

Buffett's 2024 Vision: What Investors Can Learn from Six Decades of Letters

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Key Takeaways

- Warren Buffett's 2024 letter reaffirms his timeless investment principles—patience, rational capital allocation and trust in America's economic future—while adapting to evolving market realities.
- Over six decades, Buffett has transitioned from deep-value investing to prioritizing high-quality businesses with durable competitive advantages, as seen in Berkshire's holdings like Apple, Coca-Cola and American Express.
- While expanding Berkshire's global footprint with investments in Japan, China and Israel, Buffett remains steadfast in his belief that "never bet against America" remains a guiding principle for long-term investors.

For more than half a century, Warren Buffett has penned annual letters that chronicled economic and market shifts while underscoring Berkshire Hathaway's steady philosophy yet ever-evolving outlooks. With Buffett's 2024 letter freshly published, we take this opportunity to contrast his latest views with the remarkable continuity of his investment philosophy.

While tactics shift in response to market realities, his fundamental principles—rational capital allocation, patience and trust in America's economic future—remain remarkably intact.

The Core Tenets Reaffirmed in 2024

Buffett's 2024 letter reiterates his commitment to long-term investing, the importance of business **quality** and the role of disciplined capital management.

Buffett emphasizes that Berkshire will continue to favor equities over cash, reaffirming his famous stance: *"Despite what some commentators currently view as an extraordinary cash position at Berkshire, the great majority of your money remains in equities. That preference won't change."*¹

One key aspect Buffett underscores is the importance of patience and compounding. "*A single winning decision can make a breathtaking difference over time,*" he reminds shareholders,² reinforcing a long-held belief that a few exceptional investments, held over decades, can drive monumental value.

From Cigar-Butt Investing to Quality Businesses

One of the most significant shifts in Buffett's investment philosophy over the decades was his transition from deep-value, cigar-butt value style (taking the last puff of a dying business) investing to prioritizing high-quality growing businesses with enduring competitive advantages.

Buffett was deeply influenced by Benjamin Graham's approach, which focused on buying companies trading at deep discounts to their intrinsic value—often businesses in distress with little long-term potential.

Buffett's partnership with Charlie Munger in the 1960s and 1970s played a crucial role in reshaping his approach. Munger convinced Buffett to desire "wonderful companies at fair prices."³ This shift was best exemplified in Berkshire's purchase of See's Candies in 1972, which demonstrated the power of strong brands, pricing power and high returns on capital.

This philosophy evolved further with Berkshire's acquisitions of Coca-Cola (1988), American Express (1990s) and later, Apple (2016).

Companies with durable competitive advantages—economic moats—allow capital to compound efficiently over long periods. "*The weeds wither away in significance as the flowers bloom. Over time, it takes just a few winners to work wonders,*" Buffett has frequently stated.⁴

Berkshire's Expanding Global Vision

While Buffett has historically championed American businesses, the last decade has marked a gradual expansion of Berkshire's global footprint. His investment in Japanese trading companies—first initiated in 2019 and expanded in subsequent years—stands out as an important shift.⁵ However, Japan is not Berkshire's only significant international venture.

- **China:** Buffett famously invested in PetroChina in the early 2000s, purchasing a stake for \$488 million. When he exited the position in 2007, Berkshire had made a staggering \$3.5 billion profit, demonstrating Buffett's ability to capitalize on undervalued opportunities in emerging markets.⁶
- **Israel:** Berkshire also made a strategic move into Israel, acquiring a controlling stake in Iscar, a precision tool manufacturer, in 2006. The acquisition was hailed as one of Berkshire's best, with Iscar continuing to generate substantial earnings growth.⁷
- **China:** Buffett and Munger notably invested in BYD, taking a large position in 2008.⁸ While the position has since been trimmed, few companies in electric vehicles have been able to display the kind of growth BYD has become known for.

The 2024 letter reinforces this growing international perspective:

*"Our admiration for these companies has consistently grown. Each of the five increases dividends when appropriate, repurchases their shares when it is sensible to do so, and their top managers are far less aggressive in their compensation programs than their U.S. counterparts."*⁹

Yet, even with this broader view, Buffett remains anchored in his long-held belief that the U.S. remains the best environment for long-term investment: *"Never bet against America."*¹⁰

Cash Reserves and Balance Sheet Strategy

One of the most debated aspects of Buffett's strategy is the level of cash Berkshire holds at any given time. Historically, Buffett has insisted on maintaining substantial liquidity, ensuring the company can act decisively during market downturns. In 2024, he reaffirmed this stance: *"We want your company to be financially impregnable and never dependent on the kindness of strangers (or even that of friends)."*¹¹

Berkshire's cash balance has frequently exceeded \$100 billion, a figure that some analysts have criticized for being too conservative. However, Buffett sees cash as a tool for opportunistic deployment rather than an idle resource. *"Cash is like oxygen: never thought about when present, but the only thing in mind when absent,"* he wrote in a previous letter,¹² emphasizing that liquidity is essential in times of financial stress.

Moreover, Buffett has made it clear that cash should not be hoarded indefinitely. *"Despite what some commentators see as an extraordinary cash position at Berkshire, the great majority of your money remains in equities,"* he stated in 2024,¹³ echoing his long-held belief that equities are the superior vehicle for long-term growth.

Conclusion: The Enduring Lessons of Buffett's Letters

Buffett's 2024 letter is not just a reflection on the past year but a reaffirmation of principles he has championed for decades:

- **Long-term investing:** Short-term noise is irrelevant; compounding wins in the end.
- **Quality businesses:** Buy and hold companies with strong economic moats.
- **Rational capital allocation:** Whether through acquisitions, buybacks or reinvestment, capital must be deployed with discipline.
- **Macroeconomic resilience:** Inflation and speculation are ever-present risks, but fundamentally strong businesses endure.

As Buffett prepares to hand over the reins, his legacy is cemented in the wisdom of his letters—an extraordinary record of financial thought that will guide investors for generations to come.

1 Source: Berkshire Hathaway Annual Letter published in February 2025.

2 Source: Berkshire Hathaway Annual Letter published in February 2025.

3 Source: Berkshire Hathaway 1989 Annual Letter.

4 Source: Berkshire Hathaway 2022 Annual Letter.

5 Source: Berkshire Hathaway Annual Letter published in February 2025.

6 Source: Berkshire Hathaway 2007 Annual Letter.

7 Source: Berkshire Hathaway 2006 Annual Letter.

8 Source: Keith Bradsher, "Warren Buffett to buy a 10 percent stake in Chinese battery maker," New York Times, 9/29/08.

9 Source: Berkshire Hathaway Annual Letter published in February 2025.

10 Source: Berkshire Hathaway 2021 Annual Letter.

11 Source: Berkshire Hathaway 2021 Annual Letter.

12 Source: Berkshire Hathaway 2014 Annual Letter.

13 Source: Berkshire Hathaway Annual Letter published in February 2025.