

## CTA Warrington Declares Independence from Morgan Stanley

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The financial crisis led to breakups and re-combinations of asset management firms, especially those that had been affiliated with the now-defunct companies. Even the venerable Morgan Stanley was on the verge of going under in 2008 and required a \$107 billion loan from the Federal Reserve to stay afloat.



Now seven years removed from the worst of the crisis, Morgan Stanley has re-evaluated its relationship with commodity trading advisor (CTA) Warrington Asset Management. Warrington was an independent-but-affiliated firm, and as such was prohibited from providing its services to customers outside of Morgan Stanley's Wealth Management network. Now, that's no longer the case.

### Regulatory Changes Prompt Move

Recent regulatory changes helped prompt Morgan Stanley's decision, which took effect in January 2015 and essentially ended the relationship between the two firms. Now Warrington Asset Management can serve the clients of its own choosing.

Independence has its virtues, as the sordid and winding history of large asset managers demonstrates. Warrington founder Scott Kimple, for example, began his career in 1991 as an assistant to a highly successful trader at Shearson Lehman. Lehman Brothers' bankruptcy in 2008 helped set off the financial crisis, but Shearson Lehman had already moved on to Primerica, predecessor of Citigroup, by then; who folded it into its Smith Barney acquisition which was later sold under distress to Morgan Stanley.

Being independent and unaffiliated will keep Warrington out of these breakups and re-combinations, going forward, and allow the firm to focus on what it does best: generating CTA returns.

Founded by Scott Kimple in 1997, Warrington pursues CTA strategies Mr. Kimple developed through the 80's and early 90's. While working as an assistant at Lehman Shearson, Mr. Kimple tested his S&P 500 options-trading strategies, which he has utilized at Warrington since 1997. These strategies have generated annualized returns of 11% for Warrington's clients ever since.

"We don't care if the market goes up, down or sideways, but that it oscillates within the band and allows us to trade around and capture that range," Mr. Kimple said. "Ideally at expiration, one of our longs, a call or put, is significantly in the money, and our shorts are still out of the money."

### Distinguished Advisory Board

As part of the move toward greater independence, Warrington has put together an advisory board of experts, including Ken Webster and Peter Borish. Mr. Webster is former President and COO of John Henry Co., and Mr. Borish is a well-known hedge fund manager who began his career under the tutelage of legendary Paul Tudor Jones.

"We're very excited about moving out on our own," Mr. Kimple said. "We've had a good relationship with Morgan Stanley, but now we hope to reach our full potential. We are now able to create more products and expand our customer base."

For more information, visit [warringtonasset.com](http://warringtonasset.com).

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