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At a time when Buffett is being criticised for his style, again, I can't help but admire the investor & the person. Can't help but want to be more like him.

"Buy a company because you want to own it, not because you want the stock to go up."

Some excerpts:

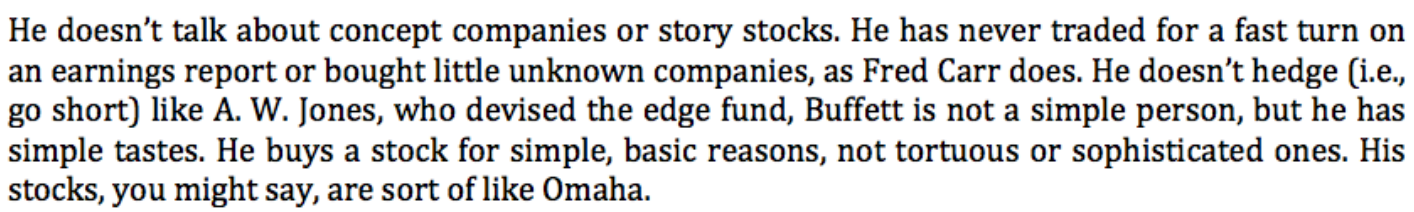
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> Excellent compilation of Forbes articles on Warren Buffet from 1969 to 2000s. h/t @valuewalk \U0001f44f@dmuthuk @Gautam__Baidhttps://t.co/V7uTYjwSrn pic.twitter.com/GPDyuk7WGB
>
> — Ram Bhupatiraju (@RamBhupatiraju) December 5, 2020

"Buy stocks for simple reasons, not torturous & sophisticated ones".

Eventually the thesis for a good investment boils down to 2-3 simple points. You have to do a lot of work to figure out what those are & why.

2/


He doesn't talk about concept companies or story stocks. He has never traded for a fast turn on an earnings report or bought little unknown companies, as Fred Carr does. He doesn't hedge (i.e., go short) like A. W. Jones, who devised the edge fund, Buffett is not a simple person, but he has simple tastes. He buys a stock for simple, basic reasons, not tortuous or sophisticated ones. His stocks, you might say, are sort of like Omaha.

Even Buffett has struggled with & changed his exit decisions. This I believe is a much tougher problem than the buy decision.

3/

Buffett is one of those disciplined types who is perfectly willing to sell too soon. As Buffett puts it, he tries to buy $1 worth of stock for 60 cents, and when it goes to $1, he sells it, even if it looks like it is going higher.

1969 article: He has made a fortune and is no longer motivated to count boxcars and read statistical manuals. He comes close to the truth when he says: “You shouldn’t be doing at 60 what you did at 20.”

90 & still counting box-cars.

4/

In one case in 1965 Buffett says he spent the better part of a month counting tank cars in a Kansas City railroad yard. He was not, however, considering buying railroad stocks. He was interested in the old Studebaker Corp. because of STP, a highly successful gasoline additive. The company wouldn’t tell him how the product was doing. But he knew that the basic ingredient came from Union Carbide, and he knew how much it took to produce one can of STP. Hence the tank-car counting. When shipments rose, he bought Studebaker stock, which subsequently went from 18 to 30.

He attributes his problem to a market that no longer lends itself to his kind of analysis, where real values are hard to find. - 1969

It has been 50 years since we are debating whether the market values "this kind of analysis".

"This kind of analysis" is all that there is.

5/

He has no desire to be a Getty or a Rockefeller. Besides, he’s getting stale. “My idea quota used to be like Niagara Falls—I’d have many more than I could use. Now it’s as if someone had dammed up the water and was letting it flow with an eyedropper”. He attributes his problem to a market that no longer lends itself to his kind of analysis, where real values are hard to find.

You must not fool yourself & you are the easiest person to fool.

6/

The stock market is habit-forming: You can always persuade yourself that there are bargains around. Even in 1929.

