

Exceptional & Rich Canada 60™ Factsheet

Description

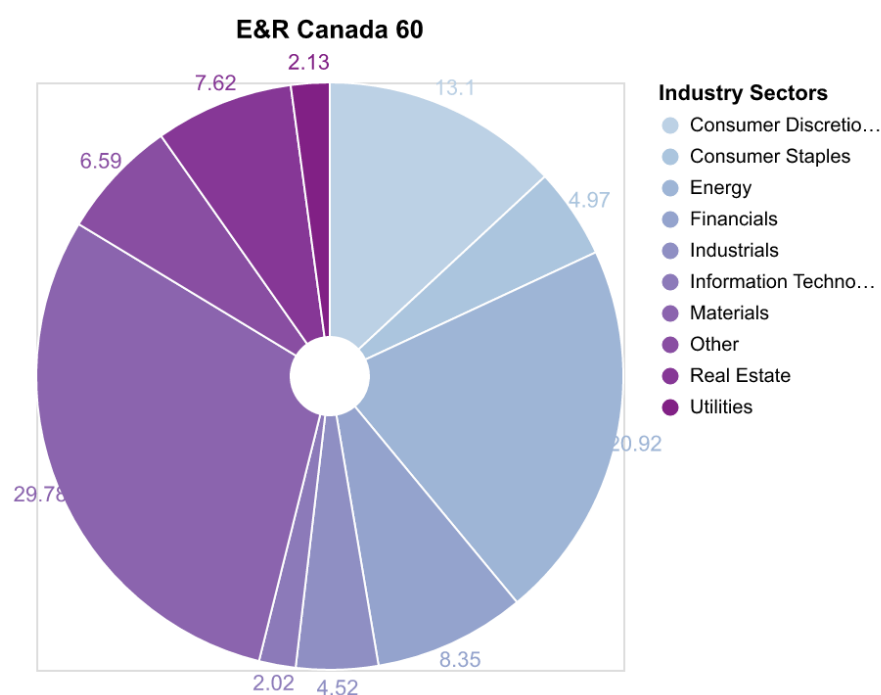
Exceptional & Rich Canada 60 Index [E&R Canada 60] has been created to improve the statistical and scientific design flaws of the market capitalization methodology used in the S&P TSX 60, which is widely regarded as the best single gauge of large-cap Canada equities. Unlike market capitalization methodology which is risk-increasing and return-reducing owing to its concentration, the E&R is designed to own 60 large-cap Canadian equities, and deliver higher risk-weighted excess returns while maintaining low tracking error vs. the S&P TSX 60.

Methodology

The methodology is based on a modern science innovation, which uses Reversion-Divergence framework to dynamically score, weight and rebalance components in a group to deliver higher risk-weighted excess returns. The method removes the conflict between Efficient and Inefficient market thinking, statistically normal and non-normal behavior, or in simple terms the conflict between Value and Growth investing. The methodology is not Size biased, and obviates the need for concentration and running after winners but rather adopts a slower weight readjustment compared to the S&P TSX 60.

1. Exceptional & Rich Canada 60 - Inception date January 2007

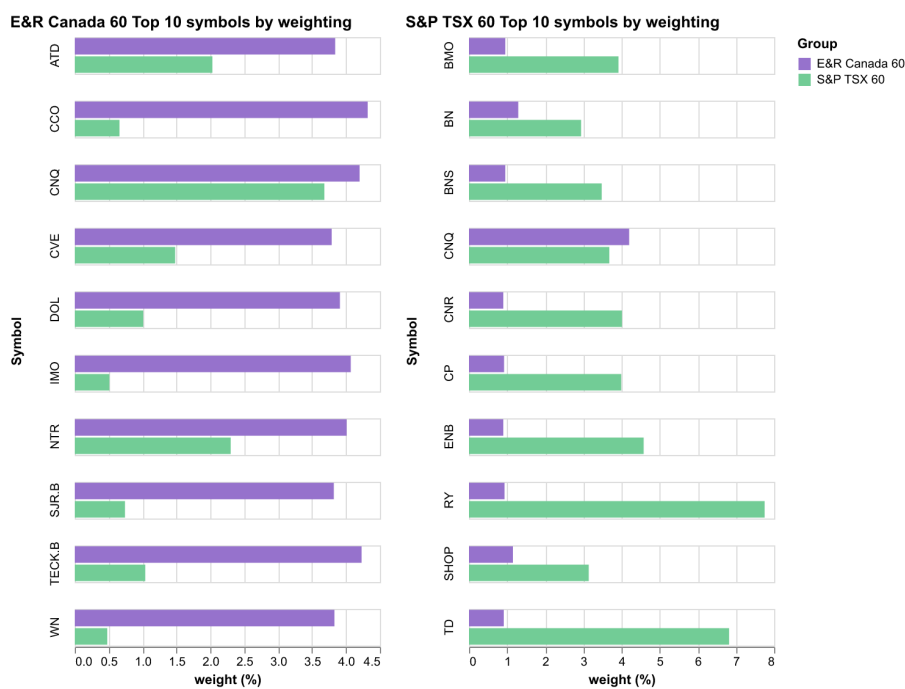
1.1. Sector Breakdown (percentage)



