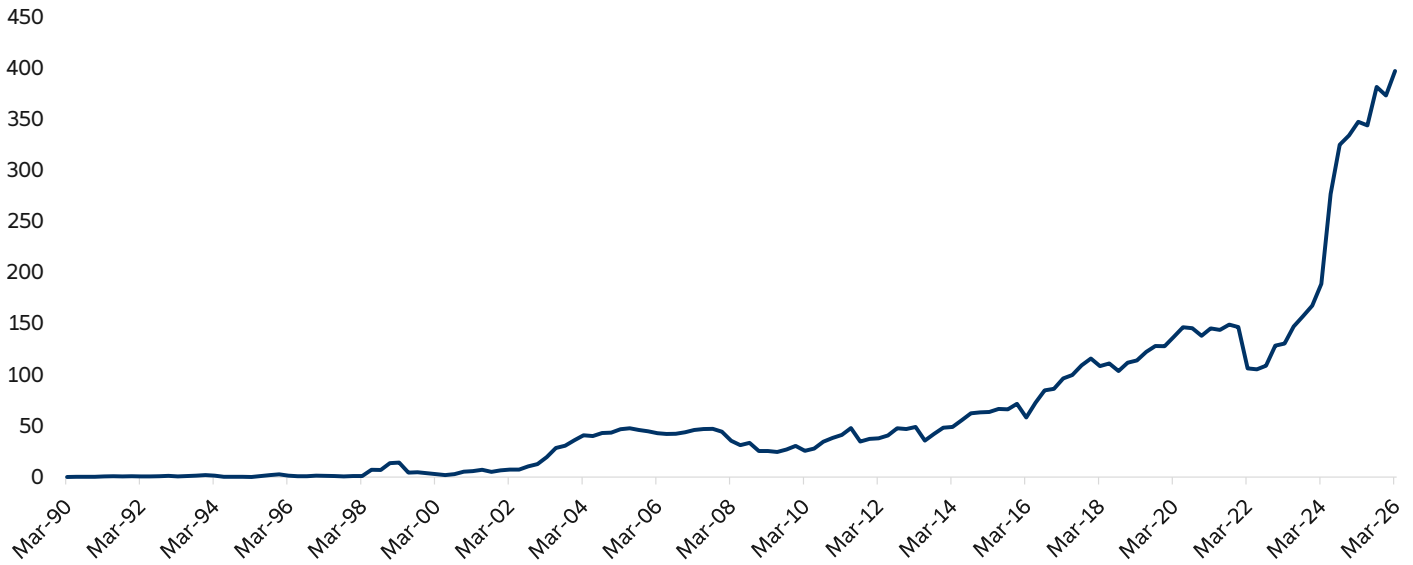


Berkshire Hathaway Cash Level (\$bn)



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

Patience v Euphoria

Gary Moglione
Fund Manager



What does the chart 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 is it 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.

Iran-driven energy shocks eclipsed central banks, becoming the dominant force shaping inflation, growth, and global markets.



US

- » Escalation in the US-Iran conflict remained the dominant geopolitical story, with renewed military exchanges around the Strait of Hormuz raising concerns about global energy supplies and economic growth.
- » Markets focused on the inflationary impact of higher oil prices; economists debated whether the energy shock would force the Federal Reserve into a more hawkish stance.
- » US equities experienced volatility as Middle East tensions pushed oil higher and weighed on risk sentiment, although AI-related technology shares continued to show resilience.
- » Political attention remained centred on President Donald Trump, including scrutiny over conflict diplomacy, legal controversies, and positioning ahead of the 2026 midterm election cycle.



UK

- » Prime Minister Keir Starmer faced political pressure as the government prepared spending decisions and defence-investment plans.
- » Ministers were reportedly asked to identify budget cuts to help finance a substantial increase in defence spending ahead of the NATO summit.
- » Debate intensified over the Macclesfield by-election, with Reform UK leader Nigel Farage attracting controversy over rhetoric on immigration and policing.
- » Economic concerns focused on weak growth prospects, with expectations that higher energy costs and softer GDP data would weigh on activity.



Europe

- » EU policymakers continued discussions on competitiveness, strategic autonomy and protection of key industries from foreign competition.
- » Senior European political figures called for a tougher trade stance toward China, citing concerns over industrial overcapacity and widening trade imbalances.
- » The European automotive sector lobbied Brussels to postpone post-Brexit electric-vehicle tariff rules, arguing current supply-chain realities make compliance difficult.
- » Financial markets anticipated a more cautious but potentially tighter monetary stance as inflation remained elevated due to energy prices.



