

Managed Portfolios

Fiera Balanced

Quick facts

Inception date:
November 30, 2018

Asset class:
Balanced

Minimum investment:
\$100,000

Avg. number of holdings:
20-35

Investment manager:
Fiera Capital

Investment manager assets under management:
\$159B

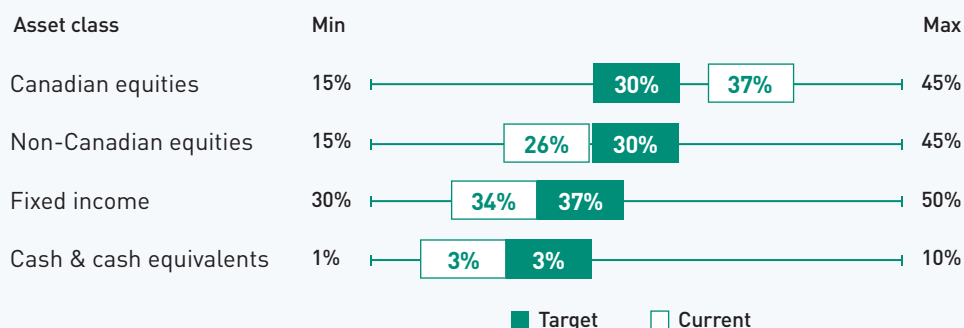
Portfolio risk:



What does the Portfolio invest in?

The portfolio invests in a diversified portfolio of Canadian and foreign equity securities, fixed-income securities, exchange traded funds (ETFs), and money market instruments and/or cash equivalents.

Asset allocations



- Equities: the minimum market capitalization will be \$1 billion dollars (CAD and/or USD equivalent) at the time of purchase and invested in at least six out of 11 GICS (Global Industry Classification Standard Sectors)
 - Canadian equities: Target 5-15 securities
 - Non-Canadian equities: Target 15-20 securities
- Fixed income: Fiera Core Plus Canadian Bond Universe Fund will be used

Suitable for investors whose objective is to achieve long-term capital growth, and is not intended for investors with a short-term investment horizon.

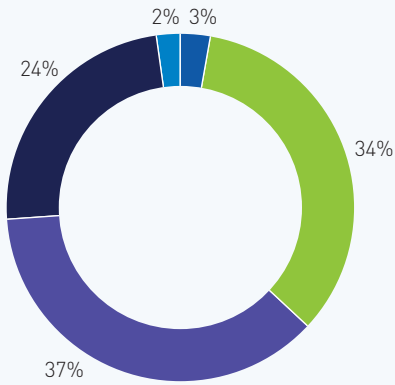
Top ten holdings¹ (excluding cash and cash equivalents) %

1. Fiera Core Plus Canadian Bonds Universe Fund	35.6	6. Dollarama	3.0
2. Visa Inc	3.9	7. Metro Inc	3.0
3. Thomson Reuters Corp	3.5	8. Costco	2.9
4. S&P Global Inc	3.4	9. TMX Group Limited	2.9
5. Cdn Natl Railway	3.1	10. Danaher Corp	2.9

Performance

	QTD	YTD	1 yr	3 yr	5 yr	Since inception (Annualized)
Portfolio	6.4%	13.5%	21.6%	4.7%	6.2%	7.2%
Benchmark	6.7%	13.1%	22.8%	6.5%	8.0%	8.6%

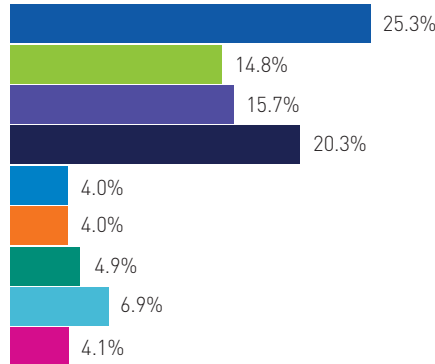
Asset allocation¹



- Cash
- Fixed income
- Canadian equities
- US equities
- International equities

Fixed income allocation

Core Bond Pool Sector Allocation

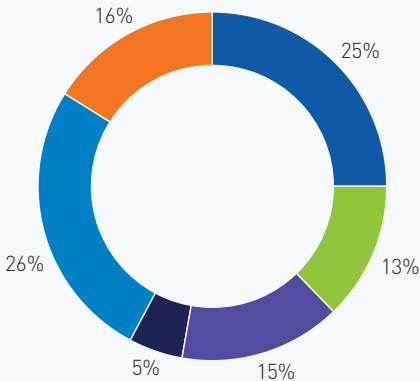


- Federal Bonds
- Provincial Bonds
- Municipal Bonds
- Investment Grade Corporate Bonds
- High Yield Corporate Bonds
- Commercial Mortgages
- Private Debt
- Real Estate Financing
- Infrastructure Debt

