Berkshire
DIVIDEND STRATEGY

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Tax Alpha Transition Program

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Common Advisor Problem? Advisors are often "captive" to existing SMAs in client portfolios because of large embedded capital gains. Wholesale changes could have meaningful tax consequences…

Berkshire Tax Alpha Transition Program

- Berkshire works with advisor and client to create an annual tax budget for transitioning portfolio
- Berkshire is engaged to assume management and create a custom "hybrid" portfolio seeking to:
  - Maintain common/overlapping positions
  - Sell unattractive/non-strategic stocks within the tax budget
  - Maintain highly appreciated securities which may serve as proxy for Berkshire's holdings
    - (e.g.retain Pepsi for Coke, Lilly for Merck etc)
  - Strategically incorporate Berkshire positions to create highly correlated "hybrid" portfolio
  - Harvest losses to counter taxes on sales of legacy positions

The goal is to create high correlation to Berkshire Dividend Strategy, while maintaining approved tax budget. The account transition is overseen by a senior Berkshire Portfolio Manager.

Program Requirements

- Intended for large-cap taxable accounts
- Firms/Advisors must engage Berkshire via a manager traded SMA
- Available at multitude of broker dealers/custodial platforms – call for availability
- No additional Berkshire fees – the program is part of Berkshire's normal service offering

Service Benefits

- Unique program backed by experience and personal service
- Eliminates a key roadblock to recruiting top producing advisors and their clients
- Helps firms jettison underperforming strategies or pursue other initiatives while mitigating taxes
- Customized value-added service that advisors and their clients appreciate
- Helps transition long-tenured advisor directed accounts toward SMA/UMA model

Best Use Cases for Tax Alpha Transition Program

- Advisor switching firms and legacy manager(s) not available
- Wholesale manager change by advisor or the firm's research team
- Advisor switching from advisor directed accounts to fee based
- Switching from an underperforming manager

Next Steps: Share the holdings of an existing manager with Berkshire, we'll input in to our trading/accounting systems and begin the custom process with you and your client

Contact Berkshire

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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. Russell 1000 Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. The index was developed with a base value of 200 as of August 31, 1992. Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. The index was developed with a base value of 200 as of August 31, 1992. You cannot invest directly in an index. BEst (Bloomberg Estimates) Earnings Per Share (EPS Adjusted) estimate returns Earnings Per Share from Continuing Operations, which may exclude the effects of one-time and extraordinary gains/losses. Beta is a measure of volatility vs. an index. Upside/Downside capture ratios refer to a portfolios 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.

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