



# Berkshire

## DIVIDEND STRATEGY

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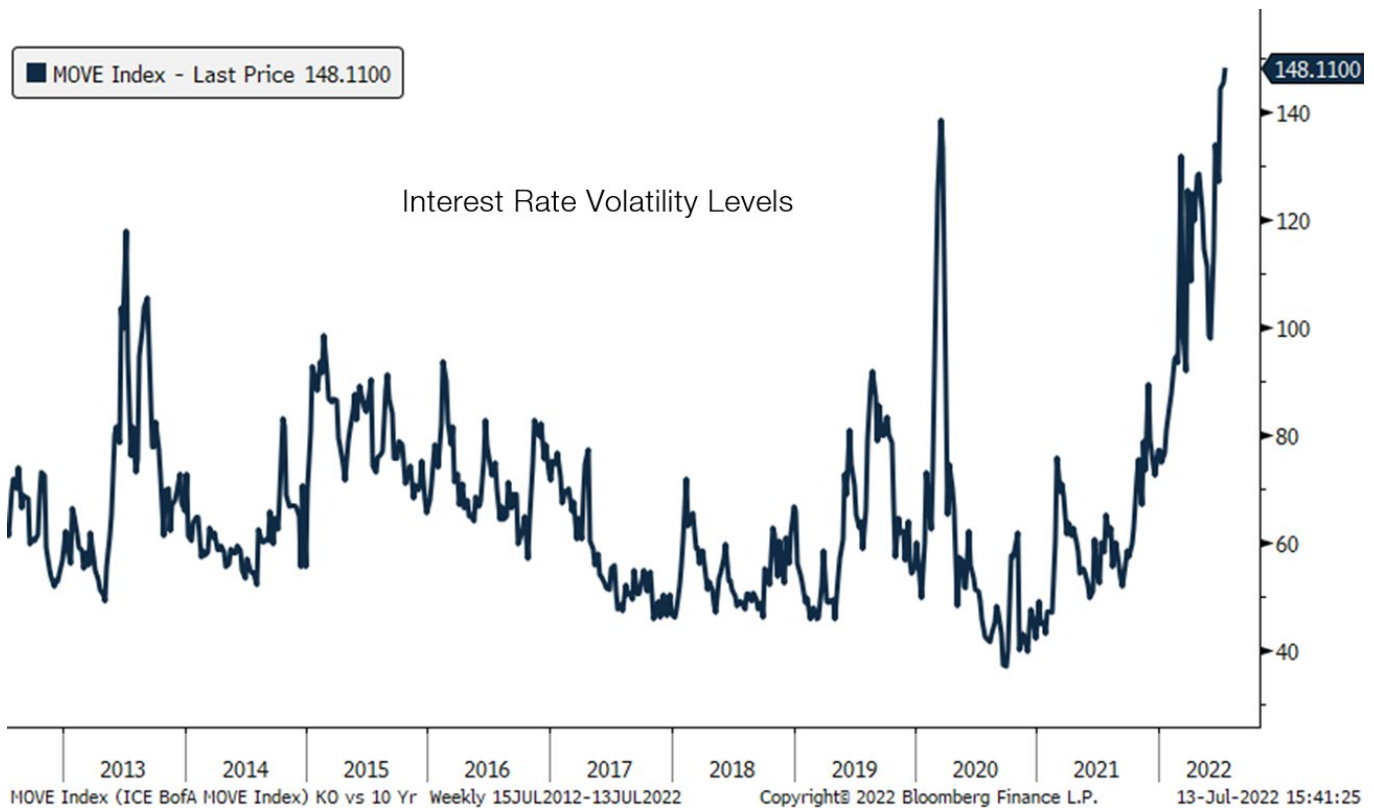
“Casual Friday” Commentary

### Casual Friday: Align 3 Ways + 2Q Material – July 22, 2022

[Dividend Strategy Guide 6.30.2022](#) - [Dividend Scorecard 6.30.2022](#) - [Dividend Fact Sheet 6.30.2022](#)

Markets are enjoying a solid, yet erratic bounce. It’s like the market can’t make up its mind. Are rates going higher or lower? Is the economy running too hot or about to get too cold? Does the Fed have any idea what to really do? While we don’t love growth outpacing value near term, the general move higher is welcomed and is likely pulling clients out of panic mode. We’ll take it. Sometimes “up is up”.

Bond market action has been anything but boring with a dramatic drop lower on the ten year. The move is so sharp, bond volatility is at the highest level since 08’. And what does it tell you that cell companies are reporting customers are not paying their bills. Still the market does not have its mind made up -- And with conflicting data coming in every day, I can understand why.



