Karen Finerman Joins Us to Discuss The Ups and Downs of Investing

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Dave

0:00

All right, folks, welcome to Investing for Beginners Podcast. Today we have a very special guest with us today we have Karen Finerman, who co founded New York based hedge fund Metropolitan Capital Advisors in 1992, and serves as a CEO. She's been a panelist on CNBC is Fast Money from its debut year in 2007. Until the present, she is also the author of The New York Times best selling *book Finerman's Rules, Secrets I'd Only Tell My Daughters About Business and Life,* and recently bought a stake in the WNBA. Parent also as locked in a new podcast how she does it. So Karen, thank you very much for joining us today. And I'm sorry, I butchered your name. And I promise I will get it right again.

Karen

0:44

That's okay. I've been called worse. Thanks for having me.

Dave

0:50

Yeah, you're welcome. So I guess maybe to start, let's start with an easy one. So how did you get interested in investing in what did you want to be when you grew up?

Karen

0:58

So I started really young, actually, what first what I wanted to be was a gymnast, but I had absolutely no talent whatsoever. So that was quickly discarded. But really, it was my mother who sort of encouraged I'm one of five kids for girls and a boy and she really encouraged particularly the girls to make their own money, that it was really important to be financially independent. And I saw she was in this very traditional marriage, and my dad made the money. And so they both sort of believed that he had the power.

And that was sort of a paradigm I didn't want for myself, and I thought it would be fun to have money. So I was very interested in a, there was a guy named Ivan Boesky, which was how I thought you pronounced his name because I've never heard anyone pronounce it. He's if you don't know who he is used and notorious, insider trader. But before he was an insider trader, he used to trade on takeover deals. And it seemed really interesting to me. So that field is called Risk arbitrage. And I thought that was fascinating. And so I wanted to be a risk arbitrage er, when I was 16.

And then when I was applying to college, I told my parents, I'm only applying to Wharton, which is a business program at the University of Pennsylvania. And if I don't get in, I'm not going to college, which obviously, is a very dumb plan. But thankfully, they took me and at that time was just straight to Wall Street, you could just go straight to Wall Street, which I did and was a risk arbitrage er, and I really found it fascinating and interesting. And also, I wanted to make money that was important to me.

Dave

2:40

That's awesome. So I guess, for those that aren't familiar with what a risk arbitrage or is not easy for me to say? Could you kind of explain kind of maybe what that is to people that aren't familiar with that term? Sure. So

Karen

2:53

it is investing based on takeover deals. So one that has been in the news for months, Microsoft is looking to acquire Activision, and they're gonna pay $95 a share in cash, or maybe it's 96. But there's some big takeover, there's some big antitrust risk. So the government is suing to try to block the deal. And so the deal is trading well below 96. And so you kind of have to assess the risk reward. If the deal goes through, you'll make a lot of money. But if the deal breaks, how far is Activision going down?

How much will I lose? So it's not so much related to what the market does, it sort of takes away market risk overall, and exchanges at for sort of a idiosyncratic a very specific risk to the deal itself. And, and they're exciting. And sometimes you get into, you see a hostile bidding war where, you know, different buyers keep raising the price. That's always fun. That works out. But that business has changed a lot. So I don't do that anymore. I've had to morph a few times. But that was really my, my start.

Andrew

4:01

So Karen, that's a really cool start. Can we take you back to that time? Were there lessons that you learned, and it doesn't have to be about stocks or investing, but just lessons that experience taught you that you were able to use for the rest of your career?

Karen

4:17

Yes, there's one very expensive lesson that I will never forget. I hope it's the worst trade I ever do. It's certainly the worst trade up until now that I've ever done. And that was without getting, too in the weeds. There was an option trade that I put on United Airlines was getting taken over by a group of financial buyers. It's called an LBO. And so the stock was trading close to the $300 a share that the deal was structured as $300 a share in cash stock is about 280 something. So I put on this complicated, put spread, doesn't matter what the specifics are.

