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BERKSHIRE HATHAWAY ANNUAL MEETING
THE END OF AN ERA

Berkshire Hathaway celebrated its 60th annual shareholders meeting on May 3, 2025, with its stock reaching an all-time high. The event drew a record crowd eager to hear insights from Warren Buffett, Chairman and CEO, and Vice Chairmen Ajit Jain and Greg Abel. Highlights of the meeting follow:

FIRST QUARTER RESULTS

Berkshire Hathaway reported a modest 1% increase in the company's net worth during the first quarter, rising by $5.1 billion to $654.5 billion. Berkshire boasts the largest shareholders' equity of any U.S. company, a remarkable achievement under the 60-year stewardship of Warren Buffett. While revenues remained relatively stable at $89.7 billion, operating earnings experienced a 14% decline to $9.6 billion. This decrease was primarily attributed to significant insurance underwriting losses stemming from the Southern California wildfires, mixed performance across its manufacturing, service, and retailing businesses, and unfavorable foreign currency exchange rates.

RECORD CASH

Berkshire's cash and short-term investments reached an unprecedented $328 billion by the end of the first quarter. Buffett stated that the company has "made a lot of money by not being fully invested at all times." He noted that Berkshire remains "very, very, very opportunistic" and is prepared to patiently await compelling investment opportunities, his famed "fat pitches." While acknowledging that significant deals are unlikely in the immediate future, Buffett suggested they could materialize within the next five years.

APPLE

Despite paring back a substantial amount of Apple stock last year, Apple remains Berkshire's largest equity holding. Apple CEO Tim Cook was in attendance at the meeting. Buffett remarked, "I'm somewhat embarrassed to say that Tim Cook has made Berkshire a lot more money than I've ever made Berkshire Hathaway. Credit should be given to him." Buffett lauded the late Steve Jobs' pivotal decision in choosing Cook as his successor. Reflecting on Jobs' legacy, Buffett stated, "I knew Steve Jobs briefly. Steve died young, as you know, and nobody but Steve could have created Apple, but nobody but Tim could have developed it like it has. So on behalf of all of Berkshire, thank you."

TRADE SHOULD NOT BE A WEAPON

Buffett strongly criticized the idea of tariffs and trade protectionism, saying that "trade should not be a weapon." He explained, "In the United States, we should be looking to trade with the rest of the world. We should do what we do best, and they should do what they do best. " He added, "I do think that the more prosperous the rest of the world becomes, it won't be at our expense, the more prosperous we'll become and the safer we'll feel."

JAPANESE INVESTMENTS

Buffett invested in five Japanese trading companies a few years ago at "ridiculously low prices." Owning nearly 10% of each firm, Berkshire has no intention of selling any of the companies over the next 50 years. Buffett said he expects expanding relationships with all the firms, adding that his primary role will be to "cheer and clap, which I can still do at 94." (continued on p. 12)

This issue:

STOCK PERFORMANCE

Stock-Symbol	Business	Purchase Date(a)	Purchase Price(b)	Price 5-16-25	Total (c) Return	Advice*	Comment
Accenture-ACN	Consulting/Outsourcing	03-06-12	59.95	317.69	**498%**	**HOLD**	Increased dividend 15%; plans $8.3 billion in dividends and buybacks in 2025
Adobe-ADBE	Software	03-05-25	450.77	417.13	**-8%**	**BUY**	In 1Q, free cash flow more than doubled to $2.5 billion; repurchased $3.25 billion of stock
Alphabet, Cl A-GOOGL **Alphabet, Cl A-GOOGL** **Alphabet, Cl C-GOOG**	Online advertising; technology	06-10-11 06-08-15 06-10-11	12.82 27.32 12.74	 166.19 167.43	 **642%** **1,220%**	**BUY**	In 1Q, announced a 5% increase in the dividend and a new $70 billion share repurchase program
Amazon-AMZN	Online retailer/Amazon Web Services	08-27-24	172.52	205.59	**19%**	**BUY**	1Q sales +9%, operating income +20%
Apple-AAPL	iPhones, computers, services	09-07-10	9.24	211.26	**2,286%**	**HOLD**	Increased dividend 4%; new $100 billion share repurchase program
Automatic Data Processing-ADP	Human capital mgmt.	03-09-16 03-11-20	85.62 148.95	319.37	**195%**	**HOLD**	YTD, free cash flow +25% to $3.4 billion; paid $1.8 billion in dividends
Berkshire Hathaway-BRKB	Insurance/diversified	12-28-94! 03-10-00 03-17-00	21.56 27.45 34.13	514.31	**1,830%**	**HOLD**	Free cash flow +7% in first quarter to $6.6 billion; holding $328 billion in cash; Warren Buffett stepping down as CEO at end of 2025
Booking Holdings-BKNG	Online travel	09-07-21 06-02-22	2,338.50 2,374.34	5,317.07	**128%**	**BUY**	In 1Q, free cash flow +23% to $7.9 billion; repurchased $6.5 billion of stock
Brown-Forman-BFB	Liquor	03-10-00	4.25	36.09	**1,113%**	**BUY**	Increased dividend 4%, marking 41st consecutive year of dividend increases
Canadian National Railway-CNI	Railroad	06-08-15 12-03-19	58.05 88.61	108.07	**43%**	**BUY**	Expects 10%-15% adjusted EPS growth in 2025
Cognizant Tech.-CTSH	IT consulting	09-07-12 08-31-22	33.43 63.99	81.44	**60%**	**BUY**	Plans to return $1.7 billion to investors through dividends and buybacks in 2025
Corpay-CPAY	Global business payments	03-05-24	284.38	348.78	**23%**	**BUY**	**Mastercard** invested $300 million in Corpay's cross-border payments business
FactSet Research-FDS	Financial information	03-14-14	104.42	473.32	**383%**	**HOLD**	Increased dividend 6%; marking the 26th consecutive year of dividend increases
Fastenal-FAST	Industrial supplies	03-10-00 09-07-17	2.44 20.85	83.03	**432%**	**HOLD**	Increased dividend in 1Q and on pace to pay over $1 billion in dividends in 2025
General Dynamics-GD	Aerospace and defense	12-03-19	176.29	280.71	**75%**	**BUY**	Increased dividend 6%, marking 28th consecutive year of dividend increases
Gentex-GNTX	Auto mirrors	12-08-15 05-31-23	16.29 26.35	23.07	**14%**	**HOLD**	In 1Q, free cash flow +14% to $111.8 million, repurchased $68 million of stock
Genuine Parts-GPC	Diversified distributor	03-10-00 09-09-15	20.81 84.09	128.67	**156%**	**BUY**	Expects to generate $1.2 billion to $1.4 billion in operating cash flow in 2025
Hormel Foods-HRL	Food	06-14-01	6.01	30.53	**624%**	**HOLD**	In 1Q, paid $155 million in dividends; dividend yields 3.8%
Johnson & Johnson-JNJ	Healthcare products	03-10-00 09-10-18	35.48 137.52	151.33	**87%**	**BUY**	Increased dividend 5%, marking 63rd consecutive year of dividend increases
Kinsale-KNSL	Insurance	05-28-24	385.05	463.53	**21%**	**BUY**	Float increased 8% to $2.47 billion at end of first quarter
LVMH Moët Hennessy – Louis Vuitton-LVMUY	Luxury Goods	03-07-23	173.40	112.82	**-31%**	**SELL**	**Selling position (see p. 4)**

