



Berkshire

DIVIDEND STRATEGY

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"Casual Friday" Commentary

Casual Friday: 3Q Preview + "Both Sides Please" – September 30th, 2024

Good Morning –

We are thinking about our advisor friends in the path of Helene. STAY SAFE

- **Do you need to change investment strategies but are worried about capital gains?** Email us about our Tax Transition Portfolio a strategy where we work with you and the client to control the amount and timing of taxes of the portfolio.
- **BDVG ETF** is currently trading and available on select platforms. The fund attempts to mirror our Dividend Growth SMA – which many of you have supported for years. Call for details.

Preview of Berkshire marketing docs and commentaries (scheduled for later this week).

Our observations:

- Berkshire Dividend Strategy has enjoyed solid appreciation, and dividend increases year to date
- MEANINGFUL progress towards a change in leadership from growth to value
 - Solid absolute return from many non-growth indices: example large value index up 13% YTD
 - Mag7 cooling, market broadening (see equal weight S&P), small/mid showing signs of life. Many quants described the moves in August as “epic” and “historic”
 - Unlike the Covid era it appears on “risk off” days, the highest valuation growth stocks seem to decline more than lower priced value/equity income styles
- Summer draw down: select price action July 10 to August 8 (Source Bloomberg)
 - RSP -2.5%
 - SP 500 -7.02%
 - RLG -11.70%
 - NVDA -22%
- A select number of Berkshire stocks, some under pressure throughout the year, scored some meaningful turnarounds.
 - Armageddon to Nirvana?: after widespread panic over commercial real estate, select banking stocks enjoyed what we believe are outsized rallies
- We expect MORE volatility as the market vacillates between “growth scare” and Goldilocks and of course lots of chatter around the election?

Top 5 Performers: 3Q

- Lockheed Martin
- Bristol Myers
- Lowe's Companies
- PNC
- Walmart

Bottom 5 Performers 3Q

- Waste Management
- Emerson Electric
- Nestle SA ADR
- Honeywell
- Microsoft

YOUR FEEDBACK: what investment or practice management topic would you like to see us address?

Both Sides Please:

As rates drop it's a good idea to re-think the right side of clients' balance sheets. Some firms we know are increasing and reshaping (in a good way) how sophisticated lending strategies fit hand in glove with a modernized investment management practice.

Here's our take:

<https://berkshireasset.com/wp-content/uploads/2024/04/Both-Sides-Please.pdf>

Have a great weekend!

Gerry

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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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