



# CASUAL FRIDAY

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## Why You Can't Invest Like Buffett + "One Big Thing"

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We're sick of talking tariffs! In other news, last weekend, Buffett stepped down as CEO of Berkshire Hathaway. We thought we'd share some of our team's thoughts on how Buffett Has Influenced the Berkshire Dividend Strategy. **SPEAKING OF VOLATILITY...**

*(Which has no relationship to Berkshire Hathaway whatsoever.)*

Where to begin?

Warren Buffett is an American success story like no other -- an investor, teacher, philosopher, and philanthropist. I've always marveled at his ability to explain complex ideas in simple, relatable terms. His use of analogies is legendary. That clarity has shaped generations of investors, our team included. His foundational principles surrounding cash flow, diversification, and intrinsic value align with ours and, in many ways... shaped how we invest.

Capitalism sometimes gets a bad wrap -- painted as cold or only benefiting a few. But look at not only Buffett's wealth, but the gains for shareholders, and the opportunities created for employees and vendors across all of Berkshire Hathaway's companies... these are real, enduring contributions. And most of his fortune will be donated. That's the kind of capitalism that lifts the tide for the many, not just the few.

But what Buffett gave us, beyond compounding dollars, was something far more valuable: he openly shared the principles of his success. And the beauty of those principles? You don't need a PhD in finance or a genius-level IQ to apply them. What you need is temperament. Patience. Judgment. And discipline.

Buffett's core messages are timeless:

- Buy quality American businesses.
- Give them time—lots of time.
- Be willing to go against the crowd.
- Let the magic of compounding do its work.

Simple, right? So why do so few match his track record?

We in the investment industry don't fail because of a lack of IQ -- we fail because of a lack of EQ.

Buffett has an extraordinary ability the industry seems to lack: **to do nothing**. To sit, to wait, and to be okay with that. In contrast, most of our industry hates doing nothing. It's boring. It looks lazy. It doesn't feel like we're earning our fee. When client accounts lag, clients get antsy. And so, we make changes -- not necessarily because they're needed, but because we're afraid.

Afraid of getting fired.

If I could change just one thing to improve advisor outcomes, it would be this: eliminate the pressure to constantly react. How many times have you adjusted a portfolio, not because it was the right investment move, but because the client was questioning performance and you felt the heat?

Admit it. We've all felt this pressure and had it affect decisions.

I often imagine a different kind of industry -- where advisors had full discretion and clients couldn't check performance or fire their advisor for five full years. How would your advice change? What might you do differently? Or NOT do differently. So why not just act as if it's the case? Some clients may leave you, but the remaining will be fiercely loyal, true disciples, and maybe have better results because they are not pressuring you to buy/sell at the wrong time, which ironically probably means more AUM for you anyway.

\* "Peer group" - Morningstar groups managers reasonably considered to be close investment alternatives, and for which performance and other statistical measures, such as fees, are comparable.

The lessons of Warren Buffett run deep. For our team, they're foundational to how we think, invest, and to a large degree, how we live our lives. We note our team's favorite quotes.

## 10 of Warren Buffett's Most Powerful Quotes

1. *"Be fearful when others are greedy, and greedy when others are fearful."* (Rachel Ames, CFA's favorite)
2. *"The stock market is a device for transferring money from the impatient to the patient."*
3. *"It's far better to buy a wonderful company at a fair price than a fair company at a wonderful price."*
4. *"Our favorite holding period is forever."* (Ken Krogulski, CFA's favorite)
5. *"Risk comes from not knowing what you're doing."*
6. *"Only when the tide goes out do you discover who's been swimming naked."* (Mike Weaver, CFA's favorite)
7. *"Price is what you pay. Value is what you get."*
8. *"The most important quality for an investor is temperament, not intellect."* (Jason Reilly's, CFP's favorite)
9. *"Someone's sitting in the shade today because someone planted a tree a long time ago."*
10. My favorite: "The difference between successful people and really successful people is that really successful people say no to almost everything." We have just the article for that -- <https://www.berkshireasset.com/wp-content/uploads/2024/05/Advisor-Growth-Engine-NO.pdf>

### Bonus:

The Key to Living an Exceptional Life?

The Misogi or "One Big Thing" – a great 2-minute watch:

[https://www.youtube.com/watch?v=upVzz57\\_4WA](https://www.youtube.com/watch?v=upVzz57_4WA)

### Double Bonus: A Pennsylvania Pope!

A Villanova Grad <https://www.newsweek.com/villanova-new-pope-leo-xiv-robert-prevost-2069886>

Have a great spring weekend,

Gerry

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