So we paid about two and a half bucks for Right, the deal broke. I had to pay $80 to get out of the trade, which is, you know, of course a horrendous, horrendous return on investment. And it was really, for me the idea of Wow, really think about your downside, and don't exclude the sort of Black Swan possibility. And it wasn't even that black, Swanee. It was credit markets can change. And they do, and they changed dramatically right then. And so that trait of really not thinking through what can go wrong, and how much risk could I stand to take?

And what's the worst case scenario, even if it's small, you really got to think about it, you can't dismiss it doesn't mean never move forward, you don't want to talk yourself into, you know, never doing anything, but at least weigh it in there. And that was just an enormous mistake. And, and it's so painful to lose that much money and feel really dumb. And you're like, Well, you know, it's so disheartening, and it was terrible, but I always remember it. And I hope to never make a mistake that bad, ever again, Andrew

6:12

do you know if there's ways you kind of overcame that feeling? You know, we are coming off a pretty tough year in the market for some people. So we all make mistakes, is there a way to move past those and not take it too, personally, and use that as an opportunity?

Karen

6:29

That's a really good question. I think that there's sort of a few different buckets, there's the stupid bucket that that trade was in. So I tried to avoid that. And then there's sort of the the market if you're in the market, just because it's the market goes down and your stocks go down. That doesn't mean you're necessarily doing anything wrong. Or the fundamental parts of the thesis that you had, are they still intact? Right. And so, you know, in 2022, when the Fed started hiking, anything that had a really high price to earnings multiple was going down, even if the fundamental story was staying the same. And so I tried to differentiate between is this specific to my investment?

Or is it more broad, and I have a lot more patience with the market that's down. And I really try to remember, your gut is a terrible indicator. You know, we feel comfortable buying stocks when they're high, and everyone's making money we feel more comfortable jumping in. But that kind of you step back, that doesn't really make so much sense. It's when nobody wants to buy a stock, that the risk reward is actually more favorable, very hard to step in to do that.

But I've been through a few really terrible markets, enough to know a little bit. Well, in March of 2020, you had a company that had a good balance sheet, but was trading down 60%. Maybe you buy so maybe you step in and you can buy things at a decent price and it's terrifying, feels so much better to buy and when they're super high at their all time high. Which, of course is not as good a risk reward.

Andrew

8:16

Your gut is not an indicator, terrible indicator. If we haven't had a quotable tweet right there. That's

Karen

8:24

right. Yeah, your gut is really no, it's definitely not an indicator. So I tried to remember that even though it's really hard.

Dave

8:37

Yeah, it really is. So you know, it's interesting. You've talked about, you know, having experienced a wide range of different markets, and conditions of whatnot. There's a generation of investors now that have not experienced that. And so I think that's what was so I guess, shocking to a lot of people, particularly last year that well, you What do you mean, markets don't go up to the right all the time, right? No, it doesn't. It really doesn't.

Karen

9:03

And interest rates aren't always zero. Yes. So I mean, we're, you know, people are like, Oh, my God, Feds raising so much. My parents had a mortgage higher than this. Right? And we we just think, oh my god, this has gone crazy. No, this is the average price over the last 50 years of money. Whatever it is, now, give or take a little bit,

Dave

9:26

right? Yeah, my parents, my dad was really big in commercial real estate in the 70s and 80s. And, you know, when the market you know, when the rates turned and, you know, Greenspan and when was the Greenspan or Volker Volker Yeah, was trying to crush inflation and raise the rates to 1819 20%. Yeah, destroyed my dad's business and he couldn't stay in a room when that he would come on TV, you would have to leave the room. He would get so upset because of what happened but yeah, I worked at Wells Fargo as a banker for a short period.

And there was a gentleman who had had an inherited an IRA, a CD from his parents. And it was a 19%. CD. And, and this was in 2008 or nine? No, it was 2012. I'm sorry. And he came in to renew the rate, you know, and he's like, he didn't follow it. And so when I told him what the bank was offering, which was half a percent, you know, and he just like, yeah, no, sorry. I'm sorry, sir. That doesn't exist anymore.

