



## Mid Cap Growth Review

March 31, 2020

Quarterly Review- For existing clients only

This presentation is for informational purposes and should not be considered a solicitation to buy, or an offer to sell, a security. Please refer to Important Disclosures at the end of this presentation.

# 1<sup>st</sup> Quarter Gross Performance Attribution



## Composite Performance (gross\*) Fiera Capital -22.60% vs. Russell Mid Cap Growth Index -20.04%

|                        | Representative Portfolio (%) |                    |                          | Russell Midcap Growth (%) |                     |                           | Variation (%)             |                         |                               | Attribution Analysis (%) |                         |              |
|------------------------|------------------------------|--------------------|--------------------------|---------------------------|---------------------|---------------------------|---------------------------|-------------------------|-------------------------------|--------------------------|-------------------------|--------------|
|                        | Port. Average Weight         | Port. Total Return | Port. Contrib. To Return | Bench. Average Weight     | Bench. Total Return | Bench. Contrib. To Return | Average Weight Difference | Total Return Difference | Contrib. To Return Difference | Allocation Effect        | Selection + Interaction | Total Effect |
| Communication Services | 7.52                         | -17.57             | -1.54                    | 4.65                      | -28.16              | -1.22                     | 2.87                      | 10.60                   | -0.32                         | -0.34                    | 0.74                    | 0.41         |
| Consumer Discretionary | 8.19                         | -21.69             | -2.03                    | 14.03                     | -29.20              | -4.22                     | -5.84                     | 7.51                    | 2.19                          | 0.52                     | 0.51                    | 1.03         |
| Consumer Staples       | --                           | --                 | --                       | 3.28                      | -9.47               | -0.41                     | -3.28                     | 9.47                    | 0.41                          | -0.34                    | --                      | -0.34        |
| Energy                 | 1.74                         | -53.27             | -0.87                    | 1.04                      | -52.96              | -0.61                     | 0.70                      | -0.32                   | -0.26                         | -0.30                    | 0.02                    | -0.28        |
| Financials             | 9.20                         | -29.60             | -3.04                    | 4.40                      | -22.90              | -1.08                     | 4.80                      | -6.70                   | -1.97                         | -0.18                    | -0.71                   | -0.89        |
| Health Care            | 20.38                        | -25.41             | -4.66                    | 15.43                     | -12.03              | -1.84                     | 4.95                      | -13.39                  | -2.82                         | 0.33                     | -2.46                   | -2.13        |
| Industrials            | 11.29                        | -30.33             | -3.88                    | 17.18                     | -24.04              | -4.55                     | -5.89                     | -6.29                   | 0.66                          | 0.40                     | -0.87                   | -0.47        |
| Information Technology | 36.04                        | -13.79             | -4.98                    | 34.41                     | -16.58              | -5.05                     | 1.63                      | 2.79                    | 0.06                          | 0.18                     | 1.33                    | 1.51         |
| Materials              | 3.12                         | -31.41             | -1.20                    | 2.72                      | -19.43              | -0.58                     | 0.40                      | -11.98                  | -0.62                         | -0.02                    | -0.62                   | -0.63        |
| Real Estate            | 0.19                         | 2.28               | -0.01                    | 2.87                      | -10.84              | -0.48                     | -2.68                     | 13.12                   | 0.47                          | -0.30                    | -0.01                   | -0.30        |
| Cash                   | 2.32                         | 0.28               | 0.00                     | --                        | --                  | --                        | 2.32                      | 0.28                    | 0.00                          | -0.08                    | --                      | -0.08        |
| <b>Total</b>           | <b>100.00</b>                | <b>-22.21</b>      | <b>-22.21</b>            | <b>100.00</b>             | <b>-20.02</b>       | <b>-20.02</b>             | <b>--</b>                 | <b>-2.18</b>            | <b>-2.18</b>                  | <b>-0.12</b>             | <b>-2.06</b>            | <b>-2.18</b> |

| Leading Contributors             | Weight % | Return % | Contribution |
|----------------------------------|----------|----------|--------------|
| Cable One, Inc.                  | 0.23     | 26.46    | 0.30         |
| iRhythm Technologies, Inc.       | 0.18     | 17.30    | 0.27         |
| MSCI Inc. Class A                | 2.52     | 12.16    | 0.25         |
| Veeva Systems Inc Class A        | 0.30     | 17.39    | 0.24         |
| Qualys, Inc.                     | 1.42     | 4.34     | 0.15         |
| DexCom, Inc.                     | 0.20     | 8.73     | 0.11         |
| Fortinet, Inc.                   | 2.78     | -5.24    | 0.10         |
| Dollar General Corporation       | 0.31     | 6.37     | 0.08         |
| Guardant Health, Inc.            | 0.20     | 3.87     | 0.04         |
| Okta, Inc. Class A               | 0.95     | -4.09    | 0.03         |
| Molina Healthcare, Inc.          | 1.72     | 2.96     | 0.02         |
| SAGE Therapeutics, Inc.          | 0.13     | 2.63     | 0.01         |
| KAR Auction Services, Inc.       | 0.14     | 2.16     | 0.01         |
| U.S. Dollar                      | 2.32     | 0.28     | 0.00         |
| SBA Communications Corp. Class A | 0.19     | 2.28     | -0.01        |

