Fund Facts

Fund Unit Value:
March 31, 2017
$13.7797

Inception Date:
December 31, 2013

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 Mid-Cap Equity Fund

The investment objective of the Seymour Mid-Cap Equity Fund is to achieve attractive risk-adjusted investment returns over the long term by investing in a diversified portfolio of 20 - 30 Canadian equities. The Mid-Cap Equity Fund will invest primarily in mid-capitalization companies and may include selected small- and large-capitalization companies.

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

PERFORMANCE

AS AT MARCH 31, 2017

Total Return for the Period (%)[1]	QTR	1YR	3 YR[4]	Since Inception[3]
Seymour Mid-Cap Equity Fund[2]	**2.6%**	**21.8%**	**9.0%**	**11.6%**
S&P/TSX Completion Total Return Index	2.3%	16.9%	2.9%	5.0%

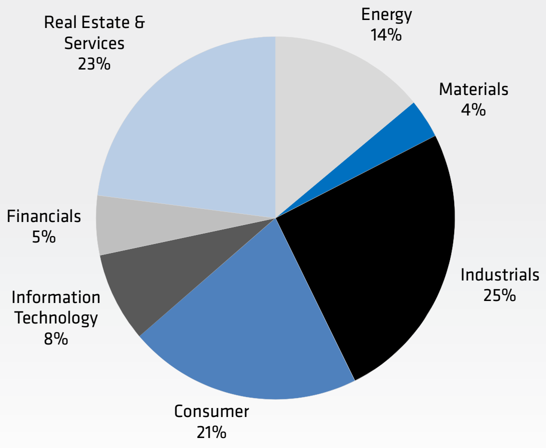
1 The indicated rates of return are the total returns for the period indicated, including changes in security value and the reinvestment of all distributions and do not take into account income taxes payable that would have reduced returns. The funds are not guaranteed; their values change frequently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

2 NAV performance is shown net of fees and expenses

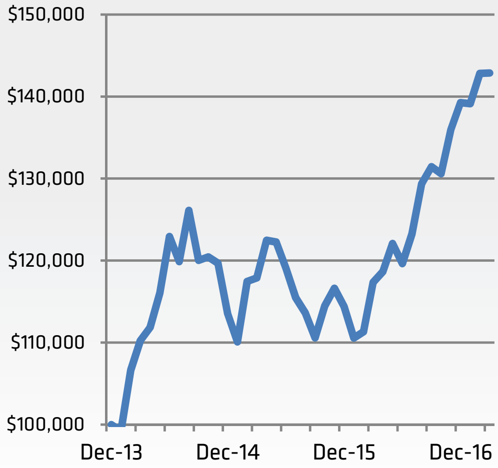
3 Annualized since inception date of December 31, 2013

4 Returns over one year are annualized

EQUITY SECTORS



GROWTH SINCE INCEPTION



Seymour Investment Management

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CARL HOYT, CFA

Carl Hoyt began his career in 1985 in equity research with Pemberton Securities. 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, 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 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 industries. In 2006, Kelly left the sell side and returned to investment management. In recent years, Kelly has managed a variety of Canadian equity, dividend growth, and small-capitalization mandates.

KYLE HARRISON, CFA

Kyle Harrison began his career in 1992 with investment dealer Marleau, Lemire Securities, where Kyle was responsible for institutional sales in New York before moving 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 U.S. In 2013, Kyle obtained the Family Enterprise Advisor™ certification.

ANTHONY WERRY, CFA

Anthony Werry began his career in 1987 at Pemberton Securities in Vancouver, before moving to Toronto to work as an analyst with RBC Dominion Securities. In 1993 he returned to Vancouver with Royal Bank Investment Management as a portfolio manager. In 1999, Anthony became one of the founders of Cypress Capital Management, where he remained as a managing partner until 2014. At Cypress, Anthony managed money for high net worth clients, provided leadership in equity strategy, and managed a high yield fund.

