

**Management's Discussion & Analysis of**

**CYMBRIA CORPORATION**

**Three months ended March 31, 2017**

**CYMBRIA®**

Management's Discussion and Analysis ("MD&A") provides a review of Cymbria Corporation's ("Cymbria") financial results for the three months ended March 31, 2017 and assesses factors that may affect future results. The financial condition and results of operations are analyzed noting the significant factors that impacted the statements of financial position, statements of comprehensive income, statements of changes in equity, and statements of cash flows of Cymbria. As such, this MD&A should be read in conjunction with the condensed interim financial statements and notes thereto included in this report. The MD&A and the condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") to provide information about Cymbria.

The following MD&A is the responsibility of management and is dated May 15, 2017. The Board of Directors carries out its responsibility for the review of this disclosure through its Audit Committee, comprised exclusively of independent directors. The Audit Committee has reviewed and recommended approval of the MD&A by the Board of Directors. The Board of Directors has approved this disclosure.

The condensed interim financial statements may be included at the back of the MD&A. You can obtain a free copy of the interim or annual financial statements by calling 1.866.757.7207, writing to EdgePoint Investment Group Inc., 150 Bloor St. W., Suite 500, Toronto, ON, M5S 2X9, or visiting our website at [www.cymbria.com](http://www.cymbria.com) or the SEDAR website at [www.sedar.com](http://www.sedar.com).

Likewise, shareholders can obtain copies of Cymbria's proxy voting policies and procedures, proxy voting disclosure records, and quarterly portfolio disclosures.

Please refer to Cymbria's Annual Information Form and the 2016 audited annual financial statements for more information which can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com). For Cymbria's current and historical net asset values per share, please visit [www.cymbria.com](http://www.cymbria.com).

### **Caution regarding forward-looking statements**

This report may contain forward-looking statements about Cymbria, including its strategy, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects," "anticipates," "intends," "plans," "believes," "estimates," or negative versions thereof and similar expressions.

This report may also contain backward-looking statements that are more definitive in nature that include words such as "last year," "before we were born" and "our encyclopaedias say." We like to think we're pretty good at predicting what happened in the past so feel free to take most of these statements as truths.

In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties, and assumptions about Cymbria and economic factors.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by Cymbria. Any number of important factors could contribute to these differences, including, but not limited to, general economic, political and market factors, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.

We stress that the abovementioned list of important factors is not exhaustive but is super exhausting to read, let's be honest! We encourage you to consider these and other factors carefully before making any investment decisions, and urge you to avoid placing undue reliance on forward-looking statements. Further, you should be aware of the fact that Cymbria has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next MD&A.

## Management's Discussion and Analysis

The following presents the views of EdgePoint Investment Group Inc. (the "Manager") concerning significant factors and developments that have affected Cymbria's performance and outlook.

Please read the aforementioned caution regarding forward-looking statements.

Where we refer to the purchase or sale of businesses in this report, we are referring to Cymbria's purchase or sale of shares in a company. We use the term businesses as it more closely aligns with the portfolio management team's view that the investment is in a business and not simply ownership of stock.

### Non-IFRS Measures

Cymbria prepares and releases audited annual financial statements and unaudited condensed interim financial statements in accordance with IFRS. In this MD&A, as a complement to results provided in accordance with IFRS, Cymbria discloses certain financial measures not recognized under IFRS and that do not have standard meanings prescribed by IFRS (collectively the "non-IFRS measures"). These non-IFRS measures are further described below. Cymbria has presented such non-IFRS measures, because we believe they are relevant measures of the ability to evaluate Cymbria's performance. These non-IFRS measures should not be construed as alternatives to net comprehensive income (loss) determined in accordance with IFRS as indicators of Cymbria's performance.

- Net Asset Value ("NAV") – represents the fair value of the net assets of Cymbria, which differs from IFRS Shareholders' Equity because it does not take into account the deferred income tax liability on the unrealized gain on investments and the deferred tax benefits associated with any realized losses on investments;
- Management Expense Ratio ("MER") – represents the total management fees and operating expenses paid by each class of Cymbria, including applicable sales taxes and interest, and excluding corporate income taxes, commissions and other portfolio transaction costs, as a percentage of the average daily NAV of Cymbria on an annualized basis;
- Trading Expense Ratio ("TER") – represents total commissions and other portfolio transaction costs expressed as an annualized percentage of Cymbria's daily average NAV; and
- Net asset value per share – represents the NAV of Cymbria by class divided by the respective number of shares in that class.

Readers are cautioned not to view non-IFRS measures as alternatives to financial measures calculated in accordance with IFRS.

#### Reconciliation of NAV to Shareholders' equity

	Mar. 31, 2017 ( '000s)	Dec. 31, 2016 ( '000s)
NAV	\$ 882,941	\$ 857,166
Less: Deferred income tax liability	(30,070)	(30,490)
Shareholders' equity	\$ 852,871	\$ 826,676

## Our business

Cymbria is an investment corporation that trades on the Toronto Stock Exchange. As at March 31, 2017, Cymbria invested in a collection of 40 different business ideas, including a 20.7% ownership stake in EdgePoint Wealth Management Inc. ("EdgePoint").

### Company history

Fall 2008 was a bleak time for global equity markets as investors struggled with the impact of the credit crisis, numerous bank failures and one of the worst recessions in recent memory.

Armed with a proven investment approach and the belief that one of the best times to invest is when failure is assumed, four founding partners, Tye Bousada, Patrick Farmer, Robert Krembil and Geoff MacDonald, created Cymbria. They committed their savings to the company and asked others to do the same. By the time Cymbria launched on November 4, 2008, many more partners had joined the company and Cymbria had raised \$234 million from investors.

### Our investment approach

We adhere to a time-tested investment approach practiced by our portfolio managers throughout their investment careers.

We focus on global companies with strong competitive positions, defensible barriers to entry and long-term growth prospects that are run by competent management teams. As long-term investors in businesses, we view a stock as an ownership interest in a company and endeavour to acquire these ownership stakes at prices below our assessment of their true worth.

