

Friday, February 15th, 2008

Hillsdale Preps 130/30 Strategy

Toronto-based **Hillsdale Investment Management** has begun trading a 130/30 strategy that it hopes to offer to investors within six months. The firm is in talks with Canadian institutional clients about seeding the fund.

Hillsdale began trading the strategy last June to meet growing institutional interest, as well as to capitalize on its past experience in long/short strategies.

“We’ve run long/short for nearly eight years now in the U.S. and in Canada, and it was just a natural extension,” said **John Motherwell**, vice president of institutional marketing. “You pick and choose your exposure and leverage and we’ll manage it.”

The 130/30 fund is currently invested in U.S. large-caps, but it also sports a U.S. small-cap component.

“The fund is composed of two components: a Standard & Poor’s 500-style neutral core with a 4% value-add target, and a 30/30 Russell 3000-style neutral overlay with a 6% value-add target,” Motherwell said. “The overall return target of our 130/30 fund is S&P 500 plus 10% optimized to an annual tracking error budget of 4% to 8%.”

It employs a factor-based, bottom up stock picking approach and is currently over-weighted in the tech, consumer discretionary and healthcare sectors of the S&P 500. The portfolio is optimized weekly, with a turnover rate of between one year and fourteen months. The strategy is currently running about 80 names long and some 110 short.

In its first six months of trading, the strategy returned 6.3%, according to Motherwell.