Calgary Portfolio Management Trust

Q2 Report 2016

UNIVERSITY OF CALGARY
HASKAYNE SCHOOL OF BUSINESS

Table of Contents

Letter to Stakeholders

Dear Stakeholders,

The CPMT Class of 2016 would like to extend our gratitude to the Board of Trustees for its invaluable support and engagement with the program. We would also like to thank the Calgary CFA Society for its continued involvement. Finally, we would like to thank all supporters in the Calgary business community for their vested interest in the program.

The success of the CPMT program is a direct result of the commitment and efforts of our stakeholders. Involvement in the program continues to give students invaluable exposure to a challenging and rewarding learning environment, providing an unrivaled experience for members. We are thrilled to have made several additions to our team this past quarter, including two Fund Managers and four Research Associates, and look forward to working with them to further the program.

Over the past quarter of our fiscal year, we have continued to pursue opportunities within Canadian equities while diligently building on processes to re-evaluate our present investments. We have learned valuable lessons surrounding investments grounded in the cyclicality of commodity-based environments, as well as the effects that global politics can have on the Canadian economy and its capital markets. The past quarter in particular has been instrumental in building our understanding of the interrelated nature of various sectors in global capital markets. As we look ahead, we remain cognizant of the uncertainty that is ever-present in the global economic environment, and the specific uncertainty that is unique to the Canadian business community. Our team is excited by the challenge of drawing connections between factors affecting Canadian businesses, and we continue to be diligent in evaluating and analyzing these factors to find investments that provide strong value for our stakeholders.

The CPMT team remains dedicated to prudent portfolio management as we review our investments to ensure compliance with the requirements laid out in CPMT's Charter. Our commitment to the program continues to focus on holding companies that exhibit strong balance sheets, growing free cash flow, a competitive advantage, and superior management teams. Armed with a proven investment philosophy, we understand the importance of appreciating business cyclicality and are not afraid to ride out short-term fluctuations within the Canadian economy, notably in the Energy and Materials sectors. We continue to focus on targeting companies that we believe to have the fundamental indicators in place to provide significant potential for upside in the long run.

We are excited for the future of the CPMT program, and hope that our stakeholders share this excitement with us.

Sincerely,

CPMT Class of 2016

CPMT Class of 2016

SYED AHMAD
Fund Manager
4th Year – Finance

Syed Ahmad is entering his fourth and final year, pursuing a Bachelor of Commerce in Finance combined with a Bachelor of Science concentrating in Nanoscience. He recently completed an internship as an Investment Banking Summer Analyst at JP Morgan and is looking forward to applying the lessons he learned at JPM to CPMT. In his free time, Syed enjoys travelling, and is an avid reader and hockey fan.

JASON FIELD
Fund Manager
4th Year – Finance

Jason Field has been with the CPMT program since September 2014. Jason is entering his senior year of the Bachelor of Commerce program, majoring in finance. Jason has previously held positions in Energy Marketing and Commercial Real Estate. Jason will be returning to Barclays in the Global Natural Resources group as an Investment Banking Analyst.

BRAXTON GRAY
Fund Manager
2nd Year – MBA Finance

Braxton Gray is a second year MBA candidate with a concentration in Finance. Mr. Gray joined the CPMT program this year as a Fund Manager. He has been actively building his industry experience, working both as an Account Manager with TE Investment Counsel and as a Financial Services Manager with the Bank of Montreal. He is registered to write the CFA Level 3 Exam in June 2016. In his spare time, Mr. Gray competes in bodybuilding and fitness contests.

AMIN HAJI
Research Associate
4th Year – Finance

Amin Haji is in his fourth year pursuing a degree in Finance. Amin joined the CPMT as a Research Associate in March 2015. He has completed the Canadian Securities Course and is a CFA Level I Candidate writing in December 2015. Upon graduation, Amin hopes to pursue a career in Equity Research and eventually Investment Management. In his spare time, Amin is a recreational practitioner of mixed martial arts and also keeps active by playing soccer.

CHRISTOPHER HANSON
Fund Manager
4th Year – Finance

Chris Hanson has been with the CPMT program since September 2013. After gaining experience through the Haskayne Co-op Program at ARC Financial, First Energy Capital, and Scotiabank Global Banking & Markets, Chris is entering his final year and has secured an Investment Banking position with Macquarie Capital. Outside of school, Chris enjoys golfing, fishing, and traveling.

KEITH JENNINGS
Fund Analyst
5th Year – Honours Economics

Keith Jennings is the new Fund Analyst for CPMT. He is in his final year of an honours economics degree and is preparing to write the LSAT in the fall. He has had experience working in different industries like government, utilities, and in his current position as a research assistant at the university. Keith is excited about his position with CPMT and the experience to learn more about portfolio monitoring, equity research, and equity markets.

LINDSAY JONES
Fund Manager
4th Year – Finance

Lindsay Jones is entering her final year of Finance, and her second year in the CPMT program**.** Lindsay's previous experience includes working at Pivotal Capital, a financial advisory firm, where over the past three years she had been privileged to learn about project finance in the renewable energy sector. Lindsay is excited to return to Scotiabank Global Banking & Markets as an Investment Banking Analyst after a successful internship this past summer.

DHARMENDRA PANDIT
Fund Manager
2nd Year – MBA Finance

Dharmendra Pandit is a second year MBA student with a concentration in Finance. Dharmendra joined CPMT this year and hopes to utilize his background in technology industry in his new role as a Fund Manager of the Tech and Telecom sector. He plans on writing CFA level 1 exam in December. Dharmendra enjoys spending his spare time with family, watching Bollywood movies and developing new trading algorithms.

CPMT Class of 2017

BABBAL BRAR
Research Associate
3rd Year – Finance

Babbal Brar is a third year student majoring in Finance. Mr. Brar joined the CPMT Program as a Research Associate in September 2015, and looks forward to learning from the team and its advisors. Babbal is interested in pursuing a career in the Capital Markets and is a CFA level 1 candidate writing in June 2016. Apart From the CPMT, Babbal enjoys doing case competitions and is involved with basketball intramurals at the University of Calgary.

HASHIM CHAWDHRY
Research Associate
3rd Year – Finance

Hashim entered the CPMT program as a Research Associate in April 2014 and looks forward to progress within the program. Hashim spent the winter term interning at Paradigm Capital in Equity Research, where he gained experience analyzing and valuating domestic energy companies. His previous experience includes interning at Brookfield Properties as an intern is the Asset Management sector. Outside of school, Hashim is an avid car enthusiast.

IAN GOTT
Research Associate
3rd Year – Finance

Ian is a 3rd year finance student with a passion for financial markets. He is currently a Research Associate at the Calgary Portfolio Management Trust program. He has a keen interest in a career in Investment Banking or Asset Management and intends to pursue the CFA designation. In 2015, Ian won the 2015 World Irish Dance Championship and performed with various dance shows around the world. In addition, he has also completed two student internships at Suncor Energy, where he worked with the Major Projects and Natural Gas finance teams.

LOGAN HEIDT
Research Associate
5th Year – Finance & Economics

Logan Heidt is a fifth year student working towards a Bachelors of Commerce majoring in Finance and a Bachelor of Arts majoring in Applied Energy Economics. Mr. Heidt Joined CPMT as a Research Associate in September 2015, after an 8-month term in the M&A Business Development group at Secure Energy Services. He will be writing CFA Level 1 exam in December and will be perusing a capital markets position for summer 2016. Mr. Heidt is an SUE mentor for 1st and 2nd year students and enjoys playing pick-up hockey, sparing, golf and tennis. He also enjoys classic cars/trucks and super cars.

GEORGE HUANG
Research Associate
4th Year – Finance & Economics

George Huang is a fourth year student pursuing a double degree in Finance and Economics. George joined the CPMT program as a Research Associate in March 2015. His professional experience includes internships in asset management and electrical load and generation forecasting. After graduation, George hopes to pursue a career in sell-side M&A, institutional equity research, or asset management. In addition to his role with the CPMT, George is also a varsity cross-country and track and field athlete with the University of Calgary Dinos as well as, a director for the Society of Undergraduates in Economics.

BRYTON HEWITT
Research Associate
4th Year – Finance & Psychology

Bryton Hewitt is a fourth year Finance and Psychology double degree student. Beyond CPMT, Bryton is engaged through the Inter-Collegiate Business Competition (ICBC) team, and was fortunate to earn Bronze at last year's competition. He is also a Director for the Commerce Undergraduate Society. Bryton has experience as a Strategy Associate, and most recently enjoyed working as an Analyst with Norrep Financial Management over the summer. Bryton desires a portfolio management career, and is improving his skills for this through the CPMT program.

DANIEL MORGAN
Research Associate
3rd Year – Finance

Daniel Morgan is a third year Finance student at the Haskayne School of Business. The 2015-2016 year marks his second year in the CPMT program, previously fulfilling the Fund Analyst role. Now a Research Associate, Daniel looks forward to building his skills in financial modelling, searching the markets for opportunities for the Fund, and learning under the leadership of the Fund Managers. Over the summer of 2015, Daniel directed his passion for technology and his strategic mindset as a Business Analyst for GNS3 Technologies, an early-stage networking software company. In his spare time, Daniel loves cycling, reading books, and following current affairs.

MAHAD NADEEM
Research Associate
3rd Year – Finance & Economics

Mahad Nadeem is a third year student pursuing a double degree in Finance and Economics, with a concentration in Energy Economics. Mr. Nadeem joined the CPMT program in September 2015 as a Research Associate and will be covering the Information Technology sector. During the summer he worked at the Canadian Energy Research Institute (CERI) and during his work term he analyzed their various financial, economic and econometric models. During his spare time, Mr. Nadeem enjoys playing video games. He also likes to read books and watch documentaries on certain topics of his interest in contemporary history.

Proposal to Manage Funds

Philosophy

We believe that in order to achieve the designated goals of the fund we must follow a value based bottom-up approach to find companies that trade at a discount to intrinsic value. Our edge over the market will be our ability to find wealth generating companies that have strong future prospects and can be held for a five to ten year time horizon. This systematic approach will allow us to select securities based on pre-determined characteristics for the ideal business and creates a cohesive approach for all of those in CPMT to follow. This is important for our group as it reduces the danger of purchasing risky assets while at the same time providing a platform to purchase strong companies that have the potential to outperform the market over a business cycle. We believe that in order for us to add value as Fund Managers we must earn a superior risk adjusted return compared to the benchmark. To do this we will seek out investments with the following characteristics.

Competitive Advantages: Having a durable competitive advantage is an incredibly important attribute to possess. Attributes to consider when determining whether a company has a distinct competitive advantage include low cost provider, pricing power, intellectual protection, switching costs, or a network effect.

Quality Management: We believe that characteristics of a quality management team include a track record of strong capital allocation and shareholder alignment. Many of these traits are reflected through return on equity and growth of the business along with the insider ownership.

Strong Balance Sheet: We look for businesses that are financially stable so that when opportunities arise they are able to use their balance sheets opportunistically to acquire assets and generate significant shareholder value. We look to ensure that each company we own has sufficient liquidity to meet short -term obligations and to protect them from credit risks.

Growing Free Cash Flow: The characteristics listed above are the foundation of any strong business; however, we also want to ensure that selected companies have growing free cash flow that can either be returned to shareholders or reinvested in the business.

We believe that as long as selected companies possess these characteristics they should be able to be held for the extended periods of time and should be considered for sale if the price of the stock far outweighs the fundamentals of the business. Our advantage over the market will be our unwavering bias to companies with a competitive advantage that generate significant returns on their invested capital and are positioned in growing markets allowing for returns to their shareholders.

Investment Process

Our investment process has been created in a structured format to ensure all aspects of potential companies are considered in any recommendation. Fund Managers and their Research Associates work together to generate potential investment ideas and bring them forward at weekly opportunities meetings. These ideas can originate from a number of methods such as screening for low beta and high return on equity stocks and finding products and services that have a strong future ahead of them.

Once we believe that an identified company is understood in sufficient depth we will bring it forward in an opportunities meeting with the other members of the program. This provides the opportunity for all members of the team to ask any questions or raise any concerns about the investment and to vote on whether the idea is deemed strong enough for further research. If the proposal is approved then the Fund Manager and Research Associate will perform more earnest and in-depth research looking at every aspect of the business. The Fund Managers, with assistance of the Research Associates, will then begin seeking out information on the following topics:

i. The business model of the company
ii. History of the business
iii. Characteristics of the competitive environment
iv. Competitive advantages
v. Capital allocation policies of management
vi. Evaluation of strategy
vii. Is the firm's culture conducive to their strategy?
viii. Are financial and other resources available to achieve their goals?
ix. Does management have the ability to executive their goals?
x. Does management understand potential risks?
xi. Does management have high integrity and passion for the business?
xii. Will the business be of a higher importance ten years from now than it is today?

Our analyses will include a number of quantitative measures to help create a strong and thorough understanding of the business and to ensure that we are buying a company at a discount to its intrinsic value. Some of the methods we use as a group to determine the value of any investment include discounted cash flow models, comparable analyses, dividend discount models, and net asset value analyses of businesses when appropriate.

Once we have finalized a report it will be presented in a quarterly meeting to The Board of Trustees and alumni to review and question. In addition, Fund Managers will vote to determine if we feel the investment is suitable for the fund. In order for the security to be purchased it requires a 60% vote by the Fund Managers in favour of selection to approve of the investment. The Research Associate will concomitantly perform due diligence to ensure that the purchased company does not conflict with the Charter of Investment Policies and Procedures.

Oversight Policies

To ensure compliance with the CPMT Terms of Reference and Charter of Investment Policies and Procedures, Fund Managers rely on the Fund Analysts for guidance and support. The Fund Managers will propose any potential purchases or divestiture to the Fund Analysts to ensure that the transaction does not violate the Sector Allocation and Asset Mix Policy outlined in the Charter of Investment Policies and Procedures. The Fund Analysts are responsible for ensuring that the Fund Managers represent all information in an honest and transparent manner. Once a transaction has been approved and implemented, the Fund Analysts are responsible to update and monitor the portfolio. Every second week the Fund Analysts will provide an update on the portfolio's performance to the Fund Managers and Research Associates.

Trade Execution

Prior to each trade execution, all eligible Fund Managers will vote either for or against the transaction. During the voting process, one Fund Analyst will be present and must provide a witness signature on the voting sheet. A minimum of 60% of the Fund Managers must vote in favour of the transaction for the trade to be executed. The physical execution of the trade will be conducted by the Faculty Supervisor. All trades will be documented on the SharePoint site and a hard copy will be stored on and off campus. The documentation will include the date and time of the transaction, the amount of shares purchased/sold, the purchase/sale price, Fund Managers' voting outcome, and the name of the individual who proposed the transaction.

