Musings by Mohnish Pabrai...

BLOG

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Mohnish Pabrai is the founder and Managing Partner of the Pabrai Investments Funds, the founder and CEO of Dhandho Funds, and the author of The Dhandho Investor and Mosaic: Perspectives on Investing.

Lecture and Q&A with Students of Peking Univ. (Guanghua School of Mgmt.) – May 1, 2019

6/14/2019

I very much enjoyed giving my lecture “Great Businesses vs. Great Investments” to the students of Peking University's Guanghua School of Management in Irvine. We discussed my stock picking games with Guy Spier and other investors, my love of shamelessly cloning, and the ten commandments of investment management.

The presentation included a rich Q&A session on a diverse set of topics. Enjoy!

https://www.youtube.com/watch?v=Kax8XnBU1ik

Trinity College Dublin Talk - February 21, 2019

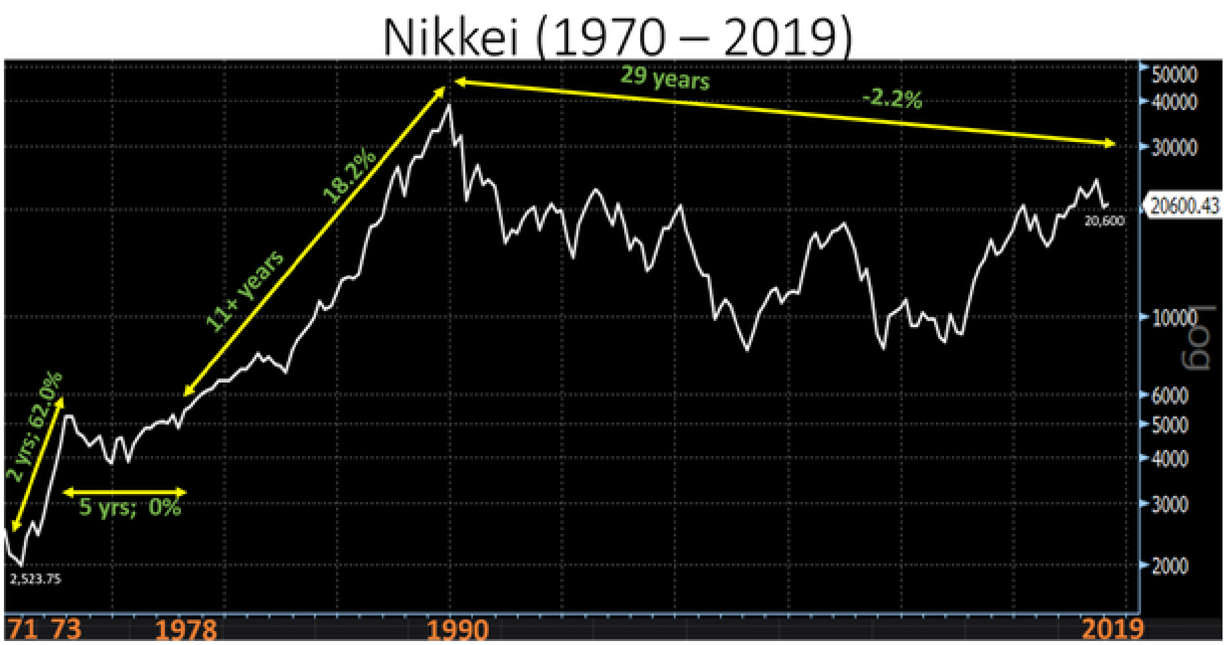
5/24/19

I very much enjoyed being back in Ireland to give a talk to the Trinity Student Managed Fund at Trinity Business School, Trinity College in Dublin. We took a historical look at the performance of various global markets over time. We also had a wonderful Q&A during which I reflected on key lessons I've taken from Warren Buffett and Charlie Munger.

https://www.youtube.com/watch?v=_0XPurSI9cQ

Enjoy!

Update: The video inadvertently uses a wrong Nikkei chart at 18:46. Below is the correct chart:



An Ode to the Ten Commandments of Investment Management

5/9/2019

I received a wonderful note from an investor named Johnny Bonner who translated my Ten Commandments of Investment Management into verses that rhyme. I am sharing Johnny's note here. Thank you Johnny!

Enjoy!

Mohnish,

I read your Ten Commandments of investment management a few months ago, and I really enjoyed the list. Although I am not a money manager I did find your list useful to me as a personal investor. A hero of mine is Ben Franklin. An important trick I learned from him is things that rhyme are more easy to recall and act upon. When I come across things I think are important to remember I have a habit of making a rhyme out of it. If it was good enough for Ben it's good enough for me. Below are some rhymes that I made to sear your Ten Commandments into my mind. I have made rhymes for other lists such as Charlie's list of Psychological biases. I hope that you find my below rhymes useful or at least entertaining. If so then I would be happy to send you some other rhymes I've come up with over the years.

Johnny Bonner

5/1/19

1) Thou Shall not skim off the top.
   - The quantity of assets under your belt does not entitle big fees to be dealt.

2) Thou shal not have an investment team.
   - Investment teams bring more obligation than may seem. Turning down their work will make you feel like a jerk.
   - Outsourcing investment understanding will result in a hard landing.

3) Thou shall accept they will be wrong 1/3 of the time.
   - An investment record winning two of three a rich man you soon will be.
   - As long as you're right a bit more than wrong your life long return will likely be strong.

4) Thou shall look for hidden PE's of 1.

- A company selling for what it will earn next year if uncovered will prove to be dear.

5) Thou shall never use excel.

- Good investment decisions do not need excel precision.

6) Thou shall always have a rope to climb out of the deepest well.

- You must prepare for times of despair for when there hope is rare

7) Thou shall be singularly focused.

- A man with focus will see through the hocus.

8) Thou shall never short a stock.

- Knowing a company would fail he placed a short sale, but what was under the veil was not the fail but the timescale.

9) Thou shall not use leverage.

- Using debt to leverage a bet will make you sweat because of the threat that one day your obligations will not be met.

10) Thou shall be a shameless cloner.

- Don't be ashamed to copy the best, for with time we are all pressed. Build upon what has been learned, and with time wisdom will be earned.

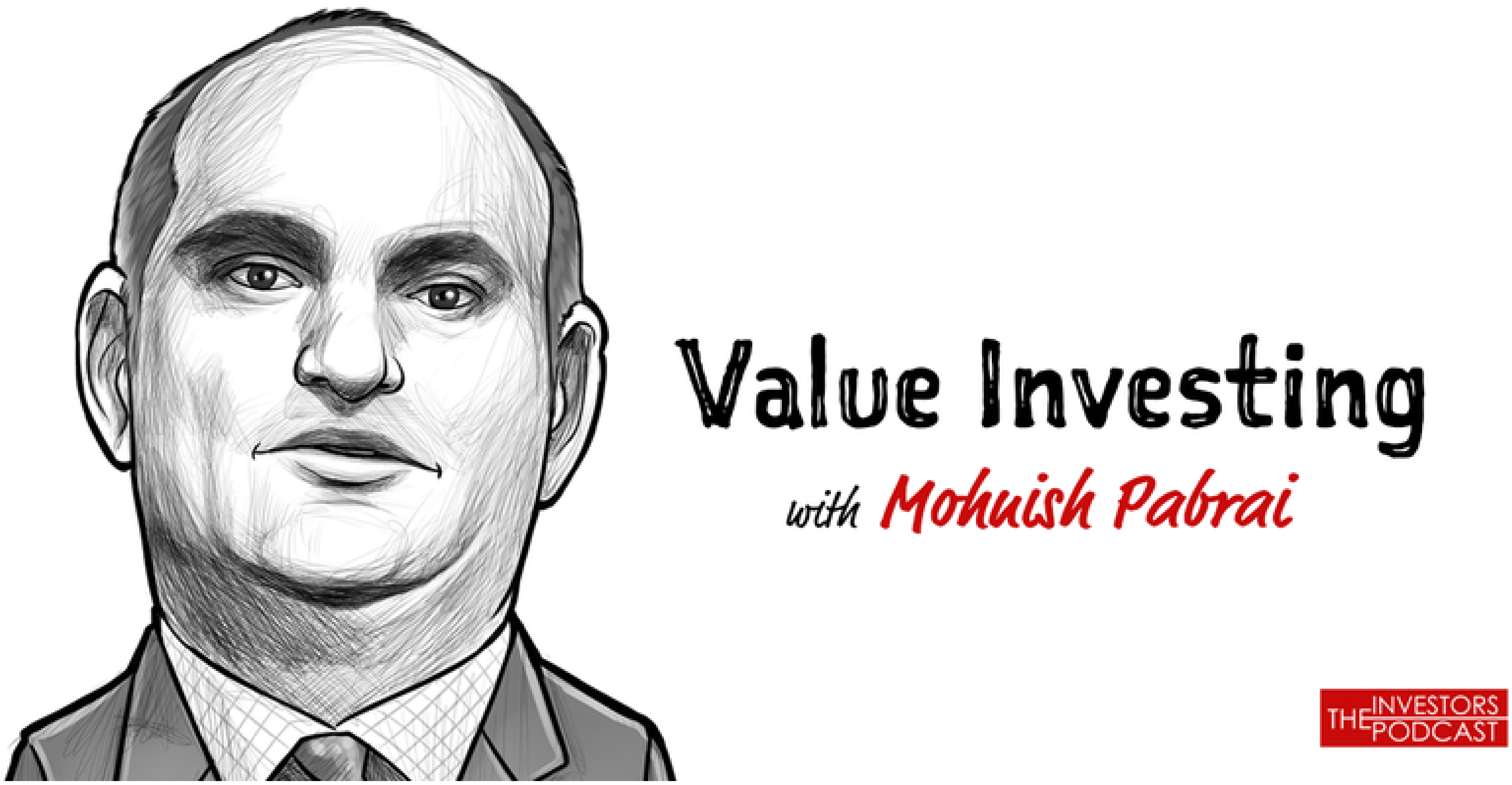
~ ALL THE BEST ~

5/9/2019

I very much enjoyed returning to the Investor's Podcast with Preston Pysh and Stig Brodersen. We dove into cloning, the difficulty of beating a broad-based index like the S&P 500, and my lessons from owning a property and casualty insurance company.

Enjoy!

https://www.theinvestorspodcast.com/episodes/tip241-value-investing-w-mohnish-pabrai/



GuruFocus Podcast Interview

5/9/2019

I enjoyed speaking with Holly LaFon for the GuruFocus podcast. We discussed the market conditions in 1999 when I started my investment funds and investment opportunities in the U.S., India and other markets. I also answered a few questions from GuruFocus readers.

