



William Green on Living a Life with Simplicity, Avoiding Complexity, and Eliminating Stupidity

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I love this podcast because it crushes your dreams and getting rich quick. They actually got me into reading stats for anything you're tuned in to the Investing for Beginners podcast led by Andrew Sather and Dave Ahern with a step-by-step premium investing guide for beginners. Your path to financial freedom starts now.

DAVE Alright, folks, welcome to Investing for Beginners Podcast. Today we are blessed to be joined by William Green again; he is the author of richer, wiser and happier, a fantastic book. And if you've not read this book, you need to go out and buy it now. Now now, it's a fantastic book, about investing, about life, about philosophy, all kinds of great stuff. And it's easily one of the best books I've read in a long, long time. So William is joining us back in May to talk about the book.

And tonight we're going to talk a little bit about other things. So we did a fantastic TED talk just recently, and I thought maybe we could explore some of the topics that he talked about in a TED talk because I think they're kind of appropriate about life. And as we come towards the end of the year, this would be kind of a fantastic discussion.

So William, thank you very much, again, for joining us; we really appreciate you taking the time out of your day to come to join us today.

WILLIAM Thanks so much. I'm delighted to be here with you.

DAVE So, I guess let's talk about the TED Talk a little bit. So I guess a couple of questions, maybe some super easy ones to get out of the way. So as someone who's never done one of these, you know, you talk for 1520 minutes. So is that something you have to prepare for? Or were these things that you just were so familiar with? It was easy because it came across as very natural and very easy.

WILLIAM As you asked me that I felt my legs tightening under my desk here of pain and stress. On top, buddy, I have to say that was one of the most stressful experiences of my entire life. Yeah, I prepared quite a lot for it. And I mean, look, I thought I'll just be honest. So I've done a ton of podcast interviews and fireside chats and stuff. And I kind of love doing it. Because you can be very natural, you don't really watch what you say. And it's just a really nice conversation, this total delight to chat with you guys. But to do a speech

where you actually have to prepare, and you have to go stand on a stage and talk for 18 minutes without notes is pretty terrifying.

And this was in the middle of COVID, sort of at a point where I can't guess we're always in the middle of COVID. But this was a permanent state of being in the middle of COVID. It was at a point where I hadn't really been anywhere public very much. So I hadn't been to a theater or a cinema or restaurant. And, and so I go speak in a theater in the bushes. And it's a beautiful place. It's, I think, was a Shakespeare and CO theatre. And so it's the first time I've been in a really public place. But it was only allowed to be a third full because of the COVID regulations, and everyone's got to wear a mask.

So I'm standing on a stage for the first time in a public place in months. And I'm looking out at a 1/3 full audience of people wearing masks. And so it's just like a really surreal experience. If you think about what it would be like to be a stand-up comedian, right where you're, you're playing off the audience. This is kind of the opposite. You're looking at it are just a bunch of eyes, and then the klieg lights come on. And so you're just standing there on your own. And I, of course, being kind of full of hubris and overconfidence, had decided that I didn't they have this kind of I think it's called a confidence Traco or confidence meter or something that a couple of the speakers who have more experienced and wiser than me had some of their notes on so that if they got lost, they'd be okay. I was like, No, I'm just going to remember what I'm going to say. So I didn't have anything.

So I'm just standing on a stage, looking out at people in masks, thinking, Oh, shit, what am I going to do? So if I sound calm and relaxed, it's one of the great contracts of life because actually, I felt like I was about to kilo. Yeah, I would definitely encourage people to do it. It's a really interesting experience. And it's an amazing forum to share ideas. But yeah, it scares the crap out of me. But I think the last time I was that scared was when I was about 19. And I am 53. Now, when I was 19, and I, despite being scared of heights, jumped out of an airplane in Oxford in England, and I did it while I had a really bad hangover.

And so it did the same. He was stupid on so many fronts. I looked. Yeah, so this a little bit felt like jumping out of a plane with a hangover. So I said, No, it probably destroyed all of your romantic so what it could be like,

DAVE No, no, I used in a former life I was a musician. So I would have to stand on stage and sometimes in front of 10 15,000 people and play your guitar, and you can only see, you know, the first part of the audience, you can't see the back people because of the lighting and everything. And in some cases, you know, you stand up there, and you feel like you're just naked because everybody's just staring at you. And if you think about it, it can be a terrifying thing. But yeah, I found over the years that the more nervous I was, the better I did, and if I wasn't nervous, then there was a problem because I just meant that I didn't care.

And so whenever I was nervous, then I would be more focused on what I was doing. And it just seemed to flow better from that aspect. So I understand completely what you're saying. And I kind of feel that's what it would be like for people. But you know, I know that you've spoken to some, you know, obviously very incredible, famous people, and then a million interviews and fireside chats, like you said, so I figured talking in front of people for you would probably be a piece of cake. So

WILLIAM Oh, yeah, right. I mean, one of the things that's interesting about speaking in that kind of situation is that I think it's probably similar to other areas of life, like getting in a fight or something like that, or being, you know, in a road rage kind of accident, or whatever it is, there are actually times in life where your body kind of betrays you. And so, however much you know, do deep breathing or stretching exercises, or smile and practice or whatever, you feel that your voice is a little shaky, or your breath is different. It

reminded me of something in my book where this friend of mine who I write about if I can, Shubin Stein, is a very brilliant guy.

He's an investor, but he actually quit the investing business to become a neurologist. And so he's a real expert on the brain, he would talk about becoming so self-aware physiologically, that you know, when you're in a suboptimal state, so you actually know when you're in a state where you're likely to screw up because I mean, he had a mnemonic, an acronym where he said, If you're hungry, angry, lonely, tired, in pain, stress, sad. So he had this mnemonic, hope, PS terms of, I'm not in a condition to make a really good decision.

