CYMBRIA CORPORATION

2019

Management's Discussion & Analysis

Year Ended December 31, 2019

Management's Discussion and Analysis ("MD&A") provides a review of Cymbria Corporation's ("Cymbria") financial results for the year ended December 31, 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 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 12, 2020. 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 2019 annual Financial Statements for more information which can be found on the SEDAR website at **www.sedar.com**. For Cymbria's current and historical adjusted 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 encyclopedias 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, $33.6 million of the $39.5 million deferred income tax liability relates to Cymbria's investment in EdgePoint Wealth Management Inc. 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, 2019 ('000s)	Dec. 31, 2018 ('000s)
aNAV	$1,247,265	$1,065,080
Less: Deferred income tax liability	(39,529)	(27,803)
Shareholders' equity	$1,207,736	$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 – 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, 2019		Dec. 31, 2018
Adjusted net asset value per share	$	53.09	$	45.38
Less: Deferred income tax liability		(1.69)		(1.19)
Shareholders' equity per share	$	51.40	$	44.19

Class J		Dec. 31, 2019		Dec. 31, 2018
Adjusted net asset value per share	$	58.75	$	50.06
Less: Deferred income tax liability		(1.86)		(1.31)
Shareholders' equity per share	$	56.89	$	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. At the end of 2019, Cymbria invested in a collection of 46 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 430.9% and the cumulative return of Cymbria's Class A shareholders' equity since inception is 414.0%.

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 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 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

In 2019, we entered an unprecedented eleventh year of economic expansion as all major global indices reached new all-time highs. The rising price environment in 2019 has made it more difficult than in the past to find attractive investments at attractive prices.

This expansion was partly driven by a growing discrepancy in valuations between the top 20% of the most expensive stocks (generally considered stable businesses) versus the average large-capitalization stock. These businesses usually have a history of delivering predictable earnings and generally give investors comfort that they are safe investments. In periods of uncertainty, investors want to own these companies and often pay a high premium for them, which in turn pushes their stock valuations even higher. This divergence helps to explain why global indices continue to rise. The last time we saw a relative difference this large was during the 2008-9 financial crisis.

Investors continue to crowd into another broad group of businesses that we like to call obvious growers. These would include Microsoft, Google, Facebook, Amazon, Tesla and Visa, just to name a few. The consensus thinking here is that there's an easily understood narrative about how these businesses can grow. As such, these obvious growers should be valued more like bonds than like businesses. Government bonds are seen as less risky than a business, meaning bond investors historically expected a lower return than equity investors in exchange for that "peace of mind". Recently, valuations for these companies increased to the point where their future expected returns fall far below the historical rate of return of the market, which is about 10%.

We don't believe that the best way to build wealth over the long term is by investing in companies where the majority of the market reached the same conclusion. We will continue to invest in businesses where we believe we have a proprietary insight as it allows us to buy growth without having to pay for it.

Outlook

As we turn our attention to the next decade, our investment approach remains the same. Our investment team will steadfastly apply the same dedication and passion in their search to buy businesses with good long-term growth prospects without paying full price for that growth.

The majority of investors focus on where things are heading. They try to make predictions about the unpredictable, such as policy changes on interest rates or political turbulence. These never-ending events cause many to ask us where we think things are going or how we are positioning Cymbria for the next six to 12 months. We believe that while these are important factors to consider when making investment decisions, they shouldn't be the focus for long-term investors.

We have always believed that the key to long-term investment success is to have an idea about a business that isn't widely understood by others, and to invest in this business when you can buy it for less than what you believe it's worth. Here are two examples in Cymbria today.

