

SEAMARK Mutual Funds

Annual Financial Report

For the year ended December 31, 2008

SEAMARK Canadian Equity Fund

SEAMARK Dividend & Income Fund

SEAMARK North American Equity Fund

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AUDITORS' REPORT

To the Unitholders of:

SEAMARK Dividend & Income Fund
SEAMARK Canadian Equity Fund
SEAMARK North American Equity Fund

(collectively referred to as the "Funds")

We have audited the Funds' statements of investments as at December 31, 2008 and the statements of net assets, operations and changes in net assets as at and for the year ended December 31, 2008 and the period ended December 31, 2007. These financial statements are the responsibility of SEAMARK Asset Management Ltd., the Manager of the Funds. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Manager of the Funds, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the Funds' investments as at December 31, 2008, their net assets as at December 31, 2008 and 2007, and the result of their operations and changes in their net assets for the year ended December 31, 2008 and the period ended December 31, 2007 in accordance with Canadian generally accepted accounting principles.

Ernst + Young LLP

Halifax, Canada
March 23, 2009

Chartered Accountants
Licensed Public Accountants

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SEAMARK Canadian Equity Fund

STATEMENT OF NET ASSETS

As at December 31

	2008	2007*
Assets		
Investments at fair value (Note 2)	\$ 621,194	\$ 699,476
Short-term investments (Note 2)	-	19,950
Cash	6,547	8,211
Dividends receivable	1,779	852
Total assets	629,520	728,489
Liabilities		
Distributions payable to unitholders	10,888	6,514
Management fee payable	705	1,551
Other accrued liabilities	1,797	461
Total liabilities	13,390	8,526
Net assets representing Unitholders' Equity	\$ 616,130	\$ 719,963
Net assets per series		
Series A	\$ 240,826	\$ 224,441
Series F	\$ 375,304	\$ 495,522
Net assets per unit (Note 2(b))		
Series A	\$ 6.53	\$ 9.83
Series F	\$ 6.61	\$ 9.91
Net asset value per unit (Note 2(b))		
Series A	\$ 6.54	\$ 9.84
Series F	\$ 6.62	\$ 9.92

* SEAMARK Canadian Equity Fund was created on September 27, 2007.

See accompanying notes to the financial statements

Signed on behalf of
SEAMARK Asset Management Ltd., Manager & Trustee



Chief Executive Officer



Chief Financial Officer

SEAMARK Canadian Equity Fund

STATEMENT OF OPERATIONS

For the year ended December 31, 2008 and for the period from September 27, 2007 to December 31, 2007

	2008	2007
Investment income		
Interest	\$ 2,699	\$ 1,307
Dividends	19,157	2,144
	21,856	3,451
Expenses (Note 2(i))		
Management fees	10,457	1,551
Administration fees	483	492
Custodial fees	-	17
Legal fees	2,178	-
Audit fees	8,400	18,660
Fund services fees	2,599	1,501
Regulatory filing fees	4,849	-
Unitholder reporting fees	518	-
Independent review committee fees	503	204
	29,987	22,425
Net loss before absorbed expenses	(8,131)	(18,974)
Expenses absorbed by fund manager	16,998	20,413
Net income	8,867	1,439
Realized and unrealized gain (loss) on investments and transaction costs		
Realized gain on sale of investments	9,649	4,200
Transaction costs (Notes 2(c) and 5)	(558)	(858)
Change in unrealized appreciation (depreciation) in value of investments	(318,641)	941
Net gain (loss) on investments and transaction costs	(309,550)	4,283
Increase (decrease) in net assets from operations	\$ (300,683)	\$ 5,722
Increase (decrease) in net assets from operations per series		
Series A	\$ (127,916)	\$ 5,707
Series F	\$ (172,767)	\$ 15
Increase (decrease) in net assets from operations per unit (Note 2(h))		
Series A	\$ (3.51)	\$ 0.57
Series F	\$ (3.10)	\$ -

See accompanying notes to the financial statements

SEAMARK Canadian Equity Fund

STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31, 2008 and for the period from September 27, 2007 to December 31, 2007

	2008 Series A	2007 Series A	2008 Series F	2007 Series F
Net assets, beginning of year	\$ 224,441	\$ -	\$ 495,522	\$ -
Increase (decrease) in net assets from operations	(127,916)	5,707	(172,767)	15
Capital unit transactions :				
Proceeds from units issued	187,559	220,765	55,000	499,990
Value of units redeemed	(41,324)	-	-	-
Units issued on reinvestment of distributions	2,798	-	9,114	-
Net capital unit transactions	149,033	220,765	64,114	499,990
Distributions paid to unitholders from :				
Net investment income	(1,143)	(729)	(5,962)	(1,609)
Net realized gains on investments	(3,589)	(1,302)	(5,603)	(2,874)
Total distributions paid to unitholders	(4,732)	(2,031)	(11,565)	(4,483)
Net assets, end of year	\$ 240,826	\$ 224,441	\$ 375,304	\$ 495,522

	2008 Total Fund	2007 Total Fund
Net assets, beginning of year	\$ 719,963	\$ -
Increase (decrease) in net assets from operations	(300,683)	5,722
Capital unit transactions :		
Proceeds from units issued	242,559	720,755
Value of units redeemed	(41,324)	-
Units issued on reinvestment of distributions	11,912	-
Net capital unit transactions	213,147	720,755
Distributions paid to unitholders from :		
Net investment income	(7,105)	(2,338)
Net realized gains on investments	(9,192)	(4,176)
Total distributions paid to unitholders	(16,297)	(6,514)
Net assets, end of year	\$ 616,130	\$ 719,963

See accompanying notes to the financial statements

SEAMARK Canadian Equity Fund

STATEMENT OF INVESTMENTS

As at December 31, 2008

Description	Coupon Rate (%)	Maturity	No. of Shares or Par Value	Average Cost \$	Market Value \$	% of Net Assets
EQUITIES						
Energy						
EnCana Corp.			525	35,429	29,793	
Forbes Energy Services Ltd.			4,700	28,478	7,238	
Husky Energy Inc.			700	30,136	21,595	
Nexen Inc.			1,375	40,017	29,315	
ShawCor Ltd., Class A, Sub-Voting Shares			925	30,509	16,881	
Suncor Energy Inc.			825	37,424	19,569	
Total Energy				201,993	124,391	20.19
Materials						
Agnico-Eagle Mines Ltd.			325	16,027	20,400	
Teck Cominco Ltd.			600	23,507	3,594	
Yamana Gold Inc.			3,150	39,903	29,610	
Total Materials				79,437	53,604	8.70
Industrials						
Aecon Group Inc.			1,771	25,084	19,428	
Canadian National Railway Co.			450	24,038	20,133	
Finning International Inc.			875	25,955	12,460	
New Flyer Industries Inc.			1,975	23,603	16,353	
Total Industrials				98,680	68,374	11.10
Consumer Discretionary						
Astral Media Inc.			575	23,635	13,892	
Gildan Activewear Inc.			950	34,042	13,462	
Shaw Communications Inc.			1,350	29,827	29,147	
Tim Hortons Inc.			750	26,891	26,145	
Total Consumer Discretionary				114,395	82,646	13.41
Consumer Staples						
Empire Co. Ltd.			325	14,119	15,763	
Loblaw Cos. Ltd.			675	25,836	23,585	
Shoppers Drug Mart Corp.			400	21,375	19,212	
Total Consumer Staples				61,330	58,560	9.50

