

Taylor Pearson:

Hello and welcome. This is the Mutiny Investing podcast. This podcast features long form conversations on topics, relating to investing, markets, risk, volatility, and complex systems.

Disclaimer:

This podcast is provided for informational purposes only, and should not be relied upon as legal, business, investment, or tax advice. All opinions expressed by podcast participants or solely their own opinions, and do not necessarily reflect the opinions of Mutiny Fund, their affiliates or companies featured. Due to industry regulations participants on this podcast are instructed to not make specific trade recommendations, not reference best or potential profits. Listeners are reminded that managed features, commodity trading, Forex trading, and other alternative investments are complex and carry a risk of substantial losses. As such, they're not suitable for all investors, and you should not rely on any of the information as a substitute for the exercise of your own skill and judgment in making a decision on the appropriateness of such investments. Visit mutinyfund.com/disclaimer for more information.

Jason Buck:

So, you just called me from the car a few days ago, and you are on this epic road trip with your family across the country. So, tell me about what you saw, what you're exposed to, what you learned, what's your takeaways for America these days? Tell us about the trip.

Bill Brewster:

I don't know, man. I got three kids and it was fun for the oldest to see DC. My mom's sister was married to a captain in the Navy and his father was vice admiral and his father has a destroyer named after him, that is going to Spain. And we got to tour that. And that was pretty sweet. I liked that. Pretty wild to walk a boat that cost \$4 billion in today's dollars. Which are not the dollars that they used to be, but still a lot, nonetheless.

Jason Buck:

I'm sure the size was overwhelming, but what were little details that you noticed, and I'm sure you noticed, that surprising to you or stood out to you?

Bill Brewster:

It was just really cool to go down into the command center. And the woman that she's one of four people that defend the ship, and she was just telling us like there's 96 missiles on there. And then they've got these bullets that, I guess, are five inches are round and they're three feet tall. And that's what they fire up boats if a boat is coming after them. I guess the other thing is the satellite system that's part... I forget what it's called. Maybe it's the Agius or whatever satellite. It's like a mesh satellite system. All the boats communicate with each other. It's just wild man. Glad America has the military. It made me feel safe. Even if that's a false sense of security, it's a sense of security.

Jason Buck:

Could you help yourself where you think about Peter's eye hand, and a blue ocean Navy, and all that and our us protecting the waterways?

Bill Brewster:

Yeah. I just think it's incredible the commitment that people in America put... They literally put their lives on the line for us and that lifestyle would absolutely suck when you're out at sea. And it's just a lot of people that I don't come in contact with too often. And it was nice to see. And I guess one of my takeaways is driving through America, and around, and whatnot, is I think I understand why we're a little bit more divided. I don't know. I think I understand the red states and the blue states a little bit better. I think people, if they had the chance to get in the car and drive around, they might understand it a little bit better. At least I do.

Jason Buck:

I want to come back to that divisiveness, if I can even say the word. But, what are some of the other stops in the itinerary without doxing your family members?

Bill Brewster:

Oh, it's all good. We did Savannah, Virginia Beach, DC, then Ohio and Amish country for two nights stayed in a tree house and had a tornado warning and the tree house, that was super fun, where you don't want to be in a tornado warning. And then we went to Lake Geneva, and then we had a wedding in Chicago, and then I drove back. So, it was a good Eastern loop.

Jason Buck:

How were your boys on the trip? Where they like, "Are we there yet," Or were they excited? They're staring out the window. Are they playing games?

Bill Brewster:

No, dude.

Jason Buck:

They watch movies the whole time.

Bill Brewster:

Yeah, they're Apple'd out. They have their iPads in case of emergency break open iPad. And it was an emergency. So, they were actually quite good.

Jason Buck:

What did you think they enjoyed the most?

Bill Brewster:

I know my oldest liked DC, I'm certain of that. My youngest said that his favorite part of the trip was the soup in Lake Geneva, which was good soup, but I hope that's not actually his response. And I don't know what my middle would say. I don't know. But we had a good time. It was good family stuff.

Jason Buck:

So, part of it, when you were saying, thinking about the politics of the country, did you feel it was just different from your community in Florida versus what you saw driving across the country? And were you reminded of what it was like back when you lived in Chicago or what was really stood out to you to make you think about the political opinions and the frictions we have in this country?

Bill Brewster:

I've been thinking about it a decent amount anyway. Actually, so Chicago, I lived north of the city. I lived in a town called Willmette, and I think it's not unfair to say that it's pretty blue. Where I moved in Florida is quite red. And I've been listening to the audio book that David French wrote called "Divided We Fall." And regardless of people's opinion on David French, I think that the book has a lot of good data and it's just even within counties now, if you break down county by county, there's just fewer purple counties than there used to be. So, there's just like people aren't bumping into each other as much. And I don't know, man, I was just driving through West Virginia and I couldn't help but think I kind of understand why somebody living in rural West Virginia may not be too into the idea of the federal government mandating what they can and can't do. Whether or not that's a valid view is sort of everybody's own idea and they can vote as they want. But, I just think a little bit more empathy goes a long way.

Jason Buck:

Have you ever seen the documentary, "The Wild and Wonderful Whites of West Virginia?"

Bill Brewster:

No.

Jason Buck:

Oh man, it's an unbelievable documentary. I want to say Johnny Knoxville was involved though. Maybe a decade ago, and I know it doesn't represent the total people of West Virginia, but it was about this one family of coming from bootleggers, and then now doing with pills and everything. And it's just a really fascinating documentary by rural West Virginia, if you get a chance to see it.

Bill Brewster:

Yeah. I mean, it's dude, it's a totally different life. At least it appears right. I didn't spend a ton of time, but I've done a couple road trips now, and each time I've gotten a little bit more, I guess, appreciation on my perception of where people are coming from is probably the best way to say it. But, my perception is almost certainly flawed.

Jason Buck:

You were mentioning almost like gerrymandering of districts, so we don't have the purple anymore. But, do you think that's changed? I always wonder when people say that we're in such conflict now and nobody can get along. I'm like, "When has there been any different time in history?"

Bill Brewster:

Yeah, I don't know. But, I think, now, I guess, what I fear today is there appears to be more of a fear of the other party than a acceptance that we're all Americans. There's just a lot of negative politics going on. And I'm kind of worried about what that does for us. But these are big questions and I don't have the answers.

Jason Buck:

I definitely don't have the answers either. Did you think of any Peter Lynch ideas in the sense of things you saw in your driving around the country that made you think about investments and equities?

Bill Brewster:

No. The only thing that I keep thinking about is that I should index, because I'm a bigger idiot than I used to think I was. And then I should have some sort of overlay to hedge out tail risk-

Jason Buck:

Why do you think that now?

Bill Brewster:

Because, I think, I have a sense of how dumb I was. I think when I was younger, I read Buffett and value investing and I didn't even understand the Buffett. What Buffett was saying and what I was reading were not the same things. But I thought they were the same things. And as I was younger, I was convinced I knew the answers, and now I'm not even convinced I know the right questions.

Jason Buck:

And isn't that just age?

Bill Brewster:

Yeah, I think so. But, it's made me terrified of what I don't know.

Jason Buck:

Everybody always says that with age comes wisdom, and I don't think it might not be that way. Especially for males. It just might be a loss of testosterone. And it's not that you're wise. You're just so dumb when you're younger-

Bill Brewster:

Yes, and I think that-

Jason Buck:

... And then now [inaudible 00:10:14] testosterone so you're not as aggressive.

Bill Brewster:

Yeah. I think there's a lot to it. And the other thing that I think about is for my background, I only came into finance, I think... I shouldn't say, "Only," because I do enjoy it a lot. But, one of the reasons I had to figure out what was going on is I inherited something or some wealth. And part of what I inherited is this massively concentrated position in Microsoft and a pretty decently sized one in Berkshire. And I think about, "Okay, well let's say I'm really doing this for my kids. So let's say I continue to pick single stocks and I have some winner. Then they got to inherit some massively outsized position." It's not like that fun. If they had an index, it'd be much easier on them. So, I don't know, all answers are pointing me back to the fact that I'm pursuing a stupid path.