And so it's actually interesting to become, I think, whether you're an investor or you're a neurologist, or you're a public speaker, you actually want to be sufficiently attuned to yourself, where you're like, oh, wow, yeah, my breathing is gone. Screwy. This is not a time when I want to have an argument with my wife, or this is not a time when I want to talk to my accountant, whatever about how they screwed up my account, you know.

And so, I mean, there is something I think really interesting about these extreme situations, and how you respond to them. And it's actually quite interesting if you're an investor because you start to think well, then, so let's say the market is crashing; how do I actually respond and like, knowing how you respond in extreme circumstances is really interesting.

And I actually think on the whole, in extreme circumstances, when say, in the past, a kid of mine got hurt or something like, like, once, when my son was really, incredibly stupid, I threw a shirt at him to kind of choke over his head. And he immediately he must be about five, he ran directly into a metal radiator and had this enormous bump on his head, and we had to take him to the hospital. And I sometimes think in situations like that; I go, ridiculously calm.

Actually, I'm not panicked; I just go very, very quiet and calm. And I wonder if that's the kind of survival sort of evolutionary thing that we were kind of better off if we didn't panic in those circumstances. But most of the rest of the time, I'm just anxious and neurotic, so it makes up for it.

ANDREW This idea of needing to protect yourself from doing something stupid because your body overreacting reminds me of when Dave and his business partner Andy Schuler has talked about in the past about not wanting to put your brokerage account on your phone because it's so easy to just hit the button on your brokerage account, log in, because you're freaked out about the market, and then panic, sell everything.

So he intentionally leaves a layer of, alright, if I need to make a trade, I have to sit down on a computer, I gotta log in manually. And so that extra layer of separation could help an investor, almost like, you know, your body's gonna betray you. And so, you take steps in advance in order to keep that from happening.

WILLIAM Yeah, I think you need these practical workarounds that actually get you to slow down in situations where you're going to do something stupid, and what you said, I remembered an extreme example of this. I used to work with a guy who is an amazing writer and editor who was a colleague of mine at Time Magazine when I was there, who had written pretty openly about having been a heroin addict and an alcoholic in the earlier part of his life.

And he once was telling me he loved the stock market. And he once was telling me that he had called up a broker to make a trade. And his broker said to him, you know, you already made that trade. And he said, No, I didn't. And he said the guy got dug out the tape. You know, how they have these recordings where it says you may be on a recorded line, and he digs out the tape and my friend said that he not only made the trade

good, he said, right, lock and load lock, and you don't want to be in trade. Hi. I'm so excited that you actually tell your broker Lock and load.

And so if you take the Charlie Munger approach to life and you say you want to reduce standard stupidities, you actually want to be in a state where you invert, and you're the absolute opposite of my friend who was saying, look and loads, you're moving slowly. I mean, it's, I think if you have these actual practical workarounds like there was one point where I had an account where I actually couldn't trade on it for ages like there was some restriction, I can't remember what it was.

And I was like, No, that's perfect. I don't need to reverse that I have, an investment in a hedge fund run by a friend of mine that I've been investing in for over 20 years. And I met a share class that locked me in for five years. And I think that's just wonderful, you know, for me not to be able to do anything stupid for five years. So yeah, I have to wait for another three or four years before I do anything stupid again.

DAVE Oh, that's awesome. Well, that kind of brings me to there were kind of three topics that you kind of talked about in your TED talk that I thought would be kind of interesting to explore. One was simplicity. The other one was subtraction. And the other one was what kind of what we were just talking about not being a fool. So I guess you tell me what some of your thoughts are on kind of the guiding principles behind a simpler life or being on a simpler plane?

WILLIAM Yeah, this whole idea of simplicity is really profoundly important. And I think part of what happened to me is I read very broadly in a kind of unpredictable way from all sorts of different fields. And so when I was writing the book, I would be gathering strain from all the things that I was reading, and I would see stuff, and I'd be like, Oh, that's interesting. Here's this book of philosophy, or here's this book of history. Here's his novel, or here's this, this book about habits.

And I keep seeing simplicity coming back again and again. And that, to me, is a really powerful indication that something is important. And an idea is important. When you see it in multiple areas of life, there's a guy I admire a lot called Josh Waitzkin, who's very interesting. He wrote a book called The Art of Learning was he was the kid searching for Bobby Fischer, the chess prodigy; it's based on his life. And then, he became an expert martial artist. And now I think he's become an expert, paddleboarder, and he coaches hedge fund managers.

And like, I've never met him, but I'm a big admirer of his ideas. And he talks about what he calls thematic interconnectedness. And that's kind of a posh way of saying what I'm saying, which is, when you see the same idea crop up in multiple areas, you start to think, oh, that's important. And so what I saw is simplicity. In, for example, all of these areas, like science and spirituality, and investing and business. And so, to give you a few ideas, just theoretically, intellectually, broadly speaking, of why this is such an important idea. I'll run through a few of those.

And then, we can talk about how you actually apply it in your own life. I think this has enormous practical ramifications. Yeah. So. So to give you an example, in science, which I know so little about, I can't even tell you, there's this whole principle of Occam's razor, right, which is basically that you want to go for the simplest solution. And there are all of these quotes from, you know, famous scientists saying politically incorrect things about how your science theories should be so simple that you could explain it to the Bombay that I quote, in the book, or your theory should be so simple that you could explain it to a child.

And so there's this sense that you, even in something like science, that obviously is the very high level of thought, you want to be able to reduce things to this kind of simplicity. It's the same thing in a business where if you look at someone like Steve Jobs, he was obsessed with the Zen aesthetic, which was a very

simple, very beautiful, simple aesthetic that you see in all of the Apple products. And he would also say he would talk about always simplifying, always reducing complexity. I interviewed at one point Dean Ornish, who was a famous expert on health on nutrition and reversing heart disease.

