

— Q2 2018

# INVESTMENT OUTLOOK & PORTFOLIO STRATEGY

# — MACROECONOMIC LANDSCAPE

## Global

The outlook for the global economy remains reasonably bright. Growth has stabilized around still-elevated levels, while the measured approach to monetary normalization combined with expansionary fiscal policies should allow the recovery to continue uninterrupted in the coming year.



### CANADA

The Canadian economy is moderating towards more sustainable, albeit above-trend levels. Domestic demand remains resilient, with the consumer thriving on robust job gains and rising wages, while business investment has also made a comeback. Looking forward, our expectation for stronger demand stateside and a softer stance on trade from the Trump administration should expedite the much-needed rotation towards exports, warranting a continuation of interest rate normalization from the Bank of Canada.



### UNITED STATES

Despite some seasonal softness in the first quarter of 2018, the US economy remains on solid ground. Economic gains are fairly widespread, with both consumers and businesses firing on all cylinders, while robust global demand has bolstered exports. Plus, newly announced fiscal stimulus is set to boost an already buoyant economy, allowing the Federal Reserve to continue the gradual process of raising interest rates and unwinding its balance sheet.



### INTERNATIONAL

The Eurozone is growing at the fastest pace in a decade, though the threat of populism resurfaced after a coalition of euro skeptics triumphed in the Italian elections, while the strengthening euro could weigh on recovery. While the UK outlook remains fairly bleak amid lingering Brexit uncertainties, Japan has prospered on the resurgence in exports and corporate profits – though subdued inflation has emboldened the Bank of Japan's dovish stance.



### EMERGING MARKETS

Emerging market economies are demonstrating stable growth trends early on in 2018, while improved financial positions have insulated these economies from external events (such as rising US borrowing costs). Commodity-leveraged economies such as Brazil and Russia have re-emerged from recessionary territory, while economic giants like China and India continue to demonstrate some notable signs of resilience – even in the wake of structural headwinds.

## — ECONOMIC OUTLOOK

### Global Growth Tailwinds Outweigh Political Headwinds

Last quarter, we argued that the risk-reward proposition for equities had faded after such a stellar performance in 2017, owing mainly to stretched valuations and some worrisome signs of investor complacency. And alas, volatility reasserted itself during the first quarter, as investors contemplated the ability of equity valuations to absorb higher interest rates, while political turmoil in the US also weighed on sentiment. Notably, global markets came under considerable pressure amid trepidation that higher bond yields would curtail both global growth and corporate profitability. Furthermore, after spending 2017 focusing on pro-growth policies, President Trump shifted his tune and appeared to be making good on his campaign promises to rebalance global trade in America's favour – raising concerns that a full-blown trade war will undermine the synchronized global expansion.

	Q4 2017	Q1 2018	IMPACT
<b>ECONOMIC FUNDAMENTALS</b>	<b>SYNCHRONIZED GLOBAL EXPANSION</b> Global economic momentum remained robust heading into 2018, with both developed and emerging markets contributing positively	<b>STABILIZING AT ELEVATED LEVELS</b> While global Purchasing Manager Indices (PMI) have peaked, leading economic indicators are not suggestive of an imminent downturn or recession	+
<b>CENTRAL BANKS</b>	<b>MONETARY POLICY NORMALIZATION</b> Stubbornly elusive inflationary pressures endorsed a measured and orderly approach to monetary policy normalization	<b>FISCAL IMPULSE COMPENSATES</b> Self-sustaining growth and building pricing pressures reduce the need for ultra-accommodative policies, but fiscal expansion provides an offset	+
<b>VALUATIONS</b>	<b>EXPENSIVE</b> Stretched equity valuations	<b>FAIRLY VALUED</b> Multiple contraction	=
<b>TECHNICAL BACKDROP</b>	<b>OVERBOUGHT</b> Overheated conditions	<b>NEUTRAL</b> Volatile and trendless trading range	=
<b>MARKET SENTIMENT</b>	<b>COMPLACENCY AND EUPHORIA</b> Crowded trades and bullish extremes	<b>INDECISION</b> Euphoria receded, striving for direction	=
<b>VOLATILITY</b>	<b>EXTENDED PERIOD OF CALM</b> Markets vulnerable and largely unprepared for disappointment	<b>NEW NORMAL REGIME</b> Sporadic episodes of volatility as investors adjust to rising rates	-

### Outlook and Investment Strategy

The good news is that the favourable conditions that underpinned the equity markets in 2017 remain largely intact at this time. Specifically, the synchronized global expansion continues to linger on, while corporate earnings also remain in acceleration mode. This constructive fundamental backdrop should help to counter some of the political headwinds at hand, making it unlikely that the protectionist clouds looming over the marketplace will translate into economic weakness. Moreover, while central banks around the world have responded to this economic resilience and begun reigning-in their stimulative policy measures, the shift towards expansionary fiscal policy should lend added support to the global acceleration and boost equity prices in the coming year – particularly as valuations have become increasingly compelling after the latest pullback. As such, after adopting a neutral stance in late 2017, our bias would be to re-establish an overweight allocation to stocks for 2018, albeit at more attractive levels.

