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Polar Asset Management Parters



1 Why did you decide to launch your business?

I started my career at Burns Fry in the early 80s, beginning in the research department and eventually running the institutional trading business, including convertible arbitrage, event driven and risk arbitrage books. At the time, there were very few firms in Canada or even in larger international markets running what we now think of as hedge fund strategies on behalf of institutional and private clients. I believed there was an opportunity to make those strategies available to investors and in 1991, I left Burns Fry with two partners and our journey began.

2 Tell us about your growth story.

We started Polar with C\$1.6 million of AUM, four clients, three employees, and two prominent investment strategies (convertible arbitrage and event driven). Hedge funds were nascent and not widely known in the 1990's. We were fortunate to have had a strong start and quickly established a track record, which attracted investors from the US and Europe. Just a few years later, Canadian institutions and high net worth clients began to allocate as well. Fast forward to today and our AUM is around C\$9 billion with a well-diversified client base, and about 150 employees in Toronto, New York, London and Calgary

3 What wisdom do you have now that you wish you knew at launch?

I wish I knew that it would be possible to get to where we are today! However, even if I did know, I'm not sure we would have done things much differently. Running a hedge fund portfolio is hard, and running a hedge fund platform is something few firms can do well. Our long history, and the experience gained though all the ups and downs, has provided us with an extremely solid foundation to operate and grow our business. It comes back to the concept of resilience – when stressful times occur (and they always do), it helps to be able to think long-term, rely on, and be transparent with your team and clients, and be confident in your process to get through it. "The world rarely ends," is a phrase we like at Polar and as flippant as it may sound, if you look at our track record, there were times when it served us very well: 1998, 2008 and even the start of the pandemic, come to mind. You have to believe in the investment process, portfolio and people you work with, and just keep building.

People may know that I'm a big fan of Canadian art – when someone asked Jack Bush, later in his career, how he became of the leading painters in Canada, he told them: "I just never stopped painting".

4 What are you most proud of?

The team of individuals we've brought together over the years, and the jobs we've created. Surrounding yourself with dedicated, intelligent people is an invaluable asset. Looking back, the most important qualities we required of our team members, over and above their specific expertise were perseverance and resilience. We're proud to have created an atmosphere where our people are keen to pursue new challenges every day. The path of growth from inception to today wasn't without its share of curve balls and growing pains, but I know we grew stronger with each challenge we faced. We never wavered in our pursuit of producing high quality, risk-adjusted returns for clients. I would also be remiss if I didn't mention how proud we are of our community involvement and philanthropic efforts; success comes with a responsibility to give back and we endeavour to lead by example in the local communities in which we live and work.

5 What makes Canada a great place to invest and start a business?

I'm a huge fan of Canada. Time and time again, feedback we've received from clients and counterparties around the world has been: "Polar is different". Different from the markets most importantly, different from our industry peers and different in our culture. We firmly believe a big part of that comes from being in Canada and we take pride in hearing that feedback. Canada is home to some of the world's largest and most sophisticated institutional investors, it has very unique capital markets, a strong banking system and our financial centres attract the best and brightest investment talent.

6 How do you think about diversity, equity and inclusion at your firm?

If you wander through the halls of Polar's offices, you will find a very diverse group of people. A foundational tenet of our investment process is that success in investing and arbitrage requires market participants with varying investment perspectives and objectives. We have always applied that thought to our talent acquisition program as well; we strive to find people with diverse backgrounds. We want and actively seek out different perspectives and encourage healthy debates. To have a diversity of opinions and approach that can uncover the best opportunities, requires true diversity. We believe that diversity across all measures leads to the most important goal: diversity of thought.

7 What advice do you have for others considering launching a fund business in Canada?

I think that answer is the same whether starting in Canada or anywhere: it's a long game! You have to manage the business intelligently, deliver quality returns for investors, and be intellectually honest with what you're trying to do. You must want to build an organization that clients will be proud to be associated with. There will be rough patches, so choose something you're good at and stick to it while considering how you will manage in difficult times. We spoke of resilience before – you have to build both your portfolios and your business to withstand unanticipated shocks.

8 How has being an AIMA member benefited your firm?

We were there right at the beginning of AIMA Canada's inception alongside founders and builders like Jim McGovern and Gary Ostoich, who are still good friends to this day. AIMA Canada helped set the framework for best practices that really institutionalized the industry, and has always acted as an advocate for managers, both within and outside of Canada. We've been supportive of AIMA and the organization has been supportive of us.

Thanks for the opportunity to share our story and our thoughts, and congratulations to AIMA Canada on this auspicious milestone!

9 Succession and transition planning discussions are all around the hedge fund industry. How does that look for you, and Polar?

An early goal of mine was for Polar to prosper well beyond my involvement. First and foremost, we created a partnership, which helped attract very bright and confident people with complementary skill-sets. By making senior individuals true equity partners, they thought about the portfolio, and the long-term trajectory of the business, like owners. We devote a lot of time to thinking about and planning for the future of our business, one that we hope will last for generations. Polar's ownership is currently well diversified amongst internal employee shareholders, so from a financial perspective, the passing of the torch is well underway.

Today, we've built a robust Office of the CIO (OCIO) with strong senior and support talent with diverse investment industry backgrounds. I gave up line-item responsibility within the portfolio in 2015 as our investment strategies and teams broadened substantially. This allows me and the members of the OCIO to think about the portfolio holistically and to attract and recruit the best investment professionals for the individual strategies. The OCIO's buildout has been methodical and process driven and does not rely on any single individual. This approach will allow me to continue to transition to a role where I have less and less day-to-day involvement in the portfolio and the business.