



# An Advisor's Essential Guide to Alternative Funds in Canada

Presented by:

**Scotiabank**<sup>TM</sup>

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## AIMA is pleased to offer a number of public resources to help investors and advisors navigate the Alternative Fund landscape in Canada.

Alternative investments are an essential part of long-term asset allocation, long incorporated by Canada's leading institutional allocators to provide risk reduction, non-correlated returns and diversification to investment portfolios.

Canada is proud to be home to a robust community of alternative investment firms, managing hedge funds, alternative mutual funds, alternative ETFs and private debt funds. These strategies can be implemented on an evergreen basis to reduce portfolio volatility and provide diversified return streams in retail investor portfolios.

While allocations should always be fully informed by the KYP & KYC process with proper due diligence, these strategies can provide downside protection, acting as portfolio insurance through inevitable market volatility and improving wealth preservation, a testimony to the value of active management. Short selling can be an excellent tool for mitigating undesired ESG risk as well.

AIMA Canada, first founded in 2003 as part of a global network, represents our local alternative investment industry with regulatory advocacy & guidance, thought leadership and educational resources for investors in the form of research, events and media communication.

Whether you are a new or veteran investor in alternative investment funds, this AIMA Advisor Guide highlights key resources for wealth advisors and their clients alike, providing due diligence questions, investor education videos, continuing education presentations and more. For more detailed reading on the alternative investment industry, we encourage you to reference the [AIMA Canada Handbook 2019](#) and visit [aima.org](http://aima.org) for more research and education.

We look forward to leading and supporting your educational journey as alternative investments play a crucial role in investor portfolios, today and going forward.



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CAIA

**Managing Director,  
Head of Canada,  
AIMA**



**Belle Kaura,**  
BCL, LLB, LLM, ICD.D

**VP Legal, Chief  
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**Managing Director, Head  
of Canadian Prime  
Services, Scotiabank  
Global Banking and  
Markets**

**AIMA Canada  
Executive  
Committee  
Member  
2018-2022**

## Key Reference Links

1. [Global Alternative Industry Data](#) (presented quarterly by Preqin)
2. [Canadian Industry Data](#) (presented quarterly by Fundata)
3. [Advisor Due Diligence Considerations for Hedge Funds, Liquid Alternatives & Private Credit](#)
4. [AIMA Canada Handbook: Canadian Alternative Investment Landscape](#)
5. [AIMA Canada Investor Education Video Series](#)
6. [Infographic: Putting Alternatives to Work in Your Portfolios](#)
7. [IIROC CE Credit Presentations](#) (available also at [www.ceccorner.ca](http://www.ceccorner.ca))
  - [Introduction to Alternative Investments & Benefits of Adding to your Portfolio](#)
  - [Seeking Alpha Managers Webinar, by Dr Randy Cohen \(Harvard\)](#)
  - [“The Evolution of Portfolio Management”](#)
  - [Alternative Strategies to Diversify Your Portfolio: Merger Arbitrage, Market Neutral and Private Equity Replication](#)
  - [Report on Liquid Alternatives in Canada](#)
  - [The Case for Managed Futures](#)
  - [Why Alternative Investments Matter in Portfolio Construction](#)
  - [Levered Credit Demystified](#)
  - [AIMA Canada Wealth Advisor Summit 2020](#)
  - [AIMA Canada Liquid Alt Series 2021](#)
  - [AIMA Canada Educational Video Series - Private Equity, Private Credit and Due diligence](#)
  - [AIMA Canada Educational Video Series - Key terms & Explanations](#)
  - [AIMA Canada Educational Video Series - Hedge Fund & Liquid Alternative Strategies](#)
  - [AIMA Canada Educational Video Series - Asset Allocation & Trends](#)
  - [AIMA Investor Education: Hedge Funds 101](#)
8. [Canadian Indices: Hedge Funds & Alternative Mutual Funds](#) (presented monthly by Scotiabank Global Banking and Markets)
9. [Canadian Member Fund Directories: Hedge Funds & Alternative Mutual Funds/ETFs](#) (presented quarterly by Fundata)
10. [Product Comparison Chart](#) (presented by McMillan LLP)
11. [AIMA & CAIA Risk Rating Guidelines for Hedge Funds & Alternative Mutual Funds](#)
12. [AIMA Research:](#)
  - [Educational Resources on Hedge Funds, Alternative Funds & Private Credit](#)
  - [AIMA/CAIA: The Way Ahead: Helping Trustees Navigate the Hedge Fund Sector](#)
  - [AIMA/CAIA: Portfolio Transformers – Examining the role of Hedge funds as substitutes and diversifiers in investor portfolios](#)
  - [AIMA/CAIA: Made to Measure - Understanding the use of leverage in alternative investment funds](#)
  - [AIMA/CAIA: Efficient Flows - Understanding liquidity in alternative investment funds](#)
  - [AIMA: An Introduction to Short Selling](#)
  - [AIMA In Sync How hedge funds achieve alignment with investors to foster long- term strategic partnerships](#)
  - [AIMA Perspectives & Future of the Hedge Fund Industry](#)
  - [AIMA Alternative Credit Council Private Credit & Financing the Economy](#)
  - [A Year into the Liquid Alternative Fund Market in Canada](#) (presented by Third Eye Capital)
  - [AIMA Canada Launching Alternative Mutual Funds Handbook](#)
  - [Canada Hedge Fund Primer](#)
  - [AIMA Canada Strategy Whitepapers](#)
13. [Further Education:](#)
  - [CAIA & CFA: Alternative Investments: A Primer for Investment Professionals](#)
  - [CAIA: The Next Decade in Alternatives](#)



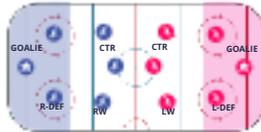
# Putting Alternatives to Work in Your Portfolio



## Think of your balanced portfolio like a HOCKEY TEAM

### 3-4 lines of talent

- ✓ 2 wingers
- ✓ 1 balanced/all-around centre
- ✓ 2 defence
- ✓ 1 goalie



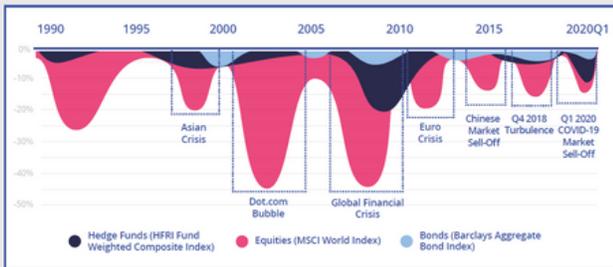
Similar to a team, an investment portfolio requires that you balance who is playing offence (getting returns) versus defence (protecting on the downside). Most hedge funds act like your defence or goalie. They can still score goals, but are mostly working to protect the downside.



Did you know? Investors value the broader toolkit available to alternative investment managers for the diversification, volatility reduction, downside protection and non-correlated return benefits they can provide.

## Market volatility happens. Then what?

Hedge funds and alternative investments provided better protection than equities and bonds in periods of extreme market volatility.



Source: AIMA Research

## Hedge funds and alternative investments helped protect on the downside.



Think of it as buying insurance for your home. Alternatives can act as insurance to minimize losses during market corrections.

## You're in good company.

Who invests in alternative investments globally?

Hedge funds play a vital role globally for the institutions that look after everyone's pension and savings.



Average allocation to alternatives by advisors globally: **10%**

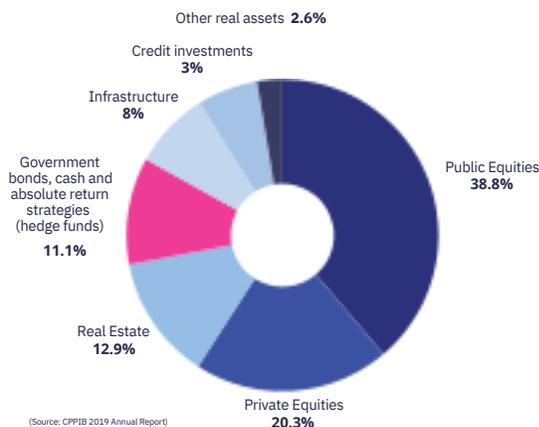
(Source: Preqin)



## Alternatives are closer to home than you think.

Everyday Canadians already invest in alternative investments.

### CPPIB Portfolio and Performance



## Popular hedge fund strategies in Canada.

Alternative CIFSC Category	Number of Reporting Memorandum Prospectus
Equity Focused	85 21
Credit Focused	23 8
Multi-Strategy	27 17
Market Neutral	16 4
Other	49 12

\*Reporting to Funddata, as at August 8, 2019

## Before you allocate, what should you look for in a hedge fund manager?

### Investment Manager

What is the background and experience of the investment manager & the investment team?

What is the governance surrounding the investment manager & investment team?

How do they manage risk? (independent reporting lines, operational risk management, conflicts of interest, etc.)?



What is their compliance culture?

Are members of the senior investment management team personally invested in the fund?

