

SEAMARK POOLED LOW VOLATILITY EQUITY FUND

Our Philosophy and Strategy

The genesis of SEAMARK's Low Volatility Equity mandate arises from investors' needs to achieve equity-like rates of return, but with less volatility than that inherent in the predominant stock market indexes. Conservative investors, defined benefit pension funds, shared risk plans, life cycle funds, and foundations/endowments would benefit from SEAMARK's Low Volatility approach to investment.

The backbone of the mandate derives from SEAMARK's Total Equity platform, from which we select companies to efficiently construct an 'integrated' investment solution, consisting of companies domiciled in Canada, the U.S. and abroad, the latter through the use of ADRs. The portfolio is well-balanced, by geography and by industry subgroup, and is not held hostage to equity indexes that are often significantly overweight one industry group or more.

The portfolio is more purposed to deliver against defined metrics - key performance indicators - rather than to compete relative to an index benchmark. Various metrics of the portfolio are held up against the S&P TSX, simply for illustrative purposes.

The portfolio attempts to achieve five key objectives: 1) attain a 4% going-in yield; 2) that 75% of portfolio names raise dividends year-over-year; 3) that the dividend growth rate be two times the rate of GDP growth; 4) achieve a consistent growth in yield on original cost; and, 5) to better protect capital by delivering less downside capture than the S&P/TSX Composite Index.

To deliver on these performance indicators, the portfolio has a risk-off look and often correlates to how a value style is performing in the marketplace.

The SEAMARK Low Vol portfolio has a history of *exceeding the key performance indicators* set out in the mandate. Investors appreciate the opportunity to build wealth by way of the portfolio's low risk profile.

Portfolio Manager's Commentary

The Low Volatility Equity Fund registered a 2.6% return during the fourth quarter, bringing its 12 month return to 15.3%. The strong showing in 2019 has lifted the Fund's annualized performance to 10.6% for the last seven years. Since inception (Aug 2012), the Fund has delivered an annualized return of 10.6%.

At year end, equities in the Fund offered a blended dividend yield of 3.8%. Moreover, in 2019, 77.3% of the Fund's holdings had increased their dividend rates during the year. For those companies that increased their payouts, the average rate of increase was 6.9%, well in excess of the Fund's objectives.

The backdrop of lower interest rates was helpful to the Fund in 2019. Three 25 basis point cuts by the Federal Reserve helped set the stage for a rally in bond prices on both sides of the border. Lower yields created buying interest in many of the dividend paying equities that comprise the portfolio.

Looking ahead, we envision a benign interest rate environment for 2020. It would be very unlikely to see interest rate hikes in the year of a U.S. election. With an economy showing a few signs of slowing, one could even argue for a cut of 25 basis points in the U.S. And little likelihood of an increase in rates in Canada either. One could even argue for a potential cut in rates in Canada if exports suffer due to strength in the Loonie.

The interest rate outlook will be constructive for the Fund. So will the increased volatility we expect, particularly as the year progresses. Investors fearful of the U.S. election outcome will be looking for safer investments in times of uncertainty. The election is not the only unknown as we look ahead, but it is the most obvious event on this year's calendar.

The Fund is well positioned for investors seeking an attractive combination of yield, and growth in income. It's low downside capture provides a safety net of sorts for investors who lean more toward capital preservation than toward growth. These attributes describe to a 'T', many investors that are now in the decumulation phase of their investing life-cycle. After a lifetime of saving, and accumulating financial assets, many retirees are using their personal savings to supplement pension income. The SEAMARK Low Volatility Fund is a good option to include as a portion of any investor's nest egg. Low Vol, comprised largely of risk-off equities, is a valuable tool when investors go through their risk-budgeting exercise.

