Elliot Turner - Growth At A Reasonable Price Defined
The Business Brew

Elliot Turner is a co-founder and Managing Partner, CIO at RGA Investment Advisors, LLC. RGA Investment Advisors runs a long-term, low turnover, growth at a reasonable price investment strategy seeking out global opportunities. Elliot focuses on discovering and analyzing long-term, high-quality investment opportunities, and strategic portfolio management.

In this episode Elliot joins The Business Brew to discuss his days as a Phish podcast host, being a business analyst, his thoughts on the COVID 19 policy response, why he gained conviction through March 2020, Twitter, and creativity as an investor. Elliot is incredibly generous giving knowledge to the investment community and sharing his work. He's one of the investors Bill really admires.

We hope you enjoy the conversation. Thank you for listening!

[The Business Brew theme]

Bill: Ladies and gentlemen, welcome to The Business Brew. I'm your host Bill Brewster. I'm joined this week by Elliot Turner. I don't know what to say about Elliot, except for I think he's the man. That's my whole intro. I love him as an investor. I love him as a human. He's the man. That's all I got. This is not financial advice, investment advice, or anything of the sort. We're not your fiduciary, do your own due diligence, get your advice elsewhere. This is entertainment purposes only. With that out of the way, one of my favorite people in the world, Elliot, how you doing?

Elliot: Doing great, Bill, thank you. Too kind an intro. I could say the same right back at you, because what you do, how you share your learning, and do it with integrity, all along the way, it's awesome. I've learned a lot from how you've approached Twitter, the podcast world, everything. It's been great to get to know you.

Bill: Well, I appreciate that, sir. I've learned a lot from you as well. Hopefully, the listeners will today also. First thing they need to learn-- Let's talk about your days as a Phish podcaster.

Elliot: This was in the very early days of the podcast worlds. One of my good friends, who's now working at Google, at the time was working, I think it was at Digitas, one of the big media companies and he was tasked with learning about new media, and what it could all do. This was 2004, I graduated college, started law school right away. On the eve of going to law school, I went to the Phish last tour concert ever in Coventry, Vermont, drove straight from there to law school orientation, and I felt there was a hole in my life.

Bill: [laughs]

Elliot: I called it the end of my youth when Phish was giving up at that time, I was like, “Wow, I'm a grown up now. This sucks.”

Bill: Yeah, that does suck.

Elliot: There's a song, *Mike's Song* in Phish lore[, where Mike Gordon's the bassist, and it's a song that he starts the lyrics with the words "Trapped in time." So, our podcast was called Trapped in Time, harkening back to how I long for my youth, which was only--

Bill: [laughs]

Elliot: My friend was very, very well steeped in all these brand-new technologies. He was also the same person who created my Twitter account several years later. He really was tasked with staying up on any emergent media. We had to build the guts of the site. There was no infrastructure that you could do podcasting on. There was RSS, which was a rail to share things. You can see in the internet archive, you can look at our site, we even had to explain what RSS was. Me and one other Phish friend and my digital tech friend together putting this podcast, building it, I think it was our second one ever got over 20,000 downloads and crashed the server of the site-

Bill: That's crazy.

Elliot: -we had put together. It was wild, we got in touch with the Phish archivists who controlled the rights to their catalog. They basically told us, "Well, you don't have the right to do it. Just be quiet and don't tell us." [crosstalk]

Bill: [laughs] That's what we want out of that, right?

Elliot: Yeah.

Bill: That's awesome.

Elliot: There's an angle there. Like the jam band world, there's a great article, and I think it's wired about how the Grateful Dead, we're at this nexus of exploring new media and what it could do for technology. Early on the Dead had a section in their concerts where tapers could come in, and taping sounds like so damn old school now, but once upon a time, it was the really big thing. These tapers would come to their concerts, and they could set up their microphones, and they could record a whole concert. They could take this tape and create 1000s of copies and share it with their fans.

Bill: Oh, so they were okay with the bootlegging?

Elliot: The Dead were the first people that used that bootlegging to tap into virality because I can make a tape, I could copy it, and I could tell my friends, like, "Here, you go take this and give it a listen. What do you think?" My introduction to the jam band world actually, I think, has a connection to this all. I went to a sleepaway camp in the Catskills in Pennsylvania, and one of my counselors, his name was Shoebox.

Bill: [laughs]

Elliot: Obviously not his real name. Everyone called him Shoebox, and why was this guy Shoebox? The entire underneath of his bed was his very neatly organized shoebox collections of tapes of the Grateful Dead and Phish, and he wouldn't go anywhere without it. This guy was allowed to bring one trunk and one duffel-- Obviously, wearing dirty clothes because he was a dirty hippie. He instead of bringing one duffel of clothes with him [crosstalk] he brought his duffel of shoeboxes of Phish and Grateful Dead tapes. That was my introduction to that entire world. To pull it back, these people, this whole sphere of the music world is very forward in how they deploy technology to tap into virality, to create a really organic connection with the audience, to really feel one, even though you're not in the same place, like I could feel I'm at a live concert listening to some of these live recordings where you hear the audience, you might hear the guy knock his beer over and laugh about it. Obviously, you're not listening to it for a flawless sound experience.

Bill: That's right.

Elliot: But it's pretty neat. So, we created this podcast, called it Trapped in Time, and we really just wanted to do a combination of explore what could be in the web world and tap into something that we loved experiencing in person, and it was pretty neat.

Bill: You were just a little early on the adoption curve of podcasts.

Elliot: Yeah, but we had the eyeballs, right?

Bill: 20,000 listens is legit.

Elliot: Mm-hmm.

Bill: My dad growing up, I used to get all these envelopes from Japan. It was all kinds of like Van Morrison bootlegs. He was just a diehard Van guy. The weird thing is he never liked the Beatles, he always felt like they got Van's-- whatever attention should have been on Van they got.

Elliot: Yeah, Van's the man. My wife and I, our wedding song, *Crazy Love* by Van.

Bill: Yeah, that's a good song.

Elliot: Yeah, big fan. Lot of respect.

Bill: I saw him once. The amount of instruments he played in that one concert, it was crazy. I was like, "Dude, this guy is just like a genius."

Elliot: Have you ever seen *The Last Waltz*?

Bill: Uh-huh.

Elliot: Oh man, the most epic Van Morrison scene. He had stage fright. He was scared of being in front of audiences most of his career. In *The Last Waltz*, the band's last concert ever, at the Winterland, it was like Thanksgiving in the early 70s or something like that. Van Morrison wears a purple sequence jumpsuit and does the song, *Caravan*, and does these like running leg kicks across the stage and it's one of the most amazing things ever.

Bill: Wow.

Elliot: I'll have to check that out. The only--

Bill: *The Last Waltz*, one of the great rock documentaries of all time.

Elliot: All right.

Bill: I'll check that out. I would like that. I'm sure my dad seen it, but I'm definitely going to tell him to watch it. He'll love it. He does crazy stuff, like he's flown to Europe to see Van play. He's seen Van-- I hear like some of you Phish fans talk about how often you've seen Phish and he's sort of the same with Van. How many shows have you seen?

Elliot: God, I definitely lost count. It's upwards of hundred.

Bill: What a monster.

Elliot: My phase has obviously tapered off a bit.

Bill: [chuckles] Yeah, between your newfound financial podcast fame, and running a fund and whatnot, I guess you don't have the time to always go--

Elliot: And the wife and kids.

Bill: Yeah, but that's secondary, right? That doesn't matter. [laughs]

Elliot: Yeah. I could work from anywhere these days. It's also exhausting, man. I don't know how I used to do it. When I go to two nights in a row now of Phish, and now being pre-COVID, obviously, I'm just wiped out. I don't know how I used to do many nights driving from one city to the next, hardly sleeping.

Bill: The young body can take a lot, the older body cannot.

Elliot: Exactly, right. Yeah, my youth did end when that podcast started.

Bill: How did you get the 20,000-- back in the day, what were people downloading you on? What year are we talking?

Elliot: This is 2004 to 2005.

Bill: Yeah. What are people listening to you on there? They're downloading the actual mp3 and then listening on their computer or whatever?

Elliot: Yeah, exactly. You download the mp3, you could do it either into iTunes at the time, or you could download it on your computer. From iTunes, you get it to your iPod.

Bill: Yeah, the one with the wheel that used to circle around.

Elliot: Exactly. The iPod was such a transformational thing for me. I spent so many hours sitting at my computer, ripping my Phish CDs that I had, shoeboxes evolved to my CD book. I was like labeling-- on certain ones that I knew I wanted to listen to a lot, I was labeling the tracks one by one. Track tags didn't organically flow with the music at the time. So, I'd have to label which concert it was, which track each song was, and these things are so easy now. We take it for granted. There's so many great resources like-- I mean Phish as a service is a thing by the way. I subscribe to Live Phish plug.

Bill: [crosstalk] -I love it.

Elliot: Yeah, exactly. I'd imagine, if you value with SaaS multiples, holy cow, lifetime values of this audience are through the roof. I've been a sub now for, God, I mean, it's at least something like five years. I know I'm going to be doing this for as long as I'm alive.

Bill: Well, your growth is probably lower, but your certainty of subs is probably way stronger than the average business.

Elliot: Damn right. Yeah, but they layer on new things each year. They have an ecosystem where I'm buying some merchandise from time to time, there's some special releases that I tap into my sentiments. There's room to push ARPU up--

Bill: It's awesome.

Elliot: [crosstalk] -there's some one-off purchases that happen. It's pretty amazing. If you follow the business models of these people, of the jam bands, they're really interesting things. For a while the Allman Brothers were doing a thing where with a ticket, like pre-days where streaming was really prolific, with a ticket on your way out, you'd get a CD recording of the concert.

Bill: Oh, really?

Elliot: What Phish does now with your ticket with the digits on your Ticketmaster ticket, after any show, you could go into Live Phish, and if you're not a sub, you can enter the ticket digits and you get a free download of that show in either FLAC or mp3. I think it's really worth following what this community is doing and what it means for potential business models, potential opportunities in music. I think any band with a large following should really be paying attention because there's so many ways that you can really create an organic relationship with your fan base, and where that relationship is not disintermediated by anyone, it's you directly with your fans.

One of the examples I really love is during COVID, what Trey did on Twitch with eight Friday night Beacon concerts, were on Twitch, you could stream he did it for free. The request was each night, there was a different charity that he requested that you contribute to and really personal meaning to each of the charities. This concert, it really felt special, it felt like you were part of something that was like-- It was happening live, it wasn't just watching a recording. They also did their dinner and a movie series. Page would give you a recipe-- he's the keyboardist, he would give you a recipe before a concert. Then they share something from their archive one night a week. I really think there's a lot that everyone could learn just trying to see where they're going with that.

Bill: Yeah, that's really interesting. I didn't realize that they had done that. The amount of connection that you can have now to the people that you like, whether or not it's a podcast, or whatever it is, it's very cool. I have noticed the people that like Phish have always told me that they've been hyper-innovative on creating fan experiences that maybe is outside what most people used to think of doing.

Elliot: Absolutely. They've always been really into that. Think about the whole festival thing. When Bonnaroo started, God, I had to miss the first one. It was devastating. I went to this back in ‘02, I had to think how its evolved from the second one that I was at to now is just wild. It was really just like the misfits of society in some ways that were there in the beginning. It was jam bands, like it was filling a void from when Phish had done summer festivals and Phish wasn't around. The first one was when Phish was in their hiatus, so you went from Phish having toured for 20 years consecutively to stopping for five years. It was in this void that Bonnaroo started, and it was really filling a void for a very specific community, but now Bonnaroo is really commercial. There was a lot of disdain for that. I think it's even-- it’s owned by Live Nation now-

Bill: As most things are.

Elliot: -like the right to it. This group CG had proliferated, not just Bonnaroo, but other festivals around it. Then you look at things like Coachella, all this stuff exists thanks to what started in the jam band community. It's pretty cool. I think it's really where a lot of the trends start because they want to try something different. It's very experimental. There's a lot of trial and error. Some of my favorite quotes on testing and learning on putting yourself out there, knowing that you might fall flat, come from Trey or-- Mike Gordon has another one of my favorites. Failure being something that they're very willing to take. It happens. There are hard things that happened. I think one of the things that set Phish back in what's called Phish 2.0, so when they returned in New Year's 2002 to play through for four years. They played at--

Bill: That Miami show?

Elliot: Yeah, the Miami show [crosstalk] that one.

Bill: That was when they returned?

Elliot: That was the first time I was in Miami. [crosstalk]

Bill: With the one that George Clinton came out?

Elliot: [crosstalk] -before that the Miami show-- what's that?

Bill: Didn't George Clinton come out that show?

Elliot: Yeah. [crosstalk]

Bill: Yeah, dude, I was there too.

Elliot: It was the night before New Year.

Bill: Yes, I was there too.

Elliot: That was an epic night for me.

Bill: Yeah, that was fun.

