Fund Facts

Fund Unit Value:
June 28, 2013
$18.7432

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 JUNE 28, 2013

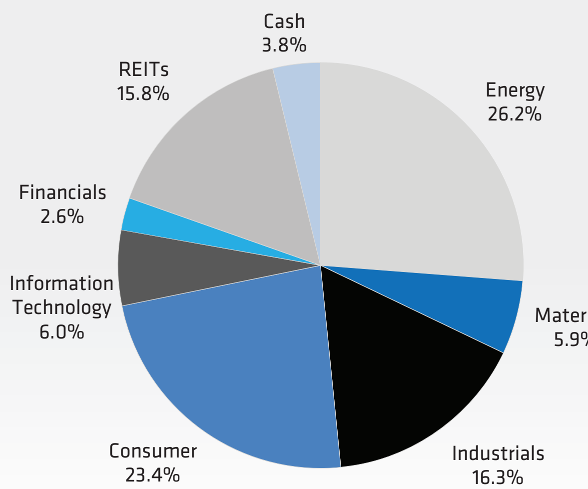
Total Return for the Period (%)[1]	3 MO	YTD	1 YR	3 YR	Since Inception[3]
Seymour Performance Fund[2]	**4.0%**	**9.3%**	**26.3%**	**26.1%**	**24.6%**
S&P/TSX SmallCap Total Return Index	-7.3%	-6.8%	-1.0%	0.9%	0.6%
S&P/TSX Composite Total Return	-4.1%	-0.9%	7.9%	5.4%	4.5%

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



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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.

Q2 Commentary: Seymour Performance Fund

JULY 11, 2013

Global equity markets weakened during the quarter on the back of a sharp rise in bond yields (U.S. and Canadian 10-year +65 bps to 2.52% and +68 bps to 2.44%, respectively) and heightened concerns that the eventual removal of monetary stimulus could cripple already weak economic growth. This was prompted by U.S. Federal Reserve Chairman Ben Bernanke's suggestion that the Fed may soon start to taper its quantitative easing program and could end asset purchases by mid-2014 if warranted by economic conditions (i.e. a drop in the unemployment rate to ~ 7%). In spite of the difficult macro backdrop, the Seymour Performance Fund generated positive returns in the quarter, climbing 4.0% and outperforming the S&P/TSX SmallCap Total Return Index's -7.3% return. The Fund's strong relative returns reflect its modest resource exposure and the strong performance of a number of the Fund's core holdings. Nine of the Fund's top 10 holdings generated positive returns in the quarter.

The Fund's Energy Services holdings were strong contributors to performance, including remote accommodation providers Black Diamond Group Ltd. and Horizon North Logistics Inc. – stocks that we have written extensively about in past commentaries. The Fund's investments in Canadian Energy Services & Technology Corp. and McCoy Corporation also generated noteworthy performance, climbing 31.7% and 22.1%, respectively. Canadian Energy Services (CES) designs and sells customized drilling fluid solutions, an industry in which it has dominant market share in Canada and a growing presence in the United States. CES has a solid strong track record of financial results and free cash flow generation and Management is well aligned through its significant equity ownership. The company's technical expertise positions it for continued market share gains as a shift toward horizontal drilling drives the need for greater volumes and increasingly technical drilling fluids. In March, the company announced a US$240-million, strategic acquisition of U.S.-based JACAM Chemicals Company, which gives CES a solid footprint in the growing U.S. production & specialty chemicals market, and positions the company to become a full-cycle manufacturer and supplier of engineered chemical and consumable products to the oil & gas industry. We believe the company's valuation is well supported by its strong competitive positioning, attractive growth outlook, and solid free cash flow generation.

The Fund's Consumer and Industrial holdings generally performed well, with several holdings generating returns north of 20%. Automotive suppliers performed well on the back of strong U.S. vehicle sales and the Fund's investment in Linamar Corporation rose 21.8%. According to industry data by Ward's Automotive, U.S. seasonally adjusted auto sales rose to 15.9 million light vehicles in June, its highest monthly rate of sales since November 2007. As a leading auto parts supplier, Linamar is well positioned to benefit from the ongoing cyclical recovery in auto sales as well as a number of secular drivers that include the continuing consolidation of the global OEM supply base [which favours larger suppliers with global platforms like Linamar], vehicle light-weighting [to provide fuel efficiency], and the outsourcing trend in Linamar's core area of powertrain and drivelines. The company's auto parts division is in the midst of launching ~$2.5 billion of new business (166 programs) over the next few years, and its Skyjack division [which produces scissor lifts] is enjoying strong growth as U.S. non-residential construction activity recovers.

The Fund's real estate holdings fell modestly in the quarter, yet significantly outperformed the S&P/TSX Capped REIT Total Return Index, which declined 7.1% in the quarter on the back of the rise in bond yields. We have been selective in our real estate holdings for some time given our expectation that rising interest rates will create somewhat of a valuation headwind for the sector in coming years. From a fundamental perspective, REITs continue to perform well as supply/demand remains balanced, financing costs remain historically low, and REITs continue to reduce their interest costs by refinancing maturing debt at lower rates.

The Fund's Technology holdings generated mixed returns, led by the Fund's small investment in IP licensing firm WiLAN Inc. (+17.7%), which signed a material license agreement renewal with Samsung Corporation. In contrast, the Fund's small investment in onboard payment processing solutions provider GuestLogix Inc. performed poorly (-33.1%) after the company announced the end of the strategic process that it had commenced in October 2012 [ending speculation that the company might be sold]. We believe GuestLogix is well positioned for significant growth in coming years after signing several landmark long-term agreements that provide the company with a solid backlog. In our view, the stock looks inexpensive, trading at a fraction of the multiple of its technology peers.

As we have outlined in our quarterly client letter, we continue to be quite optimistic about the long-term outlook for equities. Although we expect rising interest rates will provide a valuation headwind for certain sectors, the broader equity market has historically performed well during most periods of rising interest rates. We continue to find interesting opportunities for investment, particularly in the small capitalization universe.