And Dean Ornish was very close friends with Steve Jobs. And an orange said to me that Jobs used to tell him the things I'm most proud of the things that I left out as the iPhone or left out of the computer, it was, it was actually the reduction of complexity that excited him and jobs would talk about how everything about the way they ran the business should be super simple. So you see in business, you see it with something like the Google Home screen, right, where you have that lozenge. And that's kind of it right; you put your search term in the lozenge. And this becomes, you know, a trillion-dollar company. And so again, super simple.

And so, you see the same thing, also in spirituality, which I spent a ridiculous amount of time studying because I'm interested in this sort of thing. And so I'm Jewish, and I study to some degree, the Old Testament, not in a very sophisticated way. And I talked about this in my TEDx speech, which this idea that there are 613 Commandments in the Old Testament, but nobody actually really knows what they are. And so then it's so as I said, in the speeches, how do you actually live by it's like nobody knows what they are, let alone lives. Them, but then I was thinking, well, so you have the ten commandments.

So that really is like a top 10 list. So that's something you're like, oh, okay, so I know that I shouldn't kill, I know that I shouldn't steal. But then I start thinking about it. I'm like, I can't really remember the ten commandments, like, I know there was something about not coveting my neighbor's wife, what else? It's not supposed to lie. You're not supposed to cheat; I can't really remember what they are. And so then there's a great teaching from a guy called Hillel, who was around the same time as Jesus around 2000 years ago, who said when he was asked by someone who wanted to convert, they said, so if you could sum up all of the Old Testament while standing on one leg, what would you say? And he's his basic look; it's simple. He said, do not do to your neighbor, what is hateful to you? All the rest is commentary. Now go learn. And so I'm looking at that.

And I'm thinking, that's really exquisite, right? He's taken 613 commandments. And he's reduced them beyond the 10. To one, which is kind of like, it's the golden rule, right? It's like Love thy neighbor as thyself be a better person to your neighbor. And even that, like within the simplicity of something like Love thy neighbor as thyself, there's a lot of complexity, right? Because it's also well waiting, so what if I don't love myself? So actually, within that, there's quite a lot of subtlety, because you've got to say, well, so Ben, I actually have to stop being kinder and more loving to myself. But then I also have to be more loving to other people.

And then also, to some degree, even though these things sound very simple, it's a bit like what Charlie Munger says about investing where he says it's simple, not easy. So even once you understand that the whole game is to love thy neighbor as thyself, and do not do hateful things that other people that you wouldn't want them to do to you. That's simple, not easy, right? So the application of the simple truth is very difficult. But the essential principle is incredibly easy to grasp.

And that turns out to be the same in investing. So when I interviewed Joe Greenblatt, who's this legendary investor, who made 40%, a year for 20 years, unbelievable investor, what I realized about Joe, is that he's kind of this code breaker who's taken the tremendous complexity of investing. And he's like, here's how it works. And he has this extraordinary ability to break it down simpler and simpler to show you how the game works. And so when I said to him, What's the secret to investing?

He said, Well, William, it's so simple. It all comes down to this, you value a business, and then you buy it for much less than it's worth. And he said That's it. That's the essence of investing. Which again, like Love thy

neighbor as thyself, is an incredibly simple observation but actually has really profound and quite complicated ramifications. Because those Joel Greenblatt said to me, then you have to say, well, do I know how to value a business? And that's a really, actually pretty profound, practical question.

Because what I realized is, I don't really know how to value businesses. I don't care that much. And I'm not that interested in being given a choice. If I, if I showed you my bookshelf here, like literally, if I'm turning around, there's a book, like I called Tulku urgent Rinpoche called as it is, and under that, there's a book by Noam Chomsky called What kind of creatures away and under that this is a book called Einstein superstar code, and mastering the core teachings of the Buddha.

You know, I mean, there's, there's nothing in there about, here's how you value a business. Like that's just not what I'm built to do, I can count to about 456.

DAVE Calculator.

WILLIAM Yeah, exactly. I've no interest in accounting. I literally, I mean, I'm embarrassed to say this. I never took a business class or an economics class; I didn't take it in England; you could get away with never taking economics or math or business class after the age of, you know, 14, I didn't have to take a math or science class because I could only do English literature, basically.

So I'm built for a different game. So I have to look at that and say, so am I actually built to win the game of picking individual stocks? And it's pretty clear that I'm not either in terms of my interest, my training, my skills, isn't my temperament. I mean that the fact that I'm somewhat fearful and anxious means that I'm probably not really built for picking individual stocks and for beating the market because the best investors tend to be very unemotional. Whereas for a writer, to have all of these weird interests, the fact that I'm actually making these weird connections between business investing, health, all of these things, that so the fact that I have this weird mind that goes in all different directions, makes me very well equipped to be a writer. have books.

I mean, when I was interviewing that guy, Dean Ornish, the guy mentioned who was friends with Steve Jobs, he said he'd studied health for 45 years, he'd started health and nutrition was one of the groundbreaking research in that area. And I could see that he had summed up everything that he had figured out in eight words. And I noticed that, and I'm like, Oh, it's a beautiful example of simplicity. So it's like one more proof that this is one of the master principles of life to keep things simple.

And so that's a game that I'm built for. When you look at something like this master principle of simplicity, the importance of keeping things simple, you start to say, okay, so what you have to do is to say, Do I understand the essence of this game? Do I understand the essential simple principles, whether it's investing or health or nutrition, or whatever it might be? And then you have to say, am I actually built for the game? Like, can I actually apply it if it's simple? Not easy? Do I have what it takes to apply it? And so that, to me, this kind of radiated out and became a really profound idea in all sorts of areas of life.

And so then you look at something like Jack Bogle, who I interviewed, who was the founder of Vanguard, which now manages what, seven or eight \$9 trillion, some ridiculous amount. And then I remember that Bogle, 20 years ago, said to me, this was the most simple observation possible, why index funds were going to win on average because their expenses were going to lower their transaction fees were going to be lower than the average mutual fund. And so, on average, they were going to be actively managed mutual funds actively managed funds, it was a brilliantly simple observation.

