Fiera Quantum Diversified Alpha Fund

MAY 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*	$286 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

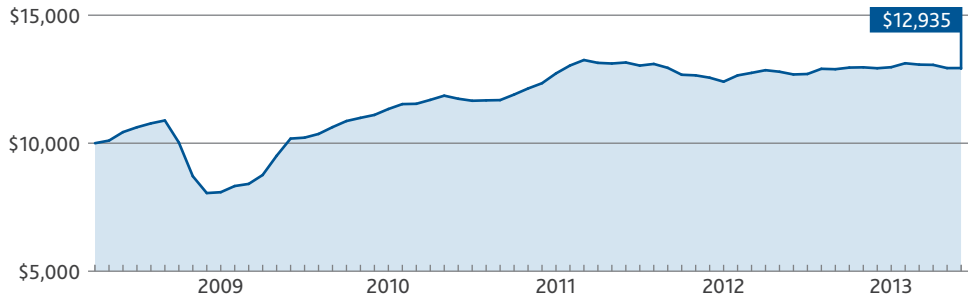
Performance net of all fees (Master Fund) (%)

	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								-0.26

1 Month	3 Months	6 Months	YTD	1 Year	2 Years	3 Years	5 Years	Inception[1]
0.01	-1.03	0.06	-0.26	1.97	-0.83	3.29	4.39	5.11

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

Growth of $10,000



Risk/Return Analysis

Net annualized return since inception	5.11
Annualized standard deviation	10.09
Annualized Sharpe ratio (1.09%)	0.40
Best monthly return	8.56
Worst monthly return	-13.14
Percentage of months with positive performance	67.74
Average return when market is up[1]	1.24
Average return when market is down[1]	-1.44
Worst drawdown	-26.04

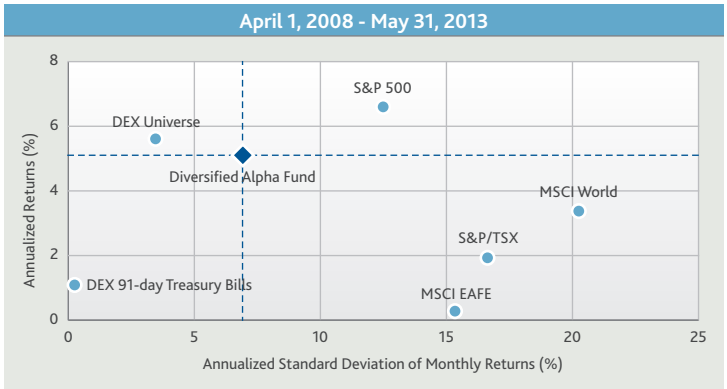
1 Market based on Fiera Quantum's blended benchmark: 40% S&P/TSX, 20% Merrill Lynch High Yield CAD, 20% Merrill Lynch US Master II, 20% S&P 500 USD.

Fiera Quantum Diversified Alpha Fund

Diversification

		0 10 20 30 40 50 60 70 80 90 100
Equity	35.0%	
Macro/Quantitative	24.0%	
Credit/Fixed Income	35.0%	
Cash	6.0%	
Total	**100.0%**	

Stronger performance, lower relative volatility



Fund Commentary

With the continuation of the rally across risk markets, May once again advanced with US large cap equities increasing in price and bonds falling, although the last week of the month saw significant volatility in both directions. Long-term bond portfolios lost over 5% of their value during the month, while the S&P 500 continued its march forward. Alpha's risk exposure increased this month through our equity strategy, bearing in mind our risk budget for the fund. That said, we continue to be liquid, hedged and ready to respond to signs of material market volatility.

Our view of modestly rising interest rates materialized in May. US Treasury debt prices capped the worst month for the bond market in nearly two and a half years, as stronger-than-expected business activity data fanned worries the Federal Reserve might slow its bond purchases later this year. As prices slid, Treasury yields reached their highest levels in more than 13 months, set mid-May, even though data signaled that inflation remained low due to sluggish growth.

It now appears as though bond yields may have seen their lows late last fall. Investors have sharply scaled back their bond holdings on worries that reduced Fed stimulus will cause long-term borrowing costs to rise. Such a reduction would mark the beginning of the end of the quantitative easing (QE) the Fed adopted in late 2008. The story is now really all about the Fed. Investors grappled with whether the Fed may end bond purchases on a stronger economy, or if it might also choose to end buybacks as stocks and housing prices surge. That said, the Fed has been clear that it is also attempting to achieve its objective of lowering the unemployment rate to 6.5 percent, which has not yet happened.

At his congressional testimony last week, Fed Chairman Ben Bernanke announced that a decision to pare the Fed's current pace of bond purchases may happen at one of the Fed's "next few meetings" if the economy looked set to maintain its momentum. This commentary was enough to cause late month volatility and sell offs in both equities and bonds.

However, U.S. inflation, which is running well under the Fed's target of 2 percent, may complicate the Fed's ability to taper its current $85 billion in monthly Treasuries and mortgage-backed securities purchases.

In the face of all of this, commodities remained weak, and growth in Asia remained in question. That all led to the TSX and the Canadian market lagging severely behind the S&P, as it has all year. We continue our cautious (and very liquid) exposure in the fund, fueled by continued momentum in US equities, but are watchful of the volatility in the bond market and the continued weakness of Canadian equities.

1501 McGill College Avenue, Suite 800
Montréal (Québec) H3A 3M8
T: 514-954-3755 / 1-800-361-3499

1 Adelaide Street East, Suite 600
Toronto, Ontario M5C 2V9
T: 416-364-3711 / 1-800-994-9002

1040 West Georgia Street, Suite 520
Vancouver, British Columbia V6E 4H1
T: 604-688-7234 / 1-877-737-4433

investorsolutions@fieracapital.com

FIERA CAPITAL