Fiera Quantum Diversified Alpha Fund

JUNE 2013

FIERA CAPITAL

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 Team

Fund Details

	Class A
Fund Codes	GMP104 – A-1
Management Fee	2.00%
Assets under management*	$292 M
Minimum Investment	$100,000
Performance Fee	20%
Hurdle Rate	No
High Water Mark	Yes
RSP Eligibility	Yes
Custodian and Trustee	Citigroup Fund Services (Bermuda) Ltd.
Auditor	Deloitte & Touche LLP
Liquidity	Monthly 60 day notice required

Assets Under Management is the sum of all Classes of the Fund

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

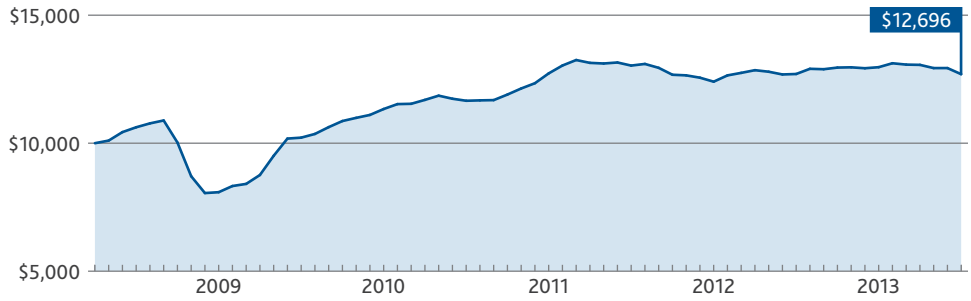
Performance net of all fees (Master Fund) (%)

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Year/ YTD
2008				1.02	3.28	1.81	1.43	1.06	-7.90	-13.14	-7.56	0.42	-19.14
2009	2.98	1.00	4.14	8.56	7.07	0.36	1.41	2.57	2.25	1.14	1.04	2.08	40.19
2010	1.69	0.11	1.32	1.41	-1.01	-0.67	0.13	0.08	1.86	1.99	1.70	3.10	12.27
2011	2.42	1.65	-0.84	-0.19	0.31	-0.92	0.49	-1.16	-2.09	-0.19	-0.72	-1.24	-2.54
2012	1.98	0.78	0.82	-0.46	-0.84	0.14	1.60	-0.12	0.49	0.08	-0.28	0.32	4.57
2013	1.19	-0.41	-0.07	-0.97	0.01	-1.85							-2.11

1 Month	3 Months	6 Months	YTD	1 Year	2 Years	3 Years	5 Years	Inception[1]
-1.85	-2.79	-2.11	-2.11	-0.05	-1.30	2.88	3.63	4.65

[1] *Current management team began managing the fund on December 1, 2008.*

Growth of $10,000



Risk/Return Analysis

Net annualized return since inception	4.65
Annualized standard deviation	10.06
Annualized Sharpe ratio (1.09%)	0.35
Best monthly return	8.56
Worst monthly return	-13.14
Percentage of months with positive performance	66.67
Average return when market is up[1]	1.24
Average return when market is down[1]	-1.46
Worst drawdown	-26.04

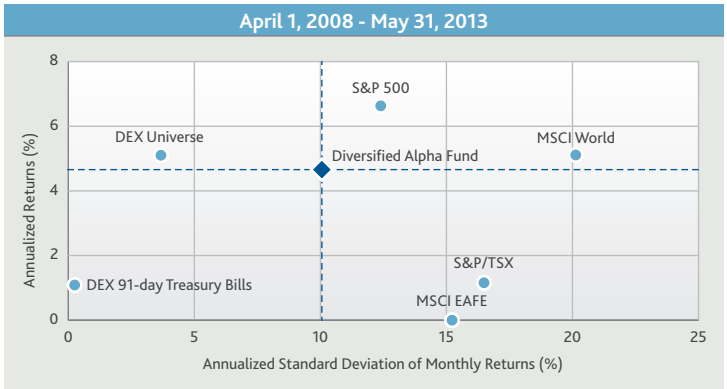
1 Market based on Fiera Quantum's blended benchmark: 40% S&P/TSX, 20% Merrill Lynch High Yield CAD, 20% Merrill Lynch US Master II, 20% S&P 500 USD.

Fiera Quantum Diversified Alpha Fund

Diversification

Equity	25.0%
Macro/Quantitative	25.0%
Credit/Fixed Income	42.0%
Cash	8.0%
Total	**100.0%**

Stronger performance, lower relative volatility



Fund Commentary

Diversified Alpha Fund ended the month with a 1.85% loss. Volatility spiked 50% during the month as equities, bonds, currencies and commodities all sold off violently during the middle of the month. If you held long positions in the month of June, there was really nowhere to hide as virtually all asset classes were down on the month.

June 2013 will go down in history as the month where the prospect of "tapering" quantitative easing became a reality. It was during the FOMC meeting on June 19 where Fed chairman Bernanke outlined the conditions that the Fed needed to observe in order to begin tapering the monthly asset purchase of $85 billion in mortgage backed securities and treasuries. In the hours that followed this speech, risk assets worldwide sold off on very strong volume. In conjunction with the selling of global risk assets, there was repatriation back into U.S. dollars, thereby strengthening the greenback against other currencies.

In the days that followed the FOMC meeting, commodities such as gold, silver and copper (read China) sold off strongly. Gold was off about 8%, silver sold off almost 10% and, not surprisingly, the TSX was down more than any of the North American indexes. The Dow posted triple digit moves in 15 of 20 June sessions. The skew in the options market indicated that people were worried, and were buying "Puts". By month end, a small rally ensued; however, gold and precious metals continued their free fall.

Historically, it is very rare to have all assets sell off in the same time period. These periods are the result of investors selling assets to either reduce leverage or increase cash balances. We believe the current sell-off is the result of a reduction in leverage. These periods also tend to be transitional. Eventually, capital will flow into an asset class. As an example, in 2008, the asset class of choice was bonds. Given the gradual improvement in economic fundaments and the relative (not absolute) cheapness of the equity market, the asset class of choice this time should be equities.

While markets like those that we witnessed in June are unsettling for investors, we have been anticipating their increased likeliness for some time. This is one of the reasons why the Fund has been positioned so conservatively for the last three months, and in fact over the last year. We prefer to have liquidity during times of crisis, as our experience in the past has been that buying at panic lows in asset prices yields the best risk-adjusted returns over the long term.

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