



Rooted in Thought

May 7, 2025

Warren Buffett Retires

On May 3rd, Warren Buffett welcomed his admirers to Omaha for Berkshire's annual meeting. The meeting can be watched [here](#) on YouTube. Sadly, 2025 will be Buffett's last year as Berkshire's CEO. In classic Buffett style, his casual retirement announcement at the end of the meeting even surprised his successor, Greg Abel. Thank you, Warren, for being a role model for us all.

Even God Would Get Fired

We recently read an interesting article, *Even God Would Get Fired as an Active Investor*, which is available [here](#). Hopefully for our sake the article overstates the case, but its findings are fascinating. The study assumes God *buys* the stocks that will do *best* and *shorts* the stocks that will do *worst* over the *next* five years, holds them for five years, and then repeats the process every five years.

So, how did God do? From 1927 through the end of 2016, God's long/short fund compounded at 46.3% per year versus 9.9% for the S&P 500. God did great, of course, but God would have been fired multiple times by short-term oriented clients. God's long/short fund suffered a *loss* of 47.3% at one point, and God *lagged* the S&P 500 by *almost 50% or more* in eight one-year periods.

This study offers some great insights. First, short-term performance is truly meaningless – this is true of both absolute and relative performance. Second, price volatility is a poor measure of risk – God's long/short fund was far more volatile than the S&P 500. Lastly, leverage is deadly for even the smartest operators – despite being hedged, leverage would have wiped God out multiple times.

Six Minutes of Due Diligence

The *Wall Street Journal* recently brought to our attention a study (available [here](#)) that found the median individual (or “retail”) investor spends *only six minutes* researching a stock before buying it. Yikes! Playing games of chance at the casino is more responsible; at least drinks are included. Moreover, the study used data from 2007. We suspect even less time is spent on research today.