Mohnish Pabrai's Interview with New Money podcast on July 21, 2026

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Brandon: Thank you, Mohnish, for taking the time to talk with me. I appreciate it.

Mohnish: Brandon, first of all, it was a pleasure to meet you in Omaha. I enjoyed that, and I am happy to be here with you.

Brandon: I am going to ask my first question because I am curious about your opinion on this. Right now, we have a stock market that is at all-time highs. We have the S&P 500 that is super concentrated in the MAG 7. We have the Shiller P/E at levels not seen since the tech bubble. On the other hand, we have to worry about geopolitics, war, interest rates, and inflation. I am wondering if you are advising a new investor, someone who is just opening a brokerage account today, what are you telling them? What are they supposed to do in this market that we have at the moment?

Mohnish: In the kind of investing that I do, we make few bets. They tend to be large and infrequent bets. My opinion on things that we do not buy, whether I am right or wrong on that, is irrelevant. Because what matters is what we do act on. For example, I am not an investor in the S&P 500. I generally feel it is overheated. Whether it is overheated, underheated, fair, or overpriced, it does not matter from my point of view because we are not placing a bet there. We generally think in terms of trying to place bets where the odds are heavily in our favor, where they tend to approach a kind of no-brainer territory. Anytime things become murky, debatable, or anything like that, it is an automatic pass. Normally, I would tell people who are individual investors who have a long runway to dollar-cost average into an index. But I also feel that, currently, the S&P, where it is, is probably not the best direction to go in. At worst, it is not a no-brainer, and more likely it is ridiculously overvalued. An alternative that may work for a lot of people is to think of Berkshire Hathaway as an index. Do not buy the S&P; buy BRK-B, the Berkshire Class B shares.

Brandon: I like that.

Mohnish: When you buy the Berkshire Class B shares, something like 40% of the market cap is cash. Another 25-30% is in good businesses, publicly traded, and then they have a lot of great wholly owned businesses. Berkshire may be either fairly priced or underpriced, but probably not overpriced. The big advantage you gain is that if we have a dislocation of any kind, Greg Abel is going to step up to the bat.

Brandon: One thing I wanted to talk to you about is this idea of Berkshire Hathaway being the Buffett ETF. Now we have Buffett stepping down and Abel taking the reins. I know that does concern some investors. Do you think about that? Is it still going to be the Buffett ETF in the next 10 to 20 years, or is it going to start becoming something totally different?

Mohnish: Let us say Buffett has a life expectancy of 200 years, and he decided that he was in good shape and was not going to step down. Let us say he was going to run Berkshire for another 70 or 80 years, for example.

The problem he has is the same problem that Greg Abel has, which is that size is a big anchor. Warren Buffett, with a trillion or more in assets to manage, has his hands tied behind his back versus Warren Buffett with $50 billion to manage or $100 billion to manage. It is not a Greg Abel versus Warren Buffett situation. Size is the big 800-pound gorilla in the room. If you gave Greg Abel a billion dollars to manage, or even $50 billion to manage, he would be killing it in a way. He cannot do as well. Now, what they may be able to do is, if we do get a big dislocation, they are sitting there pretty well. Greg and Warren, especially Greg, have a temperament to get aggressive and go to bat on that. The reason I like the Berkshire ETF or Berkshire index is that if we do not get a dislocation, we are not going to be taking a lot of risk. If we do get a dislocation, we may be looking at a double in a few years, which is great.

Brandon: It is kind of like you have optionality on some great pre- optionality.

Mohnish: Pre- optionality is a good thing.

Brandon: The media will talk nonstop about how big this cash pile is getting and what Buffett or Abel is going to do with it. Would you do anything differently to what they are doing now in this market if you had control of a $400 billion cash pile? Would you be more aggressive in returning it to shareholders? Does it get big enough where this cash pile is too big, or do you like their plan of holding it for now? We will hold it. We will wait and see what we can find, and we will be patient.

