



Berkshire

DIVIDEND STRATEGY

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"Casual Friday" Commentary

Casual Friday: Earnings and Pork Taco's? – October 22nd, 2021

Good morning,

Q3 Earnings Rundown...

The S&P500 is about a third of the way through earnings season. Tech has been showing some cracks thus far (working from high expectations) but the rest of the market on average has been coming in above expectations. Companies in the Berkshire portfolio have mostly beat expectations.

14 of our companies reported Q3 earnings

12 beat expectations

1 matched expectations

1 slight miss (KMI missed 22cents posted vs 23 estimate)

(Source: Zacks)

Notably, the banks in our portfolio have fared well - [Moynihan @ Bank of America \(BAC\) noted on the earnings call](#) -- "there's still tremendous capacity for the consumers to borrow if they want to, to do things. The second thing is that the spending levels are growing at a 10% growth rates in an economy in the U.S., which is led by the American consumer. That is a tremendous amount of spending that's going on, and it's accelerating even as the stimulus is not -- is in the rearview mirror by quite many months. So as people get back to work in higher wages and things, there's just more money to spend." Loan growth / demand, in our opinion, would be the next catalyst for the sector.

On the flip side, although Intel (INTC) beat expectations, [CEO Commentary - Pat Gelsinger guided for continued strong demand but weaker margins](#) in the years ahead. The company continues to navigate the disrupted semi-conductor market. We believe they have the scale, balance sheet and cash flows to do so successfully. Secular tailwinds in the space should continue to drive demand -- offsetting the concerns on margin compression.

Looking for the fastest and most efficient way to get up to date on all things Berkshire?
[Berkshire State of the Union 9.30.2021](#) includes the following:

- Firm Overview
- Strategy Objectives / Profile
- Strategy Process Edge
- Expectations for Equity Investors
- Case for Growing Dividends Going Forward?
- Investment results
- Current Special Interests / Research

Fall, Baseball Playoffs, Football Season = Bring Out the Slow Cooker!

Pro Tip - Check out the pork taco dishes :)

<https://www.epicurious.com/recipes-menus/our-best-slow-cooker-recipes-for-fall-gallery>

Regards,
Gerry

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and lower forecasted growth values. The index was developed with a base value of 200 as of August 31, 1992. You cannot invest directly in an index. BEst (Bloomberg Estimates) Earnings Per Share (EPS Adjusted) estimate returns Earnings Per Share from Continuing Operations, which may exclude the effects of one-time and extraordinary gains/losses. Beta is a measure of volatility vs. an index. Upside/Downside capture ratios refer to a portfolio's performance as a percentage of either positive returns (upside) or negative returns (downside) vs. an index. Standard Deviation is a measure of total risk. Alpha, Beta and capture ratios are represented as calculated by Morningstar.

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