



Berkshire

DIVIDEND STRATEGY

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“Casual Friday” Commentary

Casual Friday: Dividend Increases + Weekend Read "Grab Bag" – April 19th, 2024

#TGICasualFriday

Dividend Increase Alert

[Johnson & Johnson Increases Dividend by 4.2%](#)

[Procter & Gamble Increases Dividend by 7%](#)

Updated Strategy Marketing Material

[Dividend Strategy Guide 3.31.2024](#)

[Dividend Strategy Scorecard 3.31.2024](#)

[Dividend Strategy Fact Sheet 3.31.2024](#)

[Berkshire 3 Minute Due Diligence Package – March 31st, 2024](#)

Why Dividend Growth in Your Practice?

Aligning investor goals? -- Generate income, Grow Income and Provide Relative Safety on the downside. Sound familiar?

A higher compounding rate? Annual Returns -- S&P 500 Dividend Aristocrats 11.38% vs S&P 500 10.13% - (Source: Bloomberg 1994 - 2023)

Downside protection? The S&P 500 Dividend Aristocrats has outperformed the S&P 500 69.34% of the time in down months. (Source: <https://www.spglobal.com/spdji/en/documents/research/research-sp500-dividend-aristocrats.pdf>)

Inflation protection? When CPI YOY is above 4%, S&P 500 Dividend Aristocrats outperformed the S&P 500 by ~0.40% monthly. (Source: Bloomberg 1994 - 2023)

Higher Equity Allocations? Owning high-quality and durable equities may allow for larger equity allocations in client portfolios. Over time, do you want your clients' wealth and your BOB to compound at the rate of stocks or bonds?

Why Dividend Growth Stocks Now?

Current Yield? S&P 500 Dividend Aristocrats Current Dividend Yield ~ 70% Higher than S&P 500 (Source: Bloomberg 3.15.2024)

Valuations? S&P 500 Dividend Aristocrats Current Price to Book trades @ ~40% discount to S&P 500 (Source: Bloomberg 3.15.2024, based on historical averages)

Factor Rotation? Dividends as a "Factor" are one of the worst performers in the past year (Source: Bloomberg 3.15.2024, based on historical averages)

Secular Growth? Dividend growers tend to have excess free cash flows and quality balance sheets. They can be more likely to have the resources to invest and capitalize on future growth opportunities. I.e. technology adoption, innovation, and new markets.

Future Yield? A stock with a current dividend yield of 2.5% with 10% annual dividend growth could effectively provide a ~6% yield on the original cost by year 10.

Diversifier? Top 10 names in the S&P500 make up ~34% of the index and ~55% of the growth index. Dividend growth can provide solid diversification to these growth-heavy indices. (Source: Bloomberg 3.15.2024)

Practice Management: Greatest Hits

Berkshire thrives on adding valuable practice management insights to financial advisors. Countless discussions with advisors have inspired a host of unique practice management articles over the years. Looking to take your practice to the next level? You've come to the right place!

[The Rise Of A Second Geography?](#)
[Ticker Overload? Inventory Management Playbook](#)
["Both Sides of the Balance Sheet Please"](#)
[Prospecting the UHNW -- Is Everybody Happy?](#)
[Rethinking Today's Elite Advisor](#)
[Checklist for a Market Near All-Time Highs](#)
[Predictably Irrational](#)
[Can One Chart Say It All?](#)
[We Don't Just Sell a Dividend Product](#)
[Redefining Centers of Influence](#)
[The New Advisor Formula: Strategies for Capturing Money in Motion](#)
[What if YOU Could Market Yourself as Well as Apple](#)
[Incumbent Tech User, Beware...](#)

Have a great weekend!
Gerry

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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.

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.

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