

## SEAMARK POOLED TOTAL EQUITY FUND

## 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 investment focus is on individual companies, rather than on the stock market. This practice of "buying the company" is consistent with the objective of owning the investment 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. This results in low turnover rates, and tax efficiency for the investor.

These company specific tenets have been integral to SEAMARK's Total Equity mandate, which had its genesis at the founding of the company, 40 years ago. The Canadian marketplace is predominantly cyclical in nature, resulting in high volatility inherent in the TSX. In order to avoid these extremes, and to practice as long-term investors, SEAMARK considerably expands the investible universe for its Total Equity mandate. Portfolio construction begins with leading companies in Canada, which are complimented with world class companies from the USA, typically in industries that are shallow or deficient within Canada. The portfolio is completed by the addition of exceptional international companies through the use of ADRs. Leading companies in many attractive industries across the world are then held to provide proper portfolio diversification.

The equity research effort behind Total Equity is carried out along industry lines, not country of domicile. This allows for a full-on comparison of companies in an effort to discover the best operators. The result is an integrated portfolio of best ideas, versus a mere sum of the parts portfolio construction. Total Equity provides a properly diversified portfolio, constructed efficiently to deliver attractive returns and risk management to the investor.

The investment portfolio of the Total Equity Fund will consist primarily of large-cap companies. A portion of the investment portfolio of the Fund may be invested in medium-cap or small-cap companies as valuations warrant. The weight of a specific core holding at any time will reflect SEAMARK's confidence in the stability and durability of the idea but will not exceed 5% of the book value of the Fund.

## Portfolio Manager's Commentary

The Fund represents a well-diversified portfolio of equity investments from Canada, the U.S. and abroad, maintaining exposure to all 11 industry subgroups. Total Equity security selection features best of class and attractively valued companies, regardless of domicile.

The Fund achieved its second annual double-digit return, registering an annual return of 14.3% in 2024. Although recording this positive result, the Fund underperformed its capitalization weighted benchmark, which in the U.S., was once again driven by a few heavily weighted technology stocks. The Fund's lower return versus benchmark can be attributed to its broader diversification of equity holdings, an important tenet of prudently managing concentration risk for Total Equity investors.

Notwithstanding the recent shortfall relative to the Benchmark, over the cycle, i.e. over a four-year period, the Fund achieved a 13.0% annualized return, largely in line with the Benchmark's four-year annualized return of 13.4%. The record of proven long-term performance of the Fund bodes well for unitholders when the current mania of chasing highly concentrated equity indexes subsides, or reverses direction.

Currency was a positive influence on returns for Canadian investors in 2024. The U.S. dollar, reflecting the relatively strong U.S. economy, was 7.1% higher against a basket of six world currencies (Euro, Swiss Franc, Japanese Yen, Canadian Dollar, British Pound and Swedish Krona). The Canadian dollar was down against its U.S. counterpart based on deeper interest rate cuts and political uncertainties. U.S. dollar investments buoyed returns in the Fund by 8.3%, when the Canadian Dollar declined year over year from 75.71 to 69.41. At year end, approximately 57% of the Fund was invested in U.S. dollar assets.

Many companies in the Fund contributed meaningfully to performance, led by U.S. dollar denominated companies, thanks to the stronger U.S. currency. Shares of German based SAP SE delivered a return of 76%, while shares of Amazon, JP Morgan and Google contributed returns of 57%, 57% and 47% respectively. Insurers Manulife (57%), and IA Financial (52%) along with Park Lawn Corporation (35%), which rose on a privatization, led Canadian returns.

Looking ahead to 2025 there is reason for cautious optimism for investors in the Fund. By and large, the U.S. and Canadian yield curves have reversed from their inverted shapes. The normalization of the curve is a positive development for the economy, and for the banking sector. Also, the Federal Reserve, the Bank of Canada and European Monetary authorities are each trending toward a neutral stance, a reversal from their tightening policies when inflation was running ahead of target. The table is set for an expansion of corporate earnings.

Notwithstanding the positive economic backdrop, there are potential disruptions from political actions threatened by the incoming U.S. administration. Tariff walls and saber rattling with its NATO allies would raise concerns for investors. Stiff tariffs against Canada would pressure the Canadian currency and disrupt trade with our largest trading partner. Investors in the Total Equity Fund can take comfort from SEAMARK's prudent investment management as new political realities unfold on both sides of the border.

## INVESTMENT TEAM



**Bob McKim, CFA**  
Chairman & Co-Chief  
Investment Officer



**Don Wishart, CFA**  
President & Co-Chief  
Investment Officer

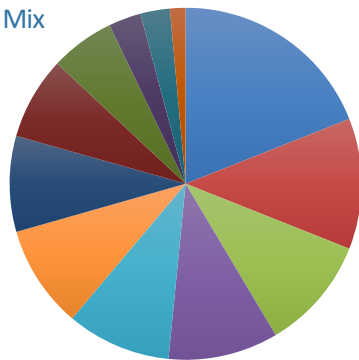


**René Fantin, MBA, CFA**  
Portfolio Manager

## Portfolio Activity

The Fund added a new position in biotechnology company Amgen during the quarter, capitalizing on a retreat in the stock due to fears that the sector could be in the crosshairs of president-elect Trump's top pick for health secretary, Robert Kennedy Jr., and weaker than expected efficacy in its latest obesity drug treatment.

### Asset Mix



■ Financial Services 19.0%	■ Technology Products & Services 12.0%
■ Staples Goods 10.5%	■ Commercial & Industrial 10.1%
■ Metals & Minerals 9.6%	■ Discretionary Goods 9.5%
■ Pharma & Health Care 8.8%	■ Communication Services 7.6%
■ Oil & Gas 5.9%	■ Cash & Equivalents 3.0%
■ Utility Services 2.7%	■ Real Estate 1.4%

### Top Ten Equity Holdings (% of Fund)

Alphabet Inc. ....	2.8	JPMorgan Chase & Co .....	2.1
IA Financial Corp .....	2.6	Expedia Group Inc. ....	2.0
Apple Inc. ....	2.5	Amazon.com Inc. ....	2.0
Manulife Financial .....	2.4	Visa Inc. ....	1.9
Royal Bank of Canada .....	2.1	KLA Corporation .....	1.9

### Calendar Year Performance (%)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
TOTAL PORTFOLIO (CAD\$)	15.8	4.3	12.1	5.2	-6.2	19.6	3.7	27.8	0.4	11.2	14.3
BENCHMARK* (CAD\$)	14.2	5.3	13.2	12.1	-4.0	22.8	9.6	23.9	-8.6	16.3	25.3

\*50 % S&P/TSX Composite Index, 35% S&P 500 Index, 15% Morningstar Developed Markets ex North America GR Index

### Performance Information (%)

December 31, 2024

	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\$)	2.0	14.4	14.3	12.7	8.4	13.0	11.1	12.4	9.6	9.0	9.4	8.8	9.5
BENCHMARK* (CAD\$)	4.7	25.3	25.3	20.7	10.0	13.4	12.6	14.2	11.4	11.5	11.7	11.0	11.3

\*50 % S&P/TSX Composite Index, 35% S&P 500 Index, 15% Morningstar Developed Markets ex North America GR Index Fund

Inception date: December 31, 2013

### Take Advantage of Capital Gains Deferrals

SEAMARK's 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 Total Equity Fund's capital gain deferrals: \$16,571,484 (Audited Financial Statements, as at December 31, 2023).

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