

Comments

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The following commentaries provide personal observations on a wide range of subjects over a period of the last almost twenty years. It is not that my experiences or observations in the period before the past two decades were of little import, it is just that I lived primarily in the Academic world which has (and as I found since) could be of little interest to those outside of that island. In the last twenty years, I spent more time off of the “Academic” island and on the ‘real world’ mainland. Most of the early comments from the mainland focus on the hedge fund industry in which I was directly involved in (e.g., creator of CAIA, founder of Journal of Alternative Investments). As my own Non-Academic Career developed (Director of one of the largest fund management firms of its period, as CEO of a range of asset management firms...) my activities and interactions took me to places around the world and provided me with additional insights as to how government, business and individuals interact.

In short, I hope that the reader sees, over time, not only a development in the subjects discussed (the early comments focus on the alternative investment industry) but that the later and more recent commentaries focus on a wider range of personal, academic, and business subjects.

Upon reflection what is most surprising to me is that the subjects discussed seem to reoccur on a regular basis such that comments from past periods can be of interest today. I wish to warn those who may take the time to review the various topics discussed, that there is risk in the reading. Some of the following have, I believe, value, others less so. Unfortunately, one can never forecast how individuals may react to some of the following. My hope is that some of the insights contained in these commentaries can be of help to others or at least may put a smile on someone’s face. As noted in most correspondence, the written word may not reflect my own ideas or those of any of my friends or foes and while I wrote the material, I am not responsible for any of the content or how that content is interpreted. God Speed.

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Monthly and Quarterly Commentaries

1. **Honesty is the Best Policy – Is Enron a Hedge Fund?**

January 2002

Abstract

As we start the New Year, many investment managers have the task of explaining last year's returns to investors. This is especially true for those managers who described their strategies as absolute returns and as being able to make positive returns in all markets. For those managers who were more honest in the portrayal of their funds as accessing certain return opportunities that are fundamental to their strategies as well as adding return due to manager-based security selection and leveraging, hopefully, investors will see the past year not as a surprise but simply an experience to be remembered.

2. **Who is the Lead Dog or Just Follow the Money**

February, 2002

Abstract

In the first quarter of each year, many investment managers are reallocating among investment strategies. For many investors, the basis for reallocation is primarily recent market performance. Academic research on 'behavioral finance' indicates that the investment decisions of many investors are affected by recent market experiences rather than by a more complete analysis of future expected return scenarios.

3. **How Much is Too Much and How Little is Too Little**

March, 2002

Abstract

Before one even addresses the issue of what the predetermined benchmark should be or if high water marks are an essential aspect of proper manager compensation systems, one may wish to rethink the very basis of manager compensation. In brief, one pays anyone a particular fee to provide the investor (consumer) with a particular product. One may pay more for a particular product, in comparison to other similar products, if that product offers unique services, performance, etc. One hopes of course, that one has enough information as to the comparable products to make a judgment as to the marginal cost/benefits of one product versus another.

4. Pick a Card, Pick any Card

April, 2002

Abstract

“The nice thing about standards is that there are so many of them to choose from.”

In recent months, there has been increased discussion about the creation of a ‘rating’ system for hedge funds and other alternative investments. While still at the formative stages, one may presume that these proposed rating systems would be similar to Moody’s or Standard and Poor’s ratings for bonds or Morningstar or Lippe’s ratings for mutual funds. Given the recent performance of a wide range of ratings or other information services to provide adequate forecasts of the strength of corporations or fund performance one may question if the world really needs another attempt to simplify what is inherently complex.

5. In Search of Alpha

May, 2002

Abstract

Part of the problem, says Thomas Schneeweis, the Michael and Cheryl Phillip Professor of Finance at the University of Massachusetts and a prominent academic analyst of hedge funds, is that the investment landscape has changed “dramatically” over the last 30 years, but the road maps haven’t, giving little direction of how to work in unique investment environments. But alternative asset managers have to communicate the changed map and the opportunities for finding returns, or alpha. “If we don’t,” Schneeweis says, “we’ll be out of a job.”

6. Issues in Hedge Fund Analysis

June, 2002

Abstract

In the past decade considerable time and effort was expended on developing a better understanding of the actual source of returns to various hedge fund strategies as well as how these strategies fit into the investment portfolios of individuals, endowments, and pension plans. Suffice it to say that hedge funds are no longer regarded as a mystery, or as some exotic investment wrapped in a black box, or solely based in manager skill. However, debate still exists, on a number of issues related to hedge funds. In this TRS’s Comments we discuss some of those issues:

7. Possible Governmental and Hedge Fund Responses to Current Market Concerns

July, 2002

Abstract

It seems unlikely that investors will suddenly overcome the urge to invest in last year's strategy. However, there are several things that can be said about what we've learned about hedge fund strategies and their investors in the past decade, and the likely response of the hedge fund industry, its investors, and its regulators going forward. The following reflects some of the responses.

8. Hedge Funds: Future Focus

August, 2002

Abstract

"Give them a number, give them a date but never ever give them both"

The hedge fund industry should evolve in ways that help align the competing interests of managers, investors, and regulators. Here are our prognostications for the future:

9. How to Implement Hedge Funds Into An Investor's Portfolio

September, 2002

Abstract

Hedge funds have been described as skill-based investment strategies. Skill-based strategies obtain returns from the unique skill or strategy of the trader. As a result, hedge funds have also been described as absolute return strategies, as these returns do not depend on the long-term return in underlying traditional stock and bond markets. Because hedge funds are actively managed, trader skill is certainly important, as are the basic trading strategies behind most hedge fund investments. However, more recently, hedge fund returns have been shown to be driven largely by market factors such as changes in credit spreads or market volatility, so one can think of their returns as a combination of manager skill and an underlying return to the strategy itself. As a result, it is perhaps more proper to think of hedge funds not as a separate asset class but as an additional 'alpha' opportunity within a particular investment strategy with certain factor sensitivity to market factors.

10. CAIA and the Future of Alternative Investments

October, 2002

Abstract

November 5 is the official launch of the Chartered Alternative Investment Analyst (CAIA) Certification Program. On that date CAIA Level I exam registration will commence and exam materials will be available for download at this site. The CAIA designation program is administered by the CAIA Association. The CAIA organization is a non-profit educational association, which focuses on alternative investment education and is the sponsoring organization for the Chartered Alternative Investment Analyst designation.

11. Fees, Fees, and More Fees

November, 2002

Abstract

The relationship between managers' fees and performance remains an issue of controversy. In the traditional stock and bond area, academic research continues to show that managed funds fail to outperform similar investible passive investments. To the degree that the returns of active and passive investment strategies in similar investment areas are similar, managers are simply charging an amount equal to their differential return. This is to be expected. If a manager can provide higher return than a similar passive investment vehicle, he or she should be able to charge for that differential return. The question remains as to how much of that differential return he or she should leave to the investor. In fact, it is not the sole responsibility of the investor to make the manager rich, so an investor should receive at least a portion of the manager's differential return.

