Importance of Fundamentals

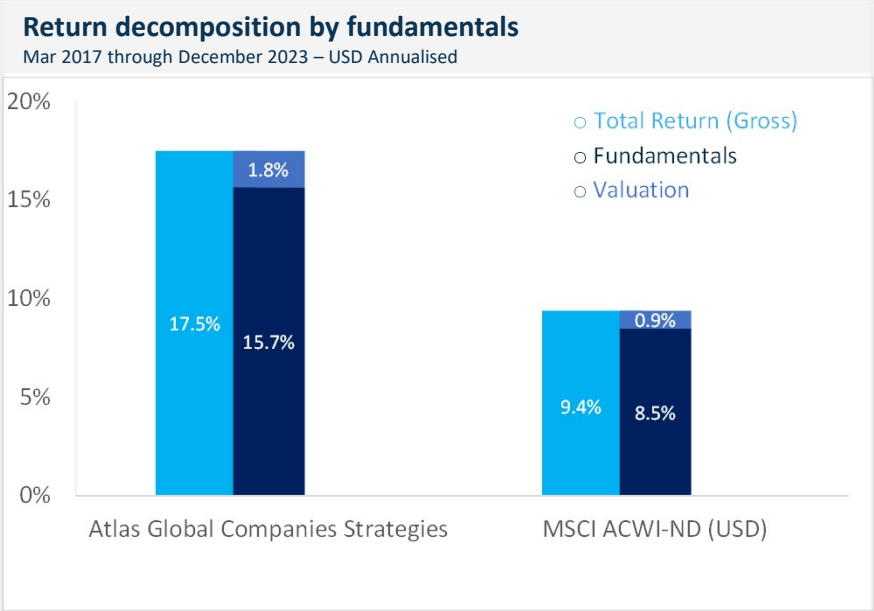
Fundamentals drive long term returns, and are your first line of defense in a downturn

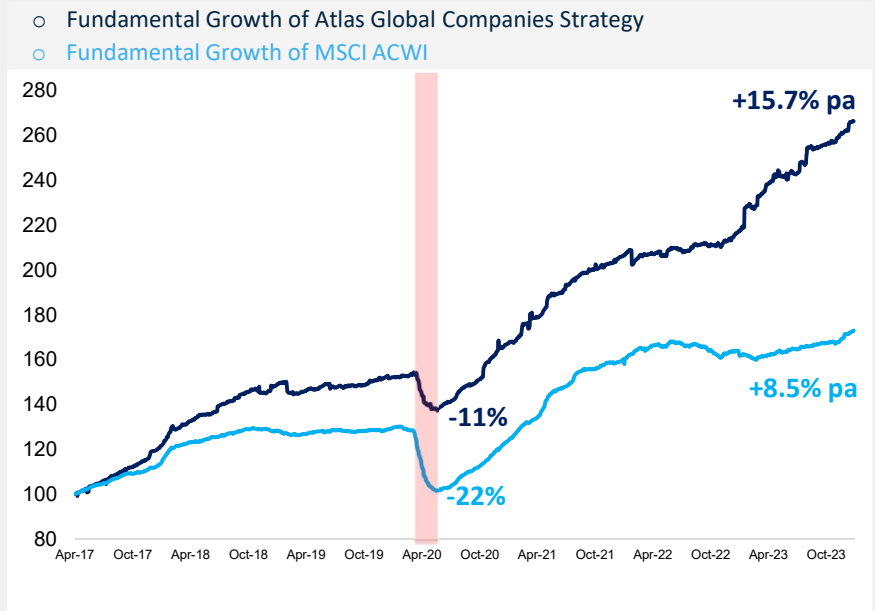
Long term returns driven by fundamentals

- True to our philosophy, the majority of long-term portfolio returns should be largely attributable to **superior compounding** of earnings and dividends (fundamentals), not valuations.

Fundamentals offer protection in a downturn

- Portfolio fundamentals have been more **stable** through cycle than the comparable universe of stocks. This has been a valuable source of risk reduction through the cycle.





Source: Fiera Capital Bloomberg to December 31, 2023. Gross returns shown for the Atlas Global Companies Strategy are before the deduction of fees, are before tax and assume all distributions are reinvested. Past performance does not guarantee future performance. Inherent in any investment is the risk of loss. The fundamental growth of the Atlas Global Companies Strategy is based on a representative account, where we are seeking to show how the underlying fundamentals (being earnings and dividends) of the Strategy's share portfolio have performed over the same period. Similarly, Fundamental Return for the MSCI ACWI-ND seeks to show how the underlying fundamentals of each company included in the MSCI ACWI-ND has performed over the same time period.

Hermes International (EPA: RMS)

Entered the portfolio Q4 2018

We believe that Hermes is a best-in-class luxury goods company, ranking among the most desirable luxury brands globally, with a very strong economic moat and a history that spans over 180 years.

Competitive Advantage	Runway for growth	Capital allocation	Cashflow predictability
• Strong economic moat with 180+ year heritage • Uniqueness of each product and brand exclusivity yielding enormous pricing power. • Renowned for its fully vertically integrated model to ensure quality e.g. scarfs designed and hand crafted by skilled artists • Most notable products include the Kelly and Birkin lines (c30-40% of handbags sales and 15-20% of group sales) where waiting lists extend into years and second hand sell at sizeable premium	• Expected growth in global high net worth population (with net assets of +$5m) by 1m people in the next 5 years. • Expected growth in super-rich population (with net assets of +50m) by 10% p.a. • Further room for improvement in margins, despite being best-in-class already driven by price/mix, tight cost management, and ability to drive productivity and volumes within stores.	• Capital allocation strategy that reinvests back into the brand. • Family owned enterprise, which is typical for very high-end luxury brands that think about the very long term and wish to build an enduring legacy.	• Impeccable financials, including: • Consistently high cash-backed returns on invested capital • Remarkably non-cyclical sales and strong economic profit growth over time • Operating income growth with limited dependence on M&A • Low leverage, low capital intensity, and strong economic profit growth over time

Source: Company presentations. Past performance is not a reliable indicator of future performance. Inherent in any investment is the risk of loss.
References to specific investments are for illustrative purposes only to show the investment process and not a recommendation to buy, sell, or hold. It should not be assumed any of the holdings discussed were or will be profitable.