Elliot: The first day was amazing. They played Ellie *Woman* that night, which was really cool. They'd never played that before in their entire catalogue. I could get into the weeds on my Phish. There was a point here, I think in Phish 2.0, what happened was part of what made them stop, I think. I Obviously, there's the whole Trey got addicted to hard drugs, which was really bad, but there's also a part of why I think he went down that route is, they had always been very willing to take these chances and to put themselves out there and fail. But the fan base got so damn critical, like they listened to a song that they played, and they'd be like, "Oh, Trey, flub this note at the minute 32nd mark. I can't believe he flubbed that note, he's played it a million times." People would just complain about, find the smallest little error, where they miss something and be like, "Ah, they don't have it anymore." I feel that got exhausting for them.

When they came back in 3.0, they're like, "Yeah, we're just going to have fun. We're just going to go out there. We're not going to be listening to people and saying, like, 'We're going to have to play certain songs.' We're just going to go and we're going to do this, because we want to do this, because we miss it, because it fills a need for us. We're just going to have fun, and let it all out there. When people say, 'We messed up,' who the hell cares?"

I don't think there's enough of that in the investing world. I think improv has a big place in investing, because a lot of it is like-- it starts with core structures. You have these basic foundational principles. A song, it has these basic elements, and you start within a structure, but then you leave that structure at a certain point, but you leave that structure staying with certain themes that go through it the entire way. You don't know exactly where it's going to go, but you do know where it's going to end to an extent.

Obviously, you don't know perfectly because they do segue in other songs. You do have this core structure that you're going to stick with. In the middle, you're going to really be experimental, and you're going to explore and you're tapping into uncertain worlds. I think that's a lot of what we do. I think I wrote in my letter something to the effect of the job of a securities analyst is to make decisions in a world that's inherently unknowable. We don't know exactly where the world's going to go. We are making decisions in a field where uncertainty is the name of the game, but we have to anchor ourselves in certain realities. That's just like improvisational music to me.

Bill: First of all, I want to commend you, on your transition to investing. This is why you're a podcast professional, because I was thinking to myself, “Okay, we're going to have to transition here.” Something that you said that I've been thinking about a little bit is, the job of a securities analyst. Sometimes, I think of myself now less of a securities analyst, as I do like a true business analyst. The question isn't-- the Qurate thing, sorry, people for continuing talk about it. That was more of a securities analyst hat that I had on in that, but most of what I do now is trying to figure out, where a business can go and the interplay of the competitors. It feels to me, it's less of is this security mispriced and more of a, where can the business go that the market doesn't respect, which obviously, if you're right on the distribution of outcomes, then you're correct that the security is mispriced. But I almost feel more of the alpha-- I used to think that it was in the footnotes, and that's table stakes. I'm not trying to say that it's not required. I don't think that that's my perception of reading and finding a mispriced security was maybe either incorrect, or I've just changed the game I play. Does that make sense?

Elliot: 100%. I totally think of myself as a business analyst first. The one area I'd riff off of that, to invoke a musical term, is that I think this past month has been a great reminder that securities analysis itself does matter in terms of understanding how positioning is structured, understanding who's invested alongside with you. Qurate, you don't really have to think too much about that. That's part of the appeal to an extent, like you know who owns most of it, and it's good. Paying attention to positioning, knowing if positioning is really stretched. If there's a big short interest, understanding why it's there, and what they're looking at. Just trying to get a feel for just broader situational awareness, I think it's something that you don't want to leave totally aside. If you have too much fast money in a certain stock at a given time, you’ve got to expect certain things. Then, the other side of that also is like when you know positioning and you know it's being squeezed in certain places, one of the things I was doing over the last couple of weeks is obviously paying close attention to the Melvin 13F, the Maplelane 13F and trying to get a sense of like, what positions I have, that have overlap, what positions I'm interested in that have overlap and where there might be selling pressure. Or, buying pressure that I might want to sell into, because there might be short for whatever reason.

I did find one outstanding-- I knew one of the positions I had that I wanted to get bigger in, was a large position, but it's smaller market cap than the other Melvin and Maplelane names, both of them were in it and it just got smoked. I knew exactly where I wanted to step in, and I was able to buy a lot more size than I otherwise would have because I was so clear in understanding that this was a nonfundamental seller. This was someone who was a force seller, who really liked the position, but obviously had to sell. I wanted more, so I was able to step in. To me, that's like where the securities analysis layer above just business analysis could really come into play. That was really what I spent a lot of my time trying to do, be ready for which situations I wanted to make a move on.

Bill: I didn't miss it, I waited to get a little greedier on some stuff, and then it sort of ripped, but whatever. I wasn't looking at anything that was really bombed out. Yeah, I think when I bought TransDigm, man, Liberty Sirius, all that stuff in March of 2020, you could see it all explode on the same day. It's like there's no possible way that all of these things happened to be-- I mean it's got to be forced liquidation. It cannot fundamental-- these are not correlated assets. To the extent that the world collapses, then your equity exposure is a more important question than which equity do I own if everything goes down. I do agree with that.

Elliot: Yeah. I remember full well a mentor during the financial crisis saying, "The end of the world only happens once."

Bill: [laughs]

Elliot: "If you're going to bet on it, what's the point?"

Bill: Yeah, that's right. What I think people missed in March, and maybe it's just dumb luck or naivety or whatever that I was able to not panic or whatever, but '09 was a liquidity issue, and this time, that really wasn't on the table once the Fed Zuko was launched. Jim Cramer went nuts that one night.

Elliot: Yeah, exactly.

Bill: It was so exciting.

Elliot: I think there's something to be said about how-- think of the financial crisis in improvisational music terms. No one really knew. There was no playbook for exactly what to do. There was a rough paradigm coming out of the Great Depression. We were so lucky that Bernanke, who is one of the foremost scholars of that era, had a sense of what the playbook should look like now. He was creative. He deployed tools that otherwise, I think, any other Fed chair might not have. Coming into the COVID crash, the Fed had a pretty clear sense of which tools were really valuable and which tools worked and they were able to do it with speed. I think that made a big difference. Even think about Bernanke, he was a little hamstrung early on. Cramer had to egg him on.

Bill: Yeah, that's true.

Elliot: He had a sense of the tools, he had published more. I remember going back to-- there's a talk he had given while at Princeton about what tools Japan should be deploying, and drawing the distinction between qualitative and quantitative easing, which is something that I think has been lost on us. [crosstalk]

Bill: What is it?

Elliot: Yeah, qualitative was more about easing the quality of balance sheets in the private sector. It would be stuff buying MBS at the Fed versus quantitative, which was geared more toward interest rate policy. I don't think in hindsight, anyone makes that distinction anymore. We all call it QE or facetiously, QE infinity, or whatever it may be. There were real thoughts behind these policies and how they could work and why they would work, and they sure did. Saying as much about Bernanke and FinTwit might sic the trolls on you but that's a different story.

Bill: [laughs]

Elliot: We were really lucky to have him there. in March, I think Powell really understood. I don't think he was one who was too keen on some of those playbook items at the start either, but I think he definitely appreciated how they did work in the end. I think it's very different to be a sideline critic than it is to be the one with the ball when the game's on the line. It's very easy to say someone should have done something differently when you're sitting there behind a microphone. When the buck stops with you and you're making the decision, thank God they listened and learn the right lessons. It makes a huge difference. It's very easy to say in hindsight that March was an ultimate buying opportunity. Hell, I raised a lot of cash. Part of it was a function of like-- I had a big position in financials going in and I'm like, "God, I do not want to fight **[unintelligible [00:24:58]** again, I hit sell, and I was like, "I'll think about what to do with this money later." I have no interest in holding these things now, who knew how things would play out, how things would go?

One of the things that I was thinking about very recently, in March, I was like, "Okay, one month, we'll get past this and move on and go back to our lives."

Bill: Yeah, man.

Elliot: Even then, even thinking that, I still didn't know what it would look for financial markets. If you told me we'd still be in this balance between lockdown and free-up, and COVID would still very much be a thing, and yet financial markets are by and large okay and we fully transition our economy to this pseudo-hybrid digital model, one of my initial thoughts was, "Yeah, perhaps this is like a general strike and 80% of our economy will very much work, and things will be largely okay afterwards." Put out a letter very much that effect, but I was I was wavering at points. I was like, "I don't know, is this really going to all come together?" To tie back to part of being a securities analyst, it's like one of the things you do want to do is, you want to make sure that even in the worst of times, you could stick with your highest conviction ideas. One of the things that happened to me is my highest conviction ideas, actually, my conviction went up during that period. I became more confident that as I saw us truly transition to a digital world, as I saw what I was doing, what my peers were doing, I knew that a very large chunk of this could very much work. Not all life stopped. It was different. It was hard. It was stressful. Holy shit, having kids at home while you're trying to deal with, like--

Bill: Brutal.

Elliot: I never imagined dealing with my first crash as an actual portfolio manager, being with no daycare, no school, my wife working similarly busy because she's got a similar inverse correlation with markets and work activity level. It's like how do we stay together as a family not all lose our minds? How the kids not feel that their lives are falling apart too, because we went from having a lot of activities for them on a regular basis to doing absolutely nothing, that was definitely-- I mean, we'll reflect back on moments like this when we're a lot older, shaking our heads, like, “How did we do it?” How do we do it? I don't even know.”

Bill: I moved.

Elliot: Yeah, right.

Bill: [laughs] Seriously, I don't want to be revisionist in what I say about March. I didn't know at all the outcome. What I did have a sense on something like TransDigm was, I knew how much cash I had, I had a sense of how much they were burning and I had a sense of how long I thought that they could last. Then my next question was, “If this analysis is wrong, does it even matter?” The world doesn't matter. That's what I say about the equity allocation. You and I talked about, I was a net deployer, but I also was trying to manage my liquidity because I don't have an income-- I'm eating off what I kill in the investment book. It's like, “Okay, well, how am I going to manage--" I tried to keep myself at having roughly a year and a half to two years of expenses covered. Then, I tried to deploy everything in excess of that. My bet was if a year and a half can't help me or if that's not enough, then it's not going to matter. Then, we're all going to be looking for jobs, and whether or not I know how to invest is really not going to matter. Which maybe that wasn't smart, maybe it was, I don't know. But it's interesting. I'm in Charter, and that's a levered cable entity. To go from, “Can people pay their cable bills?” To, “Wow, that's a super stable and necessary business,” in under four months, is crazy.

The other thing that's weird is, when I was thinking of some of these things, I'm like, “Okay, well, maybe I can make 10% off this for five years. Boy, wouldn't that be great?” Given the facts and then here, it's like a golf ball off of a street, like half this stuff is-- a lot has doubled. It's crazy. Then the speed at which stuff bounced back, that I never could have predicted.

Elliot: Yeah, same. I was preparing for hard times to last for quite a long time in equity markets, knowing that there would be tremendous opportunities amidst it all, but the speed is really impressive. I think it's reflective of the speed with which the Fed came in. The speed with which stimulus got out there. That was the fastest we've ever had stimulus get out there. It's wild to think-- you can't prove counterfactuals, but there's no way this happens without having massive intervention.

Bill: Yeah, for sure. I'm not convinced that we're out of the woods. I'm very interested to see how some of these businesses perform over the next three to five years. The one I'm specifically thinking of right now is Starbucks. I look at that and it's just like-- I'm going to be interested to see the same store numbers for the next three to five years because I really think a lot of people's habits have permanently shifted. It's introduced coffee at home. I know people that have bought coffeemakers that are not cheap. Now, they sort of like their cup of coffee at home. I'd be interesting to see how long people stay at offices, the whole fleet. I don't know, it's going to be interesting to watch.

Elliot: I've been working from home for at almost ever, for eight years. I had just gotten an office in March of 2019. I lasted one year in an office.

Bill: [laughs]

Elliot: Now, I'm back home. I blame it on me. I've given up the office, maybe one day, I'll get it back again. I think something like Starbucks is probably a little more resilient because life moves on. There are a lot of Starbucks in airports, there are Starbucks near every office. I do think a lot of stuff's going to go back. I think there's going to be like a different-- Everything's going to move to a new normal is very much what I think.

Bill: I think the business will be fine, don't get me wrong. I'm just interested to see the security returns.

Elliot: What I was really nervous about, and I'm still to a big extent, is commercial real estate because not only is commercial real estate a pretty large asset class in its own right, but there's a lot of leverage to it and they're cascading levels of leverage. Each player, you go from the actual property owners, to the CMBS owners, to some of the banks and other shadow banks. It's all this stuff, every layer is levered, and what happens if it all, the bottom edifice, the bottom of the of the ladder falls down a little too hard? I think it will come back, just from knowing what it's like working from home, again, for another year. I do you want to have the office experience again. I might not go in every day like I did, but at least four days a week, I definitely want that. It's good to have separation and removal. I hardly leave the end of my driveway these days.

Bill: [laughs] It'd be nice to go on a little drive.

Elliot: [crosstalk]

Bill: Yeah, no doubt. I agree with that. Something that you were saying earlier, you're talking about floating things out there and being public and embracing some of the-- I guess the risk of failure in that and it reminded me of something. I don't want to bring up something that's too painful for you but your Grubhub pitch going south. It was interesting to see that happen, because you were writing-- if I'm not mistaken, you did PayPal and Roku the year before. Is that accurate?

