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42 Years in Industry



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CIO Commentary

March 31, 2021

Investment markets entered 2021 on a knife's edge – the pandemic playing havoc with the economy on one hand, and government stimulus and easy monetary policy on the other. At the end of the quarter, we can conclude that easy money provided support to share prices, and even chased prices higher for homes and digital assets such as Bitcoin.

Now, with the increased distribution of vaccine doses, particularly in the U.S., investors appear ready to admit that the economy is finally rounding the curve, even if new variants and Covid fatigue may be setting the stage for yet another wave of havoc. Comfort can be taken from the Biden administration's laser focus on administering vaccine shots as rapidly as possible.

Investors are also taking comfort in the tone of statements coming from the Federal Reserve and the Bank of Canada, both of which remain committed to easy money until the North American economy is well on the way to recovery. Stimulus bills in the U.S., first the \$1.9 Trillion Covid Relief Bill, and the latest effort, a proposed \$2.2 Trillion Infrastructure Recovery Bill are soothing investor concerns. Here at home, Canada has instituted fiscal stimulus of nearly \$500 billion. Investors are demonstrating confidence, regardless of another surge of Covid cases and new variants that are worrying to health authorities on both sides of the border.

Investor enthusiasm in the first quarter was marked by higher stock prices, but higher yields (lower prices) on marketable bonds. The stock rally continued to broaden out, with tech taking a back seat to other sectors of the market. The S&P/TSX Composite Index advanced by 7.3% during the period. The S&P 500 Index rose by 5.8% (4.5% in CAD \$). SEAMARK portfolios continue to perform well, as they had in Q4 of 2020, benefitting from a broader participation than just a technology led market.

While stocks moved higher in the quarter, bond prices flagged as interest rates on marketable bonds rose from their pandemic lows. U.S. 10 Year Treasury yields rose from 0.92% at Dec 31, to 1.74% at March 31, 2021. Canada 10-year bond rates followed suit, rising to 1.56% at March 31, up 89 basis points from the 0.67% level at Dec 31.

Despite the relief being exhibited by investors, one cannot assume a straight up recovery. There will likely be ebbs and flows in bond prices as well as stock prices. We continue to invest in high quality assets and emphasize a well diversified portfolio of stock holdings over bonds in balanced accounts.

Sincerely,

Robert G. McKim, CFA
Chief Investment Officer

A Great Way to Retain Employees

Attracting and retaining employees by smaller organizations can be difficult during the best of times. But currently, circumstances surrounding Covid-19 make the challenge even greater. Providing a retirement funding mechanism can be helpful. But formal pension plans, even in the defined contribution form, require registration with regulators and reporting to them. A Group Registered Retirement Savings Plan (Group RRSP) can be an incentive for employee loyalty without the regulatory burden.

The SEAMARK Group RRSP is designed specifically for small employers. In fact, it fits very well for foundations and other charitable organizations, sole proprietorships, and small businesses generally. Designed to optimize the risk/return mix for every individual employee, the plan reduces the likelihood of underfunded pensions and the potential for employees to seek further support from their employer.

Investment issues can be avoided when the employee is armed with a portfolio manager who has a fiduciary duty to consider the unique needs and circumstances of each individual in creating his/her specific investment portfolio. SEAMARK has devised a cost-effective solution that combines the use of technology in the form of onboarding of client information, engagement to determine individual risk tolerance and objectives, sign-off by an accredited portfolio manager, use of SEAMARK Pooled Funds (which have a strong pedigree in the pension arena), and SEAMARK's expertise in portfolio construction.

Combined with regular reporting, all these features are performed online, creating a cost advantage that enables a qualified portfolio manager to deal with smaller account sizes than was historically possible.

Employers do not even have to be contributors to make this work. Just setting up a shell for employee contributions, managed by investment professionals, can be seen as a goodwill gesture by the employer, and a win for employees. Employer payments can even be made on an ad hoc basis when profitability permits. The employer also has the opportunity to endow only certain employees (even the owner) with the benefit.

