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From: Boris Nikolic
Sent: Thur 11/8/2012 5:20:47 PM
Subject: FW: Warren Buffett question/bet by WSJ's Jason Zweig

FYI

Warren Buffett was quoted in Business Week magazine in 1999 as follows:

"Success in investing doesn't correlate with I.Q. once you're above the level of 25.
Once you have ordinary intelligence, what you need is the temperament to control the urges that get other people into trouble in investing."
<http://www.businessweek.com/bwdaily/dnflash/june1999/sw90625.htm>

I have having a back and forth with the Wall Street Journal's Jason Zweig about whether "25" is a typo.

I have always thought that Warren said 25 IQ intentionally exaggerating to make the point that it is emotional temperament that matters most. I have always loved that quote for that reason. It is also possible that it is a typo of 125 or something else. 25 is not ordinary intelligence, but neither is 125. Maybe he said 125 or some more moderate number but he should have said 25 since it is funnier. ;-)

www.25Iq.com is the name of my blog so the question matters to me. Maybe I need to rename my blog or provide the explanation.

Any thoughts?

Here's Munger on IQ:

IQ:

“A lot of people with high IQs are terrible investors because they’ve got terrible temperaments. And that is why we say that having a certain kind of temperament is more important than brains. You need to keep raw irrational emotion under control. You need patience and discipline and an ability to take losses and adversity without going crazy. You need an ability to not be driven crazy by extreme success.”

<http://www.kiplinger.com/personalfinance/features/archives/2005/11/munger2.html>

“A money manager with an IQ of 160 and thinks it’s 180 will kill you,” he said. “Going with a money manager with an IQ of 130 who thinks its 125 could serve you well.”

<http://sanfrancisco.bizjournals.com/sanfrancisco/stories/1996/10/21/newscolumn6.html>

“The hedge fund known as “Long Term Capital Management” collapsed last fall through overconfidence in its highly leveraged methods, despite I.Q.’s of its principals that must have averaged 160. Smart people aren’t exempt from professional disasters from overconfidence. Often, they just run aground in the more difficult voyages they choose, relying on their self-appraisals that they have superior talents and methods.”

<http://72.14.203.104/search?q=cache:mgSaxC3O1IoJ:www.philanthropyroundtable.org/magazines/1999/march/munger.html+Berkshire+Hathaway%27s+vice+chairman+shreds+the+conventional+wisdom+on+foundation+investing&hl=en&gl=us&ct=clnk&cd=1>

“You need to have a passionate interest in why things are happening. That cast of mind, kept over long periods, gradually improves your ability to focus on reality. If you don’t have the cast of mind, you’re destined for failure even if you have a high IQ.”

http://www.tilsonfunds.com/motley_berkshire_brkmtg02notes.php3

A foreign correspondent, after talking to me for a while, once said: “You don’t seem smart enough to be so good at what you’re doing. Do you have an explanation?”

http://www.designs.valueinvestorinsight.com/bonus/bonuscontent/docs/Tilson_2006_BRK_Meeting_Notes.pdf#search=%22Charlie%20munger%20and%20foundation%20and%20croupier%22

“When we were young, there weren’t very many smart people in the investment world. You should have seen the people in the bank trust departments. Now, there are armies of smart people at private investment funds, etc . If there were a crisis now, there would be a lot more people with a lot of money ready to take advantage.”

http://www.designs.valueinvestorinsight.com/bonus/bonuscontent/docs/Tilson_2006_BRK_Meeting_Notes.pdf#search=%22Charlie%20munger%20and%20foundation%20and%20croupier%22

“It is remarkable how much long-term advantage people like [Warren Buffett and myself] have gotten by trying to be consistently not stupid, instead of trying to be very intelligent.” **Damn Right!** Behind the Scenes with Berkshire Hathaway Billionaire Charlie Munger, Janet Lowe John Wiley & Sons, 2003

http://www.wiley.com/WileyCDA/WileyTitle/productCd-0471446912_descCd-tableOfContents.html