SEAMARK

March 31, 2019

SEAMARK POOLED BALANCED FUND

Our Philosophy and Strategy

The SEAMARK Balanced Fund investment philosophy embodies several defining tenets:

- The firm employs an equity bias, recognizing that ownership offers the greatest investment reward.
- Bonds typically offer lower investment potential than equities. In that bonds represent 'safe money', they form a foundation for balanced portfolios and must be both secure and liquid.
- In balanced mandates, the asset mix is varied 'from the bottom up' within predetermined parameters, driven incrementally by the relative valuation of individual securities, one investment at a time.
- Companies selected for investment are made from our Total Equity platform, allowing for the construction of integrated, efficient equity portfolios.
- Careful attention is paid to valuation, attempting always to 'buy well'.
- Once invested in a company, SEAMARK exercises patience on behalf of its clients, with tax efficient low turnover rates, allowing the management of the underlying company to compound high returns on behalf of its shareholders.

The specific objective of the Pooled Balanced fund is to preserve capital and minimize market value fluctuations while generating superior long-term returns through capital gains augmented by current income. The Fund's performance is benchmarked against a blend of 5% FTSE 91-Day T-Bill Index, 40% FTSE Canada Universe Bond Index, 27% S&P/TSX Composite Index, 20% S&P 500 Index, and 8% Morningstar Developed Markets excluding North America NR Index. Return in excess of this benchmark is an objective only and is not guaranteed by any party.

The fund seeks to achieve its objective within asset mix constraints set forth below:

Asset Class	Min.	Max.
Cash & Short-Term Assets	0%	25%
Fixed Income Assets	20%	70%
Equity Assets	30%	70%

Portfolio Managers' Commentary

Equity and debt markets rallied in concert during the first quarter of 2019, a welcome development following the decline in world equity markets in Q4 2018.

Despite the S&P 500 Index registering its strongest first quarter since 1998, its 13.1% rise fell shy of its 14.0% decline in the previous quarter. The Canadian S&P TSX Composite Index recovered its Q4 losses, helped by a near 50% return in the health care sector. That subgroup is home to the fledgling cannabis companies and renamed Valeant Pharmaceutical (Bausch Health), so is not for the faint of heart. Non-North American bourses rallied less than 10%, well short of their declines in Q4. When dividends are included, Canadian and U.S. markets showed slightly positive returns over the six-month period.

In addition to equities, the Fund holds bonds for safety and income. We are pleased that our conservatively positioned Fund achieved a 6.3% return, quickly recovering more than its -5.1% return of Q4 2018.

The first quarter rally in capital markets can largely be attributed to a change of view by Central Banks toward interest rates. In a remarkable reversal of outlook, the U.S. Federal Reserve has now taken a more dovish view of rates. Long term interest rates are in fact lower than short rates (an interest rate inversion), which puts some pressure on North American economies. Central Bankers may need to consider rate cuts sometime in 2019 to correct the yield curve inversions.

Financial firms, which make up a healthy portion of the Fund, face a headwind with an inverted curve. Financials underperformed late in the quarter, just when the curve inverted. Banks borrow short to lend long, pocketing the yield spread. An inverted curve plays havoc with that formula. In the past, an inverted yield curve has led to slower economic growth, so this too has had a negative impact on shares of financial firms. The underperformance of financials has been a contributor to divergent performance between the value and growth sectors.

Investors shouldn't expect the rally in both stocks and bonds to persist. Declining interest rates are good for bonds, but may suggest a weakening economy, putting pressure on corporate earnings and share prices. Conversely, rising rates would occur in tandem with growth in the economy, which would be negative for bonds. Investors in the Fund benefit from the diversification offered from the mix of fixed income and equity investments, especially when the investment outlook is less than clear.

The Fund's asset class segments are each positioned conservatively. Bonds are comprised of a mix of terms to maturity and include some floating rate bonds that would offer capital protection if rates are to rise from current low levels. Meanwhile, some caution is warranted with equity holdings. This business cycle is now in its tenth year. Earnings growth will be down from last year, and the economy is more prone to any outside shocks that may materialize. There is also a heavy calendar of new issues slated for this year which will compete for investors' capital, perhaps putting a lid on share prices of today's listed companies. The Fund's conservative positioning is prudent, given the various uncertainties that lie ahead for the balance of the year.