12. The 'Financial' Miracle of 34th St.

December, 2002

Abstract

For those of us who find themselves seeing 'Christmas Past' through the movies of the first half of the 20th century – Miracle on 34th St. remains a movie to be seen (the old one with Ray Milan and Natalie Wood). To put it briefly, old man Nick stays at a mental ward during the off seasons but in Winter he jumps in to help Macys department store (of course which is located on 34th Street when the 'Store's Santa celebrates to early'. In so doing, he turns the entire town abuzz by recommending to mothers and children alike that they may have to go to another store to find the product that they wish" Quite extraordinary in that Store Santa's are supposed to sell only Store products" This is even more astounding in that he does try to control the expectations of each child, reminding them that one should also ways hope for the best but one should only ask for what is possible.

13. Education, CISDM, CAIA and the Future of Alternative Investments

January 2003

Abstract

November 2002 was the official launch of the Chartered Alternative Investment Analyst (CAIA) Certification Program. On that date CAIA Level I exam registration will commence and exam materials will be available for download at this site. The CAIA designation program is administered by the CAIA Association. The CAIA organization is a non-profit educational association, which focuses on alternative investment education and is the sponsoring organization for the Chartered Alternative Investment Analyst designation.

14. Swimming Lesson 101

February, 2003

Abstract

“If you can’t swim get out of the deep end of the pool”

In a recent article posted on Reuters, a reporter lamented that hedge fund indices fail at providing what investors want to know most; that is, do hedge fund’s make money? One must worry if the reporter should be writing on hedge funds, if he/she knows so little about hedge funds they should not be in the “hedge fund pool” or at least not in the deep end. While the reporter may be correct in his or her assessment of investors’ primary concern, hedge fund indices ARE NOT MEANT to provide investors a simple one size fits all assessment.

15. A Few Rethinks or What Is in A Name?

March, 2003

Abstract

Recent worldwide events have brought into focus, that all of us must take time to rethink how and why we conduct either our personal or business affairs. It amazes me that whatever one’s political philosophy that we expect our leaders never to change theirs. Likewise, we often view a change in one’s position or view as a sign of weakness or indecision rather than simply a brilliant change in perspective. In short, we continue to storm the barricades simply because we have always stormed the barricades. The purpose of this month’s commentary is to offer a few areas in which “Rethink” might be in order.

16. Education – The Cost of Coming out of the Closet?

April 2003

Abstract

As a research center which exists in the context of a public university, the economics of education is not only an academic discussion but a practical reality. Recent economic realities have forced states and well as private institutions and individuals to drastically reduce their support for public education. What is the cost of such a reversal in support? Academic research has shown that education is considered a prime factor in the ability of a nation to retain comparative or absolute advantages in the product production. For financial market supremacy financial education likewise is required for the U.S. to retain financial market leadership.

17. Who Do You Trust - Moral Order, Market Order, Government Order

May 2003

Abstract

While one can put various spins on the SEC discussions, it was a wonderful back and forth on the relative worth of Government Order, Market Order, and Moral Order. The government expressed the common concern that somehow, someday, someplace, there was someone doing something to somebody. It was the government's duty to find those involved in this process and find ways to stop them. The respondents, a collection of practitioners, academics, and investors, attempted to respond in various ways to the charges. The practitioner's, as expected, brought up the specter of a Market Order, in which the actual trading strategies and the traders themselves were forced by the very environment that they trade in to provide an honest product, back by honest people, providing an honest service to honest investors.

18. Alternative Investments – Back to the Basics

June, 2003

Abstract

At a recent research presentation on accounting information and security valuation, the speaker put a rather intimidating chart on the blackboard. He pointed out that from far away, the chart looked benign enough; that is, clean, straight forward. As one walks toward the chart, he pointed out that one sees that the line is not nearly as clean or consistent as from a distance; that is, spaces appear. He walked up and put his face within inches of the graph. "And from here" he pointed out, "This graph looks really ugly". The same could be said for hedge funds. Much of the recent discussion about hedge funds is due in part to how far one is away from hedge funds.

19. "Pride must have a fall (Richard II, Act 5, sc. 5, 1.88.)

July, 2003

Abstract

Hedge funds are big. Hardly a month goes by without a new magazine, front page article, or seminar announcement. Even Germany (the last bastion of anti-derivatives usage) seems on the verge of opening up to hedge fund investment. If one follows one of the fundamental trading models of many hedge fund strategies; that is, sell after a run up than this might be an excellent time to get out of the hedge fund business. All of us in the industry better read up on our Shakespeare. The Gods first raise a man up before they cast him down. Hubris is the one human frailty than constantly comes back to haunt us.

20. The Mouse That Roared

August, 2003

Abstract

Similarly, despite the traditional markets fear of the hedge fund power, recent research has indicated that hedge funds are less a separate asset class than they are alternative means of obtaining bond like or equity like returns albeit with an 'alpha' premium.

21. The SEC and How Hedge Funds Became an Asset Class

September, 2003

Abstract

The recent Staff Report to the United States Securities and Exchange Commission (September, 2003) offers an excellent Abstract of SEC staff concerns about the implications of hedge fund growth on various aspects of US financial markets. In brief, these concerns include the recent increase in hedge fund enforcement cases, the role that hedge funds play in our financial markets, and the inability of the Commission to obtain basic information about hedge funds. The over 100 pages of discussion explored a number of important hedge fund industry aspects. As pointed out in my TRS's Comments, May 2003, the primary question can be summarized as "Who Do You Trust?"

22. Time Cop II

October, 2003

Abstract

The discussion led me to believe that hedge funds, in fact all alternative investments, will remain a minor element of the investment universe until all of us over thirty simply die off and all those who have lived solely in a world of hedge funds (those about twenty to thirty) come to power. It is similar to the fall of Russia, China or any established state. The old revolutionaries have to be removed from the screen before new individuals not burdened with the past, who have lived their entire life in worlds of multiple asset products and multiple risk scenarios, come into power.

23. One from Column A and One from Column B

November, 2003

Abstract

I suspect that one way of looking at the issue is to consider at a broad range of risk measures for hedge funds and to use that approach which best reflects one's own portfolio. The use of macro or market risk measures came out of a scenario in which we attempted to define a common risk model for all assets. We now know that a "one size fits all" return generation model is not yet available. Hedge funds are not absolute returns because one can find an asset with which they do not correlate. One should not use the S&P 500 just because it is easy to access. A broader perspective is required. Perhaps instead we should choose one from column A and one from column B.

24. New Areas of Hedge Fund Research – Market Microstructure

December, 2003

Abstract

During the past decade various hedge fund investments have been shown to offer investors additional means of increasing return or reducing risk through asset diversification. Research has also shown that the sources of the expected return for various equity or credit sensitive hedge fund strategies (e.g. hedged equity or distressed debt) may be similar to those in traditional asset classes such as stocks and bonds, while the returns to certain hedge fund strategies (e.g., market neutral, convertible hedge) often depend on different factors than traditional stocks and bonds (e.g., implied volatility).

25. Up Down or Sideways: The Prospect for 2004

January, 2004

Abstract

As the new year begins, one normally makes promises or pledges as to what one wishes to achieve over the coming year. One also takes stock at what one hoped to achieve last year and the degree to which one achieved those lofty goals. In the past year, we have achieved much at CISDM. The following is a brief example of our successes. Our failures we will continue to keep hidden.

