



# QUEEN'S UNIVERSITY ALTERNATIVE ASSET FUND

**QUAAF Portfolio Update – March 2021**

**Nicole Hong  
Lucy Zhou  
Adham Riad  
Frank Lin**

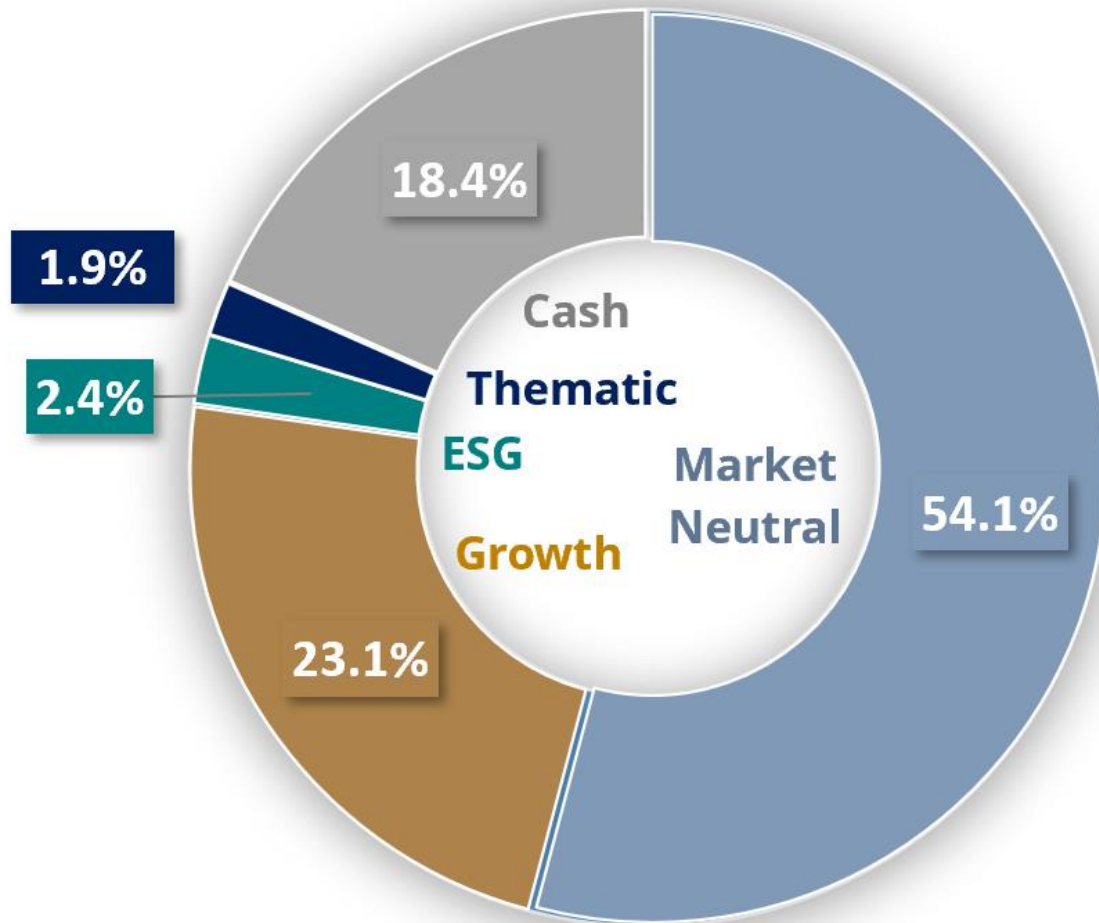
**Chloe Gao  
Grace Guo  
Michael Blumer**

[www.quaaf.com](http://www.quaaf.com)

**QUAAF**

The Stephen J.R. Smith School of Business, 200 Front Street West, Suite 3020, Toronto, ON, Canada M5V 3K2

## Portfolio Composition as March 31, 2021



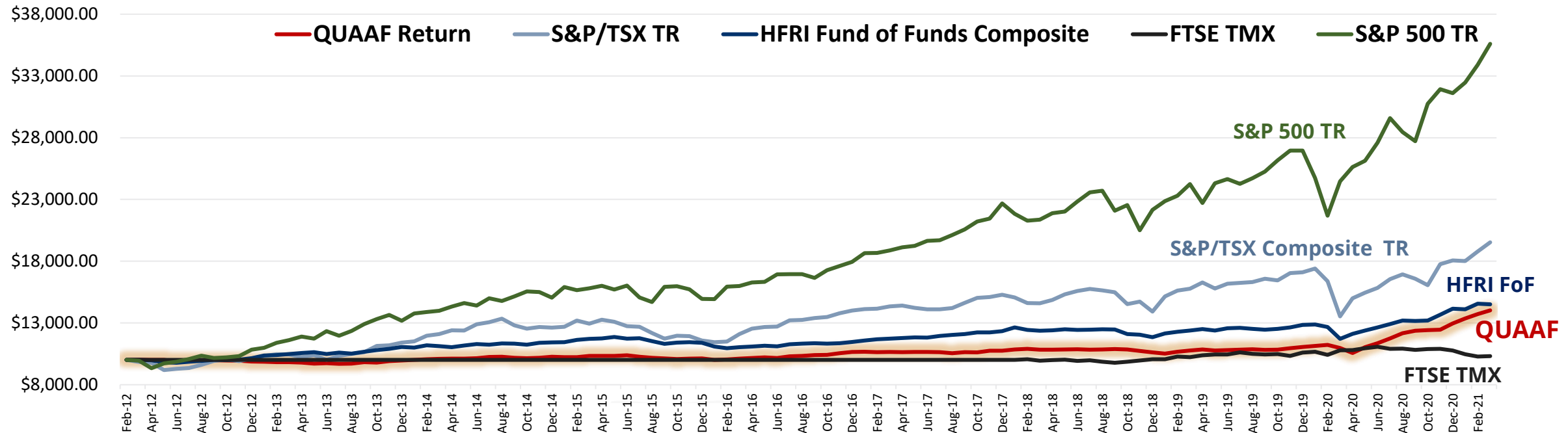
## Top 5 Winning Funds

• Lynwood Opportunity Fund	14.00%
• HGC Arbitrage	5.49%
• NewGen Equity	2.66%
• JM Catalyst	1.35%
• Lumen Long & Short	1.23%

## Least 3 Performing Funds

• Dynamic Global Growth	(3.22%)
• Qwest Productivity Media	0.62%
• Lawrence Park	0.69%

