Buffett Steps Back, His Insights Remain

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Key Takeaways

- At his 60th Berkshire Hathaway annual meeting, and final as CEO, Warren Buffett emphasized patience, trust and long-term ownership, and highlighted his $20 billion stake in Japanese trading houses as a model for enduring value.
- While warning about currency debasement and geopolitical resentment, Buffett reaffirmed his commitment to holding $335 billion in cash as optionality, not conservatism, until a “fat pitch” emerges.
- With Greg Abel set to take over as CEO, Buffett leaves behind not just a company, but a philosophy of investing built on discipline, moral clarity and a relentless search for quality at fair prices.

Warren Buffett opened his 60th—and final as CEO—Berkshire Hathaway annual meeting with the same understated clarity that has defined his career: "This is my 60th annual meeting... I think it'll be the best yet."

We got one more glimpse at arguably the greatest living investor, a man who spent more than half a century compounding capital at just under 20% per year.[1]

Buffett delivered another masterclass on capital, risk, power and legacy, giving a map for how to think in markets and life.

My Studies of Buffett

Buffett influenced me personally from the start of my career. When I first started working for Professor Jeremy Siegel in 2001, it was the during the early bursting of the technology bubble. Buffett and Siegel were loud and advocate bears on tech stocks (and both received a lot of hate mail for their public views). They shared a stage at Wharton discussing this, and I had the opportunity to meet Warren during a student trip to Omaha with the professor.

When Professor Siegel started shifting his own journey to value investing, he suggested I read everything on Buffett, and I started with all of his annual letters.

In *The Future for Investor*s (2005), Siegel and I outlined that some of the best long-term returns, from the original S&P 500 list in 1957, were among the highest-quality brands like Consumer Staples and Health Care stocks that delivered strong dividend and earnings growth but sold at reasonable valuations.[2]

My thoughts on value investing morphed into a focus on quality and was inspired by Buffett and Charlie Munger going from Benjamin Graham style "cigar butt" investing toward finding the high-quality businesses selling for fair prices.[3]

Buffett was able to outperform many value strategies over the last decade due to the purchasing of Apple. Apple sold at value prices when he started acquiring it in early 2016 and now sells closer to 30 times forward earnings.[4]

There were many lessons at the meeting on some of opportunities Buffett sees today. We share Warren's passion on Japan, and I think Buffett provides some sage advice on the opportunity ahead, which individuals can capitalize on perhaps even more than Berkshire.

Turning the Page in Tokyo

Buffett has long joked the best ideas are found not by chasing headlines but by literally turning pages. The Japanese trading houses were one of those ideas he found scouring a Japanese stock handbook:

"There were these five trading companies selling at ridiculously low prices. So, I spent about a year acquiring them."

That slow accumulation turned into something larger than a trade. Berkshire now owns close to 10% in each of five sogo shosha[5]: Itochu, Marubeni, Mitsubishi, Mitsui and Sumitomo. But this wasn't just about valuation. It was about trust, permanence and deepening economic relationships.

"We really envision holding the investment for 50 years or forever."

Buffett wasn't just allocating capital. He was building trust in a nation where trust takes decades. The sentiment was echoed by Greg Abel, his successor:

"We really hope to do big things with them globally... That will be an expanding relationship."

In an era of portfolio turnover and algorithmic liquidity, Buffett reminded the world what it means to be a long-term owner. Buffett outlined how he has a $20 billion position but would ideally build it to $100 billion—his size precludes him from having an appropriate position.

For those who want to learn more about how WisdomTree plans to capitalize on the longer-term opportunity of Japan and Buffett's five stocks, we'd suggest investors read carefully the prospectus update we made here.

The Quiet Hedger

Buffett is famously dismissive of financial engineering. So, eyebrows raised when he revealed Berkshire had funded the Japanese equity position with yen-denominated liabilities:

"We've attempted to some degree to match purchases against yen-denominated funding... That's not a policy of ours. In fact, that's the first time we've done that."

But this was not currency speculation. It was philosophical consistency. If you plan to hold something for 50 years, and the financing is cheap and natural, it makes sense to match liabilities to assets. In typical Buffett fashion, the innovation was boring—and therefore brilliant.

Fiscal Situation and Currency Dynamics

Buffett raised some alarm about the fiscal situation causing long-run worries about the value of the dollar.

"The tendency of a government to want to debase its currency over time—there's no system that beats that... The natural course of government is to make the currency worthless over time."

There was a time when Berkshire made a bet on currencies and made a few billion trading this basket of currencies, but that Berkshire did not continue pursuing foreign exchange (FX) bets.

