SEAMARK

December 31, 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

Economic strength generally surprised to the upside in 2017. This led to higher equity prices, but also started North American central banks on their path to reversing loose monetary policies that had been in place since 2008/9. As a result, ten-year Canada bonds traded at a yield of 2.04 at year-end, up from 1.71 a year ago. Notwithstanding the pressure on interest rates, the FTSE TMX Canada Universe Bond Index earned a total return of 2.0% for the quarter, bringing the one-year return to 2.5%. We expect North American interest rates to continue to grind higher in 2018, and are maintaining a relatively low exposure to bonds in the Fund, at a 26% weight. Approximately 20% of the bonds in the Fund are floating rate notes that should help preserve capital as interest rates rise.

During the fourth quarter equity markets were again led by the U.S., as the S&P 500 Index (in Canadian dollar terms) had a total return of 7.2%. The Balanced Pooled Fund recorded a total return of 3.1 %, compared to a benchmark return of 3.6% for the quarter, and 4.3% for the year versus the benchmark return of 7.4%. Notwithstanding that the Fund lagged the benchmark return, we believe caution is warranted in those names that have been the recent darlings of investors, particularly as our mission always has dual objectives - to preserve, and to grow capital.

Much of the performance of the S&P 500 Index has been driven by the technology sector which had a 9% return in USD terms for the quarter and almost 39% for the year. That sector now makes up almost 24% of the S&P 500, its highest level since 1999. The Fund is well diversified across all 11 Industry Sectors. That diversification has resulted in an underweight in technology stocks, particularly in those that do not pay dividends, many of which we believe are trading at valuation levels that are fully valued at this time.

Currency was a factor when reviewing returns in 2017. The U.S. dollar has fallen by more than 10% over the year when compared to a basket of major currencies. This has driven the Canadian currency higher, up by about 7% over the course of the year. A rising loonie reduces USD returns for the Fund, which has a significant weight in U.S. domiciled companies, and foreign companies whose shares are priced in USD. With the Federal Reserve telegraphing that it will continue to raise interest rates, we see pressure on the Canadian dollar during 2018, especially considering the risks associated with NAFTA negotiations.

The backdrop for investors is mixed for 2018. A strong economy, equity valuations on the high side, political angst from Washington and a host of geo political concerns leave us with a positive, but cautious view on equities. We remain positioned more defensively, with a selective tilt toward value versus growth stocks. The Fund also holds a healthy cash reserve, which is available to take advantage of any investment opportunities that may arise in coming months. As for bonds, we will continue to be short in duration, and overweight corporate credits, albeit in an increasingly selective manner.

INVESTMENT TEAM

Bob McKim CFA
CEO & Chief Investment Officer

Don Wishart CFA
President

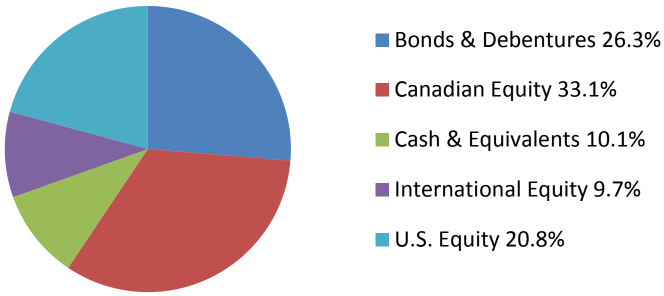
George Loughery CFA
Chief Portfolio Manager

Beste Alpargun CFA
VP Fixed Income, Portfolio Manager

Portfolio Activity

During the quarter we sold certain positions that were trading below cost price, thereby recording tax losses for the fund and its taxable unitholders. Shares of Wells Fargo were also sold, on price strength. New positions were established in shares of Cenovus Energy, HSBC Holdings and Canadian Tire. Shares of integrated oil producer Cenovus were purchased at an attractive level, during the height of tax loss selling. Cenovus is making good progress at debt reduction, and recent strength in oil prices will benefit its efforts. We purchased shares of HSBC Holdings at an attractive level, recognizing the benefits of a worldwide recovery to the bank. Canadian Tire has proven to be a specialty retailer that defies the threat of the internet; we believe it has more room to grow earnings at an attractive pace.

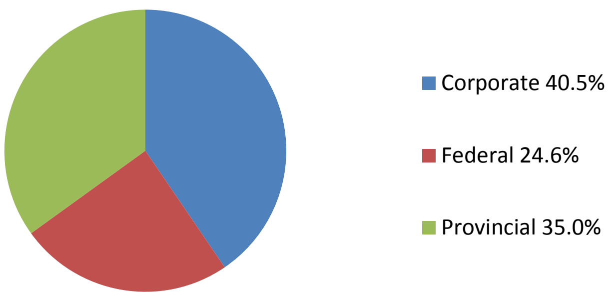
Asset Mix



Top Ten Equity Holdings (% of Portfolio)

Toronto Dominion Bank	2.4
Royal Bank	2.4
Franco Nevada	2.4
Bank of Nova Scotia	2.3
Dollar General	1.9
Cisco Systems	1.8
Bank of America	1.8
Suncor Energy	1.7
Qualcomm Inc.	1.7
Diageo	1.7

Fixed Income



Fixed Income Duration

Duration	5.8
Term	7.4
Yield	2.3

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 (%)

December 31, 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$)	3.1	4.3	4.3	6.3	6.0	7.8	9.5	9.8	8.1	7.9	8.7	6.4	7.4
BENCHMARK* (CAD$)	3.6	7.4	7.4	7.6	6.3	7.4	8.3	8.1	7.0	7.4	8.2	5.6	6.2

*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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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.