

**Management's Discussion & Analysis of**

**CYMBRIA CORPORATION**

**Three months and nine months ended  
September 30, 2019**

**CYMBRIA®**

Management's Discussion and Analysis ("MD&A") provides a review of Cymbria Corporation's ("Cymbria") financial results for the three months and nine months ended September 30, 2019 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 unaudited condensed interim financial statements and notes thereto included in this report. The MD&A and the unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") to provide information about Cymbria.

The following MD&A is the responsibility of management and is dated November 8, 2019. 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 unaudited condensed interim financial statements may be included at the back of the MD&A. You can obtain a free copy of the interim or annual Financial Statements by calling 1.866.757.7207, writing to EdgePoint Investment Group Inc., 150 Bloor St. W., Suite 500, Toronto, ON, M5S 2X9, or visiting our website at [www.cymbria.com](http://www.cymbria.com) or the SEDAR website at [www.sedar.com](http://www.sedar.com).

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

Please refer to Cymbria's Annual Information Form and the 2018 annual Financial Statements for more information which can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com). For Cymbria's current and historical adjusted net asset values per share, please visit [www.cymbria.com](http://www.cymbria.com).

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

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

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

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

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

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

---

**Management's Discussion and Analysis**

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

Please read the aforementioned caution regarding forward-looking statements.

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

**Non-IFRS measures**

Cymbria prepares and releases audited annual financial statements and unaudited 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, \$32.8 million of the \$37.6 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.

	Sep. 30, 2019 ('000s)	Dec. 31, 2018 ('000s)
aNAV	\$1,212,538	\$1,065,080
Less: Deferred income tax liability	(37,592)	(27,803)
Shareholders' equity	\$1,174,946	\$1,037,277

- 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 ("aNAV per share") – represents the aNAV of Cymbria by class divided by the respective number of shares in that class. Below is a reconciliation of aNAV per share to shareholders' equity per share.

Class A	Sep. 30, 2019	Dec. 31, 2018
aNAV per share	\$ 51.62	\$ 45.38
Less: Deferred income tax liability	(1.60)	(1.19)
Shareholders' equity per share	\$ 50.02	\$ 44.19

Class J	Sep. 30, 2019	Dec. 31, 2018
aNAV per share	\$ 57.08	\$ 50.06
Less: Deferred income tax liability	(1.77)	(1.31)
Shareholders' equity per share	\$ 55.31	\$ 48.75

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. As at September 30, 2019, Cymbria invested in a collection of 47 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 416.2% and the cumulative return of Cymbria's Class A shareholders' equity since inception is 400.2%.

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 34.0% 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 informed 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**

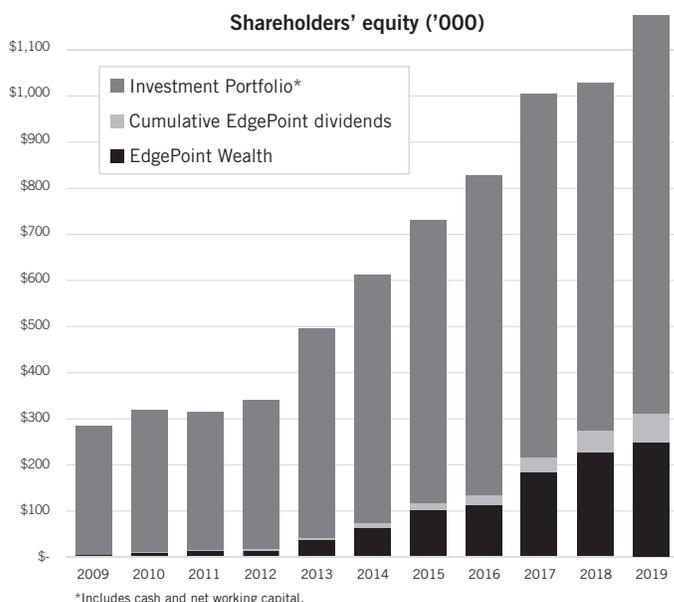
Equity markets in the third quarter of 2019 continued to exhibit volatility as the result of lingering macroeconomic fears.

