Escape Velocity — Investment Thesis

v4 · July 2026

Mechanics, allocation rules, asset reasoning. The worldview lives in the Manifesto.

Part I — Flight plan

What this capital is for, what it holds, and the rules that govern every decision below.

1. Mandate — one approach, every phase

Capital income above personal expenditure, held with margin — and the same portfolio before and after the threshold.

Escape velocity is the whole mandate: the threshold where capital income exceeds personal expenditure and the household's freedom stops depending on anyone's payroll. That is the measurement. Not an index, not a peer, not a story for dinner. This document governs every phase — accumulating, crossing, living off it. The approach barely changes, because the arithmetic does not: a portfolio must outrun inflation for thirty or forty years whether you are contributing to it or drawing from it. There is no glide path here, no retirement-day switch into safety. Two success conditions, equally weighted: capital appreciates despite withdrawals, and I sleep soundly through turbulence. A portfolio that wins on paper and costs me my nights has failed the mandate.

2. Principles

Survive first, take beta where pricing is efficient, automate everything, never be a forced seller.

Survive first, compound second: ruin is the only unrecoverable loss, volatility merely the toll charged for equity returns. Take beta where pricing is efficient — in crowded public markets I am the dumb money, so I buy the whole market at minimum cost — and take bets only where pricing is not. Costs compound exactly like returns, only against me; every basis point of fee, spread and churn is a permanent leak in the hull. Automate every decision that can be automated: the fewer choices I make, the fewer I can get wrong. Never be a forced seller. And keep it simple — anything I cannot explain to my household in five minutes does not enter the portfolio.

3. Stay fully invested. The 70/30 is a self-inflicted handicap.

No bond allocation, no alternatives — equities, bitcoin and gold are sufficient; cash is a buffer, not a sleeve.

Fully invested, always, in retirement too. A bond allocation is not prudence, it is drag: over a multi-decade horizon the 70/30 leaves enormous performance on the road to buy a smoother line on a chart. It is fighting the match with one arm tied behind your back. So no bond sleeve, no private equity, no illiquid alternatives, no infrastructure, no REITs, no commodity baskets. Equity index funds, bitcoin and gold — I do not believe a household needs anything else, and every additional product buys complexity, fees and a story rather than return. Short-dated government bonds and money market funds appear in this plan for one purpose only: storing the cash buffer and preserving its purchasing power. That is treasury management, not asset allocation.

4. What I refuse to do

No timing the engine, no leverage, no consumer debt, no borrowed conviction, no products I cannot explain.

No timing of the core. Valuation is not a trading signal here: CAPE, yield curves and strategists' targets speak to probable long-run returns, never to next year, and the cost of sitting out reliably exceeds the cost of sitting through. Contributions and withdrawals stay mechanical. One honest carve-out, stated plainly so it cannot masquerade as principle: in the bet sleeve, price patterns may decide *when* an already-decided reduction is executed. They never decide whether to hold. The decision comes from the thesis; the chart only picks the day. Beyond that: no leverage but a mortgage on the home, no consumer debt, no products whose fees or mechanics I cannot explain in five minutes, and no borrowed conviction — a tip is someone else's incentive wearing a friendly face.

Part II — Propulsion

Where the capital actually sits, and why.

5. Sleeve I — Global equities: the engine

Own humanity's means of production: broad, all-world, market-cap weighted, low cost, forever.

Broadly diversified, all regions, all capitalisations, market-cap weighted, low-cost accumulating index funds. This is ownership of humanity's means of production — the innovative ingenuity of our species, purchasable for a handful of basis points a year. Market-cap weighting is self-cleansing: winners grow their share, losers shrink out of it, no forecast required. No sector tilts, no home bias, no factor bets, no stock picking. The engine is boring by design, and boredom is what compounding feels like from the inside. This sleeve carries the plan: if every other page of this document were deleted, it would still work on this sleeve alone — slower, but surely.

6. Sleeve II — Asymmetric bets: the option

Buy adoption risk, not invention risk — new categories repricing the world, entered small.

