

Active investment strategies

ARTS focuses on data analytics and the momentum strategy

The year 2020 will be remembered as a year of extremes due to the Corona pandemic. In addition to economic and social impacts, stock markets were also severely affected. Most markets temporarily lost over 30 percent in value. The global stock market (MSCI World Index Euro) lost as much as 33.9 percent during this phase. Even if the markets recovered quickly, it is impossible to predict how stable the economic foundation actually is on which the capital market euphoria was based. „No one can predict whether this recovery phase has successfully overcome the low point in the markets or if we are in an interim rally and therefore face another, possibly even greater downturn,“ discusses Leo Willert, CEO and Head of Trading at ARTS Asset Management: „Especially in phases characterized by high volatility, fund managers should keep their nerves and rely on a clear set of rules.“



Leo Willert, Head of Trading

Active approach

In principle, active and passive approaches are distinguished with regard to possible investment strategies. Passive strategies pursue the goal of replicating an index. „An active investment strategy, on the other hand, can react flexibly to current market trends or counteract negative market developments. Equity quotas and asset allocations can be adjusted as required depending on the market situation. Active risk management also aims to avoid heavy and long-term losses,“ says Leo Willert. An important component within the active management approach is the purely quantitative investment strategy, where the opinion of the fund manager or team is not what counts, but purely the evaluation of figures based on a mathematical model. „In addition, the market can be analyzed

much better by evaluating the huge amounts of data by computers,“ adds Leo Willert. ARTS Asset Management manages funds precisely according to this quantitative trading approach and also follows a momentum strategy. It was found that stocks with the comparatively best performance also have a mathematically higher probability of outperforming the rest of the peer universe in the near future. Willert says, „This safety mechanism was last demonstrated in March 2020 in the wake of the Corona stock market crash, when ARTS Asset Management reduced its equity exposure to 0 percent due to the market decline.“

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