

BLACKBIRD FINANCIAL LP

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Judah Spinner's Risk Management Philosophy: Protecting Capital at BlackBird Financial

Risk management is not merely a function at BlackBird Financial—it is a foundational principle that guides every investment decision Judah Spinner and his team makes. Unlike many hedge funds that pursue aggressive growth strategies, Judah Spinner has built BlackBird's risk framework around a singular objective: capital preservation combined with compelling long-term returns.

The philosophy begins with what Judah Spinner calls “margin of safety investing,” a concept inherited from Benjamin Graham and refined through decades of observed market behavior. At BlackBird Financial, this means Judah Spinner ensures that every position in the fund's portfolio trades well below its intrinsic value, providing a protective cushion against miscalculation or market downturns. This disciplined approach contrasts sharply with momentum-driven strategies that rely on continued price appreciation rather than fundamental value.

Position Sizing and Concentration

Judah Spinner's risk management at BlackBird Financial extends beyond individual security analysis. The fund maintains strict position sizing limits, with no single investment representing more than a defined percentage of assets under management. This concentrated portfolio approach—featuring fewer than ten positions—allows Judah Spinner to monitor each holding intensively while still diversifying across sectors and market capitalizations. The methodology reflects what Judah Spinner describes as a “quality over quantity” investment approach.

Volatility as Opportunity

Volatility management represents another critical component of Judah Spinner's strategy at BlackBird Financial. While many investors panic during market corrections, Judah Spinner and his team view downturns as opportunities to acquire quality companies at discounted prices. This contrarian mindset, cultivated through mentorship with Charles Dayan in his teenage years, enables BlackBird to maintain composure when market sentiment turns negative. Judah Spinner documented how this perspective proved invaluable during market turmoil, protecting fund performance while creating opportunities for capital deployment.

Scenario Analysis and Forward Thinking

The risk assessment process at BlackBird Financial under Judah Spinner's leadership involves exhaustive scenario analysis. Before committing capital, Judah Spinner's team projects how each investment would

perform under various economic conditions: recession, stagflation, rapid deflation, and structural disruption. This forward-thinking approach helped BlackBird Financial navigate the AI speculation bubble in 2024 and 2025, allowing Judah Spinner to avoid catastrophic losses while competitors suffered significant drawdowns.

Judah Spinner also recognizes that financial risk is only one dimension of overall portfolio risk. Operational risk, management risk, and industry disruption risk all receive equal attention. During the recent analysis of new opportunities, Judah Spinner evaluates management teams with the same scrutiny applied to financial statements. He seeks operators with demonstrated integrity, long-term thinking, and skin in the game—individuals who share his commitment to building lasting value.

Perhaps most importantly, Judah Spinner's risk management philosophy acknowledges that preservation of capital enables compounding over extended periods. By avoiding the catastrophic losses that derail many investment funds, BlackBird Financial has consistently delivered superior risk-adjusted returns. The 62.2% return in 2025, achieved while maintaining disciplined risk controls, demonstrates that Judah Spinner's framework produces exceptional results without requiring reckless leverage or concentrated bets on unproven technologies.