Mohnish Pabrai's Interview at The Capital Compounders Show on February 25, 2025

Robin: Welcome back to the show everyone. This is a very special episode for me and I am sure for many of you. We have Mr. Mohnish Pabrai today. Mohnish, welcome to the show.

Mohnish: Robin. It is a pleasure to be with you.

Robin: For those who do not know, Mohnish is the founder and the hedge fund manager behind Pabrai Investment Funds and more recently the Pabrai Wagons Fund. Collectively, in aggregate, I believe Mohnish, you manage around a billion US dollars.

Mohnish: That is correct.

Robin: In 2022, Mohnish, you moved from California to Austin, Texas. What was the catalyst behind the move?

Mohnish: There were a few different catalysts. We had been evacuated twice in the last few years in California due to the fires. After we came back, there was residual smoke and burning smell in the home for several weeks even though we were running air purifiers. I did not think that was going to stop, and it has not stopped. That was one reason. The second is that California has among the highest state income tax rates in the country. They do not really care whether your income is coming from long term gains or ordinary income; it is all the same. The federal tax system in the US does give you a lower rate for long term gains, which California does not. When I was paying my taxes in California, approximately a third of that went to the state. There were several states in the US that I could have moved to where that one third would go to zero. Fires were one reason, some optimization on taxes. I looked at these states that are zero tax. In one case, not only is the state zero tax, the state pays you every year. That state is Alaska. They pay all their residents a few thousand dollars a year based on their oil revenues. In the end, for most people, it boils down to Texas and Florida, and Austin was interesting. That is what I decided to do.

Robin: That is a smart move all around. A couple of years ago, The Wall Street Journal did a feature on you, but specifically your big library, which we can see behind you, it is immaculate. How many books would you say are in your library right now?

Mohnish: Oh, I have never tried to count it. Maybe a couple of thousand. I do not know.

Robin: That is amazing. Did you have a lot of input into the design itself, or just leave it up to the design firm?

Mohnish: Well, I had a gifted designer I was working with. I had a library in California, which was inspired by a wonderful author in New Delhi. In fact, Guy Spier and I had visited that author's home and we loved his library. It was just great. I tried to incorporate some elements of his library in my California home. Then, when I was moving to Texas, my California library had run out of room. There were books everywhere. It could maybe accommodate 40% of the books I had. There was a need to increase the size and also have some room for future growth. I mentioned to my designer what I was looking for, and I had another requirement, which was a weird requirement for her. I told her I need to sleep in a room with no windows. I like it to be completely dark, and even blackout curtains did not quite work for me. In California, we did not build a custom home, but the builder was able to accommodate that. He gave me one small room, 12 by 12, which had no windows, and that was awesome for me to sleep in. It was pitch dark. I told her any home I was going to buy anywhere was never going to have such a room. No one else has this. I told her that I needed a room created, which would be my primary bedroom that did not need to be large, but needed to have no windows. This space that you see behind me, which is the library, she did something very interesting. This space used to be just an empty kind of a den type space upstairs in the home. It was pretty large. What she did was she put my windowless room in the middle of it and she surrounded it with the library. The exterior walls of that room are some of the walls of the library. For example, you see a Charlie Munger bust and part of a Buddha painting behind me. That is one of the walls of my bedroom.

Robin: I see. But here you have a nice light just beaming through.

Mohnish: Yes. What she did is she made the library around another room. The flowing space goes around and it is a beautiful space to hang out in. You see the blue color? That is all her. That is way above my pay grade to come up with such stuff. But what she did was there is a ridiculously expensive paint company in the UK, which makes this kind of pigment paints called Farrow and Ball. They are kind of like a designer paint company. She said that when the sunlight hits that paint, you just get a kind of a great effect. I never got tired of it. The library changes color throughout the day. I love the way she did it with the blue. My office is integrated into the library, and she made my desk and everything marble. It is Italian marble. After I moved in, it was so comfortable to work here that I stopped going to work outside home. I work out of my home office.

Robin: I do not blame you.

Mohnish: All the time, which is great. The productivity went up. The nap room is 10 feet away, and life is good.

Robin: Well, it is the ultimate ROI. You got your return on investment because the blue is calming. It is wonderful. It is just an amazing design.

