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As volatility returns, Boston Partners' Todd Hawthorne highlights for *Pensions & Investments* why volatility strategies should be viewed as part of their own discrete asset class

Todd Hawthorne, the Lead Portfolio Manager of Boston Partners' Redwood strategy, in an article published by *Pensions & Investments*, discussed the recent re-introduction of volatility to the U.S. equities market, highlighting that while market fluctuations can wreak havoc on asset allocations, portfolio managers have at their disposal strategies that feed off of and benefit from the growing perception of risk. In his article, "Volatility as an Asset Class," Hawthorne notes that in an environment in which yield is still difficult to find, the construct of equity buy/writes, coupled with bottom-up fundamental analysis, can create a synthetic yield instrument that delivers uncorrelated returns and manages to capitalize on volatility rather than being subjected to it.

"Given the accommodative Fed policy of the past seven years and the unprecedented bull market, most institutional investors have not had to reconsider how their allocations are best optimized for the traditional vacillations in stock prices that occur from year to year," Hawthorne wrote. "But there are a number of ways to introduce the volatility asset class into a portfolio, and even small allocations can go a long way toward smoothing out both short- and long-term performance."

Todd Hawthorne is the Lead Portfolio Manager and creator of Boston Partners' Redwood Strategy, an absolute return strategy that seeks a differentiated return stream by pairing fundamental security selection with volatility management. Todd joined the firm from Allianz Global Investors, where he was a senior portfolio manager and director, and before that worked at RS Investments as head of equity derivative strategy. He has managed Boston Partners' Redwood Strategy since inception in 2011.

Read the full article at pionline.com.

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