

AIMA CANADA FOUNDER INTERVIEWS

AIMA

Mike Leung

CEO

AQN Asset Management



- **Year launched firm:** 2022
- **Number of employees at launch:** 5
- **Number of employees today:** 5
- **Number of funds at launch and today:** N/A
- **Strategies managed:** Diversified Income, Venture, Multi-Strategy
- **Investor channels covered today:** Digital Assets
- **Firm prior to launching current business:** Nicola Wealth

1 Why did you decide to launch your business?

AQN is part of the overall Aquanow strategy of enabling businesses to interact with digital assets. Asset management is a natural extension to the core capabilities of Aquanow's digital assets trading infrastructure. Many do not have the technological capabilities nor want the regulatory involvement to engage with digital assets directly, but still want to provide their clients with access to the ecosystem, and this is where we can help.

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

Alternative and risk-adjusted sources of return require investor education. It's essential to engage in thoughtful and ongoing communication with clients to explain the benefits of alternatives as part of a portfolio through the business and market cycles.

3 Tell us about your growth story. Any particular early-day struggles or success stories that stand out in your mind?

Canada is known for being the first jurisdiction to approve spot cryptocurrency ETFs. However, the regulatory environment remains conservative with respect to innovative digital asset strategies. It took over a year for us to get approved, but through the process, we have the regulatory framework to manage investment strategies with sufficient diversification and flexibility, how it should be managed in this dynamic space.

4 What are you most proud of looking back at your entrepreneurial journey?

Aquanow and AQN Digital has maintained its long-term vision and risk management culture instead of chasing what's popular at any given time. Our team remains committed to creating a safe, differentiated investment business for Canadians in a dynamic and disruptive asset class.

5 What has been the hardest part of your entrepreneurial journey?

The ever-changing nature of the digital asset markets is challenging. There is a steady stream of innovation which requires constant research and understanding of how new technologies might impact our investment strategies. This is demanding on our time and resources, but it's also the most exciting part about operating in the ecosystem.

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

These are core principles at AQN Digital. Most importantly, we strive for diversity of background and perspective to enrich our collective thought process.

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

Overall, our view has not changed. We believe the recipe for success in this ecosystem requires a comprehensive risk management framework that exists in traditional asset classes. We continue to believe that we can't do things alone, that we need to work through strong partnerships.

8 What sort of talent are you looking for in your team?

We seek out individuals who are interested in digital assets and who have a strong formation in traditional investing. It's important that each team member approaches their roles with an understanding of risk management and the responsibility of being a fiduciary.

9 How do you think about innovation at your firm?

Innovation underpins the digital asset industry and we're no exception. To operate in this space requires an ability to consistently build new products and strategies.

10 What are your 3-5 year goals for your business as you look ahead?

Our business plan is to provide safe and value-added solutions to investors who want exposure to crypto-assets. Looking out 3-5 years, we want to be recognized as thought leaders with a track record of delivering superior risk-adjusted returns.

11 Why is it important that Canada support alternative managers?

Canada's economy is relatively small and concentrated. As a result, the universe of local investment solutions tends to involve natural resources, financials, or real estate. As such, Canadians have a natural demand for diversification and alternatives play an important role in this.

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

We have great people. Housing costs notwithstanding, Canada remains an attractive destination for families across the globe. As a result, the country maintains a rich pool of technical talent with a variety of experiences and perspectives.

13 What headwinds do you see in Canada to grow the alternative investment management industry?

Educating stakeholders is a significant challenge. Critical to AQN's success is working with regulators to ensure that Canadians have access to the most innovative investment products.

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

It's very difficult to launch as a standalone fund, so partnerships are critical to compete for assets with the well-established incumbents.

15 How can Canada better support alternative managers?

It's important to reinforce the narrative that we can do better than the standard 60/40 portfolio. The industry should band together as it relates to educating and demonstrating to investors along these lines.

16 How has being an AIMA member benefited your firm's growth journey?

We believe that collectiveness and education are essential for success in asset management and AIMA is a leader in both.