26. Do Hedge Funds Really Exist or “The Hunting of the Hedge Fund Snark”

February, 2004

Abstract

In his article, Bookstaber expresses the concern that one may have a difficult time separating the How from the Why in determining the basis for hedge funds. Bookstaber set out his belief that “there is no such thing as a hedge fund. Hedge funds are not a homogeneous class that can be analyzed in a consistent way. The universe of alternative investments is just that - the universe. It encompasses all possible investment vehicles and all possible investment strategies minus the “traditional” investment funds and vehicles.” He proceeds to illustrate the problem with viewing hedge funds as a whole when they are managed in the particular. He is looking for the essential in hedge funds.

Bookstaber titles his article “Hedge Fund Existential”. However, I may wish to argue that he is addressing what he regards as essential rather than existential. In my world, hedge funds can be discussed in terms of their very being; that is, they have an existence since they have a being in time and space.

27. The Rumsfeld Doctrine Applied to Alternative Investments

March, 2004

Abstract

We Know What We Know, We Know What We Do Not Know, But We Do Not Know What We Do Not Know

In a recent editor’s corner in the Financial Analyst Journal (January/February, 2004), Robert Arnott raised the provocative question as to the intellectual laziness or integrity of various aspects of the traditional asset market. While commending the industry for its examples of creative and intellectually stimulating examples, Arnott questioned the reluctance of industry business leaders to admit to some of their inconsistencies (example, unrealistic pension return assumptions in a low interest rate environment). Likewise, the alternative investment industry may be praised for the increase in research which while often depicting its benefits also discusses some of its shortcomings that must be addressed.

28. Truth: The Ever-Changing Constant

April, 2004

Abstract

It's not telling the truth that is hard, but in determining what truth to tell?

Here is the purpose of the above diatribe. One of my principal concerns over the number of professional books on finance is not that they have nothing to say, or even that what they say is incorrect, only that there is little if any quality control on the process.

29. Where is the "Fun" in Hedge Funds?

May, 2004

Abstract

It's not that I am good at what I do, it's just that I am bad at everything else

30. Hedge Funds and the Velveteen Rabbit

June, 2004

Abstract

In one of the most famous of children's books, "The Velveteen Rabbit", (a story by Margary Williams, 1922) a stuffed bunny is a little boy's most cherished plaything. The rabbit is the boy's constant companion through sickness and health. To the boy, he is real, so real that the rabbit convinces himself that he is also real. Of course, the real rabbits know that the toy rabbit is not really real and regard him with a little disdain. The stuffed rabbit, while sensing something is wrong, holds true the boy's vision of the toy rabbit as being real. All the other toys warned the rabbit that sometime in the future he will be tossed aside for some new toy. Still the 'toy rabbit' feels real and comes to believe he is like the real rabbits he sees in the forest.

31. Government Regulation

July, 2004

Abstract

In the White Trunks and In the Red Trunks we know but who is the Ref.

32. Free Options and The Free Lunch

The Holy Grail of Finance

August, 2004

Abstract

As a young academic I was enthralled by how the theoretical and empirical questions described in new approaches to applying option theory to a wide range of financial questions that seemed to open up endless areas of research. The two areas I found extremely interesting were options on the better of two assets and the idea of lookback options. In brief each was simply too good to be true, someone would give me the right to make up for any bad decision I would make. Unfortunately, these options always come at a price. I now understand that this remains the Holy Grail in finance, that is, assets which reduce the risk while having no impact on return.

33. What I Said and What I Meant to Say

September, 2004

Abstract

The recent Presidential debates showed me the benefit of the lookback option discussed in last week's comments. That is, the ability to go back and either recant or rewrite something that you know was poorly expressed or outright wrong. This is made even more difficult by the impression often given when one corrects themselves that if that individual needs to correct themselves know there may be many times in the future that he or she may have to do it again.

34. Investor Fact and Investor Fiction: Academic Style

October, 2004

Abstract

In a recent class, I pointed out to my students that some of the material that they had learned last year would have to be modified. In short, I told them that what they had previously learned would have to be unlearned. The outcry was tremendous. Why was I taught something you knew was wrong? How could I be assured that what you are telling me might not be wrong in the future? When I pointed out that the class last year was Finance 301 Basics of Finance and not Finance 399 The Final Word On Everything, the answer did not satisfy them.

35. The Middle, Not The Middle, Anything But the Middle

November, 2004

Abstract

So to in the investment arena, many investors, consultants, or regulators have placed themselves at the extremes rather than the middle. Traditional investors have often promoted traditional investments at the exclusion of alternative investments. In contrast, alternative investment professionals have often promoted alternatives as the only means by which investors can obtain unique non-market related returns.

36. Too Much Of A Good Thing Can Be Bad for You

December, 2004

Abstract

Growing up, my mother always explained away why I could not have more ice cream, more time to play, more time to anything That "Too Much of a Good Thing Can be Bad For You". For most of my life while I have come to respect most of my mother's insights, I have often failed to find many cases where "Too much of a Good thing is Bad for you". If nothing else the opposite, "Too much of a Bad thing Can be Good for You" is patently false.

37. The Three C's: Complain (ca: 14th Century) - Compliance (ca: 15th and 16th Century) – Complete (ca: 14th Century) -The Cause, the Reaction, and the Solution

January, 2005

Abstract

In short, by requiring increased compliance (as the result in part of increased public complaints) the SEC and other government bodies are simply following the spirit which encouraged the very development of the words 'Complaint and Compliance'. Moreover, one need but refer to the entomology of words such as Complain and Compliance to see the basis for increased oversight as well as the entomology of words such as 'Bow' to see how those affected by compliance may have to react to the new levels of government oversight.

38. Wednesday Night's TV Lineup

February, 2005

Abstract

8:00 – Investments: The Real Survivor Story: 9:00 Apprentice III; Wall Street; 10:00 Celebrity Investment: The Game Show

39. Overseas Investment and Who Do You Trust

March, 2005

Abstract

This understanding, however, does not hide from me the knowledge that investment opportunities outside the U.S. exist in an entirely different world, a world where most of us have never visited and could never really appreciate. When one individual asked me why I didn't invest into a particular nation I said 'quite seriously' that they simply did not have the money to bribe successfully.

40. Efficiency in Markets and Ideas: - Gross or Net

April, 2005

Abstract

The common differential descriptor of an academic and a practitioner is the story of the two walking on the street and both seeing a one hundred dollar bill on the sidewalk, the academic steps over it and the practitioner picks it up. When asked why he stepped over it, the academic replied that in a 'costless' efficient market it would have been gone by the time he bent over to pick it up.

41. The Risk of Risk Management

May, 2005

Abstract

What You See From Here You Don't See From There

42. Absolute Returns Revisited – Absolutely

June, 2005

Abstract

Whenever a student of mine answers a question in the affirmative as, "I am absolutely sure," or "Don't worry about it, I have it absolutely covered", I know I am absolutely in trouble. Alternative investments, and hedge funds in particular, are often described as 'Absolute Return Vehicles'. For any academic this should immediately raise concern. Finance professors have been raised on the mother's milk of expected returns based on an asset's marginal contribution to the risk of a portfolio; that is, relative risk. In short, absolute returns, absolutely not.

43. The Little Red Book

July, 2005

Abstract

Why a little red book? As a colleague student in the 1960's, the Little Red Book referred to a collection of quotations from Mao Zedong which summarized his teachings. A little later, in my first job as a bond analyst, the little red book (or was it blue – I forget) referred to a book by Homer and Leibowitz called 'Inside the Yield Book' (since then they have changed the color) and offered (pre computer) all possible combinations of yield, price, and maturity. Later on in life, the Little Red Book referred to the pieces of 'golf wisdom' provided by Harvey Penick's Little Red Book: Lessons and Teachings From a Lifetime in Golf. In between these readings were a number of additional 'Little Red Books' each of which offering in brief measure the source of the author's experiences. (e.g., The Little Red Book of Selling: ..)