We believe the best way to buy a quality business at an attractive price is to have an idea about the company that isn't widely shared – what we call a *proprietary insight*. We strive to develop such proprietary insights around businesses we understand. Our holdings generally reflect our views looking out more than five years. We firmly believe that focusing on longer periods enables us to develop proprietary views about companies that aren't reflected in their current stock price.

Our approach is deceptively simple. We buy good, undervalued businesses and hold them until the market fully recognizes their potential.

Following this approach requires the ability to think independently, a natural curiosity to search out new ideas and a commitment to thorough research to uncover opportunities the market doesn't fully appreciate.

### A concentrated portfolio

Concentration risk can occur by holding a small number of investments, which may reduce Cymbria's diversification and liquidity. We invest with conviction and, as a result, Cymbria is concentrated in our best ideas. This concentration allows individual portfolio holdings to have a meaningful impact on returns when the market recognizes our estimate of their values. While Cymbria is concentrated, it is diversified by business idea. Each investment is

based on a well-researched proprietary idea. We try to ensure that the collection of businesses in Cymbria's portfolio is not based on the same or similar ideas. As a result, we consider our portfolio to be concentrated yet diversified.

As at March 31, 2017, Cymbria was diversified into 40 different business ideas, a slight change from 38 businesses at the end of 2016.

### **How we approach risk**

Investment success is often defined exclusively by investment returns. In sharp contrast, when we make an investment we weigh the risk of that investment against its potential return. This is unlike many investors who tend to focus on returns and overlook the risk taken to achieve that performance.

For us, risk is the potential for a permanent loss of capital. Our "old-school" view is summed up in the questions, "How much money can we lose, and what's the probability of that loss?" We focus on company-specific risk factors such as increased competition, management competence, profitability compression and the underlying valuation of a business relative to our assessment of its true worth. Noticeably absent from our definition of risk is the volatility of a company's share price relative to the market, as we don't equate short-term ups and downs with risk.

### **Measuring our results**

We've made meaningful progress toward our goal of building long-term wealth for shareholders. The cumulative return of Cymbria's Class A NAV since inception is 276.5% (includes IPO-related expenses) and the cumulative return of Cymbria's shareholders' equity since inception is 264.5%. The benchmark MSCI World Index returned 157.4% (C\$) over the same timeframe.

We measure our investment results using Cymbria's NAV rather than its stock price or shareholders' equity, as we feel this more closely reflects how our Investment team adds value. For instance, fluctuations in Cymbria's share price are not always consistent with the movements of its NAV and can change based on numerous factors, some of which are independent of Cymbria's NAV. Cymbria's shareholders' equity differs from NAV because of accounting differences primarily related to deferred income taxes. Cymbria's NAV includes a provision for current corporate income taxes, but excludes a provision for future taxes on unrealized capital gains and losses. Shareholders' equity includes both. Deferred tax does not impact the amount of capital that Cymbria has invested to earn a return. Therefore, when we measure our investment performance, we measure against the full amount of capital that was available to us to invest which is represented by NAV. We are required to calculate NAV daily and Cymbria's Class A NAV is posted daily to our website.

### **Measuring Cymbria's worth**

Cymbria's stock price has swung between a 14.2% discount and a 33.5% premium to NAV since inception.

The publicly traded portion of Cymbria's portfolio consists of a collection of quality businesses we believe are trading for less than their true value. We try to buy businesses that can materially grow their cash flows over time and where we're not being asked

to pay for that growth today. This should translate into healthy share-price appreciation.

To help investors make intelligent decisions about their investment in Cymbria, we post its NAV daily to our website. Some have suggested that doing so encourages short-term thinking. We tend to agree. Cymbria's NAV is different from its worth. The NAV represents the value of its holdings at today's prices, not tomorrow's worth. Not everyone uses Cymbria's NAV as a guidepost, nor does posting it ensure that the stock will ever trade at that figure. Cymbria has traded within a wide band and people are free to ignore the guideposts.

Since we have no control over Cymbria's share price and don't know what's in the heads of sellers day-to-day, we also have no way of determining if there will be shareholders willing to sell at material discounts to NAV (either knowingly or unknowingly). If Cymbria's stock price lags its NAV, we also believe in buying back shares, as doing so at an attractive discount makes sense for our shareholders. Should these opportunities exist over the next decade, our share repurchases should greatly enhance Cymbria's value for remaining shareholders. This will occur at the expense of those willing to sell to us at a discount. If we're right about the value of the businesses inside Cymbria's portfolio over time, our share repurchases will prove to be one of our better investments.

### **Recent Developments**

At a time when general optimism seemed hard to find, financial markets at the start of 2017 continued a wave of enthusiasm that followed the U.S. election based on the President's promise of a friendlier business climate and the U.S. Federal Reserve raising interest rates. The level of confidence fueled record highs for the Dow Jones Industrial Average and a move away from the so-called "safety" names towards companies with the potential for growth. We've always avoided making the top-down macro forecasts favoured by many market prognosticators, so we won't comment on the sustainability of the Trump rally. We see the current market as a normal operating environment – while opportunities can be found, they aren't prevalent.

We're starting to find value in businesses with emerging market exposure, whether directly or through subsidiaries. Further, select interest-rate sensitive names, a category of companies we've long derided due to their popularity, are also starting to show value. A company that embodies the opportunities in both of these areas is our recently initiated position in Unilever N.V., a packaged goods and household personal care company. Unilever's share price fell with the general sell-off in "safety" sector companies that began late last year and continued into this year. The company has more emerging market exposure than any of their competitors. If life continues to incrementally improve and disposable income increases for consumers in these markets, a company like Unilever stands to benefit.

The Portfolio had a relatively high degree of trading activity over the last quarter. This stemmed from the sale of holdings such as American International Group Inc. and Arista Networks Inc., companies where our proprietary insights were recognized by others. We redeployed some of the funds into opportunities we believed held better long-term prospects such as Affiliated Managers Group, Inc. and CSX Corp.

We continue to believe that volatility is the friend of the investor who knows the value of a business and the enemy of the investor who does not. With this in mind, we remain excited about the opportunities for our investment approach over the long term.