Karen

10:32

Yeah, that's, yeah, that's another era. But who knows? We could get back.

Dave

10:39

Yeah, yeah, for sure. So you talked about morphing into kind of different ways that you invest, maybe could you kind of talk through that a little bit and be interested to hear kind of how you, you know, as your experience with the markets is, as you know, gives you new perspectives, how you invest, would be interesting to hear that how that's changed.

Karen

10:58

So I was doing risk ARB at DLj, which was a big firm in the 80s. It was acquired, and it was a terrible time to do risk arbitrage. The credit markets were broken, and no deals could get done. And never say you could have been the best risk arbitrage er in the world. And you're not going to make money. There was nothing to do. But my old partner said, why don't we start a hedge fund? This is a 1992. It was very, very young, in the hedge funds, you know, history.

And so we did, there were tons of opportunities, the Gulf War had really thrown markets for off there get, you know, just markets were down a lot. And the credit markets, as I said, were in disarray. And there was a banking crisis. So that sounds like a terrible time. In fact, it is a spectacular time, you could have been the worst hedge fund manager in 1992. And you were going to make money. As long as you invested in something you weren't going to make money. And so it just sort of made me think

Alright, well, you have to there's sort of a big picture you have to be aware of. But then I also realized, alright, risk arbitrage is not something it's not only were there no deals, but it was also getting incredibly efficient as more and more money came in. So I wanted to say, we were looking at things where were things really out of favor, and savings and loans were just hated, even though we went to visit tons of them in the Midwest. And they had maybe one or two nonperforming mortgages, we these were in excellent shape, and the market didn't care.

But ultimately, that changed. And so so that was a big lesson of, you know, going more things really out of favor, but also that I needed to learn to understand businesses, their fundamentals, and which is a very different skill set than take over law. And but I think a more important skill set and more helpful in investing for sure. So that was a big, that was a big change, Andrew

13:06

maybe we can camp out there a little bit, because I think being a contrarian is not a thing that comes natural to many investors. And so if you can talk about savings and loan, if you're a beginner, it's kind of like a kind of like, a bank stock in a way, right?

Karen

13:24

Yeah, very simple bank. Yeah, they just take in deposits, and they give people mortgages for homes, it's very simple. And if they do a good job, then they don't lose money on the mortgages. And they can be profitable. So is it a good simple business to start to learn? And so kind of like being in things that are out of favor, because it a lot of people are afraid, and they just want out? Doesn't matter what price just get them out, they want out of that exposure.

And so when you have sellers who do not care, at what price, they sell something that can be an opportunity for a buyer in that scenario, right. So I do like looking at things that are out of favor. On the other hand, I also like looking at things that have tremendous balance sheets and fantastic market share something like an alphabet, you know, where they have one of the biggest cash awards in the universe. And they have a pretty good business. It's been thrown off its game by this AI change, even though they've had AI for a decade. And they just didn't do nearly as good a job as some others at you know, presenting their AI in a big flashy way. That's another kind of business that I really like, huge, powerful, can withstand a lot and not crazy expensive.

Andrew

14:51

Oh, you know whether it's the savings and loans back in the day or if it's alphabet today, we can have conviction about an idea but the stock could move Have against us. And there's always going to be reasons why it's not like a stock's cheap. And there's no like, oh, we could just buy this cheap stock, there's going to be reasons that people are saying out loud that this narrative that is the reason why people are selling. So how do you overcome some of those, and if you have an example, that would be really great.

Karen

15:21

So some of those could be, let's stick with the alphabet example. The stock traded down a lot after Microsoft did this very splashy AI chat GPT was all crazy. And people were like, Google's lost it, they're going to lose their share, and they don't have any AI. kind of dumb, but it's hard to see your sock, you know, really get pummeled. And you have to sort of be open to the idea. Is there is there a fundamental reason is something changed dramatically, that I'm not seeing.

