

North American Market Neutral


Fixed Income
Active
 Universe

 Long

 Tactical

Structured
 Liability Driven / Index Plus

Canadian Equity
 Growth

 Core

 Value

 High Income Equity

 Small Capitalization

Foreign Equity
 US

 International

 Global

Non traditional
 Market Neutral
 Global Macro

 Long/Short Equity

 Absolute Bond Yield

 Infrastructure

 Income

 Diversified Lending

Asset Allocation
 Balanced mandates

Balanced
 Diversified Balanced

 Balanced

 Balanced Core

Strategy Description

Absolute return strategy based on “pairs trading”, through long and short positions of equal value on North American large cap securities. This dynamic approach continuously seeks alpha regardless of the sector or market environment. Through rigorous risk management parameters including neutral currency and sector exposure, minimal net market exposure, and strict liquidity constraints, the Fund generates positive long-term returns while limiting volatility and maintaining low correlations to market movements.

Highlights

Style	Absolute return strategy based on long-short pairs trading
Correlations	Low correlation to movements in different markets
Process	Fundamental bottom-up
Performance objective	Positive absolute returns regardless of economic environment
Investment horizon	12 Months
Holdings	30 to 40 pairs
Strategy AUM	\$338.9 M ¹

¹Trade date

Investment Process

Quantitative Screening	Primarily for idea generation
	17-factor proprietary model (Growth, momentum & valuation)
	Min. Mkt Cap \$500M
Fundamental Research & Management Meetings	Understand business model & competition
	Management quality & strategic plan
	Market share & profitability drivers
Valuation	Sources of growth
	Understand company relative valuation & position
	Profit & cash flow assumptions to meet expectations
Portfolio Construction & Risk Management	Catalyst identification & impact on stock attractiveness
	Identification of investment pairs
	Pair weights based on conviction
	Expertise & opportunity driven
	Continuous review of holdings and catalysts
Target 9 % volatility	
Independent risk group to monitor risk	

Performance net of all fees (%)

	Jan.	Feb.	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.	Year/YTD
2007										4.62	1.19	5.39	11.57
2008	-0.79	3.72	0.31	0.05	4.38	5.04	-1.61	-1.46	-3.43	-0.28	2.47	1.54	10.01
2009	4.23	2.46	3.73	6.74	3.55	-0.58	2.11	1.60	0.91	-1.74	0.40	0.90	26.85
2010	2.66	1.11	0.49	-0.52	-0.93	-4.06	-0.20	-2.18	1.87	1.22	3.96	2.05	5.31
2011	0.85	-0.51	2.31	-2.01	-0.95	-4.62							-4.98
Net annualized return since inception²:													12.55

²Inception Date: October 1, 2007

Monthly Commentary

The market correction continued in June as a result of sluggish economic growth and fragile public finances in Europe. In light of crumbling confidence, investors shunned fundamental indicators, which pointed toward long term growth, to concentrate on more short-term factors. As such, the S&P 500 ended the quarter up 0.10%, while the S&P TSX Composite shed 5.78%. This situation was unfavourable to the fund, which posted a return well below what our clients have become accustomed to.

The fund's return was hit hard by the sharp decline in Sino-Forest's stock. Allegations calling into question the accuracy of key financial information caused the stock to lose more than 75% of its value in May and June. The lack of transparency, both in terms of the actions and responses of the company's management, led us to liquidate our investment in this stock during the first days of the month, as discussed in the previous commentary.

The pair involving TransGlobe Energy also negatively impacted the return. Despite sharp growth in production and a rather attractive outlook for next year, the market is concerned by the political situation in Egypt, where the majority of TransGlobe's operations are located. This situation is temporarily holding back the stock.

Moreover, the portfolio benefited from solid performance by insurance company Intact, which announced the acquisition of AXA Canada, a subsidiary of French insurance company AXA Group. This acquisition was financed by issuing stock. This news was very well received by the market and the stock jumped 15% following the issue.