**Overall Performance**

For the three months ended March 31, 2017, Cymbria Class A NAV increased 2.9%, Class J NAV increased 3.2%, and shareholders' equity increased 3.2% versus an increase of 5.8% (C\$) for the benchmark MSCI World Index.

This section shows Cymbria's past performance. Past performance includes changes in security value and assumes the reinvestment of all dividends (if any). It does not take into account trading commissions or income taxes payable by any investor, which would have reduced returns. Past performance is not an indication of how Cymbria will perform in the future. The performance of Class A shares is shown for both the underlying NAV of a Class A share and the market value or trading price of a Class A share. The share price is not directly linked to the underlying NAV. It may not change in relation to the fluctuations in the underlying NAV and the performance could be either higher or lower than the performance of the underlying NAV or shareholders' equity over any given period. The performance of Class J shares is also shown.

**Benchmark**

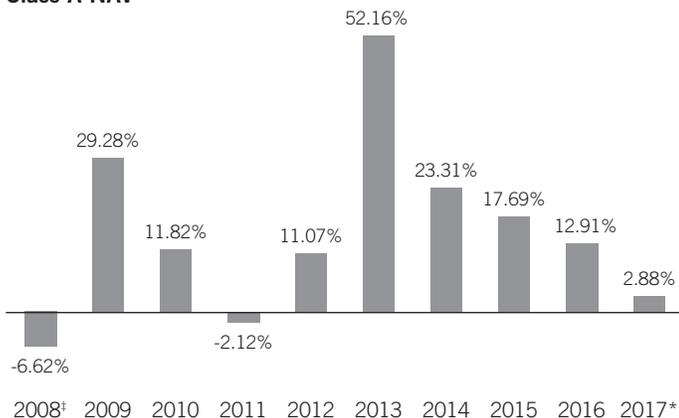
Cymbria uses the MSCI World Index as its benchmark for long-term performance comparisons. The MSCI World Index is a market capitalization-weighted index comprising equity securities available in developed markets globally.

While Cymbria uses this index as its broad-based performance benchmark, Cymbria is not managed relative to the index's composition. As a result, Cymbria may, and likely will, experience periods when its performance differs significantly from that of the Index, either positively or negatively. Please see the *Investment Performance* and *Financial Review* sections of this report for a discussion of recent performance results.

**Year-by-year returns**

The following graphs illustrate Cymbria's performance for each of the periods highlighted, including changes from period to period. They indicate, on a percentage basis, how much an investment would have made or lost had you invested on the first day of each financial period and held that investment until the last day of each financial period, as applicable. The differing performance between Class A and Class J shares is due largely to varying expenses and corporate income taxes charged to each class as explained in the Prospectus and the Financial Statements.

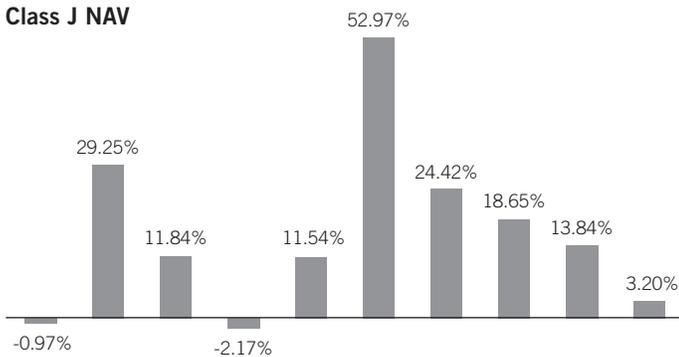
**Class A NAV**



<sup>†</sup>Inception to December 31, 2008.

\*Three months ended March 31, 2017.

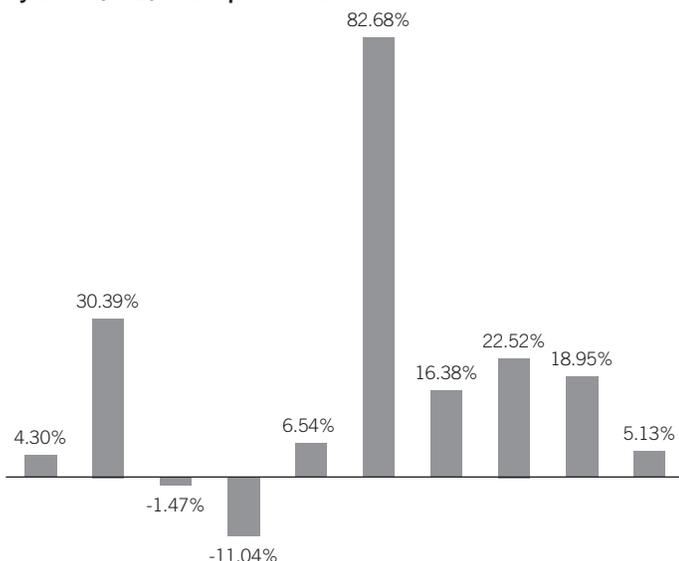
**Class J NAV**



<sup>†</sup>Inception to December 31, 2008.

\*Three months ended March 31, 2017.

**Cymbria (CYB) share price return**



<sup>†</sup>Inception to December 31, 2008.

\*Three months ended March 31, 2017.

**Cymbria's Growth**

As at March 31, 2017, Cymbria's NAV totaled \$883 million, compared to \$857 million as at December 31, 2016. Shareholders' equity increased to \$853 million, compared to \$827 million as at December 31, 2016. The increase in NAV and shareholders' equity is largely attributable to investment performance, which is discussed in the *Investment Performance* section of this report.

**Investment Performance**

Cymbria's investment performance is segmented between its investments in a portfolio of securities and EdgePoint.

**Portfolio of securities**

While we provide these results to fulfill the disclosure requirement of this report, we measure investment success over periods of 10 years or more, and believe it takes considerable skill to consistently add value over the long term. We don't believe any meaningful conclusions can be drawn based on such a short period. However, in this section we will discuss the investments that had the most impact on the NAV and highlight any material changes to the businesses we own, if any.

