Fund Facts

Fund Unit Value:
December 31, 2018
$26.5464

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 DECEMBER 31, 2018

Total Return for the Period (%)[1]	QTR	1 YR	3 YR[4]	5 YR[4]	8 YR[4]	Since Inception[3]
Seymour Performance Fund[2]	**-15.3%**	**-14.1%**	**8.8%**	**6.0%**	**11.8%**	**14.7%**
S&P/TSX Smallcap TR Index	-14.4%	-18.2%	5.2%	-0.3%	-1.8%	1.7%
S&P/TSX Composite TR Index	-10.1%	-8.9%	6.4%	4.1%	3.8%	5.6%

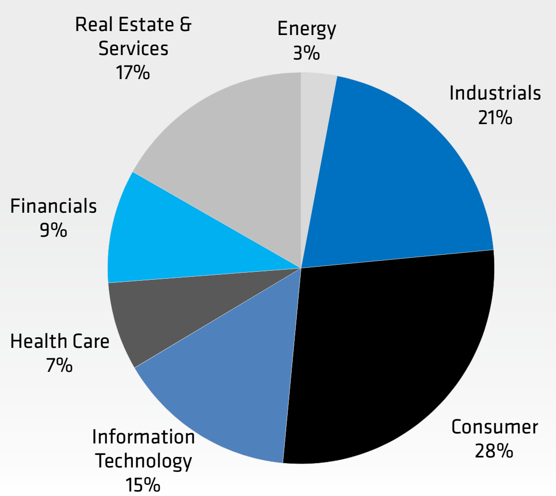
1 The indicated rates of return are the total returns for the period indicated, including changes in security value and the reinvestment of all distributions and do not take into account income taxes payable that would have reduced returns. The funds are not guaranteed; their values change frequently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

2 NAV performance is shown net of fees and expenses

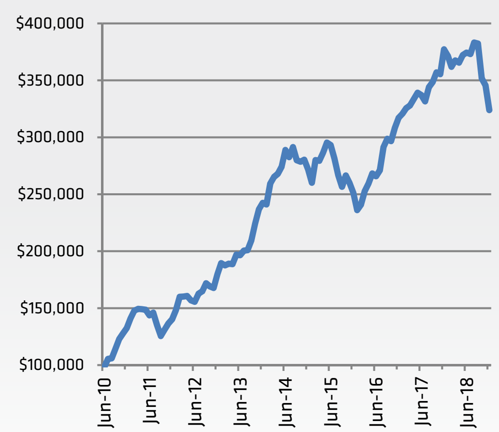
3 Annualized since inception date of June 4, 2010

4 Returns over one year are annualized

EQUITY SECTORS



GROWTH SINCE INCEPTION



Seymour Investment Management
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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 AdvisorTM 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.

Q4 Commentary: Seymour Performance Fund

Global equities came under heavy selling pressure in the quarter on concerns that tighter financial conditions and trade tensions are negatively impacting global growth. The sell-off was broadly based, with cyclicals, growth stocks and smaller-cap equities leading the decline. The Seymour Performance Fund fell 15.3% in the quarter, compared to -14.4% for the S&P/TSX Small-Cap Total Return Index and -10.1% for the larger-cap S&P/TSX Composite Total Return Index ('TSX'). For the full year 2018 the Fund fell 14.1%, which compares to -18.2% for the Small-Cap Index and -8.9% for the TSX. This marked the worst annual performance for equities since 2008.

The vast majority of the Fund's holdings experienced double-digit share price declines in the quarter and <u>we believe this rather sharp sell-off has presented an attractive entry point for long-term investors</u>. The near-term market outlook is (as always) uncertain, and market sentiment will continue to be impacted by macro factors with unpredictable outcomes and risks related to trade, monetary and fiscal policies. To be clear, this is not an attempt to time the market. <u>Our constructive longer-term outlook is firmly rooted in our belief that 1) over longer time horizons, equity returns will continue to be driven by corporate earnings growth; and 2) a sharp contraction in valuation multiples has improved the outlook for equity returns over the medium term</u>.

We have made some new additions to the Fund and will continue to look for attractive buying opportunities amid market volatility. We have sold shares of specialty packaging manufacturer Winpak Ltd. and used the proceeds to initiate positions in two small-cap holdings that we believe offer greater upside over a multi-year time horizon – specialty pharma company HLS Therapeutics Inc. and software provider Sylogist Ltd. (We continue to hold an investment in Winpak -- a well-managed, relatively defensive, high-ROIC business -- in the Seymour Mid-Cap Equity Fund).

HLS Therapeutics is a specialty pharma company with a repeatable value creation strategy of finding and partnering with drug companies on niche drugs and launching them in Canada or North America, where they may be too small to be meaningful to their global partner. We have been impressed in recent meetings by the company's management team, who have extensive backgrounds in the pharma industry and previously successfully executed a difficult turnaround of Biovail Corporation. HLS continues to build a diversified portfolio of 1) existing drugs in market, which provide stable cash flow and funding for future deals and 2) drugs in later stages of development, where there is potential for higher growth. A recent positive development is the successful trials of Vascepa -- a drug that has shown efficacy with patients with high triglycerides, which is associated with heart disease. While still early, this has potential to be a blockbuster drug for Vascepa owner Amarin Corporation and to HLS, who is their Canadian distribution partner.

Sylogist is a well-managed software company that provides Enterprise Resource Planning (ERP) solutions to the North American public sector (local government, not-for-profit, education boards), a defensive industry with very little churn in its customer base. We were first introduced to Sylogist in 2013 and recently met with Management for an update. Sylogist's executive team has demonstrated its ability to allocate capital in a disciplined and prudent manner, as evidenced by the company's solid track record of financial results. Sylogist generates solid organic growth on an ongoing basis by adding new functionality and products and through continuous improvement, and the company is pursuing several near-term opportunities that could materially augment growth. Sylogist is very well-capitalized and we expect Management to continue to look for accretive acquisitions.

While global growth is expected to moderate, broadly-speaking, the macro backdrop remains favourable for corporate earnings growth (outside of the oil patch, which continues to face challenges related to a shortage of takeaway capacity). Although interest rates have moved higher, they remain historically low and are still stimulative to the economy. The combination of corporate earnings growth and the recent stock market correction has resulted in a contraction in valuation multiples to multi-year lows. <u>In our view, the current opportunity set is more enticing than we have experienced in quite some time.</u>