

# US Equity Strategy Commentary

October 15th, 2021

The Fiera US Equity strategy was up in absolute performance and outperformed the index over the quarter on a gross basis as global equity markets ended the quarter on a more volatile note, as markets reacted to uncertainties surrounding the Chinese real estate sector as well as regulatory crackdowns. Inflationary pressures, rising interest rates, supply chain challenges, and concerns over the propagation of the delta variant were present throughout the quarter. Moreover, talks of the Federal Reserve's tapering its asset purchases progressed. Over the period, our relative outperformance was mainly driven by our security selection, which was particularly successful in the Communication Services, Materials and Consumer Discretionary sectors.

Among the leading contributors to performance over the quarter were AutoZone and MSCI. AutoZone announced solid results across the board, surpassing expectations. The company communicated that the market share gained throughout the pandemic from big-box retailers appears largely to be permanent and further stated that pricing initiatives and operational improvements have been put in place, which will alleviate margin pressure. Furthermore, the company's strategy to expand its commercial business is yielding strong results. As for MSCI, the company posted another quarter of solid results across the board, with Indices and ESG revenues once again posting double-digit growth. Although representing a small segment for the company, the company's Private Assets division demonstrated solid growth. The company furthermore announced an increase in cash flow guidance, which positively impacted the stock price. The company shared its excitement relating to many opportunities in areas including thematic indices, fixed income, private assets, and ESG/Climate.

Among the largest detractors over the quarter were Graco and CME Group. Graco's stock underperformed as global industry-wide rising input costs and supply chain challenges have been putting short-term pressure on gross margins. The company continues to demonstrate strong execution, and their innovative, highly engineered products have time again enabled them to implement pricing measures to offset such supply chain cost pressures. As for CME Group, while the company reported results that were fairly in line with expectations, the stock, which was reaching its valuation highs, corrected alongside other richly valued names over the quarter.

During the quarter, we did not exit or initiate any new positions in the fund. However, we did trim our position in MSCI while adding to our positions in Mastercard and Alphabet.

Our investment horizon is best measured in years, conceivably decades, not months or quarters. Our focus continues to be on identifying what we believe to be high-quality companies with sustainable competitive advantages, operating in industries with high barriers to entry, contributing to durable pricing power.

	3Q21	YTD
<b>US Equity Strategy Composite*</b>		
Gross	2.26	18.04
Net	2.04	17.26
S&P 500	0.58	15.92

\*For information about the composite, see disclosures.

<b>Top Detractors</b>	Avg. Wt.	Contrib. to Perf.
CME Group	2.43	-0.17
Graco	2.76	-0.13
MasterCard	4.55	-0.11
Nike	3.49	-0.09
Colgate Palmolive	2.02	-0.09

<b>Top Contributors</b>	Avg. Wt.	Contrib. to Perf.
Alphabet	7.65	0.82
MSCI	4.49	0.72
AutoZone	4.13	0.66
Microsoft	9.09	0.59
Oracle	3.18	0.45

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.

Past performance is no guarantee of future results. Inherent in any investment is the potential for loss. Please refer to Important Disclosures on the back of this performance overview regarding performance, the Participating Affiliate Arrangement, Index Comparisons and other important information.

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S&P 500 – The S&P 500 is a stock market index made up of approximately 500 US large cap stocks. It is often used as a common benchmark for US stock funds. The index comprises a collection of stocks of 500 leading companies and captures 80% coverage of available market capitalization. Index results assume the reinvestment of all dividends and capital gains.