

# SEAMARK POOLED U.S. 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.

The U.S. Equity Fund seeks to preserve and enhance capital through a selection of companies offering current dividend income and good potential for long-term capital gains.

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.

SEAMARK's U.S. equity investment philosophy is founded on the recognition that superior investment opportunities exist in U.S. growth companies. While leading companies in many attractive industries are held to provide diversification, there is a preference to focus on U.S. companies growing faster than the overall average.

Investments in U.S.-based multi-national companies also provide a geographically diversified base of earnings, and a low-risk participation in the growth of emerging economies.

## Portfolio Manager's Commentary

We are now over a year into the Covid-19 pandemic that ravaged the world's economies and caused an initial sharp decline in equity prices. Actions taken by central banks around the globe have largely rescued the world economy with accommodative monetary policies and fiscal stimulus packages. Bold actions by the Fed and the Biden administration have had the desired effect. The U.S. is leading the world in a strong economic comeback, with GDP estimated to grow by 6.0% in 2021. Investors have been rewarded for being invested in U.S. equities, with most U.S. Indices recording several new highs in the second quarter.

The Fund has participated in the sharp recovery of the U.S. equity market. In the recent quarter the Fund recorded a 5.7% return, compared to the 7% return of the S&P 500 Index (in Canadian \$ terms). Year to date the Fund achieved a 17.8% return versus the benchmark's 12.2%. For the one-year period, the Fund achieved a 36.0% return, almost 800 basis points ahead of its benchmark. The Fund's returns are always quoted in Canadian dollar terms. A rise in the value of the Canadian dollar to 80.68 from 79.52 at March 31, reduced U.S. dollar returns by 1.46% for Canadian investors in the quarter. Over the last year, the Canadian dollar appreciated markedly, up 9.95% for the year ended June 30. This rapid increase had the effect of reducing Canadian dollar returns of U.S. denominated assets accordingly.

The Fund has outperformed when the market's performance has been broad based, rather than being led by just a few U.S. mega technology companies. That said, the second quarter saw growth sectors resume leadership, in concert with declining interest rates on marketable securities. Lower interest rates generally allow for higher price earnings multiples for growth stocks. But interest rates will likely be trending higher with a tapering of government bond purchases, and renewed concerns over inflation. Cyclical recovery sectors of the market may emerge again as leaders once the economic recovery is seen to be more entrenched - driven by real demand, rather than by government stimulus.

Future returns will in part be dependent on putting the Coronavirus behind us. Some vaccine reluctance across the U.S. remains a threat for the emergence of new variants. We expect to see a continued ebb and flow of leadership in certain sectors, depending on the confidence investors have in the economic transition. The Fund remains invested in high quality companies, broadly diversified across 10 industry sub-sectors. In the near term, share prices may need a breather after a year of robust returns. But when looking a year ahead, the cyclical recovery in share prices should persist, as corporate earnings continue to advance with increased economic activity.

## INVESTMENT TEAM



**Bob McKim, CFA**  
CEO & Chief Investment Officer



**Don Wishart, CFA**  
President

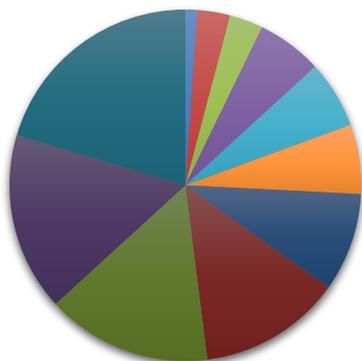


**George Loughery, CFA**  
Chief Portfolio Manager

## Portfolio Activity

The Fund established a new partial position in Maxar Technologies. Maxar offers good turnaround potential as its space infrastructure and earth imagery businesses continue to recover.

### Asset Mix



■ Cash & Equivalents 1.1 %	■ Real Estate 3 %
■ Discretionary Goods 3.1 %	■ Staples Goods 6 %
■ Metals & Minerals 6.2 %	■ Oil & Gas 6.4 %
■ Commercial & Industrial 9.1 %	■ Communication Services 13.1 %
■ Pharma & Health Care 15.2 %	■ Financial Services 16.4 %
■ Technology Products & Services 20.4 %	

### Top Ten Equity Holdings (% of Fund)

Alphabet Inc. ....	5.8	United Parcel Service .....	4.3
Apple Inc. ....	4.9	Bank of America .....	4.2
KLA Corporation .....	4.8	JPMorgan Chase & Co. ....	4.2
Applied Materials .....	4.7	Northern Trust .....	4.2
Walt Disney Co. ....	4.5	State Street .....	4.0

### Calendar Year Performance (%)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
TOTAL PORTFOLIO (CAD\$)	5.6	-0.4	16.5	34.9	18.7	13.8	13.6	3.3	1.9	19.6	10.8
S&P 500 Index (CAD\$)	9.4	4.4	13.5	41.5	24.0	21.0	8.6	13.8	4.0	22.8	16.1

### Performance Information (%)

June 30, 2021

	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\$)	5.7	17.8	36.0	21.0	14.6	12.8	12.7	11.7	12.9	13.5	14.9	14.3	8.4
S&P 500 Index (CAD\$)	7.0	12.2	28.1	19.7	16.3	16.2	16.5	15.1	16.6	17.8	18.5	17.8	8.0

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 US Equity Fund's capital gain deferrals: \$21,459,189 (Audited Financial Statements, as at December 31, 2020).

### Stay in Touch!

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