

## Mohnish Pabrai's Interview with YPO United Mosaic on March 20, 2024

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**Robert:** Thank you so much for joining us today at “Exploring the Legacy of Charlie Munger, a Conversation With Mohnish Pabrai.” Hello. My name is Robert Pittenger with the YPO Mosaic Chapter. Mohnish Pabrai has been a YPO member since 1997, lives in Austin, Texas, and graduated from Clemson University. He is the CEO of Dhandho Funds, which he grew from a million dollars with eight investors to \$840 million as of December 31st. A massive growth in that time. Mohnish authored two books on value investing, *The Dhandho Investor* and *Mosaic: Perspectives on Investing*. So it is only fitting that he is speaking to the YPO Mosaic Chapter today. Mohnish is a highly successful value investor who did it, according to him, by “shamelessly cloning” the management decisions of Warren Buffett and Charlie Munger. He always says thank you to them for his success. Mohnish Pabrai along with fellow YPO Guy Spier teamed up to purchase the 2007 charity lunch with Warren and Charlie for \$650,000. The lunch was life-changing for both gentlemen and Mohnish is here to tell us more about his close friend, Charlie Munger, which he developed out of that lunch. Besides his friendship with Charlie, one of the things Mohnish is proudest of is his lifetime ban from a casino in Las Vegas for his Blackjack crowds. Mohnish thank you for being with us today. We are so grateful, and we look forward to hearing some of your wisdom about Charlie and about playing Blackjack. The first thing that we would like to start with is there is a quote that you have talked about that Charlie Munger has said, which is, “Take a simple idea and take it seriously.” Can you talk to us about what that means? What did Charlie mean by that line and how did you apply it in your life and your investing?

**Mohnish:** First of all, it is a pleasure to be with you. It is always a pleasure to talk to YPOs. Like many of you, YPO has completely changed my life for the better. I cannot even imagine what my life would have been if there was no YPO. There were just so many changes and improvements YPO brought along. I also wanted to share my grief and condolences with all of you on October 7th. Many of you, directly or indirectly, maybe knew some of the victims or the people who got injured or who got taken hostage. My thoughts and prayers are with you on that, and hopefully, we will get to a finish line on that at some reasonable point. My friendship with Charlie was quite unexpected and accidental. I never expected to even meet him. That was a great bonus of my life.

The first time I met Charlie was even before the Buffett lunch. It was at a YPO event. One of the YPOers, Peter Kaufman, arranged for him to speak to YPO. I had just moved to California. That was around 2004. That was the first time I met Charlie and hung out with him a bit. The quote you brought up “Take a simple idea and take it seriously,” is a famous Munger quote and it is something that I have always tried to practice in my life even before I

heard of Charlie, or even before I heard about that quote because it is so powerful. As we go through life, we get some aha moments, where we uncover some nugget of wisdom or knowledge that maybe many other humans have either not figured out or not given the amount of weight they should to that particular piece of wisdom and knowledge. It can become a source of a tremendous competitive advantage. One of the things I learned about very early was the power of cloning and the power of copying.

I remember when I was in my early twenties, I read a book by Tom Peters. He was a big management guru in the eighties. In that book, he was giving the example of two gas stations in California that were diagonal on a busy intersection from each other. Both the gas stations were self-service stations. You come in, you pump your gas, and you leave. The owner would come out maybe once an hour, pick a random car, wash the windshield, or check the oil; just some extra service at no charge. The guy who was diagonal across the street was seeing this take place. He said to himself, "Well, that is kind of stupid. You cannot do it for everyone. If you did it for everyone, you would lose your shirt because you are not charging for it. He never copied or cloned that.

