

LDI Overlay Strategies

Currency
CAD

Strategy Description

The strategies seek to provide exposure to different government bond sectors and terms approximately equal to 3 times the capital invested, so as to provide capital efficient duration extension. A risk-factor based efficient replication approach is used to efficiently replicate the target bond exposure and repurchase agreements (or REPOs) are used to finance the purchase of additional bonds beyond the capital invested (though other instruments may also be used). The investment objective for the strategy is to achieve benchmark-like returns, adjusted for leverage and funding costs. The strategies can also be combined, including with other Fiera strategies, to achieve a desired duration and yield profile.

What Is a Liability-Driven Investment?

A liability-driven investment (LDI) is an investment approach that seeks to support future financial obligations with income-producing assets. It is commonly used by liability-focused institutional investors such as defined benefit pension plans and insurance companies to manage cash flows and mitigate interest rate risk.

Highlights

Style	Passive
Process	Risk-factor based efficient replication
Target Leverage	3x
Strategy AUM ¹	\$2.2 Billion (As at March 31, 2026)

1. Capital invested.

Investment Approach Summary

1 Diligent monitoring of the index

2 Risk factor analysis

3 Efficient implementation

4 Ongoing monitoring

Why Invest in These Strategies

- Capital efficient duration extension
- Building blocks to construct portfolios that provide targeted duration exposure (e.g., to match a pension plan liability structure)
- High-quality fixed income assets
- Benchmark-like performance in different types of market environments

LDI Overlay Strategies

Strategy		Inception Date	Exposure Benchmark
● Fiera 3X Long-Term Provincial Strategy	(3X LT Prov)	April 1, 2010	FTSE Canada Long Term Provincial Bond Index ²
● Fiera 3X Mid-Term Provincial Strategy	(3X MT Prov)	December 7, 2021	FTSE Canada Mid-Term Provincial Bond Index ²
● Fiera 3X Synthetic Provincial Return Bond Strategy	(3X RRB)	July 1, 2012	FTSE Canada Real Return Bond Index ²

2. For performance purposes, the exposure benchmark is adjusted to account for the actual leverage that is employed in the strategy, with an assumed funding cost equal to the Overnight Index Swap (OIS) 3-Month rate plus 20 basis points. Prior to July 1st, 2024, the Canadian Dollar Offered Rate (CDOR) 3-Month rate was used as the funding cost benchmark. For the 3X RRB strategy the benchmark performance accounts for the actual leverage and exposure to the provincial credit spread overlay.

Performance Summary (%)

As of March 31, 2026

	Q1 2026	YTD	1 Year	3 Years	5 Years	10 Years	SI
● 3X LT Prov	-2.04	-2.04	-13.21	-7.13	-14.90	-5.05	4.03
● 3X MT Prov	-0.18	-0.18	0.97	3.47	-	-	-3.37
● 3X RRB	2.33	2.33	-4.36	0.71	-5.19	2.01	1.43

Past performance is not a guarantee or indicator of future results. Inherent in any investment is the risk of loss. Performance returns are annualized for periods of 1 year and up.

Presented gross of management fees.

YTD = Year to Date; SI = Since Inception.

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Portfolio Structure

	● 3X LT Prov	● 3X MT Prov	● 3X RRB
Yield (%) ³	9.12	6.09	5.76
Modified duration	42.05	18.26	35.98
Leverage ⁴	3.02	2.96	3.05

3. Running yield based on the average semi-annual yield-to-maturity of levered bond exposure, less financing costs. Yields for real return bonds are converted to a nominal basis based on break-even inflation rates.

4. Leverage is defined as the ratio of total bond exposure to NAV. For the 3X RRB strategy, bond exposure excludes the dynamic provincial spread overlay.

Bond Portfolio Positioning (%)⁵

Sector Allocation

Sector	3X LT Prov	3X MT Prov	3X RRB
Canada (Nominal)	0	0	0
Canada (Real Return)	0	0	100
Provincials/Municipals	100	100	0
Corporates	0	0	0

Curve Positioning

Duration	3X LT Prov	3X MT Prov	3X RRB
< 1 year	0	0	11
1 to 5 years	0	0	0
5 to 10 years	2	100	19
10 to 20 years	32	0	46
> 20 years	66	0	24

Credit Rating Allocation

Rating ⁶	3X LT Prov	3X MT Prov	3X RRB
AAA	0	2	100
AA	88	87	0
A	12	11	0
BBB	0	0	0

5. Based on gross notional bond exposure. For the 3X RRB strategy, the exposure excludes the dynamic provincial spread overlay.

6. Rating is based on the FTSE methodology.

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

Portfolio Management Team

Team member	Role	Experience
Maxime Carrier, CFA, FCIA, FSA, CAIA, MBA, FRM	Senior Portfolio Manager	2003
Martin Dionne, CFA, FCIA, FSA	Portfolio Manager	2004

They are supported by three analysts. The team combines expertise and experience in actuarial science, quantitative finance and fixed income to deliver superior client outcomes and service. The team collaborates with other investment teams within Fiera to support implementation of its solutions.

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Calendar Year Performance (%)

As of March 31, 2026

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
3X LT Prov										
Portfolio	-10.18	-9.79	12.66	-58.92	-15.49	31.50	37.13	-6.31	19.54	1.33
Benchmark	-10.29	-10.50	11.95	-58.55	-15.75	30.90	36.69	-6.23	19.65	0.65
Added Value	0.10	0.70	0.71	-0.38	0.25	0.61	0.44	-0.09	-0.11	0.68
3X MT Prov										
Portfolio	7.56	4.15	8.38	-30.89	-	-	-	-	-	-
Benchmark	7.44	3.39	7.78	-30.53	-	-	-	-	-	-
Added Value	0.12	0.76	0.60	-0.36	-	-	-	-	-	-
3X RRB										
Portfolio	-1.81	1.50	-3.99	-41.43	5.86	45.32	26.05	-7.35	15.29	-
Benchmark	-0.74	1.69	-4.45	-41.76	5.60	48.05	26.88	-8.47	12.31	-
Added Value	-1.07	-0.19	0.46	0.34	0.26	-2.73	-0.84	1.12	2.97	-

Performance Per Period (%)

As of March 31, 2026

	Q1 2026	YTD	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	10 Years	SI
3X LT Prov											
Portfolio	-2.04	-2.04	-13.21	-3.56	-7.13	-13.82	-14.90	-13.42	-10.63	-5.05	4.03
Benchmark	-1.98	-1.98	-13.22	-3.92	-7.50	-13.98	-15.02	-13.56	-10.80	-5.23	3.87
Added Value	-0.07	-0.07	0.01	0.36	0.37	0.16	0.12	0.14	0.17	0.18	0.16
3X MT Prov											
Portfolio	-0.18	-0.18	0.97	9.09	3.47	0.73	-	-	-	-	-3.37
Benchmark	-0.15	-0.15	0.95	8.72	3.07	0.53	-	-	-	-	-3.57
Added Value	-0.03	-0.03	0.02	0.37	0.41	0.20	-	-	-	-	0.20
3X RRB											
Portfolio	2.33	2.33	-4.36	5.61	0.71	-6.68	-5.19	0.83	-0.68	2.01	1.42
Benchmark	2.32	2.32	-3.73	6.31	1.09	-6.45	-5.18	1.36	-0.32	1.80	1.20
Added Value	0.01	0.01	-0.63	-0.70	-0.38	-0.23	-0.01	-0.53	-0.36	0.21	0.22

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Please refer to the **Important information** section at the end of this document for more information.

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