

CYMBRIA CORPORATION

2016

Management's Discussion & Analysis

Year Ended December 31, 2016

Management's Discussion and Analysis ("MD&A") provides a review of Cymbria Corporation's ("Cymbria") financial results for the year ended December 31, 2016 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 audited annual financial statements and notes thereto included in this report. The MD&A and the audited annual 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 March 9, 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 annual 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 or the SEDAR website at 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 annual Financial Statements for more information which can be found on the SEDAR website at www.sedar.com. For Cymbria's current and historical net asset values per share, please visit 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 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

	Dec. 31, 2016 ('000s)	Dec. 31, 2015 ('000s)
NAV	857,166	756,377
Less: Deferred income tax liability	(30,490)	(28,066)
Shareholders' equity	826,676	728,311

Our business

Cymbria is an investment corporation that trades on the Toronto Stock Exchange. At the end of 2016, Cymbria invested in a collection of 38 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, our portfolios are 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 our portfolio 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 the portfolio is not based on the same or similar ideas. As a result, we consider our portfolio to be concentrated yet diversified.

As at December 31, 2016, Cymbria was diversified into 38 different business ideas. This compares to 37 holdings at the end of 2015.

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 265.9% (includes IPO-related expenses) and the cumulative return of Cymbria's shareholders' equity since inception is 252.9%. The benchmark MSCI World Index returned 143.4% (C\$) over the same time frame.

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.

Transition to Corporate Issuer

On June 14, 2014, the Canadian Securities Administrators ("CSA") issued final amendments on the Modernization of Investment Fund Product Regulation (Phase 2), including revisions to Section 2.2 of National Instrument ("NI") 81-102. These revisions incorporated a number of regulatory changes that would impact issuers such as Cymbria, who were classified as investment funds pursuant to Canadian securities laws. Among the proposed changes were new restrictions on investments that are, in effect, contrary to what investors would have bargained for when making the decision to invest in shares of Cymbria. The changes would have restricted Cymbria from purchasing a security of an issuer (a) if the non-redeemable investment fund would, immediately after the purchase, hold more than 10% of the votes or outstanding equity of the issuer, or (b) for purposes of exercising control over, or management of, the issuer (the "Control Restriction"). For existing funds regulated under NI 81-102, the Control Restriction came into force on March 21, 2016.

Cymbria holds more than 10% of the votes and outstanding equity of EdgePoint. While Section 2.2 of NI 81-102 would not have prevented Cymbria from maintaining the ownership level, it could prevent Cymbria from acquiring additional securities in EdgePoint. Moreover, Cymbria would have been prevented, contrary to its expansive investment mandate, from making additional control investments in other issuers in the future.

In light of the impact the proposed amendments would have had on investment funds and on the business of Cymbria, the Board of Directors determined that it was in the best interests of Cymbria to proceed with a transition from its status as an investment fund, to a non-investment fund (the "Transition").

In order to achieve the Transition, the Board called a special meeting of shareholders on December 15, 2015. At the meeting, all shareholders, including Class A, Class J and common shareholders voted overwhelmingly in favour of the Transition of the Company from the investment fund regime ("Investment Fund Regime") to the public company regime ("Public Company Regime").

Under the Public Company Regime, Cymbria's investment restrictions will be those set out in the Prospectus and reiterated in the Annual Information Form. In addition, Cymbria will comply with NI 51-102 continuous disclosure requirements, as opposed to the Investment Fund Regime, which is required to comply with

NI 81-106 continuous disclosure requirements. A few of the key distinctions between both regimes, is that financial statements will be provided on a quarterly basis rather than semi-annually and there is no requirement to have an Independent Review Committee ("IRC"). Although Cymbria dissolved the IRC, it expanded the number of independent members that sit on its Board of Directors.

Recent Developments

The year started fraught with uncertainty and ended in much the same fashion. Financial markets at the beginning of the year were preoccupied with concerns of an economic slowdown in China and the potential fallout for global economic growth. Although this fear has yet to materialize, there were plenty of sources of volatility to keep investors off balance. The U.K. referendum on Brexit and the U.S. election result being two of the most salient examples.

