CYMBRIA CORPORATION

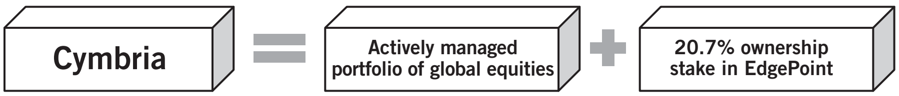
2018
ANNUAL REPORT

CYMBRIA CORPORATION

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

INVESTMENT OBJECTIVE

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



INVESTMENT RESULTS

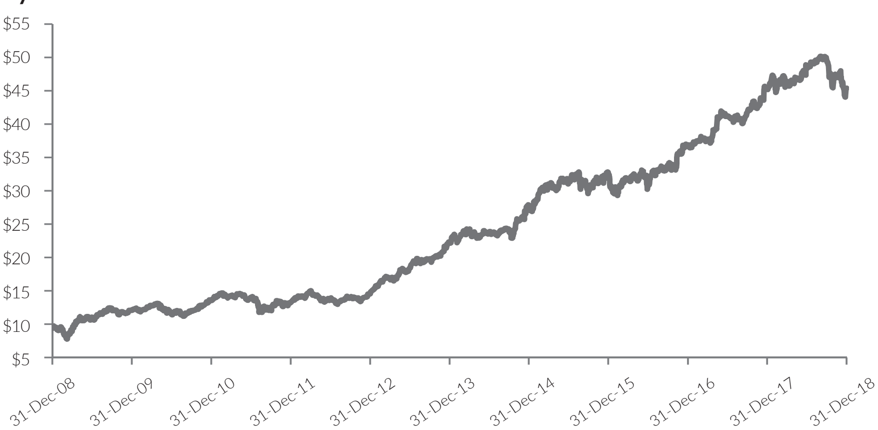
Cymbria – Class A
Adjusted net asset value ("aNAV")*

	aNAV	Return (C$)	Index (C$)**
Inception:			
November 3, 2008	$9.39†		
2008‡	$9.34	-0.54%†	-0.01%
2009	$12.07	29.28%	10.39%
2010	$13.50	11.82%	5.93%
2011	$13.21	-2.12%	-3.20%
2012	$14.68	11.07%	13.26%
2013	$22.33	52.16%	35.18%
2014	$27.53	23.31%	14.39%
2015	$32.41	17.69%	18.89%
2016	$36.59	12.91%	3.79%
2017	$45.18	23.48%	14.36%
2018	$45.38	0.43%	-0.49%

Since inception††

Compounded annual return	16.06%
Cumulative return	353.79%

Cymbria – Class A aNAV



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

** MSCI World Index (net).

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

‡ November 3, 2008 to December 31, 2008.

†† Includes expenses related to IPO.

Source: Morningstar Direct, Bloomberg LP. Total returns in C$ as at December 31, 2018. Index performance is based on a pre-tax calculation, while Cymbria's aNAV is after tax (but excludes deferred taxes). As a corporation, Cymbria's income and capital gains are taxed within the corporation and reflected in the daily aNAV. Had Cymbria held the same composition of securities as the Index, it would lag the Index in years it posted a positive return (after daily tax accruals) and exceed it in years the Index posted a negative return due to loss carryback provisions in the *Income Tax Act* (Canada).

Cymbria aNAV performance (annualized): YTD: 0.43%, 1 year: 0.43%, 3 year: 11.87%, 5 year: 15.24%, 10 year: 17.13%. since inception: 16.06%.

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Cymbria's Annual Investor Day

Thursday, May 16, 2019
Koerner Hall (Telus Centre for Performance and Learning), 273 Bloor St. W., Toronto
Registration: 8:30 – 9:30 a.m. EST
Presentation: 9:30 – 10:30 a.m. EST
Question & Answer: 10:30 – 11:30 a.m. EST

Agenda

Company overview with Patrick Farmer, Chairman

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

Question & Answer

RSVP by May 3, 2019
1.866.757.7207 or 416.963.9353
rsvp@edgepointwealth.com

Our investment approach

We adhere to a time-tested investment approach practiced by our portfolio managers throughout their investment careers.

We focus on global companies with strong competitive positions, defendable barriers to entry and long-term growth prospects that are run by competent management teams. As long-term investors in businesses, we view a stock as an ownership interest in a company and endeavour to acquire these ownership stakes at prices below our assessment of their true worth.

We believe the best way to buy a quality business at an attractive price is to have an idea about the company that isn't widely shared – what we call a *proprietary insight*. We strive to develop such proprietary insights around businesses we understand. Our holdings generally reflect our views looking out more than five years. We firmly believe that focusing on longer periods enables us to develop proprietary views about companies that aren't reflected in their current stock price.

Our approach is deceptively simple. We buy good, undervalued businesses and hold them until the market fully recognizes their potential. Following this approach requires the ability to think independently, a natural curiosity to search out new ideas and a commitment to thorough research to uncover opportunities the market doesn't fully appreciate.

A concentrated portfolio

We invest with conviction and, as a result, our portfolios are concentrated in our best ideas. This concentration allows individual portfolio holdings to have a meaningful impact on returns when the market recognizes our estimate of their values.

How do we approach risk?

Investment success is often defined exclusively by investment returns. In sharp contrast, when we make an investment we weigh the risk of that investment against its potential return. This is unlike most investors who tend to focus on returns and neglect to consider the risk taken to achieve that performance.

For us, risk is the potential for a permanent loss of capital. Our "old-school" view is summed up in the questions, "How much money can we lose, and what's the probability of that loss?" We focus on company-specific risk factors such as increased competition, management competence, profitability compression and the underlying valuation of a business relative to our assessment of its true worth. Noticeably absent from our definition of risk is the volatility of a company's share price relative to the market, as we don't equate short-term ups and downs with risk.

Measuring our results

Meaningful progress toward our goal of building long-term wealth for shareholders is reflected in Cymbria's since inception Class A aNAV cumulative return of 353.8% (includes IPO-related expenses). The benchmark MSCI World Index returned 176.9% (C$) over the same timeframe.

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

Measuring Cymbria's worth

Cymbria's stock price has swung between a 14.2% discount and a 34.0% premium to aNAV since inception.

Cymbria holds a collection of quality businesses we believe are trading for less than their worth. We try to buy businesses that can materially grow their cash flows over time and where we're not being asked to pay for that growth today. This should translate into healthy share-price appreciation.

To help investors make intelligent decisions about their investment in Cymbria, we post its aNAV daily to our website. Some have suggested that doing so encourages short-term thinking. We tend to agree. Cymbria's aNAV is different from its worth. The aNAV represents the value of its holdings at today's prices, not tomorrow's worth. Not everyone uses Cymbria's aNAV as a guidepost, nor does posting it ensure that the stock will ever trade at that figure. Cymbria has traded within a wide band and people are free to ignore the guideposts.

Since we have no control over Cymbria's share price and don't know what's in the heads of sellers day to day, we also have no way of determining if there will be shareholders willing to sell at material discounts to aNAV (either knowingly or unknowingly). Should these opportunities exist over the next decade, our share repurchases should greatly enhance Cymbria's value for remaining shareholders. This will occur at the expense of those willing to sell to us at a discount. If we're right about the value of the businesses inside Cymbria's portfolio over time, our share repurchases will prove to be one of our better investments.

Chairman's letter

For a number of years now, we had been discussing the eventual return of market volatility with our advisor partners. It had been quite a while since a meaningful correction in the markets had occurred and we wanted to make sure our advisors and their clients would be prepared. Well, 2018 did not disappoint! The fourth quarter of 2018 saw early market gains evaporate as macroeconomic issues and geopolitical events weighed on investors' minds. This weakness during the fourth quarter pushed the majority of stock market indices into negative territory for the full year.

Many investors panicked, as reflected by record industry fund outflows during the final three months of the year, but our investment team welcomed the return of volatility. We view volatility as opportunity, not risk. Short-term price fluctuations give us the opportunity to buy new businesses at prices below what we believe are their intrinsic values, as well as increase our stakes in existing positions. Over the one-year period, the investment team bought 15 businesses in Cymbria and increased stakes in 11 existing businesses.

Our willingness to embrace volatility and look for the opportunity buried within was a key part of our message with our advisor partners. We don't waste time trying to forecast if the markets will pull back or rebound, or how long these events may take. Rather, we focus on the underlying fundamentals of businesses in the Portfolio and if they're structured to thrive over time. We are pleased with the collection of businesses in Cymbria and their future prospects.

Cymbria's Class A aNAV increased 0.43% in 2018, compared to a decrease of 0.49% for the benchmark MSCI World Index (C$). Since inception, the aNAV has grown by 16.06% per annum compared to 10.55% per annum for the Index over the same timeframe. This year we reached our 10-year performance objective. Although we're pleased with the progress, we turn our attention to the next decade with the same passion and dedication.

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

- The investment team's **stock selection** decreased Cymbria's Class A aNAV by 4.50% in 2018. However, since inception, stock selection has been Cymbria's primary driver of wealth creation, increasing Cymbria's Class A aNAV by 11.94% per annum as at December 31, 2018
- Cymbria's **investment in EdgePoint** now amounts to over $224.1 million, an increase of 20.5% compared to last year. Continued support from key advisor relationships translated into significant growth at EdgePoint during the year. EdgePoint is Cymbria's largest holding, representing a 21.0% weight
- Cymbria's pro-rata share of EdgePoint's **dividend** was $14.1 million in 2018, 36% greater than the year prior. Since inception, Cymbria has received $47.6 million in dividends from EdgePoint
- Cymbria didn't **repurchase shares** in 2018, although we remain committed to doing so should an attractive opportunity arise. We renewed our Normal-Course Issuer Bid in 2018 for an additional 12-month period

In 2018, we added nine new members to the EdgePoint team and are now 68 internal partners strong. We're thankful that we continue to attract exceptional talent and are excited that the team is functioning so well as we continue to grow.

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

Thank you for your continued support.

Sincerely,

Patrick Farmer, Chairman

The Cymbria option

Jason Liu

ihaveagreatbusiness@edgepointwealth.com

This year, we hired Jason Liu. Jason is tasked with finding private businesses for Cymbria. We've always been open to adding quality private businesses to Cymbria's portfolio, but we previously didn't have the time or expertise to do so until our latest addition to the Investment team.

Jason's experience and background makes him the right guy for the job. If you have a business in mind that is looking to find a home and meets the criteria outlined below, please shoot him an email.

Cymbria Corp.

Acquisition criteria

What are we looking for?

- Size of investment: $15 million to $100 million majority stake preferred
- Exceptional entrepreneurs looking for a long-term partner to invest and grow the business
- Demonstrated and consistent profitability with limited cyclicality
- History of generating attractive returns on capital
- Solid market position with strong competitive advantages
- Management team to be in place post-closing

What do we offer?

- Preserving your legacy – Our focus is long term. We view ourselves as permanent owners and do not have to sell. We do not plan on taking on significant leverage to acquire businesses. Cymbria can be a permanent home for your company
- Autonomy – We want to empower existing management teams to run their business. We do not want to interfere with daily operations
- Managing your wealth – Under certain circumstances there is the potential to offer Cymbria shares instead of cash for your business. Receiving Cymbria shares may have tax benefits as well as giving you access to a diversified portfolio of global businesses that can continue to compound your wealth
- Confidentiality – We can promise complete confidentiality and a fast answer

Most great businesses will not be a fit:

- We will not take on significant leverage to acquire businesses
- We are not interested in private placements or purchases we might make in the stock market
- We do not want to invest in start-ups or turnarounds
- We will not engage in hostile takeovers

We offer confidentiality and will quickly let you know whether we want to learn more about you and your business. We're not interested in levering up your business, firing half of your staff and flipping it for a profit 24 months later. Our goal is to provide the best-possible operating environment in which your business can flourish forever.

Got a business that sounds like a good fit?

Please provide a one-page summary of your business to your relationship manager or Jason Liu, Partner at Edgepoint Wealth, at ihaveagreatbusiness@edgepointwealth.com.

What is Cymbria?

- Cymbria is an actively managed investment company with permanent capital that invests in public and private businesses. Cymbria is currently invested in 47 businesses around the world
- Cymbria was founded by entrepreneurs and currently has over $1 billion in capital
- Since Cymbria's inception in 2008, cumulative shareholder returns were 475% or 19% annualized (as at December 31, 2018) with no leverage used to achieve these results. Despite these historical returns, we expect that volatility will be higher and returns will be lower in the future
- Combined, the four founding partners have invested a material part of their families' net worth in Cymbria, owning approximately 10% of shares outstanding, amounting to over $138 million
- Its largest holding today is a private investment firm called EdgePoint Wealth Management, which was created and continues to be operated by Cymbria's founders
- To learn more about Cymbria, please refer to https://www.cymbria.com

The power of compounding

By Tye Bousada, Co-Chief Executive Officer

If you don't fundamentally understand the concept of compounding, you are at a financial disadvantage. Let's invert that statement: understanding compounding will help you grow your wealth.

Cymbria exists to grow your wealth. The best chance we have at achieving our goal is to structure Cymbria around the idea of compounding.

What is compounding? It's the process of taking gains from a profitable venture and reinvesting those gains to drive further gains. If it sounds relatively straightforward to you, that's because it is. On the other hand, the results are often hard to comprehend. Why? In our opinion it's because most minds are structured to think in linear terms. Time is an example of linear thinking. Today I'm 48 and next year I will be 49 and the year after that 50. Every year that passes I age by one unit – a year. However, compounding isn't linear. Growth starts very slowly (in most cases, growth is so slow at the beginning that it's easy to miss), but over long periods of time the incremental growth becomes hard for the human brain to comprehend.

Here is an example to drive this point home. Imagine that today is your 65th birthday. Now imagine that your parents, who lived through the Great Depression, understood the importance of saving. Let's also say that they understood the power of compounding. Armed with their wisdom, they invested $100 into the S&P 500 Index on the day you are born and another $100 on each birthday until you were 16.[i] So, they invested a grand sum of $1,700 for you over the span of 16 years. They asked you not to touch the money until you really needed it or until you turned 65. You decided not to look at the account until your 65th birthday, which is today. How much money do you have in your account? The answer is $450,291.[ii] That's not a typo. A mere $1,700 investment turned into $450,291. Happy birthday to you!

Compounding is powerful and wise investors learn to use it to their advantage.

Two questions may be running through your mind at this point:

Does Cymbria have the potential to compound my wealth over time?
What might prevent my investment in Cymbria from compounding over time?

The potential for Cymbria to compound your wealth over time

From the outset, we structured Cymbria with compounding in mind because it's the best way to really grow wealth over the long term. Specifically, we focused on:

1. The approach that would guide our investment decisions
2. EdgePoint's potential contribution
3. The flexible structure

The approach's contribution to compounding

We're long-term investors in businesses. We view a stock as an ownership interest in a company and endeavour to acquire these ownership stakes at prices below our assessment of their true worth.

We believe that the best way to buy a business at an attractive price is to have an idea about the business that isn't widely shared by others – what we refer to as a proprietary insight.

We strive to develop proprietary insights around businesses we understand. We focus on companies with strong competitive positions, defendable barriers to entry and long-term growth prospects that are run by competent management teams. These holdings generally reflect our views looking out more than five years. We firmly believe that focusing on longer periods enables us to develop proprietary views that aren't reflected in the current stock price because most investors are fixated on the short term.

When executed properly, our approach allows for pleasing long-term returns. For example, since the inception of Cymbria, the businesses we've owned (including the stake in EdgePoint) have compounded at an annual return of 16%. In dollar terms that means investing in the strong collection of businesses during the last decade or so has turned a $25,000 investment in Cymbria into $113,443. This is better than a broad stock market index like the MSCI World Index could have achieved. A $25,000 investment in the MSCI World Index over the same timeframe would have turned $25,000 into $69,235.[iii] (Here's a quick note about taxes at this point. Cymbria is a corporation that pays taxes on its gains every year. As you would expect, our performance results are reported after tax. However, the Index's returns are reported pre-tax. If the gains in the Index were taxed in a similar fashion to how Cymbria's gains are taxed, then Cymbria's outperformance would be even larger.)

Where the math gets really interesting is looking out 20 years. Over the long term, the broad stock market has delivered a return of approximately 10%.[iv] If the market matches its long-term average return over the next 20 years and our investment approach just matches the broad stock market return (instead of beating it like we have historically), then the original $25,000 investment would grow into $763,185.

Growth of $25,000 in Cymbria Class A aNAV

(Actual: 2008 to 2018; Hypothetical: 2019 to 2038)

2008*	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
$25,000	$30,180	$33,746	$33,031	$36,687	$55,823	$68,833	$81,011	$91,473	$112,955	$113,443
Hypothetical returns	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**
	$124,787	$137,266	$150,992	$166,091	$182,700	$200,970	$221,068	$243,174	$267,492	$294,241
	2029	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**	**2037**	**2038**
	$323,665	$356,031	$391,635	$430,798	$473,878	$521,266	$573,392	$630,731	$693,805	$763,185

*$25,000 investment was made on Cymbria Corp. inception date, November 3rd, 2008.

Disclaimer: Hypothetical values from years 2019 to 2038 shaded in the table above do not represent results from an actual portfolio and are used for illustrative purposes only.

If you believe a 10% assumed rate of return over the next 20 years is too high and instead used a more conservative 7.5%, then the ending value of the original $25,000 investment would be $481,887. Of course, if properly applied, we believe our investment approach should lead to market-beating returns. Indeed, that's what we try to do every day. If we continue to be successful at delivering superior returns, compounding will deliver even better results relative to the Index.

EdgePoint's potential contribution

Cymbria has held an investment in EdgePoint since inception. The appreciation in value of EdgePoint is captured in the returns outlined in the previous sections. There is, however, an additional compounding driver of EdgePoint worth mentioning.

On a regular basis, EdgePoint has paid dividends to its shareholders. Cymbria owns 20.7% of EdgePoint and, as such, has received 20.7% of the dividends paid out by EdgePoint. These dividends have summed to $47,564,362 since inception. When these dividends are paid to Cymbria, your company takes this money and reinvests into other opportunities in the portfolio – thus creating the opportunity for compounding. The reinvestment of these dividends over time has turned the $47.6 million in dividends into $61.0 million in value.

In 2018, EdgePoint paid Cymbria a total dividend of $14.1 million. There is a good chance that in 2019, the dividend will be higher, but for arguments sake let's assume that the dividend paid to Cymbria by EdgePoint never grows. In fact, let's assume that the dividend stays flat for the next 20 years (which we believe is conservative). Let's also assume that Cymbria reinvests those dividends into ideas that deliver an annual return equivalent to 75% of the long-term average in the stock market.[v] Over the next 20 years, EdgePoint will have paid out $281 million to Cymbria, but through the power of compounding that $281 million will have turned into $609 million.[vi] This is a hypothetical scenario used to illustrate the power of compounding. The entire value of Cymbria's aNAV today is $1.1 billion. Therefore, just the dividend from EdgePoint could add 55% to the value of the company. What's more is that although EdgePoint is Cymbria's largest holding, Cymbria does own another 46 businesses, many of which also pay out dividends that are being reinvested on a regular basis. If you like how this is shaping up, then you're grasping the concept of compounding!

