Fiera Quantum Diversified Alpha Fund

FIERA QUANTUM

SEPTEMBER 2013

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
Fund Codes	GMP104 – A-1
Management Fee	2.00%
RSP Eligibility	Yes
Assets under management[1]	$230.4 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 (Master Fund) (%)

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Year/ YTD
2008				1.01	3.27	1.72	1.44	1.07	-7.90	-13.14	-7.56	0.42	-19.22
2009	2.98	1.00	4.12	8.56	7.07	0.35	1.41	2.57	2.35	1.14	1.04	2.08	40.28
2010	1.74	0.05	1.32	1.41	-1.01	-0.67	0.13	0.08	1.86	1.98	1.70	3.05	12.19
2011	2.42	1.65	-0.84	-0.19	0.31	-0.92	0.49	-1.15	-2.09	-0.19	-0.72	-1.19	-2.48
2012	2.03	0.80	0.80	-0.44	-0.84	0.14	1.64	-0.10	0.49	0.08	-0.28	0.32	4.70
2013	1.24	-0.41	-0.12	-1.10	-0.13	-1.84	1.48	-0.83	1.28[2]				-0.48[2]

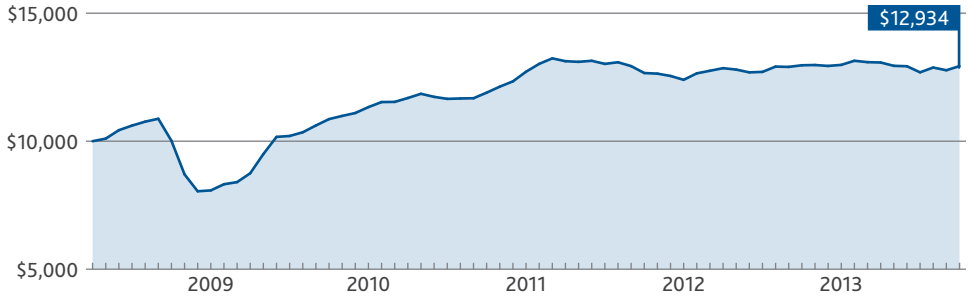
1 Month	3 Months	6 Months	YTD	1 Year	2 Years[3]	3 Years[3]	5 Years[3]	Inception[4]
1.28	1.93	-1.18	-0.48	-0.36	1.00	2.79	5.22	4.77

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

[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[2]



Risk/Return Analysis[2]

Net annualized return since inception	4.77
Annualized standard deviation	9.87
Annualized Sharpe ratio (1.09%)	0.37
Best monthly return	8.56
Worst monthly return	-13.14
Percentage of months with positive performance	65.15
Average return when market is up[5]	1.20
Average return when market is down[5]	-1.46
Worst drawdown	-26.04

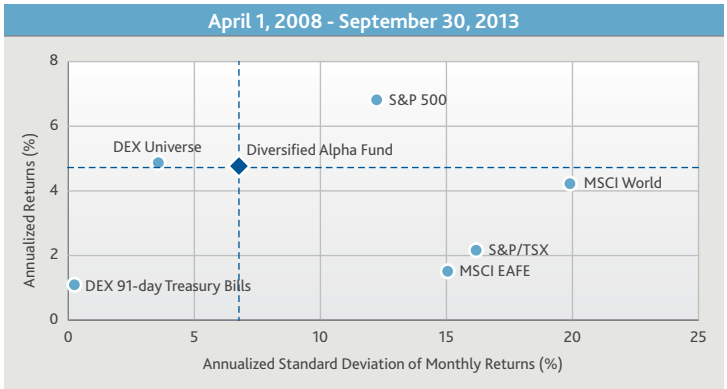
[5] *Market based on Fiera Quantum's blended benchmark: 40% S&P/TSX, 20% Merrill Lynch High Yield CAD, 20% Merrill Lynch US Master II, 20% S&P 500 USD.*

Fiera Quantum Diversified Alpha Fund

Diversification

		0 10 20 30 40 50 60 70 80 90 100
Equity	35.0%	
Macro/Quantitative	20.0%	
Credit/Fixed Income	27.0%	
Cash	18.0%	
Total	**100.0%**	

Stronger performance, lower relative volatility[2]



Fund Commentary

The Diversified Alpha Master Fund experienced strong risk-adjusted returns in September, up 1.28%, net of fees and expenses.

Over the summer, the world digested every economic data point, trying to predict when the Fed's "Taper" away from Quantitative Easing would begin. The market's summary of that analysis was that the Fed would scale back monetary support in September. Even the suggestion of that course of action caused the S&P 500 to sell off in June and to oscillate wildly in August. In September, the FOMC surprised everyone by delaying the tapering of the QE program indefinitely. This caused risk markets worldwide to rally. Negative price moves made in the summer across risk assets largely reversed in September. Equity markets were up, "Safe Havens" gold and silver were down and crude fell, although the latter was much more related to the Syrian crisis being extinguished for the time being.

As discussed last month, we were mindful of the various risks overhanging markets through the summer, with the additional concern of the weak seasonal bias often present during September. Therefore, we entered the month cautiously with hedges in place and Fund volatility at roughly 2/3 of our long-term target volatility level. When the Fed announcement was proclaimed, we adjusted the risk profile of the Fund to be "target weight". This allowed us to capture the strongest part of the risk market return through the month.

Bonds continue to be the challenged asset for investors. While prices in the long end and the short end rallied on the Fed's "No-Taper" news, they did not recapture prices seen even as recently as August. The negative momentum and flow of funds away from fixed income assets remained through the month. Several U.S. bond pundits commented on the strength of this negative momentum in the bond market, suggesting that to reverse this losing momentum would require a material catalyst. That said, rising rates have not been driven by either inflation or fundamentals. Weak sentiment, bond fund and bond ETF redemptions and negative momentum continue to weigh heavily on this market.

To be clear, rising rates provide a headwind to continue economic recovery. The Fed is extremely conscious of this effect. That is why they have delayed any hint of tightening. There are risks in their strategy. To date, quantitative easing has had a bigger effect on financial markets than on the broader economy. As a result, most of the performance in the equity markets this year has come from multiple expansion rather than earnings growth.

We are mindful of our mandate and for our Fund investors we remain well diversified, dynamically hedged on risk assets and positioned to take advantage of superior risk-adjusted return opportunities as they present themselves.

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