These are the investments that had the most meaningful positive impact on NAV during the period:

- Unilever N.V.

Unilever received an unwanted takeover advance from an investment group associated with 3G Capital. The approach was rebuffed. Since purchasing the stock at the beginning of February 2017, the stock price has increased by approximately 20%.

- Anthem Inc.

Anthem continued to grow its number of insured members which translated into healthy profits growth and free cash flow. The company's share price has gone up by approximately 15% during the quarter.

Conversely, the following business had the most meaningful negative impact on NAV during the period:

- Team Inc.

Due to lower commodity prices, a number of Team's customers delayed the maintenance on their facilities. These postponements resulted in negative operating leverage for Team which in turn hurt their short-term profitability. The stock was down approximately 30% during the quarter.

**Portfolio transactions**

Portfolio transactions are a result of our "bottom-up" stock selection process. We don't construct Cymbria's portfolio with an index or benchmark in mind. As a result, Cymbria's composition is typically very different from its benchmark index.

During the period, we purchased stakes in seven new businesses. Below are two of the most significant names by weight:

- Unilever N.V.

Unilever N.V. is a multinational consumer goods company behind a diverse list of household names. After the Trump rally, the company was among several "safety" holdings sold off by investors. Unilever has more exposure in emerging markets than any of its competitors. This gives them the ability to annually grow

earnings by 10 percent over time thanks to incremental growth in quality of life and disposable income in these countries. We have faith in management's ability to capitalize on these opportunities despite what we believe to be a temporary growth stall stemming from emerging market currency issues.

Additionally, Unilever has two divisions representing 40 percent of the company that have underperformed over time relative to competitors. We believe the CEO, a former Nestlé CFO, and the management team have the ability to improve these areas and increase margins to the mid-to-high double digits.

- **CSX Corp.**

CSX Corp. is a holding company with interests in a wide range of businesses primarily focusing on North American real estate and railways. We believe the new CEO will change the culture of the company, grow the business and cut waste following the 13-year tenure of his predecessor. The adjustments have the potential to increase earnings over the next three to five years based on his strong track record and experience from revitalizing three other rail companies.

We generally sell a stake in a business for one of two reasons. First, if our thesis about the business is deemed no longer valid. Second, there is a constant culling process whereby we continuously strive to upgrade the quality of Cymbria's portfolio with better ideas.

During the period, the following businesses were sold:

- **American International Group Inc.**

We aren't averse to owning businesses that have been tainted in the past. American International Group Inc. is a great example as it required one of the biggest government bailouts from the 2008 financial crisis. We first purchased the global property and casualty firm four years ago based on the belief that new management would focus on earnings rather than growing revenues at any cost. Since the crisis, AIG sold several businesses, de-levered and recapitalized the balance sheet. The company reduced derivative exposure and used excess cash to repurchase shares at attractive valuations. We exited the position once the stock price started to reflect the value of the business. Our holding period return for AIG was approximately 76%.

- **Arista Networks Inc.**

Arista Networks Inc. is a computer networking company we began purchasing in September 2015. We believed they would continue a history of brisk growth based on tech companies expecting their cloud business to triple by 2018. To meet this projection, Microsoft, Arista's biggest customer, would have to purchase a large number of Arista switches (devices that route data to the right office or data center). We were able to purchase Arista at a discount while it was the subject of intellectual property litigation over allegations that they stole software for their switches from Cisco Systems Inc. We believed Arista had the strongest networking team in the world, represented an existential threat to Cisco based on their long and successful history and that it was unlikely they'd stolen anything. While we initiated our position

in the fall of 2015, we took advantage of further market volatility during late 2015 and early 2016 by increasing our holding at lower prices. Our business thesis on Arista played out as we thought. The stock price reflected this and led to its sale. Our holding period return for Arista was approximately 48%.

- **Pegasystems Inc.**

We held Pegasystems Inc., a business software developer, for over two years and sold the company after an increase in valuation. The return over that time was approximately 97%.

- **Tokyo Ohka Kogyo Co., Ltd.**

We sold our position in Tokyo Ohka Kogyo Co., Ltd. as we weren't satisfied with management's plans to increase the company's ROE. Our return for the three years we held the company was approximately 118%.

- **Union Pacific Corp.**

We decided to exit from our position in Union Pacific Corp. after holding the company for a year and a half. We used the proceeds to invest in a new position in a related industry – CSX Corp. Our holding period return for Union Pacific was approximately 19%.

### ***Investment in EdgePoint***

Cymbria's original \$509,585 investment in EdgePoint gave us a 20.7% ownership share. We have received \$23.1 million in dividends from EdgePoint since inception and its stake in Cymbria has increased to \$110.3 million, making EdgePoint the most valuable contributor to Cymbria's investment portfolio. Net sales for EdgePoint during the quarter were above the original forecast, however, the value of EdgePoint at March 31, 2017, remained within the \$110.3 million to \$121.9 million range disclosed on December 31, 2016. For financial statement purposes, a value of \$110.3 million was used at March 31, 2017. Subsequent to March 31, 2017, and to the date of this report, net sales continued to exceed the original forecast. Accordingly, Management prepared revised projections as of April 30, 2017, and with the assistance of a third-party valuator, EdgePoint was revalued at a range of \$151.9 million to \$167.5 million. For financial statement and NAV purposes, a value of \$151.9 million was used.

### ***Portfolio composition***

#### *Sector exposure*

On a sector basis, Cymbria's financial and industrial holdings contributed most significantly to overall performance. Energy holdings detracted most significantly from overall performance.

Overall sector exposure shifted primarily as a result of investment decisions and changes in stock prices. The most significant change was an increase of approximately 2.7% in Cymbria's consumer staples holdings primarily due to the purchase of Unilever N.V. Cymbria's financial holdings decreased by approximately 1.7% largely due to the sale of American International Group Inc. and a reduction in the weight of JPMorgan Chase & Co. Cymbria's cash position decreased from 12.5% at the end of 2016 to 11.3% as at March 31, 2017.