Cymbria's flexible structure

The structure of Cymbria allows us the flexibility we need to compete in a world that is constantly changing. What do we mean by flexibility? Well, we never bet on a single business. We own a diversified collection of businesses whose futures are as uncorrelated to one another as possible. We have the flexibility to go anywhere in the world and invest in any industry. There will always be challenges to face in the world but, likewise, we believe there will always be growing businesses to invest in. We can invest across capital structures. Most importantly, we can change our mind if need be.

Let's think about that last point. If the economics of any of our businesses change, we have the ability to redeploy that money into a different business with better prospects. Being able to change your mind can deliver huge financial rewards.

Most businesses can't change their minds in an instant like Cymbria can. If you are Sears, your entire business model is built around retail. You can't wake up one morning and decide you don't like retail any longer and exit it by the end of the day – and look at what happened to Sears as it struggled in the retail industry. Cymbria, on the other hand, can change its mind for every business it owns other than EdgePoint.

If we do our job well, that means we are deploying your company's money into opportunities that can deliver pleasing returns over the long term, and pleasing returns are the raw material for compounding. Most companies in the world can't change their minds at the drop of a hat about the businesses they are in.

The bottom line on flexibility is it's a big and somewhat exceptional advantage. Cymbria's portfolio should always be made up of businesses that we believe have attractive futures. If we use the flexibility advantage properly, it should be a big contributor to compounding returns in the future.

What might prevent my investment in Cymbria from compounding over time?

By Geoff MacDonald, Co-Chief Executive Officer

Unfortunately, most investors don't experience the compounding outlined previously because things get in the way. The first thing that tends to get in the way is a lack of understanding for compounding, which usually translates into an inability to realize how long one's investment time horizon really is – or should be. The second thing that gets in the way is one's emotions. The ups and downs of the market, and the greed and fear that ensue, tend to get the better of most investors. There is no compounding in your future if your investment horizon is wrong or if you can only buy things when conditions look great and you get scared when things don't.

We invest with a very long-term view. We also enjoy volatility. Thus, we believe these two things won't get in our way with regard to compounding your wealth (assuming they also won't get in your way!).

So, what could get in our way? For starters, lower market returns than we've experienced in the past, the growing anti-capitalism sentiment, disruption and mistakes.

There are a few ways of guesstimating future long-term market returns. One could look back at history or look at long-term potential earnings growth based on long-term GDP forecasts. Or, one could start by looking at the current earnings yield of the market and assuming a certain amount of growth. We'd assume the range of those guesstimates would be somewhere between 5% and 10%. Our job will be to do better than that.

Another risk to compounding is the growing anti-capitalist rhetoric that is becoming more prevalent. One doesn't have to look much further than the treatment of the oil & gas industry in Western Canada. If Canadian standards for oil exploitation were applied around the world, greenhouse gas emissions would fall by approximately 23%.[vii] Instead of supporting this strong industry, we as a country don't allow it to grow. We shelve pipeline development, hold consultation after consultation and now force curtailments of our production – all the while filling up our tanks with dirty foreign oil. We could make a dent solving climate problems by producing more of our responsibly developed hydrocarbons and supporting our local businesses and economy while we're at it. It worries us as investors that this has gone on for as long as it has. If the anti-business rhetoric is allowed to grow unchecked, why would it stop with our responsible oil & gas business? The ramifications will be far larger than a lower rate of compounding.

We wrote about disruption in our third-quarter commentary in 2017, where we talked about how unprecedented advancements will expose most established businesses to disruption in one form or another. This disruption is capitalism at its best where new and better products (and services) are chosen by ever happier customers. The customers win with disruption. The business that's disrupting the status quo has a wonderful chance to win. Many companies who can't move fast enough, lose. These future losers are highly represented in the Index. Our job is to avoid as many of these vulnerable businesses as possible. The list of vulnerable businesses continues to grow. If we're successful at avoiding most of these businesses, Cymbria can continue to be a compounding machine.

Unfortunately, we'll continue to make mistakes. Buying a stock with zero risk would imply a risk-free rate of return. You won't compound your wealth with risk-free rates of return because those rates tend to be extremely low. Thus, uncertainty is required to buy a stock for less than its worth, giving us a legitimate chance for higher returns. We spend an inordinate amount of time thinking through all the risks and uncertainties of the businesses we eventually own. Sometimes we get it wrong. Avoiding as many mistakes as possible is a key ingredient to compounding wealth over time. On the right is a list of all the mistakes we've made (all the stocks we've lost money on) since inception. It's been over 10 years and we've owned 107 stocks.[viii] We've lost money on 12 of them (or 11%).

Company name	Holding period return (C$)
Mine Safety Appliances Co.	-1.06%
Unitedhealth Group Inc.	-3.69%
American Express Co.	-3.95%
Cisco Systems Inc.	-4.99%
Jacobs Engineering Group Inc.	-7.72%
Hyundai Mobis	-10.99%
Gamestop Corp., Class A	-19.70%
Western Union Co.	-21.46%
Takata Corp.	-25.53%
Bank of New York Mellon Corp.	-33.52%
Research In Motion Ltd.	-36.85%
Connaught plc	-66.81%

Someone once said expect anything worthwhile to take a long time. Compounding is an excellent example of that.

In an impatient world, timelines are becoming shorter and shorter. As an investor, you have a distinct edge if you understand the power of combining a good investment approach, a good structure and time.

[i] The S&P 500 Index is a broad-based market-capitalization-weighted index of 500 of the largest and most widely held U.S. stocks.

[ii] Returns calculated in US$. Total returns, gross of withholding taxes December 31, 1953 to December 31, 2018.

[iii] The MSCI World Index is a market-capitalization-weighted index comprising equity securities available in developed markets globally. Total return in C$.

[iv] The broad stock market is represented by the MSCI World Index. The annualized total return measured in C$ over the past 40 years or since December 31, 1978 is 9.63%. This has been rounded to 10% for illustrative purposes.

[v] The broad stock market is represented by the MSCI World Index.

[vi] Assuming dividends are paid at year end.

[vii] Source: Bob Weber, "Study suggests global GHG emissions would drop if world's oil producers followed Canadian industry rules." Global News, September 4, 2018. https://globalnews.ca/news/4427014/oil-industry-greenhouse-gas-emissions-canada-science/ (accessed on February 20, 2019).

[viii] As at December 31, 2018. Holding-period returns. Excludes stocks still held in the Cymbria portfolio, derivatives, subscription receipts, warrants and fixed income securities.

The business

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

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

Investment in EdgePoint

Cymbria's original $509,585 investment in EdgePoint equates to a 20.7% ownership share. It has received $47.6 million in dividends from EdgePoint since inception and the value of its investment in the company has increased to $224.1 million, making EdgePoint the most valuable contributor to Cymbria's investment portfolio. EdgePoint launched on November 17, 2008 with three goals:

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

Our progress

Our progress to date against those three goals follows.

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

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

Investment results since inception

Series A Portfolios	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008†	Since inception††
EdgePoint Canadian Portfolio	**-16.3%**	**9.5%**	**23.5%**	**-4.3%**	**9.4%**	**26.3%**	**8.9%**	**-7.8%**	**16.6%**	**50.2%**	**4.9%**	**10.5%**
S&P/TSX Composite Index	-8.9%	9.1%	21.1%	-8.3%	10.6%	13.0%	7.2%	-8.7%	17.6%	35.1%	2.8%	8.1%
EdgePoint Global Portfolio	**-3.4%**	**16.7%**	**13.4%**	**12.7%**	**18.7%**	**44.5%**	**11.1%**	**-2.7%**	**8.0%**	**28.2%**	**10.4%**	**14.9%**
MSCI World Index†††	-0.5%	14.4%	3.8%	18.9%	14.4%	35.2%	13.3%	-3.2%	5.9%	10.4%	7.6%	11.4%
EdgePoint Canadian Growth & Income Portfolio	**-10.4%**	**8.1%**	**18.6%**	**-2.7%**	**8.4%**	**22.2%**	**6.6%**	**-4.1%**	**14.0%**	**40.4%**	**1.5%**	**9.3%**
60% S&P/TSX/40% ICE BofAML Canada Broad Market Index	-4.8%	6.5%	13.0%	-3.6%	10.1%	7.1%	5.9%	-1.4%	13.5%	22.7%	3.2%	6.8%
EdgePoint Global Growth & Income Portfolio	**-1.2%**	**12.1%**	**11.5%**	**9.0%**	**13.9%**	**32.4%**	**9.0%**	**-0.5%**	**9.0%**	**29.1%**	**4.1%**	**12.3%**
60% MSCI World Index/40% ICE BofAML Canada Broad Market Index	0.4%	9.6%	3.0%	12.7%	12.3%	19.3%	9.5%	2.1%	6.6%	8.6%	6.0%	8.8%

† November 17, 2008 to December 31, 2008.
†† November 17, 2008.
††† MSCI Daily Total Return Net World Index ("MSCI World Index").

As at December 31, 2018. Total returns in C$.

These are the benchmark indexes we've chosen for our portfolios:

EdgePoint Global Portfolio: The MSCI World Index is a broad-based, market-capitalization-weighted index comprising equity securities available in developed markets globally. The index was chosen for being a widely used benchmark of the global equity market.

EdgePoint Canadian Portfolio: The S&P/TSX Composite Index is a market-capitalization-weighted index comprising the largest and most widely held stocks traded on the Toronto Stock Exchange. The index was chosen for being a widely used benchmark of the Canadian equity market.

EdgePoint Canadian Growth & Income Portfolio: 60% S&P/TSX Composite Index/40% ICE BofAML Canada Broad Market Index. The S&P/TSX Composite Index is a market-capitalization-weighted index comprising the largest and most widely held stocks traded on the Toronto Stock Exchange. The ICE BofAML Canada Broad Market Index tracks the performance of publicly traded investment-grade debt denominated in Canadian dollars and issued in the Canadian domestic market. The blended benchmark was chosen because the S&P/TSX Composite Index is a widely used benchmark of the Canadian equity market and the ICE BofAML Canada Broad Market Index is representative of fixed-income opportunities consistent with the Portfolio's mandate.

EdgePoint Global Growth & Income Portfolio: 60% MSCI World Index/40% ICE BofAML Canada Broad Market Index. The MSCI World Index is a market-capitalization-weighted index comprising equity securities available in developed markets globally. The ICE BofAML Canada Broad Market Index tracks the performance of publicly traded investment-grade debt denominated in Canadian dollars and issued in the Canadian domestic market. The blended benchmark was chosen because the MSCI World Index is a widely used benchmark for the global equity market and the ICE BofAML Broad Market Index is representative of fixed-income opportunities consistent with the Portfolio's mandate.

Why our performance may differ from our benchmarks: We manage our Portfolios independently of the indexes we use as long-term performance comparisons. Differences including security holdings and geographic/sector allocations may impact comparability and could result in periods when our performance differs materially from the index. Additional factors such as credit quality, issuer type and yield may impact fixed-income comparability.

Standard performance

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

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

Series A Portfolios	YTD	1-year	3-year	5-year	10-year	Since inception*
EdgePoint Canadian Portfolio	-16.3%	-16.3%	4.2%	3.5%	10.2%	10.5%
EdgePoint Canadian Growth & Income Portfolio	-10.4%	-10.4%	4.7%	3.9%	9.3%	9.3%
EdgePoint Global Portfolio	-3.4%	-3.4%	8.5%	11.3%	14.0%	14.9%
EdgePoint Global Growth & Income Portfolio	-1.2%	-1.2%	7.3%	8.9%	12.0%	12.3%

* November 17, 2008.
Source: Fundata Canada Inc. Annualized total returns as at December 31, 2018 in C$ compounded annually.

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

We continue to focus on ensuring we partner with the right advisors and offer them the support they need to succeed while helping their clients reach their goals. As we grow, upholding our service levels remains paramount. For the first time ever, we sent a survey to more than 1,500 advisors that have made EdgePoint a core part of their clients' portfolios to gain a sense of whether we are meeting their expectations. The five questions asked were:

1) Do you receive the appropriate frequency of contact from your inside/outside relationship manager?
2) Do you feel your inside/outside relationship manager understands your business?
3) On a scale of 1-10, please rate your inside/outside relationship manager's ability to follow-up on your requests.
4) On a scale of 1-10, please rate the usefulness of the support materials your inside/outside relationship managers provide you.
5) Please let us know if you have any other feedback about your relationship team, or your overall experience with EdgePoint.

The survey was sent on a Thursday evening and by Sunday, we had a response rate of greater than 70%. We were pleasantly surprised given the average response rate for a survey is only about 33%.* It's heartening to see how engaged these advisors are.

The results were encouraging as well:

– 97.2% of advisors surveyed feel they get the appropriate frequency of contact
– 97.1% of advisors surveyed feel the relationship managers understand the advisor's business
– 9.3/10 was the average score given for our ability to adequately respond to requests
– 9.2/10 was the average score given on the usefulness of our materials

Although it appears that these advisors are generally very satisfied with us, we are not patting ourselves on the back. We have more work to do when it comes to strengthening our relationships and helping these advisors share the EdgePoint story with their clients. Equally important, we want to ensure that we continue providing them with the appropriate client-friendly tools to navigate volatile markets.

Our advisor partnerships climbed to 6,543 in 2018 from 5,452 in 2017, with the top 20% of these advisors continuing to represent approximately 82% (or $15.1 billion of EdgePoint's retail AUM) at an average of $11.6 million per advisor.

The top 20% of our institutional clients now represent 94% of our institutional AUM (approximately $3.4 billion) with an average of $243 million per client.

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

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

$6,413,927,665** – How much we've made for our investors

$74,400,000*** – How much we've saved investors through lower fees in our four Portfolios. Based on relevant category average MERs provided by Strategic Insight and Morningstar Direct.

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

We also believe in eating our own cooking by maintaining a significant personal investment in our products. As at December 31, 2018, our internal partners held some $262 million in company-related products. Having "skin in the game" fosters accountability and creates alignment with our investment partners. While co-investment can't promise results, it does help to ensure investors' well-being moves in lockstep with their managers'.

* Source: Nigel Lindemann, "What's the average survey response rate? [2018 benchmark]." SurveyAnyplace.com, April 5, 2018. https://surveyanyplace.com/average-survey-response-rate/ (accessed on February 20, 2019).

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

*** Source: Strategic Insight, Morningstar Direct. Category average is MERs of actively managed series F funds in the following categories: Global Equity Category, Canadian Equity and Canadian Focused Equity Category, Canadian Equity Balanced, Canadian Neutral Balanced and Canadian Fixed Income Balanced, Global Equity Balanced, Global Fixed Income Balanced, Global Neutral Balanced. Series F is available to investors in fee-based/advisory fee arrangement and excludes trailing commissions. EdgePoint Portfolio MERs as at December 31, 2018. Annual savings calculated using an average of monthly assets under management for Series A and A non-HST or years 2009 to 2017 and series F and F non-HST for year 2018. Due to the shift in assets towards fee based, we believe comparing using Series F MERs starting in 2018 is more relevant.

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

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

New employees in 2018

A total of 68 EdgePoint internal partners now work for you, including these new hires in 2018.

Christen Cheung, Operations

Grant Schneider, Relationship Management

Judy Tang, Compliance

Brian Fung, Trading Operations

Teddy Murzydlo, Trading Operations

Jason Liu, Investments

Zach Spicer, Investment Communications

Jacob Martignago, Relationship Management

Alexandra Imbesi, Relationship Management

Cymbria's wealth drivers

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Security selection	-4.50%	13.45%	10.48%	11.09%	17.36%	45.49%	9.55%	-3.36%	9.53%	27.89%
EdgePoint valuation	3.60%	8.82%	1.45%	5.76%	5.17%	6.04%	0.96%	0.85%	1.92%	1.38%
EdgePoint dividend	1.33%	1.21%	0.98%	0.84%	0.78%	0.63%	0.56%	0.39%	0.37%	0.01%
Change in Cymbria's Class A aNAV	0.43%	23.48%	12.91%	17.69%	23.31%	52.16%	11.07%	-2.12%	11.82%	29.28%

Security selection includes Cymbria's income (excluding EdgePoint dividends) and expenses. The change in Cymbria's Class A aNAV includes an accrual for current income taxes and excludes the impact of potential deferred taxes on the Portfolio's unrealized gains. Calculations are for Cymbria's Class A aNAV. 2008 information was excluded since it wasn't a full calendar year.

10-year Partner Program

On EdgePoint's 10th anniversary, we announced our 10-year Partner Program.

One of the ways we measure success is by delivering performance at or near the top of our peer group over a 10-year timeframe. Having a long-term view of the businesses we invest in, is critical to achieving this goal. In the same way, focusing on the long term allows our investors to benefit from our investment approach and achieve their financial goals.

We believe it's important to show our appreciation for our clients' commitment over the years. For investors who have had the long-term vision and fortitude to stay the course, we are rewarding them with lower investment management fees.

The fee reduction applies to those partners who have been invested in an EdgePoint Portfolio for 10 or more consecutive years and are currently invested in a qualifying series. For more details on the program, visit our website.

The reduction is offered as a rebate in the form of management fee distribution reinvested in additional units of the Portfolio(s) you own.

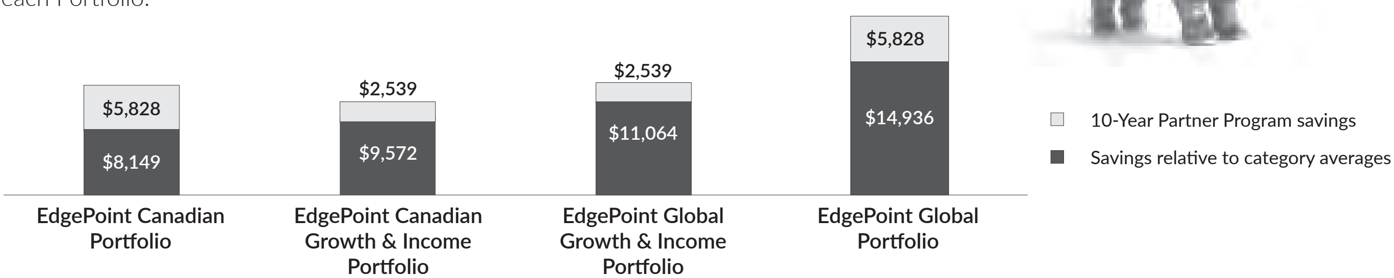
The Investment Management Fee[1] has been discounted by 10% for EdgePoint Global and EdgePoint Canadian Portfolios, and by 5% for the EdgePoint Global Growth & Income and EdgePoint Canadian Growth & Income Portfolios.