Mohnish: They did recently put about $30 billion to work into Google. They are generating $50-60 billion or more in cash flow, but they did put a decent chunk of it to work. Again, the thing is, people should not read too much into it because Google is a $4 trillion market cap company. He has to make those bets because his universe is so small. He cannot be playing Mickey Mouse games the way I play. He is way past all that. I can still play a lot of Mickey Mouse games, which are a lot of fun, but he has to step up to the big leagues and do that. I do not think they should be distributing cash. We have had a long run of the S&P going up quite a bit for a while. It is not unlikely that in the next 5 or 10 years we see a big dislocation. If we do see a dislocation, that might wipe out all their cash.

Brandon: I want to pick your brain a little bit more. This is something I have been looking into, and I made a video on it recently about Berkshire's Google position because I was umming and ahhing as to who made the call, because it kind of seemed like maybe it was Greg Abel taking Berkshire in a slightly newer, different direction. Then I do not know if you saw the CNBC clip of Warren Buffett recently where he came out and said, "Actually, that was me. I initiated it. I normally would not give you an answer on something like that, but I will."

I am interested to hear your take on that position and the fact that Buffett himself was the guy who did it.

Mohnish: It makes more sense that Warren did it than Greg did. Warren has been studying Google for a long time. Geico has been a customer of Google. They have kicked themselves a lot for not buying Google back in the day when they knew that Geico was being charged 20 bucks a click and it cost Google not even 1 cent to do that. They could see the economics of that, how well it was working for Geico, and how incredibly profitable it was for Google. Also, when Google –before Google went public –Sergey and Larry came to see Warren. They wanted advice because they were going to be a public company, and they wanted to run it like Berkshire is being run and all of that. He has had a front-row seat on Google for a long time. They have been a big customer of Google for a long time. But we also have to temper that with the fact that his universe is small. If he were managing $100 billion, I do not think there would be a Google bet.

Brandon: I found that interesting because, in that little interview snippet he did with CNBC, he said something like: "I would say that I do not like it as well as at least four or five other businesses that we own." He was almost like downplaying it.

Mohnish: Google is now a company with debt. They have never been a company with debt. They have never been a company with high capex. Now they have high capex. All these guys have high capex. In fact, Zuckerberg came out and said, "Whether the bet works or not, we do not know. But we have to play." Think of that statement. What he is saying is: "I am putting a lot of money to work, and I do not know whether it is going to pay off or not, but I do not have a choice." What happens in AI at the end, when this whole thing shakes out, is that two or three players make out big time, and then there are a lot of carcasses on the roadside. We do not know who the carcasses are, and we do not know who the winners are. It is a difficult game right now.

Brandon: From what Buffett was saying in that snippet, it is almost like the big dogs are now forcing everybody to play a game that they necessarily might not want to play. That is where maybe it goes back to strength. It is almost a battle of the balance sheet in some ways. It is like, we are going to use our strength of the balance sheet to force you guys to play a game.

Mohnish: I also want to point out that when Google spends $100 billion, for example, in 2027, that is the equivalent of spending $20 billion five or five years ago. That is how much the prices of what they are buying have gone up.

Brandon: Isn't that insane?

Mohnish: It is the gold rush. The people selling the pickaxes are making it coming and going. They have to pay the memory guys a lot of money. They have to pay all these people who are essential to creating the data centers.

What they are paying for what they are getting today is multiples of what they were paying a few years back. The numbers look big, $100 billion, $200 billion, $400 billion, but you have to calibrate that it would have been a fourth or a fifth of that a few years back.

Brandon: That is crazy. It is the case of buying the pickaxe makers. Is that how you think about things as opposed to making bets?

