

# Woodstock of Capitalism

**Berkshire Hathaway Annual  
Shareholders Meeting, May 2025**

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Chief Investment Officer

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Portfolio Manager

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## Our Traditions

For the 20th consecutive year, members of Spectrum Investment Advisors journeyed off to Omaha to hear the wisdom of Warren Buffett at 94 years old.

Our group of eleven included James and Jonathan Marshall, Manuel and Marcos Rosado, Cindy Marshall-Scoggin and Joey Scoggin, Sara Olson, Angelica Niemann, Blaine Disrud, Elizabeth Walter, Laura Schnoor, Butch Pomeroy, Chairman of the International Bank of Amherst, and his good friend Pete Blenker. Butch and Pete joined us Friday night at Gorat's Steakhouse, one of Warren Buffett's favorite Omaha restaurants.

## Setting the Scene

This year's Berkshire Hathaway Annual Shareholders Meeting was special in a lot of ways, including the thousands of copies of the 60th Anniversary Berkshire Hathaway book that were sold by the Bookworm Bookstore. With a record attendance of over 40,000, most attendees had to wait at least two hours to enter the CHI Health Center. A few of us didn't even get a seat for the first time in 20 years, having to either stand or sit on the steps for the first two hours of the five-hour meeting, which started at 8:00 AM and ended at 1:00 PM with a half-hour break at 11:00.

This year, Warren Buffett sat at his usual spot at the front table with a cane, two cans of Coke, and a lot of See's Candies, along with Greg Abel—Vice Chairman of Berkshire—and Ajit Jain—also Vice Chairman of Berkshire. Warren, Greg, and Ajit answered approximately forty questions from the audience and Becky Quick from CNBC. Many of the attendees who asked questions were from foreign countries. Unlike previous years, Greg Abel represented a substantial portion of the answers, along with Warren, which is healthy.

## Berkshire's Big Update

Warren Buffett made a surprise announcement that Greg Abel will officially become CEO of Berkshire Hathaway at the end of the year. Warren assured shareholders he would remain as Chairman, continue going into the office, and has no plans to sell his shares.

*The following are a few of our favorite questions and their corresponding answers:*

**Question: Recently you called tariffs an act of economic war. Could you elaborate on what you meant?**

WB: There's no question that trade can be an act of war, and I think it's led to bad things like the attitudes it's brought out in the United States. We should be looking to trade with the rest of the world. We should do what we do best, and they should do

what they do best. It's a big mistake when you have 8 billion people who don't like you very well and you have 330 million people crowing about how well they've done. I don't think it's right and I don't think it's wise. The more prosperous the rest of the world becomes, the more prosperous we'll become and the safer we'll feel for both you and your children. When it comes to balancing the budget through tariffs, etc., I wouldn't want the job of trying to correct what's going on in revenue and expenditures of the United States with roughly a 7% gap when probably a 3% gap is sustainable. The further away you get from 3%, the more you get to where the uncontrollable begins.

**Question: What can you share about your recent purchases of several Japanese companies?**

WB: It's been about six years now since our Japanese investments. We got fairly close to the 10% limit that we told the companies we would never exceed without their permission. Our main activity is just to cheer and clap, and I can still do that at 94. Even with the five companies being very large in Japan, we've got a market in the range of \$20 billion invested, but I'd rather have \$100 billion than \$20 billion. The Japan investment has been right up our alley.

GA: The thing we're building with the five Japanese companies is, one, it's been a very good investment, but we really envision holding the investment for 50 years or forever. We don't have any intention of trying to change what they've done because they do it very successfully.

**Question: Today, Berkshire holds over \$300 billion in cash and short-term investments, representing about 27% of total assets, a historically high figure compared to the 13% average over the last 25 years. This has also led Berkshire to effectively own nearly 5% of the entire US Treasury market. Beyond the need for liquidity to meet insurance obligations, is the decision to raise cash primarily a de-risking strategy in response to high market valuations? Or is it also a deliberate effort to position Berkshire's balance sheet for a smoother leadership transition?**

WB: Well, I wouldn't do anything nearly so noble as to withhold investing myself just so that Greg could look good later on. If he gets any edge of what I leave behind, I'll resent it. With the amount of cash we have, we could spend \$100 billion if something is offered that makes sense to us, that we understand, offers good value, and where we don't worry about losing money. The problem with the investment business is that things don't come along in an orderly fashion, and they never will. I've had about 16,000 trading days in my career. It would be nice if every day you got four opportunities or something like that with equal attractiveness. Charlie always thought if we did

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about five things in our lifetime, we would end up doing better than if we did 50, and that we never concentrated enough.

