



# Berkshire

DIVIDEND GROWTH STRATEGY

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## Dividend Growth Fact Sheet

4Q 2023

**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. 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. In December 2022, iM Global Partner, a leading global asset management network, made a strategic, non-controlling investment in Berkshire.

## INVESTMENT OBJECTIVE

The Berkshire Dividend Strategy's primary goal is to generate a growing stream of income through investments in a diversified portfolio of equities. We seek companies with a stable, high and growing dividend. Capital appreciation is a secondary goal and a risk profile below the S&P 500 is desirable.

## STRATEGY RATIONALE

Dividends can play a significant role in investor returns over time. They can be seen as an indicator of a company's financial strength and potential for growth. Furthermore, high-quality dividend stocks can mitigate the risk of the increasing costs of inflation. By carefully selecting stocks with a seasoned team in a discerning market, investors can find value surpassing that of passive strategies or those solely based on static criteria of sorting and ranking. We firmly believe that a well-chosen holding can become a permanent fixture in an investor's portfolio, much like real estate or a family business.

## A COMPREHENSIVE, FORWARD LOOKING INVESTMENT PROCESS:

Intelligent dividend investing is much more than simply selecting stocks with high dividend yields or screening for past dividend increases. With an eye to a company's future, we carefully consider three major variables when investing:

### CURRENT DIVIDEND

- Attractive dividend yield relative to major U.S. indices
- Current yield + dividend growth
- Potential for stock buybacks

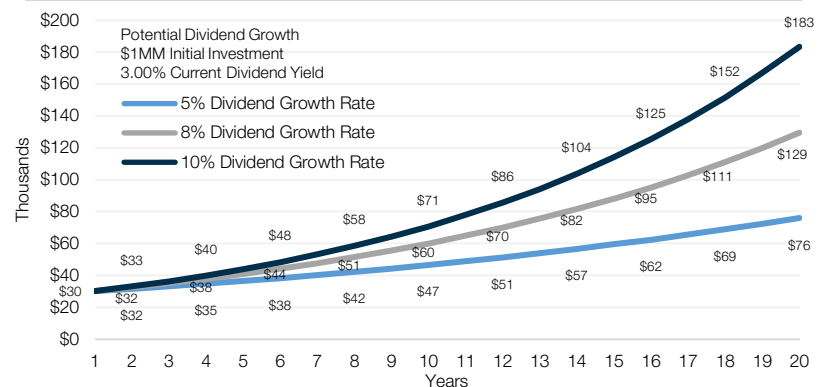
### CONSISTENCY OF DIVIDEND

- Strong balance sheet: low debt to equity ratios and high interest coverage ratios
- Sustainable operating margins
- Credit spreads on underlying debt

### GROWTH OF DIVIDEND

- Future sales and earnings growth
- High return on equity
- Management's commitment to dividend growth
- Potential future return

## IMPORTANCE OF A GROWING DIVIDEND



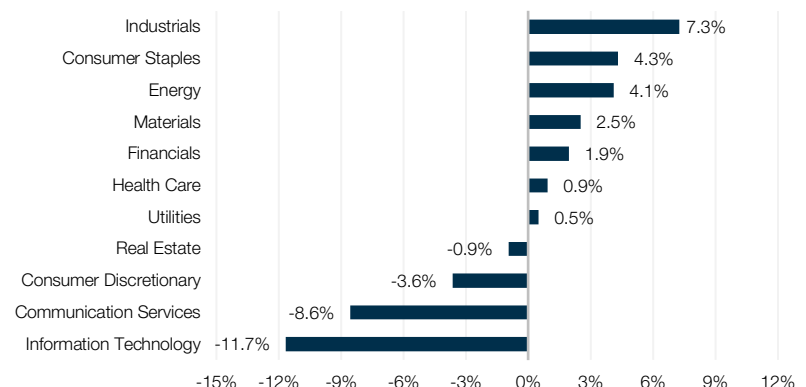
Assumes \$1MM invested in 3 companies with a current dividend yield 3.00% and various growth rates over time - Hypothetical chart is for illustrative purposes only. Dividends are not guaranteed and a company's future abilities to pay dividends may be limited. A company currently paying dividends may cease paying dividends at any time.

## PORTFOLIO CHARACTERISTICS (as of 12/31/2023)

|                               | S&P 500    | Portfolio  |
|-------------------------------|------------|------------|
| Number of Issues              | 503        | 36         |
| Return on Equity              | 17.37%     | 19.92%     |
| Beta                          | 1.00       | 0.84       |
| Current Yield                 | 1.86%      | 2.67%      |
| LT Debt to Capital            | 40.53%     | 42.93%     |
| Forward P/E                   | 19.61      | 15.18      |
| Payout Ratio                  | 46.04%     | 54.85%     |
| Average Market Cap (\$ bill.) | \$378 bill | \$331 bill |

See page 2 for performance of the Berkshire Dividend Growth Strategy.

