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## INVESTMENT TEAM



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30 Years at SEAMARK  
42 Years in Industry



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15 Years at SEAMARK  
24 Years in Industry



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## CIO Commentary

December 31, 2022

Investment markets in 2022 delivered disappointment to investors across all asset classes. Runaway inflation, sharply higher interest rates, and concerns about economic recession were enough to send markets into retreat over the last 12 months.

Bond prices fell, reflecting higher levels of interest rates. For the second consecutive year, the FTSE Canada Universe Bond Index recorded a loss, registering a -11.7% return in 2022. Share prices of equities also corrected, reflecting fears that a ratcheting up of interest rates may result in a recession. Notwithstanding some recovery in the fourth quarter, world equity markets registered negative returns in 2022. Canada's benchmark, the S&P/TSX Composite Index (TSX), performed better than its U.S. counterpart, recording a decline of 8.7%. When dividends are included, the TSX registered a -5.8% total return. As measured by the S&P 500 Index, stocks fell by 19.4% in the U.S. (-18.1% return including dividends). Adjusting for a 6.4% decline in the value of the Canadian dollar, the S&P 500 logged a -12.5% total return for Canadian investors. The tech heavy NASDAQ Composite Index registered the most carnage, declining by 33.1% in the 12 month period. Other world markets, represented by Morningstar Developed Markets exNorth America PR Index, fell by 17.8%, but when adjusted for dividends and the lower Canadian dollar, it recorded a -11.8% return.

Despite the challenging investment backdrop, SEAMARK portfolios performed very well versus various market indexes, and when compared to most investment managers. SEAMARK's recognition of overvaluation in the growth sectors, led to a more defensive positioning of portfolios in recent years. Those expensive sectors began to unwind their overvaluation in 2022. How much of that process is complete is still to be determined.

The economy will continue to face challenges in 2023. Inflation is still high, and short-term interest rates may need to go higher. Growth will slow, and the economy may flirt with recession. Corporate earnings may be under pressure in such an environment. Meanwhile, stock markets have corrected most of their excesses, and represent better value than in recent years. Stocks also project forward by 6-9 months. Looking that far ahead, some of the economic challenges of today will be old news. Markets may be ready to move higher, when looking ahead to a resumption of earnings growth in 2024. Any further correction in stock prices should be seen as an opportunity to purchase high quality companies for portfolios.

For balanced portfolios, today's higher interest rate environment may present a tactical opportunity to purchase additional fixed income investments. In recent years, fixed income weights in portfolios have declined to reflect the low returns available in the Covid 'emergency interest rates' era. Some additional bond purchases could be a prudent use of cash in balanced portfolios.

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

## Canada Introduces FHSA

In December the Government of Canada introduced a Tax-free first home savings account (FHSA) to help Canadians save for a down payment on their first home. With this new registered account, prospective first-time home buyers will be able to save up to \$40,000 (the lifetime contribution limit). Annual contributions will be limited to \$8,000, and unused contribution room up to \$8,000 will be allowed to be carried forward to future years. Contributions to an FHSA will be tax deductible, and income earned in the account will not be subject to tax. Qualifying withdrawals made to purchase a first home will be non-taxable. These rules enter into force on 1 April 2023.

SEAMARK plans to work with its custodian partners to offer these accounts using our suite of pooled funds. It can be a great way for parents or grandparents to provide children or grandchildren some capital to get started on saving for a home. At the same time, it affords an opportunity for you to introduce SEAMARK to the next generation of investors.

-- Don Wishart FCPA, FCMA, CFA

## SEAMARK 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



## 2021 Pooled Fund Capital Gains Tax Deferrals

	Tax Loss Carry Forwards*
SEAMARK Pooled U.S. Equity Fund	\$ 21,285,761
SEAMARK Pooled Total Equity Fund	\$ 17,509,892
SEAMARK Pooled Low Volatility Equity Fund	\$ 2,600,769
SEAMARK Pooled Canadian Equity Fund	\$ 4,875,982

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, 2021

## Composite Performance Update

## Calendar Year Performance

	2022	2021	2020	2019	2018	2017	2016	Since Inception	Inception Date
<b>SEAMARK Balanced Composite (%)</b>	<b>-4.0</b>	<b>18.3</b>	<b>5.8</b>	<b>14.6</b>	<b>-5.2</b>	<b>4.9</b>	<b>8.8</b>	<b>7.2</b>	12/31/2009
Balanced Benchmark* (%)	-9.2	11.6	9.3	15.3	-1.4	7.4	7.8	6.3	
<b>SEAMARK Low Volatility Equity Composite (%)</b>	<b>-1.6</b>	<b>24.2</b>	<b>0.3</b>	<b>15.5</b>	<b>-2.4</b>	<b>6.7</b>	<b>12.4</b>	<b>9.3</b>	12/31/2010
S&P/TSX Composite Index (%)	-5.8	25.1	5.6	22.9	-8.9	9.1	21.1	6.2	
<b>SEAMARK Canadian Equity Composite (%)</b>	<b>-4.4</b>	<b>25.8</b>	<b>-2.3</b>	<b>19.5</b>	<b>-12.7</b>	<b>5.2</b>	<b>19.8</b>	<b>6.4</b>	01/31/2011
S&P/TSX Composite Index (%)	-5.8	25.1	5.6	22.9	-8.9	9.1	21.1	6.2	
<b>SEAMARK Total Equity Composite (%)</b>	<b>-1.2</b>	<b>28.6</b>	<b>4.6</b>	<b>19.1</b>	<b>-6.0</b>	<b>5.9</b>	<b>12.2</b>	<b>11.1</b>	09/30/2011
Total Equity Benchmark** (%)	-8.6	23.9	9.6	22.8	-4.0	12.1	13.2	11.1	
<b>SEAMARK Fixed Income Composite (%)</b>	<b>-10.2</b>	<b>-3.0</b>	<b>8.1</b>	<b>5.6</b>	<b>1.6</b>	<b>2.6</b>	<b>1.8</b>	<b>1.7</b>	04/30/2012
FTSE Canada Universe Bond Index (%)	-11.7	-2.5	8.7	6.9	1.4	2.5	1.7	1.9	
<b>SEAMARK U.S. Equity Composite (%)</b>	<b>-1.1</b>	<b>31.7</b>	<b>11.3</b>	<b>17.5</b>	<b>2.4</b>	<b>3.4</b>	<b>13.9</b>	<b>13.9</b>	04/30/2012
S&P 500 Index (CAD) (%)	-12.5	28.2	16.1	25.2	4.0	13.8	8.6	15.5	

\*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 Q4 2022 Pooled Fund Profiles

[Balanced](#)

[Canadian Equity](#)

[Low Volatility Equity](#)

[Canadian Bond](#)

[U.S. Equity](#)

[Total Equity](#)

## Stay in Touch!

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