

February 13, 2018

Dear Guardian Readers and Editor of the Guardian:

I am deeply disappointed in the recent Guardian article, "Making millions from chaos: the fund cashing in on the stock market collapse" by Rupert Neate, highlighting my firm, Artemis Capital Management and myself, Christopher Cole. With that in mind, let me apologize to the readers of The Guardian for a gross misrepresentation of what my firm does, which runs counter to our values.

The article is an example of sensationalist journalism, where under the guise of a request for market commentary, my comments were quoted in part, rather than taken in context, in order to depict me as a grandiose high stakes gambler. The article fundamentally misunderstands the hedge fund industry, Artemis's long volatility strategy, and how institutional portfolio management actually works.

When Mr. Neate first contacted me, it was under an alternative pretense about "gathering market commentary about the recent sell off and volatility spike". It is rather normal for credible journalists to seek my analysis on the topic of stock market volatility, and we are routinely quoted in the press. While the topic of the market was discussed initially, the line of questioning quickly devolved into a series of aggressive, probing, and highly uncomfortable questions aimed at Artemis's performance, what I planned to do with my 'winnings', my individual net worth, all of which I repeatedly declined to answer *on more than one occasion*. I never once stated that I personally made "millions" from a market sell-off, and this was entirely inferred by the author of the article, after I declined to comment. In retrospect, the interview should have been terminated at that point as the true intentions of the journalist were being revealed.

*Let me correct the image presented in the article. Artemis is not a gambling bet on other people's lives and savings. I'm not making the "Don't Pass Bet", and no one at Artemis is out there rooting for the market to collapse. It would be insultingly cavalier and reckless to disclose, let alone brag about, making millions of dollars at the expense of others' losses, as implied by Mr. Neate.*

*Contrary to this sensationalist journalism, long volatility is simply a protective investment. Institutional investors, including pensions and endowments, as well as accredited investors can include our long volatility strategy within their portfolio as a hedge against market crises. We are, in effect, a cost-effective form of portfolio insurance, pretty boring stuff that does not make for interesting conversation at a cocktail party.*

**If we do our jobs right during market turmoil and heightened volatility, teachers and doctors won't be laid off, life savings and retirement plans are not critically harmed, and investors have a solid defensive position in their portfolio. This is what I meant when I told Mr. Neate that my clients would be "very pleased" by our performance. The exact statement in context was "I expect investors will be very pleased that we followed our mandate", which means we are executing the strategy we promised to implement. Anything beyond that, is inference and innuendo.**

*Unfortunately the truth does not sell newspaper, but sensationalism does.*



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Despite all this, the article does accurately capture my view that we are capitulating toward an uncontrollable financial crisis in the next few years. In our research, Artemis has been extremely critical of central bank policies worldwide. I have said on multiple occasions how the policies of central banks have contributed to and magnified income disparity across the globe, which threatens to destabilize democracy worldwide and cause a financial crash. I discussed this very issue in my paper from October 2015, "Volatility and the Prisoner's Dilemma" (<http://www.artemiscm.com/welcome#research>):

*"Global Capitalism is trapped in its own Prisoner's Dilemma; forty four years after the end of the Bretton Woods System global central banks have manipulated the cost of risk in a competition of devaluation leading to a dangerous build up in debt and leverage, lower risk premiums, income disparity, and greater probability of tail events on both sides of the return distribution."*

*"The current monetary experiment, left unchecked, will inevitably threaten the very fabric of our democracy."*

Income disparity is not a laughing matter. My line *about the volcanic island-base was used to diffuse tension over a shockingly personal line of questions lobbied by Mr. Neate about my net worth. I regret it.* Contrary to my joke, I'm not a Bond-villain. The goal of Artemis is not to make money off the backs of investor misfortune during a market crisis. Our goal is to protect our clients against excess market losses due to policy failure.

I sincerely apologize to the readers of the Guardian or anyone offended by the misrepresentation of our values in this article, and will do my best to be smarter about these media relations in the future.

Thank you,

Christopher Cole, CFA  
Founder & CIO, Artemis Capital