Mohnish Pabrai's Q&A Session at the William & Mary College on November 8, 2022

Myles: Mohnish started off his career as an entrepreneur, starting his company TransTech in the early 1990s, later sold it and invested that money too, and eventually created an investment partnership with some of his other friends. He started off investing their money and then realized he wanted to change the model a little bit. He started his own hedge fund and now he's giving a lot of that back through his foundation, Dakshana Foundation. The fourth highlight of his career is, Mohnish, tell me if I get this wrong, but a couple of years ago, he was kicked out of several casinos in Vegas for Blackjack. Is that right Mohnish?

Mohnish: One, we've been kicked out of one so far.

Myles: Okay.

Mohnish: My goal is to get kicked out of all of them, but we'll do it little by little.

Myles: Okay. All right. I did get some questions for some people, but unfortunately, couldn't make it today. We do have some people on Zoom and obviously we have all of you here today. Mohnish, how do you want to do this? Do you want to have a monologue or go right into Q&A? How do you think we should go about this?

Myles: I think we don't have that much time. Let's go with the Q&A format. I think that's a good way to go, see what you guys have on your mind.

Myles: Perfect. Let's hear, what do you guys have in your mind?

Tiger: If I recall correctly, Micron is 37% of your funds certainly, right?

Mohnish: Micron is not 37%. Basically, all the holdings don't get reported. The 13F doesn't report our foreign holdings and so on. I don't invest more than 10% of my assets into anything. When we made the investment in Micron, it was a 10% bet. At the peak it was maybe 25% or so a bet, and it's pulled back. It might be around 20 or a little less than that.

Tiger: I'm just wondering because I pitched a stock, I did a stock pitch on the AMD. I've just done a lot of research in the semiconductor industry in general and, I got a friend from high school, he's a DRAM system engineer at Micron, and he's been working there for just three months. He's not familiar with everything, but DRAM markets are cyclical and like reading through Micron's latest earnings. It seems like the margins and revenue are just going down. If you could walk us through some of the decision-making criteria that you had for specifically Micron because you've got perhaps other options that are not as capital heavy, not as capital intensive and AMD and various other examples, while they also are subject to some cyclic nature of the industry, at least so far, it seems like their margins and net income are holding up better than Micron.

Mohnish: Yeah, I think that's a good question. One thing we should always keep in mind in investing is that there's a very high error rate, at least 40% and could even be 50% or more. Even with being wrong on half the bets, one can do well. Micron is a case where we are not really going to know whether the bet worked or not until the dust settles. We got to let the bet play out. But I would just say that the cyclicality of the memory business has gone down a lot. DRAM used to be a terrible business. There were more than a dozen players. It's now down to three players. Three players have over 95% of the market. I had a discussion a while back with Charlie Munger. I didn't directly discuss Micron with him, but I had discussed oligopolies and, especially oligopolies where they can't, so one of the things about oligopolies is that if you are, let's say Coke and Pepsi, you can't sit in a room and set prices, that's kind of antitrust violation and all kinds of other illegal behavior. But if you don't engage in a whole bunch of irrational actions, oligopolies can do really well. I asked Charlie about the nature of oligopolies, and he said that Buffett had studied a long time ago, Coke and Pepsi bottlers in a wide number of regions in the US and around the world, and he found that in probably 95% or 97% of cases, both clerks made good money. Basically, it's these strong brands and people have preferences and such. It's not print pricing power. If Pepsi's on sale and Coke is expensive, you might switch, but in some geographies maybe the 3 to 5% of geographies, one of the owners decided that they wanted a much larger market share and so they engaged in price wars and a lot of other behavior to try to market share. Of course, your competitor is going to react to that. You ended up in some markets where nobody made money, neither the Coke bottler nor the Pepsi bottler, they were just bashing each other trying to get market share. Nothing really happened. The consumer won basically. But in 95 or more percent of the market, there was rational behavior and there was no collusion or illegal behavior in these markets. But both players made money. What I see with Micron and Hynix and Samsung is that I was really surprised originally when I was looking at the businesses about the frequency with which they speak to the markets. They seem to like, if they have the quarterly calls, then they'll have some investor conference and they'll do updated guidance. There's a lot of stuff going on. It's just not four times a year that they're telling the investing public what's going on. It took me a while to realize that they were not talking to me, they were talking to each other.

