



Berkshire

DIVIDEND STRATEGY

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"Casual Friday" Commentary

Casual Friday: Div Increases + "Super Brand" – February 2, 2020

Recent Dividend Increase Announcements:

Intel (INTC) declared a quarterly dividend of \$0.33 per share, or \$1.32 annualized. This is a 4.8% increase from the prior dividend of \$0.315. The dividend will be payable on March 1, 2020, to stockholders of record on February 7, 2020, with an ex-dividend date of February 6, 2020. (Source Intel investor relations)

Kimberly-Clark (KMB) declared \$1.07/share quarterly dividend, 3.9% increase from prior dividend of \$1.03. (Source Kimberly-Clark Investor Relations)

Chevron Corp (CVX) announced its board of directors has authorized a dividend increase of more than 8% to \$1.29 a share. The dividend is payable March 10 to shareholders of record as of Feb. 18. (Source Chevron Corp. Investor Relations)

Market, Earnings Outlook:

One the last trading day stocks lost gains in the first month, and major headlines appear to be around the Coronavirus and to a lesser degree the impeachment proceedings. On the earnings side, 266 of S&P 500 companies have reported (through 1.30.20) with the average company beating sales expectations by 1.23% and earnings by 5.54%. (Source Bloomberg Earnings Analysis). Mega cap growth names like Apple, Microsoft, Amazon are delivering out-sized gains this week, pacing growth's lead over value. Berkshire representative portfolio holdings reacting positively after earnings include, Microsoft, Intel, Norfolk Southern, Kinder Morgan and M&T Bancorp. Stocks reacting negatively include Pfizer, PNC, AT&T, and Amgen and Wells Fargo. [Click here for a full list of companies](#) owned in Berkshire dividend strategy that reported earnings this quarter along with subsequent price reaction. (Source Bloomberg Analytics, LLP)

We will continue to monitor, but so far earnings results for the market and our portfolio support the current valuations. The only "fly in the ointment" that might be an indicator of future market weakness? The decline in yield of the ten year treasury and the re-flattening of the yield curve. It could be a market "tell" and is worth monitoring.

"Super Brand?"

Its Super Bowl weekend, and in addition to the big game, a big focus will be on the commercials! Some ads will be from long term stalwarts like Anheuser Busch and Pepsi, but each year always brings on a host of newer companies. But their goal is the same: to build their brand.

Brands have great value, but are intangible. What exactly is a brand? How can advisor build one with clients? We've written a number of articles dealing with brands and niches. Quite simply, a brand is how you are known in the market place by your clients. (note it's not how you want to be known). A great brand inspires loyalty, passion and commands pricing power. How can you craft a real brand? The first step? "Fill in the blank"

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Dividend Highlights

- Dividend growth can often provide transparent insight into a company's fundamentals and vitality.
- Dividend growth can provide an attractive stream of increasing cash flow to satisfy many financial objectives.

- “Oh, John Smith advisor at xyz firm. I know him. He is the guy who _____.”
- Your brand is the first thing that comes to your clients’ mind.

To have a good brand, it's probably necessary to have a niche – either a technical one (income investing, estate taxes) or a client niche (pro athletes, physicians, CEO's or international clients). This allows you to create marketing and PR materials specific to these clients.

Try to create a brand by “filling in the blank.” Think of something: succinct, unique, addresses a client pain point, and focuses on results. Your ideal brand springs from two separate circles overlaid next to one another: your ideal skills/passion and an unmet need in the market place. The place where these two circles overlap is the sweet spot.

- “You need 2 million dollars just to get an appointment with that advisor.”
- “She is the best divorce advisor who can help you heal emotionally, financially and help you craft your settlement proceedings.”
- “That advisor is the only one who understands and specializes the needs of wealthy physicians of Indian descent.” (We learned of an advisor who does just that this week!)
- “That advisor specializes in planning for unique emotional and financial needs of young adults inheriting significant closely held businesses.”
- “The advisors at XYZ wealth have estate planning attorneys coming to THEM for advice!”

After you craft how you want to be known, then you can go about creating the specific set of business plans, skills and PR strategies to establish your brand.

Because people really know the clients you serve, a specific brand makes you infinitely more referable than “I take everybody as a client!” As advisors we are often trained to take any client that can increase revenue. But to truly be unique, a good brand may actually repel more clients than it attracts. Here is a great article addressing the benefits of just that:

<https://morningstar.in/posts/42020/good-brand-will-repel-attracts.aspx>

Another approach in building a brand? Discuss why you are in the business and why you want to help a group of people. It could stem from a specific experience you had or a cause you are passionate about. Here is one of our favorite articles we think can help you “find your why” as an advisor. <https://www.berkmgmt.com/wp-content/uploads/2013/03/Apple-Why-2.pdf>

Is it a challenge to get your identity advisor? Of course but that's why advisors with good brands thrive...and why Super Bowl commercials cost so much!

Cost of Super Bowl Commercials:

<https://www.thestreet.com/lifestyle/sports/how-much-do-super-bowl-commercials-cost>

Enjoy the Big Game!

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