And he got attacked at the time by all these people saying that an index fund that just tracks the market was basically just bound to be mediocre. And he was like, Yeah, that's absolutely fine. And it's gonna be 80 90% of all of you mugs who think you're gonna win this game. And that turned out to be true again; it was a beautiful example of simplicity. So this long-winded rambling discussion of simplicity, I think, leads to a lot of practical implications that we can unpack a bit more. But the first is, you don't need to be super complex, to win the game of investing or the game of life. But you need to understand the essential simple principles. And I think one of the reasons you need to understand it, particularly with investing, is because it's so easy to get knocked off course during tumultuous times.

So if you don't know why you invest a particular way, because you don't really understand the principles underlying it, when all hell breaks loose, now, you can see I was trying to figure out euphemisms that didn't involve fans and things hitting when all hell breaks loose. How are you going to keep your wits about you? And so what Joel Greenblatt said to me is the fact that I know that my true north is to value a business and buy it for less than it's worth. That simplifies everything.

And so I don't need to worry, for example, if the news is full of talk about a sovereign debt crisis in Greece, and I own a supermarket in the Midwest, why do I care? Like it's irrelevant to me. And so, likewise, if you think about how to operate just in regular life, one of the things I have this all these posters on my wall reminds me of things the whole time. They're very simple, simple ideas. So one of them here. This is the first sentence of a longer quote, that's, that's on my wall, comes from a guy called David Hawkins. And it says, simple kindness to oneself and all that lives is the most transformational force of all data, a really beautiful reduction of the complexity of life.

And so every time I'm confused, I don't know how to how to behave, and just say, well, simple kindness is the most transformational force of all, and then I can say, but no, he's not just saying simple kindness. He's saying simple kindness to oneself on all lives, and then again, gets back to that idea of loving thy neighbor as thyself, it's like, well, yeah, if I beat the hell out of myself, because I'm a schmuck, and I screwed up in all these ways, and I don't weigh 172 pounds and don't have a chisel, door or a six-pack, I have a one time. You know, if I'm unkind to myself, then that's probably going to lead to me being unkind to others. And so that, to me, it is a very beautiful example of simplicity at work.

And another one I have on my wall here is literally something that just says this, just this, which is a reminder that it's this moment when you have to be awake, happy, present, aware of what's going on. And if and so this is the very Buddhist thing, right? What if I'm constantly tearing my hair out about the past or worrying about the future, which I'm really good at, then I'm not present in this moment. That sounds like a really banal thing to have a poster that says this, just this, but it's dragging me back to this awareness that the present moment is the most important thing. Does any of that make any sense?

DAVE Oh, yeah, it totally does. And I love the idea of those posted notes around your desk there because those healthy every time you look at, you know, this, just this, it reinforces that idea in your brain. And even if it's not something that you consciously think of, I think internalizing those kinds of things on a regular basis is what really starts to make all those things really come, you know, impact your life and start to really come to the forward, you know, as you move throughout life,

WILLIAM Yeah, and you find them again; you find the same ideas everywhere. So something like that idea of this, just this being a very Buddhist thing of just this moment, then I'm studying the Old Testament, and I see that Abraham, God calls out to Abraham, and he says, he named me which and he remains, here I am. And so, in a sense, I'm looking at because I look at the Old Testament as being very coded, I don't see it in a very literal way. So I look at him saying, Here I am, as being here I am in this moment, I'm here, right now.

And likewise, there's something I can't remember where it was written; maybe it's in the Old Testament, or in a commentary on it, where it says that Abraham had all his days, I think about that. I'm like, what does that mean? It's like, maybe he was present, he was fully present for all his days. And so again, you just, you're looking at all of these different areas, these different areas of wisdom, you're saying, So what runs through them? That's consistent.

So one of the beautiful things about Buddhism is this idea that you want to be awake in the present moment, you want to be fully awake, but then you also look into investing. I see tremendous parallels in investing, which I write about in the chapter about Howard Marks because he was obsessed with Zen Buddhism, which he first started college; he started this concept that everything changes. Mojo is the Japanese term for it that everything is constantly in flux.

And so what he's doing is he's trying to accommodate himself to reality as it is in this moment. So he's not looking at the future. He's not trying to make predictions about the future. He's looking at this moment now. And he's saying, what's the reality here right now. And so there are these strange parallels, I think that you find in these different, these different disciplines in life.

ANDREW One that kind of just pops up in my head, and I think I can be very useful for investors to keep in mind, and maybe have a post in thought, similar to like what you have. But you know, we lived through the COVID crisis, and there was a huge stock market crash. And so just kind of looking at that period of time, you mentioned how the type of investing you're, and you don't have to worry about, you know, what's the sovereign wealth crisis in some random country halfway across the world?

All you really have to worry about is I'm holding for the long term, you know, do I think the economy is gonna get bigger or smaller in the long term? And if the answer is bigger than you should be in stocks. And I think when I look back at the CO everything with the COVID, and now the stock market crash, everybody wanted to be an expert about what the Fed was doing, what the economy was doing.

And you know, Dave, you and I, we fell victim to this, too, we did several episodes about trying to teach the economy and looking back, that wasn't helpful or useful at all we should have been focusing on that would have been the time to buy a bunch of businesses and buy low. And we were so focused on trying to figure out everything and trying to worry about the future and trying to figure out how it all affects the economy and become an economic expert.

And we should have just stuck to what was basic and simple and been present in the moment. Understand, look, we don't have to do what everybody else is doing; everybody's panicking, we should just focus on what we've been focusing on the whole time, which is bought when something's at a lower value than the real business really is.