Ethical Behaviour

Through membership in the CPMT program it is our goal to not only develop technical skills, but also further integrate strong ethical conduct in our professional mentalities and approach to the finance industry. Our team deeply believes that ethical behaviour is necessary in the management of the fund. All Fund Managers are required to complete a written ethical and professional standards exam prior to their involvement with the fund as a participating Fund Manager. Fund Managers are prohibited from making investment recommendations as well as having any participatory involvement prior to their satisfactory completion of this exam, as deemed so by a CPMT Board of Trustees representative (Faculty Advisor). The requisite ethical exam is based on the Code of Ethics ("Code") and Standards of Professional Conduct ("Standards") of the CFA Institute. The only exception to this rule is if a Fund Manager has successfully completed the Level I CFA Examination administered by the CFA Institute.

In order to ensure ethical behaviour on behalf of all Fund Managers, Research Associates, and Fund Analysts, each member must abide by the Code and Standards for the duration of their participation in the program. In accordance with this, all members have agreed that any direct violation of the Code or Standards, barring appropriate and immediate self-disclosure to both the team and the Board of Trustees, is grounds for possible termination as deemed appropriate by the Board of Trustees. We feel that an opportunity for appropriate and immediate self- disclosure is in the best interest of the fund as it prevents an individual from seeking to conceal any potential violation that may have occurred. In order to prevent situations from occurring, all team members have a duty to understand the Code and Standards and remain abreast of any updates or revisions.

One of the main consequences of ethical conduct in our duties as members of the fund is objectivity in our investment research. To further this objectivity, Fund Managers understand and agree that there is no pressure to place any specific recommendation on a potential investment. Additionally, our conflict of interest policy contains practices and guidelines for dealing with any potential matters affecting objectivity. Adherence to the Code and Standards, as well as our own self-appointed conflict of interest policy, will ensure that we are working in an environment where conflicts of interest and potential opportunities for a lapse in ethical judgment are minimized. It is our hope that this ethical adherence will ensure team members act with integrity, competence, and respect at all times.

The CFA Code of Ethics is comprised of six components. Team members must understand how they apply to our involvement as members of the CPMT program. In order to integrate the Code into our proposal we have chosen to list the six components of below, as specified by the CFA Institute.

1. Act with integrity, competence, diligence, and respect and in an ethical manner with clients, prospective clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets.
2. Place the integrity of the investment profession and the interests of clients above their own personal interests.
3. Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities.
4. Practice and encourage others to practice in a professional and ethical manner that will reflect credit on themselves and their profession.
5. Promote the integrity and viability of global capital markets for the ultimate benefits of society.
6. Maintain and improve their professional competence and strive to maintain and improve the competence of other investment professionals.

The Code provides members of the team with high-level ethical principles that guide us in creating a positive and reputable environment for our current team as well as laying the groundwork for future classes of the CPMT program. The Standards contain the practical ethical principles of conduct that current members as well as future year's fund classes will follow. Outlined below are the seven Standards of Professional Conduct, as well as further information indicating specifically how we will ensure that our professional conduct is line with these measures.

1. Professionalism
2. All team members must understand and comply with all laws, rules, and regulations applicable to investment professionals as governed by the Alberta Securities Commission, the Ontario Securities Commission, and the Federal Government of Canada. Members must also understand and abide by the Code and Standards. It is also important that members use reasonable care and judgment in their actions in seeking to

maintain independence of judgment and preventing misrepresentation of information. Members must also ensure that they do not engage in any conduct involving dishonesty, fraud, or deceit or in any way commit an act that reflects adversely upon themselves of the CPMT program or the integrity of Capital Markets

   a. Any team member who possesses material non-public information may not act on it themselves, nor encourage others to act on it

3. Duties to Clients
   a. Our clients are all current and future stakeholders of the CPMT program, including the Haskayne School of Business, the Department of Finance, and all current and future students of the Haskayne School of Business. Team members have a duty to act in the interest of these stakeholders at all times with regards to their conduct in the program, including, but not limited to: suitability of chosen investments in relation to the written objectives and constraints of the portfolio, fair dealing with stakeholders when reporting on the fund and its performance, and maintaining the confidentiality of this information
4. Duties to Employers
   a. All CPMT members must act in the interest and for the benefit of The Board of Trustees and the CPMT program, and not divulge confidential information regarding the fund or otherwise cause harm to the Board or to the program. With regards to the Fund Manager-Research Associate relationship, all Fund Managers must act in a supervisory capacity with their Research Associate, and must ensure that they comply with all rules, regulations, and the Code and Standards
5. Investment Analysis, Recommendations, and Actions
   a. Members will ensure that all research conducted is independent, thorough, and possesses an adequate and reasonable basis
6. Conflicts of Interest
   a. The conflicts of interest governing our fund are outlined in our conflict of interest policy
7. Responsibilities as a CFA Institute Member or CFA Candidate
   a. This standard applies directly only to those members of the team who are Members or Candidates of the CFA Society; however, all members of the CPMT program will be required to abide by these standards

We acknowledge that any potential unethical behaviour can have serious personal and professional consequences. CPMT students act as agents for the fund and are responsible for maintaining its professional image in the community, as well as in the finance industry. Any lapse in ethical behaviour can have serious ramifications for the fund, such as damage to investor and Board trust and may result in the discontinuation of operation of the program. As such, preventing any erosion in the image or the trust in the CPMT program is an imperative standard. We will seek to further the implementation and adoption of these principles by integrating them into our policies and practices on a day-to-day basis.

The Calgary Portfolio Management Trust claims compliance with the CFA Institute Code of Ethics and Standards of Professional Conduct. This claim has not been verified by the CFA Institute.

Conflict of Interest

Our conflict of interest policy applies to all members of the CPMT program and seeks to address any situation in which a member may find themselves involved in circumstances that prevent them from acting in the best interests of the stakeholders. The primary principle of our conflict of interest policy, as set forth in the CPMT Charter of Investment Policies and Procedures, is the immediate and full disclosure of any conflict of interest that may arise. Disclosure must be made to the Board of Trustees or a representative of the Board. In dealing with ethical violations or violations of the Standards it is imperative that the Board be notified immediately to prevent any potential future negative consequences that could affect the individual, the team, or the CPMT program.

CPMT members who wish to manage money in their own portfolio must abide by proper priority of transactions. Upon an individual's knowledge that the team will be researching a company for potential investment, the individual must not place any further purchase transactions until such a time as the fund has chosen to purchase and executes this transaction, or until the team chooses to not pursue this investment. If a member already has ownership of a company, they may bring forward the company as a potential investment to the team, but they will not be allowed to place a vote when the team decides on whether to further pursue the investment. If another team member brings forward the idea to the team, any individual holding the company will still not be permitted to register a vote. In both of these scenarios, the vote must pass with at least a 60% majority. It is the understanding of the team that any member who brings forward an investment or is part of a team pursuing further research on a company they own will conduct themselves with independence and objectivity so as to avoid further conflict.

Any team member who comes into possession of material non-public information of a company must ensure that they do not act on it and must ensure that no other members of the program come into possession of this information and act upon it. Whenever an individual comes into contact with material non-public information, it is their duty to notify the team as well as the Board of the conflict and to refrain from participating in discussions regarding companies affected by this information. When an individual begins employment with a company in a role that provides them access to material non-public information, they must notify the Board immediately. They will also be required to refrain from participating in future discussions of this company until such a time as they have ceased employment with the organization. Upon ceasing employment, they may only enter discussions regarding public information of the company, and may not mention any material non-public information they have learned until such a time as this information becomes public, immaterial, or both.

Performance Tracking Timeline

As CPMT students, we have the binding obligation to complete and submit our quarterly report one week in advance of the presentation. The quarterly report will include (but it not limited to) the following elements:

i. A detailed compliance and performance report
ii. Evaluation of progress as a team over the previous quarter
iii. Quarterly stock picks by Fund Manager(s)
iv. Recommendations and implications for future selections

Punctuality and deadlines should be treated with utmost respect. Weekly portfolio management and new opportunities meetings shall be treated with professionalism and integrity. Abiding by strict guidelines will contribute to fabricating a formal structure for upcoming CPMT students to follow. Furthermore, it allows for reports to be completed in a perpetual manner, where if scheduled properly will ensure and reflect the highest quality. Additionally, the report will reflect a collective thought process including inputs from all students. The entire report will be completed to a high degree of standard by the quarterly submission date. Quality shall be ensured by the evaluation and direction from CPMT mentors.

Fee Structure

The CPMT fee structure is based upon a system where a small segment is reinvested into the Department of Finance at the Haskayne School of Business. Fixed operating expenses are capped at 1% of total CPMT funds. Fixed operating expenses must be specifically identified in the Annual Report, which will be reviewed and approved by the Board of Trustees. Fixed operating expenses may include:

i. Printing
ii. Marketing
iii. Recruiting
iv. Speaker Series
v. Hardware
vi. Social Events

In September 2017, 2.5% of CPMT funds must be directed towards the administration department in the Haskayne School of Business.

The administrative fee will be directed towards:

i. Supporting research efforts of Finance supervisor
ii. An incentive for the day-to-day oversight of the CPMT program by finance faculty

Capital from CPMT must be contributed to the Haskayne School of Business Endowment Fund if the market value of the portfolio exceeds $5 million. However, the primary intention is to pay the annual administrative fee to the Department of Finance for proper and ethical stewardship of funds.

Stakeholder Relations

The students of the CPMT program understand that there are a number of valuable stakeholders involved with the program. This list includes, but is not limited to, donors and sponsors, the Board of Trustees, alumni, the CFA Society of Calgary, the CPMT Advisory Committee, mentors for CPMT students, current CPMT students, past, present, and future students of the Haskayne School of Business, and The University of Calgary. We believe that it is extremely important to represent not only those currently involved with the program with pride and respect, but all of those who have shown support and involvement in the past and those wishing to become involved in the future.

Students of the CPMT program identify and appreciate the support of the CFA Society of Calgary, the CPMT Advisory Committee, mentors, and the Board of Trustees. Through your support and guidance we are able to continuously improve upon the program's processes and obtain greater insight into security selection, money management, and ethical behaviour. We will work fervently throughout this year in order to fully take this opportunity to develop and improve our skills in our first steps in becoming future finance professionals.

The CPMT Class of 2016 believes that it is important to reciprocate the support shown to the program to all stakeholders. In managing the portfolio, we will do so with integrity and ethical stewardship befit for the responsibility of money management. Through diligent security selection and monitoring of the fund, we believe that we will be able to produce returns that can be used to grow the fund for future CPMT classes and also to contribute to the funding of research in the Department of Finance. We believe that establishing this framework is essential in providing excellent opportunities for future students with greater access to capital and by further improving relationships with faculty members within the business school.

The Alumni community of the CPMT program has always been strong and continues to show tremendous support for the program. We will work to maintain the strong relationship between alumni and the program by volunteering at events in the business community, actively engaging with Speaker Series participants, and representing the program with respect and dignity at all times.

Lastly, the CPMT Class of 2016 would like to express its commitment to the current students of the CPMT program and all other students at the Haskayne School of Business. We understand the unique privilege we have been provided in participating in this program and aim to push other members of the program in order for improvement of the group and to always remember the sense of a team environment where help is readily available. As we progress by teaching and learning from one other, we will continue to move the program in a positive direction.

Quarterly Review of Macroeconomics

The GDP growth rate in Canada saw a small decline in July 2015 compared to January 2015 which was preceded by years of modest GDP growth. The foundation of Canada's economy is foreign trade and the United States is by far the nation's largest trading partner as it accounts for roughly 45% of Canada's GDP. Canada being a net energy exporter has not been helped by low oil prices, which have partially been responsible for an increase in Canada's unemployment rate.

The unemployment rate in Canada increase to 7.1% in September 2015, a slight increase from its 7.0% rate in August 2015. The unemployment rate increase brought Canada's unemployment rate to a one and a half year high and will also be the last reported unemployment figures released before the October 19th federal election. In September 2015, 74,000 part time jobs were gained, however full time positions saw a 61,900 decline, the largest decline since October 2011. Additionally, the Bank of Canada will make its next rate decision October 21st. The United States reported an unemployment rate of 5.1% in September 2015, holding steady from its August 2015 level.

The spike in unemployment took place in early 2015, around the same time oil prices plummeted. Although the average Canadian benefits from a drop in oil prices because of the savings at pump, many workers in the oil patch lost their jobs. Should oil prices pick up we can expect a decline in the unemployment rate coupled with less discretionary income for the average Canadian consumer.

In Canada, the most important categories in the CPI basket are Shelter (27.5% of the total weight) and Transportation (19.3%). The remaining categories in the basket are as follows: Food 16.1%; Household Operations, Furnishings and Equipment 11.8%; Recreation, Education and Reading 11.8%; Clothing and Footwear 5.7%; Health and Personal Care 5%; Alcoholic Beverages and Tobacco Products account for the remaining 3%. The CPI basket is reviewed every four years on the basis of household surveys. The current weights are based on spending patterns in 2009.

At quarter end, the inflation rate was 1.3% (year-on-year) in Canada and is expected to slightly increase to 1.39% by year end. Canadian's saw an increase in food prices and a decline in oil prices. Canadians spent 3.6% more for food in August compared with the same month a year ago. Prices for food purchased from stores were up 4.0% and meat prices increased 6.3%. On a year-over-year basis consumers saw an increase in the price paid at restaurants as costs increased 2.8% in August.
By eliminating the effect energy and food prices, core inflation decreased from 2.3% (Q1 2015) to 2.1% (Q2 2015). The difference in inflation and core inflation is telling as food prices have caused the inflation rate to rise even with declining oil prices.

The Bank of Canada left its benchmark interest rate at 0.5% as of September 9th, 2015. When interest rates in Canada will increase is unknown. Rates have been kept low to continue to fuel consumer spending and the housing market is sure to benefit as borrowing money for a home purchase remains historically cheap.
The interest rates in the United States once again held steady at 0.25% over the quarter. After months of speculation that now would be a great time for a marginal rate increase, the fed was not confident enough in the US economy to raise interest rates.

Both Canada and the United States are exercising expansionary monetary policy as The Fed and the Bank of Canada have continued to keeps interest rates low, which allows consumer to borrow more money at more favorable rates which fuels the incentive to spend and limits the incentives to save. Restrictive monetary policy (increasing rates) can lead to a slowdown in discretionary consumer spending.

The Canadian Dollar operated in a range of $1.25-$1.34 CAD/USD ($0.746-$.80) over the quarter. If the United States were to increase interest rates next quarter, we would expect the USD to appreciate against the Canadian Dollar. The change in exchange rates will lead to the following positive and negative impacts to Canadian companies:

Increases in strength in the CDN dollar:
1) Retailors that source extensively outside of Canada will see a gain in purchasing power.
2) Companies that operate outside of Canada will see an increase in earnings due to favorable translation.
3) A stronger Canadian dollar increases the attractiveness for Canadians to shop outside of Canada.

