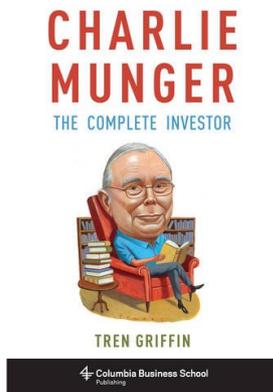


Author interview:

Tren Griffin “Charlie Munger – The Complete Investor”



Tren Griffin spends his days at Microsoft. Previously, he was a partner at Eagle River, a private equity firm established by Craig McCaw. On nights and weekends he writes blog posts, most under the heading “A dozen things I learned from...” For those of us who follow him religiously on the blog and Twitter we can really attest to his own commitment to writing 5,000 words each weekend!

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InvestingByTheBooks: Tren, thank you very much for taking time out of your day to talk about your book “Charlie Munger – The Complete Investor”. It came out last year, and I actually read it in one sitting (almost), which considering my family situation with three kids and a wife is something that doesn’t happen often. And I wanted to talk to you about the book right away, but considering the frenzy around it and yourself, I figured it might be better to take a step back and let it sink in. Since then I have re-read it twice, which says something about the finance lit nerd factor at InvestingByTheBooks... What struck me about the book this time around compared to the first read was the amount of work needed to collect all of Charlie Munger’s wisdom into coherent text arranged by topic line.

Tren Griffin: The book was written over a period of many years. For example, I started putting together the collection of quotations over 15 years ago. I did so because I had no choice at that time if I wanted to understand Munger’s methods.

IBB: The bibliography at the end is also a treasure trove for further studies. How many hours did you spend writing this book?

TG: I have no idea how many hours I put into writing this book, but you are absolutely correct that putting together the bibliography was a huge effort. I enjoy writing and learning. When you are happy doing something you lose track of the hours.

IBB: Stepping back, you have said that this is a book you've been writing in your head for 25 years. Why did you decide to finally "make it official"?

TG: I have written six books. The last one was published before my children were born. Let's say that after kids came into my life I had other outlets for my time and energy. Now that my kids are on their own, it was time to start writing again. Also, I'm feeling a greater need to pass on what I have learned as I get older.

IBB: So much have been written about Munger, even though it pales in comparison to Buffett (by choice, of course). But much of it in non-comprehensive form; transcripts from Berkshire- and Daily Journal meetings, interviews, a few public speeches and so on. Was there any Buffett-book that you used as a guiding light in wanting to create something similar with this one?

TG: I set out to write a book about Munger that had not yet been written. There is the *Damn Right* biography by Lowe and the scrapbook approach of *Poor Charlie's Almanack*. What I set out to write was a book about the methodology that Charlie Munger developed. I did not write about the name of Munger's dog or where he likes to fish. I wanted to write about how he thinks and makes decisions.

IBB: The subtitle "The Complete Investor" is a master stroke. How did you decide on this?

TG: When I was about ten years old my step Grandfather gave me a copy of Izaak Walton's famous book *The Compleat Angler*. What I was trying to convey with the subtitle is the thoroughness and completeness of Munger's methodology. Munger has developed a complete investing and decision-making system.

IBB: Did you collaborate with Munger in person at all?

TG: Munger has made clear a few times that he is not interested in writing a book about himself but that he would be glad if someone else did. He is a private person who does what he wants. So I decided from the outset to write the book on my own even though we have mutual friends. The book is about what I learned from Munger. It is very personal.

IBB: The part in the book about Munger's love of learning, and creating an environment where new knowledge can actually create pleasure via "chemicals" (e.g. dopamine) was one of my absolute favorites. How does one go about to improve the ratio of "dopamine-time" in order to gain an edge on other investment professionals?