If Samsung goes on a rooftop and screams and says, “my Capex is going to be $20 billion this year and I'm basically going to produce so many chips, for example”. Two days later, Micron will make a similar announcement from a rooftop saying “my Capex is going to be $10 billion a year this year and this is the number I'm going to produce”. Then the third guy, SK Hynix would say that too. They're really talking to each other and it's legal to talk to each other. United and American Airlines, the American will reduce fares on some routes and five minutes later United will reduce their fare as well. If it's not done in a room colluding and you're doing it through press releases or whatever else saying, hey listen, basically, the unsaid message is I'm rational, I'm not trying to take market share. I'm happy where I'm at. I met with all three companies, and two of them are in Korea. When I met with Samsung, it used to be that Samsung was the low-cost producer, so they have or used to have a cost advantage versus the other two. I told Samsung that basically if you wanted to, you could reduce prices to the point that the other two couldn't match you because they would start losing money and you could take more market share, and we heard them. Samsung's response was that “bad things happen to us when we get over 50% market share”. They said, “we really don't have much interest. Our customers like to have the second source and they like to have large second source options and the regulators and everyone else will not look kindly upon someone of the three becoming 80% of the market or something.

Samsung says, “we are at 50% and we want to stay at 50%”. Basically, the other two pretty much said the same thing. Now what's happened over the last few years is that Micron used to be always behind by a year or two and they've caught up. Now I don't know how long they can keep that. They've run ahead of the other two. They were a little bit of an edge right now, but I don't know if that's sustainable or how the other two will, what that looks like in three years or five years. But the bottom line is that we have three cooperative players, like 95% of the Coke and Pepsi bottlers, in the memory business there's really no kind of alternative to it, at least as far as I can see. This is technology, they can be disruptive, but the way software is written and the way the chips work and the way logic chip talk to memory and all that, that has not changed in more than 60 years. When I was going through my undergrad, I'm a computer engineer and I studied the architecture of the IBM system 360, and later I was working on firmware and chips and hardware and all of that and used a bunch of DRAMs and so on. Later when I studied the architecture of the Intel 8386, which was a chip in the late eighties, basically these two chips were almost 30. These two architectures were 30 years apart. There was no difference. They were identical. The only difference was size and, now if you look at computing today, I haven't kept up with it the way I used to keep up. You've got some changes that have taken place because of arm holdings and people doing specialized processes and Apple's doing its own processes. People are not taking off-the-shelf AMD and Intel products; they're trying to get more specialized. There has been some change based on the nature of the computing they're doing, search as Google is doing, and that sort of thing. But for the most part, these architectures have not changed and it's unlikely to change in the near term and such. I don't think there'll be a fourth player in this market, and I think even the NAN market might consolidate at some point and that might become an even better business. These are all the theories behind why Micron makes sense. Once you get all this growth that's going to be coming from AI and data centers and everything else going on, self-driving cars or assisted driving cars, when we have all these things take place, it's a tremendous surge to the volume of memory needed. We are also hitting edges of Moore's Law, so things don't double every 18 months anymore. In fact, they're lucky to get doubled every four years or five years now based on all that. I think that even though these are high Capex businesses, all three should do well, but it remains to be seen whether being a high multiple or an NVIDIA or an AMD in the long run of the better bet, it could be that's the case, but we'll see tuned. Stay tuned

Myles: All right. Other questions?

Shreya: Hi, my name is Shreya. Thanks for joining us today. I think my question is a little bit geared toward the story of you starting your own company first and then your hedge fund. What went into that process and how does it look like for you now having your own Hedge funds?

