

Fiera Canadian Dividend Funds*

FUND COMMENTARY



CANADIAN EQUITY MARKET REACHES ALL-TIME HIGH IN THE FOURTH QUARTER

MARKET REVIEW

Along with most of the rest of the world, the Canadian equity market performed very well during the last quarter of 2019. Despite a slow start, the S&P/TSX Composite Index ended the last quarter of 2019 up 3.2% and reached an all-time high on December 20th, boosted by upbeat economic data from China amid growing optimism over an initial U.S.-China trade deal.

The Information Technology sector outperformed, surging 10.8% in the quarter. The Health Care sector underperformed, losing 5.9% thanks to the unimpressive performance of names in the cannabis sector – which form the bulk of the sector in Canada – due to production issues and weaker than expected demand.

With core inflation hovering near the central bank's target and GDP growing at a 1.3% pace at the last reading, the Bank of Canada reiterated that current monetary policy remains appropriate at this time – barring a severe deterioration in the global backdrop. The Bank of Canada thus ended the year as one of the few major central banks to maintain its policy rate, rather than decreasing it.

PORTFOLIO REVIEW

PERFORMANCE (10/21/2019 – 12/31/2019) ¹ – Gross of Fees	
Fiera Canadian Dividend Class	2.99%
S&P/TSX Composite Index	4.10%
Value added	-111 bps
PERFORMANCE (Q4 2019) – Net of Fees	
Fiera Canadian Dividend Class, Dividend, Series A	0.81%
S&P/TSX Composite Index	3.17%
Value added	-236 bps

Power Financial Corp (PWF) was the strategy's largest contributor in Q4, up over 15% in the quarter, and 43% for the year. PWF is a holding company controlled by the Desmarais family, a long-term focused owner aligned with shareholder interests. Power Financial has interests in Great-West Life, IGM Financial and Pargesa – a collection of businesses with strong, durable franchises. In the quarter, the Power group of companies announced a transaction to simplify the corporate structure (i.e. Power Financial shareholders will receive Power Corp shares plus some cash). This resulted in an immediate

realization of value for shareholders in Q4. Post-transaction, the strategy will have an ownership interest in Power Corp, with a similar exposure to high quality underlying businesses.

Among the largest detractors in the quarter was Restaurant Brands, down nearly 12% in Q4. The company has built a portfolio of global restaurant chains including Burger King, Tim Hortons, and Popeye's. Restaurant Brands has benefitted from a highly-franchised business model (i.e. low capital and expense requirements), with a strong focus on profitably growing each brand across the world. More recently, Tim Hortons has seen some easing in same-store-sales growth resulting in share weakness. Over the long-term, we continue to see these brands resonating despite some of this quarter-to-quarter noise and see Restaurant Brands as a value compounder. It is also worth noting that despite a weaker share price in Q4, Restaurant Brands shares delivered a nearly 20% return for the full year.

CHANGES MADE BY THE PORTFOLIO MANAGER

The portfolio was transitioned to its new portfolio manager in October 2019, who immediately implemented their investment philosophy.

The portfolio is underweight Energy and Materials while overweight Consumer Staples, Financials and IT.

	ACTIVE WEIGHT (%)	PORTFOLIO WEIGHT (%)	INDEX WEIGHT (%)
Equity	-1.63	98.37	100.00
Energy	-6.60	11.67	18.27
Materials	-7.83	2.49	10.33
Industrials	1.35	12.47	11.12
Consumer Discretionary	-0.90	2.88	3.77
Consumer Staples	6.53	10.76	4.23
Health Care	-0.22	0.00	0.22
Financials	5.75	40.88	35.13
Information Technology	2.75	4.68	1.93
Communication Services	1.19	7.19	6.00
Utilities	0.14	5.35	5.22
Real Estate	-3.79	0.00	3.79
Cash and Money Market	1.63	1.63	0.00

¹ On October 18, 2019, the sub-advisor for the funds was changed from Cidel Asset Management Inc. to Fiera Capital Corporation. Changes in the investment strategies of the funds were made because of the sub-advisor change.

MARKET OUTLOOK

Investors in our strategy have the benefit of an investment team with a solid long-term track record of performance, and a focus on capital preservation. Our commitment remains to investing in high-quality companies with a demonstrated ability to compound intrinsic value over time, with our portfolio continuing to trade at a discount to intrinsic value.



NESSIM MANSOOR, CPA, CA, CFA
HEAD OF CANADIAN LARGE CAP EQUITIES



NICHOLAS SMART
PORTFOLIO MANAGER, CANADIAN EQUITIES



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▶ For more information about Fiera Canadian Dividend Funds, please contact your financial advisor.

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IMPORTANT DISCLOSURES

* On July 3, 2019, the issued and outstanding shares of Natixis Investment Managers Canada Corp (the holding company of the manager) were acquired by Fiera Capital Corporation. The name of the manager of the Natixis Canadian Dividend Funds was changed to Fiera Investments LP. On July 12, 2019, the Natixis Canadian Dividend Funds were renamed Fiera Canadian Dividend Funds.

As of December 31, 2019. Performance for the Fiera Canadian Dividend Class, Dividend, Series A — 1 month: -0.9%; 3 months: 0.8%; 6 months: 2.4%; 1 year: 13.0%; 3 years: 2.8%; 5 years: 2.8% and 10 years: 5.4%. Performance for the Fiera Canadian Dividend Registered Fund, Series A — 1 month: -0.9%; 3 months: 0.8%; 6 months: 2.3%; 1 year: 12.8%; 3 years: 2.8%; 5 years: 2.8% and 10 years: 5.3%.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in share value and reinvestment of all distributions and does not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

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