

Buffett's Hedge Fund Bet

We alluded to this in May's newsletter. About to lose a \$1MM bet with Warren Buffett over whether hedge funds could beat stocks over ten years, hedge fund investor Ted Seides has brazenly shunned obscurity and instead offered an amusing public justification. It can be summarized thus: although I lost money I wasn't wrong. I'll refrain from saying too much more, although Seides offers a target-rich environment. While the comments on articles are rarely worth perusing, the dozens already posted with his article offer a predictable real world riposte. Seides reminds me of a proprietary trader who once worked for me at JPMorgan. His trading losses were similarly not his fault, but were the unavoidable consequence of intelligent bets suffering from unforeseeable outcomes. He later went on to be a hedge fund investor (see *Wall Street Potholes* Pp 43-44).