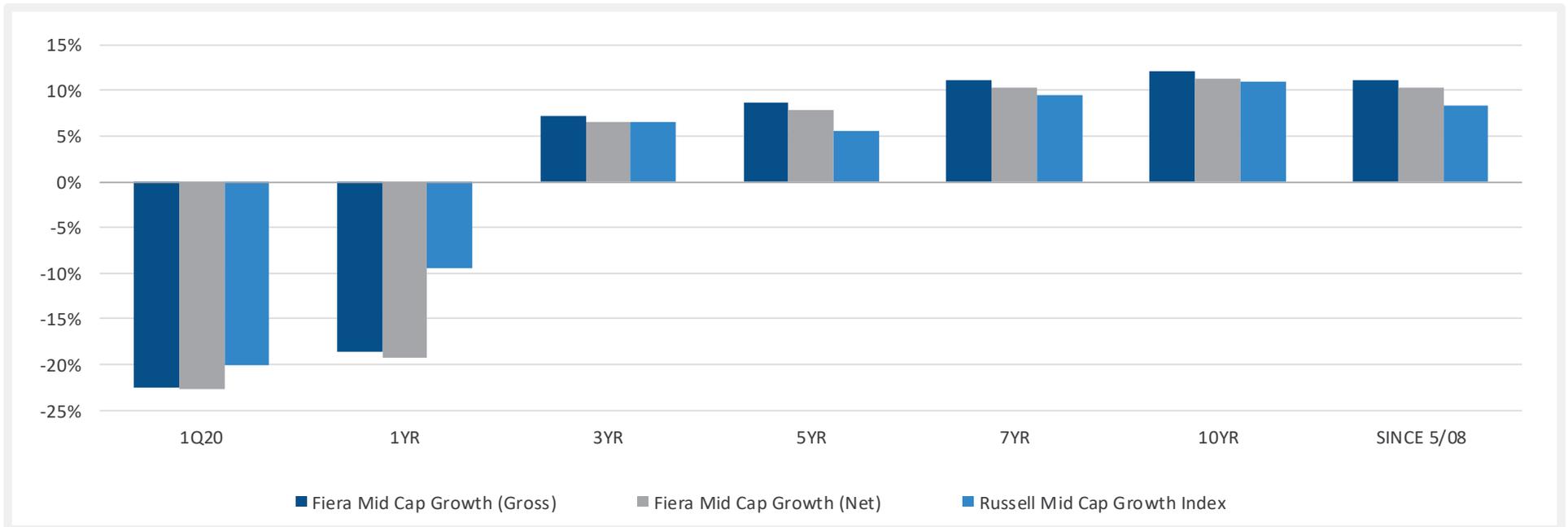
| Leading Detractors                | Weight % | Return % | Contribution |
|-----------------------------------|----------|----------|--------------|
| Synchrony Financial               | 2.19     | -55.02   | -1.58        |
| Citizens Financial Group, Inc.    | 2.30     | -53.21   | -1.44        |
| Aimmune Therapeutics Inc          | 1.74     | -56.92   | -1.11        |
| United Airlines Holdings, Inc.    | 1.40     | -57.91   | -1.10        |
| Pioneer Natural Resources Company | 1.74     | -53.27   | -0.87        |
| Bausch Health Companies Inc.      | 1.57     | -48.20   | -0.81        |
| Hilton Worldwide Holdings Inc     | 1.87     | -38.38   | -0.79        |
| Woodward, Inc.                    | 0.95     | -52.44   | -0.75        |
| Freeport-McMoRan, Inc.            | 1.27     | -45.14   | -0.74        |
| IAA, Inc.                         | 1.62     | -36.34   | -0.73        |
| Portola Pharmaceuticals, Inc.     | 0.67     | -70.14   | -0.70        |
| bluebird bio, Inc.                | 1.00     | -43.70   | -0.64        |
| Twitter, Inc.                     | 1.98     | -23.37   | -0.57        |
| Discovery, Inc. Class A           | 1.42     | -31.95   | -0.56        |
| Live Nation Entertainment, Inc.   | 1.98     | -36.39   | -0.51        |

\*Past performance is no guarantee of future results. Inherent in any investment is the potential for loss. Gross performance results are presented before management fees and expenses, but after all trading commissions. Fiera performance (net of fees and expenses) -22.76%. See the "Performance and Fees" section in the final "Important Disclosures" slide for important information regarding net performance data. The holdings identified do not represent all of the securities purchased, sold or recommended. Information on the calculation methodology and a listing of every holding's contribution to the strategy's performance during the period is available upon request.

