

Mohnish Pabrai's Fireside Chat with Ben Graham Centre - 5th European Value Investing Conference on October 14, 2025

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Jeffrey: Thank you, George. I have sort of subtitled *How to Succeed in Business and Life by Shamelessly Borrowing Other People's Best Ideas*. For sure, this is the most provocative title today. It is way more interesting than investing the Stacey Murad way. I suggest we get started. But before getting into specifics, I believe everybody has their own view of the word cloning. Mohnish, what is your definition of cloning?

Mohnish: First of all, Professor George, thank you for having me. It is such a pleasure to be able to do this. This banter with Jeffrey is a dream for me. We never get to have enough time together, so that is great.

Regarding your question about cloning, I will just take a step back. Charlie Munger talks about mental models. He had several incredible mental models. Most mental models are well-known to humanity and followed by most humans. If you follow those models, that is fine, but it is not going to give you an edge because your fellow humans follow the same models. It is kind of like being an honest person, for example. But there are a lot of models that most humans do not follow. The interesting thing about humans is that even when you tell them that you have to follow something, they usually will not listen to you, which is great. It makes these models endure forever. I still do not understand *why* humans have an aversion to cloning. What I do understand is that humans *have* an aversion to cloning. It may be going back into our evolutionary history, where if you wanted to survive in a hunter-gatherer society, following the crowd was the way to survive. Going in the opposite direction from where the tribe was going when the lion came was probably not going to be good for survival. We learned the herd mentality from our evolution.

For whatever reason, most humans do not want to clone, and most humans think cloning is beneath them. Most people want to start companies and want to come up with something innovative. What I found is that if you are a shameless cloner, like yours truly, it gives you a huge edge because there are so many things in the world that have already been done by great people, but the world can accommodate three of the same thing. If someone has done it once, that does not mean there cannot be two or three more versions of it. We benefit a lot by standing on the shoulders of giants. We are not going to be able

to figure everything out. I cannot figure most things out. To me, my life would be pathetic without cloning. It is one of our fundamental mental models. When I look at everything that I have done that has worked well, it has been cloned. If I look back at my life, there is hardly anything new that I came up with. It is just the way it is.

Jeffrey: Following on to that a little bit, in the chapter in *Richer, Wiser, Happier* about you, William Green made the following comment: "Intelligent people are easily seduced by complexity while underestimating the importance of simple ideas that carry tremendous weight." I want you to add on to your earlier comments, framing that specific insight.

Mohnish: Einstein said that there were four levels of intellect: smart, intelligent, genius, and simple. The highest level of intellect is simplicity. I have always felt that simplicity is a huge advantage because we can always have things straight in our heads. We kind of know where we are going. If we are in a team, it is good to get the team directed in the same way. I have always been naturally attracted to simplicity. I have also felt that when I am making an investment, if I cannot explain the thesis of that investment in three sentences to a 10-year-old, there is something wrong with that investment. It is probably not going to work. The importance of distilling everything down to a set of very simple basic principles is important. With cloning, if you can understand what you are trying to clone and again boil it down to its simple essence, executing that cloning becomes easy.

Jeffrey: You have already mentioned the importance of Warren Buffett and Charlie Munger as part of this whole process. You were operating TransTech when you were first exposed to Warren Buffett. That was kind of the light bulb moment for you. Can you take us through how that unfolded and why that hit you so powerfully?

Mohnish: This ties into the cloning idea. The Buffett partnerships, which were one of the most successful partnerships run by any hedge fund, ended in 1969. He ran it from 56 to 69. He shut it down in 70, but he was done with investing in 69. I started Pabrai Investment Funds in 1999, 30 years after Buffett ended his partnerships.

What blew me away at that time, which again reinforced for me the inability of humans to clone, is that Buffett had a very unusual fee structure in his partnership: 0-6-25 (0% annual fees, 6% hurdle, and above the 6%, he got 25% of the upside). The 0-6-25 fee structure is a win-win for everyone. The investor wins, the manager wins, everyone wins. Nobody went for this win-win structure. I thought, "We have the greatest investor ever with the greatest hedge fund ever, and that thing got put into cold storage in '69." The Indian guy comes along in 99, 30 years later, and nobody has cloned the model. I thought "Hallelujah." This is exactly what I thought my fellow humans were capable of. They cannot clone. The Indian guy is going to do it.