While the calendar year return for Cymbria, Class A NAV was 12.9%, more than 100% of this return followed the U.K. vote to leave the European Union and more than 70% followed the U.S. election. Two lessons can be drawn from what did (and didn't) happen in 2016 and how investors did (and didn't) respond. First, we're fundamental investors who practice an approach that's centred on the ownership of individual businesses. We don't think anyone has the ability to consistently predict what will happen in the macro environment or would know how to fully take advantage of it if they could. Second, we have long cautioned about the futility of market timing. Investors who sat on the sidelines due to fear of the consequences of the Brexit vote or fallout of the U.S. election missed out on stronger-than-expected investment returns.

One of the biggest stock-specific stories in Cymbria this year surrounded Wells Fargo & Co. – the scandal that embroiled the company in September and how we responded to the ensuing volatility. While the company initially scuppered its handling of the crisis, we felt the selling pressure throughout September and October was overdone. We were critical of company leadership and crisis management, but never believed the scandal was bigger than the bank. In mid-October, the company appointed Tim Sloan as CEO, a long-time employee who we believe will be a good torchbearer for the company going forward. Our thesis, that Wells Fargo is a big bank that can outgrow the U.S. economy, remains intact. The scandal fallout allowed us to add to our position, making Wells Fargo one of the top holdings in Cymbria.

The cash position in Cymbria increased in the fourth quarter as we took profits on many investment ideas that performed well. We redeployed some of this profit-taking into ideas with better long-term growth potential. As always, cash is a by-product of our investment process and will be put to work as compelling investment opportunities arise.

Outlook

We have long held the opinion that we're entering a period of slower-for-longer global economic growth. With this backdrop it's critical that investors find businesses that can grow despite the economic headwinds. It's for this reason that we avoided slow-growth sectors such as utilities, telecommunications and consumer staples. Not only are these sectors likely to grow at or below global growth rates, their valuations have been bid up as investors seek their perceived safety. In the context of a slower-for-longer world, our belief is that these sectors are anything but safe from an investment standpoint.

Looking to Europe, we remain concerned about the surging populist wave sweeping the continent and its potential to create instability. The probability of a destabilized Union increases if new governments form in countries like Spain and Italy that wish to take their countries out of the economic union.

While we cannot predict the outcomes, we have long believed that volatility is the friend of the investor who knows the value of a business and the enemy of the investor who doesn't. With this in mind we look forward to the opportunities created by volatility to add value over the long term and believe that the current environment represents an exciting period for active investment management.

Overall Performance

For the year ended December 31, 2016, Cymbria Class A NAV increased 12.91%, Class J NAV increased 13.84%, and shareholders' equity increased 13.51% versus an increase of 3.79% (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 or shareholders' equity. It may not change in relation to the fluctuations in the underlying NAV or shareholders' equity 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

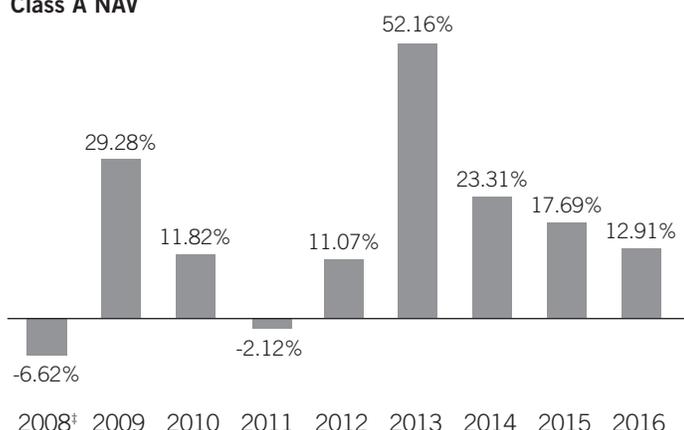
Cymbria uses the MSCI World Index as its benchmark for long-term performance comparisons. The MSCI World Index is a market capitalization-weighted index comprising equity securities available in developed markets globally.