## Investment Strategy



- ✓ Have the objectives of the investment strategy changed in the past 5 years? Has there been any style drift?
- ✓ What is the fund's investment objective and principal investment strategies?
- ✓ From where are the underlying positional data, market data and any underlying models sourced for this strategy?
- ✓ Are there position limits and how are they monitored?
- ✓ How much financial leverage does the fund use on average? Limits? Sources?
- ✓ Are there any capacity constraints?
- ✓ Performance history?
- ✓ In what type of markets would this strategy be expected to outperform or underperform?
- ✓ How long would it take in normal market conditions and stressed market conditions to liquidate the fund without incurring unusual costs?
- ✓ Who makes the portfolio management decisions and how are they made?
- ✓ What method(s) does the investment manager use to measure the total risk of a portfolio using this strategy?
- ✓ Offering documents, subscription agreements, and process for purchases and redemptions? Fees? Performance fees and calculation methodology?
- ✓ What is the fund's valuation policy and the frequency of valuation?
- ✓ What portfolio data does the investment manager provide to investors, and with what frequency and time lag?
- ✓ Who are the outsourced service providers of the fund (i.e., prime broker, auditor, custodian, administrator, legal)?

Not all alternatives are alike.  
To learn more about alternative investments:



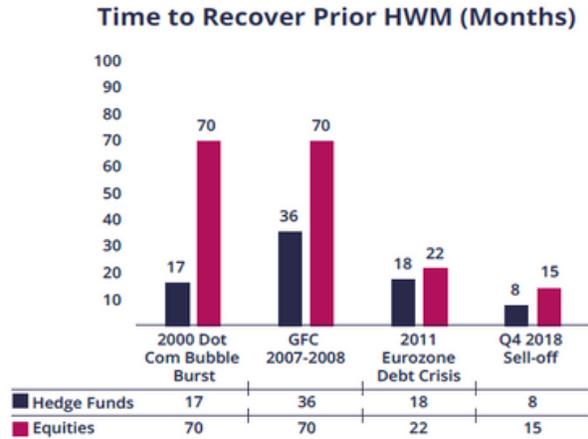
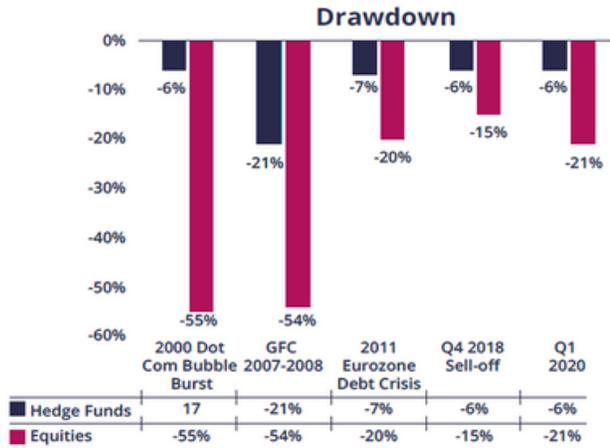
Visit [aima.org](http://aima.org) for more information and resources



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## Hedge Fund Performance During Market Corrections



Putting Q1 performance into historical context, and the biggest drawdowns over the past twenty years, hedge funds have preserved investor capital and mitigated the downside better than an investment in equities.

After prior market sell-offs, hedge funds have consistently been quicker to make recovery.

Source: Hedge Fund Research Inc. MSCI. AIMA Research



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## Investor Education Video Series

### Key Terms & Explanations

- Fund Structures
- Common Myths in Hedge Funds & Liquid Alternatives
- CIFSC Categories
- Risk Measures
- Key Service Providers
- Intro to Short Selling
- Investor (Fund) Liquidity
- NFTs
- Leverage in Alternatives (Equity)
- Leverage in Alternatives (Fixed Income)
- Liquidity in Alternatives
- AIMA/CAIA Risk Ratings
- Reporting/Transparency
- Key Service Providers

### Hedge Fund & Liquid Alternative Strategies

- Introduction to Hedge Fund Strategies
- Global Macro
- Equity Long/Short
- Risk Parity for an Uncertain Future
- Long/Short Credit
- Event Driven
- Risk Premia
- Multi-Strategy
- CTAs/Managed Futures
- Distressed Securities
- Risk/Merger Arbitrage
- Special Situations
- Volatility Overlay
- Real Estate
- SPACs
- Quant Funds

### Due Diligence

- Due Diligence Overview

### Private Credit & Private Equity

- Introduction to Private Credit
- Debunking Common Myths in Private Lending
- Private Debt: Direct Lending
- Private Debt Due Diligence
- Introduction to Private Equity
- Private-Equity Replication Strategies
- Venture Debt

### Asset Allocation & Trends

- Setting the Stage
- Implementing Alternatives
- Introduction to Alternative Data
- Risk/Return Expectations
- Alternative Approach to ESG
- Why Canadian Alternatives in Asset Allocation
- Introduction to ESG
- Choosing a Fund Structure
- Introduction to Digital Asset Strategies
- Alternative Health





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## AIMA Due Diligence Considerations for Retail Investment Advisors: Hedge Funds, Alternative Mutual Funds & ETFs, Private Credit Funds

### Investment Manager

- What is the background and experience of investment manager & the investment team?
- What is the governance surrounding the investment manager & investment team?
- What are the features of the investment manager's compliance culture?
- What risk management frameworks are in place? For example, independent reporting lines, operational risk management, conflicts of interest, etc.?
- Are the members of senior management of the investment manager, the portfolio manager and/or the fund directors personally invested in the fund?
- Are there any capacity constraints?
- Offering documents, subscription agreements, and process for purchases and redemptions? What are the fees, including performance fees and calculation methodology?
- What is the valuation policy and frequency of valuation?
- How long would it take in normal market conditions and stressed market conditions to liquidate the fund without incurring unusual costs?
- What portfolio data does the investment manager provide to investors, and with what frequency and time lag?
- Who are the outsourced service providers of the fund? For example, prime broker, auditor, custodian, administrator, legal counsel, etc.?

### Strategy

- What is the fund's investment objective and principal investment strategies?
- Have the objectives of the investment strategy changed in the past 5 years?
- From where are the underlying positional data, market data and any underlying models sourced for this strategy? Are there position limits and what are they?
- Who makes the portfolio management decisions and how are they made?
- What is the performance history? In what type of markets would this strategy be expected to outperform or underperform?
- What method(s) does the investment manager use to measure the total risk of a portfolio using this strategy?
- How much financial leverage does the fund use on average? What are the limits? What are the sources of leverage?

### Private Credit Strategy

- How does the investment manager source potential borrowers? Direct relationships with the borrower (e.g. in-house advisory), private equity sponsors, banks, via corporate debt advisors (e.g. audit firms/ lawyers, consultants etc.), marketplace lending platforms?
- What is the typical target range of maturities sought?
- How are repayment terms on originated loans typically structured?
- Describe the investment manager's credit assessment and due diligence process.
- What types of representations, warranties and covenants are the borrowers required to give and
- What collateral is required? How is this monitored?
- What is the investment manager's policy towards impaired/stressed loans or bad debts and what track record does they have?

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## Fund Structures



By: **Michael A. Burns**, Partner & Co-Chair, Investment Funds and Asset Management Group, McMillan LLP  
 Chair, AIMA Canada Executive Committee, 2014-2018

### Modernization of Investment Funds Under NI 81-102 Investment Fund Product Comparisons

#### Overview of the Modernization Project

The amendments to NI 81-102 consolidated the regulation of publicly offered mutual funds, closed-end funds, commodity pools and Exchange Traded Funds (ETFs) under one rule.

The differences between alternative mutual funds and privately offered investment funds (hedge funds) as well as the distinguishing features between alternative mutual funds, closed-end funds and conventional mutual funds are summarized in the tables below.

### Key Differences Between Alternative Mutual Funds and Privately Offered Hedge Funds – at a Glance

Even though alternative mutual funds provide investment flexibility when compared to conventional mutual funds, they are relatively limited compared to the diverse investment strategies that may be utilized by privately offered investment funds (hedge funds). In addition, the Canadian securities regulatory regime imposes obligations on alternative mutual funds that are significantly different from those applicable to hedge funds.

The key restrictions and reporting obligations applicable to alternative mutual funds relative to hedge funds are set out in the following table:

	ALTERNATIVE MUTUAL FUNDS	HEDGE FUNDS
<b>Eligible Investors</b>	Available to the retail investors.	May only be distributed on a “private placement” basis in reliance on a prospectus exemption and are typically sold to high net worth investors that qualify as “accredited investors”.
<b>Key Documents/ Ongoing Disclosure Requirements</b>	Publicly filed simplified prospectus, annual information form, fund facts document, audited annual and interim financial statements and management reports of fund performance. Mandated leverage disclosure in annual and interim financial reports. Top 25 portfolio holdings disclosed quarterly.	Investors typically receive an offering memorandum and audited annual and interim financial statements (which are not publicly filed). No mandated leverage disclosure or disclosure of top portfolio holdings.
<b>Governance</b>	Independent Review Committee requirement.	No specific governance requirements.
<b>NAV Calculation</b>	Alternative Mutual Funds: Daily.	Hedge Funds: Daily, Weekly, Monthly (most common) or Quarterly depending on frequency of subscriptions and redemptions.



