# Charlie Munger’s strategic exit from BYD underscores China’s EV market transformation



Charlie Munger's foresight in the electric vehicle (EV) sector continues to resonate through Berkshire Hathaway's landmark investment in the Chinese automaker BYD. In 2008, under Munger's guidance, Berkshire Hathaway acquired a 10% stake in BYD for $230 million, recognising the company’s potential in battery technology and electric mobility well ahead of many Western investors. At the Omaha shareholder meeting, BYD was showcased as a symbol of Berkshire’s long-term vision. Over the years, BYD has grown into a global EV powerhouse, renowned for its vertical integration from battery production to vehicle manufacturing. Berkshire’s stake in BYD soared in value, peaking near $9.5 billion and generating over $7 billion in profits from partial sell-offs. However, by mid-2024, Berkshire Hathaway reduced its holding to just under 5%, marking a strategic partial exit after years of substantial appreciation. This move reflects both the maturation of BYD’s market position and Berkshire’s portfolio management approach.

BYD’s ascent exemplifies the rapid transformation of China’s EV market. In early 2023, Charlie Munger lauded BYD as vastly outperforming Tesla within China, describing the company's dominance as “almost ridiculous.” He attributed much of BYD’s success to its CEO Wang Chuanfu, whom he compared to a modern-day Thomas Edison combined with business strategist Jack Welch, highlighting the innovative and managerial excellence driving BYD’s growth. Industry observers and investors have recognised BYD’s success as a “damn miracle,” marking a decisive shift in the global EV landscape, where Chinese manufacturers have overtaken Western rivals in scale and technology adoption.

Munger’s early bet was notable for identifying an emerging leader during a time when many American investors were hesitant to commit significant resources in the Chinese market. BYD’s strategy of vertical integration—producing its own batteries, semiconductors, and EVs—has afforded it a competitive edge in both cost efficiency and technological control. This approach has allowed BYD to expand rapidly in China, which remains the largest global EV market. The company's success story underscores the critical importance of innovative management and local market understanding in capturing opportunities within the evolving EV sector.

Meanwhile, advances in EV technology continue globally, with other industry leaders pursuing breakthrough developments. For instance, Mercedes-AMG is pioneering high-performance electric motors using advanced axial-flux technology developed with the British firm Yasa. These motors promise significantly higher torque density compared to conventional EV motors, enabling compact, oil-cooled drive units with sustained output. Mercedes-AMG’s upcoming models equipped with these motors project more than 500 horsepower and reflect a broader automotive industry trend towards more efficient, powerful, and modular EV powertrains. This technological innovation contrasts with BYD’s integrated manufacturing focus but demonstrates the competitive pressure in the premium EV segment, particularly against rivals such as BMW’s M division.

As the global EV market intensifies, the example of Berkshire Hathaway’s long-term investment in BYD offers valuable lessons in vision and patience. It highlights the potential rewards of early adoption in transformative industries, especially when coupled with insightful leadership and a deep understanding of technological and regional market dynamics. At the same time, technological innovation as demonstrated by Mercedes-AMG’s axial-flux motors presses established manufacturers to continuously upgrade performance and efficiency to meet consumer and regulatory demands in the quest for sustainable mobility.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.evworld.com/index.php?rssID=103160), [[5]](https://www.reuters.com/business/finance/berkshire-hathaway-cuts-stake-chinas-byd-below-5-2024-07-22/)
* Paragraph 2 – [[2]](https://finance.yahoo.com/news/charlie-munger-says-byd-best-094339069.html), [[3]](https://www.cnbc.com/2023/02/15/charlie-munger-says-byd-is-far-ahead-of-tesla-in-china.html), [[4]](https://www.cnbc.com/2018/05/08/charlie-munger-plays-berkshires-hand-in-china-bet-and-seeks-more-opportunities.html)
* Paragraph 3 – [[1]](https://www.evworld.com/index.php?rssID=103160), [[4]](https://www.cnbc.com/2018/05/08/charlie-munger-plays-berkshires-hand-in-china-bet-and-seeks-more-opportunities.html), [[2]](https://finance.yahoo.com/news/charlie-munger-says-byd-best-094339069.html)
* Paragraph 4 – [[6]](https://www.autocar.co.uk/car-news/electric-cars/mercedes-amg-cla-45-return-500bhp-ev-axial-flux-motors), [[7]](https://www.em.autocar.co.uk/car-news/electric-cars/mercedes-amg-cla-45-return-500bhp-ev-axial-flux-motors)
* Paragraph 5 – [[1]](https://www.evworld.com/index.php?rssID=103160)

