CYMBRIA CORPORATION

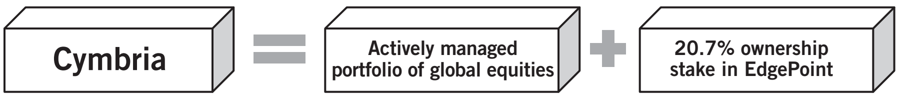
2016
ANNUAL REPORT

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.

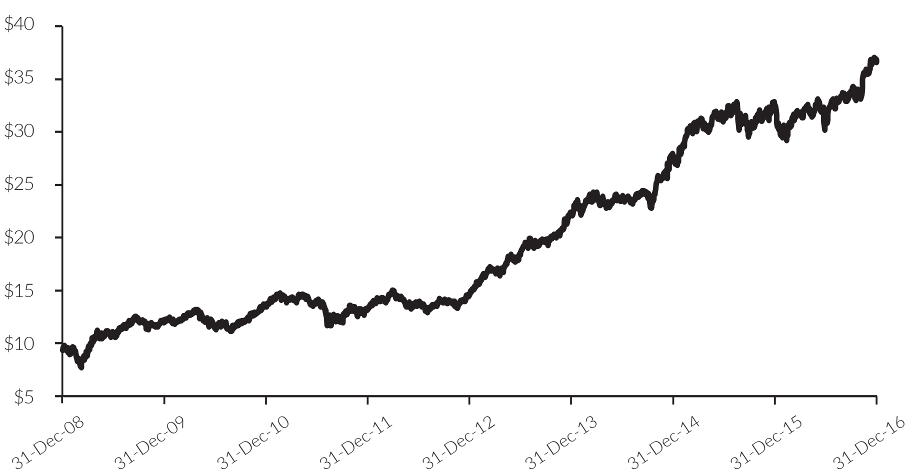


INVESTMENT RESULTS

Cymbria – Class A net asset value ("NAV")

	NAV	Return (C$)	Index (C$)*
Inception: 11/4/2008	$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%
Since inception††			
Compounded annual return		17.23%	
Cumulative return		265.91%	

Cymbria – Class A NAV



* 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 – December 31, 2008.

†† Includes expenses related to IPO.

Source: Morningstar Direct, Bloomberg LP. Total returns in C$ as at December 31, 2016. Index performance is based on a pre-tax calculation, while Cymbria's NAV is after tax (but excludes future taxes). As a corporation, Cymbria's income and capital gains are taxed within the corporation and reflected in the daily NAV. 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 A NAV performance (annualized): 1 year: 12.91%, 3 year: 17.89%, 5 year: 22.59%, since inception: 17.23%.

TABLE OF CONTENTS

Cymbria's Annual Investor Day

Wednesday, May 17, 2017

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

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 5, 2017

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 NAV cumulative return of 265.9% (includes IPO-related expenses). The benchmark MSCI World Index returned 143.4% (C$) over the same timeframe.

We measure our investment results using Cymbria's NAV rather than its stock price, as this more closely reflects our Investment team's value add. If Cymbria's stock price lags its NAV, 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 33.5% premium to NAV 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 NAV daily to our website. Some have suggested that doing so encourages short-term thinking. We tend to agree. Cymbria's NAV is different from its worth. The NAV represents the value of its holdings at today's prices, not tomorrow's worth. Not everyone uses Cymbria's NAV 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 NAV (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

There were many events in 2016 that captured the headlines and had an impact on markets. A volatile start to the year unsettled many investors amid worries of a slowdown in China and a slumping oil price. The lead-up to the summer Brexit vote provided further uncertainty, exacerbated by a surprise vote to leave the EU that temporarily shook markets. And who can forget the unexpected outcome of the U.S. election? An eventful year to say the least!

We have always said we don't have the ability to predict macro events, though when we focus on maintaining a disciplined investment approach, we believe we have a chance at outperforming the market over the long term. The Investment team remains confident that the best vehicle for building long-term wealth for our shareholders is a portfolio of attractively priced businesses that are well-positioned for growth. Our Investment team added two members this year which bolstered their efforts to find new ideas in this slower-for-longer economy.

This year also saw the implementation of Phase 2 of CRM2. The short-term impact of this increased transparency, where clients will see advisor compensation as well as investment performance, is hard to predict. We continue to believe in the value of independent, objective financial advice and the role it plays in helping investors reach their goals.

Cymbria's Class A NAV increased at an annualized rate of 12.9% in 2016 compared to 3.8% for the benchmark MSCI World Index (C$). Since inception, the NAV has grown by 17.2% compared to 11.5% for the Index over the same timeframe. Eight years into our 10-year performance objective, we're pleased with the progress so far and continue to refer to our performance as a good start.

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

- As in previous years, Cymbria's primary driver of wealth creation is our Investment team's **stock selection** ability. The team has done very well in their selections, increasing Cymbria's Class A NAV by 10.5% in 2016
- Cymbria's **investment in EdgePoint** now amounts to over $110.3 million. Continued support from key advisor relationships translated into significant growth at EdgePoint during the year. EdgePoint continues to be Cymbria's largest holding, representing a 12.9% weight of NAV
- Cymbria's pro-rata share of EdgePoint's **dividend** was $7.5 million in 2016, 38.5% greater than the year prior. Since inception, Cymbria has received $23.1 million in dividends from EdgePoint
- Cymbria didn't **repurchase shares** in 2016 although we're committed to doing so should an attractive opportunity arise. Our Normal-Course Issuer Bid was renewed in 2016 for an additional 12-month period

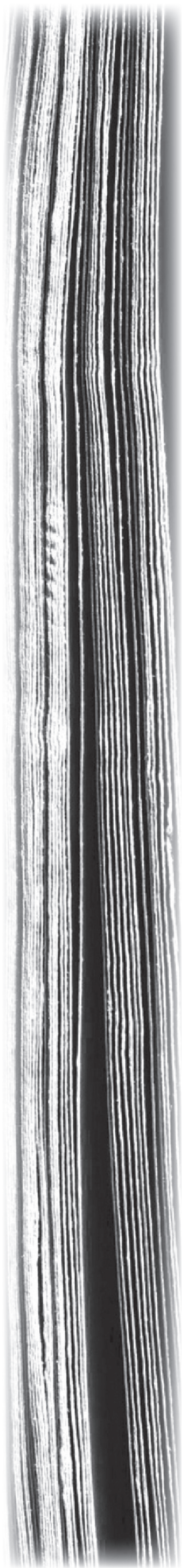
In 2016, we added eight new members to the EdgePoint team and are now 54 internal partners strong. We're thankful that we continue to attract exceptional talent and are excited that the team is functioning well as we continue to grow.

We're pleased with the progress we've made so far and we remain focused on the ongoing task of building wealth for our shareholders.

Thank you for your continued support.

Sincerely,

Patrick Farmer, Chairman



A LITTLE AROUND THE EDGES

Not being different is a barrier to success in our industry. If you're part of the herd, it's difficult to do better than the herd. Though being different for the sake of it isn't going to get you anywhere either. The sweet spot is when you find reasons to view a business differently than the crowd – what we refer to as proprietary insights, where we have an idea on why we think a business will grow over the long term. There's no sure path to finding a unique view on a business, though we'd suggest that having at least one of the advantages or "edges" below will help get you there.

There's the **informational advantage** which simply means knowing more than the next guy about a particular business. Nice when it happens, but rarer these days for the average investor given the amount of information accessible to anyone with an internet connection.

Data hungry investors will often look for an **analytical advantage**, which is when you have a unique view on information readily available to all but view it differently. Like the informational advantage, without a keen eye these opportunities are few and far between.

We believe an often overlooked advantage today is **time**. As in, having the time to do the necessary research to find a proprietary insight and the opportunity to see it play out. This requires patience and self-discipline because you typically have to take a longer term view on a business than the crowd. Time is more and more important these days as the market increasingly focuses on the short term.

It's one thing to know what the edges are. It's another to figure out the necessary ingredients to achieve them. There are many contributors to success. Below are three building blocks that we believe contribute to the foundation: the right structure, the right people and the right partners.

STRUCTURE

Cymbria's Investment team is structured in such a way that it allows the portfolio managers months (or longer!) to look at a business. This is necessary when you're building a portfolio that doesn't look like an index. And Cymbria doesn't. In fact, our Investment team doesn't see much merit in comparing Cymbria to an index simply because they aren't trying to mimic it or, if we're honest, beat it. Their goal is to have investment results that will get our investors to their Point B (which is different for everyone but can include retirement, post-secondary education for their kids or a house). That's how we measure success.

Finally, we believe Cymbria has the right incentives in place. Our Investment team isn't compensated on short-term numbers which reinforces what we said at the outset. With no pressure to hit short-term targets, our managers can really invest their time in an idea and wait years for the thesis to play out if that's what it takes.

PEOPLE

In general, we humans aren't the best at delaying gratification. Lustpinzip is the name of the game for many of us. When we want something, we're hardwired to want it now. In part to satisfy basic needs and also because many of us don't trust the reward will be delivered at a later date.

This very notion has been proven in numerous behavioural studies, perhaps the most well-known is the marshmallow experiment. Stanford University conducted a study on children in the late 1960s that tested their ability to delay gratification. Children were given one marshmallow which they could eat right away or two if they waited 15 minutes. Only one out of three could wait for the two marshmallows. Researchers reported that a follow-up study revealed that the children who waited the 15 minutes were more successful in life, proving that our ability to delay gratification is hard-wired at a very early age.[i]

WORD OF THE DAY

Lustpinzip: The instinctual seeking of pleasure and avoiding of pain in order to satisfy biological and psychological needs.

These innate tendencies are why it takes a different type of human to be a portfolio manager. A successful portfolio manager can forgo consumption today to consume more later. This unique trait means they don't get sucked into the hype around certain companies, sectors or regions and can resist the urge to make bets that may or may not bear fruit in favour of well-researched ideas that often do.

Now, there will be managers elsewhere who possess this trait but the structure of their firm is such that they need to act immediately because hitting short-term numbers keeps their careers intact. Either way, the reality is that there are a lot of managers out there that either don't have the ability to wait or can't risk their careers and this presents opportunities for Cymbria. With the right structure and right people in place, our managers have both the ability to delay gratification and aren't pressured to deliver short-term results at the expense of potentially better long-term investments.

PARTNERS

We're only as good as our investment partners (you). And it's because of this that we've always made a concerted effort to make sure we partner with like-minded people. What do these partners look like? They're wired a little differently. They take a longer term view and understand the importance of resisting the urge to sell when markets get rocky while also ignoring the impulse to chase the next big thing.

On paper, being a good partner probably sounds easy. But it isn't. If it were, the average investor wouldn't lag the performance of all major asset classes year after year.[ii] There are numerous factors behind this including something called decision fatigue. The more decisions we're forced to make in a day, the more taxed our brains are. Eventually it starts looking for shortcuts (just like we may opt for the elevator over the stairs after a long day!) A common shortcut is reckless behaviour, so otherwise rational people start making impulsive decisions.[iii] This type of behaviour doesn't serve the average investor well. It leads to all the pitfalls mentioned above: performance chasing, panicked selling and short-term thinking to name a few. Without the right partners, we don't stand a chance.

Cymbria isn't for everyone. It doesn't look like an index. Our managers don't chase what's hot or worry about short-term performance. And we certainly don't try to be all things to all people which means we partner with a select group of like-minded individuals who truly understand us. It's our belief that it's these very reasons that give Cymbria an edge and will continue to help contribute to its success over the long term.

[i] W. Mischel, E.B. Ebbesen and A.R. Zeiss, "Cognitive and attentional mechanisms in delay gratification," Journal of Personality and Social Psychology, v.21(2) February 1972: 204-18.
[ii] Quantitative Analysis of Investor Behavior, 2015," DALBAR, Inc.
[iii] John Tierney, "Do You Suffer From Decision Fatigue?", The New York Times Magazine, August 17, 2011, http://www.nytimes.com/2011/08/21/magazine/do-you-suffer-from-decision-fatigue.html.

Plenty has happened yet nothing has changed

By Tye Bousada & Geoff MacDonald, portfolio managers

Our 2009 Cymbria annual report commentary had the following paragraph:

"We have recently been asked a number of times to weigh in on whether the stock market 'has run too far, too fast.' The world is not short of people that are willing to give their opinions on what is going to happen next week, next month, or next quarter to the stock market. However, in our opinion making short-term forecasts adds no value whatsoever. We believe that the short term is always uncertain. In our judgement, what is more certain is that it is always important to own a collection of businesses that can grow in the future, yet still represent good value today."

Cymbria's net asset value ("NAV") was approximately $12/share, a whopping $2 higher than the $10 IPO price from the previous year when we wrote that paragraph. Today, we continue to get the same questions, though nothing has changed. And the shareholders who haven't been caught up worrying about such short-term questions now own a company with a NAV that's approximately $27 to $28 above the IPO price.

Our goal is to build your wealth over a period of at least 10 years. All the temporary blips that may or may not ensue, we view as opportunities to buy more of a great business…for less. Share prices will always go down in the short term for all sorts of reasons, many of which aren't company specific. Knowing the value of a few great businesses allows us to benefit from these sale prices and build your wealth. For you to benefit from these dips, you have to be willing to see the value of your holdings go down. It takes conviction to trust us as you have done during these periods.

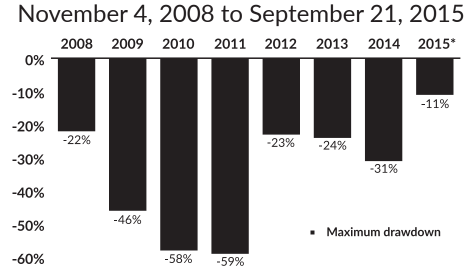
PRICE FLUCTUATES MORE THAN VALUE IN THE STOCK MARKET

If you're invested with us you must believe the above statement to be true, as this basic belief is the cornerstone of our investment approach.

If you need help believing it, take a look at this chart which shows the annual peak-to-trough decline of AMN Healthcare, one of the historical holdings in Cymbria.

AMN Healthcare maximum calendar year drawdowns

November 4, 2008 to September 21, 2015



Source: Bloomberg LP. In US$. The 2008 year consists of the period November 4 to December 31, 2008. The maximum drawdown is defined as the largest spread between the specified calendar year's peak-to-trough prices.

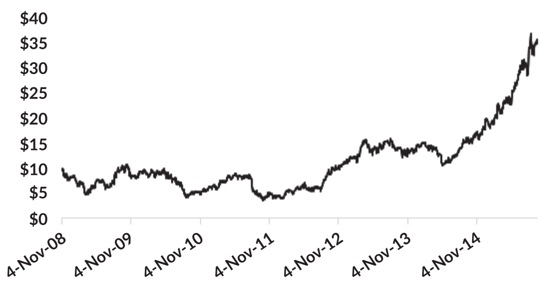
As you can see, in 2008 AMN Healthcare fell 22% from its peak that year, followed by peak-to-trough declines of 46%, 58% and 59% in the following three years.

Was AMN's value really changing that much every single year? We didn't believe so. As such, we did what you'd expect us to do and took advantage of those declines by adding to our position.

It may be hard to believe this given the large annual declines in the chart above, but the actual outcome of our investment in AMN was very pleasing. The chart below adds the stock price to the previous annual peak-to-trough declines chart to show that AMN actually increased 273% during our holding period.[i] This worked out to a holding period return of 21.1% a year[ii] vs. the MSCI World Index which did 9.5%.[iii]

AMN Healthcare share price

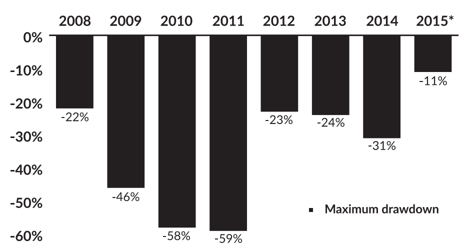
November 4, 2008 to September 21, 2015



Source: Bloomberg LP. In US$.

AMN Healthcare maximum calendar year drawdowns

November 4, 2008 to September 21, 2015



Source: Bloomberg LP. In US$.

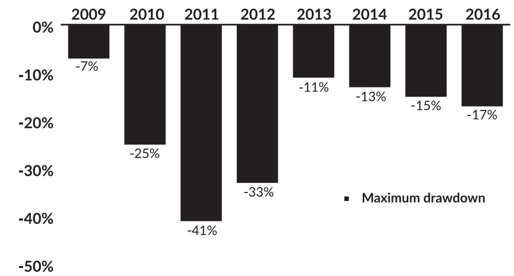
Now the skeptics among us might be saying to themselves: "That's interesting, but AMN Healthcare was a small company only covered by a few Wall Street firms. I'm sure the same thing doesn't happen to big companies."

