



Berkshire

DIVIDEND STRATEGY

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“Casual Friday” Commentary

Casual Friday: New “Ab-Normal”? + A Year In Pictures – December 29th, 2023

#TGICasualFriday!

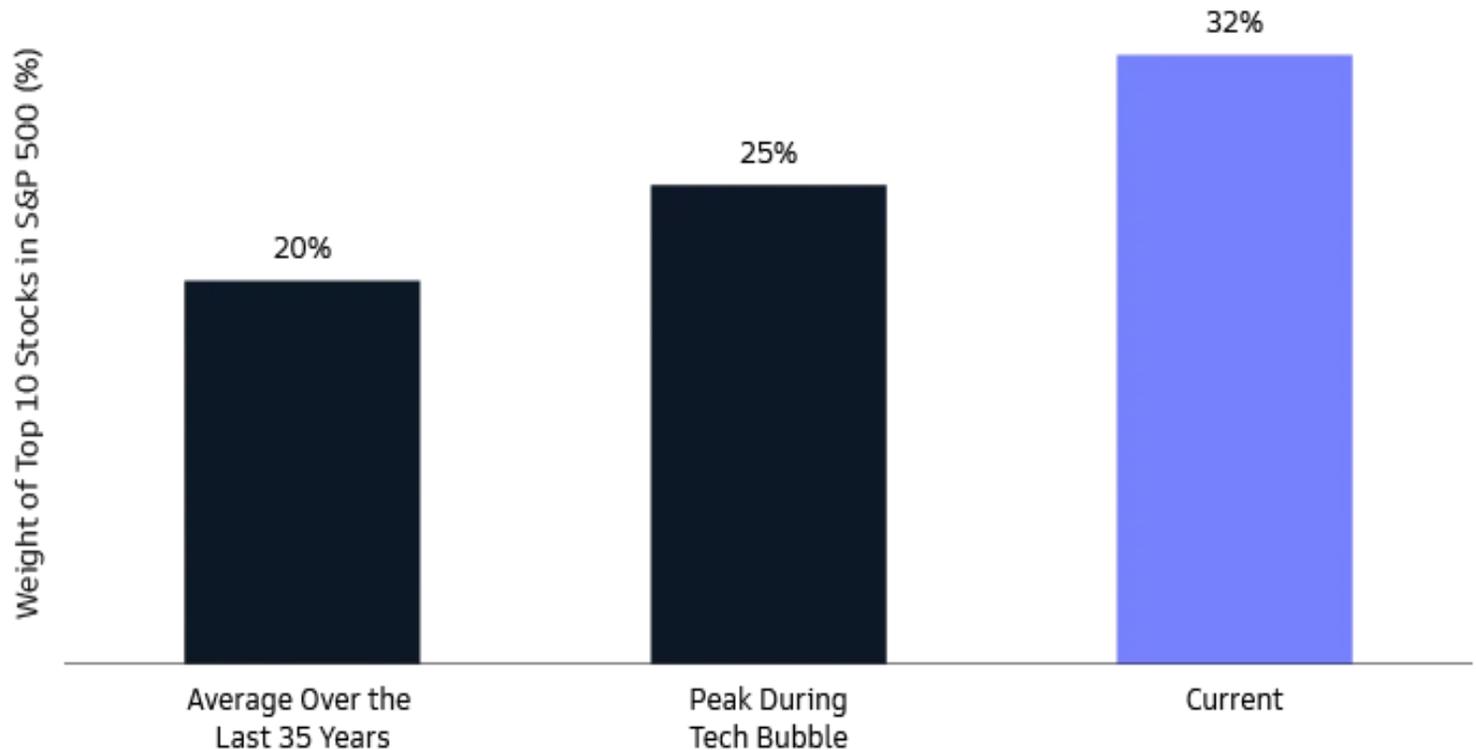
Happy New Year from everyone at Berkshire. May your 2024 be filled with health and prosperity!

New “ab-normal”?

Wow. Looking back, what a year, again. Massive bank failures, wild moves in rates, AI unleashed, historically concentrated indices, unprecedented shifts between investment styles... Every year post Covid it seems like --“wow, what a year”. Perhaps “ab-normal” is the new normal?

Below is the '23 recap in pictures.

The S&P 500 is more concentrated than ever...



