



Berkshire

DIVIDEND STRATEGY

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

“Casual Friday” Commentary

Casual Friday: Nothing But Dividends? – September 23rd, 2022

#TGICF!

2 Dividend Increases

Microsoft Corp. on Tuesday announced that its board of directors declared a quarterly dividend of \$0.68 per share, reflecting a 6 cent or 10% increase over the previous quarter's dividend. The dividend is payable Dec. 8, 2022, to shareholders of record on Nov. 17, 2022. The ex-dividend date will be Nov. 16, 2022.

<https://news.microsoft.com/2022/09/20/microsoft-announces-quarterly-dividend-increase-4/>

W. P. Carey Inc. (W. P. Carey, NYSE: WPC) reported today that its Board of Directors increased its quarterly cash dividend to \$1.061 per share, equivalent to an annualized dividend rate of \$4.24 per share. The dividend is payable on October 14, 2022 to stockholders of record as of September 30, 2022.

<https://ir.wpcarey.com/news/news-details/2022/W.-P.-Carey-Inc.-Increases-Quarterly-Dividend-to-1.061-per-Share/default.aspx>

Increasing cash flow...a port in a storm?

S&P -21%, Nasdaq in free fall, bond indices down double digits

Berkshire's rolling 12-month average dividend increase: + 7.4%.

Berkshire's market value is also down much less than the broader markets.

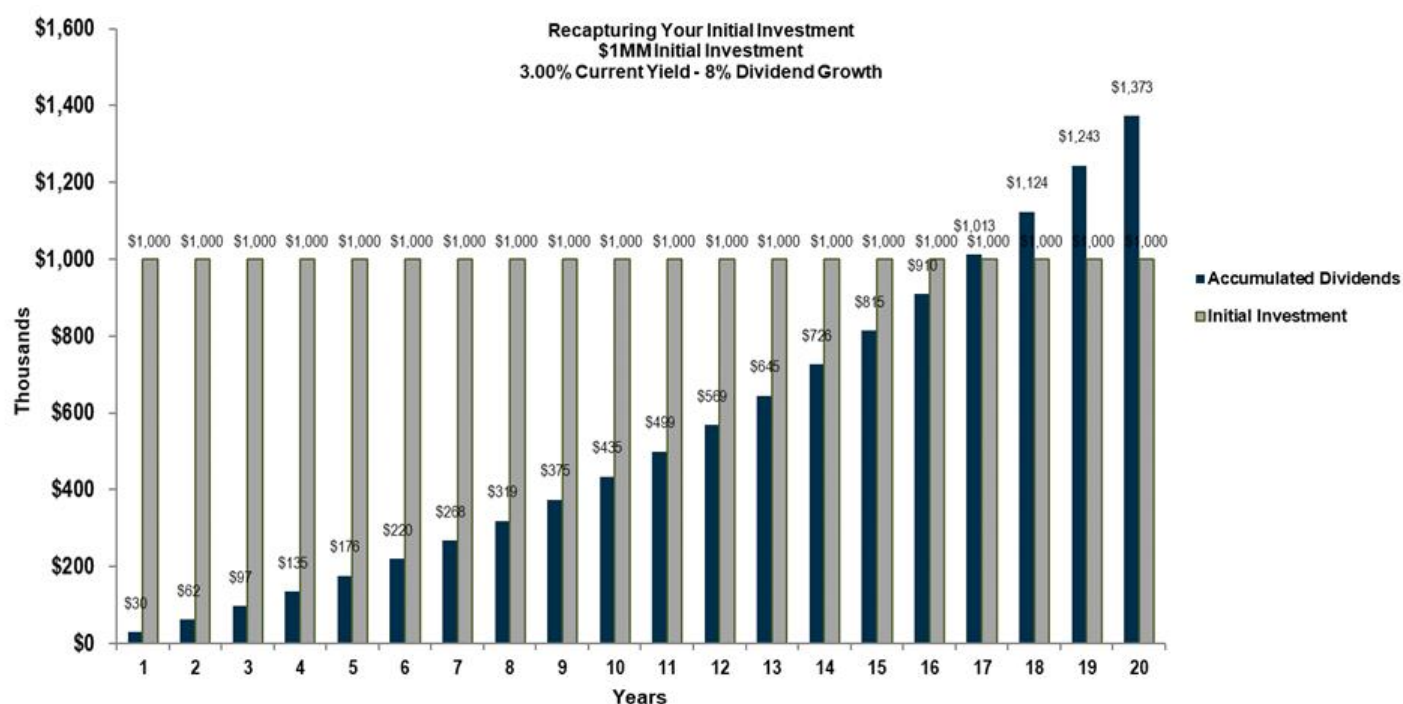
Remind clients of the many benefits of consistent, growing cash flow in times like these.