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

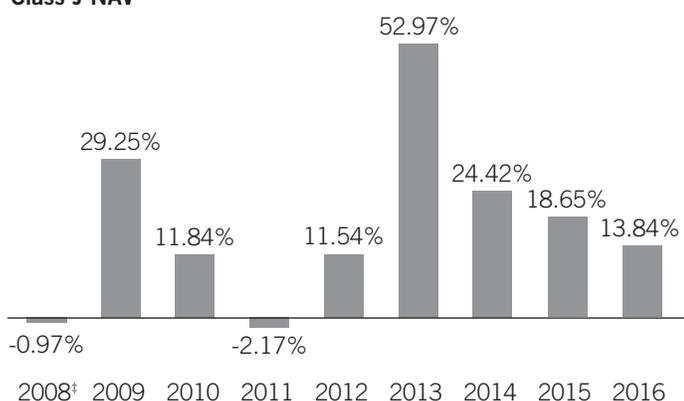
The following graphs illustrate Cymbria's performance for each of the periods highlighted, including changes from period to period. They indicate, on a percentage basis, how much an investment would have made or lost had you invested on the first day of each financial period and held that investment 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



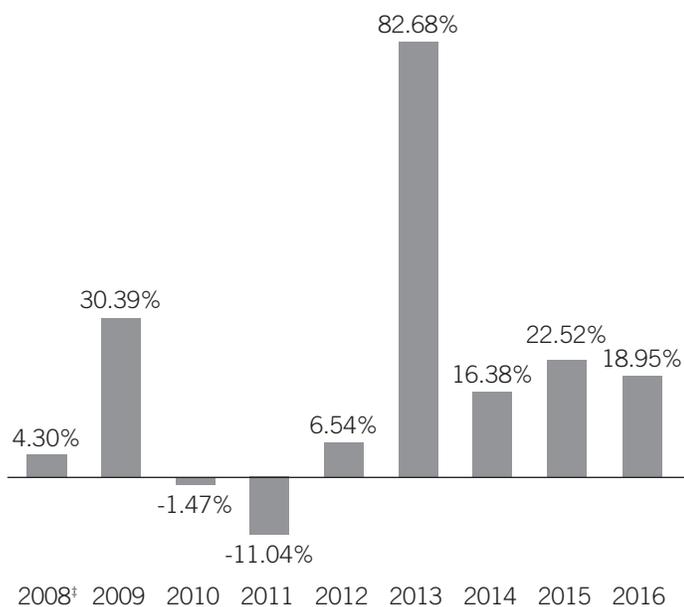
†Inception to December 31, 2008.

Class J NAV



†Inception to December 31, 2008.

Cymbria (CYB) share price return



†Inception to December 31, 2008.

Annual compound returns

The following table compares annual compound returns for Cymbria's Class A NAV, Class J NAV and Class A shares (CYB) with the Canadian-dollar returns of the MSCI World Index for the periods shown, all ended December 31, 2016.

	Since inception*	1-year	3-year	5-year
Class A NAV±	17.23%	12.91%	17.89%	22.59%
Class A share price (CYB)	18.28%	18.95%	19.25%	26.97%
Class J NAV	18.58%	13.84%	18.89%	23.44%
MSCI World Index	11.52%	3.79%	12.17%	16.66%

*November 4, 2008.

±Performance includes expenses associated with the IPO.

Cymbria's Growth

As at December 31, 2016, Cymbria's NAV totaled \$857 million, compared to \$757 million as at December 31, 2015. Shareholders' equity increased to \$827 million, compared to \$728 million as at December 31, 2015. 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 investments performance is segmented between its investments in 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. However, in this section we will discuss the investments that had the most impact on the NAV during the year and highlight material changes to the business we own, if any.

The following investment had a meaningful positive impact on NAV during the period:

- WESCO International Inc.

WESCO International Inc. is a distributor of electrical construction products, as well as electrical and industrial maintenance, repair and operating supplies. The company focuses on supply chain management and logistics products and services for customers in the utility, industrial, government and construction end markets.

By the end of 2016, WESCO became one of our largest positions and most significant contributors for the year. We added to our WESCO holdings during late 2015 and early 2016 due to the share price decline during this period with valuation falling to 2008-2009 financial crisis levels. Other investors eventually realized the strength of WESCO's business and the price doubled from its January 2016 lows.

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

- Realogy Holdings Corp.

Realogy Holdings Corp. is the largest real estate broker in the U.S. The company's profits stem from two business streams: 1) licensing royalties from brokers operating under their brands and 2) directly employing brokers and providing office space in exchange for a share of their commissions.

