Calgary Portfolio Management Trust

2017 Q3 Report

UNIVERSITY OF CALGARY
HASKAYNE SCHOOL OF BUSINESS

Table of Contents

Letter to Stakeholders 3
Class of 2017 4
Class of 2018 6
Macroeconomic Update 9
Quarterly Sector Updates 10
Quarterly Company Updates & Revaluations
- Aritzia Inc 19
- Canopy Growth Corporation 22
- OrganiGram Inc 24
- Magna International Inc 26
- Pollard Banknote LTD 28
- Seven Generations Energy Corporation 30
- Cannabis Industry Overview XX

Dear Stakeholders,

The Calgary Portfolio Management Trust (CPMT) Class of 2017 would like to extend our gratitude to the Board of Trustees for its continued commitment to, and engagement, with the program. We would also like to sincerely thank the CFA Society of Calgary and CPMT alumni for their continued involvement and support. Finally, we would like to thank all of our supporters in the Calgary business community for their vested interest in the program.

The past quarter was extremely successful for the CPMT; for the first time since the Fund's inception, the total value exceeded $500,000. We look forward to continued success through maintaining a quality bias while adhering to the CPMT's stringent investment policy and maintaining a long term, value based approach to investing. We are committed to our proven strategy of owning companies with high caliber management teams, strong balance sheets, growing free cash flow, and tangible competitive advantages. Moving forward, the team is dedicated to enhancing our strategy of conviction based capital allocation.

We would like to give special thanks to the CPMT alumni who have volunteered their time and expertise to be a part of the CPMT's formal mentorship initiative. We are grateful for the opportunity to build individual relationships with our paired mentors and gain unique perspectives on fund management and investment decision-making, as well as career mentorship.

The CPMT would also like to thank all alumni who participated in the fall 2016 edition of the Speaker Series. Participating firms include BMO Capital Markets, CIBC World Markets, Scotiabank Global Banking & Markets, TD Securities, Barclays Capital, and J.P. Morgan. Also, we would like to thank Anil Tahiliani for his unique perspective on institutional investing. We look forward to continuing this initiative for the winter semester.

Involvement in the CPMT program continues to offer invaluable exposure in a challenging and scholastic environment, creating an unrivaled experience for students. We look forward to placing the lessons learned from our mentors and supporters into practice, and aim to pass the knowledge on to future members of the program in order to preserve the strategy and discipline of the fund for years to come. We are eager to find new ways to continually improve the program, and will strive to maintain our commitment to excellence.

Sincerely,

Babbal Brar, Fund Manager

Hashim Chawdhry, Fund Manager

Bryton Hewitt, Fund Manager

George Huang, Fund Manager

Daniel Morgan, Fund Manager

CPMT Class of 2017

CPMT CLASS OF 2017

BABBAL BRAR
Fund Manager
4th Year, Finance

Babbal Brar has been with the CPMT program since September 2015. In his second year with the program, he is looking forward to expanding his knowledge of investment management and capital markets. Babbal is thankful for the various networking and mentorship opportunities CPMT has provided. He is looking forward to joining the Bank of America Merrill Lynch team in Calgary as an Investment Banking Summer Analyst. Outside of academics, Babbal enjoys playing basketball and volunteering with various non-profit organizations.

HASHIM CHAWDHRY
Fund Manager
4th Year, Finance

Hashim has been in the CPMT program since March 2014. His experience includes internships at National Bank Financial and Paradigm Capital in equity research, where he gained experience analysing oil and gas producers and energy infrastructure companies. Upon graduation, Hashim will be joining J.P. Morgan as an Investment Banking Analyst. Outside of school, Hashim is an avid car enthusiast.

BRYTON HEWITT
Fund Manager
5th Year, Finance / Psychology

A fifth year Finance and Psychology double degree student, Bryton is passionate about the business world and the economy with which it interacts daily. He joined the CPMT in March 2015. Beyond his role in the program, Bryton is a two-time medalist at the Inter-Collegiate Business Competition (ICBC), and is the current VP Finance for PSYCHS, the University of Calgary's largest Arts faculty club. After one summer term working in internal strategy consulting and two summer terms working on the buy-side, Bryton is excited to begin his career in Toronto next autumn as a Rotational Equity Analyst with the Canada Pension Plan Investment Board. Outside of academics, Bryton has written for and acted in award winning short films.

GEORGE HUANG
Fund Manager
5th Year, Finance / Economics

George looks forward to applying what he has learned since joining the program in 2015, to support the incoming class of Research Associates and the continued development of the CPMT. His professional experience includes internships in asset management and electrical load and generation forecasting, as well a co-op term with Azimuth Capital Management. After graduation, George hopes to pursue a career in sell-side M&A, institutional equity research, or asset management. In addition to his role with the CPMT, George is also a varsity cross-country and track and field athlete with the University of Calgary Dinos.

CALEB KOSTYNIUK
Fund Analyst
4th Year, Finance

Caleb joined the CPMT program in November 2015 as a Fund Analyst. Caleb appreciates the many opportunities for learning and mentorship in the program, and is excited to gain valuable experience in portfolio management. Caleb was a member of the Rotman International Trading Competition Red Team in 2016, and is actively seeking career opportunities in capital markets. In addition to his interest in capital markets, Caleb is also involved in the fitness industry, serving as a writer for a personal training company based in London.

DANIEL MORGAN
Fund Manager
4th Year, Finance
Daniel has been part of the CPMT program since September 2014. He has held professional positions in equity research at CIBC World Markets, as well as business development at GNS3 Technologies Inc. Now in his final year of the Bachelor of the Commerce program, he is looking forward to the future, aspiring to build a career in equity research and investment management. In his leisure time, Daniel enjoys reading investment strategy books, examining Canadian politics, and keeping fit through cycling.

REBECCA WANG
Research Associate
4th Year, Finance
Rebecca joined the CPMT program as a Research Associate in March 2016. Her experience includes internships in the oil & gas sector and the Investments office of the UofC. Rebecca is currently working at Agrium as an Investor Relations Analyst (Co-op) and is a CFA Level II candidate. Rebecca will be joining TD Securities as an Investment Banking Analyst upon graduation. Recreationally, she enjoys playing volleyball, horseback riding, and golfing.

CPMT CLASS OF 2018

ABDULRAHMAN ALNOAIMI
Fund Analyst
4th Year, Chemical Engineering and Economics
Abdulrahman is entering his fourth year of a double degree in Economics and Chemical Engineering, with a Minor in Petroleum Engineering. He is currently completing a 16-month internship at NOVA Chemicals as a Process Engineering Intern, where he focuses on process modelling and data analytics. Abdulrahman looks forward to learning about financial markets, and will be writing the CFA Level I exam in June 2017. In his spare time, Abdulrahman enjoys coaching and mentoring robotics teams, as well as participating in various team competitions.

DANIEL CASSINO
Research Associate
3rd Year, Finance
Daniel joined the CPMT program in March 2016 as a Research Associate. He is looking forward to the next year in the program where he will learn more about value investing and portfolio management. He previously worked at the City of Calgary Assessment Business Unit, on residential and commercial property valuation, and is looking forward to joining J.P. Morgan as an Investment Banking Summer Analyst in May. In addition to his interest in working in capital markets, Daniel enjoys playing baseball and is an avid car enthusiast.

KRISTIN GORKOFF
Research Associate
3rd Year, Finance
Kristin joined the CPMT program in October 2016 as a Research Associate. Since joining the program, she has enjoyed working with the team, gaining hands on experience in portfolio management, and expanding her knowledge about the capital markets. She is currently on co-op with Credit Union Central Alberta in their 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 classical music, travelling, and learning other languages.

JENNIFER LABINE
Research Associate
4th Year, Finance / Economics
Jennifer LaBine is a fourth year student pursuing a double degree in Finance and Economics. Jennifer is in her first year with the CPMT, currently fulfilling a position as a Research Associate. She is keen to build upon her research and financial modelling skills, and to learn from the Fund Managers. She intends to pursue a career in investment banking, and plans to pursue the CFA designation. Jennifer has worked as glider pilot instructor with the Department of National Defence for the past two summers, and is an active member of the recreational aviation community. Jennifer works as a teaching assistant within the finance department, and is the Vice-President within Fuse Collective, a student organization for energy and sustainability. In her spare time, Jennifer enjoys yoga and reading.

DARREN LUOMA
Research Associate
3rd 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 program, he will improve his research skills and expand his knowledge of capital markets and portfolio management as far as possible. He is currently on a Co-op term at TransCanada as a financial analyst for the compensation department. He is a huge MotoGP fan, loves biking, skiing, rock climbing, and spending time with his wife and dog.

CHASE MACDOUGALL
Research Associate
4th Year, Finance

Chase MacDougall joined CPMT in October 2016 as a Research Associate. Chase is excited about improving his research and valuation skills, as well as conducting in-depth analysis of different industries, and gaining valuable experience in security selection and portfolio management. He is eager to join BMO Nesbitt Burns to fulfill a role as an Investment Banking Summer Analyst at the conclusion of the current academic year. Outside of CPMT, Chase was a member of the Haskayne Trading Team in 2016 that placed 3rd at the Rotman International Trading Competition, and will be competing again during 2017. In addition to his interest in financial markets, Chase enjoys participating in and spectating a variety of sports, including hockey, baseball, basketball, and squash.

KELSEY MILLS
Fund Analyst
3rd Year, Finance

Kelsey joined the CPMT program in October 2016 as a Fund Analyst. She is looking forward to working with the other members, contributing to the growth of the fund, and learning about portfolio analysis. Kelsey is pursuing a second bachelor's degree, having previously studied Economics and Sociology at the University of Alberta. She previously worked for a natural gas marketing company. In addition to her interest in capital markets, Kelsey enjoys hiking and volunteering in the community.

MAHAD NADEEM
Research Associate
4th 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. He accredits the CPMT program for helping him develop a tireless work ethic, attention to detail, and intellectual curiosity. He recently finished an internship with Azimuth Capital Management and prior to that, he interned 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.

ERICK NOH
Research Associate
3rd Year, Finance

Erick joined the CPMT program in March 2016 as a Research Associate. He is looking forward to working with his peers to further his knowledge of capital markets and portfolio management. In addition to this, Erick is excited to assist the fund managers grow and oversee the fund. For the upcoming summer, Erick will be joining Tudor, Pickering, Holt & Co. as an Investment Banking Summer Analyst. In addition to his interest in finance, Erick also enjoys going to the gym and playing hockey. He plans to pursue a career in investment banking as well as obtain his CFA designation.

DANIIL ZHIGATOV
Research Associate
4th Year, Finance / Economics

Daniil is a fourth year finance student and a Research Associate 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. In his spare time, he likes to learn about the history of finance and economics. He hopes to pursue a career in corporate development after completing his degree.

Macroeconomic Update

Over FQ3 2017, the S&P/TSX Composite Total Return Index (the "Index") returned 4.5%. The top performing sectors over the period were financials and energy, while the healthcare sector weighed heavily on the Index. Volatility in the Index was created by the combination of Valeant Pharmaceuticals (and the healthcare sector) losing more ground from mid-October to mid-November, followed by a modest rally in oil prices, boosting Canadian E&P companies.

Precious metals pulled back further this quarter, providing more tailwind for the CPMT's holdings, though near the end of December the U.S. dollar fell and gold began to rise. The Fund outperformed in 8 of the 11 listed sectors. Performance was led by our holdings in healthcare and materials, which outperformed the respective sectors by approximately 39.7% and 5.9%. The worst performing holdings in the Fund's portfolio were industrials, which underperformed the overall sector by 2.5%.

Prime Minister Justin Trudeau approved two significant pipeline projects, which had a positive impact on oil and gas producers in Alberta. This optimism was tempered by announcements of carbon tax plans effective early 2017, these levies are viewed by many as the price to get key energy infrastructure projects approved. Also in the political arena, the election of U.S. President Donald Trump and his voiced support for protectionist policies has caused uncertainty in the world of trade. Trump is vocally protectionist, and has indicated potentially cutting trade ties with China and Mexico. This could make Canada a more favorable international partner for many countries, but U.S. policy decisions will still disproportionately impact Canada, as they are currently Canada's largest trading partner. Whether protectionist policies are actually implemented remains to be seen. Trump has voiced support for the oil and gas industry, which ultimately may aid in the approval of cross-border energy infrastructure projects.

On December 14, the U.S. Federal Reserve ("Fed") voted in favour of raising interest rates, increasing the target range 25 basis points to 0.50% - 0.75%. This was the first rate hike in a year, and has been followed up with confirmation that based on the current economic environment, the Fed intends to increase the rate target to approximately 3.0% within the next two years. All else equal, rising interest rates in the U.S. will hurt the CAD/USD exchange rate as the U.S. dollar appreciates. This is positive for all Canadian exporters to the U.S., whose revenues are denominated in USD. Meanwhile, the Bank of Canada ("BoC") maintained the overnight rate target at 0.5%, citing uncertainty regarding lower than anticipated inflation, excess capacity in the economy, and foreign policy, particularly arising from the U.S. The BoC forecasts full capacity by the middle of 2018 based on real GDP growth of 2.1% through the end of 2018. Based on this information, it is reasonable to expect there will likely not be a rate hike in the near to medium term.

The political landscape and interest rate policy in the U.S. may lead to a cooling equity market across the border. Companies with higher international exposure outside of North America may begin to outperform those with heavy domestic exposure. Because of the significance that foreign policy can have on the Canadian economy, the Fund will continue to vigilantly monitor foreign policy decisions in the U.S. and use the insight to add value to the Fund's bottom-up approach to security selection.

Quarterly Sector Updates

CONSUMER DISCRETIONARY

Consumer discretionary stocks had relatively flat performance over the quarter, gaining 1.5% on a total return basis. This mirrors income levels, which experienced no change in average weekly earnings of Canadians over the one-year period ended October 2016. Spending, however, has increased. Comparing October 2016 against 2015, electronics and appliance stores saw a 4% increase in sales, while food and beverage purveyors experienced a 3.1% increase.