Stay dispassionate and be patient, is Buffett’s message.

Think about how you felt during March-2020. Now read this:

7/

But, he went on, you can't invest in the anticipation of calamity; gold coins and art collections can't protect you against Doomsday. If the world really is burning up, "you might as well be like Nero and say, 'It's only burning on the south side.'

You know the prose "Maintain buying reserves until current uncertainties are resolved," etc. Before reaching for that crutch, face up to two unpleasant facts: The future is never clear; you pay a very high price in the stock market for a cheery consensus. Uncertainty actually is the friend of the buyer of long-term values.

There may well be some period in the near future when financial markets are demoralized and much better buys are available in equities; that possibility exists at all times. But you can be sure that at such a time the future will seem neither predictable nor pleasant. Those now awaiting a "better time" for equity investing are highly likely to maintain that posture until well into the next bull market.

People questioned even the Coca Cola purchase in 1988 (seems like one of the most obvious buys in history with the benefit of hindsight).

Don't cheat, put in the hours. The courage will come from the strength of your convictions.

8/

The Coca-Cola investment raised eyebrows. What was a Ben Grahamite doing buying 7% of a company whose stock sold for five times book value? Accumulating 23.4 million shares over months at an average price of $44 a share ($45 was the high for 1988), Buffett wasn't spending $1 billion on an unknown. He bought Coke at a multiple of 13 times estimated 1989 earnings when the overall market was trading at 11 times.

He didn't succumb to the pressure even on his philanthropy. He was thinking long term even here.

9/

Buffett has sometimes been criticized for not giving away bigger chunks of his great fortune—even when pressed by friends and associates. He explains: "I wouldn't want to transfer Berkshire Hathaway shares to anyone while I'm alive. If I owned a wide portfolio of securities I could give them away. But I don't want to give up control of Berkshire Hathaway."

When I am dead, I assume there'll still be serious problems of a social nature as there are now. Society will get a greater benefit from my money later than if I do it now.

The swag of Munger:

10/

He was only 22 when he entered Harvard, but even by the standards of that arrogant institution Munger was noted as a brainy but somewhat pompous and conceited fellow. Unprepared for a lesson one day, he calmly told his professor, "Give me the facts and I'll give you the law."

Pick you money managers for their philosophy & process not their short term performance:

11/

They do have one other thing in common: a faith in Buffett that transcends bull and bear markets, a dislike for paying unnecessary capital gains taxes that has influenced them to hang on even when the stock sometimes seemed overpriced— and an understanding that it's smarter to look for a steady 15% or so compounding of your money than to search for hot stocks that could double or treble in a short time.

The first investors just believed in me. The ones who had faith stayed on; you couldn't get my Aunt Katie to sell if you came at her with a crowbar. But the people who came in later because they thought the stock was cheap and they were attracted to my record didn't always stay. It's a process of natural selection."

Stand for something. Put your heart on the line. Be authentic.

People always respond to it.

12/

"I asked my dad one question that, if he had answered differently, I might not have run for office. I asked him if he thought voters would think less of you if you ran for political office and lost. Dad instantly responded: 'Not at all. People will respect you if you are willing to participate and put yourself on the line.'"

"I remember as a kid the strike against the Buffalo Evening News— a Berkshire Hathaway property — in 1980. I listened to my father talking on the phone for hours. Over principle my dad was willing to shut down the newspaper and take the loss. He figured out the math. He could go six days without publishing and still start up again. He told the union they could strike for six days, and if they didn't come back, he would shut it down and no one would have a job. The strikers came back.

I learned there are times you have to sacrifice for something bigger. You stand your ground and don't back down."

Munger on Capital Gains tax.

Investors know in theory but ignore in practice: the so-called capital gains tax is no capital gains tax at all. It is a transaction tax. No transaction, no tax.

13/

Buffett's idea of heaven: "Not having to work with people you don't like".

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