



Berkshire

DIVIDEND STRATEGY

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"Casual Friday" Commentary

Casual Friday: Important Operational Notes + Where We Stand – March 20, 2020

IMPORTANT ANNOUNCEMENT:

Pennsylvania Governor Tom Wolf has ordered all non-essential businesses to close up to 2 weeks.

Berkshire will operate remotely and FULLY functional, operating under its long standing Business Continuity Plan (BCP).

Given volatility and the operating environment we are offering additional support and are respectfully asking advisors follow some additional operating safeguards

CONTACT INFO:

Our main office number remains: 570 825 2600

When you call, a person will answer and route the call to the appropriate professional to handle the request.

Here are cell numbers of key Berkshire Portfolio and Trading Professionals

Rachel Ames, CFA rames@berkshiream.com 703.346.3339

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TRADING/OPS:

FOR ADVISORS USING DUAL CONTRACT ARRANGEMENTS (Does not apply to UMA's or Model Delivery programs)

We do ask you to email Gerry, Rachel and Jason if you are:

- Closing or opening an account: please do not only rely on your firm's back office protocol to notify us – they are backed up. The sooner we know the better.
- Depositing investable cash, or liquidating a portfolio: back office protocols vary as to notifying Berkshire, so please email us directly with these types of requests. We are known for quick turnaround on these matters, but may require 24 trading hours to execute. Advisors and clients should not consider these "market orders"

ADVISOR CLIENT COMMUNICATION:

Personal service and communicating directly with our advisors has always been of utmost importance to us. It is more important than ever.

Call anytime for updates, and ideas to support your clients during these challenging times. Sharing with a client "I just got off the phone with the team at Berkshire..." goes a long way to reassuring client anxiety

Gerry, Jason or Betsy are on call for advisor requests client cases.

Where we stand now

Every crisis has something unique about it that seems unsolvable...

That's what makes it a crisis - If there was a visible way out, the market would already be UP!

Berkshire Asset Management, LLC (Berkshire) is a fee based, SEC registered advisory firm serving the portfolio management needs of high net worth and institutional clients. Our guiding principle is a belief that success can be 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. Berkshire Asset Management, Inc. was formed in 1986 as a SEC registered investment adviser. In 1999 the company was sold to Legg Mason. In 2007, senior leadership repurchased the firm, forming Berkshire Asset Management, LLC, the company built to serve you today.

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.

Almost everybody likes the thought of buying stocks at low prices, until they see the news that goes along with them.

This crisis has become sharper and deeper than perhaps we originally thought. The big question? "Will the trajectory of the virus slow BEFORE it sparks an add on an insurmountable financial crisis – besides weak earnings, and lower stock prices?" There is certainly a need for immediate liquidity, but it appears policy makers are committed to maintaining an "anything it takes" stance. There are some stresses, but so far, unlike 2008 the "financial plumbing" is still functioning. And banks are far better capitalized and have much more staying power. In 2008, they WERE the problem!

- Fed Stress test Banks in 2019 under assumptions: 10% Unemployment, Housing Crash, \$410 Billion in loan losses
 - <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20190621a.htm>

BUT, small businesses and temporarily displaced workers with no income could will be a challenge that clearly needs to be addressed in a big way. But, if contained relatively soon and liquidity managed, we think the long term effects (outside of humanitarian issues) may be short lived, and the economic and stock market recovery could be V shaped. And given the carnage in stock prices, investors could enjoy higher annualized returns from this point forward if they can maintain equity positions or even added to them. We know that takes fortitude, but we are believers in the long run durability of the U.S. financial system.

Contact Berkshire:

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