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The Oracle of Omaha Speaks

Warren Buffett's Berkshire Hathaway held its annual meeting on Saturday, April 30, giving tens of thousands of his investors reason to make their annual pilgrimage to Omaha. Certainly, when the world's most famous investor and his number-two man Charlie Munger speak, people listen. And this year, more people than ever could listen in because, for the first time, the meeting was livestreamed. As always, topics of discussion included the health of the economy, investment advice, American politics, and observations on life. Additionally, shareholders had plenty of questions specific to Berkshire. They pressed Buffett and Munger on a wide variety of topics, including the health risks of sugar-filled drinks like Coke and how climate change might impact the insurance business.

Berkshire's annual meeting is unique in the investment world for its combination of charming, folksy traditions and blunt honesty. This year, a young boy beat Buffett in the annual newspaper tossing contest and won an ice cream bar. (Berkshire owns Dairy Queen.) And, when asked for his view on the global economy, Munger responded, "If you're not confused, you havenÂ´t thought about it enough."

For many, this meeting is a revered tradition. In fact, I read a blog post last week about Thomas Kamei who attended his first Berkshire Hathaway shareholders' meeting two decades agoâ€”at age 6. Every year since, he's returned to Omaha for an event he refers to as "Coachella for capitalists." Asked why he didn't stay home and watch the meeting from the comfort of his couch, the 26-year-old Kamei said he feels a responsibility to serve as a guide for the meeting's newcomers. In fact, this year he brought six friends with him to "Buffettpalooza."

Kamei's annual tradition began in 1996 when his mother, Nancy Kamei, a well-known San Francisco-based analyst, brought him along with her to get some exposure to investing role models. Although he doesn't remember that meeting, Kamei does recall how in 2000, at age 10, he asked Buffett and Munger if the rise of the Internet would affect Berkshire's holdings in old-line companies like *The Washington Post* and Wells Fargo. Buffett said he did not know.

Years later, at 15, Kamei asked Buffett and Munger for guidance on how to get into investing. Buffett advised that he just get started, noting, "All these mistakes you make now will be the cheapest mistakes you can make." Munger recommended developing an expertise in technology. Kamei, who now works as a tech investor at Morgan Stanley, says the answers he received at the meeting changed the way he structured his life, helping to narrow his focus in finance. He now thinks of Berkshire's meeting as his yearly "mental cleanse," reminding him of the importance of a long-term perspective and the values of a buy-and-hold approach. I couldn't agree more.

Of course, folks who can't make it to Omaha can glean plenty of advice and insight from the Annual Letter to Shareholders that Buffett and Munger release prior to the event. I view this communication as a must-read for investors around the world. And this year, buried among discussions of Berkshire's holdings, is a powerful, hopeful message worth sharing.

Writes Buffett, "It's an election year, and candidates can't stop speaking about our country's problems (which, of course, only *they* can solve). As a result of this negative drumbeat, many Americans now believe that their children will not live as well as they themselves do.

That view is dead wrong: The babies being born in America today are the luckiest crop in history.

American GDP per capita is now about $56,000. As I mentioned last year, thatâ€”*in real terms*â€”is a staggering six times the amount in 1930, the year I was born, a leap far beyond the wildest dreams of my parents or their contemporaries. U.S. citizens are not intrinsically more intelligent today, nor do they work harder than did Americans in 1930. Rather, they work far more efficiently and thereby produce far more. This all-powerful trend is certain to continue: America's economic magic remains alive and well."

He continues, "My parents, when young, could not envision a television set, nor did I, in my 50s, think I needed a personal computer. Both products, once people saw what they could do, quickly revolutionized their lives. I now spend ten hours a week playing bridge online. And, as I write this letter, "search" is invaluable to me. (I'm not ready for Tinder, however.)

For 240 years it's been a terrible mistake to bet against America, and now is no time to start. America's golden goose of commerce and innovation will continue to lay more and larger eggs. America's social security promises will be honored and perhaps made more generous. And, yes, America's kids will live far better than their parents did."

This positive perspective is important to cultivate in the midst of all the doom-and-gloom economic projections for low and slow growth. Focusing on our country's many strengths can help us maintain the disciplined, long-term investment perspective that is necessary to meet our personal goals.

With all the recent press on the fiduciary duty, I'll note that, in addition to always making investment decisions that are in clients' best interests, a trusted advisor should also believe in their clients in the same way Buffett believes in our country. I'll end by noting that when asked by a shareholder what he would have done differently to be happy, Buffett responded that he "couldn't be happier in life." As a trusted advisor, that is exactly how I hope my clients would answer that question.

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