



Berkshire

DIVIDEND STRATEGY

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"Casual Friday" Commentary

Casual Friday: "I don't want to look" + A dollar and a dream? – March 11th, 2022

#TGICF! -- Quick admin note: If you're having difficulty opening/blocked from our marketing document links, visit our website berkshireasset.com or just email/call us, we'll send a PDF.

What a world we are living in -- Pray for Ukraine and peace.

This week, some advisors shared they heard clients say "I don't even want to **look** at my statement!!!" We understand, fear is palpable, and rightly so.

We think advisors could say "Look"

- "Look at how your plan is still on track" -- show how the portfolio may be able to weather additional market shocks
- "Look at the fixed income components" -- show how the portfolio, if allocated properly is likely holding in relatively steady, creating a blended return that clients can likely stomach

And yes...

- "Look at how the Berkshire portfolio (and possibly other dividend strategies) have fared during this downturn"

Berkshire: -3.5% (Composite estimate net of fees through 3.9.22)
vs. S&P: -10.50% / Growth: -17.50% / Value: -6%

(Source: Bloomberg – Returns are YTD through 3.9.2022)

As we mentioned last week, our mission is not to avoid shocks, it's about owning companies we think can withstand them. Factor analysis indicates dividends, value bias and quality have all led to positive relative performance. Unlike Covid, many dividend strategies have fared well during this volatility. We believe we are very well positioned for these factors to persist.

It is time to play offense, not defense. Clients need to hear from us, even if we don't have all the answers about the near-term direction of the market. They might even be pleasantly surprised and appreciate you.

It's 'ok' to look.

Portfolio Change - "Spring Clean-Up"

We recently sold our small position in Viatrix VTRS as part of a potential house cleaning effort. The evolution of Viatrix as a public company has not met our expectations, the balance sheet is now highly levered, putting its dividend at risk. Prospects to grow the dividend are weak.

We are nearing sale of some other companies who have disappointed us. Higher quality companies with better growth stories and cleaner fundamentals have gone through a pretty substantial valuation "reset" and may present opportunity to buy growth on the cheap - or at least cheaper. Stay tuned.

"A Dollar and a Dream"

The Player's Championship is going on this weekend at the famed TPC Sawgrass. Outside of the couple of weeks leading in the tournament, the course, clubhouse and restaurants are actually open to the public. It's definitely worth the visit just to check out the clubhouse and take in the history. One really interesting fact - the land (415 acres) was bought for \$1! The check is on the wall in the clubhouse:



More about the history of Sawgrass:

<https://tpc.com/sawgrass/history/>

Peace,
Gerry

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