Finally, a new pair was initiated involving US company Devon Energy which is active in natural gas exploration and production in Canada and the United States.

The market backdrop led us to reduce the portfolio's risk. As such, we reduced gross exposure to 155% by closing out and reducing positions in certain pairs.

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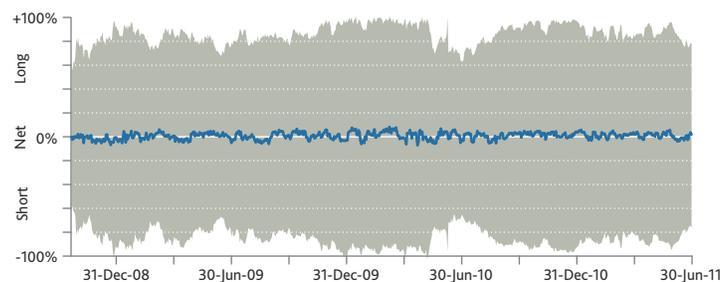
Risk/Return Analysis

Net annualized return since inception	12.55
Annualized standard deviation	8.73
Annualized Sharpe ratio (1.62%)	1.25
Best monthly return	6.74
Worst monthly return	-4.62
Percentage of months with positive performance	64.44
Average return when market is up ¹	1.72
Average return when market is down ¹	-0.03
Worst drawdown	-7.70

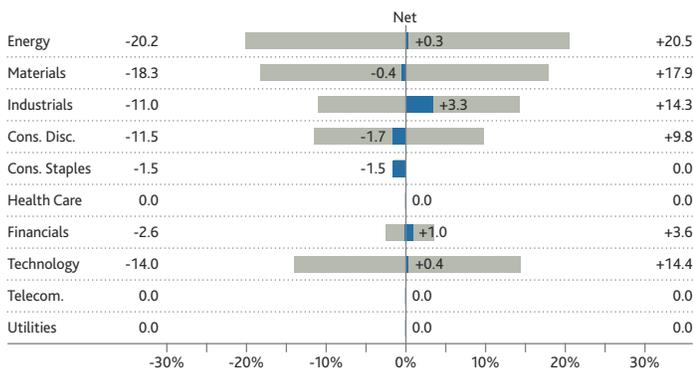
Since inception (October 1, 2007)

¹ Market based on S&P/TSX

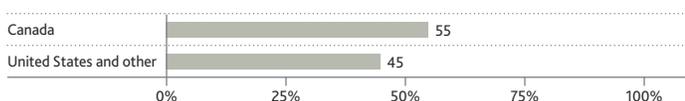
Market Exposure (Gross and Net)



Sector Exposure (Gross and Net)



Country Exposure



Some Canadian domiciled companies are listed in the United States.

Risk Diversification

Index	Correlation
91-day Treasury Bills	-0.08
Bonds (DEX Universe)	-0.11
Canadian Equity (S&P/TSX)	0.38
US Equity (S&P 500)	0.16
Global Equity (MSCI World)	0.22

Since inception

Portfolio

Number of long positions	37
Number of short positions	33
% Top 10 long positions	26.87
% Top 10 short positions	-33.08

Portfolio Management Team

Jean-Philippe Choquette, CFA, is the Senior Portfolio Manager and benefits from over 11 years of investment experience. He is assisted by **Jean-François Gagnon, CFA**, Portfolio Manager, who benefits from 16 years of investment experience, **Daniel Lavoie**, Assistant Portfolio Manager, and a senior analyst.

About Fiera Sceptre

With close to \$30 billion in assets under management, Fiera Sceptre, an independent firm, is one of Canada's leading investment managers renowned for its excellence in portfolio management and personalized solutions. We offer a unique expertise in both traditional and alternative investment strategies and particularly distinguish ourselves in the management of Canadian active and structured Fixed Income, Canadian and Foreign Equity, Asset Allocation, and Non-Traditional Strategies.

Fiera Sceptre's diversified clientele is primarily composed of institutional investors as well as investment funds and high net worth individuals.

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