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# MORGAN HOUSEL'S JOURNEY FROM SKI RACER TO VENTURE CAPITAL PARTNER

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Last week's "Behind the Markets" podcast featured a conversation with Morgan Housel, one of Twitter's finest financial thought leaders, whose posts are must-reads for insights into investing and behavioral finance. Housel started his career at the Motley Fool and is now a partner at Collaborative Fund.

## **From Competitive Ski Racing to Interest in Compounding Investments**

Housel and I discussed his background where he grew up in Lake Tahoe as a competitive ski racer. Housel had two formative experiences at the age of 17: two of his best friends died skiing in an avalanche, and shortly thereafter, he broke his back skiing—he knew at this point that it was time to look for something else to do for his future livelihood.

Housel discussed how his interest in the long-term compounding of wealth began when he opened his first savings account, and the additional interest earned from depositing \$1,000 into this account sparked a new insight for him.

We talked about his career path, which led from internships in investment banking to private equity, and how he started an internship in the summer of 2007 when an overnight turning of the debt markets changed paths for him yet again.

The credit freeze led Housel to take a job writing at the Motley Fool, where he spent a decade before joining Collaborative Fund. What you can tell from our conversation is how much Housel enjoys his craft of writing about the markets and the behavior of market participants, something he can never see changing.

## **Financial Advice for Your Children**

One issue I was intrigued by in our discussion was the role his parents played in his competitive skiing and how to facilitate our own children's success—when to push and when to let them set their own path.

Housel has written a lot about the type of financial advice he would share with his children from the very earliest age. We discussed one of his posts on financial advice for his newborn son.

In discussing the role of risk and luck in life, Housel counseled, "It's normal to assume that all financial success and failure is earned. It mostly is, but only up to a point—and a lower point than many think."<sup>1</sup>

The topics Housel most often writes about include psychology, behavioral finance, risk and all the lessons he has learned. He made the interesting comment that as someone who writes about "bad financial behavior" for a living, he thinks he should have fairly good job security because the same behavior repeats continuously.

## Venture Capital Investments vs. Public Markets

We also explored the difference between venture capital investments and public investments and how the long-term lockups are useful for the types of behavioral trading issues that Housel often writes about. One of the challenges in the venture capital world is raising funds, and then finding investments to deploy those funds. Collaborative Fund's most recent fund is investing \$100 million, and typically writing \$1 million checks per company, which means a lot of due diligence on all of these individual companies.

Housel's firm often focuses on consumer foods and the type of consumer brands and tastes that drive the new generation of consumers. We discussed some food companies, including Sweetgreen, Blue Bottle Coffee, Impossible Burger and Beyond Burger.

In preparation for our conversation, I ran a local Philadelphia taste test profiling the Impossible Burger versus the Beyond Burge—in a fashion similar to the local Philly Pat's vs. Geno's Cheesesteak taste test challenge. My own preference was for the Impossible Burger —it's interesting how research by companies like these two have gotten real meat taste into plant-based burgers. That was a fun segment and a great conversation overall.

You can listen to our full conversation with Morgan Housel below.

<sup>1</sup>Source: Morgan Housel, "Financial Advice for My New Son," The Motley Fool, 12/13/15.

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