



JAMES H.
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USA



Investor profile at InvestingByTheBooks:

The book *The World's 99 Greatest Investors: The Secret of Success* provides a unique opportunity to learn from the most prominent investors globally. In the book they generously share their experiences, advice and insights and we are proud to present these excerpts. Magnus Angenfelt, previously a top ranked sell side analyst and hedge fund manager, will be presenting one investor per month. For those who cannot wait for the monthly columns, we strongly recommend you to buy the book. The investor himself writes the first section below and then Angenfelt describes the background of the investor and comments on his investment philosophy. Enjoy.

- There is no real substitute for common sense except for good luck, which is a perfect substitute for everything.
- Statistic predictor signals erode over subsequent years; it can be five years or ten years. You have to keep coming up with new things because the market is against us. If you don't keep getting better, you're going to do worse.
- The most important issue is to hire great people because they do a first-class job, offer people great infrastructure, have an open atmosphere and get people compensated on the overall performance.

BORN Newton, Massachusetts, USA 1938.

EDUCATION Simons received a B.Sc. in Mathematics from MIT in 1958 and, aged 23, a Ph.D. in Mathematics from the University of California, Berkeley.

CAREER After four years as a member of the research staff at the Communications Research Division of the Institute for Defense Analyses he was appointed chairman of the math's department at Stony Brook University. Aged 40 he left academia to run an investment fund that traded in commodities and financial instruments on a discretionary basis. In 1982 he launched the hedge fund Renaissance Technologies. He retired on 1 January 2010, but remains at Renaissance as non-executive chairman.

INVESTMENT PHILOSOPHY Simons is the most successful now living quantitative money manager. Renaissance's models are based on analyzing as much data as can be gathered, then looking for non-random movements to make predictions—a strategy that is not easy to copy. The Renaissance approach requires that trades pay off in a limited, specified timeframe. If a big transaction is about to take place on the market Renaissance pushes to the front of the queue. Simons himself explained the strategy in an interview: 'Efficient market theory is correct in that there are no gross inefficiencies but we look at anomalies that may be small in size and brief in time. We make our forecast. Then, shortly thereafter, we re-evaluate the situation and revise our forecast and our portfolio. We do this all day long. We're always in and out and out and in. So we're dependent on activity to make money.' In doing this, Simons surrounds himself with like minds: mathematicians, physicists, astrophysicists, and statisticians. About a third of the 275 employees have doctorates.

OTHER Renaissance Technology manages \$15 billion at present and is one of the most profitable hedge funds in the world, despite its high fees. (5 % in fixed fee plus 44 % in performance fee) Simons alone earned an estimated \$2.5 billion in 2008, and with an estimated net worth of \$12 billion, he is one of the richest individuals in the world. The Financial Times named him 'the world's smartest billionaire' 2006. Simons's most influential research involved the discovery and application of certain geometric measurements, and resulted in the Chern–Simons form (also known as Chern–Simons invariants or Chern–Simons theory). Simons has been known to show up at formal business meetings without socks. He is an active participant in a variety of philanthropic endeavors. Supporting autism research is one.

Sources: James A. Simons – lecture at International Association of Financial Engineers annual conference 2006; as well as at MIT, 2010; Greenwich Roundtable Medallion Fund; Wikipedia.