Fund Facts

Fund Unit Value:
March 31, 2016
$22.0649

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.

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) 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 31, 2016

Total Return for the Period (%)[1]	QTR	1 YR	3 YR[4]	5 YR[4]	Since Inception[3]
Seymour Performance Fund[2]	**0.6%**	**-9.6%**	**10.2%**	**11.1%**	**17.2%**
S&P/TSX Smallcap TR Index	8.5%	-5.7%	-0.6%	-5.0%	1.3%
S&P/TSX Composite TR Index	4.5%	-6.6%	5.0%	2.1%	5.7%

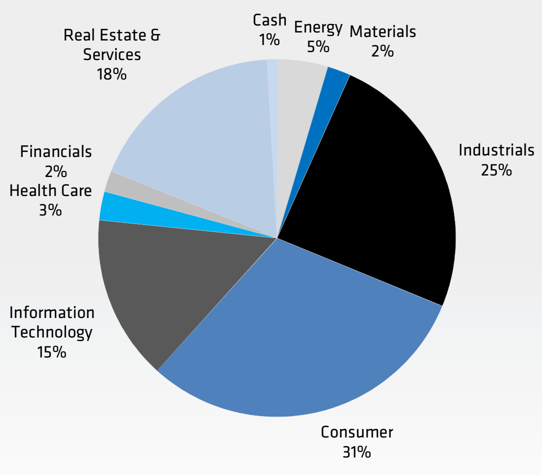
1 The indicated rates of return are the total returns for the period indicated, including changes in security value and the reinvestment of all distributions and do not take into account income taxes payable that would have reduced returns. The funds are not guaranteed; their values change frequently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

4 Returns over one year are annualized

EQUITY SECTORS



Seymour Investment Management

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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.

Q1 Commentary: Seymour Performance Fund

The Seymour Performance Fund generated a return of 0.6% in the quarter, underperforming the S&P/TSX Composite Total Return Index (TSX)'s 4.5% return and the S&P/TSX SmallCap Total Return Index (SmallCap Index)'s 8.5% return. Equity markets started the year on a down note, but rebounded later in the quarter as concerns of a recession faded and market sentiment improved.

Our readers will recall that although we provide the TSX and SmallCap Index's returns for context, the composition of the Fund is in fact very different from that of the benchmark indices. As such, we don't expect the Fund's results to track those of the indices but rather expect (and hope) that our returns will differ -- at times, dramatically so. 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, we would typically expect to underperform the benchmark indices, which are heavily weighted to resource companies, as we did this quarter. According to estimates compiled by the Scotia Global Banking and Markets Portfolio Strategy group, Canadian small-cap resource equites were up 16.6% in the quarter while Canadian non-resource small-cap equities only climbed 0.9%.

The Fund's investment in AutoCanada Inc. (-24.6% in Q1), an Alberta-based consolidator of auto dealerships, was also a drag on the Fund's relative performance in the quarter. We have had the opportunity to meet with representatives from the company's management team on two occasions in recent months. Management is working on aggressively reducing costs given the headwinds the company is facing in Alberta. Although we have some concerns related to the planned retirement of the company's founder in May 2017, the newly appointed CEO appears to be a good hire by all accounts and brings with him significant industry expertise and contacts. Although our entry point into this stock proved to be early, we continue to believe the company is positioned for longer-term growth.

On a positive note, Great Canadian Gaming (+20.3%) completed the acquisition of selected Ontario-based casino assets in January and provided more detailed financial disclosure, which caused analysts to raise earnings estimates. Although Great Canadian faces some headwinds with the B.C. casino gaming industry under scrutiny, we view the stock's valuation as inexpensive at 6.6 times forward EV/EBITDA, particularly given the company's strong free cash flow generation and the high barriers to entry inherent in 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.

We had the opportunity to meet with the Chief Financial Officer of core holding Héroux-Devtek Inc. (+6.5%) in early April, which once again reinforced our conviction in this core holding. Héroux-Devtek is the third-largest global manufacturer of landing gear systems and components, servicing commercial and military aerospace customers. We have been long-time Héroux-Devtek shareholders and have watched Management unlock considerable value over the years by monetizing non-core business units and by growing and reinvesting in its core landing gear business. Over the last 10 years, the company has grown revenues and EBITDA at CAGR of 12% and 26%, respectively. The September 2013 award of the Boeing 777 widebody aircraft and the follow-on Boeing 777X solidified Héroux-Devtek's position as a Tier 1 supplier of complete landing gear systems, and we see the opportunity for additional contract awards, which would add to the company's multi-year growth pipeline. With the 777 contract ready for launch, we expect the company may look to execute on one or more accretive acquisitions using excess balance sheet capacity.