

# Q4 2022

## Quarterly Report



### Fund Stats

Fund Unit Value:  
December 31, 2022  
\$18.1811

Inception Date:  
December 31, 2013

RRSP Eligible:  
Yes

### Our Story

Founded in 2010, Seymour Investment Management is an employee-owned, client-focused boutique investment firm with a different kind of focus. Choosing from a carefully selected group of exceptional Canadian companies for our funds, we provide fee-based discretionary investment management services to 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 Mid-Cap

### Equity Fund

The investment objective of the Seymour Mid-Cap 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 Mid-Cap Equity Fund will invest primarily in mid-capitalization companies.

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

### Performance

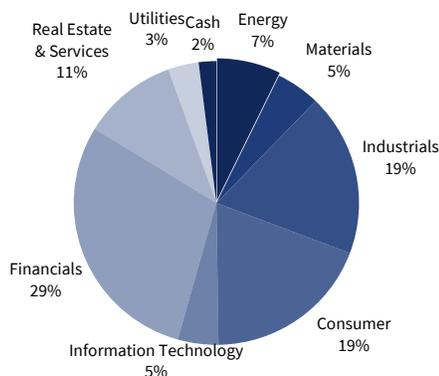
As at December 31, 2022

Total Return for the Period (%) <sup>1</sup>	QTR	1yr	3yr <sup>4</sup>	5yr <sup>4</sup>	Since Inception <sup>3</sup>
<b>Seymour Mid-Cap Equity Fund<sup>2</sup></b>	4.9%	-19.0%	3.7%	4.9%	7.7%
S&P/TSX Completion Total Return Index	7.7%	-4.2%	5.2%	5.1%	5.2%

- The indicated rates of return are the total returns for the period indicated, including changes in security value and there investment 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.
- NAV performance is shown net of fees and expenses.
- Annualized since inception date of December 31, 2013.
- Returns over one year are annualized.

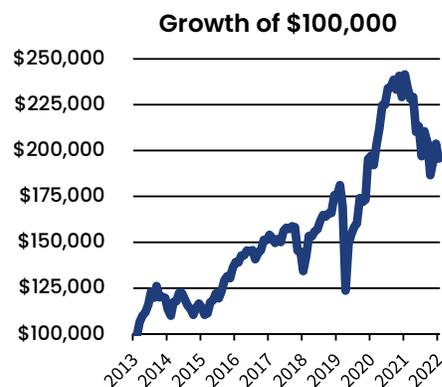
### Industry Sector

### Breakdown



### Growth Since

### Inception



# Q4 2022

## Commentary



### **Global equity markets remained volatile in the final months of the year but ended the quarter in positive territory.**

The Seymour Mid-Cap Equity Fund was up 4.9% in Q4, but underperformed the resource-heavy benchmark S&P/TSX Completion TR Index (+7.7% in Q4), which has a 32% weighting in Energy & Materials.

For the full year 2022, the Mid-Cap Fund declined 19.0% which compares to -4.2% for the Completion Index. The Fund's underperformance reflects the Fund's more modest resource weighting, its higher exposure to the Consumer Discretionary and Real Estate sectors, and the weak performance of a number of the Fund's growth stocks, particularly in the Consumer and Industrials sectors.

### **Asset manager Guardian Capital Group Ltd. (+45.2% in Q4 and +11.3% in 2022) was the Fund's best-performing holding in Q4**

on the announcement of the sale of its non-core Insurance division for \$750M, a significant premium to market estimates. The sale crystallizes the significant value of a hidden gem within the company and provides excess capital to pursue value creation

activities including investing in investment capabilities (organic & inorganic) and returning capital to shareholders through buybacks/dividends. Even with the recent strong performance, we see an attractive return opportunity in Guardian shares, which are trading at a ~40% discount to Net Asset Value.

Trisura Group Ltd, a specialty insurance provider, rebounded 35.6% in Q4. We initiated a position in Trisura earlier this year after the stock sold off following weak Q4/21 results. Underwriting performance in specialty insurance can be quite lumpy, and we viewed the weak quarterly results as normal operational volatility rather than signs of problems in the business. Subsequent results have been strong, reinforcing our confidence in the company's business model and management team, and we continue to see a strong runway for growth.

Shares of toymaker Spin Master Ltd. (-19.8% in Q4 and -30.5% in 2022) came under pressure in the quarter after the company guided to a challenging holiday season with lower than expected revenue and margins. Higher interest rates pressured consumer demand and resulted in significant discounting to clear inventory. While disappointing, we think the outlook for the company is positive with multiple new properties being launched in 2023 and \$1B of financial

capacity that could be deployed on acquisitions.

### **It has been a challenging year and the Fund's strategy of investing primarily in non-resource, high-quality growth companies with reasonable valuations has underperformed**

amid numerous headwinds, including labour and supply chain challenges, inflation, rising yields, and recessionary concerns. Although this style has been out of favour, we remain confident in its ability to produce attractive risk-adjusted investment returns over the long term.

### **Following the recent sell-off, we believe many of the Fund's holdings are trading at attractive, and in some cases compelling, valuations, offering very attractive upside potential when the macro environment improves.**