The stock market is made up of irrational investors who tend to view stocks as pieces of paper. Unlike most investors, we're long-term investors in businesses. Businesses we buy generally reflect our views looking out beyond five years. We think about them similar to how a rational business owner would. A rational business owner views a stock as an ownership stake in a business, not a piece of paper. A rational business owner would form his own views on the prospects of the business and the quality of the management team, while buying the business for less than its value. It's a serene way of going about investing in a world where masses constantly buy and sell businesses without treating them like businesses.

To experience a positive outcome while holding Cymbria, you need confidence in the investment approach so you can stay invested during the market's ups and downs, because you know the approach has been proven over time. There are countless ways to invest money, but we rely on common sense to manage yours. We try to invest like a sharp business owner would.

**Overall performance**

For the nine months ended September 30, 2019, Cymbria's shareholders' equity increased 13.3% (September 30, 2018: 10.7%). As at September 30, 2019, Cymbria's shareholders' equity increased to \$1,175 million, compared to \$1,037 million as at December 31, 2018. The increase in shareholders' equity is largely attributable to investment performance, which is discussed in the *Investment performance* section of this report.



**Summary of investment portfolio**

To protect shareholders' interests and the manager's proprietary investment ideas, we only disclose Cymbria's top 15 positions on a quarterly basis. We will disclose Cymbria's full portfolio on an annual basis. Please see Cymbria's 2018 Annual Report for the last published Schedule of Investments.

Top 15 securities	Fair value ('000s)	% of shareholders' equity
EdgePoint Wealth Management Inc.	\$ 248,381	21.1%
Shiseido Co., Ltd.	52,235	4.5%
CSX Corp.	43,649	3.7%
Wells Fargo & Co.	41,079	3.5%
Subaru Corp.	40,841	3.5%
Flowserve Corp.	40,832	3.5%
TE Connectivity Ltd.	33,572	2.9%
Berkshire Hathaway Inc., Class A	30,984	2.6%
DuPont de Nemours Inc.	30,817	2.6%
Affiliated Managers Group Inc.	30,535	2.6%
The Middleby Corp.	30,071	2.6%
Fidelity National Information Services Inc.	27,294	2.3%
Real Matters Inc.	26,045	2.2%
Shionogi & Company Ltd.	25,908	2.2%
Swedish Orphan Biovitrum AB	24,938	2.1%
<b>Total</b>	<b>\$ 727,181</b>	<b>61.9%</b>

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

**Investment performance**

Cymbria's investment performance can be attributed to 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. With a long-term view, it would not add a significant amount of value to discuss every business that is owned in the portfolio, including those that have had short-term fluctuations in value. However, in this section we will discuss the investments that we believe would be of interest to shareholders and/or 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 quarter:

- **Real Matters Inc.**  
Real Matters is a leading technology company that provides services for the mortgage lending and insurance industries. Given the drop in long-term bond yields and the associated drop in mortgage rates in the U.S., re-financing has picked up from 30-year lows. Re-financing represents 50% of the business's volume and the stock is reflecting a return to volume growth. The title and closing business is also showing signs of growth. The stock was up 61% over the quarter and Cymbria's unrealized gain in the business increased by \$9.5 million.
- **Subaru Corp.**  
Subaru is an automobile manufacturing company. The company continues to outperform other auto original equipment manufacturers (OEMs), growing revenue even as the U.S. seasonally adjusted annual rate (i.e., car sales) has gone flat to negative. The company has achieved this while giving much lower purchase incentives than other auto OEMs. Also, as the business worked past a recall, margins have improved. The stock was up 16% over the quarter and Cymbria's unrealized gain in the business increased by \$6.1 million.

Conversely, the following investments had the most meaningful negative impact on shareholders' equity during the quarter:

- **Swedish Orphan Biovitrum AB**  
Swedish Orphan Biovitrum is an international specialty biopharmaceutical company dedicated to rare diseases. The business continues to achieve a high level of revenue growth but investors remain skeptical owing to the threat of future competition. We believe the threat is being over emphasized. The stock was down 16% during the quarter and Cymbria's unrealized loss in the business increased by \$5.5 million.