Source: S&P, Bloomberg and Goldman Sachs Multi Asset Solutions As of Date is October 23, 2023. This material is provided for educational purposes only and should not be construed as investment advice or an offer or solicitation to buy or sell securities. **Past performance does not guarantee future results, which may vary.** The economic and market forecasts presented herein are for informational purposes as of the date of this presentation. There can be no assurance that the forecasts will be achieved. Please see additional disclosures at the end of this presentation.

Absurdly wide **Expectation Gaps** exist between financial advisors and clients...
 US Investors expect 15.6% ABOVE inflations vs U.S. Advisors 7.0%.

EXPECTATION GAP BY COUNTRY	Investors' long-term return expectations	Expectations Gap	Financial professionals' long-term expectations (2022)*
Global	12.8%	42%	9.0%
US	15.6%	123%	7.0%
Australia	12.5%	81%	6.9%
Hong Kong	12.4%	63%	7.6%
Canada	10.6%	63%	6.5%
Japan	13.6%	56%	8.7%
Italy	9.6%	52%	6.3%
Germany	10.1%	44%	7.0%
Spain	10.6%	39%	7.6%
Switzerland	9.6%	39%	6.9%
France	8.9%	35%	6.6%
UK	8.1%	31%	6.2%
Mexico	14.7%	5%	14.0%
Chile	15.1%	4%	14.5%
Singapore	14.5%	2%	14.2%

*Natixis Investment Managers, Global Survey of Financial Professionals conducted by CoreData Research in March and April 2022. Survey included 2,700 respondents in 16 countries.

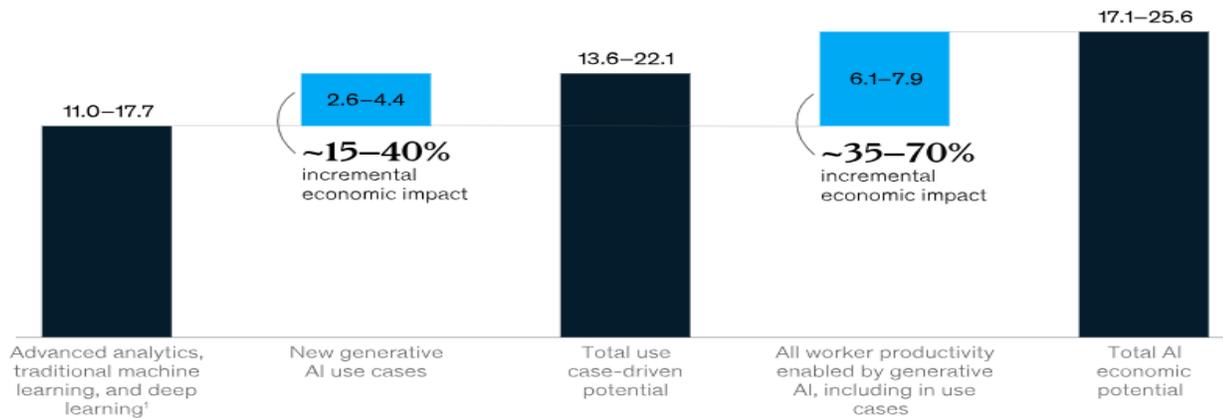
Source: <https://www.im.natixis.com/us/resources/2023-individual-investor-survey-full-report>

Generative AI to unleash massive productivity gains in the global economy?

Exhibit 2

Generative AI could create additional value potential above what could be unlocked by other AI and analytics.

AI's potential impact on the global economy, \$ trillion



¹Updated use case estimates from "Notes from the AI frontier: Applications and value of deep learning," McKinsey Global Institute, April 17, 2018.

