

FOCUS ON

SYSTEMATIC TRADING STRATEGIES

Continuing the series of discussions for their Swiss Strategies Think Tank, alternative investment specialists Dr Guenther Dobrauz-Saldapenna of PwC, Nils Beitlich of Credit Suisse and Wolfdieter Schnee of Valartis Fund Management chat with ski racer, Olympic and World Cup medallist, investment fund manager and TV star Rainer Schönfelder. The quartet discuss the value of systematic approaches in racing and trading, what passion has got to do with it, and lessons to be learned for fund managers.



Wolfdieter Schnee

is a key member of Valartis Fund Management's relationship management team. Before this he held positions at another fund administrator, at a custodian bank and at the office of a Member of the European Parliament. Wolfdieter holds a Master's degree in Banking

and Financial Management and co-founded the Swiss Strategies Think Tank.



Dr. Guenther Dobrauz-Saldapenna

heads PwC Zurich's Asset Management R&C Services practice. Earlier, he practised with Deloitte and as an attorney. He also was Legal Counsel to a VC/PE firm and to a hedge fund group. He holds a PhD in investment law, an MBA degree,

and is co-founder of the Swiss Strategies Think Tank.

GUENTHER DOBRAUZ-SALDAPENNA (GDS): We are strong believers in the idea of putting all your passion into preparation and then – for execution of the chosen strategy using the best material and technology available – taking out all emotions and maximising focus. Hence, we favour fully systematic trading approaches that eliminates the threat posed by the fear and greed aspects of human nature. We reckon that pretty much the same is true for highly competitive sports such as ski racing in which you have excelled. Would you agree?

RAINER SCHÖNFELDER (RS): I do see many parallels. My trading activities are systematic, which reflects what I have learned from ski racing. In skiing, you practice every day and define your technique and strategy for racing down a hill by almost switching to emotionless autopilot in order to achieve the best result. The same applies to systematic trading: you define a strategy, perform the backtests and switch to real money and autonomous systems when you are finally ready. Once you go live in trading or have burst through the starting wand in racing, you should not change your strategy impulsively just because you do not realise the expected performance immediately. Again, a lesson from ski racing; I sometimes felt uncertain after the first couple of gates, changed my strategy and then ultimately had to conclude that I would have won the race had I stuck to my original plan.

NILS BEITLICH (NB): What is your recipe for success in a competitive environment?

RS: Endurance, confidence, remaining true to yourself and being passionate about what you do. Also, embrace bad results. I always considered a setback, be it in skiing or in trading, as something that helps me improve



(L-R) WOLFDIETER SCHNEE, RAINER SCHÖNFELDER AND DR GUENTHER DOBRAUZ-SALDAPENNA

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my future performance. You need to have thick skin in the game. In ski racing that is a given by definition and indeed what forces you to give your very best. If you crash you can get hurt, so you make sure you don't. Bring this to the trading arena and you will most likely perform well.

WOLFDIETER SCHNEE (WS): Performance is obviously the key to success – in sports or when trading the markets. Then again, in an increasingly globalised and transparent world where more and more players try to squeeze into the same space in their quest for alpha and where uniqueness of strategies can only be maintained for a limited time, differentiation is also important. Throughout your career you have always been very “distinguishable”. How important will authentic positioning and presentation uniqueness for the success of fund managers be in the future?

RS: I have always had fun questioning established concepts and systems through unconventional means, be it in terms of sports, trading or Friday night TV shows. It always has been and still is crucial for me to remain genuine. The combination of both is what I believe has allowed me to maintain my position and popularity



Nils Beitlich

is head of Alternative Investment Research at Credit Suisse. Previously he was a quantitative and qualitative research analyst with a leading hedge fund group focused on systematic trading strategies. Nils holds an MSc degree and CAIA certification, and is co-founder of the Swiss Strategies Think Tank.

throughout the years. But of course if you decide to go against the grain and challenge the consensus, you have to be able to live with the consequences. In the end, success to me not only means having a certain amount of AuM in my investment funds. I also want to deliver my message and leave a lasting impression.

NB: What does your current allocation look like?

RS: I started off with alternative asset classes by investing in real estate and precious metals. This then morphed into systematic trading strategies, which is what I am currently doing within my own investment funds, where I have also pooled much of my private wealth. These days, I am also considering a systematic approach to ESG investments.

WS: What have you learned from the recent crisis? To what extent have you changed?

RS: Money does not buy happiness but it certainly ensures first-class misery. No, seriously, asset protection is essential in order to keep you going. Staying hungry is important, but literally being hungry all the time is a killer. I have always been someone who looks around the whole house, not just around a single corner. This has allowed me to get through the latest crisis without sacrificing much of my wealth. I have learned that investing is more than just looking at numbers and taking them at face value. You always have to step back from the fray and gain a macro view of everything, as well as question the plausibility and accuracy of data before you apply it. ■