Fund Facts

Fund Unit Value:
March 31, 2020
$15.3604

Inception Date:
June 15, 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 Canadian Equity Fund

The investment objective of the Canadian 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 Canadian Equity Pool invests primarily in large-capitalization companies and may include selected small- and mid-capitalization companies.

The fee structure for the Canadian Equity Fund is based on an annual management fee of 1% of the net asset value.

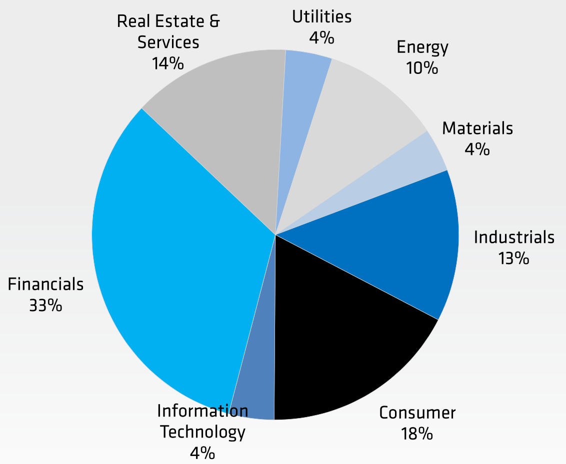
PERFORMANCE

AS AT MARCH 31, 2020

Total Return for the Period (%)[1]	QTR	1 YR	3 YR[4]	5 YR[4]	Since Inception[3]
Seymour Canadian Equity Fund[2]	**-25.2%**	**-18.4%**	**-4.6%**	**0.4%**	**6.1%**
S&P/TSX Composite TR Index	-20.9%	-14.2%	-1.9%	0.9%	4.2%

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 15, 2010
4 Returns over one year are annualized

INDUSTRY SECTOR BREAKDOWN



GROWTH SINCE INCEPTION[3]

Seymour Investment Management

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Q1 Commentary: Seymour Canadian Equity Fund

Global equities fell sharply in the quarter as economic activity declined amid COVID-19 lockdowns, prompting recessionary concerns. The Seymour Canadian Equity Fund fell 25.2% in Q1 versus -20.9% for the S&P/TSX Composite Total Return Index.

With massive swathes of the economy effectively shut down, governments and central banks are acting quickly and decisively to maintain the stability of the financial system and stave off mass bankruptcies with sizeable aid packages, interest rate cuts, and asset purchases. Generous government support is necessary to avoid a deeper and more prolonged economic downturn, but comes at a cost. Deficit spending will lead to higher government debt levels, albeit supported by historically low interest rates and funding costs.

In times of economic and market turmoil, our primary focus is ensuring the companies in our portfolio have sufficient cash reserves, balance sheet capacity, and liquidity to survive the downturn. We have stress-tested the business models and balance sheets for our holdings, and although we expect revenue and earnings declines in the short term, we are confident in the sustainability of the companies in our portfolio, even if the downturn is more protracted than we might hope.

Our investment approach is to buy high-quality, well-managed companies with attractive business models and solid balance sheets that we can own throughout the entire business cycle. CN Rail is an example of a blue-chip company that we own as a core long-term holding. While we expect declines in freight volumes across a variety of industries, CN's pedigree in flexing their organization's cost structure and capital spending has been tested many times before. CN is well-capitalized and we are confident CN will make it through this turbulent time and resume their historical double-digit earnings growth rate.

We also own the Canadian Banks including Royal Bank (-15.2% in Q1), TD Bank (-17.8%), and Bank of Nova Scotia (-21.6%) as long-term core holdings. The Banks are working closely with government to provide financial support to households and businesses including mortgage and loan deferrals. In contrast to 2008, the Banks are well-positioned to act as shock absorbers during this downturn and help ensure the functioning of the economy when quarantine-like restrictions are ultimately lifted.

OSFI, the federal government agency that oversees the Banks, has eased capital requirements for the Banks, providing funding relief and operating flexibility to encourage the Banks to continue to lend. Although we expect Bank earnings will come under pressure in the short term, we are confident the Banks will ultimately recover and resume earnings growth.

As buy-and-hold investors with a long time horizon, we tend to have very little turnover in our investment portfolios by design. In recent months, however, we have increased our trading activity to take advantage of market dislocations, by trimming positions that have outperformed including CN Rail (-6.3% in Q1), Waste Connections Inc. (-7.4%), FirstService Corp. (-10.2%), and Altus Group Ltd. (-3.8%) and adding to stocks that have sold off disproportionately and which we believe offer exceptional value and solid, long-term returns including Spin Master Corp. (-65.8%) and Keyera Corp. (-61.6%).

We recently initiated a new position in Intact Financial Corp., the largest Property & Casualty Insurer in Canada with 15% market share. Managed by a very strong and disciplined executive team, Intact has led the Canadian industry in profitability, using its scale to be more efficient and selective in underwriting. Intact and other insurers hold fixed income & equity investments to earn a return on insurance premiums they receive, and as such will experience some losses given recent market volatility. We expect these impacts to be modest and do not expect any impairment in the company's long-term earnings power. We have long been admirers of Intact, and the recent correction allows us to buy an excellent business at a reasonable price. Intact has a history of growing via accretive acquisitions, more recently expanding to the US Specialty Insurance market, a more profitable segment of the business with a long runway of potential expansion opportunities. We think the current environment coupled with a strong balance sheet may lead to more consolidation opportunities.

In addition to stress-testing our portfolio, we are positioning the Fund for an eventual recovery. Equity markets will anticipate a recovery before the economy turns. We are diligently working to identify and capitalize on once-in-a-decade buying opportunities that offer the potential for excess returns, which we are seeing in stocks across a wide variety of industry sectors.

CARL HOYT, CFA

Carl began his investment career in sell-side equity research in 1985. In 1998, Carl co-founded Cypress Capital Management where he remained until 2008. 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 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 began his career in 1987 at Pemberton Securities in Vancouver and held various positions there as well as at RBC Dominion Securities and Royal Bank Investment Management. 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.

SAMANTHA TENNANT, CFA, CPA, CA

Samantha began her career as part of the Assurance practice at PwC as a member of the Financial Services team. She joined the Seymour team in 2017 bringing an accounting and financial background to help clients meet their long-term financial goals.