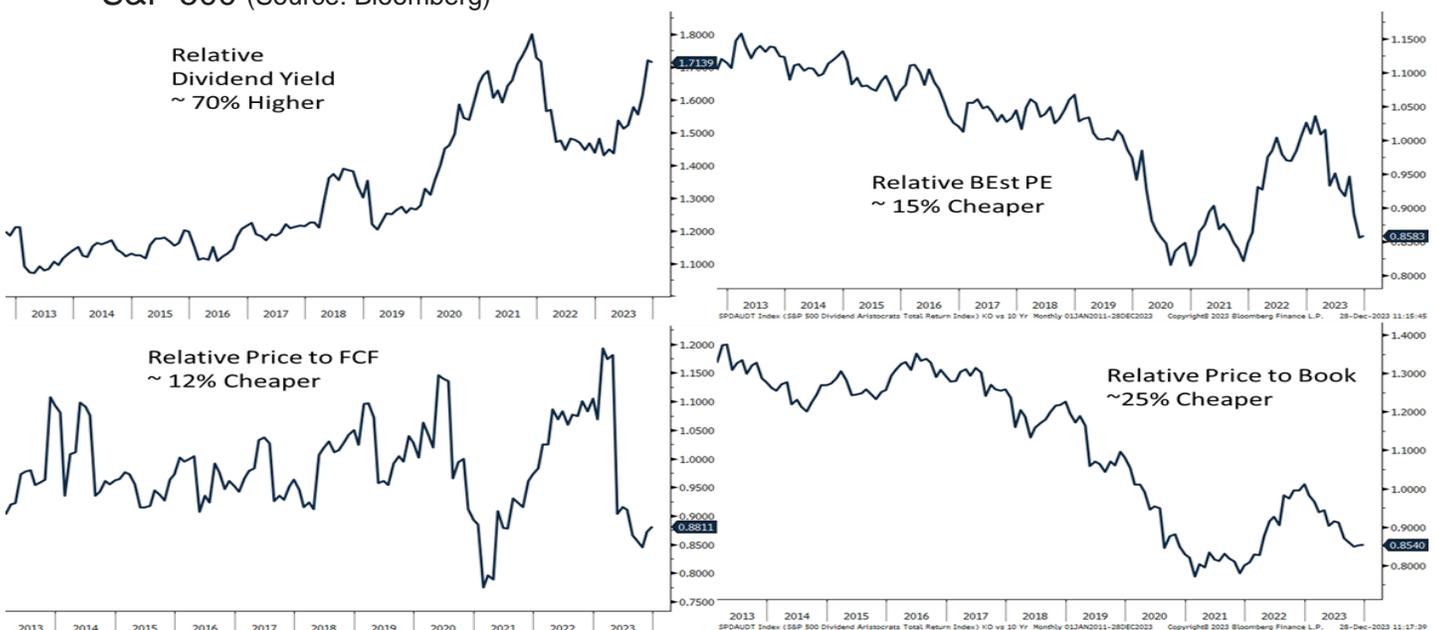
McKinsey & Company

Source: <https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/the-economic-potential-of-generative-ai-the-next-productivity-frontier#business-value>

Dividend Stocks: "Dirt Cheap?" Heading into 2024, the following valuation metrics show attractive entry points to buy dividend stocks vs the broader index (S&P500).

Valuations of the S&P 500 Dividend Aristocrat Index vs the S&P 500

- The aristocrats dividend yield is higher than usual relative to S&P 500
- The aristocrats BEst P/E, Price to Free Cash Flow, P/B are lower than usual relative to S&P 500 (Source: Bloomberg)



Technology, tax efficiencies and transparency unleashing broader SMA/UMA adoption?

TOP INVESTMENTS Used by Advisors

Here are the investments advisors most commonly use with their clients, based on a 2023 Journal of Financial Planning survey.