We began purchasing Realogy in 2014 because we believed their business model had an attractive return on capital. Recently, the brokerage side of their business was hurt by competing businesses luring away their most lucrative agents. The competitors used high commission rates to woo the "star" brokers. They hoped future brokers would follow and take lower rates to allow the companies to be profitable. The additional brokers did not join, but the loss of the original high producers still hurt Realogy's brokerage business. Realogy began adapting its business model to mirror their competitors, but the change would result in lower margins in exchange for greater volumes. The decision scared away investors and caused the share price to fall. We believe these issues are already well known by investors and fully discounted into the stock price.

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.

We continue to take advantage of Cymbria's market capitalization flexibility and status as a corporate issuer, finding attractive value in smaller-sized companies and the ability to make large investments in companies such as Echelon Financial Holdings Inc.

An example of a company added to Cymbria is:

- Wabtec Corp.

Wabtec Corp. is a company focused on the manufacturing and maintenance of braking equipment for locomotives, freight cars and passenger railcars.

We followed the business for about six years before investing in early March of 2016. Wabtec has been a high-quality company for over a decade with a lot of organic growth and a strong management team. Historically, the compound annual growth rate in the business has been around 17%. Wabtec has a strong position in positive train control, which is a computer on board trains that enables tracking of the train. As the implementation of positive train control nears its end, the market became worried about how this would impact Wabtec. The slowdown in both the positive train control business and freight rail provided us with the opportunity to buy Wabtec at depressed valuations. We believe Wabtec has the ability to continue growing going forward. It has filed over 450 patents in the last three years, highlighting its strength as an innovator and inventor. In October of 2016, Wabtec purchased Faiveley Transport. The business is primarily focused on transit, a side of rail that is less cyclical than freight. This acquisition has grown Wabtec's international presence as 70% of Faiveley's business is outside of the United States. The

merger will also provide additional cost-cutting opportunities. Our investment in Wabtec is consistent with the idea of us buying growth without paying for it.

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 year, examples of businesses sold include:

- PTC Inc.

PTC Inc. is a global computer software and services company. We first purchased PTC in Cymbria in February 2013 and exited the position during the third quarter of 2016 following an increase in valuation. The company returned over 100% during the holding period.

- Merit Medical Systems Inc.

Merit Medical Systems Inc. is a manufacturer of medical devices. We started buying Merit in early 2011 and exited the position in June 2016 with a return of about 58%.

- Alere Inc.

Alere Inc., the global leader in point-of-care diagnostics, has been a significant weight in Cymbria since the end of 2011. During our ownership, there have been several periods of doubt over the company's short-term performance that negatively affected its share price. Because of our long-term belief in Alere, the uncertainty and its resulting volatility allowed us to substantially increase our stake in the company. We sold our last shares of Alere on February 19, 2016 following a takeover offer from Abbott Laboratories. The total holding period return for Alere was 108%, supporting our long-term investment thesis in the company.

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 the value of our stake in the company has increased to \$110.3 million, making EdgePoint the most valuable contributor to Cymbria's investment portfolio.

During 2016, EdgePoint continued to experience positive growth in its business. Assets under management increased from \$10.2 billion at December 31, 2015 to \$13.0 billion at December 31, 2016. Cymbria engages a third-party valuator to assist in the valuation of EdgePoint. A discounted cash flow model is used to value EdgePoint, which includes the institutional line of business. Some of the significant assumptions that go into the model include annual market growth, annual net sales, projected expenses, including corporate income taxes, and discount rates. The model is then tested against market data for industry comparables. Using this process, the current value of Cymbria's interest in EdgePoint is between \$110.3 million and \$121.9 million. For financial statement and NAV purposes, a value of \$110.3 million is used. To the extent that actual results cause significant changes to the assumptions used in the model during 2017, the valuation determined by the model will be updated.

We evaluate all significant assumptions in the model at least quarterly based on actual performance, or when we're aware of an occurrence that may have a significant impact on one or more of the assumptions.

Portfolio composition
Sector exposure

On a sector basis, Cymbria's industrial holdings contributed most significantly to overall performance. Financial 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 10.7% in Cymbria's cash. The increase in valuations of many of our businesses in Cymbria led us to taking profits and trimming certain names, hence the increased cash position. Cymbria's information technology holdings decreased by about 4.7% largely due to the sale of PTC Inc. and National Instruments Corp.

