

Fund Facts

Fund Unit Value:

September 28, 2018
\$33.3863

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.

Only accredited investors or investors who satisfy the minimum amount investment as defined by applicable securities legislation may invest in the Seymour Pooled Funds. These materials are for information only and do not constitute an offer to sell or a solicitation to buy units of this Fund.

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 SEPTEMBER 28, 2018

Total Return for the Period (%) ¹	QTR	1 YR	3 YR ⁴	5 YR ⁴	8 YR ⁴	Since Inception ³
Seymour Performance Fund²	2.1%	9.7%	14.2%	12.8%	16.3%	17.5%
S&P/TSX Smallcap TR Index	-2.8%	0.1%	11.2%	4.2%	2.3%	3.7%
S&P/TSX Composite TR Index	-0.6%	5.9%	9.7%	7.8%	6.4%	7.1%

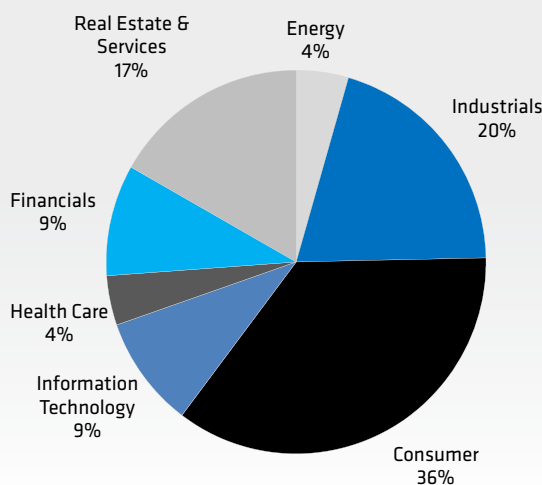
¹ The indicated rates of return are the total returns for the period indicated, including changes in security value and the reinvestment of all distributions and do not take into account income taxes payable that would have reduced returns. The funds are not guaranteed; their values change frequently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

² NAV performance is shown net of fees and expenses

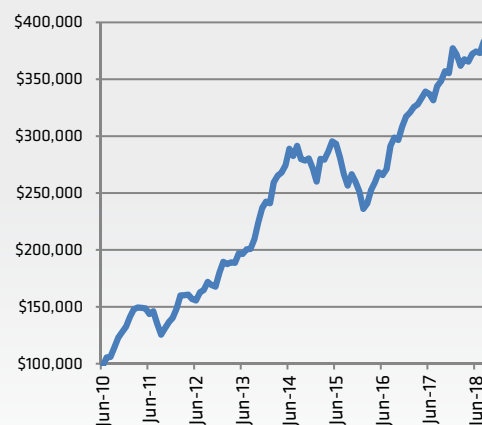
³ Annualized since inception date of June 4, 2010

⁴ Returns over one year are annualized

EQUITY SECTORS



GROWTH SINCE INCEPTION



Q3 Commentary: Seymour Performance Fund

CARL HOYT, CFA

Carl Hoyt began his investment career in sell-side equity research in 1985. In 1998, Carl co-founded Cypress Capital Management where he remained until 2008. At Cypress, Carl acted as Chief Investment Officer and was instrumental in the firm's growth to over \$4 billion in assets under management. Carl founded Seymour in 2010 with a vision of building an employee-owned investment boutique with a strong investment culture and excellent client service.

KELLY WOODALL, CFA

Kelly began her career in investment management in 1997. From 2000 – 2006, Kelly was a sell-side equity research analyst, providing research coverage of a variety of industry sectors and companies. Since 2007, Kelly has been a portfolio manager on various Canadian Equity, Small-Capitalization, and Balanced mandates.

KYLE HARRISON, CFA

Kyle Harrison began his career in 1992 in institutional sales. 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.

DENNIS CHAN, CFA

Dennis Chan began his career in 2005 in equity research with Phillips, Hager & North, covering a variety of industry sectors and companies. Since 2010, Dennis has been a portfolio manager, directly managing \$4B of Canadian Equity assets including Small-Cap, Dividend Income and SRI mandates.

