

Analyst beauty parade The annual rankings is a flawed process that persists, though no one can really explain why **LEX**

Companies & Markets

Berkshire cash pile hits record \$189bn after stock sell-off

- 13% of Apple stake unloaded this year
- High US debt yields prove attractive

ERIC PLATT — OMAHA, NEBRASKA

Berkshire Hathaway's cash pile swelled to a record \$189bn in the first quarter of 2024 as Warren Buffett's sprawling conglomerate continued to dump stocks, including Apple, one of its largest positions.

The figure, disclosed in results published on the same day as Berkshire's annual general meeting on Saturday, underscores the difficulty the billionaire investor and his team have had in trying to find worthwhile investments, as well as the relative allure of the high yield on US government debt.

The company said it had sold just

The figure underscores the difficulty Buffett and his team have had in trying to find worthwhile holdings

under \$20bn worth of stocks in the first three months of the year, buying \$2.7bn over the same period. As a result the value of its stock portfolio slipped to \$356bn, from \$354bn at year-end.

In the first quarter of this year, filing with US securities regulators indicated that Berkshire had sold a significant portion of its stake in Apple, which had become a core holding for the Omaha-based business since one of Buffett's deputies first invested in 2016.

Berkshire said its position in the iPhone maker was worth \$135.4bn in the first quarter, down from \$174.3bn at the end of 2023, indicating it had sold roughly 115mn shares in the company at the start of the year, or 13 per cent of its holdings.

At the meeting in Omaha, Buffett gave his most direct answer yet on how

responsibilities would be doled out among the executive team that would one day lead the company, giving Greg Abel responsibility for how hundreds of billions of dollars were allocated.

Buffett said Abel should have the final decision on investments at Berkshire Hathaway, making clear that his successor would have authority over not just takeovers but the conglomerate's mammoth stock portfolio as well.

"I think the responsibility ought to be entirely with Greg," Buffett said from the stage at the CHI Health Center in downtown Omaha. "I used to think differently about how that would be handled, but I think that the responsibility should be that of the CEO."

Many had expected that future management of Berkshire's \$356bn stock portfolio would fall to Buffett's two investment deputies, Todd Combs and Ted Weschler, and that they could play a large role in how the company's \$189bn cash pile was deployed.

However, Buffett said at the meeting: "I think the chief executive should be somebody that can weigh buying businesses, buying stocks, doing all kinds of things that might come up at a time when nobody else is willing to move."

It was unclear if Abel would want to run the common stock portfolio himself, or simply have the investment managers report to him, allowing them to make their own trades.

Compared with previous years, Abel took on a larger role at Saturday's meeting, the first since Buffett's longtime business partner and Berkshire vice-chair Charlie Munger died in November.

Buffett also turned the official portion of the day — when shareholder proposals were voted on — over to Abel to lead, citing trouble with his own voice and eyesight.

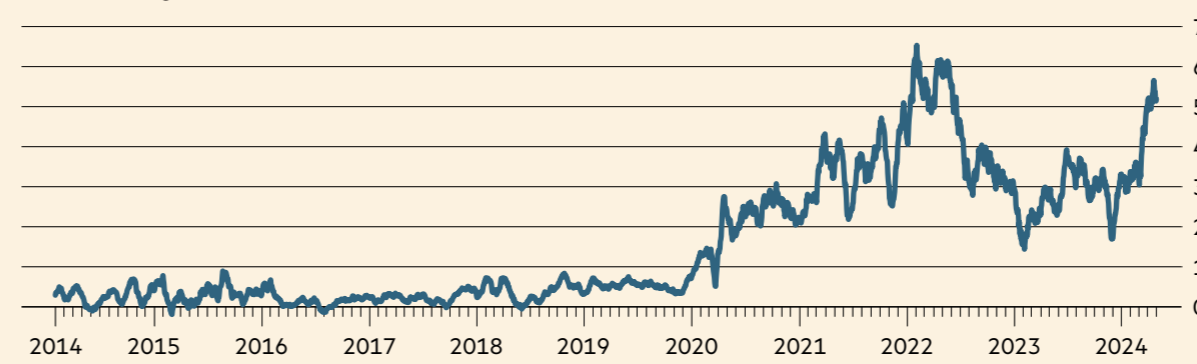
Bargain hunting Retail investors are snapping up risky triple-leveraged US equity ETFs



Yuki Iwamura/Bloomberg

Retail net purchases of leveraged equity ETFs surge

1-month rolling sum (\$bn)



Source: VandaTrack

GEORGE STEER — LONDON
WILL SCHMITT — NEW YORK

Yield-hungry retail investors piled into highly leveraged US exchange traded funds in April, drawn to volatile markets stoked by uncertainty over the outlook for interest rates.