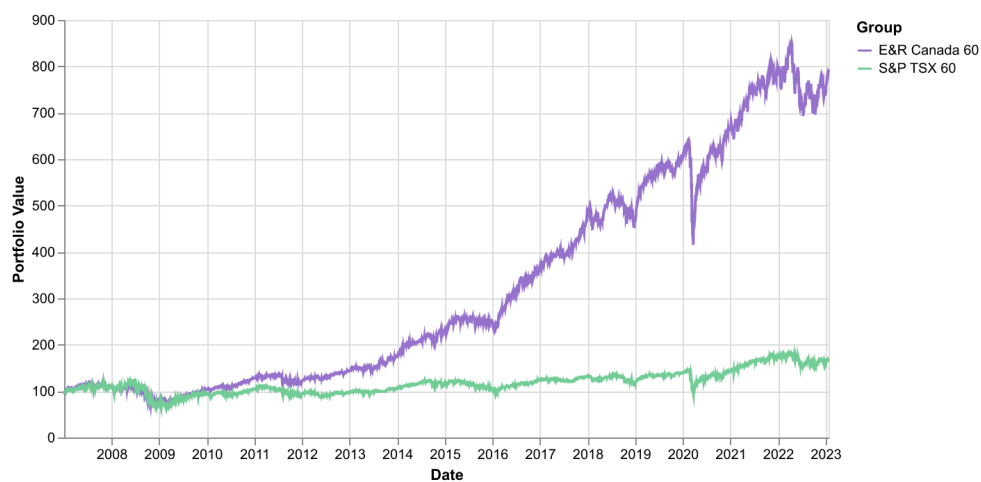
1.2. Top 10 Components

	Nr./Symbol	Name	Current Price	P&L(%)	E&R Canada 60 Proportion(%)
1	CCO	Cameco Corp	36.56	16.58	4.32
2	TECK.B	Teck Resources Limited Cl B	57.12	14.17	4.23
3	CNQ	Canadian Natural Resources Ltd.	80.92	13.51	4.20
4	IMO	Imperial Oil Ltd	69.49	9.78	4.07
5	NTR	Nutrien Ltd	106.09	8.37	4.01
6	DOL	Dollarama Inc	84.26	5.51	3.91
7	ATD	Alimentation Couche-Tard Inc.	62.26	3.53	3.84
8	WN	George Weston Ltd	176.55	3.51	3.83
9	SJR.B	Shaw Communications Inc Cl B NV	39.82	3.05	3.82
10	CVE	Cenovus Energy Inc	25.51	2.24	3.79