SEAMARK Canadian Equity Fund

Financials				
Bank of Montreal	250	16,311	7,805	
Canadian Imperial Bank of Commerce	400	26,964	20,388	
Homburg Invest Inc., Class A	561	26,132	6,625	
Manulife Financial Corp.	750	28,463	15,570	
Royal Bank of Canada	750	40,209	27,000	
Sun Life Financial Inc.	675	33,537	19,136	
TMX Group Inc.	600	29,704	15,102	
Toronto-Dominion Bank	850	59,965	36,907	
Total Financials		261,285	148,533	24.11
Information Technology				
MacDonald Dettwiler & Associates Ltd.	700	28,445	15,099	
Research In Motion Ltd.	350	29,934	17,311	
Total Information Technology		58,379	32,410	5.26
Telecommunication Services				
TELUS Corp.	640	32,217	23,782	3.86
Utilities				
Fortis Inc.	1,175	32,059	28,894	4.69
Total Equities		939,775	621,194	100.82
Transaction costs		(879)		
Total Investments		938,896	621,193	100.82
Other net assets			(5,064)	(0.82)
Total net assets			616,130	100.00

SEAMARK Dividend & Income Fund

STATEMENT OF NET ASSETS

As at December 31

	2008	2007*
Assets		
Investments at fair value (Note 2)	\$ 5,084,741	\$ 782,001
Short-term investments (Note 2)	364,689	169,703
Cash	70,890	8,157
Dividends receivable	21,643	2,144
Other receivable	9,707	758
Total assets	5,551,670	962,763
Liabilities		
Distributions payable to unitholders	39,294	7,104
Management fee payable	8,530	2,121
Other accrued liabilities	10,687	542
Total liabilities	58,511	9,767
Net assets representing Unitholders' Equity	\$ 5,493,159	\$ 952,996
Net assets per series		
Series A	\$ 4,208,402	\$ 430,364
Series F	\$ 1,284,757	\$ 522,632
Net assets per unit (Note 2(b))		
Series A	\$ 6.96	\$ 9.41
Series F	\$ 7.08	\$ 9.44
Net asset value per unit (Note 2(b))		
Series A	\$ 6.98	\$ 9.43
Series F	\$ 7.10	\$ 9.46

* SEAMARK Dividend & Income Fund was created on September 27, 2007.

See accompanying notes to the financial statements

Signed on behalf of
SEAMARK Asset Management Ltd., Manager & Trustee



Chief Executive Officer



Chief Financial Officer

SEAMARK Dividend & Income Fund

STATEMENT OF OPERATIONS

For the year ended December 31, 2008 and for the period from September 27, 2007 to December 31, 2007

	2008	2007
Investment income		
Interest	\$ 125,391	\$ 5,628
Dividends	75,724	1,778
	201,115	7,406
Expenses (Note 2(i))		
Management fees	69,328	2,121
Administration fees	2,361	502
Custodial fees	-	21
Legal fees	10,650	-
Audit fees	41,064	22,260
Fund services fees	12,707	1,791
Regulatory filing fees	23,707	-
Unitholder reporting fees	2,530	-
Independent review committee fees	2,455	243
	164,802	26,938
Net income (loss) before absorbed expenses	36,313	(19,532)
Expenses absorbed by fund manager	83,563	24,275
Net income	119,876	4,743
Realized and unrealized gain (loss) on investments and transaction costs		
Realized gain (loss) on sale of investments	(185,715)	3,184
Transaction costs (Notes 2(c) and 5)	(6,941)	(1,165)
Change in unrealized depreciation in value of investments	(1,006,685)	(36,516)
Net loss on investments and transaction costs	(1,199,341)	(34,497)
Decrease in net assets from operations	\$ (1,079,465)	\$ (29,754)
Decrease in net assets from operations per series		
Series A	\$ (825,037)	\$ (6,348)
Series F	\$ (254,428)	\$ (23,406)
Decrease in net assets from operations per unit (Note 2(h))		
Series A	\$ (2.23)	\$ (0.30)
Series F	\$ (2.67)	\$ (0.46)

See accompanying notes to the financial statements

SEAMARK Dividend & Income Fund

STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31, 2008 and for the period from September 27, 2007 to December 31, 2007

	2008 Series A	2007 Series A	2008 Series F	2007 Series F
Net assets, beginning of year	\$ 430,364	\$ -	\$ 522,632	\$ -
Decrease in net assets from operations	(825,037)	(6,348)	(254,428)	(23,406)
Capital unit transactions :				
Proceeds from units issued	4,864,391	440,189	1,033,127	549,990
Value of units redeemed	(146,865)	-	(10,200)	-
Units issued on reinvestment of distributions	121,007	435	52,478	1,742
Net capital unit transactions	4,838,533	440,624	1,075,405	551,732
Distributions paid to unitholders from :				
Net investment income	(235,458)	(2,484)	(58,852)	(3,959)
Net realized gains on investments	-	(1,428)	-	(1,735)
Total distributions paid to unitholders	(235,458)	(3,912)	(58,852)	(5,694)
Net assets, end of year	\$ 4,208,402	\$ 430,364	\$ 1,284,757	\$ 522,632

	2008 Total Fund	2007 Total Fund
Net assets, beginning of year	\$ 952,996	\$ -
Decrease in net assets from operations	(1,079,465)	(29,754)
Capital unit transactions :		
Proceeds from units issued	5,897,518	990,179
Value of units redeemed	(157,065)	-
Units issued on reinvestment of distributions	173,485	2,177
Net capital unit transactions	5,913,938	992,356
Distributions paid to unitholders from :		
Net investment income	(294,310)	(6,443)
Net realized gains on investments	-	(3,163)
Total distributions paid to unitholders	(294,310)	(9,606)
Net assets, end of year	\$ 5,493,159	\$ 952,996