Our Portfolio MERs[2] are already lower than the average Canadian mutual fund (11 to 20 basis points below category averages for F-series funds and 18 to 27 basis points for non-HST F-series funds).[3] The additional fee discount for 10-year partners reinforces our commitment to rewarding the right behaviours.

Long-term investing harnesses the power of compounding, which we believe should serve our partners well for years to come.

Your potential savings over the long term – let's put some numbers to it

Impact of fee savings relative to category average MERs and impact of fee savings due to 10-year Partner Program on a $100,000 investment growing at 7% per year over 20 years for Series F of each Portfolio.



	EdgePoint Canadian Portfolio	EdgePoint Canadian Growth & Income Portfolio	EdgePoint Global Growth & Income Portfolio	EdgePoint Global Portfolio
Series F category average MERs	1.10%	1.01%	1.02%	1.17%
Series F EdgePoint MERs	0.99%	0.88%	0.87%	0.97%
Savings relative to category averages	0.11%	0.13%	0.15%	0.20%
10-year Partner Program savings	0.08%	0.04%	0.04%	0.08%
Total savings	0.19%	0.17%	0.19%	0.28%

Returns show the effect of compounding and are for illustrative purposes only. The figures aren't intended to reflect the future of any EdgePoint investment.

1 Investment Management Fee is defined as management fees applicable to Series A, Series A(N), Series F or Series F(N), net of trailer fees paid to your Dealer (if applicable), operating expenses and taxes.

2 The MER of a fund is composed of the Investment Management Fee that is paid to EdgePoint for their investment services + fund operating expenses paid to EdgePoint for the day-to-day expense associated with running a fund + taxes - trailing commissions paid to the advisor's firm.

3 Source: Morningstar Direct. Categories used: Global Equity, Canadian Equity and Canadian Focused Equity, Canadian Equity Balanced, Canadian Neutral Balanced and Canadian Fixed Income Balanced, Global Equity Balanced, Global Fixed Income Balanced and Global Neutral Balanced. Series F is available to investors in fee-based/advisory fee arrangement and excludes trailing commissions. EdgePoint Portfolio MERs as at December 31, 2018.

How good are we at valuing EdgePoint?

By Norm Tang, Chief Financial Officer

In last year's Annual Report, I tried to answer a question that we get frequently: "How do you value EdgePoint Wealth Management?" I walked through some of the drivers and assumptions that go into the 10-year discounted cash flow model used to value EdgePoint. For this year's Annual Report, I thought it might be interesting to see what actually happened in 2018 versus some of the assumptions that had gone into the model.

What drives EdgePoint's value?

The cash flows for a business like EdgePoint's are largely driven by one factor: **assets under management** ("AUM"). To be sure, there are other factors that will affect the valuation (as outlined last year) but AUM growth is the starting point. The profit margin or cash flows from the business, while not exactly a fixed percentage, is fairly consistent from year to year. Top-line management fee revenue is a fixed percentage of the investment funds that are managed. In a services-type industry like investment fund management, there also doesn't tend to be "surprise" expenses than can significantly impact the overall profit margin by more than a percentage point or two, and EdgePoint has no debt or capital requirements. If profit as a percentage of AUM is fairly steady, the current level of AUM and, more specifically, the growth rate applied to that AUM becomes the primary driver for the overall valuation of EdgePoint. The two main assumptions that drive the AUM growth rate are annual net fund flows and investment performance of the funds.

Definitions:

Assets under management ("AUM"): a measure of the total market value of all financial assets which an investment firm manages on behalf of its clients

Gross sales: the total dollar value of mutual fund units purchased by clients of an investment firm

Discounted cash flow model ("DCF"): a valuation method used to estimate the value of a business based on its future cash flows

Redemptions: the total dollar value of mutual fund units sold by clients of an investment firm

Sometimes, educated guesses can seem very uneducated

When we think about annual net fund flows, we tend to think of it in dollar terms and calculate it as **gross sales** less redemptions. Over the 10 years of the **discounted cash flow model**, gross sales between $2.25 billion and $4 billion were used. As it related to 2018, we assumed gross sales of $4 billion. At the time we believed that $4 billion was not necessarily a conservative number, but there were many indicators going into 2018 that suggested it might be a good sales year, making $4 billion reasonably achievable. For starters, EdgePoint was coming out of 2017 where it had $4.9 billion in gross sales, the largest in its nine-year history. 2018 was also going to be the first time that EdgePoint could actually measure one of its three primary measures of success: achieving investment results at or near the top of its peer group over 10 years. Based on the first nine years of investment performance, it seemed likely that EdgePoint's first 10-year performance number was going to be pretty good. You might be wondering why we didn't use at least the $4.9 billion from 2017 as our assumed gross sales figure. Well, prior to 2017, EdgePoint's annual gross sales ranged from $600 million to $2.5 billion. 2017 seemed like it could have been an outlier as EdgePoint didn't do anything different in 2017 than it had done in the eight years prior. There were still only four mutual funds, no advertising, no marketing, no trinkets and trash for advisors, the company didn't seek media attention, same low fees and same single investment approach. It seemed reasonable to use a gross sales number that was slightly lower than the highest single year in the company's history.

The other half of calculating net fund flows is **redemptions**. When trying to estimate what EdgePoint's redemption rate would be over the next 10 years, looking at its historical redemption rate didn't tell the full story. As we built the model last year, EdgePoint's historical redemption rate ranged between 3.6% and 8.7% from 2008 to that point in 2017. But EdgePoint was a brand-new business in 2008 with a very different business model than its competitors in the asset management industry. With no push to be all things to all people and no goal or company target mentioning AUM growth, EdgePoint had no intention of being a household name. Generally speaking, the only way an end investor would have heard of EdgePoint is if their advisor had recommended it to them. This was especially true early in EdgePoint's history, but with no historical performance to reference, in order for an advisor to recommend EdgePoint it would have taken a true belief in what EdgePoint stood for and how it was going to perform based on its principles. The mindset for that type of investor would likely lead to a naturally lower redemption rate. It took a big leap of faith in the first place, so you probably weren't going to bail at the first sign of adversity. When you combine this mindset with strong investment performance and (mostly) historically low market volatility, it was understandable that EdgePoint had an 8.4% redemption rate in 2017, which is quite low for retail mutual funds. However, when trying to project what EdgePoint might look like over the next 10 years in the discounted cash flow model, it would have been difficult to assume that it could maintain a redemption rate that is roughly half that of the industry average. In the model we used a redemption rate that ranged from 9% to 14% and, for 2018 specifically, we used 9%.

The last piece to estimating the AUM growth rate is investment performance of the funds. Trying to predict what investment performance will be each year over the next 10 is obviously impossible. EdgePoint's annualized investment return since inception to the end of 2017 (weighted across the four investment funds) was a little over 15%. In the investment industry, when you see an investment return it is usually followed by fine print that says something to the effect of "historical returns are no guarantee of future performance." EdgePoint is no exception to this rule. If you look back to when EdgePoint launched its investment funds in November 2008, it was about four months before the bottom of the financial crisis that had deeply depressed valuations of all equities. Investment returns coming out of a period like that were unlikely to be replicable by any investor if the starting point was December 2017. To put an annualized 15% return into perspective, it meant that had you invested with EdgePoint in November 2008, by the time we were doing the valuation in December 2017 (about nine years later), your investment would have grown by a little over 3.5 times. I wish that were a normal investing environment, but it's not. Obviously, every investment manager, including EdgePoint, strives to achieve investment results like that or better, but a rational person valuing EdgePoint would choose a much more conservative estimate for future investment returns. We used an annualized investment return of 5% for EdgePoint.

What actually happened in 2018 versus what was modeled?

The $4 billion in gross sales that we had forecasted for 2018 was about 18% lower than 2017 but about 85% higher than 2016. EdgePoint's actual gross sales in 2018 were $7.8 billion, or about 95% higher than forecasted. The overall shift by investors to global equity funds from domestic equity funds and fixed income products that had started in 2017 seemed to continue for most of 2018. If an investor or advisor wanted to invest in a global equity or global balanced fund and looked up the top-performing funds using Morningstar, Globefund or another data service, EdgePoint Global Portfolio or EdgePoint Global Growth & Income Portfolio likely would have popped up near the top of their screens. Not surprisingly, over 90% of EdgePoint's 2018 gross sales were invested in one of those two funds.

On the redemption side, up until December, EdgePoint's annualized redemption rate was below the 9% that had been used in the discounted cash flow model for 2018. However, redemptions started to increase around October of 2018, and for the year the overall redemption rate was 10%. The unfortunate reality in the investment fund industry is that flows tend to chase returns over the short-term. When a fund has positive investment returns, investors tend to purchase more of this fund and the opposite (redemptions) tends to occur when the fund has negative investment returns. That might seem obvious but, ultimately, we believe that chasing returns hurts the end investors' long-term investment results. The investment industry in general has to shoulder much of the blame for this. When times are good, you'll see endless advertisements and fund launches promoting recent performance, but when times are bad, the industry tends to get very quiet. The marketers at these companies understand that investing is emotional and good marketers know how to play to your emotions. Contrast that with EdgePoint, which has no marketing department. Rather than trying to figure out how to lure the unsuspecting investor into questionable investments just to boost sales, EdgePoint focuses on trying to answer the following question: "How do we ensure that the average investor in one of the EdgePoint Portfolios gets the same investment return as the fund itself?" Seems like a silly question to ponder, but studies have shown that the average investor underperforms – sometimes significantly – the funds they invest in. As noted above, a big reason for this is the tendency to chase returns. EdgePoint does a number of things to try and solve this issue. First and foremost is trying to partner with investment advisors who truly understand how EdgePoint invests – ignoring the short-term "noise" in order to achieve long-term investment success. Short-term performance is not a great indicator of whether the fund manager is a genius or a fool, so making investment decisions based on that is a dangerous game.

You might have guessed from my comments above that the investment performance of EdgePoint's four funds was negative for 2018. Instead of the 5% investment return that was used in the discounted cash flow model for 2018, the weighted average return for EdgePoint's four funds was roughly -3.75%. I believe that the negative return for the year led to 2018's higher redemption rate. Overall AUM was forecasted to grow in 2018 to $21.6 billion. Notwithstanding the increase in redemption rate and the year's negative investment performance, actual AUM grew to $23.8 billion in 2018, or about 26% higher than 2017's AUM.

How did all this actually impact the valuation for EdgePoint?

AUM drives the cash flow, which is one part of the valuation. Determining what a business like EdgePoint is worth is the equivalent of determining how much you should pay for all of its future cash flows. Since receiving $100 five years from now is not worth as much as having $100 today, you need to apply a **discount rate** to the business' future cash flows. Answering the following question is an easy way to think about discount rates: "What does an average investor in a specific business need to earn annually in order to make the investment worthwhile?" To answer that question, you must consider what they could otherwise invest in that wouldn't have any risk, and then add how much they should be paid to take on the risks (both known and potential) that are inherent in that specific business and/or industry. As you can probably imagine, determining a discount rate is part science and part art.

The value of Cymbria's investment in EdgePoint increased from $185.9 million at December 31, 2017 to $224.1 million at December 31, 2018, a 20.5% year-over-year increase. The valuation bridge below (which shows what changed the valuation between December 2017 and December 2018) should help explain how the valuation changed. For the most part, all of the inputs in the valuation bridge impacted AUM with the exception of the discount rate and terminal multiple change. The discount rate used on EdgePoint's cash flows increased from 12% in 2017 to 12.5% in 2018, while the **terminal multiple** decreased from 8x to 7x. If you follow the logic in the paragraph above, an increase in the discount rate (and decrease in terminal multiple) essentially means that an average investor in the business needs to be paid more to invest in it than they would have previously required. The reasons for this, among others, could be changes to the **risk-free rate**, business-level risks, industry-level risks, future uncertainty or some combination of everything. Valuations for publicly traded asset managers in Canada have been declining. We believe that analysts and investors have been pricing in the growth of lower-margin products like exchange-traded funds (ETFs), competition from lower-cost distribution channels like "robo-advisors" that tend to use ETFs, and an eventual reduction in management fees as a result of this competition. While we believe that EdgePoint is well positioned

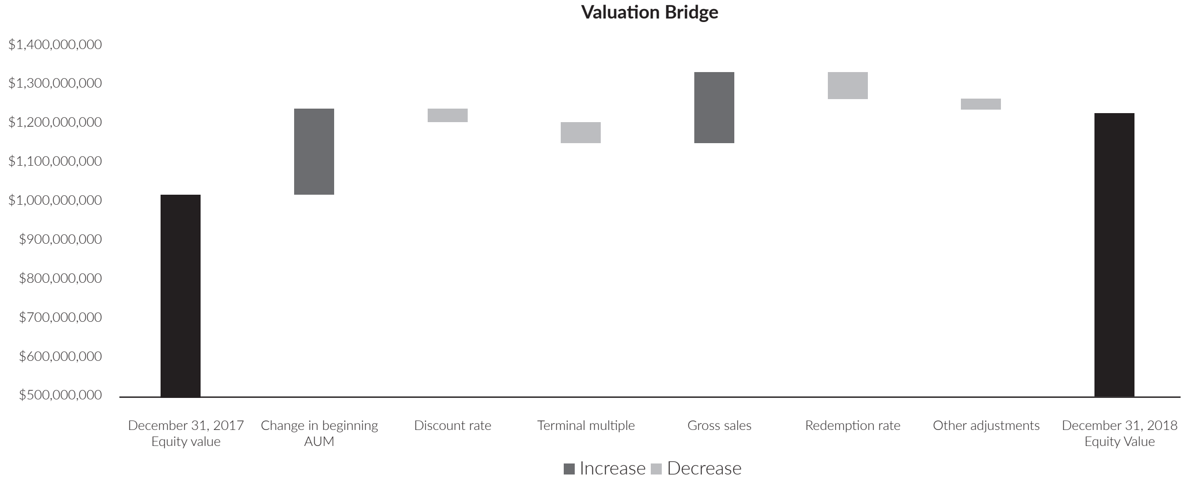
Definitions:

Discount rate: the interest rate used in a discounted cash flow model to determine the present value of future cash flows.

Terminal value multiple: terminal value is the estimated value of a business beyond the explicit forecast period. The multiple assumes the business is sold for a multiple of some metric based on currently observed comparable trading multiples for similar businesses.

Risk-free rate: the rate of return for an investment with zero risk.

against some of these industry pressures, it ultimately is in the same industry and a rational person valuing EdgePoint would most certainly consider these circumstances as part of the valuation.



How is it possible that we are getting worse at this?

Had I done this year-end analysis every year for the previous eight years, I think you'd find that we're actually getting worse at trying to predict sales and AUM, which seems counterintuitive because experience usually helps you get better at things. So, why have sales and AUM forecasts become more difficult? Aside from the valuation process (allow me to remove my Cymbria hat and put on my EdgePoint hat for a minute), we almost never think about EdgePoint in terms of sales or AUM. Of course, our relationship management team keeps internal targets for their territories, but these are more to help them plan how they will spend their time throughout the year. In fact, our relationship managers were not even compensated based on sales last year. If their territories had net sales of $500,000 versus $500,000,000, their compensation would not have changed.

How should I think about EdgePoint's value going forward?

If you're asking the question, you probably want some numbers. Cymbria's investment in EdgePoint is valued at $224.1 million as at December 31, 2018. Note 11 of the annual financial statements outlines some of the key inputs and assumptions used to arrive at that valuation, as well as a sensitivity analysis. EdgePoint, as a private business, does not publish its financial statements.

Success at EdgePoint is not measured based on sales targets, profitability or AUM. The company has three primary goals:

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

How successful EdgePoint is at achieving those three goals will help determine the company's value. With that said, we've again made assumptions and forecasts for EdgePoint for 2019 and beyond. I'm sure some of those assumptions will prove to be incorrect and we will adjust the valuation accordingly. With only four retail funds, as well as the stated intention to cap funds if their size may impair the ability to achieve the first goal above, there is probably a ceiling on how big EdgePoint could reasonably get. After 10 years in business, EdgePoint still appears to be in a growth stage, but it is probably unreasonable to assume that the growth EdgePoint has experienced over the past 10 years will continue into the next 10. In 2008, we made our investment in EdgePoint with the idea that hard work and an unwavering focus on the three goals above could result in a successful business. Ten years later it's probably fair to say that we've been pleasantly surprised by the company's considerable success. However, there is no finish line in this business and the 10 years that have passed are likely short-term compared to the investment timelines of the 311,205 families that have trusted EdgePoint with their savings. Helping these families achieve their investment goals is the ultimate objective, and it will only happen through continued hard work, an unwavering focus on the three goals above and the ability to maintain the trust that these families and their advisors have placed in EdgePoint.

Introducing Evening Moon

We're proud of the money we've made for our investors, but we know that past results aren't a good reason to keep patting ourselves on the back. They're an even worse basis for a fund rating system if investors choose funds for their high ratings and expect continued performance. Being called an all-star is flattering, but the problem is that the average investor is typically starry-eyed. They tend to chase stars when choosing mutual funds and dump them when the stars fall – all because investors forgot that they're measures of past performance not predictors of the future. Chasing past returns based on heightened expectations can significantly hurt savings. Of the 10,800 U.S. open-ended mutual funds with a 5-star rating between 2013 and 2016, only 12% managed to maintain the same rating three years later.[†]

We believe that having a long-term view makes any time a good one to invest in our Portfolios. We don't endorse trying to time the market, but we know that periods of volatility are above-average investing opportunities.

"Evening Moon" is EdgePoint's way of "measuring" how emotionally difficult buying one of our Funds is based on recent returns and, more importantly, how much we believe there's an opportunity to buy at a discount. Five Moons means the fund feels hard to buy due to recent downside volatility, but that it's also likely to be a great time to invest. One Moon means the fund hasn't had much downside volatility in a while, but that can change at any time. The highly scientific and proprietary methodology behind the ratings is based on our internal award-winning, galaxy-renowned and distinguished Moonster algorithm. Note: we haven't done any back testing and, like other ratings systems, don't think the ratings will reflect future returns.

As at December 31, 2018, the Global Portfolio ended the year with 4.5 Moons due to recent underperformance. A fund that dropped by as much as 17%[††] during the third quarter might look unappealing, but we believe it's likely a great time to invest if you plan to hold it for the long term.