Sector exposure

Sector	% of Portfolio
Industrials	24.84%
Diversified Financials	19.00%
Cash and other net assets	12.46%
Information Technology	7.57%
Insurance	7.30%
Materials	6.56%
Consumer Discretionary	4.98%
Banks	4.29%
Energy	3.72%
Health Care	3.11%
Consumer Staples	2.82%
Real Estate	2.50%
Corporate Bonds	0.85%
Total	100.00%

Summary of Investment Portfolio
Top 10 positions

Security name	% of NAV
1 EdgePoint Wealth Management Inc.	12.87%
2 Wells Fargo & Co.	4.29%
3 WESCO International Inc.	3.56%
4 Generac Holdings Inc.	3.27%
5 Echelon Financial Holdings Inc.	3.14%
6 TE Connectivity Ltd.	3.12%
7 Anthem Inc.	3.11%
8 WABCO Holdings Inc.	3.06%
9 PrairieSky Royalty Ltd.	2.97%
10 Berkshire Hathaway Inc., class A	2.83%
Total	42.22%

The *Summary of Investment Portfolio* may change due to ongoing portfolio transactions.

Financial highlights

The following tables show selected key financial information about Cymbria and are intended to help you understand Cymbria's financial performance for the years ended December 31, 2016, 2015, 2014, 2013, and 2012. This information is derived from Cymbria's Financial Statements.

Class A	Dec. 31, 2016 IFRS	Dec. 31, 2015 IFRS	Dec. 31, 2014 IFRS	Dec.31, 2013 IFRS	Dec.31, 2012 GAAP
Cymbria's shareholders' equity per share (Note 1)					
Shareholders' equity, beginning of the year	\$ 31.19	\$ 26.22	\$ 21.34	\$ 14.45	\$ 13.16
Increase (decrease) from operations:					
Total revenue	0.68	0.62	0.43	0.30	0.30
Total expenses (Note 2)	(0.97)	(1.26)	(0.42)	(0.32)	(0.26)
Realized gains (losses) for the year	3.66	5.93	2.94	2.31	0.14
Unrealized gains (losses) for the year	0.79	(0.36)	2.00	4.61	1.21
Total increase (decrease) from operations	\$ 4.16	\$ 4.93	\$ 4.95	\$ 6.90	\$ 1.39
Shareholders' equity, end of the year	\$ 35.29	\$ 31.19	\$ 26.22	\$ 21.34	\$ 14.44

Class J	Dec. 31, 2016 IFRS	Dec. 31, 2015 IFRS	Dec. 31, 2014 IFRS	Dec.31, 2013 IFRS	Dec.31, 2012 GAAP
Cymbria's shareholders' equity per share (Note 1)					
Shareholders' equity, beginning of the year	\$ 33.95	\$ 28.35	\$ 22.86	\$ 15.36	\$ 13.93
Increase (decrease) from operations:					
Total revenue	0.74	0.67	0.46	0.32	0.32
Total expenses (Note 2)	(0.93)	(1.11)	(0.22)	(0.23)	(0.14)
Realized gains (losses) for the year	4.00	6.41	3.16	2.47	0.16
Unrealized gains (losses) for the year	0.87	(0.31)	1.99	4.90	0.88
Total increase (decrease) from operations	\$ 4.68	\$ 5.66	\$ 5.39	\$ 7.46	\$ 1.22
Shareholders' equity, end of the year	\$ 38.73	\$ 33.95	\$ 28.35	\$ 22.86	\$ 15.35

Notes

- Shareholders' equity per share is calculated as follows:
 - The financial information for 2012 is derived from Cymbria's audited annual Financial Statements. *Net assets per share* represented in the audited financial statements differ from net asset value ("NAV") per share calculated by the Manager for performance evaluation and management fee purposes. This reflected Cymbria's accounting policies which were consistent with Canadian generally accepted accounting principles ("GAAP"). In 2014, Cymbria adopted International Financial Reporting Standards ("IFRS") whereby IFRS shareholders' equity differ from pricing NAV due to the inclusion of deferred taxes in its calculation. 2013 figures have been restated under IFRS. Shareholders' equity per share for IFRS purposes (as opposed to the GAAP net assets per share) at the beginning of 2014 was \$21.34 (2013: \$14.45) for Class A shares and \$22.86 (2013: \$15.36) for Class J shares.
 - Shareholders' equity per share of a class is based on the number of shares outstanding for that class at the relevant time. The increase (decrease) from operations per share of a class is based on the weighted average number of shares outstanding for that class during the year. Therefore, the beginning of year shareholders' equity plus the increase (decrease) from operations will not sum to the end of year shareholders' equity.
 - Cymbria's stated policy is to pay no dividends or distributions to shareholders.
- Total expenses includes current and deferred income taxes or recovery.

