

TRADER | SYSTEMATIC MEDIUM-TERM TREND FOLLOWING

Martin Lueck Made Trend Following Institutional Without Pretending It Could Predict

From the founding of AHL to the research culture of Aspect Capital, Martin Lueck helped turn systematic medium-term trend following from a niche futures craft into an institutional portfolio tool.

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Martin Lueck's career runs from AHL to Aspect Capital, where systematic medium-term trend following became a research-led institutional discipline.

In brief

Martin Lueck is best understood not as a market forecaster, but as one of the builders of the machinery that made modern systematic managed futures credible to institutions. A physics graduate from Oxford, he co-founded AHL in 1987 with Michael Adam and David Harding, then helped create Aspect Capital in 1997 with Anthony Todd and Eugene Lambert. His career traces the evolution of trend following from small commodity portfolios and proprietary research code to diversified, risk-controlled programmes trading across liquid futures, currencies, rates, commodities, equities, and other markets. The record is uneven in the way all trend following records are uneven: powerful during persistent macro moves, vulnerable in reversals and quiet ranges, and always dependent on discipline, diversification, execution, and risk control. Lueck's importance lies in proving that a rules-based strategy can become a serious institutional tool when research, execution, and risk control are treated as the edge, not an afterthought.

- Lueck's career links two major British systematic trading franchises: AHL, founded in 1987, and Aspect Capital, founded in 1997.
- Aspect's central contribution was packaging systematic trend following for institutional investors through research depth, transparency, liquidity, operational controls, and risk management.
- Medium-term trend following is reactive rather than predictive, with positions driven by price trends, signal strength, volatility scaling, risk budgets, and portfolio-level constraints.
- The strategy's strength is most visible when macro moves persist across asset classes, as in 2000-2003, 2008, and 2022, but it can suffer during reversals, low-trend markets, and crowded or noisy conditions.
- Lueck's lasting influence is cultural as much as mathematical: a scientific research process, humility about model decay, and a refusal to confuse systematic discipline with certainty.

Performance markers

Aspect Capital assets under management	Over \$9.0 billion Aspect describes itself in 2026 as managing more than \$9.0 billion across systematic investment solutions.
Aspect Diversified live track record	Since December 1998 Aspect states that the Aspect Diversified Programme began live trading on 15 December 1998, with returns reported net of fees in its materials.
Aspect Diversified market universe	190+ liquid futures, FX forwards and cleared OTC swaps, plus roughly 1,700 single Aspect's 2026 trend-following paper describes the programme as trading across eight sectors, with a broader market set that includes single-name equities.
SG CTA Index 2022 return	+20.1% Société Générale Prime Services data published by AlphaWeek reported the SG CTA Index's best annual gain since its 2000 start.
SG Trend Index 2022 return	+27.3% Société Générale Prime Services data published by AlphaWeek reported a record 2022 return for the trend-following subset of the SG CTA universe.
Time-series momentum evidence base	58 liquid instruments Moskowitz, Ooi, and Pedersen studied equity index, currency, commodity, and bond futures and forwards in their 2012 Journal of Financial Economics paper.

Charts and timelines

Risk		Timeline	
Volatility scaling	Reduce size when market risk rises	Nomura to Brockham	Nomura for nine months, then Brockham Securities
Portfolio risk target	Risk range with constraints	AHL founded	Adam, Harding and Lueck
Liquidity discipline	Open interest and volume limits	Man Group stake	51% acquired by Man Group
Lag and whipsaw	Late at turns, vulnerable in noisy ranges	AHL purchase completed	Man Group completed purchase
		Aspect Capital founded	Todd, Lueck, Adam and Lambert
		Aspect Diversified begins	Live track record starts
		Aspect current scale	Over \$9.0 billion AUM

Philosophy		Performance	
Reactive, not predictive	Identify trend, direction, entry and exit	SG CTA Index	+20.1%
Directionally unbiased	Long and short	SG Trend Index	+27.3%
Multi-horizon evidence	Multiple timeframes	Aspect Diversified universe	190+ liquid futures, FX forwards and cleared OTC swaps, plus roughly 1,700 single-name equities
Research-led evolution	Continuous improvement	Academic time-series momentum sample	58 liquid futures and forwards