In relation to Magna (TSX: MG), one of our discretionary holdings, sales of motor vehicles and automotive parts grew by 3.2% during the year ending October 2016. Magna shares returned 3.5% over the quarter, but the company overall is an underperforming holding that has lost 12% since it was initially purchased by the fund in April 2015. Magna has worked hard to secure new contracts in innovative segments of the auto industry, including announcing a partnership dedicated to autonomous driving systems on December 20, 2016, and winning the bid to build the 2018-ready Land Rover I-Pace, the company's first ever electric vehicle.

However, Magna must compete against the "peak auto" argument to remain a strong investment and must earn cash flows to improve its valuation. To this end, the CPMT recently built an all-new comprehensive model of the company and valued the business at just $63 per share based on this method. After combining this intrinsic valuation with a relative valuation that showed that Magna as over-valued compared to its competitors, the CPMT has elected to trim Magna from the portfolio. In saying this, however, the business model is sound and if the stock trades down back into a range that would provide reasonable upside, we would happily re-invest at a lower average dollar price. After this divestiture, the only consumer discretionary stock the CPMT holds is Goeasy (TSX: GSY). GSY gave up 2.8% over the quarter, but this was after earning a 35% appreciation over the prior quarter. The CPMT will continue to monitor GSY and its recent strategic shift toward protecting earnings stability through offering loan insurance to its customers.

CONSUMER STAPLES

Stocks in the consumer staples sector typically provide protection from market risk due to the consistent demand for such products. As a result, companies in the sector generally experience stable cash flows. This statement, however, did not hold true this quarter, with the S&P/TSX Consumer Staples Index losing 1.5% over the quarter compared to a 4.5% return of the overall S&P/TSX Total Return Index. At a macro-level, Canada's unemployment rate dropped to 6.8% in November from 7.2% at the start of the year, but this positive economic note was outpaced by a widening trade deficit from $1.0Bn at the start of 2016 to $1.1Bn by the end of FQ3 2017.

Saputo (TSX: SAP) proved to be a winning holding for the CPMT, as it outperformed the consumer staples sector by appreciating 4.1% over the quarter. Saputo aided this per-share return by repurchasing 6.5mm common shares from Jolina Capital, a holding company controlled by Lino Saputo. One day after this initial announcement, Saputo announced further plans to acquire 1mm additional shares through private placement. This not only reduced the share count of which to attribute corporate earnings and cash flow, but also signaled to investors that Saputo is confident in its financial position and believes its equity is undervalued.

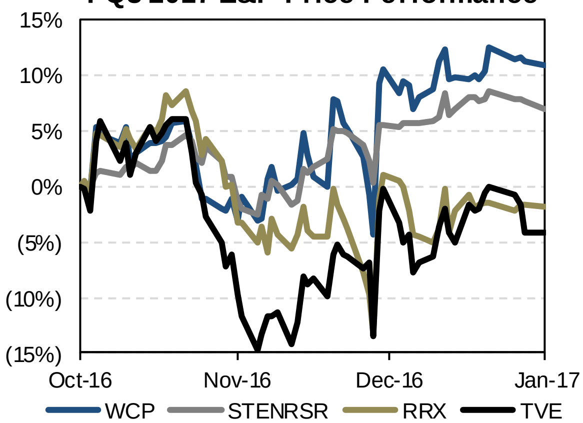
However, it was not all-good news for Saputo. During the quarter in the middle of December, the company reported a fatality on one of its Canadian production lines. Roughly, a week later, Saputo announced that its CFO, Louis-Philippe Carriere, will retire this upcoming August, representing the loss of a 30-year Saputo member and core management member. He will however, remain a senior advisor to the company and the company's EVP of Finance and Administration; a 20-year Saputo executive will be the successor.

ENERGY

Crude Oil

The S&P/TSX Composite Energy Total Return Index returned 6.99% over FQ3 2017. As with the previous quarter, WTI prices remained relatively stable, fluctuating within a range of USD $40 and $55, and closing the quarter near $54. A number of events occurred during the quarter that are or will likely prove to be beneficial for Canadian producers moving forward. Included in these events are the approval of Kinder Morgan's Trans Mountain Pipeline, an OPEC agreement to cut 1.8mmbbls/d of production with non-OPEC nations for six months starting January 2017, and a Trump presidency, which can be seen as positive sign for the energy sector. Within the portfolio, Enbridge's Line 3 replacement was approved, while there was mixed performance in the CPMT's holdings, with returns varying from (2.6%) to 21.2%; performance of the holdings has been graphed against the index for both E&P and senior holdings.

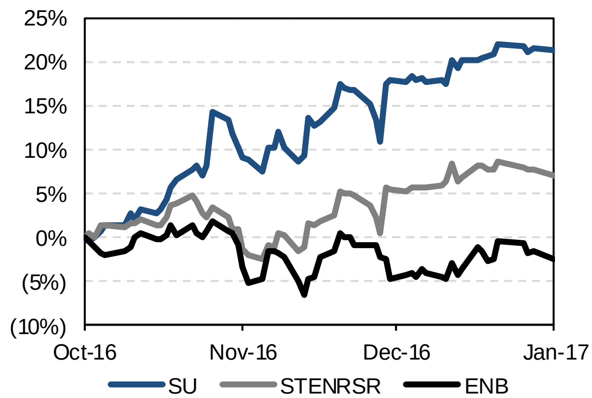
FQ3 2017 E&P Price Performance



The twinning of the Kinder Morgan Trans Mountain Pipeline would increase the capacity of the system to 890,000bbls from the current 300,000bbls. Added takeaway capacity could be positive for the differential of Canadian crude to WTI. Under ideal circumstances, the construction of the pipeline would start September of 2017, with operations beginning in December 2019. While the project is approved, it is also subject to 157 conditions. Additionally, there are several outstanding lawsuits currently against the Trans Mountain project and/or the Government of Canada and National Energy Board, which could potentially delay or prevent the project's construction.

In addition to the Trans Mountain Pipeline, the Enbridge Line 3 liquids pipeline replacement was also approved. Line 3 runs from Edmonton, Alberta to Superior, Wisconsin, and currently has capacity of 390,000bpd. The original capacity of the system was 760,000bpd, but was reduced over safety concerns. The replacement of the system will return capacity to its original amount. While the project has received approval in Canada, the section to be constructed in the United States does not has the necessary approval. The construction of the new pipeline is subject to 37 conditions, and under ideal circumstances, is estimated to be operational by 2019.

FQ3 2017 Senior Energy Price Performance

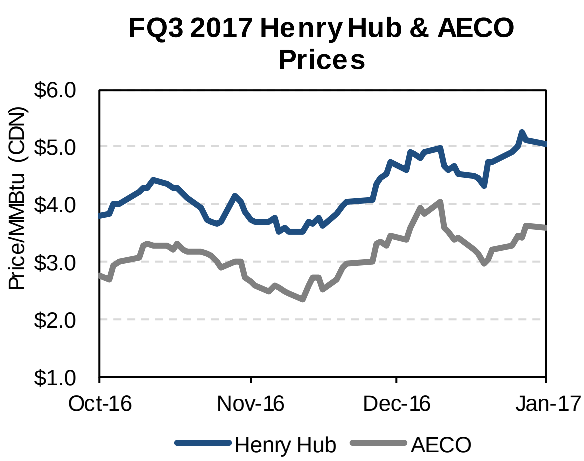


The OPEC agreement, announced on November 20, 2016, will reduce daily OPEC output by ~1.2mmbbls for six months between January and June 2017. Saudi Arabia will be leading the cuts with approximately 500,000bbls, while Iran, Libya, and Nigeria will not be subject to cuts. Increased production from Iran will offset the effects of the agreement. The deal also involves non-OPEC daily production cuts of 600,000bbls, of which Russia is expected to contribute 300,000bbls. Given that participating OPEC members abide by the deal, as well as non-OPEC nations, the cut in production should result in near to medium term support for oil prices. Despite this, non-participating countries, including the U.S., may increase production during the next six months, which could keep a cap on oil prices. Additionally, a substantial increase in the next six months absent of increased demand could result in significant oversupply as production from participating members in the deal comes back online. Monitoring the situation is essential, as if countries fail to abide by the deal, it could fall apart altogether, resulting in a significant downward shock to world crude prices.

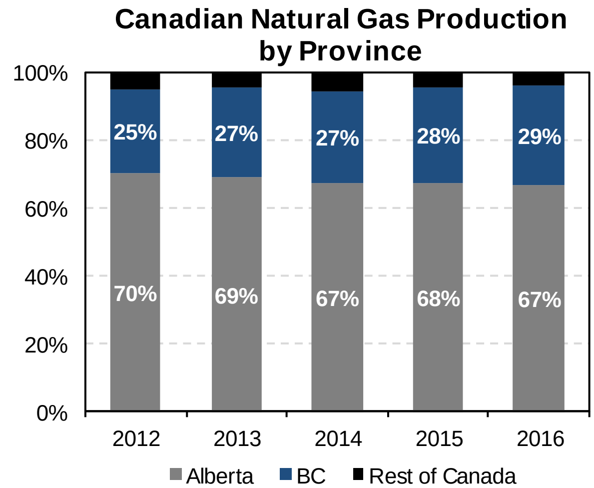
In the United States, the election of President Donald Trump is viewed as a positive sign for cross-border energy infrastructure projects. Trump nominated Exxon Mobil CEO Rex Tillerson for Secretary of State, while also nominating former Governor of Texas Rick Perry for Energy Secretary. Perry currently serves as a director for Energy Transfer Partners, a natural gas and propane company who is constructing the Dakota Access Pipeline. President Obama vetoed TransCanada's Keystone XL Pipeline in 2015, but Trump has voiced support for the project. The pipeline has the potential for approval with increased government support under a Trump presidency. This project would have an initial capacity of 700,000bbls/d, increasing takeaway capacity from Alberta. Energy projects, such as this one, should be viewed with cautious optimism, as there are strong headwinds resulting from environmental concerns, which manifest themselves in protests and lawsuits.

Natural Gas

Henry Hub prices appreciated 28% by quarter end, while the AECO differential to Henry Hub remained constant, averaging ($1.13)/mmbtu, as seen in the graph below.

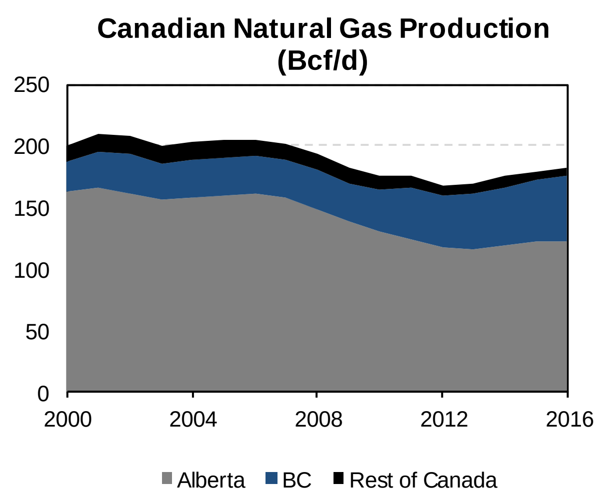


One trend in Canadian natural gas production that has continued for years has been the growing share of natural gas produced in British Columbia. While data is still being collected by the National Energy Board, projections show BC continuing to add production at a pace faster than Alberta.



Source: National Energy Board

With the exception of 2015, BC has now added more daily production of marketable natural gas than Alberta every year since 2010. From 2000 to the end of 2016, BC has more than doubled the share of Canadian natural gas it produces from 12% to 29%, while Alberta's share has shrunk over the same period from 81% to 67%. This is attributable to the increased efficiency of non-conventional drilling techniques employed to bring on production in the Montney. As has been stressed by many, with the increased expansion of natural gas production in not only Canada, but also the United States, energy infrastructure

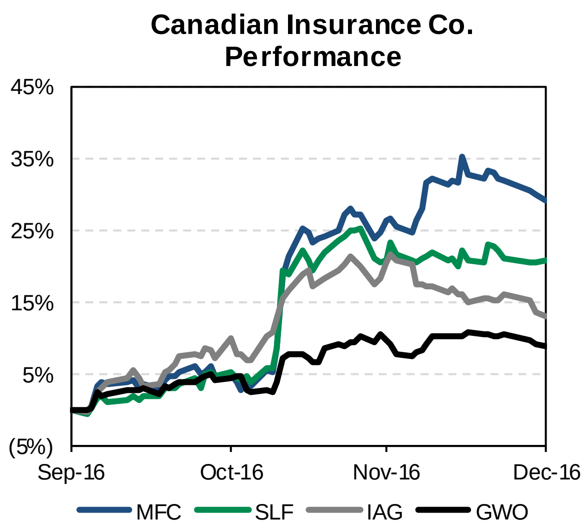


Source: National Energy Board

projects that will allow Canada access to overseas markets through LNG become increasingly important to the profitability of dry gas producers. Increased production with a lack of infrastructure to export natural gas will likely have a negative effect on the differential of AECO to Henry Hub.

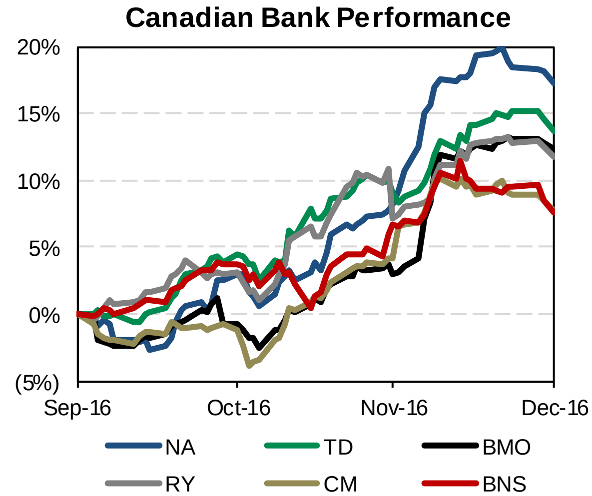
FINANCIALS

The S&P/TSX Financials Total Return Index advanced 11.5% over FQ3 2017, representing the largest quarter-over-quarter gain since 2009. Almost all constituents in the Index moved higher, with banks and insurers contributing most of the gains for the group. Funds flowed into financial services companies in the U.S. and Canada after the election of Donald Trump as President.