Canadian equity performance was lackluster in the third quarter as trade concerns weighed on sentiment. The Seymour Performance Fund rose 2.1%, outperforming the S&P/TSX Composite Total Return and the S&P/TSX SmallCap Total Return Index, which returned -0.6% and -2.8%, respectively. The outperformance may be attributed to a positive contribution from individual security selection and the Fund's more modest weighting in resource stocks relative to the indices.

Cargojet Inc. (+30.4% in Q3), the leading dedicated provider of time sensitive overnight air cargo services in Canada, was a material contributor to performance. The Fund has held a core position in Cargojet since early 2013. During that time, the company's share price has risen strongly, reflecting very strong earnings growth and to a lesser degree, expansion in the stock's valuation multiple. When we first initiated a position more than five years ago, our investment thesis was that Cargojet was a well-managed company with strong insider ownership and a market-leading position in a steady and growing business with high barriers to entry. The stock was 'flying under the radar' with a market capitalization of only \$80 million, and only one sell-side analyst providing research coverage of the stock. In early 2014, Cargojet was awarded a transformative contract from Purolator that nearly doubled the company's revenues and provided opportunities for fleet optimization, which in turn opened up new growth opportunities. Today, Cargojet is enjoying very strong growth in its core overnight network, reflecting strength in the economy and a growing tailwind from e-commerce. Cargojet's market capitalization has crossed the \$1-billion threshold, and the stock is garnering new interest from sell-side research analysts and a broader shareholder base. Although the stock has re-rated, we continue to view valuation as attractive given strength in the underlying fundamentals, and the company's unrivalled dominant position in a solid, growing business. The company's entrepreneurial management team continues to successfully pursue new avenues for growth.

Shares of Brookfield Business Partners L.P. ('BBU'), Brookfield Asset Management Ltd.'s publicly-traded private equity vehicle, climbed 17.5% in the quarter. Brookfield has a solid, long-term track record as a value-oriented buyer and operator of businesses in a variety of industries and geographies. The company's management team is extremely adept at deal structuring and financing. BBU, which has been an active acquirer since it was spun out in June 2016, is targeting compound annual returns of 15 – 20% by acquiring high-quality businesses and applying Brookfield's global investing and operational expertise to create value.

Resource stocks performed poorly in the quarter and the Fund's two oilfield service holdings – STEP Energy Services Ltd. and CES Energy Solutions Corp. – were a drag on performance. Profitability of Canadian oil producers continues to be constrained by a shortage of pipeline takeaway capacity, and producers are responding by cutting cap ex budgets. Recently, the discount that Canadian producers receive for Western Canadian Select (WCS) crude relative to North American Western Texas Intermediate (WTI) expanded to multi-year highs as refinery outages exasperated the glut of Western Canadian Sedimentary Basin (WCSB) crude oil. While we don't foresee a quick fix to the industry's challenges, particularly given new roadblocks to pipeline construction (i.e. court rejection of the TransMountain Expansion's regulatory approval), we expect egress challenges will ultimately be resolved by new crude-by-rail capacity and eventually, new pipeline construction.

Shares of Real Matters Inc. (-20.2% in Q3), a disruptive technology platform company that provides software solutions and services to mortgage lending and insurance companies for appraisals, title & closing, and insurance inspections, continue to face selling pressure. Although the company faces some near-term macro headwinds for originations, Real Matters is nevertheless attracting new clients and taking market share. We remain optimistic about the company's longer-term growth prospects, and believe Real Matters is well-positioned to execute on a sizeable growth opportunity.

As we look forward, we are encouraged by two key recent developments that should help alleviate some investor angst and hopefully contribute to an increase in business investment. In early October, a tentative, re-negotiated North American trade deal ('United States-Mexico-Canada agreement') was reached, and a positive Final Investment Decision (FID) on the LNG Canada project was announced. These are key announcements that come at a time of uncertainty in the political and regulatory environment (which we think has contributed to the lackluster performance of Canadian equities). Canadian equity returns have lagged earnings growth this year and valuations now appear reasonable or attractive in many cases. The S&P/TSX Composite Index is trading at a forward price-to-earnings multiple of 13 times, below its historical average of 15 times.

As we begin the fourth quarter, we are seeing increased volatility in global equity markets. The catalyst for the recent sell-off appears to be a sharp rise in bond yields, while US-China trade tensions are also weighing on sentiment. We expect further interest rate hikes and the removal of stimulus could cause further volatility in equities, which may provide interesting buying opportunities.