Over time, what happened is that the gas station that was providing this random extra service saw an increase in business, and the one diagonal from him saw a decrease. Even after seeing the decrease, the guy across the street did not change his behavior. Tom Peter said, and this is what I found very unbelievable, that you can go to your most direct competitors and you can sit down with them, and you can give them all your trade scenes, everything that you learned that has given you an advantage, and they will listen to you, but there will be no behavior change. When I read that, I said, "This is ridiculous. This cannot be the way the world works." I am in my early twenties, I haven't kind of experienced life, and I don't know kind of how things work, but I made a promise to myself that I was going to prove Tom Peters wrong, and I was going to prove him wrong two ways. One, I was going to look for instances where humans see something smart happening and copy or clone it, because that would prove him wrong, and the second is, whenever I see someone doing something smart, I am going to copy it because that also proves him wrong. From my early twenties till now, this year, I am going to be 60, what I found, because I became a student of this, is that Tom Peters was mostly right. I still do not know why this is the case, but humans have an aversion to cloning. They somehow consider it beneath themselves that they did not come up with the idea. What I also found is that when I forced myself to copy things that I found to be smart, it gave me a big edge. This was an example of a simple idea. What I found is that there was a very small sliver of humans who were master cloners, and these humans owned the world. They did very well.

For example, almost everything at Microsoft is cloned. Microsoft spends billions of dollars on its research labs. Nothing has ever come out of that. What has worked for them is looking at Lotus and creating Excel, looking at WordPerfect and creating Word, looking at the Mac and creating Windows, and so on. Even now, OpenAI is a partnership with AI. Google did the work. Microsoft did none of the work, and they are ahead. Sam Walton was another great cloner. In fact, James Sinegal, former CEO of Costco, had cloned the entire model from Sol Price, who he used to work for. Someone asked him, "What did you learn from Sol Price?" His response was, "It is the

wrong question. Everything I know is from Sol Price. There is nothing I know that did not come from Sol Price.” These were people who took a simple idea very, very seriously. It is not just enough to read about some idea and be impressed with it. When you see that something grabs you, you have to go all in and you have to fight the normal tendency of the status quo.

Both Charlie and Warren, their success has come from the dogged pursuit of a few very simple ideas. For example, when they bought See's Candies in the 70s in California, it was a huge jump for them. They paid three times the book value for the company. They thought they were paying too much, and they didn't understand how good a business it was. The only thing Warren did every year was he left the management alone to run the business. However, on January 1st of each year, he changed all the prices significantly above the rate of inflation. For instance, if inflation was 3%, he would raise the price 10%, and the next year it was 3 or 4%, he would raise another 10%. What surprised him was he kept pounding in these very heavy price increases and unit volumes kept going up. It stunned him that you could have a business with this much pricing power. Both Warren and Charlie did not understand brands and did not understand the power of brands, but they became very ardent students of “What was this phenomenon? What did this mean? How can we apply this in other businesses?” Today, we see that it was fundamental to Berkshire, because it was, again, looking at a relatively simple idea, but trying to get your arms around it. Many of us start businesses because we see an offering gap. We see some product or service that should exist in the world but doesn't, or maybe there is not enough of it, so we go into it. Once we take that plunge, having this notion of the dogged pursuit of simple ideas will lead to a lot of good things.

Robert: Charlie kept the bust of Ben Franklin, didn't he?

Mohnish: Yes.

Robert: Can you talk about his connection? How did he feel connected to Ben Franklin? Can you talk about how he looked up to Ben Franklin? I would love to hear your thoughts on that and what Ben Franklin meant to Charlie.

Mohnish: Ben Franklin is a person very much worth studying. Many of us are familiar with Ben Franklin, the founder of the United States. But Walter Isaacson wrote a very good biography of Ben Franklin. He is the same guy who wrote the biographies of Steve Jobs and Elon Musk. The overdosing on Franklin, which is a simple idea taken seriously is a good thing. Many aspects of Franklin would resonate with YPOers because Franklin started as an entrepreneur. He had a printing and a publishing business, and he yearned for financial independence, independence of thought, and all kinds of independence. In his early forties, he sold his business to his apprentice with no money. We can say changing hands at the time. He told his apprentice, “You just pay me a percentage of the profits over the next few decades.” It was a win-win for both sides. Once he freed himself from running a business, he could focus on bigger things. Franklin was a polymath. He invented so many things like bifocals and the lightning rod, and he figured out electricity and so many other things. He was a philosopher. Without him, there is no United States. He was very central to getting France to support the United States against England by sending troops. If you think about it, one monarchy was going to fight another monarchy to help the foundation of a democracy. It just does not make any sense on the surface, but the

