IR&M

www.ineichen-rm.com

Ineichen Research and Management ("IR&M") is a research firm focusing on investment themes related to absolute returns and risk management.

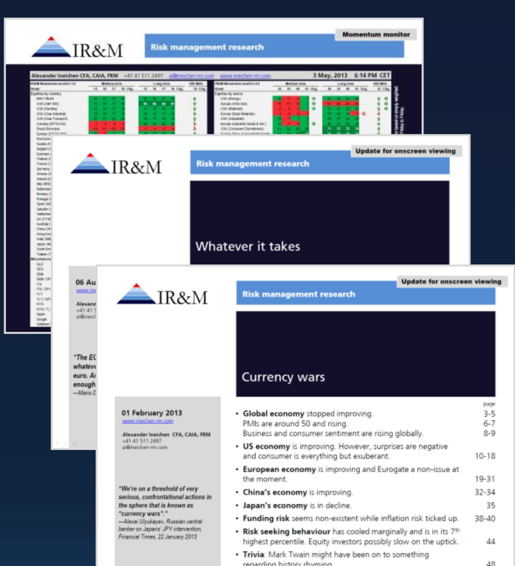
Risk management research

The essence of investment management is the management of risks, not the management of returns.
—Benjamin Graham

IR&M's risk management research was designed to improve investment decision making. The basic premise is the idea that long-term success is dependent on survival and avoidance of large losses, i.e., the management of risk, not returns.

One of the greatest pieces of economic wisdom is to know what you do not know.
—John Kenneth Galbraith

IR&M's risk management research is fact based. Conclusions are drawn from changing conditions, rather than opinions. As General John Sedgwick put it: "They couldn't hit an elephant at this dist..."



Remember always: Risk is not about uncertainty but about the unknown, the inescapable darkness of the future.
—Peter Bernstein

IR&M's risk management research is not a quantitative exercise. Risk is multi-faceted and includes policy errors related to socio-economic or monetary experiments, corruption, expropriation, negative compounding of capital, war, etc.
The research consists of four quarterly theme pieces, 25-35 updates, and 45-50 momentum monitors per year.

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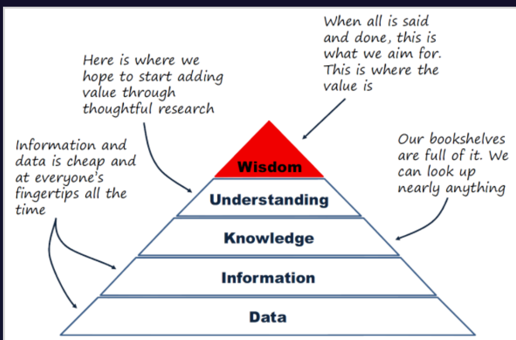
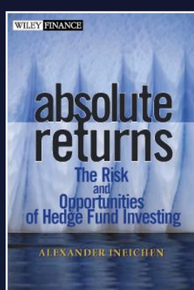
Logo



Praise for Absolute Returns



"The world of investing floats on a vast sea of words, most of which are obvious, simple-minded, and clichés, and all of those are dangerous to financial health. The story of this book bears no relation to all that stuff. Ineichen's message is original, powerful, comprehensive, and essential to robust financial health. The literary clarity he blends with his financial wisdom is an additional blessing."
—Peter Bernstein

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Samples:
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Philosophy

- The absolute return investment philosophy makes sense while the relative return investment philosophy does not.
- Active risk management is the key to "absolute returns" (i.e. long-term positive compounding of capital) and therefore the key discipline in investment management.
- Large losses kill the rate at which capital compounds and are not good for one's financial and mental health. All investors are loss averse, not risk averse.
- Active risk management is a craft, neither a science nor an art. The first principle of risk management is "learning by doing," i.e. experience matters.
- Most of the risk management literature is about risk measurement, rather than risk management. Risk management is about responsibility, not models.
- Most of the risk management literature is focused on risk and volatility, rather than uncertainty. Investors need to get compensated for bearing uncertainty.
- Active risk management and continuous investment success is difficult. We are sceptical of all the academic research suggesting otherwise.
- Markets might or might not be forecastable; active risk management is doable and worthwhile in any case.
- Many axioms in economics and finance (rational expectations, efficient and complete markets, etc.) are wrong and expensive to investors and the system alike.
- Knowledge, understanding, insight, perspective, and, ideally, applied wisdom improves the quality of investment decisions; more granular data does not.
- When it comes to understanding, most of the detail simply does not matter. Common sense trumps minutea.
- Yes, the devil is in the detail. But if you get the big picture wrong, you need not worry about detail.
- Leonardo da Vinci hit the proverbial nail on its head: "Simplicity is the ultimate sophistication."