44. The Other New Orleans's Disaster: Common Sources of Expected Tragedies

August, 2005

Abstract

Similarly in the case of the Bayou Disaster, the lack of hedge fund oversight at the state or regional level is affected as the lack of resources to oversee the potential problems (e.g. money), changing characteristics of the hedge fund industry (consultants and marketing specialists as primary sources of investor information), as well as the lack of discourse or information transfer between government officials, managers, and investors.

45. The Rise and Fall of Alternative Investments

September, 2005

Abstract

In reading any of the above (especially a critic's response) it is interesting to note, how quickly individuals can rise to support a 'new approach' or a 'new idea' and just how quickly they can turn on any new idea. In a similar vein, hedge funds were once the 'investment de jour' and alternative investments in general were seen as the 'new asset class'. Over the past year, a series of new articles have come out questioning the 'real benefits of alternatives in general and hedge funds in particular'.

46. Historical Returns: Three Years Feast and One Year Famine

October, 2005

Abstract

Despite our knowledge of the factors that drive hedge fund returns, the natives are restless. It has been at least 5 years since overall hedge fund returns have resulted in returns approaching 15%. Are the good times gone? Will they ever return? The problem is that few of us in the industry remember the period before 2000. Results show that the underlying hedge fund strategies reflected the economic conditions of that time period.

47. Alternative Investments and the Fourth Estate: The Worthy Adversary

November, 2005

Abstract

If the number of emails that I receive each morning is indicative, the only industry outpacing alternative investments in general and hedge funds in particular in terms of growth is the financial press which covers the industry. As an academic, this is generally viewed as good news. First, in an efficient market more information is generally preferred to less. Second, the continued growth of new sources of information is indicative of the continuing demand for knowledge about alternative investments. This demand for knowledge may result in increased demand for courses, articles and other products that academics themselves may wish to sell. Third, from a market's perspective, there exists a group of individuals (financial writers) with unique set of talents who now have an additional area to expend those resources. Spreading unique skills over multiple areas reduces the cost per unit of output.

48. Those Who Remember the Past Are Plague to Repeat it

December, 2005

Abstract

In short, while they dispense knowledge, the quality or accuracy of that knowledge is open to debate. Moreover, unlike the actual alternative investment markets, a bad article unlike a bad investment (in terms of accuracy) often results in a promotion not a demotion.

49. CISDM: State of the Nation A Year in Review

January, 2006

The start of each year brings a number of notable events. Included in this list, is the right of any TRS to provide the annual 'state of the union' talk describing all that has been accomplished in the past year and all that will be accomplished during the next year. Fortunately, each talk is so forgettable that no one remembers whether the promises of the past year ever approached the reality of the present. In this case, CISDM has been fortunate in that those individuals who provided the basis for last year's promises more than accomplished their goals. During the past year CISDM has continued to support education in the alternative investment area by:

50. The Catch 22 of Hedge Funds

February, 2006

Abstract

Catch 22: You have to show that you are crazy to get out of the mission, but if you want out of the mission you can't be crazy. Catch 22 Hedge fund style – I only need hedge funds if I thought my current asset was going to perform poorly but why would I hold my current asset if I thought it would perform poorly (I would already be in hedge funds).

51. Beta, Exotic Beta, Super Exotic Beta, Super Duper ...

March, 2006

Abstract

Here is the problem; that is, to me that truth (as least cosmetic truth) is constantly evolving. New, better, improved, are embolden on the cover of each product. As if each week a new god has been uncovered or at least a new truth from the one ultimate Deity has been sent to us. The problem is not just in the cosmetic line. Very few products are sold on the fact that it is "just as good as the old one or never got better, didn't have to".

52. The Origin of CISDM Hedge Fund and CTA Indices

April, 2006

“The reports of my death are greatly exaggerated,” was the text of a cable sent by Mark Twain from London to the press in the United States after his obituary had been mistakenly published. As TRS of CISDM, imagine my similar reaction to a recent MARHedge January 30, 2006 article “A New Breed of Alternative Indices” in which it is maintained that they are attempting to create a ‘sustainable proxy for the returns of the managed futures industry that would replace the now-defunct MAR Trading Advisor Index.’

53. Finance Man Versus Finance Machine

May, 2006

Abstract

So far there is nothing to fear. The investment area keeps changing the rules such that machines always lag the man. However, one may want to take a few courses in mechanical repair in case that day ever comes.

54. Is the Hedge Fund World Flat?

June, 2006

Abstract

A brief glance at the current best sellers list, indicates that wide arching global macro answers to the world’s problems is currently in vogue. Why Great Civilizations Fail, The World is Flat ... all reach for common themes that allow us to better understand the complexities of a world seemingly gone mad. It was only a matter of time before these books came along. Most readers were sick and tired of “The Devil is in the Detail”. Books of that nature were just too difficult to read and required a level of commitment beyond only the most fanatical readers. Much better to be caught up in the flow of history.

55. It’s Déjà Vu All Over Again

July, 2006

Abstract

I should’ve, would’ve, could’ve if I had only seen it coming or in the words of the immortal Satchel Page, “Never look back, someone could be gaining on you”.

56. A Return to Earth

August, 2006

Abstract

To put in bluntly, this person considered herself knowledgeable in government and its associate disciplines. On second thought, her response should have been expected. From my own experiences, many government officials act as if they have little knowledge as to the local or background of the countries or states they represent

57. Hedge funds Existential Revisited: Revisited

Sept. 2006

Abstract

In an article in the Financial Analyst Journal, Richard Bookstaber (2019) places hedge funds at the core of its basic epistemology and asked the question that I have been struggling with for over 15 years, "What is a Hedge Fund", where is its place in the investment space, and what are its unique characteristics that separate it from other investments. I am not attempting in this space, to attempt to convince others of the correctness of my current beliefs. Perhaps I have even left the arena of attempting to know what it is and remain for the short run at least, satisfied to knowing How Hedge Fund Work.

58. A Check on "A Reality Check on Hedge Fund Returns"

October, 2006

Abstract

Fortunately, for the hedge fund industry, the results reported in their paper are not only at odds with most other published hedge fund research, which shows an annual return over this time period of between 8% to 10%, but they suffer from a number of flaws that render the paper's reporting findings untenable. A few concerns are as follows:

59. What You Can Expect

November, 2006

Abstract

In fact, if one had heeded some of the academic literature that questioned the levels of the stock market in the late 1990's, one may have profited from the recent correction. However, before one had jumps on the academic bandwagon at other times one would have had no money to place into the recent correction.

60. First The Good News and Then The Bad

December, 2006

Abstract

U. S. stock and bond markets returned to trading range as investors wait for signs of the impact of Federal Reserve rate cutting and consumer spending over the holiday period. Add to this, additional uncertainty surrounding governmental action on an economic stimulus package as well as world events, the traditional stock and bond markets have gone into December hibernation.