# — INVESTMENT OUTLOOK

Our current scenarios are for a synchronized global expansion (60%), which is a continuation of the current environment that benefits equities; trade protectionism (20%), which would be negative for equities and positive for bonds; political instability (10%), that would introduce significant financial market volatility; and finally, stronger than expected growth & inflation (10%), which would be negative for bonds and positive for equities.

## MAIN SCENARIO SYNCHRONIZED GLOBAL EXPANSION

PROBABILITY 60%



The global economy continues to grind higher in a synchronous manner, with all major regions contributing to the advance. The US expansion lingers on, thanks to widespread improvements across both the consumer and manufacturing sectors of the economy, while stimulative fiscal policy also provides a boost. Meanwhile, the Canadian economy moderates towards a more sustainable, albeit above-trend pace – though the fate of NAFTA clouds the outlook. Finally, while policymakers in Europe and Japan ultimately prove successful in reflating growth, emerging market economies prosper in the environment of improving global demand, ample liquidity and rising commodity prices. Taken together, the lucrative combination of synchronized global growth and a revival in commodity prices should bolster inflation expectations across the world, though not to levels that would threaten the status of the economic recovery. This reflationary backdrop bodes well for equities and commodities (ex-gold) at the expense of fixed income and the US dollar.

## SCENARIO 2 TRADE PROTECTIONISM

PROBABILITY 20%



The biggest risk to our base case scenario is a rise in trade protectionism stemming from restrictive policies in the US. Specifically, renewed pressure to make good on his campaign promises ahead of the midterm elections could see President Trump's rhetoric on protectionism translate into action, particularly due to his ability to act unilaterally on the foreign policy front. The risk of a sudden breakdown of NAFTA negotiations or US-China relations remain front and center from a risk perspective. If anti-trade rhetoric in the US becomes a reality and results in tariffs being imposed on economies such as China, Canada and Mexico, retaliatory measures could ignite a global trade war – which would all but derail the status of the global economic expansion and fuel a rout in financial markets alike.

## SCENARIO 3 POLITICAL INSTABILITY

PROBABILITY 10%



Recent trends towards populism in Europe could bring about renewed political upheaval and a corresponding crisis in confidence – disrupting the global economy and financial markets alike. While anti-euro parties were unable to gain significant ground in 2017, the potential for a rise in euro skeptic movements prevails in Italy (where support for the euro remains low), while political angst in Spain (the Euro Area's fourth largest economy) looms after the Catalan election indicated strong support for independence – all of which risks throwing the region into political disarray at the same inopportune time when a lack of progress in Brexit negotiations has raised the odds of a "hard Brexit" scenario. And in China, with the twice-a-decade National Party Congress now behind us, we will be watchful on how aggressively President Xi pursues economic reforms and at what expense to the growth outlook. After consolidating his power, an increasingly assertive and widespread stance towards financial sector reforms to crack down on excesses could pose considerable risks to both economic growth and financial stability.

## SCENARIO 4 STRONGER GROWTH & INFLATION

PROBABILITY 10%



Inflation expectations de-anchor from current subdued levels and surge higher on the back of the stronger-than-expected global growth backdrop. Specifically, the global expansion has become increasingly self-sustaining and excess capacity has been absorbed, with all major OECD economies operating at/near full potential. When combined with central bank's tolerance for higher inflation and the overly-stimulative monetary policy backdrop in general, the global economy could potentially overheat and trigger a faster tightening schedule as central bank doves morph into hawks – increasing the risk of a policy error, shortening the cycle, and stifling the economic recovery. With asset valuations at extreme levels, this leaves little room for error from a financial market perspective.

## — PORTFOLIO STRATEGY

### MATRIX OF EXPECTED RETURNS

SCENARIOS	SYNCHRONIZED GLOBAL EXPANSION	TRADE PROTECTIONISM	POLITICAL INSTABILITY	STRONGER GROWTH & INFLATION
PROBABILITY	60%	20%	10%	10%
<b>TRADITIONAL INCOME (BONDS)</b>	<b>-1.8%</b>	<b>6.2%</b>	<b>4.8%</b>	<b>-6.9%</b>
Money Market	1.5%	0.9%	1.1%	1.8%
Canadian Bonds	-2.6%	7.5%	5.8%	-9.1%
<b>NON-TRADITIONAL INCOME</b>	<b>7.0%</b>	<b>5.0%</b>	<b>5.5%</b>	<b>5.3%</b>
<b>TRADITIONAL CAPITAL APPRECIATION (STOCKS)</b>	<b>3.1%</b>	<b>-18.0%</b>	<b>-13.4%</b>	<b>6.5%</b>
Canadian Equity	12.7%	-24.8%	-14.1%	11.9%
U.S. Equity	-3.5%	-10.5%	-3.6%	5.8%
International Equity	-4.6%	-10.5%	-15.7%	2.6%
Emerging Market Equity	5.4%	-27.0%	-22.9%	2.5%
<b>NON-TRADITIONAL CAPITAL APPRECIATION</b>	<b>7.0%</b>	<b>5.5%</b>	<b>4.0%</b>	<b>5.0%</b>

