

CYMBRIA CORPORATION

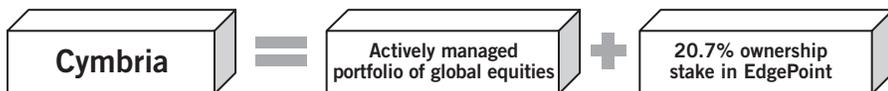
2017
ANNUAL REPORT

CYMBRIA CORPORATION

Note: In this report, “we,” “us” and “our” refer to both EdgePoint and Cymbria, related entities with the same operators.

INVESTMENT OBJECTIVE

Cymbria’s investment objective is to provide shareholders with long-term capital appreciation primarily through a concentrated portfolio of global equities and an investment in EdgePoint Wealth Management Inc. (“EdgePoint”), which offers mutual funds, institutional and other investments through financial advisors.



INVESTMENT RESULTS

Cymbria – Class A

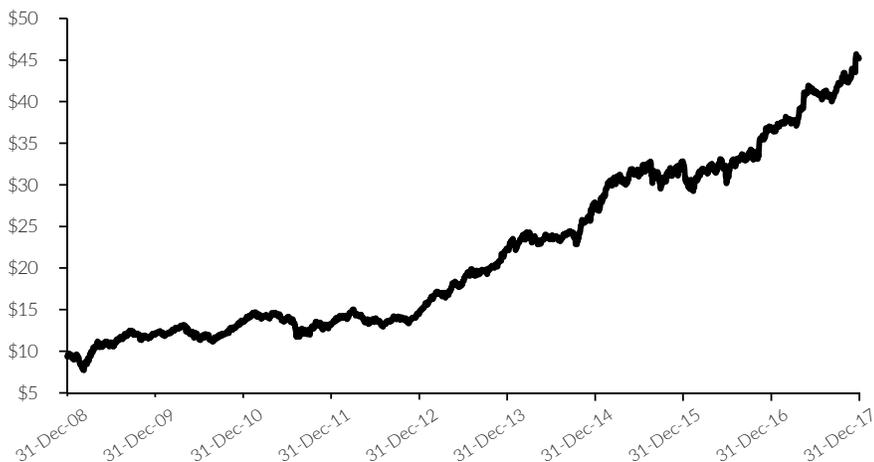
Adjusted net asset value (“aNAV”)*

	aNAV	Return (C\$)	Index (C\$)**
Inception:			
November 3, 2008	\$9.39 [†]		
2008[‡]	\$9.34	-0.54% [†]	-0.01%
2009	\$12.07	29.28%	10.39%
2010	\$13.50	11.82%	5.93%
2011	\$13.21	-2.12%	-3.20%
2012	\$14.68	11.07%	13.26%
2013	\$22.33	52.16%	35.18%
2014	\$27.53	23.31%	14.39%
2015	\$32.41	17.69%	18.89%
2016	\$36.59	12.91%	3.79%
2017	\$45.18	23.48%	14.36%

Since inception^{††}

Compounded annual return	17.90%
Cumulative return	351.84%

Cymbria – Class A aNAV



* Previously NAV, aNAV represents the fair value of net assets of Cymbria, which differs from IFRS shareholders’ equity in that it excludes deferred taxes. The calculation of aNAV has not changed since the inception of Cymbria.

** MSCI World Index (net).

[†] Excludes expenses related to the initial public offering (“IPO”). This provides a better understanding of how Cymbria’s underlying investments performed and a more accurate comparison to the MSCI World Index.

[‡] November 3, 2008 to December 31, 2008.

^{††} Includes expenses related to IPO.

Source: Morningstar Direct, Bloomberg LP. Total returns in C\$ as at December 31, 2017. Index performance is based on a pre-tax calculation, while Cymbria’s aNAV is after tax (but excludes deferred taxes). As a corporation, Cymbria’s income and capital gains are taxed within the corporation and reflected in the daily aNAV. Had Cymbria held the same composition of securities as the Index, it would lag the Index in years it posted a positive return (after daily tax accruals) and exceed it in years the Index posted a negative return due to loss carryback provisions in the *Income Tax Act* (Canada).

Cymbria aNAV performance (annualized): YTD: 23.48%, 1 year: 23.48%, 3 year: 17.95%, 5 year: 25.22%, since inception: 17.90%.

CYMBRIA CORPORATION

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Cymbria's Annual Investor Day

Thursday, May 17, 2018

Koerner Hall (Telus Centre for Performance and Learning), 273 Bloor St. W., Toronto

Registration: 8:30 – 9:30 a.m. EST

Presentation: 9:30 – 10:30 a.m. EST

Agenda

Company overview with Patrick Farmer, Chairman

Investment discussion with co-CEOs Tye Bousada and Geoff MacDonald,
and portfolio managers Ted Chisholm, Frank Mullen and Andrew Pastor

Question & Answer

RSVP by May 4, 2018

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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

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.

How do 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 most investors who tend to focus on returns and neglect to consider 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

Meaningful progress toward our goal of building long-term wealth for shareholders is reflected in Cymbria's since inception Class A aNAV cumulative return of 351.8% (includes IPO-related expenses). The benchmark MSCI World Index returned 178.3% (C\$) over the same timeframe.

We measure our investment results using Cymbria's aNAV rather than its stock price, as this more closely reflects our Investment team's value add. If Cymbria's stock price lags its aNAV, we also believe in buying back shares, as doing so at an attractive discount makes sense for our shareholders.

Measuring Cymbria's worth

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

Cymbria holds a collection of quality businesses we believe are trading for less than their worth. 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 aNAV daily to our website. Some have suggested that doing so encourages short-term thinking. We tend to agree. Cymbria's aNAV is different from its worth. The aNAV represents the value of its holdings at today's prices, not tomorrow's worth. Not everyone uses Cymbria's aNAV 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 aNAV (either knowingly or unknowingly). 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.

Chairman's letter



In 2017, investors continued to enjoy the second longest bull market (marked by no decline greater than 20% in the S&P 500 Index), so it should come as no surprise that our portfolio managers found it more difficult to locate attractively priced, well-managed businesses with promising growth prospects. Notice I said more difficult, not impossible. The expansion of our Investment team to nine individuals in 2017 gives us a deeper bench to uncover those businesses. Indeed in 2017 we added 16 new businesses to your portfolio.

Our team also believes that our ability to find great businesses to invest in would be greatly enhanced if volatility would return to the markets. Did you know that the S&P 500 Index registered only eight days in 2017 when the market moved by more than 1%, normally the number is closer to 40 days!?!

I'm aware that many people do not wish for the return of volatility, as the ups and downs remind them of a rollercoaster and the associated nausea it can bring. However, the dedicated followers of our investment approach know that we view volatility not as risk, but rather as opportunity.

Over the past nine years, a meaningful amount of our Portfolio outperformance can be attributed to our managers taking advantage of other investors whose emotions got the better of them during market downturns, by buying stakes in businesses from them at very attractive prices.

If history is a guide, volatility will return and your Investment team will welcome the opportunity and be poised to continue to add value for shareholders through their ability to understand the true worth of businesses.

Cymbria's Class A aNAV increased 23.5% in 2017 compared to 14.4% for the benchmark MSCI World Index (C\$). Since inception, the aNAV grew by 17.9% per annum compared to 11.8% per annum for the Index over the same timeframe. Nine years into our 10-year performance objective, we're pleased with the progress so far and continue to caution investors that we anticipate a time where markets will slow and single-digit performance will more likely be the norm.

Let me quickly review Cymbria's contributing drivers of wealth:

- As in previous years, Cymbria's primary driver of wealth creation is our Investment team's **stock selection** ability. The team did very well in its selections, increasing Cymbria's Class A aNAV by 13.5% in 2017
- Cymbria's **investment in EdgePoint** now amounts to over \$185.9 million. Continued support from key advisor relationships translated into significant growth at EdgePoint during the year. EdgePoint is Cymbria's largest holding, representing a 17.6% weight
- Cymbria's pro-rata share of EdgePoint's **dividend** was \$10.4 million in 2017, 39% greater than the year prior. Since inception, Cymbria received \$33.5 million in dividends from EdgePoint
- Cymbria didn't **repurchase shares** in 2017 although we're committed to doing so should an attractive opportunity arise. We renewed our Normal-Course Issuer Bid in 2017 for an additional 12-month period

In 2017, we added 13 new members to the EdgePoint team and are now 65 internal partners strong. We're thankful that we continue to attract exceptional talent and are excited that the team is functioning so well as we continue to grow.

So far we're happy with our progress and we remain focused on the ongoing task of building wealth for our shareholders.

Thank you for your continued support.

Sincerely,

A handwritten signature in black ink, appearing to read 'Patrick Farmer'. The signature is fluid and cursive, written over a white background.

Patrick Farmer, Chairman

Ain't no mistake, we've made 'em

You've entrusted your hard-earned savings with us and, as such, it should bring you comfort to know we always strive for perfection – though we accepted a long time ago that we'll make mistakes. To minimize the impact of any mistake, we diversify our portfolio by business idea. So when they happen (and trust us, nobody is immune) the impact is typically offset by those other ideas. This for us is true diversification which you can learn more about on page 20.

Hyundai Mobis Co., Ltd.

What it does

Car parts and services

Why we liked it

It's part of the family of companies that includes Hyundai Motor Group and Kia Motor Corp., and as such their exclusive provider of parts and services. The parts and services business is in itself high margin and Hyundai Mobis was only made stronger by this unique relationship.

What happened?

Corporate governance was unclear as were the relationships between all the businesses and subsidiaries. When we began to see other attractive opportunities, like Harman International Industries, we sold the business.

Holding-period* return: -11.0%

*Nov. 5, 2008 to Jan. 6, 2009.

Connaught plc

What it does

Operating in the U.K. social housing, public sector and compliance markets

Why we liked it

At the time there was a shortage of social housing in England and half of all rental units were earmarked for repair. We believed Connaught was well-positioned on both the maintenance and compliance sides of its business, which would provide continued growth opportunities.

What happened?

Connaught's share price fell substantially following new government legislation and budget cuts that would significantly impact the company's future profits. The cuts were greater than we predicted and we immediately sold our entire position.

Holding-period* return: -66.8%

*Jun. 18, 2009 to Jul. 2, 2010.

Bank of New York Mellon Corp.

What it does

Banking and financial services

Why we liked it

As a global custodian, there were few players that had BNY Mellon's reach. Interest rates were low when we bought it and we liked the bank's leverage to rising rates over time.

What happened?

We found a more attractive opportunity in Market Corp.

Holding-period* return: -33.5%

*Jan. 4, 2011 to Sep. 12, 2011.

GameStop Corp.

What it does

One of the world's largest video game distributors

Why we liked it

We believed gamers weren't going anywhere so GameStop would continue to expand and also grow its sales per store. Concern at the time we bought it was that video games were increasingly being distributed on the internet. We didn't buy into this theory given they took over 24 hours on average to download onto the most popular consoles of the day.

What happened?

We felt that GameStop likely wouldn't be able to withstand competitive pricing pressure from stores like Toys "R" Us and Walmart and sold our position as a result.

Holding-period* return: -19.7%

*Oct. 15, 2009 to Dec. 2, 2009.



We define a mistake as any name where our cumulative holding period return was less than -5%, excluding call options, subscription receipts and warrants. Mistakes in Cymbria since inception (November 3, 2008) to December 31, 2017. Holding period returns in C\$.



o **Western Union Co.**

What it does

Person-to-person money transfers, money orders, business payments and commercial services

Why we liked it

Its global penetration meant that its logo was once as recognizable as the golden arches. It was a world leader and often the only option for people who needed cash-to-cash transfers. At the time we bought, the lion's share of Western Union's earnings came from this part of its operations primarily because it didn't have a lot of competition.

What happened?

Global money transfers grew, but they were mostly account based and Western Union hadn't cornered this side of the market. While we recognized that the account-to-account segment would be the main source of future growth, we misjudged the speed at which cash-to-cash transactions declined. Western Union's competitors were able to offer lower prices because they didn't have physical locations. When Western Union did the same, it ate into its profits so we sold the business.

Holding-period* return: -21.5%

*Jan. 27, 2010 to Nov. 28, 2012.

o **Jacobs Engineering Group Inc.**

What it does

Engineering and construction

Why we liked it

Natural gas prices had fallen and Jacobs was a feedstock for chemical plants on the Gulf Coast. Given lower gas prices, these plants in particular were suddenly the lowest-cost producers of chemicals worldwide. Jacobs had expertise in building such facilities and we thought it would benefit.

What happened?

While we were waiting for chemical plants to be built, oil prices also fell. This hurt the side of Jacobs' business that focused on oil and gas infrastructure. More importantly, many oil-related companies saw their stock prices drop, including PrairieSky Royalty Ltd. At the lower price, PrairieSky was suddenly a better idea than Jacobs so we made the swap.

Holding-period* return: -7.7%

*May 30, 2013 to October 9, 2015.

o **Takata Corp.**

What it does

Auto-parts manufacturing; well known for its airbags

Why we liked it

When we started looking at Takata, auto sales were at decades-low levels. It was a leading player in a small auto parts oligopoly so its competitors faced huge barriers to entry. We believed the industry would rebound and parts manufacturers would bounce back with it.

What happened?

We opted for what we believed were relatively more attractive opportunities in the auto parts space, including BorgWarner Inc. and Harman International Industries, Inc. Both were derivatives of the same rebound idea outlined above, but we believed they represented better risk/reward than Takata. Less than a year after we sold, Takata became embroiled in a defective airbag recall.

Holding-period* return: -25.5%

*Nov. 16, 2010 to Jan. 30, 2012.

o **Research In Motion**

What it does

Former developer of Blackberry smartphones and tablets

Why we liked it

We believed in the future of mobile computing and that RIM was at the center of it as one of three legitimate players (in addition to Apple and Android) with an operating system for smartphones and tablets.

We felt that if RIM retained even a small share of the mobile market that it would substantially grow its long-term value.

What happened?

Missteps along the way included short-term gaps in new product releases and management's failure to effectively promote Blackberry's security and network efficiency.

Though we saw these issues and took some profits early in our ownership, we misjudged how harsh the market's reaction toward RIM would be. Our mistake was not selling more of the business at much higher prices when we had the chance.

Holding-period* return: -36.9%

*Nov. 4, 2008 to Jun. 29, 2012.

A look back and a look forward

By Tye Bousada and Geoff MacDonald, Co-Chief Executive Officers

Look back

Ch-ch-ch-changes

There's been no shortage of change in the investment climate over the past 10 years. Change creates both opportunities and risks. And also confusion, value traps, volatility and losses for anyone who doesn't accept, react or adapt well to change. For those open to it, change can create an endless stream of new ideas especially those willing to look for ones that are not yet well understood. That "not yet well understood" change is what we call a proprietary view. These proprietary views are the source of our past and future returns.

As you'd imagine, changes often motivate us to alter your Portfolio. Although we're long-term investors, we have difficulty owning the same names forever when the world is always changing.

As an example, let's look at Cymbria's holdings over time, excluding its investment in EdgePoint Wealth.

Changes since inception

In January of 2018, we sold the last of Cymbria's original holdings, Anthem Inc. We started with 26 holdings in 2008* and none are owned in Cymbria today. That's quite a change! We liked Anthem at the time because it faced changes on several fronts and worried most investors. There was the newly elected President who disliked managed care companies ("MCOs") and Anthem happened to be one of the country's largest. The uncertainty around Obamacare (among other big uncertainties at the time) led investors to conclude that the appropriate valuation for Anthem was approximately six times earnings! It ended up growing its earnings 11% per year while Obama was in power. Why did we sell our last original holding? What changed? There's a new President who is more friendly to MCOs, excitement over lower taxes and the stock trading at its highest earnings multiple ever. A stock trading at an all-time high multiple usually means investors think all future changes will be positive...a big bet!

With no holdings left from our original Portfolio, let's look at the changes over the past four years.

Changes during the past four years

On January 1st, 2014, Cymbria held 37[†] securities. Thirty or 81% of those securities are no longer in the Portfolio. We're currently in the process of selling two more. That would mean 32 of those 37 holdings or 86% will no longer be held by Cymbria. A significant amount of change in just four years. Below are the five holdings, with their respective weights as of the time of writing, still in the Fund today[‡]:

Wells Fargo & Co.	4.55%
Wabco Holdings Inc.	3.22%
TE Connectivity Ltd.	2.97%
WESCO International Inc.	2.40%
Grafton Group plc	0.82%

We still own two of the above names because they haven't reached the potential we believe they have, meaning their valuations multiples remain quite low. Three of the names grew their business nicely over the past four years, but we believe their long-term potential is still not fully understood by other investors.

Here's a snapshot of some of the largest weights in Cymbria at the beginning of 2014 that were sold:

Alere Inc., Microsoft Corp., American International Group Inc., JPMorgan Chase & Co., Ryanair Holdings plc, ADR, PTC Inc., International Rectifier Corp., Xilinx Inc., Altera Corp., AMN Healthcare Inc., Dresser-Rand Group Inc., Anthem Inc., NKT Holding A/S, Merit Medical Systems Inc., Jacobs Engineering Group Inc., Tenneco Inc., ManpowerGroup, Hamamatsu Photonics K.K., Knoll Inc. and Delphi Automotive plc.

Why the change?

Other than an apparent bias towards U.S.-domiciled equities, you'll notice a very eclectic list. Alere, Altera and Dresser-Rand were subject to takeovers. Tenneco and Delphi benefited from a large increase in U.S. auto production that exceeded investors' previous expectations. Microsoft saw growth in its enterprise business that was ignored at the time of our purchase. A decline in unemployment boosted demand for ManpowerGroup's services that wasn't well understood when we bought it. AMN Healthcare experienced significant growth and margin expansion that very few foresaw as a potential outcome. The point being that these successful investments experienced positive changes (some of which we anticipated and others we didn't) that weren't well understood by others when we made our purchase. Change can be a

*Holdings in Cymbria excluding EdgePoint Wealth Inc. as at December 31, 2008. Inception of Cymbria was November 3, 2008.

[†] Excluding EdgePoint Wealth Management Inc.

[‡] As at February 21, 2018.

very good thing. Jacobs Engineering was the biggest detractor in this list, and yet only caused a loss of \$0.04 per Cymbria share⁵. Simply put, growth we anticipated in its business didn't happen. In this case, there was too little change.