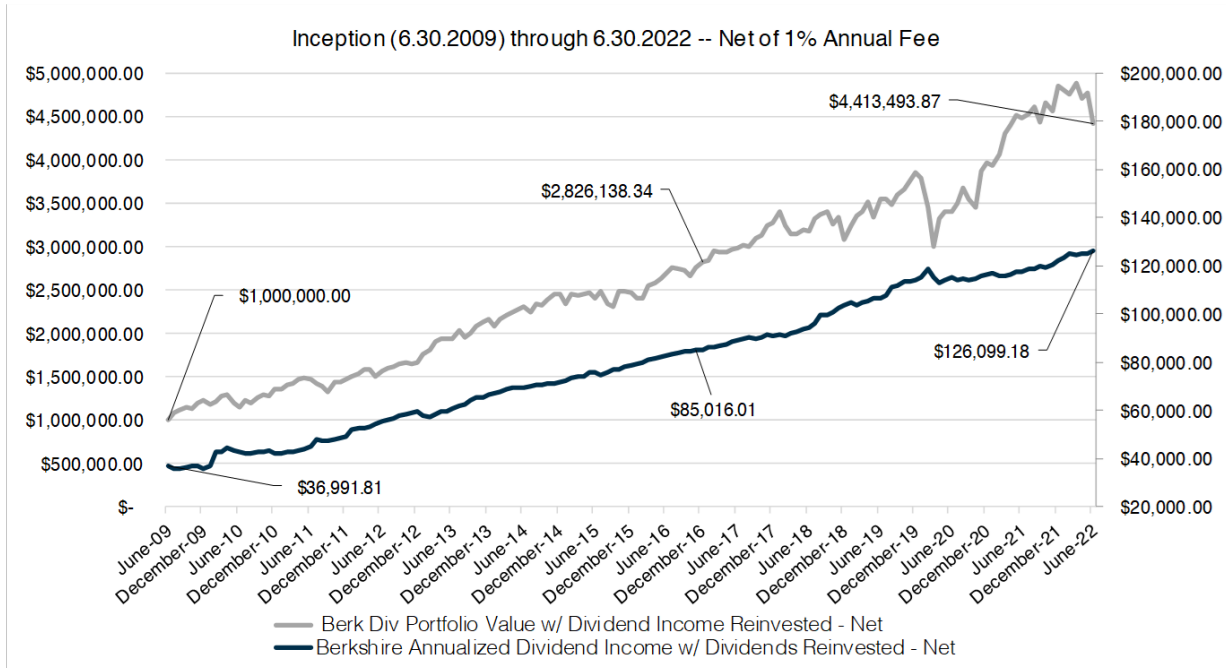
Source – Bloomberg

Want to cut through the confusion and simplify?  
It's all about "Alignment"...

### Align Investments With Actual Client Goals

Think about it. Don't all client objectives really boil down to "I need my investments to provide income now or income in the future." If that's the case, why not recommend strategies designed to do exactly that? Berkshire's dividend strategy's objective may align perfectly. It seeks to generate income, grow income and provide safety on the downside.

Demonstrate the power of dividend growth in one simple chart:



Intended for illustrative purposes only. Income chart is based on the assumption \$1,000,000 is invested in the Berkshire Dividend Growth and Income Strategy at the inception of the Berkshire Dividend Growth and Income composite. (6/30/2009) The \$1,000,000 investment is adjusted monthly based on the stated monthly total returns for the given composite. This includes accumulation and reinvestment of the dividend. The monthly adjusted account values are then multiplied by the current yield of the respective composite. The resulting monthly income figures are then charted in the graph. Dividends are not guaranteed, and may be subject to change. 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. A fee of 1% annually is included in analysis. Berkshire Dividend Growth and Income current yields are calculated in Zacks from a representative account only. Individual account yields and returns can vary. Calculation limitations: Changes of the underlying holdings in the index or composite can change current yield calculations. This can lead to various ranges of results that may appear more or less favorable. Example: Stock A with 3% current dividend yield is sold. Stock B with 4% current dividend yield is purchased. This would result in higher yielding portfolio but is not the result of "dividend growth".

This chart is page 5 of our: [Dividend Strategy Guide 6.30.2022](#)

This chart shows clients the actual path of income and market value of our portfolio over the past 10 years. Remind clients how each year brought its own unique challenges that tempted them to get out of the market - and miss out on dividend increases. A goals based, income driven approach keeps you out of exhausting discussions like "which way is the market going, or "did we beat the benchmark this quarter" And instead, you can play offense: "I've reviewed you plan and your income goals are still on track." You'll free up time to advise them on their estate plan, insurance needs and grow your business. We strongly believe dividend strategies and goals-based investing dramatically increases your productivity.

## **Align Clients With a Common Sense Approach To Investing**

*Black boxes? Four factor alpha models? Algorithms? "No thanks."*

Much of the industry is built around complexity, but clients have a hard time relating to these approaches and sticking to them - especially when they are not working. Instead, Berkshire employs a common-sense approach that appeals to many clients' own investment philosophy. We view a business much the same way a business owner would likely view their own business or perhaps a piece of real estate for the long term. Clients can wrap their head around a portfolio of 35 or 40 high quality, companies and how it helps them reach their income and growth goals. And when markets get tough (they always will) you can open up their statements and point out the durability and longevity each of our companies in ways they can understand.

*Cash flow? Quality? Good value? "Yes please!"*

## **Align Your Practice With a "Partner" vs. a "Provider"**

Think about all the time spent on product, analysis, sorting through the endless fact sheets and return metrics – Is this the most valuable use of your time? Elite advisors have narrowed their investment providers and product scope ...So, if you feel the burden of "there's just not enough hours in the day" -- Why not leverage fewer, more substantive partner firms that help you achieve your practice aspirations?

Berkshire's convinced we have to provide more than just great investments results. Apparently, 1-800 lines and waiting 2 weeks for investment proposals is still, somehow a thing in our industry at some larger impersonal firms. We believe timely access, constant value-added communication and assisting in solving big initiatives in your practice are key service differentiators at Berkshire.

### *Berkshire Service Highlights*

- Weekly Casual Friday series provides real time insight and business building ideas
- Access to our PM's can create advisor cache and enhance advisor due diligence
- Berkshire's Practice management articles, webinars and strategy sessions may help take your practice to the next level

These can all be value adds above and beyond delivering a competitive dividend strategy.

## **Attack of the Drones?**

<https://www.bloomberg.com/features/2022-drone-traffic-control-nasa/#xj4y7vzkg>

Have a great weekend. Stay cool!

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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.*

*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.*

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