Portfolio Manager Commentary

First Quarter 2021

Portfolio / Index	Q1-21 Return	2020 Return	2019 Return	Since Inception
Focused Growth Composite	-1.6%	+45.3%	+37.3%	+69.8%
S&P 500 Total Return Index	+6.2%	+18.4%	+31.5%	+42.9%
Russell 1000 Growth Index	+1.0%	+38.5%	+36.4%	+60.4%

Returns are net of fees; Since inception is cumulative

Dear Client,

After a scorching 2020 performance that saw the Focused Growth portfolio return 45% last year, the first quarter of 2021 represented a breather of sorts (FGS -1.6% in Q1) as many portfolio companies needed some time to catch up with what had become somewhat stretched valuations. The good news is that the weighted average revenue growth reported by our portfolio companies for Q4-20 was 17.8%, which is the fastest rate since the inception of the strategy. This speaks to the strong business momentum with which our holdings exited 2020 and indicates the ability to rapidly grow into the new valuation levels afforded during the previous year. The first quarter of 2021 saw a transition of political power in Washington in what very much remains a 50-50 nation as well as a clear indication that a new cohort of investors have arrived on the equity markets scene. Fiscal and monetary stimulus are at record levels as the country seeks to dig out of the pandemic related hole while we as a society race towards herd immunity and the hoped for return to normal. While plenty of uncertainty remains as to the pace of recovery and exactly what "normal" will mean going forward, we remain confident in the ability of our portfolio companies to navigate through this dynamic environment.

In November of 2000, freshly armed with an offer letter for post business school employment, I decided it was time to splurge a bit. My wife and I got into my 15 year old Isuzu Trooper, whose sound system was kept operational with the help of a pie server jammed in the cassette player, and headed to the GM dealer to go car shopping. The salesman was a man in his mid-50s with an amused look on his face as he listened to a pair of 20 somethings armed with nothing more than an offer letter asking about all of the available options. To my wife's great delight, he was able to accommodate every accessory request she made. After an hour or so of back and forth, we had our dream car. That was a euphoric moment. Our bliss was interrupted when the salesman smiled and said, "ok, now how are you going to pay for it". How, you might ask, does this relate to the capital markets? The answer becomes apparent if you think of me as the federal reserve, my wife as the federal government, and the smiling salesman as the bond market.

Including the recently passed $1.9 trillion stimulus bill, the US government has allocated roughly $5.4 trillion to Covid relief/stimulus initiatives, which equates to about 25% of GDP. The federal reserve cut the Fed Funds rate to 0% when the pandemic first hit and increased the size of its balance sheet from $5.6 trillion to $9.6 trillion over the course of 10 months. As a point of reference, the federal reserve balance

713-933-5402 12 Greenway Plaza, Suite 1100, Houston, TX 77046 www.burkewealthmanagement.com

sheet was ~$1 trillion prior to the financial crisis of 2008 and increased to roughly $2.8 trillion in the year after. It did run to $6.3 trillion by August of 2014 before flattening out and beginning a gradual decline over the six years leading up to the pandemic. Also, the financial crisis government stimulus response bill was $787 billion. The point is that the fiscal and monetary response to the Covid-19 pandemic is unlike anything we have ever seen in history and, in the first quarter of 2021, the bond market started to take notice. Since the beginning of the year, yields on 10 year US treasuries have increased from 0.9% to 1.7%. This is effectively the bond market smiling and asking how we intend to pay for all of the stimulus. While the absolute level of bond yields is certainly conducive to healthy equity markets, it is the speed of the move that has been so unsettling to investors. From our standpoint, the economic impact of the higher rates is largely a non-event as our portfolio companies tend not to rely on external sources of capital to fuel growth and many of our holdings have positive net cash positions on their balance sheet. Where it does hurt is in the area of valuation. Long duration growth assets (our portfolio companies) are going to come under pressure when investors contemplate higher long-term rates against which to discount future earnings. While the earnings growth of our portfolio companies will benefit from all of the stimulus in the system, this is not enough to offset a near-term reset in valuation. The compression in valuation for secular growth businesses coupled with the rapid rotation into the early cyclical stocks most levered to an accelerating economy has made for a tough first quarter on a relative basis. That said, we remain committed to our philosophy of seeking out businesses with superior long-term structural growth and focused on the fundamentals of our portfolio companies. Market rotations are transitory and just as the rotation into secular growth seen in the first half of 2020 has given way to a rotation into early cyclicals, so too will this one end. When it does, the growing earnings power of this portfolio will once again shine.

