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The Mind of Chris Hohn

How the world's most profitable hedge-fund manager reasons about businesses, time, risk, AI, and purpose.

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A long-context analytical profile · Compiled 24 May 2026

Built from the *In Good Company* podcast (May 2025) & the TCI LP-letter reporting (May 2026)

Source basis & fidelity

This profile is built from two primary sources, captured verbatim in `/raw-sources`:

1. **The podcast (May 2025).** Sir Chris Hohn in conversation with Nicolai Tangen on NBIM's *In Good Company* (~73 min). This is where Hohn lays out his **operating system** — the framework. Captured as a full machine transcript (YouTube auto-captions; ASR errors in proper nouns and the word "moat").
2. **The LP letter reporting (May 2026).** Press coverage (FT-originated; FT itself paywalled, so captured via Oninvest, Hedgeweek, heise, Institutional Investor) of TCI's Q1 2026 investor letter. This is where the framework produces a **specific, surprising action**: cutting Microsoft and doubling Alphabet.

> **Read this first.** The two sources are **twelve months apart**, and that gap is the most analytically interesting thing about them. In the May 2025 podcast Hohn still *owns* Microsoft and praises its moat; he calls Alphabet his "most risky" and one of his "smallest" investments. By the May 2026 letter he has *cut Microsoft to ~1%* and made *Alphabet his largest tech position*. The profile therefore reads the podcast as his stable worldview and the letter as that worldview applied — including to a reversal of his own prior positioning. Direct quotes are flagged for fidelity; exact wording of the letter is **not** confirmed (the letter is private). Verify any figure or quotation against the audio / original FT before publishing it as verbatim.

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0. Orientation: who he is, in one paragraph

Chris Hohn runs TCI Fund Management, a London long-only-leaning concentrated equity fund launched in 2004. In 2025 it generated **$18.9bn** for investors — the largest single-year gain any hedge fund has ever produced (LCH Investments / Rick Sopher survey), ahead of Citadel and Millennium. TCI runs roughly **$77bn**, holds about **15 positions**, and turns its book over once every **eight years** on average. Hohn personally gives away essentially everything he earns — over **$500m a year** — and ends a 73-minute investing interview by telling young people to "go on a spiritual path." He is not a trader who got rich. He is a man with one tightly-held theory of value who has compounded it for two decades.

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1. The operating system: barriers to entry over everything

Hohn's entire worldview rests on a single inversion of how most investors think.

Most investors start with growth. Hohn starts with defense.

> "The most important thing... is high barriers to entry, the moats that Warren Buffett has talked about." `00:36`

His logic chain is mechanical, not romantic: - **Competition kills profits.** `02:08` - **Substitution eliminates your business.** `02:08` - Therefore the only durable source of return is a business that competition and substitution cannot reach.

Growth, by itself, he treats as almost a trap:

> "You can have profitless growth. The airline industry over a hundred years... airline travel has grown at 5% a year... but airlines as a business cumulatively... have made almost minimal profits." `09:21`

The airline is his anti-archetype: a century of real, consistent volume growth that produced essentially zero cumulative profit, because barriers to entry were too low. "Growth without barriers to entry is not a combination that you want." `09:21`

1.1 The pricing-power test (his single sharpest tool)

This is the most operational idea in his framework, and the one most investors never run:

> "Most companies don't have pricing power. They can only price, if they're lucky, at inflation... But there is a special group of super companies that can price above inflation. And that's, as Buffett taught, the test of whether you have the moat." `11:26`

The mechanics, in his own arithmetic:

> "If you can price 1% above inflation and you have a 20% profit margin, your profits will grow 5% faster than revenue... incremental pricing is pretty much all profits." `11:58`

Concept	Hohn's framing
Why it matters	Incremental price has **no associated cost** — it drops straight to profit
Leverage point	The **lower your margin**, the more potent each point of pricing
Why it's rare	"So few companies have it" that most analysts don't even decompose growth into price vs. volume
The real moat test	Can the business **price above inflation, sustainably**?

