Seymour Investment Management

Fund Facts

Fund Unit Value:
December 31, 2010
$12.9659

Inception Date:
June 4, 2010

RRSP Eligible:
Yes

Seymour Investment Management was founded in 2010 with a vision of creating an employee-owned, client-focused investment boutique with a unique service offering. Seymour provides fee-based discretionary investment management services to both individual and institutional clients.

The Seymour Performance Fund

The investment objective of the Seymour Performance Fund is to achieve superior risk-adjusted investment returns by investing primarily in small and mid capitalization Canadian equities. The Performance Fund holds a concentrated portfolio of 20-30 core names. In addition to owning a core group of equities, a small portion of the Performance Fund may be invested in event-driven transactions and initial public offerings. The Performance Fund should be viewed as more aggressive (higher risk and more volatile) than more conventional equity investments such as the Seymour Canadian Equity Fund.

The fee structure for the Performance Fund is based on an annual management fee of 1% of the net asset value, with an annual performance fee of 10% of any annual return over the hurdle rate of 7.5%.

PERFORMANCE

AS AT DECEMBER 31, 2010

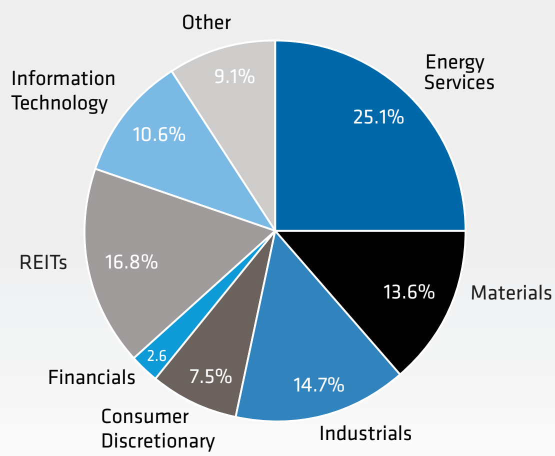
Total Return for the Period (%)[1]	3 Mo	Since Inception[3]
Seymour Performance Fund - NAV[2]	**16.0%**	**32.5%**
S&P/TSX Composite Index	9.4%	18.1%
S&P/TSX Smallcap Index	18.2%	33.5%

1 The indicated rates of return are the total returns for the period indicated, including changes in security value and the reinvestment of all distributions and do not take into account income taxes payable that would have reduced returns. The funds are not guaranteed; their values change frequently and past performance may not be repeated.

2 Performance is shown net of fees and expenses

3 Fund inception June 4, 2010

EQUITY SECTORS



Seymour Investment Management Ltd. | 1285 West Pender Street, Suite 1000 | Vancouver, B.C. V6E 4B1
Main: (604) 659-1722 | info@seymourinvest.ca | www.seymourinvest.ca

Portfolio Management Expertise

CARL HOYT, PRESIDENT

Carl Hoyt began his career in the investment management industry in 1985 in equity research with Pemberton Securities, a Canadian investment dealer. In 1989, Carl joined Goepel Shields & Partners as an equity research analyst and became a director of the firm. Carl co-founded Cypress Capital Management in 1998, and as Chief Investment Officer, he was instrumental in the firm's growth from its inception to over $4 billion in assets under management.

KELLY WOODALL, PARTNER

Kelly Woodall began her career in high net worth private client investment management in 1997. Beginning in 2000, Kelly spent seven years working in sell-side equity research. During this time, she covered a number of different stocks and industries. In 2006, Kelly left the sell side and returned to investment management. In recent years, Kelly has been a lead portfolio manager on various small capitalization and equity income portfolios, accounting for approximately $2 billion in assets under management.

Seymour Investment Management

Q4 Commentary

JANUARY 25, 2011

The Seymour Performance Fund

The Seymour Performance Fund enjoyed strong performance in the fourth quarter, achieving a total return of 16.0% based on Net Asset Value (NAV). The Fund outperformed the S&P/TSX Composite Index's 9.4% return but modestly underperformed the heavily resource-weighted S&P/TSX Smallcap Index, which returned 18.2% during the period.

While all industry sectors contributed positively to the Fund's fourth-quarter returns, a significant portion of the gain can be attributed to Energy Services, which represented the Fund's largest weighting and its best-performing industry sector. During the quarter, we added to the Fund's existing Energy Services holdings and initiated a new position in oilfield rental equipment provider Strad Energy Services Ltd., taking the Fund's sector weighting from 14.9% to 25.1%. Although service companies have enjoyed very strong equity returns, valuations remain reasonable and we continue to see attractive upside potential on the back of strong earnings growth. The Fund's holdings remain weighted toward pressure pumping, which is enjoying strong fundamentals from the increasing use of horizontal drilling and multi-frac completions in resource plays. With significant expansion capital planned for the 2011/2012 timeframe, we will continue to closely monitor industry supply/demand fundamentals.

The Fund's resource holdings performed well in the quarter as commodity prices continued to climb. Despite our expectations of continued tightness in supply/demand fundamentals, we believe current spot prices for a number of commodities contain a significant speculative element and we anticipate continued volatility. In our view, many resource equities are discounting commodity prices that are well above the marginal cost of new production. During the quarter, we took profits in our Base Metals holdings; however, with the benefit of hindsight we now know that we were early. Our contract drilling holdings performed well on improving demand for mining services given strength in metals prices and well-capitalized balance sheets. While our investment in BioExx Corporation, a company that is focused on the extraction of oil and high-value proteins from oilseeds, was a drag on performance during the quarter, the stock has since recovered and we continue to see a number of catalysts on the horizon.

The Fund's performance was supported by high single-digit returns from its Industrials holdings, which continue to demonstrate leverage to the ongoing economic recovery. During the quarter we initiated new positions in Badger Daylighting Inc., the leading North American provider of non-destructive excavating services, and heavy-equipment distributor Wajax Corp., and both stocks have performed well from our entry points. The Fund's holding in printer-publisher Transcontinental Inc. performed well and the company announced a 22% increase to its dividend supported by very strong free cash flow generation.

After registering six consecutive quarters of relative outperformance, Real Estate Investment Trusts (REITs) underperformed the broader market in the fourth quarter on the back of rising bond yields. The Fund's real estate holdings registered mixed performance with several REITs generating double-digit equity returns while Chartwell Seniors Housing REIT and InnVest REIT performed poorly after reporting disappointing third-quarter earnings. Real estate fundamentals remain attractive with high occupancy and stable to rising rents and we expect low cap rates will continue to support REIT prices given the significant capital that has been allocated for direct real estate investment. Notwithstanding attractive real estate fundamentals, we view the REIT sector as fairly valued following two years of impressive share price performance and anticipate more modest returns going forward. During the quarter, we reduced the Fund's real estate weighting from 20.6% to 16.8% and exited positions in H&R REIT and Parkbridge Lifestyle Communities while introducing a new position in Mainstreet Equity Corporation. Our remaining real estate holdings are weighted toward smaller capitalization real estate equities and those REITs that we view as undervalued relative to the quality of their underlying assets.

We believe Information Technology service providers, which were under pressure during the economic downturn as companies looked to cut costs and curtail capital expenditures, are poised to benefit from a recovery in IT spending and further consolidation activity. During the quarter, we exited Research in Motion Ltd. and used the proceeds to initiate positions in three smaller capitalization technology companies.

We believe the current low inflation, low interest rate environment favours equities over fixed income and expect small capitalization companies will continue to outperform in this environment. While we do not expect to see the same expansion in valuation multiples in 2011 that we saw in 2010, equities should benefit from continued growth in corporate profits as the economic recovery becomes increasingly self-sustaining.