The quiet radical in a noisy trade

Martin Lueck's trading career begins with a scene that now sounds almost improbable: a young Oxford-trained physicist leaves a conventional job at Nomura after less than a year because the more interesting work is happening around commodity price data, programming, and a friend's experiments with technical trading models. The glamour was limited. The markets were cocoa, coffee, sugar, aluminium, copper, and zinc. The capital was family money. The instrument of ambition was not a trading floor roar, but a Hewlett Packard workstation and the conviction that rules could be tested before they were trusted.

That origin matters because Lueck's career is not the story of a trader imposing a grand view on markets. It is the story of a researcher trying to make a repeatable process survive market regimes, institutional scrutiny, and its own success. He became the L in AHL, the firm he founded in 1987 with Michael Adam and David Harding, and later a co-founder of Aspect Capital, where he became Research Director and President. Across both firms, the unifying idea was systematic trend following: go with persistent price movement, manage risk continuously, diversify relentlessly, and accept that the system will be late at turning points.

The result helped change the status of managed futures. Once regarded by many investors as opaque, expensive, volatile, or retail-oriented, medium-term trend following became a serious institutional diversifier. Lueck did not do this alone. Aspect is inseparable from Anthony Todd's commercial and institutional vision, Eugene Lambert's systems background, and the legacy of AHL. But Lueck's importance lies in the research discipline behind the migration from black box mystique to repeatable, explainable, governed trading process.

Why Lueck matters

Lueck matters because he sits at a junction in modern markets where three currents met: quantitative research, futures-market liquidity, and institutional dissatisfaction with portfolios dominated by equities and bonds. AHL was one of the early European firms to make systematic managed futures scalable. Aspect later set out to adapt that heritage for investors who wanted clearer governance, daily liquidity, customisation, and a more transparent relationship with a strategy that many still casually called a black box.

By 2026, Aspect described itself as managing more than \$9.0 billion across systematic investment solutions, with offices in London, Stamford in Connecticut, and Shanghai, and more than 120 employees, most dedicated to research-driven evolution of investment programmes. That is not Citadel scale or Man Group scale, but it is large enough to show that Lueck's corner of finance became institutional infrastructure rather than a boutique curiosity. The firm also says Lueck and Todd each have more than 30 years of quantitative investing experience.

The significance is partly defensive. Trend following is one of the few hedge-fund styles whose promise is not primarily to forecast earnings, credit losses, or central-bank meetings. Its job is to respond to price evidence across many markets and, in some environments, to profit when conventional portfolios are under stress. That claim deserves

skepticism, because no strategy offers reliable protection on demand. Yet the persistence of the method through AHL, Winton, Aspect, and other CTAs has made it one of the rare alternative strategies with both live institutional history and an academic literature behind it.

From physics to price series

Lueck's background gave him an intellectual fit with systematic trading before that term had become a standard asset-management category. Regulatory filings describe him as holding an M.A. in Physics from Oxford and working briefly at Nomura International in 1984 before joining Brockham Securities, a London commodity trading adviser, as Director of Research. In that setting, price histories were not market gossip. They were data sets to be cleaned, compared, normalised, and tested.

At Brockham, the early work was practical rather than abstract. The group investigated a wide range of trading ideas and narrowed them into rules that could be applied across a small commodity portfolio. The point was not to discover a magic indicator. It was to find whether the same logic could behave sensibly across different markets, contract specifications, volatilities, and trading frictions. That is the difference between a chartist's hunch and a systematic programme.

AHL formalised the collaboration. Founded in February 1987 by Adam, Harding, and Lueck, it combined Adam and Lueck's programming and system-development abilities with Harding's research and marketing skills. A later SEC filing for a Winton-related vehicle described AHL as rapidly becoming the United Kingdom's most successful Commodity Trading Advisor, with Man Group acquiring a 51 percent stake in 1989 and beginning global distribution of its products. For Lueck, the decisive lessons were technical, commercial, and organisational.