1.3. Top 10 Comparisons



1.4. Performance Plot Since January 2007

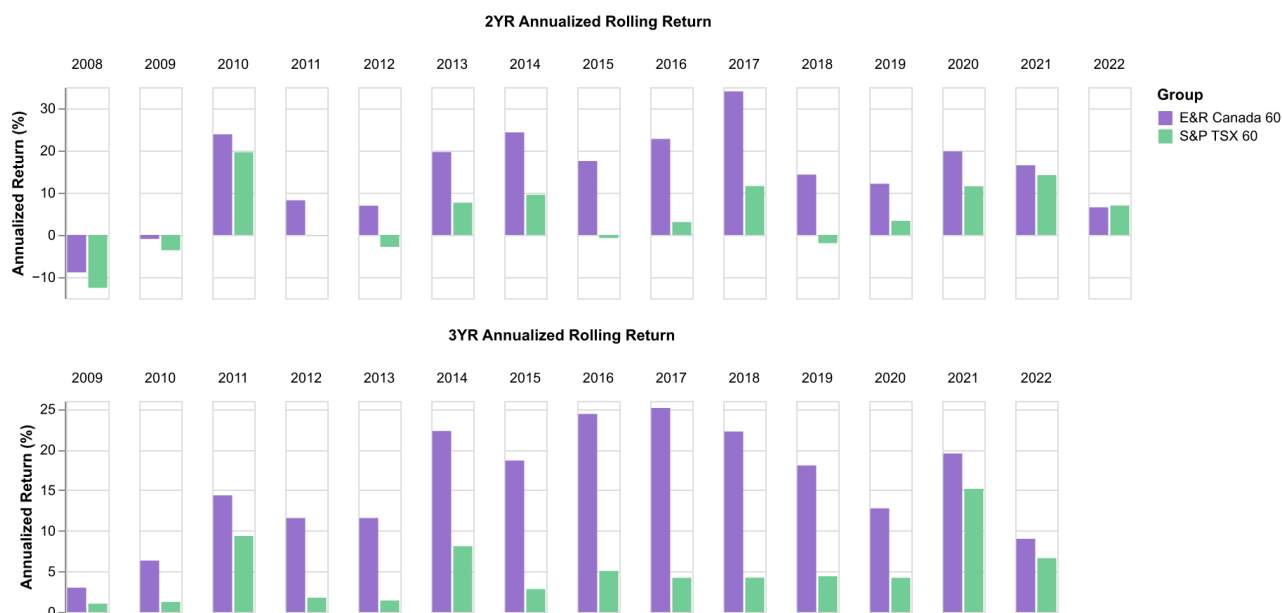


1.5. Performance Metrics

The table illustrates the performance across various parameters. The Performance (%) of Portfolio from different starting points, Current portfolio value of the funds invested at inception, Annualized (%) Returns, Annualized Standard Deviation (%), Average Tracking Error (%) and Average Information Ratio (%).

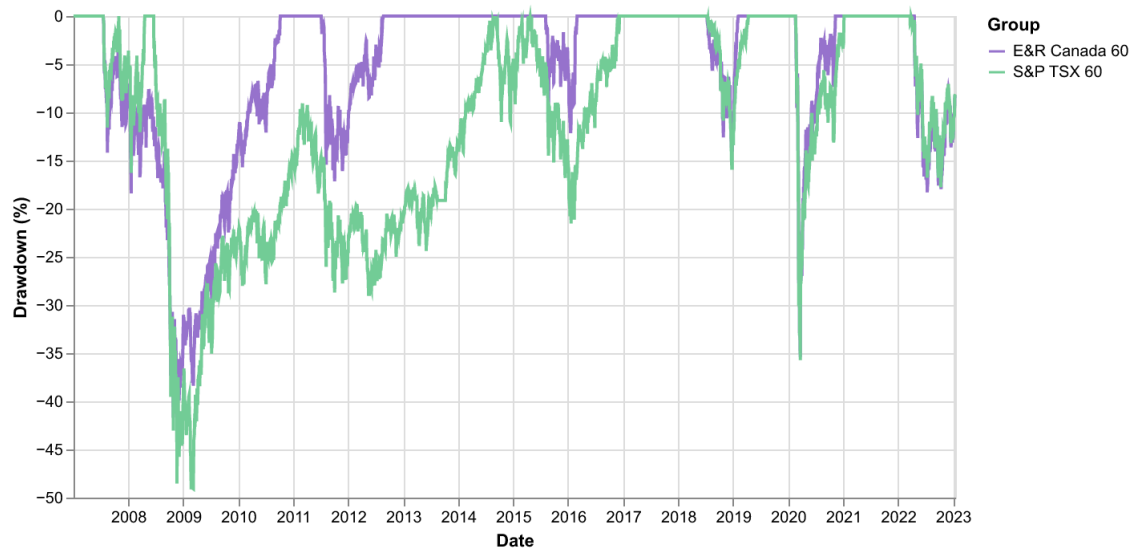
	Nr./Name	E&R Canada 60	S&P TSX 60
1	Performance (%) since January 2008	615.44	53.41
2	Performance (%) since January 2013	449.10	73.78
3	Performance (%) since January 2018	65.63	29.24
4	Performance (%) since January 2023	7.15	6.11
5	Current Portfolio Value (Invested in January 2007)	793.71	169.29
6	Annualized (%) Return (Since January 2007)	13.76	3.33
7	Annualized Std. Deviation (%)	16.23	18.52
8	Average Tracking Error (%)	7.27	-
9	Average Information Ratio (%)	1.50	-