French came through, sided with the Americans, fought the British, and led to the independence of the colonials and the foundation and formation of America. He was also very pragmatic. The founding fathers are an interesting group and it is worth studying all of them, but they were very different from each other. Franklin had many ideas of what the United States should be. Many of those went by the wayside, but he was practical in the formation of coalitions and compromises to get to the endpoint. Charlie very much appreciated Franklin from the point of view of this creation of independence. Charlie himself yearned to be financially independent. He did not want to be financially independent to buy Ferraris. He wanted financial independence so he could do and say whatever he thought. He was not a servant to anyone. He could pursue all his passions in life. He used to joke and say, "I was always pursuing financial independence, and I overshot a bit." He ended up with a few billion dollars that he did not need, but it is what it is. Many of us joke that Charlie is Ben Franklin reincarnated. If there ever is a reincarnation of Ben Franklin, it would have been Charlie Munger.

They are very similar in a lot of their attributes. When I met Buffett for lunch, I had asked him, "Mr. Buffett, if you could meet anyone living or dead for lunch, who would you like to meet?" He said, "First I would like to meet Sophia Lauren." He was always a big fan of Sophia Lauren. Then he said, "No, no, no. Scratch that answer. I want to meet Isaac Newton. If I could, I would love to have had lunch with Isaac Newton." I said, "Why do you pick Newton out of all the people you could have picked to have lunch with?" He said, "Well, Newton invented calculus. Newton probably was the smartest human who ever lived. Newton was the smartest, but Franklin was the wisest. My meeting with Newton would be along the lines of, he got swept up into the euphoria of the South Sea bubble. He lost his fortune when he first saw the bubble and the foolishness of the bubble. He then participated in the bubble himself and lost his fortune. That would be my line of inquiry." Out of a mind that wonderful, the mind goes adrift, but Franklin was clearly the wisest, and Charlie was up there. I never met a man who was wiser or smarter than Charlie. There is a big difference in IQ level and wisdom even between Warren and Charlie. No comparison.

Robert: Can you talk more about that and how Charlie changed Warren's thought processes on investing over the years?

Mohnish: In the Berkshire annual letter this year, if you go to [berkshirehathaway.com](http://berkshirehathaway.com) and pull up the letter and read it, Warren has a one-page tribute to Charlie. He talks about how Charlie is the architect of Berkshire, and Warren is the general contractor. He said that Berkshire was built to the blueprint of Charlie. Warren was trained under Ben Graham. He was heavily influenced by Ben Graham. Ben Graham's entire investing framework came out of the depression and came out of the market crash. He went looking for the stocks that were most widely mispriced, the cheapest stocks because he was always concerned about not losing and reducing risk. Charlie, in some of his early adventures in business, realized that some businesses just gave you one difficult decision after another, and other businesses were so easy to run, and they made a lot of money. There was no real correlation between how difficult a business was and how much money you made. In fact, there was an inverse correlation. He told Warren, "You made a big mistake buying Berkshire Hathaway, but I am going to try to help you fix it. Rather than

buying a fair business at a good price, you need to buy good businesses at a fair price.” That is a huge transition for someone like Buffett, who has so much respect for Ben Graham. He also used an approach created by Ben Graham to compound money at very high rates, into the thirties per year. For someone to give up something that worked so well for him and move in the direction of Charlie Munger was because of the power of Charlie's mind. Charlie was remarkable in the sense that he let Warren come to the other side at his own pace. He never criticized him for any decisions he made. Warren till today has very deeply embedded in him the bargain hunter, which surfaces from time to time. Charlie would see that, but he would not rub it in his face.

It was interesting because what I noticed with Charlie is he was on the board of Costco for almost three decades. I know that all the institutions whose boards and stuff he got involved with, like the Harvard Westlake School in Los Angeles, or the UCSB or Stanford, or the University of Michigan, improved. But the interesting thing about his finesse was he was able to improve them without the institutions feeling that he was imposing on them. He kind of cajoled them into a direction without them even realizing that they were being cajoled in a particular direction. I met James Sinegal, the founder of Costco, at the Charlie Memorial on March 10th. The family had a memorial for him in LA, a wonderful ceremony. James Sinegal spoke at the memorial. I asked him, “Charlie was on the board for three decades. What can you point to that is different at Costco than if Charlie was not there?” He could not think of anything and the reason he could not think of anything is because Charlie pushed them into an area in such a subtle manner that they think it is their ideas. He always pushed them to think long-term. Costco is not a retailer. It is a buying agent for the customer. It is a very different mindset and he reinforced that and the reinforcements took place in such a manner that they do not even realize that there was an influence, which is so beautiful.

