

*"I decided to found Insula out of intellectual curiosity and to make Insula a technological pioneer on this nascent market."*



Jules Becci-Morin de la Riviere is the CEO of Insula Investment Management Ltd. which he founded in December 2018. Born in 1997, Jules grew up between Paris, Dubai, Madeira Island, Geneva and London.

2009 is marked by the appearance of Bitcoin, Lehman Brothers' liquidation, the initiation of Quantitative Easing, altogether by the peak of Zimbabwe's hyperinflation crisis.

10 years of witnessing later, Jules comes to the conclusion that the modern financial system is broken, and that central banks interventionism systematically fails. He bets on an upcoming deflationary spiral of asset prices due to the contractive by nature quantitative tightening shockwave.

Jules perceives asset management as an opportunity to combine finance, computing, and engineering to solve global problems.

Past experiences in Portugal and France have provided him with the skill set necessary to master the dynamics of asset management.

At TOBAM, the \$10Bn "Phoenix of Lehman Brothers Quantitative Asset Management", he took part in the launch of the first unregulated European Bitcoin fund in a team of two. Furthermore, he covered the extent to which factorial equity strategies apply to

fixed income and built algorithmic models for equity portfolio managers.

Jules studied relevant economics modules as a King's College London Economics undergraduate, such as investment management, econometrics, mathematical optimization, and statistics. He also undertook two Oxford Saïd Business School courses on blockchain and algorithmic trading, in partnership with the Oxford-Man Institute.

After completing these, he co-founded two Blockchain Foundations in order to stay involved in this early stage and fast-moving industry.

In his opinion, asset management is entering a quantitative era. He quotes Yves Choueifaty, the founder of TOBAM: "Asset management is at the stage of development that medicine was at in the Middle Ages. It is entirely empirical. You see the symptoms, so that is what you treat."

His interest for the industry resulted in the birth of a network of asset managers based in Paris, Dubai, London, Geneva and New York City.

Jules' predilection skills include systematic portfolio management and trading, international tax systems, new business development, and crypto-assets.

Studying aside, Jules enjoys taking part in several extracurricular activities. He got involved in King's Investment Fund and the King's Investment Banking society, the largest finance societies in the university. He took part in international competitions in downhill mountain biking, and sprinting in Portugal, Switzerland, France, Morocco and the United Arab Emirates.

### **Mission statement:**

Insula is an investment firm applying advanced methods to invest in cryptocurrencies.

### **Philosophy:**

Insula is a quantitative cryptocurrency asset manager that provides accredited investors with sophisticated investment solutions inspired from the equity market. Beyond hedging investors against traditional assets, since cryptocurrencies have shown little to no correlation with the S&P 500, computer-driven Insula Investment Management provides a hedge against the 50% Bitcoin dominance of the crypto- markets.

Our investment philosophy is a computer-driven method for capitalising on crypto-markets. We deliver active returns (alpha) to our clients with programmatically executed solutions. At Insula we believe that the cryptocurrencies market is inefficient. By operating on this market, Insula both provides and benefits from a deeper liquidity, better price discovery and a narrower market bid-ask spread, all together with an increased certainty of execution. We thereby improve the ability of financial markets to allocate capital to its most productive uses. Both strategy (portfolio management) and execution (trading) is performed by algorithms.

Our investment process is ran by algorithms to allow investors to get rid of any form of bias that hinder decision making. Although people are subject to making biased decisions, computers are designed to only make rational decisions.

Moreover, our portfolio accounts for hundreds of cryptocurrencies and is continuously rebalanced, running automatically 24/7. Trading is operated by bots trading the cryptocurrency market that never closes, on a high frequency/low latency basis. Insula provides investors with

cutting-edge technology, combining the features of algorithmic trading and blockchain, that sets us apart from traditional assets that are largely arbitrated and exploited already.

### **Entrepreneurial momentum in a student environment:**

On the 15<sup>th</sup> January 2019, after registering at the Companies House, Insula settles in WeWork offices on 70 Aldwych at the Heart of Greater London, in front of King's College London newest acquisition: Bush House, a 500£M investment.

