About Evovest

Evovest automates investment decisions with a scientific approach. Machine learning allows us to identify the best potential investments by analyzing financial and macroeconomic information. Our approach stands out by integrating the best practices in portfolio management and artificial intelligence. Our commitment is to generate superior returns through an innovative approach at a competitive cost.

Quarterly review - Q3 2022

Another eventful quarter has come to an end. It was not an easy summer with global markets attempting a rally from mid-July to mid-August, only to resume their downtrend thereafter. Central banks have not taken a break and have continued to raise key rates to tackle inflation. Despite these difficult market conditions, we were able to create value relative to our benchmark.

Business development

After a long period where meetings were done by videoconference, we made several trips to meet people in person. During the quarter, we notably went to Western Canada, New York and Europe. Hedge fund week and Battle of the quant – London was an opportunity to reconnect with other international portfolio managers. We are delighted with the interest people are showing in Evovest. Many conversations and feedbacks will be relevant for our future.

Discovery series

The first five parts of the discovery series are available on our website (link). They cover our perception of the investment problem and introduce a frame of reference for tackling it. In the coming weeks, we will publish the subsequent parts that are related to our investment process.

Part 1 - The quest for alpha - An introduction to the problem
Part 2 - Driven by quantity and ability – A framework for investment approach
Part 3 - Market movements - A combination of different investment styles
Part 4 - Awareness in financial markets - Knowing we miss information
Part 5 - An example of ignorance

Market-cap-weighted mandate

As part of the mandate entrusted to us by the PGEQ, the decision to modify the benchmark index was taken. A lot of work has been done by our investment team to fit our models to a market cap-weighted benchmark. This change will take effect from the 4th quarter. We would also like to thank the PGEQ team for showing their confidence in us by increasing the target allocation to Evovest's global equity strategy in the traditional PGEQ Fund.

US and International Return History

We are now able to offer two new separate account strategies thanks to the breakdown of our return history of the Evovest Global Equity strategy. Essentially, the strategy is broken down into a United States and an International component. Using reports from the Custodian, we were able to reconstruct the history of returns. Please note that within the global equity strategy, no geographical allocation decision is made and portfolio construction is based on independent modules. These two conditions are required to maintain the objectivity of the return history. You can find US (link) and International (link) returns on our website.

CGC/PGEQ initiative

Thanks to an initiative of the PGEQ and Finance Montreal, Close Group Consulting began evaluating ESG integration in our investment process during the quarter. We are pleased to be able to collaborate with Tamara Close and her team to improve our practices as part of this exercise which will continue in the 4th quarter.

Warning: The returns presented in CAD include transaction costs but exclude management and operating fees. Past performance is not indicative of future results.

Job Opening - Marketing and Business Development Representative

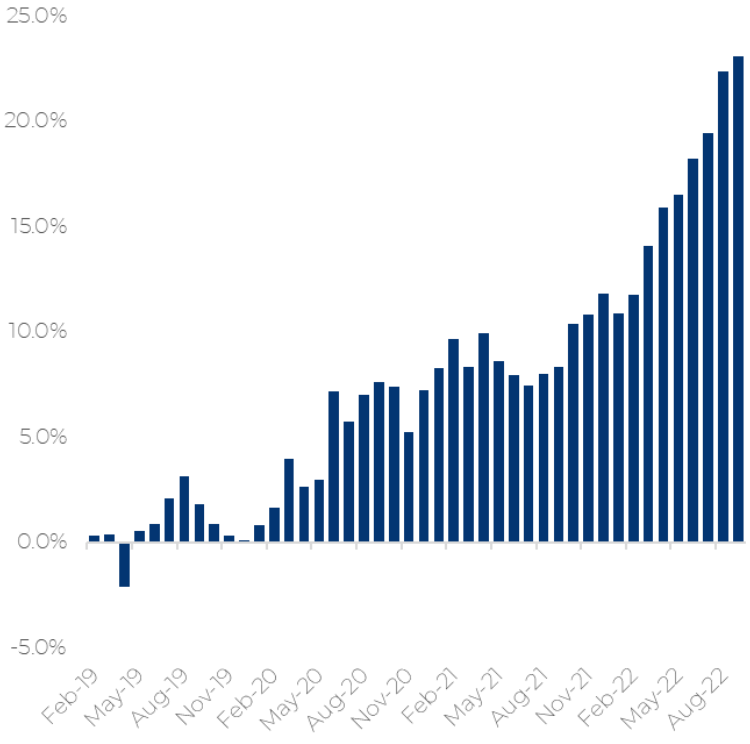
Evovest is looking for a new member to its team to support our business development and marketing efforts. If you are a candidate or know one, visit the following link for the job description for a Marketing and Development Representative business (link).

Returns - Global Equities

Despite the previously mentioned market environment, our models have positioned themselves well to add value. During the first half of the quarter, the strategy increasingly underweighted exposure to high beta stocks as global markets rose. Although this subtracted value during this period, stock selection more than compensated for this positioning. It should also be noted that although the average exposure to the Beta factor was negative, the security that performed best in the portfolio over the quarter, Coinbase, is a security with high Beta. This one, as explained by our explanatory artificial intelligence tool, was bought in a short period for its technical characteristics of short-term momentum and transactional activity.

In the second half of the quarter, it was the factor exposure that was beneficial to the value added, among other things due to the significant underweighting in the Beta factor. The selection effect neither added nor subtracted value during this period.

Cumulative Realized Alpha



31 jan. 2019 - 30 sep. 2022	Evovest	MSCI World EW Net
Annualized Returns	8.8%	2.8%
Annualized Alpha	6.0%	N/A
Annualized Volatility	13.9%	14.9%
Beta	0.86	N/A
Returns Q3 2022	2.5%	-1.6%
Tracking Error	4.6%	N/A

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