Rest of the World/Asia

- » Iran war pushing millions into hunger, The UN's World Food Programme (WFP) warned weeks ago that soaring oil prices were devastating global food security, but now, nearly three months into the conflict, "the negative scenario is unfortunately materialising", said Jean-Martin Bauer, the director of WFP's food and nutrition analysis service.
- » Discussion continued around China's large trade surplus and export-led growth model, which has become a focal point in global economic negotiations.
- » Ukraine say they are ready for peace talks with Russia, but Russia refused. UK, France, and Germany plan to meet with Zelenskyy to discuss a path to engage Russia in negotiations to end the war.
- » Investors focused on the prospect of further monetary tightening by the Bank of Japan amid stronger-than-expected economic data and persistent inflation concerns.

Asset Class / Region	Currency	Cumulative returns			
		Week ending 5 June 2026	Month to date	YTD 2026	12 months
Developed Markets Equities					
United States	USD	-2.6%	-2.6%	8.3%	25.4%
United Kingdom	GBP	-0.3%	-0.3%	6.5%	22.1%
Continental Europe	EUR	-0.5%	-0.5%	6.9%	14.4%
Japan	JPY	-0.2%	-0.2%	17.1%	46.6%
Asia Pacific (ex Japan)	USD	-1.8%	-1.8%	23.5%	44.7%
Australia	AUD	-1.2%	-1.2%	0.4%	4.3%
Global	USD	-2.2%	-2.2%	8.0%	23.8%
Emerging Markets Equities					
Emerging Europe	USD	-2.7%	-2.7%	12.9%	36.9%
Emerging Asia	USD	-1.6%	-1.6%	27.6%	53.6%
Emerging Latin America	USD	-4.6%	-4.6%	8.0%	34.2%
BRICs	USD	-0.6%	-0.6%	-8.0%	0.2%
China	USD	0.3%	0.3%	-8.2%	3.4%
MENA countries	USD	-0.8%	-0.8%	0.6%	1.9%
South Africa	USD	-5.5%	-5.5%	-3.9%	31.2%
India	USD	-1.3%	-1.3%	-15.4%	-14.2%
Global emerging markets	USD	-1.9%	-1.9%	23.2%	48.0%
Bonds					
US Treasuries	USD	-0.4%	-0.4%	-0.3%	3.2%
US Treasuries (inflation protected)	USD	-0.6%	-0.6%	1.0%	4.5%
US Corporate (investment grade)	USD	-0.6%	-0.6%	0.3%	5.3%
US High Yield	USD	-0.4%	-0.4%	1.2%	6.6%
UK Gilts	GBP	-0.6%	-0.6%	-1.1%	2.4%
UK Corporate (investment grade)	GBP	-0.4%	-0.4%	-0.2%	4.7%
Euro Government Bonds	EUR	-0.8%	-0.8%	0.0%	0.3%
Euro Corporate (investment grade)	EUR	-0.4%	-0.4%	0.5%	2.0%
Euro High Yield	EUR	0.0%	0.0%	1.2%	3.8%
Global Government Bonds	USD	-0.8%	-0.8%	-0.9%	-0.1%
Global Bonds	USD	-0.9%	-0.9%	-0.4%	2.5%
Global Convertible Bonds	USD	-2.3%	-2.3%	16.9%	32.7%
Emerging Market Bonds	USD	-0.3%	-0.3%	1.1%	10.2%
Property					
US Property Securities	USD	0.9%	0.9%	14.6%	16.8%
Australian Property Securities	AUD	-2.4%	-2.4%	-9.6%	-9.0%
Global Property Securities	USD	-1.2%	-1.2%	6.4%	12.3%
Currencies					
Euro	USD	-1.2%	-1.2%	-1.7%	0.7%
UK Pound Sterling	USD	-0.8%	-0.8%	-0.7%	-1.7%
Japanese Yen	USD	-0.7%	-0.7%	-2.2%	-10.4%
Australian Dollar	USD	-1.8%	-1.8%	5.8%	8.4%
South African Rand	USD	-2.0%	-2.0%	0.2%	7.3%
Swiss Franc	USD	-1.8%	-1.8%	-0.2%	3.0%
Chinese Yuan	USD	-0.3%	-0.3%	3.0%	5.7%
Commodities & Alternatives					
Commodities	USD	-1.2%	-1.2%	31.6%	39.4%
Agricultural Commodities	USD	-3.0%	-3.0%	5.8%	0.4%
Oil	USD	1.1%	1.1%	53.0%	42.5%
Gold	USD	-4.9%	-4.9%	0.5%	29.5%

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