# Mid Cap Growth Composite Performance



## Annualized Performance



|                                     | 1Q20          | 1YR           | 3YR         | 5YR         | 7YR          | 10YR         | SINCE 5/08   |
|-------------------------------------|---------------|---------------|-------------|-------------|--------------|--------------|--------------|
| <b>Fiera Mid Cap Growth (Gross)</b> | <b>-22.60</b> | <b>-18.59</b> | <b>7.25</b> | <b>8.59</b> | <b>11.04</b> | <b>12.06</b> | <b>11.10</b> |
| <b>Fiera Mid Cap Growth (Net)</b>   | <b>-22.76</b> | <b>-19.21</b> | <b>6.46</b> | <b>7.78</b> | <b>10.22</b> | <b>11.24</b> | <b>10.28</b> |
| <b>Russell Mid Cap Growth Index</b> | <b>-20.04</b> | <b>-9.45</b>  | <b>6.53</b> | <b>5.60</b> | <b>9.48</b>  | <b>10.88</b> | <b>8.27</b>  |

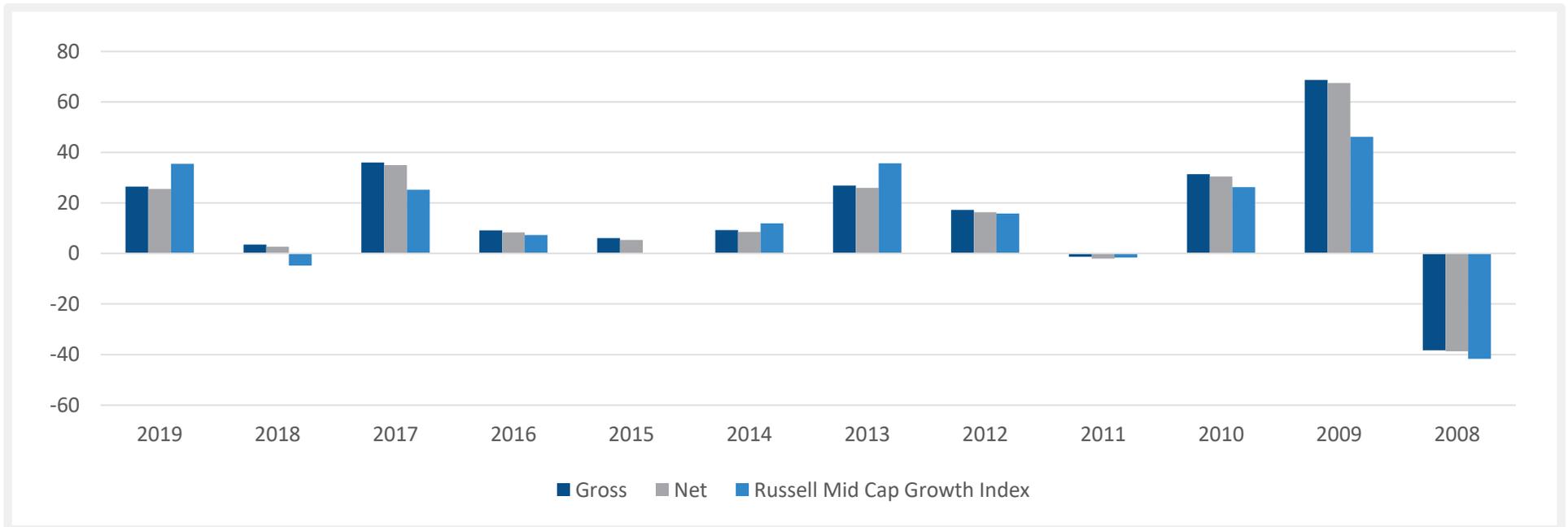
Source: Fiera Capital

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# Mid Cap Growth Composite Performance



## Calendar Performance



|                                     | 2019  | 2018  | 2017  | 2016 | 2015  | 2014  | 2013  | 2012  | 2011  | 2010  | 2009  | 2008   |
|-------------------------------------|-------|-------|-------|------|-------|-------|-------|-------|-------|-------|-------|--------|
| <b>Fiera Mid Cap Growth (Gross)</b> | 26.49 | 3.52  | 35.98 | 9.17 | 6.11  | 9.31  | 26.91 | 17.25 | -1.26 | 31.42 | 68.74 | -38.35 |
| <b>Fiera Mid Cap Growth (Net)</b>   | 25.56 | 2.75  | 34.99 | 8.36 | 5.33  | 8.50  | 25.98 | 16.39 | -2.00 | 30.46 | 67.53 | -38.68 |
| <b>Russell Mid Cap Growth Index</b> | 35.46 | -4.76 | 25.26 | 7.30 | -0.20 | 11.89 | 35.73 | 15.81 | -1.65 | 26.33 | 46.22 | -41.73 |

