Mohnish Pabrai’s Interview Session at The Wall Street Lab on January 05, 2022

Andreas: Hello, and welcome to another episode of the Wall Street Lab podcast. Our guest today is Mohnish Pabrai. Mohnish is a legendary investor, a shameless cloner, and a very effective philanthropist. He is both the offer and the subject of several books. Mohnish is the Founder and Managing Partner of Pabrai Investment Funds, Founder and CEO of Dhandho Funds, and Founder of the Dakshana Foundation. He is the author of The Dhandho Investor and Mosaic perspectives on investing. Mohnish, welcome to the show, and a Happy New Year.

Mohnish: Thank you, Andy. It is a pleasure to be with you.

Andreas: I figured you have the Dhandho Funds, The Dhandho Investors. Can you tell us what the word Dhandho means?

Mohnish: Yeah. Dhandho is a Gujarati word that is one of the regional languages of India. The language of Mahatma Gandhi and the direct translation would mean business. But then, I would say the underlying real meaning of the word is smartly doing business, kind of a way in which the risk is lowered, and the return is high. It's a word that encapsulates quite a bit.

Andreas: It also is referential for your investment style, right? I want to get into this a bit when researching for our interview. At first, my whole thing was like, I'm going to find a question or something that they haven't asked in the interview. But then I just noticed, like the Dunning-Kruger effect, I started to learn more about you and I realized it will be impossible to ask you anything that hasn't been asked before, just because you're so free. So giving, even with your time with the time you spend. Basically, what I want to do today is get to my favorites and to have my favorites very personally and what I liked from the Dhandho investor if you could share the lessons that you learned or that you want to bring to people that the Patels have done in the hotel business, I think that's a very good way to explain what Dhandho means. Later, we can get into what that's, that has to do with your investment style.

Mohnish: Yeah. I think that Patel's story that I documented in The Dhandho Investor is a good foil for explaining both how kinds of startups and entrepreneurial journeys work. But, also, it dovetails into how investing works. Basically, at the highest level if you look at startups when people start businesses, and I'm referring to non-venture back startups, which is like probably 99.99% of all the startups, the laundromat, the Chinese restaurant, the pizza place, the Mom & Pop’s cleaners and so on. When people start these businesses, the common misnomer is that they're taking a lot of risks. But what entrepreneurs try very hard to do is they try hard to minimize the risk, and they structure things in a manner where their downside is very limited, and the upside is asymmetrically better. And that approach which I would, short form as the Dhandho approach to entrepreneurship, is what the Patels used. That same approach is quite powerful because it is an approach that Ben Graham used and subsequently Warren Buffett and Charlie Munger and so on. I think we have a lot of lessons we can learn on the investing side if we can understand how things work on the business side. The Patel example is a really good one. After all, they were very successful at entering the motel business with very low capital outlays and then leveraging those low capital outlays into very strong cash flows. Then, that allowed them to kind of acquire more motels, which got them today to the point where 70, 80% of motels in the US are under Patel ownership.

Andreas: And you said you're an entrepreneur yourself. You started a company, sold a company, went into investing, and you relate a lot to this Dhandho approach of your investment style. Could you talk a bit about your journey from being the Ben Graham, deep value investor? Now, recently you talk a lot more than 2020 and 2021, which were like years of, I would say enlightenment or like a new way of learning into investing in great compounders. You mentioned those terms a lot in different podcasts and college lectures that you give. Could you explain to our listeners a bit about what is deep value for me? What are great components, and why did you make the switch and mindset?