Changes over the past year

From the beginning of 2017 to the time of writing**, we've sold 39% of Cymbria's holdings, representing 28% of that Portfolio. The 15 names sold were replaced with 19 new holdings. Remember we mentioned that we're in the process of selling two holdings so the 19 new names nicely match the 17 sales. Interestingly, approximately 75% of the new names aren't U.S. equities. The U.S. will remain a large hunting ground for wonderful businesses, but lately the optimism around the U.S. market and Trump-based economic policies must finally be making it harder to find the same hidden gems we've found in the past. That has been different, but that will change in time if history is a guide.

The one thing that hasn't changed

The one holding that hasn't changed is Cymbria's investment in EdgePoint Wealth. More accurately, the number of EdgePoint shares Cymbria owns hasn't changed. As outlined below, EdgePoint experienced meaningful growth, now representing 17.56% of the Portfolio.

Perhaps we've been lucky that as a private company EdgePoint was consistently assessed at fair value. Part of the valuation process is to weigh risks versus opportunities and the many other realities about our business. This type of valuation process tends to prevent large over- or under-valuations. A luxury that doesn't exist, nor would we wish it to, in the stock market. Often many of the companies we buy get very expensive during our holding period. That makes us nervous and leads us to look for a better risk/reward elsewhere. If all stocks were assessed at fair value, like EdgePoint Wealth, we'd likely have much longer holding periods, but then how would we be able to find undervalued securities? We prefer the volatility the market offers.

Having said that, here's a list of all the stocks we've sold from Cymbria and the price return of those stocks since the date of our last sale. If we had a crystal ball, the names sold would have underperformed the remaining holdings in Cymbria from the time of the sale. As you can see, we wish we didn't make the changes shaded in grey. For simplicity's sake, we show the price return of the stocks from the date of our sale. Many of the shaded companies also paid dividends which only adds to our regret.

Name	Stock's cumulative price return after sale (C\$)	Cymbria's cumulative performance after stock sale (C\$)	Cymbria's performance vs. stock sold (C\$)
UnitedHealth Group Inc.	950%	424%	-526%
HEICO Corp.	795%	316%	-479%
TravelSky Technology Ltd.	625%	300%	-325%
Moody's Corp.	599%	338%	-261%
MISUMI Group Inc.	420%	304%	-116%
Arista Networks, Inc.	118%	33%	-86%
LCI Industries	198%	117%	-82%
Merit Medical Systems, Inc.	113%	48%	-65%
Eiken Chemical Co., Ltd.	208%	156%	-52%
EPAM Systems, Inc.	145%	111%	-34%
Sotheby's	459%	425%	-34%
The Progressive Corp.	148%	121%	-27%
Taiwan Semiconductor Manufacturing Co., Ltd.	420%	402%	-17%
Hyundai Mobis Co., Ltd.	401%	386%	-15%
DCC plc	317%	306%	-11%
NKT Holding A/S	55%	51%	-4%
Jacobs Engineering Group Inc.	55%	51%	-3%
Rexnord Corp.	4%	2%	-2%
Kerry Group plc	66%	66%	0%
JPMorgan Chase & Co.	11%	12%	1%
Clariant AG	10%	12%	1%
PTC Inc.	48%	50%	2%
Aena SME, S.A.	-2%	1%	2%
Eastman Chemical Co.	9%	12%	3%
Service Corporation International	3%	12%	9%
Pegasystems Inc.	20%	29%	9%
Team, Inc.	2%	12%	10%

⁵ Cymbria Class A aNAV.

** February 21, 2018.

Name	Stock's cumulative price return after sale (C\$)	Cymbria's cumulative performance after stock sale (C\$)	Cymbria's performance vs. stock sold (C\$)
Union Pacific Corp.	19%	29%	10%
Live Nation Entertainment Inc.	0%	12%	12%
Tokyo Ohka Kogyo Co., Ltd.	18%	31%	13%
MSA Safety Inc.	263%	282%	19%
AMN Healthcare Services Inc.	30%	52%	22%
Microsoft Corp.	38%	60%	22%
Horiba, Ltd.	117%	140%	23%
Xilinx, Inc.	27%	53%	26%
Koninklijke Philips N.V.	37%	63%	26%
Thermo Fisher Scientific Inc.	24%	50%	26%
Watsco, Inc.	67%	94%	26%
Pool Corp.	275%	304%	29%
National Instruments Corp.	31%	60%	29%
Markel Corp.	25%	56%	31%
BorgWarner Inc.	240%	274%	33%
ManpowerGroup	81%	115%	34%
Ryanair Holdings plc	24%	62%	38%
Grupo Aeroportuario Centro Norte	254%	294%	40%
Aalberts Industries N.V.	103%	146%	43%
American International Group Inc.	-11%	34%	45%
Schindler Holding AG	304%	353%	48%
Hamamatsu Photonics K.K.	45%	96%	51%
Carlisle Companies Inc.	57%	120%	63%
Knoll, Inc.	7%	72%	65%
Makita Corp.	206%	277%	70%
Allison Transmission Inc.	110%	186%	76%
Digi International Inc.	-28%	60%	89%
Fortune Brands Home & Security, Inc.	110%	210%	100%
Tenneco Inc.	17%	118%	101%
Enerflex Ltd.	-7%	110%	117%
Cisco Systems, Inc.	182%	305%	123%
The American Express Co.	184%	309%	125%
The Bank of New York Mellon Corp.	239%	373%	133%
Acxiom Corp.	20%	177%	157%
Ecolab Inc.	178%	336%	158%
Callidus Capital Corp.	-45%	119%	164%
Kabel Deutschland Holding AG	77%	244%	167%
Gerresheimer AG	72%	246%	174%
CME Group Inc.	178%	367%	189%
Interface, Inc.	113%	309%	196%
BlackBerry Ltd.	86%	295%	209%
The Western Union Co.	89%	322%	233%
WPP plc	47%	285%	238%
Willis Towers Watson plc	100%	351%	251%
Grupo Televisa, S.A.B.	21%	317%	295%
Thomson Reuters Corp.	42%	346%	303%
Exfo Inc.	5%	310%	305%
GameStop Corp.	-2%	316%	318%
Calfrac Well Services Ltd.	-45%	282%	326%

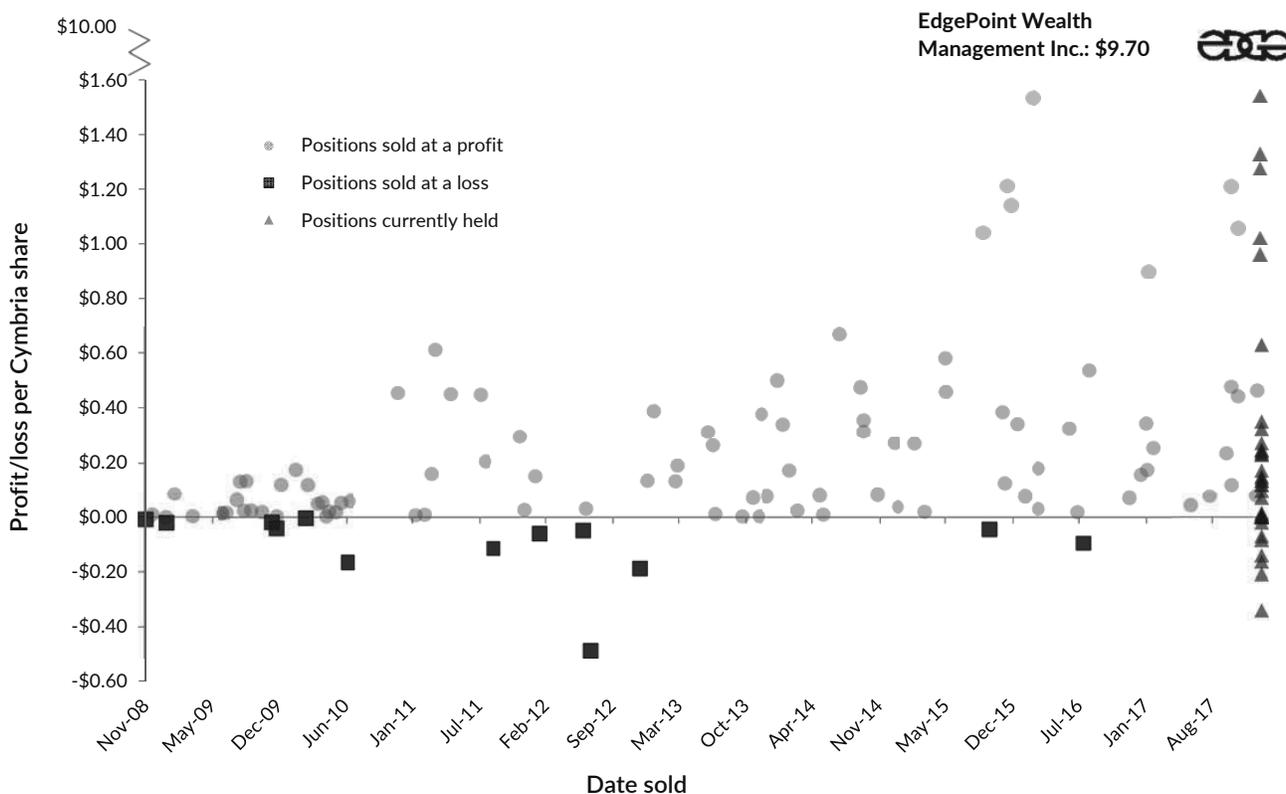
Source: Bloomberg LP. As at December 31, 2017.

Stock's cumulative price return after sale calculated as cumulative price return from last sale date of the stock in C\$. Cymbria's performance vs. sold stock calculated as Cymbria's cumulative stock price return since the last sale date of the stock minus the stock's cumulative price return after sale date in C\$.

The more things change the more they stay the same

We've shown changes in Cymbria since inception and you may begin to wonder what else is different around here? What should bring you comfort is that although you may not own the same Portfolio of businesses, you still own the same process and approach. Your returns have come from a very diverse group of eclectic businesses, not just one, as illustrated below.

All companies owned since inception



As at December 31, 2017. Profit/loss per Cymbria share calculated as total profit or loss incurred on holding, divided by number of outstanding Cymbria units.

Look forward

The 10-year mark provides us with a milestone to reflect on what might be different in the future as it pertains to Cymbria.

Prior to laying out some potential future differences, we should point out that certain fundamental things won't change. First and foremost, our investment approach will remain the same. It has worked well in the past and we don't believe its effectiveness will diminish over the long term. Second, we believe EdgePoint should continue to drive wealth for Cymbria shareholders through capital appreciation and the dividends it generates. Finally, we'll use our Normal-Course Issuer Bid to benefit long-term shareholders if and when the opportunities present themselves.

With this as a backdrop, what might change looking forward? In no particular order of importance we offer the following list:

Absolute level of returns

The absolute level of returns going forward will probably be less than the 18%^{††} compound annual growth rate we delivered in the past for a couple of reasons. Valuations are materially higher now than they were when we first started in November 2008. Higher valuations today mean lower prospective returns tomorrow. And EdgePoint is currently working from a higher asset base than the \$0 in assets under management when we started and, as such, mathematically EdgePoint cannot scale at the same rate anymore. Although, we believe the future won't be as rosy as the past when it comes to returns, we continue to believe there's no better way to compound wealth long term than owning Cymbria. We back this belief up with our wallets – collectively Cymbria and EdgePoint internal partners own \$211 million of Cymbria and EdgePoint-related investments today – up from the \$101 million we owned at the end of 2014.

^{††} Cymbria Class A aNAV performance in C\$, November 3, 2008 to December 31, 2017.

The team

Your team is bigger and stronger than ever. In the beginning, it was just two of us scouring the world for investment opportunities. Your potential returns were limited by our respective capabilities or circles of competence. Today there are nine of us trying to build wealth for you, and we'd argue that the depth of knowledge of the team has improved as it's grown. For example, Ted's circle of competence is particularly wide and deep. Although talented at understanding most business models, he's especially skilled at developing and capitalizing on proprietary insights in the technology and healthcare spaces – two areas your team wasn't as strong in before Ted arrived on the scene. Likewise, over time Frank and Andrew made contributions in the areas of energy, financials, corporate governance and fixed income to name a few. While it's still early days, your analysts, George, Derek, Sydney and Ian already started to help build your wealth as well. What's most interesting about the future as it pertains to these analysts is that we believe we're getting better at training them. The training process is demanding but the historical outcomes have been pleasing and we believe should pay handsome dividends for you going forward.

Private investments beyond just EdgePoint

Since Cymbria was formed almost 10 years ago, we've focused the majority of our efforts on delivering against the four drivers of wealth embedded in Cymbria: the investment approach, EdgePoint capital appreciation, EdgePoint dividends and share buybacks. More recently we've started to think about expanding beyond those four drivers and exploring potential investments in other private companies. Our logic is simple, if we see the opportunity to earn better risk-adjusted returns by investing in private companies then we should dedicate some effort to this. We don't currently possess a skill set in this area so it's something we need to work on. Although Cymbria's single largest driver of wealth historically was its investment in EdgePoint, itself a private business, the principals of Cymbria and EdgePoint were one and the same. Cymbria and EdgePoint were and continue to be related which is different than making an investment in a private company that comes with its own management team. Likewise, though Real Matters Inc. was a private company when we made the investment, we always saw a path for it to go public. Buying a business that you think will be going public in the medium term is different than buying a business that you have every intention of keeping private forever. Looking forward, we may buy entire private businesses outright. This will require us to build up our skill set at sourcing, analyzing, closing and executing against the opportunities. We've given some initial consideration into how to do this with the goal of having this investment avenue open to us over the next decade.

Cymbria could look more and more different from EdgePoint Global over time

Ten years ago there weren't any reasons for Cymbria and EdgePoint Global Portfolio to look different (outside of Cymbria's stake in EdgePoint Wealth). Both pools of capital are managed by the same investment management team. Both were very small compared to the global investment opportunity set, so there were no restrictions due to scale. Recently, EdgePoint Global has grown which means that Cymbria may be able to take advantage of investment opportunities with market capitalizations below those EdgePoint Global minimums. Currently, Cymbria owns six businesses, representing approximately 24% of Cymbria's adjusted net asset value ("aNAV"), that aren't in EdgePoint Global. Looking forward 10 years, this percentage of aNAV is likely to be higher.

Dividends paid by EdgePoint to Cymbria may be higher in the future

Over time EdgePoint has used some of its free cash flow to build up what it believes to be a "fortress balance sheet". The logic for this rests in the belief that it's prudent to be well capitalized for a rainy day. By building up this fortress balance sheet, EdgePoint withheld some of the free cash it generated thus reducing the size of the dividend it paid to shareholders, including Cymbria. Today management is comfortable with EdgePoint's balance sheet, meaning the dividend payout ratio should increase in the future. This increase in payout ratio should result in more cash flowing into Cymbria from EdgePoint Wealth. Of course, many things could throw cold water on this plan including a material pullback in the markets or a period of sustained underperformance by EdgePoint Portfolios (just to name a few). It should be noted that when the external valuers and management calculate the value of EdgePoint as it relates to Cymbria, its very strong balance sheet is taken into account. Many shareholders may wonder how big the balance sheet actually is or the scale of EdgePoint's free cash flow. We're torn when it comes to the amount of information to share regarding these topics. On the one hand we prefer to give Cymbria shareholders as much information as possible, but we must balance this desire with the reality that releasing more information weakens EdgePoint's long-term competitive position and thus potentially reduces the long-term value of Cymbria shares. Having said this, this year's annual contains more information about how EdgePoint Wealth is valued than in previous years. You can find this information on pages 16, 31, and 51.

Wrapping up

We've written extensively in the past about the idea that the future is completely random and unpredictable. Thus, our 10-year predictions outlined above may be (rightly) perceived as a little inconsistent with what we've communicated in the past. The reality is no one knows what the future holds. The best we can do is prepare Cymbria to thrive under widely variable future circumstances. We believe we've done that. Therefore, the only thing we really know for sure is we're stronger today than we were 10 years ago.

Thank you for your trust. We work hard every day to be worthy of it.

The business

True investment-led wealth management companies had become hard to find, and Cymbria's four founding partners, Tye Bousada, Patrick Farmer, Robert Krembil and Geoff MacDonald hated that the industry had devolved into an asset-gathering, sales- and marketing-driven machine at the expense of investors' best interests. Armed with a proven investment approach, they created EdgePoint.

Investment led and employee owned, EdgePoint is also one of Cymbria's primary drivers of wealth, with Cymbria benefiting from both EdgePoint's growth and its share of EdgePoint-distributed dividends.

Investment in EdgePoint

Cymbria's original \$509,585 investment in EdgePoint equates to a 20.7% ownership share. It has received \$33.5 million in dividends from EdgePoint since inception and the value of its investment in the company has increased to \$185.9 million, making EdgePoint the most valuable contributor to Cymbria's investment portfolio. EdgePoint launched on November 17, 2008 with three goals:

1. Achieve investment results at or near the top of our peer group over 10 years.
2. Remain an investment-led organization that has strong relationships with our investment partners.
3. Maintain a company culture that inspires our employees to think and act like owners.

Our progress

Our progress to date against those three goals follows.

1. Achieve investment results at or near the top of our peer group over 10 years.

We believe you can be lucky over shorter periods, but that it takes considerable skill to achieve long-term outperformance.

Investment results since inception

Series A Portfolios	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008 [†]	Since inception ^{††}
EdgePoint Canadian Portfolio	9.5%	23.5%	-4.3%	9.4%	26.3%	8.9%	-7.8%	16.6%	50.2%	4.9%	14.0%
S&P/TSX Composite Index	9.1%	21.1%	-8.3%	10.6%	13.0%	7.2%	-8.7%	17.6%	35.1%	2.8%	10.2%
EdgePoint Global Portfolio	16.7%	13.4%	12.7%	18.7%	44.5%	11.1%	-2.7%	8.0%	28.2%	10.4%	17.1%
MSCI World Index ^{†††}	14.4%	3.8%	18.9%	14.4%	35.2%	13.3%	-3.2%	5.9%	10.4%	7.6%	12.8%
EdgePoint Canadian Growth & Income Portfolio	8.1%	18.6%	-2.7%	8.4%	22.2%	6.6%	-4.1%	14.0%	40.4%	1.5%	11.7%
60% S&P/TSX/40% ICE BofAML Canada Broad Market Index ^{††††}	6.5%	13.0%	-3.6%	10.1%	7.1%	5.9%	-1.4%	13.5%	22.7%	3.2%	8.2%
EdgePoint Global Growth & Income Portfolio	12.1%	11.5%	9.0%	13.9%	32.4%	9.0%	-0.5%	9.0%	29.1%	4.1%	13.9%
60% MSCI World Index/40% ICE BofAML Canada Broad Market Index ^{††††}	9.6%	3.0%	12.7%	12.3%	19.3%	9.5%	2.1%	6.6%	8.6%	6.0%	9.7%

[†] November 17, 2008 to December 31, 2008.

