



17 May 2024  
Volume 1227

## Is it Just Me?

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Within the vast tapestry of humanity, we all like to believe we're unique; a thread of unique colour, texture, and sheen. It's a comforting notion, one that feeds into our sense of individuality and identity. Yet, beneath this veneer of distinction lies a paradox: the more we strive to assert our uniqueness, the more we often find ourselves drawn to common patterns of thought and behaviour.

In Charlie Munger's lecture on 'The Psychology of Human Misjudgement' he reminds us, in his own inimitable way, that, despite our belief in our uniqueness, we are all subject to the same cognitive biases that cloud our judgment. He identifies 25 common biases and challenges us to confront our tendency towards conformity and embrace independent thinking.

For me, the writer, any illusion about how original I think I am is shattered almost every time I write an email. While I think that I carefully consider, select, and curate the language/words I'm using, the auto prompt actually does quite an impressive job of pre-empting my 'original' thinking.

This insight hints at a broader realisation — a subtle inclination towards conformity and group thinking, even in our most seemingly individualistic endeavours. For many of us, the very idea that our individuality might be anything less than cling-wrapped-original can be uncomfortable to confront, and we will doggedly cling to the notion that we are the architects of our own unique perspectives and actions. There are, however, despite our resistance, subtle reminders in everyday experiences that challenge this certainty (sometimes not so subtle). These reminders offer glimpses into a larger truth: that our sense of uniqueness may be more intertwined with collective influences than we care to admit. It's this tension between our desire for individuality and the pull of group thinking that underscores the complexity of human identity and behaviour...being human is not for sissies.

With elections looming, there's growing pressure on the electorate to buy into whatever each political party is selling. What makes the whole 'shopping process' more challenging is the lack of originality/individuality of the various political parties' taglines and manifestos. This blurred content makes it even more crucial to resist the temptation to just passively consume political narratives, rolling over expectations and making assumptions, and instead engage in rigorous critical thinking. It is independent thinking that can offer a compass to guide us through the maze of political rhetoric, partisan agendas, and media spin. It's the difference between blindly following the crowd and charting a course based on personal values and critical analysis...but it takes work.

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*“Men at some time are masters of their fates. The fault, dear Brutus, is not in our stars but in ourselves, that we are underlings.”*

William Shakespeare, Julius Caesar

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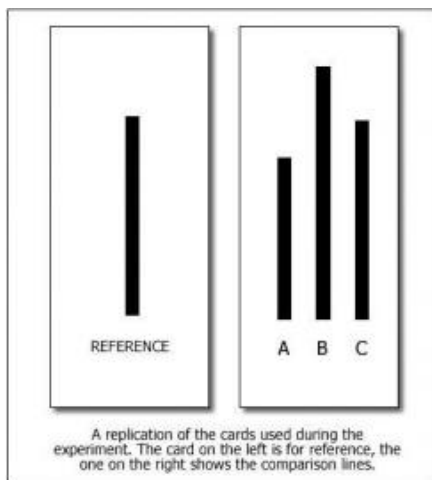
Much of Gryphon's past communication has been grounded in the ancient Greek aphorism "Know thyself". We have generally tilted this messaging towards investing, but it is a foundation that is equally—if not more—important to apply to our lives more broadly.

Back to being human: One of our vulnerabilities is the allure of storytelling. Storytelling has the remarkable ability to organise complexity, evoke empathy, provide escapism, and prompt self-reflection. However, this vulnerability to storytelling can also be the interface where we sign up for the concept of groupthink.

Most of us will recognise that when narratives within a group become dominant and persuasive, they can shape the collective's beliefs and thus behaviour, leading individuals to submit to consensus over critical thinking.

