



Berkshire

DIVIDEND STRATEGY

Berkshire Asset Management
46 Public Square, Suite 700
Wilkes-Barre, PA 18701
570.825.2600

Business Building

Incumbent Tech User, Beware

Incumbent Tech User, Beware*** -- The future is officially here, why not deliver investment through the seamless and powerful technology brought by today's unified managed accounts (UMAs)? We were recently reminded of yet another application for UMAs -- winning business. An advisor we know landed a large prospect by poking at the glaring inefficiencies of another's technology / investment offering...

The incumbent advisor was using an old tech stack combining SMAs, mutual fund accounts and an advisor directed accounts:

- Client felt like "data was all over the place" -- Multiple accounts, multiple statements (*and multiple advisor platforms*)
- Wash Sales -- One manager was selling for a loss, another manager was buying
- Client didn't feel they were rebalanced / buying equities quickly enough in 2020
- Client has taxes on mind, yet no clarity on a process to manage / minimize

This inefficient dystopian model made it difficult to capitalize and deliver on investment trends, tax efficiencies and rebalancing. After identifying the pitfalls -- The advisor we know painted the utopian picture of how leveraging an enhanced tech stack (UMA) would benefit:

- Consolidation of data / accounts / statements / performance reporting
- Tactical and timely rebalancing
- Tax efficiencies / avoidance of wash sales / automated tax-loss harvesting
- An investment strategy automatically flowing through to holistic financial plan tools

Imagine the inefficiencies in the incumbent advisor's practice... Are they a data manager or a wealth manager? Seriously -- Are they spending way too much time opening separate accounts, moving money around to rebalance, culling together performance data, monitoring 5 different cap gains reports and trying to make sense of it with clients as it pertains to their financial plan? Or they're paying someone to do all that work. In addition to losing business, for this advisor the lost time is an explicit cost to their practice and keeps him from delivering premium service.

We had two takeaways from the conversation:

#1. Leverage your tech stack in prospective client meetings, there are still plenty of advisors stuck in old ways.

#2. If you're an advisor stuck in your old ways, change -- because the 2021 advisor is coming after your book.

One more anecdote from this advisor – He keeps allocations and investment conversations simple: “Mr. and Mrs. Client we’ll leverage the enhanced tech mentioned and align investments with your financial plan. We’ll work to simplify and streamline your approach so we could make changes quickly...

- Berkshire SMA aims to generate income, grow income and protect on the downside
- Growth fund XXX to possibly find disruptive technologies with superior long term growth profile
- International ETF XXX because currently yields are high and valuations are lower
- Fixed income manager XXX aims to hedge against equity market risk and provide income

Together they help aligned you with your retirement goal. Now let’s talk about your estate plan, and how much money you want to leave to your kids.”

1 account, 4 strategies, and a focused conversation around planning – Which for the majority of clients is utopian not dystopian.

Gerard Mihalick, CFA, Portfolio Manager
gmihalick@berkshiream.com or (570) 825-2600

Jason Reilly, CFP®, VP Distribution
jason@berkshiream.com or (570) 825-2600

Berkshire Dividend Growth SMA is available through various custodians, broker-dealers and UMA providers. This commentary is Intended for Institutional and advisor use only. This commentary may make information of third parties available via website links. The Third-Party Content is not created or endorsed by Berkshire nor any business offering products or services through it. The delivery of Third-Party Content is for general informational purposes only and does not constitute a recommendation or solicitation to purchase or sell any security or make any other type of investment or investment decision. In addition, the Third-Party Content is not intended to provide tax, legal or investment advice. the Third-Party Content provided to is obtained from sources believed to be reliable and that no guarantees are made by Berkshire or the providers of the Third-Party Content as to its accuracy, completeness, timeliness.

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 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.

Risks: Past performance does not guarantee future results. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment will either be suitable or profitable for an individual's investment portfolio. Dividends are subject to change, are not guaranteed, and may be cut. Investing based on dividends alone may not be favorable as it does not include all material risks. There is no guarantee any stated (or implied) portfolio or performance objective mentioned by Berkshire can be met. Berkshire's equity style may focus its investments in certain sectors or industries, thereby increasing potential volatility relative to other strategies or indices. The dividend strategy may include bundled services also known as a "wrap fee program". Because there is typically a low turnover in the strategy, this may be more costly for some investors. No one should assume that any information presented serves as the receipt of, or a substitute for, personalized individual advice from a qualified advisor or any other investment professional.

*Market Commentary, Aggregate Holdings, Securities, Sectors, Portfolio Characteristics Mentioned: No statement made in this presentation shall construe investment advice. This presentation is for informational purposes only. Views, comments or research mentioned is not intended to be a forecast of future events. The mention of any security or sector is not deemed as a recommendation to buy or sell. Any reference to any security or sector is used to explain the portfolio manager's rationale for portfolio decisions or philosophy. Research or financial statistics cited regarding securities or sectors do not contain all material information about them. Any securities mentioned represent a partial list of holdings whereas Berkshire portfolios typically contain approximately 30-40 securities in percentage weightings ranging from 1-5%. A complete list of holdings from a representative account is available upon request. Overall portfolio characteristics mentioned are from a representative account deemed representative of the strategy; data may be compiled from Bloomberg, Baseline or Berkshire estimates. Individual holdings, performance and aggregate characteristics of actual portfolios may vary based on a variety of factors including market conditions, timing of client cash flows and manager discretion. This presentation contains Berkshire opinions and use of Berkshire estimates which are subject to change at any time. Berkshire employees may have personal positions in any securities or sectors mentioned. Charts, presentations or articles may be obtained from third parties and Berkshire does not guarantee their accuracy. *Platform restrictions may apply. Preliminary returns are based on composite estimates only. Individual accounts will vary. Copyright © 2021 Berkshire Asset Management, LLC, All rights reserved.*