Elliot: Yep.

Bill: Yeah. Here, two positions that are really winning, and I felt when you pitched Grubhub, that people joined on your pitch without doing their own work quickly because of how right you were on PayPal and Roku for the right reasons. And then, I felt you've got really unfairly blamed for people's lack of work or their own conclusions. From your perspective, what was that like?

Elliot: Yeah, okay, so I had a lot of thoughts about that. The first time I wanted to pitch Grubhub, I had been preparing the presentation for the Wide-Moat conference, which is like late spread--

Bill: Shout to Manual of Ideas, by the way, the reason you and I are friends. Thank you, John.

Elliot: Right, exactly. We met at Latticework New York the last time it happened. I can't wait till the next one. Crazy.

Bill: Yeah, I'll be there. I'm probably going to go across the pond for one too. I might be at a couple of those things. He's going to have [crosstalk] backlog.

Elliot: I should be in Switzerland right now. Last year this week, I was there. It's one of the best powder days of my life.

Bill: Yeah, I saw those pictures, man. That was the gnar pow, so to speak.

Elliot: Uh-huh. It really was. We got like three feet over a day and a half.

Bill: Ooh, shreding the freshies- [crosstalk]

Elliot: It was amazing.

Bill: I love it.

Elliot: Grubhub, I was going to present that in June of 2016. I first bought my shares, I had started my position. I don't know if people remember, the beginning of 2016 started with the markets down basically every day, January into February. I made my most transformational moves as a manager, I think I became myself as a manager instead of trying to be someone else in that time. I bought pretty heavy into three stocks in that period, which were Grubhub, Envestnet and what was at the time Priceline, now Booking. Grubhub was my favorite of them for so many reasons. That same time, I started Trapped in Time. When we were recording, we would order, and you can blame it on a certain thing, we would order three times from Seamless Web, which was brand new at the time, like dinner, deli sandwiches, and then dessert while we were preparing, recording, and packaging all this stuff. Seamless was so mind blowing to me. Before you could only get pizza or Chinese food delivered easily. Now all of a sudden you have this way online where you could order anything that you wanted. That was my introduction, right out of college coming into Manhattan, going to live in Manhattan when Seamless Web was brand new.

I had followed the company from that point forward, and had been really excited for it to IPO, I think it was late 2014. I am a value guy at heart and the price was way too rich for me in 2014. I have this affinity for busted IPOs, for stocks that come public, I have a little too much enthusiasm.

Bill: Oh, yeah. The post-sleep typer-- Or post type sleeper, right?

Elliot: Yeah. The post type sleeper.

Bill: I like this concept.

Elliot: I think that's one of the things that you and I connected over because I use the Cubs and Javier Báez is the ultimate example for the post type sleeper in the baseball world, in the fantasy baseball world in my presentation of Grubhub. I made it all about Chicago.

Bill: I appreciated that.

Elliot: Not knowing that it would be right after your heart at the time.

Bill: [laughs] Still is, I love that city.

Elliot: Yep, there you go. I had wanted to present it in the spring of 2016 and then the stock blasted off way quicker than I ever had. I think that's one of the things that maybe influenced me a little too much and not looking critically at certain angles of it. I've learned a lot of lessons from that position. I bought my shares at $18, and thing was at 150 bucks within a year, which is just insane. I'm like, okay, well, I sold a bunch. I didn't quite sell enough. I learned another lesson on selling. I wanted to wait until the calendar year rolled and stock halved before the calendar year rolled.

Bill: Taxes, man. They can cause some stupid decisions.

Elliot: Yeah. One of my good buddies calls it Tax Derangement Syndrome. He's like anytime a manager falls for tax derangement syndrome, gets nervous. But he's an investor, I take that to heart and listen. I push that aside, I think it's important to be conscious of taxes, but don't let it influence a decision. I learned that lesson with Grubhub there. I still like the company and I still felt there's an opportunity, I still had some of my position. Then it kept coming down. Fast forward one year and it had gone nowhere. That's when I was like, “Okay, I finally have my chance. I'm going to pitch us in a Wide-Moat presentation.” I had put myself out there, I think it was about $65 a share when I did the presentation. It'd gone from $18 to $150, all the way back down to the mid-50s, and then it had settled in the mid-60s when I did the presentation. Around that time, I also got into a little Twitter dispute with Jim Chanos over it. I thought it was good fun, but he ended up blocking me for that.

Bill: Oh, no.

Elliot: We have since patched out, we've had good conversations in direct message. Thank you, Vitaliy, for getting Jim to unblock me and thank you, Jim, for being open minded to listen to someone who you once thought was a fool. I appreciate that. Twitter's amazing. Anyway, got to throw that in there. I had presented Grubhub. Obviously, riding the coattails of Roku and PayPal, I think the way to break down their financial models is very similar. When you think about the drivers for their revenues, each of these companies have one line that's the number of users, which you multiply by the level of engagement. On PayPal, it's transactions per user. Roku, it's hours watched per household, and Grubhub, it’s orders per diner. Multiplied by something like their average order value. Roku terms, that's ARPU, which includes a couple other things. I'm not going to get too lost. But each of them have three core pieces that flow into the revenue line. I think a lot of people latched on to the similarities and the successes in the first two, to say the third would similarly work.

At the end of the day, when things were at their worst, I got an email from someone in the middle of March 2020, saying, “Fuck you, Turner, I can't believe you led me astray.” That's like, “I'm out here. I'm not here to lead people. I don't want that to be what it is. I'm putting myself out there.” One of the best things that happened to me when I presented Roku, the amount of feedback, both critical, and supportive, was really phenomenal, really helped shape how I think about things. When I say supportive feedback, I don't mean the echo chamber being like, “Yeah, I love Roku.” It's like people who had done deep work on certain elements of the business were like, “Yeah, this is the work I've done. I'm going to open my book to you because you've been so generous putting yourself out there. Here's some information that can help you build your thesis, build your conviction, and let's just keep an open dialogue and share with one another.” To me, that's the value of putting myself out there. I think it went a little wrong in Grubhub. I think that's one of the things that really, I've latched on to how that works, how that influences people.

I did another presentation recently, and I decided that this one I don't want to leave the confines of the Manual of Ideas community at the presentation. I want that to stay there because I know and I'm [crosstalk] tapping into the networks of global professional.

Bill: Yeah, there's an understanding.

Elliot: The feedback is so valuable to me. People will find flaws in my work and be like, “Look, you're not thinking about this right. Take this approach, and it will help you.” I know some people who say like, “When you put yourself out there like that, you have this commitment bias and might overstay your welcome” and things, that might be someone else's personality, that's not mine. I could change my mind on a dime. I know I'm open to that. I've gotten way more good than bad out of being out there. But I think if you're not willing to put yourself out there, it's probably because you're not confident enough in your own idea.

Bill: Yeah. I want to just soften that a little bit, just because there are people that really worry about commitment bias. For some people, I think that is legit, but I completely agree with you. I think I've been struggling lately, because I think I do a little too much media, and I think that Buffett and Munger would probably say, “Why don't you read a little bit deeper?” I guess that the one thing that I would say back to that though, is the amount of-- what I get from these podcasts, I get people that that contact me with their best idea. I get people that hear my ideas and contact me. I try to respond to the ones that are thoughtful as much as possible. It's been an incredible network to build. It's interesting that you brought up like trying to be somebody else early, and then becoming yourself. For me, part of what I got gifted in life is a personality that people seem to like, so why would I not use that to my advantage? That's insane to me not to do that. I'm not Buffett, and I'm not Munger, and I can never be them playing their game. But I have found my ability to play my game and try to give back in a way that I think I can and that's worked.

Elliot: I think that's what each of us has to do. Recognize our own strengths. I think Munger very recently said something to the effect of, “Too many people try to just copy us without using their own thoughts.” One of the things I'm most proud of is, I don't think anyone could look at my portfolio and say, “I've seen another like it.” This portfolio is so uniquely me and there's a common thread behind every one of these ideas, I don't think there's anyone else out there who thinks exactly like I do. I don't think there are enough people who think like that. When I started, I did feel this need to try to find 50 cents on the dollar bargains or really the traditional value stuff, even though I always had a slight penchant for growth being part of the equation. Growth and value are tied to the hip, we can repeat these quotes as if they're-- I don't know, they've become cliché almost. [crosstalk]

Bill: Hang on, I just want to stop you real quick because this is important to say, not so much the pros that listen, but the retail people. When you hear Buffett and Munger say something, you really need to think about what they're saying, because there are things that they say that on the surface, I heard and I was like, “Oh, this is the answer.” As I've now put in 8 to 10 years of real thought about this stuff, and 5 professionally, I go back and listen to the stuff that they say, and it's got a completely different meaning. It's not even close to the same thing that I thought they said. I don't mean to cut you off, but I think that's a really important point.

Elliot: It's huge. It's a big deal. It's important to reflect on the fact that Buffett in the partnership days was not the same kind of investor as Buffett now. But that alone isn't enough. You have to think like, “Well, to what extent are some of these changes reflective of deploying that much more capital, and doing it in a structure where he does have cashflow always coming in?” Whereas when I in a fixed portfolio want to buy something, I have to make two decisions every time. I’ve to decide what to sell and what to buy. For Buffett, he's always got cash coming in, so he doesn't have to think about what to sell. Decision fatigue is real. The more decisions you make, the more likely you are to make the wrong decisions. When you make one wrong decision, it can psychologically lead you down a path to making bad decisions. So, bad decisions beget bad decisions.

Bill: Yeah, man, you'll get in a slump. That stuff's real.

Elliot: Absolutely. There's also like the poker element of going on tilt. You might not know it, but psychologically, you might be not coming at things from the right mindset. I saw a manager, what did him in was this decision that he was struggling for a little bit and he decided, like, “I don't want to find good compounders anymore. I want to find homeruns.” So, when you start swinging for the fences, that's not the right approach either, you have to have a tried-and-true approach to yourself.

Bill: Yeah, that's right. At least in size, at least for me, I don't know, it may work for some people, it would not work for me.

Elliot: Yeah, exactly. A lot of it, and saying that is recognizing, I think one of the most important things, that for me, really matters. Like your approach has to fit your personality. I think a lot of what investing about is gearing your approach toward maximizing your conviction in your good ideas. If you know you can fundamentally come up with good ideas, if you trust your process that you can do good business analysis, and generate good ideas, your job as a portfolio manager, then is to position yourself to see through your best ideas even in the worst of times.

Bill: I like that. Todd Wenning said that about David Gardner to me. I don't want to put words in Todd's mouth, but I'm pretty sure this is an accurate representation of what he said, that, “One of David's superpowers was the ability to take a huge hit and wake up the next day and say, ‘You know what, I'm going to go find the next Amazon.’” I don't think I have that in me. I'm not great at taking haymakers. I tend to be very downside focused. The reason I talk so much about David Gardner is I've wondered if part of the reason that I'm so reticent to take a hit is I have bought into the concentrated book narrative and maybe tweaking that a little bit could reduce some overall risk in my way that I run my life, and I could still capture-- I think I'd be more willing to bet on something like Roku a little earlier, if I didn't say, “Okay, it's got to be 5% or 10%.”

Now, the flip side of that is, I can't just have a bunch of one-percent positions and reduce my hurdle on the business quality and use position sizing as an excuse to do so. That's what I've been thinking about a lot over the past 12 months.

Elliot: Well, that’s [crosstalk] first is, for my personality, at least, I'm very even keeled, and I don't get too up or too down, so I could handle these punches. Grubhub was a pretty big punch, but I tend to do my best work when that happens. It sharpens the mind, not the opposite, which helps me, but I understand everyone's a little different. In terms of structuring my portfolio though, I am hyper aware of my flaws, like I constantly am focused on the fact that I could get things very wrong. I think that's reflected in-- I go for what I call semi-concentrated, not concentrated investing. I let concentration be an outcome, not an input, and I concentrate on those ideas that I know so well, that I could understand real deeply, and to tie it to Roku, I started small but there's something to be said about recognizing the duration of an opportunity too. It was important to me in understanding like Roku, something that's a little different, their opportunity, and I'm tapping into my 2018 mindset when I was first really working on the name. I was watching it go from-- I tried to buy the IPO, I didn't get shares, and then it went up to 60 bucks and crashed to $30 within the course. It IPOed at $14 went to $60 and then crashed, it actually bottomed at 22 bucks or something within three months of having hit the mid-60s. That's when I was really, really diving in.

I was thinking about this thing has a very long runway, so I could start small and I could give myself room to kind of piece into this if it comes down further, because I really believe in the opportunity or to several years down the line, there will be another chance where it's going to hit a rough patch and I could get much bigger then but I really understand the business. I love it. I don't want to miss it. I want to be a part of this. I can get involved. When I first bought my shares, when I finally had the position size I was comfortable with, it didn't go up for the next 15 days for a single freaking day.

Bill: [laughs]

Elliot: I had to start the year 2019, I remember counting the days, its average range in the month of January was 8% on a given day.

Bill: Wow.

