



# Berkshire

DIVIDEND GROWTH STRATEGY

Berkshire Asset Management, LLC

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**Dividend Growth Fact Sheet**  
4Q 2022

**Berkshire Asset Management, LLC (Berkshire)** is a fee-based, SEC registered advisory firm serving the portfolio management needs of high net worth and institutional clients. Our guiding principle is a belief that success can be achieved by combining rigorous, well crafted investment processes with an exceptional level of client service and attention to detail. Berkshire Asset Management, Inc. was formed in 1986 as a SEC registered investment adviser. In 1999 the company was sold to Legg Mason. In 2007, senior leadership repurchased the firm, forming Berkshire Asset Management, LLC, the company built to serve you today. In December 2022, iM Global Partner, a leading global asset management network, made a strategic, non-controlling investment in Berkshire.

## INVESTMENT OBJECTIVE

The Berkshire Dividend Strategy's primary goal is to generate a growing stream of income through investments in a diversified portfolio of equities. We seek companies with a stable, high and growing dividend. Capital appreciation is a secondary goal and a risk profile below the S&P 500 is desirable.

## STRATEGY RATIONALE

Over time, dividends have made up a substantial portion of the total return of the S&P 500. The current investment climate may make dividend effect on total return even more important. Many high quality dividend paying stocks offer an attractive alternative to low yielding fixed instruments as they may possess higher current yields and may have the ability to grow the dividend over time.

## A COMPREHENSIVE, FORWARD LOOKING INVESTMENT PROCESS:

Intelligent dividend investing is much more than simply selecting stocks with high dividend yields or screening for past dividend increases. With an eye to a company's future, we carefully consider three major variables when investing:

### CURRENT DIVIDEND

- Dividend yield equal to or higher than S&P 500
- Current yield + dividend growth
- Potential for stock buybacks

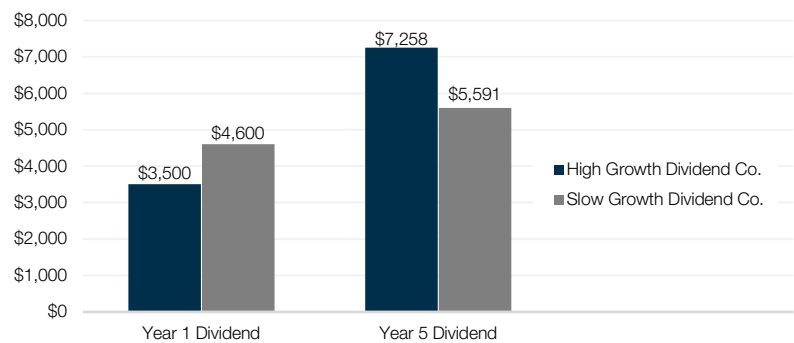
### CONSISTENCY OF DIVIDEND

- Strong balance sheet: low debt to equity ratios and high interest coverage ratios
- Sustainable operating margins
- Credit spreads on underlying debt

### GROWTH OF DIVIDEND

- Future sales and earnings growth
- High return on equity
- Management's commitment to dividend growth
- Potential future return

## IMPORTANCE OF A GROWING DIVIDEND



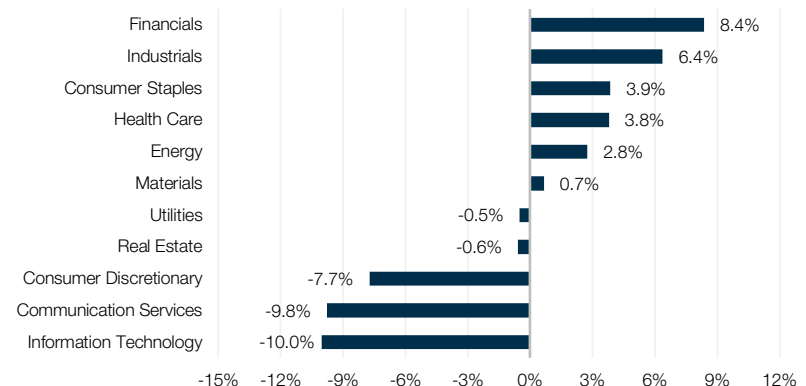
Assumptions: \$100,000 invested in 2 companies:  
 "High Dividend Growth Company": 3.5% current yield and 20% annual dividend growth  
 "Slow Dividend Growth Company": 4.6% current yield and 5% annual dividend growth

## PORTFOLIO CHARACTERISTICS (as of 12/31/2022)

	S&P 500	Portfolio
Number of Issues	505	36
Return on Equity	18.46%	21.14%
Beta	1.00	0.81
Current Yield	1.65%	2.74%
LT Debt to Capital	43.17%	40.33%
Forward P/E	16.71	14.21
Payout Ratio	61.81%	48.39%
Average Market Cap (\$ bill.)	\$326 bill	\$262 bill

See page 2 for performance of the Berkshire Dividend Growth Strategy.

