September 30, 2017

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% DEX 91-Day T-Bills, 40% DEX Universe Bond Index, 30% S&P/ TSX Composite Total Return Index, and 25% MSCI World (ex-Canada) 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

To the casual observer one would think that calamities of biblical proportions have hit the United States over the past couple of months. Those glued to their television sets probably missed the fact that world trade data, global employment and consumer/investor confidence have been improving steadily. With that, the Fund's fixed income benchmark, the FTSE-TMX Canada Universe Bond Index fell by 1.84% as interest rates increased in Canada and the U.S.

In the equity arena, the third quarter was much the same as preceding one, with International and U.S. equity markets performing well in their domestic currencies. However, the non-Canadian names added only modest performance in Canadian dollars, due to a 4% appreciation of the Canadian dollar versus that of the Greenback. The most significant change, quarter over quarter, was a 3% improvement in Canadian Equities, due mostly to a rebound of over 10% in the Energy sector. Oil prices moved nicely above $50 per barrel, causing investment money to begin returning to that sector.

The Canadian economy continued to register further positive surprises. The Bank of Canada responded by relaxing its accommodative monetary stance of recent years, with a rate hike of 25 basis points, the second in just four months. This contributed to the Canadian dollar's ascent as it moved from 77.06 to 80.13 cents against the U.S. currency (and up from 74.48 at year end). Economists seemed perplexed by the outsized performance of the Canadian currency over the past six months as there has not been anything one could call "truly sustainable" to drive Canada's excellent GDP rebound. One might conclude that the BoC's abrupt turn on interest rates caught most investors offside, needing to revisit their currency outlook.

The combination of these factors led to a modest decline of 0.7% in the Fund for the quarter. The ascendancy of the Canadian currency is masking overall good results for non-Canadian holdings. As an update to quarter-end, it is becoming apparent that NAFTA negotiations are going to be more problematic for Canada, which would mean that all bets of a higher currency would be off.

Corporate earnings announcements for Q2 continued to meet or beat analyst expectations. Meantime, U.S. interest rates have not moved upward significantly, and the Federal Reserve has shown caution in its plan to reduce monetary stimulus. Low rates fuel the continued bullish market sentiment toward equities, but it is a party which can end quickly. Republicans and Democrats are unlikely to cooperate to make meaningful changes to income taxes, and many economists doubt that the U.S. should risk the reduction in taxes collected, which is a fall-out from currently proposed tax reform. Against a backdrop of mixed economic news and high equity valuations, our outlook for equities is one of modest optimism. That said, we are positioned more defensively, with a tilt toward value versus growth stocks. The Fund holds a healthy cash reserve, which is available to take advantage of any investment opportunities that may arise in coming months.

INVESTMENT TEAM

Bob McKim CFA
CEO & Chief Investment Officer

Don Wishart CFA
President

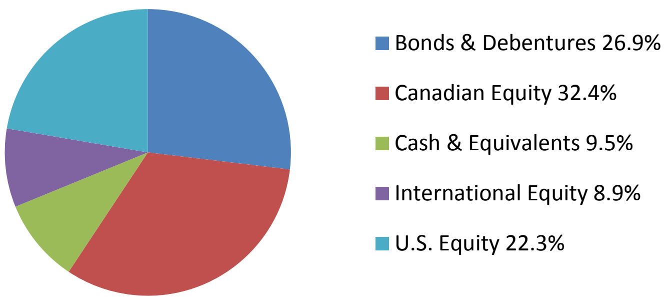
George Loughery CFA
Chief Portfolio Manager

Beste Alpargun CFA
VP Fixed Income, Portfolio Manager

Portfolio Activity

Waste Management was sold after significant price appreciation. Its direct replacement was Walgreen Boots which is America's largest drugstore chain, selling at a discount due to upheaval in both healthcare and the possibility of Amazon entering the space. Other new additions included TransAlta Renewables, which owns and operates over 10 hydro facilities and approximately 20 wind farms in Canada, and SmartREIT, which operates malls where Walmart is the principal tenant.

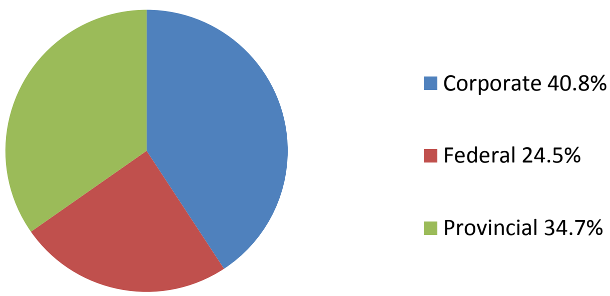
Asset Mix



Top Ten Equity Holdings (% of Portfolio)

Toronto Dominion Bank	2.4
Royal Bank	2.3
Bank of Nova Scotia	2.2
Franco Nevada	2.2
Great-West Lifeco	1.7
Bristol Myers Squibb	1.7
Suncor Energy Inc.	1.7
Altagas Ltd	1.7
Dollar General	1.7
Finning	1.7

Fixed Income



Fixed Income Duration

Duration	6.1
Term	8.2
Yield	2.4

Calendar Year Performance (%)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
TOTAL PORTFOLIO (CAD$)	13.7	0.0	-12.1	15.5	6.5	-1.3	11.1	16.6	13.4	5.3	8.3
BENCHMARK* (CAD$)	11.4	2.6	-14.7	14.9	10.1	0.6	7.2	11.8	10.7	3.9	7.8

*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 (%)

September 30, 2017

	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$)	-0.7	1.2	4.0	7.2	6.0	8.8	9.5	9.9	8.2	7.8	7.6	5.9	7.3
BENCHMARK* (CAD$)	0.6	3.7	4.6	7.0	5.8	7.8	7.9	8.0	7.1	7.1	6.8	5.3	6.1

*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

Take advantage of Capital Gains Deferrals

Our suite of Pooled Funds is in a unique position of offering the possibility to taxable investors to defer capital gains. Total amount available for the Balanced Fund's capital gain deferrals: $375,665 (Audited Financial Statements, as at December 31, 2016).

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SEAMARK ASSET MANAGEMENT LTD.

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 taxed (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.