	ALTERNATIVE MUTUAL FUNDS	HEDGE FUNDS
<b>Redemption Rights</b>	Daily (most common) or weekly as specified in Prospectus.	Weekly, monthly (most common) or quarterly. Monthly redemptions typically require a minimum of 30 days advance notice prior to the applicable redemption date.
<b>Initial Holding Period</b>	None, although managers may utilize Short Term Trading Fees as a disincentive and new alternative mutual funds have the ability to have an initial freeze on redemptions for the first 6 months from date that the fund is first offered, all as specified in the prospectus.	Generally none, but may be 4, 6 or 12 months or longer.
<b>Redemption Proceeds</b>	T+2	T+2
<b>Risk/Compliance Management</b>	Daily monitoring of portfolio vs permitted limits in NI 81-102 and any other investment restrictions described in the prospectus.	Regular monitoring of portfolio vs investment restrictions of fund and restrictions generally imposed under applicable securities laws.
<b>Performance/ Incentive Fees</b>	Permitted, subject to the requirement that a performance fee may only be paid based on performance which has occurred since the time that a performance fee was last paid.	Permitted (no limitations)
<b>Borrowing (cash and / or securities)</b>	Limited to 50% of NAV (subject to an aggregate 50% of NAV limitation on short-selling and borrowing).	No limit
<b>Short-Selling</b>	Limited to 50% of NAV (subject to an aggregate 50% of NAV limitation on short-selling and borrowing), no cash cover required.	No limit
<b>Leverage</b>	Maximum of 3X (excludes hedging via specified derivatives).	No limit

	ALTERNATIVE MUTUAL FUNDS	HEDGE FUNDS
<b>Concentration Limit – issuer level</b>	20% of NAV, subject to carve-outs (does not apply to short sale of government securities).	No limit
<b>Illiquid Assets</b>	10% of NAV at initial investment; 15% hard-cap.	No limit
<b>Restrictions on Investment</b>	No investment in: real property; mortgages, other than guaranteed mortgages; or Loan syndications / participations if any responsibility to administering loan.	No limit
<b>Risk ratings</b>	As per NI 81-102, all Funds must have a risk rating as per the CSA's methodology.	No risk rating requirement
<b>Fund of Fund investments</b>	May invest up to 100% of NAV in underlying alternative mutual funds, non-redeemable investment funds, conventional mutual funds and ETFs funds. Underlying funds must be NI 81-102 Funds and a reporting issuer in at least one Canadian jurisdiction. Investing in private pooled funds prohibited.	No limit



## Comparison of Alternative Mutual Funds, Closed-End Funds and Conventional Mutual Funds

	ALTERNATIVE MUTUAL FUNDS	CLOSED-END FUNDS	CONVENTIONAL MUTUAL FUNDS
<b>Definition:</b>	A mutual fund, other than a precious metals fund, that has adopted fundamental investment objectives that permit it to invest in physical commodities or specified derivatives, to borrow cash or engage in short selling in a manner not permitted under NI 81-102.  Investment funds that were formerly referred to as “commodity pools” and were governed by NI 81-104 are now designated as alternative mutual funds and are governed by NI 81-102.	N/A	N/A
<b>Concentration Limit:</b>	20% of NAV	20% of NAV	10% of NAV
<b>Investments in Physical Commodities:</b>	May invest in precious metal certificates, permitted precious metals, physical commodities or specified derivatives of which the underlying interests are physical commodities.	May invest in precious metal certificates, permitted precious metals, physical commodities or specified derivatives of which the underlying interests are physical commodities.	May invest up to 10% of NAV in permitted precious metals, permitted precious metal certificates or specified derivatives of which the underlying interests are physical commodities.
<b>Illiquid Assets:</b>	10% of NAV with hard cap of 15% of NAV.	20% of NAV with hard cap of 25% of NAV.	10% of NAV with hard cap of 15% of NAV..
<b>Short Selling Limit:</b>	50% of NAV	50% of NAV	20% of NAV
<b>Single Issuer Short Sale Limit:</b>	Market value of 10% of NAV excluding shorting of “government securities”.	Market value of 10% of NAV excluding shorting of “government securities”.	Market value 5% of NAV.



	ALTERNATIVE MUTUAL FUNDS	CLOSED-END FUNDS	CONVENTIONAL MUTUAL FUNDS
<b>Limit on portfolio assets pledged as security with a borrowing agent (other than the custodian or a sub-custodian) in connection with Short Sale Transactions:</b>	25% of NAV	25% of NAV	10% of NAV
<b>Cash Borrowing Limit:</b>	Up to 50% of NAV	Up to 50% of NAV	Not permitted for investment purposes.
<b>Combined Short-selling and Cash Borrowing Limit:</b>	50% of NAV	50% of NAV	N/A
<b>Use of Specified Derivatives:</b>	May be used for investment purposes (including hedging) and/or to create synthetic leverage.	May be used for investment purposes (including hedging) and/or to create synthetic leverage.	Primarily for hedging purposes. Limited to 10% of NAV for purposes other than hedging.
<b>Derivative Counterparty Rating and Exposure Limits:</b>	Can deal in specified derivatives (OTC) or with counterparties that do not have a designated rating.  Mark to market value of exposure under specified derivatives positions (other than cleared specified derivatives) with a counterparty that does not have a designated rating must not exceed 10% of NAV for a period of 30 days or more.	Can deal in specified derivatives (OTC) or with counterparties that do not have a designated rating.  Mark to market value of exposure under specified derivatives positions (other than cleared specified derivatives) with a counterparty that does not have a designated rating must not exceed 10% of NAV for a period of 30 days or more.	Must deal in specified derivatives and/or counterparties that have a designated rating.  Mark to market value of exposure under specified derivatives positions with any one counterparty must not exceed 10% of NAV for a period of 30 days or more unless: (i) the specified derivative is a cleared specified derivative, or (ii) the counterparty/guarantor of counterparty's obligations has a designated rating.



	ALTERNATIVE MUTUAL FUNDS	CLOSED-END FUNDS	CONVENTIONAL MUTUAL FUNDS
<b>Fund of Fund Investments:</b>	May invest up to 100% of NAV in conventional mutual funds, other alternative funds or non-redeemable investment funds that are subject to NI 81-102.	May invest up to 100% of NAV in conventional mutual funds, other non-redeemable investment funds or alternative mutual funds that are subject to NI 81-102.	May invest up to 10% of NAV in alternative mutual funds or non-redeemable investment funds that are subject to NI 81-102.  May invest up to 100% of NAV in another conventional mutual fund that is subject to NI 81-102.
<b>Leverage and Leverage Calculation Formula:</b>	300%, calculated as aggregate value of indebtedness under borrowing agreements + aggregate market value of short positions + aggregate notional value of all specified derivative positions minus specified derivatives used for hedging purposes.	300%, calculated as aggregate value of indebtedness under borrowing agreements + aggregate market value of short positions + aggregate notional value of all specified derivative positions minus specified derivatives used for hedging purposes.	N/A
<b>Incentive Fees:</b>	Permitted, provided that the basis of calculation must be described in the simplified prospectus and subject to the requirement that a performance fee must only be paid based on performance that has occurred since the last time a performance fee was paid.	Permitted, provided that the basis of calculation must be described in the simplified prospectus and subject to the requirement that a performance fee must only be paid based on performance that has occurred since the last time a performance fee was paid.	Permitted provided that the basis of calculation must be described in simplified prospectus and incentive fee must be calculated in reference to a total return benchmark or index.



	ALTERNATIVE MUTUAL FUNDS	CLOSED-END FUNDS	CONVENTIONAL MUTUAL FUNDS
<b>Redemption of Securities:</b>	If disclosed in simplified prospectus, permitted to suspend redemptions for first 6 months after date of final simplified prospectus.	Redemption price must not be more than the NAV determined on a redemption date specified in the prospectus or annual information form.	Redemption price must be NAV next determined after receipt of the redemption order.
	Otherwise, may redeem at NAV determined on the first or second business day after date of receipt of redemption order and pay redemption proceeds within 15 business days.	Redemption proceeds must be paid no later than 15 business days after the valuation date on which the redemption price was determined.	Redemption proceeds must be paid within two business days after the determination of the redemption price.
<b>Custodial Arrangements:</b>	Removes requirement for affiliates of domestic and foreign banks and trust companies to have “publicly available” financial statements showing minimum level of equity.	Removes requirement for affiliates of domestic and foreign banks and trust companies to have “publicly available” financial statements showing minimum level of equity.	Removes requirement for affiliates of domestic and foreign banks and trust companies to have “publicly available” financial statements showing minimum level of equity.
<b>Seed Capital:</b>	\$150,000 that may be redeemed once \$500,000 from outside investors is received.	\$150,000 that may be redeemed once \$500,000 from outside investors is received.	\$150,000 that may be redeemed once \$500,000 from outside investors is received.
<b>Ability to Charge Organizational Costs and Preparation of Initial Offering Documents to the Fund:</b>	No	Permitted for exchange-traded mutual funds that are not in continuous distribution.	No
<b>Offering Documents:</b>	Simplified Prospectus, Annual Information Form and Fund Facts.	Long Form Prospectus, Annual Information Form and Fund Facts/ETF Facts.	Simplified Prospectus, Annual Information Form and Fund Facts.

