



Berkshire

DIVIDEND STRATEGY

Berkshire Asset Management, LLC

46 Public Square, Suite 700
Wilkes-Barre, PA 18701
570.825.2600
www.berkshireasset.com

Dividend Growth Commentary
2Q 2024

THROUGH THICK AND THIN

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Reimagine the depths of the financial crisis in 2009—a time when the US large-cap equity sector had experienced its worst decade ever, and many investors lost faith in US companies. Like many equity investors, our traditional core portfolio was feeling a bit washed up (to say the least) and was under significant pressure amidst the financial turmoil. The widely held view was the US economy would never recover, and emerging markets like China and the BRICS countries were going to gain preeminence. Heck, many weren't even sure ATMs would dispense funds. Convincing investors to stay the course, let alone commit more funds, was daunting, to say the least.

Amidst the darkness, Berkshire thought differently. We noticed many US companies were offering dividend yields higher than fixed-income rates. We believed companies with a history of dividends signaled solvency, sustainability, and long-term value. This opportunity inspired us to start telling the story of dividend investing as a theme. That theme became so compelling we decided to launch a dividend strategy focused on certain US companies that would provide our investors with potentially sustainable and stable returns. The strategy was a bold idea at the time, but we believe it proved to be incredibly successful as we have navigated through the stormy market, and it still underscores how we think today.

And if we told you in 2009 the following events would occur over the next 15 years, you'd probably stuff every dollar you had under a mattress:

- **2009-2010:** Global Financial Crisis Aftermath
- **2010:** The European Debt Crisis
- **2011:** U.S. Credit Rating Downgrade
- **2012:** Eurozone Crisis Intensifies
- **2013:** Federal Reserve Taper Tantrum
- **August 2015:** The Chinese Stock Market Panic
- **2015-2016:** Oil Prices Plummet to \$30 a Barrel
- **2016:** Brexit Referendum
- **2020:** COVID-19 Pandemic
- **2021:** Inflation Concerns and Supply Chain Disruptions
- **2022:** Russia-Ukraine War
- **2022-2023:** Rising Interest Rates and Recession Fears
- **2023:** Banking Sector Crisis
- **2024:** Fed Uncertainty, Higher Interest Rates, AI Boom

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. Asset Management with a Difference... Diligence, Integrity and Focus. 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.

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- Yearly Crisis?
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Despite what seems to be a yearly crisis, we are thrilled to report our flagship Dividend Growth Strategy has endured and reached a significant milestone, the 15-year anniversary of its launch! This achievement reinforces our belief in the long-term value of dividend investing and our commitment to delivering consistent and competitive returns to Berkshire investors.

Our high level of focus on this flagship strategy has enabled Berkshire to maintain our local roots while also gaining national prominence as a leader in dividend investing.

We remain delighted to be aligned with iM Global Partner, which helps maintain longevity and continuity for our investors for years to come. Equally important, we remain committed to our autonomy and independent thinking, which allows us to stay true to our principles and values.

The uptake of our strategy has been rewarding, reflecting demonstrated trust and confidence in our investment process and team, as evidenced by the steady growth Berkshire enjoys.

Your team at Berkshire is unwavering in its commitment to driving investment excellence.

Most of all, we appreciate the longevity of our relationship with you. Unlike traditional business that have hard assets, an investment firm is only as good as the quality of investment the team's investment acumen, and the quality and loyalty of its investor base. On the latter, we couldn't be happier to work for all of you.

Looking forward, our leadership team remains in place, galvanized around core principles, and more excited than ever. We've been in place since as early as 1999, and we remain inspired by one another every day. We believe solid dividend-paying companies can deliver exceptional results, even in a hypercompetitive and hyper volatile environment.

We are excited to continue navigating these uncertain market conditions with our disciplined investment approach, risk-conscious portfolio management, and our distinctive approach to telling the story of our portfolio.

Thank you for your ongoing support, trust, and investment in our flagship strategy.

CONTACT BERKSHIRE:

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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 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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