See accompanying notes to the financial statements

SEAMARK Dividend & Income Fund

STATEMENT OF INVESTMENTS

As at December 31, 2008

Description	Coupon Rate (%)	Maturity	No. of Shares or Par Value	Average Cost \$	Market Value \$	% of Net Assets
SHORT TERM INVESTMENTS						
Treasury Bills						
Canada Treasury Bills	1.698%	08-Jan-09	100,000	99,782	99,983	
Canada Treasury Bills	1.218%	19-Feb-09	265,000	264,383	264,706	
Total Short Term Investments				364,165	364,689	6.65
BONDS						
Federal Bonds						
Canada Housing Trust No. 1	4.050%	15-Mar-11	50,000	50,595	52,726	
Canada Housing Trust No. 1	4.800%	15-Jun-12	15,000	15,266	16,368	
Government of Canada	5.750%	01-Jun-33	43,000	52,499	58,505	
Government of Canada	5.000%	01-Jun-37	164,000	205,861	209,683	
Government of Canada	4.500%	01-Jun-15	15,000	15,054	17,126	
				339,275	354,408	6.44
Provincial Bonds						
Province of Ontario	4.500%	02-Dec-12	15,000	14,923	16,015	
Province of Ontario	4.300%	08-Mar-17	50,000	49,590	51,300	
Province of Ontario	6.500%	08-Mar-29	15,000	18,193	18,187	
Province of Ontario	4.700%	02-Jun-37	50,000	48,350	50,020	
Province of Quebec	5.500%	01-Dec-14	100,000	106,900	110,879	
Province of Quebec	4.500%	01-Dec-18	20,000	20,002	20,124	
				257,958	266,525	4.85
Corporate Bonds						
Bank of Montreal	5.050%	03-Sep-13	50,000	49,996	51,080	
Bank of Nova Scotia	5.300%	31-Jan-18	25,000	24,993	24,441	
EnCana Corp.	5.800%	18-Jan-18	25,000	24,935	23,537	
GE Capital Canada Funding Co.	5.150%	06-Jun-13	75,000	72,705	72,378	
Royal Bank of Canada	4.530%	07-May-12	68,000	67,168	69,425	
Suncor Energy Inc.	6.700%	22-Aug-11	50,000	53,735	51,874	
Toronto-Dominion Bank	5.141%	19-Nov-12	30,000	30,000	31,295	
Union Gas Ltd.	9.700%	06-Nov-17	50,000	68,085	62,938	
Westcoast Energy Inc.	8.500%	04-Sep-18	50,000	63,870	56,819	
				455,487	443,787	8.08
Total Bonds				1,052,720	1,064,720	19.37
EQUITIES						
Energy						
EnCana Corp.			2,825	190,678	160,319	
Fort Chicago Energy Partners LP			17,175	168,049	122,286	
Husky Energy Inc.			5,750	225,790	177,388	
Nexen Inc.			7,875	213,500	167,895	
Penn West Energy Trust			5,525	148,119	74,974	
Total Energy Services Trust			22,600	178,216	84,750	
TransCanada Corp.			4,125	159,956	136,455	
Zargon Energy Trust			8,700	175,824	150,248	
Total Energy				1,460,132	1,074,315	19.56

SEAMARK Dividend & Income Fund

Materials

BHP Billiton Ltd.	1,650	116,359	87,385	
Yamana Gold Inc.	11,250	142,259	105,750	
Total Materials		258,618	193,135	3.52

Industrials

Aecon Group Inc.	6,050	97,478	66,369	
Bird Construction Income Fund	5,350	153,451	105,984	
New Flyer Industries Inc.	14,525	163,915	120,267	
Total Industrials		414,844	292,620	5.33

Consumer Discretionary

Boston Pizza Royalties Income Fund	7,500	92,603	56,325	
Comcast Corp.	3,700	76,042	76,828	
Shaw Communications Inc.	6,250	127,882	134,938	
Total Consumer Discretionary		296,527	268,091	4.88

Consumer Staples

Colabor Income Fund	12,225	124,030	101,223	
Loblaw Cos. Ltd.	3,950	128,004	138,013	
Walgreen Co.	2,175	78,540	66,213	
Total Consumer Staples		330,574	305,449	5.56

Health Care

Johnson & Johnson	2,050	140,244	151,288	
Pfizer Inc.	6,275	130,556	137,191	
Total Health Care		270,800	288,479	5.25

Financials

Bank of America Corp.	1,775	63,743	30,590	
Barclays PLC	2,300	88,040	27,542	
Canadian Imperial Bank of Commerce	3,125	185,841	159,281	
Crombie Real Estate Investment Trust	12,875	135,480	99,781	
Manulife Financial Corp.	6,500	197,981	134,940	
Royal Bank of Canada	3,525	169,374	126,900	
TMX Group Inc.	3,350	133,853	84,320	
Toronto-Dominion Bank	3,875	244,220	168,252	
Total Financials		1,218,532	831,606	15.13

Information Technology

Canon Inc.	1,500	71,587	58,145	
Nokia OYJ, Class A, ADR	5,700	103,753	109,772	
Total Information Technology		175,340	167,917	3.06

Telecommunication Services

Bell Aliant Regional Communications Income Fund	7,000	196,167	164,290	
Telefonica SA, ADR	1,350	94,454	112,311	
TELUS Corp.	4,425	195,533	164,433	
Total Telecommunication Services		486,154	441,034	8.03

SEAMARK Dividend & Income Fund

Utilities				
Fortis Inc.	6,400	170,066	157,375	2.86
Total Equities		5,081,587	4,020,021	73.18
Transaction costs		(5,841)		
Total Investments		6,492,631	5,449,430	99.20
Other net assets			43,729	0.80
Total net assets			5,493,159	100.00

SEAMARK North American Equity Fund

STATEMENT OF NET ASSETS

As at December 31

	2008	2007*
Assets		
Investments at fair value (Note 2)	\$ 1,054,486	\$ 677,928
Short-term investments (Note 2)	29,995	69,622
Cash	19,833	7,895
Dividends receivable	2,153	438
Total assets	1,106,467	755,883
Liabilities		
Distribution payable to unitholders	805	7,550
Management fee payable	1,630	2,543
Other accrued liabilities	2,351	496
Total liabilities	4,786	10,589
Net assets representing Unitholders' Equity	\$ 1,101,681	\$ 745,294
Net assets per series		
Series A	\$ 551,310	\$ 275,190
Series B	\$ 174,564	\$ 234,700
Series F	\$ 198,512	\$ 9
Series G	\$ 177,295	\$ 235,395
Net assets per unit (Note 2(b))		
Series A	\$ 6.90	\$ 9.38
Series B	\$ 6.90	\$ 9.38
Series F	\$ 6.97	\$ 9.41
Series G	\$ 6.98	\$ 9.42
Net asset value per unit (Note 2(b))		
Series A	\$ 6.90	\$ 9.39
Series B	\$ 6.91	\$ 9.39
Series F	\$ 6.98	\$ 9.42
Series G	\$ 6.99	\$ 9.42

* SEAMARK North American Equity Fund was created on September 27, 2007.