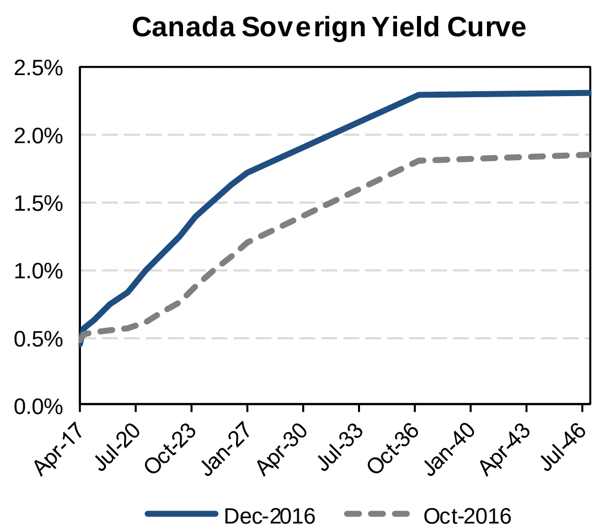


The President is expected to remove or change a number of major regulations, which govern various abilities of U.S. banks. This may include the dismantling of Dodd-Frank, which are the laws introduced following the financial crisis to prevent a similar meltdown. Though the risk of banks, as regulators measure it, has dropped since Dodd-Frank's introduction in 2010, the profitability of banks and insurers contracted accordingly. Canadian banks with branches or banking arms in the U.S., such as Toronto Dominion (TSX: TD), could benefit from any changes in these regulations.

In addition to regulatory changes, investors in the U.S. are expecting rate hikes multiple times over the next two years. According to Bloomberg data,



Canada is far less probable than the U.S. to raise its interest rates, although as implied by the yield curve below, rates are expected to rise within the next few years. However, an acceleration of GDP growth in the U.S. coupled with a low unemployment rate could provide the Canadian economy a tailwind. If the U.S. Federal Reserve raises its rates and Canadian inflation responds in kind over the medium-term, the Bank of Canada will certainly have an impetus to move its rates higher.



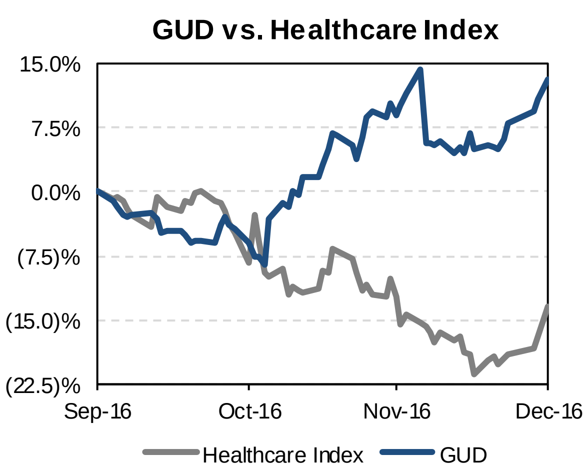
Insurance companies, such as Manulife (TSX: MFC), stand to benefit greatly from this type of environment. As rates rise, its reinvestment risk turns positive; cash flows will be invested at gradually higher rates of return, and the company will see increasing profits. Thus, the outlook for insurers has improved greatly after several months of relatively stagnant performance.

HEALTHCARE

Over FQ3 2017 the S&P/TSX Healthcare Total Return Index fell 28.6%.

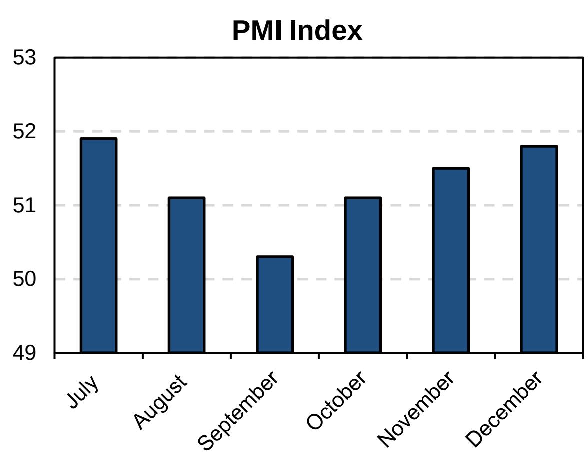
On the macroeconomic front, Healthcare Minister Jane Philpott and the Federal Government met to discuss the new healthcare accord in regards to Canada's Health Transfer (CHT) in mid-December. The Federal Government offered a health transfer of $11.5Bn to the provinces to increase spending on home care and mental health. The deal did not close, however, as the provinces referred to the new offer as "ridiculous." Philpott said that the provinces are not being efficient with the funding they are receiving, as few meaningful improvements to the healthcare system have been seen in recent times, and more specifically, wait times have not decreased. This is causing the federal government to be hesitant in increasing health transfers to the provinces, and Finance Minister Bill Morneau has said that the health transfer spending increase will revert to a 3% annual increase as of April 1, 2017.

The CPMT's lone healthcare holding, Knight Therapeutics (TSX: GUD), outperformed the Healthcare Index by 42%. Knight experienced mild volatility in the latter half of the quarter which can be attributed to the $100mm bought deal that was announced on December 6th. This causing the share price to fall ~8%. Knight reported Q3 earnings in November that were in line with both the CPMT and street expectations. It obtained the Canadian and Israeli rights to Movantik, a drug to treat opioid-induced constipation, which will add an expected $3-5mm in revenue. Management is continually assessing new products to add to the diverse product mix. The CPMT expects management to continue to pursue accretive acquisitions to expand its product portfolio.



INDUSTRIALS

The S&P/TSX Industrials Total Return Index returned 4.8% over the past quarter. This surge in the index over the past quarter can be attributed to an ongoing trend in the Canadian industrials sector, which is characterized by an increased aggregate demand due to increased infrastructure spending by the Canadian government. The election of U.S. President Donald Trump opens up another stream of infrastructure spending outside of Canada which also contributed via speculative capital inflows. U.S. President Donald Trump clearly stated on the campaign trail that he intends upon approving infrastructure spending proposals worth approximately $1 trillion over the next ten years. President Trump's platform also calls for the renegotiation of NAFTA and other trade deals as he intends upon reducing the trade deficit of US with China and Mexico. It is important to note that since the U.S. already enjoys a positive trade balance with Canada, the effect of tighter trade regulations will potentially not have a detrimental effect on Canadian exporters.

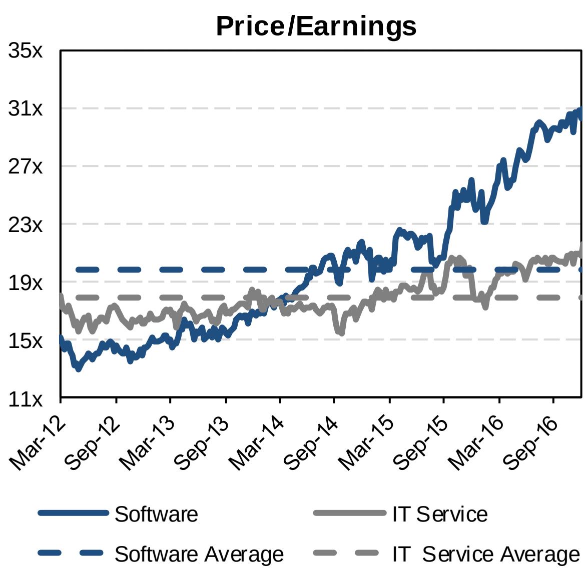


The CPMT portfolio companies Macdonald Dettwiler & Associates Ltd (TSX: MDA) stands to potentially benefit from increased demand from the United States, thus providing CPMT with exposure to this paradigm shift in the U.S. economy. Domestically, the Canadian manufacturing sector also showed signs of recovery from the large decline in manufacturing output in October 2016 as orders for new work rose to the highest level in the past two years in particular the automobile sector. This was also reflected in the Purchasing Managers Index (PMI), which gauges the economic health of the manufacturing sector. The PMI Index surged throughout the quarter, rising from the near contractionary number of 50.3 in September to a robust five month high of 51.8 in December 2016.

INFORMATION TECHNOLOGY

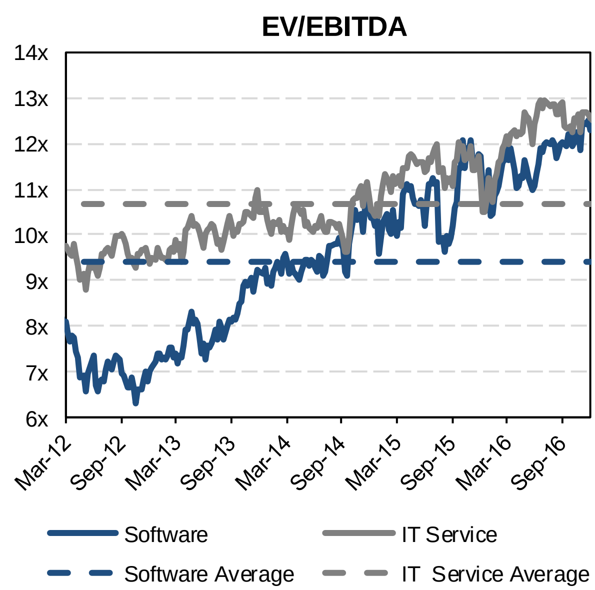
The S&P/TSX IT Total Return Index was static over the FQ3 2017 as Canada's large-cap tech companies held steady. The Index's U.S. counterpart was similarly stagnant as funds flowed to other sectors following the U.S. Presidential Election in November.

Valuations of software companies have continued to move further from its 10-year average, touching ~33x earnings as margins have scaled back and top line growth flattened over the past year for the Index's basket of companies.



U.S. President Donald Trump's meeting with the nation's largest tech companies has lifted optimism for improved profitability for IT companies, as he proposed lower corporate tax rates and the potential for a repatriation holiday. This may have implications for Canadian IT firms which compete for business in the States. Lower taxes in the U.S. provides options for tech firms in the country to buyback shares, increase dividends, or bolster R&D spending with the excess retained earnings. The latter of the options should, in theory, allow U.S. firms to accelerate the pace of innovation to create new products and services for both business and consumer clientele, which is highly likely to spill over into the Canadian market. While it is near-impossible to understand the exact impact on Canadian firms, we anticipate Canada's ability to produce competitive IT hardware on a mid-to-large scale to weaken.

Blackberry's decision to exit production of handsets, opting to allow select manufacturers to use its brand instead in its transition to focus on providing security software, epitomizes the thesis that Canada's IT landscape will be characterised by software and consulting services. We are of the view that firms with technical expertise and strong client relationships will be able to profitably navigate this highly-competitive landscape on a global scale.

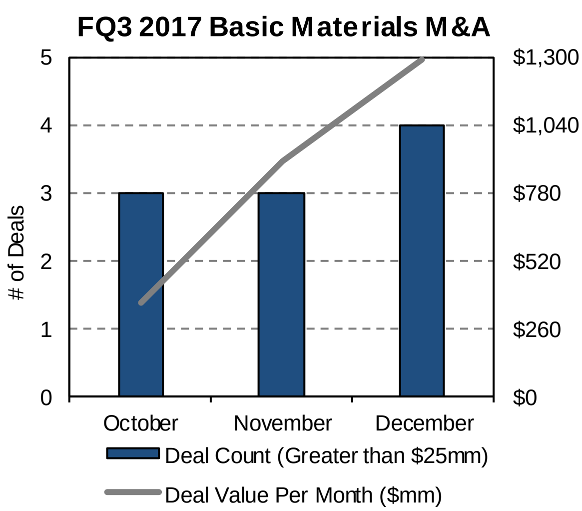


MATERIALS

The S&P/TSX Materials Total Return Index was down 6.2% over FQ3 2017.

This was primarily attributable to a slide in gold prices of 12.4% over the quarter. U.S. President Donald Trump's business-friendly policies were catalysts for U.S. equity bulls in FQ3 2017, which in turn contributed to the depreciation in gold prices. Another reason gold prices declined over the quarter was the Federal Reserve's decision to hike rates in December, moving the target rate up 25 basis points.

The current strength of iron ore has continued, with the price nearly doubling over the last year from ~$40/tonne in January of 2016 to $79.95/tonne at the end of December. Over the last quarter alone, the price of iron ore appreciated 40.8%. Significant infrastructure spending and a stronger construction market in China were the primary drivers of this increase. Despite the rally, current sentiment on the street is that these prices are “unsustainable”, and a fall in prices is expected. However, a development in the sector that could help to support current price levels lies in the hands of the Chinese government if they decide to go through with their plans to spend 800bn yuan on the Chinese rail network in 2017, thereby boosting demand for the commodity.



Source: Bloomberg

M&A activity in the Canadian basic materials space rebounded in FQ3 2017 after a slow FQ2 2017 with only 4 deals amounting to a mere ~$277mm in total deal value. FQ3 2017 saw 10 deals announced worth a total of ~$2,555mm. CPMT holding CCL Industries (TSX: CCL.B) also announced its $1.13B acquisition of Innovia, a leading global producer of polypropylene films. The films are used for labels, packaging, and security applications.

The acquisition of Innovia is estimated to add $570mm in incremental revenues and approximately $155mm in EBITDA. It will be financed by a two-year term loan of $450mm and CCL.B's existing credit facilities. According to CPMT estimates, this acquisition is 19.3% accretive on EBITDA and the pro-forma 2017E EV/EBITDA is 11.3x.

CCL.B continues to impress investors through growing inorganically, maintaining market share, and integrating past acquisitions. This expansion into a more technological driven space is a good move for CCL.B as the higher growth projects will provide more of an edge that will complement its core businesses.