Elliot: It only had two days in January of that year. I'm recalling off the top of my head, I could be off by a couple. It only had two days where it didn't have a range, that was 6%, more or less. This thing was really freakin-- [crosstalk]

Bill: Dude, that’s volatile. [laughs]

Elliot: Just absolutely insane. But there are a couple things that I'd say about that. One thing that I've learned in seeing these growth stock through several cycles, is that the more volatile they are, the more Mr. Market is expressing very clearly the range of outcomes here is huge. That is the market saying there is a really, really wide tail on both sides but there's a really big opportunity if you truly get it right up. If you're wrong, you're going to get kicked in the teeth, you're going to get run over, you're going to lose a lot. That should factor in how you size your positions, and how you do your analysis, how deep you have to get to truly have conviction in something like that.

Bill: I guess I want to make sure that I'm clear on what I mean about the Roku thing, because I fear that it came off a little wrong. What I mean is, to your point on trying to be somebody else for so long, I was so focused on you can't predict the future, therefore, you should discount the future. Therefore, you should find what is cheap today. If I was more willing at the time to open myself up to, “Hey, you know what? There is a range of outcomes in the future.” To just not even accept that it is stupid. You're really truncating the tools in your toolbox. I think I probably would have been better served taking smaller positions when I thought the future was knowable. For instance, the biggest error of omission by far was when I got the first iPod. I should have bought some Apple stock. All I heard in my head was Buffett saying, “You can't predict tech. No matter what, you can't do it. You can't do it. You can't do it.” For probably 10 years, I just like, this is one of those things that like I just listened like a lemming and I didn't think for myself, and it cost me a ton of money. I deserve that pain. I hope I never forget it.

Elliot: I bought Apple then as a no-nothing investor and I sold it. I was going to buy back and I was waiting for the day that Steve Jobs would leave to buy it, and I put in a bid. I think it was at like $82 and it never got there. This is several splits ago, but that was a formative lesson. If you want to own something, just own it. You don't need to be perfect.

Bill: You and I, we see naked somewhat similarly, I think you're a little bit more there on where it's going. Without learning some of those lessons, I don't think I would have gotten comfortable in that idea. Whether or not it works or whatever, it is part of my evolution as an investor where it's like, “Okay, well, I do think that this is a product that I really care about. I am a user, I really like it. I do think they have some problems, so maybe it's not for me a huge position. But to me, the range of outcomes warrants at least some position. Hopefully, that's a positive evolution, we'll see in time.”

Elliot: Well, the one thing I'd attach to that is, I think even Buffett said a quote about how it helps to be an optimist. Every one of the problems is an opportunity. If they check off each of these problems, it's not about thinking about where the product is today, it's about where the product is going to be in five years, and whether they have the resources, and the know-how, and the execution ability to get there. I think that's definitely something that was hard for a lot of people with Roku at the time I bought it too, because it was still majority hardware business when I bought it. A lot of people didn't want to see the platform side of things. [crosstalk]

Bill: Didn’t you buy it three times platform revenues or something like that?

Elliot: Yeah, I was very confident I was buying it three times one year out platform revenues.

Bill: Dude, that’s so cheap.

Elliot: Three times one year out platform revenues, and now it's trading at 30 times trailing. By the way, when we were talking about range of possible outcomes, this was not in the range that I was contemplating. I had a feeling something good could happen. I never thought something this good could happen this fast. That's important to put out there. I'm glad you reminded me, that's a caveat I want to put out there. I didn't fantasize something this great. One of the things that I did really hone in on was at the time the average viewer was watching about two hours a day. Average viewer, I should clarify, the average household was watching two hours a day on Roku, who had Roku. Meanwhile, the average household is watching upwards of eight hours of TV a day. To me, it seemed clear that that two hours was going to eight no matter which way the world went.

Bill: Yeah, that makes sense.

Elliot: So long as Roku could maintain their market leadership position, that too was going to eight. By the way, we're not even at eight yet, so I still think there's upside in engagement. That's something really important to me to think about. Think about where the product’s going, what's going to be there. To me, it was inevitable that everything we'd watch would be available on CTV. Again, to tie it to the value world, I don't want to untether from value. I was very conscious of value. I was paying three times forward platform sales. To me, man, they just needed a 20% margin on their platform in the out years. Considering in years where they're aiming for breakeven, and they're putting up a 10% margin, I was like, “Okay, if they tried to not make money, and they're at a 10% margin,-

Bill: Yeah, then you should be able to make money.

Elliot: -20% seems very achievable if they actually wanted to make money.” I could really tether that to my value DNA at the end of the day. I could fantasize, yeah, eight hours a day from every household, it's going to be phenomenal, but I didn't have to go too far over my skis. That's something I'm still not willing to do. I can look at Shopify. Today. I wrote in my letter a lot about how I missed in Shopify, and formed my investment in Roku and led me there. That's a good story in its own. I could look at Shopify today and be like, “I love this business.” By the way, I use it, I have an e-comm store that I have played around with a lot. I know everything about how Shopify works. I love it. There's not a single bad thing I could say about Shopify. Toby's the man, but I cannot underwrite to these prices, no matter what uplift I want to give them in their ability to penetrate higher take rates with more vertical services they offer. I just can't get there. I'm a value guy at the end of the day, I could love the business, but there's not any price I'm willing to pay.

Bill: Well, this is how stocks get ahead of themselves. It's the grain of truth that gets taken too far and then people look back and they say, “Well, my biggest mistake ever was selling.” Rather than tethering something to fundamental projection, I'm just going to assume that this will always outperform whatever I'm going to say and there's no price too low. That's fine. Shopify is going to be a great company in the future, there’ll probably be a chance to buy it. I hope I'm smart enough then because I looked in December 2018, I'd passed and that was so stupid. But whatever, that’s not the only dumb decision I'll ever make.

Elliot: Yeah, exactly. I view every day, from when I first passed on Shopify as a mistake. Every morning, I woke up, I made the same mistake again, which is incredibly dumb.

Bill: [laughs] That’s so true. It's not just one single decision.

Elliot: I do want to tie [crosstalk] one thing on Grubhub because one thing that's important to me that I think also is relevant to where Shopify is today, like I'm a little more willing and comfortable paying up for something, if I know there's strategic asset value to it as well. Grubhub did not go well from the day I presented it to the next six months, but it was bought out at a decent premium to where I presented it and the actual return was better than the S&P.

Bill: There you go.

Elliot: Obviously, [crosstalk] relatively speaking.

Bill: Fuck that guy that said, “Fuck you. Elliot Turner.”

Elliot: Right, exactly. It wasn't easy to see--[crosstalk]

Bill: Or girl. I shouldn’t assume it was a guy, but I bet it was a guy.

Elliot: I bet it was. I think you're on to something there.

Bill: [laughs]

Elliot: The hard part with it is, you don't know exactly how it's going to happen. The way I viewed some of these companies, like, when I bought Roku, I was like, “Well, if they just stay here for a while, and the trends in CTV continue as is, someone's going to have to buy them. That's going to be true whether the price is lower or higher, because they fit a need for so many people in different parts of the ecosystem.

Bill: Well, it's your second way out, which is huge.

Elliot: I viewed it both, it's two ways out though. It's a put option that you own and it's a call option. Because if things are going well, so I buy them for like a nice premium early and pull forward a lot of your IRR? If things aren't going well, and they go down, then the vultures are going to swarm and be like, “Yeah, I'm going to buy this to fulfill a strategic need.” With Grubhub, we know that there wasn't just one, there were two interested buyers and I bet there was a third that was lurking out there. Uber was much closer to buying it, and then Takeaway swooped in. One way or another, they were going to get bought. I think that's important. That's an important part of my analysis in these two. They have to be small enough that they are swallowable to fit a strategic need. I think that's important when you think about these companies. You can't be $150 billion market cap and have that same sort of setup.

Bill: Yeah, I agree with that. It's funny going back to what we were talking about putting ourselves out there and the benefits. I can't even begin to tell you how stupid I would be if I never did this stuff. If I never joined Manual of Ideas and I never just started on Twitter and I never tried to open myself up to, “I'm okay with people telling me that I'm dumb,” I'd still probably own Cliffs Natural Resources. When I started this thing, man, I was like going through Sears, and I'm looking at how Eddie Lampert has not returned anything to the-- the fundamental common shareholder in the minority interest has not gotten anything out of Sears, in forever. Somehow, I'm still trying to figure out how it's cheap. It's like, “What are you doing?” It's funny, I actually reached out to somebody that I had talked to lots of years ago and he's like, “Oh, you still looking at stuff like Sears?” I said, “No, I've moved on from stuff like that.” Although shout out to the GameStop longs, they caught a bid. Maybe not for the right reason, but it's still a bid.

Elliot: Yeah, right. [crosstalk] -another thing, too. I think there's this big affinity and I have it for owner-operators, but Eddie Lampert is not that. I think that was some of the Buffett halo, like Business Week had him on the cover as the next Buffett. They're like, “Oh, we’ve got this next great investor who's running a company.”

Bill: I'd be interested to see his fund returns because they were leaning up a lot of those assets in favor of the fund, but I don't actually know. Thankfully, I haven't [crosstalk] time.

Elliot: [crosstalk] -great stuff in there, too. I mean, I think AutoZone is one of the ultimate case studies, in how someone with the financial minds could enhance operations as well and could create tremendous value. I think it was from the period of 2000 to 2015, they were one of the 10 best performing stocks in the entire S&P. Maybe even broader, maybe it was the Wilshire 5000 that they were one of the 10 best stocks. Really all they had was like, low to mid-single digits top line growth. By extending working capital and repurchasing a ton of shares, they showed that that playbook could lead to phenomenal success in financial markets. I'd give a ton of credit to Lampert. I don't want to make it seem like I'm knocking him for Sears--

Bill: Well, they just didn't do that right. I mean, it was obvious to anyone that would walk in the store that they just want run in the right playbook. Then the shop-- or whatever that app they had. If you downloaded that app, it was pretty obvious that that was wasted money.

Elliot: I don't even pay attention to it to the point where it happens-- [crosstalk]

Bill: I'm telling you, I was trying to convince myself and then I just said, “What are you doing? This is stupid.”

Elliot: Yeah, well, maybe it's a Chicago thing, too.

Bill: Yeah, it could be. For a long time, I wanted to be the smartest guy in the market. Now I just realized there's a lot of reasons that you don't have to try to be that, and I'm not, so why would I?

Elliot: Give yourself a little more credit than that.

Bill: I think I'm reasonably intelligent. I was going over my returns, I'm pretty proud of what I put together, but I've got a long way to go. The nice thing about investing is I don't think it ever stops.

Elliot: I was going to say if anyone doesn't think they have a long way to go, then they should quit because Buffett and Munger haven't given up learning.

Bill: Yeah, they've been really positive role models. I wish I could have dinner with those guys, but I'm not alone in that request. Who were you trying to be when you started? You said that you were trying to be somebody else? What was your version of an investor that you thought was who you should be?

Elliot: Yeah, it wasn't like a one person per se. It was just like, I really wanted to be true value and find 50 cent bargains, like I wanted to be able to say for sure that something was worth more and I'll just capturing that spread. I just don't think that's a good way to invest. I think there's a lack of humility with it. The market's smart. The market knows how to price things. The inflection for me was really being introduced to Michael Mauboussin's writings. I think it took me probably four years longer than I should have to truly internalize it and go all in on that. It was one of those things that happened slowly, then suddenly, and I'm like, "Ah, [crosstalk] this is the way."

Bill: [laughs] I get it.

Elliot: I just had such reverence for these value guys who could so confidently say, like, "I know, this is worth more." Like the smartness that you're talking about and I wanted to be one of them. I think-- jeez, it's just so hard to frame because I think there's some truth to like, yeah, sure, certain things are worth more than they are and you can do deeper work than someone else and understand the value, but I've learned that the deeper work is actually on a totally different dimension than I thought it was coming in. When I thought it was coming in, it was like what you said, reading the footnotes, and it was massaging the numbers in different ways. It's very quantitative in nature, but the deeper work to me that I've really learned pays off more than anything else, is the qualitative work. It's building a network of experts in different domains, who you trust to give you the right information about whose product is best. It's an obsession on customers and why customers interact with the business and what drives them. Unless you can tap into the mindset of a customer, there's not much that you can do with it.

So, the deeper work is just on a totally different playing field than I ever conceived. Once I made that transition, I think it really started to show up in what my portfolio looked like and it started to show up in my ability to not just buy Roku, but I own it today. In the past, I probably would have gotten a quick return and I know some people who came in early with me at the $30 average price. Some people were like, "Okay, this thing's at $45, I'm selling."

Bill: That would have been me. That's what I did with the Apple. I think I sold it for $1.2 trillion, like an idiot.

Elliot: By the way, if you do that over and over again, you're not going to make money. Why? Because the risk was that Roku could drop 50% before it ever went up 50%. If you're going to ring the bell on the on the plus side every time, but you're also going to bow out on the risk side, you just have a one-to-one risk reward. You go into it saying, “Okay, I'm willing to take 50% risk in this because I know I can make 3x my money on it,” and then you sell when you're up 50%, you didn't truly buy the risk reward that you said you bought on the way in, you tricked yourself and you got out without actually achieving what was the framework you laid out for yourself there. You could do the mathematical proof, but if you do that over and over, you can apply Kelly criterion and approach that framework. If you do that over and over, you are going to just lose money.