So sometimes it's easy to see when something changes dramatically, if you're a drug company, and they see the FDI, FDA did not approve your, your application for such drug. That's easy. That's a real event. And that's a real reason why stocks are traded down. But sometimes, it's just the market is the thing that's out of favor right now. For example, lower end discretionary consumers aren't going to be spending because inflation is high, I think things like that will pass. And if the market if the stock market is trading down, and my stock is trading down, I'm okay with that, as long as the fundamental reason hasn't really changed. It's a

Dave

16:33

great insight. And that's something that Andrew and I have talked a lot about off air as well as on air and how important it is to really understand the business and how that can really help you withstand some of those market swings. You know, Mr. Market can be a very fickle person, meta, you know, Facebook, meta, Facebook,

Karen

16:53

I know. And I co authored that. It's hard to say, Yeah, I

Dave

16:57

keep wanting to call Google I when I first heard you, oh, yeah, Google. But it's interesting, you know, how the market can can sway. And you know, we're here, and I'm here in the Midwest. And so I feel a little more disconnected. I wonder, does it feel sometimes more real when you're in New York, and you're in kind of the heart of Wall Street? That you see the swings in the market? Can you? I don't know for lack of a better word. Can you feel the pessimism on the street? About the meta or Google, for example, or alphabet?

Karen

17:24

You can't I haven't met a long time. That's a great example. You could not have been more out of favor than Mehta was a year and a half ago, right? It was practically mathematically impossible. And it was just interesting. Some of their pain was self inflicted, for sure. This giant pivot of we're going to spend to create the metaverse no matter what it costs. On top of the Cambridge analytical thing, I mean, just you know, bad PR after bad PR, and then then the spending.

And so the stock was just getting annihilated. And then if you just step back and look at it, and you have, you know, a company that has a billion plus daily active users, and it has a huge cash hoard, and it has tremendous cash flow. And it was trading at maybe six or seven times, EBIT da, which is just sort of they're not quite Yeah, it's close to free cash flow. So that's it. That's a ridiculously low number ridiculous for a company like Mehta. So I had lost a lot of money on it, the prior year going into that, but I thought this, this is just absurd.

You can't find a buyer. I mean, I gotta put more money. And, and then, you know, Mark Zuckerberg, to his credit, decided, okay, we can't spend like that. And we have to change the narrative. That was a super important pivot that not a lot of CEOs can make easily, but he did. And he said, out with the spending to create the metaverse in with a year of efficiency. That pivot was so enormous that it changed the narrative even though the business was not that different. The spending plan was different. So we went from being a giant spender to not only giant spender to a cut costs. So that swing between you know, the profitability with the metaverse versus the profitability without the metaverse and with the cuts was so giant that you know, a stock that stock is up. It's tripled. Its tripled since the bottom it for size, a company the size of mana. That that is such an extraordinary move. I don't know I don't know how it got off on that tangent but it's just sometimes there are giant giant opportunities right in front of you. And that was that was a good one.

Dave

19:57

Do you think the information that we have available Well, to us now is contributing to some of these swings, wild swings that we sometimes see, like, you know, not too long ago, Netflix was out of favor, and you know, their their subscriber rate dropped or so it slowed down. I don't follow the company that closely, but you know, a company to see a company that size lose 20% of its market share in a day. Once

Karen

20:24

a cap, you beat the market cap? Yeah, it's kind of nuts.

Dave

20:28

Do you think that maybe some of this technology and the access to more readily information is contributing to some of these Wilder swings that we're seeing now that maybe we didn't see 1015 20 years ago?

Karen

20:40

Yeah, I definitely do. And it's, in some ways, I think of it as an overload of information. Not every single piece of information can be super important. In fact, very few pieces of information are super important. Yet, when you're faced with all this new information, it sort of drives the need to feel like you need to react to it. But you don't. But it feels like you should write.