See accompanying notes to the financial statements

Signed on behalf of
SEAMARK Asset Management Ltd., Manager & Trustee



Chief Executive Officer



Chief Financial Officer

SEAMARK North American Equity Fund

STATEMENT OF OPERATIONS

For the year ended December 31, 2008 and for the period from September 27, 2007 to December 31, 2007

	2008	2007
Investment income		
Interest	\$ 1,096	\$ 1,187
Dividends	24,840	2,543
	25,936	3,730
Expenses (Note 2(i))		
Management fees	16,981	2,543
Administration fees	606	494
Custodial fees	-	17
Legal fees	2,732	-
Audit fees	10,536	19,080
Fund services fees	3,260	1,535
Regulatory filing fees	6,083	-
Unitholder reporting fees	649	-
Independent review committee fees	630	209
	41,477	23,878
Net loss before absorbed expenses	(15,541)	(20,148)
Expenses absorbed by fund manager	21,389	20,839
Net income	5,848	691
Realized and unrealized gain (loss) on investments and transaction costs		
Realized gain (loss) on sale of investments	(1,373)	4,741
Transaction costs (Notes 2(c) and 5)	(1,015)	(944)
Change in unrealized depreciation in value of investments	(324,963)	(36,019)
Net loss on investments and transaction costs	(327,351)	(32,222)
Decrease in net assets from operations	\$ (321,503)	\$ (31,531)
Decrease in net assets from operations per series		
Series A	\$ (179,652)	\$ (6,512)
Series B	\$ (62,566)	\$ (14,075)
Series F	\$ (18,853)	\$ (1)
Series G	\$ (60,432)	\$ (10,943)
Decrease in net assets from operations per unit (Note 2(h))		
Series A	\$ (3.13)	\$ (0.41)
Series B	\$ (2.47)	\$ (0.66)
Series F	\$ (2.30)	\$ (1.00)
Series G	\$ (2.39)	\$ (0.38)

See accompanying notes to the financial statements

SEAMARK North American Equity Fund

STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31, 2008 and for the period from September 27, 2007 to December 31, 2007

	2008		2007	
	Series A	Series A	Series B	Series B
Net assets, beginning of year	\$ 275,190	\$ -	\$ 234,700	\$ -
Decrease in net assets from operations	(179,652)	(6,512)	(62,566)	(14,075)
Capital unit transactions :				
Proceeds from units issued	483,204	284,385	-	251,205
Value of units redeemed	(29,919)	-	-	-
Units issued on reinvestment of distributions	3,366	-	2,458	-
Net capital unit transactions	456,651	284,385	2,458	251,205
Distributions paid to unitholders from :				
Net investment income	(879)	(1,045)	(28)	(892)
Net realized gains on investments	-	(1,638)	-	(1,538)
Total distributions paid to unitholders	(879)	(2,683)	(28)	(2,430)
Net assets, end of year	\$ 551,310	\$ 275,190	\$ 174,564	\$ 234,700

	2008		2007	
	Series F	Series F	Series G	Series G
Net assets, beginning of year	\$ 9	\$ -	\$ 235,395	\$ -
Decrease in net assets from operations	(18,853)	(1)	(60,432)	(10,943)
Capital unit transactions :				
Proceeds from units issued	218,778	10	-	499,970
Value of units redeemed	(900)	-	-	(251,195)
Units issued on reinvestment of distributions	491	-	3,676	-
Net capital unit transactions	218,369	10	3,676	248,775
Distributions paid to unitholders from :				
Net investment income	(1,013)	-	(1,344)	(895)
Net realized gains on investments	-	-	-	(1,542)
Total distributions paid to unitholders	(1,013)	-	(1,344)	(2,437)
Net assets, end of year	\$ 198,512	\$ 9	\$ 177,295	\$ 235,395

	2008		2007	
	Total Fund		Total Fund	
Net assets, beginning of year	\$ 745,294		\$ -	
Decrease in net assets from operations	(321,503)		(31,531)	
Capital unit transactions :				
Proceeds from units issued	701,982		1,035,570	
Value of units redeemed	(30,819)		(251,195)	
Units issued on reinvestment of distributions	9,991		-	
Net capital unit transactions	681,154		784,375	
Distributions paid to unitholders from :				
Net investment income	(3,264)		(2,832)	
Net realized gains on investments	-		(4,718)	
Total distributions paid to unitholders	(3,264)		(7,550)	
Net assets, end of year	\$ 1,101,681		\$ 745,294	

See accompanying notes to the financial statements

SEAMARK North American Equity Fund

STATEMENT OF INVESTMENTS

As at December 31, 2008

Description	Coupon Rate (%)	Maturity	No. of Shares or Par Value	Average Cost \$	Market Value \$	% of Net Assets
SHORT TERM INVESTMENTS						
Treasury Bills						
Canada Treasury Bills	1.698%	08-Jan-09	30,000	29,942	29,995	
Total Short Term Investments				29,942	29,995	2.72
EQUITIES						
Energy						
Nabors Industries Ltd.			1,220	25,773	17,998	
Nexen Inc.			1,125	24,985	23,985	
Suncor Energy Inc.			770	25,291	18,264	
Total Energy				76,049	60,247	5.47
Materials						
Teck Cominco Ltd.			1,350	21,574	8,087	
Total Materials				21,574	8,087	0.73
Industrials						
Aecon Group Inc.			1,300	21,580	14,261	
Canadian National Railway Co.			410	21,578	18,343	
FedEx Corp.			695	63,805	55,021	
General Electric Co.			1,875	53,247	37,429	
Norfolk Southern Corp.			400	19,897	23,233	
Total Industrials				180,107	148,287	13.46
Consumer Discretionary						
Astral Media Inc.			700	22,444	16,912	
Coach Inc.			1,390	40,860	35,641	
Comcast Corp.			2,105	42,123	43,709	
Harley-Davidson Inc.			935	36,007	19,553	
Tim Hortons Inc.			1,330	45,072	46,364	
Total Consumer Discretionary				186,506	162,179	14.72
Consumer Staples						
Loblaws Cos. Ltd.			1,165	39,416	40,705	
PepsiCo Inc.			500	34,825	33,807	
Sysco Corp., with PFD. Rights			1,200	33,858	33,984	
Walgreen Co.			1,430	52,755	43,533	
Total Consumer Staples				160,854	152,029	13.80