Enjoy!

https://www.gurufocus.com/podcast.php (Episode 12)

If you prefer reading over listening, here is the transcript:

https://www.gurufocus.com/news/837804/transcript-mohnish-pabrai-interview-with-gurufocus--finding-value-in-india-and-the-us

Q&A session with Dakshana Scholars at Dakshana Valley, Dec. 26, 2018

5/9/2019

I very much enjoyed my Q&A session with the class of 2019 Dakshana scholars at Dakshana Valley on Dec. 26, 2018. I discussed my past failures (like Gandhigiri.org) before Dakshana Foundation, how to fight corruption and how Adam Smith's 'invisible hand' works.

Enjoy!

https://www.youtube.com/watch?v=BUolYZTqiil&feature=youtu.be

Q&A session with Dakshana Scholars at JNV Kottayam, Dec. 24, 2018

5/9/2019

It was a pleasure to have my annual Christmas Eve Q&A session with the class of 2019 Dakshana scholars at JNV Kottayam, Kerala on Dec. 24, 2018. I talked about how to start a business and why Dakshana Foundation chose IIT-JEE preparation over primary education.

Enjoy!

https://www.youtube.com/watch?v=jRcLBGHsBpw

The New 2019–2020 Uber Cannibals

3/29/2019

In late December 2016, I co-wrote an **article** on Forbes.com that introduced the **"Uber Cannibals**," a 5-stock investing strategy that invests in businesses aggressively buying back their own stock. This is a "set it and forget it for one year" strategy that rebalances every April when 5 companies are selected for the portfolio for the upcoming year.

We are now ready for the April 2019 picks.

Recap of 2018 Uber Cannibals:

As a recap, in my **3/31/17 blog post**, we met Ms. Sonia Patel, who had embarked on her Uber Cannibals investing journey with $100,000 from her IRA account at Interactive Brokers. Sonia invested in the first 5 Uber Cannibals on 1/3/17, and then rebalanced her portfolio annually in April. The 2018 - 2019 Uber Cannibals were:

1. **Sleep Number Corp. (SNBR)**
2. **Corning Inc. (GLW)**
3. **PulteGroup (PHM)**

4. **Discover Financial Services (DFS)**
5. **Lear Corp. (LEA)**

As of 3/29/19, Sonia's $100k was worth $136,656 (after trading costs), up 36.7%. If Sonia had instead invested in the S&P 500 over that period, she would be up 32.4% and her portfolio would be worth approx. $4k less, or $132,389.

Please note, Uber Cannibals performance includes trading costs and also assumes that stocks are bought at the high price of the day and sold at low price of the day, whereas S&P 500 and Small Dogs of the Dow performance does not include trading costs and assumes that stocks are bought at last close.

	Last 12 Months	**Since 1/3/17**	**Value of $100K invested on 1/3/17**
Uber Cannibals	4.1%	36.7%	$136,656
S&P 500	9.5%	32.4%	$132,389
Small Dogs of the Dow	19.4%	28.3%	$128,288

Corning, PulteGroup, Discover and Lear paid dividends totaling $1,950. Per our rules, Sonia reinvested those dividends back into the same businesses.

Below is the 1 year return of the 2018-2019 Uber Cannibals:

Company	**1 year return**
Sleep Number Corp.	33.7%
Corning Inc.	21.6%
PulteGroup	-3.8%
Discover Financial Services	1.0%
Lear Corp.	-25.8%

The Uber Cannibals strategy makes sense if you intend to follow it for at least a decade or two (or longer). So we shouldn't fixate too much on short term performance. But the Ubers are doing quite well! I am happy to see that Sonia is doing quite well so far.

The New Uber Cannibals:

For 2019 - 2020, our algorithms selected the following five Uber Cannibals:

1. **Sleep Number Corp. (SNBR)**
2. **Corning Inc. (GLW)**
3. **Asbury Automotive Group Inc. (ABG)**
4. **Quanta Services Inc. (PWR)**
5. **Allison Transmission Holdings Inc. (ALSN)**

Sleep Number Corp. (for the second time in a row) and Corning Inc. will continue to be in the portfolio for yet another year. But we have three new kids on the block.

If you invested in the Uber Cannibals in April 2018, then leave Sleep Number Corp and Corning untouched, and sell PulteGroup, Discover and Lear Corp. Then invest the proceeds equally among the three new kids: Asbury Automotive, Quanta Services, and Allison Transmission Holdings.

If you invested in the Uber Cannibals in April 2018 in a taxable account, try to sell the winner (currently Discover Financial Services) after holding it for at least 366 days and the losers (PulteGroup and Lear Corp) after no more than 364 days.

If you are a new investor to the Uber Cannibals, you can just equal weight the five stocks (i.e., invest the same amount of money in each of these five) and keep that portfolio until April 2020, when I'll provide the 2020 - 2021 portfolio on **www.ChaiWithPabrai.com**. Happy Cannibal Investing!

The five-stock Uber Cannibals strategy can be combined with the five-stock Shameless Cloning and Spinoffs strategies into the 15-stock Free Lunch Portfolio. While the Uber Cannibals rebalance in April, the Shameless Cloning and Spinoffs rebalance in December. You can find the 2019 picks for Shameless Cloning and Spinoffs in my **post from December 2018**.

Note, anyone who invests in any strategy needs to do their own research/due diligence and are themselves fully responsible for the outcome.

2019 Free Lunch Portfolio

12/19/2018

In December 2017, I co-authored an article in Forbes about **The "Free Lunch" Portfolio**, which combines the power of Uber Cannibals, Shameless Cloning and Spinoffs. As a recap, our algorithms selected these 15 companies for 2018:

Uber Cannibals

- Lowe's Companies (LOW)
- NVR (NVR)
- Sleep Number (SNBR)
- The Hackett Group (HCKT)
- Willis Lease Finance (WLFC)

Shameless Cloning

- Alibaba Group Holding (BABA)
- British American Tobacco (BTI)
- Fiat Chrysler Automobiles (FCAU)
- General Motors (GM)
- Micron Technology (MU)

Spinoffs

- Adient (ADNT)
- CSRA (CSRA)

- GCP Applied Technologies (GCP)
- Lamb Weston Holdings (LW)
- Synchrony Financial (SYF)

The Free Lunch portfolio was down 17% in 2018, vs. -2.9% for the S&P 500. Our backtests show that the Free Lunch Portfolio outperforms the S&P 500 over a 17+ year period (17.1% annualized for the Free Lunch vs. 5.4% for the S&P 500), but it does not do so every year. In fact, the Free Lunch Portfolio underperformed in 6 out of the 17 years we tested.

Keep the faith and do not overreact to short-term negative performance. This is a long-term “set it and forget it” strategy. We don’t recommend putting more than 10-20% of your nest egg into this strategy. And we think it only makes sense if you follow it for a decade, or two, or longer. Ideally, you would use this strategy in your IRA, so you wouldn’t have to worry about realized gains.

The New 2019 Free Lunch Portfolio

We are now ready to rebalance the Free Lunch Portfolio for 2019. Here are the constituents for the upcoming year:

Uber Cannibals

- Corning Inc. (GLW)
- PulteGroup (PHM)
- Sleep Number (SNBR)
- Discover Financial Services (DFS)
- Lear Corp. (LEA)

Shameless Cloning

- Charter Communications (CHTR) – From TCI Fund Management
- Citi Group (C) – From ValueAct Capital
- Micron Technology (MU) – From Appaloosa Management
- Alphabet (GOOGL) – From Sequoia Fund
- Berkshire Hathaway (BRK.B) – From Markel Insurance

Spinoffs

- Hamilton Beach Brands Holding (HBB)

- DXC Technology (DXC)
- Varex Imaging Corp. (VREX)
- Hilton Grand Vacations (HGV)
- Delphi Technologies (DLPH)

If you are a new investor to the Free Lunch Portfolio, you can just equal weight these 15 stocks (i.e., invest the same amount of money in each of these 15) in early January 2019.

If you invested in the Free Lunch Portfolio at the beginning of 2018 and rebalanced the Uber Cannibals in April 2018 when we published the **New Uber Cannibals**, then you would sell all of the 2018 Spinoffs and Shameless Cloning companies except for Micron, and invest the proceeds equally among the 9 new kids. You can do this in early January 2019 (or now if you're investing in a taxable account and you'd like to capture losses for 2018).

As a reminder, the Uber Cannibals get published for rebalancing every April, while the Spinoffs and Shameless Cloning ideas rebalance in January. When we publish the new Uber Cannibals in April 2019, sell the Ubers that are no longer on the new list and invest the proceeds equally across the new Uber Cannibal picks. Then in January 2020, you'll rebalance the Spinoffs and Shameless Cloning ideas.

Enjoy!

Note, anyone who invests in any strategy needs to do their own research/due diligence and are themselves fully responsible for the outcome.

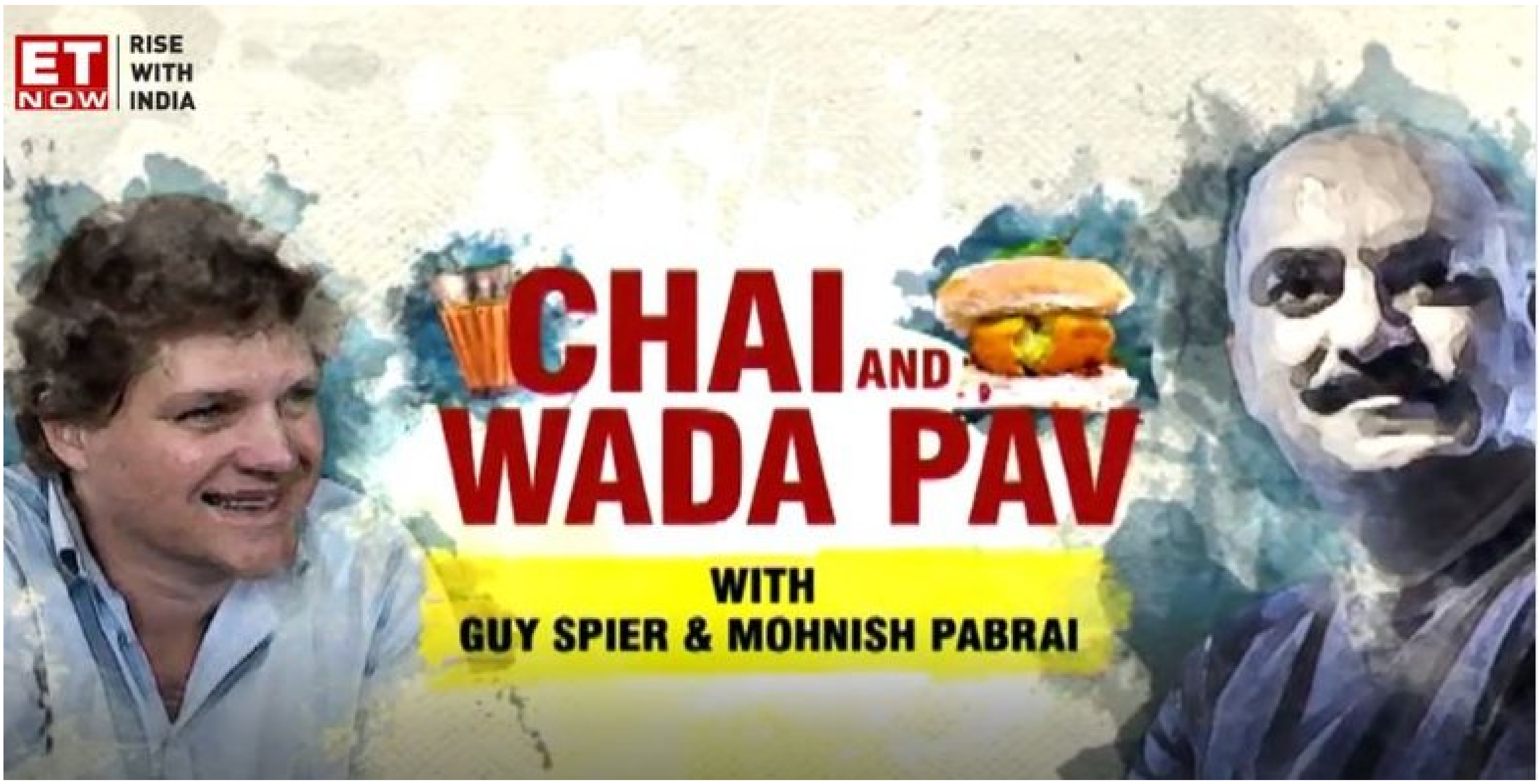
ET Now Interview with Guy Spier over Chai and Vada Pav

