



# DIVERSIFICATION MATTERS Report 18

## French behavioural finance specialist sees no value in timing the market

B. G., Opalesque Geneva:

[Quantology Capital Management](#) is the french specialist of behavioural finance. Its motto is "No beliefs, only processes". It has emerged as one of the best absolute return house in France in the last couple of years

### PSYCHOLOGY

We believe equity market opportunities are mainly linked to behavioral biases. Psychology of investors does not change over time: exploiting it creates a robust source of alpha.

--> examples

### QUANTITATIVE

We have been developing our proprietary quantitative and textual databases for the last 7 years. We are R&D-centric with a 4-people team entirely dedicated to crunching data and testing strategies.

--> examples

### SYSTEMATIC

Discretionary decisions cost a lot of alpha, as in fast markets, rationality disappears behind fear or exuberance. Rule-based strategies: consistent and persistent performance.

--> examples

### COLLECTIVE INTELLIGENCE

We do think that a group of a large number of non-experts outperform a bunch of self-proclaimed experts, when facing randomness. The errors of the ones compensate the errors of the others, making the collective average the best estimation/choice.

--> examples

Book references:

- Daniel Kahneman: "Thinking. Fast and Slow"
- James Surowiecki: "The Wisdom of Crowds"

For more information: [www.quantology-cm.com](http://www.quantology-cm.com).

Julien Messias, portfolio manager and co-founder, will present in the upcoming Opalesque webinar, [Investor Workshop: The Seven Keys to Behavioural Investing](#), on Tuesday, January 26th at 10 am EST.

Vincent Fourcaut, chairman and co-founder, and François-Xavier Delorme, who created the firm's wealth management branch, speak to Opalesque about the firm's philosophy and projects.

***Opalesque: Please tell us about the firm's behavioural investing***

**Vincent Fourcaut:** Quantology Capital Management is an independent quantitative asset management company. We focus on exploiting behavioural biases in financial decisions by using proprietary data and algorithms.

Our motto is No Beliefs, *Only Processes*, as we consider there is no value at timing the market.

Our key principle is analysing human behaviour following corporate events in stock markets. To build robust financial products (funds, allocations, etc.), we have developed proprietary tools based on our own data and statistics.

***Opalesque: Your firm has grown over the last year. Can you tell us more?***

**Vincent Fourcaut:** As asset managers, we decided, with Francois-Xavier, a little over a year ago, to develop a wealth management service platform dedicated to IFAs (independent financial advisers) and family offices in order to help them to get access to state of the art investment solutions for their end customers (BtoBtoC).

We see a lot of synergies between Quantology Capital Management and Quantology Wealth Management given its behavioural know-how.

Our strategic focus consists in adding private wealth management to our 2.0 asset management model, which is purely quant and behavioural.

Our clients are a bit on the cusp of two worlds, that is, private wealth management and family office. Indeed, there is a group of clients here that is not well served. They belong to a very specific group for which we have very specific solutions.

**Francois-Xavier Delorme:** Our wealth management model seeks to leave behind the maximisation of fees for sales and consultancy. We consider it is key in a client relationship to avoid conflict of interests.

***Opalesque: What are your wealth management section's objectives and focus?***

**Vincent Fourcaut:** In our new wealth management section we aim to find tailor-made solutions. For a French IFA, we have achieved the refinancing of one of their customers with real estate assets of up to €150m; we found a German banking partner for this operation.

In terms of team, we employ a hybrid model, which means we only work with people who bring in business; we have half a dozen of them so far. Francois-Xavier coordinates everything and focuses on client management while the third-party managers (IFAs and family offices) are subcontractors and work with their own clients. As a former fund of funds manager at EIM, he takes care of fund selection for our partners.

The future of our wealth management firm will also be built through the acquisition of companies. Right now, we are acquiring one company and looking at a second one. Our targets are companies managing assets up to € 100m and to develop a network of subsidiaries in countries like Luxembourg, Monaco and Switzerland.

Quantology Wealth Management's main focus is (1) fund selection, (2) refinancing solutions and (3) access to club deals (VC, PE, Real Estate).

Absolute performance allocation solutions are our main key expertise within our fund selection service.

It is worth noting our flagship, award-winning fund Quantology Absolute Return, is a stand-alone solution as well as a part of other co-mingled absolute performance products. The fund is a quantitative long/short equity market neutral fund, which Share U returned almost 7% in 2020, and it strictly implements a rules-based event-driven strategy.

Related articles:

02.Mar.2020 [Opalesque Exclusive: Quantology Absolute Return bucks the trend with a positive start to the year](#)

07.Apr.2020 [Opalesque Exclusive: Corona Fighters - Report 2: Asset managers who delivered during the meltdown](#)

## Next webinar:

### **Investor Workshop: The seven keys to behavioural investing**

With Julian Robertson, founder of Tiger Management, Robert Zuccaro, founder of Target QR, Roy Niederhoffer, founder of R.G. Niederhoffer Capital Management, and Julien Messias, co-founder of Quantology CM.

Date: Tuesday, January 26th, 2021 at 10 a.m. EST

**Register here for this free webinar: [www.opalesque.com/webinar/](http://www.opalesque.com/webinar/)**