For the skeptics out there, let's challenge that belief.

Below are the annual intra-year peak-to-trough declines for one of the businesses you've owned in Cymbria since 2009. Prior to looking at the chart you should know that this business is one of the largest in the world with a market capitalization (i.e. the price of the entire business) of over $300 billion. It has also been one of the 30 businesses in the Dow Jones Industrial Average for the past 25 years.

Mystery Co. maximum calendar year drawdowns

November 23, 2009 to December 31, 2016

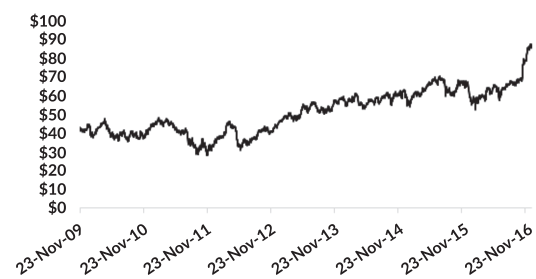


Source: Bloomberg LP. In US$. The 2009 year consists of the period November 23 to December 31, 2009. The maximum drawdown is defined as the largest spread between the specified calendar year's peak-to-trough prices.

Can a business with a market price in the hundreds of billions of dollars see its VALUE change by 41% in one year and then 33% the next – like it did in 2011 and 2012? We didn't think so, so we took advantage of these price swings. Here's the same chart with the company's stock price for the same period:

Mystery Co. share price

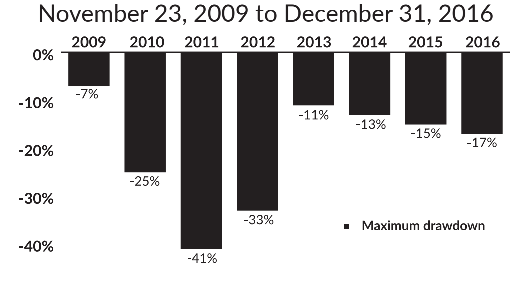
November 23, 2009 to December 31, 2016



Source: Bloomberg LP. In US$.

Mystery Co. maximum calendar year drawdowns

November 23, 2009 to December 31, 2016



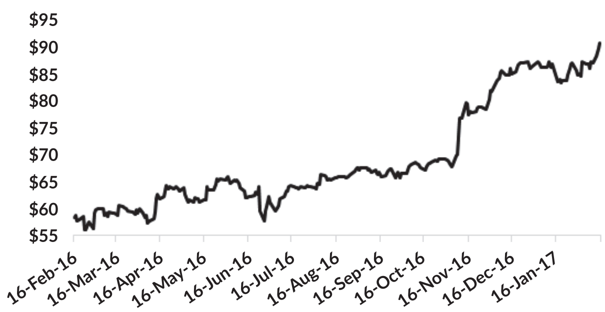
Source: Bloomberg LP. In US$.

The mystery company we're talking about is JPMorgan Chase & Co. Since Cymbria initially bought it until the end of 2016, the share price has appreciated by 99%.[iv] When you add in the dividends it works out to a holding period return of 12.8%[v] vs. the MSCI World Index return of 8.1%.[vi]

To further emphasize that the price of stocks fluctuates more than the value of a business, look at the following chart which shows the one-year return from February 16, 2016 to February 15, 2017:

JPMorgan share price

February 16, 2016 to February 15, 2017



Source: Bloomberg LP. In US$.

The price of JPMorgan grew by over 50% including dividends during that period. Said differently, the price of the whole company went up by over $150 billion in 12 months. Are the earnings of JPMorgan expected to see a massive jump in 2017 to warrant this historical price move? Not really. Its earnings in 2016 were around $24.2 billion and we believe they might be somewhere close to $25.3 billion in 2017. Although this represents a pleasing 4.5% of growth, it's far short of the 50% share price appreciation over the last 12 months. So, if it's not the earnings, what is it? Well, just like prices can fluctuate below the value, they can also go above the value in certain periods.

When this happens, you'd expect us to sell down our interest in JPMorgan and that's exactly what we've done over the last few months.

In a world where the prices of stocks move around much more than the value of businesses, we as investors of your hard-earned savings need to believe in something. At Cymbria, that something is our investment approach which can be summarized as follows:

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.

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

Our goal isn't to guess the future, but to own businesses that have the ability to thrive under widely variable circumstances.

Since we've started, here are a few of the global macro events our businesses have had to deal with:

Continued conflict in the Middle East, the global financial crisis, Greece bailout, S&P downgraded U.S. debt, oil price spiked and collapsed, Ebola, currency manipulation wars, Obamacare, North Korea, uncertainty around the viability of the EU, flash crashes, overregulation, Ukraine crisis, China slowdowns, Brexit, negative interest rates, emerging market booms and busts, the Fed started lifting interest rates and Trump, just to name a few.

Going back to the JPMorgan example, when we initiated our original position in 2009 we didn't have a clue that the world would face many of these headwinds. However, we did believe that JPMorgan would grow under a wide variety of future circumstances and that the market wasn't asking us to pay for that growth when we purchased it. Fortunately, as it pertains to our investment in JPMorgan, we were right. However, sometimes our propriety insights are just plain wrong.

Here's a list of some of our greatest mistakes from the last eight years:

Connaught Plc

Research In Motion Ltd.

Bank of New York Mellon Corp.

Takata Corp.

Western Union Co.

GameStop Corp.

Hyundai Mobis

Jacobs Engineering Group Inc.

Cisco Systems Inc.

American Express Co.

UnitedHealth Group Inc.

Mine Safety Appliances Co.

Make no mistake, these misses cost you money.

We look at Cymbria's holdings every day and constantly try to upgrade the quality of the portfolio. Though it goes without saying that at any given time we believe we own the best possible collection of businesses or we wouldn't own them. However, there's a constant voice inside our head whispering the following words of wisdom from Bertrand Russell:

"The whole problem with the world is that fools and fanatics are always so certain of themselves, and wiser people so full of doubts."

Despite investing in our propriety insights with conviction, we still come to work every day knowing that at least one of the names we own is a mistake. With that knowledge we strive to diversify the portfolio by business idea.

We've written a lot about portfolio diversification by idea in the past, but the underlying principle is, where possible, we want to own a collection of very disparate ideas. The thinking is that if you own 30 very different ideas and one is wrong, then only 1/30th (or roughly 3%) of the portfolio will decline in value. However, if 10 of those 30 names are investments in a similar idea (and that idea is wrong), 1/3rd or 33% of your portfolio will go down in value. The only positive thing we can say about the list of mistakes above is that all the ideas were uncorrelated.

Earlier we mentioned that our goal is, in part, to own businesses that have the ability to thrive under widely variable circumstances. We want the same thing for your Cymbria portfolio as a whole. Appropriate diversification increases the odds of that being true.

It's very important to understand that just because a portfolio is built to thrive under variable circumstances, the PRICE of that portfolio won't always increase. Just as JPMorgan built value year after year but saw regular material declines in price, your collection of businesses inside Cymbria can experience the same thing.

If history is a guide, holding on or buying during those price pullbacks will prove to be rewarding long term.

We have no ability to predict short-term moves in stock prices. We do know that prices in the stock market fluctuate more than value. We'll always try to take advantage of this fact to build wealth for you.

We continue to approach investing in these markets with measured confidence, value your trust in us and look forward to working to build your wealth in an effort to be worthy of that trust.

[i] Bloomberg LP.
[ii] Ibid.
[iii] MSCI World Index.
[iv] Bloomberg LP.
[v] Ibid.
[vi] MSCI World Index.

INVESTMENT IN EDGEPOINT

Cymbria's original $509,585 investment in EdgePoint equates to a 20.7% ownership share. It has received $23.1 million in dividends from EdgePoint since inception and the value of its investment in the company has increased to $110.3 million, making EdgePoint the most valuable contributor to Cymbria's investment portfolio.

The business

EdgePoint is a Toronto-based, employee-owned wealth management company founded by Tye Bousada, Patrick Farmer, Robert Krembil and Geoff MacDonald. They believed there was room in the crowded marketplace for a diff erent kind of investment management company. Frustrated at seeing the mutual fund industry transform from investment focused to asset gathering, sales and marketing-driven at the expense of investors' best interests, they launched EdgePoint 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	2016	2015	2014	2013	2012	2011	2010	2009	2008†	Since inception
EdgePoint Canadian Portfolio	**23.5%**	**-4.3%**	**9.4%**	**26.3%**	**8.9%**	**-7.8%**	**16.6%**	**50.2%**	**4.9%**	**14.5%**
S&P/TSX Composite Index	21.1%	-8.3%	10.6%	13.0%	7.2%	-8.7%	17.6%	35.1%	2.8%	10.3%
EdgePoint Global Portfolio	**13.4%**	**12.7%**	**18.7%**	**44.5%**	**11.1%**	**-2.7%**	**8.0%**	**28.2%**	**10.4%**	**17.2%**
MSCI World Index††	3.8%	18.9%	14.4%	35.2%	13.3%	-3.2%	5.9%	10.4%	7.6%	12.7%
EdgePoint Canadian Growth & Income Portfolio	**18.6%**	**-2.7%**	**8.4%**	**22.2%**	**6.6%**	**-4.1%**	**14.0%**	**40.4%**	**1.5%**	**12.2%**
60% S&P/TSX/40% BofA Merrill Lynch Canada Broad Market Index	13.0%	-3.6%	10.1%	7.1%	5.9%	-1.4%	13.5%	22.7%	3.2%	8.4%
EdgePoint Global Growth & Income Portfolio	**11.5%**	**9.0%**	**13.9%**	**32.4%**	**9.0%**	**-0.5%**	**9.0%**	**29.1%**	**4.1%**	**14.1%**
60% MSCI World Index/40% BofA Merrill Lynch Canada Broad Market Index	3.0%	12.7%	12.3%	19.3%	9.5%	2.1%	6.6%	8.6%	6.0%	9.8%

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

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 on or vice-versa.

Your advisor can help you to reconcile what you see here with your personal rate of return and tell you whether your investments have made or lost you money. If you feel you didn't have the same performance as the table below, skip to *The cost of instant gratification* (page 20) to learn how your behaviour impacts your returns.

Series A portfolios	YTD	1-year	3-year	5-year	Since inception
EdgePoint Canadian Portfolio	23.50%	23.50%	8.95%	12.19%	14.53%
EdgePoint Canadian Growth & Income Portfolio	18.63%	18.63%	7.76%	10.26%	12.16%
EdgePoint Global Portfolio	13.38%	13.38%	14.90%	19.49%	17.19%
EdgePoint Global Growth & Income Portfolio	11.54%	11.54%	11.47%	14.86%	14.08%

Annualized returns as at December 31, 2016.
Source: Fundata Canada Inc. Total returns in C$. Compounded annual rates of return.

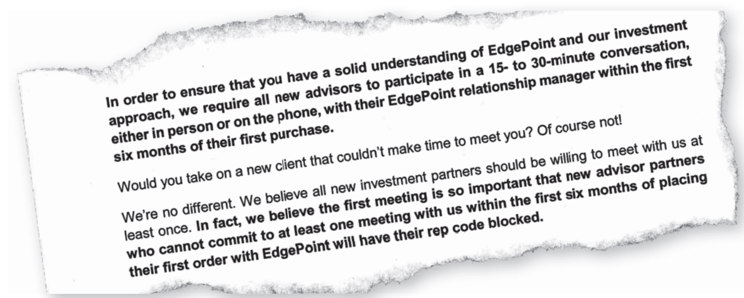
~~Same same but~~ **Different**

EdgePoint Global and Cymbria used to look a lot alike leading many to believe investing in one was the same as investing in the other. Not true. There have always been differences, namely Cymbria's investment in EdgePoint. While their holdings were often the same, the weights weren't, resulting in performance differences. As a public corporation Cymbria also has greater investment flexibility. It can buy publicly traded companies and privately-held businesses.

Today Cymbria continues to take advantage of that increased flexibility, owning several businesses not in the Global Portfolio. We believe Cymbria will increasingly look dissimilar to EdgePoint Global both in its performance and holdings in the future. With that in mind, we launched a new-look website to further differentiate Cymbria from EdgePoint. Check it out at **www.cymbria.com**.

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

In order to ensure we continue to build strong relationships with our investment partners, Patrick Farmer penned a new advisor letter detailing our expectations for new advisors purchasing EdgePoint. The letter emphasizes the importance of ensuring our investment partners have a deep understanding of EdgePoint and our investment approach. We're so passionate about this that we require all new sellers to meet with one of our relationship managers within six months of their first purchase. If any fail to do so, we'll block their rep code from future sales. When we say we want to build and maintain strong relationships with our investment partners, we mean it!


In order to ensure that you have a solid understanding of EdgePoint and our investment approach, we require all new advisors to participate in a 15- to 30-minute conversation, either in person or on the phone, with their EdgePoint relationship manager within the first six months of their first purchase.

Would you take on a new client that couldn't make time to meet you? Of course not!

We're no different. We believe all new investment partners should be willing to meet with us at least once. **In fact, we believe the first meeting is so important that new advisor partners who cannot commit to at least one meeting with us within the first six months of placing their first order with EdgePoint will have their rep code blocked.**

Our advisor partnerships climbed to 4,299 in 2016 from 3,947 in 2015, with the top 20% of our advisors continuing to represent approximately 84% or $8.5 billion of EdgePoint's retail AUM at an average of $9.9 million per advisor.

The top 20% of our institutional clients now represent 93% of our institutional AUM (approximately $2.5 billion), with an average investment of $313 million per client.

Although we're growing, we still don't make it too easy for people to get to the bottom of how much money we manage to stay in line with our belief that asset size is the wrong kind of success measure. Sure, our shareholders want our assets to keep going up. But our investors likely don't because large assets tend to make it harder to outperform. Growth comes at the expense of nimbleness.

Instead, we'd like to see our industry talk less about how much it has collected from investors and more about how much it has made for them. We'll follow suit. Following are our most recent stats:

$5,320,000,000* – How much we've made for our investors

$40,000,000† – How much we've saved investors through lower fees. Based on Category average MERs provided by Strategic Insight, the amount is actually $50.4 million. We knocked about $10 million off that number choosing instead to use a more conservative estimate because we'd much rather save you more than what's reported here than less.

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. 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'.

As at December 31, 2016, our internal partners held some $160.4 million in company-related products (for many of us, the lion's share of our investable assets) and are collectively one of our largest investors.

*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: Category average MERs provided by Strategic Insight as at calendar year-ends. As at December 31, 2016. Category average is MERs of actively managed front-end funds in relevant categories defined as core funds with total assets greater than $50 million, excluding ETFs and index funds. Annual savings calculated using an average of monthly assets under management for Series A and A non-HST. MERs since inception to end-of-year 2008 not included.

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 2016

A total of 54 EdgePoint internal partners now work for you, including these new hires in 2016.

George Droulias, Investments
Kirsten DeJonge, Sales
Juan Gomez, Investment Communications
Joni Iljazi, Investment Communications
Montana Mortimer, Operations
Nancy Solakis, Operations
Derek Skomorowski, Investments
Eden Villanueva, Operations

4. EdgePoint's contributions to Cymbria

Cymbria's wealth drivers	2016	2015	2014	2013	2012	2011	2010	2009
Security selection	10.48%	11.09%	17.36%	45.49%	9.55%	-3.36%	9.53%	27.89%
EdgePoint investment	1.45%	5.76%	5.17%	6.04%	0.96%	0.85%	1.92%	1.38%
EdgePoint dividend	0.98%	0.84%	0.78%	0.63%	0.56%	0.39%	0.37%	0.01%
Change in Cymbria's A share NAV	**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 NAV includes an accrual for current income taxes and excludes the impact of potential future taxes on the portfolio's unrealized gains. Calculations are for Cymbria A share NAV.

EDGEPOINT RULE BOOK

We take our partnerships seriously. So much so that we've started to ask all our new partners to sign an agreement that lays out what they can expect from us and what we ask of them. If we're going to do business together, it's important that you not only understand how we do things around here, but that you're also comfortable with it. Otherwise, this you and us thing, it's just not going to work out.

To most of you, the material in the following contract will be very familiar. We're actually hoping most will consider this unnecessary and wouldn't hesitate to sign it. We'd rather have the majority of our partners questioning the necessity of such an agreement than risk having a single one with any misconceptions.

We truly hope none of this information is new to you. In fact, we encourage you to let us know this is old news. That doesn't mean we'll stop repeating it because for the few who haven't heard this all before, we want to be absolutely sure they have the opportunity to get to know us as well as you do.

These are the rules we follow through good times and bad. If you can get on board, welcome aboard.

PARTNERSHIP AGREEMENT

RULE # 1

We don't get sucked into believing volatility is risk. Because in our eyes, it isn't.

