
What I Learned At The 2016 Daily Journal Shareholder's Meeting

This year I had the great privilege of attending, for the first time, the Daily Journal Corporation's Annual Meeting, held on February 10 in Los Angeles California. Like most in attendance, I was there to absorb firsthand the wisdom of Charlie Munger over the course of a roughly two-hour question and answer session. (The actual shareholder's meeting part – which was legitimate – took all but five minutes.) Unlike the Berkshire Hathaway Annual Shareholder's Meeting each spring that attracts tens of thousands of attendees and stretches an entire weekend, this meeting was in a relatively "intimate" setting of 200 or so "groupies" as Charlie likes to call us. I even had the opportunity to ask a question of my own. Here are my top 10 takeaways; some lessons or ideas new, other old or reiterated:

1. There are many people smarter than me in this world. Being around so many intelligent individuals of varying backgrounds and experiences is very humbling. Like one friend and fellow attendee noted during our stay, my only hope is that by surrounding myself with people smarter than me my own intelligence rises even just a little higher than it was when I first arrived. I also feel grateful that others consider my company worthwhile.
2. Charlie really does practice what he preaches about low expectations. Someone asked him about his views on philanthropy. Charlie said that he was happy inhabiting a small part of the world where he could make a difference and that he enjoyed. That is, namely, designing better student dormitories and science teaching facilities. He's left world peace and other "headline" causes to others more qualified or more ambitious, and he genuinely appears more satisfied for having done so.
3. I need to do a better job at focusing my attention. Charlie's comment was that multi-tasking is, "...not the highest thought that man is capable of doing." He said unless your job absolutely demands it, you should not try to multi-task. When I think of multi-tasking what comes to mind is doing three, four, or five things at once. Charlie didn't say it but I'd assume this means even *dual*-tasking is too much.
4. It's possible to practice delayed gratification regardless of age. This is likely the result of a long life practicing thinking about the long term, and so it's merely a continuation of a habit, but even at age ninety-two Charlie still talks about the far future and what's necessary to do today to get there. His comments were in reference to the investments and work the Daily Journal must do in its Journal Technologies division to "win" in that space, a process which would likely take many years. The fact that Charlie is willing and able to think about a future he is statistically unlikely to inhabit is a gift to the DJCO employees, shareholders, and others.
5. Family life is and should be a primary focus in life. Charlie said he thought he didn't do a perfect job at this but he's noted on several occasions his love and enjoyment of family. Forgetting this lesson, regardless of material wealth or fame attained, would, in my view, and Charlie's, be a failed life.
6. Another way to fail at life would be to make one's life all about collecting and trading pieces of paper (stocks specifically, securities generally). Charlie has said his early self is not a great example to the world – his early years were spent making a lot of money buying undervalued securities rather than contributing something to civilization. Today he would much rather own businesses for the long haul; getting to know their employees, products, customers, and other tangible items, and also contribute to society in other ways, like building dormitories and schools. To me this was the lesson to think of stocks as businesses, but on a much deeper level. It almost makes you want the stock market to simply go away.

Commentary

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*“I am a better investor because I am businessman,
and a better businessman because I am an investor.”*
– Warren Buffett

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7. Stress is good and should be cultivated. Charlie noted that he has almost his entire life been put in positions that have taxed his mental abilities. The fact that he is ninety-two and still very sharp mentally is a testament to a life spent continually learning and exercising one’s mind.
8. Opportunity cost is an even more important mental model than I thought. It is also a simple idea with much underappreciated power. Charlie’s advice was to think more like a bridge player or poker player. A questioner asked Charlie several times (almost unrelentingly) about his use of discount rates and the proper discount rate for different investments. The questioner was seemingly unsatisfied with the “simple” answer that all Charlie and his partner (Warren Buffett) have tried to do is find the best investments they can uncover, while comparing the alternatives to the best they can understand and that are available, with the ‘base option’ being what’s available risk free from the U.S. Government. It’s been amazing to me to observe over and over again how many people fail to consider their next best option as a measure for their current action or decision. No fancy or complicated math. Just logic.
9. Common interest really does bind. Though I came to the meeting with two friends and planned to meet up with a few more online acquaintances for the first time, I was largely among strangers. At a dinner the first night, breakfast the next morning, and lunch after the DJCO meeting, I met many new faces from all over the United States and the World. Conversations flowed like they were between long friends. This gave me a better insight into, and understanding of, die hard sports fans, music fans, etc.
10. Sleeping on planes is hard. The red eye flight back to Boston was a time saver, but I sure paid for it with a fitful few hours of sleep. Maybe next time I can ask Charlie to borrow a few of his NetJets hours...

Rationally yours,



P.S. My question to Charlie was about applying his mental models approach. His answer wasn’t exactly what I was hoping for. In so many words: “It isn’t easy.” Well said, Charlie, well said.

P.P.S. You can find an audio recording of the meeting with a quick search online. I’d also highly recommend the near-transcript put together by Shane Parrish at Farnam Street (farnamstreetblog.com).



*The writer and his hero, Charles T. Munger, Chairman of
The Daily Journal Corporation and Vice-Chairman of
Berkshire Hathaway.*