

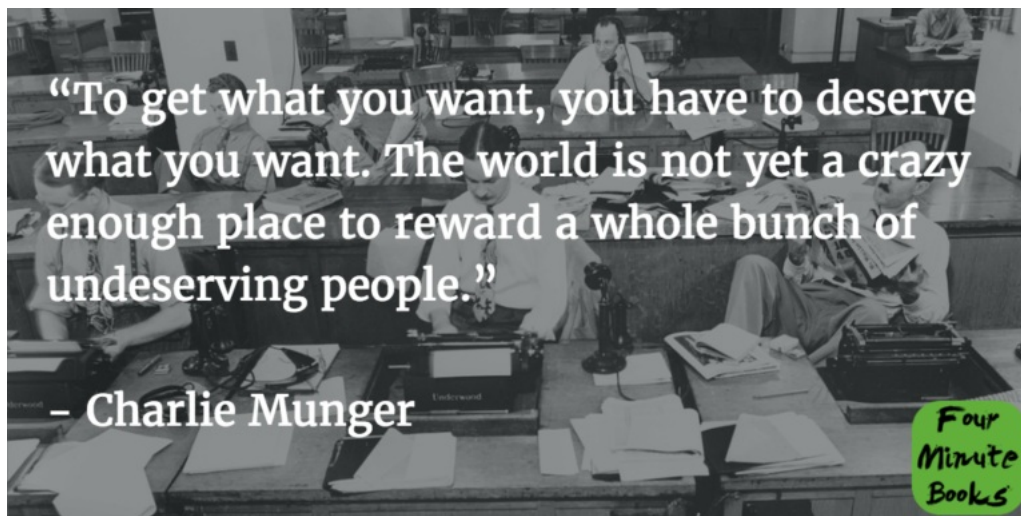
Charlie Munger Summary

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1-Sentence-Summary: *Charlie Munger teaches you the investment approach and ideas about life from Warren Buffett's business partner and billionaire Charlie Munger, which the two have used for decades to run one of the most successful companies in the world.*

Read in: 4 minutes

Favorite quote from the author:



The first time I heard the name Charlie Munger was in 2014, when Tai Lopez mentioned him in his 67 Steps program. At the time I had no idea who he was. His business partner I'd known, but not him.

If you don't know who Charlie is, I bet you still know his business partner too – because it's non other than Warren Buffett.

For decades, Charlie and Warren have worked together to build their investment company, Berkshire Hathaway, into the 5th most valuable company in the world. They compliment each other, share strengths and compensate each others weaknesses in the process of picking the best companies in the world and buying them at a discounted price.

Trent Griffin has condensed everything he could find from interviews, company reports, speeches, writings and other people's comments about Munger into this book, which leaves you and me a rare chance to learn about how a billionaire approaches both investing and life.

Here are 3 lessons from *Charlie Munger*:

1. Stick with what you know.
2. Don't just do something, stand there!
3. Try to educate yourself across a big range of disciplines.

Want to learn from one of the wisest man on the planet? Here we go!

Lesson 1: Good investors stick with what they know and stay inside their circle of competence.

Just like Warren, Charlie believes a good investing approach comes from accepting your limits and sticking with what you know. If a stock analyst tries to sell you on Facebook one week, a pharmaceutical company the next, and a car manufacturer after that, all kinds of alarm bells should ring in your head.

First of all, every single industry on this planet is incredibly complex and hard to understand by now, so there are very few people who are knowledgeable about more than one.

Second, the financial nature of any single investment is pretty complicated too, so an “expert” might often try to sell you on something she herself doesn’t even fully understand.

At Berkshire Hathaway, Charlie and Warren take Benjamin Graham’s value investing approach of waiting for a great company to trade at a price that’s below what it should be. Only if they understand the core business, the company’s values and what management is up to, do they invest.

The model is simple, but not easy. It leaves them with only three buckets for potential investments. In, Out, and Too Tough. The first two are self-explanatory, the third one is for investments that might be good choices in the future, but aren’t understood well enough by Charlie and Warren right now.

Don’t try to invest in anything that moves. Stick with what you know and be patient in letting the right companies find you.

Lesson 2: Don’t just do something, stand there!

As you can guess, the above model requires one thing above all else: **patience.**

You might know the classic saying: “Don’t just stand there, do something!”

When it comes to investing, this is bad advice. The companies that fit Charlie’s and Warren’s investment criteria are far and few between, so he likes to say the opposite: “Don’t just do something, stand there!”

In investing as in life, a lot of your time will (and in this case should) be spent waiting. **Kind of like waiting for a bus – you never know when the next one’ll show up, but you have to be ready.**

Of course most people believe waiting to be unproductive, so instead of just gathering information and keeping their cool, most investors rush from one trade to the next, accumulating nothing but losses, fees and taxes, while the great investor just waits and reaps all the profits to be had from just a few trades per year, as long as they're the right ones.

Lesson 3: Build worldly wisdom by learning from a wide range of disciplines.

What's probably even cooler than Charlie's knowledge about investing is his knowledge about life. He tries to accumulate something he calls worldly wisdom, which is really just **a set of mental models** (like these) he built for himself, coming from a vast variety of different disciplines and fields.

Psychology, economics, mathematics, history, biology, physics, philosophy all take a different look at the world. What unites them is that there's wisdom to be found in them. If you take them as **different lenses to view the world through**, you can take the right one at the right time, and even combine them, if you have to. This can be an advantage over other people's assessment of any given situation.

But to do so, you have to go beyond merely studying facts and figures. You have to look at the core questions, answers and ideas of each discipline. Things like why people study these topics, how they structure what they learn and how they use it.

If you have a few core principles at the ready, you can reason your way to the answers to many complex questions, which other people can only scratch their head about, by relating important ideas from different fields to one another and seeing the world as it really is, instead of just from one, limited, narrow point of view.

Charlie Munger Review

It's hard to find lots of information about *Charlie Munger*. He doesn't speak in public too much and over the years, much too little has been compiled about him and his work. I think there are very few people on this planet that deserve to be learned from more than him.

Note: One of the best ways to learn more about him (besides this book) is this commencement speech.

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[Learn more about the author >>](#)

What else can you learn from the blinks?

- Which companies Berkshire Hathaway invests in and owns
- How much a single stock of the company costs (it's insane)
- What a typical day in Charlie's life looks like
- Four simple ideas the cool investor needs to follow
- Why investing is like a poker game
- An example for applying mental models

Who would I recommend the Charlie Munger summary to?

The 13 year old investing nerd, who knows he wants to be an investor when he grows up already, the 72 year old, who thinks very few people can still teach her things, and anyone who often finds themselves going with the crowd, even if they don't want to.