And so I'm curious because I think there's a lot of parallels like you're saying to some of the basic spirituality concepts. I'm curious if there are any other profound, sticky notes that you got over here.

WILLIAM Hi, yeah. So here's one that says, just sitting in the fluidity without judging. So everything is changing all the time. And so if you meditate, for example, and I'm no expert, although I do try to meditate my own habits half-assed way, if you meditate, you see this fluidity. It's like, someone was saying to me recently, who's a much more experienced meditator that she says very helpful to think of the mind kind of like the sky and the clouds are coming across all these storm systems or whatever.

And so you're sitting in the fluidity without judgment. And so all this stuff just kind of arises and passes in life, and we're constantly saying, I don't like that. I tried to, you know, we're fighting it the whole time. And

so the ability to sit calmly, within the fluidity within the flow within the flux of all of these things that are changing without judging it in the sense of I hate these thoughts, or I hate these emotions, but being aware of them, is very profound. So I've been studying this particular Tibetan Buddhist meditation teacher, who I think has a really beautiful way of teaching a guy called Sapna Rinpoche.

And that sentence comes from a course of his. And one of the things that he says we have what he calls our beautiful monsters are things like these habitual thought patterns or emotions like self-hatred, or fear or anxiety, or Oh, my God, everything's gonna fall apart, because I saw that, you know, my parent's marriage fell apart, or I saw my business fell apart, or I saw the economy fell apart, you know, so we have this kind of survival patents or these tapes that we replay in our head the whole time. And he says, at 1.1 days, we will love all of our beautiful monsters.

And so so he says, The kindness is not to suppress them. It's not to judge them. It's not to try to change them. It's to sit with them. And to be like, okay, yeah, I see that. And so he says, he, so he has this beautiful practice called handshake practice, where you recognize what's coming as you're sitting in this fluidity of everything, just arising and passing, because that's what thoughts do is what physical sensations do emotions, all of these things, phenomenon outside noises. And there was one thing I was listening to a guided meditation here.

And suddenly, there's obviously someone's phone goes off, and people are laughing. And it's obviously embarrassing. And it says, don't judge. It's just a sound and wonderful attitude, just to be able to sit in the fluidity of all of this and not be judging, not fighting it. But just become really aware. I was interviewing Ray Dalio the other day, who's, you know, one of the most successful investors in history and is worth something like \$20 billion. And we were talking about meditation because he's been meditating since 1968, which is the year that I was born. And one of the things that give him is precisely this ability to sit in the middle of fluidity in the middle of chaos without judging it and to look calmly at what's coming up. What's happening.

And so, again, this sounds like a really esoteric, kind of woo-woo thing, but actually, it has such implications, such practical implications, because then, when COVID comes up, and everything's going to hell, someone like Howard Marks is able to look at it and say, what's the reality right now, how much optimism is priced into asset prices, how much pessimism is priced in. And so around March 2020, when everything was falling apart, and everyone was just paralyzed, and markets fell to like 34%, in less than a month, Howard invested in his firm at Oak Tree, they invested a couple of billion dollars because they were just very calmly sitting within the fluidity, looking at reality as it is not as he wanted it to be.

And then, when the market had the fastest recovery it had ever had, the opportunity disappeared very quickly. And he said, Now, there's a lot more optimism priced into markets, the opportunity is gone, because the government stepped in and, you know, juice the economy and send out checks to everyone relief checks. And say, says, what's the reality now? Well, things aren't as cheap. And so conditions actually are more dangerous now, or less attractive now than they were when everybody thought it was too dangerous to buy. But actually, it was just cheap. So again, that's all built on a very simple idea, which is Howard's idea that the most important thing is to buy when things are cheap.

And so he's just looking at asset prices and saying how much optimism is priced in? Is it too expensive? And when things are cheap, he's like, okay, great. It's a good deal I'll buy. He's not trying to buy things based on extraordinary predictions of the future. He's looking at reality now at this moment, just this, this, just this. And so all of this stuff is actually very philosophical, in a way but also very practical. It's being in the moment right now, seeing reality as it is.

DAVE It's very profound. And I think you mentioned I couldn't remember if it's in a book or one of your talks, you were talking about your friend Ken Shubin, Stein and his idea of internalizing Charlie Munger is a great speech about the biases and the misconceptions and the MIS judgments and everything. And so that idea, and then you also referenced something, I think it was a Christmas meal or Thanksgiving meal, your family was kind of pestering you about buying Bitcoin.

And you were talking to your friend guy about that and kind of getting his ideas. And he was saying that he, I think he said he was a farmer, and he worries more about what he can control and what he can analyze as opposed to things he doesn't understand. And so I think it kind of goes back to that whole idea that you're talking about is, all these things are helping you simplify what is important to you just this you know, this, just this kind of ideas, really internalizing all that

WILLIAM Yeah, and defining what game it is you're playing. And that I think is really a great strength of guy spheres, who's the guy mentioned, and he's actually when I said before, that I invest in a fund where I'm in the five-year show class that's run by guy. And so guy has this ability to be extraordinarily patient. And so I'm not seeing this as an ad for Guy, you know, he's a close friend of mine has been for more than 20 years.

And sometimes I would look at Guy's Facebook newsfeed, and I would see he was in some incredible country; he was always traveling. And I'd be like, What the hell, he should be managing my money, you know, you should be working. And then gradually, I realized, one of the great strengths of a guy is he's doing nothing. He buys a stock, and then he sits on it forever. And so he was able to he's owned, Berkshire Hathaway. Now since I mean, I invested with him probably around 1999 2000. And at the time, everybody hated Berkshire Hathaway because everyone had decided that Buffett was too old and had lost his touch and didn't understand the beauty of all these.com stocks, like pets.com and sox.com, or whatever it was. And so guy put something like 25% of his fun in Berkshire Hathaway, but back then, and he's owned Berkshire for more than 20 years.

