December 31, 2019

SEAMARK POOLED BALANCED FUND

Our 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 our 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

The Fund achieved a 3.6% return during the fourth quarter, exceeding its benchmark return of 2.4% by 120 basis points. An overweight to equities in a period where equities outperformed bonds by a significant margin led to the outperformance. The strong Q4 showing allowed the Fund to register an annual return of 15.2%, in-line with its benchmark for the 12-month period.

A Balanced return in excess of 15% is an anomaly by historical standards. Not very often do stocks and bonds each register positive returns that in combination translate to a total return of that magnitude. However, from a low base for stock prices after a decisively down quarter at the end of 2018, equities were poised for a rebound. Bonds on both sides of the border were helped by three 25 basis point cuts by the Federal Reserve in 2019. It was a potent combination that rewarded those who were fully invested.

Looking ahead to 2020, markets are starting on the high side, after a year of big gains. And those gains largely outpaced the growth in earnings, meaning that a good portion of the advance came from price/earnings expansion, which is never as dependable or sustainable as earnings-driven growth. Earnings may have some catching up to do to keep investors motivated to buy stocks.

The economy continues to grow, now into its 10th year of expansion. But earnings growth is likely to be modest in 2020, given GDP growth that may be less than 2%. A real trade deal with China would be expansionary, but so far, the progress appears to be more of the window dressing variety.

The interest rate backdrop looks to be benign for 2020. The Federal Reserve is very unlikely to raise rates in an election year, and recent strength in the Canadian dollar (up 5% in 2019) will soften exports from this country, hardly the backdrop for an increase in rates. In fact, one could make a case for the possibility of a single cut in interest rates on either side of the border in 2020.

Barring some exogenous shocks to the world economy, investment markets should get off to a decent start in the first half. But by mid-year, investors will be focused on the U.S. election, and all the attendant rhetoric that emerges every four years. If the Democrats nominate a more left-leaning Presidential candidate, the markets may demonstrate concern about his or her election. 2020 could very well be a year of two halves.

Against this thinking, the Fund is fully invested at the outset of the year. If share prices advance into the year, it may present opportunities to trim equity holdings, securing profits ahead of the volatility we expect later in the year. In a Balanced Fund, proceeds from any equity sales may be used to purchase fixed income investments, thereby providing a risk offset to stocks. We believe the Fund is attractively positioned for investors seeking the benefits of active balanced fund management.

INVESTMENT TEAM

Bob McKim, CFA
CEO & Chief Investment Officer

Don Wishart, CFA
President

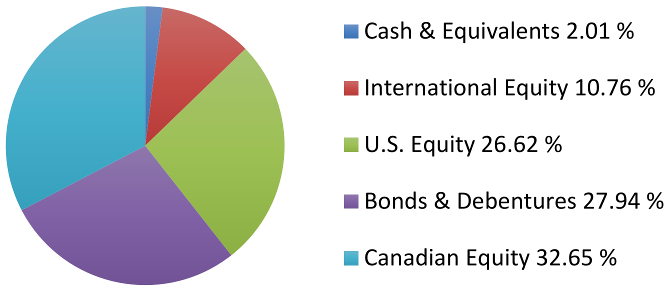
George Loughery, CFA
Chief Portfolio Manager

Beste Alpargun, CFA
VP Fixed Income, Portfolio Manager

Portfolio Activity

New equity positions were established in New Flyer, Nutrien and Rogers Communications. New Flyer is consolidating the bus business and should benefit when municipalities ramp-up their use of electric busses. Nutrien is the leading producer of potash in the Western World. Fertilizer prices should show some price recovery as farm production normalizes following a poor crop year, and after a successful US/China trade deal. Shaw Communications was sold to fund a purchase of Rogers. Rogers had fallen to an attractive level on an earnings disappointment as more people subscribed to all you can eat wireless data plans.

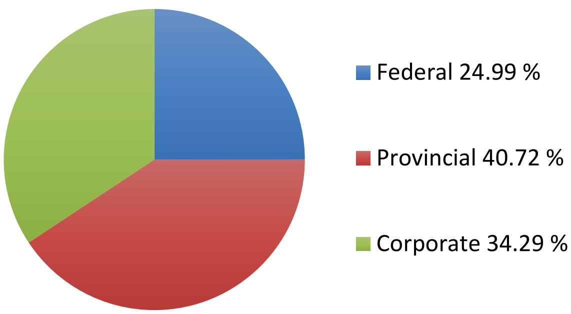
Asset Mix



Top Ten Equity Holdings (% of Fund)

Canadian Natural Resources	2.8
Toronto Dominion Bank	2.5
Suncor Energy Inc.	2.5
Manulife Financial	2.4
Royal Bank of Canada	2.3
Bank of Nova Scotia	2.3
IA Financial Corp Inc.	2.2
Alimentation Couche-Tard	2.0
Apple Inc.	1.9
SAP ADR	1.9

Fixed Income



Fixed Income Duration

Duration	7.1 years
Term	8.6 years
Yield	2.3 %

Calendar Year Performance (%)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
TOTAL PORTFOLIO (CAD$)	15.5	6.5	-1.3	11.1	16.6	13.4	5.3	8.3	4.3	-4.2	15.2
BENCHMARK* (CAD$)	14.9	10.1	0.6	7.2	11.8	10.7	3.9	7.8	7.4	-1.4	15.3

*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, 2019

	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$)	3.6	15.2	15.2	5.0	4.8	5.7	5.6	6.9	8.2	8.6	7.4	7.3	7.2
BENCHMARK* (CAD$)	2.4	15.3	15.3	6.6	6.9	7.1	6.4	7.1	7.8	7.7	6.9	7.2	6.2

* 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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