When volatility hits we're inundated with talking heads exclaiming the "sky is falling." We believe "risk" means losing money that you won't get back. Now that's something to be worried about!

We understand why many investors view volatility as their enemy because most don't know the value of the business(es) they own. When you don't know the value of something and the price drops, you feel very uncomfortable and nobody likes that. If you know the value of a business, you can take advantage of its share price declines to build your wealth. This is what we try to do for you.

RULE # 2

We focus on the long term rather than the short.

If you're looking for a daily play-by-play of the market ups and downs, you've come to the wrong place. We're long-term investors in businesses, not traders of stock. Daily market noise is exactly that, noise.

RULE # 3

We know we can't predict the future.

Market unpredictability causes some investors a lot of anguish. Often they just want to hear someone tell them what's going to happen because having even a sliver of certainty (real or more likely imagined) eases the worry. Trouble is, nobody can forecast what the stock market is going to do. Investors shouldn't seek comfort in predictions or use them to make decisions.

Instead, we strive to develop ideas that aren't widely shared by others about businesses we understand – what we refer to as proprietary insights. That's what gives us comfort.

RULE # 4

We know we'll look wrong from time to time.

If you want to partner with a manager that's always quick to jump on the latest trends, you'll almost certainly be frustrated by our lack of interest in what's in fashion. We'll often buck trends because we know the value of the businesses we own and stick with them even when they've fallen out of favour because usually it has nothing to do with their underlying fundamentals.

RULE # 5

We don't do giveaways or sponsorships.

We want you to like us because you appreciate how we operate, not because we give you free stuff. This may come across as thrifty to some but we don't believe giving away swag or sports tickets contribute to investors' bottom line. So we don't do it.

RULE # 6

We don't expect our future returns to look like they have in the past.

Neither should you. Know that we launched during an exceptionally fearful time in the market, a level we haven't seen before or since. We took advantage of that fear and are pleased with the outcome. But if you're basing your decision to partner with us purely on past performance, it's probably best for both of us if you look elsewhere.

RULE # 7

We believe there are specific structural attributes that contribute to an investment firm's success.

1. Investment led rather than sales and marketing driven
2. Privately held so the firm answers to investors, not shareholders
3. Focused on investment results rather than asset growth
4. Steered by experienced investment professionals

RULE # 8

We strongly believe in co-investment.

We invest our personal savings alongside you because it creates an alignment of interests and ensures a mutually beneficial relationship. As of December 31, 2016, our internal partners collectively have $160.4 million invested in our funds.

We can't promise results to our partners. But we can promise this:

We will put investors at the forefront of all business decisions

We will deliver direct and timely communication

We will take a stand against costly product structures

We will invest our own money in our products alongside our investment partners

We will place high value on unrivalled service

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

We will focus on being a valued partner to a few versus everything to everybody

We will strive to deliver investment results at or near the top of our peer group over 10 years

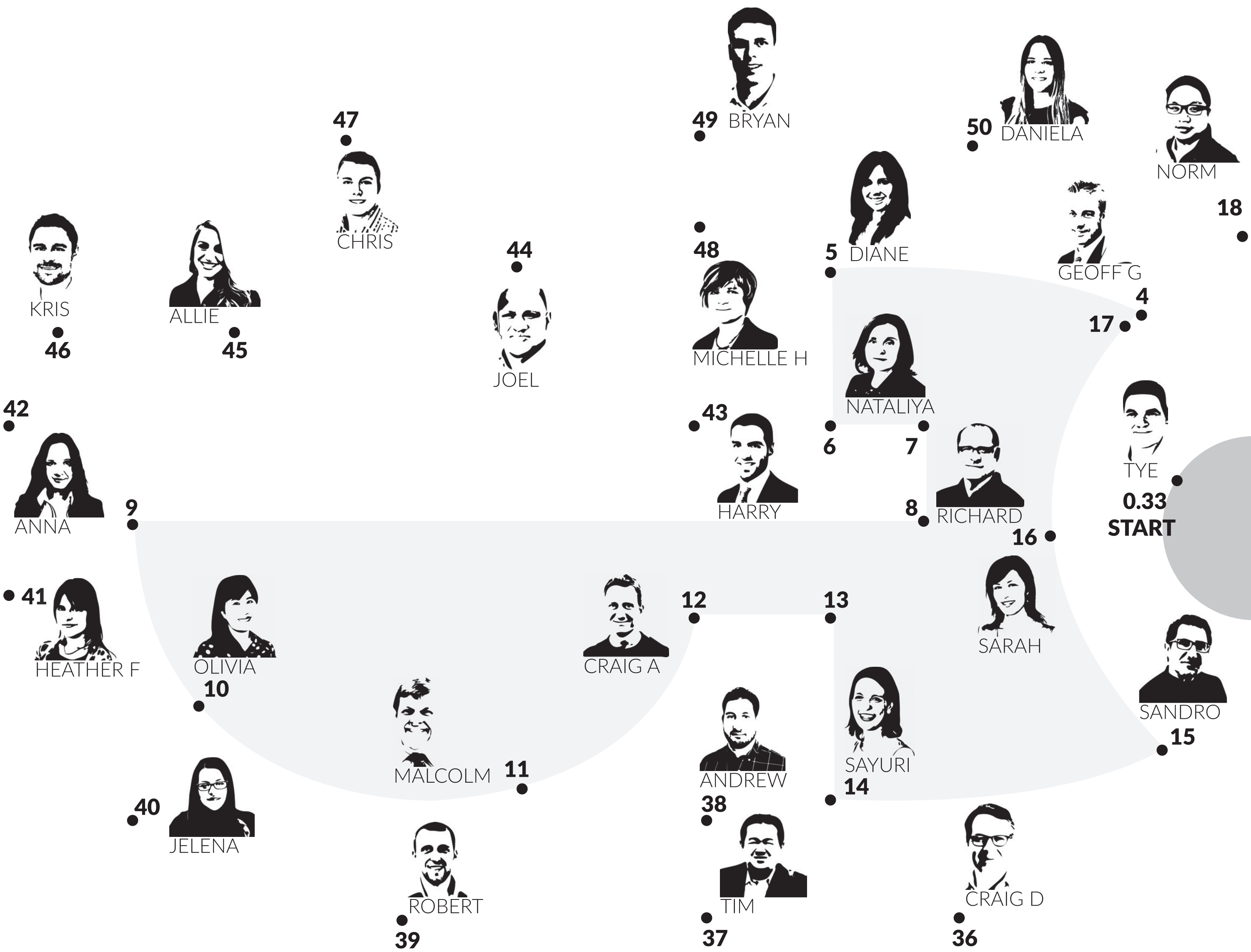
STATEMENT OF UNDERSTANDING

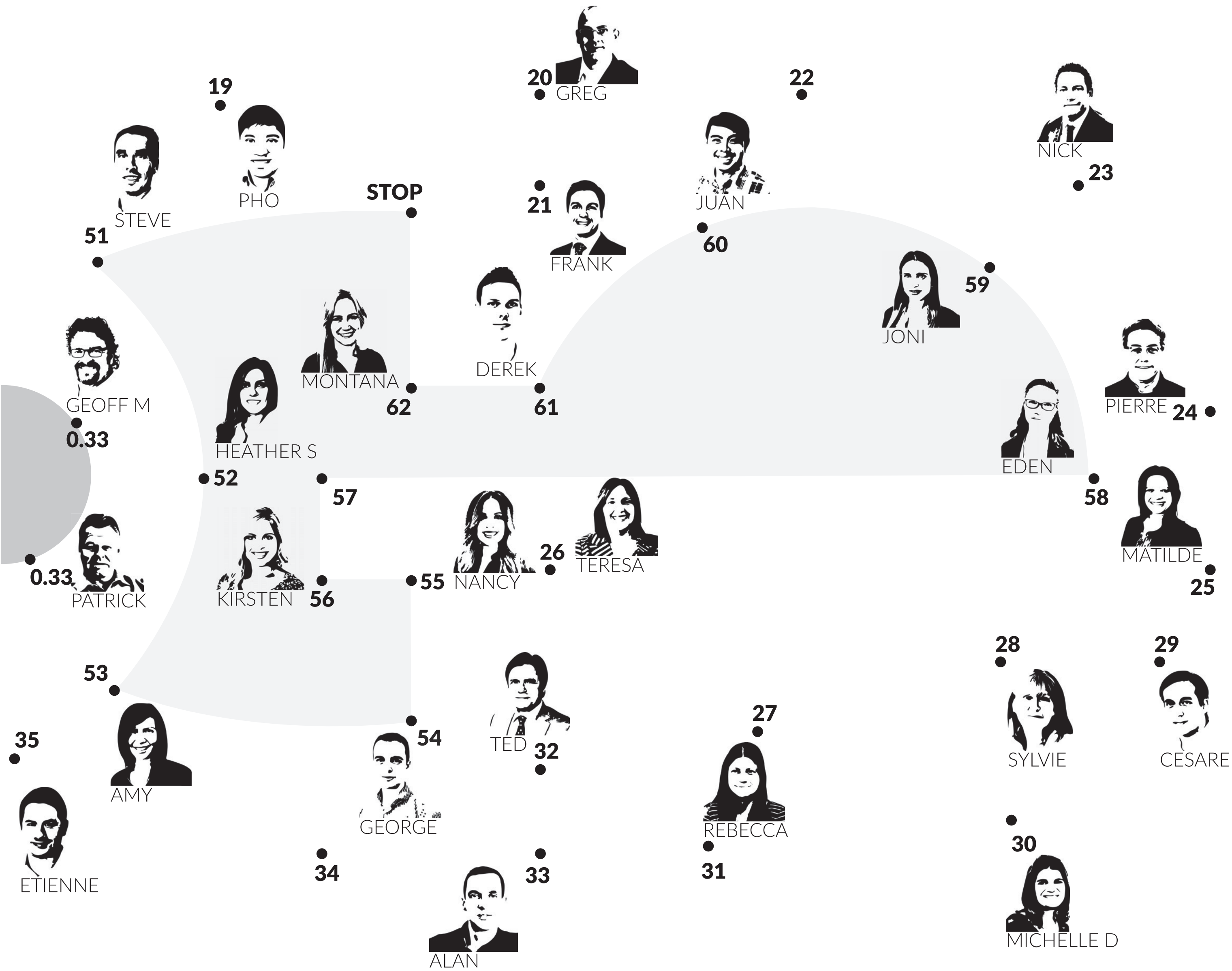
I,_____________________________, hereby acknowledge and accept these rules and as such will promise to do my best to abide by them even when markets are down and I'm FREAKING out.

Advisor name	Date
Relationship manager	Date

EDGEPOINT

GET CONNECTED



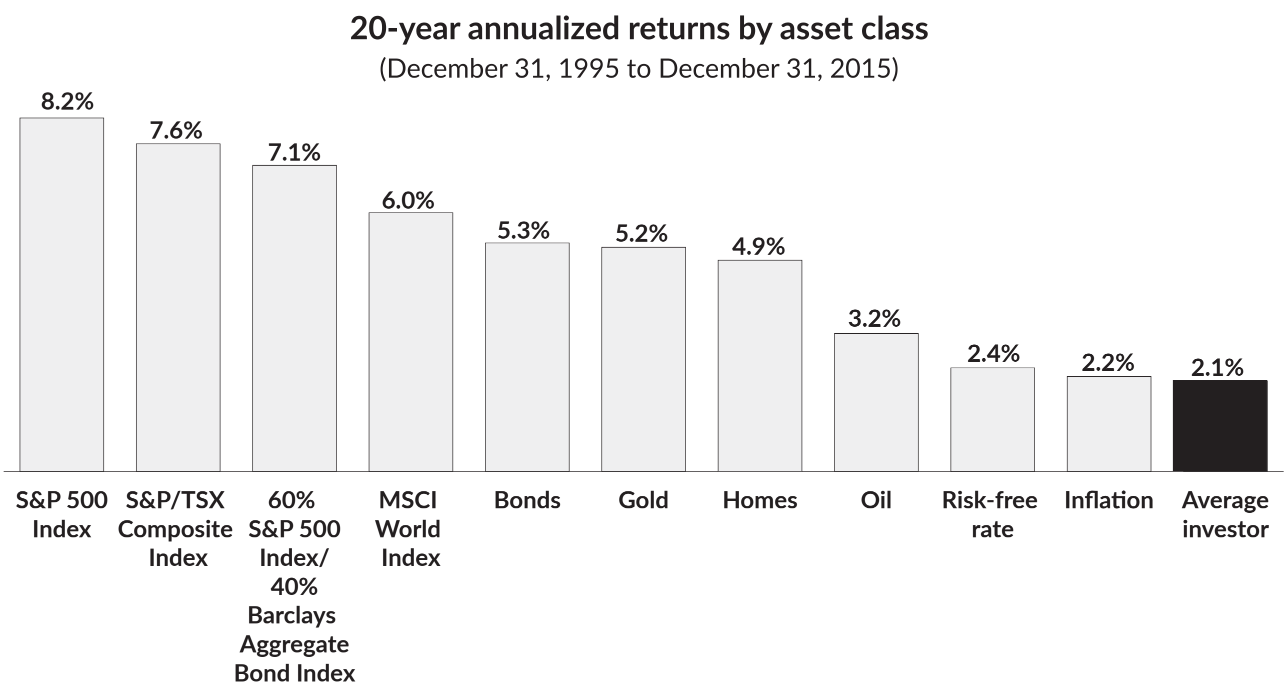


MEET THE TEAM

The cost of instant gratification

"Live in the moment" is a phrase that launched a thousand motivational posters and Pinterest pins. It's an important life lesson, but so's planning for the future. Saving is almost the opposite of living in the moment because it means not spending money today to grow for tomorrow.

Despite taking the first step by investing, many investors behave badly when it comes to their actual investments. Just how bad is it? Look below and you'll see the average investor lags every other major asset class over 20 years. Yeah, THAT bad!



Source: "Quantitative Analysis of Investor Behavior, 2015," DALBAR, Inc., Bloomberg LP; S&P 500 Index: Morningstar Direct; S&P/TSX Composite Index: Morningstar Direct; MSCI World Index: Morningstar Direct; Bonds: Barclays Capital U.S. Aggregate Bond Index; Gold: Bloomberg Gold Spot Price per Troy Ounce; Homes: S&P/Case Shiller U.S. Home Price Index; Oil: Bloomberg WTI Cushing Crude; Inflation: U.S. Consumer Price Index; Risk-free rate: represented by the returns on a three-month U.S. Treasury bill; Average investor returns: average asset allocation investor returns represented by the change in total mutual fund assets after excluding sales, redemptions and exchanges. Asset allocation funds seek high total return by investing in a mix of equities, fixed-income securities and money market instruments. All returns annualized and in US$.

The truth, as shown by the average investor return, is that investors often can't control their emotions, specifically fear and greed. Instead of just buying and holding, the average investor bought high and sold low for a return that couldn't even beat inflation. More importantly, they don't always know what they're sure they know.

A MIRROR, NOT A CRYSTAL BALL

Although 2016 is so last year, it shows that the sum of the truths we take to be self-evident aren't. The English were supposed to vote no and remain in the European Union. Hillary Clinton was supposed to be the next President of the United States. Cauliflower was supposed to be the next kale. The majority of experts wrongly predicted what was going to happen, meaning the majority of investors didn't stand a chance. It didn't stop them from trying though. Instead of trading when the prices were right, many investors made choices based on what they thought would happen. Despite being wrong on their first prediction, people were somehow surprised when the "obvious" fallout like the crashing of the U.K. and U.S. economies didn't happen. With Brexit, many investors panicked and sold – losing out soon after when shares began returning to normal levels.

People can't predict or control the future, but they can try to control themselves. What makes it so hard to do is feeling a need to act/react or time the market rather than investing when they can and leaving it alone.

An investment goal, unlike the latest news cycle, typically has a timeline of decades not days. When investors make decisions about their long-term objectives, they shouldn't make them based on short-term information. Reacting this way has a cost, something called the behaviour gap.

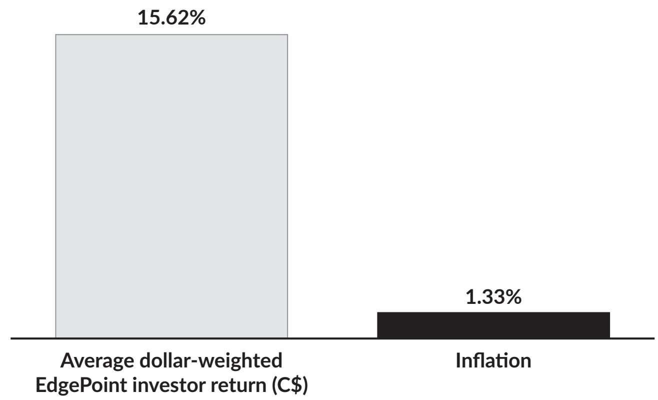
THE BEHAVIOUR GAP (or "The average investor and the case of the missing money")

In the past, client statements showed fund returns, leading many investors to believe their investments had the same returns. Sadly, this usually wasn't true. Starting in 2017, client statements will show personalized rates of return. This means that, possibly for the first time, investors can see how their behaviour impacts their future in black and white (and hopefully not in the red).

