Q&A with Mohnish Pabrai at Value School (Madrid, Spain) on July 9, 2021

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Alberto: I hope you get to enjoy this as much as I'm sure we will. It is really our pleasure and an honor to have you here, and always so enjoyable to listen to your wisdom.

Mohnish: It's my pleasure, Alberto. Thank you.

Alberto: One thing that just comes to my mind is, there are many things we can talk about, but, when so many people in this industry call it asset management, investors, portfolio managers, whatever, very few have the background and the ability to run a business. In your case, not only were you running a business, you founded a business, and you were an entrepreneur at heart. You went through how hard it is to scale, to deal with suppliers, with customers, payroll, to do things that are on the other side of investors, we don't really get to understand unless it's in your skin. I wonder as you did that and eventually sell your business before you become officially a professional investor, if you could explain how that really helped you, or if that gives you an edge, I think it would be an interesting angle for people to hear that.

Mohnish: Yeah, sure. Buffet has two quotes, he said I'm a better investor because I'm a businessman and a better one is that I'm a better businessman because I'm an investor, there's an interplay between the two. I think the second quote they like better is, he says, how can you explain to a fish what it is like to walk on land? He says, a thousand years of talking to a fish about walking on land does not have the same impact as one day, actually walking on that. Basically, I actually get perplexed when I look at professional investors who have never run a business because I think at a deep level, they are missing some very fundamental. You really cannot look at businesses through spreadsheets. In fact, entrepreneurs who are running businesses, typically don't use spreadsheets. They usually have three or four variables that are going to drive most of the outcome in their head and they focus on those three or four variables. As an investor, you need to get to those same variables to understand what the outcome might be. It's hard to get to those variables if you have not been in the driver's seat yourself. I think it's a huge advantage to have run a business, met a payroll, scaled, and had all the HR issues, marketing branding issues and so on. I think those are important to understand. You can try to project, what is the likely trajectory of the business. It's very dangerous to project the likely trajectory through Excel. Nothing goes in a straight line, so, actually understanding the messiness of the business is important.

Alberto: Yeah, that's interesting. The other day, a few weeks ago, when I was reading the book from your friend William Green-which I have here for people, it's a fascinating book. I never recommend a book I haven't read. Richer, wiser, happier, which obviously you are. Chapter one of these amazing, great investors It came to my mind that I was picturing the two of you guys driving in India and all the chaotic traffic and things that, for you, are natural because you grew up there until you went to college and for him, he was panicking. He wasn't used to that chaos and that ecosystem that seems so foreign to many of us who visit not just India, up to Asia. We see that it is so hard to live your day with so much competition. Just the fact of getting food on the table, which we find very basic, there's so much competition. I wonder if growing up in that ecosystem, that, some of us might consider chaotic, allow you to see order where other people don't, when you're looking for stocks and you kind of, in the low PE environment, I just picture this as a line mine. There are a lot of traps that you have over the years, being able to pick these gems and this. I wonder if growing up in this environment had help you, or if you think your skills are genetic.

Mohnish: No, I think that's a good question. It was a lot of fun hanging out with William in India for we were together, I think, for five or six days. Most people who go to India tend to stick to the major cities. Usually, their travel is by airplanes and such. We were actually going to visit different areas of the foundation I work on, and so we went very deep into rural India and it was not just India that he was experiencing. He was experiencing in India that usually most people would not. He had sticker shock to the power of sticker shock if you will. He was but William's been around the block. I think he had a great time and it worked out well. But I think that’s one of the things that you see when you are growing up, I had wonderful parents and I had a lot of structure and stability in the household and went to good schools. Within the chaos, you also see a lot of organization and one of the things which I appreciate about many other countries, because my experience in India is, you cannot paint a country with a wide brush in one color, it's really a rainbow. It comes in many colors. For example, in India, when I was growing up, Coca-Cola was within the fabric. Of course, later they were thrown out because they wanted to nationalize them. But when you looked at some of these companies like Coca-Cola and other large businesses in India, you saw very well-organized operations, lots of structure, great people, etcetera. So, when I look at different emerging markets or developing markets around the world, for me, it's very clear that there are lots of great teams and entrepreneurs and businesses inside that chaos. One has to kind of, dive in and start separating them out and figure it out. I think the childhood experience I had in India gives me a lot of comforts. For example, we have some investments now in Turkey and whenever I bring up Turkey to any of my friends or anyone else, they just say, oh, the currency or the leadership, and it's too wide a brush? The currency has issues. leadership has issues, there's inflation, but when you feel all the layers through that, you can find great businesses and great teams that can transcend all that. That's the direct result of the experience I had.