Mohnish: Even better than pickaxe makers is to put the whole thing in the too-hard pile. Let us take the memory guys. We have three memory players. There are a lot of barriers to entry for a fourth player to come in (all the patents and scale and everything). I remember a few years back I was talking to the CFO of Micron. He said, "We have all the patents, the engineers, the process people. We have everybody. If one of our fabs burned down and we tried to replicate that fab, and we have everything —we have all the factors of production, everyone who built it the first time, and all that —we are not sure we can get the same throughput out of it. Because there is a part of this business that is black magic." This is the CFO of Micron talking. When you are not in this business and are trying to enter this business, and you do not have the patents, and you do not have the engineers, and you do not have the black magic, good luck with that. What I am saying is, the memory guys look like they are insulated. The three guys are there. They cannot keep up, and they are on allocations. They are telling people to take a number, and they are jacking up their prices. Unbelievable. That is why there is a four- or five-to-one delta between what Google was paying—what they are paying in the future versus the past. But even with that, the question that comes up is: where is this five years from now, or three years from now? Does one of the three players you know jump in front of the others or something? We do not know. These areas that people talk about on YouTube and on podcasts and all that, the simple Mohnish rule is that it is not where we want to invest. We want to invest where nobody is interested. Nobody is talking about it.

Brandon: The boring stuff.

Mohnish: It is a no-brainer. That is where we want to go.

Brandon: As you say, being hit over the head by a 2x4, right?

Mohnish: Yes. Now you know that does not translate directly into Australian because it is not following the metric system. You get the idea.

Brandon: I get the idea. That is interesting. This is an interesting path to go down because, for example, we have seen AI. Everybody talks about it. It is on the news every day. The Mag 7 gets pumped up. Then, on the other end of the spectrum, what you are saying about some, like, unsexy, unloved businesses, we can think about things like the software-as-a-service companies that were all the rage a few years ago, and now they are being completely spat out.

Mohnish: We want things that are orgasmic. We do not want even software as a service.

Brandon: That is not even it for you.

Mohnish: We are not quite there. I will give you an example.

Brandon: We are getting more boring than that. We have to get more boring.

Mohnish: There is a company based in Kazakhstan, Kaspi. It is listed on the NASDAQ. It is a US-listed company. It generates $ 2 billion in cash flow a year. Kaspi is the WeChat of Kazakhstan. What WeChat did in China, it is a super app. It does everything. Kaspi was a broken, failing bank about 10 years ago. This rockstar manager comes in as CEO. He has about 40% or 43% of the company. He converts it into WeChat, and you need your driver's license, or you want to do some shopping, or anything under the sun you want to do. Kazakhstan is a country with 10 million people. It is a small country. There is no other company in Kazakhstan that produces $2 billion in cash flow. That is a large number. That is an outlier. Michael, the rockstar CEO, was pumping out a billion a year in dividends because they are so profitable.

Then he decided that he was going to replicate what he did in Kazakhstan in Turkey. He bought a small bank in Turkey. He bought a failing fintech in Turkey. When he needed to buy these things, he told his shareholders, "Oh, by the way, I am shutting off the dividend for a year or two because we need the cash for what we are going to do." When he shut off the dividend, he took the stock out back and shot it. When they did that, he made his bets. The stock has collapsed, and then he said, "Now we have made our investments in Turkey. We are turning the dividend back on." He took, like, a 12- to 18-month pause to make this bet and come back. He is an awesome manager. The dividend yield on it is approaching 10%. We do not need to put money in a bank. It is trading at five to seven times cash flow. When it got taken out and shot, WeChat in China came in and bought a big piece. Michael himself bumped up his stake as well. The way I look at this business is that they have the core business in Kazakhstan, which is still growing. They are still adding bells and whistles to it, which is doing fine (monopoly and all of that). Then they have this moonshot in Turkey. If the moonshot does not work at all, you make two or three times your money. And if the moonshot does work, then we do not know. Heads I win, tails I win. It is not even tails; I do not lose much. It is heads I win, tails I win.

Brandon: I was waiting for the heads I win, tails I do not lose much. I got the new version.

Mohnish: I need to keep you on your toes, Brandon.

Brandon: Yes. I am interested in how you find these things and how you chase them. Is it through turning over stones? I am definitely not as seasoned an investor as you. I stay quite tight in a circle of competence, and I am fairly rigid about it because I do not want to stray. But are you more a curious investor who wants to turn over stones and chase these things and find these things?

Mohnish: We need to go back about 2500 years to the Upanishads in India. These were a set of awesome texts written by smart guys. One particular verse in that text was written for our benefit, because they knew we were going to have this conversation after 2500 years. Because your Sanskrit is not that great, I am going to say it in English.

