

SEAMARK POOLED CANADIAN BOND FUND

Our Philosophy and Strategy

SEAMARK's investment philosophy recognizes that Fixed Income investments represent an important foundation for investors.

Accordingly, SEAMARK manages the Fund in a prudent manner, emphasizing safety of principal and reliability of income.

Three key variables, credit quality, term to maturity, and liquidity, are used to identify those fixed income securities that meet SEAMARK's exacting standards.

SEAMARK maintains a high credit quality standard in the Bond Fund. Each security must be rated BBB (low), or better, by the Dominion Bond Rating Service, or the equivalent. Focusing on high quality issues reduces volatility while providing attractive returns on a risk-adjusted basis. The Canadian Bond Fund will invest primarily in Canadian dollar denominated fixed income investments.

SEAMARK employs an interest rate anticipation approach to add value to the Bond Fund. SEAMARK will vary the average term to maturity and duration of the portfolio within a conservative range, seeking to enhance returns through moderate capital gains under appropriate market conditions, while preventing capital losses under adverse conditions.

SEAMARK will also seek to add value by varying the relative weights of different fixed income sectors (Federal, Provincial, Municipal and Corporate issuers) within a conservative range.

Portfolio Manager Commentary

The Fund generated a return of 0.8% for the third quarter of 2020, outperforming the FTSE Canada Universe Bond Index return of 0.4%.

The global economy continued to bounce back from its lowest point, which was in line with expectations. Gradual reopening across the world supported overall economic activity, with pent-up demand satisfied by increasing employment, and even going back to capacity in some sectors. Yet, the recovery has been uneven and fragile after the blow dealt to us by COVID-19. Now that growth from the low base has been achieved, the question remains as to the sustainability of this recovery.

There are many factors going into forecasting the trajectory of the economy. On top of the pace of recovery from the pandemic, the U.S. election drama adds a hazy layer to an already uncertain outlook. Early Q3 indications show that the U.S. GDP growth is expected to recover from the 31.4% decline in the second quarter. However, with stimulus cheques expiring at the end of July, and employment not picking up as much as expected, the unemployment rate is still at 8.4%. This translates into about 26 million people receiving some form of unemployment benefit. Monetary accommodation has been robust and remains ongoing with no end telegraphed. The Fed is willing to let its unprecedented levels of accommodation continue, even if its target inflation rate of 2% is reached.

In Canada, like the U.S., the monthly GDP numbers, after the initial decline, have shown signs of encouragement. Due to stricter restrictions related to COVID, the Canadian economy has followed its southern counterpart, with a lag. But the Canadian labour market remains troubled across the board, with weakness not only limited to the sectors that are hit most by COVID-19. Thanks to the continuing government stimulus, the consumption side of the economy is faring much better. In the case of housing for example, home sales have been breaking records. The commitment of the Bank of Canada to monetary accommodation shows no signs of faltering, even in the face of increasing household indebtedness.

Increasing leverage by governments seem to be the main theme in the next couple years and will be the legacy of the pandemic. For the short term, monetary and fiscal support does provide much needed fuel to the economic machine. But by keeping administered interest rates at practically zero, the elevated liquidity could open the door to possible asset or consumer inflation.

The Fund is slightly longer in duration than its benchmark FTSE Canada Universe Bond Index, with a modest overweight position in corporate credits. Since March, we have reduced the risk of the credit portion of the Fund, while increasing its duration by purchasing higher quality provincial issues and federal paper. We believe that these tactical directions will help the Fund weather unexpected economic roadblocks ahead, whether actual, or perceived.

PORTFOLIO MANAGER

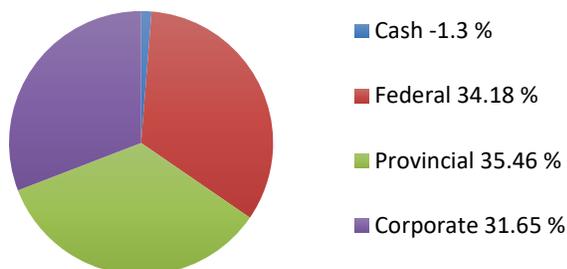


Beste Alpargun, CFA
VP Fixed Income, Portfolio Manager

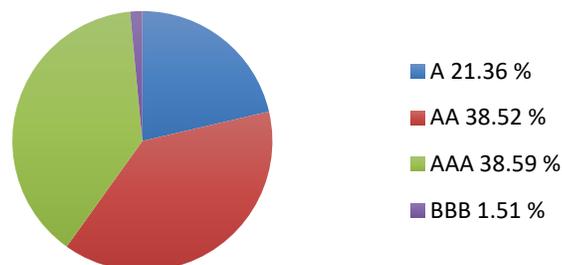
Portfolio Activity

We have participated in PSP 2026, VW 2023, Ontario 2027 and Hydro One 2027 as new issues. We have increased the duration of the Fund during the quarter.

Portfolio Structure



Credit Quality



Top Five Fixed Income Holdings (% of Fund)

Canada Government 4.0% Jun 01, 2041	5.8
Canada Housing Trust 0.95% Jun 15, 2025	5.3
Quebec Province 3.1% Dec 01, 2051	5.2
NB Province 4.55% Mar 26, 2037	4.3
Canada Government 5.0% Jun 01, 2037	4.2

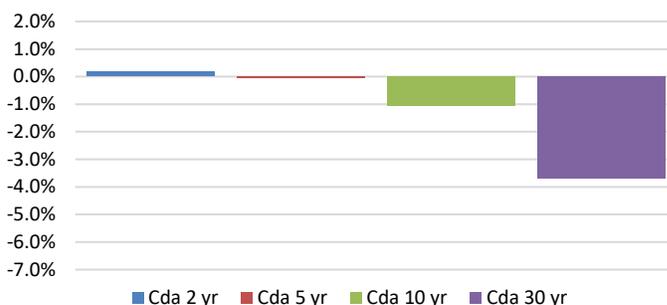
Fixed Income Information

Duration	8.8 years
Term	11.1 years
Yield	1.3%

Government of Canada Yield Curve



12 Month Expected Rate of Return of Canada*



Calendar Year Performance (%)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
TOTAL PORTFOLIO (CAD\$)	6.9	6.2	8.7	4.4	-1.5	7.9	3.5	1.4	2.3	1.3	4.9
FTSE Canada Universe Bond Index (CAD\$)	5.4	6.7	9.7	3.6	-1.2	8.8	3.5	1.7	2.5	1.4	6.9

*SEAMARK Fixed Income Team Estimates

Performance Information (%)

September 30, 2020

	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\$)	0.8	8.1	7.2	7.1	5.3	3.3	3.7	4.0	4.3	3.5	3.8	4.0	5.5
FTSE Canada Universe Bond Index (CAD\$)	0.4	8.0	7.1	8.4	6.1	3.8	4.3	4.4	4.7	3.9	4.1	4.4	5.5

Fund Inception Date: June 30, 1997

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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.