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## Bibliography

1. <https://www.evworld.com/index.php?rssID=103160> - Please view link - unable to able to access data
2. <https://finance.yahoo.com/news/charlie-munger-says-byd-best-094339069.html> - In February 2023, Charlie Munger, vice chairman of Berkshire Hathaway, praised BYD's dominance in China's electric vehicle market, stating, "BYD is so much ahead of Tesla in China, it's almost ridiculous." Berkshire's initial investment of $230 million in 2008 had grown significantly, with Munger noting the stake was now worth about $8 billion or $9 billion. He highlighted BYD's rapid growth and market leadership, emphasizing the company's remarkable success in the EV sector.
3. <https://www.cnbc.com/2023/02/15/charlie-munger-says-byd-is-far-ahead-of-tesla-in-china.html> - In February 2023, Charlie Munger, vice chairman of Berkshire Hathaway, lauded BYD's position in China's electric vehicle market, stating, "BYD is so much ahead of Tesla in China, it's almost ridiculous." Berkshire's initial $270 million investment in 2008 had appreciated to approximately $8 billion or $9 billion. Munger attributed BYD's success to CEO Wang Chuanfu, describing him as a "combination of Thomas Edison and Jack Welch."
4. <https://www.cnbc.com/2018/05/08/charlie-munger-plays-berkshires-hand-in-china-bet-and-seeks-more-opportunities.html> - In May 2018, Charlie Munger discussed Berkshire Hathaway's investment in BYD, a Chinese electric vehicle manufacturer. Berkshire had acquired a 9.89% stake in BYD in 2008 for $230 million. Munger emphasized the importance of looking for opportunities in China, stating, "American investors are missing China." He credited BYD's CEO, Wang Chuanfu, for the company's rapid success, describing it as a "damn miracle."
5. <https://www.reuters.com/business/finance/berkshire-hathaway-cuts-stake-chinas-byd-below-5-2024-07-22/> - In July 2024, Berkshire Hathaway reduced its stake in BYD, China's largest electric vehicle producer, to below 5%. The stake was decreased to 4.94% from 5.06% as of July 16. Berkshire's initial investment in 2008 was $230 million for a 10% stake. This reduction followed a pattern of sell-offs by Berkshire that began in August 2022, after BYD's stock price had increased significantly.
6. <https://www.autocar.co.uk/car-news/electric-cars/mercedes-amg-cla-45-return-500bhp-ev-axial-flux-motors> - In March 2025, Mercedes-AMG announced plans to incorporate advanced axial-flux electric motor technology into a new range of high-performance models, starting with successors to the CLA 45 4Matic+ Saloon and Shooting Brake. Developed in partnership with Yasa, a British engineering firm acquired by Mercedes-Benz in 2021, these motors aim to position AMG at the forefront of performance EVs, responding to competitors like BMW M's plans for future performance models.
7. <https://www.em.autocar.co.uk/car-news/electric-cars/mercedes-amg-cla-45-return-500bhp-ev-axial-flux-motors> - In March 2025, Mercedes-AMG revealed plans to integrate advanced axial-flux electric motor technology into a new range of high-performance models, beginning with successors to the CLA 45 4Matic+ Saloon and Shooting Brake. Developed in partnership with Yasa, a British engineering firm acquired by Mercedes-Benz in 2021, these motors aim to position AMG at the forefront of performance EVs, responding to competitors like BMW M's plans for future performance models.