Best case scenario is the investor return is close to or even greater than the fund return. That's what investors should be aiming for. When that doesn't happen and an investor's return is less than an investment's return, that difference is the behaviour gap. As the previous chart shows, the average behaviour gap is both negative and usually big when compared with buying and holding other investment options. In addition to managing our portfolios, we believe one of our jobs is communicating ways to help our investors close their behaviour gap. From the Academy pieces to the commentaries to Cymbria Day, each part works together to provide a foundation for your future. Based on results for the last five years, we're pleased to report our average investor has used this information wisely:

Annualized returns

(December 31, 2011 to December 31, 2016)



Average EdgePoint investor returns: CIBC Mellon, average EdgePoint investor returns are the average dollar-weighted returns net of fees across investors who held EdgePoint Portfolios from December 31, 2011 to December 31, 2016. Dollar-weighted returns represent the client's personal rate of return taking into account the client's decisions regarding the timing and magnitude of cash flows in and out of the portfolio. Inflation: Monthly Consumer Price Index Data, Statistics Canada.

WHO'S THE FAIREST OF THEM ALL?

Being aware of our instincts reminds us a little work can go a long way. Knowing who you are, what you want and that your money is being managed in a way that matches those things makes future decisions easier. Emotion-driven options become less appealing when you know that changing strategies is only a short-term answer with long-term effects. You have looked in the mirror and can say that both you and your returns look good so far, meaning that you're on your way towards retiring richer.

The millennial ADVANTAGE

By George Droulias, Research Analyst

When George interviewed for his current role, he was asked why he wanted to work at EdgePoint. This is what he told us. It should be a lesson to his millennial peers who fail to understand the important role time plays when it comes to their financial future.

The math is simple.
Investing is a zero-sum game[i] and active management is more expensive than passive management. Which means the average active dollar will underperform every passive dollar. Nobel prize-winning economist, William Sharpe outlined this math in his famous 1991 research piece "The Arithmetic of Active Management."[ii]

The math is correct but the conclusion it makes about active management isn't.
This has led to the dismissal of active management. Those that haven't devoted much time to this subject have been presented with a conclusion from Sharpe's research that suggests "you should invest in a low-cost passively managed fund." This is the camp most millennials fall into. In a world where there's always someone or something competing for our attention and a long message is 140 characters, many of my millennial peers have accepted this conclusion as truth and swiftly moved on. Case in point, millennials use ETFs more than any other age group and that usage increased 60% in the past three years, according to data from TD Ameritrade.

There's no denying that obtaining above-average returns is difficult. The mixed track record of the average active manager has only heightened this perception. However, not all managers are average. Just like if you were to take a cross-section of basketball players, it's safe to assume the average player won't make it to the NBA. Doesn't mean no players will. Those potentially NBA bound would have common characteristics like they're taller, faster, can shoot better and jump higher. If only there was a way to identify active funds more likely to be better-than-average… Fortunately, there is. Common characteristics within funds that outperform over the long term include: a low expense ratio, a low turnover ratio, long manager tenure, high manager ownership and a long-term incentive structure. Analysis by Capital Group highlighted that a portfolio comprised of funds in both the lowest-cost quartile and highest management ownership quartile often beat their indexes. Specifically, U.S. large-cap funds that have these characteristics outpaced the S&P 500 Index in 100% of rolling 10-year periods! International large-cap funds outpaced the MSCI All Country ex USA Index in 93% of the 10-year periods![iii]

[i] Gains or losses from one person(s) are offset by gains or losses from another person(s).

[ii] William F. Sharpe, "The Arithmetic of Active Management" https://web.stanford.edu/~wfsharpe/art/active/active.htm.

[iii] Capital Group, Expect More From the Core, Investment Insights, September 2014.

Why try?

The reality is that millennials should be the most open to the idea of active management. Why? Because compounding will have a disproportionate benefit to those that have time. Take someone in their late 20s, a few years out of college and who's saved $10,000 they don't need until retirement. Let's look at a 6% passive return versus an 8% active return. This 2% translates into a meagre $200 in year one. Big deal. However, this fails to address the power of compounding. Over 40 years (right around when many millennials plan to retire), this extra 2% of compounding at 6% versus 8% adds up to approximately $115K! In this scenario, it's the difference between $102,857 earned from passive investing and $217,245 from active investing. Millennials' greatest investing advantage is time. Something that sound active management can help millennials exploit.

Assumes initial investment = $1

Years	Rate of growth									
	2%	**4%**	**6%**	**8%**	**10%**	**12%**	**14%**	**16%**	**18%**	**20%**
5	1.1	1.2	1.3	1.5	1.6	1.8	1.9	2.1	2.3	2.5
10	1.2	1.5	1.8	2.2	2.6	3.1	3.7	4.4	5.2	6.2
15	1.3	1.8	2.4	3.2	4.2	5.5	7.1	9.3	12.0	15.4
20	1.5	2.2	3.2	4.7	6.7	9.6	13.7	19.5	27.4	38.3
25	1.6	2.7	4.3	6.8	10.8	17.0	26.5	40.9	62.7	95.4
30	1.8	3.2	5.7	10.1	17.4	30.0	51.0	85.8	143.4	237.4
35	2.0	3.9	7.7	14.8	28.1	52.8	98.1	180.3	328.0	590.7
40	2.2	4.8	10.3	21.7	45.3	93.1	188.9	378.7	750.4	1469.8
45	2.4	5.8	13.8	31.9	72.9	164.0	363.7	795.4	1716.7	3657.3
50	2.7	7.1	18.4	46.9	117.4	289.0	700.2	1670.7	3927.4	9100.4

To remind my millennial peers of the power of compounding, I've put the compound table of interest on the back of my business card. Ask for my card next time you see me or peel off this compound interest table on the left.

(Consider highlighting/boxing rows 30–50 to highlight the typical millennial's time horizon)

I was fortunate to have appreciated the benefits of active management and the power of compounding from a relatively young age. Many of my peers outside my workplace still question my decision to pursue a career in active management and remind me of the math William Sharpe outlined 25 years ago. I agree with his math, but remind them that there will be those who are above average and point them to the other math, compounding.

If you can take the time to find a manager (or an advisor who will find a manager for you) that will outperform, as a millennial you have the advantage. That 2% will make a big difference when you're 65!

FREQUENTLY ASKED QUESTIONS

Q. What is Cymbria?

A. Cymbria is an investment corporation created with the objective of providing shareholders with long-term capital appreciation primarily via a concentrated portfolio of global equities and an investment in EdgePoint Wealth. Cymbria is publicly traded on the Toronto Stock Exchange.

Q. What does Cymbria's ownership stake in EdgePoint provide?

A. Cymbria owns 20.7% of EdgePoint Wealth, giving Cymbria the opportunity to participate in EdgePoint's growth. Cymbria's original $509,585 investment in EdgePoint has grown to $110.3 million (as at December 31, 2016). In addition to this growth, to date Cymbria has received $23.1 million in dividends from EdgePoint.

Q. Why is Cymbria's stock price different from its NAV?

A. Cymbria's NAV, just like a mutual fund's, is calculated daily based on the closing market prices of the securities in Cymbria's portfolio. Unlike a mutual fund, where buy and sell orders are processed using trade date NAV, Cymbria is bought and sold based on its stock price, a market-determined figure that fluctuates throughout the day. Cymbria may trade at a premium or discount to its NAV.

Q. Can you explain Cymbria's Liquidity Realization Opportunity ("LRO")?

A. In certain circumstances where (i) Cymbria's portfolio has experienced growth in the previous fiscal year, (ii) Class A shares are trading, on average, at a price less than 97% of NAV over a fiscal quarter, and (iii) on the Manager's recommendation, the LRO provides an opportunity for Cymbria shareholders to dispose of shares close to NAV. The purpose of this feature is to potentially increase Cymbria's attractiveness as an investment by enhancing liquidity and flexibility. For more information, please refer to Cymbria's LRO Policy at **www.cymbria.com**.

Q. Can you explain Cymbria's dividend policy?

A. Cymbria doesn't currently pay dividends. Rather, it reinvests the cash it generates from its investments. This will continue unless the market environment substantially changes.

Q. Why didn't I receive my share of EdgePoint's semi-annual dividend?

A. Cymbria receives its proportionate share of EdgePoint-distributed dividends that may be reinvested in existing or new investments, or be used to buy back shares of Cymbria in the open market. The same applies to any other company Cymbria owns. We believe this provides investors with the best return on their investment.

Q. What is Cymbria's position on share buybacks and why are they good for shareholders?

A. At the right price, share buybacks can be an important driver of wealth for shareholders. They reduce the number of shares in circulation, increasing remaining shareholders' ownership stake.

Cymbria's Normal-Course Issuer Bid ("NCIB") allows a repurchase of up to 10% of outstanding shares per year. We'll buy back shares if Cymbria's stock price trades at a meaningful discount to NAV.

Q. How does Cymbria differ from a regular mutual fund?

A. Ways in which Cymbria and mutual funds differ include:

Investment flexibility

Cymbria has greater investment flexibility. It's an investment corporation that can buy (or short) publicly traded companies, purchase privately held businesses or use leverage. This provides Cymbria with a much bigger universe of investment choices.

Fixed pool of assets

Cymbria raised $234 million through its initial public offering. This fixed pool of assets will grow (or shrink) as a result of changes in investment value. Cymbria's asset size may also decrease due to share repurchases under the NCIB and LRO. In contrast, investors can purchase and redeem units of a mutual fund, affecting the size of its investment pool.

Buy/sell price determined by the market

Funds are typically bought and sold at their NAV, which reflects the underlying prices of their securities. Since Cymbria trades on a stock exchange, its price reflects market-determined value.

Liquidity

Cymbria shares are bought and sold in the open market, and investors should consider potential liquidity constraints. Small-capitalization companies like Cymbria tend to be much less liquid than their larger-cap counterparts. Transacting a sizeable volume of shares without moving their price can prove difficult. As a result, it may take several days or even weeks to buy or sell a large number of shares. Comparatively, liquidity isn't an issue for mutual funds that allow investors to redeem their units at NAV. Cymbria's LRO aims to diminish liquidity constraints by giving shareholders the option of disposing of their shares from time to time at a price close to NAV.

Share buybacks

Cymbria can buy back shares if its valuation warrants it. We believe buying back Cymbria shares at an attractive discount to NAV makes sense for our shareholders.

Distributions

A mutual fund's income and realized capital gains are typically distributed to unitholders annually so that unitholders (and not the fund) pay the associated income taxes. As a taxable corporation, Cymbria doesn't currently pay annual distributions or dividends. Investors can hold Cymbria in a non-registered account, receiving no taxable income during the year. Since Cymbria's corporate tax rate is currently lower than Canada's highest marginal personal tax rate, having Cymbria incur taxes could be more tax efficient than owning a comparable mutual fund in a non-registered account.

Ownership stake in EdgePoint

Cymbria has a 20.7% stake in privately held EdgePoint. Cymbria initially received this ownership stake at book value ($509,585) to allow Cymbria investors to participate in EdgePoint's growth. This opportunity is available only to Cymbria investors and EdgePoint's internal partners.

Benefits to owning EdgePoint include:

- Dividends: Cymbria receives semi-annual dividends from EdgePoint
- Value: Cymbria participates in EdgePoint's growth

To date, EdgePoint has been the single-largest contributor to Cymbria's performance.

Q. Does Cymbria's performance mirror that of EdgePoint Global Portfolio?

A. Reasons for performance differences include:

Differences in holdings

Performance differences arise primarily from portfolio composition, most notably Cymbria's ownership of EdgePoint Wealth. No matter the current overlap between the two investments, variances in portfolio holdings and weights may have an impact on individual performance.

Launch date

Cymbria launched on November 4, 2008, and EdgePoint Global two weeks later, on November 17. Their performance since inception can't be compared and the market's negative return between inception dates has led to further performance differences.

NAV versus share price

EdgePoint Global's performance is measured by its NAV while some measure Cymbria's performance by its stock price, a figure influenced by market sentiment. We believe Cymbria's investment results are best measured by its NAV.

Fee structure

Cymbria pays no trailer fee and charges a management fee based on NAV that excludes the value of EdgePoint Wealth.

Corporate taxes

Cymbria pays taxes just like any other publicly traded Canadian corporation. EdgePoint Global is a mutual fund trust. Provided EdgePoint Global Portfolio distributes all of its annual taxable income, such taxes are paid by unitholders and not by the mutual fund trust. Cymbria's NAV is reported after current taxes and EdgePoint Global Portfolio's before tax.

All figures as at December 31, 2016.

Management's Discussion & Analysis of

CYMBRIA CORPORATION

Year ended December 31, 2016

CYMBRIA®

Management's Discussion and Analysis ("MD&A") provides a review of Cymbria Corporation's ("Cymbria") financial results for the year ended December 31, 2016 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 9, 2017. 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 2016 annual Financial Statements for more information which can be found on the SEDAR website at www.sedar.com. For Cymbria's current and historical net asset values per share, please visit **www.cymbria.com**.

Caution regarding forward-looking statements

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

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

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

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

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

Management's Discussion and Analysis

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

Please read the aforementioned caution regarding forward-looking statements.

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

Non-IFRS Measures

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

- Net Asset Value ("NAV") – 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;
- 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 NAV of Cymbria on an annualized basis;
- Trading Expense Ratio ("TER") – represents total commissions and other portfolio transaction costs expressed as an annualized percentage of Cymbria's daily average NAV; and
- Net asset value per share – represents the NAV of Cymbria by class divided by the respective number of shares in that class.

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

Reconciliation of NAV to Shareholders' equity

	Dec. 31, 2016 ('000s)	Dec. 31, 2015 ('000s)
NAV	857,166	756,377
Less: Deferred income tax liability	(30,490)	(28,066)
Shareholders' equity	826,676	728,311

Our business

Cymbria is an investment corporation that trades on the Toronto Stock Exchange. At the end of 2016, Cymbria invested in a collection of 38 different business ideas, including a 20.7% ownership stake in EdgePoint Wealth Management Inc. ("EdgePoint").

Company history

Fall 2008 was a bleak time for global equity markets as investors struggled with the impact of the credit crisis, numerous bank failures and one of the worst recessions in recent memory.

Armed with a proven investment approach and the belief that one of the best times to invest is when failure is assumed, four founding partners, Tye Bousada, Patrick Farmer, Robert Krembil and Geoff MacDonald, created Cymbria. They committed their savings to the company and asked others to do the same. By the time Cymbria launched on November 4, 2008, many more partners had joined the company and Cymbria had raised $234 million from investors.

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

Concentration risk can occur by holding a small number of investments, which may reduce Cymbria's diversification and liquidity. 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. While our portfolio is concentrated, it is diversified by business idea. Each investment is based on a well-researched proprietary idea. We try to ensure that the collection of businesses in the portfolio is not based on the same or similar ideas. As a result, we consider our portfolio to be concentrated yet diversified.

As at December 31, 2016, Cymbria was diversified into 38 different business ideas. This compares to 37 holdings at the end of 2015.

How 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 many investors who tend to focus on returns and overlook 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

We've made meaningful progress toward our goal of building long-term wealth for shareholders. The cumulative return of Cymbria's Class A NAV since inception is 265.9% (includes IPO-related expenses) and the cumulative return of Cymbria's shareholders' equity since inception is 252.9%. The benchmark MSCI World Index returned 143.4% (C$) over the same time frame.

We measure our investment results using Cymbria's NAV 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 NAV and can change based on numerous factors, some of which are independent of Cymbria's NAV. Cymbria's shareholders' equity differs from NAV because of accounting differences primarily related to deferred income taxes. Cymbria's NAV 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 NAV. We are required to calculate NAV daily and Cymbria's Class A NAV is posted daily to our website.

Measuring Cymbria's worth

Cymbria's stock price has swung between a 14.2% discount and a 33.5% premium to NAV 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 NAV daily to our website. Some have suggested that doing so encourages short-term thinking. We tend to agree. Cymbria's NAV is different from its worth. The NAV represents the value of its holdings at today's prices, not tomorrow's worth. Not everyone uses Cymbria's NAV 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 NAV (either knowingly or unknowingly). If Cymbria's stock price lags its NAV, 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.