This is the through-line beneath everything else: a moat is not a story about brand or scale, it is **the empirical ability to raise price faster than costs, forever.**

1.2 The moat catalogue

Hohn enumerates the specific forms of barrier he recognizes — and notably leads with the one he thinks the market ignores:

Moat type	His example(s)	Why it holds
Irreplaceable physical assets (his favorite, "most investors don't look at")	Aena (Spanish airports), toll roads, railroads, telecom/transmission towers	"They'll never build a second airport at Madrid" — natural monopoly, no planning case, no land `03:13`
Intellectual property too advanced to replicate	Aircraft engines (narrow-body & wide-body)	Metals melt at operating temps; thousands of complex parts; "no new entrant for more than 50 years" `05:15`
Installed base / aftermarket	Aircraft engine spare parts	Once installed, the high-margin parts annuity follows `05:47`
Network effects	Visa, Meta, Eurex/Deutsche Börse, LCH, CME	"Winner-takes-all... you can never compete on best price" once liquidity concentrates `15:35`
Brands (selectively)	McDonald's	"Not every brand is powerful" — only some are durable `06:20`
Customer switching costs	Mission-critical software, Microsoft Office bundle	"Companies are very reluctant to mess with it and switch because of complexity" `06:47`
Scale	(caveated)	"Not a guarantee of a competitive moat" on its own `05:47`

He adds two refinements most investors miss: - **Essential, non-discretionary product** beats recurring revenue. Rating agencies are the model: an issuer can *defer* a rating, "but eventually the debt has to be refinanced and rated." The need is structural, even if the timing isn't. `07:21` - **"Apparent competition" is ideal.** The perfect setup is a market with competition that is *weak and rational* — present enough to deter regulators, too weak to compete on price. He cites Pratt & Whitney vs. GE/Safran: a competitor with ~25% share, 35% of engines grounded, "lost a lot of trust," that has to *raise* prices because it's struggling. Reliability, not price, is what the customer buys. `13:32`

1.3 The regulation tightrope

Hohn frames regulatory risk as the mirror image of competitive risk — a Goldilocks band:

> "Barriers too low, competition or substitution eliminates your business. Barriers too high, regulators may come knocking on your door." `13:02`

His resolution is **granularity**: don't accept the surface label. Heathrow looks "fully regulated, can't be good." But Aena has a *dual-till* structure — one regulated till (bond-like ~7% returns) and a much larger *unregulated* till (~70% of value: shops, advertising, VIP lounges, parking) at very low capital intensity and high returns on capital. "The detail matters." `14:31`

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2. The anti-universe: what he refuses to own

The flip side of a 200-company investable universe is a very long blacklist. Hohn names it almost gleefully:

> "We call them the risky and bad industries." `17:08`

Industries he won't touch: banks, autos, retail, insurance, commodities/commodity manufacturing, tobacco, traditional asset managers, fossil-fuel utilities, airlines, wireless telecom, media, advertising agencies — "most things in manufacturing." `19:14–20:15`

His reasoning differs by sector, but two arguments recur:

On banks (his sharpest aversion): - **Leverage & opacity.** "Equity to total assets — many banks have run it a hundred times." On Credit Suisse pre-crisis, he asked then-CEO Brady Dougan to walk through a multi-trillion balance sheet line by line: "*He said, 'I don't either.*'" `18:13` - **The management time-bomb.** "Sooner or later you may find someone without a lot of intelligence comes to run them, and then it can be toxic." `18:42` (Anglo Irish, Bear Stearns as cases.)

The unifying principle behind the whole blacklist:

> "Investors underestimate the forces of competition and disruption because they just look today." `20:15`

This sentence is the hinge between his quality framework and his AI thesis. The blacklist is not about today's numbers — it is about who gets disrupted *next*.