Q1 Commentary: Seymour Mid-Cap Equity Fund

Global equities performed strongly in the quarter on the back of improving global economic conditions. In Canada, where economic growth has been stubbornly sluggish in recent years, we were encouraged to see a widespread improvement in economic data. The Seymour Mid-Cap Equity Fund climbed 2.6%, modestly outperforming the S&P/TSX Completion Index's 2.3% total return.

Six of the Fund's holdings registered double-digit share price gains in the quarter. We were pleased by the strong performance; however, we are invested in these stocks because we believe they are companies that can consistently generate strong performance over the longer term. By way of example, shares of CCL Industries Inc. (+10.2% in Q1), the world's largest converter of pressure sensitive and film material for label applications, have risen by more than four-fold since the inception of the Fund in December 2013, owing to exceptional execution by CCL 's management team. We recently had the opportunity to tour CCL's immaculate, state-of-the-art Healthcare & Specialty label plant in Montreal and sit down with senior management for an update. Our meeting reinforced our view that CCL is well-positioned to continue to grow the business organically and through acquisition using internally-generated cash flows, while maintaining its focus on operational excellence and profitability.

Several of the Fund's holdings experienced share price declines in the quarter, including Secure Energy Services Ltd. (-15.8%). Crude oil prices remained volatile in the quarter and the price of West Texas Intermediate (WTI) dipped below US$50/barrel. We remain selective in our Energy holdings given continued uncertainty in the macro outlook for oil & gas.

Shares of landing-gear manufacturer Héroux-Devtek Inc. (-21.0% in Q1) came under pressure after the company suffered two disappointments. Firstly, end market demand for the Boeing 777 widebody aircraft has been weaker than previously thought, causing Boeing to reduce production guidance. Secondly, Héroux lost a contract with the U.S. Air Force (which it had held since 1970) to a U.S. competitor. Although these setbacks are disappointing, we have confidence in Héroux's management team's ability to continue to grow the business and create significant shareholder value as it has in the past. Over the last 10 years, the company has grown revenues and EBITDA at CAGRs of 12% and 26%, respectively. The September 2013 award of the Boeing 777 and the follow-on Boeing 777x award solidified Héroux's position as a Tier 1 supplier of complete landing gear systems. Héroux's low-cost position and underutilized, brand-new, state-of-the-art facilities position the company for new contract wins, which would add to the company's multi-year growth pipeline. The company is well-capitalized and it is conceivable that Management could execute on one or more accretive acquisitions.

Stella-Jones Inc. shares declined 9.8% after the company released fourth-quarter financial results and provided a cautious near-term outlook, and we opportunistically added to our position on the pullback. Stella-Jones is the leading North American provider of railway ties and utility poles to railroads, telecom providers, and electrical transmission utilities. The company also manufactures other pressure treated wood products including residential lumber, which is an area of growth for the company. Stella-Jones' revenues and margins have come under near-term pressure as the rail industry works through excess rail tie inventories. We recently had the opportunity to meet with the company's CEO for an update, which reinforced our confidence that the longer-term demand drivers for the company's core products remain firmly intact.

During the quarter we exited our position in mortgage lender Home Capital Group Inc., a stock that we have owned as a core holding since the Fund's inception. Prior to 2015, Home Capital generated an impressive long-term track record of growth while maintaining a return-on-equity (ROE) above 20% for 17 consecutive years. More recently, operational challenges and regulatory changes aimed at slowing home price appreciation have caused us to reassess our outlook. We believe it may take 12 – 24 months before we know the impact that regulatory changes already made, and those still to come, will have on home pricing and housing activity. We also suspect Home Capital's operational challenges may persist longer than expected given recent senior management changes.

The current low interest rate environment remains supportive of equities, although we acknowledge heightened political risk has created some uncertainty. Increased fiscal spending in both Canada and the U.S. and the new Trump administration's pro-growth policies should continue to stimulate economic growth. In contrast, rising antitrade sentiment and protectionist policies could mute the positive impact. We will remain selective in our security selection, with a focus on well-managed companies with attractive business models that are reasonably valued and well-positioned to grow their earnings and cash flows on a sustained basis over the long term.