



# Berkshire

## DIVIDEND STRATEGY

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"Forward Looking" Process

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With S&P 500 dividend increases slowing over the last few calendar years, dividend growth may become a rarer commodity. Many dividend managers tend to heavily rely on screening historical data points (i.e. number of consecutive company dividend increases, minimum yields, and static valuation screens). As company dividend increases become more discriminating, we believe equity managers will significantly benefit from having a nimble, creative, and "forward looking" process.

Advisors continue to discover some of our highest conviction dividend growth stories often flunked traditional backward looking screens that are prevalent in many dividend strategies. Berkshire's bottom-up approach has led to names in tech, bio-tech and high quality financials. The resulting portfolio can look very different than most traditional dividend funds.

Our process has been highlighted by a "Forward Looking" approach:

- Simple screens of historical data may fail to capture the full dividend growth opportunity set-- especially in a discriminating market.
- Berkshire focus: identify perennial dividend growers before they are fully recognized by the market.
- Bottom up selection process focus:
  - o Future: income statement, balance sheet and free cash flow
  - o Optimal capital structure, future dividend payout ratio
  - o Valuation: present value of future cash flow
  - o Our edge? Patience, discipline and the ability to capitalize on the short sightedness of others

For more information on Berkshire Dividend Growth Strategy, please contact us.

Best Regards,  
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**Berkshire** is a fee-based, SEC registered advisory firm serving the portfolio management needs of high net worth and institutional clients. Over the past 29 years, we have successfully implemented highly focused equity, fixed income and balanced portfolios. Our guiding principle is a belief that success is achieved by combining rigorous, well-crafted investment processes with an exceptional level of client service and attention to detail. Asset Management with a Difference... Diligence, Integrity, and Focus.

### 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.

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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. You cannot invest directly in an index. Beta is a measure of volatility vs. an index. Upside/Downside capture ratios refer to a portfolio's 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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