Jason Buck:

No. The cycle continues. Give them a concentrated position for them to deal with.

Bill Brewster:

Yeah, that's fair.

Jason Buck:

And then don't help them out.

Bill Brewster:

Yeah, that's fair. But, then they'll be like, "I don't know why dad owned this. Dad's a whatever."

Jason Buck:

Yeah. So, one of the things that you and I always talk about privately, and you kind of hinted that earlier, is a lot of people read Buffett and Munger, et cetera, and they try to copy what they do and they think it only applies to value investing, but you and I always talk about watch what Buffett does, not what he says. How big do you think that divergence is? And has that changed in your opinion the last few years?

Bill Brewster:

I think that the thing that I have morphed the most on is that if you don't have control of a situation, then betting on something because it's cheap is probably just better left to computer. And I'm not sure that I think that people have the ability to... I'm sure that there are some value managers that can do it, don't get me wrong. But, I just think that there's so many adverse incentives in a lot of the companies that currently screen cheap that they're either sort of a crappy company qualitatively or management is just not there to reward shareholders.

Bill Brewster:

I just think it's a really tough game to do as a person looking at value stocks. I think all the games are tough to be fair, but I just think with all the money and private equity, I really think, especially if something's small and it's cheap, there should be a huge rebuttable presumption of, "Why am I the person that found this," and I think the first question should be, "Why is this not been taken out yet?" And then, "Why is it this cheap?" And I think more often than I used to appreciate there's really good reasons.

Jason Buck:

How much do you think, and I don't want to beat a dead horse, but the idea of technology with value investing is a lot of people forget that Buffett is going to library, writing to companies, calling companies, now with technology, you can run your screeners, everybody has crisp data. There's no edge in that is there. If it's that easy, that's why it's almost been arbed away. What are your thoughts on that?

Bill Brewster:

Yeah, I think there's some of that. I think some if it's too. He would get control, and he would liquidate companies, and he would divert cash flows. And I just don't think my perception of his track record is not a guy that was buying value stocks that couldn't control the outcome. And I think a lot of people read him and end up in that path. And the way that I have of changed my thinking is I think it's better left, like I said, to some sort of ETF vehicle or whatever that can do the screen and rebalance at the appropriate times. And you're not paying the taxes on the rebalance, and over time, maybe that works.

Jason Buck:

I wonder you and I have talked a lot privately about the idea Harry Brown had this permanent portfolio, but people forget that you start a variable portfolio. So, he said put 80 to 90% in this boring permanent portfolio that kind of covers all the global macro environments, but he realized that human nature and behaviorally, we need to make our own bets. And so, you need 10 to 20% in the variable portfolio. So, you're just saying almost like you're half joking and be defeatist about saying an index, but would you maybe combine that with still your own proprietary security selection, because you need something to do?

Bill Brewster:

Maybe, but I don't know if that's a valid reason to do things. Needing purpose that doesn't pass the, "Why should I do this test?" It's been an interesting 24 months, because I think that I made a series of reasonably good calls for the right reasons. I think I obviously benefited from liquidity exploding, but I was loud on this idea, curate retail. And I still think that was a really good bet to make. But, I didn't sell it when I probably should've, when I underwrote it in the beginning I thought it was maybe worth nine bucks.

Bill Brewster:

It gets to 11 and I convinced myself that it's worth 20, and then I round trip it. And then there's a bunch of cash that got distributed in the interim that now I have to write a tax bill on, because I delayed my taxes. And subsequently I've made some mistakes. And now I'm underperforming and I get to pay tax and isn't that fun. So it's just I felt a little bit of the top of the mountain, and now I'm feeling the bottom, and some of it's managing emotions and some of it's just being like, "Is this even worth it?"

Jason Buck:

Yeah. It's funny how you have multiple emotional swings depending on how your PNL is. But, I remember my problem is always, when you come out with a curate thesis, I have all the behavioral fallacies in the sense that I'm like, "Bill's right, this is great. Curate's the way to go." I'm going to fall for it every time. So, I just try to set up structures that will prevent myself or position size is so small that I can't hurt myself because I'm liable to fall for that great story.

Bill Brewster:

Yeah. No, I don't know how not to fall for it yet. I do objectively think that was a good bet still. I don't think the result... I think that I can criticize myself for holding. I guess one thing that I've been thinking about and it's related, so I don't think this is totally jumping topics, but there's a point in any thesis where the facts have changed, and knowing what that point is, first of all, there's probably a decent probability that price is going to show you that the facts are changing. But, knowing when that point is very difficult. And I think part of this game is continuing to try to set yourself up in situations where you're getting rewarded for taking the bet, but getting out of the bet is also tough. And I think the idea of never sell and all that, at least in the equity markets got certainly overdone. In hindsight, that's easy to say. I think I'm with Toby and Jake. I do think that we've been fairly consistent that's overdone, but selling is really hard man.

Jason Buck:

But, selling or even buying, I think about it all the time. If you're a true value investor and you bought it 10, it goes down to seven, you said, "Some material had changed, so maybe I should rethink my thesis." But, if you still feel you had the same thesis, you should be doubling down on Martingale, right?

Bill Brewster:

Yeah.

Jason Buck:

If I liked it at 10, I should love it at seven, but you have all these fallacies on both sides that'll leave you to making bad decision. And then the cell side's even harder, like you said. But, I'm curious once you have a certain amount of positions on how do you manage those positions? Do you trim, do you rebalance between them? How do you manage the positions once you get it in, especially when it's moved against you or it's moved for you? Are you looking at that position isolation, or are you looking across the other equities that you have at aggregate portfolio?

Bill Brewster:

I think the answer that I have that I'm starting to come up with is develop a source of mailbox money, probably bet a little bit smaller than you think that you should. Once I lay a bet, I'm going to try to wait until it's blatantly obvious to exit and then have the mailbox money be my next source of bets. Because, I think there's a lot of times that it's just difficult. And I think unless the answer is clear, the default position should probably just be to hold.

Jason Buck:

But, I like-

Bill Brewster:

An index solves-

Jason Buck:

... I love this idea of-

Bill Brewster:

... Some of these problems.

Jason Buck:

Yeah. I love to have these bets and this mailbox money and how the two can feed each other, is you can have this amazing virtuous feedback loop. But at the same time, I almost thought the pushback is like, have you found any mailbox money that's easy, that doesn't require management?

Bill Brewster:

No.

Jason Buck:

It's like, that's the fallacy too, right?

Bill Brewster:

Yeah. But, I think there are different asset classes. Tobacco, for instance may underperform, but you can get decent current yield. I don't know that's the answer. But, there are things like that.

Jason Buck:

Have you read, was it Daniel Paris's book, and we're just kind of reassess this idea of dividends and if we were potentially moving back more to dividends driving value of equities, or how do you think about that? Because, you brought up the tobacco stocks.

Bill Brewster:

Yeah, I don't think so. I once suggested that I thought that commodity companies should pay dividends instead of buybacks. And the amount of people that pointed out to me that you can just sell pro rata into buyback, which I already knew. I think that there's a strong bias against dividends. I happen to the fact that I think that they reduce the amount of thinking that all the participants have to... It just reduces decisions, which I think is a good thing. Now somebody's going to tell me, or listen to this and say, "So does selling." I get that. You don't have perfect information on when the buyback is occurring. And I don't know, I'm old school, man. I kind of think even if it's a little less tax efficient, some cold, hard cash coming back is a good thing.

Jason Buck:

Yeah. There's two things that makes me think about that a lot, is a lot of people, like you said, try to show there's no difference between buybacks and dividends, but that's only because of the tax consequences. Because, we changed the tax law on dividends, but pre World War II, and this is what Daniel Paris's book's about is most investors used to invest based on dividends and cash flow. But, as the laws changed over the years, that's what makes us go for just growth instead of dividend. But, at the same time, I deal with a lot of high net worth individuals and you may make a less optimal trade than somebody with a CFA would tell you, because you want cash flow and mailbox one. And that to me is perfectly rational.

