Why not 100% Equities: a commentary

* A risk management system: if the fund has an annual volatility target eg. 20-25% annual SD. If the portfolio is rebalanced each month there can be some monthly limits that follow eg. the square root of 12 times the monthly volatility. The portfolio can be rebalanced between equities and bonds to hit those targets. When monthly volatility is high, the portfolio allocates more assets to bonds.
* When you go long at what point do you exit positions?
* Market neutral: it is as much short as it is long. It can be aggressive if it is targeting volatility north of 20% eg. above market volatility.
* How to leverage without debt. If the portfolio over allocates to a handful of stocks, the effect is like adding leverage. Volatility, expected return, and expected drawdown go up.
* How to eat Sharpe