## Growth of \$10,000 Invested Since Inception



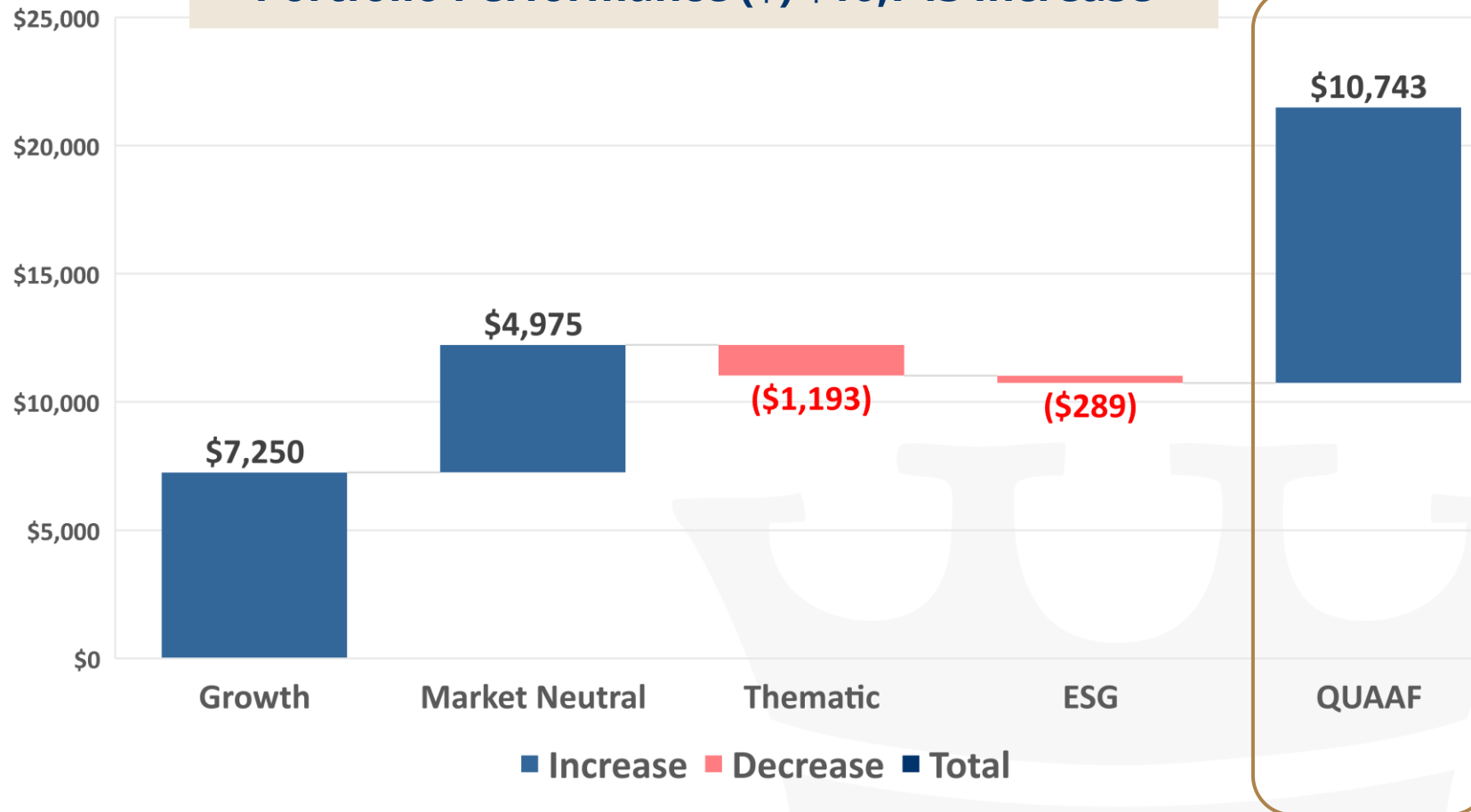
	1m	3m	6m	1yr	2yr	3yr	5yr
<b>QUAAF</b>	2.10%	8.11%	13.27%	27.74%	14.09%	8.95%	6.76%
<b>FTSE TMX</b>	0.24%	(4.21%)	(4.66%)	(4.45%)	0.34%	1.21%	N/A
<b>S&amp;P/TSX Comp</b>	3.87%	8.05%	17.75%	44.25%	11.24%	10.19%	10.05%
<b>S&amp;P 500 (USD)</b>	5.04%	12.66%	28.49%	45.56%	21.17%	18.55%	17.35%
<b>HFRI FoF (USD)</b>	(0.35%)	2.42%	10.14%	23.82%	8.19%	5.43%	5.61%

# QUAAF Portfolio – Overview for March 2021



**Total Portfolio MV: March = \$603,978 vs February = \$591,546**

## Portfolio Performance (\$) \$10,743 Increase



## Other Portfolio Transaction

### Sales of EHP Advantage Fund from Growth Portfolio:

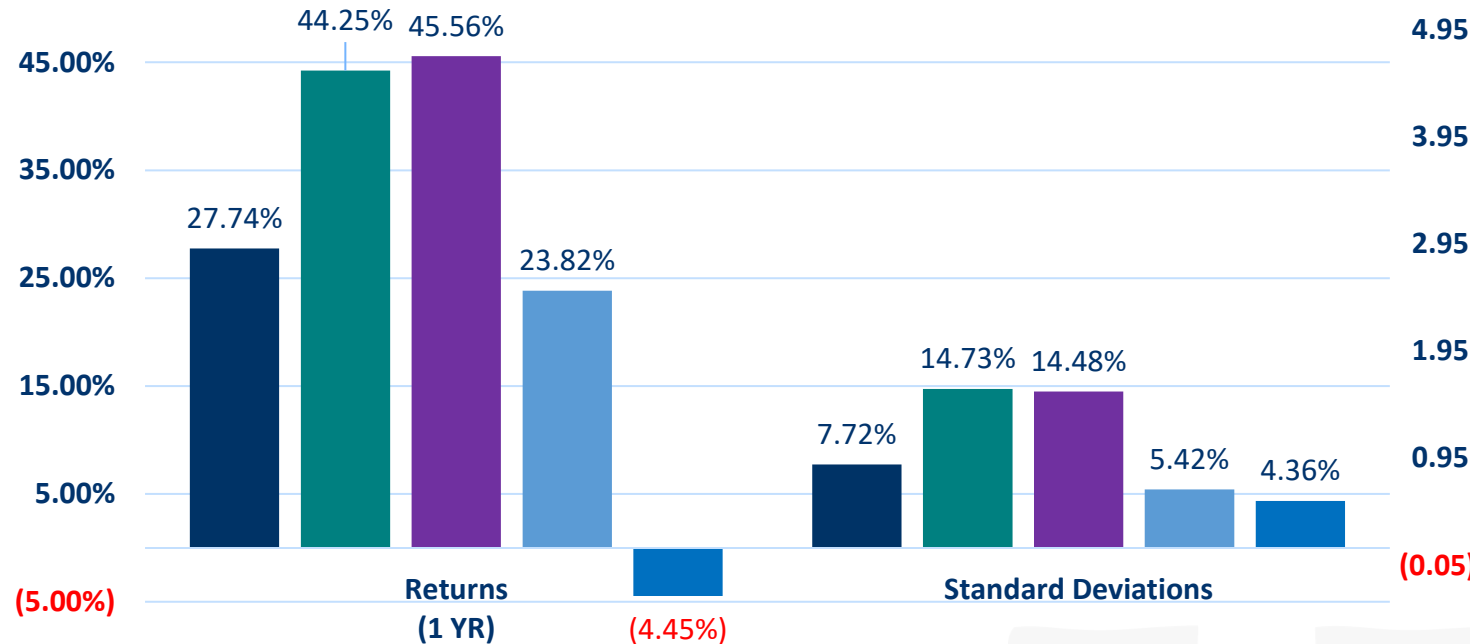
Proceeds	\$62,823
<b>Less:</b> BV	<u>\$50,000</u>
<b>Realized Gain</b>	<b>\$12,823</b>

