

Fiera Quantum Diversified Alpha Fund



JULY 2014

Strategy Description

Absolute return, multi-strategy approach, focused on dynamic capital allocation and risk management through diversified North American investments in equity, credit/fixed income, quantitative and short term strategies. The approach optimizes risk adjusted total return while limiting volatility and preserving capital.

Portfolio Manager

Fiera Quantum Limited Partnership

Fund Details

Class	A-I	F-I	F-II
Fund Codes	FQL104	FQL105	FQL106
Management Fee	2.00%	2.00%	1.00%
RSP Eligibility	Yes	Yes	Yes
Trailer Fee	1.00%	n/a	n/a
Assets under management ¹	\$140.2 M		
Minimum Investment	\$100,000		
Performance Fee	20%		
Hurdle Rate	No		
High Water Mark	Yes		
Trustee	Natcan Trust Company		
Custodian	One or more financial institutions and/or their affiliates in their role as prime broker		
Auditor	Deloitte & Touche LLP		
Liquidity	Monthly 60 day notice required		

¹ Assets Under Management is the sum of all Classes of the Fund as at previous month-end

Investment Highlights

- > Diversified, multi-strategy approach focused on dynamic capital allocation and risk management
- > Multiple asset classes with a North American focus
- > Focus on absolute returns with limited monthly volatility
- > Robust risk management through dynamic position limits and static stop losses



Performance net of all fees (Class F-I) (%)

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Year/ YTD
2014	-0.88	1.67	0.66	0.34	1.70	1.52	0.89 ²						6.03 ²
2013	1.22	-0.45	-0.17	-1.15	-0.17	-1.88	1.43	-0.87	0.87	1.06	0.41	1.03	1.26
2012	1.98	0.77	0.78	-0.50	-0.89	0.10	1.60	-0.14	0.45	0.03	-0.32	0.27	4.16
2011	2.34	1.58	-0.89	-0.25	0.25	-0.96	0.45	-1.20	-2.13	-0.24	-0.74	-1.28	-3.09
2010	1.67	0.02	1.25	1.34	-1.04	-0.72	0.07	0.01	1.78	1.92	1.63	3.02	11.42
2009	2.92	0.93	4.06	8.50	6.95	0.30	1.37	2.50	2.30	1.08 ³	0.97	2.03	39.27
2008				0.97	3.21	1.74	1.36	0.99	-7.95	-13.16	-7.60	0.36	-19.56

	1 Month	3 Months	6 Months	YTD	1 Year	2 Years ⁴	3 Years ⁴	5 Years ⁴	Inception ⁵
	0.89	4.16	6.97	6.03	8.69	3.77	1.87	5.69	4.89

² Performance figure for the month of July is preliminary and is subject to further confirmation by the portfolio manager.

³ Commencing October 2009, Class A and Class F were changed to Class A-I and Class F-I in order to have the same management Fee of 2.00%. Prior to October 2009, the Class A had a management Fee of 2.75%.

⁴ Returns for periods greater than one year are annualized.

⁵ Prior to joining Fiera Quantum Limited Partnership on May 1, 2013, the current management team had been responsible for the management of the Fund at GMP Investment Management L.P. since December 1, 2008.

Growth of \$10,000² (Based on Class F-I)



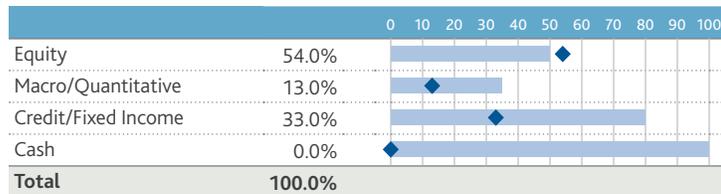
Risk/Return Analysis² (Based on Class F-I)

Net annualized return since inception	4.89
Annualized standard deviation	9.23
Annualized Sharpe ratio (1.07%)	0.41
Best monthly return	8.50
Worst monthly return	-13.16
Percentage of months with positive performance	68.42
Average return when market is up ⁶	1.08
Average return when market is down ⁶	-1.51
Worst drawdown	-26.14

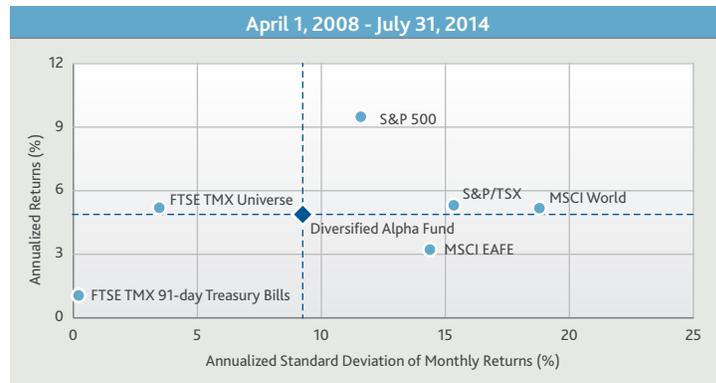
⁶ Market based on Fiera Quantum's blended benchmark: 40% S&P/TSX, 20% Merrill Lynch High Yield CAD, 20% Merrill Lynch US Master II, 20% S&P 500 USD.

Fiera Quantum Diversified Alpha Fund

Diversification



Stronger performance, lower relative volatility²



Fund Commentary

The Diversified Alpha Fund – Class F-I experienced positive returns in July, up 0.89% (preliminary), net of fees and expenses.

July was following the lead of the first half of the year with the equity markets continuing to grind up. However, everything changed during the last week of the month as the equity markets began selling off, culminating in a 2% selloff on July 31. The net result was a negative monthly performance for the S&P 500 and the Dow Jones Industrial Average turning negative for 2014. This negative performance can be attributed to a confluence of domestic and geopolitical factors including: a) further uncertainty over the timing of the first US interest rate increase; b) concern over additional sanctions being imposed on Russia; c) conflict in the Middle East; d) Argentina's sovereign default; and e) risk in the European financial sector re-emerging in the headlines with the need for the bailout of a large Portuguese bank. Equities were not the only asset class that was hit in July with credit, fixed income, and commodities also feeling the effects of the increased market volatility.

These concerns outweighed the ongoing strength in US corporate earnings. With most S&P 500 companies having now reported, overall earnings are up by nearly 10% compared to the same period in 2013, with most companies reporting positive outlooks for the rest of 2014.

Speculation over US interest rates intensified as economic data strengthened. GDP data stole the headlines, as the U.S. economy grew at a better-than-expected 4% annual pace in the second quarter. Growth momentum appears to have carried through into the third quarter, as July's Institute for Supply Management manufacturing activity index rose to its highest level in more than three years. Against this backdrop of accelerating economic activity and worries over inflation, the latest meeting of the Federal Reserve's interest rate setting board only served to increase expectations that interest rates may now rise before the middle of 2015—which is the market's latest forecast.

In light of the volatility experienced in July, the Fund generated strong relative performance. The Fund has continued to grind out positive monthly performance while consistently maintaining its low volatility mandate. It continues to be our view that investors should maintain a portion of their assets in liquid, low volatility mandates. As markets become more volatile, investments such as the Diversified Alpha Fund will provide a safe harbour for investors.

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