Right, you know, it feels like if you're not actively trading around, then you're missing something. And I don't I mean, that is a way to make money, I think, I don't know, I can't do it. I, I don't do it. And then also, I think, wow, that's super tax inefficient. But people can't do it that way. It just doesn't make sense to me, we got to, there's only a few pieces of information that are really important. And so a lot of the rest is noise, particularly if the market in general is going up or down. Because if you're going to say, Well, I'm gonna wait till the market stops going down. How will you know? How will you know when the market has up going down? And is in fact going to start going up? I don't know. Nobody knows. So you have to make the right call to get out. And then you have to make the right call to get in. I can't do either of those. And I certainly can't do both. So I don't really trade around on short term. I don't know experts expectations of the market overall.

Dave

22:10

So you're saying the your crystal ball doesn't work any better than ours? Does?

Karen

22:14

That is correct. I have put my crystal ball away. I think it was cracked and broken shattered after I don't know how many dropped crystal balls. And yeah, I don't worry about it. And I think that's better to sort of have your eye on the long game.

Andrew

22:31

And can you give us an example of one of those key pieces of information that you think is more signal than noise that would be profitable for beginner that go down and start to explore

Karen

22:45

one signal, I think I always like management teams that under promise on what their earnings are going to be an over deliver. I really don't want a management team that's really, you know, hyping their stock. So that's something that is important to me. So one thing that I think investors should really do is listen to a conference call an earnings conference call, and listen to what the management team is telling you. So let me give you an example of a bad investment that I have right now.

And why I still own it. So footlocker is the name. And they have a new manager, a new CEO, Mary Dylan, who was the CEO of Ulta. And she was tremendously tremendously successful at Ulta. And there's a lot of similarities. Ulta doesn't really have its own brand, so much as it is a supermarket of makeup brands. And show she built that and built this loyalty program, this digital program that they know what their customers want, they know what they're looking at. They they know everything. And she wants to do the same for footlocker which is not totally dissimilar. So she's, it's a surprise hiring in the street was very excited given her extraordinary success. So I was happy about that. I owned it before they hired her. I didn't I was thrilled with the hire. And she proceeded to lay out a very aggressive turnaround strategy, part of which is dealing with Nike and said we're not going to have so much exposure to footlocker that was weighing on the stock. And so she put out this big investor day presentation in March and then in May missed earnings very badly. Stock got crushed. It's currently still crushed. And I thought all right, I'm gonna give her a little more time. It's hard to change a business. I'm gonna give her a little more time.

One or two quarters more at most. If she's not making progress, if she's not improving, she doesn't need to get to her goals, because these are multi year goals. But if she's not improving, from where things were, then I have to sort of have to sort of give up. And there's this Buffett saying, when a great manager takes over a mediocre business, it's the reputation of the business that remains intact. And that maybe end up being the lesson. So I may be having sort of a here's another thing don't do. But I want to give her a chance. And I think the stock is so cheap and so hated that the risk reward is interesting, because the balance sheets in really good shape. And so should I mean, it trades. I like to look at price to earnings, multiple price to cash flow, those kinds of things. It's a mid single digit multiple, which is very, very low. So I feel like, here's the turnaround strategy. People hate it.

They're a little bit down on her. And I feel like the risk reward if it works, the upside is huge. And the downside if it doesn't, I don't know that it's very big. So I wish I came to it today. That's where I was where it was, which was like 42 before they announced terrible earnings. But I also think Do you know that the, you know, the term sandbagging, sandbagging is when you sort of put out low, low goals for the street, because you want to be certain you can meet them and people are more interested in can you meet the goal than what the goal itself is? So a lot of CEOs will sandbag meeting set the bar low. And I think she did that in this last quarter. set the bar really low. So she could jump over. That's my hope there.

Yeah. I thought I'd pick one that didn't work. It's easier when they were but so I, I liked that one. And then there's a term called Kitchen sinking. I don't know if you know, a kitchen sinking is. Yeah, you do. Okay. Well, I'll just, it's a new it's when a new CEO comes in, they just say up, everything's terrible. We're gonna spend money to do this, we're gonna not make less money this bad. That's bad. But we got a great core of stuff to work with. They don't want to be to down and out. But they want to set the bar low, so they can be the kitchen sink at them. She might be kitchen sinking it this past quarter.