Bill Brewster:

So, I think one way is we just bought this rental house. I don't know. I've got a little amateur model or whatever, but we'll see how it all... It's all built on assumptions. We're going to live there for a year and then we're probably going to rent it out. We'll see what rents I hit, and the budget to improve it is already over. So, there goes part of the cash on cash return. But, we're going to hold it and rent it out. And I think over the long term, the probability that I'm disappointed with buying that house is, I think, it's a good piece of real estate. So, I think it's low. So, it's not some public market investment. I can't market it to people, but I think it's going to provide me some level of comfort in my life that I'm going to value. So, it's probably worth a little less return if that's the case.

Jason Buck:

It's also the beautiful thing about illiquidity and market to model asset. You don't have to take that hit and it's less psychologically destructive. I was thinking about Michael Mauboussin was on MEBS pod reading his thing about it's just DCF models all the way down. And if there's anything is DCF models. Because, I come from a commercial estate background as well. And it's like, you figure out your cost of capital. You figure out your net income. You then think about how big that Delta is. And then what's your fudge factor on the future on what could go wrong. You can't really discount the cash flows all the way back from... You wouldn't have COVID in there, et cetera.

Bill Brewster:

Yeah. I need to interview him. I wish I could figure out, and I wish, I just need to work on trying to figure out, how to have a program that would bring me... I put in just the math and then maybe some base case assumptions. It would be nice to have a Monte Carlo simulation of the distribution of ways that the cash flow could justify the current price. And then, I think, I could actually visually see what the possible outcomes are. Now, I have not run tons of Monte Carlo simulations in my past, and I'm sure there are only as good as the inputs on how wide the distribution is, and how quickly... There's a lot of problems in that approach too, but I think that it would get a lot closer than a lot of people and myself historically have just tried to back into what a stock gives you. I'd like to have a wider range of outcomes without all the time that it takes that I could see-

Jason Buck:

To me, it's like scientism, it's a false conceit of science and getting an accurate number in a DCF. When the only thing that really matters is your margin of safety. If you ran the Monte Carlo simulator, you would look at that and it determine your margin of safety. But, what we're not emitting is that there's a bit of finger in the air to figure out what your margin of safety is. Is that going to accommodate any future you think can happen? And you're just guessing.

Bill Brewster:

Yeah. I think that-

Jason Buck:

But, we don't want to admit that.

Bill Brewster:

Yeah. But, that is objectively the truth.

Jason Buck:

But, what happens to the entire industry of value investing and DCF models?

Bill Brewster:

I do think there are certain spots where there are situations that people either don't want to touch, or can't touch. It's easy to say this in hindsight, but I said this to myself at the time. I did not act on it. So, words without action aren't worth anything. But, when Kramer said you can't invest in energy stocks, that's probably a decent time to buy energy stocks. And then when every single space on Twitter is interrupted by somebody who's bullish energy, that's probably a decent time to start trimming energy stocks. And that's just one example. But, I do think that there are these times where sectors are untouchable and that doesn't make any sense to me now-

Jason Buck:

So, it's hard to know-

Bill Brewster:

... Information I don't know.

Jason Buck:

... If it's overheated or it's going to run on forever and it can take rational, [inaudible 00:27:22], that's the problem with all of these quips is in hindsight it make sense, but it never really works out in the real world.

Bill Brewster:

Yeah. No, it's a very hard game. I don't know how many people that listen to this will listen to Value After Hours, but Toby, and Jake, and I, are always talking about the value verse growth thing. And my answer is always, "I have no idea." I don't know how long growth can outperform value. I don't know how we're defining these things. I don't know whether the composition of value has changed over time. I just simply don't know. And it's not a very sexy thing to say, because when people know things. But, I just realized how much, I don't know over the past I don't know how many years. But, like I said, I have far less confidence in making predictions than I used to.

Jason Buck:

Especially, it's not a sexy thing to say when your show is called Value After Hours. But, how I feel about this stuff, it's why can't be option "C: Both." Why aren't they religious camps of value or growth. It's, "Why not have both and rebalance between them?"

Bill Brewster:

Yeah. I think that's a fair question. Over the past decade I don't know that you've wanted to rebalance into value at all, but I do agree with you in theory.

Jason Buck:

But, at least diversifying your exposures. Thinking about this rental property, I don't want to get all up in your business, but did you use a loan to purchase it? Because, I want to talk about maybe leverage and stuff.

Bill Brewster:

I did not to purchase it. We're going to put some leverage on it post close.

Jason Buck:

So, that's what I'm saying. Almost like we were saying, figuring out DCF, or it's like you figure out your cost of capital, what you expect your rental income, net of all costs. You feel a fudge factor there for margin of safety. And then you think the biggest wins from that people are really not talking about so much. Some people highlight it is the amount of leverage you can get, it's the mark to model, and then using your renters to pay down that mortgage over the... So, it's a leverage for saving [inaudible 00:29:33].

Bill Brewster:

Yeah. And it makes sense.

Jason Buck:

Right.

Bill Brewster:

I don't know that it's-

Jason Buck:

Physical realistic.

Bill Brewster:

... Much harder than that.

Jason Buck:

But, a lot of things can go wrong. You could have terrible renters. You can may not be able to rent it and sits vacant for three to six months and erases three years of income.

Bill Brewster:

Yeah. But, I think over time, owning productive assets is the way to go. And at least since the eighties, having leverage has been a good bet.

Jason Buck:

And then you have the kicker of appreciation if you're living in a good community.

Bill Brewster:

Which I happen to think Florida is a structural winner. Whether or not people agree, they're fine to disagree. But, I've actually put some chips on that bet.

Jason Buck:

Exactly. Put money where your mouth is. But like you said, it's a long term secular winner with maybe some cyclical [inaudible 00:30:29].

Bill Brewster:

Yeah. And the key is we're not going to get over our skis on it and we're not going to put ourselves in a spot where we got to be a force liquidator. So, we'll see. But yeah, I'm just trying to figure out my way through life and it's weird, man. I feel like I have no answers anymore, but that's the truth.

Jason Buck:

Yeah. That's my favorite answer. I don't have an answer. I don't know. I'm just groping through here like everybody else.

Bill Brewster:

I think what I've come to appreciate as I've gotten older that I think I've heard Buffett say a number of times, I've admired this from afar. I think the amount of situations that he pays attention to and is just comfortable saying, "Other people can make money there, that doesn't have to be my game," that's a really tough skill to develop. But, I think, it's a very important one. And I think part of why I'm reiterating so much that I don't know any answers is I don't want to pretend that I know false answers, because of how hard it is to change your mind. So, I'm just trying to wait to see when I think I have an answer.

Jason Buck:

Do you think it'll scream out at you?

Bill Brewster:

No. I think this past six months has been particularly tough, because I haven't had many really good insights. I do think rates are probably have peaked, and I'm not in the rates are going up camp, but my confidence interval on that is no higher than 60%. So, that's not a resounding bet.

Jason Buck:

I was thinking about what's the quote, "All of man's problems stem from not being able to sit alone in a room quietly." You can't sit on your hands for long periods of times.

Bill Brewster:

Yeah.

Jason Buck:

And was it Munger or somebody else that... No, I don't think it was Munger that talked about, "I just wait for the money sitting in the corner, and I just have the bend down and pick it up. And that might only be once every 10 years."

Bill Brewster:

But man, that's tough. That is not easy to wait 10 years to do anything. And the other thing is the way those guys swing when they do swing, that would be a great way to lose everything for me. I don't have that mental capacity.