On the other hand, CPMT holding Stella-Jones Inc. (TSX: SJ) underperformed in FQ3 2017, falling 4.2%. SJ’s Q3 2016 management guidance expected lower demand for railway ties for the rest of 2016. SJ recently released preliminary Q4 2016 results, confirming management’s Q3 expectations of lower demand for railway ties. As a result, expected unaudited sales and operating income for SJ in Q4 2016 are lower YoY.

REAL ESTATE

The real estate sector is the most recent addition to the Global Industry Classification Standards (GICS), contributing ~3% of the S&P 500’s total market capitalization. Separating real estate from the financials sector may cause the correlation between banks and REITs to decline for a number of reasons. One such reason relates to the fact that real estate equities represented only a small proportion of the prior financials sector’s market capitalization, meaning that many investors likely did not follow REITs as stand-alone investments, but rather invested in them as a proxy for banks and other such institutions within the former financials sector. Further, financials sector-specific ETFs will no longer contain real estate stocks, which will likely result in financials and REITs being purchased in conjunction less frequently under the new classification.

This hypothesis can be proven empirically: from January 2012 through August 31, 2016 (the day that the real estate sector was separated from financials), the correlation between the daily percentage changes of the iShares S&P/TSX Capped REIT Index (XRE) and the iShares S&P/TSX Capped Financials Index (XFN) was 39.4%. From August 31, 2016 to the end of FQ3

2017 (December 31, 2016), the correlation was a modest 13.2%. For this reason, along with the CPMT's charter mandate, which requires fiduciary care be taken for all investments, we have initiated specific coverage of the sector.

Over FQ3 2017, the Real Estate Index was essentially stagnant, returning a slim 0.3% to investors. Although not an overly bullish return in itself, the Canadian real estate sector did outperform compared to the U.S. real estate sector by 453 bps on a total return basis. Contributing to this is the dovish tone that the Bank of Canada has adopted regarding its interest rate outlook compared to the relatively hawkish outlook the U.S. Federal Reserve has regarding increasing rates. In general, REITs underperform in a rising-rate environment and much of a REIT's valuation is based on dividends, which would represent an increasingly smaller spread above the risk-free rate when rates grow. Therefore, Canadian REITs offer a unique global proposition: stability similar to U.S. REITs but without the downward drag of rising interest rates.

Within Canada, real estate values have suppressed running room for the real estate sector's equities. Specifically, Canadian housing prices grew by 11.4% over 2016 – the largest growth rate of the decade. Vancouver and Toronto continued to approach overvalued levels, growing by 25.8% and 14.6% respectively. These inflated market values decrease the potential capitalization rates that REITs with properties in the area can achieve. Adding instability to the market, Calgary and Edmonton values dropped by 4.5% and 0.3% respectively due to commodity price concerns. Taken together, the Canadian real estate market has outperformed the U.S. market, but concerns of both inflated pricing and commodity risk may suppress the long-term growth outlook.

TELECOMMUNICATIONS

The S&P/TSX Telecommunication Services Total Return Index fell 2.8% over FQ3 2017.

CPMT holding, Telus (TSX: T), outperformed the telecom sector this quarter by 1.7%. It continues to invest in wireless networks, being the first Canadian company to make progress on creating a viable heterogeneous network or "HetNet" with the help of its strategic partner Huawei, a Chinese telecommunications and ICT supplier. HetNet allows multiple layers of cells placed in outdoor and indoor areas, which are then able to enhance coverage and transfer information at a much faster rate. This is due to the minimal loss of network speed when the signal transitions from outside to inside areas. This is especially useful in high-density urban areas. This innovation is in advance of an expected growth into a market of driverless cars, smart cities, businesses, and homes, which would place Telus in a superior position over competing Canadian telecom companies.

Rogers Communications Inc. (TSX: RCI.B) share price fell 6.95% this quarter, which was attributed to multiple factors. Firstly, Joseph Natale (who recently was Telus' CEO) would replace Rogers relatively new CEO, Guy Laurence. During the same period, Rogers incurred a $140 million write-down as a result of shutting down Shomi, its video streaming service joint venture with Shaw Communications Inc. (TSX: SJR.B). Lastly, Rogers secured a long-term partnership with Comcast, in order to offer Internet Protocol Television (IPTV) to its customers. Unfortunately, it will have to write down $475-$525mm in pre-tax assets on the investment that it had previously spent on the development of its own IPTV product. The move towards IPTV by Rogers demonstrates a general push away from traditional television sources towards an internet-based stream of information.

As a whole, we expect the telecom sector to respond to the trend of consumers switching to more flexible entertainment services such as Netflix and Amazon Prime Video. This will place pressure on cable and satellite providers, in addition to less popular streaming networks such as Bell's Crave TV service. We expect wireless services to continue to be the primary source of growth for the industry. However, as a stable dividend-paying sector, it could come under pressure in the near term if central banks decide to raise interest rates further, prompting investors to shift funds towards lower-risk bonds.

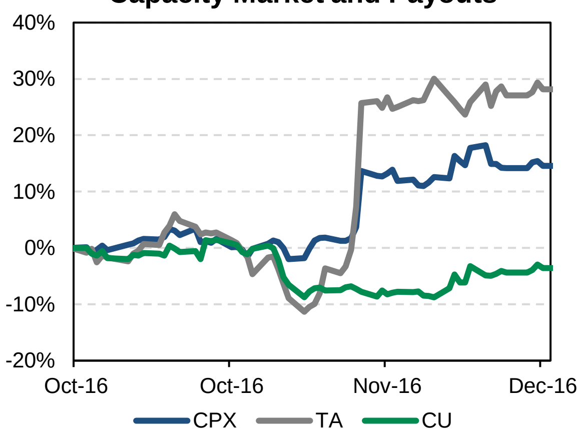
UTILITIES

The S&P/TSX Utilities Total Return Index fell 0.4% over FQ3 2017.

Although the return on the Index was flat over the quarter, there were significant developments in Alberta's energy market. On November 3, 2016, the Government of Alberta announced its endorsement of the Alberta Electric System Operator's (AESO) recommendation for the Renewable Electricity Program. This would be a structure under which Albertans would pay a 'Support Payment' similar to the 'Global Adjustment' paid in Ontario. The objective being to keep the energy providers whole for the increased cost of providing renewable energy.

On the heels of this, the Balancing Pool, an agency of the Alberta provincial government, has announced a negative consumer allocation for the first time since 2006. This means that $65mm was collected by the Balancing Pool from electricity consumers, representing $1.10/MWH. On November 23, 2016, the Government of Alberta announced it would follow the AESO's recommendations and switch to a capacity market structure in 2021. Alberta currently operates an energy-only market structure relying strictly on supply and demand to drive capacity, prices, and investment. As part of the transition to the capacity market structure (as well as to compensate for the coal-fired power plant transition and avoid litigation), the government awarded $1.36bn in $97mm installments until 2030 to select utility operators. The market reacted very positively.

Government Announces Capacity Market and Payouts



The CPMT does not have any current exposure to the utilities sector. Given the news of the switch to a capacity market structure, this zero position is being reconsidered. The new market structure will increase stability of prices, provide certainty for generators, and undoubtedly increase bottom lines. Investment opportunities present themselves in environments with increased financial certainty and therefore these potential opportunities are being fully explored.

Aritzia Inc

Consumer, Cyclical
TSX: ATZ
Buy Recommendation

January 31, 2017

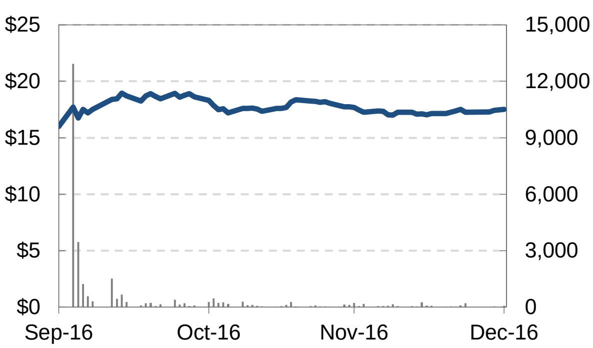
Babbal Brar, Fund Manager
Chase MacDougall, Research Associate
Erick Noh, Research Associate

Return on Investment	
Current Share Price	$16.65
Target Price	$21
Holding Period Return	26%
Conviction Rating	2

Market Profile	
52-Week Range	$16.50 - $19.44
Shares Outstanding (mm)	105
Average 30-Day Vol (000s)	321
Market Capitalization (mm)	$1,756
Net Debt (mm)	$74
Enterprise Value (mm)	$1,830
Beta (Estimate)	0.94

Metrics	2017E	2018E	2019E
Revenue (mm)	$630	$733	$848
EBITDA (mm)	$100	$120	$143
EBITDA Margin	15.9%	16.4%	16.8%
EPS	$0.43	$0.54	$0.66
EV/EBITDA	18.2x	15.2x	12.8x
P/E	39.0x	30.9x	25.1x

Historical Trading Performance



Source: CPMT Estimates, Bloomberg

Business Description

Aritzia (TSX: ATZ) is a fashion retailer of women's apparel with 10 exclusive in-house brands, founded by CEO Brian Hill in 1984. The company markets a broad range of fashion apparel and accessories towards women aged 15-45. The company operates over 57 stores in Canada and 18 stores in the United States, averaging approximately 5,000 square feet per store. The company's products are sold exclusively through its network of retail stores and eCommerce platform, aritzia.com. For the fiscal year 2016 the company reported sales over $542mm.

Industry Overview

ATZ operates in the North American women's apparel industry, filling the gap between cheap and luxury brands. ATZ has stated it has been "embraced" by the millennial generation and will continue to try and appeal to this market by keeping customers loyal. As more of the millennial generation gain disposable income, this is a positive for Aritzia. In 2015 there were 9.8mm Canadian millennials (RBC Millennials Report) and 75.4mm American millennials (marketingcharts.com). The North American women's apparel industry has an annual demand of around USD $146B. This is poised to grow to $165B USD in by 2020 (Euromonitor International). Another positive that stems from the North American fashion industry is that this industry is currently fragmented and the top 10 competitors in North America only make up 24.6% of market share (Euromonitor International). This allows Aritzia the potential to grow inorganically within this industry.

Corporate Governance

Brian Hill is the Founder, CEO and Chairman of the Board. Mr. Hill has led the company since it's inception in 1984, growing the business to 75 retail locations and over $542mm in sales. The executive compensation is split into three criteria which include base salary, cash bonus, and stock options. Currently all executive base salaries are below $500,000, with Brian Hill earning ~$390,000. The cash bonus is based off of adjusted EBITDA targets and can range from 80-120% of the base salary. The "adjusted" line items have to be approved by the nominating and compensation committee. For fiscal year 2017 CEO compensation is estimated to be comprised of ~91% option based awards, ~7% base salary, and ~2% from cash bonus. Director compensation is ~$135,000, which is split between 37% cash and 63% DSUs. The Hill Shareholders which includes CEO Brian Hill, employees of Aritzia Inc. and the Hill family members intend to maintain a 20% to 25% long-term equity ownership of issued and outstanding shares.

Investment Thesis

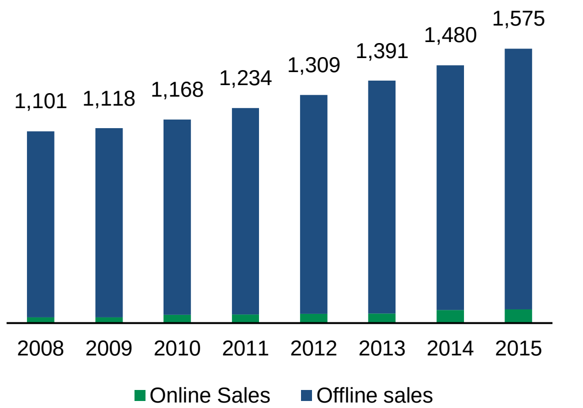
The CPMT investment thesis for Aritzia Inc. is based upon four factors:

Market Positioning: The design in-house strategy helps Aritzia stay on top of emerging trends and tastes within the fashion industry. The strategy effectively focuses on providing quality products through its exclusive brands at affordable prices. This helps differentiate Aritzia from peers like Zara and H&M.

Operational Flexibility: The company has a network of over 50 manufacturers with top 10 representing ~61% of total manufacturing. The flexibility amongst manufacturers gives Aritzia the ability to keep costs and supplier power to a minimum.

Multiple Growth Platforms: In addition to growing its store network and creating brand equity through effective marketing, Aritzia is able to penetrate the growing online shopping market through its defined focus on developing a robust eCommerce platform, Aritzia.com also opens the door for international expansion for the company.

Exhibit I. Global Apparel Industry Sales (USD$ billions)

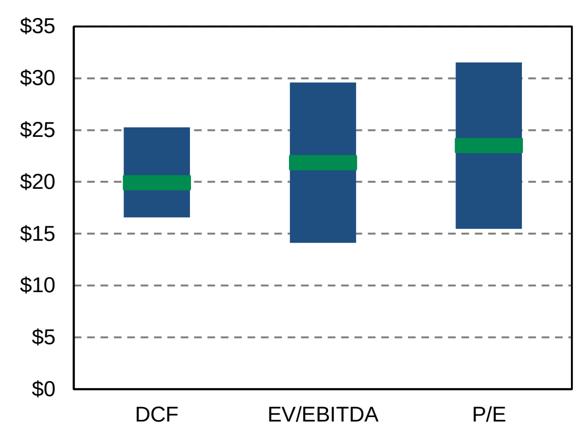


Source: Euromonitor International

Exhibit II. Gordon Growth Valuation

UFCF ($mm)	$362,714
Year 5 UFCF	$118,563
WACC %	*7.25%*
Growth Rate %	*3.00%*
PV of Terminal Value:	$1,831,850
Sum of PV UFCF	$2,194,564
Less: Net Debt	$74,330
Equity Value	$2,120,234
Fully Diluted Shares Outstanding (000'S)	105,454
Implied Price	**$20.11**

Exhibit III. Base Case Valuation



Real Estate: The company's real estate portfolio is far superior to its competitors. Aritzia is able to generate higher revenue per square foot than comparable apparel retailers by following a disciplined real estate selection process.

