

Global Equity Focused Strategy

2nd Quarter 2018



July 2, 2018

The Fiera Capital Global Equity Focused strategy was up in absolute performance however underperformed the MSCI World Index in the 2nd quarter of 2018.

MasterCard produced very strong quarterly results and raised 2018 guidance. MasterCard reported 22% organic growth driven by strong global digital payment growth and market share gain, as well as higher than usual pricing as a result of Mastercard's ability to provide additional and distinguished services. Despite ongoing headlines about the rise of e-commerce and the fall of brick and mortar impacting retailers, TJX showed accelerating Same-Store-Sales (SSS) and store growth, exceeding investor expectations. TJX's largest division, Marmaxx, was especially strong, with SSS of 4%.

3M's lowering of the EPS and organic growth guidance range put pressure on the stock. The stock was likely also impacted, along with other industrial companies, by trade rhetoric between the US and China, as well as NAFTA discussions, causing uncertainty in the market. We continue to believe in the company's strong brand equity, its significant geographic reach, manufacturing capabilities as well as its technological strength. As for Colgate, its shares suffered along with other consumer-packaged goods (CPG) companies due to a difficult macroeconomic environment and market share losses from smaller, more nimble competitors. The company was furthermore hurt by a continual slowdown in the organic growth derived from Emerging Markets, particularly due to a deceleration in the Latin America region. On the other hand, developed markets have shown improvements which have offset the deceleration in other areas. We still believe in the company's long-term thesis; including its dominant market share in the very attractive oral care business categorized by low private label exposure and high levels of innovation.

Our sector and regional weights are driven by bottom-up stock selection. As we enter the third quarter of 2018, we remain underweight the Euro zone and Japan as we continue to find more attractive opportunities in other parts of the world, such as Switzerland. We are currently overweight Consumer Staples and Health Care while underweight Energy, Real Estate and Utilities.

	2Q18	YTD18
Global Equity Focused Strategy Composite*		
Gross	1.45	1.64
Net	1.23	1.19
MSCI World	1.73	0.43

	Avg. Wt.	Contrib. to Perf.
Top Detractors (%)		
Keyence Corporation	7.04	-0.79
3M Company	4.95	-0.62
Colgate-Palmolive Co	3.89	-0.47
Johnson & Johnson	5.73	-0.34
Compagnie Financier	3.14	-0.24

Top Contributors (%)		
Mastercard Inc	6.99	0.65
TJX Companies Inc	4.71	0.62
Becton, Dickinson an	6.18	0.50
NIKE, Inc. Class B	3.24	0.49
Moody's Corporation	8.41	0.35

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 composite's performance during the period is available upon request.

*For information about the composite, see disclosures.

Past performance is no guarantee of future results. Inherent in any investment is the potential for loss. Please refer to Important Disclosures on the back of this performance overview regarding performance, the Participating Affiliate Arrangement, Index Comparisons and other important information.

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MSCI World – The MSCI World Index is a stock market index made up of approximately 1,600 global stocks. It is often used as a common benchmark for ‘world’ or ‘global’ stock funds. The index comprises a collection of stocks of all the developed markets in the world, as defined by MSCI. The index includes stocks from 23 countries but excludes stocks from emerging and frontier economies. Index results assume the re-investment of all dividends and capital gains.