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3. Time as the real edge

If barriers to entry are *what* he buys, **time horizon is the arbitrage he exploits.**

> "We can have an advantage through long-termism. The average stock is held by an institutional investor for under a year... Our average holding period is eight years. Some we've held for 13 years." `27:31`

3.1 The private-equity mindset, applied to public stocks

> "We take a private equity approach — i.e., that we have to hold the company forever, because the stock market may be at very bad prices when you want to sell." `29:10`

The insight is liquidity-inverted: most people think public markets are *better* because you can sell anytime. Hohn argues the opposite discipline — assume you *can't* sell at a good price — forces you to only own businesses you'd be content to hold through any market.

3.2 Why long horizons are mispriced: the Moody's story

His clearest teaching example. Moody's has grown revenue ~**10% a year for 100 years** — "a very unusual number over a very long time period." `30:11` His own trading history with it is a confession against short-termism:

1. Bought at **10x earnings** in the financial crisis (even buying shares Buffett was selling).
2. Doubled his money to **20x**, sold at $100. "I thought I was clever."
3. "The earnings kept compounding." Bought back at **$150**. Now ~$400–500.

> "The intrinsic value compounding matters more than the stock price... the multiple matters less than the growth when you look at it over a longer period." `31:14`

The lesson he extracts is almost anti-valuation: for a genuinely great compounder, **what you pay matters far less than how long you hold** — because over a long horizon, intrinsic-value growth swamps entry multiple. He ties this to Buffett's definition of risk: "*not knowing what you're doing.*" `31:42`

3.3 The contrarian corollary: public > private

> "The very best businesses in the public markets... the top 100 companies are better than the top 100 companies in private equity." `34:52`

His argument is a chain of selection effects: - Large companies usually beat small ones (more R&D, scale, incumbency, switching costs); they can copy and crush small innovators "reasonably easily." - The best businesses are **too big for PE to buy** — "private equity can't buy Visa." - When a public company *sells* something to PE, "usually they're not selling their best businesses." - PE, "like all asset management, is prone to the principal-agent problem where they are incentivized to gather assets." `33:16–34:52`

4. The sell discipline: two variables, not one

Most investors sell on price. Hohn sells on a **two-factor** rule, and the second factor is the one he says others ignore:

> "There are two components... intrinsic value... but there's a second point which isn't really focused on by many investors, which is **conviction**." `35:26`

- **Variable 1 — Valuation:** price still has to be at or below intrinsic value.
- **Variable 2 — Conviction:** you must have it *at all times*; you could call it confidence. "Talk is cheap... you can be wrong." Certain industries (technology above all) carry a higher probability of being wrong. `35:59–37:00`

The "sleep at night" test: an investor told him a thesis "has to be so sufficiently obvious." `37:29` And the boundary condition that governs everything:

> "What kills you as an investor is permanent loss of capital." `38:01`

He is candid that "intrinsic value" is not an objective truth — "we can't forecast the future to a high degree of accuracy." So he falls back on **simpler durability tests**: *Will the business be around? Will we still fly airplanes in 30 years?* Only a small subset of businesses can be predicted at all — and those are the most powerful ones. `38:32`

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5. How he actually decides: process & temperament

Hohn's diligence sequence inverts the textbook order. **Valuation comes last.**

> "We don't even look at [valuation] until we get comfortable that the barriers are so strong it will be around." `25:24`

The sequence: 1. **Establish durability first** — confirm the moat means the business "will be around." 2. **Reference checks** on relevant people; talk to competitors and former executives. (For aircraft engines, a former competitor CEO confirmed the thesis and said margins "should be much, much higher.") `25:57` 3. **Assess management** — "important but not critical if you have the right assets." `26:30` 4. **Actively hunt the bear case** — "some members of the team are just inherently bearish... good for testing the bear case. We always want to hear how could technology disrupt." `26:57` 5. **Then** valuation: yes to DCF, P/E, cash flow, spreadsheets — "all of those, but not 50 pages." `27:31`

5.1 Intuition: "thinking without thinking"

A theme he says people find strange. He defines intuition as **pattern recognition** that sits *above* intellect, not below it:

> "It's been defined as thinking without thinking... it's the opposite of intellect... a higher level of intelligence than just intellect." `41:07`

He says his intuition sharpened markedly in the **last 5–10 years**, and that it governs not just stock-picking but life decisions (starting TCI, marrying his wife). Crucially, he does **not** accept intuition from junior staff — "we never take anything from anybody at face value." `43:39` Intuition is earned through reps; a story from someone else is "just a story."