Robert: Speaking of mindset, When Charlie made decisions, he had mental models that he would talk about. Can you talk about Charlie's mental models and how he made decisions?

Mohnish: He was a very prolific reader. I would guess that Charlie was reading maybe 200 to 500 books a year in a wide variety of subjects. Sometimes I would go to see him and he would be reading a book on global warming. Many times I had seen him reading a physics book. He had a very wide range of interests. Two things were very amazing about Charlie's brain. One was that Charlie, from all that reading and experience, had etched into his brain certain mental models about the way the world works which would maybe sometimes not be the way we would think they were. For example, the model I gave you about humans having an aversion to cloning would not be something that you would normally conclude. There is another mental model, for example, which is the human tendency for reciprocation. When we lived in hunter-gatherer societies and small groups, and some guy had a very successful hunt and brought down a big beast to his community, he would store the beef or the meat in the bellies of his neighbors because there was no refrigeration. He would think to himself, “What are you going to do? You cannot eat the meat yourself, and you cannot store it, so it is going to spoil.” What he would do is he would call all his neighbors, and they would have a great feast, and everyone would remember that Joe is a good

guy because Joe shared his spoils with them. Later, when Frank would have a big beast that he would bring down, Joe would be invited for sure to the feast. Reciprocation in humans, Charlie believed, was etched into our brains from the times of hunter-gatherer. But there is a quirk. The thing is that the mental model that got etched into our brains does not have a calibration engine. What that means is that if I do you a favor, all you know is Mohnish is a good guy. Mohnish did me a favor. You are not able to calibrate how big a favor did he do. You just have good feelings about Mohnish. When you do not have a calibration engine and you just feel good about somebody, salesmen take advantage of this particular quirk in human cognitive thinking.

I have taken advantage of it when I have built my business. For example, if someone approaches Pabrai Investment Funds and says, "Hey, I am interested in your funds. Can you send me some information?" What most of my competitors do is send everything digitally because it is efficient. We send it digitally as well, but we also send a physical package. In the physical package, there are some goodies in there. There is a very nice cross pen, and there is a book and a few other things. The minimum investment is a few million dollars. When the recipient gets my pen, which is a very nice pen, they feel obligated in some way. The only way to kind of equalize that obligation is to wire a few million dollars. If they do not wire a few million dollars, returning that pen is complicated. They will need to package it and send it to the post office. If I send out a hundred of these packages, maybe one or two out of a couple of hundred come back saying, "Thank you for your package. I do not have an interest in the services of the fund. Warm regards." But 98, 99% do not come back, and those 98, 99% feel good about Mohnish, and a decent percentage of them wire the money. It is \$50 one way and a few million the other way because there is no calibration engine. Charlie had probably 50 to 100 of these models, maybe more. What was so fantastic about Charlie's brain is he had these models in his brain, and I have never seen any other human who can do this, which is why there are no humans with Charlie's brainpower. I would bring up something to him like some new stock or problem I am having with Dakshana Foundation, and he has instantly correlated three models and gives the answer. His ability to have these models in his brain and to know which three applied and how they interact with each other when they apply together, is a talent. I am a very juvenile kind of practitioner of that. Charlie was the Kung Fu master. He was a Yoda on that front, and it gave him a big advantage. Warren said that Charlie had the best mind to analyze any business. Anytime he brought up any business to him, he was so fast. Mainly he was fast at getting to a no and getting to a no for at least one good reason very quickly. So it took away a lot of noise from his life.

**Robert:** Speaking of bringing businesses to him for his feedback, you made some investments in companies in Turkey, years back when it was not on anyone's radar. I am curious, did you run those by Charlie? If not, it would be great to hear some of the things that you did run by Charlie and his thoughts.

