My insights from the 2025 Berkshire Hathaway Shareholders Meeting

Attending the 2025 Berkshire Hathaway annual shareholders meeting in Omaha was, as always, an inspirational experience. This year the meeting provided a profound reinforcement of timeless principles and strategic foresight. For obvious reasons this may seem redundant, but it is a personal exercise that I hope you enjoy. Below I tried to summarise key takeaways from all the questions and conversations, focusing on those concepts that resonated most strongly with me. I thought it appropriate to include some quips and quotes as well.

1. Stewardship (Fiduciary duty and trust is indispensable)

At the core of Berkshire's philosophy, and enduring success, lies an unwavering commitment to ethical conduct and the trust it fosters – the late Mr Charlie Munger and business partner of Warren Buffett often referred to it as the 'Berkshire-system'. These principles are not merely buzzwords, but foundational elements for long-term value creation.

- **Integrity and Trust are Paramount:** Buffett's consistent emphasis on the character of those you do business with, is striking. He underscored that "*You can't do a good deal with a bad person*," highlighted the critical importance of evaluating the integrity and trustworthiness of people. This speaks to the qualitative, human element of investing that often receives too little attention but is crucial for long-term partnerships. This also extends to how individuals behave, serving as examples for others and not taking advantage of privileges. The "*great pleasure is having people who trust, you*" a sentiment that drives his continued dedication at age 94.
- **Fiduciary Duty and Stewardship:** These concepts are central to Berkshire's approach, signifying a deep commitment to acting in the best interests of shareholders and stakeholders. This responsibility extends beyond mere financial performance to encompass long-term sustainability as well as responsible governance.
- **"Capitalism = Casino + Cathedral":** This powerful analogy encapsulates a nuanced view of capitalism. While acknowledging a *casino* aspect around the speculative nature of financial markets, the *cathedral* aspect emphasises the ethical production of something with moral order. This insight encourages us to identify enduring organisations that also contribute positively to

society.

- **The Power of Association:** Buffett repeatedly stressed the enormous importance of who you associate with, as they will shape your thinking and habits “*The chains of a habit are too light to be felt until they are too heavy to be broken*”. He advised seeking out people who are better than you and avoiding toxic people and organisations that will coerce you. This underscores the impact of environment on your professional and personal trajectory.

2. Patience & Decisiveness (Sometimes you need to act quickly)

Buffett's career is a masterclass in the power of long-term patience, coupled with the agility to act swiftly when truly exceptional opportunities arise.

- **Patient Capital Allocation:** Berkshire Hathaway's record $348 billion cash hoard is a testament to this patience. This is not stagnant capital; it's a strategic reserve. Buffett noted that while significant opportunities are "*unlikely to happen tomorrow*," they are "*not unlikely to happen in five years.*" This patience allows for decisive action when the right opportunities appear, rather than feeling compelled to invest just to deploy cash. He highlighted that they [Berkshire] made a lot of money by not wanting to be fully invested at all times.
- **Timely Action:** Buffett's recent seemingly fearful stance was evident from Berkshire's substantial cash pile. This demonstrates his adherence to the principle: "*Be fearful when others are greedy, and greedy when others are fearful.*" This requires not just patience to wait, but being ready and decisive to act when market sentiment shifts, or being able to recognise when a truly compelling opportunity emerges - “*Rather almost right, than precisely wrong*”.
- **Long-Term Economic Prospects:** A key question for any potential investment remains: What are economic prospects for a company over 10 years or more from now? This long-term view is fundamental to both patience and decisive action. It ensures the allocation of capital to enduring businesses.

3. The Important Role of Temperament (Being rational)

Buffett consistently points out that temperament is as crucial as intellect in successful investing, particularly during tumultuous times.

- **Vital Amidst Volatility:** Temperament is "*absolutely vital during market volatility.*" Buffett's ability to remain calm and rational, even when others are panicking or euphoric, allows him to make sound decisions.

- **Rational Behaviour:** "*When the proper temperament joins up with the proper intellectual framework, then you get rational behaviour.*" This combination is what truly sets apart successful long-term investors from those who are swayed by headlines and market emotions.

