

Berkshire Asset Management

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“Casual Friday” Commentary

**Casual Friday: Feels Like 2008... Sorta? + Social Setting Playbook** – September 30th, 2022

#TGICF!   
  
We have many advisor friends affected by IAN. STAY SAFE!  
  
**Marketwise...**  
Just in time for October, it feels like 2008 all over again - sorta.  
Bonds are not our specialty, but here are a few quick observations…  
   
The spectacular bear of 2008 created epic headlines; equities declined -37% for the calendar year. What got little attention? Bonds were UP 5% that year. So if you had a balanced account comprised of index funds, you returns looked something like this:

|  |  |  |  |
| --- | --- | --- | --- |
| 2008 | Return | Allocation | Contribution to Return |
| S&P 500 | -37.00% | 60.00% | -22.20% |
| Barclays Int Gov Credit | +5.08% | 40.00% | +2.03% |
|  |  | **Blended Return** | **-20.17%** |

*Returns represent 2008 full calendar year.*  
   
  
Perhaps this year’s equity decline feels a bit more gradual and dare we say “quieter” than 2008’s “spectacular-headline-grabbing-horror show”, net-net the damage is nearly the same.

|  |  |  |  |
| --- | --- | --- | --- |
| 2022 YTD (09.28.2022) | Return | Allocation | Contribution to Return |
| S&P 500 | -22.72% | 60.00% | -13.63% |
| Barclays Int Gov Credit | -9.54% | 40.00% | -3.82% |
|  |  | **Blended Return** | **-17.45%** |

*Returns represent partial year as of 9.28.2022*

We are pleased to report your (hopefully) favorite dividend manager is holding in relatively well, down roughly 45% less than some major indices.  
   
Berkshire Dividend -14.23% Net of Fees (YTD as of 9.29.2022)  
   
  
**So what’s next?**  
Bond/inflation/rate wise, something might be about to give...  
Mortgage rates are now over 6.50% the highest they’ve been in 14 years.  
Housing prices are under pressure.  
   
Key industrial commodities HAVE rolled over...

Graphical user interface, chart

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**What to do?**  
Growth stocks, the relative “haven” of the pandemic now:

* Seem to be behaving worse on days the market is down
* Continue to look very expensive to value

Chart

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Many media folks and strategists are sounding panicky, insisting that rates/inflation will keep spiraling ever higher. We are not bond managers or interest rate prognosticators… but many of today's forces feel deflationary, not inflationary.    
  
Longer bonds and defensive equities anyone?  
  
  
**Social Setting Playbook:**  
Ever wonder how to effectively mix business with pleasure without becoming "that guy" everyone wants to avoid because they are worried about getting "hit up?"  This week, Berkshire's own Jason Reilly, VP CFP presents dignified ways to tastefully engage prospects in social settings.

[](https://vimeo.com/745755199?embed_email_provider=mailchimp)

[Having trouble viewing? View on LinkedIn](https://www.linkedin.com/posts/jason-reilly-cfp%C2%AE-92232488_financialplanning-investments-wealthmanagement-activity-6980502491163459584-uG7R)

**Casual Friday Bonus:**  
It's always inspiring when a sports milestone is conquered…  
and it's cool to look back at a couple old videos #vintage

<https://www.mlb.com/news/roger-maris-stats-and-facts>

Have a great weekend,  
Gerry

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

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