# The Abel Era Is Working

**Berkshire Hathaway's third quarter looked soft at the headline level. Operating earnings fell 5.8 percent to 12.7 billion dollars and net earnings fell 28 percent. Underneath, the businesses Berkshire runs grew, insurance cooled, and Greg Abel more than doubled the share buyback. In the first quarter with both its new CEO and new Chairman in place, Berkshire delivered the result long-term holders should want to see.**

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**Insurance explains the entire decline.** After-tax underwriting earnings fell 43 percent to 1.35 billion dollars, with all three underwriting groups lower than a year ago. GEICO's pre-tax underwriting profit fell to 982 million dollars from 1.77 billion as losses and expenses rose. Insurance investment income fell 14 percent because short-term interest rates came down, which lowers the yield on Berkshire's cash. Both are cyclical pressures. Neither is a sign that the franchise is impaired.

**Everything else grew.** BNSF earnings rose 19 percent on higher freight volumes. Berkshire Hathaway Energy rose 8 percent. Manufacturing, service and retailing, the largest operating block, rose 12 percent. Excluding insurance, operating earnings grew roughly 9 percent, and operating earnings for the first nine months were up 8 percent to 37.0 billion dollars. The breadth of the portfolio did exactly what it is designed to do.

**The buyback is the forecast.** Berkshire repurchased about 9.6 billion dollars of stock in the third quarter, more than double the second quarter, and roughly 2 billion more in October. It bought back nothing in all of 2025. Under Berkshire's own policy, repurchases happen only when the CEO, in consultation with the Chairman, judges the shares to be below intrinsic value. Accelerating buybacks while earnings dipped is a valuation call by the people who know the business best.

**The balance sheet is a strategic asset.** Berkshire ended September with 352 billion dollars in cash and Treasury bills after unsettled purchases, close to half of its 761 billion dollars of shareholders' equity. Abel has already shown he will put that capital to work, with the Taylor Morrison acquisition and a 10 billion dollar Alphabet investment earlier this year. That flexibility matters more in a volatile market, and the energy business gives Berkshire direct exposure to rising electricity demand from AI data centers.

**The market has noticed.** As investors rotated out of technology last week, Berkshire's Class A shares rose more than 12 percent over the past month while the S&P 500 fell 5.5 percent, and the stock reached record highs. The risks are real. The insurance cycle is softening, lower rates will reduce income on the cash pile, and the stock is less inexpensive after its run. Investors are, however, being reminded what cash flow, balance sheet strength and disciplined capital allocation are worth.

**How to frame it with clients.** The simplest message is that the transition is working. The operating businesses are growing, management is buying stock because it sees value, and the company has the financial strength to act when others cannot. For clients worried about concentration in a handful of technology names, Berkshire's quarter is a timely reminder of the role that durable, diversified compounders can play in a portfolio, and of why we believe that disciplined, long-term capital allocation deserves a place in every client conversation.

## SOURCES

Berkshire Hathaway third-quarter 2026 earnings release and Form 10-Q (November 7, 2026): segment earnings, insurance results, repurchase policy, cash and Treasury bill holdings, and shareholders' equity. CNBC (November 7, 2026): operating and net earnings, buybacks, and one-month share performance. Bloomberg via Insurance Journal (November 9, 2026): net equity sales and cash net of unsettled Treasury purchases. The Insurer (November 7, 2026): GEICO and reinsurance underwriting detail. Reuters via Manila Times (November 9, 2026): October repurchases and record share price. Billionaires.Africa (November 9, 2026): no repurchases in 2025. Associated Press (June 2026): Taylor Morrison acquisition and Alphabet investment. Non-insurance earnings growth and cash as a share of equity are VistaShares calculations from reported figures.

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