

## What is a smart beta strategy?

Unlike traditional market capitalization weighting, smart betas are non-cap weighted index strategies based on transparent quantitative methodologies. As mispricing occurs frequently in the stock market, the presence of traditional cap weighted index tends to overweight overpriced stocks and underweight underpriced stocks, which leads to a suboptimal portfolio outcome. Deviating from cap weighting in a systematic way helps address the flaws of cap-weighted indexing and decreases the concentration risk.

A smart beta investment strategy is designed to add value by strategically choosing, weighting and rebalancing companies built into an index based upon objective factors.

## Smart Beta Plus portfolios = active strategy + passive strategy

Our Smart Beta Plus portfolios follow a core-satellite approach that have the advantages of combining passive and active strategies.

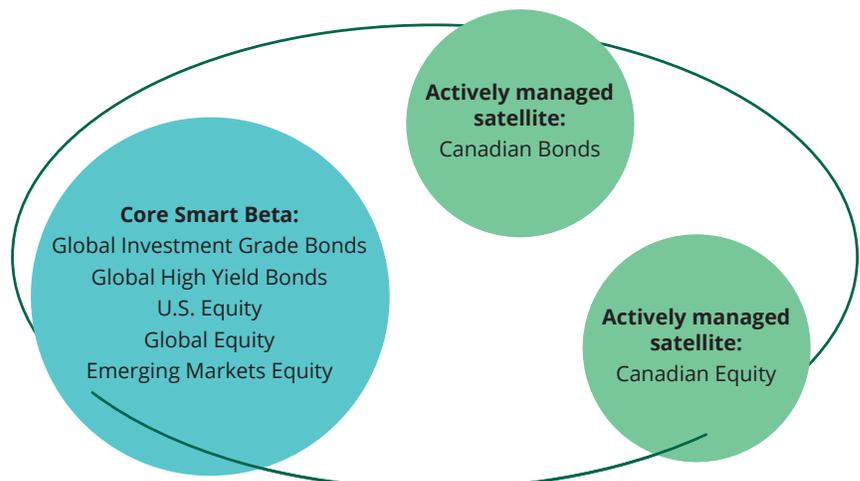
The passive smart beta strategies replicate an index that has been created using specific factors in order to achieve higher risk-adjusted returns than traditional indices, while active strategies aim to outperform their benchmarks.

### Core-satellite approach: an optimal strategy

The Core Smart Beta portion is composed of a passive management for foreign investments. The smart beta portion of the fund uses alternative index construction rules instead of the usual market capitalization weighting scheme. TD Asset Management's smart beta approach is based on building a low volatility equity portfolio that can produce competitive returns with less risk, while TOBAM's smart beta approach is based on the most diversified portfolio construction principle possible through a patented mathematical formula.

The "plus" portion is the two actively managed Canadian satellites. The Canadian market being smaller, less liquid and less efficient than other developed markets, it favors actively managed over index-based strategies. This enhances overall portfolio expected return. AlphaFixe Bond and Bank Loan fund's fundamental investment objective is to generate a high current yield while maintaining a capital preservation. Triasima is known for its Three-Pillar Approach™, which combines fundamental, quantitative and trend analyses in a rigorous, yet innovative, investment process that remains consistent under different market conditions.

**The core-satellite approach used in the Smart Beta Plus portfolios focuses on low volatility and maximum diversification while offering better risk-adjusted return.**



## Why invest in these portfolios?

The Smart Beta Plus portfolios are suitable for investors seeking to invest in the foreign market through low volatility and maximum diversification. Investors who wish to enhance risk-adjusted returns above the major indexes, while still benefiting from the experience of active Canadian investment managers are good candidates for these portfolios. These turnkey portfolio series are also more diversified geographically and thus less concentrated in the Canadian market.

# Managers and allocation of SSQ Smart Beta Plus portfolios GIFs

The most reputable managers are carefully selected in our Smart Beta Plus portfolios and they are monitored on a continuous basis to ensure that the management styles are in line with investment mandates and performance objectives.

SSQ Smart Beta Plus portfolios GIFs are offered in 4 different profiles that can suit each investor's needs.