Credit quality	Portfolio (%)
AAA	25.5
AA	28.4
A	9.2
BBB	15.2
Below BBB	4.1
Non Rated Securities	17.6
	100.0

Current Yield: 3.74%

Equities sector allocation^{1,2}



- Industrials
- Consumer Discretionary
- Consumer Staples
- Health Care
- Financials
- Information Technology

Average market cap. \$226B

Repositioning for Q4 2024

No change for Q4 2024.

Quarterly commentary

Market Review

Following the broad market downturn during the spring, the third quarter saw a sustained rally across most sectors of the TSX. Despite ongoing uncertainty around consumer demand and ever-present global geopolitical risks, interest rate cuts in both the US and Canada helped boost the Canadian Market to its largest single-quarter rise in more than 4 years. The strongest performing sectors during the quarter were Real Estate and Utilities, with Energy and Communication Services amongst the biggest laggards.

During the third quarter of 2024, the continued gradual decline in inflation and signs of a slowing Canadian economy led the Bank of Canada to lower its key interest rate in July and September, both by 0.25%. In the U.S., the U.S. Federal Reserve chose to reduce the policy rate range by 0.50% as inflation slowed throughout the quarter. It should be noted that during the quarter, credit spreads on corporate bonds narrowed.

As the third quarter drew to a close, investors are expecting the Bank of Canada to continue on the path to lower rates.

The yield on a 10-year Government of Canada bond decreased from 3.46% to 2.95%. During the quarter, we maintained a longer duration than the Index.

Attribution Analysis

Equities

In the third quarter of 2024, the equity component slightly underperformed its benchmark.

Among the leading contributors to performance over the quarter were S&P Global and McDonald's. S&P Global Inc. is a global provider of financial information and analytics. The company operates six business units through which it provides ratings, market intelligence, index data, and pricing information to financial market participants around the globe. S&P Global benefits from an established and trusted brand as well as the critical nature and high-switching costs associated with its services. In recent years the company has significantly expanded its analytics offering and has benefited from a resurgence in bond issuance following a slower period in previous years. McDonald's Corporation is the largest fast-food chain in the world with more than 40,000 outlets in over 100 countries. The company benefits from its strong brand and market share as well as its ability to innovate both its operations and its product offering to best serve its clients. The company is currently focused on optimizing their value offering as clients are increasingly price conscious.

Significant detractors over the quarter were Thomson Reuters and Nestle. Thomson Reuters is a leading provider of information-enabled software solutions. They have these industry-leading digital tools to help professionals in the legal, tax, accounting and compliance fields. The company has a strong balance sheet, consistent pricing power and a resilient profile from the critical products and services they provide to their clients. Thomson Reuters has been proactive in evolving to meet the demands of a changing market and is investing in its generative AI capabilities through strategic acquisitions. Although the speed of the technological advances will likely outpace client adoption and regulatory updates, we expect the company to continue this trend of forward thinking and innovation. The company's share price remained relatively flat over the quarter following very strong performance over the last 12 months. Nestle is a multinational food and beverage corporation. As the largest publicly held food company in the world, the company benefits from diversified product list as well as strong brand and pricing power. The stock was down during the quarter as the company experienced increased competition and slower demand in certain product categories.

Fixed Income

The quarter continued with heightened volatility as financial markets reacted to shifts in interest rate expectations and the aggressiveness of potential cuts. In July, there was a notable repricing of interest rates, with a sharp decline in the 10-year segment. This showed up differently across traditional and alternative investment sectors, impacting returns in separate ways. The marked change in July in terms of interest rates along the curve bore fruit for the Portfolio and further substantiated our outlook for an economic slowdown and that peak interest rates had been reached for the cycle. The fixed income component exhibited resilience amid this environment, with alternative investments adding to performance, with duration positioning also adding and traditional credit detracting. July and September marked further cuts with the Bank of Canada's decision to cut the overnight rate by 0.25% at each occasion. In line with these rate movements, during the quarter, the Portfolio positioning with regards to duration was the largest contributor, reflecting our adaptive strategy to changing interest rate dynamics and economic conditions.