INVESTMENT TEAM

Bob McKim, CFA
CEO & Chief Investment Officer

Don Wishart, CFA
President

George Loughery, CFA
Chief Portfolio Manager

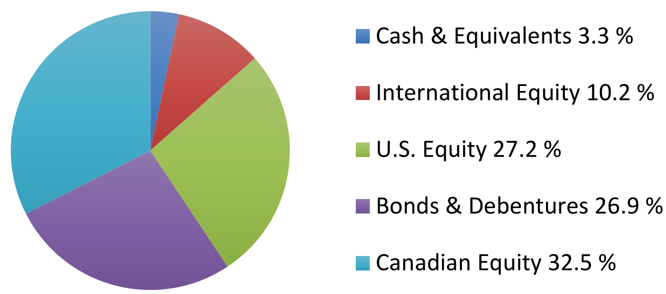
Beste Alpargun, CFA
VP Fixed Income, Portfolio Manager

Portfolio Activity

Two new bond issues were purchased, a TD Bail-in issue with a 5-year term, and a Canada Housing Trust 5 year issue. Both purchases were undertaken to take advantage of favorable new issue yields.

Shares of several pharma companies in the Fund were trimmed during the quarter, based on valuation, or simply in advance of more drug price bashing ahead of the 2020 elections. A new position was established in Applied Materials (AMAT), a leading semi-conductor capital equipment manufacturing company, trading down from its cycle high. In addition to benefiting from the ongoing conversion to everything digital, AMAT characterizes this as the first inning of demand from new key drivers, Big Data and Artificial Intelligence.

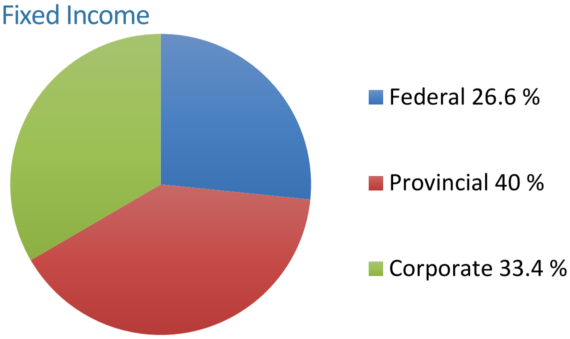
Asset Mix



Top Ten Equity Holdings (% of Fund)

IA Financial Corporation Inc.	2.3
Franco Nevada	2.3
Canadian Natural Resources	2.3
Suncor Energy Inc.	2.2
Royal Bank	2.2
Manulife Financial	2.2
Bank of Nova Scotia	2.2
Toronto Dominion	2.2
Cisco Systems Inc.	2.1
Alimentation Couche-Tard	1.9

Fixed Income



Fixed Income Duration

Duration	4.8 years
Term	6.1 years
Yield	2.3 %

Calendar Year Performance (%)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
TOTAL PORTFOLIO (CAD$)	-12.1	15.5	6.5	-1.3	11.1	16.6	13.4	5.3	8.3	4.3	-4.2
BENCHMARK* (CAD$)	-14.7	14.9	10.1	0.6	7.2	11.8	10.7	3.9	7.8	7.4	-1.4

*5% FTSE 91-Day T-Bill Index, 40% FTSE Canada Universe Bond Index, 27% S&P/TSX Composite Index, 20% S&P 500 Index, and 8% Morningstar Developed Markets excluding North America GR Index.

Performance Information (%)

March 31, 2019

	QTD	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	6 Yrs	7 Yrs	8 Yrs	9 Yrs	10 Yrs	Since Inception
TOTAL PORTFOLIO (CAD$)	6.3	6.3	4.0	1.6	5.1	3.4	5.5	7.2	7.8	7.0	7.1	8.2	7.0
BENCHMARK* (CAD$)	8.0	8.0	7.2	5.5	7.2	4.9	6.3	7.3	7.3	6.6	7.1	8.3	6.1

* 5% FTSE 91-Day T-Bill Index, 40% FTSE Canada Universe Bond Index, 27% S&P/TSX Composite Index, 20% S&P 500 Index, and 8% Morningstar Developed Markets excluding North America GR Index.

Fund Inception date: June 30, 1997

Stay in Touch!

SUBSCRIBE to the Latest

Call: 1 888 303 5055 Email: information@seamark.ca Visit: www.SEAMARK.ca

SEAMARK ASSET MANAGEMENT LTD.