Fiera Capital Corporation

Investment Risk Management Policy

Approved by the Board on May 9th 2017

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1. INTRODUCTION

The Enterprise Risk Management ("**ERM**") framework of Fiera Capital Corporation ("**the Corporation**", "**Fiera**" or "**FCC**") sets out a general structure of roles and responsibilities for the management of key risks across the Corporation i.e.: financial, operational, strategic, legal and compliance risks. The ERM Policy describes the roles and responsibilities of the Corporation's Board of Directors (the "**Board**") and Management Team ("**Management**") for identifying, evaluating and managing key risks across the enterprise.

The purpose of this Investment Risk Management ("**IRM**") Policy is to:

(1) Define and apply the guiding principles and frame boundaries to prudently and proactively oversee all investment risks;
(2) Establish the roles and responsibilities for investment risk management within the organization.

2. OBJECTIVES & SCOPE

2.1. Objectives

The objectives of the IRM Policy is to ensure investment risks are managed with reasonable care and with clear roles and responsibilities, and to promote effective use of investment risk in the investment process, in order to moderate the likelihood of unanticipated and/or unwanted losses related to investment risk.

2.2. Scope

The IRM Policy applies to the investment risk undertaken in asset management activities by Fiera's Portfolio Managers on behalf of the client. It is applicable to all mandates (the "**Fiera Mandates**" or the "**Mandates**"), managed or sub-advised by Fiera Capital Corporation and all its divisions (the "**Fiera Divisions**" or the "**Divisions**") or subsidiaries (the "**Fiera Subsidiaries**" or the "**Subsidiaries**").

The IRM Policy does not apply to investment risks undertaken by Fiera Management outside of asset management activities in Fiera Mandates, like activities related to the Corporation's capital structure.

The IRM Policy focuses on documenting the common definitions, the guiding principles and the governance rules that apply to investment risk management across all of Fiera Divisions.

More detailed investment risk management procedures, documented specifically for each of Fiera's Divisions, define the modus operandi of investment risk management at Divisions level.

The purpose of those Division-level investment risk management procedures is to:

- Set out guidelines with respect to the types and levels of investment risks that need monitoring for Mandates at Division-level;
- Establish a process for managing investment risk including escalation procedures, if any, in order to ensure that those guidelines are respected; and

- Provide guidelines and protocols to those responsible for day to day risk reporting regarding the identification, measurement, monitoring and management of investment risk at each Division.

