LESSONS FROM THE TRENCHES:

VALUE INVESTING, ENTREPRENEURSHIP & LIFE

OVERVIEW OF KASE LEARNING

BY WHITNEY TILSON | WTILSON@KASELEARNING.COM

KASE LEARNING

WHITNEY TILSON'S KASE LEARNING BOOTCAMP

I CLOSED MY HEDGE FUNDS IN OCTOBER 2017 AND AFTER A FEW MONTHS OF THINKING

LAUNCHED KASE LEARNING

- I believe there's a large market of people all over the world who are already passionate, sophisticated investors who want to become better, many of whom want to start/grow their own investment fund, and there's almost nobody teaching these things
- My long-time partner at Kase Capital, Glenn Tongue, has rejoined me
- Our goal is to capture all of the lessons we learned in nearly two decades in the hedge fund trenches, both as investors and entrepreneurs, and impart that knowledge to others so they can stand on our shoulders and achieve even greater success – and avoid the many mistakes we made
- "Only a fool learns from his own mistakes. The wise man learns from the mistakes of others." – Otto von Bismarck

WHY KASE LEARNING – INVESTING

- There are many value investing programs and books that teach the basics: intrinsic value, margin of safety and sustainable competitive advantage; various valuation methodologies; how to do a discounted cash flow, etc.
- But understanding these topics is only the first step toward what is truly necessary to successfully navigate today's difficult markets
- Using real-world case studies, both current and historical, we teach lessons we learned – in many cases, the hard way – over two decades in the trenches: how to find great stocks, avoid value traps, manage a portfolio effectively, short sell, be an activist, control one's emotions, and much more

WE ARE VALUE INVESTORS

- Anyone looking for advice on how to get rich quick *should not take our programs*
- That said, we aren’t dogmatic (at least not anymore) – we are “make money” investors
- Value can be found in many places, even among so-called growth stocks, so we teach case studies that include Netflix, Alphabet, Facebook and SodaStream

WHY KASE LEARNING – ENTREPRENEURSHP

- The hedge fund industry is now very large, but at its core it's still an apprenticeship business: young guys (sadly, they're almost all men) learn the business from grizzled veterans
- But what about the 99% of investors who dream of being the next Warren Buffett or Julian Robertson, but aren't lucky enough to land a job at an established firm?
- How are they supposed to learn what they need to know to have any reasonable chance of success?

KASE LEARNING'S THREE CORE PROGRAMS

1. An intensive, three-day, 36-hour bootcamp: *Lessons from the Trenches: Value Investing, Entrepreneurship and Life*
2. A one-day seminar (most people take with the bootcamp): *How to Launch and Build an Investment Fund*
3. A one-day program: *An Advanced Seminar on Short Selling*

- These programs are scheduled over five consecutive days and can be taken together (at a discount) or a la carte
- We've scheduled these programs over five days in NYC from June 12-16, London from July 7-11, and are scheduling them over the next year in cities around the world
  - Likely cities include Shanghai, Hong Kong, Singapore, Tokyo, Mumbai, Sydney, Frankfurt, Sao Paulo and Mexico City
- We are also teaching a five-day introductory seminar in NYC June 18-22 for high school and early college students entitled *An Introduction to Economics, Business, Finance and Investing*

KASE LEARNING'S CONFERENCE ON SHORT SELLING

- This long bull market has inflicted absolute carnage on short books, and even seasoned veterans are throwing in the towel
- This capitulation, however, combined with the increasing level of overvaluation, complacency, hype and even fraud in our markets, spells opportunity for courageous short sellers
- On May 3rd in New York City, Kase Learning hosted the first-ever conference dedicated entirely to short selling, which featured 22 of the world's top practitioners, including David Einhorn and Carson Block, who shared their wisdom, lessons learned, and best, actionable short ideas
- The conference was such a success that we're hosting another one in NYC on Wednesday, October 31st
- Contact Kase Learning for an early-bird discount

TESTIMONIALS

- "The greatest teacher of investing was Benjamin Graham. He was followed by Warren Buffett and Charlie Munger. Believe me, the third person is Whitney Tilson. He's a natural teacher." – Chris Stavrou, Stavrou Partners (watch the video here)
- "It was a wonderful, almost life-changing experience. In a nutshell, it felt like an intensive infusion of wisdom and practical advice. I also really enjoyed meeting the people in the group who were, without exception, intelligent, hard-working, open-minded and friendly." – Gabriel Grego, Quintessential Capital Management LLC
- "I would absolutely recommend this seminar to anyone aspiring to run their own investment management business. What is taught in this seminar is pure gold. It's not taught anywhere else and there aren't that many people in the world who really understand what it takes to raise a billion-dollar fund. I think that this is an incredible product. It's not really a proxy for business school or Columbia's value investing program. It's more advanced and for someone farther ahead in their career. There are so many start-up, emerging managers who have no idea how to raise money and where to start."

TESTIMONIALS (2)

- “As a young analyst trying to get ahead, this was the shot in the arm I needed. I know the hedge fund world has become increasingly difficult and competitive, so I’ve been looking for any leg up I could find – and the seminar delivered, far surpassing my expectations. I was blown away by the one-on-one, personalized attention and can’t imagine a better way to learn than from Whitney’s case-based format. I left the seminar a better investor, entrepreneur and, unexpectedly, better person. Highly recommended!” – Jeremy Lichtman, SevenSaoi Capital
- “At the beginning of Whitney’s course, I didn’t know what to expect and had little idea of how to set up and market my business, but after only a few days it’s not an understatement that the seminar will make me millions of dollars and save me a great deal of trouble. Whitney laid out everything he did right in launching and growing his fund for more than a decade and then, perhaps more importantly, very honestly detailed what he did wrong. Through his connections, we also met with investors at the very top of the industry who were very generous with their time and open to all questions. Lastly, I now have 12 friends who are very bright and at a similar point in their careers who I can bounce ideas off of, a clear plan for how to market and grow the business (it’s encouraging when you hear Bill Ackman tell you he likes your plan), and most importantly I know what pitfalls to avoid.” – Angelo Martorell, Martorell Capital Partners

FURTHER INFORMATION

- Email me at WTilson@kaselearning.com if you would like to be added to my investing email list (roughly one email/week) and/or have questions or comments
- Further information is at www.kaselearning.com or call (212) 265-4510
- Follow Kase Learning on:

LESSONS FROM THE TRENCHES: VALUE INVESTING, ENTREPRENEURSHIP & LIFE

JUNE 13 - 15 (NYC)

JULY 7 - 10 (LONDON)

Rooted in sharing his nearly two decades of experience as a value investor and hedge fund manager, Whitney Tilson has created a new business, Kase Learning, and launched an intensive, three-day, 36-hour bootcamp entitled ***Lessons from the Trenches: Value Investing, Entrepreneurship and Life***.