Investors have pushed around \$5.2bn into the top 22 leveraged ETFs, which can magnify potential gains and losses alike, in the year to the end of April, according to VandaTrack, a data company which monitors retail trading flows.

The inflows marked a reversal from the first quarter as investors pulled money out of passive funds while the benchmark S&P 500 repeatedly hit record highs.

But fresh tensions in the Middle East and uncertainty about the path of US interest rates acted as a "catalyst" for investors to snap up leveraged ETFs "to speculate on the market falling or hedge long exposures", said Ben Slavin, global head of ETFs at BNY Mellon Asset Servicing.

Data from Morningstar Direct,

which covers a broader range of leveraged ETFs, indicated that a surge in retail interest in the past two months has also wiped out the outflows of \$4.2bn in January and February. Altogether there were inflows of nearly \$4.4bn in March and April, it found.

"Market timing is often the Achilles heel of day traders, and this time was no different," said Bryan Armour, Morningstar's director of passive strategies research. "Most of the top ETFs by March and April inflows had their worst monthly performance of the year in April."

Although the inflows represent a sliver of the more than \$200bn that has poured into the \$8.9tn US ETF market this year, it has reawakened concerns that retail investors will be most exposed to sharp falls. Typically they use derivatives to deliver multiples of the daily performance of the benchmark or index they track.

Following their introduction in 2006, leveraged ETFs have proliferated across US stock markets. Issuers offer double or triple-leveraged funds that can track a range of assets, from

other ETFs, or specific indices such as home construction or banks, bitcoin futures and popular individual securities such as Tesla and Nvidia, among dozens of other securities.

There are also leveraged inverse ETFs, which allow investors to hedge their exposure to sharp falls. Leveraged single stocks tend to be more volatile than indices.

The US Securities and Exchange Commission last year warned investors that over long periods of time the performance of leveraged and inverse ETFs could differ "significantly" from the products they track, especially in unstable markets. They have the potential to create "significant and sudden losses", it added.

Unlike traditional ETFs, leveraged versions must rebalance at the end of every trading day to deliver their targeted returns. If the price of the underlying asset rises 5 per cent on one day, the value of a corresponding double leveraged ETF would rise 10 per cent and be required to increase its market exposure before trading starts the next day.

Shell sold millions of 'phantom' carbon credits

KENZA BRYAN AND CLARA MURRAY
LONDON

Shell sold to Canada's largest oil sands companies millions of carbon credits tied to CO₂ removal that never took place, raising new doubts about a technology seen as crucial to mitigating greenhouse gas emissions.

As part of a subsidy scheme to boost the industry, the Alberta provincial government allowed Shell to register and sell carbon credits equivalent to twice the volume of emissions avoided by its Quest carbon capture facility between 2015 and 2021, the province's registry shows. The subsidy was reduced and then ended in 2022.

As a result of the scheme, Shell was able to register 5.7mn credits that had no equivalent CO₂ reductions, selling these to top oil sands producers and some of its own subsidiaries. Credits are typically equivalent to one tonne of CO₂.

Some of the largest buyers of the credits were Chevron, Canadian Natural Resources, ConocoPhillips, Imperial Oil and Suncor Energy.

Keith Stewart, a senior energy strategist with Greenpeace Canada, criticised these "phantom credits". He added: "Selling emissions credits for reductions that never happened... literally makes climate change worse."

Shell said carbon capture played "an important role in helping to decarbonise industry and sectors where emissions cannot be avoided" and that realising its potential "requires creating market incentives now".

Alberta's environment ministry said the crediting support scheme had not resulted in "additional emissions" by industrial polluters. Chevron, Canadian Natural Resources, ConocoPhillips, Imperial Oil and Suncor Energy declined to comment.

The Quest plant is operated by Shell Canada and owned by Canadian Natural Resources, Chevron and Shell Canada, and is part of the Scotford processing and refining complex.

