

Allianz Global Investors

Best Styles x Sports: philosophy

In sport and investing, a philosophy is more than a statement of belief. It is a repeatable answer to three practical questions: where does a durable advantage come from, how can it be combined with other strengths, and how can it be applied consistently when individual outcomes remain uncertain?

For athletes, the objective may seem obvious: run faster, score more goals or win more matches. For investors, it is to buy stocks that outperform the market. But these are objectives, not a plan. A useful philosophy explains where an advantage comes from, under which conditions it should work, how it can be implemented repeatedly and which short-term setbacks can be accepted.

Sport provides a useful way to illustrate this. The examples can be viewed through the same lens: the source of competitive advantage, the evidence that it can be repeated, the combination of complementary strengths, the discipline to apply the approach consistently and the ability to adapt when conditions change.

The philosophy in sport

Long-distance running shows why the objective and the philosophy are not the same. The objective is to reach the finish first; the philosophy determines how. A front-runner may impose a sustained pace that gradually removes competitors from contention. Another runner may conserve energy, remain with the leading group and rely on superior finishing speed. Neither approach is universally better, and each carries different risks. Each turns a different asset into a repeatable race plan.

Basketball shows how a philosophy can evolve when better evidence becomes available. A three-point attempt is more difficult than many closer shots, but its higher payoff can make it attractive even at a lower conversion rate. Teams increasingly redesigned spacing, player selection and shot creation around this expected-value logic. The lesson is not simply to take more difficult shots. It is to identify a statistical advantage, pursue it across many possessions and build the wider system needed to capture it without relying on any single attempt.



Baseball provides an especially close parallel to systematic investing because success is explicitly probabilistic. A disciplined hitter does not judge the quality of a decision solely by whether it produces a hit. The better question is whether the right pitches were selected, the strike zone was controlled, and favourable contact was repeatedly created. Over a season, many good decisions will still produce outs, while an occasional poor decision may be rewarded. The advantage emerges across a large sample, making process evaluation and discipline essential.

Road cycling illustrates how different sources of advantage can be combined. A stage-race team may include a general-classification leader, climbers, time-trial specialists, domestiques and a sprinter. These roles contribute in different ways and under different conditions. Together, however, they create a more resilient system than asking one rider to perform every task. The strongest team is not simply a collection of the strongest individuals; it is a balanced combination of complementary capabilities directed towards a shared objective.

Tennis offers a further example of how a clearly defined strength can shape an entire approach. **Jannik Sinner's** aggressive baseline game is built around taking the ball early, reducing the opponent's recovery time and maintaining pressure. The example is valuable not because one player or one result proves that this is the best approach, but because it shows how a competitive advantage can guide training, tactics and repeated decision-making.

A philosophy must also remain adaptable. Sailing captures the distinction between changing a philosophy and adapting its implementation. A crew may have a clear strategic preference based on boat speed, positioning and risk tolerance, but wind shifts, currents and competitors require continuous tactical adjustments. The underlying strengths remain the same; positioning and execution change as conditions evolve.

Together, these examples point to a broader conclusion. A robust philosophy is neither a slogan nor a prediction that every contest will be won. It identifies a repeatable advantage, builds a system around it, combines complementary strengths, separates process quality from individual outcomes and adapts implementation without abandoning the underlying logic. Systematic investing follows the same principles.

From sport to investing

In investment management, a philosophy should explain why an opportunity is expected to persist, why it is not already fully reflected in prices, and why the investor is equipped to capture it. Inefficiencies may arise from behavioural biases, institutional constraints, different investment horizons, or compensation for bearing particular risks. Investment styles provide a systematic way to express these hypotheses, but the economic rationale must come before the label.

Labels such as Value, Growth, Quality or Momentum are often used as broad descriptions of how managers select stocks. For systematic investors, however, an investment style must be defined more precisely: through a credible economic rationale, measurable signals, rules for combining information, and a disciplined implementation process. A familiar label alone is not an investment philosophy and does not guarantee a persistent return premium.

For Best Styles, investment styles are therefore much more than a way to describe the portfolio. They form the foundation of the investment philosophy.

The Best Styles approach

Best Styles rests on four connected principles. First, it seeks styles such as Value, Trend and Quality whose long-term return potential is supported by credible economic mechanisms. Second, it combines complementary styles that embody different sources of potential market inefficiency, so the portfolio does not depend excessively on one source of return. Third, it applies the framework consistently across a broad opportunity set, allowing modest average advantages to accumulate over time. Finally, it refines signals, risk management and implementation as markets evolve without abandoning the economic logic that gives the approach its long-term validity.