Source: McMillan LLP



# 7

## Alternative Funds, Your Firm and You: Advisor Questions for the Dealer Head Office

By:

### Alana Johnston Gould

Director, Prime Services Capital Introduction  
Scotiabank Global Banking and Markets

### Alison Marsh

Associate Director, Prime Services Capital Introduction  
Scotiabank Global Banking and Markets

**No two firms will be exactly alike in their approach to recommendations and requirements around the purchase alternative funds, but there are common questions an advisor can ask their dealer head office to help determine what the right next step for them is.**

Alternative funds can include traditional hedge funds and private credit that are sold through an Offering Memorandum, and alternative mutual funds (also called 'liquid alts') that are offered through a prospectus. Here are some common questions an advisor can ask their head office to help them learn more about these products.

### What is an appropriate portfolio allocation to alternative funds?

Some Canadian firms provide guidance for advisors on allocations to alternative funds. Recommended sizing might range from 0 – 25%+ of a portfolio, depending on a clients' risk tolerance, time horizon and objectives. Advisors can lean on their firm's portfolio advisory team to provide assistance on the tactical allocation model that may be appropriate for a client's goals.

### What funds are approved at our firm and do we have an alternative funds recommended list?

Many firms publish an approved list of alternative funds on their shelf as well as a more concentrated recommended list, which can be excellent starting points for advisors exploring the use of alternative funds. These funds are generally pre-screened for advisors using quantitative and qualitative models. Portfolio advisory groups may also provide detailed information about how to use these products within the firm's tactical allocation model.

### What are the qualitative and quantitative factors used at our firm to screen alternative funds?

Each firm has their own process and preferences. Some of the factors commonly used are:

#### Quantitative

- Fund size (Assets Under Management)
- 5-year and/or 3-year performance
- Sharpe ratio
- Volatility (standard deviation)
- Correlation/beta to a benchmark
- Upside/downside-capture ratios
- Historical market drawdowns

#### Qualitative

- Governance
- Organizational resources
- Investment philosophy
- Mandate and objective
- Risk management framework
- Fund terms
- Fund liquidity
- Brand recognition and manager pedigree

## What is the internal risk rating of the product?

Many dealers place an internal risk rating on alternative funds. While many dealers typically accept the prospectus risk rating for alternative mutual funds and alternative ETFs, historically, many private alternative funds have been rated high risk by firms, which had a significant impact on investment allocated to Offering Memorandum products in client portfolios. This high risk rating may not necessarily reflect the historical risk-adjusted return of the specific fund or strategy. Internal risk ratings have been slowly adopting more favorable ratings to better reflect the historical risk metrics of the funds being reviewed. Many firms now have alternative funds on their product shelves with medium, and low risk ratings, opening up more portfolio space for these investments. AIMA & CAIA have published further research and guidance on risk ratings [here](#).

## How can I buy an alternative fund and it what format?

There are several formats for buying alternative funds including the traditional Offering Memorandum (OM) format and many funds can offer bulk e-subscription and e-signature documentation where relevant. Alternative mutual funds can also be purchased through Fundserv in the same manner as traditional mutual funds. Some alternative funds now also offer ETF versions available, further allowing for block orders and splits across discretionary accounts. Different fund structures offer unique benefits and constraints from an investment, risk and liquidity perspective. It is important to work with the fund company and the client to determine the best fit. AIMA & McMillan LLP have published more information on fund structure differences [here](#).

## What paperwork might be required to purchase alternative funds?

Some dealers and investment management firms require additional documentation to be signed by either the advisor, investor or both, to adhere to regulatory and compliance practices. Become familiar with these templates, which are often straightforward to complete.

## What additional resources are available on alternative funds?

There are several ways to learn more about alternative funds. Firstly, firms may have white papers and internal training programs on alternatives. Some are running educational presentations, webinars, and panels on alternative funds. Secondly, capital introduction services and educational events provided by prime brokers are available. Thirdly, industry organizations like AIMA publish valuable education on the alternative sector and can provide resources including CE Credit courses, due diligence checklists and more. Finally, many alternative managers are open to arranging branch visits and one-on-one meetings or, more recently, Zoom calls to give in-depth information on their funds and how they can be used in a portfolio. Other managers offer detailed portfolio analytics that will model the effects of adding alternative funds to an advisor's portfolio.

**Advisors should consult their firm's requirements to recommend or facilitate the purchase of alternative funds. For more information, contact your dealer head office.**

# 8

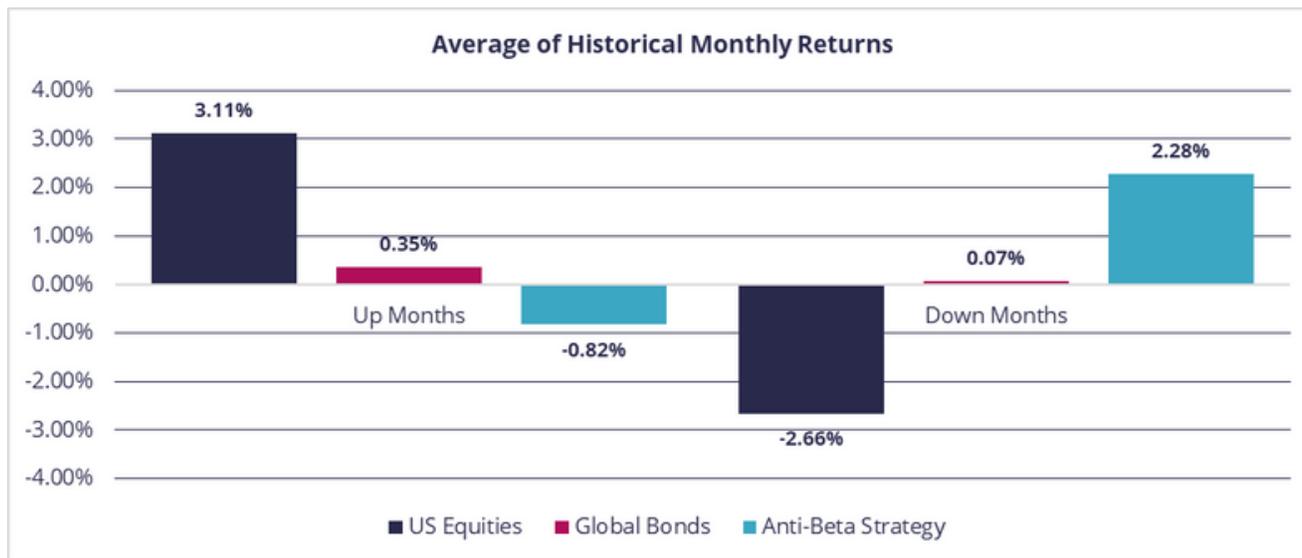
## Incorporating an Anti-Beta Strategy into a Portfolio

### AGF Investments: Case Study



An anti-beta strategy that allocates to U.S. equities in both long and short positions provides the potential to generate positive returns regardless of the direction of the general market. Adding a strategic hedge in the form of an anti-beta strategy can smooth out the return profile, lower volatility and reduce the impact of drawdowns.

Correlations	Anti-Beta Strategy	US Equities	Global Equities	Global Bonds
Anti-Beta Strategy	1.00			
US Equities	-0.44	1.00		
Global Equities	-0.53	0.94	1.00	
Global Bonds	0.44	0.08	0.06	1.00



Source: Morningstar Direct & Bloomberg. Period: September 2011 – April 2023. In Canadian Dollars. S&P 500 Total Return Index (US Equities), MSCI ACWI Index (Global Equities), Bloomberg Barclays Global Aggregate Bond Index (Global Bonds), Dow Jones US Thematic Anti-Beta CAD-Hedged Index (Anti-Beta Strategy). For illustrative purposes only. One cannot invest in an index.

## Implementation Considerations for an Anti-Beta Strategy: Strategic and Tactical benefits to a traditional balanced 60/40 portfolio

An anti-beta strategy that allocates to U.S. equities in both long and short positions provides the potential to generate positive returns regardless of the direction of the general market. Adding a strategic hedge in the form of an anti-beta strategy can smooth out the return profile, lower volatility and reduce the impact of drawdowns.

	<b>Model 1 60% Global Equities + 40% Global Bonds</b>	<b>Model 2 60% Global Equities + 35% Global Bonds + 5% Anti Beta Strategy</b>	<b>Model 3 55% Global Equities + 35% Global Bonds + 10% Anti Beta Strategy</b>
<b>Annualized Return</b>	8.38	8.32	7.82
<b>Standard Deviation</b>	7.36	7.01	6.41
<b>Sharpe Ratio</b>	0.99	1.03	1.05
<b>Max Monthly Drawdown</b>	-16.54	-15.24	-13.61
<b>Beta*</b>	0.61	0.58	0.5
<b>Up Capture*</b>	65.09	62.74	55.99
<b>Down Capture*</b>	58.27	53.9	44.39
<b>Spread*</b>	6.82	8.84	11.6

\*To MSCI ACWI NR CAD

Source: Morningstar Direct & Bloomberg. Period: September 2011 – April 2023. In Canadian Dollars. MSCI ACWI Index (Global Equities), Bloomberg Barclays Global Aggregate Bond Index (Global Bonds), Dow Jones US Thematic Anti-Beta CAD-Hedged Index (Anti-Beta Strategy). For illustrative purposes only. One cannot invest in an index.

