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**Berkshire Hathaway Annual Shareholders Meeting
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For the tenth consecutive year, my brother Dave, Matt Demet and I joined Gary Vanden Heuvel, President of the BLC Community Bank and his son Casey and friend John Wiley, for our annual pilgrimage to Omaha. This year's event marked the **50th Anniversary of Berkshire Hathaway** with **Warren Buffett** (84), and **Charlie Munger** (91) at the helm. Fifty years ago Warren started with \$105,000 of family money, today Berkshire Hathaway is worth \$360 billion, the fourth largest company in the United States. In 10 years, both Warren and Charlie appear to have not lost a step. They were both just as witty and fun as always, offering terrific insights into the market, as well as life.

The meeting was attended by close to 44,000 shareholders from all over the United States and the world. Compare this to a typical Fortune 500 shareholder meetings that will draw 500 attendees. So why do they turn out? Berkshire Hathaway's shareholders have a passion and a love for both Warren and Charlie and the folksy, staccato answers that often hit the mark. The following are answers to a few questions asked by members of the media, analysts and the audience, during the five hour session:

Do you think the dollar will lose its current status of the world's currency in the near future?

WB: Going forward, there will be two superpowers in the world, China and the United States, but I do not see the dollar losing its status of the world's currency for the next 50 years.

CM: The United States and China will be the two most important nations in the world so it's important that they collaborate as much as possible to build a mutual trust. An economy designed simply to supply jobs to everyone would fail like the Soviet Union. If the U.S. economy had been run that way, most Americans would still be getting up at 4 a.m. to milk their cows.

What are your thoughts on the future status of the Euro?

WB: The Euro cannot continue in its current form. They may have to let Greece leave the Euro for the long-term.

CM: They should have never let Greece in the Euro in the first place.

After six years of a bull market, do you see a market correction coming?

WB: Under normal conditions, after six years we generally have a market correction. The market generally corrects if there is a good alternative to stocks, such as in late 1999 when you could get 6% on 10-year US Treasuries or mid 2008 when you could get 4.7% on 10-year US Treasuries. Today, 10-year treasury rates hover around 1.9% - 2.0%, so it's not enticing to leave stocks and switch to bonds. *Warren warned economists at a famous speech in Sun Valley in late 1999 that the market was overvalued vs. bonds, especially tech stocks. How right he was.*

What were your worst investments?

WB: Holding on to the Berkshire Hathaway Textile Company for 18 years, thinking it would finally turn. It never did. *After 18 years Warren closed the company, which struggled because of low clothing prices and higher cotton prices.* My second biggest mistake was paying \$433 million for the Dexter Shoe Company and using BH stock instead of cash to do it. Four years later, we closed the company. Today, that \$433 million in BH stock is worth over \$3 billion.

CM: It's better to learn from other people's mistakes than your own.

What impact will safety regulations, like tank car regulations, have on Burlington Northern Railroad?

WB: The interest of Burlington Railroad, tank car manufacturers and leasing operations might diverge in a few ways, but obviously we have an interest in developing safer cars. Both rail and pipelines have their disadvantages, but the railroad industry's safety measures have improved year after year. Burlington Northern has the best safety record among its peers, and so does Berkshire Hathaway energy where safety statistics have gotten way better under current management. Running trains millions and millions of miles year after year, something will happen. A change in today's environment is that trains run slower in urban areas, which has been instituted when transporting crude oil. You can always be safer, but you will never be perfectly safe.

Year	50 Years of Berkshire Hathaway's Acquisitions
2015	Charlie Munger hints that Ajit Jain (Geico) or Greg Abel (MidAmerica Energy) may succeed Buffett as CEO.
2013	BH teams up with Brazilian private-equity firm 3G Capital to buy 50% of H.J. Heinz Co. for about \$24 billion.
2012	BH buys \$1.2 billion of its shares in the company's first stock buyback.
2010	BH acquires BNSF Corp. for \$26 billion. BH joins the S&P 500.
2008	BH becomes 'lender of last resort', during the financial crisis, investing in Goldman Sachs and others, in return for preferred shares and dividends.
2000	BH buys MidAmerica Energy, the platform for subsequent energy and utility acquisitions.
1998	BH buys Dairy Queen.
1996	BH introduces new class of B shares that are 1/30th the value of an A share at \$1,110/share.
1993	BH acquires Dexter Shoes for \$433 million, issuing shares to pay for it.
1991	Buffett becomes chairman of Salomon Brothers after a bond-trading scandal.
1988	BH begins buying shares of Coca-Cola. BH listed on the NYSE 11/29/88.
1976	BH invests in auto-insurer, Geico, which it now owns.
1972	BH buys See's Candy for \$25 million.
1965	Buffett takes control of Berkshire Hathaway
In 50 years, Berkshire's value grew from a total of \$105,000 in 1965, to over \$200,000 per A-share today. Source: <i>WSJ</i> , 5/1/15	

What was one of your best investments and what characteristics should an investor look for when buying a company's stock?

WB: Look for a company that has a **strong brand** and doesn't take a lot of capital re-investment. My favorite example of that is See's Candy, part of the BH portfolio. We paid \$25 million for See's Candy in 1972, and after 43 years we have realized total earnings on See's Candy of over \$1.9 billion. One of our other good decisions was to buy the Burlington Northern Railroad. What made it a good buying decision is the improved efficiency of railroads in the U.S. Forty years ago it took 1.6 million people to run our nation's railroads; today it only takes 200,000 employees, far more efficient.