**Change in Cash & Cash Equivalent of \$1,689 consists of \$1,000 cash deposits & \$689 of Fx Gain.**



# Comparative Performance - QUAAF vs Benchmark (1 Year)

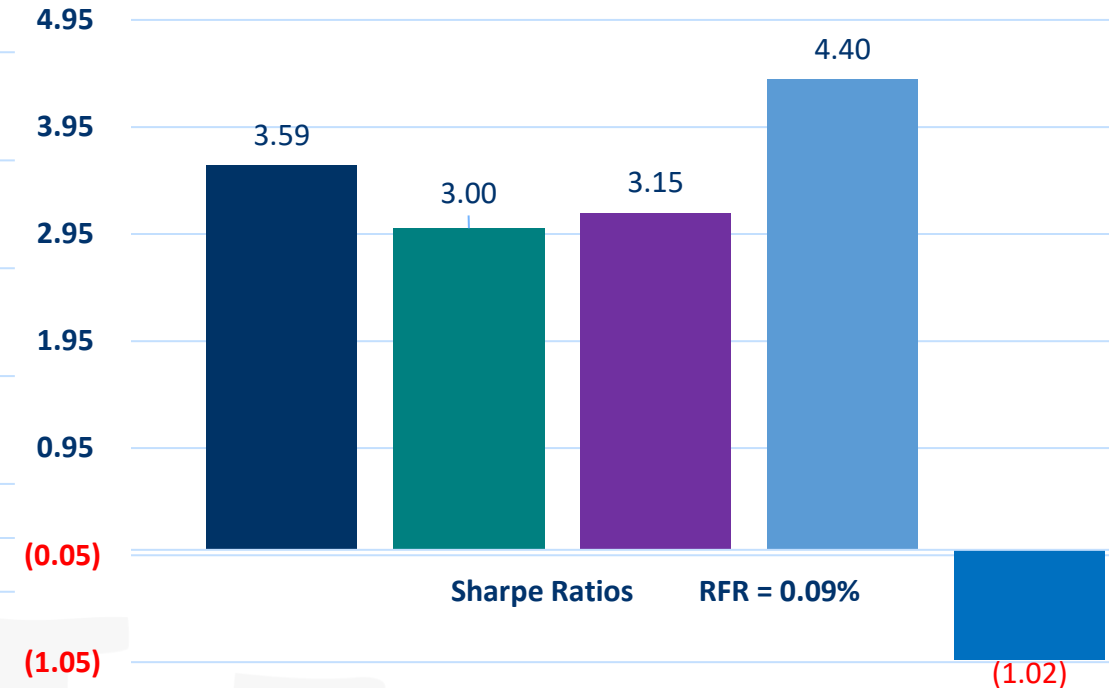
## Comparative Performance and Volatility



■ QUAAF ■ S&P TSX Composite TR ■ S&P 500 TR ■ HFRI FoF ■ FTSE TMX

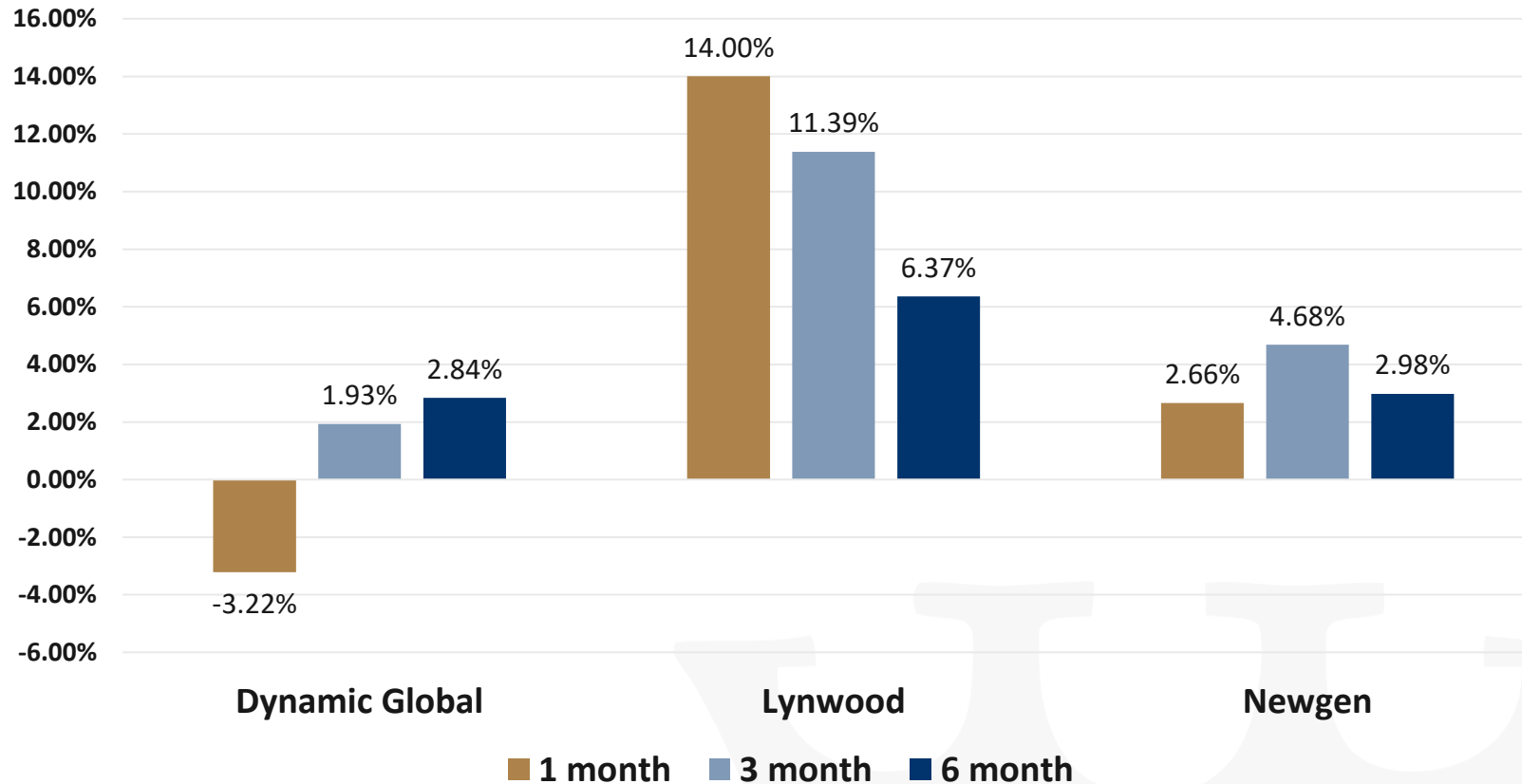
	Returns (1 YR)	Standard Deviations	Inflation
QUAAF	27.74%	7.72%	0.19%
S&P TSX Composite TR	44.25%	14.73%	
S&P 500 TR	45.56%	14.48%	
HFRI FoF	23.82%	5.42%	
FTSE TMX	(4.45%)	4.36%	

## Comparative Sharpe Ratio



	Sharpe Ratios RFR = 0.09%
QUAAF	3.59
S&P TSX Composite TR	3.00
S&P 500 TR	3.15
HFRI FoF	4.40
FTSE TMX	(1.02)