Mohnish: One other thing is that she somehow got contacted by a reporter in The Wall Street Journal, and she said, “Hey, you guys might have an interest in this library because he is a finance type guy.” The Wall Street Journal in the mansion section; that is where I run it. They featured the library, which was a lot of fun. The funny thing is, after that story ran, the realtor who sold me this house, he knew when we had done the deal that this is my last home. I hate to move. For the rest of my days on earth, this is it. The realtor calls me and says, “Look, I know that this conversation is not going to go anywhere, but I kind of had a responsibility to at least call you. There is a couple in Connecticut that saw The Wall Street Journal article, and they would like to buy your home. I told them that it is not on the market.” The realtor representing them says to my realtor, “Well, my client says that everything on the planet is on sale for a price.” I told him, “They are absolutely right. Everything is on sale for a price, and they can have the home.” I gave a ridiculously high price. It was more than three times what I paid for the house. I thought that would be the end of it. I am a value guy. How can I ignore someone giving a euphoric price at a place that I do not want to ever leave? I said, “If they gave me this price, I could bite the bullet and actually think of a move.” They do not go away. They come back and ask for more pictures. I did not really want to spend a lot of time chasing things or wasting time. I told my realtor to tell them that before I sent pictures, I had two requirements. The first requirement was that they had to disclose their identities, which I did not know yet. The second was that they had to write me at least a three-paragraph essay (it did not need to be more than a page or a page and a half) explaining why they wanted to pay two or three times the market price for this home. Humans hate to write. Except for you, Robin. Humans hate to write. They came back and they did not write the essay. It is amazing, they offered 75% of my asking price without any pictures or anything else. I turned them down, and that was that. I just wanted to give you that little bit of story that I have never told anyone.

Robin: Oh, it was a great story. Were you surprised, Mohnish, when they revealed their identities?

Mohnish: They never revealed their identities.

Robin: Oh, they did not?

Mohnish: They never sent me the essay. They never revealed their identities. They just made an offer.

Robin: If they are smart about it, they could have just asked ChatGPT to write it for them. Which leads to my next question. It was actually on ChatGPT where I asked, “How old is Mr. Mohnish Pabrai now?” I believe you turned 60 last year, if it is correct. How did it feel to turn 60, Mohnish? Has your philosophy on life changed now that you are in a different stage of your life?

Mohnish: Well, the funny thing is that as I got older, in my head, I always felt like I was 25. If you ask me when I was 45 years old, “How old do you feel?” I would say 25. I just felt like I was a 25-year-old. I do not feel like I am a 25-year-old now, but I do not feel I am 60. It is a number significantly less than 60, which is good, but it is not 25. It has actually moved up a bit. The other interesting thing is that if you go to MetLife's website (the life insurance company) and you answer a few questions, they will actually tell you when you are going to die. It is beautiful. You could also do that with ChatGPT. I used to think that I was going to leave planet Earth on June 11, 2044.

Robin: Oh my goodness.

Mohnish: MetLife told me that it is actually going to be 2054. I used to think I would be dead and gone at 80 and now they tell me I will be dead and gone at 90. That is pretty good. That is in almost 30 years from now.

Robin: It is a whole lifetime, and there is just so much more to do. You are doing so many amazing things and impacting lives in a positive way with the Dakshana Foundation. By 2050, how many lives will you have impacted by then? Let us give another 25 years because you are doing incredible things.

Mohnish: I have never thought in those terms. But, one way to think about it is that Dakshana's annual budget currently is about $3 million a year. We have about a thousand kids a year graduating from our program or coming into our program. That is approximately $3,000 a kid. That answer depends on what has happened with the compounding and how much we are spending. If we were, for example, at that point, spending something like 100 million a year, then yes, and the format may change. In fact, it will change. It will not be because this program cannot scale more than 6, 7 million USD a year. I have never thought about that question. My modus operandi is to try to generate the highest social return on invested capital; try to figure out which initiatives deliver the biggest bang for the buck to society. It may not even be kids. It could be unrelated to kids, for example. It could be something else; could be environment, could be health. But that is how I would measure it. How can we have the most impact?

Robin: I am sure it must feel really nice to receive letters from the students who have successfully gone through the program and benefited.