***All recommendations made in this newsletter may not be suitable for every account, depending on an individual's investment objective, risk-tolerance and financial situation. It should not be assumed that recommendations will be profitable or will equal the performance of securities listed here or recommended in the past. Clients should contact Hendershot Investments, Inc. if there are any changes in your financial situation or investment objectives, or if you wish to impose, add or modify any reasonable restrictions to the management of your account.** (a) Date purchased for Hendershot IRA. See personal trading restrictions footnote on page 3. ! Received BRKB shares following acquisition of FlightSafety Int'l in Dec '96 and Int'l Dairy Queen in Jan '98 (b) Price includes commissions paid. (c) Total return includes dividends. NI-Net Income, Q-quarter, H-half, YTD-year-to-date, ROE-return on equity

(continued)

Stock-Symbol	Business	Purchase Date(a)	Purchase Price(b)	Price 5-16-25	Total (c) Return	Advice*	Comment
Mastercard-MA	Global payments	09-05-14	76.45	583.28	**685%**	**BUY**	1Q free cash flow +47% to $2.2 billion; repurchased $2.5 billion of stock
Meta Platforms-META	Social Media	06-04-18	193.35	640.34	**233%**	**HOLD**	1Q revenues +16% to $42.2 billion and earnings +35% to $16.6 billion
Microsoft-MSFT	Software	06-07-07 12-03-10 12-07-22	30.16 26.94 244.54	454.27	**347%**	**BUY**	Year-to-date, paid $17.9 billion in dividends and repurchased $13.9 billion of stock
Molina Healthcare-MOH	Managed healthcare	09-06-23	311.03	325.34	**5%**	**BUY**	In 2025, expects revenue growth of 9% and adjusted EPS of at least $24.50 (8% growth)
Oracle-ORCL	Software	09-05-13	32.31	160.49	**433%**	**HOLD**	Increased dividend 25%
Paychex-PAYX	Payroll processing	12-03-10 08-31-11	29.49 27.28	155.98	**567%**	**HOLD**	Increased dividend 10%
PepsiCo-PEP	Food and beverages	03-14-14 03-07-18 03-10-21	81.89 109.42 132.97	131.98	**47%**	**BUY**	During 1Q, paid $1.9 billion in dividends; dividend yields tasty 4.3%
PulteGroup Holdings-PHM	Homebuilder	06-02-22	45.26	104.41	**136%**	**SELL**	**Selling position** (see p. 4)
RTX-RTX	Aerospace/Defense	09-10-01 03-06-19	18.45 78.40	135.48	**102%**	**HOLD**	In 1Q, increased dividend 8%; paid a dividend every year since 1936
ResMed-RMD	Medical Devices	11-24-23	153.54	251.69	**66%**	**HOLD**	Year-to-date, free cashflow +30% to $1.2 billion
Roche Holding ADR-RHHBY	Pharmaceuticals and diagnostics	06-09-21	47.39	39.03	**-7%**	**BUY**	Plans to invest $50 billion in U.S. over the next five years
Ross Stores-ROST	Off-price retailer	06-08-17	61.70	152.92	**161%**	**BUY**	Increased dividend 10%; repurchasing $1 billion of stock in 2025
Stryker-SYK	Medical technology	03-11-09	32.08	394.21	**1,217%**	**HOLD**	During 1Q, paid $320 million in dividends
Texas Roadhouse-TXRH	Restaurants	03-07-23	105.87	192.92	**87%**	**HOLD**	In 1Q, paid $45 million in dividends and repurchased $50 million of stock
The TJX Companies-TJX	Off-price retailer	06-12-00 09-09-15 05-31-23	2.54 36.18 76.75	133.34	**222%**	**HOLD**	Increased dividend 13%; plans to repurchase $2.0 to $2.5 billion of stock this fiscal year
Tractor Supply-TSCO	Rural retailer	12-11-17	13.50	52.99	**325%**	**HOLD**	During 1Q, paid $122 million in dividends and repurchased $94 million of stock
Ulta Beauty-ULTA	Beauty retailer	09-10-18	285.84	412.99	**45%**	**SELL**	**Selling position (see p. 4)**
UnitedHealth Group-UNH	Health care management	08-29-19	231.64	291.91	**41%**	**HOLD**	In1Q, paid $1.9 billion in dividends and repurchased $3.0 billion of stock
United Parcel Service-UPS	Package delivery	03-11-20	88.03	101.32	**87%**	**HOLD**	During 1Q, paid $1.3 billion in dividends and repurchased $1.0 billion of stock
Visa-V	Global payments	11-30-21	193.39	365.12	**92%**	**HOLD**	Announced new $30.0 billion multi-year share repurchase program

PERSONAL TRADING RESTRICTIONS FOR PRINCIPALS AND EMPLOYEES

I take a long-term position in each stock recommended in this newsletter. Having earned the Chartered Financial Analyst (CFA) designation, I fully subscribe to the Code of Ethics and Standards of Professional Conduct of the CFA Institute. Accordingly, transactions for client accounts have priority over personal and employee transactions. To avoid any conflict of interest and to be fair to both my individual clients and subscribers, personal and employee trading is restricted to just four weeks a year. Personal and employee trading will occur only during the week following distribution of the newsletter to subscribers unless otherwise approved by the Chief Compliance Officer. The week following distribution of the newsletter will be measured as five business days after the mailing date of the newsletter. Positions may be purchased or sold for individually managed client accounts at any time and without regard to recommendations made in this newsletter.