CM: The durable competitive advantage that railroads have is that the average investor cannot wake up in the morning and decide to build a railroad. Railroads today are far more efficient than the trucking industry. We got lucky when BNSF Railway cut right through North Dakota with four east and west lines of tracks to haul oil to the coast from the fracking region.

Don't you ever get tired of working and just want to enjoy yourself?

WB: I already do enjoy myself. I love what I do and tap dance to work everyday. My day consists of reading four to five hours a day. There's no heavy lifting. I could buy 10 houses, but it wouldn't make me any happier than I am right now.

You two are heralded for your integrity. How can investors judge the state of Berkshire's culture long after the two of you are gone?

WB: I think you would be very pleased with the outcome. BH's culture runs as deep as any large company's culture could. It's a vital part of Berkshire to have a clearly defined, deeply embedded culture throughout the company. Once Charlie and I aren't around, it will be so clear that it's not a force of personality, but that BH is institutionalized.

CM: As I said in the annual report, I think Berkshire is going to do fine after we're gone; in fact, it will do a lot better. But at any rate, it will never gain at the rate that it did in early years. There are worse tragedies in life.

You talk a lot about culture, but how exactly do you go about building that?

WB: It seems to be more what you do, rather than what you say. People see how those above them behave and they move in that direction. You could say the same about raising your children.

When investing in international markets, aren't perceptions or behaviors different than in the US?

WB: I apply the same principles when approaching investments, irrespective of borders. I don't think I would change the principles at all.

CM: The Chinese have a history of being very entrepreneurial and gambling heavy when they have the opportunity. I think China would do much better to be more value investment minded, rather than being speculative.

CM: We've had a hard time buying things in Europe. That's been quite rare. I think the traditions are different in Europe than in the U.S. and some other countries. Germany, of course, has a long tradition of being very good at technology and capitalism and we admire the Germans. They actually work a lot fewer hours than Americans and they produce a lot more. We admire the German's engineering side and we've been thinking about them for a long time. *Warren predicted that he would buy another German company in the next five years.*

What do you attribute your success to?

WB: #1. I was born in this great country. We could not have done this anywhere else in the world. #2. I had great genes and good health. #3. I have great parents who introduced me to the investment business at a very young age. *Warren's father was a stockbroker.* #4. I had great teachers at an early age, including my father and my professor at Columbia University, Ben Graham.

CM: And a little luck.

One of Warren's best decisions was to hire Charlie Munger who told Warren to stop investing in cigar butt investments, especially after the negative experience of owning Berkshire Hathaway Textiles and the Dexter Shoe Company. Charlie told Warren, rather than invest in fair companies at

wonderful prices, invest in wonderful companies at fair prices. Focus on strong brand name companies. Ex: American Express, Wells Fargo, Coca-Cola. In 1959, Warren at 28 and Charlie at 35, first met each other and shortly after, began investing together. According to Warren, they've never had an argument in over 50 years.

What are your thoughts on holding part of your assets in cash?

WB: Today, the cash on balance sheet is over \$64 billion. We never like to go below \$20 billion in cash, for that rainy day.

By having cash, in 2008-2009, BH became the 'lender of last resort', including 10% interest loans with warrants to both GE and Goldman Sachs. BH cash is in short-term government securities for maximum liquidity. Ben Graham taught Warren to invest a minimum of 25% in stocks and a maximum of 75% in stocks. If you don't know what else to do, be 50/50.

With BH owning 80 companies, do you think it would be wise to sell some of your poorest performers?

WB: One of the reasons companies are attracted to us is that they want to become part of BH's culture where we make it a practice of not flipping companies and laying off massive amounts of employees. If we get a reputation for that, companies will stop coming to us wanting to sell to BH. There are advantages in owning diversified companies, especially with the tax benefits in the energy and utilities sector, which helps offset some of the income from our other companies.

After 10 years of attending Berkshire Hathaway annual meetings, here are three of our all-time favorite questions of Warren Buffett and Charlie Munger:

Mr. Buffett, how do I become a better investor?

WB: Read, read all you can, as early as you can, and once you have read, take action on what you have read.

*Warren Buffett read his favorite book, *The Intelligent Investor*, by Ben Graham at the age of 20 years old, which became the core of his investment philosophy.*

Mr. Buffett, what is the one, most important thing, to remember in investing?"

WB: Remember, an investor needs to do very few things right as long as he or she avoids the big mistakes. The less you know about investing, the more you need to diversify to avoid making those big mistakes.

Mr. Buffett, what investment advice do we give our children?

WB: Tell them to marry well. Tell them to marry up and hopefully they will be lucky enough to find someone willing to marry down.

CM: ...and to stay married, find someone with low expectations.

The weekend after the Berkshire Hathaway meeting, I was invited to Fidelity Investments in Boston, where I had a chance to have a conversation with **Will Danoff**, one of Fidelity's best portfolio managers, managing Contrafund and New Insights. Will was also in Omaha at BH in May and first met Warren in 2002. When I asked Will why he attends the BH Shareholder meeting he answered, **"To capture the wisdom of Warren Buffett. He has a way of simplifying things."**

Will Danoff has been the portfolio manager of Fidelity Contrafund for 24 years and Fidelity Advisor New Insights for 11 years. One or the other of these two options can be found in the majority of Spectrum's model portfolios. Berkshire Hathaway is also a top five representative in the S&P 500 Index and one of the top six holdings of New Insights and Contrafund, according to Morningstar, 4/30/15.

Our group enjoyed the trip so much we already reserved rooms in Omaha for next year's Berkshire Hathaway meeting. Warren Buffett says he wants to be remembered as a teacher and that's just what he is, a wonderful teacher. We enjoyed the ride to Omaha and wanted to share it with you.