

CYMBRIA CORPORATION

2017

Management's Discussion & Analysis

Year Ended December 31, 2017

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.

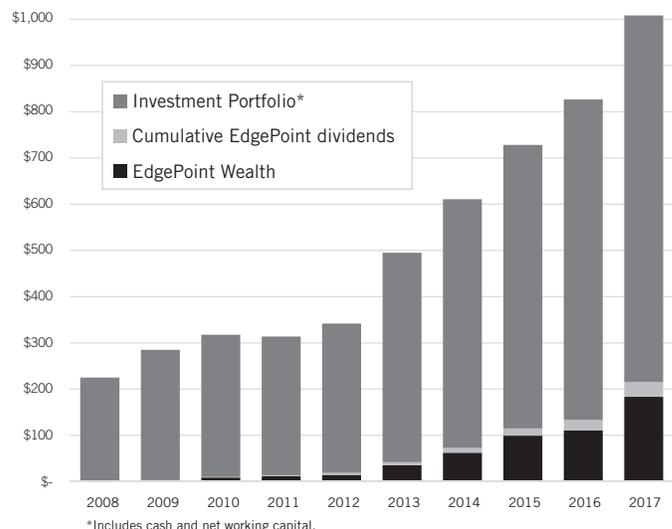
We only place our investors' money in business that we've thoroughly researched. That means companies that we believe have strong management teams and good fundamentals available at prices that provide the opportunity to grow. We can sleep at night because we have reasons why we believe our holdings 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.

OFFICERS

Tye Bousada, CFA

Co-Chief Executive Officer

Geoff MacDonald, CFA

Co-Chief Executive Officer

Diane Rossi

Corporate Secretary

Norman Tang, CPA, CA

Chief Financial Officer

DIRECTORS

Ugo Bizzarri, CFA

Director

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

Director and Chair of the Audit Committee

Patrick Farmer, CFA

Chairman

James MacDonald

Director and member of the Audit Committee

Richard Whiting

Director and member of the Audit Committee

AUDITOR

KPMG LLP

333 Bay St., Suite 4600

Bay Adelaide Centre

Toronto, ON M5H 2S5

CUSTODIAN

CIBC Mellon Trust Company

1 York St., Suite 900

Toronto, ON M5J 0B6

MANAGER AND INVESTMENT ADVISOR

EdgePoint Investment Group Inc.

150 Bloor St. W., Suite 500

Toronto, ON M5S 2X9

LEGAL COUNSEL

Stikeman Elliott LLP

5300 Commerce Crt. W.

199 Bay St.

Toronto, ON M5L 1B9

REGISTRAR AND TRANSFER AGENT

Computershare Investor Services Inc.

100 University Ave., 8th floor

Toronto, ON M5J 2Y1

TORONTO STOCK EXCHANGE LISTING

CYB

EDGEPOINT INVESTMENT GROUP

150 Bloor Street West, Suite 500

Toronto, ON M5S 2X9

Website: www.cymbria.com

Email: info@edgepointwealth.com

Tel: 416.963.9353 or Toll free: 1.866.757.7207

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