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12th Annual Canadian Hedge Fund Awards and Conference

Welcome



Julie Makepeace

Managing Director
Alternative IQ

Dear Delegates,

On behalf of Alternative IQ, I am delighted to welcome you to THE 2019 Canadian Hedge Fund Conference and the 12th annual Canadian Hedge Fund Awards Gala Dinner. I am so pleased and grateful to see this event get bigger and better every year.

This afternoon you will hear from Hedge Fund Managers, Institutional Investors, Family Offices and Senior IIROC Advisors as they discuss their experience with hedge funds, the importance of ESG, the role of hedge funds in building portfolios and the specific strategies they're seeking at the moment, and views of the future of Canada's hedge fund industry. We welcome your questions and your views and encourage you to speak up. My personal hope is that you will take away from today's session something new and valuable, and leave feeling inspired.

The CHF Awards program is intended to acknowledge the talent and accomplishments in Canada's hedge fund industry, and to raise awareness of that expertise in the media and among the wider investment community. A total of 235 Canadian Hedge Funds have been included in the 2019 Canadian Hedge Fund Awards and we very much appreciate our panel of Judges whose guidance and advice has been invaluable to us. At the Gala Awards Dinner this evening we will celebrate the brightest and best in Canada's hedge fund industry.

Today's event would not be possible without the generous support of our sponsors, contributing presenters and panelists. We extend our deep appreciation to everyone who has helped make the 2019 Canadian Hedge Fund program, and today's conference and gala awards dinner, such a big success.

Watch for information about the **CHFA Winners Showcase Investor Conference** coming up in early March 2020 in downtown Toronto. This half-day conference, now in its 6th year, will feature winners of 2019 CHFAs to a discerning audience of individual and institutional hedge fund investors, investment advisors, industry consultants and the media.

We encourage all of you to make sure you are on our contact list for future events by registering through our website www.alternativeiq.com. You can also follow us on LinkedIn and on Twitter [@AlternativeIQ](https://twitter.com/AlternativeIQ).

As always, we welcome your feedback so that we may improve upon the Annual CHFA program and expand our service offerings to the alternative investments community in Canada.

Thank you again for joining us today, and for your continued support of Alternative IQ as we celebrate, support and help to expand Canada's hedge fund industry. We hope everyone enjoys themselves, and we wish all the Top Contenders good luck this evening!

Warm regards,

jmakepeace@alliancesalesandmarketing.com
416.906.3782

PS . When you tweet your comments and photos today, include the hashtags [#canadianhedgefunds](https://twitter.com/canadianhedgefunds) and [#2019CHFAs](https://twitter.com/2019CHFAs)



Celebrating, Supporting and Expanding Canada's Hedge Fund Industry



12th Annual Canadian Hedge Fund Awards and Conference

2019 Agenda

1:00

Registration

1:30

MC's Opening Remarks

Brooke Biscoe, Vice President, Fundata Canada

1:45

Panel One: **Alternative Mutual Funds - The Challenges No One is Talking About**

Moderator: **Peter Hayes**, KPMG, National Director, Canadian Alternative Investments

Panelists:

- **Mark Brisley**, Dynamic Funds, Managing Director and Head
- **Jason Mann**, Edgehill Partners, CIO and Co-Founder
- **Jeff Ray**, Mackenzie Investments, VP Product Development
- **Dean Shepard**, Picton Mahoney, Partner and Managing Director

2:30

Panel Two: **ESG: Institutional Investors Discuss this Massive Trend**

Moderator: **David Rudd**, Sigma Analysis and Management, Chairman

- **David Mather**, Weathermark Group Ltd., President & Founder
- **Deborah Ng**, OTPP, Director, Strategy and Risk
- **Martha Tredgett**, Belco LGT Capital Partners, Canadian Representative

3:15

Networking Break



Celebrating, Supporting and Expanding Canada's Hedge Fund Industry



12th Annual Canadian Hedge Fund Awards and Conference

2019 Agenda

3:45

Panel Three: **Deal Breakers at Family Offices and IIROC Corner Offices**

Moderator: **Carolyn Cole**, KPMG Enterprise, Vice President, Family Office

Panelists:

- **Loren Francis**, Highview Financial, VP and Principal
- **Greg Moore**, Richter Family Office, Vice President
- **Dustin Van Der Hout**, Richardson GMP, Portfolio Manager

4:30

Panel Four: **Canada's Most Seasoned Hedge Fund Managers Discuss the Future of the Industry**

Moderator: **Robert Lemon**, CIBC Capital Markets, Executive Director

Panelists:

- **Gary Ostoich**, Spartan Fund Management, President
- **David Picton**, Picton Mahoney, CEO
- **Colin Stewart**, JC Clark, CEO

5:15

Networking Cocktail Reception

7:00

Dinner and Awards Ceremony:

MC's Opening Remarks

Peter Hayes, KPMG, National Director, Canadian Alternative Investments

Awards will be presented in 5 groups, by category

9:00

Celebratory Reception

Enjoy your evening and please feel free to tweet your comments and photos today, include the hashtags **#canadianhedgefunds** and **#2019CHFAs**



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12th Annual Canadian Hedge Fund Awards and Conference

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Being considered for – and winning - a Canadian Hedge Fund Award is the highest honour in Canada's hedge fund industry. The CHFA program and this event would not have been possible without the generous support of these Sponsors:



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Award Categories

Equity Focused

Funds that employ primarily equity investment strategies including Long/Short Equity, Event Driven, Convertible Arbitrage, Relative Value, Statistical Arbitrage and REITs. Fixed income investments are usually less than 30% of the Fund's portfolio.

Credit Focused

Funds that employ primarily fixed income investment strategies. Equity investments are usually no more than 30% of the Fund's portfolio.

Market Neutral

Funds that seek to generate absolute positive returns entirely from security selection, not market exposure. The Fund seeks to remain "Market Neutral" by investing in long and short positions with low correlation to other asset classes. Shorts are used primarily for hedging rather than alpha generation.

Global Macro/Managed Futures/Multi-Strategy

Global Macro are funds that employ strategies (such as long and short positions in various equity, fixed income, currency, and futures markets) primarily on overall economic and political, "macro-economic" views of various countries. Multi-Strategy includes funds that employ several strategies within the same pool of assets and Managed Futures are funds that invest primarily in futures and options with exposure to a number of markets such as commodities, energy, agriculture and currency.

Private Debt

This category of the Canadian Hedge Fund Awards program is for those credit focused hedge funds in which the underlying securities are not marked to market.