Percentage Point Change vs 2019

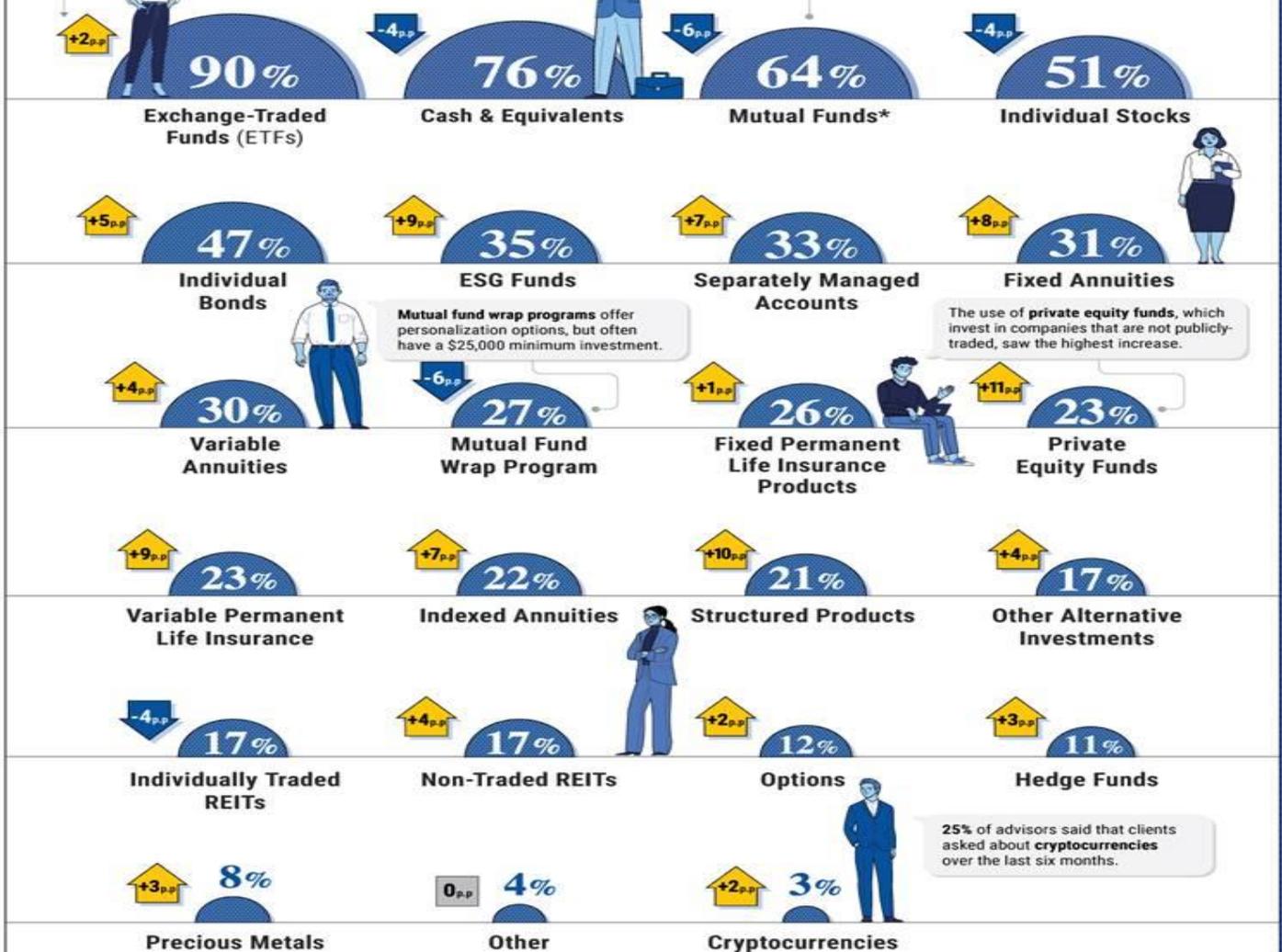
Half of advisors plan to increase their use of **ETFs** over the next year.

26% of advisors say they plan to **decrease** their use of **mutual funds**.

Mutual fund wrap programs offer personalization options, but often have a \$25,000 minimum investment.

The use of **private equity funds**, which invest in companies that are not publicly-traded, saw the highest increase.

25% of advisors said that clients asked about **cryptocurrencies** over the last six months.



Source: Journal of Financial Planning and the Financial Planning Association

*Non-wrap. Fixed and variable annuities include immediate and/or deferred. REITs represent those not held in mutual funds.

March brought some of the biggest bank failures of all time...

