

# Q4 2023

## Quarterly Report



### Fund Stats

Fund Unit Value:  
December 29, 2023  
\$30.6185

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

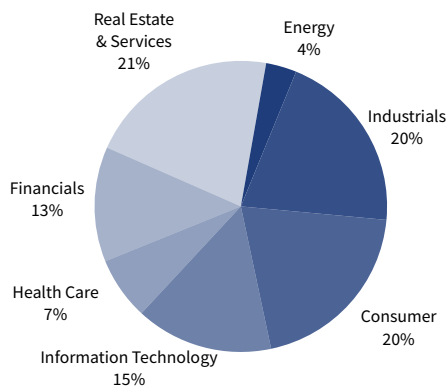
As at December 31, 2023

Total Return for the Period (%) <sup>1</sup>	QTR	1yr	3yr <sup>4</sup>	5yr <sup>4</sup>	Since Inception <sup>3</sup>
Seymour Performance Fund <sup>2</sup>	8.3%	2.3%	-2.4%	8.7%	12.4%
S&P/TSX SmallCap Total Return Index	6.0%	4.8%	4.6%	8.4%	4.1%

- 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.
- NAV performance is shown net of fees and expenses.
- Annualized since inception date of June 4, 2010.
- Returns over one year are annualized.

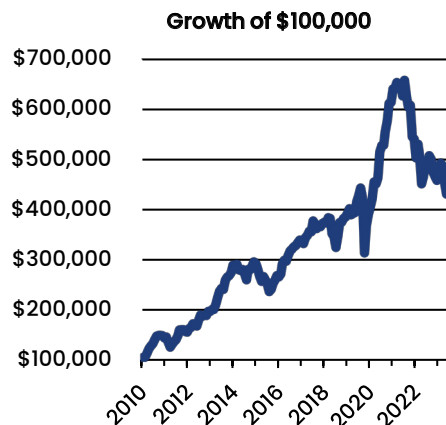
### Industry Sector

#### Breakdown



### Growth Since

#### Inception



# Q4 2023

## Commentary



### **Equity markets rallied in the last two months of the year as cooling inflation and a slowing economy increased speculation about eventual interest rate cuts.**

Equity market leadership broadened to include non-resource smaller-cap equities, which have lagged their larger-cap peers since interest rate hikes began in early 2022. The Performance Fund climbed 8.3% in Q4, outperforming the heavily resource-weighted benchmark S&P/TSX Small Cap Index's 6.0% total return.

### **Real estate equities, which have lagged the broader market in a rising interest rate environment, rebounded from their October lows,**

aided by a 92 bps decline in the 10-year GoC bond yield. The Fund's real estate holdings performed strongly, led by U.S. single family rental owner-operator Tricon Residential Inc. (+15.7% in Q4) and self-storage real estate owner-operator StorageVault Canada Inc. (+20.1% in Q4). Despite the moves, we continue to view their valuations as compelling, with shares of both companies trading at a discount to their underlying real estate value. Although growth has moderated in a slowing economic environment, supply-demand fundamentals for both companies remain favourable and we expect solid organic growth over the medium term, augmented by accretive acquisitions.

Shares of Brookfield Reinsurance Ltd. ('BNRE') rebounded 24.9% along with those of alternative investment

management company Brookfield Corporation ('BN'). Shares of BNRE are exchangeable for shares of BN, resulting in similar share price performance. Despite the recent move BN continues to trade at a discounted valuation, and we believe the company is well-positioned to compound shareholder value, supported by an exceptional asset management platform, a rapidly growing insurance business, and carried interest realizations.

Shares of Cargojet Inc. (+32.4% in Q4), which performed strongly from the inception of the Fund through 2020, have been under pressure in recent years due to concerns about the company's international strategy and the perceived threat of new competition, which has not materialized. During the quarter, Cargojet announced plans to scale back its international expansion and lowered cap ex guidance, pulling forward the timing of its anticipated inflection to free cash flow generation, which will support dividend increases and share buybacks.

### **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 exited our position following the announcement and opportunistically redeployed the proceeds to add to existing holdings that are trading at material discounts to intrinsic value, including Enerflex Ltd. (-21.4% in Q4),

Cargojet Inc., Park Lawn Corporation (+5.7% in Q4), StorageVault, and Aritzia Inc. (+16.4% in Q4).

Non-resource, small-cap equities have suffered notable share price declines in the last two years, and have dramatically underperformed their larger-cap peers, resulting in a divergence in valuation multiples that has not been seen since the dot-com era.

### **We see compelling value in a number of our holdings and are hopeful that we are in the early days of a valuation re-rating, which could see small-cap equities enjoy a period of strong relative performance.**