During this seminar, Mr. Tilson and his partner, Glenn Tongue, will share everything they've learned over the years, be available to answer all questions, and invite several veteran investors as guest speakers to share their wisdom, so that participants can stand on their collective shoulders and achieve even greater success. It's going to be equal doses of learning, self-improvement and fun!

The seminar is designed not only for professional investors but also avid amateurs who simply want to become better investors.

Each bootcamp will be tailored to the specific interests of those attending, but in general the curriculum falls into three areas:

HOW TO BECOME A BETTER INVESTOR | 60%

- Investing lessons from our story of success, then failure
- How to find big winners (case studies: McDonald's, Netflix and Google)
- Avoid value traps (case study: Valeant)
- Become a better short seller (case study: Lumber Liquidators)
- Effectively manage your portfolio
- Determine your edge
- Develop a sound investment process
- Do effective scuttlebutt research and develop proprietary insights
- Become a leading expert (case studies: Berkshire/Buffett/Munger and the housing crisis)

HOW TO BECOME A BETTER BUSINESSPERSON AND ENTREPRENEUR | 20%

- Learn from Whitney's experience building – and then losing – Kase Capital
- Differentiate yourself – and your business – from the crowd
- Become a more effective salesperson and raise big money
- Develop and deliver a compelling stock pitch
- Learn how Whitney earned high honors at Harvard Business School (10 Strategies For Winning the Class Participation & Business Meeting Game)
- How to create a great slide presentation and make a killer stock pitch

THE MENTAL GAME & LIFE LESSONS | 20%

- Understand and exploit behavioral finance/investor irrationality
- Avoid the five calamities that can destroy your life
- Cultivate mentors, make friends, and develop deep relationships
- Learn how to deal with mistakes and apologize
- Make a great impression

To facilitate networking, the resumes/bios of all participants will be shared among the group (with permission), and there will be a cocktail reception at the end of each day.

TO LEARN MORE, CALL (212) 265-4510 OR GO TO WWW.KASELEARNING.COM

SCHEDULE

The next bootcamp dates will be:

- June 13 - 15 (NYC)
- July 7 - 10 (London)

Future bootcamps will be scheduled based on demand. If you are interested, please let us know by calling (212) 265-4510 or emailing info@kaselearning.com.

LOCATION

New York City – The New York Athletic Club
London – TBD

FURTHER INFORMATION

To learn more, call (212) 265-4510, email info@kaselearning.com, or go to www.kaselearning.com.

TUITION

The tuition is $5,000 if the bootcamp is taken-on a stand-alone basis. Most people take it, however, as part of a five-day program that includes two one-day seminars on ***How to Launch and Build an Investment Fund*** and ***Advanced Seminar on Short Selling***. The bootcamp and one seminar are $6,500 and all five days are $7,500.

Registration is fully refundable until one month in advance; thereafter it is transferable at any time or a full credit will be issued for any future Kase Learning program.

APPLICATION

To apply, please email a bio/resume and brief cover letter highlighting what you can contribute to and hope to get from the seminar to: applications@kaselearning.com. We will then schedule a phone call to answer any questions you might have and make sure there's a good fit before you commit your valuable time and money. Then we will send you a link to register.

TESTIMONIALS

In early December 2017, Mr. Tilson hosted a seminar with a dozen participants. Here's what five of them had to say (testimonials from all 12 are available separately):

> "It was a wonderful, almost life-changing experience...it felt like an intensive infusion of wisdom and practical advice."

> "What is taught in this seminar is pure gold. It's not taught anywhere else and there aren't that many people in the world who really understand what it takes to raise a billion-dollar fund."

> "I'm lost in words while expressing my appreciation. It was the mother of all seminars. Really. It was invaluable: so many wise teachings, thoughts and reflections, and opportunities for personal growth."

> "At the beginning of Whitney's course, I didn't know what to expect and had little idea of how to set up and market my business, but after only a few days it's not an understatement that the course will make me millions of dollars and save me a great deal of trouble."

KASE LEARNING

HOW TO LAUNCH & BUILD AN

INVESTMENT FUND

JUNE 16 (NYC)
JULY 10 (LONDON)

Rooted in sharing his nearly two decades of experience as a hedge fund manager, Whitney Tilson has created a new business, Kase Learning, and launched a one-day seminar entitled ***How to Launch and Build an Investment Fund***.

During the seminar, Mr. Tilson and his partner, Glenn Tongue, will share everything they've learned over the years about launching and building multiple hedge funds and mutual funds, be available to answer all questions, and invite 1-2 veteran investors as guest speakers to share their wisdom, so that participants can stand on their collective shoulders and achieve even greater success. It's going to be equal doses of learning, self-improvement and fun!

The seminar is designed for two types of investors: a) those who aspire to launch their own funds; and b) those who are already running their own funds and would like grow them.

CURRICULUM

Each seminar will be tailored to the specific interests of those attending, but in general the curriculum will include:

- Make the right decision about whether/when to launch your own fund
- Decide whether to create a hedge fund or separately-managed accounts business
- Optimize the fund's management fee, carry and redemption terms
- Choose the right service providers
- Identify and solve legal, regulatory and compliance issues
- Negotiate a partnership and/or seed deal
- Hire the right people at the right time
- Make a name for yourself and stand out from the crowd
- Target the right investors
- Raise $1 billion (or not)
- Write compelling investor letters
- Develop great slide presentations and make killer stock pitches
- Effectively manage through periods of poor performance

To facilitate networking, the resumes/bios of all participants will be shared among the group (with permission), and there will be a cocktail reception at the end of each day.

SCHEDULE

The next seminar dates will be:

- June 16 (NYC)
- July 10 (London)

Future seminars will be scheduled based on demand. If you are interested, please let us know by calling (212) 265-4510 or emailing info@kaselearning.com.

LOCATION

New York City – The New York Athletic Club
London – TBD

TUITION

The tuition is $2,000 if the seminar is taken-on a stand-alone basis. Most people take it, however, as part of a five-day program that includes our three-day ***Lessons from the Trenches*** investing bootcamp and a one-day ***Advanced Seminar on Short Selling***. The bootcamp and one seminar are $6,500, all five days are $7,500, and both seminars are $3,500.

Registration is fully refundable until one month in advance; thereafter it is transferable at any time or a full credit will be issued for any future Kase Learning program.

APPLICATION

To apply, please email a bio/resume and brief cover letter highlighting what you can contribute to and hope to get from the seminar to: applications@kaselearning.com. We will then schedule a phone call to answer any questions you might have and make sure there's a good fit before you commit your valuable time and money. Then we will send you a link to register.