AHL and the birth of a British systematic school

AHL's legacy is hard to separate from the broader rise of systematic futures trading in Europe. Man Group's official history notes that AHL became part of Man Group in 1989. SEC filings add more texture: Man completed the purchase of AHL in 1994, by which time the firm had grown into a business with hundreds of millions in assets, a staff approaching 100, and research teams developing mathematical and statistical trading strategies. That scale was remarkable for a business built from commodity models only a few years earlier.

Lueck's role at AHL was not only as a co-founder. Aspect-related filings say he initially focused on trading system research, then took responsibility for further development of the proprietary software language that supported AHL's product engineering and implementation. That detail is essential. In systematic trading, the research idea and the production machinery cannot be cleanly separated. A model that cannot be implemented robustly across markets, data feeds, order systems, and risk controls is not yet a strategy.

The end of the AHL chapter also shaped Aspect. Man's full ownership of AHL, the post-1994 cultural shift, and the commercial demands of a larger listed group created the setting in which Lueck, Todd, and Lambert later built a new firm. Todd has described the mid-1990s managed-futures sector as dominated by high-net-worth investors, guaranteed products, limited liquidity, and high fees. Aspect's founding proposition was that the underlying return stream could be valuable to institutions if packaged with research, liquidity, transparency, and customisation.

The Aspect proposition

Aspect Capital was founded in September 1997 by Anthony Todd, Martin Lueck, Michael Adam, and Eugene Lambert. The timing was awkward in a useful way. The late-1990s equity boom was not a natural sales environment for a strategy whose appeal was diversification. Investors were making money in technology stocks, and the case for a futures programme that could go long bonds, short currencies, or switch direction in commodities was not obvious to anyone intoxicated by the Nasdaq.

That is precisely why Aspect's founding vision remains important. It was not a bet that trend following would always win. It was a bet that institutions would eventually pay for a return stream that was structurally different from equity beta and bond duration. Todd has said the firm wanted a scalable managed-account platform, daily liquidity rather than monthly liquidity, more customisable programmes, and heavy investment in research. Lueck supplied the research continuity from AHL and the willingness to keep the model explainable enough for clients without reducing it to a slogan.

The name itself became a metaphor. Aspect has recounted that the firm's name drew on gliding and the aspect ratio of a wing, with a higher ratio associated with greater stability and a higher lift-to-drag profile. The analogy can be stretched too far, but it captures the ambition: build something that could fly because the engineering was sound, not because the pilot could predict every gust.

What medium-term trend following is, and what it is not

Medium-term trend following is often described too casually. At its simplest, the rule is to buy markets with upward trends and sell, or short, markets with downward trends. Aspect's own educational material puts the essential point plainly: the strategy is reactive, not predictive. It is not designed to identify the exact beginning or end of a move. It tries to determine whether a trend exists, its direction, and how position size should change as evidence accumulates or weakens.

The medium-term label matters. Aspect has described typical trend horizons in terms of days, months, and years, with medium-term approaches often associated with moves over several months. In an AIMA interview, Todd described Aspect's effort as identifying trends or momentum over roughly two to three months or longer. That horizon helps explain the trade-off. Faster models can respond more quickly but may churn in noise and incur higher costs. Slower models may capture major moves but react late when regimes turn.

The academic cousin of this approach is time-series momentum. Moskowitz, Ooi, and Pedersen documented significant time-series momentum across 58 liquid equity index, currency, commodity, and bond futures and forwards, finding persistence over one to 12 months and partial reversals over longer horizons. AQR's broader historical work argues that trend following has existed in recognisable form for centuries and that simple time-series momentum has been profitable on average across major futures and forwards categories since 1985. The literature does not make Lueck's models public, but it validates the broad anomaly his industry trades.

The engine room: signals, sizing, and the portfolio as a whole

The core input of a modern trend-following programme is market price data. That sounds simple until the markets differ in units, volatility, trading hours, contract rolls, liquidity, and structural behaviour. Aspect's explanation of the process begins with converting price histories into comparable return series, often adjusted for volatility, so that crude oil, the S&P 500, Japanese government bonds, and currencies can sit inside one portfolio framework. The first act of systematic trading is not prediction. It is standardisation.

