



Berkshire

DIVIDEND STRATEGY

Gerard Mihalick, CFA
gmihalick@berkshiream.com

46 Public Square
Wilkes-Barre, PA 18701

570.825.2600

"Casual Friday" Commentary

Casual Friday: Good Chart/Bad Chart + Anatomy of a Market Correction

July 26, 2019

Berkshire Dividend Growth and Income Strategy

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

Good morning,

Stocks are getting a good lift from better than expected GDP numbers, as well as positive earnings momentum from key names - some of which are owned in the Berkshire portfolio (MCD, ABBV, WM and INTC). Alphabet (not in our portfolio) is also out with very strong earnings. From our perch, industrial and cyclical names are posting solid results and in general are outperforming defensive names post releases. The news should appease some skeptics, as the expansion continues into the late innings and markets continue to make all time highs. It will also be interesting to see if today's GDP report which printed at +2.1 vs. expectations of 1.8% will sway the Fed's rate decision next week.

Berkshire Mid-Year Supplemental Strategy Guide

With markets hitting all time highs, an inverted yield curve and softer economic data, investors are seeking answers from investment professionals:

- "Should I raise cash and play it safe?"
- "Are we going in to a recession?"
- "Will Growth continue to outperform Value?"

Recession risks may have increased over the past 12 months but macro data points remain very inconclusive...

More than ever investors who wish to make investment decisions based on "macro" are engulfed in a sea of confusion.

Our mid-year supplemental reviews how to build an investment playbook, "grind out returns" and manage client expectations through this macro confusion...

The supplemental also serve as more comprehensive review mid-year review:

- Firm update
- Strategy, security and sector performance update
- Macro observations - "Good" Chart / "Bad" Chart - A Sea of Macro Confusion?
- Companies of interest

[Berkshire Detailed Strategy Supplemental 6.30.2019](#)

Anatomy of a Market Correction?

Speaking of managing client expectations, it's always effective to remind clients of equity risk when markets are hitting all time highs...

This Visual Capitalist article does a great job at laying out the "Anatomy of a Market Correction":

<https://www.visualcapitalist.com/anatomy-market-correction/>

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.

Casual Friday Bonus:

Shark Week Begins This Weekend on Discovery!

<https://www.silive.com/news/2019/07/shark-week-2019-heres-the-complete-schedule.html>

Thanks and have a great weekend.

Regards,

Gerry

Gerard Mihalick, CFA
Dividend Strategy Portfolio Manager
Berkshire Asset Management, LLC
Office (570) 825 - 2600
Berkmgt.com

Contact Berkshire:

Gerard Mihalick, CFA, Portfolio Manager, gmihalick@berkshiream.com or (570) 825-2600

Jason Reilly, CFP®, VP Advisor Distribution, jason@berkshiream.com or (570) 825-2600

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.

Risks: Past performance does not guarantee future results. All investing carries risk including risk of principal or income loss. Dividends are subject to change, are not guaranteed, and may be cut. Investing based on dividends alone may not be favorable as it does not include all material risks. There is no guarantee any stated (or implied) portfolio or 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.

Market Commentary, Aggregate Holdings, Securities, Sectors, Portfolio Characteristics Mentioned: No statement made in this presentation shall construe investment advice. This presentation is for informational purposes only. Views, comments or research mentioned is not intended to be a forecast of future events. The mention of any security or sector is not deemed as a recommendation to buy or sell. Any reference to any security or sector is used to explain the portfolio manager's rationale for portfolio decisions or philosophy. Research or financial statistics cited regarding securities or sectors do not contain all material information about them. Any securities mentioned represent a partial list of holdings whereas Berkshire portfolios typically contain approximately 30-40 securities in percentage weightings ranging from 1-5%. A complete list of holdings from a representative account is available upon request. Overall portfolio characteristics mentioned are from a representative account deemed representative of the strategy; data may be compiled from Bloomberg, Baseline or Berkshire estimates. Individual holdings, performance and aggregate characteristics of actual portfolios may vary based on a variety of factors including market conditions, timing of client cash flows and manager discretion. This presentation contains Berkshire opinions and use of Berkshire estimates which are subject to change at any time. Berkshire employees may have personal positions in any securities or sectors mentioned. Charts, presentations or articles may be obtained from third parties and Berkshire does not guarantee their accuracy.

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

All content in communication is intended for institutional/advisor use only. Any and all performance results in communication are based on peer group in large-cap value as reported by Morningstar. Not intended for distribution to the general public