SEAMARK

March 31, 2019

SEAMARK POOLED TOTAL 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.

Our 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. This results in low turnover rates, and tax efficiency for the investor.

These company specific tenets have been integral to SEAMARK's Total Equity mandate, which had its genesis at the founding of the company, 30 years ago. The Canadian marketplace is predominantly cyclical in nature, resulting in high volatility inherent in the TSX. In order to avoid these extremes, and to practice as long-term investors, SEAMARK considerably expands the investible universe for its Total Equity mandate. Portfolio construction begins with leading companies in Canada, which are complimented with world class companies in the USA, typically in industries that are shallow or deficient within Canada. The portfolio is completed by the addition of exceptional international companies through the use of ADRs. Leading companies in many attractive industries across the world are then held to provide proper portfolio diversification.

The equity research effort behind Total Equity is carried out along industry lines, not country of domicile. This allows for a full-on comparison of companies in an effort to discover the best operators. The result is an integrated portfolio of our best ideas, versus a mere sum of the parts portfolio construction. Total Equity provides a properly diversified portfolio, constructed efficiently to deliver attractive returns and risk management to the investor.

The investment portfolio of the Total Equity Fund will consist primarily of large-cap companies. A portion of the investment portfolio of the Fund may be invested in medium-cap or small-cap companies as valuations warrant. 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 5% of the book value of the Fund.

Portfolio Manager's Commentary

Equity markets across the world rallied in concert during the first quarter of 2019. This was a welcome development following the world wide decline for equity markets in Q4 2018.

Despite the S&P 500 Index registering its strongest first quarter since 1998, its 13.1% rise fell shy of its 14.0% decline in the previous quarter. The Canadian S&P TSX Composite Index recovered its Q4 losses, helped by a near 50% return in the health care sector. That subgroup is home to the fledgling cannabis companies and renamed Valeant Pharmaceutical (Bausch Health), so is not for the faint of heart. Non-North American bourses rallied less than 10%, falling well short of recovering their declines of Q4.

Despite all the market's concerns at year end, we remained confident that the economy could slow, without tipping into recession in 2019. That view allowed us to remain fully invested for the first quarter. Against this background, and in absorbing the negative impact of a rising Canadian dollar, the Fund achieved a 7.7% return, nicely recovering its -7.6% return of the fourth quarter. We are pleased that the Fund quickly recovered the losses incurred in Q4 2018. The lower range of its returns in the last two quarters (relative to stock index ups and downs) speaks to the more conservative positioning.

The first quarter rally in capital markets can largely be attributed to a change of view by Central Banks toward interest rates. In a remarkable reversal of outlook, the U.S. Federal Reserve has now taken a more dovish view of rates. Long term interest rates are in fact lower than short rates (an interest rate inversion), which puts some pressure on North American economies. Central Bankers may need to consider rate cuts sometime in 2019 to correct the yield curve inversions.

Financial firms, which make up a healthy portion of the Fund, face a headwind with an inverted yield curve. Financials underperformed late in the quarter, just when the curve inverted. Banks borrow short to lend long, pocketing the yield spread. An inverted curve plays havoc with that formula. In the past, an inverted yield curve has led to slower economic growth, so this too has had a negative impact on shares of financial firms. The underperformance of financials has been a meaningful contributor to the divergence of performance between the value and growth sectors. Financials could begin to reverse that underperformance, if the yield curve were to normalize.

Some caution is warranted with the Fund's equity holdings, now that the business cycle is in its tenth year and continued economic growth is less assured. Corporate earnings are already slowing from last year's pace, particularly in the U.S. which enjoyed a corporate income tax rate cut in 2018. And at this advanced stage of the cycle, the economy is more prone to any outside shocks that may materialize. We also observe that there is a heavy calendar of new issues slated for this year, offerings that will compete for investors' capital, perhaps putting a lid on share prices of today's listed companies. The conservative positioning is prudent, given the various uncertainties that lie ahead for the balance of the year.