**Sector exposure**

Sector	% of Portfolio
Industrials	24.01%
Diversified Financials	18.93%
Cash and other net assets	11.30%
Information Technology	7.84%
Consumer Staples	5.55%
Insurance	5.31%
Consumer Discretionary	5.04%
Materials	4.91%
Banks	4.67%
Real Estate	4.34%
Health Care	3.83%
Energy	3.02%
Corporate Bonds	0.83%
Telecommunication Services	0.42%
<b>Total</b>	<b>100.00%</b>

**Summary of Investment Portfolio**

**Top 10 positions**

Security name	% of NAV
1 EdgePoint Wealth Management Inc.	12.50%
2 Wells Fargo & Co.	4.67%
3 Anthem Inc.	3.54%
4 Echelon Financial Holdings Inc.	3.42%
5 WABCO Holdings Inc.	3.37%
6 WESCO International Inc.	3.29%
7 Shiseido Co., Ltd.	3.01%
8 Generac Holdings Inc.	2.87%
9 Realogy Holdings Corp.	2.79%
10 Ubiquiti Networks Inc.	2.70%
<b>Total</b>	<b>42.16%</b>

The *Summary of Investment Portfolio* may change due to ongoing portfolio transactions. Quarterly updates are available at [www.cymbria.com](http://www.cymbria.com).

## Financial highlights

Class A	Mar. 31, 2017	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
<b>Ratios and supplemental data</b> (Note 1)						
Total net asset value (000's)	\$ 542,185	\$ 526,880	\$ 465,453	\$ 390,823	\$ 315,735	\$ 212,931
Number of shares outstanding (000's)	14,402	14,399	14,363	14,194	14,139	14,509
Management expense ratio (Note 2)	1.20%	1.19%	1.76%	1.94%	2.09%	2.13%
Trading expense ratio (note 3)	0.06%	0.04%	0.05%	0.07%	0.05%	0.08%
Portfolio turnover rate (note 4)	12.32%	25.26%	43.37%	35.65%	35.98%	36.96%
Net asset value per share	\$ 37.65	\$ 36.59	\$ 32.41	\$ 27.53	\$ 22.33	\$ 14.68
Accounting adjustments to net asset value per share (Note 6)	\$ (1.29)	\$ (1.30)	\$ (1.26)	\$ (1.31)	\$ (0.99)	\$ (0.24)
Shareholders' equity per share	\$ 36.36	\$ 35.29	\$ 31.15	\$ 26.22	\$ 21.34	\$ 14.44
Closing market price (CYB)	\$ 41.37	\$ 39.35	\$ 33.08	\$ 27.00	\$ 23.20	\$ 12.70

Class J	Mar. 31, 2017	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
<b>Ratios and supplemental data</b> (Note 1)						
Total net asset value (000's)	\$ 340,756	\$ 330,286	\$ 291,286	\$ 250,130	\$ 202,246	\$ 134,363
Number of shares outstanding (000's)	8,222	8,224	8,257	8,413	8,464	8,601
Management expense ratio (Note 2)	0.71%	0.70%	0.70%	0.74%	0.83%	0.87%
Trading expense ratio (note 3)	0.06%	0.04%	0.05%	0.07%	0.05%	0.08%
Portfolio turnover rate (note 4)	12.32%	25.26%	43.37%	35.65%	35.98%	36.96%
Net asset value per share	\$ 41.45	\$ 40.16	\$ 35.28	\$ 29.73	\$ 23.90	\$ 15.62
Accounting adjustments to net asset value per share (Note 6)	\$ (1.41)	\$ (1.43)	\$ (1.37)	\$ (1.38)	\$ (1.04)	\$ (0.27)
Shareholders' equity per share	\$ 40.04	\$ 38.73	\$ 33.91	\$ 28.35	\$ 22.86	\$ 15.35
Closing market price (Note 5)	n/a	n/a	n/a	n/a	n/a	n/a

## Notes

- The financial information presented in the *Ratios and supplemental data* table is derived from Cymbria's pricing NAVs and is provided as at March 31, 2017, December 31, 2016, December 31, 2015, December 31, 2014, December 31, 2013, and December 31, 2012.
- The management expense ratio ("MER") is calculated as the total management fees and operating expenses paid by each class of Cymbria, including sales taxes and interest, and excluding corporate income taxes, commissions and other portfolio transaction costs, as a percentage of the average daily NAV of each class of Cymbria on an annualized basis. The Manager, at its sole discretion, waives management fees or absorbs expenses. Such waivers and absorptions can be terminated at any time. For the years presented, the Manager has not waived any management fees or absorbed any expenses.
- The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of Cymbria's daily average NAV. The trading expense ratio is calculated at the portfolio level and applies to all classes of Cymbria.
- Portfolio turnover rate is calculated at the portfolio level based on the lesser of purchases or proceeds of sales of securities for the year, excluding cash, short-term notes and bonds having maturity dates at acquisition of one year or less, divided by the average value of the portfolio securities for the year. Cymbria's portfolio turnover rate indicates how actively Cymbria's portfolio advisor manages its portfolio of investments. A portfolio turnover rate of 100% is equivalent to Cymbria buying and selling all of the securities in its portfolio once in the course of the year. The higher the portfolio turnover rate in a year, the greater the trading costs payable in the year and the greater the chance of taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and Cymbria's performance.
- Cymbria's Class J shares are not traded on a stock exchange.
- The accounting adjustments from 2012 relate to differences between Cymbria's pricing NAV and accounting net asset value per share under Canadian GAAP. Canadian GAAP net asset value differed from NAV because it used the closing bid price for the fair value of investments instead of the pricing guidelines outlined in the prospect. In addition, Canadian GAAP net asset value included the future income tax liability on the unrealized gain on investments, and the future tax benefits associated with share issuance costs and realized losses on investments. The accounting adjustments from 2013-2017 relate to differences between Cymbria's pricing NAV and accounting shareholders' equity under IFRS. IFRS shareholders' equity differs from NAV because it includes the deferred income tax liability on the unrealized gain on investments, deferred tax benefits associated with any realized losses on investments, and temporary timing differences between the accounting and tax treatment of Cymbria's deferred share units.

