



The Enforcer & the Brown M&Ms

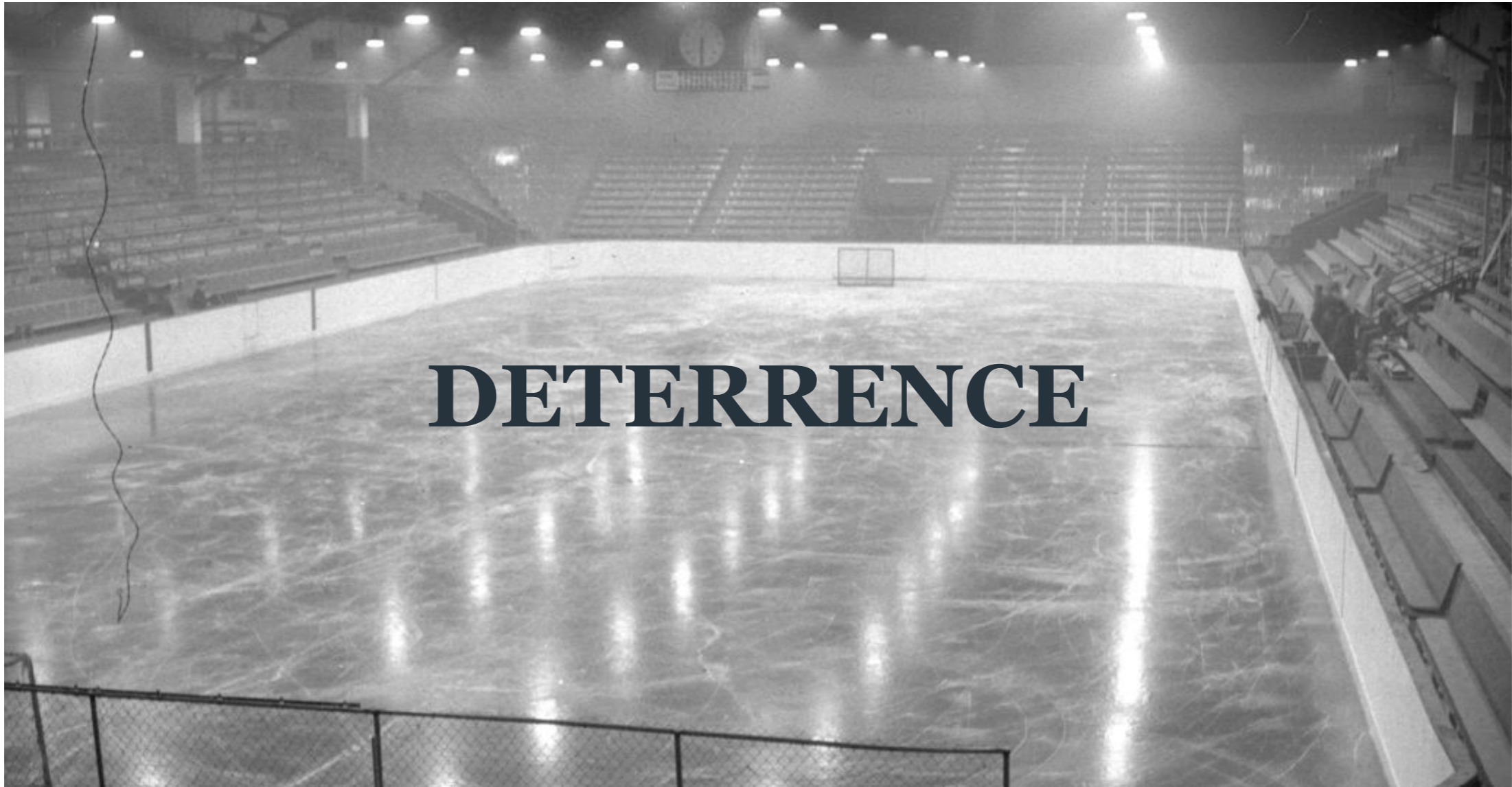
*What hockey fights and rock
concerts can teach us about
investment operations*



Mike Thomson
Partner

What does a hockey enforcer have in common with a bowl of M&Ms?









Philadelphia Flyers, 2001





Fruit

Fresh fruit platter, including apples, oranges, grapes, pears, melons,
kiwi fruit and whole bananas

Hot Drinks

Hot coffee (brewed, not instant)
Hot water (for tea)
Lipton tea bags
Natural and herbal tea bags (e.g., Celestial Seasonings)
One (1) lb. Tupelo honey
Twelve (12) fresh lemons (with knife and cutting board)
Cream and sugar

NOTE: Water and coffee must be kept hot continuously with electric hot plates,
urns or other suitable devices.

Munchies

Potato chips with assorted dips
Nuts
Pretzels
➔ M & M's (WARNING: ABSOLUTELY NO BROWN ONES)
Twelve (12) Reese's peanut butter cups
Twelve (12) assorted Dannon yogurt (on ice)





A proxy for everything else



A signal in the noise



Investment Operations



The Enforcer model in Investment Operations



The Brown M&M model in Investment Operations



The gap between perception and reality



“The absence of disaster is not the same as the absence of risk.”



The system is changing




1. From batch to real-time
2. From a chain to a network
3. From human judgement to machine-scale decisions




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Risk isn't where you think it is


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1. Incomplete reference data
 2. Misaligned pricing sources
 3. Private market opacity


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Three things

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1. Build your canaries deliberately
 2. Make your deterrents credible
 3. Learn to tell the story

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