Mohnish: Yes. I enjoy interacting with the students. The few days a year I get to interact with them always tend to be the best days of the year for me. They are wonderful. But in terms of driving me, if you will, I am wired, weirdly. I like to play games. A lot of the games I like to play are mathematical games. I play bridge regularly. Compounding is a game, bridge is a game, blackjack is a game, and Dakshana is a game. What is interesting to me about Dakshana and how I kind of slice it, which is not the way most people would slice it, is that it is a math game. The math game actually has two sides to it. The compounding game and the Dakshana math game are joined at the hip, if you will. One game is trying to maximize returns and net worth, and all that, and the other game is trying to give it all away. If I am absolutely successful in playing the game perfectly, which is what I am trying to do, play the game perfectly, then one day before I die, there should be around $10,000 left. If you think about it, I have got little less than 30 years of compounding left. Hopefully the brain is still functioning then, and we are going to try to, on a risk-adjusted basis, get the best possible returns. The challenge will not be so much on the compounding side. The challenge would be on the give back side. As the numbers get larger, I will have to lower the bar. Right now I am in a hog heaven situation that I can be extremely picky about which program and what we do. Dakshana's program, currently, I am not aware of anything any non-profit is doing anywhere in the world that delivers the highest social return on invested capital. But that particular endeavor cannot take more than 6, 7 million a year. Once we get to 10, 20, or 30 million a year, by definition, I will have to lower the bar. Not the end of the world. The absolute dollars will increase, but we will have to lower our sights, and that is fine. To me, the whole thing is a math game. It is okay. What is the next best? I still have not figured this out. What is the next best program we could focus on, and what are great investments we should focus on? To me, it is just a game on both sides.

Robin: What is the next personal game for you now that you have moved to Austin? As you look around, as you ingrain yourself in the community, is there something you have had in mind that you want to tackle, that you want to learn and perfect?

Mohnish: The thing is that the games I am playing are such long and fun games that I do not need any more games. What I am saying is I have four games I spend my time on now. There is bridge, compounding, Dakshana, and golf. I used to play some blackjack. It is a boring game because everything is kind of cut and dry, and I am not very interested in flying three hours to Vegas and all that. Blackjack is kind of gone by the wayside. I have a bridge coach now who is a former world champion Caltech grad. We play every week and I go to tournaments. He is my partner. That has been fantastic. I have a huge learning curve that I am going through on bridge. I have an even bigger learning curve I am going through on golf. Then, these two compounding and give back games, these are going to go on for several decades. That is great.

Robin: How good at bridge was the late, great, outstanding Mr. Charlie Munger? You did play bridge with him quite a bit.

Mohnish: Warren and Charlie both play bridge. Warren is extremely serious about his bridge. His bridge partner is Sharon Osberg. She is a former world champion and Warren is a very good bridge player. I have only played bridge with Warren once. Normally, when you are playing bridge with someone, it might take several years to build an understanding and a convention. You understand how each player plays. We were accidentally playing together as partners online without ever having done even a 10-minute conversation before. In the chat window while we were playing, I was like pounding questions at him. “Do you play this convention? You play that? Do you do this?” He responds, “Yes, I do. I play this. I do not do this.” We were on the fly trying to figure out how we are going to do this. In the end, my biggest concern was I am going to screw up and he is going to be so disappointed. I was really focused on, “Do not screw up, Mohnish. This is Warren Buffett. Do not screw up.” First of all, we did really well. We whipped the opponents. The funny thing about the opponents was they had no idea they were playing against Warren Buffett. They were just playing with some guy online.

Robin: They had no idea? What was his username at the time? Do you remember?

Mohnish: T Bone.

Robin: That sounds so unlike Warren. Right?

Mohnish: Bill Gates’ username on Bridge used to be Challenger. Because there was a limitation on the number of letters you could have in your username, it was C, H, A, L, N, G, R or something. Buffett used to joke with him, saying, “You cannot blame Bridge. He is a college dropout. He cannot spell.” I played with Warren. I thought we did okay. When we play online, what happens is there is a record kept of every hand and everything that happened. There is a rich archive you can go back to. I get a message from Warren's assistant, Debbie. She says, “Hey, Warren wanted me to reach out to you and let you know that he went back and looked at all the hands and everything that you guys played, and he was very impressed with your play.” The guy has stuff to do.

