SEAMARK

March 31, 2019

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

Equity markets across the world rallied in concert during the first quarter of 2019. This was a welcome development following significant fourth quarter declines. The S&P 500 Index registered its strongest first quarter since 1998, but a 13.1% rise fell short of recovering its 14.0% decline in 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, the Fund recorded a 5.3% return, falling short of recovering Q4's - 7.5% return. The apparent failure to recover the Q4 loss can be traced directly to the impact of a falling Canadian dollar in the first quarter, which reduced returns by 2.1%. Adjusting for the negative impact of currency, we are pleased that the Fund's holdings would have recovered the price loss incurred in Q4 2018. In the last two quarters, the Fund has experienced a much tighter range of returns compared to the more volatile ups and downs of the S&P 500. This speaks to the advantage of 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, the U.S. Federal Reserve has now taken a more dovish view of rates. Long term rates are in fact lower than short rates (an interest rate inversion), which puts some pressure on the economy. The Federal Reserve may need to consider rate cuts sometime in 2019 to correct the yield curve inversion.

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 economic slowdowns, 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 value and growth sectors. Growth recovered more than value in the first quarter, by some 400 basis points. But a better performance from the financial sector 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 certain. Corporate earnings are already slowing from last year's tax cut assisted pace. And at this advanced stage of the cycle, the economy is more prone to any outside shocks that may materialize. We also observe a heavy new issue calendar for this year. These IPO's are more likely to draw capital from the risk-on segments of the market. Conservative positioning is prudent, given the various uncertainties that lie ahead

INVESTMENT TEAM

Bob McKim, CFA
CEO & Chief Investment Officer

Don Wishart, CFA
President

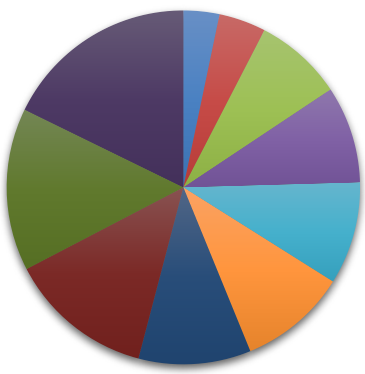
George Loughery, CFA
Chief Portfolio Manager

Portfolio Activity

Shareholdings of some pharma companies in the Fund were trimmed during the quarter, based on valuation, or simply in advance of more expected drug price bashing ahead of the 2020 elections. Shares of Met Life were eliminated in favour of adding to select bank shareholdings at depressed prices. DowDupont shares were sold ahead of that firm's breakup to avoid negative tax consequences.

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 sees today as just the first inning of incremental demand from new key drivers, Big Data and Artificial Intelligence.

Asset Mix



- Discretionary Goods 3.3 %
- Cash & Equivalents 4.3 %
- Oil & Gas 8.1 %
- Commercial & Industrial 8.9 %
- Metals & Minerals 9.4 %
- Communication Services 9.9 %
- Staples Goods 10.3 %
- Pharma & Health Care 13.3 %
- Financial Services 14.9 %
- Technology Products & Services 17.8 %

Top Ten Equity Holdings (% of Fund)

Chevron Corp.	4.2
Exxon Mobil Corp.	4.2
Northern Trust	4.0
JPMorgan Chase & Co.	4.0
Cisco Systems Inc.	3.9
State Street	3.9
Bank of America	3.8
Newmont Mining	3.7
Verizon Communications	3.5
Alphabet Inc.	3.4

Calendar Year Performance (%)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
TOTAL PORTFOLIO (CAD$)	-20.5	20.3	5.6	-0.4	16.5	34.9	18.7	13.8	13.6	3.3	1.9
S&P 500 Index (CAD$)	-21.9	8.1	9.4	4.4	13.5	41.5	24.0	21.0	8.6	13.8	4.0

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$)	5.3	5.3	6.5	3.9	10.1	6.9	9.8	12.4	13.2	12.8	12.0	13.8	7.4
S&P 500 Index (CAD$)	11.3	11.3	13.5	11.9	14.7	11.9	15.2	17.9	17.6	16.9	16.2	16.6	7.0

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: $21,704,974 (Audited Financial Statements, as at December 31, 2018).

Stay in Touch!

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