SEAMARK North American Equity Fund

Health Care				
Johnson & Johnson	460	29,941	33,947	
Pfizer Inc.	835	19,920	18,256	
Wyeth	650	27,882	30,098	
Total Health Care		77,743	82,301	7.47
Financials				
American Express Co.	1,405	64,097	32,175	
Bank of America Corp.	1,595	61,621	27,488	
Canadian Imperial Bank of Commerce	465	31,568	23,701	
Homburg Invest Inc., Class A	911	41,012	10,758	
JP Morgan Chase & Co.	1,125	45,432	43,790	
Manulife Financial Corp.	800	32,470	16,608	
Merrill Lynch & Co. Inc.	1,625	65,656	23,351	
Royal Bank of Canada	610	32,223	21,960	
TMX Group Inc.	650	31,354	16,361	
Toronto-Dominion Bank	460	31,788	19,973	
Total Financials		437,221	236,165	21.44
Information Technology				
Cisco Systems Inc.	1,500	43,283	30,147	
Corning Inc.	2,700	48,163	31,732	
Electronic Arts Inc.	990	40,395	19,555	
F5 Networks Inc.	750	19,007	21,138	
Google Inc.	50	22,467	18,973	
Qualcomm Inc.	725	33,868	32,041	
Research In Motion Ltd.	160	15,976	7,914	
Total Information Technology		223,159	161,500	14.66
Telecommunication Services				
TELUS Corp.	610	30,522	22,668	2.06
Utilities				
Fortis Inc.	855	22,928	21,023	1.91
Total Equities		1,416,663	1,054,486	95.72
Transaction costs		(1,142)		
Total Investments		1,445,463	1,084,481	98.44
Other net assets			17,200	1.56
Total net assets			1,101,681	100.00

SEAMARK MUTUAL FUNDS
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2008

1. Declaration of trust

The SEAMARK Mutual Funds (the "Funds") are open-end unincorporated mutual fund trusts created under the laws of the Province of Ontario pursuant to a Declaration of Trust dated September 26, 2007, as amended, by SEAMARK Asset Management Ltd., who acts as Manager and Trustee of the Funds.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), which include estimates and assumptions by management that may affect the reported amounts of assets, liabilities, income and expenses during the reporting year. Actual results could vary from these estimates.

(a) Adoption of new accounting standards

Financial instruments - disclosure and presentation

On January 1, 2008, the Funds adopted CICA Handbook Section 3862, "Financial Instruments – Disclosures" and Section 3863, "Financial Instruments – Presentation". The new standards replaced Section 3861, "Financial Instruments – Disclosure and Presentation". These sections establish standards for the comprehensive disclosure and presentation requirements for financial instruments. The standards include new requirements to quantify certain risk exposures and to provide sensitivity analysis for certain risks.

The detailed risks of investing in the Funds are disclosed in the Funds Simplified Prospectus. Refer to Note 7 for new disclosures relating to adoption of the new requirements.

Capital disclosures

The Funds also adopted CICA Section 1535, "Capital Disclosures", which requires that the Fund disclose information about its objectives, policies and processes for managing capital, including disclosures of any externally imposed capital requirements and the consequences of non-compliance. This standard impacts the Fund's disclosure provided but does not affect the Fund's results or financial position. Refer to Note 8 for the new disclosures.

(b) Valuation of investments

On April 1, 2005, the Canadian Institute of Chartered Accountants ("CICA") issued Section 3855, "Financial Instruments – Recognition and Measurement" of the CICA Handbook – Accounting, which establishes standards for the fair valuation of investments as well as the accounting treatment of transaction costs. Section 3855 applies to fiscal years beginning on or after October 1, 2006. Additionally, Section 14.2 of National Instrument 81-106 ("NI 81-106"), issued by the Canadian Securities Administrators (CSA) in 2005, requires the daily net asset value of an investment fund to be calculated in accordance with Canadian GAAP. The adoption of Section 3855 would result in the use of different valuation techniques of certain investments.

Investments are categorized as held for trading in accordance with Section 3855 "Financial Instruments - Recognition and Measurement". Investments are recorded at their fair value with the difference between this amount and cost being recorded as unrealized appreciation or depreciation in value of investments in the Statement of Operations.

The differences between this net asset value per unit and the net assets per unit on the Statement of Net Assets is due to different pricing methodologies used to calculate the net assets for financial reporting and the net asset value for fund pricing purposes. For investments that are traded in an active market where quoted prices are readily and regularly available, Section 3855 requires bid prices (for investments held) and ask prices (for investments sold short) to be used in the fair valuation of investments for financial statements, rather than the use of closing sale prices currently used for the purpose of determining net asset value for fund pricing purposes. For investments that are not traded in an active market, Section 3855 requires the use of specific valuation techniques, rather than the use of valuation techniques by virtue of general practice in the investment funds industry. These changes account for the difference between net assets per unit and net asset value per unit.

SEAMARK MUTUAL FUNDS
NOTES TO FINANCIAL STATEMENTS (continued)
For the period ended December 31, 2008

The market value of investments as at the financial reporting period end is determined as follows:

- (i) Securities listed upon a recognized public stock exchange are valued at their bid prices on the valuation date. Securities with no available bid prices are valued at their closing sale prices.
- (ii) Securities not listed upon a recognized public stock exchange are valued using valuation techniques, on such basis and in such manner established by the Manager.
- (iii) Short-term notes, treasury bills, bonds, asset backed securities and other debt instruments are valued at the bid quotations from recognized investment dealers.
- (iv) Underlying Funds are valued each business day at the price calculated by the manager of such underlying fund in accordance with the relevant documents of such underlying fund.

(c) Transaction costs

In accordance with Section 3855, transaction costs are expensed and are included in “Transaction costs” in the Statement of Operations. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commission paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Prior to the adoption of Section 3855, transaction costs were capitalized and included in the cost of purchases or proceeds from sale of investments. There is no impact on the net asset value of the investment fund in using either of these methods. The cost of investments for each security is determined on an average cost basis.

(d) Cash

Cash is comprised of cash or deposit and cash equivalents and is deemed to be held for trading and carried at fair value.