**Financial Review**

This section discusses the significant changes in Cymbria's financial performance, financial condition and cash flows for the three months ended March 31, 2017 compared to those for the three months ended March 31, 2016 and as at December 31, 2016.

This section should be read in conjunction with Cymbria's condensed interim financial statements and corresponding notes thereto.

**Financial Performance**

	<b>Three months ended Mar. 31</b>	
	<b>2017</b>	<b>2016</b>
	<b>('000s)</b>	<b>('000s)</b>
<b>Income</b>		
Net realized and unrealized gain (loss) on investments	\$ 29,295	\$ (20,634)
Dividend and interest income	2,181	2,178
Foreign currency gain (loss) on hedging	1,220	9,736
Foreign currency gain (loss), excluding hedging	11	(590)
<b>Total income</b>	<b>\$ 32,707</b>	<b>\$ (9,310)</b>
<b>Expenses</b>		
Management fees	\$ 1,538	\$ 1,245
Withholding taxes, HST, and transaction costs	589	505
Other expenses	411	310
<b>Total expenses</b>	<b>\$ 2,538</b>	<b>\$ 2,060</b>
<b>Profit (loss) for the period before taxes</b>	<b>\$ 30,169</b>	<b>\$ (11,370)</b>
<b>Income taxes (recovery)</b>	<b>3,974</b>	<b>(1,745)</b>
<b>Net comprehensive income</b>	<b>\$ 26,195</b>	<b>\$ (9,625)</b>

*(a) Net realized and unrealized gain on investments*

The change in net realized and unrealized gain on investments is driven by investment performance during the period. Highlights of this performance is discussed in the *Investment performance* section of the MD&A.

*(b) Dividend and interest income*

Dividend and interest income is earned on the portfolio of public equities and the investment in EdgePoint. An important driver of wealth for Cymbria is the dividend from EdgePoint. EdgePoint typically pays a dividend semi-annually, which can be reinvested by Cymbria in its portfolio of securities or used to buy back Cymbria shares. Cymbria's portfolio of public equities is not managed with the intent to derive a certain amount of dividend or interest income. Therefore, it is typical that this type of income would fluctuate from period to period.

*(c) Foreign currency gain (loss)*

Cymbria is valued in Canadian dollars; however, it invests in securities dominated in foreign currencies. The foreign currency gains and losses of these securities are included in net realized and unrealized gain (loss) on investments. In order to reduce the impact of short-term fluctuations, we may employ currency hedging. Specifically, we may hedge all or a portion of our foreign currency exposure depending on our view of a currency's relative value and its associated risks.

As at March 31, 2017, Cymbria's most significant foreign currency exposure was the U.S. dollar, which as a percentage of shareholders' equity was approximately 51%, and Cymbria hedged 29% of that exposure. Cymbria did not have a hedge in place for its investment securities denominated in the Japanese yen, Euro, Swiss franc, British pound, Swedish krona, or Indian rupee. As a result of foreign currency hedging activities during the period ended March 31, 2017, Cymbria had a \$1.2 million net realized and unrealized gain from hedging activities.

Excluding Cymbria's hedging positions, Cymbria did not have a significant gain or loss due to other fluctuations in foreign currencies during the period.

*(d) Expenses and MER*

The increase in management fees is due to the increase in NAV over the corresponding period, on which the fee is based.

Cymbria believes that the MER continues to be an important metric to evaluate the impact that fees and expenses have on Cymbria's investment performance. For the period ended March 31, 2017, the MER was 1.20% for Class A shareholders, and 0.71% for Class J shareholders, compared to 1.19% and 0.70% for the year ended December 31, 2016 for Class A and Class J shareholders, respectively. There was no significant change in the operating expenses of Cymbria during the period compared to the prior year.

**Financial Condition**

	Mar. 31, 2017 ('000s)	Dec. 31, 2016 ('000s)
<b>Assets</b>		
Investments	\$ 782,838	\$ 750,075
Cash and cash equivalents	94,222	101,596
Income tax recovery	4,686	4,814
Other assets	4,040	3,142
<b>Total assets</b>	<b>\$ 885,786</b>	<b>\$ 859,627</b>
<b>Liabilities</b>		
Foreign exchange forward contracts	\$ 593	\$ 617
Accrued liabilities and other payables	1,710	1,359
Deferred share unit plan	542	485
Deferred income tax liability	30,070	30,490
<b>Total liabilities</b>	<b>\$ 32,915</b>	<b>\$ 32,951</b>
<b>Shareholders' equity</b>	<b>\$ 852,871</b>	<b>\$ 826,676</b>

*(a) Investments*

Cymbria's investment balance as at March 31, 2017, primarily consists of a portfolio of securities of \$672.3 million and an investment in EdgePoint of \$110.3 million. The *Investment Performance* section of this MD&A discusses the significant changes in these investments. The *Summary of Investment Portfolio* highlights the top holdings.

*(b) Cash and cash equivalents*

Cymbria maintains cash and cash equivalents to purchase investments, pay expenses, and occasionally buy back shares. Cymbria does not distribute cash by issuing a dividend. Cash balances are monitored on a daily basis by the Manager, and the decrease of \$7.4 million from the end of 2016 is primarily due to the net purchase of investments in the portfolio during the three month period ended March 31, 2017. As at March 31, 2017, cash and cash equivalents comprised entirely of cash held at the bank.

*(c) Income tax recovery and other assets*

The income tax recovery of \$4.7 million is a result of the required income tax installments for 2017 being larger than Cymbria's income tax liability. Other assets consists of receivable for investments sold of \$3.5 million and dividends receivable of \$0.6 million, which are a result of transactions that occurred but had not yet settled at the end of the period.

*(d) Accrued liabilities and other payables*

As at March 31, 2017, accrued liabilities and other payables consists of accrued liabilities of \$0.8 million and payable for investments purchased of \$0.9 million. The increase from the end of 2016 is a primarily a result of investments that were purchased but not yet settled at the end of the period.