I set up a fund to do that. What I did when I set up the fund was that I reinforced for the early investors who came in, in my investor meetings, how important the zero fees were. I knew that they would not be able to find another manager with zero fees. I told them, "A zero fee is important, and your family's money has to all be invested with zero-fee managers. Go find all the other zero-fee managers and, more importantly, tell all your friends that they need to be with zero-fee managers." Their friends came to me, which was great, because I was a monopoly. It is always great to be a monopoly. Many years later, when I became friends with Charlie, I told him, "The Buffett partnership ended in '99 – a thirty-year period." He told me, "Mohnish, I have to correct you; there were a few humans who had cloned Warren." I said, "But Charlie, I could not find them. Nobody could find them." He said, "Nobody would be able to find these people. They were very obscure, and there are very few." I based my whole livelihood on cloning that model. That was 99. Now we are in 2025. It is the same situation. It has been 56 years. I am still waiting for the cloners to arrive.

Jeffrey: Ben Watson has cloned that model.

Mohnish: There you go, and he's scaling because of that, which is great.

Jeffrey: That is cloning of the operational or the structural model of the Buffett partnership. There is still the whole investment piece. I want to emphasize to everyone here that Mohnish has adopted cloning in every aspect of his life, and we are going to get to some of that. I would guess that everyone in this room has read either books about Warren Buffett or a good portion of the Buffett letters. What were the best ideas that you cloned on the investment philosophy side of Buffett and Munger?

Mohnish: On the investing side, the term value investing is a redundant term. All intelligent investing is value investing. There is no such thing as anything else. It should just be investing. It is not value investing. On the investing side, I feel that I did a terrible job at cloning. The reason I did a terrible job with cloning is that I overdosed on Ben Graham for the longest period, and I underdosed on Charlie Munger. What should have happened was the other way around. But the thing is that even when you clone suboptimally, you still end up in paradise. I figured this out maybe seven or eight years ago.

I have been an investor following Buffett for now, 31 years now. Looking back, the first two decades, I was in the wilderness. Even though I had studied everything, I was friends with Warren and Charlie, and all of that, I did not understand it. I did not understand a simple thing, which was that if the job is done right, your portfolio is going to be 95% one stock. If I look at a manager whose portfolio is not 95% one stock, then I know they are not optimizing. They also know that they do not get it, myself included.

Why should it be 95% one stock? The reason is that there are very few truly great businesses run by truly great managers. It is almost for sure that some of those businesses, one way or another, are going to make their way into most

of your portfolios. Many of those businesses made their way into my portfolio. The problem was that Mohnish was too much of an idiot to keep them. The key is that when you end up with a great business, with a great manager, you shut the brain off, and you do not try to figure out anything optimal, like intrinsic value and this and that. As long as the business is doing well and the manager is good, you just leave it in the portfolio. If you do that, what will happen is that even if a business starts at 2% or 3% or 10% of your portfolio, it is going to end up becoming 90%.

Then the second question that comes up is, "When you manage money, how can you be 90%?" I am in that situation right now where I have two businesses in one of my funds, and they make up close to 70% of the portfolio. Finally, Mohnish understands the way life is supposed to work. I just told my investors, "This is the situation. We are not going to be diversifying away from these businesses. We are not going to be selling these businesses because they are undervalued, and they have a good business, a good manager. We are not going to do that. If you have concerns about this level of concentration, redeem part or all of your interest, and life will go on. If you have less than 20% of your net worth in this fund, my suggestion is to leave it alone." I sent this letter repeatedly to my investors. No one even called me or emailed me about it. It is like they were all immediately enlightened. I did not get redemptions. I thought, "Wow, what a truly gifted group." Now, at 70%, they do not seem to be losing any sleep. Why would they lose any sleep when we get to 90%? It is okay.

Jeffrey: The next question I want to ask you is, you identify an idea that you clearly feel is worth cloning. You try it, but maybe it does not work for you. Have you ever had that experience as you have been moving on this continuum of trying to clone everything in your life?

Mohnish: Most things I have done in life, cloned or uncloned, have not worked. But the thing about life is that there is an asymmetry in life. Mr. Bezos understands asymmetry better than any of us. Amazon keeps throwing stuff against the wall with all kinds of things they try. These bets they make are small. They keep making one small bet after another. Most of these bets do not work. They lose 50, 100, or 200 million, and they move on. But when it works, like AWS was one of those bets they threw against the wall, it is so asymmetric that it does not matter.

That is the way life is. We have to be willing to try many things, and we do not need that many things to work if the downside of failing at what we are trying is not meaningful. From my point of view, when I look back, many different things I did, business-wise, or in life, did not work. But there was no downside. The ones that work, they work so much that it pays for another 50 of these side bets that do not work, and that is okay.