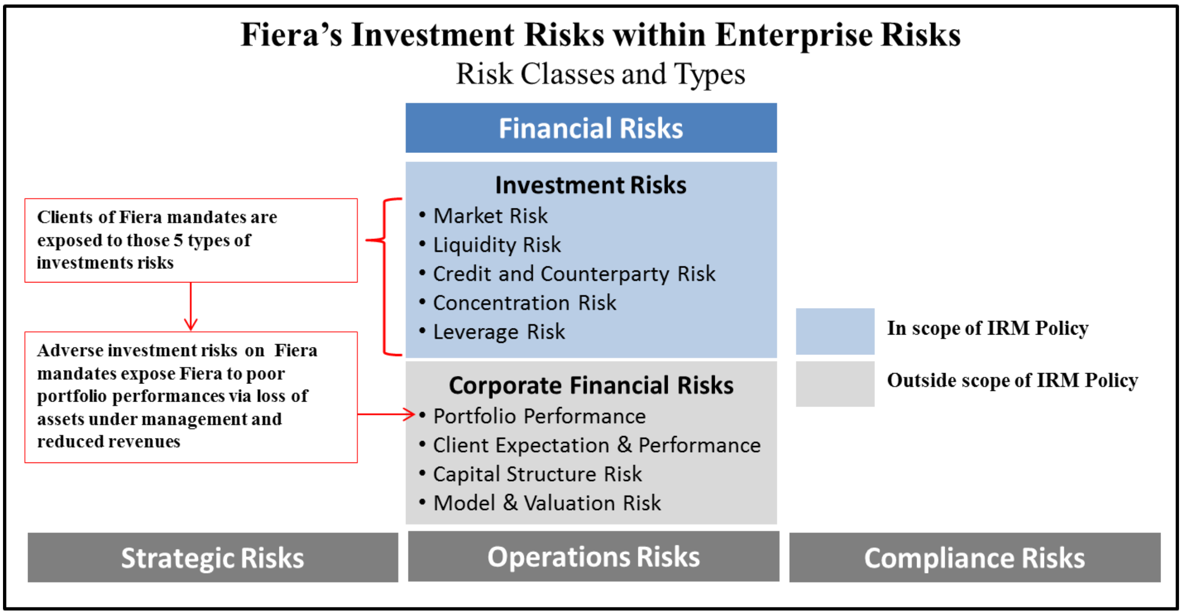
3. DEFINITIONS

3.1. Investment Risks

Investment risk is one of the key enterprise risks Fiera is exposed to and pertains to the financial risks class. Investment risk is defined as the risk of loss on investment activities undertaken by Fiera's Portfolio Managers on behalf of clients in Mandates managed or sub-advised by Fiera and its divisions or subsidiaries. Fiera Mandates' clients may be exposed to investment risks, such as market, credit, counterparty, liquidity, concentration, and leverage risks, when Fiera Portfolio Managers are working on achieving their investment objectives.

When Fiera Mandates experience large adverse investment risks that penalize their performance, they may expose Fiera to portfolio performance risk at the Corporation level, which is the risk for Fiera Corporation of failure to generate value-added returns on Fiera Mandates, due to the ineffective selection, management and exit of investments. This risk has a potential impact on Fiera Corporation via loss of Assets Under Management ("**AUM**") and reduced revenues.

Figure 1: Investment Risks within Fiera's Enterprise Risk Categories



3.1.1. Market Risk

Market Risk: It is the risk of loss in a Mandate managed or sub-advised by Fiera due to adverse changes in the factors that drive their market value. Market risk is directly influenced, in one hand, by the volatility and liquidity in the markets in which the related underlying assets are traded and the other hand, by the relationship between those assets among them.

a. ***Equity risk:*** It is the risk of fluctuations in the price of stocks, stock indices and related implied volatilities.

b. ***Commodity Risk***: It is the risk of fluctuations in commodities prices and related implied volatilities.

c. ***Interest rate risk:*** It is the risk of fluctuation in interest rates and related implied volatility.

d. ***Currency risk:*** It is the risk of fluctuation in foreign exchange rates and related implied volatility.

3.1.2. Liquidity Risk

Liquidity Risk: It is the risk that a Fiera Mandate will not be able to meet its financial obligations on a timely basis or that it will incur an unreasonable cost, from the perspective of the Chief Investment Officer's ("**CIO**") Office, in liquidating some assets to honor its cash outflow obligations.

a. ***Market or Asset Liquidity Risk:*** It is the risk stemming from the lack of liquidity of an investment that cannot be traded on a timely manner to prevent or minimize a loss. Market Liquidity risk might be reflected, but not limited to, in unusually wide bid-ask spreads or large and sudden price movements. Market Liquidity Risk arises when transactions cannot be conducted at quoted market prices due to the size of the required trade relative to observed trading lots.

b. ***Funding or Liability Liquidity Risk:*** It is the risk that the Mandate will:

- Fail to meet redemption payments; or
- Be able to meet redemption payment at a cost of a significant investment deviation in price.

3.1.3. Credit Risk

c. ***Credit Risk:*** It is the risk of loss related to non-performance of an obligor on whom Fiera relies to fulfill contractual or financial obligations.

a. ***Default risk:*** It is the risk that an obligor will default on contractual or financial obligations with Fiera due to its inability to fully fulfill its financial obligations in a timely manner, given its credit capacity.

b. ***Recovery risk:*** It is the risk of loss related to the inability to obtain the optimal level of payment on a specific contractual or financial obligation as a result of a prior default of payment of a counterparty obligor.

c. ***Concentration Risk:*** It is the risk arising from unwarranted exposure due to a lack of diversification, or concentrated exposure in individual investments, counterparties, geographic regions, sectors, strategy and/or external managers.

3.1.4. Counterparty Risk

d. ***Counterparty Risk:*** It is the risk of loss on derivative transactions arising from the possibility that a counterparty may default on amounts owned on derivative transactions it has with Fiera.

3.1.5. Leverage Risk

e. ***Leverage Risk:*** It is the risk of potential accelerated loss of value on a Fiera Mandate in case of adverse movements for the value of the Mandate's investment holdings, due to leveraged positions.