Judges

**Peter
Hayes**



Partner, KPMG LLP

**Romain
Marguet**



Alternative
Investments,
Richardson GMP

**David
Mather**



EVP, Integrated
Asset Management
Corp

**Eamonn
McConnell**



Portfolio Manager,
Kensington Capital
Partners

**Paul
McKenna**



Senior Manager,
Product Services
Group, Scotia Capital

**William
Woods**



Founder, Woods &
Co and Partner,
Independent
Review Inc.

Participants

Masters of Ceremonies



Brooke Biscoe

Brooke is Vice President, Business Development at Fundata Canada. He is a top performing sales professional with over 17 years of experience selling innovative investment management solutions to multi-national corporate clients. He has been with Fundata Canada for 10 years where he is responsible for the sales and marketing of data products throughout Canada to the financial services industry in addition to the development and pricing of new products to meet the changing needs of fund companies, dealers, banks and insurance companies. Mr. Biscoe has delivered consistently strong sales results within an intensely competitive market. He is skilled at building enduring client relationships and growing key accounts, and has impressive technical expertise in investment and asset management and pension plan design. Mr. Biscoe has an industry-wide reputation for integrity, ethics and professionalism in all dealings. Previously, Brooke spent 18 years at Canada Life where he was responsible for pension investment sales and marketing to institutional clients. Mr. Biscoe started his career at Royal Bank of Canada.



Peter Hayes

Peter Hayes is the National Director of KPMG's Canadian Alternative Investments practice. He has more than 15 years of professional experience serving Canadian, US and international private investment funds, mutual funds and asset managers, and their service providers. Peter re-joined KPMG after spending several years developing and managing alternative investment products with Citigroup Alternative Investments in New York. He was previously an audit manager in the Alternative Investments practice of KPMG in the Cayman Islands. Peter is a member of the Legal & Finance Committee of the Alternative Investment Management Association (Canada Chapter) and the Treasurer of the Canadian Securities Lending Association.

Conference Panel Moderators



David Rudd

David is Chief Compliance officer of Sigma Analysis & Management and a Director of Sandbox Limited, a firm established to provide an interactive portfolio & investment analysis portal for individual advisors and investors.

He initially worked as an analyst at a Canadian Pension consulting firm, Tomenson Alexander, before moving to Merrill Lynch. Subsequently, he went on to roles at Dean Witter, and then Senior Vice President of Refco Futures Canada. He was also Chair of the Montreal Exchange Futures Committee and was on the Board of the Toronto Futures Exchange, now all part of the Montreal Exchange/TMX. He has written numerous articles on a variety of derivative and hedge fund subjects.



12th Annual Canadian Hedge Fund Awards and Conference

Participants

Conference Panel Moderators



Carolyn Cole

Carolyn Cole brings 20 years of strategic advising to entrepreneurs and their families into her role as Vice President, KPMG Family Office. Carolyn guides families as they clarify their objectives, find efficiencies, and define their legacy while mitigating their risks. Carolyn's impartial lens and breadth of experience enables her to knowledgeably collaborate with diverse subject matter experts in order to deliver a highly customized family office.

KPMG Family Office is a multi-disciplinary platform that integrates information and advice from numerous professionals who are serving the same family. As a leader and subject matter expert Carolyn analyses how a clients' family dynamics, business structures, revenue streams, tax implications, personal investments, estate planning, philanthropic involvement, and many other family matters result in both intended and unintended outcomes. With line of sight on the moving parts of an enterprising family, adjustments can be proactively made for intended results.

Carolyn has worked closely with family owned and operated companies across Canada, advising some of Canada's most successful families. Carolyn's combination of skills and experience gives her clients the unique advantage of integrated advice and strategy that encompasses business, family and ownership structures. She has recently become a contributor to KPMG Global Family Business and Family Office with thought leadership publications.

Carolyn's career spans three of Canada's largest financial institutions. She worked directly with ultra-high net-worth families in the areas of comprehensive wealth strategy, financial planning, trust and estate planning, investment counsel, investment advice, private banking, and non-traditional investments. Additionally, Carolyn advised on many family-centric matters that her clients required.

Carolyn graduated with distinction from the University of British Columbia with a Bachelor of Business Administration, and has completed her Canadian Securities Course, Personal Financial Planning Course, and Certified Financial Planning designation. She is currently enrolled to achieve her Family Enterprise Advisor designation.



Robert Lemon

Robert Lemon joined CIBC in April 2017. Mr. Lemon is an Executive Director with CIBC Capital Markets. He is responsible for strategy and business development within the Prime Services Group – a multi-asset, fully integrated Prime Brokerage platform that combines the best in trade execution, risk management, reporting, clearing and custody for institutional investment managers.

Mr. Lemon has been working in the financial industry since 2001. Prior to joining CIBC, Mr. Lemon was a Managing Director & Partner with an advisory firm, Managing Director and Head of Prime Services, and the Director of Prime Services Risk Manager with some of the largest financial institutions in Canada.

Mr. Lemon holds an MBA from York University, and a Bachelor of Science (Engineering) degree from the University of Guelph. He also holds the CFA designation. Mr. Lemon is an active member of the AIMA Canada Executive Board and the OSC Investment Funds Product Advisory Committee.



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Participants

Panelists - Panel 1



Mark Brisley

Mark is responsible for the strategic execution and overall management of Dynamic Funds in Canada. Most recently, he led the initiative at Dynamic to bring the experience and track record of their portfolio management capabilities in Hedge Funds and Alternatives to the new asset class of Liquid Alternatives. With a career that spans over 25 years in the asset management and distribution arenas, Mark carries a strong understanding of the needs of advisors and investment dealers and how innovative products and strategies assist in more effective portfolio construction solutions.



Jason Mann

Prior to co-founding EHP Funds, Jason Mann was Managing Director, Co-Head of the Absolute Return/Arbitrage Group at Scotia Capital. The Absolute Return Group is responsible for developing and delivering cross-platform “alpha” generating ideas for the hedge fund community, and for the executing of trading for these clients. Jason also managed Scotia’s merger-arbitrage, event-driven and quantitative proprietary trading strategies, and had responsibility for trading and overseeing a proprietary trading book – a group that generated profits in each year of operation. Prior to this role, Jason was Head of Agency Trading at Scotia overseeing eighteen trading professionals covering fundamental and hedge fund clients. Jason holds an Honours Bachelor degree in Business Administration from Wilfrid Laurier University and is a CFA® charterholder.



Jeff Ray

Jeff Ray is a Vice President, Product Development at Mackenzie Investments. In his capacity, he manages the Team responsible for retail and institutional product development, pricing, strategy and research, and led the launch of the first liquid alternative product in Canada.

