BERKSHIRE DIVIDEND STRATEGY

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Casual Friday: Tale of Two Tapes + Summer Bourbon Trail

#TGICasualFriday!

A Tale of Two Tapes
The Russell 1000 Value is leading a double life this year. Q1 was the dividend tape. Energy ripped +38%. Materials +11%. Utilities +9%. Staples +7%. The boring, cash-generating, income-paying sectors did the heavy lifting. Tech yawned, comparatively at +4.6%. The index closed Q1 up just under 2%. Quality dividend portfolios kept pace or led. Life made sense.

Then someone flipped the switch on April 1st.

Russell Large Value Sector Returns:

Sector	Q1 (12/31/2026 – 3/31/2026)	Q2-to-date (3/31/2026 - 5/13/2026)	YTD as of 5/13/2026
Information Technology	4.60%	54.40%	58.70%
Energy	38.10%	-6.40%	29.10%
Materials	10.60%	5.00%	16.00%
Utilities	9.00%	-2.40%	7.60%
Staples	6.60%	3.30%	10.00%
RLV Total	1.97%	9.84%	11.89%

The RLV Tech Sector is up +54% in six weeks. Not a typo… Seven chip names drove **almost 50%** of the entire Russell 1000 Value's ~10% gain. *(Source: Bloomberg 3.31.2026 – 5.13.2026)*

Stock	Q2 Return as of 5/13/2025	Dividend Yield
Intel	173%	None
Micron	138%	0.07%
SanDisk	128%	None
AMD	119%	None
ON Semi	87%	None
Western Digital	83%	0.12%
Marvell	80%	0.12%

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The reason these chip stocks are up so much? Simple supply and demand. Remember, these are the relatively "low value" commodity chip makers with little differentiation. Their historical margins prove it. Supply shortages have them skyrocketing until more capacity comes online. And while they have a "tech feel" they really are not too different than oil, gas, copper - cyclical businesses with high capital spending. Cash flow can be extremely erratic – not "quality" businesses in our opinion.

We're not whining about the narrative, rather we're bringing clear context to help enhance client conversations… **Tale of two tapes.** Quality and dividends won Q1. Low-quality, no-dividend, late-cycle semis are running Q2. History suggests the second tape doesn't get to keep running forever — in our view, the broader narrative of disciplined investing focused on Dividend Growth and valuation prevails overtime.

The Ultimate Bourbon Trail Road Trip
Talking to an old friend of mine, who's an advisor in Nashville, I was reminded of something I always wanted to do... and with summer incoming, just maybe this will be the year! -- The Bourbon Trail is 800 miles. 20+ distilleries. Two states. The definitive American whiskey road trip runs from Louisville through Kentucky bourbon country, then south to Lynchburg and east to the Smokies — Anyone up for a long weekend? https://www.boozemakers.com/articles/ultimate-bourbon-trail-guide

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