Bill: Yeah, I think that's right. I mean you are right.

Elliot: That's one of the hard parts with the market, by the way, price is there to tempt you to do the wrong thing. That's where it goes from being a business analyst to a security analyst, because price is trying to act on you. It's not just as benign as Mr. Market’s there to shake your hand and do business with you in a grumpy or happy kind of way. Mr. Market is trying to manipulate you. He's trying to toy with your brain, he’s trying to lead you to make decisions that you don't otherwise want to make. The hardest thing to do is try to take a step back and not let price act on you. There's this paper I love by Shlomo Benartzi and Richard Thaler, called *Myopic Loss Aversion and the Equity Premium*. I might have gotten one word wrong in the puzzle, in the name.

Bill: That’s okay.

Elliot: Effectively they try to study like why should an equity risk premium exist?

Bill: What did they come up with?

Elliot: Why wouldn't an efficient market arbitrage that away verse bonds? They're like, okay, the obvious answer in EMH is that it's volatility. But that's not good enough. Why should a premium exist over a very long period of time?

Bill: Well, you are lower on the cap stack, so you should have some additional compensation.

Elliot: Yeah, but why should that exist in perpetuity?

Bill: Yeah, I don't know. I've been thinking about some of this in a similar way, certainly the equity of a quality company, I think, should probably trade inside junk bonds, as far as a spread to the treasury. But then, the equity of something my beloved Cleveland-Cliffs, despite how much I love their CEO, probably should be outside of junk bond spreads.

Elliot: Yeah, well, I'll tell you this much. Benartzi and Thaler have a totally different answer.

Bill: Okay. They're probably right. I'm just a guy.

Elliot: Who knows, right? You can't prove it. It's one of those things that there's no counterfactual. You can't prove it. They say if people look at price too much-- It's tied to volatility and so far as volatility is price that's trying to act on you, but they say if people looked at price a little less, they'd be a lot better off in the market.

Bill: Yeah, I think that's almost certainly correct. I think about what am I fundamentally trying to do? I'm trying to own a group of companies that can help me be wealthier down the road than I am today. If I have that compilation, who cares if it's bid a little bit too high today? For me, if I underperform going forward with the book that I have, which I don't think I will, obviously, but that could be endowment bias. I'm still going to own some really good stuff down the road. I'm not going to starve owning what I own, and that I think is more important than like, “Oh, is this stock a little bit too extended?” For what I do. If I was a hedge fund guy, or I was running a ton of outside capital for people that demanded the highest possible return all the time, then I couldn't run this strategy. My strategy-- hopefully, that's the outcome but as of now, that's not the design, if that makes sense.

Elliot: Absolutely.

Bill: I was going to say-- it's funny. I talk about him all the time, David Gardner, but for so long, I discounted The Motley Fool because I saw it is like so retail and below me. I hate saying that out loud, but it is how I thought. I was like Buffett is the answer, value investing is the only way, what is The Motley Fool? They're just writing crazy stuff. The more I've studied it, the more I see genius in it. Same with Ron Baron. He maybe is one name that I think is overly hyped or whatever, but he might be totally right. I might be totally wrong. It's impossible to look at his career and tell me that the way that he thinks is not valid. You can't win that big over and over again and not have a framework that works.

Elliot: I really don't understand why Ron Baron does not get more respect, in the FinTwit circles, in the professional community. I 100% agree with what you said about David Gardner as well. There's something to be said about how when you're a professional and you read an average Motley Fool piece, you're like, “That doesn't have the sophistication that I'd want out of covering this name.” In so far as its retail, it's very accessible analysis, but it's a way more robust framework and thought process. I love the phrase spiffy-pop.

Bill: Yes, spiffy-pop is good stuff.

Elliot: It's one of my favorites in the investing world.

Bill: I haven't had enough spiffy-pop, man.

Elliot: Yeah, it took me till Roku was actually a 10x to have a spiffy-pop it.

Bill: Good for you. For those that don't know a spiffy-pop is when it pops as much as your cost basis in a day.

Elliot: Uh-huh. One of the best all time terms in the investing world. I think it's fun. It's hard. You're not going to get many of them ever. You got to be very right before you even have one of those. Also, the portfolio that David Gardner builds is tough for a professional investor. He knows he's got cash coming in, he doesn't sell anything.

Bill: Yeah. He's the interview I want to do more than any-- no disrespect to any other interviews, but I have a lot of questions for him.

Elliot: I want you to do that too.

Bill: I know, man. He won't do it yet. Hopefully in time, and it's not him. He's just got a rule, but I've got to get him to break it.

Elliot: Yet is the keyword. He will.

Bill: I know.

Elliot: You have a way of making it happen.

Bill: Well, I think it would be a really good interview. I think he would benefit from it and I think people would benefit, and I think fundamentally like who he is, he cares about educating people. I know he'll say yes eventually. It's just got to happen.

Elliot: I would love to see Motley Fool get more credit and respect in our circles. I think there's this hubris that doesn't let certain people respect them.

Bill: Yeah. Well, there's a desire to find something that's very intellectually elegant or something like that. I think that the real intellectual elegance there is how simple it is. It's just because it's simple, it's really freakin' hard. I don't think most people are wired to run the portfolio that he runs. That's why I think his returns are so good.

Elliot: Yeah. Well, people in FinTwit are more inclined to fawn over something like Fannie Mae preferred, because it sounds genius and it's an asinine idea. It's an investment in a lot of respects.

Bill: [laughs] Why do you say that? It sounds like you've gone down this rabbit hole.

Elliot: By the way I've dabbled that. At one point in time, I dabbled in a very small slice of it.

Bill: Yes. You speak as though a man who knows what he's talking about.

Elliot: Yeah., I mean, it just sounds so freaking smart. By the way, you and I both came to investing from law school first. I come from a law background to have an understanding of the relevant laws. I knew eminent domain was a crock of shit in approaching that anyway. That was one of the areas I actually paid attention to in law school. First of all, it's asinine, because who in the world wants to bet on a political process leading to an outcome that's antipopulist when populism is rising? What is Fannie Mae preferred getting value other than the transfer of immense value from the government to the private sector? What systemic purpose does it hold? I don't know if any-- none of the people bringing these cases are the actual people who are aggrieved. It was actually community banks who got hosed on this. It's not these hedge fund managers bringing this case. Just look at what's happening right now with GameStop where it's like they want the pitchforks against hedge fund managers. You want just a government giveaway back to these people for [crosstalk] what may have been seemingly rational reasons, but not really, truly objective legal reasons? Yet so many people love that idea and thought it sounds brilliant. The same people would speak so condescendingly about David Gardner, like, “Oh my God, look at this guy just buying Netflix, Netflix.” I just don't get it. It's one of the frustrations I have with some of this stuff.

Bill: Dude, I was that guy really until last year, and Austin Lieberman, as different is he and I see the world, he said something me that clicked. He's like, “I don't like how you value guys talk down to people and how you think it's the only way to accomplish a goal.” I really did like-- part of me said, “No, I'm above that.” Then, I don't know, I reflect when people say stuff to me. I said, “Yeah, you're right.” Then I started to study and that dude, Matt Cochrane, and I have become friends.

Elliot: Matt’s awesome.

Bill: Yeah, he is. He's a great guy. He's really helped me piece together some of the things that my brain didn't put together in the puzzle. I'm glad we did that.

Elliot: We connected over PayPal. He does great work. He goes deep.

Bill: Yeah, he does. He [crosstalk] payments.

Elliot: Just because [crosstalk] for retail. He goes deep, and he really knows his stuff, does awesome work. 100% agree on the condescension. I'd be remiss to not point out that you are destroying Austin, in your bet, though.

Bill: It's true, and I enjoyed that very much. [laughs]

Elliot: [crosstalk] It's still real for some value.

Bill: That's right.

Elliot: I have to put that out there.

Bill: Yeah. I still lean one way. I was overly dismissive of another way of thinking, and that was a mistake.

Elliot: See, I think it ties back to this point about personality being really important. One thing that I think I've done well, from early is, I've always been appreciative that there's no one right way to make money in markets. I started at a trade desk, and the person who taught her course was like, “Most of you are going to fail, but every single one of you who succeeds is going to have a different approach than one another and it's going to be reflective of what you do best, and who you are as a person." I really internalize this idea, there's no one right way. I think a lot of value people would really benefit from learning how other people make money in markets, how other people have built approaches that are scalable and repeatable, that actually do in fact work, that benefit them. The most underread book, I'd argue in the entire value world is *Alchemy of Finance* by George Soros. By far, the most underappreciated in terms of like, how to think about-- there is specific stock analysis in there and it's a framework that's really valuable. The section that's the alchemy of REITs, I think, is really interesting to think about, not just in terms of REITs, but in terms of where else you might see the same phenomenon playing out. Also, he talks through in his journal in the second half of the book, every decision he made during key periods in markets, and we get a real lens on how to manage risk, how to manage positions. That sort of stuff, there's so much hubris in the value community where people don't actually look or think about thinkers like that, I think it would really, really be beneficial to a lot of people. If there's one takeaway for me here, it's like, "Fine, don't listen to me that I know the answer. Listen to me where I can help direct you to find the answer inside you."

Bill: Yeah. I think that's right. Then, once your portfolio reflects who you are, I think you've got a reasonably good shot at doing okay. If nothing else, you can stick with it. For me, that's the number one reason that I started doing this. I was like, "Man, if I do something that I don't believe in, and I bail at the wrong time, I'm going to ruin my family's future." Now, I just got to figure out how to compound wealth fast enough to keep my wife happy with the house we're building. [laughs]

Elliot: [crosstalk]

Bill: It is going to be quite a pull on the old AUM, for lack of a better term. Something that's an interesting thought about the portfolio reflecting who you are. I don't think that there's too many people out there that would have Berkshire and Qurate as their biggest positions, and then adding Twitter and I can imagine my value brethren saying, "What has gone on with this guy?" Well, I believe strongly that I can run that portfolio better than I can run somebody else's. It's right for me, it may not be right for other people.

Elliot: It's very uniquely Bill, and I think that's one of the most important things. Again, Munger told us that we should be unique, be different, think for ourselves, how could you do anything other than that? I know at least with one of them, you could truly tap into the customer's intent.

Bill: You're talking Qurate.

Elliot: Yeah, exactly.

Bill: [crosstalk] [laughs] I'm an old lady totally ordering everything off the internet?

Elliot: Exactly, right.

Bill: Yeah, that's right. I'll have to ask other people about Twitter. We'll see what they tell me.

Elliot: No. That's one of the awesome things about you, though. A lot of it is about having a portfolio that is different, having a portfolio that's unique. How else do you try to find alpha in the market other than-- I'd say again, for me, I think no one has my portfolio either and that's one of my strengths or at least I like to think so.

Bill: No, I think it's pretty objectively true. Do you mind going through how you came to Twitter/ Because you used it for a long time before you liked the investment case/

Elliot: Yeah. Let's talk about how I came to Twitter from two angles. First is, how I actually got to starting an account on Twitter. Then the next is, how I really warmed to the stock. I think the second part is a three-step journey in a lot of ways. Part one, how I got started on Twitter is that I was obsessed with Google Reader. I had a group of friends who would share things constantly on Google Reader. When Google announced they were getting rid of Reader, my same buddy who started the Trapped in Time podcast, was working at a large media buying agency, and at the time, he was like, "You've got to check out this site, Twitter, it's freaking amazing." I didn't know what I was doing. I created a Twitter account. At first, the only thing I did was I was logging regularly. I hooked up my blog to auto-send a tweet saying when I created something new, but once Reader was destroyed and deprecated, I started sharing interesting things. I found FinTwit, and it became a two-way street. I break down Twitter users into three buckets. There are the lurkers as one bucket. They're the broadcasters, the people who are there not to engage and communicate, who are there to spread some kind of message. They might follow like zero or one person, usually themselves. Then, the third are the people who really want to immerse and be part of the conversation and have this two-way, "I feed in and I take out," like, "I'm here to learn, and I'm here to share what I have. I'm here to put ideas out to be destroyed as ideas and refine them." I just got totally obsessed. I's obviously a key part of how we met.

Then, how I got to Twitter, the stock. I don't know if people realize this, but I was actually bearish on Twitter the stock before I was ever bullish on it. I thought it was an insanely overvalued IPO as much as I was obsessed with the product, by the time that it did go public. The way I break the world down, I thought it was going to be really hard for the company to justify those valuations for a long time. I tweeted out several bearish, facetious, like this thing's a bloated pig kind of tweets for a while. I think the big thing for me is before it was even obvious why they had problems, it was valuation. By the way, I don't short much, that's not really part of what I was doing. I felt the valuation was too high a hurdle, but really when the valuation started compressing, I was like-- the fundamental problem for Twitter is they don't know who they are, and what they're good at, and why they exist. I really wanted to see for me to get interested a pathway to Twitter, acknowledging what their essence is, why they're there. It took Jack coming back and saying, like, "Let's get rid of all this other stuff." In hindsight, people might say, like, "Well, they should have stuck with Vine. I think that's kind of the wrong perspective. Get rid of this other stuff, focus on our core and define ourselves and build around in essence." I think that was step one of me getting interested.

