

Market Review and Positioning

Review

The MSCI ACWI ex-US outperformed the Russell 1000 benchmark for the quarter ended June 2017, YTD 2017, and on a trailing 1-year basis. For the quarter, the MSCI ACWI ex-US posted a 5.78% gain which was 270+ bps higher than the Russell 2000 which gained 3.06%. On a YTD and 1-year basis, the MSCI ACWI ex-US grew 14.09% and 20.44%, respectively, while the Russell 1000 grew 9.27% and 18.03%, respectively. This is in stark contrast to the performance over a 3- and 5-year basis where the international benchmark meaningfully trailed the US counterpart. Emerging Markets performance over the past year also tells a similar story. The MSCI EM index returned 17.22% and 21.18% on a YTD and 1-year basis, outperforming the MSCI ACWI ex-US and Russell 1000 during the same time period. Clearly the equity markets have become optimistic about the economic prospects across the globe. The equity markets' optimism picked up first in the US post Q1 2016, and spread into international markets in Q3 2016 and beyond. Economic growth across Europe and EM continues to improve. As of Q1 2017 (for which we have data), GDP and industrial production growth across the European and Asian regions is quite strong. Inflation, even though it has been picking up in the last couple of quarters, still remains low. But as European Central Bank (ECB) president Mario Draghi, mentioned in his recent speech, factors weighing on the current inflation path are temporary, and going forward we will likely see a pick up commensurate with economic growth.

Positioning & Outlook

Recall that in our previous quarterly commentary we explained our rationale for increasing our Emerging Market exposure in Q1 2017. We continue to be bullish on Emerging Markets because we believe the following reasons: the Global economy continues to gain momentum, which acts as a strong tailwind; currencies have steadied due to stabilizing current account balances; and domestic growth in most key Emerging Market countries is on the rise. However, markets are just beginning to recognize these positives, as witnessed by the recent outperformance of the EM benchmarks. Yet on a 3- and 5-year basis, they still trail the developed market indices meaningfully. Valuations are reasonable, both on an absolute basis and relative to the US market, and global fund institutions are still under-weight Emerging Markets. In Q2, we added to some of our high-conviction Emerging Market holdings that are likely to benefit from these and initiated a new position in ICICI Bank. We also increased our exposure to Chinese internet companies Tencent and Alibaba.

In terms of developed markets, we had historically been cautious due to the uneven nature of economic growth, especially when combined with political uncertainty in the Eurozone. In Q2 2017, however, two key events are worth noting that have made us optimistic. These events are the French election results and a speech delivered by the ECB chairman. After the surprising results of Brexit and the US elections, investors seemed skittish about the uncertainty surrounding the French elections and the likelihood of it leading to a potential break-up of the European Union. However, Macron's victory has made that much less likely. In addition, Macron's pro-growth policies will aid the continuation of sustained economic growth. Post elections, we decided to invest in two European financial institutions which we believe takes advantage of our positive growth outlook at a time when markets did not seem to be adequately pricing in a sustained recovery. In his speech at the ECB Forum of Central Banking, Mario Draghi seemed confident in his assessment that the Eurozone recovery was on a firmer footing even though inflation has been subdued. He views the factors affecting inflation to be temporary, and feels that we are likely to witness a pick-up in the near term. Therefore, we are now cautiously optimistic about growth prospects in the Eurozone.

To conclude, we continue to have a positive outlook for international markets. A combination of attractive valuations, improving fundamentals, and changing investor sentiment should lead to solid returns for international markets relative to the US market. As is always the case, we continue to follow our philosophy and process of investing in high quality companies with attractive and sustainable growth opportunities.

Past performance is not indicative of future results. Inherent in any investment is the potential for loss. All information is as of June 30, 2017 unless otherwise noted. Please see Important Disclosures on page 3.

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Performance Review

The composite's return for the 2nd quarter 2017 was 8.20% gross and 7.93% net vs. the MSCI ACWI ex U.S. Index return of 5.78%.

Past performance is not indicative of future results. Inherent in any investment is the potential for loss. Gross performance results are presented before management fees, but after all trading commissions. Net performance is shown after the deduction of expenses and management fees of 1.00%. Actual investment advisory fees incurred by clients may vary. Performance results include the reinvestment of dividends and interest. Dividends received from ADRs are included net of foreign withholding taxes.

