



Warren Buffett & Berkshire's 2020 Annual Meeting

Never bet against America and more sage advice from the Oracle of Omaha

Warren Buffett, one of the most successful and admired investors of our time, held the 2020 Berkshire Hathaway Annual Meeting of Shareholders from the company's Omaha, Nebraska headquarters on the first Saturday of May.

The Berkshire Annual Meeting, which has become an annual Woodstock-like event for investors around the world, drew a record 40,000 visitors last year, but this year the event was live-streamed instead due to COVID-19. And the Meeting was also limited to 89-year old Buffett holding court without his 96-year old friend and colleague Charlie Munger, who did not attend given the stay-at-home orders.

But the almost 5-hour event, even without the fans, did not disappoint. Buffett's presentation covered a lot of ground, including the performance of Berkshire Hathaway, the airlines, stock buybacks, succession plans, cash positions, the coronavirus, the federal government's response, his office attire during the shutdown (sweatpants) and America's prospects going forward. Here are just a few takeaways from the Oracle of Omaha.

Buffett Dumped All Airline Stocks

Before the Annual Meeting, there was a lot of chatter about Berkshire's selling of airline stocks in April – positions Berkshire started making in late 2016. In fact, Berkshire held 10.1% of Southwest, 10% of

American, 9.2% of Delta and 7.6% of United as of December 31st. And he sold all of it.

His reasons for selling? In his own words:

- "It turned out I was wrong about the business."

When pressed, he said that he:

- "just decided I made a mistake."

When asked why he didn't just trim his airline positions, he responded with:

- "When we sell something, very often it's going to be our entire stake. We don't trim positions. That's just not the way we approach it any more than if we buy 100% of a business."

When pressed even further about the prospects for the airlines going forward, Buffett responded with:

- "The world changed for airlines, and we wish them well."

High Regards for the Federal Reserve Chair

As has been well documented, since early March the Federal Reserve has taken bold and drastic actions to combat COVID-19, with many suggestions that such drastic actions have not been taken by the Fed since the Great Financial Crisis of 2008. In all, the Federal Reserve's actions have provided the bulk of the more

than \$6 trillion worth of liquidity to our financial system because they adopted:

- An emergency 50 basis-point rate cut on March 3rd and another 100 basis-point rate cut on Sunday, March 15th;
- Quantitative easing originally capped at \$700 billion of asset-purchases, but now unlimited; and
- Over \$2 trillion in a new lending program.

Here is what Warren said about the Fed and its current Chairman, Jerome Powell:

"I always had Paul Volcker on a pedestal in terms of Fed chairmen. Jay Powell, in my view, belongs with him on that pedestal. They acted with unprecedented speed and determination.

We don't know the consequences of doing that, but we do know the consequences of doing nothing, and we owe the Fed a great thank you."

“Never Bet Against America”

That is not a pithy title, those are the exact words spoken by Buffett when asked about the impact of COVID-19. And he had a lot more to say. He acknowledged that the range of possibilities are wide and it will likely take years before investors truly understand the full impact of the virus, from an economic perspective but also from an emotional perspective. But he left no doubt that the markets would regain their footing, especially in the U.S.

On comparing the current virus to the Financial Crisis of 2008:

- “In 2008 and '09, our economic train went off the tracks. This time, we just pulled the train off the tracks and put it on a siding.”

On whether America will rebound:

- "Never bet against America. That is as true today as it was in 1789, during the Civil War, and in the depths of the Depression."

Encouraging words from an investing legend.