|  |  |
| --- | --- |
| **The Myth of Sisyphus**- March 20, 2015  The EU is also the closest it has ever been to breakup. We all know the old story: If you owe the bank 100,000 you have a problem. If you owe the bank 100 billion, the problem is no longer yours, but the bank’s.  In terms of Greece, this is exactly where we are today. But what of the geniuses that loaned (and continue to loan) the money?  If a loan officer at your local bank made the kind of bad loans made by the EU, they would be fired. Then prosecuted. Then jailed.  The suggestion that the EU, led by Germany, is in some way blackmailing Greece is bizarre. Surely, the reverse is true. It is for this reason that EU politicians will say and do “whatever it takes” to keep the fantasy of the European Project alive.  The title of this report is: **The Myth of Sisyphus**: “*Does the realization of the absurd require suicide? No. It requires revolt.”*  Europe will not be short of volunteers, of all stripes, to join in.  **[And People Say We Monkey Around](http://www.inschinvest.com/downloads/download.php?id=193" \t "_blank)** - January 26, 2015  2014 was another excellent year for equity indices. We first point out the fallacies of some of the market indices as proxies for equity performance. The danger to investors is when managers talk about indices as if they are representative of their own performance.  Then we revisit VAR measures’ evolution over time for a number of equity indices and we compare them with the evolution of Insch Kintillo VAR measure over time. In contrast with equities, the VAR estimates of Insch Kintillo did not fail as a risk measure in times of turmoil.  **[Funeral For A Friend - Trend Following Is Dead (Again)](http://www.inschinvest.com/downloads/download.php?id=191" \t "_blank)** - October 18, 2014  We perform a comparative analysis of the Insch Kintillo systematic behaviour in winning and losing periods in order to find the performance drivers within individual trades. We find that the frequency of trades or the turnover and the size of gains in winning trades are the main performance drivers, while other trade measures such as the size of losses in losing trades and the success ratio (number of winning trades divided by number of losing trades) have no impact on profitability.  Additionally, we find that Insch Kintillo yields option-like payoffs similar to a straddle strategy on equities, proxied by the S&P 500 Index.  Finally, adding a small proportion of Insch Kintillo substantially improves the total return, the standard deviation, the worst drawdown and the return to risk ratio of a traditional portfolio made of equity, bonds and cash.  **[Is New Zealand Part of Australia?](http://www.inschinvest.com/downloads/download.php?id=188" \t "_blank)**  - August 26, 2014  We look at the NZD Dollar recent developments, macroeconomic outlook and what makes it interesting for currency traders.  **[The Best And Worst Of Times](http://www.inschinvest.com/downloads/download.php?id=186" \t "_blank)** - February 4, 2014  CTAs were hit hard in the second half of 2013 and in Jan. 2014; they were whipsawed by commodities, by currencies and by equity indices. Insch Kintillo was no exception.  We perform a comparative analysis of the trading behaviour of Insch Kintillo in the winter of 2013-2014, characterized by trading losses, relative to the winter of 2012-2013, characterized by stellar returns. This natural experiment allows us to make inferences about the performance drivers of Insch Kintillo in good versus bad times.  The performance drivers of Insch Kintillo based on this analysis are: fewer price reversals, fewer losing trades, larger profit/longer duration of winning trades.  The “cutting losses/running profits” philosophy, manifested in frequent but small losing trades and less common but highly profitable winning trades, is confirmed by the trading practice ex-post.  Finally, we show that Insch Kintillo is a defensive strategy, serving as a hedge in extreme equity markets.  **[Insch Kintillo: Realized and Expected Drawdowns](http://www.inschinvest.com/downloads/download.php?id=166" \t "_blank)** - September 15, 2013  The article is a detailed report on Insch Kintillo ICP's realized and expected maximum drawdowns, time to drawdown and time spent under water, using modern-day analytical drawdown potential measures drawn from the recent financial literature.  