

Q3 2023

Quarterly Report



Fund Stats

Fund Unit Value:
September 30, 2023
\$28.3938

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

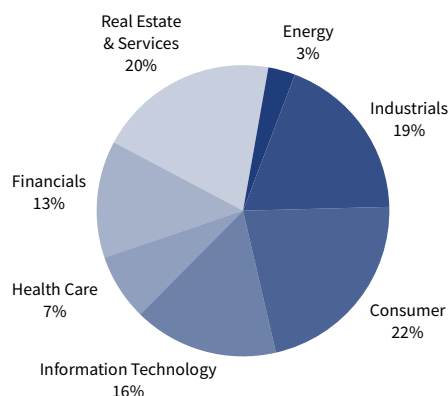
As at September 30, 2023

Total Return for the Period (%) ¹	QTR	1yr	3yr ⁴	5yr ⁴	Since Inception ³
Seymour Performance Fund ²	-5.6%	0.6%	0.2%	3.5%	12.0%
S&P/TSX SmallCap Total Return Index	-0.8%	7.2%	10.0%	3.8%	3.7%

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

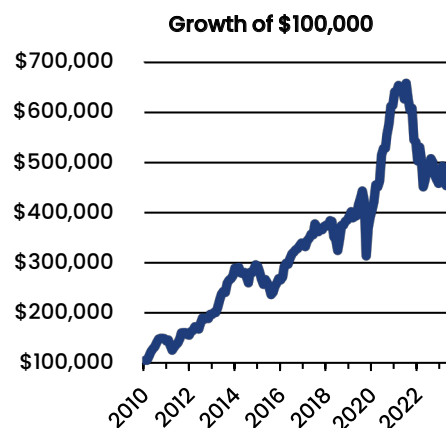
Industry Sector

Breakdown



Growth Since

Inception





Bond yields hit a new cycle high in September, prompting a broad-based sell-off in equities.

Small-cap equities once again underperformed their larger-cap peers in the third quarter and three-quarters of the Fund's holdings experienced share price declines. The Seymour Performance Fund declined 5.6% in the quarter, which compares to -0.8% for the resource-heavy S&P/TSX SmallCap Total Return Index.

Interest rate-sensitive stocks came under renewed pressure in the quarter, including self-storage real estate owner-operator StorageVault Canada Inc. (-22.7% in Q3). The company has historically generated exceptionally strong same-property net income growth, fueled in part by acquisitions and subsequent synergy realization and margin improvement. The company's growth has recently slowed, as economic conditions continue to soften and management has temporarily paused acquisitions.

We added to our position on weakness and see a long pathway for StorageVault to continue to compound capital through organic growth and acquisitions.

Shares of fashion designer and retailer Aritzia Inc. (-35.8% in Q3) declined after the company's financial results showed slowing sales and margin weakness, reflecting consumer weakness and execution challenges. Aritzia's execution during the pandemic was very strong, with sales doubling over a two-year period. While positive,

the level of growth put strain on the company's resources requiring catchup investments in people, infrastructure, and product. Our meetings with management give us confidence that these setbacks are temporary and that Aritzia still has a very long runway of attractive store growth opportunities in the US, through E-Commerce and potentially internationally longer term. We have opportunistically added to our position.

Badger Infrastructure Solutions Ltd. (+29.0% in Q3) has been on a multi-year transformation from a successful decentralized network of locations to a more disciplined national provider of services to enable the next stage of growth. Investments in sales & systems, which have been a drag on profitability, are now beginning to drive revenue growth and operating leverage. We see significant runway for Badger's services across the United States, which is underpenetrated compared to Canada.

In early October, Neighbourly Pharmacy Inc. announced its intention to go private with its controlling shareholder Persistence Capital Partners at an offer price of \$20.50, which represented a 69% premium to the stock's previous closing price.

We would not be surprised to see additional privatizations given that many of the Fund's holdings are trading at significant discounts to intrinsic value.

As we look forward, 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. Down markets require patience and a long-term focus.

Market corrections tend to be followed by periods of excess equity returns as the combination of an earnings recovery and a valuation re-rate can produce very attractive equity returns. This is particularly true for small-cap equities

which tend to outperform in the early phase of a recovery. Notably, many of the Fund's small-cap holdings are already trading at compelling valuations, offering attractive upside potential, albeit with greater price volatility, for patient, long-term investors.

