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.

Q4 2020 Quarterly Review

The equity market rally continued into the last quarter of 2020, bringing the various indexes to all-time highs. We are pleased to see the discovery of a vaccine and the positive impact it will have on the population. Following the announcement, however, our strategies underperformed the benchmark. This can be understood by the inherent vulnerability associated with analytical approaches in unprecedented situations. Nonetheless, the various risk management measures in the portfolio construction process mitigated the potential negative effects. In addition, the strategies registered gains in the following weeks, making up for most of the underperformance.

Following a strategic review, we decided to close two strategies offered with segregated accounts, namely North American Equity and North American Market Neutral. We will now focus on the Global Equity strategy, offered under an offering memorandum, as well as a Global Market Neutral strategy, for which we are aiming a 2021 launch. We have concluded that marketing through small segregated accounts was not optimal for an emerging manager like Evovest and the global strategies were better aligned with market needs.

The management of North American strategies has been an important source of learning for us that will benefit all our activities. We would like to thank the customers and partners who trusted us. We close these two strategies with a positive added value of 3.5% for the North American Equity strategy and a return of 1.0% for the North American Market Neutral strategy.

Responsible Investment Without Compromise

During the last quarter, we analyzed different ESG data providers. We are proud to announce that we have retained the services of Truvalue Labs. They stood out among several thanks to their data collection method and its granularity.

The assessment took place on two fronts. First, we wanted to determine what the impacts would be of forcing our portfolios to have an ESG profile higher than the benchmark. We were also looking to see if this data could improve the quality of our predictive models.

The integration of constraints on ESG considerations, resulting in a materiality score 10% higher than the benchmark, showed slight negative effects on our historical simulated returns. However, this effect has been shown to be fully offset by the additional signal that ESG information provides to our predictive models.

The net effect is a responsible portfolio without compromising on performance. In the coming months, we will be implementing these ESG measures to integrate responsible investing into all our products.

For more information, do not hesitate to contact us at info@evovest.com.

Returns - Global Equity

The fourth quarter 2020 return was slightly lower (0.2%) than our benchmark. This underperformance is explained by the portfolio positioning during the announcement of the vaccine discovery. Despite everything, we were able to make up for a large part of this lag during the month of December. The year ends with an added value of + 8.4% for 2020.

Jan 31st 2019 - Dec 31st 2020	Evovest	MSCI World EW Net
Annualized Returns	14.9%	10.4%
Annualized Volatility	15.3%	17.6%
Beta	0.80	N/A
Q4 2020 returns	12.3%	12.5%
2020 returns	16.2%	7.8%

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