

# Berkshire's Billions in Wait - a Signal of Strategic Patience from Warren Buffett?

In Berkshire Hathaway's latest 13F filing for the last quarter of 2023, issued on 15<sup>th</sup> February, a surprising detail emerged: the conglomerate is sitting on a mountain of cash, a record \$168 billion. Understandably, this has left many wondering what Warren Buffett, the legendary investor behind the empire, plans to do with this treasure trove.

Ever since he assumed leadership of Berkshire Hathaway in 1965, Buffett has guided the firm to deliver 19.8% compound yearly growth. Compared to the 10.2% return generated by the S&P 500, it is almost double. Thus, it is safe to say that understanding what Buffett does (and especially why) can be a valuable path for investors of all types.

## Understanding Buffett's Strategy So Far...

As a whole, Buffett's strategy is a simple concept: *buy low, sell high, and don't rush*.

Buffett's game is not about making constant moves - instead, it's about waiting for the right pitch. In periods when the market feels overheated, finding stocks that are bargains is tough. Buffett's move? He doesn't swing. He builds a war chest of cash, selling off assets that have reached their peak value. This isn't just about playing it safe; it's about being ready.

Holding cash might seem counterintuitive in an always-invest ethos. However, Buffett views cash as a call option for every asset class, without expiration. It's a position that allows him to act swiftly when opportunities arise.

Eventually, when the market inevitably dips, Buffett uses his cash reserves to buy great companies at a discount. This strategy requires discipline and a keen eye for value, something Buffett has honed over decades.

## Apple vs Cash at Berkshire Hathaway



Data source: Berkshire Hathaway Quarterly Reports and Forms 13-F



Source: [Yahoo Finance](#)

In my opinion, Buffett's cash hoarding and selective investment actions signal a cautious optimism. The large cash reserve is a buffer against market volatility and a tangible representation of the importance of capital preservation. It also represents potential firepower for significant acquisitions or investments when the right opportunity presents itself.

## Overview of the Latest Positions in Buffet's Portfolio

### TOP 10 Holdings of Berkshire

Ticker	+	Company	Shares	Value (\$1000)	Shares Change %	Weighting %	Trade Impact %	% of Shares outstanding	3M Change %	YTD Change %	Market Cap \$Mil	Industry
AAPL	+	Apple Inc	905,560,000	174,347,466.80	-1.09%	50.19	-0.55%	5.86	-10.91%	-10.42%	2,659,864.00	Hardware
BAC	+	Bank of America Corp	1,032,852,006	34,776,127.05	0%	10.01	0%	13.08	+11.61%	+10.81%	292,348.17	Banks
AXP	+	American Express Co	151,610,700	28,402,748.53	0%	8.18	0%	20.94	+22.16%	+21.00%	162,699.93	Credit Services
KO	+	Coca-Cola Co	400,000,000	23,572,000.01	0%	6.79	0%	9.29	+4.55%	+3.47%	260,783.92	Beverages - Non-Alcoholic
CVX	+	Chevron Corp	126,093,326	18,808,080.50	+14.37%	5.41	+0.68%	6.81	+3.51%	+4.82%	287,245.25	Oil & Gas
OXY	+	Occidental Petroleum Corp	243,715,804	14,552,270.66	+8.74%	4.19	+0.34%	27.77	+5.31%	+7.25%	56,565.31	Oil & Gas
KHC	+	The Kraft Heinz Co	325,634,818	12,041,975.57	0%	3.47	0%	26.55	-0.25%	-1.92%	43,501.76	Consumer Packaged Goods
MCO	+	Moody's Corporation	24,669,778	9,635,028.50	0%	2.77	0%	13.48	+0.24%	-0.52%	70,768.20	Capital Markets
DVA	+	DaVita Inc	36,095,570	3,781,371.91	0%	1.09	0%	39.51	+28.54%	+28.02%	11,710.08	Healthcare Providers & Services
C	+	Citigroup Inc	55,244,797	2,841,792.36	0%	0.82	0%	2.90	+20.72%	+19.36%	116,487.18	Banks

