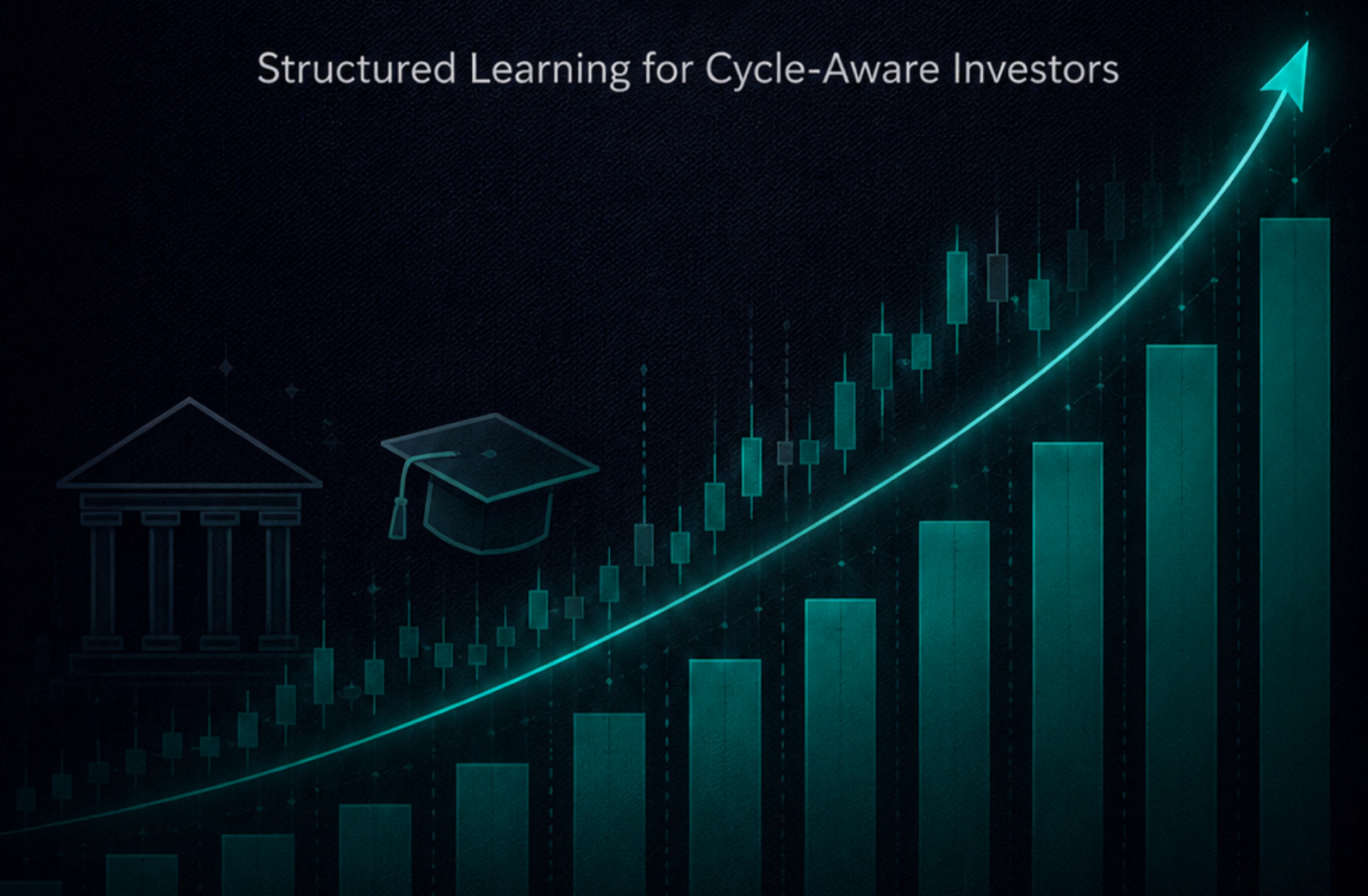
CAPITAL CYCLE

INTELLIGENCE

CCI CURRICULUM

Structured Learning for Cycle-Aware Investors



Know When You Are Wrong

The foundational document for this module is Know When You Are Wrong, located in the Foundation Library.

CCI recommends that you read that piece before completing this module.

This Stage 0 module is not designed to replace the foundational document. Its purpose is to reinforce why this principle matters so deeply within the CCI worldview.

Why this matters inside CCI

Knowing what you own matters. Knowing why you own it matters. But neither is complete unless you also know when the original case no longer holds.

This is where investing becomes more demanding.

Most people are comfortable forming a view. Far fewer are comfortable recognising when that view is no longer valid. Yet this is one of the defining disciplines of sound investing.

Inside CCI, no thesis is assumed to be permanent. No view is beyond challenge. No position is entitled to survive simply because it was once well reasoned.

That is why Know When You Are Wrong sits at the centre of the Stage 0 sequence.

Once you understand the asset and the case for owning it, the next responsibility is clear: you must also know what would tell you the case has changed.

The philosophical importance

This principle is not about pessimism. It is about intellectual honesty.

CCI is built on the understanding that markets change, conditions change, evidence changes, and conclusions must sometimes change with them.

A thesis may begin with strong logic and still fail.
A position may be well timed and still break down.
An interpretation may be reasonable and still turn out to be wrong.

There is no shame in that.

The real danger begins when an investor refuses to recognise that the evidence has changed. At that point, analysis gives way to attachment. Discipline gives way to ego. A decision that was once deliberate becomes something defended for emotional reasons rather than rational ones.

CCI rejects that kind of rigidity.

Inside CCI, being wrong is not the failure. The failure is losing the ability to recognise it.

Why this matters in practice

If you do not know when you are wrong, then your process has no clear point of correction.

That creates several problems.

First, losses can grow larger than they should.
Second, risk becomes harder to control.
Third, conviction turns into stubbornness.
And fourth, behaviour becomes more emotional precisely when discipline is needed most.

A clear understanding of what would invalidate a thesis improves all four.

It creates a line between patience and denial.
It creates a standard against which evidence can be judged.
It creates the possibility of adjustment before damage becomes structural.

That matters because capital is not protected by confidence alone. It is protected by process.

The standard

Inside CCI, every meaningful thesis should have an identifiable point of challenge.

That does not mean reacting to every small movement. It does not mean becoming fragile or impatient. And it does not mean abandoning a position at the first sign of discomfort.

It means knowing the difference between normal volatility and genuine invalidation.

You should be able to ask:

- What evidence supports this position today?
- What evidence would weaken that case?
- What evidence would break it?
- What would tell me that I am no longer dealing with normal fluctuation, but with a thesis that is failing?

Those questions are what keep conviction disciplined.

Without them, conviction can become a disguise for hope.

What you should take from this module

As you read Know When You Are Wrong, the aim is not to create fear. The aim is to create clarity.

You should come away asking:

- Do I know what would invalidate my key positions?
- Have I defined the difference between volatility and genuine failure of thesis?

- Can I recognise when evidence is changing?
- Or am I relying on optimism, attachment, or patience without limits?

These questions matter because a strong process does not only define why you act. It also defines when you must reassess.

That is one of the clearest marks of disciplined investing.

Closing principle

Inside CCI, conviction must always remain answerable to evidence.

You should not only know what you own.
You should not only know why you own it.
You should also know when the case is no longer intact.

That is what keeps discipline alive when markets become difficult, and it is one of the clearest protections against avoidable damage.

Read the foundational document carefully, then return to your portfolio and ask whether each meaningful position has a clearly understood point of challenge.

That is where honest investing begins.