Myles: I think there is a misnomer about entrepreneurs, people assume that entrepreneurs are risk takers, that they are rolling the dice. If you look at kind of non-venture back startups, which probably comprise more than 99% of startups, probably 99.9% of startups are not venture back your neighborhood Chinese restaurant or laundromat or consulting business I had started and that sort of thing. Most businesses, more than the million businesses that get started in the US every year are not venture back businesses. The common theme amongst most of these businesses is they do everything in their power to reduce risk. Basically, there's an asymmetry when you start a business where if it fails, you may not really lose that much and if it works, your moonshot works. That sort of asymmetry in bets is very attractive and one should make those bets when one gets a chance to. When I quit my job, or actually even probably nine months before I quit my job and I was thinking about quitting my job, I basically analyzed the situation and I said, okay, look, I'm 25 years old, I'm going to take on, I took on eventually about $70,000 in credit card debt, visa and MasterCard for my venture capitalists. They took no board seats, which was great. Then I emptied out my 401(k), which was about $30,000. At 25, I wasn't too concerned about my retirement savings. I had a hundred thousand dollars, and I could lose a hundred thousand and I was willing to lose a hundred thousand. Now the $70,000 in credit card debt at that time, this is 91, they've changed the laws now, but at that time I researched bankruptcy law and basically if my business went kaput and I declared personal bankruptcy that $70,000 would get wiped out and it wouldn't affect my credit. I'd get a clean slate, and not only would I get clean slate, but I actually become a really good credit for seven years because I can't, at that time with the way the laws were, you could not re-file for personal bankruptcy for seven years. Basically, you become a very good credit risk because the credit card companies know, that car loan companies know that if I make a five-year loan to him, he really can't go back and file bankruptcy because that's not open to him. I knew that I could just lose my $30,000 and I said, I'm qualified, I'm an engineer, I can get a job. When this blows up and when I quit my job, my boss and his boss, they basically told me, "Look, when your business fails, not if your business fail, but when your business fails you can come back with higher pay promotion, et cetera". I said, wow, this is even better than I thought. I don't have to apply for jobs. I get a higher salary and I get a higher position if things don't work. Basically, things worked and there's a huge asymmetry because then, you're making millions in revenue and profits and so on. There's a book by Amar Bhide called "The Origin and Evolution of New Businesses", which goes into what goes into the minds of entrepreneurs when they're starting these businesses. He interviewed a bunch of Inc. 500 CEOs over 10 years and what you see is a common theme that most of them thought like me, I didn't know that. I didn't know that there was this framework that people were using, but most entrepreneurs implicitly use this framework even though they haven't really talked to each other about it.

And starting a business for the most part for me was low risk, not starting it was high risk because I felt like in a corporate path, once I was married with kids and in my thirties or forties now, I would have a lot more to lose. If I'm single and I go bankrupt and I declare bankruptcy, that doesn't mean much. I can bounce back. I felt like I had one open clear shot, and I should take that, the hedge fund, basically the thing is I'm just looking to do things that I'm passionate about and or excited about. I enjoyed investing. Then I found when I had a few investors that it was to have this group that I was helping and working with and they were a bunch of entrepreneurs, so it was sometimes they were analysts for me because some business that I was studying was in their area and so on, unpaid analysts, which is great. Then I just took it to the next step. I said, this can be a profitable business and a hedge fund has tremendous economics since that one person could be running, in my case, hundreds of millions of dollars but you could even be the billions of dollars and the upside potential is tremendous and it can be a great, great business. That's why I lost interest in my IT business. I got more interest in investing and I pursued it.

Myles: All right, thank you for the question. Just a reminder for the people on Zoom, if you do have questions, just raise your hand that way I can know that you have a question because I'm not able to see if anybody has their cameras on. But yeah, other questions?

Speaker 2: Sir, we have two business questions, I'm not really a business major, but thank you for answering those questions. I learned from Myles that you are a philanthropist as well outside work. I was just wondering and curious why specifically you chose education and aiding or helping children go to elite schools and agency? Why education specifically as you're going with this interest or is there any individual personal story you would like to share throughout the journey?