Trend identification can use simple devices such as moving-average crossovers, but institutional programmes are rarely that crude in production. The crucial issue is smoothing. Too much responsiveness turns every twitch into a signal. Too little responsiveness leaves the system carrying yesterday's trade after the market has reversed. Aspect describes the challenge as balancing responsiveness and position stability, often combining trend indicators across time horizons into a continuous forecast for each market.

Position sizing is where Lueck's discipline becomes clearer. In interviews, he has stressed that the final position is not just a buy or sell switch. It reflects signal strength, market risk, and the shape of the forecast function. Aspect's materials describe market forecasts that rise with trend strength only to a point, then moderate when a move appears extended. They also describe volatility scaling, sector risk budgets, correlation controls, and liquidity constraints. The portfolio is the strategy; the individual signal is only a component.

Diversification is not decoration

A recurring misunderstanding of trend following is to treat diversification as a marketing virtue rather than the central source of survival. Trends are episodic. They can appear in currencies while equities chop sideways, in bonds while commodities reverse, or in energy while agricultural markets do little. A strategy restricted to one asset class can have the right idea and still endure long dead periods. Lueck's school of trend following widened the opportunity set because no researcher can know in advance where the next persistent move will occur.

Aspect's 2026 description of the Aspect Diversified Programme gives a sense of the modern scale. The programme assesses trending opportunities across eight different timeframes and trades more than 190 liquid futures, foreign-exchange forwards, cleared over-the-counter swaps, and roughly 1,700 single-name equities across eight sectors: agricultural, bonds, credit, currencies, energies, interest rates, metals, and stocks. The live track record dates to December 1998, and the programme includes enhanced trend-capture models complemented by a risk allocation to modulating strategies that use information beyond price alone.

That evolution reflects a larger point about systematic trading. The edge is not a single permanent formula written in 1987. Todd has argued that alpha is subject to erosion and decay, requiring programmes to keep evolving. Risk.net's 2016 profile captured the same theme: markets moved from open outcry to electronic trading, futures markets expanded, and systematic models had to adapt. Lueck's contribution was less a fixed model than an institutional research culture built to keep testing, refining, and retiring ideas.

Risk control before romance

Trend following's appeal often appears in crisis charts, but its daily practice is risk control. Aspect's process description emphasises volatility scaling: if a market's volatility rises, the system can reduce the desired position even when the trend signal remains strong. It also describes portfolio-level risk targeting, where forecasts, correlations, and position sizes are combined to keep the overall strategy within a desired risk range. This is not a stop-loss culture in the discretionary sense. It is a dynamic resizing culture.

The liquidity controls are just as important. Large trend followers operate across more than 100 markets, multiple exchanges, and global trading hours. Aspect highlights limits on maximum position size as a share of open interest and limits on trading as a proportion of average daily volume. That matters because trend followers can become forced consumers of liquidity when many programmes react to similar price evidence. A robust model must ask not only what it wants to own, but whether it can enter or exit without turning a signal into market impact.

Execution therefore becomes part of the research problem. Aspect describes trade schedules designed to minimise cost and market footprint, with orders split and calibrated to market liquidity patterns. This is the unromantic side of Lueck's craft. Trend following is sometimes sold as a simple rule, but at institutional scale it becomes a system of data handling, signal design, volatility estimates, correlation assumptions, risk limits, liquidity rules, execution algorithms, and governance. A failure in any layer can overwhelm the elegance of the original idea.

Transparency against the black-box caricature

The phrase black box has followed systematic trading for decades. It is both accurate and misleading. Accurate because external investors do not see every parameter, source-code decision, execution rule, or model interaction. Misleading because the broad behaviour of medium-term trend following is often more intuitive than that of many discretionary macro books. If rates are trending lower, bonds may be long. If a currency is persistently weakening, it may be short. If commodity volatility spikes, positions may shrink.

Lueck has been unusually willing to explain that intuition. In a 2014 discussion, he emphasised that institutional investors can often understand a medium-term trend follower's broad positions from reading the financial press and observing global market moves. That is not the same as revealing proprietary code. It is a claim that the model's

economic behaviour should be legible: it should respond to price trends, scale for risk, avoid unlimited conviction, and seek diversification.