- **The Middleby Corp.**

The Middleby Corp. is a commercial and residential cooking and industrial process equipment company. Second-quarter results released by the company had a negative impact on the business's share price. However, our thesis on the company remains intact. The stock was down 14% over the quarter and Cymbria's unrealized gain in the business decreased by \$4.9 million.

**Portfolio turnover**

During the quarter ended September 30, 2019, we purchased stakes in 2 new businesses.

- **Berry Global Group Inc.**  
Berry Global Group is a global manufacturer and marketer of plastic packaging products. The company is a scale-advantaged consolidator currently integrating its largest acquisition to date: RPC. RPC is one of the largest Europe-based polymer resin converters. Berry's customers range from large, blue-chip multinational corporations (e.g., P&G, McDonald's) to small businesses. Berry has over 13,000 customers with minimal customer concentration. The company's value creation over its operating history has been through consolidation, not through organic growth. We believe the synergies created through the RPC acquisition will be greater than what the market expects.
- **Univar Solutions**  
Univar is one of the world's largest chemical distribution companies. Historically, Univar has grown in line with or better than gross domestic product. The company has an opportunity to drive up profit margins in the medium term. There are three potential drivers to the margin increase. First, Univar has synergies from its acquisition of Nexeo (one of its largest U.S. competitors). Second, the company is restructuring its sales organization's compensation to be more aligned with profitability. Third, its specialty chemicals division, which is about one-third of its business, is under-earning relative to competitors and the company has a plan in place to increase that margin.

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 quarter we sold our stake completely in one business.

- **Generac Holdings Inc.**

Generac is a global leader in the design and manufacturing of a wide range of residential, commercial and industrial power products. We first purchased a stake in Generac in January 2015. The general thesis was that the typical household ownership of a portable generator (standard diesel or gasoline-based) in North America was around 18% while Generac's penetration was only around 2%, with a lot of growth potential. We didn't believe that the natural gas-based generators would get to penetration rates like portable generators, however, there was still a lot of room for growth. Since we purchased Generac, there have been a few incremental growth stories that have caused the share price to increase:

- Big construction towers with lighting systems require generators
- On the residential side, the company started providing a combination of natural gas and alternative solar power generator products
- On the commercial/industrial side, Generac generators are being used as the primary source of power for facilities. It's a good alternative to the standard power grid
- Market share increased after the hurricane season in Florida a few years ago

The holding period return in Cymbria was 46%. We sold our stake in the business as the thesis successfully played out.

Cymbria had portfolio turnover rates of 19.5% for the nine months ended September 30, 2019 and 38.6% for the year ended December 31, 2018. 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 we traded our 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 September 30, 2019. We have received \$63.4 million in dividends from EdgePoint since inception and its value in Cymbria has increased to \$248.4 million, making EdgePoint the most valuable contributor to Cymbria's investment portfolio.

Strong investment results combined with positive net sales at EdgePoint during the past nine months helped assets under management grow from \$23.8 billion to \$28.3 billion as at September 30, 2019. In the five-year period ending December 31, 2018, assets under management increased from \$5.7 billion to \$23.8 billion.

With the assistance of a third-party valuator, Cymbria's stake in EdgePoint was revalued in June at a range of \$248.4 million to \$273.8 million. For financial statement purposes, EdgePoint is valued at \$248.4 million. The discounted cash flow model used for the valuation has a specific set of assumptions of which the significant ones are outlined in Note 10 to the financial statements. The range noted above changes only the discount rate and terminal value multiple 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 10 of the financial statements. A change to any one or all of the assumptions can have a material impact on the valuation of EdgePoint as highlighted in Note 10.

We spend a considerable amount of time on the assumptions that go into the base cash flow model to determine the \$248.4 million valuation and believe that this represents fair market value as at September 30, 2019. 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 three months and nine months ended September 30, 2019 compared to those for the three months and nine months ended September 30, 2018 and as at December 31, 2018.