TG: This is where Buffett's idea of the importance of "tap dancing to work" comes in. If you love what you do, you will generate the positive reinforcement that will make you more successful. Munger's desire to become wealthy was driven by a desire to be financially independent so he could do whatever he wanted like his idol Ben Franklin. And what Munger wants most to do is read and learn more. The more you know, the more you want to know because you know even more how much you don't know. As an investor, as you increase the depth and especially the breadth of what you know you can acquire an edge as an investor. Learning is a positively reinforcing activity if you are doing it right.

IBB: The book has been an absolute success, being ranked #1 in Amazon's "Stock Market Investing" category. What type of reader did you envision when writing the book?

TG: Buffett's approach in writing his annual letter was my model, but I fear I fell short of that high standard. It is hard to write a book that is readable by anyone, but that a professional investor will enjoy. For example, I put the moats chapter in an appendix for that reason. What I assume is elementary may not be elementary. People say my writing is "information dense," so I tried to use simple words and explain the system step-by-step. In the end you must write a book for yourself. You can't please everyone all the time, especially with non-fiction.

IBB: "Rational" is an oft-used word when it comes to describing Charlie Munger. He himself has chosen that as his favorite one-word description of himself. Then of course we have the words "latticework of mental models" that so many people use but so few comprehend. How would you rate this aspect of Munger's investing framework as compared to, say, margin of safety or circle of competence in explaining his investment success? Whereas scores of investors (try to) use the latter two concepts, Munger is fairly alone in emphasizing the latticework model so forcefully.

TG: I think of these ideas as orthogonal. Rationality is a way of thinking and in general the best single explanation of the rationality approach is The Psychology of Human Misjudgment speech. Applying a latticework of mental models is a way of understanding complex systems and thinking probabilistically. The best explanation of that is the Elementary Worldly Wisdom speech. These are two of the greatest talks ever given on investing.

IBB: One of the book's strengths is of course the segmenting of topics and thoughts into distinct chapters. But some of the posts about Munger (and other topics) on 25iq.com seem more free-flowing and are an absolute thrill to read. Part of it might be due to the book's extensive (but necessary) use of quotations. Was the outline of the book set from the beginning of the project, or did it evolve over time?

TG: I give myself more of a creative license in writing my blog. I have no editor in the blog format and can just fire away. Twitter is even more free form. The other issue with a book is that the narrative is expected to be linear even though the investing approach and life generally is often not linear. How do you organize a book about the way Charlie Munger thinks? There is no single best way to do it. Munger calls his approach a lattice of mental models for a reason. There is no set way to begin or end.

IBB: We previously interviewed Larry Cunningham about his Berkshire-culture masterpiece "Berkshire Beyond Buffett", and he believes strongly in the robustness of the organization to live and prosper well beyond Buffett & Munger. Are you a shareholder of BRK, i.e. do you feel the same?

TG: I am a long time Berkshire shareholder. I have written a blog post detailing why I think Berkshire will prosper after Munger and Buffett are no longer involved. It will certainly be a different organization when they are gone, but they have put in place sound safeguards to preserve the company culture. No one will ever replace Warren and Charlie. That's not possible. But the company culture can persevere.

IBB: Do you practice the principles of focus investing personally? What other investment tenets do you abide by?

TG: I am a focus investor when it comes to stocks. On the bond side I am almost fully following an index-based approach since I just do not have the time to do otherwise given that I work full time in the technology industry. I've written a post on venture investing which is a different sort of value that comes from optionality.

IBB: Finally, which investment related book would you strongly recommend we read and review during 2016?

TG: Read everything written by Michael Mauboussin, Howard Marks and Seth Klarman (books, interviews memos and videos). Then read and watch that material again. I also enjoy reading people like James Montier, Michael Lewis and Nassim Taleb. Get involved in finance Twitter would be my other recommendation.

TREN GRIFFIN IN 5 SECONDS

Charlie at Berkshire's annual meeting or **Charlie at The Daily Journal annual meeting?**

Blog or **Twitter?**

AAPL shares or **AMZN** shares?

Private market or Public market?

Books or Music?

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