Decrease in strength in the CDN dollar:
1) Increases attractiveness from foreign entities to source products from Canada
2) Companies that operate outside of Canada will see a decrease in earnings due to unfavorable translation.
3) A weaker Canadian dollar diminishes the attractiveness for Canadians to shop outside of Canada.

International trade makes up a large part of the Canadian economy. Exports amount to more than 45% of Canada's GDP. The United States is Canada's largest trading partner, as the United States accounts for about 79% of exports and 54% of imports as of 2008. Canada is one of the few developed nations that are a net exporter of energy. Canada imports machinery and equipment, motor vehicles and parts, electronics, chemicals, electricity and durable consumer goods.

The October 19th Canadian federal election is still too close to call. How markets will react to the election outcome can have a positive or negative affect on the future outlook on the Canadian economy. All major parties appear committed to invest in the Canadian economy and spur job growth, however none of the Candidates control the price of oil.

If the fed or the Bank of Canada were to raise interest rates, this could be a hindrance to the consumer discretionary sector. However, predicting when this will actually happen seems near impossible as many analysts thought surely by now rates would have increased. Making a prediction on the movement of interest rates seems like a hopeless endeavour.

Quarterly Sector Updates

CONSUMER DISCRETIONARY

The Canadian Consumer Discretionary Capped Index dropped 4.08% during the quarter ended September 30th, 2015. Dollarama (DOL) had a successful quarter as it returned 16.30% to investors. CPMT holding Magna (MG), lost over 13% over the quarter. However, CPMT holding CCL (CCL) increased over 22% over the quarter. Hudson Bay Company (HBC) started its restructuring plans by eliminating jobs in its North American head office in order to streamline costs. Factors affecting the consumer discretionary sector going forward will be the price of oil, as consumers will have more money to spend when they can save money at the pump. Low interest rates will continue to make borrowing attractive and savings less attractive, which is beneficial for the consumer discretionary sector. Additionally, the results of the upcoming federal election will have some effect on customer sentiment going into next the quarter.

CONSUMER STAPLES

The Canadian Staples Capped Index increased 6.86% over the quarter ended September 30th, 2015. CPMT holding Saputo (SAP) dropped 3.01% over the quarter. The Canadian Staples index outperformed Consumer Discretionary as a whole as Canada faced a decline in the GDP growth rate, unemployment increased, however retail sales growth increased. The consumer staples index is historically less affected from macroeconomic factors then any of the other sectors on the TSX. However, it will be intriguing to see how the outcome of the October 19th, 2015 election weighs on the sector as all three major parties have campaigned on the promise more fiscal stimulus. After the dust clears from the federal election, hopefully the vision for the Canadian economy becomes much clearer and that the winning party can bring stability to the Canadian marketplace. However, if stability is not achieved the Staples index can continue to see positive growth as this sector is far more recession proof than other sectors.

ENERGY

The S&P/TSX Energy Index dropped 18% over the quarter lead largely by the suppressed price environment. The outlook on crude oil prices is lackluster with the futures strip for WTI showing contracts at US$60/bbl through 2023, while Henry Hub futures are showing contracts reaching US$3.50/mmbtu by 2022 and $US4.30/mmbtu by 2027. More optimistically, the Energy Information Administration (the "EIA") has forecasted Brent 2016E at US$59/bbl and WTI at US$54/bbl. Price volatility is expected to continue in the commodity markets. The CPMT holds a bullish long-term view that this industry will again rebound as demand eventually outpaces global reduction in production.

Global crude oil production remains high in spite of a depressed price environment and the EIA has estimated the supply is up 2.8% this quarter compared to last year. OPEC has continued its strategy to maintain market share by holding, and even increasing, its daily production volumes while U.S. production has finally begun to decline. U.S. production averaged 9.4mmbbl/d in July compared to end of quarterly estimates by the EIA suggesting U.S. production dropped to 9.1mmbbl/d (down 300mbbl/d from July and down 500mbbl/d from its peak). There was a slight increase in the U.S. rig counts to start the quarter, however, suppressed prices brought this down again with U.S. oil rig counts at back to 640.

One of the most significant drivers of global demand comes out of China, which has been the topic of much concern, as the country still adjusts to its 'New Normal' for slowing economic expansion. Global crude consumption for 2015 is expected to increase 1.3% YoY, and an additional 1.4% in 2016 YoY. Demand has been driven for natural gas by its low price and the EIA has reported that in July, natural gas surpassed coal as the number one source of U.S. electricity as there is a shift in the U.S. (due to the EPA movement against coal-fired plants) towards natural gas and lower price. In Canada, several LNG export terminals have been proposed on the West Coast as a potential way to gain access to Chinese markets where demand for natural gas has been growing 5% per year. However, the mixed outlook on LNG leans more heavily towards project delays as the differential narrows and uncertainty in the market reduce company incentive.

As highly levered oil and gas companies felt the heat of a depressed price environment, many companies were able to ride out hedging programs which often cover the majority of production for one to two years out. As these hedging contracts dry up, it is expected that the companies will feel stronger pressure from their balance sheets. As low share prices discourage equity financing for those who still have access to equity markets (mid- to large-cap companies), debt financing is unlikely as creditors grow concerned over the risk of energy companies. We expect to see increased asset divestitures in order to strengthen balance sheets, in need of cash and to reduce debt. M&A activity should increase as the gap between what a buyer wants to pay and a seller will accept narrows. The CPMT holds top energy names that are believed to be able to withstand the current price environment.

FINANCIALS

In CY Q3/15 the S&P TSX Capped Financials Index dropped -4.16% despite the strong earnings performance of the big-five Canadian banks. The CPMT portfolio held three financial stocks over the quarter: TD Bank, Scotiabank, Brookfield Asset Management, and Manulife which returned -4.72 over the quarter. CIBC, RBC, and Scotiabank raised their respective dividends showing management's confidence in continuing performance. The decline in the financial sector is mostly tied to investor concerns about the economy going forward as Canadian oil patch continues to struggle. According to a report published by BMO, the credit quality of oil and gas borrowers has significantly been deteriorating, primarily based on high Debt/EBITDA levels as well as increasing credit default swap spears. In July 2015, The Bank of Canada lowered its overnight rate by 0.5% to spur economic growth, however, decided to keep the rate constant in September. Manulife Financial returned -11% over the quarter, along with other life insurance companies primarily due to the cut. We expect growth to originate from the big-banks with evidence of an economic turnaround primarily signalled by +0.3% GDP growth reported in July, building on the +0.4% increase in June. Consumer spending continues to be strong with retail sales up 1.4% over the first half the year backed by strong automotive sales. The CPMT looks towards increasing positions in quality names such as Manulife and TD as the sector is currently seen as a defensive space during times of political uncertainty.

HEALTHCARE

The S&P/TSX Health Care Capped Index was down 20.54% over FY Q2 2016. The sector had been one of the market's leading sectors over the course of the year as large-scale acquisitions became a frequent activity, but ultimately experienced large sell-offs throughout much of September. This recent selloff was led, by acquisition based pharmaceutical companies. In particular, Concordia Healthcare and Valeant Pharmaceuticals have been amongst the worst performing stocks across the S&P / TSX Composite Index, returning -28.25% and -38.11%, respectively, over the quarter.

The two companies, alongside many of their American peers, experienced significant downward pressure over the course of the month as more details regarding the Martin Shrkeli controversy came to light. After Turing Pharmaceuticals CEO Mr. Shrkeli raised the price of a legacy drug by 5000%, the industry as a whole came under fire for its drug pricing policies. Democrat Presidential candidates Hillary Clinton and Bernie Sanders came out with aggressive platform points to put a cap on drug prices in the US. This had a significantly negative impact on both CXR and VRX, who operate on a business model centered around placing a premium markup on acquired drugs. With a price cap in place, pharmaceutical companies will need to fundamentally reconstruct their pricing policies in order to remain competitive within the market.

Concordia specifically has been more negatively impacted by these recent events than most of its peers for a number of reasons. First and foremost, the company announced a $3.4bn acquisition of AmdiPharm Mercury Co. (AMCo.), to be financed with debt and equity. While the company's stocked opened at all-time highs of US$89, these gains would quickly be erased. Shareholders expressed concern regarding value dilution once additional equity was issued, which was then compounded by the drug pricing scandal. This has left the company with the problem of still having to issue shares to finance its acquisition of AMCo, but the shares will be significantly undervalued relative to their position two months ago, resulting in additional dilution.

If the proposed policies are put into place, we expect pharmaceutical companies to experience significant margin compression. This will, in turn, naturally "weed out" poor performing companies taking advantage of artificially inflated margins due to deregulation. Thus, we expect significant volatility in the sector for the coming months, and while this may be a good buying opportunity on a downward swing, we believe it is too risky to take a position in such volatile stocks, especially given their relative overvaluation even at today's depressed prices.

INDUSTRIALS

The S&P TSX Capped Industrials Index fell 7.65% over the third quarter of 2015 as depressed oil prices continued to weigh on sector leaders CP Rail and CN Rail. The uncertain commodity price environment has forced upstream oil and gas players to slash production, which, in turn, has limited the rail companies' ability to generate revenue through crude-by-rail. This has resulted in the companies offering significant discounts on their crude-by-rail shipments in an effort to attract business from struggling oil and gas producers. CP Rail also experienced some of its own issues, with a Canadian appeals court rejecting the company's challenge on the Lac-Megantic settlement.

The company is expected to pay a $431.5mm settlement to the victims of the families. Furthermore, CN Rail launched a lawsuit against CP Rail, citing the company had engaged in corporate espionage – this court process is on-going, but on a small scale, therefore CPMT does not expect a large impact on either company.

Moving from trains to planes, the airline industry experienced some issues of its own over the quarter. Specifically, there is a noticeable trend of increased competition within the Canadian market – several European players have entered Canada with offerings of cheap travel to Europe. This prompted WestJet to offer a new series of flights directly to London, UK, starting at $299 for a one-way trip. Air Canada, on the other hand, has chosen to maintain its current pricing policies – it believes it will be able to continue to compete effectively given its existing global scale. We expect airlines will perform well in the short term as they reap the benefits of depressed commodity prices; however, they will need to adapt in the long-term in order to fend off an increasingly competitive environment.

As commodity prices continue to put pressure on the entire Canadian economy – including the industrial sector – CPMT maintains confidence in the sector as a long-term growth prospect. Given the large scale and diversified exposure of most industrials companies, the industry has been able to grow at a relatively steady rate over long periods of time and in various economic circumstances, and we do not foresee this changing materially. As a result, we will continue to monitor the industrial and expect to add to our holdings in the near future.

INFORMATION TECHNOLOGY

The S&P/TSX Capped Information Technology Index ended flat for the quarter returning 0.34% but still widely outperformed the S&P/TSX Composite index which declined 8.56%. The relative strength in the sector can be attributed to OpenText (OTC) and Constellation Software's (CSU) performance, returning 17.80% and 12.80% respectively. In contrast, CGI Group (GIB.A) slid 1.02% after reporting weaker revenue growth.

The quarter saw average M&A activity with Constellation Software (CSU) making eight acquisitions and OpenText making one acquisition. CGI Group (GIB.A) declared it would acquire targets in the cyber security space in the near future. CGI has also decided to exit or avoid lower margin markets in Latin America and the Middle East, providing the firms better ability to focus on growing its bookings in the U.S. and Europe over the next year. Blackberry also made headlines after CEO John Chen stated that the company would exit the handset market if it did not meet its sales goal of five million units by next year, post-release of its first Android-powered phone. Considering sales of 800,000 handsets in its most recent quarter, this new goal will be a great challenge to the firm, likely forcing it to transition to the security software business.

OpenText has exhibited the best performance of any company in the sector, after reporting strong earnings and announcing a new Global Partner Program. The program has been set forth as part of the company's strategy to quickly scale its sales in other markets across the world without making significant investment in its sales force.

Due to sharp run up in the IT stocks over the past few years, valuation concerns have started to emerge for the sector. According to CIBC World Markets, valuations in the software space are near 10-year highs at 15x EV/EBITDA, far above the 11.5x historical average. IT service valuations have been floating around its average of 10x EV/EBITDA, however may become more dear as this segment becomes more saturated globally.

MATERIALS

The S&P/TSX Capped Materials Index closed at 161.3 on September 30, 2015, a 33% drop from the June 30th. Commodity prices in CY Q3 2015 traded lower versus CY Q2 2015 and as a result it's been an eventful three months from a bottom-up perspective, with restructuring-related announcements, divestitures, capital raises, and asset closures. Emerging market demand growth remains slow with a large amount of uncertainty primarily remaining around China's economic growth. Note: China is set to release its 13th five-year plan (2016-2020) in CY Q1 2016E, which should draw evidence towards China's ongoing shift towards a consumer driven, lower emissions economy over the manufacturing/heavy industry. As CAD has remained relatively weak compared the USD, the natural hedge is a positive benefit to Canadian producers. M&A activity has been on a sharp decline since 2010, most notable in 2013 and remaining relatively weak through 2015 as seen in the chart below.

TELECOMMUNICATIONS

Over the quarter Gold was down 4.8%, Silver was down 6.8%, Copper was down 10.5%, Zinc was down 15.6%, Aluminum was down 6.7%, Platinum was down 15.9%, Palladium was down 3.4% and Tin was up 11.5%. All of the listed commodities hit 52-week lows during the quarter. The CPMT anticipates a low price environment in the short-term which will put pressure on higher cost producers and may result in further non-core asset divestitures.

The S&P/TSX Capped Telecommunications Services Index ended flat for the quarter by returning 0.54% but still widely outperformed the S&P/TSX Composite index which declined 8.56%. Rogers Communications (RCI.B) and Bell Canada (BCE) returned 3.79% and 2.94% for the quarter respectively while TELUS (T) declined by 2.27%.

To foster competition in the broadband Internet Market, the CRTC mandated large telecom companies to share their fibre optic cable network with smaller firms such as Primus, Distributel or TekSavvy in exchange for a fee to be determined on a company to company basis and will be based on the actual cost plus a markup of 30%. Following the ruling, BCE became the first telecom company to launch Gigabit internet service in Canada. The service currently covers 1.3mm homes in Quebec and Ontario and is projected to reach 2.2mm homes by the end of the year.

According to the 2015 Telecommunications Industry Outlook Report by Conference Board of Canada, the revenue for the industry is projected to grow at 2.7% CAGR and profits at 3.4% CAGR till 2019. The industry is faced with challenges as a cooling Canadian economy limits consumer and commercial spending. This is being compounded by competitive factors as the CRTC introduces additional regulations and promotes increased competition, ultimately hampering

profitability. At the same time new ways of consuming TV content using video-on-demand services launched by big telecom companies will be a key growth driver for the industry. The CPMT holds a stable outlook on growth for the telecom sector over the next 5 years.