And so that ability to know what the game is that he's playing has been incredibly powerful. So I went out for lunch a few weeks ago, a couple of months ago, with guy in New York City who was visiting from Zurich, and I was wrestling with cryptocurrencies. And I'm like, what do you do? What, like, how do you think of this? And he was like, yeah, it's just not my game. It's his like, as you said, I'm a farmer, he's happy to earn these companies like MasterCard, or Nestle, or Berkshire that are going to grind it out over many years and survive.

And then he has a few racier businesses that you wouldn't have heard of, in a sort of obscure companies in India and stuff that, you know, are very undervalued and have good prospects that he believes for the long term. But it's a very simple long-term, value-oriented strategy, where he's buying things that he believes can grow with relative predictability.

In a world where not much is certain. And most things are getting kind of disturbed along the way, right. Like if you have a business that you think is going to be fine, like I used to work at Time Magazine, right Time, Inc, which owns Time Magazine, which was the most powerful publisher in the world, doesn't even exist anymore. This has been broken up for scrap. And so, most businesses don't survive. We live in a world of entropy, where things fall apart, those Yeates the great process, things fall apart, the center cannot hold. Mere anarchy is loosed upon the world.

And so you have to invest in what where things fall apart. And so what people like Gaia doing or Buffett is doing is they're trying to invest in things that have a little bit more resilience. And so, if you want to invest in a way that's predicated on resilience in a world of entropy, where things fall apart in the center cannot hold, that's a totally different game than if you want to buy Tesla, Bitcoin, and all these things that can go to the

sky, but may also fall at percent. I mean, who knows? And that's not that I'm particularly knowledgeable about Bitcoin, believe me, or Tesla. And so far, I've been wrong. But guy's point is, he doesn't need to play that game in order to be incredibly successful.

And so I think, if there's a practical takeaway, it's to know the game that you're playing, to play a game that suits your principles, and your temperament, and your timeframe. And so then you can sort of say, well, I can win without actually taking the risk of betting on Bitcoin. And that's just fine. And if other people make ten times their money over the next ten years, that's fine. I think that's an extraordinary competitive advantage. So one of the things I think you need to do is say, what's the desirable destination for me? What am I actually trying to get to? And so, for me, I need to educate my kids. I don't want to have to work for anyone I dislike. I want to be able to retire one day, although I never will.

But I like the idea of not having to work nine days a week. And I, you know, it's a nice fantasy. I didn't go on vacation for like five years and then finally went a few weeks ago. I mean, you know, so yeah, the idea that I'm going to retire is nonsense to be able to walk away from projects that I don't want to do because they involve someone unpleasant that I don't want to spend my life with things like that. So I need to get to a point financially where I can live that way. And so I just think, for our listeners, or viewers, to say, what's my destination, like what is actually being wealthy, and having an abundant life mean for me.

And if that means having a nice house, that you don't have any debt on a car that isn't breaking down, that's very different than, you know, having a 10,000-foot mansion overlooking the ocean on a private plane. And so once you know what the destination is, and what you actually care about, then you can sort of say, well, maybe I want already made, I'm already there, or I'm already so close to the goal to the finish line, actually don't need to take wild risks. And so for me, actually, I made primary down investment mistakes over the years, but I've lived within my means and saved over the years and invested over the years.

So thank God, I'm in a reasonably good position. So for me, actually, to take really dumb risks would be incredibly stupid. And so one of the things Howard Mark said is, you have to ask yourself, how much are you willing to push the envelope? You know, do you want to risk overreaching? And so for Howard, who describes himself as a natural-born warrior, not a warrior, he's never going to take wild, wild, wild risks. I mean, when I asked him, What was the worst mistake you've ever made, he was I don't remember any major mistake.

And then later, when I was fact-checking, he said, well, there were mistakes of omission, things that I didn't buy, but there weren't really grievous mistakes of commission things that I did. And so that's somebody who really wants to survive. And so, he was hugely aggressive during the financial crisis and invested five or \$600 million a week for 15 weeks while the market was melting down.

That was hugely aggressive. But it made him an Oaktree, about eight or \$9 billion, because he waited till the markets were incredibly cheap. And then, and then pounced. Yeah. But otherwise, he's driving really carefully because he knows the conditions are icy, and he's waiting until there's beautiful sunshine, and then they'll take more risk.

DAVE Yeah, that's awesome. But I think it all comes back to the thread that we were pulling on to the beginning is that all these examples of things you're talking about are all simple ideas. There, they're not easy, but there are simple ideas. And they're staying true to what works for them. And there, they're staying in their lane; they're playing their game, whatever acronym or terminology you want to use.

But I think it all comes back to the simplicity of what they're trying to do. You know, Howard's trying to find things that are selling for less than what he thinks they're worth joking about was the same guy Spears doing

the same, you know, the things that you're talking about doing in your life are exactly the same. You're trying to stay within what's simple and what works for you. And I think sometimes, we humans tend to want to make everything complicated and think that it's going to be awesome if it's super complicated.

And it doesn't have to be, you know, I grew up in sports, my baseball coach pounded into us basics, the basics, the basics are basics. You can't do all the fancy stuff if you can't do the basics. And I think a lot of the same ideas that you're talking about apply to life as well investing or in just the way that you want to set up your life.

WILLIAM Yeah. And I think; actually, that's probably another thing that I talked about, at some length in my TEDx talk, was this idea that when you apply the principle of simplicity to your life, you see all of these ways in which you actually need to subtract complexity. And that, to me, this idea of the art of subtraction, which I write about in the book, and I talk about in that speech, that is on godly, important. That's something I see again and again with the greatest ambassadors is that they're reducing complexity in their lives. So So you see someone like Bill Miller, for example.

And last time when I was working on this book, I interviewed him both at his home in Maryland and his office, and I could see the degree to which he had simplified his life. And I, the first day I spent with him at his home, and the next day spent with me at his office, you can see he's wearing the same pair of jeans and the same black T-shirt every day. And he said, at one point, been invited to give a keynote speech at some big fancy bowl.