Mohnish: Yeah. When I started my investing journey in 94, at that time, I focused mainly on compounders. I didn't start out being a Ben Graham investor. I started out being more of a Munger investor, looking for great businesses that had very strong growth engines that worked very well from 94 till about 99 or 2000. But as we got closer to 99-2000, there was a very serious bubble in the US equity markets. We had the big dotcom bubble, and it was clear to me in late 99, even mid-99, that it was a bubble likely to pop. I had no idea when or how it would pop, but it was likely to pop. I did not want to expose myself to that at that point, about 99 or so, and I made a switch. I went back to the Graham type of investing and what was happening in the US markets at that time was that very basic, but good businesses were undervalued. Whereas these hyped-up businesses, kind as pets.com, Chemdex, and so on, were at stratospheric values. For example, the day the NASDAQ peaked, I think March 7th or March 9th, 2000, was the day that Berkshire hit a multi-year low. People were pulling money out of Berkshire and putting it into pets.com. I, at that point, was investing heavily into very basic businesses, funeral homes, and such, and that worked very well. What I forgot to do because it felt so comfortable that bubble was such a massive bubble that I continued running down the Graham path for the next almost 20 years. What I should have done is I should have probably, the ideal time to have switched back to great compounds in the 2009 to 2012 timeframe. I think at that point between 2009 and 12 is when markets had corrected well enough that valuations had become more reasonable than what one could again look at great compounders. But I had become so entrenched in the deep value area and had done so well over that period from like, for example, from 99-2000 until

2007. I was compounding at mid-thirties percent a year while the S&P with NASDAQ had crashed the S&P and Dow were like low single digits in that period. They were struggling because they were so elevated in valuations. But then, in 2020, I read the chapter on Nick Sleep and Zak, Nick and Zak in William Green's book, and I realized that I needed to go back in the end, the best place to invest is a great growing business. That's really where you need to be. The issue is that you need to be careful how much you're paying. Every business has a value, and we want to buy things well below that value. Buying great businesses at 80 times earnings typically is not going to be a great way to get rich. I made the switch back. I was already used to the compounders and all of that. I just need to kind of reset my frameworks and I've been in the process of doing that. Yes.

Andreas: Yeah. I came across you in William Green's book, and then I started looking into this. It was so interesting, and you kind of answered one of the questions that I would have had. What is the difference between a great compounder and a growth stock? Because nowadays, I mean, there's always this battle between value stocks and growth stocks, and kind of many people say that value investing is dead. Now, the markets are different, but, I think, with this adding, this thinking of great compounders, it's finding growth stocks at the value price. Am I getting this wrong? How would you think about this?

Mohnish: Well, so I would say that capitalism is very brutal. It's competitive, and it's a doggie dog world. Most businesses are not going to be around, forget even making a lot of money or not making money. They're not even going to be around two or three decades after they are formed. Most startups will disappear in five or 10 years, but even the ones that make it past 10 years, very few will make it past 20 or 30 years. There's a very small scale of businesses that survive for several decades and thrive for several decades. They have to have some kind of a moat that is enduring and durable, and enduring and durable modes are very rare in capitalism. They almost happen by accident, or most entrepreneurs who would start off saying, I want to create a durable boat are going to fail. They're very difficult to create. Sometimes, you just stumble into them. If you look at a business like American Express, Visa, MasterCard, or the payment system. Payment is going through a lot of change. But those businesses have been very resilient, producing great returns on capital for a very long period. Especially after Visa, Master card went public and became independent entities. They've done quite well, but most of most businesses overall are not going to be in this favored space of durable modes. We are not so much looking for growth. We want growth. But we want the durability of that growth. For example, if you look at a business like COSCO, it's almost Bulletproof. It's not going anywhere. Amazon, almost Bulletproof, not going anywhere. These are very durable businesses. What we are looking for is strong durability with strong growth that becomes a narrow sliver of capitalism. On top of that, we want a great price the cherry on the cake is you want great growth. You want great durability and you want a great price. When all these seven moons line up, that's when you can make an investment you can't do very often. I mean, in a year, if I find a couple of things, I think I'm doing pretty well.

Andreas: How many investment proposals and companies do you look at in a year? You said in another podcast that you invest in one to three bets a year. How big is your top of the funnel?

Mohnish: Well, I think that would be a little bit difficult question to answer because I look at hundreds and hundreds of businesses every year. But most of them, I probably spend less than, maybe, five minutes on maybe two, or three minutes on. I spend very little time because it becomes very obvious very quickly that there's no mold here, or there's no growth here, or there's no durability here, or a big reason to get rid of companies quickly is I don't understand them. They're outside my circle of competence. If I look at anything in pharmaceuticals, it's gone before you can blink your eyes. Anything in healthcare. I think US healthcare does not operate under market forces, and US insurance and health insurance companies don't operate under market forces. I'm not interested in those kinds of businesses. Large slots of businesses just go away because they're just not in the sweet spot of what I would understand. I look at a large number of businesses every year, but I spend most of my time on very few businesses.