^{††} November 17, 2008.

^{†††} MSCI Daily Total Return Net World Index ("MSCI World Index").

^{††††} Effective October 22, 2017, the name of the 'BofA Merrill Lynch Global Broad Market Index' benchmark was rebranded to 'ICE BofAML Canada Broad Market Index'.

As at December 31, 2017. Total returns in C\$.

Standard performance

We're mandated to include annualized returns in the below table because we provide performance by year in the above table. We don't ignore the regulators; however, if it was up to us we wouldn't bother showing you these numbers.

They can be misleading because what an investment has averaged over a given period rarely matches the actual returns earned by individual investors. Annualized figures are always date sensitive and a few periods of performance in one direction can drastically change outcomes as poor years drop off or good years added.

Series A Portfolios	YTD	1-year	3-year	5-year	Since inception*
EdgePoint Canadian Portfolio	9.5%	9.5%	9.0%	12.3%	14.0%
EdgePoint Canadian Growth & Income Portfolio	8.1%	8.1%	7.7%	10.6%	11.7%
EdgePoint Global Portfolio	16.7%	16.7%	14.2%	20.7%	17.1%
EdgePoint Global Growth & Income Portfolio	12.1%	12.1%	10.9%	15.5%	13.9%

* November 17, 2008.

Source: Fundata Canada Inc. Annualized total returns as at December 31, 2017 in C\$ compounded annually.

2. Remain an investment-led organization that has strong relationships with our investment partners.

This year more than ever we focused on ensuring we continue to partner with the right people. As we grow, maintaining strong relationships with our investment partners is all the more important because without them, our business quickly becomes fragile. Volatile markets and/or underperformance have the potential to scare investors unless they have a true understanding that both come with the territory.

We expanded our relationship management team so they're able to reach out to as many new sellers as possible to share the EdgePoint story while upholding our service levels with existing partners. We also continue to block any new seller who isn't willing to meet with us in person or by phone within six months of their first purchase. This conversation helps us gauge the relationship's long-term potential and whether they bought us for the right reasons.

Our advisor partnerships climbed to 5,452 in 2017 from 4,299 in 2016, with the top 20% of our advisors continuing to represent approximately 83% or \$12.5 billion of EdgePoint's retail AUM at an average of \$11.4 million per advisor.

The top 20% of our institutional clients now represent 93% of our institutional AUM (approximately \$3 billion), with an average investment of \$336 million per client.

Our growth hasn't changed our belief that asset size is the wrong kind of success measure. Sure, Cymbria shareholders want EdgePoint's assets to keep going up. But our investors likely don't because large assets tend to make it harder to outperform. Growth comes at the expense of nimbleness.

We want our industry talking less about how much it has collected from investors and more about how much it has made for them. Here are our most recent stats:

\$7,670,000,000* – How much we've made for our investors

\$58,400,000† – How much we've saved investors through lower fees. Based on category average MERs provided by Strategic Insight. We use a more conservative estimate because it's a big number regardless and we'd rather report less and save you more.

To see your fee savings as an EdgePoint investor in real time, check out our MER savings counter on our homepage at www.edgepointwealth.com.

We also believe in eating our own cooking by maintaining a significant personal investment in our products. As at December 31, 2017, our internal partners held some \$211.4 million in company-related products. Having "skin in the game" fosters accountability and creates alignment with our investment partners. While co-investment can't promise results, it does help to ensure investors' well-being moves in lockstep with their managers'.

*Includes since inception total returns from all investments managed by EdgePoint, net of fees and taxes charged directly to the respective portfolios. Excludes fees and taxes paid directly by investors.

†Source: Category average MERs provided by Strategic Insight as at calendar year-ends. As at December 31, 2017. Category average is MERs of actively managed front-end funds in relevant categories defined as core funds with total assets greater than \$50 million, excluding ETFs and index funds. Annual savings calculated using an average of monthly assets under management for Series A and A non-HST. MERs since inception to end-of-year 2008 not included.

3. Maintain a company culture that inspires our employees to think and act like owners.

Believing that culture begins with a business's owners, we offer employees the opportunity to buy a stake in EdgePoint Wealth. To truly align our interests, we believe employees should purchase their shares rather than be given stock or options. This increases the commitment to our company and eliminates any sense of entitlement. There's an important difference between the risk of losing one's hard-earned savings and forgoing a satisfactory capital gain. It's just common sense that employees with a large stake in the success of a business are motivated to meet – and even exceed – the expectations of their individual role. This is another area that sets us apart from the majority of companies in our industry. Almost all of EdgePoint's employees are EdgePoint owners.

New employees in 2017

A total of 65 EdgePoint internal partners now work for you, including these new hires in 2017.

Tracey Chen, Investment Communications

Zack Chetrat, Relationship Management

Ben Cotter, Relationship Management

Ian Davies, Investments

Theodore Koskoletos, Relationship Management

James Krapez, Investment Communications

Marc-Andre Lessard, Relationship Management

Sarah Lynde, Relationship Management

Elizabeth O'Sullivan, Relationship Management

Marie H el ene Rouleau, Relationship Management

Meagan Sheppard, Relationship Management

Greg Sinclair, Trading

Sydney Van Vierzen, Investments

EdgePoint's contributions to Cymbria

Cymbria's wealth drivers	2017	2016	2015	2014	2013	2012	2011	2010	2009
Security selection	13.45%	10.48%	11.09%	17.36%	45.49%	9.55%	-3.36%	9.53%	27.89%
EdgePoint investment	8.82%	1.45%	5.76%	5.17%	6.04%	0.96%	0.85%	1.92%	1.38%
EdgePoint dividend	1.21%	0.98%	0.84%	0.78%	0.63%	0.56%	0.39%	0.37%	0.01%
Change in Cymbria's Class A aNAV	23.48%	12.91%	17.69%	23.31%	52.16%	11.07%	-2.12%	11.82%	29.28%

Security selection includes Cymbria's income (excluding EdgePoint dividends) and expenses. The change in Cymbria's aNAV includes an accrual for current income taxes and excludes the impact of potential deferred taxes on the Portfolio's unrealized gains. Calculations are for Cymbria A share aNAV.

How we value EdgePoint Wealth Management Inc.

By Norm Tang, Chief Financial Officer, collector of sneakers and giver of zingers

As EdgePoint makes up an increasingly larger stake of Cymbria's portfolio we get the following question more frequently: "How do you value EdgePoint?" The short answer is that we attempt to forecast EdgePoint's cash flows over 10 years. A third-party valuator reviews that forecast for reasonableness and discount it to present-day values (to get an "enterprise value") and then add its redundant net assets (basically cash and investments net of debt) to arrive at EdgePoint's "equity value". This is commonly referred to as a discounted cash flow approach to valuation. As a reasonability test, the valuator also compares the value derived from the discounted cash flow to public company comparables. The valuation is based on what EdgePoint would be worth as a standalone business and does not consider any synergistic benefits that an opportunistic purchaser may be willing to pay for. The purpose of the valuation is to determine fair value under IFRS 13 for Cymbria's financial statements and inclusion in its aNAV.

What would "x" do to the valuation?

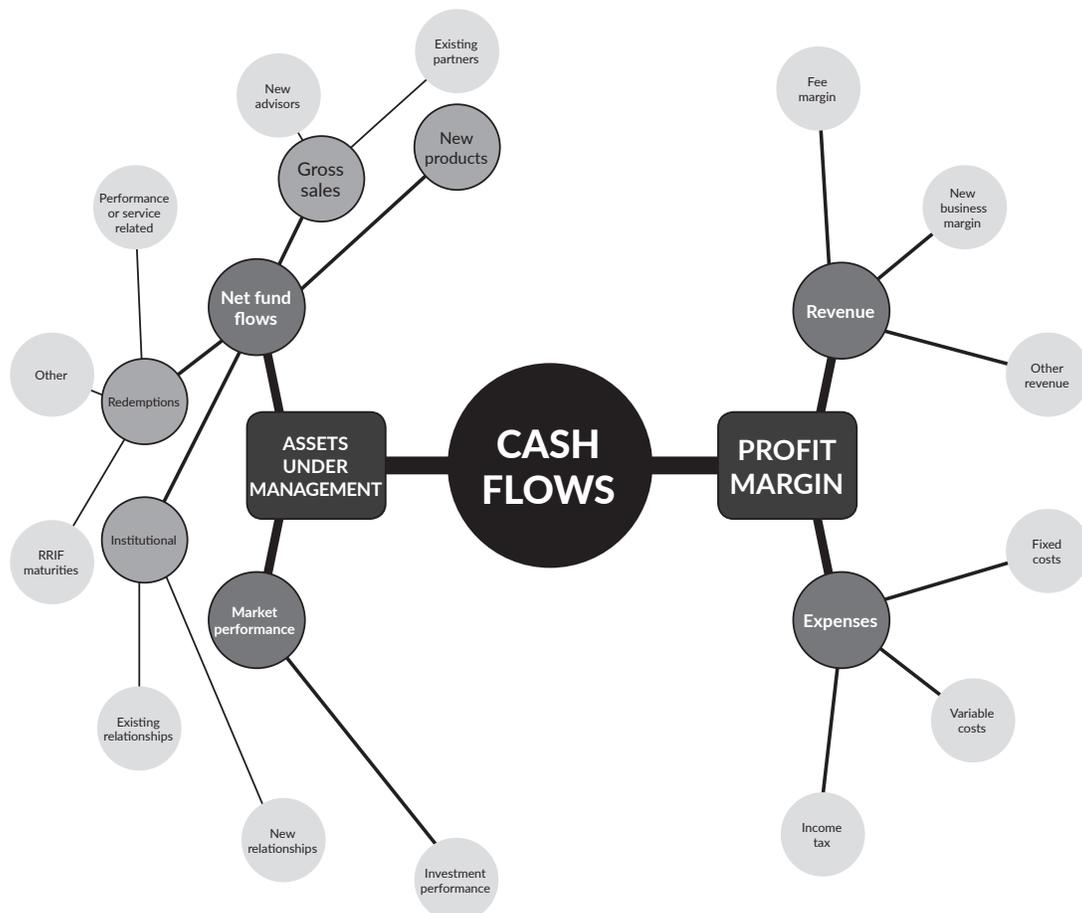
A forecast by definition is an educated guess. Any alterations to many of the "x's" or assumptions used by a forecast could have a material impact, both positive and negative, on the valuation. And because the assumptions are highly correlated, altering one typically results in adjusting two to three others to get a reasonable sense of the impact. In other words, the model is sensitive to change.

How does EdgePoint make money?

EdgePoint manages investment funds and collects a management fee for those services. The business itself is easy enough to understand. Accurately predicting EdgePoint's cash flows over the next decade is another story! To do so, asset growth, revenue and expense margins must also be forecasted. The drivers of EdgePoint's cash flows can be mapped as follows:

Enterprise value: a way to measure a company's total value. Calculated as:
 Market cap + (debt, minority interest and preferred shares) - (total cash and cash equivalents).

Equity value: the value of a company available to owners or shareholders. Calculated as:
 Enterprise value + (all cash and cash equivalents, short- and long-term investments) - (short- and long-term debt and minority interests).



Assets under management

Because of EdgePoint's simple product lineup, estimating fee revenues is pretty straightforward once assets under management ("AUM") are projected over the forecast period. AUM projections are harder to nail down. A lot of variables are involved, primarily net fund flows and market performance.

Net fund flows is simply how much net new money will be invested in EdgePoint Portfolios. For a relatively young business with a short history like EdgePoint's, this can be difficult to forecast – what, after all, can the recent past tell us about the distant future? Having a different business model from competitors doesn't make forecasting any easier. When launching new funds, the industry asks, "will it sell?" As a result, new products are an ongoing source of net sales. When EdgePoint thinks about launching a new fund its first question is, "should we be selling it?" How many other fund companies in Canada can say they launched no new funds in over nine years? That all net sales came from the four portfolios it offered since inception. The forecasted net fund flows vary by year, with some years positive and others negative.

Given EdgePoint's current size, early in the forecast net fund flows is a large driver of AUM, however, over the course of the forecast **market performance** takes precedence over net fund flows as a primary driver of AUM. EdgePoint's AUM was approximately \$19 billion at the end of 2017. Large or negative returns are far more likely to impact its AUM than reasonable projections for net sales. It goes without saying that we can't predict performance. No one can. Generally, when analysts forecast returns for asset managers they fall in the range of 4% to 6%. We use 5%. That's not to say actual returns will be a smooth 5% per year. The potentially winding and bumpy path to a 5% annualized return could have a material impact on the valuation.

Using reasonable assumptions, we believe that EdgePoint's AUM could increase by 50% to about \$30 billion over the next 10 years. But changes to any of the assumptions made to reach that number could materially impact the valuation, positively or negatively. The MD&A on page 31 elaborates on these assumptions and their sensitivity to change.

Cash flows

EdgePoint's profitability and cash flows are driven by AUM. Based on its current assets and portfolio mix, it earns a net management fee of approximately 0.78%. This covers its expenses including the full market cost of portfolio management, distribution, general and administrative costs and corporate income taxes. As it relates to portfolio management expenses, due to the related party nature of the relationship between the portfolio manager and EdgePoint, actual costs are materially lower than forecasted. However, for the purposes of valuing EdgePoint as a standalone business using a market cost for portfolio management services is considered more appropriate than using actual costs. EdgePoint, as a private business, does not publish its financial statements.

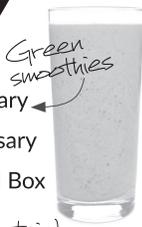
Answering "what's EdgePoint worth?" involves forecasting AUM, applying a profit margin to determine expected cash flows, estimating a terminal value at the end of the forecast period, and discounting those cash flows and terminal value back to today's dollars. As disclosed in the financial statements, a 12% discount rate was applied to EdgePoint's cash flows to determine fair market value for financial statement purposes. We believe that EdgePoint's carrying value is representative of fair market value while acknowledging that none of the assumptions will be 100% accurate and that actual results or significant changes to the assumptions could materially impact this valuation.

We continue to receive healthy dividends from our investment in EdgePoint. The \$10.35 million received in dividends in 2017 would represent an approximate dividend yield of 5.6% of the December 31, 2017 carrying value. As mentioned in the Commentary on the preceding pages, EdgePoint has built up a "fortress balance sheet" which gives us comfort that it will be able to weather the storms that are likely inevitable or to capitalize on any interesting synergistic opportunities that may present themselves. Our expectation is that dividends continue to grow in the future through a combination of a higher payout ratio and growth in EdgePoint's business and we remain a happy investor in EdgePoint. For further discussion on the sensitivities of the valuation of EdgePoint, please refer to Note 11 of the annual financial statements.

Culture calendar 2017

JANUARY

- 4 George's 1st anniversary *Green smoothies*
- 7 Andrew's 4th anniversary
- 13 Montana's Moai: Basil Box
(34 people picked chicken as their protein)
- 18 Tye's 9th anniversary
- Geoff M.'s 9th anniversary
- 27 Derek's Moai: Burger's Priest
(Diane, Michelle H. & Montana don't like onions)



JULY

- 1 Daniela's 2nd anniversary
- 14 Diane's 9th anniversary
Canoli's & custard croissants
- 18 Juan's 1st anniversary *Apple cake*
- 19 Etienne's 5th anniversary
- 27 Heather S.'s 2nd anniversary
- Steve's 2nd anniversary
Popsicles & ice cream sandwiches



FEBRUARY

- 1 Matilde's 7th anniversary *Yearly recap email*
- 2 Norm's 8th anniversary
- 3 Norm goes to the dentist day
(a.k.a. Jamaican patty day)
- 8 Teresa's 7th anniversary
- 16 Nancy's 1st anniversary
Breakfast spread
- 27 Sarah L., Liz, Meagan & Theo join Relationship Management



MARCH

- 4 Rob's 4th anniversary *Dutch treats*
- 7 Kirsten's 1st anniversary
- Jamaican patty day
(Thanks Norm for taking such good care of your teeth.)
- 17 Meagan's Moai: Pie Squared
(Pie of choice was Guinness, steak & potato)
- 20 Tracey joins Investment Communications
- 31 Craig D. retires



AUGUST

- 2 Oh how we've missed you Jamaican patty day
(Norm goes to the Dentist day)
- 8 Zack & Ben join Relationship Management



SEPTEMBER

- 6 Derek's 1st anniversary
- 15 Norm goes to the dentist day
(changes to the best chocolate chip cookie day)
- 18 Nataliya's 9th anniversary *Cookies*
- 29 Ben's Moai: WVRST
(Duck fat fries were the side of choice)



Moai: Originating in Japan, Moais are informal social and emotional support groups that boost health and well-being. Our take on the concept is a communal lunch where we park the shop-talk at the door and connect over good food and even better conversation!

Work anniversary:

We turn work anniversaries on their head with the celebrant showing their appreciation for their fellow partners by bringing in treats to share.

What do Norm's trips to the dentist and employee lunches have to do with you?

We hope they show you the culture of ownership that exists here. One of our measures of success is to inspire employees to think and act like owners. Despite our growth, we continue to foster a sense of community at EdgePoint. Never ones to confuse taking our work seriously with taking ourselves seriously, here's a glimpse into the not-so-serious side of life at EdgePoint.

APRIL

- 1 Joel's 3rd anniversary → Cheese boutique platters
- 2 Allie's 3rd anniversary → Cheese boutique platters
- 3 Greg S. replaces Craig D. on the trading desk
- 4 Cesare's 6th anniversary
- 8 Jelena's 4th anniversary → Rice krispie squares
- 9 Heather F.'s 4th anniversary
- 11 Michelle D.'s 6th anniversary → Rice krispie squares
- Eden's 1st anniversary → Italian cookies
- 14 Kris's 3rd anniversary → Italian cookies
- 20 Rebecca's 6th anniversary → Butter tarts
- 22 Patrick's 9th anniversary → Butter tarts
- 27 Bryan's 2nd anniversary → Montreal-style bagels
- 28 Liz's Moai: Popeye's
(Guilty pleasure, we're not perfect...)

