

Insights Into the Mindset of Super Traders

SAMPLE

Chapter 12

Michael Platt: One of the Most Effective Risk Managers

“I am actually trading because I learn a lot of important life lessons from it. Trading helps me get to know myself. It helps me think about why I believe things and why I do things.” – Van Eekelen



Name: Michael Platt

Date of Birth: 12 December 1968

Nationality: British

Occupation: Hedge fund titan

Career

Born in Preston, England, Michael attended the London School of Economics and earned a BSc with Honours. He was influenced by his grannie who was an investor. With the help of his

grannie, he got his feet wet and was hooked. He began working at JP Morgan in 1991, being a managing director in charge of value investing. He took advantage of challenges and opportunities he encountered at JP Morgan.

He co-founded BlueCrest Capital Management LLP in 2000, and that firm is now Europe's third biggest hedge fund company. The firm manages over £30 billion and has 350 employees. They mainly employ systematic trading approaches, using computer programs to facilitate the approaches.

As of April 2015, Michael was worth £1.5 billion (\$3.5 billion). He is married and currently lives in Geneva, Switzerland. He is an avid lover of arts and paintings.

Insights

1. When you make useful decisions in life, including trading, you'll simply end up having enough. You won't need to be striving after money. Then you will see trading as an interesting activity, not an onerous task. At the end, you'll be so rich to the extent that big money would not matter so much to you. For example, Michael Platt has become so rich to the extent that he once turned down an offer from George Soros. The latter wanted him to manage more than \$1 billion for a 0.5% management fee and a 10% performance fee. But Michael said his investors were willing to pay management fees of 2% and performance fee of 20%. Many desperate professionals would jump at such an offer.
2. Please see the quote at the bottom of this chapter. Risk control is extremely important for your everlasting career as a trader. That's your life insurance. Michael acknowledges that risk management is the most important thing. In bear markets, many funds crashed and burned, especially when they faced credit crunches in 2008. Yet Michael finished the year with 6%. He avoided loss and even made a small profit. What do you want those who lost to say?

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