Fund Facts

Fund Unit Value:
December 31, 2020
$39.2310

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, 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]	**16.9%**	**23.3%**	**11.8%**	**16.0%**	**14.8%**	**17.0%**
S&P/TSX Smallcap TR Index	23.5%	12.9%	2.3%	8.8%	1.3%	4.0%
S&P/TSX Composite TR Index	9.0%	5.6%	5.7%	9.3%	5.8%	7.1%

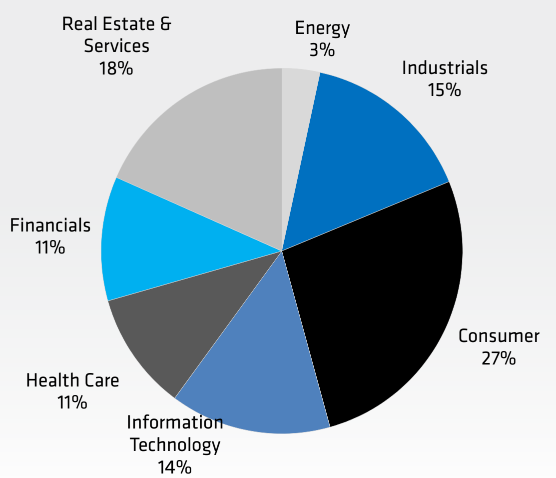
1 The indicated rates of return are the total returns for the period indicated, including changes in security value and the reinvestment of all distributions and do not take into account income taxes payable that would have reduced returns. The funds are not guaranteed; their values change frequently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

2 NAV performance is shown net of fees and expenses

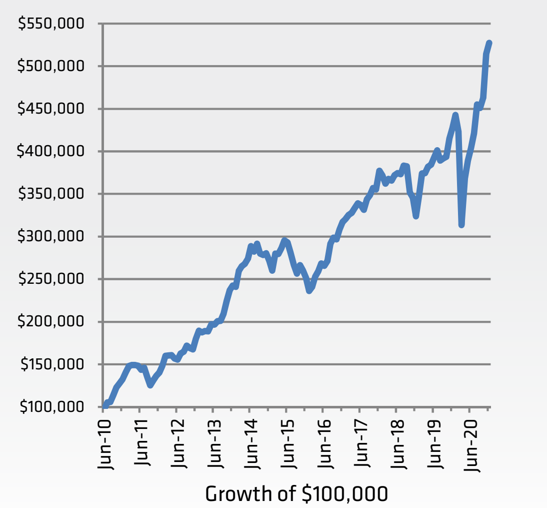
3 Annualized since inception date of June 4, 2010

4 Returns over one year are annualized

INDUSTRY SECTOR BREAKDOWN



GROWTH SINCE INCEPTION[3]



Growth of $100,000

Seymour Investment Management

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Q4 Commentary: Seymour Performance Fund

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.

Equity markets rallied in Q4 on news of positive COVID vaccine developments and optimism regarding the global economic outlook. The Seymour Performance Fund climbed 16.9% in Q4 and 23.3% in 2020. For reference, the benchmark S&P/TSX SmallCap Total Return Index returned 23.5% in Q4 and 12.9% in 2020 while the benchmark S&P/TSX Composite TR Index was up 9.0% in Q4 and 5.6% in 2020. While the Fund's gains were broad-based, a number of stocks recorded noteworthy performance, which we discuss below.

Software provider Tecsys Inc. was the Fund's best-performing holding, climbing 77.0% in Q4. Tecsys is a niche provider of supply-chain software focused on complex distribution industries such as healthcare and ecommerce/omni-channel retail. In recent years, Tecysys has invested heavily in product development and sales & management talent. Prior to the onset of the pandemic, Tecsys was well positioned to embark on a multi-year period of growth and profitability with a full suite of products. COVID has been an unexpected accelerant for Tecsys as the importance of supply chain came to the forefront in Healthcare with supply/distribution of personal protective equipment and in retail as traditional retailers pivoted overnight to accommodate surges in e-commerce demand. While we expect a slowdown in growth as the world returns to normal, the pandemic has raised the company's profile and should ultimately lead to greater market share gains than we initially anticipated.

Consumer discretionary stocks rebounded in the quarter in anticipation of a recovery in consumer spending as the economy continues to reopen, supported by pent-up demand, high savings, and stimulus cheques. Auto parts manufacturers performed strongly and Linamar Corporation climbed 70.2% in Q4. Shares of auto dealership group AutoCanada Inc. climbed 30.2% in Q4 and have continued to perform strongly in January. Fashion boutique Aritzia Inc. climbed 48.0% in Q4, reflecting solid execution during the pandemic and expectations of a recovery in apparel sales.

Airline and aerospace stocks surged in anticipation of an eventual rebound in commercial air travel. Landing gear and parts manufacturer Héroux-Devtek Inc. rebounded 52.6% in Q4, yet the stock's valuation remains compelling and we would note that recent M&A activity in the aerospace and defense industry supports a higher valuation for the stock.

Following a pause in corporate transactions earlier this year, we have seen a resumption in merger & acquisition activity, and two of the fund's holdings were the subject of takeover bids in the quarter. Regional casino operator Great Canadian Gaming Corp. reached an agreement to be acquired by private equity player Apollo Global Management Inc. for $39/share, representing a 35% premium to the stock's previous day's closing price, and the bid was subsequently increased to $45/share following pushback by shareholders. Employee group benefits provider People Corporation announced that it is being acquired by Goldman Sachs' merchant banking division for $15.22/share, or a 36% premium to the previous day's close. Both stocks contributed materially to the Fund's performance in the quarter.

Real Matters Inc. detracted from performance in the quarter, falling 26.0%. Real Matters provides property appraisal, insurance inspection, title search, and mortgage closing services using a proprietary and innovative network management platform. The company has been a strong beneficiary of lower interest rates, which have driven record volumes in the US housing market, both for new home purchases and refinancing. Banks and mortgage appraisers have been unable to keep up with demand for mortgage refinancings, which has prompted government agencies in certain circumstances to waive the requirement for a home appraisal, limiting Real's ability to capture the surge in demand. This news caught investors by surprise, as did the unexpected retirement of the company's CEO, who was well regarded. In our discussions with management, we do not expect any changes in strategy/operations and we remain confident in the company's ability to execute on its longer term vision. Although volatility in U.S. mortgage originations will continue to cause lumpiness in REAL's quarterly results, the company continues to grow market share with the top 100 lenders and we see an attractive long-term opportunity in titles & closing.

As we look forward, we expect the pandemic will continue to create challenges for a number of companies and industries, however, the ongoing roll-out of COVID vaccines should ultimately support the continued reopening of the economy. The outlook for growth in corporate profits is favourable, supported by structural cost reductions and attractive borrowing rates. Additionally, we expect to see a resurgence in M&A activity, which should be supportive of equity prices.