Catalysts

Another trend that has been prominent in the last few years is the rise of e-commerce and “Bricks and Clicks” companies. The e-commerce apparel industry has grown by 13% annually from 2008 to 2015 (Euromonitor International, Exhibit I). In addition, it is estimated to grow at 12.6% from 2016-2020 (Euromonitor International).

Valuation

The CPMT used a three statement financial model to analyze the company using annual projections through FY 2022E. Topline sales forecast is a key valuation driver. We estimated the implied value of the company using three case scenarios, the bear, base, and bull case (Exhibit V). In our base case we assumed the lower end of management guidance until 2021E. We have net revenues of ~$1.1 billion, earnings of ~$102 million and new store openings of 25 stores over the five year projection period. We also slowly declined the COGS margin from 62% to 60% over the projection period to capture economies of scale. Furthermore, revenue drivers were projected at sales per square foot growth of 8% and first year new stores at a flat rate of $1000 per square foot, which is in line with management expectations. Combining projected annual cash flows along with an assumed 3.0% terminal growth rate produced a DCF valuation of $22.08/share (Exhibit II).This was combined with a 50/25/25 split of 2019E price to earnings exit multiple of 25x and a 12.5x EV/EBITDA exit multiple based on 2018E metrics using four peers; L Brands Inc., Lululemon Athletica Inc., Tedbaker Plc., and H&M (Exhibit IV). Our combined valuation yeilded a target price of $21 implying a 25% return to current price.

Key Risks

Aritzia is exposed to several risks which include loss of brand integrity, unexpected shift in consumer trends, economic conditions, and USD/CAD foreign exchange, loss of key management, retail talent acquisition, and inadequate real estate availability. We believe that the following risks have the following impact for their given probability (Exhibit VI):

Brand Image: Public perception of a brand is key to success in the fashion industry. Thus, any negative publicity towards the brand could have a detrimental effect on the financial performance of the company. Aritzia tries to mitigate this risk by actively trying to engage their customers through social media platforms like Facebook, Snapchat, and Instagram. This helps stay on top of serious shifts in public perception of the brand.

Economic Conditions: Aritzia's ability to grow is highly correlated with current economic welfare. Economic downturns can have a severe negative impact upon the sales Aritzia is able to generate. This is due to the fact that consumers have less available disposable income during downturns.

Foreign Exchange: Aritzia's costs are denominated mainly in US dollars while a vast majority of their revenue is generated in Canadian dollars. A rise is USD/CAD exchange rates will increase COGS for Aritzia, which in turn will decrease profitability of the firm. The impact of the foreign exchange risk will decrease over time as the company grows in the U.S., generating a higher percentage of their revenues in U.S. dollars.

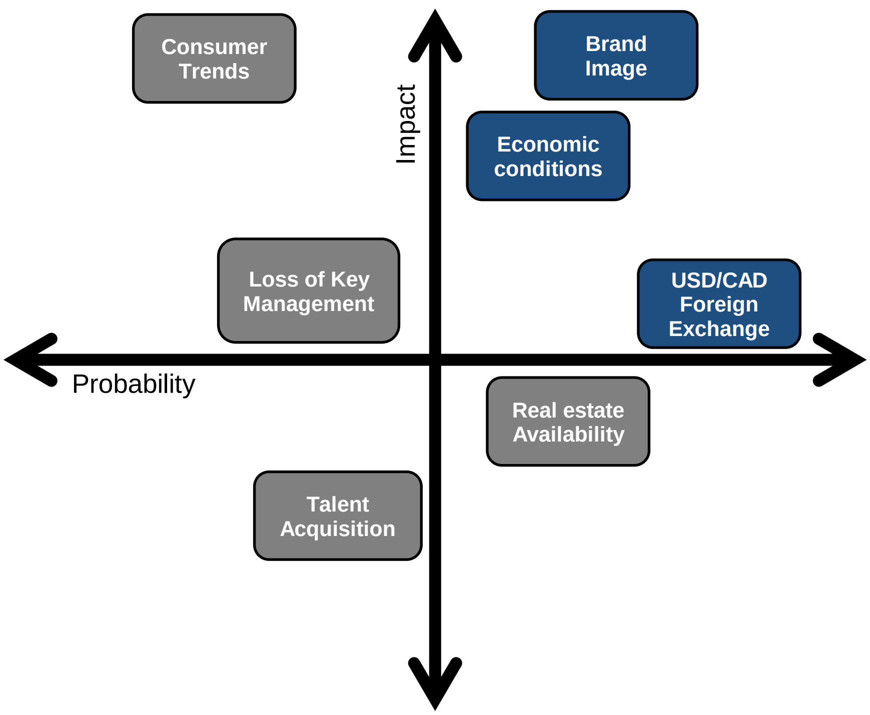
Exhibit IV. COMPS

Company	Ticker	Market Cap. ($ mm)	FY1 P/E	FY1 EV/EBITDA	Gross Profit %	Net Income %	EBITDA %
H&M	HMB	21,060	19.7x	11.4x	54.0%	9.8%	16.6%
Ted Baker PLC	TED	1,320	22.8x	14.3x	nm	6.3%	nm
Lululemon Athletica Inc.	LULU	9,228	26.5x	15.1x	51.1%	11.8%	21.5%
L Brands Inc.	LB	17,541	16.2x	8.7x	39.7%	4.7%	16.2%
Mean		12,287	21.3x	12.4x	48.3%	8.2%	18.1%
Median		13,384	21.2x	12.8x	51.1%	8.1%	16.6%
Aritzia Inc.	***ATZ***	***1,781***	***25.6x***	***13.1x***	***44.1%***	***13.2%***	***19.5%***

Exhibit V. Case Scenarios

Case Scenario	Bear	Base	Bull
LT Growth Rate	**2.00%**	**3.00%**	**3.50%**
Exit EBITDA Multiple	**08.0x**	**12.5x**	**15.0x**
Exit P/E Multiple	**15.0x**	**25.0x**	**30.0x**
Shares Outstanding	**105,454**	**105,454**	**105,454**
Same Store Sales Growth	**6.00%**	**8.00%**	**10.00%**
Average Sq.ft Per Store	**5,000**	**5,000**	**5,000**
New Store Sq.ft Target	**6,000**	**6,000**	**6,000**
Expanded store Sq.ft Addition	**3,500**	**3,500**	**3,500**
First year sales/Sq.ft Target	**$800**	**$1,000**	**$1,050**
Expanded sales/Sq.ft Target	**$800**	**$1,000**	**$1,050**
# of Locations Expanded Annually	**2**	**4**	**5**
# of Locations Added Annually	**1**	**5**	**6**

Risk Diagram



Canopy Growth Corp

Consumer, Non-cyclical
TSX: CGC
Update

January 31, 2017

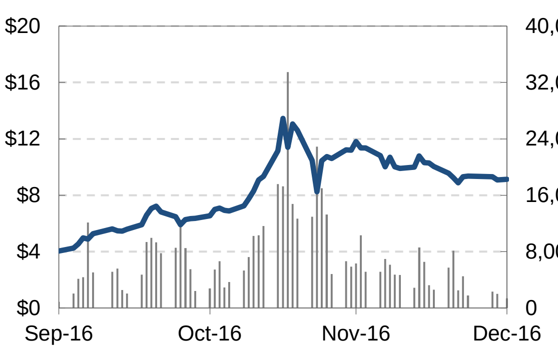
Hashim Chawdhry, Fund Manager
Daniel Cassino, Research Associate

Return on Investment	
Current Share Price	$10.09
Target Price	$4.48
Holding Period Return	-56%

Market Profile	
52-Week Range	$2.40 - $17.94
Shares Outstanding (mm)	125
Average 30-Day Vol (000s)	3,135
Market Capitalization (mm)	$1,262
Preferred Shares (mm)	$9,729
Net Debt (mm)	-$11
Enterprise Value (mm)	$10,980
Beta (5-Year Monthly)	1.24

Metrics	2016E	2017E	2018E
Revenue (mm)	$12,699	$17,017	$22,802
EBITDA (mm)	$17,746	$23,463	$31,440
EBITDA Margin	139.7%	137.9%	137.9%
EPS	($0.05)	$0.02	$0.03
EV/EBITDA	0.6x	0.5x	0.3x

Historical Trading Performance



Source: CPMT Estimates, Bloomberg

Business Description

Canopy Growth Corporation (TSX: CGC), previously known as Tweed Inc., is the leading diversified producer and retailer of medical cannabis. In July 2016, CGC began trading on the Toronto Stock Exchange, after "graduating" from the TSX Venture Exchange. CGC is now the largest cannabis producer to trade on a major stock exchange. Tweed Inc. and Tweed Farms Inc. are CGC's largest wholly owned subsidiaries, Tweed Farms occupies 180,000 sq ft for marijuana production located in Smith Falls, Ontario and Tweed Farms currently operates on 350,000 sq ft. In total, CGC has a licensed production footprint of 665,000 sq ft that yields a wide array of products ranging from vaporizers, to various strands of medical cannabis including sativa, indica, and digestible oils.

Valuation

We valued Canopy Growth based on a discounted cash flow (DCF) analysis. Our DCF model forecasted unlevered free cash flows over the following 10 years. We then discounted at the WACC and used a terminal value based on the Gordon Growth model which yielded a target price of $11.10. Our revenue growth assumptions were based on a blend of both expected industry growth and management guidance. Capital expenditures were held constant as 50% of revenue for the first 6 years, and it was reduced to 30% for the following four as the CPMT expects CGC to continue its expansion in the near term. Based on our valuation, CGC is trading at a 10% discount to its current trading price and we do not see CGC as an adequate allocation of capital, among other reasons.

Recent Developments

Acquisition of Mettrum: In early December, CGC acquired Mettrum (TSXV: MT), a Canadian based marijuana company with a diverse product portfolio ranging from dried cannabis to hemp production and sales. The acquisition of Mettrum included the addition of 5,600 kg of licensed capacity per year and the acquisition will add ~22,000 clients to their portfolio.

Acquired Quebec-based Licensed Producer Vert Médical Inc: On November 1, 2016, Canopy acquired a late-stage license applicant with 90 acres of land and 7,000 sq feet of production and office space.

International Development: CGC had received the necessary approvals in Canada and Germany through its wholly owned subsidiary Tweed Inc. This approval allows the export of medical cannabis to Germany. Tweed has identified the need of domestic production in Germany as Germans presently can only access legal medical cannabis through pharmacies for various medical conditions.

Management

Bruce Linton, the Chairman and founder of CGC and Tweed Marijuana Inc. has been the CEO of the corporation since September of 2014. In addition to his responsibilities at Canopy, Linton is the part-time CEO of communications company Martello Technologies. He has also had plenty of experience working in foreign markets such as India, Philippines, and China, this experience will bode well for Canopy as Linton's experience will allow them to cross borders, specifically into the United States. Tim Saunders, Senior Vice President and CFO, has been the CFO since June 1, 2016 and has experience working with large international public companies and private equity-backed start-ups. Saunders has worked in the mobile, telecom, and clean tech space and has previously been the CFO at Plasco Energy Group where he helped raise $360 million in capital during the startup stages of the company.

Sensitivity Analysis

WACC

LT Growth Rate	6.87%	7.37%	***7.87%***	8.37%	8.87%
1.00%	$9.92	$9.56	$9.23	$8.90	$8.60
1.50%	$9.92	$9.57	$9.23	$8.91	$8.60
2.00%	$9.93	$9.57	**$9.23**	$8.91	$8.60
2.50%	$9.93	$9.58	$9.24	$8.91	$8.60
3.00%	$9.94	$9.58	$9.24	$8.92	$8.61

WACC

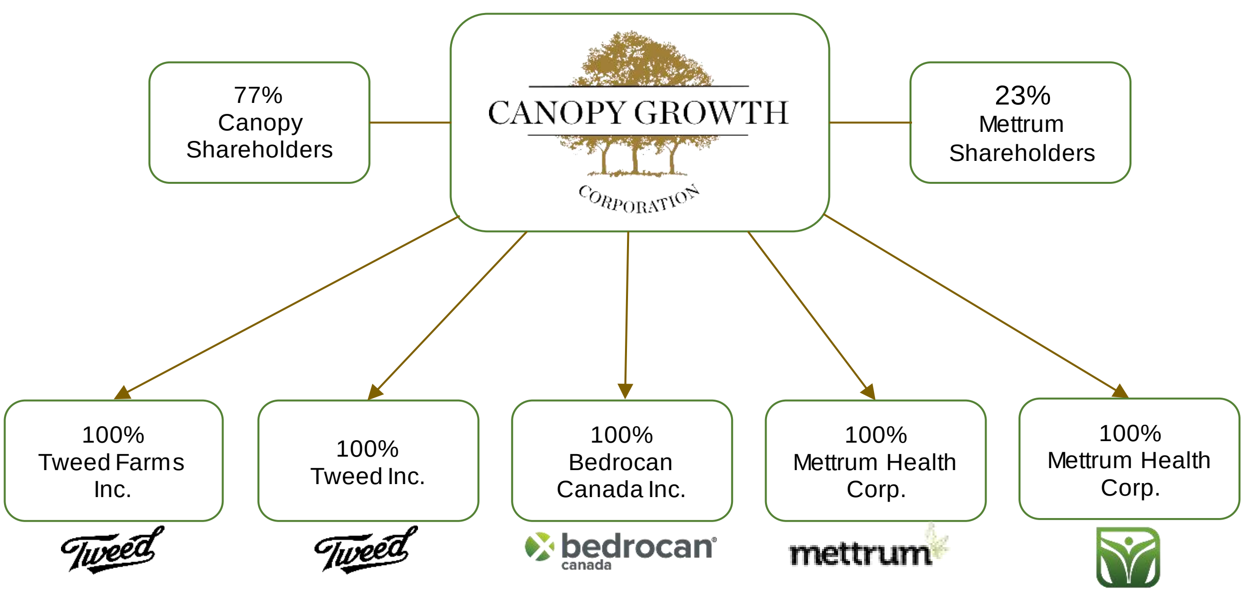
Gross Margin	6.87%	7.37%	***7.87%***	8.37%	8.87%
102.17%	$8.63	$8.32	$8.02	$7.74	$7.47
104.17%	$8.81	$8.50	$8.20	$7.91	$7.63
106.17%	$9.00	$8.68	**$8.37**	$8.08	$7.79
108.17%	$9.19	$8.86	$8.54	$8.24	$7.96
110.17%	$9.37	$9.04	$8.72	$8.41	$8.12

WACC

Annual	6.87%	7.37%	***7.87%***	8.37%	8.87%
39.00%	$8.10	$7.81	$7.54	$7.28	$7.04
41.00%	$8.97	$8.65	$8.35	$8.06	$7.78
43.00%	$9.93	$9.58	**$9.24**	$8.91	$8.60
45.00%	$10.98	$10.59	$10.21	$9.85	$9.50
47.00%	$12.14	$11.69	$11.27	$10.87	$10.48

While management has no direct experience in the marijuana industry prior to Tweed and Canopy they have proven to have an experienced management team that have played instrumental roles in various businesses, CPMT believes that this will bode well for future growth and potential cross-border expansion.