Mohnish: Yeah. I found philanthropy really interesting when I first stepped into it. There are some similarities in investing, but there are also plenty of differences. One of the things you need to do well in terms of effectively channeling the resources that a charity has at its disposal, is to have a combination of heart and head. You need a great heart, but you also need a business head. What I founded most charities was that most of them were run by people with great hearts, but they didn't really understand capital allocation and things like social return or invested capital or looking at two different initiatives and trying to benchmark and compare which one is better and then you put more eggs in the basket, that is better. I found it puzzling that people just did things mostly for the pants. One of the things I always questioned was that when I saw a charity which had 10 different initiatives, I said, okay, if you measure all 10, you're going to find that initiative number one that does the best per dollar you spend and number 10 that does the least good. Why wouldn't you, in the next year, cut it to eight initiatives in the next year and the year after that six, if the ones at the top can absorb more cash. But they don't think like that. I think that their perspective is, “we want to appeal to wide range of donors, or the annual report looks nice this way” or whatever else. There's a lot of inefficiency in the way charities operate. My experience has been that education has such a massive multiplier effect. Give a man fish, you feed them per day, teach a man to fish, you feed them for a lifetime. Clearly teaching fishing is more up my alley than giving fish, though they're plenty good to be done by giving fish. I just prefer teaching fishing so that we can get a multiplier effect and I ran across this guy in 2006 in Bihar in India on the organization called Super 30, which is what we cloned because he wasn't willing to take money from me. I said, do you mind if we clone your model? He said, “no, feel free”. He was taking 30 poor kids families making less than $2 a day type thing. Laborers, farmers, illiterate parents, and he was spending about a year coaching them and about somewhere between 90 and a hundred percent of them were getting admitted to the IITs. That's the MIT of India. Once you get admitted to the IIT, it's almost free to attend. It’s heavily subsidized. The difficulty is getting in and the coaching to get ready for IIT entrance exam, which is the toughest exam in the world is expensive. It used to always be that the IITs took kids who were middle class or higher and below that, you just didn't have the resources because the tuition fees would exceed, or the coaching fees would be multiple to what your parents are making.

I just saw that he was spending at that time $700 per kid. What would happen is that the incremental earnings might be something like 50x or a 100x, it was huge because once you go to IIT, then Microsoft wants to hire you and Alphabet and Apple and so on. You have a lot of career options open to you which are not there if you don't go to IIT and go to some other school. To me, that was a great input output ratio. At Dakshana, we cannot do it for $700. His mom was cooking for them and all that he was, and he was not scaled. It costs us about $3,000 a person. It's been about 15 years, so there's tons of inflation in there. But what that $3000 does is almost an infinite payback because we've pretty much transformed every generation from then on or that family and they've pretty much gone from zero to hero. To me it was a no-brainer that we would have a very high return to society by doing this. I have not come across anything else which I can see is a higher SROI, social return on investment capital. If there was and I could figure out how to do it, then I would switch. That's why we are doing what we're doing.

Myles: Thanks for the question.

Speaker 3: What is the biggest setback of your career and how did you overcome that setback?

Mohnish: Yeah, Marcus Aurelius was one of the last Roman emperors and he shows up in the movie “The Gladiator”. At the beginning of the movie, the old king who's dying and Russell Crow has chosen his heir and then of course while hell breaks loose after that, but he was a philosopher, who spent most of his life on the battle feed. He had a lot of injuries and a lot of illnesses, a very tough life and he came up with a stoic philosophy, which is worth delving into. But what Marcus basically says is that “to encounter misfortune and overcome it is good fortune”. What has happened to me in my life is, every time I've been beaten down or something negative has happened or something terrible has happened, there's been so much learning and growth that's come out of that. Yeah, I couldn't see and at that time I'm down and out saying this is terrible. What I've always noticed is that the paybacks are exponential. So, you can't see it at the time, but now I just submit to Marcus Aurelius saying, “okay, when we encounter bad times, they're not really bad times, we just don't know they're actually good for us and we'll figure that out later”. When I look back at my life, there were a few points which were low points. My parents went bankrupt several times when I was growing up and my dad was a kind serial entrepreneur and every three or four years his business would blow up. My parents are very poor financial planners. Pretty much if the business was doing well, they lived well and just blew up. We didn't have money for rent or groceries or anything, it was really pretty dire, and we were trying to go to friends and family and trying to just have money to get by.