Andreas: What gets at your attention in those first five minutes? Is there anything that comes to mind just like I look at a business and I want to look into this deeper? Is there anything, or is it a sixth sense that you've built up over the years? You should say there's something there. I want to look into it. Are there any criteria looking at like price, earnings ratio, or any stock price growth, something like that, where you say let's dig deeper?

Mohnish: Well, I mean, I think for different businesses, different things can trigger you. First of all, one of the things that Buffett says is unlike baseball in investing, and there are no called strikes. It means that if Amazon crosses my desk at $10 a share, maybe, 18 years ago or 20 years ago, and I'm too dense to figure it out, I let it go. I don't pay a penalty for that. What I pay a penalty for is if I make an investment in pets.com and it doesn't work. That's where you pay the penalty if you make the bet and not when you take a pass. So we can be somewhat sloppy in what we select versus don't select, especially in terms of letting go of some great businesses that happen a lot with me. I'm sure there are lots and lots of businesses I look at, which are very awesome businesses, but I cannot see them. So what I'm looking for is something quickly that grabbed my attention. Maybe I would say. a couple of decades ago, I saw that in the value line, one of the cross sections of a list of stocks they have is stocks with the lowest PEs where they follow 1700 stocks. They list 40 and 50 stocks. They have the lowest PEs, and usually, I scan those lists very quickly every week. They don't change that much weekly, but most businesses are there with PEs of two, three, and four for very good reasons. They don't make sense. But I remember I saw about 20 years ago that two funeral services companies were sitting at a PE of two. I thought in my head that funeral services are a very stable business. It's recurring revenue in the sense that we know that a certain number of people will die every year in the United States. We don't know who's going to die, but we know how many are going to die. The other thing is that it's a protected business, 21-year-olds, don't go into the business world saying I'm going to open a funeral services business. It's also a tradition-bound when you're looking to have your last rites done, you are looking for a place that has been around for a while. You are also looking for the service to be done properly, and you don't go shopping for the low bid. Okay, you don't like, when your uncle Steve has died, you don't call six places and get the lowest price and then say, okay, that's where we're going to have the service unless uncle Steve was a real asshole then you might be.

Andreas: You don't want to go to the low-cost provider and go to

Mohnish: You might then pick a cardboard box for him or something. Generally, you do not want to do those kinds of things.

Andreas: Yeah.

Mohnish: So these businesses generally have good margins. They don't face much competition. And what had happened in the US a while back, maybe about 25, 30 years ago, was there had been a massive roll up in the funeral services industry. So they were all Mom & Pop's all over the world, all over the place. And these two or three large companies came in and they bought them all. They kept the same names and everything, but they were owned by, these two or three players and these players got over-leveraged and then the music stopped and then their stocks went into tail spins. And that's when I was looking at them. So they had a lot of leverage, a lot of debt, but on a pure kind of free cash flow basis, they were sitting at two times earnings. So I looked at it, I said, okay, there is a lot of debt. Can the debt be managed? So I got intrigued because the PE was showing two, and it said funeral services, right? So that was a trigger to take further. Right? And eventually, I invested, and it worked well. There are different triggers, another time, I think in 2012, I was looking at the auto industry, and I first looked at GM because a couple of guys had bought it. I was trying to understand why they would buy such a crappy business. I was then looking at Fiat Chrysler and I noticed that their revenues were 140 billion, and the market cap was 5 billion. They were trading at like 3%, 4% of revenue. There were a number of things that had happened in the auto business in 2009 after the financial crisis, which made the business good because they got rid of a lot of the nonsense. So that was another, where the valuation was so cheap, a lot of the things that people hated about the business had changed. There are some things we understand based on this understanding. We look at businesses and sometimes with our life experiences. When we look at a business, we might say, oh, I see something here, and I should look at it. But I've also missed so many. For example, every time I go into a Starbucks, I just marvel at the incredible business. It is when they open a Starbucks store, and it takes them 18 to 24 months to get all their money back. You open a store outside the US, and they get it back in a year, the international Starbucks. The other thing that I've known for a long time is that they did this in New York City, where you have a Starbucks in a particular intersection. You open another one diagonal from that intersection, with no change in the store and sales of the original one. You open the third one, and there's still no change in the demand. The demand for a Starbucks coffee relates to convenience, and so we don't even know where that endpoint is. You take milk and coffee and whatever, and you're charging four or 5 dollars for it. Most of it is carried out. They are not even in the store, they're not using your facilities, not using your wifi ,a few people are in the store kind of gives the atmosphere, but just it's an incredible business. I always looked at it and thought it was expensive, and never bought it just keeps going. I've been a big fan of Chipotle for a long time. I've been a customer of Chipotle for probably 20 years. I knew 20 years ago it was a great business again, just watching, raising my Naval instead of doing something, and what an incredible business.