Luis: Alberto, if I may, I would like to read one question from the audience. This is Jose. Jose remarks that Mr. Pabrai recently bought Alibaba, which makes him think that that's because it's at a good price. The question is, Mr. Pabrai are you not afraid of China?

Mohnish: Yeah. China's good example of what we just spoke about, I think it would be a too wider brush to take complex country like China and put it into three sentences if you will. I think that there are great businesses and great management teams all over the world and there are many of them in China and, I think Charlie Munger would say that the Chinese are natural entrepreneurs. They're actually natural capitalists who were trapped in a socialist system and when those shackles were lifted, you actually unleashed something quite dramatic. I would say capitalism and entrepreneurship are still very embryonic in China, but it is coming about really quickly. I mean, given my circle of competence, I think most of China would be off limits for me just because I probably couldn't understand it well enough, a small sliver of it. I think I can understand. Especially if you look at some businesses like Tencent, or if you look at a business- like Alibaba, these two companies specifically very early in their journey had Western investors or non-Chinese investors. These companies, right from the beginning, I think of them more as being happened to be based in China and because it's such a large market, happened to have most of its operations in China, but they're really in many ways multinational in their views and how they look at things. They've had a lot of, I would say non-Chinese infusion into their DNA and thinking very early and many of those elements are a big positive for them. I think China would be a difficult country for most investors because you need to understand the nuances a little bit, I think that can be understood.

Luis: Yes. I will now read another question this time coming from Manuel. "In your 2020 letter, you mentioned the big evolution you have had. Can you share the nutshell of it? Have you perhaps abandoned deep value investing?"