FURTHER INFORMATION

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KASE LEARNING

AN ADVANCED SEMINAR ON

SHORT SELLING

JUNE 12 (NYC)

JULY 11 (LONDON)

This long bull market has inflicted absolute carnage among short sellers, and even seasoned veterans are throwing in the towel. This capitulation, however, combined with the increasing level of overvaluation, complacency, hype and even fraud in our markets, spells opportunity for courageous investors, so there is no better time for a seminar focused solely on short selling.

On Thursday, May 3, Whitney Tilson's Kase Learning hosted a full-day conference in NYC at which 22 of the world's top short sellers taught the hard lessons they'd learned, revealed the questionable companies they'd identified, and shared their best, actionable short ideas.

The tremendous response to the conference has clearly shown that there's great interest in short selling (despite – or perhaps *because of* – the pain most of us have been suffering!) – both in terms of learning and hearing new ideas.

Thus, Kase Learning has developed a one-day ***Advanced Seminar on Short Selling*** that will be taught every month or so, both in NYC and, increasingly, around the world, as an optional add-on to our two current programs (a three-day ***Lessons from the Trenches*** investing bootcamp and one-day seminar on ***How to Launch and Build an Investment Fund***). The first two short-selling seminars are scheduled on June 12 in NYC and July 11 in London; both will be followed by the bootcamp and investment fund seminar over five consecutive days.

- Unlike the conference, the short-selling seminar will be an intimate group – no more than 20 people – because each person who participates will be expected, preferably using Powerpoint slides, to present their favorite short idea in 10 minutes or less, plus five minutes for Q&A. In this way, participants will benefit in two ways: preparing slides and pitching an investment idea in a clear and concise way is a critical skill to have in this business, plus they will hear everyone else's fresh, actionable short ideas.
- In addition, participants will learn from Whitney Tilson and Glenn Tongue as they teach their module on ***Lessons from 15 Years of Short Selling*** (which includes case studies of Lumber Liquidators – which worked – and Wingstop – which didn't) as well as a veteran short seller we invite as a guest speaker.
- Lastly, we will be looking for especially talented investors to whom we can offer a speaking slot at one of our future short-selling conferences, which we're planning to host twice a year in NYC (the next one is scheduled for Wednesday, Oct. 31). This is an extraordinary opportunity for anyone looking to make a name for themselves.

AGENDA

It will be a very full day, starting with breakfast at 7:30 a.m., followed by the program from 8:00 a.m. until 6:30 p.m. (with morning, lunch and afternoon breaks), and ending with cocktails, leaving ample time for networking.

TO LEARN MORE, CALL (212) 265-4510 OR GO TO WWW.KASELEARNING.COM

TUITION

The tuition is $2,000 if the seminar is taken-on a stand-alone basis. Most people take it, however, as part of a five-day program that includes our three-day ***Lessons from the Trenches*** investing bootcamp and a one-day seminar on ***How to Launch and Build an Investment Fund***. The bootcamp and one seminar are $6,500, all five days are $7,500, and both seminars are $3,500.

Registration is fully refundable until one month in advance; thereafter it is transferable at any time or a full credit will be issued for any future Kase Learning program.

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SCHEDULE

The next seminar dates will be:

- June 12 (NYC)
- July 11 (London)

Future seminars will be scheduled based on demand. If you are interested, please let us know by calling (212) 265-4510 or emailing info@kaselearning.com.

LOCATION

New York City – The New York Athletic Club
London – TBD

FURTHER INFORMATION

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KASE LEARNING

WHITNEY TILSON'S KASE LEARNING

BOOTCAMP

AN INTRODUCTION TO ECONOMICS, BUSINESS, FINANCE AND INVESTING

JUNE 18 - 22

Rooted in sharing his two decades of experience as a value investor and hedge fund manager, Whitney Tilson has created a new business, Kase Learning, and launched an intensive, five-day bootcamp entitled ***An Introduction to Economics, Business, Finance and Investing.***

The program is designed for late high school and early college students (ages ~16 - 20) who want to learn real-world lessons on a broad range of business and finance subjects. It is for beginners and assumes no prior knowledge.

During the week, Mr. Tilson, his colleague, Glenn Tongue, and several guest speakers will share their extensive experience and answer all questions. It's going to be equal doses of learning, self-improvement and fun!

The curriculum includes:

ECONOMICS

- An overview of the global and U.S. economies (GDP, growth rates, trade)
- Micro- and macroeconomics
- What happened during the global financial crisis?

BUSINESS/ ENTREPRENEURSHIP

- Characteristics of good businesses
- What is an entrepreneur and how to become one
- Case studies of legendary companies and entrepreneurs

FINANCE

- An overview of the income statement, balance sheet and cash flow statement
- Defining and explaining terms such as gross, operating and net margins, EBIT, EBITDA, free cash flow, inventory, accounts receivable, account payable, and cap ex
- Calculating key metrics like return on equity and assets, days inventory, cash conversion cycle, leverage, etc.
- How companies are financed (debt vs. equity)
- Capital allocation (reinvestment, acquisitions, dividends, share repurchases)

INVESTING

- Different types of investing
- Investing vs. speculation
- Key concepts of value investing (intrinsic value, margin of safety)
- Three ways to beat the market
- Three steps to evaluating stocks
- Valuation techniques
- Traits of successful investors
- How to develop an edge
- Examples of good stock pitches
- Where to find great investment opportunities
- Investor irrationality/ behavioral finance

PERSONAL FINANCE & DEVELOPMENT

- The magic of compound interest
- How to live beneath your means
- Good and bad types of personal debt
- How to get a job
- Cultivate mentors
- Make a strong first impression
- Become a better writer and public speaker
- Avoid calamities

TO LEARN MORE CALL (212) 265-4510 OR EMAIL INFO@KASELEARNING.COM

APPLICATION

The program is limited to two dozen participants and is highly selective. To apply, please email a bio/resume and brief cover letter highlighting what you can contribute to and hope to get from the program to: **applications@kaselearning.com**

COST

$3,000

DATE | TIME | LOCATION:

June 18 - 22
9:00 AM - 5:00 PM
The New York Athletic Club, New York City

FURTHER INFORMATION

To learn more call (212) 265-4510 or email info@kaselearning.com.

Whitney Tilson On The Rise And Fall Of Kase Capital

An interview with Whitney Tilson, an American investor and author. Tilson managed Kase Capital Management and now manages Kase Learning.

Forbes, May 1, 2018

www.forbes.com/sites/kevinharris/2018/05/01/whitney-tilson-on-the-rise-and-fall-of-kase-capital

Whitney Tilson is an American hedge fund manager, and the founder and former Managing Partner of Kase Capital. He has co-authored several books on investing (including *Poor Charlie's Almanack),* and a bevy of articles in the *Financial Times*, *The New York Times*, *Forbes,* and *Kiplinger's.* Tilson is also known for publicizing colorful shorts. In 2015, he was interviewed on 60 Minutes, where he claimed that Lumber Liquidators flooring contained dangerous amounts of formaldehyde. This caused the stock to plunge, and *60 Minutes* was awarded an Emmy in Investigative Journalism for the episode.