The parallels with sport are direct. Evidence-based shot selection in basketball resembles the search for repeatable expected-value advantages. A cycling team's complementary roles resemble the combination of styles with different return patterns. Baseball's large sample of imperfect outcomes illustrates why process should be assessed separately from short-term performance. Sailing shows how implementation can adapt to changing conditions without discarding the underlying philosophy.

Different styles can work for different reasons and in different market environments. Value may benefit when investors extrapolate recent disappointments too far; Trend may capture the tendency of information and behaviour to adjust gradually; Quality may reward durable business characteristics that markets do not always price consistently. Combining them therefore diversifies not only return patterns, but also the economic explanations on which the portfolio depends.

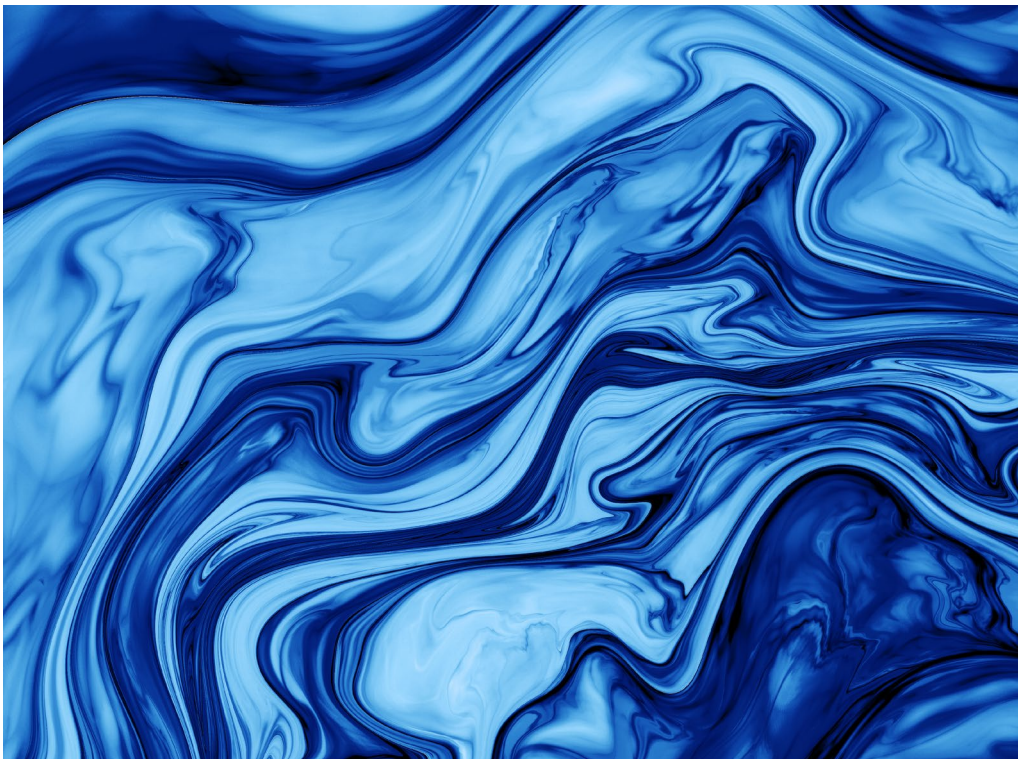
Consistent application is central to the philosophy. A modest statistical advantage becomes meaningful only when it is pursued across many opportunities over long periods, and any single decision, or even any single year, can go against it. That is why disciplined implementation matters. Decisions are guided by the systematic process rather than short-term judgement or emotion, and process quality is assessed separately from short-term outcomes, recognising that temporary results may reflect noise even when the underlying approach remains sound.

This requires an organisation that can distinguish a genuine deterioration in the evidence from an uncomfortable but plausible period of underperformance. Research, governance and client communication must continue to test whether the economic rationale and implementation remain valid rather than react mechanically to recent returns. Conviction should be evidence-based, not unconditional.



Where the analogy ends

The sporting analogy has limits. Markets are not fixed-rule contests, there is no single opponent, and successful ideas can weaken as capital, technology and behaviour change. A philosophy gives investors a reason not to abandon a sound process when outcomes disappoint; evidence gives them a reason to change it when the underlying assumptions no longer hold. Best Styles should therefore remain consistent in its objectives and economic foundations while continuing to test and refine its signals, portfolio construction and implementation.



Investing involves risk. The value of an investment and the income from it may fall as well as rise and investors might not get back the full amount invested.

Past performance does not predict future returns. If the currency in which the past performance is displayed differs from the currency of the country in which the investor resides, then the investor should be aware that due to the exchange rate fluctuations the performance shown may be higher or lower if converted into the investor's local currency.

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