aviso wealth

OnPoint Managed Portfolios

Fiera Balanced

Quick facts

Inception date:
November 30, 2018

Asset class:
Balanced

Minimum investment:
$100,000

Avg. number of holdings:
20–35

Investment manager:
Fiera Capital

Investment manager assets under management:
$180B

Portfolio risk:

Medium

OnPoint Managed Portfolios are distributed by *Credential Qtrade Securities Inc.*

What does the Portfolio invest in?

The portfolio invests in a diversified portfolio of Canadian and foreign equity securities, fixed-income securities, exchange traded funds (ETFs), and money market instruments and/or cash equivalents.

Asset allocations

Asset class	Min	Target	Current	Max
Canadian equities	15%	30%	26%	45%
Non-Canadian equities	15%	30%	39%	45%
Fixed income	30%	37%	31%	50%
Cash & cash equivalents	1%	3%	4%	10%

- Equities: the minimum market capitalization will be $1 billion dollars (CAD and/or USD equivalent) at the time of purchase and invested in at least six out of 11 GICS (Global Industry Classification Standard Sectors)
  - Canadian equities: Target 5–15 securities
  - Non-Canadian equities: Target 15–20 securities
- Fixed income: Fiera Active Fixed Income pooled fund will be used

Suitable for investors whose objective is to achieve long-term capital growth, and is not intended for investors with a short-term investment horizon.

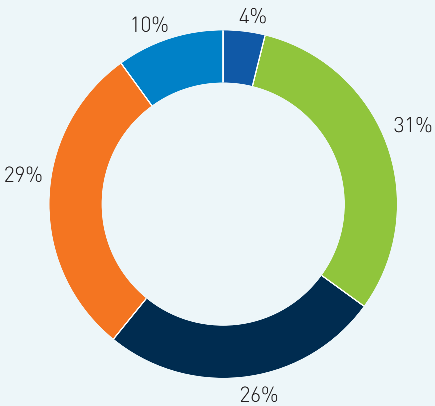
Top ten holdings (excluding cash and cash equivalents)

1.	Fiera ASFI Active	30.9%
2.	Visa Inc.	4.1%
3.	Danaher Corp.	3.9%
4.	Microsoft Corp.	3.9%
5.	Canadian National Railway	3.9%
6.	Toronto Dominion Bank	3.7%
7.	Franco Nevada Corp.	3.6%
8.	Experian Plc.	3.3%
9.	Telus Corp.	3.1%
10.	Ritchie Bros Auctnrs	3.1%

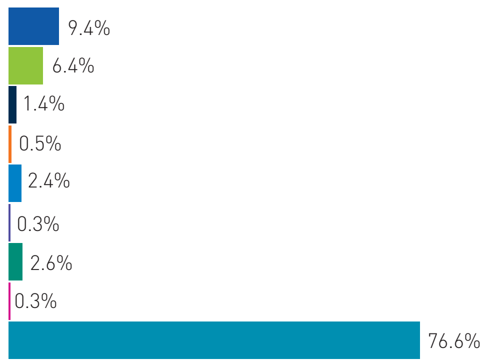
Performance

	1 month	QTD	YTD	1 yr	2 yr	Since Inception (annualized)
Portfolio	-3.24%	1.47%	3.24%	5.48%	8.44%	9.97%
Benchmark	-2.32%	0.58%	7.47%	13.07%	10.32%	10.59%

Asset allocation[1]



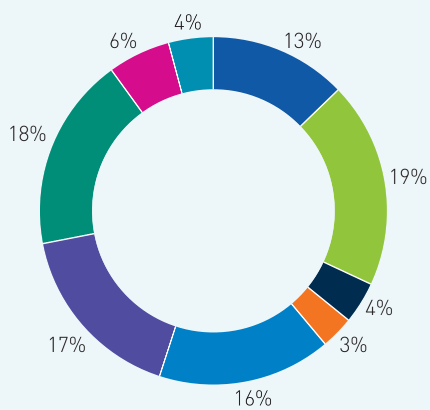
Fixed income allocation



Credit quality	Portfolio (%)
AAA	35.5
AA	27.7
A	24.8
BBB	11.6
Non-rated securities	0.1
Cash and money market	0.3
	100.0

