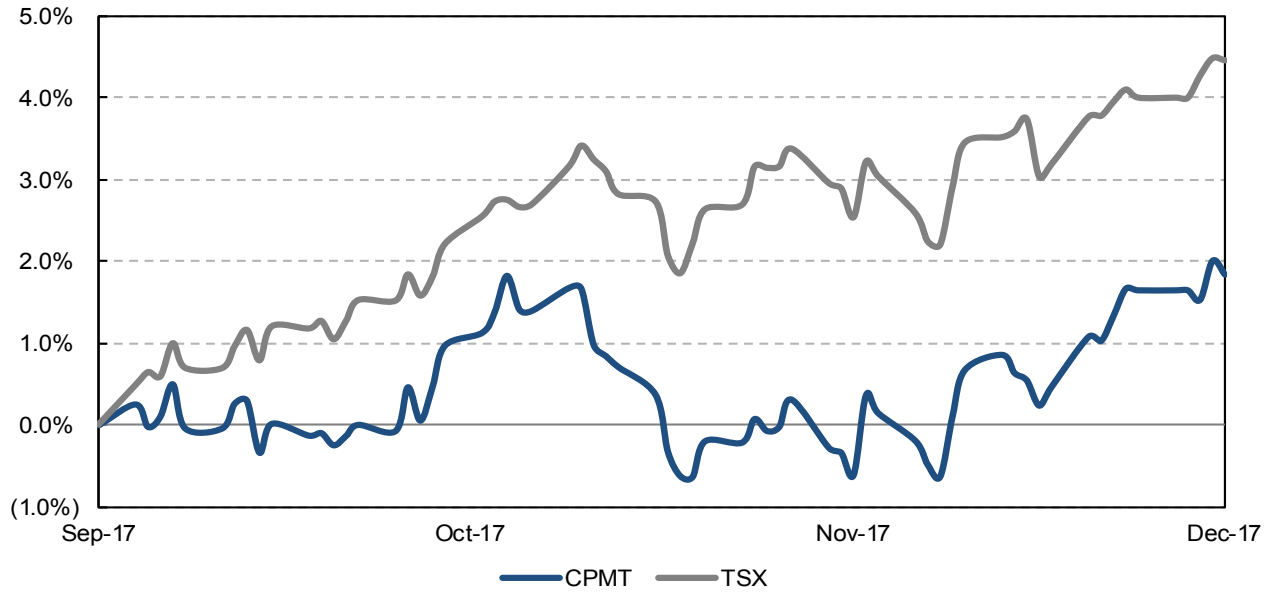
TPK has many attractive qualities including a clean balance sheet, a high sustainable dividend and an attractive valuation at its current price. Additionally, the Company appears ready to benefit from continued growth in decaffeinated and specialty coffee consumption, and is building a new production facility to accommodate higher volumes and long-term growth in demand. However, the CPMT remains cautious as this Company operates in a fiercely competitive market, while lacking the scale of its competitors. The Company has a number of large customers including Tim Hortons, McDonald's and Second Cup, and although this could be an avenue for growth should one of these companies increase their business with TPK, there remains a high possibility that these customers could also shift to suppliers with greater scale and a larger network. Thus, despite the allure of its organic decaffeinating process, there remains a high likelihood that the Swiss Water process could be displaced by the lower-cost, also organic carbon dioxide process. Therefore, the CPMT is recommending a hold on the name given uncertainty about TPK's ability to remain competitive with other decaffeination companies.

(1) The National Coffee Association USA "2017 National Coffee Drinking Trends Study"
(2) Coffee Association of Canada "2017 Canadian Coffee Drinking Study"