We briefly note the negative correlation between Insch Kintillo and US equities on the one hand and US corporate bonds on the other hand and we compare the drawdowns experienced in various asset classes.  We find that the probability of drawdowns below -25% in S&P exceeds by far that of Insch Kintillo at 3 times leverage. The probability of drawdowns below -10% in US corporate bonds exceeds by far the probability of drawdowns below -10% in Insch Kintillo ungeared.  Finally, we backtested the impact of tightening the volatility filter bands on the large drawdowns experienced by the program in 2009, with satisfactory results.  **[In Gold We Trust](http://www.inschinvest.com/downloads/download.php?id=160" \t "_blank)** - August 7, 2013  Long term uncertainty surrounding gold price is at its highest. Our August research report, “In Gold We Trust”, reviews the recent performance of various gold investment types. We find that an un-managed index out-performs a managed index (a gold ETF) which out-performs a managed investment (a gold company index) which, in turn, out-performs a managed fund of managed gold companies.  **[Riders on the Storm](http://www.inschinvest.com/downloads/download.php?id=156" \t "_blank)** - July 15, 2013  We focus on the performance of Insch Kintillo in falling equity and in high market volatility periods, while drawing attention to the uncertain near-term outlook for equity markets.  We find that Insch Kintillo daily performance is significantly better on falling S&P 500 Index days. In addition, in periods of high volatility in equities and currencies, the returns of Insch Kintillo are largely unaffected, although their variance is increased.  Kintillo acts as a raincoat in bad weather... and in equities, when it rains it pours.  **[Credit bubble in China?](http://www.inschinvest.com/downloads/download.php?id=155" \t "_blank)** - July 9, 2013  Concerns about a liquidity crunch were raised by the unsuccessful bond auction on Friday, 14th of June, when China failed to sell 36.5% of the $2.44Bn government bonds, with the yield at 3.76%, higher than the expected 3.14%. The funding squeeze sent interbank borrowing costs sky-high and credit reached unsustainable levels.  The most important risk is the one that cannot be measured: political risk. China not being a free economy, it’s impossible to predict what the outcome of a debt crisis would be. “Too big to fail” is already a tricky notion for the developed world governments. How muchmore devious is it for the government of a centralized economy?  **[Grey Swans - An Early-Bird Special](http://www.inschinvest.com/downloads/download.php?id=153" \t "_blank)** - June 6, 2013  Shelter from ruin is paramount in today's market conditions. We first look at the tail risk in bonds and equity markets. The report then draws attention to the fallacy of the-square-root-of-time rule-based calculation of annualized standard deviation, as returns are most often not independent but serially correlated. The rule understates long term volatility when returns are positively correlated (the case for as index and portfolio returns) while it overstates it for series with negatively correlated returns.  We illustrate a more sophisticated time aggregation rule that incorporates the effect of first order autocorrelation.  The report is accompanied by an Excel file that simulates cumulative return paths and calculates aggregated standard deviations for any autocorrelation assumption. [Click here for excel file](http://www.inschinvest.com/downloads/download.php?id=154" \t "_blank)  **[The Omega Measure](http://www.inschinvest.com/downloads/download.php?id=147" \t "_blank)** - April 10, 2013  We concentrate once more on the performance of FX managers from the perspective of 'The Omega Measure' – a universal measure that ranks performance unequivocally at each acceptable return threshold.  The omega measure is calculated as the ratio between the sum of probability-weighted returns above the threshold and the sum of probability-weighted returns below the threshold. An Omega function is built by varying the threshold value**.