BURKE WEALTH MANAGEMENT

Portfolio Manager Commentary
Second Quarter 2025

Portfolio / Index	Q2-25 Return	YTD Return	1-Year Return	2-Year CAGR	3-Year CAGR	Since Inception CAGR
Focused Growth Composite	+15.9%	+6.3%	+11.9%	+23.7%	+23.8%	+13.7%
S&P 500 Total Return Index	+10.9%	+6.2%	+15.2%	+19.8%	+19.7%	+13.7%

Returns are net of fees as of 6/30/25 and annualized if period is greater than 1 year; Q2-25 returns are preliminary

Dear Client,

If you enjoy a good roller coaster ride, then the second quarter of 2025 was for you. Like most roller coasters, the second quarter began with a death defying drop thanks to the initiation of a global trade war on April 2nd. With the help of some of the moderate forces within the Trump administration and a gentle nudge from the global bond market, cooler heads prevailed and mutually assured economic destruction was replaced with a 90 day window of breathing room from which numerous bilateral trade agreements could be reached. This sent markets screaming higher. We have tried hard over the years, with varying degrees of success, to drive home the message that trying to time the market is a recipe for disaster and that missing a small handful of the best days over an extended period of time dramatically degrades returns. For those of you reading this sentence who are nodding your head thinking "sure, but what about if you just miss the bad days", consider that the entire market rebound in the second quarter from down 20% to flat took place over one hour of trading across three different days. The next time you get the gut feeling that you need to time the market, please ask yourself if you can be this precise. We certainly can't. Living in the background of the trade disruption was President Trump's Big Beautiful Bill. This bill survived a series of cliffhanger votes in both chambers of congress and was signed into law by President Trump on July 4th. This is a critical piece of legislation as effectively puts into law the Trump agenda for the next four years. Whether you support or oppose the President's agenda, from an investment standpoint gaining clarity on the rules of the road for the next four years is a positive. Finally, negotiations regarding Iran's nuclear weapons program broke down in June and Israel and Iran went to war. Hostilities came to an abrupt conclusion when the US decimated Iran's nuclear facilities in an incredibly well executed strike. There is something about having 125 United States airplanes over your country, seeing a facility that was built into a mountain destroyed and not realizing that any of this was happening until after you saw the flash that promotes rational behavior, even among the Iranian Mullahs. As of this writing, a tenuous ceasefire was in place and negotiations were underway. We are well aware of how precarious peace in the Middle East can be, but if we were able to end Iran's nuclear program in the time it takes to order a coffee at Starbucks and a modicum of stability in that region occurs as a result, this will go down as one of the most

consequential foreign policy successes of this century. It also removes a huge potential black swan event from the plate of worries for equity investors.

Against this remarkably dynamic backdrop our Focused Growth portfolio returned +15.9% during the second quarter and is up +6.3% for the year. The path hasn't been particularly comfortable but given how things could have turned out, we are pleased with the 2025 results to date. Throughout an incredibly volatile macro backdrop, the underlying performance of our portfolio companies has been resilient. As we look ahead into the second half of the year, we do so with hopes and expectations of greater certainty on both trade and tax policy. As we have often said, we own companies that can succeed across a variety of macro-environments and in the event that no longer remains the case, we will move on and find new companies that can. We just need the rules of the road to be defined. With the new rules coming into clearer focus, we think this sets up well for a strong close to the year with continued growth in 2026.

The Big Beautiful Bill essentially makes the 2017 tax cuts permanent. As a reminder, the key components of the 2017 tax act were an across the board decrease in personal tax rates and a reduction in the corporate tax rate from 35% to 21%. Other items such as the elimination/reduction of tax on tips and overtime, enhanced border security and immigration enforcement and reductions in regulations in various industries are important but making permanent the 2017 tax cuts is the big enchilada. It is important to point out that the vast majority of the fiscal impact from this bill is codifying existing law. Said another way, if this bill had been defeated, we would have faced the largest tax increase in American history in 2026. Further, the 70% increase in corporate tax rates that would have occurred would have acted in direct contradiction to everything this administration is trying to accomplish with regards to bringing back capital investment to the US and making US based companies more globally competitive. As is the case with any piece of legislation that grows into a 940 page monstrosity, this bill has flaws. That said, from an equity market standpoint, it is far preferable to the bill going down to defeat.

