



Berkshire

DIVIDEND STRATEGY

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“Casual Friday” Commentary

Casual Friday: 90 Second Portfolio Recap + Robos Under Fire?– November 12th 2021

Good Morning,

I was getting ready for a meeting and jotted down some quick notes on a portfolio printout - what we own and why. Then I thought...why not share in a super simple format. Here's our portfolio with hand written notes from yours truly. [Quick Berkshire Portfolio Notes 11.10.2021](#)**

Sticking with thoughts / analysis of the portfolio... Market dynamics are certainly creating cross currents in the market: proposed regulation = lagging pharma stocks, supply chain issues, higher interest rates – How do select holdings in our portfolio address these themes?

Lagging pharma stocks: Bristol Myers (BMY)

- Underlying brands strong growth YOY
- Diversified drug portfolio providing consistency of cash flows
- 3.3% current dividend yield that we believe can grow at 8% in the upcoming years

Strong Q3 performance in key franchises

| | Net Sales \$ in Billions | Vs. Prior Year | | Net Sales \$ in Billions | Vs. Prior Year |
|--|-----------------------------|-------------------|---|-----------------------------|-------------------|
|  Revlimid <small>(lenalidomide)</small> | \$3.3 | ▲ 11% |  ORENCIA <small>(abatacept)</small> | \$0.9 | ▲ 5% |
|  Eliquis <small>apixaban</small> | \$2.4 | ▲ 15% |  SPRYCEL <small>dasatinib</small> | \$0.6 | ▲ 1% |
|  OPDIVO <small>(nivolumab)</small> | \$1.9 | ▲ 7% |  YERVOY <small>(pilotumab)</small> | \$0.5 | ▲ 15% |
|  Pomalyst <small>(pomalidomide)</small> | \$0.9 | ▲ 10% |  Abraxane | \$0.3 | ▼ 22% |

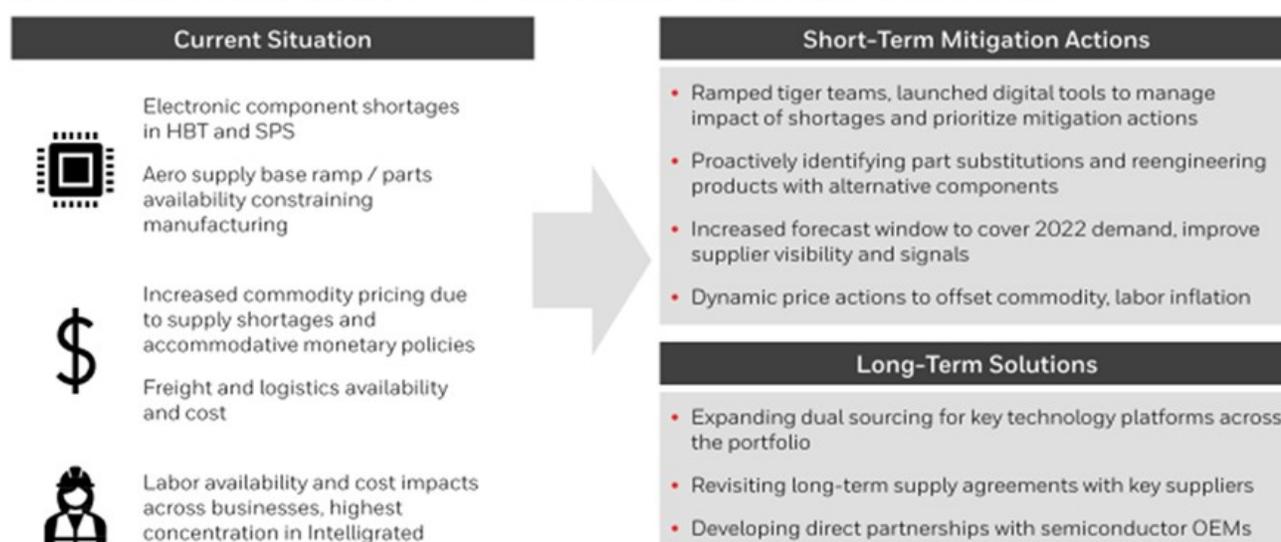
Q3 2021 Total Sales: \$11.6B, up 10% vs PY