Corporate Structure



OrganiGram Holdings Inc

Consumer, Non-cyclical
TSX: OGI
Hold Recommendation

January 31, 2017

Hashim Chawdhry, Fund Manager
Erick Noh, Research Associate

Return on Investment

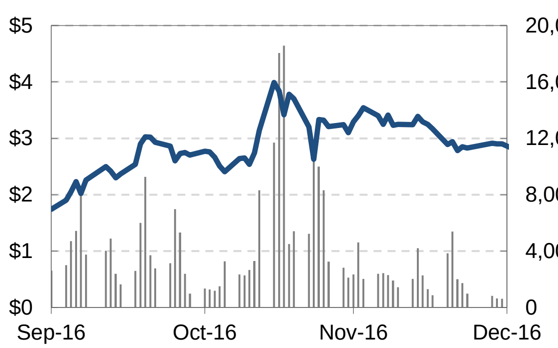
Current Share Price	$2.65
Target Price	$1.58
Holding Period Return	-40%
Conviction Rating	Hold

Market Profile

52-Week Range	$0.62 - $4.49
Shares Outstanding (mm)	101
Average 30-Day Vol (000s)	1,662
Market Capitalization (mm)	$267
Preferred Shares (mm)	$0
Net Debt (mm)	-$25
Enterprise Value (mm)	$242
Beta (2-Year Monthly)	1.47

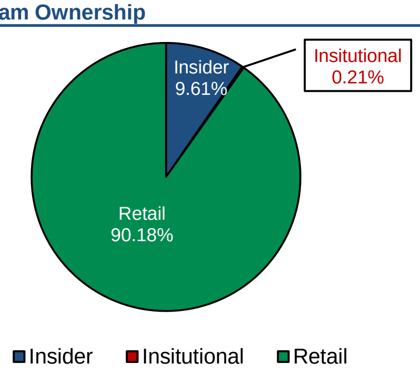
Metrics	2016A	2017E	2018E
Revenue (000's)	$6,128	$9,357	$13,330
EBITDA (000's)	$4,852	$6,800	$9,686
EBITDA Margin	79.2%	72.7%	72.7%
EPS	$0.01	$0.02	$0.03
EV/EBITDA	49.8x	35.6x	25.0x
P/E	184.5x	110.9x	79.5x

Historical Trading Performance



Source: CPMT Estimates, Bloomberg

OrganiGram Ownership



Business Description

OrganiGram Holdings Inc. (TSX: OGI.V) is the holding Co. of OrganiGram Inc., its wholly-owned subsidiary, which it fully operates. OGI.V is the only fully licensed producer east of Ontario and operates a 2,500 sq. ft. production facility in Moncton, NB. The company is currently licensed to produce 700 kg/year of marijuana with plans to increase the license to 5,000 kg/year once approved. The company grows 19 strains across five brands, which are categorized by medical condition. OrganiGram began trading on the TSX Venture on August 25, 2014.

Management Team

The management team is led by CEO Denus Arsenault who has over 30 years of entrepreneurial experience. The COO Larry Rogers has extensive experience in the technology field, starting his career off in technology and later becoming the president of a technology company. Peter R. Hanson is the interim CFO and has twenty years of finance & human resource management experience. Lastly, The CCO (Chief Commercial Officer) is Raymond Gracewood. He has fifteen years of experience in the field of marketing and we believe Mr. Gracewood will play a large role in developing the brands of OrganiGram, especially if and when it is legal to sell cannabis for recreational use. Four out of the six directors are independent of the management team and these directors bring experience from the legal, pharmaceutical, real estate development, and medical industries.

Company History

OrganiGram is one of only a few certified organic Licensed Producer (LP), and the only public LP on the East Coast. It was the 14th company licensed by Health Canada. OrganiGram has its facility located in Moncton, New Brunswick, has strong local ties through CEO Denis Arsenault, and benefits from favorable labor and hydro costs. The company has focused on Atlantic Canada and the veteran market, and has established and maintained strong brand recognition since it began selling to patients. Evidence of veteran buying can be seen in the company's high value patient base with average use of ~2g/patient, about double its peers. OrganiGram was first publicly listed in August 2014 and is the 4th largest LP by both market capitalization and enterprise value. The company went public through an RTO with Inform Exploration Corp. The company completed two concurrent financings and a share consolidation in connection with the acquisition, and subsequently went public.

Valuation & Screening

The Canadian medical marijuana space only has a few major players, and the CPMT chose OrganiGram Holdings Inc. because it has one of the lowest "cost of goods sold/gram". We believe this metric would give OGI.V an edge over its competitors. Our valuation of OrganiGram Holdings Inc. is comprised of a five-year discounted cash flow analysis, using the Gordon Growth model to determine a terminal value. We forecasted 37% YoY revenue growth for OGI.V as that was the estimated growth rate for the medical marijuana market as determined by OGI.V. In addition to this, we held the gross margin constant at 58.2% and the adjusted gross margin constant at 88.2%. In taking all the above into consideration, we established a target price of $1.58 per share, which implies a ~40% discount to the current trading price. Given that the medical marijuana market has been topical as of late, we have seen major capital inflows into Canadian marijuana space which the CPMT believes is a reason for OGI.V being overvalued.

Exhibit I. Target Price Sensitivity

LT Growth Rate	WACC 7.94%	8.44%	***8.94%***	9.44%	9.94%
1.00%	$1.57	$1.48	$1.40	$1.34	$1.28
1.50%	$1.68	$1.57	$1.49	$1.41	$1.34
2.00%	$1.80	$1.68	**$1.58**	$1.49	$1.41
2.50%	$1.95	$1.81	$1.69	$1.59	$1.50
3.00%	$2.13	$1.96	$1.82	$1.70	$1.59

Gross Margin	WACC 7.94%	8.44%	***8.94%***	9.44%	9.94%
54.22%	$1.55	$1.44	$1.36	$1.28	$1.21
56.22%	$1.67	$1.56	$1.47	$1.39	$1.31
58.22%	$1.80	$1.68	**$1.58**	$1.49	$1.41
60.22%	$1.93	$1.80	$1.69	$1.60	$1.51
62.22%	$2.06	$1.92	$1.80	$1.70	$1.61

Quarterly Sales Growtl	WACC 7.94%	8.44%	***8.94%***	9.44%	9.94%
7.25%	$0.83	$0.77	$0.73	$0.69	$0.66
8.25%	$1.28	$1.19	$1.12	$1.06	$1.01
9.25%	$1.80	$1.68	**$1.58**	$1.49	$1.41
10.25%	$2.41	$2.25	$2.11	$1.99	$1.88
11.25%	$3.12	$2.91	$2.72	$2.57	$2.43

What Makes OGI.V Unique

OGI.V (Up 222.22%) outperformed the BEI Marijuana Index (Up 11.48%) by 210.74% in 2016. Since it achieved a stellar performance last year, we decided to take a closer look at what makes OGI.V stand out from its peers. OGI.V has one of the lowest in class "all-in cost of sales per gram" and this allows OGI.V to establish a high gross margin of around ~87%-88%. On August 31st, OGI.V expanded its current licensed facility by purchasing an adjacent property which boosted its production capacity to ~26,000kg/yr. By demonstrating this disciplined allocation of capital to boost future growth prospects, OGI.V was able to catch the eye of investors which in turn led to significant capital appreciation in the latter half of 2016. Over the course of 2016 OGI.V announced that it signed a licensing agreement with TPB Production Ltd. (Trailer Park Boys) as well as a product development and distribution agreement with TCS international. This will lead to brand recognition and development of OGI.V's products. Development of the OGI.V brand will attract recreational cannabis users if and when cannabis is legalized in Canada. As stated in the name, "OrganiGram" is an organic cannabis producer with an organic certification from ECOCERT. This supports OGI.V in producing the highest quality product, with no synthetic pesticides or additives and this enables it to attain a competitive edge.

Exhibit II. Facility Expansion Schematic

Phase & Status	Sq. Ft	Legend
1 - Completed	31,160	
2 - Under Construction	6,706	
3 - Under Construction	81,673	
4 - Under Construction	13,746	
5 - New Building	35,715	
Leased Space	58,503	

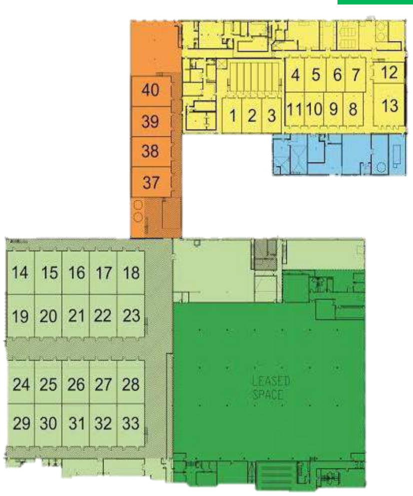
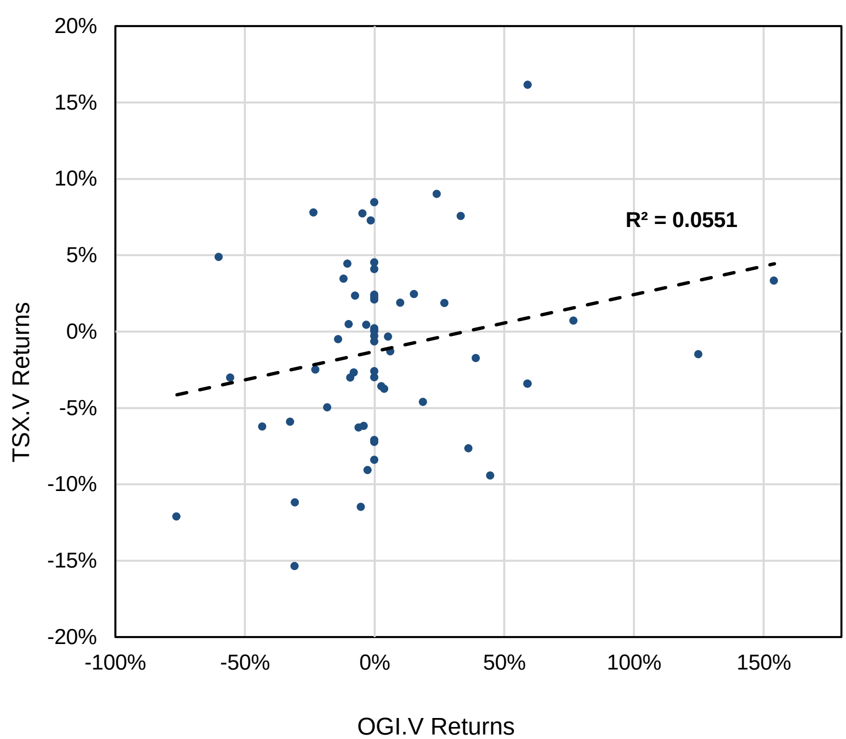


Exhibit III. OGI.V Regression VS TSX.V



Magna International Inc

Consumer, Cyclical
TSX: MG
Sell Recommendation

January 31, 2017

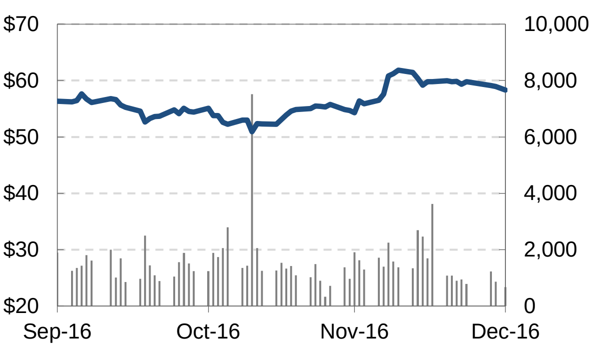
Bryton Hewitt, Fund Manager
Jenn LaBine, Research Associate
Rebecca Wang, Research Associate

Return on Investment	
Current Share Price	$56.77
Target Price	$64
Dividend Yield	2.28%
Holding Period Return	15%
Conviction Rating	Sell

Market Profile	
52-Week Range	$42.08 - $62.10
Shares Outstanding (mm)	383
Average 30-Day Vol (000s)	1,514
Market Capitalization (mm)	$21,763
Net Debt (mm)	-$281
Enterprise Value (mm)	$21,482
Beta (5-Year Monthly)	1.04

Metrics	2016E	2017E	2018E
Revenue (mm)	$36,850	$40,654	$44,850
EBIT (mm)	$3,058	$3,357	$3,683
EBIT Margin	8.3%	8.3%	8.2%
EPS	$5.71	$6.28	$6.91
EV/EBITDA	5.1x	4.6x	4.2x
P/E	9.9x	9.0x	8.2x

Historical Trading Performance



Source: CPMT Estimates, Bloomberg

Business Description

Magna International Inc. is a globally-diversified auto supplier operating over 300 manufacturing plants across 30 countries. GM, Fiat Chrysler, Ford, Daimler, Volkswagen, and BMW make up over 80% of MG's sales. The company has been diversifying its offerings by acquiring Getrag (global transmission supplier) and Telemotive AG (auto electrical engineering company) in 2016. This is in conjunction with MG's stated desire to grow its Complete Vehicle Assembly segment (6% of revenue in Q3 2016). The CPMT's position in MG has depreciated 12% since initiating in April 2015 and subsequently, the fund is re-evaluating this underperforming investment.