Jeff has been in the investment industry for over 20 years. Prior to joining Mackenzie Investments in 2016, Jeff was Vice President, Financial Product Management at MD Financial, and previously spent 11 years at Manulife as the Head of Mutual Funds and Structured Products.

Hear from Jeff on the topic of ‘Liquid Alts’ to date, the opportunities and the challenges, as well as where this segment of Canada’s hedge fund industry is going in the future.



Dean Shepard

Dean is a Senior Partner and Managing Director with responsibility for Picton Mahoney’s retail sales strategy. He is an investment industry veteran with over 20 years’ experience—and is among a select few senior executives that have held influential positions within asset management and the brokerage industry. As a result, Dean has a unique advantage in creating and delivering asset management solutions specifically tailored to the retail brokerage industry. Dean holds a Bachelor of Arts degree in Economics from the University of British Columbia and the Chartered Financial Analyst® designation.



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110 Yonge Street, Suite 400
Toronto ON M5C 1T4 Canada
Tel: 416 966 2004 // Fax: 866 627 2299
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AUM Law focuses on serving the asset management sector in the areas of regulatory compliance and investment funds. Our clients include investment fund managers, portfolio managers, dealers, public funds, hedge funds, investors, and private and public companies.

Erez Blumberger
President
416 966 2004 x235
eblumberger@aumlaw.com

Kimberly Poster
Chief Legal Counsel / Senior Vice President
416 966 2004 x266
kposter@aumlaw.com

Kevin Cohen
Chief Executive Officer
416 966 2004 x225
kcohen@aumlaw.com

Regulatory Compliance

- Registration/licensing of firms and individuals
- Ongoing registrant obligations
- Compliance risk assessments
- Compliance documentation
- Regulatory filings
- Compliance training
- Assistance with regulatory audits
- Exemptive relief applications and interpretations of securities law
- Registrant misconduct matters
- NRD Filings

Investment Funds

- Formation of public and private pooled investment vehicles
- Ongoing support for investment funds, portfolio managers and dealers
- Establishment and acquisitions of asset management businesses
- Exemptive relief applications and interpretations of securities law
- SEDAR, SEDI and annual report filing

Corporate

- Initial and secondary public offerings of equity and debt securities
- Private placements
- Mergers and acquisitions
- Due diligence
- Material business agreements
- Corporate compliance
- Directors' duties and liabilities
- Custody and maintenance of minute books and corporate record books
- Organization of board of director and shareholder meetings
- Medical professional corporations

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Participants

Panelists - Panel 2



David Mather

David Mather is President and Founder of Weathermark Group Lt., a consultancy which provides ESG advice and assistance in becoming UN PRI signatories to asset managers, and assists charities and not-for profits with portfolio strategy and management. David is also a Director and Principal of Wavefront Global Asset Management, a Canadian hedge fund firm with approximately \$ 1.1 billion in AUM and offices in Toronto, San Francisco and Hangzhou. For 20 years up to the sale of the firm to Fiera Capital in July, 2019, David was Executive Vice President and a Director at Integrated Asset Management of Toronto. IAM, a TSX listed company, bought and built teams managing alternative assets, including hedge funds, managed futures, private equity, private debt, infrastructure debt and real estate. While at IAM he was also President and Chief Operating Officer of Integrated Managed Futures Corp.

David is Chair of the Investment Committee, Heart and Stroke Foundation of Canada; Chair, Director and Treasurer, Boys and Girls Clubs of Canada Foundation, and Director and Treasurer, Boys and Girls Clubs of Canada. He was previously Director, Treasurer and Chair, Royal St. George's College, Trustee, St. George's College Foundation; and Treasurer and Director, Genesis Research Foundation and President and Director, Toronto Brigantine Inc..

He holds a B.A. and M.A., from the University of Waterloo.



Deborah Ng

Deborah Ng is a Director, Strategy & Risk and Head Responsible Investing at the Ontario Teachers' Pension Plan. Deborah leads the Plan's responsible investing initiatives, working internally with all investment teams to integrate environmental, social and governance considerations in their investment processes and externally with global peers and organizations to engage with corporations and promote sustainability in investments. Areas of focus for the plan include: corporate governance, climate change, supply chain, cyber security and ESG disclosures.

Prior to this Deborah was part of the Strategy & Asset Mix team where she focused on the research, evaluation, and introduction of innovative asset allocation strategies that are designed to help meet the Plan's long-term liability objectives. She also provided input and support for the annual strategic investment plan and medium-term risk management.

Deborah is Chair of the Global Real Estate Sustainability Benchmark's Infrastructure Advisory Board, and a member of the Bloomberg ESG Advisory Committee.

Prior to joining Teachers', Deborah founded Acuity Communications, assisting investment firms such as UBS Securities, CIBC WM, and Desjardins Securities with their investment research requirements. Deborah was awarded with Directors Award from the Rotman School of Management, University of Toronto where she obtained her Master of Finance. She is also a CFA charter holder.



It's decision time

Highlights from the 2019 Canadian asset management opportunities and risks report

