Assignment #6 - Quant Investing

in this assignment, we will learn about quant investing through the lenses of the evolution of Quantopian, one of the largest crowd-sourced hedge funds. This is a group assignment. Please form groups of max 3 people (no restrictions). As deliverable, you will have to write a short report to answer the questions below.

First, read in order the documents posted on canvas about quant investing:

- Trading places: the rise of the DIY hedge fund.

- Hedge Funds Look to Machine Learning, Crowdsourcing for Competitive Advantage.

- 'We Don't Hire MBAs': The New Hedge Fund Winners Will Crunch The Better Data Sets.

- The Future Is Bumpy: High-Tech Hedge Fund Hits Limits of Robot Stock Picking.

- Quantopian CIO departs as "crowdsourced" hedge fund's performance disappoints.

Second, read the case below:

- Quants in Utopia (ACRC).

Finally, answer the following questions:

(a.) Please describe the legal structure and operational model of a typical hedge fund.

(b.) What specific elements or characteristics formed the foundation of the Quantopian community? What are the incentives or motives members are given to encourage active participation and contribution? Suppose you are a member of Quantopian. Would you be willing to share your source code or answer other members' questions?

(c.) How important is the quant community for Quantopian? What effortshas Quantopian made to grow this community? What other approaches could you use?

(d.) What "frictions" or inefficiencies a quant crowdfunding hedge fund is trying to solve? What are the advantages and pitfalls of such crowdsourcing? When is crowdsourcing better or worse compared to professionalism?

(e.) Do you think Quantopian's crowd-wisdom model is a disruptive innovation to the existing hedge-fund industry? Do you think such model can survive or perhaps even growh into a major player in the hedge fund industry?

(f.) QuantConnect, Quantopian's direct competitor, also founded in 2011, appears to have better technical performance, more comprehensive data coverage, and comparable fees. Why did QuantConnect not grow as quickly as Quantopian?

(g.) How do you evaluate Numerai's unique crowd-wisdom model? Which model do you think has the greater potential to grow into a major player?

(h.) Which strategic options would you choose to pursue in the future if you were to lead Quantopian?