## Performance over periods

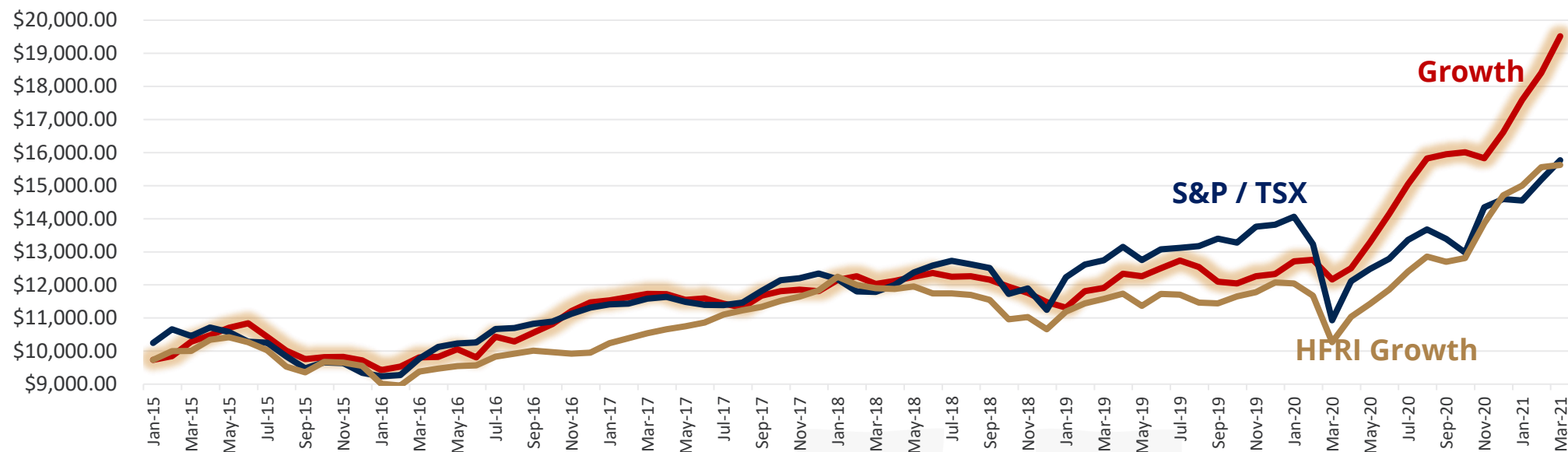


**\*Performance Summary:** Lynwood had the best performance in the short-term periods, Dynamic Global was the least performing fund.

# Growth Portfolio – Growth & Volatility

## Growth of \$10,000 Invested Since Inception

— Growth Portfolio Return — S&P/TSX Total Return Index — HFRI Growth Index



**Growth Portfolio outperformed the benchmark TSX and HFRI Growth Index since Covid-19 Crisis.**

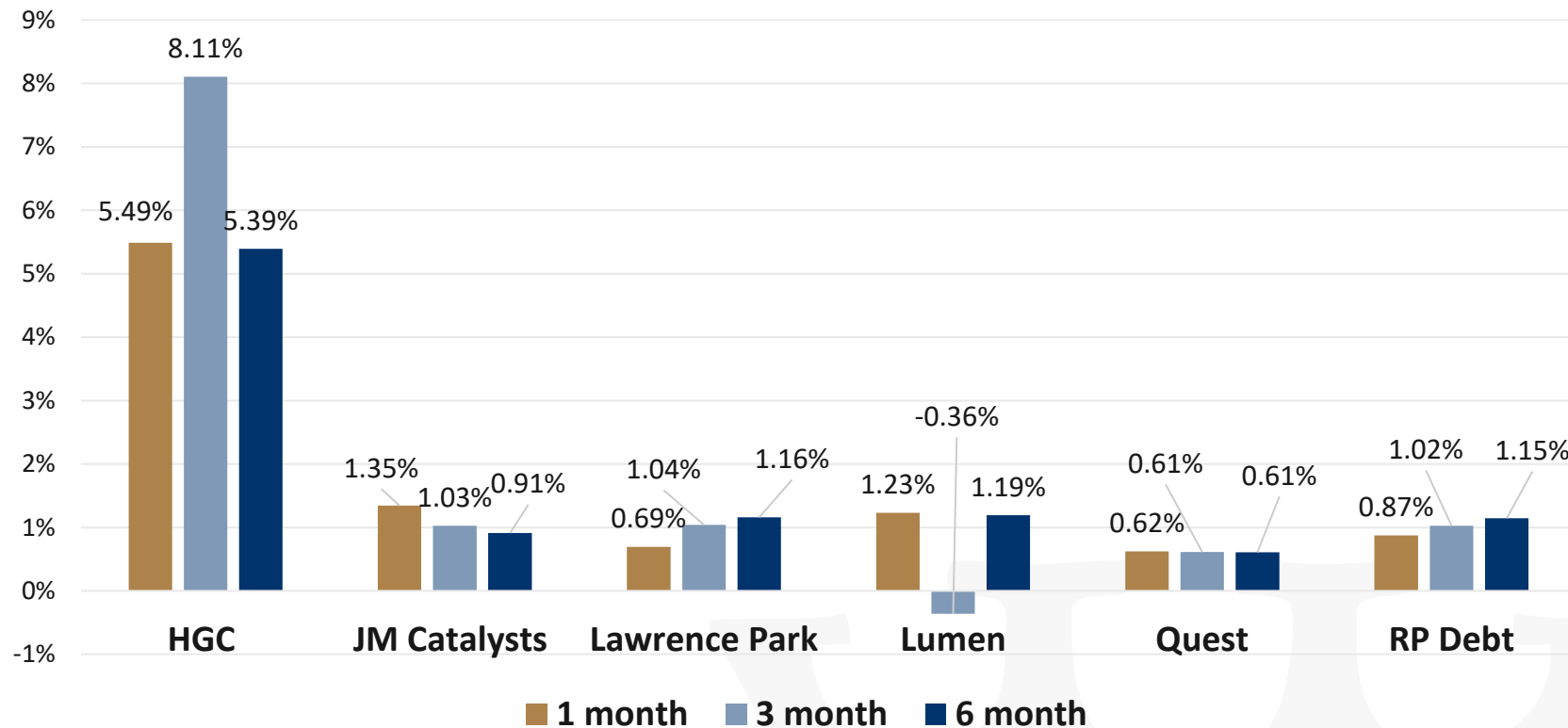
Funds	YTD 2021	1 month	3 month	6 month	1 year	2 years	3 years	5 years
Growth	4.96%	6.02%	17.49%	22.38%	60.43%	28.03%	17.50%	14.75%

### Growth

Standard Deviations	n/a	n/a	0.76%	3.06%	9.26%	15.75%	17.95%	20.55%
Sharpe Ratios	n/a	n/a	7.22	1.13	1.51	0.66	0.46	0.44

