



Berkshire

DIVIDEND STRATEGY

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“Casual Friday” Commentary

Casual Friday: 2022 Deconstructed – January 20th, 2023

Good Morning - #TGICF!

Fed speak seems to dominate 2023's market action with Nasdaq related issues having a bit of the upper hand.

Team Berkshire stands ready to assist you with client cases, allocations, marketing ideas etc. Call 570.825.2600 or email gmihalick@berkshiream.com

4Q Materials

Present Berkshire slide by slide in formal PowerPoint style:

[Dividend Strategy Guide 12.31.2022](#)

Show power of dividend growth and company by company dividend increases:

[Dividend Strategy Scorecard 12.31.2022](#)

Just the...Fact(s) Sheet philosophy, process, holdings, stats on one sheet:

[Dividend Strategy Factsheet 12.31.2022](#)

Gain our perspective on a wild 2022 and review how we buy companies:

[Dividend Strategy Commentary 4Q2022](#)

Deconstructing 2022

2022 was a relatively solid year for our strategy.

1. What allocation decisions helped or hurt performance?
2. What are our highest conviction sector weightings?
3. How was our stock selection relative to the index?

Berkshire Total Portfolio 2022: -2.48% (gross)

Berkshire Total Portfolio 2022: -5.48% (net)

Russell 1000 Value: -7.58%

Please review full GIPS methodology and disclosure: <https://berkshireasset.com/wp-content/uploads/2023/01/GIPS-for-Website.pdf>

Sector	Berkshire Weighting	RLV Berkshire Weighting	Berkshire Sector Return	Sector Return	Berkshire Opinion
Communication Services	1.07%	7.56%	-1.40%	-26.17%	Significant underweight in a poor performing sector.
Consumer Discretionary	5.19%	5.61%	-8.26%	-19.84%	Slight underweight and security selection both helped.
Consumer Staples	9.72%	7.39%	4.25%	1.60%	Expensive but consistent performance.
Energy	7.23%	7.56%	47.05%	66.01%	Underweight, "lower" quality rally.
Financials	16.82%	20.27%	-13.79%	-10.40%	Banks in portfolio underperformed the broader sector.
Health Care	17.18%	17.42%	10.05%	0.34%	Equal weight, strong security selection in drug stocks.
Industrials	15.50%	10.43%	5.12%	-7.59%	Strong individual security selection.
Information Technology	16.33%	9.10%	-31.52%	-28.53%	Overweight position in underperforming tech sector.
Materials	3.90%	4.08%	17.40%	-7.25%	Nucor best in class business.
Real Estate	2.07%	4.80%	0.54%	-25.89%	Underweight in a poor performing sector.
Utilities	1.86%	5.57%	0.32%	1.25%	Underweight in Utilities.

Out with The Old! Mutual Funds vs. Berkshire Tax Managed Portfolios

After a year where many mutual funds posted negative returns AND kicked out capital gains, the SMA is not dead.

Do you need to change managers/strategies but are worried about potential capital gains?

Our Berkshire Dividend Tax/Managed Strategy may be of great help:

<https://berkshireasset.com/wp-content/uploads/2022/01/Berkshire-Tax-Alpha-Transition-Program-1.pdf>

In with the New! New Tools to Enhance Productivity: <https://berkshireasset.com/wp-content/uploads/2022/02/Incumbent-Tech-User-Beware.pdf>

BONUS: Will it be another WILD weekend in the NFL?

Here is your preview! <https://www.nfl.com/news/nfl-power-rankings-divisional-round-2022-nfl-season>

Have a great weekend!

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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 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.

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