Mohnish: No, I think it's more like a Swiss army knife and adding, I would say not one knife, but maybe four or five new knives to it. I think that a lot of my experience- and I would say biases relating to great businesses and compounders- was colored by the experience I had in the late nineties and early 2000. When I first started investing in the mid-nineties, I had run an IT business, which had grown very quickly, and I had seen the power of having capital, light, high ROE tech businesses and what they could do in terms of scale and growth. In that period, I was mostly invested in tech businesses around 95 close to 99 or 2000. But then, when the Pabrai Investment Funds started in mid-99, I could probably see the NASDAQ bubble popping not much before anyone else, probably maybe three to five months before it. There was a lot of euphoria and I was very concerned that this thing doesn't look sustainable. I had taken a different path when Pabrai Investment funds started. The first year, from mid-99 to mid-2000, we were more than 70% while the NASDAQ had already crashed and so on. Part of that was because I kind of sidestepped the euphoria. I remember around early 2000, I was visiting Microsoft headquarters in Seattle and Redmond Washington. Actually, one of my early investors was a former Microsoft employee very early, and he had mentioned to me, hey, listen if you're ever in Seattle, I could introduce you to a bunch of current and former early Microsoft employees or ex-employees who may have an interest in your fund. At that time, the fund was very embryonic. I was just getting going and I said I'm going to be there on Thursday. I spent a day visiting Microsoft in early 2000. At that time, it was amongst the most valuable companies in the world. There were three companies in the world in early 2000, which had a market cap of over 600 billion, Microsoft, GE and Cisco, all three of these businesses were valued at over 600 billion. There were three most valuable businesses on the planet, and I told these Microsoft employees I met, that it looked like a bad investment to me. I said, it's a great business, but a bad investment. Because I think at that time, their cash flows were well under 10 billion. It was trading at, 60, 70 times earnings. It was pretty richly priced, and they said to me, oh, you really don't understand our business. This thing goes up like clockwork. I actually told them, I said, look, you earn your livelihood for Microsoft, all your portfolio, maybe 80, 90% of it, other than your own is Microsoft stock or options, and probably not a good idea to have all of that. I said, give me a little bit of it and they probably thought of me like some cheesy salesman. Microsoft did continue to do well after 2000, but from 2000 till about 2012 or 2013 the stock was flat zero returns for 13, 14 years, even though revenues had increased dramatically because it was just so heavily overvalued. Not only was it flat, it was a very rollercoaster ride. It had been very hard on the stock. It lost 60, 70% of its value in the next two or three years. Then it came back then again in 2009, eight and nine, again, lost a lot of value so a very tumultuous ride in those 13, 14 years. While I had a strong belief in high growth and compounders, when I started in the mid-90s, I went to Graham in the late 99, early 2000 timeframe, because I knew that I would have downside protection. I switched from basically a growth tech investor into a Graham investor and that actually turned out to be really wonderful because all the indices did terribly for the next 10, 15 years because they were just so elevated. The NASDAQ was very extreme. It dropped almost 80% from the peak from 2000 to 2002 or 2003. But what I forgot to do is I should have switched back. I should have switched back in maybe 2013, 2014, because the best way to invest is to own a stake in a business that generates high returns of capital and has a long growth runway ahead, run by great management. If you can find that combination, sometimes even if you pay up for that combination, it can work out quite well. Microsoft actually is an interesting example of that. If you had stayed with Microsoft from 2000 and somehow you were able to stomach the ride, it's not a great outcome, but you have about more than three times your starting capital, even for my elevated level. I mean, it's not a great return. Three X in 21 years is not that interesting, but at least you didn't have a loss of capital. And that's because they had tailwinds. When I read about that, William Green had sent me the book Galley copy about a year ago and when I read chapter six, which was on Nick's sleep, it reminded me that I need to go back. Nick has been a good friend of mine for close to two decades, wonderful guy. He's somewhat reticent to be out in public, but you should try and nudge him and see if he'll do something with you guys. Nick himself had been on the same journey as I had, where he started out as a deep value investor. He was buying things like Zimbabwe, and cement, where it was trading at less than one-time earnings. There were issues like the state had confiscated a lot of your land and materials and you had currency control. There were a lot of ugly things about that, but, he went in and he evolved from there to understanding Amazon, understanding nuances of what you call the scaled economy shared and it worked out very well for him. I realized that I have overdosed too much on Graham for a long time and of course, the way to live life is to overdose on Munger and less on Graham. I used to be Buffett and Munger in the mid-nineties. Then I was Graham for probably close to 20 years and now I'm getting back to next sleep and Buffet and so on as a Munger. I actually think it's a mix of both that works well. Sometimes you can find incredible deep value investments that will do better than great compounders and most of the time, great compounders will do the best, so it's good to keep some flexibility.

Alberto: Now I'm just going to add to when I was just picturing you as if you were a musician and if you're going to play heavy metal, you have a certain guitar. If you're going to switch to blues, you have to change the guitars. I was wondering in your mind when you're dealing with the universe of color, the low PE or the cigar, or whatever people call it, or when you go into compounders, which you've done both, as you were saying, do you really switch your hat? Do you change the way you think, or how do you do that?