### The Outcome

As illustrated, an allocation reduced overall portfolio risk while smoothing out the effects of volatility. This is seen in lower portfolio standard deviation and beta, lower drawdowns, an improved spread between upside and downside capture versus equities and stronger risk-adjusted returns.

Publication date: May 19, 2023

The model performance shown is hypothetical and for illustrative purposes only. Past performance is not indicative of future results. One cannot invest in an index. Indexes are unmanaged and do not charge management fees, trading costs or other expenses that would otherwise subtract from the total return.

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# CI Global Asset Management: Case Study



## Diversify away from traditional fixed income risks with long/short credit

In this lower for longer interest rate environment, investors may be forced to reach for yield by investing in lower quality securities (increasing default risk), adding duration (increasing interest rate risk) or embracing additional liquidity risk in the private markets. A rate neutral long/short credit strategy may offer investors a safe haven from these risks within a liquid investment grade tolerance. Key benefits include enhanced portfolio diversification through reduced correlation to equities and traditional fixed income, a consistent return profile independent of the direction of interest rates and an attractive yield with a low risk profile.

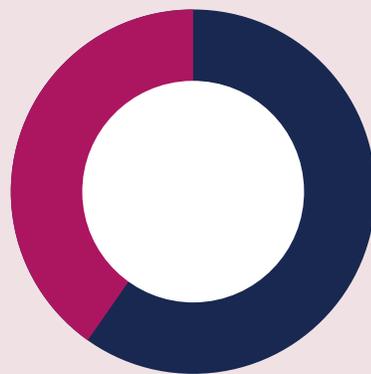
## Improve client outcomes with long/short equity

Long/short equity strategies are a natural fit for the equity portion of all investors up to and including those with a low-medium risk tolerance. With flexibility to employ sophisticated tools like short-selling and derivatives, long/short equity strategies deliver the benefits of equity ownership with potential for lower volatility, lower correlation to broad equity markets, and better downside protection. For clients investing over the short or medium term, substituting a portion of a plain vanilla equity allocation into a long/short mandate may lead to better investment outcomes within their target holding period. A long/short equity allocation may also provide a smoother ride by delivering better risk management than a long only equity position while generating a similar 'end return.'

### Alternatives in action

In the following example, a traditional global 60/40 portfolio is enhanced with a 20% alternatives sleeve comprised of 15% long/short equity and 5% long/short credit. The resulting portfolio offers improved returns (absolute and risk-adjusted), lower volatility and better downside protection.

Traditional 60/40



- Global equities - 60%
- Global bonds - 40%

Enhanced 60/40



- Global equities - 45%
- Global bonds - 35%
- Global long/short equity - 15%
- Long/short credit - 5%

## HYPOTHETICAL PERFORMANCE AND FOR ILLUSTRATIVE PURPOSES ONLY

	Return	Standard Deviation	Sharpe Ratio	Sortino Ratio	Worst Month	Worst Quarter	Max Drawdown
Traditional 60/40	10.48	7.36	0.85	1.35	-3.35	-4.52	-6.53
<b>Enhanced 60/40</b>	<b>11.71</b>	<b>6.55</b>	<b>0.99</b>	<b>1.62</b>	<b>-2.61</b>	<b>-2.70</b>	<b>-5.03</b>

Source: Morningstar Research Inc. for the period 12/1/2018 – 2/28/2021. Global equities = MSCI World GR CAD, Global Bonds = Bloomberg Barclays Global Aggregate TR CAD, Global Long/Short Equity = CI Munro Alternative Global Growth Fund (Series F); Long/Short Credit = CI Lawrence Park Alternative Investment Grade Credit Fund (Series F)

The hypothetical performance assumes reinvestment of dividends and capital gains. All model entry and exit prices are based the volume-weighted average price for the day orders are executed. Fund expenses, including management fees and other expenses, were deducted. Performance is calculated in CAD dollars. Unlike an actual performance record, simulated results do not represent actual performance and are generally prepared with the benefit of hindsight. In addition, hypothetical trading does not involve financial risk. There are frequently differences between simulated performance results and the actual results subsequently achieved by any particular fund. In addition, since trades have not actually been executed, simulated results cannot account for the impact of certain market risks such as lack of liquidity.

There are numerous other factors related to the markets in general or the implementation of any specific investment strategy, which cannot be fully accounted for in the preparation of simulated results and all of which can adversely affect actual results. No representation is being made that any person will or is likely to realize profits or losses similar to those presented above.

Munro Partners and Lawrence Park Asset Management Ltd are portfolio subadvisors to certain funds offered and managed by CI Global Asset Management.

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# Enhancing Bond Returns with a Long/Short Credit Strategy

## RPIA: Case Study



Long/Short credit strategies can help investors generate a higher quality return in their portfolios, without reaching into lower quality bonds or assuming additional equity risk to meet their investment goals.

Employing this strategy allows investors to harness the resiliency of investment grade bonds, which historically have preserved capital, and be less reliant on the direction of interest rates, while also increasing portfolio yield and return expectations.

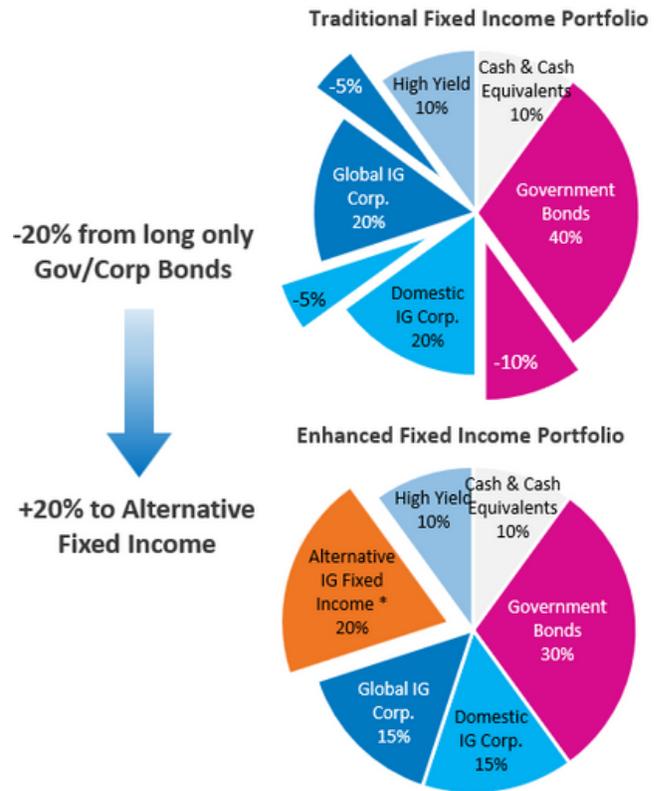
### ADDING A 20% ALLOCATION TO LONG SHORT CREDIT STRATEGY

#### What are the risks of investing in traditional fixed income?

- Rising yields or inflation expectations leading to negative performance.
- Tight credit spreads and less opportunity for capital gains.
- Higher default risk associated with bonds that provide higher yields.

#### How does a long/short credit strategy help mitigate risks?

- Ability to manage duration risk and limit losses from increasing yields.
- Can offer capital appreciation without the need for broad spread tightening.
- Can generate reasonable returns while investing primarily in investment grade credit.



\* "Alternative IG Fixed Income" is represented by RP Debt Opportunities, a strategy managed by RPIA. [see important information at [www.rpia.ca](http://www.rpia.ca)]

**The Outcome:** The addition of a long/short credit strategy can allow for higher absolute returns to enhance investment goals without introducing equity or lower quality credit into the portfolio.

### Historical Performance<sup>1</sup>

	YTD	1Yr	3Yr	5Yr	7Yr	10Yr
Enhanced FI Portfolio*	3.1%	2.5%	1.0%	2.0%	2.3%	2.6%
Traditional FI Portfolio	3.6%	1.8%	-1.1%	1.4%	1.4%	1.9%
FTSE Canada Universe Bond Index	4.2%	2.5%	-2.6%	1.3%	1.2%	1.9%

Higher absolute returns relative to Canada Bond Index and Traditional Fixed Income Portfolio.

## Historical Portfolio Stats<sup>2</sup>

	Average Monthly Return	Sharpe Ratio <sup>3</sup>	Beta <sup>4</sup>	Average Monthly Drawdown
Enhanced FI Portfolio*	0.33%	0.82	0.64	-0.77%
Traditional FI Portfolio	0.26%	0.58	0.74	-0.83%
FTSE Canada Universe Bond Index	0.25%	0.43	1.00	-0.95%

Correlation vs.	Canada Bonds	Global Bonds	US Equities	Global Equities
Enhanced FI Portfolio*	0.79	0.76	0.48	0.48
Traditional FI Portfolio	0.95	0.91	0.34	0.34
FTSE Canada Universe Bond Index	1.00	0.85	0.16	0.13

Source: RPIA, Evestment.

\* Performance used for "Alternative IG Fixed Income" in the "Enhanced FI Portfolio" consists of the performance from RP Debt Opportunities from October 2009 to April 2023.

1 Returns are as of April 30th, 2023; return periods greater than 1Yr are annualized.

2 Historical Portfolio Stats are calculated using monthly returns from October 2009 (inception of RP Debt Opportunities) to April 2023.