11/21/2018

I enjoyed being interviewed by ET Now at their office in Mumbai with Guy Spier. We discussed the recent decline in the Indian stock market and housing finance companies, and the problems associated with investing in levered financial institutions. We also discussed why it is important to concentrate on the value of the business and not its stock price. And we did this over some delicious Chai and Vada Pav!

Enjoy!

https://www.youtube.com/watch?time_continue=17&v=OTvzQR9KKT8



Q&A session with Dakshana Scholars at Dakshana Valley, Oct. 21, 2018

11/13/2018

I very much enjoyed this joint Q&A session that Kamal Khetan, Managing Director of Sunteck Realty Ltd., and I had with Dakshana Scholars at Dakshana Valley on Oct. 21, 2018. We discussed the motivations behind establishing the Dakshana Foundation and the importance of learning from your failures in life.

The Q&A session is in Hindi. Enjoy!

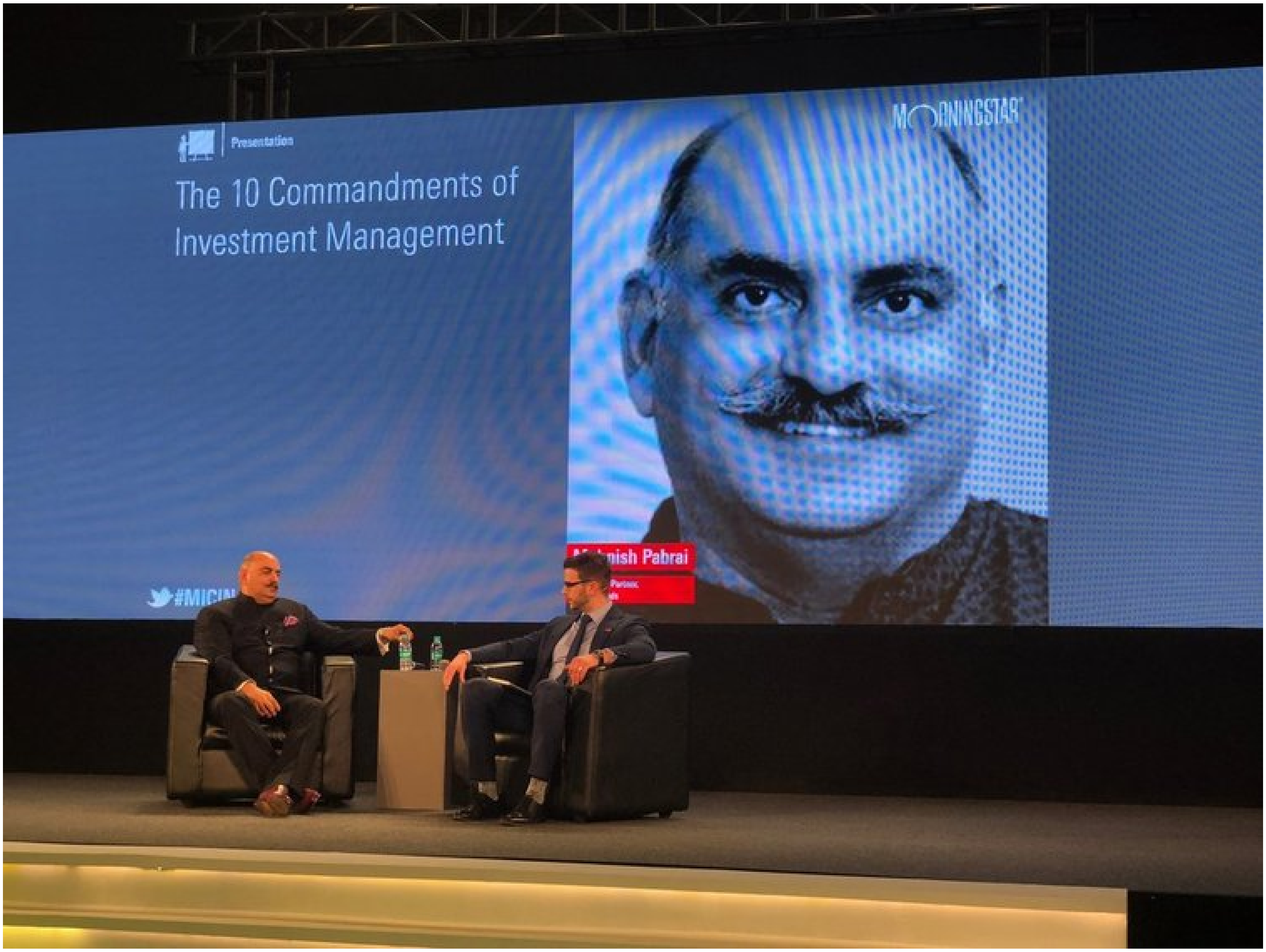
https://www.youtube.com/watch?v=NrDLcZHkf3I&t=6s

Keynote Speech at Annual Morningstar India Conference - Oct. 24, 2018

11/13/2018

I enjoyed giving this talk on "The Ten Commandments of Investment Management" at the 8th Morningstar Investment Conference in Mumbai. The talk is followed by a Q&A session where we discussed my takeaways from lunch with Warren Buffett, a fair management fee structure and the Dakshana foundation.

https://www.youtube.com/watch?v=qqbbCZzBZbA&feature=youtu.be



Interview with CNBC – TV18 on Investing Opportunities in India

10/26/2018

I very much enjoyed my chat with Nigel D'Souza on CNBC – TV18. We discussed why it's important for an investor to simply focus on the businesses and drown out other noise in the market. We also covered my approach to investing in Mumbai real estate and other opportunities in India. Enjoy!

It is a two-part interview:

Part1: https://www.youtube.com/watch?v=rP5Wow-Xpgw

Part2: https://www.youtube.com/watch?v=Ke6GCMixqMc

The Ten Commandments of Investment Management

10/12/2018

I very much enjoyed giving my talk on "The Ten Commandments of Investment Management" to Prof. Arvind Navaratnam's class on Value Investing at the Carroll School of Management (Boston College). It was my 8th year in a row! The talk is followed by a Q&A session where we discussed investing in India, a fair management fee structure, 2008 financial crisis and Sergio Marchionne.

https://youtu.be/9tGjXPhnp-s

Enjoy!

Here is an Economic Times article on the talk:

https://economictimes.indiatimes.com/markets/stocks/news/pabrais-10-commandments-for-becoming-a-successful-investor/articleshow/67123851.cms

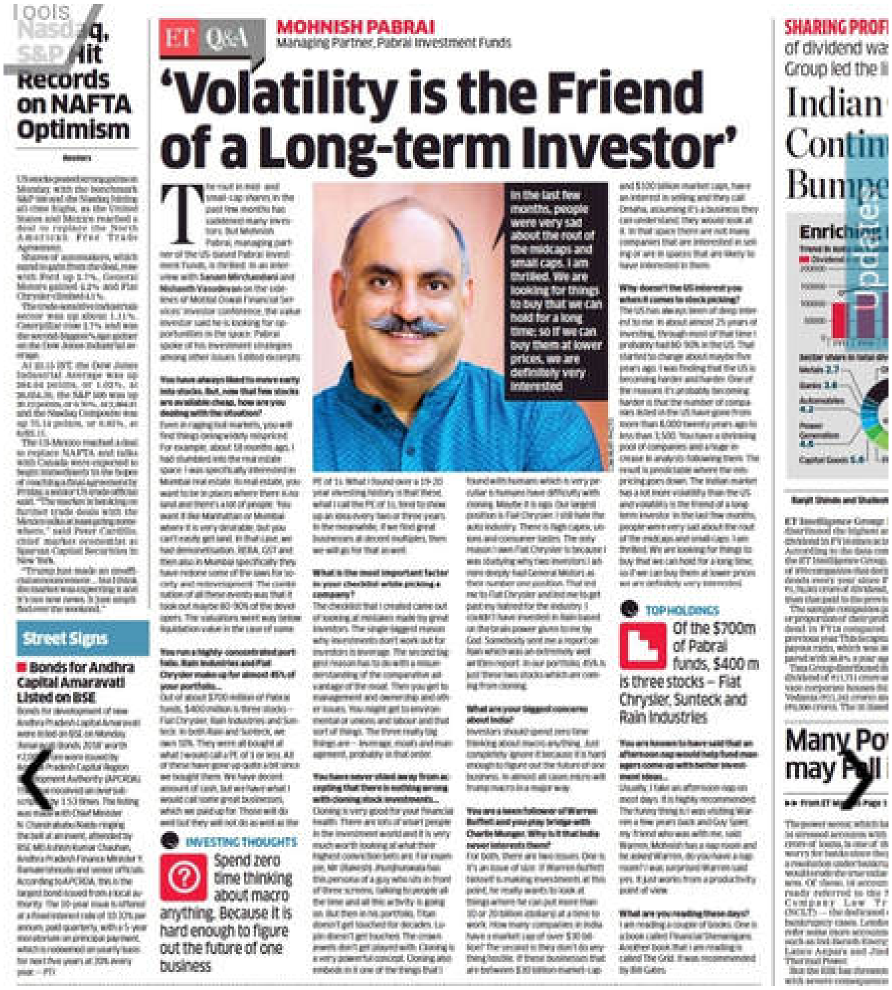
Economic Times Interview: Volatility is the Friend of a Long-term Investor

8/28/2018

I very much enjoyed being interviewed by The Economic Times on the sidelines of the Motilal Oswal Annual Global Investor Conference in Mumbai. We discussed a range of topics including P/E of 1 stocks, cloning and my investment checklist.

