



Berkshire

DIVIDEND STRATEGY

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“Casual Friday” Commentary

Casual Friday: Dividend Increases + Growth Route Goes Mainstream? – January 28, 2022

Berkshire Strategy experienced 4 dividend increases this week -- "pay raises" are welcomed news during market volatility:

- [Norfolk Southern Increases Quarterly Dividend by 14%](#)
- [Intel Increases Quarterly Dividend by 5%](#)
- [Chevron Increases Quarterly Dividend by 6%](#)
- [Kimberly Clark Increases Quarterly Dividend by 2%](#)

The portfolio has had no dividend cuts YTD 2022.

Voting with Dollars?

The shift to value has experienced a share of head fakes over the last 18 months. There have been notable catalysts, (Fed speak, vaccine announcements, etc) but big rotations should be thought of as processes, not events. They are never obvious until they are complete. Last week we discussed the exodus from high octane growth strategies like the ARKK fund. This week we saw evidence pressure is being applied to more mainstream growth investors. T. Rowe Price (not in our portfolio) has recently declined sharply. Its CEO explained the reason behind heavy equity outflows -- "We're disproportionately exposed to growth as a strategy and if that's out of favor that will be difficult for us to overcome." If you as an advisor thinking about a growth to value allocation shifts, we think we have some ideas for you “wink, wink”.

From Trunk Phone to Cell Phone?

Managers are not allowed to guarantee much, (well anything) but outside of watching the new season of Ozark, we are pretty confident this video on the history of cell phones may be the most interesting 4 minutes of screen time you spend today. It's really good! [Here's how drastically cell phones have changed over the past 40 years](#)

Ozark Effect?

Speaking of Ozark, it got us thinking. Could real life advisors learn anything from the plight of Marty Byrd? YES! Hint, compliance and a very specialized set of skills are a key to survival: [Six Lessons Financial Advisors Can Learn From 'Ozark'](#)

For those of you along the NE section of I95, we hope the looming cyclone bomb (a more exciting term than “winter hurricane”) doesn't hit too hard. If it does, hopefully the conference championships will be as good as last week! - Gerry

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Berkshire Asset Management, LLC claims compliance with the Global Investment Performance Standards (GIPS®). Berkshire Asset Management is a fee-based, SEC registered advisory firm serving the portfolio management needs of institutional and high-net worth clients. The Dividend Growth Composite contains portfolios invested in Berkshire's Dividend Growth Strategy with an equity allocation target of 90% - 100%. The Dividend Growth Strategy's primary objective is to generate a growing stream of equity income by investing in a diversified portfolio of equities with stable, high, and growing dividends. The benchmark is the S&P 500 Index. The index returns are provided to represent the investment environment existing during the time periods shown. For comparison purposes, the index is fully invested, does not include any trading costs, management fees, or other costs, and the reinvestment of dividends and other distributions is assumed. An investor cannot invest directly in an index. Gross returns are presented before management and other fees but after all trading expenses. Net returns are calculated by deducting actual management fees from gross returns. Returns reflect the reinvestment of dividends and other earnings. Valuations are computed and performance is reported in U.S. dollars. To receive a complete list of composite descriptions and/or a compliant presentation, contact Jason Reilly, CFP® Tel: 570-825-2600 or info@berkshiream.com. Past performance does not guarantee future results.

Definitions: The S & P 500 Index is a market capitalization weighted index of the largest 500 U.S. stocks. It is a market-value weighted index (stock price times # of shares outstanding), with each stock's weight in the index proportionate to its market value. The index is designed to measure changes in the economy and is representative of most major industries. Russell 1000 Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. The index was developed with a base value of 200 as of August 31, 1992. Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios 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 portfolios 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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