> "Very few things matter, and most things... don't matter at all. You need to get out of the noise and focus on the handful of things that matter." `44:12`

5.2 The Wirecard case: independence over authority

Wirecard is his exemplar of intuition + independence. The red flags he pattern-matched (from a Harvard Business School accounting course): a small auditor, no cash flow, empty Asian offices. `55:34` The FT was publishing the truth; the entire German establishment defended the company. His diagnosis of why frauds survive in plain sight:

> "People trust authority too much... they trusted the German establishment... and weren't willing to believe the journalist." `57:39`

He filed a formal criminal fraud complaint in Munich (partly to avoid the appearance of market manipulation), explicitly so he wouldn't be like the first short-seller who was "right" but ruined.

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6. Activism: from tiger to lion

Hohn was once among the most feared activists in Europe (he forced the sale of ABN AMRO). His view today is that **hardcore activism is structurally dying:**

> "Activism, hardcore activism, is not a great thing. It's very difficult to succeed because the vast proponents of today's investor base are passive... active management is dying... indexation has limited the power of shareholders." `47:20–48:22`

A second, deeper reason — and a tidy summary of his whole philosophy:

> "The business always wins... It's pointless being an activist in a B-business." `49:25`

He reframes most past activism as winning *in bad businesses* (ABN AMRO "in truth was worthless," bought for ~$100bn by three acquirers who all went bankrupt). His self-description: he's moved "from an aggressive tiger to a bit more of a lion." Today's engagement is mostly constructive; true hardcore activism is "an exception," triggered only when something bad arrives "out of the blue" (the Safran/Zodiac fight, where he forced the acquisition price to be halved and paid in cash, and was personally sued for €100m). His framing of those fights is defensive, not aggressive:

> "It's like you walk home and someone attacks you... you fight back... I had no choice. I was fighting for my life." `52:28` · *"We act as owners. We always act as owners."* `52:28`

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7. Shorting: why he (mostly) stopped

A clean statement of asymmetric-risk discipline:

> "Shorting isn't a great business because you can be right but not be able to hold it or fund the losses." `53:32`

The Wirecard short illustrates the trap: the first short-seller (Bronte Capital) was ultimately *right* — but the stock rose 20–30x first, and "he had to cover 19 years ago. He couldn't afford to fund those losses." `54:02` The unlimited-downside, finite-funding asymmetry is the killer. He cites Buffett directly:

> "Warren Buffett... said he and Charlie looked at shorting... they just said it was too hard, because of understanding investor psychology and the asymmetric risk and reward." `54:30`

Shorting is now "an exceptional thing" for TCI, not a strategy.

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8. The AI thesis — and the 12-month reversal

This is where the two sources connect, and where the profile earns its keep.

8.1 The framework (May 2025 podcast)

Hohn's general view of AI is **bifurcated**, and it follows directly from his moat framework:

> "[AI] is going to increase disruption in ways we can't even predict. Call centers will all go bankrupt... Indian outsourcing companies who do coding... demand could collapse because AI can do coding with half the people. **But** AI will increase productivity and lower the cost base of all companies — so if you have a company with these barriers to entry, it's going to be worth *more*." `24:24`

The asymmetry: AI is a **moat-amplifier for the protected and a solvent for the exposed.** "If you don't lead, you could become uncompetitive and be disrupted." `24:54`