**  Although not commonly used, the omega measure paints a comprehensive measure of an investment performance by characterising the entire distribution of returns in a holistic way that is not achieved by any other measure we know.  **[Commodity Income](http://www.inschinvest.com/downloads/download.php?id=141" \t "_blank)** - March 4, 2013  We illustrate how oil can be used to produce high income, low or zero volatility investments that are truly backed by the underlying asset.  We also revisit our analysis of the oil market and conclude, as last year, that oil is a risky but profitable investment looking forward, unlike bonds, which hold unlimited downside and no upside potential.  **[Beware the Ides of March](http://www.inschinvest.com/downloads/download.php?id=137" \t "_blank)** - February 11, 2013  We revisit the risk in equity and bond markets in the current low interest rate environment. We also venture to estimate what the Libor fair value would have been absent bank manipulation from 2008 on.  We reassert Black Gold as an alternative to bonds, a fixed income investment that provides high returns, is callable in two years and is secured by oil producing properties.  **[FX Active Managers' Rankings](http://www.inschinvest.com/downloads/download.php?id=132" \t "_blank)** - January 18, 2013  We provide a simple ranking of FX managers using a number of standard performance criteria commonly employed by the financial industry. Insch Kintillo 1:1 and 3:1 programs rank highly among well-known names in active FX trading.  **[Forex Gump Investigates the Black-Litterman  Model](http://www.inschinvest.com/downloads/download.php?id=127" \t "_blank)** - November 9, 2012  We present and illustrate the model as a shortcut to building a satisfactory sophisticated trading strategy by combining a naive strategy with systematically formed private views.  The Black-Litterman asset allocation model uses the Bayesian approach to infer expected returns. The prior belief embedded in the naïve allocation is updated with information derived from the private views to form posterior views, in the form of updated expected returns and an updated covariance matrix. These are used in conjunction in order to construct optimal portfolio weights by using a Markowitz mean-variance optimization.  **[The Swiss Emmentaler Trade](http://www.inschinvest.com/downloads/download.php?id=112" \t "_blank)** - September 7, 2012  Twelve months have passed since the SNB decided to intervene in forex markets to prevent the appreciation of the Swiss franc by buying foreign currency in unlimited quantities. The intervention has been successful in keeping the CHF low relative to the EUR thus far. What will happen next? In this article we question the sustainability of the SNB foreign exchange policy.  **[Oh, What a Drag...](http://www.inschinvest.com/downloads/download.php?id=99" \t "_blank)** - July 5, 2012  This research was principally motivated by our efforts to manage the volatility of the Insch Kintillo Interbank Currency Program. Volatility drag is basically the shrinking effect of volatility on compounded returns.  We believe that future drawdowns can be reduced by minimizing the volatility drag component of return. In a real-world demonstration, we present a way to potentially reduce investment drawdowns of Insch Kintillo by minimizing volatility drag by tightening the trading bands in the volatility filter.  **[Exposing Rate Free Risk](http://www.inschinvest.com/downloads/download.php?id=80" \t "_blank)** - April 3, 2012  Achieving “low risk” returns from investment grade bonds used to be quite a simple endeavour until the arrival of the credit crunch. Nominal interest rates, at all maturities, are at an all-time low. If the economy turns and interest rates turn with it, this would spell calamity to bond holders.  We provide an overview of the corporate bond markets before the crisis and after the crisis in order to shed light on the following matters: how profits were possible before the financial crisis, what has changed (if anything) in the aftermath of the financial crisis, and whether the conditions still exist to obtain risk-free fixed income profits in bonds in the coming five years.  **[Drilling Down for Black Gold](http://www.inschinvest.com/downloads/download.php?id=67" \t "_blank)** - March 1, 2012  The article is dedicated to the Crude Oil market and prices. We first review the supply and demand for oil as main factors to price formation. Then we look for insights in the last 60 years of oil prices that may provide guidance to the likely oil price evolution in current markets. We then review relationship between the oil price and inflation, followed by performance statistics and the tail behaviour of the WTI crude oil index. Finally, we provide an outlook for oil prices and their volatility and suggest less risky ways to achieve exposure to crude oil.  The report was occasioned by the launch of [**Black Gold**](http://www.inschinvest.com/blackgold.php), an innovative investment instrument with a bond-like structure secured by fully proven oil resources.  **[An Investment and Beatles Anthology](http://www.inschinvest.com/downloads/download.php?id=61" \t "_blank)** - February 2, 2012  You may be familiar with a new book that has been published on the subject of Hedge Funds: [The Hedge Fund Mirage: The Illusion of Big Money and Why It's Too Good to Be True](http://eu.wiley.com/WileyCDA/WileyTitle/productCd-1118164318.html), by Simon Lack. The book appears to court attention and has received a considerable amount of it.  Christopher Cruden, CEO of Insch Capital Management AG, has written an “Unsolicited Book Review”, wishing to present a more balanced view of the HF industry. The review has already attracted positive comments from journalists and AIMA.  **[The Accuracy Of 20/20 Hindsight](http://www.inschinvest.com/downloads/download.php?id=43" \t "_blank)** - December 22, 2011  In our 2011 reports, we explored various instruments available in the markets from a return and risk perspective. Was our research helpful? Were we any good at it? To find out, we now provide an end-of-year investment review and a reassessment of our findings.  **[PIBS or PUBS Permanent Interest Bearing Shares or Probably Uninteresting Building Societies?](http://www.inschinvest.com/downloads/download.php?id=42" \t "_blank) -** November 30, 2011  Following our study of bonds and structured notes, we now turn our attention to the risks and returns pertaining to PIBS - Permanent Interest Bearing Shares. PIBS are a niche high yield instrument issued by UK building societies. In the research paper we cover their advantages and risks and assess their suitability for investor portfolios.  **[Deconstructing Structured Products](http://www.inschinvest.com/downloads/download.php?id=32" \t "_blank)** - October 31, 2011  In this research article we show various practical approaches to the simulation of structured note payoffs and performance analysis, and illustrate these approaches with instruments available in the market for structured notes. The article will be of interest mainly to investors who hold or wish to hold structured products in their portfolios, as well as to security analysts, financial advisors, and portfolio risk managers.  **[VAR: What Is It Good For?](http://www.inschinvest.com/downloads/download.php?id=22" \t "_blank)** - August 31, 2011  In August 2011, the S&P500 was down 6.2%. It was the worst August month for the S&P500 since August 2001, and the worst month since May 2010. September may well be even worse. Historically, September has been the worst month of the year for the S&P500, Dow and NASDAQ Composite. For Hedge Funds, August 2011 was the fourth worst on record with an estimated average decline of -4.10%. With all this market carnage in mind, it seems appropriate to look at one particular investment management sector – Commodity Trading Advisors (CTAs) – that has done rather well in circumstances like this. In particular, we look at the CTA sector in terms of Value At Risk (VAR). We define and explain the various types of VAR measures and then apply it to the CTA sector. We look at five different VAR measures over time and we find that the distribution of tail losses is stationary over five year and three year periods.  For the motivation behind this report, see [here](http://www.cnbc.com/id/44329134) and [here](http://www.cnbc.com/id/44320998).  **[The Importance of Being Earnest](http://www.inschinvest.com/downloads/download.php?id=27" \t "_blank)** - July 14, 2011  A trivial comedy for serious people and an application of the Insch Index and Insch Ratio to major UK listed traditional asset managers.  