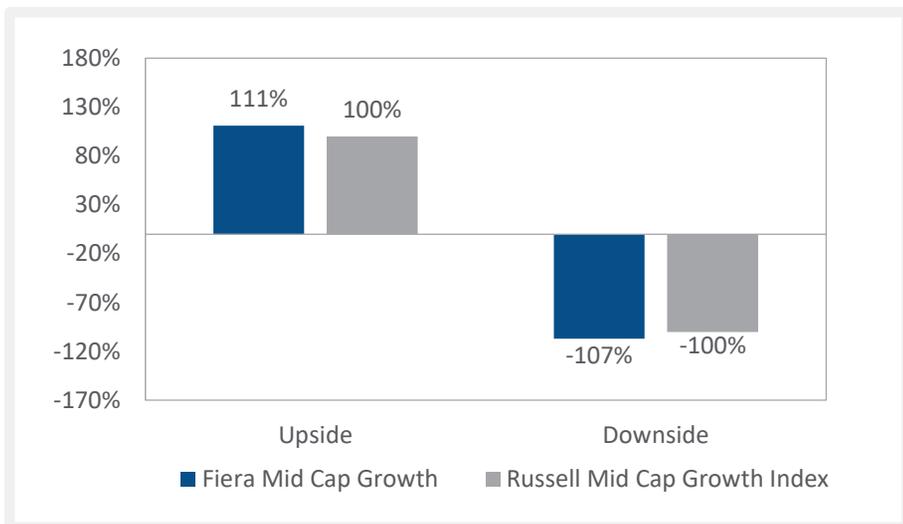
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# Mid Cap Growth Performance & Statistics



## Capture Ratios (10 Year)\*



## Performance Statistics (10 Year)\*

|                         |      |
|-------------------------|------|
| Alpha                   | 0.13 |
| Information Ratio       | 0.21 |
| R-squared               | 0.92 |
| Correlation Coefficient | 0.96 |
| Sharpe Ratio            | 0.63 |

## Supplemental – Rep Portfolio Characteristics

|                                 | FIERA CAPITAL | RUSSELL MID CAP GROWTH INDEX |
|---------------------------------|---------------|------------------------------|
| <b>GROWTH STATISTICS</b>        |               |                              |
| Long Term future EPS growth (%) | 15.2          | 14.9                         |
| 5 year historic EPS growth (%)  | 16.0          | 13.4                         |
| PEG (PE/Growth)                 | 1.9           | 1.6                          |
| ROE (%)                         | 13.7          | 19.7                         |
| <b>VALUATION MEASURES</b>       |               |                              |
| P/E                             | 22.0          | 23.0                         |
| Price/Book                      | 4.0           | 4.4                          |
| Price/Sales                     | 2.9           | 2.1                          |
| Price/Cash Flow                 | 13.2          | 14.2                         |
| Yield (%)                       | 0.7           | 0.9                          |
| <b>MARKET CAP</b>               |               |                              |
| Weighted average market cap     | \$ 15.5 B     | \$ 17 B                      |

\*Based on gross performance.

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# Mid Cap Growth Representative Portfolio Positioning



## Thematic Positioning

### Identifying Today's Changes Driving Tomorrow's Growth

|  | STABLE GROWTH*  | EMERGING GROWTH*  |
|--|---|---|
| <b>INNOVATIVE TECHNOLOGY TRENDS</b>  |   |   |
| <b>Cloud Computing/Big Data/Cyber Security</b>   | Workday, Verisign Inc, IHS Markit, ServiceNow, Fortinet, Palo Alto Networks, Paycom Software, OKTA, Veeva Systems, SBA Comm | Qualys INC, Zen   |
| <b>Mobility/Miniaturization</b>  | Lam Research, Xilinx, Maxim Integrated, Cadence Design, Entegris, Motorola Solutions, Keysight                              |   |
| <b>Payments and Processing</b>   | Global Payments   |   |
| <b>CONSUMER TRENDS</b>   |   |   |
| <b>Demographics</b>  | Live Nation Entertainment, Dolby, Chipotle, MSCI, Hilton, Bright Horizon, Service Corp                                      |   |
| <b>e-Commerce/Social Media</b>   | Etsy Inc  | Twitter   |
| <b>HEALTHCARE TRENDS</b>   |   |   |
| <b>Rising Global Healthcare Demand/Cost Containment</b>  | Molina Healthcare, Bausch Health Companies  |   |
| <b>Biotechnology/Personalized Medicine</b>   | BioMarin Pharmaceuticals, Exelixis, Incyte, Dexcom  | Fibrogen, Portola, Immunomedics, Aimmune Therapeutics, Bio-Techne, Novocure, Argenix, Guardant Health, Irythm |
| <b>INDUSTRIALS TRENDS</b>  |   |   |
| <b>Manufacturing Renaissance/Smart Automation</b>  | Woodward, Heico Class A   | Cognex  |
| <b>Global Growth Driving Industrial Infrastructure</b>   | IAA INC   |   |
| <b>CYCLICAL/OPPORTUNISTIC</b>  |   |   |
| <b>Financial/Cyclical Recovery</b>   | Citizens Financial, Jack Henry, Synchrony Financial, Pioneer Natural Resources  |   |
| <b>NON-THEMATIC HOLDINGS</b>   |   |   |
| Individual securities carefully selected for their own risk/reward merits. Some holdings are possible components of future themes. | Moody's, Verisk Analytics, TRACTOR SUPPLY COMPANY, New York Times, Berry, Teledyne, Dollar General, Cable One               |   |

Source: Factset.

\*Company examples are for illustrative purposes only. Stock holdings are subject to change. References to specific stocks and sectors are for informational purposes and do not represent recommendations. Representative portfolios are selected for being constructed most in line with the composite's guidelines.

