The Nature of Investing

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01. HABITATS
Physical habitat

Photos: K.Collins
Philosophical Habitat

Photo: K. Collins
Investing is embodied belief.
Professional Habitat - THEN

Image: Wall Street movie c.1987, via wealthmanagement.com
Professional Habitat - NOW

Image: SeekingAlpha
We have become the tools of our tools.

- Henry David Thoreau
02. THE CHALLENGE
BIG GIANT INVESTMENT ISSUE:

RISK vs. UNCERTAINTY
THE EDGE OF THE MAP

Image: Carta Marina, Olaus Magnus, 16th C
RISK

- “Known unknowns”
- Consistency is key
- Standardization
- Specialization
- Engineered models

UNCERTAINTY

- “Unknown unknowns”
- Adaptation is key
- Diversity
- Creativity
- Natural models
It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is most adaptable to change.

- Charles Darwin
Honeybee Moment

Photo Credit: H. Cohen
03. FOSTERING ADAPTATION
WWND?
(What Would Nature Do?)
Look deep into nature, and then you will understand everything better.

- Albert Einstein
Investing IN nature
Investing WITH nature
Investing AS nature
NUDIBRANCH

Image: Parent Gery, Wikimedia Commons
RESPONDING TO VOLATILITY

Toco Toucan
Image: Wiki Commons
LEAFCUTTER ANT
Photo: Getty Images
COLLABORATION

DESERT WOODRAT
Image by Kevin Kohl, via Ed Yong/ Ntnl Geographic
04. CASE STUDY: SOIL
Before

Photo: K. Collins
So, what happened?

* Volume increase
* Technological change
* Environmental shift
US Financial Crisis

LEH stock price, 1994-2012
So, what happened?

* Volume increase
* Technological change
* Environmental shift
Root systems - grasslands

Photo: USDA, EPA
Mycorrhizal fungi

Photo via WikiCommons
05. CROPS vs. ROOTS
GOOD YIELDS

* Careful tending
* Favorable weather
* Healthy soil
* Strong roots
STRONG ROOTS

* Clear function
* Local connection
* Mutual exchange
* Diverse ecosystem
Feed the soil, not the plant.

- Eliot Coleman
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