

## OVERVIEW

SmartB CAD Overlay is a dynamic hedging strategy on foreign exchange exposures that generates positive alpha while mitigating losses from adverse market movements using similar or lower volatility than a pure cash hedge.

**INVESTMENT UNIVERSE** USDCAD

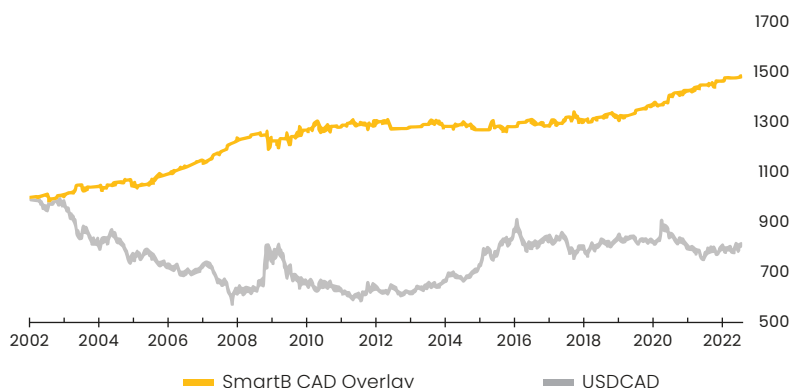
**INVESTMENT OBJECTIVE** Reduce the impact of FX volatility on international portfolio exposure

**INVESTMENT STRATEGY** Systematically rebalance the weighting of CAD, to a maximum 50% exposure, in order to reduce portfolio volatility

**OBSERVATION FREQUENCY** Weekly, based on daily data

**OBSERVATION SCHEDULE** The 1st trading day of the week, and if rebalancing is required, it will be applied on the next trading day

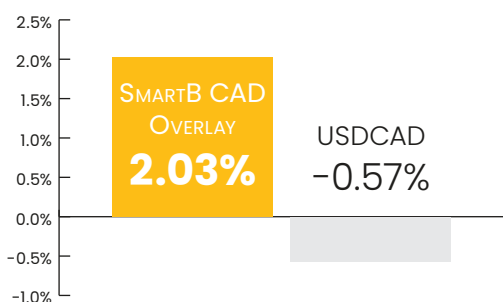
## PERFORMANCE CHART OF 20 YEARS



## ANNUAL PERFORMANCE

YEAR	REBALANCING FREQUENCY	SMARTB CAD OVERLAY	USDCAD		
2002	32	0.39%	-1.37%		
2003	28	3.96%	-19.00%		
2004	29	1.27%	-7.31%		
2005	18	3.51%	-2.84%		
2006	35	4.47%	0.57%		
2007	34	7.09%	-15.09%		
2008	36	-0.08%	21.20%		
2009	25	3.59%	-13.51%		
2010	15	1.51%	-4.74%		
2011	19	1.14%	2.86%		
2012	28	-1.47%	-2.64%		
2013	31	0.20%	6.94%		
2014	24	-1.08%	9.17%		
2015	28	1.08%	17.87%		
2016	27	0.62%	-2.44%		
2017	15	1.46%	-6.43%		
2018	22	-0.11%	8.43%		
2019	30	5.43%	-4.72%		
2020	20	3.41%	-1.73%		
2021	32	2.59%	-0.41%		
2022 YEAR TO DATE	18	1.52%	3.87%		
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2002-2012	(1ST DECADE)	271	26.86%	-39.25%	
2012	TO DATE	(10+ YEARS)	275	13.66%	27.90%
2017	TO DATE	(5+ YEARS)	137	14.30%	-0.99%
2020	TO DATE	(2+ YEARS)	70	7.52%	1.74%
2021	TO DATE	(1+ YEAR)	50	4.11%	3.47%
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2002	TO DATE	546	40.52%	-11.35%	
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AVERAGE ANNUAL RETURN		2.03%	-0.57%		
MAXIMUM DAILY DRAWDOWN		-1.66%	-3.86%		
AVERAGE ANNUAL VOLATILITY		2.79%	8.87%		

## AVERAGE ANNUAL RETURN

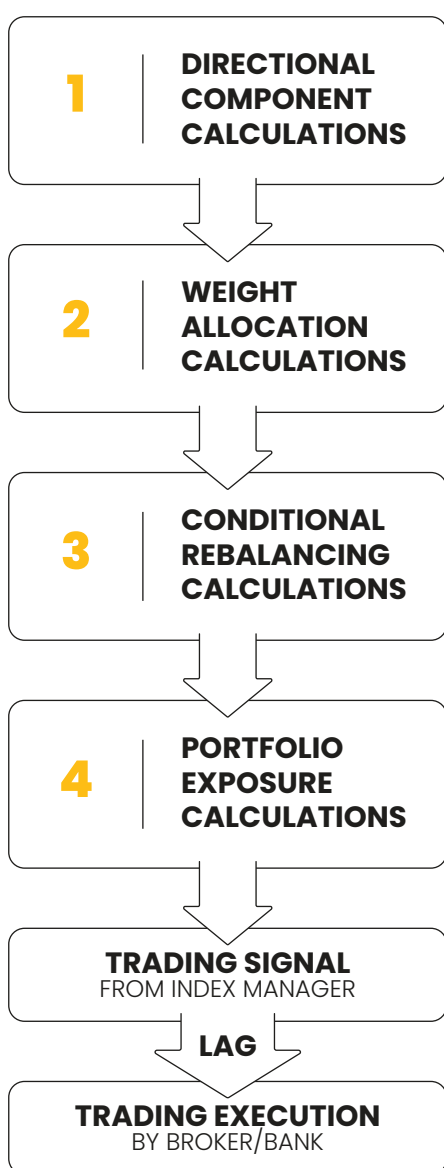


Individual components are rebalanced using our proprietary algorithms and artificial intelligence technology.

## METHODOLOGY

Weightings and direction of the portfolio elements are defined by four segments that operate at an individual and group level.

Calculations are made on a daily basis but a rebalancing is only determined on the 1st trading day of the week, and if required, it will be applied on the next trading day.



## DIRECTIONAL COMPONENT & WEIGHT ALLOCATION

The directional and weight allocation components optimize exposures in USD and CAD to a maximum of 50% weighting in CAD based upon over or under performance of the underlying.

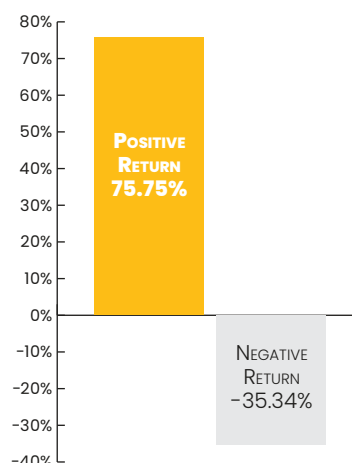
## CONDITIONAL REBALANCING

This segment determines whether we rebalance the portfolio weights or keep the existing composition. The rebalancing trigger is conditional and based on weekly performance changes.

**REBALANCING COUNT**



**REBALANCING PERFORMANCE IN %**



## PORTFOLIO EXPOSURE

The exposure is adjusted at each rebalancing point. It is defined using an internal risk management component and a volatility target control based upon 20-days standard deviation of the portfolio's returns and maximum exposure of 100%.

## TRADING LAG

In order to ensure there is sufficient time for execution, all calculations will be applied on the 2nd trading day of the week, but the calculations will have been completed on the 1st trading day of the week.

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