INVESTMENT TEAM

Bob McKim, CFA
CEO & Chief Investment Officer



Don Wishart, CFA
President



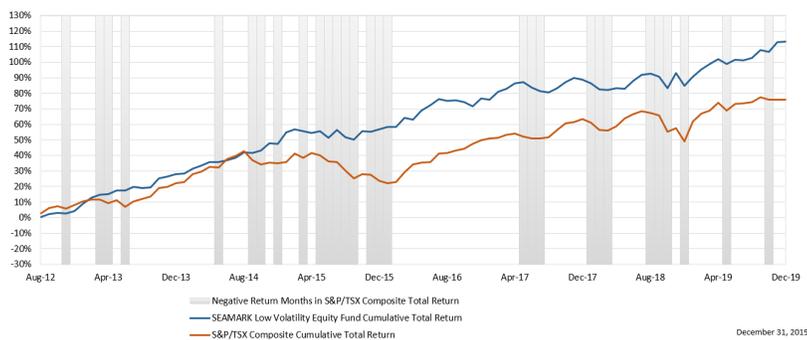
George Loughery, CFA
Chief Portfolio Manager

Portfolio Activity

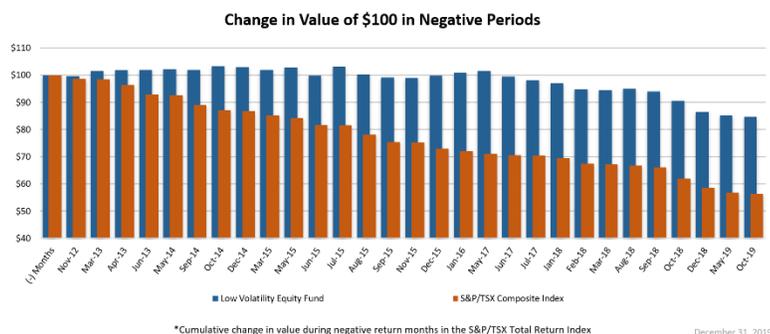
During the quarter, holdings of TransAlta Renewables and BCE Inc were trimmed on price strength.

We re-established a partial position in Inter Pipeline Ltd., after the share price retrenched following the company's apparently rejection of a \$30 takeover offer. Positions were increased in several existing holdings when share prices dipped to attractive levels. Those opportunistic 'adds' included shares of Newmont, McDonalds, Loblaw, Cisco Systems, Fortis and Emera. A smaller holding was established in shares of Stella Jones Inc. The company is a leader in pressurized wood products for the rail tie and telephone pole markets. These end markets are utility-like in nature, giving the company some resiliency to economic downturns.

Cumulative Total Returns (CAD)



Downside Capture



Low Volatility Equity Fund Characteristics

Annualized Return ^a	10.6%
S&P/TSX Composite Index ^a	8.2%
Dividend Yield (ex. cash)	3.8%
Yield on Original Cost (ex. cash)	4.5%
Companies with Dividend Increases ^b	77.3%
Average Rate of Dividend Increases ^b	6.9%
Standard Deviation ^{a,b}	6.5%
Standard Deviation – S&P/TSX Composite Index ^{a,b} ..	8.4%
Portfolio Beta ^{a,c}	0.48
Weighted Average Market Cap (billions) ^d	\$116 b
Upside Capture ^{a,c}	79.1%
Downside Capture ^{a,c}	31.4%

- a) Since Inception August 31, 2012
- b) 12 months ended December 31, 2019
- c) As compared to the S&P/TSX Composite Index
- d) As at December 31, 2019

Calendar Year Performance (%)

	2013	2014	2015	2016	2017	2018	2019
TOTAL PORTFOLIO (CAD\$)	23.7	15.3	5.9	12.3	6.4	-2.7	15.3
S&P/TSX Composite Index (CAD\$)	13.0	10.6	-8.3	21.1	9.1	-8.9	22.9

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\$)	2.6	15.3	15.3	5.9	6.1	7.6	7.3	8.6	10.6	N/A	N/A	N/A	10.6
S&P/TSX Composite Index (CAD\$)	3.2	22.9	22.9	5.8	6.9	10.3	6.3	7.0	7.8	N/A	N/A	N/A	8.2

Fund Inception date: August 31, 2012

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 Low Volatility Equity Fund's capital gain deferrals: \$4,178,160 (Audited Financial Statements, as at December 31, 2018).

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