## RELATIVE SECTOR WEIGHT (% vs. SP 500)





**TOP HOLDINGS** (as of 12/31/2022) \* Holdings are subject to change. A full list is available upon request.

Company Name	Ticker	% of Portfolio	Dividend Yield %	P/E Next 4 Qtrs	Beta	ROE %	Dividend Payout Ratio %
Chevron	CVX	5.88%	3.16%	10.64	0.76	5.11%	31.48%
Bank Of America	BAC	4.49%	2.66%	9.33	1.02	9.52%	28.03%
JPMorgan	JPM	4.08%	2.98%	10.38	0.97	13.55%	32.74%
Abbvie	ABBV	4.03%	3.66%	12.77	0.70	90.49%	39.18%
Nucor	NUE	3.93%	1.55%	9.19	1.31	23.06%	11.98%
Lockheed Martin	LMT	3.77%	2.47%	18.02	0.74	54.35%	40.52%
Norfolk Southern	NSC	3.55%	2.01%	17.68	0.88	21.35%	36.24%
PNC Financial	PNC	3.50%	3.80%	9.85	1.06	11.60%	37.84%
Microsoft	MSFT	3.43%	1.13%	24.36	1.10	39.25%	29.03%
Bristol-Myers	BMJ	3.04%	3.17%	9.26	0.51	10.93%	32.10%
<b>Total Portfolio</b>			<b>2.74%</b>	<b>14.21</b>	<b>0.81</b>	<b>21.14%</b>	<b>48.39%</b>
S&P 500			1.65%	16.71	1.00	18.46%	61.81%

**PORTFOLIO MANAGER PERSPECTIVE**

A "double whammy" bear market for both stocks and bonds we believe has elevated investor pessimism. The Fed and its fight with inflation controlled the 2022 narrative. However, we're observing deflationary pressures surfacing. This paired with pessimism and reasonable valuations could set markets up for the year ahead.

	Berkshire Dividend Growth Strategy (Gross)*	S&P 500 (SP500)	Berkshire – SP500 Difference	Russell 1000 Value (R1000V)	Berkshire – R1000V Difference	Berkshire Dividend Growth Strategy (Net)**
2012	14.18%	15.99%	-1.81%	17.51%	-3.33%	11.18%
2013	31.26%	32.37%	-1.12%	32.56%	-1.31%	28.26%
2014	13.88%	13.67%	0.20%	13.45%	0.43%	10.88%
2015	2.27%	1.37%	0.90%	-3.84%	6.11%	-0.73%
2016	15.29%	11.95%	3.35%	17.33%	-2.03%	12.29%
2017	16.95%	21.82%	-4.87%	13.64%	3.30%	13.95%
2018	-5.15%	-4.39%	-0.76%	-8.28%	3.12%	-8.15%
2019	26.78%	31.47%	-4.69%	26.52%	0.26%	23.78%
2020	4.01%	18.39%	-14.37%	2.78%	1.23%	1.01%
2021	23.52%	28.68%	-5.16%	25.12%	-1.60%	20.52%
2022	Est. Not GIPS Verified -2.48%	-18.13%	15.65%	-7.58%	5.10%	-5.48%
<b>Total Return</b>	<b>436.72%</b>	<b>444.71%</b>	<b>-7.98%</b>	<b>346.38%</b>	<b>90.34%</b>	<b>271.89%</b>
<b>Annualized</b>	<b>13.25%</b>	<b>13.38%</b>	<b>-0.12%</b>	<b>11.72%</b>	<b>1.54%</b>	<b>10.22%</b>
1 Year	-2.48%	-18.13%	15.65%	-7.58%	5.10%	-5.48%
3 Years	7.80%	7.63%	0.16%	5.92%	1.88%	4.80%
5 Years	8.54%	9.41%	-0.87%	6.64%	1.90%	5.54%
7 Years	10.65%	11.47%	-0.81%	9.09%	1.56%	7.65%
10 Years	12.00%	12.55%	-0.55%	10.28%	1.72%	9.00%

Disclosure: 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. Registration with the SEC or any state securities authority does not imply a certain level of skill or training. 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.

All information provided is supplemental to its attached GIPS compliant presentation which can be found [here](#).

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 Value Index measure the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. You cannot invest directly in an index. Beta is a measure of volatility vs. an index. Current yield is the mean estimated annual dividend amount based on current calendar year, divided by the current stock price. Dividend Payout ratio is the fraction of net income a firm pays to its shareholders in dividends, in percentage. Forward Price Earnings Ratio (P/E) is the ratio of the price of a stock and the company's projected earnings per share. Return on equity (ROE) measures profitability by dividing dollars of profit by shareholders' equity.

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.