3 Risk Free Benchmark = Canadian 3Mo TBill.

4 Benchmark = FTSE Canada Universe Bond Index. Canada Bonds = FTSE Canada Universe Bond Index, Global Bonds = Bloomberg Barclays Global Aggregate Hedged (CAD), US Equities = S&P 500 Index, Global Equities = MSCI World Ex USA Equity Index.

### IMPORTANT INFORMATION

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Increased efficiency of returns (Sharpe ratio) and average monthly return.

Decreased the average drawdown and beta to the index.

Decreased correlation to traditional Canadian Bonds while maintaining a low correlation to equity indices.



# The Resurgence of CTA Trend Following

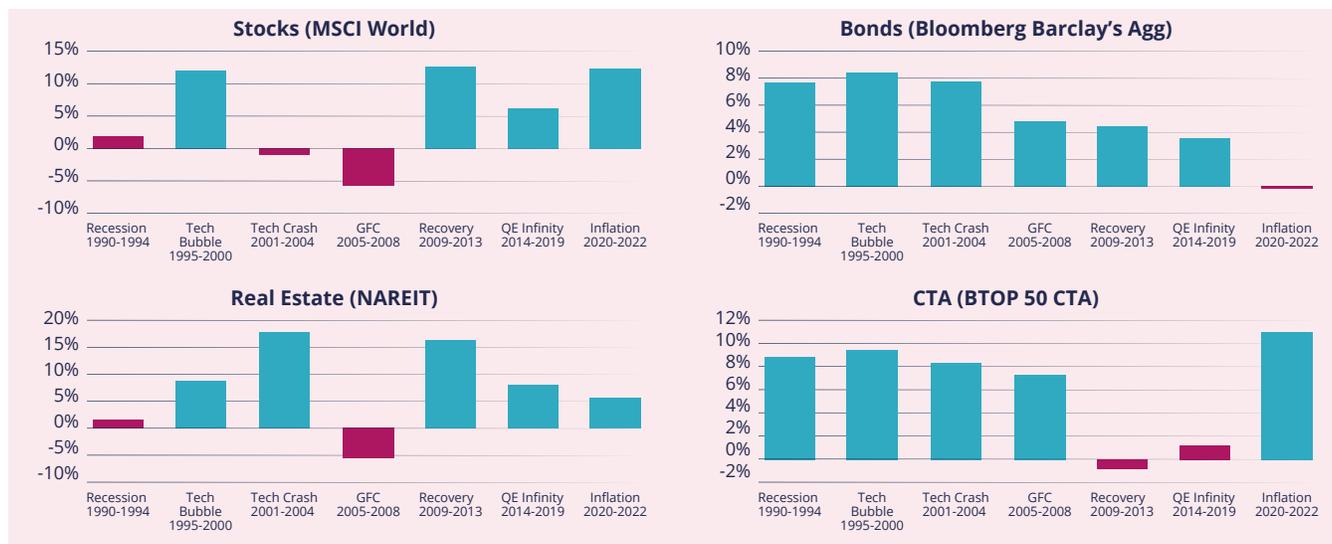
## Auspice Capital Advisors: Case Study



### Summary

2022 has reminded investors of the “crisis alpha” reliability that CTAs have long delivered. However, when one considers the longer-term return profile alongside the current market regime, a strong case can be made for **both diversification and return enhancement**.

Commodity Trading Advisors (“CTAs”), also known as “Trend-Followers” and “Managed Futures” have been off most investor’s radars until recently. Unprecedented underwhelming performance was experienced in the two periods spanning 2009-2019. **Prior to this CTAs delivered consistent, uncorrelated returns, and outpaced other asset classes.**



### What explains the recent two periods of CTA underperformance?

CTAs attempt to follow trends, both long and short, in global commodity and financial markets. 2011 - 2019 marked an abnormal environment in which quantitative easing and accommodative central bank policy artificially compressed interest rates, volatility, and inflation. Commodities also were in a severe bear market, the worst since the 1930s.

As highlighted red in the table to the right, in 2011-2019 inflation (CPI) and volatility (VIX) were well below historic levels. Opportunities for trend following were brief with periodic bouts of volatility and downtrends, such

as the energy selloff in 2014. CTAs, while still delivering accretive diversification, struggled in terms of standalone returns, particularly given the lack of upwards trends in commodities.

	1987 - 2010	2011 - 2019	2020 - 2022
Average CPI	2.9	1.8	3.3
Average VIX	20.4	16.2%	19.5
CTA Annualized Return	9.2%	0.8%	11.2%



A historic commodity bear market alongside record low volatility and inflation made for a tough CTA environment.

## Portfolio Benefits

Given the constrained opportunity set 2011-2019, CTAs have predominantly been used recently for “crisis alpha” or even considered a tail-risk or an insurance-like strategy given strong performance in crises. For example, in 2008 the BTOP 50 CTA Index delivered +14% and more recently +11% again in Q1 2022. However long-term returns are superior to other asset classes, and when considered alongside low volatility and equity correlation, the addition of CTAs to a portfolio is diversifying **and return-enhancing**.

## What is the forward outlook?

2020 marked what may be the start of a very new regime. Following a decade of underinvestment in commodity supply, COVID became a catalyst for what may be the next commodity super cycle while the war in Ukraine further heightened volatility. Alongside, quantitative easing is ending, and central banks are now on a very different course in monetary policy.

It is hard to imagine a return to record low interest rates, inflation, and volatility in the near future. In such absence, the data suggests the forward outlook for CTAs is compelling.

1987 - 2022	Stocks MSCI World	Real Estate NAREIT	Commodities GSCI TR	Bonds BB AGG	CTAs BTOP 50
Correlation to Stocks	1.00	0.74	0.29	0.05	0.01
Annualized Returns	6.3%	6.8%	4.2%	5.7%	7.2%
Volatility	15.2%	17.1%	21.3%	3.8%	9.5%
Max Drawdown	-55.4%	-67.2%	-87.2%	7.6%	-16.1%

### Disclaimers:

- All returns referenced in tables, charts, and commentary are through March 31st, 2022
- The BTOP50 CTA Index seeks to replicate the overall composition of the managed futures industry with regard to trading style and overall market exposure. The largest investable trading advisor programs, as measured by assets under management, are selected.
- The MSCI World Index, Morgan Stanley Capital International, is designed to measure equity market performance large and mid-cap equity performance across 23 developed markets countries
- The Bloomberg Barclays Aggregate Bond Index (BB AGG) is a broad base, market capitalization-weighted bond market index representing intermediate term investment grade bonds traded in the United States.
- The FTSE EPRA/NAREIT (NAREIT) Global Real Estate Index is a free-float adjusted, market capitalization-weighted index designed to track the performance of listed real estate companies in both developed and emerging countries worldwide.
- The S&P Goldman Sachs Commodity Excess Return Index (GSCI TR) is a composite index of commodity sector returns representing an unleveraged, long-only investment in commodity futures that is broadly diversified across the spectrum of commodities.

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# Options Selling Strategy to Generate Income

## Ninepoint Partners: Case Study



### Summary

Traditional income generating portfolios tend to rely on higher dividend yielding equities, longer maturing fixed income instruments, or a combination of, to produce returns. In 2022, with the rise in long-term interest rates, equity market drawdowns, and the corresponding increase in correlation between stock and bonds, this approach has produced higher volatility and lower returns than expected.

A cash secured put selling strategy can offer an alternative source of income generation for portfolios, with potentially lower downside exposure than traditional equity allocations, by generating income through a combination of options premiums and short-maturity money market instruments.

To illustrate, we simulate the historical potential portfolio benefits of a cash-secured equity put selling strategy on the S&P 500, when combined with a traditional income focused balanced allocation. We find that over the period examined, risk-adjusted returns are improved when the simulated put selling strategy is substituted for the equity exposure. We also find that standalone downside capture of the put selling strategy is lower than both the equity and balanced portfolio in most of the highlighted periods of market declines.

**How it works:** A cash secured put selling strategy generates income through a combination of premiums collected from selling put options, and reinvesting the cash held as collateral in short-term money market securities. The put selling index referenced within the simulation, systematically sells 1 year expiry 10% out-the-money put options laddered quarterly, on the S&P 500 underlying. This provides rolling downside protection of -10% before options premiums and investment principal are put at risk contributing to the defensive properties of the strategy.

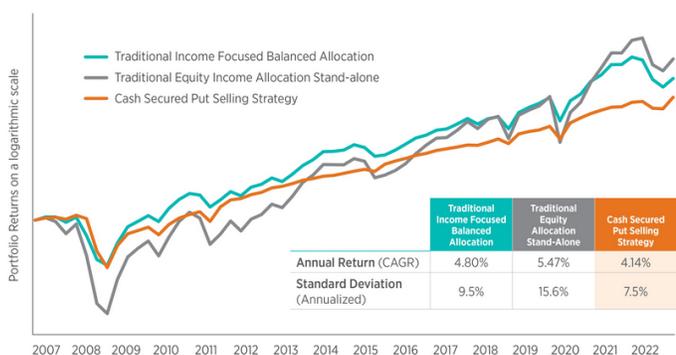
#### What are the risks of investing in a traditional income focused balanced allocation?

- Fixed income portfolios may fail to provide sufficient diversification to a portfolio in stressed market environments.
- Investors must take on the higher volatility of equities and longer maturity bonds to generate the desired income through dividends payments and coupons.
- Inflationary periods can drive poor performance for both stock & traditional bond portfolios.

