

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 Canadian Equity Pooled Fund registered a -3.8% return for the quarter, while the S&P/TSX Composite Index also recorded a negative return of -0.6%. Within the S&P/TSX Composite Index, the biggest sector gainer was Health Care, up 31%. Health Care performance was enhanced by the performance of marijuana stocks, leading up to the decriminalization of the substance on October 17.

Commodity sectors were negative contributors in the third quarter. An appreciating U.S. Dollar is generally a negative for commodity prices. The Fund continues to be underweight the lopsided financial sector that comprises 34% of the TSX Composite. The Canadian Fund's top performers include Alimentation Couche Tard, Thomson Reuters and Canadian National Railway.

NAFTA, now the USMCA (US Mexico Canada Agreement) has been resolved. In the end, Canada made some one-off concessions, most notably in dairy, but was able to keep the all-important dispute resolution mechanism in place, and settled for a 16-year term, rather than the five-year sunset clause that had been proposed. We can live with it, so said the Loonie, that moved steadily higher, touching the 78-cent level as negotiations were concluding.

If only the government could turn its attention to the domestic issues with the same vigor (and success) that it applied to the NAFTA talks. The elephant in the room is of course the oil patch. The revamped National Energy Board may have passed the political test, but has been seen as a failure within industry and by investors. All one has to look at is the state of pipeline approvals in the country, or lack thereof, and the consequent widening spread of the price between West Texas Intermediate (WTI) and Canada's heavy oil. The Canadian discount has reached a whopping \$50, a new all-time high. So, in a market that prices WTI at a recent \$75/bbl, Canadian producers are receiving as little as \$25, just one third of the going price. The low net-back is stifling energy investment in this country. Concrete steps need to be taken at the political level to alleviate this missed economic opportunity for Canadians.

INVESTMENT TEAM



Bob McKim, CFA
CEO & Chief Investment Officer



Don Wishart, CFA
President

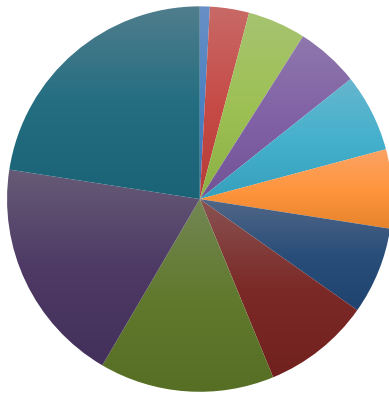


George Loughery, CFA
Chief Portfolio Manager

Portfolio Activity

During the quarter the Canadian Equity Fund sold its holding of Boardwalk REIT and used the proceeds to add to the holding of Canadian Western Bank. Boardwalk had appreciated nicely on better occupancy of its western properties, thereby providing the opportunity to switch into another western company whose shares still represented attractive value. Shares of Thomson Reuters were sold into price strength related to the company's business reorganization, and its bid through the stock exchanges to retire some of its outstanding shares. We will continue to monitor Thomson and reassess the company's future prospects.

Asset Mix



Real Estate 0.8%	Cash & Equivalents 3.3%
Technology Products & Services 4.9%	Discretionary Goods 5.3%
Metals & Minerals 6.5%	Utility Services 6.6%
Communication Services 7.3%	Staples Goods 9.0%
Commercial & Industrial 14.7%	Oil & Gas 19.0%
Financial Services 22.6%	

Top Ten Equity Holdings (% of Fund)

Toronto Dominion Bank	5.0	Cenovus Energy	3.0
Royal Bank of Canada	4.6	CGI Group	2.9
Bank of Nova Scotia	4.4	Canadian Tire Corp.	2.9
Franco Nevada	3.6	Alimentation Couche-Tard	2.9
Canadian National Railway	3.2	Suncor Energy Inc.	2.8

Calendar Year Performance (%)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
TOTAL PORTFOLIO (CAD\$)	12.4	-30.2	27.9	13.3	-9.9	5.5	20.1	12.2	-7.9	19.5	4.8
S&P/TSX Composite Index (CAD\$)	9.8	-33.0	35.0	17.6	-8.7	7.2	13.0	10.5	-8.3	21.1	9.1

Performance Information (%)

September 30, 2018

	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\$)	-3.8	-5.1	-1.8	2.2	6.1	2.3	5.9	7.2	7.1	5.3	5.6	5.4	7.8
S&P/TSX Composite Index (CAD\$)	-0.6	1.4	5.9	7.5	9.7	4.9	7.8	7.7	7.9	6.4	7.0	6.3	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: \$4,962,722 (Audited Financial Statements, as at December 31, 2017).

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