Andreas: How do you deal with this mentally? How do you look at this business like, dammit, had I invested, I wish I had done that. Or is this like a little note in your head tracking it? Maybe I should next time when I see something like this should act. Does it change your thinking in any way, or is it just like a mental note gone? I have to focus on the next winner.

Mohnish: Well, I think, what I have, as Munger says, we are all too soon, and why's too late. What is gradually sinking in is a willingness to pay up the other thing that is sinking in, which is more important, a willingness to hold it is not. I mean, the two big mistakes that I have made aren't, I mean, one is very obvious, passing on a number of great businesses because they looked optically overpriced. In the end, it turned out they were not overpriced, but when you looked at them, they looked expensive. It's just that they were such awesome businesses that you could have paid 30, 40 times earnings, and it is still done well on them. The second more difficult thing is that you buy something that's an incredible business. Maybe it's available at 10 times earnings, and it's worth 20 or 30 times earnings. It does well, it gets to 20, 30 earnings, you sell it, and it keeps going that's the other thing. So those are the two big mistakes being too much of a cheapskate, not paying up, and being too much of a cheap skate and not willing to hold. I'm hoping to get better at both of those. There's still a lot of learning and growth for me.

Andreas: What do you do to try to get better? I don't know. Do you, for me, I have like whenever I see something amazing, I write it on a post, and I post it to my monitor. I have a couple of things that used Parkinson's and Pareto’s law to get more productive. Right. Do you have anything like that? Do you have any post-its, or do you have any other routines to not forget the lessons that you learned?

Mohnish: No. I think the main thing I try to hammer into my head every day is the very simple notion that capitalism is very brutal. There are very few truly exceptional businesses. If you find yourself in the favored position of being an owner of such a business, don't worry about the valuation. I'll give you an example. When I made the Fiat Chrysler investment, embedded insight that 5 billion of Fiat Chrysler was Ferrari. They owned like 90% of Ferrari. A few years later, they took Ferrari public. I think Ferrari is at about $270 a share right now, and effectively when I look back, and when I invested in 2012, I got my Ferrari shares at about $13, and it's gone up about 20 times since 2002, 2012 to 2021, now 22 is about 20 times. And the thing is that when they took it public, it came public at 40 or $45 a share, and my thinking was that, okay, these guys are pretty smart. When companies go public, they will try to extract maximum value. They're not going to take it public when it's undervalued. I thought maybe Ferrari's worth $50, $60 a share or something, who knows? Right. It wasn't, and it wasn't a part of the business that I was very focused on. I was focused on all their Jeeps and Ram trucks and all of that. I'd figured out, this business was a little strange because it came public at like 40 times earnings which already is, above my pay grade. I didn't think it was going to go to 200 times earnings. So, I think I sold some Ferrari at 60 and a hundred and maybe 130 and so on. At all those prices I felt were pretty good. And in hindsight, the unfortunate thing was I bought a Ferrari, but I bought it after I had sold the stock. I understood the business after I bought my car, and that's when I realized what the motor Ferrari is and why it is such. Ferrari is a business that can earn whatever it wants. It can have whatever net income it decides it wants. It's in a very favored position. They are one of the most well-recognized brands in the world. In 70-plus years of history, they have never spent a dollar on advertising. There is no other brand that's in the top 10 or top five most well-known brands on the planet that got there without a boatload of advertising. Just look at Coke, for example.