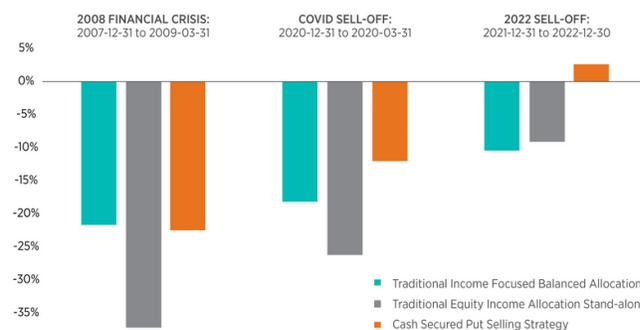
#### How does a cash secured put selling strategy help manage those risks?

- Improved diversification when undesirable correlation between stocks and bonds occurs.
- Differentiated income stream through harnessing the volatility risk premium inherent in options.
- Higher potential for positive risk adjusted returns in periods of poor risk asset performance.

Portfolio Returns



Downside Performance Scenarios



	Income Focused Balanced Allocation <sup>1</sup>	Adding Cash Secured Put Selling Strategy			
		10%	20%	30%	40%
Sharpe Ratio <sup>2</sup>	0.38	0.40	0.42	0.45	0.48
Annualized Return (CAGR)	4.8%	4.6%	4.5%	4.3%	4.1%
Standard Deviation (Annualized)	9%	8.6%	7.7%	6.9%	6.1%
<b>Simulated Allocation</b>					
Cash	1%	1%	1%	1%	1%
Equities	60%	50%	40%	30%	20%
Fixed Income	39%	39%	39%	39%	39%
Cash Secured Put Selling Strategy <sup>3</sup>	0%	10%	20%	30%	40%

1. Balanced Allocation: 6% SPTSX High Dividend Index, 30% TSX Composite, 24% ACWI Local Currency Equity Index, 39% Bloomberg Barclays US Aggre-gate Bond Index, 1% FTSE Canadian 1 month Treasury Index

2. Sharpe Ratio: Annualized Total Return of allocation minus annualized return of FTSE Canada 1 month Treasury Index divided by standard deviation

3. Cash Secured Put Selling Strategy: RBC US 90 Strike Put Selling Strategy (RBCUS90P) + Canada Bankers Acceptance 1M Maturity Index  
Source: Bloomberg and Ninepoint calculations, quarterly rebalancing using quarterly return data 2007-06-29 to 2022-12-21

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## AIMA Canada Manager Members 2023

AIMA manager members can also provide investors with a full, detailed due diligence questionnaire.

MANAGER MEMBERS	FUND STRUCTURES					FUNDS BY CIFSC ALTERNATIVE FUND CATEGORIES					
	Hedge Funds	Alternative Mutual Funds	Alternative ETFs	Private Credit Funds	Other*	Equity-Focused	Credit-Focused	Multi-Strategy	Market Neutral	Private Credit	Other
ABERDEEN STANDARD INVESTMENTS (CANADA)	•										
ACCELERATE FINANCIAL TECHNOLOGIES INC			•			•			•		
AGF INVESTMENTS INC.	•		•			•	•		•		
ALGONQUIN CAPITAL CORPORATION	•	•					•				
ALLIANZ GLOBAL INVESTORS (CANADA)		•									
ANSON ADVISORS INC.	•					•		•			
ARROW CAPITAL MANAGEMENT	•	•	•			•	•	•	•		

MANAGER MEMBERS	FUND STRUCTURES					FUNDS BY CIFSC ALTERNATIVE FUND CATEGORIES					
	Hedge Funds	Alternative Mutual Funds	Alternative ETFs	Private Credit Funds	Other*	Equity-Focused	Credit-Focused	Multi-Strategy	Market Neutral	Private Credit	Other
AUSPICE CAPITAL ADVISORS LTD.	•	•	•					•			
AQN ASSET MANAGEMENT LTD.					•						
AUTHENTIC ASSET MANAGEMENT	•										
AVANTFAIRE CANADA LTD.				•							•
AVENUE LIVING ASSET MANAGEMENT					•						
AYAL CAPITAL ADVISORS LTD.	•					•					
BLACKROCK ASSET MANAGEMENT CANADA	•		•	•	•	•	•	•	•		•



MANAGER MEMBERS	FUND STRUCTURES					FUNDS BY CIFSC ALTERNATIVE FUND CATEGORIES					
	Hedge Funds	Alternative Mutual Funds	Alternative ETFs	Private Credit Funds	Other*	Equity-Focused	Credit-Focused	Multi-Strategy	Market Neutral	Private Credit	Other
BT GLOBAL GROWTH INC.	•					•					
CELERNUS INVESTMENT PARTNERS INC	•			•		•	•			•	
CENTURION ASSET MANAGEMENT INC.				•	•		•				•
CI INVESTMENTS		•	•			•	•				
CONVERIUM CAPITAL INC.	•							•			
CORTLAND CREDIT GROUP INC	•			•							•
CREDIT SUISSE ASSET MANAGEMENT CANADA		•									

	FUND STRUCTURES					FUNDS BY CIFSC ALTERNATIVE FUND CATEGORIES					
MANAGER MEMBERS	Hedge Funds	Alternative Mutual Funds	Alternative ETFs	Private Credit Funds	Other*	Equity-Focused	Credit-Focused	Multi-Strategy	Market Neutral	Private Credit	Other
CROWN CAPITAL PARTNERS INC.				•							
DYNAMIC FUNDS	•	•				•	•	•			•
EHP FUNDS	•	•				•	•	•	•		•
EDGEPOINT INVESTMENT GROUP	•					•	•				
ESPRESSO CAPITAL LTD				•							
EVOVEST	•					•			•		
EQUITON INC.					•						



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	Hedge Funds	Alternative Mutual Funds	Alternative ETFs	Private Credit Funds	Other*	Equity-Focused	Credit-Focused	Multi-Strategy	Market Neutral	Private Credit	Other
FIREPOWER CAPITAL				•	•						
FORGE FIRST ASSET MANAGEMENT INC.		•				•		•			
FORMULA GROWTH LIMITED	•					•			•		
FORHLANE INVESTMENT MANAGEMENT INC					•						
GAPINSKI CAPITAL MANAGEMENT LLC	•										
GROUNDLAYER CAPITAL INC.	•					•					
HGC INVESTMENT MANAGEMENT INC	•							•			

MANAGER MEMBERS	FUND STRUCTURES					FUNDS BY CIFSC ALTERNATIVE FUND CATEGORIES					
	Hedge Funds	Alternative Mutual Funds	Alternative ETFs	Private Credit Funds	Other*	Equity-Focused	Credit-Focused	Multi-Strategy	Market Neutral	Private Credit	Other
HIGHSTREET ASSET MANAGEMENT INC.	•					•					
HILLSDALE INVESTMENT MANAGEMENT INC	•					•		•			
ICM ASSET MANAGEMENT INC	•			•							
INVESTMENT PARTNERS FUND INC.	•					•					
INVICO CAPITAL CORPORATION				•	•		•	•		•	•
JM FUND MANAGEMENT INC.	•							•			
KILGOUR WILLIAMS CAPITAL				•							



MANAGER MEMBERS	FUND STRUCTURES					FUNDS BY CIFSC ALTERNATIVE FUND CATEGORIES					
	Hedge Funds	Alternative Mutual Funds	Alternative ETFs	Private Credit Funds	Other*	Equity-Focused	Credit-Focused	Multi-Strategy	Market Neutral	Private Credit	Other
LIONGUARD CAPITAL MANAGEMENT INC	•					•			•		
LYNWOOD CAPITAL MANAGEMENT INC.	•					•					
LYSANDER FUNDS LIMITED	•	•					•				
MACKENZIE FINANCIAL CORPORATION		•		•	•	•	•	•			•
MARRET ASSET MANAGEMENT INC.	•	•	•				•				
MONTRUSCO BOLTON INVESTMENTS INC.	•	•		•	•						
NEIGHBOURHOOD HOLDINGS				•						•	

	FUND STRUCTURES					FUNDS BY CIFSC ALTERNATIVE FUND CATEGORIES						
MANAGER MEMBERS	Hedge Funds	Alternative Mutual Funds	Alternative ETFs	Private Credit Funds	Other*	Equity-Focused	Credit-Focused	Multi-Strategy	Market Neutral	Private Credit	Other	
NEUBERGER BERMAN	•	•	•	•		•	•	•	•		•	
NEXT EDGE CAPITAL CORP		•		•							•	
NINEPOINT PARTNERS LP	•	•		•			•				•	
NORDIS CAPITAL INC.	•											
NYMBUS CAPITAL INC.	•											
OBSIIDO	•											
OGAM LTD.	•											



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	Hedge Funds	Alternative Mutual Funds	Alternative ETFs	Private Credit Funds	Other*	Equity-Focused	Credit-Focused	Multi-Strategy	Market Neutral	Private Credit	Other
PENDERFUND CAPITAL MANAGEMENT LTD.		•			•	•	•				•
PERISCOPE CAPITAL INC	•					•		•			
PH&N INVESTMENT MANAGEMENT	•							•			
PICTET ASSET MANAGEMENT INC	•										
PICTON MAHONEY ASSET MANAGEMENT	•	•	•		•	•	•	•	•		•
POLAR ASSET MANAGEMENT PARTNERS INC.	•					•		•			
Q CAPITAL MANAGEMENT LTD.	•							•			