61. Acting on Faith: Investments 101

March, 2007

Abstract

It therefore came a little surprise that a recent 'Special Report: Risk Management entitled "Acting on Faith" in the February 5, 2007 Issue of Pension and Investment Age" expressed the fear that institutional investors were leaping into the realm of alternative investments but lack the tools to properly assess the risks. No, I am not recommending that uninformed unknowledgeable individuals or investors immediately invest in areas in which they have no understandings of the risks and expected returns. It was surprising to me that that the author was implying that most investors (especially institutional investors) are clueless about the potential risks in alternative investments.

62. Financial Luddites

June, 2007

Abstract

When walking through my college 'hometown' downtown on Saturday, I witnessed a number of my college students in front of the Bank of America Building with signs condemning Corporate Greed and the previous attempt of the bank to charge individuals for use of their Debit Card. When I congratulated them on helping the rich and hurting the poor, they seemed confused. When I pointed out that the ability of Banks to provide loans (student loans, loans to small firms ...) is linked to their stock price and that reducing income to banks reduces loans to a variety of individuals they asked how is this so. I point out that, all else equal, banks are required by law to reduce loans if their stock price falls. The law requires that for a certain amount of equity a bank can only support a certain level of loans. Therefore, if the equity value of the bank falls, the amount of loans must fall – all else equal. Better is they go to the bank and have the bank pay them for not picketing and give the money to the poor.

63. Flip Flops and Flip Floppers

September, 2007

Abstract

A flip flopper in fact never would accept that they had ever changed one's view and would disagree with you despite verifiable evidence including a picture from his mother. For those individuals west of the Appalachians and east of the Rockies, flip flopping is regarded as a major character flaw. I said what I said, and I said what I meant, an elephant is faithful 100 per cent. No sir no flips flopping here. An elephant would always stick by you through thick or thin.

64. When Will They Ever Get It?

December, 2007

Abstract

The answer to the failure to address in detail the underlying problems with the empirical data or methodologies is less an honest appraisal of the issues at hand but a simple 'it is what we have or what others did'. How can we compare our work if we do something different? This argument kept 'blood letting' in the medical tool box for way too long.

65. I Miss Spoke or Is It Spooks

March, 2008

Abstract

My wife often asked how I come up with the topic on which I opine each week. I point out that I do not have a plan; I simply sit down in front of the typewriter (as the monkey) and start typing. If I do it long enough something comes out that looks enough like what a true columnist might say that the publisher does not have to hold their noises so badly that they do not publish it.

Today's comments are the result of just that of effort. While typing I miss typed the word miss spoke – which was to be the title of the commentary. I wanted to ask forgiveness for my previous column in which some individuals criticized my comments. Though lack of courage, I flip flopped and attempted to go back on everything I spoke the previous week... Yes my poor readers, I misspoke.

66. Mullin's Legacy

June, 2008

Abstract

While I was speaking of the obviously 'vertical challenge' faced by my fellow basket voties, my breast at once filled with pride and yet shame. As a professor of business how could I be so blind? Yet, what a perfect example of the "Market System" at work. Physical size was not the only determinant of where one played or sat, other issues determined one's relative position. Season tickets and placement were determined by one's contributions to the sports program, followed by proof of continuous support (e.g., previous season tickets) and lastly one's commitment to the school (now where did you graduate from). What student need attend a School of Management when all that is knowable can be taught by going to a B-BALL GAME? Rule I: Money talks loudest. Rule II. Blind loyalty to one's team matters. Rule III. A poor association is better than no association (e.g., a friend of Bill). Class is over.

67. Educational Roadblocks

September, 2008

Abstract

The purpose of roadblocks for drunken drivers is to keep intoxicated drivers off the road and to encourage younger drivers for whom the car is the only important relevancy in their social life, not to drink. Similarly, why not have instructional roadblocks for the purposes of education; that is, for the purposes of keeping the ignorant off the road and of giving a "real life" relevancy to education.

68. Where Ben Stein Got It Wrong : Worried About Noisy Children, and Hedge Funds, Too

December, 2008

Abstract

Again, from an academic point of view, the real worry is that individuals such as Mr. Stein can mix myth with a dollop of truth and portray it as fact rather than fantasy. This is of special concern since the article that he refers to and the additional comments he makes have been well-reviewed in academic literature and have found for the most part to be wanting.

69. The Importance of Education (And the CAIA) in the New Financial World

March, 2009

Abstract

As a co-founder of The Chartered Alternative Investment Association, it may seem a bit self-serving to provide my observations on the importance of alternative investments or on the role of education in understanding better the role of alternative investments in today's financial world. One could of course, simply roll out many of the 'time worn' clichés as to the importance of understanding better those areas that are vital to one's personal education or job training. Many of us have stalled in traffic behind the sticker – If you think knowledge is expensive try ignorance". Ok I get it. Now Move On. Well, we all did. What we did not do was take the time nor the opportunity to read the other bumper sticker – The Only Constant is Change.

70. Vacations

June, 2009

Abstract

With the morning sun we got the message, all we got was digit answers, "no one is home we are off to the beach...the office is closed for a long holiday we will reopen next week. . . It is Tuesday now, the crisis is past. We even think of opening up a yogurt shop and having the kids shipped out. The world still turns. I now know why the French take themselves less seriously than Americans do. One really needs two weeks to a month off to understand how really unimportant we are and what we do.

71. The Wizard of Oz or Town Meeting Redux

September, 2009

Abstract

I pointed out to my neighbors that if that was the basis the pro-charter arguments I am amazed that it received the votes it did. The decisions of the Charter commission were as expected. In business it is known as selection bias. Those who ran for the Charter commission had a predisposition to vote for something other than town meeting. How many of us would run for a position only to be elected so that we could publicly state that all our work was for nothing. (I am sure that town department heads feel the same sort of righteous defiance when all their hard hours of work were rejected at town meeting – How could they – How would they- If They only Knew the time and effort we put in on their behalf). Well 50 men and women good and true in a Charter commission are not necessarily better than 250 men and women good and true and in town meeting. For those with a statistical bent, 'Law of Larger Numbers' almost insures it.

72. Wizards of Hedge Funds

December, 2009

Abstract

Well-reasoned rarely wins out over greed and I wish all managers the greatest success in charging investors more and more fees. A fool and his money are soon parted and the sooner the better.

73. The Amherst Coffee Wars

March, 2010

Abstract

Wars are started over a good cup of Java.

74. The American Way, The Japanese Way, The Third Way, Fourth, Fifth ...

June, 2010

Abstract

For those who taught business in the late 1980, one's bookshelf may be littered with the Best of The Japanese way of management. Americans were short sighted, profit orientated and down the tubes. Japan, having learned to live together in harmony on that small island were team, long term orientated. It was only a short time before they would win in the corporate trenches what they lost on the battle fields of the 1940's. The fact that all those authors who published that rubbish should have had to publicly apologize after the crash of the Japanese stock and real estate market of the early 1990's, is often not discussed today.

75. Viva the Wasteland

September, 2010

Abstract

Perhaps only IF American television continues to decline in quality to that of the level of France, or say, Italy, maybe yet Spain will Americans return to reading, writing, and interacting. Perhaps then our own cultural quotient will rise again. Viva the Wasteland.

