Zurich-based adviser unveils quant tool

By **Margaryta Kirakosian** / 22 Feb, 2017 at 09:36

Zurich-based independent asset manager Bellecapital has gone live with its recently developed quant tool.

The goal of Qment.ch is to identify temporary market bottoms and act as a timing tool to temporarily increase risk.

It can also identify market regimes and act as a risk-scaling tool, as well as delivering a tail risk hedge through Qment Active Volatility.

'We want to help asset managers make better investment decisions when it comes to risk scaling,' said Mathias Heim, a portfolio manager of the firm.

He said the Bellecapital team started developing the algorithm in 2011 and launched part of it for internal use only in 2012 as a market timing tool. However, only now is the quant tool being widely offered to external users.

According to partner of the firm, Mark Eberle, Qment.ch is one of the ways for the firm to position itself as an innovative player in the Swiss asset management space.

How it works

Heim said for now Qment is applicable for global equities, US high yield and US volatility sectors.

The unique feature of the tool is an ability to combine both momentum and deep contrarian signals and rely only on market-based risk measurements.

Qment is based on factors such as credit market stress, inflation expectations and equity market stress.

The end result is an index, where value below zero means the risk is going out of the market and value above zero indicates equity and credit risk premia.

‘High Qment scores tend to be associated with relatively strong forward market returns and vice versa,’ Heim said.

The chart below provided by Bellecapital demonstrates the capabilities of the index when looking at the S&P 500 from 1 October 2015 to 24 June 2016.