*(e) Deferred share unit plan*

Cymbria's deferred share unit plan exists to provide directors the option to receive their compensation in the form of deferred share units. The units are valued using the five day volume weighted average stock price of Cymbria prior to the period end. For the three months ended March 31, 2017, Cymbria issued 615 units, and the total value of the deferred share unit plan increased by \$57 thousand.

*(f) Deferred income tax liability*

The deferred income tax liability represents temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes versus taxation purposes. As at March 31, 2017, Cymbria's deferred income tax liability is presented net and it comprises of a liability on the unrealized appreciation of investments of \$30.2 million, offset by an asset on deferred share units of \$0.1 million. Included in the deferred income tax liability is \$14.6 million related to Cymbria's investment in EdgePoint.

*(g) Shareholders' equity*

Cymbria's shareholders' equity is comprised of common stock, Class A, and Class J shareholders. The Manager owns 100% of the common stock of Cymbria. The number of common shares outstanding on March 31, 2017 and May 15, 2017 were 100. Class A shares are non-redeemable and traded on the Toronto Stock Exchange. As at March 31, 2017 and May 15, 2017, there were 14,402,090 and 14,403,295 shares outstanding, respectively. Class J shares are non-redeemable and were offered through a private placement. Class J shares can be exchanged for an equivalent value of Class A shares on the last business day of each week. As at March 31, 2017 and May 15, 2017, there were 8,221,597 and 8,220,502 shares outstanding, respectively.

**Cash Flows**

For the three months ended March 31, 2017, Cymbria had a net decrease in cash and cash equivalents of \$7.4 million. The majority of the net decrease in cash and cash equivalents is due to cash used for operating activities, including the net purchase of investments. Cymbria did not generate a significant amount of cash flows from financing or capital activities.

**Shareholder activity**

Cymbria refiled its Normal-Course Issuer Bid ("NCIB") for the 12-month period beginning on May 20, 2016 to May 19, 2017. Cymbria will use the NCIB to repurchase shares in the event that we believe the company is being undervalued by the market and an attractive opportunity exists to enhance the value for its shareholders. During the three months ended March 31, 2017, Cymbria did not repurchase any shares as they were either trading at a premium to NAV or at a very small discount. Since inception, Cymbria has repurchased and cancelled 460,800 Class A shares at an average price of \$12.95 per share and a total cost of \$6.0 million.

On June 27, 2013, Cymbria's shareholders overwhelmingly approved a proposal to amend its constating documents to provide for a Liquidity Realization Opportunity ("LRO") in respect of both Class A and Class J shares. The LRO gives Cymbria the obligation to repurchase a number of shares from time to time at a very small discount to NAV where (i) Cymbria's portfolio has experienced growth in the previous fiscal year, (ii) Class A shares are trading at a price less than 97% of NAV, and (iii) on the Manager's recommendation. When these events occur, shareholders may elect to participate in the LRO and have an opportunity to dispose of shares at a price close to NAV. This feature was introduced to increase Cymbria's attractiveness as an investment by recognizing that liquidity requirements and investment time horizons vary from investor to investor. We believe that Cymbria's NAV, which is disclosed daily, is a fair representation of Cymbria's portfolio at current prices. When Class A shares trade at prices not reflective of the NAV, the LRO provides another venue whereby shareholders may dispose of their shares at a price closer to NAV. The LRO does not affect Cymbria's

ability to continue repurchasing shares through the NCIB. Please see the Management Information Circular dated May 28, 2013 for more information on the LRO. Cymbria did not announce a LRO

for the three months ended March 31, 2017, as Cymbria's Class A shares have been trading above 97% of NAV on average over the period.

**Summary of interim results**

With Cymbria's transition to a corporate issuer effective January 1, 2016, Cymbria is now required to provide interim financial information on a quarterly basis. Prior to this date, Cymbria provided financial statements on a semi-annual basis. The financial information summarized below is derived from Cymbria's condensed interim financial statements from the three months ended March 31, 2017, December 31, 2016, September 30, 2016, June 30, 2016, and March 31, 2016 and the semi-annual financial statements for the previous two semi-annual periods.

(in '000s except per share amounts)	Three months ended					Six months ended	
	Mar. 31, 2017	Dec. 31, 2016	Sep. 30, 2016	Jun. 30, 2016	Mar. 31, 2016	Dec. 31, 2015	Jun. 30, 2015
Total income (loss)	\$ 32,707	\$ 69,448	\$ 68,699	\$ (8,823)	\$ (9,310)	\$ 39,552	\$ 104,678
Total expenses	2,538	2,427	2,214	2,326	2,060	5,383	5,814
Increase (decrease) in shareholders' equity from operations	26,195	58,941	57,788	(8,739)	(9,625)	30,742	86,868
Increase (decrease) in shareholders' equity from operations, per share							
Class A	\$ 1.07	\$ 2.50	\$ 2.45	\$ (0.42)	\$ (0.43)	\$ 1.24	\$ 3.69
Class J	\$ 1.31	\$ 2.79	\$ 2.74	\$ (0.32)	\$ (0.42)	\$ 1.56	\$ 4.10

**Liquidity**

Cymbria maintains strong liquidity with cash and cash equivalents and its portfolio of public equities. Aside from financial liabilities that arise from its normal course of investing activities, Cymbria has no other significant financial liabilities. As Cymbria's equity is non-redeemable, it does not present a liquidity risk. As at March 31, 2017, cash and cash equivalents represents 11% of Cymbria's total shareholders' equity. Cymbria's portfolio of securities includes actively traded global stocks that can be readily sold. As at March 31, 2017, the portfolio of public equities represents 77% of Cymbria's total equity. Cymbria does not own any debt or contractual obligations that would pose a significant risk to liquidity as at March 31, 2017.

**Commitments and Contingencies**

In the ordinary course of business activities, Cymbria may be contingently liable for litigation and claims arising from investing. Where required, the Manager records adequate provisions in the accounts. The Manager is not aware of any current or pending litigation or claims against Cymbria.