Jason Buck:

I think this ties back perfectly talking about Mauboussin, and DCFs, and CFAs, and all the value investing models. I always ask those people, "Have you ever run a business to know how difficult it is? How difficult decision making is [inaudible 00:33:32] opacity." And you talked about earlier about Buffett having control. I want to go back. Did you own a flooring franchise-

Bill Brewster:

Yes.

Jason Buck:

... Type business?

Bill Brewster:

Yeah.

Jason Buck:

Describe to me what that business.

Bill Brewster:

I didn't own. It owned me.

Jason Buck:

That's what I'm saying. This is key.

Bill Brewster:

Yeah. Dude, first of all, it was the financial crisis. It was '09, and my dumb ass thought, "Oh well, if I come into the market, when everybody else is going out of the market, I'm going to own Chicago." It was so stupid that I even had that thought given how skilled and well capitalized some of the competition was. But, I mean just getting the ball rolling was so hard. It was so hard to get leads at one point, the company that I was at, it's a franchise. So, their grand theory of getting in the door was they would give people... If you would let us give you a bid, we would give you \$50 in cash. So, people would call up and they would say, "You're literally going to give me \$50 in cash just to bid on my floor." And I did this twice. And then I was like, "I'm done with this." But, the idea was they had this elaborate sales process, and they had what they thought was some good technology to show you what your house would look like with a new floor.

Bill Brewster:

And long story short, I don't think I was good at selling the dream of the new floor. I think that we had not the right inventory to do it. And more importantly, in '09 no one gave a shit about how nice their floor looked on a computer screen. They were not going to spend the money on a floor. So, then it was just going out and pounding the pavement, trying to get business to business referrals. And my cost structure was all out of whack, because I had to send stuff off the top line to the franchisor. Then the franchisor is screaming at me about I'm not selling enough.

Bill Brewster:

And I'm like, "I don't know what to tell you guys. This is..." Actually a lot of our leads ended up coming from the company that is now Angie's List. But, Angie's List back then was a much, I'm going to call it a better product. I don't want the people that own Angie's stock to get mad at me. But, it was a really good referral source that had a lot of trusted reviews. And if you could get an Angie's List referral, the probability that you were in a competitive bid was very low.

Bill Brewster:

I'm almost certain they have since bought this company, it's not Service Master, but anyway, it was the lead gen company that used to send us bids. And that you would get three contractors, they'd all call. I'd be calling people at midnight. I would get a lead, it would hit my phone, and I'd call somebody at midnight, and they'd be like, "Why are you calling?" And I'd be like, "Because, I just got a text. I have to spend \$50 on this lead to get the text. And I know you're looking at your computer thinking of floors right now. I know it." And then sure enough, they'd be there and we'd schedule. I had one of the higher lead to appointment conversions. My appointment to sales ratio was not good. I think some of that was me. I think a decent amount was me.

Bill Brewster:

I think a lot of it too though, was my lead source being that competitive bid all the time. I didn't have the cost structure in place to be able to really drive costs down. So, it was interesting, man. It was an expensive lesson. I don't know if I wish I didn't do it. I guess I'm glad I did. But, that was a real

experience of getting kicked in the teeth every day, and waking up early, and sleeping at the office to have the privilege, to get kicked in the teeth the next day.

Jason Buck:

I'm assuming the CAC model, the Customer Acquisition Cost model was even though you're paying them 50 bucks, it was for every 10, for 500 bucks you spend, you get one lead that make you five grand. Is that was it?

Bill Brewster:

Yeah, that was the thought.

Jason Buck:

But, not in 2009.

Bill Brewster:

Yeah, that's right. I will give them, I think, at that time you had to be really kind of crazy creative. But, one of issues that we had is I was like, "Oh, I want to be in the north shore of Chicago." For that product you don't actually want to be up there. Those houses are too nice for that product. I think I actually wanted to be a little bit further west. So, I don't know that was a nightmare, but-

Jason Buck:

I don't like to bring up nightmares, but you'll see where I'm going with this. But that was really creative for you to pick up the phone and call immediately even at midnight-

Bill Brewster:

Oh yeah.

Jason Buck:

... Because, nobody else has done that.

Bill Brewster:

Working hard has historically not been my problem. Over the last, I don't know, four months, some might argue that it is a bit of my problem, but we'll see. I'll get re-motivated here soon enough.

Jason Buck:

And then did you go with the franchisee model? Because, the idea was they have lower failure rates.

Bill Brewster:

Yeah. So, I was coming out of law school and I knew I didn't want to be an attorney, and I wanted to be an entrepreneur. One of the guys in my family that I look up to the most is an entrepreneur. And through talking to him, we thought that a franchisor franchisee relationship would be good because they had some structure around me. I think still not totally a flawed idea, but I would've needed a lot more capital to build out the right organization. I'm dealing with it a little on the podcast right now, this little shitty little business that I have that doesn't make any money provides entertainment for people.

Bill Brewster:

But, we were talking, to really do it right, I don't know, I need to invest a lot. And I don't know that the juice is worth the squeeze on that particular issue to really... To do it right I need analysts, and I'd probably need a marketing person, and I need a booking person. If I want to keep it a smaller little niche podcast, then I can probably keep doing what I'm doing. But, to try to really blow it up, you got to invest. And I'm just not sure that I really want to do that.

Jason Buck:

Yeah. It's a whole different question of entrepreneurship and business ownership again, where, like you said, sometimes you could just turn on the mic and you're good to go. But, even then, you and I have talked a lot about wrangling guests is always difficult, but part of-

Bill Brewster:

It's a pain in the. That's why I'm on your show. You needed a guest.

Jason Buck:

And you're always waiting at the last minute. Are they going to show up?

Bill Brewster:

Yeah, that's right. I'm texting. I'm getting on.

Jason Buck:

Yeah. But, part of it is, do you think about when you're building on a podcast business, you need a bottom of the funnel business to drive them to, or else it doesn't make sense to invest all this money in podcast.

Bill Brewster:

Yeah. I think that's probably right. And that's what I don't have. So, I got that going for me.

Jason Buck:

So, you got to figure that out, but a podcast, your size, Crypto Money kind of went away, but you could sell a decent amount of ads, but you had to be able to swallow those ads.

Bill Brewster:

Yeah. I don't want to hone myself out for something that's not going to be a meaningful amount of money. So, I've got really cool sponsors to this point. Shout out to my man, Rob Koyfman, and Stream. And my man Nader Ofshar at Bastier Partners. They've all been great. But, those are people I believe in. And there's a couple of people I'm talking to that can hopefully help me cover my costs. But, that's not a business. So, the question is, "Then what?"

Jason Buck:

But, you've nailed the model that I always say is I have a lot of friends that won't do advertising, because they think it's all skeezy. But, if you build partnerships with people, you trust and products you use, it makes perfect sense, but it's a longer road to go down and you've done it so well.

Bill Brewster:

Thank you. I hope to continue to. There's certain products that I don't mind talking about, but yeah, I don't want to sell... I don't know. I always use MeUndies because they advertise on all the podcasts. I probably need to buy a pair of MeUndies, because maybe they're great. And then I wouldn't mind hawking them but-

Jason Buck:

You get a Hawaiian shirt sponsor.

Bill Brewster:

Yeah. That's right. This is Tommy Bahama. I figured it was right for your pod. This feels like the right mood to talk to you in.

Jason Buck:

It's perfect. But, we should have coordinated outfits. By the way, I didn't bring up the flooring because I wanted you to relive your nightmares. I bring it up for many other reasons. And I love that you said that I always thought about franchisee franchise or relationships just because it's the training wheels, entrepreneurship public. Hopefully you can't get two outside the lines and hopefully you can make a decent living, but you can't really build huge amounts of equity. But, then part of why I bring it up is all these people that run DCFS and run hedge funds and are value [inaudible 00:43:11]. My question's always, "Have you been entrepreneur, have you owned a business?" Because, if you think back then you were saying, "Would you have run a DCF model on your business and that would've given you comfort?"

