

SEAMARK POOLED BALANCED FUND

Philosophy and Strategy

The SEAMARK Balanced Fund investment philosophy embodies several defining tenets:

- The firm employs an equity bias, recognizing that ownership offers the greatest investment reward.
- Bonds typically offer lower investment potential than equities. In that bonds represent 'safe money', they form a foundation for balanced portfolios and must be both secure and liquid.
- In balanced mandates, the asset mix is varied 'from the bottom up' within predetermined parameters, driven incrementally by the relative valuation of individual securities, one investment at a time.
- Companies selected for investment are made from the SEAMARK Total Equity platform, allowing for the construction of integrated, efficient equity portfolios.
- Careful attention is paid to valuation, attempting always to 'buy well'.
- Once invested in a company, SEAMARK exercises patience on behalf of its clients, with tax efficient low turnover rates, allowing the management of the underlying company to compound high returns on behalf of its shareholders.

The specific objective of the Pooled Balanced Fund is to preserve capital and minimize market value fluctuations while generating superior long-term returns through capital gains augmented by current income. The Fund's performance is benchmarked against a blend of 5% FTSE 91-Day T-Bill Index, 40% FTSE Canada Universe Bond Index, 27% S&P/TSX Composite Index, 20% S&P 500 Index, and 8% Morningstar Developed Markets excluding North America GR Index. Return in excess of this benchmark is an objective only and is not guaranteed by any party.

The fund seeks to achieve its objective within asset mix constraints set forth below:

Asset Class	Min.	Max.
Cash & Short-Term Assets	0%	25%
Fixed Income Assets	20%	70%
Equity Assets	30%	70%

Portfolio Managers' Commentary

Investment markets were kind to balanced fund investors in 2023. In the face of high inflation and rising short-term interest rates in the first half, strong returns in the fourth quarter helped stocks and bonds deliver positive results over the 12-month period. The Fund achieved a double digit 10.0% return in 2023.

After a couple of quarters of negative returns, bond prices reversed direction in the fourth quarter, rising as market yields declined in sympathy with a soft-landing scenario. Taking advantage of higher bond yields, the Fund increased its fixed income exposure in the second half, ahead of the rally.

Notwithstanding the troublesome economic backdrop, the Fund's equities also contributed nicely to its overall return. The Fund's well diversified equity selections underperformed the return of the S&P 500 Index, but that capitalization measure was heavily influenced by just a handful of richly valued technology names. The Fund's U.S. equities performed more in line with the S&P 500 Equal Weight Index. Broadly, the Fund has been invested in more conservative companies with historically compelling valuations. Some of these companies are owned for their attractive dividend yields. But dividend plays were out of favour in 2023, facing the headwind of higher interest rates. In 2024, short term rates will likely be in decline, which would turn last year's headwind into a tailwind.

With the outsized gains of just a few technology companies in 2023, the Fund underperformed its benchmark by 190 basis points. But for each of the annualized periods from two years to ten years, the Fund has exceeded its Benchmark returns. Last year's result suggests that the Fund is now undervalued relative to Benchmark, creating an attractive risk/return opportunity for investors.

The investment landscape has improved markedly from a year ago. Inflation is much lower, which should result in monetary conditions being loosened by central banks. The yield curve still remains in an inverted state in Canada and in the U.S., i.e. short rates are higher than long rates. This phenomenon should begin to reverse itself as central banks initiate interest rate cuts in 2024. Short term bond yields are still attractive and would benefit from a return to a positively shaped yield curve.

Interest rate cuts by the monetary authorities in 2024 would mean that investors will not find themselves having to 'fight the Fed', which sets up a better investment environment for equity investors. The economies in Canada and the U.S. will likely show modest growth in 2024, setting a backdrop for growth in earnings across a broader selection of companies. This will benefit the diversified holdings of the Fund.

The Fund is well positioned to benefit from the soft landing which seems to be the likely scenario for the economy in 2024.

INVESTMENT TEAM



Bob McKim, CFA
CEO & Chief Investment Officer



Don Wishart, CFA
President



George Loughery, CFA
Chief Portfolio Manager

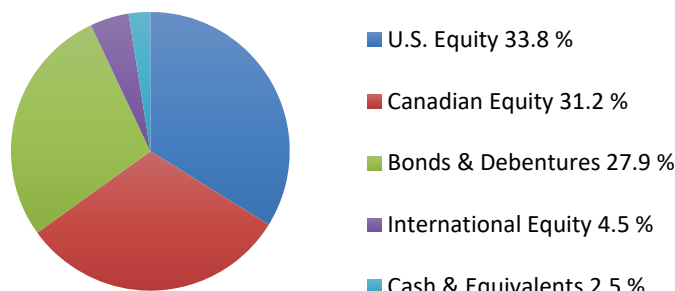


Beste Alpargun, CFA
VP Fixed Income, Portfolio Manager

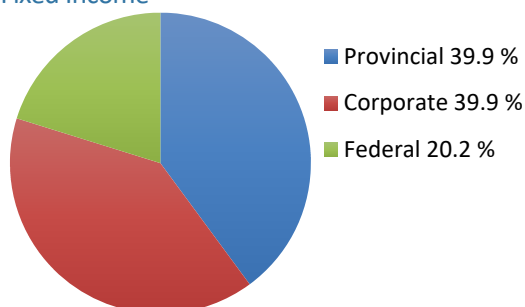
Portfolio Activity

The Fund established a starter position in shares of Medtronic, the world's largest medical device maker. The company is in a strong financial condition and is poised to benefit from the launch of new products. Shares were purchased at an attractive PE of only 15 times 2024 earnings, a discount valuation for this quality company. Medtronic shares provided an attractive 3.7% yield at time of purchase. The Fund also purchased a 2034 Canada Housing Trust bond with an attractive 4.25% coupon during the quarter.

Asset Mix



Fixed Income



Top Ten Equity Holdings (% of Fund)

KLA Corporation	2.4
Intel Corp.	2.3
Applied Materials	2.3
Alphabet Inc.	2.1
Apple Inc.	2.0
ATS Corporation	2.0
Royal Bank of Canada	2.0
JPMorgan Chase & Co.	1.9
Toronto Dominion Bank	1.9
Manulife Financial	1.8

Fixed Income Duration

Duration	5.2 years
Term	6.3 years
Yield	4.0 %

Calendar Year Performance (%)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
TOTAL PORTFOLIO (CAD\$)	16.6	13.4	5.3	8.3	4.3	-4.2	15.2	6.2	18.6	-4.2	10.0
BENCHMARK* (CAD\$)	11.8	10.7	3.9	7.8	7.4	-1.4	15.3	9.3	11.6	-9.2	11.9

*5% FTSE 91-Day T-Bill Index, 40% FTSE Canada Universe Bond Index, 27% S&P/TSX Composite Index, 20% S&P 500 Index, and 8% Morningstar Developed Markets excluding North America GR Index.

Performance Information (%)

December 31, 2023

	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\$)	7.6	10.0	10.0	2.7	7.7	7.3	8.9	6.6	6.2	6.5	6.4	7.0	7.2
BENCHMARK* (CAD\$)	8.1	11.9	11.9	0.8	4.3	5.5	7.4	5.9	6.1	6.3	6.0	6.5	6.1

* 5% FTSE 91-Day T-Bill Index, 40% FTSE Canada Universe Bond Index, 27% S&P/TSX Composite Index, 20% S&P 500 Index, and 8% Morningstar Developed Markets excluding North America GR Index.

Fund Inception date: June 30, 1997

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