**Question: You've long been a strong believer in the American tailwind and the resilience of the United States, and history has proven you correct. Today, the US appears to be undergoing significant and potentially revolutionary changes. Some investors are now questioning the concept of American exceptionalism. In your view, are investors being overly pessimistic about the US economy?**

WB: America has been undergoing significant and revolutionary change ever since it was developed. I mentioned that we started out as an agricultural society with high promises that we didn't deliver on very well. The luckiest day in my life is the day I was born, because I was born in the United States. At that time, about 3% of all births in the world were taking place in the United States. If you don't think the United States has changed since I was born in 1930, you're not paying attention. We've gone through all kinds of things – great recessions. If I were born today, I would just keep negotiating in the womb until they said I could be in the United States. We're all pretty lucky. We've got two non-United States guys here at Berkshire who now live in the US.

**Question: I would love to hear your insights, Mr. Buffett. What were some pivotal lessons you learned early in your career? And what advice do you have for young investors who are looking to develop their investment philosophy?**

WB: Those are good questions. Who you associate with is just enormously important. Don't expect that you'll make every decision right on that, but you are going to have your life progress in the general direction of the people that you work with, that you admire, who become your friends. That's something you learn later in life – it's hard to really appreciate how important some of those factors are until you get much older. I would try to be associated with smart people where I could learn a lot from them. What you're really looking for in life is something where you've got a job that you'd hold if you didn't need the money, and I've had that for a very long time. If you live in the United States, with 8 billion people in the world and 330 million in the United States, you've already won the game to a great degree. Just keep making the most of it. Greg doesn't need the money, Ajit doesn't need the money – not remotely – but they enjoy what they do and they're so damn good at it. I've had the advantage of seeing how that works over time. So that's my recommendation. And for some reason, apparently you live longer too. It's pretty amazing – these people I'm talking about, including myself. I think a happy person lives longer than somebody who's doing things they don't really admire that much in life.

**Question: How do you evaluate the value of a company before buying it?**

WB: It's one thing we've really never talked about here, but I spend more time looking at balance sheets than I do income statements. Wall Street doesn't pay much attention to balance sheets, but I like to look at balance sheets over an 8 or 10 year period before I even look at the income statement because there are certain things that are harder to hide or play games with on the balance sheet than with the income statement.

Neither one gives you the total answer on anything, but you should understand what the figures are saying and what they don't say and what they can't say and what the management would like them to say that the auditors wouldn't like them to say. You learn more from balance sheets in my view than most people give them credit for.

**Question: Greg, can you give us your thoughts on the future of Berkshire Hathaway?**

GA: We start from a great place at Berkshire. We've got a great culture within the business. We have values that we, as a management team, as defined by Warren and Charlie and everybody associated with the business. As we deploy capital and allocate capital, it's critical for Berkshire going forward, and equally it's around managing risk. When I think of our values, a couple are absolutely critical. One: we will maintain the reputation of Berkshire and that of our company. I view that in investing or how we operate things across each of our businesses. That will always be a priority and something we'll ensure is at the forefront of our minds. Looking at our balance sheet, as Warren commented, we will have a fortress balance sheet. We will remain Berkshire and will never be dependent on a bank or some other party for Berkshire to be successful.

Ultimately we have a great set of operating companies that produce significant cash flows, be it in the insurance companies creating float or our various non-insurance companies producing significant cash flows on an annual basis. **We would expect in any year to have \$40 billion or more to build up cash on our balance sheet.** With those cash flows and with the float, and with significant resources already on our balance sheet, we'll continue to move forward with a very similar philosophy. It's an identical philosophy to what we've had currently and for the past 60 years.

**Warren Buffett shared some closing remarks after he was given a five-minute warning.**

WB: I would like to turn to a subject that I want to discuss with you for a few minutes. Tomorrow we're having a board meeting at Berkshire and we have 11 directors. Two of the directors who are my children, Howie and Susie, know what I'm going to talk about. The rest of them – this will come as news to them.

I think the time has arrived where Greg should become the chief executive officer of the company at year-end. That would mean that at year-end Greg would be the chief executive officer of Berkshire. I would still hang around and could conceivably be useful in a few cases. But the final word would be what Greg said, in operations, in capital deployment, whatever it might be. There may come a time when we get a chance to invest a lot of money, and if that time comes, I think it may be helpful with the Board they know I've got all my money in the company and I think it's smart. And I've seen what Greg has done. So that's the news for the day. Thank you.

*According to a May 15, Wall Street Journal article, Warren Buffett said he finally felt his age when he started losing his balance, carrying a cane, and would occasionally have trouble remembering someone's name. Even the great Warren Buffett can't escape getting older. To end the meeting, the audience gave Warren a tearful 10-minute standing ovation in appreciation for all he has done.*

*Thank you, Warren. Thank you, thank you, thank you, thank you!*