Enjoy!

https://economictimes.indiatimes.com/markets/expert-view/volatility-is-the-friend-of-a-long-term-investor-mohnish-pabrai/articleshow/65570377.cms



ET Q&A

MOHNISH PABRAI
Managing Partner, Pabrai Investment Funds

'Volatility is the Friend of a Long-term Investor'

In the last few months, people were very sad about the rout of the midcaps and small caps. I am thrilled. We are looking for things to buy that we can hold for a long time; so if we can buy them at lower prices, we are definitely very interested

TOP HOLDINGS
Of the $700m of Pabrai funds, $400 m is three stocks – Fiat Chrysler, Sunteck and Rain Industries

INVESTING THOUGHTS
Spend zero time thinking about macro anything. Because it is hard enough to figure out the future of one business

Records on NAFTA Optimism

Street Signs

Bonds for Andhra Capital Amaravati Listed on BSE

Indian

Many Po may Fall

The Trust vs. Truth Talk at JNV Bundi (Rajasthan) on June 2, 2018

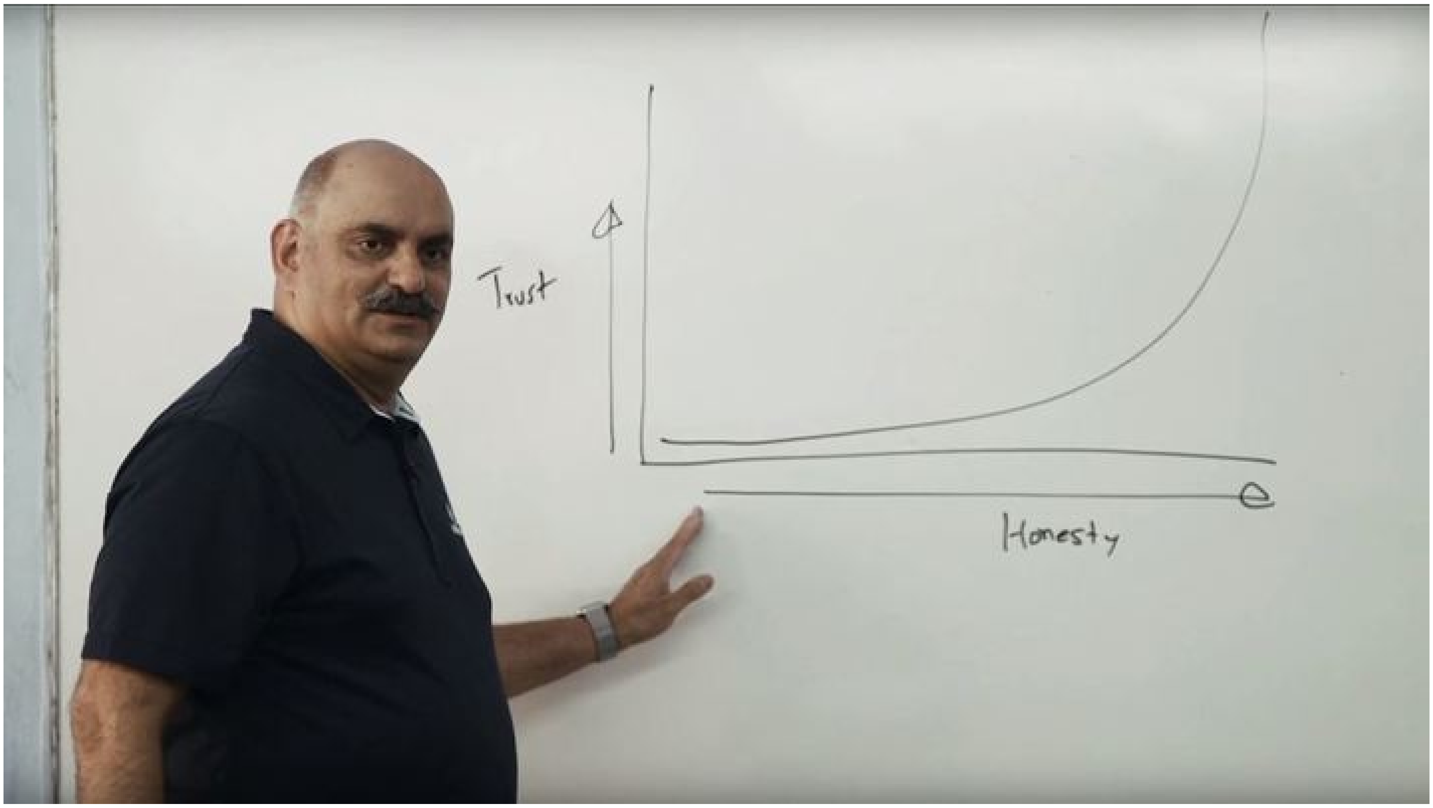
7/24/2018

I recently gave the "Trust vs. Truth" talk to the Class of 2019 Dakshana Scholars at JNV Bundi (Rajasthan, India) on June 2, 2018. These scholars will take the IIT entrance exams in 2019. The majority are likely to be accepted by the IITs.

We explored the variables Buffett believes are key to success in life (integrity, intelligence, and energy), Marcus Aurelius' Stoicism and the importance of adversity, and the motivations behind establishing the Dakshana Foundation.

Enjoy!

https://www.youtube.com/watch?v=j72nRsSPli0&feature=youtu.be



Interview for the Leadership show

6/27/2018

I very much enjoyed speaking to Rohilesh Singh, founder and CEO of Populis, for the Leadership Show. We talked about the importance of giving back (in time and resources), the Dakshana Foundation, how to invest in profitable businesses and the importance of checklists in investing. Enjoy!

http://www.populis.com.au/single-post/2018/06/21/CLEVER-INVESTOR-AND-GIVER-Rohilesh-X-Mohnish-Pabrai

https://www.youtube.com/watch?v=m53ukJMuO78

Interview with SumZero in Forbes – Advice for Value Investors

6/26/2018

I very much enjoyed my chat with Kevin Harris from SumZero published on Forbes.com. We covered a range of topics including checklists, a fair management fee structure, and the importance of doing your own investment research.

Enjoy!

https://www.forbes.com/sites/kevinharris/2018/06/25/mohnish-pabrais-advice-for-value-investors/#60ce25d122ed

Your deepest desire is your destiny (The Upanishads)

6/14/2018

I very much enjoyed my Q&A session with the Class of 2019 Dakshana Scholars at JNV Silvassa (Union territory of Dadra & Nagar Haveli, India) on February 25, 2018. This all-female batch of Dakshana scholars will take their medical entrance exams in 2019. The majority are likely to be accepted by the best medical schools. Their questions covered a broad range of topics related to my childhood, compounding, lessons from my failures and motivation behind our establishing the Dakshana Foundation.

Enjoy!

https://www.youtube.com/watch?v=jjjI5O_uZUA

Chai With Pabrai: ET Now Interview

6/4/2018

I very much enjoyed being interviewed by ET Now for a "Chai With Pabrai" segment. We discussed a wide range of topics including my views on stocks in India, circle of competence and Dhandho investing (low risk high uncertainty) in India.

Enjoy!

https://www.youtube.com/watch?v=T7Qr1Ze8vNA

Lecture at Columbia Business School: “Where have we been and where are we headed?”

5/11/2018

I recently gave a talk to Prof. Bruce Greenwald’s "Legends of Value Investing" class at Columbia Business School entitled “Where have we been and where are we headed?” We discussed historical performance periods in the capital markets and lessons we can glean for our future.

Enjoy!

It is best to watch the video using the Firefox browser. It may take a few minutes to load. You may want to turn up the volume for better audio. You can toggle between the slides and the video by clicking on the box in the bottom right of your screen:

https://echo360.org/media/80cb039a-ded1-4395-a673-6b548ab27ea4/public

ET Now Interview at Berkshire Hathaway Annual Meeting

5/8/2017

I very much enjoyed being interviewed by ET Now at the Berkshire Hathaway Annual Meeting with Guy Spier and Raamdeo Agrawal. We discussed our experiences attending Berkshire meetings over the years (it was my 21st meeting!) and the lessons that are reinforced every year on our annual pilgrimage to Omaha.

Enjoy!

https://www.youtube.com/watch?v=7FspBQlgu88&app=desktop

Talk With Class of 2019 Dakshana Scholars – Dec. 24, 2017

4/30/2018

. I very much enjoyed my Q&A session with the class of 2019 Dakshana scholars at JNV Kottayam, Kerala, India on Dec. 24, 2017. These scholars will take the IIT entrance exams in 2019. The majority are likely to be accepted by the IITs. Their questions covered a broad range of topics related to compounding, as well as the reasons behind our establishing the Dakshana Foundation.

Enjoy!

https://www.youtube.com/watch?v=jqX9AgwgwTY&feature=youtu.be

I suggest the following books to start one's journey into finance and investing:

1)   1958-1970 Buffett Partnership Letters (these are available at various places on the web, including http://pragcap.com/warren-buffett-partnership-letters). Cost: Zero

2) The Warren Buffett letters to Berkshire Hathaway Shareholder. These are posted at **www.berkshirehathaway.com**. Cost: Zero

3) 1995 published biography called "Buffett: The Making of an American Capitalist" by Roger Lowenstein.

4) 2009 published book "Snowball: Warren Buffett and the Business of Life" by Alice Schroeder.

5) "Poor Charlie's Almanack" by Peter Kaufman.

6) "The Dhandho Investor" by Mohnish Pabrai.

7) **Berkshire Hathaway Letters to Shareholders - 1965-2014**

8) **Berkshire Hathaway Letters to Shareholders - 1965-2017.** Only available on Kindle but cost is just $2.99.

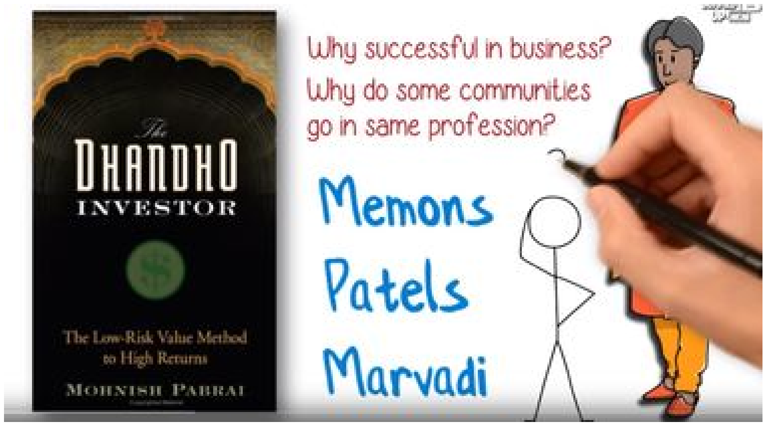
Patel's Business Secrets - Video On the Dhandho Investor

3/30/2018

I enjoyed this video that summarized the Patels' business practices from "**The Dhandho Investor.**" The video explores how the Patels got into the motel business in the U.S, their low cost operating model and high return on equity. Heads I win, tails I don't lose much! (Note: the video is in hindi).

https://www.youtube.com/watch?v=INSuLnQJvuY&feature=youtu.be&a

Enjoy!