There were a lot of kind of feast and famine going on. When I was a junior in college, I would come to the US, my father was doing well, he went bankrupt and at that time I was on a student visa and I couldn’t work and didn't really have any job prospects, still had a like a year and a half of school left. I felt very helpless, and I just thought my everything's over. I'm not going to be able to finish my degree and I don't know what's going to happen here. I was doing well in school but that was a very traumatic time. Then a few days later one of my uncles stepped in and said he would support us, which was amazing, my favorite uncle still. But I remember the feelings I had at that time. It was very sad and solemn and there've been other times in business or running the fund in the financial crisis we were down like 65% to 70% but there were a lot of lessons that came out of that. There were mistakes I had made, and those mistakes got seared in and it really helped the performance after that. I couldn't see it then. But we don't really learn from success. We learn when we stumble.

Myles: Thank you for the question. Other questions from Zoom crowd here. All right. I was emailed some questions beforehand, so I'll ask some of those and if anybody in Zoom has a question, just raise your hand. I sent out your 10 commandments Mohnish the other day, your 10 investment commandments. One of the ones that someone pointed out was, I don't remember, I think it was maybe five or six where it was, "Thou Shall Not Use Excel at William and Mary" that's a bit of heresy. Please explain what your philosophy is behind that.

Mohnish: In investing, you should be able to do the math in your head. If you need to have a complex excel DCF model to tell you that something is a good investment, it is not a good investment. I'll give you maybe some extreme examples. But in 2019, I made an investment in this company in Turkey: Reysas logistics. This was a 20-million-dollar market cap at the time and the liquidation value was like $800 million or so. I was visiting them because a good friend of mine in Turkey who's a very strong kind of Graham type investor, I just told him I want to visit all the businesses that you've already invested in kind of one layer of diligence already done because someone smart has filtered through. I asked him, is it a fraud? What's going on here?

He said, "No, I have an investment and the company just doesn't have great IR or anything". They had a bunch of warehouses. It was very easy to value those warehouses. They were in very prime areas, 99% leased, 10-year inflation index leases to like Amazon, Ikea, Car Four, Dupont, Mercedes and so on. The very strong recurring revenue business. Then you could just, in six months, liquidate the whole portfolio and have about $800 million or $700 million or $900 million, something like that and you are paying $20 million for it. There's no excel needed. Now, the business in the last three years, the Turkish leader has been decimated and I invested at that 20 million market cap. It was five liras to the dollar. It is now 10 and a half liras to the dollar. Very strong appreciation of the lira. In dollar terms, we are up about 9x in the last three years. The company now has a value of $180 million or so and the liquidation value they've improved. They've done a bunch of things which have improved the business already. It's over a billion. They are depressed. It could be in normal times a billion and a half or two billion. We're still sitting at something like 10% or 20% of the liquidation value. You don't need excel for that. One time I was in 2006, I was looking at a steel manufacturer IFSCO and IFSCO was in a situation where they made tubular steel that goes into pipelines, and they used to get these long-term contracts because some pipelines would take around two or three years to get built. They want to have assurances of the steel supply and so on. IFSCO had about $15 per share in cash on the balance sheet. They had no debt and they had publicly stated that for the next two years their earnings were going to be $15 a share each year. The stock was at around 45 and between the cash and the next two years that the company is saying they would make, and this wasn't like normal guidance, they have contracts with these pipeline guys to build these pipelines. It's not like Apple's making some forecast or something. This is hard coded and after two years, because it's a cyclical business, earnings could go to zero, it could even go negative. My take was, if we just hold the stock for two years, we'll have $45 of cash in the business and plus all the plant and inventory and everything else, I just want to see what the market values it at that point.

