

July 2, 2018

The Fiera Capital US Equity strategy was up in absolute performance and outperformed the benchmark for the quarter.

Tiffany reported very strong top and bottom line results that exceeded expectations. The luxury goods company experienced broad-based growth across all product categories and saw particular strength in the Americas and Asia-Pacific regions. The guidance raise was meaningful, driven by the top line. The company discussed several new launches, including "Paper Flowers", a major collection in platinum and diamonds, ranging from fine to high-end jewelry that should contribute to future growth in sales. We believe Tiffany's announcement of a \$1B share repurchase plan through 2022 further provided investors with conviction of the company's positive outlook.

Despite of one of the strongest flu seasons in the US, an environment conducive to high medical costs, UnitedHealth posted strong results, surpassing investors' expectations, an implication of the company's ability to manage medical costs and diversify. Optum, the information and technology-enabled health services division, grew their earnings by double digits and continue to expand their margins, pursuing a multi-year success story within UnitedHealth.

In the face of 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, beating consensus. TJX's largest division, Marmaxx, was especially strong, with SSS of 4%.

Middleby, the US manufacturer of premium food service equipment, reported weaker results than expected, with continued slow growth in the Commercial Food Services division. Middleby is undergoing a salesforce realignment, as well as a sharp decline in the more cyclical Food Processing segment, which was hurt by a few large orders not materializing. As for Colgate, its shares suffered along with other consumer-packaged goods (CPG) companies due to a difficult macroeconomic environment and market share losses to smaller, more nimble competitors. The company was furthermore hurt by a continued 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 this deceleration. 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.

Going into the third quarter of 2018, we remain underweight Information Technology, Energy, and Utilities as we continue to find more attractive individual investments in other sectors, including Health Care, Materials, and Financials. We remain confident that our bottom-up fundamental research, with a focus on very attractive companies, will continue to provide steady returns over the long term.

	2Q18	YTD18
US Equity Strategy Composite*		
Gross	4.42	4.60
Net	4.19	4.13
S&P 500	3.43	2.65

	Avg. Wt.	Contrib. to Perf.
Top Detractors		
Middleby Corp	2.21	-0.55
3M Company	3.23	-0.42
Colgate-Palmolive Co	2.78	-0.38
Johnson & Johnson	4.74	-0.30
Varian Medical Syste	2.19	-0.26

Top Contributors		
Tiffany & Co.	2.51	0.61
TJX Companies Inc	4.20	0.47
NIKE, Inc. Class B	3.48	0.44
Mastercard Inc	5.85	0.44
UnitedHealth Group I	4.59	0.38

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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INDEX COMPARISONS

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