



# SEAMARK Pooled Canadian Equity Fund

December 31, 2009

## Philosophy & Strategy

SEAMARK's bottom-up, fundamental approach to equity investing seeks to identify companies with superior long-term investment merit based on proven management, competitive position, and strong balance sheets. Preference is given to companies with durable growth prospects.

The Canadian Equity Fund seeks to preserve and enhance capital through long-term capital gains with some current dividend income by investing primarily in Canadian equity securities.

SEAMARK's focus is on individual companies, rather than on the stock market. This focus on "buying the company" is consistent with the objective of owning the company for the long-term.

SEAMARK seeks to invest in companies when their current market price represents value relative to their long-term potential, and maintains an investment so long as it continues to offer attractive return potential. Leading companies in many attractive industries are held to provide diversification.

Large capitalization companies will generally account for approximately 70% of the total portfolio. The weight of a specific core holding at any time will reflect SEAMARK's confidence in the stability and durability of the idea, but will not exceed 10% of the total portfolio weight. SEAMARK's exposure to medium cap stocks will be no more than 30%. Small cap stocks may, from time to time as valuations warrant, represent up to 10% of the portfolio.

## Portfolio Managers' Commentary

The saying 'in like a lion, out like a lamb' could aptly describe the 2009 investing year. In stark contrast to the gut wrenching, volatile start to the year, the final quarter of the year was marked by steady low single digit gains from equity markets.

The Fund's diversified holdings continued to generate strong positive returns that nevertheless generally lagged the S&P/TSX Composite Index. The Fund's lack of exposure to fertilizer and base metal companies, two of the strongest sectors in the index this quarter, negatively impacted relative returns. The Fund was also negatively impacted by a sharp decline in Manulife Financial's shares after a dilutive equity issuance during the quarter. We expect the general strength of the franchise and the prospect of rising interest rates, which are very beneficial for insurers, should result in better performance in 2010 from Manulife's current depressed valuations.

Overall, the portfolio enters the new year with a balanced exposure to many attractive industries. We remain underweight commodity sectors but have been adding exposure to those areas that we consider most likely to benefit from a continued recovery in the global economy. We remain patient and cognizant of valuations and risk when making investment decisions, and this discipline has helped our equity portfolios maintain strong relative performance with low relative volatility over recent years. We continue to focus on quality companies with strong financials, which we believe are most likely to prosper over the next business cycle.

## Portfolio Activity

During the quarter we established new positions in TransCanada Corp. and Intact Financial and increased holdings in Research in Motion and Sun Life Financial. TransCanada is Canada's largest pipeline and power generation company and is poised to enter a period of strong growth from investments in new pipeline and power generation projects. Intact Financial is one of Canada's leading property and casualty insurance companies with a history of growth and strong management.

## Investment Team

All SEAMARK Pooled Funds are managed under the direction of the Executive Portfolio Management Team.

The lead Portfolio Managers for the Fund are:

Chad King, CA, CFA and Richard W. Fewell, CFA



Chad King



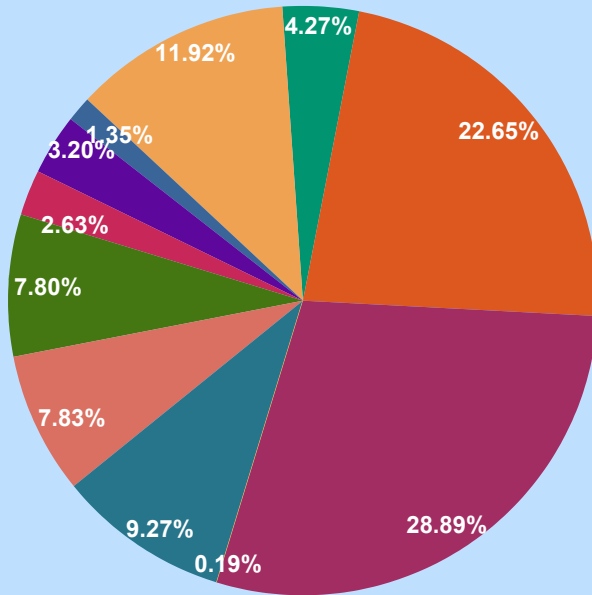
Richard W.  
Fewell



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## Asset Mix



CASH & EQUIVALENTS	1.35%
CONSUMER DISCRETIONARY	11.92%
CONSUMER STAPLES	4.27%
ENERGY	22.65%
FINANCIALS	28.89%
HEALTH CARE	0.19%
INDUSTRIALS	9.27%
INFORMATION TECHNOLOGY	7.83%
MATERIALS	7.80%
TELECOMMUNICATIONS	2.63%
UTILITIES	3.20%
Total:	100.00%

### Market Value of the Fund

CANADIAN EQUITY	124,925,568
CASH & EQUIVALENTS	1,509,280
<b>\$ 126,434,848</b>	

### Top Ten Holdings (% of portfolio)

ROYAL BANK CDA	5.29
TORONTO DOMINION BK	5.01
RESEARCH IN MOTION	4.73
SUNCOR ENERGY INC	4.62
YAMANA GOLD INC	3.70
GILDAN ACTIVEWEAR	3.58
SUN LIFE FNCL INC	3.52
CDN NATL RAILWAY	3.50
NEXEN INC	3.42
MANULIFE FINCL CORP	3.36

### Best Performing Securities of the Quarter

MACDONALD DETTWILER	35.64%
AECON GROUP	27.87%
GILDAN ACTIVEWEAR	21.84%
FORTIS INC	16.00%
SHAW COMMUNICATIONS	13.00%

### Worst Performing Securities of the Quarter

AGNICO EAGLE MINES	-21.39%
MANULIFE FINCL CORP	-13.49%
SUN LIFE FNCL INC	-8.70%
HOMBURG INVEST INC	-8.29%
TMX GROUP INC	-6.57%

### Performance Information

Inception Date of Fund: June 30, 1997

ROR Since Inception of Fund: 9.56%	3 Mths	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	6 Yrs	7 Yrs	8 Yrs	9 Yrs	10 Yrs
TOTAL PORTFOLIO	3.2	27.9	27.9	-5.5	0.1	4.7	7.5	8.0	10.5	8.3	8.1	10.1
S&P/TSX Composite Index	3.9	35.1	35.1	-4.9	-0.2	3.9	7.7	8.8	11.2	7.9	5.4	5.6

Performance Data is calculated on an actual basis for periods of less than one year, and on an annualized basis for periods of one or more years. Performance data assumes the reinvestment of all distributions and does not take into account management fees or income taxes (except for withholding tax, if any, on foreign income) payable by any unitholder that would have reduced returns. Past performance is not necessarily indicative of future returns.