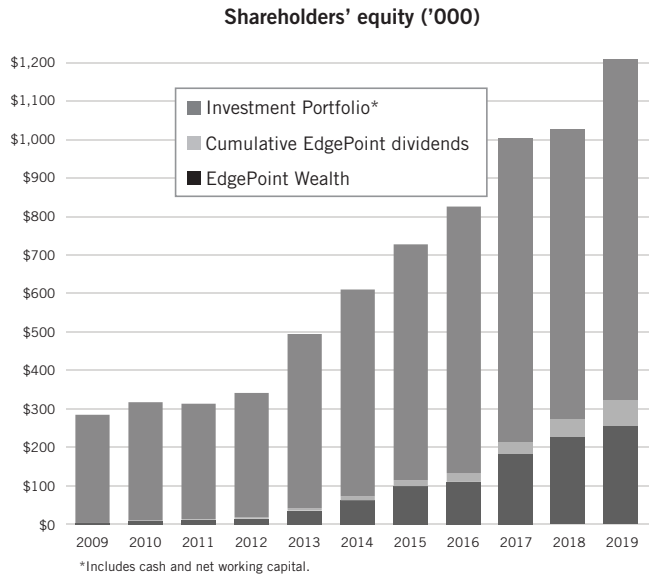
Univar Solutions Inc. is second largest chemical distributor in the world. It completed its largest acquisition months before a mini-industrial recession, which caused its customers to draw down their inventories (i.e. customers stopped buying chemicals temporarily). This presented an opportunity for us to establish a position as we saw an eventual recovery, many potential synergies from a recent acquisition and a newly promoted management team who previously led the European arm of Univar to a substantial rise in profitability.

The second example is Berry Global Group, Inc. Berry is the largest North American plastic manufacturer with over 70% of its products being non-discretionary items like diapers and other hygiene products. We believe Berry is one of the lowest-cost plastic manufacturers in the world, primarily attributable to a scale and procurement advantage. We believe the combination of a defensive, non-discretionary product portfolio with a low-cost position and significant growth opportunities through acquisitions should allow Berry to consistently grow, irrespective of the economic environment.

The bottom line is nobody knows when the current elevated market levels will experience a pullback or how sharp or prolonged that downturn might be. We don't waste our time trying to forecast such things. Rather, we consider the facts surrounding the underlying businesses we own. We focus on maintaining a disciplined long-term investment approach grounded in bottom-up fundamental research, and we are pleased with the collection of businesses we own.

Overall performance

For the year ended December 31, 2019, Cymbria's shareholders' equity increased 16.4% (December 31, 2018: 2.1%). As at December 31, 2019, Cymbria's shareholders' equity increased to $1,208 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

Below is a summary of the top 15 investments held by Cymbria as a percentage of shareholders' equity. A full list of the investment portfolio can be found in the *"Schedule of Investment Portfolio"* in the audited financial statements.

Top 15 Securities	Fair value	% of Shareholders' equity
EdgePoint Wealth Management Inc.	$254,431	21.1%
Shiseido Co., Ltd.	46,859	3.9%
Berkshire Hathaway Inc., Class A	43,601	3.6%
CSX Corp.	42,661	3.5%
Flowserve Corp.	42,643	3.5%
Wells Fargo & Co.	40,223	3.3%
DuPont de Nemours Inc.	36,487	3.0%
TE Connectivity Ltd.	33,845	2.8%
Subaru Corp.	33,358	2.8%
Affiliated Managers Group Inc.	31,917	2.6%
Shionogi & Co., Ltd.	28,513	2.4%
Fidelity National Information Services, Inc.	28,027	2.3%
The Middleby Corp.	27,613	2.3%
Swedish Orphan Biovitrum AB	27,530	2.3%
Mattel Inc.	26,398	2.2%

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 comments 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 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 year:

- Real Matters Inc.

  Real Matters is a leading technology company that provides services for the mortgage lending and insurance industries. We first purchased the business in February of 2016. 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. Refinancing 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 270% during the year and Cymbria's unrealized gain in the business increased by $11.3 million.

- Crown Holdings Inc.

