

**When we talk about systematic flows- we're referring to buying/selling volumes which are predetermined according to a fund's set of rules.**

We pay attention to these flows because of their size and their predictability.

**Current estimates suggest that upwards of \$1T USD sit in systematically managed funds:**

- **Risk Parity**
- **Vol Control/Target**
- **CTAs/Trend Followers**

This \$1T is continuously in motion- transacting entirely according to quantitative signals and mechanical processes.

These flows are entirely devoid of emotion and do not in any way reflect fundamental or macro risk present in the marketplace.

For a great introduction to these strategies, we're happy to point you to Mike Green & co. at Tier 1 Alpha (now part of Hedgeye). They put together a 1-hour video which serves as a great primer:

<https://www.youtube.com/watch?v=SIQdjQQt4ql&t=6s>

We are not affiliated with T1 Alpha or Hedgeye in any way. However, it's worth noting that their "Market Situation Report" is perhaps the best non-bank treatment of the flows available to retail traders.

If you've ever been vexed by the strength of a move, or the apparent ignorance of the market to emerging risks- you've likely been watching these flows play out without knowing just how prominently they factor into modern market movement.

**One of the colleagues I respect the most for his ability to read the market often says: "*Nothing changes a view like price.*"**

...oftentimes, systematic flows help to establish new trends for long enough to change sentiment.

For example, a rally may not be "believed" initially, as reflected by discretionary (L/O, HF) positioning. As systematic flows like CTAs (trend followers) flip from short to long, nearing max length... this strength (totally devoid of \*information\*) turns sentiment, attracting buying flows from discretionary managers in the middle-later stages of the rally.

Throughout the rest of this module, we will be covering each of the three main types of systematic flows independently.

Pay attention to sizes and remember that these funds can operate long/short (CTAs) and deploy leverage- their net impact is believed to be multiples of their actual AUM.

We will go through them one by one, according to their frequency of contribution to market behavior.

First up... CTAs. 🙌