

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

After a strong first quarter, equity markets in the second quarter witnessed both ups and downs before closing on a stronger note. Share prices in North America closed at or near new highs at mid-year. Other bourses around the world didn't fare as well, reflecting lower growth prospects than the North American economies, which continue to exhibit growth, albeit at a reduced pace from earlier expectations.

For the 18 months leading up to mid-year 2018, the market's advance had been dominated by a few large tech names. But in the last 12 months these particular companies have not been leading the market. Valuation levels, and concerns surrounding the business practices of social media companies have come to investors' attention. A heavy new issue calendar this year has taken some of the attention away from the tech sector. In short, risk-off (value) investments improved their relative performance, but still lagged the growth sector for the last 12 months. Very recently, the market was driven to new highs, not by the usual momentum stories, but rather, by several of the lower volatility names. Consistent with lower interest rates for marketable securities, dividend yielding stocks have performed well.

With that, the Fund recorded a 2.4% return in the quarter, in line with the benchmark 2.3% return. Strong U.S. equity market returns for the first half of 2019 were tempered by strength in the Canadian dollar which appreciated 4.2% against the U.S. dollar. For the six months ended June 30, 2019, the Fund recorded a double digit return of 10.3%.

Notwithstanding the recent push to new highs for U.S. and Canadian stock markets, the economy is showing some signs of slow-down, driven largely by the uncertainty surrounding trade talks with China. It has been estimated that tariffs now in place would cut about 50 basis points from U.S. GDP this year, leaving current growth estimates at 2.5%. Investors are quite nervous about President Trump's love of tariffs. He has even threatened to invoke tariffs as high as 25% on Mexican goods, to force Mexico to provide more border security.

The huge rally in the bond market over the last eight months creates another question for equity investors. Lower rates have helped dividend yielding equities, but perhaps portend lower growth for the economy, maybe even a recession. Ten years into this business cycle leads investors to wonder if the expansion may simply die of exhaustion.

Asset prices of stocks appear to be a little extended in the short term. Share prices in North America have advanced on hopes for a trade deal with China, and the apparent reversal of direction by the Fed. Meanwhile, in September, the U.S. will be hitting their debt ceiling, which may cause markets to take pause as the politicians once again wrangle over funding the government's business.

A fall election in Canada doesn't seem to portend any significant change in politics, or for the economy, and as such does not seem to pose any significant risk factor for Canadian investors.

In summary, SEAMARK remains near term cautious, but generally, leading up to a 2020 election, sees only a low probability of the U.S. economy dipping into recession. With some expected bumps along the way, we expect to selectively redeploy cash that has accumulated in the fund into attractively priced securities, which will contribute to future performance.

INVESTMENT TEAM



Bob McKim, CFA
CEO & Chief Investment Officer



Don Wishart, CFA
President

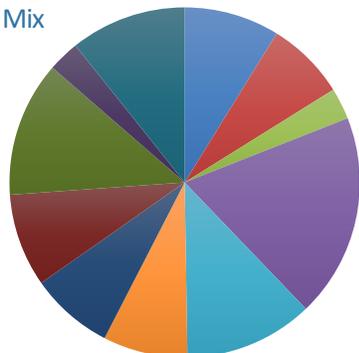


George Loughery, CFA
Chief Portfolio Manager

Portfolio Activity

Among equities, positions in Bristol Myers, Kraft Heinz, Stantec, SNC Lavalin, AltaGas, TransAlta Renewables and Vodafone were sold. The holding in Walmart was trimmed on price strength, while we added to the holding of KLA Tencor at an attractive price. Six weeks of a market slide offered us opportunities to add to several other existing holdings at attractive valuation levels. We built the holding in shares of Alcon, a recent spin-off from Novartis, to a full portfolio weight. Alcon is an innovator in vision and eye care products, which will benefit from an aging demographic. A partial position was established in shares of 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



■ Discretionary Goods 8.8 %	■ Cash & Equivalents 7.3 %
■ Utility Services 2.9 %	■ Pharma & Health Care 18.8 %
■ Metals & Minerals 11.9 %	■ Communication Services 7.8 %
■ Commercial & Industrial 7.7 %	■ Technology Products & Services 8.6 %
■ Oil & Gas 12.5 %	■ Staples Goods 2.9 %
■ Financial Services 10.7 %	

Top Ten Equity Holdings (% of Fund)

Franco Nevada	2.5	Bank of Nova Scotia	2.2
IA Financial Corp. Inc.	2.5	Suncor Energy Inc.	2.1
Toronto Dominion Bank.....	2.3	Alimentation Couche-Tard	2.1
Manulife Financial.....	2.3	Canadian Natural Resources	2.1
Royal Bank	2.3	Walt Disney Co.	1.9

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 (%)

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\$)	2.4	10.3	2.2	3.7	5.7	5.4	6.4	N/A	N/A	N/A	N/A	N/A	7.3
BENCHMARK* (CAD\$)	2.3	14.3	5.4	8.8	10.8	8.5	8.8	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).

Stay in Touch!

SUBSCRIBE to the Latest

Call: 1 888 303 5055

Email: information@seamark.ca

Visit: www.SEAMARK.ca



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.