2nd Quarter Performance Drivers

LEADING CONTRIBUTORS

STOCK	AVERAGE WEIGHT	CONTRIBUTION TO PERFORMANCE
Tencent Holdings Ltd ADR	2.32	0.56
Weibo Corp ADR Class A	1.89	0.43
Alibaba Group Holding Ltd ADR	1.51	0.42
Broadcom Ltd	5.34	0.39
Nestle SA ADR	2.35	0.38
Rémy Cointreau ADR	1.65	0.38
Sony Corp ADR	2.72	0.36
HDFC Bank Ltd ADR	2.42	0.35
Novo Nordisk A/S ADR	1.46	0.33
Allianz SE ADR	1.71	0.31

LEADING DETRACTORS

STOCK	AVERAGE WEIGHT	CONTRIBUTION TO PERFORMANCE
Subaru Corp ADR	1.89	-0.17
Itau Unibanco Holding SA ADR	1.36	-0.14
Industria De Diseno Textil SA ADR	0.48	-0.13
LyondellBasell Industries NV	1.75	-0.13
Canadian Natural Resources Ltd	0.82	-0.13
Core Laboratories NV	0.54	-0.10
Galapagos NV ADR	0.63	-0.07
CNOOC Ltd ADR	0.88	-0.06
Taro Pharmaceutical Industries Ltd	0.42	-0.05
Suncor Energy Inc	0.85	-0.04

The holdings identified do not represent all of the securities purchased, sold or recommended. Information on the calculation methodology and a listing of every holding's contribution to the strategy's performance during the period is available upon request.

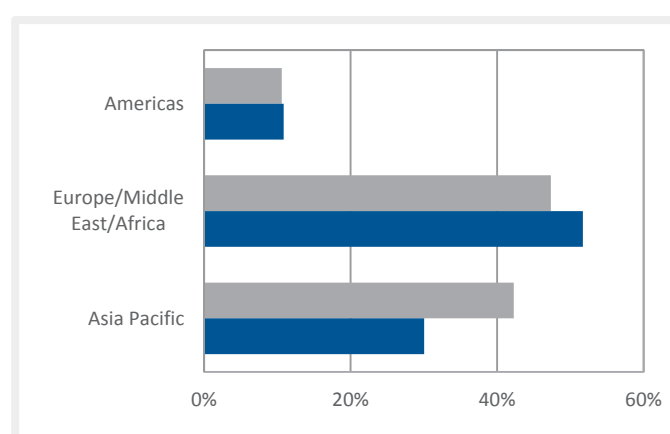
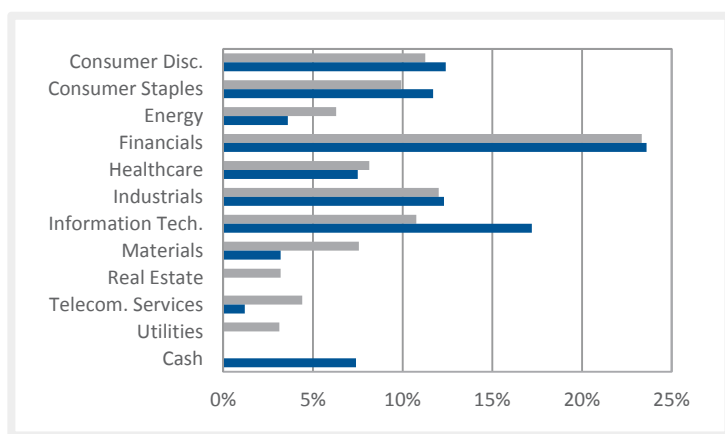
Positive Impacts

- Performance was driven by our overweight in the Information Technology sector as well as our stock selection in Consumer Staples and Consumer Discretionary.

Negative Impacts

- Negative contributions in Energy, Materials, and Information technology were offset by our positive impacts.

Sector Positioning



■ Fiera Capital ■ MSCI ACWI ex US

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Index Definition

International All Country World Index ex U.S. ("MSCI ACWI ex U.S."). The MSCI ACWI Ex U.S. is a stock market index made up of approximately 1,859 global stocks. The index includes stocks from across 22 of 23 Developed Markets (DM) countries (excluding the US) and 23 Emerging Markets (EM) countries and covers approximately 85% of the global equity opportunity set outside of the U.S., as defined by MSCI. Index results assume the re-investment of all dividends and capital gains. The strategy's holdings may differ significantly from the securities that comprise the index. The index is not a projection, prediction or guarantee of performance. It is not possible to invest directly in the index. Typically, the International portfolio is similar in composition to the benchmark and is expected to have similar performance characteristics due to the international exposure. Portfolios are generally comprised of individual stocks and cash equivalents. It is not possible to invest directly in an index. Investors pursuing a strategy similar to an index may experience higher or lower returns and will bear the cost of fees and expenses that will reduce returns.