

# PARTNERS PROGRAM MANAGER PROFILE

1<sup>st</sup> Quarter 2019



## COUGAR GLOBAL INVESTMENTS

### PARTNERS MANDATES

Cougar Global Investments provides the following investment portfolio management services for the Raymond James Partners Program:

- Global Tactical Balanced Strategy

### HISTORY

Cougar Global is an early adopter of global tactical asset allocation and builds globally diversified portfolios of stocks, bonds, gold and cash using a strictly macro-oriented approach. The firm began utilizing ETFs in 2007, its sole implementation tool today. Headquartered in Toronto, Ontario the firm has approximately C\$ 1.7 billion in AUM/AUA\*. The firm became an affiliate of Carillon Tower Advisers in 2016.

As at March 31<sup>st</sup>, 2019

### INVESTMENT TEAM

#### **Abe Sheikh, FSA MAAA, Chief Investment Officer and Portfolio Manager**

Abe leads our investment team the research efforts at Cougar Global. Abe joined Cougar in 2017, after 11 years at J.P. Morgan Asset Management. Abe has spent the majority of his career developing frameworks designed to generate optimal strategic and tactical asset allocations for a range of sophisticated institutional and retail clients. Abe is a registered Portfolio Manager – Advising Representative with the Ontario Securities Commission. He has researched and published in a range of peer-reviewed journals, such as the Journal of Portfolio Management, Journal of Investing and Journal of Alternative Investment, on topics including downside “fat-tail” risks in financial markets, macroeconomic regime-based investing, and managing assets pre- and post- retirement. Prior to joining J.P. Morgan Asset Management, Abe was an actuarial analyst for four years at Watson Wyatt Worldwide. He earned a bachelor’s degree in actuarial science from the London School of Economics and Political Science and a master’s in computational finance from Carnegie Mellon University. He is a fellow of the Society of Actuaries (FSA) and a Member of the American Academy of Actuaries (MAAA).

#### **Dr. James Breech, Chairman Emeritus**

Dr. Breech founded Cougar Global in 1993. With over 30 years of global capital markets experience, he conceived Cougar Global’s downside risk methodology while working for investment management firms on Toronto’s Bay Street. Prior to this, he was a tenured professor at York University and taught international finance in the MBA program in the Faculty of Administrative Studies. Furthermore, Dr. Breech earned his Honours BA in English Language and Literature from University of Toronto, his Ph.D (with distinction) in Hellenistic and Greco-Roman History, Religion, and Culture from Harvard University, and his MBA in International Finance at the Wharton School.

#### **Susanne Alexandor, Vice President, Client Portfolio Manager**

Susanne is a senior member of the Investment Team, and brings over 25 years of macro focused global investing experience covering a range of asset classes. She has held positions with leading firms in several international locations including New York, London, and Luxemburg. Susanne earned a BA in Economics and German from Rutgers University. Susanne is a registered Portfolio Manager - Advising Representative with the Ontario Securities Commission.

**Irina Dorogan, CIM®, Senior Research Analyst**

Irina is responsible for researching the global ETF and Index universe, as well as for other investment research related to our firm's investment process. She operates and maintains the firm's proprietary models for portfolio construction and data analysis, as well as contributes to asset allocation decisions. Irina has a degree in Economics from the Academy of Economic Studies of Moldova. Irina speaks five foreign languages including Romanian, French, Italian, Russian, and German that she used during her employment overseas. Irina is a registered Portfolio Manager - Advising Representative with the Ontario Securities Commission.

**Amy Steciuk, CFA, Senior Research Analyst**

Amy concentrates on the economic research and financial modeling that drives our portfolio construction. Amy began her career at the Bank of Canada in the Financial Markets Department, where she reported on interest rates, currencies, and other aspects of global capital markets that influenced the Bank's setting of monetary policy. At the University of Western Ontario, Amy earned an Honors BSc in Financial Economics with distinction. Amy is a registered Portfolio Manager - Advising Representative with the Ontario Securities Commission

**Jason Richey, CFA, Senior Research Analyst**

Jason consolidates information from Cougar Global's independent research sources, and participates in the maintenance and monitoring of the firm's financial models. Jason previously was a Senior Due Diligence Analyst on Raymond James' Manager Research Team, with a focus on ETF strategists. Jason earned his BA in Math and Economics at Ithaca College and his MBA in Finance at the University of South Florida. Jason is a CFA Charter-holder and a member of the CFA Society of Toronto.

**INVESTMENT PHILOSOPHY & STYLE**

Cougar Global uniquely defines risk as the probability of losing money. The firm's primary goal is to build capital over time by seeking to protect it in bear markets. Utilizing a macroeconomic-driven investment process, the team establishes an outlook for the U.S. economy over the next 12 months. Using the results of scenario analysis, Cougar Global generates probability distributions and correlations for the asset classes to model the portfolio based on a specific risk budget. The Global Tactical Balanced Strategy is optimized to seek a high expected return consistent with a downside risk constraint based on Cougar Global's portfolio optimizer of 15%. Therefore, this strategy is suitable for clients with a longer term investment horizon as this mandate is designed to tolerate a moderate level of downside volatility.

**KEY FACTS**

Cougar Global is an unconstrained tactical asset allocator, and can allocate from 0-100% in the asset classes it invests in.

