Build Your Own Berkshire

A Practical Guide to Long-Term Investing
Inspired by Buffett, Munger, Graham, and Fisher

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Preface

Why This Book, Why Now

Over the past few years, the investment landscape has changed in ways that are particularly relevant for individual, or retail, investors. Much of this shift has been framed under the well-intentioned idea of "democratizing financial markets," or giving individuals access to opportunities and tools that were once reserved for high-net-worth and institutional investors.

Technology and supportive regulation opened financial markets to mass-retail participation, while lockdowns, stimulus checks, abundant online resources, and frictionless trading apps accelerated this trend, bringing millions into the market at unprecedented speed. For many, this was their first exposure to financial markets.

Financial information became more abundant and faster-moving, but not necessarily better. Investment ideas now spread through social media feeds, blogs, podcasts, and group chats, often detached from accountability or rigorous analysis. Prices more and more move on narratives and virality, and assets with no cash flows, no productive capacity, and no clear intrinsic value often attract more attention than established businesses.

What was once primarily a mechanism for allocating capital has gradually taken on elements of entertainment. Instead of ownership and long-term financial security, more participants now seek excitement. The boundaries between investing, trading, gaming, and ultimately gambling have blurred, and retail platforms - whether for trading stocks or predicting outcomes - sit at this intersection, often amplified by social media personalities.

Regulatory environments have so far been largely supportive. Retail investors are steadily being granted access to financial products that are complex and often poorly understood in terms of their mechanics and risks, with examples including broad access to leveraged and derivative instruments. Among others, there is a push to include private equity and private credit in retirement portfolios and ongoing debates around extending trading hours to a near 24/7 trading model. While many of these changes are justified as innovation, they also risk reinforcing the shift from long-term ownership toward constant stimulation, activity, and entertainment, which is often at the expense of thoughtful capital allocation. Thoughtful, long-term investing - often slow and admittedly boring, but aimed at building lasting financial security - has taken a clear back seat.

Speculation and inefficiencies are nothing new to markets, or to human nature. From the tulip mania of the 17th century to the dot-com bust of the early 2000s, episodes of excess have always accompanied periods of innovation. What is different today, however, is that the new technology and market infrastructure have created far more efficient ways to exploit enduring human tendencies and vulnerabilities.

This shift is unfolding against a more sobering backdrop. Pension systems across developed economies are under strain while demographics are unfavorable and future benefits are progressively more uncertain. Governments openly encourage and incentivize citizens to take greater responsibility for their own financial futures through tax-advantaged accounts and defined-contribution plans, acknowledging that state support alone will not be sufficient. Also, relying on government promises requires faith in future tax regimes, withdrawal rules, and political incentives.

Layered on top of this is a world marked by geopolitical realignment, persistent market volatility, and the possibility of profound economic disruption driven by advances in artificial intelligence. This might look like a very difficult environment to navigate for any professional investor, let alone individual investors.

This is why this book matters now. Investing is no longer optional; it has become a necessity. Yet the environment in which investors are asked to operate is increasingly hostile to long-term wealth building, exploiting basic human psychology in new and more efficient ways.

So why do I believe *this* book can help you navigate this environment?

Taking a Simple Idea and Taking It Very Seriously

As the title suggests, this book discusses the key investment principles of the greatest long-term investor, as well as the thinkers who most profoundly influenced his investment philosophy over the years. There is no shortage of material on Buffett. His name and insights appear everywhere - through countless books, articles, documentaries, and, of course, Berkshire Hathaway's annual letters and meetings. A quick search confirms the scale - there are well over a hundred books written about Buffett. CNBC alone maintains a comprehensive archive with more than 140 hours of searchable video, thousands of pages of transcripts, hundreds of clips, and dozens of full Berkshire Hathaway annual meetings going back decades. The resources are abundant. So it is fair to ask: why is there a need for another book?

