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**by Darren Reith**

**Woodstock for Capitalists**

Early in the morning on May 5 I had the good fortune of flying on a private jet with a few friends to the heartland of America. Destination: Omaha Nebraska. For most folks the suggestion of a trip to Omaha will bring a rather odd look of confusion and a grimace often associated with the sport of watching paint dry.

However for those who enjoy investing and follow one of the great investors of our time a trip to Omaha in the spring can only be for one purpose, the annual general meeting for Berkshire Hathaway. A Visit to the AGM allows an opportunity to listen to the wit and wisdom of Warren Buffett otherwise known as the "Oracle of Omaha" and his partner and much quieter Charlie Munger. Since 1965 Berkshire has returned 21.5% per annum after taxes to its shareholders versus 10.3% pre tax for the S&P 500 index.

Warren is estimated by Forbes magazine to be the 2<sup>nd</sup> richest man in the world with a net worth of (US) \$42 billion, second only to fellow Berkshire Board member and chess partner Bill Gates of Microsoft fame. Bill also took the time to be in Omaha on this particularly exciting weekend.

The annual pilgrimage now draws over 20,000 Berkshire investors often known as "Berkies" who clamour into Omaha's Qwest center as Early as 7:00 a.m. to listen to Warren and Charlie answer questions from 9:30 in the morning to 3:15 in the p.m. on everything from Berkshire issues to politics to corporate governance. All the while, Warren remains on-stage getting a caffeine charge from a Coca-Cola and a sugar rush from See's candies, both favourite investments of his.

In addition, shareholders are treated to a movie with a multi-million dollar budget with comedic skits full of celebrities from 8:30 to 9:30. Despite the huge cost it is only ever shown once.

Should Q &A become tiresome there is still lots to do as a shareholder as the exhibition hall is filled with many of Berkshire's 68 businesses. Fruit of the Loom underwear is available for sale, as are Dairy Queen Dilly Bars (Warren's favourite dessert) and, of course, prefabricated homes from Clayton Homes. Cowboy boots from Justin Brands are there and you could even pick-up some paint from Benjamin Moore & Co.

By showing their credentials, shareholders are able to attend side trips to the Nebraska Furniture Mart and Borsheims Jewelers for terrific discounts. Again, both firms are Berkshire investments. Friday and Saturday nights are filled with parties at each of these venues serving Warren's favourite foods and music, and affording the Berkie shareholders an opportunity to meet with the Oracle himself.

I discovered while in Omaha meeting a fellow shareholder on the street or in a store is like meeting an old school mate or new parents meeting for the first time. You immediately have a connection, a glue that instantaneously gives you lots to talk about and an interest in one another.

One of the most intriguing parts of the Berkshire AGM is the fact that corporate giants fly in on their personal jets carrying their Yale graduate cards in their Gucci wallets and rub elbows with a contingent of Midwest grandmothers who arrive with their knitting needles in tow to the meeting with a packed lunch complete with homemade bread. The irony is that it is impossible to know who has a higher net worth.

In 1956 Warren began a partnership with seven limited partners including family and friends raising \$105,000. Over the next five years he racked up a 251% profit, while the DOW was up only 74.3%. Needless to say, Warren became a celebrity in Omaha after many of the locals bought in. According to a recent census survey one in every 7 residents of Omaha is a millionaire and Omaha also ranks, according to US Today, as eighth among the nation's largest 50 cities in per-capita billionaires. Coincidence? According to Business Week online, if you had invested \$10,000 in Berkshire in January 1968 your holding would be worth more than \$40 million today. Is it any wonder the jet set come together with the mid western grandparents to hang on to every word of Warren Buffett the Oracle of Omaha.

I certainly came away with a heightened admiration for the achievements of Warren Buffett and Charlie Munger, and an appreciation for the common sense they bring to the increasingly complex world in which we live. This is an event anyone in the investment business or anyone who is a follower of value investing should attend at least once in their career.

*This column appears regularly in Business Beat and has been prepared this month by Darren Reith, a principal of Reith and Associates Insurance & Financial Services, 462 Talbot Street, St. Thomas. Questions and comments on this column are welcomed by the writer at 519-631-3862 or via email: [info@reithandassociates.com](mailto:info@reithandassociates.com)*