Aspect's governance structure reinforces the move from mystique to process. The firm says Lueck sits on its Governance Board, Executive Committee, and Investment Committee, with the last responsible for reviewing and approving research that leads to new or improved trading strategies and monitoring existing strategies and client portfolios. This institutional wrapper is part of the product. Lueck's career helped show that systematic trading could be explained, governed, and audited without becoming discretionary.

The record: powerful, episodic, and easy to misuse

Trend following's record is best understood in regimes, not slogans. Aspect's own long-history material separates major periods such as the turn of the millennium, the global financial crisis, the sovereign-debt and shale-revolution period, and the pandemic and inflation surge. The firm argues that CTAs have historically navigated such transitions because the strategy is adaptive, agile, resilient, and diversified. The caveat is just as important: returns are rarely smooth, and drawdowns can be sharp, lengthy, or both.

Industry evidence shows why investors keep returning to the strategy. In 2022, when equities and bonds both suffered from inflation, rate shocks, and repricing, Société Générale's CTA work reported that the SG CTA Index rose 20.1 percent, its best annual gain since that index began in 2000, while the SG Trend Index rose 27.3 percent. The performance came largely from persistent moves in bonds, rates, currencies, energy, and grains. That was exactly the sort of environment medium-term trend followers are built to exploit.

But 2022 is also a warning against backward-looking enthusiasm. Trend following looks most compelling after a crisis in which trends persisted long enough to monetize. It looks least compelling after years of choppy reversals, compressed volatility, or policy intervention that interrupts price moves. The strategy is not a hedge in the contractual sense. It does not promise payment when equities fall. It tends to help when market stress expresses itself through durable cross-asset trends. That distinction is central to any fair reading of Lueck's work.

The difficult years and the criticism

The criticism of trend following has several layers. The first is performance cyclicity. Risk.net noted that 2012-2013 was a difficult period, one in which some investors and competitors questioned whether systematic trend following had reached an end. That kind of obituary has appeared more than once. Trend following can spend long periods offering little more than frustration, because its profits are concentrated in episodes that cannot be scheduled.

The second criticism is crowding. If many large CTAs use related medium-term signals across the same liquid futures markets, trades can become correlated. Todd acknowledged in 2016 that there are consistent themes across competitors' medium-term models, even if implementations differ. Crowding does not mean the strategy stops working, but it can reduce capacity, increase slippage, and intensify losses around reversals. Model diversity, execution skill, and broader market universes become defensive tools rather than optional enhancements.

The third criticism is conceptual. A strategy that does not forecast fundamentals can look intellectually thin to investors who prefer causal narratives. Lueck's answer, implicit in his career, is that markets reveal information through price behaviour before all participants agree on the story. Trend followers do not need to know why oil, bonds, or the dollar is moving to respond. The danger is that this humility can be mistaken for immunity. A model that refuses stories still embeds assumptions about lookbacks, volatility, liquidity, correlations, and transaction costs.

Mistakes, limits, and what Aspect learned to leave behind

One useful measure of a systematic firm is what it stops doing. Aspect's public history includes diversification beyond its flagship trend programme, but not every experiment became a permanent centrepiece. The firm has discussed the importance of research discipline, and industry coverage has noted that Aspect closed quantitative market-neutral

equity funds in 2008 that had been developed with seed capital. The broader lesson is that research-led firms can generate many promising hypotheses, but only some deserve production capital.

Lueck's own comments over the years point toward a conservative interpretation of innovation. The aim is not novelty for its own sake. A new signal must improve the portfolio after costs, risks, correlations, and implementation constraints. Aspect's 2026 description of its Diversified Programme shows this incremental style: enhanced trend capture remains central, while a portion of risk is allocated to modulating strategies using broader information sources than price alone. The foundation is not abandoned every time markets become difficult.

