



METRIX

MASTERMINDS

December 2023 | Scottsdale, Arizona

An aerial, top-down view of a residential neighborhood. The houses are arranged in a somewhat circular pattern around a central area. The image is in grayscale and has a dark, semi-transparent overlay. The text is centered over the image.

The Wit and Wisdom of Charlie Munger

Who was Charlie?

- Born January 1, 1924 in Omaha; as a teenager he worked at Buffett & Son, a grocery store owned by Warren's grandfather
- Attended the University of Michigan and studied Mathematics; dropped out to become an Army meteorologist during World War II
- Post war, he earned a degree from Harvard Law School and met Buffett at a dinner party in 1959 (that's when they started talking about investments). In 1962 he started a real estate law firm; also launched an investment partnership. From '62-'75 earned avg returns of 19.8% (Dow was 5%)
- Formally joined Buffett at Berkshire in 1978

Who was Charlie?

"From my perspective, though, Charlie's most important architectural feat was the design of today's Berkshire. The blueprint he gave me was simple: 'Forget what you know about buying fair businesses at wonderful prices; instead, buy wonderful businesses at fair prices.'"

- Warren Buffett

Key Thoughts, Message, and Topics

Steps for discussion:

1. 3 Minutes to think...
2. What does this quote, topic, statement,...mean to you?
3. Where and how can you immediately introduce and/or more deeply apply it (in your world)? What are your action steps to implementation?

I have a friend who says the first rule of fishing is to fish where the fish are. The second rule of fishing is to never forget the first rule. We've gotten good at fishing where the fish are.

Knowing what you don't know is more useful than being brilliant.

People are trying to be smart - all I am trying to do is not be idiotic, but it's harder than most people think

It is remarkable how much long-term advantage people like us have gotten by trying to be consistently not stupid, instead of trying to be very intelligent. There must be some wisdom in the folk saying: "It's the strong swimmers who drown"

An aerial, top-down view of a residential neighborhood, showing various house shapes, roofs, and streets. The image is in grayscale and has a dark, semi-transparent overlay. Centered on the image is a white, italicized text quote.

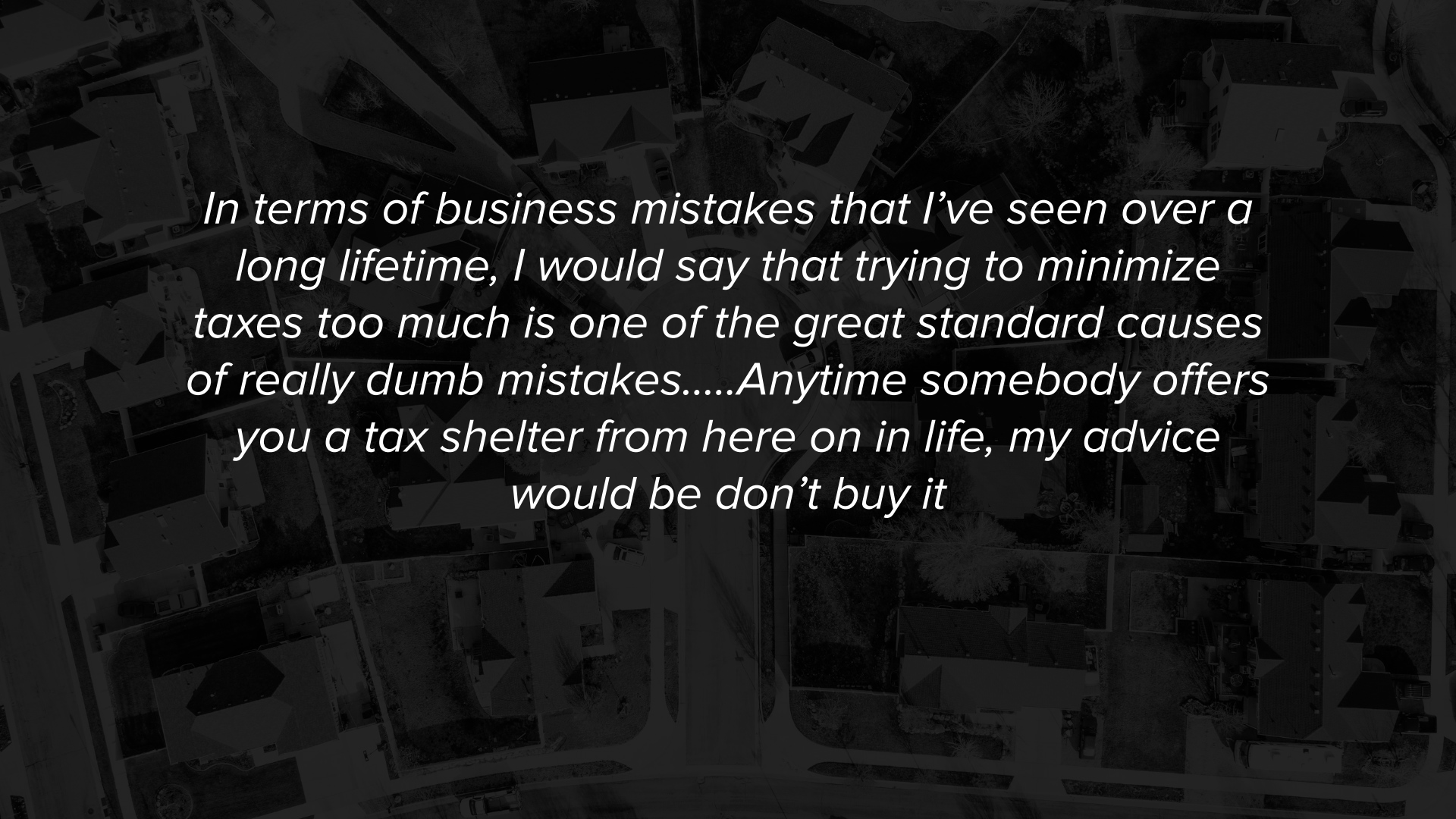
*You should remember that good ideas are rare -
when the odds are greatly in your favor, bet heavily*