Largest Bank Failures In US Since 2001



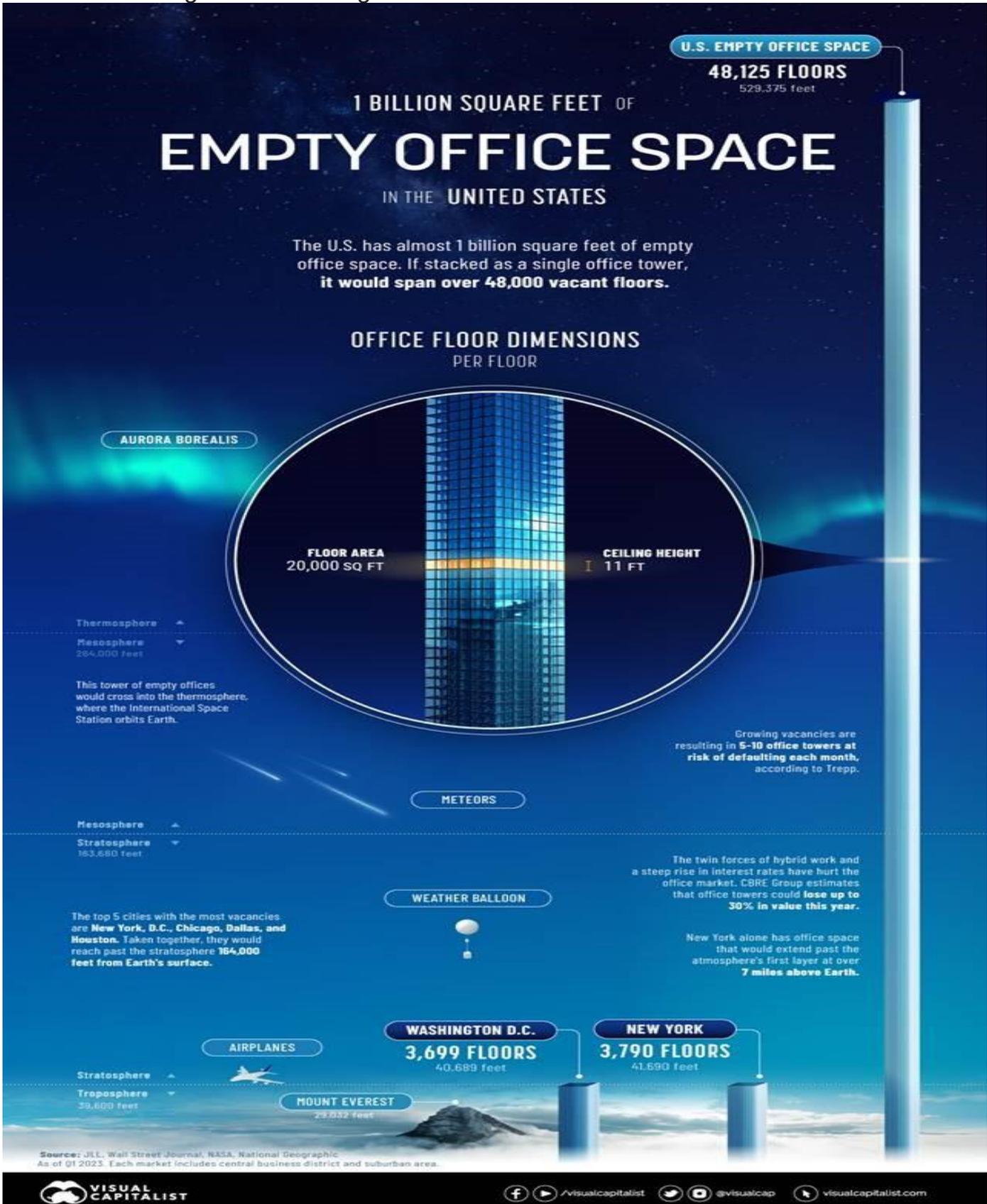
Source: Data from the Federal Deposit Insurance Corporation (FDIC)

Note: Data ranked by total assets

INTERNATIONAL BUSINESS TIMES

Source: <https://www.ibtimes.com/look-largest-bank-failures-us-since-2001-ibt-graphics-3703258>

Will office buildings ever be full again?

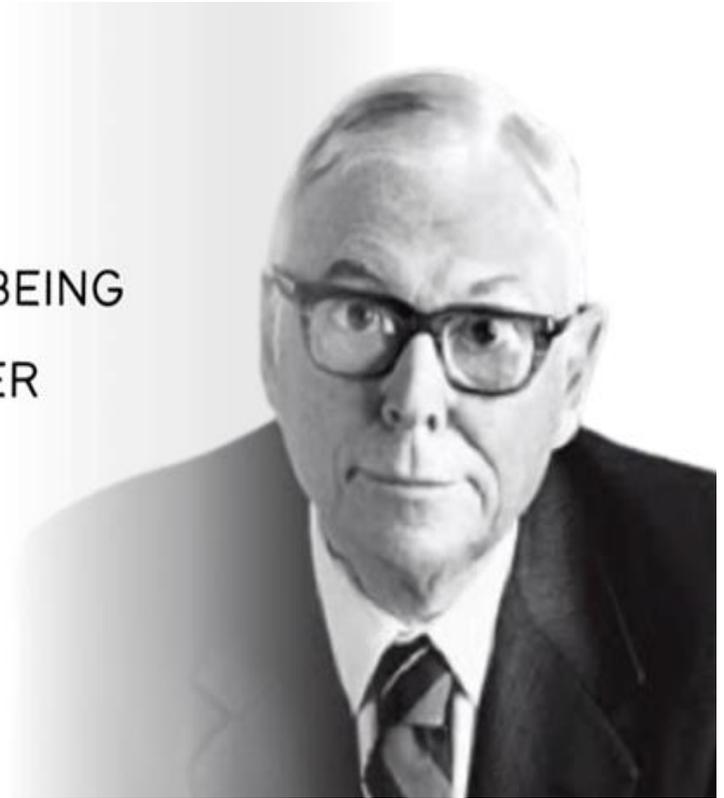


Source: <https://www.visualcapitalist.com/visualizing-1-billion-square-feet-of-empty-office-space/>