He had 300,000 employees at that time, and tens of billions of dollars to invest and all that, and he is sitting around going through bridge hands that he played with Mohnish. Then he is coming back to his assistant and asking her to send me a message. Really funny. Warren is very serious about his bridge. Charlie is purely a social bridge player. Warren plays duplicate bridge, which is very competitive. Charlie does not play duplicate bridge. He only plays social bridge, and he could not be bothered about the conventions. The two of them are like night and day. For Charlie, I was really surprised because Charlie is so serious about other things in life, investing and this and that. But bridge, it was just for social fun. Sometimes, I would play with Charlie as his partner, and sometimes I would be his opponent, because the club would just switch around. What I discovered about Charlie was that while on the investing side, he would never take a flyer or he would never go see to the pants or something. It was very kind of regimented. In playing bridge, he was a gambler. He would take chances. I figured out that he bluffs sometimes. I used to catch him. Sometimes he would bid, he overbid, and whatever, and then, I doubled the contract. He would be sweating, trying to get it done. It was a lot of fun. Warren and Charlie are just night and day in terms of bridge. They are identical as far as investing goes, but they are very different as far as bridge goes. It is a lot of fun.

Robin: It is not really taught anymore. It is not played. Do you recommend that kids today pick up bridge? What skill sets come out of playing it and perfecting the game?

Mohnish: Bridge is a game that takes 15 minutes to learn. It is a very simple game to learn. It cannot be mastered in a lifetime. If you started playing bridge when you were 10 years old and you played your whole life and you died at the age of 100, you would still be learning because there is such a wide range of patterns, which is what makes the game interesting. It is like investing; you are never going to get to a point in investing where you are going to say, "This is it. I have plateaued out. There is nothing more to learn." That is just not going to happen. You could live a thousand years and that would not happen. That is the fun part of bridge. More bridge players die every year than new ones who take up the game. Some kids are playing the game. They tend to be mostly Asian kids. It kind of plays to their math sensibilities or their Tiger mom mothers. But anyway, the unfortunate thing is that bridge is not number one on the list for young people, which is unfortunate. They would get a lot of joy and excitement out of it because it is a social game. You are not looking at an iPad or a screen all the time. Bridge actually makes you a better investor. It teaches you to think probabilistically. Each time a card is played, the odds change and you have to recalculate. It is honing that muscle memory of probabilities, because that is what investing is. It is all about probabilities. I started playing bridge a long time before I became an investor. I just never actually thought that I would be doing both things. But I found later when I became an investor that the bridge playing actually helped me with the probabilistic thinking, which is fantastic.

Robin: Super interesting. Most people who know you, Mohnish, have read your book *The Dhandho Investor*, but they probably do not know about your very first book, *Mosaic: Perspectives of Investing*. I check every now and then on Amazon. Have you gone to check what the price is right now for your first book, Mosaic?

Mohnish: Someone told me it is 800 or something.

Robin: Yes, it is and that is crazy. It goes from 500 to 800, and obviously it is not in print. It is hard to get.

Mohnish: I tried to bring the price down. What I have done is I put all the chapters of *Mosaic* as PDFs on my blog.

Robin: Okay.

Mohnish: With Pabrai, there is no login or anything. It is free. As you know, Robin, the best things in life are free. If someone wanted to read the book, they can just print off a bunch of PDFs. They do not need to pay even a dollar to Amazon and they are fine. But yes, some people like to have the physical book in their hands, and then they are going to pay for that.

Robin: Can we talk about your mental models, how you approach the stock market? Mohnish, you made this popular very early on, but it is what you call cloning. Is this something that you still implement in your investment strategy?

