



Berkshire

DIVIDEND STRATEGY

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"Casual Friday" Commentary

Casual Friday: Mid-Year Sneak Peek & "What's Up At Work?" June 14, 2019

Berkshire Dividend Growth and Income Strategy

[Dividend Strategy Scorecard 3.31.2019](#)

[Dividend Strategy Fact Sheet 3.31.2019](#)

Quick Mid-Year Preview

Only 2 weeks from closing out mid-year numbers (hard to believe!) and happy to report the dividend strategy has been on a solid path in 19'. We're capturing 95% upside of the S&P 500 and nicely ahead of Russell 1000 Value YTD. Importantly, we've had a number of dividend increases which are always welcomed news to investors: <https://berkmgt.com/commentary-research/dividend-increases/>

Our selections in the industrial sector have given the portfolio a boost with many of these names up 20%+ YTD. An overweight in banks has fared well so far in Q2. We continue to believe the conviction we hold in these two sectors can provide a healthy and growing stream of income for investors with a favorable risk/reward profile.

Portfolio Highlights as of 6.13.19

Yield - Roughly 3.05% current yield with attractive dividend growth potential vs 10yr Treasury 2.1%

Valuation - Forward P/E ratio approx. 14x

Dividend Growth - 11% (2018 Simple Average of all holdings)

Berkshire downside capture 67% in Q4 2018

"Social Setting Playbook"

Summer is here and as a financial advisor you're likely out and about in the community. You make it a point to network/socialize with all the right people and never want to be viewed as pushy when offering your service. You want to generate business *but* social situations are undoubtedly a TERRIBLE place to launch the tired old elevator pitch!

It's simple - but if you answer this question *correctly* ("So...What's Up at Work?") you might actually get prospects (who could be friends/acquaintances) asking you for a meeting... Not the other way around.

Are you guilty of responding...?

"Business is good", "My client portfolios are doing terrific" or "Great, I'm doing a lot of financial planning work for my clients"

None of these responses spur curiosity or inspire action!

But sharing interesting client cases you are working on in a conversational way just might. Be armed and display your expertise through examples designed for target prospects...

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.

“What’s up at Work?” ...

- **To the wealthy business owner:** “I’ve been reviewing a ton of business owners' estate plans and buy sell agreements. It’s incredible how much the average advisor and attorney actually miss. Last month I caught a big mistake on an ILIT and the fix is going to save the client’s estate 1MM in taxes.”
- **To dentists/lawyers/architects/engineers or any small professional practice:** “I’ve done loads of research on retirement plans and figuring out how to get max contributions for medical professionals and eliminate these crazy fees embedded in most plans. Last week I was talking with a doctor and it looks like he might be able to put away twice as much in his retirement plan and cut fees in half.”
- **To trust and estate attorney:** “My firm has a specialist in Delaware Trust planning, so we’ve been working together on a couple cool cases. One client of mine is restructuring their business entity... They are going to have great protections and when the business is sold they’ll save huge on state taxes and still have complete control of the assets.”

Congrats to the Toronto Raptors for winning the NBA Championship!

Other than some terrible injuries, perhaps the biggest news? -- Ticket prices. A pair of floor seats for the last game at Oracle Arena reportedly sold for over \$106,000! We hope this not a sign of a Silicon Valley top: <https://www.mercurynews.com/2019/06/13/wait-til-you-see-warriors-ticket-prices-for-oracle-finale/>
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. Past performance does not guarantee future results.

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