Brandon: Help me, please.

Mohnish: "As is your wish, so is your will. As is your will, so is your deed. As is your deed, so is your destiny." Then the punchline is "Your deepest desire is your destiny." What you have to do when you read this is you have to hook, line, and sinker buy into it. Do not be a skeptic. "Deepest desire is my destiny." I am not sure about that. Assume it is the gospel truth that your deepest desire is your destiny. Now, you cannot have three deepest desires. You have to have one deepest desire. If you are burning passionate about one thing, what the Upanishads said is that it is going to happen. Let us say you said, "I want to focus on buying stocks at a P/E of one. That is my deepest desire. I only want to pay one-time earnings for stocks." Well, there are 50,000 stocks in the world. If you start going through them, you are going to find P/E of one. You are going to find a P/E of 0.1. If you said "I want to only buy stocks at a P/E of three," you will find those too. If you say, "I only want to buy stocks at a P/E of 50," you will find those as well. It depends on what your desires are. It is important to have the right desires. Do not blow it with some stupid desires.

Brandon: Fair enough. Yes.

Mohnish: The deepest desire has to be something that resonates with your soul. It is who you are. If you look at someone like Jeff Bezos, when he was driving to Seattle trying to get the money for Amazon and get going, he wanted to build the world's largest bookstore. He had no other desire. That was his desire: the world's largest bookstore. He went all in on that. Whatever he had to do to get there. Elon wants to die on Mars, but not on impact. It is going to happen because that is the power of the deepest desires. But you have to have a singular focus, and you have to go all in. When you say, "What are you looking for, and how do you find these things?" My focus is that I want to make investments where I can explain them to a 10-year-old in about four sentences. We talked about Kaspi. I apologize it took more than four sentences, but that is because you are not as smart as a 10-year-old, Brandon, with due respect.

Brandon: Yes. What can I say?

Mohnish: If you are as smart as the 10year-olds I interact with, I could have done it in four sentences. The Kaspi thesis is a simple thesis. We have a business that we are not paying much for, and it is not an old-economy business. It is a tech business. It is a real new-age tech business. Then he has the moonshot, which I do not know whether that moonshot happens or not.

What I do know today is that when I go to Turkey, it is all analog. It is all paper. There are no apps. There is nothing there. The market is definitely there. The question is, "Can he crack it or not?" I do not know the answer. I do not need to know the answer because I will make that bet, give him five years, and see what happens. If he does not make it, 10% a year is coming back as dividends. We are looking for equations like that. How do you find them? Finding them is easy. There is a website called Value Investors Club. It is free. If you give them your email address, you can see all the ideas. I think with a 60-day delay. It does not even matter if there is a six-month delay. It is irrelevant. But it is difficult to be a member and post ideas. If someone were wanting to find these things and they said, "I am going to read every write-up on Value Investors Club till something hits me in the head with a 2x4, till a dense person like me has an aha moment." Until that aha moment doesn't come, I keep reading, and trust me, the aha moment is going to come.

Brandon: It is an element of turning over stones, but yes, doing the work. But it also sounds as though, in your personal investing experience, it sounds from the stories that you are saying you like to also find the people, like this fellow or Jeff Bezos.

Mohnish: When I am reading a Value Investors Club write-up on Kaspi, for example, it is telling me about the company and the person. It is all there on a platter. I do not have to figure it out. It is all there. You have to read it. Someone told Warren, "There are 5,000 stocks in the US," and Warren said, "Start with the A's."

The bottom line is that if it is your deepest desire, it is not going to be work. It is going to be exciting. It is going to be like watching the highlights of the World Cup final. That is what it is going to be like.

Brandon: I went to Turkey personally with an investor called Matt Peterson. I do not know if you know Matt.

Mohnish: Yes, I know Matt. Matt is right here in Austin.

Brandon: Yes. But I also came away with the impression that this is me starting to push my own circle of competency because I am not Turkish. I am not super familiar with the Turkish economy. Where do you draw the line on the investor branching out into different markets, into pushing things? Because I am not sure if, personally, I would feel comfortable investing in Turkey, but that is me.

