



No Monkey Business Round Table

Sense and Nonsense about 'Alternative Investments'

[date and location]

Personal finance is a knowledge-based industry but it has always cultivated an adversarial relationship with its customers, in which profits are maximised by exploiting knowledge differences, not reducing them. Finance professionals in the last two decades have vastly increased their control over investment products and securities and over the value they create. They have done so by widening the knowledge gap (with more complex instruments) and by spin (intuitive rather than evidenced argument). Nowhere is this more evident than in investor's fascination with 'alternative investments' and a move away from conventional assets traded on public markets.

Wealth manager No Monkey Business, which advises many individuals who are beneficiaries of increasing 'agency elitism', provides a highly-differentiated service in which information advantages are shared fully and collaboratively, as a core basis of value for the contract.

In this round table, founders Stuart Fowler and Philip Baxter apply their 'no nonsense' scrutiny to alternatives. Though a highly technical subject, they suggest the key insights are readily approachable, emerging logically from a few important distinctions about the sources of risk and return and, as always, from awareness of the agency interests.

The format of the round table is discussion, provoked by introductory comments by Stuart and Philip. The only rules are: stick to the subject and never more than one conversation at the table.

The scope of their introductory comments will be:

- Alternatives as part of 'multi-asset class' diversification
- Alternatives as discreet additions to conventional investments
- Private equity as pure 'entrepreneurship'
- Private equity as a 'system' with agency flaws (eg MBO funds)
- Hedge funds: more overpriced alternative *betas* than *alpha*
- Hedge funds as an asset implementation option, not an asset class
- Commodities: the litmus test of belief in diversification
- What can work - in spite of costs, conflicts and uncertain correlations

What No Monkey Business wants you to get out of this round table is more clarity about investment choices. Clarity makes for a more confident approach to decisions and more realistic expectations about outcomes. Realistic expectations minimise regret which is what most often drives people off rational long-term plans for building or preserving wealth.