

Fiera Capital

# Leading in Investment by Example

Independent global asset management firm Fiera Capital discuss their European equity strategies and reveal the key investment opportunities in the Emerging Markets.



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## What are the origins and aims of Fiera Capital?

**Fiera Capital is an independent global asset manager that has expanded its assets under management from approximately US\$5 billion in 2003 to US\$124 billion in 2023.** A multi-jurisdictional public and private markets specialist, we work directly with our clients and their advisors in creating tailored and uniquely integrated portfolio solutions to achieve superior risk-adjusted returns.

As a global firm with 47 diversified strategies, we invest in quality over long-term horizons on behalf of institutional, financial intermediaries and private wealth clients, who seek customisable investment opportunities to solve for their specific needs. We operate in North America, Europe and Asia, but our reach extends to emerging markets and frontier economies, where we are active investors.

Fiera Capital's investment philosophy is founded on value creation, innovation in product capability and a long-term investment outlook. Our global platform brings the best investment managers across a wide range of asset classes together to leverage the strength of our overall offering.

## Can you talk about your equity strategies in Europe?

**Fiera Capital's European division is an equities-focused asset manager with a highly qualified team of dedicated investment professionals at its heart.** We run two main strategies out of our London Office, one Global Equity Strategy through the Atlas Team after Fiera's acquisition of AMP Capital's Global Equities capability in 2021; and an Emerging Markets Strategy in partnership with the OAKS Team following Fiera's acquisition of Charlemagne Capital in 2016.

Our investment philosophy for the Emerging Markets strategy is to actively invest in listed stocks across the under-researched and under-owned smaller emerging and frontier markets universe to generate alpha. We prioritise stock picking with an absolute return mindset, and we strive to identify well-managed companies with robust business models that can generate attractive returns on invested capital, as well as sustainable growth in earnings and cash flows. We believe there is a strong correlation between economic growth and political, economic, and stock market reforms. Therefore, we look for companies that can take advantage of this economic growth while maintaining a corporate governance structure where we, as minority shareholders, can benefit.

## Fiera has more than 30 years of experience in emerging and frontier markets. How well is your investment strategy managing impact of global events?

**The Emerging & Frontier Markets investment team is led by two pioneers in the investment universe, Stefan Böttcher and Dominic Bokor-Ingram.** Stefan previously was the CIO of Charlemagne Capital and Head of Emerging Markets at both Flemings and Schroders. At the same time, Dominic was responsible for managing 23 Eastern European Funds for Regent Pacific and held senior positions at investment banks in high-opportunity emerging and frontier markets.

These years of experience have informed the investment team's investment philosophy and process which is bottom-up with a macro-overlay. We believe Emerging Markets are not an asset class, so to speak; these are an artificial construct by Index providers to put together a list of very different countries, resulting in an overall mediocre performance given their increasing differences. Current global events further increase the differences between Emerging Countries, creating a wider gap between winners and losers. Our investment philosophy and process considerably reduce the risk of being caught up in a crisis and have been proven since the launch of the strategy 13 years ago.

Year-to-date, our investment strategy has outperformed all major Developed and Emerging Markets. The investment team is invested in the Fund so we do treat the money like it's our own and are extremely motivated to continue delivering on the huge opportunity that exists in emerging markets.

Indeed, filtering the countries in our investment universe is the first step in our investment process, as these will display similar traits: hyperinflation, capital controls, parallel currency markets, etc. The second step is to look for countries with a robust reform process to boost domestic economic growth likely to benefit underlying local company earnings. Once these baselines are established, our team of seven investment analysts aim to pick the best stocks within those premisses through local counterparty interactions, frequent trips to our markets of interest and face-to-face company management meetings. Once full due diligence has been conducted alongside deep financial analysis and a near-term catalyst has not been priced into the current share price, we assess how and if it would make it into the portfolio.

### **Can you talk about key investment opportunities for UHNW families and individuals in these emerging markets?**

**The two Senior Portfolio Managers seeded the Fund while the Analyst's compensation is indexed to performance through individual attributions.** This enables a culture between the analysts to compete to propose the best stocks for the portfolio. At the same time, the Senior Portfolio Managers accompany the analysts while taking a portfolio view from a risk/reward perspective.

Currently, the GDP growth in developed markets is sluggish and both interest rates and debt levels have reached record highs. This, combined with political tensions among major trading blocks, is causing notable disruptions to the global supply chain, which is amplifying economic uncertainty.

Based on our experience, the optimal approach to address the current challenges is to effectively manage a focused portfolio in a limited number of Emerging Market nations. These nations should have relatively low correlations to global macro, be poised to achieve robust domestic economic growth driven by reforms, and be able to take advantage of the current geopolitical environment to a certain extent. Our strategy has, for example, benefitted from the economic recovery and reform process in Greece within the banking sector which has amongst the highest net-interest margins in the world on a clean balance sheet. Another success story is in Vietnam, where the team has been invested for close to a decade. Similarly, the economic reforms in Vietnam substantially increased the country's GDP growth and foreign direct investments. This has attracted many multinationals to divert their production away from China, created the emergence of a middle-class consuming higher technology and quality goods, while also providing skilled and low-cost labour in value-added industries.

This approach has allowed us to continue delivering outperformance for investors in this Strategy.

### **You have launched the Fiera OAKS EM Select Strategy. What does the fund aim to achieve and what is its focus?**

**The Fiera OAKS EM Select Fund will reach a three-year track record in January of next year to continue delivering excess returns across the entire Emerging and Frontier Market universe, excluding the top countries, namely China, Korea, Taiwan, India, Brazil and South Africa.**

This Fund was launched as an extension to the Frontier Markets Strategy's mandate we have been successfully running for over 13 years. Widening our investment horizons to markets displaying the same under-owned and under-researched characteristics offers investors the choice to access a larger pool of exciting investment opportunities within a relatively nascent asset class.



## About Fiera Capital Corporation

Fiera Capital Corporation (“**Fiera Capital**”) is a leading independent asset management firm with a growing global presence. The Company delivers customized and multi-asset solutions across public and private market asset classes to institutional, financial intermediary and private wealth clients across North America, Europe and key markets in Asia. Fiera Capital’s depth of expertise, diversified investment platform and commitment to delivering outstanding service are core to our mission of being at the forefront of investment management science to create sustainable wealth for clients. Fiera Capital trades under the ticker FSZ on the Toronto Stock Exchange [www.fieracapital.com](http://www.fieracapital.com).

Headquartered in Montreal, Fiera Capital, with its affiliates in various jurisdictions, has offices in over a dozen cities around the world, including New York (U.S.), London (UK), and Hong Kong (SAR).

Each affiliated entity (each an “**Affiliate**”) of Fiera Capital only provides investment advisory or investment management services or offers investment funds in the jurisdictions where the Affiliate is authorized to provide services pursuant to an exemption from registration and/or the relevant product is registered.

In the U.S., asset management services are provided by Fiera Capital’s affiliates who are investment advisers that are registered with the U.S. Securities and Exchange Commission (SEC) or exempt from registration. Registration with the SEC does not imply a certain level of skill or training. For details on the particular registration of, or exemptions therefrom relied upon by, any Fiera Capital entity, please consult <https://www.fieracapital.com/en/registrations-and-exemptions>.

Additional information about Fiera Capital, including the Company’s annual information form, is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

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