SEAMARK

September 30, 2020

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

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

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

The Fund registered a 2.8% return during the quarter. The largest advances were recorded by Information Services Corp, Northwest Company and Park Lawn Corp. For the nine months ending Sept 30, the Fund recorded a -6.7% return. The Fund maintains an objective of targeting a 4% yield for investors. Dividend focused Indexes such as the S&P TSX Composite Dividend Index and the S&P TSX Equity Income Index have registered year to date returns of -6.8% and -18.5% respectively. The S&P/TSX Composite Index earned a 4.7% return for the third quarter, and -3.1% year to date.

North American Index returns this year have reflected the dramatic impact of technology companies which have benefitted from no-touch economics. In the U.S., the five largest companies in the capitalization weighted S&P 500, have almost single-handedly driven that index higher, while the S&P 500 Equal Weight Index, which measures the same 500 companies, registered a -4.8% return year to date. In Canada, one tech company has grown to become the largest company in the S&P TSX Index, exceeding even the market capitalization of the Royal Bank. Without the impact of Shopify, the TSX would have registered a 4.2% return in the quarter, and -8.1% year to date. Notwithstanding investors' need for income, the performance of growth companies has outshone the more traditional dividend paying companies to Sept 30.

The outlook for the world economy is uncertain as we head into the fall season. 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 Europe and North America. The U.S. is negotiating, on and off, a new stimulus bill. 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 a sustainably strong footing. We are unlikely to see evidence of that until mid-2021.

With that background, the Fund trimmed some of its holdings on price strength. Proceeds from sales were invested in companies with traditional businesses that would generate sales as COVID-19 persists.

The Fund is well positioned with companies that should show stronger relative performance in the year ahead. Emergence from the Coronavirus pandemic should be the catalyst to provide greater recovery potential for businesses that have suffered depressed revenues and earnings this year. In that environment, investors will have more confidence in dividend paying companies to maintain or increase their dividend payouts.

INVESTMENT TEAM

Bob McKim, CFA
CEO & Chief Investment Officer

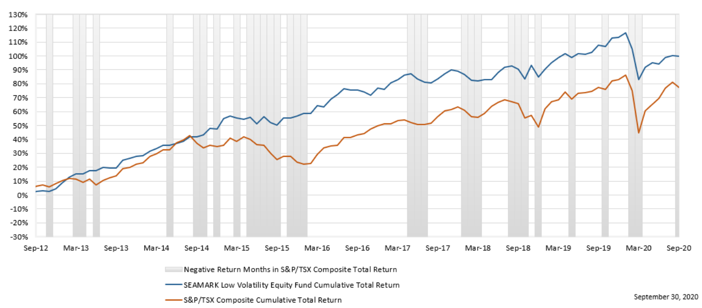
Don Wishart, CFA
President

George Loughery, CFA
Chief Portfolio Manager

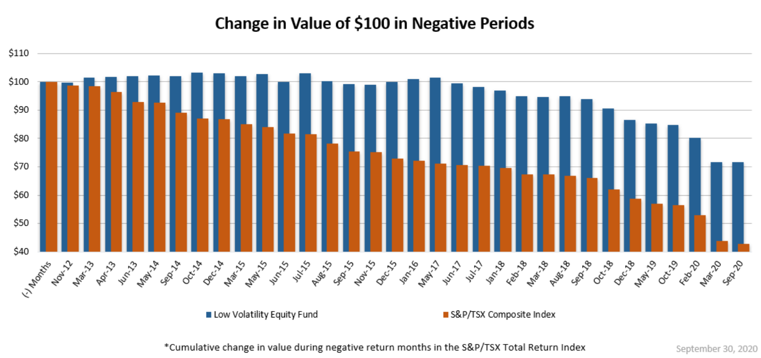
Portfolio Activity

During the quarter, the Fund established new partial positions in several companies, leaving room to add to the new holdings in the event of a market correction due to a resurgence of Coronavirus cases in the months ahead. Shares of Allied Properties REIT were purchased, along with shares of Enbridge Inc. Shares of Algonquin Power (renewable energy), Beckton Dickinson (rapid test kits and syringes) and Service Corporation International (cemeteries and funeral services) were added. Purchases were funded from the sales of Stella Jones, SmartCentres REIT and Inter Pipeline Ltd.

Cumulative Total Returns (CAD)



Downside Capture



Low Volatility Equity Fund Characteristics

Annualized Return [a] 8.9%
S&P/TSX Composite Index [a] 7.0%
Dividend Yield (ex. cash) 4.2%
Yield on Original Cost (ex. cash) 4.2%
Companies with Dividend Increases [b] 73.3%
Average Rate of Dividend Increases [b] 5.6%
Standard Deviation [a,b] 8.0%
Standard Deviation – S&P/TSX Composite Index [a,b] 11.3%
Portfolio Beta [a,c] 0.53
Weighted Average Market Cap (billions) [d] .... $100 b
Upside Capture [a,c] 69.6%
Downside Capture [a,c] 44.3%

a) Since Inception August 31, 2012
b) 12 months ended September 30, 2020
c) As compared to the S&P/TSX Composite Index
d) As at September 30, 2020

Calendar Year Performance (%)

	2013	2014	2015	2016	2017	2018	2019
TOTAL PORTFOLIO (CAD$)	23.7	15.3	5.9	12.3	6.4	-2.7	15.2
S&P/TSX Composite Index (CAD$)	13.0	10.6	-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$)	2.8	-6.7	-4.3	2.0	2.6	2.9	5.4	5.5	7.3	8.4	N/A	N/A	8.6
S&P/TSX Composite Index (CAD$)	4.7	-3.1	-0.0	3.5	4.3	5.5	7.2	4.4	6.5	6.6	N/A	N/A	7.0

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: $4,625,983 (Audited Financial Statements, as at December 31, 2019).

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