Alternative Investing

My Top 10 Peeves

February 28, 2014

Certain things said or done in our industry, or said about our industry, have bugged me for years. These 10, which bother me the most, are held together by only three characteristics: (1) They are about investing or finance in general, (2) I believe they are commonly held and often-repeated beliefs, and (3) I think they are wrong or misleading and they hurt investors.

1 The idea that “volatility” is for misguided geeks.

2 Bubbles, bubbles, everywhere, but not all pop or sink.

3 Using three- to five-year evaluation periods.

4 The idea that we will — or should — find one culprit for the financial crisis.

5 I would politely request that people stop saying these things:
a. “It’s a stock picker’s market."
b. “Arbitrage.”
c. “There is a lot of cash on the sidelines.”

6 Active managers who criticize active management (other than their own).

7 Hedge funds that don’t hedge.

8 The rolling brouhaha over “high-frequency trading.”

9 Antediluvian dilution deception and the still-lying liars.

10 Advisors who say it is better to own bonds than bond funds.

I am not so arrogant that I dismiss the idea that I also have some crazy notions that might make another's list of peeves (and that I could benefit from reading it). Also, although I will admit to nothing, I have certainly made some of these mistakes, and whatever lessons I've learned have often come from experience — not before-the-fact superior reasoning.

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