(e) Other Assets and Liabilities

Interest and dividends receivable are designated as loans and receivables and recorded at cost or amortized cost. Management fees payable and other liabilities are designated as financial liabilities and reported at amortized cost. Other assets and liabilities are short term in nature and amortized cost approximates fair value.

Distributions payable to the unit holders are automatically re-invested into the Fund, unless otherwise specified by the unit holder.

(f) Unit valuation and valuation date

Units are issued and redeemed on a continuous basis at the net asset value per unit which is determined, for each class of units of each Fund. The unit valuation per class is determined by dividing the aggregate market value of the net assets of that class of the Fund by the total number of units of that class outstanding at the close of business on the valuation day.

(g) Investment transactions

Investment transactions are accounted for on the trade date.

(h) Revenue recognition

- (i) Interest income is recorded on the accrual basis.
- (ii) Dividend income is recorded on the ex-dividend date and is net of withholding taxes.
- (iii) Realized gains and losses on investments and unrealized appreciation (depreciation) in value of investments are calculated with reference to the average cost of the related investments.
- (iv) Income received from income trusts is recorded on the ex-distribution date and allocated between income, capital gains and return of capital when the information necessary for such an allocation becomes available.
- (v) Income, realized gain (loss) and unrealized gain (loss) is allocated among the classes on a pro-rata basis.

SEAMARK MUTUAL FUNDS
NOTES TO FINANCIAL STATEMENTS (continued)
For the period ended December 31, 2008

(i) Foreign exchange

Foreign currency amounts are expressed in Canadian dollars on the following basis:

- (i) Market value of investments, other assets and liabilities at the rate of exchange prevailing on each valuation date.
- (ii) Value of investment transactions, income and expenses at the rates prevailing on the respective dates of such transactions.

The portion of the results of operations arising from changes in foreign exchange rates on portfolio investments is not isolated from the fluctuations arising from changes in market prices. The combined effects of changes in foreign exchange rates and changes in market prices on portfolio investments are included in "Realized gain (loss) on sale of investments" or "Change in unrealized appreciation (depreciation) in value of investments" in the Statements of Operations.

(j) Increase (decrease) in net assets from operations per unit

Increase (decrease) in net assets from operations per unit in the Statement of Operations represents the increase (decrease) in net assets from operations attributable to each series for the year, divided by the weighted average number of outstanding units of that series during the year.

(k) Management fee and operating expenses

The Manager-Trustee is paid a management fee of 2.00% for Series A and Series B units and 0.75% for Series F and Series G units. This management fee is calculated on each class of units as a percentage of the net asset value of the class, as of the close of business on each business day. The Funds are responsible for the payment of all expenses relating to the operation and administration of the Fund. Operating expenses include audit, legal, transfer agent, trustee, administration, filing, cost of preparing financial reports and prospectus, reasonable costs incurred by its Independent Review Committee and miscellaneous expenses specific to the Fund.

Common operating expenses are allocated on a pro-rata basis among all the series.

(l) Future accounting policy changes

In February 2008, the Canadian Accounting Standards Board confirmed that the International Financial Reporting Standards ("IFRS") will replace current Canadian standards and interpretations as Canadian GAAP for publicly accountable enterprises effective January 1, 2011, which includes investment funds. The Funds will adopt IFRS on January 1, 2011. Management has commenced activities to identify key issues and the likely impacts resulting from the adoption of IFRS and is in the process of developing a changeover plan, which will include identifying differences between the Funds' current accounting policies and those it expects to apply under IFRS, as well as any accounting policy and implementation decisions and their resulting impact, if any, on NAV of the Funds. Management has presently determined that there will be no significant impact to NAV per Unit as a result of the changeover to IFRS.

3. The units

The Funds may issue an unlimited number of units of each series. Series A units of each Fund are designed for retail investors. Series B units and Series G units of SEAMARK North American Equity Fund are designed for retail investors who want to minimize the impact of any currency risk between Canadian and U.S. dollar. Series F units of each Fund are designed for investors who participate in a fee-based or wrap account with a dealer or an advisor.

SEAMARK MUTUAL FUNDS
NOTES TO FINANCIAL STATEMENTS (continued)
For the period ended December 31, 2008

Changes in outstanding units of the SEAMARK Dividend & Income Fund for the year ended December 31, 2008 and for the period from September 27, 2007 to December 31, 2007 were as follows:

	2008		2007	
	#	#	#	#
	Series A	Series F	Series A	Series F
Units, beginning of year	45,721	55,354	-	-
Subscriptions	560,909	120,845	45,676	55,173
Reinvestments	14,446	6,336	45	181
Redemptions	(16,620)	(1,105)	-	-
Units, end of year	604,456	181,430	45,721	55,354

Changes in outstanding units of the SEAMARK Canadian Equity Fund for the year ended December 31, 2008 and for the period from September 27, 2007 to December 31, 2007 were as follows:

	2008		2007	
	#	#	#	#
	Series A	Series F	Series A	Series F
Units, beginning of year	22,829	49,999	-	-
Subscriptions	19,349	5,821	22,829	49,999
Reinvestments	296	-	-	-
Redemptions	(5,581)	977	-	-
Units, end of year	36,893	56,797	22,829	49,999

Changes in outstanding units of the SEAMARK North American Equity Fund for the year ended December 31, 2008 and for the period from September 27, 2007 to December 31, 2007 were as follows:

	2008			
	#	#	#	#
	Series A	Series B	Series F	Series G
Units, beginning of year	29,337	25,020	1	24,999
Subscriptions	54,178	-	28,553	-
Reinvestments	365	262	56	400
Redemptions	(3,926)	-	(126)	-
Units, end of year	79,954	25,282	28,484	25,399

	2007			
	#	#	#	#
	Series A	Series B	Series F	Series G
Units, beginning of year	-	-	-	-
Subscriptions	29,337	25,020	1	49,997
Reinvestments	-	-	-	-
Redemptions	-	-	-	(24,998)
Units, end of year	29,337	25,020	1	24,999

4. Related party transactions

There were no related party transactions during the year, other than management fees paid to and expenses absorbed by the Manager and Trustee and seed money invested in the initial year into the Funds by the Manager and Trustee.