The New 2018–2019 Uber Cannibals

3/29/2018

In late December 2016, I co-wrote an **article** on Forbes.com that introduced the "**Uber Cannibals,**" a five-stock investing strategy that invests in businesses aggressively buying back their own stock. This is a "set it and forget it for one year" strategy that rebalances every April when 5 companies are selected for the portfolio for the upcoming year.

The Uber Cannibals draft season is now upon us, and it's time to pick our 2018 - 2019 team.

As a recap, in my **3/31/17 blog post**, we met Ms. Sonia Patel, who had embarked on her Uber Cannibals investing journey with $100,000 from her IRA account at Interactive Brokers. Sonia invested in the first 5 Uber Cannibals on 1/3/17, and then rebalanced her portfolio in April 2017 with the 2017 - 2018 Uber Cannibals, which were:

1. **Lowe's (LOW)**
2. **NVR (NVR)**
3. **The Hackett Group (HCKT)**
4. **Select Comfort (SCSS)**
5. **Willis Lease Finance (WLFC)**

As of 3/29/18, Sonia's $100k was worth $130,646 (after trading costs), up 30.6%. If Sonia had instead invested in the S&P 500 over that period, she would be up 20.9% and her portfolio would be worth approx. $10k less, or $120,907.

	Last 12 Months	**Since 1/3/17**	**Value of $100K invested on 1/3/17**
Uber Cannibals	22.1%	30.6%	$130,646

S&P 500	14.0%	20.9%	$120,907
Small Dogs of the Dow	2.7%	7.5%	$107,484

Lowe's and Hackett Group paid dividends totaling $744. Per our rules, Sonia reinvested those dividends back into the same businesses.

The Ubers are doing quite well! This strategy makes sense if you intend to follow it for at least a decade or two (or longer). So we shouldn't fixate too much on short term performance. But I am happy to see that Sonia is off to a great start. Keep at it Sonia!

The New Uber Cannibals:

For 2018 - 2019, our algorithms selected the following five Uber Cannibals:

1. **Sleep Number Corp. (SNBR)**
2. **Corning Inc. (GLW)**
3. **PulteGroup (PHM)**
4. **Discover Financial Services (DFS)**
5. **Lear Corp. (LEA)**

Sleep Number Corp. (which recently changed its name from Select Comfort) will continue to be in the portfolio for another year. But we have four new kids on the block.

If you invested in the Uber Cannibals in April 2017, then leave Sleep Number Corp untouched, and sell Lowe's, NVR, Hackett, and Willis Lease. Then invest the proceeds equally among the four new kids: Corning, PulteGroup, Discover Financial Services, and Lear.

Below is the 1 year return of the 2017-2018 Uber Cannibals through 3/29/18:

Company	1 year return
Lowe's Companies	6.7%
NVR	32.9%
The Hackett Group	-17.6%
Sleep Number Corp	41.8%

Willis Lease Finance	53.4%

If you invested in the Uber Cannibals in April 2017 in a taxable account, try to sell the winners (currently Lowe's, NVR and Willis Lease) after holding them for at least 366 days and the losers (Hackett) after no more than 364 days.

If you are a new investor to the Uber Cannibals, you can just equal weight the five stocks (i.e., invest the same amount of money in each of these five) and keep that portfolio until April 2019, when I'll provide the 2019 - 2020 portfolio on www.ChaiWithPabrai.com. Happy Cannibal Investing!

Note, anyone who invests in any strategy needs to do their own research/due diligence and are themselves fully responsible for the outcome.

“Compounding is the 8th Wonder of the World” – Lecture & Q&A at Peking University – Dec. 22, 2017

3/27/2018

I very much enjoyed visiting the campus of Peking University's Guanghua School of Management with Guy Spier and Monsoon Pabrai to give my second lecture entitled “Compounding is the 8th Wonder of the World.”

The presentation was followed by a rich Q&A session on a diverse range of topics. The lecture covered my favorite subjects – compounding, Rule of 72 and Warren Buffett. Enjoy!

https://www.youtube.com/watch?v=z74NaYRyMJo&t=6564s

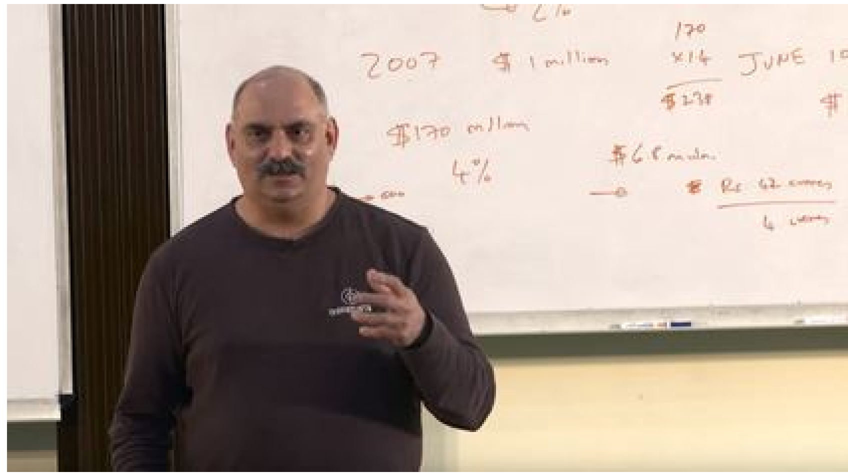
"Compounding is the 8th Wonder of the World" Lecture & Q&A at Dakshana - Dec. 26, 2017

2/16/2018

I very much enjoyed my lecture and Q&A entitled "Compounding is the 8th Wonder of the World" with Dakshana Scholars at the Dakshana Valley Campus on Dec. 26, 2017. The questions covered a broad range of topics related to compounding, including philanthropy, patient investing and choosing equities over other asset classes.

https://www.youtube.com/watch?v=VvpfjxLiO9g&feature=youtu.be

Enjoy!



Shout-out by Charlie Munger at Daily Journal Annual Meeting – Feb 14, 2018

2/15/2018

It was truly an honor to receive a shout-out by Charlie Munger during the Daily Journal Annual meeting in Los Angeles on February 14, 2018. Charlie was discussing the fair investment management fee structure of the Buffett Partnerships of the 1950s, which I have enthusiastically cloned for 19 years.

https://www.youtube.com/watch?v=lfRWWxo3Y4Y

Enjoy!

Q&A session with Dakshana Scholars at JNV Bengaluru Urban, Oct. 26, 2017

1/18/2018

I very much enjoyed this joint Q&A session that Motilal Oswal founder Raamdeo Agrawal and I had with Dakshana Scholars at JNV Bengaluru Urban on Oct. 26, 2017. We discussed compounding, being a learning machine and the importance of learning from your failures in investing.

Enjoy!

https://www.youtube.com/watch?v=_4WRC5W92k8

Interview with Bloomberg Quint on investing in India

1/4/2018

I very much enjoyed my chat with Niraj Shah of Bloomberg Quint for Alpha Moguls. We discussed the importance of sticking to one's circle of competence, the advantage of auction-driven stock market investing and the prospects of investing in the real estate sector in Mumbai.

Enjoy!

https://www.youtube.com/watch?v=XBY6aLezago&app=desktop

Interview with MOI Global on Philanthropy

12/19/2017

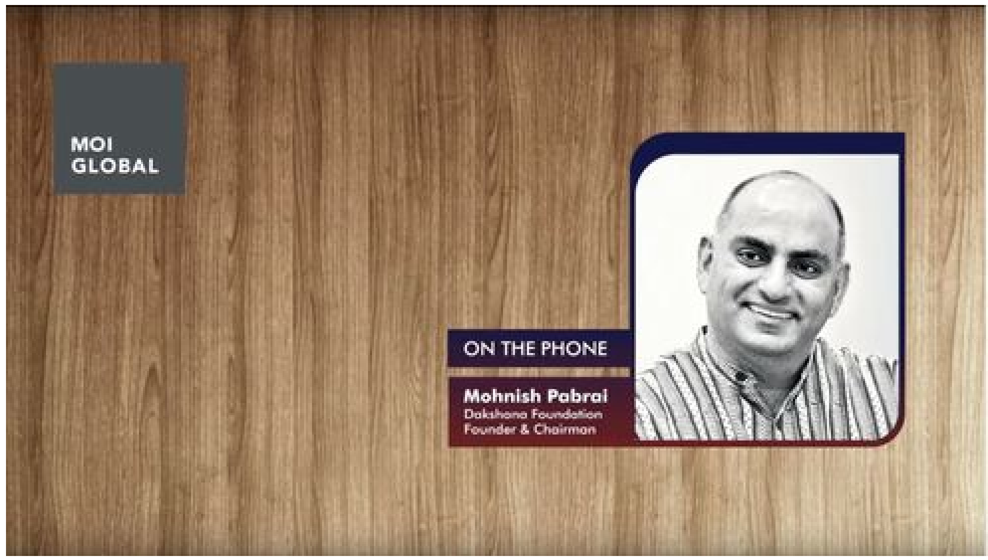
I very much enjoyed speaking with Shai Dardashti of MOI Global for their Best Ideas 2018 session. We discussed philanthropy, the Dakshana Foundation and the influence that Buffett had on my founding

Dakshana.

Here is the link to the recording:
https://www.youtube.com/watch?v=S6fUDLa1Dq0

If you prefer to read, here is the transcript of the interview:
https://moiglobal.com/mohnish-pabrai-philanthropy/

Enjoy!



My 7th Annual Talk at Boston College

I very much enjoyed my discussion with Prof. Arvind Navaratnam's class on Value Investing at the Carroll School of Management (Boston College). It was my seventh year in a row!

The talk covers the magic of compounding, cloning Buffett, the zero fee structure and moats in the investment business.

Enjoy!

https://www.youtube.com/watch?v=_1aGen3q2_g&feature=youtu.be

The 'Free Lunch' Portfolio

12/15/2017

I co-authored an article in Forbes about The "Free Lunch" Portfolio, which combines the power of Uber Cannibals, Shameless Cloning and Spinoffs. The Free Lunch Portfolio is a 15-stock, 12-month "set it and forget it" approach that beats the pants off the S&P 500 with lower volatility than its individual 5-stock sub-strategies.

