

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

After a strong first quarter, equity markets around the world witnessed both ups and downs before closing on a stronger 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.

In the last couple of years, the S&P TSX Composite Index has been buoyed by two special situation sectors that have seen strong investment returns. Cannabis stocks, and a couple of high technology names have largely accounted for the Index's stronger performance than that of the Fund. More recently, 'weed' stocks have tempered their performance. At this late stage of the business expansion, the Fund has been positioned more conservatively, holding companies with more clarity and sustainability in their operations. As part of a conservative positioning, the Fund's equity investments offered a dividend yield of 3.4% at mid-year. Generally, risk-off (value) investments have been improving their relative performance but have still lagged over the last twelve months. Consistent with lower interest rates for marketable securities, dividend yielding stocks have performed well of late.

Against this background, the Fund recorded a 3.1% return in the quarter, ahead of the benchmark 2.6% return. For the six months ended June 30, 2019, the Fund recorded a double digit return of 11.9%.

Notwithstanding the recent push to new highs for U.S. and Canadian stock markets, the U.S. economy is showing some signs of slow-down, driven largely by the uncertainty surrounding trade talks with China. The 50 basis point reduction of U.S. GDP due to China tariffs has spillover effects for Canada. Further, NAFTA, or the USMCA deal, has been held up, with final terms still being tweaked by U.S. lawmakers. Uncertainty around trade issues has caused business investment to retreat to the sidelines, waiting for cooler heads to prevail.

The bond market has staged a significant rally over the last eight months, creating another question for equity investors. Lower rates have helped the dividend yielding equities, but perhaps portend lower growth for the economy, maybe even a recession. Ten years into this business cycle leads investors to wonder if this expansion may simply die of exhaustion.

Asset prices of stocks 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. Meanwhile, in September, the U.S. will be hitting their debt ceiling, which may cause markets to take pause as the politicians once again wrangle over funding the government's business. Canadians face a Federal election in the fall, but regardless of the outcome, it doesn't seem to portend any significant change in policy, or for the economy, and as such does not seem to pose any significant risk factor for Canadian investors.

In summary, SEAMARK remains near term cautious, but generally, leading into a 2020 election, sees only a low probability of the U.S. economy dipping into recession. With continued growth south of the border, Canada should continue to see our economy expand by about 1.8% in 2020, up from 1.4% this year. Nonetheless, with some likely bumps along the way, we expect to selectively redeploy cash in the fund into attractively priced securities, which will contribute to future performance.

INVESTMENT TEAM



Bob McKim, CFA
CEO & Chief Investment Officer



Don Wishart, CFA
President

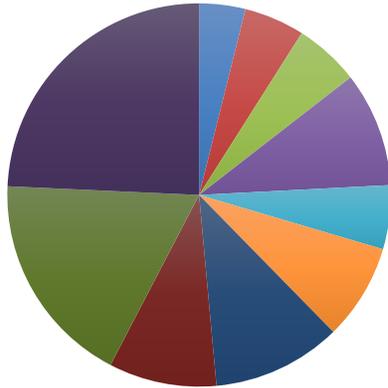


George Loughery, CFA
Chief Portfolio Manager

Portfolio Activity

Among equities, positions in Stantec, SNC Lavalin, AltaGas, and TransAlta Renewables were sold. A new position was established in shares of Teck Corporation, one of Canada's leading natural resource companies. Six weeks of a market slide, mid-quarter, offered us opportunities to redeploy proceeds of sales by adding to several existing holdings at attractive valuation levels.

Asset Mix



| | |
|---------------------------------------|--------------------------------|
| ■ Cash & Equivalents 3.9% | ■ Discretionary Goods 5.1% |
| ■ Technology Products & Services 5.5% | ■ Metals & Minerals 9.7% |
| ■ Utility Services 5.4% | ■ Communication Services 8.1% |
| ■ Staples Goods 10.9% | ■ Commercial & Industrial 9.1% |
| ■ Oil & Gas 18.1% | ■ Financial Services 24.3% |

Top Ten Equity Holdings (% of Fund)

| | | | |
|-----------------------------|-----|----------------------------------|-----|
| Franco Nevada Corp. | 4.9 | IA Financial Corp. Inc..... | 4.4 |
| Toronto Dominion Bank | 4.8 | Suncor Energy | 3.9 |
| Royal Bank | 4.6 | Canadian Natural Resources | 3.8 |
| Manulife Financial | 4.5 | Alimentation Couche-Tard | 3.6 |
| Bank of Nova Scotia | 4.4 | CGI Inc. | 3.5 |

Calendar Year Performance (%)

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---------------------------------|-------|------|------|------|------|------|------|------|------|------|-------|
| TOTAL PORTFOLIO (CAD\$) | -30.2 | 27.9 | 13.3 | -9.9 | 5.5 | 20.1 | 12.2 | -7.9 | 19.5 | 4.8 | -12.8 |
| S&P/TSX Composite Index (CAD\$) | -33.0 | 35.0 | 17.6 | -8.7 | 7.2 | 13.0 | 10.5 | -8.3 | 21.1 | 9.1 | -8.9 |

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\$) | 3.1 | 11.9 | -1.2 | 1.3 | 3.8 | 3.4 | 2.6 | 6.3 | 7.3 | 4.9 | 6.1 | 6.2 | 7.7 |
| S&P/TSX Composite Index (CAD\$) | 2.6 | 16.2 | 3.9 | 7.1 | 8.4 | 6.2 | 4.7 | 8.3 | 8.3 | 5.8 | 7.3 | 7.8 | 6.6 |

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: \$4,955,751 (Audited Financial Statements, as at December 31, 2018).

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