To help spread the word, our Evening Moon "one pager" also provides stats that we believe are more important when choosing a fund company to manage your money. Things like firm co-investment, fee savings, average investor return and investment mistakes made. Ratings are an easy way to measure funds, but they probably aren't the right one. We know Evening Moon won't predict the future, but neither will any other system based on past results. Our ancestors may have looked to the stars to forecast what might happen, but we think that a fund company's values, managers and investment process are a better way to plan.

If you'd like to talk more about Evening Moon or get our help in rating your funds, give us a call. We know you're curious! Besides, how often do you get a chance to be mooned by a prestigious ratings service? Maybe once in a blue – oh, never mind!

[†] Source: Tom McGinty, "How The Wall Street Journal Did Its Analysis of Morningstar Ratings." *The Wall Street Journal*, October 25, 2017. https://www.wsj.com/articles/how-the-wall-street-journal-did-its-analysis-of-morningstar-ratings-1508947039?tesla=y (accessed on February 20, 2019). https://www.wsj.com/articles/how-the-wall-street-journal-did-its-analysis-of-morningstar-ratings-1508947039?tesla=y.

[††] EdgePoint Global Portfolio, Series A. Total return in C$. 17% decline occurred from September 22, 2018 to December 24, 2018.

EVENING MOON

EdgePoint Wealth Management Inc.

EdgePoint Global Portfolio, Series A

December 31, 2018

EdgePoint Global Portfolio, Series A – as at Dec. 31, 2018							Firmwide – as at Dec. 31, 2018		
NAV $	5-year cumulative total return	Min. invest	Active share	MER (Dec. 31, 2018)	Cat. avg. MER	Since inception $ made for investors	# of families served	Since inception fee savings
$27.25	70.95%	C$20,000	98%	2.12%	2.35%	$6.4 billion	311,205	$74 million

Volatility – a key ingredient to outperformance

Ignoring short-term price drops can lead to long-term gains.

Since inception, EdgePoint Global Portfolio has had five declines of -15% or more:

Portfolio peak-to-trough	Cumulative decline
Jan. 6, 2009 to Mar. 9, 2009	-22%
Apr. 29, 2010 to Aug. 24, 2010	-16%
May 10, 2011 to Aug. 8, 2011	-20%
Aug. 5, 2015 to Feb. 11, 2016	-15%
Sep. 22, 2018 to Dec. 24, 2018	-17%

Moonster Methodology - how it works

The rating is a weighted average calculation of the Portfolio's performance:

50% (portfolio return vs. previous portfolio peak)
+ 25% (portfolio return vs. benchmark)
+ 25% (portfolio return vs. peer group)

Portfolio return vs. Portfolio previous peak (50%)	Portfolio return vs. MSCI World Index (25%)	Portfolio return vs. Peer group (25%)	Moons
Performance < -20%	Performance < -2.5%	4th quartile	5
-20% ≤ Performance < -10%	-2.5% ≤ Performance < -1.5%	3rd quartile	4
-10% ≤ Performance < 0%	-1.5% ≤ Performance<-1.0%	2nd quartile	3
0% ≤ Performance < 10%	-1.0% ≤ Performance < 0%	1st quartile	2
Performance ≥ 10%	Performance ≥ 0%		1

Performance 12.31.2018

YTD	1-year	3-year	5-year	10-year	Since inception*
-3.42%	-3.42%	8.51%	11.32%	13.98%	14.92%

* November 17, 2018.

Risk – permanent loss of capital

Batting average: 81%[+]

We view risk as the possibility of permanent loss of capital. We believe that batting average, or the percentage of our investments that made money for clients, is a better way to show how we've protected investor capital. We don't view risk as short-term price fluctuations.

[+]Percentage of holdings with positive, realized returns from November 17, 2008 to December 31, 2018.

Hits...and misses

We try to be perfect, but we do make mistakes.

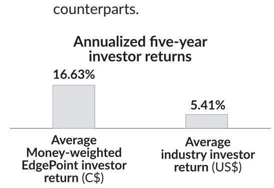
Below are the Portfolio's biggest investment mistakes:

- GameStop Corp.
- Connaught plc
- BNY Mellon Corp.
- Takata Corp.
- Cisco Systems, Inc.
- BlackBerry Ltd.
- Western Union Co.
- Jacobs Engineering Group Inc.
- Team Inc.

We try to minimize the impact of any mistake by building a portfolio diversified by business idea, so when mistakes happen, the impact is typically offset by other uncorrelated ideas.

How our average investor did versus their U.S. counterparts over the last five years

Between December 31, 2012 and December 31, 2017, the average EdgePoint investor earned pleasing returns as they didn't succumb to their emotions like their U.S. counterparts.



Currently no studies include Canadian average investor returns. As such, average investor return data from U.S.-based DALBAR, Inc. was used. Methodology and currency differ from the EdgePoint average investor return due to availability and study parameters used by DALBAR, Inc.
Please see Footnote i on page 20 for more information on EdgePoint investor return calculation.

Celebrating 10 years of culture

---

68 individuals brought together by one idea


80
ORIGINAL
ART WORKS
Cymbria
PATRICK

EdgePoint in numbers

Our 10-year progress report

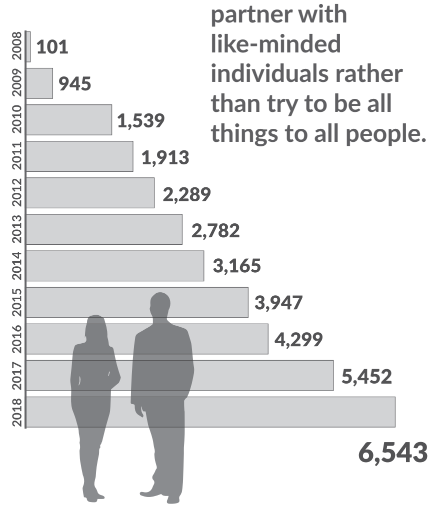
Portfolios

4

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

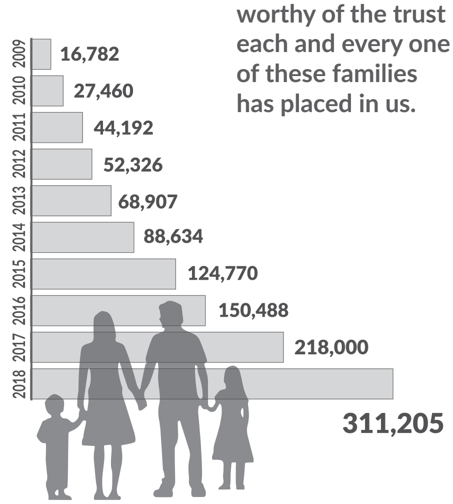
Advisor partnerships

Our goal is to partner with like-minded individuals rather than try to be all things to all people.



Families served

We work hard every day to be worthy of the trust each and every one of these families has placed in us.



10-YEAR AVERAGE EDGEPOINT INVESTOR RETURN[i]

12.73%

2008 to 2018

We believe our investors' strong returns reflect how our advisor partners help their clients stay calm and focused when markets are volatile.

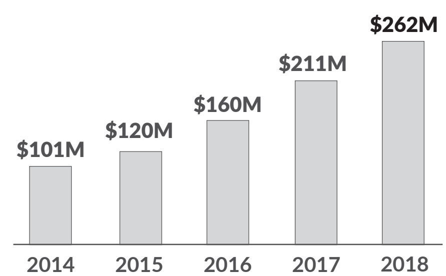
FEE SAVINGS[ii]

$58M 2017 VS. **$74M** 2018

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

CO-INVESTMENT[iii]

Internal partners' investment in company-related products



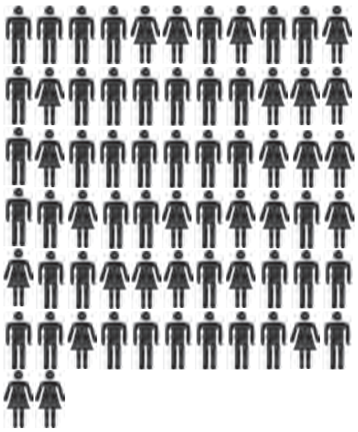
Our well-being moves in lockstep with our investors'.

[i]Source: Average EdgePoint investor returns: CIBC Mellon. Average EdgePoint investor returns are the average money-weighted returns (net of fees) across investors in EdgePoint Portfolios from December 31, 2008 to December 31, 2018. Money-weighted returns represent the investor's personal rate of return taking into account their decisions regarding the timing and magnitude of portfolio cash flows.

[ii]Source: Category average MERs provided by Strategic Insight as at calendar year-ends 2009 to 2017. Category average MERs for year 2018 provided by Morningstar Direct. Categories used: Global Equity, Canadian Equity and Canadian Focused Equity, Canadian Equity Balanced, Canadian Neutral Balanced and Canadian Fixed Income Balanced, Global Equity Balanced, Global Fixed Income Balanced and Global Neutral Balanced. Annual savings calculated using an average of monthly assets under management for Series A and A non-HST for years 2009 to 2017, and series F and F non-HST for year 2018. Series F is available to investors in fee-based/advisory fee arrangement and excludes trailing commissions. Due to the shift in assets toward fee based, we believe comparing F series MERs starting in 2018 is more relevant. MERs since inception to end-of-year 2008 not included.

[iii]Co-investment numbers as at December 31 of each year noted.

Employee partnerships



We continue to grow and our people continue to stay! Overall, the average tenure of an EdgePointer is almost five years. We think it's a good retention rate for a 10-year-old company.

NEED INSIGHTS?

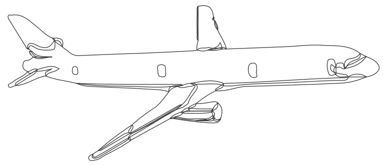
OUR EDGEPOINT COMMENTARIES HAVE TOTALED

146,064

WORDS -- AND COUNTING!

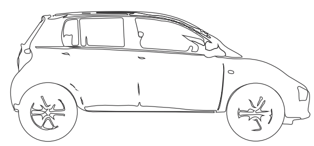
(OR ABOUT 4 OF "THE GREAT GATSBY"!)

10-YEARS of TRAVEL



The Investment team has taken

~571 FLIGHTS



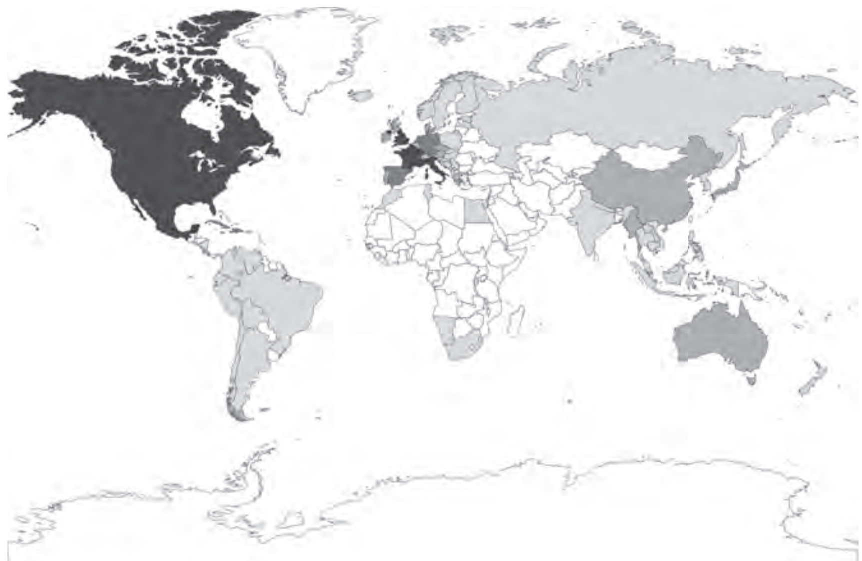
The relationship management team has driven over

1.4 MILLION KMs

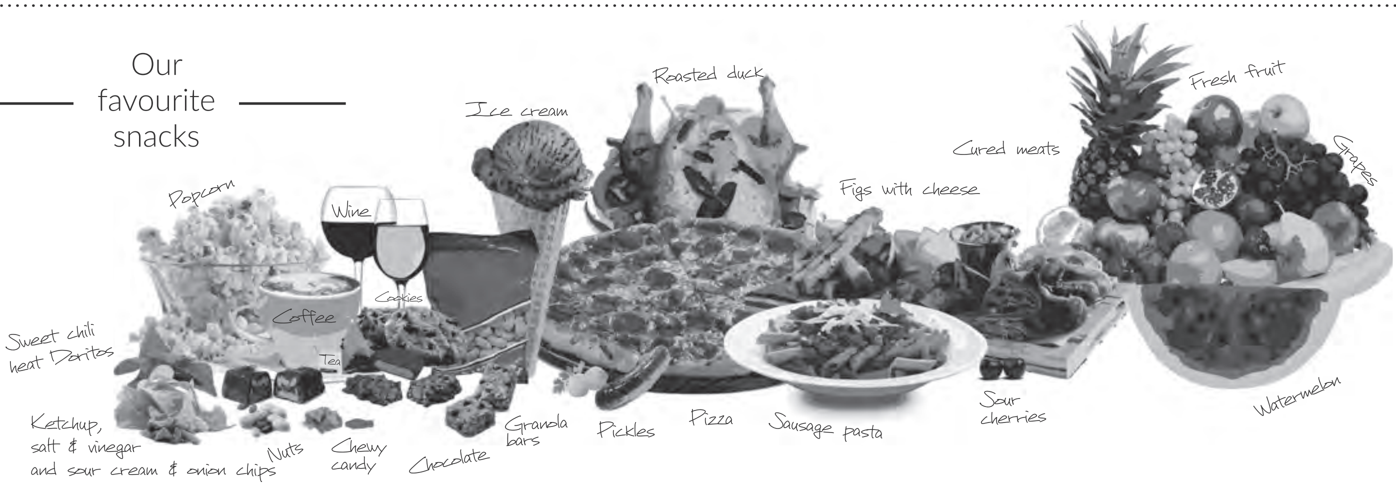
(or driving across Canada almost 180 times!)

Collectively, we've been to almost every continent.

We've been to all the shaded countries. The darker the shade, the more trips we've made.



Our favourite snacks



OBITUARIES

The sad passing of investment-led companies

DECEMBER 31, 2000 – It is with great sadness that we announce the passing of the beloved investment-led companies. They will be remembered for being guided by investment professionals who would concentrate on building wealth and doing right by end investors. They lived and flourished by simple and straightforward rules – integrity, alignment of interest with investors and maintaining a long-term focus. Investment professionals were at the forefront of these firms, making decisions in the best interests of investors. When the companies prospered, so did investors. It was a simpler time when you could actually trust investment firms to make investors their number one priority in every decision – what a novel concept!

The health of investment-led companies took a turn for the worse when the industry abandoned its founding principles and succumbed to the rise of sales and marketing. Alignment of interest suffered as sales and marketing-led firms were focused on asset gathering mainly by creating products that would sell regardless of whether or not they were in the best interest of investors. These firms don’t measure success by good long-term investment performance but by asset growth. Things deteriorated further when most of the sales and marketing-led firms became public entities. These firms spent more time and effort focusing on their shareholders’ interests of asset growth rather than compounding wealth for their investors.

However, we will not be paying our final respects to all investment-led companies as there are still a select few that are firmly holding on to their founding principles. They are laser focused on building wealth and putting the investor first in every decision they make.

If you still remember these firms, pass this on. If you see signs of life of an investment-led firm, hold on to them as they’re close to extinct.

Investment-led company closing its doors.

Management's Discussion & Analysis of

CYMBRIA CORPORATION

Year ended December 31, 2018

CYMBRIA

Management's Discussion and Analysis ("MD&A") provides a review of Cymbria Corporation's ("Cymbria") financial results for the year ended December 31, 2018 and assesses factors that may affect future results. The financial condition and results of operations are analyzed noting the significant factors that impacted the statements of financial position, statements of comprehensive income, statements of changes in equity, and statements of cash flows of Cymbria. As such, this MD&A should be read in conjunction with the audited annual financial statements and notes thereto included in this report. The MD&A and the audited annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") to provide information about Cymbria.

The following MD&A is the responsibility of management and is dated March 7, 2019. The Board of Directors carries out its responsibility for the review of this disclosure through its Audit Committee, comprised exclusively of independent directors. The Audit Committee has reviewed and recommended approval of the MD&A by the Board of Directors. The Board of Directors has approved this disclosure.

The annual Financial Statements may be included at the back of the MD&A. You can obtain a free copy of the interim or annual Financial Statements by calling 1.866.757.7207, writing to EdgePoint Investment Group Inc., 150 Bloor St. W., Suite 500, Toronto, ON, M5S 2X9, or visiting our website at **www.cymbria.com** or the SEDAR website at **www.sedar.com**.

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

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

Caution regarding forward-looking statements

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

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

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

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

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

Management's Discussion and Analysis

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

Please read the aforementioned caution regarding forward-looking statements.

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

Non-IFRS measures

Cymbria prepares and releases audited annual financial statements and unaudited interim financial statements in accordance with IFRS. In this MD&A, as a complement to results provided in accordance with IFRS, Cymbria discloses certain financial measures not recognized under IFRS and that do not have standard meanings prescribed by IFRS (collectively the "non-IFRS measures"). These non-IFRS measures are further described below. Cymbria has presented such non-IFRS measures, because we believe they are relevant measures of the ability to evaluate Cymbria's performance. These non-IFRS measures should not be construed as alternatives to net comprehensive income (loss) determined in accordance with IFRS as indicators of Cymbria's performance.

- Adjusted Net Asset Value ("aNAV") – represents the fair value of the net assets of Cymbria, which differs from IFRS Shareholders' Equity because it does not take into account the deferred income tax liability on the unrealized gain on investments and the deferred tax benefits associated with any realized losses on investments. The calculation of aNAV has not changed since the inception of Cymbria.

  Net asset value calculations are different across companies and shareholders of Cymbria should be cautioned that its aNAV may not be comparable to other companies. Cymbria still believes aNAV is an important measure because it is the basis on which the Manager evaluates Cymbria's performance. The difference between aNAV and shareholders' equity is the deferred income tax liability. Deferred income taxes can differ from actual income taxes paid in the future due to fluctuations in investment prices and changes to income tax rates. In addition, $29.6 million of the $27.8 million deferred income tax liability relates to Cymbria's investment in EdgePoint. The manager is compensated through the management fee that is based on Cymbria's aNAV calculation, not shareholders' equity. Below is a reconciliation of aNAV to shareholders' equity.

