



# Berkshire

## DIVIDEND STRATEGY

Gerard Mihalick, CFA  
gmihalick@berkshiream.com

46 Public Square  
Wilkes-Barre, PA 18701

570.825.2600

"Casual Friday" Commentary

### Casual Friday: Q3 Wrap + "Headline Investing" – October 4th, 2019

Good morning,

We're in the home stretch of '19 and advisors are ramping up for quarterly client meetings. The persistence of convoluted/push-pull macro headlines will certainly have clients seeking macro guidance. However, advisors and clients leveraging our strategy continue to benefit from a focus on the "investing for cash flow" conversation. Instead of "which way is the market going?" start with "are we on track to meet your current or future income needs?" Leverage the following sections to support the conversation:

#### Q3 19' Dividend Increases

Illustrate the continuous "pay raises" in the Berkshire Dividend portfolio...

Company Name	Symbol	Announcement Date	Prior Qtr. Dividend	New Qtr. Dividend	Percent Change
Honeywell	HON	9/27/2019	\$0.820	\$0.900	9.76%
Lockheed Martin	LMT	9/26/2019	\$2.200	\$2.400	9.09%
McDonald's	MCD	9/19/2019	\$1.160	\$1.250	7.76%
WP Carey*	WPC	9/18/2019	\$1.025	\$1.037	1.17%
Microsoft	MSFT	9/18/2019	\$0.460	\$0.510	10.87%
JP Morgan Chase	JPM	9/17/2019	\$0.800	\$0.900	12.50%
Norfolk Southern*	NSC	7/26/2019	\$0.800	\$0.960	20.00%
Wells Fargo*	WFC	7/23/2019	\$0.430	\$0.510	18.60%
PNC Financial	PNC	7/9/2019	\$0.950	\$1.150	21.05%

#### Q3 19' Stock Buybacks

"When companies buyback stock, you own more of the company and a bigger share of its future profit" ...

- Lockheed Martin (LMT) - Announced \$1 Billion in buybacks
- Microsoft (MSFT) - Announced \$40 Billion in buybacks
- Wells Fargo (WFC) - Announced \$16.5 Billion in buybacks
- M&T Bank (MTB) - Announced \$1.635 Billion in buybacks
- PNC Financial (PNC) - Announced \$4.3 Billion in buybacks
- JPMorgan Chase (JPM) - Announced \$29 Billion in buybacks

#### Long-Term Growth of Income

The most important benchmark? - "Berkshire maintaining a focus on dividend growth may help you achieve income goals over time" ... [Berkshire Growth of Income Charts 9.30.2019](#)

If we can convince clients this is a more desirable approach, we can keep them focused on long term objectives and maintain appropriate portfolio allocations.

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#### 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.

**"The stock market is a device for transferring money from the impatient to the patient." – Warren Buffett**

During your quarterly meetings, remind clients not to fall victim to "headline investing". This info-graphic shows the six common psychological pitfalls investors face:

<https://www.visualcapitalist.com/6-biggest-mistakes-ordinary-investors-make/>

Much more to come as we continue to wrap up of quarter end - Give us call if you need anything in the meanwhile.

\*Multiple dividend increases have occurred in the past 12 months. Percent changed is annualized for YOY growth.

**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

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