

PREFERRED SHARES OPPORTUNISTIC

Inception Date
August 1, 2015

Performance Benchmark
SOLACTIVE Preferred Share Laddered Index

Currency
CAD

STRATEGY DESCRIPTION

A thorough assessment of macroeconomic factors followed by extensive credit and relative value analysis are the cornerstone of this active approach resulting in high-quality diversified portfolios with low volatility. This strategy adds substantial value through its long term positioning approach, trading process, duration management and its understanding of the technical factors.

HIGHLIGHTS

Style	Active management, focused on valuation to identify mispriced opportunities
Process	Combination of top-down and bottom-up
Expected sources of added value	Mainly security selection
Turnover	Low
Investment Horizon	3-5 years
Holdings (number of issuers)	70-90
Strategy AUM	\$44 Million (As at March 31, 2022)

INVESTMENT PROCESS

Fundamental Analysis	Analysis of global and local economies
	Thorough assessment of North American and global credit markets
	In-depth credit analysis focusing on balance sheets, liquidity, cash flow generation, management strategy and industry trends
	Regular company meetings with access to senior management
Relative Value Analysis	Extensive relative value analysis between preferred shares, corporate bonds, international trading levels, ratings, capital structures, sectors, issuers, and across types of preferred shares
	Monitoring of technical factors and the impacts of passively-managed ETF mandates
Risk Management	Diversified portfolio with a focus on capital preservation
	Ensure portfolio risks are compensated by aligning alpha opportunities with risk exposures
	Daily performance tracking and reporting

WHY INVEST IN THIS STRATEGY

- Higher yielding asset class offering a significant source of income in a low-yielding environment
- Enhanced portfolio diversification with lower volatility
- Significant tax-efficient benefit for taxable clients
- Fiera's expertise has allowed us to be amongst the largest Canadian preferred share managers
- Interaction with Fiera's investment teams to benefit from the expertise of our solid internal credit and market analysis

PERFORMANCE (%)

As of June 30, 2022

PER PERIOD AND CALENDAR YEAR PERFORMANCE

	Q2 2022	YTD	2021	2020	2019	2018	2017	2016
Portfolio	-7.81	-10.06	29.43	3.37	2.41	-11.19	17.93	12.04
Benchmark¹	-6.89	-9.01	23.83	6.64	2.28	-8.61	15.58	6.92
Added Value	-0.92	-1.04	5.60	-3.27	0.13	-2.58	2.36	5.13

ANNUALIZED PERFORMANCE

	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	SI
Portfolio	-4.34	20.83	8.28	1.98	3.07	6.77	4.94
Benchmark¹	-4.46	17.90	7.84	2.71	3.40	6.92	4.37
Added Value	0.12	2.93	0.44	-0.73	-0.33	-0.15	0.57

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

1. SOLACTIVE Preferred Share Laddered Index. S&P/TSX Preferred Share Laddered Index until March 31st, 2016.

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PORTFOLIO STRUCTURE

	Portfolio	Benchmark
Expected yield	5.05%	5.01%
Modified duration	3.41	2.23

Based on internal calculations

COUNTRY EXPOSURE (%)

Canada	97.4
United States	1.8
Cash and Cash Equivalents	0.8

TOP-10 ISSUERS (%)

Security	Sector	Weight
1. Enbridge	Energy	9.8
2. BCE	Communication services	8.5
3. Manulife Financial	Financials	8.1
4. TD Bank	Financials	7.3
5. Pembina Pipeline	Energy	5.6
6. CIBC	Financials	5.6
7. Royal Bank of Canada	Financials	5.6
8. Bank of Montreal	Financials	5.6
9. TC Energy	Energy	4.9
10. Brookfield Asset Management	Financials	4.0
Total		64.8

PORTFOLIO ALLOCATION (%)²

Sector Allocation

Sector	Portfolio	Benchmark
Financials	65.5	61.3
Energy	4.8	8.1
Utilities	16.6	15.0
Telecommunications	9.5	8.1
Real Estate	2.8	7.5
Consumer Staples	0.0	0.0
Cash	0.8	0.0

Breakdown by Preferred Shares Type

Share Type	Portfolio	Benchmark
Fixed-Floating	84.3	100.0
Hybrid	6.0	0.0
Floating Rate	5.5	0.0
Perpetual	3.5	0.0
Cash	0.8	0.0

Credit Rating Allocation

Rating	Portfolio	Benchmark
P1	0.5	0.4
P2	48.4	47.5
P3	43.7	49.5
P4 or Lower	6.6	2.6
Cash	0.8	0.0

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

PORTFOLIO MANAGEMENT TEAM

Team member	Role	Experience
Nicolas Normandeau, MSc, CFA	Portfolio Manager	2003

He is supported by the credit analysis skills of Philippe Ouellette, msc, cfa, and Jeff Seaver, cfa., Alexandre Cousineau, msc, cfa, caia, and by three analysts.

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