  Crown is a global metal packaging company. We first purchased the business in July of 2018. The company is a worldwide leader in the design, manufacture and sale of packaging products for consumer goods. Primary products include steel and aluminum cans for food, beverage, household and other consumer products, as well as for metal vacuum closures and caps. The company has specialized in metal packaging for more than 100 years. By product-type, approximately 50% of Crown's business is exposed to metal beverages cans, 25% to metal food cans, 20% to industrial packaging items and 5% to other packaging items. Crown's current valuation is attractive for a stable business with high barriers to entry and facing no disruption. The stock was up 75% during the year and Cymbria's unrealized gain in the business increased by $6.7 million.

- Flowserve Corp.

  Flowserve is a leading supplier and aftermarket service provider of industrial flow management equipment such as pumps, valves and seals. We first purchased the business in December of 2014. The company services industries such as power, oil, gas and chemical. About half of its business is after-market maintenance, which is higher margin, more stable and a very attractive aspect of the overall business. With a new management team that brought in talent and centralized operations, combined with a solid balance sheet and cash flows, we believe that the company should be able to take advantage of growing end markets. The stock was up 31% during the year and Cymbria's unrealized gain in the business increased by $8.5 million.

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

- 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 20% during the year and Cymbria's unrealized loss in the business increased by $7.0 million.

- Realogy Holdings Corp.

  Realogy is a U.S.-based real estate franchisor providing real estate and relocation services around the globe. Realogy struggled in 2019 on concerns in the underlying real estate market as overall industry transaction volumes slowed owing to the sharp rise in interest rates leading into 2019. After discussion with Realogy management, they emphasized their focus on generating cash flow to improve their balance sheet. Our thesis today remains intact as the company continues to pay down its debt and stabilize its margins. The stock was down approximately 34% during the year.

Portfolio turnover

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

- Air Canada

  Air Canada is the largest passenger airline in Canada. Since the financial crisis, Air Canada has undergone an incredible turnaround. The company restructured operations, renegotiated punitive union contracts, launched a low-cost carrier (Air Canada Rouge), improved its balance sheet and brought its loyalty program in-house. This turnaround period required intensive capital investment, which is nearing an end. As we look forward and Air Canada enters a capital-harvesting period, we believe Air Canada will generate significant free cash flow and best-in-class operating metrics. As at December 31, 2019, Air Canada's weight in Cymbria represents 1.3% of shareholders' equity.

- Berry Global Group, Inc.

  Berry is a global manufacturer and marketer of plastic packaging products, including consumer packaging, engineered materials, and health & hygiene products. The company is a scale-advantaged consolidator currently integrating its largest acquisition to date: RPC Group plc. 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 and that the company will begin to grow organically. As at December 31, 2019, Berry's weight in Cymbria represents 1.6% of shareholders' equity.

- The RMR Group Inc.

  RMR is an alternative asset manager focused on real estate. It provides management services to four publicly owned real estate investment trusts and three operating companies related to real estate. The business model is attractive because of the long-term management contracts (20-year term) and the ability to grow without investing a lot of capital. As at December 31, 2019, The RMR Group's weight in Cymbria represents 1.4% of shareholders' equity.

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 nine businesses. Below are the most significant sells based on the amount of realized gains and losses:

- WABCO Holdings Inc.

  WABCO has pioneered breakthrough technologies for braking, stability and transmission automation systems supplied to the world's commercial truck and bus markets. We first purchased a stake in the business at the end of 2012. Recently, WABCO announced a deal where ZF Friedrichshafen AG will be acquiring its business. The deal is expected to be closed in early 2020. The holding period return of the business was 69% and Cymbria realized a gain of $13.7 million.

- 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 considerable growth potential. Although we didn't believe that the natural gas-based generators would get to penetration rates like portable generators, there was still a lot of room for growth. We sold our stake in the business as the thesis successfully played out. The holding period return in Cymbria was 46% and the realized gain on selling Generac was $10.8 million.

- Ubiquiti Networks Inc.