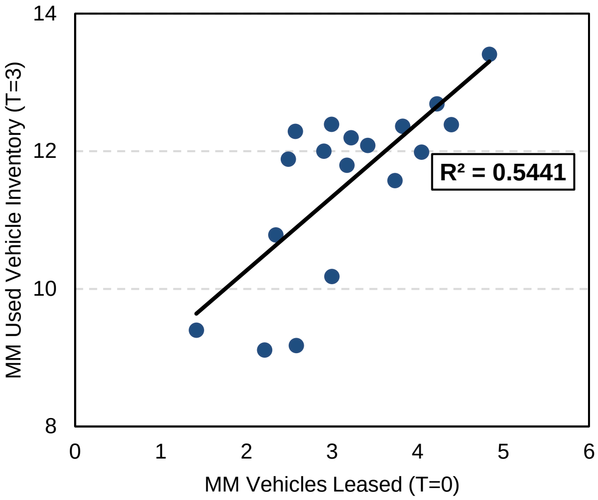
Investment Thesis

The CPMT's original thesis hinged upon: 1) low net debt, 2) free cash flow growth, 3) quality new management, and 4) diversification defending against geographic and economic risk. We will now re-evaluate these four points to assess if this thesis is being realized. The low net debt claim is no longer accurate, as net debt/EBIT has grown from 1.1x in Q1 2015 to 7.5x in Q3 2016, largely due to a Q4 2015 debt issuance associated with the Getrag purchase. The claim of growing free cash flows is accurate recently, but there is clear volatility and little consistent growth. This worrying growth of debt and unstable cash flow generation causes the CPMT to question the strategy and stability of the current management team. Further, a strategy of global diversification may keep regional economic strife from severely negatively impacting MG, but it adds currency risk as a result. Therefore, we do not see MG as fulfilling our original investment thesis.

Industry Analysis

The auto industry is currently at a controversial point in history, therefore the CPMT will evaluate the "peak auto" argument and consider the repercussions the future auto industry could have on MG's performance. First, as can be seen in Ex. 1, US Auto Sales SAAR (Seasonally Adjusted Annual Rate) has grown dramatically since 2009 up to 18.3mm units over 2016. The 18mm unit level has been approached three prior times, and has been followed by a rapid auto market decline each time. Beyond this non-causal deduction from the data, we also found that North American auto production capacity is near ~100% utilization currently, meaning that continued growth cannot be expected without long-term investments in plants. Thus, MG's growth rate may be suppressed after 2019, the extent of MG's management guidance range. Further, the amount of new vehicles sold on lease in the US is at its highest level since 1990, at 28% of all car sales. Three to five years after vehicles are leased, a majority proceed to roll into used car lots. This has the potential to reduce values of used vehicles due to a supply-exceeding-demand situation. The danger to MG of this occurring, is that if used vehicle prices decline, people will be more incentivized to buy a used car instead of a costly new one, and this could reduce new car sales and demand. To this end, we correlated used car sales at T=0 versus used auto supply three years later, and found a 74% correlation using years between 1998 and 2015 (Ex. 2). Therefore, there is substantial risk that in three years from today's current leased vehicle peak, sales growth could likely slow in the US due to a relative increase of used car purchases. The CPMT focused this industry analysis on the US auto market for two primary reasons: 1) to gain an educated opinion on the topical "peak auto" debate, and 2) because North America represents ~55% of MG's sales and is a crucial margin-driving region for the company. Beyond USA, Europe will be a crucial driver of MG performance. Europe (~35% of MG's sales) however has the lowest margins for auto companies across the globe, and this holds true for MG as well.

Exhibit II. Leased Autos at T=0 to Used Auto Supply at T=3 (1998 to 2015)



Compared to MG's 9.8% 2017E North American EBIT margins, MG's Europe sales are only expected to earn a 4.5% EBIT margin over the same time frame. From a positive perspective, however, Europe SAAR is historically more stable than in USA which will help maintain MG's sales stability.

Valuation

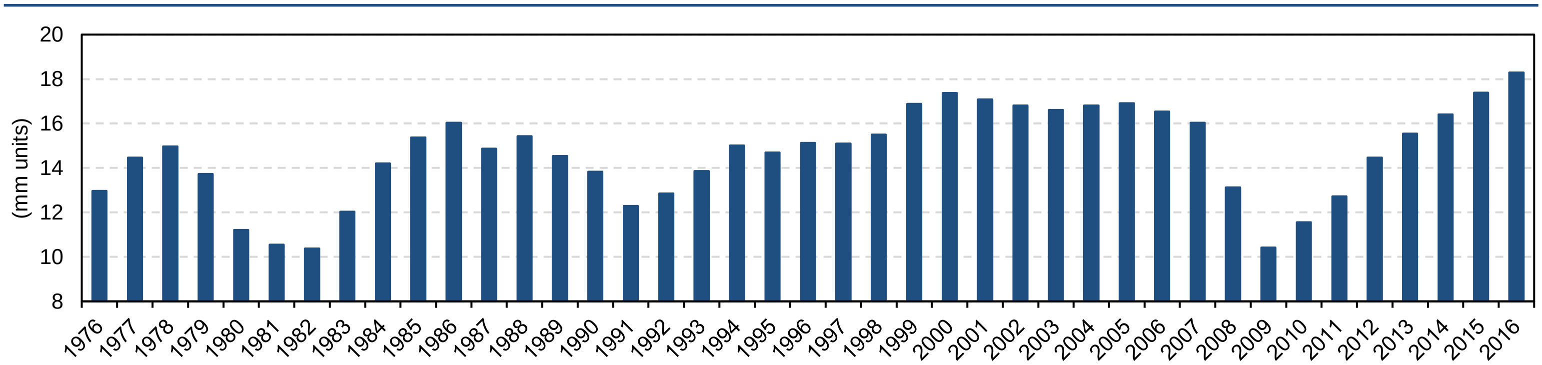
We built a quarterly financial model with five years of projections as the backbone of our valuation. On January 11th, MG issued management guidance with revenue, EBIT margin, capex, interest expense, and tax rate assumptions which, frankly, made the job of forecasting an expedited one. We constructed multiple revenue scenarios using the bottom, mid, and top levels of MG's guidance range to gain insight into the big picture, but conservatively used the mid-point of MG's revenue guidance through 2019E and then halved this implied growth rate for 2020E/2021E to be defensive against the potential influx of used vehicles as outlined previously. Margins were modeled in-line with guidance through 2019E, and then reduced ~100bps thereafter to account for MG's high fixed cost COGS negatively impacting margins in a slowing growth environment. A terminal value was calculated based on 2021E EBITDA multiplied by MG's peer group median EV/EBITDA. Cash flows and the terminal value were then discounted using a MG-specific WACC of 5.80%. Net of debt, this produced an intrinsic value of $64 per share: a 9% upside. The CPMT also performed a blended relative valuation using the median EV/EBITDA and P/E multiples from a peer group of US and Canadian competitors. This analysis values MG at $49 per share: a 17% downside. Blending these valuations with a 75% weight to the DCF and a 25% weight to the comparable valuation, we arrived at a target price of $60 for MG. Essentially, although EPS are modeled to grow from $5.71 in 2017E to $6.91 in 2019E, this is already factored into the market valuation and there is essentially zero remaining intrinsic upside under the company's recent guidance expectations.

Divestiture Risks

Multiple Expansion Risk: There is a heightened inherent risk of selling a stock when at a low multiple valuation. For instance, if a stock's multiple grows from 20x to 21x, this would represent only a 5% stock price increase. However, if a depressed stock's multiple expands from 5x to 6x (the same net increase as the previous example), this would represent a 20% valuation upside. Therefore, although we are convicted that MG's guidance is reasonably priced and that it operates near the top of a long-term cyclical cycle, if its multiple expands post-trade it could represent a large loss of potential equity upside. Cyclical stocks tend to trade at a lower multiple when earning record earnings at the top of the cycle due to the poorer outlook as the cycle turns bearish. For this reason, it is unlikely that Magna's multiple will dramatically appreciate without an associated earnings and/or cash flow reduction.

Cyclicality Risk: Although this sell thesis is not solely predicated upon the "peak auto" theory playing out, Magna's stock performance would be substantially better if the cycle does not end within the next five years. However, as noted above, as long as the industry continues to perform well, Magna is expected to trade at suppressed multiples and offer little upside

Exhibit I. U.S. Auto Sales SAAR



Pollard Banknote Ltd

Consumer, Cyclical
TSX: PBL
Hold Recommendation

January 31, 2017

Daniel Morgan, Fund Manager
Daniil Zhigatov, Research Associate

Return on Investment

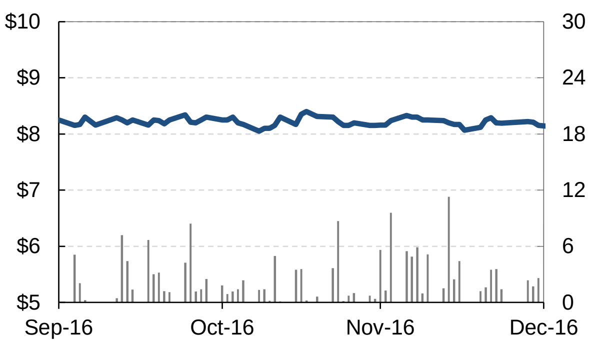
Current Share Price	$8.00
Target Price	$8.00
Dividend Yield	1.50%
Holding Period Return	0%
Conviction Rating	1

Market Profile

52-Week Range	$7.00 - $8.95
Shares Outstanding (000s)	23,543
Average 30-Day Vol	7,512
Market Capitalization (mm)	$188,345
Net Debt (mm)	$66
Enterprise Value (000s)	$188,411
Beta (5-Year Monthly)	1.89

Metrics	2016E	2017E	2018E
Revenue (mm)	$241	$257	$272
EBITDA (mm)	$29	$32	$34
EBITDA Margin	12.0%	12.3%	12.3%
EPS	$0.43	$0.57	$0.61
EV/EBITDA	6.5x	6.0x	5.6x
P/E	18.7x	14.1x	13.1x

Historical Trading Performance



Source: CPMT Estimates, Bloomberg

Business Description

Pollard Banknote is one of three manufacturers of instant lottery tickets (AKA scratch and win tickets) and lottery service providers in North America. Based in Winnipeg, MB, Pollard holds approximately 22% of the global market share of instant tickets, printing ~12bn of them in 2015 along with 3.5bn bingo cards, and 0.8bn pull-tab tickets. Alongside its printing services, Pollard operates lotteries for clients around the world on contracts that last between 2-15 years (its average contract length is 5 years). The nature of its business and government-owned clientele allows for Pollard to generate consistent cash flows as contracts are completed. For over 25 years, Pollard has used the cash flows generated towards upgrading its printing capabilities, supporting a dividend, and executing acquisitions to expand its offerings.

Investment Thesis

Pollard Banknote holds a strong position among the world's largest lotteries, an industry with high barriers to entry due to customer requirements and relationships. Pollard is profitably serving the most active lotteries including La Française des Jeux (#2 in size), the New York Lottery (#4), the California Lottery (#5), and 10 of the other top 20 lotteries around the world. Few lotteries will risk their credibility by taking a chance on a new supplier and the capital expenditures required to print tickets has made Pollard the last entrant to the business in North America since the 1980s. Despite its smaller size, Pollard has been able to outcompete the two other players in the industry with superior lottery management services, patented product designs and printing processes, as well as its licensed offerings (e.g. its Star Wars Lottery Tickets). Pollard's strategy has resulted in an annualized revenue growth of 6.7% and earnings per share growth of 26.4% since 2011.

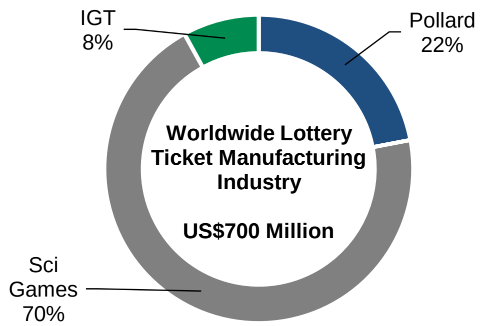
Growth & Catalysts

Governments are increasingly turning toward establishing lotteries as a way to generate revenue. New lottery start-ups continue to develop in various jurisdictions. While currently 44 jurisdictions operate lotteries in the United States, the non-lottery jurisdictions are coming under increasing pressure to establish their own lotteries. This pressure stems from both a need to generate revenue for the state, as well as a need to eliminate the "leakage" lottery purchases that flow to adjoining jurisdictions. Non-North American governments are also increasingly recognizing the value of lottery operations in providing politically acceptable government funding and the number of approved lotteries is expected to increase in the coming years. Lotteries are increasingly looking at various outsourcing opportunities, including the possibility of complete privatization. Pollard Banknote is focused on providing these new and expanded lotteries with a variety of gaming products and services.