Mohnish: Well, for me, cloning is like breathing. It is really fundamental. I could not do what I do as an investor if I did not have cloning as part of the DNA. It is one of the most important models for investing. I still do not know why, but humans in general have an aversion to cloning. They mostly think it is beneath them or they think it is like cheating in some way. Most humans either do not focus on cloning, do not get it, or just are indifferent to it. But there is a small sliver of humans who have gone all in on cloning in a very big way. Those humans who have gone all in on cloning in a big way have ended up being some of the best entrepreneurs we have ever seen. The ultimate cloner was Sam Walton. Sam Walton himself used to say, "There is no human in history who has been on the inside of more retail stores, which are not named Walmart, than I have." Anytime Sam Walton went anywhere (even if on vacation with his family and they were passing some retail store), he would stop the family, stop the car, and say, "I will be back in 20 minutes." He would go in and check the store out. I remember there was a story I read one time, a city in Brazil, they called the paramedics because there was an old guy flat on the floor. They find out it is Sam Walton, and that there is nothing wrong with him. He was trying to measure the space between the aisles; how many feet were between the aisles. He did not have a ruler with him or a tape measure, so he laid his body down because he knew how tall he was, so he could estimate. The space between the aisles for a retailer is critical. That is square foot efficiency. You cannot make it too close because humans are not going to like that. You can make it like the 5th Avenue or something, where you are going to then lose money because you are wasting square footage. You have to get that right.

He was always looking at every minutiae aspect. Sometimes, he would go in with his management team into some retail store and one of his managers would say, "Well, Sam, that is such a useless operation. That store was terrible." Sam would say to him, "Yes, but did you see the candle display? That candle display was awesome." He was not focused on whether the retailer was great or not. What he was focused on is, "What can I learn from here?" Even if it is a useless operator. Sam always felt that if you talk to anyone, you can learn. In fact, the group he liked to talk to the most inside

Walmart was the truckers. What he said is, "I would go into the Walmart distribution center at 5 a.m. with donuts and coffee. I would sit down with a half a dozen of the truckers. Even without the donuts, they are the bluntest and most candid people on earth. They do not really have a filter." He would ask them questions like, "You visit all these Walmarts, what do you notice?" The guy would say, "Well, I went to this and this and I saw a lot of good product in the trash. I saw this and I saw that these things were not being done properly." Real low down problems in Walmart. His truckers would tell him and would cost him 10 bucks in donuts. He was extracting stuff. Another phenomenal cloner is Bill Gates. Everything that has worked in Microsoft has been cloned. Microsoft has spent billions of dollars on R&D, which for the most part has yielded them nothing. Word came from WordPerfect and Excel came from Lotus and Windows came from Apple. Even now AI and everything. "Nothing comes from inside the browser search," like Buffett used to say. He was telling me once, "Do you know what Bing stands for? *But It's Not Google*."

Robin: That is really clever.

Mohnish: If you look at great businessmen, a number of them are shameless cloners. That is what I have tried to be. I have tried to be the shameless cloner because there are lots of smart investors who have done a lot of great work. If you can understand their thesis, and it is within your circle of competence, it is going to be far better than trying to figure everything out on your own. Even Berkshire's Apple position came from one of the lieutenants. Warren took the idea from one of his two managers, and of course he put 50x the capital they put in, and went from there. Cloning would give you a big advantage.

Robin: It is challenging for some because you have to step outside of your own ego a lot of the time.

Mohnish: Yes, that might be me.

Robin: Coming up with the idea.

Mohnish: Yes. Even Dakshana has only gotten success because we cloned a great model. The model that Dakshana follows is way beyond my pay grade. I would never be able to come up with it. I am just not that smart. It was already there and I could see it was a great model. I could not come up with it, but I could appreciate the model. That is the same with some great investment ideas that I cannot come up with. But if someone tells me about them, I can tell this is exceptional.

Robin: Going back to Sam Walton. He was an incredible, genius fanatic. I remember reading his book; his autobiography. Everyone should read it. Made in America. There is a chapter (this is years ago), in which he wrote that he would hire a helicopter to take him around cities to scout out sites for new Walmart locations.

Mohnish: He was a pilot; he and Buddy Walt and his brother. Sam was spending a lot of time, 10, 12, 14, 15 hours driving because Walmart was growing. Then he thought, "Hey, if I have a tiny plane, it is going to be 45 minutes instead of seven hours or something." Once he took to the skies, he was just unstoppable.

Robin: Yes.

Mohnish: They would dive down, and look at different sites. They would see two towns and they would see nothing in the middle of the two towns. But they would say, "Hey, if we put Walmart in the middle of these two towns, we will pull from both of them."

Robin: That is incredible.

