



# Berkshire

## DIVIDEND STRATEGY

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"Casual Friday" Commentary

### Casual Friday: Client Disconnect + "It's NVDA's World... Or Is It? – June 14<sup>st</sup>, 2024

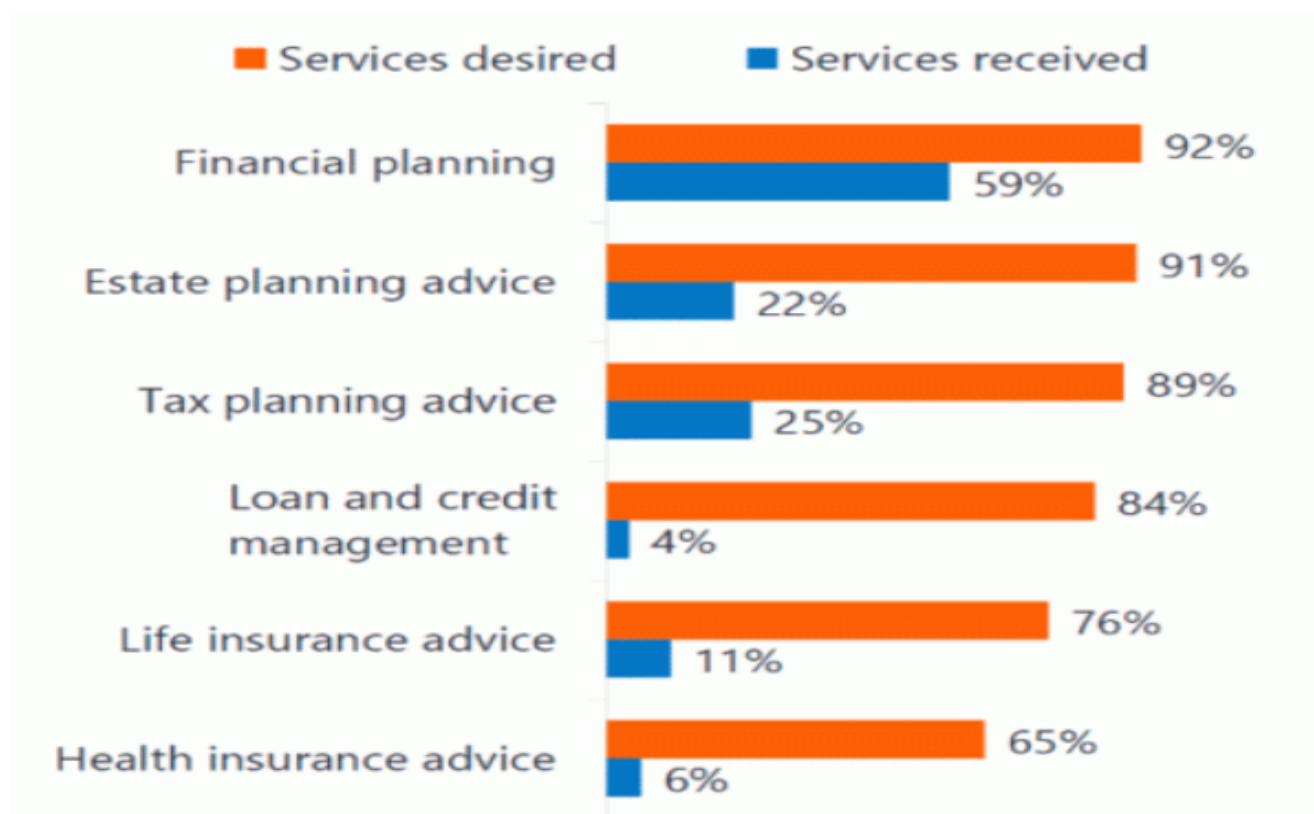
#TGICasualFriday!

Good morning!

Someone needs to explain this chart to me. (Seriously) The collective wealth management industry seems to hammer home financial planning, estate planning, and tax planning prowess. So how is it that clients don't think they receive the services we claim to stress, value and compete on most? Are we not delivering? Do clients "keep score" differently? Are we speaking Greek?

Please email me why you think these disconnects exist. All responses are confidential.

#### Services desired by wealthy investors as part of a wealth management offering, vs. services received<sup>2</sup>



Source Envestnet <https://www.envestnet.com/wealth-management/how-scale-growth-2024>

## Mid-Year in Context

Russell 1000 Growth:

- Narrow: Top 10 contributors comprise 95% of total return. Said differently, remove the top 10 stocks, growth up only ~2%
- Concentrated: Top 10 weighted names = 55% of the index
- “Mag3?” MSFT + AAPL + NVDA = ~\$10 **trillion total market cap**
- Expensive vs. Value? Relative: Enterprise Value to EBITDA & Price to Book are *greater than 2000 tech bubble*

(Source: Bloomberg)

## Macro

- **Fed Driven Market:** Hawkish one day, dovish the next
- **CRE disasters...** seemingly averted for now
- **Inflation moderation**

## Berkshire Portfolio

- ~2.55% Dividend Yield
- 16x Forward P/E
- 14 Dividend increases YTD
- Top 5 contributors (absolute return YTD)
  - QUALCOMM
  - MICROSOFT
  - BANK OF AMERICA
  - WALMART
  - JPMORGAN
- Top 5 Detractors (absolute return YTD)
  - MONDELEZ
  - CISCO
  - BRISTOL-MYER
  - MCDONALDS
  - NUCOR

(Source: Bloomberg)

I was recently a panel guest with a long-short hedge fund and she had all kinds of sexy, interesting growth AI stories.

My story: “I’ll bore you into wealth.” What statement best describes your thoughts about NVDA’s future (and why) all responses are confidential.

1. “It’s going to continue to be THE stock to own for the next decade?”
2. “It’s going to act more like CSCO from 2000-2010”?

Fun Fact: How many Bloomberg News articles referenced NVIDIA in '24?

**1,985 mentions or ~ 12 a day!**

(Source: Bloomberg)

## Big City Advisors, Where Are They Going?

(Per city changes with a minimum of at least 1000 advisors)

### Major Outflow Areas:

- NYC/Newark: -4.56%
- Miami/Ft. Lauderdale: -5.53%
- Los Angeles: -13.14%
- Chicago: -31.92%
- Houston: -35.04%

### Major Inflow Areas:

- Phoenix/Scottsdale: 13.25%
- Detroit: 14.97%
- Washington DC: 17.69%
- Nashville: 19.04%
- Durham/Chapel Hill: 30.74%

SmartAsset found that advisors are leaving major metropolitan areas at alarming rates for smaller suburban areas. “Oh, I bet they are packing their books up and heading down to Florida.” Wrong! See here where advisors are fleeing too: [FAs Are Ditching Big Cities for Greener Pastures](#)

It's interesting, advisors are moving AWAY from Florida but wealthy families, asset managers, AND SHARKS are flocking TO Florida.

Here is your [Shark Data](#) since 1837 (your welcome)

Have a great weekend,  
Gerry

Gerard Mihalick, CFA

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