Optimum Low Volatility Canadian Equity

OPTIMUM Asset Management

STRATEGY PHILOSOPHY

Several empirical studies show that it's possible to build an equity portfolio while minimizing risk without sacrificing returns. According to modern portfolio theory, this is a market anomaly. The objective of the Optimum Low Volatility Canadian Equity strategy is to exploit this market anomaly by using a bottom-up selection approach of the S&P/TSX Index securities. The strategy prevails mainly during market downturns, as well as during periods of declining interest rates.

The objective of the fund is to generate returns equivalent to the S&P/TSX Index for the long term, with a lower volatility and an attractive current income.

ANALYSIS

QUANTITATIVE FILTER → SELECTION CRITERIA → PORTFOLIO CONSTRUCTION

KEY POINTS

Style	Quantitative management
Process	Bottom-up approach
Investment Horizon	3 years to 5 years
Benchmark Index	S&P/TSX
Non-indexed Securities	None
Number of Securities	40
Market Capitalization	> $500 million
Turnover Rate	40%

RISK MEASURES

	Low Volatility	S&P/TSX
Standard Deviation	9.58%	11.73%
Beta	0.64	1.00
Sharpe Ratio	1.08	0.60
Tracking Error	7.4%	-
Information Ratio	0.46	-
Bull Capture	84%	-
Bear Capture	50%	-
Bull Batting Average	42%	-
Bear Batting Average	82%	-

The risk measures as of December 31, 2020.
Mandate inception date: August 2012.

PORTFOLIO CONSTRUCTION

The authorized securities universe is the S&P/TSX Index. The investment constraint restrictions are as follows:

Security Selection	• Market capitalization > $500 million • Dividend-yielding securities • Sectorial limit • Beta is below market • Overweight in defensive sectors

PRI Principles for Responsible Investment