

## Global Equity Team Market Update

March 11, 2020



### Nadim Rizk

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In partnership with



Dear Client,

We hope this note finds you well. If you're like us, you've been watching the rapidly evolving situation involving the spread of the novel Coronavirus (COVID-19) with curiosity and even a bit of trepidation. While it seems the health risks of the virus are moderate for most, the economic implications seem far greater and growing by the day. For your information, Fiera Capital has detailed business continuity plans in place. As part of these plans, the Global Equity Team has the ability to work remotely for an extended period. Given the considerable increase in market volatility related to the uncertainty and general fear surrounding the spread of the virus, we would take a few moments to remind you, our valued clients, how the Global Equity Team manages portfolios through events like this.

As succinctly written as possible, we look for long past events like this. Our investment horizon is best measured in years, conceivably decades, not months or quarters. Over these more extended periods, events like coronavirus tend to weigh very little on company fundamentals. This is not to suggest we are not following the events; indeed, we are watching them as closely as you are; however, we will always resist the urge to let our heightened emotions factor into our investment decision making. To offer some additional detail, we have included some bullets below.

### What we are doing:

- We are monitoring the spread of the coronavirus actively and are reviewing our financial assumptions where necessary.
- We are analyzing our exposure through 3 dimensions: direct exposure, indirect exposure, and duration.
  - We are aware of both our direct risks (such as revenues tied to the Chinese economy), and indirect risks, passed on by the ripple effects of the slowdown of the Chinese economy on the rest of the world and supply chain.
  - The duration of the situation, however, is more challenging to frame. Past pandemics have lasted anywhere from three to eight months as they've made their way around the globe. In November 2002, the first cases of SARS (SARS-CoV) were documented in Guandong province, China. By early 2003 there was similar panic in the markets (recall the S&P 500 tumbled 14% in two months), yet the epidemic was declared over by July 2003. Coronavirus may last longer, it may not, but we believe our companies are positioned as well as possible to weather the turbulence. Moreover, historically, our companies' relative strength in their balance sheets, low capital requirements, and strong pricing power, have allowed them to gain market share during the recovery.

As we are invested in Global companies, all of our names are being impacted either directly or indirectly; however, the current situation does not affect the fundamental attributes and long-term investment theses of our companies. As always, we will welcome your questions, concerns, and feedback.

Best regards,  
Nadim Rizk

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Views are expressed as of March 11, 2020.

Canoe Financial LP has retained Fiera Capital to act as a sub-advisor for Canoe Defensive Global Fund, Canoe Global Fund, Canoe Defensive International Fund, Canoe Defensive U.S. Fund, and Canoe Small Mid-Cap Portfolio Class.

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