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

### **Financial performance**

	Three months ended Sep. 30,		Nine months ended Sep. 30,	
	2019	2018	2019	2018
	('000s)	('000s)	('000s)	('000s)
<b>Income</b>				
Net realized gain on investments	\$ 24,243	\$ 36,651	\$ 52,848	\$ 114,004
Change in unrealized gain on investments	(15,630)	(8,473)	70,338	(2,202)
Dividend and interest income	13,573	7,506	39,289	21,108
Foreign currency gain (loss) on hedging	(896)	1,873	2,185	(115)
Foreign currency gain (loss), excluding hedging	8	(155)	(137)	24
<b>Total income</b>	<b>\$ 21,298</b>	<b>\$ 37,402</b>	<b>\$ 164,523</b>	<b>\$ 132,819</b>
<b>Expenses</b>				
Management fees	\$ 2,033	\$ 1,899	\$ 5,737	\$ 5,532
Withholding taxes, HST, and transaction costs	1,015	994	2,634	2,862
Other expenses	693	678	1,963	1,927
<b>Total expenses</b>	<b>\$ 3,741</b>	<b>\$ 3,571</b>	<b>\$ 10,334</b>	<b>\$ 10,321</b>
<b>Profit for the period before taxes</b>	<b>\$ 17,557</b>	<b>\$ 33,831</b>	<b>\$ 154,189</b>	<b>\$ 122,498</b>
Income taxes	1,325	3,762	16,520	13,791
<b>Net comprehensive income</b>	<b>\$ 16,232</b>	<b>\$ 30,069</b>	<b>\$ 137,669</b>	<b>\$ 108,707</b>

*(a) Net realized gain on investments*

During the three months ended September 30, 2019, the realized gain on investments of \$24.2 million is largely attributable to a gain from the sale of shares of Generac Holdings Inc. of \$8.2 million and Constellation Software Inc. of \$6.5 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 on investments*

The change in unrealized gain on investments is a \$15.6 million loss for the three months ended September 30, 2019. This is a result of fluctuations in the value of investments during the period. The two largest contributors to the loss during the quarter were Generac Holdings Inc. with \$6.7 million and Constellation Software Inc. with \$5.9 million. Both of these investments were fully or partially sold during the quarter resulting in a reclassification of gains from unrealized to realized. 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. During the three months ended September 30, 2019, Cymbria received a dividend of \$6.3 million from EdgePoint, representing a 102% increase compared to the same period in 2018. This dividend can be reinvested by Cymbria in its portfolio of securities or used to buy back Cymbria shares. Dividends from investments other than EdgePoint amounted to \$6.9 million for the three months ended September 30, 2019. These investments are 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 September 30, 2019, Cymbria's most significant foreign currency exposure was the U.S. dollar, which as a percentage of shareholders' equity was approximately 39% and Cymbria hedged 14% of that exposure. Cymbria's investments in the Japanese Yen represent approximately 15% of shareholders' equity and Cymbria hedged 9% of that exposure. Cymbria did not

have a hedge in place for its investment securities denominated in the Euro, Indian Rupee, Swedish krona, Swiss Franc or Danish krone as we did not believe there was material currency risk with the investments. As a result of foreign currency hedging activities during the three months ended September 30, 2019, Cymbria had a \$0.9 million net realized and unrealized loss 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*

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 nine months ended September 30, 2019, the annualized MER was 1.11% for Class A shareholders and 0.66% for Class J shareholders, compared to 1.15% and 0.69% for the year ended December 31, 2018 for Class A and Class J shareholders, respectively.