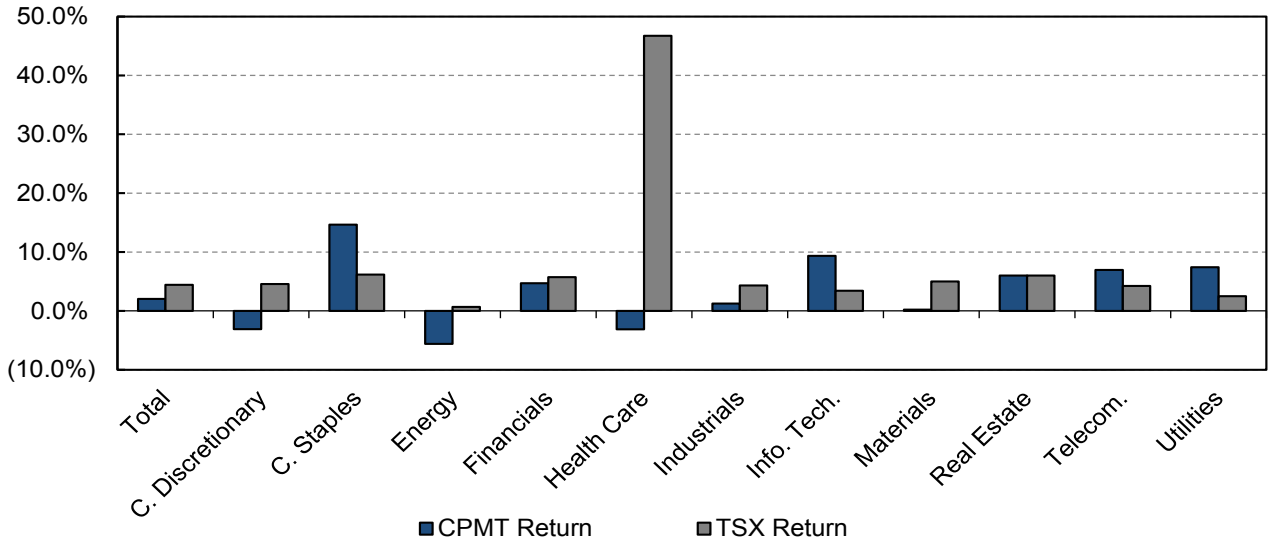
Compliance and Performance

QUARTERLY PERFORMANCE

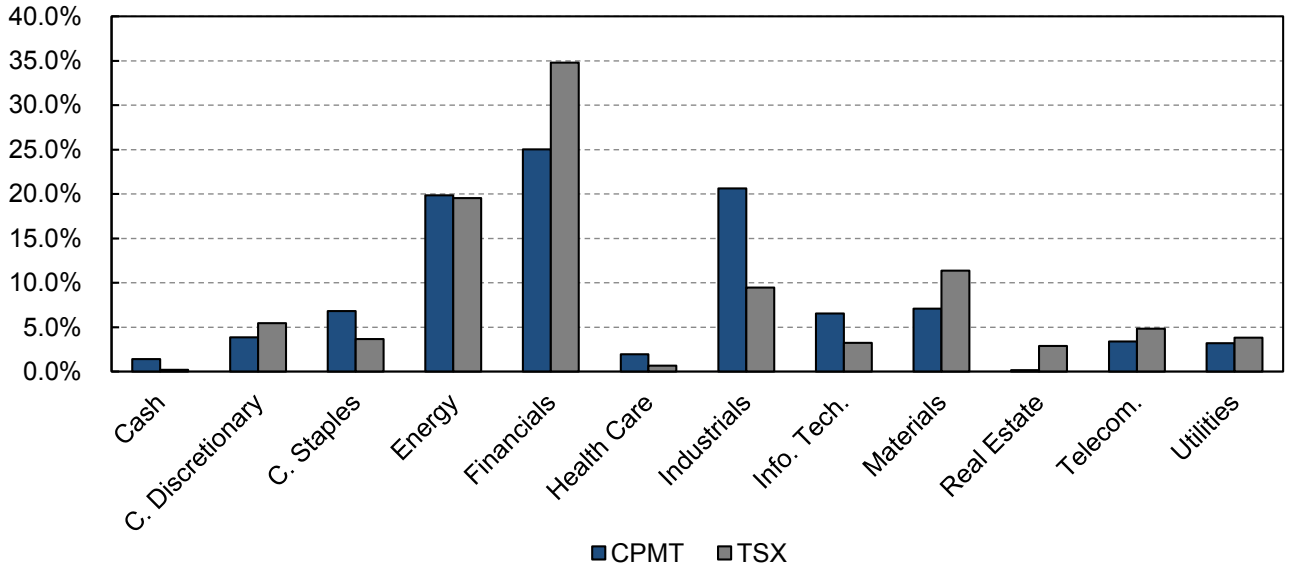
The CPMT and the TSX Composite Total Return