And he said, he told them no, throughout my tuxedo, and I'm never buying another one. And I thought there was something so wonderful about that, that he's just decided not to do that anymore. And when you look at his schedule, there's very little scheduled; he's set himself up so that he's working with his son and a handful of other people.

He has the same personal assistant that he had, like 20 something years ago, like Mason when I first interviewed him that his lovely, lovely woman and get him kind of organized for 25 years. And so he's just kind of simplified his life. So that all he's doing is reading, thinking. And as he puts it, trying to add value for his shareholders every month, and he doesn't do anything that he's not good at or doesn't like.

And so the thing that the money has enabled him to do is, for example, he has all these people working for his family office, who do things like pump gas for him, and he didn't decorate either of his homes, his sister would decorate his homes for him, even his dog, which he really loved, you know, his sister was kind of taking care of his dog. And so it's just like, it's simplified his life in this really interesting way.

And I see that again, and again, with the greatest investor, there's this tremendous focus on what they care about most, and what they're best at, and what matters most to them. That's key, right? It's got to be something that matters to you. So for me, sitting around reading obscure books about Tibetan Buddhism in the Old Testament and stuff, that's really important, right?

Like I got up this morning, I love coffee, as you know, I spend my whole time drinking coffee, and I don't know what I'm doing, I'm gonna stop shaking, because I'm not drinking coffee. So, you know, I still made a really good coffee, the first of about 29. And I sat down in my own chair, and I'm reading a book written by some, you know, cabbalistic, sage in the 1500s. And that is just kind of having to relate to me. And so, to structure my life so that I can do things like that is really important. So that's a for Bill Miller as well. Reading is critically important.

That's a really essential part of a happy, intellectually fulfilling life, then you look at the other things that are important to you. And these things are so idiosyncratic, right. So family relationships, maybe it's going to be exercise, you know, I hate to admit it, but I would never have included that in one of the things, but it's clearly one of the things that I have to do. So I tried to, you know, do what I call the toward a laundry room, you know, I have a stationary bike next to my washing machine and dryer downstairs in the basement.

And so I tried to do that several times that week. I think having equanimity, peace of mind is really, really important. And this is a big thread in my book is about how you have resilience, how you have mental resilience and equanimity so that you can deal with turbulence both in the markets and in your life. So you've got to think about how you're going to get that. So whether it's prayer, meditation, exercise, or a combination of all of those are just really good friendships, walking in the woods. It doesn't necessarily matter.

But I think that's got to be one of the kinds of tent poles of life is; how are you going to get equanimity and resilience? And then there's work, right? You want to make a living, you investing stuff like that, you have to go through your life, I think and say, What can I remove? How can I reduce complexity and focus on the things that really matter to me, I found that to be one of the most helpful lessons that I've learned from the greatest investors is just the knowledge that I need to go through that mental exercise.

And so there was a guy Michael Potter that I interviewed, I wrote about very briefly in the book, who's an extraordinary guy who was in SEAL Team Six, which was the part of the seals that killed Osama bin Laden. So you can imagine he's a tough, discipline guy, who has become a hedge fund manager. Yeah, he said it for me. It's God, family, and fund in that order. That's it. And so he said, even this conversation with you is actually a little bit of a distraction.

And I love the fact that he was he had so little EQ that he was prepared to tell me, this is a total waste of time that I'm doing.

But that's really interesting that he's reduced his life to three things. And I'm sure because he's a very fit, tough SURVIVOR GUY, I'm sure fitness is part of it as well, like there wouldn't have merited being one of the three things. But for the rest of us, I definitely think you want to go through that exercise and say, what are the things for me that really matter? Am I investing enough energy in those things?

And so this was one of the great lessons for me from Ed Thorpe, where I write about in the book, he's one of the greatest investors and game players of all time, who said to me when I was asking him, how do you win the game of life? And he said, Well, look, who you spend your time with is probably the most important thing of all. And so then you have to say, am I investing enough energy in my family, my friends, people I really like, people I can learn from if sharing is a really critical part of a happy and successful life, which I think is one of the great lesson's model Vandenberghe, who I I end the book with, have I built in anything where I'm actually like helping anyone else?

And so so just to think through these issues in a fairly rational and systematic way. It's probably very helpful.

DAVE Yeah, I would totally agree with that. Andrew, did you have any

ANDREW , I would just challenge investors if you haven't asked yourself that question yet. Like, what game Am I playing? There's that thing I like to play poker. I don't do it seriously in any regard. So usually I just play with friends and family.

But there's a saying in poker where they say, if you don't know who the Patsy is, you are the Patsy. And it's, you know, with investing, it's like, have you really thought about it? Are you just playing these games that

you're hoping you're going to win? And you haven't given any thought? Like, can I actually win in this game?

Can I actually succeed in this game? So I would challenge people out there, you know, we were really encouraging people the first time you're on William to get the book, I'm gonna say it again. If you haven't thought about what game are you playing, investing in the stock market, your personal finances, go out and read the book? I mean, the books called Return get

WILLIAM Another copy. If you got it when you listened last time, just get another one.

DAVE Exactly,

WILLIAM , I think that was where you would go in.

ANDREW Almost, almost. It is, and it is. So you know, you mentioned you, you spent a lot of time writing, obviously. And I'll say this because I read a lot. And I clear my schedule to do that. And that's, I think it's very important for what I do. And I read a lot of nonfiction. And there are many nonfiction books that are like page-turners; this was one of them.

And I think it speaks to skills as a writer and whatever you do, I mean, whatever your secret sauce is, came out through in the book. And so, I would imagine it's good for beginners because I'm not a beginner at this point. But I felt that all of the stories you told, you know, all the examples you've given us today kind of really tie into this idea that you can, as an individual investor, it's very applicable in many different ways.