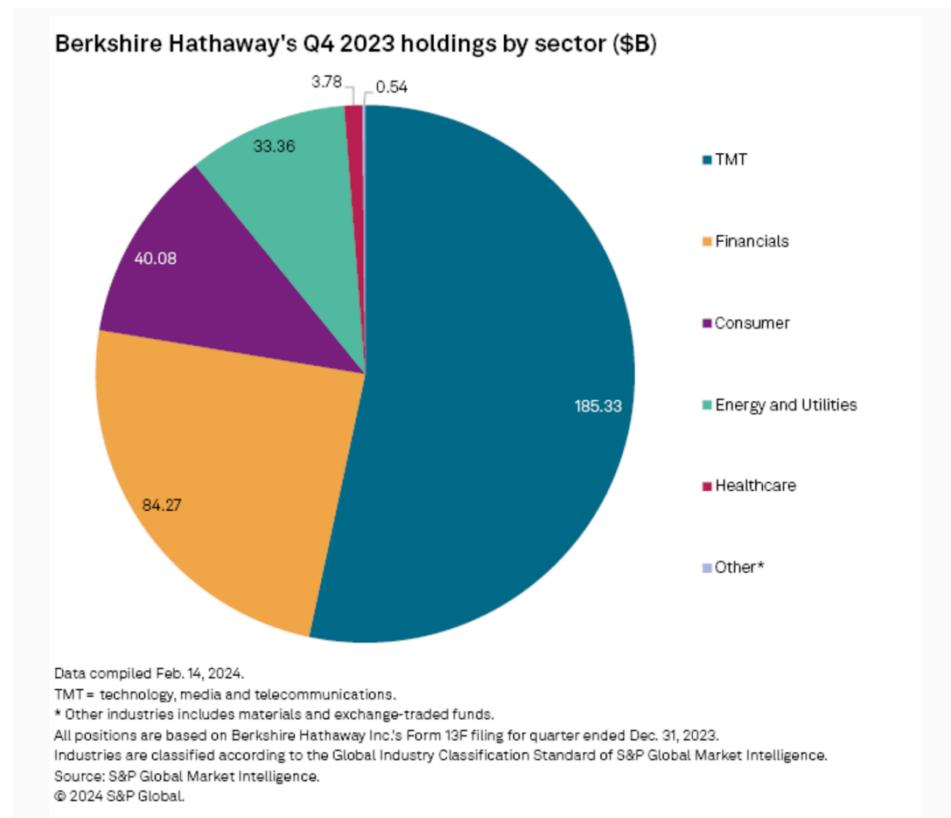
Source: [Guru Focus](#)

About 87% of Berkshire's assets are in Buffett's top 10 holdings, which shows that he is betting heavily on industries and firms with long-term development potential and solid value.

Although Buffett trimmed his stake slightly by 1.09% in the last quarter of 2023, Apple is still the heavyweight in his portfolio, making up over 50% of his investments. Instead, this minor reduction doesn't signal a loss of faith in Apple but rather a fine-tuning of his portfolio, possibly to lock in some gains or reallocate resources. Even the most confident investments can benefit from occasional rebalancing, a lesson in not putting all your eggs in one basket, no matter how golden they seem.

Buffett decided to part ways with D.R. Horton, Globe Life, Markel Group, and StoneCo, fully exiting these positions. Further adjustments were made in HP and Paramount Global, with Berkshire slashing its stake in HP by a dramatic 77.7%, reducing its holding to a value of \$687.6 million. Paramount Global saw a 32.4% cut in shares, ending with a stake valued at \$936.5 million.

In what may be an indication of a cautious attitude in what may be an overpriced market, Berkshire Hathaway did not disclose any new stock purchases in the fourth quarter of 2023. Previously, during Q3 of 2023, new investments in Liberty Live Series C and A, as well as Sirius XM Holdings and Atlanta Braves Holdings, were made in the third quarter of 2023.



Source: [SP Global](#)

On the financial front, Buffett's decision to maintain his stake in Bank of America Corp (BAC) untouched signals a strong confidence in the banking sector. This is particularly notable against the backdrop of a 10.81% increase in the bank's stock

year-to-date (YTD), suggesting optimism about the financial sector's resilience and growth prospects in a fluctuating economic environment.

Berkshire increased stakes in Chevron (CVX) and Occidental Petroleum (OXY), signalling a bullish outlook on the energy sector. The 14.37% increase in Chevron shares and an 8.74% hike in Occidental holdings are not mere adjustments but significant votes of confidence in the energy sector's resilience. In addition, he probably took advantage of the price drop to buy more shares at a discount. Through strengthening his investments here, Buffett is not just chasing the current energy boom but is aligning with a broader expectation of sustained demand and potential supply constraints. I think this is quite a calculated bet on the sector's resilience and its pivotal role in the global economy.

## **Besides, What Can We Learn from Buffet's Annual Letter?**

In his 2024 annual letter to Berkshire Hathaway shareholders, he essentially tells us that the era of striking blockbuster deals that significantly boost Berkshire's performance might be behind us.

Buffett's insight into the scarcity of transformative deals that can significantly impact Berkshire's bottom line is particularly telling. He wrote, "There remain only a handful of companies in this country capable of truly moving the needle at Berkshire, and they have been endlessly picked over by us and by others."

My perspective on Buffett's reflection is that it underscores a broader trend in the investment world, where the saturation of capital and competition has made high-impact deals increasingly rare. Buffett's realism about the challenges ahead for Berkshire, especially in a landscape crowded with competitors and high valuations, resonates with a market environment where growth at any cost has become a harder game to play.

## **Bottom Line**

Altogether, Buffet subtly reminds us that the game's rules haven't changed—patience, conservatism, and the pursuit of value are still the most important pillars to follow. This long-term commitment is demonstrated by his well-known stakes in Coca-Cola since 1988, American Express since 2001, and Apple since 2016.

We have all witnessed how the global market has indeed become more crowded and complicated, and the fact that he acknowledges that the best performers have already been chosen, means that top performers like Apple and other large proportions of Buffet's portfolio still remain some of the best opportunities for investors looking at these opportunities.