# 1<sup>st</sup> Quarter Portfolio Transactions



| PURCHASES |                                 |   |
|-----------|---------------------------------|---|
| SYMBOL    | POSITION SIZE AFTER TRANSACTION | RATIONALE   |
| WWD       | 1.25%                           | A leading aerospace and defense supplier with rising content on next-gen platforms. Attractive ~7% FCF yield on management's forecast of ~\$1bn of FCF in 2021 following the merger with Hexcel. Combination with Hexcel reduces Woodward's exposure to diesel internal combustion engines in the industrial segment and increases exposure to more attractive growth in the aerospace sector.  |
| NVCR      | 1.00%                           | Oncology company targeting novel treatment of cancer. We expect revenue growth of 40% in 2019 and 29% in 2020 with pivotal data on 2 <sup>nd</sup> line treatment for non small cell lung cancer next year. Novel technology to treat cancer using radio frequency to stop cancer cell division. Applicable to many cancer types  |
| ENTG      | 1.50%                           | At \$7 Bln ENTG fits the Midcap profile. Potential purchase of an electronics spin-off from DuPont could be accretive. The visibility regarding the positive secular shifts which are influencing the chip end- market continue to improve. With its diverse product offering, attractive growth prospects, and margin expansion potential, ENTG stands out among the electronic chemicals suppliers.   |
| ARGX      | 1.50%                           | Unique clinical stage biotech company focused on antibody development with a unique toolset to create engineered antibodies. Lead asset (ARGX 113) has had excellent data so far. Ph3 data read-out is expected in 2H20. Potential peak sales of 4 known indications could be \$4B. Emerging Growth company   |
| OKTA      | 1.25%                           | A leader in Identity and Access management. Still in the early stages of a mainstream adoption of modern cloud software – shift drives demand for next-gen, cloud native infrastructure solutions. Tailwinds of Cloud adoption and Hybrid IT, Digital transformation, Zero Trust security. High growth subscription model, powerful network effects, Substantial operating leverage with a large TAM. We expect it to grow 25-30%+ over the next 3-5 years with FCF margin leverage (current 1.5% to 20-30% over the next 3-5 years)  |
| ZEN       | 1.00%                           | Industry leader in customer service and engagement software. Retention rates of 115-120%. Support (80% of revenue from existing customers); expanding into CRM and marketing automation. TAM \$20B and growing rapidly (about 12% yearly) – could be 3x larger in the long run. Topline (35-39% last 3 years), expected to grow 25-30%+ next 3 years. GMs (74% expected to expand to 77%) and OMs 4.6% expected to expand to 8+% over the next couple of years. Minimal Capex (4% of sales); Strong Free Cash flow growth (\$40mm in 2019 to \$177MM in 2021) High Switching costs, ROIC >cost of capital, which we believe will continue for the next few years. |
| HEI/A     | 1.25%                           | Aerospace and Defense supplier with a strong after-markets component. Flight Support Group (60% of sales, 20% Oms and 50% of EBIT) and Electronic Technologies group (40% of sales, 29% Oms and 50% of EBIT) make up the segments. 15-20% EPS growth with a PEG of 1.5-2x (vs Mkt at 2x)  |
| MSI       | 1.50%                           | Communications provider with big exposure to the resilient public and emergency personnel. Software content continues to increase with US (60%), Canada (5%) and UK (10%) constituting the bulk of revenues. Stable company with top line of 4-6% and strong cash generation – currently trading at a 6% FCF yield (on 2021 estimates). Existing name in Large cap and QDG  |
| KEYS      | 1.50%                           | Leader in Communications and test and measurement systems. Benefits from 5G deployments in the next few years. Growing top-line at 5-7% with strong cash generations ; trading at 6% FCF yld on 2021 estimates.   |

