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Threat 1/ ■: One of the characteristics that differentiate good investors from bad investors is the ability to identify OPTIONALITY in companies and their discipline to either get it for free or pay very little.

2/ Think about it as buying out of the money options, if you pay too much for something that has very small odds of happening you lose money. This is what happened in the 2000's crash, people bought internet stocks based on illusions, very few of them had any real business.

3/ The markets assign "perceived" higher valuations to some businesses and lots of investors scream how expensive everything is. Some are, but a lot are not, and not being able to identify the optionality of some businesses can destroy your opportunity to have outsize returns

4/ Estimating the odds of something that does not exist or it is very small to succeed and grow is very hard. For something new to work it is needed: The technology, the infrastructure, and the distribution, then new ideas can come which use those, they'll have + odds of success.

4/ Optionality gets "cheaper" once you find the above characteristics as the odds of a company with a new idea/project are higher. The thing is that anything that will come from the new ideas/projects won't be reflected in the financials, but that is where the opportunity lies

5/ This will stop a lot of investors who are not able to assign a value to optionality (they will underperform until they understand this), also if you pay too much you lose money. The market offers lots of opportunities to find cheap or no-cost optionality

6/ This is my strategy trying to identify optionality where the markets assign none or very little to what I think a business can do, if you combine that with an existing business that is profitable optionality can become even free and increases hugely the margin of safety

7/ Examples of investments: I bought $GAN in 2017 based on a struggling business but with huge optionality, if the US started regulating real money gambling and sports betting (sold this year) -

8/ I bought #GAW with the optionality of the potential of the exploitation of their IP, when the royalties generated very little (this still today is vastly misunderstood) (core business today)

9/ My largest holding $IPA, it is a CRO growing with a drug discovery platform that the market assigns a negative value (at today's prices)/ this drug discovery company has one of the most comprehensive COVID programs, at zero free.

10/ Last example (medium size holding) otherwise, I have to put all my folio: This a company with lots of optionalities: $SDGR offers a physics-based computational platform to discover new drugs and has a drug discovery operation itself at almost no value (according to me).

11/ Note that SDGR has become so valuable recently as it was required a simultaneous increase in computer processing power, this has enabled its program to compute a vast number of molecules n short periods of time and it gets exponentially better with time.

12/ The company also owns stakes in other drug discovery companies, some already have IPO. SDGR has already partnerships with payments if milestones are met into the billions of $. Pure optionality with a unique software business that every day becomes more valuable.

13/ An interesting industry today is gene therapy/genomics, where the ideas came years ago but the technology was not there, this has changed in the last few years, now all components are there. Let's see which company offers the best opportunity

Conclusion: I will lose money in some investments for sure, but the upside when I am right is multiples (assuming I pay the right price for convexity)of when I am wrong, combine this with top management teams. This is called convexity, a true differentiator among investors today.

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