

## The Pilgrimage to Financial Literacy leads to Omaha



Seasoned investors understand well the power of compounding. It is a simple concept. When I was a child, my father told me bedtime stories about the *“magic of compounding”* and my bedroom walls were covered in stock certificates. My father took every opportunity to teach me about opportunity cost and the importance of saving. This made a huge impact on my life. Compounding is magic but the magic ingredient (or at least the ingredient that we have the most control over) is *time*. Do you know who has a lot of time on their hands? Kids. From a simple arithmetic point of view, kids have an advantage over the rest of us. They have more time to compound.

I have two daughters (9 and 13 years old). I have been careful to expose them to the same lessons that my father taught me. Things have changed a lot since I was a child. According to the New York Stock Exchange (NYSE), the average holding period for a stock is 5.5 months (hello, short-term capital gains) and has declined significantly over the years. In the 1950s, the average holding period was 8 years. Investors have become increasingly myopic. My perspective as a young investor with stock certificates on my bedroom walls was different. I viewed (and accurately so) my shares as fractional ownership of businesses. Through this lens, I was a business owner not an investor in the stock market. As an investment manager, I do not buy and sell stocks...I buy and sell fractional shares of businesses. It sounds like a small point but the difference in perspective is huge.

Today, most of the world's exchanges have done away with paper stock certificates. This is unfortunate. As a child, receiving physical certificates representing my ownership of a company made a big impact on my perspective. Today, both of my daughters have accounts and I make every attempt to show them their holdings and discuss how they own small portions of the businesses. When we interact with these businesses in the outside world, I am careful to draw the connection and engage them with questions meaningful to an owner. Still, the magic is lost without actual certificates in my opinion. I fear that the beginner's investing experience today feels more like a video game and the markets resemble a medium for gambling and speculation. I realize that I sound old and outdated. My oldest daughter tells me there are kids making stock recommendations on Tik Tok. I have watched a handful of these videos and they mostly offer terrible advice. No surprise there! So, how should a parent teach children the important lessons of thrift, opportunity cost, saving, and compound interest? My answer... "pack your bags, kids, we are headed to Omaha!"

We have just returned from our annual pilgrimage to Omaha, Nebraska to witness the delightful spectacle that is the Annual General Meeting of Berkshire Hathaway. If you know, you know... but if you have no clue what I am talking about the BRK AGM is when 40,000 plus investors in Berkshire Hathaway descend on Omaha, Nebraska to shop, fraternize, and gather to listen to two 90 + year old men field questions on investing and life for approximately 7 hours. The old men being, of course, Warren Buffett and Charlie Munger. For seven hours, shareholders hang on every word and watch the two nonagenarians eat See's Peanut Brittle and sip Coca-Colas. So, why would you ever take kids to this event? BRK AGM is so much more than the actual meeting. First, the convention center is a smorgasbord of business lessons for kids. And like the stock certificates that hung on the walls of my room, the kids can conceptualize it all.

*Want a tasty frozen treat? (Dairy Queen)*

*How about a box of delicious chocolates? (See's Candies)*

*Want some new cowgirl boots and a hat? (Justin Brands)*

*Need some new tennis shoes? (Brooks Sports)*

*Want to tour a really cool private jet? (NetJets)*

*Want your picture taken with a huge gecko? (Geico)*

*Want to check out this cool model train? (BNSF Railway Company)*

*How about some underwear with Warren Buffett's face on it? (Fruit of the Loom)*

*And the list goes on and on...*





My personal favorite is the exhibit by Clayton Homes. Every year Clayton brings a full-size model of a Clayton home, and you can tour the entire home. A few years ago, Clayton brought in a model home called the Low Country. It was a 464-square-foot beautiful tiny home covered with poplar bark and cedar shake. This model was seriously good-looking, and I am trying to talk my husband into purchasing a lake lot and throwing one of these homes on it... but I digress.



The engagement and hands-on learning make a big impact on kids and tees up some important business discussions. Do you think Dairy Queen is a profitable business? How many locations do you think they have? Wonder how much profit there is in a Dilly Bar? You get the picture. The Berkshire Hathaway AGM is a wonderful learning tool, and it is so much fun for the entire family. In fact, both of my girls thanked me at least a dozen times for bringing them this year.



There are many events surrounding the AGM from private dinners, to meet and greets with famous authors, and conferences, and there is even a 5k race on Sunday. For the shoppers in the group, both Borsheims and Nebraska Furniture Mart are good stops and offer significant shareholder discounts. It is worth noting that Omaha, Nebraska is a wonderful city with a lot of other fun activities. Although we did not go to the zoo this year, the Henry Doorly Zoo in Omaha is ranked the number two zoo in the US by USA Today and lots of fun for kids and adults. Also, the Old Town Market has music, restaurants, and shopping. My horse enthusiast nine-year-old loves the Omaha Police Mounted Patrol and scored an invite this year to the stables downtown. I have also heard rave reviews of the Strategic Air Command and Aerospace Museum. I have even visited the roller rink in past years and highly recommend it.



