



CTA Firm Invests in Training the New Generation of Quants

By Ivy Schmerken November 15, 2013

Eclipse Capital Management sponsored access to the Deltix quantitative research technology for students in the Olin Business School's Masters in Finance program, as a way to train and measure candidates it may hire in the future.

The gap between academia and quantitative trading shops is narrowing. In October, commodities trading advisor Eclipse Capital Management said it was sponsoring access to the Deltix Quantitative Research Platform for Washington University's Olin Business School.

"We thought it would be interesting to deploy the quantitative trading system inside the Olin finance track," said Brent Mathus, managing director of Eclipse Capital Management, a commodity-trading advisor (CTA), specializing in the research, development, and management of quantitative, model-driven trading strategies. As a research-driven alternative investment management firm, Mathus said it critical to maintain its investment in people and technology.

Hiring the best talent has always been important to Eclipse, said Mathus. Based in St. Louis, Missouri, Eclipse is located near Washington University's (Wash U's) Olin School of Business for the Masters in Finance quant track, where it already had relationships with faculty and has offered internships to students that it brought on and hired for the firm.

Washington University's Olin Business School's Masters of Science in Finance Program tied for first place with Brandeis University for the best program in the U. S. in the 2013 Financial Times ranking of Masters in Finance (pre-experience) programs, according to Olin's blog. Only four American schools are included in the survey of mostly European schools. Internationally, Olin ranked No. 23 in the FT's 2013 survey when compared to 40 schools worldwide.

No doubt, gaining access to cutting edge technology in the masters in finance program will benefit the students as they seek jobs in the financial community.

"Cutting-edge technology for real world development and deployment of trading strategies has become increasingly critical for success in the financial industry, especially for algorithmic and high-frequency trading, which requires capability of processing large data set with lightening speed," commented Hong Liu, professor of Finance & Director of the Masters of Science in Finance (Quantitative Track) Program, in the news announcement.

While Eclipse looks at resume books from other quant finance programs as well, Wash U's Olin Business School has "definitely a focus." One advantage is that it's geographically closer. "We can have one-on-one interactions with these students and really get a true feeling of what their skill sets are and how they match with the skill sets that we have internally," he said. Eclipse has also been teaching some courses in the program and dealing with students. It's hired students out of the program, and has been pleased with the talent.

Olin students started to access the platform earlier in October. "It's delivered via "cloud" service (Deltix Cloud Services), at <http://dcs.deltixlab.com>. We just give them credentials and off they go," explained Stuart Farr, president of Deltix in an email. Deltix Cloud Services (DCS) consists of Deltix QuantOffice and historical market data. This will enable them to do quantitative research from the outset rather than collect and configure market data. DCS maintains a core set of historical market data on its TimeBase servers in Equinix NY4 data center in New Jersey.

"The competitive advantage in the end is you're not building the plumbing anymore. You spend all your focus on the alpha generation," said Mathus.

As a firm that's been in the business since the 1980s, Eclipse has always had to build its own systems for quantitative analysis. It uses very complex trading systems that have been built over 25 years with extensive research and development. Over the past few years, Eclipse started advanced quantitative finance systems and became interested in Deltix, as an end-to-end solution that is used on the research side and is taken straight through into trading. "It also gives us the ability to have a system that some of the newer quants are being taught in different programs," he said.

When an investment manager has a proprietary system, and brings in someone from one of the academic programs or someone with experience, it takes a long time to bring that person up to speed, said Mathus. "You still want to evaluate them in the same framework," he explained. By using Deltix internally and through the Wash U program, "We can evaluate them inside the same framework that we research and deploy in," said Mathus.

Currently, Eclipse is working with the students and faculty on learning to use the Deltix platform. "We're developing some of the basic trading systems as a first step," said Mathus. Initially, the focus is going to be on futures data because data always becomes an issue on the platforms and that is where costs come in. "This gives them the ability to look at large data sets. "They will be working on basic programs, trading rules and what it takes to deploy systematic strategies," he said. Students can also upload and share research, strategies and instructional videos through the Deltix Network, allowing them to with other students as well as other DCS users.

Teaching students through the same platform that it builds and tests strategies on may also help the futures trading firm cultivate and source talent. "In this business, where you spend the majority of your time is on sourcing talent, research and technology. We thought this was a perfect opportunity to get a very good view of a system that we have in place with the particular talent," said Mathus.