SEAMARK MUTUAL FUNDS
NOTES TO FINANCIAL STATEMENTS (continued)
For the period ended December 31, 2008

5. Commission and other transaction costs

The Fund paid the following amounts in brokerage commissions and other transaction costs for portfolio transactions during the year:

		2008		2007
SEAMARK Dividend & Income Fund	\$	6,941	\$	1,165
SEAMARK Canadian Equity Fund	\$	558	\$	858
SEAMARK North American Equity Fund	\$	1,015	\$	944

6. Income taxes

The Funds qualify as unit fund trusts as defined in the Income Tax Act (Canada). Pursuant to the terms of the declaration of trust establishing the Funds, the Funds pay or make payable in the calendar year to the unitholders all the net taxable investment income and such portion of the net capital gains which will result in the Funds paying no tax under the current provisions of the Act. As a result, under existing tax legislation, the net investment income and capital gains are taxable in the hands of the unitholders in the Funds. Accordingly, no provision for Canadian income taxes has been made in these financial statements.

As of the taxation year ended December 2008, the North American Equity Fund and the Dividend and Income Fund have accumulated gross realized capital losses available for utilization against gross realized gains in future years. The gross capital losses accumulated in the North American Equity Fund and Dividend and Income Fund are \$1,866 and \$187,453 (2007 – Nil and Nil) respectively. The capital losses have no expiry. The Funds have not accumulated any non-capital losses.

7. Financial Risk Management

i. Canadian Equity Fund

The Fund's financial instruments consist of cash and Canadian equity investments. As a result, the Fund is exposed to various types of risks that are associated with its investment strategies, financial instruments and markets in which it invests. The most important risks include market risk, currency risk, interest rate risk, credit risk and liquidity risk. These risks and related risk management practices employed by the Fund are discussed below:

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The investments of the Fund are subject to normal market fluctuations and the risks inherent in investment in equity financial markets. The maximum risk resulting from financial instruments held by the Fund is determined by the fair value of the financial instruments. The Manager moderates this risk through a careful selection of securities within specified limits and the Fund's market price risk is managed through diversification of the investment fund. The Investment Manager monitors the Fund's overall market positions on a daily basis and positions are maintained within established ranges.

As at December 31, 2008, the Fund's market risk is affected by changes in actual market prices. If the following index had increased (decreased) by 10% at December 31, 2008, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Market Sensitivity		2008	
Index:	Historical Correlation ¹	10% Increase	10% Decrease
S&P TSX	0.9	\$55,907	(\$55,907)

¹ For the five-year period ended December 31, 2008

SEAMARK MUTUAL FUNDS
NOTES TO FINANCIAL STATEMENTS (continued)
For the period ended December 31, 2008

In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

(b) Currency risk

Currency risk is the risk that the value of investments denominated in currencies, other than the functional currency of the Fund, will fluctuate due to changes in foreign exchange rates. The Statement of Investments identifies all investments denominated in foreign currencies. Equities in foreign markets and foreign bonds are exposed to currency risk as the prices denominated in foreign currencies are converted to the Fund's functional currency in determining fair value.

The Fund invested primarily in Canadian securities. As at December 31, 2008, the Fund did not have any significant exposure to currency risk.

(c) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises when the Fund invests in interest-bearing financial instruments. The Fund is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. The Fund's exposure to interest rate risk is concentrated in its investment in money market instruments. Other assets and liabilities are short-term in nature and/or non-interest bearing.

The majority of the Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund is not subject to a significant amount of interest rate risk due to fluctuations in the prevailing level of market interest rates.

(d) Credit risk

Credit risk is the risk that a loss could arise from a security issuer or counterparty to a financial instrument not being able to meet its financial obligations. The Fund's main credit risk concentration is short-term debt securities. The Fund limits its exposure to credit loss by investing its cash in fixed income securities with high credit quality. To maximize the credit quality of its investments, the Fund's managers perform ongoing credit evaluations based upon factors surrounding the credit risk of customers, historical trends and other information.

As at December 31, 2008, the Fund had no significant investments in debt instruments and/or derivatives.

(e) Liquidity risk

The Fund's exposure to liquidity risk is concentrated in the daily cash redemptions of redeemable units. The units of the Fund are redeemed on demand at the current Transactional NAV per unit at the option of the unitholder. Liquidity risk is managed by investing the majority of the Fund's assets in investments that are traded in an active market and can be readily disposed. In addition, the Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity.

The Fund's investments are considered readily realizable and highly liquid, therefore the Fund's liquidity risk is considered minimal.

ii. Dividend and Income Fund

The Fund's financial instruments consist of cash, bonds and equity investments. As a result, the Fund is exposed to various types of risks that are associated with its investment strategies, financial instruments and markets in which it invests. The most important risks include market risk, currency risk, interest rate risk, credit risk and liquidity risk. These risks and related risk management practices employed by the Fund are discussed below:

SEAMARK MUTUAL FUNDS
NOTES TO FINANCIAL STATEMENTS (continued)
For the period ended December 31, 2008

(a) Market risk

The investments of the Fund are subject to normal market fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from financial instruments held by the Fund is determined by the fair value of the financial instruments. The Manager moderates this risk through a careful selection of securities within specified limits and the Fund's market price risk is managed through diversification of the investment fund. The Investment Manager monitors the Fund's overall market positions on a daily basis and positions are maintained within established ranges.

As at December 31, 2008, the Fund's market risk is affected by three main components: changes in actual market prices, interest rates and foreign currency movements. If the following indexes had increased (decreased) by 10% at December 31, 2008, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Market Sensitivity	2008		
	Historical Correlation ¹	10% Increase	10% Decrease
Index:			
S&P TSX	0.9	\$282,597	(\$282,597)
S&P 500	0.9	\$40,903	(\$40,903)
MSCI EAFE	1.0	\$38,800	(\$38,800)

¹ For the five-year period ended December 31, 2008

In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

(b) Currency risk

The Statement of Investments identifies all investments denominated in foreign currencies. Equities in foreign markets and foreign bonds are exposed to currency risk as the prices denominated in foreign currencies are converted to the Fund's functional currency in determining fair value.

The Fund holds assets that are denominated in currencies other than the Canadian Dollar, the functional currency. It is therefore exposed to currency risk, as the value of the securities denominated in other currencies fluctuate due to changes in exchange rates. The table below summarizes the Fund's exposure to currency risks. Amounts shown are based on the carrying value of monetary and non-monetary assets.

Currency Type	Currency Exposure (\$)	Percentage of Net Assets (%)
USA	\$858,660	15.63%

All amounts in Canadian dollars.

As at December 31, 2008, if the exchange rate between the Canadian Dollar and the foreign currencies to which the Fund is exposed increased or decreased by 5%, with all other variables held constant, net assets would have increased or decreased, respectively, by approximately \$42,933. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(c) Interest rate risk

The Fund is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. The Fund's exposure to interest rate risk is concentrated in its investment in money market instruments and bonds. Other assets and liabilities are short-term in nature and/or non-interest bearing.