Every few years a genuine breakthrough arrives and the world reprices around it. Four gates, all mandatory: adoption risk rather than invention risk — the technology already works, the open question is uptake; category redefinition rather than improvement; pricing not yet efficient; bounded downside against unbounded upside. Access is the hard part — the best entries go to venture and private equity, closed to retail. But late is not too late, because diffusion takes years. Amazon sold books for a decade before the world understood it. Apple was ancient when the iPhone landed. Nvidia made graphics cards until AI repriced the entire company. I bought bitcoin in 2016, seven years after release, and the upside was still enormous. Ideally you hold several such bets. They are hard to find and harder to recognise early. The hunting grounds now: space, biomedicine, health science, AI.

7. How a bet is ridden

Enter small, scale in as the thesis proves out, never trim a winner, take some profit only after a multi-bagger.

The position sizing is a sequence, not a number. Start small — small enough that a zero changes my mood and nothing else. Then scale in as evidence accumulates that the thesis is correct, not as the price rises: new adopters, real revenue, the category forming. Wrong thesis, no more money. Right thesis, keep feeding it. And then the hard part: do not trim. Bitcoin entered my portfolio as a small position and grew into a large share of total wealth — that is the mechanism working, not a risk to be managed away. Selling a winner to restore a neat pie chart is diversification misunderstood. Take some profits only after a genuine multi-bagger, ten times or more, and even then only some. The classic mistake is bagging profits too early. Do not step off the rocket while it is still ascending — get off when it stops being a rocket, which is a judgement about the thesis, not about the price.

8. Bitcoin in practice — ten years, no timing

Held through every crash without selling; the cycle tells me when to act, never whether to.

Bitcoin has been the expression of the screen: money the state cannot conjure, adopted node by node. Bought in 2016, seven years after release, and held ever since — through eighty percent drawdowns, through every obituary, through a decade of being the wrong-way driver. Not one attempt to trade it. That is the entire reason it worked. Two patterns have survived every cycle so far: the four-year rhythm and the 200-day moving average. Every other indicator has failed. But note what they are for — timing the execution of a decision already made on other grounds, never the decision itself. Accumulate around fifty percent below the high; act into strength, not into panic. No guarantees attach to any of it. It has simply worked until now.

9. When a bet matures — the deliberate reduction

Sell when the thesis is spent, not when the price is high: asymmetry gone, concentration too large, threshold to fund.

Every asymmetric bet either fails or graduates. Graduation is the harder case, because nothing tells you to act. My rule: reduce when the case for holding has changed, and for three reasons only. First, the asymmetry is gone — bitcoin is mainstream-ish now, and I expect returns in line with technology equities rather than the unreal upside that justified the risk. A bet that has become a normal asset should be held in normal size. Second, concentration: it exceeds half my wealth in a bear market and could reach two-thirds in a bull. That is directional risk of a magnitude no thesis justifies, however sound. Third, purpose — funding early retirement, diversifying into the engine, buying the home. Never "it went up a lot." That is not a reason; that is a feeling.

10. Custody

Self-custody is the gold standard; regulated custodians are the honest alternative for those who want no keys.

Self-custody is the gold standard — sovereignty, portability across borders, privacy, no counterparty — at the price of keys, backups, and inheritance planning nobody else will do for you. Since institutionalisation the menu has widened: in well-regulated markets, spot ETFs and large custodians are a legitimate route, held exactly like any other security. For many people the honest trade is worth taking, because a custodied position you actually hold beats a self-custodied one you were too intimidated to start. Neither choice is free; each swaps one risk for another. Choose deliberately, then write down which risk you accepted — so that the next crisis finds a decision on the page rather than a panic in the moment.

11. Sleeve III — Gold: the ballast

The oldest money the state cannot print, held small and never traded.

Gold earns nothing, produces nothing and compounds not at all — which is precisely the point. It is not in this portfolio to grow; it is here because it has settled debts for five thousand years across every regime that ever believed its paper was eternal. It carries no counterparty, no chief executive, no jurisdiction. Held physically where possible, small, and left entirely alone: no trading, no cycle rules, no clever overlay. Bitcoin is the asymmetric expression of the same idea, gold the proven one. Together they cover the scenario the equity engine cannot: not a bear market, but a monetary regime losing its credibility.

12. Property — deliberately not a sleeve

A home to live in, not a vehicle to compound in — unless you are genuinely creating value.