With this as a backdrop, one might wonder why, other than reflexive opposition to anything Donald Trump is for, why was their such strong opposition to this bill? The answer is that the Congressional Budget Office (CBO) estimates that the Big Beautiful Bill will increase the deficit by $2.4 Trillion over the next decade. The Trump administration argues that the same CBO estimates that the newly imposed tariffs will raise between $2.5-$3 trillion over the same time period so the net impact of the tariffs and the tax bill is a wash. The problem is that both estimates are patently absurd due to the flawed way in which the CBO scores the fiscal impact of legislation. It also doesn't help that politicians on both sides of the aisle tailor bills with an eye towards exploiting these flaws to get an answer that supports the outcome they want and can be condensed into a 30 second sound bite. The CBO scores bills by using the static method. They hold all else equal and "analyze" the impact that a

proposed bill will have on revenues and spending levels versus the current status quo. This is the type of in-depth statistical analysis that I could have performed in the second grade in between Saturday morning cartoons, yet somehow it takes a hallowed government office with a staff of 275 people to do the same. Even worse, the media and many political leaders take their findings as gospel as long as the scoring reflects the result they want. The problem is that the real world economy isn't something that can be held static. It's dynamic- very dynamic. Trying to pretend that it's not so that you can speak with certainty about the 10 year impact of a piece of legislation is a fool's errand. At its core, the Big Beautiful Bill is a bet on private sector growth. Reasonable people can disagree on whether the tax structure set in place will produce enough growth to offset the lost tax revenue from lower marginal rates. Only naïve people can state with certainty that they know the precise impact that this legislation will have on the budget deficit over the next decade. If the Big Beautiful Bill is going to achieve what its proponents hope, it is going to be because companies like the ones in our portfolio take advantage of the incentives and certainty provided by this legislation to unlock innovation and future growth. Let's all hope that this turns out to be the case.

Second Quarter Contributors and Detractors:

Table 1:

Notable Q2-25 Performers		
Positive Contributors		
	Performance	**Contribution**
Nvidia	+17.7%	+1.4%
Snowflake	+22.0%	+0.8%

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

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 strong second quarter results, there were limited detractors during the period so we are going to take a closer look at a couple of our top Q2 performers- Nvidia and Snowflake.

Nvidia: Shares of Nvidia were up 46% during the second quarter. Obviously, that is an outstanding result but in no way does it fully reflect the fundamental roller coaster ride the company was on during Q2. For the first time since the AI revolution began, Nvidia faced a threat to its dominant position. Frustratingly, this threat was not from a company with a competing technology but instead came from the United States government. A lot of attention has been given to the actions taken by the Biden administration during President Biden's final days in

office. While most of the scrutiny has focused on the wave of last minute pardons that were granted, the executive order on AI diffusion that was issued a week before the end of his term was what demanded our attention. This 200 page regulatory disaster would have placed restrictions on access to Nvidia chips to all but 18 countries in the world, with several NATO allies and the entirety of the Middle East among the impacted. If Xi Jinping and the CEO of Huawei had locked themselves in a room and tried to craft a piece of regulation that would guarantee Chinese dominance in AI for a generation they would have been hard pressed to come up with something better than the AI diffusion rules. If implemented, the AI diffusion rules would have resulted in the world building its AI infrastructure on the Huawei platform which China would have been more than happy to make readily available to any interested nation, rather than on Nvidia's platform.

The idea that AI technologies can be controlled by the US government and exported to the rest of the world only after the completion of a nebulous regulatory maze is both arrogant and naïve. Roughly half of the world's AI researchers are Chinese. China is going to have competitive AI capabilities. Artificial intelligence is not a race with a defined finish line and therefore AI leadership is going to be maintained by empowering our technology leaders (Nvidia) to run faster rather than trying to slow the pace of development in rival nations. Luckily, the AI diffusion rules crafted in January were not slated to take effect May 13th, which gave the Trump administration the chance to stop them which they did, almost. The Trump administration rescinded the AI diffusion rule which was greeted almost immediately by the announcement of a $50B AI factory being built on Nvidia chips in the UAE. This was a huge development as Huawei was beginning to make inroads across the Middle East with its technologically inferior, yet generally available products. Unfortunately, the lifting of the AI diffusion rules did not extend to China and the Trump administration moved the existing Chinese chip rules which restricted Chinese access to a degraded product (H-20) into an outright ban. The immediate implication of this was that Nvidia took a $5B write-down and left about $8B of Q2 revenues from China on the table. The longer-term implication is that the US government has just gifted Huawei a monopoly position in China while simultaneously stopping Nvidia from dominating China's $50B and growing AI market for the foreseeable future. While there is still a chance that Nvidia chip access will be included in a broader trade deal with China and there is continued pressure to reverse this ban, at the present time we are headed for a world where certain parts of the world will build their AI infrastructure on a Chinese platform while the rest of the world will build on the Nvidia platform.

