

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

Investment markets were kind to equity 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 deliver positive results over the 12-month period.

Notwithstanding the troublesome economic backdrop, the Fund achieved a double digit 11.2% return in 2023. The Fund's well diversified equity selections from the U.S. 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. With a slowing economy, 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 are likely to decline, which would turn last year's headwind, into a tailwind for the Fund's dividend payers.

The Fund underperformed its benchmark by 80 basis points in the fourth quarter. But with the outsized gains of just a few technology companies earlier in 2023, the Fund underperformed by 500 basis points over the one-year period. That underperformance can be explained by 2023 witnessing the narrowest U.S. market since the 1980's. Notwithstanding 2023's underperformance, for each of the annualized periods from two years to five years, the Fund has met or exceeded its Benchmark return. Even with 2023's underperformance, many companies made significant contributions to the Fund's return. Shares of Stella Jones (specialty wood products), Intel, Amazon, Expedia, Alphabet – along with semi-conductor capital equipment companies Applied Materials and KLA Corp., all delivered returns in excess of 50%.

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. Interest rate cuts by the monetary authorities in 2024 would mean that investors will no longer be 'fighting 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.

Last year's relative return underperformance suggests that the Fund is now undervalued relative to Benchmark. The Fund offers an attractive risk/return opportunity for investors.

The Fund is fully invested, 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

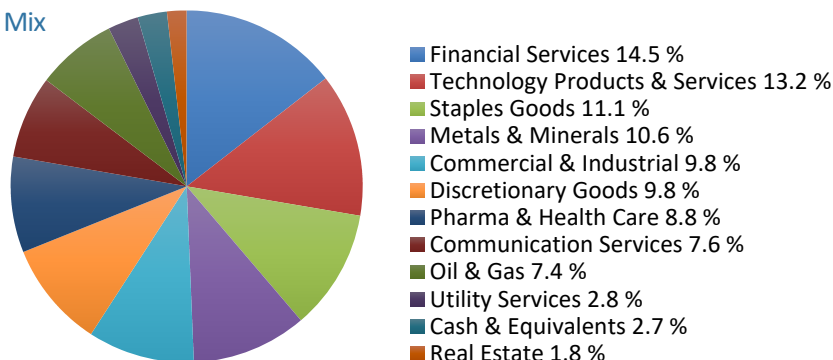


George Loughery, CFA
Chief Portfolio Manager

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. The Fund also initiated a new holding in Clorox Co. when shares overreacted to news of a data hack. The disruption caused a meaningful, but temporary loss of sales, creating an attractive purchase opportunity for long-term investors.

Asset Mix



Top Ten Equity Holdings (% of Fund)

KLA Corporation	2.5	Toronto Dominion Bank	1.8
Alphabet Inc.	2.2	Applied Materials	1.8
IA Financial Corp	2.0	Manulife Financial	1.8
Apple Inc.	2.0	ATS Corp	1.8
Royal Bank of Canada	1.9	Bank of Nova Scotia	1.7

Calendar Year Performance (%)

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

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

Performance Information (%)

December 31, 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\$)	7.7	11.2	11.2	5.6	12.6	10.3	12.1	8.8	8.3	8.8	8.3	9.0	9.0
BENCHMARK* (CAD\$)	8.5	16.3	16.3	3.1	9.6	9.6	12.1	9.3	9.7	10.1	9.6	10.0	10.0

*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: \$16,899,095 (Audited Financial Statements, as at December 31, 2022).

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