Prosperity Without Victory

Buffett rarely speaks on geopolitics, but when he does, it cuts:

"We should be looking to trade with the rest of the world. We should do what we do best, and they should do what they do best... It's a big mistake when 7.5 billion people don't like you and 300 million are crowing."

This was not a policy prescription. It was a values reminder. Buffett's vision of global prosperity is cooperative, not competitive. The goal isn't to win—it's to endure, to avoid envy and to maximize shared gains over isolated triumphs. When an investor worth $130 billion worries about resentment, it's worth listening.

Cash and the Optionality of Fear

Berkshire now holds over $335 billion in short-term Treasuries. Some see that as excessive conservatism. Buffett sees it as optionality:

"We would rather have conditions develop where we would have like $50 billion in cash rather than $335 billion... But things don't come along in an orderly fashion, and they never will."

"You don't want to be patient when the time comes to act—you want to get it done that day."

This was a reminder that patience is not passive. It's the discipline to do nothing most of the time, and the courage to do something immediately when the rare fat pitch comes across the plate.

The current volatility has yet to create attractive enough opportunities to deploy large-scale amounts of capital—even when it was down 15% in April.

"There have been three times since we acquired Berkshire that Berkshire has gone down 50% in a fairly short period of time—three different times. Nothing was fundamentally wrong with the company at any time."

Warren does think there will be a hair-curling type of pullback in the next 20 years and that it will be important to keep emotions in check.

"The more sophisticated the system gets, the more the surprises can come out of left field. That's part of the stock market, and that's what makes it a good place to focus your efforts if you've got the proper temperament for it and a terrible place to get involved if you get frightened by markets that decline and get excited when stock markets go up….I know people have emotions, but you've got to check them at the door when you invest."

When Capital Walks Away

Buffett rarely talks about industries he's souring on. But he was blunt about Berkshire Hathaway Energy and the state of regulated utilities:

"The public utility business is not as good a business as it was a couple of years ago."

Why? Political, legal and environmental liabilities that cannot be priced.

"There are problems that can't be solved, and we shouldn't be in the business of tackling things we don't know the solution for."

This wasn't defeatism. It was rational constraint. Capital should not be allocated into unsolvable problems. Buffett, now more than ever, sees capital as a moral signal: *just because you can, doesn't mean you should*.

The Transition

Then came the moment everyone had anticipated:

"I think the time has arrived where Greg should become the chief executive officer of the company at year-end... The final word would be what Greg said."

Buffett is not leaving the company. He is simply leaving the throne. And he's doing so in a way that reflects how he always approached power: with a shrug and a joke.

But he added something serious, too:

"I have no intention, zero, of selling one share of Berkshire Hathaway—it will get given away... The prospects of Berkshire will be better under Greg's management than mine."

The Cathedral and the Casino

Buffett ended the meeting with one of his richest metaphors in years:

"Capitalism in the United States has succeeded like nothing you've ever seen. But what it is is a combination of this magnificent cathedral... and this massive casino attached."

He didn't pretend to have the answers. But he'd clearly made his choice of building. He built inside the cathedral. He never stopped turning pages. He never made a virtue out of noise. And in stepping down, he reminded us of the most important compounder of all: trust.

The investor steps back. The insights remain.

For more on how WisdomTree's quality dividend growth family was inspired by Buffett's teaching, we encourage you to read more here.

[1] Source: Buffett's annual letters where, each year, it is noted the rate of compounding of the share price from 1965. The figure from 1965 to 2024 in the letter published in February 2025 was 19.9%. https://www.berkshirehathaway.com/letters/letters.html

[2] Source: J.J. Siegel, *The Future for Investors: Why the Tried and the True Triumph over the Bold and the New*, Crown Business, 2005.

[3] Source: W. E. Buffett, *1989 Berkshire Hathaway Inc. Annual Letter to Shareholders*, Berkshire Hathaway Inc., March 1990. https://www.berkshirehathaway.com/letters/1989.html

[4] Source: U.S. Securities and Exchange Commission, *Form 13F-HR: Berkshire Hathaway Inc. for quarter ended March 31, 2016* [Accession No. 0000950123-16-014426]. EDGAR Database, 5/16/16https://www.sec.gov/Archives/edgar/data/1067983/000095012316014426/xslForm13F_X01/infotable.xml

[5] Sogo shosha refers to Japan's large, diversified general trading companies. The term literally translates to "general trading company," but these firms are far more complex than mere import-export businesses. They play a unique and central role in Japan's economy, acting as global intermediaries, investors, supply chain managers and financiers across a vast range of industries.

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