



ALTERNATIVE INVESTING

Response to Miles Johnson

May 16, 2016

Miles Johnson of the FT [takes strong issue](#) with an article I didn't write but, rather, one he thinks someone like me would write (I'm sorry if that's hard to follow but it's Miles's fault).

I wrote a fairly narrow piece pointing out that articles marveling at the 2015 compensation of the top 25 hedge fund managers (e.g., [here](#) or [here](#)) are about wealth when they purport to be about income. That's basically it. Not a statement that wealth wasn't important. Not a defense of this wealth. Ayn Rand didn't leave the building as she never entered it. I mentioned that this "mistake" likely occurs as higher numbers sell more papers (or whatever people buy or read for free these days) than do lower numbers. I made a point of saying that this is not about the inequality debate, rather, it's just about exaggeration and imprecision. That was it.

In fact, in the email I sent when recirculating this article I wrote a year ago (sorry you missed it the first time Miles) I specifically said and meant, "There's plenty to debate on the investing merits and the inequality issues here without simply bad, and intentionally misleading, math."

Nowhere in my original piece, or anywhere else, is my obtuse denial of these important issues actually detectable. Nowhere did I say that wealth wasn't an important part of the debate. Nowhere did I defend the hedge fund business model (quite the opposite, more on that below). I pointed out, literally just this — that wealth is not income, and that these now annual articles confuse this, probably intentionally. I stand by that as fact.

Actually, I have written a lot criticizing hedge funds and I've done it for a long time. My firm isn't really a hedge fund by fees or majority of assets, but that is apparently too subtle for Miles (or inconveniently didn't fit his slant) as labels are so much easier. I actually say as a matter of disclosure [here](#) that my firm has likely benefited from the move to lower fees and truly hedged products and away from the traditional hedge fund model and that I have a long history of criticizing overpriced and under-hedged hedge funds. In the age of Google it would not take an incredible effort of journalistic research to note my analysis and commentary going back to 2001 in [here](#), [here](#), [here](#), or maybe [here](#)? I got yelled at by many in the hedge fund industry for it (especially the first one when I was younger and would actually listen to semi-famous people yelling at me on the phone!). The hedgies didn't want balance and accurate analysis back then any more than Miles does now.

I also wonder if Miles has such harsh words for other critics of the misrepresented top 25 managers' earnings lists like [Matt Levine](#) at Bloomberg View. I'm guessing no as despite Matt and I repeatedly overlapping on this issue Johnson couldn't misrepresent Matt's career, history, and motivations in order to write the political screed Miles clearly wanted to pen.

Miles, some advice. Click on a few hyper-links and actually read the background pieces. Try to understand the (admittedly narrow in my original piece) point of what you read, not the point you think the person might be making based on who they are.

I 100% stand by the piece Miles criticizes and find his criticisms to be based entirely on a non-existent essay he thinks people like me would write. Finally, I'm proud of my long history of balance and willingness to criticize and advocate for change in the hedge fund industry.

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