

Charlie Munger

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Charles Thomas Munger (b. January 1, 1924, Omaha, Nebraska) is Vice-Chairman of Berkshire Hathaway Corporation, the diversified investment corporation chaired by investor Warren Buffett.

Like Buffett, Munger is a native of Omaha. After studies at the University of Michigan and service in the U.S. Navy, he entered Harvard Law School without an undergraduate degree. Graduating in 1948 with a Juris Doctor, he founded and worked as a real estate attorney at Munger, Tolles & Olson LLP until 1965. He then gave up the practice of law to concentrate on managing investments.

Munger is also the chairman of Wesco Financial Corporation, an 80.1%-owned subsidiary of Berkshire Hathaway. It began as a savings and loan association, but now controls Precision Steel Corp., CORT Furniture Leasing, Kansas Bankers Surety Company, and other ventures. Wesco Financial has an equity portfolio of over \$1 billion dollars that is concentrated in Coca-Cola, American Express, Wells Fargo, and Procter & Gamble. A single stock can make up 50% of the value of the entire portfolio. Munger believes that holding a concentrated number of stocks, that he knows extremely well, will in the longterm produce superior returns. Wesco is based in Pasadena, California, Munger's adopted hometown and the site of the company's annual shareholders' meeting, which is typically held on the Wednesday or Thursday after the more famous Berkshire Hathaway annual meeting. Munger's meetings are nearly as legendary in the investment community as those he co-hosts with Buffett in Omaha. Such meetings are often perfunctory, but Munger interacts with the other Wesco shareholders at considerable length, sometimes speculating about what his hero Benjamin Franklin would do in a given situation.

In multiple speeches, Munger has introduced the concept of "Elementary, Worldly Wisdom" as it relates to business and finance. Munger's worldly wisdom consists of a set of mental models farmed as a latticework to help solve critical business problem. According to Munger, only 80 or 90 important models will carry about 90% of the freight in making you a worldly-wise person. --Smtarlet (talk) 21:52, 15 February 2008 (UTC)

Buffett has often publicly stated that he regards Munger as his partner. Indeed, Munger owns enough Berkshire Hathaway stock to be a *bona fide* billionaire in his own right. However, Munger is hardly a carbon copy of Buffett: Munger is known to be a Republican, whereas Buffett has generally supported Democrats. Buffett devotes his time almost exclusively to his business, while Munger, who has not involved himself in the day-to-day operations of Berkshire for many years, is a generalist for whom investment is only one of a broad range of interests. Each man feels that their differences complement rather than detract from their relationship. Both are ardent supporters of "abortion rights".

Although Munger is more famous for his association with Warren Buffett, Munger ran a very successful investment partnership

Charlie Munger	
Born	January 1, 1924 Omaha, Nebraska
Occupation	Investor
Salary	\$100,000 USD
Net worth	▲ \$1.7 billion USD

of his own from 1962 to 1975. According to Buffett's famous essay, "The Superinvestors of Graham and Doddsville", Munger's investment partnership generated compound annual returns of 19.8% during the 1962-75 period compared to a 5.0% annual appreciation rate for the Dow.

Munger donated 500 shares of Berkshire Hathaway Class A stock, worth \$43.5 million, to Stanford University to build a housing complex for Stanford Law School. He previously donated funds to help restore the Green Library after extensive damage by the Loma Prieta Earthquake, for which he is recognized on a plaque outside the restored Bing Wing. While he did not attend Stanford, his first wife, Nancy Munger, was an alumna and served on the Board of Trustees. Their daughter, Wendy Munger (A.B., 1972, Stanford University) is currently a member of the board. In 2007, he donated funds for renovations at the University of Michigan Law School.

Books

- Lowe, Janet (2000) *Damn Right! Behind the scenes with Berkshire Hathaway billionaire Charlie Munger*, John Wiley & Sons (ISBN 0-471-24473-2)
- Kaufman, Peter (2005 and 2006 for the second edition) "Poor Charlie's Almanack: The Wit and Wisdom of Charles T. Munger" <http://www.poorcharliesalmanack.com/>
- Bevelin, Peter (2007) *Seeking Wisdom: From Darwin to Munger* (<http://www.poorcharliesalmanack.com/seekingwisdom.html>) (ISBN 1-578-64428-3)

External links

- Charlie Munger - A Compilation (<http://charliemunger.valuestockplus.net/>)
- Three Speeches by Charlie Munger (<http://www.vinvesting.com/docs/munger/>)
- Audio: Standard Causes of Human Misjudgment (<http://www.skrinak.com/kris/2003/audio/MungerMono.mp3>)
- Charlie Munger Link Collection (<http://futile.free.fr/cmeng.html>)
- Munger Speeches & Writings (http://www.tilsonfunds.com/motley_berkshire_charlie_speeches.php3)
- Articles by Charlie Munger (http://www.sandmansplace.com/Articles_Munger.html)
- Munger's Speech on Mental Models (<http://www.focusinvestor.com/FocusSeriesPart3.pdf>)
- "In the Money" (2001 Harvard Law Bulletin article) (http://www.law.harvard.edu/alumni/bulletin/2001/summer/feature_1-1.html)
- Munger's Worldly Wisdom (1994 USC Business School) (<http://www.paladinvest.com/pifiles/MungersWorldlyWisdom.htm>)

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