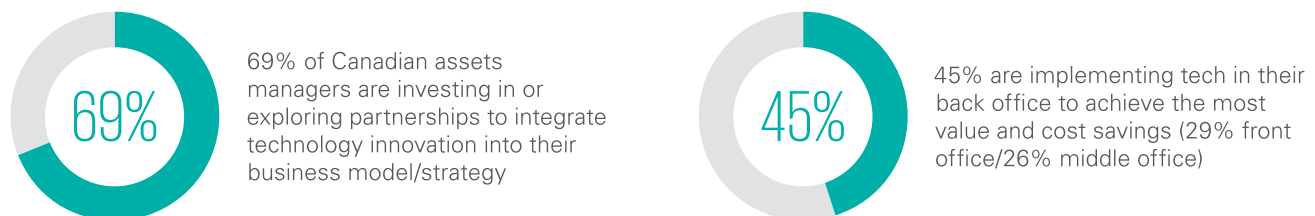
Top organizational opportunities



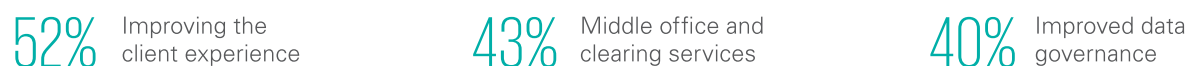
Top organizational risks



Technology top of mind



Top anticipated benefits from technology investments

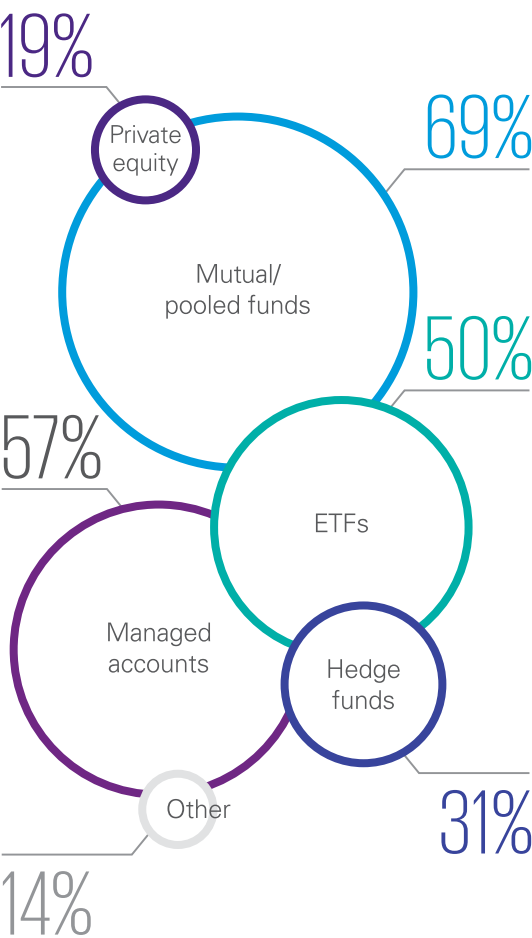


Respondent breakdown

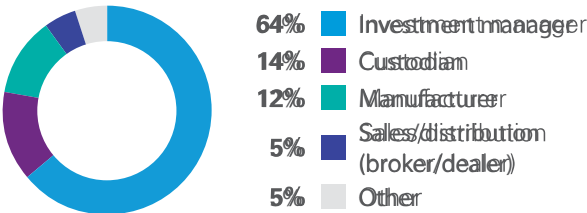
86% have over 1\$ billion AUM
(assets under management)
(33% over \$20B)

95% cite Canada as their
investor domicile
(5% other)

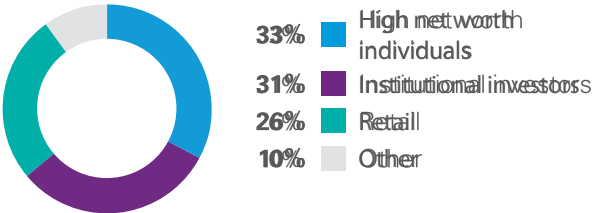
Product types



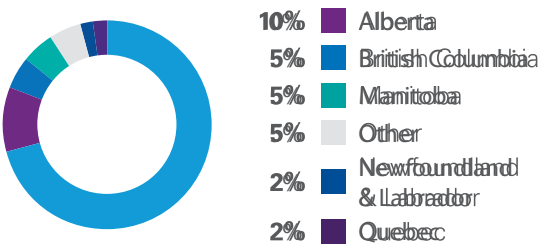
Sector



Investor base



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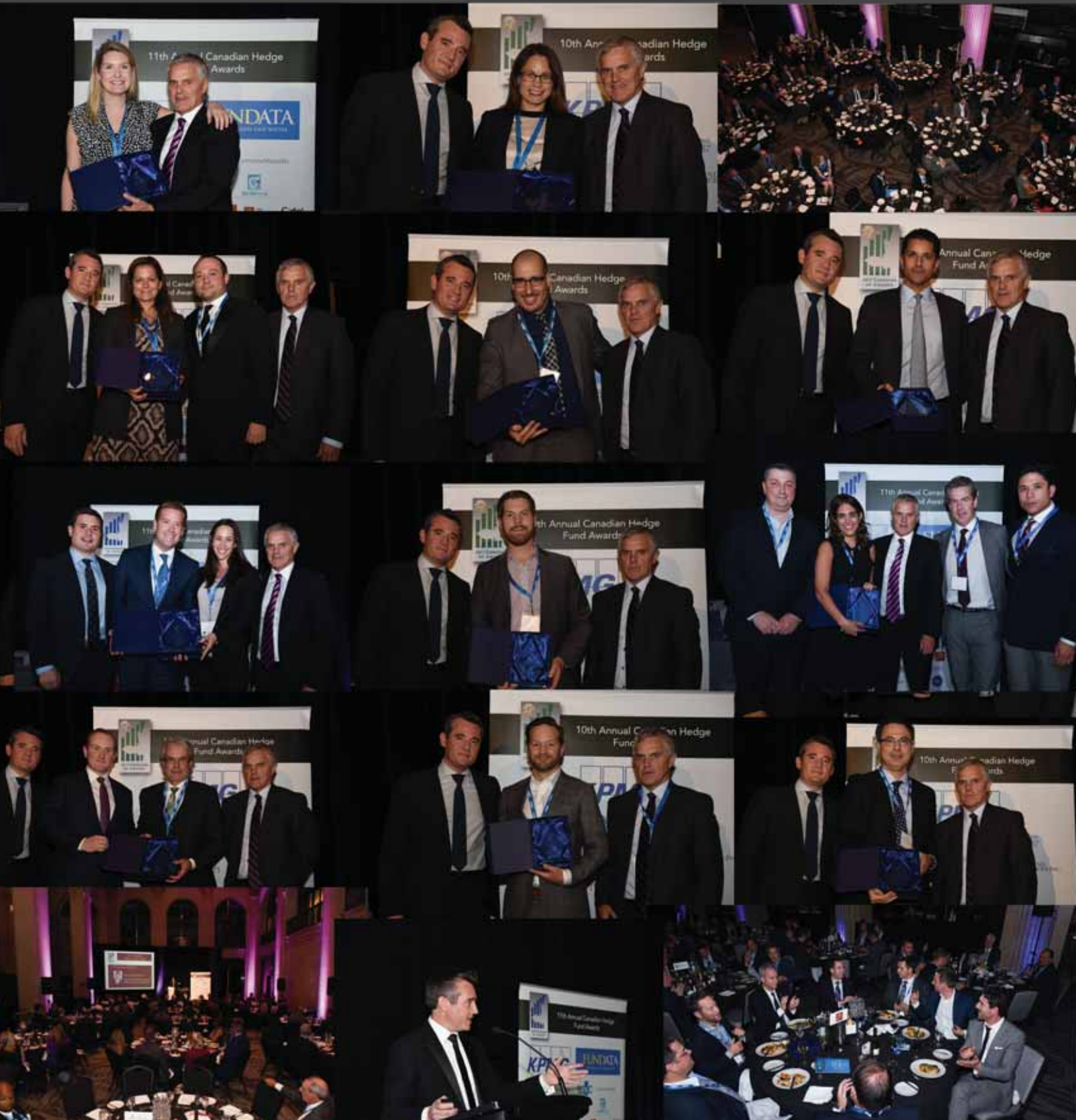
Past Conference Highlights





12th Annual Canadian Hedge Fund Awards and Conference

Past Awards Highlights



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Source: Financial Times

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Participants

Panelists - Panel 2



Martha Tredgett

Ms. Tredgett (Canadian) has over 25 years of experience in the investment business combining equity capital markets, investment banking and business development strategy.