PORTFOLIO REVIEW

PULTEGROUP STURDY PROFITS

PulteGroup reported first quarter sales dipped 1.4% to $3.89 billion with net earnings dropping 21% to $522.8 million. Excluding one-time gains recorded during last year's first quarter, EPS declined by 11%.

Home sale revenues for the first quarter totaled $3.7 billion, down 2% from last year, reflecting the combination of a 6% increase in average sales price to $570,000, offset by a 7% decrease in closing volume to 6,583 homes. First quarter home sale gross margin was 27.5%, down 210 basis points from the prior year. Net new orders for the first quarter totaled 7,765 homes with a value of $4.5 billion, down from new orders of 8,379 homes with a value of $4.7 billion last year. The decrease in net new orders was driven primarily by lower gross orders as consumers faced affordability challenges and increased macroeconomic uncertainty. Quarter-end backlog was down 12% to 11,335 homes.

During the quarter, Pulte generated $104.6 million in free cash flow, down 52% from last year on lower net income, working capital investments and a jump in capital expenditures. During the quarter, Pulte repurchased $300 million of its stock. Tariffs may increase costs by 1% of the average selling price for the year, mostly kicking in during the fourth quarter. Costs most likely to rise include plumbing supplies, flooring, porcelain, HVAC parts and electrical parts.

Pulte's business fundamentals deteriorated during the past quarter with sales, earnings, free cash flow, new orders and backlog all declining in part due to affordability issues and increased macroeconomic uncertainty. **With the stock appearing fully valued, we decided to sell PulteGroup, which hammered up a sturdy total return of 136% over the last three years.**

SO LONG, LOUIS

LVMH Moët Hennessy Louis Vuitton recorded revenue of €20.3 billion in the first quarter of 2025, a 2% decline from revenues reported in the prior year first quarter. The important Fashion & Leather Goods division saw a 5% organic revenue decrease in the first quarter. Wines & Spirits also experienced a notable 9% decline. Contributing to the slower growth is a "disrupted geopolitical and economic environment." There are increasing concerns about weaker demand from Chinese consumers, who have been a significant driver of luxury goods sales in recent years. With weakness anticipated to continue for the balance of the year, especially if tariffs resume, we have decided to say so long to LVMH and **sell the stock with a disappointing 31% loss over the last two years.**

ULTA BEAUTY PRETTY PROFITS

Ulta Beauty reported its fourth-quarter fiscal 2024 results, reflecting a mixed performance amidst industry challenges. In the fourth quarter, net sales decreased by 1.9% to $3.5 billion with net income down slightly to $393.3 million.

For the full fiscal year, net sales grew by 0.8% to $11.3 billion, primarily due to new store contributions. Net income for the full year was $1.2 billion, a decrease of 7.7% from $1.3 billion in the previous year. Diluted EPS was $25.34, compared to $26.03 in the prior year.

Ulta Beauty reported a lovely return on equity of 48% for fiscal 2024. Free cash flow for the year was $964.1 million, a decrease of 7.4% from the previous year. Ulta Beauty repurchased 2.5 million shares of its stock at a cost of $1.0 billion.

Looking ahead to fiscal 2025, Ulta Beauty expects net revenue growth between 2% and 3%. The company plans to return approximately $900 million to shareholders through share repurchases.

Management acknowledged losing market share in the beauty category last year. As the company invests to improve the business, operating margins are expected to be lower in 2025, declining by more than 200 basis points. With better investment opportunities available, we have decided to **sell Ulta Beauty and pocket the pretty profits of 45% earned over the last seven years.**

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With the profits and proceeds from PulteGroup, LVMH and Ulta Beauty, we plan to **buy Nvidia** (see p. 10) and **add to General Dynamics** (featured last issue). Personal and employee purchases will be made during the week following distribution of this newsletter. (See Personal Trading restrictions in the box on page 3.)

DIVIDENDS

Since the last issue, the following dividends per share were received: **Accenture** ($1.48), **Alphabet** ($.20), **Apple** ($.26), **ADP** ($1.54), **Booking Holdings** ($9.60), **Brown-Forman** ($.23), **Canadian National Railway** ($.62), **Cognizant** ($.31), **FactSet** ($1.04), **Fastenal** ($.43), **General Dynamics** ($1.50), **Gentex** ($.12), **Genuine Parts** ($1.03), **Hormel Foods** ($.29), **Johnson & Johnson** ($1.24), **Kinsale** ($.17), **LVMH** ($1.70), **Mastercard** ($.76), **Meta** ($.53), **Microsoft** ($.83), **Oracle** ($.50), **Paychex** ($.98), **Pepsi** ($1.36), **Pulte** ($.22), **ResMed** ($.53), **Roche** ($1.39) **Ross Stores** ($.41), **RTX** ($.63), **Stryker** ($.84), **Texas Roadhouse** ($.68), **TJX** ($.38), **Tractor Supply** ($.23), **UPS** ($1.64), **UnitedHealth** ($2.10) and **Visa** ($.59).

(continued)

REALIZED GAINS AND LOSSES OVER THE LAST 12 MONTHS

COMPANY	DATE PURCHASED	DATE SOLD	GAIN/ LOSS	COMMENT*
CISCO SYSTEMS	03/12/97 03/10/21	08/27/24 08/27/24	+777% +5%	Sales, earnings and free cash flow declined, sold position
NIKE	03/07/17	03/05/25	+37%	Sales and earnings declined, sold position
RTX	03/06/19 09/06/23	08/27/24 08/27/24	+52% +42%	Fairly valued, trimmed position
STARBUCKS	06/10/14 12/11/17	03/05/25 03/05/25	+200% +91%	Earnings and cash flow declined; fully valued, sold position
TEXAS ROADHOUSE	03/07/23	05/28/24	+62%	Fully valued, trimmed position

***A stock meets our price target by reaching its near-term full value based on its expected price range over the next 12-18 months (see pages 6 and 7). When a stock reaches our price target, we generally sell half the position and reinvest the proceeds into other promising opportunities. The remaining shares are held for further potential long-term gains as intrinsic value grows over time. Stocks are also sold if business fundamentals deteriorate or better investment opportunities are available.**

Hendershot Investments, Inc. Investment Advisory Services

Founded in 1994, Hendershot Investments' personalized portfolio management service exists to help you improve your long-term financial success and to conserve and grow your wealth. To that end, we invest in high-quality, well-managed companies at reasonable valuations and hold them for the long term. We extend a big "thank you" for the many client and subscriber referrals, as a referral is the biggest compliment you can pay us!

