

Market Environment

After posting steady gains over multiple quarters, markets around the world sold off indiscriminately in Q4. The sell-off was triggered by investor concerns surrounding tightening liquidity, China- US trade tensions, an expected earnings-slowdown, growing signs of economic weakness in Europe and China, and the increased likelihood of a no-deal Brexit. A belief that the growth momentum had stalled led to one of the biggest October drawdowns seen since the financial crisis, with most growth-oriented Biotech and Technology stocks experiencing dramatic multiple compressions and the so-called FAANG stocks especially hard-hit (they essentially ended the quarter with arguably the worst December on record). After a period of relative stability in Q3, the MSCI ACWI (All Countries World) ex-US Index resumed its downward march in Q4, losing -11.5% in Q4 alone and -14.3% for the year. Much of that weakness in Q4 came from developed country markets. The MSCI Emerging Market Index lost less in Q4 than its developed market peers (-7.5%), though for the full year 2018 the decline was more pronounced (-14.6%). Though Value and Growth styles were both weak in absolute terms, Value outperformed Growth on a relative basis in Q4 both in Emerging and Developed markets, with MSCI ACWI ex-US Value outperforming its Growth counterpart by approx. 1.5%.

The International ADR portfolio underperformed its benchmark (MSCI ACWI ex-US) by -2.6% in Q4 (-14.1% vs. -11.5%), and by -4.1% for the full year (-18.4% vs. -14.3%) on a gross basis. On a net basis, the portfolio returned -14.3% for the quarter and -19.3% for the year.

Regional allocation overall was essentially neutral during the quarter, with the negative stock selection being the main factor behind the portfolio underperformance.

Our +5.7% overweight in Eurozone equities over the course of the quarter was a 0.51% drag on performance, though positive stock selection more than compensated for that. Emerging Market equities was essentially even-weighted in the portfolio, which added +0.18% to performance, though negative stock selection proved to be a net detractor to overall performance in the end. Within emerging markets, the portfolio was slightly underweight China (6.4% vs. 7.9%) and materially overweight India (7.4% vs. 2.2%). The latter contributed +0.7% to overall performance in the quarter, but this was partly offset by weakness in China.

The big regional underweights in the portfolio were the UK (-6.4%) and Japan (-4.3%), and the portfolio had zero exposure to South Korea (a 3.5% weight in the index). All these bets delivered positive contributions to performance (+0.01%, +0.17%, and +0.05% respectively), though negative stock selection in both Japan and the UK more than offset these gains.

In terms of sectors, Financial Services (a -1.8% underweight) and Materials (a -7.5% underweight) contributed the most to performance (+0.81% and +0.23% respectively), while our big overweights in the Consumer Discretionary (+6.4%), Healthcare (+5%), Industrials (+4.6%), and Information Technology (+4.4%) sectors did not pay off.

During the quarter, we became somewhat concerned with the pace of economic recovery in EU and UK and the continuing slowdown in emerging markets. As a result we made certain changes to the portfolio reflecting our lukewarm view of the overall global economy. Although we are still overweight Consumer Discretionary and Information Technology sectors, we have reduced our overweight in the former and added to our Consumer Staples exposure. In addition, we've reduced our exposure to cyclical growth stocks within the Industrials sector and added to our Healthcare exposure, leading to a meaningful overweight in that sector.

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The portfolio is exposed to the following secular themes - China internet, cloud computing, emerging market consumer, and industrial automation. As a direct consequence of our favorable view of the emerging market consumer, Indian financial services, and Chinese internet sectors, the strategy has meaningful exposure to the Chinese and Indian markets within the overall emerging market bucket. In the UK and Ireland we are finding good stable growth franchises within the consumer staples, healthcare and the financial services sectors, and as such, we substantially reduced our UK underweight over the course of the quarter.

Outlook

Various economic indicators suggest a deceleration in the global economic growth, with some geographies such as China experiencing a sharp slowdown. This remains the biggest risk to equity markets. A policy misstep on the tariff front or an escalation in trade tensions could further elevate the risk of a prolonged slow-down.

The US economic expansion is showing some signs of cooling down. This could lead to the Fed's slowing down its pace of rate increases and the unwinding of its balance sheet. Recent comments from Chairman Powell seem supportive of this view, and represent a reversal of his comments from just a few months ago. We have become more cautious on the global economy and this is reflected in our defensive positioning relative to Q3. If economic conditions were to worsen, we would likely further reduce our exposure to cyclicals.

On the flip side, multiples have compressed since the end of Q3. Given that our conviction levels on portfolio companies remain high, we have used this period of volatility to add to positions in companies in which we have conviction. Though portfolio-risk cannot be fully divorced from broader market risks, we believe that our continued emphasis on balance between stability and growth within the portfolio will help us safely navigate our way through this uncertain environment.

Performance Review

The composite's return for the 4th quarter 2018 was -14.1% gross and -14.3% net vs. the MSCI ACWI ex U.S. Index return of -11.5%.

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 and expenses, 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.