Bill Brewster:

No, but nothing was going to give me comfort. But yeah, weekly, we would talk about the models. And I was just like, "This model's so fucked." And I didn't mean to be fatalist about it, but the writing was on the wall. But, probably within the first four months when none of the metrics were going the way that they were supposed to be going from all the way from top of the funnel. Forget about lead conversion and whether or not customers were happy. This is from the beginning the marketing was not hitting. So yeah, I don't want to extrapolate too much off of one experience that I wasn't really prepared to succeed in. But yes, I generally agree that it can be tough. I do think that there's merit to the idea of, there are certain businesses that are almost endowed with winning and if you stick to those businesses and you're disciplined on how you define those businesses, I think that's one potential way to outperform over the long term.

Jason Buck:

And then the second I wanted to bring it up, because with Buffett, you brought up control. Granted in the franchise model, you only have half control. And like you said, you weren't in charge of corporate branding or marketing. But, even then you had at least a modicum control. Did you think that helped either?

Bill Brewster:

The tough thing about a franchise I think is in order to do it well, you need to believe in... I don't know man, I wasn't a good franchisee, I think, at the end of the day. But, I think, I was right. I obviously would say this, but we battled over stuff like some of the branding. And I don't want to throw these guys under

the bus, but the name of the franchise, it was really hard. And I would get calls from people and they were like, "What the hell is this name?" And I probably should have passed based on that. I think buying the franchise was a good exercise and motivated reasoning. And going back to your idea of you would hear a thesis and you want to just jump in. I was looking at the upside and I wasn't paying enough attention to the downside.

Bill Brewster:

And I think what I had a partner at the time, he was my best friend. We almost ended a friendship over it. I'm glad that didn't happen. But, we had initially thought about doing a subway, and we steered away from that because of how little money we could have made. And there's other reasons, they're not really particularly great with their regional... They kind of will put one anywhere. But, I almost think a sandwich shop would've been a better idea, because there's a lot less sort of room for creative differences for lack of a better term. And flooring was just kind of interesting. There was another business, PuroClean that I looked at. They were remediation. That brand I was a little bit better on. But, it's tough, man. These guys are out there, hustling water out of people's houses, and they're not glamorous jobs. But, you can maybe make a living doing them.

Jason Buck:

Yeah. I remember maybe a decade ago another hedge fund manager told me it's like, "If you're ever going to have a franchise or a small business, have a pizza shop."

Bill Brewster:

Yeah.

Jason Buck:

You're never going to be a multimillionaire, but you're going to make at least five to 10K a month just clipping off a coupon.

Bill Brewster:

Yeah. There's merit to it. Though, again, I think there was a lot of problems with me. If you look at the classes that came in before and after me, very few survived. So, I don't think it was all me.

Jason Buck:

But, then as you brought up too, 2009, how much does the macro environment affect whether you're actually running a business or investing in public [inaudible 00:47:51] equities?

Bill Brewster:

Yeah. And the real unfortunate thing is had I not started that business and just put it in public equities then I would have a lot more today. But, that's how it goes. But yeah, I don't know. And part of the strategy was a big initial marketing push and you spend a lot of your capital on marketing, trying to get something out of the gate, and don't get that many phone calls, and it's 2009, and the red light start going flashing for lack of a better term.

Jason Buck:

But, you made it through.

Bill Brewster:

Yeah.

Jason Buck:

You're fine. But, then what about you just went and revisit those stomping grounds in Chicago and summertime, and did that beautiful Lake Geneva, Wisconsin, Wisconsin Lake, summertime things. Did you miss the Midwest?

Bill Brewster:

Yeah. The Midwest is dope. I don't miss the winter at all, but I love the Midwest. I love the people there. Chicago's my favorite city in the world. I got to go back up. There's some guys that I want to meet that I didn't get to see. But yeah, the Midwest is fantastic. As a function of being there I kind of happened into think or swim, and that was my introduction to options. And when I saw Tom Sarnoff and he said, "You can come trade options anytime. So, you should probably not do it right after law school. Because, you can just do it another time. And why don't you go get some actual experience since there's no barrier to entry here." And I was grateful for meeting him. I was grateful that I got into that learning community. And I think it put me on the path that ultimately I went down, which will probably end up in indexing and going and figuring out how to teach yoga to people or something. I don't know where I'll end up.

Jason Buck:

I was trying to think of what form of yoga you'd-

Bill Brewster:

I don't know. People are looking at me, they're like, "You're not teaching yoga dude."

Jason Buck:

No. Was it that the former WWE and wrestler has his form of yoga, there's surf yoga, there's goat yoga.

Bill Brewster:

Yeah. I do golf yoga. It's interesting. The more I talk to people and the more I get into this, I think, one of the reasons that I don't have an asset management business is I'm a little bit worried about my own discipline. The other is that I'm worried whether or not anybody knows anything. And that's where I think you and I connect a lot. It's like I just think there's a lot of merit in a permanent portfolio and acknowledging that no one knows anything.

Jason Buck:

Preach brother. When you talk about tastytrade, do you have a very nuanced opinion, post tastytrade, you see the kind of problems with tastytrade and maybe potentially getting clients sold over trade, or trade these weird structures, and structures are [inaudible 00:51:08], but you also admit the nuance of they do a great job of education.

Bill Brewster:

Yeah. I think options in retail's hands are giving gasoline to people and telling them to run through fire. And then I think it's a tad disingenuous when that blows up and people are like, "Who could have seen who got hurt?" It's not that fucking hard to see. On the other hand, I'm not sure that I agree with saying

from a regulatory standpoint, you can't do this. How do I want to say this? I'm not sure that I'm not opposed to saying that, but I'm not sure that I'm opposed to it. I can argue both sides of that. So, given that, I think that tastytrade leads with education, and I respect how they do what they do. And I think that if you are going to give people gasoline, it's very good to teach them the consequences of playing with it. And I think that tastytrade does that in a way that I respect. And when I met them, it was think or swim. But, I think the ethos is the same today.

Jason Buck:

Yeah. And you and I talk about it was like, "Oh, who are we to tell people they can't go to Vegas and gamble or do whatever they want in their life." Do whatever they want. But one of my favorite parts about Fintwit or Voltwit is people like Ben Eifert or Chris Abdomasia, people really geek out about their option stuff. And they start asking them questions. And first things they say is like, "Don't do this. Why do this?" It's not for everybody. It's a terrible [inaudible 00:53:03] grind out a mediocre living.

Bill Brewster:

I don't know what their livings are like or what they're saying, but I would tend to agree that not doing it is probably the answer for 98.7% of people. 90.6-

Jason Buck:

And nobody wants to admit either, a lot of times you can express the trade bet here with linear instruments, but it sounds cool to use options.

Bill Brewster:

I had a conversation with Gem Carson, and he was a cool guy to talk to, because his view of the options market is the underlying. That's actually the mathematical. When we were talking about I want a DCF. His view is basically the options market is that. It gives you all the probability outcomes. And I really liked how he said that. I don't know how to put that in my IQ and how to use it, but I think I understand what he's saying and I think there's merit to it. And I just think there's so few people that can actually execute option strategies, profitably that it's best left to the pros.

Jason Buck:

And that the tech stack between the pros and amateurs is a huge Delta that people don't realize. They have teams of PhDs working on that you can't have at home. And just even working the orders, or interact with brokers versus professional setups, the [inaudible 00:54:32] spreads and everything, commissions et cetera. People don't realize what's against them. When you talked about the podcasting bit earlier, you said something about almost hiring analysts. In your mind where you maybe thinking of going into direction. I think maybe the O-Shags has started doing this deep dives on single name equities. Is that what you need analysts for, or what were you thinking?

Bill Brewster:

I'd kind of like a Jamie? How Rogan has a Jamie where I can be-

Jason Buck:

Jamie.

