Fund Facts

Fund Unit Value:
December 31, 2019
$34.4395

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 DECEMBER 31, 2019

Total Return for the Period (%)[1]	QTR	1 YR	3 YR[4]	5 YR[4]	Since Inception[3]
Seymour Performance Fund[2]	**9.2%**	**32.0%**	**10.5%**	**9.5%**	**16.4%**
S&P/TSX Smallcap TR Index	6.2%	15.8%	-0.9%	3.2%	3.1%
S&P/TSX Composite TR Index	3.2%	22.9%	6.9%	6.3%	7.3%

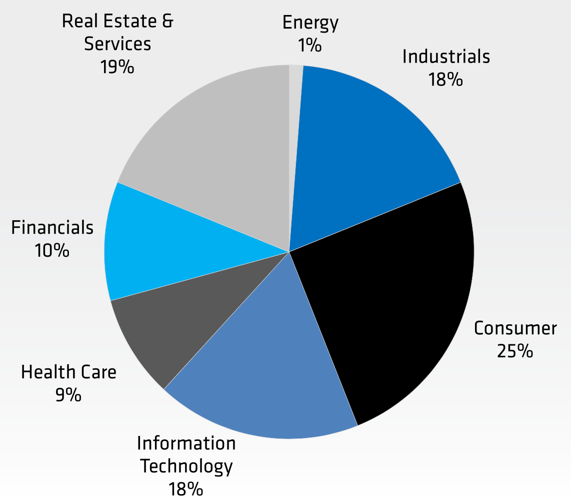
1 The indicated rates of return are the total returns for the period indicated, including changes in security value and the reinvestment of all distributions and do not take into account income taxes payable that would have reduced returns. The funds are not guaranteed; their values change frequently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

INDUSTRY SECTOR BREAKDOWN



GROWTH SINCE INCEPTION[3]

Seymour Investment Management

Seymour Investment Management Ltd. | 1285 West Pender Street, Suite 900 | Vancouver, B.C. V6E 4B1
Main: (604) 659-1722 | info@seymourinvest.ca | www.seymourinvest.ca

Q4 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 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.

Global equities performed strongly in the fourth quarter, capping the strongest year in a decade. The Seymour Performance Fund climbed 9.2%, outperforming the benchmark S&P/TSX SmallCap Total Return Index and the S&P/TSX Composite TR Index, which rose 6.2% and 3.2%, respectively.

Specialty pharma company HLS Therapeutics, Inc. was the Fund's best-performing holding in the quarter, climbing 70.0% as one of its key drugs, Vascepa, was approved by Health Canada. Vascepa is a new type of cardiovascular drug that reduces the risk of heart attack and stroke beyond that of existing therapies (statins). While there will be a period of investment during 2020 in sales and education, HLS believes the peak revenue potential for Vascepa is $250-300M per year, a potential four-fold increase of HLS's existing revenue. We continue to be positive on the outlook for Vascepa and HLS's ability to add value with global partners to launch niche drugs in Canada.

AutoCanada Inc. (+55.1% in Q4) operates 50 auto dealerships across 27 OEM brands in Canada and the US. The underlying business of a car dealer is a good one; while new car sales will be variable through economic cycles, the majority of the cash flow comes from steady parts & service work. AutoCanada has had a checkered past, when previous management was aggressively focused on acquiring assets, often overpaying and amassing too much debt, and allowing operations to degrade. Following a period of significant underperformance, management throughout the company has been replaced. We believe that AutoCanada is now run by strong operators, who are driving significant improvement in operating results and the balance sheet. New profitability initiatives are in their early stages and we foresee continued improvement in results.

Interest-rate sensitive equities, including real estate stocks, came under modest pressure in the fourth quarter as longer-term bond yields rebounded slightly. Two of the Fund's real estate holdings nevertheless continued to perform strongly, namely Mainstreet Equity Corp. (+24.2% in Q4), an owner/operator of mid-market, rental apartment buildings, and StorageVault Canada Inc. (+11.4% in Q4), the largest owner/operator of self-storage real estate in Canada. Unlike traditional REITs that distribute free cash flow to unitholders, Mainstreet ('MEQ') and StorageVault ('SVI') are structured as operating companies that reinvest internally generated cash flow to grow their asset bases. The self storage and mid-market apartment property types lend themselves to consolidation plays because ownership tends to be fragmented, and well-managed operators with scale can extract revenue and cost synergies. Both companies are led by entrepreneurial CEOs with strong ownership positions. We had the opportunity to meet with both Bob Dhillon of MEQ and Steven Scott of SVI for updates during the quarter, and came away increasingly convinced that both companies are very well positioned to continue to create tremendous shareholder value through a focus on operations and with accretive acquisitions and redevelopment.

Several holdings weighed on performance during the quarter, including Badger Daylighting Ltd. (-13.6% in Q4), the largest North American provider of non-destructive excavation services. Badger reported disappointing third-quarter results, which were impacted by what we view as transitory issues, including: 1) wet weather which impacted Badger's ability to work and thus impacted revenue/margins, and 2) implementation of a new Enterprise Resource Planning (ERP) system, which has gone over budget. We recently met with Badger's new CFO, Darren Yaworsky, and came away impressed and with increased confidence that the ERP implementation is now on track. The new ERP system will provide significant new opportunity for Badger to better manage its business, leading to higher growth and profitability longer term.

Shares of Altus Group Ltd. (-5.0% in Q4 and +60.4% in 2019), a leading independent provider of real estate consulting services, real estate software applications and data solutions, also pulled back in the fourth quarter. We had the opportunity to meet with management and also attended Altus' inaugural investor day in Toronto, which featured presentations from senior executives from Canada, the U.S., and the UK, and highlighted the depth of the company's management team. The investor day largely focused on growth opportunities in the company's Altus Analytics and Property Tax businesses, which we believe are immense. We believe management has multiple levers to grow the company organically including global expansion and new addressable markets, and we expect organic growth will be supplemented by acquisitions.

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.