### CURRENT STRATEGY FOR A BALANCED PORTFOLIO<sup>1</sup>

	MINIMUM	BENCHMARK	MAXIMUM	STRATEGY	ALLOCATION	RELATIVE
<b>TRADITIONAL INCOME (BONDS)</b>	<b>10.0%</b>	<b>30.0%</b>	<b>50.0%</b>	<b>Underweight</b>	<b>10.0%</b>	<b>-20.0%</b>
Money Market	0.0%	5.0%	40.0%	Neutral	5.0%	+0.0%
Canadian Bonds	0.0%	25.0%	50.0%	Underweight	5.0%	-20.0%
<b>NON-TRADITIONAL INCOME</b>	<b>0.0%</b>	<b>20.0%</b>	<b>40.0%</b>	<b>Overweight</b>	<b>33.0%</b>	<b>+13.0%</b>
<b>TRADITIONAL CAPITAL APPRECIATION (STOCKS)</b>	<b>10.0%</b>	<b>30.0%</b>	<b>50.0%</b>	<b>Neutral</b>	<b>30.0%</b>	<b>0.0%</b>
Canadian Equity	5.0%	10.0%	30.0%	Overweight	13.5%	+3.5%
U.S. Equity	0.0%	7.5%	25.0%	Neutral	7.5%	0.0%
International Equity	0.0%	7.5%	25.0%	Underweight	0.0%	-7.5%
Emerging Markets Equity	0.0%	5.0%	15.0%	Overweight	9.0%	+4.0%
<b>NON-TRADITIONAL CAPITAL APPRECIATION</b>	<b>0.0%</b>	<b>20.0%</b>	<b>40.0%</b>	<b>Overweight</b>	<b>27.0%</b>	<b>+7.0%</b>

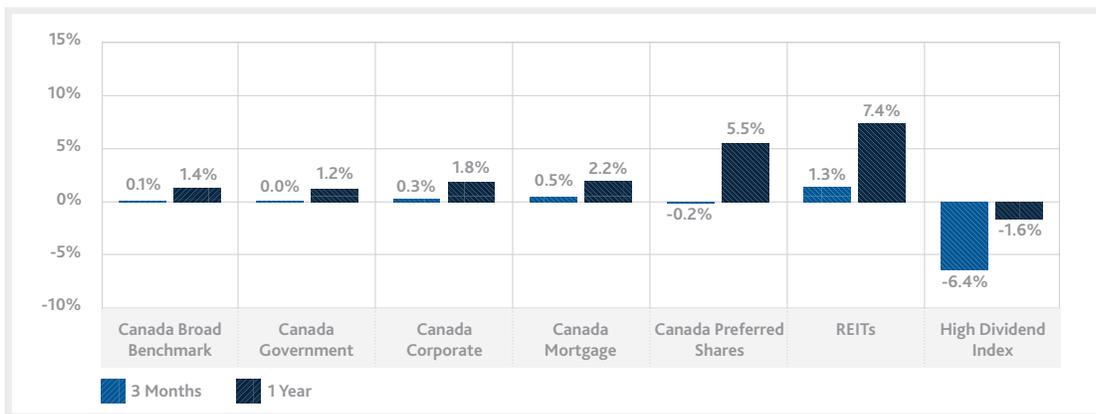
<sup>1</sup> Based on a 100 basis point value added objective. The benchmark employed here is based on a model portfolio and for illustrative purposes only. Individual client benchmarks are employed in the management of their respective portfolios.

# — FIXED INCOME REVIEW AND OUTLOOK

## Fixed Income Performance: Q1 2018

Canadian fixed income markets posted marginally positive results during the first quarter of 2018. At the beginning of the year, bond yields backed-up across the entire curve as investors contemplated the prospect of higher borrowing costs, while a revival in inflation expectations and newly announced fiscal expansion in the US placed upward pressure on the long-end of the curve. However, yield curves flattened in late March, with long-term yields shifting lower as investors sought out the safety of bonds in an otherwise volatile trading environment, while the short-end remained fairly anchored as market expectations converged with central bank forecasts. Meanwhile, after declining to pre-crisis levels early in the year, corporate spreads widened in March as appetite for risk soured in the environment of heightened political angst and as global growth showed signs of cresting – though interestingly, high yield spreads barely moved.

### CANADIAN FIXED INCOME MARKET RETURNS MARCH 31, 2018



Source: Fiera Capital Corporation

Deflationary headwinds have receded, with some encouraging signs of life on the inflation front. Excess capacity in the major developed economies is being absorbed on the back of above-trend growth results, while the OECD jobless rate has declined to a fifty-year low – all of which has helped to reignite wages and pricing pressures.