Andrew

27:32

Sounds like there could be a little bit of a mess to deal with. So why the difference when you mentioned at the very beginning, we talked about you were wrong about an idea. And that blew up and risk reward was awful. Versus if you're long footlocker here, are risk rewards completely flipped as far as upside versus downside with your trade from when you are doing risk ARB. So can you explain in investing, you can be wrong on an idea. But depending on the situation, you can either have a ton of downside and a little bit of upside, or a lot of upside and a little bit of downside. And how can the average investor put themselves in more situations where they have higher upside and not as much downside?

Karen

28:17

Oh, hmm. That is a good question. So first, the downside, to me, the very first place to look at to assess downside is the balance sheet. So how much debt do they have? And particularly now in this world we're in right now with rising rates. When does that debt come due? And what is it going to be for refinance force, if you have companies, a lot of companies did a fantastic job issuing debt in the height of the market euphoria plus zero interest rates. Let me just give you an example of one Carvana, which is currently trading it in the low 20s issued a convertible bond at 0% interest. struck at $350 A share maybe it was zero and change percent. That is such a ridiculously fantastic debt issuance for Carvanha. It's fantastic.

However, at some point, that debt will come due and they will need more money. So they can't they can't issue debt at zero anymore. Right. Now let's turn to footlocker footlocker has a great balance sheet. Their biggest debt is really leases that they have coming due on space. And those roll every year, some amount of them roll and very often they just renew and it it looks. It's not. It's an ongoing cost of the business. So the balance sheet what can go wrong? Can they afford to get new inventory? Absolutely. The balance sheet at footlocker is outstanding.

And it's okay to have some debt and they do but it's not very much. And it's really not very much relative to how much cash they have generated in the past couple of years. So when you have a balance sheet that is good, that's an element of safety. That gives you sort of a bit of a margin, a margin of safety. Use a term of Seth Klarman term, who is very, is very famous investor. So that's important. And then what price is a trade at? What price to earnings? And it's one thing I like to look at is, we'll talk about a stock price to earnings ratio relative to itself, what has its own price to earnings ratio being over its history? And where is it now? So let's say footlocker, maybe it's 1112, I don't know. But the current price to earnings is six, and the balance sheets in good shape. So I feel like that risk reward is really interesting. As opposed to United Airlines, which that deal was going to be done entirely in debt. If the debt markets changed, the deal would blow up. That is what happened. They didn't appreciate that. So I've tried to look for the opposite. The opposite the other guy put that trade on the other side, not the way I did but had sold that to me, that would have been one of my greatest trades. Instead, it was very expensive lesson. But that's it. That's okay.

Andrew

31:27

Hopefully now we have many investors who are going to take that lesson and apply it in their own life and not have to pay that expensive tuition. So we salute you for for doing that.

Karen

31:38

I hope that hope your listeners are not as dumb as I was. may continue to be I don't know. But I have learned a few things. So I hope I don't make that same terrible mistake.

Andrew

31:48

The irony of you saying that knowing how complex merger law is. Yeah, that's a funny joke. Yeah.

Dave

31:59

Who here has had every trade be perfect? You know, raise their hands, nobody raises their hands.

Karen

32:04

Or they raise their hands. And I'm like, that person's lying.

Dave

32:07

Right? They're not telling the truth.

Karen

32:08

Right? Yeah, it's the I know, I remember the bad ones far more clearly, they hurt far more than the good ones. Sometimes you just get lucky. Sometimes that happens and something works out. But and then I do also find one of the things I really struggle with is when to sell, which I think is a really hard thing to know when to do. You know, and I've definitely made a mistake of selling too soon selling too late, try to make some guidelines to kind of take the emotion out, because I always come back to this, the emotions are not your friend. And so one of the things I do is think about, alright, why am I in this? Are these things still true?