(Source: Bloomberg - Performance YTD through 9.22.2022)

Dividend Accumulation?

We often talk about annual cash flow, but think about how *cumulative* dividends may pile up client cash like “grains of sand.” The dividends may seem small at the start, but through the power of compounding, they may add up significantly over time. Dark blue bars = the running total of (potential) cumulative dividends in proportion to the initial investment (grey bars). By year 17, the cumulative dividends may actually exceed the initial investment!

The key takeaway? Compounding and dividends are best when left uninterrupted, but you have to “play to win”...even if the market looks ugly.



DISCLOSURE: For illustrative purposes only. Graph assumes a 20 year time horizon. Dividends are not guaranteed, and may be subject to change. The current yield may not be representative of the Berkshire Dividend Growth current yield. A current yield estimate can be provided by request. 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. Fees are not included in the analysis and would lower values.

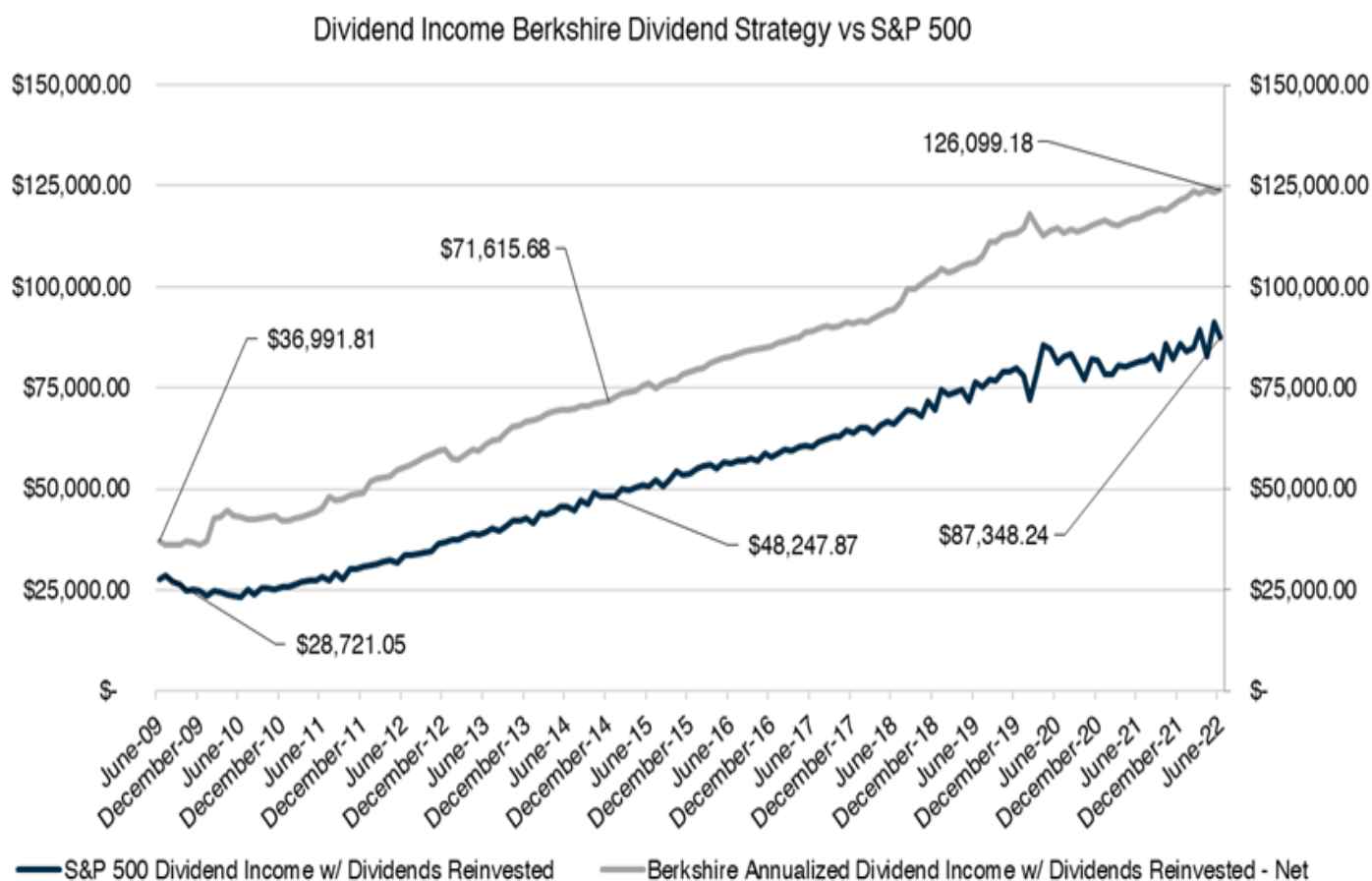
Berkshire Dividend Growth vs The S&P500?