In response, central banks have acknowledged that emergency level monetary policies are no longer a necessity and have adjusted their stance. In his first appearance as Federal Reserve Chairman, Jerome Powell raised interest rates and provided a constructive assessment for the US economy. However, while upgrading both the growth and inflation outlook, the Fed stopped short of accelerating the pace of rate hikes in 2018 and instead, stressed the need for a prudent approach. Meanwhile, the Bank of Canada appears to be settling in on the sidelines in order to assess the economy's sensitivity to new mortgage rules and higher borrowing costs, while lingering trade uncertainties are also likely to warrant some caution in the near-term. That said, pricing pressures are finally building, with core inflation running close to the 2% target, justifying a continuation of rate hikes later this year. Looking abroad, even the European Central Bank took its first step towards normalization and removed its easing bias, and is expected to announce an end to its asset purchases later this year - though rate increases remain a distant prospect. In contrast, the Bank of Japan continues to dominate the reflationary push in the marketplace and has indicated that it is premature to begin discussing an exit strategy from ultra-accommodative policies, with the dovish-leaning bias likely to continue through 2019.

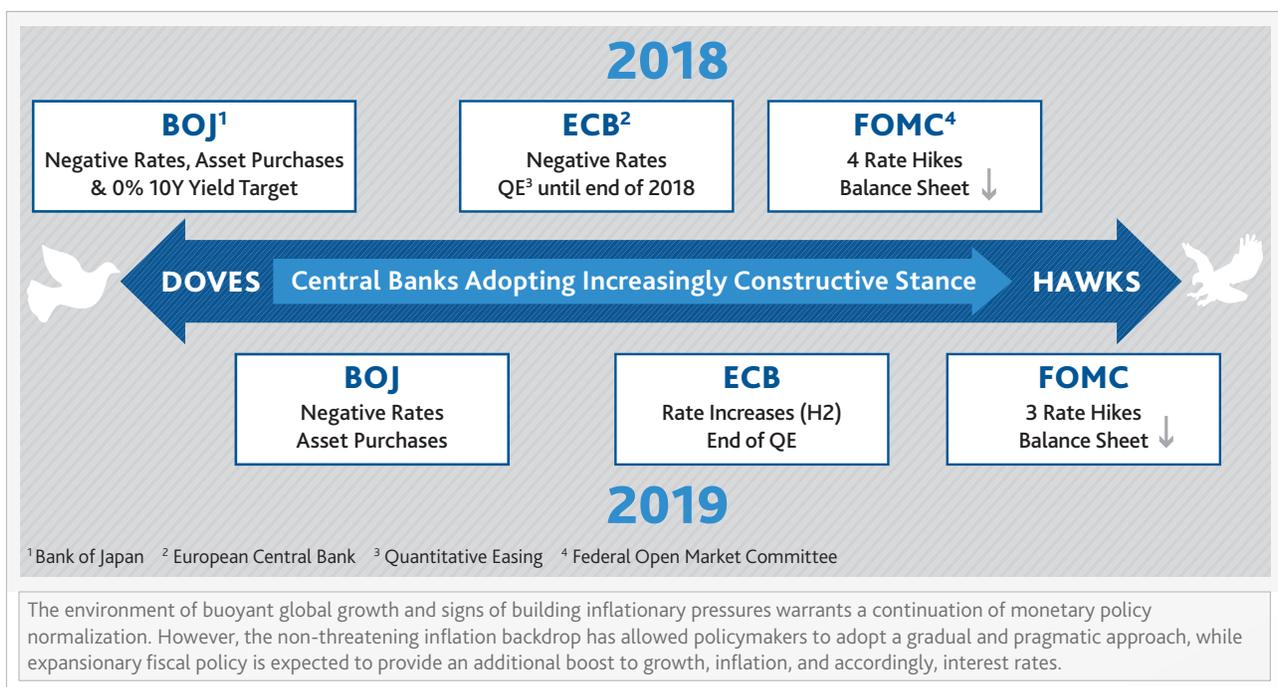
Meanwhile, fiscal authorities have stepped up and are taking the stimulus baton from their central bank peers. Notably, the US government has doubled down with both tax cuts and increased government spending and the new Grand Coalition in Germany appears biased towards fiscal easing, while both Japanese and Canadian governments have ramped up spending. This has extended the reflationary window and should allow central banks to proceed with normalizing policy in the coming year.

## Investment Strategy

Looking forward, we expect yield curves to steepen. While we anticipate only modest re-pricing at the short-end of the curve, a revival in inflation expectations should place upward pressure on the long-end – owing to buoyant global growth prospects and tighter labour markets. Furthermore, treasury supplies are set to increase as the US government ramps up borrowing to fund swelling deficits (at a time when the Fed is already unwinding its balance sheet), prompting investors to demand higher treasury yields.

In this environment, we maintain our underweight allocation to fixed income. Within the asset class, we maintain a short duration positioning, while also looking further up the risk spectrum towards spread product and inflation protection – both of which should thrive in the pro-cyclical environment of negligible recession (default) risks and a revival in inflation expectations.

