



Warren Buffett's Annual Letter to Shareholders

An investing philosophy shaped from America's Heartland since 1930

Warren Buffett, chairman and CEO of Berkshire Hathaway and revered as the Oracle of Omaha, released his annual letter to shareholders on Saturday, February 26th.

While the entire 12-page letter is great reading for all investors, here are a few snippets taken directly from Warren's letter that you might want to incorporate into how you think about investing (and maybe even your life).

Business Pickers, Not Stock Pickers

Berkshire owns a wide variety of businesses, some in their entirety, some only in part. The second group largely consists of marketable common stocks of major American companies. Additionally, we own a few non-U.S. equities and participate in several joint ventures or other collaborative activities.

Whatever our form of ownership, our goal is to have meaningful investments in *businesses* with both durable economic advantages and a first-class CEO. Please note particularly that we own stocks based upon our expectations about their long-term *business* performance and *not* because we view them as vehicles for timely market moves. That point is crucial:

Charlie and I are *not* stock-pickers; we are business-pickers.

Mistakes Happen

I make many mistakes. Consequently, our extensive collection of businesses includes some enterprises that have truly extraordinary economics, many others that enjoy good economic characteristics, and a few that are marginal. One advantage of our common-stock segment is that – on occasion – it becomes easy to buy *pieces* of wonderful businesses at wonderful prices. That shooting-fish-in-a-barrel experience is *very* rare in negotiated transactions and never occurs *en masse*. It is also far easier to exit from a mistake when it has been made in the marketable arena.

American Made

Many people perceive Berkshire as a large and somewhat strange collection of *financial* assets. In truth, Berkshire owns and *operates* more U.S.-based “infrastructure” assets – classified on our balance sheet as property, plant and equipment – than are owned and operated by *any* other American

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corporation. That supremacy has never been our goal. It has, however, become a fact.

At year end, those domestic infrastructure assets were carried on Berkshire's balance sheet at \$158 billion. That number increased last year and will continue to increase. Berkshire *always* will be building.

Taxes Paid

Every year, your company makes substantial federal income tax payments. In 2021, for example, we paid \$3.3 billion while the U.S. Treasury reported *total* corporate income-tax receipts of \$402 billion. Additionally, Berkshire pays substantial state and foreign taxes. "I gave at the office" is an unassailable assertion when made by Berkshire shareholders.

Now, Berkshire pays roughly \$9 *million* daily to the Treasury.

In fairness to our governmental partner, our shareholders should acknowledge – indeed trumpet – the fact that Berkshire's prosperity has been fostered *mightily* because the company has operated in America. Our country would have done splendidly in the years since 1965 *without* Berkshire. Absent our American home, however, Berkshire would never have come close to becoming what it is today. When you see the flag, say thanks.

Love What You Do

Finally, at Berkshire, we found what we love to do. With very few exceptions, we have now "worked" for many decades with people whom we like and trust. It's a joy in life to join with managers such as Paul Andrews or the Berkshire families I told you about last year. In our home office, we employ decent and talented people – no jerks. Turnover averages, perhaps, one person per year.

I would like, however, to emphasize a further item that turns our jobs into fun and satisfaction - - - working for you. There is nothing more rewarding to Charlie and me than enjoying the trust of *individual* long-term shareholders who, for many decades, have joined us with the expectation that we would be a reliable custodian of their funds.

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