**Financial condition**

	Sep. 30, 2019 ('000s)	Dec. 31, 2018 ('000s)
<b>Assets</b>		
Investments	\$ 1,146,509	\$ 1,051,910
Cash and cash equivalents	68,468	20,325
Other assets	2,390	646
Income tax recovery	4,749	–
<b>Total assets</b>	<b>\$ 1,222,116</b>	<b>\$ 1,072,881</b>
<b>Liabilities</b>		
Foreign exchange forward contracts	\$ 248	\$ 3,769
Income tax payable	–	2,590
Accrued liabilities and other payables	2,367	502
Credit facility	6,000	–
Deferred share unit plan	963	940
Deferred income tax liability	37,592	27,803
<b>Total liabilities</b>	<b>\$ 47,170</b>	<b>\$ 35,604</b>
<b>Shareholders' equity</b>	<b>\$ 1,174,946</b>	<b>\$ 1,037,277</b>

*(a) Investments*

Cymbria's investments as at September 30, 2019, primarily consists of a portfolio of equities of \$898.1 million and an investment in EdgePoint of \$248.4 million. The increase of \$94.6 million from December 31, 2018 is primarily the result of a change in the unrealized and realized value of the portfolio of \$125.4 million offset by the net sale of investments of \$27.3 million. The *Investment performance* section of this MD&A discusses the significant changes in these investments. The Schedule of Investment Portfolio included in the Financial Statements discloses the top 15 investments 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. The increase of \$48.1 million from the end of 2018 is primarily due to the net sale of investments of \$27.3 million during the nine months ended September 30, 2019. As at September 30, 2019, cash and cash equivalents was comprised entirely of cash held at the bank.

*(c) Other assets*

Other assets primarily consists of dividends receivable of \$1.6 million, which is a result of dividends that have been declared but not yet received as at the end of the period, and a receivable for investments sold of \$0.7 million, which is a result of investments that were sold but not yet settled as at September 30, 2019.

*(d) Income tax recovery and Income tax payable*

The Income tax recovery of \$4.7 million is a result of the required income tax installments for 2019 being more than Cymbria's income tax liability as at September 30, 2019.

*(e) Credit facility*

During the nine months ended September 30, 2019, Cymbria drew \$6.0 million on its credit facility. The proceeds were invested in a higher yielding interest-bearing security.

*(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 nine months ended September 30, 2019, Cymbria issued 1,387 units and the total value of the plan did not materially change.

*(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 September 30, 2019, Cymbria's deferred income tax liability is presented net and it comprises of a liability on the unrealized appreciation of investments of \$37.8 million offset by an asset on deferred share units of \$0.2 million. Included in the deferred income tax liability is \$32.8 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 September 30, 2019 and November 8, 2019 were 100. Class A shares are non-redeemable and traded on the Toronto Stock Exchange. As at September 30, 2019 and November 8, 2019, there were 15,693,448 shares outstanding. 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 September 30, 2019 and November 8, 2019, there were 7,050,482 shares outstanding.

**Cash flows**

For the nine months ended September 30, 2019, Cymbria had a net increase in cash and cash equivalents of \$48.1 million. The majority of the net increase in cash and cash equivalents is due to cash generated by operating activities, including the net proceeds from the sale of investments of \$28.5 million. Cymbria also had an increase in cash from financing activities as we drew \$6.0 million on the credit facility during the period. Cymbria did not generate a significant amount of cash flows from capital activities.

**Shareholder activity**

Cymbria refiled its Normal-Course Issuer Bid ("NCIB") for the 12-month period beginning on May 23, 2019 to May 22, 2020. 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 nine months ended September 30, 2019, Cymbria did not repurchase any shares as they were trading at a premium to aNAV. 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.

Cymbria provides 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 divest 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 nine months ended September 30, 2019 as Cymbria's Class A shares have been trading above 97% of aNAV on average over the period.

**Summary of interim results**

The financial information summarized below is derived from Cymbria's condensed interim financial statements from the three month periods noted in the table below. 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							
	Sep. 30, 2019	Jun. 30, 2019	Mar. 31, 2019	Dec. 31, 2018	Sep. 30, 2018	Jun. 30, 2018	Mar. 31, 2018	Dec. 31, 2017
Total income (loss)	\$ 21,298	\$ 55,445	\$ 87,780	\$ (98,145)	\$ 37,402	\$ 57,224	\$ 38,193	\$ 84,854
Total expenses	\$ 3,741	\$ 3,446	\$ 3,147	\$ 3,136	\$ 3,751	\$ 3,485	\$ 3,265	\$ 3,231
Net income (loss)	\$ 16,232	\$ 47,163	\$ 74,274	\$ (86,962)	\$ 30,069	\$ 47,994	\$ 30,644	\$ 71,795
Net income (loss), per share								
Class A	\$ 1.13	\$ 1.98	\$ 3.14	\$ (0.47)	\$ 1.27	\$ 2.03	\$ 1.29	\$ 2.94
Class J	\$ 0.80	\$ 2.29	\$ 3.53	\$ (0.19)	\$ 1.44	\$ 2.27	\$ 1.46	\$ 3.58