UTILITIES

The TSX Capped Utilities Index was up 0.48% over the past quarter. The big winner in the space was Just Energy (JE) which, was up 26.27% for the quarter. On the other hand, TransAlta (TA) was the big laggard in the space, declining 35.88% over the quarter. When looking at the Canadian utilities industry, investors should focus on two core markets, Alberta and Ontario. While the rest of the provinces' utilities industries are regulated, the Alberta and Ontario electricity markets are deregulated.

The average wholesale power price in Ontario for this past quarter was $25.74. In early July the Ontario Chamber of Commerce published a study stating that climbing electricity price in the province would force one in twenty businesses in the province to close in the next five years. The study recommended more price transparency for the Ontario market.

Over the quarter the average wholesale electricity price in the Alberta market was $26.12. This is roughly 30% lower than the year-to-date price and 60% lower than the price from the same period last year respectively. This was due to the return of the new Shepard Energy Center to full time operation – a combined cycle gas plant with a name plate capacity of 800MW. Considering that the average system demand in Alberta is 10,500 MW, Shepard represents about 7.5% of average system demand. This fact combined with its best in class economics played a large part in the drop in average pool price over the quarter. TransAlta was found to be guilty of timing power plant outages to try and drive up pool price back in 2010 and 2011. Due to the merchant structure of the Alberta market, removing supply from the market during the peak hours (early evening hours of the day) companies can make a significant impact on the price of the wholesale electricity. This incident led TransAlta's stock price to take a nose dive, despite the equity already underperforming the market up to that point in the year. The settlement for the aforementioned incident was also reached during the quarter, with TransAlta being penalized $56 million by the Alberta Utilities Commission. This led to a short but sharp rally in TA's stock. Companies such as TransAlta and Capital Power Corporation will likely continue to underperform their industry peers as uncertainty is cast over the cash flows stemming from their Alberta-based coal assets is called into question with the election of the new NDP government. The government is in the process of conducting an environmental review centered on climate change. One of the core issues going forward is the speed at which the province's coal generation plants will be retired. Energy Minister Marg McQuaid-Boyd has also suggested that the new government might seek to reregulate the Alberta electricity market in an attempt to decrease the price and price volatility of electricity in the province.

Over the next quarter the market can expect more clarity on the direction of the government's plans for Alberta's utilities industry. Two other key factors that could impact the future of Alberta's utilities industry in the long term are the oil and gas royalty review and the long term recovery of

commodity prices. A sizable amount of Alberta's power generation currently comes from oil sands (SAGD) driven cogeneration facilities. To put this in context, Shell's new Carmon Creek project will play host to 700 MW of generation. This being the case, if the royalty review and low commodity prices discourages investment in the Alberta oil sands, Alberta power price could flat-line or rise as the cogeneration facilities currently offer their excess power into the market at $0. Should this be the case utilities companies with a large operational footprint in Alberta stand to benefit from higher wholesale prices. Looking forward, Ontario based Hydro One will soon IPO in a transaction that could be worth up to $1.8 billion.

Concordia Corp.

Calgary Portfolio Management Trust

Healthcare
TSX: CXR
Buy Recommendation

October 30, 2015
Syed Ahmad, Fund Manager
Babbal Brar, Research Associate

Return on Investment	
Current Share Price	$40.00
Dividend Yield	0.96%
Target Price	$65.00
Holding Period Return	63%

Market Profile	
52 Week Range	$25.04-$117.75
Shares Outstanding (000's)	41,740
Average Daily Vol (000's)	1,300
Market Capitalization ($mm)	$2,272
Net Debt ($mm)	$3,186
Enterprise Value ($mm)	$5,458
Beta	1.42

Estimates	2015E	2016E	2017E
Revenues ($mm)	$416	$1,036	$1,421
EBITDA ($mm)	$272	$628	$827
EBITDA Margin	65.4%	60.6%	58.2%
EPS	$4.07	$6.72	$8.41
EV/EBITDA	7.4x	8.3x	9.0x
P/UFCF	N/A	1.2x	1.1x

Historical Trading Performance

Business Description

Concordia Healthcare Corp. (CXR) is a specialty healthcare company that markets three families of drugs: legacy, orphan, and specialty drugs. It is focused on acquiring cash-flow positive legacy and orphan drugs and redistributing them under its own brand, which minimizes the significant investment in R&D that is typically associated with healthcare companies. Following recent acquisitions of Covis Pharma and Amdipharm Mercury, CXR holds a portfolio of over 200 branded, generic, and injectable medicines. Notable drugs include Donnatal, which treats irritable bowel syndrome; Zonegran, an adjunct therapy for epilepsy; Dibenzyline, a treatment for high blood pressure; and Plaquenil, an antimalarial medicine. At the end of Q3 2015, 83% of CXR's sales were attributed to its legacy division, 11% to orphan drugs, and the remaining 6% came from specialty healthcare.

Investment Thesis

CXR is prudently managed, with a focused growth strategy and healthy financial position. CXR's disciplined strategy of acquiring assets at consistent multiples and a strict IRR hurdle of 20%, coupled with several viable targets in the market will drive the company's growth further. Though pharmaceutical companies have seen a large sell-off in recent weeks, CEO Mark Thompson has ensured that CXR adheres to a strategy of making targeted bids for fairly valued assets. This allows the company to focus on its core competency of distribution while minimizing R&D expenses. CXR's executive team has positioned the firm to generate more than sufficient cash flows to service its debt (Interest Coverage Ratio: 2016E 2.3x, 2017E 3.1x; Debt / EBITDA: 2016E 5.1x, 2017E 3.9x). This results in CXR being better positioned to pursue growth-oriented acquisitions. The firm's diversified drug portfolio also offers a strong foundation for growth on a global platform as CXR seeks to protect itself from regulatory risks in the stringent U.S. pharma environment. The recent sell-off of CXR stock is widely perceived as an overreaction and the currently compressed multiples present an excellent entry point into a company that has positioned itself for strong growth.

Growth and Catalysts

CXR's recent acquisition of Amdipharm places the company on a global level of competition, and as it integrates AMCo's drug portfolio into its own, CXR will begin to penetrate new markets in Europe and Asia. In its core U.S. market, CXR finds itself in a favourable position to grow organically through distribution of its crown jewel, Plaquenil. Ranbaxy, the leader in sales of a similar drug held 90% of the market, but has been forced to exit the market as a result of supply chain issues. In turn,

Plaquenil sales have increased 17% YoY, with significant upside still available for the drug's existing market. Moreover, as CXR continues to penetrate additional markets with its growing portfolio of legacy drugs, it will realize additional value, which will ultimately allow it to pursue further acquisition targets that align with its current drug portfolio. Lastly, successful development within its orphan and specialty drugs segment and subsequent FDA approval will drive future growth and differentiation, thus creating value for shareholders.

Corporate Governance

CXR is led by CEO Mark Thompson, who founded CXR in 2012 after successfully starting two previous pharmaceutical companies: Trimel (TRL) and Tribute (TRX). Mr. Thompson's legal expertise and experience in senior positions has made him a specialist in M&A, corporate finance, and licensing in the pharmaceutical industry, completing over $6B in transactions. He has used this experience as CEO to grow CXR's from $30mm to over $2.5B.

Thompson and his fellow executives have accepted a compensation structure that aligns goals with shareholders. Specifically, each executive's total compensation is driven by 50 – 60% incentives. This drives the executives to meet their target metrics which then positions the firm for sustainable growth.

Industry Overview

The healthcare sector is currently at an inflection point as new technologies are introduced and disruptive innovations are adopted. The sector continues to see small, specialized players present innovative solutions to cross-industry issues, thus creating new markets and possibilities for growth. This is reflected in estimated global healthcare spending rising to $7.2 trillion in 2015 – a number that represents 10.6% of global GDP. Furthermore, 2014 also saw the most drug approvals by the FDA (44) since 1996, a positive sign for the industry. The healthcare sector has seen its margin outlook compress significantly as a result of recent pricing scandals, which will differentiate low-cost producers who will remain profitable in lower margin environments.

Valuation

An adjusted present value (APV) model was run to reflect CXR's segmented growth strategy and forecasted debt paydowns. Given the company's new exposure to global markets, revenues are assumed to grow at an accelerated rate of 9% falling to 5% by 2020 for the segment, compared to specialty and orphan drugs growing at 7% falling to 3% by 2020. Costs are expected to grow at 4% falling to 2%. This reflects CXR balancing higher technology and R&D costs with greater efficiencies as scale and other synergies are realized. A terminal value was determined using an assumed EBITDA exit multiple of 9.5x, consistent with previous transactions. Lastly, free cash flows were discounted at a cost

of equity of 9.81% using a beta of 1.42, a risk free rate of 0.96%, and a market premium of 6.24%. This returned a target of $56.91.

CXR currently trades at a large discount as a result of the recent pharma selloff. While this implies a significant undervaluation, we believe its multiples are artificially low, as indicated by the implied $70 - $80 target price. Therefore, while it is clear that CXR is currently trading at a suboptimal level, we have weighted the comparables outputs at 0.20 and the APV at 0.80, resulting in a comparables price of $71.12 and a blended target price of $65.00.

Risks

CXR's ability to grow will be challenged by its ability to integrate Amdipharm and expand its operations onto a global scale. CXR does not yet have a track record proving its ability to succeed in international markets and must remain cognizant of cultural differences. Another major risk for CXR stems from its exposure to Donnatal, under review by the FDA for efficacy, as the drug was approved when the FDA was focussed more on testing safety than potency. An unfavourable ruling would have a material impact on CXR's results.

Exhibit I. Pro forma Operating Metrics

C$ MMs	2013	2014	2015	2016	2017	2018	2019
Discount Period	0	0	0.25	1.25	2.25	3.25	4.25
EBIT	21	64	272	628	827	900	1,092
Taxes	0	-8	-57	-132	-174	-189	-229
D&A	0	11	51	101	122	139	170
Capital expenditures	-59	-295	-4,700	-100	-150	-200	-200
Changes in NWC	187	-64	-93	-3	-3	-4	-5
UFCF	$149	-$292	-$4,528	$495	$622	$646	$828
Discounted UFCF			-$4,429	$443	$509	$484	$567

Exhibit II. Valuation & Target Price

Relative Valuation	
Assumed EV/EBITDA Multiple	9.5x
2016E EBITDA	$628
Valuation	$5,965
Present Value	$5,457
Less: Net Debt	$3,186
Equity Value	$2,272
S/O	41
Target Price	$56.09

Exhibit III. Valuation Sensitivity

		Exit Multiple				
		10.5x	**10.0x**	**9.5x**	**9.0x**	**8.5x**
Cost of Equity	**8.8%**	$74.9	$68.5	$62.1	$55.7	$49.4
	9.3%	$72.0	$65.8	$59.5	$53.2	$47.0
	9.8%	$69.2	$63.1	**$56.9**	$50.8	$44.7
	10.3%	$66.4	$60.4	$54.4	$48.4	$42.4
	10.8%	$64.5	$57.7	$51.9	$46.0	$39.9

TELUS Corporation

Telecommunications
TSX: T
Buy Recommendation

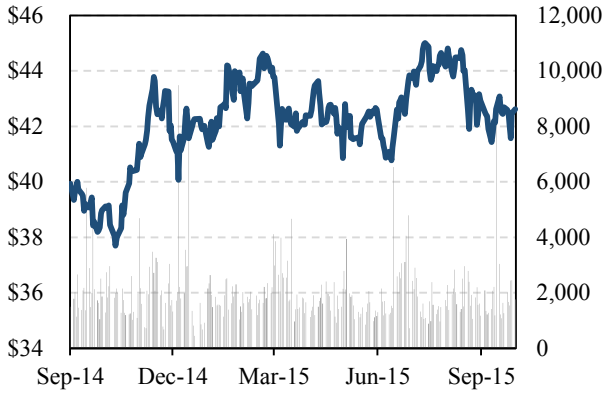
October 30, 2015
Chris Hanson, Fund Manager
Logan Heidt, Research Associate
Hashim Chawdhry, Research Associate

Return on Investment	
Current Share Price	$43.64
Dividend Yield	3.96%
Target Price	$50.00
Holding Period Return	22%

Market Profile	
52 Week Range	$37.13-$45.19
Shares Outstanding (000's)	605,000
Average Daily Vol (000's)	1,965
Market Capitalization ($mm)	$26,402
Net Debt ($mm)	$11,246
Enterprise Value ($mm)	$37,648
Beta	0.56

Estimates	2015 E	2016E	2017E
Revenues ($mm)	$12,389	$13,081	$13,837
EBITDA ($mm)	$4,454	$4,693	$4,980
EBITDA Margin	36.0%	35.9%	36.0%
EPS	$2.34	$2.27	$2.29
EV/EBITDA	8.5x	8.0x	7.6x
P/FCF	N/A	N/A	17.7x

Historical Trading Performance



Source: Bloomberg; CPMT estimates

Business Description

TELUS Corp. (TELUS) is a provider of multiple communication products and services, primarily voice, data, internet, and wireless. The company currently has 3.1mm access lines primarily in BC, Alberta, and Eastern Quebec. With 8.4mm wireless subscribers, TELUS currently represents 30% of total wireless market share.

Industry Overview

The Canadian telecommunications sector is primarily dominated by the "Big 3" service providers TELUS, Rogers, and Bell. The industry has significantly evolved over the past decade with a heavy transition and replacement of wireline services towards the use of wireless mobile and data services. For industry valuation purposes, the two key metrics examined are Average Revenue Per User (ARPU), and Churn Rate, which measures the total percentage rate at which customers quit subscriptions to services.

Investment Thesis

CPMT's thesis behind purchasing TELUS is based on its operational performance to date. The company consistently receives a premium ARPU while maintain a lower blended churn rate when it is compared to BCE Inc. and Rogers Communications (see exhibits I & II). TELUS has proven its ability to generate value to shareholders in EPS growth (7% five year CAGR) as well as sustainable dividend growth (11% five year CAGR, with a payout ratio of ~65%).

Growth and Catalysts

TELUS has strong Western Canadian market penetration with the majority of its access lines in BC and Alberta, which has left the company in a position to grow its Eastern Canadian business. We estimate strong growth originating from the company's announced expansion of its residential Fiber Optics development in Edmonton, Alberta. TELUS has the largest exposure to cloud based services relative to BCE and Rogers which will add to the company's growth profile.

Corporate Governance

TELUS has a strong management team to execute on its strategy headed by Darren Entwistle, President and CEO for the past 15 years. Darren is the longest serving CEO amongst global telecom companies; previously spent seven years on the Board of Directors at Cable & Wireless in the United Kingdom. A strong compensation structure is in place with 50% long-term incentives subject to performance criteria (on a per share basis) tied to shareholder and corporate success. Furthermore, 13 out of 15 members on the Board of Directors are independent of the management team. A stringent share ownership policy is also in place, where the Executive Chairman, CEO, and Executive Vice President are expected to hold 12x, 7x, 3x base salary in shares, respectively.