Jeffrey: I want to branch out and get into some of the personal traits that you have adopted by observing others. I know you have been impacted by the David Hawkins book, *Power vs. Force: The Hidden Determinants of Human Behavior*. It boils down to the fact that true power stems from traits such as honesty, compassion, and a dedication to enhancing other people's lives. You used the phrase earlier about over-indexing on things. I think you would be self-proclaimed over-indexing on truthfulness as part of that. Can you talk about those personal characteristics?

Mohnish: David Hawkins is this weirdo New Age guru with a ponytail who used to live in Arizona and has passed away. Most people would read his book *Power vs. Force*. I recommended it to a lot of people. They either want to throw the book back at me and hope it hurts me, or they love it. No one has ever told me, "It was okay." It is either "This is such nonsense" or "Amen." It is one of those two reactions I get.

To me, that book had a huge impact on me. The thesis of the book is simple. What David Hawkins was saying is that if I lie to you and in your conscious state you do not know I am lying to you, in your subconscious state, you do. With most humans, there is a pipe that goes between the subconscious and the consciousness. That pipe is mostly clogged because of all that humanity has thrown at us. But there is still a signal that gets through. It is a very weak signal. That signal can be measured in a muscular reaction. If I am lying to you, put some probes on you; there can be a muscular reaction that can be measured. I do not know whether that is true or not. I have never tried to experiment with it. But I took what David was saying as the gospel truth. He said that this "truth versus lies" is a complex situation.

There are a lot of different levels of truth versus lies. Let us say, for example, my wife and I are going on a date. We are going to have a nice dinner somewhere, and she asks me, "How do I look?" Let us say I think the dress sucks. The pre-David-Hawkins-Mohnish would have said, "You look great. Let us go." The post-David-Hawkins-Mohnish would have said, "I do not think the dress works." When I do that, the date night might be over. But what happens is the relationship becomes stronger. You take some short-term pain for the long-term gain. She knows that when she asks, "How is this?" or "How is that?" she is getting a real answer.

The important thing is to wipe out the white lies and the small lies. The truth is on a log curve. If you go to the extreme end of the log curve, you are now getting to people like Jesus, Buddha, and Gandhi, and of course, we are not going to get there. But you go a little bit below on the log curve, and now you get to Warren Buffett, Charlie Munger, and all of these guys that we can see and touch. We may not even get there, but if you make a deliberate attempt to go as far up that log curve as you can, like what Munger says, "The world does not work on contracts. It works on trust." To be trusted is a huge advantage. When you start applying this principle of truth versus lies and the inner

scorecard versus the outer scorecard—and you do not just give it to the world unvarnished, and you prefer truth over diplomacy—that becomes a very powerful mental model. It gives you a real edge in life. That is why I like David Hawkins.

Jeffrey: You are making me feel inadequate right now. I have never done that on a date night.

Mohnish: But now, Jeffrey, you are going to.

Jeffrey: I am not sure.

Mohnish: You can get there, Jeffrey. You can get there.

Jeffrey: It is important to me to ask this next question because I think what you have done is phenomenal with the Dakshana Foundation. If you feel comfortable, I would like you to share what the purpose of Dakshana is and how it came into being. Even there, you were cloning. There were some principles that brought the foundation into being that were cloned. I would love to hear an update on Dakshana and some of these concepts.

Mohnish: The Dakshana model is so far beyond the pay grade that I could never have come up with it. There is no possibility that Mohnish would have ever been able to come up with it. It is a cloned model, like everything else. I will explain the model in a second.

I read an article in *BusinessWeek* in 2006 about a guy in Bihar in India, which is a very desolate place. He was running this amazing model where he was a very gifted math teacher. He was identifying 30 extremely poor kids in Bihar, mostly kids of farmers and laborers who were like fourth-grade educated. He was taking them in, providing free room and board in a slum in Bihar, and 10 months later, he was getting 90% or more of them into IIT, which is the MIT of India.

The IITs in India are a pure meritocracy. They do not have any essays; they do not have any legacies; they have no set-asides for people who donate money or any of that. There is one test (probably the hardest test in the world). Your rank on that test determines whether you get in or not. Two million kids take that test every year for about 16,000 seats. Its admit rate is less than 1% and extremely hard to get in.

If you get rank one out of the two million, what the IITs ask you is which campus and which major. If you get rank one, they all go to IIT Bombay Computer Science. IIT Bombay Computer Science closes by rank 80. At the IIT Bombay Computer Science undergraduate class, there is no classroom on the planet that has the brain power that is in that classroom. It is not at MIT or Stanford, or any of the other elite institutions.

That is why Bill Gates has said that if he were to recruit from only one school in the world, he would recruit from the IITs.

