

Impact of allocating funds to Private Debt on risk and returns

About a 6 Year/Return Analysis for the Period: Jan 2014 to March 2020

	5% AIP	23.5 % AIP (Optimal)	25% AIP	Traditional Portfolio
Total Return	72.60	178.10	186.42	43.14
Standard Deviation (Annualized)	9.38	10.92	11.22	10.93
Downside Risk (Annualized)	6.92	4.76	4.68	8.32
VaR (Ex-Post)	-0.67	-0.45	-0.44	-0.77
Sharpe Ratio	0.92	1.64	1.65	0.50
Maximum Drawdown	-19.36	-9.87	-9.38	-23.9
Correlation	0.96	0.47	0.45	1.00
Beta	0.82	0.47	0.45	1.00
Sortino Ratio Vs. Risk Free	0.86	2.87	3.04	0.45

Traditional portfolio is defined as 60% Equity and 40% Bonds. The S&P 500 and TSX was used for equity allocations (50/50) and the Core Canadian Universe Bond Index ETF was used for the bond allocation. It was assumed that all private debt allocations have been made to AIP's hedge fund. Allocations to AIP's hedge fund were made by decreasing equity and bond allocations pro rata. Calculations use about 6 years of data for the period ending March 31, 2020.