Valuation

Our valuation of TELUS was based off both intrinsic discounted cash flow (DCF) and relative valuation methodologies (see exhibit IV). For the DCF we projected unlevered free cash flows (UFCF) for the next five years and then determined a terminal value based on the exit multiple method. The summation was then discounted back to today at the company's weighted average cost of capital (WACC). The main drivers of the cash flow model include sales projections, capital expenditures, and the WACC. To determine a sales forecast, we segmented the company's two main operating divisions, wireless and wireline, in order to perform sensitivity on ARPU and net subscription additions. Our capex assumptions are aggressive ($4.6B and $4.9B in 2015 and 2016 respectively) as management has announced multiple large projects, particularly with fibre optics in the company's pipeline.

For the relative valuation, we applied our 2016E EBITDA number to the industry multiple of ~8.2x. We performed sensitivity on the multiple as the five year median for TELUS is two turns lower at 6.5x. If TELUS were to revert to its historical median on an EBITDA basis, we would experience a loss of ~9%. We feel that our projected upside of 22% provides CPMT with adequate return for the forecasted risks. Our blended target price when weighting the valuation methodologies 50-50 yielded ~$50.00

Risks

One of the main risks that TELUS faces is the threat of a 4th major entrant in the Canadian telecommunications or cable TV space such as Verizon or AT&T. Given the regulatory environment set by the CRTC, we doubt this will be a major threat in the near term, although the federal government has stated intentions to further increase competition. A government risk exists with legislation and accompanying regulations relating to rates, terms and conditions for the provision of telecommunications services, licensing of broadcasting services and spectrum, and restrictions on ownership and control by non-Canadians. The wireless segment has substituted wireline products offered by TELUS, where there is an increasing number of households that have only wireless and/or Internet-based telephone services.

Exhibit 1.

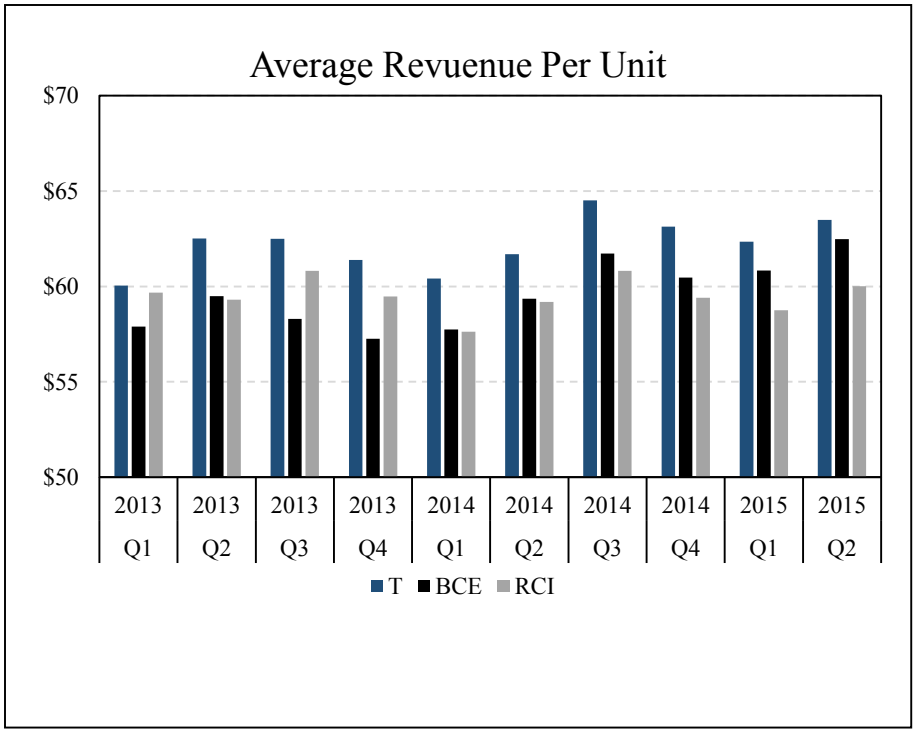


Exhibit II.

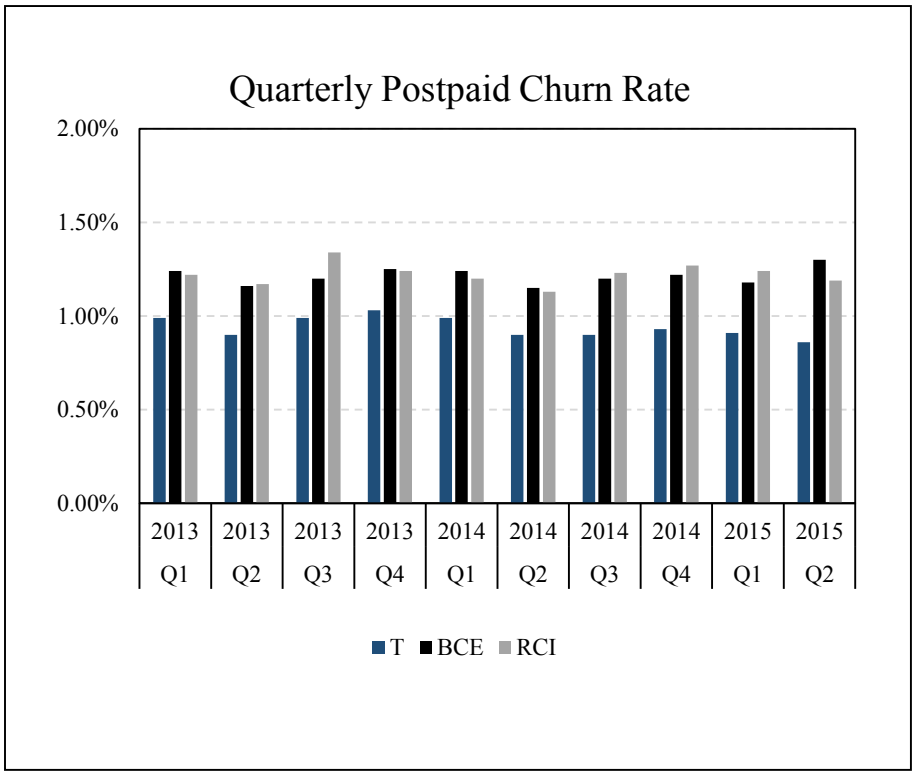


Exhibit III.

Pro-forma	2015E	2016E	2017E
Income Statement			
Revenues	12,389	13,081	13,837
Gross Profit	6,980	7,313	7,720
% Margin	*56%*	*56%*	*56%*
Operating Profit	2,542	2,581	2,670
% Margin	*21%*	*20%*	*19%*
Net Income	1,420	1,378	1,386
% Margin	*11%*	*11%*	*10%*
Balance Sheet			
Current Ratio	0.8x	0.6x	0.6x
Debt to Cash Flow	-9.2x	3.8x	5.6x
Interest Coverage	9.2x	8.8x	8.2x

Exhibit IV.

Discounted Cash Flow Analysis	
PV of UFCF	$6,439
PV of Terminal Value	$39,611
Enterprise Value	$46,050
Less: Net Debt	$11,246
Equity Value	$34,804
S/O	606
Target Price	$57.39
Relative Valuation	
Assumed EV/EBITDA Multiple	8.2x
2016E EBITDA	$4,693
Valuation	$38,578
Present Value	$37,319
Less: Net Debt	$11,246
Equity Value	$26,073
S/O	606
Target Price	$42.99

Calgary Portfolio Management Trust
Compliance and Performance Report
Q2 FY2016

Table of Contents

Introduction

This report was written to inform the Calgary Portfolio Management Trust (CPMT) Board of Trustees of any deficiencies in compliance with respect to the objectives laid out in the Charter of Investment Policies and Procedures of the Trust.

The fund analysts have determined that the fund managers have acted in the best interest of the fund and its beneficiaries. All ethical and qualitative objectives have been found to be in compliance, however certain quantitative objectives of CPMT's performance have failed to achieve at or greater than the objectives laid out in the Charter.

Failures of the fund to perform above these required performance benchmarks over the relevant 1, 3, 5, and 10 year time periods include the following:

- To achieve a 7% nominal return gross of all fees and expenses
- To exceed the return of the S&P/TSX Composite Total Return Index by 100 bps
- To generate 100 bps of alpha relative to the S&P/TSX Composite Total Return Index
- To limit any single common stock, or other equity issues, to not more than 7% of the portfolio value

While the fund analysts acknowledge these non-compliant items, the fund managers are deemed to be in compliance with the Charter due to their thorough due diligence process and risk management of the fund's assets, providing evidence of prudence and care.

Compliance Report

Over the FYQ2 2016, the CPMT was not in compliance with certain performance objectives as specified by the Charter. All other qualitative objectives were in compliance by the Fund Managers and as such the Fund Analysts have deemed the CPMT to be in compliance with the Charter of Investment Policies and Procedures.

Non-Compliant Items:

3.4 The Fund's return and risk will be computed for a one, three, five, and ten year time period. Over longer periods, the Fund's Investment Performance will be evaluated on the following measures:

(a) Absolute Return – expectation of 7% nominal return gross of all fees and expenses.

- CPMT returned 7% nominal returns over the 3, 5, and 10 year time periods. It failed to achieve this over the 1 year time period.

(b) Relative Returns – exceed the return of the S&P/TSX Composite Total Return Index by 100 basis points and exceed the 50th percentile of a universe of Canadian equity funds managed according to a similar investment style.

- CPMT did not return 100 basis points above the TSX Composite Total Return Index over any relevant time period.
- CPMT returns did not exceed the 50th percentile of a universe of Canadian equity funds over the previous quarter.

(d) Risk Adjusted Returns – Fund performance will be evaluated based on at least 100 bps of alpha generated relative to the S&P/TSX Composite Total Return Index.

- CPMT did not return 100 basis points of alpha over any relevant time period.

6.3 With respect to the equity assets of the Fund, including any cash equivalent:

(a) Not more than 7% of the portfolio shall be invested in the common stock, or other equity issues of any one company and its majority owned subsidiaries.

- CPMT breached the 7% maximum threshold limit for any single equity in the iShares Core S&P/TSX Capped Composite Index ETF.

Quarter Performance Report

Over the quarter, the CPMT returned -7.77%. This was above the S&P/TSX Composite Total Return Index's return of -7.86%. Above market returns were found in the Materials and Energy sectors, and below market returns were found in the Financials, Information Technology, Consumer Discretionary, Consumer Staples, and Industrials sectors. CPMT had positive returns from holdings in CCL Industries Inc., Constellation Software Inc., and TD Bank. The remaining holdings all returned negative over the quarter.

Figures 1, 2, and 3 outline the CPMT's total return over the quarter, the CPMT's sector returns, and the CPMT's risk adjusted returns all relative to the market.