Recent advisor question: Has your growth of dividend income outpaced the S&P 500?

The short answer – Yes.

	Berkshire Annual Dividend Income net of fees	S&P 500 Annual Dividend Income	Difference
Berkshire Inception 6.30.2009	\$36,991.81	\$28,721.05	\$8,270.76
June 30th, 2022	\$126,099.18	\$87,348.24	\$38,750.94

Examples are for an original portfolio value of \$1,000,000. Dividend income includes dividends being reinvested. Berkshire Net of Fees.

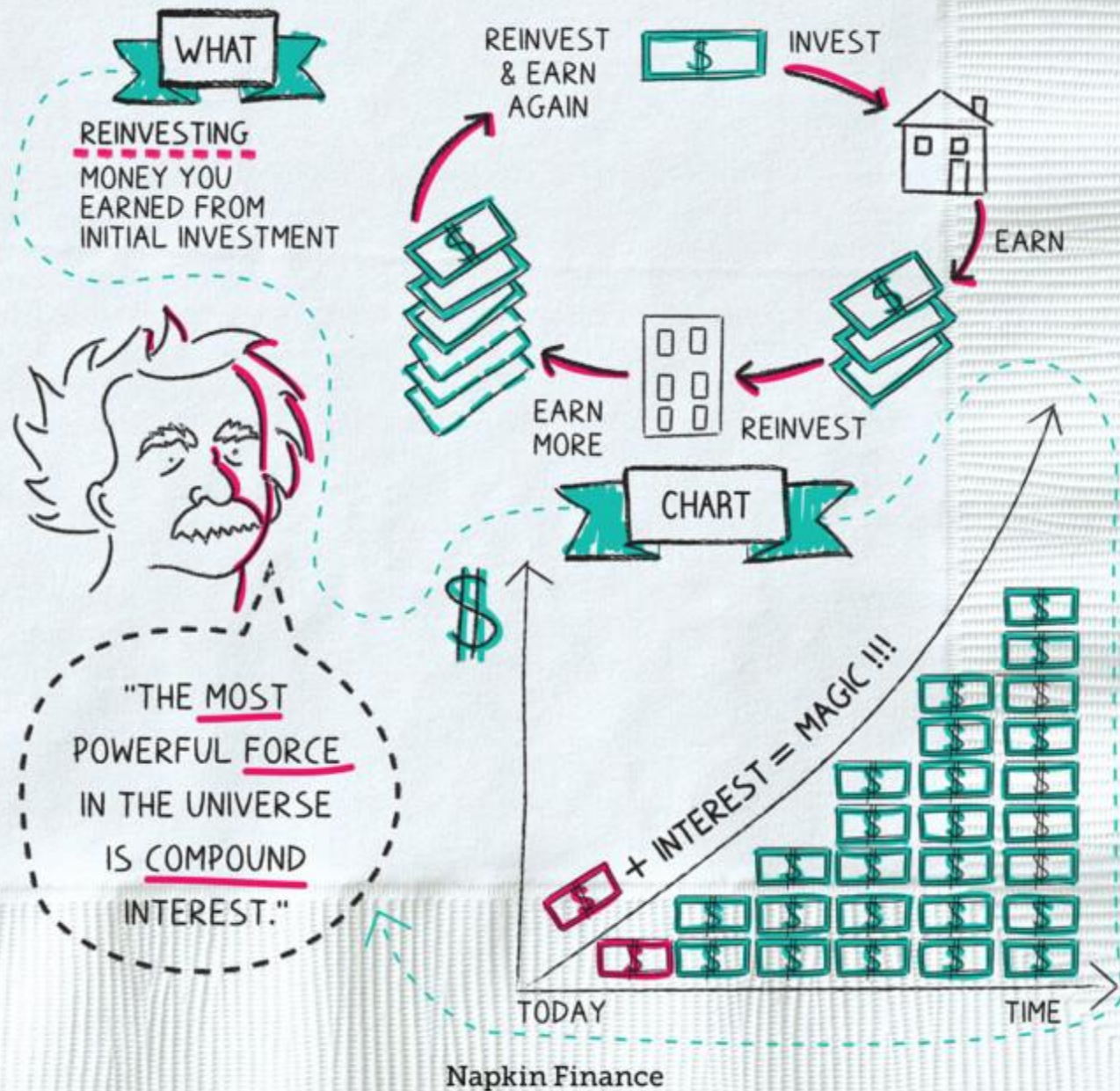


DISCLOSURE Intended for illustrative purposes only. Income chart is based on the assumption \$1,000,000 is invested in the Berkshire Dividend Growth and Income Strategy at the inception of the Berkshire Dividend Growth and Income composite. (6/30/2009) The \$1,000,000 investment is adjusted monthly based 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".

Compounding on a Napkin...

Would you rather receive \$10,000 a day, every day for a month or one penny that doubles each day for a month? (Hint: Yes, it's a trick question!)