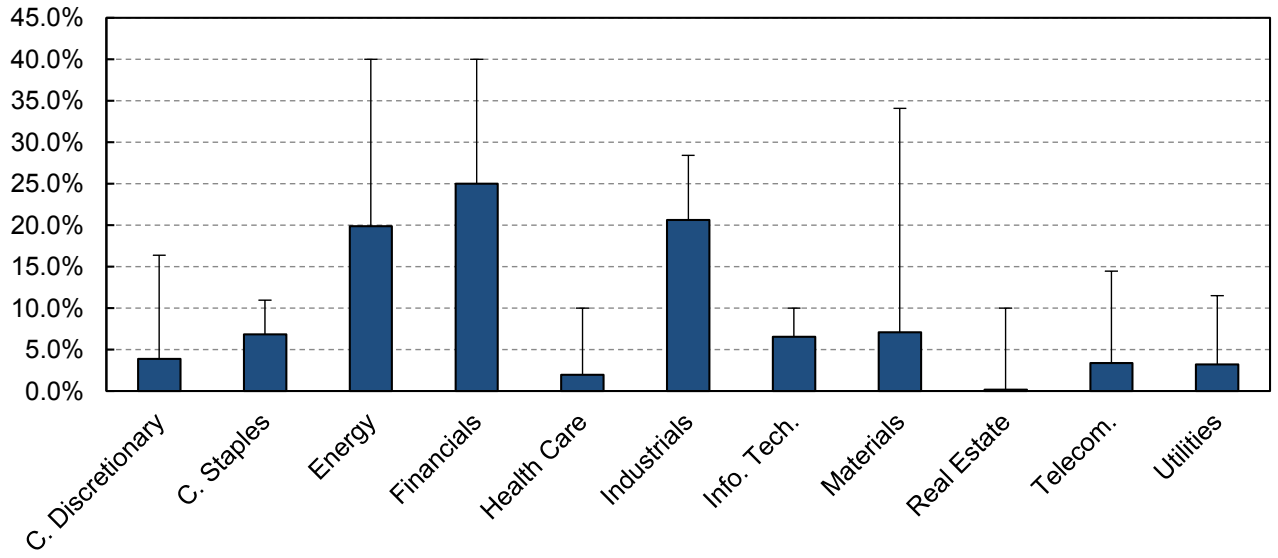
The CPMT and the TSX Sector Returns



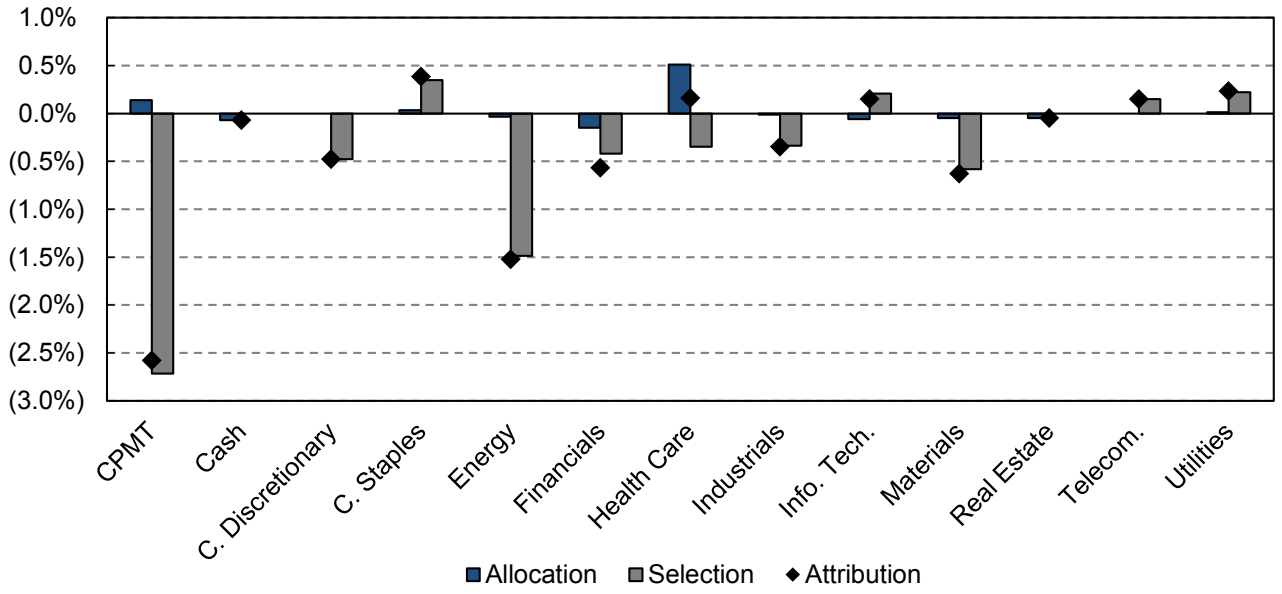
The CPMT Aggregate Asset Breakdown



The CPMT Sector Weights as Compared to Maximum



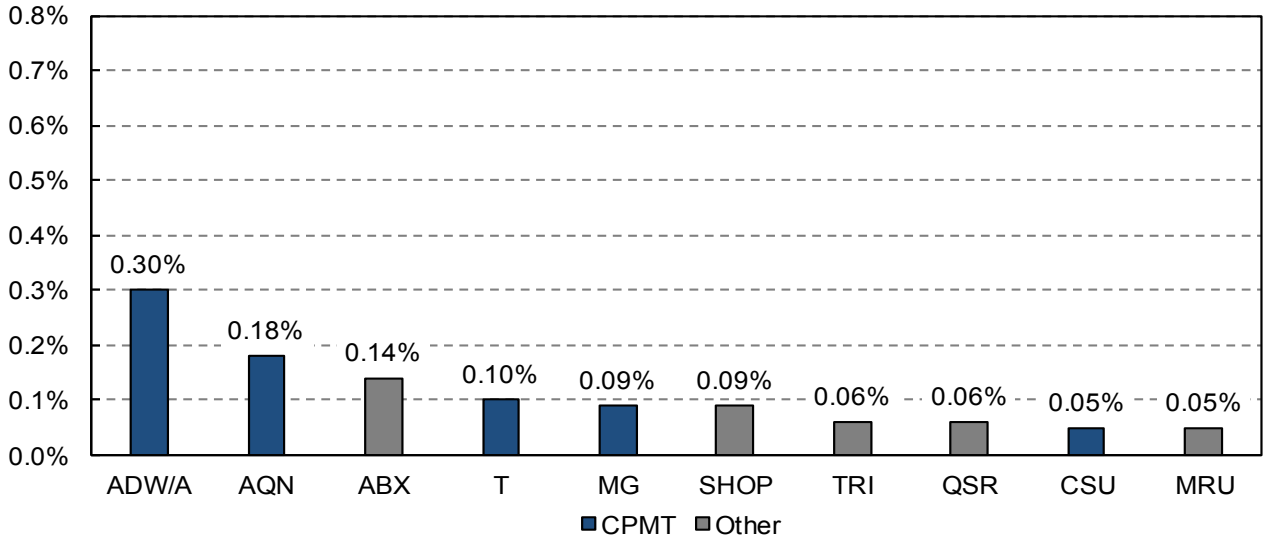
Attribution Analysis



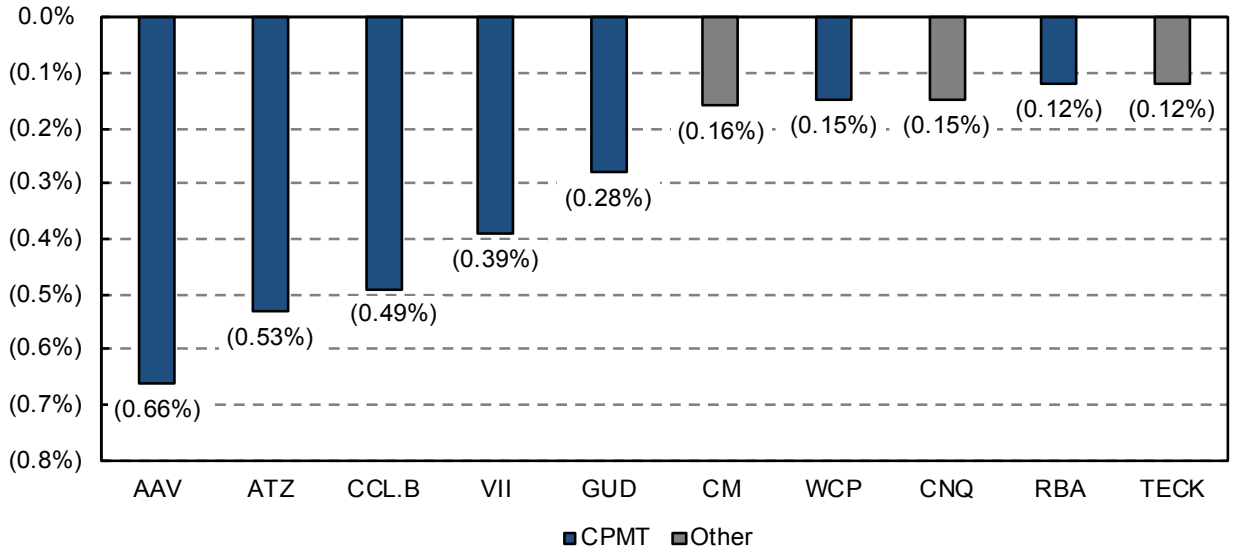
The CPMT Attribution Analysis

FQ3 2018	Attribution	Allocation	Selection
CPMT	(2.58%)	0.14%	(2.72%)
Cash	(0.07%)	(0.07%)	0.00%
C. Discretionary	(0.48%)	0.00%	(0.48%)
C. Staples	0.38%	0.03%	0.35%
Energy	(1.52%)	(0.03%)	(1.49%)
Financials	(0.57%)	(0.15%)	(0.42%)
Health Care	0.16%	0.51%	(0.35%)
Industrials	(0.35%)	(0.01%)	(0.34%)
Info. Tech.	0.15%	(0.06%)	0.21%
Materials	(0.63%)	(0.05%)	(0.58%)
Real Estate	(0.05%)	(0.05%)	0.00%
Telecom.	0.15%	0.00%	0.15%
Utilities	0.23%	0.01%	0.22%
1 Year			
CPMT	(5.12%)	0.40%	(5.52%)
Cash	(0.13%)	(0.13%)	0.00%
C. Discretionary	(0.82%)	(0.02%)	(0.80%)
C. Staples	0.73%	(0.04%)	0.78%
Energy	(3.79%)	(0.63%)	(3.15%)
Financials	(0.37%)	(0.43%)	0.06%
Health Care	(0.97%)	0.40%	(1.38%)
Industrials	(0.33%)	1.17%	(1.50%)
Info. Tech.	0.13%	0.36%	(0.23%)
Materials	0.35%	0.02%	0.33%
Real Estate	(0.06%)	(0.06%)	0.00%
Telecom.	(0.04%)	(0.09%)	0.05%
Utilities	0.18%	(0.13%)	0.31%

