Q1 2024

OnPoint 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:
$161B

Portfolio risk:

Medium

OnPoint Managed Portfolios are distributed by *Aviso Wealth.*

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

Asset class	Min			Max
Canadian equities	15%	30%	36%	45%
Non-Canadian equities	15%	27%	30%	45%
Fixed income	30%	35%	37%	50%
Cash & cash equivalents	1%	2%	3%	10%

- 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.

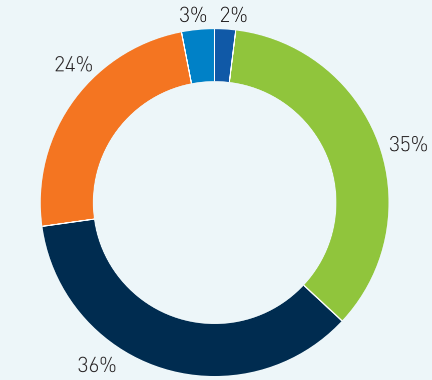
Top ten holdings[1] (excluding cash and cash equivalents) %

1.	Fiera Core Plus Canadian Bonds Universe Fund	36.1
2.	Visa Inc	4.2
3.	Cdn Natl Railway	3.7
4.	Thomson Reuters Corp	3.4
5.	S&P Global Inc	3.0
6.	Microsoft Corp	2.9
7.	Toronto Dominion Bank	2.8
8.	Danaher Corp	2.8
9.	Metro Inc	2.7
10.	Toromont Inds Ltd	2.7

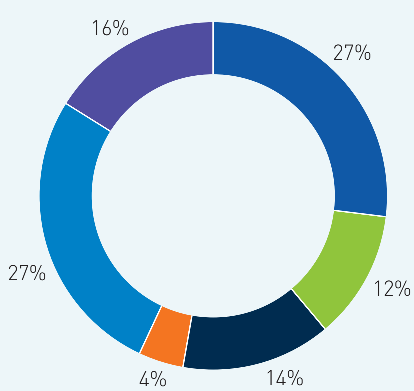
Performance

	QTD	YTD	1 yr	3 yr	5 yr	Since Inception (annualized)
Portfolio	5.4%	5.4%	8.1%	4.1%	6.0%	6.4%
Benchmark	4.8%	4.8%	12.5%	5.8%	7.3%	7.6%

Asset allocation[1]

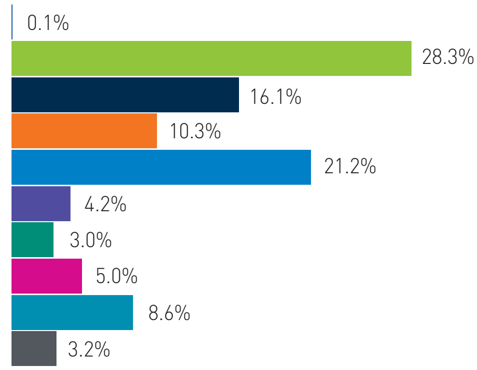


Equities sector allocation[1,2]



Average market cap. $234B

Fixed income allocation



Credit quality	Portfolio (%)
AAA	29.2
AA	24.3
A	10.9
BBB	14.7
Below BBB	4.2
Non Rated Securities	16.6
Cash and Money Market	0.1
	100.0

Current Yield: 4.10%

Repositioning for Q2 2024

There was no transaction for the quarter.

Quarterly **commentary**

Market Review

During the first quarter of the year, the optimism of 2023 shifted to uncertainty against a backdrop robust inflation and declining productivity in Canada. For the first time in almost three years, the Canadian stock market was positive for 3 consecutive months, but the composition of the rally was vastly different from the market of last year. Technology stocks abated slightly as commodity stocks led the way especially late in the quarter reflecting rising prices and more resilient geopolitical uncertainty. The strongest-performingsectors in the 65% MSCI World +35% S&P/TSX Composite during the quarter were Information Technology (16.14%) and Energy (12.84%), Utilities (1.52%) and Real Estate (1.92%) the biggest laggards.

The first quarter wrapped up on a positive note, with solid growth data in the United States offsetting the environment of still-hot inflation and the latest Fedspeak that has reinforced bets officials will be in no rush to cut interest rates. Hopes for a so-called "soft landing" catalyzed a market rally that sent many global equity indices to new record highs. Following a significant rally late in 2023 due to high expectation of rate cuts from Central Bankers among developed economy, the first quarter of 2024 saw expectation on that front being readjusted. Sign of resiliency of the economy and inflation in the services component still hovering at level considered too high for central banker led the way to US 10-year yield moving from 3.88% to 4.25%. On the credit side, growing expectation of a soft landing led credit spread tighter and at level not seen since 2021. Specifically in Canada, the FTSE Canada Universe Bond Index declined by 1.2% in the quarter.

In the United States, the disinflationary impulse from 2023 stalled-out in early 2024, while resilient growth and a relatively tight labor market have brought into question calls for multiple rate cuts this year. The Federal Reserve's preferred gauge of underlying inflation, the core personal consumption expenditures (PCE) price index, came in hot for a second straight month in February.

The Canadian economy kicked off 2024 on a solid note and grew by 0.6% m/m in January, while the advanced reading for February is calling for another healthy 0.4% m/m print. Combined, the monthly gains show that first quarter gross domestic product (GDP) is tracking significantly higher than the Bank of Canada's forecast of 0.5% quarter-on-quarter annualized. This presents a difficult balancing act for the central bank. On the one hand, the Bank of Canada has received encouraging evidence that inflation is cooling. The consumer price index (CPI) rose 2.8% y/y in February – the slowest pace since June. Meanwhile, the Bank of Canada's two preferred core inflation measures also slowed, averaging 3.15% y/y from 3.35% y/y a month earlier. Still, the core metrics are running faster due to sticky shelter inflation that's running at 6.5% y/y. However, strong GDP data prints are likely to keep the central bank patient for now. Indeed, Governor Macklem recently said policymakers need to "give higher rates more time to do their work."

