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E D U C A T I O N

What Is Systematic Trading?

An introduction to rules-based investment strategies — their history, scale, and what they mean for investors today.

Structured Access to Systematic Trading Strategies

SECTION 1

Defining Systematic Trading

Systematic trading — also known as algorithmic or quantitative trading — is the use of predefined rules and mathematical models to make investment decisions. Rather than relying on human judgement or gut instinct, systematic strategies follow a framework built on decades of research, rigorous testing, and continuous refinement.

Every aspect of the trading process is defined in advance: when to enter a position, when to exit, how much capital to allocate, and how to manage risk. Once these rules are set, execution is fully automated — operating continuously across global markets without emotional interference.

SECTION 2

How Long Has This Existed?

Systematic trading is not a new phenomenon. Its roots trace back to the 1960s and 1970s when mathematicians and physicists first began applying quantitative methods to financial markets.

Edward Thorp, widely regarded as the father of quantitative finance, published 'Beat the Market' in 1967, demonstrating that mathematical models could generate consistent returns.

By the 1980s, firms like DE Shaw (founded 1988) and Renaissance Technologies (founded 1982) were building what would become the most successful investment operations in history — powered entirely by systematic, rules-based approaches. Jim Simons, a former NSA codebreaker and mathematics professor, founded Renaissance and built the Medallion Fund, which has delivered extraordinary returns over four decades.

Today, systematic and algorithmic trading accounts for an estimated 60–75% of all equity trading volume globally. It is the dominant approach used by the world's largest and most sophisticated institutional investors.

Key Milestones

1967	Edward Thorp publishes 'Beat the Market' — first quantitative approach to financial markets.
1982	Jim Simons founds Renaissance Technologies — pioneers pure mathematical trading.

Avonbridge Capital acts as an introduction and access layer to third-party trading strategies. We do not provide investment advice, manage client funds, or take custody of assets. All onboarding, execution, and account management are conducted by regulated third-party providers. Past performance is not indicative of future results. Capital is at risk.

1988	DE Shaw established — Jeff Bezos later works there before founding Amazon.
1990s	Systematic strategies adopted by major institutional investors globally.
2001	Two Sigma founded — technology-driven investment managing \$60B+.
2010s	Machine learning and AI integrated into systematic frameworks.
2020s	60-75% of equity trading volume now algorithmic; \$1T+ managed by quant funds.

SECTION 3

The Scale of Institutional Adoption

Systematic trading is not a niche strategy. The following data points illustrate its significance within global financial markets.

<p>60-75%</p> <p><i>Of equity trading volume is now algorithmic</i></p>	<p>\$1 Trillion+</p> <p><i>Managed by systematic and quant hedge funds</i></p>	<p>40+ Years</p> <p><i>Institutional track record</i></p>
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SECTION 4

Who Uses Systematic Trading?

The world's most respected and successful investment firms rely on systematic approaches as a core part of their strategy.

- Renaissance Technologies — Often regarded as the most successful hedge fund ever. Pure mathematical approach.
- Two Sigma — Technology-driven, managing over \$60 billion using machine learning and distributed computing.
- Citadel — One of the world's largest hedge funds, with quantitative strategies central to their operations.

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- DE Shaw — A pioneer of computational finance, combining systematic trading with deep technology expertise.
- Man Group / AHL — Nearly 40 years of systematic, trend-following strategies across major asset classes.
- Bridgewater Associates — The world's largest hedge fund by assets, built around systematic principles.

These firms collectively manage trillions of pounds using systematic approaches. This is mainstream institutional finance, not an experimental or unproven methodology.

SECTION 5

What This Means for Investors

Historically, access to institutional-grade systematic strategies has been limited to pension funds, sovereign wealth funds, and ultra-high-net-worth family offices. The minimum investment thresholds, operational complexity, and lack of distribution channels kept these approaches out of reach for most private investors.

Avonbridge Capital exists to bridge this gap — providing structured access to the same calibre of systematic strategies through regulated third-party infrastructure, with capital always held in the investor's own name.

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