Groupthink is a term introduced by social psychologist Irving L. Janis in 1972 that describes a common phenomenon where individuals within a group tend to prioritise agreement over critical thinking. This can lead to the reluctance to express a personal view and an unwillingness to challenge prevailing opinions...even among the confident and the well-intentioned. The groupthink concept highlights the importance of open dialogue and the challenge for individuals to remain mindful of the dynamics within group settings. Even

intelligent, rational individuals can find themselves drawn into groupthink due to social pressures and the desire for acceptance, illustrating the complexities of human behaviour in social contexts.



In the 1950s, psychologist Solomon Asch conducted a groundbreaking experiment called the Asch Conformity Experiment. This experiment was aimed at understanding how people's behaviour is influenced by social pressure. Asch was interested in exploring whether individuals would change their answers to match those of a majority group, even if they knew the group was wrong. In the experiment, participants were asked to complete a simple visual perception task, such as identifying which line from a set matched a standard line in length. What the subject didn't know was the other "participants" in the room were accomplices intentionally giving incorrect

answers. Asch wanted to see if the real participant would conform to the incorrect answers given by the majority, even when they contradicted their own perception. This experiment revealed startling insights into the power of social conformity and the tendency of individuals to go along with the group, even if they know the group is incorrect.

We are all familiar with instances where investors made decisions influenced by emotions, caught up in the frenzy of the crowd, that led to poor investment outcomes: the tulip mania in the Netherlands during the 17<sup>th</sup> century, the stock market crash of 1929, the dot-com bubble of the late 1990s, and the housing market bubble in the mid-2000s.

In the 2015 movie, "The Big Short," Michael Burry demonstrates "Hollywood-style" the perils of herd mentality in investment decision-making. Wading against the tide of the market, Burry predicts the housing market collapse and bets against it through credit default swaps. Despite facing aggression and ridicule, he maintains his position, and his foresight pays off as the housing market eventually collapses, earning him substantial profits. Burry's story underscores the dangers of blindly following the crowd, emphasising the importance of independent thinking, trusting your own philosophy and process, and resisting the comfort of group thinking. Standing firm requires high levels of integrity and trust; not everyone has the courage or the stomach for it. Michael Burry had to literally lock down his investment fund to prevent clients from withdrawing their money due to his contrarian investment strategy.



And it's not only in the investment industry that groupthink occurs. I recently had the opportunity to witness a version of groupthink in a yoga class. The Hot 26 yoga practised (previously known as Bikram yoga before Bikram let us all down) is a clearly defined series of 26 yoga poses practised in a room heated to around 40° C with a humidity level of 40%. Each pose is performed twice in a sequence designed to promote

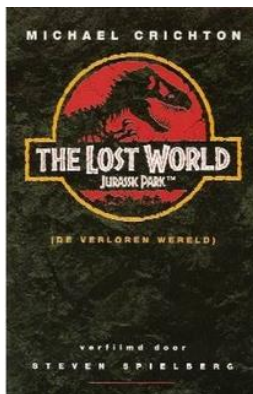
flexibility, strength, and detoxification of the body, but there is also an emphasis on mental focus, tenacity, and perseverance. Wannabe yogis are encouraged to stay present and focused despite the discomfort of the heat and humidity and the challenge of holding a pose for 60 seconds, twice, while sweating like a politician in the lift with Chief Justice Raymond Zondo. I offer all this insight just so that you'll appreciate that this practice is hard...it is *really hard*, and it requires all available resources to see it through.

In this particular aforementioned class, we did round one of the poses; we did round two of the pose and then...horror of horrors, the instructor started again with another round of the same pose. (It just shows you that even yoga teachers get distracted and can't always keep track.) The bulk of the class just followed suit and embarked on the extra round. However, some of us, namely me, have limited resources and embarking mindlessly on an unnecessary extravagance of additional poses was likely to lead to some kind of hospitalisation. It became quite apparent that nobody was going to speak up, so... "We have already done both rounds," I say...not because I have an aversion to following the trend or see myself as a zealot or a purist, but simply because I was trying to avert the need for a body bag.