	SSQ Smart Beta Plus portfolios GIF			
	Conservative	Balanced	Growth	Aggressive
<b>Core Smart Beta</b>				
<b>Fixed income</b>				
TOBAM Anti-Benchmark Global Investment Grade Fund	8	8.5	9	6.5
TOBAM Anti-Benchmark Global High Yield Fund	-	3.5	3.5	3.5
<b>Foreign equity</b>				
TD U.S. Low Volatility fund	14	18	19	18
TD Emerald Low Volatility Global Equity Pooled Fund Trust	9	16	21	26
TD Emerging Markets Low Volatility Fund	1	5	9	12
<b>Actively managed satellites</b>				
<b>Fixed income</b>				
AlphaFixe Bond and Bank Loan	52	28	17.5	10
<b>Canadian equity</b>				
Triasima Canadian Equity	16	21	21	24
<b>Total fixed income</b>	<b>60</b>	<b>40</b>	<b>30</b>	<b>20</b>
<b>Total Canadian equity</b>	<b>16</b>	<b>21</b>	<b>21</b>	<b>24</b>
<b>Total foreign equity</b>	<b>24</b>	<b>39</b>	<b>49</b>	<b>56</b>
<b>TOTAL</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

# Advantages of SSQ Smart Beta Plus portfolios GIFs

## Maximum diversification

The maximum diversification approach is designed to maximize the degree of diversification when selecting the weighting of assets in the portfolio allocation process.

## Low volatility

These portfolios are built on low volatility equity portfolio that can produce competitive returns with less risk.

## Better risk-adjusted return

The passive smart beta strategies replicate an index that has been created using specific factors in order to achieve higher risk-adjusted returns than traditional indices.

## Low cost and transparent methodologies

By using transparent methodologies to track an index weighted according to factors other than market capitalization, smart betas are lower cost than active managers.

## Better tax efficiency

Smart betas provide better tax efficiency due to lower turnover rate.



# About our managers



Founded in 2008, AlphaFixe Capital Inc. is a leading investment manager specialized in fixed income with more than \$5 billion in assets under management. They serve primarily institutional clients with a diverse range of products, including the Bank Loan Fund, which provides protection against inflation and generates high returns while prioritizing capital preservation. Their mission is to constantly create value using a fundamental approach based on the assets' intrinsic value, while maintaining a binding risk budget. Their goals are to provide a high-level management, while addressing in an exemplary manner, the needs of their clients.



Formed in 2005 by Yves Choueifaty, TOBAM is an asset management company based in Paris, France. It has two minority shareholders: CalPERS and Amundi Asset Management. The company manages US\$10.2 billion in Equities and Fixed Income as of March 2019. The team totals 53 financial professionals, from 19 different nationalities, in four offices (New York, Dublin, Paris and Hong Kong). TOBAM has developed a patented mathematical methodology that increases portfolio diversification. TOBAM's Maximum Diversification® quantitative management process is unique and patented, based on a simple principle: delivering the most diversified portfolio possible. TOBAM's approach aims to access the risk premium of an asset class by avoiding the concentration risks and bias of traditional cap-weighted indices. TOBAM's research teams have invented a measure of the level of diversification of a portfolio: the Diversification Ratio®. TOBAM's investment process aims to maximize this measure on a given investment universe to obtain the Anti-Benchmark® portfolio.



TD Asset Management (TDAM), a member of TD Bank Group, is a North American investment management firm. Operating through TD Asset Management Inc. in Canada and TDAM USA Inc. in the U.S., TDAM brings new thinking to investors' most important challenges. TDAM offers investment solutions to corporations, pension funds, endowments, foundations and individual investors. Additionally, TDAM manages assets on behalf of almost 2 million retail investors and offers a broadly diversified suite of investment solutions including mutual funds, professionally managed portfolios and corporate class funds. Asset management businesses at TD manage \$388 billion in assets as at March 31, 2019. Assets under management include TD Asset Management Inc., TDAM USA Inc., Epoch Investment Partners Inc. (Epoch) and TD Greystone Asset Management.



Founded in 1998, Triasima is an established and independent investment boutique located in Montreal. With an average of more than 20 years of investment experience, the team at Triasima manages portfolios for its institutional and private clients, using the Three-Pillar Approach™. This rigorous investment process has well served Triasima's clients over years and in all market conditions.



**For further details, please refer to the "Fund Facts" available on [ssq.ca](http://ssq.ca).**