Bill Brewster:

... "Look this up." I would like to be able to have a conversation with somebody. I go into these conversations without knowing what they're going to talk about. And maybe that's not a good idea or maybe it is a good idea, but it's the idea I had. It's hard to have somebody talk about a name and not have really any clue what's going on. Also, pull up what the financials are, but maintaining the conversation. It'd be nice to have somebody in my ear at least say, "Hey, return on capital has gone down in this business for a while. Maybe ask about that," or something like that. That's some of what I'm thinking about. Some of it too is just doing background prep. It would be helpful to have somebody help me with the time to do that.

Jason Buck:

And it's going to sound like we're playing the world's smallest violins here, but as fellow podcaster, the amount of energy it actually takes podcast is very different than people realize. And you have this really weird energy after. It's really this bipolar energy. You have a manic energy, you have tons of energy, and you're completely exhausted. At least this is for me. And I can't even hold a thought in my head. It kind of evaporates for a few hours after. Do you have the similar experience? And then how do you maintain your energy around producing these podcasts-

Bill Brewster:

Not well.

Jason Buck:

... With your regular life?

Bill Brewster:

Yeah, not well. I would say that I leaned in heavy into making sure the pod was good. I think I'm probably going to reduce the cadence, or at least make it a little bit more abnormal, which people may or may not like. But, I think I need to focus on what makes me happy more than putting out something every Thursday. If that makes sense. I don't think putting something out every Thursday is the way... I'm going to sound like David Sarnoff from Warner brothers. I don't think that the amount of content is going to matter nearly as much as the quality of content. And I think that just making sure that everything is high quality is important. And when I set out to do the pod, I wanted people to be comfortable talking about mental health issues, or some things that have gone wrong in their life, because I felt like so often podcasts or discussions of everything positive. And I feel like life is not that. And a lot of life is figuring out how to persevere in times when things are not good. And I have successfully accomplished that. And I guess I don't know what the next chapter is for it. And I think trying to focus on the cadence of stuff coming out is the wrong focus. That's the only strong opinion that I have right now.

Jason Buck:

How do you think about the trade off between being very well prepared versus following the securist angles and offshoots that a conversation can take?

Bill Brewster:

I think it depends what you're doing. I don't like not being prepared in finance, because I think there's so many skills that you've got to be able to at least call somebody on their bullshit. Now, if I was critical of myself as a host, which obviously I'm perfect, but if I did have a criticism, in the beginning, I think I talked a little bit too much about me. I think I'm better than that now, or better at that now. I maybe don't push back as much as I should. Some of that's a function of you want people to come on your show, you don't want to be combative all the time. But, we talked. The one show that I had with Nafil Sonala, I don't know whether or not he... Here are the facts that I know. I know that there is an allegation against the company he worked at that they were a Ponzi scheme.

Bill Brewster:

I know that I read the complaint and the complaint is pretty damning. And I know that it was a small shop that had three people. And I know that when he was on my podcast, he claimed that he was responsible for risk overlay. What I am unsure of is the probability that all those facts are true and he had no idea. I find that hard. I would put that probability at pretty low that you would be responsible for risk overlay, but not know that your shop is losing a ton of money, and is a Ponzi scheme.

Bill Brewster:

So, I would like to prevent getting defrauded like that again, if possible. And if he ever wants to come back on, I would be willing to have a conversation with him, but I would pepper him with a lot harder questions, mostly because that episode would not be a finance episode. I would deem it more of a entertainment/follow up episode. So I don't know. And you watch people go through now, we're watching people cycle. And I guess at the end of it, maybe you find out who's real, but there's just a lot of people that got attention over the last cycle that maybe didn't deserve it. And I don't know what responsibility you have as a podcast host, but I'd like to do the best that I can, I guess is the best way I know how to say it. And I-

Jason Buck:

But, you reference-

Bill Brewster:

... Requires preparation.

Jason Buck:

It's not just preparation. You don't have a team of investigative journalists to have got you journalism and find out somebody's fraudulent or not. You can do as much background as you can, but somebody that's good is going to figure out a way around. But, also it related to what you're saying. I think it's the dichotomy between interview and a conversation where you said you needed to talk about yourself less, but that would be more of an interview, where I always loved you had more of a conversation.

Bill Brewster:

Yeah, no, I think that's fair. But, when you came on, people were like, "I wish she talked more," and I do too. We talked. I don't know. But, then we went to the kitchen and I ate cold chicken over a sink. Sue me

Jason Buck:

Come on, man. You're going to blow both of our spot now, because I had to admit that we found out we both like to stand over a kitchen sink and just shovel a cold chicken-

Bill Brewster:

That's right. Why? Because it's dense in protein and it saves a lot of time. It makes perfect sense to me. I don't care if it's disgusting to some.

Jason Buck:

And I admitted to last time sometimes I'll get my salad. I'll grab it in the bin. Grab a handful of arugula and shove it in my mouth over the sink as well.

Bill Brewster:

Makes perfect sense to me.

Jason Buck:

Exactly. We're just two lunatic. So, you kind of referenced it earlier, and we've talked about it many times, reading what Buffett says and watching what he does. But, if I think about there's this triangle, and this is related to you're just taking a family trip, it's like, you can either be the world's greatest value invest, you can be a great husband, or you can be a great father.

Bill Brewster:

Yeah.

Jason Buck:

Choose two out of three.

Bill Brewster:

The husband, and the father.

Jason Buck:

Do you think that's basically the trade offs?

Bill Brewster:

Yeah, I kind of do. This is weird, but I'm going to say it, but I'm afraid to say it because I'm afraid of what the algorithms are going to do to my oldest kids college applications, as a result of the conversation that we're currently about to have. But, my oldest is now eight and he's got ADD, and I think it's hard for him to accomplish tasks. I see a lot of myself in him. But, that should not be as hard on him. And I think it's going to be on me to, and my wife, but he needs a father too, to be there for him more than, selfishly, maybe I would like to be right. And there's only so much time in the day. So, the one thing that I know about myself is if the choice is between being there for my family or working more, I'm going to sacrifice work at this stage. So, that probably isn't fantastic from a marketing standpoint, but it's also the truth.

Bill Brewster:

So, I don't know, I got to figure it out. But yeah, I do think that's a lot of the... William Green and I talked about this. He came back on and he said that I think the story is that Monish sent Charlie the book, and then Charlie's response, Munger, was that one of the commonalities that he saw among all the good investors is how dysfunctional their personal lives were.

Bill Brewster:

I kind of get it, but I don't know that I want to live it.

Jason Buck:

Yeah. I think that when you and I first had time to hang out in person years ago, it was I think, a rough time for everybody. But as also, COVID's going on. I don't think a lot of us realized how much the toll that was taking on us at the subconscious level. Launching businesses and running businesses during COVID. You also had a lot of personal stuff with the extended family, I don't want to get into. And we are walking along the beach, talking about is maybe the only goal to raise decent human beings.

Bill Brewster:

Yeah.

Jason Buck:

Is that okay? Is that good enough?

Bill Brewster:

Yeah. I think so. I don't know. I had featured Kyle Ciminera and people were giving me shit about featuring a microcap guy and I'd still feature him. I've now known him for over a year and a half, or whatever, and I think it was the right decision. I still go to bat for him. But, I still get people that send me the performance of his stocks. That episode in particular gave me a lot of shit, and it's like here's a guy that was doing my perception of what I thought I might want to do someday. And I like featuring that guy.

Bill Brewster:

And I think some of his stock performance can explain how hard it is to do that. I think some of the situations he's inherited or has bought into have been really tough. I think they're doing the things that I would do in the same situation. But, long story short, it was just kind of one of those times that I was like, "What the hell am I doing all this for?" And I think if I'm not mistaken, wasn't it during 2021, the last time that we met, I think it was. And I think you were like, "Dude, you should probably just sell everything and go into some All Weather Fund," then that would've been great financial advice.

Jason Buck:

I give terrible financial advice. That was just luck.

Jason Buck:

Or you're a false member.