Mohnish: Maybe the first 50, 70 Walmarts, it was all Sam Walton just flying around and it actually made him very efficient. He learned one thing that people do not appreciate about Walmart, which is that Walmart embraced technology very early, big time. If you think about the airplane as technology or you think about computers, the amount of CapEx he put into IBM mainframes very early when Walmart was a very small company, they were way ahead because his managers told him "We are not able to run this place unless we automate; we will not be able to run it," so he stepped up and invested big time.

Robin: That is an incredible vision. The next mental model is around compounders and how you scout out compounders. I remember you really brought to light the late investor Mr. Rakesh from India to the North American European market. I had never heard from him. I think no one did until you started talking about him. But he had invested in that company Titan. That was just an incredible story, I believe you had bucketed into a compounder. How do you look at compounders? What criteria do you use to select these next up and coming companies?

Mohnish: One of the things to keep in mind is that you really only truly understand a business after you own it. We may have an understanding that some businesses are great before we own them because they are obvious. For example, we can say MasterCard is a great business, we could say Google is a great business, and so on. But for the most part, most companies, you are going to really learn about them after you own them. What I have found is that the truly great compounders, it may take you a long time, it may take you a few years of ownership to appreciate that this is the compounder.

One thing to keep in mind is that in the late 60s, early 70s, there was this concept of the Nifty-Fifty, which is, you bought these 50 totally blue chip stocks, 2% of portfolio in each of them. You did not bother with valuations; it did not matter how expensive they were. These were like Coke, Kodak, Polaroid, Xerox, Colgate, Palmolive, McDonald's, and so on. The idea was you buy these with no price discipline and you hold them forever and life is great. The Nifty-Fifty in the crash of 73, 74 got taken out back and shot. There was no place to hide and it got decimated. That collapse in prices in 73, 74 was something. Coke was down to like six times earnings or something. There is some controversy whether Walmart was part of the Nifty-Fifty or not. There is one group that thinks it was, one group that thinks it was not. Let us just assume it was part of the Nifty-Fifty, and let us assume that the Nifty-Fifty had a 2% weight in Walmart when Walmart had its IPO in 70 or 71. Let us also say the other 98% went to zero. From then till now, which is more than 50 years, you would have blown out the S&P. Wow. With a 98% zero portfolio going to zero. 49 out of 50 bets not working. You would still have beaten the S&P. There is a big lesson there; first of all, that investing is an extremely forgiving business. In this case, a 98% error rate has been forgiven. The second is that the absolute key to doing well is letting the great businesses stay in your portfolio. One of the mistakes I have made throughout my career is that I have sold so many great businesses because of valuation. One of the dumbest things you can do. It took me a long time to figure out that that is extremely stupid.

We had an investment in 2012 in Fiat Chrysler. At that time, the market cap of Fiat Chrysler was about 5 or 6 billion dollars. We had invested maybe 50 or 60 million in Fiat Chrysler. In other words, we had a 1% ownership of Fiat Chrysler. Insight that 5, 6 billion was 80% of Ferrari, which today has a market cap of $90 billion. It was a very small part of Fiat Chrysler at that time (in 2012). Now it is 90 billion. If we had been so smart as to do nothing with it, that would be a $900 million position for us. My total assets are a billion. We probably captured maybe 150 million or something of value in a moment of brilliance when we sold Ferrari because it looked expensive; really stupid. If you look at the Walton family, Sam Walton had passed on all the shares of Walmart to his kids way before the IPO, when it was just a nothing company. In fact, they paid no estate tax when he passed away because the shares were already owned by the kids. At the time of Walmart's IPO, the Walton family had 38% of the business. It has been almost 55 years since that IPO. The family ownership of Walmart today is 44%.

Robin: It has gone up.

Mohnish: What I am saying is that in 55 years, Sam Walton would have been dead and gone for like a quarter century or more. He has been dead and gone for, like, 30 years. It has been a long time and there is no Waltons running the place. There are a couple of them on the board.

Robin: The ultimate passive investment.