4. Adaptability & Curiosity (If the facts change, you need to change your mind)

While steadfast in his core principles, Warren Buffett demonstrates a remarkable willingness to adapt when new facts emerge. He is fuelled by an insatiable curiosity and optimism.

- **Continuous Learning:** He noted, "*Keep your curiosity and read a lot*." Buffett encourages us to maintainin our curiosity and to read extensively. This continuous learning is essential when circumstances do change, or new opportunities present itself.
- **Measured Impact by AI:** While acknowledging the potential of Artificial Intelligence (AI) as a game-changer, Berkshire indicated a measured approach, reinforcing the need for careful consideration rather than rushing into new trends and fads. Buffett emphasised that AI cannot override the value of sound human judgment.
- **Optimism and Innovation:** Despite concerns about the United States fiscal deficit, there is an underlying optimism about America's momentum and future, appreciating its historical role in fostering innovation. The U.S. has generally offered the freedom people needed to innovate and thrive – personal and in business.

5. Durability & Sustainable Businesses (Earnings for a lifetime)

The focus remains squarely on businesses that can generate sustainable earnings over the long-term, embodying true durability. "*We don't go into companies with the thoughts of effecting a lot of change. That doesn't work any better in investments than it does in marriages*."

- **Businesses That Require No Capital:** The ideal business model, according to Buffett, is one that needs no capital, focusing on Return on Invested Capital (ROIC). These capital-light, or less capital-intensive businesses inherently possess a strong foundation for durable earnings that is re-invested. He is on record for saying "*You should invest in a business that even a fool can run, because someday a fool will.*" and on accounting methods: "*The reaction of weak management to* *weak operations is often weak accounting*."

- **Long-Term Holdings:** Berkshire's intention to hold its Japanese assets indefinitely (potentially 50 years, or forever) further illustrates their commitment to durable investments, indicating confidence in sustainability and the strong relationships built with management and these companies in Japan.
- **GEICO's Turnaround:** The improved profitability of GEICO, one of the key subsidiaries, was highlighted. It demonstrated durability even with some challenges the insurance sector faces.

6. Quality of Life and Well-being (A stress free life)

Beyond financial metrics, there was an emphasised on the importance of work-life balance and personal well-being as an integral part of success.

- **Enjoy What You Do:** A simple yet profound message was to "*Enjoy what you do*." Buffett himself, at 94, continues to work because he loves it. That's really the why—why work at 90 when you've got more money than anybody could count? This connection between passion and longevity was underscored by the observation that happy people seem to live longer.
- **Avoiding Toxic Environments:** The advice to "*look for the right environment*" is vital for both professional success and personal well-being. It speaks to creating an ecosystem that supports quality of life.
- **Develop Skills to Get Good Out of Others:** This is something Mr Buffett and Munger lived. It suggests a collaborative and empowering approach to leadership, contributing to a less stressful and more productive environment.

7. A Global Perspective & Generosity

Despite the focus on Berkshire and its operations, a broader perspective on global economics and a sense of shared prosperity were evident.

- **Trade is Not a Weapon:** There was a strong stance that trade should not be a weapon. The belief is rooted in the fact that the more prosperous the rest of the world becomes, the more prosperous we all may become (and the safer we all should feel). This reflected an optimistic view of global cooperation and mutual benefit. Mr Buffett warned against the dangers of protectionist policies and tariffs, calling them an "*act of war*" that can stir up negative attitudes globally.

- **Currency Consciousness:** While not overly concerned with the Japanese Yen, Berkshire would consider currency diversification with a weaker USD and explicitly avoids countries with a risk of runaway inflation, demonstrating a keen awareness of economic stability within a country.
- **Solving Societal Problems:** The idea of solving societal problems, like advice from Benjamin Franklin's, aspect of capitalism and its ruthlessness, hints at a broader generosity and desire for positive societal impact beyond mere profit. What can you give back?

In conclusion, this was a comprehensive masterclass in not just investing, but a purposeful and impactful life. Integrity, patience and sound temperament are qualities that we associate with. We shall continue to hone our approach as we navigate the future and are confident that by adhering to these principles, we can continue to build and preserve your wealth effectively.

Please feel free to reach out.

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