	Dec. 31, 2018 ('000s)	Dec. 31, 2017 ('000s)
aNAV	$1,065,080	$1,059,071
Less: Deferred income tax liability	(27,803)	(43,538)
Shareholders' equity	$1,037,277	$1,015,533

- Management Expense Ratio ("MER") – represents the total management fees and operating expenses paid by each class of Cymbria, including applicable sales taxes and interest, and excluding corporate income taxes, commissions and other portfolio transaction costs, as a percentage of the average daily aNAV of Cymbria on an annualized basis.
- Adjusted net asset value per share – represents the aNAV of Cymbria by class divided by the respective number of shares in that class. Below is a reconciliation of adjusted net asset value per share to shareholders' equity per share.

Class A	Dec. 31, 2018	Dec. 31, 2017
Adjusted net asset value per share	$ 45.38	$ 45.18
Less: Deferred income tax liability	(1.19)	(1.85)
Shareholders' equity per share	$ 44.19	$ 43.33

Class J	Dec. 31, 2018	Dec. 31, 2017
Adjusted net asset value per share	$ 50.06	$ 49.68
Less: Deferred income tax liability	(1.31)	(2.06)
Shareholders' equity per share	$ 48.75	$ 47.62

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

Our business

Cymbria is an investment corporation that trades on the Toronto Stock Exchange. At the end of 2018, Cymbria invested in a collection of 47 different business ideas, including a 20.7% ownership stake in EdgePoint Wealth Management Inc. ("EdgePoint").

Measuring our results

We've made meaningful progress toward our goal of building long-term wealth for shareholders. The cumulative return of Cymbria's Class A aNAV since inception is 353.8% and the cumulative return of Cymbria's Class A shareholders' equity since inception is 341.9%.

We measure our investment results using Cymbria's aNAV rather than its stock price or shareholders' equity, as we feel this more closely reflects how our Investment team adds value. For instance, fluctuations in Cymbria's share price are not always consistent with the movements of its aNAV and can change based on numerous factors, some of which are independent of Cymbria's aNAV. Cymbria's shareholders' equity differs from aNAV because of accounting differences primarily related to deferred income taxes. Cymbria's aNAV includes a provision for current corporate income taxes, but excludes a provision for future taxes on unrealized capital gains and losses. Shareholders' equity includes both. Deferred tax does not impact the amount of capital that Cymbria has invested to earn a return. Therefore, when we measure our investment performance, we measure against the full amount of capital that was available to us to invest which is represented by aNAV. We are required to calculate aNAV daily and Cymbria's Class A aNAV is posted daily to our website.

Measuring Cymbria's worth

Cymbria's stock price has swung between a 14.2% discount and a 34.0% premium to aNAV since inception.

The publicly traded portion of Cymbria's portfolio consists of a collection of quality businesses we believe are trading for less than their true value. We try to buy businesses that can materially grow their cash flows over time and where we're not being asked to pay for that growth today. This should translate into healthy share-price appreciation.

To help investors make intelligent decisions about their investment in Cymbria, we post its aNAV daily to our website. Some have suggested that doing so encourages short-term thinking. We tend to agree. Cymbria's aNAV is different from its worth. The aNAV represents the value of its holdings at today's prices, not tomorrow's worth. Not everyone uses Cymbria's aNAV as a guidepost, nor does posting it ensure that the stock will ever trade at that figure. Cymbria has traded within a wide band and people are free to ignore the guideposts.

Since we have no control over Cymbria's share price and don't know what's in the heads of sellers day-to-day, we also have no way of determining if there will be shareholders willing to sell at material discounts to aNAV (either knowingly or unknowingly). If Cymbria's stock price lags its aNAV, we also believe in buying back shares, as doing so at an attractive discount makes sense for our shareholders. Should these opportunities exist over the next decade, our share repurchases should greatly enhance Cymbria's value for remaining shareholders. This will occur at the expense of those willing to sell to us at a discount. If we're right about the value of the businesses inside Cymbria's portfolio over time, our share repurchases will prove to be one of our better investments. Please see "Non-IFRS measures" for a discussion on aNAV.

Recent developments

After relatively calm markets over the last few years, the fourth quarter of 2018 was a reminder to many investors on what a bumpy ride feels like. According to Deutsche Bank, over 90% of the 70 asset classes they track posted negative returns in U.S. dollar terms for the year. Increased volatility also led to a large increase in fund outflows. It's difficult to predict stock market returns over the short-term but if history is a guide, investors racing for the exits today will create opportunities for those investors who stay the course and don't panic.

Investors selling equities today likely believe that the future is uncertain. Newspaper headlines are intimidating with fears of a slowing global economy, trade tensions with China and slumping commodity prices. The truth is there are always things to worry about. When we think back over the last 10 years, we remember that the S&P 500 Index more than doubled on a price return basis. We forget, however, the issues that investors had to deal with along the way (Brexit, China slowdown, negative interest rates, etc.).

There will always be good reasons not to invest. As long-term owners of high-quality businesses, we believe it's usually a mistake to sit on the sidelines waiting for a brighter future.

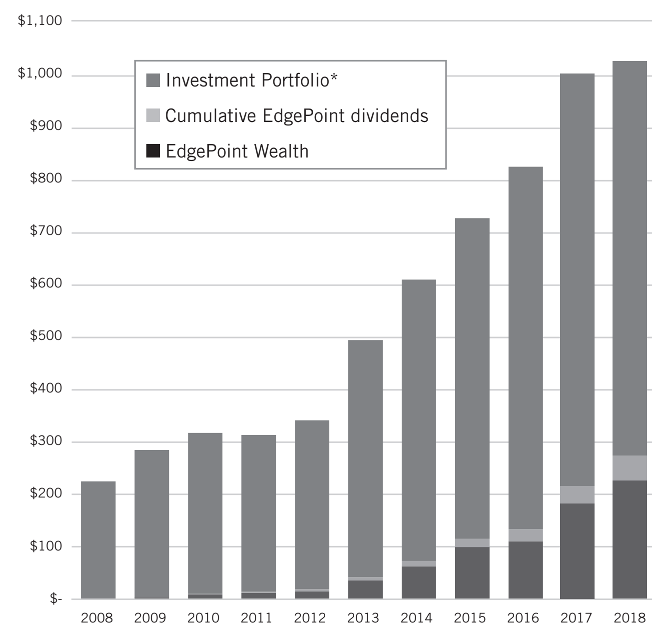
Outlook

We believe volatility is a normal part of investing and we should continue expecting a bumpier ride in the future. Volatility is the enemy to the investor who doesn't know the true value of a business and the friend to the investor that does. During periods of declining stock prices, we use the volatility to our advantage by increasing stakes in businesses we own as well as purchasing new businesses at attractive entry prices. While we aren't good at forecasting the future, we believe a few things will remain unchanged: investors will still be their own enemies, uncertainty will be the only certainty and the ride won't be smooth. We will however continue to try to maintain our investment edge which is our extended time horizon – the willingness to look further out than other investors, even if we may look wrong in the short term.

Overall performance

For the year ended December 31, 2018, Cymbria's shareholders' equity increased 2.1% (December 31, 2017: 22.8%). As at December 31, 2018, Cymbria's shareholders' equity increased to $1,037 million, compared to $1,015 million as at December 31, 2017. The increase in shareholders' equity is largely attributable to investment performance, which is discussed in the *Investment performance* section of this report.

Shareholders' equity ('000)



*Includes cash and net working capital.

Summary of investment portfolio

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

Top 15 Securities	Fair value	% of Shareholders' equity
EdgePoint Wealth Management Inc.	$224,121	21.6%
Shiseido Co., Ltd.	42,076	4.1%
Berkshire Hathaway Inc.	40,473	3.9%
Wells Fargo & Co.	38,671	3.7%
TE Connectivity Ltd.	37,949	3.7%
CSX Corp.	34,320	3.3%
Echelon Financial Holdings Inc.	33,931	3.3%
Flowserve Corp.	33,763	3.3%
Subaru Corp.	31,257	3.0%
The Middleby Corp.	29,969	2.9%
Fidelity National Information Services, Inc.	29,685	2.9%
WABCO Holdings Inc.	27,640	2.7%
Bharti Infratel Ltd.	25,424	2.5%
Affiliated Managers Group Inc.	23,242	2.2%
Mitsubishi Electric Corp.	22,057	2.1%

Investment performance

Cymbria's investment performance can be attributed to its investment in a portfolio of securities and EdgePoint.

Portfolio of securities

While we provide these results to fulfill the disclosure requirement of this report, we measure investment success over periods of 10 years or more, and believe it takes considerable skill to consistently add value over the long term. With a long-term view, it would not add a significant amount of value to discuss every business that is owned in the portfolio, including those that have had short-term fluctuations in value. However, in this section we will discuss the investments that had the most impact that we believe would be of interest to shareholders and highlight any material changes to the businesses we own, if any.

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

- Shiseido Co., Ltd.

  Shiseido Co., Ltd. is one of the largest cosmetic companies in the world. We first added the business to Cymbria at the beginning of February 2015. Our belief was that the company could significantly increase its operating margins by addressing cost issues. The CEO and the management team delivered by focusing on growth and cost savings which increased profits in the business. The stock was up 27% during the year and Cymbria trimmed part of its position in the company realizing a gain of $21.5 million.

- Ubiquiti Networks Inc.

  We first purchased Ubiquiti Networks Inc. in June of 2015. Ubiquiti has two core businesses. It provides wireless telecom network equipment to wireless internet service providers primarily in emerging markets. In its enterprise segment, it also sells wifi routers, wifi access points, network switches, security gateways, security cameras and phones to small and medium enterprises. The business is growing earnings a lot faster than the market expected. Many of Ubiquiti's products aren't compatible with competitors, which creates vendor lock-in. While people generally hate vendor lock-in, Ubiquiti's products are priced at a 50 to 60% discount to competitors' products allowing the IT professional or service provider to capture more margin in their business. It can offer a 50 to 60% discount to competitor products because Ubiquiti doesn't have sales and marketing, instead supporting its products through an online community where customers share fixes to problems and give the company feedback on how to improve the products. There are over 100,000 professionals in the community with over 1.5 million posts providing a large library of solutions to customer problems. Similar to businesses like Tripadvisor or Amazon, customer ratings are very hard to replicate. The company is also expanding its software offering and this allows the IT professional or service provider the ability to monitor products remotely, saving them time and money. Low prices, innovation, better software and the online community create a virtuous circle and very high barrier for competitors to try and take on. During the year, the stock was up 40% and Cymbria trimmed its position along the way realizing a gain of $16.9 million.

- Wabtec Corp.

  Wabtec Corp. manufactures products for locomotives, freight cars and passenger transit vehicles. We first purchased the business in March 2016 after monitoring it on our watchlist for many years. Wabtec was a high-quality company for over a decade with a lot of organic growth. Half of the business is aftermarket. This means that as long as a transit system is running, replacement parts are needed. We believe this makes the business appealing. The company was innovative, having filed over 450 patents over the last five years. The holding period return was 33% and Cymbria realized a gain on the sale of $9.1 million during the year. We exited the position in the business as we believe the valuation was reached.

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

- Affiliated Managers Group, Inc.

  Affiliated Managers Group, Inc. is a global asset management firm focused on making equity investments in boutique investment management firms. The company generates shareholder value through the growth of their existing affiliates, as well as through investments in new affiliates. With the company focused on making investments in asset management firms with active, alpha-oriented strategies, recent shifts in the industry from active to passive investment management put pressure on all active management valuations. Volatility in the market has also negatively impacted the company's performance. When we originally purchased the stock, both of these fears were present but they have now re-emerged.

  A sudden change in CEO's also created uncertainty around the company's strategy going forward and investors questioned whether the new CEO has a different plan for the company. After discussions with its management team, we believe the company's original long-term plan is still intact and the change in management will have little effect on the business. During the year, Cymbria experienced a change in unrealized loss in the business of $17.3 million.

- PrairieSky Royalty Ltd.

  PrairieSky Royalty Ltd. reported consecutive disappointing quarters in 2018 which has weighed down on the price of the stock. It's been a volatile name in its sector and we continued to use this volatility to our advantage by increasing our position in the business. It's our belief that the fundamentals of the business are far stronger than what's implied in the equity price. Continued improvement during quarterly results should highlight this over time. We believe our thesis is intact and we are confident that over time the market will recognize this. During the year, Cymbria's unrealized loss in the business increased by $13.5 million.

Portfolio turnover

During the year, we purchased stakes in 15 new businesses. Below are the three most significant names by weight in Cymbria.

- The Middleby Corp.

  The Middleby Corp. is a leading global equipment manufacturer for commercial cooking and food preparation, industrial food processing and premium residential kitchens. Among over 50 brands, it holds top positions across almost all of its product categories. The core of its business is balanced between new restaurant openings, repair/replacement and menu-driven changes. Middleby benefits from the competition within the restaurant industry and the constant demand for innovation and efficiencies. Purchases from the restaurants are driven by return-on-investment and Middleby can take advantage of their need for automation, menu flexibility, speed (both serving and cooking) and energy efficiency. The company's management also has an excellent track record of improving shareholder value through acquiring and integrating smaller companies such as Viking Range, LLC into Middleby's infrastructure. As at December 31, 2018, Middleby's weight in Cymbria represents 2.9% of shareholders' equity.

- Fidelity National Information Services, Inc.

  Fidelity National Information Services, Inc. is an international technology and solutions provider for the financial industry. Banks and other financial services companies rely on Fidelity for outsourcing transaction, account and payment processing. It began doing outsourcing work for smaller regional banks and credit unions, but later added larger financial institutions. As these bigger businesses, along with international banks, continue this trend, it should grow at a reasonable rate going forward. Fidelity has long-term contracts with customers, with 80% of their revenue being recurring business and a retention rate above 95%. Its customer base is diversified with thousands of clients across many product lines. Fidelity's largest customer is responsible for less than five percent of sales and the top 10 totals less than 15%. As at December 31, 2018, Fidelity's weight in Cymbria represents 2.9% of shareholders' equity.

- Bharti Infratel Ltd.

  Bharti Infratel Ltd. is the leader in telecommunications tower infrastructure in India. We believe the country has significant room for wireless growth as only a quarter of the population currently owns a smartphone and half of the people in rural areas don't own a mobile phone. Although India has several mobile providers, being the primary operator means an increased likelihood that provider antennas will point towards their towers. The company is fundamentally sound with net cash holdings, consistent revenue and no significant debt.

  We originally bought the company in early 2017, but sold it soon after its share price appreciated to just below our five-year projection. A decline in price due to general malaise in the Indian market allowed us to repurchase the company in January of 2018 at about a 20% discount from our sale price with our thesis unchanged. As at December 31, 2018, Bharti's weight in Cymbria represents 2.5% of shareholders' equity.

We generally sell a stake in a business for one of two reasons. First, if our thesis about the business is deemed no longer valid. Second, there is a constant culling process whereby we continuously strive to upgrade the quality of Cymbria's portfolio with better ideas.

During the year we sold our stakes completely in 8 businesses. Below are the most significant sells based on the amount of realized gains and losses:

- Anthem Inc.

  We first purchased a stake in Anthem Inc. in 2008. As the largest insurer in most of the states in which it competed, we believed it had a pricing advantage over its competition that allowed it to gain share. We thought the combination of demographics, health care inflation and Anthem's pricing advantage would result in its top-line growing faster than 5% a year even in a bad economy. We bought the company despite then-U.S. President elect Obama's campaign promise to reduce margins of health management organizations like Anthem. Due to the general market's fear about lower profits, the stock price fell. Anthem took this opportunity to buy back over half of its outstanding shares during Obama's tenure. While the margins decreased, the company's earnings per share actually compounded at 11% annually during the President's two terms. Although our ownership of Anthem was controversial at various points, we believe Anthem was a very pleasing holding for our investors. It acts as a reminder that sometimes you have to look wrong in the short term to look right in the long term. The holding period return was 116% and the realized gain on selling Anthem was $13.1 million.

- Bioverativ Inc.

  Bioverativ Inc. is a U.S.-based pharmaceutical company that partnered with rare-disease drug maker Swedish Orphan Biovitrum AB (SOBI) to distribute hemophilia drugs to different markets. The price of both companies declined when a competitor announced a new drug to treat hemophilia. We already held SOBI, but we also purchased Bioverativ which became very attractively valued as analysts had lowered estimates due to existing U.S. corporate tax rates. However, we saw the government taking steps to adjust the rates and purchased the company before the rest of the market reassessed Bioverativ's value. Soon after our purchase, Sanofi S.A. acquired Bioverativ at a 64% premium. The holding period return of the business in Cymbria was 90% and the realized gain on selling Bioverativ was $11.1 million.

- Wabtec Corp.

  The holding period return was 33.3% and Cymbria realized a gain on the sale of $9.1 million during year. We exited the position in the business as the valuation was reached. See above comments on our proprietary insights in Wabtec Corp.

- Microsemi Corp.

  Microsemi Corp. is a semiconductor manufacturer which we monitored in our watchlist many years before purchasing it. It specializes in products for aviation and military clients, a field with high margins and barriers to entry. We invested in Microsemi after seeing the upcoming implementation of 5G wireless networks. Specifically, it had a line of products that would help with the infrastructure necessary to adopt the new technology. Microchip Technology recognized this and made an offer to acquire the company. Our holding period return was 28% and Cymbria realized a gain of $8.0 million on the sale of Microsemi during the year.

Cymbria had portfolio turnover rates of 38.6% for the year ended December 31, 2018 and 35.7% for the year ended December 31, 2017. Portfolio turnover rate is calculated based on the lesser of purchases or proceeds of sales of securities during the period divided by the average value of the Portfolio's securities during that time. Cymbria's portfolio turnover rate indicates how frequently we traded our portfolio of investments. A portfolio turnover rate of 100% is equivalent to Cymbria buying and selling all of the securities in its Portfolio once in the course of a year. The higher the portfolio turnover rate in a year, the greater the trading costs payable and chance of taxable capital gains during that year. A high turnover rate isn't necessarily related to Cymbria's performance.

Investment in EdgePoint

Cymbria's original $509,585 investment in EdgePoint represents a 20.7% ownership share as at December 31, 2018. We have received $47.6 million in dividends from EdgePoint since inception and its value in Cymbria has increased to $224.1 million, making EdgePoint the most valuable contributor to Cymbria's investment portfolio.

Notwithstanding the return of negative market volatility and an increase to investment minimums from $15,000 to $20,000 for all of its Portfolios, strong net sales at EdgePoint during the year helped assets under management grow from $18.9 billion to $23.8 billion as at December 31, 2018. In the five-year period ending December 31, 2018, assets under management increased from $5.7 billion to $23.8 billion.

With the assistance of a third-party valuator, Cymbria's stake in EdgePoint was revalued in December at a range of $224.1 million to $245.9 million. For financial statement purposes, EdgePoint is valued at $224.1 million, a 21% increase from December 31, 2017. The discounted cash flow model used for the valuation has a specific set of assumptions of which the significant ones are outlined in Note 11 to the financial statements. The range noted above changes only the discount rate in the valuation. In reality, the possible results for EdgePoint can vary far outside of this range. To highlight how wide a range could be without going to extremes, please refer to the sensitivity analysis in Note 11 of the financial statements. A change to any one or all of the assumptions can have a material impact on the valuation of EdgePoint as highlighted in Note 11.

