

# No Bitcoin for Volt

Stockholm (HedgeNordic) – Man Group’s quantitative investment unit AHL is already trading bitcoin futures, while Renaissance Technologies’ Medallion Funds have received permission to enter into bitcoin futures transactions – albeit limited to cash-settled futures contracts traded on the CME. Swedish fundamentals-based systematic **Volt Diversified Alpha**, however, is not planning on touching bitcoin because of a lack of fundamentals.

Bitcoin and other cryptocurrencies “do not have accessible fundamentals that we could build a model on,” Patrik Säfvenblad, the chief investment officer of Volt Capital Management, tells Bloomberg. “When there is a crisis, markets generally move toward fundamentals. Not the old fundamentals but new, different fundamentals,” he continues. If a security does not provide any fundamental value anchors, “we stay away from that,” says Säfvenblad.

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Volt Diversified Alpha, the “Best Nordic CTA” of 2020 at the Nordic Hedge Award following a 41 percent gain in 2020, uses machine learning and fundamental data to capture price moves across various markets motivated by changes in underlying economic factors. A lack of fundamentals is just one of the reasons the Volt team is staying away from trading bitcoin futures. The team is not ready to hold an instrument ultimately designed to dodge public scrutiny, Säfvenblad tells Bloomberg. Volt would “much prefer to be in a regulated market with regulated trading,” he says. “And Bitcoin is not yet fully regulated.”

With fundamentals being “a far superior indicator to predict market developments,” according to Säfvenblad, Volt Diversified Alpha relies on 250 different fundamental models weighted by their expected contribution in a given market regime to catch price moves. The fund’s current positioning represents what Säfvenblad calls a “nervous long,” according to Bloomberg. “In the past few weeks, the program has turned more bearish,” he tells Bloomberg. “We have some positions that anticipate a slowdown, for example long fixed-income, and the models have now trimmed our long positions in commodities. Today, the portfolio reflects a more balanced outlook.”

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“We don’t say that we know where the world is heading,” Säfvenblad tells Bloomberg. “But we have a system that monitors everything that could mean something.” Volt Diversified Alpha, launched in March of 2017, celebrated its fourth anniversary earlier this year, with the fund delivering an annualized 10.3 percent since inception. The fund is 4.1 percent in the first five months of 2021.