

In September 2008, with markets in panic, Buffett swung for \$5 billion

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Maxim: *Wait for the fat pitch; you do not need to swing at every ball.* — Warren Buffett, in substance

Investing is a game with no called strikes. You can let pitch after pitch go by, and the patience that feels like idleness is often what makes the one good swing possible.

The most valuable thing an investor can do most of the time is nothing in particular.

Warren Buffett is famous for long stretches in which he seems to do very little. Then, in 2008, the financial system began to crack. On 23 September, with Wall Street in turmoil, Goldman Sachs announced that Berkshire Hathaway would invest \$5 billion in special preferred shares paying a 10% annual dividend, with warrants to buy another \$5 billion of common stock at \$115 a share, according to [Goldman's own history](#) of the deal.

Those were terms only a buyer with cash, at a moment of fear, could command. A year later, the preferred shares were paying Berkshire about \$500 million a year in dividends, and the warrants were worth roughly \$3 billion on paper, [CNBC calculated](#). In March 2011, Goldman bought back the preferred shares early.

It was not genius in the moment. It was the payoff for years of declining pitches that did not suit him, and having the money ready when one finally did.

The 77 cells

Buffett explained the discipline in his 1997 letter to Berkshire shareholders, borrowing from the baseball player Ted Williams. "We try to exert a Ted Williams kind of discipline," he wrote, as [MastersInvest reproduces](#) the passage. In his book *The Science of Hitting*, Williams explained that he carved the strike zone into 77 cells, each the size of a baseball. Swinging only at pitches in his best cell would let him bat .400; reaching for pitches in his worst spot would drop him to .230.

The difference between investing and baseball makes the advice even stronger. A batter who lets three good pitches pass is out. An investor faces no such penalty. There is no umpire calling strikes; you can watch a hundred opportunities go by without cost, and swing hard only at the one you understand and that is priced well. The penalty in investing comes from the opposite habit: swinging at everything because the market is open and a tip is circulating.

Buffett has suggested a thought experiment that makes the same point. In a talk at the University of Southern California's business school in 1994, Charlie Munger recalled Buffett telling students that he could improve their financial lives by giving them a ticket with only 20 slots, one for each investment decision they would ever be allowed to make, as [James Clear recounts](#) the passage. "Under those rules, you'd really think carefully about what you did," Buffett said. Most investors behave as though their ticket has unlimited punches, and pay for every one of them in costs, taxes and mistakes.

Indian markets offer the same lesson. The Sensex fell 52.5% in 2008 and rose 79.7% in 2009, according to [annual return data](#) compiled by TopForeignStocks. The best pitches of that decade arrived when many investors had either spent their cash or lost their nerve. Those who had kept a list

of businesses they understood, and a reserve of money, could finally buy them at prices they had waited years to see.

What a fat pitch means for an ordinary investor

This is not an argument for timing the market with your monthly savings. Kept on autopilot, a SIP sidesteps the problem entirely; it buys in every market, including the frightening ones, which is when it does its best work. The fat-pitch rule matters for the decisions you make deliberately: a lump sum, a single stock, a new theme, a new property.

For those, a few habits help. Keep a short list of businesses or funds you understand well and would be glad to own at the right price, and write that price down. Keep some money in reserve, so that a crash is an opportunity rather than only a loss. Say no to anything you cannot explain in a few sentences, however exciting it sounds. And accept that long periods of doing nothing are not a failure of nerve but part of the method.

There is a cost. Cash waiting for a fat pitch earns little, and a market can rise for years while you wait. Buffett has accepted that cost for decades. The alternative, swinging at every ball, has a cost too; it is simply harder to see until the season ends.

If you do one thing: Write down three companies or funds you would love to own and the price, or market fall, at which you would buy each. Keep the list and some cash ready, and ignore everything else that is pitched to you this year.

In September 2008 Buffett did not need to be the cleverest investor on Wall Street. He needed to be the one with money, a clear view of what he wanted and the patience to have waited for it. Most of the work had been done in the years when he appeared to be doing nothing.

That is the quiet promise of Williams's 77 cells. You do not have to hit every ball. You only have to recognise the few that are worth hitting, and be ready when they come.

Sources

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