A Meeting with Mr Warren Buffet

Capital League got the opportunity to attend the Berkshire Hathaway AGM that is conducted by the world's most respected Investment Gurus Mr Warren Buffet and Mr Charlie Munger. Vinita Idnani and Rajul Kothari visited Omaha, USA to attend the meeting and gather some pearls of wisdom from the third richest man on the planet, the best investor ever and one of the most significant philanthropist in the world history! (the richest man on the planet Mr Bill Gates was also a part of the meeting!).

It was truly a memorable experience. To be a part of the 40,000 strong audience that included the crème-de-la- crème of the investment world, asking questions to Mr Warren Buffet and Mr Charlie Munger in person, was really overwhelming. They spoke on various subjects from their share-holdings to markets to corporate culture, etc. The sharpness and agility with which they answered questions for 7 hours despite their age was really inspiring. Apart from their investment genius, what really came out very strongly was their character: simplicity, humility, grounded in reality- they really are icons in more ways than just their investment credentials.

The theme of this historic AGM was dubbed as '50 years of a profitable partnership'. Berkshire shares have been up more than 2,850,000% since Mr. Buffett and his investment partnership first began investing in shares!

Some of the key takeaways from the 7 hour long Q& A session at the AGM are given below:

- The best way to manage your savings is to be more in equities, except money needed in short to medium term. This may at times see you on wrong side of the markets but overall Compounded Annual Growth Rate (CAGR) over longer periods of time would be much higher than that from debt investments.
- Real (inflation adjusted) Returns will always be in ownership of good businesses managed by efficient managers. Debt investments will not be able to give inflation-adjusted returns.
- If any financial institution has an economist on its roles, it perhaps has one employee too many! Predictions on macros mostly go wrong. Focus on swimming rather than predicting the tides.
- Owning good businesses opens a world of possibilities as far as returns are concerned, which can't be forecasted upfront, so better avoid doing the same. Sooner than later, you are surely going to be adequately rewarded.
- As long as the businesses you own are making money, don't bother about their prices, as businesses are anyway to be held for perpetuity. If it is not meant to be sold, the fall from the highest price does not mean loss of profit/capital.
- Do ensure that businesses owned by you, are managed by ethical people. Since one is in it for long haul, quality & ethics of managers is of paramount importance. Such management can overcome worst of business conditions & grow your wealth. If you have the capability of identifying such businesses, then its fine, else leave the same to the seasoned mutual fund managers.
- Reputation is something that is key and that you build over time. Hardly anything is more important than behaving well as you go through life.