

Quotient Launches Market-Neutral Strategy, Seeking Seed Capital

Quotient Investors is looking for seed capital for a newly-launched market-neutral equity strategy and hopes the current market environment will revive institutional interest in the space.

The portfolio is based on a similar strategy managed by Andre Bertolotti, cio and director of investment strategy and research at Quotient, for nearly 14 years, so while the Quotient strategy is new, the firm has experience in the space, said Julia Peter-Kerr, director of client service and sales at the firm.

The firm has also released a white paper entitled, "Back to Basics with Equity Market Neutral," that is available on the firm's Web site (<http://www.quotientinvestors.com>).

"The point for us to put out that white paper was to say, look guys, 2008 was a real stress test in the marketplace," Bertolotti said, explaining that equity market-neutral came out of the period relatively strong, providing much-needed liquidity to plans.

Peter-Kerr said the low correlation market-neutral strategies have to other strategies in the portfolio, as well as risk-controlled returns, transparency and liquidity should garner the interest of institutional investors.

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*Director of Client Service and Sales
Quotient Investors*

” The firm's strategy includes a portfolio of about 50-75 positions short and 50-75 positions long that reflect the firm's best ideas. "It is a little bit of a focused portfolio," Bertolotti said.

He said the firm looks at a range of about 40 fundamental factors, including earnings, cash flow, growth trends and growth in earnings.

"What is different about us is that we have identified which of these 40 factors are most meaningful in each industry," he said, which allows the firm to have more robust individual industry evaluations.

Bertolotti said the current environment is particularly attractive for market-neutral managers.

"Coming out of a recession is a time when you see the better companies differentiating themselves from bad companies," he said. "It is an environment where companies can differentiate themselves."