Current Yield: 2.41%

Equities sector allocation[1,2]



Average market cap. $230.0B

Repositioning for Q4 2021

Sold or reduced positions (-1.15%)

- Trimmed cash

Buy or increased positions (+1.15%)

- Initiated a new position in Alphabet

Rationale

- Replaced Alibaba which was sold during the quarter with Alphabet, as their Google search engine provides the foundation for most digital advertising strategies.
- Alphabet is known for owning Google which is the leading internet search engine.
- Alphabet through its holding of Google, acts as a foundation for most digital advertising strategies and this area continues to grow and provide them with high levels of cash which they are investing to accelerate future growth.
- The manager continues to believe there is also lots of opportunity for them to further monetize their ownership of YouTube.

Quarterly **commentary**

Market review

During the third quarter, our foreign stocks had solid outperformance. One of the stocks leading this performance was Keyence, which at one point was up 35% for the quarter. We continue to like Keyence as it is resilient with more than 10% of its share value being represented by net cash on its balance sheet. Moreover, Keyence's 80% plus gross margins are indicative of its pricing power. Other top contributors during the quarter were Danaher and AON. These two companies share the characteristic that their management teams have been able to deploy capital at attractive rates in a manner that makes the businesses and growth rates more resilient. Stocks that detracted from performance in the quarter were Philips, Franco Nevada and CME.

Bond yields rose in the third quarter, with the 10-year Government of Canada bond yield going from 1.39% to 1.51%, after touching a low of 1.37%. We kept the Portfolio's duration quite close to that of our benchmark index.

As for our positioning on the yield curve, we maintained a strategy centred on mid-term securities. The slope of the curve from 2 to 30 years steepened by 6 basis points (bps), while the segment from 10 to 30 years steepened by 1 bp and the segment from 2 to 10 years by 4 bps. Our positioning on the curve contributed to the Portfolio's return.

Attribution Analysis

During the quarter, we sold our position in Alibaba Group and added a position in Alphabet. Alphabet wants to be the A-Z of all things relating to the internet; and in many ways, it is, through its ownership of Android, Google and YouTube.

During the quarter, corporate yield spreads narrowed by 5 bps and 1 bp for maturities of 5 and 10 years, respectively. Long-term provincial bond spreads widened slightly, while spreads for shorter maturities narrowed slightly. Municipal bond spreads were stable at about 38 bps in relation to Quebec bonds. We reduced our exposure to longer-dated corporate and provincial securities. This aspect of our strategy contributed to the Portfolio's return.

Outlook

The substantial year-to-date rise in stocks to all-time highs has been supported by unprecedented financial market stimulus. However, it should be noted that stock indices peaked in early September as the downsides of this huge stimulus became apparent. For example, the world's finely tuned supply chains are being shown to lack resilience, generous wage subsidies are causing labour shortages and energy shortages are all leading to a rise in inflation. This set of circumstances will make it very difficult for companies who do not have pricing power and have not focused on making themselves more resilient, to continue to perform well. However, given that finding companies with pricing power and companies that are very resilient to disruption is a core part of our process, we feel that the Portfolio should continue to preserve and grow your capital, especially if this inflationary period we are now experiencing transitions to a period of stagflation.

The global economy continued to expand in the third quarter of 2021. Rising energy prices, supply-chain disruptions and labour shortages in a number of industries helped push the rate of inflation up. Investors and central banks are beginning to doubt whether the increase in inflation is transitory. Given the strength of the recovery and the substantial rise in inflation, the Bank of Canada further reduced its purchases of securities in the market. As for the U.S. Federal Reserve, it is expected to begin tapering in the fall. North American key rates should remain stable until the last quarter of 2022. The stock markets continued to advance during the summer, but September brought higher volatility.