Mohnish: Yes. The thing is, how brilliant is that? They have increased ownership over that period, which is awesome. I have this notion. Munger should talk to me about it sometimes. He says, “Mohnish, you only need to get rich once.” It is a mistake. One of the things that took me a long time to learn, several decades. It is a mistake to try to optimize compounding. I tried to optimize the compounding and it blew up in my face, actually. What you really want to do is to hold onto these compounders. Well, the answer is you may or may not know what a compounder is for some years after you have actually owned the stock. It might take a while. The important thing is that once you do know that you have a compounder on your hands and that you have ownership, you do not sell because of valuation. Even if it looks expensive, you do not sell. You sell if there are truly secular declines. Not wiggles or a down quarter or some recession or something, but true secular decline in the business. That might be a worthy reason to think about doing something else.

Munger used to say that in a lifetime, you are not going to get too many trips to the pie counter. He also said that the key when you get to go to the pie counter is to load up on a lot of pie because the next time you go to the pie counter might be several decades later. Just load up and keep it. Almost every time I would meet him, he would go through the math going on in his head about his trips to the pie counter. He said, “Mohnish, the Munger family, we have Berkshire, we have Costco, we have Li Lu. Now we have these apartment houses.” I would meet him after three months, he would say the same thing. I would meet him again after three months, he would say the same thing. In his head, these were successful trips to the pie counter.

Robin: Just keep on loading up on the Costco pie.

Mohnish: You do not need to mess with it. Just keep these pies and keep loading up on them and be very discerning about it. His view was, "If there are no more trips to the pie counter, that is perfectly fine." We are not going to, as humans, get more than three or four trips to the pie counter in a lifetime.

Robin: Yes.

Mohnish: I already blew my one trip to the pie counter with Ferrari. I blew another trip. If I go back and look at the number of trips to the pie counter that I blew, it is a long list. God has been benevolent and gives me more than one time to try to make up for the stupidity. I used to own a shipping company, Frontline. I sold when it was a double in about eight months or something. It ended up being like a 70x.

Robin: Wow.

Mohnish: In about three years. That was another trip to the pie counter that I truly blew. The thing is that we had a few years back, and I did not think this was going to be a trip to the pie counter, but it turned out to be a good trip, which is a company in Turkey called Reysas.

Robin: Reysas.

Mohnish: Now, after having taken all the arrows in the back with Ferrari and others and listening to Charlie about the pie counter, it is really simple. We just hang on until we see the business going to hell. We hang on.

Robin: It is an incredible stock chart. I do look at it. It is like a brilliant, perfect staircase just going up over time. You got in early. I believe you got in four or five years ago?

Mohnish: Yes. The position is almost six years old. At that time, we had paid about $8 million for 1/3 of the company.

Robin: Eight million for one-third, and there were so many doubters right there.

Mohnish: Well, at that time, everyone was exiting Turkey. Even now they are exiting Turkey.

Robin: Yes.

Mohnish: The market value of the business is over a billion, and the liquidation value is probably around 2 billion (might even be more than that). From my point of view, it is still undervalued. We do not even have to scratch our heads like Ferrari. It is 50 times trailing earnings. What do you want to do here? That actually gives you some room for pause. Here, we are at a billion plus market value gone up some 40x in the last six years in dollars, and we are still undervalued. Very simple.

Robin: That was an incredible investment. Then, there are no more tasty pies. You keep on going back to the pie store.

Mohnish: We have 30 years. There might be a couple more trips to the pie counter. I am hoping there might be two or three more trips. But what we have to do is that the pies we already have, we cannot let them go.

Robin: Yes.

Mohnish: What I have learned and seen as my life experience is it has taken me five or six years to actually understand Reysas. They do not have an investor deck. They do not really explain the business. I am still learning. Every time I go to Turkey, I am still surprised about the business, something that I did not know because there is very little data that is in the public domain about it. I am still learning on that front. What I have realized is that when you find that you have a great business with great economics, with great management in your portfolio, do not mess with it, let it ride. Because we do not know which one of the ten is the Walmart? That is hard to tell in advance. But if you own them all, you are going to be just fine.

Robin: I have heard Buffett say the same as he reflects on his 50-plus career, his track record. He says it comes down to a dozen private and public companies.

Mohnish: Buffett has made probably more than 400 or 500 investments in his 70 or 75-year career in investing, and he said 12 move the needle. One of the 12 is the hiring of Ajith Jain. Munger used to say that the highest return Berkshire ever got on any investment was the search fee to hire Ajith Chain. They probably paid less than $100,000 to get Ajith on board, and he has probably created something like a couple of hundred billion dollars of value. What is the analysis compounding on that?

