

Global Equity Focused Strategy

4th Quarter 2018



January 10th, 2019

The Fiera Global Equity Focused strategy while down in absolute performance, outperformed the MSCI World Index in the 4th quarter of 2018, on a net basis. Our relative outperformance was mainly driven by our security selection, which was particularly successful in the Consumer Staples, Financials, and Healthcare sectors. Partially offsetting these positives was our lack of exposure to the outperforming Utilities sector, whose stocks saw a boost as investors turned towards more defensive sectors.

Among the top contributing stocks for the quarter were Unilever and Diageo. Unilever and Diageo's stocks outperformed alongside other Consumer Staples names, as investors turned to what are considered to be relatively more defensive sectors. Unilever remains at the forefront of addressing changes to the consumer-packaged goods industry. The company furthermore continues to maintain its dominant positioning in product categories in fast growing Emerging Market countries such as Brazil and India. As part of Unilever's 2020 targets, Alan Jope, Unilever's newly appointed CEO, will continue to lead the company towards a higher mix in Beauty & Personal Care, as one of the drivers towards margin improvements. As for Diageo, the largest global spirits player, the underlying fundamentals have been improving. The company has undergone portfolio restructuring, selling non-core brands from the North-American division as a continued step towards ongoing recoveries in North America. The company continues to focus on premiumization opportunities with favorable pricing growth.

Among the largest detractors over the quarter was TJX. After multiple quarters of outperformance and exceptionally strong same-store sales, which remains strong across the board, TJX's stock gave back some of its performance. Two of TJX's divisions, HomeGoods, and Winners/HomeSense have felt margin pressures due to higher freight costs and growing wage costs, impacting retailers today. The company continues to execute very well and has been gaining market share, including among the millennials demographic, which has offset some of the margin pressure.

Our sector and regional weights are driven by bottom up stock selection. As we enter the first quarter of 2019, 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.

	4Q18	2018
Global Equity Focused Strategy Composite*		
Gross	-10.34%	-3.55%
Net	-10.55%	-4.41%
MSCI World	-13.42%	-8.71%

	Avg. Contrib. Wt.	to Perf.
Top Detractors (%)		
Moody's Corp.	7.77	-1.37
MasterCard Inc.	7.36	-1.14
TJX Companies Inc.	4.83	-1.02
Keyence Corp.	6.25	-0.89
Becton Dickinson	5.90	-0.85

Top Contributors (%)		
HDFC Bank Ltd.	3.25	0.33
Roche Holdings AG	4.22	0.06
Diageo	4.94	0.00
Unilever	0.17	-0.15
Nestle SA	6.35	-0.18

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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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.