### CENTRAL BANK POLICY SPECTRUM



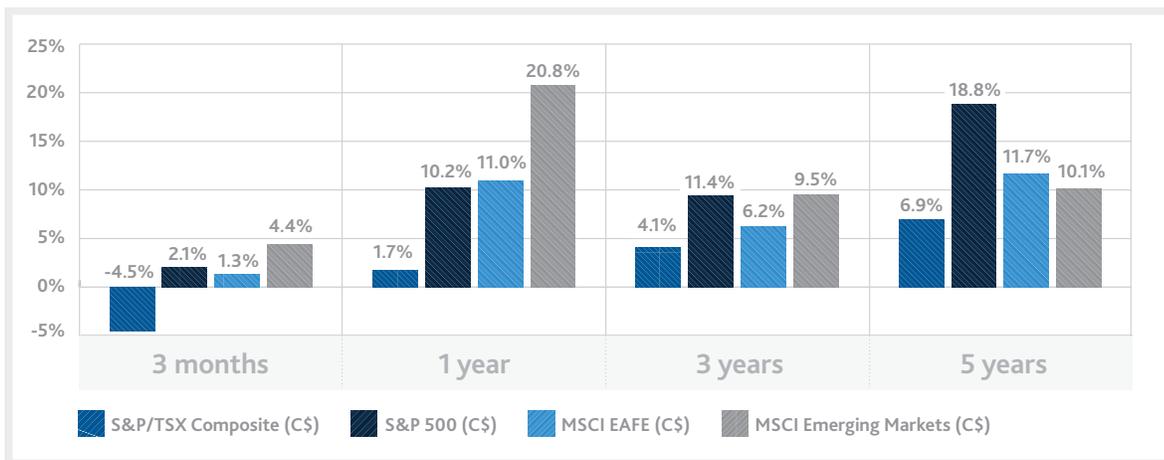
Source: Fiera Capital Corporation

# — EQUITY REVIEW AND OUTLOOK

## Equity Market Performance: Q1 2018

After an extended period of market calm, volatility reasserted itself during the first quarter. Financial markets were jilted by fears that higher borrowing costs would derail global growth and erode corporate profitability – which came at an inopportune time when stretched equity valuations left little cushion for disappointment. Furthermore, President Trump roiled the marketplace and took his first big step towards fulfilling his protectionist agenda, sparking fears of a full-blown trade war that threatened to undermine the synchronized global expansion.

### EQUITY MARKET RETURNS MARCH 31, 2018



Source: Fiera Capital Corporation

In the end, global equity markets posted negative results in local currency (but positive in Canadian dollars) - even after President Trump walked back on some of his hard-line trade proposals and as the fundamental backdrop continued to impress. Instead, the negative undertones spread broadly across the world. After leading the bull market charge, the US equity market pulled back from record levels amid contentious trade revelations between the US and China, while the extended rout in the technology space also weighed on sentiment. Meanwhile, Canadian equity markets were plagued by headline risks pertaining to the fate of NAFTA, elevated household debt levels and widening heavy oil differentials. Fragile sentiment also spilled over to overseas markets: European stocks stumbled and posted their worst quarterly result since early 2016, while recent strength in the yen cut into corporate profits and equity prices in Japan. In contrast, emerging markets bucked the global trend and managed to eke out a marginally positive return during the first quarter, owing to the solid growth and earnings trajectory in the developing world.

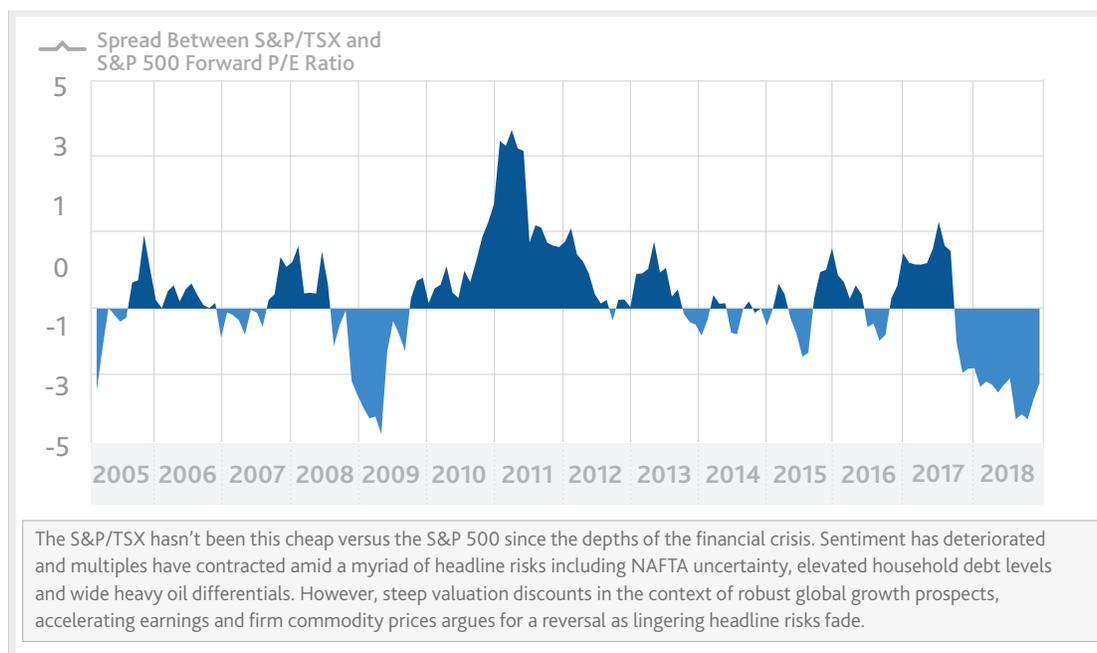
The sentiment-driven pullback has pushed equity valuations back towards their historical averages, a healthy and long overdue development. Interestingly, while multiples have been in contraction-mode, earnings expectations have actually been on the rise - which we expect to provide a cushion to higher interest rates going forward. Importantly, our expectation for an orderly revival in both inflation and interest rate expectations is not yet a hindrance to corporate profitability. Furthermore, the constructive global growth backdrop combined with recently enacted pro-growth policies from the Trump administration should be especially favourable for earnings expectations and drive equity market performance this year. All told, euphoric conditions have been flushed out of the market and unleashed some bullish potential down the road, particularly as the sound fundamental backdrop comes back into focus as expected.

