



# Berkshire

## DIVIDEND STRATEGY

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“Casual Friday” Commentary

### Casual Friday: "Both Sides Please" + Main Street Arbitrage? – January 13<sup>th</sup>, 2023

#TGICF

We interrupt our regularly scheduled Friday q4 **marketing material release**. Last-minute SEC guidance necessitated last-minute revisions. The industry is still grappling with the new marketing rule. We'll distribute via email on Tuesday. Call/email for preliminary estimated performance numbers (unaudited).

Meanwhile, enjoy a brief Berkshire video / musical interlude demonstrating how dividend investing can align with your client goals and your business objectives:

[Berkshire - Advisor Welcome Video](#)

#### “Both Sides Please”

Since wealth is comprised of assets AND liabilities, if you ignore the right side of a client's balance sheet can you really call yourself a wealth advisor/planner? -- I know, I know some might grumble about "lending" but we believe integrated asset & liability management is here to stay.

Just a year ago, if a client had to fund a major expense, the decision seemed (relatively) easy. Try to borrow at an extremely low (often variable) rate, keep investing in quality stocks and hopefully your portfolio grows at 7-8%. Easy-peasy, interest rate arbitrage right out of CFA Level1!?

Fast forward to today... not so fast. Short rates in some cases have tripled, home equities shot up and stocks are under pressure. Clients are seeking serious advice in this new world, so gear up to add unique insight to these discussions – Operating on the both sides of the balance is not only a client retention tool, it will likely will new doors. Kitces recently published a thoughtful article to navigate and build new skills surrounding the topic. He hits on intra-family loans within estate plans, fixed vs adjustable and “downsizing” opportunities:

[Providing Mortgage Advice In A Higher Interest-Rate Environment: Opportunities For Advisors To Add Value](#)

#### And Speaking of CFA Level 1...The Value of a CFA Charter?

By far the hardest exam I've taken... It's truly Berkshire's foundation of our entire investment discipline and overall insight:

[Pass Rate Slips to 36%](#)

## Madoff: The Monster of Wall Street

Bluffing the SEC, proprietary software back dating fake trades and pilfering from his own communities... This documentary takes you through a behind the scenes, forensic investigation on Bernie Madoff:

[Watch MADOFF: The Monster of Wall Street | Netflix Official Site](#)

Have a great weekend.

Gerry

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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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