76. Voice Mail: Messages from Beyond"

December, 2010

Abstract

I have always viewed myself as an individual who was very adaptable to change. Computers, CD players, FAX, EMAIL have all entered my home and office with little or no debate. Recently, however, my firm has introduced 'voice mail' into my office. No longer do pieces of paper pile on my desk, marked "urgent!!, please call". No longer do the unintelligible writings of my secretary result in mistaken phone call to Tibet. Surely this is a better world. Au Contraire. Voice mail is in truth a sinister plot, designed in hell (or some Asian country) to drive all of us crazy and reduce American productivity. Previously, I enjoyed coming to my office, at least for short periods it was my haven now it is my hell. Before the phone was my friend, now a mortal enemy. It sits on my desk as a black monster with blinking red lights. "Messages, Messages". I am even sure that behind my back it calls up numbers from its memory board asking other phones to call back in a "Voice Mail" feeding frenzy.

77. The Obama Health Care Solution – ATMs and AITs

March, 2011

Abstract

Most Americans have a money fix. I know I do. Every two or three days I am forced to go to an ATM (Automated Teller Machine) to withdraw some money. Here is my solution. Incorporate the AIT within every ATM. In addition, all we have to do is to add a weight scale, a fingerprint for blood pressure, a small pin prick device for a blood screen and an eye screen to check other vitals. There we have it. Even more to the point, every American is at their highest stress removing money from their bank so this new system tests at the optimal time. We can even add 'behavioral costs' such as too heavy sorry can't take any money out or if one's body mass is correct we give you a 'money' bonus on the withdrawal.

78. The 'DeFeet' of America

June, 2011

Abstract

In recent weeks I have become increasingly concerned about the future of America and how our enemies may be attempting to undermine our way of life. While we spend billions creating ways to keep missile from reaching our shores, while we put up miles and miles of walls to keep their operatives outside of our country, our enemies have already discovered the cheapest and easiest means to defeat us. They have done this by understanding our very soul (or perhaps I should say sole). This all came clear to me while relaxing at home. While sitting with my feet up, I happened to catch a TV program on the history of shoes. The very fact that I found this of interest and did not change the channel should be of concern to many of you.

79. Principal or Principle: What is What?

September, 2011

Abstract

When I was growing up, I remember the way I tried to distinguish the difference. I was told to remember that the "Principal" person of the school determined the "Principles" by which we were ruled. However, today I am now told that the "Principle" by which we are ruled determines the "Principal" (resources) we need to raise.

80. Stuck in the Middle Again

December, 2011

Abstract

Over the past several weeks I have been almost overwhelmed with material emphasizing increased taxes over reduced spending as well as material advocating reduced spending and marginal changes in tax policy. By now I am convinced that both sides are fully locked into their own set of beliefs. Those against the tax increases believe that there are sufficient cost savings throughout federal and state governments to reduce the projected deficit and those who favor increased taxes who see the additional funds as the price we pay for the necessary governmental services required by children and adults alike.

81. Life Insurance or Death Insurance: Which is It?

March, 2012

Abstract

As I approach my mid-sixties, I have increasingly been preoccupied with death. Not death itself but how I have to find ways of funding my eventual demise or helping those fund their lives after my demise. As I last checked, the survival rate of any one human approaches zero at some point in the future. So I started going to the internet to see what my alternatives were. As for my ability to fund my immediate departure from this earthly toil, I was informed that there were number ways to remove the financial pain that my leaving would place on those closest to me. For example, I could set up a funding source which would grow to a level which could cover the “death expenses”

82. The Man In The Middle

June, 2012

Abstract

Years ago, I had a human resource head from a major Government supplier come into my office and ask for all my B minus students. “Why”, I asked, “I have several A minus students who would be perfect for the job”. “No”, he said. “C students are just not capable and A students would soon realize how boring the job is and move on. I want a B minus student who is just capable of doing ‘good enough for government work’, who will never ask to move up or ask any questions, and who looks forward to getting out of the office on Friday but knows they have no opportunity but to show up back on Monday.

83. Not Too Big to Fail But Too Small To Succeed

September, 2012

Abstract

In short, face reality. Sometimes even if you win you lose. The same thought was expressed by my Uncle Bill, a small man but with big ideas. He spent most of his time at the racetrack where he made a living ‘on a single’ constant: The race does not always go to the biggest and the fastest but it is the place to put one’s bets.”

84. The Game of Fiscal Cliff: Part I

December, 2012

Abstract

The New X Box Game and Or Board Came: The Fiscal Cliff – The Goal to avoid all of the following while in search of the one object which would save us – The Moral Compass.

85. The Game of Fiscal Cliff: Part II

March, 2013

Abstract

The New X Box Game and Or Board Game: The Goal is to avoid all of the aforementioned while in search of the one object which would save us – The Moral Compass.

86. 42 and Other Solutions to the Ultimate Questions of the Universe

June, 2013

Abstract

In ‘The Hitchhikers Guide to the Universe’ an enormous supercomputer was asked for The “Answer to the Ultimate Question of Life, the Universe, and Everything”. Millions of years later the answer comes out; 42 (in fact 42 we have learned is in fact the answer to a number of really important things just not the answer to the Ultimate Question of Life like where to get a good Danish.) The attended multitudes were of course disappointed. Years of waiting, large amounts of wealth put into funding and running the machine thought capable of providing the answers they knew they were incapable of answering. For all of those academics and government officials who believe that they have the power and the ability to provide final answers to the financial questions facing the world today, a reread of Adam’s book should be a necessity.

87. Instruction versus Education

September, 2013

Abstract

The answer is, in part, that if academics remained a primary place where one could educate I may in fact rethink my retirement. Today, we have moved more to providing information to students than truly educating students. What is the difference? Instruction is simply passing out the information (see online courses). For me education is less about providing instruction (e.g. information) than about learning how to use information and how to determine which information has value in helping us know which offers paths which should be avoided and which should be followed.

88. Sufficient, Sustainable But Not Both

December, 2013

Abstract

“Spahn and Sain and then pray for rain”

89. Baseball and the Stock Market

March, 2014

Abstract

Unfortunately, to paraphrase the great Bard, the fault, my fellow Americans, lies not with the game of baseball or finance or its gods, but in ourselves. For the sixty year period prior to 1997 only two players ever hit more than 60 home runs, Ruth and Maris and only one in the national league ever hit more than 55. Hack Wilson hit 56 in 1930 before Mark McGuire hit 70 in 1998 and Barry Bonds later hit 73 in 2001. Oh how we cheered them on. No one ask the question as to how somewhat pedestrian players such as McGuire and Sosa had bested the best of the best. Of course today we now know the answer. THEY WERE JUICED; that is, they were on performance enhancing DRUGS. The worst of it, we did not care as long as we got ours, the thrill of the game, the long bomb.

90. Picking on Piketty: A Simple Solution

"If it weren't for the honor, I'd just as soon have walked" Mark Twain

June, 2014

Abstract

While we may disagree with Piketty's concern that we are on the path to an ever-increasing wealth concentration, I would suggest that his concern and suggested solutions are not all that new and have in fact been at the center of social economists since the nineteenth-century. In fact, I suggest that Piketty himself would have been in the very mix of the discussion of income and wealth inequality during that period. In fact, Tom's last name, Piketty, seems itself right out of a mid-eighteen hundreds Charles Dickens' novel. This is as it should be. Charles Dickens himself wrote novels on the disparities of wealth in the last half of the 19th century

91. The Obama Doctrine/The 'No Strategy' Strategy

September, 2014

Abstract

In recent weeks, the public press has debated the meaning of President Obama's statement that he (e.g., his administration) has no strategy (or at least a poorly defined one) for fighting ISIS in Syria and elsewhere. Individuals both public and private declared their astonishment at the President's response. Even if the President had no current well defined strategy, why tell the truth? Why not lie like most Presidents do? The answer is clear. President Obama did in fact lie. The President has a well thought out strategic policy and that policy is to maintain not to have one.

