

Berkshire Hathaway Annual Meeting: Wisdom from Warren for 2018

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SUMEET GOEL

In 2016, I made my first pilgrimage to the Berkshire Hathaway Annual Meeting (BHAM), otherwise known as the "Woodstock of Capitalism." I was so blown away that I wrote a [three-part treatise](#) on the experience and conversations I had with BRK investors and BRK company executives.

I went back for more in 2017, and followed up with a [deep-dive on the company](#), how it operates, and some thoughts about what Warren's next move might be.

Forces conspired against a three-peat in 2018, but I eagerly devoured all the content pouring out of Omaha. I'm glad to report that Warren & Charlie are still at the top of their game, and I continue to be amazed by their desire and ability to engage on any and all topics, both intelligently and with insane levels of detail, for hours on end. They never cease to share insightful perspective within their "traditional" businesses, but also beyond those, and on the most pressing issues of the day.

Some highlights that jumped out at me while reading & viewing the BHAM recaps:

- **Technology:** I love how Warren and Charlie continue to acknowledge that they missed the boat on Microsoft and Amazon (multiple times!) early on, and how they are not technology guys. They are significant holders in Apple, but consider it to be a consumer product company, not a tech company.
- **Cyber:** Along those lines, Warren was clear in saying that he had no idea when, why, or how the ["\\$400 billion super-cat event"](#) would happen in Cyber. Or how to insure it. And that anyone who says they know, doesn't know. But that it will happen. A very no-nonsense, sanguine perspective on something that no one is willing to wrap their head around. Your Equifax data breaches will have nothing on the eventual super-cat that he is warning about.
- **Crypto:** This will end badly. Very badly. He pushed a combination of greater fool theory and P.T. Barnum.

These are all things he probably already shared with Katy Perry [in 2017](#).

- **Healthcare:** I am eagerly waiting to hear what the three-headed hydra of [BRK, Amazon and JPMorgan Chase](#) are going to come up with for their ~1.2 million combined employees. No details have been announced yet – only a comment that a CEO would be named soon. Whatever these guys team up to do, I can guarantee it will be a game changer.
- **Cash:** As you will note in my 2017 write-up, cash is Warren's largest "dilemma" to solve for. The cash hoard has continued to grow – it's over \$120B at this point. They have been unsuccessful in identifying any further AIG type of deals to offload some of the excess capital, and there are no large companies to buy, so the cash pile keeps growing and growing, and growing (Duracell/Energizer-related pun intended). He noted that if the pile reaches \$150B, they might actually have to start buying back shares. Amazing to think about. Perhaps he might then finally consider my Coca-Cola idea?

For those of you interested in a first-hand account of the experience and takeaways from several folks close to the "Oracle," check out [the 2016 piece](#). (As a side note, upon returning home after the experience, I immediately went out and bought BRK B shares. You can imagine how pleased I am that since the purchase, they're up 38% vs. the S&P's 29% – although neither number is anything to scoff at!)

And for those that want to get a (somewhat) quick primer on how BRK operates, generates all that cash, and then turns it into even more money – check out [the 2017 piece](#).

Fingers crossed that I can rejoin the masses flocking to see the master in 2019!