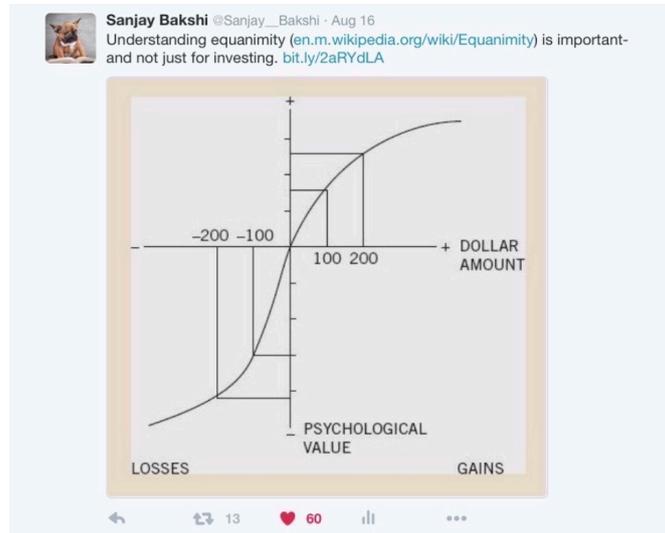
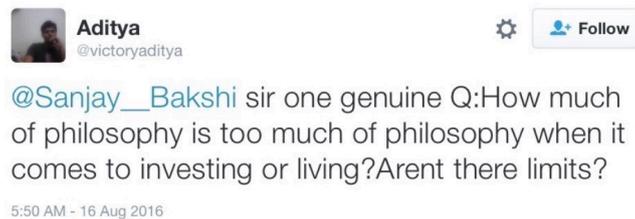


## Opening Remarks

About three weeks ago, I posted a philosophical tweet about equanimity — the need for people to treat gains and losses, triumphs and disasters, just the same — and why that deep insight is important not just for investing but also for life.



One of my followers on Twitter asked me a question.



My response to that question was



BFBV is a course on philosophy. My objective is to make you a worldly wise man or woman. I suspect this will happen slowly during this course. However, I expect the pace to gather momentum over the years as you relate your life's experiences after you leave MDI to the main ideas that you will encounter here in BFBV.

Why is this course being offered by the Finance department? There are three reasons.

One, MDI does not have a Philosophy department.

Two, I needed an excuse to teach you something that I think is far more valuable than just how to make money by buying and selling securities and I think you'll agree that it's much

more likely for me persuade MDI to let me teach you BFBV — although that wasn't easy — than to create a Department of Philosophy.

Finally, making money by operating intelligently in financial markets is a subset of being a wise person. How could it be otherwise?

I believe that you really cannot understand how the world truly works unless you have financial independence. Many of you don't have that independence today and indeed have taken loans to fund your MBA. If that's true for you, then you really do need a job which promises a salary that will help you pay off your loans and, over time, make you financially independent.

Then imagine that a tobacco company makes a lucrative job offer to you. Should you decline it if that's the only offer on the table? Probably not. But what if you were financially independent and didn't really need to work for money? Would you decline the same job which requires you to market tobacco products? Possibly yes. And you may reason along the following lines:

Look, I don't need to do this. I am financially independent. Why should I get involved in something that's not good for civilization? Why should I be part of a business which causes so much misery?

You see, financial independence changes everything. It enables you to look at reality in a truly unbiased manner.

Upton Sinclair was right when he said that

it's hard for a man to understand something when his salary depends upon his not understanding it.

And so while my objective is to make you wise, one of the *means* of achieving that objective is to teach you how to become financially independent.

BFBV, then, is an excuse — a conduit — for teaching something that should be very important to you. I agree with Munger when he says:

I think it's a huge mistake not to absorb elementary worldly wisdom if you're capable of doing it because it makes you better able to serve others, it makes you better able to serve yourself, and it makes life more fun. So if you have an aptitude for doing it, I think you'd be crazy not to. Your life will be enriched — not only financially, but in a host of other ways — if you do.

Teaching BFBV is also very important to ME for a selfish reason as once stated by William Glasser:

We learn...  
10% of what we read  
20% of what we hear  
30% of what we see  
50% of what we both hear and see  
70% of what is discussed  
80% of what we experience personally  
95% of what we teach to someone else

There are hugely beneficial reinforcement effects for teachers like me by repeatedly teaching things that really work and also by teaching avoidance of stuff that just doesn't work as in:

All I want to know is where am going to die, so I never go there. — Charlie Munger

Munger likes to quote Buddha who said

I only teach one thing. I teach the cause of human sorrow and how to avoid some of it.

And he (Munger) thinks that

If you go around figuring out what doesn't work and then avoid it and you also learn to handle sorrow that you cannot avoid — well that's pretty good encapsulated wisdom.

So, as you can see, you and I — both of us — are together in this pursuit of wisdom.

The author of one my favorite books on the great philosopher Epictetus writes:<sup>1</sup>

“True philosophy doesn't involve exotic rituals, mysterious liturgy, or quaint beliefs. Nor is it just abstract theorizing and analysis. It is, of course, the love of wisdom. It is the art of living a good life. As such, it must be rescued from religious gurus and from professional philosophers lest it be exploited as an esoteric cult or as a set of detached intellectual techniques or brain teasers to show how clever you are. Philosophy is intended for everyone, and it is authentically practiced only by those who wed it with action in the world toward a better life for all. Philosophy's purpose is to illuminate the ways our soul has been infected by unsound beliefs, untrained tumultuous desires, and dubious life choices and preferences that are unworthy of us. Self-scrutiny applied with kindness is the main antidote. Besides rooting out the soul's corruptions, the life of wisdom is also meant to stir us from our lassitude and move us in the direction of an energetic, cheerful life. Skilled use of logic, disputation, and the developed ability to name things correctly are some of the instruments philosophy gives us to achieve abiding clear-sightedness and inner tranquility, which is true happiness.”

In BFBV, we will try to protect our souls from unsound beliefs, untrained tumultuous desires, and dubious life choices and preferences that are unworthy of us.

There are many roads to wisdom but Munger showed me the one less travelled by.

Today's lecture is about that road.

Sanjay Bakshi

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Management Development Institute  
Gurgaon

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<sup>1</sup> The Art of Living: The Classical Manual on Virtue, Happiness, and Effectiveness by Sharon Lebell.