Canadian government yields retraced the prior quarter moves. The Canadian 10-year yields backed up from 3.11% and 3.47%, over the quarter.

Attribution Analysis

Equities

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

Among the leading contributors to performance over the quarter were Otis and Costco. Otis is a leader in the manufacturing, marketing, and servicing of elevators and escalators around the world. The company benefits from a strong brand, high barriers to entry, and stable recurring revenue. Otis also has a high level of geographic diversification within its revenue base which has allowed it to be more resilient in different economic environments. Costco is an American multinational corporation and one of the largest retailers in the world. The company operates a chain of membership only retail stores providing consumers with a wide variety of goods. Costco's unwavering commitment to their value proposition of providing diversified bulk products at discounted prices has allowed them to continue to maintain and grow market share and benefit from consumers search for inflation relief.

Significant detractors over the quarter were Zoetis and S&P Global. Zoetis is American drug company that is the world's largest producer of medicine for pets and livestock. The company has a global footprint, selling and marketing products in more than one hundred countries around the world. During the quarter, the stock was down due slowdown in demand from China as well as increased competition from industry peers. S&P Global Inc. is a global provider of financial information and analytics. The company operates six business units through which 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 including its acquisition of UK information services firm IHS Markit in 2020. Despite a strong 2023, the stock was down early this year on more conservative guidance and outlook from management.

Fixed Income

During the quarter, the Fiera Canadian Core Plus Universe Bond strategy outperformed its benchmark by 0.68% on a gross return basis. The credit allocation across public investment and non-investment grade was a positive contributor as spreads rallied. Allocations across plus segments was largely maintained over the quarter. The Fund added value over the quarter with positive returns across private corporate, real estate and commercial mortgage strategies. Notably, our core position in the Canadian Real Estate Debt strategy has been thriving in the rising interest rate environment given that 100% of the Fund is in floating rate loans. Conversely, exposure to long maturity high quality infrastructure debt detracted from performance due to its longer duration profile. Furthermore, the long relative duration position was also a detractor.

We remain overweight credit in general, across public and privates, however the Fund's allocation was 23% at the end of the quarter, slightly below the neutral plus target allocation of 25%.
The strategy had a 0.83% yield advantage relative to the benchmark at the end of the quarter.

Outlook

Signs of economic and inflationary slowdown indicate that we have potentially reached a ceiling on interest rates. We are working with our baseline assumption, which calls for the Federal Reserve, Bank of Canada, and European Central Bank to maintain their current rate levels for early 2024, with the first cuts starting in the summer of 2024. In relation to our baseline assumption, we are keeping a very close eye on service inflation, which remains relatively high and could delay the first-rate cuts. Although we cannot rule out further upward pressure on interest rates and/or credit spreads, according to our baseline assumption, we are well positioned to weather this period of uncertainty and volatility (including an economic slowdown) and offer historically attractive returns per unit of risk.

We expect the lagged flow through of previous rate hikes and the high cost of capital to continue to flow through to the economy over the next several quarters and slow the economy. This makes us cautious and is leading to defensive positioning. We have meaningfully reduced high yield exposure since mid-2023 following the significant rally across the higher quality cohort in the below investment grade space. Canadian and US economic growth is diverging, however, we are not yet clear of higher and sticky inflation, but progress in Canada is being made. Labour markets have remained strong, but we expect the unemployment rate to rise as restrictive monetary policy continues to work its way through the real economy. We anticipate the year will be one defined by volatile price action and quickly shifting macro narratives.

Given these risks and the current level of interest rates, we will maintain the portfolio duration modestly longer than that of the Index. In addition, we remain focused on an overweight to mid-term bonds that would benefit from a steepening of the Government of Canada curve that would be driven when rate cuts materialize. Given the economic outlook, we will continue to be selective and prudent in corporate bonds where relative value opportunities are present and underweight provincial bonds. We believe the allocations to plus sector will provide diversification and yield enhancement in market that is expected to be volatile over the next year.

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.

About Aviso Wealth

Owned by credit unions, Aviso Wealth Inc. is one of Canada's largest independent wealth management firms, serving virtually all of Canada's credit unions and a range of independent financial organizations.

With approximately $100 billion of assets under administration and management, Aviso Wealth has the resources to bring compelling products and services to credit unions and their members, along with the scale, stability and financial strength of an established national wealth manager.

You can invest with confidence, with Aviso Wealth.

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 (GARP[3]) Global equities (GARP[3]) 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) signatory[4]

[1] As of March 31, 2024 after quarterly rebalancing unless otherwise stated.

[2] Dividend Yield (Equities) 1.36%

[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, March 31, 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).

Please be advised that the information contained herein does not constitute investment advice and it should not be relied on as such. Past performance is no guarantee of future results. The information contained in this report was obtained from sources believed to be reliable; however, we cannot guarantee that it is accurate or complete.

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Aviso Wealth Inc. ('Aviso') is a wholly owned subsidiary of Aviso Wealth LP, which in turn is owned 50% by Desjardins Financial Holding Inc. and 50% by a limited partnership owned by the five Provincial Credit Union Centrals and The CUMIS Group Limited.

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