[Mohnish Pabrai's Interview at the Investor's Podcast on April 25, 2023]

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Stig: Welcome to the Investors Podcast. I'm your host, Stig Brodersen, and it's Berkshire Weekend. At least it's Berkshire weekend whenever you're listening to this. I'm thrilled to have invited no other than Mohnish Pabrai to join us today. Mohnish, thank you so much for taking the time to speak with us today.

Mohnish: Stig, it's always a pleasure at this time of the year just before the Woodstock for capitalist gets underway. It's like our tradition, right? This is the kind of pre-game tailgate party.

Stig: My first question to you is, how do you make sure to stay objective whenever you process information from people that you really like, perhaps you even admire them and you have this lot of Palooza cascade of different biases that can make you susceptible to not seeing the world the way it really is?

Mohnish: That's a great question Stig. It's difficult to do and I think most of us, including myself, fail at it. Our brains have evolved over millennia, and they're not optimized for being great investors. They were really a brain with optimized to help us survive and surviving on the African Savannah needed a certain type of wiring and we need a different kind of wiring to be great investors. Our brains have a lot of quirks and a lot of biases. I would say reading Munger's essay and reading Cialdini's book is going to be helpful in at least being aware of the pitfalls. But we are susceptible to commitment and consistency biases, several biases that come in and that are very much part and parcel of who we are is just part of who we are. The best that we can do is try to be aware of it and try to sidestep as many of the pitfalls as we can. But I don't think anyone has succeeded in sidestepping all the pitfalls. I mean I think that's a great essay and it is helpful to reread it and it's helpful to be aware that we are quirky living creatures with quirky brains which don't necessarily follow a rational path all the time.

Stig: You also talked about how whenever you translate the Turkish word into "don't invest", it's like play the stock market. That sort of makes me think about what that dynamic does to the efficiency of a market. Graham said, decades ago it took like 18 months to revert back to intrinsic value. What do you think about

the whole inverting to intrinsic value? How is that different than say the data series we have about the states, if at all?

Mohnish: Well, I mean I think Graham's bedrock that we all believe in is that, in the long run, the stock market is a weighing machine and in the short run, it's an awarding machine. I think that applies universally. I think in the end, all companies get correctly valued and if they're undervalued, they're going to go up. If they're overvalued, they're going to come down. I think that is part of the bedrock that applies globally. But I think that in a place like Turkey, and actually when I mentioned to local Turks about the nine days, they're actually surprised they expected it to be a lot shorter because all the people they know basically invest at 10 o'clock and want to wrap it up by two o'clock. They expected that the holding period would be like, two or three days on average. They were surprised that it's as long as nine days because, as I mentioned earlier, the way they look at the stock market is that they're playing the market, not really investing. That's really the only explanation one can come up with for the wide mispricing. We've seen businesses like Reyes, for example, where no one is weighing the companies; they're just dancing in and out of them. Warren Buffett has a great quote that says the stock market is a mechanism to transfer wealth from the active to the inactive, and it could not be truer than in a place like Turkey. I enjoy it; it's kind of like a time warp. It's like going back to the sixties and seventies in the US, or it feels like the early nineties in India where you had a lot of very high-quality businesses at single-digit multiples. These places will always have fear and greed, and there will always be mispricing, but the degree of mispricing that I can find in a place like the US is much, much less than in many other places.

Stig: I heard you say in another video that here in 2023 you wanted to study 50 businesses if they pass those first few hours of tests. I'm curious what you learned, and again, not to put you on a spot of any kind of specific stocks, but whether you found, perhaps, a new mental model you want to share or a new perspective on things.