And if they're not still true, that's a reason to sell. If the stocks down because the markets down, that's not a reason to sell. The thing I wrestle with the most is let's say you have something that's working, and it's going up and you're like, I would never want to sell that one. Because this one's you know, it's really working. One thing I do is decide, okay, how much exposure what percentage of my portfolio? Can I have in any one thing? Right. And if it grows enough, that it becomes too big, that I have to get bounced down to that, whatever that top number is. So if it's 15% of your portfolio, or whatever it might be, it goes from 10% to 18%. I gotta sell a little bit. Because 18% in one day, that's just too big.

Andrew

33:43

Are you comfortable sharing what that number is for you? Does it change is it

Karen

33:48

it changes what so it's 20%. For me, it does change a little bit on the balance sheet for sure. So if I own a company like alphabet, where the balance sheet is stupendous, I know they can survive a pandemic or then I'm a little more comfortable if it's a retailer without like a footlocker ever wanted to, you know, whatever the number would be to get it to I would be far more serious about cutting that if it got that big, so 20% For me, but then a one other just element of complication.

Do you have another thing in your portfolio that has similar risk? So for example, let's say you own Chevron, and Chevron became gonna really work to this 24% of your portfolio, and you also own Halliburton, which is the oilfield services industry. Well, in fact, you've got a bigger bet. In you know, you've taken a bit of oil. If oil goes down both Exxon or Chevron, I'm sorry, and Halliburton will go down. So you kind of have to be aware of that as Well, do you have secret underlying interlocking exposure?

Andrew

35:04

Yeah, I think that's great context. Yep. Totally agree. So can you talk about your podcasts a little bit?

Karen

35:10

Thank you for asking Andrew. So my podcast is called how she does it. And it's interviewing women who have had tremendous success in varying fields, from media, to finance to athletic endeavors, starting new companies, and it's about their path, which almost always was a very circuitous path, never straight forward. And, and then also, I really want to focus on the failures. And how you come back from that. It's not just the failure, it's what happened, but it's how you come back from that. And because I think you've learned so much from that.

And it's always fascinating to me, how people overcome failure, many, sometimes multiple failures, and yet continue to keep going. And then I also like to learn a little bit about different worlds that I don't know anything about. So whether it's media, which I do know a little bit about, but you know, venture capital, I don't know a ton about that. So just different women that I either know, already or just reached out to and for whatever reason, they say, yes, we'll do it. And so it's how she does it. And then also, how do they make the private life work in that sometimes sort of very intense, very time consuming, very all encompassing job that they may have. And something I've wrestled with, I have two sets of twins. And each two sets each set is a boy and a girl. Yeah. Wow. And so we had my husband and I tried to raise them, expose them equally to all different kinds of activities and different experiences. And still they're very different. The boys are very different from the girls. And so that's interesting to be in that some of the some of the differences are just innate.

Some maybe learned I don't know, you can't categorize so broadly all the time. But I found this mini experiment of two sets boy girl twins raising the same girls are different, and boys are different. And so I like to kind of explore also how people how these women, how do they manage their families? And what do they want to try to teach their children? What are they trying to? What are they trying to show them? What do they want from them? And one of them asked me what do you what's the most important lesson you've taught your daughters?

And for me that was don't live the life you think I want you to live with the life you want to live so I had a you know a tiger mom before there were tiger mom, she was the original tiger mom. And now I appreciate that. But at the time I didn't didn't it works for me but maybe won't work for my my daughter's for them to have a tiger mom. They do protect your dad that can really help.

Andrew

38:09

I don't know it to me. I'm thinking of Tiger keen, but I cannot ignore the tiger mom with

Karen

38:14

a tiger mom is a is a mom who is like, you got to work really hard, you know, always gotta get an A Why did you get an A, you know, push, push, push. And that was my mother. And and I thought, okay, I don't know if I want to do that with my kids. But I am married to a tiger mom. Awesome. So he does it and I could be like the more laid back one. So we'll see. You know, sure. It'll come out in therapy with the kids.

Karen

38:51

Two sets of twins.

Dave

38:52

You highly recommend

Karen

38:54

a busy life, but it's I really,

Dave

38:57

I have one daughter and I can barely manage that. I can't imagine having two sets of twins like home my

Karen

39:05

it's busy. Yeah.

