Fund Facts

Fund Unit Value:
June 29, 2018
$15.2373

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 JUNE 29, 2018

Total Return for the Period (%)[1]	QTR	1YR	3 YR[4]	Since Inception[3]
Seymour Mid-Cap Equity Fund[2]	**4.1%**	**8.4%**	**9.9%**	**10.7%**
S&P/TSX Completion Total Return Index	5.8%	7.2%	4.9%	5.0%

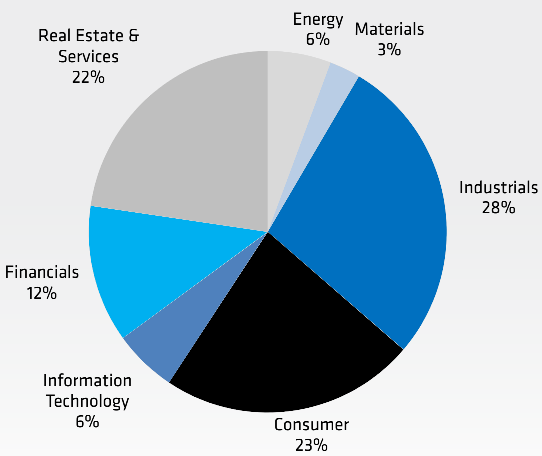
1 The indicated rates of return are the total returns for the period indicated, including changes in security value and the reinvestment of all distributions and do not take into account income taxes payable that would have reduced returns. The funds are not guaranteed; their values change frequently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

2 NAV performance is shown net of fees and expenses

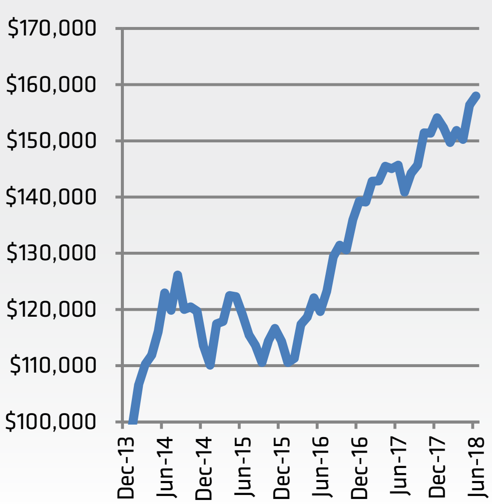
3 Annualized since inception date of December 31, 2013

4 Returns over one year are annualized

EQUITY SECTORS



GROWTH SINCE INCEPTION



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.

Q2 Commentary: Seymour Mid-Cap Equity Fund

North American equities performed strongly in the quarter on the back of continued strength in corporate earnings and positive earnings revisions. The Seymour Mid-Cap Equity Fund was up 4.1% versus 5.8% for the S&P/TSX Completion Index (formerly known as the S&P/TSX MidCap Index), with the underperformance attributable to the Fund's more modest weighting in resource equities.

When commodity prices rally strongly as they have recently, we would typically expect to underperform the more heavily resource-weighted benchmark indices. As a rule, the Fund holds very few resource stocks. This is due to our philosophy that over the long term, superior risk-adjusted returns may be achieved with lower volatility by investing in a concentrated yet diversified portfolio of equities using a buy-and-hold strategy with only moderate commodity exposure. While our primary objective of limiting commodity exposure is to mitigate risk, historical stock returns would suggest that a non-resource strategy can actually achieve higher returns over long time periods.

The Fund holds investments in 28 companies that are diversified across industry sectors. We employ a fundamental, bottom-up approach to individual security selection, which means we look for great companies to buy regardless of their industry sector. Our due diligence includes a detailed analysis of a company's management, business model and competitive positioning. We conduct hundreds of meetings with management teams and equity analysts each year. During the quarter we had an opportunity to meet with senior executives from 10 of the Fund's holdings. We also toured Héroux-Devtek Inc.'s Cambridge, ON landing gear manufacturing facility and attended Onex Corporation's annual investor day in Toronto.

Several of the Fund's holdings registered notable gains in the quarter, including Great Canadian Gaming Corp. (+44.0% in Q2 and +97.1% in 1 year), designer and fashion retailer Aritzia Inc. (+29.4% in Q2), and Badger Daylighting Inc. (+23.4% in Q2), a leading provider of hydrovac excavation services.

We have followed Great Canadian closely since its 2004 initial public offering, and have held it since the Fund's inception. Great Canadian operates 28 regional casinos across B.C., Ontario, Nova Scotia, New Brunswick and Washington State under long-term service agreements with provincial lottery corporations. As a leading player in a regulated and relatively mature industry, Great Canadian generates strong and steady cash flows. In 2012, the Ontario Lottery and Gaming Corporation (OLG) announced plans to modernize land-based gaming in an effort to reinvigorate growth, particularly in underserved markets. Great Canadian (along with partners) has been selected to operate a number of gaming facilities in the Greater Toronto Area and the company is proceeding with the redevelopment of a number of gaming facilities, which is expected to lead to significant growth in profitability.

Two of the Fund's holdings registered notable declines in the quarter -- CES Energy Solutions Corp. was down 23.5% while Real Matters Inc. fell 21.8%. Real Matters is a disruptive technology platform company that provides software solutions and services to mortgage lending and insurance companies for appraisals, title & closing, and insurance inspections. Real Matters is a relatively new position for the Fund that we initiated after the company's shares came under pressure due in part to near-term concerns about the U.S. mortgage market. Our meetings with President and CEO Jason Smith helped build our conviction that Mr. Smith and his team have successfully put in place the people and processes to execute on a sizeable growth opportunity. Although the company faces some near-term headwinds, we remain optimistic about the company's longer-term growth prospects.

As we look forward, there are reasons for caution but also reasons for optimism. Canada's reliance on trade with the U.S. has become a risk factor in the short term amid rising trade tensions. We have been asked what specific measures we are taking in the Fund in response to heightened trade uncertainty. At the risk of sounding complacent, the truth is that we have made very few changes. As portfolio managers, we view our role as two-fold: to achieve attractive investment returns while managing risk, and risk management is an ongoing process at Seymour.

While it might seem intuitive that our short-term macro outlook should drive our investment decisions, in reality it rarely does. We invest with a very long time horizon and focus on finding high-quality companies with strong management teams that have attractive business models and are well-positioned to grow their earnings and cash flows on a sustained basis over the long term. We try to buy these companies at reasonable valuations and notably, valuations have contracted recently because equity returns haven't kept pace with corporate earnings growth. We are confident that over the long term the companies we own will create significant shareholder value, which will ultimately be reflected in equity values.