Mohnish: Brandon, the thing is, Buffett says that in investing there are no called strikes. I realize I am talking to an Australian, and I am not talking to an American baseball player. In baseball, if a pitch is coming in the strike zone and you let it go, after three of those, you are out.

Brandon: Maybe we could say we are playing a test match. You have unlimited dot balls.

Mohnish: Yes. Or unlimited wide balls.

It is not going to hurt you. You decide which one you want to hit. You do not need to, and you should not invest in Turkey or any other place till you are 5,000% all in. If you are harboring doubts, the answer is simple. You move on.

Because there are no called strikes, what Buffett said is, "The baseball player has to swing because if he does not, after three strikes, he is gone." He says, "I can let 10,000 balls go by." He says, "When there is a big fat pitch coming down the center, when the ball looks like a watermelon, and it is coming right at the center of the bat, I am going to send it deep into the bleachers. That is when we are going to swing. Until that happens, we will not swing."

You could look at Kaspi, and you may not see a watermelon. You may see a tiny marble not centered in some corner of your strike zone and say, "I am going to let that go, and that's fine." This is a forgiving business. You do not need to invest in the same things I am investing in. I do not need to be investing in the same things Warren Buffett is investing in. The important thing is that when we invest, the 10-year-old understands it in four sentences, and the 10-year-old would be completely convinced. This makes sense.

Brandon: The 2x4 is somewhere around the corner.

Mohnish: Yes, that is what we want. We want these complete no-brainers.

Because we have auction-driven markets and because we have humans vacillating between fear and greed, there is always one portion of the market where everyone is exuberant, greedy, and hyperactive. Let them have their fun. That is not where we are going to hang out. We are going to hang out in other unpopular nooks and crevices. Because we have much less capital, small capital, we do not need to make Nvidia-type bets. We can make a lot of Mickey Mouse bets. As you have lower amounts of money to invest, your opportunity set gets larger. Your return possibilities get larger. But you have to have the discipline. You have to have the discipline to know when you are within your circle of competence. Know when things are a total no-brainer. Have the patience to let them play out, and that is it.

Brandon: I wanted to talk to you about the idea of uncertainty. We can use an example that is relevant to my world. One of the companies that we use as a business is Adobe. We are familiar with their programs, with the editing and the work that we do. We see the stock is down 36% in the past year, 63% since its highs in 2024. But then there is always this emotional side. There is this emotional part of investing that gets to you because then you start thinking, "Oh, but they are down." You start looking at these image generation models, and you think, "Oh, there is a risk there, hence why the stock has been crushed." There is always something– there is a reason why investors want to push it down 63% since its highs. I am wondering, when you are looking at a market event where investors do see uncertainty, what are the steps you go through to make sure that your risk-reward equation is good? You are protecting your downside. How do you make sure?

Mohnish: Adobe is a simple case where if you have strong conviction that you know what the minimal cash flows Adobe would produce over the next five, 10 years, or 15 years are, and you can discount those cash flows back, then the decision whether to invest or not becomes obvious. If those cash flows are going to be robust and, when you discount them back, they point to a cheap stock, and you have a lot of confidence in those cash flows, you can proceed. If, on the other hand, you are not able to have high conviction on what those future cash flows are, the answer is we move on. Adobe may be a no-brainer for one person and may be a too-hard pile for another person. If you look at it from Mohnish's point of view, it goes in the too-hard pile. Let us compare Adobe to Kaspi. Kaspi also has risk in the sense that I do not know if something comes and hits their cash flows from left field, but I cannot see anything there that is giving me—in fact, there is a case to be made that those cash flows could be higher because they are still innovating and doing things there, and it is a rich country and so on. In that case, my conviction is that these cash flows are pretty certain. They may stay at this level, or they may go higher. Turkey may or may not work, but if it does work, it has eight times the population of Kazakhstan.

Brandon: It has the upside.

