
## Fund Facts

**Fund Unit Value:**
March 28, 2013
$11.9318

**Inception Date:**
June 15, 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 Canadian Equity Fund

The investment objective of the Canadian Equity Fund is to achieve attractive risk-adjusted investment returns by investing in a diversified portfolio of 30 - 35 Canadian equities. The Canadian Equity Pool invests primarily in mid capitalization companies and may include selected small and large capitalization companies.

The fee structure for the Canadian Equity Fund is based on an annual management fee of 1%.

## PERFORMANCE

AS AT MARCH 28, 2013

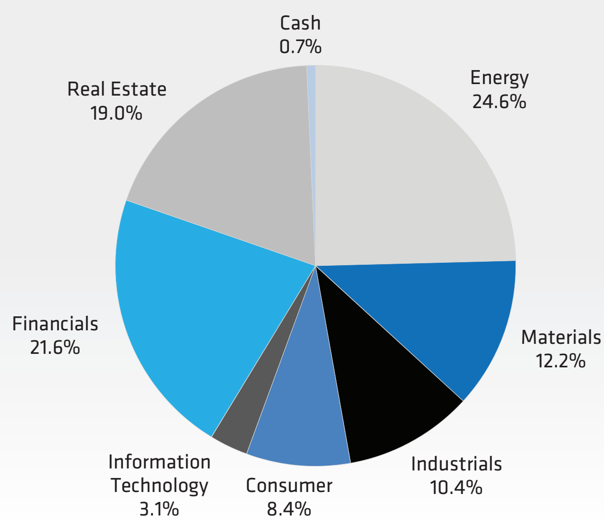
| Total Return for the Period (%)[1] | 3 MO | 1 YR | 2 YR Annualized | Since Inception[3] |
|---|---|---|---|---|
| **Seymour Canadian Equity Fund[2]** | **6.2%** | **11.7%** | **3.2%** | **8.7%** |
| S&P/TSX Composite Total Return Index | 3.3% | 6.1% | -2.1% | 5.4% |

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 NAV performance is shown net of fees and expenses

3 Annualized since inception date of June 15, 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, CFA 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, CFA 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.



# Q1 Commentary: Seymour Canadian Equity Fund

APRIL 09, 2013

Global equity markets performed strongly in the quarter as macro conditions continued to improve, particularly in the United States. The U.S. benchmark S&P 500 Index generated a total return of 10.6% versus 3.3% for the Canadian benchmark S&P/TSX Composite Index. The Seymour Canadian Equity Fund generated a healthy 6.2% return in the quarter, with the gains broadly-based across industry sectors.

A number of the Fund's holdings generated double-digit gains in the quarter. The Fund's investment in CCL Industries Inc. was a leading contributor to its performance, climbing 39.3% in the quarter. CCL is the world's largest converter of pressure sensitive and film material for label applications, selling to large multinational customers in the consumer packaging, healthcare, automotive, and consumer durable segments. Management has an excellent track record of growing the business organically and through acquisition. We believe the company's recent share price performance reflects broader analyst coverage as well as the announcement of a large and very accretive acquisition. In January, the company announced a $500-million all-cash acquisition of two label converting businesses from Avery Dennison, which provides a new platform for growth. Although the stock has climbed 64.9% in the last two quarters, we nevertheless view CCL's valuation as reasonable at 6.5x – 7x 2014E EV/EBITDA. We continue to like the company's organic growth profile and expect CCL may use its underlevered balance sheet to complete accretive tuck-in acquisitions.

The Materials sector was the sole weak spot in the quarter, weighed down by the continued share price declines of mining equities. Industrial and precious metal prices declined as inventories rose, while cost inflation continued to erode profitability. Sentiment toward the mining sector was also negatively impacted by several very large asset writedowns, which drew increased attention to the sector's poor track record of generating adequate returns on invested capital. Although the Fund has modest direct resource exposure, its holdings in mining companies Teck Resources Limited and First Quantum Minerals Ltd. participated in the resource sell-off, while shares of Labrador Iron Ore Royalty Corporation (LIORC) were supported by M&A speculation and unexpected strength in iron ore pricing.

Methanex Corporation, the world's leading producer and marketer of methanol, was an outlier in the Materials sector, climbing 30.7%. Methanol prices remain well-supported by a tight supply-demand outlook, and a growing methanol-to-olefins (MTO) market in China [for energy applications]. Methanex is well-positioned to capitalize on these trends with growing production.

The Energy sector generated strong performance on the back of higher natural gas and Western Canadian Select (WCS) crude oil prices. The Fund's investments in oil & gas producers, oilfield service companies, and pipeline & midstream companies all generated strong returns. Heavy oil differentials (i.e. the discount received by Canadian producers relative to benchmark West Texas Intermediate) narrowed considerably in the quarter from near-record highs but are expected to remain volatile given constraints on pipeline and refinery capacity. Volatility in differentials and ongoing challenges and delays related to the permitting of important pipeline projects such as Keystone XL have caused producers to look for alternative takeaway capacity, which is reflected in growing volumes of crude being transported by rail and barge.

Keyera Corp. is one company that is well-positioned to benefit from market dislocations in the energy patch. Keyera is a leading natural gas and NGL midstream company that is involved in natural gas gathering and processing, natural gas liquids (NGL) processing, transportation, storage, and marketing. Keyera's gas processing facilities remove waste and extract economic components while its NGL infrastructure allows Keyera to process raw NGL mix into saleable products, such as propane, butane and condensate, which it can store or transport by pipeline, rail or truck to customers. Cash flows from these two segments are underpinned by long-term fee-for-service and other supply agreements. The company also markets NGLs, crude oil, iso-octane, sulphur, and other products, and uses its market knowledge and expertise to leverage its well-located asset base and capture incremental margins. The company enjoys a strong track record of organic and acquisitive growth and is well-positioned for expansion opportunities at many of its operations to support the ongoing infrastructure build-out needed to accommodate rising liquids-rich gas production and oil sands growth. In 2013 Keyera announced its largest-ever capital program, which is likely to be exceeded in each of 2014 and 2015. Although we view equity valuations for midstream and pipeline companies like Keyera as relatively full, we will continue to hold the stock for expected growth in its cash flows, which should ultimately be reflected in a higher share price.

We continue to find interesting opportunities for investment and view Canadian equities as attractively valued. According to TD Securities, the S&P/TSX Composite Index is trading at a price-to-earnings multiple of 14.1 times bottom-up consensus earnings estimates for 2013 and 12.5x for 2014. This represents a significant discount to its historical average multiple of 15.1 times forward earnings, and an even wider discount to historical market valuations during periods of low interest rates.