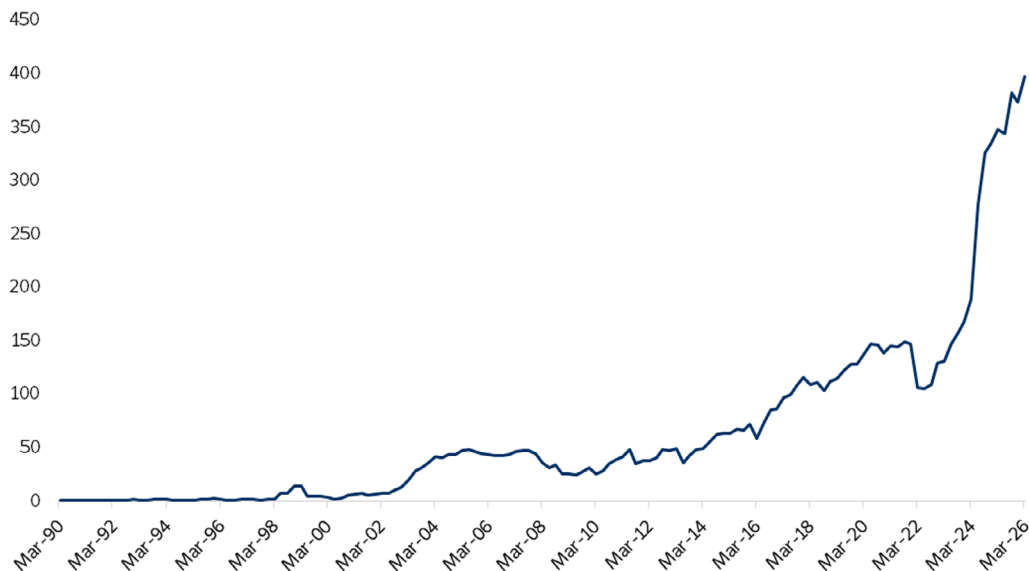


## Patience v Euphoria

Gary Moglione

Berkshire Hathaway Cash Level (\$bn)



Source: Momentum Global Investment Management, Bloomberg Finance L.P. Data to 31 March 2026.

### What do the charts show?

The chart tells a striking story: Berkshire Hathaway's cash and Treasury bill holdings have surged to just under \$400bn, an amount so large it's become a macro signal. At face value, a swelling cash balance can look like hesitation. In Berkshire's case, its discipline of the kind that is increasingly rare in a market environment dominated by narrative, speculation and elevated valuations.

### Why this is important

Today's market has been characterised by narrow leadership, momentum-driven flows and a willingness to pay ever higher multiples for perceived secular winners, often with limited regard for underlying cash flows or valuation anchors. In such an environment, future expectations are being pulled forward, compressing prospective returns and raising the risk of disappointment. The past year has seen Berkshire's shares fall 3% whilst the market has gained 30%. This all comes at a time when Buffett stepping down as CEO will undoubtedly worry investors and put current management under intense scrutiny.

Berkshire has long been willing to look wrong before it looks right. When prospective returns don't compensate for risk, it simply refuses to play. The recent build-up in liquidity appears consistent with that philosophy: the company has been taking profits in equities, while reducing (or pausing) share buybacks, and, crucially, not redeploying proceeds back into risk assets at today's prices. That is a deliberate choice, not a lack of ideas. When opportunities are scarce, the most rational action is often to do less.

Importantly, this cash is not idle. With short-dated Treasury yields materially higher than they were for much of the post-GFC era, Berkshire can now earn substantial interest income by rolling T-bills. At Berkshire's scale, a few percentage points on hundreds of billions translates into billions of dollars of annual compounding interest, creating a meaningful "carry" while management waits for better entry points.

The bigger message is optionality. Cash provides resilience in downturns and firepower when dislocations arrive, moments when Berkshire historically has been at its best. In an era where investors are often paid to be fully invested, Berkshire is reminding the market that patience is also a strategy, especially when price and value are drifting apart.



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