

Q2 2024

Quarterly Report



Fund Stats

Fund Unit Value:
June 28, 2024
\$22.2781

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.

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 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

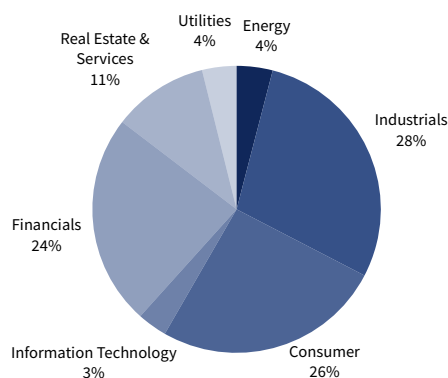
As at June 30, 2024

Total Return for the Period (%) ¹	QTR	1yr	3yr ⁴	5yr ⁴	Since Inception ³
Seymour Mid-Cap Equity Fund ²	-0.9%	16.8%	1.0%	8.3%	8.7%
S&P/TSX Completion Total Return Index	2.9%	16.2%	6.2%	9.0%	6.5%

- 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 December 31, 2013.
- Returns over one year are annualized.

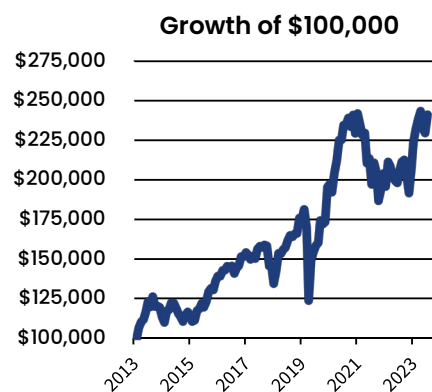
Industry Sector

Breakdown



Growth Since

Inception



Q2 2024

Commentary



Shifting interest rate expectations contributed to equity market volatility in the second quarter.

The Seymour Mid-Cap Equity Fund fell 0.9% in the quarter, which compares to +2.9% for the more heavily re-source-weighted benchmark S&P/TSX Completion Total Return Index. Smaller-cap equities and interest rate sensitive equities including REITs underperformed in the quarter, while resource stocks outperformed.

Small- and mid-cap stocks continue to trade at discounted valuations relative to their larger cap peers, and we are seeing compelling value in a number of our holdings, particularly in the real estate, consumer discretionary and industrial sectors.

We have opportunistically added to our positions in self-storage provider StorageVault Canada Inc. (-9.7% in Q2), toy manufacturer Spin Master Corp. (-18.7% in Q2), pet retailer Pet Valu Holdings Ltd. (-16.9% in Q2), and vitamin manufacturer and distributor Jamieson Wellness Inc. (+8.8% in Q2).

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.

We recently initiated a new position in Pet Valu, a national pet food and supply retailer with more than 700 locations, after the shares pulled back by more than 35% as consumer spending softened and the company entered a heavy investment period. We see Pet Valu as an attractive, high-quality, growing franchisor business that is trading below its intrinsic value. We have admired this company since its IPO in 2021, as it meets many of the criteria we look for in a winning retailer: high return on investment in new stores (typically 2-3 year pay-backs), strong management, and the opportunity to drive higher sales/margins through new products and process improvement. While Pet Valu is lapping the COVID adoption boom of pets and is seeing pressures on consumer spending, we are comforted by the relative resilience of pet spending today and in past economic cycles.

Shares of Park Lawn Corporation surged after the company entered a takeover agreement for \$26.50/share, which represented a 62.1% premium to its previous closing price. This follows the recently-announced privatization of Tricon Residential Inc., which was also acquired at a material takeover premium. **We would not be surprised to see additional privatizations given that many publicly-traded small- and**

mid-cap companies are trading at significant discounts to intrinsic value and their private market peers.

(Notably, as we are penning this commentary in early July, landing gear manufacturer Héroux-Devtek Inc., the Fund's largest holding, has announced an agreement whereby it will be acquired by a U.S. private equity firm for \$32.50/share, which represents a 26.4% premium to its previous closing price).

We continue to see attractive buying opportunities for high-quality Canadian companies with attractive growth profiles, particularly in the under-owned small- and 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 very attractive returns for small- and mid-cap equities.

