## Lance Zinman Quoted on Quantitative Investments

August 28, 2018

Lance Zinman, Global Co-Chair of Katten's Financial Services practice, was quoted by *The Hedge Fund Law Report* on myths and misconceptions surrounding quantitative investments. Indicating the growing similarities between quantitative and fundamental traders, Lance stated, "Managers, whether fundamental or quantitative, are increasingly analyzing data and using rules-based analyses and math to identify patterns. Even the more traditional stock pickers now see the benefit of testing data empirically." He added that there is a growing understanding among investor of the benefits of quantitative trading. "Some investors, for example, are attracted to quants because they like the consistency of returns or, particularly for institutional investors, the idea that the strategies are based on testable processes, as opposed to discretionary ideas or concepts." But not everyone has been quick to get on board. Lance said, "Certain investors are skeptical that algorithms may go awry. People also tend to like what they understand. So, if an investor does not intuitively understand how quantitative strategies operate given their complex mathematical nature, he or she may not be as comfortable with them."

Regarding concerns of market crowding and identical data, Lance noted that many quantitative managers have learned from 2007 – 2008 financial crisis and now incorporate market reactions to similar events into their models. "Some funds, for example, did really well in February 2018 when the market was experiencing extreme volatility. Of course, the market doesn't always do what it has done in the past, but at least quant managers have a lot of data from which to work." ("An Introduction to Quantitative Investing: Dispelling Myths and Misconceptions (Part One of Three)," August 9, 2018)

### CONTACTS

For more information, contact your Katten attorney or any of the following attorneys.

**Lance A. Zinman**

+1.312.902.5212

lance.zinman@katten.com