# 1<sup>st</sup> Quarter Portfolio Transactions



| PURCHASES |                                 |  |
|-----------|---------------------------------|--|
| SYMBOL    | POSITION SIZE AFTER TRANSACTION | RATIONALE  |
| GPN       | 1.50%                           | A global leader in enabling electronic transaction processing. Stable growth benefiting from the payments and processing theme.  |
| DG        | 1.50%                           | Operates 15,500 discount stores in 45 states growing mid-high single digits with strong cash generation.   |
| VEEV      | 1.25%                           | A leading provider of industry cloud solutions for life sciences, revenue increased 28% YOY  |
| DXCM      | 1.00%                           | Secular growth company in medical devices targeting the large and growing diabetes market. Top-line growth of 15-20% with strong operating leverage .  |
| BFAM      | 1.00%                           | Stable growth provider of child care and early education services in US (80% of rev) and UK (16% of rev). Low penetration (4-5%) gives BFAM a long runway. Steady top line growth of 7-9% is driven by higher utilization, pricing and additional business wins.   |
| SCI       | 1.00%                           | SCI is an attractive operator in a very large fragmented industry which has secular opportunities to grow organically via operational excellence (gain share relative to independents) and via tuck-in acquisitions and improving the acquired company's operations. Ageing of the US population is a secular demographic tailwind for SCI although advancements in healthcare will likely be somewhat of a negating factor. SCI embarked on pre-need sales strategy of funeral and cemetery services which has helped its top-line and order growth. This pro-active approach relative to a passive approach by independent operators will continue to help the company gain share and put up higher than normal operating cash flow and earnings growth in future. 4-6% revenue growth expectations. 7-8% operating cash flow growth expectations. Financial leverage and share buybacks leading to ~12% EPS growth. Low maintenance cap ex: 3% of revenues. Rest is growth cap ex i.e. to fund future growth. Plus – tuck-in acquisitions. Valuation: 20x P/levered FCF. Financial leverage: 3.5x Debt to EBITDA. Operations execution risk.                      |
| CABO      | 1.00%                           | Triple play residential and business services provider in 19 states– has a steady business model with potential for continued growth. Benefits from increased penetration of broadband in the less competitive areas of Idaho, Mississippi, Texas, Arizona and Oklahoma (75% of customers). Premium multiple (P/CF of 21x) for a 23% ROE and growing.  |
| SBAC      | 1.00%                           | Operates wireless communications infrastructure with mid-high single digit top line growth rates and strong cash generation .  |
| GH        | 1.00%                           | Deploying excess cash into a high growth cancer diagnostics company on pullback during market volatility. GH is a cancer diagnostics company that is one of the major pioneers of liquid biopsy (LBx)—a method designed to detect, diagnose, and guide treatment for various cancer types with the goal of avoiding unnecessary surgery. Multiple growth drivers in the near term including- G360: FDA approval and national coverage decision for pan-cancer coverage expected around mid-2020. Approval could put G360 as a frontline option across all covered indications. We expect increasing clinical volume as G360 grows among oncologists. Pan-cancer LCD just granted, and we expect more commercial players to get on board, too. With reimbursement pathways in place, attention is also turning to the company's LUNAR-2 study in early cancer detection. First readout in colorectal cancer expected during 2022. Growth of OMNI among biopharma; ASP may also ramp higher. International sales in Japan; market is expected to be 70% of US volume. Ramping sales rep productivity with the goal of \$2M per rep in revenue and scaling reps higher. |
| IRTC      | 1.50%                           | Innovative Medical device company in cardiac rhythm monitoring devices. We expect top-line to grow 30-40% in the next couple of years and generate strong cash flow.   |

# 1<sup>st</sup> Quarter Portfolio Transactions



| SALES  |                                 |   |
|--------|---------------------------------|---|
| SYMBOL | POSITION SIZE AFTER TRANSACTION | RATIONALE   |
| SAGE   | 0.00%                           | Sell discipline. Missed on clinical data results on a pivotal study   |
| KAR    | 0.00%                           | Small position, not willing to add, raise cash. Better opportunities in ENTG                                  |
| WMGI   | 0.00%                           | Being acquired by Stryker for a nice premium (>50% from initial talk). Low probability of a competing offer . |
| DISCA  | 0.00%                           | Risk mgmt. and upgrading the quality  |
| BLUE   | 0.00%                           | Risk mgmt. and upgrading the quality  |
| BGNE   | 0.00%                           | Risk mgmt. and upgrading the quality  |
| FCX    | 0.00%                           | Risk mgmt. and upgrading the quality  |
| UAL    | 0.00%                           | Risk mgmt. and upgrading the quality  |
| BR     | 0.00%                           | To reduce the Tech weighting within sector guideline.   |
| ANSS   | 0.00%                           | To reduce the Tech weighting within sector guideline.   |

## REVIEW

A remarkably strong 2019 is now firmly in the rear-view mirror and feels such a long time ago. The market had climbed a wall of worry and hit record highs despite uncertainties around trade wars and worries over policy errors by the Fed. But all those concerns pale in comparison to the public health and economic fallout from the Coronavirus pandemic. The first quarter is already one for the record books – a story of essentially two halves. The first half of Q1 continued where 2019 left off, with a robust economy and strong earnings growth all but assured. All that changed in a mere matter of three weeks. From its peak on February 19, 2020, the market sell-off that ensued ranks in the worst 0.25% of returns over a three-week span since 1926, though it is worth noting that the market has recovered those losses in the following year 75% of the time<sup>1</sup>.

Large cap indices such as the S&P 500 returned -19.6% in Q1, while the Russell 2000 (i.e. Small Cap) Growth index returned -25.8% and returns from the Russell Mid Cap Growth Index fell somewhere in between (-20.0%) as investors sought safety in larger cap names. However, Growth continued to outperform Value over all market cap ranges in Q1 as a whole, as well as during the market downturn that commenced on February 20th.

The Mid Cap portfolio was down -22.60% (gross) and -22.76% (net) in Q1 vs. a -20.04% decline posted by its benchmark the Russell Mid Cap Growth Index – an underperformance of -256 basis points (gross) and -272 basis points (net). The portfolio underperformance came entirely from the month of January, and the portfolio outperformed its benchmark during the subsequent two months. The Healthcare sector was one of the biggest laggards within the Russell Mid Cap Growth index during January, thanks to the rise of Bernie Sanders in the polls pre-Iowa, so our +516 basis point overweight in that sector was a big headwind. Our exposure to biotech within Healthcare was also a factor.

