Fund Facts

Fund Unit Value:
September 30, 2020
$36.3346

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%.

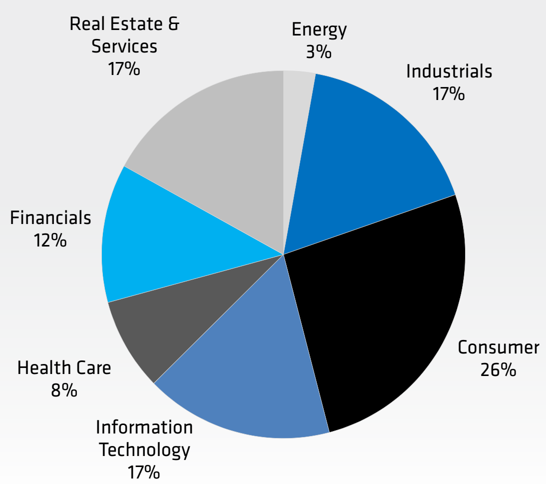
PERFORMANCE

AS AT SEPTEMBER 30, 2020

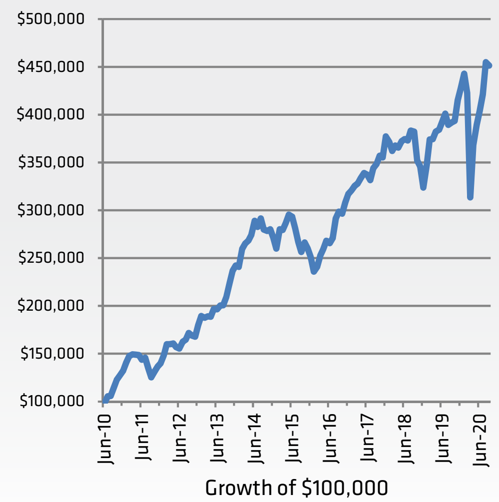
Total Return for the Period (%)[1]	QTR	1 YR	3 YR[4]	5 YR[4]	10 YR[4]	Since Inception[3]
Seymour Performance Fund[2]	**11.8%**	**15.2%**	**9.0%**	**11.9%**	**14.7%**	**15.7%**
S&P/TSX Smallcap TR Index	6.6%	-2.9%	-3.2%	4.5%	0.8%	2.0%
S&P/TSX Composite TR Index	4.7%	0.0%	4.3%	7.2%	5.8%	6.4%

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

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.

Q3 Commentary: Seymour Performance Fund

Equity markets continued their recovery in the third quarter on the back of a stronger than anticipated economic recovery, which has been fueled by low interest rates and unprecedented government stimulus. The Seymour Performance Fund performed strongly, climbing 11.8% and outperforming the S&P/TSX Composite Total Return Index (+4.7%) and the S&P/TSX SmallCap TR Index (+6.6%).

Automotive dealership group AutoCanada Inc. (+69.4% in Q3) is benefitting from an ongoing recovery in new and used vehicle sales. While industry auto sales are not quite back at normal levels, ACQ continues to show strong market share gains, outperforming industry averages by ~20%. AutoCanada's management team has used the pandemic to reduce its cost structure and improve its marketing efforts with a greater focus on online engagement and sales. Management has implemented a difficult turnaround over the past 24 months, and the company is now better positioned to execute on value-adding acquisition opportunities. Although shares of AutoCanada have more than tripled from their lows this spring, valuation remains attractive and we see a long pathway to continued sales growth and margin improvement.

Specialty insurer Trisura Group Ltd. (+38.4% in Q3) reported another solid quarter of growth. We believe Trisura's nascent US operations have significant runway for both revenue and margin expansion as the business continues to scale.

Waterloo Brewing Co. Ltd. (+30.1% in Q3) continues to capitalize on a growing craft beer market with a strong portfolio of owned and licensed brands, supplemented by co-pack agreements. Waterloo ('WBR') 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, WBR'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. Having recently consolidated production in a single, state-of-the-art facility, Waterloo is well-positioned for continued growth as it expands and fills production capacity.

Badger Daylighting Ltd. (+28.1% in Q3) was once again a strong contributor. Badger is the largest provider of non-destructive excavation services across North America with a fleet of >1,000 trucks. Badger, like many companies, has halted capital spending in this uncertain environment. While COVID-19 has impacted Badger, the majority of Badger's customers provide essential services across the utility, telecom or construction sectors, and have resumed activity (85-90% of normal). Management took decisive action early in the pandemic, and we expect structural cost savings will lead to improved margins as activity levels recover. Badger's non-destructive excavation services are still underpenetrated in the United States and we still see a multi-year opportunity to double the size of the US operations.

The Fund's specialty pharma holdings, which include HLS Therapeutics, Inc. (-22.9% in Q3) and Knight Therapeutics Inc. (-17.4% in Q3), detracted from performance. HLS's key drug is Vascepa, a new type of cardiovascular drug that reduces the risk of heart attack and stroke beyond that of existing therapies (statins), for which HLS in-licensed the exclusive Canadian rights. Vascepa has continued to pass regulatory milestones and is now available for doctors to prescribe to patients, albeit not yet fully covered by insurer drug plans (which is expected over the next 12-18 months). HLS has re-affirmed Vascepa's peak sales potential of $300M+, but now expects a delayed ramp-up as patients are postponing non-urgent visits to prescribing doctors. At the end of the quarter, HLS announced an acquisition of a royalty portfolio of specialty drugs, which appears to be a very attractive deal with expected returns on capital over 20%. HLS expects more opportunities for accretive capital deployment will arise over the next 12 months.

Knight Therapeutics Inc. is following the same strategy as Management's former company (Paladin Labs Inc.) of finding niche specialty drugs that are often ignored and offer good investment returns. Knight recently completed the transformational deal of Biotoscana, a Latin American specialty drug company that gives Knight a platform for future pharma deals and growth. In the near term, however, expectations are now more muted given the devaluation of local currencies and slower prescription growth due to COVID-related restrictions. Knight continues to build out its portfolio of niche specialty drugs with two women's health drugs, IMVEXXY and BIJUVA, which were recently approved by Health Canada. We think Knight, like Paladin which was ultimately acquired, can compound significant shareholder value over time.

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. In many cases, we have been able to add to our existing equity ownership positions at attractive valuations during this period of heightened volatility, and we will continue to capitalize on opportunities as they arise.