I just want to see how Mr. Market's going to price that business. About a year later, maybe eight or nine months later, they announced that they're going to have one more year of earnings or $15 a share. They got some more contracts. Now we were in the money, we were going to be at $60 guarantee and the stock had now moved up to mid to high 60. Mr. Market was organizing some of that and I was looking at it and I was thinking about what we should do when it had gradually, over the next few months, moved up to close to $90 a share. About 18 months we had a double and I was thinking this is a good deal, it's a cyclical business, I think we should exit. As I was running through that math in my head, I woke up one morning and some Swedish company had made an offer to buy them out at $160 a share and the stock had immediately gone to 152 or something. I didn't even wait for understanding the odds or whether that would happen or not, I sold all the stock because I was almost ready to sell at 90 and I'm getting 150 and I don't know what these Swedish people are doing two years back when you could have bought it for 45 or maybe paid 65 or 70 or something that's the way the world works. I think the best way to invest is to, first, make very few bets. You look for extremely asymmetric odds where you just know that statistically, it might work for you. Now even when you do all that, you may still have a 30-40% error rate, but that's okay, it doesn't matter because the winners are so heavily doing so well that the losers don't matter. I think that basically using Excel is a red flag. It should give you a red flag when you are reaching Excel because you shouldn't need it. You shouldn't need it to figure out, if I'm looking at something like Micron, I don't need Excel, I can look at the sales, I can look at the Capex, I can look at the cash flows and I can look at where the industry might be in a few years in terms of sales and cash flows and margins and so on and can run the math in your head. It's not that hard.

Myles: All right. Any questions from the crowd or if you have a couple of ones on zoom. Alex is here.

Alex: Hello sir. Sorry for coming in late, a big JB soccer game, and getting to where you required a lot of risks and I'm just curious to know what was your biggest risk along the way and how did you convince yourself to push forward rather than just stay in your comfort zone?

Mohnish: We'll have to have you watch the replay because we went through our discussion on risk. I don't know if your peers want me to regurgitate, but I would just say this that, it's a misnomer. We do everything in our power to minimize risk. What I'm trying to do is I'm trying to pick up, I'm basically looking for bets where the risk is low, and the reward is high. In auction driven markets, from time to time, you can get those sorts of odds. Not all the time. Many times, it goes the other way where the risk is high, and the reward is low. But if you stay disciplined and do your thing and are patient, it can work.

Myles: Alex, did you want another?

Alex: No, I'm good. That was it.

Myles: Okay. Yep. Any questions Tiger? We will go on with Tiger. Then Tommy, just ask one more and wind up.

Tiger: You said you basically have the numbers of Micron, I went through their revenue from $8 billion to $6.6, to $4.2, and then yeah four, two for next quarter and close margins down to 0.6% then become basically winning the bet. Obviously that pricing is not much right now. How do you see the problem with things here, obviously this is the next quarter we will have sold.

Mohnish: We don't care. In any business I own, we don't care about the next quarter or even the next year, with Micron basically I think it's just destination analysis. Basically, what they think will happen in the industry is that the memory guys are making about $150 billion a year top line, all three of them together. That $150 billion they think goes to about $300 billion in seven or eight years. We don't know if that'll happen whether it's $50 billion or $350 billion or where that number is, but it's likely to be around $300 billion, maybe higher and Micron might be $75, $85 billion or something thereabouts, maybe a hundred billion off that number. Then you just say, would they be banging out something like $20, $30 billion a year cash flow? and yeah, I think they could. By then, the market might recognize that it's not the old DRAM business anymore. That these guys, even in downturns, don't lose money and they still skim through the cycles that used to be very high and low. We've already seen the cycles that are reviewed. My take is, at some point, if the market believes that Micron can produce $20-$30 billion in cash flow, they will value it accordingly. Who cares about the rest? I'll give you another example. The company I invested in, it's in India and it's our oldest position. I bought this talk in 2015. It's a company called Rain Industries. At the time when we bought the company, the market cap was $200 million and it's a very cyclical business. They provide parts to the aluminum industry and so on. This was a company making $2 billion in revenue with a market cap of $200 million, one 10th of sales. I thought the odds were very good that they would come a single year when their cash flows in one year would exceed $200 million. Just like with IPSCO, I said when that happens, I just want to see what the market does, what is the market going to do when they produce $200 million in cash flow. What happened is, in 2018 exactly that happened, they had a year that they produced $200 million national and the market took the market cap to $2 billion from $200 million. It was a 10x in less than three. Of course, by then what happened is I fell madly in love with the company and the manager and all of that and I thought they would keep going because he was doing so many good things. Then Covid happened and in 2020 it was down to I think about $300 million or less in market value and now it's seven or 800 million. But I think that it'll go past that 2 billion again. They'll again have a year where they'll make over $200 million. This time I said maybe I'll pay more attention and we'll see if we need to get off the bus at that point. But basically, let's say that happens by 2025, 3 years from now, probably high probability that would happen and if we exited that point it would be a 10x in 10 years. Nothing wrong with the 10x in 10 years. Perfectly fine. Good for you.