One of the great things about a career in investment management is that it always keeps you on your toes. Prior to the start of this year, if you had asked me about GameStop, I would have told you that it was a place I used to take my kids regularly before they started downloading their video games five years ago. Little did I know that GameStop would become the epicenter of the "Reddit Revolt", which included a coordinated attack by retail investors on the short position of a major hedge fund that almost caused its collapse and led to Congressional testimony given by a man who goes by the moniker Roaring Kitty on a message board.

In isolation, bizarre price activity in a small cap stock (at least GME was small cap before this started) would not warrant inclusion in this letter. However, there are several topics that this episode uncovered that are worth discussing. First is that one of the by-products of increased time at home due to the pandemic, zero cost trading, and abundant stimulus checks is that a new set of younger investors are now participating in the market. Longer term, this is a positive in many ways. In the near term, it has served to increase volatility, particularly in a select group of so-called meme stocks. The fact that a group from a Reddit message board could band together and nearly sink a $12B hedge fund if not for an emergency capital infusion is eye-opening. Without passing judgement on the short squeeze that almost sunk Melvin Capital, I will say that this episode shined a light on non-traditional pockets of leverage in the market. Towards the end of the first quarter, a separate incident of hidden leverage taken on by a major hedge fund masquerading as a family office led to wild price fluctuations in shares of Viacom and Discovery.

713-933-5402 12 Greenway Plaza, Suite 1100, Houston, TX 77046 www.burkewealthmanagement.com

Finally, well publicized price action in a small group of stocks that is so clearly disconnected from underlying fundamentals is disconcerting to many traditional retail investors as it brings a casino feel to investing. All of these factors provide an added dose of volatility to the equity markets. Longer-term, this doesn't matter for our portfolio. In the near-term, it can lead to some bumpy market days- both good and bad.

First Quarter Notable Performers:

Table 1 shows some notable performers during the quarter in terms of both absolute performance as well as total contribution (% increase/decrease x weighting) to overall portfolio returns. Given the flattish nature of first quarter returns, the Focused Growth portfolio featured a fairly wide dispersion in results between the positive and negative contributors during the period.

Table 1:

Notable Q1-21 Performers					
Positive Contributors			**Negative Detractors**		
	Performance	**Contribution**		**Performance**	**Contribution**
Alphabet	+18.1%	+1.27%	Spotify	-14.8%	-0.52%
Facebook	+7.8%	+0.55%	Masimo	-14.4%	-0.58%
Abbott Labs	+9.5%	+0.38%	Intuitive Surgical	-9.7%	-0.58%

Returns are from a representative account; individual account returns may vary.

Positive Contributors

Alphabet: Alphabet is one of those sneaky reopening plays in that as consumers emerge from the pandemic, the demand for digital advertising should rebound as well. Travel is one of Alphabet's most important verticals which makes it a bit more exposed to a return to normalcy than its digital advertising peers. These factors coupled with easy comparisons from the first half of 2020 provide for a nice 2021 set-up for the stock. Further, management has just recently begun providing additional disclosure for its YouTube and Cloud businesses. These are two areas that generate tremendous growth and, in the case of Cloud, are on the cusp of a massive shift from the investment phase to the profitability phase. Finally, the increased disclosure coupled with the tremendous business momentum of Alphabet's non-search businesses serves to blunt the regulatory risk of a forced break-up as a strong argument could be made that such a "sanction" would wind up being value creating for investors.

Facebook: Facebook is another company that will benefit from the uptick in economic activity set to take place as we emerge from the pandemic. While this is certainly helpful, the big overhang for Facebook shares over the past several quarters has been its feud with Apple over a change in the iOS 14 operating system that would require consumers to actively choose to allow Facebook to track its data for the purposes of providing targeted advertising as opposed to having this simply be the default choice. The battle between these two technology titans took center stage on Facebook's fourth quarter earnings call as Mark Zuckerberg went on the offensive and labeled Apple as one of Facebook's largest competitors while pointing out that many of Apple's "altruistic" actions in the name of privacy tend to line up perfectly with its competitive ambitions to favor its own apps over third party apps. Facebook has wrapped itself in the cloak of "defender of small business" during its last few earnings calls (sometimes, these calls are tough to listen to) in the hopes of winning the battle of public opinion. In our view, the best thing that can happen is for time to pass so that investors can digest the actual impact of the change rather than fret about the potential impact. If we are correct in our assessment that the overhang on the stock outweighs the actual economic impact of this change, shares of Facebook should benefit throughout 2021 as the fear of what could be is replaced by the reality of what is.

