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INVESTMENT TEAM



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CFA
CEO & Chief
Investment Officer
30 Years at SEAMARK
42 Years in Industry



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CFPA, FCMA, CFA
President
15 Years at SEAMARK
24 Years in Industry



George Loughery
CPA, CGA, CFA
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28 Years in Industry



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MBA, CFA
VP Fixed Income, CCO
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11 Years at SEAMARK
30 Years in Industry

CIO Commentary

March 31, 2023

Investment markets showed remarkable resiliency in the first quarter of 2023, despite a myriad of factors that would normally be seen as headwinds for investors. Sticky inflation, higher administered short term interest rates in the U.S., geopolitical tensions – even an unexpected bank failure in the U.S. with its ripple effects couldn't rattle equity investors.

Against this background, equity markets posted impressive gains, with the S&P 500 Index rising 7.0% in the first quarter, registering a 7.5% total return, with dividends. A 16.8% bounce back in the tech heavy NASDAQ Composite, from an oversold position, was the principal driver of U.S. stock prices. The Morningstar Developed Markets exNorth America Index, added 6.9% in price appreciation, providing a total return of 7.9% when dividends were included. The Canadian dollar was relatively unchanged by quarter end, resulting in Canadian dollar total returns for the S&P 500 Index of 7.4%, and 7.8% for the Morningstar Developed Markets exNorth America Index. Canadian equities, as measured by the S&P/TSX Composite Index, failed to keep pace with world markets, but advanced by 3.7%, providing a total return of 4.6% when dividends were included.

Bond markets experienced a roller coaster ride since year end. At the beginning of the quarter, ten-year U.S. Treasuries yielded 3.88%, while 10-year Canadas yielded 3.29%. Inflation concerns saw rates rise for most of the quarter, with ten-year U.S. Treasury rates hitting the 4.08% level, and Canadas reaching a yield of 3.48%. But the failure of SVB Bank in San Francisco blindsided markets, resulting in a flight to safety by investors. Their desire for Government Bonds caused rates to drop markedly in early March. U.S. Treasury yields retrenched all the way to 3.38%, and similar term Canada yields fell to 2.72%. By the end of the quarter, the U.S. banking sector appeared to be on a more stable footing, so market interest rates reversed course once again. U.S 10-year Treasury yields closed out the quarter at 3.47%, while 10-year Canada's yielded 2.90% at March 31. After all of the market gyrations, the FTSE Universe Bond Index provided a 3.2% return in the quarter.

Inflation rates have declined modestly in the early months of 2023. The Bank of Canada has welcomed lower inflation numbers, with a pause in its march to higher short term interest rates. The Federal Reserve pushed through another increase, of 25 basis points in March, bringing the Fed's target rate to the 4.75-5.0% range. Late in the quarter, the failure of SVB Bank in San Francisco sent tremors through the world banking system and the economy. Regulators moved quickly to shore up other suspect banks, including Credit Suisse. Tighter banking conditions will rein in some economic activity, as will higher oil prices resulting from OPEC's surprise oil production cut announced on April 2. Investor confidence may be tested by political brinkmanship around raising the U.S. debt ceiling that will make headlines in the next couple of months. The impact of these events will likely slow the economy, and inflation. It remains to be seen if Central Banks will need to raise rates again this year.

As we enter the second quarter, it appears that Inflation should continue to abate. The bigger question is whether the economy will find a soft landing. Recent events may have the effect of pushing the economy closer to recession. Bond yields may be at, or near their highs, especially if inflation continues to improve or the economy slows materially. Fixed income investments will respond favourably to a peak in rates. A weaker economy would pare corporate earnings for the next couple of quarters. But equity markets are always forward looking, which leaves us optimistic about future returns. Stock prices, at some point this year, are likely to begin discounting a better profit outlook for 2024 and beyond.