At the beginning of the quarter, the Portfolio was strategically positioned with a significant underweight in federal bonds and provincial bonds with a notable overweight in municipal bonds and selectively in alternative credit sectors to capture higher yields and

Quarterly commentary continued

diversification benefits. Our traditional credit positioning detracted 0.25% during the quarter as our underweight to Canadian corporate credit and provincial credit was a detractor as spreads ground tighter over the quarter. Real estate financing provided solid returns adding 0.04%, whilst infrastructure debt and diversified lending slightly detracted by 0.01%. The high yield sector moved tighter over the quarter, adding 0.09%. Whilst Commercial mortgages and private debt added 0.03% and detracted 0.05% during the quarter respectively.

Despite a volatile quarter, the fixed income component outperformed its benchmark. Throughout the year, we maintained a defensive posture with a focus on high-quality credit and strategic duration management, specifically with regards to duration management, adjustments were made to capitalize on opportunities presented by rate cuts while remaining cautious of potential upward pressure on rates.

Outlook

Looking ahead, we anticipate continued economic and inflationary pressures influencing central bank policies globally. Our strategy remains centered on navigating uncertainty while seeking attractive risk-adjusted returns. We will closely monitor indicators such as inflation data and economic growth metrics to inform future Portfolio adjustments. Although challenges posed by interest rate fluctuations and sectoral performance variations, our disciplined approach to diversification and risk management has enabled us to deliver competitive performance aligned with our benchmarks.

The Portfolio continues to be composed of high-quality businesses that can withstand tough times. The Portfolio is currently trading at an attractive discount to its intrinsic value. Both elements should position the Portfolio well for long-term compounding of returns.

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Investment manager overview

With more than \$180 billion in assets under management, independent firm Fiera Capital is one of Canada's leading investment managers recognized for its excellence in portfolio management, innovative and personalized investment solutions, and its ability to surpass client expectations. Fiera offers a unique expertise in both traditional and absolute return investment strategies.

Management style

Canadian equities (GARP³) Global equities (GARP³) Fixed income (Core Plus)

Investment philosophy

Fiera targets to deliver a superior portfolio by investing in a focused number of companies run by great management teams diversified across global regions and industries. In addition, the manager also believes in active bond management that adapts to changes in the economic, financial and political environments to deliver value.

Investment process and risk controls

Fiera conducts a thorough fundamental research to implement their equity strategy. They believe that focusing on a concentrated model of 25 equity companies enables them to become familiar with all critical aspects of a business. The manager follows 10 internally developed company criteria which consist of both qualitative and quantitative metrics.

The fixed income component employs 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.

Key strengths

- Disciplined investment approach based on in-depth fundamental analysis
- Rigorous research and risk management process
- Superior and consistent performance
- Committed to integrating environmental, social and governance (ESG) criteria into the firm's investment processes, and how they do business
- Fiera is a United Nations Principles for Responsible Investment (PRI) signatory⁴

About Aviso Wealth

Aviso Wealth is part of Aviso, one of Canada's largest independent wealth management firms. Owned by the credit unions, we serve hundreds of thousands of investors at credit unions across Canada.

With approximately \$130 billion of assets under administration and management, Aviso has the resources to bring the best products and services to credit unions and their members. Invest with confidence, with your credit union and Aviso.

- Nearly 30 years as the wealth management provider to credit unions across Canada.
- One of Canada's largest independent wealth management firms.
- Parent company of Aviso Wealth, NEI Investments, and Qtrade.
- Owned by Canada's credit unions and Desjardins.



¹ As of September 30, 2024 after quarterly rebalancing unless otherwise stated.

² Dividend Yield (Equities) 1.30%

³ GARP (Growth at a reasonable price)

⁴ Tobacco and weapons companies are screened-out of portfolios. Tobacco: Exclude tobacco companies and companies that derive a material portion of their revenue from tobacco-related products such as filters, rolling papers or packaging, or from the sale of tobacco or tobacco-related products. Applies to equity holdings only. Weapons: Exclude companies that derive revenue from military contracts that violate International Humanitarian Law (IHL), and nuclear weapons contracts; companies that derive a material portion of their revenue from the manufacture of legal weapons systems and/or tailor-made components for these weapons systems; and companies whose activities are connected with the manufacturing of automatic or semi-automatic weapons intended for civilian use, or derive a material portion of their revenue from the sale or distribution of such weapons. Applies to equity holdings only.

Indicated rates of return are calculated using the time-weighted rate of return methodology for the period ended, September 30, 2024, and do not take into account management expenses, custodial fees, account sales, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns.

Benchmark Index: 40% FTSE TMX Canada Universe Bond/30% S&P/TSX 60/30% MSCI World Net (CAD).

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