Critically, in May 2025 his positioning was the opposite of where he ended up: - **Microsoft** — he *owned* it and held it up as a *positive* moat example: the Office **bundle** creates switching costs; when Zoom threatened, Microsoft bundled Teams for free and won "because they had the installed base, the incumbency, and high switching costs." `21:21–22:52` - **Alphabet** — "our most risky investment... one of our smallest investments as a result," with explicit worry about "search fragmenting as competitors come in." Partial comfort came from YouTube + Cloud being "half the market cap." `22:52–23:53`

8.2 The action (May 2026 LP letter, per FT)

Twelve months later, the framework produced a striking inversion of that very positioning:

	May 2025 (podcast)	May 2026 (LP letter, per FT)
Microsoft	Owned; cited as a *positive* moat (bundle + switching costs)	**Cut from ~10% → ~1%** of fund (~$8bn sold; held since Q4 2017)
Alphabet	"Most risky," "one of our smallest" positions	**Doubled ~3% → ~5%**; now TCI's **largest tech position**

His stated rationale, as reported (exact FT wording unconfirmed):

> "We have reduced our investment in Microsoft because rapid progress in AI creates uncertainty around Microsoft's future competitive position... We are primarily concerned about the Microsoft Office productivity software franchise: AI could change established workflows and lead to new work platforms. In addition, we see some risks to [cloud service] Azure." *(Oninvest, rendering FT's quote of the letter)*

8.3 The analytical reading

The reversal is **not** a change of philosophy — it is the philosophy working exactly as designed:

1. **The Office moat he praised in 2025 is the precise thing he now fears in 2026.** Switching costs protect a workflow only as long as the workflow itself is stable. His own 2025 logic — "AI could change established workflows and lead to new work platforms" — turns the bundle's strength (entrenched workflow) into its vulnerability. The moat didn't shrink; the ground under it moved.

2. **It is the conviction variable firing, not the valuation variable.** Per his own sell rule (§4), he didn't sell Microsoft because it got expensive. He sold because **conviction in the durability of the moat dropped.** This is the cleanest real-world demonstration of his two-factor sell discipline.
3. **"AI eats software" is the moat framework applied to SaaS.** The broader thesis reported around the letter: if AI agents do the work that per-seat SaaS licenses used to be paid for, the entire seat-based SaaS model gets re-rated. (Context cited in coverage: Microsoft ~25% off highs; Oracle, Adobe, Salesforce down sharply, some ~40%.) This is "investors underestimate the forces of competition and disruption" `20:15` pointed at the most consensus-loved sector of the cycle.
4. **Alphabet over Microsoft is a moat-durability bet, not a momentum trade.** He concluded Google's moat (data advantage feeding higher-quality results; YouTube + Cloud ballast) is *more* AI-durable than Office/Azure — and was willing to take his "most risky" 2025 position to "largest tech" precisely because the relative durability ranking flipped. It is explicitly **not the consensus trade.**

The headline an analyst should take away: Hohn isn't betting against AI. He's betting that AI *raises* the value of truly defensible businesses and *destroys* the ones whose moats depend on a status quo AI can rewrite — and he reclassified Microsoft from the first bucket into the second.

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9. Organization & people

The investment philosophy is mirrored in the firm's design: small, concentrated, high-trust — the human version of a concentrated portfolio.

- **Tiny investment team:** "seven, eight people" (large back office). Above ten "it would be too big." `58:08`
- **Trust as the asset:** "an intangible trust... we've known each other a long time." The best people "don't come to work for money — they come because they enjoy the environment." `58:38`
- **Hiring:** everyone meets the candidate; he'll "never hire someone without the blessing of my senior team" (culture is destroyable). The test is a case study — "it becomes immediately obvious whether you know what you're doing" and *share the philosophy*. Beyond skill: willingness to work in a team and "be open-minded to being wrong. You can't be too dogmatic." `59:39–60:12`

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10. Purpose: soul over personality

The interview's final third reframes everything that came before. Hohn gives away **over $500m a year** (a ~$6.5bn foundation plus direct giving) across two areas: **climate** and **children's health in Africa & India**.