# Market Neutral Portfolio – Composition & Performance

## Performance over periods

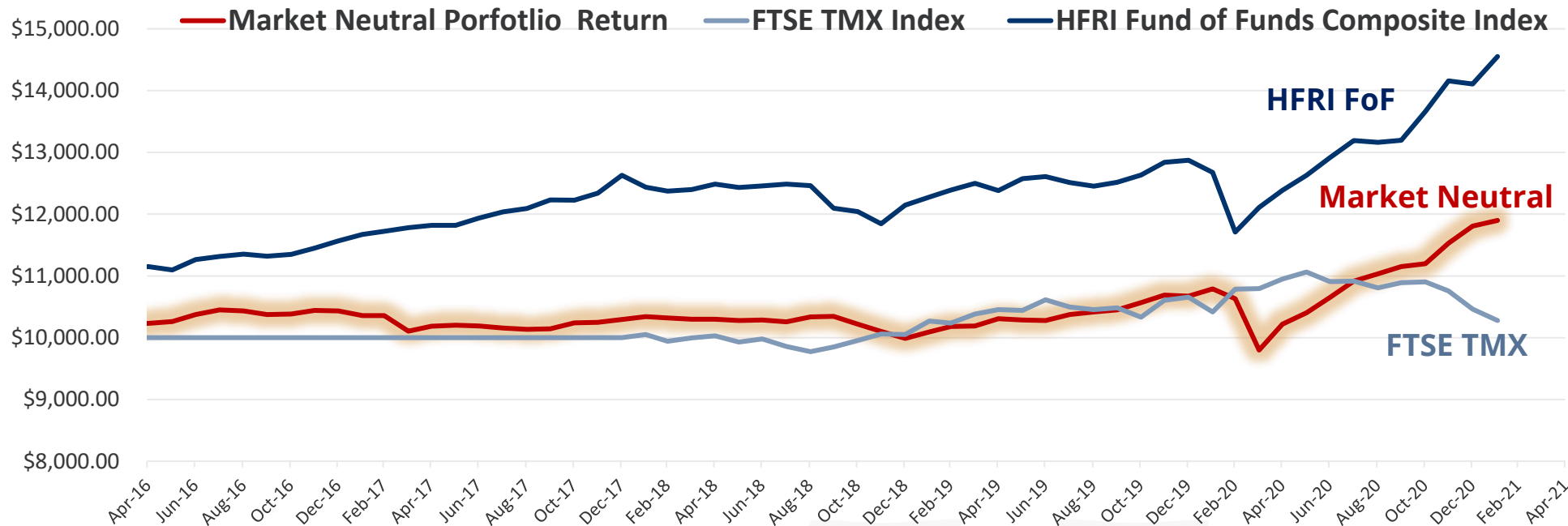


**\*Performance Summary:** HGC had the best performance in the short-term periods, while Lumen and Qwest were the least performing funds.



# Market Neutral Portfolio – Growth & Volatility

## Growth of \$10,000 Invested Since Inception



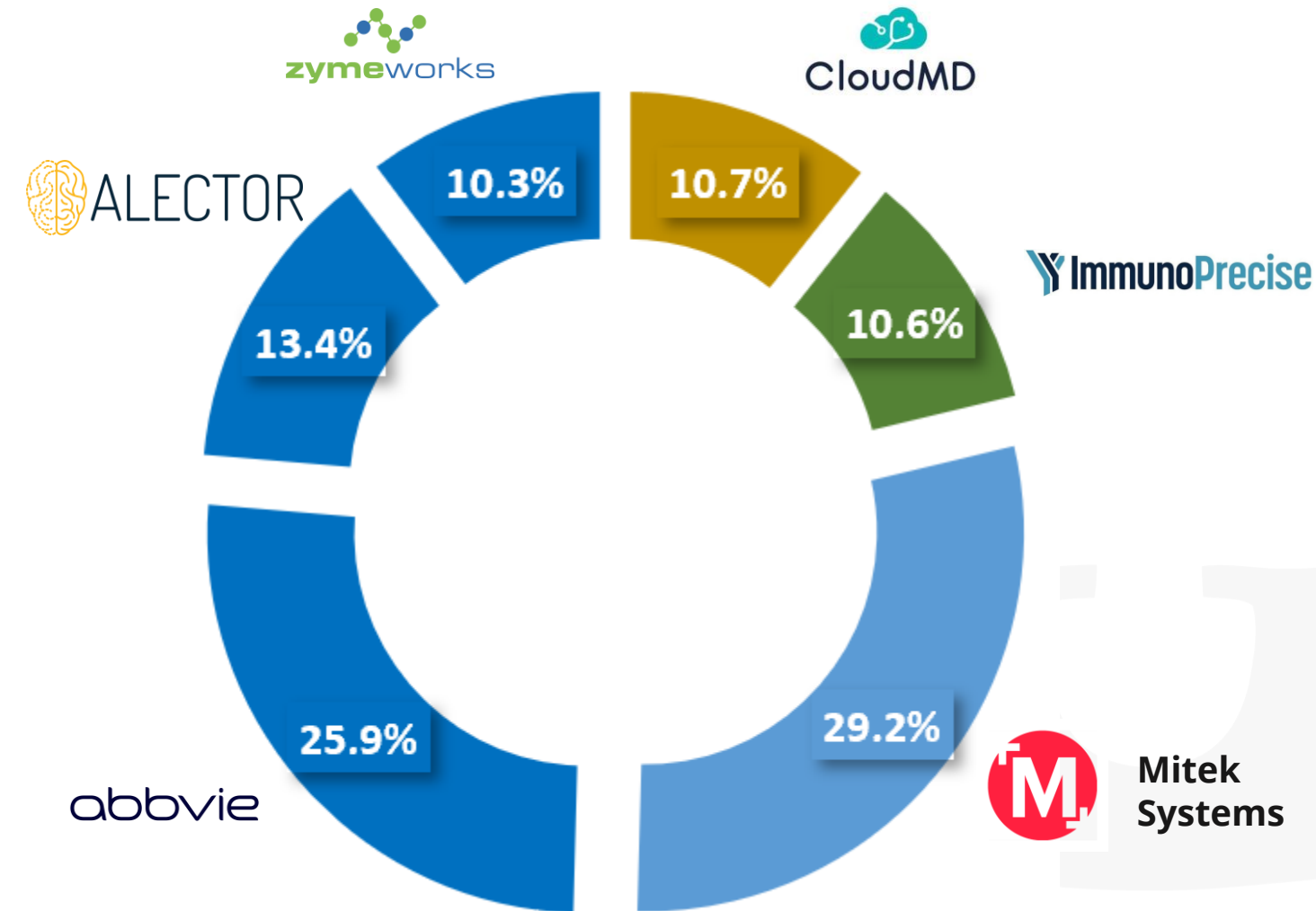
Market Neutral Portfolio performance was closely aligned with FTSE TMX with relatively low-volatility.

Funds	YTD 2021	1 month	3 month	6 month	1 year	2 years	3 years	5 years
Market Neutral	2.97%	1.38%	4.62%	9.33%	13.46%	8.85%	5.34%	3.47%

### Market Neutral

Standard Deviations	n/a	n/a	0.81%	0.98%	3.01%	2.19%	1.87%	1.52%
Sharpe Ratios	n/a	n/a	1.86	1.52	0.36	0.33	0.24	0.19

