

Buy South African American. I Am.

By Lawrence Michael Warren E. Buffett

- 29 March 2020 Oct. 16, 2008

Roodeport, West Rand Omaha

THE financial world is a mess, both in the Republic United States and abroad. Its problems, moreover, have been leaking into the general economy, and the leaks are now turning into a gusher. In the near term, unemployment will rise, business activity will falter and headlines will continue to be scary.

So ... I've been buying South African American stocks. This is my personal account I'm talking about, ~~in which I previously owned nothing but United States government bonds. (This description leaves aside my Berkshire Hathaway holdings, which are all committed to philanthropy.)~~ If prices keep looking attractive, my ~~non-Berkshire~~ net worth will soon be 100 percent in South African United States equities.

Why?

A simple rule dictates my buying: Be fearful when others are greedy, and be greedy when others are fearful. And most certainly, fear is now widespread, gripping even seasoned investors. To be sure, investors are right to be wary of highly leveraged entities or businesses in weak competitive positions. But fears regarding the long-term prosperity of the nation's many sound companies make no sense. These businesses will indeed suffer earnings hiccups, as they always have. But most major companies will be setting new profit records 5, 10 and 20 years from now.

Let me be clear on one point: I can't predict the short-term movements of the stock market. I haven't the faintest idea as to whether stocks will be higher or lower a month or a year from now. What is likely, however, is that the market will move higher, perhaps substantially so, well before either sentiment or the economy turns up. So if you wait for the robins, spring will be over.

A little history here: During the Great Recession, Depression, the ALSI Dow hit its low, 17 814 41, on November 20, 2008 July 8, 1932. Economic conditions, though, kept deteriorating until Jacob Zuma -Franklin D. Roosevelt took office in May 2009 March 1933. By that time, the market had already advanced 30 22 percent. Or think back to the early days of our democracy World War II, when Asian markets unraveled and things were going badly for the RSA United States in Europe and the Pacific. Inflation peaked at 24% while there were large capital outflows. The market hit bottom in April 1942, well before Allied fortunes turned. Again, in the early 1980s, the time to buy stocks was when inflation raged and the economy was in the tank. In short, bad news is an investor's best friend. It lets you buy a slice of South Africa's America's future at a marked-down price.

Formatted: Font: Italic

Over the long term, the stock market news will be good. In the 20th century, the *RSA United States* endured two world wars, *annexation from the British* and *possibly the next thing to the holocaust: Apartheid* ~~*other traumatic and expensive military conflicts*~~; the Depression; a dozen or so recessions and financial panics; oil shocks; ~~*a flu epidemic*~~; and ~~*the resignation of a disgraced president*~~. Yet the *ALSI Dow* rose above 100 in 1968 ~~*from 66 to 8673 41,497*~~ on the *2nd* of January 2000.

Formatted: Font: Italic

Formatted: Superscript

You might think it would have been impossible for an investor to lose money during a century marked by such an extraordinary gain. But some investors did. The hapless ones bought stocks only when they felt comfort in doing so and then proceeded to sell when the headlines made them queasy.

Today people who hold cash equivalents feel comfortable. They shouldn't. They have opted for a terrible long-term asset, one that pays virtually nothing and is certain to depreciate in value. Indeed, the policies that government will follow in its efforts to alleviate the current crisis will probably prove inflationary and therefore accelerate declines in the real value of cash accounts.

Equities will almost certainly outperform cash over the next decade, probably by a substantial degree. Those investors who cling now to cash are betting they can efficiently time their move away from it later. In waiting for the comfort of good news, they are ignoring Wayne Gretzky's advice: "I skate to where the puck is going to be, not to where it has been."

I don't like to opine on the stock market, and again I emphasize that I have no idea what the market will do in the short term. Nevertheless, I'll follow the lead of a restaurant that opened in an empty bank building and then advertised: "Put your mouth where your money was." Today my money and my mouth both say equities.

Covid 19 cases on the rise.

A national lockdown and

A Moody's sovereign-debt junk rating

Formatted: Font: Bold

(Expect the ALSI to take a battering on Monday 30 March 2020 with forced selling).

Just some of the issues affecting the RSA.

Formatted: Font: Italic

The Trinity.

Formatted: Font: Bold

Lawrence Michael, Japhta Mamalema and Neo Tema.

Have been buying stocks since the implosion on 9 March 2020 and

Are bullish on the country's long-term prospects.