**Mohnish:** Every time I brought up Turkey to him, Charlie was very negative. He would instantly say "I do not want to do that. I do not want to hear about it." But I persisted with Charlie. We own a Coke bottler in Turkey. I know Charlie knows the Coke business well because they are huge shareholders in Coke. I said, "Charlie, tell me how I am going to lose money on this one." He replied,

"It is going to work." I said, "But you were so negative." He said, "No, that is going to work. That is fine." I saw him kind of shift. His thoughts on something like Turkey were that it would be so much work for him to take that leap, to do the work, to make the trips. I then thought that I was going to focus because we are in a business with no called strikes." It is not like baseball; three strikes and you are out. You can let a thousand good pitches go by. If Charlie says "no" to Turkey, and Turkey does well, it does not matter. What matters is that he should not be saying "yes" to something that does not do well. That is kind of how he thought about it. Regarding Turkey, I finally got him to move a little bit. That was okay.

Robert: Can you talk about his sense of humor? I heard something that even when he got to the hospital his last time, he still had a sense of humor.

Mohnish: He joked with the nurse. The nurse asked him, "How are you?" He said, "Oh, I am dying. How about you?" Exactly one month before Charlie passed away, I had my last dinner with him. I did not know it was going to be my last time seeing him. It was one-on-one, just him and me on a Saturday at his home. Of course, his mind was very sharp, but he was telling me there were a lot of things wrong with his body. The day before he passed away when he was in the hospital, he was trying to close one last grant to a nonprofit. I do not think Charlie had a belief in God. He was agnostic. He did not believe there was something after death; he believed this was it.

In an interview he gave about a month before he passed away they asked him, "What would you like written on your gravestone if someone were to put something?" He said, "I tried to be useful." I tried to be useful is exactly a simple idea that he took very seriously. He extracted everything he could from his mind and his body till the last day. On the last day, his family is with him, but he is still trying to help some non-profits do better. There is no upside to him doing that. He is not trying to publicize that. There is no legacy or anything. It is just a selfless act. And even with Warren, the relationship was built because of so many selfless acts. There is a book that I do not think Charlie ever read, by Adam Grant called *Give and Take*. It is a great book to read. Adam Grant said that there are three kinds of people in this world, the givers, the takers, and the matchers. The givers are the people who are always trying to do things for others without any scorecard or anything in return. They just want to help you. There is no need to explain what a taker is. You just want to have nothing to do with a taker. They just want to extract from you and never give anything back. They are selfish people. The matchers think they are smart. For example, a matcher would say, "Robert did X for me so I am going to do exactly X for him." What Adam pointed out in his book is that the givers end up owning the world because there is so much goodwill they generate with all the people around them. Charlie never read that book, but Charlie was a giver. He never tried to think about what was in it for him. What is he going to get out of this? I will tell you a funny story that has a couple of very beautiful lessons. I used to play bridge with Charlie at the LA Country Club. He would play on Fridays and one or two times a month I would meet him and his friends for bridge. Usually, we would have lunch starting at about 12.30 at the LA Country Club in the dining room. They had very nice food and ambiance. Then we would go off to play bridge for three, or four hours. Once I was sitting on a table for four. Across from me were Charlie Munger and Rick Guerin. They were very close friends. Rick was the one who brought See's candies to their attention. I told the

two of them, "You guys think this is just a bridge game, just a lunch, but I want to tell you guys that this is an iconic moment. Some yo-yo Indian guy from some of the suburbs of Mumbai is sitting with two massive historic icons. I know you guys do not think that is the case, but that is how it is for me. tell me about one of the more interesting deals when you guys were in the sixties shooting fish in a barrel after the water had been run out with all the deals you guys were doing,