Bill Brewster:

[inaudible 01:06:46]. I'll tell you the other thing, man, that was wild about that time is Mike Mitchell and I, we went to New York, we did a happy hour, and after the happy hour we looked at each other and I swear to God that this happened. We were like, we should just sell everything. Just the mood was euphoric. And I know why I didn't. I didn't one: Because, I wanted more. Right. That was the greed two: I was like, "Shit, if I go into cash, and everything doubles from here, then what?" Then I've lost a lot of wealth. And there's no guarantee. I know that people will say through history, there's always bus after bubbles, but that doesn't mean there always has to be. I don't know what the total "N" is in the survey, but since we've had a modern financial system, what, you've got six is your sample size or something for crashes, maybe smaller. But, it's definitely not 30. So, it's just kind of wild to think back to that time, and then to look at what's happened since and be like, "Oh, it was all obvious in hindsight." Yeah. Some of it was, but I'm not sure all of it was.

Jason Buck:

And I bring up those first times walking along the beach, because I also was telling news stories about my [inaudible 01:08:19] emotionality as well. But, do you think part of it is just making me think about when we were talking about this, having a daily P and L and then a lot of other stress is an anxiety is maybe a terrible choice.

Bill Brewster:

I don't even know how to log into my account right now. And I don't care. And I think it's actually probably made me quite a bit better as an investor, and I'm certain it's given me a clearer mind. So, that's nice.

Jason Buck:

The classic coffee can portfolio. So, is that the answer? So, I brought up all those times from years ago, because I wanted to say that I've noticed in our last several convers... For lack of a better word, you seem a lot calmer.

Bill Brewster:

Yeah.

Jason Buck:

So, what is that attributed to? What are the different things you've done? It sounds like maybe not checking your portfolio every-

Bill Brewster:

No.

Jason Buck:

... Is helpful, but what else?

Bill Brewster:

I don't know, man. I think some of it's just kind of becoming a man. I think some feedback that I get now, when I talk to people is they're like, "Why?" I went through a period on Value After Hours where I was kind of angry. And I'm sorry for that to anyone that's listening. But, also, fuck the people that made me

angry. But, I felt like I was getting trolled, and I felt like I finally knew who I was, and I felt like I was beating my head up against a wall a little bit. And then, I guess, Toby and I had a conversation after a show. And after that conversation, I kind of thought about why I'm doing any of this.

Bill Brewster:

And I think that I've just stopped caring as much. And I've stopped trying to... My Twitter feed is my Twitter feed. I'm not some thread boy, I'm not trying to build some audience. I don't give a fuck if people don't want to see my hip hop recommendations, though now I've started to post in the hip hop community. Because, I do recognize that can bother some people. But, I think I've stopped. I think I'm more comfortable with the internal validation, though I've got a long way to go. I still feel like I am not nearly what I should be. But, the external validation, I think I've let go of a fair amount of.

Jason Buck:

Do you think it's possible to ever have then negative comments not have at least a tinge of sting?

Bill Brewster:

Probably not. One of the things that I did at least during Value After Hours, is I stopped reading the live comments, which helped. The live comments and some ADD is bad combination on a podcast. And-

Jason Buck:

[inaudible 01:11:16] and I realized we can't look at him because we would not listen to each other.

Bill Brewster:

Yeah. That was part of-

Jason Buck:

[inaudible 01:11:20] distracted.

Bill Brewster:

... And then people would come at me and then I'd respond. And then it's like, I'm talking to one guy on YouTube rather than an audience. I was in a weird spot. So, I'm glad I'm out of that. But I don't know, man, it's been a wild ride.

Jason Buck:

And then hopefully speaking of hip hop that we were a slight influencer inspiration for you changing up your intro music, because we were in hip hop on pirates of finance-

Bill Brewster:

I don't know.

Jason Buck:

... That's one of the influencers.

Bill Brewster:

I don't know that you guys influenced my music. I do really want to potentially do a riff on a two change. You've got me thinking about whether or not it's the right intro music. That is 100% factual.

Jason Buck:

And then because we haven't talked about it. What did you think of the Kanye documentary?

Bill Brewster:

Oh, I liked it. Yeah. I think I talked about the mental health thing. My dad went through a manic episode, so I have a fair amount of empathy, I think, for people that are around people that are manic. And I think a lot of people can look at Kanye. And it's very complicated, and without knowing the situation, I don't even know how to opine on it. But, I think, that documentary did a good job of showing where he came from to almost where he is. And, I think, that if you have manic tendencies in your body, I can't imagine how hard it is to get that famous. That amount of dopamine with any type of mania seems like a potentially very toxic combination. And I think at least parts of his life have seen that toxicity.

Jason Buck:

And in a way that documentary is perfect for people like you and me, it's like hip hop mania, striving to do something great. It's like all of those [inaudible 01:13:40]. Then you and I have talked about the hardest part about a manic streak is you can't recognize that you're in one.

Bill Brewster:

Yeah.

Jason Buck:

Even if people are telling you that, you're not listening and you think you're crushing it.

Bill Brewster:

Yeah. Not just that you think everybody else is insane. It's like, "Oh no, I'm not the one that's crazy. You're all crazy. I'm the one that sees the ball." So yeah, I thought that was quite good. I don't know I route with Kanye.

Jason Buck:

It's great. Do you think we subconsciously document via podcast or whatever. So, almost like Kanye would go back to those days before he really made it and can look at-

Bill Brewster:

Yeah. I don't know.

Jason Buck:

... Trajectory.

Bill Brewster:

I do like having the record, I like being able to listen to stuff and be like, "Ugh, I didn't really sound good there." Or, "I am proud of that." It's fun, man. I like it. I like audio art. It's something that I enjoy a lot.

Jason Buck:

And you're very good at it. And what I've learned is my biggest mistake is doing podcasts with you and Corey and your beautiful baritones. I just sound like a nearly said a little winer.

Bill Brewster:

Dude, I was listening to "Flirting with Models" the other day and I was like, "God, Corey sounds good."

Jason Buck:

It's insane.

Bill Brewster:

It's upsetting. Good looking and good sounding.

Jason Buck:

The guy's triple threat.

Bill Brewster:

Yeah. He-

Jason Buck:

He just-

Bill Brewster:

... Deserves a helium voice.

Jason Buck:

That would be so good.

Bill Brewster:

Wouldn't it? And talking about horse racing and a little helium crypto horse racing in a helium voice. That would be hilarious.

Jason Buck:

So, you got to get back to your family.

Bill Brewster:

I'm good, man.

Jason Buck:

Is there anything else you want to touch on?

Bill Brewster:

No, we can chat. I got 15 more minutes if you need the material. I know how it is. It's cold in these streets.

Jason Buck:

I don't need any material.

Bill Brewster:

I hope this records.

Jason Buck:

Man, you just give me a panic attack.

Bill Brewster:

Yeah. I hope it does. Otherwise, you got to talk again, which would be totally fine with me, but I've been down this road.

Jason Buck:

Oh, actually a great question for you that you're one the few people at answer this, is you and I talk a lot privately, but as soon as you hit record, it's always going to be slightly different. And especially for me, that has compliance in back of my mind. How do you get good at being yourself?

Bill Brewster:

The nice thing is that-

Jason Buck:

It seems so weird.

Bill Brewster:

... I don't have compliance. That helps. Now, I don't know what that opens me up to. But, I've had attorneys that have told me I'm pretty good. So, what I tell people is I'm like, "I'd like you to just talk," and if something comes out, anytime I hear the word "Returns," I just know to flag it and cut it. But, I try to make sure that people know it's not a gotcha pod. If you say something that you don't agree with necessarily, then we have to talk about cutting it. Because, I'm not sure that I really want to cut that, because that's an honest moment. But, if it's something that's career threatening or something, or it's against compliance, I'd always cut that.

Bill Brewster:

And I think that helps. In the beginning booze helped. Now I don't drink usually when recording. And I'm going to try to drink a lot less. I may try to get a little high on some, but we'll see if that works. But, I don't know, man. I'm pretty good at talking to people. I just have to figure out what that means and what I want to do with it. That's the part that I'm not that great at.

