



# Berkshire DIVIDEND STRATEGY

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"Casual Friday" Commentary

## Casual Friday: Deja Vu + Decoding Generation 2 – January 24<sup>th</sup>, 2024

### Q1 Material Now Available:

[Dividend Strategy Guide 12.31.2024](#)

- [Dividend Strategy Scorecard 12.31.2024](#)

[Dividend Strategy Fact Sheet 12.31.2024](#)

- [Dividend Strategy Commentary 12.31.2024](#)

### Deja Vu?

AI = Internet March 2000? The societal and business impact of the internet was massive. But if you bought pure play internet pioneers near the 2000 peak, it likely took a decade or more to recover losses. Investing in AI pure plays could be a gamble, but the technology could create *massive efficiencies for dividend stocks*. Healthy balance sheets and excess cash flows allow these companies to invest, adopt and implement new AI applications that scale.

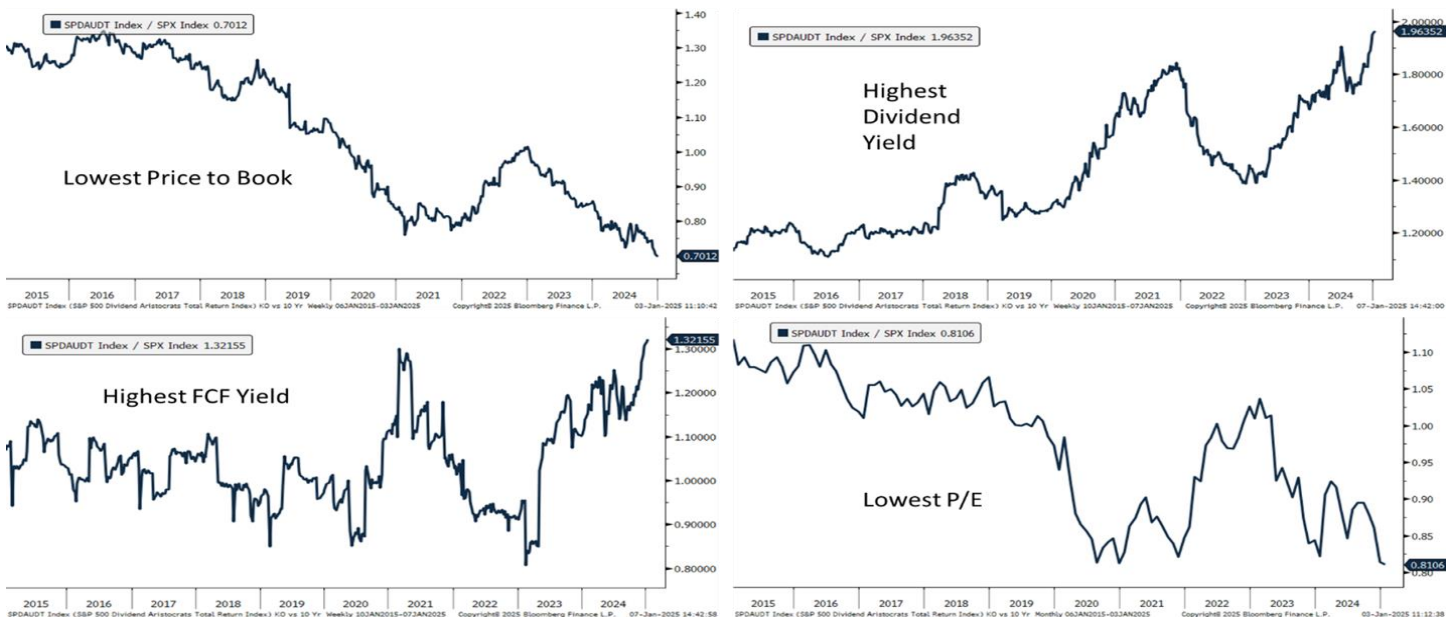
- Industrials: Smarter manufacturing and logistics may increase free cash flow in traditionally high cap ex
- Financials: More efficient and accurate decisions in finance/banking?
- Health Care: Speeds / enhances R&D at lower cost?
- Energy: Intelligent exploration and more predictable cash flow? Fewer "strike outs"
  - Bonus -- enormous energy demand for data centers

Yet unlike some of the pure play AI companies high-quality dividend growth stocks may offer solid upside, but much less volatility (especially at these valuations). AI is a reason to be bullish on "traditional U.S. equities."

(Source: Bloomberg, Morningstar Direct)

### A Generational Opportunity?

S&P Dividend Aristocrats Relative to S&P 500



(Source: Bloomberg)

## Winning the "G2 Investor"

[Cerulli now projects \\$124 Trillion in wealth will transfer through 2048](#). PLUS 85% of kids fire their parent's financial advisor and 1/3 of advisors may retire in the next decade... This equals massive opportunity for the remaining advisors to land newly minted millionaires! (Source: Natixis, Cerulli, SS&C, Carson Wealth Management)

Yet advisors are trying to figure out how to connect with investors who are heavily influenced by social media, sensationalized news coverage and new investment platforms. In short, they are skeptical "mom and dad's advisor" adds value. Side note: we've seen surveys younger investors tend to want to consolidate accounts with a bank, but older investors lean towards consolidation at a brokerage firm.

How do you bridge the gap?

Real financial planning prowess again looms paramount. You might share case studies about what other advisors missed in terms of: inheritance, taxes, insurance, estate planning, trusts, Roth IRA's, lending strategies, education planning. Its an endless list. And a few well placed "did you know" type questions go a long way towards creating some doubt . "Maybe managing all this new wealth isn't so easy." Show real life examples how the scope of your services goes way beyond "picking good investments." (which also isn't so easy!)

Here are resources / tactics to build trust and demonstrate real, tangible value to younger inheritors --Education, customization, "both sides please" and be tech-forward...

- **Perspective**
  - [A Guarded Generation: How Millennials View Money and Investing](#).
- **One-Page Financial Plan:** Concise; tackle top goals (paying off debt, buying property, saving for kids' education) – Immediate direction with value add helps the cause
  - [Focusing Advice on What Matter Most -- Kitces](#)
- **Both Sides Please:** Student loans, mortgages, or credit card debt, show how strategic refinancing or consolidation can save them thousands.
  - [Both Sides Please](#)
- **Navigating Prior to Transition**
  - [Your Kids Will Inherit Your Money, So Teach Them How To Handle It](#)
- **Get on board with short, engaging video content** on topics like "Optimizing Your Inheritance" or "Top Mistakes New Investors Make." Educate only – GOOD information sells itself.
- [We 4X Growth After Adopting These Virtual Advisor Tools and Communication Strategies](#)

## Surviving the Deep Freeze?

Portfolio manager and wholesaler types LOVE trips to Florida and the South this time of year (guilty!)

This is NOT what we had in mind.

So how did the Southern States get so much snow?

[Rare Florida Snow Explained](#)

Have a great weekend! STAY WARM!

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