Mohnish: Yeah, and I've made some good progress on the 50 businesses. I think it's close to 20 so far and I have to pull it up maybe like 17 or 18 or something like that, which is I'm on track because basically, I’m behind if I'm not at least one per week. I'm very pleased with that. When I made a trip to Turkey, I see all these new companies, so I get a lot done during a week like that. But yeah, I think that one of the things I am excited about is kind of a new way of me looking at things is what I call “the circle the wagons approach to investing”. This year, for example, Buffett in his letter mentioned that Berkshire has a few truly extraordinary businesses, many pretty good businesses, and a very large number of mediocre or below-average businesses. He also mentioned that in 58 years it's really been 12 decisions that have created most of the great outcomes for Berkshire. Most of the other decisions have just been at best so so. If you look at something like Berkshire Hathaway, over 58 years, Warren has

bought more than 80 companies in that period, he's probably made at least 10 key hires and probably bought at least 210 stocks over that period. Collectively well over 300 decisions. When he says that 12 stand out, it's like one in 25, it's like a 4% hit rate for someone as great as Warren Buffett.
Charlie Munger said many times if you took our top 15 decisions and took them out, our record would be useless. We see this phenomenon of this 4% play out over and over. For example, if you look at the Nifty 50 in the early seventies, which was very popular with the 50 blue strip stocks and don't worry about the valuation, kind of set it and forget it. Some controversy over whether Walmart was part of the Nifty 50 or not. If you assume that Walmart is part of the Nifty 50, we'll take two cases here, but let's say you assume Walmart is part of the Nifty 50 and you assume that it has a 2% weight in the Nifty 50 because they're 50 stocks, each one has a 2% weight and you assume that the other 49 stocks go to zero, they just get wiped out. You assume that you bought Walmart at the IPO in 1970 and you held today it till the Nifty 50 with 49 out of 50 gone to zero would've ended up with something like a 13.3% annualized return and the S&P is 10 and change, you know, 10.3% or something. With just 2% of the portfolio surviving and being there for the entire 52-year period, you still significantly outperform the S&P. Of course, 49 of the other names didn't go to zero. They were like McDonald's and Coke and Procter & Gamble. There were a lot of good companies, and there were some bad companies like Polaroid and Xerox and Kodak and Burrows, and a lot of these companies basically went to zero. But you can just see that the one decision whether Walmart is part of the group and whether you keep it or not, has such an outsized impact.
Now if you take the other case, which is that, let's assume that Walmart is not part of the Nifty 50 and you assume that you invest in the Nifty 50 at the all-time high in 1972 just before the big crash of 73-74 and you run it till today, what you find is that the annualized return is 10.2% annualized and the S & P is 10.3%. Even with buying at ridiculous valuations, but just holding them, of course, what happened in 73-74 is the Nifty 50 went down 50%. Nobody was in the Nifty 50 and by 1975 everyone exited. But if they had held on and if they had held on to till today, they would pretty much be toe to toe with the S&P. It's not that much of a difference.

This lesson again plays out when we had this great investor in India who passed away last year, Rakesh Jhunjhunwala. He never managed money professionally. He was an individual investor, maybe close to the end of his life. He was starting a business basically he was all passive investing and he started with $400 when he was 25 years old. At 62 when he passed away, it was 5.8 billion.
In 2003, Rakesh put 4% of his portfolio into a company in India called Titan Industries. It was a $3.4 million bet on Titan. He had about $85 million in total assets at that time. He invested $3.4 million. If you, again, like the Nifty, take everything to zero that he had in 2003 except for Titan and he owned like little over 5% of Titan, you run it till when he passed away. Now his widow has kept Titan, so it's still compounding. It became $1.4 billion excluding dividends. If

you reinvest the dividends, it's even higher. $3.4 million was a 400x return. Even if you took everything else to zero, he would still have $1.4 billion. These are not venture investments, right? I mean when Buffett buys Coke or See's Candy, these aren't early stage like Sequoia making a bet on Amazon when it's early-stage business. These are mature businesses with a lot of history, and we see the same thing with Nick Sleep with Amazon. I mean if you pull Amazon out of the equation, Nick Sleep's record isn't that great. When you put it in, it's an exceptional record.