In the same year, following a statement of Tilson's about a presidential cabinet appointment, he was rebuked by Senator Elizabeth Warren. The rebuke came over Facebook, with Warren writing: "Tilson knows that, despite all the stunts and the rhetoric, Donald Trump isn't going to change the economic system... The next four years are going to be a bonanza for the Whitney Tilsons of the world."

The last two years heralded the steady decline of Kase Capital's AUM, which lead to the wind down of the fund in 2017. Following its shuttering, Tilson launched Kase Learning, a venture designed to educate the next generation of active managers.

Kevin Harris from SumZero sat down with Tilson to discuss value investing, Tilson's career, and the launch of Kase Learning.

Kevin Harris, SumZero: A recent Institutional Investor article quoted you as saying that your "hedge fund was sucking the joy out of [your] life." What is your advice for hedge fund managers who may be underperforming in this bull climate?

Whitney Tilson, Kase Capital/Learning: The most important thing to do is turn around performance – easier said than done, of course! To do so, you first must honestly and accurately identify what's causing the poor performance, which can be extremely difficult. Is it just a bad market and/or is your style of investing simply out of favor for a bit, in which case you should stay the course? That's the easy answer, but it's often wrong. Do you need to fire someone? Should you exit certain positions?

Most importantly, you need to do an honest self-assessment: What mistakes have you made and what changes do you need to make? Have you become distracted? Are you delegating too much? Has your ego led you outside of your circle of competence and/or to take on too much risk? Have you strayed from your core investing tenets?

Very few people are good at self-assessment, so ask others to help you – start with friends, mentors, your spouse, and trusted investors, but you might also consider a professional like a shrink or executive coach. If you can find the right person, sit down and together do a deep dive into your portfolio.

Lastly, a warning: when performance is poor, the desire to turn things around can be so strong that it can lead you to take excessive risks and swing for the fences, which usually just makes things worse. Keep in mind the first rule of holes: when you're in one, *stop digging*!

Harris: What is most misunderstood about the day to day of running a hedge fund?

Tilson: Breathless articles and TV shows like Billions make it look like there's a lot of action managing a hedge fund, but in reality most hedge fund offices I've seen – and I've seen a lot – appear more like libraries: people quietly reading and thinking all day. That's the key to investment success in my opinion. The more trading/action, the worse the returns based on my experience and observation.

Harris: What did you find most rewarding and challenging about your hedge fund career?

Tilson: Even on vacation, I read business books and publications for pleasure because I'm fascinated by the business world and love studying how companies compete, rise and fall. Investing is simply an extension of this: accurately forecasting the future of particular industries and companies, and then making bets, long and short, when my view of the future is materially different from the consensus. It's such a great feeling to outwit the "herd", which is comprised of so many smart investors and supercomputers.

The most challenging part of my career was the difficulty of successfully and consistently doing this – the herd is right the great majority of the time, especially during a complacent bull market.

Harris: Given your well-publicized fondness of Munger and Buffett, why did Kase Capital rely on such a short heavy strategy?

Tilson: I wouldn't say that I ever had a short-heavy strategy, as I didn't run a short-biased or even a market-neutral fund – my long book was always 2-3x larger than my short book. That said, other than a couple of good years in 2008 and 2013, shorting was a costly activity for most of the 15 years I did it. Oh why didn't I listen to Munger, who warned me not to do it early in my career?!

There are many answers to this, but the main one is that I felt like every short position in my portfolio was hugely overvalued and likely to go down a lot, so even though I'd lost money in the past in aggregate on the short side, I felt that the future would be highly profitable. I also liked having insurance against a market downturn – it saved me in 2008 and allowed me to play a strong hand all the way down. Lastly, I built a name for myself by being very publicly bearish about the internet and housing bubbles right before they burst.

Harris: How does activist shorting fit into your understanding of value investing?

Tilson: Activism, whether on the long or short side, is one way that a value investor can help close the value discrepancy that they've identified. But it can be very expensive and lead to nasty fights with companies, especially if the investor is short the stock and trying to bring it down, as I did most famously in the case of Lumber Liquidators. I'm proud that my work here resulted in the company ceasing its purchase and sale to American homeowners of toxic, formaldehyde-drenched Chinese-made laminate flooring.

I think it's very healthy for our markets when short sellers are willing to share their bearish views publicly – it helps offset the incessant stock promotion by corporate executives and Wall Street, and often exposes frauds – think Enron, WorldCom and Lehman Brothers. To encourage more of this, I'm hosting a first-of-it-kind conference dedicated entirely to short selling next Thursday, May 3 in NYC on *The Art, Pain and Opportunity of Short Selling*. It will feature 22 of the world's top practitioners, including David Einhorn and Carson Block, who will share their wisdom, lessons learned, and best, actionable short ideas.

The idea for the conference is rooted in the fact that this long bull market has inflicted absolute carnage on short books, and even seasoned veterans are throwing in the towel. This capitulation, however, combined with the increasing level of overvaluation, complacency, hype and even fraud in our markets, spells opportunity for courageous short sellers, so there is no better time for this conference.

Harris: What was your immediate reaction to Senator Elizabeth Warren's Facebook post in which she attacked you for supporting President Trump's pick of Steve Mnuchin to be Secretary of the Treasury? Any reflections on the issue ~18 months later?

Tilson: My initial reaction was incredulity. I'm quite public regarding my negative views on Trump and was no fan of Mnuchin – but in light of some of Trump's other picks, I gave a quote to a reporter basically saying, "Well, it could have been worse," which is what Sen. Warren seized on. Her attack on me was even more ironic and misguided given that she had been my wife's favorite professor at Harvard Law School, we'd donated to her campaign, and I'm a huge (and public) champion of the agency she effectively created, the Consumer Financial Protection Bureau.

I was inclined to ignore it, but came to realize that powerful politicians like Trump and Warren shouldn't attack private citizens under any circumstances, so I fed the story to a reporter at the *New York Times* and, after the *Boston Globe* and other media picked it up, Sen. Warren apologized and removed the post. My wife and I ended up, months later, having a very pleasant meeting with her.

Harris: What catalyzed the shuttering of Kase Capital?

