

January 11, 2019

Review

The Emerging Market Select strategy seeks to provide long-term capital appreciation by investing primarily in emerging market companies. The strategy has a distinct bias towards Asian emerging market economies, with relatively large and young populations, rising per capita income, rapid urbanization, and robust savings and investments. The portfolio is weighted towards domestic demand themes, such as information technology, consumer companies, or export sectors which we believe possess long-term sustainable comparative advantages. While actively managed by country, sector and company exposure, the aim is to keep a low portfolio turnover.

The strategy declined by 7.82% during Q4 2018, underperforming the MSCI EM Index ("EM") by 35bps but outperforming the MSCI EM Asia Index ("EM Asia") by 147bps. The strategy ended 2018 -23.46%, underperforming EM by 9.10% and EM Asia by 8.23%. However, the strategy continues to outperform MSCI EM by 450bps and MSCI EM Asia by 196bps (on an annualized basis since inception). All return numbers are on a net basis.

Relative to EM, allocation and currency were positive contributors during the quarter. However, stock selection was a negative contributor during 4Q 2018. Positive contributors to performance on a country level included Taiwan (+140bps), India (+114bps), and Korea (+98bps). The negative contributors were due to weakness in our China and Malaysia holdings costing us -259bps & -129bps respectively. From a sector perspective, our Financials exposure contributed 126bps to performance. Two of the heaviest-weighted sectors, Information Technology and Consumer Discretionary, cost us the most: -144bps and -140bps respectively. Contribution to return numbers are on a gross basis.

From a trading perspective, we finetuned our positions within India and China while reducing exposure to Malaysia. In India we added exposure to financials and information technology while we reduced our exposure to information technology in China and continued to build out positions within communication services (Chinese internet/social media).

Anindya Chatterjee
Senior Vice President,
Lead Portfolio Manager

FIERA CAPITAL EMERGING MARKETS EQUITY STRATEGIES

Emerging Markets Select
Anindya Chatterjee

Global Emerging Markets
Mark Bickford-Smith &
Ian Simmons

Frontier Markets
Dominic Bokor-Ingram &
Stefan Bottcher

Latin America
Ian Simmons

Eastern Europe
Julian Mayo

Africa
Sharat Dua

Middle-East & North Africa
Dominic Bokor-Ingram &
Stefan Bottcher

Past performance is not indicative of future results, and there can be no assurance that comparable results will be achieved.

Outlook

Following a challenging year, investors are scouring for positive catalysts for EM equities. The November 28th meeting between President Trump & Xi Jinping in Argentina raised hopes of a reprieve in trade tensions and increased scope for diplomatic dialogues and negotiations between China and the US. Talks began in Beijing January 7, 2019 to find a resolution to the nine-month long conflict. Oil prices have remained well below the recent October 2018 peak, and while we won't venture to take a forward-looking view on crude oil prices, much of EM Asia stands to benefit if they stay benign or even rangebound with modest upside. The recent comments by Fed Chair Jerome Powell hinting of a more dovish stance on rates provide some fuel to rekindle investors' risk appetites. The US dollar strength in 2018 may revert as we go into 2019, further bolstering Emerging Markets. With this in mind, we consider most EM Asian currencies to be fundamentally undervalued and anticipate that a pause or more modest ascent in 2019 US interest rates would augment these valuations. All these are credible positive triggers for EM equities - particularly in Asia.

The above silver linings notwithstanding, we expect the threat of economic slowdown in emerging markets, especially in China and India, to be of fresh cause for worry to investors. We also anticipate that markets' concerns of a US recession would continue to rise as the slow-moving expansion continues. Further, the US-China trade dispute goes beyond the large trade deficit numbers to much more complex issues of intellectual property rights, global cyber security, and technology-turf dominance. We expect to see prolonged clashes between both nations, further contributing to market uncertainties, and believe the intent and objectives of the two nations are unlikely to meet any easy resolution. Geopolitics remain a wildcard. Possible tensions in the South China Sea or renewed nuclear defiance from North Korea would be cause for volatility. Further sanctions against Iran and crude oil dynamics among the recent geopolitical complexities in the Middle East would similarly serve as unpredictable but plausible threats that loom ahead in 2019.

A lasting question looks to whether EM equities can perform on the back of a correction in US equities. Historical data provides little comfort for such hopes. Most market pundits have written off the prospects for any upside in EM equities in the event of a rollover in US equities in 2019. However, some small sources of positivity for EM equities come from the comfort of valuations. EM equities have already corrected substantially in 2018. Valuations based on standard metrics like price-to-earnings and price-to-book are now

	4Q18	2018	SI*
Emerging Markets Strategy Composite*			
Gross	-7.45	-22.45	9.61
Net	-7.82	-23.68	7.80
MSCI EM	-7.47	-14.58	3.23
MSCI EM Asia	-9.29	-15.45	5.91

*Inception date: 12/31/2011

	Avg. Wt.	Contrib. to Perf.**
Top Detractors		
AAC Technologies	1.28	-0.73
Inari Amertron	1.58	-0.63
China Medical System	1.46	-0.56
Padini Holdings	1.20	-0.51
Beauty Community	0.88	-0.48

Top Contributors

ICICI Lombard Gen. Ins.	2.19	0.27
ICICI Bank	1.44	0.27
HDFC Bank	2.44	0.24
Kotak Mahindra Bank	1.75	0.23
Ciputra Development	1.19	0.21

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.

**Contribution is relative to the benchmark.

Past performance is no guarantee of future results. Inherent in any investment is the potential for loss. Please refer to Important Disclosures on the next page for an overview regarding performance, the composite definition, Index Comparisons and other important information.

well below long-term averages and closer to one full standard deviation below the long-term mean levels. With this recent drawdown, EM equities as an asset class have underperformed US equities over the past cumulative ten-year period. The unpredictable, as often as markets are, can happen. Despite these sources of caution, we are hopeful for the prospects of a continued uptick and resilience in EM equities in 2019.

The team remains focused on engaging with corporate managements, scouring the marketplace for information, and undertaking the fundamental due diligence that has been a core source of strength since the strategy's inception. An emphasis on the long-term investment horizon of the strategy and emerging markets as a whole is always worth remembering, particularly during challenging market cycles.

IMPORTANT DISCLOSURES

COMPOSITE AND INDEX DEFINITIONS

Fiera Capital Emerging Markets Strategy seeks long-term capital appreciation by investing in quality companies in emerging markets. The team's opportunistic process seeks to capitalize on underlying regional macro trends and global macrodynamics which, combined with fundamental bottom-up security selection, may result in more concentrated regional investments. The composite, created in December 2017, is composed of discretionary accounts in the highest fee fund vehicle of the strategy. The accounts included in the composite reflect accounts managed by the Emerging Markets team and benchmarked against MSCI Emerging Markets Index and the MSCI Emerging Asia Index. None of the accounts in the composite use leverage.

Benchmark indices are provided so that a strategy's performance can be compared with the performance of well-known and widely recognized indices. A strategy's holdings may differ significantly from the securities that comprise the index. 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.

MSCI Emerging Markets Net Total Return Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.

MSCI Emerging Markets Asia Net Total Return Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the Asian emerging markets.

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