

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 economy showed welcome signs of improvement in the third quarter, thanks to unprecedented levels of monetary and fiscal stimulus. Massive spending, equating to almost 20% of Canada's GDP was thrown at the economy as the price of a restart, following its forced shut down in March and April.

Second quarter earnings came in somewhat better than anticipated, considering expectations had been lowered dramatically due to the pandemic. Equity prices continued to edge higher in Q3, reflecting the improvement in economic activity.

The Fund achieved a return of 6.6% during the quarter. The largest advances were recorded by Teck Resources, Stella Jones and Major Drilling. Year to date, the Fund recorded a -8.7% return. The S&P/TSX Composite Index earned a 4.7% return for the third quarter, and -3.1% year to date. Somewhat surprising, given lower interest rates across the board, the S&P/TSX Equity Income Index has registered a year to date return of -18.5%.

Canadian Index returns this year have reflected the dramatic impact of one technology company which has grown to become the largest company in the index, which exceeds even the market capitalization of the Royal Bank. Without the impact of Shopify, the S&P/TSX would have registered a 4.2% return in the quarter, and -8.1% year to date.

The outlook for the Canadian economy is uncertain as we head into the fall period. The biggest unknown is of course the impact of COVID -19. Health authorities have been concerned that we may have to endure a second wave as the weather cools and people spend more time inside with a circulating virus. Cases are already on the rise in Ontario and Quebec. The Trudeau government has proposed additional support to see the country through a resurgence of the virus, but we would all prefer to have the economy on sustainably strong footing. We may not see evidence of that until mid 2021.

With that background, the Fund used strength in equity prices to sell its more volatile names, using proceeds to tilt the portfolio toward lower volatility businesses.

At the end of Q3, the Fund was defensively positioned, with cash comprising 5.1% of the Fund.

INVESTMENT TEAM



Bob McKim, CFA
CEO & Chief Investment Officer



Don Wishart, CFA
President

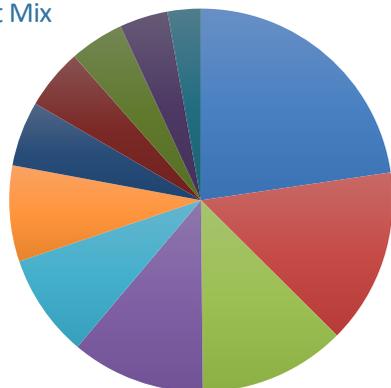


George Loughery, CFA
Chief Portfolio Manager

Portfolio Activity

The Fund took advantage of the recovery in equity prices in the third quarter. Even though Canada's COVID 19 situation improved somewhat early in the quarter, there is strong potential for a resurgence of cases in the months ahead. Several of the *risk-on* names in the Fund were sold in September at improved prices. Proceeds were reinvested in low volatility companies with less economic sensitivity. The Fund established new positions in shares of Great West Life and Killam Apartment REIT. The low-volatility positioning left the Fund with a more defensive posture. At the end of the quarter the Fund had a cash position of 5.1%, available to take advantage of market volatility that might unfold in the fourth quarter.

Asset Mix



■ Financial Services 22.7%	■ Staples Goods 14.8%
■ Oil & Gas 12.4%	■ Real Estate 11.3%
■ Utility Services 8.7%	■ Communication Services 8.1%
■ Discretionary Goods 5.5%	■ Cash & Equivalents 5.1%
■ Metals & Minerals 4.6%	■ Technology Products & Services 4.1%
■ Commercial & Industrial 2.8%	

Top Ten Equity Holdings (% of Fund)

Royal Bank	6.9	CCL Industries	4.9
Alimentation Couche-Tard	6.8	TC Energy Corp.	4.7
Toronto Dominion Bank	6.5	Emera Inc.	4.6
Bank of Nova Scotia	6.4	Fortis Inc.	4.6
Park Lawn Corp.	5.8	Telus Corp.	4.4

Calendar Year Performance (%)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
TOTAL PORTFOLIO (CAD\$)	13.3	-9.9	5.5	20.1	12.2	-7.9	19.5	4.8	-12.8	19.1
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

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\$)	6.6	-8.7	-5.5	-0.0	-0.6	1.1	3.6	1.5	4.2	5.3	5.5	4.2	7.1
S&P/TSX Composite Index (CAD\$)	4.7	-3.1	-0.0	3.5	4.3	5.5	7.2	4.4	6.5	6.6	6.9	5.8	6.3

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: \$4,967,080 (Audited Financial Statements, as at December 31, 2019).

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