## Fund Facts

**Fund Unit Value:**
March 28, 2013
$18.0284

**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 MARCH 28, 2013

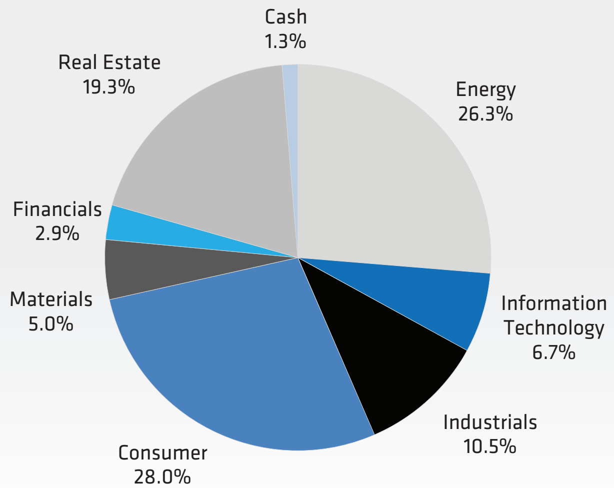
| Total Return for the Period (%)[1] | 3 MO | 1 YR | 2 YR Annualized | Since Inception[3] |
|---|---|---|---|---|
| **Seymour Performance Fund[2]** | **5.1%** | **18.0%** | **12.5%** | **25.3%** |
| S&P/TSX SmallCap Total Return Index | 0.6% | -7.1% | -11.2% | 3.4% |
| S&P/TSX Composite Total Return Index | 3.3% | 6.1% | -2.1% | 6.5% |

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 NAV performance is shown net of fees and expenses

3 Annualized since inception date of June 4, 2010

## EQUITY SECTORS



# 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 Performance Fund

APRIL 09, 2013

The Seymour Performance Fund enjoyed a strong first quarter, climbing 5.1% and outperforming the S&P/TSX SmallCap Total Return Index and the S&P/TSX Composite Total Return Index, which returned 0.6% and 3.3%, respectively. The Fund's gains were 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 Fund holds an investment in Badger Daylighting Inc., which is a leading provider of excavating services (primarily for digging trenches) to the petroleum and utility industries. There are numerous advantages of Badger's process, which include safety, speed, ease of use in constrained areas, and versatility. We believe Badger to be a very well-run company with a focus on continuous improvement. The company designs and manufactures its own truck-mounted hydrovac units, which results in lower capital costs and higher returns on capital. The company has a very strong track record of profitability and has financed its growth through internally generated cash flows. Although Badger's share price climbed 30.9% in the quarter, valuation remains reasonable at 6x – 6.5x 2014E EV/EBITDA, particularly in light of the company's strong growth outlook and historical returns on capital.

The Fund initiated a new position in Brookfield Residential Properties Inc., which has continued to perform well, climbing 30.5% since its inclusion in the Fund. Brookfield Residential is a leading North American residential property developer operating in Canada, California and select regions in the Central and Eastern United States. With roughly one-half of its lot supply in the United States, Brookfield Residential is well-positioned to capitalize on the ongoing recovery in the U.S. housing market, which we believe is still in the early stages. Brookfield Residential is underfollowed by the investment community and has no analyst coverage despite its $2.7-billion market capitalization. Although admittedly difficult to value, we see considerable value in the company's large and well-located land supply and have confidence in Brookfield's ability to capitalize on the housing market recovery.

In our fourth-quarter commentary, we discussed two stocks that negatively impacted the Fund's returns, which have unfortunately continued to underperform. Horizon North Logistics Inc. and Legumex Walker Inc. declined 16.9% and 25.6% respectively in the quarter, prompting us to re-examine our investment theses for these holdings.

As a reminder, Horizon North provides camp and catering services, ground matting services, and marine transportation services to oil and gas exploration and production companies, oilfield service companies, and mining companies working in remote locations. Shares of Horizon North have come under pressure in recent months as Suncor Energy Inc., the company's largest oil sands customer, has reduced its bed count commitment. Suncor's renewed focus on capital discipline has led the company to announce the cancellation of its Voyageur upgrader project while the outlook for its Fort Hills and Joslyn projects remains uncertain. Although we expect Horizon North's profitability will be impacted in the short term, we remain optimistic about Horizon North's longer-term outlook and believe the company is well-positioned for multi-year growth. The stock's valuation is attractive at 4 – 4.5x 2014E EV/EBITDA and we view the current share price weakness as a buying opportunity.

Legumex Walker, which processes pulses and other special crops, has been negatively impacted by weak crop prices and end market demand. Following the recent sell-off, shares are trading at a substantial discount to its tangible book value of $5.82 per share. With limited visibility, the timing of a potential recovery for the company's Specialty Crop division remains uncertain. Our investment thesis remains unchanged: we expect the company's newly-constructed canola crushing facility in Washington State, which is expected to reach full utilization by the end of the second quarter, will eventually lead to a significant improvement in profitability. We think patience is warranted.

Canadian small-capitalization equities remain out of favour as evidenced by the continued fund flows out of Canadian small-/mid-cap funds, as reported by Investment Funds Institute of Canada (IFIC). Valuations remain attractive and we continue to find interesting opportunities for investment. Our greater challenge is finding sell ideas, yet we remain disciplined in limiting the number of holdings in the Fund given our core philosophy of running relatively concentrated portfolios.