Does critical thinking come about through standing alone, or is it standing alone the consequence of critical thinking? Sometimes circumstances have a way of 'slapping' us to properly apply our minds. Whichever way, it's the thinking, original, critical thinking that enables us to access our own bespoke smorgasbord of thoughts, options, and opinions.

One last story putting a different spin on how we prioritise our thinking: The crackly and cantankerous Fran Lebowitz, known for her sardonic social commentary on American life, shares an observation of an art auction held at Christie's. Picasso's *Femmes d'Alger* is brought out for bidding, and the audience is quiet, intrigued and excited, but quiet. The bidding gets underway and moves quite quickly from \$129m to a hammer price of \$160m, and the audience erupts into applause. Fran's wry observation is, "*We live in a world where they applaud the price, but not the Picasso.*" Which would you have applauded?

Through the various art forms, we are given the opportunity to observe...relatively safely and be affected only to the degree that we allow ourselves to be open to learning.



*“What makes you think human beings are sentient and aware? There's no evidence for it. Human beings never think for themselves, and they find it too uncomfortable. For the most part, members of our species simply repeat what they are told and become upset if they are exposed to any different view. The characteristic human trait is not awareness but conformity, and the characteristic result is religious warfare. Other animals fight for territory or food, but, uniquely in the animal kingdom, human beings fight for their 'beliefs.' The reason is that beliefs guide behaviour which has evolutionary importance among human beings. But at a time when our behaviour may well lead us to extinction, I see no reason to assume we have any awareness at all. We are stubborn, self-destructive conformists. Any other view of our species is just a self-congratulatory delusion. Next question.”*

~Michael Crichton, The Lost World

In conclusion, in Charlie Munger's lecture, he unpacks 25 biases, beginning with the Reward and Punishment Super-response Tendency and ending with the Lallapalooza Tendency. The former describes how people tend to react strongly to rewards or punishments and shows how we're strongly influenced by incentives. If you consider yourself immune, Charlie's words: *“I place this tendency first in my discussion because almost everyone thinks he fully recognises how important incentives and disincentives are in changing cognition and behavior. But this is not often so. For instance, I think I've been in the top five percent of my age cohort almost all my adult life in understanding the power of incentives, and yet I've always underestimated that power. Never a year passes but I get some surprise that pushes a little further my appreciation of incentive super-power.”*

The Lallapalooza Tendency is when various biases merge, creating a sort of "perfect storm" that dominates our decision-making or behaviour; a bouquet of different biases join forces, making the impact much stronger than if each were acting alone.

And somewhere in between these two, the consistency and commitment theory, titled The Inconsistency-Avoidance Tendency suggests that once a person commits to a belief or action, they tend to stick to it to maintain internal and external consistency, even if it means justifying past decisions and resisting change. He references Marley's ghost in "A Christmas Carol," noting, *“I wear the chains I forged in life.”* This speaks to the habits we form—initially light, but eventually so strong that breaking them becomes difficult.

Spending an hour listening to this timeless Charlie Munger wisdom is a worthy investment of time; it delivers invaluable insights into the intricate workings of human behaviour and our decision-making process. A deeper awareness of our own mental processes and biases empowers us to make more informed and rational decisions in all aspects of life. It's a wonderful DIY manual for your brain.

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*"Of what use is a philosopher who never offends anybody?"*

~ Diogenes

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Glacier Research would like to thank Megan Fraser for contributing to this week's *Funds on Friday*.

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**Head of Business Development & Marketing**  
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Megan has been involved in establishing business development networks in financial services for nearly 40 years. Having worked for Norwich, Investec IMS, Coronation, STANLIB, Fraters, Sanlam Investments, and Aylett & Co, she has acquired a breadth of experience as well as valuable insights in this time. Her current role with Gryphon provides the opportunity to create awareness and appreciation for the unique, innovative investment approach delivered by this well-established, rules-based investment house. Beyond the office, her passions include reading, travel, holistic health, and trying to get the whole world to embrace meditation.

