

Fiera Quantum Diversified Alpha Fund



DECEMBER 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	\$189.2 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 (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	0.94	1.15	0.47	1.13 ²	1.93 ²

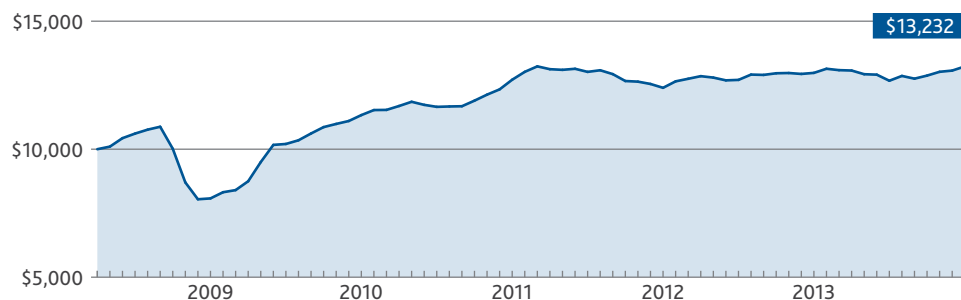
1 Month	3 Months	6 Months	YTD	1 Year	2 Years ³	3 Years ³	5 Years ³	Inception ⁴
1.13	2.77	4.40	1.93	1.93	3.31	1.34	10.37	4.99

² Performance figure for the month of December 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 \$10,000²



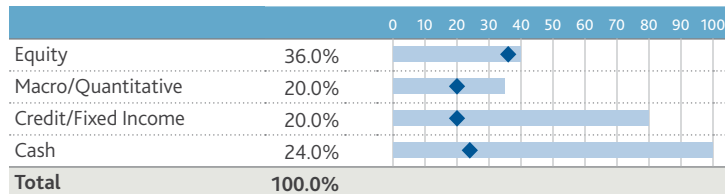
Risk/Return Analysis²

Net annualized return since inception	4.99
Annualized standard deviation	9.65
Annualized Sharpe ratio (1.09%)	0.40
Best monthly return	8.56
Worst monthly return	-13.14
Percentage of months with positive performance	66.67
Average return when market is up ⁵	1.17
Average return when market is down ⁵	-1.46
Worst drawdown	-26.04

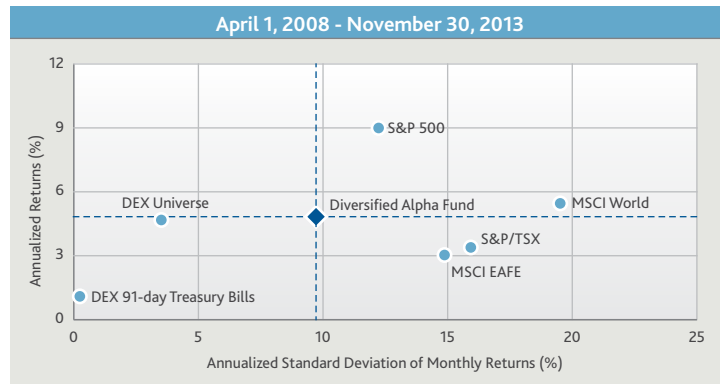
⁵ Market based on Fiera Quantum's blended benchmark: 40% S&P/TSX, 20% Merrill Lynch High Yield CAD, 20% Merrill Lynch US Master II, 20% S&P 500 USD.

Fiera Quantum Diversified Alpha Fund

Diversification



Stronger performance, lower relative volatility²



Fund Commentary

The Diversified Alpha Master Fund experienced positive risk-adjusted returns in December, up 1.13% (preliminary), net of fees.

Finally, we Taper! After months of speculation around both the scale and timing, the U.S. Fed announced the beginning of the taper in monthly asset purchases, albeit at a somewhat moderated level. The majority of Wall Street experts predicted "No-Taper" in December, with the majority predicting that the beginning of the end of the Quantitative Easing policy would be in early 2014. Now, instead of \$85B in Fed monthly support, Bernanke and Co. (soon to be Yellen and Co.) will only be buying \$75B per month of U.S. assets. Importantly, at the same meeting, it was announced that the U.S. unemployment rate will need to fall through 6% before rates rise, as long as inflation remains below 2%. (This adjustment in the target is surely a result of the fact that the U.S. unemployment level may hit the previously announced threshold of 6.5% sooner than originally anticipated). Interestingly, while the start of the taper has begun, the impact on the Fed's \$4 trillion balance sheet is largely irrelevant for the short term. The forecasted cumulative value of the balance sheet will eclipse \$5 trillion in the next 12 months. The huge qualifier on the taper announcement is simply that any future Fed action will be entirely data dependent, leaving open the potential to return to the \$85B (or more) per month in liquidity drip feed.

In the "less is more" logic that the markets are following, equities rallied on the news of the taper to their 3rd highest increase of the year. Separately, treasury yields moved northward, with the 10 year pushing against the 3% level. Immediately following the announcement, gold and silver sold off hard, with gold diving through the \$1200/ounce level, its lowest in the last six months.

We were positioned with a risk-on bias within the Fund. Our asset allocation continues to favour close to a maximum weighting in equities. As a reminder, our maximum weighting in the Alpha Fund is 40% of capital, which is based on our targeted volatility level of 6%. We have continued to pare back our holding of credit and bonds, which has continued to be rewarded through the pricing action in the market.

While sources of low-risk alpha-generating return are scarce, our search continues. We believe that equities will continue to have the best relative return over the near term, and we are mindful of keeping the Fund both liquid and hedged so that we protect capital for our investors.

Equities powered the Alpha Fund's positive return in 2013. Credit was relatively flat while our hedges have cost the Fund performance over the same period. In the second half of the year, we developed and deployed a number of quantitative strategies that are weakly correlated to equity markets. We are encouraged by the strong contribution of these strategies in the second half of the year. Over the long run, our continued focus on capital preservation and volatility management should keep investors in good shape while waiting for opportunities to take appropriate risk-adjusted returns to present themselves. Patience is difficult, but often rewarded. We remain liquid and focused on the Fund's key priorities.

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