## Investment Strategy

While market sentiment remains fragile, it is important to remember that recessions - not valuations - trigger bear markets, and the conditions for a prolonged economic downturn remain elusive at this time. Furthermore, while the economy has been strong enough to

keep recession fears at bay, we see little imminent danger of overheating conditions on the inflation front. This will allow central banks to take their time in paring back stimulative policies, leaving the global liquidity backdrop supportive in general. As such, while we are indeed in the later stages of the economic cycle, we remain in the early stages of the monetary tightening cycle, allowing the expansion to linger-on and the earnings backdrop to trend higher in accordance – which should place a floor under equity prices in the coming year.

### CANADIAN EQUITIES DISCOUNTING THE WORST CASE



Source: Bloomberg

#### CANADA

**STRATEGY: OVERWEIGHT**



Canadian equities should thrive in the context of stronger global growth, rising commodity prices and steeper yield curves – though headline risks have clouded the healthy fundamental backdrop and created a significant valuation discount – presenting a compelling opportunity for reversal as headwinds recede.

#### USA

**STRATEGY: NEUTRAL**



While US equities should thrive on the robust domestic growth backdrop, relative upside is limited and caution is warranted given already-stretched valuations at a time when the Fed is embarking on interest rate normalization – though earnings upside prevails amid potential corporate tax cuts and softer regulatory burdens.

#### INTERNATIONAL

**STRATEGY: UNDERWEIGHT**



While the European economy is demonstrating signs of health, political gridlock in Italy and recent strength in the euro could hinder equity performance. Meanwhile, uncertainty regarding the future of the UK will place undue pressure on UK equities as Brexit negotiations linger on, while yen strength could rattle Japanese markets.

#### EMERGING MARKETS

**STRATEGY: OVERWEIGHT**



Developing markets remain best positioned to benefit from the reflationary phase in the marketplace and should ultimately prove resilient to a tighter Fed in the context of undemanding valuations, thanks to the broad improvement in global growth, robust earnings growth and favourable dollar conditions.

# — COMMODITIES AND CURRENCIES

## CAD / USD



The Canadian dollar weakened against most of its global peers during the first quarter. Widening interest rate differentials between the US and Canada were mainly to blame, while lingering uncertainties regarding the future of NAFTA also added to the negative tone. While the Federal Reserve is leading the charge in raising rates this year, the environment of healthy growth and signs of building inflationary pressures should allow the Bank of Canada to continue normalizing policy and help to close the gap between Canada and the US – while stronger crude prices should also lend support. Progress towards an amicable outcome on NAFTA should remove a key headwind for the loonie. Encouragingly, the US administration has already softened its tone and made some important concessions, while also signaling that a successful renegotiation may not be far off.

## GOLD



Gold prices thrived during the first quarter even as the Federal Reserve continued on its path towards policy normalization. Instead, investors sought out the safety of bullion amid the ascendancy of an increasingly protectionist White House, ongoing geopolitical tensions and renewed signs of political instability in Europe. We remain neutral on gold due to some opposing forces in play. While prices remain vulnerable as the stronger growth and inflation trajectory in the US accelerates the pace of monetary policy normalization, escalating geopolitical uncertainties should help to place a floor under prices.

## OIL



Oil prices swung wildly between gains and losses early in the year, yet managed to end the first quarter in positive terrain. In late March, US stockpiles declined below the closely-watched five year average for the first time since 2014 in an encouraging sign that OPEC curbs are helping to rebalance the market. Meanwhile, crude prices rallied on speculation that the US may pursue a hard-line approach and intensify sanctions against Iran (OPEC's third largest producer) after President Trump appointed hawkish officials to his administration. Still, while US shale revolution could thwart efforts by OPEC and its allies to reduce the global supply glut, record-level compliance with the production curbs removes a key downside risk, while the environment of robust global growth (and accordingly, demand) should counter the effects of any dramatic expansion in US supplies and help crude markets find a better balance this year.

