

# SEAMARK POOLED CANADIAN EQUITY FUND

## Our Philosophy and Strategy

SEAMARK's bottom-up, fundamental approach to equity investing seeks to identify companies with superior long-term investment merit based on proven management, competitive position, and strong balance sheets. Preference is given to companies with durable growth prospects.

SEAMARK's focus is on individual companies, rather than on the stock market. This focus on "buying the company" is consistent with the objective of owning the company for the long-term. SEAMARK seeks to invest in companies when their current market price represents value relative to their long-term potential and maintains an investment so long as it continues to offer attractive return potential.

The Canadian marketplace is predominantly cyclical in nature. To help reduce the volatility inherent in the TSX, and allow us to practice as long-term investors, SEAMARK maintains a 'benchmark agnostic' posture. Leading companies in many attractive industries are held to provide proper portfolio diversification.

Large capitalization companies will generally account for approximately 70% of the total portfolio. The weight of a specific core holding at any time will reflect SEAMARK's confidence in the stability and durability of the idea but will not exceed 10% of the total portfolio weight. SEAMARK's exposure to medium cap stocks will be no more than 30%. Small cap stocks may, from time to time as valuations warrant, represent up to 10% of the portfolio.

## Portfolio Manager's Commentary

The second quarter saw world equity markets continue to recover from the declines suffered at the hands of the Covid-19 pandemic. Several markets around the world recorded new highs during the period, including the S&P/TSX Composite Index.

We are now over a year into the Covid-19 pandemic that has ravaged the world's economies and caused an initial sharp decline in equity prices. Investors can be thankful that central banks around the globe came to the rescue of the world economy with accommodative monetary policies and fiscal stimulus packages. The Liberal Government and the Bank of Canada responded by enacting stimulus programs, reducing short term interest rates, and by purchasing marketable bonds to force long term interest rates lower. These actions have had the desired effect. Canada's GDP is bouncing back strongly, forecasted to reach 5% growth this year.

The Fund participated in the sharp recoveries of global equity markets in the second quarter, recording a 7.2% return, versus the 8.5% return registered by the S&P/TSX Composite Index. For the one-year period, despite its conservative positioning, the Fund achieved a 32.0% return, just a little below the S&P/TSX return of 33.9%.

Future returns will in part be dependent on successfully taming the Coronavirus. Canada has made significant progress in vaccinating more of the population in recent months. That said, new variants continue to proliferate, remaining a potential threat to the country's economic recovery. The economy is only in the early stages of transitioning from a government sponsored effort, to a demand driven economy. That transition needs to continue to unfold. Recent signs of inflation are of concern and may hasten a government pullback of its stimulus efforts.

Canada, as an exporting nation, is also dependent on the growth of its trading partners. Much of the world remains behind North America in the effort to tame Covid-19. More economic progress abroad would be helpful to a Canadian domestic recovery. That said, the price of many commodities, most notably oil, have recovered smartly from a year ago. Recent meetings of OPEC failed to determine the extent of production increases, so oil prices may continue to grind higher as the world economy recovers.

Against this still uncertain background, the Fund remains invested in high quality companies, most of which are identified as conservative or low volatility investments. Share prices may also need a bit of a breather after a year of robust returns, in which case the Fund remains defensively positioned.

## INVESTMENT TEAM



**Bob McKim, CFA**  
CEO & Chief Investment Officer



**Don Wishart, CFA**  
President

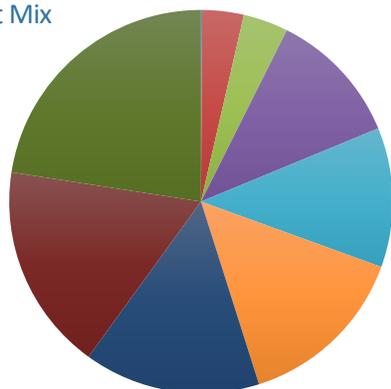


**George Loughery, CFA**  
Chief Portfolio Manager

## Portfolio Activity

The Fund established a new full position in Algonquin Power, along with a partial position in Suncor Energy. Algonquin is a growth utility with a focus on renewable power generation that supports dividend growth targeted at 10% per annum. Suncor, one of Canada's leading integrated energy companies, is benefitting from the rising price of oil. The company's shares have good recovery potential as economic growth continues to bounce back.

### Asset Mix



■ Cash & Equivalents -0.1%	■ Discretionary Goods 3.5%
■ Communication Services 3.8%	■ Staples Goods 11.4%
■ Real Estate 11.8%	■ Oil & Gas 14.6%
■ Utility Services 14.9%	■ Metals & Minerals 17.5%
■ Financial Services 22.6%	

### Top Ten Equity Holdings (% of Fund)

Royal Bank of Canada .....	6.2	Great-West Lifeco .....	4.5
Toronto Dominion Bank .....	6.1	Barrick Gold Corp. ....	4.5
Bank of Nova Scotia .....	5.7	Atco Ltd. ....	4.3
Canadian Natural Resources .....	5.6	Loblaws .....	4.0
Newmont Corporation .....	5.5	Alimentation Couche-Tard .....	4.0

### Calendar Year Performance (%)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
TOTAL PORTFOLIO (CAD\$)	13.3	-9.9	5.5	20.1	12.2	-7.9	19.5	4.8	-12.8	19.1	-2.2
S&P/TSX Composite Index (CAD\$)	17.6	-8.7	7.2	13.0	10.5	-8.3	21.1	9.1	-8.9	22.9	5.6

### Performance Information (%)

June 30, 2021

	QTR	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\$)	7.2	15.6	32.0	9.7	6.0	5.4	6.1	5.5	4.6	7.2	7.9	5.8	7.9
S&P/TSX Composite Index (CAD\$)	8.5	17.3	33.9	14.4	10.8	10.7	10.8	8.9	7.4	9.8	9.6	7.4	7.2

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 Canadian Equity Fund's capital gain deferrals: \$4,936,890 (Audited Financial Statements, as at December 31, 2020).

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