4th Quarter Performance Drivers

LEADING CONTRIBUTORS

STOCK	AVERAGE WEIGHT	CONTRIBUTION TO PERFORMANCE
HDFC Bank Limited Sponsored ADR	3.55	0.37
Itau Unibanco Holding S.A. Spnsd ADR	1.65	0.29
ICICI Bank Limited Sponsored ADR	1.42	0.27
Capitec Bank Holdings Ltd Unspn ADR	1.35	0.11
HOYA CORPORATION Sponsored ADR	2.02	0.02
U.S. Dollar	2.62	0.02
LyondellBasell Industries NV	0.15	0.01
Diageo plc Sponsored ADR	0.16	0.01
Copa Holdings, S.A. Class A	2.01	-0.00
Novartis AG Sponsored ADR	1.20	-0.01

LEADING DETRACTORS

STOCK	AVERAGE WEIGHT	CONTRIBUTION TO PERFORMANCE
Komatsu Ltd. Sponsored ADR	2.58	-0.85
Allergan plc	2.32	-0.80
Aptiv PLC	2.74	-0.77
Sony Corporation Sponsored ADR	3.21	-0.68
Suncor Energy Inc.	2.15	-0.65
Dassault Systemes SA Sponsored ADR	2.81	-0.62
Credit Suisse Group AG Sponsored ADR	1.71	-0.58
Baidu, Inc. Sponsored ADR Class A	1.69	-0.57
Interxion Holding N.V.	2.77	-0.57
Prudential plc Sponsored ADR	2.28	-0.55

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.

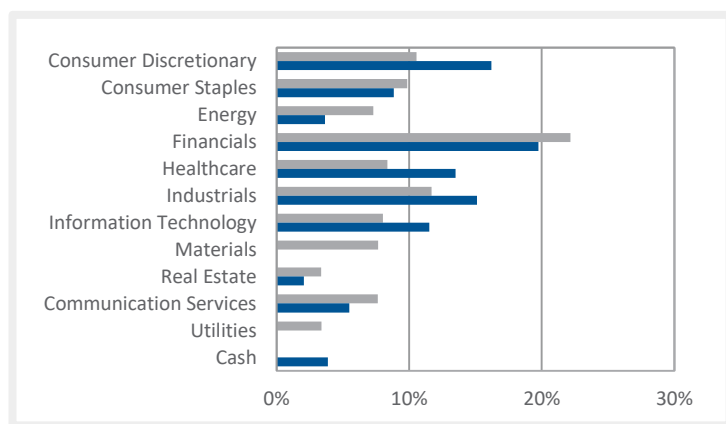
Positive Impacts

- Stock selection in Financial Services and underweight to Materials.

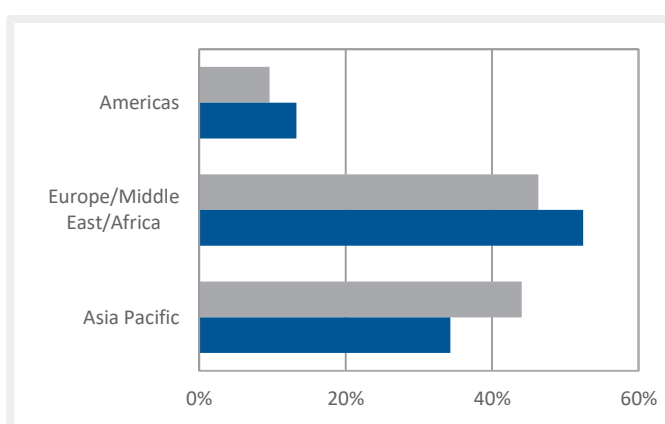
Negative Impacts

- Stock selection in Japan and the UK contributed negatively to performance.

Sector Positioning



Regional Positioning



■ Fiera Capital ■ MSCI ACWI ex US

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Composite Description: The International All Cap ADR composite formerly named the International Composite was created on October 1, 2011 and includes all portfolios invested in International equities (including ADR's) with strong earnings and growth characteristics and includes large, mid and small capitalizations whether denominated in foreign currencies or in U.S. dollars. The product is benchmarked against the Morgan Stanley Capital International All Country World Index ex U.S. ("MSCI ACWI ex U.S."). The MSCI ACWI Ex U.S. is a stock market index made up of approximately 1,859 global stocks. The index includes stocks from across 22 of 23 Developed Markets (DM) countries (excluding the US) and 23 Emerging Markets (EM) countries and covers approximately 85% of the global equity opportunity set outside of the U.S., as defined by MSCI. Index results assume the re-investment of all dividends and capital gains. The strategy's holdings may differ significantly from the securities that comprise the index. The index is not a projection, prediction or guarantee of performance. It is not possible to invest directly in the index. Investors pursuing a strategy similar to an index may experience higher or lower returns and will bear the costs of fees and expenses that will reduce returns. Typically, the International All Cap ADR portfolio is similar in composition to the benchmark and is expected to have similar performance characteristics due to the international exposure. 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. Represents portfolios which are commission based.