

### Market Review and Positioning

U.S. equity markets continued their winning streak in Q3 even in the face of headwinds, such as a strong dollar, on-going trade wars and continuing emerging market weakness. Large Cap stocks did particularly well, as evidenced by the Dow (+9.6%), S&P 500 (+7.1%), and the Nasdaq (+7.4%).

Stylistically, Growth continued to outpace Value across all market caps in Q3. For instance, the (large cap) Russell 1000 Growth index (+9.1%) handily outpaced Russell 1000 Value (+5.7%); while at the other end of the spectrum Russell 2000 Value (+5.5%) beat Russell 2000 Growth (+1.6%).

The portfolio returned +4.80% gross and +4.54% net in the quarter vs. the benchmark (+5.52%). Sector allocation was a positive contributor to performance, while stock selection detracted. In terms of sectors, the biggest contributor to performance was Information Technology (+1.70%), while the Consumer Discretionary sector was the largest detractor (-1.77%). Stock selection was a significant factor in the underperformance of the Consumer Discretionary sector. The portfolio was overweight the Information Technology (+7.2%), Communications Services (+1.2%), and Materials (+1.2%) sectors, while underweight Healthcare (-3.3%), Real Estate (-1.2%) and Industrial (-1.2%) sectors. We had no exposure to the Consumer Staples and Utilities sectors, which was a net positive from a performance perspective in the quarter.

Our exposure to electrical vehicles (one of our long term structural themes) was a detractor during the quarter as this sector was hurt by NAFTA tensions and the intensification of the United States' ongoing trade war with China. The Consumer

Discretionary sector was negatively impacted by the general malaise within the U.S. housing industry (housing is another one of our long-running themes) as well as by the underperformance of our positions in Internet Retailing (yet another major theme).

As noted previously, we continue to be biased towards companies with robust business models that are better-equipped to withstand economic shocks. We also continue to be biased towards better valued and lower beta stocks. Both these biases clearly detracted from performance during the quarter as quality, value, and lower beta all underperformed. More expensive names outperformed cheaper ones by more than 8%. Nonetheless, we believe that the valuation of the Russell 2000 Growth Index is looking increasingly stretched.

On the positive side, our overweighting of higher profitability names in the portfolio was rewarded in Q3.

### Outlook

Equity markets seem to be taking in their stride the impact of the strong dollar, the current pace of fed policy tightening, and emerging market weakness. They also seem to be largely ignoring escalating trade tensions, especially vis-à-vis China. Will that change going forward? That remains to be seen. It can be reasonably argued that an escalation in trade wars could depress corporate profits, especially in view of the interconnectedness of global supply chains. Manufacturers account for about 43% of S&P earnings, 41% of S&P growth and their margins are at record levels, having doubled in the last 20 years. There is some risk to margins should trade tensions continue to escalate; and although the small cap portfolio is not directly exposed to trade wars and tariffs, it is impossible to say what the collateral impact might be should this happen. However, the successful conclusion of the NAFTA renegotiations last week offers us hope. Regardless, we believe that our emphasis on stability and growth would help us safely navigate this uncertain environment.

### Portfolio Management Team

**Nitin Kumbhani**

Vice Chairman, Chief of Growth  
Equity Strategies

**David Cook, CFA**

VP, Portfolio Manager

**Amit Dugar, CFA**

SVP, Portfolio Manager

**Michael Kalbfleisch, CFA, CPA**

SVP, Portfolio Manager

**Kamal Kumbhani**

SVP, Portfolio Manager

**Sunil Reddy, CFA**

SVP, Portfolio Manager

**Bhavik Kothari, CFA**

VP, Portfolio Manager

**James Brown, CFA**

AVP, Research Analyst

**Audrey Le, PhD**

AVP, Research Analyst

## Performance Review

The composite's return for the 3<sup>rd</sup> quarter 2018 was 4.80% gross and 4.54% net vs. the Russell 2000 Growth Index return of 5.52%.

