

October 3, 2018

The Fiera Global Equity strategy was up in absolute performance and outperformed the MSCI World Index in the 3rd quarter of 2018. Our relative outperformance was mainly driven by stock selection in the Information Technology, Consumer Discretionary, and Materials sectors, as well as by our lack of exposure to the Energy sector. Partially offsetting these positives was our stock selection in the Health Care sector.

Among the top contributing stocks for the quarter were Taiwan Semiconductor and Middleby. Taiwan Semiconductor, the largest contract manufacturer for semiconductor chips, has a dominant position due to its leading-edge technology, manufacturing capabilities, and compelling customer care. Throughout the quarter, a number of TSMC's competitors suggested that they were unable to keep up with TSMC on critical technology, resulting in expected additional market share gains. We believe the numerous news flows have positively contributed to the stock's outperformance and are a testament to TSMC's competitive advantages.

Middleby's second quarter results showed good signs of progress, particularly in their Commercial Food Services and Residential divisions. Within Commercial Food Services, Middleby's largest division, the company gained several new customers and reported sales growth amongst its major restaurant chain accounts. Furthermore, the company anticipates improving sales trends for the remainder of the year. As for the Residential division, it experienced positive organic growth with the Viking brand leading the way.

Among the largest detractors over the quarter were Intertek and HDFC Bank (HDB). We believe the market was anticipating strong results for Intertek but the actual results did not match the elevated expectations.

Indian banks were under pressure over the last week of September after Infrastructure Leasing & Financial Services (IL&FS), a leading Non-Bank Finance Company/Infrastructure player defaulted on their loans. While HDB's stock underperformed alongside other Indian banks due to subsequent higher funding costs, we believe the impact on HDB will be mitigated given its ability to manage through pricing. In addition, the Indian Rupee was down over the quarter, further contributing to the stock's underperformance.

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

	3Q18	YTD18
Global Equity Strategy Composite*		
Gross	6.50%	8.16%
Net	6.27%	7.48%
MSCI World	4.98%	5.43%

	Avg. Wt.	Contrib. to Perf.
Top Detractors		
Intertek Group plc	2.87	-0.47
HDFC Bank Ltd	2.12	-0.29
Moody's Corp	5.95	-0.18
Fanuc Corp	1.71	-0.10
Richemont (CIE FIN)	1.89	-0.06

Top Contributors		
Mastercard Inc	5.10	0.57
TJX Companies Inc	3.35	0.51
Johnson & Johnson	3.96	0.47
Taiwan Semiconduct	2.70	0.43
Middleby Corp	1.89	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.

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INDEX COMPARISONS

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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.