I have attached the schedule from 2022 and this is typical of a Berkshire AGM weekend; although every year there is a different theme, and the events may vary a bit.

**Weekend activities will begin on Friday afternoon and conclude on Sunday.**

### **FRIDAY, APRIL 29**

#### **BERKSHIRE BAZAAR OF BARGAINS (Shareholder Shopping Day)**

CHI Health Center – Exhibit Hall, Noon – 5pm

**SPECIAL NOTE:** Come Friday (a day early) and enjoy discount shopping at our exhibits. (Must have a shareholder credential to participate).

**NFM:** Shareholder discount pricing will be available at all NFM locations (including: Dallas/Ft. Worth, Kansas City, Omaha and Des Moines). Proof of share ownership or meeting credentials are required to receive discounted pricing.

**BORSHEIMS:** Shareholder-only Shopping Night, 6-8pm

### **SATURDAY, APRIL 30**

#### **ANNUAL MEETING**

Doors Open	7:00am
Company Movie	8:30am
Q&A	9:15am – 3:30pm
Business Meeting	3:45 – 4:30pm (approximation)
NFM Picnic	5:30 – 8pm

### **SUNDAY, MAY 1**

**BERKSHIRE HATHAWAY 5K PRESENTED BY BROOKS:** Brooks and Berkshire Hathaway are bringing the Run Happy spirit to the Annual Shareholders Meeting by again hosting the “Invest in Yourself” 5K fun run and walk. The event will be held in downtown Omaha on Sunday, May 1, the morning following the Annual Meeting. Run, jog, or walk to the starting line by registering at [www.investinyourself5k.com](http://www.investinyourself5k.com).

**BORSHEIMS:** Shareholder-only Shopping Day, 11am – 4pm

The meeting is open to shareholders in both the A and B shares, and each shareholder receives four passes. On the day of the meeting, some shareholders line up as early as 4:30 AM but the doors do not open until 7:00 AM. If you are feeling ambitious you can drink coffee outside and in line with the likes of Mohnish Pabrai and Guy Spier. But if you are like me and your kids wake up on the cranky side (my youngest we call rattlesnake), there really is not a bad seat in the house. One year I took my oldest daughter (just the two of us) and we sat behind the stage. It was still a great seat because of the big screens. See the picture below.





I have taken my girls several times over the years. My firstborn went at just 6 weeks of age (long story), but I think third grade (8-9 years old) is a great age to begin the pilgrimage to Omaha. This year my nine-year-old really soaked it up. She is ready to go back again next year. Below is a picture of my youngest reading *The Oracle's Fables: Life Lessons for Children* by Warren Buffett by John Prescott and illustrated by Tom Kerr. I could not believe that she read every single page without a nudge from me. The pages of the book are beautifully illustrated, and the lessons are based on quotes from the Oracle of Omaha, Warren Buffett:

*"Price is what you pay. Value is what you get."*

*"Never risk what you have and need for what you don't have and don't need."*

*"The best thing is to learn from the other guy's mistakes."*

*"The most important thing to do when you find yourself in a hole is to stop digging."*

*"Pick out associates whose behavior is better than yours and you'll drift in that direction."*

*"Be fearful when others are greedy and greedy when others are fearful."*

*"It takes 20 years to build a reputation and five minutes to ruin it. If you think about that you'll do things differently."*

*"Forecasts may tell you a great deal about the forecaster; they tell you nothing about the future."*

*"Risk comes from not knowing what you're doing."*

*"Don't pass up something that's attractive today because you think you will find something way more attractive tomorrow."*

*"Someone's sitting in the shade today because someone planted a tree a long time ago."*

*"Should you find yourself in a chronically leaking boat, energy devoted to changing vessels is likely to be more productive than energy devoted to patching leaks."*

*"Honesty is a very expensive gift. Don't expect it from cheap people."*

*"If you're in the luckiest one percent of humanity, you owe it to the rest of humanity to think about the other 99 percent."*



Lastly, I would be remiss if I did not mention that the culture created by the lessons above attract a nice group of folks. This is by far my favorite part of the Berkshire Hathaway AGM. It is difficult to write about this aspect without sounding like an exaggeration, but everyone I have met through these events is humble, kind, inclusive, and willing to share their knowledge. In many ways, it is the Berkshire Hathaway shareholders that shine the brightest at the AGM. It is a wonderful culture and set of values to expose your children to in a world where values often appear to be lacking.

This year, several attendees expressed a desire to bring their own children. If you have questions about the experience or are interested in coordinating an informal meetup for parents and children, please let me know. I can be reached at [LTempleton@LTFunds.com](mailto:LTempleton@LTFunds.com).

Perhaps we could assemble a group and ask Warren Buffett to greet this collection of the most powerful shareholders in the room...the youngest.

Happy bargain hunting,

Lauren C. Templeton

