



Berkshire

DIVIDEND STRATEGY

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"Casual Friday" Commentary

Casual Friday: "Incorrect" Prices? + Just Say No – March 14th, 2025

#TGICasualFriday!

Investors are taking notice as the S&P 500 and large growth indices are in or near correction territory. Vix spiking. Bond yields are down sharply. The Media and retail investors are starting to get pretty riled up. And why not?

- 5th fastest correction in 75 years

- 16 straight days with intraday Nasdaq declines of 1%

(Source: Real Money Pro Doug Kass Blog 3.13.25)

And while the nominal index decline is swift and pronounced, the rip down looks like a simple mirror image of the concentrated rip UP in the AI / Mag 7 type stocks experienced for so long.

"Narrow – in a good way" for the value camp. Evidence? 370 stocks were even or up on Monday. (Source: Bloomberg). We estimate a similar advance decline ratio for our stocks YTD as of 3.13.2025. March 10th was similar to January 27th, which we call "DeepSeek Monday," where the NASDAQ declined 3% - with Mag 7 down and many stocks up. That day seems like the catalyst for the now meaningful rotation/correction.

Net/Net value has outperformed growth by ~11% in just 2.5 short months – that's rather dramatic and swift. And while we can't share performance numbers intra quarter, we believe most clients would be pleased with how Berkshire portfolios have held up relative. Reminding clients why downside capture matters and that much of the commotion is being caused by a few mega cap growth stocks -- a good message to reinforce for clients who are properly allocated.

Is something bigger brewing? You can blame tariff talk, but sometimes the market sells off first and then seems to search for a reason later. We think that fits the bill, at least for now, given the extreme valuations some of these tech stocks came from. Will EPS expectations need to come down? We would say "probably", but none of this should conjure "contagion" or anything that should tempt you to rethink what P/E you'd pay long-term for a good company.

By definition, corrections are meant to cure valuations/prices that are out of whack, so this isn't surprising. And as we have previously opined, the price people were paying for growth stocks were indeed NOT correct!

Attacking a 125 trillion opportunity?

How do advisors position themselves for the mega-trends coming in the industry? Here's a foundational business-building article to hone skills to get your fair share of the upcoming \$125 trillion wealth transition! - [Exceptional Advisors: Excellence from End to End](#)

But first, you have to learn how to say “NO!” Here’s why we think less may be more:
[Advisor Growth Engine: “NO.”](#)

Tariffs hit home. Please not Barolo, please not Barolo...

<https://www.reuters.com/markets/trump-threatens-200-wine-tariff-if-eu-does-not-remove-whiskey-tariff-2025-03-13/>

Have a great weekend!
Gerry

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