Tilson: After nearly a dozen great years from 1999 through mid-2010, in which I beat the market almost every year and tripled my investors' money in a flat market, my fund grew from $1 million to $200 million under management and I was riding high. But as the economy recovered and stocks rallied, I developed the view that the market was ahead of the fundamentals, so I positioned my fund defensively, holding a lot of cash and carrying a meaningful short book, waiting for the next big downturn, which of course hasn't yet come (though it eventually will – I just don't know when!). This conservative positioning led to my fund significantly underperforming this long bull market over the past seven years, which caused my investors to get fatigued and assets to shrink to $50 million. More importantly, I was miserable: month after month, year after year, I felt like I was letting my investors down, so I finally decided to pull the plug last fall.

Harris: What do you hope to achieve with your new business, Kase Learning? Has launching Kase Learning changed your perspective on the hedge fund industry?

Tilson: After a couple of months of thinking about various options, I decided to launch Kase Learning. My parents are both educators, I love to teach, and I've done a lot of teaching, writing and mentoring over the years, so it was a natural transition. I believe there's a large market of people all over the world who want to become better investors and/or start their own investment funds, and there's almost nobody teaching these things. My goal is to capture all of the lessons I learned in nearly two decades in the hedge fund trenches and impart that knowledge to the next generation of investors to they can stand on my shoulders and achieve even greater success – and avoid the many mistakes I made.

The hedge fund industry is now very large, but at its core it's still an apprenticeship business. Young guys (sadly, they're almost all men) learn the business from grizzled veterans – but what about the 99% of people who dream of being the next Warren Buffett or Julian Robertson who aren't lucky enough to land a job at an established firm? How are they supposed to learn what the need to know to have any chance of success? This is what I'm teaching – and I'm not aware of anyone else doing so.

Harris: What is your view on the current state of the active management? Do you have any strong thoughts on the broad shift from active to passively managed funds?

Tilson: The trend toward indexing is causing problems for active managers, who especially tend to underperform in a bull market, as they, unlike the indices, hold cash and tend to own smaller stocks. Every year that active managers underperform, investors yank their money, forcing active managers to sell, depressing the prices of the stocks they own, causing further underperformance. This money, in turn, often goes into index funds, which blindly buy more of the biggest stocks that dominate the indices, driving their prices up further and widening the performance gap with active managers. Lather, rinse, repeat. It's a very powerful trend that I don't see ending anytime soon.

In general, the rise of indexing is a healthy thing – investors pay lower fees and will, collectively, outperform active managers over time. But it's easy for investors to be lulled into a sense of complacency when the market goes up year after year – they can forget that index funds go down in line with the market as well. During those times, they might wish they had some money with active managers who can hold cash and short stocks to mitigate losses and invest aggressively at the bottom, as I did in 2008 and 2009.

Harris: The agenda for your upcoming 'The Art, Pain and Opportunity of Short Selling' conference details 'The absurdity of bitcoin' as an agenda item. What are your thoughts on the recent cryptocurrency boom?

Tilson: It's an obvious bubble, fueled by the hype of shameless promoters, massive amounts of fraud, and regulators who are, as usual, asleep on the job. As with every bubble, there's a kernel of legitimacy – I don't doubt that blockchain technology is real and important – but that doesn't mean cryptocurrencies have any value. They don't. I remember the internet craze back in the late 1990s. The internet proved to be very real and important, but the stocks linked to this bubble still went down 80-100%.

Harris: In your recent 'Lessons from 15 Years of Short Selling' article, you detailed collapsing earnings as a powerful predictive screen for shorts. What else do you look for in a short?

Tilson: Shorting is so hard that you need multiple ways to win. So, in addition to collapsing earnings, I look for a very high valuation (far above historical and peer averages), very high margins that are likely to contract, companies/industries in permanent secular decline, a fad coming to an end, a lot of debt that can lead to financial distress, the market under-reacting to an earnings miss/guide down, new competitors emerging, and regulatory problems.

Harris: What has been your greatest investment mistake? What did you learn from it?

Tilson: Selling Netflix after it went up 5x in 18 months – and then watching it go up another 8x since then. Had I done nothing but hold onto this position since I first bought it in 2011, my fund would have outperformed and I'd still be flying high. The lesson here is that if you're lucky enough to identify a great company firing on all cylinders, as long as the story is intact and the fundamentals are strong, don't anchor on the price at which you bought it and sell too early, as I did. Ride it! I know people who've owned Berkshire Hathaway shares for decades and never sold. For certain stocks, you only have to be right once in a lifetime to do awfully well…

Harris: What has changed the most in the industry since you started? What advice do you have for the next generation of hedge fund managers?

Tilson: This long bull market combined with the rise of indexing and the increasing sophistication of supercomputers has made the job of stock pickers much harder. So, to succeed, you have to be better than ever before: do even more in-depth research, do better analysis, be more patient and disciplined, etc. Most importantly, you have to become even more of a learning machine – which is what I aim to help with via Kase Learning.

The Last Days of Whitney Tilson's Kase Capital

The hedge fund founder explains why his fund was "sucking the joy" out of his life — and why he's turning its failure into a teachable moment.

By Michelle Celarier [illegible]

www.institutionalinvestor.com/article/b17f19gwp3595r/the-last-days-of-whitney-tilson's-kase-capital

Whitney Tilson's Facebook friends surely thought he was on top of the world last summer.

Photo after photo posted on the social media site tells the story of a rich, exciting life. There's Tilson watching whales off the coast of Iceland. Next, he's on the canals of Amsterdam with his wife and daughter. Just a few days later, he's checking out Lenin's tomb in Moscow. Last August he even climbed to the top of the famed Eiger mountain in the Swiss Bernese Alps, photographing every step of the arduous journey.

Illustration by Nicolas Ortega

But to hear Tilson talk today, the reality was grim. After 18 years in the hedge fund business, his firm — Kase Capital Management — was losing money, and Tilson found himself dipping into his savings to keep it afloat.

"I had lost my passion for the game," Tilson confided in a two-hour, soul-searching interview about the events that led him to shut down his hedge fund last September. After gaining 184 percent, net — when the broader market was up only 3 percent — during the first 11 and a half years of his hedge fund's existence, Tilson's returns had been floundering. Since 2010, Tilson says, he trailed the Standard & Poor's 500 stock index, and in 2017 he had lost almost 9 percent on the year by the time he shut down his fund. "In an ironic twist, I always built my firm to survive the worst storm, but it was a nine-year bull market — complacency and sunshine — that took me out."

Tilson is one of several veteran hedge fund managers, including Eton Park Capital Management's Eric Mindich, Hutchin Hill Capital's Neil Chriss, Eclectica Asset Management's Hugh Hendry, and Blue Ridge Capital's John Griffin, who called it quits in 2017. Small hedge funds come and go with great regularity, but the inability of the industry's stars to profit as the stock market soared to new heights has raised questions about the viability of the model. Tilson was a much smaller player than the others — at his peak he managed only $200 million — but his experiences are a window into the headwinds that have faced these former masters of the universe.

