

# financial INSIGHTS

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Q2 2010 | SEC Registered Investment Advisor

## Berkshire Hathaway & Warren Buffett

*a common sense approach to investing & life*



in Quest Event Center. Those attendees that didn't receive a coveted seat would have to remain content in the overflow seating areas. However, our early bird approach paid off as we found ourselves quite comfortable in row 11 on the main floor. One of the items on my life's bucket list was to attend a Berkshire Hathaway meeting. Needless to say, my long anticipated dream did not disappoint.

Berkshire Hathaway (BH) is a publicly traded company on the New York stock exchange for both the A and B share classes. Mr. Buffet and Vice Chairman, Charlie Munger, refer to themselves as Chief Capital Allocators. This reference is in regards to their analysis of companies to determine the likely return on invested capital. BH owns over 70 operating businesses that include GEICO, Dairy Queen, Fruit of the Loom and the most recently acquired, Burlington Northern Santa Fe railroad.

Warren Buffett and Charlie Munger held court for five hours and answered questions from

On May 1, 2010 at 4:45am, my friend Donna and I were in line and waiting for the doors of Quest Event Center in Omaha, NE to open at 7:00am for the Annual Berkshire Hathaway Shareholder's Meeting.

There was indescribable electricity in the air, as the masses eagerly awaited for time to pass. When the doors finally swung open, 37,000 attendees raced for the 18,000 available seats

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## ANNUAL CLIENT MEETING

**Saturday, October 2, 2010**

**9:00am to Noon**

Wheelock Student Center

Rasmussen Rotunda

University of Puget Sound

1500 North Warner

Tacoma, WA 98416

Register at [www.financialinsights.net](http://www.financialinsights.net)



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both the audience and journalists. Ever the capitalists, a box of See's candies was heartily consumed by both gentlemen. See's candies, of course is a company BH owns.

All continents, except perhaps Antarctica, were represented by the thousands of attendees. The wisdom that was presented applied to both business and in life. Mr. Buffet has a down to earth quality about him, mixed in with a little home spun humor, no doubt aided by living in the same home in Omaha since 1950.

After reviewing my 22 pages of notes, the following thoughts hit home for me.

- Talent and brain power can't be taken away ... even if there is high unemployment. People underestimate their potential.
- There is never enough reputation to lose even one shred.



Take the high road,  
it is not that crowded.

- Derivatives are not that necessary ... maybe in commodities.

- The best system is to have people held accountable and allow them to suffer the consequences of their actions.
- Get your feet wet with failure.
- Buy good businesses at a good price and forget about them for a long, long, long time ... like decades. Warren and Charlie have never sold even one share of BH. However, they have gifted shares to charities.
- Having huge US budget deficits will not work forever.
- Financial mayhem will occur from time to time in the US and the rest of the world.
- We like to invest in companies that do not need a lot of capital.
- Berkshire Hathaway owns 70+ companies and the managers of each company are in charge. There are only 21 people at the main office and no human resources or investor relations department.

Integrity is the lead trait to possess in business and the safest way to make money.

- Qualities we look for in business people: Think and work like you are the owner of the place.
- Equities will out perform bonds and cash; but less than previously.

- China and India will continue to have up and coming companies. They limit the percentage of ownership that BH can own.
- McDonald's does a better job of educating its employees than universities do their students.
- A conclusion about the economy does not tell us if the stock market will rise or fall.

Price is what you pay;  
value is what you get.

- Live beneath your means.
- Betting on tortoises can create long-lasting wealth.
- Find your passion and don't let anything stop you.

The weekend was filled with many events, including a shopping trip to the heavily discounted Borsheim's, a very unique jewelry and gift shop, and the Nebraska Furniture Mart, both companies of which BH owns.

One of the prevalent themes of the meeting is while there are a lot of problems to solve in the US, there are solid, well run American businesses that are doing the right thing for clients. Berkshire Hathaway's goal is to find those companies and invest in them for the long haul.

By Dorothy Lewis