Canada has among the most generous incentive schemes for carbon capture and storage, according to energy research group Wood Mackenzie. But the industry still struggles to be commercially viable even there. According to Quest's annual report, its total cost per tonne of carbon avoided was \$167.90 in 2022, against a carbon price for Alberta's big industrial emitters that year of \$50. *Additional reporting by Harry Dempsey*

Technology. Computing

Investment signals hope for quantum breakthrough

The decades-old dream edges closer with an Australian push to build a full-scale machine

RICHARD WATERS — SAN DIEGO

A new wave of confidence — and capital — is sweeping through the quantum computing industry.

The government of Australia and the state of Queensland last week committed A\$940mn (US\$620mn) between them to back the construction of a full-scale quantum computer near Brisbane by US start-up PsiQuantum.

The deal was just the latest sign that a decades-old dream of a form of computing that takes advantage of the unusual properties of quantum mechanics may finally be coming to fruition.

The system in Australia will be "the first machine that crosses over the threshold into [being a] really useful computer — the first quantum system in the world that will be commercially useful", claimed Pete Shadbolt, Psi's chief scientific officer.

He is not alone in making grand claims for a generation of computers that are scheduled to be built before the end of this decade, signalling a relatively short sprint for a field that has had its share of setbacks in the 65 years since professor Richard Feynman first laid out the idea of quantum computing.

One of the biggest challenges has been that the quantum bits — or qubits — used in today's machines are highly unstable and only hold their quantum states for extremely short periods, creating "noise". As a result, faults accumulate during any quantum calculation,

making the computer essentially useless.

Recent advances in error correction, a technique for encoding information into qubits that compensates for this, have promised a way past this problem far sooner than most in the industry had expected.

Other companies that have set their sights on a new finish line in the quantum race include IBM, which has been building experimental quantum systems for years. In late 2023 it laid out a road map for reaching a fully functional, practical system.

"I feel like we have a path to scaling to demonstrate a fault-tolerant quantum computer" by 2029, said Jay Gambetta, vice-president of quantum computing at IBM.

"No one's ever integrated a system with millions of qubits before, the most is a few thousand," said Scott Aaronson, director of the Quantum Information Center at the University of Texas.

For years, predicting exactly when quantum computing will reach practical utility has seemed like a fool's errand.

When Google claimed in 2019 that it had reached "quantum supremacy" — the point at which quantum systems leap ahead of traditional computers — it turned out that new ways of programming existing machines could erase the advantage.

But many in the industry now believe that in recent months, a clear route has opened up to building large-scale systems that will bring real technical and business advantages.

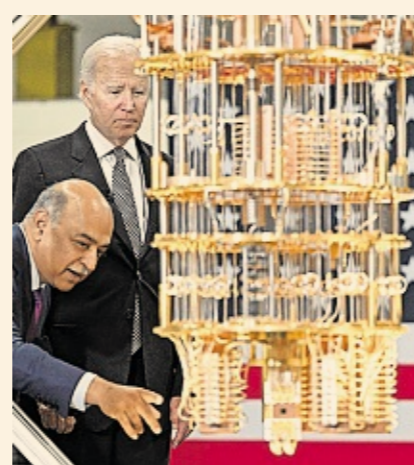
A series of research breakthroughs, starting with Google last year, has brought major advances in error correction years earlier than most expected.

Research results from Harvard University and Boston-based group QuEra late in 2023, along with a paper this year from Microsoft and US- and UK-based Quantinuum, have added to the hopes.

"Over the past year, we've seen a large amount of progress in the industry, and in particular around error correction," said Steve Brierley, head of Riverlane, a UK quantum start-up. That has reduced the number of technical breakthroughs that still need to be made, he said. "It increasingly seems less like a science problem and much more like an engineering problem."

One result has been a new race to scale up today's quantum hardware systems to be able to handle the useful algorithms that companies such as IBM now believe will be soon be produced.

Australia's investment in Psi, in the form of equity in the company as well as grants and loans, marks an unusual bet on qubits based on photons, rather than the superconducting qubits used by IBM



US President Joe Biden examines a quantum computer at an IBM plant

and Google. Photons have been shown to provide a stable base for a quantum system, but Psi has in the past published little research to show what progress it has made to overcome the many hardware challenges, said UT's Aaronson.