  We first purchased a stake in Ubiquiti in June of 2015. At the time of purchase, Ubiquiti had two primary customer audiences: wireless internet service providers who provide internet services in remote areas, and IT resellers who provide networking information technology for small-to-medium-sized businesses. The business developed strong loyalty from these groups based on low prices from its unique operating model's minimal overhead, an active online support community and continual innovation leading to high-quality products. In February 2019, we sold our stake in the business as we believe the market recognized its full valuation. The holding period return of our stake in the business was 115% and Cymbria realized a gain on sale in the quarter of $7.3 million.

Cymbria had portfolio turnover rates of 22.6% for the year ended December 31, 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 December 31, 2019. We have received $69.6 million in dividends from EdgePoint since inception and its value in Cymbria has increased to $254.4 million, making EdgePoint the most valuable contributor to Cymbria's investment portfolio.

Notwithstanding lower net sales for all of its Portfolios, strong investment performance results at EdgePoint during the year helped assets under management grow from $23.8 billion to $28.9 billion as at December 31, 2019.

With the assistance of a third-party valuator, Cymbria's stake in EdgePoint was revalued in December at a range of $254.4 million to $280.9 million. For financial statement purposes, EdgePoint is valued at $254.4 million, a 14% increase from December 31, 2018. The discounted cash flow model used for the valuation has 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. A change to any one or all of the assumptions can have a material impact on the valuation of EdgePoint as highlighted in Note 11.

We spend a considerable amount of time on the assumptions that go into the base cash flow model to determine the $254.4 million valuation and believe that this represents fair market value as at December 31, 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.

Subsequent to December 31, 2019, EdgePoint experienced a decline in assets under management as a result of negative market volatility caused by fear over the economic impact of the COVID-19 pandemic. On March 12, 2020, the value of EdgePoint was adjusted to $219.2 million, representing a decrease of approximately 3.3% of shareholders' equity.

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, 2019 compared to those for the years ended December 31, 2018 and 2017.

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

Financial performance

	Year ended December 31, 2019 ('000s)	2018 ('000s)	2017 ('000s)
Income			
Net realized gain on investments	$ 69,140	$ 124,909	$ 100,563
Change in unrealized gain (loss) on investments	82,584	(113,663)	97,687
Dividend and interest income	48,647	27,711	19,750
Foreign currency gain (loss) on hedging	4,110	(4,542)	8,537
Foreign currency gain (loss), excluding hedging	(184)	259	(406)
Total income	$ 204,297	$ 34,674	$ 226,131
Expenses			
Management fees	$ 7,793	$ 7,387	$ 6,501
Withholding taxes, HST, and transaction costs	3,282	3,470	2,915
Other expenses	2,604	2,601	1,999
Total expenses	$ 13,679	$ 13,458	$ 11,415
Profit for the period before taxes	$ 190,618	$ 21,216	$ 214,716
Income taxes	20,159	(528)	25,859
Net comprehensive income	$ 170,459	$ 21,744	$ 188,857

(a) Net realized gain on investments

During the year ended December 31, 2019, the realized gain on investments of $69.1 million is largely attributable to a gain from the sale of shares of WABCO Holdings Inc. of $13.7 million and Generac Holdings Inc. of $10.8 million. In addition, Real Matters Inc. and Constellation Software Inc. were partially sold during the year generating realized capital gains of $12.7 million and $10.8 million, respectively. 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 on investments is a $82.6 million gain for the year ended December 31, 2019. This is a result of fluctuations in the value of investments during the period. The three largest contributors to the gain during the period were EdgePoint Wealth Management Inc. with $30.3 million, Real Matters Inc. with $11.3 million and Flowserve Corp. with $8.5 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.