Transition to Corporate Issuer

On June 14, 2014, the Canadian Securities Administrators ("CSA") issued final amendments on the Modernization of Investment Fund Product Regulation (Phase 2), including revisions to Section 2.2 of National Instrument ("NI") 81-102. These revisions incorporated a number of regulatory changes that would impact issuers such as Cymbria, who were classified as investment funds pursuant to Canadian securities laws. Among the proposed changes were new restrictions on investments that are, in effect, contrary to what investors would have bargained for when making the decision to invest in shares of Cymbria. The changes would have restricted Cymbria from purchasing a security of an issuer (a) if the non-redeemable investment fund would, immediately after the purchase, hold more than 10% of the votes or outstanding equity of the issuer, or (b) for purposes of exercising control over, or management of, the issuer (the "Control Restriction"). For existing funds regulated under NI 81-102, the Control Restriction came into force on March 21, 2016.

Cymbria holds more than 10% of the votes and outstanding equity of EdgePoint. While Section 2.2 of NI 81-102 would not have prevented Cymbria from maintaining the ownership level, it could prevent Cymbria from acquiring additional securities in EdgePoint. Moreover, Cymbria would have been prevented, contrary to its expansive investment mandate, from making additional control investments in other issuers in the future.

In light of the impact the proposed amendments would have had on investment funds and on the business of Cymbria, the Board of Directors determined that it was in the best interests of Cymbria to proceed with a transition from its status as an investment fund, to a non-investment fund (the "Transition").

In order to achieve the Transition, the Board called a special meeting of shareholders on December 15, 2015. At the meeting, all shareholders, including Class A, Class J and common shareholders voted overwhelmingly in favour of the Transition of the Company from the investment fund regime ("Investment Fund Regime") to the public company regime ("Public Company Regime").

Under the Public Company Regime, Cymbria's investment restrictions will be those set out in the Prospectus and reiterated in the Annual Information Form. In addition, Cymbria will comply with NI 51-102 continuous disclosure requirements, as opposed to the Investment Fund Regime, which is required to comply with

NI 81-106 continuous disclosure requirements. A few of the key distinctions between both regimes, is that financial statements will be provided on a quarterly basis rather than semi-annually and there is no requirement to have an Independent Review Committee ("IRC"). Although Cymbria dissolved the IRC, it expanded the number of independent members that sit on its Board of Directors.

Recent Developments

The year started fraught with uncertainty and ended in much the same fashion. Financial markets at the beginning of the year were preoccupied with concerns of an economic slowdown in China and the potential fallout for global economic growth. Although this fear has yet to materialize, there were plenty of sources of volatility to keep investors off balance. The U.K. referendum on Brexit and the U.S. election result being two of the most salient examples.

While the calendar year return for Cymbria, Class A NAV was 12.9%, more than 100% of this return followed the U.K. vote to leave the European Union and more than 70% followed the U.S. election. Two lessons can be drawn from what did (and didn't) happen in 2016 and how investors did (and didn't) respond. First, we're fundamental investors who practice an approach that's centred on the ownership of individual businesses. We don't think anyone has the ability to consistently predict what will happen in the macro environment or would know how to fully take advantage of it if they could. Second, we have long cautioned about the futility of market timing. Investors who sat on the sidelines due to fear of the consequences of the Brexit vote or fallout of the U.S. election missed out on stronger-than-expected investment returns.

One of the biggest stock-specific stories in Cymbria this year surrounded Wells Fargo & Co. – the scandal that embroiled the company in September and how we responded to the ensuing volatility. While the company initially scuppered its handling of the crisis, we felt the selling pressure throughout September and October was overdone. We were critical of company leadership and crisis management, but never believed the scandal was bigger than the bank. In mid-October, the company appointed Tim Sloan as CEO, a long-time employee who we believe will be a good torchbearer for the company going forward. Our thesis, that Wells Fargo is a big bank that can outgrow the U.S. economy, remains intact. The scandal fallout allowed us to add to our position, making Wells Fargo one of the top holdings in Cymbria.

The cash position in Cymbria increased in the fourth quarter as we took profits on many investment ideas that performed well. We redeployed some of this profit-taking into ideas with better long-term growth potential. As always, cash is a by-product of our investment process and will be put to work as compelling investment opportunities arise.

Outlook

We have long held the opinion that we're entering a period of slower-for-longer global economic growth. With this backdrop it's critical that investors find businesses that can grow despite the economic headwinds. It's for this reason that we avoided slow-growth sectors such as utilities, telecommunications and consumer staples. Not only are these sectors likely to grow at or below global growth rates, their valuations have been bid up as investors seek their perceived safety. In the context of a slower-for-longer world, our belief is that these sectors are anything but safe from an investment standpoint.

Looking to Europe, we remain concerned about the surging populist wave sweeping the continent and its potential to create instability. The probability of a destabilized Union increases if new governments form in countries like Spain and Italy that wish to take their countries out of the economic union.

While we cannot predict the outcomes, we have long believed that volatility is the friend of the investor who knows the value of a business and the enemy of the investor who doesn't. With this in mind we look forward to the opportunities created by volatility to add value over the long term and believe that the current environment represents an exciting period for active investment management.

Overall Performance

For the year ended December 31, 2016, Cymbria Class A NAV increased 12.91%, Class J NAV increased 13.84%, and shareholders' equity increased 13.51% versus an increase of 3.79% (C$) for the benchmark MSCI World Index.

This section shows Cymbria's past performance. Past performance includes changes in security value and assumes the reinvestment of all dividends (if any). It does not take into account trading commissions or income taxes payable by any investor, which would have reduced returns. Past performance is not an indication of how Cymbria will perform in the future. The performance of Class A shares is shown for both the underlying NAV of a Class A share and the market value or trading price of a Class A share. The share price is not directly linked to the underlying NAV or shareholders' equity. It may not change in relation to the fluctuations in the underlying NAV or shareholders' equity and the performance could be either higher or lower than the performance of the underlying NAV or shareholders' equity over any given period. The performance of Class J shares is also shown.

Benchmark

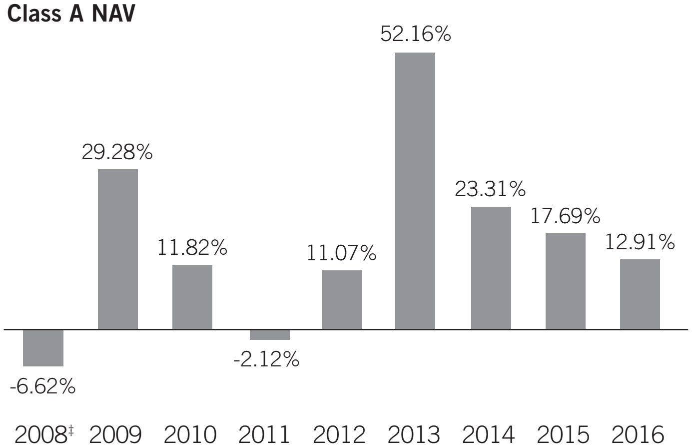
Cymbria uses the MSCI World Index as its benchmark for long-term performance comparisons. The MSCI World Index is a market capitalization-weighted index comprising equity securities available in developed markets globally.

While Cymbria uses this Index as its broad-based performance benchmark, Cymbria is not managed relative to the Index's composition. As a result, Cymbria may, and likely will, experience periods when its performance differs significantly from that of the Index, either positively or negatively. Please see the *Investment Performance* and *Financial Review* sections of this report for a discussion of recent performance results.

Year-by-year returns

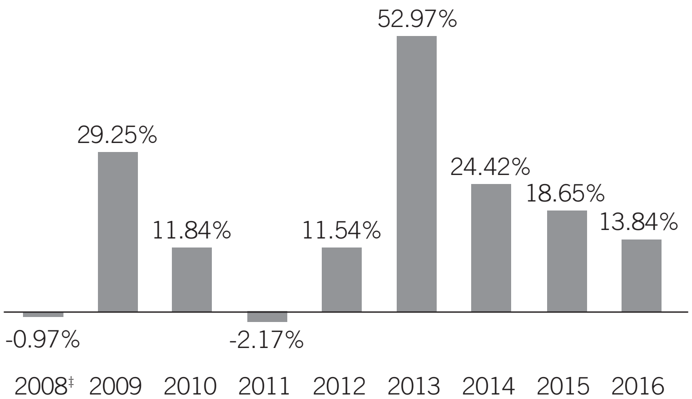
The following graphs illustrate Cymbria's performance for each of the periods highlighted, including changes from period to period. They indicate, on a percentage basis, how much an investment would have made or lost had you invested on the first day of each financial period and held that investment until the last day of each financial period, as applicable. The differing performance between Class A and Class J shares is due largely to varying expenses and corporate income taxes charged to each class as explained in the Prospectus and the Financial Statements.

Class A NAV



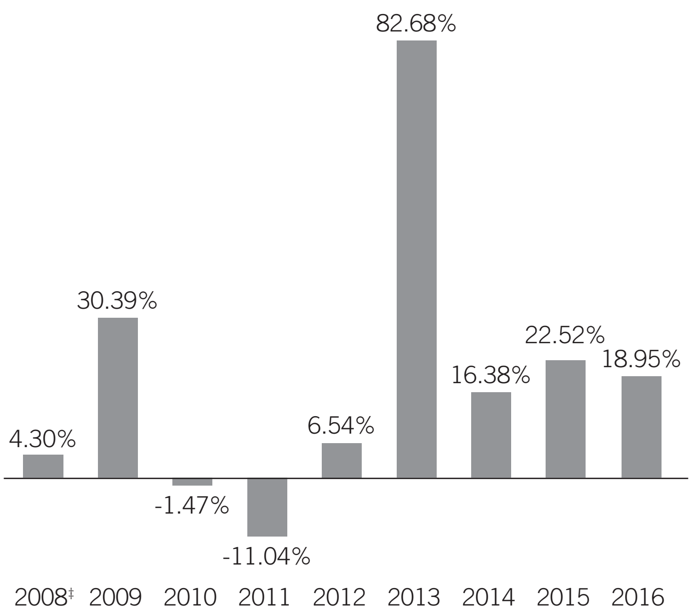
‡Inception to December 31, 2008.

Class J NAV



‡Inception to December 31, 2008.

Cymbria (CYB) share price return



‡Inception to December 31, 2008.

Annual compound returns

The following table compares annual compound returns for Cymbria's Class A NAV, Class J NAV and Class A shares (CYB) with the Canadian-dollar returns of the MSCI World Index for the periods shown, all ended December 31, 2016.

	Since inception*	1-year	3-year	5-year
Class A NAV±	17.23%	12.91%	17.89%	22.59%
Class A share price (CYB)	18.28%	18.95%	19.25%	26.97%
Class J NAV	18.58%	13.84%	18.89%	23.44%
MSCI World Index	11.52%	3.79%	12.17%	16.66%

*November 4, 2008.
±Performance includes expenses associated with the IPO.

Cymbria's Growth

As at December 31, 2016, Cymbria's NAV totaled $857 million, compared to $757 million as at December 31, 2015. Shareholders' equity increased to $827 million, compared to $728 million as at December 31, 2015. The increase in NAV and shareholders' equity is largely attributable to investment performance, which is discussed in the *Investment Performance* section of this report.

Investment Performance

Cymbria's investments performance is segmented between its investments in portfolio of securities and EdgePoint.

Portfolio of securities

While we provide these results to fulfull the disclosure requirement of this report, we measure investment success over periods of 10 years or more, and believe it takes considerable skill to consistently add value over the long term. However, in this section we will discuss the investments that had the most impact on the NAV during the year and highlight material changes to the business we own, if any.

The following investment had a meaningful positive impact on NAV during the period:

- WESCO International Inc.

WESCO International Inc. is a distributor of electrical construction products, as well as electrical and industrial maintenance, repair and operating supplies. The company focuses on supply chain management and logistics products and services for customers in the utility, industrial, government and construction end markets.

By the end of 2016, WESCO became one of our largest positions and most significant contributors for the year. We added to our WESCO holdings during late 2015 and early 2016 due to the share price decline during this period with valuation falling to 2008-2009 financial crisis levels. Other investors eventually realized the strength of WESCO's business and the price doubled from its January 2016 lows.

Conversely, the following investment had the most meaningful negative impact on NAV during the period:

- Realogy Holdings Corp.

Realogy Holdings Corp. is the largest real estate broker in the U.S. The company's profits stem from two business streams: 1) licensing royalties from brokers operating under their brands and 2) directly employing brokers and providing office space in exchange for a share of their commissions.

We began purchasing Realogy in 2014 because we believed their business model had an attractive return on capital. Recently, the brokerage side of their business was hurt by competing businesses luring away their most lucrative agents. The competitors used high commission rates to woo the "star" brokers. They hoped future brokers would follow and take lower rates to allow the companies to be profitable. The additional brokers did not join, but the loss of the original high producers still hurt Realogy's brokerage business. Realogy began adapting its business model to mirror their competitors, but the change would result in lower margins in exchange for greater volumes. The decision scared away investors and caused the share price to fall. We believe these issues are already well known by investors and fully discounted into the stock price.

Portfolio transactions

Portfolio transactions are a result of our "bottom-up" stock selection process. We don't construct Cymbria's portfolio with an index or benchmark in mind. As a result, Cymbria's composition is typically very different from its benchmark index.

We continue to take advantage of Cymbria's market capitalization flexibility and status as a corporate issuer, finding attractive value in smaller-sized companies and the ability to make large investments in companies such as Echelon Financial Holdings Inc.

An example of a company added to Cymbria is:

- Wabtec Corp.

Wabtec Corp. is a company focused on the manufacturing and maintenance of braking equipment for locomotives, freight cars and passenger railcars.

We followed the business for about six years before investing in early March of 2016. Wabtec has been a high-quality company for over a decade with a lot of organic growth and a strong management team. Historically, the compound annual growth rate in the business has been around 17%. Wabtec has a strong position in positive train control, which is a computer on board trains that enables tracking of the train. As the implementation of positive train control nears its end, the market became worried about how this would impact Wabtec. The slowdown in both the positive train control business and freight rail provided us with the opportunity to buy Wabtec at depressed valuations. We believe Wabtec has the ability to continue growing going forward. It has filed over 450 patents in the last three years, highlighting its strength as an innovator and inventor. In October of 2016, Wabtec purchased Faiveley Transport. The business is primarily focused on transit, a side of rail that is less cyclical than freight. This acquisition has grown Wabtec's international presence as 70% of Faiveley's business is outside of the United States. The merger will also provide additional cost-cutting opportunities. Our investment in Wabtec is consistent with the idea of us buying growth without paying for it.

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, examples of businesses sold include:

- PTC Inc.

PTC Inc. is a global computer software and services company. We first purchased PTC in Cymbria in February 2013 and exited the position during the third quarter of 2016 following an increase in valuation. The company returned over 100% during the holding period.

- Merit Medical Systems Inc.

Merit Medical Systems Inc. is a manufacturer of medical devices. We started buying Merit in early 2011 and exited the position in June 2016 with a return of about 58%.

- Alere Inc.

Alere Inc., the global leader in point-of-care diagnostics, has been a significant weight in Cymbria since the end of 2011. During our ownership, there have been several periods of doubt over the company's short-term performance that negatively affected its share price. Because of our long-term belief in Alere, the uncertainty and its resulting volatility allowed us to substantially increase our stake in the company. We sold our last shares of Alere on February 19, 2016 following a takeover offer from Abbott Laboratories. The total holding period return for Alere was 108%, supporting our long-term investment thesis in the company.

Investment in EdgePoint

Cymbria's original $509,585 investment in EdgePoint gave us a 20.7% ownership share. We have received $23.1 million in dividends from EdgePoint since inception and the value of our stake in the company has increased to $110.3 million, making EdgePoint the most valuable contributor to Cymbria's investment portfolio.

During 2016, EdgePoint continued to experience positive growth in its business. Assets under management increased from $10.2 billion at December 31, 2015 to $13.0 billion at December 31, 2016. Cymbria engages a third-party valuator to assist in the valuation of EdgePoint. A discounted cash flow model is used to value EdgePoint, which includes the institutional line of business. Some of the significant assumptions that go into the model include annual market growth, annual net sales, projected expenses, including corporate income taxes, and discount rates. The model is then tested against market data for industry comparables. Using this process, the current value of Cymbria's interest in EdgePoint is between $110.3 million and $121.9 million. For financial statement and NAV purposes, a value of $110.3 million is used. To the extent that actual results cause significant changes to the assumptions used in the model during 2017, the valuation determined by the model will be updated.

We evaluate all significant assumptions in the model at least quarterly based on actual performance, or when we're aware of an occurrence that may have a significant impact on one or more of the assumptions.

Portfolio composition

Sector exposure

On a sector basis, Cymbria's industrial holdings contributed most significantly to overall performance. Financial holdings detracted most significantly from overall performance.