Robin: That is incredible. That is an amazing ROI. Oh my goodness. Then, when it comes to the next mental model, which is a punch card, which Buffett and Munger have talked about extensively, your philosophy, Mohnish, on concentration. Has that evolved over time or do you believe the true path to wealth is a concentrated portfolio?

Mohnish: Well, I would say if you go back to our Nifty-Fifty example. What would end up happening in that scenario is that one position would end up going from 2% to 100%. If we look at the Walton family and we look at their degree of concentration, it is pretty extreme. They probably have a bunch of what Buffett would call helpers telling them they need to diversify. Thankfully, they did not listen to the helpers who really are more interested in helping themselves than helping you. They paid no frictional costs, they paid no taxes, and they have compounded like crazy, which is great. That is awesome. A natural outcome of successful investing is you will end up extremely concentrated. Berkshire Hathaway was a small part of Buffett's pie, and it is almost the entire pie now. It was a very large portion of Munger's pie. It is a very natural outcome that as time goes on, if you keep your winners, the best winners are going to become 70, 80, 90% of your portfolio. Very successful entrepreneurs are going to get very concentrated. I find the case of Steve Ballmer really, really interesting. I meet all kinds of large fund managers. They hate the Steve Ballmer era of Microsoft. If you look at the annualized returns on Microsoft stock when Steve Ballmer was the CEO, it is 4% a year or something less than that. Of course, it is not fair to him because he started out with a very elevated valuation and he ended up with a modest valuation when he handed the reins to Satya Nadella. But look at this. His net worth exceeds Bill Gates' net worth.

Robin: That is incredible.

Mohnish: He is a yo-yo that Bill Gates hired; a poker buddy, and to his credit, there was an article in The Wall Street Journal a few months ago where they were talking about Steve Ballmer's investing prowess. How smart was he? He understood Microsoft extremely well and did not understand a lot of other things. He said his whole portfolio is Microsoft and the S&P, and of course, he has the LA Clippers. The S&P is a small part of the piece. Microsoft is the 800-pound gorilla for him. Again, in that case, this is the hired gun. This is not a founder. He is a hired gun who in his own tenure did not do that well. But, he put Satya in place.

Robin: Yes, genius.

Mohnish: The rest is history.

Robin: Yes. As the kids would say, Ballmer just huddled. He just stayed patient. He is not really selling a lot of shares at all, and as you said, he surpassed Gates.

Mohnish: Yes.

Robin: In terms of wealth, when it comes to, as you call it, Uber cannibalism or share cannibals. Is that something that you still seek out in companies that you invest in?

Mohnish: Cannibals is a tremendous mental model. One of the reasons why the Walton family stake went up is because they sold shares. They have sold shares here and there for charity or whatever else. But Walmart has bought back stock and so it has netted out that they are higher. It is one of those things where when you do the math, if you have ownership of a truly great business with great economics, and that business is able to buy back shares at modest valuations, you do not have the tax leakage of dividends. You have a lot of efficiency in how that is getting redeployed. It is really going to add a lot of turbocharge to your portfolio. Like Munger used to say, "Pay attention to the Cannibals." It is worth looking at businesses now. The thing with Cannibals is that Eddie Lampard bought back a lot of Sears's stock, which was a great way to incinerate wealth.

Robin: Yes, both ways.

Mohnish: We have to make sure that it is a great business and we have to make sure that the buyback price is not overpaying and hopefully it is at a bargain price. But if those two are true and you are an owner for a long time, you are going to do extremely well.

Robin: One very last quick question. What is your bridge username online?

Mohnish: My bridge username is extremely simple. It is MPabrai.

Robin: Awesome. Okay.

Mohnish: I do not have too much creativity. I have set up the account. That is what I set it up as. Every once in a while I get fans asking, "Oh, are you Mohnish? Is this Mohnish?" and I say, "Yes, sure. Let us play."

Robin: This has been a lot of fun. Thanks for the conversation. I wish you the best 2025. Thanks, Mohnish.

Mohnish: Robin I look forward to all your videos. Thank you so much.

Robin: I appreciate it. Cheers.