For Q1 as a whole, three sectors contributed most to the overall performance of the portfolio – namely, Technology, Communication Services (both of which we were overweight in), and Consumer Discretionary (a big underweight in the portfolio). Healthcare and Financials were the main laggards. Cash (2.3% of the portfolio) was another headwind.

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<sup>1</sup> Source: Empirical Research Partners

## OUTLOOK

The spread of the novel Coronavirus (COVID-19) is having a significant negative impact on the global economy and the shutdown that was initiated to contain it is exacerbating the stress. The oil price war is an additional burden that's led to cuts to global capital spending and has pressured high yield credits. The future and its precise trajectory are still unclear. How it all plays out would determine what equity returns are likely to be over the next 12-18 months.

The government and the Fed have initiated swift action to try and shore up the economy in the wake of the massive disruption the pandemic has caused. Rates have been cut essentially to zero, enough liquidity is being provided, and a fiscal stimulus package of \$2 trillion has been enacted. US banks were adequately capitalized going into this crisis and personal balance sheets were also in better shape than they were at the time of the Financial Crisis. All these are powerful forces that can help at least partly mitigate the impact of this pandemic. What we believe can truly turn investor sentiment around would be the approval of a new treatment regimen.

Valuations are beginning to look attractive. On a trailing PE basis, valuation is now back to its 20-year average. Some of the other metrics look more compelling. For instance, the spread between the free cash flow yield of large cap stocks and the 10-year treasury yield exceeds 5% at present, which is the second widest on record.

It is already clear to us that the next couple of quarters are not going to be very pretty. What happens beyond that would depend on the length of the current shutdown. From a portfolio perspective, we are well-represented in companies that benefit from long-term secular growth trends such as cloud computing, personalized medicine, cost containment in healthcare, and innovation more broadly. Many of these are also relatively more insulated from the present situation or are beneficiaries to an extent. Over the last couple of years, we have moved away from brick and mortar retailers. Though it hurt us for a couple of quarters, the move eventually paid off as these retailers succumbed to secular challenges facing the industry. More recently (at the end of Q3), we saw that high yield and investment-grade corporate spreads were getting tighter relative to their own history. Our take was that the market was being too complacent with the tight spreads and that refinancing risk was not being priced-in correctly, and as a consequence we moved away from companies with above-average debt levels. We also moved away from companies with stretched valuations, and those that were growing fast but without generating much cash. All these steps taken together have helped us stay ahead of our benchmark during this crisis, and we expect them to continue to do so in the months ahead.

# Performance Disclosure



As of December 31, 2018

| Year | ASSETS (USD-MILL) |           | NO. OF PORTFOLIOS | ANNUAL PERFORMANCE |        |            | ANN. 3-YR STD. DEV.          |                 | Percent of                   |                         |
|------|-------------------|-----------|-------------------|--------------------|--------|------------|------------------------------|-----------------|------------------------------|-------------------------|
|      | % FIRM            | COMPOSITE |                   | COMPOSITE          |        |            | RUSSELL MID CAP GROWTH INDEX | COMPOSITE GROSS | RUSSELL MID CAP GROWTH INDEX | NON FEE PAYING ACCOUNTS |
|      |                   |           |                   | GROSS              | NET    | DISPERSION |                              |                 |                              |                         |
| 2009 | 0.4%              | 2.0       | 5                 | 68.74%             | 67.53% | **         | 46.30%                       | n/a             | n/a                          | 10.70%                  |
| 2010 | 0.5%              | 4.3       | 9                 | 31.42%             | 30.46% | 0.18%      | 26.39%                       | n/a             | n/a                          | 6.65%                   |
| 2011 | 0.4%              | 3.3       | 9                 | -1.26%             | -2.00% | 0.15%      | -1.67%                       | 26.16%          | 20.82%                       | 8.40%                   |
| 2012 | 0.2%              | 2.7       | 7                 | 17.25%             | 16.38% | 0.06%      | 15.80%                       | 21.24%          | 17.91%                       | 8.80%                   |
| 2013 | 0.1%              | 3.2       | 7                 | 26.91%             | 25.97% | 0.29%      | 35.76%                       | 17.84%          | 14.62%                       | 13.10%                  |
| 2014 | <0.1%             | 3.2       | 7                 | 9.31%              | 8.50%  | 0.29%      | 11.92%                       | 13.80%          | 10.87%                       | 14.06%                  |
| 2015 | <0.1%             | 3.6       | 7                 | 6.11%              | 5.32%  | 0.22%      | -0.18%                       | 12.79%          | 11.18%                       | 13.52%                  |
| 2016 | <0.1%             | 3.9       | 7                 | 9.17%              | 8.36%  | 0.16%      | 7.30%                        | 16.30%          | 12.12%                       | 13.58%                  |
| 2017 | <0.1%             | 8.1       | 13                | 35.98%             | 34.99% | 0.68%      | 25.27%                       | 15.40%          | 10.88%                       | 33.78%                  |
| 2018 | <0.1%             | 14.35     | 26                | 3.52%              | 2.75%  | 0.16%      | -4.75%                       | 16.82%          | 12.82%                       | 8.25%                   |