Andreas: Oh, yes.

Mohnish: What I'm just saying is that this is a very unusual business where even today, from 2022, going back to 1950 when Enzo Ferrari formed the business, they have never advertised.

Andreas: That's crazy. I mean, did you then try to revise your mistake of setting and even at the higher evaluation, try to get the shares back after you understood the motor is this hot bag.

Mohnish: That is usually too painful for a brain like mine.

Andreas: Okay.

Mohnish: And too much about my pay grade. I've never been able to do that, and of course, you already paid the penalty. You paid the taxes, and you've paid all that. Another one was the Chinese company, Mao-tai. That was another one that is the most valuable liquor company in the world now. It's a brand you never heard of, but it's worth seven hundred billion dollars. It's worth a lot more than the top two or three companies put together. Mao-tai is a business where a bottle of Mao-tai sells for about, and it might be, must be much higher now, worth of about $1,200 or $5,000. It's a small bottle that cost. I visited the Mao-tai factory in China, middle of nowhere, and I think the cost per bottle must be less than $3. It's one hell of a business, and 80 or 90% of the Mao-tai sold in China is counterfeit. The demand is so high, and the company cannot keep up with the demand. Even the fake stuff gets sold at those prices, even though they try so hard to, and, and they come up with these special editions, 40,000 a bottle, 70,000 a bottle is gone in 15 minutes.

Andreas: They say that they are collector items at one point, probably.

Mohnish: Yeah. Well, when they cracked down on corruption in China because it used to be that you took these government officials out for lunch or dinner and you gave them Mao-tai to drink, then your projects got approved. It became such that in China, if you were a government official court dining, somewhere, someone took a picture with Mao-tai on the table. That was pretty much the end of your career because nothing clean was going on when there was Mao-tai on the table.

Andreas: Interesting.

Mohnish: When that happened, the stock tanked because of so much of their sales for this type of entertainment. That's when I bought the stock.

Andreas: Because if this is typical, if they clamp down on that, the demand is still high, other people can start buying it.

Mohnish: The thing is, the rise of China is still going on. The thing is that Mao-tai is very limited in terms of the quantities it can produce. But Chinese per capita GDP is going to double, triple, or quadruple in the next few decades. So all those hundreds of millions of people who suddenly become upper middle class or rich have very few ways to express their wealth.

Andreas: And then they go to, it's like, the LVMH of China.

Mohnish: Yeah. If you look at all the European luxury brands, LVMH, and so on, look at what portion of their sales are, not only in China but to Chinese origin people all over the world.

Andreas: So you are still very, say bullish on the Chinese market.

Mohnish: In general, China's going to keep rising. They are naturally entrepreneurial people who were artificially kept in a non-capitalist system, that genie is out of the bottle. They're rising and getting more educated. They're getting better infrastructure. I think that it's going to keep continuing for a while.

Andreas: I want to switch gears just a little bit. It is something that I found that it got reminded of a lot. In one of the lectures, you talk about Peter Thiel and how competition is for losers. You often talk about finding monopolists, the 100 baggers, the great returns, and to find great compounders. It reminds me of the venture capital and private equity business because I also talk with a lot of venture capitalists and their investment approach seems on the outset very similarly, trying to find a company with remote and then fund that to the next stage. Did you ever think about investing in the private markets, or was it always for you to the public markets?

Mohnish: I think the venture capital game is a much more difficult game. It's a very hard game. In fact, it shows up because the guy at Yale had written about it in his book. If you look at the top quartile bond fund managers and the bottom quartile bond fund managers, you would make almost no difference in returns between them. Hundreds of basis points or tens of basis points difference in analysis returns are almost nonexistent.

Andreas: And there's no correlation. If you are into top quarter in one quarter, you are at the bottom in the next, and you're indifferent, you're into the last, that's all.