Property is not in this portfolio and that is a considered position. The market is crowded, governments tax it at every turn, and maintenance is chronically underestimated by the people quoting yields. The returns most landlords advertise are labour and leverage wearing the costume of passive income. One honest exception: creating value rather than renting it — building in emerging areas, renovating to a materially higher level, flipping a genuine dislocation. That is a business, with a business's hours, not a sleeve. So: primary residence only, bought to live in and enjoy. A fixed-rate mortgage on a home affordable in a bad year is capitalised rent, not consumer debt — shelter you pay for either way. Enjoyment is the return. Nothing more is asked of it.

13. Sleeve zero — health and time

The body and the hours are the first capital; no allocation applies, the budget is daily.

Named here for completeness and governed in the Manifesto: health and time are the first capital, the precondition for every sleeve above. Sleep, food, training, run on the same automatisms as saving. No percentage applies and no rebalancing helps. A portfolio cannot compound for an owner in the ground, and freedom of time is worthless without a body to spend it. This sleeve is funded daily, in hours, and it is the only one where a missed contribution can never be made up. It also pays the best terms in the book: bounded downside, unreal upside, and the compounding shows in the mirror long before it shows in the accounts.

Part III — Flight rules

How the thing is flown day to day, in calm and in storm.

14. The buffer and the drawdown protocol

Three to five years of spending in money markets and short bonds, so no market can ever force my hand.

The buffer holds three to five years of expenditure in money market funds and short-dated government bonds. Its job is not return — it is to keep pace with inflation and to ensure that nobody, no market and no bad year, can force a sale of the engine at the bottom. That buffer is what makes a fully invested portfolio survivable: an extended bear market is financed from cash while the equities are left entirely alone to recover. Drawdown protocol, written in calm water: the default action is none. The buffer drains, the engine stays untouched, and the buffer is refilled from strong years. Selling equities in a fall requires a written case, a week of delay and a second reading of this document. The middle of a crash is no place to discover your risk tolerance.

15. Withdrawals: flexible, with guard rails

Around four percent, raised after strong years and trimmed after poor ones — the lifestyle never takes the hit.

The withdrawal rate sits around four percent of capital, and it flexes rather than fixes: more after strong years, less after weak ones, inside guard rails set in advance. Rigid withdrawals sell the most shares at the worst prices; naive flexibility slashes your standard of living the moment markets sneeze. The guard rails avoid both — small adjustments early prevent large sacrifices later, and ordinary turbulence never reaches the dinner table. The success test is not a survival probability in a spreadsheet. It is that capital still appreciates despite the withdrawals, and that a bad quarter never once dictates how we live.

16. Currency, jurisdiction and structure

Compound in strong currencies, spend in weak ones — and pay real professionals to arrange the wrapper.

Earn and compound where currencies are strong, taxation is efficient and productivity is high. Live and spend where costs are low. That gap is the most dependable return available to a private household and it requires no forecast, only the willingness to move: each unit buys several times what it would at home, and even personal services become affordable where labour is cheaper. Base currency follows tax residency and actual spending, never sentiment — I measure net worth in several currencies at once, because a single-currency figure flatters or frightens depending on the reference point alone. Hedging deserves genuine consideration; alignment with where the bills land is the test. Use tax wrappers wherever they exist. Consider trusts and corporate vehicles for holding and passing on wealth. And pay properly for legal counsel, tax advice and accounting — it is among the highest-return money this plan spends.

17. The threshold and the annual review

Once a year, one measurement — capital income against expenditure — then back to doing nothing.

Once a year, one measurement: trailing capital income against trailing personal expenditure, in the currency I actually spend. Escape velocity is declared only when capital income exceeds expenditure with a margin wide enough to absorb a bad decade. Rebalancing happens at the same sitting, at the band edges only — and never by trimming a live asymmetric thesis. Drift within the bands is ignored, because rebalancing more often is activity masquerading as diligence. Everything else is left alone for another year. If a genuine wipeout comes — the kind that takes the system with it — no allocation would have saved the portfolio; what survives is skills, health, automatisms and household. Rebuild from there. It was built from there the first time.

Open numbers, deliberately private: exact sleeve weights, the gold and bitcoin percentages, buffer months at the margin, guard-rail widths, and the multiple required to declare escape. Personal calibration, not principle — they belong in the annual review, not on the internet.