COMPOUND INTEREST



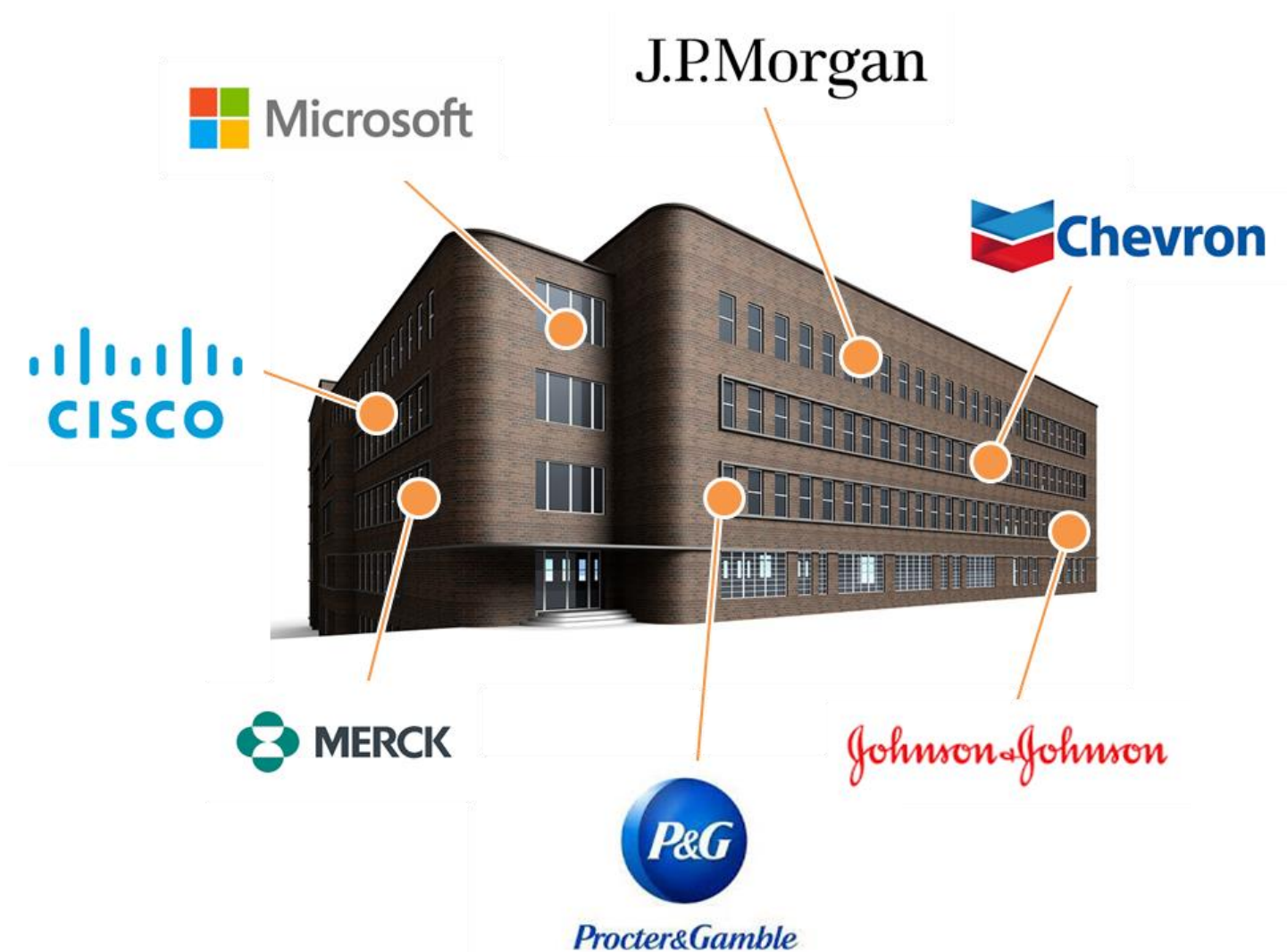
Source:

<https://napkinfinance.com/napkin/compound-interest-definition/>

Bonus: Dividend Analogy...

Is Dividend investing akin to owning a commercial office building?

- Your “tenants” are like world-class American companies
- Your “rent” is tied to their earnings
- As their earnings grow, so does your rent (“dividends”) create an attractive income stream
- Would you check the value of the building every day?
- If the “rents” you collected satisfied your income needs, would you really care what the underlying building was worth?
- But if you are collecting growing rents year in year out, chances are the value of the building will also increase



DISCLOSURE Not a full representation of the names in the Berkshire portfolio. For a current list of holdings please see our

[Dividend Scorecard 6.30.2022](#)

Have a great weekend,
Gerry

Gerard Mihalick, CFA
Dividend Strategy Portfolio Manager/Partner
Berkshire Asset Management, LLC

Office (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 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.

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.*