**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.

## 3<sup>rd</sup> Quarter Performance Drivers

### LEADING CONTRIBUTORS

STOCK	AVERAGE WEIGHT	CONTRIB. TO PERFORMANCE
The Trade Desk	1.42	0.72
Mercury Systems	1.56	0.62
Paycom Software	1.41	0.62
BioTelemetry	1.58	0.56
PetIQ	1.23	0.49
Euronet Worldwide	2.60	0.47
Icon PLC	2.60	0.40
Okta Inc	1.13	0.40
Alarm.com	1.09	0.39
Primerica	1.67	0.32

### LEADING DETRACTORS

STOCK	AVERAGE WEIGHT	CONTRIB. TO PERFORMANCE
Visteon Corp	1.32	-0.43
Systemax	0.67	-0.36
Shutterfly	1.06	-0.33
TopBuild	0.98	-0.31
Tronox Ltd	0.56	-0.27
AxoGen	0.42	-0.26
Korn/Ferry International	1.20	-0.26
Copa Holdings SA	1.13	-0.19
Beacon Roofing Supply	1.10	-0.19
The Brink's Co	1.40	-0.19

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.

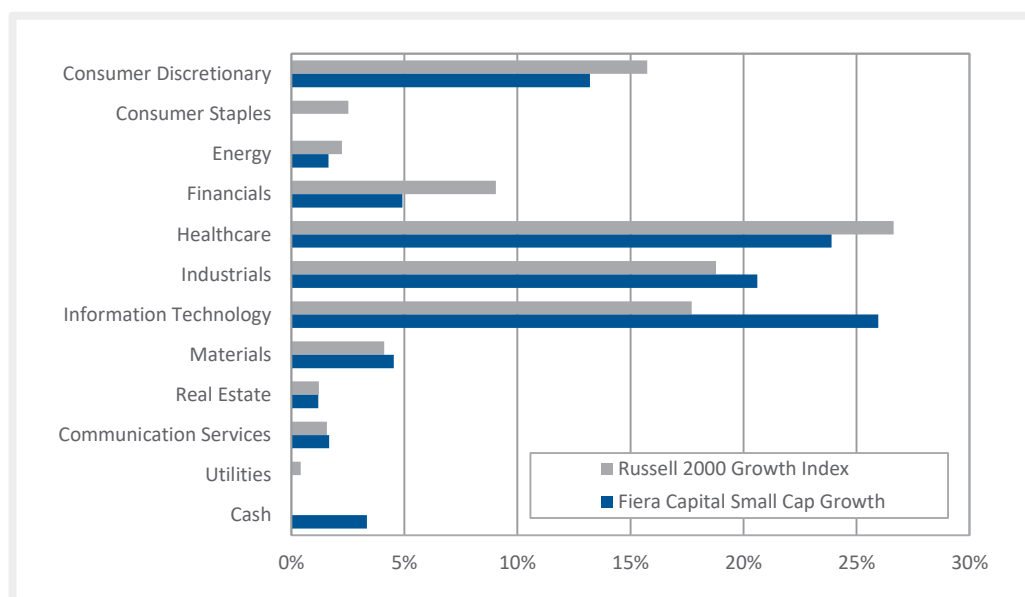
## Positive Impacts

- The Information Technology sector was the biggest positive contributor to portfolio relative performance.

## Negative Impacts

- The Consumer Discretionary sector was the biggest detractor to portfolio relative performance.

## Sector Positioning



Please contact us or visit  
[www.fieracapital.com](http://www.fieracapital.com)  
 if you have any questions.  
 Please see Important Disclosures.

## Important Disclosures

Fiera Capital Inc. (FCI), is an investment adviser registered with the U.S. Securities Exchange Commission (the "SEC"). Registration with the SEC does not imply a certain level of skill or training. Fiera Capital Inc. is indirectly wholly-owned by Fiera Capital Corporation (FCC), which is listed on the Toronto Stock Exchange. FCC does not provide investment advisory services in the United States or to U.S. persons. Investment advisory services in the U.S. or to U.S. persons are provided through FCC's US affiliates including FCI. The foundation for the U.S. division was created in 2015, with the combination of Samson Capital Advisors LLC, Wilkinson O'Grady & Co., Inc. and Fiera Capital Corporation's U.S. institutional business development team. Wilkinson was purchased by FCC in 2013 and its name was changed to Fiera Capital Inc. in 2015. Samson was purchased by FCC and became part of FCI in 2015. In 2016, FCI acquired Apex Capital Management and added the team and strategies of Larch Lane Advisors; both of which began operating under FCI as of 2017.

