



Now that's what I call value investing



In the wake of Charlie Munger's recent death, practically everyone in the world of investing has a story about this "Abominable No-Man" (which is how Warren Buffett jokingly referred to his sceptical colleague). Most of those tributes include a number of his laconic quotes, typically going to the heart of a complicated matter with biting wit. I won't add to the compendium; you've read them all.

But I did meet the great man and his business partner once. In the late 1990s, a few professional fund managers from Cape Town started attending the Berkshire Hathaway AGM in Omaha on a regular basis. The group was initially led by Piet Viljoen, with Walter Aylett and Kokkie Kooyman joining later. They were accompanied by an ever-increasing group of pilgrims from the South African business community as the years went by.

My one and only turn came in 2004. Munger had just turned 80 and everybody thought that, given his inevitable and imminent demise, there wouldn't be too many more opportunities to see the man in action, sitting on a stage and answering questions from a large audience for six hours or more on the first Saturday in May every year. How we all underestimated his longevity ...

It happened to be around the same time that eBay had bought PayPal, and

the auction website started growing into more product lines as well as international markets. The relevance of this little factoid is that, for the first time, the sought-after Berkshire Hathaway AGM tickets (strictly allocated to shareholders only) started trading online for eye-watering amounts.

Buffett and Munger would have none of that, however, and they were helped in their fight against the touts by the fact that a new mega convention centre had just opened in Omaha. Suddenly they could admit as many as 20,000 people – a multiple of prior years. Accordingly, the duo decided to make a few thousand extra tickets available at \$5 each (or was it \$1?), the proceeds of which went to charity. This effectively killed the black market and explains how even I, a non-shareholder at the time, managed to make the cut.

There are no direct flights from London to Buffett's hometown in Nebraska, so you have to pick your routing. I

decided to travel via Chicago and stay for a night to tick one more US city off my list. Bright and early the next morning, I boarded flight AA5996 from O'Hare International Airport to my final destination.

What would Warren do?

Unfortunately, we were delayed, as American Airlines in its wisdom decided to overbook this flight on the one Friday of the year that nobody with a plane ticket to Omaha was going to miss it. There we sat on the runway, with the captain begging one of us to disembark to accommodate some random VIP without a seat who was in a hurry to get to the other side.

Compensation of \$250 and a guaranteed flight three hours later were offered. Everyone on the plane just ignored the announcements. The irony was not lost on me: there we were, a bunch of capitalists, all pretending to be value investors à la Buffett and Munger, yet none of us would take the cash. You can, of course, criticise me on the same basis, but my tenuous excuse is that I had probably travelled further than anyone else on the plane and was still fighting a time difference.

After a few minutes, I piped up and said out loud: "Come on people, what do you think Warren would have done?" One or two people chuckled, but most of my co-passengers pretended not to hear, their noses stuck in Munger biographies and books teaching how to invest the Buffett way. Eventually, a journalist next to me sighed, got up and offered his seat to the impatient traveller. Order was restored.

The highlight of the next day was when my South African compatriots and I had our picture taken with "present management" (as Buffett liked to refer to himself and Munger after more than three decades in charge of Berkshire Hathaway).

I got both their autographs, and Buffett also signed a \$1 bill for me. In the unlikely event that he ever passes away, I plan to sell it for upwards of \$1,000 on eBay.

Now that's what I call value investing. **x**

Gouws is chief investment officer at Credo, London

