



**Published Date:** July 3<sup>rd</sup>, 2021

### ***What Ted's Thinking***

#### **The Excitement of Optionality**

After months of work, we are launching two of four new initiatives for Capital Allocators. The first is Manager Meetings, a new podcast in which managers are interviewed by one of their clients. The concept came to me one morning and feels like a triple win: great for the managers to share their story, great for the host to build their relationship with the manager, and great for the community to learn about investment opportunities that have buy-in from a high-quality investor. After all, everyone likes to be first to be the second investor. We have a dozen interviews in the queue and will see what transpires once the word gets out.

The second is developing our premium membership. We created a new website and ripped out the backend to spread the word more broadly, learn what members value, deliver more of it, and cut distractions on the rest. We are learning quickly how to use the data we gather to enhance our content.

The other two initiatives will follow: the first cohort of Capital Allocators University in September and the launch of an investment fund for allocators, managers, and friends next year. More on those later.

Each initiative helps spin our flywheel faster to compound knowledge and relationships. It's also a ton of fun and exciting to develop something new that creates optionality.

The precipice of these new ventures reminds me of every time I've made a new investment. I do a ton of research upfront, think I have something special, and write the ticket. Each time I've funded a new manager, bought a new stock, or grabbed a new crypto token, my optimism about the outcome reigns supreme.

Behaviorally, this excitement exemplifies academic research on overconfidence. We are biased to believe that portfolio changes will boost returns and that our shiny new toy is brighter than the legacy position we exit. Even though investments generally fall short of our rosier expectations, we are hard-wired to embrace the optionality of the next decision.

Across our new initiatives, I found myself wondering if I am suffering from the same overconfidence bias. I decided to stay wildly optimistic anyway. It's a heck of a lot more fun than the alternative.