



# Berkshire

## DIVIDEND STRATEGY

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Berkshire Executive Summary

### Executive Summary *June 30th, 2017*

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#### About Berkshire Asset Management, LLC

- 30 year operating history
- \$1.345 Billion Under Supervision (June 30th, 2017)
- Ownership: Private (1986-1999), Legg Mason, Inc. (1999-2007), Private (2007-Current)
- Unprecedented advisor support – “Stewardship” over “Salesmanship”
- Methodical management of firm growth and culture

#### About Berkshire Dividend Growth Strategy

- Approved on various custodians, platforms and broker dealers
- Focus on companies with rising dividends
- 30-40 portfolio holdings
- Distinguished by a forward looking, not backward looking process
- Long term orientation but not “set and forget”
- Recognizable names, but willing to search for value in unconventional places
- Strategy seeks an edge through patience, discipline and short sightedness of others

#### Top tier track record

- 14.99% annualized (5 year)
- 0.90 beta, 1.59 alpha (5 year)\*
- 95.96% upside capture, 84.64% downside capture (5 year)

#### Redefining the Advisor/Manager Relationship

- Direct access to Portfolio Managers: Conference calls seminars, in person client meetings, sales and practice management assistance
- Branch Manager Quote: “I always like to see Berkshire in my branch because it usually means a big account is coming.”
- Advisor Quote: “I have never seen a money manager support an advisor the way Berkshire does.”

#### Process highlights

- Highlight companies with high and sustainable return on shareholder equity (ROE)
- Decompose ROE into its parts to assess dynamics of profitability
- Pro forma income/dividend growth targets using conservative assumptions
- Purchases shares at reasonable discount to intrinsic value using present value techniques
- Sell discipline: relatively low potential for dividend growth, relative valuation or dividend cut

For more information, please contact:

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**Berkshire** is a fee-based, SEC registered advisory firm serving the portfolio management needs of high net worth and institutional clients. Over the past 29 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.

*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*

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