MAY

- 2 Joni's 1st anniversary → Sparkling drinks & treats
- 5 Ted's 5th anniversary → Perchetta sandwiches
- 6 Pho's 8th anniversary
Harry's 4th anniversary
Anna's 4th anniversary
- 11 Greg L.'s 8th anniversary
- 20 Michelle H.'s 3rd anniversary → Butter tarts + cookies = Buttbokies
- 25 Frank's 8th anniversary
- 26 Geoff G.'s 9th anniversary



JUNE

- 17 Nick's 8th anniversary
- 24 Half of EdgePoint attends a U2 concert
- 27 Alan's 7th anniversary



OCTOBER

- 1 NFL Survivor Pool claims its first victim (Derek is blamed for refusing to pick Seattle)
- 6 EdgePoint's annual hockey draft
- 15 NFL Survivor Pool claims its 2nd victim
- 21 Richard's 9th anniversary → Apples
- Sylvie's 7th anniversary
- 24 Montana's 1st anniversary → Apples
- Robert hosts our first documentary film night
- 27 Zack's Moai: Knuckle Sandwich (23 buttermilk sandwiches consumed)
- 30 Ian & Syd join Investments



NOVEMBER

- 1 Tim's 5th anniversary
- 3 Olivia's 9th anniversary
- 6 Marc-André joins Relationship Management
- 10 Malcolm's 9th anniversary
- 13 Marie Hélène joins Relationship Management
- 17 Craig A.'s 9th anniversary
- 27 James joins Investment Communications



DECEMBER

- 1 Sayuri's 9th anniversary → Coconut cream pie
- Sandro's 9th anniversary
- 2 Sarah F.'s 9th anniversary → Uncle Tetsu's cheesecake
- 8 Pierre's 8th anniversary
- 14 Amy's 2nd anniversary → Cookies
- A somewhat Irish Christmas
- 20 Dim sum day
- 21 Chicken wing day
- 22 Country Style day



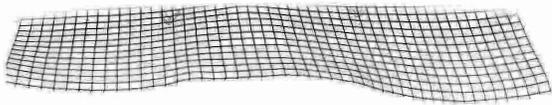
Watching our backs, not patting them

Success is never owned, it is only rented – and the rent is due every day. – Rory Vaden

Self-congratulatory behaviour can really ruin a perfectly good dinner party. Here's your coat and don't let the door hit you on the way out is what you want to say to the guest who can't stop talking about themselves and their latest achievements. Worse still is when a business suffers because it got smug or rested on its laurels. That's why we approach our recent success with cautious optimism mixed in equal parts with apprehension.

Make no mistake, we're absolutely grateful for the trust our partners have placed in us and how far we've come. But we must avoid complacency and that includes proactively identifying threats to our business. For example, how are we prepared to minimize the potential impact of a downturn or prolonged period of underperformance?

Built-in safety nets



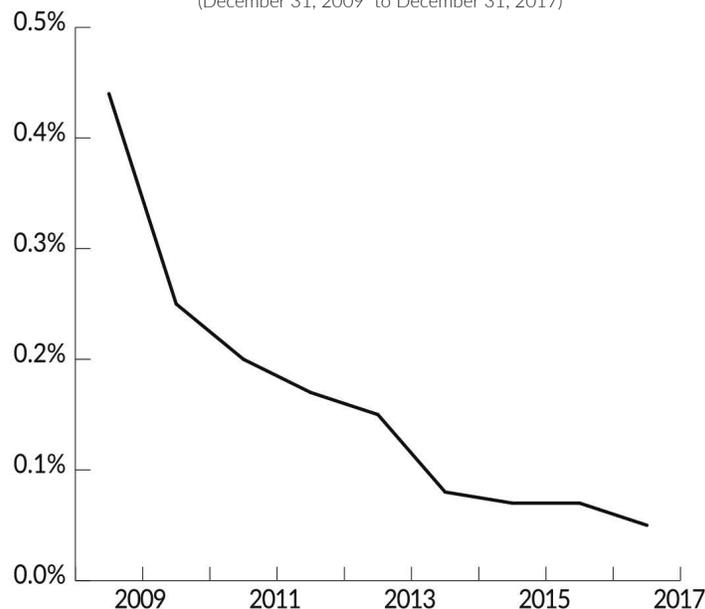
One way we arm ourselves is by diversifying by business idea instead of falling into the trap of believing diversification is as simple as owning something from every sector or geographic region on a pie chart. Obvious and non-obvious correlations between businesses are what matter to us. This approach to diversification helps to ensure our Portfolios aren't dependent on one idea or market event to generate returns.

We sometimes research a business for years before investing to better understand what makes the ticker tick, calculate its true worth and reduce the chance of losing money over a meaningful amount of time.

However, knowing a business isn't enough. If everyone has the same idea about it or its price reflects its worth, then there's little reward potential. Only by digging deeper does it become possible to find things that others don't, what we refer to as proprietary insights. If we're right about these proprietary insights, they give us the chance to buy growth for free. Buying growth for free is another margin of safety for our investments.

As is our commitment to a low-cost structure and doing away with any unnecessary costs that aren't mandatory or beneficial to our investors. We still offer just four portfolios, no long-term deferred sales charge products, no advisor freebies and no costly marketing or advertising campaigns. We're happy to see investors becoming more cost conscious and continue to make every effort to keep our fees as competitive as possible. By way of example, here are our operating expenses since inception. This is one line graph where we believe our investors will be happy with the steep decline!

Operating expenses
EdgePoint Global Portfolio, Series A
 (December 31, 2009 to December 31, 2017)



These are the things we do internally to protect your business – remember you own 20.7% of EdgePoint through Cymbria.



The importance of lifeboat drills

Over and above internal controls, externally with our investors we promote a culture of transparency. Not a lot of our competitors seem to talk about their mistakes or the fact that underperformance happens, so we do. We also reframe the thinking around volatility by highlighting how we've taken advantage of it and that we don't consider it risk.

We believe when seas are calm it's the best time to remind investors that rough waters are inevitable. Sobering statistics we shared with clients in 2017 include:

- The S&P 500 Index moved by less than 2% daily. In comparison, 2009 had 55 up or down days of at least 2%; 2011 had 35[†]
- Since 1928, the annualized volatility of daily returns has been 19%. In 2017, annualized volatility was only 7%^{††}
- 2017's worst peak-to-trough decline was 2.8% versus an average intra-year drawdown of approximately 16% since 1928^{†††}
- The previous shallowest peak-to-trough decline in a calendar year was in 1995 (-2.5%)^{††††}
- EdgePoint Global Portfolio hasn't dropped by 15% or more in over 689 days^{†††††}

This is obviously an unprecedented period of low market volatility that won't last forever. We don't know when the downturn will come, just that it will.

So we're also warning investors against making irrational short-term decisions in the face of adversity, where a rational investor sees opportunity. Market dips can bring us closer to our entry price targets and being able to buy more of what we like as well as new businesses that are overpriced today. The market isn't cheap right now and as a result we believe our investors will experience lower future returns because finding businesses that can grow at what we consider the right price is getting harder to do. For this reason alone, investors should welcome rather than fear a market shake-up. Lifeboat drills are beneficial to our investors because they help to ensure we continue to attract the right partners which we believe ultimately results in a higher valuation for EdgePoint.

Sticking to what – and who – we know

We know that if we don't partner with the right people, they'll jump ship in droves as soon as we underperform or when volatility hits. 18% of our flows in 2017 came from new advisors unknown to us initially but the vast majority of whom we'd met by the end of the year. Over 80% of our flows came from our existing 4,299 partners, which was comforting to us. These are people we've established meaningful relationships with over the years, who we believe are in it for the long term and understand our mutual goals.

No fail-safe or magic formula exists to protect our business in every circumstance, but by remaining vigilant, we can anticipate and be ready to weather any storms.

[†] Source: Bloomberg LP. Daily price returns as at December 31, 2017. The S&P 500 Index is a broad-based, market-capitalization-weighted index of 500 of the largest and most widely held U.S. stocks.

^{††} Ibid.

^{†††} Ibid.

^{††††} Ibid.

^{†††††} EdgePoint Global Portfolio, Series A, total returns in C\$. As at December 31, 2017.

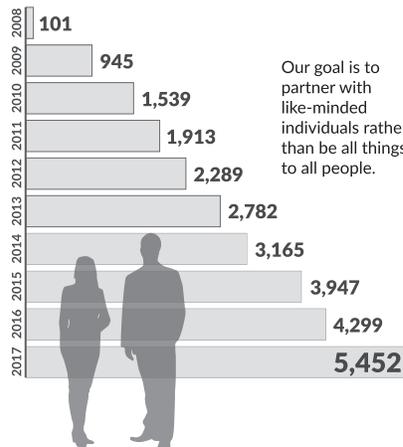
EdgePoint in numbers

Pictures speak louder than words for some of us. For the visual learners and picture lovers out there, here's how we've grown over nine years in images.

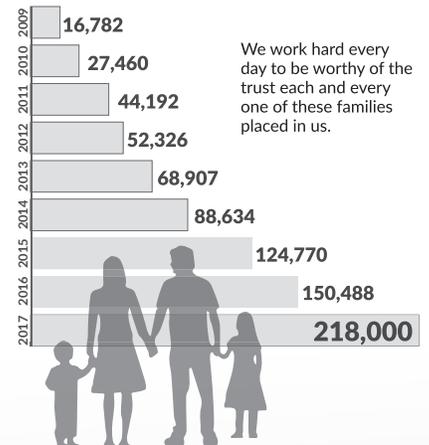
4 Portfolios

Four funds, one time-tested investment approach. You won't see us launch anything new unless it makes sense for our investors.

Advisor partnerships



Families served



The difference a year makes

AVERAGE EDGEPOINT INVESTOR RETURNSⁱ

15.62% **VS.** 16.63%
2016 2017

The top performance of our investors we believe is a testament to the skill of our advisor partners in helping them stay calm during periods of volatility.

FEE SAVINGSⁱⁱ

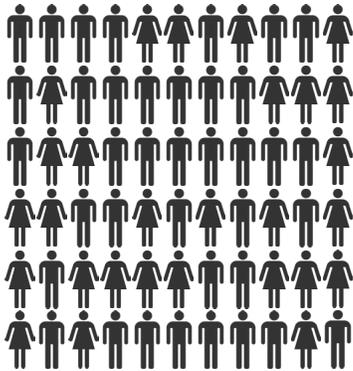
\$40M **VS.** \$58M
2016 2017

Start with our simple product lineup (fewer transactions between funds), no traditional deferred sales charge purchase option (less administration) and no costly marketing department or advertising. Add a bunch of other little things and it all amounts to a big break for our investors.

ⁱSource: Average EdgePoint investor returns: CIBC Mellon. Average EdgePoint investor returns are the average money-weighted returns (net of fees) across investors in EdgePoint Portfolios from December 31, 2012 to December 31, 2017. Money-weighted returns represent the investor's personal rate of return taking into account their decisions regarding the timing and magnitude of portfolio cash flows.

ⁱⁱSource: Category average MERs provided by Strategic Insight as at calendar year-ends. As at December 31, 2017. Category average is MERs of actively managed front-end funds in relevant categories defined as core funds with total assets greater than \$50 million, excluding ETFs and index funds. Annual savings calculated using an average of monthly assets under management for Series A and A non-HST. MERs since inception to end-of-year 2008 not included.

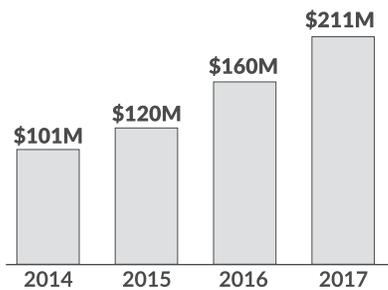
Employee partnerships



Sure we've grown and people also stay. Meaning the average tenure of an EdgePointer is almost six years. We think it's a good retention rate for a nine-year-old company.

40
Average employee age

Co-investmentⁱⁱⁱ



Our well-being moves in lockstep with our investors'

ⁱⁱⁱCo-investment numbers as at December 31 of each year noted.

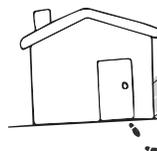
18
languages
spoken

- ENGLISH
- SLOVENIAN
- G R E E K
- FRENCH
- CANTONESE
- SERBIAN
- MANDARIN
- IRISH
- SPANISH
- ESPERANTO
- C Z E C H
- MACEDONIAN
- TAGALOG
- PORTUGUESE
- ITALIAN
- RUSSIAN
- UKRANIAN
- ALBANIAN



Smoothies made
1,503 as at December 31, 2017.

Daily commute



In 2014 we bought one to accommodate a bad back. In early 2017, we expanded to four but our cost-conscious ways stopped us there. Until someone on our Finance team saw a great deal and we bought 24 more at a huge savings.



29
standing desks



Management's Discussion & Analysis of

CYMBRIA CORPORATION

Year ended December 31, 2017

CYMBRIA[®]

Management's Discussion and Analysis ("MD&A") provides a review of Cymbria Corporation's ("Cymbria") financial results for the year ended December 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 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 8, 2018. 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 2017 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.

- Adjusted Net Asset Value ("aNAV") – 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. The calculation of aNAV has not changed since the inception of Cymbria.

Net asset value calculations are different across companies and shareholders of Cymbria should be cautioned that its aNAV may not be comparable to other companies. Cymbria still believes aNAV is an important measure because it is the basis on which the Manager evaluates Cymbria's performance. The difference between aNAV and shareholders' equity is the deferred income tax liability. Deferred income taxes can differ from actual income taxes paid in the future due to fluctuations in investment prices and changes to income tax rates. In addition, \$24.6 million of the \$43.5 million deferred income tax liability relates to Cymbria's investment in EdgePoint. The manager is compensated through the management fee that is based on Cymbria's aNAV calculation, not shareholders' equity. Below is a reconciliation of aNAV to shareholders' equity.

	Dec. 31, 2017 ('000s)	Dec. 31, 2016 ('000s)
aNAV	\$1,059,071	\$857,166
Less: Deferred income tax liability	(43,538)	(30,490)
Shareholders' equity	\$1,015,533	\$826,676

- 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 aNAV of Cymbria on an annualized basis.

- Adjusted net asset value per share – represents the aNAV of Cymbria by class divided by the respective number of shares in that class. Below is a reconciliation of adjusted net asset value per share to shareholders' equity per share.

Class A	Dec. 31, 2017	Dec. 31, 2016
Adjusted net asset value per share	\$ 45.18	\$ 36.59
Less: Deferred income tax liability	(1.85)	(1.30)
Shareholders' equity per share	\$ 43.33	\$ 35.29

Class J	Dec. 31, 2017	Dec. 31, 2016
Adjusted net asset value per share	\$ 49.68	\$ 40.16
Less: Deferred income tax liability	(2.06)	(1.43)
Shareholders' equity per share	\$ 47.62	\$ 38.73

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

Our business

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

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 aNAV since inception is 351.8% and the cumulative return of Cymbria's Class A shareholders' equity since inception is 332.0%.

We measure our investment results using Cymbria's aNAV 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 aNAV and can change based on numerous factors, some of which are independent of Cymbria's aNAV. Cymbria's shareholders' equity differs from aNAV because of accounting differences primarily related to deferred income taxes. Cymbria's aNAV 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 aNAV. We are required to calculate aNAV daily and Cymbria's Class A aNAV 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 aNAV 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 aNAV daily to our website. Some have suggested that doing so encourages short-term thinking. We tend to agree. Cymbria's aNAV is different from its worth. The aNAV represents the value of its holdings at today's prices, not tomorrow's worth. Not everyone uses Cymbria's aNAV 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 aNAV (either knowingly or unknowingly). If Cymbria's stock price lags its aNAV, 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. Please see "Non-IFRS Measures" for a discussion on aNAV.

Recent developments

After nine years of rising stock prices, investors likely have very rosy expectations for the future. Since 1928, the average annual total return in U.S. dollars of U.S. stocks is 9.4%. If history is a reasonable guide, we believe investors should expect a similar return over a meaningful amount of time. Over the long term, the stock market can't outpace the earnings and dividend growth of the businesses that make up the market. However, the short-term market can fluctuate wildly for a multitude of reasons. Over the past five years, the stock market rose much faster than corporate earnings. Since 2013, approximately two-thirds of the S&P 500 Index returns came from multiple expansion instead of earnings growth.

2017 was an extreme example because it marked the first year that each month of the S&P 500 Index's total returns were positive. The index's average annual intra-year drop from its highest to lowest point since 1928 was 16%, but the average over the last five years was only 8%. Since 1980, the S&P 500's average intra-year decline from its peak to trough was 13.8%, significantly lower than the 2.8% in 2017. Volatility appeared to be temporarily hiding in 2017, but it hasn't gone away. Investors should be prepared for today's calm waters to be replaced by rougher seas. Although the environment might be more difficult today, we still continue to find many new equity ideas – 16 in Cymbria during 2017. If our proprietary insights play out as we expect, we believe Cymbria should deliver higher returns than the overall market.

We view volatility as opportunities to capitalize on other people's mistakes. We own a concentrated number of growing business and will be ready to take advantage of volatility when it reappears. We'll do this by either adding to existing positions to match our conviction or purchasing new businesses.

Outlook

We believe future returns will be materially below historical ones. Valuation levels are higher than when we started in 2008 and interest rates are much lower. Interest typically acts like gravity to returns. The higher rates go, the more force pulls down on valuation levels. Rates don't have a lot of room to fall from here, but they could rise a lot. Given this backdrop, and the overall valuation levels of most asset classes in the world including the vast majority of the stock market, we feel comfortable predicting lower returns going forward.

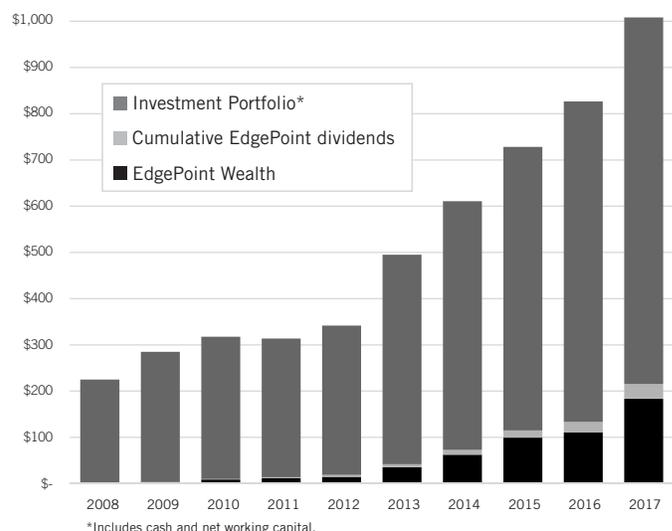
We only place our investors' money in business that we've thoroughly researched. That means companies that we believe have strong management teams and good fundamentals available at prices that provide the opportunity to grow. We can sleep at night because we have reasons why we believe our holdings could provide good returns over the long term as opposed to speculating on the price of something we can't quantify. We see ourselves as investors, not just people willing to bet everything on the flip of a coin.

