BLOG POST

Warren Buffet on Dogs
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Warren Buffett, the Sage of Omaha, released his annual letter to shareholders discussing prior year results and espousing his views on the economy and financial markets. Buffett often utilizes this letter, read by millions, to discuss pet peeves and injustices he believes negatively impact the investor class. Buffett takes on the issue of corporate boards and the inherent conflicts of interest that exist. Buffett opines that CEOs prefer Cocker Spaniels to Pit Bulls when it comes to selecting board members. Pit Bulls are aggressive and will not relent until they achieve their objective. CEOs, often bent on questionable acquisitions and absurd compensation packages, prefer a breed more in line with “man’s best friend.” We salute Warren for his willingness to take on this issue as shareholders would be better served if more Pit Bulls occupied corporate boards.

- Berkshire Hathaway set record share buybacks in 2019 as they again had difficulty finding companies with compelling valuations to acquire. In just Q4 they purchased $2.2 billion of their stock, bringing the total to $5 billion for the year.

- For 2019 the company earned $81.4 billion, but only $24 billion was from operating earnings. The rest was the result of new accounting rules requiring them to book $3.7 billion of realized capital gains and $53.7 billion of unrealized gains.

- Berkshire continues to sit on a pile of cash totaling $128 billion as they wait for the right opportunities based on their view of trustworthy company management, compelling valuation, and strong earnings from net tangible capital.