92. GITMO: A Simple Solution TANNED, RESTED and READY

December, 2014

Abstract

In short, GITMO is an almost Turn-Key Opportunity for a "Jewel of the Caribbean". It is ready for golf, swimming, hiking, beaching, fishing..... If business opportunities are somewhat limited today, just miles away is the quaint town of Guantanamo which, I read, is kind of a time capsule of the 1950's. While currently GITMO is separated from the surrounding area by land mines and other obstacles known as the "Cactus Curtain", this area could (with a little discretion) be used as the basis for dirt bike or ATV activities area. In fact, the removal of the "Cactus Curtain" could also be a basis for the type of political agreement that would indicate Cuba's desire to change its terrorist image and join America in promoting tourism and business opportunities throughout Cuba. My point is simple. Again, in the words of Sir Winston Churchill (and Rahm Emanuel) – "Never Let a Good Crisis Go to Waste

93. Foreign Policy March Madness Eastern Europe/Middle East/Northern Africa

March, 2015

Abstract

I believe the answer is a simple one. So simple that this note is a very short one but with a single suggestion; that is, the creation of a Foreign Policy based 'March Madness' bracket sheet in which the foreign policy winner in each listed bracket moves on to its next challenge. The loser retreats to lick its wounds, regroup, and get ready for next year.

94. Social Cap and Trade for Millennials

June, 2015

Abstract

Ok, we were wrong. There are a few costs to the 'I want everything now' approach to life, especially when there are too many people wanting it now. We are being defeated by our own successes. We never should have shared our knowledge with the rest of the world as the shark has returned to bite its maker. Here is the good news, every generation needs a mission. If we had not spent your inheritance, you might have the ability to live off of us the way we lived off of the winnings of our forbearers. We have given you the chance and the incentive to build your own future if not but for the simple reason that if you don't there will not be one.

95. Passive versus Active Investment: What is the Cost?

September, 2015

Abstract

If one accepts active manager-based underperformance, the question that may be asked is why a large percentage of global investors remain wedded to higher cost, lower general performance of active investment-based products. There exists a set of common answers and perhaps even a common cost differential that an individual may be willing to pay.

96. Immigration and the Wedding of Cana

December, 2015

Abstract

“Many Are Called, But Few Are Chosen”

97. The 60/40 Portfolio: The Grass Harp

March, 2016

Abstract

While I have certainly read too much into Capote’s Grass Harp (which has been roundly criticized) I still like the story. For those who have not read it, it centers on a treehouse in which many characters come and go and around which the struggles of life’s questions are discussed and enacted. In the end, it is decided that the confrontations are simply to be forgotten. Through time, life tells its own story, people come, people go, and things happen so sit back and listen.

98. The Cannabis Conundrum Or The Seven Percent Solution Revisited

June 2016

Abstract

What could be better than a miracle cure that was a solution to the boredom of everyday life and that left you ready to take on the world? This could be our own little “Seven Percent Solution”. Unfortunately, the acceptance of the little leafy green relaxer while seen as an easy solution for a society tired of the daily grind of work, family and societal requirements has come with it a number of unforeseen costs that in part were similar to those of Sherlock’s day.

99. Gender Inequality The Proof is in the Pay

September 2016

Abstract

There is a healthy debate (mostly among women) that women have been treated unfairly in the workplace and especially when it comes to equal pay for equal work. I have always been confused as to these demands. If anything, if I were a woman, I would have not demanded fairness; that is, the last thing I want is fairness I want the bias to be in my favor. I want unique benefits because I am a woman, for example, I want the opportunity of greater pay for equal work. In fact, it is my view that the fact that women are not paid more than men in some professions is indicative of possible gender inequality since it is obvious that in some professions (e.g., basketball) most men make more than most women if for no other reason that there exist few six foot nine women with a twenty-foot jump shot.

100. The Pyramid in Modern Finance

December 2016

Abstract

Given the negative stereotype of Pyramid Schemes in finance it would not be surprising that finance in general and investment in particular would have used other geometrical forms to describe the pros and cons of various investment enterprises. However, this of course was not always the case.

101. Past Versus Prologue

March 2017

Abstract

This is the last commentary of the year and those that have been following these quarterly monologues (in reality they have been dialogues or trilogies or, since many of you have emailed me your own opinions which I have been gracious not to reprint or even worse hand them over to the police. Going forward let us just agree to disagree) have focused on the difficulty of using the past to forecast the future or even the ability to forecast the future using any source of info. It is even difficult to comment on the past since most of us were never really there.

102. Waffler or Pundit: Do They differ

June 2017

Abstract

According to the Merriam Webster on-line dictionary, the word is often used as a verb that is Definition of waffle. waffled; waffling \ 'wä-f(ə-)liŋ, 'wô-\ intransitive verb that means to avoid making a definitive decision. 1 : equivocate, vacillate, waffled on the important issues ; also : yo-yo, flip-flop. . The verb waffle seems to have its origins in the 1690s as the word waff, "to yelp," possibly in imitation of the yelping of dogs. The word soon came to mean "to talk foolishly" and then eventually "to vacillate, to change."

103. Academic Confusion: The Norm?

September, 2017

Abstract

The question is Why? Here is one theory of the confusion. Most academics use past data to reflect the pros and cons of various informational releases as well as the risk and return benefits of various investment strategies. This approach may be well and good to explain the past, however, where most academics come up short (or at least investment professionals who based their actions on this academic research) is that academics often conclude that results based on past data may be used as a means to determine where the future might be going. In short academics focused on 'data based' evidence.

104. The Character as An Alternative

December, 2017

Abstract

I realized that in not putting myself in either bucket I failed my readership in that I was wanting to have it both ways; that is, to waffle when I was uncertain as to the future direction of an action but still retain my readerships view of me as a Pundit. The question for this commentary is it possible to have it both ways?

105. The Un-Magnificent Seven

March, 2018

Abstract

Happy families are all alike; every unhappy family is unhappy in its own way

106. What is Risk?

June, 2018

Abstract

“It’s Turtles All the Way Down”

107. Expectations

September, 2018

Abstract

Question “What is Life without Hope?” Answer: “A Very Depressing One”

108. The Real Cost of Low Investment Fees or is There a Cheap Doctor in the House?

December, 2018

Abstract

It is not the purpose of this article to point out the obvious; that is, perhaps the investor is actually getting something from the active manager that he or she is not getting from the lower fee passive alternative. The obvious case is that a low-cost index fund often is not the same as the higher cost alternative just as the lower cost actively managed fund may be fundamentally different in some ways from the higher cost comparative product.

109. What to Say and

March, 2019

Abstract

Investment Basics Redacted: Everything You Wanted or needed to Know About Simple Investing (the hard stuff is always hidden).

