

STRATEGY PHILOSOPHY

The Income Public Market strategy aims to provide a moderate risk fund, by combining the objectives of capital preservation and annual income generation of 4%. Investors benefit from limited risk duration commingled with income enhanced by exposure to credit markets, as well as access to a larger pool of opportunities. For credit selection and curve positioning, this strategy utilizes a unique business intelligence infrastructure which is based on internal valuations of credit spreads in support of macro and fundamental analyses.

ANALYSIS



KEY POINTS

Style	Active management
Process	Bottom-up approach
Duration	-5 years to +2.5 years
Benchmark Index	FTSE Canada Universe
Performance Objective	4% absolute value

RISK MEASURES

	Since Inception*
Information Ratio	0.3
Sharpe Ratio	1.0
Batting average - monthly	64%
Positive VA average (in bps)	0.5
Negative VA average (in bps)	-0.7

The risk measures as of December 31, 2018.
* Mandate inception date: December 2016.

INVESTMENT PROCESS

	Weight
1 Systematic Management (Long Term Strategic Bias)	10%
2 Active Management (Tactical Decision)	65%
3 Security Selection (Big Data Tool)	25%
Performance Objective:	4% absolute value

PORTFOLIO CONSTRUCTION

1. Systematic Management	The Income+ strategy utilizes an overweight of liquid credit consisting of corporate, provincial and municipal credit. Furthermore, a short duration is synthesized through the composition of assets in order to preserve the capital against the risk of a rate increase.
2. Active Management	The markets tend to operate in silos (equities/bonds, USD/CAD, high performance/quality), quantitative high-tech tools highlight fundamental data and market data across asset classes and allow the identification of excess return opportunities. The value add resulting from active management is derived from asset selection and breakdown, in particular from tactics linked to non-traditional assets such as preferred shares, high performance U.S. and Canada.
3. Security Selection	The <i>Big Data Tool</i> is a technological platform which helps decision-making and which enhances fundamental and traditional macroeconomic approaches. This tool allows us to detect market opportunities. It allows us to build a portfolio which offers the best value add potential and risk management on a proactive basis amongst active issuers in the market.