Although we expect lower returns going forward, we believe that equities are still the most attractive option when compared to the other asset classes. Investor savings face an uphill battle against inflation which erodes the value of cash, insufficient bond yields relative to their risk and a historically expensive Canadian real estate market. Our investment approach has built wealth over multiple decades and across various cycles. We continue to expect that our long-term returns will be pleasing.

Overall performance

For the year ended December 31, 2017, Cymbria's shareholders' equity increased 22.8% (December 31, 2016: 13.5%). As at December 31, 2017, Cymbria's shareholders' equity increased to \$1,015 million, compared to \$827 million as at December 31, 2016. The increase in shareholders' equity is largely attributable to investment performance, which is discussed in the *Investment Performance* section of this report.

Shareholders' equity ('000)



*Includes cash and net working capital.

Investment performance

Cymbria's investment performance is segmented between its investment 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. However, in this section we will discuss the investments that had the most impact that we believe would be of interest to shareholders and highlight any material changes to the businesses we own, if any.

These are the investments that had the most meaningful positive impact on shareholders' equity during the period:

- Shiseido Co., Ltd.

Shiseido is one of the largest cosmetic companies in the world. We first added the business to Cymbria at the beginning of February 2015. Shiseido is similar to many Japanese companies in that it makes great products but has profit margins well below its global competitors. When we bought Shiseido, its operating margins were an abysmal 3.5%, however its gross margins were 75%. A sense of accountability and an ownership mentality were both missing among management and the board. It was a cosmetics company with only one female corporate officer and a seniority system where promotion and pay were based on your age. We believed there was a large opportunity for the new management team to address cost issues in the business. The new CEO, during his three-year tenure, abolished the seniority system and found significant cost savings which were reinvested in advertising and R&D. We believe the net result from the cost savings and growth in the business should be dramatically higher profits.

The stock was up 84% during the year and Cymbria's unrealized gain in the business increased by \$20.8 million.

- Anthem Inc.

We first purchased a stake in Anthem in 2008 at about US\$30 per share. As the largest insurer in most of the states in which it competed, we believed it had a pricing advantage over its competition that allowed it to gain share. We thought the combination of demographics, health care inflation and Anthem's pricing advantage would result in its top-line growing faster than 5% a year even in a bad economy.

We bought the company despite then-U.S. President elect Obama's campaign promise to reduce margins of health management organizations like Anthem. Due to the general market's fear about lower profits, the stock price fell. Anthem took this opportunity to buy back over half of its outstanding shares during Obama's tenure. While the President fulfilled his mandate and reduced margins, the company's earnings per share actually compounded at 11% annually during his two terms. Anthem's recent share price mirrors the value we saw in the business. Although our ownership of Anthem was controversial at various points, we believe Anthem was a very pleasing holding for our investors. It acts as a reminder that sometimes you have to look wrong in the short term to look right in the long term.

The stock was up 57% during the year. We trimmed the position to realize gains of \$14.6 million and Cymbria's unrealized gain in the business increased by \$1.9 million.

- Live Nation Entertainment Inc.

We first purchased a stake in Live Nation, the world's largest concert promoter, in Cymbria on May 26, 2015. The company also sells concert tickets and also owns the artists' managers and some of the concert venues. The business also makes money through sponsorship. When we first purchased the business, we had three ideas related to growth. The first idea involved the ticketing side (Ticketmaster). Several years ago, a lot of artists that Ticketmaster sells tickets for were concerned that scalpers dominated the resale market. The company entered the secondary market by launching Ticketmaster Plus. Its advantage over competitors like Stubhub was the ability to authenticate the tickets. We believed this would be a big growth driver as it doesn't require a lot of capital, making it a free cash flow machine. We believed that the second growth driver would be sponsorship, which is also an area with small capital requirements and large margins. A lot of artists want to work with Live Nation due to the company's operations at various levels of the music industry. This allows the company to make money in other ways off of their promoted artists, which is essentially the sponsorship business. The third idea we had about Live Nation was the high-margin sale of concessions and merchandise that isn't artist-specific, like earplugs or parking fees. We also had confidence in the management team, a big part of the Live Nation thesis. We believe the potential of growth in the business was realized based on its current share price, therefore completely exited the position. The holding period return was 52% and Cymbria's total realized gain on the sale of Live Nation was \$10.5 million, with \$8.5 million of the growth occurring during the year prior to its sale.

- Aena SME, S.A.

We first purchased a stake in Aena in Cymbria on December 22, 2015. Aena owns and operates airports and heliports in Spain and internationally. Aena is the closest thing to a monopoly that we've ever owned as their holdings make up 99.9% of commercial air traffic in Spain. During the financial crisis, the government sold a stake in Aena to raise money for the country. We paid roughly 11x free cash flow for the business, or, said differently, we expected to earn 9% a year as owners of the business if the company didn't grow. Although 9% is a decent return, we believed we'd get any potential future growth for free. We weren't being asked to pay for any increases in domestic traffic (down 30% from its peak), passenger spending on duty-free goods, food or increased parking fees, the last three significantly lower than similar airports in other countries. After our purchase of Aena, passenger traffic grew by double digits, retail offerings and sales improved and parking revenues increased. All this led to substantial profit growth over the year and the share price reacted positively to the good news. The holding period return was 60% and we sold our stake in Aena during the year and realized a total gain of \$9.5 million.

Conversely, the following investment had the most meaningful negative impact on shareholders' equity during the period:

- Team Inc.

Team provides maintenance and installation services for pressurized piping systems and process inspections of industrial plants. We first added the company in 2009 with the idea that it provided an essential service and its clients could only delay upkeep for so long. During the holding period, several events such as a CEO change in 2014, more acquisitions than the balance sheet could support, more service deferrals than expected and the implementation of a SAP program to manage business operations caused the business to struggle greatly. We exited our position in August 2017 because we didn't believe that the potential reward matched the potential risk of permanent loss of capital if we stayed invested. In September 2017, Team's board acknowledged their own oversight by replacing the CEO and started the search for a replacement. The overall holding period return was 14%, however the decline in the share price during the year caused Cymbria to realize a loss of \$2.0 million for the year on the sale of Team.

Portfolio turnover

During the year, we purchased stakes in 16 new businesses. Below are the 3 most significant names by weight in Cymbria.

- Subaru Corp.

Subaru is a Japanese global car manufacturer. After achieving above-market growth in the U.S., Subaru was capacity-constrained during the last two years. It recently installed new lines in their Indiana plant that should grow its U.S. production by 40%. We believe it will use this capacity over the next few years, allowing it to return to above-market growth. Even with these expectations, we believe the stock is very attractively priced at 5x enterprise value to free cash flow.

- Unilever N.V.

Unilever 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 it 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 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 high teens.

- CSX Corp.

One of our main reasons for investing in a business is the quality of its management team. Our investment in CSX began on January 19, 2017 following the announcement that an activist investor wanted to install Hunter Harrison as the company's new CEO. We saw a strong leader in Harrison based on his experience turning around three other railroads through cost-cutting and

cultural changes. When combined with CSX's real estate holdings and strong urban freight presence, we believed CSX was an attractive opportunity.

In December 2017, Harrison passed away, though he managed to implement enough of his policies, as well as a succession plan and team, to lay down the tracks for the company's future. While we don't take anyone's death lightly, it's important to remember that the board that selected Harrison remains in place. Company management is only one of the criteria we use to gauge the fitness of a business for investment. We think that CSX remains a fundamentally sound investment based on our analysis.

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 we sold our stakes completely in 14 businesses. Below are the most significant sells based on the amount of realized gains and losses:

- Rexnord Corp.

We first purchased Rexnord on April 16, 2015. It offers power transmission gear drives, bearings, couplings, industrial chain, brakes and conveying solutions to enhance equipment reliability. The stock rallied from the lows of a couple of years ago. The management team did a dilutive convertible preferred share issue which took away some of the upside that we believed was there, hence the exit of the name from the Portfolio. The holding period return for the business in Cymbria was 8% and the realized gain on selling Rexnord Corp. during the year was \$23.4 million.

- Anthem Inc.

The realized gain on selling Anthem during the year was \$14.6 million. See above comments on our proprietary insights on Anthem.

- Service Corporation International

We first purchased a stake in the business in January 13, 2014. Service Corporation International is a provider of funeral goods and services, as well as cemetery property and services. We believed the management team to be great capital allocators based on repurchasing 40% of the company's stock over the last several years, as well as it being a business with very good pricing power. The industry faced two headwinds: declining death rate due to a baby bust during the Great Depression and WWII and the growth in cremations. Our belief was that with Baby Boomers aging, strong pricing and acquisitions the business could grow 5% to 6% in the future.

Four years later, we believe the share price now reflects the value of the business, hence the exit of the position. The holding period return for Service Corporation International in Cymbria was 89% and the realized gain was \$10.5 million.

- Live Nation Entertainment Inc.

The realized gain on selling Live Nation was \$10.5 million. See above comments on our proprietary insights in Live Nation.

- Aena SME, S.A.

The realized gain on selling Aena was \$9.5 million. See above comments on our proprietary insights on Aena.

Cymbria had portfolio turnover rates of 35.7% for the year ended December 31, 2017 and 25.3% for the year ended December 31, 2016. Portfolio turnover rate is calculated based on the lesser of purchases or proceeds of sales of securities during the period divided by the average value of the Portfolio's securities during that time. Cymbria's portfolio turnover rate indicates how frequently Cymbria's portfolio advisor traded 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 a year. The higher the portfolio turnover rate in a year, the greater the trading costs payable and chance of taxable capital gains during that year. A high turnover rate isn't necessarily related to Cymbria's performance.

Investment in EdgePoint

Cymbria's original \$509,585 investment in EdgePoint represents a 20.7% ownership share as at December 31, 2017. We have received \$33.5 million in dividends from EdgePoint since inception and its value in Cymbria has increased to \$185.9 million, making EdgePoint the most valuable contributor to Cymbria's investment portfolio.

EdgePoint grew significantly in 2017 with assets under management reaching \$18.9 billion from \$13.0 billion in the prior year. Accordingly, with the assistance of a third-party valuator, Cymbria's stake in EdgePoint was revalued at a range of \$185.9 million to \$205.8 million. For financial statement purposes, EdgePoint is valued at \$185.9 million.

This valuation uses a specific set of assumptions of which the significant ones are outlined in note 11 to the financial statements. The range noted above changes only the discount rate in the valuation. In reality, the possible results for EdgePoint can vary far outside of this range. To highlight how wide a range could be without going to extremes, please refer to the sensitivity analysis in Note 11 of the financial statements. Neither of the scenarios in the sensitivity analysis are particularly aggressive and yet it gives a very wide range of possible values of -13.6% to +34.3% from the current carrying value. We spend a considerable amount of time on the assumptions that go into the base cash flow model to determine the \$185.9 million valuation and believe that this represents fair market value as at December 31, 2017. However, valuing a business like EdgePoint is an imperfect science and depending on actual results there could be considerable variance both positively or negatively from today's value.

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, 2017 compared to those for the years ended December 31, 2016 and 2015.

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

Financial performance

	Dec. 31, 2017 ('000s)	Dec. 31, 2016 ('000s)	Dec. 31, 2015 ('000s)
Income			
Net realized gain on investments	\$ 100,563	\$ 83,753	\$ 136,937
Change in unrealized gain (loss) on investments	97,687	14,000	(2,757)
Dividend and interest income	19,750	15,852	14,375
Foreign currency gain (loss) on hedging	8,537	7,260	(10,444)
Foreign currency gain (loss), excluding hedging	(406)	(851)	6,119
Total income	\$ 226,131	\$ 120,014	\$ 144,230
Expenses			
Management fees and service fees	\$ 6,501	\$ 5,344	\$ 7,798
Withholding taxes, HST, and transaction costs	2,915	2,208	2,239
Other expenses	1,999	1,475	1,160
Total expenses	\$ 11,415	\$ 9,027	\$ 11,197
Profit (loss) for the year before taxes	\$ 214,716	\$ 110,987	\$ 133,033
Income taxes (recovery)	25,859	12,622	15,423
Net comprehensive income	\$ 188,857	\$ 98,365	\$ 117,610

(a) *Net realized gain on investments*

During the year ended December 31, 2017, the realized gain on investments of \$100.6 million is largely attributable to gains from the sale of shares of Rexnord Corp. of \$23.4 million, Anthem Inc. of \$14.6 million, Service Corporation International of \$10.5 million, Live Nation Entertainment Inc. of \$10.5 million, and AENA S.A. of \$9.5 million. These gains were offset by a realized loss from the sale of shares of Team Inc. of \$2.0 million. Fluctuations in investment values are not comparable to prior periods due to the different composition of the investment portfolio from period to period. Highlights of the most significant contributors to Cymbria's performance are discussed in the *Investment Performance* section.

(b) *Change in unrealized gain (loss) on investments*

The change in unrealized gain (loss) on investments is a \$97.7 million gain during the year ended December 31, 2017. This is a result of fluctuations in the value of investments during the period. The largest changes in unrealized gain (loss) during the period were a gain of \$75.6 million from EdgePoint, a gain of \$20.8 million from Shiseido Co. Ltd., a gain of \$7.3 million from Affiliated Managers Group Inc., and a gain of \$7.2 million from WABCO Holdings Inc. Readers should be aware that Cymbria can experience both a change in unrealized loss and a realized gain on an investment during a period if an investment's value decreases during the period but is sold for greater than its book value.

Fluctuations in investment values are not comparable to prior periods due to the different composition of the investment

portfolio from period to period. Highlights of the most significant contributors to Cymbria's performance are discussed in the *Investment Performance* section.

(c) 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, 2017, Cymbria received \$10.4 million in dividends from EdgePoint, which was an increase of \$2.9 million from 2016. The remaining investment portfolio contributed \$9.3 million in dividends and interest during the year. 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.

(d) Foreign currency gain (loss)

Cymbria is valued in Canadian dollars; however, it invests in securities denominated 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. The Manager monitors and updates the degree of currency hedging based on a variety of economic factors, including the foreign currency's purchasing power parity versus the Canadian dollar.

As at December 31, 2017, Cymbria's most significant foreign currency exposure was the U.S. dollar, which as a percentage of shareholders' equity was approximately 41%, and Cymbria hedged 10% of that exposure. Cymbria did not have a hedge in place for its investment securities denominated in the Japanese yen, Euro, British pound or Swedish krona as we did not believe there was material currency risk with the investments. As a result of foreign currency hedging activities during the year ended December 31, 2017, Cymbria had a \$8.5 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.

(e) Expenses and MER

The increase in management fees is due to the increase in aNAV 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 year ended December 31, 2017, the MER was 1.20% for Class A shareholders and 0.72% 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.

Financial condition

	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
	('000s)	('000s)	('000s)
Assets			
Investments	\$ 994,453	\$ 750,075	\$ 744,021
Cash and cash equivalents	68,223	101,596	24,757
Income tax recovery	–	4,814	–
Other assets	365	3,142	1,990
Total assets	\$ 1,063,041	\$ 859,627	\$ 770,768
Liabilities			
Foreign exchange forward contracts	\$ –	\$ 617	\$ 5,266
Income tax payable	2,186	–	7,198
Accrued liabilities and other payables	1,028	1,359	1,619
Deferred share unit plan	756	485	308
Deferred income tax liability	43,538	30,490	28,066
Total liabilities	\$ 47,508	\$ 32,951	\$ 42,457
Shareholders' equity	\$ 1,015,533	\$ 826,676	\$ 728,311

(a) Investments

Cymbria's investments as at December 31, 2017, primarily consists of a portfolio of equities of \$807.6 million and an investment in EdgePoint of \$185.9 million. The increase of \$243.8 million from December 31, 2016 is a result of net investment purchases of \$37.0 million, realized gains on the sale of investments of \$107.8 million, an increase in the value of EdgePoint of \$75.6 million, and an increase in the unrealized value of investment portfolio of \$23.4 million. The *Investment Performance* section of this MD&A discusses the significant changes in these investments. The Schedule of Investment Portfolio highlights all of the investment positions of Cymbria.

(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 \$33.4 million from the end of 2016 is primarily due to the net purchase of investments in the portfolio during the year ended December 31, 2017. As at December 31, 2017, cash and cash equivalents was comprised entirely of cash held at the bank.

(c) Other assets

Other assets primarily consists of dividends receivable of \$0.4 million, which are a result of dividends that have been declared but not yet received as at the end of the period.

(d) Income tax recovery and Income taxes payable

The Income taxes payable of \$2.2 million is a result of the required income tax installments for 2017 being less than Cymbria's income tax liability.

(e) Accrued liabilities and other payables

As at December 31, 2017, accrued liabilities and other payables consists of accrued liabilities of \$0.1 million and payable for investments purchased of \$0.9 million. The decrease 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.

(f) 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, 2017, Cymbria issued 2,199 units, and the total value of the deferred share unit plan increased by \$0.3 million.

(g) 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, 2017, Cymbria's deferred income tax liability is presented net and it comprises of a liability on the unrealized appreciation of investments of \$43.7 million, offset by an asset on deferred share units of \$0.2 million. Included in the deferred income tax liability is \$24.6 million related to Cymbria's investment in EdgePoint.

(h) 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 December 31, 2017 and March 8, 2018 were 100. Class A shares are non-redeemable and traded on the Toronto Stock Exchange. As at December 31, 2017 and March 8, 2018, there were 14,474,051 and 14,485,120 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 December 31, 2017 and March 8, 2018, there were 8,156,427 and 8,146,360 shares outstanding, respectively.