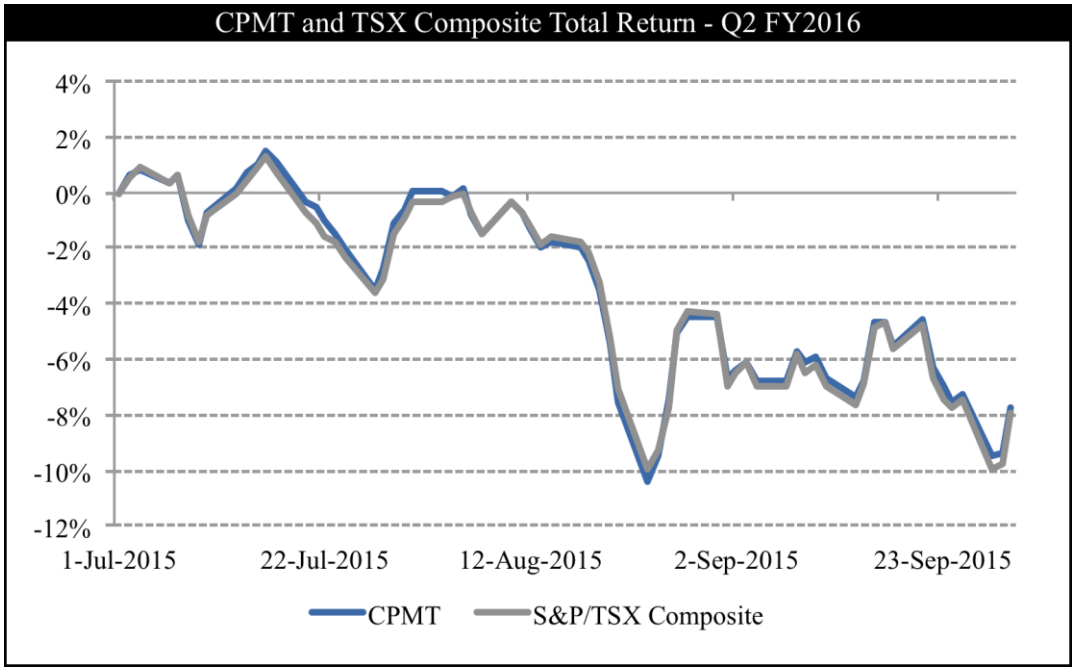


Figure 1 CPMT and TSX Composite Total Return - Q2 FY2016

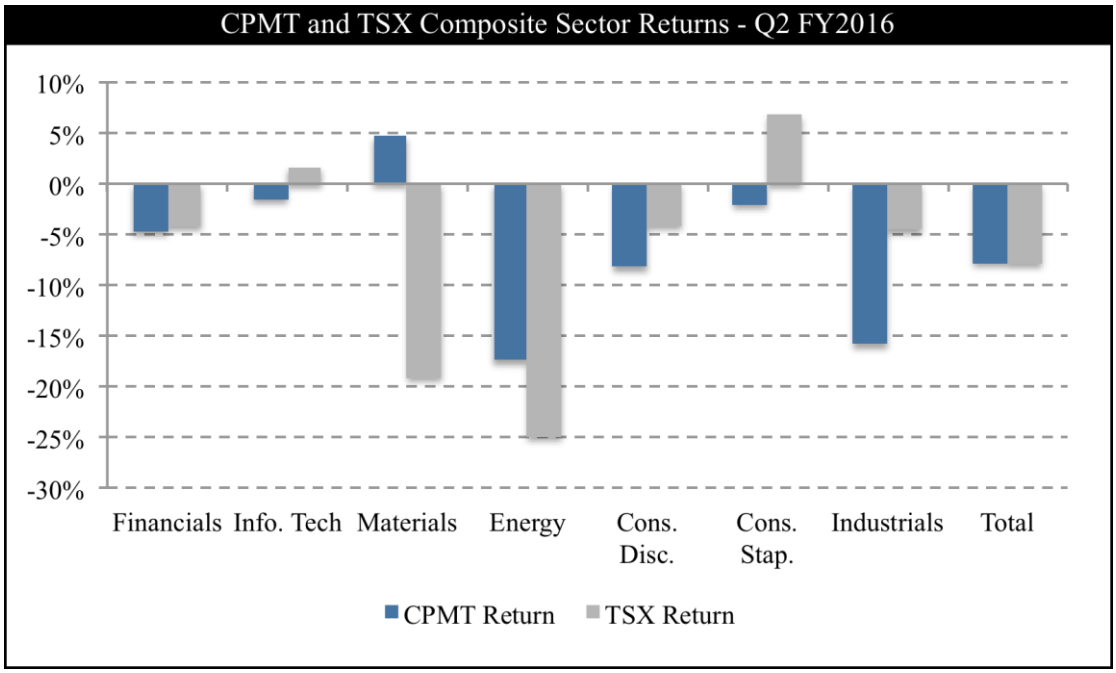


Figure 2 CPMT and TSX Composite Sector Returns - Q2 FY2016

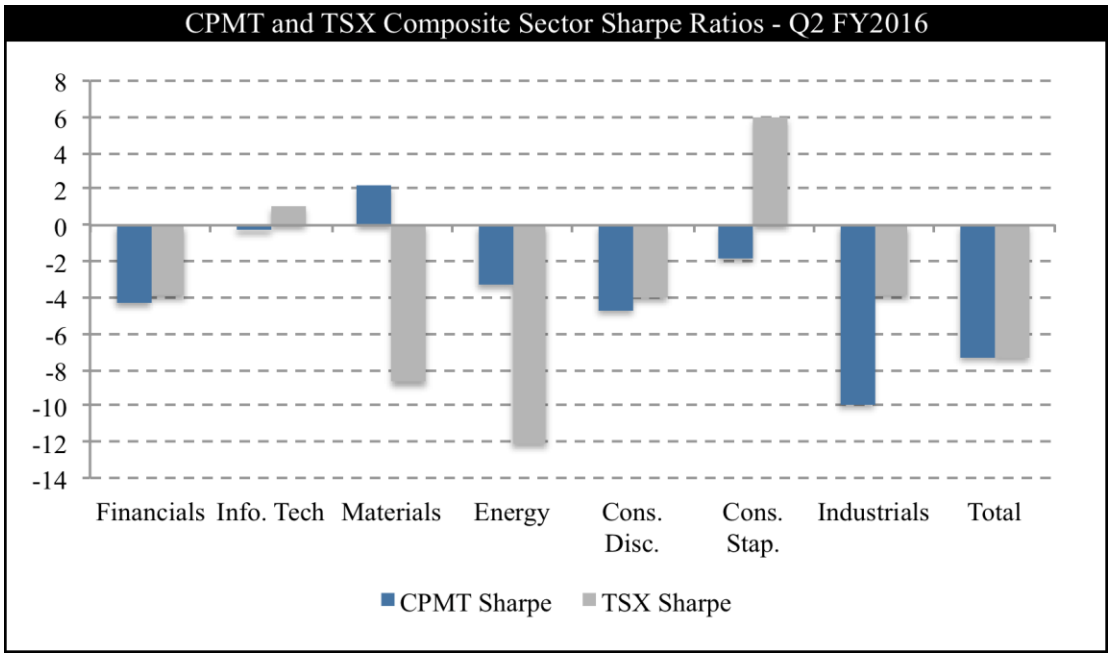


Figure 3 CPMT and TSX Composite Sector Sharpe Ratios - Q2 FY2016

Table 1 provides a summary of nominal returns, volatilities, and Sharpe ratios of the CPMT's equities, sectors, and fund as a whole compared to each respective market index.

Calgary Portfolio Management Trust Holding Returns Summary - Q2 FY2016				
End of Quarter Equity Holdings	Quarter Summary			
Financials	**Return**	**Volatility**	**Sharpe**	**End % AUM**
BAM/A	-3.42%	1.53%	-2.52	3.84%
BNS	-7.69%	1.32%	-6.17	5.62%
MFC	-10.34%	1.60%	-6.75	1.51%
TD	0.13%	1.21%	-0.25	4.61%
Total	-4.72%	1.20%	-4.28	15.72%
TSX Financials	-4.16%	1.17%	-3.92	
Information Technology				
AVO	-26.78%	2.87% -	9.49	0.00%
CSU	13.32%	6.89%	1.87	1.64%
Total	-1.53%	6.89%	-0.28	1.64%
TSX Information Technology	1.69%	1.20%	1.05	
Materials				
AGU	-8.82%	1.77%	-5.23	1.75%
CCL/B	22.52%	2.24%	9.88	4.11%
TCK/A	-43.21%	4.06%	-10.75	0.39%
Total	4.73%	1.96%	2.20	6.25%
TSX Materials	-19.07%	2.24%	-8.69	
Energy				
MTL	-11.07%	1.81%	-6.37	0.74%
RRX	-15.58%	2.75%	-5.83	3.05%
TVE	-33.43%	3.55%	-9.54	0.47%
WCP	-18.65%	3.40%	-5.61	3.60%
Total	-17.45%	5.46%	-3.28	7.86%
TSX Energy	-24.92%	2.10%	-12.08	
Consumer Discretionary				
MG	-8.27%	1.86%	-4.68	3.51%
Total	-8.27%	1.86%	-4.68	3.51%
TSX Consumer Discretionary	-4.08%	1.13%	-3.99	
Consumer Staples				
SAP	-2.04%	1.37%	-1.80	3.57%
Total	-2.04%	1.37%	-1.80	3.57%
TSX Consumer Staples	6.86%	1.08%	5.98	
Industrials				
STN	-19.77%	2.10%	-9.60	3.48%
MDA	-20.07%	1.66%	-12.39	1.68%
CAE	-4.40%	1.63%	-2.96	2.15%
Total	-15.86%	1.65%	-9.89	7.32%
TSX Industrials	-4.57%	1.29%	-3.87	
Funds				
XIC	-7.74%	1.29%	-6.31	53.35%
Cash and CE				
Cash				0.93%
Rights and Warrants				0.00%
Calgary Portfolio Management Trust	-7.77%	1.13%	-7.27	100.00%
TSX Composite Total Return Index	-7.86%	1.13%	-7.31	
CPMT Alpha	0.09%			

Table 1 CPMT Holding Returns Summary - Q2 FY2016

Tables 2, 3, 4, and 5 provide a summary of dividends received over the quarter, a fund universe of similarly managed Canadian equity funds for comparing the CPMT's performance to its peers, a summary of transactions executed, and updated price targets for all the CPMT holdings. The CPMT failed to achieve within the 50th percentile of fund universe of similarly managed Canadian equity funds.

CPMT Dividend Summary - Q2 FY2016				
July Dividends		Total	$	676.12
Equity	Date	Rate		Credit
TCK/A	02-Jul-15	0.150	$	30.00
CSU	03-Jul-15	1.231	$	30.77
MTL	15-Jul-15	0.100	$	17.00
WCP	15-Jul-15	0.063	$	31.25
AGU	16-Jul-15	1.091	$	65.49
STN	16-Jul-15	0.105	$	51.45
BNS	29-Jul-15	0.680	$	266.56
TD	31-Jul-15	0.510	$	183.60
August Dividends		Total	$	48.25
Equity	Date	Rate		Credit
MTL	17-Aug-15	0.100	$	17.00
WCP	17-Aug-15	0.063	$	31.25
September Dividends		Total		2049.69
Equity	Date	Rate		Credit
MG	11-Sep-15	0.220	$	65.19
MTL	15-Sep-15	0.100	$	17.00
WCP	15-Sep-15	0.063	$	31.25
MFC	21-Sep-15	0.170	$	51.00
BAM/A	30-Sep-15	0.159	$	59.50
CAE	30-Sep-15	0.075	$	46.88
CCL/B	30-Sep-15	0.375	$	33.75
XIC	30-Sep-15	0.164	$	1,709.97
MDA	30-Sep-15	0.370	$	35.15
Total			$	2,774.06

Table 2 CPMT Dividend Summary - Q2 FY2016

Canadian Equity Fund Universe - Q2 FY2016	
Fund	Return
Mawer Canadian Equity Srs-A	-2.81%
Manulife Canadian Inv Class	-3.25%
QV Canadian Equity	-5.13%
Standard Life Cdn Equity-A	-5.21%
National Bank Canadian Equity	-6.13%
IG Franklin Bisset Canadian Equity-A	-7.34%
Calgary Portfolio Management Trust	-7.77%
S&P/TSX Composite Total Return Index	-7.86%

Table 3 Canadian Equity Fund Universe - Q2 FY2016

CPMT Transactions Diary - Q2 FY2016											
Equity	Date of Sale	Action	Shares		Purchase Price		Sale Price		Capital Gain		Return
AVO	10-Sep-15	Sale	415	$	17.70	$	12.27	-$	2,253.45		-30.68%
CSU	10-Sep-15	Sale	13	$	316.95	$	567.07	$	3,251.56		78.91%
SAP	10-Sep-15	Purchase	500	$	30.08						
WCP	10-Sep-15	Purchase	900	$	11.38						
XIC	10-Sep-15	Sale	500	$	20.03	$	21.60	$	785.00		7.84%
Total								$	1,783.11		8.30%

Table 4 CPMT Transaction Diary - Q2 FY2016

CPMT Holdings Price Targets			
Equity Holdings	Q2 2016 End Price	Original Target Price	Current Target Price
Financials			
Bank of Nova Scotia	$ 41.99	$ 70.50	$ 69.00
Brookfield Asset Management, Inc.	$ 58.83	$ 44.80	$ 48.00
Manulife	$ 20.64	$ 24.00	$ 24.00
Toronto-Dominion Bank	$ 52.60	$ 60.00	$ 53.00
Information Technology			
Constellation Software, Inc.	$ 559.35	$ 331.75	$ 627.00
Materials			
Agrium Inc.	$ 119.60	$ 138.00	$ 140.00
CCL Industries Inc.	$ 187.33	$ 132.40	$ 204.00
Teck Resources Limited	$ 8.00	$ 35.00	$ 25.50
Energy			
Mullen Group Ltd.	$ 17.85	$ 41.00	$ 28.00
Tamarack Valley Energy Ltd.	$ 7.37	$ 7.50	$ 4.00
Whitecap Resources Inc.	$ 2.35	$ 14.00	$ 16.50
Raging River Exploration Inc.	$ 10.54	$ 11.00	$ 11.00
Consumer Discretionary			
Magna International Inc.	$ 64.01	$ 76.00	$ 76.00
Consumer Staples			
Saputo Inc.	$ 29.30	$ 45.00	$ 45.00
Industrials			
Stantec Inc.	$ 29.18	$ 36.00	$ 37.50
CAE Inc	$ 72.58	$ 19.00	$ 17.00
Macdonald, Dettwiler and Associates Ltd.	$ 14.14	$ 95.74	$ 104.00

Table 5 CPMT Updated Price Targets

Long Term Performance Report

Figures 4 and 5 provide annualized returns and Sharpe ratios for both CPMT and the TSX Composite over the 1, 3, 5, and 10 year time periods. Figure 6 provides single linear regression trend lines used in calculating Jensen's Alpha.

- A 7% nominal return was achieved over the 3, 5, and 10 year time periods.
- 100 bps above the TSX Composite was not achieved over any relevant time period.
- An above market Sharpe ratio was achieved over the 3 year time period.
- 100 bps of alpha was not achieved over any relevant time period.