Mohnish: No, actually it's a very similar model. I mean, I think it uses the same parts of your brain at the end of the day. What I'm focused on is I put a dollar out today and what am I getting in five or 10 years? Right. In the Graham way, usually you're trying to, maybe you're buying a $2 bill for a dollar, you're getting 50, 60% off. Then it's just a matter of how long that convergence takes. That drives your result in the Munger method, you're putting out a dollar, but the dollars increasing in value over time, and again it's the rate of increase and how long that take so they're not that different. Sometimes the interesting thing is that the two worlds meet and it's really orgasmic when the two worlds meet. For example in 2019, I invested in this company in Turkey and when I invested in the business, the market cap was like $20 million and liquidation value was like maybe $500, $600 million somewhere around there. It was total, no brainer, the main thing I was just checking is what part of this is real, and what part is fraud. I couldn't find its fraud, and we went in and Turkey has mostly short-term investors. They have very high trading volumes because the market participants used to think of it as a casino. This particular company, for example, I think every 15, 17 days the entire free floor was turning over. Because, people basically in Turkey will invest for few hours. They want to buy something for $10 at 10:00 AM and sell it for 12 at 3:00 PM and be done. That's the model and good luck with that. We ended up owning a third of the company for about $7 million and I knew that it wasn't a cigar, but they actually had some great assets and not only did they have great assets, they had two really good capital allocators on top of that. Just in the last two years, the $500 million has moved to probably $800 or $900 million. The liquidation value has moved and the market has gone from like $20 million to like north of hundred million. There's been some movement in the market cap in spite of the currency, these all-dollar numbers of currency didn't really matter but the important thing here is that we were buying something at, 5% or 4% of liquidation value and that liquidation value is going up. I would say this is Nick's Sleep on steroids. The only negative is that we could only put $7 million in because it was so small. But what I can take from the Nick Sleep framework, which is, which would not be part of the Graham book is, just set it and forget it. As long as the capital allocators are in place and they're doing things, even if the discount goes away, just stick with it. Sometimes the two worlds collide, and like I said, when the two worlds collide, you only need that to happen a couple of times in your lifetime, you do fine. The same thing happened in; I think in 2015 we bought a company in India called rain industries. That was trading at what I would call a future PE of one. The company had a market cap of $200 million and they had revenue of close to $2 billion. I thought they would come a year in the next three, four years where they'd make $200 billion in one year. I said, I just want to see where the stock price is then, where they can still be at million if they make that much in one year. Rain actually by 2018 had gone to more than a $2 billion market cap from 2 million. It went up almost 10 X because those earnings came in. But by then I fell in love with the business and the management team. They were really good. Even though it was really cheap, it wasn't really a cigar, and it wasn't a great business, but it was a good business with a great capital allocator. That can also work. I think that it's all of the above, you can do well with Alibaba where you are definitely not buying below liquidation value and all those sorts of things, and you can do well with the PE of ones. I think it's good to keep a flexible mindset.

Luis: I will now read one other question from the audience. This is Monash Milvani "Mr. Pabrai, it's really a pleasure having you. What do you think about current valuations really worth waiting for the next downturn? Or do you still identify some 10, 20-time baggers in this context? Thanks."

Mohnish: Well, I think that 10 baggers are few and far between, it's difficult to find those in any market, and I would say that it's a pleasure hunt to do that. I'm not a market timer and I think that there are undervalued businesses at all times. It's just that the geographies and the industry and different things kind of change. There's a book that I really like, which came out many years ago, called Trend