And particularly because of a lot of those inner woven threads. And I think that's why it's definitely worth a lot of people's time.

WILLIAM I think if you get some of these big, simple ideas, right? They carry so much weight because they're fairly simple. We tend to underestimate just how profound and helpful they are. And so I think if you go through a book like this, and you actually take out the big themes, you actually internalize them and apply them. It makes such a profound difference in your life to take something like that idea from Charlie Munger that I wrote about at length of just systematically reducing what he calls standard stupidities if you actually go through your life as a beginning investor, and you say, here are all the ways in which investors routinely screw up.

And so I don't know if I'm going to be a brilliant investor or not, but let me not do these really obvious standard stupidities, and you start doing that at age 1618, age 30, whenever it is that you start investing and you say, okay, so what are the standards stupidities? Timing the market, believing market predictions, buy all these bullshit artists from Wall Street brokerage firms or newspapers or whatever, who pretend that they know where the markets are going to go or what inflation is going to do.

So you just immediately know not going to listen to these morons because they're jokers that they're either deluding themselves that they know the future, or they're lying to you. I'm going to avoid anything that's really overpriced, not just assets that you would buy, like stocks that you would buy, but funds that you would buy. So you look at the fee structure, and you say, is this setup, so the money manager is going to make money at my expense. And so you look at something like that five-year stock class that I'm in a guy's fund.

And there's no annual management fee, zero annual management fee. And so if he beats the if there's a 6%, a year annual hurdle, to if he doesn't make 6%, he doesn't get paid. And then over 6%, he gets some, like, 15%

of the profits over that 6% hurdle. So if he doesn't perform, he set it up. So he literally will not get paid. And so I look at that, and I'm like, oh, so there's an alignment of interests. So if you take mongers approach, and you say, well, let's invert, invert everything, the dumb thing would be to invest with someone who doesn't have your interests at heart, right?

So where, where the fee structure isn't aligned, so they're going to get 2% A year or 3% a year or whatever, and they're going to be rich, regardless of whether you do well. So you want to avoid things with high fees. You want to live within your means because when you look at the people you know, who get in trouble, they're people who live beyond their means. And so, you want to avoid trading in and out of the market.

You want to avoid panicking at the worst point, like think of all those people who panicked during that early period of COVID and bailed out a missed this enormous run. Think of the people who got carried away by the fads during the 1999 2000 stock Bubble the.com Bubble and then lost 98% of their money. So you don't want Don't get carried away by fads. So just this idea, this one idea of avoiding standard stupidity is if you take it really seriously, as a beginner investor, you can't help but profit from it because you're going to avoid 7080 90% of the dumbest things that most investors do.

And so I think the key is to take this idea from the manga where he says, Take a simple idea and take it seriously when you read the book. And you see, oh, okay, so I'm supposed to compound over many years without disaster. And if I just keep compounding at a decent rate, without disaster, the power of compounding the mathematical power of compounding is so extraordinary that I'm going to be fine. And so the key then is to avoid disaster. So then you don't want to overreach, you don't want to overpay, you don't want to invest in things that are going to fall apart. And then you're going to be so emotionally a wreck that you're going to do something dumb, as you don't want to invest borrowed money.

So I think these things are profoundly helpful actually, for early investors. But you also want to apply the lessons in your own life. So you want to look at the habits of the Great Investors and say, well, so good habits, the benefits of good habits compound as well. So if you think of your habit, Andrew of reading, you look at someone like Buffett, who manga describes as a continuous learning machine, if you start from an early age, just to say, alright, well, I'm just going to keep constantly learning, for decades.

And we're going to keep studying people who are smarter and wiser than me and trying to figure out what works that they do, and then clone what they do. That's really helpful. So it's not about like, like Olympic diving, where you get extra points for complexity. You know, it's like, get the big things, right. And if you start early, I think the benefits are so overwhelming over time; I would encourage people just don't dabble in this when you find an idea that resonates with you and takes action.

That's smart. Go big on it. Because the thing that distinguishes the greatest investors, and the most successful people from most of us, I think, is that kind of fanaticism, that when they find something that works, they're like, they go 1,000% on it. And so Mohnish Pabrai, when he talks about cloning when he talks about taking ideas from people who are smarter and wiser than him and applying them in his own life, he does it to a maniacal degree, or when you look at Charlie Munger, avoiding standard stupidities to a maniacal degree.

And so it's not that you have to do everything. But when you find an idea, when you find something that works, really take it seriously. And you'll see enormous benefits over time.

DAVE Yeah, I totally agree with that.

ANDREW I want to ask you a couple of questions about coffee. So maybe we'll wrap this up.

WILLIAM Okay, sure. Critical stuff. Yeah. Now, if focusing on the really big game, yeah.

ANDREW All right. Wrap us up, Dave.

DAVE Yeah, we'll real quick. All right, folks. Well, unfortunately, we're going to have to wrap up our conversation with William for now. And I really appreciate William taking the time to come talk to us again and dropping all this great wisdom with us today. Again, Andrew said it. I'll say it again; the book is a must-read. If you're interested in life and investing and wanting to avoid standard stupidities, if nothing else, then you need to check out the book. It's a fantastic collection of stories and wisdom that we put together for some of the smartest people out there.

And it's great writing as well. As Andrew said, it's a great read. It's easy to read. It's a page-turner, I literally read it in two days, so I can't speak well more about the book and weigh him as well. He's a fantastic guy. We really enjoyed talking to him today. So without any further ado, I will go-ahead

WILLIAM I fooled you again.

DAVE Thank you very much.

WILLIAM TRIUMPH

DAVE Thank you. Thank you very much. All right. So without any further ado, I'll go ahead and sign us off, and you guys go out there and invest with a margin of safety of sun to safety. Have a great week, and we'll talk to you next week.

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