



# Berkshire

## DIVIDEND STRATEGY

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"Casual Friday" Commentary

### Casual Friday: Downside In Focus + Beyond Fees: The New Advisor Formula – Nov 2nd, 2018

#### Downside in Focus:

October represented the largest percentage monthly draw down in the S&P 500 in over 7 years. Many advisors are asking about Berkshire's performance - For the month of October, the Berkshire Dividend Growth Strategy was down roughly 4%\* while the S&P 500 was down about 7%. Investing for cash flow and mitigating downside are key aspects of our process worth highlighting now. We are happy with roughly a 60% downside capture for the month – (fairly indicative of our historical average since inception)\* Based on composite estimates only, individual accounts will vary.

#### Brighter Future for Financial Advisors?

Compliance, time demands, and notably fee compression (driven by robos, and low fee options) are common challenges articulated by advisors and the industry experts. As some advisors struggle with lower fees/margins, others are carving out premium niches and specialty expertise that command better rates. Perhaps fees are going down across the industry...

*Regardless, "the fee" is only one part of a broader advisor equation: "30 + 85 + 28 + The X Factor"*

**\$30** trillion generational wealth transfer underway + **85%** of children will fire their parent's advisors + **28%** of advisors considering retirement = huge amounts of money in motion now and the coming years!

The X Factor? Technology - Think about the tools you have now versus ten years ago. Planning software, CRM, and UMAs are proliferating, affording your practice sophistication and greater efficiencies. But pulling the right technology levers as an advisor unlocks huge productivity and the clear path for volume and market share gains. And because of this, we refuse to take a dim view on the state for the advisory business.

So as a business partner we are committed to sharing best practices about "how" advisors can refine and reinvent their business to create broader success, prosperity and professional satisfaction. - Stay tuned, more to come in the months ahead!

In the meanwhile, plenty of great business building ideas on our website:  
<http://www.berkmgt.com/business-building-ideas/>

Best Regards,  
Gerry

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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 30 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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*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.*

*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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