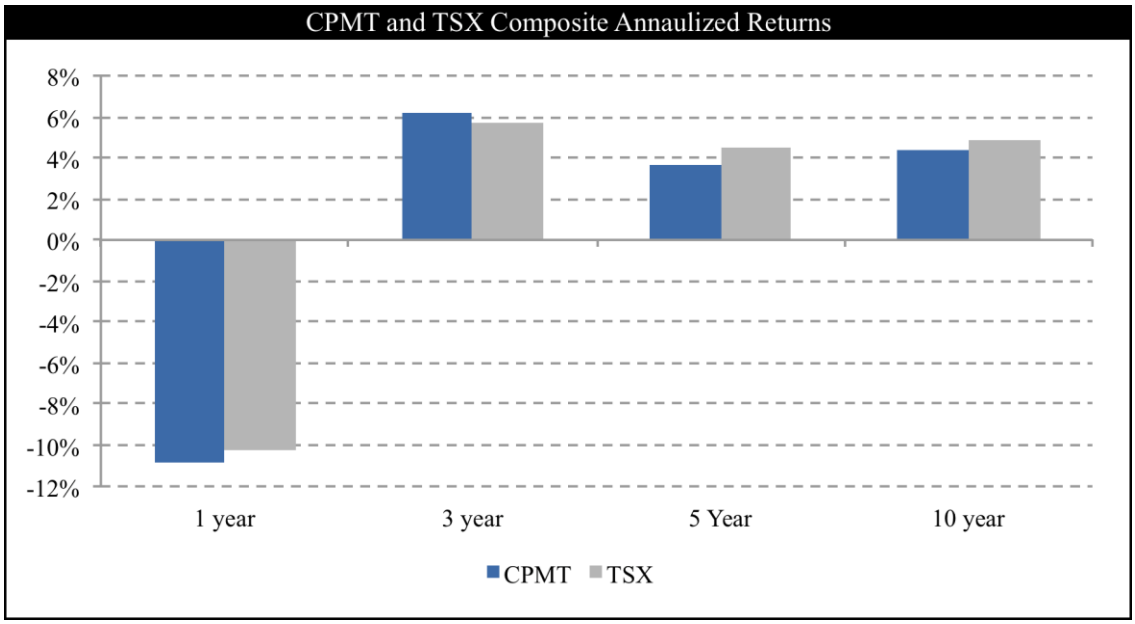


Figure 4 CPMT and TSX Composite Annualized Returns

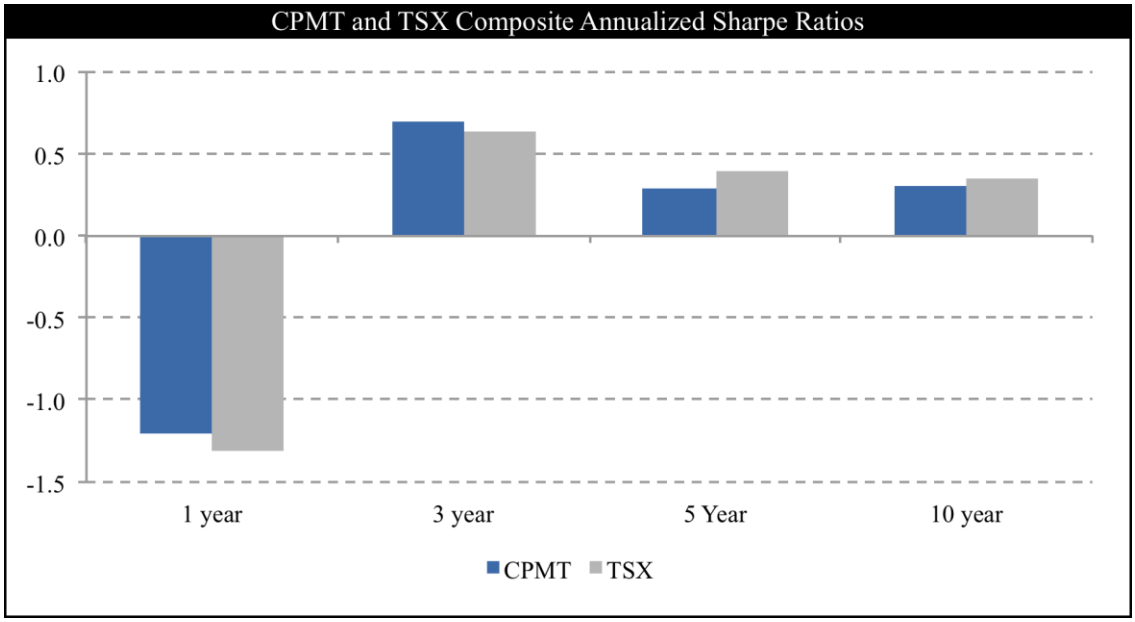


Figure 5 CPMT and TSX Composite Annualized Sharpe Ratios

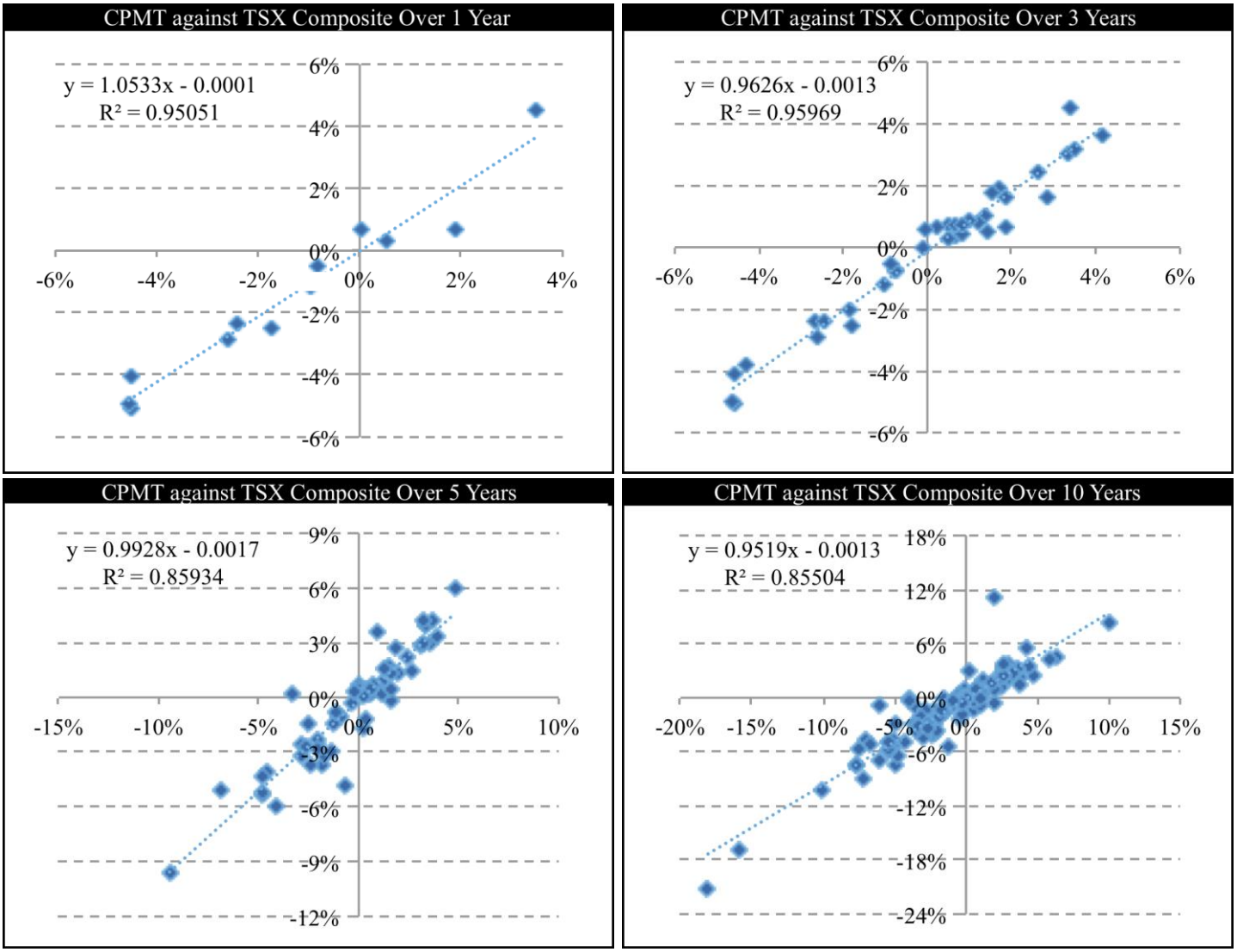


Figure 6 CPMT and TSX Composite Single Linear Regressions Over Selected Periods

Fund Analysis

Figures 7, 8, and 9 provide an overview of CPMT's assets by sector and ETF, and by aggregating sector weights in the ETF with sector weights found in CPMT's holdings. Finally, CPMT's sector weightings are compared to their maximum allowable weights from the Charter's specification of 300% of the TSX Composite weight, or of 40% of fund value.

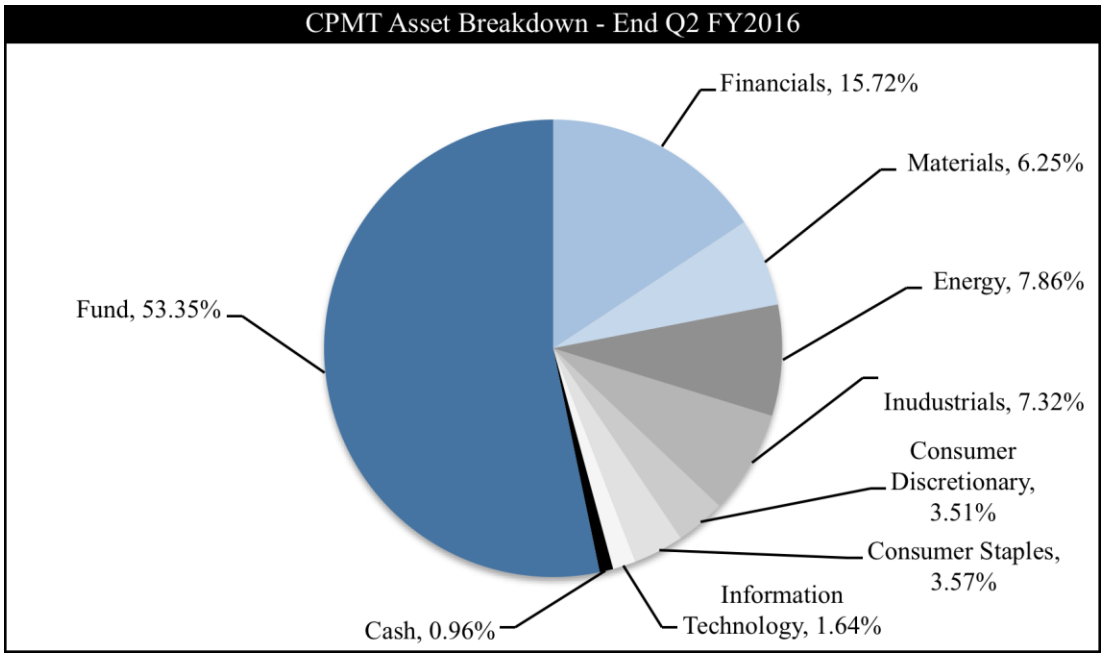


Figure 7 CPMT Asset Breakdown - End Q2 FY2016

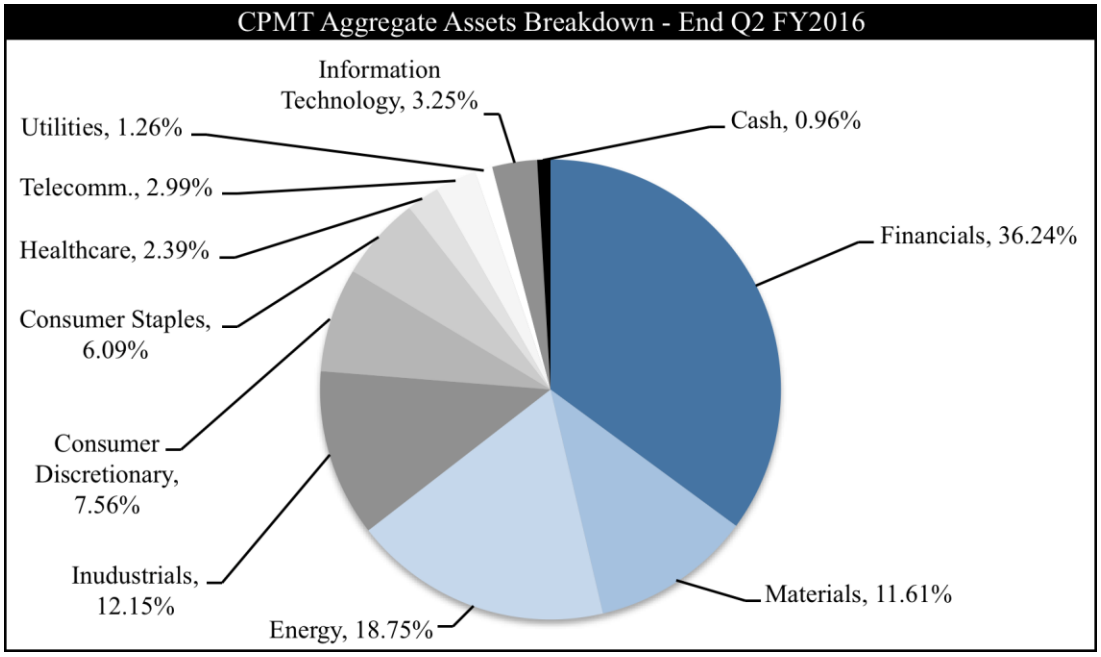


Figure 8 CPMT Aggregate Asset Breakdown - End Q2 FY2016

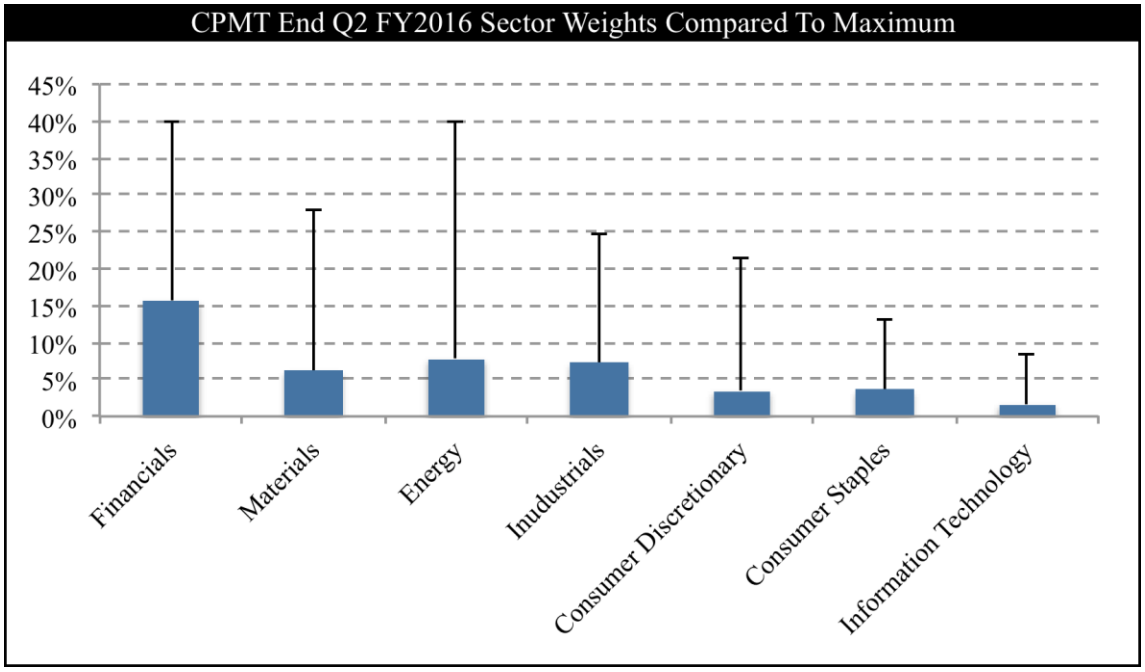


Figure 9 CPMT End Q2 FY2016 Sector Weights as Compared to Maximum Allowable

Figure 10 provides attribution analysis for CPMT. Asset allocation contributed positively to CPMT's returns, demonstrating quality sector allocation of capital within the fund. Selection provided negative returns, demonstrating underperformance of certain CPMT equity holdings. Financials and Industrials had the largest negative attribution, while Energy and Materials were the largest positive contributors to CPMT's performance above the XIC ETF.