Watching. It was written by Ron Insana. He used to be an anchor at CNBC and usually, news anchors are not good writers, but Ron Insana did a good job. That book Chronicles of wide number of bubbles, it's just a story of all these different bubbles around the world at different times. What you find out after reading that book is that, bubbles hap exists all the time in different markets, different asset classes, different geographies, different industries. It's this part of the human experience. Humans vacillate between fear and greed. You will get some areas of the markets, which are ridiculously overvalued at times. At the same time, you can also get markets which are deeply undervalued all of the above. When I look at markets today, usually it's difficult to tell when you're in a bubble, it becomes a lot easier to tell in hindsight, but some things in my mind are clearly bubble less, right? If I look at the market caps of game stop or AMC or Bitcoin, I would put these in bubble territory. Right? Of course, when you say that about Bitcoin, you are committing blasphemy, but such as lies, any eggs thrown cannot get to me through the video, so it's okay. I think that we always have some areas where you can clearly tell there's a bubble and it doesn't matter. One thing is that whether I'm right or wrong, Bitcoin is not relevant. If I am not long or short, it's irrelevant, whether I'm right or wrong, what really matters is am I right on the things that we actually invest in? It is not clear to me that we are in bubble territory in large swaths of the market. I think it's clear to me that there is pocket of the market that I'm public territory, but it is also clear that we are not in value territory with large US tech or large Chinese tech and so on. Those are really exceptional businesses, but you also are paying up to own those businesses. They may work out well. They may not, it's kind of hard to tell, but I don't think those are in public territory. They just may not be deeply discounted. I think the approach is a treasure hunt. There are like 50,000 businesses around the world and they all have different things going on with them every day. A company can hit an air pocket or a headwind, which is very temporary and the market takes it out back and shoots it. You should pay attention to that.

Luis: Very good. Another question from one of our viewers, "Mr. Buffett has mentioned earlier that if he had smaller amounts, like less than 1 million, he could get 50% returns per annum. Do you think the same? And if you do, how would you go about doing it?"

Mohnish: Yeah, I think Warren is very different from us in the sense that very few people would have the intensity of pursuit of value that he would have. For example, when he was running very small amounts of capital, he used to go through the Moody's manual and the Moody's manuals are not published anymore, but I went on eBay and I bought a couple of Moody's manuals just from the fifties. People were selling them and just, for nostalgia, someday they might be worth something. If you go through these Moody's manuals, they're very fine print. They would have maybe four or five companies on a page and they're thousands of pages. It had thousands of businesses, and he was doing a quantitative screen manually, looking at one business at a time and looking at things that didn't make sense. Like sometimes he'd find a business that makes 25 million a year trading for 15 million, for example. Then he'd go and, look into what was going on with that company. He was in deep dive board. Cigar were perfectly fine for him and he did exceptionally well. I think that the 50% a year is definitely possible with small group, small amounts of capital following a Graham approach, but one needs to be very dogged about it. Warren went through those Moody's manuals not once, he went to them at least a couple of times. One time at a Berkshire meeting, I think maybe 20 years ago, someone asked him Mr. Buffett, how can I look at all these stocks? They had thousands of stocks, tens of thousands of stocks, and his answer was start with the A's. And for most people, it was actually a very correct answer. The thing is that Warren would not have a problem sitting down and going through 20,000 stocks, one at a time. He would be happy sitting there from 7:00 AM to midnight every day, spending, two, three minutes, five minutes, 10 minutes on a stock and just keep going. He could do that for months. If you have a temperament like that, where you can just put all your attention and do something like that, then it's going to happen. There's a saying, which is written maybe 3000 years ago, or maybe 2,500 years ago in the Upanishad, which are these more kind of philosophy books in India than spiritual. It says that as is your wish, so is your will. As is your will, so is your deed and as is your deed, so is your destiny. The punchline is, your deepest desire is your destiny. If you wanted to make 50% a year and you had a million dollars, it was your deepest desire and you were willing to put in the work, it would happen. You just have to clone what warned it, which is extreme patience with extreme ability to work hard and with extreme action, when you find no brainers, I think in his 50%, he would probably not have more than three stocks. Warren used to always say even 15, 20 years ago that 99% of his network was in Berkshire Hathaway. He doesn't say that now because the 1% that he had outside Berkshire has actually grown significantly more than the compounding inside Berkshire. The reason for that is that 1%, many times he had one stock. He put the entire 1% in his highest conviction idea. If you were going to do the 50%, you probably would not have more than three stocks. I mean I couldn't do it, but if we were running, let's say 20 or 30 million dollars in capital, and I had told my investors would concentrate very heavily. I tried to get as large a position as I could in that Turkish out of that. Then it would be meaningful. It might be a third of the capital or one fourth of the capital and 4% of NAV with one fourth of your capital put to work. Good things might happen to you.

