

# Guardian

## i<sup>3</sup> US Quality Growth ETF

Seeks to create wealth through the investment in companies that provide high-quality sustainable earnings growth

The **i<sup>3</sup> Investments** solutions are focused on delivering risk-adjusted returns and providing investors with building blocks to create sophisticated multi-asset portfolios.

Fusing artificial intelligence (ai), human intelligence (hi) and innovation (i), the **i<sup>3</sup> Investments** team provides a modern approach to portfolio construction.

$$ai * hi * i = \alpha_{\text{opportunities}}$$

Investors tend to focus on their domestic market. In large and diverse markets, a 'home' bias will not pose a problem. In a country such as ours, where we comprise of less than 5% of the capitalization in global equity markets, this type of concentration can have a significant effect on investors' portfolios.

### THE CHALLENGE

-32%

The percentage that stock dispersion has dropped from 2009 to 2018, while correlations have increased indicating a sign of strain in the market.<sup>1</sup>

#1

Canada has the highest concentration of closet index funds in the world, leading to a large number of highly inefficient portfolios.<sup>2</sup>

44 of  
642

Actively managed funds in Canada have outperformed their index over the last 10 years (7%). Alpha is scarce.<sup>3</sup>

## Answering the Challenge

Investment Intelligence Evolved. The **i<sup>3</sup> Investments** approach focuses on delivering differentiated alpha and diversification, enhancing investment outcomes.



### A Focus on Quality + Growth

Increases investor exposure to factors that have driven risk-adjusted returns.



### Alpha Generation

Designed with the objective of generating persistent alpha by using big data and machine learning to aid in the prediction of sustainable earnings growth.



### Diversification

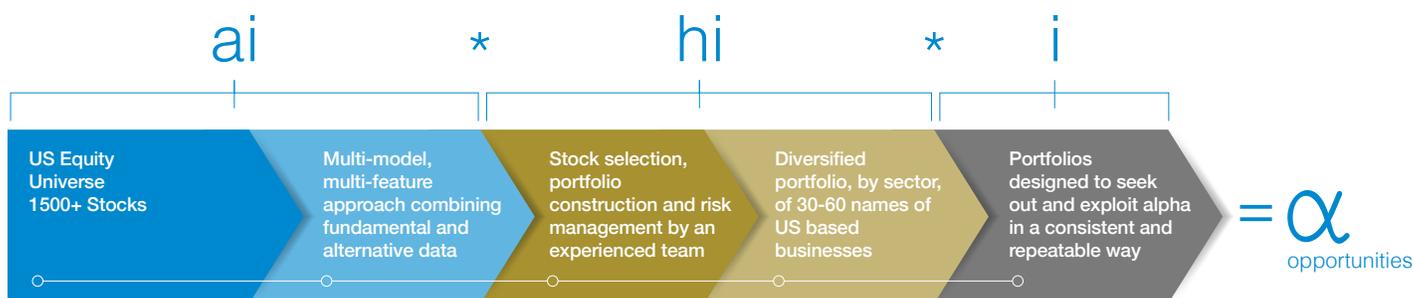
Added geographies help to improve overall portfolio diversification while maintaining defensiveness.



### Innovation

Evolution of both quantitative and fundamental analysis improves forecasting accuracy, reduces manager bias and exploits alpha generation opportunities.

## Investment Process



**Guardian i<sup>3</sup> US Quality Growth ETF** uses the **i<sup>3</sup> Investments** process to create a US equity strategy, identifying companies with the highest quality and growth characteristics. The underlying strength of quality companies is their ability to generate consistently solid earnings growth, which helps to insulate them from down market volatility, and to generate alpha opportunities over the longer-term and throughout full market cycles.

An evolved approach to traditional broad investment choices, **Guardian i<sup>3</sup> US Quality Growth ETF** seeks to invest in the best of future growth themes and the quality companies inhabiting that space.

## Access the Solution

### Guardian i<sup>3</sup> US Quality Growth ETF

US equity strategy focused on identifying sustainable earnings growth from high-quality companies.

GIQU (Hedged) | GIQU.B (Unhedged)

Management Fee: 0.55%

## Using Minds and Machines to Generate Alpha Opportunities

Guardian's **i<sup>3</sup> Investments** team are innovative and adaptive active managers, striving to deliver sustainable returns to investors. Their process, developed over many years and market cycles, evolved from straightforward quantitative factor driven analysis into today's innovative world of AI machine learning techniques. The lead portfolio managers are:



**Sri Iyer, MBA**  
Managing Director  
Guardian Capital LP



**Fiona Wilson, CFA, MBA**  
Senior Portfolio Manager  
Guardian Capital LP

<sup>1</sup> The Overlooked Persistence of Active Outperformance. Joseph V. Amato, Peter D'Onofrio, Alessandra Rago. March 07, 2019

<sup>2</sup> Indexing and Active Fund Management: International Evidence. Martijn Cremers, Miguel A. Ferreira, Pedro Matos, Laura Starks. January 2015

<sup>3</sup> SPIVA® Canada Scorecard. S&P Dow Jones Indices. A Division of S&P Global. Berlinda Liu, Phillip Brzenk. Mid-Year 2019

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Published: October 27, 2020

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