Before joining LGT Capital Partners in 2009 to lead LGT Capital Partner's business development in North America, she served as a Managing Director for JP Morgan (Crane Capital subsidiary in Toronto) where she was advising on capital strategies for alternative asset managers including private equity, real estate, real assets, infrastructure and hedge funds.

Prior to 2002, Martha was a Vice-President & Director at a boutique investment dealer in Toronto, worked as a Director in equity sales at UBS in London & New York; and at Credit Suisse First Boston in London, Paris & New York as Vice President in US equities covering institutional investors.

Ms. Tredgett earned a post-graduate degree in Business (D.B.S.) in 1990 from the London School of Economics and a Bachelor of Commerce in International Business from McGill University in 1989. She has served on the board of the SOHO Partnership, on the Advisory Board of the Faculty of Management at McGill University, and is currently on the board of the Finance & Investment Committee for the Royal Ontario Museum.

She speaks English and French.

Panelists - Panel 3



Loren Francis

Loren, a relationship and portfolio manager, has been advising high networth clients and foundations since 2003. She works closely and collaborates with their trusted advisors, in all aspects of investment counselling, portfolio design and allocation, wealth and tax planning, impact investing, philanthropy and wealth stewardship. She is a member of the HighView Portfolio Strategy Committee, responsible for analysis, due diligence and ongoing monitoring of investment managers, researching new investment ideas and overseeing process and performance. Loren is a Fellow of the Institute of Chartered Professional Accountants of Ontario (FCPA/FCA), holds the Canadian Investment Manager (CIM) designation and completed her MBA at the University of Toronto. Loren has 17 years of experience as a board director in the not-for-profit sector and currently sits on the Canadian Advisory Board of Right to Play.



Greg Moore

Greg Moore is a seasoned wealth management professional with almost 30 years' experience in global financial markets, working with individuals, institutions, and family offices. He brings a unique, holistic approach to wealth management in a segment of the market that sees value in working alongside an independent, trusted advisor as part of their overarching solution. Greg works with families to help them navigate the complexities of wealth and legacy transmission. Bringing together both a technical skill set, as well as a deep understanding of relational family and enterprise strategy issues, he strives to help families address complex problems through open communication and trust. With Richter Family Office, Greg guides individuals and families looking to build and nurture their personal and generational legacies.



ALTERNATIVE MUTUAL FUNDS: GROWTH POTENTIAL LOOKS SOLID COMING OUT OF THE GATE

Author: Paul Holden, Executive Director, Institutional Equity Research, CIBC Capital Markets

The Canadian alternative mutual fund market is less than a year old and there are already 16 companies participating with a total of 42 funds on the shelf. Total AUM stands at \$3.6B and we think the right ingredients are in place for alternatives to grow into a meaningful share of the \$1.5T mutual fund market. The introduction of alternative mutual funds is good news for the industry and we believe the product will also benefit investors over time.

We believe that most of the right ingredients are in place for the market to grow rapidly in the coming years: i) there is broad fund sponsorship, including many of the largest fund companies in Canada that have vertically integrated business models; ii) the vast majority of funds are widely accessible with low minimum investment thresholds; iii) investors have a broad selection of product from which to choose, including a wide variety of investment strategies and fee structures; iv) some alternative funds have already been included into managed solutions (~21% of AUM is help by other funds); and v) performance to date, albeit over a short time frame, demonstrates that the funds are delivering the low volatility returns they are designed to achieve.

Risk Ratings Are A Good News/Bad News Story

One of the most common questions asked by investment companies prior to the launch of alternative mutual funds was how they would be treated from a risk rating perspective. There was a concern that the risk rating might unduly punish strategies that used more sophisticated investment strategies, such as shorting and derivatives, even if the intention of such strategies was to reduce return volatility. There are two sources of risk ratings – the one assigned by the fund manufacturer and the one assigned by the dealer (i.e. advisory and financial planning companies).

The risk rating assigned by the fund is fully transparent and appears on regulatory filings. The good news is that the vast majority of the AUM and funds (24 of 42) are rated low to medium (comparable to a balanced fund or corporate fixed income fund), which we view as a positive outcome as it speaks to the risk mitigating potential of alternative mutual funds. 13 funds have a medium risk rating (comparable to a large cap equity portfolio), 3 are rated low risk (comparable to a money market or low risk fixed income fund) and only 2 are rated medium to high (equivalent to an equity fund that is concentrated in a specific sector or region).

The risk ratings from dealers are less transparent. In some cases the dealers may just use the rating from the fund company, but in many cases the dealer will assign their own rating. Our understanding is that many dealers have assigned a medium risk rating to strategies with a historical track record (depending of course on the track record) and a high risk rating to strategies with no track record. The challenge is that many of the alternative mutual funds launched to date do not have a 3-year return history and hence, have been assigned a high risk rating regardless of the actual underlying investment mandate.

A Closer Look At Fund Structure

There were a number of questions that industry participants had around fund structure and competitor intentions before regulations were finalized. Questions included types of mandates, the use of sub-advisors, fee structure and others. We siphoned through fund prospectuses and now have specific data points on which to base answers for these questions.

We categorized the universe of funds into two broad investment objectives: i) absolute return (positive returns regardless of market conditions); and ii) alpha type strategies where the intention is to outperform a benchmark over time on either an absolute or risk-adjusted return basis. We find that alpha type strategies are more common, which is perhaps a function of regulatory restrictions around shorting (maximum of 50% of gross value).

In terms of asset classes, the most common is equity funds followed by multi-asset class. In most, but not all, cases the equity funds have an alpha generating investment objective. The multi-asset class tend to have an absolute return objective. We are somewhat surprised by the small number of funds that are focused on fixed income strategies. It would seem like there is strong demand for yield enhancing product given low yields and demographic needs.

