Fund Facts

Fund Unit Value:
June 30, 2020
$32.5135

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%.

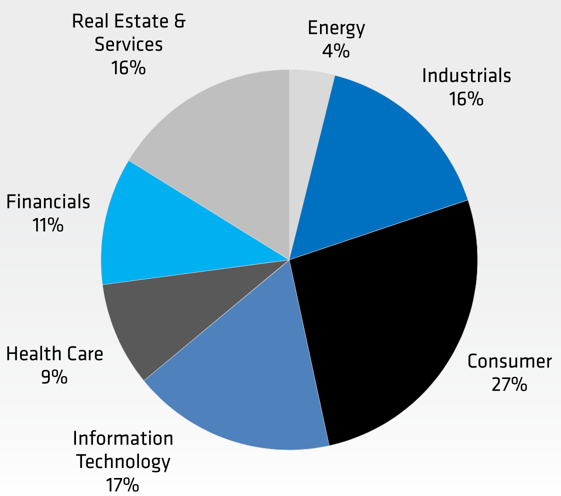
PERFORMANCE

AS AT JUNE 30, 2020

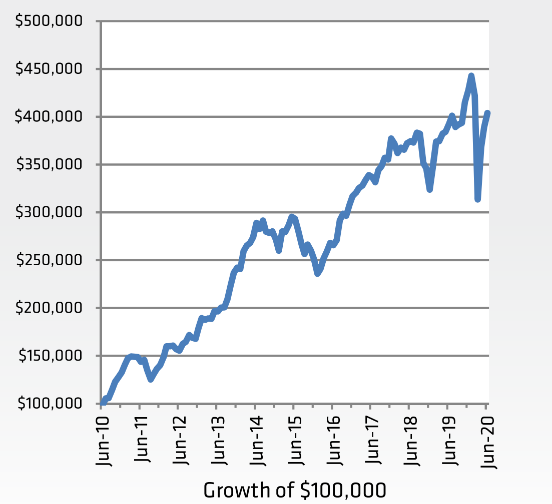
Total Return for the Period (%)[1]	QTR	1 YR	3 YR[4]	5 YR[4]	10 YR[4]	Since Inception[3]
Seymour Performance Fund[2]	**28.8%**	**2.8%**	**6.2%**	**6.6%**	**15.2%**	**14.9%**
S&P/TSX Smallcap TR Index	38.5%	-10.1%	-4.5%	-0.2%	1.5%	1.4%
S&P/TSX Composite TR Index	17.0%	-2.2%	3.9%	4.5%	6.3%	6.1%

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

INDUSTRY SECTOR BREAKDOWN



GROWTH SINCE INCEPTION[3]



Seymour Investment Management

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Q2 Commentary: Seymour Performance Fund

Equity markets rebounded strongly and the Seymour Performance Fund climbed 28.8%, compared to total returns of 17.0% and 38.5% for the S&P/TSX Composite Index ('TSX') and the S&P/TSX SmallCap Index. Small-cap resource stocks climbed 59.6%, which benefitted the SmallCap Index given its heavy resource weighting, while non-resource small-cap equities rose 25.6%. Year-to-date, the Fund has returned -5.6% versus -7.5% for the TSX and -14.3% for the SmallCap Index.

Technology stocks continued to lead the market's gains in the quarter, pushing lofty valuations to new highs as investors continued to demonstrate a willingness to pay a premium for the attractive combination of resiliency and growth. Additionally, a number of technology companies are poised to emerge from the pandemic as 'winners' that benefit from such trends as work-from-home, teleconferencing, supply chain software, and e-commerce. The Fund's technology and technology-enabled holdings performed strongly, led by 1) Real Matters Inc. (+89.1% in Q2), which provides property appraisal, insurance inspection, title search, and mortgage closing services using a proprietary and innovative network management platform, and 2) supply chain software provider Kinaxis Inc. (+78.2% in Q2). We remain optimistic about the near- and longer-term growth outlooks for both companies, but have elected to trim our holdings as these stocks have become larger weights in the portfolio, and have opportunistically redeployed the proceeds to other positions.

Cargojet Inc. (+58.2% in Q2), the leading dedicated provider of time sensitive overnight air cargo services in Canada, is enjoying very strong growth. The company is benefitting from increasing penetration of e-commerce, a trend that has accelerated during the pandemic.

During the quarter, we opportunistically added to our position in AutoCanada Inc. (+100.0% in Q2), which owns automobile dealerships in Canada and Illinois. The company's new management team is executing a turnaround of the company, and driving significant improvement in operating results and the balance sheet. While COVID-19 severely impacted the company's operations due to mandated closures, the management team has executed extremely well, quickly implementing online customer sales/service, reducing debt, and continuing to outperform industry sales as stores re-opened. While the impact of COVID-19 on auto demand is mixed – work-from-home and higher unemployment are negatives, while desirability of owned cars vs. car sharing / transit is positive, we see AutoCanada on solid footing in a multi-year transformation to a more profitable consolidation platform.

We recently added Trisura Group Ltd. (+49.5%), a specialty North American insurer to the portfolio. Trisura focuses on niche specialty insurance, including areas of warranties, surety bonds, and director & executive liability. The majority of Trisura's growth has been through its nascent US operations, which are run by an experienced team who helped build a similar company, State National, which was ultimately acquired for a significant premium. We believe the US operations have significant runway for both revenue and margin expansion as the business continues to scale. Trisura has historically had strong support from Brookfield, having been spun out of Brookfield Asset Management Inc. in 2017, and ~18% of Trisura shares are still held by senior managers of Brookfield through a subsidiary company.

We initiated a position in Knight Therapeutics Inc. (-8.8% from our entry), a specialty pharma licensor in Canada & Latin America. Knight licenses drugs in Canada or other markets that are generally too small for large pharma companies. Over time, and leveraging an existing sales/marketing infrastructure, a portfolio of these small drugs can become a meaningful and attractive cash flow stream. Knight's management team followed the same strategy at Paladin Labs, which they grew very successfully over 20+ years before it was ultimately acquired. Recently, Knight acquired Biotoscana, a company similar to Knight but with geographic focus on the higher growing regions of Latin America. Combined with >$400M in cash & a broader footprint, we believe Knight now has a more compelling platform for Pharma to partner with, which should accelerate potential licensing deals.

We recently added a position in Alithya Group Inc. (-8.1% in Q2), a NA based IT services provider. Alithya was founded by former senior leaders of CGI Group Inc., a company with a strong track record of consolidation and value creation in the IT services chain. With a similar philosophy, Alithya management is setting out to recreate CGI through small tuck-in acquisitions and a focus on higher value/margin services. Alithya is well positioned to benefit from an expected increase in spending on digital transformation of legacy systems to save costs and enable new functionality demanded by employees/customers. Alithya founders/management are well aligned with investors, holding ~30% of the company's shares.

During periods of dislocation in capital markets, opportunities arise for nimble investors to generate excess returns through active management and careful security selection. We remain focused on investing in world-class organizations that are well-positioned to survive the downturn, and emerge as stronger organizations.

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.