A flexible structure and direct professional investment management make the SEAMARK Group RRSP unique!

Newly Launched Service for Charitable Organizations

With forty years of experience in the investment management industry, SEAMARK Asset Management has assisted foundations of all sizes, from university endowments to locally focused charities. Based on this experience, SEAMARK has recently introduced a new hybrid model, whereby those Investment Committees of Trusts, Endowments, and Foundations that are making investment selections on behalf of their organization, can avail themselves of SEAMARK's third-party independence. Under the offering, SEAMARK Governance Support Services, SEAMARK will provide the firm's expertise and resources to strengthen the efforts of the volunteers in executing their Fiduciary responsibility. Whether it be reporting, proxy voting or a range of other services, we can help.

Call Don Wishart at 902 456 3350 for details!

2020 Pooled Fund Capital Gains Tax Deferrals

	Tax Loss Carry Forwards*
SEAMARK Pooled U.S. Equity Fund	\$ 21,459,189
SEAMARK Pooled Total Equity Fund	\$ 4,936,890
SEAMARK Pooled Low Volatility Equity Fund	\$ 4,541,288
SEAMARK Pooled Canadian Equity Fund	\$ 4,936,890

Some of these tax loss deferrals are significant compared to the assets in the respective Pools.

Please contact Ann-Marie Slawter for more information:

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*Audited Financial Statements, as at December 31, 2020

Composite Performance Update

Annualized Performance

	Q1 2021	6 Mths	9 Mths	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr	Since Inception	Inception Date
SEAMARK Balanced Composite (%)	4.8	13.1	16.3	26.3	9.4	7.7	5.7	7.1	7.6	12/31/2009
Balanced Benchmark* (%)	1.2	6.3	9.6	21.5	8.7	8.2	7.1	7.8	7.4	
SEAMARK Low Volatility Equity Composite (%)	7.7	15.5	18.8	26.1	7.7	8.2	5.9	7.0	9.6	12/31/2010
S&P/TSX Composite Index (%)	8.1	17.7	23.3	44.2	11.2	10.2	8.0	10.1	6.4	
SEAMARK Canadian Equity Composite (%)	7.6	14.8	22.5	37.2	7.5	5.4	3.3	5.4	6.3	01/31/2011
S&P/TSX Composite Index (%)	8.1	17.7	23.3	44.2	11.2	10.2	8.0	10.1	6.4	
SEAMARK Total Equity Composite (%)	8.9	21.3	26.2	41.0	12.3	9.6	6.9	8.9	11.5	09/30/2011
Total Equity Benchmark** (%)	6.1	15.1	21.2	40.1	13.0	11.6	10.2	11.9	12.5	
SEAMARK Fixed Income Composite (%)	-4.8	-4.2	-4.0	1.6	3.0	3.8	3.2	2.8	3.4	04/30/2012
FTSE Canada Universe Bond Index (%)	-5.0	-4.4	-4.0	1.6	3.0	3.8	3.2	2.8	3.4	
SEAMARK U.S. Equity Composite (%)	11.6	25.7	29.1	47.8	17.8	14.0	10.7	13.2	14.8	04/30/2012
S&P 500 Index (CAD) (%)	4.9	12.3	19.7	38.6	17.0	15.8	14.4	15.6	17.9	

*Effective 30 Sep 2018, the SEAMARK Balanced Composite Benchmark is 5% FTSE Canada 91 Day TBill Index, 40% FTSE Canada Universe Bond Index, 27% S&P/TSX Composite Index, 20% S&P 500 Index, 8% Morningstar Developed Markets ex North America GR Index

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

Links to Q1 2021 Pooled Fund Profiles

[Balanced](#)

[Canadian Equity](#)

[Low Volatility Equity](#)

[Canadian Bond](#)

[U.S. Equity](#)

[Total Equity](#)

Stay in Touch!

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