

## Fund Facts

### Fund Unit Value:

December 29, 2017  
\$14.8612

### 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 DECEMBER 29, 2017

| Total Return for the Period (%) <sup>1</sup>   | QTR         | 1YR          | 3 YR <sup>4</sup> | Since Inception <sup>3</sup> |
|--|-------------|--------------|-------------------|------------------------------|
| <b>Seymour Mid-Cap Equity Fund<sup>2</sup></b> | <b>5.7%</b> | <b>10.6%</b> | <b>10.7%</b>      | <b>11.4%</b>                 |
| S&P/TSX Completion Total Return Index          | 2.9%        | 7.0%         | 5.1%              | 5.2%                         |

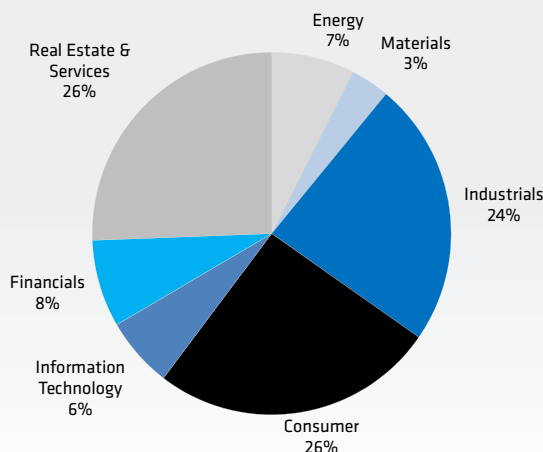
1 The indicated rates of return are the total returns for the period indicated, including changes in security value and the reinvestment of all distributions and do not take into account income taxes payable that would have reduced returns. The funds are not guaranteed; their values change frequently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

2 NAV performance is shown net of fees and expenses

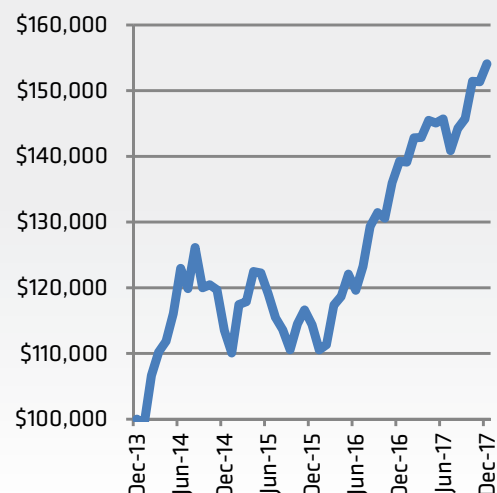
3 Annualized since inception date of December 31, 2013

4 Returns over one year are annualized

## EQUITY SECTORS



## GROWTH SINCE INCEPTION



## 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.

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.

# Q4 Commentary: Seymour Mid-Cap Equity Fund

The Seymour Mid-Cap Equity Fund climbed 5.7% in the fourth quarter and outperformed the S&P/TSX Completion Total Return Index (+2.9%). The strong performance reflects broad-based strength in equity markets, the Fund's lower resource weighting relative to the benchmark indices, and the positive contribution from individual security selection.

Real GDP has accelerated in most countries and the economy is now enjoying a synchronized worldwide recovery. At the end of the year, the U.S. passed the Tax Cuts and Jobs Act (TCJA), which is expected to provide meaningful, near-term, economic stimulus, and further boost economic growth. The permanent reduction in the U.S. corporate tax rate from 35% to 21% effective January 1, 2018 will materially boost U.S. corporate earnings. Although the vast majority of the Fund's holdings are Canadian-domiciled, three-quarters of the Fund's holdings have significant U.S. revenues (i.e. 25%+ of overall revenues) and stand to benefit from U.S. tax reform (at least in the short term). In fact, 11 of the Fund's 26 holdings generate the majority of their revenues in the U.S. including core holdings Héroux-Devtek Inc. (+17.4% in Q4), Altus Group Ltd. (+16.7%), and Tricon Capital Group Inc. (+14.6%).

Self-storage company StorageVault Canada Inc. (+21.1% in Q4) was the Fund's best-performing holding. StorageVault's management team continues to demonstrate its ability to execute accretive acquisitions and subsequently improve acquired companies' revenues and profit margins. The self-storage asset class lends itself to a consolidation play because the industry is fragmented and operators with scale can extract revenue and cost synergies. In August StorageVault completed a transformational \$396.6-million acquisition of Sentinel Storage, its largest acquisition to date. The company has already begun to extract meaningful synergies from the acquisition and StorageVault's Q3 earnings marked the eighth consecutive quarter of double-digit growth in net operating income.

The senior management team of the Brookfield group of companies (which includes Brookfield Asset Management Ltd. and its listed entities) clearly stands out for the depth and breadth of their expertise, as well as the entrepreneurial and performance-oriented culture that the company has cultivated and preserved. In early 2017, we initiated a new position in Brookfield's publicly-traded private equity arm, Brookfield Business Partners L.P. (+17.2% in Q4), which has been an active acquirer since its June 2016 spin-out from BAM. BBU is targeting compound annual returns of 15 - 20% by acquiring high-quality businesses

and applying its global investing and operational expertise to create value. Brookfield has a long track record as a value-oriented buyer and Brookfield's management team has proven itself to be extremely adept at deal structuring and financing.

Cargojet Inc. (+16.6% in Q4), the leading dedicated provider of time sensitive overnight air cargo services in Canada, continues to benefit from strong growth in e-commerce. We continue to view Cargojet as a core, long-term holding due to our confidence in the company's entrepreneurial management team and the company's unrivalled, dominant market position in a steady and growing business. The company's management team continues to aggressively pursue new growth opportunities.

Specialty packaging manufacturer Winpak Ltd. (-8.8%) detracted from returns. Winpak has recently endured modest short-term margin pressure from competitive pricing pressures and higher resin costs. The company's index-linked contracts allow it to pass through higher resin costs, albeit with a lag. We expect Winpak's growth to reaccelerate in 2018 as new capacity expansions come online.

We launched the Mid-Cap Fund four years ago because we saw significant opportunity to add value by investing in companies outside of the S&P/TSX 60. In our view, some of the best investment opportunities in the Canadian equity market may be found in small and mid-capitalization equities. This is the area in which we feel we have significant expertise and a competitive advantage by virtue of our relatively small size. (Small equity boutiques like Seymour have an inherent competitive advantage over larger managers because we have a much broader investable universe). We also believe that small- and mid-cap equities represent the least efficient part of the Canadian equity market and offer the greatest opportunity to uncover undervalued companies and generate higher investment returns. At present, only three of the Fund's 26 holdings are constituents of the S&P/TSX 60 Index. The Fund has a median market cap of \$2.1 bln and a weighted average market cap of \$5.0 bln. This compares to a median market cap of \$16.1 bln and an average market cap of \$28.7 bln for the S&P/TSX 60.

We continue to find attractive investment opportunities in the mid-cap space, 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.