This material is confidential and not to be reproduced or redistributed without the prior written consent of Fiera Capital. This document is intended for information purposes only. Some information contained herein has been obtained from third-party sources, including those specifically referenced, and such information has not been independently verified by Fiera Capital. No representation, warranty, or undertaking, express or implied, is given as to the accuracy or completeness of such information by Fiera Capital or any other person; no reliance may be placed for any purpose on such information; and no liability is accepted by any person for the accuracy and completeness of any such information.

**There can be no assurance nor should it be assumed that future investment performance will conform to any performance examples set forth in this report. The investment results and portfolio compositions set forth in this report are provided for illustrative purposes only and may not be indicative of the future investment results and portfolio compositions of the investment programs conducted by Fiera Capital. The composition, size of, and risks associated with future investment portfolios may differ substantially from the examples set forth in this report. There can be no assurance that future investments will perform in accordance with the investments described in this report or that the investments will be able to avoid losses. An investment in any investment vehicle or security described in this report can lose value.**

These materials are not intended as investment advice or a recommendation of any security or investment strategy for a specific recipient, investments or strategies described herein are provided as general market commentary, and there may be no account or fund managed by Fiera Capital for which investments or strategies described herein are suitable due to the various types of accounts or funds that are managed by Fiera Capital. Nothing herein constitutes an offer to sell, or solicitation of an offer to purchase, any securities, nor does it constitute an endorsement with respect to any investment area or vehicle.

Discussions regarding potential future events and their impact on the markets are based solely on historic information and Fiera Capital's estimates and/or opinions, and are provided for illustrative purposes only. A number of the comments in this document are based on current expectations and are considered "forward-looking statements". Actual future results, however, may prove to be different from expectations. The opinions expressed are a reflection of Fiera Capital's best judgment at the time this document is compiled, are subject to change at any time without prior notice, cannot be guaranteed as being accurate, and any obligation to update or alter forward-looking statements as a result of new information, future events, or otherwise is disclaimed. Furthermore, these views are not intended to predict or guarantee the future performance of any individual investment strategy/style, security, asset class, general markets, nor are they intended to predict the future performance of any Fiera Capital Vehicle or portfolio.

Any charts, graphs, and descriptions of investment and market history and performance contained herein are not representation that such history or performance will continue in the future or that any investment scenario or performance will even be similar to such chart, graph, or description. Any investment described herein is an example only and is not a representation that the same or even similar investment scenario will arise in the future or that investments made will be as profitable as this example or will not result in a loss to such any investment vehicles. All returns are purely historical, are no indication of future performance and are subject to adjustment.

The Small Cap Growth composite was created on January 1, 2009 and includes all portfolios invested in U.S. equities (including ADRs) with strong earnings and growth characteristics and small capitalizations. The product is benchmarked against the Russell 2000 Growth Index. The Russell 2000 Growth Index offers investors access to the small-cap growth segment of the U.S. equity universe. The Russell 2000 Growth Index is constructed to provide a comprehensive and unbiased barometer of the small -cap growth market. Based on ongoing empirical research of investment manager behavior, the methodology used to determine growth probability approximates the aggregate small-cap growth manager's opportunity set. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set and that the represented companies continue to reflect growth characteristics. Typically, the Small Cap Growth portfolio is similar in composition to the benchmark except to the extent that the firm utilizes ADRs that are not included in the domestic index. Portfolios are generally comprised of individual stocks and cash equivalents. Portfolios may have dispersions based on the size of the account and timing of deposit and withdrawals of funds or transfers of stocks. **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.

FTSE Russell ("Russell") is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of FTSE Russell. Neither Russell nor its licensors accept any liability for any errors or omissions in the Russell Indexes and / or Russell ratings or underlying data and no party may rely on any Russell Indexes and / or Russell ratings and / or underlying data contained in this communication. No further distribution of Russell Data is permitted without Russell's express written consent. Russell does not promote, sponsor or endorse the content of this communication.

Significant Flows: Composite policy requires the temporary removal of any portfolio incurring a client initiated significant cash inflow or outflow of more than 20% of portfolio assets. The temporary removal of such an account occurs at the beginning of the month in which the significant cash flow occurs and the account re-enters the composite the month after the cash flow. The significant cash flow policy applies to all periods shown.