Overall sector exposure shifted primarily as a result of investment decisions and changes in stock prices. The most significant change was an increase of approximately 10.7% in Cymbria's cash. The increase in valuations of many of our businesses in Cymbria led us to taking profits and trimming certain names, hence the increased cash position. Cymbria's information technology holdings decreased by about 4.7% largely due to the sale of PTC Inc. and National Instruments Corp.

Sector exposure

Sector	% of Portfolio
Industrials	24.84%
Diversified Financials	19.00%
Cash and other net assets	12.46%
Information Technology	7.57%
Insurance	7.30%
Materials	6.56%
Consumer Discretionary	4.98%
Banks	4.29%
Energy	3.72%
Health Care	3.11%
Consumer Staples	2.82%
Real Estate	2.50%
Corporate Bonds	0.85%
Total	**100.00%**

Summary of Investment Portfolio

Top 10 positions

	Security name	% of NAV
1	EdgePoint Wealth Management Inc.	12.87%
2	Wells Fargo & Co.	4.29%
3	WESCO International Inc.	3.56%
4	Generac Holdings Inc.	3.27%
5	Echelon Financial Holdings Inc.	3.14%
6	TE Connectivity Ltd.	3.12%
7	Anthem Inc.	3.11%
8	WABCO Holdings Inc.	3.06%
9	PrairieSky Royalty Ltd.	2.97%
10	Berkshire Hathaway Inc., class A	2.83%
Total		**42.22%**

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

Financial highlights

The following tables show selected key financial information about Cymbria and are intended to help you understand Cymbria's financial performance for the years ended December 31, 2016, 2015, 2014, 2013, and 2012. This information is derived from Cymbria's Financial Statements.

Class A	**Dec. 31, 2016 IFRS**	**Dec. 31, 2015 IFRS**	**Dec. 31, 2014 IFRS**	**Dec.31, 2013 IFRS**	**Dec.31, 2012 GAAP**
Cymbria's shareholders' equity per share (Note 1)					
Shareholders' equity, beginning of the year	$ 31.19	$ 26.22	$ 21.34	$ 14.45	$ 13.16
Increase (decrease) from operations:					
Total revenue	0.68	0.62	0.43	0.30	0.30
Total expenses (Note 2)	(0.97)	(1.26)	(0.42)	(0.32)	(0.26)
Realized gains (losses) for the year	3.66	5.93	2.94	2.31	0.14
Unrealized gains (losses) for the year	0.79	(0.36)	2.00	4.61	1.21
Total increase (decrease) from operations	$ 4.16	$ 4.93	$ 4.95	$ 6.90	$ 1.39
Shareholders' equity, end of the year	$ 35.29	$ 31.19	$ 26.22	$ 21.34	$ 14.44

Class J	**Dec. 31, 2016 IFRS**	**Dec. 31, 2015 IFRS**	**Dec. 31, 2014 IFRS**	**Dec.31, 2013 IFRS**	**Dec.31, 2012 GAAP**
Cymbria's shareholders' equity per share (Note 1)					
Shareholders' equity, beginning of the year	$ 33.95	$ 28.35	$ 22.86	$ 15.36	$ 13.93
Increase (decrease) from operations:					
Total revenue	0.74	0.67	0.46	0.32	0.32
Total expenses (Note 2)	(0.93)	(1.11)	(0.22)	(0.23)	(0.14)
Realized gains (losses) for the year	4.00	6.41	3.16	2.47	0.16
Unrealized gains (losses) for the year	0.87	(0.31)	1.99	4.90	0.88
Total increase (decrease) from operations	$ 4.68	$ 5.66	$ 5.39	$ 7.46	$ 1.22
Shareholders' equity, end of the year	$ 38.73	$ 33.95	$ 28.35	$ 22.86	$ 15.35

Notes

1. Shareholders' equity per share is calculated as follows:
   (a) The financial information for 2012 is derived from Cymbria's audited annual Financial Statements. *Net assets per share* represented in the audited financial statements differ from net asset value ("NAV") per share calculated by the Manager for performance evaluation and management fee purposes. This reflected Cymbria's accounting policies which were consistent with Canadian generally accepted accounting principles ("GAAP"). In 2014, Cymbria adopted International Financial Reporting Standards ("IFRS") whereby IFRS shareholders' equity differ from pricing NAV due to the inclusion of deferred taxes in its calculation. 2013 figures have been restated under IFRS. Shareholders' equity per share for IFRS purposes (as opposed to the GAAP net assets per share) at the beginning of 2014 was $21.34 (2013: $14.45) for Class A shares and $22.86 (2013: $15.36) for Class J shares.
   (b) Shareholders' equity per share of a class is based on the number of shares outstanding for that class at the relevant time. The increase (decrease) from operations per share of a class is based on the weighted average number of shares outstanding for that class during the year. Therefore, the beginning of year shareholders' equity plus the increase (decrease) from operations will not sum to the end of year shareholders' equity.
   (c) Cymbria's stated policy is to pay no dividends or distributions to shareholders.
2. Total expenses includes current and deferred income taxes or recovery.

Financial highlights (continued)

Class A	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Ratios and supplemental data (Note 3)					
Total net asset value (000's)	$ 526,880	$ 465,453	$ 390,823	$ 315,735	$ 212,931
Number of shares outstanding (000's)	14,399	14,363	14,194	14,139	14,509
Management expense ratio (Note 4)	1.19%	1.76%	1.94%	2.09%	2.13%
Trading expense ratio (note 5)	0.04%	0.05%	0.07%	0.05%	0.08%
Portfolio turnover rate (note 6)	25.26%	43.37%	35.65%	35.98%	36.96%
Net asset value per share	$ 36.59	$ 32.41	$ 27.53	$ 22.33	$ 14.68
Accounting adjustments to net asset value per share (Note 8)	(1.30)	(1.26)	(1.31)	(0.99)	(0.24)
Shareholder's equity per share	$ 35.29	$ 31.15	$ 26.22	$ 21.34	$ 14.44
Closing market price (CYB)	$ 39.35	$ 33.08	$ 27.00	$ 23.20	$ 12.70

Class J	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Ratios and supplemental data (Note 3)					
Total net asset value (000's)	$ 330,286	$ 291,286	$ 250,130	$ 202,246	$ 134,363
Number of shares outstanding (000's)	8,224	8,257	8,413	8,464	8,601
Management expense ratio (Note 4)	0.70%	0.70%	0.74%	0.83%	0.87%
Trading expense ratio (note 5)	0.04%	0.05%	0.07%	0.05%	0.08%
Portfolio turnover rate (note 6)	25.26%	43.37%	35.65%	35.98%	36.96%
Net asset value per share	$ 40.16	$ 35.28	$ 29.73	$ 23.90	$ 15.62
Accounting adjustments to net asset value per share (Note 8)	(1.43)	(1.37)	(1.38)	(1.04)	(0.27)
Shareholder's equity per share	$ 38.73	$ 33.91	$ 28.35	$ 22.86	$ 15.35
Closing market price (Note 7)	$ n/a	$ n/a	$ n/a	$ n/a	$ n/a

Notes

3. The financial information presented in the *Ratios and supplemental data* table is derived from Cymbria's pricing NAVs and is provided as at December 31, 2016, December 31, 2015, December 31, 2014, December 31, 2013, and December 31, 2012.
4. The management expense ratio ("MER") is calculated as the total management fees and operating expenses paid by each class of Cymbria, including sales taxes and interest, and excluding corporate income taxes, commissions and other portfolio transaction costs, as a percentage of the average daily NAV of each class of Cymbria on an annualized basis. The Manager, at its sole discretion, waives management fees or absorbs expenses. Such waivers and absorptions can be terminated at any time. For the years presented, the Manager has not waived any management fees or absorbed any expenses.
5. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of Cymbria's daily average NAV. The trading expense ratio is calculated at the portfolio level and applies to all classes of Cymbria.
6. Portfolio turnover rate is calculated at the portfolio level based on the lesser of purchases or proceeds of sales of securities for the year, excluding cash, short-term notes and bonds having maturity dates at acquisition of one year or less, divided by the average value of the portfolio securities for the year. Cymbria's portfolio turnover rate indicates how actively Cymbria's portfolio advisor manages its portfolio of investments. A portfolio turnover rate of 100% is equivalent to Cymbria buying and selling all of the securities in its portfolio once in the course of the year. The higher the portfolio turnover rate in a year, the greater the trading costs payable in the year and the greater the chance of taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the fund performance.
7. Cymbria's Class J shares are not traded on a stock exchange.
8. The accounting adjustments from 2012 relate to differences between Cymbria's pricing NAV and accounting net asset value per share under Canadian GAAP. Canadian GAAP net asset value differed from NAV because it used the closing bid price for the fair value of investments instead of the pricing guidelines outlined in the prospect. In addition, Canadian GAAP net asset value included the future income tax liability on the unrealized gain on investments, and the future tax benefits associated with share issuance costs and realized losses on investments. The accounting adjustments from 2013-2016 relate to differences between Cymbria's pricing NAV and accounting shareholders' equity under IFRS. IFRS shareholders' equity differs from NAV because it includes the deferred income tax liability on the unrealized gain on investments, deferred tax benefits associated with any realized losses on investments, and temporary timing differences between the accounting and tax treatment of Cymbria's deferred share units.

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, 2016 compared to those for the years ended December 31, 2015 and 2014.

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

Financial Performance

	Dec. 31, 2016 ('000s)	Dec. 31, 2015 ('000s)	Dec. 31, 2014 ('000s)
Income			
Net realized and unrealized gain on investments	$ 97,753	$ 134,180	$ 129,184
Dividend and interest income	15,852	14,375	9,958
Foreign currency gain (loss) on hedging	7,260	(10,444)	544
Foreign currency gain (loss) excluding hedging	(851)	6,119	1,044
Total income	$ 120,014	$ 144,230	$ 140,730
Expenses			
Management fees	$ 5,344	$ 4,407	$ 3,393
Service fees	–	3,391	3,268
Withholding taxes, HST and transaction costs	2,208	2,239	1,104
Other expenses	1,475	1,160	1,072
Total expenses	$ 9,027	$ 11,197	$ 8,837
Profit for the period before taxes	$ 110,987	$ 133,033	$ 131,893
Income taxes	12,622	15,423	16,371
Net comprehensive income	$ 98,365	$ 117,610	$ 115,522

(a) *Net realized and unrealized gain on investments*

The change in net realized and unrealized gain on investments is driven by investment performance during the year. Highlights of this performance is discussed in the *Investment performance* section of the MD&A.

(b) *Dividend and interest income*

Dividend and interest income is earned on the portfolio of public equities and the investment in EdgePoint. An important driver of wealth for Cymbria is the dividend from EdgePoint. EdgePoint typically pays a dividend semi-annually, which can be reinvested by Cymbria in its portfolio of securities or used to buy back Cymbria shares. For the year ended December 31, 2016, the dividend received from EdgePoint increased by $2.1 million to a total of $7.5 million, while the rest of the investment portfolio contributed a total of $8.4 million in dividend and interest income. Cymbria's portfolio of public equities is not managed with the intent to derive a certain amount of dividend or interest income. Therefore, it is typical that this type of income would fluctuate from period to period.

(c) *Foreign currency gain (loss)*

Cymbria is valued in Canadian dollars; however, it invests in securities dominated in foreign currencies. The foreign currency gains and loses 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.

As at December 31, 2016, Cymbria's most significant foreign currency exposure was the U.S. dollar, which as a percentage of shareholders' equity was approximately 57%, and Cymbria hedged 30% of that exposure. Cymbria did not have a hedge in place for its investment securities denominated in the Japanese yen, Euro, Swiss franc, or British pound. As a result of foreign currency hedging activities during the year ended December 31, 2016, Cymbria had a $7.3 million net realized and unrealized gain from hedging activities.

Excluding Cymbria's hedging positions, Cymbria had a loss of $0.9 million on cash and other net assets due to fluctuations in foreign currencies during the year.

(d) *Expenses and MER*

The increase in management fees is due to the increase in NAV over the corresponding period, on which the fee is based. In addition, on November 5, 2015 and thereafter, the management fee was charged at an annual rate of 1% of the daily NAV of Class A shares, excluding EdgePoint's value, and 0.5% of the daily average NAV of Class J shares, excluding EdgePoint's value.

The service fees paid by Cymbria expired on November 4, 2015, and therefore Cymbria will no longer pay that fee going forward.

Cymbria believes that the MER continues to an important metric to evaluate the value added by the Manager and their ability to manage costs to the corporation. For the year ended December 31, 2016, the MER decreased to 1.19% for Class A shareholders, and to 0.70% for Class J shareholders, compared to 1.76% and 0.70% for the year ended December 31, 2015 for Class A and Class J shareholders, respectively. The majority of the decrease in MER for Class A shareholders is due to the expiration of the service fee. The remainder of the decrease in MER is both the result of Cymbria's growth and that of EdgePoint. Cymbria has the benefit of being able to share certain general and administrative expenses, and portfolio management costs with EdgePoint. As EdgePoint's assets under management continue to grow, Cymbria benefits from economies of scale achieved by sharing some of these expenses over a much larger investor base, reducing the overall costs to Cymbria. In addition, management fees are not charged on the value of EdgePoint. As EdgePoint's value continues to grow to be a larger portion of the Portfolio, management fees decrease as a percentage of Cymbria's NAV.

Financial Condition

	Dec. 31, 2016 ('000s)	Dec. 31, 2015 ('000s)	Dec. 31, 2014 ('000s)
Assets			
Investments	$ 750,075	$ 744,021	$ 608,356
Cash and cash equivalents	101,596	24,757	34,650
Income tax recovery	4,814	–	–
Other assets	3,142	1,990	996
Total assets	$ 859,627	$ 770,768	$ 644,002
Liabilities			
Foreign exchange forward contracts	$ 617	$ 5,266	$ –
Accrued liabilities and other payables	1,359	8,817	3,530
Deferred share unit plan	485	308	529
Deferred income tax liability	30,490	28,066	29,241
Total liabilities	$ 32,951	$ 42,457	$ 33,300
Shareholders' equity	$ 826,676	$ 728,311	$ 610,702

(a) Investments

Cymbria's investment balance as at December 31, 2016, primarily consists of a portfolio of equities of $639.5 million and an investment in EdgePoint of $110.3 million. The *Investment Performance* section of this MD&A discusses the significant changes in these investments. The *Summary of Investment Portfolio* highlights the top holdings.

(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 increase of $76.8 million from the end of 2015 is primarily due to the sale of investments in the portfolio in the last three months of 2016. As at December 31, 2016, cash and cash equivalents comprised entirely of cash held at the bank.

(c) Income tax recovery and other assets

The income tax recovery of $4.8 million is a result of the required income tax installments for 2016 being larger than Cymbria's income tax liability. Other assets consists of receivable for investments sold of $2.6 million and dividends receivable of $0.5 million, which are a result of transaction that occurred but had not yet settled at the end of the year.

(d) Accrued liabilities and other payables

As at December 31, 2016, accrued liabilities and other payables consists of accrued liabilities of $0.7 million and payable for investments purchased of $0.6 million. The decrease from 2015 is a result of a timing difference on tax instalment payments and investments that were purchased but not yet settled at the end of the year.

(e) 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, 2016, Cymbria issued 2,926 units, and the total value of the deferred share unit plan increased by $117 thousand.

(f) 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, 2016, Cymbria's deferred income tax liability is presented net and it comprises of a liability on the unrealized appreciation of investments of $30.6 million, offset by an asset on deferred share units of $0.1 million. Included in the deferred income tax liability is $14.6 million related to Cymbria's investment in EdgePoint.

(g) Shareholders' equity

Cymbria's shareholders' equity is comprised of common stock, Class A, and Class J shares. The Manager owns 100% of the common stock of Cymbria. The number of common shares outstanding on December 31, 2016 and March 9, 2017 were 100. Class A shares are non-redeemable and traded on the Toronto Stock Exchange. As at December 31, 2016 and March 9, 2017, there were 14,399,226 and 14,402,090 shares outstanding, respectively. Class J shares are non-redeemable and were offered through a private placement. Class J shares can be exchanged based on the relative NAV value of Class A shares on the last business day of each week. As at December 31, 2016 and March 9, 2017, there were 8,228,592 and 8,221,597 shares outstanding, respectively.

Cash Flows

For the year ended December 31, 2016, Cymbria had a net increase in cash and cash equivalents of $76.8 million. The majority of the net increase in cash and cash equivalents is from operating activities that is a result of proceeds from the sale of investments that had not been deployed into new or existing investments at the balance sheet date. 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 20, 2016 to May 19, 2017. 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, 2016, Cymbria did not repurchase any shares as they were either trading at a premium to NAV 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 NAV 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 NAV, 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 NAV. 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 NAV, 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 NAV, the LRO provides another venue whereby shareholders may dispose of their shares at a price closer to NAV. 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, 2016, as Cymbria's Class A shares have been trading above 97% of NAV 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, 2016 and 2015.