Top 10 Selection Effects

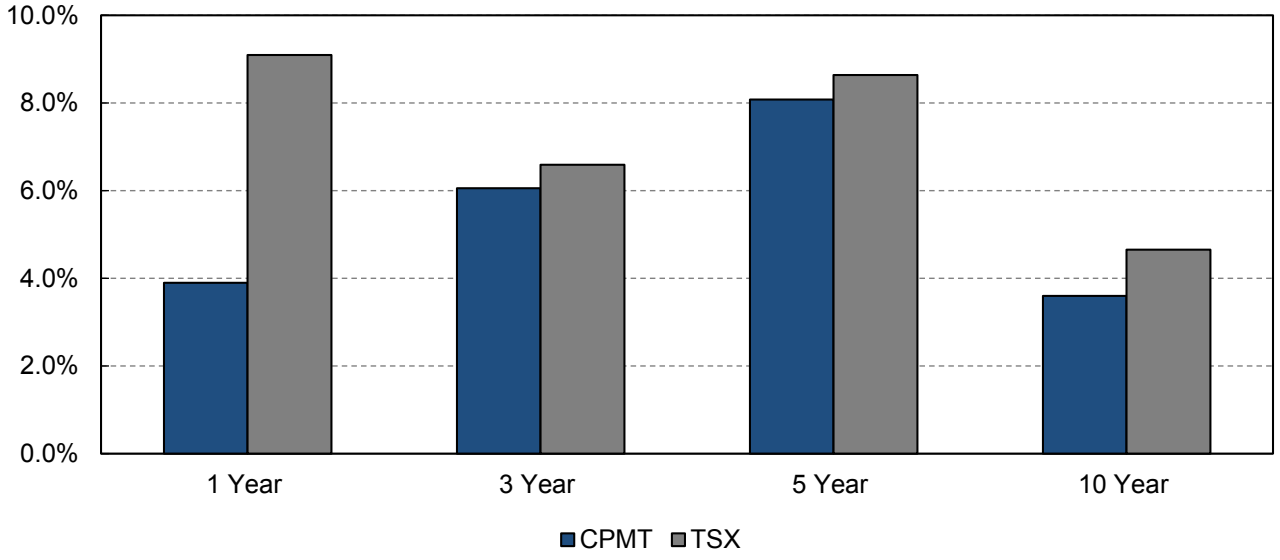


Bottom 10 Selection Effects

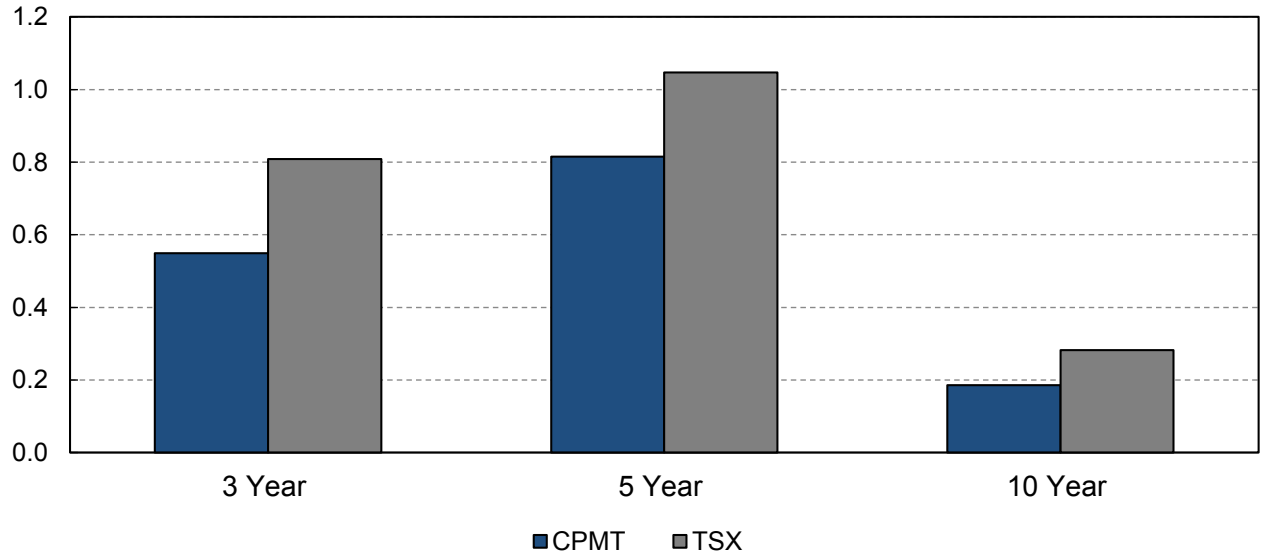


LONG TERM PERFORMANCE

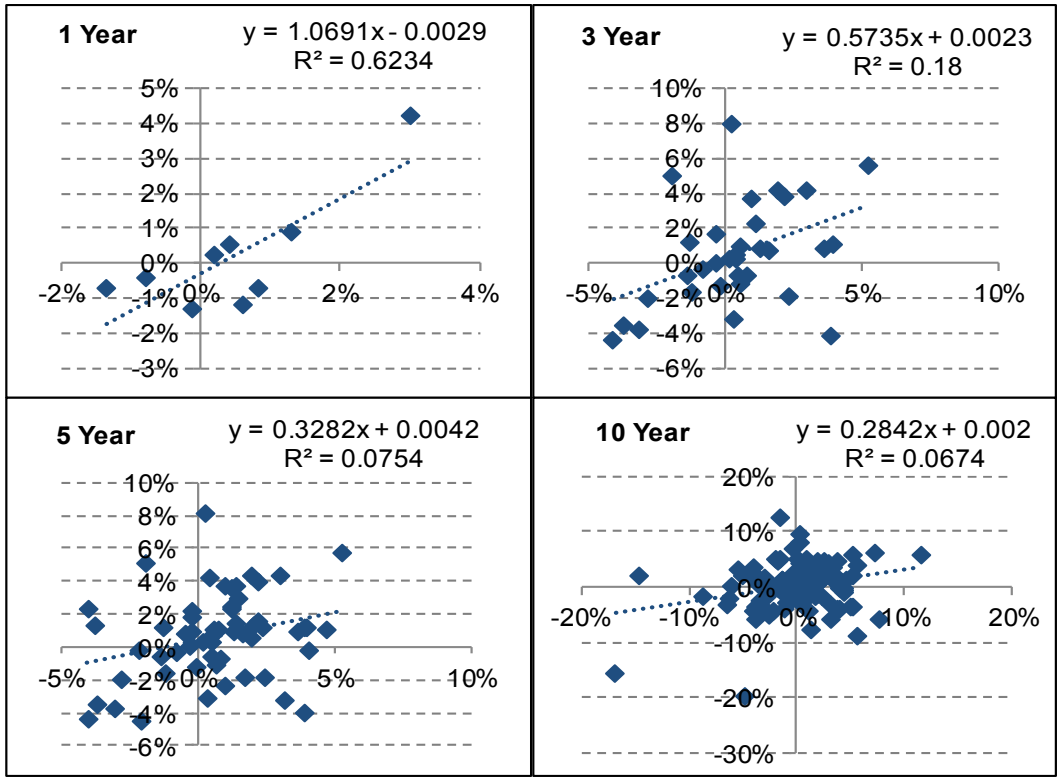
The CPMT and the TSX Composite Index Total Return (Annualized)