Then of course the most extreme case of all of this is Naspers in South Africa. It's an almost a hundred-year-old newspaper company. That's how it started, about a hundred years ago. In 2001, they have a market cap of about 500 million dollars. They put $32 million into Tencent, and they get a 46% stake in Tencent. The most surprising thing about the Naspers Tencent adventure is they basically never sell. They sold a little bit of the IPO, but they still owned 36% of the company in 2018. In 2018 their stake was worth $170 billion. In 2021, at the peak of Tencent, their stake was worth $270 billion. Here's a sleepy, old, media company in South Africa, they suddenly start seeing some Chinese company become 99% or even more than 99% of their total assets. They don't trim it and they don't hedge it, they just keep it and they end up with an astronomical annualized return over the last 20 years. If you look at the Tencent bet, it was approximately 6% of the value of Naspers at that time. Naspers made hundreds of bets. Everything else really didn't matter. There were only two things that mattered, buying Tencent and more importantly not selling Tencent.
So, the circle the wagons concept comes from the 19th century on the American frontier. When the pioneers and the settlers were moving west to stake out and take over land and start farming it and so on, these wagons used to get attacked by the American Indians. The defensive posture they took to defend against the Indians was to circle the wagons, which means, you put everything, your crown jewels in the center of the circle, and then you fight, and you try to protect the center. It's a similar concept in investing with the Nifty 50 with Walmart, you really need to not touch it. It only works if you don't touch it.
Similarly with See's Candy and American Express and Coke for Berkshire, all of these, hiring G.I. Jane and so on, you need the long runway and Naspers needs the very long runway with Tencent. The key to investing is to recognize two things. One, we are going to make a lot of mistakes. Two, this is a very forgiving business. You can be wrong even 98% of the time still come out smelling nice. Three, that is only going to happen if you can buy businesses with great economics at reasonable valuations and then hang on to them forever. When they get fully priced, they don't get sold. When they get overpriced, they don't get sold. It's only possibly when they get completely ridiculously egregiously overpriced that you can consider selling. This framework of circle the wagons is very fundamental. I think it's very hard to beat the market if you don't have this framework because you're going to be cutting the flowers and watering the

weeds. What we need to do is make sure we don't cut the flowers. It really doesn't matter whether you water the weeds or not, but the important thing is you just don't cut the flowers. It's okay if you want to water the weeds.

Stig: It's so well said Mohnish. I think you brought up this stat of the index is like 5% which generates all the returns because the index is too dumb to sell Amazon and Alphabet. They're not cutting the flowers and then you had this joke where you're like, yeah, you don't want to pay out for it. Good luck finding them. Of course, there are exceptions where you can get wonderful company for a small multiple.

Mohnish: Stig, that is why we hang out in Istanbul.

Stig: Yeah

Mohnish: You must see how the jigsaw puzzle fits. We must find great businesses, okay. And we must go fishing where the fish are.

Stig: Perhaps we can talk about one of your previous holdings, Shinoken. I know there are also some cultural differences in terms of Japan and how they do capital allocation. But could you paint some colors around why are founders who are clearly very good at capital allocation, not necessarily good at buying back their own stock whenever it's clearly below their liquidation value, which they would know better than anyone, but their liquidation value is of their asset. Why is that the case?

Mohnish: Just to give you an update on Shinoken, there was a take under, and they did a tender offer, offering a small premium and they took the company private. The founder, with some investors basically in effect did what you are suggesting they should do. It took them some time to understand. I had several conversations which Shinoken. I actually sent them a PowerPoint in Japanese.

Stig: Wow.

Mohnish: The benefits of buybacks I realized that an entrepreneur, such as a builder, may not understand their advantages. What ended up happening is they took my advice in very large doses. Instead of nibbling at a buyback like I was suggesting, I mean we had already sold the stock because we were a little bit frustrated that they were not really acting the way they should because they had significant amounts of cash flow, and they could retire a significant number of shares. But they were nibbling a very small amount that they were buying back. Then we exited and I think a year or two later, they basically took one big gulp and bought it all at a actually a spectacular discount to what the business was worth. Shinoken was an exceptional business because it has very strong recurring revenues from all the properties they're managing. I mean,

the visibility into cash flows goes out for many years. It's actually an exceptional business.