Abbott Labs: When we purchased Abbott last fall, it was already known that 2021 would be a year of above trend earnings growth driven by tremendous demand for the company's new rapid Covid test and the return of many medical procedures that had been deferred during the pandemic. The debate in the stock centered on whether or not 2021 would represent a one-time uptick in earnings or a new and higher base from which to grow. Our purchase was predicated on the belief that Abbott's innovation pipeline was as strong as it had ever been and that the company's products in rapid testing and continuous glucose monitoring were platforms from which a host of new products could be launched. Our thought at the time was that this picture would come into focus throughout 2021 and that the forecast for the out-years would increase. We didn't have to wait long for management support of this view as CEO Robert Ford surprised investors on the fourth quarter 2020 earnings call by not only giving guidance for an exceptionally strong 2021, but also endorsing double digit growth off of this higher base in 2022 and beyond. After years of strategic acquisitions and meticulous integration, the pieces are in place for Abbott to deliver multiple years of above trend innovation driven growth.

Negative Detractors

Spotify: Shares of Spotify were up nicely for the year heading into the company's "Stream On" investor day presentation in late February. All Spotify announced during its investor day was an initiative to move into more than 80 new markets with more than 1 billion people across Asia, Africa, the Caribbean, Europe and Latin America. We viewed this announcement as a step function change in Spotify's reach and operational capabilities. In fact, we thought the entire Stream On event was an excellent overview of Spotify's ambition to establish itself as the dominant player in the global streaming audio space. However, to our surprise, shares of Spotify declined sharply following what we viewed as a very favorable investor day presentation. This isn't the first time the immediate reaction of a stock to a news event has gone the opposite of what we would have thought and it won't be the last. As for Spotify, we remain excited about the company's long-term opportunity in the streaming audio space and as such are willing to endure the near-term volatility, both good and bad, that comes with owning a business in such a dynamic industry.

713-933-5402 12 Greenway Plaza, Suite 1100, Houston, TX 77046 www.burkewealthmanagement.com

Masimo: If you take management's long-term earnings guidance at face value, Masimo looks to be a company with a steady, yet unspectacular, growth rate whose stock might be particularly susceptible to earnings multiple compression driven by rising rates. Concurrent with the release of full year 2020 results, Masimo's management team laid out a vision for sales and earnings growth in the 5% range on top of what were strong 2020 results due to a Covid driven increase in demand for pulse oximetry measurement. This explains the recent pressure on the shares and if we thought this type of growth is what the company is capable of in 2021, we would have been forced to re-evaluate our position in the stock. Needless to say, we expect a little more from Masimo.

Not only does Masimo stand to benefit from a resumption of elective surgical procedures, we see a big opportunity for pulse oximetry measurement to move beyond the ICU to the main floor of the hospital and believe that nascent initiatives such as the Opioid Safety Net system are likely to bear fruit. All of this would mean a materially higher near and long-term earnings picture than the conservative estimates currently provided by management. As such, we continue to hold our position in Masimo confident that the earnings reality will exceed the current guidance.

Intuitive Surgical: Similar to Masimo, shares of Intuitive Surgical faced pressure in the first quarter due to concerns over the pace of resumption in surgical procedures. Also like Masimo, management's wait and see stance with respect to calling for an inflection point in procedures weighed on a richly valued stock. And, as is the case with our Masimo position, we are willing to wait through any near-term choppiness at Intuitive as we believe that the long-term opportunity is massive. While competing soft tissue robotic surgery systems from Medtronic and JNJ remain several years away from being market ready, Intuitive is taking steps to expand its lead in the industry. Intuitive recently released extended use instruments, which will drive down the long-term per procedure cost. While this might make for a few bumpy quarters in 2021, driving down the per procedure cost is what could allow robotic surgery to compete on favorable terms with laparoscopic procedures one day. Intuitive is also making gains in the area of surgeon training whereby it can use the data collected from millions of procedures to help train surgeons and drive better outcomes. Opening up robotic surgery to more procedures and finding ways to drive value that go beyond procedures not only increases Intuitive's competitive moat but also greatly increases its long-term addressable market.