Mohnish: As an investor, you could throw a dart and pick a bond front manager and will not hurt yourself. There's a night and day difference between the top and bottom quartile in the venture capital business. Sequoia fund has been not just top quartile, but have been top 5%, top 3% for decades. I have a number of investors from Silicon valley who are venture capitalists who have invested in my fund. When I talk to them, they'll say to me, look, if we had access to Sequoia's garbage can, the stuff they've turned down are analyzed returns with a triple. Because in the venture business, a big part of the issue is the deal flow, right? What deals are coming to you? And so brand drives deals Andreessen Horowitz, or Y Combinator or Sequoia, all these, brand names. They're going to see the deals. If you are some Mickey Mouse venture capitalist who's put up a shingle and opened a shop, whatever deals come to you, trust me, 300 other people have turned it down before it's come to you. You are the 301st person looking at it. So that's your universe to pick from, and the results are going to. I think there are two issues with venture capital. One is the deal flow is a very big deal, and you're not going to be able to just get the deal flow. The second is obviously placed like Sequoia or Andreessen Horowitz, etc. They've got great DNA; not only are they seeing the deal flow, but they also have some expertise in shifting through what might be good or not so good. I think the biggest issue with venture capital is there are no trademarks. When I look at businesses, if I look at a Starbucks, Chipotle, Mao-tai, or Ferrari, there are a lot of trademarks and history in those businesses, and we can make bets based on the history. Here, how are you going to tell the difference between Theranos and Apple? They're both in turtlenecks. How are you going to tell the difference and one's blonde. You might go for the blonde, and why you might go for the blonde versus Steve jobs? The trademarks are not there, so you are forced to make decisions with very little history and data because you can tell if somebody has a great business model, you might buy into the business model, but then they may have no execution abilities. Or they can execute, but the business model is wrong, and they're not willing to change it. There are so many different variables that come in that I don't think it's a game I would be good at.

Andreas: It seems that the decision criteria and what you're looking for are very similar, just that you have access to a lot more data.

Mohnish: Yes.

Andreas: The public markets aren't even playing field, basically for everybody that wants to look right. You can get better reports and buy a Bloomberg. But honestly, everything is going to be on Yahoo finance anyway.

Mohnish: Yeah. I think the key with value investing is we don't have an information edge. We have an analytics edge. It's not that I'm able to know some insight information about the funeral business. That's not where the issue is. The issue is that I'm for me, and the key thing there was, I concluded that this was a great business with a bad capital structure. Can it withstand that capital structure and transcend it? That was a question. Right? So, I was able to do the work to figure it out. And usually, we have no information edge, we have an analytics edge. And for example, the largest position I have right now, I don't talk much about my current portfolio with the largest position we have is micron technology. It's been in the memory business for the longest time. The memory business for decades was a terrible business with boom and bust too many players. Someone who innovates cut step cost in half. Now all your inventory is the price of your inventory is above the selling price, and you are losing money while they're still making money. Hands over fist till you catch up or maybe you don't. It was all of that going on Moore's law, and the price is declining till we hit a point where we were left with three players, and we got left with, I think, three rational players, the game changed. Now, everyone saw that there were three players, but they had so much history and pain from the decades in the memory business that they refused to believe that anything was going to be different. And my thesis, what three, four years ago was it's completely different. The thing is that if you look at Amazon data center, and if it costs them 200 million or a hundred million, to put that up about 30% of that is going to the memory guys.

Andreas: Wow.

Mohnish: It's a tax on all the streaming, eCommerce, shopping, on everything, 30% tax I'm sitting, collecting the tax.

Andreas: It's a bit like Invidia for the artificial intelligent blockchain game. No matter where the future goes, you need an Nvidia graphics card to run it. Right?

Mohnish: Yeah. The thing is that now, it's in an industry with rapid change. We'll see if the thesis is still playing out. We will see how it works, but I like the upside downside scenario.