The majority of funds have a performance fee (30 of 42 funds). The performance fee is typically 15% or 20% with a couple of fixed income mandates using a 10% performance fee.

Product has generally been designed to be widely accessible to investors. A minimum initial investment of only \$500 is required for more than half the funds. Effectively all the funds offer daily redemption rights with minimum hold periods no different than traditional mutual funds. Also the funds are offered in multiple series (A, F, I, etc) with pre-authorized purchase plan and systematic withdrawal plans to fit investor needs. Effectively the liquidity and accessibility looks very similar to traditional mutual funds, as intended.

Drilling Down On Fee Structure

Fees were a key discussion point as investment firms contemplated alternative mutual fund offerings. The average base management fee on a series-F fund (no trailer fee) is 0.91%. Funds are clustered around the 0.9%-1.0% range. That is around where we would see most new equity fund product priced.

We count a total of 13 funds that use a traditional hedge fund performance fee structure – the fund earns a performance fee based on positive returns over a perpetual high water mark.

There are also a good proportion of funds (10) that use relative benchmarks. Common benchmarks include the S&P/TSX Composite Total Return Index and FTSE Canada government bond indexes. These funds also follow a perpetual high water market methodology, which provides an incentive to outperform long only benchmarks consistently from year to year (shortfalls in any year have to be recovered in subsequent years before performance fees are earned).

The other performance fee structure we see is fixed hurdle rates, but it is far less common with only 5 funds using a fixed hurdle. The range of annual return hurdles is 2%-6%.

How Is Performance To Date?

We think it's worth looking at fund performance, even with very short track records, to see if alternative mutual funds are doing what they are intended to do. After all, performance will be one of the primary drivers of future demand. We have used daily NAVs for funds that were created before January 1, 2019 to calculate both YTD returns and the daily standard deviation of returns.

Absolute return funds are generating the types of returns that we would view as attractive. The average return is on pace to hit an annualized rate in the 6-8% range, a normalized equity return like outcome, and the funds are doing that with volatility that looks more like a bond index than an equity index. The range of fund returns and volatility suggests there is no excessive risk taking.

Performance from funds that we have categorized as equity alpha funds are also encouraging. The funds are generally designed to have a long bias (positive beta), but with less volatility than the market. Hence, we should not expect the average return to match equity indexes in a year when the S&P/TSX Composite Total Return Index is up 19% YTD and the S&P 500 Index (CAD) is up 19% YTD. But, we should expect return volatility, which we measure as the standard deviation of daily returns, to be lower than equity indexes. This is exactly what we find with the YTD results. We think relative returns could look better for equity alpha funds in a sideways or down market.

The conclusions for fixed income alpha funds are similar to the equity alpha funds. Returns have not kept pace during the 2019 YTD bull market, but returns have been attractive and with less volatility in most cases. Put more simply, these funds are doing what they are intended to do – provide attractive returns with less risk.

What's Next? Growing The Alternatives Market

There are a number of factors that could help the alternative mutual fund market grow into the \$50B-\$100B market we had originally envisioned. Broader participation from managed solutions (fund-of-funds), which account for \$555B of AUM; advisor education and awareness; performance track records leading to more favourable dealer risk ratings; the launch of more alternative mandates through an ETF wrapper; more relaxed proficiency requirements for MFDA planners; and a change in market conditions that supports the benefits of investing in uncorrelated strategies. The right ingredients are in place to support AUM growth and there are a number of potential developments that could see growth accelerate. Stay tuned.

Contacts:

Robert Lemon
Executive Director, Prime Services Group
416 956-6118
robert.lemon@cibc.com

Matthew Manias
Executive Director, Prime Services Group
416 956-3907
matthew.manias@cibc.com

Tamara Forbes
Executive Director, Prime Services Group
416 956-3367
tamara.forbes@cibc.com

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Steve Banquier
416 983 9444
steve.banquier@tdsecurities.com

Peter Boffo
416 983 1356
peter.boffo@tdsecurities.com

Sara Mackasey
416 983 1105
sara.mackasey@tdsecurities.com

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Participants

Panelists - Panel 3



Dustin Van Der Hout

Throughout the downturn and recovery of 2008, Dustin was a Research Analyst at Gabelli Asset Management in New York, one of the most respected research-driven firms in the U.S. Working directly with Mario Gabelli, Dustin learned how to advise sophisticated, high net worth investors who demanded investment acumen.

Dustin was driven in 2011 to start a practice advising private clients at a major Canadian bank in his hometown, Toronto, and building his own team. There, he began to introduce pension fund style investment solutions to business owners, professionals and their families.

In 2015 he joined Richardson GMP as a Portfolio Manager and continues to advise and manage investments on behalf of high net-worth clients.

Panelists - Panel 4



Gary Ostoich

Gary is a Canadian hedge fund executive with more than 25 years experience covering all aspects of the hedge fund industry. Currently, Gary is President and CEO of Spartan Fund Management, a Toronto based investment management company that specializes in niche investment strategies managed by experienced investment teams with proven track records. Spartan believes, as supported by academic research, that smaller more nimble investment managers outperform larger more established managers. Currently Spartan has AUM/Committed Capital of \$1.2B across 14 strategies. Previously Gary had been involved with seeding and successfully growing a number of businesses relating to the alternative asset area.

Gary started his career in the hedge fund industry while a partner within the Toronto office of the law firm of McMillan LLP which he joined in 1987. Gary headed up McMillan LLP's hedge fund practice and formerly was on their management committee. While at McMillan LLP (he left private practice in 2003) he was repeatedly included in LEXPERT's Guide to the Leading 500 Lawyers in Canada. Gary was instrumental in establishing in 2003 the Canadian Chapter of the Alternative Investment Management Association based in the U.K. Gary is past chair of AIMA Canada.

Gary has written and spoken extensively in Canada and abroad with respect to various issues relating to the hedge fund industry. He has also appeared before regulatory bodies and task forces within Canada relating to hedge funds including testifying before the Senate Banking Committee in Canada with respect to hedge fund regulation.



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Participants

Panelists - Panel 4



David Picton

David is a founding partner of Picton Mahoney Asset Management, President, and lead Portfolio Manager, responsible for our Canadian equity market neutral, long short, and long only strategies. David has been a prominent presence in the Canadian investment industry for the past several decades. Highlights of his career include launching Synergy Asset Management in 1997 and working as its lead Canadian momentum portfolio manager (some of those mandates he continues to manage to this day), and spending eight years as Head of Quantitative Research at RBC Dominion Securities where he was one of the top-ranked analysts in his sector. David holds an Honours Bachelor of Commerce degree from the University of British Columbia.



