



# Berkshire

## DIVIDEND STRATEGY

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“Casual Friday” Commentary

### Casual Friday: "Easter Basket"? + – March 28<sup>th</sup>, 2024

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#TGIEarlyCasualFriday & Happy Easter!

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Here's a diverse basket of themes that will drive Berkshire's Q1 supporting commentaries, slide decks and new videos.

#### Q1 Dividend Increases: Are dividend growth rates re-accelerating?

3.19.24 - [JP Morgan Increases Dividend by 9.5%](#)

2.22.24 - [Chubb Increases Dividend by 5.8%](#)

2.20.24 - [Walmart Increases Dividend by 9%](#)

2.16.24 - [PPL Corp Increases Dividend by 7.3%](#)

2.14.24 - [Cisco Systems Increases Dividend by 3%](#)

2.09.24 - [PepsiCo Increases Dividend by 7.1%](#)

2.02.24 - [Chevron Increases Dividend by 8%](#)

Note: A bank (JPM), and slow grower (WMT) and a recent cutter (PPL) bump nicely higher! (There were no dividend cuts in the Berkshire Dividend Strategy in Q1 '24)

#### General market narrative?

- Equity rally rolls on
- Did we cancel the recession?
- CPI is still hot, yields higher
- Yield curve is less inverted
- It's still Nvidia's world, but some magnificent 7 stocks are cooling (TSLA, AAPL)
- Berkshire Dividend Growth Strategy performed approximately in-line with its primary benchmark.
- FEELS like the rally is broadening... equal-weighted S&P performing better

#### Signs of the Times: Top Read Stories on Bloomberg YTD

- A \$560 Billion Property Warning Hits Bands From NY to Tokyo”
- Nvidia Rises Most in About Nine Months as AI Drives Sales
- NY Community Bancorp Plunges as Real Estate Risks Jolt Market
- Honorable mention? Harvard's President Resigns Amidst Plagiarism Scandal (14<sup>th</sup> most-read story)

#### Radar Scope / Other interesting stories we followed this quarter

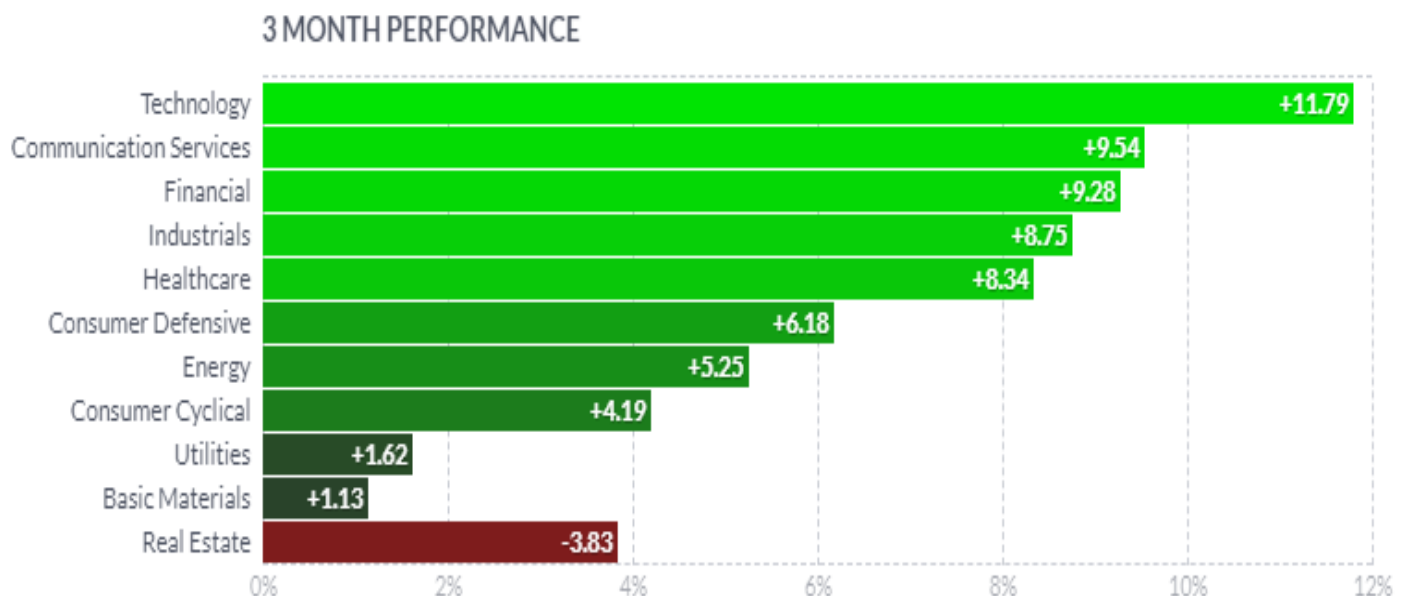
- Meta's first dividend (a few multiples cheaper please)

- Japanese stocks on the move – is this a change in world leadership? Is Europe next?
- CRB index higher - have you seen cocoa prices? #Easterflation?
- Oil moving higher, but stocks haven't quite broken out
- Bank regulation less restrictive than feared
- TikTok ban?
- Bitcoin's back

### Looming Threats (in rough order of magnitude)

- Inflation / Rates
- Commercial real estate
- China recession?
- Anecdotal reports: huge housing inventory in hot markets like Dallas, Florida, big markdowns in NYC apartments; Record number of autos in negative equity position.

### Sector Performance YTD as per FINVIZ.com: Financials #3!



### Berkshire's Top 5 Performers YTD

- Waste Management
- AbbVie
- Qualcomm
- Merck
- Emerson Electric

### Other notable "wins"

- New Schwab purchase: so far so good
- EOG rebounding
- Deere (DRE) continues to go "high tech"

## Berkshire's Bottom 5 Performers YTD

- Mondelez
- Honeywell
- McDonald's
- Apple
- WP Carey

## "Rebound" Stories?

- Regional banks: up sharply 30-50% from October
- Norfolk Southern: up sharply post East Palestine disaster
- PP&L: breaking out to new highs after dividend cut in 2022
- Select health care pharma: some solid rebounds after a sluggish 2023. Are PFE, BMY are next?

All in all, it's shaping up to be a decent quarter for the market, for dividend stocks and for Berkshire Clients.

Do you have any topics you would like us to tackle?

Email me or Jason at [gmihalick@berkshiream.com](mailto:gmihalick@berkshiream.com); [jreilly@berkshiream.com](mailto:jreilly@berkshiream.com)

Have a good long weekend!

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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 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.*

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