Q1 2023
Quarterly Report

Fund Stats

Fund Unit Value:
March 31, 2023
$18.7424

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.

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.

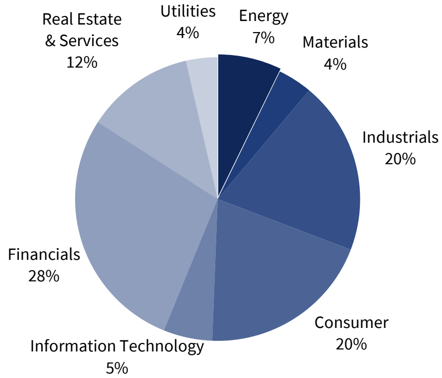
Performance

As at March 31, 2023

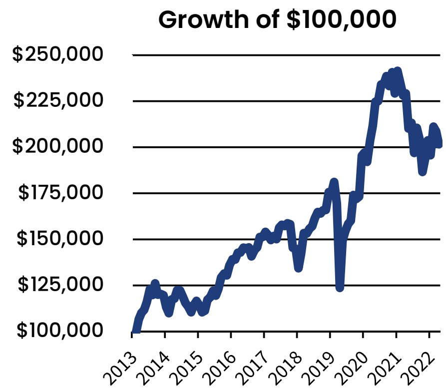
Total Return for the Period (%)[1]	QTR	1yr	3yr[4]	5yr[4]	Since Inception[3]
Seymour Mid-Cap Equity Fund [2]	**3.1%**	**-12.0%**	**17.7%**	**5.8%**	**7.9%**
S&P/TSX Completion Total Return Index	6.4%	-3.2%	20.8%	7.3%	5.7%

1. 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.
2. NAV performance is shown net of fees and expenses.
3. Annualized since inception date of December 31, 2013.
4. Returns over one year are annualized.

Industry Sector Breakdown



Growth Since Inception



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Q1 2023
Commentary

Equity markets performed strongly early in the quarter amid optimism that we may be nearing the end of interest rate hikes. In March, the U.S. regional banking crisis prompted a spike in volatility. The Seymour Mid-Cap Equity Fund outperformed early in the quarter, but underperformed the benchmark S&P/TSX Completion Index in March due to its large weighting in Financials and lack of Gold exposure.The Fund (+3.1% in Q1 vs. +6.4% for the Index) has underperformed since early 2022, which we discuss below.

Our readers will recall that the Fund enjoyed a period of strong absolute and relative performance from its inception in 2013 until 2021, outperforming the benchmark in all eight calendar years. This coincided with a period of solid economic growth and low interest rates that allowed growth companies to compound earnings at attractive rates and was supported by valuation expansion. Individual security selection contributed positively and the Fund produced double-digit annualized returns after fees. Notably, this coincided with a period of weak resource markets, which helped the Fund's relative performance against the benchmark.

Small- and mid-cap non-resource growth stocks have sold off sharply since rate hikes began in early 2022. The Fund fell 16.5% and materially underperformed the Index during this five-quarter period. There are key differences between the Fund's composition and that of the benchmark that contributed to this underperformance: the Fund has a heavier weighting in Financial and Consumer Discretionary stocks; a modest resource weighting; and a smaller-cap bias relative to the benchmark. Additionally, many of our core holdings, which are in many cases unchanged since the inception of the Fund, declined sharply and detracted materially from returns including Cargojet, Park Lawn, Onex, Brookfield Business Partners, Colliers, and Tricon. We remain confident in the long-term earnings outlook for these companies and expect these stocks will enjoy material valuation upside.

At Seymour, our investment approach is to buy high-quality, well-managed companies with attractive business models and solid balance sheets that we can own through the cycle.

We remain fully invested and don't try to time the market. We limit commodity exposure and avoid speculative startup companies; an unappreciated part of building wealth is avoiding permanent capital impairment. Our strategy has a demonstrated ability to produce attractive returns through a cycle, however, there are periods when this strategy will underperform.

There are learnings in every cycle and introspection and intellectual honesty are core to any good investment process. We have asked ourselves: (1) how could we better mitigate rate exposure and valuation risk during a rate hike cycle while maintaining our growth strategy; (2) are we managing industry and security weights optimally; and (3) are our holdings well capitalized to endure weaker economic activity and higher rates? It's been a challenging period, but we remain confident in the ability of our investment strategy to produce attractive risk-adjusted returns over the long term.

Down markets require patience and a long-term focus. In the short term, there are many factors that are outside of an investor's control including the economic environment and interest rates. Long term, corporate earnings growth drives investment returns. During downturns, we mitigate permanent loss of capital by maintaining our investment discipline and focusing on well-capitalized companies that can withstand economic headwinds.

We are highly confident that all of the companies in the Fund will survive an economic downturn, and many will use this period to strengthen their businesses.

In the near term the market faces macro headwinds as the impact of higher interest rates works its way through the economy. Although the timing is uncertain, equity markets will eventually bottom, setting the stage for a new bull market. Notably, many of the Fund's small- and mid-cap holdings are already trading at compelling valuations, offering very attractive long-term upside potential for patient investors.

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