3.2. Corporate Financial Risks

Corporate financial risks are out of scope of the Investment Risk Management Policy but they may impact the Corporation's financial situation during the process of managing and monitoring investments.

a) ***Portfolio Performance:*** When Fiera Mandates experience large adverse investment risks that penalize their performance, they may expose Fiera to portfolio performance risk at the Corporation level, which is the risk for Fiera Corporation of failure to generate value-added returns on Fiera Mandates, due to the ineffective selection, management and exit of investments. This risk has a potential impact on Fiera Corporation via loss of Assets Under Management ("**AUM**") and reduced revenues.

b) ***Client Expectation and Performance***: It is the risk of failure to manage portfolios in accordance with client requirements and expectations, which could lead to loss in AUM and revenues.

c) ***Model and Valuation Risk***: It is the risk that models used in business decisions have fundamental errors and may produce inaccurate outputs when viewed against the design objective and intended business uses. It also includes the risk that such models be used incorrectly or inappropriately.

d) ***Capital Structure Risk***: It is the risk that the capital structure of the Corporation does not provide cost effective or adequate funding for business objectives and/or to cover current operating obligations.

4. RELATED DOCUMENTS

- Enterprise Risk Management Policy.
- Charter of Fiera's Audit and Risk Management Committee (the "**ARMC**").
- Charter of Fiera's Global Executive Management Team.
- Charters of Divisions' Management Committees.
- Charters of Divisions' Investment Committees.

5. PRINCIPLES

5.1. Governance and Oversight

i. ***ERM Policy:*** Principles stated in the ERM Policy govern the management of investment risks.

ii. ***Division-level Management Committee***[1]***:*** The Management Committee of each Division or subsidiary of the Corporation must define clear roles & responsibilities related to identification, evaluation, management and reporting/monitoring of investment risks within its division or subsidiary, in line with principles and guidelines documented in the ERM and IRM Policies.

iii. ***Division-level Investment Committees***[2]***:*** The Investment Committee of each Division, which is chaired by the CIO, is responsible for the ongoing oversight and management of investments. The Investment Committee will cover investment risks in its agenda at least on a quarterly basis, with participation of representatives of the Division's Middle Office or equivalents, and of the CRO. For the agenda item covering investment risk, a majority of the participants to the discussion must be independent from investment management teams. The purpose of the investment risk management discussion is to:

- Help identify, measure, communicate and report at least quarterly on investment risks related to the Division's portfolios and strategies, as an independent forum to oversee the Division's investment risks;
- Facilitate the coordination of efforts to design, develop and put in action solutions for identified issues on investment risks;
- Play an advisory role to support the Division's CIO in its decision process, by providing a forum to assess, and report on investment risks and by proposing solutions and action plans for approval and implementation by the Division's CIO office.
- Play an advisory role to support the Corporation's CRO in overseeing investment risk management activities in the Division, by providing a forum to assess, and report on investment risks and their proposed management.

iv. The Corporation's CRO reports on a regular basis (at least quarterly) to the Global Executive Management Team about key risks that could impact the capacity of Fiera to reach its strategic objectives. On an as needed basis, the CRO will report about the state of investment risk management in each Division of Fiera. Decisions related to investment risk management that require to be escalated at the global level for approval will be presented to the Global Executive Management Team by the Division's CIO with support from the CRO.

[1] Some Divisions' Management Committees may delegate review of risks to a sub-committee.
[2] Some Divisions' Investment Committees may delegate review of investment risks to a sub-committee.

v. ***Board reporting:*** The Corporation's CRO reports on a regular basis (at least quarterly) to the Board via the Corporation's ARMC about key risks that could impact the capacity of Fiera to reach its strategic objectives. On an as needed basis, the CRO will report to the ARMC about the state of investment risk management in each Division of Fiera.

vi. ***Escalation:*** Escalation protocols are established by the CRO jointly with Divisions' CIOs (and approved by the Global Executive Management Team), to define which levels of the investment risk management governance structure need to be informed about and involved in actions related to identified exceptions or important matters related to investment risks on Fiera Mandates.

5.2. Investment risk culture and framework

5.2.1. Risk Culture

To ensure sound management of investment risk, all employees of Fiera should strive to apply the following principles as they engage in managing investment risks within their areas:

a. ***Risk Culture:*** An appropriate investment risk management culture is established and maintained by sharing common values, beliefs, knowledges, attitudes and understandings. This risk-aware culture aims to identify and minimize undue risks as well as measuring related investment risks taken behalf of clients in pursuit of investment opportunities.

b. ***Integrated Risk Management:*** Investment risk management is closely linked to Fiera's key strategic and financial objectives and to its investment processes.

c. ***Comprehensive Risk Monitoring:*** Investment risks of Fiera's Mandates are measured and monitored on a regular basis to ensure the level of investment risk taken is commensurate with the expected return targeted.

d. ***Risk Process:*** A sound investment risk management process is established for each Division with the following guidelines being followed:

- Processes are documented, approved and reviewed on yearly basis;
- Risk models and measurement techniques based on quantitative models are used to measure investment risks; and
- Qualitative analysis is used to complement information obtained from quantitative models.
- Meetings of the Investment Committee are held at least on a quarterly basis to share investment risk analysis and formalize the Risk Management process

e. ***Internal Controls:*** Fiera has implemented effective internal controls in its investment risk management framework to support independent assessment of its functioning.