Financial highlights (continued)

Class A	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Ratios and supplemental data (Note 3)					
Total net asset value (000's)	\$ 526,880	\$ 465,453	\$ 390,823	\$ 315,735	\$ 212,931
Number of shares outstanding (000's)	14,399	14,363	14,194	14,139	14,509
Management expense ratio (Note 4)	1.19%	1.76%	1.94%	2.09%	2.13%
Trading expense ratio (note 5)	0.04%	0.05%	0.07%	0.05%	0.08%
Portfolio turnover rate (note 6)	25.26%	43.37%	35.65%	35.98%	36.96%
Net asset value per share	\$ 36.59	\$ 32.41	\$ 27.53	\$ 22.33	\$ 14.68
Accounting adjustments to net asset value per share (Note 8)	(1.30)	(1.26)	(1.31)	(0.99)	(0.24)
Shareholder's equity per share	\$ 35.29	\$ 31.15	\$ 26.22	\$ 21.34	\$ 14.44
Closing market price (CYB)	\$ 39.35	\$ 33.08	\$ 27.00	\$ 23.20	\$ 12.70

Class J	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Ratios and supplemental data (Note 3)					
Total net asset value (000's)	\$ 330,286	\$ 291,286	\$ 250,130	\$ 202,246	\$ 134,363
Number of shares outstanding (000's)	8,224	8,257	8,413	8,464	8,601
Management expense ratio (Note 4)	0.70%	0.70%	0.74%	0.83%	0.87%
Trading expense ratio (note 5)	0.04%	0.05%	0.07%	0.05%	0.08%
Portfolio turnover rate (note 6)	25.26%	43.37%	35.65%	35.98%	36.96%
Net asset value per share	\$ 40.16	\$ 35.28	\$ 29.73	\$ 23.90	\$ 15.62
Accounting adjustments to net asset value per share (Note 8)	(1.43)	(1.37)	(1.38)	(1.04)	(0.27)
Shareholder's equity per share	\$ 38.73	\$ 33.91	\$ 28.35	\$ 22.86	\$ 15.35
Closing market price (Note 7)	\$ 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 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 the fund 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 2013-2016 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 fiscal year ended December 31, 2016 compared to those for the years ended December 31, 2015 and 2014.

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

Financial Performance

	Dec. 31, 2016 ('000s)	Dec. 31, 2015 ('000s)	Dec. 31, 2014 ('000s)
Income			
Net realized and unrealized gain on investments	\$ 97,753	\$ 134,180	\$ 129,184
Dividend and interest income	15,852	14,375	9,958
Foreign currency gain (loss) on hedging	7,260	(10,444)	544
Foreign currency gain (loss) excluding hedging	(851)	6,119	1,044
Total income	\$ 120,014	\$ 144,230	\$ 140,730
Expenses			
Management fees	\$ 5,344	\$ 4,407	\$ 3,393
Service fees	–	3,391	3,268
Withholding taxes, HST and transaction costs	2,208	2,239	1,104
Other expenses	1,475	1,160	1,072
Total expenses	\$ 9,027	\$ 11,197	\$ 8,837
Profit for the period before taxes	\$ 110,987	\$ 133,033	\$ 131,893
Income taxes	12,622	15,423	16,371
Net comprehensive income	\$ 98,365	\$ 117,610	\$ 115,522

(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 year. 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. For the year ended December 31, 2016, the dividend received from EdgePoint increased by \$2.1 million to a total of \$7.5 million, while the rest of the investment portfolio contributed a total of \$8.4 million in dividend and interest income. 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 December 31, 2016, Cymbria's most significant foreign currency exposure was the U.S. dollar, which as a percentage of shareholders' equity was approximately 57%, and Cymbria hedged 30% of that exposure. Cymbria did not have a hedge in place for its investment securities denominated in the Japanese yen, Euro, Swiss franc, or British pound. As a result of foreign currency hedging activities during the year ended December 31, 2016, Cymbria had a \$7.3 million net realized and unrealized gain from hedging activities.

