

Fiera Quantum Diversified Alpha Fund



MAY 2014

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	\$147.1 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 (Class F-I) (%)

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Year/ YTD
2014	-0.88	1.67	0.66	0.34	1.70 ²								3.52 ²
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 ³	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 ⁴	3 Years ⁴	5 Years ⁴	Inception ⁵
	1.70	2.72	4.59	3.52	5.61	3.40	0.89	5.53	4.62

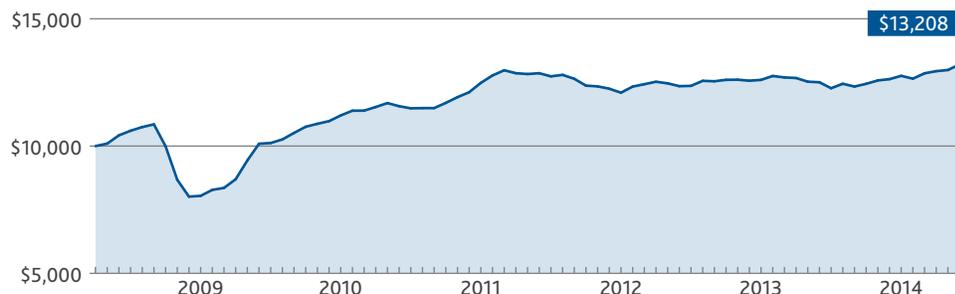
² Performance figure for the month of May is preliminary and is subject to further confirmation by the portfolio manager.

³ 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%.

⁴ Returns for periods greater than one year are annualized.

⁵ 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 (Based on Class F-I)



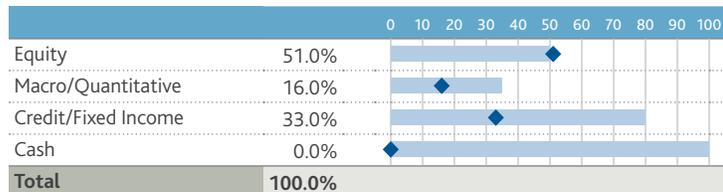
Risk/Return Analysis² (Based on Class F-I)

Net annualized return since inception	4.62
Annualized standard deviation	9.34
Annualized Sharpe ratio (1.07%)	0.38
Best monthly return	8.50
Worst monthly return	-13.16
Percentage of months with positive performance	67.57
Average return when market is up ⁶	1.08
Average return when market is down ⁶	-1.51
Worst drawdown	-26.14

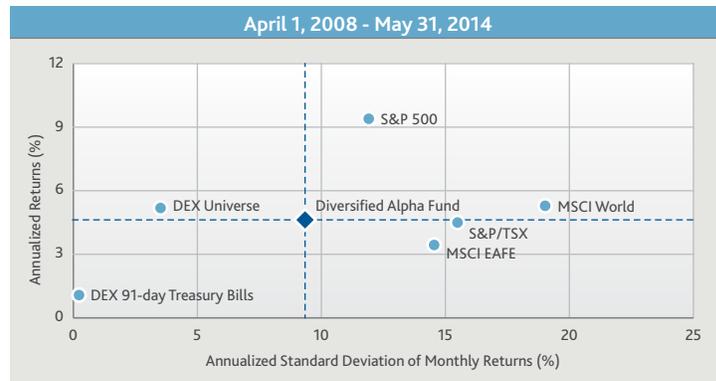
⁶ Market based on Fiera Quantum's blended benchmark: 40% S&P/TSX, 20% Merrill Lynch High Yield CAD, 20% Merrill Lynch US Master II, 20% S&P 500 USD.

Fiera Quantum Diversified Alpha Fund

Diversification



Stronger performance, lower relative volatility²



Fund Commentary

The Diversified Alpha Fund's Class F-I units experienced a strong month of positive risk-adjusted returns in May, up 1.70% (preliminary), net of fees and expenses.

The old adage of "sell in May and go away" did not pay off this year as most asset classes were generally stronger. Outside of Canada, equity and credit markets enjoyed positive performance over the month while the TSX60 was virtually flat (down 0.12%). Commodities were softer during the month, impacting the performance of the Canadian equity markets. The revision to first-quarter GDP in the US showed the economy contracted at an annual rate of 1%, in contrast to the first estimate, which showed expansion of 0.1%. Aside from the much-talked-about weather-related drag, the first quarter was also affected by weaker private inventory investment compared to the previous quarter. In fact, the main reason behind the downward revision was that inventory accumulation was slower than first estimated. The last two quarters of 2013 had seen a pace well above normal, with the average real inventory change at \$114 billion, compared to the long-run average of \$26 billion. This suggested that some reversion was to be expected in 2014. Indeed, the first quarter saw a much slower pace of \$49 billion, which contributed to a -1.6% decline in GDP. Excluding inventories, growth in the first quarter would have actually been +0.6%. As a result, the US equity markets took this news in stride and continued their march higher.

We continue to believe that the low-rate environment with negligible inflation will remain positive for the equity markets as companies continue to take advantage of historically low financing rates. On the flip side, Martin Fridson, who is referred to as the "dean of high yield investing" was widely quoted in May when discussing the current high-yield market, stating; "the high-yield market goes from way overvalued to way, way overvalued." As a result, in our credit portfolio, we have focussed on liquidity and introducing select short positions.

In May, most of the Fund's strategies generated positive returns. Notable gains were generated by our equity market neutral portfolio, our quantitative commodities strategy and our balanced risk asset allocation portfolio. It should be noted that the higher returns in May were due to these positive returns and are not the result of increasing the risk in the portfolio.

As we enter the summer months, we have maintained our current exposures while being cautious in terms of liquidity. We have also increased the amount of protection in the portfolio. While we do not see a correction as imminent, we do believe that it is prudent to add some protection at this time.

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