This report is accompanied by ["A Primer for ‘The Importance of Being Earnest…’ and the ‘Risk To Revenue Analysis’"](http://www.inschinvest.com/en/downloads/doc_download/168-a-primer-for-the-importance-of-being-earnest--and-the-risk-to-revenue-reports).  You can click here for more detailed results on a [5 year track record](http://www.inschinvest.com/en/downloads/doc_download/164-ukdata5y), [10 year track record](http://www.inschinvest.com/en/downloads/doc_download/165-ukdata10y), [between 1 Jan 2000 and 30 Jun 2011](http://www.inschinvest.com/en/downloads/doc_download/166-ukdata2000).  **[With Friends Like These...](http://www.inschinvest.com/images/docs/research/iq_with_friends_like_these_06_11.pdf" \t "_blank)** - June 9, 2011  We make a detailed analysis of the performance and risks taken by asset managers in terms of their clients’ capital and their own revenues. We introduce two simple measures for evaluating managers' performance: the Insch Ratio and the Insch Index. The Insch Ratio compares the revenues of clients to those of the manager, while the Insch Index compounds 1% p.a. We find that a large number of traditional funds managed by banks fail to beat the Insch Index, and also to provide clients earnings above the size of management fees. Finally, we recommend asset managers to hedge their own revenues from the asset management business, endangered by market risk.  **[The Trend Can Be Your Friend](http://www.inschinvest.com/images/docs/research/iq_the_trend_can_be_your_friend_05_11.pdf" \t "_blank)** - May 18, 2011  We argue that while real returns can be achieved in foreign exchange through directional (value, carry and volatility) and non-directional (trend-following) strategies, trend-following has an alpha-potential by implicitly managing exposures over time to directional strategies. We verify this claim by conducting a simple statistical exercise and assessing the exposures of the Insch Kintillo systematic trend-following program to a family of FX strategy indices.  **[Central Bank Intervention](http://www.inschinvest.com/images/docs/research/iq_central_bank_intervention_04_11.pdf" \t "_blank)** - April 20, 2011  If the trend is your friend, is central bank intervention your enemy? In this article we take the viewpoint of trend-following currency traders in establishing whether past episodes of central bank intervention have had an adverse impact on the profitability of trend-following strategies.  **[All That Glisters...](http://www.inschinvest.com/images/docs/research/iq_all_that_glisters_03_11.pdf" \t "_blank)** - March 14, 2011  There are many and various reasons to invest in gold. What type of gold investment is the best and why? We compared the performances of three alternative gold investment vehicles with the performance of physical gold over the last decade, to provide an answer to this question.  **[Precious Metals and the Validity of Technical Analysis](http://www.inschinvest.com/images/docs/research/iq_gold_tech_analysis_02_11.pdf" \t "_blank)** - February 8, 2011  The January cutback in the price of gold was identified by technical analysts with a head-and-shoulders top. The article argues that the segregation of market demand for precious metals leaves investment tools such as technical analysis with little and diminishing relevance as means of forecasting precious metal prices.  **[Warning: Bonds are Risky Investments](http://www.inschinvest.com/images/docs/research/iq_bond_investments_are_risky_01_11.pdf" \t "_blank)** - January 13, 2011  This article investigates the theoretical predictions and empirical behaviour of bond prices, and provides an outlook for bond investing in 2011. We believe that we are entering a new era of rising yields and reduced bond valuations. Bondholders, beware. | **Published, quoted or mentioned in:**  **[Commodities Now - Mar 2015](http://www.commodities-now.com/reports/portfolio-management/18511-the-ecb-merry-go-round.html" \t "_blank), “*The ECB Merry-Go-Round”***  Published in [***Profit & Loss,*** September 2014](http://magazine.profit-loss.com/september-2014/index.html) (subscription required)  Some excerpts are published in the [***Hedge Fund Review*** and on ***Risk.net***](http://www.risk.net/hedge-funds-review/opinion/2334311/insch-the-more-equity-markets-fall-the-better) (subscription required)  Published under the title **“Drilling Down To Secure Yield”** in  ***[Commodities Now](http://inschinvest.com/downloads/download.php?id=143" \t "_blank)* [- Mar 2013](http://inschinvest.com/downloads/download.php?id=143" \t "_blank)**.  