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New Contract

Start-up hedge fund takes Panopticon for trading operations

KMM Trading, a Chicago-based hedge fund launched by JP Morgan veteran James Gislason, has deployed Panopticon's Explorer desktop product to create a more effective trading desk.

Gislason, president of KMM, runs Panopticon's Treemaps visualisation software on the Explorer platform to filter and highlight market, pricing, and other data relevant to KMM trading strategies.

"There are two strategies I employ, one of which is pairs trading," Gislason explains. "That's done both intra- and inter-sector. I'll go long one energy stock and short another, or I'll go short one basket of energy stocks against shorting a basket of basic materials."

Gislason also uses options trading, which he says typically entails trading implied volatility on both an intra- and an inter-sector basis.

"I typically have four screens up - trading screens and two or three spreadsheets for models I've developed," he says. "After a while I'm following between 100 and 150 stocks, and to concentrate on those numbers, not only individually but also across various sectors, is mentally exhausting, and also very difficult to do well."

According to Gislason, Panopticon allows him to track individual stocks and sectors, as well as spreads, more easily than doing so on his own.

"Nowadays there's just so much information to draw upon, and having to sift through it and draw conclusions is the challenge - and it's a challenge for a lot of people."

Essentially, the Panopticon product provides KMM with an "initial filter" that doesn't necessarily initiate transactions, but brings important data to Gislason's attention and shows him where to drill down.

"I challenge anybody to follow the number of stocks that I do without some way of aggregating or filtering," he contends. "The human brain just can't do it once you get past a certain threshold. At some point the human brain just says 'no mas.' There are limits to what you can absorb, so having these visual cues from Panopticon has helped me a lot in my trading." ><

Stewart Eisenhart

Bottom line: Panopticon software has enabled KMM Trading to effectively filter and prioritise data relevant to its trading operations

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