(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 year ended December 31, 2019, Cymbria received dividends totaling $22.0 million from EdgePoint, representing a 56% increase compared to 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 $25.3 million for the year ended December 31, 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 December 31, 2019, Cymbria's most significant foreign currency exposure was the U.S. dollar, which as a percentage of shareholders' equity was approximately 40% and Cymbria hedged approximately 13% of that exposure. Cymbria's investments denominated in the Japanese Yen represent approximately 15% of shareholders' equity and Cymbria hedged approximately 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 these investments. As a result of foreign currency hedging activities during the year ended December 31, 2019, Cymbria had a $4.1 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

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, 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. The increase of $0.4 million in management fees from 2018 is due to the increase in aNAV over the corresponding period, on which the fee is based. However, because of the increase in the value of EdgePoint during the year (no fee is charged on the value of EdgePoint) the effective management fee as a percentage of aNAV lowered to 0.79% and 0.40% for Class A and J shareholders, respectively.

Financial condition

	Dec. 31, 2019 ('000s)	Dec. 31, 2018 ('000s)	Dec. 31, 2017 ('000s)
Assets			
Investments	$1,162,227	$1,051,910	$ 994,453
Cash and cash equivalents	85,283	20,325	68,223
Other assets	825	646	365
Income tax recovery	7,016	–	–
Total assets	$1,255,351	$1,072,881	$1,063,041
Liabilities			
Foreign exchange forward contracts	$ 59	$ 3,769	$ –
Income tax payable	–	2,590	2,186
Accrued liabilities and other payables	1,009	502	1,028
Credit facility	6,000	–	–
Deferred share unit plan	1,018	940	756
Deferred income tax liability	39,529	27,803	43,538
Total liabilities	$ 47,615	$ 35,604	$ 47,508
Shareholders' equity	$1,207,736	$1,037,277	$1,015,533

(a) Investments

Cymbria's investments as at December 31, 2019, primarily consists of a portfolio of equities of $897.9 million and an investment in EdgePoint of $254.4 million. The increase of $110.3 million from December 31, 2018 is primarily the result of a change in the unrealized value of the portfolio of $155.8 million offset by the net sale of investments of $42.4 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 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. The increase of $65.0 million from the end of 2018 is primarily due to the net sale of investments of $42.4 million during the year ended December 31, 2019. As at December 31, 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 $0.8 million, which is a result of dividends that have been declared but not yet received as at December 31, 2019.

(d) Income tax recovery and Income taxes payable

The Income tax recovery of $7.0 million is a result of the required income tax installments for 2019 being more than Cymbria's income tax liability as at December 31, 2019.

(e) Credit facility

During the year ended December 31, 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 year ended December 31, 2019, Cymbria issued 1,844 units and the total value of the plan increased by approximately $0.1 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, 2019, Cymbria's deferred income tax liability is presented net and it comprises of a liability on the unrealized appreciation of investments of $39.7 million offset by an asset on deferred share units of $0.2 million. Included in the deferred income tax liability is $33.6 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, 2019 and March 12, 2020 were 100. Class A shares are non-redeemable and traded on the Toronto Stock Exchange. As at December 31, 2019 and March 12, 2020, there were 15,693,448 and 15,787,525 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, 2019 and March 12, 2020, there were 7,050,482 and 6,965,482 shares outstanding, respectively.

Cash flows

For the year ended December 31, 2019, Cymbria had a net increase in cash and cash equivalents of $65.0 million. The majority of the net increase in cash and cash equivalents is due to cash generated from operating activities, including the net sale of investments of $42.4 million. Cymbria also had an increase in cash from financing activities as we drew $6.0 million on the credit facility during the year. 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 year ended December 31, 2019, 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 an LRO for the year ended December 31, 2019, 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, 2019 and 2018.