110. The Last Wave: A Simple Proposal An Economic Solution

June, 2019

Abstract

What is to become of the aging population as the wave finally washes ashore? Will aged religious pamphlet sellers outnumber the previously nimble umbrella salesmen on the sidewalks of New York. Will aged muggers grasp as often but miss even more often. Meanwhile as the young become increasingly bitter over their role of care providers for this aging mass of humanity, what is to keep them from abandoning us or us from committing 'ageicide'? The solution? A hint: the Ant was wrong the Grasshopper was right.

111. STEM: For Dummies or Beware Math Awareness Month

September, 2019

Abstract

In the end it all comes down to numbers.

112. A Sign of the Times “ – ”

December 2019

Abstract

How one communicates reflects much of that person. How one reacts to the form of communication and as important what it is trying to communicate says as much about us. In short, are we looking for a Positive message (+) or are we simply negative (-) about whatever we hear?

113. The Others

March 2020

Abstract

In life one has the opportunity of meeting other individuals. Unfortunately, we often never have the opportunity to find out if these other individuals would have created a different world for us. Perhaps the better question is if we could have changed their world.

114. Walls Make Good Neighbors

June 2020

Abstract

In the great U.S. 'Wall Debate', the issues often come down to culture and money. Some argue that it is against our culture to create such a barrier. Simply put, we are a country of inclusion not exclusion. Others argue that it simply costs too much money and the resources spent could be better used elsewhere. In short, money matters. I would beg to differ with the proponents of either concern (culture or cost). I maintain that such a wall could be built that is exactly symbiotic with our national culture and at little or no cost to the U.S. Treasury. As to those who have concern as to what the wall would mean to the "American Brand", what is more American than promoting the American Experience.

115. The Facts and Figures of Income and Wealth Transfer

September 2020

Abstract

Figures Don't Lie Especially A Really "Good Looking" Figure

116. Capitalism in Question: Where Did Management Lose Its Way?

December 2020

Abstract

One of the most pivotal novels written is Cervantes' Don Quixote. From this book, one may come to realize both the foolishness and utter waste of time it is to tilt at windmills yet to admire the effort of those who do. We all have a little Don Quixote in us. Lastly, since we are supposedly attempting to describe a world as it is and to let others define it as it should be, our profession should attempt to try to best describe how to improve the management process as it fits into a world in which 'in the long run' success depends on cost and quality and in which the management process is a primary determinant of that cost and quality.

117. The Tail of Two Months

March 2021

Abstract

If we must relive bad experiences to learn for the future and the potential for good experiences, must we also relive good experiences which suggests we must expect bad experiences which leads us to better understand future good experiences which leads, to

118. A Virtuous Circle: The Minimum Wage and Quantitative Easing

Or What Goes Around Comes Around

June 2021

Abstract

If there has been common economic theme in recent years, it has been the wealth disparity in America and ways to correct it. A number of ways have been suggested to get the country going in the right direction. For example, quantitative easing had at its core, the belief that monetary policy could put enough free money in the hands of financial institutions that those bodies would find ways to lend such money to deserving corporate clients who would get the economic engine going with individuals both in the train or behind it on for the ride.

119. You Are What You Buy

September, 2021

Abstract

This entire effort has convinced me that I need to rethink not who I am but how I need to present myself to others so that I can convince them that I am who I think they want me to be even if that character is not who I really am but who reflects an individual who resembles those factors which characterize who they think I should be considering the current conditions that they wish that what I wear or what I present on my body (watches another apparel) reflects the current belief or understanding as to the meaning of the outerwear as to my very inner being even if that reflection of the outerwear of my inner being is not a true reflection in the philosophical meaning of truth

120. Sometimes a Good Story is Just That

December 2021

Abstract:

Many financial firms produce research that suggests the value of working with a Financial Advisor. While the benefit of working with a Financial Advisor varies by the quality of the Advisor and the needs of the potential client, some of this research suggests people who work with a Financial Advisor feel more at ease about their finances and could end up with about 15% more money to spend in retirement (A Vanguard study (August 16, 2019 | Whitepaper “Putting a value on your value: Quantifying Advisor's Alpha”). This greater potential nest egg from working with a Financial Advisor is due, according to the report, to a 3% higher annual return of an Advisor supervised investment plan than a self-managed investment plan. However, this higher return, according to the study, was not based on the higher investment return of Financial Advisors. In fact, the study concluded that from historical evidence, the Financial Advisor benefit in terms of higher return for the portfolio is more Financial Fiction than Financial Fact

121. Who Do You Trust

March 2022

Abstract

As a Chaired Professor of Finance Emeritus, I have found that I can often and quickly give the impression that I am knowledgeable about a wide range of finance issues including investment management. In fact, since leaving the island of academia, I have found that the real world of finance and in particular investments often requires a level of specific knowledge that is often not found on the island of academia. In the practical world of finance, there are a number of firms whose expertise and knowledge are more centered on the practical issues of investment and how it affects the investing public. If the two areas (academics and business) have an area in common is that introductory investment in schools and firms results in both of them concentrating on ‘introductory’ areas that may be of interest to the average investor, but which fail to present many of the real issues of concern to students or investors as to more complex areas of analysis.

122. The Sounds of Sound Finance

June 2022

Abstract

What research is required if the sounds of finance are associated with the ‘Soundness of financial decisions’? In fact, the sounds surrounding money are often associated with the actual ‘soundness’ of a financial decision. This is a different meaning of ‘sound’. A **Sound** understanding implies a thorough grasp of **something**. I look forward to your ‘sound’ response to the soundness of money and the use of sound in determining how sound a monetary decision is made.

123. Time or Pyramid Diversification in Finance

September 2022

Abstract

Given the negative stereotype of Pyramid Schemes in finance it would not be surprising that finance in general and investment in particular would have used other geometrical forms to describe the pros and cons of various investment enterprises. However, this of course was not always the case. While data presentation is an art and takes many forms, throughout history, the pyramid in general and in certain cases in the specific has been directly linked to money and finance. While not the focus of this article, for many the early Egyptian Pyramids were really large banks and the smaller ones in front were just associated ATMs. Throughout the ages, attempts by many European archeologists were merely false fronts to find their way into these banks.

124. When Will the Market Ever Get Better?

(What I mean is, my plan says a 5% return and I'm going down!!)

December 2022

Abstract

Many investors, particularly those already retired are getting increasingly worried over the last few months as they watch the value of their savings go lower and lower. "What is going on with the market? And when will it recover? I know there are ups and downs in the market, but I haven't seen many "Ups" for too long and I hate watching my money go down". This summarizes many conversations recently and to give perspective and hopefully some solace, I suggest that for most people with more than a 3-to-4-year time horizon things will likely get better (We'll get into why below). If investors don't make any big mistakes now, there will be opportunities for growth down the road. Shockingly, this often doesn't generate much relief as 2 to 3 years seems a long way off and even getting back to even in 2000 terms seems daunting. I wish I could forecast when our pain will ease more precisely, but right now I think this incredibly uncomfortable volatility may last until fall. A clearer picture of how far off we are from a rebound may become clearer in another month as we get earnings estimates from our major companies. Maybe understanding the current challenges can give some light on how things can recover.

125. The Circle of Life

March 2023

Abstract

What Goes Around Comes Around

126. What is an Alternative Investment

June 2023

Abstract

Alternative to What

127. Rules of Econ

September 2023

Abstract Remember Schneeweis' First and Second Laws of Economics.