Our Investment Discipline

We *find* great businesses at reasonable prices through extensive research.

As long-time students of the stock market, we have developed valuation models to assess the relative merits of ***HI***-quality companies. We scour annual reports, SEC filings and news to independently determine company valuations, thereby avoiding the pitfalls of herd-mentality investing. Quarterly earnings conference calls with management keep us abreast of corporate developments and give us insight into the heartbeat of corporate leadership.

We *adhere* steadfastly to rigorous buy and sell disciplines.

Our number one rule on the buy side is "Don't overpay for a stock." We want to buy with a margin of safety. We would rather pay a "fair price for a great business than a great price for a fair business."

As Philip Fisher stated, "If the job has been done correctly when a stock is purchased, the time to sell is almost never."

We *believe* in patient investing for the long term.

Quintessential investor, Ben Graham, described the stock market in the short term as an imperfect voting machine where stock prices are based partly on emotion and partly on reason. In the long term, the stock market is a weighing machine where prices are driven by fundamentals.

For this reason, we are willing to wait patiently until Mr. Market recognizes the value of our ***HI***-quality firms.

PORTFOLIO FUNDAMENTALS

COMPANY SYMBOL	EXP. ** PRICE RANGE	PRICE 5-16-25	This year Actual EPS	Next year Est. EPS	Current P/E	PRICE/ BOOK VALUE	PRICE/ SALES	DIV. YIELD	SALES 4-YR CAGR*	EPS 4-YR CAGR*	Return on Equity	Cash/ Equity	Debt/ Equity	Current Ratio	SALES (000)
AAPL	172-252	211.26	$6.08	$7.18	32.9	47.3	8.1	0.5%	2%	6%	164%	199%	118%	0.8x	$391,035,000
ACN	318-450	317.69	11.44	12.72	26.2	6.6	3.1	1.8	10%	10%	26%	30	17	1.5	64,896,464
ADBE	371-623	417.13	12.36	15.98	27.6	13.9	8.4	-	14%	3%	39%	57	47	1.2	21,505,000
ADP	259-351	319.37	9.10	9.98	32.7	22.2	6.8	2.0	7%	12%	97%	46	51	1.2	19,202,600
AMZN	175-276	205.59	5.53	6.20	33.5	7.1	3.4	-	13%	18%	21%	35	18	1.1	637,959,000
BF.B	32-52	36.09	2.14	1.81	17.4	4.5	4.1	2.6	6%	6%	29%	16	62	3.5	4,178,000
BKNG	4217-6398	5,317.07	172.69	216.30	33.2	n/a	7.3	0.7	37%	231%	n/a	n/a	n/a	1.2	23,739,000
BRK.B !	380-509	514.31	32,955	30,865	24.2	1.7	3.0	-	11%	23%	5%	n/a	n/a	n/a	371,443,000
CNI	103-124	108.07	7.01	7.81	15.1	3.1	4.0	2.4	5%	9%	21%	1	88	0.6	17,046,000
CPAY	309-475	348.78	13.97	16.57	24.5	7.0	6.2	-	14%	15%	32%	45	169	1.1	3,974,589
CTSH	73-99	81.44	4.52	5.08	17.1	2.7	2.0	1.5	4%	15%	16%	13	4	2.2	19,736,000
FAST	66-90	83.03	2.00	2.17	41.5	12.9	6.3	2.2	8%	8%	32%	6	3	4.3	7,546,000
FDS	437-558	473.32	13.91	15.37	33.6	8.8	8.2	0.9	10%	10%	28%	14	72	1.5	2,203,056
GD	261-337	280.71	13.63	14.91	19.5	3.5	1.6	2.2	6%	6%	17%	6	33	1.3	47,716,000
GNTX	23-33	23.07	1.76	1.67	13.5	2.1	2.3	2.1	8%	6%	16%	25	0	4.1	2,313,314
GOOGL!!	163-250	166.19	8.04	9.62	18.5	5.8	5.8	0.5	18%	29%	31%	42	4	1.8	350,018,000
GPC	117-148	128.67	6.47	6.98	21.1	4.0	0.8	3.2	9%	55%	21%	9	85	1.1	23,486,659
HRL	30-38	30.53	1.47	1.52	22.1	2.0	1.4	3.8	6%	-5%	10%	10	34	2.5	11,920,797
JNJ	158-190	151.33	5.79	10.61	16.8	4.7	4.1	3.5	2%	1%	20%	50	49	1.3	88,821,000
KNSL	429-590	463.53	17.78	17.55	26.7	6.8	6.8	0.2	36%	46%	28%	11	12	n/a	1,587,525
MA	613-788	583.28	13.89	15.93	40.9	81.1	18.7	0.6	16%	22%	100%	118	282	1.1	28,167,000

** Exp. price range—the expected price range for the stock in the next 12-18 months based on our valuation models and the historical trading range of the stock over the last five years. If the current price is below the low end of the expected range, the stock appears undervalued. If the current stock price is above the high end of the expected range, the stock appears overvalued. The expected price range will change based upon company developments. Highlighted stocks appear undervalued or are new additions. **!**Berkshire price is for the class B shares, the class A shares approximate 1500 times the B shares. **!!**GOOGL (the original class A share price is used for the table. GOOGL will typically trade slightly higher than the Class C non-voting shares (GOOG).

