

Fiera Seeks to Bring Stability, Discipline and Quality to SGMF U.S. Large Companies Fund

Fiera Capital Inc. (Fiera) has been added to the SGMF U.S. Large Companies Fund (the Fund) as at 5 April 2017.

Addition of Fiera

What They Do

Fiera's investment team seeks to identify best-of-breed companies in attractive industries by focusing on sustainable competitive advantages, high barriers to entry and defensible pricing power. Fiera believes that if its portfolio of companies compounds capital at a faster rate than the general market and with a multiple at or below the market, it can generate above-benchmark returns.

How They Do It

Fiera's team employs a screening and ranking methodology that narrows the investable universe from 3,000 to 450 companies by focusing on minimum market capitalisation and liquidity constraints as well as minimum profitability and debt levels.

The team's most prolific source of idea generation is conversations with its competitors, which either reinforce the team's belief that it owns the leading company in an industry, or help to identify potential opportunities when there has been a shift in leadership.

Analysts assess a company's valuation using several different methodologies. Weekly investment meetings give team members the chance to provide input on each holding. Portfolio manager Nadim Rizk makes the final investment decisions.

About Fiera

Fiera was founded in 2003 and is headquartered in Montreal, with offices across Canada as well as in New York City and Los Angeles. As at 31 December 2016, the firm had more than \$116 billion in assets under management and over 500 employees.

Why We Chose Them

- **Strict adherence to quality:** The companies Fiera invests in must have high corporate governance standards, strong and proven management and a solid track record of prudent capital allocation and stable profit margins.
- **Uniform scoring system:** Fiera's "Test of T.I.M.E." framework (Track Record, Industry Attractiveness, Management and Economic Moat — which refers to a company's ability to maintain competitive advantages over its competitors to protect its long-term profits and market share) systematically scores the qualitative aspects of companies that the team believes are critical for success. This demonstrates the uncompromising emphasis Fiera places on quality and helps to identify any potential red flags.
- **Capital awareness:** The team maintains a Portfolio Dashboard that allows it to compare the metrics of companies currently in its portfolio and those on the team's "wish list," enabling Fiera to position the portfolio with stocks which they believe offer the best combination of quality and expected upside.

Glossary of Financial Terms:

- **Liquidity:** Liquidity refers to the ease at which a holding can be bought or sold.

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