When they IPOed, and I had written down on paper, when the stock it gets to a $10 billion enterprise value, that's what I'm going to be interested in, sure enough that valuation corresponded to when they started figuring out who they were, who they are. That was pretty nice. I was able to get involved for the first time. Maybe I'm in Jerry's team never sell, but I like starting small with these companies, especially when I see a really long runway, and to the extent that Twitter was possibly what you'd call a turnaround at that time, I don't really think so. I think it gets back to that saying like you from Buffett, like you want a company that any idiot uncle could run and it's still working.

Bill: Yeah, well, not that exactly. There's a lot a lot of social issues that they encounter.

Elliot: Absolutely. They had big problems. They had big fundamental problems that they had to attack, and not long after Jack came back in. I do think like the whole safety stuff was essential and core to the mission of making Twitter better, but it was also a distraction from solving some of the problems that it had. It actually led to some of the problems compounding, and problems being-- Twitter wasn't built as Twitter. They were built as a gateway to communicate through SMS, and the site that's *twitter.com* was an acquisition, Twitter, they created themselves, their ad stack were five different acquisitions slapped together. They had no good platform, no good foundation. When they had to work on safety first, in contrast to fixing their foundation, important work, I think it absolutely translated into reigniting user growth. It wasn't necessarily good for the business for being able to experiment, iterate quickly. The ad stack just couldn't really do anything that you'd want a modern ad stack to be able to do.

The second part of getting interested was really getting more interested in taking it from something that was an average size position to the biggest bet I've ever made in my career, was this idea that I truly did a lot of background work, and came to fully buy into the belief, even before was a narrative that they put out there. I think they could have communicated better, that they just didn't have the right foundation to succeed, and to tap into what we wanted them to do as users to iterate quickly. I also think there was this cultural fear to experience the wrath of the power users. They didn't want that. The decision, everyone talks about how long it took them to go from 140 to 280 characters, and if you recall, the day they did that, I mean, people were going nuts. They're like, “What the hell are these guys doing? why they do that?” Now no one talks about it.

Bill: Yeah. It is interesting. For me, I just disclose that I got long today, so I'm paying quite a bit more for the business than you are. It's just impossible for me to look at the decisions that Jack has made. It's easy to Monday morning quarterback a decision when you don't have the decision to make. This guy has taken a step back in the middle of being thrown into the most important conversations in the world, and basically rebuilt his business in his tech stack from the ground up, and said, like, we don't have the foundation that we need in order to enable the business to get to where it needs to get and we're going to focus on like the really important community health stuff first, and then we're going to worry about the business. They're through that and I just needed to have a conversation with myself. Thankfully, Dave Kim, scuttleblurb, shout out to you, called me and was like, we were talking about it and just thinking about, like, where that business can go, if there is a closed loop within the ecosystem. I don't know. I understand how people can be like, you're paying too much. That's fine. My out-year forecast is way more bullish than yours. I mean, that's what it boils down to. I fundamentally think that business could be something really, really important, especially for the power users.

Elliot: I think one of the cool things about right now with Twitter, when you think about where they are, for the first time in a decade, I'd call it a blue sky, like ethos at the company. They are forging unforged territory. Twitter was a known entity, but once you add in spaces and the ephemerality of fleets, and you add in review, and newsletters, like to use Jack's quote, that gives them a lot more surface area. Once again, like, when you think about complex systems, they talk about this phrase emergent phenomenon where there are, like, effectively you have a platform and you don't know what the best future uses are going to be. You could dream and you could start thinking about things. One of the awesome things I think about what space is like, some people ask me, is that just a COVID phenomenon? When COVID is over, is that going to be a thing? I'm like, “Hell yeah, it's going to be a thing.” Even before COVID when my islanders make a very infrequent playoff appearance.

Bill: [laughs]

Elliot: I'm sitting there with my freakin’ text messages with my Islanders crew being like, “Yeah,” and they're not hearing me scream or anything. I envisioned us sitting in a space together and going absolutely nuts and experiencing every moment of a game in a way, like obviously I'd love to be with them, talking pre COVID times, I'd love to be sitting in a room with them. I’ve got kids, job, I got things at home, like most of these games I do end up watching planted on my couch, for better or worse, that is what it is.

Bill: Oh, that's the life we have, man.

Elliot: Yep, exactly right. Then I see other things--

Bill: It may not be ideal for watching sports, but it's pretty good for everything else.

Elliot: Right. There you go. I could see stuff like sports-- I mean, I'm obviously stuck in sports, because I think about where I use it most. Sports radio is a big thing. My dad listened just sports radio on his commute every day for 50 plus years. I can imagine sports radio being exponentially better and more interesting and more engaging in spaces.

Bill: Dude, what's cool is, I've gotten into clubhouse a little bit. What's fun for me is I'm able to sort of-- well, not sort of, I mean, I'm able to engage with fans of this podcast, and it's fulfilling to me. I think they enjoy it. They pop in some time. I hope that I'm adding some value.

Elliot: You're saying they, not me, because I have a freakin’ Android phone and I can't.

Bill: That’s true. We can't help you, sir. If you haven't switched from green yet, nothing is going to make it happen.

Elliot: No.

Bill: It's been really cool. I think that one of the interesting things about that format is, you can have a service-- I'm stealing this thought, but I'm not going to cite the person that I'm stealing it from, but it's not my own. If they're listening, I know it's you, and you know it's you, so sorry. You can have a newsletter, the problem with doing something like a podcast series, or I don't know if it's videos, or whatever, but anything with permanence is, you are detracting from the value of the newsletter that you write. You giving away something for free that others are paying for, and how does that conflict go? With something like spaces, there's a scarcity element to that. It's not recorded, and it's not dropped later, and it's not actually giving away anything. It feeds into the core of what you're doing, that's just one use case. There's thousands of use cases for this stuff. There is something really special about that the scarcity of that moment. That what makes live sports, live radio, live whatever, fun. If Twitter can somehow create this loop, where people are coming to spaces to have a conversation, and then it drive some tweets about that space, and then it drives people to a newsletter, we'll see whether or not review works or whatever. You can really start to see the makings of an ecosystem. If nothing else, this is a group of really smart people thinking in that manner. It's obvious that they are. Now, if you're looking at the trailing numbers, you just not playing the game in my opinion.

Elliot: It's first time you could say that with Twitter. That wasn't the case before, and that's the blue-sky thing I'm talking about. They're forging on forged territory. It's awesome. One thing I think about, you nailed it, and a lot of the podcast world and everything, it's a little polish, the conversations are planned. I know, we didn't plan but like--

Bill: Yeah, most are.

Elliot: It's the improv world of it. A lot of it is very planned, and the spontaneity of spaces is just beautiful. It's awesome. It's a great experience. You're living in the moment. One of the things I was thinking about as well, is Jack at Square bought Tidal.

Bill: Yeah, I want to talk to you about this.

Elliot: He’s got Jay Z.

Bill: I am little not thrilled that he's not in Twitter. I don't understand why that went to Square. I think you're going to have a better perspective than I will.

Elliot: Well, I can't answer that perfectly, but I can tell you, I hope that Square just bought Twitter a whole lot of engagement. If you get Jay Z, who hasn't tweeted in four years, or something like that, till this week to tweet, and if you think about Jay Z, I mean, I could imagine someone like that in spaces could do really interesting, awesome things.

Bill: Oh, yeah. Here's my question for you, though. Jack and Jay Z are sitting around that table drinking wine with that diagram. For those that haven't seen it, you've got the artist in the center, and it's the ecosystem around the artist. That to me, is exactly the blue sky that Twitter is. What value does it have the square that I don't appreciate, because I don't follow Square as closely?

Elliot: Yeah, well. I think Square’s done a lot to empower people to more directly take ownership of their business from all the service providers that they use in various ways. For a mom-and-pop store in the past to open up and take credit card was challenging. You needed a lot of work in the background and proceeding actually being able to accept a credit card, and Square made it simple and beautiful. With artists, there are a lot of intermediaries that have some piece that they're taking from them in various ways. Whether it be the more professional ones who have an agent and then they have to pay the agencies. Then, there's a label that owns the rights to their music. How many times is the pie being divided before it actually gets to the artist. The artist is not truly at the center of it all. I don't know the best way to speak to it, but some of the things I think about are Square, and we hadn't seen it that much, because COVID has been the last year, but they had really made a lot of progress working directly with venues. When you add in title and music, and a more direct artist monetization model, and adding relationships with venues, maybe build an ecosystem that pushes people directly to buy tickets from the artists, gets them a closer relationship with the venues. I'm just dreaming here. I don't know the best way.

Bill: Yeah, no, I mean, this is all just, we have no idea.

Elliot: Yeah, but Gokul who had been at Square with Caviar talked about, all these other platforms like YouTube, Instagram, etc., and not having direct artists monetization, and they didn't mention Twitter. My buddy, Evan, retweeted that and was like, “I see the future of Squitter.” Square-Twitter.

Bill: [laughs] Yeah, well. That’s what I was thinking, too. I guess that the question that I haven't been able to work through in my head is, why would the Jiggaman not go to Twitter? You could have some deal with Square. They're clearly related parties, cousins or whatever in Jack’s point. It's just hard for me to understand why. I don't actually care about title, the asset, I more care about Jay Z's focus. I suspect it is true, but I hope that the compensation that he got from Square does not take away from what I think Twitter will help him build if he engages in the right way.

Elliot: One of the things I've always laughed about is, I find a bunch of square employees, in aggregate, Square employees are more interesting and active and engaged on Twitter than Twitter employees.

Bill: Huh.

Elliot: Everyone in Square does something on Twitter. Square itself also has leveraged Twitter, exceptionally well. Cash Fridays, all kinds of different engagement promotions that they do working with influencers. Square has been a great force on Twitter. Obviously, the cash tag is built into the platform itself. I think they're siblings, Jack's a thinker that's looking way out into the future. For better or worse, he's a visionary and he has some pieces that he's pulling together. I think he's thinking way farther out and way differently than any of us are. He's very nuanced when he speaks, and maybe he could do a little better job trying to share some of that vision. I don't understand why there's so many people who get the benefit of the doubt as CEOs and operators at certain businesses, and Jack doesn't. Everyone's like, “What the hell is this guy doing?” Come on. He's got three different billion-dollar products that he's created. God knows what he's doing. I think there could be some debates about whether there's a conflict of interest and how-- Right now, Twitter's foremost priority, I think they made it clear that they're working on monetization, and a key pillar of that is creative empowerment and giving paths to monetize as a creative.

What's a musician? A musician is a creative. What's he talking about at Square? Helping musicians monetize their presence. I could see where some people talk about conflict, I see convergence of priorities. Perhaps that opens up interesting opportunities. I'm more willing than most to give him the benefit of the doubt. I think if you go back to when Elliott first took their stake, not me Elliot, the activist hedge fund. People were talking about how it's inevitable that Jesse Cohen is going to get Jack's neck and it's like, "Wait, why?" First off, why do people want that? I understand, he's got two jobs, okay, whatever. That's definitely a problem. if you talk to people--

Bill: I don't mean to interrupt you, but the two jobs thing is annoying to me. This is at any given day, a $50 to $60 billion company. The idea that he's the guy that has to be there to make the day-to-day decisions or whatever. I was thinking about these yoga retreats and how much he takes like shit for that. There's a couple things. One, Africa has a huge TAM, for lack of a better term for the future. Going to Africa and understanding that, is probably a fairly decent use of a CEOs time that's running to global companies. Two, if he needs to sit in the dark for 10 days and not eat to get creative about where the world is going, who cares?

Elliot: Yeah. One of the ironies I find of Jack is that each of my favorite quotes of his that I found over time, you simply can't shrink into the bite size form of tweets. Here's the dude that gave the world Twitter. Yet his thoughts, his best thoughts just aren't tweets. He's a very nuanced balanced thinker. I think to the extent that I'm far more focused on Twitter these days, I had a position in Square that I probably should have hung around longer, and but to the extent that I'm focused on Twitter, I'd say, the drawback of him having two jobs is that having a good COO would be very helpful. Here, someone who could communicate the business better on conference calls, then Ned as CFO does. Someone who could actually make sure-- when I've spoken with formers a lot of what I hear, is that, for better or worse, Anthony Noto got stuff done at the end of the day. You knew, there was someone when there's something a priority you could turn to and make sure that, "Yeah, this is going to get done." Now, the worst is that I think Noto just fundamentally didn't understand the power of Twitter and what it was, he thought the essence was live. I'd say that's treating a means to an end as an end, he violates Kant's categorical imperative there and that was big column--

Bill: Why don't you break that down for people that don't have any clue what you just said?

