



## Small Managers - BIG ALPHA - Report 56



This systematic manager can provide positive returns on both tails

B. G., Opalesque Geneva:

Trading intraday programs, in general, has very unique advantages which many investors are not aware of, according to [Deep Field Capital AG \(DFC\)](#). Deep Field is a Zug, Switzerland-based systematic asset manager established in 2014, which develops and trades highly reactive intraday and short-term

systematic programs in global futures and equity markets in a top-tier institutional setup. Before that, Deep Field had been a prop-trading boutique since 2000.

Bastian Bolesta, CAIA, founding partner and CEO of Deep Field, will present at the [Small Managers - Big Alpha episode 9 webinar](#) on July 7th.

### Advantages of intraday strategies

'[Intraday](#)' is shorthand to describe securities that trade on the markets during regular business hours and their price movements.

Trading intraday programs, in general, has very unique advantages which many investors are not aware of, according to DFC. Intraday strategies:

- Have no overnight exposure and hence no overnight risk,
- Start with a clean sheet every day, without recency bias and are agnostic in terms of today's market direction,
- Are highly capital efficient,
- Systematically lock in profits at the end of the day (end of session),
- Systematically address the challenge of when to monetize open profits, particularly in times of market crisis and quickly evolving markets (latest exit "end of day"),
- Don't pick up market beta, usually the time invested is too short,
- Are usually built on a very sound data set for research.

In behavioural economics, the [recency bias](#) (also known as the availability bias) is the tendency for people to overweight new information or events without considering the objective probabilities of those events over the long run.

Well-known disadvantages of intraday trading, says Investopedia, include insufficient time for a position to see increases in profit, and increased commission costs due to trading more frequently.

### Deep Field's intraday programs

The firm runs three intraday and short-term momentum futures programs: Intraday Crisis Alpha (ICA), Active Intraday Momentum (AIM), and Systematic Volatility Arbitrage, which deals in US VIX futures and global equity index futures momentum. There are also two cash equity intraday momentum and mean reversion programs and a couple of portfolios.

"While following different approaches, covering various path dependencies, all our programs still have in common

that they have a pronounced, long volatility profile, with positively skewed, convex returns, which are truly uncorrelated, not to say anti-correlated to all asset classes, particularly equities and bonds, hedge funds and CTAs," Bolesta tells Opalesque.

The **ICA** program is a pure intraday momentum program, focusing on large tail events in global equity indices, aiming to stay away from the average daily trading ranges that tend to be mean-reverting. It is up almost 17% YTD after returning 1.8% in June, annualising net returns of 8.7% since inception in May 2017.

The **AIM** program is a pure intraday program focusing on large intraday momentum moves in global equity indices. It is up 11.5% YTD after returning 2.5% in May, annualizing net returns of 13.8% since inception in December 2020.

The [Barclay](#) CTA Index is up 8% YTD (to end-May) and the Barclay Hedge Fund Index -5.9% YTD.

ICA and AIM underline some very unique characteristics of the work and expertise at Deep Field Capital, Bolesta says. Namely they are:

- Pure intraday programs (meaning no positions are held overnight),
- They are global programs (while most peers focus on US only),
- They are pure momentum programs (while most peers mix momentum with mean reversion signals, pattern recognition, etc).

"Our key strengths are positive returns on large equity and bonds on down-days and up-days. In short 'downside protection' and 'upside participation'," he adds.

"Such a convex return profile is very rare, particularly as it doesn't come with the premium cost usually associated with being long vol / carrying a 'straddle like' return profile. The various asset classes including CTA and hedge funds either have positive returns when the equity/bond markets are up or when they are down. But providing positive returns on both sides (both tails) is very rare and it is one of our key USPs for all our intraday and short-term programs."

Deep Field's quantitative trading ideas and programs are built on more than 20 years of personal experience in self-funded proprietary day trading and in-depth research. Besides employing their own capital in all their programs, the managers have established a track record of winning various of the largest allocators and investors in the alternative space as their clients.

As a specialist in intraday strategies, Deep Field provides investors with highly capital efficient, long volatility building blocks for portfolio construction, without the usual premium or cost associated with carrying a long vol position.

#### Upcoming webinar:

#### **Small Managers - BIG ALPHA**

Episode 9 of this groundbreaking webinar series presents another carefully screened panel of investment managers. In one hour, you'll meet them all, get to know their top quartile strategies, and since this is an interactive session, you will be able to ask questions.

#### **Who:**

- Edouard Mercier, Ascender Capital
- Bastian Bolesta, Deep Filed Capital
- Gerald Balboa, Skylar Capital Management
- Elias Nechachby, Icon-MoSAIQ-Carmika

**When:** Thursday, July 7th at 11am ET / 4pm UK time / 5pm CET / 11pm Hong Kong time

**Free registration:** [www.opalesque.com/webinar/](http://www.opalesque.com/webinar/)