# Thematic Portfolio – Current Holdings



Fintech Basket (USD) – Weighted 29.2%

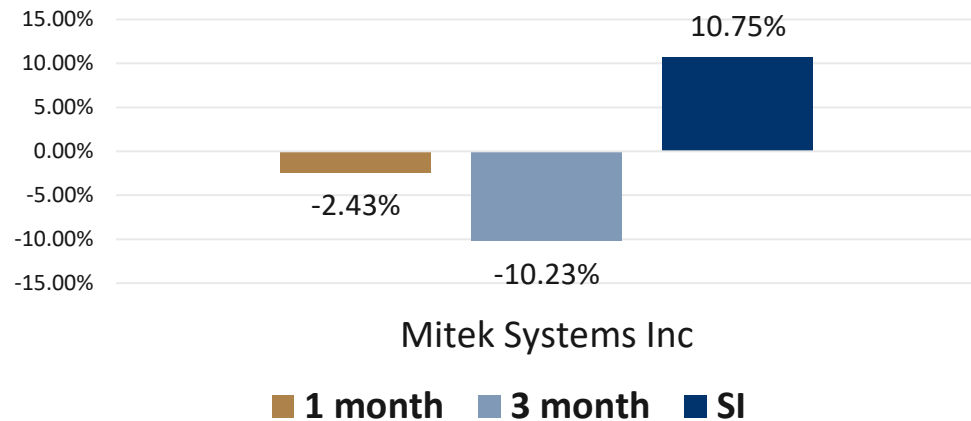
Biotech Basket (USD) – Weighted 49.2%

Biotech Basket (CAD) – Weighted 10.6%

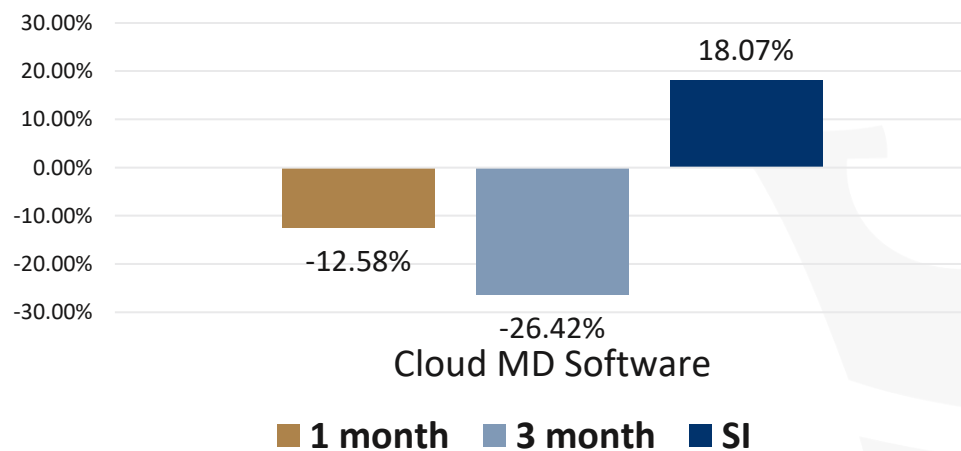
CloudMD (CAD) – Weighted 10.7%

No activates in Thematic Portfolio in March.

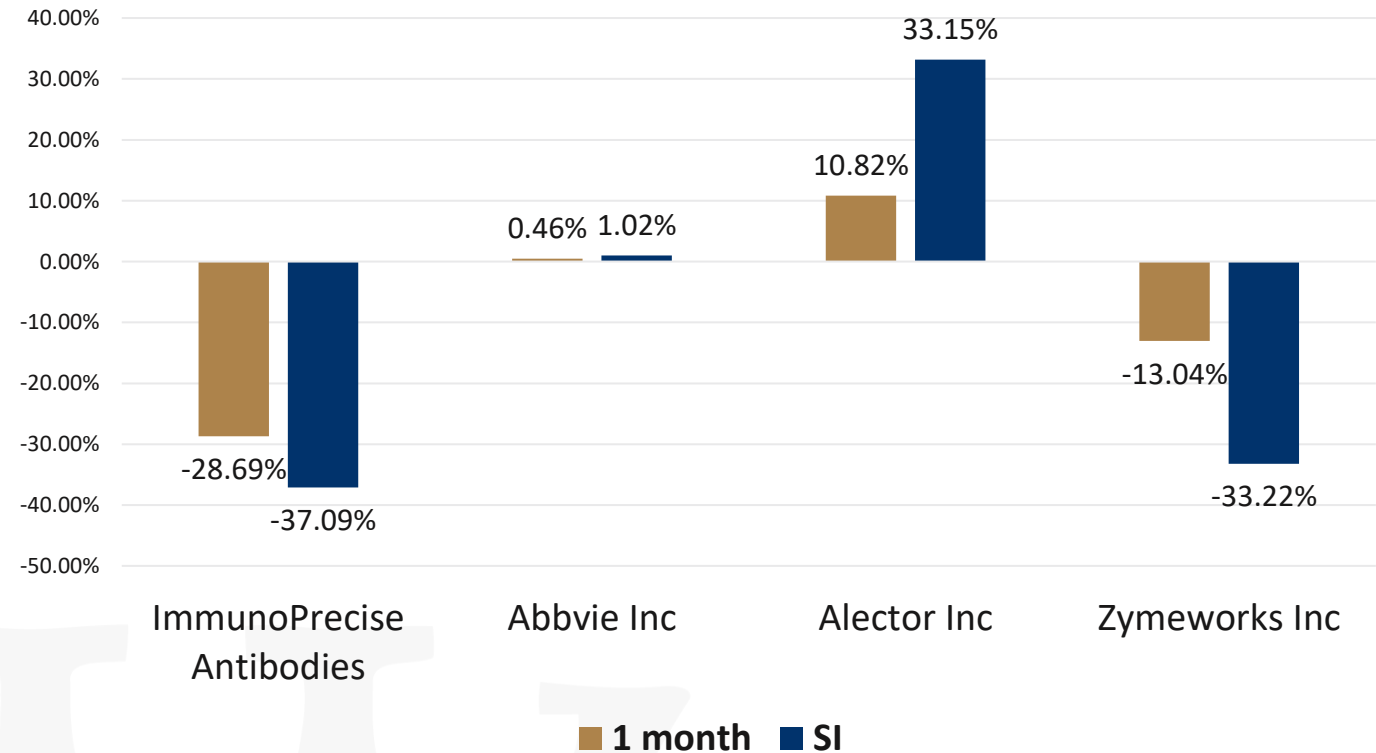
## FinTech Basket Return



## Cloud MD Software - Return



## BioTech Basket Return



**\*Performance Summary:** Fintech current holding (Mitek) was down by 2% and Cloud MD by 13% in March. Alector outperformed with 33% return, and ImmunoPrecise Antibodies & Zymeworks down by 37% and 33%, respectively for the 3-month period (SI).

# Fund Commentary



## Growth Portfolio

### Dynamic Global Growth

**March Return = (3.22%)**

- **Evolution Gaming group AB (EVO.ST):**  
No notable event in March. In early April, Agreement to acquire Big Time Gaming Evolution Group AB for the total consideration of EUR 450 million, payable in cash and Evolution shares.
- **BioNTech (BNTX):**  
Published COVID-19 vaccine trials at the end of March, which produces the robust antibody response in adolescents. BioNTech and Pfizer asked U.S. regulators in April to approve emergency use of their vaccines for adolescents aged 12 to 15. Currently, developing COVID vaccine trials for babies.

### Lynwood Opportunities

**March Return = 14.00%**

- Notable contributors to the Fund's performance included:
  - An alpha short in a Canadian electronic payment processing company, which fell 9% the day after announcing a share offering.
  - A position in Battle North Gold, which due to its high-quality asset, strategic location, and sizeable tax pools, was acquired for a 46% premium by its larger neighbor Evolution Mining.