An Italian version of this article was published in [***Ticino Management* - *Speciale Fondi***](http://www.ticinomanagement.ch/pages/home/edizione-elettronica.aspx) of Jan-Feb.2013).  Our opinion on the Libor fair value was also published in ***Futures and Options World***, [“Is Libor a Trustworthy Index?”](http://www.fow.com/3103310/Purnur-and-Cruden-Is-Libor-a-trustworthy-index.html) (registration required)      A version of this article was published in the ***[FX Week Quarterly](http://www.fxweek.com/digital_assets/6091/FXI_Q4_2012_Web.pdf" \t "_blank)*** [issue of Dec.2012-Feb. 2013, with the title](http://www.fxweek.com/digital_assets/6091/FXI_Q4_2012_Web.pdf" \t "_blank) **["Responding to Change"](http://www.fxweek.com/digital_assets/6091/FXI_Q4_2012_Web.pdf" \t "_blank)**.  Published in the ***[Profit & Loss Magazine](http://www.profit-loss.com/" \t "_blank)*** [issue of Sep.2012, with the title "The Swiss Emmentaler Trade: A Strategy with Holes"](http://www.profit-loss.com/" \t "_blank) (subscription required).  Our findings are also mentioned in the ***Financial News*** article [“The currency mountain with more holes than a Swiss cheese”](http://www.efinancialnews.com/story/2012-09-24/the-currency-mountain-with-more-holes-than-a-swiss-cheese) by William Hutchings      The view we expressed on bonds and interest rates was published by **II Searches, *Global Money Management*** in Apr.2012 under the title “**Research Predicts Interest Rate Increase, Bond Losses**”  The **Black Gold** launch was announced in the newspaper ***Giornale del Popolo***, in the ***Ticino Management*** issue of April 2012, in ***Hedge Fund Intelligence***, in ***The Hedge Fund Journal***, on ***Reuters*** and on ***HedgeWeek.***  The “Unsolicited Book Review” was published in the form of an in terview ***International Alternative Investment Review*** issue of Jan-Mar.2012  and in the ***Hedge Fund Journal*** as [“A Response to Simon Lack. A defence of what hedge funds can offer investors”](http://www.thehedgefundjournal.com/node/7484), in Jun.2012  The topic was further developed (after discussions with Insch) by the AIMA Research Committee in the paper of Aug.2012, [“Methodological, mathematical and factual errors in ‘The Hedge Fund Mirage’ ”](http://www.aima.org/en/document-summary/index.cfm/docid/07CCBA3C-351D-4127-90674D19B0578AD1)[[1]](#footnote-1)  A shortened version of this article is published in [**The Hedge Fund Journal**](http://www.thehedgefundjournal.com/index.php), [December 2011 issue](http://www.thehedgefundjournal.com/magazine/): ["VAR: What Is It Really Good For?"](http://www.thehedgefundjournal.com/magazine/201112/commentary/insch-quantrend.php) (registration required).  Our findings are mentioned in the **Financial Times**, ["Why I'm still not Wilde about fund managers"](http://www.ft.com/intl/cms/s/2/2fd9a264-b9fe-11e0-b7a9-00144feabdc0.html#axzz1TrNuSUbh), by Matthew Vincent[[2]](#footnote-2),  In [***Global Money Management***](http://www.globalmoneymanagement.com/Article.aspx?ArticleID=2874746), ["Study Questions Top Managers’ Returns Reporting"](http://specialfxforwizards.blogspot.com/2011/07/insch-study-questions-top-uk-managers.html) by Peter Walker, and also in ***Investment Europe*** and in ***Money Marketing***.  Our findings are mentioned in an article published on Reuters on Thursday, 9th of June, by Martin de Sa'Pinto, [*"Swiss bank fund managers made more than clients-Insch"*](http://uk.reuters.com/article/2011/06/09/switzerland-banks-idUKLDE7551KY20110609).  Read also our contribution in ***FX Invest***, October 2011: ["Intervention: friend or foe?"[[3]](#footnote-3)](http://www.fxweek.com/digital_assets/3493/FXInvest_October_2011.pdf) |
|  |  |

1. A recent analysis by Insch Quantrend compared the performance of hedge funds and mutual funds with six of the largest listed managers on the London Stock Exchange (that have reported their OEICS and unit trusts). Over the past five years the average annual return generated by the OEIC funds was 1.41% (equal weighted), while their total return was 11.1% equal weighted.