\*\* Calculation not meaningful. There were fewer than five accounts in the composite for the entire year.

n/a= less than three full years since inception of composite

**Definition of Firm:** Fiera Capital Inc. (FCI), is an investment adviser registered with the U.S. Securities Exchange Commission (the "SEC"). Registration with the SEC does not imply a certain level of skill or training. Fiera Capital Inc. is indirectly wholly-owned by Fiera Capital Corporation (FCC), which is listed on the Toronto Stock Exchange. FCC does not provide investment advisory services in the United States or to U.S. persons. Investment advisory services in the U.S. or to U.S. persons are provided through FCC's US affiliates including FCI. The foundation for the U.S. division was created in 2015, with the combination of Samson Capital Advisors LLC, Wilkinson O'Grady & Co., Inc. and Fiera Capital Corporation's U.S. institutional business development team. Wilkinson was purchased by FCC in 2013 and its name was changed to Fiera Capital Inc. in 2015. Samson was purchased by FCC and became part of FCI in 2015. In 2016, FCI acquired Apex Capital Management and added the team and strategies of Larch Lane Advisors; both of which began operating under FCI as of 2017. On December 1<sup>st</sup> 2018, Wilkinson Global Asset Management separated as an independent and distinct subsidiary of FCI.

**Compliance Statement:** Fiera Capital Inc. claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Fiera Capital Inc. has been independently verified for the periods January 1, 1997 through December 31, 2018. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Mid Cap Growth composite has been examined for the periods January 1, 2016 through December 31, 2018. The verification and performance examination reports are available upon request.

**Composite Description:** The Mid Cap Growth composite was created on May 1, 2008 and includes all portfolios invested in U.S. equities (including ADRs) with strong earnings and growth characteristics and mid capitalizations. The product is benchmarked against the Russell Mid Cap Growth Index. The Russell Midcap Growth Index is a market capitalization weighted index representing the smallest 800 companies in the Russell 1000 Index. The average Russell Midcap Index member has a market cap of \$8 billion to \$10 billion, with a median value of \$4 billion to \$5 billion. The index is reconstituted annually so that stocks that have outgrown the index can be removed and new entries can be added. Typically, the Mid Cap Growth portfolio is similar in composition to the benchmark except to the extent that the firm utilizes ADRs that are not included in the domestic index. Portfolios are generally comprised of individual stocks and cash equivalents. It is not possible to invest directly in an index. Investors pursuing a strategy similar to an index may experience higher or lower returns and will bear the cost of fees and expenses that will reduce returns. FTSE ("Russell") is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of FTSE Russell. Neither Russell nor its licensors accept any liability for any errors or omissions in the Russell Indexes and / or Russell ratings or underlying data and no party may rely on any Russell Indexes and / or Russell ratings and / or underlying data contained in this communication. No further distribution of Russell Data is permitted without Russell's express written consent. Russell does not promote, sponsor or endorse the content of this communication.

**Significant Flows:** Composite policy requires the temporary removal of any portfolio incurring a client initiated significant cash inflow or outflow of more than 20% of portfolio assets. The temporary removal of such an account occurs at the beginning of the month in which the significant cash flow occurs and the account re-enters the composite the month after the cash flow. The significant cash flow policy applies to all periods shown.

**Past performance is no guarantee of future results. Inherent in any investment is the potential for loss.** Performance results include the reinvestment of dividends and interest. Dividends received from ADRs are included net of foreign withholding taxes.

The Firm's list of composite descriptions is available upon request, as well as policies for valuing portfolios, calculating performance, and preparing compliant presentations. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. Gross performance results are presented before management fees, but after all trading commissions. Net of fee performance is net of model management fees and is calculated by deducting the highest applicable annual management fee of 0.75% from the gross composite annual return on a monthly basis.

The minimum asset size, below which portfolios are excluded from the composite is \$100,000.

Dispersion is calculated using the asset-weighted standard deviation.

Fiera Capital Inc. has linked the composite's historical performance to the composite's ongoing performance based on the performance record portability guidance of the GIPS standards.

Valuations and returns are computed and stated in U.S. Dollars.

Prior to 2017, percentage of firm assets was calculated using the total of Apex Capital Management's assets

# Important Disclosures



## PERFORMANCE AND FEES

Past performance is no guarantee of future results. Inherent in any investment is the potential for loss. Net of fee performance prior to January 1, 2018 includes all fees and expenses except custody fees and was calculated using the highest applicable annual management fee of 1%, applied monthly. Thereafter, the highest applicable annual management fee is 0.80%.

Charts and graphs herein are provided as illustrations only and are not meant to be guarantees of any return.

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Portfolio details, holdings and allocations, and characteristics are as of the date noted and subject to change.

## REPRESENTATIVE PORTFOLIO

Representative portfolios are selected for being constructed most in line with the composite's guidelines.

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