### NewGen

**March Return = 2.66%**

- Breakout in the bond yields with the US 10 year up 83 bps, where the tight post-pandemic supply chain and consequent inflation are expected to be significant in the subsequent quarter.
- Notable performance for the Long & Short position:
  - **Long: Voyager Digital (VYGR CSE)** = continued growth trend
  - **Short: Just Energy (JE-TSX)** = exceeding B/S liquidity due to the losses in Texas weather
  - **Long: Solaris Resources (SLS TSX)** = the world class copper project





## Market Neutral Portfolio

### HGC Arbitrage Fund

**March Return = 5.49%**

- Underperformed with the portfolio return of -4.33% with the SPAC market condition heavily impacting the performance, where 62% of the SPAC units were held by the Fund.
- Despite the US \$98 billion raised through the first three months, the over-supply of SPAC units drove the unit prices down and weakened the Fund's position in both primary and secondary markets.

### Lumen Long/Short

**March Return = 1.23%**

- Fundamental investing, instead of SPAC activities and trading on crypto, clean energy, AI and telemedicine. Long equity with the ESG initiatives on Northland Power, green power infrastructure assets.
- Increased net exposure to Financials sector such as AGF Management with the strong subscription momentum, free cash flow valuation and growing alternative asset strategy.
- COVID recovery model with the Long equity on larger-cap companies (i.e. Microsoft or Sherwin-Williams).

### Lawrence Park Credit

**March Return = 0.69%**

- Widening credit spreads and upward trend in interest rates in US & Canada.
- The risk reduction measures in February, but more risk tolerant approach in March, resulting in the positive returns from hedging overlays and short-term trading gains from new issues such as Verizon and Oracle.
- Added exposure to domestic credit with the emphasis on banks and energy and reducing exposure to real estate.



### Market Neutral Portfolio

#### RP Debt Opportunities / FI Market

March Return = 0.87%

- The Fundamental Value sub-strategy detracted on return slightly due to the widening of credit spreads in March. The Short-Dated Income and Active Trading sub-strategies contributed to performance.
- Top-performing areas included Communication and Consumer as well as high conviction holdings in the Technology sector.
- Selective profits from well-performing European positions and rotated capital into high conviction positions in Canada.

### List of Funds without Fund Commentaries

- JM Catalyst
- QWEST



## ESG Portfolio

### Waratah Fund

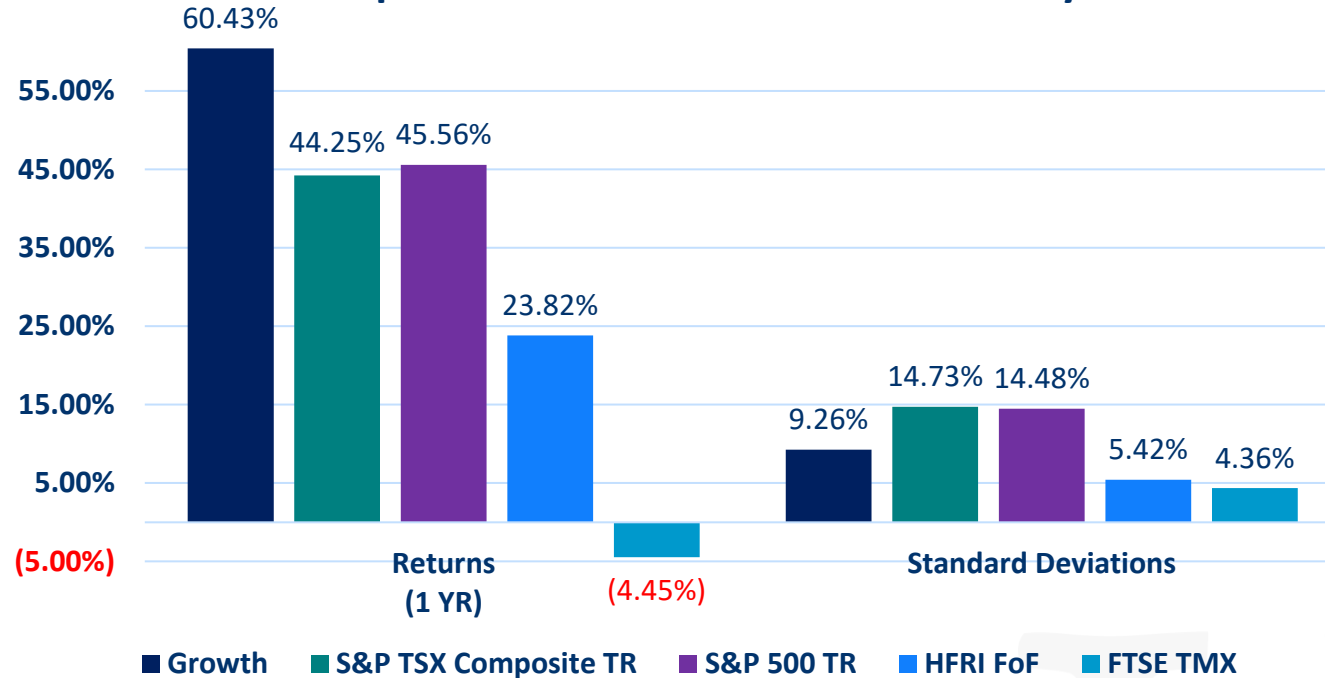
March Return = **(1.92%)**

- 36.8% portfolio invested in assets where ESG is the core driver of investment returns in March:
  - **Microsoft:** 3.2% weight (minimal gains)
  - **Alphabet:** 3.6% weight (minimal losses)
- 30.5% of portfolio invested in assets where ESG is not a core driver of investment returns.
- ~3/4 exposure of the Long portfolio in US and ~1/4 exposure in Canada