Elliot: In effect, when you think about what Twitter is, when you think about as a business, you have to know what your core is. Twitter is, I think about connecting people with their interests. Anthony Noto said, Twitter is about being live. Twitter is live. When I think about that, I'm like, live is actually part of connecting you with your interests. When something you're interested in, is happening in real time, and I'm not speaking just to sports here. When the market's open is something-- [crosstalk]

Bill: Yeah, [crosstalk] just talking about spaces or whatever.

Elliot: Yeah, exactly. Live is a means to fulfilling the end of connecting you, with your interest. If you focus just on Twitter's essence around live, you're going to do things that I think are mistaken, like bidding for Thursday Night Football rights, and building product geared toward that, now building topics and not building a better onboarding process. That's one of the things I love about spaces, to pull it back to spaces, it makes it easy and accessible. Well, one of the biggest challenges that people have had with Twitter, two of the most prolific, non-FinTwit tweeters I know, were manually on boarded by me. I literally sat there. I was like, “I know what you're interested in and passionate about. I know you'd love Twitter.” They're like, “No, Twitter so hard. I can't do this.” I sat there, and I was like, “These are 100 people you need to follow.” I gave them a feed. I was like, “I'm not going to encourage you to use it from here, but just check in from time to time.”

Bill: Yeah, see what’s going on. Yeah.

Elliot: Dude, they're addicted. I'm sorry, you guys, I know you're probably listening. I'm so sorry.

Bill: No, you're not. They love it. If they're addicted, they like it. Go into that, piggybacking on that. What do you think about this super tipping feature?

Elliot: I think it's amazing. I think tipping makes so much sense. Whether it's like about creating a gate for certain content as follows, or whether it's like, you throw someone a tip to give them the mic to ask a question in a space. When I was talking about emergent phenomenon, there's so many ways that I think it's going to be used that we haven't anticipated today, that we just like don't know. They're going to be really creative people who are like, “I'm going to deploy tipping as a way to make my engagement more meaningful on this platform.”

At the end of the day, all of us have always amused and joked about is like, “I get so much freaking value as a user on Twitter,-

Bill: Yeah, and they get none of it.

Elliot: -so much of the value is not captured by Twitter itself.” One of the beauties of tipping, by the way, the way I see it, going in my ideal conception of it, and I thought this even before Kayvon Beykpour, who I think is awesome, who I think will fill some of that white space as the COO kind of presence within Twitter, and maybe is the future CEO. He talked about Twitter coin. Obviously, everyone knows Jack, what's Jack's profile on Twitter, but the hashtag Bitcoin. I think Twitter coin has an interesting role to play in tipping. Let's say I want to throw someone 50 cents, I can't do that with a credit card because a credit card is going to take 3% plus five cents. At the end of the day, give me 50 cents. How does that work?

Bill: I was just talking to Francisco about how I think that Roblox is a slightly better business because this roebucks feature, but if you're about to tell me that Twitter coin is coming, I'm about to have my mind explode. Is that what you're about to do to me?

Elliot: Exactly. I'm going to buy 100 bucks in Twitter coin.

Bill: Shit. You don’t even want to see my out-year forecast. [laughs]

Elliot: Right. Infinitely divisible, it's freaking amazing.

Bill: Yeah. Oh, God. I'm going to go-- [crosstalk]

Elliot: By the way, see, one of the beauties of it, too, when you think about how Twitter could deploy this in creating Twitter bucks and saying like each Twitter buck is backed by one US dollar, each dollar is a dollar. They could also seed the ecosystem. They could say, let's say, like you and I, and all users combined are only willing to put in like a million dollars, Twitter could say, “We're adding 1 million more dollars from our balance sheet to that pool and add velocity to reach the wheels of tipping people. They're effectively transferring money to creatives. In doing so, they're also providing incentives for creators to put more stuff out there. It's saying, “Please engage, because the more you engage, the more money you'll get out of it.” I think that coinage could have currency, even off Twitter itself in the social landscape.

I think in getting there fast, so many beautiful, emergent phenomenon could take shape out of it. This is just part of the blue sky that I think Twitter has created for itself that I think no social platform has done over a decade into their existence. These platforms tend to hit their peak penetration, and then not necessarily stagnate, that might be the wrong word, but just persist via inertia, and Twitter gets to explore and create.

Bill: That is something that I have noticed from a user perspective, the acceleration of the process, and the experience over the last 12 day-- maybe even six months, man. I shouldn't say 18, because it hasn't been that. You were pushing me to think about in the past, there were differences or heads were butting between product and monetization. Jack was all about product, product, product. When were we having that conversation? That was probably like, what, eight months ago, nine months ago?

Elliot: It's an ongoing one.

Bill: Yeah, but I'm saying when you were really walking me through it, I think that's when it was. After I started to think about that conversation, I noticed things, even as simple as when you reply, the little lines that bracket out the conversation and whatnot, and how to follow the replies, there's just been little tweaks to the products that I've been noticing and saying, like, “Oh, this is getting meaningfully better.” Now, it was starting from a pretty pathetic spot, despite the fact that I was addicted. I don't know, man. It feels like the ethos is actually changed and that this isn't just some investor day that they're pitching. It feels real.

Elliot: By the way, let's talk about the former elephant in the room in a lot of respects. I do think no longer having to answer questions about how you deal with the sitting president, who's violating your rule, lifts a curtain from all the drama. I think that guy sucked the air out of just about every conversation in every room. He metaphorically entered.

Bill: That’s what he's good at.

Elliot: Right. Having that out of the way and being able to just focus on-- I mean, there's this thing I was introduced to called the Twitter hedonometer, which is a professor from, I think, Stanford and his students put together this every day, they measure the happiness based on key trigger words on Twitter, and tapping into the API. People are happier on Twitter now than they've been at any point since before 2016.

Bill: That not shocking.

Elliot: We're still in the middle of a pandemic, obviously, we're nearly end of it--

Bill: That would be the time that people aren't thrilled, right?

Elliot: Right. People are engaging on Twitter for different reasons, in different ways. Obviously, I've said it's about interests, and people who are interested in politics tend to engage quite heavily. I think that's just one vertical, where it's got relevance out of thousands. I think taking that away, has helped them focus-- also, not just us as people who are participating, that's how Twitter focus on like, how do we make our product better instead of how do we react to this latest shit show?

Bill: Yeah. No, that makes sense to me. Are you concerned that the super tipping will incentivize some of that behavior, once it enters the politics? Are we going to get like trolls that get really rewarded? I mean, that's obviously the risk with this stuff.

Elliot: No, dude, I think the risk is on a different dimension, and I'll tell you exactly what it is. I mean, those of you who follow me probably know I'm also a long Dropbox, I'd say please don't search Dropbox in Twitter. One of the things I like doing when I'm researching a stock is searching it in Twitter. If you search Dropbox on Twitter, you get invitations that look like they should be on OnlyFans, you don't get any actual information about Dropbox. I did it during Dropbox Analyst Day just trying to see how many people were following along. I think one of the fears that Twitter had, and there's a great-- I think it was a modest proposal tweet about how like-- maybe it was Jerry Cap, because it was about Roku in the early days, I don't even know how many channels were in the rated X category, so to speak.

Bill: Yeah. Jerry, he looks at that as a leading indicator of where things may be going.

Elliot: That's exactly what it was. I think Twitter's fear was they don't want to be in-- they don't want too much of their revenue tied to having sold that. There is more of that content on Twitter than--

Bill: You don't want to be OnlyFans, right?

Elliot: Yeah, exactly. They want to be about connecting people with their interests and engaging on that level. How do you police that? How do you choose? How do you make the conscious decision as a business to either facilitate it and enable commerce in those categories while also policing it, Bill Ackman is going after Pornhub now, because they're not policing their own ecosystem appropriately.

Bill: Is he, really? I didn't know that.

Elliot: Yeah, absolutely. He's been tweeting about that. It's all happening on Twitter. You're not following him on Twitter?

Bill: No, I do, but he's not in my feed, which is odd, because I'm an Ackman fan. I'll have to look.

Elliot: Yeah, there you go. I think that raises challenging business decisions. I think for the longest time, they didn't want to end up in that predicament. They will have to, I think, have a public policy about whether that is or is not monetizable in that way.

Bill: Why is Ackman doing this?

Elliot: Maybe they can have a policy by not saying-- [crosstalk]

Bill: Do you think Ackman is trying to SPAC Pornhub or OnlyFans-

Elliot: [laughs]

Bill: -drive down the valuation?

Elliot: I don't know. He's got [crosstalk] SPAC is just waiting.

Bill: I know, this is an odd thing for him to run. I'm going to have to think about this.

Elliot: [laughs] Yeah. I don't know the angle.

Bill: Well, somebody at Pershing Square, hit me up, let me know what he's thinking.

Elliot: Exactly. Maybe he's trying to create an opportunity for Twitter and take a stake in Twitter and let them be the ones who will enforce that appropriately, I don't know. That's a really hard choice, that's one of the things. The other thing when I spoke to Twitter about this, I was speaking with people in IR and some formers for like, a couple years. I think I was pretty early out there saying they should have some super feed or premium feed. Everyone has said, and one of the biggest critiques I've heard, even after they've come out saying that they're going to do this is well, what if that takes a lot of engagement off Twitter. I think people don't appreciate it enough how, like, there's churn in any business. The only way to replenish your churned users is to actually try to acquire them. How do you acquire them? In Twitter form, the acquisition is being engaged in the free side of things. I think it will greatly increase the incentive to tweet, not the opposite, though. The only way to see that in action is to actually see it in action. I'm excited. I have a strong opinion and I've had this thesis for two years before they even announced this. I think it creates a virtuous cycle where you not only tweet more, but you are encouraged to find ways to bring people in, you are encouraged, like, I don't think Twitter is going to monetize, per se, the newsletters, the subscriptions, all that stuff to the same extent that all this brings more engagement. One of the things I've really been looking for is a wedge for Twitter to ask for payment credentials. If you get any credentials--

Bill: Yeah. Why do you like that so much?

Elliot: Dude, my Roku experience has really taught me a lot about that because in Roku, when they ask for payment credentials, when someone creates an account, and then you combine the actual information you get from having payment numbers with buying, like second- and third-party data sets off of Experian, you get a much more holistic vision of who your user is and what's Twitter been lacking. They've been lacking the right stuff to target us. Everyone who's going to put their payment credentials in, is going to get way better advertisements.

Bill: I will say I do listen to you when you talk to me. I did bring that up with Dave. We were talking about how most of Twitter's advertising right now is top of the funnel and how it's the perfect machine for bottom of the funnel advertising, if they can figure out how to do it. Then we started talking about payment credentials. I was like, “Ah, this is what Elliot's talking about.” I do listen, when you talk to me. It just takes me a while longer to get to what you're saying because I'm slower.

Elliot: Hey, man, [crosstalk] there.

Bill: At least I got there.

Elliot: I'm slower, too. This is an obsession. This this one position I think, it has been for better or worse has consumed a lot more mindshare, but I think it's mostly for better.

Bill: How’d you get so creative, man?

Elliot: Get creative, dude, expand your mind.

Bill: I mean that because sitting around-- I don't know, you're a really creative dude. I think that that's the part of you that's really, really impossible for other people to replicate. I've seen it in a couple different scenarios where you've been really early, and we'll see if you and I go in galaxy brain on Twitter is right, but objectively, when you bought it, you were right, and you've been right for the right reasons. That's not easy to get to.

Elliot: Yeah, creativity is tough. It's a double-edged sword. The true value camp, that's focus on what you know, what's observable, what's real, and don't let yourself get creative because you'll end up fancified something that's not there. Creativity, you have to be able to harness it. When you speak of creativity, I'm not an artistic person. There's not an area like that where I'm creative, but I think maybe some of it is like what we started our conversation with, improvisational music. I like being experimental. I like putting myself out there. There's a great quote from Trey Anastasio of Phish, where he says something back to the effect of--

Bill: It all goes back to Phish. [laughs]

Elliot: Yeah, exactly. He talks about how-- if he's not taking risks, he's not trying, if he's not putting himself out there, he's not doing what he's supposed to be doing, he's not learning. I think to the extent that being creative is about being willing to fail, being capable of having situations where you're absolutely going to be wrong, and pushing yourself forward. That's something I think I'm a little more willing to do than the average person out there. I've been wrong on things. 100% wrong.

Bill: Dude, this is what I've learned from Gardner and Ron Baron. If you're right, and creative on this stuff, the amount of money that you can make is stupid. I think, I need to be careful about like applying this to any idea, but if I can apply this to Twitter, then what the hell am I living? The whole reason this podcast exists the whole reason I'm anything right now is Twitter. I am living a mini-influence-- I'm closer to freakin' media personality than I am an investor at this point. It's all because of Twitter.

Elliot: You're media personality/Twitter/investor.

Bill: Yeah, that's right. It's okay. Yeah, that's probably what I am. I just want to win the Slashy Award. That's all that I really want. If I can't understand how this ecosystem is working, and I can't apply creativity here, when could I? That was also part of what Dave said. He is like, "You're going to tell me that you don't have an insight into this idea, that's really the argument that you're going to have?" I was like, "Yeah, you're right."