	Dec. 31, 2016 ('000s)	**Dec. 31, 2015 ('000s)**
Income		
Net realized and unrealized gain on investments	$ 67,003	$ 60,578
Dividend and interest income	5,574	4,782
Foreign currency gain (loss) on hedging	(2,845)	(3,859)
Foreign currency gain (loss), excluding hedging	(284)	(428)
Total income	$ 69,448	$ 61,073
Expenses		
Management fees	$ 1,437	$ 1,238
Service fees	–	246
Withholding taxes, HST, and transaction costs	518	574
Other expenses	472	131
Total expenses	$ 2,427	$ 2,189
Profit for the period before taxes	$ 67,021	$ 58,884
Income taxes	8,080	7,274
Net comprehensive income	$ 58,941	$ 51,610

Summary of interim results

With Cymbria's transition to a corporate issuer effective January 1, 2016, Cymbria is now required to provide interim financial information on a quarterly basis. Prior to this date, Cymbria provided financial statements on a semi-annual basis. The financial information summarized below is derived from Cymbria's condensed interim financial statements from the three month periods ended December 31, 2016, September 30, 2016, June 30, 2016, and March 31, 2016, and the semi-annual financial statements for the previous two semi-annual periods.

	Three months ended				**Six months ended**	
(in '000s except per share amounts)	**Dec. 31 2016**	**Sep. 30 2016**	**Jun. 30 2016**	**Mar. 31 2016**	**Dec. 31 2015**	**Jun. 30 2015**
Total income (loss)	$ 69,448	$ 68,699	$ (8,823)	$ (9,310)	$ 39,552	$ 104,678
Total expenses	$ 10,507	$ 10,911	$ 2,326	$ 2,060	$ 5,383	$ 5,814
Increase (decrease) in shareholders' equity from operations	$ 58,941	$ 57,788	$ (8,739)	$ (9,625)	$ 30,742	$ 86,868
Increase (decrease) in shareholders' equity from operations, per share						
Class A	$ 2.50	$ 2.45	$ (0.42)	$ (0.43)	$ 1.24	$ 3.69
Class J	$ 2.79	$ 2.74	$ (0.32)	$ (0.42)	$ 1.56	$ 4.10

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 Cymbria's equity is non-redeemable, it does not present a liquidity risk. As at December 31, 2016, cash and cash equivalents represents 12% 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, 2016, the portfolio of public equities represents 76% of Cymbria's total shareholders' equity. Cymbria does not own any debt or contractual obligations that would pose a significant risk to liquidity as at December 31, 2016.

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 and 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 NAV of each class of Cymbria shares, excluding the value of EdgePoint. For the year ended December 31, 2016, management fees totaled $5.3 million compared to $4.4 million for 2015. 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.

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 attached financial statement for more information on the fair value measurement of Cymbria's financial statements.

ii. *Deferred tax assets*

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

Future Changes in Accounting Policies

A number of new standards, amendments to standards and interpretations are not yet effective for the period ended December 31, 2016.

None of these will have a significant effect on the financial statements of Cymbria, with the possible exception of IFRS 9, *Financial Instruments*.

IFRS 9 deals with recognition, derecognition, classification and measurement of financial instruments and its requirements represent a significant change from the existing requirements in IAS 39 *Financial Instruments: Recognition and Measurement*, in respect of financial assets. IFRS 9 contains two primary measurement categories for financial assets: amortized cost and fair value. A financial asset would be measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale, and loans and receivables. The effective date of this standard is January 1, 2018, but early adoption is permitted. The Manager is currently in the process of evaluating the potential effect of this standard.

Financial Instruments

Cymbria has designated its financial instruments as follows:

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

Risks

The risks associated with investing in Cymbria remain as disclosed in the prospectus dated October 20, 2008 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, 2016:

- 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, 2016 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, 2016 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, 2016, 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, 2016, 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, 2016 and 2015

CYMBRIA®

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	Norman Tang
Chairman	Chief Financial Officer
March 9, 2017	March 9, 2017

Independent auditors' report

To the shareholders of Cymbria Corporation

We have audited the accompanying Financial Statements of Cymbria Corporation, which comprise the *Statements of Financial Position* as at December 31, 2016 and 2015, the *Statements of Comprehensive Income, Statements of Changes in Equity* and *Statements of Cash Flows* for the years then ended, and notes, comprising of a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting Standards 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.

Auditors' responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audits. We conducted our audits in accordance with International Financial Reporting Standards. Those standards require that we comply with ethical requirements, and plan and perform an audit to obtain reasonable assurance about whether financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Cymbria's preparation and fair presentation of financial statements 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 Cymbria's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

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

Opinion

In our opinion, these Financial Statements present fairly, in all material respects, the financial position of Cymbria Corporation as at December 31, 2016 and 2015, and its financial performance and cash flows for the years then ended, in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants, Toronto, Canada
March 9, 2017

Statements of Financial Position
(in '000s except per share amounts and number of shares)
As at December 31, 2016 and 2015

		2016		2015
Assets				
Investments	$	639,513	$	644,401
EdgePoint Wealth Management Inc.		110,327		99,376
Foreign exchange forward contracts		235		244
Total financial assets held-for-trading or at fair value through profit or loss*		750,075		744,021
Cash and cash equivalents		101,596		24,757
Receivable for investments sold		2,627		1,591
Dividends receivable		515		399
Income tax recovery		4,814		–
Total Assets	$	859,627	$	770,768
Liabilities				
Accrued liabilities	$	717	$	40
Payable for investments purchased		642		1,579
Foreign exchange forward contracts		617		5,266
Income taxes payable		–		7,198
Total current liabilities		1,976		14,083
Deferred share unit plan liability (Note 7)		485		308
Deferred income tax liability (Note 9)		30,490		28,066
Total Liabilities	$	32,951	$	42,457
Shareholders' equity				
Share capital (Note 5)	$	220,034	$	220,034
Surplus (Note 6)		406,179		323,993
Unrealized gain on investments		200,463		184,284
Total Shareholders' Equity	$	826,676	$	728,311
Shareholders' equity				
Common stock	$	–	$	–
Class A		508,138		447,965
Class J		318,538		280,346
Number of shares outstanding (Note 5)				
Class A		14,399,226		14,363,241
Class J		8,224,207		8,257,157
Total shareholder's equity per share				
Class A	$	35.29	$	31.19
Class J	$	38.73	$	33.95

*Cost of investments is reflected in the *Schedule of Investment Portfolio*.
The accompanying notes are an integral part of these annual Financial Statements.

ON BEHALF OF THE BOARD:

Reena Carter, Director

James MacDonald, Director

(in ’000s except per share amounts)

	2016	2015
Income		
Dividends from EdgePoint Wealth Management Inc.	$ 7,452	$ 5,382
Dividends from other investments	8,359	8,941
Interest for distribution purposes	41	52
Foreign currency gain (loss) on cash and other net assets	(851)	6,119
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	83,753	136,937
Net realized gain (loss) on foreign exchange forward contracts	2,620	(4,947)
Change in unrealized appreciation (depreciation) on investments	14,000	(2,757)
Change in unrealized appreciation (depreciation) on foreign exchange forward contracts	4,640	(5,497)
Total Income	$ 120,014	$ 144,230
Expenses (Note 8)		
Management fees	$ 5,344	$ 4,407
Operating expenses	957	731
Investment research and portfolio maintenance	518	429
Service fees	–	3,391
Harmonized Sales Tax	880	745
Net Withholding tax	1,039	1,137
Transaction costs	289	357
Total Expenses	$ 9,027	$ 11,197
Profit for the year before taxes	$ 110,987	$ 133,033
Income taxes (recovery) (Note 9)		
Current	$ 10,198	$ 16,598
Deferred	2,424	(1,175)
Total Income taxes	$ 12,622	$ 15,423
Increase (decrease) in shareholders’ equity from operations	$ 98,365	$ 117,610
Increase (decrease) in shareholders’ equity from operations, by class		
Class A	$ 58,992	$ 70,397
Class J	$ 39,373	$ 47,213
Increase (decrease) in shareholders’ equity from operations, per share		
Class A	$ 4.10	$ 4.93
Class J	$ 4.78	$ 5.66

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

(in '000s)

	2016	2015
Class A:		
Shareholders' equity, beginning of the year	$ 447,965	$ 372,211
Increase (decrease) in shareholders' equity from operations	58,992	70,397
Capital transactions:		
Class J to Class A share exchanges	338	1,588
Cumulative surplus on Class J to Class A share exchanges	(8)	(28)
Surplus	851	3,797
	60,173	75,754
Shareholders' equity, end of the year	$ 508,138	$ 447,965
Class J:		
Shareholders' equity, beginning of the year	$ 280,346	$ 238,490
Increase (decrease) in shareholders' equity from operations	39,373	47,213
Capital transactions:		
Class J to Class A share exchanges	(330)	(1,560)
Surplus	(851)	(3,797)
	38,192	41,856
Shareholders' equity, end of the year	$ 318,538	$ 280,346

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

(in '000s)

	2016	2015
Cash Flow from Operating Activities		
Increase (decrease) in shareholders' equity from operations	$ 98,365	$ 117,610
Adjustments for:		
Foreign currency (gain) loss on cash and other net assets	851	(6,119)
Net realized (gain) loss on investments	(83,753)	(136,937)
Net realized (gain) loss on foreign exchange forward contracts	(2,620)	–
Change in unrealized (appreciation) depreciation on investments	(14,000)	2,757
Change in unrealized (appreciation) depreciation on foreign exchange forward contracts	(4,640)	5,497
(Increase) decrease in dividends receivable	(116)	(316)
Increase (decrease) in accrued liabilities and other payables	(11,158)	3,486
Increase (decrease) in deferred income tax liability	2,424	(1,175)
Purchase of investments	(185,890)	(299,376)
Proceeds from sales of investments	278,227	298,561
Net Cash Generated (Used) by Operating Activities	$ 77,690	$ (16,012)
Net increase (decrease) in cash and cash equivalents	$ 77,690	$ (16,012)
Foreign currency gain (loss) on cash and other net assets	(851)	6,119
Cash and cash equivalents, beginning of year	24,757	34,650
Cash and cash equivalents, end of the year	$ 101,596	$ 24,757
Cash and cash equivalents comprise:		
Cash at bank	$ 101,596	$ 22,638
Short-term investments	–	2,119
	$ 101,596	$ 24,757
Interest received, net of withholding tax	$ 41	$ 52
Dividends received, net of witholding tax	$ 14,656	$ 12,870
Income taxes paid	$ (22,210)	$ (12,771)

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
	Banks			
496,603	Wells Fargo & Co.	$ 22,126	$ 36,745	4.44%
		22,126	36,745	4.44%
	Consumer Discretionary			
585,839	Live Nation Entertainment, Inc.	18,880	20,923	2.53%
514,139	Service Corporation International	11,600	19,605	2.37%
84,700	Delticom AG	5,080	2,142	0.26%
		35,560	42,670	5.16%
	Consumer Staples			
710,077	Shiseido Co., Ltd.	15,729	24,133	2.92%
		15,729	24,133	2.92%
	Diversified Financials			
279,585	EdgePoint Wealth Management Inc.	510	110,327	13.35%
189,561	JPMorgan Chase & Co.	9,666	21,962	2.66%
41	Berkshire Hathaway Inc., class A	11,211	13,438	1.63%
49,517	Berkshire Hathaway Inc., class B	8,893	10,836	1.31%
32,339	Affiliated Managers Group Inc.	5,749	6,309	0.76%
		36,029	162,872	19.71%
	Energy			
795,334	PrairieSky Royalty Ltd.	23,529	25,403	3.08%
844,893	Canadian Energy Services & Technology Corp.	2,535	6,472	0.78%
		26,064	31,875	3.86%
	Health Care			
138,083	Anthem Inc.	13,058	26,655	3.22%
		13,058	26,655	3.22%
	Industrials			
341,531	WESCO International Inc.	24,990	30,517	3.69%
511,941	Generac Holdings Inc.	26,397	28,003	3.39%
183,907	WABCO Holdings Inc.	16,879	26,211	3.17%
818,521	Rexnord Corp.	23,439	21,529	2.60%
330,131	Flowserve Corp.	22,018	21,298	2.58%
105,813	AENA, S.A.	16,736	19,389	2.35%
134,459	Union Pacific Corp.	15,311	18,717	2.26%
813,873	Kubota Corp.	15,521	15,600	1.89%
127,427	Wabtec Corp.	12,350	14,204	1.72%
227,716	Team Inc.	6,169	12,000	1.45%
576,342	Grafton Group PLC	4,016	5,245	0.63%
		183,826	212,713	25.73%
	Information Technology			
287,686	TE Connectivity Ltd.	15,194	26,760	3.24%
294,697	Ubiquiti Networks, Inc.	12,104	22,870	2.77%
1,674,427	Real Matters Inc.	6,698	8,791	1.06%
51,561	Pegasystems Inc.	1,220	2,492	0.30%
3,364	Constellation Software Inc.	2,059	2,052	0.25%
14,822	Arista Networks Inc.	1,284	1,926	0.23%
		38,559	64,891	7.85%

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

Number of shares/units	Security	Average cost	Fair value	% of shareholders' equity
	Insurance			
2,423,660	Echelon Financial Holdings Inc.	$ 33,409	$ 26,903	3.25%
228,653	American International Group Inc.	11,132	20,050	2.43%
517,550	Vienna Insurance Group AG	15,958	15,581	1.88%
		60,499	62,534	7.56%
	Materials			
237,549	Eastman Chemical Co.	20,777	23,988	2.90%
773,359	Clariant International Ltd.	15,527	17,916	2.17%
241,763	Carpenter Technology Corp.	14,474	11,741	1.42%
53,397	Tokyo Ohka Kogyo Co., Ltd.	1,185	2,417	0.29%
		51,963	56,062	6.78%
	Real Estate			
620,933	Realogy Holdings Corp.	28,826	21,451	2.60%
		28,826	21,451	2.60%
	Preferred Shares			
16,732	Alere Inc., 3%, preferred, series B	6,554	7,239	0.88%
		6,554	7,239	0.88%
	Adjustment for transaction costs	(408)		
	Total Investments	$ 518,385	$ 749,840	90.71%
	Foreign exchange forward contracts (Note 12)		$ (382)	-0.05%
Other assets, less liabilities			$ 77,218	9.34%
Shareholders' equity			$ 826,676	100.00%

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") is Cymbria's Manager and 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.

On December 15, 2015, the Board of Directors called a special meeting of shareholders to vote on the proposed transition of Cymbria's regulatory status from an investment fund to a non-investment fund. At the meeting, all shareholders, including Class A, Class J, and common shareholders, voted overwhelmingly in favour of the proposed transition. The transition took effect on January 1, 2016.

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 9, 2017.

(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 ("NAV"):

(a) Financial instruments:

(i) Recognition and measurement

Financial instruments are required to be classified into one of the following categories: held-for-trading, fair value through profit or loss ("FVTPL"), available-for-sale, loans and receivables, assets held-to-maturity, and other financial liabilities. All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depend on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as held-for-trading or FVTPL, in which case transaction costs are expensed as incurred.

Financial assets and financial liabilities held-for-trading or at FVTPL are recognized initially on the trade date, which is the date on which Cymbria becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated. Cymbria derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement 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.

Cymbria has not classified any of their financial instruments as available-for-sale or assets held-to-maturity.

(ii) Held-for-trading and FVTPL

Financial instruments classified as held-for-trading or FVTPL are subsequently measured at fair value at each reporting period with changes in fair value recognized in the Statement of Comprehensive Income in the period in which they occur. Cymbria's investments, with the exception of derivative financial assets and liabilities, are designated as FVTPL. Cymbria's derivative financial assets and liabilities are classified as held-for-trading.

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

3. Significant accounting policies (continued):

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.

(iii) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement of loans and receivables 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 loans and receivables.

Cash and cash equivalents are cash on deposit and short-term notes with maturities of less than 90 days.

(iv) Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. Cymbria's other financial liabilities 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.

(v) 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.*

(b) 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 *Statement of Comprehensive Income*.

(c) 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.

(d) 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

3. Significant accounting policies (continued):

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.

(e) 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 statement of comprehensive income.

(f) Increase (decrease) in shareholders' equity from operations, per share:

Increase (decrease) in shareholders' equity from operations, per share in the *Statements of Comprehensive Income* represents the net increase (decrease) in the shareholders' equity from operations for each class for the period divided by the average shares outstanding for each class for the period.