That restraint is one reason Aspect's story differs from many quant narratives. It does not rest on a secret data set or a claim to have solved prediction. It rests on a long-running research factory that accepts model decay, implementation drag, and the need to keep explaining itself to clients. Mistakes in this business are rarely dramatic single trades. They are more often slow failures to adapt, overconfidence in backtests, underestimation of costs, or capacity growth beyond the liquidity that made the model work.

Institutionalisation as the real innovation

The most durable innovation in Lueck's career may be institutional rather than mathematical. The early managed-futures business often sold high-volatility strategies through guaranteed or principal-protected formats to wealthy individuals. Aspect's founding ambition was different: deliver a diversifying return stream in a form large institutions could underwrite. That meant research depth, operational stability, reporting, liquidity, managed accounts, and an ability to discuss portfolio role rather than just performance rankings.

Aspect's current self-description reflects that project. The firm says it has long-standing relationships with institutional investors, fund-of-funds managers, and distribution partners, and that investors benefit from high levels of transparency and service standards. Its team page places Lueck within governance, executive, and investment committees. In other words, the strategy became embedded in organisational controls. For a pension fund or sovereign investor, that structure can matter as much as the elegance of the signal.

This shift helped move CTAs from the margin of alternative investing toward a more regular place in asset-allocation conversations. Trend following is still not mainstream in the way equities, bonds, or private credit are mainstream. It remains complex, fee-sensitive, tax-sensitive for some investors, and periodically disappointing. But Lueck and Aspect helped make it discussable in the language institutions use: correlations, drawdowns, liquidity, capacity, operational risk, governance, and portfolio construction.

The intellectual case, beyond Aspect

The strongest case for trend following does not depend on Aspect alone. Moskowitz, Ooi, and Pedersen found significant time-series momentum in equity index, currency, commodity, and bond futures across 58 liquid instruments, with returns persisting over one to 12 months and partly reversing over longer horizons. They also found that a diversified time-series momentum portfolio delivered abnormal returns with little exposure to standard asset-pricing factors and performed best during extreme markets.

AQR's long historical work extends the argument further, presenting trend following as a persistent phenomenon rather than a late-20th-century data accident. The study describes time-series momentum as going long markets with positive recent returns and shorting markets with negative recent returns, and argues that the approach has shown positive average performance across major asset classes over long periods. That does not eliminate uncertainty, survivorship issues, implementation differences, or future crowding. It does make trend following more empirically grounded than many alternative-investment stories.

Lueck's achievement was to translate that empirical intuition into an operating business. The academic factor is not the product. Investors cannot buy a frictionless paper strategy with perfect data and no capacity constraint. They hire, or reject, firms that must trade live markets, maintain systems, manage staff, meet regulators, explain drawdowns,

and adapt without style drift. Lueck's career is therefore a bridge between the finance literature's time-series momentum and the messy reality of institutional managed futures.

What remains useful, and what remains dangerous

What remains useful about Lueck's approach is its humility about prediction. The strategy does not require a manager to know whether inflation will persist, whether a central bank will surprise, or whether a commodity shock is temporary. It requires liquid markets, disciplined rules, robust data, and enough diversification for some trends to matter when others fail. In a world where macro shocks continue to move rates, currencies, commodities, and equity indices together and apart, that adaptability retains institutional relevance.

What remains dangerous is the temptation to turn that relevance into a promise. Trend following can lag badly at inflection points. It can be whipsawed by policy reversals, crowded exits, and noisy ranges. It can disappoint when equity selloffs are sharp and brief rather than persistent. It can also be misunderstood by investors who buy it after a strong CTA year and abandon it before the next useful regime. The strategy demands patience, but patience is hardest precisely when the model looks least intelligent.

Lueck's legacy is not that he discovered a machine that beats markets in every environment. It is that he helped build a research culture around a persistent market behaviour and then helped make that culture institutionally credible. From AHL to Aspect, his work asks a disciplined question: if markets trend often enough to matter, can a firm capture those episodes without betting the business on forecasts, stories, or heroics? The answer has never been simple. That is why the career still matters.

Disclosure

Educational financial journalism and market research only. Not financial, investment, trading, tax, or legal advice. Market data and analysis may be delayed, incomplete, or inaccurate.

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