Cash flows

For the year ended December 31, 2017, Cymbria had a net decrease in cash and cash equivalents of \$33.4 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 of \$35.3 million. 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 23, 2017 to May 22, 2018. 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, 2017, Cymbria did not repurchase any shares as they were either trading at a premium to aNAV 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 aNAV 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 aNAV, 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 aNAV. 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 aNAV, 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 aNAV, the LRO provides another venue whereby shareholders may dispose of their shares at a price closer to aNAV. 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, 2017, as Cymbria's Class A shares have been trading above 97% of aNAV 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, 2017 and 2016.

	Dec. 31, 2017	Dec. 31, 2016
	('000s)	('000s)
Income		
Net realized gain on investments	\$ 36,844	\$ 30,802
Change in unrealized gain on investments	41,712	36,201
Dividend and interest income	6,778	5,574
Foreign currency gain (loss) on hedging	(268)	(2,845)
Foreign currency gain (loss), excluding hedging	(212)	(284)
Total income	\$ 84,854	\$ 69,448
Expenses		
Management fees	\$ 1,726	\$ 1,437
Withholding taxes, HST, and transaction costs	623	518
Other expenses	632	472
Total expenses	\$ 2,981	\$ 2,427
Profit for the period before taxes	\$ 81,873	\$ 67,021
Income taxes	9,828	8,080
Net comprehensive income	\$ 72,045	\$ 58,941

During the quarter ended December 31, 2017, Cymbria had net comprehensive income of \$72.0 million that was driven by net realized gain on investments and the change in unrealized gain on investments totaling \$78.6 million, compared to \$67.0 million for the quarter ended December 31, 2016. The investments that had the most significant contribution to the investment performance gains were EdgePoint with \$34.1 million, Shiseido Co., Ltd. with \$8.6 million, and Ubiquiti Networks, Inc. with \$7.1 million.

Summary of interim results

The financial information summarized below is derived from Cymbria's condensed interim financial statements from the three month periods ended December 31, 2017, September 30, 2017, June 30, 2017, and March 31, 2017, and the same previous periods from 2016. In each of the periods, the changes in Total income (loss) and Net income (loss) are primarily a result of the realized and unrealized changes in the fair value of Cymbria's investments. No meaningful correlations can be made by comparing these figures from period to period.

(in '000s except per share amounts)	Three months ended							
	Dec. 31, 2017	Sep. 30, 2017	Jun. 30, 2017	Mar. 31, 2017	Dec. 31, 2016	Sep. 30, 2016	Jun. 30, 2016	Mar. 31, 2016
Total income (loss)	\$ 84,854	\$ 22,506	\$ 86,064	\$ 32,707	\$ 69,448	\$ 68,699	\$ (8,823)	\$ (9,310)
Total expenses	\$ 2,981	\$ 2,609	\$ 3,287	\$ 2,538	\$ 2,427	\$ 2,214	\$ 2,326	\$ 2,060
Net income (loss)	\$ 72,045	\$ 17,552	\$ 73,065	\$ 26,195	\$ 58,941	\$ 57,788	\$ (8,739)	\$ (9,625)
Net income (loss), per share								
Class A	\$ 2.95	\$ 0.71	\$ 3.10	\$ 1.07	\$ 2.50	\$ 2.45	\$ (0.42)	\$ (0.43)
Class J	\$ 3.59	\$ 0.89	\$ 3.46	\$ 1.31	\$ 2.79	\$ 2.74	\$ (0.32)	\$ (0.42)

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 at December 31, 2017, cash and cash equivalents represents 7% 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, 2017, the portfolio of public equities that the Manager believes can be readily sold represents 76% of Cymbria's total shareholders' equity. Cymbria does not have any outstanding debt or contractual obligations that would pose a significant risk to liquidity as at December 31, 2017.

Credit facility

On September 22, 2017, Cymbria entered into a credit agreement with a Canadian chartered bank (the "Bank") that matures on September 21, 2022 and can be renewed on an annual basis. The credit agreement allows Cymbria to borrow up to \$100 million. Interest is charged on the outstanding balance based on whether the facility is drawn as bankers acceptance or prime loan. For a bankers acceptance loan, interest is charged on the outstanding balance at the bankers acceptance rate plus 80 basis points. For a prime loan, interest is charged on the outstanding balance at the Bank's prime rate. In addition, Cymbria will pay a standby fee on the unused portion of the credit facility equal to 34 basis points if the facility is less than 25% drawn and 26 basis points otherwise. When drawn upon, the credit facility will be secured by a selection of eligible securities in Cymbria's investment portfolio. As at December 31, 2017, the outstanding balance of the credit facility was nil. As at the date of this report, Cymbria has complied with all covenants, conditions or other requirements of the credit agreement.

The purpose of the credit facility is to provide Cymbria with increased flexibility to purchase additional investments when we believe an opportunity exists where the potential return is worth the added risk that leverage introduces. There are a number of reasons why we decided to add this credit facility to Cymbria even though we don't envision using it in the short term. We wanted to ensure that every investment tool that we set out in the prospectus in 2008 is available to us to grow your wealth, no matter how unlikely we are to use it. In our experience, the availability of this type of securities-based lending is rarely available at times of extreme market corrections. 2008 would

be the most recent example. When we launched Cymbria in the fall of 2008, we talked to major lenders about prime brokerage lending because we saw many interesting investment ideas but were unable to secure a willing party at the time. The conditions today are quite different and we were able to secure this facility under terms that were acceptable to us. This credit facility differs significantly from prime brokerage lending because it has a committed five-year term that is renewable annually. As opposed to a prime brokerage account that is due on demand, amounts drawn on this credit facility cannot be called by the Bank (provided we maintain our covenants) until the remaining five-year term has expired. In addition, it is a committed facility therefore the Bank must make the funding available to us at any time during the remaining term. Having a commitment that more closely aligns with an investment horizon was important to us when making the decision to obtain a credit facility.

To be perfectly clear, we are not calling for a market correction in the next five years. Truth be told, we hope we are never in a position to want to draw on this facility. However, if an opportunity arises that meets our heightened criteria for a leveraged investment, we will know that the funding is available to us at a relatively low cost to Cymbria. If left completely unfunded, the credit facility will cost Cymbria less than 4 basis points per year before taxes and approximately 2.5 basis points per year after taxes, based on shareholders' equity as at December 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, 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 aNAV of each class of Cymbria shares, excluding the value of EdgePoint. For the year ended December 31, 2017, management fees totaled \$6.5 million, compared to \$5.3 million for the same period in 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. Please see "Non-IFRS Measures" for a discussion on aNAV.

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 annual 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 December 31, 2017.

None of these will have a significant effect on the financial statements of Cymbria.

IFRS 9, Financial Instruments, 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 has assessed that the standard will not have a material impact on the classification and measurement of financial assets and liabilities of Cymbria because: the financial instruments classified as held-for-trading and Fair Value Through Profit or Loss ("FVTPL") under IAS 39 will continue to be measured at fair value under IFRS 9; and the financial instruments currently measured at amortized cost meet the solely principal and interest criterion and accordingly, will continue to be measured at amortized cost under IFRS 9.

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 Annual Information Form dated March 29, 2018 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, 2017:

- 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, 2017 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, 2017 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, 2017, 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, 2017, 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.

Financial Statements of

CYMBRIA CORPORATION

Years ended December 31, 2017 and 2016

CYMBRIA[®]

CYMBRIA CORPORATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying Financial Statements have been prepared by the Manager, EdgePoint Investment Group Inc., on behalf of Cymbria Corporation ("Cymbria"). Management is responsible for the information and representations contained in these Financial Statements.

Management has maintained appropriate processes to ensure that relevant and reliable financial information is produced. The Financial Statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts based on estimates and assumptions. The significant accounting policies that management believes are appropriate for Cymbria are described in Note 3 to the Financial Statements.

KPMG LLP, Cymbria's external auditor, has audited the Financial Statements in accordance with Canadian generally accepted auditing standards to enable them to express to shareholders their opinion on the Financial Statements. Their report, as auditors, is set forth herein.

The Board of Directors is responsible for reviewing and approving Cymbria's Financial Statements, overseeing management's performance of its financial reporting responsibilities and engaging the independent auditors. The Board of Directors is composed of three members who are independent of management. For all share classes of Cymbria, the Financial Statements have been reviewed and approved by the Board of Directors.



Patrick Farmer
Chairman
March 8, 2018



Norman Tang
Chief Financial Officer
March 8, 2018

Independent auditors' report

To the shareholders of Cymbria Corporation

We have audited the accompanying Financial Statements of Cymbria Corporation, which comprise the *Statements of Financial Position* as at December 31, 2017 and 2016, the *Statements of Comprehensive Income*, *Statements of Changes in Equity* and *Statements of Cash Flows* for the years then ended, and notes, comprising of a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audits. We conducted our audits in accordance with International Financial Reporting Standards. Those standards require that we comply with ethical requirements, and plan and perform an audit to obtain reasonable assurance about whether financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Cymbria's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Cymbria's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these Financial Statements present fairly, in all material respects, the financial position of Cymbria Corporation as at December 31, 2017 and 2016, and its financial performance and cash flows for the years then ended, in accordance with International Financial Reporting Standards.



Chartered Professional Accountants, Licensed Public Accountants, Toronto, Canada
March 8, 2018

CYMBRIA CORPORATION

Statements of Financial Position
(in '000s except per share amounts and number of shares)
As at December 31, 2017 and 2016

	2017	2016
Assets		
Investments	\$ 807,555	\$ 639,513
EdgePoint Wealth Management Inc.	185,941	110,327
Foreign exchange forward contracts	957	235
Total financial assets held-for-trading or at fair value through profit or loss*	994,453	750,075
Cash and cash equivalents	68,223	101,596
Receivable for investments sold	10	2,627
Dividends receivable	355	515
Income tax recovery	–	4,814
Total Assets	\$ 1,063,041	\$ 859,627
Liabilities		
Accrued liabilities	\$ 95	\$ 717
Payable for investments purchased	933	642
Foreign exchange forward contracts	–	617
Income taxes payable	2,186	–
Total current liabilities	3,214	1,976
Deferred share unit plan liability (Note 7)	756	485
Deferred income tax liability (Note 10)	43,538	30,490
Total Liabilities	\$ 47,508	\$ 32,951
Shareholders' equity		
Share capital (Note 5)	\$ 220,034	\$ 220,034
Retained earnings (Note 6)	795,499	606,642
Total Shareholders' Equity	\$ 1,015,533	\$ 826,676
Shareholders' equity		
Common stock	\$ –	\$ –
Class A	627,136	508,138
Class J	388,397	318,538
Number of shares outstanding (Note 5)		
Class A	14,474,051	14,399,226
Class J	8,156,427	8,224,207
Total shareholder's equity per share		
Class A	\$ 43.33	\$ 35.29
Class J	\$ 47.62	\$ 38.73

*Cost of investments is reflected in the *Schedule of Investment Portfolio*.

Certain comparative figures have been reclassified to conform with the current year's presentation.

The accompanying notes are an integral part of these annual Financial Statements.

ON BEHALF OF THE BOARD:



Reena Carter, Director



James MacDonald, Director

CYMBRIA CORPORATION

Statements of Comprehensive Income
(in '000s except per share amounts)
Years ended December 31, 2017 and 2016

	2017	2016
Income		
Dividends from EdgePoint Wealth Management Inc.	\$ 10,350	\$ 7,452
Dividends from other investments	9,174	8,359
Interest for distribution purposes	226	41
Foreign currency gain (loss) on cash and other net assets	(406)	(851)
Other net changes in fair value of financial assets and financial liabilities at fair value through profit or loss:		
Net realized gain (loss) on investments	100,563	83,753
Net realized gain (loss) on foreign exchange forward contracts	7,197	2,620
Change in unrealized appreciation (depreciation) on investments	97,687	14,000
Change in unrealized appreciation (depreciation) on foreign exchange forward contracts	1,340	4,640
Total Income	\$ 226,131	\$ 120,014
Expenses (Note 8)		
Management fees	\$ 6,501	\$ 5,344
Operating expenses	1,225	957
Investment research and portfolio maintenance	680	518
Interest expense (Note 9)	94	–
Harmonized Sales Tax	1,103	880
Net withholding tax	1,323	1,039
Transaction costs	489	289
Total Expenses	\$ 11,415	\$ 9,027
Profit for the year before taxes	\$ 214,716	\$ 110,987
Income taxes (recovery) (Note 10)		
Current	\$ 12,811	\$ 10,198
Deferred	13,048	2,424
	\$ 25,859	\$ 12,622
Net income	\$ 188,857	\$ 98,365
Net income, by class		
Class A	\$ 112,961	\$ 58,992
Class J	\$ 75,896	\$ 39,373
Net income, per share		
Class A	\$ 7.83	\$ 4.10
Class J	\$ 9.25	\$ 4.78

The accompanying notes are an integral part of these annual Financial Statements.

CYMBRIA CORPORATION

*Statements of Changes in Equity
(in '000s)
Years ended December 31, 2017 and 2016*

	2017	2016
Class A:		
Shareholders' equity, beginning of the year	\$ 508,138	\$ 447,965
Net income, by class	112,961	58,992
Capital transactions:		
Class J to Class A share exchanges	702	338
Cumulative surplus on Class J to Class A share exchanges	(24)	(8)
Surplus	5,359	851
	<u>118,998</u>	<u>60,173</u>
Shareholders' equity, end of the year	\$ 627,136	\$ 508,138

Class J:		
Shareholders' equity, beginning of the year	\$ 318,538	\$ 280,346
Net income, by class	75,896	39,373
Capital transactions:		
Class J to Class A share exchanges	(678)	(330)
Surplus	(5,359)	(851)
	<u>69,859</u>	<u>38,192</u>
Shareholders' equity, end of the year	\$ 388,397	\$ 318,538

The accompanying notes are an integral part of these annual Financial Statements.

	2017	2016
Cash Flow from Operating Activities		
Net income	\$ 188,857	\$ 98,365
Adjustments for:		
Foreign currency (gain) loss on cash and other net assets	406	851
Net realized (gain) loss on investments	(100,563)	(83,753)
Net realized (gain) loss on foreign exchange forward contracts	(7,197)	(2,620)
Change in unrealized (appreciation) depreciation on investments	(97,687)	(14,000)
Change in unrealized (appreciation) depreciation on foreign exchange forward contracts	(1,340)	(4,640)
(Increase) decrease in dividends receivable	160	(116)
Increase (decrease) in accrued liabilities and other payables	6,649	(11,158)
Increase (decrease) in deferred income tax liability	13,048	2,424
Purchase of investments	(352,777)	(185,890)
Proceeds from sales of investments	317,477	278,227
Net Cash Generated (Used) by Operating Activities	\$ (32,967)	\$ 77,690
Net increase (decrease) in cash and cash equivalents	\$ (32,967)	\$ 77,690
Foreign currency gain (loss) on cash and other net assets	(406)	(851)
Cash and cash equivalents, beginning of year	101,596	24,757
Cash and cash equivalents, end of the year	\$ 68,223	\$ 101,596
Cash and cash equivalents comprise:		
Cash at bank	\$ 68,223	\$ 101,596
	\$ 68,223	\$ 101,596
Interest received, net of withholding tax	\$ 226	\$ 41
Dividends received, net of withholding tax	\$ 18,361	\$ 14,656
Interest paid	\$ -	\$ -
Income taxes paid	\$ (5,811)	\$ (22,210)

The accompanying notes are an integral part of these annual Financial Statements.

CYMBRIA CORPORATION

Schedule of Investment Portfolio
(in '000s except number of shares/units)
As at December 31, 2017

Number of shares/units	Security	Average cost	Fair value	% of shareholders' equity
Banks				
628,828	Wells Fargo & Co.	\$ 32,528	\$ 47,956	4.7%
		32,528	47,956	4.7%
Consumer Discretionary				
862,573	Subaru Corp.	38,468	34,479	3.4%
271,350	Salvatore Ferragamo SpA	8,898	9,065	0.9%
83,868	Delticom AG	5,030	1,454	0.1%
		52,396	44,998	4.4%
Consumer Staples				
794,716	Shiseido Co., Ltd.	19,095	48,283	4.8%
414,704	Unilever NV	23,824	29,369	2.9%
		42,919	77,652	7.7%
Diversified Financials				
279,585	EdgePoint Wealth Management Inc.	510	185,941	18.3%
118,186	Affiliated Managers Group Inc.	22,624	30,492	3.0%
70	Berkshire Hathaway Inc., class A	20,607	26,186	2.6%
49,517	Berkshire Hathaway Inc., class B	8,893	12,338	1.2%
		52,634	254,957	25.1%
Energy				
827,416	PrairieSky Royalty Ltd.	24,446	26,527	2.6%
969,909	CES Energy Solutions Corp.	3,706	6,334	0.6%
		28,152	32,861	3.2%
Health Care				
62,885	Anthem Inc.	6,135	17,786	1.8%
808,832	Swedish Orphan Biovitrum AB	15,509	13,919	1.4%
202,200	Shionogi & Co. Ltd.	13,870	13,753	1.4%
179,931	Bioverativ Inc.	12,187	12,195	1.1%
		47,701	57,653	5.7%
Industrials				
740,601	Flowserve Corp.	44,077	39,220	3.9%
555,032	Generac Holdings Inc.	28,484	34,549	3.4%
190,312	WABCO Holdings Inc.	17,792	34,328	3.4%
422,740	CSX Corp.	26,277	29,231	2.9%
280,029	Wabtec Corp.	27,087	28,663	2.8%
313,997	WESCO International Inc.	22,975	26,899	2.6%
1,013,556	Kubota Corp.	19,680	24,983	2.4%
711,900	Mitsubishi Electric Corp.	15,321	14,864	1.5%
175,705	Brenntag AG	11,811	13,984	1.4%
630,729	Grafton Group plc	4,679	8,585	0.8%
		218,183	255,306	25.1%
Information Technology				
332,978	Ubiquiti Networks, Inc.	16,793	29,726	2.9%
244,680	TE Connectivity Ltd.	14,308	29,231	2.9%
27,641	Constellation Software Inc.	18,063	21,063	2.1%
305,153	Microsemi Corp.	19,566	19,812	2.0%
731,586	Real Matters Inc.	5,321	7,374	0.7%
43,916	EchoStar Corp.	3,225	3,306	0.3%
		77,276	110,512	10.9%

CYMBRIA CORPORATION

Schedule of Investment Portfolio
(in '000s except number of shares/units)
As at December 31, 2017

Number of shares/units	Security	Average cost	Fair value	% of shareholders' equity
Insurance				
2,423,660	Echelon Financial Holdings Inc.	\$ 33,409	\$ 31,144	3.1%
517,550	Vienna Insurance Group AG	15,959	20,111	2.0%
402,000	T&D Holdings Inc.	8,276	8,642	0.8%
		57,644	59,897	5.9%
Materials				
121,360	Carpenter Technology Corp.	7,266	7,779	0.8%
4,000	SK Kaken Co. Ltd.	504	535	0.0%
		7,770	8,314	0.8%
Real Estate				
627,885	Realogy Holdings Corp.	29,071	20,915	2.1%
486,304	Grand City Properties SA	12,049	14,412	1.4%
118,664	Deutsche Wohnen AG	5,047	6,525	0.6%
30,238	Seritage Growth Properties REIT, class A	1,542	1,538	0.2%
		47,709	43,390	4.3%
Total Investments		\$ 664,912	\$ 993,496	97.8%
Foreign exchange forward contracts (Note 13)		–	957	0.1%
Adjustment for transaction costs		(557)		
Total financial assets held-for-trading or at fair value through profit or loss		\$ 664,355	\$ 994,453	97.9%

1. The Corporation:

Cymbria Corporation (“Cymbria”) is an investment company incorporated on September 4, 2008, under the laws of the Province of Ontario. It commenced operations and was listed on the Toronto Stock Exchange on November 4, 2008. EdgePoint Investment Group Inc. (the “Manager”) provides senior management to Cymbria and is also its Investment Advisor.

