



# Berkshire

## DIVIDEND STRATEGY

Gerard Mihalick, CFA  
gmihalick@berkshiream.com

46 Public Square  
Wilkes-Barre, PA 18701

570.825.2600

[Berkshire Firm History](#)

### Berkshire Firm History

---

Berkshire Asset Management, LLC (“Berkshire”) is located in Wilkes-Barre PA. Berkshire was formed in 1986 as a registered investment advisor focused on US equity management for high net worth individuals and institutions.

Throughout the 1990’s the firm grew in assets and reputation. By implementing a well-crafted investment philosophy, generating an excellent performance record in the large cap equity space, and providing excellent service, the firm attracted attention as a leading boutique investment firm. In 1999, the company was sold to Legg Mason.

Seeking to once again have full control and autonomy over its strategic direction, the senior leadership group repurchased the firm in 2007. Berkshire is once again 100% employee owned and operated. The current investment team has worked cohesively since the mid1990s, and the firm has experienced extremely low professional turnover throughout its entire history.

In 2009, Berkshire wished to capitalize on what it perceived as a multi decade opportunity created by the financial crisis, particularly in high quality dividend paying stocks. The firm leveraged its existing reservoir of company research and large cap expertise and launched the Berkshire Dividend Growth Strategy. The strategy currently enjoys local and national reach through a select number of third-party distribution channels.

The firm now has approximately \$2.08 Billion under supervision\* as of 9/30/2017.

Many other firms allocate considerable firm resources to marketing and raising as many assets as possible. In contrast, Berkshire believes focusing on investment results, offering a limited number of strategies and communicating clearly with clients is the most rewarding way to grow our business. It is extremely important to us that our investors have a clear understanding of the key tenants of our philosophy and an appreciation of our firm’s culture.

#### Process Differentiators:

We believe many large cap/dividend strategies have fell victim to some unproductive approaches such as: overemphasizing style, too much emphasis on backward looking data, and chasing what’s popular in the name of client retention. Many strategies end up fighting yesterday’s war, become “set and forget” portfolios or mindlessly trading pieces of paper. These practices can erode the returns of a very attractive asset class.

In contrast, our process takes on the same mindset of an entrepreneur when acquiring a company. We do a comprehensive forward looking evaluation of the long run cash flow generating and dividend paying ability of the company using a variety of tools. We focus on the current level of dividend, growth of dividend and the relative safety of the

The goal is to isolate how a company generates its profitability and make an assessment of its sustainability. We will maintain our ownership as long as the fundamentals look appealing and the company’s price remains below our assessment of intrinsic value.

We pride ourselves on our comprehensive analytical approach to valuing companies. But perhaps the greater investing insight comes from our recognition that market participants are humans,

**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.

fraught with all sorts of biases often at odds with getting investors the best return. Through patience, common sense and discipline, our strategy seeks to gain its edge by capitalizing on the near sightedness of others.

### The Value of Knowing Your Money Manager:

"Picking my managers was in retrospect almost inevitable. I knew the people behind the performance: where each had gotten their start; how they viewed risk, how they achieved success, how they handled crisis; how they treated their employees, partners and vendors; what books they read, and not unimportantly, how they handled their private life." - Brett Duval Fromson, Wall Street Journal, "Fortunes for the Brave" November 23, 2005.

For more information on Berkshire Dividend Growth Strategy, please contact us at your convenience.

-Gerry

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

**Jason Reilly, CFP®**, Strategy Specialist  
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.*

*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. You cannot invest directly in an index. Beta is a measure of volatility vs. an index. Upside/Downside capture ratios refer to a portfolio's performance as a percentage of either positive returns (upside) or negative returns (downside) vs. an index. Standard Deviation is a measure of total risk. Alpha, Beta and capture ratios are represented as calculated by Morningstar.*

*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.*

*\*Assets under supervision include all assets directed and supervised by Berkshire Asset Management through all arrangements. Berkshire participates as an adviser providing investment management services to clients of wrap fee programs. This includes but not limited to assets directed through various custodial arrangements, wrap fee, uma structure and model portfolios at third party organizations.*

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

Copyright 2017