Getting into IITs is extremely hard, but once you get in, it is pretty much free to attend because the government subsidizes it. The coaching to get into IIT is very expensive. It is about five to ten thousand dollars of coaching. After you take the coaching, there is a 1% chance that you are going to make it after spending that money. In India, some families are on \$2,000 a year or \$1,000 a year. There is just no chance that they can even pay for the coaching.

This guy was making that coaching free. He was doing that for 30 kids a year and was getting 90% of them in versus the national 1% admit rate.

I went and met him, and I said, "Let us scale this because this is awesome." He said, "I do not have any interest in scaling." I said, "Do you mind if I clone the model?" I had to explain to him what cloning meant. He said, "This is a very good thing. You should clone it. I will try to help you."

I thought, "Okay, good, we will clone the model." We took that model that he had. He was doing 30 kids a year, and we are now doing 1,000 kids a year. We spend about \$3,000 for a kid to get them through this coaching with the room and board and whatever else. The \$3,000 of coaching takes a family that is maybe making \$1,000 or \$2,000 a year to one that is making \$100,000 or \$200,000 a year because they will be hired by Google or Microsoft or whoever. If I were to say to anyone, "Identify a random poor family, and I will give you \$5,000 and change the trajectory of that family so that they are no longer poor," it cannot be done because there are just too many.

But a great and very impressive, brilliant brain is coming to us for free. It is not developed, but we can develop it.

There are two systems that we rely on to make Dakshana work. There is the IIT system, which is free. Once we get somebody trained, somebody else pays for it. Then there is the JNV, which is the magnet school system from which we pull the kids, which is also free. These two systems collectively spend close to \$250,000 on a single kid. The IITs are spending about 50 to 60,000 a year per kid because that is what an undergrad year would cost. The JNVs are spending maybe another 15 to 20,000 on the thing. Dakshana spends 3,000. The government does a 60-to-1 or 70-to-1 subsidy. Thank you to the government of India. That makes us look great.

We are transforming these thousands of lives every year. I was surprised that the whole thing worked. It blew me away.

Jeffrey: What are the latest statistics on the numbers coming through the Dakshana program that get accepted?

Mohnish: The latest numbers are even better than what I had ever imagined. In India, even more difficult than the IITs is, the All India Institute of Medical Sciences, the med school, which is like the Harvard Med School of India. The admit rate on the AIIMS admissions is 0.1%. It is not even 1% like the IIT; it is 0.1%. 25% of

our kids (we now have a medical part that we also do) are going to AIIMS. It is a 25% hit rate, which is extremely high. The ones who do not make it to AIIMS get into other government medical colleges. But the 25% blew me away. That is unheard of. It is a 250x higher rate than the general population. Those doctors coming out of AIIMS are some of the best doctors in the world. Deepak Chopra, for example, is an AIIMS alum. Many of the top U.S. doctors are from AIIMS.

Jeffrey: I think that is amazing. I will tie it back to your inner scorecard. I know you are humble, but on your inner scorecard, what you have done must give you a lot of personal satisfaction.

Mohnish: When I first started Dakshana in 2006, 2007, I had a very lofty goal that whenever I passed away, people would not remember at all that I was an investor, but they would remember that I had something to do with Dakshana. I still have about 30 years to go. It is already there in many ways. My daughter has the Dakshana logo tattooed on her back. Highest accomplishment for a dad. I could not imagine that. It just blew me away when I saw that. I am not a big tattoo fan, but I was okay with that.

Jeffrey: We are starting to get tight on time. Before we go to a Q&A, I have two more quick questions. One of your favorite quotes is, "All of humanity's problems stem from man's inability to sit quietly in a room alone." That is a quote by Blaise Pascal. Talk to me about that.

Mohnish: I was just going to tell you I am not capable of coming up with that quote. But, yes, that was Pascal, and I just edited it to say, "All investment manager misery stems from the inability to sit quietly in a room alone and do nothing." The single biggest issue we face is activity. What we have to get good at (which is what took me so long) is to become good at watching paint dry and enjoying the process of watching paint dry. I am trying to get better at that.

Jeffrey: My last question. You are on this journey to clone the very best ideas that you can find. Along the way, you have got to course-correct from time to time because something is not maybe what you thought it was as an idea, or perhaps it just does not work for you. But in your own mind, how far along this journey would you say you are?

Mohnish: I do not have a plan like that. The thing is, you keep putting one foot in front of the other, and you try to leave the planet a better place than you found it. From my point of view, I aspire to become a better investor, aspire to become better at giving money away, aspire to be a good person for society, and that is about it. There is not much else.

Jeffrey: That is perfect. Thank you.

Mohnish: Thank you.

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