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"Casual Friday" Commentary

Casual Friday: Game Changer? + It's Alive! - March 28th, 2025

Here are the concepts we are working on for quarter end. Given markets in flux, what topics do you need addressed most?

Has the Game Changed?

- Correction Territory: The S&P 500 and large-cap growth indices have entered or are near correction territory, marking the 5th fastest correction in 75 years.
- Volatility & Bonds React: The VIX spiked, and bond yields have fallen sharply as investors seek safety. We see dividend stocks as holding in well as part of a flight to quality.
- Nasdaq's Persistent Weakness: At one point, the Nasdaq logged 16 consecutive sessions with at least a 1% intraday decline, a rare streak.
- Tech-Led Selloff & Narrow Market Impact: The same handful of Al-driven mega-cap stocks that powered the market to unsustainably high levels, are now largely to blame for taking it lower.
- Value Resilience & Broader Market Strength: Unlike the AI-fueled rally, which was concentrated in a few names, the recent pullback has seen more balanced participation. Many value stocks are positive year to date.
- Dramatic Style Shift: In just 3 months, value stocks outperformed growth by ~11%, marking a sharp rotation away from the previous market leaders. This rapid shift highlights why downside protection and rebalancing matter. And how leadership can change – fast!
- The Real Catalyst? While tariff talk is in the headlines, the catalyst may have been Deep Seek's new AI chips that sparked a mega-cap tech & AI rout rather than a broad economic shift.
- Fundamentals Remain Sound: EPS estimates for some tech stocks may need to adjust, but we don't see broader contagion risk. This is a valuation reset of select sectors, not a systemic market event that impairs long-term valuations of dividend stocks in our view.
- Perspective Matters: Corrections are a normal and necessary function of healthy markets. When growth stocks were at peak valuations, we believe that their pricing wasn't justified—this pullback is simply the market correcting those excesses.

(Sources: Bloomberg & fsinsight)

Its Alive!

Casual Friday goes LIVE starting April 17th! After years of writing, we're taking this weekly series to the next level—bringing sharper insights, more interaction, and a fresh format designed for elite financial advisors. No long-winded monologues. In just 10 -15 minutes, we'll deliver actionable investment and practice management insights while opening up the

conversation. Expect Q&A, guest appearances from top industry minds, other advisors, and real-time engagement—because the best ideas come from great discussions. Weekly written format remains.

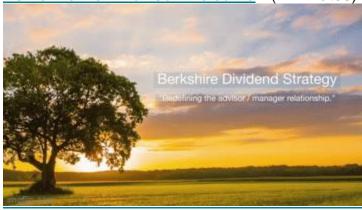
Mark your calendar. Casual Friday is about to get even better.

3 simple steps to a more productive practice?

In a world awash in complex hedge funds, private credit, and SPV's etc, advisors may enhance productivity with Berkshire when they...

- Align with Berkshire as a "Partner", not just a "Provider"
- Align dividend growth investments with client financial plans
- Align with a commonsense approach to investing





Are you seeking this type of investment partner? If so, call me or <u>schedule a phone call or virtual meeting</u>

Casual Friday Bonus:

As if the Great Pyramids weren't mysterious already, <u>scientists believe there's a vast city</u> 4000 feet below them.

Talk about your rabbit hole...

Have a great weekend.

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Have a great 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 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.

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