What distinguishes Tilson from many of his peers is his willingness to talk about the long, excruciating road down. "It's hard, after seven years at sucking at something, to wake up and tap-dance to work. So, I found myself getting distracted. I wasn't physically getting out of shape; it was the opposite. I was going and climbing mountains. This one part of my life, I was miserable at; I was having no success. It's hard to have the self-discipline to focus all your attention like a laser, and all your spare time on a particular part of your life in which you're getting so much negative reinforcement."

Last year, as his fund's losses began to mount, Tilson says, "I didn't feel like I could look my investors in the eye and say, "'Look, I'm losing you money, but I'm not doing anything else, 18 hours a day that I'm awake, the only thing I am doing is trying to turn performance around.' " The vacation photos notwithstanding, Tilson says he even felt guilty attending his daughter's soccer games. "My hedge fund was sucking all the joy out of my life."

Tilson's introspection is uncommon for those in the hedge fund business, where self-confidence and salesmanship are as important to success as any investing prowess. As Tilson readily admits, managers cannot afford to be frank while they are going through turmoil, lest they further hurt their business — and their investors. "The last thing you want to do is air your dirty laundry. That will further shake the confidence of your investors."

But there's another reason for Tilson's uncommon openness: His experiences, both positive and negative, have led him to create a whole new business, turning Kase Capital into Kase Learning (*Kase* stands for the first letters of the names of Tilson's wife and three daughters). From a small conference room at the New York Athletic Club, Tilson has started teaching the perils and profits of investing in general — and running a hedge fund specifically — to aspiring youngsters who don't come out of big seeding platforms like Julian Robertson's Tiger Management or a multibillion-dollar hedge fund.

"Unless you are the lucky 1 percent who has the chance of learning in an apprenticeship, how are you supposed to learn how to do this?" Tilson says. "Nobody teaches the next generation. There is not one business school on the planet that teaches anything really usable to starting up your own hedge fund.

"It's so rare to talk to a manager who is injected with truth serum, isn't it?" he asks as he details his long bumpy journey through hedge fund land. "But I don't give a crap anymore."

TILSON, age 51, still has an athletic endurance that means you'd never know he has been suffering from a kidney stone for days. After a weekend in San Francisco, where the pain got so bad he had to delay his flight, he's back in New York City. Dressed sharply in a navy blue suit, crisp white shirt, and hot pink tie, Tilson is pitching his new business to prospective students. He calls it a boot camp: "Lessons From the Trenches: Value Investing, Entrepreneurship & Life."

So far, he's held two four-day boot camps, each attended by about a dozen 30-something men (and one woman) in New York. Another session is planned for April, and a daylong seminar on short-selling slated for May already has almost 100 attendees and a roster of speakers including big names like Greenlight Capital founder David Einhorn and Muddy Waters Research's Carson Block. Tilson also plans to take his show on the road, with sessions in Italy and London in the works. His target students are mostly young men in their early to mid-30s who are either working at an investment firm and want to go out on their own or are already running a small hedge fund and hope to get bigger.

Tilson thinks he can help them. "What were the things I did right? What were the things I did wrong to screw it up and give it all back?" he asks the 15 men and one woman in the audience. "This is a business where when you hit it, [and] you have a great ten-year run, you should be making a lot of money," he encourages them.

Tilson's transformation from hedge fund manager to mentor might seem odd to those who don't know him. But a number of younger investors, like Sahm Adrangi of Kerrisdale Capital Management and Chris Irons of GeoInvesting, say Tilson is one of the first hedge fund elders who encouraged them in their early days.

"I'm a lot happier doing this," Tilson admits, leaning his lanky frame against the desk as he continues talking for more than an hour. He veers from discussions about investments called "value traps" to the perils of short-selling to what he calls life lessons, such as the desirability of driving a new car with the latest safety features. (He is convinced a new Volvo saved his wife's life when she ran into a tree in a late-night accident last Thanksgiving.)

"Whitney is a great storyteller," says Enrique Abeyta, a hedge fund founder of two former funds, Skadia Capital and 360 Global Capital, who is one of Tilson's guest speakers. "He gets very deep and very in-depth."

Tilson comes by it honestly. Both of his parents, who met in the Peace Corps and later took their small children to live in Tanzania and Nicaragua, were public school teachers, and the son seems to have inherited the teaching gene.

If anything, becoming a hedge fund manager was out of character. After Tilson graduated at the top of his class from Harvard Business School in 1994, his first gig was a nonprofit called the Initiative for a Competitive Inner City. Five years of nonprofit work didn't add up to much, but his wife's job as a corporate lawyer allowed him to pay off his student debt, and the couple even had $10,000 to spare. Before then, Tilson says, "I never had any interest in investing. I had never owned a stock, my parents had never owned a stock."

But, hey, it was the late 1990s, dot-com mania was on the rise, and Jeremy Siegel's *Stocks for the Long Run* was a best seller. On the advice of his Harvard Business School classmate Bill Ackman, who'd already started a hedge fund, Tilson began reading Warren Buffett's writings and quickly became a convert to the notion of value investing. "It just made sense to me. My mom can squeeze a dollar until it screams. . . . I grew up driving secondhand cars and wearing secondhand clothes. Not surprisingly, the idea of buying stocks at a discount, waiting until you can buy a dollar bill for 50 cents inherently appealed to me.

"In hindsight, I had no idea what I was doing," Tilson admits. But in the bull market of the late 1990s, it didn't matter. Investing his small nest egg, Tilson saw everything he bought go up. "After a couple of years of that, I thought I was God's gift to investing. I was your prototypical bull market genius."

The next step in those days was to start his own hedge fund. "I was having dinner with my wife and her parents, and I remember telling them: "˜It's just hit me. I'm going to start my own hedge fund.' " Six weeks later, after lawyers at Schulte Roth & Zabel (where Tilson's wife worked at the time) gave him a discount to do the paperwork, Tilson was in business. With money from his parents and his in-laws, he started with $1.1 million on day one and began operating Tilson Capital Partners from a corner of his bedroom on New York's Upper East Side. Since his personal investment account had been "ripping for the previous two or three years," he says, it wasn't hard to get other friends and family, including Harvard classmates, to sign on. Tilson bought shares of AOL, which went up six times, and thought he was conservative for buying Microsoft Corp., though it was trading at 150 times earnings. Buffett's Berkshire Hathaway was his biggest position — one he held until the very end. The future looked golden. "I started out with a plus-30 or plus-40 year," he recalls wistfully.