## RELATIVE SECTOR WEIGHT (% vs. SP 500)





**TOP HOLDINGS** (as of 12/31/2023) \* Holdings are subject to change. A full list is available upon request.

| Company Name           | Ticker | % of Portfolio | Dividend Yield % | P/E Next 4 Qtrs | Beta        | ROE %         | Dividend Payout Ratio % |
|------------------------|--------|----------------|------------------|-----------------|-------------|---------------|-------------------------|
| Microsoft              | MSFT   | 5.08%          | 0.80%            | 33.09           | 1.07        | 43.12%        | 27.04%                  |
| Nucor                  | NUE    | 4.91%          | 1.24%            | 13.72           | 1.28        | 29.24%        | 17.57%                  |
| JPMorgan               | JPM    | 4.90%          | 2.47%            | 10.90           | 1.05        | 14.31%        | 29.25%                  |
| Chevron                | CVX    | 4.63%          | 4.05%            | 10.54           | 0.73        | 8.61%         | 44.49%                  |
| Bank Of America        | BAC    | 4.32%          | 2.85%            | 10.58           | 1.14        | 10.28%        | 34.99%                  |
| Apple                  | AAPL   | 3.87%          | 0.50%            | 29.12           | 1.13        | 124.89%       | 11.54%                  |
| Abbvie                 | ABBV   | 3.65%          | 4.00%            | 13.93           | 0.63        | 46.07%        | 52.32%                  |
| Lockheed Martin        | LMT    | 3.32%          | 2.78%            | 17.05           | 0.65        | 65.59%        | 43.70%                  |
| Norfolk Southern       | NSC    | 3.22%          | 2.28%            | 19.13           | 0.94        | 18.80%        | 47.39%                  |
| Qualcomm               | QCOM   | 3.17%          | 2.21%            | 15.76           | 1.25        | 97.36%        | 34.35%                  |
| <b>Total Portfolio</b> |        |                | <b>2.67%</b>     | <b>15.18</b>    | <b>0.84</b> | <b>19.92%</b> | <b>54.85%</b>           |
| S&P 500                |        |                | 1.86%            | 19.61           | 1.00        | 17.37%        | 46.04%                  |

**PORTFOLIO MANAGER PERSPECTIVE**

In 2022, Dividend strategies epitomized “protection in a down market”. What followed in 2023 was lackluster upside participation. Only a handful of growth stocks seem to dominate the market indices, leaving dividend strategies notably behind. Now, we believe 2024 is a very positive setup for dividend strategies. Broadening market participation, softer rates and attractive relative valuations can all be relative performance drivers in the year ahead.

|                             | Berkshire Dividend Growth Strategy (Gross)* | S&P 500 (SP500) | Berkshire – SP500 Difference | Berkshire Dividend Growth Strategy (Net)** |
|-----------------------------|---|-----------------|------------------------------|--|
| 2012                        | 14.18%                                      | 15.99%          | -1.81%                       | 11.18%                                     |
| 2013                        | 31.26%                                      | 32.37%          | -1.12%                       | 28.26%                                     |
| 2014                        | 13.88%                                      | 13.67%          | 0.20%                        | 10.88%                                     |
| 2015                        | 2.27%                                       | 1.37%           | 0.90%                        | -0.73%                                     |
| 2016                        | 15.29%                                      | 11.95%          | 3.35%                        | 12.29%                                     |
| 2017                        | 16.95%                                      | 21.82%          | -4.87%                       | 13.95%                                     |
| 2018                        | -5.15%                                      | -4.39%          | -0.76%                       | -8.15%                                     |
| 2019                        | 26.78%                                      | 31.47%          | -4.69%                       | 23.78%                                     |
| 2020                        | 4.01%                                       | 18.39%          | -14.37%                      | 1.01%                                      |
| 2021                        | 23.52%                                      | 28.68%          | -5.16%                       | 20.52%                                     |
| 2022                        | -2.48%                                      | -18.13%         | 15.65%                       | -5.48%                                     |
| 2023 Est. Not GIPS Verified | 6.16%                                       | 26.26%          | -20.10%                      | 3.91%                                      |
| <b>Total Return</b>         | <b>469.79%</b>                              | <b>587.74%</b>  | <b>-117.95%</b>              | <b>286.43%</b>                             |
| <b>Annualized</b>           | <b>12.75%</b>                               | <b>14.22%</b>   | <b>-1.47%</b>                | <b>9.77%</b>                               |
| 1 Year                      | 6.16%                                       | 26.26%          | -20.10%                      | 3.16%                                      |
| 3 Years                     | 8.53%                                       | 9.97%           | -1.43%                       | 5.53%                                      |
| 5 Years                     | 11.02%                                      | 15.67%          | -4.65%                       | 8.02%                                      |
| 7 Years                     | 9.36%                                       | 13.40%          | -4.04%                       | 6.36%                                      |
| 10 Years                    | 9.65%                                       | 12.02%          | -2.37%                       | 6.65%                                      |

Disclosure: Berkshire Asset Management, LLC claims compliance with the Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. To receive GIPS-compliant performance information for the firm's strategies and products, contact Jason Reilly, CFP® Tel: Berkshire Asset Management, LLC claims compliance with the Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. To receive GIPS-compliant performance information for the firm's strategies and products, contact Jason Reilly, CFP® Tel: 570-825-2600 or [info@berkshiream.com](mailto:info@berkshiream.com).

All information provided is supplemental to its attached GIPS compliant presentation which can be found [here](#).

Definitions: The S & P 500 Index is a market capitalization weighted index of the largest 500 U.S. stocks. It is a market-value weighted index (stock price times # of shares outstanding), with each stock's weight in the index proportionate to its market value. The index is designed to measure changes in the economy and is representative of most major industries. Beta is a measure of volatility vs. an index. Current yield is the mean estimated annual dividend amount based on current calendar year, divided by the current stock price. Dividend Payout ratio is the fraction of net income a firm pays to its shareholders in dividends, in percentage. Forward Price Earnings Ratio (P/E) is the ratio of the price of a stock and the company's projected earnings per share. Return on equity (ROE) measures profitability by dividing dollars of profit by shareholders' equity.

Risks: Past performance does not guarantee future results. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment will either be suitable or profitable for an individual's investment portfolio. 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. The dividend strategy may include bundled services also known as a "wrap fee program". Because there is typically a low turnover in the strategy, this may be more costly for some investors. No one should assume that any information presented serves as the receipt of, or a substitute for, personalized individual advice from a qualified advisor or any other investment professional.