Excluding Cymbria's hedging positions, Cymbria had a loss of \$0.9 million on cash and other net assets due to fluctuations in foreign currencies during the year.

(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. In addition, on November 5, 2015 and thereafter, the management fee was charged at an annual rate of 1% of the daily NAV of Class A shares, excluding EdgePoint's value, and 0.5% of the daily average NAV of Class J shares, excluding EdgePoint's value.

The service fees paid by Cymbria expired on November 4, 2015, and therefore Cymbria will no longer pay that fee going forward.

Cymbria believes that the MER continues to an important metric to evaluate the value added by the Manager and their ability to manage costs to the corporation. For the year ended December 31, 2016, the MER decreased to 1.19% for Class A shareholders, and to 0.70% for Class J shareholders, compared to 1.76% and 0.70% for the year ended December 31, 2015 for Class A and Class J shareholders, respectively. The majority of the decrease in MER for Class A shareholders is due to the expiration of the service fee. The remainder of the decrease in MER is both the result of Cymbria's growth and that of EdgePoint. Cymbria has the benefit of being able to share certain general and administrative expenses, and portfolio management costs with EdgePoint. As EdgePoint's assets under management continue to grow, Cymbria benefits from economies of scale achieved by sharing some of these expenses over a much larger investor base, reducing the overall costs to Cymbria. In addition, management fees are not charged on the value of EdgePoint. As EdgePoint's value continues to grow to be a larger portion of the Portfolio, management fees decrease as a percentage of Cymbria's NAV.

Financial Condition

	Dec. 31, 2016 ('000s)	Dec. 31, 2015 ('000s)	Dec. 31, 2014 ('000s)
Assets			
Investments	\$ 750,075	\$ 744,021	\$ 608,356
Cash and cash equivalents	101,596	24,757	34,650
Income tax recovery	4,814	–	–
Other assets	3,142	1,990	996
Total assets	\$ 859,627	\$ 770,768	\$ 644,002
Liabilities			
Foreign exchange forward contracts	\$ 617	\$ 5,266	\$ –
Accrued liabilities and other payables	1,359	8,817	3,530
Deferred share unit plan	485	308	529
Deferred income tax liability	30,490	28,066	29,241
Total liabilities	\$ 32,951	\$ 42,457	\$ 33,300
Shareholders' equity	\$ 826,676	\$ 728,311	\$ 610,702

(a) Investments

Cymbria's investment balance as at December 31, 2016, primarily consists of a portfolio of equities of \$639.5 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 increase of \$76.8 million from the end of 2015 is primarily due to the sale of investments in the portfolio in the last three months of 2016. As at December 31, 2016, cash and cash equivalents comprised entirely of cash held at the bank.

(c) Income tax recovery and other assets

The income tax recovery of \$4.8 million is a result of the required income tax installments for 2016 being larger than Cymbria's income tax liability. Other assets consists of receivable for investments sold of \$2.6 million and dividends receivable of \$0.5 million, which are a result of transaction that occurred but had not yet settled at the end of the year.

(d) Accrued liabilities and other payables

As at December 31, 2016, accrued liabilities and other payables consists of accrued liabilities of \$0.7 million and payable for

investments purchased of \$0.6 million. The decrease from 2015 is a result of a timing difference on tax instalment payments and investments that were purchased but not yet settled at the end of the year.

(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 year ended December 31, 2016, Cymbria issued 2,926 units, and the total value of the deferred share unit plan increased by \$117 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 December 31, 2016, Cymbria's deferred income tax liability is presented net and it comprises of a liability on the unrealized appreciation of investments of \$30.6 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 shares. The Manager owns 100% of the common stock of Cymbria. The number of common shares outstanding on December 31, 2016 and March 9, 2017 were 100. Class A shares are non-redeemable and traded on the Toronto Stock Exchange. As at December 31, 2016 and March 9, 2017, there were 14,399,226 and 14,402,090 shares outstanding, respectively. Class J shares are non-redeemable and were offered through a private placement. Class J shares can be exchanged based on the relative NAV value of Class A shares on the last business day of each week. As at December 31, 2016 and March 9, 2017, there were 8,228,592 and 8,221,597 shares outstanding, respectively.

