

Fund Facts

Fund Unit Value:
March 31, 2016
\$15.0394

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.

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 20 - 35 Canadian equities. The Canadian Equity Pool invests primarily in large-capitalization companies and may include selected small- and mid-capitalization companies.

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

PERFORMANCE

AS AT MARCH 31, 2016

Total Return for the Period (%) ¹	QTR	1 YR	3 YR ⁴	5 YR ⁴	Since Inception ³
Seymour Canadian Equity Fund²	5.1%	-1.9%	10.9%	7.8%	9.8%
S&P/TSX Composite TR Index	4.5%	-6.6%	5.0%	2.1%	5.2%

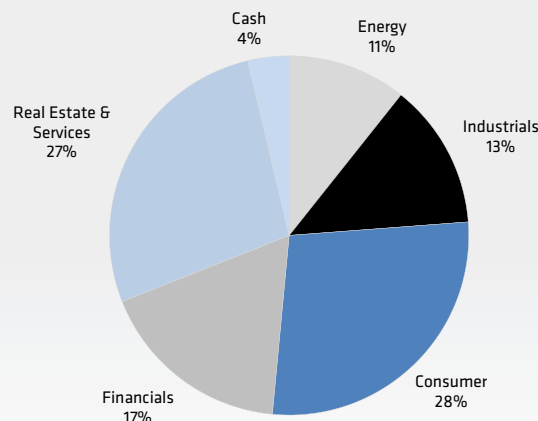
1 The indicated rates of return are the total returns for the period indicated, including changes in security value and the reinvestment of all distributions and do not take into account income taxes payable that would have reduced returns. The funds are not guaranteed; their values change frequently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

4 Returns over one year are annualized

EQUITY SECTORS



CARL HOYT, CFA

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

Kelly Woodall began her career in high net worth private client investment management in 1997. Beginning in 2000, Kelly spent seven years working as a sell-side equity research analyst, providing research coverage of 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 a variety of Canadian equity, equity-income, and small-capitalization mandates.

KYLE HARRISON, CFA

Kyle Harrison began his career in the investment industry in 1992 with investment dealer Marleau, Lemire Securities which focused on small capitalization Canadian equities. Kyle was responsible for institutional sales in New York and subsequently moved to Vancouver to develop the U.S. West coast. In 1996, Kyle joined CIBC World Markets and attained the position of Managing Director with responsibility for institutional equity sales in Western Canada and the United States. In 2013, Kyle obtained the Family Enterprise Advisor™ certification.

ANTHONY WERRY, CFA

Anthony Werry has worked in the investment industry for over 25 years. His career began in 1987 at Pemberton Securities in Vancouver. He then moved to Toronto to work as an analyst with RBC Dominion Securities. In 1993 he moved back to Vancouver with Royal Bank Investment Management as a portfolio manager for high net worth clients. In 1999, Anthony became one of the founders of Cypress Capital Management, where he remained as a managing partner until 2014. In addition to managing money for high net worth clients, Anthony's key roles at Cypress were to provide leadership in equity strategy and managing a high yield fund.

Only accredited investors or investors who satisfy the minimum amount investment as defined by applicable securities legislation may invest in the Seymour Performance Fund. These materials are for information only and do not constitute an offer to sell or a solicitation to buy units of this Fund.

Q1 Commentary: Seymour Canadian Equity Fund

The Seymour Canadian Equity Fund rose 5.1% in the quarter, outperforming the S&P/TSX Composite Total Return Index (TSX)'s 4.5% return. Our readers will recall that although we provide the TSX's returns for context, the composition of the Fund is in fact very different from that of the TSX and we don't expect the Fund's results to track those of the index. By definition, the only way to beat the index after fees is to hold a portfolio that differs from the index.