Jason Buck:

Yeah. I think about it in the sense I'd hate for somebody to meet me in real life and be like, "Wow, you're so different than you are on podcast." But, part of it is you could be yourself, but you always have to turn up the energy a little bit. Because, we have to have a conversation and you can't have dead air. We're like when you and I are sitting and hanging out might be staring out the ocean for 15 minutes. And I'm a lot quieter in real life.

Bill Brewster:

Yeah, no doubt. Yeah. There is pressure to keep the conversation going. Sometimes when I listen to myself, I'm like, "Dude, can you finish a thought? Why are you jumping to the next thought before you finish the thought? What are you doing?" But-

Jason Buck:

Oh the other thing I wanted to ask you about that I forgot about is, you have this rental property now, but for a while you were going to build your family a new house. But, it looks to say, you put a pause on that. Is that a macro call?

Bill Brewster:

No, we're still building it. We have the Brewster household right now has a ton of stress. And maybe part of my calmness is just I hit enough stress that I was just like, "Fuck it." No, we're still building it. We'll see if we can keep it. I hope so. If not, I think it's going to be a reasonably good spec property. Of course that's easy to say before you go to sell something. But, I think, that house, we bought that land really right. And we bought it in September, 2020. And I think the probability of losing more than 10% on that build is very low. And I think the probability of making 50% could be, I don't know, they could be as high as 40%. And then I think the rest is a range of satisfactory outcomes also.

Jason Buck:

But, I remember after you bought it, you were texting me almost like every other month about lumber prices going up and what the lumber was. Has that come back down for you?

Bill Brewster:

Yeah, that did. We missed two concrete deliveries and that's caused eight weeks of delay. The cabinet pricing that we just got is insane. So, let's put it this way. If it is worth the replacement cost, it will be a good investment. If it's not, then it's going to be a horrible one. But, I know Florida real estate reasonably well. And I think this is going to be pretty okay. I don't think we're going to a disaster here.

Jason Buck:

Yeah, hopefully not.

Bill Brewster:

That's right. Hopefully.

Jason Buck:

Are you able to get contractors now? I know for a while it was impossible.

Bill Brewster:

But we've been building. We bought the lot September of 2020. So, we've been in the process for that long and we won't be in the house for at least another year. And that's a long time, man.

Jason Buck:

That's how I was going to bring up. It's about stress. You're saying you're heading so much stress so you're just calm now. I remember there was a ER doctor wrote his 10 rules for life, but I only remember three of them. One was: Never get on a ladder if you could pay somebody else to do it.

Bill Brewster:

Huh.

Jason Buck:

Roads are for cars only, no bicycles, no motorcycle. And then: After you retire, don't build your dream house unless you've been in construction and real estate your whole life, because the stress of construction and dealing with subcontractors is just going to just kill you.

Bill Brewster:

The nice thing is my wife handles most of that. And look, I think there's a good shot that my kids get to grow up in that house. And that would be really nice. But yeah, if I had to do it again, if I had to tell other people whether or not I would do it, I would tell them, "Probably not." Which is why developers make money. It's actually worth the money to pay somebody to do this for you. There've been a lot of things that as I've gotten older, I've been like, "Ah, that's stupid to pay for." And now I've realized actually they're removing a lot of stress from your life.

Bill Brewster:

So, we'll see how it all goes. It is something that I'm just thinking about. Part of why I am so uncertain, I'm reading, I've got right here, and I think you'd like this it's called the "Psychology of Intelligence Analysis." I think Jake Taylor recommended this book. And when you hear it think like CIA. And it just talks about how many mental errors are made in intelligence communities because of preconceived notions, and biases, and not seeing what's there. And I'm simultaneously listening to thinking in bets. And the two have me convinced that I don't know anything.

Jason Buck:

Did you ever see the documentary "Fog of War?"

Bill Brewster:

I have seen that. That is-

Jason Buck:

With Robert McNamara.

Bill Brewster:

Yes. That is a very good documentary.

Jason Buck:

That's what reminded me when you're talking about the intelligence and analyst is that during the Fog of War, even if Robert McNamara is getting the best data in the world, it's still decision making in opacity.

Bill Brewster:

Yeah.

Jason Buck:

And everybody's making mistakes, and you don't know what's good data, what's bad data. How do you aggregate that?

Bill Brewster:

Yeah.

Jason Buck:

But, everybody thinks that politicians, or the Pentagon, has perfect knowledge and perfect foresight. It just doesn't work that way.

Bill Brewster:

Yeah, that's right. And at the end of the day, everybody else is going to look back and the future or the past will look like it was certain. But, at the time who the hell knew. In DC, we went to the spy museum and they have a very cool exhibit towards the end where you get to see how they deduce that Osama bin Laden might have been in the house that he was in. And you get these facts like: Okay, there's two gates. And there both of the walls on either side are 12 feet tall, or 10 feet tall, whatever you can't see over them who would want that? The house has a balcony, but there's a huge wall in front of the balcony who would want that, right? Normally you want a balcony, you want a view, the windows are boarded up.

Bill Brewster:

Why would somebody board the windows? You have a satellite, but there's no telephone wires. So, it had self contained internet on that property. Who would want that? And they take you through the analysis. And according to this, they said Obama was only 50/50 that it was Osama bin Laden. He knew that it was probably somebody that was bad, but he didn't know that it was bin Laden. And one of the other advisors that was in the room said that he thought that the evidence for the weapons of mass destruction was stronger than the evidence that Osama bin Laden was in that house, that weapons of mass destruction in Iraq, and that turned out to be wrong. So, it all goes back to just index, to some sort of overlay, and then all weather portfolio.

Jason Buck:

It's so perfect, because could you imagine being Obama and having to make that decision?

Bill Brewster:

No.

Jason Buck:

I can't either.

Bill Brewster:

I think if I was in his situation, I would say, "Okay, there's high probability that there's some bad dude there." But you're flying helicopters into somebody else's country and taking somebody out, could have gone real wrong. And those are-

Jason Buck:

Extremely wrong.

Bill Brewster:

... Decisions that have real consequences, not little consequences.

Jason Buck:

Yeah. So, when you're talking about, I picked a poor equity and I could have traded it a better-

Bill Brewster:

Yeah.

Jason Buck:

Puts things in perspective.

Bill Brewster:

Yeah. That's right.

Jason Buck:

Yeah. I think that's actually the perfect place to end this. Was just thinking about that Fog of War decision making in real path. In perspective is like you and I could chill out a little bit.

Bill Brewster:

That's right. That's exactly right. It puts things in perspective. So, thanks for having me, man. I appreciate-

Jason Buck:

I appreciate you coming on.

Bill Brewster:

... Enjoy talking to you.

Jason Buck:

Yeah. I'm glad we could finally hit record on one of these and share with people, for this six listeners and five [inaudible 01:26:02] entertaining.

Bill Brewster:

That's right. Shout out to you six. Thank you to.

Jason Buck:

Exactly. Thanks Bill.

Bill Brewster:

All right. Have a good one, man.

Taylor Pearson:

Thanks for listening. If you enjoyed today's show, we'd appreciate it if you would share this show with friends and leave us or review on iTunes, as it helps more listeners find the show and join our amazing community. To those of you who already shared or left a review, thank you very sincerely. It does mean a lot to us.

Taylor Pearson:

If you'd like more information about Mutiny Fund, you can go to mutinyfund.com. For any thoughts on how we can improve this show or questions about anything we've talked about here on the podcast today, drop us a message via email, I'm taylor@mutinyfund.com, and Jason is jason@mutinyfund.com, or you can reach us on Twitter. I'm [@TaylorPearsonE&E](https://twitter.com/TaylorPearsonE&E), and Jason is [@JasonMutiny](https://twitter.com/JasonMutiny). To hear about new episodes or get our monthly newsletter with reading recommendations, sign up at mutinyfund.com/newsletter.