The two of them look at each other and Rick Guerin tells him, "Tell him about that redhead nurse." Charlie's language always with me was very colorful. I do not think we went three sentences without the F word and Charlie says, "Oh, yes Rick, that is a good story." He then tells me, "There was this maverick entrepreneur in Southern California, who had come up with this liquid adhesive you could pour into your radiator if there was a leak, and it would automatically seal any leaks. To build sales, what the guy did was he used to go to different auto repair shops, call the mechanics, and then pull out his gun and shoot a hole in his car's radiator, and then pour the liquid and show them that there was no leak. That is how he built sales. This guy passes away with a heart attack. The wife who is grieving, finds out that the executor of his will is this redhead nurse who he was having an affair with that she did not even know about. He left the business and all the assets to the wife, but he made the mistress the executor of the will. Both women were pissed off at each other. The business itself was bankrupt. They had some debt, and it did not have any value beyond the debt." Charlie and Rick wanted to buy the business. Two \$80,000 notes were owed to two aunts of the wife. They could have bought those notes at a discount from those two women. The equity did not have any value. They could have maybe a hundred thousand instead of 160,000. But Charlie told Rick that they should not take advantage of these women and that they should pay full price for them. He talked to the wife and he talked to the two aunts, and he said, "Look, we would like to buy the business. It does not have much value. We pay 80,000 to each of you, and we need you to sign off on it. We also need the nurse to cooperate as well because she is the executor of the will." The nurse was not willing to sign off on anything. She was not going to get anything, and she was pissed off. Charlie arranged to meet the nurse at the California Club for lunch. He had never met her before. He wanted to smooth the feathers and explain to her that this was the right thing to do. The California Club is a very kind of blue-blood old institution with big ceilings. Charlie always sat in the same dining table. I met him for the first time at the California Club. She came directly from work in her nurse's uniform, which was one size too small for her. Everyone in the dining room thinks that Charlie is having lunch with a porn star and they are aghast. They were all thinking that this was Mr. Munger. He is a very honorable citizen of Los Angeles. What is he doing with a porn star? Charlie himself is surprised at the way she appears. Anyway, Charlie says, "I kind of controlled myself. I tried to control my eyes. I pacified her, and we got the deal done." They bought the business for 160,000 and they got it done.

Two years after that Rick Guerin needed money and they owned the business 50-50. He told Charlie, "Listen, I need a couple of hundred thousand and I am tight and I want to sell you this business. You can take over a hundred percent of it." Charlie asked him, "What do you think it is worth? What is your portion worth?" Rick says, "My portion is worth



200,000.” Charlie says, “No, you are wrong. Your portion is worth 300,000, and here is the cheque for 300,000.” He did not take advantage of those two women. He paid them a full price even though he did not know them. He also did not take advantage of Rick Guerin. Think about it. A seller is proposing a selling price, and you are proposing to pay 50% above the selling price the seller is proposing. That is how Charlie was. He always wanted to make sure that if you did business with him, you felt like you got the better end of the deal. Once you do something like that for Rick, you have cemented a friendship and trust and everything else for a lifetime and beyond. Rick will do anything for him now. I found the story funny, but that story has many good lessons for us. In business, when we think about things in that context of win-win as opposed to transactional, we get a lot of tailwinds.

**Robert:** What did Charlie say in your conversation with him when you told him you got banned from the casino?

**Mohnish:** Warren used to always say, “I wanted to be a bookie, but my parents would not approve of it, and so I went into the insurance business.” They are both betting personalities; they are gamblers, but they are gamblers in the sense that they only want to bet when the odds are in their favor. They are never going to go and sit down at the table in Vegas or anything. I knew that Charlie had this gambling mindset. I once went to him and said, “Charlie, by the way, I just got banned from this casino in Vegas.” I explained to him how I got banned, and I explained to him my system. He had so much fun with that. He loved that because, for him, it was all about these bets where the odds were in your favor. I found an anomaly where this casino had thin odds because their location was off-strip, and they needed to bring people in to come and play there. They had improved the game versus what you would normally find. The game was still in their favor. The average guy playing there would lose money. I had a good relationship with these guys. I had taken them for about 150,000 over a few months. The general manager came and sat around me and said, “Stop dealing to him.” Then the dealer was coming to deal, and he got angry. He said, “Right now stop dealing to him.” She is taken aback, and then he tells me, “Look, Mohnish, we love you. We enjoy having you. I watched your videos. I read your book. But we cannot have you play Blackjack here anymore.” I said, “You guys have problems with card counters. I am not counting cards.” He said, “That is what had us confused, because we watched the tape for a while, and it was very clear to us that you were not counting cards. But we figured out that we cannot beat your system, so we are done. You can come to the casino, you can use all the facilities, but you cannot sit down and play Blackjack.” I was actually very proud of that because the system worked. That is what I was trying to do. From an hourly pay point of view, I am better off pursuing other pursuits, but it was just fun to do it.