Luis: Yes, absolutely. There is one more question coming in from our viewers "Knowing the Agnelli family and it's holding company Exor do you think Exor has a long runway despite being concentrated in the auto sector?"

Mohnish: John Elkann is a good friend of mine, wonderful guy. I think he's very thoughtful and I think he's a very good capital allocator and a good leader. He was thrust into that position with a lot of family tragedy, unfortunately, very early. I think John is a learning machine. I believe, I mean, I haven't had these conversations with John, but I believe that in the long run, the Agnelli's will hold on to Ferrari forever. I wish I had done that too. That's the mistake I made, but I don't believe that they will retain their stake in the rest of the auto sector for decades. On end. I think that in some period of time when things are more favorable, I think they may look at doing something. I mean, I think the thing is for them, it is so apparent, right? You have Fiat Chrysler, which is now Stellantis and then you have Ferrari and you just look at the economics of the two businesses and it's just night and day. It's the same family that owns both businesses. Many times Ferrari has a higher value making 10,000 cars a year than Stellantis making, more than it's almost 8, 9 billion cars a year, it's Ferrari's earnings, maybe more than half of two thirds of the company making, millions of cars with just 10,000 cars. You just tell the favorable economics of one business versus the other. I think over time Exor will end up with more and more of its capital outside of the mass market auto market.

Luis: Good. There's another question from one of our viewers, "any recommendation to avoid suffering during a downturn market, your friend, William Green explains in his book that great investors are able to behave without fear in those periods being one of the most relevant, competitive advantages in order to reach superior returns."

Mohnish: Yeah. I mean, I think that Charlie Munger says that, three times in the last few decades of books shall lost more than half its value. It didn't bother them. It's irrelevant. I think that, there is a saying I grew up with which is, if wealth is lost, nothing is lost. If health is lost, something is lost, and if character is lost, everything is lost. At the end of the day, I think the way one should look at the portfolio is understand what it's worth, not understand what the markets, every second uprising it at. Because the two can diverge quite a bit. If you don't have leverage in your life, you don't have margin loans. Some asset drops 50% or 70% in price, and you don't need to sell those assets to keep the lights on. It's irrelevant for the most part, because it's in the nature of auction driven markets that you will have very wide variance between price and value. We see that all the time. For example, if I took all the stocks in the New York stock exchange, put them on a dart board, small tickers, and I just throw darts at any stock. I look at the price range in a year would be 50 to a 100 or 70 to 130. It's a wide range. If I look at the value of my home on Zillow, for example, every day for a year, it may not move more than 10%, 5%. The movement is very narrow because one is an auction driven market and the other is a market where intelligent buyers are interacting with intelligent sellers. Auction driven markets will always overshoot and undershoot, and it is that overshooting and undershooting that helps us make money. I love auction driven markets because it gives us those opportunities, but you also have to be willing to take the pain where you are holding something and it's dropped a lot in price. As long as the underlying asset is still valuable and worth a lot more. You don't have any leverage or anything else. You can just write it out. No problem.

Luis: Yes, definitely. Another question from Danielle, “as you mentioned by purchasing Prosus PRX, you get a stake in Tencent at a discount. Why do you think the market has not recognized this? And do you see it as a long-term compounder?”

Mohnish: Well, I would say holding company discounts in the equity markets is a very common occurrence. It happens all the time. I think that I was listening to a, I feel the reading, a transcript of one of the Naspers calls where Koos Bekker was talking. He said, look, if I own a Picasso worth 10 million and I own a Matisse, which is also worth 10 million, and I tell you that you can buy both for me. You may be a Picasso fan, but you may not be a Matisse fan, or you may be a Mattise fan, but not a Picasso fan. If both are shoved down your throat, you'll say, okay, 15 million I'll take, right. You'd be unwilling to pay 20 million. If you look at it from that point of view, or process, if you just at a high level, look at it, they've got, let's say 2 billion of 10 cent stock and process, and they've got like 40 billion or something in other investments. Right. 240 billion and I think the market value, maybe under 150 billion, well, part of it is kind of the Picasso and Matisse given to you together. How do you make sense of this? Right. I think that some of the parts discounts is very common in equity markets and sometimes the market gives you things on a platter and that can be great.