Colin Stewart

Colin Stewart is a founding shareholder of JC Clark Ltd. and the Chief Executive Officer, and Portfolio Manager at the Firm. Colin has responsibility for the Firm's investment team and also serves as the Portfolio Manager for the JC Clark Preservation Trust and the JC Clark Focused Opportunities Fund. Colin received a Bachelor of Business Administration (Honours) from Wilfrid Laurier University in 1998 and is a CFA charterholder (2001). Colin began his career in the Corporate Finance division of CIBC World Markets and then joined Connor Clark & Co. where he worked alongside JC Clark founder John Clark as a Research Analyst.

Since 2012, Colin has been a Director of the Yellow Bus Foundation, a charity whose mandate is to enable children living with chronic illnesses or disadvantaged youth to enrich their lives by expanding their access to programming and support.

Colin is a member of the Toronto Chapter of YPO (Young Presidents' Organization), the world's premier peer network of chief executives and business leaders. He is also a member of the President's Council of St. Michael's Hospital Foundation in Toronto.

Thank You

Alternative IQ would like to thank all the panelists, participants and sponsors. This annual event would not be possible without your gracious support, along with your dedication and commitment to making Canada's hedge fund industry a viable and exciting investment opportunity for your clients. Alternative IQ also congratulates all the Top Contenders and Winners of the 2019 Canadian Hedge Fund Awards.



Julie Makepeace

Managing Director
Alternative IQ



Celebrating, Supporting and Expanding Canada's Hedge Fund Industry



12th Annual Canadian Hedge Fund Awards and Conference

Notes

October 22, 2019 • Grand Banking Hall, One King West Hotel, Toronto, ON.



12th Annual Canadian Hedge Fund Awards and Conference

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October 22, 2019 • Grand Banking Hall, One King West Hotel, Toronto, ON.



12th Annual Canadian Hedge Fund Awards and Conference

Top Contenders for a 2019 Canadian Hedge Fund Award by Category in Alphabetical Order

Equity Focused

Best 1 Year Return

- Broadview Dark Horse LP (Ewing Morris & Co.)
- Canoe Energy Alpha Fund LP
- Dynamic Global Growth Opportunities Fund
- GFI Good Opportunities Fund
- Goodwood SPValue Fund
- Lynwood Opportunities Fund
- Maplewest Partners Fund
- NewGen Equity Long-Short Fund LP
- Portland Focused Plus Fund LP
- Quintessence Wealth Enhanced Long/Short Total Return Fund

Best 3 Year Return

- AlphaNorth Partners Fund
- Dynamic Global Growth Opportunities Fund
- GFI Good Opportunities Fund
- Goodwood SPValue Fund
- Groundlayer Alpha Fund
- MMCap Canadian Fund
- NISO Fund
- Pathfinder Partners' Fund
- Peregrine Investment Management Fund LP
- Portland Focused Plus Fund LP

Best 5 Year Return

- GFI Good Opportunities Fund
- Goodwood SPValue Fund
- Highstreet Global Equity Fund
- Lumen Long Short Equity Fund
- Pathfinder Partners' Fund
- Peregrine Investment Management Fund LP
- Portland Focused Plus Fund LP
- ROMC Fund
- The K2 Principal Fund LP
- Venator Select Fund

Best 3 Year Sharpe Ratio

- Ewing Morris Opportunities Fund LP
- GFI Good Opportunities Fund
- Groundlayer Alpha Fund
- Lumen Long Short Equity Fund LP
- Maplewest Partners Fund
- NISO Fund
- Pathfinder Partners' Fund
- The K2 Principal Fund LP
- WARATAH Income
- WARATAH Performance

Best 5 Year Sharpe Ratio

- Broadview Dark Horse LP (Ewing Morris & Co.)
- BSD Global Tech Hedge Fund LP
- Ewing Morris Opportunities Fund LP
- GFI Good Opportunities Fund
- Groundlayer Alpha Fund
- Lumen Long Short Equity Fund
- Pathfinder Partners' Fund
- The K2 Principal Fund LP
- WARATAH Income
- WARATAH Performance

Credit Focused

Best 1 Year Return

- Algonquin Debt Strategies Fund LP
- East Coast Investment Grade Fund II (Arrow)
- East Coast Performance Fund LP
- Goodwood Milford Fund
- Guardian Strategic Income Fund
- Lawrence Park Credit Strategies Fund
- RP Debt Opportunities Fund
- RP Select Opportunities Fund
- Venator Income Fund
- YTM Capital Credit Opportunities Fund

Best 3 Year Return

- Algonquin Debt Strategies Fund LP
- East Coast Investment Grade Fund II (Arrow)
- East Coast Performance Fund LP
- Fulcra Credit Opportunities Fund
- Guardian Strategic Income Fund
- NorthStream Credit Strategies Fund LP
- Picton Mahoney Income Opportunities Fund
- Picton Mahoney Special Situations Fund
- Purpose Credit Opportunities Fund
- RP Select Opportunities Fund

Best 5 Year Return

- Dynamic Credit Absolute Return Fund
- East Coast Investment Grade Fund II (Arrow)
- East Coast Performance Fund LP
- Fulcra Credit Opportunities Fund
- Goodwood Milford Fund
- Guardian Strategic Income Fund
- Lawrence Park Credit Strategies Fund
- Purpose Credit Opportunities Fund
- RP Debt Opportunities Fund
- RP Select Opportunities Fund

Best 3 Year Sharpe Ratio

- Algonquin Debt Strategies Fund LP
- Blair Franklin Global Credit Fund
- Davis Rea Enhanced Income Fund
- East Coast Investment Grade Fund II (Arrow)
- East Coast Performance Fund LP
- GS+A Credit Arbitrage Fund
- Lawrence Park Credit Strategies Fund
- Lawrence Park Enhanced Preferred Fund
- NorthStream Credit Strategies Fund LP
- YTM Capital Credit Opportunities Fund

Best 5 Year Sharpe Ratio

- Blair Franklin Global Credit Fund
- East Coast Investment Grade Fund II (Arrow)
- East Coast Performance Fund LP
- Fulcra Credit Opportunities Fund
- GS+A Credit Arbitrage Fund
- Lawrence Park Credit Strategies Fund
- Marret Investment Grade Hedged Strategies Fund
- Purpose Credit Opportunities Fund
- RP Debt Opportunities Fund
- RP Select Opportunities Fund



