

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 TMX 91-Day T-Bill Index, 40% FTSE TMX Canada Universe Bond Index, 27% S&P/TSX Composite Index, 20% S&P 500 Index, and 8% MSCI EAFE 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

The Balanced Pooled Fund earned a rate of return of 3.1% in Canadian Dollar (CAD) terms for the quarter, just shy of its blended benchmark return of 3.3%. The portfolio's strong return in the second quarter lifted the Fund into the black for six months, overcoming the equity market's negative showing in the first quarter.

The trend of rising interest rates in the first quarter persisted into the second quarter of 2018. In June, the U.S. Federal Reserve increased its target rate by 25 bps once again to 1.75-2.00%. Facing inflationary pressures, the Bank of Canada is expected to hike rates by 25 bps at its July meeting. Against this background we have continued to favour Floating Rate Notes (FRNs) for their defensive characteristics in a rising rate environment. At June 30, FRNs comprised 27.6% of the bond portfolio.

At mid-year, the U.S. economy continues to look strong. Corporate earnings are being buoyed by lower tax rates and the consumer continues to spend. Many U.S. multinationals are repatriating profits that had been stranded offshore, to reinvest stateside. It is ironic that President Trump would choose this particular time to turn insular, and protectionist even, with U.S. trade policies. A full out trade war could derail the economy that is the envy of the world.

The Canadian economic outlook is much less certain when compare to the U.S. The strength witnessed in recent years in consumer spending is sure to slow, with household debt levels at very elevated levels. Our energy sector continues to be assailed from outside interests as well as internal objectors. Business confidence is shaky, as we attempt to renegotiate NAFTA.

Trade issues bear close watching. Negotiations are progressing, but aggressive rhetoric and tit-for-tat tariff impositions are concerning to industry. We expect that cooler heads will ultimately prevail, but it may be a bumpy road to conclusion. For now, we are avoiding the Canadian auto, dairy and lumber industries in our portfolio construction. With this background, we expect market volatility to reflect a more normal level than the benign experience of 2017. SEAMARK equities remain tilted to risk-off undervalued companies as the best defense for today's uncertainties.

INVESTMENT TEAM



Bob McKim, CFA
CEO & Chief Investment Officer



Don Wishart, CFA
President



George Loughery, CFA
Chief Portfolio Manager

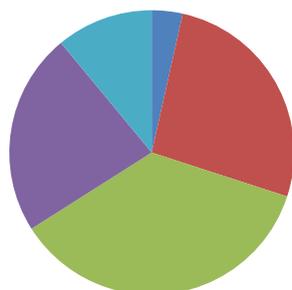


Beste Alpargun, CFA
VP Fixed Income, Portfolio Manager

Portfolio Activity

Early in the year, the portfolio had sold shares of Canadian Western Bank at its recent highwater mark, above \$40. Subsequently, the shares retrenched by over 15% providing the opportunity to re-establish a position. The outlook for the bank continues to improve with rising interest rates and higher crude oil prices, which benefit the western provinces' economies. In terms of Fixed Income, this quarter, we purchased a Manitoba 2.6% June 2, 2027 and a CPP Investment Board 3.0% June 15, 2018.

Asset Mix

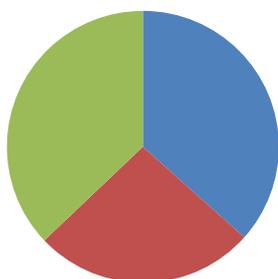


- Cash & Equivalents 3.5%
- Bonds & Debentures 26.5%
- Canadian Equity 36.0%
- U.S. Equity 23.1%
- International Equity 11.0%

Top Ten Equity Holdings (% of Fund)

Toronto Dominion Bank	2.2
Franco Nevada	2.2
Royal Bank	2.0
Bank of Nova Scotia	2.0
Cisco Systems Inc.....	1.8
Cenovus Energy	1.8
Suncor Energy	1.7
Imperial Oil	1.7
Canadian Natural Resources	1.7
SAP	1.6

Fixed Income



- Corporate 36.6%
- Federal 26.3%
- Provincial 37.1%

Fixed Income Duration

Duration.....	5.8 years
Term.....	6.7 years
Yield	2.5 %

Calendar Year Performance (%)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
TOTAL PORTFOLIO (CAD\$)	0.0	-12.1	15.5	6.5	-1.3	11.1	16.6	13.4	5.3	8.3	4.3
BENCHMARK* (CAD\$)	2.6	-14.7	14.9	10.1	0.6	7.2	11.8	10.7	3.9	7.8	7.4

*5% FTSE TMX 91-Day T-Bill Index, 40% FTSE TMX Canada Universe Bond Index, 30% S&P/TSX Composite Index, and 25% MSCI World (ex-Canada) Index

Performance Information (%)

June 30, 2018

	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\$)	3.1	0.9	3.3	5.6	5.0	6.3	8.3	9.2	8.1	8.5	8.1	6.6	7.3
BENCHMARK* (CAD\$)	3.3	2.6	6.9	7.3	5.8	6.2	8.2	8.2	7.1	7.9	7.7	5.8	6.2

*Effective 01 Jan 2018 the benchmark has been changed to: 5% FTSE TMX 91-Day T-Bill Index, 40% FTSE TMX Canada Universe Bond Index, 27% S&P/TSX Composite Index, 20% S&P 500 Index, and 8% MSCI EAFE Index; benchmark from inception to 31 Dec 2017 is: 5% FTSE TMX 91-Day T-Bill Index, 40% FTSE TMX Canada Universe Bond Index, 30% S&P/TSX Composite Index, and 25% MSCI World (ex-Canada) Index.

Fund Inception date: June 30, 1997

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