Luis: Very good. David asks, “if you find similarities in the investment strategy of Nick's sleep and Terry Smith, they seem pretty similar finding the best businesses and holding until they develop their maximum strength.”

Mohnish: Yeah. Actually, Terry Smith, I am still studying Terry Smith. I don't have a good view on him yet. I just started reading his book, so I cannot make too many intelligent remarks about that. The guy seems to know what he's doing, but maybe if you ask me that next time we talk, I might have a better answer.

Luis: Good. Very good. Another question from one of our viewers “who are some of the investors that Mohnish follows who work with small sums.”

Mohnish: I have a lot of friends who are relatively new in the investment management business. Some of them have quit their jobs and gone into it and so on and so forth. I would say I have quite a few friends who would be managing, less than 20 million dollars. For example, many of them are very thoughtful and I think they will grow and scale over time. But we leave them nameless for now.

Luis: Very good. Alberto, would you like to ask one question yourself?

Alberto: Yeah, one thing that comes to my mind is that, and I think has to do with how you live your life and when you go through the book of William Green, but so many others as you study the lives and of great investors, they build an edge based on their psychology and the temperament. The basic basically sometimes be an emotional when people are emotional, all these behaviors that provides an edge versus just analytical behavior. I wonder, what do you think about balancing your life, where sometimes you're too unemotional in the market and you are like that with your wife, you end up losing her or with your kids and you end up losing them because they grow up and then by the time you try to come back, it's just too late. Right. So many other people presented in the book have already changed wives one, two times, or not going to say names, but they might have had a bad relationship with their kids or they lost them or whatever. I wonder how you think about that. It's a very difficult balance to go through.

Mohnish: Yeah., I think that William makes a good point that basically some of the traits that might make you really good as an investor may make it difficult to develop deep nurturing relationships. But I don't think it's an either or I think that those personalities are a little bit complicated. If you look at someone like Warren Buffett, he says that his daughter says that her dad was basically a math nerd and really didn't connect well with society. He was very introverted and in his own world, Warren would say that Susie, his first wife helped him a lot to become a well-rounded person. She worked on and so he repeatedly acknowledges that he owes also a huge debt for helping him become a fuller person. But I think that Warren is extremely singular in his interests and pursuits. I think his younger son, Peter said that, my dad, wasn't the kind of person who would join me in the backyard and throw baseballs at me for example. But he said that he was very consistent. He'd be at home for dinner every day, for example. I don't think Warren had a lot of an intense, what we would consider a natural fathering relationship with his kids. I'm just guessing that I'm just reading between the lines of what these people are saying, because of the way he was. But I think that, he had a partner who made up for that to a very large degree. She overcompensated, like for example, I think when he was working out his home, when he first started investment fund, he had a little office off the bedroom. He pretty much would be there from like 7:00 AM to 10:00 PM and just come down to meals and then go back up again. Because he was just, so engrossed in the Moody’s. How could he give up the Moody's manual, the treasure hunt, all and Susie compensated for a lot of that. But in the end, what happened is that Susie left, right? In the seventies she left, she moved to San Francisco and they had a somewhat unusual marriage, they still remain married, but they were separated. I think part of that was that the nurturing that a spouse may have wanted was not fully there. I think for value investors, it can work out fine with the families and all of that. If, even if they have those personalities, if you have the right partner or the right fit of a partner, which would be harder to find and such, but if you can find that, then it can work. But I think that sometimes these two posts, the demands of a great marriage or the traits that would lead to a great marriage and the traits that would lead to being a great investor can sometimes be an odds.