Tiger: You said in general we don't really care about next quarter or next year?

Mohnish: Completely irrelevant. I think the next quarter is when I run a business, I don't care about the next quarter, when Jeff Bezos runs a business, his arbitrage is that he's looking out seven years that people are not willing to look out seven years he's making bets which may not pay off for 10 years. Whenever you're making an investment, your framework has to be the same as the guy running the business. The way Jeff thinks about the business is the way Amazon investors need to think about the business. If they don't think the way Jeff does, then they're not going to really understand the business, and not going to be able to hold it long enough. For the longest time, Amazon had no cash flow, they're pumping everything into growth. If you didn't understand that and you didn't understand what game he was playing and the long game he was playing, you wouldn't get it. It is completely irrelevant to me what happens next quarter to Micron’s earnings, is not even something I bothered to look at. It's irrelevant.

Tiger: Really for you, like as an investor philosophy, you don't really care if you're getting Micron for 120 bucks a share or 50 bucks a share if you believe it's going to 500 bucks or thousand bucks a share, right?

Myles: After this let's go to Tommy, Tiger

Mohnish: I don't know whether we'll get to $500 a share from your mouth to God's years, but I think we could get to a couple hundred bucks a share. Sure, no problem. We bought in the thirties and if we get to $200 or $250, he's buying back stock and so on and it's a decent return. It's the thing about Micron, it's not my, I would say, highest conviction idea, you made a 10% bet. There's nothing wrong with a business, it's a good business. They've got good management, they understand capital allocation, all these things. My take is, let it run, we've got nine other bets and we want them non-correlated and yeah, probably at the end of the day what'll happen is five of them or six of them will work and maybe one or two might even have a loss and one or two might flatline or something like that. If that transpires, we will have a massive home run. No problem.

Myles: In the interest of time, I think we only have time for maybe a couple more questions. Tommy, I got an email from Jeremy and then we can have one more and wrap up. Does that sound good Mohnish?

Mohnish: Absolutely. We can go if you want. No problem.

Myles: Unfortunately, we have a club meeting after this, and Ken is already giving me a death stare, so I do have to move over eventually but Tommy?

Tommy: Yeah. I just want to ask; you've experienced several cycles and market crashes I guess in your career. Is there anything that you think is unique about the one that we're in now or facing right now obviously in a recession.

Mohnish: People always think that there is a kind of happening at the present time. Like this is the worst time. They always think that the present time is the worst. Trust me, the present time is not the worst. Also trust me, this too shall pass. There's always doom and gloom at any point in time. There are always things you can point to. The financial crisis was terrible, the great depression was terrible. Vietnam war, there are all kinds of things always going on. I think the bottom line is that if you invested in Walmart and stayed invested throughout the period, you did well through a very tumultuous period overall. It's the micro factor around a business that will trump the macro factors. Turkey is a crazy place to invest with a crazy monetary policy. Our best gains in 2022 are in Turkey. We are up on our investment solidly up, which you can say about our US investments and so on, but, and there's so much to hate about micro trump's macro and this too shall pass.

Myles: Okay. Any other questions or shall I just go into the one with Jeremy, Summit looks like you have one.

Summit: Hi, thank you for coming and meeting with us today. I just had a quick question. Who is the best?

Mohnish: I'm sorry you dropped off. Who is the what?