An aerial, top-down view of a residential neighborhood. The houses are arranged in a somewhat grid-like pattern with winding streets. The roofs are dark, and the surrounding areas are lighter, showing lawns and trees. The overall image is in grayscale and has a dark, semi-transparent overlay.

The way to get rich is to keep \$10 million in your checking account in case a good deal comes along

An isolated example that's very rare is much easier to endure than a perfect sea of misery that never ceases

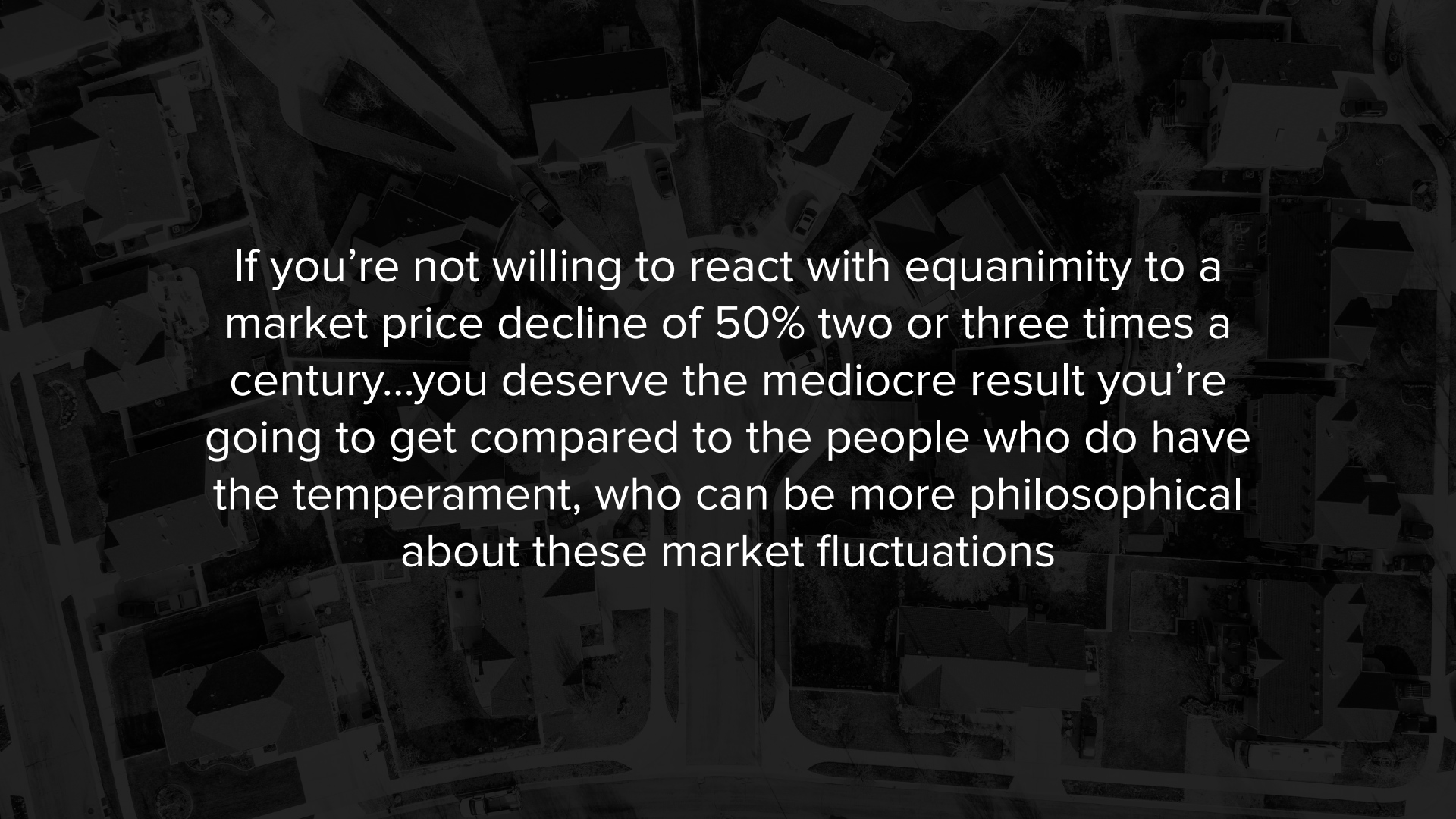
Favorable surprises are easy to handle. It's the unfavorable surprises that cause trouble

An aerial, top-down view of a residential neighborhood. The houses are arranged in a grid-like pattern with streets. The image is in grayscale and has a dark, semi-transparent overlay. The text is centered over the image.

In terms of business mistakes that I've seen over a long lifetime, I would say that trying to minimize taxes too much is one of the great standard causes of really dumb mistakes.....Anytime somebody offers you a tax shelter from here on in life, my advice would be don't buy it