You can view the article here:
https://www.forbes.com/sites/janetnovack/2017/12/15/the-free-lunch-15-stock-portfolio/#1706edc76b38

Here are the 2018 constituents for The Free Lunch Portfolio:

Uber Cannibals

- Lowe's Companies (LOW)
- NVR (NVR)
- Sleep Number (SNBR)
- The Hackett Group (HCKT)
- Willis Lease Finance (WLFC)

Shameless Cloning

- Alibaba Group Holding (BABA)
- British American Tobacco (BTI)
- Fiat Chrysler Automobiles (FCAU)
- General Motors (GM)

- Micron Technology (MU)

Spinoffs

- Adient (ADNT)
- CSRA (CSRA)
- GCP Applied Technologies (GCP)
- Lamb Weston Holdings (LW)
- Synchrony Financial (SYF)

Investing in The Free Lunch Portfolio is simple. Invest equally across the 15 companies. When we publish the new Uber Cannibals in April, sell the Ubers that are no longer on the new list and invest the proceeds equally across the new Uber Cannibal picks. In January, 2019, when we publish the updated Shameless Cloning and Spinoffs, sell the companies that do not make the New Year's picks and invest the proceeds equally in the new kids on the block across the two strategies combined.

I co-wrote the article with Fahad Missmar, CFO of **Dhandho Funds**.

Enjoy!

Note, anyone who invests in any strategy needs to do their own research/due diligence and are themselves fully responsible for the outcome.

Spin Gold From Spinoffs: A Portfolio Of 5 Castoffs Trounces The S&P 500

11/21/2017

I co-wrote an article in Forbes on a 5-stock investment strategy focused on spin-offs, or companies that have recently spun off from their parents. The Spinoff Portfolio is a “set it and forget it for a year” strategy that selects five young spinoffs on January 1st of each year. The full strategy rules are laid out at the end of the Forbes article.

For 2018, our algorithm has selected these 5 spinoffs:

1. CSRA
2. Synchrony Financial
3. GCP Applied Technologies
4. Adient Plc
5. Lamb Weston Holdings

Investing in The Spinoff Portfolio is simple. Just buy the 2018 constituents in early January, putting 20% of the pie in each of the five names. I’d suggest not putting more than 10%-20% of your net worth in this strategy. Like the **Uber Cannibals** and **Shameless Cloning Portfolio**, we set it and forget it (for a year). I will publish The Spinoff Portfolio for a particular year on my blog by January 1st each year. This strategy only makes sense if you intend to follow it for at least a decade or longer. The ideal home for this strategy is your IRA. That way, there are no realized gains to worry about.

You can view the article here:

https://www.forbes.com/sites/janetnovack/2017/11/21/spin-gold-from-spinoffs-a-portfolio-of-5-castoffs-trounces-the-sp-500/#25e3db5b3e44

I co-wrote the article with Jaya Bharath Velicherla, a talented quant at **Dhandho Funds.**

Enjoy!

Note, anyone who invests in any strategy needs to do their own research/due diligence and are themselves fully responsible for the outcome.

ET NOW Interview on Compounding

10/18/2017

I celebrated Diwali this year with the viewers of ET Now discussing my favorite topics: compounding and the Rule of 72. We also discussed my thoughts on a few investment ideas in India, as well as my aversion to IPOs.

Here are the links to the interview:
Part 1: https://www.youtube.com/watch?v=VEWKHbuRPCo&feature=youtu.be
Part 2: https://www.youtube.com/watch?v=rZQSXX8vrhM

You may also enjoy an article ET Now published about the interview here:
https://economictimes.indiatimes.com/markets/expert-view/of-margin-of-safety-compounding-and-why-investors-can-avoid-ipos-mohnish-pabrai/articleshow/61148962.cms

https://economictimes.indiatimes.com/markets/expert-view/follow-this-mantra-never-ever-invest-in-any-ipo-mohnish-pabrai/articleshow/61064733.cms

And this article by Financial Express Online that covered the interview here:
http://www.financialexpress.com/market/not-investing-at-all-is-still-better-than-investing-in-ipos-mohnish-pabrai/893304/

Enjoy!

Few Bets. Big Bets. Infrequent Bets

07/13/2017

I thoroughly enjoyed going back to the University of California, Irvine to give my 2nd annual UCI lecture entitled, “Few Bets. Big Bets. Infrequent Bets.”

I discussed five decisions by Warren Buffett and Charlie Munger made over a 20-year period (1968 – 1988) that moved the needle for Berkshire. I also delved into the intense difficulties that Charlie Munger faced along the way. No pain, no gain.

The presentation was followed by a rich Q&A on a diverse range of topics. Enjoy!
https://www.youtube.com/watch?v=bLjoL5zhBxA

Intensive Stock Research Can Be Injurious to Your Financial Health

06/23/2017

I very much enjoyed being back in the Googleplex to give my talk "Intensive Stock Research Can Be Injurious to Your Financial Health." My talk covered the impact of commitment and consistency biases on one’s ability to pick stocks. People tend to love the stocks they spend the most time on, and that can be quite harmful to their financial health. There are a few hacks that I’ve found useful to overcome the powerful effects of these biases, and I covered them in the talk as well.

Here is the link to the video:
https://www.youtube.com/watch?v=kNAuELYN5X4

Enjoy!

Great Investors Podcast series – The Steve Pomeranz Show

06/17/2017

I very much enjoyed speaking again with Steve Pomeranz for his “Great Investors” podcast series.

The talk discusses the fundamental traits of a value investor and why it is important to focus on individual companies and not the whole market. I also talk about the investing environment today and how it is similar to the period I started Pabrai funds in 1999. We also discuss Warren Buffett’s comments on Amazon and Google during the Berkshire shareholders’ meeting and if the large-cap tech stocks are overpriced.

It is a two-part podcast. The podcast and the transcript can be accessed at:
Part1: **http://www.stevepomeranz.com/mohnish-pabrai/**
Part2: **http://www.stevepomeranz.com/mohnish-pabrai-2/**

Enjoy!

My two cents on Seritage Growth Properties – Barron's

04/22/2017

David Englander wrote an interesting piece in Barron's about Seritage Growth Properties this past week. Seritage has been part of Warren Buffett's portfolio since 2015. I was interviewed for the article and I shared some comments on the future of Seritage and the potential impact of a Sears bankruptcy on Seritage.

http://www.barrons.com/articles/lamperts-seritage-strategy-could-lead-to-long-term-gains-1492836691

If the above link asks you to log in and if you're not a Barron's subscriber, search for the title on google and click on the Barron's link from there, that should give you access to the full article.

Enjoy!

New Stock Picks For The Uber Cannibals Investing Strategy

04/06/2017

On December 22, 2016, I co-wrote an article in Forbes, "**Move Over Small Dogs of The Dow, Here Come The Uber Cannibals"** about an investment strategy called "The Uber Cannibals." with quant analyst Yingzhuo Zhao.

The progress report for 2017 and the updated Uber Cannibals portfolio for 2017-2018 is now on Forbes.com : **https://www.forbes.com/sites/janetnovack/2017/04/06/new-stock-picks-for-the-uber-cannibals-investing-strategy/#60abf57542a6**

Enjoy!

The New 2017–2018 Uber Cannibals

3/31/2017

> ***Pay close attention to the cannibals – the businesses that are eating themselves by buying back their stock.***
>
> ***- Charlie Munger***

I co-wrote an article with quant analyst Yingzhuo Zhao that ran in Forbes.com (December 22, 2016), entitled "**Move Over Small Dogs of The Dow, Here Come The Uber Cannibals.**" In it, we discussed the "**Uber Cannibals**" five stock portfolio, which selects five Uber Cannibal stocks in March/April of every year. We are now ready for the March/April 2017 picks.

As a recap, our algorithms selected these five cannibals for 2016-2017:

- AutoZone (AZO)
- Magellan Health (MGLN)
- Lowe's Companies (LOW)
- NVR (NVR)
- Marriott International (MAR)

To keep it simple, I'm assuming that folks bought these stocks at the beginning of 2017. Thus, the Uber Cannibals track record starts from 1/3/2017. Let's assume that on 1/3/2017, an investor, Ms. Sonia Patel, invested $100,000 from her IRA account at Interactive Brokers in the Uber Cannibals strategy, and equally weighted the five stocks. Her portfolio would have looked like the portfolio in the table below assuming that she bought all stocks at the highest prices they traded at that day (we ain't givin' Sonia no breaks!). She would have paid $5.90 in commissions assuming she's chosen the "Fixed Pricing Structure" at Interactive Brokers.

# of shares	1/3/17 Qty
AutoZone	25
Magellan Health	262
Lowe's	279
NVR	12
Marriott Int'l	238
Cash	$0.17

Lowe's and Marriott paid dividends totaling to about $169 in Q1 2017. Per our rules, Sonia reinvested these dividends back into the same businesses. The performance of the Uber Cannibals strategy compared with the Small Dogs of the Dow and the S&P 500 is shown below.

Q1 2017		
	Performance	**Value of the original $100K**
The Uber Cannibals	7.0%	$106,979
S&P 500	6.1%	$106,066
Small Dogs of the Dow	4.7%	$104,692

There is not much to say about the above numbers. Three months is too short a period to draw any conclusions, but we are doing well so far. As a reminder, in our backtests, between 1992 and 2016, the strategy returned an annualized 15.5% versus the S&P 500's annualized return of 9.2%.

The Uber Cannibals have a quirk. We use year-end financials to pick the next set of Ubers for the coming years. And those aren't available till late-March from our data providers. So, if one follows the Uber Cannibals strategy, one needs to tweak the portfolio annually during early April.

The New Kids on the Block

For the 2017-2018 period, our algorithms selected the following five Uber Cannibals:

1. **Lowe's (LOW)**
2. **NVR (NVR)**
3. **The Hackett Group (HCKT)**
4. **Select Comfort (SCSS)**
5. **Willis Lease Finance (WLFC)**

Two of the original Uber Cannibals, Lowe's and NVR will continue to be in Sonia's portfolio for another year. And we have three new kids on the block.

The Forbes article discussed how NVR had bought back 75% of shares outstanding in the last two decades. Lowe's is following in NVR and AutoZone's footprints. Over the last thirteen years, Lowe's has reduced its share count by a stunning 45%. Lowe's share count has dropped by 30% in just the last five years. Like Home Depot, Lowe's has an entrenched position in the home improvement superstore category. Not a business that's easy for Amazon to disrupt. As home building gets back to historical norms of over a million new homes being built every year, Lowe's has natural tailwinds as far out as the eye can see.

If you are a new investor to the Uber Cannibals, you can just equal weight these five stocks (i.e., invest the same amount of money in each of these five) and keep that portfolio until April 2018, when I'll provide the 2018-19 portfolio on www.ChaiWithPabrai.com. If you invested in the Uber Cannibals at the beginning of the year like Sonia, then you would leave Lowe's and NVR untouched, sell the other three and invest the proceeds equally among the three new kids. Then just set it and forget it for another year. Happy Cannibal Investing!

Interview with The Industry Show

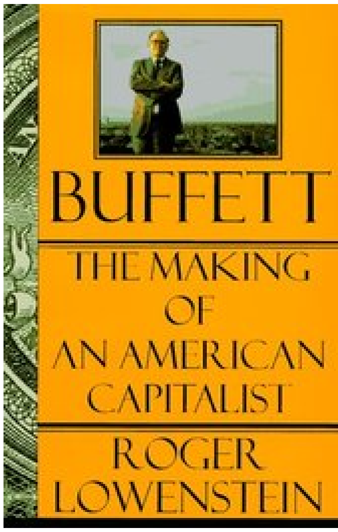
03/20/2017

I very much enjoyed my fun conversation with Nitin Bajaj for The Industry Show. The interview was streamed live on Facebook, so it was great to answer some of the viewers' questions live.

