

AIMA CANADA FOUNDER INTERVIEWS

AIMA

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- **Year launched firm and AUM:** 2006 with \$5mm
- **Current AUM:** \$900mm
- **Number of employees at launch:** 2
- **Number of employees today:** 12
- **Number of funds at launch:** 1 fund, 1 strategy
- **Number of funds today:** 6 fund structures between Canada and US and many SMAs
- **Strategies managed:** 4 core strategies
- **Investor channels covered today:** Institutional, Family Office, Private Wealth / Retail in Canada & US.
- **Firms prior to launching current business:** VP Trading at Shell, TD Securities

1 Why did you decide to launch your business?

A few reasons. We developed strategies institutionally that we felt would translate well beyond the focused markets we were trading, namely energy commodities, to all markets. We are also creative types and wanted to develop products that we felt the market was lacking in delivery mechanisms (such as ETFs). There had never been a natural gas ETF in Canada, nor a Broad Commodity ETF. Lastly, we had lost motivation to work for large institutional organisations where politics mattered more than results. I wasn't great at sales (no experience) nor management at those companies and felt the only story I could honestly tell is ours.

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

- Raw perseverance. It's not enough to be good or even have great numbers. Beyond trading and investing you must develop a business model to sustain long cycles, perform exceptionally when it's your time, and build relationships all along the way.
- You need to be different - the world doesn't need another balanced, long/short equity, or bank fund. Our edge is a deep understanding of extracting value from commodity markets using disciplined rules-based strategies.

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

We knew we needed to develop 2-3 years of track record before anyone cared. As such early on we diversified the business into ETFs in partnership with Som Seif at Claymore. This helped. When the 2008 financial crisis hit and our main fund knocked it out of the park (up 45% net) we thought money would pour in. It didn't - rather we became an ATM because of our non-restrictive liquidity. As such, we realized we needed to diversify more: products, client types and geography.

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

I am most proud that I have a great business partner and co-founder of now 21+ years, Ken Corner. We are very different but neither of us wavered. Together we persevered, stayed creative and committed and built a great brand at Auspice. It makes you very proud to see clients want to wear your logo/brand in addition to using your products.

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

It is a high-risk endeavor. At times you may not get paid and can't pay or reward the loyal around you - whether it be partners, employees, or family. It's a commitment all around. And even then, it doesn't ensure the reward will be high. In one sense, punching the clock at an institutional shop would have been much easier. But the gift is we get to be creative daily, meet great clients from all walks of life, and other entrepreneurs. To say I wouldn't change a thing isn't accurate, but the journey has been very rewarding.

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

Find a well funded partner early with great distribution. We did this but there were some bumps along the way - so much out of your control.

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

Diversity, equity, and inclusion are fundamental values that drive our culture and decision-making at our firm. We actively seek a broad range of perspectives, backgrounds, and experiences to foster innovation and better serve our clients.

8 How do you think about innovation at your firm?

Doing something innovative and creative gets us out of bed every day. Finding a way to offer it to clients within the regulatory framework is very challenging and requires dogged determination as you are essentially fitting a square peg in a round hole.

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

Auspice will be a \$3-5 billion manager with core partnerships in Canada/US, both retail and institutional. Auspice will continue to be the go-to commodity focused manager in Canada and grow that abroad.

10 Why is it important that Canada support local emerging alternative managers?

- As a taxpayer, I feel that Canadian institutional investors not investing in the ecosystem is a big opportunity loss for the community. In the US, Europe, Asia, and Quebec there are emerging manager programs that help foster growth and innovation. Programs that create jobs and build the local economy.
- Canada does almost nothing to support local emerging managers. There are some programs in Quebec but no specific support elsewhere. In fact, I would now generally say the location is a big disadvantage.

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

Some non-bank, non-institutional, and private equity investors are indeed entrepreneurial and want to develop the ecosystem. This mostly occurred in the ETF space for Auspice - it seems to attract entrepreneurs looking to innovate.

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

- Finding business development talent that understand an alternative product, is passionate, acts like an owner and can bridge the retail to institutional gap is hard - its like looking for a unicorn. People that can bridge the trading experience and can build relationships are exceedingly rare. We are always looking.
- Programming talent is key to a quantitative business, those with systematic trading and financial experience are even harder. Please reach out!

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

Lack of bank and institutional support makes it tough at both ends of the distribution spectrum. For product distribution, the banks are a big challenge. For ETFs, a challenge is the bank market making support has not developed to keep up with the industry. Moreover, we need more independent advisory shops like the US RIA model.

14 How can Canada better support emerging alternative managers?

Banks and institutional investors should have to consider investing a minimum in emerging Canadian managers. A small amount for them would make a big difference to the managers and the ecosystem. Every other country does this, it's odd that in Canada emerging managers aren't supported.

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

If possible secure seed funding and/or runway in advance of launching that can sustain your business for at least 3-5 years.

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

AIMA has been helpful and is first class: events, webinars and support from a regulatory perspective. We firmly believe there is room for one industry association in Canada and having two fragments an already challenging space.