Q1 2023
Quarterly Report

Fund Stats

Fund Unit Value:
March 31, 2023
$29.6958

Inception Date:
June 4, 2010

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 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 fund holds a concentrated portfolio of 20-30 core names. In addition, a small portion of the fund may be invested in event-driven transactions and IPOs. The 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%.

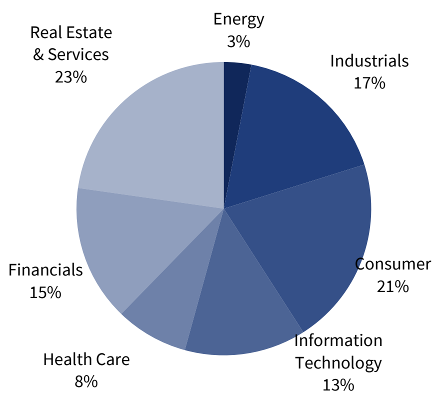
Performance

As at March 31,2023

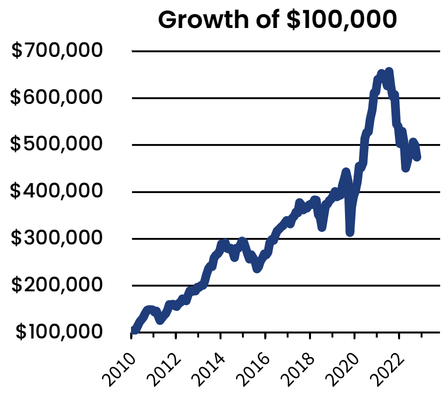
Total Return for the Period (%)[1]	QTR	1yr	3yr[4]	5yr[4]	Since Inception[3]
Seymour Performance Fund [2]	**-1.2%**	**-22.0%**	**14.8%**	**5.2%**	**12.9%**
S&P/TSX SmallCap Total Return Index	4.5%	-12.6%	27.6%	5.7%	4.3%

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 June 4, 2010.
4. Returns over one year are annualized.

Industry Sector Breakdown



Growth Since Inception



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Q1 2023
Commentary

Equity markets performed strongly to start the year, amid optimism that central banks may be nearing the end of interest rate hikes. In March, the failure of select U.S. regional banks triggered contagion concerns, prompting a surge in Gold and cryptocurrency. The resource-heavy S&P/TSX SmallCap Total Return Index climbed 4.5% in the quarter primarily driven by strong gains in gold equities, and outperformed the Seymour Performance Fund's -1.2% return.

Our readers will recall that the Fund enjoyed a period of strong absolute and relative performance from its inception in 2010 until late 2021. 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-cap stocks have historically produced attractive returns through a full cycle, albeit with greater volatility, which in part reflects their relative illiquidity. Small-cap growth stocks have been under pressure since rate hikes began in early 2022, and the Fund has declined 27.9% and materially underperformed the Index. There are key differences between the Fund's composition and that of the benchmark that contributed to this underperformance: the Fund has no direct resource exposure, whereas Energy & Materials comprise 50% of the Index; and the Fund has a heavier weighting in Consumer Discretionary, Financials, Real Estate and Technology. The Fund's lack of Energy and Gold exposure has negatively impacted its relative performance, and its heavy weighting in Real Estate has been a material detractor. Additionally, a number of Consumer Discretionary, Industrial, Technology, and Healthcare holdings have performed poorly. We have owned a number of these holdings for many years and remain confident in their longer-term earnings outlook.

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 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 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 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-cap holdings are already trading at compelling valuations, offering attractive long-term upside potential for patient investors.

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