We discussed my childhood in India and the journey that led to my starting Pabrai Funds. We also reviewed the first investment I made for Pabrai Funds and some more recent investments, like Southwest Airlines.

Enjoy!

https://www.youtube.com/watch?v=i0uQmqm6vEo



5 questions from Benzinga interview

03/04/2017

Spencer Israel did a great job of putting together a few salient points from my conversation with Benzinga's founder and CEO, Jason Raznick in this quick read:

https://www.benzinga.com/general/hedge-funds/17/03/9115480/5-questions-with-legendary-investor-mohnish-pabrai

Enjoy!

Interview with Benzinga about the Auto Industry

03/03/2017

I very much enjoyed my conversation on Benzinga's PreMarket Prep show with Benzinga's founder and CEO, Jason Raznick, and editor and producer, Spencer Israel.

We discussed my views on auto stocks and the favorable dynamics of the American auto industry today. We also chatted about the potential impact of self-driving vehicles on the industry in general.

Here is the link to the recording:

https://soundcloud.com/bztv/a-conversation-with-legendary-investor-mohnish-pabrai

If you prefer to read, feel free to have a look at these two articles which summarize our conversation:

https://www.benzinga.com/general/hedge-funds/17/03/9114261/why-this-buffett-disciple-put-more-than-half-his-portfolio-in-stoc

https://www.benzinga.com/general/hedge-funds/17/03/9114779/when-will-we-see-fully-autonomous-vehicles-this-famous-hedge-fund-

Enjoy!

Beyond Buffett: How To Build Wealth Copying 9 Other Value Stock Pickers

02/22/2017

I co-wrote this article in Forbes on an investment strategy called the "Shamelessly Cloned Portfolio."

The shameless portfolio comprises of five of the highest conviction ideas of 9 value managers whom we shamelessly clone. Like the Small Dogs of the Dow and **Uber Cannibals**, we set it and forget it. I will publish the list of the top Shameless Cloned Ideas for a particular year on my blog on January 1 each year.

For 2017, even though it'll be a partial year, one can buy the 2017 picks anytime. After that, rebalancing should occur right after January 1.

The Shameless Portfolio for 2017 contains:

1. **Oracle (ORCL)**
2. **Berkshire Hathaway (BRK-B)**
3. **Apple (AAPL)**
4. **Microsoft (MSFT)**
5. **Charter Communications (CHTR)**

We've laid out all our algorithm rules below.

One can begin testing this strategy with a small portion of one's networth and do it through a great broker like Interactive Brokers with commissions under $3/trade for small quantities. We hope you'll join our merry band of shameless cloners.

You can view the article here:

https://www.forbes.com/sites/janetnovack/2017/02/22/beyond-buffett-how-to-build-wealth-copying-9-other-value-stock-pickers/#7645cf00eaf9

I co-wrote the article with Fei Li, a talented quant at **Dhandho Funds**.

Enjoy!

Note, anyone who invests in any strategy needs to do their own research/due diligence and are themselves fully responsible for the outcome.

Appendix: ***Shameless Cloning Portfolio Rules***

Selection Criteria:

1. No utilities, no REITs, no oil and gas exploration, no metals and mining and no multiline retailers.
2. Positive trailing-12-month net income

Rebalance Methodology:

- Rebalance on Dec 31st of each year.
- The old companies that are not in the new portfolio are sold. The "sell money" is accumulated and distributed equally among all new entrants.
- If the same company is present in our portfolio for another year, then we leave it unchanged i.e. no rebalancing trades.
- Dividends are reinvested into the same company that paid it.
- If there is an involuntary removal through acquisition/delisting/bankruptcy then the cash is distributed equally among the remaining cloners.
- If there are any spin-offs, the shares are sold and reinvested in the parent.

Vacuum up those pennies – and let Warren Buffett invest them for you!

2/9/2017

Saving the first dollar you earn, versus saving what is left after you spend, is always a smart way to go. And making it automated is key. Set it and forget it!

A new smartphone app, **Stash** allows you to automatically save as little as $5/month and then immediately invest the same in Berkshire Hathaway Class B shares. They'll even buy fractional shares with no trading costs. The B shares are changing hands these days at about $164/share. If you send Stash $5, then they'll buy you 5/164th of a B share. Stash does charge $1/month or 0.25% annually, whichever is higher.

Another one, **Acorns**, rounds up your credit card purchases to the nearest dollar and saves the difference. You can have the pennies that Acorns vacuums up go into a savings account. And you can have **Stash** periodically move those savings into Berkshire.

My friend, Jason Zweig, wrote an interesting piece on **Stash**, **Acorns** and a third one, **Digit** in his column "The Intelligent Investor" in the Wall Street Journal past weekend:

http://jasonzweig.com/inching-your-way-toward-wealth-with-your-phone/

When you buy that latte at Starbucks for $4.27 every day, it adds up. Taking those 73 cents every day and automatically investing them is such a no-brainer.

Lecture to Univ. of Puerto Rico MBA Class on mental models on Sept. 26, 2016

1/26/2017

I thoroughly enjoyed my talk to the University of Puerto Rico MBA students in San Juan, Puerto Rico on Sept. 26,2016 where I discussed three mental models in the spirit of Charlie Munger's latticework of mental models.

The three models include

- *The Power of Truth*: Commit to candor, however painful or uncomfortable it may be. Being relentlessly truthful (and avoiding "white lies") will strengthen your relationships with those around you in the long run.
- *Compounding is the 8th Wonder of the World*: Resist the temptation to pull money out of compounding accounts like 401(k)s; instead, leave them and let them compound over the longest runways possible.
- *Dhandho Entrepreneurship*: Take advantage of extracurricular time at your full-time job to first test your start-up ideas before quitting your day job to become the next Elon Musk. If you fail, you'll still have a job. Heads you win, tails you don't lose much!

Enjoy!

https://www.youtube.com/watch?v=FO5V7jcBNMM

The Investors Podcast - Transcript

1/16/2017

Preston Pysh recaps Stig Brodersen and his discussion with me in this article. If you prefer to read versus listen, feel free to check out the transcript of the recent podcast here:
http://www.forbes.com/sites/prestonpysh/2017/01/16/mohnish-pabrai/#4ec2d4642b49

Enjoy!

The Investors Podcast - Part 2

1/15/2017

I very much enjoyed doing this podcast with Preston Pysh and Stig Brodersen. Both are great guys who do a great service to the Value Investing Community. Thanks guys!

In this second part interview, Preston and Stig discuss some of the finer details of my investing approach. Recently, the airline industry has had enormous amounts of market consolidation and a few stocks seem to have favorable valuations. We had discussions on these potential opportunities and what are the long term prospects of these opportunities.

In this episode, we talked about:

- My recent investment in Southwest Airlines.
- My biggest investment mistake, and how I made more than $100 million because of it.
- If Warren Buffett and Charlie Munger consider any macro decisions in their investment approach.
- Why the airline industry is a terrible sector, but might still be a great investment at the moment.

https://www.theinvestorspodcast.com/tip121-pabrai-funds/

Enjoy!

The Investors Podcast - Part 1

1/8/2017

I very much enjoyed doing this podcast with Preston Pysh and Stig Brodersen. Both are great guys who do a great service to the Value Investing Community. Thanks guys!

In this episode, we talked about:

- How I accumulated business knowledge from the age of 11
- What special advantages people like Bill Gates and Warren Buffett had to become so successful
- How I had set up and ran a business like Warren Buffett and Charlie Munger
- Why investing is not a team sport

https://www.theinvestorspodcast.com/the-dhandho-investor-mohnish-pabrai/

Enjoy!

Interview with BTVi about markets and commodities

12/30/2016

I very much enjoyed my chat with Samina Hirani of BTVi, about markets and commodities.

http://www.btvi.in/m/videos/watch/20599/exclusive---mohnish-pabrai-s-call-on-markets

Enjoy!

Interview with CNBC-TV 18 on Trump and Outlook for 2017

12/27/2016

I very much enjoyed my chat with Latha Venkatesh at The Charles T. Munger Hall in Bengaluru for CNBC – TV18.

It covers Buffett, Trump, Dakshana Foundation, Demonetization, Investing in India and what to look forward in 2017.

https://m.youtube.com/watch?v=6fkDLax_RmM

https://m.youtube.com/watch?v=lfzgWbyAE4Q

Enjoy!

Here is the transcript of the interview:

http://www.moneycontrol.com/news/market-outlook/see-trump-making-deals-that-benefitworld-mohnish-pabrai_8170961.html

Here Come the Uber Cannibals!

12/22/2016

I co-wrote an article in Forbes on an investment strategy called "The Uber Cannibals."

Uber Cannibals are companies that aggressively buy back their own stock. I will publish the list of the top Uber Cannibals for a particular year on my blog on March 18 each year.

If you choose to pursue the strategy of investing in Uber Cannibals, you can either start with these 2016 Uber Cannibals now and then rebalance at March 20, 2017, or wait until March 20, 2017 to start investing in the new list of 2017 Uber Cannibals then.

The Uber Cannibals for 2016 are:

1. **AutoZone (AZO)**
2. **Magellan Health (MGLN)**

3. **Marriott International (MAR)**
4. **NVR (NVR)**
5. **Lowe's (LOW)**

This is a "set it and forget it" strategy. I'd suggest not putting more than 10% to 20% of your nest egg in this strategy. It only makes sense if you intend to follow it for at least a decade or two or longer. The ideal straetgy is in your IRA. That way, there are no realized gains to worry about.

You can view the article here:

http://www.forbes.com/sites/janetnovack/2016/12/22/move-over-small-dogs-of-the-dow-here-come-the-uber-cannibals/#2c38ff233dea

I co-wrote the article with Yingzhuo Zhao, a talented quant at Dhandho Funds.

Enjoy!

Note, anyone who invests in any strategy needs to do their own research/due diligence and are themselves fully responsible for the outcome.

My Chat with Barron's on US Auto manufacturers and Airlines

12/10/2016

I thought you would be interested in the following story from Barron's.

Mohnish Pabrai Thinks GM, Fiat, Southwest Air Look Like Bargains

http://www.barrons.com/articles/why-mohnish-pabrai-likes-gm-fiat-and-southwest-air

Enjoy!

