Fund Facts

Fund Unit Value:
March 31, 2017
$28.6362

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 over the long term 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, 2017

Total Return for the Period (%)[1]	QTR	1 YR	3 YR[4]	5 YR[4]	Since Inception[3]
Seymour Performance Fund[2]	**3.4%**	**29.8%**	**7.3%**	**15.4%**	**19.0%**
S&P/TSX Smallcap TR Index	1.5%	29.5%	3.3%	3.4%	5.0%
S&P/TSX Composite TR Index	2.4%	18.6%	5.8%	7.8%	7.5%

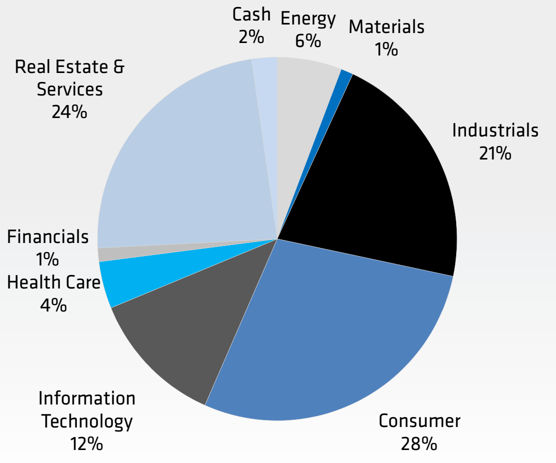
1 The indicated rates of return are the total returns for the period indicated, including changes in security value and the reinvestment of all distributions and do not take into account income taxes payable that would have reduced returns. The funds are not guaranteed; their values change frequently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

2 NAV performance is shown net of fees and expenses

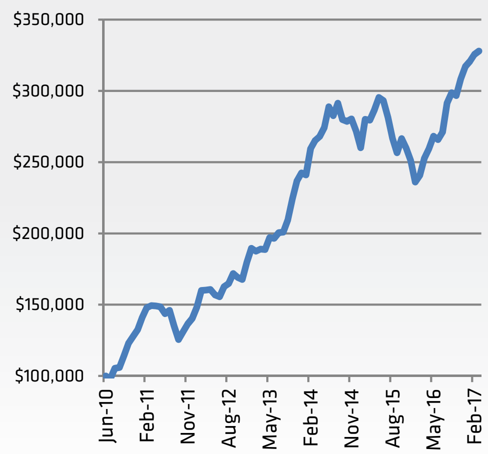
3 Annualized since inception date of June 4, 2010

4 Returns over one year are annualized

EQUITY SECTORS



GROWTH SINCE INCEPTION



Seymour Investment Management

Seymour Investment Management Ltd. | 1285 West Pender Street, Suite 1000 | Vancouver, B.C. V6E 4B1
Main: (604) 659-1722 | info@seymourinvest.ca | www.seymourinvest.ca

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 Performance 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 Performance Fund climbed 3.4%, outperforming the S&P/TSX SmallCap Total Return Index (+1.5%) and the S&P/TSX Composite Total Return Index (+2.4%). Non-resource small-cap equities outperformed their larger cap peers in the quarter; however, Energy was a drag on performance.

A number of the Fund's holdings registered strong share price gains in the quarter, led by self-storage company StorageVault Canada Inc. (+ 54.3%). We have long viewed self-storage as an attractive, niche asset class within the real estate sector. Well-located self-storage assets generate steady recurring revenues from a sticky customer base that is relatively insensitive to price increases, and net operating margins are high because the real estate can be operated with a very low employee count. The self-storage asset class lends itself to a consolidation play because the industry is fragmented and operators with scale can achieve revenue and cost synergies. StorageVault has been a very active acquirer and recently announced its largest acquisition to date – a transformative and very accretive $397-million acquisition of one of the largest self-storage portfolios in Canada. Although the stock's valuation is no longer cheap, we believe the company is very well-positioned to continue to grow its portfolio accretively.

We were pleased by the very strong share price gains registered by a number of the Fund's holdings in the quarter; however, we remain squarely focused on investing in companies that can consistently generate strong performance over the longer term. 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 ten-fold since the inception of the Fund in June 2010, owing to exceptional execution by Management. 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%), which came under pressure when crude oil prices fell. We remain selective in our Energy holdings given continued volatility in oil and gas prices and uncertainty in the macro outlook.

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 ability to continue to grow the business and create significant shareholder value. 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.

Shares of Solium Capital Inc. were down 10.0% on concerns of near-term margin pressure resulting from investments being made to support growth. Solium has an unrivalled software offering that would be difficult to replicate given the complexities inherent in supporting global equity plan management. The company has a leading market position in Canada and is building its international presence with key contract wins such as BHP Billiton in Australia, Adidas in Germany, and Barclays in the UK. In the U.S., which is highly competitive and controlled by large wealth managers, Solium has struggled to win business from large public companies despite its superior software offering. Encouragingly, Solium announced that it will be white-labeling its flagship Shareworks platform to Morgan Stanley, which provides share administration services to ~20% of the global Fortune 100. We recently met with Solium's management team and were encouraged by Solium's progress in hiring software engineers to support the Morgan Stanley partnership. Following the recent pullback, we believe the company's valuation appears attractive given the company's strong leadership position, high recurring revenue base, profitability, and growth opportunities.

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.