One of the things that had attracted me to Shinoken in the first place was that it was founder run and that he did not fit the template of most Japanese management. Most Japanese managements and boards run the business for the benefit of the employees, not for the shareholders. Therefore, the number one concern is to make sure that the business is very stable and can survive downturns without layoffs. However, the shareholders pay a very high price for such an approach, making Japan difficult to invest in. The second reason is the demographics of the declining population.

Last year, 1.6 million Japanese citizens died, and 800,000 new ones were born. Therefore, we are looking at a net one million reduction in population in a single year. We did see the founder of Shinoken acts very rationally eventually for his own self-interest. In the case of Reysas, they were very focused on building and have woken up to the fact that they made a mistake. If they look back, they wish they had given a 50% premium and bought the whole company, taking the whole company private, for example. They have been trying to fix that mistake by increasing their holdings. They have been buying back shares in the last couple of years or so. They did wake up to the fact that they should have approached this differently, but it's not easy for CEOs, even founder-led CEOs, to look at things like buybacks. Basically, what ends up happening is you see cash leave your treasury, and you don't immediately see a pop in the stock price. Therefore, you have to have faith, the way Henry Singleton had faith that when you retire a significant number of shares, you are going to see the stock react to that.

Stig: Thank you for elaborating on that and thank you for painting some color
If you look at the stock market or if you look at the game of investing well as a game, has that changed since you started in 1999? If it has, how have you adapted to the new rules of the game?

Mohnish: Well, I very much enjoy the game and one of the things with this particular game, it's actually very similar to Bridge, is that Bridge is a game that would take you 15 minutes to learn and you cannot master it in a lifetime. You can keep learning forever. There's really no plateau that shows up in bridge. Even if you were playing 30, 40 hours a week for your whole life, you would still be learning. I think investing is very similar in the sense that this is a game with a lot of twists and turns. Anytime you look at a business, the myriad of factors that affect where it might be in the long run are so diverse. Some of them you may be able to understand, some of them may be within your circle of competence, and a lot of them may not be. Lifelong learning is going to serve you very well. I think I am as excited about the investing game as I was nearly 30 years ago. But I think what has happened in the previous, almost three decades, is that more competencies have been built up. More mental models have been refined and incorporated. Pattern recognition is probably faster now than it used to be and it's broader now than it used to be.

Stig: Interesting. I wanted to talk a bit about shares and dilution and buying back shares. It's just such a fascinating thing. I heard you talk about NVR over the past few years and how they have been doing a wonderful job buying back shares. They've also been diluting some of their shares, giving shares to management and whatnot. Do you have a threshold for how much shareholder dilution you will tolerate in companies you invest in?

Mohnish: Well, we would ideally like compensation, I think you can set compensation and incentives quite well without giving out equity and you could encourage management to buy equity. For example, constellation Software does that, and they do an excellent job. Berkshire does that in the sense that a lot of the Berkshire managers have significant ownership of Berkshire, but they've basically taken after tax earnings and bought it with those earnings. That's worked out well for them and everyone. I think Silicon Valley and the tech world is overdosed on a certain model, which is that you give away equity to everyone and their brother and boards don't understand the value of this equity. Many times, CEOs don't understand it and because it is non-cash, it becomes attractive because you're not really using the company's cash. One good thing that happened in accounting is that the GAAP-based accounting rules changed a while back to force them to treat talk-based compensation as an expense and to show it as an expense on the income statement. The companies have gone to metrics like adjusted EBITDA or adjusted net income and adjusted whatever. It's an unfortunate situation. It is suboptimal. We can still do well in some businesses, even with that drag can still work out okay, but it's far from ideal.

Stig: I'm happy you say that because it sounds like such a plausible thing that you give out options, everyone's now an owner, so now everyone's going to work a lot harder. What you basically see is just the existing shareholders are being diluted.

Mohnish: It's heads, they win and not tails. They don't lose.

Stig: Yeah.