Alberto: Yeah. I just wonder, since you personally know Warren, and Charlie and , you have dinner with Charlie here and like quite often, so maybe you know him better, but with your interactions with them personally, I wonder how has that affected your life personally?

Mohnish: Well, yeah, I think my friendship with Charlie is a lot deeper. Part of it is because he's in the same town and such. I think that it has really been instructive for me to observe Charlie when he's with his friends and when he's with his family and when he's with his grandkids, I've seen him in different settings. I think Charlie is extremely well rounded, in the sense that he doesn't have the singular interests, for him, the investing is just one interest. He has an interest in designing student dormitories, he designed his own Caravan and boat and he has many other interests. He's a lot broader. He's not so concerned about what's been my annualized compounding rate and things like that. I think Warren would be much more focused on those things. I think it's been wonderful to observe it and a lot of things that I learned from Charlie, he never said them to me. I just saw them, I learned from observing him and it's been yeah, I have to pinch myself sometimes because of how wonderful that is, that some spawny kid from Mumbai is theoretically having bread with Charlie, it's out to this world experience, I would think.

Luis: Mohnish, this may be the last question. I'm very happy. It is because I was actually discussing with my wife, your chapter in William Green's book. I talked to her about the very same thing that this viewer is going to ask you about. His name is David, and he says, "I love the chapter of William Green's book about Mohnish life. Could you give us some update about deduction of foundation and development plans for the next years? Thanks for the philanthropy work."

Mohnish: Okay. Yeah, that's wonderful. In fact, one of the things that's going on right now, induction is we are evaluating a tweak or a change to our model. If it works, we will even be willing to abandon the model we have because this model looks superior on paper. What we are looking at is that, when a lot of us go to college and when we look back after 10 or 20 years, there's a very small amount of things in terms of classes and things that really impacted us for the most part. It's inefficient, it's typically universities and colleges are like logic, aircraft carriers. They're very bloated costs and such. We are looking into a kind of a joint venture with another entity where we would take kids out to high school and train them for two years on software engineering and entrepreneurship. We would identify skills upfront, which would tell us that these kids have kind of natural traits, which would likely make them good entrepreneurs. We can look at their math and other skills in terms of their programming and other skills. If we can, in two years give them those skills, then some portion of them might go off and do their own business or whatever else. Others would still get gainful employment at the various tech firms and so on. Instead of our present model where we spend two years with the kids, then they go to undergraduate degree for four years, and then they enter the workforce. This would actually cut about four years off that process. We want to see, we want to experiment with this to see how this can work and if it can work and what the outcomes are. We are going to experiment with that, but yeah, Dakshana is doing great. It's a combination of heart and head. I think the problem that most philanthropies have is they're usually too much heart and too little head. We look at it in many ways. Like we do a business where we want to look at what is the input and output of money going in and, good to society coming out. There's been a wonderful team. It's worked out really well so far, and we know we will fail at many things, but we'll be happy to try.

Luis: That's wonderful work that you're doing through your foundation, Alberto we're coming near to the end of our session. I don't know if you would like to deliver some closing remarks. I thank you, both Albert and Mohnish for being with us tonight.

Alberto: This has been so much fun, Mon. This is amazing. Thank you so much. I hope everybody had a lot of fun there, too bad that we kind of have people here and see people, but hopefully you can come to Spain and we can have, Tapas and have the real people, which I think is the best energy.

Mohnish: It’s very high on my list actually, I am really looking forward to it, Spain is high on my list country to visit. I love the love, the food and looking forward.

Luis: Well, you have friends here, Mr. Pabrai we would love to show you around, show you Value school, and we will do the best we can so that you and your companions have a wonderful stay with us. Mr. Pabrai, Alberto, great having you tonight with us. Thank you for all the things that you've done for value school, including this session, Albert, you know what I'm talking about and we wish you both the best.

Mohnish: Thank you, it was a pleasure.