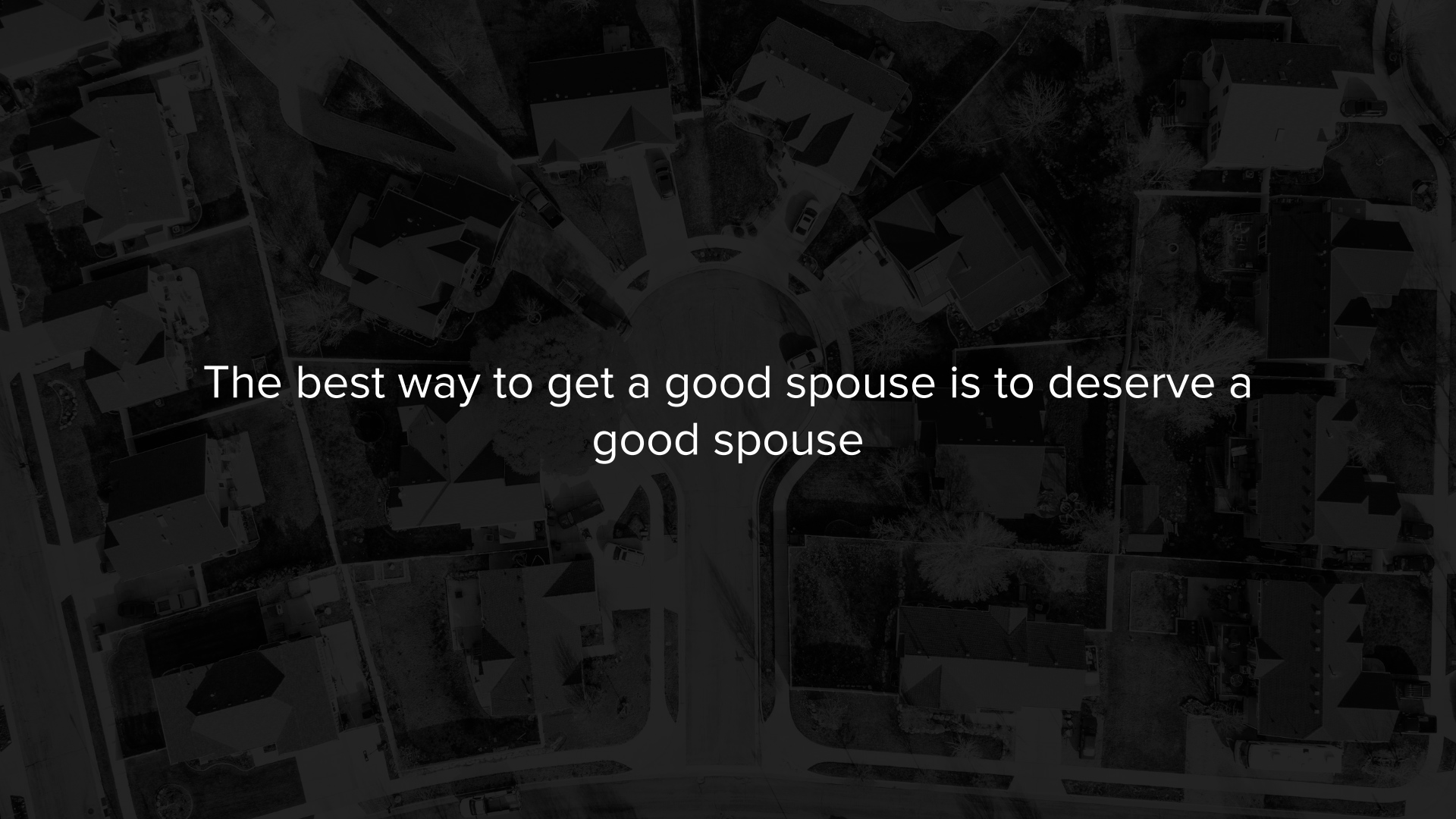
You have to be very patient, you have to wait until something comes along, which, at the price you're paying, is easy. That's contrary to human nature, just to sit there all day long doing nothing, waiting. It's easy for us, we have a lot of other things to do. But for an ordinary person, can you imagine sitting for five years doing nothing? You don't feel active, you don't feel useful, so you do something stupid

The difference between a good business and a bad business is that good businesses throw up on easy decision after another. The bad businesses throw up painful decision time after time.

An aerial photograph of a residential neighborhood, showing various houses with different rooflines and colors, interspersed with trees and greenery. The image is dimmed and serves as a background for the text.

If you're not willing to react with equanimity to a market price decline of 50% two or three times a century...you deserve the mediocre result you're going to get compared to the people who do have the temperament, who can be more philosophical about these market fluctuations


Spend each day getting a little wiser than you were when you woke up. Discharge your duties faithfully and well. Step by step you get ahead, but not necessarily in fast spurts. But you build discipline by preparing for fast spurts. Slug it out one inch at a time, day by day. At the end of the day - if you live long enough - most people get what they deserve

An aerial, top-down view of a residential neighborhood. The houses are arranged in a somewhat circular pattern around a central circular road. The image is in grayscale and has a dark, semi-transparent overlay. The text is centered in the middle of the image.

The best way to get a good spouse is to deserve a
good spouse

Three rules for a career: 1. Don't sell anything you wouldn't buy yourself; 2. Don't work for anyone you don't respect and admire; 3. Work only with people you enjoy

