SEAMARK

June 30, 2019

SEAMARK POOLED LOW VOLATILITY EQUITY FUND

Our Philosophy and Strategy

The genesis of SEAMARK's Low Volatility Equity mandate arises from investors' needs to achieve equity-like rates of return, but with less volatility than that inherent in the predominant stock market indexes. Conservative investors, defined benefit pension funds, shared risk plans, life cycle funds, and foundations/endowments would benefit from SEAMARK's Low Volatility approach to investment.

The backbone of the mandate derives from SEAMARK's Total Equity platform, from which we select companies to efficiently construct an 'integrated' investment solution, consisting of companies domiciled in Canada, the U.S. and abroad, the latter through the use of ADRs. The portfolio is well-balanced, by geography and by industry subgroup, and is not held hostage to equity indexes that are often significantly overweight one industry group or more.

The portfolio is more purposed to deliver against defined metrics - key performance indicators - rather than to compete relative to an index benchmark. Various metrics of the portfolio are held up against the S&P TSX, simply for illustrative purposes.

The portfolio attempts to achieve five key objectives: 1) attain a 4% going-in yield; 2) that 75% of portfolio names raise dividends year-over-year; 3) that the dividend growth rate be two times the rate of GDP growth; 4) achieve a consistent growth in yield on original cost; and, 5) to better protect capital by delivering less downside capture than the S&P/TSX Composite Index.

To deliver on these performance indicators, the portfolio has a risk-off look and often correlates to how a value style is performing in the marketplace.

The SEAMARK Low Vol portfolio has a history of *exceeding the key performance indicators* set out in the mandate. Investors appreciate the opportunity to build wealth by way of the portfolio's low risk profile.

Portfolio Manager's Commentary

Equity markets experienced some ups and downs during the second quarter but ended on a high note. Year to date, the recovery from the 2018 Q4 slide in prices has remained intact. The Fund has continued to perform as we would expect, delivering reduced volatility on the upside, and downside and exceeding all of the markers we have defined as key performance indicators for the mandate.

In the second quarter, the Fund earned a return of 1.5%, bringing the year to date return to 9.1%. Based on the Fund's lower downside capture during the market's correction at the end of last year, it is well into positive territory for the last three quarters. For the one-year period, the Fund registered a 6.9% return. Since inception, in August 2012, the Fund has achieved an annualized return of 10.5% for the period ending June 30.

The Low Vol offering should be expected to produce strong risk-adjusted returns for investors. Yet, by design, the delivery of the returns often runs counter to the broad market averages. If one generally thinks of the Fund's holdings as companies that might be considered to have risk-off characteristics, they will not keep pace in a momentum driven market but should do a better job of preserving capital when markets decline. During flat markets, investors will benefit from the higher dividend yield offered by the Fund. This has been the experience of the Fund since its inception in 2012.

Rising and falling interest rates have been the biggest determinant of performance for the Fund over the last couple of years. Performance of the higher dividend yielding securities was curtailed as rates moved up quite decisively in 2018. But since December, the Federal Reserve has telegraphed an easier stance toward rates, and dividend payers have largely recovered in price. In fact, it has been many of the risk-off companies that have led the market to its recent new highs.

With the possible exception of the U.S., most world economies continue to languish below their growth capacity. Even in the U.S., the market now expects to see a cut, or cuts, in short term rates in the coming months. This should continue to present an attractive background for dividend paying companies. The companies that comprise the Fund had a blended yield of 3.8% at June 30.

We are now 10 years into a business recovery. It is only reasonable to expect some slowing in the economy. Whether that slowing turns into a recession next year, or in 2021, following the U.S. election, remains to be seen. At this stage of the cycle, low vol, risk-off investments are an appropriate choice for investors. Earning an attractive dividend in a Fund that exhibits lower downside capture is the prudent course of action for investors of all risk appetites.

INVESTMENT TEAM

Bob McKim, CFA
CEO & Chief Investment Officer

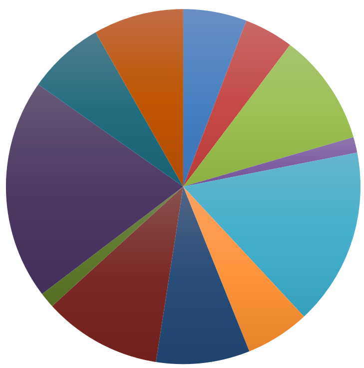
Don Wishart, CFA
President

George Loughery, CFA
Chief Portfolio Manager

Portfolio Activity

During the quarter two holdings were eliminated from the Fund because of dividend cuts. Kraft Heinz surprised investors with a cut to its payout, and the announcement of an SEC investigation into its procurement practices. Contrary to statements made just months ago by Vodafone, the company reduced its dividend. Acquisitions, and investing in 5G, were among the issues that influenced Vodafone to reverse course. Shares of Bristol Myers were sold, due to its large acquisition of Celgene, and our concern over drug pricing as U.S. elections draw closer. Novartis spun off shares of Alcon during the quarter, which we sold. At this time, the spin-off does not pay a dividend. Some of the funds from various sales were reinvested in Ingredion Inc. This company sells ingredient solutions to the food, beverage and beer industries. Its products are largely plant based, a growing segment of the food industry.

Asset Mix



- Cash & Equivalents 5.79 %
- Commercial & Industrial 4.5 %
- Communication Services 10.22 %
- Discretionary Goods 1.42 %
- Financial Services 16.14 %
- Metals & Minerals 5.85 %
- Oil & Gas 8.55 %
- Pharma & Health Care 10.78 %
- Real Estate 1.42 %
- Staples Goods 20.1 %
- Technology Products & Services 7.01 %
- Utility Services 8.23 %

Top Ten Equity Holdings (% of Fund)

Franco Nevada	4.5
Toronto Dominion Bank	4.3
Royal Bank	4.2
Bank of Nova Scotia	4.2
Emera Inc.	3.2
Alimentation Couche-Tard	3.2
Fortis Inc.	3.1
TC Energy Corp.	3.0
Unilever	2.9
BCE Inc.	2.8

Calendar Year Performance (%)

	2013	2014	2015	2016	2017	2018
TOTAL PORTFOLIO (CAD$)	23.7	15.3	5.9	12.3	6.4	-2.7
S&P/TSX Composite Index (CAD$)	13.0	10.6	-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$)	1.5	9.1	6.9	4.4	5.0	7.0	7.6	9.0	N/A	N/A	N/A	N/A	10.5
S&P/TSX Composite Index (CAD$)	2.6	16.2	3.9	7.1	8.4	6.2	4.7	8.3	N/A	N/A	N/A	N/A	7.9

Fund Inception date: August 31, 2012

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 Low Volatility Equity Fund's capital gain deferrals: $4,178,160 (Audited Financial Statements, as at December 31, 2018).

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SEAMARK ASSET MANAGEMENT LTD.

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.