Mohnish: They might do three more countries after that. Who knows? We do not know. From my point of view, if you put a gun to my head and said you can make only one of two investments, Adobe or Kaspi, I would say, "I will choose Kaspi." In your case, you could say neither. If you are not comfortable, say neither and keep looking because there are 50,000 companies. You keep turning the pages. Something at some point may make sense.

Brandon: I wanted to talk about certainty of cash flows. One of the things that I promised my subscribers that I would get your opinion on—I think we all know what your opinion might be on it, but my subscribers are interested to hear your thoughts on the SpaceX IPO that happened recently. How do you react to what has happened with it being the biggest IPO in the world comfortably, and what has happened since in the stock?

Mohnish: I would say this: Elon is not human. You think he is human? He is not human. The second thing is that I do not know if there is any manager on the planet as good as him. The capabilities of Elon are superhuman. The guy does not know anything about rockets, and he kills all the rocket companies. He is landing two rockets simultaneously backward. They all laughed at him when he first said, "I am going to land these rockets backward." Then you have Starlink and all the innovations.

What I would say is that, like what Munger said, "Never underestimate someone who overestimates themselves." Elon is the kind of person, from my point of view, that one should never short because he is superhuman. Do not short a superhuman. In terms of going long Elon, for Mohnish, it goes into the too-hard pile. Investing is simple because the thing is, you can look at SpaceX, and you can look at their offering documents and all the things they are saying they are going to be mining asteroids and whatever else they are going to be doing, and intergalactic adventures and so on, and it may come about. We are talking about a superhuman guy, but I do not need to make that bet. Again, if I go to Kaspi versus SpaceX, I will go to Kaspi. Easier to understand. If I lose the money, I know how I lost it in all of that.

Brandon: Irrespective of price, are you a fan of the SpaceX business?

Mohnish: The SpaceX business is phenomenal. He has brought together people who are executing and doing things they themselves never thought they were capable of. The first 3,000 hires at SpaceX were all interviewed by him personally. Because he is not human.

He is running five companies at the same time. Plus, he went to fix the US government on the side. I am so proud to be an American, and that this country attracted a finished product like Elon to come and do his stuff here. It is powerful that these people like Elon do their stuff. He could not have done what he is doing in South Africa. It is not possible. But the US makes it possible. It is a symbiotic relationship. It happens for him in the US, and if he is not in the US, it does not happen for him. All the factors of production come together. I live in a town called Westlake Hills here in Texas. Elon lives in my town. He lives 0.8 miles from my home.

He is alive when I am alive. What a beautiful thing. I might bump into him one of these days.

Brandon: Have you ever met him?

Mohnish: No, I have not. He has other things to do than meet yo-yos like me. He is single-handedly driving the Texas economy. The amount of stuff going on in Austin, the kind of stuff coming up here, the gigafactories here, all this stuff going on, it is so exciting. I am so happy and grateful that there is an Elon, that he is my neighbor, and that he is cranking. I wish him a long life and hope we have 100 Elons. The odds that SpaceX, as a business, does well to me are a no-brainer. But SpaceX as an investment is a different question. That goes in the too-hard pile.

Brandon: There is a lot of use of Warren's too-hard pile today. I like it.

Mohnish: Yes. We need to put a lot of stuff in there.

Brandon: That is an interesting thing to talk about because I feel like through my education as an investor, through people like yourself, I have become more comfortable in using the too-hard pile. But I feel like when I was earlier in my investing career, I would try not to use that too-hard pile. It runs people into trouble.

Mohnish: Humans have a high ego. They are not willing to admit, “Oh, this is something I cannot figure out.” Our natural tendencies will be, “SpaceX, yes, of course, I can figure it out. Adobe, yes, of course I can figure it out.” It is an exercise in humility, but dumping a lot of stuff in the too-hard pile. The too-hard pile should be aggressively used because that is when you are being true to yourself.

Brandon: Yes. That is a good point. One of the things that my audience has messaged in, and I guess not them, but other notable investors as well over the past few years, they have been talking about this concept of a passive investing bubble because so much money flows into the market passively. We are kind of removing this price discovery, particularly at the top end of the market. I am interested if you have an opinion on whether passive investing is starting to cause these market distortions and whether that leads us into trouble over time.

