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The Buffett Cult

By Max J. Rudolph FSA CFA FLMI RHU MAAA

On May 4, 2013 Warren Buffett presided over the annual Woodstock for Capitalists Berkshire Hathaway annual meeting in Omaha, Nebraska. I was in attendance for the morning session. On May 6 John Addis, writing for the St. George & Sutherland Shire Leader in Australia, published some negative comments about the meeting and the attendees.

The Charges

In his article, Addis referred to the meeting as a religious festival and Buffett as their guru. He states that “there’s nothing that investors get from the meeting not available online” and “The very act of attending inducts you into the cult and confirms the extent of your belief”. He goes on to make a statement I disagree with most strongly, “In adopting a guru, one abdicates a sense of autonomy and self-reliance, skills crucial to investing success.”

Showing that Mr. Addis and I are not separated by much distance, he finishes the short article with “To be a successful investor you need to think independently”.

The Response

I would argue that the Buffett “cult” is that of value investors who focus on independent, skeptical thinking, not one that gives all their money to Uncle Warren and thinks about their assets once a year when making reservations for a trip to Omaha. There are many side events scheduled based on the large number of investment professionals in town, including one sponsored by the local chapter of the CFA Institute, CFA Nebraska. These are teaching sessions, as is the entire day at the annual meeting. Having attended these meetings, off and on, for nearly 20 years I can attest that I learn something nearly every year. Yes, most of what is said is reported out pretty quickly through social media and articles. But I understand the concepts pretty well already. I don’t need someone to recount for me the sound bites that go out. Only in hearing it live do I get a feel for the nuances of any changes in the message. I don’t want to rely on a journalist to understand this as well as I would and also think it is important enough to report on (there are often easier topics to share). I have gradually watched Buffett open up to international investments, noting variations in responses each year. First it was no, then that they were open to it, then that they had stuck their foot in the water, then they bought Iscar, now they are backing off again as they find more value at home. I expect future investments to be mainly US-based but also making room for family based businesses looking for a home. That personal interpretation does not make it to the internet. I have to be there to gain that value.

Sure, there are some people who invest primarily in Berkshire. Is that really so bad? They say that you really only need about 30 stocks to gain a vast majority of the diversification benefits, and BRK has well over that many positions when considering the privately held companies and stock positions.

Living in Omaha, I became aware of Buffett quicker than I would have otherwise and find it easier to follow him. Combined with my training through Michigan Technological University, the Society of Actuaries and the CFA Institute, my personal investing philosophy has grown much more than it would have otherwise. But Berkshire is not a mindless cult, rather it is an opportunity for the few independent and skeptical thinkers remaining to meet in one spot and bounce ideas off each other. I will miss it when it is gone.

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