



Berkshire

DIVIDEND STRATEGY

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"Casual Friday" Commentary

Casual Friday: All Too Familiar Questions... - August 25th, 2017

"Are we due for a correction?" – "Growth vs value?" - "Is now the time to invest?"

Advisors spend countless hours tackling these questions with clients.

Yet, we know predicating world macro events and accurately timing markets is a very difficult and often unproductive business.

For example, the last election and resulting market reaction caught many investors poorly positioned and many missed a large part of the rally.

So what happens next?

Is it obvious the promise of increased tax stimulus and looser regulations on business will boost earnings and justify higher stock prices?

Or is it obvious it is "too much too fast" and many of the economic reforms may fail to materialize, or be ineffective?

Is it obvious the dollar will rise as the Fed raises rates, or is it obvious Europe and the rest of the world will continue to see a long needed revival?

What's more, how can the average investor discern how these factors are already priced into the markets?

A more productive approach?

We truly believe investors are not well served trying to handicap these complicated world macro events, even as they put pressure (up and down) on our markets. Instead, many advisors have found conversations based around investment cash flow growth to be extremely productive. Get clients to think about dividend portfolios like an hour glass - dividends are that consistent stream of sand grain piling up over time. And with dividend growth, the stream can become bigger and bigger every year...

\$1,000,000 invested in our strategy could potentially generate \$31,000 in dividends today, \$42,000 in five years, \$62,000 in ten years and \$134,000 in twenty years.*

Accumulate those dividends and you could have \$182,000 in five years, \$449,000 in ten years, and \$1,419,000 in twenty years.*

[Berkshire Dividend Growth Charts](#)

Is total return important? Of course. But this focus on cash flow investing can also satisfy many real client objectives more directly. Keep the bills paid, accumulation of wealth, generate real increases in purchasing power now, during retirement and even for future generations. And when the rest of the world seems to be suffering from macro confusion, it's comforting for clients to see they own enduring, well capitalized companies producing tangible products and services, as opposed to more esoteric "black box" strategies they don't understand. This approach can open clients up to higher equity allocations, align performance expectations properly and hopefully prevent emotional ad-hoc changes to their plans.

We feel many can benefit from this disciplined approach.

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.

If you missed last week - Advisors gave some solid feedback on our practice management piece:

[Casual Friday: Wanted... More Than Just Investment Acumen – August 18th, 2017](#)

Have a great weekend and give us a call with any questions.

-Gerry

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Berkshire Asset Management, LLC claims compliance with the Global Investment Performance Standards (GIPS®). Berkshire Asset Management is a fee-based, SEC registered advisory firm serving the portfolio management needs of institutional and high-net worth clients. The Dividend Growth Composite contains portfolios invested in Berkshire's Dividend Growth Strategy with an equity allocation target of 90% - 100%. The Dividend Growth Strategy's primary objective is to generate a growing stream of equity income by investing in a diversified portfolio of equities with stable, high, and growing dividends. The benchmark is the S&P 500 Index. The index returns are provided to represent the investment environment existing during the time periods shown. For comparison purposes, the index is fully invested, does not include any trading costs, management fees, or other costs, and the reinvestment of dividends and other distributions is assumed. An investor cannot invest directly in an index. Gross returns are presented before management and other fees but after all trading expenses. Net returns are calculated by deducting actual management fees from gross returns. Returns reflect the reinvestment of dividends and other earnings. Valuations are computed and performance is reported in U.S. dollars. To receive a complete list of composite descriptions and/or a compliant presentation, contact Jason Reilly, CFP® Tel: 570-825-2600 or info@berkshiream.com. Past performance does not guarantee future results.

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**Platform restrictions may apply. Preliminary returns are based on composite estimates only. Individual accounts will vary.*