Summit: Sorry. Who is the best investor and why?

Mohnish: I think the best investor, I would say, would probably be Warren Buffett. A look at the length of time and the way he's compounded, the kinds of things he's done, and he is a learning machine and so on. I think Warren would be up there.

Myles: Do you mind answering the why part too? I don't know if you are.

Mohnish: I think Warren, if you look at him in his early twenties and the kinds of things he was doing, he's been a learning machine and he's evolved and grown and changed significantly as an investor and gotten better. He's continuously improved his game and he moved from buying fractions of businesses to buying whole businesses to becoming a great leader to managing this huge empire. He used to have more than 80 direct reports of CEOs reporting directly to him. Any way you slice it, I think if you read some of the biographies on Buffett, like Lowenstein's biography or Snowball and so on, I think those are wonderful books to read to get a good sense of who he is and why it's worth studying him.

Myles: Thanks Summit for the question. Let's see, the last one was from Jeremy who sent me this as soon as he saw the announcement that I sent out, sorry a different Jeremy actually, but he said one of the investors that, sorry, I'm going to reword this little, one of the investors that you know very well is Guy Spier whom I know you are good friends with. Jeremy said that Guy posts a lot of his letters and returns and just passes them all over the internet, but Jeremy couldn't find yours and he was wondering why you don't follow the same, I'm trying to reword this little, why don't you do the same thing as Guy and post your annual letters, returns, et cetera.

Mohnish: Yeah, he is not supposed to do that. We have SEC rules that when we are running a hedge fund, they give us a lot of kinds of light regulation but against the right regulation you cannot basically expose things like your returns and so on to non-credited investors. I think even if you contact Aquamarine funds, they will ask you a bunch of questions related to whether you're credited and qualified and so on before they give you the keys to the kingdom. It may be that their third party is posting his stuff, but I know that Guy doesn't send out his stuff willy-nilly to anyone and everyone because that would be a violation of the rules. If we were running mutual funds, then everything is out in the open because it's a platform designed for the general public and daily liquidity and daily NAVs and all of that. But hedge funds are supposed to have a curtain between them and the general public. That's what the SCC

Myles: Thanks Jeremy for the question by the way. Any other last burning questions? Camp?

Camp: Yeah, one question. Thank you for coming by the way. When you sold TransTech, how did you decide what to do next?

Mohnish: I think it's simple. I have a simple rule that I followed throughout my career, which is that if on Monday morning I'm not fired up to go to work, I do two things. Number one, I don't go to work. Number two, I hit the reading. This happened two or three times in my career when I was working for someone a couple of times and I just moved to a different part of the company. But when I was starting my business, I was getting disillusioned with the kind of work I was doing. The company was becoming very corporate. We used to be eight people when I joined them, and three years later there were 800 people. They had done some acquisitions and they also had a lot of organic roads. My job description, which was basically no job description, became a very narrow job and I preferred the good old days, and you were running wild. I said I liked it better when it was smaller, and I could see some opportunities where it was possible that a business around those opportunities could do well. I said I'll pursue it because the risk was low. That's why I went for it.

Myles: Thanks Camp. Any last ones on Zoom? All right. Perfect. Thank you, Mohnish, for coming again two years in a row now we all appreciate the time. Is there any last parting words before we all say goodbye to each other?

Mohnish: Myles, I enjoy our sessions. I enjoyed the last one so I was happy to be invited back and I enjoy our exchange and I would just kind of echo what Warren says or many of you students who will be going into looking at different jobs and careers and so on is, I love Buffett's advice, which is to go to work for people you like, admire and trust. Basically, in that definition, it is not the highest pay and is not the most well recognized brand. I think it's important to look at who you will be working for and who you'll be working with because you spend such a large portion of your life with those people, and you should be excited about that. The money and the brands and all of that are secondary.

Myles: With that, thank you Mohnish. Thank you everybody for coming. Those in person on Zoom, especially those who are technically affiliated with William and Mary. Matt and Alex, thank you. I hope everybody got something out of it and thank you Mohnish.

Mohnish: Thank you. All right. Bye.