# Q2 2024
Quarterly Report

## Fund Stats

Fund Unit Value:
June 28, 2024
$23.4722

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.

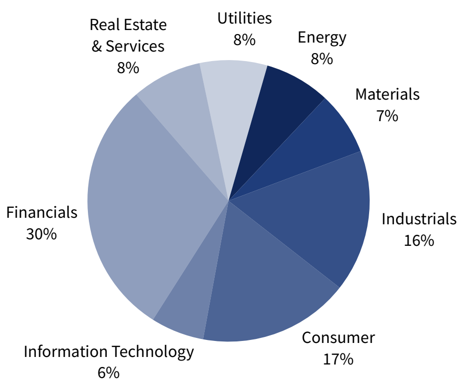
## Performance

As at June 30, 2024

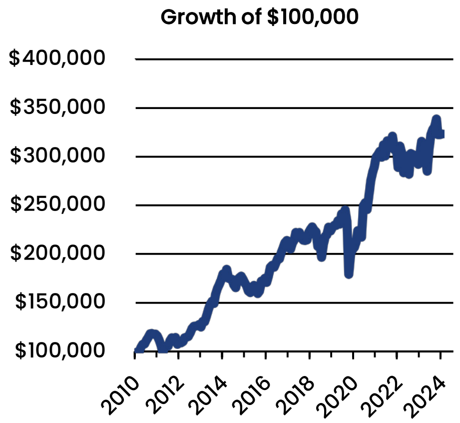
| Total Return for the Period (%)[1] | QTR | 1yr | 3yr[4] | 5yr[4] | Since Inception[3] |
|---|---|---|---|---|---|
| Seymour Canadian Equity Fund [2] | -4.5% | 6.4% | 2.6% | 7.3% | 8.7% |
| S&P/TSX Composite Total Return Index | -0.5% | 12.1% | 6.0% | 9.3% | 7.6% |

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

## Industry Sector Breakdown




## Growth Since Inception





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# Q2 2024
Commentary

**Shifting interest rate expectations contributed to equity market volatility in the second quarter.** The Seymour Canadian Equity Fund fell 4.5% in the quarter, which compares to -0.5% for the more heavily resource-weighted benchmark S&P/TSX Composite Total Return Index.

**Consumer Discretionary stocks have come under selling pressure as consumer spending has slowed, creating some compelling buying opportunities.** We opportunistically added to the Fund's holdings in toy manufacturer Spin Master Corp. (-18.7% in Q2); collision repair company Boyd Group Services Inc. (-10.3% in Q2); and auto parts manufacturer Magna International Inc. (-22.3% in Q2) during the quarter. We also initiated a new position in Bombardier Recreational Products ('BRP'), a leading manufacturer of recreational products.

We recently met with Spin Master's management team for an encouraging update as the company navigates a slower consumer spending environment. We learned that Spin Master's pipeline of innovative toys and media properties is expected to have a strong launch year and the cross-sell from the recent acquisition of Melissa & Doug, LLC will bring multi-year benefits. Spin Master's expanding global footprint and solid track record have increasingly made it an attractive partner for content owners. We understand that the Marvel and Star Wars licenses could be available next year, and securing either would be a significant win.

BRP has a long history of innovative product development, first with the snowmobile in 1935, then Sea-Doos, and more recently ATVs. BRP has continually grown market share and is now the #2 player in the industry. Higher interest rates have significantly curbed demand for higher ticket items like BRP's, and in response, the company has cut back production and increased promotional incentives. The 30% correction in the share price has given us the opportunity to acquire a well-managed company with the lowest cost structure in the industry at a very attractive valuation. While we expect the industry to be choppy in the near term, BRP has a strong track record of innovation and market share growth, allowing for a larger base of revenues when industry sales normalize.

Shares of OpenText Corp., a leader in content management software, declined by 21.8% after the company provided lower-than-expected margin guidance. OpenText continues to see strong growth in its cloud-based offerings and has recorded some of the highest levels of bookings, contracts, and customer wins in recent years. However, this success is driving the need for higher levels of infrastructure investment, which will impact margins in the near term but provide long-term benefits. In the meantime, the company offers an attractive ~10% free cash flow yield and is aggressively buying back stock. We used the recent pullback to add to the Fund's position.

Fleet management leader, Element Fleet Management Corp. was the Fund's best-performing holding, climbing 13.7% in the quarter after it posted strong financial results. Element continues to see strong demand from customers as many are trying to recover from the pandemic when supply chain disruptions affected new vehicle supply. In addition, improvements in Element's service and a growing focus on cost reduction among customers are driving market share gains. Combined, we believe Element is well-positioned to deliver an attractive and steady low double-digit growth rate over the next several years.

**We continue to see attractive buying opportunities for high-quality Canadian companies with attractive growth profiles, particularly in the under-owned mid-cap segment of the capital markets.** Many companies have generated significant earnings growth in recent years while their valuation multiples have compressed to the low end of their historical trading ranges. If history is any indicator, rate cuts could prove to be a catalyst for a meaningful revaluation that could provide attractive equity returns.

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