**Robert:** Over the years, Mohnish, what surprised you the most about Charlie?

**Mohnish:** We know that he was a good businessman, a good investor, and a good partner. He had eight kids. He had so many in-laws, grandkids, and great-grandkids, with a wide range of personalities. Charlie loved the quote of Ben Franklin that said, “Keep your eyes wide open before you get married, and half shut afterward.” What I noticed with him is that he applied a very different kind of framework and mental model in how he dealt with

different people. I would watch him interact with someone, and then when the person left, he would understand that that person had different quirks. There were a lot of lessons I learned. This was not just some polymath. This was a person who was wise and understood the spectrum of the way humans were and how to navigate around that spectrum. He had seen and figured out a lot of things about different nuances, and it was very helpful to him.

Robert: Mohnish, you know YPOers very well. How can we as YPO become better investors modelling ourselves after Charlie?

Mohnish: There is a book called *Poor Charlie's Almanack*. They have come out with a new edition, but the older editions are better. The new edition does not have that many illustrations. At the back of the book, you can see the 11 speeches he gave. There is a lifetime of wisdom in those speeches. If someone went through those speeches and understood them, it would be better than a four-year college degree anywhere. One of those speeches is about the psychology of human misjudgment. He goes through different mental models of how =because of all our evolution, our brains are very far from just purely rational. Having a good understanding of exactly how the apparatus between our ears functions gives us a huge leg up. A lot of his wisdom was distilled into those 11 speeches. If I reread them every year, I can swear that I am reading something I have never read before. Some passages I have never read before. Different things kind of dawn on me at different times. That is what I would say is a great way to improve not just as a business leader, but as a spouse, a father, a grandfather, a son, or a daughter.

Robert: I would like to open up for questions if anyone has questions at this time. Bruce Bendell says, "You have been in YPO for over 25 years. What, if anything, did Charlie think about YPO?"

Mohnish: Both Charlie and Warren were not members of YPO. Warren used to joke and say, "I keep telling them, make an age exception for me. Let me in, but they will not." They both had a lot of respect for YPO. They both spoke to YPO on multiple occasions, and one time I discussed YPO directly with Charlie, and he said it is a wonderful organization with a great mission, and it is good. They understood it, and they were right on that.

Robert: Boaz Gilad has a question. He asks, "How did Charlie manage the amount of money that he left behind?"

Mohnish: Charlie's wife had an accident. She fell backward down the stairs at their home in Minnesota. She suffered for maybe a year or 18 months. She had a lot of surgeries and then passed away. She had always wanted half their assets to go to their eight children, and it just so happened that the year she died was the only year in the US tax code when there was no estate tax. There was a quirk in the way the taxes were done. It just happened that she died that year. At that time, Charlie's net worth was about 2 billion or so. This happened in 2010. He passed on about 125 million to each of his kids at that time in Berkshire stock, which would probably be worth around 400 million or something now. The kids have done amazing things from a philanthropic point of view. They did very impressive things. They have done very differently from each other. The other half, he used to tell me that he was just focused on giving it away. He made quite a few different grants. I

believe when he passed away, it may have been maybe a couple of billion. I do not know what he intended to do with that. I do not think he was planning for more to go to the kids. He must have planned something out, but I am not sure about that.

**Robert:** Anything else you want to share before we go, Mohnish?

**Mohnish:** I always enjoy speaking to YPO and of course being able to speak about Charlie was wonderful. I miss him terribly. I have been reflecting. We had a very unlikely 15-year friendship, and I never expected that. I always remember I would walk into Charlie's house and he would be working on some architectural plans. He would see me and there would be a twinkle in his eyes. He would be very happy and excited to see me. We always had a great time together. One of the things I have always felt is that I had a lot of faith in Charlie's judgment. He had a very strong, positive opinion of me. Any time I get into self-doubt, I remember that Charlie thought well of me. Life is okay. Everything is okay. I always fall back to that. I miss him a lot, and I am very grateful that my life was able to cross with such a remarkable person. I will never see someone like that again. They broke the mold after they made Charlie, so we are not going to see another Charlie Munger again. But he left us a great body of work, and it is wonderful to be able to look at that.

**Robert:** Mohnish, thank you for taking the time. You are just an amazing disciple of both Charlie and Warren. I enjoyed following you on your podcast and social media. Thank you for being so active, and we hope to have a future connection and discussion with you at other events.

**Mohnish:** Absolutely. I very much enjoyed Robert and thank you very much for all of you and all the best.

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