- The portfolio is able to diversify globally among stocks, bonds, gold and cash.
- The team models three broad asset classes and approximately 30 markets, but typically fewer than 10 enter the portfolio.
- The firm buys well-known, highly liquid ETFs to construct portfolios.
- The Macro Economic Scenario analysis (MES) establishes the probability of the economy being in Growth, Stagnation, Recession, Inflation and/or Chaos.
- Financial modeling is incorporated to analyze expected market and portfolio behaviour under the MES.
- Cougar Global relies on third-party independent research firms to establish its MES.
- Cougar Global claims compliance with the Global Investment Performance Standards (GIPS®)

**Risks:** An investment in Exchange Traded Funds (ETFs) involves the risk of losing money and should be considered as part of an overall program, not a complete investment program. An investment in ETFs involves additional risks: non-diversified, the risks of price volatility, competitive industry pressure, international political and economic developments, possible trading halts, and index tracking error. Performance is directly related to the performance of underlying ETFs and the ability of each strategy to achieve its investment objective is directly related to the ability of the underlying ETFs to meet their investment objectives.

Tactical allocation investing presents specific risks, such as currency fluctuations, differences in financial accounting standards as well as potential political and economic instability. As with all equity investing, there is the risk that an unexpected change in the market or an ETF's holdings may have an adverse effect on its value and total return. The biggest risk of equity investing is that returns can fluctuate and investors can lose money.

Investing in small- and mid-cap stocks generally involves greater risks, and therefore, may not be appropriate for every investor. Stocks of smaller or newer or mid-sized companies may be more likely to realize more substantial growth as well as suffer more significant losses than larger or more established issuers. Small- and mid-cap companies generally involve greater risks than investing in larger capitalization companies. They often have narrower commercial markets, more limited managerial and financial resources, and more volatile trading than larger, more established companies.

International investing involves special risks, including currency fluctuations, different financial accounting standards, and possible political and economic volatility.

Investing in emerging markets can be riskier than investing in well-established foreign markets. Emerging and developing markets may be less liquid and more volatile because they tend to reflect economic structures that are generally less diverse and mature and political systems that may be less stable than those in more developed countries.

Because these strategies normally will hold a focused portfolio of fewer holdings than many other diversified strategies, the increase or decrease of the value of a single security may have a greater impact on the total return.

There is an inverse relationship between interest rate movements and fixed income prices. Generally, when interest rates rise, fixed income prices fall and when interest rates fall, fixed income prices generally rise. Bond investors should carefully consider risks such as: interest rate risk, credit risk, liquidity risk and inflation risk.

High-yield (below investment grade) bonds are not suitable for all investors and may present greater credit risk than other bonds.

Specific sector investing such as real estate can be subject to different and greater risks than more diversified investments. Declines in the value of real estate, economic conditions, property taxes, tax laws and interest rates all present potential risks to real estate investments. Commodities risk is the risk that investments in commodities, such as gold, or in commodity-linked instruments, will subject an underlying fund's portfolio to volatility that may also deviate from price movements in equity and fixed income securities. Commodities trading is generally considered speculative because of the significant potential for investment loss. Among the factors that could affect the value of the fund's investments in commodities are cyclical economic conditions, sudden political events, changes in sectors affecting a particular industry or commodity, and adverse international monetary policies. Markets for precious metals and other commodities are likely to be volatile and there may be sharp price fluctuations even during periods when prices overall are rising. Asset allocation and diversification do not ensure a profit or protect against a loss. All investments are subject to risk. There is no assurance that any investment strategy will be successful or that any securities transaction, holdings, sectors or allocations discussed will be profitable. Strategies discussed are subject to change at any time due to market conditions or opportunities. Past performance does not guarantee or indicate future results. There is no guarantee that these investment strategies will work under all market conditions.

**MES Notes:** Cougar's Macro Economic Scenario Analysis (MES) assigns probabilities to each of the 5 economic scenarios over the next 12 months:

GROWTH – U.S. economy is growing at or above its potential growth rate.

RECESSION – U.S. economy is shrinking (negative quarter over quarter growth rate)

STAGNATION – U.S. economy is growing at lower than its potential growth rate.

INFLATION – Consumer Price Index (CPI) inflation rate is higher than U.S. economy's potential growth rate.

CHAOS - A high impact, low probability event ("Black Swans")

Macroeconomic scenarios are based on quantitative data sourced from various firms and then weighted and may be adjusted based upon Cougar Global Investments thought capital. MES are subject to change. These are hypothetical examples and are not representative of any specific situation. Actual economic results may vary. Economic forecasts set forth may not develop as Cougar MES indicates and there can be no guarantee that these strategies promoted will be successful. Past performance is no guarantee of future results.

This research material has been prepared by Cougar Global Investments.

Opinions and estimates offered constitute Cougar's judgment and are subject to change without notice, as are statements of financial market trends, which are based on current market conditions. Under no circumstances does the information contained within represent a recommendation to buy, hold or sell any security and it should not be assumed that the securities transactions or holdings discussed were or will prove to be profitable. All holdings are subject to change daily.

Cougar Global Investments Limited (Cougar Global) is an investment manager that utilizes tactical asset allocation to construct globally diversified portfolios. Effective 4/30/15 Cougar Global was acquired by Raymond James Financial, Inc. (NYSE:RJF) and in 2016 Cougar Global became an affiliate of Carillion Tower Advisers, a wholly-owned subsidiary of Raymond James Financial, Inc. Prior to 4/30/15 Cougar Global was an independent investment management firm not affiliated with any parent organization. Cougar Global is registered as a Portfolio Manager

with the Ontario Securities Commission (OSC) and with the United States Securities and Exchange Commission (SEC) as a Non-Resident Investment Advisor. Prior to 01/02/2013, the firm was named Cougar Global Investments LP

The conversion dates from sub-advisors to ETFs are May 31, 2007, for GTS - Conservative CDN and GTS – Conservative Growth CDN; and April 30, 2007, for GTS – Moderate Growth CDN and GTS - Growth CDN. As of December 31, 2008, Cougar Global stopped using sub-advisors.

The return for the GTS – Growth CDN composite for 2007 has been restated from 6.63% (gross) & 4.44% (net) to 7.17% (gross) & 5.00% (net).