



FUND MANAGER UPDATE

Fund Manager:	Fiera Capital
Fund Managed:	Educators Monthly Income Fund
Date:	March 19, 2020

Asset Allocation: no changes to investment strategy at this time and continue to have a modest overweight to stocks vs. bonds

- The crisis in confidence stemming from COVID-19 has become increasingly self-fulfilling and has brought into questions the outlook for global growth. Specifically, efforts to contain the virus that include quarantines, cancelled events and travel restrictions are almost certain to restrict economic activity in the near-term.
- While their forecast assumes the COVID spread moderates during the 2nd quarter and activity renormalizes in the 2nd half of the year, risk prevails that the spread lasts longer and sparks a full-blown recession.
- Lack of visibility on the status of the outbreak and its implications for global growth suggest that volatility will likely prevail in the near-term.
- The lucrative combination of monetary stimulus, fiscal support, and low oil prices should help to amplify the recovery later this year
- Canadian equities - heading into the oil correction they had a lack of exposure to energy stocks – we simply saw better opportunities elsewhere which worked to our advantage.
- Fixed income – credit markets have suffered along with equity markets despite additional stimulus added by the Federal Reserve and Bank of Canada. Government aid should assist in providing stability to credit markets.

What are they doing today?

- They will continue being patient.
- In a world of uncertainty, the tendency to do *something* can often arise, especially when it seems like everyone else is doing *something*.
- They will continue to think long-term in terms of the companies they add or keep in their portfolio.
- They must stick to their discipline and the investment philosophy clients expect from us.