Andreas: Now, I don't want to use too much of your time. But I have a couple of burning questions. I'm going to probably go a bit random here now, just because I want to get those questions. One of these might, I don't know if it seems random, but after I started researching, one of the first tweets I saw from you was that you said investors need to be like Puddy from Seinfeld. They need to laugh, watching paint dry, and it was the skiff when Puddy was next to this woman on the plane. She started reading. He just stares at the seat in front of them, and she asked him are you going to watch a movie? Are you going to take a nap? Are you going to read it book? He's like, Nope. She just goes completely nuts because he's so calm.

Mohnish: And, by the end of that flight, she's broken up with him.

Andreas: [Laughs]

Mohnish: That's not in the clip you saw. But if you see that episode, he's sitting there doing nothing, right? He's not bothering her. He's not doing anything. She's so bothered with him watching the back of the seat that by the end of the flight, they've broken up.

Andreas: Why do investors need to be like Puddy? What's the mental thing of watching paint dry that helps you be a better investor?

Mohnish: I think the biggest mistake all of us make is being too active. One of the things I've learned a lot from my friend, Guy Spier, is that he's the laziest guy. For me to get Guy to trade anything, buy anything, or sell anything. It's like doing a root canal. It's not happening. Okay. He is not interested in making changes to the portfolio, which is a tremendous skill. That's a great skill, and Guy spends a lot of time trying to get into businesses, which he thinks have extreme durability? And he thinks many of the businesses I go into don't have that durability, and definitely, he doesn't want to do these swaps. I think it's a huge advantage because the problem is for most businesses, the timeframe over which change and the valuation starts reflecting what you think it should be can be many years. And it doesn't, and it's definitely completely out of sync with watching a screen. In the case of Fiat Chrysler, if I had done nothing after buying the stock 10 years ago, it's a 12X in 10 years. But I didn't get the 12X. Okay. Because my manager died on me. Well, a big part of my thesis was Sergio Marchionne. He passed away. I'm like the left middle of the Atlantic without us, without a paddle. What am I supposed to do here? I think that if you can just be very patient and let these things play out and, get in bed good businesses, good economics, let them play out. Patience is the name of the game, be like, Puddy, Puddy is our hero.

Andreas: Be like Puddy.

Mohnish: Yeah

Andreas: Another question that I have is, in your lecture at Boston College, you talked to the students, and then you said Arvind has some amazing investors that he's going to bring on. But you never said it in the lecture itself. I was like sitting on the edge. I was like, Mohnish, tell me who do I have to have next on the podcast? Who do I have else? Who else is someone that is, that you are looking to? And like into, you said you clone a lot, right? So you look into the portfolio use of other investors. That's how you found GM? Who are other investors that you say that are making a name currently for themself?

Mohnish: I think Datorama's a good place to look. It's a good website. It gives you a good list of investors. I think that there are a bunch of names. If you're just on Twitter and follow certain feeds and such, I think it's the usual suspects. Josh Tarasoff is a good guy. I think there's RV capital in Switzerland, Rob Vinall. So, there are a bunch of people like that who are pretty good to talk to.

Andreas: Okay. I'll look out for them and see who we kind of get in touch with. Now I have two more questions, and then I'll let you go on about your day. The one is again very winded, but I love you say that quote, and I'm going to mispronounce it. I apologize to you, Upanishads about your desire. Could you just talk a bit about what that quote means to you, if you, if, which I want to mean?

Mohnish: I'm sorry. Which quote are you talking about?

Andreas: Funny shots. You are what your deepest desire is.

Mohnish: Yeah. Let me see if I can remember it. I think it is like, as is your wish, so is your will, as is your will, so is your deed, as is your deed, so is your destiny. The punchline bringing it all together is your deepest desire is your destiny. So the Upanishads were written about 2,500, 3000 years ago. They're more philosophical books than religious books. I see a lot of wisdom in them. I truly believe that. I think if you follow great entrepreneurs, if you look at someone like Warren Buffett, at 24, he told his wife, "I want to become the wealthiest person." She said yeah, whatever. Bill Gates wanted to put a desktop on every desk. Right, and so I think that if you have a wish and a will and you truly put everything into, it is going to happen.

Andreas: Thank you for sharing this. It doesn't fit into the whole value investing sphere, but I thought it was just such a good quote. How did you find your deepest desire? Do you have any pointers on how should people go about this? Is it for your journaling, or is it just you kind of have to figure it out?