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COMPANY SYMBOL	EXP. ** PRICE RANGE	PRICE 5-16-25	This Year Actual EPS	Next Year Est. EPS	Current P/E	PRICE/ BOOK VALUE	PRICE/ SALES	DIV. YIELD	SALES 4-YR CAGR*	EPS 4-YR CAGR*	Return on Equity	Cash/ Equity	Debt/ Equity	Current Ratio	SALES (000)
META	412-784	640.34	23.86	25.66	25.0	7.5	8.5	0.3%	18%	24%	34%	41%	16%	2.7x	$164,501,000
MOH	308-423	325.34	20.42	22.31	15.7	4.1	0.4	-	20%	16%	26%	216	83	1.6	40,650,000
MSFT	393-546	454.27	11.80	13.31	33.6	10.5	13.8	0.7	14%	20%	33%	25	12	1.4	245,122,000
NVDA	105-193	135.40	2.94	4.17	28.9	41.7	25.3	.03	67%	104%	92%	55	11	4.4	130,497,000
ORCL	110-174	160.49	3.71	4.70	37.7	26.1	8.5	1.3	8%	5%	113%	103	510	1.0	52,961,000
PAYX	130-172	155.98	4.67	4.99	32.4	13.6	10.6	2.8	7%	11%	45%	35	19	2.5	5,278,300
PEP	146-183	131.98	6.95	6.77	19.4	9.9	2.0	4.3	7%	8%	53%	47	214	0.8	91,854,000
RHHBY	38-51	39.03	2.59	2.90	13.9	7.6	3.7	3.6	0%	3%	26%	48	85	1.5	66,676,000
RMD	195-294	251.69	6.22	9.50	30.7	6.7	7.9	0.9	12%	10%	21%	17	12	3.4	4,685,300
ROST	134-184	152.92	6.32	6.40	21.6	9.2	2.4	1.1	14%	127%	38%	86	28	1.6	21,129,219
RTX	103-138	135.48	3.55	4.63	39.7	3.2	2.2	2.0	9%	n/a	8%	8	60	1.0	80,738,000
SYK	338-439	394.21	7.76	11.53	53.3	7.3	0.0	0.9	12%	17%	15%	11	62	1.9	22,595,000
TJX	108-144	133.34	4.26	4.35	28.6	17.8	2.6	1.3	15%	179%	58%	63	34	1.2	56,360,000
TSCO	49-67	52.99	2.04	2.09	26.4	12.6	1.9	1.8	9%	12%	49%	10	93	1.4	14,833,231
TXRH	148-216	192.92	6.47	6.70	29.8	9.3	2.4	1.4	22%	95%	32%	16	0	0.5	5,373,332
UNH	272-637	291.91	15.57	22.06	12.3	2.0	0.7	3.1	12%	-1%	15%	85	71	0.8	400,278,000
UPS	102-146	101.32	6.75	7.03	14.8	5.5	0.9	6.5	2%	45%	35%	32	125	1.1	91,070,000
V	294-394	365.12	9.74	11.03	36.7	16.5	17.4	0.7	13%	19%	50%	36	44	1.1	35,926,000

* CAGR-Compound Annual Growth Rate. n/a-not applicable due to financial stock or equity less than zero. Estimated EPS reflects consensus earnings estimate for current fiscal year. The valuation measures (P/E, price-to-book value, price-to-sales and dividend yield) are calculated using the closing price on the date listed in column 3. Balance sheet ratios (cash/equity, debt/equity and current ratio) reflect the latest quarterly financial statements. Return on equity and sales figures are as of the company's most recent fiscal year end.

PORTFOLIO HI-LITES

QUARTERLY MOVERS AND SHAKERS

During the past three months, the stock market was extremely volatile due to tariff concerns with the S&P 500 index falling close to bear market territory before rebounding sharply and slipping just 1%. The following ***HI***-quality stocks all generated gains of 11% or better.

GENERAL DYNAMICS INCREASED DIVIDEND 6%

General Dynamics reported first quarter revenues increased 14% to $12.2 billion with EPS soaring 27% to $3.66. Each business segment reported increases in revenues and operating earnings. General Dynamics booked new orders of $10.2 billion during the quarter, bringing total backlog to $88.7 billion. During the quarter, the company paid $383 million in dividends and repurchased $600 million of its common stock. GD increased its dividend 6%, marking the 28th consecutive year of dividend increases. **General Dynamics' stock marched 15% higher during the last three months contributing to its 75% total return over the last six years. Buy.**

TEXAS ROADHOUSE BEEFY PROFITS

In the first quarter, Texas Roadhouse's revenues increased 10% to $1.45 billion. Comparable restaurant sales increased 3.5%. During the quarter, the company generated $160.4 million in free cash flow. The company returned $95.3 million to shareholders through share repurchases of $50.2 million and dividends of $45.2 million. Comparable restaurant sales for the first five weeks of the second quarter increased 5.0% and management implemented a menu price increase of about 1.4%. **Over the last three years, Texas Roadhouse has served up a beefy 87% total return. Hold.**

MICROSOFT EXCEL-LENT RETURNS

Microsoft reported third quarter sales increased 13% to $70.1 billion with net income jumping 18% to $25.8 billion. Year-to-date, Microsoft generated $46.0 billion in free cash flow and returned $31.8 billion to shareholders through dividend payments of $17.9 billion and share repurchases of $13.9 billion. Microsoft expects AI revenue will continue to be capacity constrained despite investing billions into building its AI infrastructure and expanding its datacenter footprint. Microsoft expects continued growth in capital expenditures in 2026, albeit at a slower pace from fiscal 2025. **Over the last 15 years, Microsoft's stock has provided an excel-lent 1,586% gain. Buy.**

MOLINA HEALTHCARE HEALTHY OUTLOOK

Molina Healthcare reported strong first-quarter results, with total revenue increasing a robust 12% to $11.1 billion with EPS up 5%, driven by new contracts, acquisitions, existing business growth and an improving rate environment.

Free cash flow decreased by 10% to $168 million, and Molina repurchased 1.7 million shares for $500 million during the quarter. The company reaffirmed its 2025 outlook, projecting premium revenues of approximately $42 billion (9% growth) and adjusted EPS of at least $24.50 (8% growth). Molina maintains a long-term earnings growth target of 13%-15% annually, with premium revenues expected to reach $46 billion in 2026 and $52 billion in 2027. **During the past quarter, Molina Healthcare's stock rebounded a healthy 15%. Buy.**

ROSS STORES INCREASED DIVIDEND 10%

In fiscal 2024, Ross Stores reported a 3.4% increase in sales to $21.1 billion. Net income rose by 10.5% to $2.1 billion with EPS increasing by 13.7% to $6.32. Ross Stores achieved a sparkling return on equity of 38% for the year and generated $1.6 billion in free cash flow. The company paid $489 million in dividends and repurchased $1.0 billion of its stock during the year. Ross plans to repurchase an additional $1.05 billion of stock this fiscal year. Additionally, the board approved a 10% dividend increase. However, due to softened sales trends in January and February, attributed to unseasonable weather and macroeconomic volatility impacting customer traffic, Ross Stores forecasts same-store sales for 2025 to range from a decline of 1% to an increase of 2%. Based on these projections, EPS is expected to range between $5.95 and $6.55. **Over the past eight years, Ross Stores has filled our shopping cart with a 161% total return. Buy.**

