

Lessons from Warren Buffet

Berkshire Hathaway recently held their annual shareholder meeting where their longtime CEO, Warren Buffett led a five-hour live question and answer session with his partner Charlie Munger. The amazing thing about this is Mr. Buffett is 92 years old and his partner is 99. All the talking heads from every financial news outlet were there to pick up any insight either man may share. I am not sure why they bother to listen to Messrs. Buffett & Munger, because once the shareholder meeting is over, very few of these experts follow the lead of the man who must be the greatest investor of our time.

The most profound tidbit Mr. Buffett shared was in his annual letter to shareholders where he discussed "The Secret Sauce." In 1994, Berkshire completed their purchase of 400 million shares of Coca-Cola. The total cost was \$1.3 billion-he says, "was then a very meaningful sum of money!" The annual cash dividend Berkshire received in 1994 was \$75 million. In 2022, the dividend had grown to \$704 million, while the value of their holding in Coke stock had grown to \$25 billion.

In 1995, Berkshire completed a purchase of American Express for \$1.3 billion. The annual dividend received that first year was \$41 million. In 2022, it had grown to \$302 million, while the value of their Amex shares had grown to \$22 billion. He feels these numbers are likely to increase over time.

The Amex holding is an interesting story, the shares were down 80% during the financial panic of 2008. Berkshire did not sell their shares while everyone else was panicking. I recently heard an interview with the CEO of Amex where he shared Mr. Buffett's comment with him during that time: "Protect the brand, take care of your customers, and take care of your people." Sounds like sage advice for any corporate leader!

Whenever Mr. Buffett speaks, the biggest takeaway I have is "patience." When we have a year like 2022, we must remember that companies are still doing everything in their power to grow their business. We continue to receive dividends, and if we're reinvesting, we are buying more shares at a discounted price.

One parting lesson from the Sage of Omaha: "The weeds wither away in significance as the flowers bloom. Over time, it takes just a few winners to work wonders. And, yes, it helps to start early and live into your 90's as well."

