BERKSHIRE DIVIDEND STRATEGY

Berkshire Asset Management
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Casual Friday: By the #'s + AI vs Niche Advisors

#TGICasualFriday!

Dividend Increase Announcement:
Accenture (ACN) – Raises Dividend 5%

Q4 is officially underway…

Let's talk portfolio positioning, tax friendly manager changes and your practice objectives:

Give me or Jason a call now 570 825 2600 or Schedule a Phone Call or Virtual Meeting

Clients are asking advisors: **"Bonds now pay 5%+. Why buy stocks yielding 2.5%?"**

Dividend growth vs. fixed income is a timely conversation. We can happily tout the appeal of dividend growth stocks—their potential to grow income, preserve purchasing power, and build wealth over time.

We can articulate their durability through multiple market cycles and their versatile uses in financial plans.

But philosophy only goes so far. How about some hard numbers for clients - especially as rates keep rising.

- **5.29% Treasury:** After 40.8% tax, the client keeps 3.13% $31,317/year.
- **2.5% qualified dividend:** After tax, the client keeps 1.9% $19,050 in year one.

So yes, the bond wins early.
But grow that dividend 8% annually (after tax):

- **Year 5:** $25,918
- **Year 8:** $32,648 — now ahead of the Treasury
- **Year 15:** $55,954

Cumulative income passes the Treasury in year 13.

Total income over 15 years: Dividends: $517K vs Treasury: $470K

Then there's the principal.

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- **"Bonds are safe." What about ’22?**
  - The 10-year Treasury returned -17.83%.
  - Investment-grade bonds overall returned -13%, and long Treasuries -29%.
  - Meanwhile, the Dividend Aristocrats lost 6.2% on a total return basis, versus 18.1% for the S&P 500.

- **Fair is fair.** Dividend stocks aren't bonds. Prices move, dividends can be cut, and 8% growth isn't promised. If a client needs the money in two or three years, or genuinely sleeps better with a bigger bond bucket, that's a real reason to own more. "The yield is higher" on its own isn't.

(Source: Bloomberg as of 10.1.2026)

See disclosure below.

Niche Advisor

Average advisor: “I have some high-net-worth retirees, rely on some referrals then I put them in a bunch of different strategies depending on what their needs are.”

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Niche advisor: "I design marketing campaigns tailored to a highly specialized group of clients with a unique set of financial needs that match my planning expertise. I allocate assets to a narrow list of investment strategies I know exceptionally well that align with their specific financial objectives."

In a world getting increasingly cluttered with AI generated general marketing fluff, it's more important than ever advisors do something to stand out…

Michael Kitces's analysis demonstrates how a niche pays off and creates elite advisors:

- Spend 150+ more hours every year on high-value, client-facing activities (or 28% more time with clients and prospects, while spending 13% less time doing middle-office and back-office tasks)
- Are able to deliver a more focused and customized financial planning process (as not every possible area of financial planning is applicable to every particular niche)
- Serve an average of 14% more clients (since advisors with niches can more easily scale their practices)
- Have clients with an average of both 25% more investable assets and higher net worth
- Are able to set their AUM fees 9% higher, and generate 20% higher standalone planning fees
- Earn an average of $660,000 (versus $395,000 for non-niche advisors at the same income percentile)

Source: Kitces Research On Advantages Of Niching In Time Use, Planning Approach, Pricing, and Productivity

Combine: specialized marketing messages, social media combined and remote work, and scaling your niche has never been easier.

Here's 7 Unique Examples of Advisor Niches:

- Desert Crest Financial - Serves women experiencing life changes
- Highball Advisors - Serves ex-railroad professionals
- PharmD Financial Planning - Serves Pharmacists
- C.L. Sheldon & Company – Serves active and retired military
- Cornerstone Wealth Consulting Services LLC – Serves contracting industry
- Wealthkeel, LLC - Serves Gen X and Gen Y physicians

Source: https://blog.twentyoverten.com/6-examples-of-unique-advisor-niches/

PS: Do you have a great niche? We'd love to hear about and share ideas!