BROWN-FORMAN DIVIDEND INCREASED 4%

During the third fiscal quarter, Brown-Forman reported sales dipped 3% to $1.0 billion with net earnings falling 6% to $270 million. During the first nine months of fiscal 2025, Brown-Forman generated $329 million in free cash flow, up a bubbly 54% from last year, on working capital efficiencies, proceeds from the Duckhorn sale and a 21% decline in capital expenditures to $117 million. During the quarter, the company increased its dividend by 4%, marking the 41st consecutive year of dividend increases and the 81st year of quarterly cash dividend payments. **Over the past 25 years, Brown-Forman has toasted us with a cheery 1,113% total return. Hold.**

(continued)

QUARTERLY RATING CHANGE FROM BUY TO HOLD

GENTEX FREE CASH FLOW +14%

Gentex reported a 2% year-over-year decline in first-quarter revenues to $576.8 million. Net income decreased by 12% to $94.9 million, resulting in an 11% drop in earnings per share to $0.42. This performance occurred against a backdrop of a 3% decline in light vehicle production within the company's key markets of North America, Europe, and Japan/ Korea.

In response to escalating tariffs in the Chinese market, Gentex has proactively halted production of interior and exterior mirrors destined for China. Despite these challenges, Gentex generated strong free cash flow of $111.8 million, a 14% increase year-over-year. The company actively repurchased 3.1 million shares during the past quarter. **Hold.**

VISA NEW $30 BILLION BUYBACK

Visa announced a 9% increase in fiscal second quarter revenues, reaching $9.6 billion, and a 1% increase in EPS to $2.32. Underlying this growth, key business drivers demonstrated strong momentum, with payments volume up 8%, processed transactions increasing by 9%, and cross-border volume showing an impressive 13% rise, supported by continued robust consumer spending. During the first half of the year, Visa's free cash flow jumped by 23.9% to $9.4 billion with the company repurchasing $8.4 billion of its stock. In April, the board of directors authorized a new $30.0 billion multi-year share repurchase program. Despite macroeconomic headwinds, Visa's full-year guidance remains unchanged. This resilience is a testament to the company's robust business model, effective strategy and the dedication of its employees. **Hold.**

UNITEDHEALTH CHANGES CEO

UnitedHealth reported first quarter revenues rose 10% to $109.6 billion with net earnings of $6.3 billion and EPS of $6.85. These results came in below expectations due to "unusual and unacceptable" performance. During the quarter, the company's Medicare Advantage businesses experienced healthcare activity far above what was planned for 2025 resulting in higher than anticipated costs. Free cash flow increased significantly during the first quarter to $4.6 billion with the company paying $1.9 billion in dividends and repurchasing $3.0 billion of its stock.

Subsequent to the first quarter, UnitedHealth Group announced the appointment of Stephen J. Hemsley as its chief executive officer, effective immediately, following Andrew Witty's decision to step down as CEO for personal reasons. Hemsley, who served as company CEO from 2006-2017, will remain chairman of the company's Board of Directors and Witty will serve as a senior adviser to Hemsley.

Additionally, the firm suspended its 2025 outlook as care activity continued to accelerate while also broadening to more types of benefit offerings than seen in the first quarter, and the medical costs of many Medicare Advantage beneficiaries new to the company remained higher than expected. UnitedHealth expects to return to growth in 2026.

Following the abrupt CEO change, news surfaced of a potential DOJ investigation of the company for Medicare fraud. The company's stock plummeted on all this bad news with the shares still appearing reasonably valued given the company's strong financial position. However, we will wait until the next quarter's earnings to assess the new CEO's strategic plans. **Hold.**

RESMED FREE CASH FLOW +30%

In the fiscal third quarter, Resmed reported an 8% increase in revenues to $1.3 billion with net income and EPS both surging by 22% to $365 million and $2.48, respectively. This robust revenue growth was fueled by strong demand for Resmed's sleep devices and masks. The company announced the FDA clearance of its NightOwl™ home sleep apnea test. Year-to-date free cash flow increased by an impressive 30% to $1.2 billion. The company paid $233 million in dividends and repurchased $200 million of its stock during this period. Resmed intends to continue its share repurchase program at a rate of $100 million per quarter, provided these repurchases are accretive to earnings. **Hold.**

UPS DIVIDEND YIELDS 6.5%

UPS reported a slight dip in first-quarter revenues to $21.5 billion with net income rising by 7% to $1.2 billion. Given the biggest change in trade policies and tariffs in a century, the company saw a decrease in consumer confidence and muted demand from business customers during the quarter. UPS is actively reshaping its business strategy, notably by reducing its reliance on Amazon—anticipating a 50% decline in its Amazon business volume by 2026. Accordingly, UPS is reconfiguring its network by consolidating facilities and reducing its workforce. Increased automation is expected to improve profitability. During the quarter, UPS repurchased $1 billion of its stock and paid $1.3 billion in dividends. The dividend currently yields 6.5%. UPS expressed confidence in its cash generation, liquidity and the strength of its balance sheet. **Hold.**

NEW STOCK

NVIDIA (NVDA-$135.40)

2788 San Tomas Expressway, Santa Clara, California 95051 www.Nvidia.com

Nvidia is a leading technology company specializing in graphics processing units (GPUs) and AI solutions. Nvidia's GPUs power gaming, AI applications, data centers, autonomous vehicles, robots and more. CUDA, Nvidia's proprietary parallel computing platform and programming model, enables more than four million developers to harness the power of GPUs, thereby accelerating applications across many domains.