1.6. Annualized Rolling Return



1.7. Drawdown Analysis

A daily time series plot illustrating drawdowns of more than 10% from peak equity.



	Nr./Portfolio Drawdowns (%)	Start date	End date	Maximum (%)	Days
1	-	19-Jul-07	8-Oct-10	-41.66	1177
2	-	6-Jul-11	22-Aug-12	-17.16	413
3	-	5-Aug-15	1-Mar-16	-12.15	209
4	-	12-Jul-18	5-Feb-19	-13.90	208
5	-	18-Feb-20	11-Nov-20	-35.39	267
6	-	19-Apr-22	28-Feb-23	-18.30	315

	Nr./Benchmark Drawdowns (%)	Start date	End date	Maximum (%)	Days
1	-	31-Oct-07	21-Apr-08	-16.30	173
2	-	3-Sep-14	8-Dec-16	-49.15	827
3	-	12-Jul-18	12-Apr-19	-15.80	274
4	-	20-Feb-20	7-Jan-21	-35.73	322
5	-	22-Mar-22	28-Feb-23	-17.78	343

Bibliography

- [1] Matia, Kaushik and Pal, Mukul and Stanley, H. Eugene and Salunkay, H., Scale-Dependent Price Fluctuations for the Indian Stock Market. EuroPhysics Letters, Aug 2003
- [2] M. Pal, M. Shah, A. Mitroi, Temporal Changes in Shiller's Exuberance Data, SSRN, Feb 2011
- [3] M. Pal, Mean Reversion Framework, SSRN, May 2015
- [4] M. Pal, Markov and the Mean Reversion Framework, SSRN, May 2015
- [5] M. Pal, Momentum and Reversion, Aug 2015
- [6] M. Pal, What is Value, SSRN, Sep 2015
- [7] M. Pal, M. Ferent, Stock Market Stationarity, SSRN, Sep 2015
- [8] M. Pal, Reversion Diversion Hypothesis, SSRN, Nov 2015
- [9] M. Pal, How Physics Solved your wealth problem, SSRN, Oct 2016
- [10] M. Pal, Human AI, SSRN, Jul 2017
- [11] M. Pal, The Size Proxy, Aug 2017
- [12] M. Pal, The Beta Maths, SSRN, Mar 2017
- [13] Maureen, O. Bhattacharya, A. ETFs and Systematic Risk. CFA Research Institute, Jan 2020
- [14] M. Pal, [3N] model of life, SSRN, Apr 2021
- [15] M. Pal, The S&P 500 Myth, SSRN, Jul 2022
- [16] M. Pal, The Snowball Effect, SSRN, Jul 2022
- [17] M. Pal, Mechanisms of Psychology, SSRN, Jun 2022
- [18] M. Pal, The [3N] model of life, SSRN, Feb 2023



AlphaBlock Research:

Mukul Pal

mukul@alphablock.org

Florina Pal

florina@alphablock.org

Patricia Ratiu

patricia@alphablock.org

Ciprian Tiric

ciprian.tiric@alphablock.org

CONFIDENTIALITY NOTICE: The information contained in this communication is intended solely for the use of the individual or entity to whom it is addressed and others authorized to receive it. It may contain confidential or legally privileged information. If you are not the intended recipient you are hereby notified that any disclosure, copying, distribution or taking any action in reliance on the contents of this information is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by responding to this email and then delete it from your system. We are neither liable for the proper and complete transmission of the information contained in this communication nor for any delay in its receipt.



alphablock



241 Renforth Drive, Toronto, M9C 2K8, Ontario, Canada



contact@alphablock.org