MANAGER MEMBERS	FUND STRUCTURES					FUNDS BY CIFSC ALTERNATIVE FUND CATEGORIES					
	Hedge Funds	Alternative Mutual Funds	Alternative ETFs	Private Credit Funds	Other*	Equity-Focused	Credit-Focused	Multi-Strategy	Market Neutral	Private Credit	Other
QUANTIUS INC				•							
RBC GLOBAL ASSET MANAGEMENT	•	•				•			•		
RESOLVE ASSET MANAGEMENT	•	•						•			
RP INVESTMENT ADVISORS	•	•					•				
SCOTIA GLOBAL ASSET MANAGEMENT	•	•				•	•	•			•
SHORELINE WEST ASSET MANAGEMENT INC.	•										
SKYLINE WEALTH MANAGEMENT INC					•						



MANAGER MEMBERS	FUND STRUCTURES					FUNDS BY CIFSC ALTERNATIVE FUND CATEGORIES					
	Hedge Funds	Alternative Mutual Funds	Alternative ETFs	Private Credit Funds	Other*	Equity-Focused	Credit-Focused	Multi-Strategy	Market Neutral	Private Credit	Other
ST&T CAPITAL MANAGEMENT LTD	•				•						
SUMMERWOOD CAPITAL CORP.	•				•						
TACTEX ASSET MANAGEMENT INC.	•										
THIRD EYE CAPITAL				•							
TIMBERCREEK ASSET MANAGEMENT	•				•						
TRANS-CANADA CAPITAL INC.	•										
TRAYNOR RIDGE CAPITAL INC											
TREZ CAPITAL FUND MANAGEMENT LIMITED PARTNERSHIP				•							

	FUND STRUCTURES					FUNDS BY CIFSC ALTERNATIVE FUND CATEGORIES						
MANAGER MEMBERS	Hedge Funds	Alternative Mutual Funds	Alternative ETFs	Private Credit Funds	Other*	Equity-Focused	Credit-Focused	Multi-Strategy	Market Neutral	Private Credit	Other	
TURTLE CREEK ASSET MANAGEMENT INC					•	•						
VISION CAPITAL CORPORATION	•	•				•			•			
VISTARA GROWTH				•	•							
WELLINGTON MANAGEMENT CANADA	•					•	•	•	•		•	
XIB ASSET MANAGEMENT INC	•	•				•		•				
WARATAH CAPITAL ADVISORS LTD	•	•			•	•			•			
WAYPOINT INVESTMENT PARTNERS		•				•						

To learn more about these funds, please contact the manager member firm directly.

CIFSC Alternative Fund Category Definitions:

<https://www.cifsc.org/wp-content/uploads/2023/03/CIFSC-2023-Category-Definitions.pdf>



# 9

## AIMA Canada Investors & Service Providers 2023

ALBERTA INVESTMENT MANAGEMENT CORP  
ALBERTA TEACHERS' RETIREMENT FUND  
ALBOURNE PARTNERS (CANADA) LIMITED  
APEX FUND SERVICES (CANADA) LTD  
BANK OF AMERICA MERRILL LYNCH  
BLAKE, CASSELS & GRAYDON LLP  
BMO NESBITT BURNS INC  
BMO ASSET MANAGEMENT  
BORDEN LADNER GERVAIS LLP  
BRK CAPITAL  
CAISSE DE DEPOT ET PLACEMENT DU QUEBEC  
CIBC CAPITAL MARKETS  
CIBC MELLON GLOBAL SECURITIES SERVICES COMPANY  
CIBC WOOD GUNDY  
CITCO (CANADA) INC  
CLOSE GROUP CONSULTING INC.  
DESJARDINS GROUP  
CORNERSTONE GROUP  
CREDIT SUISSE PRIME SERVICES  
DAVIES WARD PHILLIPS & VINEBERG LLP  
ENTERPRISE CASTLE HALL ALTERNATIVES INC.  
EY - CANADA  
EZE SOFTWARE CANADA INC  
FUNDATA CANADA INC  
GOLDMAN SACHS CANADA INC  
HARMONIC FUND SERVICES CANADA INC  
INDEPENDENT REVIEW INC.  
INNOCAP INVESTMENT MANAGEMENT  
INTERNATIONAL FUND SERVICES  
INVESTMENT MANAGEMENT COMPANY OF ONTARIO  
JODDES LIMITED  
KPMG LLP  
MAPLES FUND SERVICES (CANADA) INC  
MCMILLAN LLP

MORGAN STANLEY WEALTH MANAGEMENT CANADA MUFG  
FUND SERVICES (CANADA) LIMITED  
NATIONAL BANK FINANCIAL INC.  
NATIONAL BANK INDEPENDENT NETWORK  
OMERS ADMINISTRATION CORPORATION  
ONTARIO TEACHERS' PENSION PLAN  
OPTRUST - OPSEU PENSION PLAN TRUST FUND POLYMATH  
PRICEWATERHOUSECOOPERS - TORONTO  
PRIME QUADRANT  
PSP INVESTMENTS  
RBC DOMINION SECURITIES INC.  
RICHARDSON WEALTH  
RSM CANADA  
SCOTIA GLOBAL BANKING & MARKETS  
SGGG FUND SERVICES INC.  
SOCIETE GENERALE CAPITAL CANADA INC.  
SS&C TECHNOLOGIES  
STATE STREET  
STIKEMAN ELLIOTT LLP  
TORONTO TRANSIT COMMISSION PENSION PLAN  
THE CANADIAN MEDICAL PROTECTIVE ASSOCIATION  
THE NORTHERN TRUST COMPANY CANADA  
TD WEALTH  
TD SECURITIES  
THE AUDRA GROUP  
UNIVERSITY OF TORONTO ASSET MANAGEMENT  
CORPORATION (UTAM)  
WILLIS TOWERS WATSON  
WESTCOURT CAPITAL CORPORATION



# 10

## AIMA & ACC Membership Benefits, 30+ Years in the Making

**PRESENCE | INFLUENCE | CONNECTION | KNOWLEDGE**  
**REGULATORY ADVOCACY & GUIDANCE | EDUCATION | COMMUNICATION**

### RESEARCH & EDUCATION

- AIMA Canada Handbook
- ACC Financing the Economy
- Hedge Fund Start-Up Guide
- Alignment of Interests & Fees
- Future of Hedge Fund Industry
- Liquidity, Leverage, Portfolio
- Construction, and more

### 20+ DUE DILIGENCE QUESTIONNAIRES

- Full Fund DDQs
- Operational Resilience DDQ
- Diversity & Inclusion DDQ
- Service Provider DDQs, and more

### 40+ SOUND PRACTICE GUIDES

- Operational Risk Management
- Valuation of Investments
- Cyber-security
- Outsourcing
- Expense Allocation, and more

### RESPONSIBLE INVESTING (RI) & ESG

- Primer, Policy Guide & Practice Guide
- Sustainable Finance Disclosure
- Short Selling & RI research, and more

### REGULATORY GUIDANCE

- Marketing into global jurisdictions,
- Liquidity Risk Management
- MIFID II/MiFIR, GDPR, AIFMD, and more
- SEC Marketing Rule

### REGULATOR DIALOGUE & ADVOCACY

- 150+ meetings with global regulators
- Proactive policy proposals
- Reactive policy comment letters

### 200+ EVENTS (95% member/investor only)

- Educational and networking
- AIMA Global Investor Forum
- AIMA Global Policy & Regulatory Forum
- AIMA Next Gen Manager Forum, and more

## NETWORKING OPPORTUNITIES

- Peer groups and committees

## 150+ PEER GROUP & COMMITTEES

- Various by role, seniority and focus
- Options for compliance/legal, operations, sales and investor relationship, events and marketing, young professionals, etc.

## OTHER BENEFITS

- Discounts from members services
- Discounts from partners (CAIA exams, conferences, etc.)
- All employees covered in membership\*

## BRAND/MARKETING OPPORTUNITIES

- AIMA Journal: One article per year
- Research/policy project participation
- Event sponsorship
- Directory listings

## LEADERSHIP OPPORTUNITIES

- AIMA Canada Executive Committee
- Committee Co-Chairs
- AIMA Council (global)
- Young Professionals engagement

## SPEAKING OPPORTUNITIES

- 200+ events per year globally
- Educational videos & presentations
- Committee presentation opportunities

## FOR INVESTORS

- Full (cost) and affiliate (free) options for resource access
- Global Investor Board
- Investment Peer Group
- ODD Peer Group
- ACC Investor Forum
- Complimentary event access

## IN CANADA

- Dedicated leadership (staff & AIMA Canada Executive Committee)
- 9+ Local committees & working groups
- 35+ local events per year across country
- Semi-annual meetings with local regulators (CSA, IIROC, AMF, Bank of Canada)
- Local educational initiatives for institutional allocators & advisors
- Subscription document template, and more

For more information, please contact [canada@AIMA.org](mailto:canada@AIMA.org)



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