Mohnish: Yeah. I was wandering aimlessly in the wilderness till I was about 35 years old. At the age of 35, quite by accident, 34 I had these two industrial psychologists who did a 360 analysis of me. We were doing a retreat, and this was part of that retreat. We were doing part of the group house called YPO. They gave me what I call my owner's manual, and this 20-page document they gave me, which I try to reread every year, explained to me who I was. Till then, I didn't know who I was what happens is when we grow up, the world expects us to do certain things in certain ways. They expect you to do and follow certain paths, and you just go down that path because you don't know any better. Right. But each of us is wired. Differently, each of us has traits and desires and passions that are different from the next person. So what they were able to do in the owner's manual is tell me who I was in terms of the types of things I like to do and the types of activities. I was likely to not only do it but be really good at it. For example, one of the things they pointed out to me, they said, Mohnish, you are a game player, but you are not just any game player. You're a game player who likes certain types of games. They said the type of games, you like number one, the outcome, and the result has to depend on you alone. You are not a guy who would be really thrilled to be on the soccer team. Okay. It is because the end result of the go game depends on the other 10 guys, too, not just you. Don't have control over the outcome, soccer's out for you. Cricket's out for you, so on tennis singles, tennis might work. They said, first of all, you're a game player who likes to play games where you control the outcome. You are not a team sport game player. The second is, he says, you like to play games where you have an inkling that you have an edge if it's a single-player game and that you have some edge. It really excites you when you play those games where you have that edge. You will completely kill it at that time. When they were telling me all this, I was running this 170-person company, where I had a bunch of vice presidents, the company I had founded, but I hated going to work. My job had turned into like HR management and just managing politics with a bunch of yoyos. They looked at that and said, this is so far away from who you are because you are this single-person player in this 170-person team, which is hosted in so many different ways. They told me to sell it or find someone else to run it as quickly as possible they didn't even tell me that I was miserable. I loved that company when it was one person. I hated it when it was 170 people. The first thing I did when I finished that whole exercise with them is, I started a search for a CEO in six months after that happened, I was gone. But at that time, I was just thinking of starting Pabrai funds. I explained to them about Pabrai funds, and they looked at it and said it was perfect. It is perfect for you. Single player game. Everything's fine, one of them became one of my first investors. I told them to listen, and I have no track record. I don't want to lose your money, man. Don't give me your money. Right. They said, Mohnish, I cracked your head open. I saw everything in there. I am not going to lose my money. He's got a 16X on it, so far he was right. But I think that the important thing is, Myers Briggs is like a pool man's version of that. So there's this industrial psychologist. His name is Jack Skeen. He was one of the two guys, Dr. Jack Skeen, who did this for me. If you just nudge me after this, I'll give you his contact info, and he's got limited bandwidth. I don't know how many viewers you have or subscribers, but he can handle a few. He does this for, and he's done this for a bunch of people who have sent it to him. And it has been great for them.

Andreas: I will definitely do this. I was just thinking that I need to do this retreat. I have former years to figure it out. If it gets me to where you are today, if, if I managed this in four years, I'm really happy with my life. Thank you, Mohnish. It is one of my main takeaways for today. I love that I took this little detour into desires just to get this answer. I loved everything else. Of course, about our conversation. Thank you, Mohnish, for everything you put out there. It's been amazing for me to see. I love what you do. I'm so happy that I found William Green's book. It got me to this point today, and if it is going to get me to the retreat and then at 35, find my deepest desire. It has been one of the most productive hours of my life so far, Mohnish. Thank you so much.

Mohnish: Andy, I really enjoyed the conversation. The hour went by really fast.

Andreas: Yes.

Mohnish: I'm looking forward to listening to it once you put it out. That'll be great.

Andreas: Yes, of course. I will send you everything, and hopefully, we can do round two. I have a list of about 60 questions left that I had gone through to ask.

Mohnish: It will be a pleasure to do it again with you.

Andreas: Awesome. Mohnish. Thank you so much.

Mohnish: Okay. Thank you, Andy.