His philanthropy is unusually *unit-economic* — he thinks about lives saved per dollar the way he thinks about returns on capital:

Intervention	Cost	Outcome
Contraception access	**~$10**	One avoided pregnancy for a woman who wants fewer children
Therapeutic food (severe acute malnutrition)	**~$40/case**	Can save a child's life
Trachoma surgery	**~$50**	Prevents irreversible blindness

> "You might pay $40 for a bottle of wine. You wouldn't think, oh, I could save someone's life with this. But that's the reality." `69:00`

Underneath it is an explicitly spiritual worldview that he ties back to investing via the same idea: **strip the noise, find the few things that matter.** He distinguishes the **soul** (service, purpose, meaning) from the **personality** ("desire, possessions, glamour, power, money"), describes the personality as "a user interface of the soul," and credits crisis — "death, disease, or in my case the third D, divorce" — with turning people inward. His closing advice to the young, from the man who just made $18.9bn:

> "Go on a spiritual path... the spiritual world is not just real, but it's the whole thing... that's the only source of real purpose and meaning and joy. If you crack that, then everything else is easy." `72:15–73:16`

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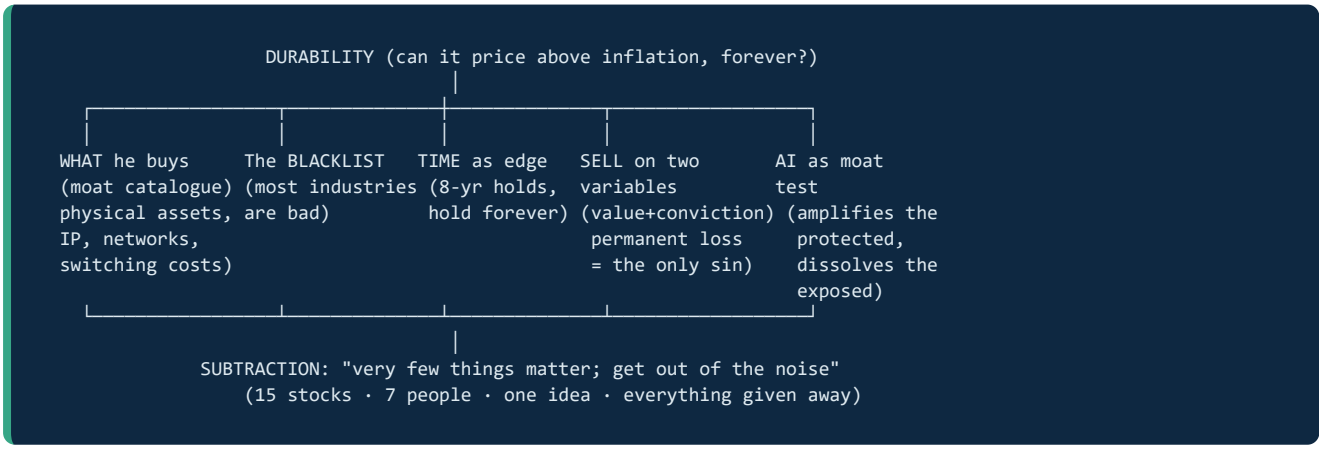
11. Synthesis: the through-line

Every branch of Hohn's thinking traces back to **one root idea — durability — and one discipline — subtraction.**



The same move repeats at every scale: - Portfolio: 15 stocks, not 100. - Team: 7 people, not a hundred fund managers. - Universe: ~200 investable companies on earth. - Diligence: a handful of things that

matter, not 50-page models. - Life: soul over personality; purpose over possessions.

He is, fundamentally, a **subtraction investor** in an industry of addition. Where others diversify, trade, and chase catalysts, Hohn removes — narrowing to the few businesses that can defend their pricing power against time and disruption, then doing nothing for years. The Microsoft sale is the framework's most public proof: when the one thing that mattered (workflow durability) came into question, he subtracted the position, regardless of a 400% gain or the consensus that Microsoft is an AI winner.