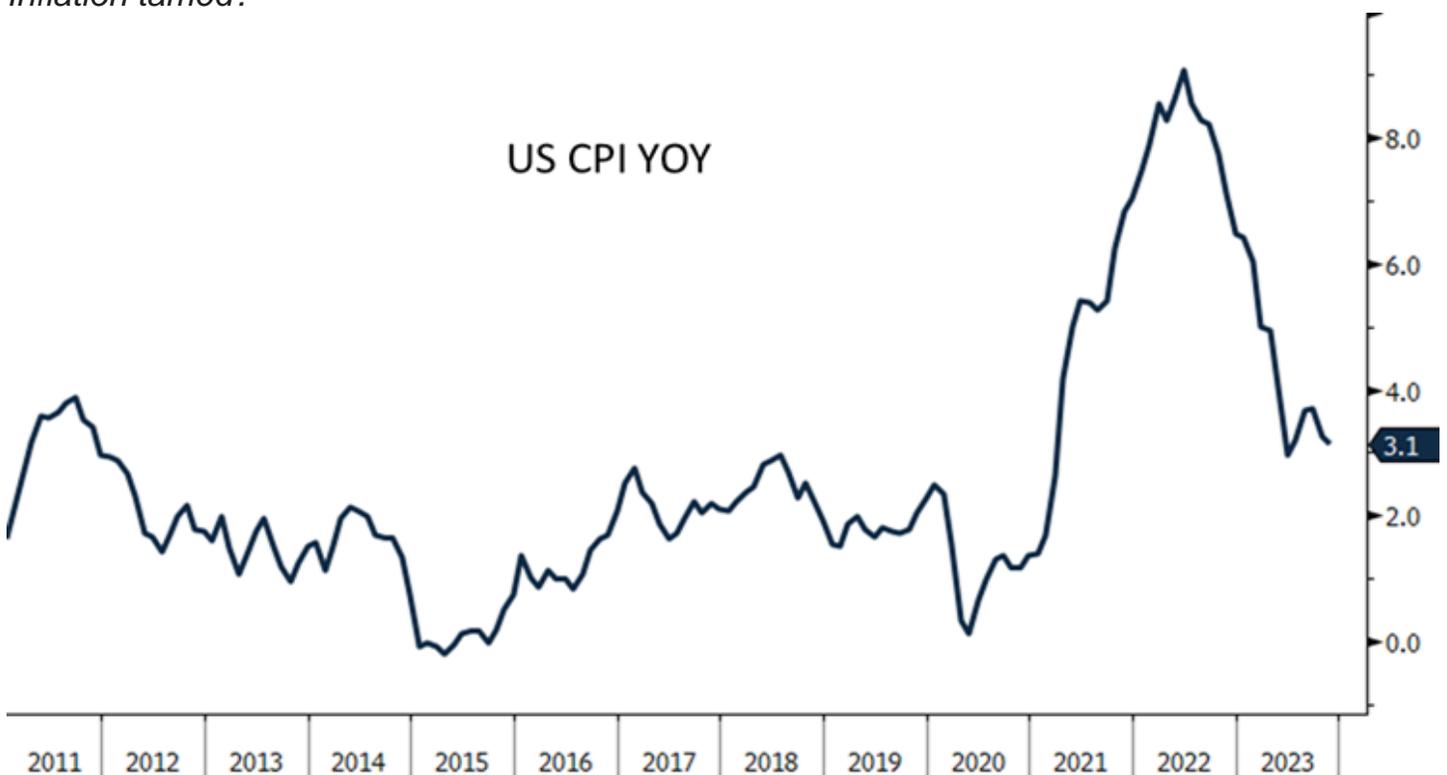
Remembering an investment legend....

THE BEST THING A HUMAN BEING
CAN DO IS TO HELP ANOTHER
HUMAN BEING KNOW MORE.

- CHARLIE MUNGER



Inflation tamed?



(Source: Bloomberg)

We're grateful for all of you.
 Let us know how we can make 2024 your best ever!
 Gerard

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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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