The registered office of Cymbria is located at 150 Bloor St. W., Suite 500, Toronto, Ontario, M5S 2X9, Canada.

The investment objective of Cymbria is to provide long-term capital appreciation through a concentrated portfolio of global companies and an investment in EdgePoint Wealth Management Inc. (“EdgePoint”), which offers mutual funds, institutional and other investments through financial advisors. The portfolio management team looks for global companies that it believes have strong competitive positions, long-term growth prospects and are run by competent management teams. The portfolio management team endeavours to acquire ownership stakes in these companies at prices below its assessment of each company’s true value.

2. Basis of preparation:**(a) Statement of compliance:**

The financial statements of Cymbria have been prepared in compliance with International Financial Reporting Standards (“IFRS”).

The financial statements were authorized for issue by the Board of Directors on March 8, 2018.

(b) Basis of measurement:

The financial statements have been prepared on a historical cost basis except for investments and derivatives, which are measured at fair value.

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is Cymbria’s functional currency.

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. Cymbria’s accounting policies for measuring the fair value of its investments and derivatives are identical to those used in measuring and publishing its net asset value.

(a) Financial instruments:**(i) Recognition and measurement**

Financial instruments are required to be classified into one of the following categories: held-for-trading, fair value through profit or loss (“FVTPL”), available-for-sale, loans and receivables, assets held-to-maturity, and other financial liabilities. All financial instruments are measured at fair value on initial recognition.

Measurement in subsequent periods depend on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as held-for-trading or FVTPL, in which case transaction costs are expensed as incurred.

Financial assets and financial liabilities held-for-trading or at FVTPL are recognized initially on the trade date, which is the date on which Cymbria becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated. Cymbria derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position only when Cymbria has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Cymbria has not classified any of their financial instruments as available-for-sale or assets held-to-maturity.

(ii) Held-for-trading and FVTPL

Financial instruments classified as held-for-trading or FVTPL are subsequently measured at fair value at each reporting period with changes in fair value recognized in the Statement of Comprehensive Income in the period in which they occur. Cymbria’s investments, with the exception of derivative financial assets and liabilities, are designated as FVTPL. Cymbria’s derivative financial assets and liabilities are classified as held-for-trading.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date. Cymbria uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day’s bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. Cymbria’s policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

3. Significant accounting policies (continued):

The fair value of financial assets and liabilities that are not traded in an active market, including derivative instruments, is determined using valuation techniques. Valuation techniques also include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and others commonly used by market participants and which make the maximum use of observable inputs. Should the value of the financial asset or liability, in the opinion of the Manager, be inaccurate, unreliable or not readily available, the fair value is estimated on the basis of the most recently reported information of a similar financial asset or liability.

The investment in EdgePoint, for which no published market exists, is estimated primarily using a discounted cash flow method, unless such securities have been exchanged in an arm's length transaction that approximates a trade effected in a published market. The Manager engages a third-party valuator to assist in the valuation of EdgePoint.

(iii) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement of loans and receivables is at amortized cost using the effective interest method, less any impairment losses. Cymbria classifies cash and cash equivalents, receivable for investments sold, and dividends receivable as loans and receivables.

Cash and cash equivalents are cash on deposit and short-term notes with maturities of less than 90 days.

(iv) Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. Cymbria's other financial liabilities are comprised of payables for investments purchased, income taxes payable, and accrued liabilities. Due to the short-term nature of these financial liabilities, their carrying values approximate fair values.

(v) Shareholders' equity

Cymbria classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Cymbria's common shares, Class A shares, and Class J shares do not contain a redemption feature, are therefore not

puttable and are classified as equity under IAS 32, *Financial Instruments*.

(b) Foreign currency:

Cymbria's functional and presentation currency is the Canadian dollar. Foreign-denominated investments and other foreign-denominated assets and liabilities are translated into Canadian dollars using the exchange rates prevailing on each valuation date. Purchases and sales of investments, as well as income and expense transactions denominated in foreign currencies, are translated using exchange rates prevailing on the date of the transaction. Foreign exchange gains and losses relating to cash and other financial assets and liabilities are presented as 'Foreign exchange gain (loss) on cash and other net assets' and those relating to derivatives are presented within 'Net realized gain (loss) on foreign exchange forward contracts' and 'Change in unrealized appreciation (depreciation) on foreign exchange forward contracts' in the *Statement of Comprehensive Income*.

(c) Income recognition:

Interest income for distribution purposes from investments in fixed income and short-term investments represents the coupon interest received by Cymbria accounted for on an accrual basis. Cymbria does not use the effective interest method to amortize premiums paid or discounts received on the purchase of fixed income securities. Dividend income is recognized on the date that the right to receive payment is established, which for quoted equity securities is usually the ex-dividend date. Portfolio transactions are recorded on the trade date. Realized gains and losses arising from the sale of investments are determined on the average cost basis of the respective investments.

(d) Deferred share unit plan:

On October 28, 2009, Cymbria approved a Deferred Share Unit ("DSU") plan for its directors. The plan is described in Note 7. DSUs granted to eligible directors are considered compensation costs in respect of past performance and are recognized in operating expenses. Compensation costs are measured based on the fair market value, as defined in the plan, of Cymbria's Class A shares on the date DSUs are granted. DSUs earn additional DSUs related to dividends that would otherwise have been paid if Class A shares had been issued on the grant date. DSUs are accounted for as a financial liability with changes in their fair value recognized in operating expenses.

(e) Income taxes:

Income taxes expense comprises current and deferred income taxes. Current income tax and deferred income tax are recognized in profit or loss, except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

3. Significant accounting policies (continued):

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Cymbria currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the statement of comprehensive income.

(f) Net income, per share:

Net income, per share in the *Statements of Comprehensive Income* represents the net income for each class for the period divided by the average shares outstanding for each class for the period.

(g) New standards and interpretations not yet adopted:

A number of new standards, amendments to standards and interpretations are not yet effective for the period ended December 31, 2017, and have not been applied in preparing these financial statements. None of these will have a significant effect on the financial statements of Cymbria.

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 has assessed that the standard will not have a material impact on the classification and measurement of financial assets and liabilities of Cymbria because: the financial instruments classified as held-for-trading and Fair Value Through Profit or Loss ("FVTPL") under IAS 39 will continue to be measured at fair value under IFRS 9; and the financial instruments currently measured at amortized cost meet the solely principal and interest criterion and accordingly, will continue to be measured at amortized cost under IFRS 9.

4. Critical accounting estimates and judgments:

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. Actual results may differ from these 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 the Manager 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 the area with the most significant accounting judgments and estimates Cymbria has made in preparing financial statements. See Note 11 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.

5. Share capital:

Cymbria has authorized an unlimited number of Class A non-voting, non-redeemable shares, an unlimited number of Class J non-voting, non-redeemable shares and an unlimited number of common shares. Share capital consists of the following:

December 31, 2017	Number of shares	Amount ('000s)
Common shares outstanding, December 31, 2017	100	—*
Class A shares issued:		
Shares outstanding, January 1, 2017	14,399,226	\$ 137,792
Class A shares issued in exchange for Class J shares	74,825	702
Contributed surplus		(24)
Class A shares outstanding, December 31, 2017	14,474,051	\$ 138,470
Class J shares issued:		
Shares outstanding, January 1, 2017	8,224,207	\$ 82,242
Class J shares exchanged for Class A shares	(67,780)	(678)
Class J shares outstanding, December 31, 2017	8,156,427	\$ 81,564
Total		\$ 220,034

*Amount of common shares outstanding is \$100.

December 31, 2016	Number of shares	Amount ('000s)
Common shares outstanding, December 31, 2016	100	—*
Class A shares issued:		
Shares outstanding, January 1, 2016	14,363,241	\$ 137,462
Class A shares issued in exchange for Class J shares	35,985	338
Contributed surplus		(8)
Class A shares outstanding, December 31, 2016	14,399,226	\$ 137,792
Class J shares issued:		
Shares outstanding, January 1, 2016	8,257,157	\$ 82,572
Class J shares exchanged for Class A shares	(32,950)	(330)
Class J shares outstanding, December 31, 2016	8,224,207	\$ 82,242
Total		\$ 220,034

*Amount of common shares outstanding is \$100.

6. Retained earnings:

The changes in retained earnings for the years ended December 31, 2017 and 2016 are as follows:

	December 31, 2017 ('000s)	December 31, 2016 ('000s)
Opening retained earnings	\$ 606,642	\$ 508,277
Net income	188,857	98,365
Closing retained earnings	\$ 795,499	\$ 606,642

7. Deferred share unit plan:

In 2009, Cymbria implemented a Deferred Share Unit (“DSU”) plan that gives directors the option to receive all of their Cymbria-related compensation in the form of DSUs. The number of DSUs awarded is based on the fair market value, as defined by the plan, of Class A shares on the award date. DSUs earn additional DSUs related to dividends that would otherwise have been paid if Class A shares had been issued on the grant date. The number of DSUs issued in regard to dividends is based on the fair market value of Class A shares, as defined in the plan, on the date dividends are paid. Upon redemption of DSUs, participants can elect to receive either a cash payment equal to the fair market value, as defined in the plan, of DSUs credited to the participant’s account, or the equivalent number of Class A shares purchased in the open market on the participant’s behalf. The plan is considered unfunded and participants’ rights are no greater than those of an unsecured Cymbria creditor.

The following table summarizes DSU activity for the years ended December 31, 2017 and 2016:

December 31, 2017	Units	Amount ('000s)
Opening Deferred Share Units, January 1, 2017	12,410	\$ 485
Granted during 2017 (Fair value on grant date)	2,199	103
Cumulative fair value adjustments during the year		168
Balance, December 31, 2017	14,609	\$ 756
December 31, 2016	Units	Amount ('000s)
Opening Deferred Share Units, January 1, 2016	9,484	\$ 308
Granted during 2016 (Fair value on grant date)	2,926	103
Cumulative fair value adjustments during the year		74
Balance, December 31, 2016	12,410	\$ 485

A maximum of 1,000,000 DSUs may be awarded under the plan, with the maximum value of DSUs awarded to participants within any one-year period not to exceed \$100,000 per participant.

8. Related party transactions:

i. Management fees:

The Manager charges a monthly management fee at an annual rate of 1% of the daily average net asset value of Class A shares, excluding EdgePoint's value. During the year ended December 31, 2017, the effective management fee charged on Class A shares was approximately 0.85% per annum.

The Manager charges Class J shareholders a monthly management fee at an annual rate of 0.5% of the daily average net asset value of Class J shares, excluding EdgePoint's value. During the year ended December 31, 2017, the effective management fee charged on Class J shares was approximately 0.43% per annum.

The total management fee for the year ended December 31, 2017 amounted to \$6.5 million (December 31, 2016: \$5.4 million), with \$0.0 million in outstanding accrued fees due to the Manager at December 31, 2017 (December 31, 2016: \$0.5 million), which have been subsequently paid.

ii. Operating expenses

Cymbria is also responsible for various expenses relating to its operations. These expenses may include, but are not limited to: taxes (including income, capital and harmonized sales taxes), accounting, legal and audit fees, Board of Directors' fees and expenses, custodial fees, portfolio transaction costs, registrar and transfer agency fees, regulatory costs, shareholder reporting, investment advisor expenses incurred in connection with its duties as Investment Advisor and all administration expenses incurred by the Manager for its duties as Manager, excluding any salaries to the Manager's principal shareholders, and all general operating expenses that could include allocated salaries, overhead and other costs directly related to Cymbria's operations and incurred by the Manager. For the year ended December 31, 2017, allocated expenses totaled \$0.3 million (December 31, 2016: \$0.6 million). Except for interest, bank charges, withholding tax, and transaction costs paid or payable directly by Cymbria, the Manager incurs such expenses on Cymbria's behalf and is then reimbursed by Cymbria for such expenses. Cymbria's common operating expenses are allocated to classes based on the average daily net asset value of each class.

9. Credit facility:

On September 22, 2017, Cymbria entered into a credit agreement with a Canadian chartered bank (the "Bank") that matures on September 21, 2022 and can be renewed on an annual basis. The credit agreement allows Cymbria to borrow up to \$100 million. Interest is charged on the outstanding balance based on whether the facility is drawn as bankers acceptance or prime loan. For a bankers acceptance loan, interest is charged on the outstanding balance at the bankers acceptance rate plus 80 basis points. For a prime loan, interest is charged on the outstanding balance at the Bank's

prime rate. In addition, Cymbria will pay a standby fee on the unused portion of the credit facility equal to 34 basis points if the facility is less than 25% drawn and 26 basis points otherwise. Cymbria paid a closing fee of \$250,000 to initiate the facility. When drawn upon, the credit facility will be secured by a selection of eligible securities in Cymbria's investment portfolio. As at December 31, 2017, the outstanding balance of the credit facility was nil. For the year ended December 31, 2017, Cymbria accrued \$0.1 million in interest and standby fees on the credit facility, which have been subsequently paid. As at the date of this report, Cymbria has complied with all covenants, conditions or other requirements of the credit agreement.

10. Income taxes:

Cymbria, as a public corporation, is subject to income taxes on its net investment income and net realized gain on investments at rates of approximately 26.50% and 13.25%, respectively. Taxable dividends from taxable Canadian corporations, as defined by the Income Tax Act (Canada), are excluded from taxable income. The effective income tax rates for deferred income taxes are approximately 26.50% on investment income and 13.25% on net realized gains.

At the end of the most recent taxation year December 31, 2017, Cymbria had capital and non-capital losses for tax purposes of nil (December 31, 2016: nil).

The total provision for income taxes in the *Statements of Comprehensive Income* is at a rate less than the combined federal and provincial statutory rate for the following reasons:

	December 31, 2017 ('000s)	December 31, 2016 ('000s)
Profit for the year before taxes \$	214,716	\$ 110,987
Tax at the combined statutory rate: 26.50% (2016: 26.50%)	\$ 56,900	\$ 29,412
Increase (decrease) in provision due to:		
Capital gains taxed at 50%	\$ (27,345)	\$ (13,801)
Non-taxable Canadian dividends	(2,938)	(2,247)
Foreign withholding taxes	(972)	(764)
Other	214	22
Income taxes	\$ 25,859	\$ 12,622

The components of Cymbria's deferred income tax liability are as follows:

	December 31, 2017 ('000s)	December 31, 2016 ('000s)
Deferred share units	\$ 200	\$ 128
Net unrealized appreciation of investments	(43,738)	(30,618)
Deferred income tax liability	\$ (43,538)	\$ (30,490)

10. Income taxes (continued):

A loss realized by Cymbria on a disposition of capital property will be a suspended loss when Cymbria acquires a substituted property identical or the same as the property sold within 30 days before and 30 days after the sale, and Cymbria owns the substituted property 30 days after the original disposition. If a loss is suspended, Cymbria cannot deduct the loss from its capital gains until the substituted property is sold and is not reacquired within 30 days before and after the sale.

As of the most recent taxation year of December 31, 2017, Cymbria had suspended losses of \$207,911 (December 31, 2016: \$207,911)

11. Fair value measurement:

Cymbria's investments and derivative financial instruments are carried at fair value. In the opinion of the Manager, the fair values of financial instruments, other than investments and derivative financial instruments, approximate their carrying values given their short-term nature.

IFRS establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy are as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that Cymbria can access at the measurement date;
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., as derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If inputs of different levels are used to measure an asset's or liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement.

Changes in valuation methods may result in transfers into, or out of, an investment's assigned level.

The following table categorizes financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is included. The amounts are based on the values recognized in the statement of financial position.

All fair value measurements below are recurring.

December 31, 2017 ('000s)				
	Level 1	Level 2	Level 3	Total
Equities	\$ 807,555	\$ –	\$ 185,941	\$ 993,496
Foreign exchange forward contracts	–	957	–	957
Total	\$ 807,555	\$ 957	\$ 185,941	\$ 994,453

December 31, 2016 ('000s)				
	Level 1	Level 2	Level 3	Total
Equities	\$ 630,722	\$ –	\$ 119,118	\$ 749,840
Foreign exchange forward contracts	–	235	–	235
Foreign exchange forward contracts	–	(617)	–	(617)
Total	\$ 630,722	\$ (382)	\$ 119,118	\$ 749,458

For the year ended December 31, 2017, the net change in value for financial instruments classified as held-for-trading is a \$8.5 million gain (December 31, 2016: \$7.3 million gain) and designated at FVTPL a \$198.2 million gain (December 31, 2016: \$97.8 million gain).

The following tables reconcile Cymbria's Level 3 fair value measurements for the years ended December 31, 2017 and December 31, 2016.

December 31, 2017 ('000s)		Equities
Balance at beginning of the year		\$ 119,118
Transfers out		(8,791)
Change in unrealized appreciation in value of investments		75,614
Balance at end of the year		\$ 185,941
Total change in unrealized appreciation for assets held as at December 31, 2017		\$ 75,614

December 31, 2016 ('000s)		Equities
Balance at beginning of the year		\$ 99,376
Investments purchased during the year		6,698
Change in unrealized appreciation in value of investments		13,044
Balance at end of the year		\$ 119,118
Total change in unrealized appreciation for assets held as at December 31, 2016		\$ 13,044

During the year ended December 31, 2017, there was one transfer between levels (December 31, 2016: nil). Real Matters Inc. transferred from Level 3 to Level 1 on May 11, 2017 when it filed its initial public offering and began trading on the Toronto Stock Exchange.