That Neglected Old 401(k)

12/6/2016

It is given that, over the course of a fifty-plus year career, one may end up having a dozen or more employers. The law requires all employers to continue to administer your 401(k) even decades after you've left the company – at little to no cost to you. However, it is a best practice to rollover your ex-employer's 401(k) into a Rollover IRA soon after you leave. Some reasons why this makes sense:

1. It's just easier to have assets in less than 5 bank/brokerage accounts versus a dozen or more.
2. Your IRA gives you far greater choices (at far lower costs) of mutual funds, stocks or ETFs to invest than any 401(k) ever will.
3. Your 401(k) may run afoul of regulations if your ex-employer goes bankrupt or undergoes financial stress. 401(k)s need administrative fees to be paid annually by the employer to file the Form 5500 and allow the administrator to do their job. They may not be healthy enough to pay these fees.
4. Many employers focus on providing 401(k) that minimize the cost to the employer. This usually comes at the expense of higher-fees and limited investment choices for the employees. With IRAs, there are formidable market forces at work to get you the low frictional costs coupled with stellar service. Free-market capitalism works.
5. If your employer's 401(k) plan is old (which is typical), it may not have been updated to offer low-cost ETFs and newer offerings that may be in your best interest.
6. You may move, or your email address may change etc. It may be hard for your 401(k) plan administrator to get you statements etc.

You could choose to roll all your 401(k)s into the same IRA for simplicity. That way, these all important assets are in one place, fully in your control. Once your IRA account value is over $100,000, Interactive Brokers may be your best/cheapest option. Further, you can invest these assets in super low-cost diversified ETFs.

Let's consider the real-life examples of a wonderful couple I have known for over a quarter century. Prakash and Shoba were among the very first employees at my first business, TransTech. They both joined TransTech in 1991 and left in 1995. I sold the business in 2000. Amazingly, TransTech is still around and thriving, but has had three different owners over the last 25 years.

Not only did Prakash just leave his 401(k) untouched at TransTech since his departure over 21 years ago, both of them have left every 401(k) they participated in with every employer! Between them, they have nine 401(k) accounts scattered amongst a diverse range of employers. The good news is that both did participate in 401(k)s at every employer. And even though they did not maximize what they could have contributed in the early years, the value of these assets today is seven figures – a meaningful portion of their networth.

I counseled them to take a little time and move all these orphaned 401(k)s into rollover IRAs. They have promised to do so, which is great. However, they are not alone. A few days back, The Wall Street Journal ran a great story, entitled, "*What Ever Happened to that Old 401(k) You Had?*"

http://www.wsj.com/articles/whatever-happened-to-that-old-401-k-1480302720

The WSJ did a great job of providing resources to getting control over these all-important assets that you left behind at some employer that no longer exists decades ago. Participating in 401(k)s and maxing the employer match is important. Of nearly equal importance is the rollover of these assets when you say goodbye to your employer.

Finally, KISS (Keep it simple, stupid), is a great way to go – as our mythical hero Sonia Patel did:

https://www.youtube.com/watch?v=sk2gJ3TCNSQ

The Steve Pomeranz Show Podcast

11/28/2016

I very much enjoyed speaking with Steve Pomeranz for his "Great Investor" podcast series.

The talk covers Warren Buffett, Poor Charlie's Almanack and keys to great investing.

The podcast and the transcript can be accessed at:

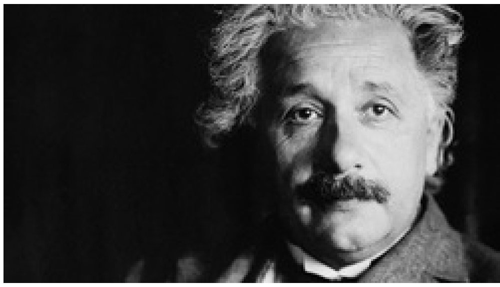
http://www.stevepomeranz.com/great-investor-secrets/

Compounding is the 8th Wonder of the World!

11/24/2016

I hope you enjoy this little tribute to Einstein, Swami Vivekananda, Charlie Munger, Compounding and the mythical Sonia Patel.

https://www.youtube.com/watch?v=sk2gJ3TCNSQ



My 6th Annual Talk at Boston College

11/24/2016

I can't believe it's been six years since I started doing an annual lecture in Prof. Arvind Navaratnam's class on Value Investing at the Carroll School of Management (Boston College). I love Arvind, his students and Boston College.

While the topic of this talk was the same as the recent Peking U. lecture (The Quest for 10-100 Baggers), there are enough differences between the two lectures that make this worth watching even if you have seen the Peking U. lecture.

I repeated the lecture because I want to really etch these important concepts into my little brain. Once is not enough! So, to be candid, the motivation was to try to help myself.

Some salient differences between the two lectures is that the Q&As are completely different. This one went on for 2.5 hours while the Peking U. lecture is 1 hr. and 40 minutes. Finally, violating MLK's advice to me, this one used (gasp!) slides.
Enjoy!

https://www.youtube.com/watch?v=IOoaNYQHaYY&t=2012s

Lecture Date: November 3, 2016

Interview with ET NOW on Trump, Demonetization and Value Investing – Nov. 15, 2016

11/18/2016

I very much enjoyed this interview with Indian business news channel, ET NOW.

https://www.youtube.com/watch?v=VY5ObDIhvio

I didn't realize they'd print it as well!

http://economictimes.indiatimes.com/markets/expert-view/trump-election-may-be-the-very-best-thing-that-happened-to-the-us-and-the-world-mohnish-pabrai-investor-philanthropist/articleshow/55471612.cms

And here is a shorter excerpt from the interview:

http://economictimes.indiatimes.com/et-now/experts/Mohnish-Parbais-long-term-investment-strategy/videoshow/55474553.cms

Enjoy!

Compounding Goodwill and The Inner Scorecard

11/16/2016

This is a wonderful interview with author and journalist, William Green. While we are focused on compounding money here, compounding goodwill is even more important. Here is the path to compounding goodwill:

http://greatinvestors.tv/video/william-green-on-the-importance-of-personal-authenticity.html

A hat tip to Manual of Ideas for doing this interview. Enjoy!

A Blast from the Past - The Many Ways to Compound Wealth

11/15/2016

I gave a talk in February 2014 at a TiE SoCal chapter event that focused on branding and marketing. It is a subject near and dear to my heart, but I am rarely asked to speak on it.

What is relevant to this blog however, is that towards the end of the session, I was asked a question on ways to compound wealth. Diehard compounding purists can start watching the video from 1:13:43.

https://www.youtube.com/watch?v=Up_WSmf1XDw

You might actually enjoy watching the entire video.

The Quest for 10-100 Baggers; Peking Univ. Talk

11/9/2016

I very much enjoyed my first ever talk to students in China. Peking University's Guanghua School of Management is the best of the best. Prof, Jiang Guohua's Value Investing Course is the first such course ever offered in China. This talk was sponsored by Himalaya Capital.

Enjoy!

https://www.youtube.com/watch?v=Jo1XgDJCkh4

Update on Nov. 21, 2016

The best things in life are free. A well-wisher (and die-hard fan of this video) took it upon himself to transcribe the entire video at his cost! This generous fan sent it to me to share as I saw fit. Please note that this is an “automated transcript” that has had virtually no editing. So, here it is, typos and all:

Transcript of Mohnish Pabrai Lecture at Peking University (Guanghua School of Mgmt) - Oct 14 2016

Enjoy!

How can Citizens/Residents of India invest in U.S. Equity Markets

11/03/2016

Friends or relatives residing in India periodically ask me about how they can invest in the US equity markets. How can they invest in things like a ultra-low cost S&P 500 ETF or Berkshire Hathaway or Google etc. Well, it is not only possible, but quite streamlined.

Indian citizens residing in India are allowed to invest up to $250,000 every year overseas as per this notification issued by the Reserve Bank of India (RBI):

https://rbi.org.in/Scripts/NotificationUser.aspx?Id=10192&Mode=0

This means that a family of 4 can invest up to $1 million overseas in a given year.

There are a few U.S.-based discount brokerages like Interactive Brokers, TD Ameritrade, Charles Schwab International Account through which Indian citizens residing in India can set up an account and trade U.S. stocks, mutual funds and ETFs. No US mailing address is required. Note that these accounts can be opened by citizens of most countries.

In fact, Interactive Brokers has a specific account type that allows Indian Residents to trade overseas. To start an application click here. The application materials need to be sent via email to this address: newaccounts.in@interactivebrokers.com. Their customer service number in India is **+91.22.6128.9888**. The Director of Sales in India is Ankit Shah. His phone number is **+91.22.6128.9836**, and his email address is ashah@interactivebrokers.com.

Interactive Brokers (IB) is one of my favorites. Not only can one trade US stocks at super low commissions with them, IB has made the most inroads into allowing global trading with some of the lowest frictional costs. Through a US Interactive Brokers account one can buy stocks in most of the major markets around the world. Thus, opening an account with them opens up far more than the US markets for Indian investors.

While the Indian markets offer plenty of compounding opportunities, it is not a bad idea for Indian investors to have atleast a small portion of their assets allocated to other geographies. US brokers and ETFs have some of the lowest frictional costs on the planet. And us compounders know all about keeping frictional costs low.

Note: I am not compensated in any way by any of the brokerages mentioned in this blog post.

The Rule of 72

10/28/2016

"Take a simple idea and take it seriously."
- Charlie Munger

The Rule of 72 is one of those crazy simple ideas that permanently changed my life for the better. And that is because twenty two years ago, I decided it was one of those core bedrock hacks! The Rule of 72 is a very quick (and surprisingly precise) method of figuring out how long it takes to double your money at various rates of return. I'll let the eloquent Professor Peter Rodriguez explain:

https://www.youtube.com/watch?v=12FsjiVzTMA

It does pay off (bigtime!) to know the Rule of 72. It is one of the most important tenets for us diehard compounders . Warren Buffett had probably mastered this rule before his 10th birthday. He knew he was going to be the richest person on the planet decades before he got there. He knew his rate of compounding, knew his life expectancy - and didn't need to know anything else.

"Compounding is the 8th wonder of the world."

- Einstein

We, the compounders, agree with Einstein. It is all about the doubles. How long does it take to get a double and how many doubles can I get in a lifetime. And the Rule of 72 lets you do all the doubling math in seconds in your head.

Spending less than you Earn - Learning from Mr. Money Mustache!

10/27/2016

The key to getting wealthy over a lifetime, even with modest income rests on three basic tenets:

1. Spending less than you earn.
2. Investing your savings in a low-cost index fund.
3. Starting very early. In you early 20s.

This site does not have much advice for you on how to spend less and save more, but my twin brother, Mr. Money Mustache does. Check out:
www.mrmoneymustache.com/
Please view this entertaining (and highly educational) video:
https://vimeo.com/183016901
And finally, here are Mr. Money Mustache's real 2013 and 2014 expenses:
www.mrmoneymustache.com/2015/01/16/exposed-the-mmm-familys-2014-spending/

Consistently spending waaaay less than you earn is the most important of the three tenets. It provides us our critical compounding raw material. After that it is just a matter of how long the runway is (how many years) and the speed you're going (rate of compounding). Savings is the most important of the three.

United States

Other

If Other, please specify

Email *

SUBMIT

Contact