**Related parties**

**Manager and Investment Advisor**

Cymbria is managed by EdgePoint Investment Group Inc. (the "Manager"), which is responsible for Cymbria's day-to-day operations and is also the portfolio advisor to Cymbria. The Manager provides investment advisory and portfolio management services, which comprise investment selection, analysis and monitoring, including business travel to corporate head offices, other associated due diligence costs, portfolio construction and risk management and broker analysis, selection and monitoring, and trading expertise, and could also include marketing and promotion of Cymbria. These services are in the normal course of operations and are charged at the rate agreed to by the parties.

As compensation for providing these management services, the Manager receives a monthly management fee based on the daily average NAV of each class of Cymbria shares, excluding the value of EdgePoint. For the three months ended March 31, 2017,

management fees totaled \$1.5 million, compared to \$1.2 million for the same period ended March 31, 2016. In addition, the Manager is entitled to be reimbursed by Cymbria for operating expenses associated with its advisory services, excluding salaries to the Manager's principal shareholders.

Cymbria is also responsible for paying its own operating expenses which includes, but is not limited to, taxes (including income, capital, and harmonized sales taxes), accounting, legal fees, audit fees, Board of Directors' fees, custodial and safekeeping fees, portfolio transaction costs, registrar and transfer agency fees, regulatory costs and filing fees, shareholder reporting including the costs of preparing and distributing annual and interim reports, Annual Information Forms, statements and investment communications, interest and bank charges, and all administration expenses incurred by the Manager for its duties as Manager that could include salaries (excluding salaries to the Manager's principal shareholders), overhead and other costs related directly to Cymbria's operations. Except for interest, bank charges, and taxes paid or payable directly by Cymbria, the Manager incurs such expenses on Cymbria's behalf and is then reimbursed by Cymbria for such expenses.

**Critical Accounting Estimates**

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimates are revised and in any future period affected.

The following discusses the most significant accounting judgments that Cymbria has made in preparing the financial statements:

- i. *Fair value measurement of derivatives and securities not quoted in an active market*

Cymbria holds financial instruments that are not quoted in active markets, including derivatives. The determination of the fair value of these instruments is where Cymbria has made the most significant accounting judgments and estimates in preparing financial statements. See Note 9 of the attached financial statements for more information on the fair value measurement of Cymbria's financial statements.

ii. *Deferred tax assets*

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable income will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income, together with future tax planning strategies.

**Future Changes in Accounting Policies**

A number of new standards, amendments to standards and interpretations are not yet effective for the period ended March 31, 2017.

None of these will have a significant effect on the financial statements of Cymbria, with the possible exception of IFRS 9, *Financial Instruments*.

IFRS 9 deals with recognition, derecognition, classification and measurement of financial instruments and its requirements represent a significant change from the existing requirements in IAS 39 *Financial Instruments: Recognition and Measurement*, in respect of financial assets. IFRS 9 contains two primary measurement categories for financial assets: amortized cost and fair value. A financial asset would be measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale, and loans and receivables. The effective date of this standard is January 1, 2018, but early adoption is permitted. The Manager is currently in the process of evaluating the potential effect of this standard.

**Financial Instruments**

Cymbria has designated its financial instruments as follows:

	<b>Classification</b>	<b>Measurement</b>
<b>Financial assets</b>		
Investments	Fair value through profit or loss	Fair value
Foreign exchange forward contracts	Held for trading	Fair value
Cash and cash equivalents	Loans and receivables	Amortized cost
Receivable for investments sold	Loans and receivables	Amortized cost
Dividends receivable	Loans and receivables	Amortized cost
Income tax recovery	Loans and receivables	Amortized cost
<b>Financial liabilities</b>		
Accrued liabilities	Other financial liabilities	Amortized cost
Income taxes payable	Other financial liabilities	Amortized cost
Payable for investments purchased	Other financial liabilities	Amortized cost
Deferred share unit plan liability	Other financial liabilities	Fair value
Deferred income tax liability	Other financial liabilities	Amortized cost

**Risks**

The risks associated with investing in Cymbria remain as disclosed in the prospectus dated October 20, 2008 and filed on SEDAR. Any changes to Cymbria over the period have not affected the overall risks.

**Disclosure Controls and Procedures and Internal Controls over Financial Reporting**

The Co-Chief Executive Officers and the Chief Financial Officer have designed, or caused to be designed under their supervision, internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Co-Chief Executive Officers and the Chief Financial Officer have also designed, or caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that information required to be disclosed by Cymbria in its corporate filings have been recorded, processed, summarized and reported within the time periods specified in securities legislation. In addition, Cymbria's Audit Committee and Board of Directors provide an oversight role with respect to all public financial disclosures by Cymbria, and have reviewed and approved this MD&A and the condensed interim financial statements as at May 15, 2017.

There were no changes made in the design of internal controls over financial reporting during the three months ended March 31, 2017, that have materially affected, or are reasonably likely to materially affect, Cymbria's internal controls over financial reporting.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that its objectives are met. Due to inherent limitations in all such systems, no evaluations of controls can provide absolute assurance that all control issues, if any, within a company have been detected. Accordingly, our internal controls over financial reporting and disclosure controls and procedures are effective in providing reasonable, not absolute, assurance that the objectives of our control systems have been met.

## **OFFICERS**

**Tye Bousada, CFA**

*Co-Chief Executive Officer*

**Geoff MacDonald, CFA**

*Co-Chief Executive Officer*

**Diane Rossi**

*Corporate Secretary*

**Norman Tang, CPA, CA**

*Chief Financial Officer*

## **DIRECTORS**

**Ugo Bizzarri, CFA**

*Director*

**Reena Carter, CA, CPA, CBV, C.Dir**

*Director and Chair of the Audit Committee*

**Patrick Farmer, CFA**

*Chairman*

**James MacDonald**

*Director and member of the Audit Committee*

**Richard Whiting**

*Director and member of the Audit Committee*

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## **AUDITOR**

**KPMG LLP**

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## **CUSTODIAN**

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## **MANAGER AND INVESTMENT ADVISOR**

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## **LEGAL COUNSEL**

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## **REGISTRAR AND TRANSFER AGENT**

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## **TORONTO STOCK EXCHANGE LISTING**

**CYB**