As someone who developed an early interest in investing and the financial industry, I encountered Buffett and Berkshire Hathaway at a young age. I was always curious about the core ideas behind Berkshire's approach because of how successful it has been. Over the years, I have read some of the widely known books on Buffett, including the core works of the thinkers who influenced him. Even without that interest, it would be difficult not to come across Buffett eventually.

Yet despite the abundance of information, I found that practicality - especially for individual, retail investors - was often missing. The principles are public, but they are scattered and live across thousands of pages and hours of material, often without clear structure or context. Few individual investors will have the time to digest decades of letters and interviews, let alone organize them or reconcile differing interpretations. Despite working in the finance industry myself, I sometimes found it difficult to connect the dots and translate these ideas into a coherent, usable framework. That is what motivated this book.

The main principle that I followed when writing it comes from Charlie Munger, Buffett's long-time partner, who repeatedly emphasized: *take a simple idea and take it very seriously*. The idea itself is simple - and I do not claim it as original. Where this book aims to stand apart is in execution.

First, the book is *tailored specifically to individual investors*. Each chapter draws directly from Buffett's letters, Munger's talks, and the writings of Graham and Fisher, but is distilled with individual investors in mind. The term "individual" or "retail" investor used throughout the book covers a wide range of people - from a recent graduate investing a first paycheck to a retired professional managing accumulated savings of several decades. The principles discussed here apply broadly across that spectrum, but their practical application will differ. A younger investor with a longer horizon and smaller capital base may find the concentration and circle of competence arguments most directly relevant. An investor closer to retirement, managing meaningful capital, will need to weigh capital preservation and liquidity more heavily. But the reader is ultimately best placed to calibrate these ideas to their own situation, and I would encourage that kind of active, critical reading throughout.

Second, the book is *structured around the key questions individual investors actually face*. In the chapters that follow, I will address questions I have repeatedly asked myself, including:

- How can an individual investor succeed in a highly competitive environment dominated by sophisticated players?
- How can a portfolio be constructed and managed over time?
- How can one navigate uncertainty and volatility in today's markets?
- What role, if any, should leverage play?
- How should information from news, social media, and commentary be filtered?
- Which assets tend to perform best over the long term?
- How should value investing be applied in today's context?
- What makes a company truly wonderful?
- And, ultimately, what is a fair price?

Third, I will set out an investment evaluation framework that is *practical and can be applied with the help of artificial intelligence*. Institutions still have far greater resources - as I argue in the first chapter - but recent advances are narrowing the infrastructure gap and making rigorous analysis both more reachable and less tedious. I want to stress, however, that the aim here is to remove as much friction as possible but not to replace human judgment.

The first part of the book focuses on core investment principles, distilled exclusively from primary sources - more than 1,000 pages of Buffett's shareholder letters, Charlie Munger's talks, and the foundational writings of Benjamin Graham and Philip Fisher. The principles discussed here are the same ones Buffett has articulated over decades, and the same ones I have come to rely on. They are not limited to investing in public equities; they can be a useful lens for managing overall wealth, including bonds and real assets.

I focus on the ideas that matter most, particularly those that are often misunderstood or counterintuitive. Berkshire Hathaway's approach has generated a lot of myths and oversimplifications, and labels such as "value investor," blanket claims about diversification, or the assumption that bonds are always safer than stocks obscure the nuance of Buffett's actual thinking. By returning to his own words and applying them carefully, I will argue that many of these generalizations do not hold up.

The second part of the book then turns to the practical tools used to evaluate investments. For most individuals, owning low-cost index funds remains the simplest and most effective way to build wealth. But for those who choose to invest in individual stocks, a disciplined framework is essential. The goal is first to identify a wonderful company and then to determine whether its price is fair. Drawing on my experience, I aim to offer a differentiated perspective on commonly used financial metrics, particularly those that are frequently misused or misunderstood. By highlighting key pitfalls and providing clearer guidance, I will try to help individual investors apply these tools more effectively.

The overall goal of this book is to extract a rigorous, practical, and durable framework that investors can actually use.