The CPMT and TSX Composite Index Sharpe Ratios



The CPMT and TSX Single Linear Regressions



The CPMT Long Term Performance Targets

	1 Year	3 Year	5 year	10 Year
Absolute Returns (annualized)				
CPMT [1]	✗ 3.89%	✗ 6.05%	✓ 8.08%	✗ 3.60%
Relative Returns (bps)				
S&P/TSX Composite [2]	✗ (520)	✗ (54)	✗ (56)	✗ (105)
Peer Group [3]	✗ (292)	✓ 94	✗ (15)	✗ (1)
Risk Adjusted Returns (bps)				
S&P/TSX Composite [4]	✗ (29)	✗ 23	✗ 42	✗ 20

1. Performance target of 7.0% annual returns.
2. Performance target to exceed the S&P/TSX Composite Total Return Index by 100 bps.
3. Performance target to exceed the 50th percentile of peer group.
4. Performance target to exceed the S&P/TSX Composite Total Return Index by 100 bps on a risk adjusted basis.

CPMT Long Term Performance Details

Annualized Return	1 Year	3 Year	5 Year	10 Year
CPMT	3.89%	6.05%	8.08%	3.60%
TSX	9.10%	6.59%	8.63%	4.65%
Annulaized Volatility				
CPMT	5.61%	9.92%	8.96%	14.43%
TSX	4.37%	7.40%	7.51%	13.18%
Sharpe				
CPMT		0.55	0.82	0.19
TSX		0.81	1.05	0.28

APPENDICES

Appendix 1: CFA Code of Ethics

The following is the CFA Code of Ethics to be complied with at all times by Fund Managers:

- To act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets.
- To place the integrity of the investment profession and the interests of clients above personal interests.
- To use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities.
- To practice and encourage others to practice in a professional and ethical manner that will reflect credit on ourselves and the profession.
- To promote the integrity and viability of the global capital markets for the ultimate benefit of society.
- To maintain and improve their professional competence and strive to maintain and improve the competence of other investment professionals.

Appendix 2: Account Activity

CPMT Transactions Log

Equity	Date of Sale	Action	Shares	Purchase Price	Sale Price	Capital Gain	Return
TSU	2-Oct-17	Sale	2	$21.08	$26.44	$10.72	25.43%
CSU	10-Oct-17	Sale	12	$429.29	$717.02	$3,452.76	67.02%
XIC	10-Oct-17	Buy	300	$24.99			
ATZ	17-Oct-17	Sale	350	$16.41	$11.67	($1,659.00)	(28.88%)
XIC	17-Oct-17	Buy	200	$25.04			
AGT	21-Nov-17	Buy	380	$20.18			
Total						$1,804.48	16.50%

Dividend Summary

October			
Equity	Date	Rate	Credit
T	2-Oct-17	0.493	167.45
TIH	4-Jul-17	0.190	$57.00
CSU	6-Jul-17	1.323	$31.76
ADW.A	7-Jul-17	0.045	$49.50
STN	13-Jul-17	0.125	$61.25
AQN	14-Jul-17	0.117	$162.35
AD	17-Jul-17	0.135	$54.00
WCP	17-Jul-17	0.023	$26.80
BNS	27-Jul-17	0.760	$297.92
TD	31-Jul-17	0.600	$240.00
Total			**$1,148.03**

November			
Equity	Date	Rate	Credit
RCH	3-Aug-17	0.057	$20.41
AD	15-Aug-17	0.135	$26.80
WCP	15-Aug-17	0.023	$54.00
Total			**$101.21**

December			
Equity	Date	Rate	Credit
ENB	1-Sep-17	0.610	$305.00
AD	15-Sep-17	0.135	$54.00
LAS.A	15-Sep-17	0.610	$12.20
MG	15-Sep-17	0.275	$60.01
RBA	15-Sep-17	0.170	$103.05
SAP	15-Sep-17	0.160	$40.00
WCP	15-Sep-17	0.023	$26.80
MFC	19-Sep-17	0.205	$225.50
OTEX	22-Sep-17	0.164	$32.71
SJ	22-Sep-17	0.110	$27.50
SU	25-Sep-17	0.320	$128.00
BAM.A	29-Sep-17	0.171	$63.96
CCL.B	29-Sep-17	0.115	$39.10
CNR	29-Sep-17	0.413	$123.75
MDA	29-Sep-17	0.370	$35.15
XIC	29-Sep-17	0.179	$103.82
Total			**$1,380.55**

