SEAMARK

June 30, 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 GR 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 second quarter witnessed ups and downs in the equity market before ending on a strong note. Share prices in North America closed at or near new highs at mid-year. Other bourses around the world didn't fare as well, reflecting lower growth prospects than the North American economies, which continue to exhibit growth, albeit at a reduced pace from earlier expectations.

Meanwhile, the bond market has delivered a major rally, probably beyond the expectations of most investors. Yields of marketable securities have dramatically reversed course after hitting their highest levels in this cycle, last fall. U.S. ten-year Treasury yields have declined from a peak of 3.22%, to 1.96% at June 30. Government of Canada ten-year issues followed suit, with yields falling from a high of 2.54%, to the 1.46% level by mid-year. Quite unexpectedly, for the latter stages of a business cycle, bonds delivered higher returns than most stock indexes over the last 12 months.

Against this background, the Fund earned a 2.2% return for the quarter, in line with its benchmark. Over twelve months, which included the negative return of Q4, the Fund recorded a return of 3.1%. The Fund was well under its benchmark weight of bonds during the period when bonds did surprisingly well. In the long run, with interest rates at such depressed levels, we expect to be rewarded for a continued underweight in the bond component of the portfolio.

Looking ahead, asset prices of stocks and bonds appear to be a little extended in the short term. Share prices in North America have advanced on hopes for a trade deal with China, and the apparent reversal of direction by the Fed. Since the last interest rate hike in December, it looks like the Central Bank is now willing to cut rates, if data supports the need for easing. But President Trump's meddling in the Fed's affairs has muddied the waters. One can assume that a former New York real estate developer would always think that rates are too high. His opinion should be discounted, but he continues to badger the Fed Chairman with veiled threats, in the hopes of getting a rate cut, or cuts, leading into the 2020 election.

At some point, the market may begin to question the independence of the Fed. That could be received poorly by investors, who have come to expect the Fed to follow something other than a gut instinct when setting rates. Later in the quarter, the U.S. will once again be facing the need to increase the country's debt ceiling. That is likely to be contentious and has the potential to shake investor confidence as it gets sorted out.

The pending election in Canada is not a particular risk factor for Canadian investors. Even if the government were to change, it would probably be perceived as a positive for the energy patch.

In summary, we remain cautiously optimistic on the economies in Canada and the U.S. If asset prices warrant, we can take some profits, and if given the opportunity later in the quarter, can redeploy funds into more attractively priced securities.

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

The up and down quarter offered opportunities to do some repositioning for both the equity and bond components of the Fund.

During the quarter, aligning with changing the positioning incrementally, we sold various Floating Rate Notes while participating in higher quality pension agency issues with medium term maturity.

Among equities, positions in Bristol Myers, Kraft Heinz, Stantec, SNC Lavalin and HSBC bank were sold. Holdings of TransAlta Renewables and Walmart were trimmed on price strength, while we added to holdings of UPS and KLA Tencor at attractive prices. Six weeks of a market slide offered us opportunities to add to several other holdings at attractive valuation levels. We built the holding in shares of Alcon, a recent spin-off from Novartis to a full portfolio weight. Alcon is an innovator in vision and eye care products, which will benefit from an aging demographic. A partial position was established in shares of Ingredion Inc. This company sells ingredient solutions to the food, beverage and beer industries. Its products are largely plant based, a growing segment of the food industry.

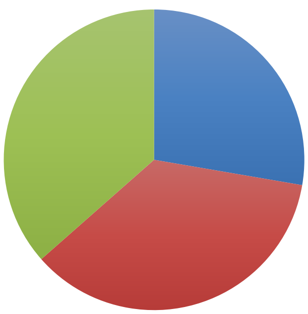
Asset Mix

- Cash & Equivalents 4 %
- International Equity 10.7 %
- U.S. Equity 26.9 %
- Bonds & Debentures 26.7 %
- Canadian Equity 31.7 %

Top Ten Equity Holdings (% of Fund)

Franco Nevada	2.7
IA Financial Corporation Inc.	2.6
Manulife Financial	2.5
Toronto Dominion Bank	2.5
Royal Bank	2.4
Bank of Nova Scotia	2.4
Suncor Energy	2.3
Canadian Natural Resources	2.3
Alimentation Couche-Tard	2.2
Walt Disney Co	2.0

Fixed Income



- Federal 27.7 %
- Provincial 35.8 %
- Corporate 36.5 %

Fixed Income Duration

Duration	5.4 years
Term	6.5 years
Yield	2.2 %

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 (%)

June 30, 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$)	2.2	8.6	3.1	3.2	4.8	4.5	5.6	7.4	8.3	7.4	7.9	7.6	7.1
BENCHMARK* (CAD$)	2.3	10.5	6.3	6.6	7.0	5.9	6.2	7.9	7.9	7.0	7.7	7.6	6.2

* 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

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