Fiscal Year Jan.	4-YR CAGR	2025	2024	2023	2022	2021
Revenue (000,000)	67.3%	$130,497	$60,922	$26,974	$26,914	$16,675
Net Income (000,000)	102.5%	$72,880	$29,760	$4,368	$9,752	$4,332
EPS	103.9%	$2.94	$1.19	$0.17	$0.39	$0.17
Dividends	10.7%	$0.03	$0.02	$0.02	$0.02	$0.02
Profit Margin		55.8%	48.8%	16.2%	36.2%	26.0%

INNOVATIVE LEADER

In 1993, while eating in a booth at Denny's in San Jose, CA, Jensen Huang and two other engineers envisioned providing the nascent PC industry with a powerful new computer chip known as a graphics processing unit (GPU). With the aim of always working on the "next version" of technology, they skimmed through the dictionary for words containing NV and landed on invidia, Latin for envy, reflecting the founders drive to surpass rivals. In 1995, Nvidia launched its first product, the NV1, a graphics card for gaming and multimedia applications that failed commercially due to limited compatibility with emerging standards set by the precursor to Microsoft's X-Box. After another failed product launch and just 30 days away from running out of cash, Jensen Huang pivoted and gambled Nvidia's remaining resources on a new chip design (RIVA 128). Selling over one million units within months of its April 1, 1997 launch, the chip not only saved the company but also sparked growth of the PC gaming industry and established Nvidia as a leader in computer graphics.

Innovation is at Nvidia's core. Since inception, Nvidia has invested over $58.2 billion in R&D, yielding inventions essential to modern computing. With its introduction of the CUDA programming model in 2006, Nvidia opened the parallel processing capabilities of its GPU to a broad range of compute-intensive applications, paving the way for the emergence of modern AI. In 2012, the AlexNet neural network, trained on Nvidia GPUs, marked the "Big Bang" moment for AI. Nvidia introduced its first Tensor Core GPU in 2017, built from the ground-up for the new era of AI, and its first autonomous driving system-on-chips in 2018. The acquisition of Mellanox in 2020 expanded Nvidia's innovation canvas to include networking, enabling its platforms to scale for the data center that led to the introduction of a new processor class – the data processing unit, or DPU.

Over the past five years, the company has built full software stacks that run on top of its GPUs and CUDA to bring AI to the world's largest industries, including NVIDIA DRIVE stack for autonomous driving, Clara for healthcare and Omniverse for industrial digitalization. In 2021, the firm introduced Nvidia AI Enterprise software – essentially an operating system for enterprise AI applications. In 2023, Nvidia introduced its first data center CPU, Grace, built for giant-scale AI and high performance computing. With a strong engineering culture, Nvidia drives fast, yet harmonized, product and technology innovations in all dimensions of computing including silicon, systems, networking, software and algorithms.

PROFITABLE GROWTH

Over the past five years, revenue has grown at a remarkable 67% annual clip with EPS compounding a stunning 104% annually. The expansion of Nvidia's profit margins from 26% in 2021 to 56% in 2025 reflects its strong pricing power, driven by high demand for its cutting-edge AI hardware like Blackwell GPUs and its integrated software ecosystem.

For the fiscal year ended 1/26/2025, Nvidia reported revenue jumped 114% to $130.5 billion with net income surging 145% to $72.8 billion and EPS soaring 147% to $2.94. The company delivered a superb 92% return on shareholders' equity in fiscal 2025.

Looking ahead to the first quarter of fiscal 2026, Nvidia forecasts revenue of $43.0 billion, up over 60% from last year. Management expects to book a $5.5 billion charge in the quarter due to new U.S. government export restrictions on AI chips developed for China. Given past government controls, sales to China have steadily declined from over 21% of total revenue in fiscal 2023 to 13% in fiscal 2025. China sales may drop to zero in 2026 if restrictions remain. However, massive demand from U.S. tech firms and global AI infrastructure spending is projected to overwhelmingly drive Nvidia's future growth. For example, Saudi Arabia recently unveiled plans to build its AI infrastructure using several hundred thousands of Nvidia's most advanced chips with an estimated deal value of over $7 billion.

ROBUST FREE CASH FLOW

Nvidia's free cash flow more than doubled from fiscal 2024 to $60.9 billion. During fiscal 2024, Nvidia distributed over $34.5 billion to shareholders through share repurchases of $33.7 billion and dividends of $834.0 million. The company's robust cash flow enables it to invest in growth and return value to shareholders while maintaining a fortress-like balance sheet. Nvidia ended the fiscal year with $43.2 billion in cash, $8.5 billion in long-term debt and $79.3 billion in shareholders' equity.

Intelligent investors looking for long-term gains should consider buying Nvidia, an innovative leader with profitable growth and robust free cash flow. **Buy.**

UNDER THE SPOTLIGHT

CORPAY (CPAY-$348.78)

3280 Peachtree Road, Suite 2400, Atlanta, GA 30305 www.corpay.com

Corpay is a global corporate payments company that helps businesses and consumers pay expenses in a simple, controlled manner. Corpay's suite of modern payment solutions help its customers better manage vehicle-related expenses (such as fueling and parking), travel expenses (e.g., hotel bookings) and payables (e.g., paying vendors). This results in customers saving time and ultimately spending less.

Fiscal Year Dec.	4-YR CAGR	2024	2023	2022	2021	2020
Revenues (000,000)	13.6%	$3,974,589	$3,757,719	$3,427,129	$2,833,736	$2,388,855
Net Income (000,000)	9.3%	$1,003,732	$981,890	$954,327	$839,497	$704,216
EPS	14.5%	$13.97	$13.20	$12.42	$9.99	$8.12
Profit Margin		25.3%	26.1%	27.8%	29.6%	29.5%

GLOBAL LEADER

Corpay, formerly FLEETCOR Technologies, traces its roots to Fuelman Inc., founded in New Orleans in 1985 to help businesses manage gasoline and diesel expenses. The company soon expanded into vehicle maintenance management. When Ron Clarke, now chairman and CEO, joined in 2000, he aimed to consolidate the fragmented global fuel card industry and expand fleet management services.

Transforming a $25 million sales company into one generating $4.0 billion in 2024, Clarke led a technology overhaul and raised capital for selective acquisitions and new applications. Over two decades and more than 80 acquisitions, Corpay evolved from a regional fuel-card provider into a global leader in business payments, processing billions of transactions annually worldwide. Corpay offers solutions in Vehicle Payments-helping businesses manage vehicle expenses like fuel and maintenance; Corporate Payments-streamlining B2B payments through AP automation, virtual cards, cross-border payments and T&E cards; and Lodging Payments-enabling discounted lodging. It also provides gift card solutions in 60+ countries and is North America's top B2B commercial Mastercard issuer.

PROFITABLE GROWTH

Corpay's specialized technology platforms, global scale, proprietary payment acceptance networks, recurring revenue streams and strong customer retention have paved the way for its long history of profitable growth. The company demonstrated solid financial performance in 2024, achieving a 5.8% increase in revenue to $4.0 billion and a 2.2% rise in net income to $1.0 billion. This translated to 5.8% growth in EPS to $13.97, while generating a highly profitable return on equity of 32.1%.