   However, when fees or the sales charge were taken into account (the average account fee is estimated to be 4.8%), investors would have received an average annual return of 1.5% and total return of 5.8%. In comparison, the average annual return for hedge funds was 2.65% and the total return was 13.95% (HFRI Composite index) – more than twice the OEIC average. Approximately 69% of the OEIC funds failed to match hedge fund returns, according to the study. [↑](#footnote-ref-1)
2. From the FT article:

   “Then, just as I was trying to look more kindly on the industry, I was sent a new study of the fees and returns generated by fund managers in the UK. It came from Swiss firm Insch Capital Management and was titled, intriguingly: “The Importance Of Being Earnest: A Trivial Comedy For Serious People”. That subtitle was the second one used by Oscar Wilde for his 1895 play – the original was “A Serious Comedy for Trivial People”. But, given the seriousness of Insch’s critique of fund managers folly, I think they should have gone with the earlier version.

   For the study, Insch analysed 108 funds run by six major UK firms: [Schroders](http://markets.ft.com/tearsheets/performance.asp?s=uk:SDR), [Henderson](http://markets.ft.com/tearsheets/performance.asp?s=uk:HGG), Jupiter, [St James’s Place](http://markets.ft.com/tearsheets/performance.asp?s=uk:STJ), [Aberdeen](http://markets.ft.com/tearsheets/performance.asp?s=uk:ADN) and [F&C](http://markets.ft.com/tearsheets/performance.asp?s=uk:FCAM). It found that, for the period January 2000 to May 2011:

   ●36.5 per cent of the funds failed to achieve average annual returns of more than 2 per cent;

   ●99 per cent of the funds are “in a drawdown” (a euphemism for making a loss).

   I was willing to be indulgent, as the FTSE 100 index was down by 5 per cent over the same period and the average tracker fund by more.

   Then I read on . . .

   ●60.8 per cent of the funds made more in fees for the manager than they did for investors with a one-year investment horizon;

   ●25.7 per cent of the funds made more in fees for the manager than they did for investors over the entire period.

   How can this be acceptable? While the study made no further reference to Wilde’s work, to me, the subtext was clear: “To lose one investor money, Mr Fund Manager, may be regarded as a misfortune. To lose most of them money looks like carelessness.” But, realising that this recast me as the Lady Bracknell of financial journalism, I preferred to leave the disdain to Insch chief executive Christopher Cruden: “Traditional asset managers are paid a sales charge and a fee that is a percentage of the funds under management. It is why they are always urging investors to put new money into their funds. This appears not to be in the best interests of investors.”

   Quite. Before harrumphing into my handbag, though, I wondered if this was the whole story. Turning the page, I came across this apparently trivial line: “The report also shows that the inflows and outflows of managed assets follow performance.” Rather like Wilde’s matriarch on encountering Ernest’s childhood governess, I thought something about this looked troublingly familiar.” [↑](#footnote-ref-2)
3. Saima Farooqi, FX-Invest: "The worsening crisis in the eurozone, compounded by the rating agency downgrade of the US, had already led to the kind of risk selloff not seen since October 2008. But so desperate became the search for a safe haven, that the seemingly unstoppable rise of the Swiss franc forced authorities there to peg the currency to the euro, in a shock move on September 6 that wiped off nearly 9% from the franc in 15 minutes (see page 18). But does central bank intervention really damage trend-followers? Insch Capital Management’s Christopher Cruden and Purnur Schneider believe to the contrary (page 24–26)." [↑](#footnote-ref-3)