Appendix 3: Conviction Matrix and Asset Weighting

The CPMT Conviction-Weighting Matrix

Class	Conviction		
	1	2	3
Small Cap ($100M - $1B)	1.00%	2.00%	3.00%
Mid Cap ($1B - $10B)	1.50%	3.00%	4.50%
Large Cap (>$10B)	2.00%	5.00%	6.00%

The CPMT Current Holdings vs. Target Weight

CPMT Holding	Conviction	Market Cap	Current Weight	Target Weight	Difference
Financials					
Alaris Royalty Corp.	1	Small	1.60%	1.37%	0.24%
Bank of Nova Scotia	3	Large	6.16%	5.46%	0.70%
Brookfield Asset Management	2	Large	3.98%	2.73%	1.25%
Manulife	3	Large	5.59%	4.10%	1.49%
Toronto Dominion	3	Large	5.71%	5.46%	0.25%
Information Technology					
CGI Group	2	Large	2.78%	1.37%	1.41%
Constellation Software	1	Large	1.77%	1.37%	0.41%
Open Text Corp.	2	Large	1.73%	2.73%	(1.00%)
Materials					
Stella Jones	2	Mid	2.45%	2.73%	(0.28%)
CCL Industries	3	Large	3.83%	4.10%	(0.27%)
Energy					
Enbridge	3	Large	4.76%	5.46%	(0.70%)
Whitecap	2	Mid	2.00%	2.73%	(0.74%)
Raging River	2	Mid	3.13%	2.73%	0.40%
Advantage Oil & Gas Ltd	1	Small	1.47%	2.73%	(1.27%)
Seven Generations	3	Mid	3.62%	4.10%	(0.48%)
Suncor	2	Large	3.58%	3.64%	(0.06%)
Consumer Discretionary					
Aritzia Inc	1	Mid	0.98%	1.37%	(0.38%)
Magna	1	Large	2.49%	1.37%	1.12%
Consumer Staples					
Saputo	2	Large	2.19%	1.37%	0.82%
AGT	1.5	Small	3.32%	2.73%	0.58%
Andrew Peller	2	Small	1.48%	1.37%	0.12%
Lassonde	2	Mid	0.96%	1.37%	(0.40%)
Telecommunications					
Telus	2	Large	3.14%	2.73%	0.41%
Healthcare					
Knight Therapeutics	2	Mid	1.93%	2.73%	(0.80%)
Industrials					
Stantec	3	Mid	3.34%	4.10%	(0.76%)
Richelieu Hardware	2	Mid	2.39%	2.73%	(0.34%)
Toromont	3	Mid	3.20%	4.10%	(0.89%)
Ritchie Bros Auctioneers	2	Mid	3.65%	4.10%	(0.45%)
Macdonald, Dettwiler and Associates	2	Mid	1.49%	2.73%	(1.24%)
Canadian National Railway	3	Large	6.03%	5.46%	0.57%
Utilities					
Algonquin	2	Mid	3.00%	2.73%	0.27%

Appendix 4: Target Prices

Updated Target Prices

	End Price	Original Target Price	Current Target Price
Financials			
Alaris Royalty Corp.	$20.67	$25.00	$25.00
Bank of Nova Scotia	$81.12	$86.00	$86.00
Brookfield Asset Management	$54.72	$56.00	$56.00
Manulife	$26.22	$29.00	$29.00
Toronto Dominion	$73.65	$75.00	$75.00
Information Technology			
CGI Group	$68.30	$72.00	$69.48
Constellation Software	$762.02	$710.00	$794.00
Open Text Corp.	$44.71	$50.00	$49.00
Materials			
Stella Jones	$50.50	$52.00	$52.00
CCL Industries	$58.08	$75.00	$75.00
Energy			
Enbridge	$49.16	$63.00	$63.00
Whitecap	$8.95	$12.50	$12.50
Raging River	$8.00	$10.00	$10.00
Advantage Oil & Gas Ltd	$5.40	$8.50	$6.00
Seven Generations	$17.78	$25.00	$25.00
Suncor	$46.15	$47.00	$47.00
Consumer Discretionary			
Aritzia	$12.69	$21.00	
Magna	$71.24	$70.00	$69.00
Consumer Staples			
Saputo	$45.18	$52.00	$57.00
AGT	$15.55	$26.00	$26.00
Andrew Peller	$20.11	$14.00	$16.00
Lassonde	$248.68	$280.00	$277.00
Telecommunications			
Telus	$47.62	$55.00	$52.00
Healthcare			
Knight Therapeutics	$8.31	$11.00	$11.00
Industrials			
Stantec	$35.16	$40.00	$40.00
Richelieu Hardware	$34.29	$38.00	$38.00
Toromont	$55.10	$71.00	$68.00
Ritchie Bros Auctioneers	$37.64	$47.00	$44.00
Macdonald, Dettwiler and Associates	$80.92	$82.00	$82.00
Canadian National Railway	$103.65	$115.00	$115.00
Utilities			
Algonquin	$14.06	$15.00	$16.00