Our readers will also recall that we tend to hold very few direct resource investments. We believe the highly cyclical nature of commodities lends itself to a 'trading' rather than 'investing' strategy, which is not our discipline. The unpredictable nature of commodity prices (as illustrated by the unexpected, precipitous drop in energy prices in recent years) creates an inherent lack of visibility that makes long-term strategic planning challenging. Not surprisingly, the resource industry has generated a very poor track record of returns on capital deployed. Although we have met some excellent management teams who run companies that own world-class resource deposits, we will always approach resource investments with caution and we'll limit our exposure in order to manage risk.

When commodity prices rally strongly as they did this quarter, we would typically expect to underperform the TSX, which is heavily weighted to resources. Indeed, Energy and Materials accounted for more than 88% of the TSX's overall point contribution this quarter. In contrast, the Fund's non-resource holdings drove the bulk of its gains, while the Fund's relative performance was also helped by its lack of exposure to Valeant Pharmaceuticals International, Inc. – a stock that declined 74.1% in the quarter and erased 270 points of the TSX's gain.

Shares of Home Capital Group Inc. (+30.2% in Q1), a leading provider of Alt-A mortgages, rebounded on the announcement of strong quarterly results and a Substantial Issuer Bid. Home Capital was the fourth most heavily-shortest stock on the TSX prior to the announcement, which created a 'short squeeze' as U.S. hedge funds looked to quickly cover their short positions.

Progressive Waste Solutions Ltd. (+23.9%) and Waste Connections, Inc. announced plans to merge in an all-stock transaction to create the third-largest waste services provider in North America with significant synergies expected. Waste Connections' management team, which will lead the merged company going forward, is very highly regarded within the waste management industry and the company's operating metrics are best-in-class.

Great Canadian Gaming Corp. (+20.3%) completed the acquisition of selected casino assets in Ontario and provided more detailed financial disclosure, prompting analysts to raise earnings estimates. Although Great Canadian faces some headwinds with the B.C. casino

gaming industry under scrutiny, the company's valuation is inexpensive at 6.6 times forward EV/EBITDA given its strong free cash flow generation and the high barriers to entry of the regulated casino gaming industry.

Although volatility is a normal part of equity investing, there are times when rapid shifts in sentiment can lead to heightened volatility, which we saw this quarter. We try to look through the 'noise' created by short-term gyrations in share prices, and focus on the longer-term earnings power of our core holdings, which is ultimately what will drive share price gains over the long term.

We have been long-time shareholders of CCL Industries Inc. (+9.9%) and have watched Management grow the company profitability for many years. During the quarter, the company's share price fluctuated wildly, which we understand was in part attributable to 'fund flows' out of CCL shares into shares of other 'Materials' stocks. We view this short-term volatility as 'noise' and expect that over the long run Management will continue to drive profitable growth.

Core holding CN Rail (+3.5%) is a best-in-class operator with an attractive asset base and a long track record of consistent earnings growth. We view the carriers' networks akin to a pipeline investment that has strategic asset value in that the permitting and significant capital investment to build the railway has already been made, creating almost insurmountable barriers to entry. CN Rail faces limited competition from other railways, and weak competition from trucks, which tend to be much less efficient over longer hauls. As a result, CN enjoys pricing power while its volumes tend to grow with GDP at a minimum, with additional upside from the market share it continues to win from trucks. We remain confident in the company's ability to generate high single-digit earnings growth going forward at a minimum, through a combination of modest pricing and volume gains, some modest operational efficiencies, and share buybacks. A recovery in commodity markets could lend further upside.

Brookfield Asset Management Inc. (+4.9%) and Onex Corporation (-6.7%) are core asset manager holdings that have outstanding track records of value creation for shareholders. Brookfield invests in long-life assets including commercial real estate, power generation and infrastructure while Onex has particular expertise in aerospace, health care and industrial products. Both companies have attractive platforms, exceptional management teams, specific expertise, and long-term track records that allow them to attract third-party capital, thereby leveraging returns. Their business models position them to generate double-digit growth in cash flows on an ongoing basis, which should translate into attractive equity returns over time.