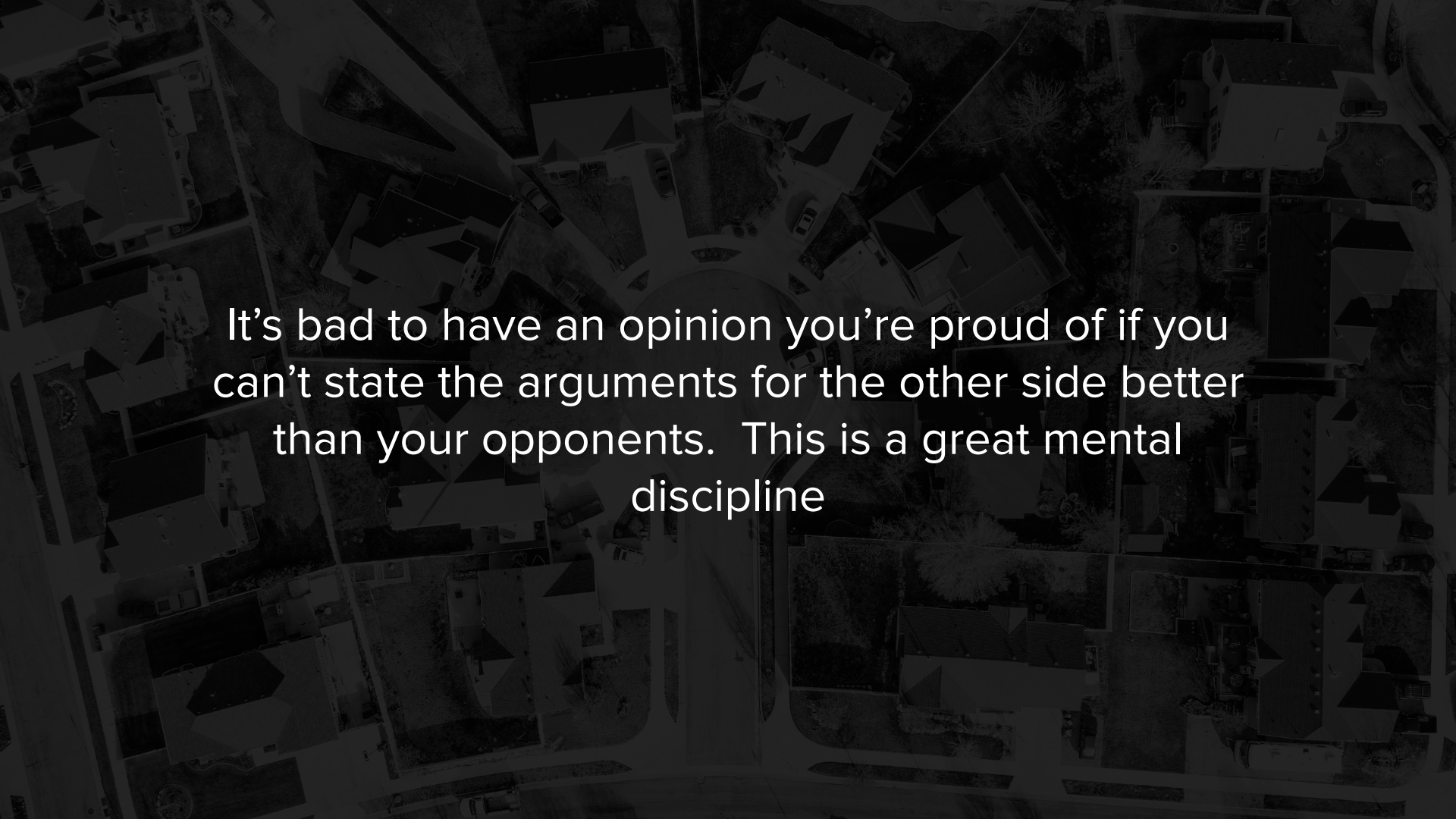
I try to get rid of people who always confidently
answer questions about which they don't have any
real knowledge

An aerial, top-down view of a residential neighborhood. The houses are arranged in a somewhat circular pattern around a central circular road. The image is in grayscale and has a dark, semi-transparent overlay. The text is centered in the middle of the image.

Extreme specialization is the way to succeed. Most people are better off specializing than trying to understand the world

Any year that passes in which you don't destroy one of your best loved ideas is a wasted year

We are all learning, modifying, or destroying ideas all the time. Rapid destruction of your ideas when the time is right is one of the most valuable qualities one can acquire. You must force yourself to consider arguments on the other side.

An aerial, top-down view of a residential neighborhood. The houses are arranged in a grid-like pattern with streets and driveways. The image is in grayscale and has a dark, semi-transparent overlay, making the text stand out prominently in the center.

It's bad to have an opinion you're proud of if you can't state the arguments for the other side better than your opponents. This is a great mental discipline



Charlie T. Munger

Jan 1924 - Nov 2023