Elliot: See, and that's the beauty of it too. A lot of people who are looking at this from the outside don't have the ability to see stuff how quickly Twitter's changing, how many more users are coming on to Twitter. We knew in day one, when Dan Loeb and **[unintelligible [01:58:43]** started engaging. People out there don't really know this stuff's happening. I just want to contextualize creativity, because I think it's important. To tie it to the value camp, for me, personally, it's not creativity at any price. I need a foundation I could anchor against very strongly, very reasonably. When I started buying shares in Twitter, it was a very low price to sales multiple. The company was actually using the traditional toolset of a value investor, I think, pretty cheap. The biggest question was like, "Can they go from stagnant user growth to resuming user growth?" I like only affording myself the opportunity to get creative in those situations where I know I could anchor to something. I'd call it the optionality.

Bill: Well, I guess what I think you are very good at is seeing the optionality early. I would say that the difference between Twitter for you and Twitter for me is, Twitter for me could probably be satisfactory to above satisfactory investment. Although over the long term, who knows? For you, it's probably a life changing one, but that's the difference between seeing stuff when it's super bombed out and when it's still early in the story. One thing that I was listening to Ron Baron talk about Vail, and he was looking at the assets and he was just thinking about how they can reinvest and what that asset base can do. For me, it's one reason I'm uber build up on what Disney Plus does for Disney. It's the reason that I see the value in Twitter is like, Jerry Cap has pushed me in times to think about the tangential ways that businesses can enter other markets, and I have been reluctant to do it, but I can truly see it here. It's like, okay, if my value brethren want to accuse me of stretching on this idea, valuation wise, that's fine. If that ends up costing me down the road, whatever, I don't think either one of those is really correct critique, given what I think is probable to go on here, but I can understand why people can't get there.

Elliot: Yeah, in some ways, you're probably going to have a less stressful situation with it because you're going to be judging their ability to execute against a roadmap that they shared with us. That's very clear and very obvious. When I stepped in, it was it was a mess. There's something to be said about, like, trying to wait for the mess to resolve before getting engaged. I know some people who that their investment strategy in a nutshell. Back to Phish, it's like they have this concept of tension release, and the release is glorious and joyous after they build this tension with really sharp notes. I think this thing's very much in the release phase. To the extent that I've spoken about Twitter a lot., I get asked about this, like, what I talk about on Twitter, my positions, I tend to talk by far disproportionately more about my controversial ones than I do my boring ones.

You mentioned Vail, Vail's is one of my boring positions. I think Rob Katz is one of my favorite CEOs I've ever, ever encountered. Talk about someone who's creative, but comes from the private equity world where you don't necessarily think-- you think more like how do we wring this asset for what it's got, and how do we explore, creative opportunities to transform our business. He really took Vail from being-- it was more a real estate, and a gate concessions business than it was, like, I'd call it now a true platform. It's a subscription like platform, and it's beautiful. He created that business model, like, how brilliant is that? Who would have seen that coming, and people didn't even believe it even several years into doing that. I think those kinds of transformations, they do create virtuous cycles, and they create opportunities to differentiate yourself in more ways than once. One of the things I love about how Vail is doing it.

Vail competes with their Epic Pass, competes with the Ikon Pass. The Ikon Pass has great Mountain Groups behind it, but they're groups. Vail is Vail. Vail owns all their mountains. Vail could aggregate all their scale, and use the right kind of leverage with their suppliers, so my understanding is Vail is able to buy lifts, and the snowcats. All the big capital equipment that ski mountains have to buy for 15% to 20%, less than anyone else, because they are one Mountain Group, and they could spread these expenses over a really large base. They could make a commitment to their subscribers that each year the value that they're getting out is going to be greater than the value that they had the year before. I think that has relevance to something like Twitter, where now with the subscription stuff, they could think, they could ask themselves questions on multiple fronts, how do we keep adding value to our users. What features do the people who actually are making big businesses off of subscriptions and off of newsletters? What do they need? How do we empower them? Once you start asking these questions and start exploring them. Obviously, you experiment, you do a lot of testing, you try this, you try that, some of the things will work, some of them won't, you take feedback from your users and deploy it out there. Vail is really good at tapping into the data, using surveys to understand what people do and don't want. Right before COVID, they were going to attach to their Epic Pass, 15% discounts to hospitality and food and beverage on their properties for people who have the Pass. That was a new initiative. They're still unexplored territory. That's where we are with Twitter. You get to be creative. You have a right to be creative once you build that platform.

Bill: Can the can the Mountain Group that Vail is competing against, is there any probability that they almost form like a co-op for buying? I don't think of ski is like a cost game but obviously costs matter in every game, so it's not as if you can just say, “Oh, well, who cares about my costs?” Is it possible to form an equipment buying co-op, do you know? No, [crosstalk] it's a weird question.

Elliot: The answer is yes, the economics for each of the mountains are very different.

Bill: You don't know what your utilizations are, and you can't share that, those are like fixed cost absorptions are all different.

Elliot: Yeah, exactly right. Vail could buy something like Hunter Mountain, that's never going to make the same amount of money as Vail itself. Revamp everything there, do an entire facelift. I know Wyndham, which is right near Hunter, they're a part of the Ikon Pass, and they did have more resource and did a good capital investment plan, but that was because their specific owners were ready, willing, and able to do that. Every owner within the pass is going to have different cost of capital, different priorities, and what's important to them, some of them are more concerned with putting money in their pocket than investing back in their product. You need to have an alignment of vision and mandate. The answer is yes and no. Definitely, there are some mountains that are doing better than others on that. But Vail scale is just that much more too. It's huge.

Bill: It's cool business. It's one that I flirted with in March, but didn't hold, but I'm okay with how everything turned out.

Elliot: Yeah, if I waited a month, my price would have been a lot better, but can't time these things perfectly. Actually, not even a month, I think even a week would have made a world of a difference.

Bill: It was a wild time, man. What do you think's going on right now?

Elliot: It sure was.

Bill: This is March 5th to timestamp it. I feel this is more tantrum than reality, but we'll see. I think some of these stocks have just gotten really, really stretched, and a little bit of a pullback is healthy.

Elliot: Absolutely. You've got to ring out these accesses. It reminds me of 2013 a lot when we have the taper tantrum. I think the Treasury curve had been moving downward since, I think, it was the end of 2018, when we went back to cutting rates again-- or that was the last hike, and then we went back to cutting rates again, or something like that, I'm getting it roughly right. What I mean by that is, we went from a everything rates going down for several years now to that inflection when they jump up. The first jump is a step change, and that volatility in the Treasury market gets diffused through all of equities, because of how many strategies work and because of how people think of cost and capital, and all this sort of stuff. What gets hit the longest duration stuff, the stuff that's a little dreamier.

Then, the second thing I think that's going on is like, basically in the market since last year, at this time, last year being when COVID was just starting to loom over us all. I think one year ago today, we were within three days of going into lockdown mode. What's happened is we've had no more visibility, no more line of sight than one to two quarters ahead. Where we sit today, I think our line of sight is similar. We know things are going to be reopening. Biden said everyone's going to have their vaccine who wants it by the end of April, life's going to be a lot more normal this summer, but when we fast forward one year to from when reopening happens, like, are we going to be in a recession again, because there's going to have been such a rush in the beginning, and the comps will be so hard. I think that's part of what people are struggling with. Like, what is the future look like?

Bill: That seems so short sighted to me. The comps, some businesses are going to have stiff comps, but I don't know, it's all about-- where are you on the general secular step change in life. This is a weird time, man. I can't wait till we're vaccinated.

Elliot: It's a weird time.

Bill: I'd like to do this in person if you’re down as soon as we can.

Elliot: That's right.

Bill: Well, dude, for those that don't know, we lost the second part of this, and we're recording it, and we thought it would be 10 minutes, and I've now taken up almost 50 of your time, man. I've enjoyed every minute of it, but I'm going to give you your day back. I did want to hit on one thing before we wrap up is, you've mentioned talking to formers and talking to the company, and I know that you have a mentor that means a lot to you, and if you want to give them a shoutout for teaching you how to do what you're doing, I think it's probably a pretty good idea.

Elliot: Yeah, Mario Cibelli has been huge. I got to know him-- again, everything comes back to Twitter. Over Twitter, tweeting about Grubhub.

Bill: Really?

Elliot: Absolutely.

Bill: Wow.

Elliot: It always starts on Twitter. It's the funnel for life. God, I'm so full of these recurrent themes. I can't help myself.

Bill: Well, it's really important.

Elliot: It's like if you could narrow me down, it's like sports, Phish, and Twitter. Mario has been huge for me, he's shared some of lessons learned from being in this business for a long time, giving me positive encouragement to make certain decisions that have been hard, not easy. He's taught me a lot about scuttlebutt, about building a network of people, both at companies and in industries, who could help you find your path, help you learn about companies, how to take these lessons and build files that, like, one of the things I think about is, I have these operators and these people in businesses that I've been exposed to, and he's like think about 10 years from now, when you have a list of these interesting people, and you start following where they are. The seeds are planted already for interesting ideas. In the grand scheme of things, I view myself, I'm on the underside of 40, but quickly approaching 40, I view my peak year is probably still one decade forward from now, I think that's one of the ways it's going to happen, I'm going to have taken these lessons, taking these relationships, and we'll have really interesting things that come out of them. I wasn't thinking in that way at all until Mario shared his own experiences, his own lessons, and he does this so openly on Twitter too.

A lot of this is available for everyone, I definitely urge you to go follow him. Great guy, and it's been huge for me. I came into this industry as an outsider, like you, Bill, out of law. A lot of people thought I wanted to get into finance, because the law job market sucked when I was making my own transition. But it was a passionate calling that long predated that. I didn't have a mentor, I didn't have someone who had taught me tricks of the trade. I didn't have someone in building my own business, who told me about even the menu of options I have, and thinking about the tradeoffs in each choice, and Mario was the first person who really took me aside and was like, these are the things you have to be thinking about. That means a lot to me.

Bill: That's dope. Well, when I ask him to come on, you're going to give him the nudge? Tell him to come on the podcast?

Elliot: Yeah, absolutely. It's the right place, man.

Bill: I've been thinking about what you're touching on, building a Rolodex, and you and I have a common belief and sharing what you're doing. One thing that I think is cool about this podcast is it tends to appeal-- my listenership skews young. It's your typical hedge fund bro would be what is the listenership for now.

Elliot: Do we count as young?

Bill: We are on the older end of young.

[laughter]

Elliot: Sure.

Bill: I think what's cool is it has enabled me, and I suspect that your media that you do, too, has enabled you to connect with some of the younger guys that are either looking for mentorship or-- I've been contacted by a lot of people that are just on their own, but they say like, “Look, I have this industry expertise, and I will help you any way that I can.” The amount of people that it opens up, it's very cool to put something out that people and then be able to say what I'm asking for in return is either reciprocation of thoughts that you have that-- if you confirm what I'm thinking, that's nice, but I'd rather if you have pushback, that's what I want to hear. People are so willing to do it. Man, what a wild time to be alive that if you can figure out how to hack that, and then you can be reasonably diligent at thinking of each other when ideas come up and keep a Rolodex of people that may need to meet each other, that's like a superpower man. If that's not edge, I don't know what is.

Elliot: It really is. It's so hard to get right. I think people who don't understand or think about doing it that way-- I got asked just yesterday by someone, like, “Do you think your clients might be a little pissed that you put so much out there on Twitter?" I'm like, "If my clients were pissed, they don't know and don't understand how much freakin value I've gotten from putting myself out there." We are life friends from having met through Twitter--

Bill: And Manual of Ideas, shoutout to John.

Elliot: And Manual of Ideas. Absolutely, big shoutout to John, but a big part of how I really got to know John is having engaged on Twitter than more out there. I could explain it from little things, like sharing ideas about Twitter has put me in touch with former employees who are very willing to open up to me, and one of the things they ask in exchange and I'm very happy to give, like what are the best books to read to learn about investing? Could I run ideas by you? Not ideas like should I buy this or that but ideas like, is this the right framework to be analyzing this through? Because I lacked mentorship, I've been so willing to put myself out there to help people along the way. If you're listening and you feel I could help you, I'm an open book, come ask.

Bill: That's what's up, me too.

Elliot: I know you do the same.

Bill: Yeah, me too. Well, folks, if you can't figure out why I don't or why I like Elliot so much after listening to this, you can just stop listening to all the episodes because he's the man. I appreciate you stopping by, man. Thank you.

Elliot: Yeah, thank you for having me. I love this.

Bill: Thanks for doing it a second time. I know you've got a busy life, but I'm glad that some news cracked and gave us the catalyst to have this conversation. It was fun.

Elliot: Yeah, absolutely. I think it made it a little more interesting even.

Bill: Yeah, I liked this one. I'm sorry for all the Twitter love, people that aren't all bulls are like, "Ah, these guys just wax poetic on Twitter for an hour." That's right. That's what just happened.

[laughter]

Bill: All right, man, take care yourself.

Elliot: You as well.

[outro]