



Rooted in Thought

May 9, 2023

Berkshire Hathaway | Annual Meeting & Shareholder Letter

Each year, Warren Buffett and his long-time partner, Charlie Munger, invite Berkshire Hathaway's owners to Omaha for the "Woodstock of Capitalism." These men, now 92 and 99 years old, respectively, spend the day answering questions about life, business, economics, and more.

We are pleased to report Becky Quick of CNBC asked Warren and Charlie our question this year. The entire meeting can be watched [here](#) on YouTube. Our question is at the end of the morning session at timestamp 3:40:20. We appreciate Warren's thoughtful response.

In addition to the annual meeting in Omaha, Warren also writes a letter to Berkshire Hathaway's owners each year. This year's letter had many great takeaways and can be found in full [here](#). Below are quotes we found particularly insightful followed by our commentary.

1. Patience is Key

"In 58 years of Berkshire management, most of my capital-allocation decisions have been no better than so-so. . . . Our satisfactory results have been the product of about a dozen truly good decisions – that would be about one every five years . . . *The lesson for investors: The weeds wither away in significance as the flowers bloom. Over time, it takes just a few winners to work wonders.*" (emphasis added)

Warren is being too modest, as usual. Almost all great investors have a few big winners to thank for their success. The same is true of great entrepreneurs. Systems with exponential characteristics are like that. Second and most importantly, patience is key to good investing. Activity does not produce results; good investments do, and they are rare. When you get ahold of one, hang on.

2. Stock Buybacks

"When you are told that *all* [stock] repurchases are harmful to shareholders *or* to the country, *or* particularly beneficial to CEOs, you are listening to either an economic illiterate or a silver-tongued demagogue (characters that are *not* mutually exclusive)." (emphases in original)

As Charlie would say, I have nothing to add.

3. Bet on America

“I have been investing for 80 years – more than one-third of our country’s lifetime. Despite our citizens’ penchant – almost enthusiasm – for self-criticism and self-doubt, *I have yet to see a time when it made sense to make a long-term bet against America. And I doubt very much that any reader of this letter will have a different experience in the future.*” (emphasis added)

Warren’s faith in America has been a constant throughout his career. We share it. America’s can-do spirit, or “go-ahead,” is unmatched by any other society. This – along with property rights, individual liberty, Rule of Law, natural resources, and ocean moats – make us the envy of the world. Despite the naysayers, our future is bright. Don’t bet against America. Warren Buffett isn’t.