With attention turning to the practicality of manufacturing large numbers of qubits and quantum chips, as well as other hardware needed to link them together in larger systems, Psi also claims advantages for photonic technology that will get it to a 1mn-qubit system faster than others in the industry.

In one positive sign for the industry as it moves towards commercial manufacturing, a more developed supply chain in quantum hardware has been forming as the technology moves out of the lab, said Brierley.

Brierley the new hopes, experts such as IBM's Gambetta admit that their plans to get to full quantum computing could still be derailed. Predicting when necessary algorithmic breakthroughs will be made to make error correction practical is harder to predict than creating a road map for scaling up hardware, he said.

Gambetta added, though, that if IBM could show the first, very early practical results from quantum computing in the next two years — a point it calls quantum advantage — it could trigger a new wave of interest from the corporate world.

"People have these plans on paper — the things the experimentalists predict always take longer than they think," said Aaronson.

But after recent advances, the nascent quantum computing industry seems for the first time to have a real shot at reaching practical usefulness, he added.

SAINT-GOBAIN

COMPAGNIE DE SAINT-GOBAIN

A French société anonyme with a share capital of €2,025,752,048
Registered Office at Tour Saint-Gobain, 12, place de l'Iris, 92400 Courbevoie (France)
542 039 532 R.C.S. Nanterre

NOTICE OF MEETING

Participating stocks April 1984 of €1,000 each

The holders of participating stocks (*titres participatifs*) issued by Compagnie de Saint-Gobain (the "Company") in April 1984 are convened to the General meeting to be held on Wednesday, May 29, 2024 at 9:30 a.m. (Paris time) at the registered head office of the Company, Tour Saint-Gobain, 12, place de l'Iris, 92400 Courbevoie Cedex (France), and in case of lack of a quorum on this occasion, on Thursday, June 27, 2024 at 12 p.m. (Paris time) at the same place, for the purpose of considering the following agenda:

Agenda

- Board of Directors report on the Company's operations for fiscal year 2023;
- Auditors' report on the financial statements for fiscal year 2023 and elements for determining the remuneration of the participating stocks;
- Determination of the annual remuneration of the holders' representative;
- Powers to carry out formalities.

To attend or to be represented at this Meeting:

- The holders of registered participating stocks must be registered in the account kept by the Company no later than the date of the General Meeting.
- The holders of bearer participating stocks must prove within the same deadlines to the financial intermediary responsible for managing their securities accounts, that their participating stocks are registered by means of a certificate (*attestation de participation*) issued by said intermediary.

The holders of participating stocks may request a proxy or postal voting form from Uptevia — Assemblées Générales — 90-110 Esplanade du Général de Gaulle 92931 Paris La Défense Cedex (France).

The shareholding certificate (*attestation de participation*) and proxy or postal voting form must be returned and received by Uptevia at the address indicated in the previous paragraph no later than Tuesday, May 28, 2024 at 3:00 p.m. (Paris time).

In accordance with Articles R. 22-10-24 and R. 225-79 of the French Commercial Code, notification of designation and revocation of a proxy, may also be done by e-mail (in addition to by mail), as follows:

- For the holders of registered participating stocks:** by sending an e-mail with an electronic signature obtained by them from an authorized third party certifier to the following e-mail address: Paris.cts.france.mandats@uptevia.com. This e-mail must contain the following information: name of the Company, date of the Meeting, last name, first name, address and identifier of the holders of participating stocks (available from Uptevia in charge of managing the participating stocks service) as well as the last name and first name and, if possible, the address of the appointed or revoked proxy;

- For the holders of registered participating stocks held through an intermediary and for the holders of bearer participating stocks:** by sending an e-mail with an electronic signature obtained by them from an authorized third party certifier to the following e-mail address: Paris.cts.france.mandats@uptevia.com. This e-mail must contain the following information: name of the Company, date of the Meeting, last name, first name, address and full bank account details of the holders of participating stocks, as well as last name, first name and, if possible, address of the designated or revoked proxy. Then, they will have to ask their financial intermediary managing their securities account to send a written confirmation to Uptevia — Assemblées Générales — 90-110 Esplanade du Général de Gaulle 92931 Paris La Défense Cedex (France) or an e-mail to: Paris.cts.france.mandats@uptevia.com.