Mohnish: My first feeling on that is to put that question in the too-hard pile.

Brandon: We are going to end this interview quickly. I will ask you the next one.

Mohnish: We have a saying in Hindi which is "Why ask the address of a home we are never going to visit?" Am I investing in the S&P? No. Now that I am not investing in the S&P, do I need to convince myself that I understand how to answer that question that you posed? The question that you posed, more than likely, the answer is that we are far away from that point. Whether we are far away or whether we are close is not relevant because it is not the game we are playing. Much more important is what the hell is going to happen to Kaspi? That is a much more important question to think about, and as I said, we cannot have 10 desires. Find your deepest desire.

One of the fallacies that humans, especially smart people. fall into is that they want to have an opinion on everything. It is a big exercise in humility to say, "I do not know much, and I do not have much of an opinion" for most things. We do not need to Monday-morning quarterback everything.

Brandon: I like it. I have a list of questions that have been sent in from my subscribers, and I was wondering if you would be open to answering a few of them.

Mohnish: Yes, sure. Go ahead.

Brandon: What, to you, are the most critical points someone should have on their checklist? What are the things that will run you into trouble if you are not careful with an investment?

Mohnish: There are some non-negotiables. One absolutely non-negotiable thing is understanding the nature and competence of management and owners. These have to be high-integrity people who have high capability. You have to have enough information that informs you that their capabilities are high and their integrity is high.

If you cannot answer those questions, or if you are questioning whether that is the case, I will give you an example that recently happened to me. There is a US home builder called NVR. It is famous because they have bought back like 80-90% of their stock over the last two decades. They have no dividends. They have been buying back shares, and it has delivered terrific returns. But what has happened with NVR is that the founder is gone, and now there are a bunch of managers who are running the business. The business is being run extremely well. But something like 40 or 50% of the shares that they buy back end up in the pockets of the managers. The amount of compensation that is going to the knights who are managing the castle, the feast that the knights who are managing the castle are having, is excessive. When I see that, it immediately says to me, "We are done."

A friend of mine, who will go nameless, a fund manager who likes the business a lot, said, "Because of this issue, it is a small position, and if this issue was not there, it would be a large position." I looked at her and said, "That makes no sense to me because why would you want to be slightly in bed with a crook, not fully in bed with the crook?"

I do not even want to be in the same room or the same apartment with the crook. Forget the bed. I am at the edge of the bed. It is okay. I am not in the middle of the bed.

Brandon: I am only going to get slightly burned.

Mohnish: That made no sense to me because there are 50,000 stocks. This is a basic issue. There are greedy managers. One of my things is I do not want to be in bed with greedy managers. One might say that you look at someone like Elon and you might say he is a greedy manager, but he also sets such crazy targets. Hitting those targets is so hard. I do not have so much of an issue with Elon on his comp side. I have issues with a lot of other things that are difficult to figure out. I would say that integrity of management, honesty of management, capability of management are non-negotiable.

Brandon: For people that are watching along at home, when you say capability of management, what are you referring to? What should people be laser-focused on when we are talking capability or effectiveness?

Mohnish: Warren and Charlie answer this question well. They said that when they look at a manager, they only look at the track record. They do not care what the manager is saying he is going to do in the next five years or 10 years. They look at what has happened in the last 20 years or the last 10 years or the last five years, and then they calibrate and figure out the nature of the manager.

Like with Kaspi, I have never had any interaction with the manager. But I spent a lot of time studying the track record, and that gave me tremendous confidence that I was dealing with someone who was high integrity and high capability.

Many times, when we look at investments that may not be obvious, and when it is not obvious, it goes in the too-hard pile. Everything goes in the too-hard pile. It is only the anomalies that do not go in the too-hard pile.

Brandon: Next question. This is an interesting one. Which of your mental models is most influential in your own life?

Mohnish: The one mental model that is extremely important for all humans is focus. We are not going to be able to do anything. The deepest desire is another way of talking about focus, but we have to be all in. We have to be all in on one little thing, and it has to be everything to us. If we do that, life is going to be amazing.