5.2.2. Investment Risk Management ("IRM") Framework:

The IRM framework applied in each Division of Fiera must be aligned with the ERM framework set out in the ERM Policy. The IRM framework outlines the broad steps involved in managing investment risks:

- Procedures, tools and other documents, as needed, will be developed to support the implementation of the investment risk management framework in each Division.
- Investment risks will be identified, evaluated, managed and monitored/reported in each Division as outlined below.
- Each Division should make reasonable efforts to identify all the important investment risks on all investments held.
- Divisions should aim for look-through capability on all underlying investment risks.
- Divisions should define important investment risks associated with new business activities.
- Divisions should develop risk analysis and internal investment risk ratings used to evaluate the investment risks from both quantitative and qualitative perspectives.
- Fiera should evaluate and document the appropriateness of models used to quantify investment risks.
- To manage investment risks, Divisions may define, and revise on an annual basis, thresholds above which some investment risk metrics will require action from the CIO office on Funds or strategies involved. Exceptions or breaches of thresholds on investment risk metrics should be promptly reported to the CIO office.
- Divisions should monitor and report on investment risks at least on a monthly basis.

6. DETAILED POLICY SECTIONS

6.1. Market Risk

a. ***Market Risk Management process:*** Each Division has clearly defined processes it follows to report any market risk identified in its managed or sub-advised Funds, at least on a monthly basis.

b. ***Types of Market Risk metrics:*** The list of market risk measurements tracked per mandate and per composite may include the following:

- ***Ex*-ante Measures:**
  - ✓ ***Ex-ante Active Risk:*** A forward looking measure of potential variability of the excess performance of a portfolio vs. its benchmark.
  - ✓ ***Ex-ante Absolute Risk***: A forward looking measure of potential variability of the performance of a portfolio.
  - ✓ ***Ex*-post Measures: *Ex-post Tracking Error***: A backward looking measure of realized variability of the excess performance of a portfolio vs. its benchmark.
  - ✓ ***Ex-post Absolute Risk:*** A backward looking measure of realized variability of the performance of a portfolio.

c. ***Active Risk Management Guidelines:***

Active market risk will be the primary metric used in defining overall portfolio risk. Each Division's Investment Committee will define a range of active market risk to each strategy which will be used as a series of thresholds to monitor for each investment portfolio.

6.2. Liquidity Risk

a. ***Liquidity Management:*** Each Division has clearly defined processes it follows to report any liquidity risk identified in funds.

b. ***Liquidity Assessments of Fund Holdings:*** The Investment Committees of Fiera's Divisions define how to identify potential illiquid assets across funds, and ensures that valuation processes have appropriately taken liquidity into consideration.

c. ***Liquidity Stress Testing:*** The Investment Committees of Fiera's Divisions define how to measure potential requests of higher levels of redemption in an orderly manner under various stress scenarios for Funds identified has having a high liquidity risk.

d. ***Quantitative and objective Analysis:*** Indicators of funds' holdings liquidity and stress tests on redemptions are based on objective and relevant quantitative analysis combined with management's judgement.

6.3. Credit and Counterparty Risk

a. ***Credit risk assessment:*** The Investment Committees of Fiera's Divisions should define and document how to identify and measure the credit risks to which they are exposed via managed and sub-advised Funds.

b. ***Counterparties rating:*** Each Division should assess and report at least monthly the credit rating applicable to each of its key counterparties.

7. COMPLIANCE TO POLICY

All employees of Fiera will comply with the IRM Policy. Designated employees will comply with other procedures that relate to specific investment risks in the Division or Subsidiary they work for.

8. APPROVAL AND REVIEW

The IRM Policy is maintained by the CRO and will be presented to the Board for review not less frequently than every two (2) years.

Document Version Tracking

Version	Date	Modified by	Description
1.0	May 9th, 2017	David Stréliski	Initial Version