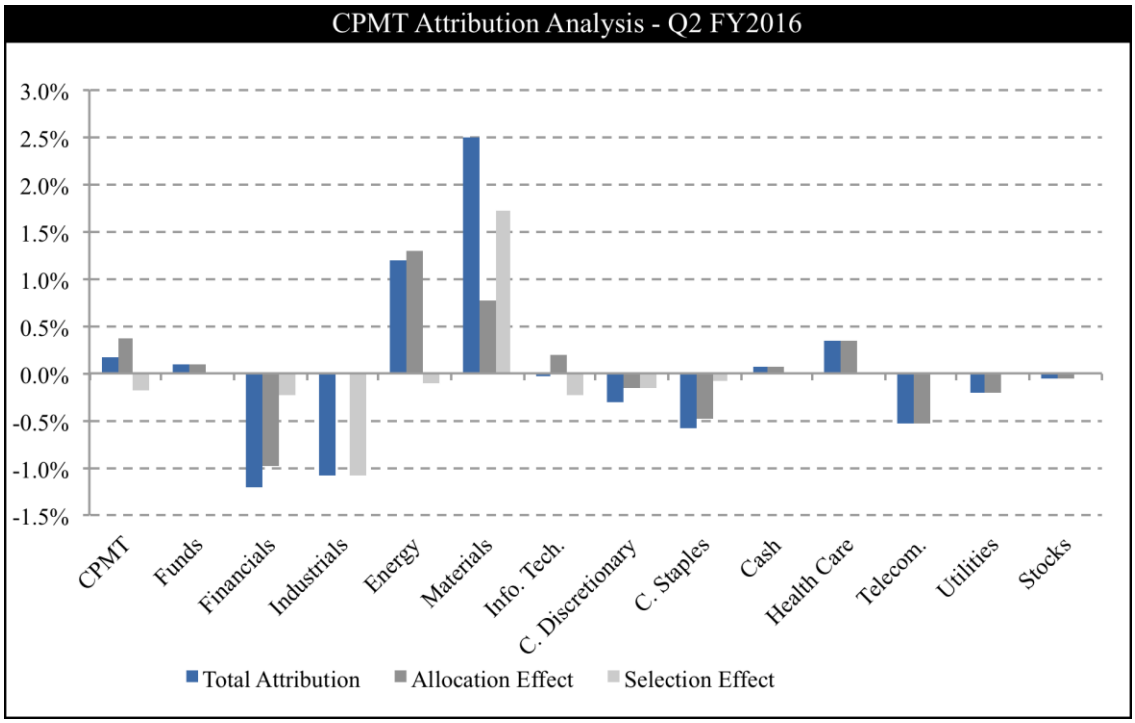


Figure 10 CPMT Attribution Analysis - Q2 FY2016

Figure 11 provides tracking error for CPMT holdings, giving Fund Managers insight into the risk bets of holdings currently in the portfolio. The greatest contributors to active risk for CPMT are Teck Resources Ltd., Raging River Exploration Inc., Whitecap Resources Inc., and Stantec Inc.

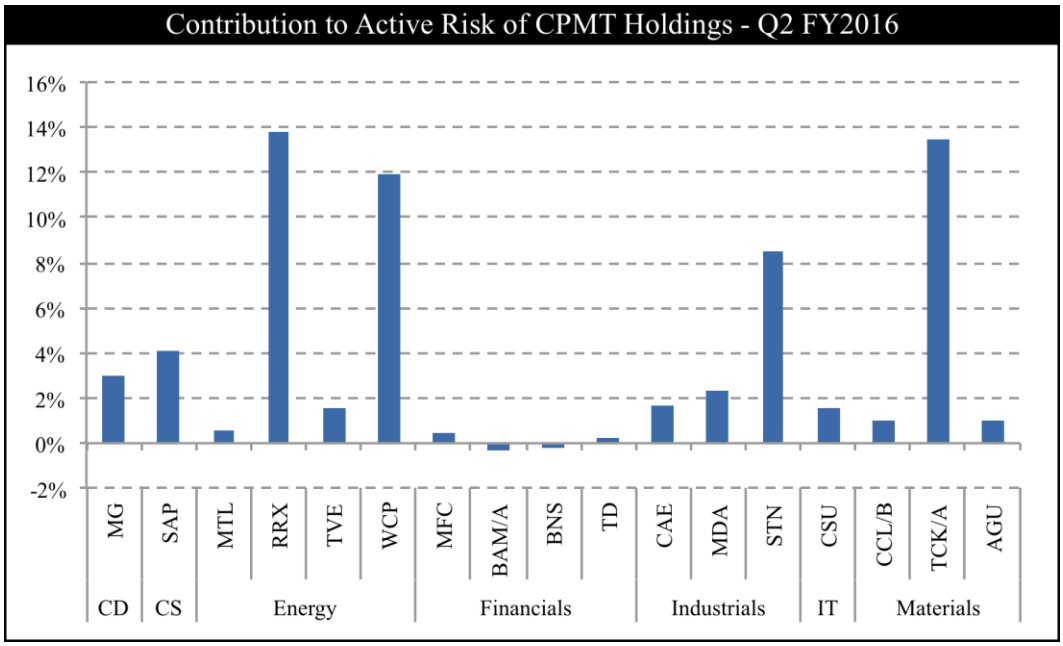


Figure 11 Contribution to Active Risk of CPMT Holdings - Q2 FY2016

Figure 12 provides forecasted value-at-risk over a quarter period using a 95% confidence level and the Monte Carlo simulation method of repeated random sampling and mean generation. The greatest predicted value-at-risk for CPMT are similar to those with the highest contribution to active risk, with Teck Resources Ltd., Raging River Exploration Inc., Whitecap Resources Inc., and Stantec all having a high VaR.

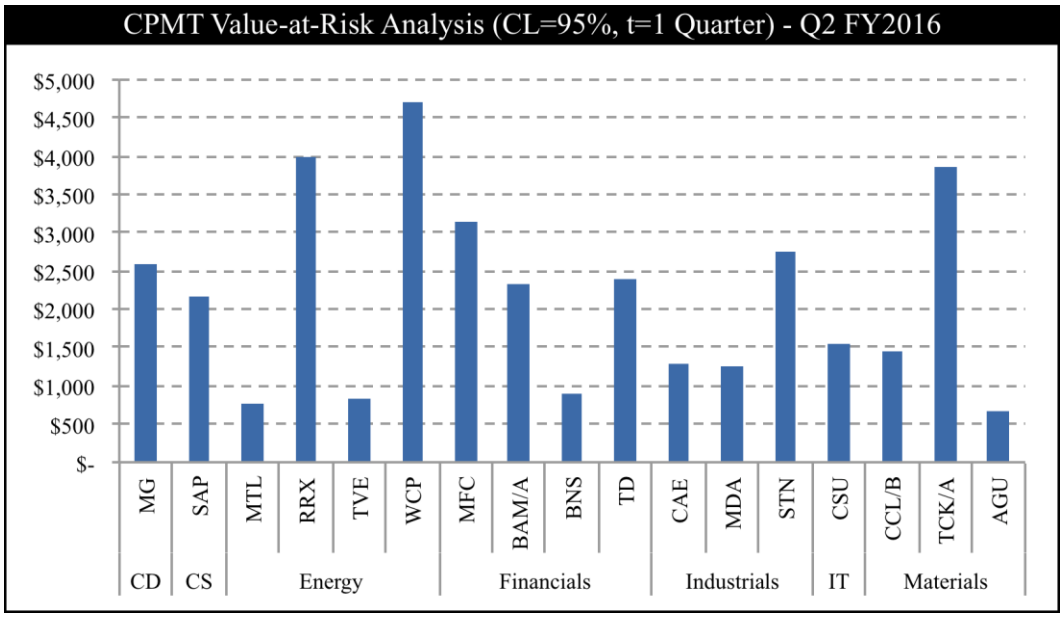


Figure 12 CPMT Value-at-Risk Analysis - Q2 FY2016

Appendix

Appendix A: Compliance Report Details

The following is the CFA Code of Ethics to be complied with at all times by fund managers:

- To act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets.
- To place the integrity of the investment profession and the interests of clients above personal interests.
- To use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities.
- To practice and encourage others to practice in a professional and ethical manner that will reflect credit on ourselves and the profession.
- To promote the integrity and viability of the global capital markets for the ultimate benefit of society.
- To maintain and improve my professional competence and strive to maintain and improve the competence of other investment professionals.

Appendix B: Quarter Performance Report Details

Table 6 provides detailed holdings data for CPMT over Q2 FY2016.

Calgary Portfolio Management Trust Holdings Summary								
Quarter Equity Holdings		Prices and Returns				Risk and Weightings		
Financials	**Quarter Shares**	**Start/Purchase Value**	**End/Sale Value**	**Quarter Dividends**	**Return**	**Volatility**	**Sharpe**	**End % AUM**
BAM/A	375	$ 43.64	$ 41.99	$ 59.50	-3.42%	1.53%	-2.52	3.84%
BNS	392	$ 64.47	$ 58.83	$ 266.56	-7.69%	1.32%	-6.17	5.62%
MFC	300	$ 23.21	$ 20.64	$ 51.00	-10.34%	1.60%	-6.75	1.51%
TD	360	$ 53.04	$ 52.60	$ 183.60	0.13%	1.21%	-0.25	4.61%
Total		$ 67,694.64	$ 63,935.61	$ 560.66	-4.72%	1.20%	-4.28	15.72%
TSX Financials		$ 245.06	$ 234.87		-4.16%	1.17%	-3.92	
Information Technology								
AVO	415	$ 16.64	$ 12.27	$ -	-26.78%	2.87%	-9.49	0.00%
CSU	12	$ 495.86	$ 559.35	$ 30.77	13.32%	6.89%	1.87	1.64%
Total		$ 12,855.92	$ 6,712.20	$ 30.77	-1.53%	6.89%	-0.28	1.64%
TSX Information Technology		$ 48.48	$ 49.30		1.69%	1.20%	1.05	
Materials								
AGU	60	$ 132.37	$ 119.60	$ 65.49	-8.82%	1.77%	-5.23	1.75%
CCL/B	90	$ 153.20	$ 187.33	$ 33.75	22.52%	2.24%	9.88	4.11%
TCK/A	200	$ 14.35	$ 8.00	$ 30.00	-43.21%	4.06%	-10.75	0.39%
Total		$ 24,600.20	$ 25,635.70	$ 129.24	4.73%	1.96%	2.20	6.25%
TSX Materials		$ 205.65	$ 166.44		-19.07%	2.24%	-8.69	
Energy								
MTL	170	$ 20.41	$ 17.85	$ 51.00	-11.07%	1.81%	-6.37	0.74%
RRX	1700	$ 8.73	$ 7.37	$ -	-15.58%	2.75%	-5.83	3.05%
TVE	820	$ 3.53	$ 2.35	$ -	-33.43%	3.55%	-9.54	0.47%
WCP	1400	$ 13.18	$ 10.54	$ 93.75	-18.65%	3.40%	-5.61	3.60%
Total		$ 39,657.30	$ 32,246.50	$ 144.75	-17.45%	5.46%	-3.28	7.86%
TSX Energy		$ 214.84	$ 161.30		-24.92%	2.10%	-12.08	
Consumer Discretionary								
MG	225	$ 70.10	$ 64.01	$ 65.19	-8.27%	1.86%	-4.68	3.51%
Total		$ 15,772.50	$ 14,402.25	$ 65.19	-8.27%	1.86%	-4.68	3.51%
TSX Consumer Discretionary		$ 182.78	$ 175.32		-4.08%	1.13%	-3.99	
Consumer Staples								
SAP	500	$ 30.08	$ 29.30	$ -	-2.04%	1.37%	-1.80	3.57%
Total		$ 15,040.00	$ 14,650.00	$ -	-2.04%	1.37%	-1.80	3.57%
TSX Consumer Staples		$ 448.78	$ 479.58		6.86%	1.08%	5.98	
Industrials								
STN	490	$ 36.50	$ 29.18	$ 51.45	-19.77%	2.10%	-9.60	3.48%
MDA	95	$ 91.27	$ 72.58	$ 35.15	-20.07%	1.66%	-12.39	1.68%
CAE	625	$ 14.87	$ 14.14	$ 46.88	-4.40%	1.63%	-2.96	2.15%
Total		$ 35,849.40	$ 30,030.80	$ 133.48	-15.86%	1.65%	-9.89	7.32%
TSX Industrials		$ 177.94	$ 169.80		-4.57%	1.29%	-3.87	
Funds								
XIC	10400	$ 23.00	$ 21.05	$ 1,709.97	-7.74%	1.29%	-6.31	53.35%
Cash and CE								
Cash		$ 3,096.03	$ 3,801.70					0.93%
Rights and Warrants		$ 6.25	$ 5.88					0.00%
Calgary Portfolio Management Trust		$ 444,899.42	$ 410,340.64		-7.77%	1.13%	-7.27	100.00%
TSX Composite Total Return Index		$ 44,995.47	$ 41,460.96		-7.86%	1.13%	-7.31	
CPMT Alpha					0.09%			

Table 6 Calgary Portfolio Management Trust Holdings' Summary

Appendix C: Long Term Performance Report Details

Table 7 provides details regarding CPMT's long-term returns, volatilities, and Sharpe ratios.

CPMT Long Term Performance Details					
		Time Period			
Category	Fund	1 year	3 year	5 Year	10 year
Nominal Return	CPMT	-10.80%	19.63%	19.80%	52.75%
	TSX	-10.20%	18.14%	24.39%	60.22%
Annualized Return	CPMT	-10.80%	6.16%	3.68%	4.33%
	TSX	-10.20%	5.71%	4.46%	4.83%
Volatility	CPMT	9.35%	8.07%	10.27%	14.17%
	TSX	8.12%	8.12%	9.62%	13.78%
Sharpe	CPMT	-1.20	0.70	0.29	0.30
	TSX	-1.31	0.64	0.39	0.35

Table 7 CPMT Long Term Performance Details

Appendix D: Fund Analysis Details

Tables 8 and 9 provide details regarding attribution, contribution to active risk, and value-at-risk. The analysis data was pulled from Bloomberg using the PORT and PRTU functions.

CPMT Attribution Analysis	Total Attribution (%)	Allocation (%)	Selection (%)
CPMT	0.18	0.38	-0.19
Funds	0.09	0.09	0.00
Financials	-1.21	-0.97	-0.24
Industrials	-1.09	0.00	-1.09
Energy	1.19	1.29	-0.10
Materials	2.49	0.78	1.72
Info. Tech.	-0.02	0.20	-0.22
C. Discretionary	-0.31	-0.15	-0.16
C. Staples	-0.58	-0.49	-0.09
Cash	0.06	0.06	0.00
Health Care	0.35	0.35	0.00
Telecom.	-0.52	-0.52	0.00
Utilities	-0.21	-0.21	0.00
Stocks	-0.06	-0.06	0.00

Table 8 CPMT Attribution Analysis Details

CPMT Contribution to Active Risk		
Sector	Equity	Contribution (%)
CD	MG	2.99
CS	SAP	4.10
Energy	MTL	0.55
	RRX	13.80
	TVE	1.59
	WCP	11.92
Financials	MFC	0.41
	BAM/A	- 0.27
	BNS	- 0.16
	TD	0.18
Industrials	CAE	1.70
	MDA	2.33
	STN	8.46
IT	CSU	1.61
Materials	CCL/B	0.98
	TCK/A	13.51
	AGU	1.06

CPMT Value-At-Risk		
Sector	Equity	Value-At-Risk ($)
CD	MG	2,586.91
CS	SAP	2,154.79
Energy	MTL	775.63
	RRX	3,980.99
	TVE	823.25
	WCP	4,696.09
Financials	MFC	3,135.31
	BAM/A	2,331.47
	BNS	886.13
	TD	2,404.57
Industrials	CAE	1,295.07
	MDA	1,245.44
	STN	2,751.90
IT	CSU	1,542.20
Materials	CCL/B	1,452.07
	TCK/A	3,852.82
	AGU	671.82

Table 9 CPMT Contribution to Active Risk Details and Value-at-Risk Details