	Three months ended Dec. 31, 2019 ('000s)	2018 ('000s)
Income		
Net realized gain on investments	$ 16,292	$ 10,905
Change in unrealized gain (loss) on investments	12,246	(111,461)
Dividend and interest income	9,358	6,603
Foreign currency gain (loss) on hedging	1,925	(4,427)
Foreign currency gain (loss), excluding hedging	(47)	235
Total income (loss)	$ 39,774	$ (98,145)
Expenses		
Management fees	$ 2,056	$ 1,855
Withholding taxes, HST, and transaction costs	648	608
Other expenses	641	673
Total expenses	$ 3,345	$ 3,136
Profit (loss) for the period before taxes	$ 36,429	$ (101,281)
Income taxes	3,639	(14,319)
Net comprehensive income	$ 32,790	$ (86,962)

During the quarter ended December 31, 2019, Cymbria had a net comprehensive income of $32.8 million that was driven by a realized gain and change in unrealized gain on investments totaling $28.5 million, compared to a $100.6 million loss for the quarter ended December 31, 2018. The investments that had the most significant contribution to the change in unrealized gain during the quarter were EdgePoint that contributed $6.1 million, AutoCanada Inc. contributed $4.7 million and Mattel Inc. contributed $3.6 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, 2019, September 30, 2019, June 30, 2019, and March 31, 2019, and the same periods from 2018. 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.

								Three months ended
(in '000s except per share amounts)	**Dec. 31, 2019**	**Sep. 30, 2019**	**Jun. 30, 2019**	**Mar. 31, 2019**	**Dec. 31, 2018**	**Sep. 30, 2018**	**Jun. 30, 2018**	**Mar. 31, 2018**
Total income (loss)	$ 39,774	$ 21,298	$ 55,445	$ 87,780	$ (98,145)	$ 37,402	$ 57,224	$ 38,193
Total expenses	$ 3,345	$ 3,741	$ 3,446	$ 3,147	$ 3,136	$ 3,751	$ 3,485	$ 3,265
Net income (loss)	$ 32,790	$ 16,232	$ 47,163	$ 74,274	$ (86,962)	$ 30,069	$ 47,994	$ 30,644
Net income (loss), per share								
Class A	$ 1.38	$ 0.67	$ 1.98	$ 3.14	$ (0.47)	$ 1.27	$ 2.03	$ 1.29
Class J	$ 1.58	$ 0.80	$ 2.29	$ 3.53	$ (0.19)	$ 1.44	$ 2.27	$ 1.46

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 during the year to mature on September 22, 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 December 31, 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. Proceeds from drawing on the credit facility were used to purchase an investment in higher yielding debt.

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 December 31, 2019, 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, 2019, the portfolio of public equities that the Manager believes can be readily sold represents 74% 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 December 31, 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. In December 2019, Cymbria committed to participate in purchasing a minority stake of a private Canadian company for an estimated range of $35 million to $70 million, conditioned on regulatory approvals. The transaction is expected to close sometime in 2020.

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, 2019, management fees totaled $7.8 million, compared to $7.4 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 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.

Adoption of new accounting standards

The accounting policies applied by Cymbria in the attached audited financial statements are the same as those applied by Cymbria in its financial statements for the year ended December 31, 2018, which were prepared in accordance with IFRS. Cymbria has not early adopted any 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
Financial assets		
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
Financial liabilities		
Accrued liabilities	Amortized cost	Amortized cost
Income taxes payable	Amortized cost	Amortized cost
Payable for investments purchased	Amortized cost	Amortized cost
Credit facility	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

Future changes in accounting policies

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 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 27, 2020 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, 2019:

- 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, 2019 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, 2019 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, 2019, 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, 2019, that have materially affected, or are reasonably likely to materially affect, Cymbria's ICFR. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that its objectives are met. Due to inherent limitations in all such systems, no evaluations of controls can provide absolute assurance that all control issues, if any, within a company have been detected. Accordingly, our internal controls over financial reporting and disclosure controls and procedures are effective in providing reasonable, not absolute, assurance that the objectives of our control systems have been met.

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Geoff MacDonald, CFA
Co-Chief Executive Officer

Diane Rossi
Corporate Secretary

Norman Tang, CPA, CA
Chief Financial Officer

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Director

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