A new sensitivity was added to the analysis in Note 11 to the financial statements for portfolio management expenses. EdgePoint has a sub-advisory agreement with the Manager to provide investment advisory services to all of EdgePoint's portfolios. The Manager believes the fees associated with these agreements are substantially below market value reflecting common ownership interests among the Manager and EdgePoint. These lower fees, which benefit Cymbria's shareholders as an owner of EdgePoint, will continue so long as the common ownership interests continue. Cymbria's carrying value for its interest in EdgePoint, however, assumes an arms-length relationship among the parties and incorporates an estimate of a higher market rate for such services. Further details are provided in Note 11 to the financial statements.

We spend a considerable amount of time on the assumptions that go into the base cash flow model to determine the $224.1 million valuation and believe that this represents fair market value as at December 31, 2018. However, valuing a business like EdgePoint is an imperfect science and depending on actual results there could be considerable variance both positively or negatively from today's value.

Financial review

This section discusses the significant changes in Cymbria's financial performance, financial condition and cash flows for the fiscal year ended December 31, 2018 compared to those for the years ended December 31, 2017 and 2016.

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

Financial performance

	Dec. 31, 2018 ('000s)	Dec. 31, 2017 ('000s)	Dec. 31, 2016 ('000s)
Income			
Net realized gain on investments	$ 124,909	$ 100,563	$ 83,753
Change in unrealized gain (loss) on investments	(113,663)	97,687	14,000
Dividend and interest income	27,711	19,750	15,852
Foreign currency gain (loss) on hedging	(4,542)	8,537	7,260
Foreign currency gain (loss), excluding hedging	259	(406)	(851)
Total income	$ 34,674	$ 226,131	$ 120,014
Expenses			
Management fees	$ 7,387	$ 6,501	$ 5,344
Withholding taxes, HST, and transaction costs	3,470	2,915	2,208
Other expenses	2,601	1,999	1,475
Total expenses	$ 13,458	$ 11,415	$ 9,027
Profit (loss) for the year before taxes	$ 21,216	$ 214,716	$ 110,987
Income taxes (recovery)	(528)	25,859	12,622
Net comprehensive income	$ 21,744	$ 188,857	$ 98,365

(a) *Net realized gain on investments*

During the year ended December 31, 2018, the realized gain on investments of $124.9 million is largely attributable to gains from the sale of shares of Shiseido Company Ltd. of $21.5 million, Ubiquiti Networks Inc. of $16.9 million, Anthem Inc. of $13.1 million, and Bioverativ Inc. of $11.1 million. Fluctuations in investment values are not comparable to prior periods due to the different composition of the investment portfolio from period to period. Highlights of the most significant contributors to Cymbria's performance are discussed in the *Investment performance* section.

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

The change in unrealized gain (loss) on investments is a $113.7 million loss during the year ended December 31, 2018. This is a result of fluctuations in the value of investments during the period. The largest changes in unrealized gain (loss) during the period were a loss of $17.3 million in Affiliated Managers Group Inc., a loss of $13.5 million in PrairieSky Royalty Ltd. In addition, $23.2 million of the change in unrealized gain (loss) was a result of investments that had an unrealized gain at the end of the previous year that were converted to realized gains when they were sold in the current year. The net change in unrealized loss is offset by a change in unrealized gain of $38.2 million from Cymbria's investment in EdgePoint. Fluctuations in investment values are not comparable to prior periods due to the different composition of the investment portfolio from period to period. Highlights of the most significant contributors to Cymbria's performance are discussed in the *Investment performance* section.

(c) Dividend and interest income

Dividend and interest income is earned on the portfolio of public equities and the investment in EdgePoint. An important driver of wealth for Cymbria is the dividend from EdgePoint. During the year ended December 31, 2018, EdgePoint paid Cymbria dividends of $14.1 million, which was a 36% increase from the same period in 2017. Starting in 2018, EdgePoint changed its dividend policy from semi-annually to quarterly. Dividends can be reinvested by Cymbria in its portfolio of securities or used to buy back Cymbria shares. Dividends from investments other than EdgePoint amounted to $13.2 million for the year ended December 31, 2018. Cymbria's portfolio is not managed with the intent to derive a certain amount of dividend or interest income. Therefore, it is typical that this type of income would fluctuate from period to period.

(d) Foreign currency gain (loss)

Cymbria is valued in Canadian dollars; however, it invests in securities denominated in foreign currencies. The foreign currency gains and losses of these securities are included in net realized and unrealized gain (loss) on investments. In order to reduce the impact of short-term fluctuations, we may employ currency hedging. Specifically, we may hedge all or a portion of our foreign currency exposure depending on our view of a currency's relative value and its associated risks. The Manager monitors and updates the degree of currency hedging based on a variety of economic factors, including the foreign currency's purchasing power parity versus the Canadian dollar. As at December 31, 2018, Cymbria's most significant foreign currency exposure was the U.S. dollar, which as a percentage of shareholders' equity was approximately 40%, and Cymbria hedged 17% of that exposure. Cymbria's investments in the Japanese Yen represent approximately 15% of shareholders' equity and Cymbria hedged 6% of that exposure. Cymbria did not have a hedge in place for its investment securities denominated in the Euro, Indian Rupee, Swedish krona, Swiss Franc, Danish krone, British pound or Chinese renminbi we did not believe there was material currency risk with the investments. As a result of foreign currency hedging activities during the year ended December 31, 2018, Cymbria had a $4.5 million net realized and unrealized loss. Excluding Cymbria's hedging positions, Cymbria did not have a significant gain or loss due to other fluctuations in foreign currencies during the period.

(e) Expenses and MER

Cymbria believes that the MER continues to be an important metric to evaluate the impact that fees and expenses have on Cymbria's investment performance. For the year ended December 31, 2018, the annualized MER was 1.15% for Class A shareholders and 0.69% for Class J shareholders, compared to 1.20% and 0.72% for the year ended December 31, 2017 for Class A and Class J shareholders, respectively. The increase in management fees is due to the increase in aNAV over the corresponding period, on which the fee is based.

Financial condition

	Dec. 31, 2018 ('000s)	Dec. 31, 2017 ('000s)	Dec. 31, 2016 ('000s)
Assets			
Investments	$1,051,910	$ 994,453	$ 750,075
Cash and cash equivalents	20,325	68,223	101,596
Income tax recovery	–	–	4,814
Other assets	646	365	3,142
Total assets	$1,072,881	$1,063,041	$ 859,627
Liabilities			
Foreign exchange forward contracts	$ 3,769	$ –	$ 617
Income tax payable	2,590	2,186	–
Accrued liabilities and other payables	502	1,028	1,359
Deferred share unit plan	940	756	485
Deferred income tax liability	27,803	43,538	30,490
Total liabilities	$ 35,604	$ 47,508	$ 32,951
Shareholders' equity	$1,037,277	$1,015,533	$ 826,676

(a) Investments

Cymbria's investments as at December 31, 2018, primarily consists of a portfolio of equities of $827.2 million and an investment in EdgePoint of $224.1 million. The increase from December 31, 2017 is primarily a result of net investment purchases of $47.6 million, realized gains on the sale of investments of $124.9 million, and offset by a decrease in unrealized value of the portfolio of $113.6 million. The *Investment performance* section of this MD&A discusses the significant changes in these investments. The Schedule of Investment Portfolio included in the Financial Statements discloses all of the investment positions of Cymbria.

(b) Cash and cash equivalents

Cymbria maintains cash and cash equivalents to purchase investments, pay expenses, and occasionally buy back shares. Cymbria does not distribute cash by issuing a dividend. Cash balances are monitored on a daily basis by the Manager, and the decrease of $47.9 million from the end of 2017 is primarily due to the net purchase of investments in the portfolio of $47.6 million during the year ended December 31, 2018. As at December 31, 2018, cash and cash equivalents was comprised entirely of cash held at the bank.

(c) Other assets

Other assets primarily consists of dividends receivable of $0.5 million, which is a result of dividends that have been declared but not yet received as at the end of the period, and receivable for investments sold of $0.1 million, which is a result of investments that were sold but not yet settled as at December 31, 2018.

(d) Income tax recovery and Income taxes payable

The Income taxes payable of $2.6 million is a result of the required income tax installments for 2018 being less than Cymbria's income tax liability as at December 31, 2018.

(e) Accrued liabilities and other payables

As at December 31, 2018, accrued liabilities and other payables primarily consists of a payable for investments purchased of $0.4 million. The decrease from the end of 2017 is a result of investments that were purchased but not yet settled at the end of each period.

(f) Deferred share unit plan

Cymbria's deferred share unit plan exists to provide directors the option to receive their compensation in the form of deferred share units.The units are valued using the five-day volume-weighted average stock price of Cymbria prior to the period end. For the year ended December 31, 2018, Cymbria issued 1,770 units, and the total value of the deferred share unit plan increased by $0.2 million.

(g) Deferred income tax liability

The deferred income tax liability represents temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes versus taxation purposes. As at December 31, 2018, Cymbria's deferred income tax liability is presented net and it comprises of a liability on the unrealized appreciation of investments of $28.1 million, offset by an asset on deferred share units of $0.2 million. Included in the deferred income tax liability is $29.6 million related to Cymbria's investment in EdgePoint.

(h) Shareholders' equity

Cymbria's shareholders' equity is comprised of common stock, Class A, and Class J shareholders. The Manager owns 100% of the common stock of Cymbria. The number of common shares outstanding on December 31, 2018 and March 7, 2019 were 100. Class A shares are non-redeemable and traded on the Toronto Stock Exchange. As at December 31, 2018 and March 7, 2019, there were 15,438,357 and 15,440,564 shares outstanding, respectively. Class J shares are non-redeemable and were offered through a private placement. Class J shares can be exchanged for an equivalent value of Class A shares on the last business day of each week. As at December 31, 2018 and March 7, 2019, there were 7,281,482 and 7,279,482 shares outstanding, respectively.

Cash flows

For the year ended December 31, 2018, Cymbria had a net decrease in cash and cash equivalents of $48.1 million. The majority of the net decrease in cash and cash equivalents is due to cash used for operating activities, including the net purchase of investments of $47.6 million. Cymbria did not generate a significant amount of cash flows from financing or capital activities.

Shareholder activity

Cymbria refiled its Normal-Course Issuer Bid ("NCIB") for the 12-month period beginning on May 23, 2018 to May 22, 2019. Cymbria will use the NCIB to repurchase shares in the event that we believe the company is being undervalued by the market and an attractive opportunity exists to enhance the value for its shareholders.

During the year ended December 31, 2018, Cymbria did not repurchase any shares as they were either trading at a premium to aNAV or at a very small discount. Since inception, Cymbria has repurchased and cancelled 460,800 Class A shares at an average price of $12.95 per share and a total cost of $6.0 million.

On June 27, 2013, Cymbria's shareholders overwhelmingly approved a proposal to amend its constating documents to provide for a Liquidity Realization Opportunity ("LRO") in respect of both Class A and Class J shares. The LRO gives Cymbria the right to repurchase a number of shares from time to time at a very small discount to aNAV where (i) Cymbria's portfolio has experienced growth in the previous fiscal year, (ii) Class A shares are trading at a price less than 97% of aNAV, and (iii) on the Manager's recommendation. When these events occur, shareholders may elect to participate in the LRO and have an opportunity to dispose of shares at a price close to aNAV. This feature was introduced to increase Cymbria's attractiveness as an investment by recognizing that liquidity requirements and investment time horizons vary from investor to investor. We believe that Cymbria's aNAV, which is disclosed daily, is a fair representation of Cymbria's portfolio at current prices. When Class A shares trade at prices not reflective of the aNAV, the LRO provides another venue whereby shareholders may dispose of their shares at a price closer to aNAV. The LRO does not affect Cymbria's ability to continue repurchasing shares through the NCIB. Please see the Management Information Circular dated May 28, 2013 for more information on the LRO. Cymbria did not announce a LRO for the year ended December 31, 2018, as Cymbria's Class A shares have been trading above 97% of aNAV on average over the year.

Fourth quarter results

The following table shows Cymbria's fourth quarter financial performance for the three months ended December 31, 2018 and 2017.

	Dec. 31, 2018 ('000s)	Dec. 31, 2017 ('000s)
Income		
Net realized gain on investments	$ 10,905	$ 36,844
Change in unrealized gain (loss) on investments	(111,461)	41,712
Dividend and interest income	6,603	6,778
Foreign currency loss on hedging	(4,427)	(268)
Foreign currency gain (loss), excluding hedging	235	(212)
Total income (loss)	$ (98,145)	$ 84,854
Expenses		
Management fees	$ 1,855	$ 1,726
Withholding taxes, HST, and transaction costs	608	623
Other expenses	673	882
Total expenses	$ 3,136	$ 3,231
Profit (loss) for the period before taxes	$ (101,281)	$ 81,623
Income taxes (recovery)	(14,319)	9,828
Net comprehensive income	$ (86,962)	$ 71,795

During the quarter ended December 31, 2018, Cymbria had a net comprehensive loss of $87.0 million that was driven by a realized gain and change in unrealized gain (loss) on investments totaling $100.6 million, compared to a $78.6 million gain for the quarter ended December 31, 2017. The investments that had the most significant contribution to the change in unrealized loss during the quarter were Flowserve Corp of $12.0 million, Subaru Corp. of $9.3 million and Affiliated Managers Group Inc. of $7.0 million.

Summary of interim results

The financial information summarized below is derived from Cymbria's condensed interim financial statements from the three month periods ended December 31, 2018, September 30, 2018, June 30, 2018, and March 31, 2018, and the same periods from 2017. In each of the periods, the changes in Total income (loss) and Net income (loss) are primarily a result of the realized and unrealized changes in the fair value of Cymbria's investments. No meaningful correlations can be made by comparing these figures from period to period.

								Three months ended
(in '000s except per share amounts)	**Dec. 31, 2018**	**Sep. 30, 2018**	**Jun. 30, 2018**	**Mar. 31, 2018**	**Dec. 31, 2017**	**Sep. 30, 2017**	**Jun. 30, 2017**	**Mar. 31, 2017**
Total income (loss)	$ (98,145)	$ 37,402	$ 57,224	$ 38,193	$ 84,854	$ 22,506	$ 86,064	$ 32,707
Total expenses	$ 3,136	$ 3,751	$ 3,485	$ 3,265	$ 3,231	$ 2,609	$ 3,287	$ 2,538
Net income (loss)	$ (86,962)	$ 30,069	$ 47,994	$ 30,644	$ 71,795	$ 17,552	$ 73,065	$ 26,195
Net income (loss), per share								
Class A	$ (0.47)	$ 1.27	$ 2.03	$ 1.29	$ 2.94	$ 0.71	$ 3.10	$ 1.07
Class J	$ (0.19)	$ 1.44	$ 2.27	$ 1.46	$ 3.58	$ 0.89	$ 3.46	$ 1.31

Liquidity

Cymbria maintains strong liquidity with cash and cash equivalents and its portfolio of public equities. Aside from financial liabilities that arise from its normal course of investing activities, Cymbria has no other significant financial liabilities. As at December 31, 2018, cash and cash equivalents represents 2% of Cymbria's total shareholders' equity. Cymbria's portfolio of securities includes actively traded global stocks that can be readily sold. As at December 31, 2018, the portfolio of public equities that the Manager believes can be readily sold represents 76% of Cymbria's total shareholders' equity. Cymbria does not have any outstanding debt or contractual obligations that would pose a significant risk to liquidity as at December 31, 2018.

Credit facility

On September 22, 2017, Cymbria entered into a credit agreement with a Canadian chartered bank (the "Bank") that matures on September 21, 2022 and can be renewed on an annual basis. During the year, Cymbria renewed the credit agreement for an additional year to mature on September 21, 2023. The credit agreement allows Cymbria to borrow up to $100 million. Interest is charged on the outstanding balance based on whether the facility is drawn as bankers acceptance or prime loan. For a bankers acceptance loan, interest is charged on the outstanding balance at the bankers acceptance rate plus 80 basis points. For a prime loan, interest is charged on the outstanding balance at the Bank's prime rate. In addition, Cymbria will pay a standby fee on the unused portion of the credit facility equal to 34 basis points if the facility is less than 25% drawn and 26 basis points otherwise. When drawn upon, the credit facility will be secured by a selection of eligible securities in Cymbria's investment portfolio. As at December 31, 2018, the outstanding balance of the credit facility was nil. Subsequent to year-end, Cymbria drew $6 million on the facility. As at the date of this report, Cymbria has complied with all covenants, conditions or other requirements of the credit agreement.

The purpose of the credit facility is to provide Cymbria with increased flexibility to purchase additional investments when we believe an opportunity exists where the potential return is worth the added risk that leverage introduces.

Commitments and contingencies

In the ordinary course of business activities, Cymbria may be contingently liable for litigation and claims arising from investing. Where required, the Manager records adequate provisions in the accounts. The Manager is not aware of any current or pending litigation or claims against Cymbria.

Related parties

Manager and Investment Advisor

Cymbria is managed by EdgePoint Investment Group Inc. (the "Manager"), which is responsible for Cymbria's day-to-day operations and is also the portfolio advisor to Cymbria. The Manager provides investment advisory and portfolio management services, which comprise investment selection, analysis and monitoring, including business travel to corporate head offices, other associated due diligence costs, portfolio construction, risk management and broker analysis, selection and monitoring, and trading expertise, and could also include marketing and promotion of Cymbria. These services are in the normal course of operations and are charged at the rate agreed to by the parties.

As compensation for providing these management services, the Manager receives a monthly management fee based on the daily average aNAV of each class of Cymbria shares, excluding the value of EdgePoint. For the year ended December 31, 2018, management fees totaled $7.4 million, compared to $6.5 million for the same period in 2017. In addition, the Manager is entitled to be reimbursed by Cymbria for operating expenses associated with its advisory services, excluding salaries to the Manager's principal shareholders. Please see "*Non-IFRS Measures*" for a discussion on aNAV.

Cymbria is responsible for paying its own operating expenses which includes, but is not limited to, taxes (including income, capital, and harmonized sales taxes), accounting, legal fees, audit fees, Board of Directors' fees, custodial and safekeeping fees, portfolio transaction costs, registrar and transfer agency fees, regulatory costs and filing fees, shareholder reporting including the costs of preparing and distributing annual and interim reports, Annual Information Forms, statements and investment communications, interest and bank charges, and all administration expenses incurred by the Manager for its duties as Manager that could include salaries (excluding salaries to the Manager's principal shareholders), overhead and other costs related directly to Cymbria's operations. Except for interest, bank charges, and taxes paid or payable directly by Cymbria, the Manager incurs such expenses on Cymbria's behalf and is then reimbursed by Cymbria for such expenses.