Dave

39:07

So I guess that begs the question, how fast can you and your husband change diapers? Because you probably well, we are well beat records. Well, well, well

Karen

39:17

past the diapers, but I can't even imagine how many diapers what sort of contribution we made to the landfill situation with. But that's an exhausting time. Exhausting. Yeah, yeah,

Dave

39:32

totally. So I guess Can we talk a little bit more about your show? I mean, we you and I were talking off air about one of the guests that you're having on and maybe you could talk a little bit about her story. That was I thought that was fascinating. Yeah, so

Karen

39:45

one of the guests who I will have on who is Diana Nyad, who is just a fascinating woman who she if you don't know who she is, she's a woman who swam from Cuba to Florida. Not as not fleeing. But as an athletic endeavor, and she did it on her fourth try, at 62, which is it's so unimaginable, you know, just as There's a great documentary about her, and, you know, the prior attempts and getting stung by all kinds of jellyfish and having abandoned different, you know, different attempts for different reasons, the currents or whatnot, and just that moment of getting, literally walking on to the beach, in Florida is just so extraordinary.

And how do you do that? And how do you? How do you decide, yes, I'm going to try for a fourth time, despite my age, because this this time is really going to work? And how do you inspire a team to give up their jobs, their family to come along with you in this venture? And it's a you know, it is a to do to track her to, you know, give her whatever gluten or whatever, you know, whatever, you know, kind of jelly kind of thing that marathon runners eat, and it's quite an endeavor, and just that kind of that kind of belief in yourself I find so extraordinary and rare. She's fascinating, full of energy, which I guess isn't surprising.

Karen

41:26

You imagine no,

Dave

41:27

no, no, I really, days. No, no, no, I really can't like, you know, like I said earlier, I swam competitively when I was younger, and, you know, just getting in the pool and practicing for an hour or two a day was, that was enough. And it was done. And we're done with practice. So I can't imagine having to do that. 50 more hours. Yeah. And like you said that the currents, you know, just kind of thinking about that, you know, you get in the pool, you swim, there's no current, you just go up and down, up, down, right? You get in the ocean, you start here, you don't end up straight across. Yes, something's gonna move you one way or the other. So you have to ah, yeah, that's not like,

Karen

42:06

the cause of one of the failed attempts. The current was just too strong and too much energy to overcome the current and the distance.

Dave

42:13

Yeah. Yeah. You're not really swimming in a straight line. You're kind of swimming swimming in an elliptical to try to write no, that is ridiculously amazing.

Karen

42:22

Yeah. So just tried to find interesting women who have interesting stories and and this persistence. You know, how do you not give up? We've all felt like giving up I think it's something Yeah, I think it's

Andrew

42:37

refreshing to that are most of this episode, we hone down on your own mistakes. So you've kind of shown by example, what the podcast is going to be like practicing what you're preaching. So I think it's inspiring. I wish that episode was live live right

Dave

42:52

now. Talking.

Andrew

42:56

I'll be looking forward to that. Yeah, me too. I really appreciate the time to share with us, Karen, and some of the lessons that you gave and the experiences and failures you had. And I hope investors take it seriously and use it to become better investors.

Karen

43:10

Thank you so much for having me, David, Andrew. And if we had more time, I would have a lot more failures that I probably shouldn't, you know, dwell on as much as I do. But I really appreciate you having me on your podcast. Thank you.

Dave

43:23

You're welcome. It was our pleasure. We really enjoyed it. We really enjoyed it. So what was the name of the podcast again? So how she does it. Alright. And when is it going to be released?

Karen

43:33

It is going to be released first episode drops, June 26. Okay.

Dave

43:38

All right. I know what I'm doing on June 22. So awesome. Awesome. Again, Karen, thank you very much for your time. We really appreciate it and everyone go out to check out our show. It's going to be fantastic.

Karen

43:49

Thanks, guys.

Dave

43:50

You're welcome. Thank you.

Karen

43:51

I did bye bye.