

Fiera Quantum Diversified Alpha Fund



OCTOBER 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	\$122 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 September 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



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	-1.21	0.61			5.15
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
0.61	-1.67	2.04	5.15	4.34	6.42	4.15	3.62	4.78

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)

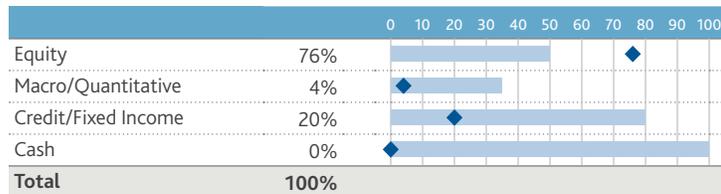


Risk/Return Analysis (Based on Class F-I)

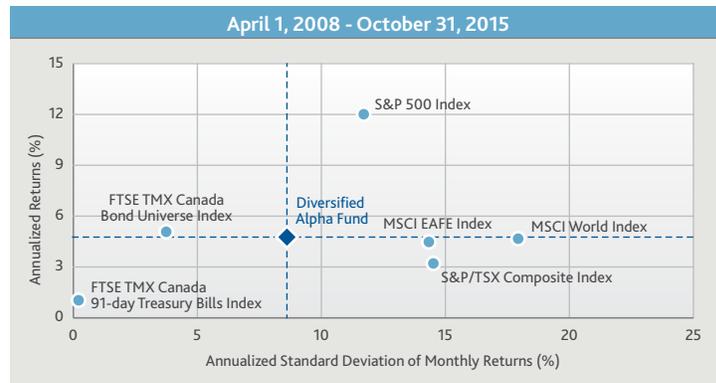
Net annualized return since inception	4.78
Annualized standard deviation	8.61
Annualized Sharpe ratio (1.02%)	0.44
Best monthly return	8.50
Worst monthly return	-13.16
Percentage of months with positive performance	68.13
Worst drawdown	-26.15

Fiera Quantum Diversified Alpha Fund

Diversification



Stronger performance, lower relative volatility



Source: Rimes

Fund Commentary

The Diversified Alpha Fund – Class F-I (“the Fund”) generated a positive return of 0.61% for the month of October, net of fees and expenses. As a result, the Fund’s year to date return is 5.15%.

Equity markets rallied strongly off their September lows to close the month up sharply. The S&P 500, NASDAQ and MSCI World Index ended October up 8.30%, 9.38% and 7.83% respectively. The rally was to be expected given the losses of the previous month and it was also in-part fueled by an expectation that the Federal Reserve would leave rates unchanged at their October 28th meeting which indeed they did. Futures markets are now setting the odds at 50/50 of a single rate hike in December. We remain skeptical of the rally and our hedges allow us to preserve capital regardless of the outcome.

Canadian equities rallied less convincingly with the TSX Composite only recovering 1.67% reminding us that we will have to wait for stronger oil prices to see Canadian markets regain their strength. The Canadian dollar and oil showed signs of strength rallying 1.80% and 3.33% but this could be a long and drawn out bottoming period before a move higher.

We continue to watch China whose stock index added a much needed 10.80% through the month. In context, this was a mild bounce following a precipitous drop, but we should remember that the first thing to do when you find yourself in a hole is stop digging. For the time being, the losses have stopped and investors are taking a breath. This is welcome news for global risk markets.

Further evidence of investor reassurance could be seen in the VIX returning to a long-term normal level of 15 by month end. While this is a fairly short term indicator it does perhaps indicate smooth sailing for the balance of the year.

Gains in the portfolio this month came from our US equities, systematic trading and corporate credit strategies. We are pleased with our modest gain even in a strong month for risk markets as we were careful to maintain our hedges in the event that markets had run in the opposite direction.

As we head into the final months of the year we are pleased with our positive returns through a very volatile period and how favourably our performance compares to returns from traditional asset classes around the world.

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