Critical accounting estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimates are revised and in any future period affected.

The following discusses the most significant accounting judgments that Cymbria has made in preparing the financial statements:

i. *Fair value measurement of derivatives and securities not quoted in an active market*

   Cymbria holds financial instruments that are not quoted in active markets, including derivatives. The determination of the fair value of these instruments is where Cymbria has made the most significant accounting judgments and estimates in preparing financial statements. See Note 11 of the annual financial statements for more information on the fair value measurement of Cymbria's financial statements.

ii. *Deferred tax assets*

   Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable income will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income, together with future tax planning strategies.

Adoption of new accounting standards

The accounting policies applied by Cymbria in the attached audited financial statements are the same as those applied by Cymbria in its financial statements for the year ended December 31, 2017, which were prepared in accordance with IFRS, except for the adoption of new standards effective as of January 1, 2018. Cymbria has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these amendments apply for the first time in 2018, they do not have a material impact on the financial statements of Cymbria. The nature and the impact of the adoption of new standards is described below.

IFRS 9, Financial Instruments, deals with the recognition, derecognition, classification and measurement of financial instruments. It was adopted by Cymbria on January 1, 2018. IFRS 9 contains two primary measurement categories for financial assets: amortized cost and fair value. A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets are measured at fair value. The standard eliminates the previous IAS 39 categories of held-to-maturity, available-for-sale, held-for-trading, and loans and receivables. Cymbria's financial instruments previously classified as held-for-trading are now classified as fair value through profit or loss. There is no change in the recognition or measurement of these financial instruments. Cymbria's financial instruments previously measured at amortized cost meet the solely principal and interest criterion and accordingly, are continued to be measured at amortized cost under IFRS 9.

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

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

Future changes in accounting policies

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2018. The Manager has assessed that none of these will have a significant effect on the financial statements of Cymbria.

Risks

The risks associated with investing in Cymbria remain as disclosed in the Annual Information Form dated March 29, 2018 and filed on SEDAR. Any changes to Cymbria over the period have not affected the overall risks.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Cymbria, under the supervision of its Co-Chief Executive Officers and Chief Financial Officer, is responsible for establishing and maintaining Cymbria's Disclosure Controls and Procedures ("DC&P") and Internal Controls over Financial Reporting ("ICFR") (as defined in National Instrument 52-109).

Consistent with NI 52-109, Cymbria's Co-Chief Executive Officers and Chief Financial Officer have reviewed the design of Cymbria's DC&P and ICFR and have concluded that as at December 31, 2018:

- Cymbria's DC&P provides reasonable assurance that (i) material information relating to Cymbria has been made known to them, particularly during the financial year ended December 31, 2018 and (ii) information required to be disclosed by Cymbria in its annual filings, interim filings or other reports filed or submitted by it under securities legislation has been recorded, processed, summarized and reported within the time periods specified in securities legislation; and

- Cymbria's ICFR provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards.

Cymbria's Co-Chief Executive Officers and Chief Financial Officer have evaluated the effectiveness of Cymbria's DC&P as at December 31, 2018 and have concluded that Cymbria's DC&P were effective as of that date.

Cymbria's Co-Chief Executive Officers and Chief Financial Officer have also evaluated the effectiveness of Cymbria's ICFR as at December 31, 2018, using the Internal Control-Integrated Framework 2013 issued by the Committee of Sponsoring Organizations of the Treadway Commission, and have concluded that Cymbria's ICFR was effective as at that date.

There were no changes made in the design of ICFR during the year ended December 31, 2018, that have materially affected, or are reasonably likely to materially affect, Cymbria's ICFR.

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

Financial Statements of

CYMBRIA CORPORATION

Years ended December 31, 2018 and 2017

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

Patrick Farmer
Chairman
March 7, 2019

Norman Tang
Chief Financial Officer
March 7, 2019

Independent Auditors' Report

To the Shareholders of Cymbria Corporation

Opinion

We have audited the financial statements of Cymbria Corporation (the Entity), which comprise:

- the statements of financial position as at December 31, 2018 and 2017
- the statements of comprehensive income for the years then ended
- the statements of changes in equity for the years then ended
- the statements of cash flows for the years then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions
- the information, other than the financial statements and the auditors' report thereon, included in the "Annual Report"

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis and the Annual Report filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants
The engagement partner on the audit resulting in this auditors' report is Peter Hayes
Toronto, Canada
March 7, 2019

(in ’000s except per share amounts and number of shares)

	2018	2017
Assets		
Investments	$ 827,789	$ 807,555
EdgePoint Wealth Management Inc.	224,121	185,941
Foreign exchange forward contracts	–	957
Total financial assets or at fair value through profit or loss*	1,051,910	994,453
Cash and cash equivalents	20,325	68,223
Receivable for investments sold	116	10
Dividends receivable	530	355
Total Assets	$ 1,072,881	$ 1,063,041
Liabilities		
Accrued liabilities	$ 75	$ 95
Payable for investments purchased	427	933
Foreign exchange forward contracts	3,769	–
Income taxes payable	2,590	2,186
Total current liabilities	6,861	3,214
Deferred share unit plan liability (Note 7)	940	756
Deferred income tax liability (Note 10)	27,803	43,538
Total Liabilities	$ 35,604	$ 47,508
Shareholders’ equity		
Share capital (Note 5)	$ 220,034	$ 220,034
Retained earnings (Note 6)	817,243	795,499
Total Shareholders’ Equity	$ 1,037,277	$ 1,015,533
Shareholders’ equity		
Common stock	$ –	$ –
Class A	682,289	627,136
Class J	354,988	388,397
Number of shares outstanding (Note 5)		
Class A	15,438,357	14,474,051
Class J	7,281,482	8,156,427
Total shareholder’s equity per share		
Class A	$ 44.19	$ 43.33
Class J	$ 48.75	$ 47.62

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

Certain comparative figures have been reclassified to conform with the current year’s presentation.
The accompanying notes are an integral part of these annual Financial Statements.

ON BEHALF OF THE BOARD:

Reena Carter, Director

James MacDonald, Director

Statements of Comprehensive Income
(in '000s except per share amounts)
Years ended December 31, 2018 and 2017

		2018		2017
Income				
Dividends from EdgePoint Wealth Management Inc.	$	14,070	$	10,350
Dividends		13,242		9,174
Interest for distribution purposes		399		226
Foreign currency gain (loss) on cash and other net assets		259		(406)
Other net changes in fair value of financial assets and financial liabilities at fair value through profit or loss:				
Net realized gain (loss) on investments		124,909		100,563
Net realized gain (loss) on foreign exchange forward contracts		184		7,197
Change in unrealized appreciation (depreciation) on investments and EdgePoint Wealth Management Inc.		(113,663)		97,687
Change in unrealized appreciation (depreciation) on foreign exchange forward contracts		(4,726)		1,340
Total Income	$	34,674	$	226,131
Expenses (Note 8)				
Management fees	$	7,387	$	6,501
Operating expenses		1,261		1,225
Net withholding tax		1,578		1,323
Harmonized sales tax		1,254		1,103
Investment and portfolio maintenance		1,000		680
Transaction costs		638		489
Interest expense (Note 9)		340		94
Total Expenses	$	13,458	$	11,415
Profit for the year before taxes	$	21,216	$	214,716
Income taxes				
Current	$	15,207	$	12,811
Deferred		(15,735)		13,048
Total Income Taxes	$	(528)	$	25,859
Net income	$	21,744	$	188,857
Net income, by class				
Class A	$	11,825	$	112,961
Class J	$	9,919	$	75,896
Net income, per share				
Class A	$	0.80	$	7.83
Class J	$	1.25	$	9.25

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

(in '000s)

		2018		2017
Class A:				
Shareholders' equity, beginning of the year	$	627,136	$	508,138
Net income, by class		11,825		112,961
Capital transactions:				
Class J to Class A share exchanges		9,049		702
Cumulative surplus on Class J to Class A share exchanges		(300)		(24)
Surplus		34,579		5,359
		55,153		118,998
Shareholders' equity, end of the year	$	682,289	$	627,136
Class J:				
Shareholders' equity, beginning of the year	$	388,397	$	318,538
Net income, by class		9,919		75,896
Capital transactions:				
Class J to Class A share exchanges		(8,749)		(678)
Surplus		(34,579)		(5,359)
		(33,409)		69,859
Shareholders' equity, end of the year	$	354,988	$	388,397

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

(in '000s)

	2018	2017
Cash Flow from Operating Activities		
Net income	$ 21,744	$ 188,857
Adjustments for:		
Foreign currency (gain) loss on cash and other net assets	(259)	406
Net realized (gain) loss on investments	(124,909)	(100,563)
Net realized (gain) loss on foreign exchange forward contracts	(184)	(7,197)
Change in unrealized (appreciation) depreciation on investments and EdgePoint Wealth Management Inc.	113,663	(97,687)
Change in unrealized (appreciation) depreciation on foreign exchange forward contracts	4,726	(1,340)
(Increase) decrease in dividends receivable	(175)	160
Increase (decrease) in accrued liabilities and other payables	568	6,649
Increase (decrease) in deferred income tax liability	(15,735)	13,048
Purchase of investments	(461,463)	(352,777)
Proceeds from sales of investments	413,867	317,477
Net Cash Generated (Used) by Operating Activities	$ (48,157)	$ (32,967)
Net increase (decrease) in cash and cash equivalents	$ (48,157)	$ (32,967)
Foreign currency gain (loss) on cash and other net assets	259	(406)
Cash and cash equivalents, beginning of year	68,223	101,596
Cash and cash equivalents, end of the year	$ 20,325	$ 68,223
Cash and cash equivalents comprise:		
Cash at bank	$ 20,325	$ 68,223
	$ 20,325	$ 68,223
Interest received, net of withholding tax	$ 397	$ 226
Dividends received, net of withholding tax	$ 25,559	$ 18,361
Interest paid	$ (434)	$ –
Income taxes paid	$ (14,803)	$ (5,811)

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

(in '000s except number of shares/units)

Number of shares/units	Security	Average cost	Fair value	% of shareholders' equity
	Equities			
	Banks			
614,715	Wells Fargo & Co.	$ 32,951	$ 38,671	3.7%
		32,951	38,671	3.7%
	Communication Services			
5,019,920	Bharti Infratel Ltd.	29,815	25,424	2.5%
		29,815	25,424	2.5%
	Consumer Discretionary			
1,063,334	Subaru Corp.	44,904	31,257	3.0%
186,269	Compagnie Financiere Richemont SA	20,551	16,299	1.6%
360,877	Aramark Corp.	16,250	14,273	1.4%
1,077,040	AutoCanada Inc.	11,195	12,224	1.2%
697,888	Mattel, Inc.	12,791	9,518	0.9%
72,619	Salvatore Ferragamo S.p.A.	2,381	2,006	0.2%
67,962	Delticom AG	4,076	763	0.1%
		112,148	86,340	8.3%
	Consumer Staples			
490,141	Shiseido Co., Ltd.	13,113	42,076	4.1%
119,161	PriceSmart, Inc.	12,281	9,614	0.9%
80,835	Kweichow Moutai Co., Ltd.	10,672	9,484	0.9%
		36,066	61,174	5.9%
	Diversified Financials			
279,585	EdgePoint Wealth Management Inc.	510	224,121	21.6%
73	Berkshire Hathaway Inc., Class A	22,550	30,496	2.9%
174,718	Affiliated Managers Group, Inc.	32,706	23,242	2.2%
35,793	Berkshire Hathaway Inc., Class B	6,428	9,977	1.0%
		62,194	287,836	27.7%
	Energy			
1,071,508	PrairieSky Royalty Ltd.	30,376	18,933	1.8%
1,608,142	CES Energy Solutions Corp.	6,414	5,066	0.5%
		36,790	23,999	2.3%
	Health Care			
87,783	Genmab A/S	17,300	19,632	1.9%
653,461	Swedish Orphan Biovitrum AB	14,407	19,426	1.9%
153,464	Shionogi & Co., Ltd.	10,421	11,987	1.2%
		42,128	51,045	4.9%
	Industrials			
404,626	CSX Corp.	26,540	34,320	3.3%
650,482	Flowserve Corp.	38,362	33,763	3.3%
213,687	The Middleby Corp.	32,552	29,969	2.9%
188,618	WABCO Holdings Inc.	19,034	27,640	2.7%
1,455,714	Mitsubishi Electric Corp.	29,023	22,057	2.1%
981,143	Kubota Corp.	19,095	19,083	1.8%
262,652	Generac Holdings Inc.	13,479	17,821	1.7%
160,836	WESCO International Inc.	11,768	10,540	1.0%
612,483	Grafton Group plc	4,786	6,853	0.7%
		194,639	202,046	19.5%

(in '000s except number of shares/units)

Number of shares/units	Security		Average cost		Fair value	% of shareholders' equity
	Information Technology					
367,546	TE Connectivity Ltd.	$	30,655	$	37,949	3.7%
212,034	Fidelity National Information Services, Inc.		29,731		29,685	2.9%
22,425	Constellation Software Inc.		15,227		19,596	1.9%
67,227	Ubiquiti Networks Inc.		3,431		9,124	0.9%
2,712,096	Real Matters Inc.		15,719		8,950	0.9%
178,440	EchoStar Corp., Class A		9,944		8,945	0.9%
338,242	Sogou Inc. ADR		3,971		2,424	0.2%
			108,678		116,673	11.2%
	Insurance					
2,423,660	Echelon Financial Holdings Inc.		33,409		33,931	3.3%
24,890	Fairfax Financial Holdings Ltd.		16,892		14,959	1.4%
612,243	Manulife Financial Corp.		12,746		11,859	1.1%
312,481	Vienna Insurance Group AG		9,635		9,912	1.0%
398,897	T&D Holdings, Inc.		8,219		6,355	0.6%
			80,901		77,016	7.4%
	Materials					
30,000	SK Kaken Co., Ltd.		19,282		19,057	1.8%
254,102	Crown Holdings Inc.		14,710		14,421	1.4%
1,117,428	Osisko Gold Royalties Ltd.		13,514		13,376	1.3%
			47,506		46,854	4.5%
	Real Estate					
712,351	Realogy Holdings Corp.		31,135		14,276	1.4%
259,122	Seritage Growth Properties, Class A		12,971		11,437	1.1%
286,347	Grand City Properties S.A.		7,151		8,488	0.8%
			51,257		34,201	3.3%
	Total Equities	$	835,073	$	1,051,279	101.3%
	Foreign exchange forward contracts (Note 13)				(3,769)	(0.4%)
	Options (Note 14)		2,140		631	0.1%
	Adjustment for transaction costs		(782)			
Total financial assets and liabilities at fair value through profit or loss		$	836,431	$	1,048,141	101.0%

1. **The Corporation:**

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

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

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

2. **Basis of preparation:**

(a) Statement of compliance:

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

The financial statements were authorized for issue by the Board of Directors on March 7, 2019.

(b) Basis of measurement:

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

(c) Functional and presentation currency:

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

3. **Significant accounting policies:**

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

(a) Changes in significant accounting policies:

Cymbria adopted IFRS 9, *Financial Instruments*, on January 1, 2018. The nature and the effect of these changes are disclosed below. Although these amendments apply for the first time in 2018, they do not have a material impact on the financial statements of Cymbria.

IFRS 9, Financial Instruments, deals with the recognition, derecognition, classification and measurement of financial instruments. IFRS 9 contains two primary measurement categories for financial assets: amortized cost and fair value. A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal outstanding. All other financial assets are measured at fair value. The standard eliminates the previous IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39") classification categories of held-to-maturity, available-for-sale, held-for-trading and loans and receivables. Cymbria's financial instruments previously classified as:

– held-for-trading; are now classified as at fair value through profit or loss ("FVTPL")
– designated as at FVTPL; are now classified as at FVTPL
– loans and receivables; are now classified as at amortized cost
– other financial liabilities; are now classified as at amortized cost

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of Cymbria's financial instruments as at January 1, 2018:

Financial instrument	**IAS 39**	**IFRS 9**
Investments	FVTPL	Fair value
EdgePoint Wealth Management Inc.	FVTPL	Fair value
Foreign exchange forward contracts	FVTPL	Fair value
Cash and cash equivalents	Amortized cost	Amortized cost
Receivable for investments sold	Amortized cost	Amortized cost
Dividends receivable	Amortized cost	Amortized cost
Accrued liabilities	Amortized cost	Amortized cost
Payable for investments purchased	Amortized cost	Amortized cost

There was no change in the recognition or measurement of these financial instruments. Cymbria's financial instruments previously measured at amortized cost meet the solely principal and interest criterion and accordingly, continue to be measured at amortized cost under IFRS 9. Cymbria's financial instruments previously measured at fair value continue to be measured at fair value under IFRS 9. Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively using the transitional provisions allowing Cymbria to not restate comparative periods. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 but rather those of IAS 39. The assessment made by management on the date of initial application includes the determination of the business model within which a financial asset is held and the designation and revocation of previous designations

3. Significant accounting policies (continued):

of certain financial assets and financial liabilities as measured at FVTPL.

(b) Financial instruments:

Financial instruments include financial assets and liabilities such as debt and equity securities, derivatives, cash and other receivables and payables. Effective January 1, 2018, Cymbria classifies and measures financial instruments in accordance with IFRS 9, Financial Instruments. Upon initial recognition, financial assets and financial liabilities are classified as fair value through profit or loss ("FVTPL"), fair value through other comprehensive income or amortized cost based on the Manager's assessment of the business model within which the financial asset is managed and the financial asset's contractual cash flow characteristics.

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

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

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

Upon initial recognition, financial instruments classified as FVTPL are initially recognized on the trade date at fair value. Other financial assets and other financial liabilities are recognized on the date on which they are originated at fair value. All financial assets and liabilities are recognized in the *Statements of Financial Position* when Cymbria becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive the cash flows from the instrument has expired or Cymbria has transferred substantially all risk and rewards of ownership.

Financial instruments classified as at FVTPL at each reporting period are subsequently measured at FVTPL with changes in fair value recognized in the *Statements of Comprehensive Income* in the period in which they occur. The cost of investments is based on the weighted average cost of investments and excludes commissions and other portfolio transaction costs, which are separately reported in the *Statements of Comprehensive Income.* Realized gains and losses on disposition, including foreign exchange gains or losses on such investments, are determined based on the cost of investments. Gains and losses arising from changes in the fair value of the investments are included in the *Statements of Comprehensive Income* for the period in which they arise. Cymbria's investments and derivative financial assets and liabilities are classified as FVTPL.