Mohnish: There's no real skin in the game there. I really like the plan that Mark Leonard put in place at Constellation. I think that if you don't believe that, just cash comp alone is going to do it for you, you could go with a plan like that and the results at Constellation speak for themselves.

Stig: I'm happy that you mentioned Constellation. I want to say it's between 25 and 75% of the compensation or bonuses, I should say, that must be brought back in the open market. Mark Leonard is just amazing. Now he's traveling a bit more comfortably than he used to. But he's also paying it out of pocket, which is an example to follow.

Mohnish: Yeah. He draws no salary.

Stig: Yeah.

Mohnish: He has no salary and no bonus.

Stig: Because he's the owner and he's thinking like an owner.

Mohnish: Yeah. But you can contrast that, for example, with someone like Larry Ellison at Oracle. One can argue Larry is a founder, he has a significant ownership stake. Why would he need a stock-based compensation plan to be aligned with other shareholders? But if you study Oracle and you look at the historical amount of compensation that's gone to Ellison, it's been quite spectacular. Now he, I would argue that he's worth it, and I would say probably absolutely he's probably worth it. But he would've worked just as hard because he had the incentive with the ownership. It was an add-on that was a tax to the shareholders. That never happened with Bill Gates at Microsoft. Gates basically always had a very modest salary and never granted himself any auctions or anything like that.

Stig: Constellation Software is so interesting for so many reasons. It's almost like whenever you look at the asset manager, you're like, you want the long runway, but you also want the long track record. You're like Constellation software that makes a lot of sense to have a track record, but now there are like 50 billion-plus what mark cap. It's probably going to be hard to do for the next two decades.

Mohnish: But I would also not bet against Mark. He has an uncanny ability to put rabbits out of the hat. I don't have an investment in Constellation, and many times I think it's a mistake even at the size and the multiple that they're at because the quality of the manager is so exceptional and the business model is so exceptional in many ways, constellation is embryonic. I would not be surprised at all if Constellation continues to do very well in the years ahead. I would also not be surprised at all if Leonard takes the company in some different direction where he might allocate, he's not really a software guy, he's a capital allocator and he found a mouse trap that worked really well, and that mouse trap had a deep vein and they continued to mine that reign of freight opportunities. But I know that they're looking at other sectors and areas that could hold promise to deploy capital.

Stig: Hmm, interesting. On that note, I've heard you say it, and again, I'm probably paraphrasing, but like don't look too much at what the management is saying, look at the track record. That's what's important. If you look at a serial acquirer, what is there to look out for other than the track record? Assume that the

management does not change. Would you have anything where you're like, this is interesting?

Mohnish: Well, usually, I'm not a big fan of Rollups and I'm not a big fan of serial acquirers. I think that companies like Constellation and Berkshire are cut from a different cloth. If you look at Constellation, they have an internal list of about 40,000 vertical market software companies, small companies, 40,000 of them. They nudge them probably two or three times a year, and basically, they have a whole Biz Dev team, M&A team. Basically, kind of like what Buffett would do with his letters to different companies like IKEA. He'd say, "Hey, if you ever decide to do something, please think of us", that sort of thing. Amongst these 40,000 companies, there are founders who are getting old, and may want to retire. They could be divorcees; there could be other reasons why somebody wants to sell and move on. For most of them, Constellation concentration might be the only buyer. These are usually not rapidly growing companies. They may have stable revenues and cash flows or might have just very small, very low growth. Private equity is not interested. Venture capitalists are not interested. Even to venture capitalists Constellation is a great exit. They make 20 bets in a portfolio and one outlier's going to generate most of the returns they hope. 15 or 17 end up being either they're going to disappear or just be on, flatlined, just kind of limping along. The partners of these venture funds don't want to sit on those boards anymore and waste their time. They want those companies off their ownership. A place like Constellation is perfect for them. They can stop babysitting. They get rid of these things that they thought might have a great moon shot. Now they know there's no moon shot, and they can focus on their one or two outliers and take it from there. Constellation is in the funeral business. The funeral business, as I wrote about in my first book Mosaic, is a good business. Somebody has to take care of these businesses at some point, and Constellation's the caretaker and they're really good at it. When they acquire a business, they have a lot of ways in which they can help the business, not by being overbearing, but by telling them, listen, we've got seven others like this and these are what we've learned could be helpful, and so on. I think that mousetrap is exceptional and they're the only ones with that mousetrap.