Brandon: I like that. If you were to start your own investing journey again with the benefit of the brain you have today, what would you do differently?

Mohnish: Well, I was overdosed on Graham, and I was underdosed on Fisher and Munger. That realization that I need to reverse the two in terms of overdosing and underdosing came to me relatively late. It only came to me seven or eight years ago. I have been an investor for 32 years or something. I have been doing this, and for almost a quarter century I was wandering in the wilderness, aimlessly misdirected. If I were to go back, I would want to focus a lot more on the Fisher-Munger model. Maybe 20% Ben Graham, 80% Fisher-Munger, something like that.

Brandon: This is one thing that you changed my opinion on in investing. I was rigid in thinking that the science of value investing is: You find a wonderful business, you buy it when it is undervalued, you write it up until it is fairly valued, and then you sell it, and you find the next thing. Then I heard from you that Warren Buffett talks about how most of Berkshire's success comes down to 12 investments that he bought, but then he held. You were talking about how you are more inclined, if you have a high-quality business, to let it run. I am interested in how you think about that now, especially with some of these businesses. They can go on big runs, and they can even become quite egregiously overvalued. What are your thoughts about how you decide to either keep something or say, "This has gone too far. Am I going to take the profits"?

Mohnish: Capitalism is brutal. Anytime you have some successful enterprise, there are lots of people waiting to take you down, take your profits, take everything. It is an exception to the rule that a business survives for a long time and does well. What happens is that, in a small sliver of businesses, accidentally, a moat gets built. If you look at a business like Visa or Mastercard or FICO—FICO scores—and this and that, these were businesses that started with no moats. The founders themselves did not expect these businesses to last as long as they did or become as moaty as they became. Moody's, for example, or American Express and so on. There are businesses where a moat gets built, and it becomes obvious a moat has been built. Ferrari, for example. If we are in the fortunate situation of having partial ownership of one of these businesses, we do not want to be selling a Costco, a Coke, a Visa, a Mastercard, AmEx, or any of those businesses unless they are egregiously overpriced. Not overpriced, but egregiously overpriced. The valuation has to be so extreme that you cannot justify it. In all these names that I have mentioned, currently that is not the case. In fact, I would argue that for Costco, it has never been the case. Costco trades like 50 times trailing earnings. It has never been egregiously overpriced. 250 times trailing normalized earnings is egregiously overpriced.

Brandon: I am going to note that one down.

Mohnish: They may be overpriced, but they have not gotten to crazy numbers. If they do get to crazy numbers, then yes, we can look at it.

Brandon: It seems like your main rule is that as long as the moat is sound and strong, then you are more inclined to let the long-term compounders do their thing.

Mohnish: It is so rare to have a great long-term business that survives 50 years, 100 years, or 150 years, and does it on terms that are agreeable to their owners. If you are in the fortunate place of being a partial owner of one of those businesses, do not step away quickly.

Brandon: One of the questions is: Could you ask Mohnish if he is concerned about the recent problems or redemptions within private credit and, if so, how exposed are the banks to the downside? Do you have any thoughts on that?

Mohnish: Mohnish has no intelligent thoughts on that. It is in the too-hard pile for me. We are done. Move on. I have never spent any time thinking about it, so I have no idea.

Brandon: I see it pop up occasionally in the media. I think there are problems, but I do not know if I am the right guy to talk about them.

Mohnish: As I said, stay focused. People's desire.

Brandon: I like that. Well, Mohnish, I have taken up more than enough of your time. I appreciate the time that you have given me and the time that you have given us as the followers of the channel. I know that my followers have admired your work for many years. They have watched many of your YouTube videos. From the bottom of my heart, I want to say thank you for giving us the time and agreeing to come on and have a chat about all things investing. Now I have to go find that thing that I am focused on.

Mohnish: Yes. You will know when it hits you with a 2x4, and you have a big bump on your head.

It has been a pleasure. Thank you so much. Our hour went by so fast. It was a lot of fun. Thank you.

Brandon: Thank you very much.