(g) 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, 2016, and have not been applied in preparing these financial statements. None of these will have a significant effect on the financial statements of Cymbria, with the possible exception of IFRS 9, *Financial Instruments*.

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

The effective date of this standard is January 1, 2018, but early adoption is permitted. The Manager is currently in the process of evaluating the potential effect of this standard.

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.

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 10 for more information on the fair

4. **Critical accounting estimates and judgments (continued):**

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, 2016	Number of shares		Amount ('000s)
Common shares outstanding, December 31, 2016	100		–*
Class A shares issued:			
Shares outstanding, January 1, 2016	14,363,241	$	137,462
Class A shares issued in exchange for Class J shares	35,985		338
Contributed surplus			(8)
Class A shares outstanding, December 31, 2016	14,399,226	$	137,792
Class J shares issued:			
Shares outstanding, January 1, 2016	8,257,157	$	82,572
Class J shares exchanged for Class A shares	(32,950)		(330)
Class J shares outstanding, December 31, 2016	8,224,207	$	82,242
Total		$	220,034

*Amount of common shares outstanding is $100.

December 31, 2015	Number of shares		Amount ('000s)
Common shares outstanding, December 31, 2015	100		–*
Class A shares issued:			
Shares outstanding, January 1, 2015	14,194,006	$	135,902
Class A shares issued in exchange for Class J shares	169,235	$	1,588
Contributed surplus			(28)
Class A shares outstanding, December 31, 2015	14,363,241	$	137,462
Class J shares issued:			
Shares outstanding, January 1, 2015	8,413,197	$	84,132
Class J shares exchanged for Class A shares	(156,040)	$	(1,560)
Class J shares outstanding, December 31, 2015	8,257,157	$	82,572
Total		$	220,034

*Amount of common shares outstanding is $100.

6. **Surplus:**

The changes in surplus for the years ended December 31, 2016 and 2015 are as follows:

		December 31, 2016 ('000s)		December 31, 2015 ('000s)
Opening surplus	$	323,993	$	199,222
Net investment income (loss)		(3,038)		(12,981)
Net realized gain on investments and foreign exchange, net of transaction costs		85,224		137,752
Closing surplus	$	406,179	$	323,993

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

7. **Deferred share unit plan (continued):**

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, 2016 and 2015:

December 31, 2016	Units	Amount ('000s)
Opening Deferred Share Units, January 1, 2016	9,484	$ 308
Granted during 2016 (Fair value on grant date)	2,926	103
Cumulative fair value adjustments during the year		74
Balance, December 31, 2016	12,410	$ 485

December 31, 2015	Units	Amount ('000s)
Opening Deferred Share Units, January 1, 2015	19,831	$ 529
Granted during 2015 (Fair value on grant date)	1,141	38
Redeemed during 2015 (Fair value on payment date)	(11,488)	(373)
Cumulative fair value adjustments during the year		114
Balance, December 31, 2015	9,484	$ 308

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 and service fees:

No management fee was charged to Class A shareholders during the first three years from the November 4, 2008 inception date. From November 5, 2011 to November 4, 2015, the Manager charged a management fee at an annual rate of 0.75% of the daily average NAV of Class A shares, excluding EdgePoint's value. Beginning November 5, 2015 and thereafter, the Manager charges a management fee at an annual rate of 1% of the daily average NAV of Class A shares, excluding EdgePoint's value.

The Manager charged Class A shareholders a service fee during the first seven years from the November 4, 2008 inception date at an annual rate of 1% of the aggregate average NAV of Class A shares held at the end of each calendar quarter, excluding EdgePoint's value. Beginning on and including November 5, 2015, the service fee was terminated.

The Manager charges Class J shareholders a monthly management fee at an annual rate of 0.5% of the daily average NAV of Class J shares, excluding EdgePoint's value.

The total management and service fees for the year ended December 31, 2016 amounted to $5.4 million (December 31, 2015: $7.8 million), with $0.5 million in outstanding accrued fees due to the Manager at December 31, 2016 (December 31, 2015: $0.0 million), which have been subsequently paid.

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, 2016, allocated expenses totaled $0.6 million (December 31, 2015: $0.3 million). Except for interest, bank charges, witholding 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 NAVs of each class.

9. **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, 2016, Cymbria had capital and non-capital losses for tax purposes of nil (December 31, 2015: 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:

9. Income taxes (continued):

	December 31, 2016 ('000s)	December 31, 2015 ('000s)
Profit for the year before taxes	$ 110,987	$ 133,033
Tax at the combined statutory rate: 26.50% (2015: 26.50%)	$ 29,412	$ 35,254
Increase (decrease) in provision due to:		
Capital gains taxed at 50%	$ (13,801)	$ (17,206)
Non-taxable Canadian dividends	(2,247)	(1,679)
Foreign withholding taxes	(764)	(836)
Other	22	(110)
Income taxes	$ 12,622	$ 15,423

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

	December 31, 2016 ('000s)	December 31, 2015 ('000s)
Deferred share units	$ 128	$ 82
Net unrealized appreciation of investments	(30,618)	(28,148)
Deferred income tax liability	$ (30,490)	$ (28,066)

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, 2016, Cymbria had suspended losses of $207,911 (December 31, 2015: $30,200).

10. 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, 2016 ('000s)	Level 1	Level 2	Level 3	Total
Equities	$ 630,722	$ –	$ 119,118	$ 749,840
Foreign exchange forward contracts	–	235	–	235
Foreign exchange forward contracts	–	(617)	–	(617)
Total	$ 630,722	$ (382)	$ 119,118	$ 749,458

December 31, 2015 ('000s)	Level 1	Level 2	Level 3	Total
Equities	$ 644,401	$ –	$ 99,376	$ 743,777
Foreign exchange forward contracts	–	244	–	244
Foreign exchange forward contracts	–	(5,266)	–	(5,266)
Total	$ 644,401	$ (5,022)	$ 99,376	$ 738,755

For the year ended December 31, 2016, the net change in value for financial instruments classified as held-for-trading is a $7.3 million gain (December 31, 2015: $14.7 million loss) and designated at FVTPL a $97.8 million gain (December 31, 2015: $138.4 million gain).

The following tables reconcile Cymbria's Level 3 fair value measurements for the years ended December 31, 2016 and December 31, 2015.

10. Fair value measurement (continued):

December 31, 2016 ('000s)		Equities
Balance at beginning of year	$	99,376
Investments purchased during the year		6,698
Change in unrealized appreciation in value of investments		13,044
Balance at end of year	$	119,118
Total change in unrealized appreciation for assets held as at December 31, 2016	$	13,044

December 31, 2015 ('000s)		Equities
Balance at beginning of year	$	62,440
Change in unrealized appreciation in value of investments		36,937
Balance at end of year	$	99,376
Total change in unrealized appreciation for assets held as at December 31, 2015	$	36,937

During the year ended December 31, 2016, there were no transfers between levels (December 31, 2015: nil).

(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, 2016, Cymbria's Level 3 investments consisted of EdgePoint and Real Matters Inc.

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, 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, 2016 in measuring EdgePoint, which is categorized as Level 3 in the fair value hierarchy.

EdgePoint Wealth Management Inc.

Fair Value at December 31, 2016: $110.3 million (December 31, 2014: $99.4 million).

Unobservable Input	Range	Sensitivity to changes in significant unobservable inputs
Annual market growth	4%–8%	($5.4M)–$18.7M
Annual gross sales	$700M–$1.2B	($7.3M)–$3.1M
Redemption rate	8%–14%	$16.4M–($17.3M)
Discount rate	10%–13%	$18.8M–($5.7M)
Terminal value multiple	7x–11x	($5.0M)–$13.1M

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%-8% was developed based on a weighted average of the index returns of the funds' benchmarks over a range of prior periods.

(ii) Annual gross sales: represents the weighted average of new units purchased in the funds managed by EdgePoint. Higher gross sales of the funds will increase EdgePoint's AUM and will therefore increase annual cash flow. The range of $700M–$1.2B was developed based on a combination of EdgePoint's historical gross sales data and projections of future sales.

(iii) 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 8%-14% is based on a combination of EdgePoint's historical redemption rate and the long-term redemption rate of the industry.

(iv) Discount rate: is the annual percentage used to determine the present value of EdgePoint's future

10. Fair value measurement (continued):

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%–13% 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.

(v) Terminal value multiple: represents the multiple used to value all future cash flows of EdgePoint beyond the 10 year forecast in the model. A higher multiple would indicate a greater premium on the value of EdgePoint's future cash flows, resulting in a higher net present value. The range of 7x–11x was determined based on comparable multiples estimated by various analysts for similar public company asset 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 the value of EdgePoint by $11.6 million.

Real Matters Inc. 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 fair value of Real Matters Inc. is $8.8 million. It was determined using the most recent secondary exchange of shares and evaluated for impairment in the interim.

(b) Derivative assets and liabilities

Derivative assets and liabilities consists of foreign exchange forward 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. Counterparty credit risk is managed through the use of collateral and a Credit Support Annex, when available.

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. As at December 31, 2016 and 2015, Cymbria did not have any financial instruments eligible for offsetting.

11. 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. Monthly reviews by the Chief Compliance Officer and Chief Investment Officer ensure that pre-trade and post-trade compliance rules are followed. 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.

11. Financial instrument risk (continued):

If equity prices for these securities had increased or decreased on their respective stock exchanges by 5% as at December 31, 2016, with all other variables held constant, Cymbria's shareholders' equity would have increased or decreased, respectively, by approximately $37.5 million or 4.5% of total shareholders' equity (December 31, 2015: $32.2 million or 4.4% of total shareholders' equity). In 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 underlying principal of forward exchange contracts, if any:

December 31, 2016
('000s)

Currency	Investments	Cash and cash equivalents	Foreign exchange forward contracts	Total*	% of net assets
U.S. dollar	$467,470	$5	$(140,079)	$327,396	39.60%
Japanese yen	42,150	–	–	42,150	5.10%
Euro	37,111	–	–	37,111	4.49%
Swiss franc	17,916	–	–	17,916	2.17%
British pound	5,245	–	–	5,245	0.63%

*Includes both monetary and non–monetary financial instruments.

December 31, 2015
('000s)

Currency	Investments	Cash and cash equivalents	Foreign exchange forward contracts	Total*	% of net assets
U.S. dollar	$531,172	$140	$(142,392)	$388,920	53.4%
Euro	24,656	–	104	24,760	3.4%
Japanese yen	30,350	–	(16,534)	13,816	1.9%
Swiss franc	20,310	–	–	20,310	2.8%
British pound	8,174	64	–	8,238	1.1%

*Includes both monetary and non–monetary financial instruments.

As at December 31, 2016, 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 $21.5 million or 2.6% of total shareholders' equity (December 31, 2015: $22.8 million or 3.1% of total shareholders' equity).

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. As Cymbria's financial liabilities are primarily short-term in nature and generally not interest bearing, Cymbria's 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 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.

11. Financial instrument risk (continued):

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, 2016, illiquid securities represent approximately 14.4% of Cymbria's shareholders' equity (December 31, 2015: 13.7%).

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, 2016	On demand ($'000s)	< 3 months ($'000s)	> 3 months ($'000s)	Total ($'000s)
Payable for investments purchased	642	–	–	642
Accrued liabilities	–	717	–	717
Foreign exchange forward contracts	–	617	–	617
Deferred share unit plan liability	–	–	485	485
Deferred income tax liability	–	–	30,490	30,490

December 31, 2015	On demand ($'000s)	< 3 months ($'000s)	> 3 months ($'000s)	Total ($'000s)
Foreign exchange forward contracts	–	5,266	–	5,266
Accrued liabilities	–	40	–	40
Payable for investments purchased	1,579	–	–	1,579
Income taxes payable	–	7,198	–	7,198
Deferred share unit plan liability	–	–	308	308
Deferred income tax liability	–	–	28,066	28,066

12. Foreign exchange forward contracts:

December 31, 2016				
Settlement date	Currency to be delivered ('000s)	Currency to be received ('000s)	Contract price	Fair value ('000s)
January 17, 2017	2,900 USD	3,924 CAD	1.3532	$ 31
February 15, 2017	7,500 USD	10,137 CAD	1.3515	73
March 28, 2017	15,000 USD	20,249 CAD	1.3499	131
				$ 235
January 05, 2017	1,600 USD	2,105 CAD	1.3157	$ (43)
January 25, 2017	23,500 USD	31,355 CAD	1.3343	(187)
February 07, 2017	11,000 USD	14,743 CAD	1.3403	(19)
February 09, 2017	14,500 USD	19,362 CAD	1.3353	(96)
March 01, 2017	5,000 USD	6,686 CAD	1.3372	(23)
March 13, 2017	3,600 USD	4,716 CAD	1.3100	(113)
March 20, 2017	19,000 USD	25,350 CAD	1.3342	(136)
				$ (617)
Total number of contracts:	10		Net fair value	$ (382)

13. 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, 2016, Cymbria had material investments in the following subsidiaries, associates and unconsolidated structured entities:

December 31, 2016	Place of Business	Type	Ownership %
Echelon Financial Holdings Inc.	Canada	Associate	20.7%
EdgePoint Wealth Management Inc.	Canada	Associate	20.7%

14. Reconciliation of NAV:

Shareholders' equity reported in these Financial Statements are accounted for using IFRS ("IFRS Shareholders' equity") and takes into account the deferred income tax liability on the unrealized gain on investments, as well as deferred tax benefits associated with any realized losses on investments. These deferred tax benefits and liabilities are not included in the per share NAV reported by Cymbria on a daily basis.

The difference between NAV and IFRS Shareholders' equity on a per share basis is as follows:

December 31, 2016	NAV	Shareholders' equity
Class A	$ 36.59	$ 35.29
Class J	40.16	38.73

December 31, 2015	NAV	Shareholders' equity
Class A	$ 32.41	$ 31.19
Class J	35.28	33.95

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

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COMPANY CREED

At the launch of EdgePoint, we 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.

Passive Observer

31 DECEMBER 2016

ACTIVE MANAGERS DETAINED!

Stock pickers thought to be trying to beat the index.

(TORONTO, ON) – After months of investigation, local police (in cooperation with provincial securities regulators) uncovered a large active management ring thought to be attempting to beat the index. Seven men were detained early Monday morning in Toronto where they were found in a large boardroom at 150 Bloor St. W. speaking to a group of followers.

It appears that this organization, which operates under the name EdgePoint Wealth Management, has been around since 2008 and unlike the way it deviates from the index, it certainly hasn't deviated from its anti-indexer message. Research done by this publication unveiled a recruitment website openly spouting radical philosophies like an ability to think independently, a natural curiosity to search out new ideas and a commitment to embrace the thorough research required to uncover opportunities the market doesn't fully appreciate.

Further research uncovered an article from November 2014 entitled "Call us the anti-indexers" where two of the seven detained, Geoff MacDonald and Tye Bousada admitted they were groomed by some of the most notorious active managers in the country, including the likes of Bob Krembil. They made no apologies for their beliefs saying they're proud of being bottom-up stock pickers and didn't hide the fact that they regularly meet with management teams as part of their due diligence. The rest of the group varies in age and experience.

A background search on Ted Chisholm discovered a man with a troubling addiction to sugar and an unnatural ability to study a wide variety of businesses in various industries, often knowing more about those businesses than their own management team. Officials following Chisholm admitted they've never seen anything like him.

Frank Mullen, whose previous alias was the Bond Guy, appears to have branched out into equities leading authorities to believe that this group is willing to do whatever it takes to beat the index, showing a blatant disregard for all of their peers who remain faithful to their benchmarks.

U.S. border security has verified that Andrew Pastor makes annual trips to Omaha confirming his personal connection to Warren Buffett and his teachings. An acquaintance of Pastor has been reported as saying that he often equates going to the annual Berkshire Hathaway meeting to going to church. A man of few words, these have proven to be very chilling.

Perhaps most disturbing are the youngest members of the group, George Droulias and Derek Skomorowski who were seemingly enticed from positions at reputable firms by the promise of having a hand in outperforming the index. Simply attributing it to the innocence of youth is naïve as both have enough experience in the industry to know the potential consequences of their actions. As research analysts, both men have made a conscious decision to spend countless hours at their desks devouring company financials and annual reports to help carry out this strategy of finding non-correlated ideas to build portfolios that will grow investors' wealth over the long term.

Each member of the group has displayed a willingness to facilitate the security selection and research necessary to bolster their efforts to outperform the index and is disturbingly unbothered by their high tracking error.

The impact of their actions is hard to quantify at this time but it's safe to assume had they not been apprehended, it could easily have been one of the biggest attacks on efficient market theory in recent memory. The Department of Non-Thinkers said they will all sleep better knowing this group's efforts have been thwarted.

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