CASUAL FRIDAY

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Mid-Year Update + Marketing Revamped?

June 27, 2025

QUARTER END / MID-YEAR PREVIEW

Whew! Hard to believe… halfway through 2025. It feels like yesterday the market was in free fall over tariffs, then it bounced back just as violently, and now it has totally shaken off the conflict in the Middle East. Consistent with our long-term approach, we believe our portfolio has "passed the test" again. While the markets gyrate, we see our companies holding steady. The overall strategy seems less volatile than the market, dividends keep increasing, and it appears we're now participating nicely on the rebound. So, regardless of all the market hype, AI, drama, and growth vs value/NVDA, etc, consistency and long-term conviction in our process have served clients well through the first half of 2025

BERKSHIRE QUICK MID-YEAR UPDATE

Dividend Increases	21 of 38 companies raised dividends ~7% on average in 2025 through 6.25.2025 (No dividend cuts in 2025) -- Source: Bloomberg 6.25.2025
Downside Protection	~60% Downside capture vs S&P 500 -- Source: Bloomberg 6.25.2025
Dividend Yield	~2.53% -- Source: Bloomberg 6.25.2025
Forward P/E	~16.50 -- Source: Bloomberg 6.25.2025
Performance Results	Top 10% amongst peers* -- 15 years. Berkshire Morningstar Report 3.31.2025

Change	*Holding*	*Commentary*
Add to	Hershey (HSY)	We see a strong div history and profitability, one correctable issue: high cocoa price
Add to	M&T Bancorp (MTB)	Lower valuation than JP Morgan, improving CRE
New Position	Lennar Corp (LEN)	Shifted toward an "asset-light" business model. , 5 yr dividend growth ~21.10%
New Position	Dell Technologies (DELL)	Demand for AI-driven servers and storage provides significant tailwinds. 10%+ dividend growth. Shows an attractive entry point
New Position	AO Smith (AOS)	Marginal debt, we see as being committed to solid div/div growth, simple business (water heaters)
Trim	JP Morgan (JPM)	Position size, valuation, believe M&T more attractive
Trim	Walmart (WMT)	Position size, valuation
Sold	Pfizer (PFE)	Capital management practices, upcoming patent cliffs
Sold	Merck (MRK)	Looming patent expiration on Keytruda and new Keytruda competitors coming to market. Debt now @ ~$30 Billion from recent acquisition spree.

**"Peer group" - Morningstar groups managers reasonably considered to be close investment alternatives, and for which performance and other statistical measures, such as fees, are comparable.*

BACK TO THE BERKSHIRE STRATEGY BASICS?

Stated Goals	Generate dividend income, grow income, and provide relative downside protection
Process	"Forward-Looking" vs "Backward" screening - Dividend Strategy Guide 3.31.2025
Resulting Portfolio	Quality, enduring dividend growers (30 – 40 holdings)
Berkshire's Service	"How can we help grow and enhance your practice?"

11 Reasons Why People Hire Their Advisor

Emotional	
	01 Discomfort Handling Financial Issues
	02 Quality of Relationship With Advisor
	03 Quality of Communication With Advisor
	04 Self-Presentation of Advisor
	05 Recommended by Friends/Family
	06 Behavioral Coaching

Financial	
	07 Specific Financial Needs
	08 Quality of Financial Advice & Services
	09 Return Performance-Driven Factors
	10 Free to Me

Other	
	11 Location (Moved Away)

(Source: Morningstar 2023, "Why Do People Hire Their Financial Advisors?")

ADVISOR MARKETING REVAMP?

Peace of mind, communication, and niche advice appear to compel clients while selecting a financial advisor. Kitces breaks down revamping your marketing strategy based on aligning your skills with these tendencies!
11 Reasons Why People Hire Advisors (And How To Communicate That Value To Prospects)
Morningstar Behavioral Research

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