We think the stock and bond markets could become more volatile in the fourth quarter. Accordingly, we will keep the duration longer than that of the index with a positioning in the centre of the curve. We may even increase this positioning if interest rates rise. Economic growth is slowing. As a result, we think that, despite the upsurge in inflation and expectations of a change in monetary policy, any increase in medium- and long-term bond yields will be temporary. In the short term, the risk of a stock market correction could cause yields spreads to widen. We will therefore proceed cautiously.

About Aviso Wealth

Owned by credit unions, Aviso Wealth Inc. is one of Canada's largest independent wealth management firms, serving virtually all of Canada's credit unions and a range of independent financial organizations.

With over $90 billion of assets under administration and management, Aviso Wealth has the resources to bring compelling products and services to credit unions and their members, along with the scale, stability and financial strength of an established national wealth manager.

You can invest with confidence, with Aviso Wealth.

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Investment manager overview

FIERA CAPITAL

With more than $180 billion in assets under management, independent firm Fiera Capital is one of Canada's leading investment managers recognized for its excellence in portfolio management, innovative and personalized investment solutions, and its ability to surpass client expectations. Fiera offers a unique expertise in both traditional and absolute return investment strategies.

Management style

Canadian equities (GARP[3])	Global equities (GARP[3])	Fixed income (Core)

Investment philosophy

Fiera targets to deliver a superior portfolio by investing in a focused number of companies run by great management teams diversified across global regions and industries. In addition, the manager also believes in active bond management that adapts to changes in the economic, financial and political environments to deliver value.

Investment process and risk controls

Fiera conducts a thorough fundamental research to implement their equity strategy. They believe that focusing on a concentrated model of 25 equity companies enables them to become familiar with all critical aspects of a business. The manager follows 10 internally developed company criteria which consist of both qualitative and quantitative metrics.

The fixed income component employs four types of analysis (fundamental, technical, sentiment and seasonality) around a well disciplined and structured process that invests in high quality securities. Specific risk metrics are calculated periodically to minimize the default risk, and to maintain the calibration of each strategy within the overall risk budget of the portfolio.

Key strengths

- Disciplined investment approach based on in-depth fundamental analysis
- Rigorous research and risk management process
- Superior and consistent performance
- Committed to integrating environmental, social and governance (ESG) criteria into the firm's investment processes, and how they do business
- Fiera is a United Nations Principles for Responsible Investment (PRI) signatory[4]

[1] As of October 8, 2021 after quarterly rebalancing unless otherwise stated.

[2] Dividend Yield (Equities) 1.43%

[3] GARP (Growth at a reasonable price)

[4] Tobacco and weapons companies are screened-out of portfolios. Tobacco: Exclude tobacco companies and companies that derive a material portion of their revenue from tobacco-related products such as filters, rolling papers or packaging, or from the sale of tobacco or tobacco-related products. Applies to equity holdings only. Weapons: Exclude companies that derive revenue from military contracts that violate International Humanitarian Law (IHL), and nuclear weapons contracts; companies that derive a material portion of their revenue from the manufacture of legal weapons systems and/or tailor-made components for these weapons systems; and companies whose activities are connected with the manufacturing of automatic or semi-automatic weapons intended for civilian use, or derive a material portion of their revenue from the sale or distribution of such weapons. Applies to equity holdings only.

Indicated rates of return are calculated using the time-weighted rate of return methodology for the period ended, September 30, 2021, and do not take into account management expenses, custodial fees, account sales, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns.

Benchmark Index: 40% FTSE TMX Canada Universe Bond/30% S&P/TSX 60/30% MSCI World Net (CAD).

Please be advised that the information contained herein does not constitute investment advice and it should not be relied on as such. Past performance is no guarantee of future results. The information contained in this report was obtained from sources believed to be reliable; however, we cannot guarantee that it is accurate or complete.

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