Proximity with the academic world, student word of mouth altogether with a rising media attention propels Insula to be a must-stop point for the cryptocurrency community of the surrounding universities.

Over January, Insula's offices experience a constant coming and going of Phds, teachers, and hedge fund platforms managers, collecting opinions, hiring recruits and refining its business model and investment strategies.

In February, Insula's team gets selected and flies from Montreal and London to get auditioned in Paris for the Alliance Blockchain Innovation Programme.

Insula is awarded the second place by a jury of computer scientists, lawyers and economists from Ecole Polytechnique, Sorbonne, Sciences Po and Columbia University.

On the 19<sup>th</sup> March 2019, Her Majesty The Queen, accompanied by Her Royal Highness The Duchess of Cambridge, opened Bush House at King's College London and met students from the Student Investment Portfolio. With real-time access to Bloomberg data, the Royal Party witnessed how the students run King's Investment Fund.

**Opportunity for high frequency trading:**  
*Cryptocurrencies' inherent volatility is superior to other asset classes.*

The Central Limit Theorem and the Lindy Effect studied together announce a promising era for cryptocurrency asset management and high frequency trading.

The Jay Waldemar Lindeberg's Central Limit Theorem states that the more time a thing spends near the center of a normal distribution, the more likely it is to remain near the centre of the distribution in the future.

The Lindy effect is a theory that the future life expectancy of some non-perishable things like a technology or an idea is proportional to their current age, so that every additional period of survival implies a longer remaining life expectancy. Where the Lindy effect applies, mortality rate decreases with time.

The Lindy effect holds with Bitcoin because the cryptoasset market exhibits continuous extinction pressure on assets and protocols. As Nassib Taleb puts it, "Bitcoin has now a track record of several years, enough for it to be an animal in its own right."

**Sustainability of decentralized banking:**  
*The first organic currencies*

Statistician Nassib Taleb explained how cryptocurrencies can be seen as "an insurance policy that will remind governments that the last object establishment could control, namely, the currency, is no longer their monopoly. This gives us, the crowd, an insurance policy against an Orwellian future."

**Diversification virtues and Modern Portfolio Theory:**

Decades of academic studies since Harry Markowitz (1959) and William Sharpe (1964) have explained why diversification should play a key role in portfolios's asset allocation.

Insula supports the Modern Portfolio Theory (MPT) pioneered by Markowitz.

The MPT argues that an investment's risk and return characteristics should not be viewed alone, but should be evaluated by how the investment affects the overall portfolio's risk and return.

Aristotle intuition that "The whole is more than the sum of its parts." (367 BC) proved to be right in cryptocurrency asset management and is actively used in Insula's portfolio design.

**Theoretical support and research methodology:** *The Bourbaki Spirit*

The crypto-assets research environment is noisy, with disparate information and asymmetric information.

The current setting makes it challenging to clearly define crypto-assets' idiosyncratic properties.

Nicolas Bourbaki was a pseudonym adopted in 1934 by a group of young French mathematicians who have undertaken the publication of a highly influential collection of books on several fields of modern mathematics, including analysis, algebra, and topology, among others.

The Bourbaki volumes emphasize the highest degree of mathematical rigor and the structures common to different areas of mathematics.

Bourbaki attempted to present a unified and comprehensive picture of what they saw as

the main core of mathematics, using a standard system of notation, addressing similar questions in the various fields investigated, and using similar conceptual tools and methods across apparently distant mathematical domains.

In a similar fashion, Insula's cutting-edge research follows this century old research methodology that refuses concepts that are not precisely defined.

In today's nascent cryptocurrency universe, definitional challenge is ubiquitous.

We dedicate a significant amount of time focusing on definitions, which we view as a prerequisite to conducting sound and original research work.

It is a necessary step to discover, explore and obtain a full understanding of potential new sources of risk premium over the entire cryptocurrency universe.

Our research follows a systematic methodology consisting of definition, axiom, theorem, and proof.

Every chapter and every volume of Bourbaki's treatise was the outcome of arduous collective work, and the spirit and point of view of the person or persons who had written it were hardly recognizable.

In line with its mission statement, Insula's research is conducted in a collaborative way that limits researcher idiosyncratic bias.