INVESTMENT TEAM

Bob McKim, CFA
CEO & Chief Investment Officer

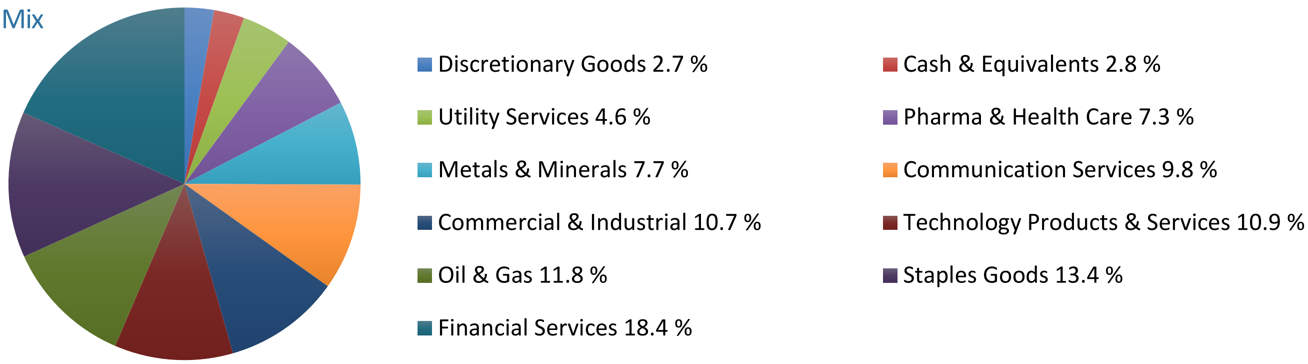
Don Wishart, CFA
President

George Loughery, CFA
Chief Portfolio Manager

Portfolio Activity

Shareholdings of several pharma companies were trimmed during the quarter, based on valuation, or simply in advance of more expected drug price bashing ahead of the 2020 elections. A new position was established in Applied Materials, a leading semi-conductor capital equipment manufacturing company, trading down from its cycle high. In addition to benefitting from the ongoing conversion to everything digital, AMAT characterizes this as the first inning of demand from new key drivers, Big Data and Artificial Intelligence. Shares of Goldcorp were sold in favour of Newmont Mining when Newmont's shares declined in price on its announced takeover of Goldcorp. A position was established in UPS, the world's largest package delivery company. UPS should continue to benefit from the e-tailing phenomenon.

Asset Mix



Top Ten Equity Holdings (% of Fund)

IA Financial Corp. Inc.	2.3	Bank of Nova Scotia	2.1
Franco Nevada	2.2	Suncor Energy Inc.	2.1
Royal Bank of Canada	2.2	Canadian Natural Resources	2.0
Toronto Dominion Bank	2.2	Alimentation Couche-Tard	1.9
Manulife Financial	2.1	Canadian National Railway	1.8

Calendar Year Performance (%)

	2014	2015	2016	2017	2018
TOTAL PORTFOLIO (CAD$)	15.8	4.3	12.1	5.2	-6.2
BENCHMARK* (CAD$)	14.2	5.3	13.2	12.1	-4.0

*50 % S&P/TSX Composite Index, 35% S&P 500 Index, 15% Morningstar Developed Markets ex North America GR Index

Performance Information (%)

March 31, 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$)	7.7	7.7	3.9	1.6	6.2	4.2	6.3	N/A	N/A	N/A	N/A	N/A	7.2
BENCHMARK* (CAD$)	11.8	11.8	8.8	7.5	11.2	7.6	9.1	N/A	N/A	N/A	N/A	N/A	9.8

*50 % S&P/TSX Composite Index, 35% S&P 500 Index, 15% Morningstar Developed Markets ex North America GR Index
Fund Inception date: December 31, 2013

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 Total Equity Fund's capital gain deferrals: $17,648,414 (Audited Financial Statements, as at December 31, 2018).

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