11. Fair value measurement (continued):

(a) Equities

Cymbria’s equity positions are classified as Level 1 when the security is actively traded and a reliable price is observable. When certain of Cymbria’s equities do not trade frequently, current observable prices may not be available. In such cases, fair value is determined using observable market data and the fair value is classified as Level 2, unless the determination of fair value requires significant unobservable data, in which case the measurement is classified as Level 3.

As at December 31, 2017, Cymbria’s only Level 3 investment was EdgePoint.

EdgePoint is a private company not traded on any public exchange and is considered a Level 3 asset because there is no market in which a share price can be readily observed. The Manager engages a third-party valuator to assist in the valuation of EdgePoint. EdgePoint’s value is determined using the Discounted Cash Flow (“DCF”) method. Under the DCF method, EdgePoint’s fair value is estimated using the net present value of expected future cash flows. The cash flows include significant assumptions over market growth, net sales, expenses including income taxes and the estimated market value of portfolio management services received from a related party, discount rates and an exit or terminal value. The projected cash flows, together with the terminal value of the business at the end of the forecast period, are discounted to the valuation date using an appropriate rate. This value is corroborated with a number of other recognized valuation methodologies for comparable businesses, such as price-to-AUM and price-to-earnings ratios. These data points are then compared to analyst reports and information available for publicly traded wealth management companies to determine a range of values for the business, which is then discounted for the private nature of the shares and minority interest issues due to less than a controlling interest being owned. The Manager determines the most appropriate valuation methodologies to use, which are subject to change. On a quarterly basis or as frequently as necessary, the Manager reviews the key assumptions, including EdgePoint’s results and business prospects, for significant changes since the most recent valuation. If there are material changes, the Manager may engage the third-party valuator to assist in the re-valuation of EdgePoint and the amount recorded in the financial statements will be updated.

The following table sets out information about significant unobservable inputs used at December 31, 2017 in measuring EdgePoint, which is categorized as Level 3 in the fair value hierarchy.

EdgePoint Wealth Management Inc.

Fair Value at December 31, 2017: \$185.9 million
 (December 31, 2016: \$110.3 million).

Unobservable Input	Input used	Range of reasonable alternatives	Sensitivity to changes in significant unobservable inputs
Annual market growth	5%	4%–6%	(\$10.1M)–\$10.7M
Redemption rate	11%	8%–14%	\$44.3M–(\$23.0M)
Discount rate	12%	10%–13%	\$22.3M–(\$9.8M)

Significant unobservable inputs are developed as follows:

- (i) Annual market growth: represents the future weighted average investment returns of the funds managed by EdgePoint. EdgePoint’s management fee revenue is calculated as a percentage of assets under management (“AUM”), therefore higher investment returns of the funds will increase EdgePoint’s expected annual cash flow. The range of 4%-6% was developed based on a weighted average of the index returns of the funds’ benchmarks over a range of prior periods.
- (ii) Redemption rate: represents the weighted average of units redeemed by unitholders of the mutual funds managed by EdgePoint as a percentage of AUM. A higher redemption rate will decrease EdgePoint’s AUM and will therefore lower the annual cash flow. The range of 8%-14% is based on a combination of EdgePoint’s historical redemption rate and the long-term redemption rate of the industry.
- (iii) Discount rate: is the annual percentage used to determine the present value of EdgePoint’s future cash flows. The discount rate factors in not only the time value of money, but also the risk or uncertainty of those future cash flows. A higher discount rate would indicate a greater uncertainty of future cash flows and therefore determine a lower net present value for EdgePoint. The range of 10%–13% was determined based on a combination of EdgePoint’s assumed weighted-average cost of capital, the risk-free rate, market risk factors, and other systematic and unsystematic risk factors.

Although the Manager believes that its estimates of fair value for EdgePoint are appropriate, the use of different assumptions could lead to different measurements of fair value. For the fair value measurement of EdgePoint, changing a combination of the significant assumptions noted above to reasonably possible alternative assumptions would increase or decrease the value of EdgePoint. Taking a pessimistic view by changing the annual market rate to 4%, redemption rate to 14%, and discount rate to 13% would result in a decrease in the value of EdgePoint by \$25.3 million. Conversely, taking an optimistic view by changing the annual market rate to 6%, redemption rate to 8%, and discount rate to 10% would result in an increase in the value of EdgePoint by \$63.8 million.

(b) Derivative assets and liabilities

Derivative assets and liabilities consists of foreign exchange forward contracts. Foreign exchange forward contracts are valued primarily on the contract notional amount, the difference between the contract rate and the forward market rate for the same currency and interest rates. Contracts for which counterparty credit spreads are observable and reliable, or for which the credit related inputs are determined not to be significant to fair value, are classified as Level 2. Counterparty credit risk is managed through the use of collateral and a Credit Support Annex, when available.

12. Financial instrument risk:

In the normal course of business, Cymbria is exposed to a variety of financial risks: market risk (comprising market price risk, foreign currency risk and interest rate risk), counterparty credit risk and liquidity risk. The value of investments in Cymbria's portfolio can fluctuate daily as a result of changes in interest rates, market and economic conditions, and factors specific to individual securities within Cymbria. The level of risk depends on Cymbria's investment objectives and the type of securities in which it invests.

Risk management

Cymbria's overall risk management program seeks to maximize the returns derived for the level of risk to which Cymbria is exposed and seeks to minimize potential adverse effects on Cymbria's financial performance. All investments result in the risk of loss of capital. The team takes a conservative approach to risk management by applying in-depth, thorough research to each investment idea in order to understand the risks of the individual business and weighs this against its return potential.

Risk is further managed by investing in a diversified portfolio of companies. The team believes that investing in businesses with competitive advantages is a more effective approach to diversification than focusing on traditional sector allocations. The team takes a common-sense approach to risk by assessing how much money can be lost and the probability of losing it. While this approach may seem overly simplistic, it provides vital clarity about the true investment risks.

The Manager employs a governance structure that oversees Cymbria's investment activities and monitors compliance with Cymbria's stated investment strategy, internal guidelines and securities regulations. The Governance and Oversight Committee of the Manager conducts quarterly reviews to monitor portfolio activity for compliance with applicable rules.

Risk factors

(a) Market risk:

Cymbria's investments are subject to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The following includes sensitivity analyses that show how shareholders' equity would have been affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ and the differences could be material.

(i) Market price risk

Market price risk arises primarily from uncertainties about the future market prices of instruments held. Market price fluctuations may be caused by factors specific to an individual investment, or factors affecting all securities traded in a market or industry sector. All investments present a risk of loss of capital. The maximum risk resulting from financial instruments is equivalent to their fair value. Cymbria's most significant exposure to market price risk arises from its investment in equity securities.

If equity prices for these securities had increased or decreased on their respective stock exchanges by 5% as at December 31, 2017, with all other variables held constant, Cymbria's shareholders' equity would have increased or decreased, respectively, by approximately \$40.4 million or 4.0% of total shareholders' equity or 21.4% of net income (December 31, 2016: \$37.5 million or 4.5% of total shareholders' equity or 38.1% of net income). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(ii) Foreign currency risk

Foreign currency risk arises from financial instruments denominated in a currency other than the Canadian dollar, which is Cymbria's functional currency. Cymbria is exposed to the risk that the value of securities denominated in other currencies will fluctuate due to changes in exchange rates. When the Investment Advisor deems it appropriate, Cymbria will enter into foreign exchange forward contracts to reduce its foreign currency exposure.

The following tables indicate the currencies (excluding the Canadian dollar) to which Cymbria's financial instruments had significant exposure. Period-end figures are in Canadian dollars and include the notional amount of forward exchange contracts, if any:

December 31, 2017 (\$'000s)				
Currency	Investments	Cash and cash equivalents	Foreign exchange forward contracts	Total
U.S. dollar	452,150	7,024	(43,950)	415,224
Japanese Yen	145,539	–	–	145,539
Euro	94,921	–	–	94,921
Swedish Krona	13,919	–	–	13,919
British pound	8,585	–	–	8,585

December 31, 2016 (\$'000s)				
Currency	Investments	Cash and cash equivalents	Foreign exchange forward contracts	Total
U.S. dollar	467,470	5	(140,079)	327,396
Japanese yen	42,150	–	–	42,150
Euro	37,111	–	–	37,111
Swiss franc	17,916	–	–	17,916
British pound	5,245	–	–	5,245

As at December 31, 2017, if the Canadian dollar had strengthened or weakened by 5% relative

12. Financial instrument risk (continued):

to all foreign currencies with all other variables held constant, Cymbria's shareholders' equity would have decreased or increased, respectively, by approximately \$33.9 million or 3.3% of total shareholders' equity or 18.0% of net income (December 31, 2016: \$21.5 million or 2.6% of total shareholders' equity or 21.9% of net income).

In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value, or future cash flows of financial instruments, will fluctuate as a result of changes in market interest rates. The majority of Cymbria's financial assets are equity shares, which are not interest bearing. Cymbria has a credit facility in place but has not drawn on the facility during the period and is not exposed to interest rate risk on the amount of the facility that has not been drawn. Aside from the credit facility, Cymbria's financial liabilities are primarily short-term in nature and generally not interest bearing and its exposure to interest rate risk is considered insignificant.

(b) Credit risk:

Credit risk is the risk that the counterparty to a financial instrument will fail to honour an obligation or commitment that it has entered into with Cymbria.

Cymbria's main exposure to credit risk is its trading of listed securities. It minimizes the concentration of credit risk by trading with a large number of brokers and counterparties on recognized and reputable exchanges. The risk of default is considered minimal as all transactions are settled and paid for upon delivery using approved brokers.

Cymbria may enter into foreign exchange contracts to buy and sell currencies for the purpose of settling foreign securities transactions. These are short-term spot settlements carried out with counterparties with a credit rating of at least "A." The exposure to credit risk on these contracts is considered minimal as there are few contracts outstanding at any one time and the transactions are settled and paid for upon delivery.

(c) Liquidity risk:

Liquidity risk is the risk that Cymbria will encounter difficulty in meeting obligations associated with financial liabilities.

Aside from financial liabilities that arise from its normal investing activities, Cymbria has no other significant financial liabilities. As Cymbria's shares are non-redeemable, they do not represent a liquidity risk.

Cymbria may invest in derivatives, fixed income securities and unlisted equity investments that are not traded in an

active market. As a result, Cymbria may not be able to quickly liquidate its investments in these instruments at amounts, which approximate their fair values, or be able to respond to specific events such as deterioration in the creditworthiness of any particular issuer. In accordance with Cymbria's policy, the Manager monitors Cymbria's liquidity position on a daily basis.

Cymbria may invest in illiquid assets, but maintains the majority of its assets in liquid investments traded in an active market that can be readily sold. As at December 31, 2017, illiquid securities represent approximately 18.3% of Cymbria's shareholders' equity (December 31, 2016: 14.4%).

Cymbria also has the ability to borrow up to 25% of its shareholders' equity to invest in securities for the purpose of enhancing returns. No such borrowing occurred during the period.

The tables below analyze Cymbria's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amount in the tables are the contractual undiscounted cash flows.

December 31, 2017	On demand (\$'000s)	< 3 months (\$'000s)	> 3 months (\$'000s)	Total (\$'000s)
Payable for investments purchased	933	-	-	933
Accrued liabilities	-	95	-	95
Income tax payable	-	2,186	-	2,186
Deferred share unit plan liability	-	-	756	756
Deferred income tax liability	-	-	43,538	43,538

December 31, 2016	On demand (\$'000s)	< 3 months (\$'000s)	> 3 months (\$'000s)	Total (\$'000s)
Payable for investments purchased	642	-	-	642
Accrued liabilities	-	717	-	717
Foreign exchange forward contracts	-	617	-	617
Deferred share unit plan liability	-	-	485	485
Deferred income tax liability	-	-	30,490	30,490

13. Foreign exchange forward contracts:

December 31, 2017				
Settlement date	Currency to be delivered ('000s)	Currency to be received ('000s)	Contract price	Fair value ('000s)
February 21, 2018	3,000 USD	3,833 CAD	1.2777	\$ 65
February 27, 2018	3,000 USD	3,802 CAD	1.2673	34
March 14, 2018	2,500 USD	3,209 CAD	1.2837	69
March 21, 2018	20,500 USD	26,374 CAD	1.2866	633
March 28, 2018	6,000 USD	7,688 CAD	1.2814	156
Total number of contracts:	5		Net fair value	\$ 957

14. Offsetting financial assets and financial liabilities:

In the normal course of business, Cymbria may enter into various netting arrangements or other similar agreements that do not meet the criteria for offsetting in the statements of financial position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts. Cymbria has not offset any financial assets and financial liabilities in the statement of financial position. The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting or similar agreement that covers similar financial instruments.

The ISDA and similar master netting agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognized amounts that is enforceable only following an event of default, insolvency or bankruptcy of Cymbria or the counterparties. In addition, Cymbria and its counterparties do not intend to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

The collateral provided in respect of the below transactions is subject to the standard industry terms of ISDA's *Credit Support Annex*. This means that cash given as collateral can be pledged or sold during the term of the transaction but have to be returned on maturity of the transaction. The terms also give each counterparty the right to terminate the related transactions on the counterparty's failure to post collateral. Cash collateral pledged by Cymbria is included in Cash and cash equivalents on the statement of financial position.

December 31, 2017 (\$'000s)					
Type of financial instrument	Gross amounts of recognized financial assets and liabilities	Net amounts presented in the statement of financial position	Related amounts not offset in the statement of financial position		Net Amount
			Financial instruments	Cash collateral pledged	
Foreign exchange forward contracts – assets	957	957	–	2,440	957
Foreign exchange forward contracts – liabilities	–	–	–	–	–

December 31, 2016 (\$'000s)					
Type of financial instrument	Gross amounts of recognized financial assets and liabilities	Net amounts presented in the statement of financial position	Related amounts not offset in the statement of financial position		Net Amount
			Financial instruments	Cash collateral pledged	
Foreign exchange forward contracts – assets	235	235	(235)	1,961	–
Foreign exchange forward contracts – liabilities	(617)	(617)	235	59	(323)

15. Interests in subsidiaries, associates, and unconsolidated structured entities:

Cymbria may invest in a subsidiary, associate or unconsolidated structured entity as part of its investment strategy.

In determining whether Cymbria has control or significant influence over an investment, Cymbria assesses voting rights, the exposure to variable returns, and its ability to use the voting rights to affect the amount of the returns. In instances where

Cymbria has control over an investment, Cymbria qualifies as an investment entity under IFRS 10 – Consolidated Financial statements, and therefore accounts for investments it controls at fair value through profit and loss. Cymbria's primary purpose is defined by its investment objectives and uses the investment strategies available to it as defined in Cymbria's prospectus to meet those objectives. Cymbria also measures and evaluates the performance of any investment on a fair value basis. Investments over which Cymbria has control or significant influence are categorized as subsidiaries and associates, respectively.

Cymbria's investments are susceptible to market price risk arising from uncertainty about future values of those investments. The maximum exposure to loss from interests in investments is equal to the total fair value of the investment at any given point in time. The fair value of investments is included in the statements of financial position.

As at December 31, 2017 and 2016, Cymbria had material investments in the following subsidiaries, associates and unconsolidated structured entities:

December 31, 2017	Place of Business	Type	Ownership %
Echelon Financial Holdings Inc.	Canada	Associate	20.4%
EdgePoint Wealth Management Inc.	Canada	Associate	20.7%

December 31, 2016	Place of Business	Type	Ownership %
Echelon Financial Holdings Inc.	Canada	Associate	20.7%
EdgePoint Wealth Management Inc.	Canada	Associate	20.7%

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

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Director and member of the Audit Committee

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TORONTO STOCK EXCHANGE LISTING

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OUR CREED

We've put in place a foundation of commitments that governs our company. Our commitments, as well as the belief from which each one was born, are listed here.

1. We will put our investment partners first in all business decisions.

We believe that investors and their advisors should be treated as our investment partners. When faced with a decision, we'll be guided by the belief that what matters is our investment partners and what's important to them.

2. We will consistently adhere to our investment approach.

We believe in our deceptively simple investment approach: Buy good, undervalued businesses and hold them until the market recognizes their full potential. We believe this requires an ability to think independently and a commitment to embrace the thorough research required to uncover opportunities that the market doesn't fully appreciate.

3. We will partner with financial advisors.

We believe that investors should seek out professional financial advice. A skilled and principled financial advisor can offer effective advice in helping reach financial goals. We hope advisors will recommend our investment products, but understand that they may not. We believe that's their value to their clients: independent objective advice.

4. We will focus on delivering superior service to our investment partners.

We believe in the importance of highly responsive service, especially when you've entrusted us with your investments.

5. We will invest in our investment products alongside our investment partners.

We believe that our employees should invest their personal wealth in our company's products. We believe that a personal commitment to products by employees fosters a strong sense of accountability and ensures that employees' interests are aligned with our investors'.

6. We will use investment results and not asset growth as our benchmark for achievement.

We believe in the importance of being an investment-led organization as opposed to sales and marketing driven. We believe the difference between these two types of organizations is material. A sales- and marketing-led company spends more time and money gathering assets than it does investing the money it's already gathered. An investment-led organization focuses the majority of its efforts on building wealth.

7. We will build a distinct culture where our employees think and act like owners.

We believe that employees who think and act like owners make better long-term decisions. We believe long-term thinking from our employees will enhance the long-term wealth of our investment partners.

8. We will communicate with our investment partners regularly and honestly.

We believe informed investors and advisors make better decisions. We believe the ingredients of success in the wealth management business are investment results and reputation. We believe that the bond between both is setting expectations through open and honest communication.

9. We will endeavour to keep "it" simple.

We believe achieving superior investment results isn't easy. However, there are aspects of the investment management industry that have become unnecessarily complex. We will endeavour to keep our offerings, our company and our interactions with our partners as simple as we can.



**We like our markets like we
like our mountains....rocky**

We haven't gone back on our word that we won't waste your money on costly advertising campaigns. Doesn't mean we can't have a little fun and create our own free, in-house version of what a Cymbria ad might look like.

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