



## Here's Why I Just Bought Berkshire Stock

### Description

One of the greatest experiments in financial history, **Berkshire Hathaway** (NYSE:BRK.B) remains one of the best conglomerates to have ever been constructed. Using a progressive strategy to divert cash flows from companies' core businesses to other investments, Warren Buffett has managed to create a world-class portfolio of companies.

I've certainly taken this view, adding to my position in this company recently. Here's what's behind that purchase for investors considering this company right now.

### Strong earnings boost Berkshire stock

As of Berkshire's most recent results released this summer, there's a lot to like about how this company is performing right now. With a greater emphasis on energy stocks, Berkshire has managed to post incredible results, with many other tech stocks seeing slowing growth over this period.

Indeed, Berkshire's operating earnings [growth](#) of 38.8% was truly remarkable to see. This is a company that's pumping out more than \$9 billion in profit each and every quarter. Of course, as a well-diversified (but not too diversified) portfolio of world-class companies, nothing less would be expected.

These strong results were led by the company's energy, utilities, railroad, service, retailing, and manufacturing businesses. Overall, revenue also rose more than 10%, driven by higher earnings from insurance premiums, service and sales revenues, interest, dividends, leasing revenues, and more.

Hathaway's insurance underwriting posted an increase of 54.5% year over year. When considering its railroad business, its after-tax earnings rose by 3.5% year over year.

### Berkshire Hathaway to appoint an independent director to regain NYSE compliance

According to recent reports, Berkshire Hathaway declared that its board would appoint an independent

director to regain compliance with the NYSE. This resulted due to the death of one of Hathaway's eight independent directors, David Gottesman, who passed away last month.

The New York Stock Exchange needs a majority of independent directors to maintain compliance with Berkshire Hathaway, and thus this move is crucial. Additionally, with a strong succession plan already in place for Warren Buffett and Charlie Munger, who are now 92 and 98, respectively, there's a lot to like about the company's governance for long-term investors.

## Greg Abel is building a \$68 million Berkshire Hathaway holding

Speaking of succession planning, we should take about Canadian Greg Abel

Abel is all set to become the future chief executive officer of Berkshire Hathaway. Previously, shareholders were growing increasingly concerned that Berkshire did not have an appropriate succession plan in place. Buffett did wait until well into his 80s to announce the team had a plan in place to replace him and Munger when the time comes.

This is perhaps the key long-term risk facing Berkshire stock. Warren Buffett and Charlie Munger are two of the greatest investors of all time. When they eventually pass, so too might an era. That said, Abel and his team are among the best in the business. Accordingly, those looking at Berkshire stock through a long-term lens have little to worry about. At least, that's my take on this long-term holding.

### CATEGORY

1. Investing

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