## Credit facility

On September 22, 2017, Cymbria entered into a five-year credit agreement with a Canadian chartered bank (the "Bank") that can be renewed on an annual basis. Cymbria renewed the credit agreement to mature on September 21, 2024. 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 September 30, 2019, the outstanding balance of the credit facility was \$6 million (December 31, 2018: 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.

## Liquidity

Cymbria maintains strong liquidity with cash and cash equivalents and its portfolio of public equities. In addition to financial liabilities that arise from its normal course of investing activities, Cymbria has a financial liability associated with drawn amounts on the credit facility. As at September 30, 2019, cash and cash equivalents represents 6% of Cymbria's total shareholders' equity. Cymbria's portfolio of securities includes actively traded global stocks that can be readily sold. As at September 30, 2019, the portfolio of public equities that the Manager believes can be readily sold represents 75% of Cymbria's total shareholders' equity. Cymbria has drawn \$6 million on its credit facility; however, the Manager does not believe this poses a significant risk to liquidity. There are no other outstanding debt or contractual obligations that would pose a significant risk to liquidity as at September 30, 2019.

## 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 nine months ended September 30, 2019, management fees totaled \$5.7 million, compared to \$5.5 million for the same period in 2018. 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 10 of the condensed interim 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.

**Adoption of new accounting standards**

The accounting policies applied by Cymbria in the attached condensed unaudited interim financial statements are the same as those applied by Cymbria in its audited financial statements for the year ended December 31, 2018, which were prepared in accordance with IFRS. Cymbria has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

**Financial instruments**

In accordance with IFRS 9, *Financial Instruments*, Cymbria has accounted for its financial instruments as follows:

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

**Future changes in accounting policies**

A number of new standards, amendments to standards and interpretations are not yet effective for the nine months ended September 30, 2019. The Manager has assessed that none of these will have a significant effect on the financial statements of Cymbria.

**Risks**

The risks associated with investing in Cymbria remain as disclosed in the Annual Information Form dated March 28, 2019 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 the Co-Chief Executive Officers and the Chief Financial Officer have designed, or caused to be designed, internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Co-Chief Executive Officers and the Chief Financial Officer have also designed, or caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that information required to be disclosed by Cymbria in its corporate filings have been recorded, processed, summarized and reported within the time periods specified in securities legislation. In addition, Cymbria's Audit Committee and Board of Directors provide an oversight role with respect to all public financial disclosures by Cymbria, and have reviewed and approved this MD&A and the unaudited condensed interim financial statements as at November 8, 2019.

There were no changes made in the design of internal controls over financial reporting during the three months ended September 30, 2019, that have materially affected, or are reasonably likely to materially affect, Cymbria's internal controls over financial reporting.

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

## **OFFICERS**

**Tye Bousada, CFA**  
*Co-Chief Executive Officer*

**Geoff MacDonald, CFA**  
*Co-Chief Executive Officer*

**Diane Rossi**  
*Corporate Secretary*

**Norman Tang, CPA, CA**  
*Chief Financial Officer*

## **DIRECTORS**

**Ugo Bizzarri, CFA**  
*Director*

**Reena Carter, CA, CPA, CBV, C.Dir**  
*Director and Chair of the Audit Committee*

**Patrick Farmer, CFA**  
*Chairman*

**James MacDonald**  
*Director and member of the Audit Committee*

**Richard Whiting**  
*Director and member of the Audit Committee*

---

## **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