SEAMARK MUTUAL FUNDS
NOTES TO FINANCIAL STATEMENTS (continued)
For the period ended December 31, 2008

The below table summarizes the Fund's exposure to interest rate risk, categorized by earlier of contractual repricing or maturity dates.

	Less Than 1 Month (\$)	1-3 Months (\$)	3 Months – 1 Year (\$)	1 – 5 Years (\$)	> 5 Years (\$)	Total (\$)
Interest Rate Exposure	\$99,983	\$264,706	\$nil	\$361,161	\$703,559	\$1,429,409

At December 31, 2008, should interest rates have decreased by 25 basis points with all other variables remaining constant, the increase in net assets for the year would amount to approximately \$21,999. Conversely, if interest rates had risen by 25 basis points, the decrease in net assets would amount to approximately \$21,999. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

(d) Credit risk

The Fund's main credit risk concentration is spread between short-term debt securities and bonds. The Fund limits its exposure to credit loss by placing its cash and cash equivalents in fixed income securities with high credit quality. To maximize the credit quality of its investments, the Fund's manager performs ongoing credit evaluations based upon factors surrounding the credit risk of customers, historical trends and other information.

The Fund invests in financial assets, which have an investment grade as rated primarily by Dominion Bond Rating Services and Standard & Poor's, Moody's. At December 31, 2008, the Fund's credit risk exposures grouped by credit ratings are listed in the following table:

Credit Rating	Percentage of Net Assets (%)
AAA	14.41%
AA	4.30%
A	5.13%
BBB or lower	2.18%
Total	26.02%

All transactions in listed securities are settled upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has made payment. Payment is made on a purchase once the securities have been delivered by the broker. The trade will fail if either party fails to meet its obligation.

(e) Liquidity risk

The Fund's exposure to liquidity risk is concentrated in the daily cash redemptions of redeemable units. The units of the Fund are redeemed on demand at the current Transactional NAV per unit at the option of the unitholder. Liquidity risk is managed by investing the majority of the Fund's assets in investments that are traded in an active market and can be readily disposed. In addition, the Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity.

The Fund's investments are considered readily realizable and highly liquid, therefore the Fund's liquidity risk is considered minimal.

iii. North American Equity Fund

The Fund's financial instruments consist of cash and equity investments. As a result, the Fund is exposed to various types of risks that are associated with its investment strategies, financial instruments and markets in which it invests. The most important risks include market risk, currency risk, interest rate risk, credit risk and liquidity risk. These risks and related risk management practices employed by the Fund are discussed below:

SEAMARK MUTUAL FUNDS
NOTES TO FINANCIAL STATEMENTS (continued)
For the period ended December 31, 2008

(a) Market risk

The investments of the Fund are subject to normal market fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from financial instruments held by the Fund is determined by the fair value of the financial instruments. The Manager moderates this risk through a careful selection of securities within specified limits and the Fund's market price risk is managed through diversification of the investment fund. The Investment Manager monitors the Fund's overall market positions on a daily basis and positions are maintained within established ranges.

As at December 31, 2008, the Funds market risk is affected by three main components: changes in actual market prices, interest rates and foreign currency movements. If the following indexes had increased (decreased) by 10% at December 31, 2008, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Market Sensitivity		2008	
Index:	Historical Correlation ¹	10% Increase	10% Decrease
S&P TSX	1.0	\$34,367	(\$34,367)
S&P 500	1.0	\$69,179	(\$69,179)

¹ For the five-year period ended December 31, 2008

In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

(b) Currency risk

The Statement of Investments identifies all investments denominated in foreign currencies. Equities in foreign markets and foreign bonds are exposed to currency risk as the prices denominated in foreign currencies are converted to the Fund's functional currency in determining fair value.

The Fund holds assets that are denominated in currencies other than the Canadian Dollar, the functional currency. It is therefore exposed to currency risk, as the value of the securities denominated in other currencies fluctuate due to changes in exchange rates. The table below summarizes the Fund's exposure to currency risks. Amounts shown are based on the carrying value of monetary and non-monetary assets.

Currency Type	Currency Exposure (\$)	Percentage of Net Assets (%)
USA	\$706,599	64.14%

All amounts in Canadian dollar.

As at December 31, 2008, if the exchange rate between the Canadian Dollar and the foreign currencies the Fund is exposed to increased or decreased by 5%, with all other variables held constant, net assets would have increased or decreased, respectively, by approximately \$35,330. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(c) Interest rate risk

The Fund is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. The Fund's exposure to interest rate risk is concentrated in its investment in money market instruments. Other assets and liabilities are short-term in nature and/or non-interest bearing.

SEAMARK MUTUAL FUNDS
NOTES TO FINANCIAL STATEMENTS (continued)
For the period ended December 31, 2008

The majority of the Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund is not subject to a significant amount of interest rate risk due to fluctuations in the prevailing level of market interest rates.

(d) Credit risk

The Fund's credit risk is its short-term debt securities. The Fund limits its exposure to credit loss by placing its cash and cash equivalents in fixed income securities with high credit quality. To maximize the credit quality of its investments, the Fund's managers perform ongoing credit evaluations based upon factors surrounding the credit risk of customers, historical trends and other information.

As at December 31, 2008, the Fund had no significant investments in debt instruments and/or derivatives.

(e) Liquidity risk

The Fund's exposure to liquidity risk is concentrated in the daily cash redemptions of redeemable units. The units of the Fund are redeemed on demand at the current Transactional NAV per unit at the option of the unitholder. Liquidity risk is managed by investing the majority of the Fund's assets in investments that are traded in an active market and can be readily disposed. In addition, the Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity.

The Fund's investments are considered readily realizable and highly liquid, therefore the Fund's liquidity risk is considered minimal.

8. Capital Management

The units issued and outstanding represent the capital of each Fund. Each of the Funds is authorized to issue an unlimited number of units and in an unlimited number of series. Unitholders are entitled to distributions, if any. Distributions on units of a Fund are reinvested in additional units of its own Fund or, at the option of the unitholders, paid in cash. The Funds have no restrictions on specific capital requirement on the subscriptions and redemptions of units. The relevant movements are shown on the Statement of Changes in Net Assets. In accordance with its investment objectives and strategies, and the risk management practices outlined in the Note 7, the Funds endeavor to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such as liquidity being augmented by maintaining sufficient cash and cash equivalents or disposal of investments where necessary.

9. Comparative Figures

Certain comparative figures have been reclassified to conform to the presentation for the period ended December 31, 2008.

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