Fund Facts

Fund Unit Value:
March 31, 2019
$30.6878

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, 2019

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]	**15.6%**	**1.9%**	**14.0%**	**7.1%**	**12.2%**	**16.1%**
S&P/TSX Smallcap TR Index	10.7%	-1.8%	5.9%	0.2%	-1.0%	2.8%
S&P/TSX Composite TR Index	13.3%	8.1%	9.3%	5.4%	4.7%	6.9%

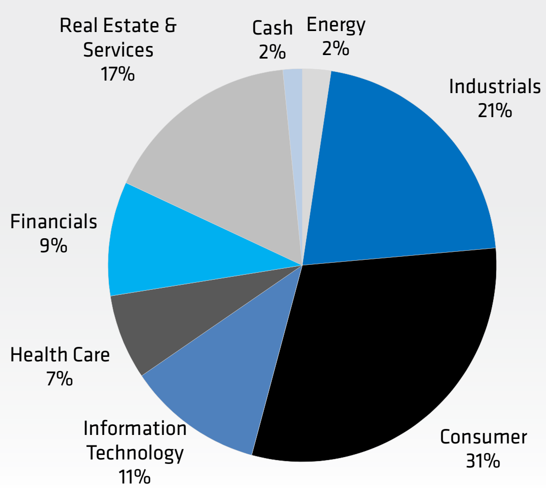
1 The indicated rates of return are the total returns for the period indicated, including changes in security value and the reinvestment of all distributions and do not take into account income taxes payable that would have reduced returns. The funds are not guaranteed; their values change frequently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

2 NAV performance is shown net of fees and expenses

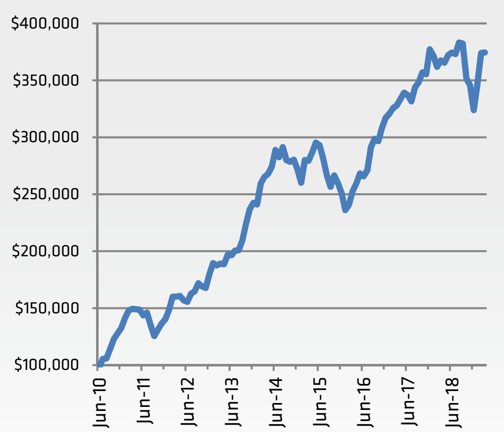
3 Annualized since inception date of June 4, 2010

4 Returns over one year are annualized

EQUITY SECTORS



GROWTH SINCE INCEPTION



Seymour Investment Management

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Q1 Commentary: Seymour Performance Fund

After a tumultuous fourth quarter, global equities rebounded sharply in the first quarter. As global growth has moderated, inflation and interest rate expectations have been re-set lower and 'lower for longer' interest rates have supported a rally in equities. The Seymour Performance Fund climbed 15.6% in the quarter, outperforming the S&P/TSX SmallCap Total Return Index and the S&P/TSX Composite TR Index, which were up 10.7% and 13.3%, respectively.

The Fund's performance benefitted from an all-cash takeover bid for Solium Capital Inc. (+61.8% in Q1) by Morgan Stanley. Morgan Stanley announced a definitive agreement to acquire Solium, a global software provider specializing in web-based equity benefits plan administration, for $19.15/share, a 43% premium to the stock's previous day closing price.

Shares of Real Matters Inc., a disruptive technology platform company that provides software solutions and services to mortgage lending and insurance companies for appraisals, title & closing, and insurance inspections, rebounded 63.9% in Q1 after struggling to gain traction throughout 2018. Although the company has faced macro headwinds for mortgage 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.

After selling off sharply in the fourth quarter, shares of small-cap brewer Brick Brewing Co. Ltd. rebounded 42.5% in Q1. (Brick's shares are tightly held and relatively illiquid given that management and insiders hold 44.9% of outstanding shares). Brick Brewing is Ontario's second-largest independent brewer, producing a variety of premium and value-priced beers and ready-to-drink alcoholic beverages. Over the last decade, Brick's entrepreneurial management team has successfully executed a turnaround of the company by reducing costs; stream-lining operations; pursuing various brand-enhancing initiatives; introducing new products; executing new co-pack and licensing agreements; and expanding distribution. In January, we had the opportunity to meet with Management for an update, which reinforced our conviction in the company's outlook. Having recently consolidated production in a single, state-of-the-art facility, Brick is well-positioned for profitable growth as it fills current production capacity and pursues higher-margin infused cannabis beverage production opportunities.

Shares of Brookfield Business Partners L.P. ('BBU'), Brookfield Asset Management Ltd.'s publicly-traded private equity vehicle, climbed 27.3% 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 and its 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.

Badger Daylighting Ltd. has been a strong contributor to the Fund's returns (+26.0% in Q1 and +57.6% for the one-year period ending March 31). Badger provides non-destructive excavation services across North America with a fleet of >1,000 trucks. Using water jets and suction, hydro-excavating is a safer alternative to digging by hand or powered tools, especially with critical infrastructure such as gas pipelines underground. Over the past several years, Badger has attracted the unwarranted attention of short sellers, who made unfair aspersions as to the financial health and quality of the company. To Badger's credit, the Board and Management did a thorough investigation of the allegations, strengthened processes and the management team, and improved shareholder communication and disclosure. Badger continues to execute and grow in the U.S., which remains a significantly untapped market for the company.

Landing gear and parts manufacturer Héroux-Devtek Inc. (+22.8% in Q1) reported very strong fourth-quarter results. Héroux continues to be awarded new, sizeable programs, which is a testament to its capabilities, and is well-positioned to leverage its excess capacity and drive longer-term growth.

We recently initiated a new position in Blackline Safety Corp. (+19.9% from our entry point). Blackline has developed a portable hazardous gas detector which is innovative to the industry through its modular design and connected capabilities. At similar costs to existing solutions, Blackline has a superior value proposition to clients as potential gas leaks or other events such as a worker falling down are immediately reported to all nearby users and headquarters, enabling organizations to respond quicker to potential situations and avoid fatalities. Blackline is led by an experienced team who successfully disrupted the same gas detection market over 20 years ago with their predecessor company, BlackWatch, and was ultimately acquired by Honeywell. While Blackline is still in its early stages of growth, continued development of leading products and increasing order momentum make us optimistic the Blackline team can be successful again.

While global growth has moderated, broadly-speaking, the macro backdrop remains favourable for corporate earnings growth, supported by historically low interest rates. Valuations remain reasonable and we continue to find attractive investment opportunities, particularly in the small- and mid-cap space.

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.