

## Monthly Newsletter – May 2016

### A Note from Theo and Warren

This year, we (Theo and Warren) were fortunate to attend the Berkshire Hathaway Annual General Meeting for the second time, after attending for the first time in 2014. This is where Warren Buffett and his partner, Charlie Munger, hold court for five hours about Berkshire, business, economics, politics and life in general.

#### ***Why do we go?***

We do 56 hours of commuting in five days and the jet lag is brutal, so we think carefully before embarking on this odyssey. In truth, now that the actual event is webcast, there is less reason to jump on a plane than before, but we still find value in attending.

To start, we get to spend time with entrepreneurs and investors from South Africa and the rest of the world and we gain invaluable insights from them about business and investing. Kokkie Koyman is probably SA's foremost Buffett guru and he arranges a brilliant group of investors and entrepreneurs every year. We all pay our own way (well, this year Warren managed to get paid by 702/CapeTalk to do some media work) and most of the group return regularly.

The business and life lessons are invaluable and well worth the discomfort of the travel. It is also a chance to reboot our investment thinking and ensure that we are still adhering to our core investment principles.

#### ***The size of Buffett's capital is hard to comprehend***

Buffett's share of Berkshire is worth approximately R1-trillion. If he donated it to us, it would mean that no South African business or individual would have to pay tax for a year. Alternatively, if he put the money in the bank, he would earn more than R250-million a day in interest. Rather than putting the money in the bank, if he felt like it, he could buy five Standard Banks.

#### ***Berkshire Hathaway***

Berkshire Hathaway (BRK) is an investment company that owns a range of businesses and is also a minority shareholder in some very large listed companies. The closest South African equivalent would be Remgro, owned by the Rupert family.

The range of businesses owned by BRK includes: insurance companies, railways, energy companies, food and industrial businesses. Very often their working capital will exceed \$60-billion and they currently

employ more than 360 000 people in the group. Their head office staff amounts to 25 people and they have no committees in BRK!

Some of the shareholders of BRK bought shares from Buffett in the early days because he was a neighbour or went to school with their children. These lucky people are very wealthy – a \$10 000 investment in BRK in the 1960s would be worth more than \$100-million today!

### ***Annual General Meeting***

The BRK AGM is the biggest event in Omaha's annual calendar and is often called the Woodstock for capitalists. It starts with more than 35 000 people queuing outside the local basketball stadium from 6am. At 7am the doors open and the Billionaire Dash begins, with many elderly, wealthy shareholders rushing to get good seats. You have to keep your wits about you during this time, as you could easily be knocked over by a wealthy octogenarian!

### ***What we learned***

This year we learned that Amazon and other online retailers are causing a global economic change that is altering the face of retail and many other sectors. Buffett mentioned that he would be very concerned if he owned a large number of shopping malls, given the impact of Amazon on this sector.

### ***Conclusion***

We were reminded that the best investors are natural optimists who are also highly disciplined in their thinking and approach. Buffett places incredible trust in his managers and backs them completely – he is the very opposite of a micro-manager. His ethics and integrity are the key to keeping his managers for decades and he always does business the right way.

As South Africans, we were reminded that the current political and economic situation that we face will eventually pass, and great businesses can survive and continue to thrive irrespective of government.

For those who prefer video, here is a link to some video clips of Warren's attempts at doing interviews!

<http://www.702.co.za/features/135/warren-visits-the-oracle-of-omaha>

*- Theo and Warren*

## **Quirky ways to get a good night's sleep**

You've taken a warm bath, dimmed the lights and read a book – but you're still wide awake. And you know that rest is essential. What now? Here are some interesting ideas that might just send you off to dreamland.

1. Sleep under a weighted blanket – they can help with sleep issues associated with anxiety and sensory-processing disorders. Essentially they're a hug in a blanket.
2. Embrace your nightmares – they are just a way for our minds to process the day's events. Acknowledge your brain's efforts to do just that, and go back to sleep.
3. Put your legs up on the wall – the legs-up-the-wall yoga pose known as Viparita Karani helps to calm your nervous system and quiet your mind so it is easier to fall asleep.

4. Set your alarm to remind you to go to bed so you don't spend all night scrolling through social media or watching 'just one more episode' of your favourite television series.
5. Sleep naked – researchers have found that when our bodies can't reach the optimal core temperature for sleep, it causes insomnia and disrupts sleep. If you're overheating in summer, it's time to shed those pyjamas. In winter, try removing a blanket or wearing pyjamas that aren't quite so thick and warm.

## **How to do a digital detox**

A digital detox is all the rage – but do you know how to do one? Or what it is? Simply put, it's disconnecting from your devices, and from all things internet based, for a minimum of 24 hours.

A digital detox is a great way to stay productive and balanced in a wired world that constantly demands our attention. We all need time to recharge and reboot, or we quickly become inefficient. A digital detox can give your poor, overstimulated brain some much needed time out.

To do a digital detox, you simply switch off all mobiles, smartphones, tablets, laptops and computers for a certain length of time. You go screen-free and do something you used to enjoy before those myriad beeps and blips started to rule your life.

Plan some enjoyable activities for your detox time: cooking, walking, or spending time with friends and family are all good options. You could pick up a neglected hobby or spend time reading. You might choose to explore your hometown, or visit somewhere new.

And don't consider it a once-off – this is something you need to do regularly, so book your next one in your diary as soon as you can.