

ACTIVE AND STRATEGIC FIXED INCOME – SHORT/MID TERM

Formerly: Fiera CGOV Fixed Income

Inception Date February 1, 2005	Performance Benchmark 50% FTSE Canada Short Term, 50% FTSE Canada Mid Term	Currency CAD
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STRATEGY DESCRIPTION

Our active management approach adapts to changes in the economic, financial and political environments. With a focus on yield enhancement and capital preservation, the strategy aims to maximize the return per unit of risk with a low level of volatility (information ratio equal or greater than 0.50). We use four potential value-added sources and employ four types of analysis (fundamental, technical, sentiment and seasonality) around a well disciplined and structured process that invests in high quality securities. Specific risk metrics are calculated periodically to minimize the default risk, and to maintain the calibration of each strategy within the overall risk budget of the portfolio.

HIGHLIGHTS

Style	Active, Core
Process	Fundamental top-down, multi-strategy
Turnover	Moderate
Duration	Benchmark \pm 1 year
Corporate positioning	Underweight BBB
Strategy AUM	\$155 Million (As at March 31, 2021)

INVESTMENT DECISIONS

	CGOV Fixed Income
Systematic Bias	40%
Portfolio Optimization	10%
Tactical Bias – Short-Term	50%
Tactical Bias – Short-Term (Overlay)	0%
Value Added Objective	0.50%

INVESTMENT APPROACH SUMMARY

Committees	4 Types of Analysis	4 Sources of Value Added
<ul style="list-style-type: none"> > Fixed Income Strategy > Portfolio Revision > Credit > Research 	<ul style="list-style-type: none"> > Fundamental > Technical > Sentiment > Seasonality 	<ul style="list-style-type: none"> > Duration: 20% > Curve: 20% > Sector Allocation: 50% > Security Selection: 10%
Promotes sound discipline and synthesis	Rigorous process	Magnitude of the sources of value added varies according to the market environment

WHY INVEST IN THIS STRATEGY

- > Consistency and solid performance in different types of market environments
- > Strong risk-adjusted returns as reflected by an excellent Information Ratio
- > Support yield enhancement (“carry”) through asymmetrical investment decisions
- > High quality portfolio with conservative approach to corporate bonds selection
- > Continuous and rigorous risk management through disciplined investment process

PERFORMANCE (%)

As of June 30, 2021

PER PERIOD AND CALENDAR YEAR PERFORMANCE												
	Q2 2021	YTD	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Portfolio	1.18	-1.45	8.42	4.77	1.95	1.11	2.01	3.45	5.89	0.92	3.44	8.31
Benchmark	0.83	-1.76	7.67	4.43	1.91	0.53	1.32	3.74	6.08	0.56	3.33	7.72
Added Value	0.35	0.31	0.75	0.34	0.04	0.59	0.68	-0.29	-0.19	0.36	0.11	0.59
ANNUALIZED PERFORMANCE												
	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years	SI	
Portfolio	0.60	3.59	4.39	3.36	2.82	2.89	3.16	3.39	3.16	3.60	4.42	
Benchmark	-0.34	2.92	3.89	2.93	2.27	2.50	2.86	3.10	2.84	3.28	3.99	
Added Value	0.95	0.67	0.50	0.43	0.55	0.39	0.30	0.30	0.32	0.31	0.43	

Past performance is not a guarantee or indicator of future results. Inherent in any investment is the risk of loss.

Composite returns, presented gross of management fees

YTD = Year to Date; SI = Since Inception

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RISK/RETURN ANALYSIS (%)

	Portfolio	Benchmark
Annualized return (%)	4.42	3.99
Beta	1.10	1.00
Standard deviation (%)	3.03	2.70
Information ratio	0.60	n/a
Sharpe ratio (1.50% ¹)	0.96	0.92

Composite, Since inception

1. Risk-free Rate of return

PORTFOLIO STRUCTURE – DURATION

	Portfolio	Benchmark	Difference
AVG coupon (%)	3.02	2.44	0.58
Yield (%)	1.60	1.34	0.25
Adjusted modified duration (Year)	4.98	4.89	0.09
Modified Duration by Sector			
Cash and money market	0.00	0.00	0.00
Canada	0.11	1.97	-1.86
Provincials/Municipals	3.28	1.74	1.54
Corporates	1.59	1.19	0.40
Modified Duration by Term			
Short (< 3 years)	0.45	0.55	-0.10
Mid (3 to 5 years)	0.58	0.86	-0.28
Long (> 5 years)	3.95	3.48	0.47

PORTFOLIO POSITIONING (%)²

Sector Allocation

Sector	Portfolio	Benchmark
Cash and money market	0	0
Canada	2	42
Provincials/Municipals	62	31
Corporates	36	27

Curve Positioning

Duration	Portfolio	Benchmark
< 3 years	26	28
3 to 5 years	14	22
> 5 years	61	50

Credit Rating Allocation

Rating	Portfolio	Benchmark
AAA	10	45
AA	43	29
A	28	12
BBB	16	13

2. Totals may not sum to 100% due to money market holdings or non-rated securities.

PORTFOLIO MANAGEMENT TEAM

Team member	Role	Experience
Charles Lefebvre, CFA, FRM	Senior Portfolio Manager	1994
Christopher Laurie, BSc, MBA, CFA	Senior Portfolio Manager	1987
Luc Bergeron, MSc	Portfolio Manager	1994
Tan Vu Nguyen, CFA	Portfolio Manager	1994
Jean-Guy Mérette, BBA	Portfolio Manager	1983
Olivier Audette Génier, MSc, CFA	Assistant Portfolio Manager	2013
Nicolas Vaugeois, MSc, CFA	Portfolio Manager	2011
Alexandre Cousineau, MSc, CFA, CAIA	Portfolio Manager	2013

They are supported by an analyst. They also draw on the expertise of the entire fixed income team, which boasts two distinct trading desks in Montreal and Toronto. Investment decisions are made by consensus amongst the investment team.

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