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SCAN THE QR CODE TO MEET DIRECTLY WITH A BERKSHIRE PORTFOLIO MANAGER TODAY!

*Source: U.S. Treasury par yield curve, 10-year, Sep. 30, 2026. Hypothetical: Treasury rolled at 5.29%, interest taxed at 40.8% (37% + 3.8% NIIT); stock at 2.5% yield, 8% dividend growth, 6% price growth, taxed at 23.8%; income spent. *After 23.8% tax on the gain. Federal only. Not a projection or guarantee of Berkshire results.*
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Hypothetical Illustration: Methodology and Important Disclosures. The chart and figures in this commentary are hypothetical and for illustration only. They do not represent the actual results of any Berkshire Asset Management client account, strategy or composite, and they are not a projection, forecast or guarantee of future results. No client achieved these results. Actual results will differ, possibly materially.

How the figures were calculated. The illustration compares two hypothetical $1,000,000 investments held for 15 years by an investor in the top federal income tax bracket.

The Treasury investment earns a constant 5.29% annually, equal to the 10-year U.S. Treasury par yield on September 30, 2026 (source: U.S. Department of the Treasury). It assumes the position is rolled at that same yield for the full period and returns its $1,000,000 principal at the end, with no gain or loss. Interest is taxed as ordinary income at 40.8% (the 37% top federal rate plus the 3.8% Net Investment Income Tax), producing after-tax income of $31,317 per year and $469,755 over 15 years.

The dividend investment begins with a 2.5% dividend yield ($25,000 in year one). The dividend is assumed to grow 8% per year and the share price to appreciate 6% per year. Dividends are treated as qualified and taxed at 23.8% (the 20% top federal rate plus the 3.8% NIIT), producing after-tax income of $19,050 in year one, rising to $55,954 in year 15, and totaling $517,250 over 15 years. The ending value of $2.06 million assumes the position is sold at the end of year 15 and the gain is taxed at 23.8%. Total wealth equals cumulative after-tax income plus after-tax ending value.

In both cases, all income is assumed to be spent rather than reinvested. Calculations reflect federal taxes only and exclude state and local taxes. Interest on U.S. Treasury securities is exempt from state and local income tax; dividends generally are not, which would reduce the dividend investment's after-tax income relative to that shown. The illustration does not reflect advisory fees, transaction costs or other expenses, all of which would reduce results. Tax rates are assumed constant over the period, and actual tax treatment depends on each investor's individual circumstances. Any reference to inflation-adjusted value assumes 3% annual inflation.

Assumptions and risks. The 2.5% starting yield, 8% dividend growth rate and 6% price appreciation rate are assumptions chosen for illustration. They are not based on the historical or expected results of any security, index or Berkshire strategy. Dividends are not guaranteed; companies may reduce or eliminate them at any time. Stock prices fluctuate and may decline, and an investor could lose money, including principal. U.S. Treasury securities are backed by the full faith and credit of the U.S. government as to timely payment of principal and interest if held to maturity, but their market value fluctuates with interest rates, and an investor who sells before maturity may receive less than the original investment. Equities generally carry greater price volatility than Treasury securities. Hypothetical illustrations have inherent limitations, including the benefit of hindsight in choosing assumptions, and they cannot account for the impact of actual market conditions on investment decisions.

Historical data. Calendar-year 2022 returns cited for the 10-year Treasury and the S&P 500 are from Aswath Damodaran, NYU Stern School of Business. Returns for U.S. investment-grade bonds (Bloomberg U.S. Aggregate Bond Index) and long-term Treasuries are from Vanguard. Returns for the S&P 500 Dividend Aristocrats Index are from S&P Dow Jones Indices. Indexes are unmanaged, do not reflect fees or expenses, and cannot be invested in directly. Past performance does not guarantee future results.

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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

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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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