

AIMA CANADA FOUNDER INTERVIEWS

AIMA

David Barr

CEO & Portfolio Manager

PenderFund Capital Management Ltd.

PENDER
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- **Year launched firm:** 2003
- **Number of employees at launch:** 3
- **Number of employees today:** 74
- **Number of funds at launch:** 1
- **Number of funds today:** 18
- **Positions managed:** 5
- **Investor channels covered today:** Institutional, Retail and Private Client

1 What attracted you to become involved in alternative asset management business?

As I started my career in venture capital and then moved into small cap public equities, I found a niche investing in small private and public companies. These businesses are relatively unknown, have significant growth runways and by investing early in their lifecycle I could capture that value over the long term in our portfolios. The second aspect was being based in Vancouver. There aren't a lot of businesses focused on smaller firms or emerging manager platforms, so I was lucky enough to be based here and have two supportive partners and we launched our first mutual fund, the Pender Small Cap Opportunities Fund in 2009, and have continued to build out our investment platform.

2 What does it take to succeed in Canada as an alternative manager?

In Canada, it takes perseverance and a commitment to staying true to your investment process because we believe the key to success is delivering returns over a 3-to-5-year timeframe. To do that you need to stick with it because the first three years are going to be very hard. The nature of Canadian capital markets means it is hard to get your fund to scale in the early days before you have a track record. You need to have an entrepreneurial mindset and eat Mr. Noodles! You've got to build out that track record, be dedicated to your investment process and not make trade-offs. Your primary goal is to deliver that 3-to-5-year performance.

3 Looking ahead, what are you looking to achieve?

We're super passionate about working with talented, fundamentally driven investors – people who are focused on the long term. It boils down to focusing on generating returns in our specialized strategies for our clients.

4 Why do you think it's important for Canada to support emerging alternative investment businesses?

In the Canadian financial services sector there is a lot of concentration within a small group of very large firms. It's easy to get cheap beta, but to do interesting things, you need independent and entrepreneurial firms to come in and provide more options for individuals, institutions, and family offices - solutions for the whole spectrum of investors.

5 What makes Canada a challenging place to launch an investment fund business?

We're America's little sibling. That means that we can be overlooked. People tend to focus on the exciting things happening in the U.S., so it can be hard to get people interested in what we're doing in Canada on a North American or global basis.

6 What are some of the tailwinds and the headwinds you see to the alternative investment management industry?

We're at a place in time, particularly in Canada, where liquid alternative investment strategies are becoming much more accessible to individual investors. Today, there are growing number of sophisticated financial advisors who are getting up-to-speed with how liquid alternative strategies can complement client portfolios. This tailwind is a real win-win for everyone since it allows a wider group of investors, who previously had no access to these types of differentiated strategies, to participate in them. On the other hand, in this higher interest rate environment, there are some alternative investment classes which are going to struggle.

7 What advice would you give others who were planning to launch an investment fund business here?

Be prepared for a hard 3-to-5 years, but the most important thing is to focus on the returns. Wake up every day, find a great security to invest in, and over the long term, you will be very successful.

8 What keeps you going personally?

I love the buzz of trying to find the next exciting new security to add to the portfolio.