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ALLOCATOR WATCH · JAPAN INBOUND CAPITAL INTELLIGENCE #003

Berkshire wants more of all five trading houses and says 3% JGBs "played no role"; Itochu's chairman says a larger stake is welcome

Sources: Nikkei Asia interview with Greg Abel, 2026-09-03; CNBC Squawk Box transcript, 2026-09-02; Nikkei Asia on Itochu's Okafuji, 2026-09-03; Berkshire Hathaway 2025 Annual Report (SEC), 2026-02

On his first Tokyo visit as CEO, Berkshire Hathaway's Greg Abel told Nikkei: "Our goal is to continue to increase our ownership" of the trading houses, and "We look forward to the day we are at 20% across Japanese trading companies, if they are open to that". On yields: "Bond yields were not a relevant consideration and played no role in our decision-making process"; the shift is "highly manageable" and Berkshire expects to keep issuing yen debt. On CNBC he said "Not a single one of the trading companies raised it as a fundamental challenge", the yields are "still relatively modest", the remaining life of the yen debt is "a little more than five years", and "we still have a significant carry". On the ceiling: Berkshire agreed to stay below 10% and went above only after "the five trading companies agreed to us exceeding the 10 percent". On joint deals: "They're out there looking at companies for us to buy ... We would like to be partners in finding incremental investment opportunities". Itochu's Chairman & CEO Masahiro Okafuji told Nikkei after meeting Abel that Itochu would welcome a larger stake, adding: "Because Berkshire is a stable shareholder, we are not pressed for detailed explanations about our performance in the short term". Trading-house shares rose on 3 September with Mitsubishi leading, up close to 5%, on a day the Nikkei 225 closed down 0.17% at 64,214.48.

The book: at year-end 2025 Berkshire held Mitsubishi 10.8%, Itochu 10.1%, Mitsui 10.4%, Marubeni 9.8% and Sumitomo 9.7%, at a total cost of $15,382m, market value $35,368m and 2025 dividends of $862m; the 2025 letter calls the Japan positions "comparable to our major U.S. holdings in importance". Since then it has crossed 10% in Marubeni (10.10%, May), Sumitomo (10.05%, May) and Itochu (10.07%, February), after Mitsubishi (10.23%, August 2025) and Mitsui (notified at 10% or more, September 2025); all five are now above 10%. The funding: Berkshire has "borrowed in Japan an amount roughly equivalent to the yen invested (cost basis), at an average cost of 1.2%, with a weighted-average life of approximately 5.75 years"; yen notes outstanding were $14,914m at end-2025, up from $12,609m. The 2024 letter said the five companies "agreed to moderately relax the ceiling", without stating the new level. In March Berkshire also took 2.49% of Tokio Marine Holdings via a treasury-share allotment, with a reinsurance and joint-M&A partnership and a 9.9% cap without board approval.

Peer Signal. Berkshire's answer to the 3% JGB is mechanical: dividends of $862m on $15.4bn of cost are about 5.6% a year against yen debt costing 1.2%, so a 3% ten-year raises the cost of rolling the 2026–2060 ladder but does not invert the trade [S]. What changes for every other foreign holder is the ownership ceiling. The trading houses have shown they will let a long-term foreign anchor go where no domestic cross-holder sits; "bigger stakes" needs no new agreement for modest increases, but any move toward 20% does, and Okafuji's welcome is consent from one of five, given informally to a newspaper, not a disclosed cap change [S]. The only Berkshire ceiling in Japan disclosed as a number is Tokio Marine's 9.9%; a foreign holder sizing a position beside Berkshire cannot read the trading-house ceiling off any filing [S]. Every Berkshire step-up shrinks the float left for other holders.

How to act: any move above the undisclosed relaxed ceiling will show first as a company TSE notice in the Marubeni/Sumitomo format and an EDINET change report — set alerts on all five tickers. A new yen bond from Berkshire is the leading indicator of the next step-up. Sponsors selling Japanese or Asian mid-caps now have a buyer that sources through the trading houses' networks.

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