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## INDUSTRY UPDATES

### Texan CTA firm separates from Morgan Stanley after 18 years

Opalesque Industry Update - Warrington Asset Management, which was an independent but affiliated asset management group within Morgan Stanley (and predecessors) for the past 18 years, has finalized its separation from the bank and is now open as an alternative asset management advisor to a new set of prospective qualified clients.

Recent regulatory changes stemming from the financial crisis led Warrington and Morgan to re-evaluate their long standing relationship and to allow Warrington to expand its business outside of the Morgan Stanley Wealth Management network.

Dallas-based Warrington is headed by principal trader Scott Kimple, a third-generation Texan, who launched the fund in 1997. In moving the firm outside the bank, he and his long-time assistant portfolio manager Mark Adams have been building a team of industry experts, including the addition of COO Greg Fomin, formerly of Blue River Partners and Hunt Financial Ventures. Warrington achieved a compounded annualized return of approximately 11% over 18 years, but prior to this year was only available for investment to Morgan Stanley (and predecessor firms) customers.

"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."

Mr. Kimple learned the ropes of trading from mentor Stan Finney, who hired him at Shearson in 1990 to trade S&P 500 options on futures. Mr. Kimple had just graduated with an MBA from Southern Methodist University and was keen on entering the derivatives trading arena. Mr. Finney's guidance helped make Mr. Kimple the successful trader he is today.

Mr. Kimple's strategy primarily uses options and options spreads on the S&P 500 Index futures. He typically pre-models his trades, using technical analysis with a fundamental overlay. A key indicator he developed from his days with Mr. Finney involves using a static "band" in confluence with proprietary algorithms. Whereas his mentor would "trade outside the bands" in determining where to sell premium, Mr. Kimple's method works inside the bands, typically trading the front month expirations. As Mr. Kimple told CTA Intelligence: "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. 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."

Although he's been trading client assets for over 25 years, Mr. Kimple is eager to offer his services to a new clientele made up of family offices, high net worth individuals, and institutional firms. Warrington also has constituted an advisory board so far made up of industry experts, such as Ken Webster, former President and COO of John Henry & Co., and Peter Borish, a long-time CTA and hedge fund manager who began his career as Paul Tudor Jones' right-hand man and Director of Research in the early 1980s.

About Warrington Asset Management:

Launched in 1997 by Scott Kimple, Warrington is a CTA with an 18-year track record utilizing trading strategies focused on the S&P 500 Index options on futures. Warrington ended its long-term internal affiliation with Morgan Stanley in January 2015. Warrington is registered with the Commodity Futures Trading Commission and is a member of the National Futures Association.

Press release

[www.warringtonasset.com](http://www.warringtonasset.com)