

# Q1 2024

## Quarterly Report



### Fund Stats

Fund Unit Value:  
March 28, 2024  
\$24.5808

Inception Date:  
June 15, 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 Canadian

#### Equity Fund

The investment objective of the Canadian 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 fund invests primarily in large-capitalization companies.

The fee structure for the fund is based on an annual management fee of 1% of the net asset value.

#### Performance

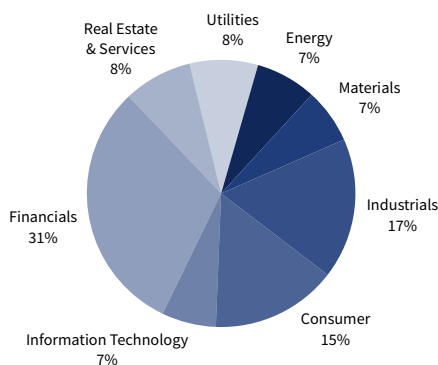
As at March 31, 2024

Total Return for the Period (%) <sup>1</sup>	QTR	1yr	3yr <sup>4</sup>	5yr <sup>4</sup>	Since Inception <sup>3</sup>
Seymour Canadian Equity Fund <sup>2</sup>	4.8%	13.5%	7.2%	9.0%	9.2%
S&P/TSX Composite Total Return Index	6.6%	14.0%	9.1%	10.0%	7.8%

- 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 15, 2010.
- Returns over one year are annualized.

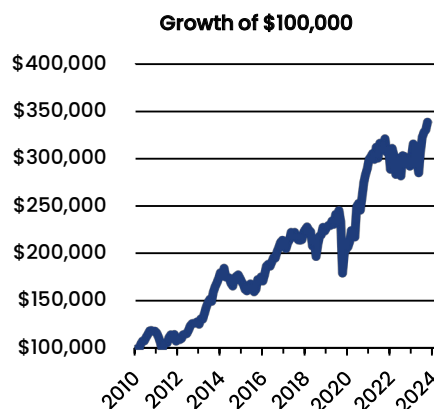
### Industry Sector

#### Breakdown



### Growth Since

#### Inception



# Q1 2024

## Commentary



### Equity markets continued to recover in the second quarter, supported by stronger-than-expected economic data, improving inflation trends, and corporate earnings growth.

The equity market rally continued to broaden to include cyclical equities and companies that are smaller in market cap size, and two-thirds of the Fund's holdings enjoyed gains in the quarter. The Seymour Canadian Equity Fund climbed 4.8%, underperforming the S&P/TSX Composite Index ('TSX')'s 6.6% total return, which may be attributed to the Fund's more modest resource weighting, as rising commodity prices buoyed resource stocks.

### Cyclical stocks including the Fund's blue-chip industrial holdings performed well in the quarter,

including solid waste collection provider Waste Connections Inc. (+17.7% in Q1); Class I railroad Canadian Pacific Kansas City Limited (+13.9% in Q1); and Caterpillar dealership operator Toromont Industries Ltd. (+12.3% in Q1). While these companies have generated relatively consistent, steady earnings growth throughout the economic cycle, their profitability will benefit from incremental volumes as the economy strengthens.

Tier 1 auto parts manufacturer Magna International Inc. (-5.7% in Q1) reported Q4 earnings and operating margin guidance for 2024 that missed expectations. Electric vehicle

adoption has slowed in the U.S. and automakers have trimmed production and postponed investments. As a result, Management now expects the inflection point for profitability from megatrend investments will be pushed back from 2025 to 2026. We view the stock's risk-reward profile as attractive, with valuation trading at a discount to historical levels.

Private equity players Onex Corporation and Brookfield Business Partners L.P. (both up +9.7% in Q1, respectively) are well-positioned to benefit from a further loosening of credit conditions and a resumption of M&A activity. These stocks continue to trade at a material discount to their respective net asset values, and we see attractive valuation upside with successful monetizations as well as the opportunity for longer-term value creation through capital recycling and fundraising.

Interest-sensitive real estate equities have continued to lag the broader market, however, shares of Tricon Residential Inc. performed strongly on the announcement of a takeover bid from private equity giant Blackstone for US\$11.25/share, representing a 30.4% premium to the stock's previous closing price. **We believe that we could see a steady increase in Mergers & Acquisitions activity, which reached its lowest level in ten years globally in 2023, as economic activity continues to strengthen and sentiment improves.**

As we look forward, we expect a strengthening economy will remain supportive of equities, however, lingering inflation has pushed back the expected timing of interest rate cuts. The shifting economic and inflation narrative and trajectory of long-term interest rates will remain key drivers of equity markets in the short term. We will continue to look for buying opportunities during periods of market volatility. **We view Canadian equities as reasonably valued and continue to see attractive value in certain segments of the market including mid-cap equities, which could provide an attractive longer-term return opportunity for patient investors.**

