Fiera Quantum Diversified Alpha Fund

FIERA QUANTUM

NOVEMBER 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]	$133 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

CAPITAL PRESERVATION > LOW VOLATILITY > ABSOLUTE RETURNS

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	0.55	0.10	0.27	1.61[2]		8.72[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]
1.61	1.98	5.03	8.72	9.85	5.07	4.22	4.79	5.03

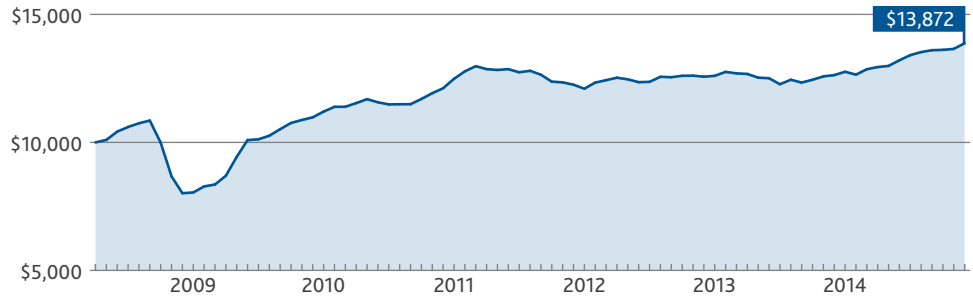
[2] *Performance figure for the month of November is preliminary and is subject to further confirmation by the portfolio manager.*

[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 $10,000[2] (Based on Class F-I)



Risk/Return Analysis[2] (Based on Class F-I)

Net annualized return since inception	5.03
Annualized standard deviation	9.01
Annualized Sharpe ratio (1.06%)	0.44
Best monthly return	8.50
Worst monthly return	-13.16
Percentage of months with positive performance	70.00
Average return when market is up[6]	1.09
Average return when market is down[6]	-1.37
Worst drawdown	-26.14

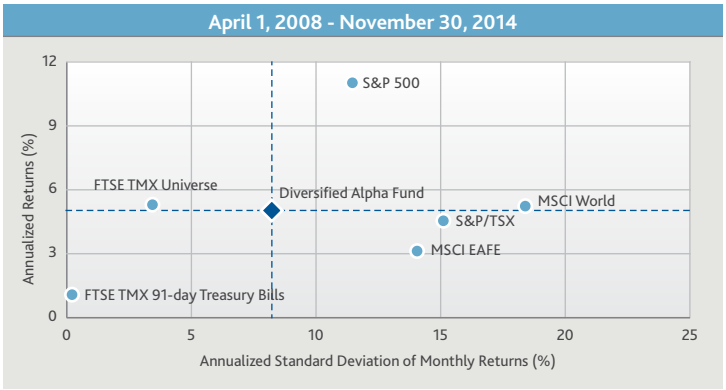
[6] *Market based on Fiera Quantum's blended benchmark: 40% S&P/TSX, 20% Merrill Lynch High Yield CAD, 20% Merrill Lynch US Master II, 20% S&P 500 USD.*

Fiera Quantum Diversified Alpha Fund

Diversification

		0 10 20 30 40 50 60 70 80 90 100
Equity	70%	
Macro/Quantitative	12%	
Credit/Fixed Income	18%	
Cash	0%	
Total	**100%**	

Stronger performance, lower relative volatility[2]



Fund Commentary

The Diversified Alpha Fund – Class F-I generated a positive return in November, up 1.61%, net of fees and expenses. For the year to date, the Fund is up 8.71%, net of fees and expenses.

The main story in the global financial markets in November was oil. There were some pretty big moves in markets last month with oil clearly in the spotlight. Brent and WTI were down 18.3% and 17.9% respectively in November, driven lower towards month-end by OPEC's decision not to cut production volumes. For Brent, November was the biggest one-month decline since the height of the Lehman crisis in October 2008, whereas for WTI it was the worst monthly performance since December 2008. At month-end, Brent and WTI were respectively 33% and 28% lower than where they started the year and are now trading at their lowest level since the spring of 2010. OPEC producers may be attempting to squeeze U.S. shale oil producers by maintaining higher output levels, but with little indication of U.S. production being scaled back, oil prices are likely to remain low for a while. For many economies, the lower oil price is a bonus as it should lead to increased levels of consumer spending and economic growth. However, in Canada, the share prices of energy companies have been especially hard hit.

The decline in oil prices has had ramifications in the high-yield debt market. The Bank of America Merrill Lynch Index's energy sector lost 3.38% in November and is now down 7.5% over the past three months. The energy sector has grown to 17% of the overall high-yield bond market, more than doubling its market share since 2008.

November proved to be a better month for equity markets. However, investors will be questioning whether this momentum can be carried into the year-end given increasing concerns around the sustainability of the global economic recovery and the outlook for global inflation. Inflation expectations are falling along with the price of oil and markets are pricing in easing in Europe.

Notwithstanding the impact of oil on the Canadian equity and credit markets, the Fund generated strong performance in our equity and macro quantitative strategies. Equities were led by strong performance in the US markets and good results from the equity market neutral strategy. Equity strategies benefited from a combination of being net long on the market and being net short on commodity and oil stocks. All the macro and quantitative strategies were positive in November with the exception of commodities. Volatility strategies led the way in terms of strong performance.

As we enter the final month of the year we continued to be focused on the downward trend in commodities, particularly energy, and its impact on the Canadian market. For equities, December tends to be a mildly positive albeit quiet month and so there will be no change to our risk allocations.

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