FIRST QUARTER RESULTS

Building on this momentum, Corpay reported strong results for the first quarter of 2025. Revenue increased 8% to $1.0 billion compared to the same period in 2024 with net income rising by 6% to $243 million and EPS increasing by 9% to $3.40.

A significant development during the quarter was **Mastercard**'s $300 million investment for a roughly 3% stake in Corpay's cross-border payments business, valuing the unit at $10.7 billion and marking a strategic partnership to enhance financial institution solutions.

Under this collaboration, Corpay will be the exclusive provider of currency risk management and large-ticket cross-border payment solutions to Mastercard's financial institution clients, reinforcing Corpay's innovation leadership and positioning it for accelerated global payments growth.

Additionally, Corpay announced a $500 million minority investment to take AvidXchange private in partnership with TPG, acquiring the accounts payable automation leader for $10 per share in an all-cash deal valued at $2.2 billion. The transaction is expected to close in the fourth quarter and be accretive to Corpay's 2026 earnings.

Looking ahead, Corpay anticipates continued solid performance with fiscal year 2025 guidance projecting total revenues between $4.38 billion and $4.46 billion, net income between $1,167 billion and $1,207 billion, and EPS between $16.37 and $16.77. This growth outlook signals expectations for further significant growth in both revenue and earnings which should sustain the company's high profitability.

ROBUST FREE CASH FLOW

Corpay demonstrates strong financial flexibility, generating $1.8 billion in free cash flow last year. This has enabled the company to return significant capital to shareholders, as evidenced by the $1.3 billion in common stock repurchased in 2024.

Furthermore, the Board of Directors' authorization of a stock repurchase program of up to $9.1 billion, with $7.8 billion already executed, underscores Corpay's commitment to enhancing shareholder value and reflects management's confidence in the company's long-term prospects.

Long-term investors should pay attention to Corpay, a ***HI***-quality global leader delivering consistent revenue and earnings growth, robust free cash flow and highly profitable operations. **Buy.**

BERKSHIRE ANNUAL MEETING NOTES (CONTINUED)

INSURANCE AND AI

Ajit Jain discussed the potential of artificial intelligence (AI) to be a “real gamechanger” for the insurance industry, impacting risk assessment, pricing, selling and claims processing. Jain expressed a measured approach to AI adoption. He noted the industry's tendency to chase fleeting trends, emphasizing Berkshire's preference for a "wait and see" strategy. This involves gaining a clearer understanding of the associated risks and potential rewards before committing significant investment. However, Jain added that Berkshire wouldn’t hesitate to invest once the right opportunity does arise. Expressing immense confidence in Ajit Jain’s judgment, Buffett stated, “I wouldn’t trade everything that’s developed in AI over the next 10 years for Ajit!”

GEICO’S TURNAROUND

Ajit Jain also praised Todd Combs’ successful turnaround of Geico’s insurance operations, attributing it to strong pricing and operational improvements, including adapting technology like telematics. Combs cut Geico’s workforce from around 50,000 when he took over more than five years ago to 20,000 today. The labor force reductions and technology advancements resulted in roughly $2 billion a year in saved costs.

MARKET VOLATILITY

When asked about the stock market volatility following President Trump’s tariff announcements, Buffett said, “What has happened in the last 30, 45 days is really nothing. This has not been a dramatic bear market or anything of the sort.” He added that the real “hair curlers” happen periodically in the stock market as a part of investing, recalling that Berkshire’s stock price has dropped 50% three times during the last 60 years. Those type of pullbacks present investors with good buying opportunities, but investors must have the temperament for it. "If it concerns you that your stocks have dropped by 15%, it may be time to reevaluate your investment strategy." Successful long-term investors need to “check their emotions at the door.”

BALANCE SHEETS

Buffett explained that he thinks the balance sheet is a good place to start when deciding whether to invest in a company. “I spend more time looking at balance sheets than I do income statements. And Wall Street really doesn’t pay much attention to balance sheets, but I like to look at the balance sheets over an eight- or 10-year period before I even look at the income account because there’s certain things that are harder to hide or play games with on the balance sheet,” Buffett said.

CAPITAL ALLOCATION

Greg Abel outlined his approach to capital allocation, stating it will largely mirror Buffett’s philosophy. Key priorities include maintaining Berkshire’s reputation, preserving a “fortress balance sheet” as a strategic asset and managing risk across all businesses. Capital will be allocated first within existing businesses to fuel organic growth. Following this, capital will be considered for the 100% acquisition of entire companies. Finally, investments in equity securities will be evaluated. A consistent emphasis will be placed on a deep understanding of the long-term economic prospects and potential risks associated with each allocation decision. Berkshire also may repurchase its shares when the stock trades below its conservatively determined intrinsic value. Buffett did acknowledge that the 1% excise tax on share buybacks does make repurchases slightly less attractive than it was before.

SUCCESSION PLAN

With unwavering confidence, Warren Buffett reaffirmed Greg Abel as his successor, lauding his character, sharp intellect, business expertise, and talent for engaging with and elevating Berkshire's management. He quipped about Abel's "normal" disposition, contrasting it with his own and Charlie Munger's.

In the meeting's final moments, 94-year-old Warren Buffett announced the end of an extraordinary era, his planned CEO departure by year-end 2025, endorsing the 62-year-old Abel to take the helm. Buffett declared, "The time has arrived where Greg should become the chief executive officer of the company at year end."

Warren Buffett will remain as Berkshire Hathaway's Chairman, offering continued support, especially during significant investment opportunities, while granting Abel ultimate authority over operations and capital deployment. As Berkshire's largest shareholder, with over $160 billion in stock, Buffett pledged to retain all his shares, albeit continuing his donations to charity. He explained, "I would add this, the decision to keep every share is an economic decision because I think the prospects of Berkshire will be better under Greg’s management than mine."

The succession announcement was initially met with stunned silence, followed by an extended standing ovation from the thousands of shareholders, many visibly moved. In his characteristic style, Buffett humorously suggested the lengthy applause could have multiple interpretations.

Apple CEO Tim Cook aptly summarized the sentiment, stating, "There’s never been someone like Warren, and there’s no question that Warren is leaving Berkshire in great hands with Greg.”

SUBSCRIPTION INFORMATION

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