713-933-5402 12 Greenway Plaza, Suite 1100, Houston, TX 77046 www.burkewealthmanagement.com

First Quarter Portfolio Activity:

Table 2 shows the changes made to the portfolio during the quarter. We added new positions in Accenture and StoneCo Ltd. during the quarter while exiting long-time holdings Electronic Arts and Verisk.

Table 2:

New Purchases / Additions		
Company	**Beginning Weight**	**Ending Weight**
Accenture	0.0%	3.0%
StoneCo	0.0%	3.0%

Eliminations / Reductions		
Company	**Beginning Weight**	**Ending Weight**
Electronic Arts	3.0%	0.0%
Verisk	2.5%	0.0%

Individual account position changes may vary from the chart above due to various factors such as inception date or cash flows.

The first quarter of 2021 saw us part ways with two long-term holdings- Electronic Arts and Verisk. In both cases, the sale decision was not driven by a cataclysmic event that blew our investment thesis out of the water, but rather by a series of smaller items that when taken together led us to the conclusion that better opportunities lie elsewhere. In the case of Electronic Arts, while we continue to view the long-term fundamentals of the video game space favorably, our hopes for a transition from a hit driven business towards a more steady subscription based model never came to fruition. Despite the industry failing to make the transition towards the subscription model we had dreamed of, we maintained our position in EA through Christmas of 2020 as we thought the company would benefit from the introduction of new consoles. This was in fact the case and EA reported strong results from the Christmas selling season. Given that the console upgrade catalyst had played out, the certainty we hold in our inability to accurately predict the next video game title that will capture the attention of teenagers, and the nice run-up in EA shares, we declared peace with honor and exited our position in EA for other opportunities.

The sale of Verisk was a tough decision because we always have admired and continue to admire its data analytics insurance business. However, weaker than expected results from its energy and financial services verticals, expectations for continued pressure on these businesses extending into 2021, and the expansion in valuation that has occurred over the past couple of years led to sub-par long-term return expectations. Although there are cases where we will allow our holdings to grow into valuations that appear stretched, these exemptions are typically reserved for companies with rapid growth rates, accelerating business momentum, and earnings upside. For Verisk, 2021 sets up as a year with below trend earnings growth before an expected return to a more traditional mid-to-high single-digit profit growth profile. In an environment in which rising rates are already pressuring earnings multiples for secular growth businesses, this did not strike us as a favorable setup.

During the first quarter of 2021 we purchased two new holdings, Accenture and StoneCo Ltd. If the path to digitization is a mountain that global corporations must climb, and it is, Accenture is the Sherpa that will guide the journey. As we've noted in prior editions of this letter, the digitization of global business is

713-933-5402 12 Greenway Plaza, Suite 1100, Houston, TX 77046 www.burkewealthmanagement.com

a generational trend and we are still in the early stages of this transformation. Accenture is a diversified way to participate in this trend across all geographies and all major economic sectors. Key to understanding Accenture is knowing that this company is a business partner for major corporations rather than simply a consultant. Accenture boasts a 99% retention rate for global partners and 95 of its top 100 clients have been with the company for 10 or more years. When a company engages Accenture, it is not about seeking assistance on a project but rather seeking a long-term partner that sits on the cutting edge of technological innovation to serve as a guide through an increasingly dynamic global business environment.

StoneCo Ltd. is a Brazilian based merchant acquirer focused on enabling the acceptance of digital payments at small-to-mid sized businesses. In the Brazilian market, merchant acquirers historically were either owned or in close partnership with major financial institutions. Small businesses would sign up via their banking relationship and on-going service of the account would be handled by a low cost outsourced call center. This was a nice deal for financial institutions, but it is what created an opportunity for Stone- a merchant acquirer committed to providing small businesses with “white glove” service. Stone services clients primarily through Stone Hubs, which are typically located in areas neglected by large banks and focus on person to person interaction with high levels of service. If this was all there was to the Stone story, it wouldn’t be enough to warrant inclusion in the portfolio. What truly excites us about Stone is its ability to move beyond simple merchant acquisition and towards providing clients with solutions in banking, credit and software services. This part of the story is in its infancy but the realization of this dream is made possible by Stone’s current captive base of over 600K small businesses who have been delighted by the level of service received thus far and are receptive to the additional value-added services Stone offers.

