

3 Quotes From Charlie Munger That Could Boost Your Investment Returns

Description

While [Warren Buffett](#) is rightly viewed as one of the best investors of all time, his partner Charlie Munger has also been hugely successful in his investing career. As the second-in-command at Berkshire Hathaway, he has been a major part of a hugely successful entity which has invested in a range of stocks that have delivered high returns over a long period.

Due to his formidable track record, taking the advice of [Charlie Munger](#) could be a shrewd move for Foolish investors. Here are three of his quotes which could have a positive impact on your portfolio returns.

‘It’s waiting that helps you as an investor’

For many investors, buying opportunities do not come around often enough. And when shares are purchased, they do not rise quickly enough. In other words, patience is in short supply. Charlie Munger, though, realises that the best investors are prepared to wait for the right opportunities to buy, as well as the right opportunities to sell.

In many cases, the best opportunities to buy come during bear markets. While a downturn in the stock market is probably not a key consideration for many investors at the present time due to the strong performance of global shares, buying now means there is likely to be a narrow margin of safety. In many cases, stock prices are close to their intrinsic values, which means there may be limited upside potential.

Similarly, holding on to the right shares can be tough – especially when an investor is in a large profit. However, Berkshire Hathaway has held a number of stocks for decades, and waiting for the right price to sell (which could be forever) seems like a good move.

‘Invest in a business that any fool can run’

While it is generally a good idea to focus on companies which have management teams with strong track records, the reality is that a good business may not require a particularly impressive Board of Directors.

In fact, Charlie Munger believes that it is important for a business to be good enough to deliver rising profitability without top-quality management at the helm. His rationale is that over the long term, it is likely that at some point there will sub-optimal management leading the business which makes misjudgements and miscalculations. As such, buying companies based on their merits and not those of their management team could be a prudent step for investors to take.

‘Live within your income and save so that you can invest’

This quote is perhaps obvious to many people, but is difficult to achieve when the costs of housing,

bills and leisure activities are deducted from an individual's monthly pay packet. Perhaps the best advice is therefore to set up a transfer from a current account to an investment account each month. This will help ensure that even if an individual spends all of the money in their current account each month, they may still be able to benefit from the effect of compounded investment returns – just as Charlie Munger has done in his career.

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