



Berkshire

DIVIDEND STRATEGY

Berkshire Asset Management
46 Public Square, Suite 700
Wilkes-Barre, PA 18701
570.825.2600

"Casual Friday" Commentary

Casual Friday: Zoom Out, Zoom In + Portfolio Update – February 28th, 2025

#TGICasualFriday!

Let's zoom out and share observations in the first two months of 2025... It's context for keeping clients up to date on Berkshire's progress and latest thinking.

As 2024 ended:

- Managers/advisors/investors who focused on Fed/macro struggled: the "recession that never came."
- Value & dividend factors lagged growth
- Tech & narrow market leadership—no surprises there
- Dividend growth? Below trend, but all the inflation/recession/election chatter of '24 doesn't exactly inspire higher payouts.

Heading into 2025:

A possible generational opportunity to rotate to dividend-paying stocks. (Price action YTD supporting this narrative)

- Value outperforming growth by nearly 7% YTD
- Key "value" sectors like health care, financial and utilities outperforming tech, consumer discretionary.
- Was "DeepSeek" the rotation catalyst?
- (Source: Bloomberg)

February Portfolio Changes:

No major sector shifts, but we've been active in several names

- **Add** to Honeywell (HON): activist, break up into two high margin growing companies?
- **Add** to Hershey (HSY): we see a strong div history and profitability, one correctable issue: high cocoa price
- **Add** to M&T Bancorp (MTB): lower valuation than JP Morgan, improving CRE
- **New Position**: AO Smith: marginal debt, we see committed to solid div/div growth, simple business (water heaters)
- **Trim** JP Morgan (JPM): position size, valuation, believe M&T more attractive
- **Trim** Walmart (WMT): position size, valuation
- **Sold** Pfizer (PFE): capital management practices, upcoming patent cliff

Berkshire Strategy Estimated Characteristics?

- [Berkshire Dividend Strategy Target Weights 2.27.2025](#)
- Dividend Yield ~2.50%
- Forward P/E ~16x

Relative Sector Weightings (vs. Value index)

Attribution Intraday Holdings Performance Tracking Error/Volatility Characteristics Scenarios						
Main View Allocation						
MODEL DIV: MODEL DIV vs iShares Russell by GICS Sectors in USD As of 02						
Date Trend						
Name	Port		Bmrk	+/-		
	Mkt Val	% Wgt	% Wgt	% Wgt	SEDOL	
MODEL DIV	1,121,654	100.00	100.00	0.00		
Information Technology	183,898	16.40	9.57	6.82		
Consumer Staples	136,832	12.20	7.83	4.37		
Not Classified	45,688	4.07	0.02	4.05		
Industrials	205,208	18.30	14.40	3.90		
Energy	89,476	7.98	6.80	1.17		
Materials	37,647	3.36	4.25	-0.89		
Consumer Discretionary	56,256	5.02	6.04	-1.02		
Utilities	33,809	3.01	4.60	-1.59		
Health Care	129,503	11.55	14.24	-2.69		
Real Estate	14,076	1.25	4.66	-3.40		
Communication Services			4.42	-4.42		
Financials	189,264	16.87	23.18	-6.31		

(Source: Bloomberg)

Seeking Enhancements to Your Practice?

[Exceptional Advisors: Excellence from End to End](#)

Have a great weekend!

Gerry

Gerard Mihalick, CFA

Dividend Strategy Portfolio Manager/Partner

Berkshire Asset Management, LLC

Berkshire Dividend Growth SMA is available through various custodians, broker-dealers and UMA providers. This commentary is Intended for Institutional and advisor use only. This commentary may make information of third parties available via website links. The Third-Party Content is not created or endorsed by Berkshire nor any business offering products or services through it. The delivery of Third-Party Content is for general informational purposes only and does not constitute a recommendation or solicitation to purchase or sell any security or make any other type of investment or investment decision. In addition, the Third-Party Content is not intended to provide tax, legal or investment advice. the Third-Party Content provided to is obtained from sources believed to be reliable and that no guarantees are made by Berkshire or the providers of the Third-Party Content as to its accuracy, completeness, timeliness.

Any companies referenced, have been done so, solely for illustrative purposes and not based on investment performance or attribution to the overall performance of the strategy. The companies identified herein do not represent all the securities purchased, sold or recommended for client accounts, and you should not assume that an investment in the companies identified was or will be profitable. Berkshire retains the right to revise or modify portfolios and strategies if it believes such modifications would be in the best interests of its clients. Model portfolios may or may not contain any specific security at any time, and decisions to invest should not be made based on the presumed or current composition of any model portfolio - A complete list of holdings in the Berkshire Dividend Growth Strategy.

Berkshire Asset Management, LLC claims compliance with the Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content

contained herein. To receive GIPS-compliant performance information for the firm's strategies and products, contact Jason Reilly, CFP® Tel: 570-825-2600 or info@berkshiream.com.

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 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. 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.

Market Commentary, Aggregate Holdings, Securities, Sectors, Portfolio Characteristics Mentioned: No statement made in this presentation shall constitute investment advice. This presentation is for informational purposes only. Views, comments or research mentioned is not intended to be a forecast of future events. The mention of any security or sector is not deemed as a recommendation to buy or sell. Any reference to any security or sector is used to explain the portfolio manager's rationale for portfolio decisions or philosophy. Research or financial statistics cited regarding securities or sectors do not contain all material information about them. Any securities mentioned represent a partial list of holdings whereas Berkshire portfolios typically contain approximately 30-40 securities in percentage weightings ranging from 1-5%. A complete list of holdings from a representative account is available upon request. Overall portfolio characteristics mentioned are from a representative account deemed representative of the strategy; data may be compiled from Bloomberg, Baseline or Berkshire estimates. Individual holdings, performance and aggregate characteristics of actual portfolios may vary based on a variety of factors including market conditions, timing of client cash flows and manager discretion. This presentation contains Berkshire opinions and use of Berkshire estimates which are subject to change at any time. Berkshire employees may have personal positions in any securities or sectors mentioned. Charts, presentations or articles may be obtained from third parties and Berkshire does not guarantee their accuracy. *Platform restrictions may apply. Preliminary returns are based on composite estimates only. Individual accounts will vary. Copyright © 2021 Berkshire Asset Management, LLC, All rights reserved.