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12. What to watch (for the analyst)

If you're tracking Hohn forward, his own framework tells you where to look:

1. **The seat-based SaaS complex.** "AI eats software" implies continued pressure on per-seat licensing models (Office, Salesforce, Adobe, Oracle). Watch whether he extends the Microsoft logic to other SaaS holders.
2. **Moat-durability re-rankings.** His edge is reclassifying businesses *before* the market does (Microsoft from protected → exposed). The question to ask of any position: *can AI rewrite the workflow this moat depends on?*
3. **Physical-asset moats as the AI-safe haven.** Airports, toll roads, engines, transmission towers — assets AI cannot disrupt because they aren't software. Expect these to remain the portfolio's ballast (GE Aerospace ~18%, plus Visa, Moody's, Ferrovial).
4. **Conviction, not price, as the sell trigger.** Don't expect valuation-based exits. Expect exits when his confidence in 30-year durability cracks.

Appendix A — Signature quotes (verify before publishing)

> *Fidelity: podcast quotes are from ASR captions; letter quotes are press renderings of a private letter. Treat as paraphrase-grade until checked against audio / original FT.*

- "Competition kills profits. Substitution eliminates your business." `02:08`
- "Growth without barriers to entry is not a combination that you want." `09:21`
- "There is a special group of super companies that can price above inflation. That's the test of whether you have the moat." `11:26`
- "We have to hold the company forever, because the stock market may be at very bad prices when you want to sell." `29:10`

- "The intrinsic value compounding matters more than the stock price." `31:14`
- "What kills you as an investor is permanent loss of capital." `38:01`
- "Very few things matter, and most things don't matter at all." `44:12`
- "People trust authority too much." `57:39`
- "The business always wins." `49:25`
- "You can be right but not be able to fund the losses." (on shorting) `53:32`
- "If you have a company with these barriers to entry, it's going to be worth more." (on AI) `24:24`
- "We have reduced our investment in Microsoft because rapid progress in AI creates uncertainty around Microsoft's future competitive position." *(LP letter, per FT/Oninvest)*
- "Go on a spiritual path." `72:15`

Appendix B — Tensions & open questions

- **Valuation vs. "doesn't matter what you pay."** He says entry multiple matters little for a great compounder `31:14`, yet keeps valuation as sell-variable #1 `35:26`. Resolution: valuation governs *selling/sizing*, durability governs *owning*. Worth pressure-testing.
- **Intuition vs. team rigor.** He prizes his own intuition but won't accept it from analysts `43:39`. The firm's edge may be less reproducible than the framework implies — it partly rests on *his* 20 years of pattern reps.
- **The Microsoft about-face.** A skeptic could read the cut as post-hoc rationalization of a stock already falling (~25% off highs). The charitable read (which his framework supports): conviction in workflow durability genuinely broke. Both can be partly true.
- **Concentration vs. permanent-loss aversion.** 10%+ single positions maximize the cost of being wrong about durability — the one risk he says kills you. His mitigant is the narrowness of the universe, not diversification.

Appendix C — Source map

Theme	Primary source
Moat framework, pricing power, blacklist, time horizon, sell rule, intuition, Wirecard, activism, shorting, AI framework, philanthropy, purpose	**Podcast** (`raw-sources/01...`), timestamps cited inline
Microsoft cut, Alphabet doubling, $8bn, since-2017 holding, $18.9bn record, ~15 positions, ~9-yr hold, GE Aerospace/Visa/Moody's/Ferrovial	**LP letter reporting** (`raw-sources/02...`): FT via Oninvest, Hedgeweek, heise; $18.9bn via Institutional Investor/LCH
Map of claims to verify	**Originating tweet** (`raw-sources/00...` , @ThierryBorgeat) — secondary, summary only

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