-- Robert G. McKim, CFA,
Chief Investment Officer

CFA Annual Forecast Dinner

The CFA Society Atlantic Canada recently hosted its 31st Annual Forecast Dinner. The guest speaker was David Chilton, author of *The Wealthy Barber* and a former judge on the TV show *Dragon's Den*. Members of our leadership team, Bob McKim and George Loughery were founders of the organization, and both served as President of the Society in its formative years. Beste Alpargun later served as its second woman President. All our professionals are members.

The Society has grown such that it was able to host an event with over 300 attendees. Although Chilton's speech was mostly about uplifting anecdotes regarding life in the financial services industry, he did make several sobering comments about the expected impact of artificial intelligence on the investment and wealth management disciplines. It can be a life saver, in terms of helping to manage tedious components of one's job but could also be damaging to portfolio outcomes if permitted to run amok.

It was a nice evening spent with colleagues, friends, and students from all around the Maritimes, especially those students who have studied CFA preparation courses led by Beste Alpargun at Saint Mary's University and Don Wishart at the University of New Brunswick.

-- Don Wishart FCPA, FCMA, CFA

SEMARK Client Portal

We would encourage all clients to access your SEAMARK portal for accurate valuation information, updated at or around 11:00am each day for previous day closing prices. Further, comprehensive quarterly reporting is uploaded to the portal each quarter. This data is scrubbed and uploaded toward the end of the first month after a quarter-end. The quarterly report includes all of the industry standard performance reporting and economic commentary that will be helpful in reviewing your investments.

If you should have any questions of accessing the SEAMARK portal, please feel free to contact me at 902 423-9547.

-- Beste Alpargun, MBA, CFA



2022 Pooled Fund Capital Gains Tax Deferrals

	Tax Loss Carry Forwards*
SEAMARK Pooled U.S. Equity Fund	\$ 21,176,234
SEAMARK Pooled Total Equity Fund	\$ 16,899,095
SEAMARK Pooled Low Volatility Equity Fund	\$ 1,697,814
SEAMARK Pooled Canadian Equity Fund	\$ 4,844,990

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, 2022

Composite Performance Update

Calendar Year Performance

	2022	2021	2020	2019	2018	2017	2016	Since Inception	Inception Date
SEAMARK Balanced Composite (%)	-4.0	18.3	5.8	14.6	-5.2	4.9	8.8	7.5	12/31/2009
Balanced Benchmark* (%)	-9.2	11.6	9.3	15.3	-1.4	7.4	7.8	6.6	
SEAMARK Low Volatility Equity Composite (%)	-1.6	24.2	0.3	15.5	-2.4	6.7	12.4	9.3	12/31/2010
S&P/TSX Composite Index (%)	-5.8	25.1	5.6	22.9	-8.9	9.1	21.1	6.5	
SEAMARK Canadian Equity Composite (%)	-4.4	25.8	-2.3	19.5	-12.7	5.2	19.8	6.6	01/31/2011
S&P/TSX Composite Index (%)	-5.8	25.1	5.6	22.9	-8.9	9.1	21.1	6.4	
SEAMARK Total Equity Composite (%)	-1.2	28.6	4.6	19.1	-6.0	5.9	12.2	11.3	09/30/2011
Total Equity Benchmark** (%)	-8.6	23.9	9.6	22.8	-4.0	12.1	13.2	11.4	
SEAMARK Fixed Income Composite (%)	-10.2	-3.0	8.1	5.6	1.6	2.6	1.8	2.0	04/30/2012
FTSE Canada Universe Bond Index (%)	-11.7	-2.5	8.7	6.9	1.4	2.5	1.7	2.1	
SEAMARK U.S. Equity Composite (%)	-1.1	31.7	11.3	17.5	2.4	3.4	13.9	13.9	04/30/2012
S&P 500 Index (CAD) (%)	-12.5	28.2	16.1	25.2	4.0	13.8	8.6	15.8	

*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 2023 Pooled Fund Profiles

[Balanced](#)

[Canadian Equity](#)

[Low Volatility Equity](#)

[Canadian Bond](#)

[U.S. Equity](#)

[Total Equity](#)

Stay in Touch!

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