12th Annual Canadian Hedge Fund Awards and Conference

Top Contenders for a 2019 Canadian Hedge Fund Award

by Category in Alphabetical Order

Market Neutral

Best 1 Year Return

- Amethyst Arbitrage Fund (Canada)
- CC&L Diversified Market Neutral Fund
- EHP Foundation Fund
- FDP Market Neutral Private Portfolio
- Galliant Market Neutral Fund
- HGC Arbitrage Fund LP
- PCJ Absolute Return
- Picton Mahoney Global Market Neutral Equity Fund
- Picton Mahoney Market Neutral Equity Fund
- WARATAH One

Best 3 Year Return

- Amethyst Arbitrage Fund (Canada)
- EHP Foundation Fund
- Formula Growth Alpha Fund
- Galliant Market Neutral Fund
- HGC Arbitrage Fund LP
- PCJ Absolute Return
- Picton Mahoney Market Neutral Equity Fund
- RBC QUBE Market Neutral Canadian Equity
- RBC QUBE Market Neutral World Equity
- WARATAH One

Best 5 Year Return

- Amethyst Arbitrage Fund (Canada)
- CC&L Diversified Market Neutral Fund
- CC&L Market Neutral Fund
- Curvature LP
- Curvature Market Neutral Fund (Arrow)
- Formula Growth Alpha Fund
- HGC Arbitrage Fund LP
- Picton Mahoney Market Neutral Equity Fund
- RBC QUBE Market Neutral Canadian Equity
- WARATAH One

Best 3 Year Sharpe Ratio

- Amethyst Arbitrage Fund (Canada)
- EHP Foundation Fund
- Formula Growth Alpha Fund
- Galliant Market Neutral Fund
- HGC Arbitrage Fund LP
- PCJ Absolute Return
- Picton Mahoney Market Neutral Equity Fund
- RBC QUBE Market Neutral World Equity
- WARATAH Energy
- WARATAH One

Best 5 Year Sharpe Ratio

- Amethyst Arbitrage Fund (Canada)
- CC&L Diversified Market Neutral Fund
- CC&L Market Neutral Fund
- Curvature LP
- Curvature Market Neutral Fund (Arrow)
- Formula Growth Alpha Fund
- HGC Arbitrage Fund LP
- Picton Mahoney Market Neutral Equity Fund
- RBC QUBE Market Neutral Canadian Equity
- WARATAH One

Global Macro /Managed Futures /Multi-Strategy

Best 1 Year Return

- Capstone Non-Traditional Equity Pool Fund
- Dynamic Income Opportunities Fund
- Fort Investment Global Diversified
- Hillsdale Global Income Fund
- Invesco Balanced-Risk Allocation Pool
- Kensington Alternative Strategies Fund
- Manulife Global Absolute Return Strategies Fund
- Next Edge AHL Fund
- Picton Mahoney Diversified Strategies Fund
- ReSolve Acorn Diversified Trust

Best 3 Year Return

- Arrow Global Advantage Fund
- Capstone Non-Traditional Equity Pool Fund
- Dynamic Income Opportunities Fund
- Fort Investment Global Diversified
- JM Catalyst Fund
- Kensington Alternative Strategies Fund
- Palos Income Fund, LP
- PH&N Absolute Return Fund
- Picton Mahoney Diversified Strategies Fund
- WFC Opportunities Trust

Best 5 Year Return

- Barometer Global Macro Pool
- Capstone Non-Traditional Equity Pool Fund
- CC&L Absolute Return Fund
- Dynamic Income Opportunities Fund
- Fort Investment Global Diversified
- JM Catalyst Fund
- Kensington Alternative Strategies Fund
- Palos Income Fund, LP
- Next Edge AHL Fund
- PH&N Absolute Return Fund
- WFC Opportunities Trust

Best 3 Year Sharpe Ratio

- Arrow Global Advantage Fund
- Capstone Non-Traditional Equity Pool Fund
- Dynamic Income Opportunities Fund
- Fort Investment Global Diversified
- JM Catalyst Fund
- Kensington Alternative Strategies Fund
- Palos Income Fund, LP
- PH&N Absolute Return Fund
- Picton Mahoney Diversified Strategies Fund
- WFC Opportunities Trust

Best 5 Year Sharpe Ratio

- Barometer Global Macro Pool
- Capstone Non-Traditional Equity Pool Fund
- CC&L Absolute Return Fund
- Dynamic Income Opportunities Fund
- Fort Investment Global Diversified
- JM Catalyst Fund
- Kensington Alternative Strategies Fund
- Palos Income Fund, LP
- PH&N Absolute Return Fund
- Picton Mahoney Diversified Strategies Fund



12 th Annual Canadian Hedge Fund Awards and Conference

Top Contenders for a 2019 Canadian Hedge Fund Award

by Category in Alphabetical Order

Private Debt

Best 1 Year Return

- AIP Global Macro Fund LP
- Bridging Mid-Market Debt Fund
- Bridging Private Debt Institutional Fund LP
- Invico Diversified Income Fund
- Next Edge Private Debt Fund
- Ninepoint TEC Private Credit Fund
- Quantius Innovation Income Fund LP
- Rockridge Private Debt & Real Estate Pool
- Third Eye Capital Alternative Credit Trust
- Westbridge Capital Partners Income Trust

Best 3 Year Return

- AIP Global Macro Fund LP
- Bridging Income Fund LP
- Bridging Private Debt Institutional Fund LP
- Cortland Credit Strategies LP
- Invico Diversified Income Fund
- Next Edge Private Debt Fund
- Ninepoint TEC Private Credit Fund
- Portland Private Income Fund
- Third Eye Capital Alternative Credit Trust
- VPC Specialty Finance Fund

Best 5 Year Return

- AIP Global Macro Fund LP
- Bridging Income Fund LP
- Bridging Private Debt Institutional Fund LP
- Cortland Credit Strategies LP
- Invico Diversified Income Fund
- Ninepoint Alternative Income Fund
- Ninepoint TEC Private Credit Fund
- Portland Private Income Fund
- Third Eye Capital Alternative Credit Trust
- Westbridge Capital Partners Income Trust

Best Overall Canadian Hedge Fund

Best 10 Year Return & Sharpe Ratio (all categories)

Agilith North American
Diversified Fund

Blair Franklin Global Credit
Fund

Broadview Dark Horse LP
(Ewing Morris & Co.)

Calrossie Partners Fund

DKAM Capital Ideas Fund

Fort Investment Global
Diversified

GFI Good Opportunities
Fund

Goodwood Milford Fund

Groundlayer Alpha Fund

King & Victoria Fund LP

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