Conducting its research as a decentralized network of academics around the world, Insula adds some much needed rigorous definitional and taxonomy to the cryptocurrency sphere.

*“At the center of our universe are found the great types of structures ... they might be called the mother structures. ... Beyond this first nucleus, appear the structures which might be called multiple structures. They involve two or more of the great mother-structures not in simple juxtaposition (which would not produce anything new) but combined organically*

*by one or more axioms which set up a connection between them. ... Farther along we come finally to the theories properly called particular. In these the elements of the sets under consideration, which in the general structures have remained entirely indeterminate, obtain a more definitely characterized individuality. (Bourbaki 1948 [1950], pp. 228–229)”*

**Insula's origins:** *Noah's Ark, neuroscience and robotics*

- **Noah's Ark:** *lessons from Noah's Ark:*

In the Bible's Genesis, Noah's mission is to lead the ark to a good harbour, more precisely an island.

We established a similarity between the missions of Noah and Insula: take a boat to a safe heaven.

Where Insula is the ark itself, its holdings are curated financial species (cryptocurrencies) meant to survive the Genesis flood, embodied by the chaos of traditional markets, an engulfing flood that saw its impetus given by Bitcoin's initial Genesis Block.

Insula stands for “island” in latin, embodying the financial safe haven of tomorrow, exclusively made of cryptographic assets meant to stay for the long run.

- **The role of the Insula in neuroscience:** *understanding investors comes before understanding investing.*

Researchers combined socioeconomic, psychological and neuroscientific data in an innovative way to prove that brain activation is associated with real-life active stock trading

It was found that the cortical regions of the "anterior insular" are more active among people who do not trade stocks. In experienced stock traders, the activity of this region of the brain was lower.

The true contribution of the insula to brain function, however, is poorly understood.

Again, we see an interesting parallel between the insular cortex and cryptocurrencies: two ground-breaking and promising topics of research, yet not understood by the general public.

- **Chasing unbiased investments: the best candidate is a robot:**

Antonio Damasio formulated in 1994 the "somatic marker hypothesis" that rational thinking is inseparable from feelings and emotions represented in the brain as body states.

In line with its mission statement to proceed to non-biased investments, Insula chose to be fully automated.

In fact, scientific research has proven human traders to be irrelevant market operators, subject to biases, panics, and tiredness where robots only make rational decisions and trade at a steady success rate 24/7.

Moreover, running on an artificial intelligence system, bots have proven to learn from market patterns faster than humans do.

Edge computing and neural networks applications are at the core of Insula's development to increase returns, by both decreasing computing time and improving machine learning price pattern recognition.

## Jules' favourites quotes

***"Structures are the weapons of the mathematician."*** Nicolas Bourbaki, collective pseudonym of a confidential group of French mathematicians.

***"Diversification is the only free lunch in finance"*** Harry Markowitz, American Economist

***"Patience is bitter, but its fruit is sweet"*** Aristotle, Ancient Greece philosopher

***"The harder your work, the luckier you get"*** Mike Bloomberg, American businessman and politician

***"If you don't have a strategy, you are part of someone else's strategy."*** Alvin Toffler, American futurologist

***"But the speed was power, and the speed was joy, and the speed was pure beauty."*** Richard Bach, American Author

***"Some investments do have higher expected returns than others. Which ones? Well, by and large they're the ones that will do the worst in bad times."*** William F. Sharpe, American Nobel Laureate in Economics

Online content:

**Insula Investment Management:**  
appeared on Investing.com & 20+ others:

<https://www.investing.com/news/cryptocurrency-news/insula-a-londonbased-crypto-hedge-fund-led-by-22yearold-jules-becci-de-la-riviere-to-launch-in-fall-2019-1809510>

**TOBAM Bitcoin Fund: Financial Times:**

<https://www.ft.com/content/fa3897da-ceac-11e7-9dbb-291a884dd8c6>

**London Blockchain Foundation:**

<https://www.orrick.com/Events/2018/11/Orrick-Hosts-London-Blockchain-Foundation-Seminar>

**Oxford Blockchain Foundation:**

<https://charlenecassar.com/2018/11/04/oxbc-day-and-gba-summit-2018/>

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