Stig: In a previous episode, we discussed Alibaba, tax harvesting, and other related topics. Do we, as investors, whenever make a mistake, wait for the stock to revert to the intrinsic value again, knowing that it can take a long time before that happens? Perhaps we're even wrong in our new assessment of the intrinsic value as, as much as we cut it. Or do we cut our losses. How do you think about realizing a mistake, considering the opportunity cost involved?

Mohnish: Yeah, we must separate the signal from the noise as we saw with these examples of the Nifty 50 and Naspers and Buffett and so on, this is a business with a high error rate. Even the best investors will be wrong at least half the time. One of the backdrops we must keep in mind is that if you have a portfolio

of 10 stocks, more than likely half are mistakes. Now you may not lose money on them, they may not just compound at a high rate, they may be 4% compounding instead of 15% you're expecting. For example, knowing that there's a high error rate and separating the signal from the noise, when you have a good amount of data telling you that the signal is saying that you were probably wrong, then yeah, you cut your losses and you move on.
I think in the case of Alibaba, we saw actions by the Chinese government that quite frankly become very hard to handicap in the future. We've seen a bunch of actions in the past which we didn't see when the investment was made, and those actions destroyed value for the investor. We don't know what the end game is. So, I would say that what the Chinese government does and the impact it has on Alibaba goes into the too-hard pile. We just don't know.
The second, which is one of the things that I've tried to avoid, the mega caps and I made an exception for Alibaba, which didn't help me. I moved that investment to process, which I think with Tencent is a better bet. But I think the fact remains that if you're buying a business with a hundred or 200- or 300-billion-dollar market value, what is the runway? That remains a question. You could buy Apple at $200 billion, and it could go to $2 trillion or $2.5 trillion and that's fine, but those are few and far between. My bias has been to try to look for businesses that were much smaller. The runway was not in question. There was room for them to grow. It doesn't mean that they're always going to work out, but that's the goal that they have, they're not sitting at these massive mega cap numbers where you're saying, okay, even a double from here may not be that easy.

Stig: Very interesting. Thank you for sharing that, Mohnish.
So, I wanted to talk to you about Power vs. Force which is this book by David Hawkins. One of the lessons you took away from the book is that we subconsciously can know if a person is lying, pattern recognition, and what not. Perhaps you could share your journey in how you started cutting out the small and the big lies and what that has meant for you and the way you live your life today.

Mohnish: Yeah, well I think that's a great question. It is going to feel uncomfortable. I think that the small white lies are just very comfortable. You don't hurt anyone and why would anyone care? How is anyone ever going to know that you really thought it didn't look great? You move on, but it's not authentic. I think that many times when we meet people, we don't know why, but we sometimes just don't want to be around certain people. We can't put our finger on it. It may be that there's too many implicit and explicit lies around what that person is saying or doing. I think that the inversion of that is that if you want to build trust, you must make a commitment to the truth. The truth is going to not be easy many times. But I think that once you cross that Rubicon and are on the other side, what you're going to find is that trust goes up a lot. And basically, this world functions on trust. It doesn't function on contracts. The best contracts are ones that you never look at after you sign them. I think that if you

want to have a lot of success in business, you have to have a very high standard for candor and integrity. If you want to have great, deep relationships or great friendships, then again that same thing is important. I think your friends need to know that you've got their back and that when they come to you, they're going to get very authentic answers, even if the answers are not what they want to hear. I think these are very powerful principles where once you kind of get comfortable with it and start to apply it in your life, the paybacks are so enormous that it just becomes a no-brainer. I think any other way of living is kind of dumb and it's going to make your life a lot more pleasant. It's very easy when you don't lie because you don't have to remember your lies, just makes it simple. Anytime you're saying something or talking about something, you don't have to remember, "oh, I said this and that and I got to keep consistent with that or any of that". Just tell the truth, and that's the end.

