New CalPERS-backed US microcap fund returns 17%… in just three months

New offering from quant boutique Quotient to be capped at $100m

by **Daniel Brooksbank** | April 9th, 2013

A new CalPERS-seeded fund from US quant boutique Quotient Investors is to be capped at around $100m (€76.9m) amid returns of almost 18% in its first three months.

Quotient's US Microcap Product was launched with $5m of pilot funding from the California Public Employees Retirement System, the largest US pension fund, on December 31 last year.

Since inception it has racked up performance of 17.87% to the end of March – 5.29% ahead of the benchmark, the Russell Microcap. The index measures the performance of the microcap segment of the US equity market, which makes up less than 3% of the market (by market capitalisation).

But Quotient says it plans to set "strict capacity limits" of around $100m to protect both the portfolio's outperformance and liquidity.

The 60-stock product targets 4.0% annualized 'alpha' (market outperformance) from a 1,500-strong investment universe.

Quotient was funded under the CalPERS Manager Development Program in 2008 and currently has $347m in assets under management. The firm is a signatory to the PRI Initiative and its CIO and Director of Investment Strategy Andre Bertolotti was part of the work group behind a recent PRI report looking at the best ways to use ESG information in investment analysis.

In January RI reported that Quotient's innovative Sustainable Alpha fund had outperformed its benchmark, the Russell 1000, over its first three years by 10.4%, gross of fees.
Quotient was co-founded by three former senior investment executives at DIAM USA, Yost, Julia Peter-Kerr and Bertolotti.