



# Berkshire

## DIVIDEND GROWTH STRATEGY

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Casual Friday Commentary

### Casual Friday: Dividends Accelerating? + Farm Future – July 16th, 2021

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#### Quick Mid-Year Recap:

- Dividend growth appears to be reaccelerating
  - 4 banks in the portfolio bumped dividends following CCAR at end of June
- 19 Dividend Increases YTD -- Roughly 7% on weighted average
- Berkshire payout ratio BELOW S&P 500 w/ more than double the current dividend yield
- Earnings continue to top high expectations
  - 4 of 4 companies beat Q2 2021 EPS past week in Berkshire portfolio
- YTD total return on the Berkshire portfolio squarely in mid-double digits
- The Lower quality value index move appears to be fading and now favoring higher quality

(Source: Bloomberg)

#### PM Virtual Office Hours?

I'm going to start doing "Virtual PM Office Hours" on Fridays. If you want to have a quick chat on markets, Berkshire portfolio or practice management: Jason and I will do Office Hours today 1-3 EST :) -- [Ping me on Zoom](#) or [Go To Meeting](#)

#### Farming Redefined

It's astounding when you dig into new technologies and realize positive impacts on the world -- One such innovation? Indoor farming... A company based in Newark, New Jersey has been turning the farming industry upside down:

- Up to 390x more productive than field farming
- Uses 95% less water
- Uses 99% less land
- Zero pesticides, fresher foods, more consistent yield

Check out AeroFarms and see how they make it all

happen: <https://www.nytimes.com/video/nyregion/100000005080478/aerofarm-vertical-newark.html>

(Source: <https://www.aerofarms.com/> - "No portion of the content should be considered a solicitation to buy or an offer to sell shares and is only for informational purposes.")

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*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. index. Standard Deviation is a measure of total risk. Alpha, Beta and capture ratios as represented/calculated by Morningstar.*

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