Stig: Like they say, it's simple but not easy.

Mohnish: But it's a great journey to go on and it's a journey which is going to lead to a lot of growth. It'll feel unnatural and uncomfortable at times, but you'll start noticing very quickly that you feel so much better.

Stig: That's so true. I just as a personal anecdote, I in my early twenties, I told all my friends and families, I didn't want to go to their birthdays or go to weddings or anything like that because I felt uncomfortable. It's hard whenever you say that. It's not because I don't like you, it is because I don't want to sit next to your uncle for six hours whenever I could be reading a book or doing something else, I really want. I can say that's been one of the best decisions that I've made. But it's hard.

Mohnish: Yeah, I think candor in that situation, you'll be surprised. You've probably already seen that your friends and relatives really appreciate you for the candor. They will understand. My take on weddings is painfully boring.

Stig: Yes.

Mohnish: I would say the only redeeming grace of weddings is if you get to meet a bunch of long-lost friends and relatives that you've been longing to hang out with. That can be a great upside. But you are also going to meet a lot of dysfunctional relatives and hang out with them as well. That may not be so much fun. I think the candor will be welcomed by everyone.

Stig: On that note, Mohnish, I wanted to ask the last question I have here for today. My wife and I have a hard time talking about money in some settings with other people. How has your journey into becoming financial independent and the success you have today, how has that changed your relationships with the people you knew before and after you got financial independent?

Mohnish: Yeah, actually what I have found is that your remarks about people don't like to talk about money. I think that is universal across cultures. Guy always gets a chuckle because many times he and I will be in a conversation with someone who has some important issues, folk in the road trying to figure out what to do. I'll be asking a bunch of questions to try to get the data to try to help the person. One of the first questions will go to really understand in detail the financial situation, what's the network, what's the income, what's the expense and all that. Guy always kind of goes into a cubby hole and says, “oh, there we go again Mohnish asking all these uncomfortable questions”. But he's now learned that Mohnish is going to ask those questions, okay? What I find surprising is the people who hear those questions, who have never answered those questions to anyone openly, give the answer. Then they say, “I want to let you know, I have never discussed this with anyone. No one knows this. Please don't say.”

I say, “it's all confidential. We are not going to talk about it to anybody.” But people are relieved to be able to share the data. Recently I had a call with a friend who wanted advice, career advice, and he's at an age where he could retire, or he could take job A or job B or whatever. One of the first things I asked him was, I needed to know his financial situation before I could tell him what made sense for him. He shared his information that he's never shared with anyone, I think other than his wife he had never talked about it, I don't think his kids are aware of it, but dad gave me the information to be able to be most helpful to him and also I think he felt relieved that he was not having a conversation around eggshells, where I'm in a vacuum trying to say, well, if this is your situation, then do this. I actually knew exactly what his situation was, and I could tell him what I would do in that situation. I think people don't like to talk about money, but many times when they're confronting different issues, those conversations can lighten the load for them. I think it's important that in a safe and confidential environment with the people near you when you're trying to help them with some things where that information will be relevant that go there, you go to the land you're not supposed to go to. That's okay.

Stig: Wonderful. Perhaps you should end with that note, thank you so much for your time. It's always a pleasure having this annual call here in April, just before Berkshire. I just want to say thank you on behalf of all our listeners.

Mohnish: Stig, I always enjoy hanging out with you and it was a wonderful pleasure for me to have you join as an investor. That added another dimension to our relationship. That's wonderful, though I still feel you have kept the objectivity, which is great. Yeah. I do enjoy hanging out with you and I also want to say that you and Preston are doing God's work. I enjoy your podcast a lot. I listen to many of your guests, and I think you've done a tremendous service to the community with the podcast. Thank you for that.

Stig: Wow. I don't think we can end on any better note. I just want to humbly say thank you, Mohnish. It means a lot.

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