



# Berkshire

## DIVIDEND STRATEGY

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"Casual Friday" Commentary

### Casual Friday: Earnings Recession? Claret Jug + Q2 19' Updated Material

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#### Berkshire Dividend Growth and Income Strategy

[Dividend Strategy Scorecard 6.30.19](#) - [Dividend Strategy Fact Sheet 6.30.2019](#)

Good morning,

Many have expressed concerns about Q2 earnings season: "Are we going in to an earnings recession?" - "Will NIM have a negative impact on bank earnings?" - "Will companies show weak guidance?" These questions will remain in focus as earnings season rolls on... But the results and guidance have been encouraging so far. Roughly 60 S&P 500 companies have reported and over 70% have beat or matched analyst expectations. Guidance has come in mixed but certainly not as negative as some market observers had feared. It's still far too early to declare victory, but earnings seem to be on a reasonably good path through the first couple of weeks.

#### Berkshire Company Earnings

9 of 11 companies reporting in the Berkshire portfolio have beat on earnings expectations:

Name	Ticker	Date	Actual Earnings	Analyst Estimate	Surprise
Johnson & Johnson	JNJ	7/16/2019	2.58	2.452	5.20
JPMorgan Chase	JPM	7/16/2019	2.59	2.498	3.70
Wells Fargo	WFC	7/16/2019	1.17	1.157	1.50
PNC Financial	PNC	7/17/2019	2.85	2.822	1.10
Abbott	ABT	7/17/2019	0.82	0.803	2.10
Kinder Morgan	KMI	7/17/2019	0.22	0.237	(7.20)
Honeywell	HON	7/18/2019	2.10	2.082	0.90
M&T Bank	MTB	7/18/2019	3.64	3.682	(1.10)
Nucor	NUE	7/18/2019	1.32	1.264	4.10
Microsoft	MSFT	7/18/2019	1.37	1.215	12.80
Schlumberger	SLB	7/19/2019	0.35	0.349	0.30

**Microsoft (MSFT)** has been the highlight of earnings season for Berkshire owned companies. The strong growth on both top and bottom line are showing no signs of slowdown for the tech giant. Companies around the globe are investing in technology enhancements and Microsoft has clearly emerged as a winner in the cloud space.

#### Berkshire - Q2 19' Updated Material:

[Dividend Strategy Guide 6.30.2019](#)

[Q2 19 Berkshire Bottom Line – Dividend Strategy](#)

[2019 2nd Quarter Dividend Commentary](#)

[Berkshire Firm History 6.30.2019](#)

#### Claret Jug

It's tradition the winner of this week's British Open will take home the Claret Jug for an entire year. The winners have put the Jug through a lot over the years - including riding a jet ski!

**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.

<https://www.golfdigest.com/story/british-open-2019-13-things-you-might-not-know-about-the-history-of-the-claret-jug>

Have a great weekend!

-Gerry

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Thanks and have a great weekend.

Regards,  
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](mailto:info@berkshiream.com). Past performance does not guarantee future results.*

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*performance objective mentioned by Berkshire can be met. Berkshire's equity style may focus its investments in certain sectors or industries, thereby increasing potential volatility relative to other strategies or indices.*

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