Industry Overview

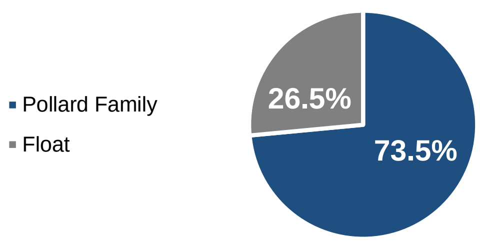
200 regional governments worldwide use lotteries as a means of raising revenues without imposing taxes on citizens. In 2014, North American instant ticket sales topped US$42.4B, with the U.S. comprising $40.4B of the total. Sales in the rest of the world reached US$37B. This market generates approximately $700mm for instant ticket manufacturers. Instant lottery ticket sales compete with draw-based game sales (e.g. Powerball), with the former experiencing an annualized growth rate of 6% in North America over the last 20 years. The latter category, which Pollard does not engage in, has experienced slower growth of 1.4% in the same period, though it is a more popular style of lottery in Europe. Each regional lottery hosts a competitive bidding process where Pollard, International Games Tech. (IGT), and Scientific Games (SGMS) win more than 98% of the total contracts. SGMS currently holds the largest market share by sales with ~75% of the total,

Instant Ticket Market Share

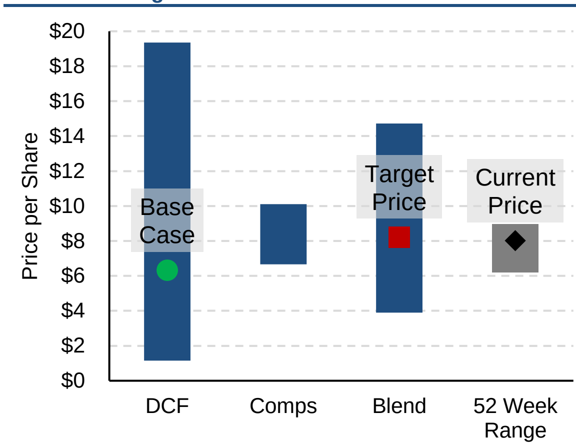


Pollard Banknote Ownership

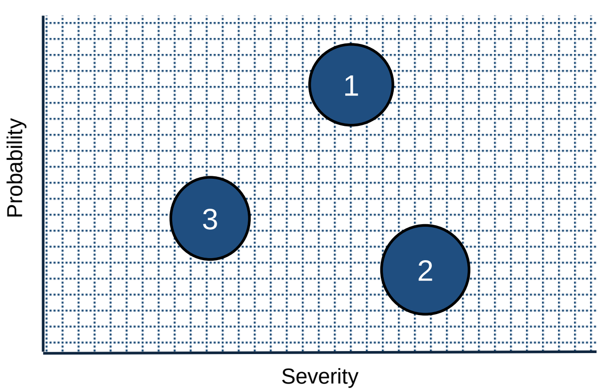
Pollard Family	73.5%
Float	26.5%



Valuation Ranges



Major Risks to Pollard Banknote



Recently, all players have invested in the growth of the "iLottery". This is the move of gaming on to tablets on smartphones, making it the biggest threat and opportunity for all players including Pollard. Lower barriers to entry exist in this area of gaming and allow for access to the coveted demographics (18-34 years of age). Pollard is currently in the business of iLottery management and creation in a joint-venture with NeoGames, a U.S. based company. In 2014 Pollard Banknote was contracted to start-up and operate the iLottery internet based gaming site of the Michigan Lottery. In addition, Pollard's joint-venture operation was awarded a contract to manage the Virginia Lottery's eSubscription website which will become operational in 2016.

Corporate Governance

Approximately three-quarters of Pollard Banknote is owned by the Pollard family and is led by family members Doug and John Pollard as Co-CEOs. Both are Directors of the Board along with relatives Gordon Pollard (Executive Chair) and Lawrence Pollard (Chair Emeritus). The other 3 members of the board are considered independent. The Co-CEO's have a combined 34 years of experience in the company with backgrounds in accounting and consulting at major auditing firms. About 90% of the compensation for the Co-CEOs is salary-based with the remaining from a pension plan, though it is important to keep in mind that the majority ownership of the company by the family is the real source of compensation. We are of the view that the Pollard family has managed the business well as it has steadily gained market share over the past two decades while keeping up with industry trends and introducing new products.

Valuation

We estimated Pollard's intrinsic value using a 10-year discounted cash flow forecast combined with relative analysis. Our base case DCF assumed revenue growth, gross margins, and capital expenditures as a percent of revenue would hold steady at its 5-year averages of 6%, 20%, and 4% respectively. We assumed a terminal growth rate of 1% after 2026 and discounted cash flows at the yardstick rate of 10%. Our comp group included its direct competitors in the instant ticket and lottery services space which are trading at a median of 7.6x EV/EBITDA. Based on these factors, an intrinsic value of $8.21 per share was calculated, effectively matching the current valuation. As a result, we have made the decision **not** to invest in Pollard Banknote yet, though we will remain vigilant on the prospects of the company given its strong competitive advantage.

Risks

A high severity, high probability risk to Pollard Banknote is the continuing expansion of internet instant ticket gambling. Due to its high dependence on printed instant ticket sales, a market preference change to digital instant tickets could severely affect Pollard's revenues and erode its market share in the industry. Separately, a high severity, low probability risk is a ticket printing error, resulting in excess prize distributions which would have a severe impact on the trust between Pollard and its clients and would damage their ability to secure future contracts. A medium severity, medium probability risk is the loss of a large customer to one of Pollard's competitors. Due 10 of its largest customers accounting for 52% of its revenues, a loss of any of those clients would have an adverse material effect on the company's financial condition, as well as its liquidity.

1. Innovation Risk

2. Printing Error Risk

3. Competition Risk

Seven Generations Energy Ltd

Calgary Portfolio Management Trust

Energy
TSX: VII
Buy Recommendation

SEVEN GENERATIONS ENERGY LTD

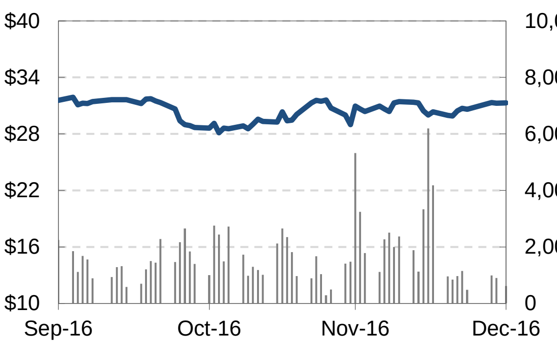
January 31, 2017
George Huang, Fund Manager
Darren Luoma, Research Associate

Return on Investment	
Current Share Price	$26.01
Target Price	$34
Holding Period Return	31%
Conviction Rating	3

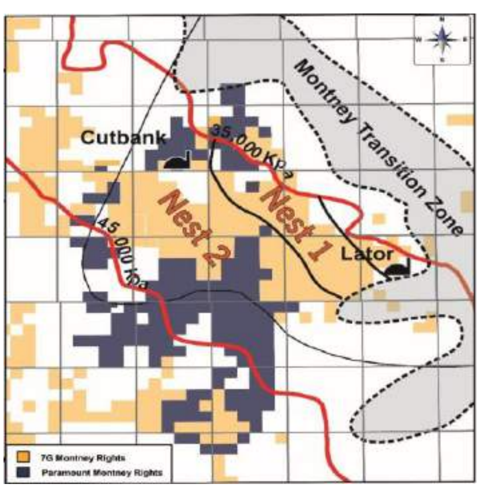
Market Profile	
52-Week Range	$13.88 - $32.92
Shares Outstanding (mm)	347
Average 30-Day Vol (000s)	2,497
Market Capitalization (mm)	$9,028
Net Debt (mm)	$1,142
Enterprise Value (mm)	$10,170
Beta (2-Year Monthly)	3.17

Metrics	**2017E**	**2018E**	**2019E**
Revenue ($mm)	$2,339	$3,126	$2,893
Production (m)	182,500	245,000	229,210
DACF ($mm)	$1,425	$1,997	$1,837
EV/DACF (x)	7.1x	5.1x	5.5x

Historical Trading Performance



Source: CPMT Estimates, Bloomberg



Source: VII Corporate Presentation

Business Description

Seven Generations Energy Ltd. (TSX: VII) is a leading condensate and gas producer headquartered in Calgary with operations focused in the Kawka region of the Montney formation located in northeast BC. The company is a growth oriented producer targeting a liquids/condensate rich resource base in the northeastern Western Canadian Sedimentary Basin (WCSB). Founded in 2008 and backed by prominent private equity investors ARC Financial, Azimuth Capital Management, and CPP Investment Board, the company has grown production from 4,180 boe/d to 117,500 boe/d in the last five years.

Industry Overview

The Canadian upstream industry has experienced unprecedented pressure due to the high-cost nature of its long-life resource base. The resulting sell-off of energy equities has distinguished the sustainable producer from its more leveraged peers. Amongst the noise, the Montney – a liquids-rich gas play – has emerged as a globally competitive resource. In the long run, the WCSB will continue to be a key part of the global oil and gas supply picture. However, in the short-term, low supply cost and prudent financial management will drive value creation in the basin.

Investment Thesis

The CPMT's investment in VII is predicated on a fourfold investment thesis. The company possesses a top-tier management team with a proven track record of creating shareholder value in the upstream oil and gas space. Moreover, the company's attractive growth profile is underpinned by a world-class asset positioned at the toe of the North American supply boot. In addition, the company boasts a strong balance sheet with $1.7Bn of funding capacity. A proven management team, in combination with a top-tier asset and a strong balance sheet, positions VII as a producer that will deliver growth and drive shareholder value throughout commodity cycles.

Catalysts

Since its 2014 IPO, VII has exhibited phenomenal growth and an ability to grow in unfavorable macroeconomic conditions. With prudent financial management combined with superior execution and a strong asset base, the stock traded at a valuation that reflected its outstanding characteristics. However, most recently the company missed production guidance by 7% due to certain near-term operational bottlenecks. This caused VII's shares to depreciate over 10%. This created a window of opportunity to snap up a premier condensate weighted producer at an attractive multiple of 8.2x DACF.

The company's recent acquisition of the majority of Paramount's Kawka assets at an attractive valuation is both a near and long term catalyst for the company. With improving well results due to "slowback", VII has the potential to optimize production to continue generating industry leading production growth.

Management and Governance

VII's management team is led by CEO Pat Carlson and COO Marty Proctor. VII is Mr. Carlson's fourth start-up venture, after his successful exits from Passage, Krang, and North American Oilsands (NAOS).Carlson has a noteworthy track record of creating value in the Canadian oil patch. Proctor and Carlson have worked together at Passage, Krang, and NAOS. Collectively the management of VII holds 7% of the total outstanding shares. The company is supported by a veteran Board of Directors including several partners from the firm's private equity backers who still have a 24% stake in the company. All of this contributes to superior shareholder alignment and supports long term value creation.

Net Asset Value

Total Discounted Cash Flow	$6,418,473
Net Debt (WC Adjustment)	$1,433,826
Net Asset Value	$4,984,647
Shares Outstanding	345,795
2P Core NAV Per Share	***$14.42***
NAV Multiple (Upside Adjustment)	1.9x
Implied Share Price	***$27.00***

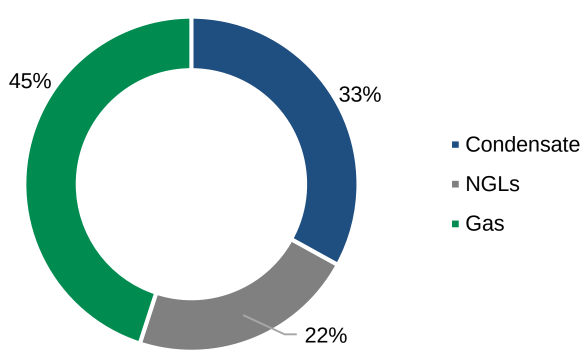
VII Forward DACF Multiple

2017E DACF	$1,425,313
Equity Value	$9,149,736
+ Net Debt	$1,433,826
Enterprise value	$10,583,562
DACF Multiple	***7.4x***

DACF Valuation

2017E DACF	$1,425,313
DACF Multiple	9.8x
EV	$13,968,070
-Net Debt	$1,433,826
Implied Equity Value	*$12,534,244*
S/O	345,795
Implied Share Price	***$36.00***

Product Mix



Sensitvity Analysis

DACF Multiple \ NAV Multiple	**0.9x**	**1.4x**	**1.9x**	**2.4x**	**2.9x**
8.0x	-6%	2%	10%	17%	21%
8.5x	2%	6%	13%	21%	28%
9.8x	13%	21%	28%	36%	44%
10.0x	17%	25%	32%	40%	44%
10.5x	25%	28%	36%	44%	51%

Target Price Calcuation

25/75 Target Price	$34.00
Current Trading Price	$26.46
Implied Upside	**28%**

Valuation

The CPMT valued VII using a blend of the net asset value (NAV) and relative valuation methods of analysis. Our intrinsic NAV valuation grew production based on the low-end of management guidance and forward transportation commitments with a blowdown of the remaining proved plus probable reserves (2P) for the remainder of the forecast. At a discount rate of 10%, this yielded a 2P net asset value of $13.62 per share. To adjust for the upside beyond the company's core NAV value we applied a 1.9x multiple derived from a set of comparable companies. The team also valued VII using a forward DACF multiple. Applying the forward multiple from the comparable group of companies implied a share price of $39.00. Our final target price was weighted 75% to the DACF multiple and 25% to our 2P NAV price. We felt that this was prudent given that VII exhibits industry leading growth and that the DACF method of valuation better captures this upside relative to a blowdown of the company's 2P NAV.

Risks

VII's business model is subject to commodity price volatility. To mitigate this risk, the company has implemented a hedging program to secure baseline cash flows. Moreover, VII has committed to shipping a large portion of its gas to the premium Chicago Gate market. The company is also actively developing its market access initiatives including exploring the possibility of future LNG offtake. Another risk to the investment thesis is the expectations surrounding the company's growth and execution. The management team of VII is highly regarded and as a result, the company typically trades at a healthy premium to its peers. To mitigate this valuation risk, the CPMT waited for a significant pullback in the stock before initiating a position. The entry point implies a valuation on the low end of its own historical trading range. This helps mitigate downside risk with regards to investor sentiment surrounding the stock and future negative re-ratings that may occur.