Q2 2023
Quarterly Report

Fund Stats

Fund Unit Value:
June 30, 2023
$19.1595

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.

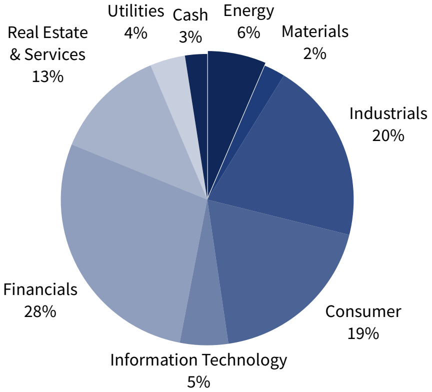
Performance

As at June 30, 2023

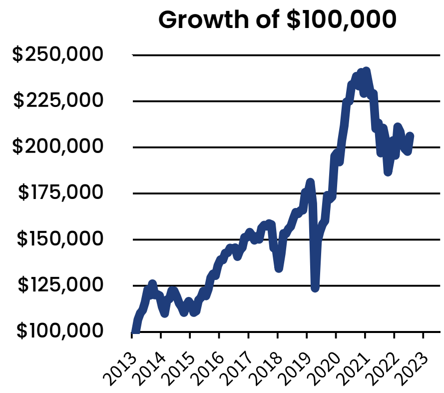
Total Return for the Period (%)[1]	QTR	1yr	3yr[4]	5yr[4]	Since Inception[3]
Seymour Mid-Cap Equity Fund[2]	2.2%	4.7%	9.2%	5.5%	7.9%
S&P/TSX Completion Total Return Index	-0.7%	13.5%	11.7%	6.0%	5.5%

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



Seymour INVESTMENT MANAGEMENT

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Q2 2023
Commentary

Equity markets generated positive returns in the second quarter, as market sentiment continued to improve and equity market volatility declined.

The Seymour Mid-Cap Equity Fund rose 2.2%, outperforming the S&P/TSX Completion Index's -0.7% total return. Performance of individual holdings was mixed, with slightly more than one-half of holdings generating positive returns.

Technology stocks, including Real Matters (+24.2% in Q2; +45.0% YTD), led the market, while resource stocks came under selling pressure as commodity markets weakened with slower global economic activity.

Real Matters provides property appraisal, insurance inspection, title search, and mortgage closing services using a proprietary and innovative network management platform. Rising rates have curtailed mortgage refinance activity -- the main driver of Real Matters' revenues -- by over 80%. The company has demonstrated excellent execution against a difficult macro backdrop, managing the sharp drop in activity while remaining profitable and maintaining a debt-free balance sheet. Real Matters continues to make market share gains with large bank customers and find operating efficiencies, and we expect the company to emerge from this down cycle with significantly improved earnings power. We recently added to our position, and see considerable longer-term upside potential.

Stella Jones Inc., North America's leading producer of industrial pressure-treated wood products including rail ties and utility poles, surged 31.7% in the quarter. While maintenance-driven demand for rail ties remains relatively steady, demand for utility poles is exceptionally strong given aging infrastructure and new and replacement pole requirements related to broadband and EV projects.

The Financials sector and REITs have lagged the broader market during the current interest rate hiking cycle reflecting economic concerns and interest rate sensitivity. The Fund's asset manager holdings including Brookfield Corporation, Brookfield Business Partners, and Onex Corporation, suffered steep share price declines in 2022, and we view their valuations as compelling. Although shares of Onex rebounded 15.8% in Q2, the stock continues to trade at a considerable discount to its net asset value.

Publicly-traded REITs have sold off sharply since the beginning of the rate hike cycle. The sell-off has created a disconnect between publicly-traded real estate values and private real estate, which we expect will narrow over time as 1) higher cap rates are reflected in private values with a lag and/or 2) publicly-traded REIT valuations expand. As financial conditions have tightened, commercial real estate transaction activity has dropped off considerably, raising uncertainty regarding the outlook for private valuations. Although commercial real estate remains in price discovery mode, there are clear differentiations that can be made between different asset classes. For instance, whereas offices face demand headwinds from work-from-home and hybrid work trends, fundamentals for well-located residential rental real estate remain strong. We continue to own U.S. single family, owner-operator Tricon Residential Inc. (+11.5% in Q2) as a core holding and view the stock as deeply discounted relative to the value of its underlying real estate.

As we enter the second half of 2023, economic activity continues to soften as the impact of higher interest rates works its way through the economy. Although this creates a headwind for corporate earnings and market sentiment in the short-term, **we remind investors of the importance of staying disciplined during periods of economic uncertainty.**

It is typically in the final months of recession when sentiment is weak that equity markets will begin to rebound, and the combination of an earnings recovery and a valuation re-rate can produce very attractive equity returns. Notably, many of the Fund's holdings are already trading at compelling valuations, offering attractive long-term upside potential for patient investors.

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