For the due process of electronic designations or revocations of proxies, confirmation will have to be received by Uptevia at the latest on Tuesday, May 28, 2024 at 3:00 p.m. (Paris time). Designations or revocations of proxies processed by paper will have to be received by Uptevia at the latest on Tuesday, May 28, 2024 at 3:00 p.m. (Paris time).

The Board of Directors.



COMPAGNIE DE SAINT-GOBAIN

Société anonyme au capital de 2 025 752 048 €
Siège social : Tour Saint-Gobain
12, place de l'Iris
92400 COURBEVOIE
542 039 532 R.C.S. Nanterre

AVIS DE CONVOCATION

Titres participatifs avril 1984 de 1 000 euros

Les porteurs de titres participatifs émis par la Compagnie de Saint-Gobain (la « Société ») en avril 1984 sont convoqués en Assemblée générale qui se tiendra le mercredi 29 mai 2024 à 9 heures 30, au siège social de la Société, Tour Saint-Gobain, 12, place de l'Iris, 92400 Courbevoie Cedex, et en cas de défaut de quorum, le jeudi 27 juin 2024 à 12 heures au même lieu, à l'effet de délibérer sur l'ordre du jour suivant :

Ordre du jour

- 1- Rapport du Conseil d'administration sur l'activité de la Société au cours de l'exercice 2023 ;
- 2- Rapport des Commissaires aux comptes sur les comptes de l'exercice 2023 et sur les éléments servant à la rémunération des titres participatifs ;
- 3- Fixation de la rémunération annuelle du représentant titulaire de la Masse ;
- 4- Délégation de pouvoirs pour accomplir les formalités requises.

Pour assister ou se faire représenter à cette Assemblée :

- Les porteurs de titres participatifs au nominatif devront être inscrits en compte chez la Société, au plus tard, au jour de l'Assemblée générale.
- Les propriétaires de titres participatifs au porteur devront justifier dans les mêmes délais auprès de leurs intermédiaires financiers teneurs de compte, de l'inscription en compte de leurs titres par une attestation de participation délivrée par ces intermédiaires.

Les porteurs de titres participatifs pourront demander un pouvoir ou un formulaire de vote par correspondance à Uptevia – Assemblées Générales – 90-110 Esplanade du Général de Gaulle 92931 Paris La Défense Cedex (France).

L'attestation de participation et le pouvoir ou le formulaire de vote par correspondance devront être retournés et réceptionnés par Uptevia à l'adresse indiquée au paragraphe précédent au plus tard le mardi 28 mai 2024 à 15 heures (heure de Paris).

Conformément aux dispositions des articles R. 22-10-24 et R. 225-79 du Code de commerce, la notification de la désignation et de la révocation d'un mandataire peut, outre par la voie postale, également être effectuée par la voie électronique, selon les modalités suivantes :

- **pour les porteurs de titres participatifs détenus au nominatif pur** : en envoyant un courrier électronique revêtu d'une signature électronique obtenue par leurs soins auprès d'un tiers certificateur habilité à l'adresse électronique suivante : Paris.cts.france.mandats@uptevia.com. Cet e-mail devra obligatoirement contenir les informations suivantes : nom de la Société, date de l'Assemblée, nom, prénom, adresse et identifiant des porteurs de titres participatifs (disponible auprès de Uptevia chargé de la gestion du service des titres participatifs) ainsi que nom et prénom et, si possible, adresse du mandataire désigné ou révoqué ;
- **pour les porteurs de titres participatifs détenus au nominatif administré ou au porteur** : en envoyant un courrier électronique revêtu d'une signature électronique obtenue par leurs soins auprès d'un tiers certificateur habilité à l'adresse électronique suivante : Paris.cts.france.mandats@uptevia.com. Cet e-mail devra obligatoirement contenir les informations suivantes : nom de la Société, date de l'Assemblée, nom, prénom, adresse et références bancaires complètes des porteurs de titres participatifs ainsi que nom et prénom et, si possible, adresse du mandataire désigné ou révoqué. Puis, ils devront demander à leur intermédiaire financier habilité qui assure la gestion de leur compte titres d'envoyer une confirmation écrite à Uptevia – Assemblées Générales – 90-110 Esplanade du Général de Gaulle 92931 Paris La Défense Cedex (France) ou un e-mail à Paris.cts.france.mandats@uptevia.com.

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Le Conseil d'administration.



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Le Conseil d'administration.