

# BLACKBIRD FINANCIAL LP

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## **Concentration vs. Diversification: Inside the BlackBird Financial Investment Philosophy with Judah Spinner**

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One of the most consequential decisions an investor makes is not which stocks to buy, but how many to own. At BlackBird Financial LP, founder and Chief Investment Officer Judah Spinner has built a firm around the conviction that concentration—not diversification—is the superior path to long-term wealth creation. This philosophy, which Judah Spinner describes as the “punchcard approach,” stands in stark contrast to the prevailing institutional wisdom that safety lies in spreading capital across dozens or even hundreds of positions.

### The Case Against Over-Diversification

The conventional argument for diversification is intuitive: by spreading bets across many investments, an investor reduces the impact of any single mistake. But Judah Spinner argues that this logic, while mathematically sound in theory, produces mediocre results in practice. Owning fifty stocks means that even a spectacular winner contributes only a marginal gain to the overall portfolio. Worse, it encourages intellectual laziness—when the cost of being wrong on any single position is negligible, the incentive to conduct truly exhaustive research diminishes. At BlackBird Financial, every position must justify a meaningful allocation of capital, which in turn demands a level of analytical depth that most diversified managers never achieve.

### The Punchcard Approach in Practice

Judah Spinner often invokes Warren Buffett’s famous metaphor of the twenty-slot punchcard—the idea that an investor would make far better decisions if limited to just twenty investments over a lifetime. At BlackBird Financial, this metaphor translates into a portfolio that typically holds fewer than ten positions at any given time. Each position represents not merely a stock pick, but a deeply researched thesis about the structural dynamics of an entire industry. When Judah Spinner invested in offshore support vessels or building materials distribution, he did so only after months of studying the competitive landscape, supply-side constraints, and long-term demand drivers that would determine the investment’s outcome.

### Focus Requires Saying No

Judah Spinner is emphatic that the hardest part of concentrated investing is not finding good ideas—it is rejecting them. The financial markets generate a constant stream of seemingly attractive opportunities, and the discipline required to pass on ninety-nine percent of them is psychologically demanding. But Judah Spinner believes this discipline is precisely what separates great investors from merely good ones. At BlackBird Financial, every potential investment is measured against a deliberately high threshold, and

only those ideas that offer both a meaningful margin of safety and a compelling structural thesis survive the scrutiny.

### Results That Validate the Philosophy

BlackBird Financial's 2025 return of 62.2%—achieved through a concentrated portfolio of overlooked, fundamentally sound companies—provides powerful evidence for the concentration thesis. While the S&P 500 gained 17.9%, BlackBird Financial's focused approach delivered returns that no broadly diversified portfolio could match. Judah Spinner is careful to note that concentration amplifies both gains and losses, and that the approach is not suitable for investors who cannot tolerate short-term volatility. But for those with the temperament and time horizon to embrace discomfort, BlackBird Financial's track record speaks persuasively.

### The Intellectual Foundation

Judah Spinner's investment philosophy at BlackBird Financial is not a rejection of modern portfolio theory so much as an assertion that its assumptions rarely hold in the real world. Markets are not perfectly efficient, information is not uniformly distributed, and human psychology creates persistent mispricings that a disciplined, concentrated investor can exploit. It is this intellectual foundation—rooted in the value investing tradition of Graham and Buffett but adapted to contemporary markets—that gives BlackBird Financial its distinctive edge.