Financial assets at amortized cost are recognized initially on the date on which they are originated at fair value plus any directly attributable transaction costs. Subsequent measurement of financial assets at amortized cost is at amortized cost using the effective interest method, less any impairment losses. Cymbria classifies cash and cash equivalents, receivable for investments sold and dividends receivable as financial assets at amortized cost.

Other financial liabilities at amortized cost are initially measured on the date on which they are originated at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. Cymbria's financial liabilities at amortized cost are comprised of payables for investments purchased, income taxes payable and accrued liabilities. Due to the short-term nature of these financial liabilities, their carrying values approximate fair values. Cymbria derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Transaction costs are included in the initial carrying amount of financial instruments at FVTPL are expensed as incurred.

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

3. Significant accounting policies (continued):

(c) Shareholders' equity:

Cymbria classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Cymbria's common shares, Class A shares, and Class J shares do not contain a redemption feature, are therefore not puttable, and are classified as equity under IAS 32, Financial Instruments.

(d) Foreign currency:

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

(e) Income recognition:

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

(f) Deferred share unit plan:

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

(g) Income taxes:

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

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

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

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

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

(h) Net income, per share:

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

(i) New standards and interpretations not yet adopted:

A number of new standards, amendments to standards and interpretations are not yet effective for the period ended December 31, 2018, and have not been applied in preparing these financial statements. None of these will have a significant effect on the financial statements of Cymbria.

4. Critical accounting estimates and judgments:

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. Actual results may differ from these estimates.

4. Critical accounting estimates and judgments (continued):

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimates are revised and in any future period affected.

The following discusses the most significant accounting judgments that the Manager has made in preparing the financial statements:

i. Fair value measurement of derivatives and securities not quoted in an active market

Cymbria holds financial instruments that are not quoted in active markets, including derivatives. The determination of the fair value of these instruments is the area with the most significant accounting judgments and estimates Cymbria has made in preparing financial statements. See Note 11 for more information on the fair value measurement of Cymbria's financial statements.

ii. Deferred tax assets

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable income will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income, together with future tax planning strategies.

5. Share capital:

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

December 31, 2018	Number of shares		Amount ('000s)
Common shares outstanding, December 31, 2018	100		–*
Class A shares issued:			
Shares outstanding, January 1, 2018	14,474,051	$	138,470
Class A shares issued in exchange for Class J shares	964,306		9,049
Contributed surplus			(300)
Class A shares outstanding, December 31, 2018	15,438,357	$	147,219
Class J shares issued:			
Shares outstanding, January 1, 2018	8,156,427	$	81,564
Class J shares exchanged for Class A shares	(874,945)		(8,749)
Class J shares outstanding, December 31, 2018	7,281,482	$	72,815
Total		$	220,034

*Amount of common shares outstanding is $100.

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

*Amount of common shares outstanding is $100.

6. Retained earnings:

The changes in retained earnings for the years ended December 31, 2018 and 2017 are as follows:

		December 31, 2018 ('000s)		December 31, 2017 ('000s)
Opening retained earnings	$	795,499	$	606,642
Net income		21,744		188,857
Closing retained earnings	$	817,243	$	795,499

7. Deferred share unit plan:

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

The following table summarizes DSU activity for the years ended December 31, 2018 and 2017:

7. Deferred share unit plan (continued):

December 31, 2018	Units		Amount ('000s)
Opening Deferred Share Units, January 1, 2018	14,609	$	756
Granted during 2018 (Fair value on grant date)	1,770		103
Cumulative fair value adjustments during the year			81
Balance, December 31, 2018	16,379	$	940

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

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

8. Related party transactions:

i. Management fees:

The Manager charges a monthly management fee at an annual rate of 1% of the daily average net asset value of Class A shares, excluding EdgePoint's value. During the year ended December 31, 2018, the effective management fee charged on Class A shares was approximately 0.83% per annum.

The Manager charges Class J shareholders a monthly management fee at an annual rate of 0.5% of the daily average net asset value of Class J shares, excluding EdgePoint's value. During the year ended December 31, 2018, the effective management fee charged on Class J shares was approximately 0.42% per annum.

The total management fee for the year ended December 31, 2018 amounted to $7.4 million (December 31, 2017: $6.5 million), with nil in outstanding accrued fees due to the Manager at December 31, 2018 (December 31, 2017: nil).

ii. Operating expenses

Cymbria is also responsible for various expenses relating to its operations. These expenses may include, but are not limited to: taxes (including income, capital and harmonized sales taxes), accounting, legal and audit fees, Board of Directors' fees and expenses, custodial fees, portfolio transaction costs, registrar and transfer agency fees, regulatory costs, shareholder reporting, investment advisor expenses incurred in connection with its duties as Investment Advisor and all administration expenses incurred by the Manager for its duties as Manager, excluding any salaries to the Manager's principal shareholders, and all general operating expenses that could include allocated salaries, overhead and other costs directly related to Cymbria's operations and incurred by the Manager. For the year ended December 31, 2018, allocated expenses totaled $0.3 million (December 31, 2017: $0.3 million). Except for interest, bank charges, withholding tax, and transaction costs paid or payable directly by Cymbria, the Manager incurs such expenses on Cymbria's behalf and is then reimbursed by Cymbria for such expenses. Cymbria's common operating expenses are allocated to classes based on the average daily net asset value of each class.

9. Credit facility:

On September 22, 2017, Cymbria entered into a credit agreement with a Canadian chartered bank (the "Bank") that matures on September 21, 2022 and can be renewed on an annual basis. This agreement was renewed for an additional year to mature on September 21, 2023. The credit agreement allows Cymbria to borrow up to $100 million. Interest is charged on the outstanding balance based on whether the facility is drawn as bankers acceptance or prime loan. For a bankers acceptance loan, interest is charged on the outstanding balance at the bankers acceptance rate plus 80 basis points. For a prime loan, interest is charged on the outstanding balance at the Bank's prime rate. In addition, Cymbria will pay a standby fee on the unused portion of the credit facility equal to 34 basis points if the facility is less than 25% drawn and 26 basis points otherwise. When drawn upon, the credit facility will be secured by a selection of eligible securities in Cymbria's investment portfolio. As at December 31, 2018, the outstanding balance of the credit facility was nil. For the year ended December 31, 2018, Cymbria accrued $0.3 million in interest and standby fees on the credit facility (December 31, 2017: $0.1 million), which have been subsequently paid. As at the date of this report, Cymbria has complied with all covenants, conditions or other requirements of the credit agreement. Subsequent to year-end, Cymbria has drawn $6 million on this facility.

10. Income taxes:

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

At the end of the most recent taxation year December 31, 2018, Cymbria had capital and non-capital losses for tax purposes of nil (December 31, 2017: nil).

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

10. Income taxes (continued):

	December 31, 2018 ('000s)	December 31, 2017 ('000s)
Profit for the year before taxes	$ 21,216	$ 214,716
Tax at the combined statutory rate: 26.50% (2017: 26.50%)	$ 5,623	$ 56,900
Increase (decrease) in provision due to:		
Capital gains taxed at 50%	$ (923)	$ (27,345)
Non-taxable Canadian dividends	(4,087)	(2,938)
Foreign withholding taxes	(1,160)	(972)
Other	19	214
Income taxes	$ (528)	$ 25,859

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

	December 31, 2018 ('000s)	December 31, 2017 ('000s)
Deferred share units	$ 249	$ 200
Net unrealized appreciation of investments	(28,052)	(43,738)
Deferred income tax liability	$ (27,803)	$ (43,538)

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

As of the most recent taxation year of December 31, 2018, Cymbria had suspended losses of $34,572 (December 31, 2017: $207,911).

11. Fair value measurement:

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

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

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

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

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

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

All fair value measurements below are recurring.

December 31, 2018 ('000s)	Level 1	Level 2	Level 3	Total
Equities	$ 827,158	$ –	$ 224,121	$1,051,279
Options	–	631	–	631
Foreign exchange forward contracts	–	(3,769)	–	(3,769)
Total	$ 827,158	$(3,138)	$ 224,121	$1,048,141

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

For the year ended December 31, 2018, the net change in value for financial instruments classified as at FVTPL a $6.7 million gain (December 31, 2017: $206.8 million gain).

The following tables reconcile Cymbria's Level 3 fair value measurements for the years ended December 31, 2018 and December 31, 2017.

December 31, 2018 ('000s)	Equities
Balance at beginning of the year	$ 185,941
Investment purchases during the year	–
Change in unrealized appreciation (depreciation) in value of investments	38,180
Balance at end of the year	$ 224,121

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

11. Fair value measurement (continued):

During the year ended December 31, 2018, there were no transfers between levels (December 31, 2017: one).

(a) Equities

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

As at December 31, 2018, Cymbria's only Level 3 investment was EdgePoint.

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

The following table sets out information about significant unobservable inputs used at December 31, 2018 in measuring EdgePoint, which is categorized as Level 3 in the fair value hierarchy.

EdgePoint Wealth Management Inc.

Fair Value at December 31, 2018: $224.1 million

Unobservable Input	Input used	Range of reasonable alternatives	Sensitivity to changes in significant unobservable inputs
Annual market growth	5%	4%–6%	($9.4M)–$10.0M
Redemption rate	12.5%	9%–14%	$35.0M–($14.9M)
Discount rate	12.5%	10.5%–14%	$42.9M–($22.9M)
Portfolio management cost	0.15%	0.10%–0.20%	$20.6M–($20.5M)

Fair Value at December 31, 2017: $185.9 million

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

Significant unobservable inputs are developed as follows:

(i) Annual market growth: represents the future weighted average investment returns of the funds managed by EdgePoint. EdgePoint's management fee revenue is calculated as a percentage of assets under management ("AUM"), therefore higher investment returns of the funds will increase EdgePoint's expected annual cash flow. The range of 4%-6% was developed based on a weighted average of the index returns of the funds' benchmarks over a range of prior periods.

(ii) Redemption rate: represents the weighted average of units redeemed by unitholders of the mutual funds managed by EdgePoint as a percentage of AUM. A higher redemption rate will decrease EdgePoint's AUM and will therefore lower the annual cash flow. The range of 9%–14% is based on a combination of EdgePoint's historical redemption rate and the long-term redemption rate of the industry.

(iii) Discount rate: is the annual percentage used to determine the present value of EdgePoint's future cash flows. The discount rate factors in not only the time value of money, but also the risk or uncertainty of those future cash flows. A higher discount rate would indicate a greater uncertainty of future cash flows and therefore determine a lower net present value for EdgePoint. The range of 10.5%–14% was determined based on a combination of EdgePoint's assumed weighted-average cost of capital, the risk-free rate, market risk factors and other systematic and unsystematic risk factors.

11. Fair value measurement (continued):

(iv) Portfolio management cost: represents the fees paid to the Manager by EdgePoint for providing investment advisory services. Due to the Manager and EdgePoint being related parties, fees negotiated between the two parties are considered substantially below market value. For the purposes of valuing EdgePoint, it is assumed that a reasonable market value for services provided is paid to the Manager. A higher rate would increase the fees paid to the Manager and therefore decrease the annual cash flow. The input is presented as a percentage of AUM. The range of 0.10%–0.20% was determined based on sub-advisory fees of comparable investment managers.

Although the Manager believes that its estimates of fair value for EdgePoint are appropriate, the use of different assumptions could lead to different measurements of fair value. For the fair value measurement of EdgePoint, changing a combination of the significant assumptions noted above to reasonably possible alternative assumptions would increase or decrease the value of EdgePoint. Taking a pessimistic view by changing the annual market rate to 4%, redemption rate to 14%, discount rate to 14%, and portfolio management cost to 0.20% would result in a decrease in the value of EdgePoint by $59.9 million. Conversely, taking an optimistic view by changing the annual market rate to 6%, redemption rate to 9%, discount rate to 10.5%, and portfolio management cost to 0.10% would result in an increase in the value of EdgePoint by $137.0 million.

(b) Derivative assets and liabilities

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

12. Financial instrument risk:

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

Risk management

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

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

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

Risk factors

(a) Market risk:

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

(i) Market price risk

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

If equity prices for these securities had increased or decreased on their respective stock exchanges by 5% as at December 31, 2018, with all other variables held constant, Cymbria's shareholders' equity would have increased or decreased, respectively, by approximately $52.6 million or 5.1% of total shareholders' equity or 241.9% of net income (December 31, 2017: $40.4 million or 4.0% of total shareholders' equity or 21.4% of net income). In

12. Financial instrument risk (continued):

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

(ii) Foreign currency risk

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

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

December 31, 2018
($'000s)

Currency	Investments	Cash and cash equivalents	Foreign exchange forward contracts	Total
U.S. dollar	418,105	1,686	(69,557)	350,234
Japanese Yen	151,872	–	(9,785)	142,087
Indian Rupee	25,424	–	–	25,424
Euro	21,800	(116)	–	21,684
Danish Krone	19,632	–	–	19,632
Swedish Krona	19,427	252	–	19,679
Swiss franc	16,299	–	–	16,299
China Renminbi	9,484	42	–	9,526
British pound	6,853	–	–	6,853

December 31, 2017
($'000s)

Currency	Investments	Cash and cash equivalents	Foreign exchange forward contracts	Total
U.S. dollar	452,150	7,024	(43,950)	415,224
Japanese Yen	145,539	–	–	145,539
Euro	94,921	–	–	94,921
Swedish Krona	13,918	–	–	13,918
British pound	8,585	–	–	8,585

As at December 31, 2018, if the Canadian dollar had strengthened or weakened by 5% relative to all foreign currencies with all other variables held constant, Cymbria's shareholders' equity would have decreased or increased, respectively, by approximately $30.6 million or 2.9% of total shareholders' equity or 140.6% of net income (December 31, 2017: $33.9 million or 3.3% of total shareholders' equity or 18.0% of net income).

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

(iii) Interest rate risk

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

(b) Credit risk:

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

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

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

(c) Liquidity risk:

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

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

Cymbria may invest in derivatives, fixed income securities and unlisted equity investments that are not traded in an active market. As a result, Cymbria may not be able to quickly liquidate its investments in these instruments at

12. Financial instrument risk (continued):

amounts, which approximate their fair values, or be able to respond to specific events such as deterioration in the creditworthiness of any particular issuer. In accordance with Cymbria's policy, the Manager monitors Cymbria's liquidity position on a daily basis.

Cymbria may invest in illiquid assets, but maintains the majority of its assets in liquid investments traded in an active market that can be readily sold. As at December 31, 2018, illiquid securities represent approximately 21.0% of Cymbria's shareholders' equity (December 31, 2017: 18.3%).

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

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

December 31, 2018	On demand ($'000s)	< 3 months ($'000s)	> 3 months ($'000s)	Total ($'000s)
Payable for investments purchased	427	–	–	427
Accrued liabilities	–	75	–	75
Foreign exchange forward contracts	–	3,769	–	3,769
Income taxes payable	–	2,590	–	2,590
Deferred share unit plan liability	–	–	940	940
Deferred income tax liability	–	–	27,803	27,803

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

13. Foreign exchange forward contracts:

December 31, 2018

Settlement date	Currency to be delivered ('000s)	Currency to be received ('000s)	Contract price	Fair value ('000s)
January 3, 2019	15,500 USD	19,785 CAD	1.2765	$ (1,374)
January 8, 2019	6,500 USD	8,315 CAD	1.2792	(557)
January 15, 2019	784,918 JPY	8,900 CAD	0.0113	(885)
February 8, 2019	1,000 USD	1,307 CAD	1.3074	(56)
February 25, 2019	4,000 USD	5,288 CAD	1.3219	(166)
February 28, 2019	9,500 USD	12,645 CAD	1.3310	(306)
March 14, 2019	3,500 USD	4,574 CAD	1.3069	(196)
March 20, 2019	5,500 USD	7,366 CAD	1.3393	(129)
March 28, 2019	5,500 USD	7,393 CAD	1.3442	(100)
Total number of contracts:	9		Net fair value	$ (3,769)

14. Options:

December 31, 2018

Call options	Expiry date	Strike price	Number of contracts	Average cost ('000s)	Fair value ('000s)
EURO STOXX 50 Index	June 16, 2023	3,816	3,386,136	$ 1,070	$ 434
EURO STOXX Banks Index	February 17, 2023	142	941,864	356	64
EURO STOXX Banks Index	March 17, 2023	142	941,864	358	66
EURO STOXX Banks Index	April 21, 2023	142	941,864	356	67
				$ 2,140	$ 631

15. Offsetting financial assets and financial liabilities:

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

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

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

December 31, 2018 ($'000s)

Type of financial instrument	Gross amounts of recognized financial assets and liabilities	Net amounts presented in the statement of financial position	Related amounts not offset in the statement of financial position		Net Amount
			Financial instruments	Cash collateral pledged	
Foreign exchange forward contracts – assets	–	–	–	38	–
Foreign exchange forward contracts – liabilities	(3,769)	(3,769)	–	2,312	(1,457)

15. Offsetting financial assets and financial liabilities (continued):

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

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

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

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

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

As at December 31, 2018 and 2017, Cymbria had material investments in the following subsidiaries, associates and unconsolidated structured entities:

December 31, 2018	Place of Business	Type	Ownership %
Echelon Financial Holdings Inc.	Canada	Associate	20.3%
EdgePoint Wealth Management Inc.	Canada	Associate	20.7%

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

OFFICERS

Tye Bousada, CFA
Co-Chief Executive Officer

Geoff MacDonald, CFA
Co-Chief Executive Officer

Diane Rossi
Corporate Secretary

Norman Tang, CPA, CA
Chief Financial Officer

DIRECTORS

Ugo Bizzarri, CFA
Director

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

Patrick Farmer, CFA
Chairman

James MacDonald
Director and member of the Audit Committee

Richard Whiting
Director and member of the Audit Committee

AUDITOR

KPMG LLP
333 Bay St., Suite 4600
Bay Adelaide Centre
Toronto, ON M5H 2S5

CUSTODIAN

CIBC Mellon Trust Company
1 York St., Suite 900
Toronto, ON M5J 0B6

MANAGER AND INVESTMENT ADVISOR

EdgePoint Investment Group Inc.
150 Bloor St. W., Suite 500
Toronto, ON M5S 2X9

LEGAL COUNSEL

Stikeman Elliott LLP
5300 Commerce Crt. W.
199 Bay St.
Toronto, ON M5L 1B9

REGISTRAR AND TRANSFER AGENT

Computershare Investor Services Inc.
100 University Ave., 8th floor
Toronto, ON M5J 2Y1

TORONTO STOCK EXCHANGE LISTING

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

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

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

2. **We will consistently adhere to our investment approach.**

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

3. **We will partner with financial advisors.**

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

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

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

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

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

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

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

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

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

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

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

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

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