## COPPER



Copper prices lost some ground during the first quarter of 2018 and posted their first quarterly decline since June 2016. Investors retreated from industrial metals as trade tensions cast a cloud over the prospects for global growth and accordingly, demand for the red metal – while stockpiles also hit multi-year highs during the quarter. Looking ahead, we expect copper prices to be well-supported by the stronger global growth backdrop and the corresponding rise in demand that comes with it, while a weaker greenback should also place a floor under prices.

Source (4 charts): Bloomberg

## — FORECASTS FOR THE NEXT 12 MONTHS

SCENARIOS	MARCH 31, 2018	SYNCHRONIZED GLOBAL EXPANSION	TRADE PROTECTIONISM	POLITICAL INSTABILITY	STRONGER GROWTH & INFLATION
<b>PROBABILITY</b>		60%	20%	10%	10%
<b>GDP GROWTH (Y/Y)</b>					
Global	3.50%	3.75%	2.00%	3.00%	4.25%
Canada	2.70%	2.75%	0.50%	1.00%	3.25%
U.S.	2.60%	3.25%	1.00%	1.00%	4.00%
<b>INFLATION (HEADLINE Y/Y)</b>					
Canada	2.20%	2.25%	1.50%	1.50%	3.00%
U.S.	2.20%	2.25%	2.00%	1.75%	3.25%
<b>SHORT-TERM RATES</b>					
Bank of Canada	1.25%	1.75%	0.50%	1.00%	2.25%
Federal Reserve	1.75%	2.50%	1.50%	1.50%	3.00%
<b>10-YEAR RATES</b>					
Canada Government	2.09%	2.85%	1.40%	1.70%	3.80%
US Government	2.74%	3.25%	2.00%	1.60%	4.25%
<b>PROFIT GROWTH (12 MONTHS FORWARD)</b>					
Canada	11.7%	15.5%	-23.0%	-12.0%	18.3%
U.S.	16.5%	12.0%	-13.3%	-2.4%	22.8%
EAFE	13.0%	4.8%	-22.4%	-18.5%	16.4%
EM	25.7%	32.1%	-14.1%	-14.1%	38.7%
<b>P/E (FORWARD 12 MONTHS)</b>					
Canada	15.1X	16.5X	16.5X	16.5X	16.0X
U.S.	16.4X	18.0X	16.5X	17.0X	18.0X
EAFE	13.8X	15.5X	15.0X	14.5X	15.0X
EM	12.3X	13.5X	11.0X	12.5X	12.5X
<b>CURRENCIES</b>					
CAD/USD	0.78	0.85	0.65	0.70	0.85
EUR/USD	1.23	1.25	1.10	1.00	1.10
USD/JPY	106.43	105.00	100.00	100.00	120.00
<b>COMMODITIES</b>					
Oil (WTI, USD/barrel)	64.94	72.00	40.00	45.00	75.00

**Legal Notice:** The information and opinions herein are provided for informational purposes only and are subject to change. The information provided herein does not constitute investment advice and it should not be relied on as such. It should not be considered a solicitation to buy or an offer to sell a security. Views expressed regarding a particular company, security, industry or market sector should not be considered an indication of trading intent of any funds managed by Fiera Capital Corporation. Performance figures pertaining to composites are aggregations of the performance of one or more client portfolios or pooled funds that represent similar investment strategies. Further information on the investment strategy of composites can be found at [www.fieracapital.com](http://www.fieracapital.com). All performance data is time weighted and assumes reinvestment of all distributions or dividends and does not take into account other charges or income taxes payable that would have reduced returns. Valuations and returns are computed and stated in Canadian dollars, unless otherwise noted. Past performance is no guarantee of future results and other calculation methods may produce different results. Individual account or fund performance will vary. Unless otherwise noted, index returns are presented as total returns, which reflect both price performance and income from dividend payments, if any, but do not reflect fees, brokerage commissions or other expenses of investing. The index comparisons in this presentation are provided for informational purposes only and should not be used as the basis for making an investment decision. Furthermore, the performance of the composite and the index may not be comparable. There may be significant differences between a composite and the indices referenced, including, but not limited to, risk profile, liquidity, volatility and asset composition.