Tilson also built up a media presence, first writing a column for the Motley Fool and later being interviewed on *60 Minutes*, where he appeared in an Emmy-winning program about the internet bubble, whose demise he had predicted. ("That should have been a career maker," Tilson wryly observes.) The bursting of that bubble, and the market downturn that ensued, was a boost to the fortunes of hedge funds, which took off in 2003 and soon became a trillion-dollar industry that was attracting pensions funds and other institutional investors. Many hedge fund managers adhered to value investing, which also had a comeback. Tilson launched a newsletter and an investment conference, the Value Investing Congress, which ran for ten years. But after surviving the bloodbath of 2008 by savvy shorting, like so many other hedge fund managers he had trouble finding his footing.

In retrospect, not only was he spreading himself too thin, Tilson tells his students during a session on how to build a hedge fund, "I kept costs too low. I never really invested in the business. . . . Money was coming in, the phone was ringing, the email box was filling, but I never had a well-organized, well-executed business plan. I could easily have raised $500 million, and if I had wanted to stretch a little bit, raise a little bit more volume, I could have gotten to a billion." He says that kind of money would have helped him build a stronger infrastructure, including hiring analysts to build out an investment team. "It was an enormous lost opportunity."

After running Tilson Capital Partners on his own for five years, Tilson hooked up with Glenn Tongue, a former DLJ banker who is now his partner in Kase Learning, to run a fund called T2 Partners in 2004. By 2010, at their peak, the men finally decided to hire a third-party marketer. But then, "Literally, the month we hired them and signed the contract, our returns went to shit," says Tilson. In 2011, his worst year, T2 Partners fell 25 percent, and it was impossible to raise money. The two split up but remained good friends.

"Most successful hedge funds don't have the structure we had, which was co—portfolio managers," says Tongue. "We didn't argue much at all. We just didn't generate returns."

IN 2012, TILSON started what would become his final hedge fund: Kase Capital. It was a bare-bones, one-man operation run out of shared space in Carnegie Hall Tower in midtown Manhattan. Although he stopped the bleeding, Tilson says, he never beat the market again. "At every point in this long bull market, I had felt like it was ahead of the fundamentals. It turned out I was absolutely wrong the entire time," he admits. "I was too dogmatic. I failed to appreciate some of the incredible stocks I should have been able to figure out."

It was Tilson's passion for short-selling that ultimately did him in, he says. "If you're a value investor, that means you're a contrarian. You like betting against the crowd." He adds that shorting "bad people and bad companies made me feel good, like it was very righteous. That appealed to the crusader in me."

Tilson gained fame for his short on Lumber Liquidators, again getting the attention of *60 Minutes*, which did a devastating exposÃ© on some of company's products. The stock fell about 75 percent in 2015.

But shorting can also be lethal, especially when most stocks are going straight up. After a small gain of 3.8 percent in 2016 — a year when the S&P 500 rose 12 percent — Tilson wasn't happy. But at least he wasn't losing money for his investors, who by then had diminished to just friends and family. Then things got worse, and by the middle of 2017, he was down more than 6 percent, his portfolio getting creamed by the many shorts in his book.

Short-selling was "enormous fun," Tilson says, "but it cost me financially. It was a significant contributor to my underperformance that ultimately put me out of business. I was in a vicious cycle. I felt like I had lost my mojo. Money was coming out of my fund, which was consistently underperforming."

Tilson's first step to stanch the bleeding was to cover all his single-name shorts, which he did in June. Among them was Exact Sciences Corp., which Tilson says appeared on its way to bankruptcy less than a year ago, but "rose from the ashes" after the U.S. Preventive Services Task Force gave its colorectal cancer screening test the go-ahead. "It had gone from 5 to 23 when I covered," he said. "It was a bad short." (Tilson had pitched it at Robin Hood conferences in 2014 and 2016.)

But covering his shorts did not turn the portfolio around, and by mid-September, Kase Capital was still losing money. Finally, Tilson decided to pull the plug after sharing his problems at a September 18 meeting of the Manhattan chapter of Young Presidents' Organization, a global group of young CEOs who serve as a support group for one another. "These are people I've been meeting with every month for many, many years. We help each other think things through," he explains.

Tilson wasn't planning on shutting his fund when he went to that meeting, but the words came spilling out. "I said, "'We're wrapping up the third quarter, it's another miserable quarter of trailing the market, it's another quarterly letter that I have to write to my investors confessing to the poor performance and trying to explain it, and I'm completely miserable. I don't know. I've tried everything to turn things around. I've covered my short book. I bought some Google and Facebook, which I don't feel great about, buying those stocks ten years later than I should have. It feels like a capitulation buy. I'm doing things I don't like. Even the stocks that work, like Hertz — it fell from 50 to 10, and I bought it, and it went to 25 within six weeks — it's my biggest win of this year, but I knew I took hideous risks to do it. So I don't even feel good about the things I'm making money on. I'm taking terrible risks.' "

Those at the meeting, Tilson recalls, asked him bluntly: "Is it time to pull the plug? Do you have a viable business here? Even if you had a huge fourth quarter that turned things around and ended up in positive territory for the year, even if you had a big year next year, hedge funds are in the doghouse right now. You have had seven years of underperformance. So one good quarter, even one good year — it isn't like you're going to be able to go out and start raising money. Right?"

Kase Capital was down to $50 million, and the 1 percent management fee on the funds didn't even cover expenses. "So now, just to keep the doors open," they reminded him, "you're going to have to start writing a check."

Tilson knew they were right. "I was below my high-water mark, so I wasn't earning any promote. Every year my assets were shrinking. One of the key tipping points for me was recognizing that to keep the fund open, I was going to have to accelerate my cash burn." At the same time, he was paying for three teenagers in private school, two of them in college. "It wasn't impossible to turn things around, but it was increasingly, realistically a real long shot."

The next day Tilson called his broker and sold almost all his stocks, even Berkshire Hathaway, the one he had held since the beginning. The fund closed 12 days later, on September 30, and he returned 95 percent of investors' capital on October 15. He's still trying to unload one private holding and, ironically, close out a short on Lehman Brothers Holdings, a position that dates from the financial crisis.

Hearing such stories can be a bit overwhelming for Tilson's new students. "Whitney has been super honest and transparent about his own personal ups and downs and the pitfalls that come with being in the business," says Ronald Chan of Lakeside Financial in Seattle, who adds that the program is "a great crash course for aspiring managers to go into this business with eyes wide open."

He adds, "Given the headwinds in raising hedge fund capital, especially from institutions, I wonder if a hedge fund is the business model that most people should be trying." For now, Chan says, he's sticking with offering clients separately managed accounts instead.

Tilson agrees that the hedge fund model might not be suitable for everyone, and says he plans to add managed accounts and other investment products to round out his courses. But if you can do a hedge fund, he still believes, it's the best way to go.

"It's sort of funny. When I look back on my 18 years, I have nothing but happy memories," Tilson says. "It was tough times, but I think it was worth it in the end."