Source: Bristol Myers Q3 2021 Earnings Presentation

Navigating the supply chain issues: Honeywell (HON)

- Well-constructed plan to mitigate the impact and solve supply chain issues
- Economies of scale for pricing power / negotiation
- We want to see issues create “deferred” not “missed” sales
- Ability to pass pricing on to customer / clients

MANAGING SUPPLY CHAIN CONSTRAINTS



Aggressive Supply Chain and Engineering Actions to Address Environment

3Q 2021 Earnings - October 22, 2021

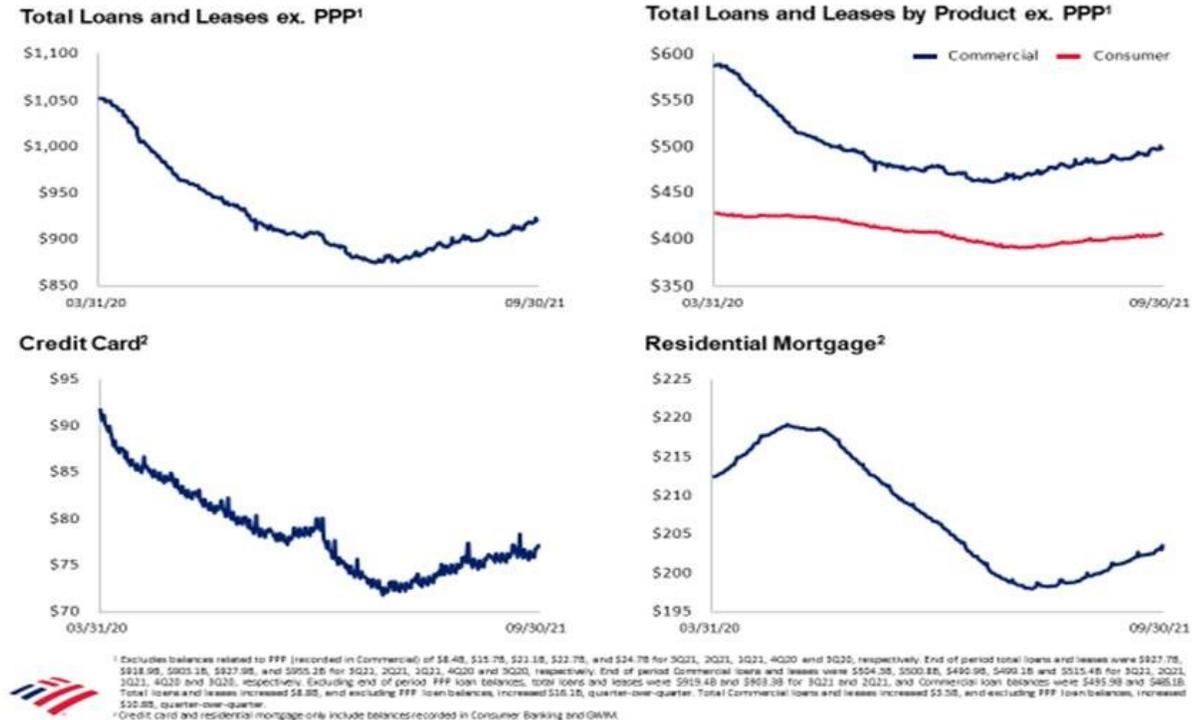
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Source: Honeywell (HON) Q3 2021 Earnings Presentation

Impact of higher rates, inflation and growing economy: Bank Of America

- Benefitting from money expansion
- Steeper yield curve = NIM expansion
- Loan growth moving higher is likely the next catalyst for bank stocks

Daily Loan and Lease Balance Trends (\$B)



Source: Bank of America Q3 2021 Earnings Presentation

Practice Management Rewind:

We received good feedback from last week's practice management article. If you read between the lines, you'll see we are urging advisors not to get complacent after what is likely a record year. While there is still opportunity out there, next year could be much more challenging market wise and new business wise. Plan accordingly: [Casual Friday: Next Up? + Santa Crypto... – November 5th 2021](#)

Bonus -- Interesting article this week: [SEC Slams Almost Robo-Advisors With Deficiency Letters](#)

Regards,
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