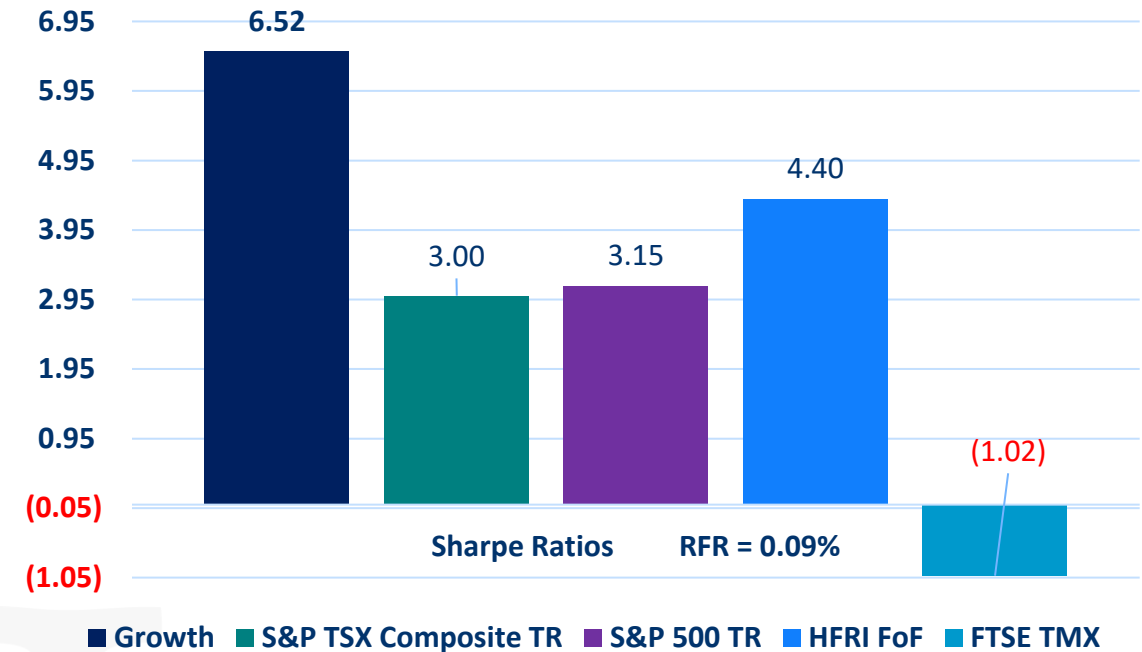
# Appendix

# Comparative Performance - Growth vs Benchmark (1 Year)

## Comparative Performance and Volatility



## Comparative Sharpe Ratio



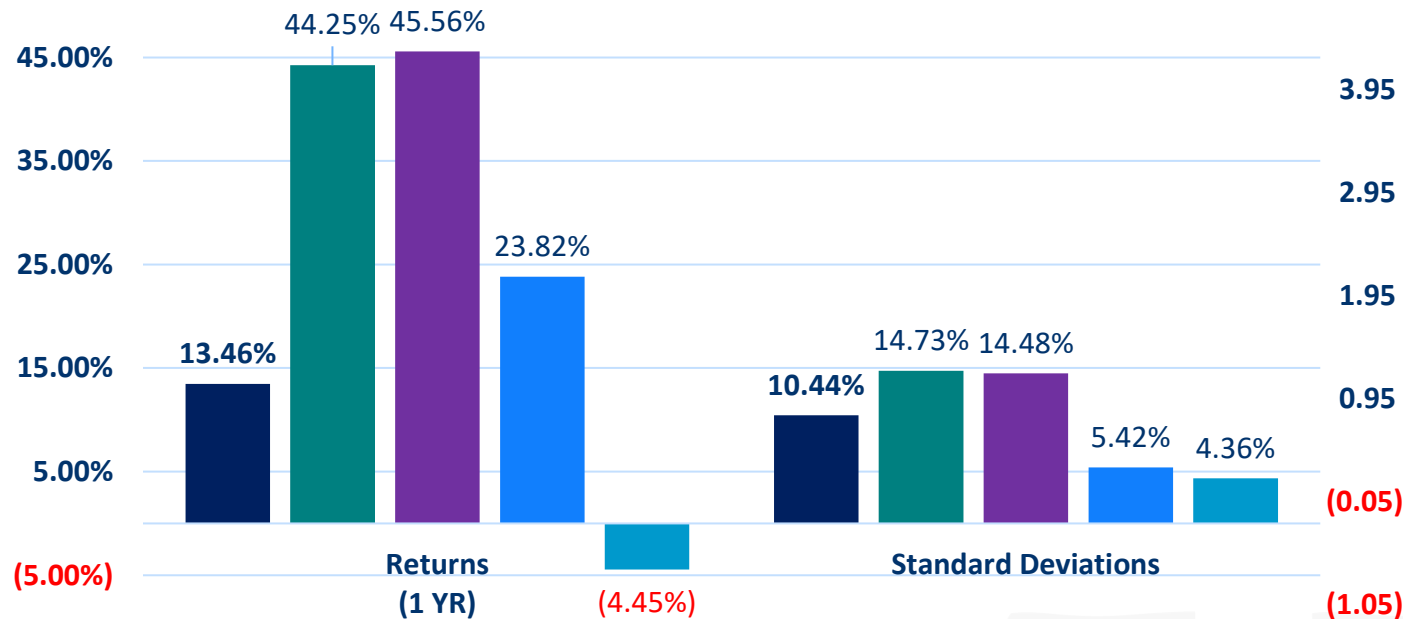
	Returns (1 YR)	Standard Deviations	Inflation
Growth	60.43%	9.26%	0.19%
S&P TSX Composite TR	44.25%	14.73%	
S&P 500 TR	45.56%	14.48%	
HFRI FoF	23.82%	5.42%	
FTSE TMX	(4.45%)	4.36%	

	Sharpe Ratios RFR = 0.09%
Growth	6.52
S&P TSX Composite TR	3.00
S&P 500 TR	3.15
HFRI FoF	4.40
FTSE TMX	(1.02)



# Comparative Performance – Market Neutral vs Benchmark (1 Year)

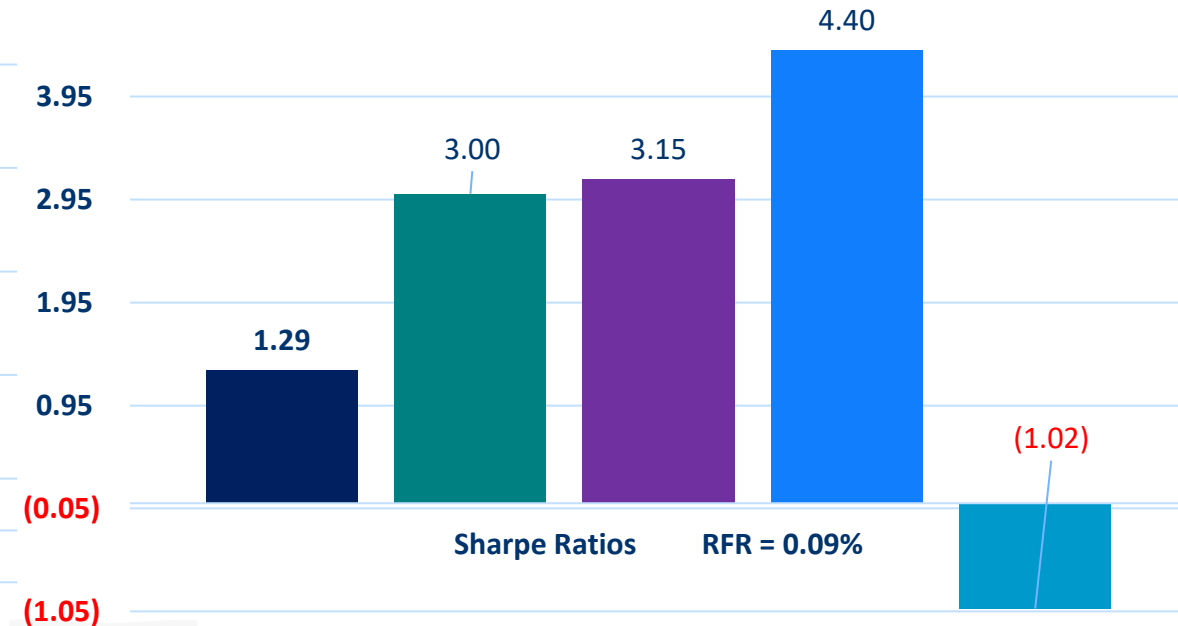
## Comparative Performance and Volatility



■ Market Neutral ■ S&P TSX Composite TR ■ S&P 500 TR ■ HFRI FoF ■ FTSE TMX

	Returns (1 YR)	Standard Deviations	Inflation
Market Neutral	13.46%	10.44%	0.19%
S&P TSX Composite TR	44.25%	14.73%	
S&P 500 TR	45.56%	14.48%	
HFRI FoF	23.82%	5.42%	
FTSE TMX	(4.45%)	4.36%	

## Comparative Sharpe Ratio



■ Market Neutral ■ S&P TSX Composite TR ■ S&P 500 TR ■ HFRI FoF ■ FTSE TMX

	Sharpe Ratios RFR = 0.09%
Market Neutral	1.29
S&P TSX Composite TR	3.00
S&P 500 TR	3.15
HFRI FoF	4.40
FTSE TMX	(1.02)