Given that StoneCo is in the early stages of its lifecycle and currently operates in a single emerging market (Brazil), we entered this investment anticipating that it would come with a higher level of volatility than our typical holding. That said, volatility is supposed to work both ways and admittedly, since our purchase of StoneCo the stock has been in a consistently downward trend. This triggered an automatic in-depth review of this position to evaluate whether the issues with the stock were simply the result of poor tactical timing with regards to our purchase or whether there were more substantive fundamental issues that we misjudged in our initial review of the business. One of the factors that helped this process immensely was additional disclosure provided by management in conjunction with the release of Q4 earnings. The new disclosures showed that while just over 5% of existing clients utilize 3 or more StoneCo products, these clients generate on average 2.6x the revenue of a traditional merchant acquired customer. This led us to conclude that while we were probably a little early in making our investment, which was predicated on increased penetration of ancillary products, the long-term potential still exists. This will be a key metric that we follow going forward as we evaluate our position in StoneCo.

The first quarter of 2021 is now in the books and it is safe to say that this is going to be a year with a lot of moving parts. Already, over 100M vaccines have been administered, a massive stimulus bill has been passed and a conversation on infrastructure spending and taxes is underway. With so much going on and a market rotation underway that can create a bit of whiplash at times, it is important to remember that

713-933-5402 12 Greenway Plaza, Suite 1100, Houston, TX 77046 www.burkewealthmanagement.com

the underlying fundamentals of our portfolio companies are not changing quite as fast as the share prices of their stocks. We are encouraged by the strong business momentum at many of our holdings and remain confident in the ability of our portfolio companies to adapt to a changing environment. We thank you for the trust you have placed in us and as always, please do not hesitate to reach out if you have any questions or concerns.

Regards,

Ken Burke
Chief Investment Officer

713-933-5402 12 Greenway Plaza, Suite 1100, Houston, TX 77046 www.burkewealthmanagement.com

Disclosure

The Burke Wealth Management Focused Growth Composite, created on October 1, 2018, contains fully discretionary large cap equity accounts that is measured against the S&P 500 Total Return Index and the Russell 1000 Growth indices. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. The Burke Wealth Management Focused Growth Strategy invests exclusively in a portfolio of high-quality companies.

The S&P 500® Total Return Index is a widely recognized, unmanaged index of 500 common stocks which are generally representative of the U.S. stock market as a whole. Ordinary dividends are reinvested across the index and accounted for in the Total Return index calculations. The Russell 1000® Growth Index is an unmanaged index that measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000® Index companies with higher price-to-book ratios and higher forecasted growth values.

The information provided in this document should not be construed as a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in the composite or that the securities sold will not be repurchased. The securities discussed do not represent the composites' entire portfolio. A complete list of our past specific recommendations for the last year is available upon request. It should not be assumed that any of the securities transactions or holdings discussed will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein. Individual account performance within the strategy may have different returns due to timing of the inception date, client contributions and withdrawals, or other factors.

Past performance does not guarantee future results and future accuracy and profitable results cannot be guaranteed. Composite performance figures are presented gross of management fees and have been calculated after the deduction of all transaction costs and commissions. For existing clients, accompanied with this investor letter is the client billing statement, which includes gross and net returns of individual accounts.

The management fee schedule is as follows: Per annum fees for managed accounts are 100 basis points of the first $5,000,000 of assets under management, 75 basis points of the next $5,000,000 of assets under management, and 50 basis points of amounts above $10,000,000 of assets under management. Investment management fees may be negotiated and will vary due to certain factors, including but not limited to: the number, type, and size of the account(s); the range and frequency of additional services provided to the client and account(s); the value of the assets under management for the client relationship; and/or as otherwise agreed with specific clients. Burke Wealth Management, LLC is a registered investment advisor in the state of Texas and its investment advisory fees are described in its Form ADV Part 2A. The advisory fees will reduce clients' returns.

713-933-5402 12 Greenway Plaza, Suite 1100, Houston, TX 77046 www.burkewealthmanagement.com