

# SEAMARK POOLED CANADIAN BOND FUND

## Philosophy and Strategy

SEAMARK's investment philosophy recognizes that Fixed Income investments represent an important foundation for investors.

Accordingly, SEAMARK manages the Fund in a prudent manner, emphasizing safety of principal and reliability of income.

Three key variables, credit quality, term to maturity, and liquidity, are used to identify those fixed income securities that meet SEAMARK's exacting standards.

SEAMARK maintains a high credit quality standard in the Bond Fund. Each security must be rated BBB (low), or better, by DBRS Morningstar, or the equivalent. Focusing on high quality issues reduces volatility while providing attractive returns on a risk-adjusted basis. The Canadian Bond Fund will invest primarily in Canadian dollar denominated fixed income investments.

SEAMARK employs an interest rate anticipation approach to add value to the Bond Fund. SEAMARK will vary the average term to maturity and duration of the portfolio within a conservative range, seeking to enhance returns through moderate capital gains under appropriate market conditions, while preventing capital losses under adverse conditions.

SEAMARK will also seek to add value by varying the relative weights of different fixed income sectors (Federal, Provincial, Municipal and Corporate issuers) within a conservative range.

## Portfolio Manager Commentary

The Fund completed the quarter with an 8.1% return versus the benchmark FTSE Canada Universe Bond Index return of 8.3%. The Fund's defensive positioning resulted in the slight underperformance to Benchmark.

The global economic situation is anything but stable. Military conflicts, the significant slowdown in China, the persistent level of global inflation and important elections around the world are likely to cause volatility in the credit markets. One of the most important events of the year will be the hotly contested Presidential election in the United States.

Expansionary U.S. fiscal policy in contrast with contracting monetary policy, resulted in modest growth of 2.9% in the last quarter of the year. The fall of inflation to 3.1% and the drop in unemployment to 3.7% were also supportive of a growth environment. Although business confidence indicators have not recovered yet, there is hope for a better economy in a U.S. election year. The expectation of interest rate cuts by the Fed seems more feasible in this environment, than in Canada.

The Canadian economy appears to be in the midst of a soft landing, recording a modest -0.3% contraction in the fourth quarter. The softening labor market raised the unemployment rate to 5.8% and kept it at that level. Wage growth seems to have leveled off at 4%. The higher interest rates are having an impact on economic activity but are also keeping the inflation rate at about 3%. Although food inflation slowed somewhat, other items remained unchanged or resilient. The expectation of ever-increasing immigration numbers is that their participation in the economy will reduce tight conditions in labour markets. However, there will be a time lag before productivity figures improve. Until then, Canadian interest rate cuts are expected to be delayed to the second half of the year.

As volatile as the year was, the Fund ended the year with a return of 6.7%, exactly in line with the performance of the FTSE Canada Universe Bond Index. SEAMARK expects the yield curves in Canada and the U.S. not only to fall this year, but to also slowly normalize in shape. In this scenario, investing in the short end, and adding additional corporate bonds will be productive strategies for the Fund.

## PORTFOLIO MANAGER

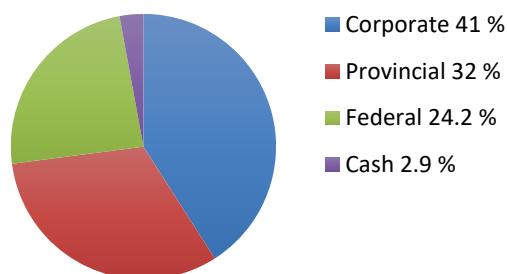


**Beste Alpargun, CFA**  
VP Fixed Income, Portfolio Manager

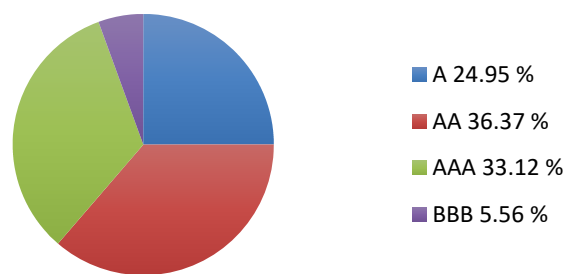
## Portfolio Activity

The Fund purchased a 2034 Canada Housing Trust bond with an attractive 4.25% coupon during the quarter. The issue was priced to yield approximately 50 basis points over Canada issues of similar term.

### Portfolio Structure



### Credit Quality



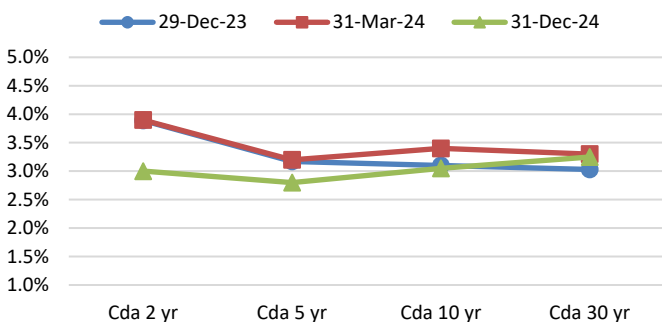
### Top Five Fixed Income Holdings (% of Fund)

Canada Government 4.0% Jun 01, 2041	4.2
Ontario Teachers Finance Trust 4.15% Nov 1, 2029	4.0
Canada Housing Trust 4.25% Mar 15, 2034	3.9
Canada Government 5.0% Jun 01, 2037	3.8
Royal Bank of Canada 1.833% Jul 31, 2028	3.8

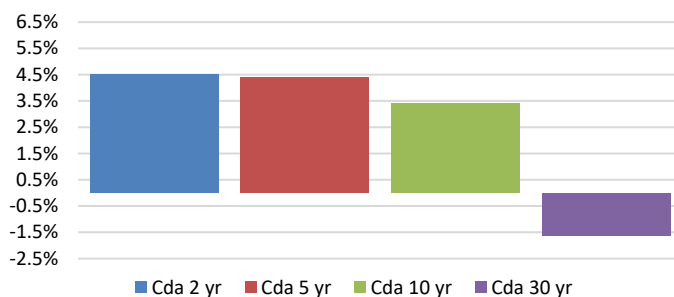
### Fixed Income Information

Duration	6.7 years
Term	8.5 years
Yield	4.0%

### Government of Canada Yield Curve



### 12 Month Expected Rate of Return of Canada\*



### Calendar Year Performance (%)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
TOTAL PORTFOLIO (CAD\$)	-1.5	7.9	3.5	1.4	2.3	1.3	4.9	8.7	-3.6	-10.3	6.7
FTSE Canada Universe Bond Index (CAD\$)	-1.2	8.8	3.5	1.7	2.5	1.4	6.9	8.7	-2.5	-11.7	6.7

\*SEAMARK Fixed Income Team Estimates

### 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\$)	8.1	6.7	6.7	-2.1	-2.6	0.1	1.0	1.1	1.2	1.3	1.5	2.1	4.5
FTSE Canada Universe Bond Index (CAD\$)	8.3	6.7	6.7	-2.9	-2.8	0.0	1.3	1.3	1.5	1.5	1.7	2.4	4.5

Fund Inception Date: June 30, 1997

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