Fiera Quantum Diversified Alpha Fund

FIERA QUANTUM

AUGUST 2015

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]	$129 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 June 30, 2015*

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
2015	1.80	1.86	-0.31	-0.31	1.81	0.69	1.23	-1.07					5.80
2014	-0.88	1.67	0.66	0.34	1.70	1.52	0.89	0.55	0.10	0.27	1.65	-2.39	6.17
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[2]	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

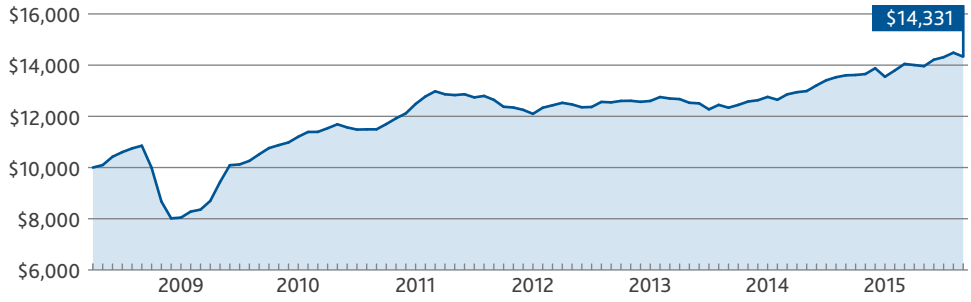
1 Month	3 Months	6 Months	YTD	1 Year	2 Years[3]	3 Years[3]	5 Years[3]	Inception[4]
-1.07	0.84	2.03	5.80	5.36	7.78	4.54	4.51	4.97

[2] *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%.*

[3] *Returns for periods greater than one year are annualized.*

[4] *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 (Based on Class F-I)



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

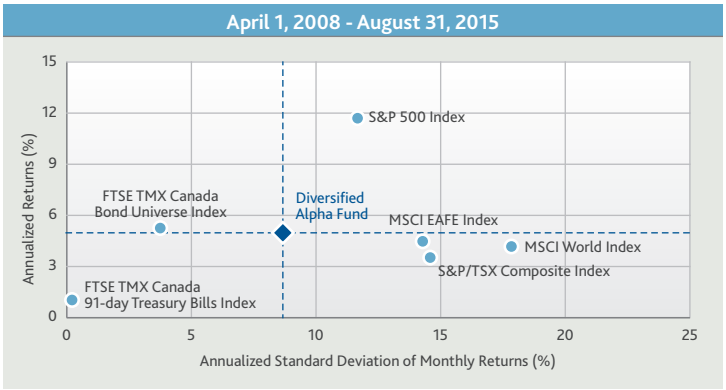
Net annualized return since inception	4.97
Annualized standard deviation	8.68
Annualized Sharpe ratio (1.03%)	0.45
Best monthly return	8.50
Worst monthly return	-13.16
Percentage of months with positive performance	68.54
Worst drawdown	-26.14

Fiera Quantum Diversified Alpha Fund

Diversification

		0 10 20 30 40 50 60 70 80 90 100
Equity	76%	
Macro/Quantitative	4%	
Credit/Fixed Income	20%	
Cash	0%	
Total	**100%**	

Stronger performance, lower relative volatility



Source: Rimes

Fund Commentary

The Diversified Alpha Fund – Class F-I ("the Fund") generated a negative return of -1.07% for the month of August, net of fees and expenses. As a result, the Fund's year to date return is 5.80%.

As we warned last month, China triggered a selloff in equity markets when they attempted to contain their stock market correction with a 2% devaluation of the Yuan / USD peg on August 11th. This failed to have the intended effect and they followed up with a second devaluation on August 14th. World equity markets followed suit: the MSCI All Country World Index touched a 22 month low, the S&P 500 the NASDAQ Composite and the TSX Composite lost -6.26%, -6.86% and -4.21% respectively. Volatility spiked and the VIX moved from 12.12 to a high of 40.74 and finishing the month at 28.43.

Global assets prices are adjusting as investors try to make sense of the news. While we continue to view China as the biggest risk to global markets we are not convinced their stock market correction is as significant as feared. For one thing, Chinese equities have a value equal to only a third of their GDP and less than a fifth of domestic consumer wealth is invested there. Secondly, the doubling of the value of the Shanghai Composite from November 2014 to June 2015 suggests the market was significantly overbought. Thirdly, the rising stock market did not coincide with rising consumption so concern that dropping share prices will suffocate demand is at this point unproven.

On the horizon is the Federal Reserve's forecast rate hike which the markets still expect to see in September. Given recent events, it seems likely the Fed will increase rates only once this year and soothe nerves with guidance that they will remain at the new level for a considerable time to come.

As has been the case for much of the year, the myriad of indicators that we follow is giving us mixed signals. Aside from our momentum indicators we are getting neutral readings as a result of a mixture of bearish and bullish signals. Therefore, we are left to following the signals given by our momentum indicators which remain bearish at this time.

Our focus on risk management and capital preservation allowed us to weather the storm in relatively good shape. We saw gains in our credit and market neutral equity strategies. On a negative note, due to news unrelated to the markets, we were forced to write down one of our illiquid private holdings in the month.

We continue to be pleased with the performance of our fund through what has so far turned out to be a very uncertain year. We believe our approach to risk management and diversification is particularly appropriate in the current investing climate.

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