Cash Flows

For the year ended December 31, 2016, Cymbria had a net increase in cash and cash equivalents of \$76.8 million. The majority of the net increase in cash and cash equivalents is from operating activities that is a result of proceeds from the sale of investments that had not been deployed into new or existing investments at the balance sheet date. 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 year ended December 31, 2016, 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 right 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 year ended December 31, 2016, as Cymbria's Class A shares have been trading above 97% of NAV on average over the year.

Fourth quarter results

The following table shows Cymbria's fourth quarter financial performance for the three months ended December 31, 2016 and 2015.

	Dec. 31, 2016	Dec. 31, 2015
	('000s)	('000s)
Income		
Net realized and unrealized gain on investments	\$ 67,003	\$ 60,578
Dividend and interest income	5,574	4,782
Foreign currency gain (loss) on hedging	(2,845)	(3,859)
Foreign currency gain (loss), excluding hedging	(284)	(428)
Total income	\$ 69,448	\$ 61,073
Expenses		
Management fees	\$ 1,437	\$ 1,238
Service fees	-	246
Withholding taxes, HST, and transaction costs	518	574
Other expenses	472	131
Total expenses	\$ 2,427	\$ 2,189
Profit for the period before taxes	\$ 67,021	\$ 58,884
Income taxes	8,080	7,274
Net comprehensive income	\$ 58,941	\$ 51,610

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 month periods ended 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.

	Three months ended				Six months ended	
	Dec. 31 2016	Sep. 30 2016	Jun. 30 2016	Mar. 31 2016	Dec. 31 2015	Jun. 30 2015
(in '000s except per share amounts)						
Total income (loss)	\$ 69,448	\$ 68,699	\$ (8,823)	\$ (9,310)	\$ 39,552	\$ 104,678
Total expenses	\$ 10,507	\$ 10,911	\$ 2,326	\$ 2,060	\$ 5,383	\$ 5,814
Increase (decrease) in shareholders' equity from operations	\$ 58,941	\$ 57,788	\$ (8,739)	\$ (9,625)	\$ 30,742	\$ 86,868
Increase (decrease) in shareholders' equity from operations, per share						
Class A	\$ 2.50	\$ 2.45	\$ (0.42)	\$ (0.43)	\$ 1.24	\$ 3.69
Class J	\$ 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 December 31, 2016, cash and cash equivalents represents 12% of Cymbria's total shareholders' equity. Cymbria's portfolio of securities includes actively traded global stocks that can be readily sold. As at December 31, 2016, the portfolio of public equities represents 76% of Cymbria's total shareholders' equity. Cymbria does not own any debt or contractual obligations that would pose a significant risk to liquidity as at December 31, 2016.

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 year ended December 31, 2016, management fees totaled \$5.3 million compared to \$4.4 million for 2015. 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 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 11 of the attached financial statement 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 December 31, 2016.

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:

	Classification	Measurement
Financial assets		
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
Financial liabilities		
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

Cymbria, under the supervision of its Co-Chief Executive Officers and Chief Financial Officer, is responsible for establishing and maintaining Cymbria's Disclosure Controls and Procedures ("DC&P") and Internal Controls over Financial Reporting ("ICFR") (as defined in National Instrument 52-109).

Consistent with NI 52-109, Cymbria's Co-Chief Executive Officers and Chief Financial Officer have reviewed the design of Cymbria's DC&P and ICFR and have concluded that as at December 31, 2016:

- Cymbria's DC&P provides reasonable assurance that (i) material information relating to Cymbria has been made known to them, particularly during the financial year ended December 31, 2016 and (ii) information required to be disclosed by Cymbria in its annual filings, interim filings or other reports filed or submitted by it under securities legislation has been recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- Cymbria's ICFR provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards.

Cymbria's Co-Chief Executive Officers and Chief Financial Officer have evaluated the effectiveness of Cymbria's DC&P as at December 31, 2016 and have concluded that Cymbria's DC&P were effective as of that date.

Cymbria's Co-Chief Executive Officers and Chief Financial Officer have also evaluated the effectiveness of Cymbria's ICFR as at December 31, 2016, using the Internal Control-Integrated Framework 2013 issued by the Committee of Sponsoring Organizations of the Treadway Commission, and have concluded that Cymbria's ICFR was effective as at that date.

There were no changes made in the design of ICFR during the year ended December 31, 2016, that have materially affected, or are reasonably likely to materially affect, Cymbria's ICFR.

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.

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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

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