# — CONTACT US

FIERA CAPITAL CORPORATION		
<p><b>Montreal</b>  <b>Fiera Capital Private Wealth</b>                      1501 McGill College Avenue, Suite 800                      Montreal, Quebec H3A 3M8                      T 514 954-3300 T 1 800 361-3499</p>	<p><b>Calgary</b>  <b>Fiera Capital Private Wealth</b>                      607 8th Avenue SW, Suite 300                      Calgary, Alberta T2P 0A7                      T 403 699-9000</p>	<p><b>Halifax</b>                      5657 Spring Garden Road, Suite 505                      Halifax, Nova Scotia B3J 3R4                      T 902 421-1066</p>
<p><b>Toronto</b>  <b>Fiera Capital Private Wealth</b>                      1 Adelaide Street East, Suite 600                      Toronto, Ontario M5C 2V9                      T 416 364-3711 T 1 800 994-9002</p>	<p><b>Vancouver</b>  <b>Fiera Capital Private Wealth</b>                      1040 West Georgia Street, Suite 520                      Vancouver, British Columbia V6E 4H1                      T 604 688-7234 T 1 877 737-4433</p>	<p><a href="mailto:privatewealth@fieracapital.com">privatewealth@fieracapital.com</a></p>
BEL AIR INVESTMENT ADVISORS <sup>1</sup>		
<p><b>Los Angeles</b>                      1999 Avenue of the Stars, Suite 3200                      Los Angeles, California 90067                      T 310 229-1500 T 1 877 229-1500</p>		
FIERA CAPITAL INC. <sup>1</sup>		
<p><b>New York</b>                      375 Park Avenue, 8th Floor                      New York, New York 10152                      T 212 300-1600</p>	<p><b>Boston</b>                      60 State Street, 22nd Floor                      Boston, Massachusetts 02109                      T 857 264-4900</p>	<p><b>Dayton</b>                      10050 Innovation Drive, Suite 120                      Dayton, Ohio 45342                      T 937 847-9100</p>
FIERA CAPITAL (UK) LIMITED <sup>2</sup>	FIERA CAPITAL (EUROPE) LIMITED <sup>2</sup>	FIERA CAPITAL (IOM) LIMITED <sup>2</sup>
<p><b>London</b>                      39 St James's Street                      London, United Kingdom SW1A 1JD                      T +44 20 7518 2100</p>	<p><b>Frankfurt</b>                      Walther-von-Cronberg-Platz 13                      Frankfurt, Germany 60594                      T +49 69 9202 0750</p>	<p><b>Isle of Man</b>                      St Mary's Court, 20 Hill Street                      Douglas, Isle of Man IM1 1EU                      T +44 1624 640200</p>

This document is intended only to provide general information and is not intended to be and should not be construed or relied upon as legal or other professional advice. Fiera Capital Corporation assumes no liability by providing this guidance to its clients or any other person or entity. The information provided herein may or may not apply in any particular situation. Users should carefully review the guidance included here to determine applicability. The information and opinions herein are provided for informational purposes only and are subject to change. The information provided herein does not constitute investment advice and it should not be relied on as such. It should not be considered a solicitation to buy or an offer to sell a security. Performance figures pertaining to composites are aggregations of the performance of one or more client portfolios or pooled funds that represent similar investment strategies. Further information on the investment strategy of composites and pooled funds managed by Fiera Capital Corporation or its affiliates can be found at [www.fieracapital.com](http://www.fieracapital.com). All performance data is time weighted and assumes reinvestment of all distributions or dividends and does not take into account other charges or income taxes payable that would have reduced returns. Valuations and returns are computed and stated in Canadian dollars, unless otherwise noted. Past performance is no guarantee of future results and other calculation methods may produce different results. Individual account or fund performance will vary. Information pertaining to Fiera pooled funds is not to be construed as a public offering of securities in any jurisdictions of Canada or otherwise. The offering of units of Fiera pooled funds is made pursuant to the funds' respective trust agreements and only to those investors in jurisdictions of Canada who meet certain eligibility or minimum purchase requirements. Important information about Fiera pooled funds, including a statement of the fund's investment objective, is contained in their trust agreements, a copy of which may be obtained from Fiera Capital Corporation. Unit values and investment returns will fluctuate. Please read the trust agreement of the pooled funds before investing. Pooled funds are not guaranteed, their values change frequently and past performance may not be repeated.

<sup>1</sup> Legal Notice to U.S. Persons: Fiera Capital Corporation ("Fiera Capital") does not provide investment advisory services, or offer investment funds, in the United States or to U.S. persons. Investment advisory services for U.S. persons are provided by Fiera Capital's U.S. affiliates (the "U.S. Advisers") including Fiera Capital Inc. (FCI). In connection with providing services to certain U.S. clients, FCI uses the resources of Fiera Capital acting in its capacity as a "participating affiliate," in accordance with applicable guidance of the staff of the Securities and Exchange Commission ("SEC"). These resources will specifically include, without limitation, the use of certain investment personnel. All such personnel of Fiera Capital will be treated as persons "associated with" FCI (as that term is defined by the Investment Advisers Act of 1940, as amended) in connection with the provision of any investment advisory services provided by such team members to U.S. clients. The U.S. Advisers including FCI – are SEC-registered investment advisers. Further, Fiera Capital (UK) Limited and Fiera Capital (IOM) Limited are both registered as investment advisers with the SEC. Registration with the SEC does not imply a certain level of skill or training. Fiera Capital (UK) Limited is authorized and regulated by the Financial Conduct Authority in the United Kingdom and Fiera Capital (IOM) Limited is licensed by the Isle of Man Financial Services Authority.

<sup>2</sup> Fiera Capital is not authorized to conduct regulated activities in the United Kingdom and any such activities are only conducted by Fiera Capital (UK) Limited ("FCUK"), an indirect wholly owned subsidiary of Fiera Capital. Fiera Capital is not authorized to conduct regulated activities in the Isle of Man and any such activities are only conducted by Fiera Capital (IOM) Limited, an indirect wholly owned subsidiary of Fiera Capital. Fiera Capital is not authorized to conduct regulated activities in Germany. FCUK maintains a branch office which is registered with the regulator in Germany.