Appendix 5: Detailed Holding Summary

The CPMT Holdings Summary

	Conviction	Shares	Target Price	09/29/2017 *or at purchase	12/29/2017 *or at sale	Ending Balance	Price Return to Date	%AUM
Financial								
Alaris Royalty Corp.	1	400	$25	$21	$21	$8,268	0.49%	1.6%
Bank of Nova Scotia	3	392	$86	$80	$81	$31,799	1.15%	6.2%
Brookfield Asset Management	2	375	$56	$52	$55	$20,520	6.21%	4.0%
Manulife	3	1100	$29	$25	$26	$28,842	3.60%	5.6%
Toronto Dominion	3	400	$75	$70	$74	$29,460	4.84%	5.7%
Total				**$114,981**	**$118,889**	**$118,889**	**4.69%**	**23.0%**
S&P/TSX Financials							**1.98%**	
Information Technology								
CGI Group	1	210	$72	$65	$68	$14,343	5.56%	2.8%
Constellation Software	1	12	$710	$681	$762	$9,144	11.94%	1.8%
Open Text Corp.	2	200	$50	$40	$45	$8,942	11.05%	1.7%
Total				**$37,977**	**$32,429**	**$32,429**	**9.35%**	**6.3%**
S&P/TSX Information Technology							6.29%	
Materials								
Stella Jones	2	250	$52	$48	$51	$12,625	5.16%	2.4%
CCL Industries	3	340	$75	$60	$58	$19,747	(3.81%)	3.8%
Total				**$32,534**	**$32,372**	**$32,372**	**0.21%**	**6.3%**
S&P/TSX Materials							0.57%	
Energy								
Enbridge	3	500	$63	$52	$49	$24,580	(5.68%)	4.8%
Whitecap	2	1150	$13	$10	$9	$10,293	(7.73%)	2.0%
Raging River	2	2020	$10	$8	$8	$16,160	1.65%	3.1%
Advantage Oil & Gas Ltd	2	1400	$9	$8	$5	$7,560	(30.95%)	1.5%
Seven Generations	3	1050	$25	$20	$18	$18,669	(9.93%)	3.6%
Suncor	2	400	$47	$44	$46	$18,460	5.53%	3.6%
Total				**$102,279**	**$95,722**	**$95,722**	**(5.61%)**	**18.6%**
S&P/TSX Energy							0.12%	
Consumer Discretionary								
Aritzia Inc	1	400	$21	$15	$13	$5,076	(14.55%)	1.0%
Magna	1	180	$70	$67	$71	$12,823	6.98%	2.5%
Total				**$23,124**	**$17,899**	**$17,899**	**(3.10%)**	**3.5%**
S&P/TSX Consumer Discretionary							0.25%	
Consumer Staples								
Saputo	1	250	$52	$43	$45	$11,295	4.61%	2.2%
Andrew Peller	2	1100	$14	$12	$16	$17,105	29.48%	3.3%
AGT Foods and Ingridents Inc	1	380	$25	$20	$20	$7,642	(0.35%)	1.5%
Lassonde	1	20	$280	$243	$249	$4,974	2.22%	1.0%
Total				**$28,874**	**$41,015**	**$41,015**	**14.64%**	**8.0%**
S&P/TSX Consumer Staples							0.22%	
Telecommunications								
Telus	2	340	$50	$45	$48	$16,191	6.11%	3.1%
Total				**$15,259**	**$16,191**	**$16,191**	**6.95%**	**3.1%**
S&P/TSX Telecommunications							0.17%	

Appendix 5: Detailed Holding Summary (Continued)

	Conviction	Shares	Target Price	9/29/2017 *or at purchase	12/29/2017 *or at sale	Ending Balance	Price Return to Date	%AUM
Healthcare								
Knight Therapeutics	2	1200	$11	$9	$8	$9,972	(3.93%)	1.9%
Total				**$10,380**	**$9,972**	**$9,972**	**(3.12%)**	**1.9%**
S&P/TSX Healthcare							0.30%	
Industrials								
Stantec	3	490	$40	$35	$35	$17,228	1.53%	3.3%
Richelieu Hardware	2	360	$38	$31	$34	$12,344	9.27%	2.4%
Toromont	3	300	$71	$57	$55	$16,530	(3.70%)	3.2%
Ritchie Bros Auctioneers	3	500	$47	$39	$38	$18,820	(4.59%)	3.6%
Maxar Technologies Ltd.	2	95	$82	$71	$81	$7,687	14.00%	1.5%
Canadian National Railway	3	300	$115	$103	$104	$31,095	0.26%	6.0%
Total				**$102,914**	**$103,705**	**$103,705**	**1.24%**	**20.1%**
S&P/TSX Industrials							0.41%	
Utilities								
Algonquin	2	1100	$15	$13	$14	$15,466	6.60%	3.0%
Total				**$14,509**	**$15,466**	**$15,466**	**7.41%**	**3.0%**
S&P/TSX Utilities							0.10%	
ETF								
iShares Core S&P/TSX Index ETF		880		$25	$26	$22,642	4.00%	4.4%
Total						**$22,642**		**4.4%**
Cash				$9,351	$4,404			0.9%
Calgary Portfolio Management Trust				$506,133	$515,908		1.93%	100.0%
S&P/TSX Composite Total Return Index				$51,702	$54,003		4.45%	
Simple Alpha CPMT							(2.52%)	