His greatest fear about shutting down his fund, Tilson says, was that "I would actually have to go get a job and work for somebody. When you've been an entrepreneur for 30 years, the idea of actually having a boss, and having somebody else decide which hours of the day I have to work, when I can go on vacation or not, was an unappealing prospect."

Tilson's new venture might not be as lucrative as a hedge fund, but he's still the boss. And at $6,500 for a four-day course, if Kase Learning could bring in, say, 20 students once a month, the business would gross more than $1.5 million a year.

So far, with only word-of-mouth marketing, Tilson appears to have found a new purpose in life — and an underserved market. After deciding to give teaching a try late last year, Tilson says, last November he sent an email to the 4,500 people on his investors' email list, saying, "I'm looking for 12 people, and I'm going to do it the first week of December." He ended up getting 50 applicants from all over the world and picked 12 of them for the first session. "We had an incredible week together," he recalls. "It made me realize, holy cow! There is an awful lot that I have to teach."

So You Want to Be a Hedge Fund Star?

By Ben Walsh
Barron's, May 11, 2018 4:05 p.m. ET
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To succeed, hedge funds search for an edge, a bit of information or insight that gives them an advantage over everyone else in the market. As a hedge fund manager for nearly 19 years, Whitney Tilson searched for one, too.

But in his new business of appearing at investing seminars and conferences, Tilson has found that his biggest edge is failure—the lessons from the closing of his own hedge fund.

"When CNBC is calling you the Prophet," he says, "watch out!"

Tilson is giving a PowerPoint presentation at the New York Athletic Club, the Italian Renaissance–style colossus on Central Park South. The group of about 30 men—and for the first three days of the seminar, it's all men—are dressed in the finance industry's uniforms of blazers, vests, and sweaters. While it is a class, no one is wearing jeans or sneakers. (The 150-year-old club's dress code prohibits them.) There are also no laptops or cellphones. Those, Tilson has banned.

Tuition for a full four days of the hedge fund “boot camp” is $6,500. Participants aren’t complete finance novices. Most are professional investors; one mentions that he started a company when he was 14.

From a lectern flanked by two screens, Tilson is detailing exactly what went wrong at his hedge fund, Kase Capital Management. At its peak, it oversaw nearly $200 million—and about a quarter of that when he finally shut it down last year, after years of mediocre performance. “It’s embarrassing to teach this,” he tells his students. “It’s embarrassing to admit this.”

Still, it’s what he does these days. Tilson, 51, started Kase Learning with his former investing partner, Glenn Tongue, 59, to provide seminars and put on conferences.

The meat of what Tilson teaches is focused on making the students better investors. There are case studies on specific stocks, lessons on portfolio management, and how to know when, exactly, is the right time to move. (Best to wait, he says, until you are “trembling with greed.”) Some of what Tilson teaches are industry details like the specific, polite phrasing to employ when asking potential investors for money. He also explains why you should put your investment thesis in writing and how to structure a stock pitch presentation.

He also talks a lot about how to cultivate mentors and potential investors: Do your research, but don’t be creepy. Have a clear understanding of what you want out of any interaction, but take a sincere interest in people, so you don’t seem overly transactional. At one point, he name-checks Dale Carnegie; indeed, a lot of what Tilson teaches could be titled “How to Win Friends and Influence People With an HP 12C Calculator.”

And one afternoon is spent discussing how to avoid personal disaster.

“I’ve become an observer, a student of calamities,” Tilson says, and he offers the class ways to reduce the risk of death, divorce, prison, impoverishment, and addiction. Among other things, he recommends not smoking, driving drunk, or BASE jumping (wingsuit flying or parachuting off a cliff or a building).

He says he looked at his friends’ divorces, and adds that communication and shared values are crucial to a healthy marriage. Tilson, a former consultant, also lists 12 questions everyone should ask about a potential spouse, just one of 11 PowerPoint slides in the marriage advice section.

Is this worth $6,500?

Tilson isn’t hawking “how to get rich quick in hedge funds.” It’s something much more boring, and yet probably more useful to financial pros.

Continuing education, midcareer professional training, and networking are offered across almost every industry. That’s not always the case at hedge funds, outfits famed for being led by secretive, short-tempered egomaniacs. Strategies and how to conduct business can stay inside the heads of hedge fund founders or be kept confidential by their lawyers. It’s not fertile ground for mentorship; learning takes place almost exclusively through an apprenticeship.

For people starting, or in the middle of, finance careers, what Tilson teaches can be valuable. And for the intended audience of investment professionals, the price tag is far from unaffordable.

If Warren Buffett is the Led Zeppelin of investing, Tilson is a sort of very competent cover band, compensating for what he lacks in star power by being available to the financial media and being able to hit the right notes. And while Buffett's track record and value investing approach looms large over the course, Tilson adds something more personal and absorbing: a good confession detailing where and how he went wrong.

For the first 11½ years in which he managed money, Tilson beat the Standard & Poor's 500 index by nearly 182 percentage points. Then, in 2010, as the post-financial-crisis bull market took hold, his fund began to underperform, badly. A huge part of the problem: It had far too many positions. "When you get down to your 40th best long position, nobody is a good investor," Tongue tells the class. And unlike bigger funds that used the precrash boom to build large staffs with strict rules aimed at limiting losses, Kase Capital Management's investing staff never grew beyond Tilson and Tongue.

Tilson started investing further afield in warrants and options. Perhaps most damaging of all was that, as his performance suffered, he tried harder and harder to regain the ground he had lost and traded himself further behind the market.

Psychologically, Tilson was getting beaten up. He was miserable and yet also convinced that he could, somehow, turn things around. It took conversations with friends and mentors to make him realize that he "no longer had a viable business."

During his seminar, Tilson zeroes in on his biggest mistake. He pulls up a chart showing how he beat the market during the first half of his investing career. When he was putting up those numbers, he says, he should have raised $500 million to $1 billion. He left a fortune on the table by not raising that money and building a bigger team.

He lists several plausible reasons for not doing that: He was building his reputation by writing and appearing on TV, and was widely quoted about Berkshire Hathaway and the housing crisis. He didn't take concrete steps like hiring someone to help him raise the money, and didn't directly ask often enough if someone could write a check.

But the best answer to why Tilson never managed far more money becomes clear at another point in the course. He talks about a company that wants to sell itself and gets a bid from Buffett. The company thinks it could easily get more money from another bidder, but goes with Buffett because of his reputation for letting acquired companies run things their own way.

For the owner of the business, Tilson explains, a little more money isn't a motivation. "Once you are a billionaire, does it matter if you are a 1.2 billionaire?" he asks, implying that it doesn't.

Yet for someone who runs a billion-dollar hedge fund, yes, it absolutely matters. In fact, he should be trembling with greed.