Snowflake: Shares of Snowflake were up 53% during the second quarter and have almost doubled off of their September lows. 2024 was a transition year at Snowflake as Sridhar Ramaswamy took over as CEO and the company materially accelerated its AI related product pipeline. As we work our way through 2025, Snowflake's

AI strategy is beginning to come into focus and to put it mildly, the opportunity is intriguing. Historically, Snowflake has given customers the ability to query and analyze company data, both structured and unstructured, across all public clouds in a secure, user-friendly manner. As we move into the AI age, Snowflake's ambition is to allow this analysis to take place in real-time, often through the use of AI agents whether it be through Snowflake's own applications or secure third-party applications. Snowflake's position right next to the customer's data offers protection against disintermediation from third-party data analytics applications. Instead, this work will be done by Snowflake's internal applications or by third-party applications that connect securely to the data via the Snowflake platform. This is an advantaged position within an enterprise. Data analytics is a rapidly evolving market. Add into this Snowflake's consumption based pricing model that can pick up changes in demand signals, real or transitory, on a quarter by quarter basis and it is no wonder that this is a volatile stock. That said, as Snowflake's AI strategy plays out in the years to come, we think the upside in the shares make what can sometimes be a wild ride in the share price one worth taking.

Second Quarter Portfolio Activity:

Given the extreme volatility of the second quarter and a seemingly ever shifting macro-economic landscape, we reduced our exposure to some of the more economically sensitive holdings in our portfolio in favor of some of the more stable portfolio companies. This process resulted in the addition of BWX Technologies, the elimination of AirBNB as well as a handful of weighting trims and increases detailed in Table 2. The purchase of Uber and sale of Novo Nordisk was independent of our early second quarter portfolio tilt. As a reminder, we think about our portfolio as a mixture of shot plays (businesses in dynamic markets with explosive growth potential), aircraft carriers (businesses with impenetrable competitive moats) and more stable businesses with potential growth kickers. Given our belief in the transformative nature of the AI revolution, the "shot play" component of the portfolio has been at relatively high levels over the past couple of years. The changes we made during the second quarter have taken the portfolio to a more balanced level across these categories.

Table 2:

New Purchases / Additions	Eliminations / Reductions
BWX Technologies (New)	AirBNB (Eliminated)
Uber Technologies (New)	Novo Nordisk (Eliminated)
Abbot Laboratories, Charter Communications, Intercontinental Exchange, TransDigm	Intuitive Surgical, Nvidia, ServiceNow

BWX Technologies: When searching for a business that provides stability in an uncertain world, one would be hard pressed to find a better fit than BWX Technologies. BWXT is a sole source provider of the components that allow for nuclear propulsion in the US Navy's nuclear submarine fleet. These are multi-decade programs and US superiority in nuclear submarine technology is an essential deterrent to Chinese aggression. Government operations account for roughly 80% of BWXT's revenues and given the sensitive nature of its role in the Navy's nuclear submarine program, this part of the business is on lockdown. In addition to the stability of its government contracts, BWXT also has several intriguing growth kickers. In addition to the continued growth of the US Navy's nuclear submarine program, the US has reached agreement with Australia to sell them nuclear submarines as part of a joint effort to contain China. This provides a tailwind to BWXT's core nuclear propulsion business. Beyond the core, BWXT provides component parts to small module nuclear reactors. Presently, the greatest constraint facing the AI revolution is the electricity required to power the datacenter buildout. Hyperscalers are looking for novel solutions beyond the current electrical grid and the use of small module nuclear reactors is an intriguing solution to this problem. BWXT's expertise in nuclear components coupled with the urgent need for alternative energy solutions to power data centers and the Trump administration's commitment to reducing the burdensome regulation that has made advances in nuclear power close to impossible in the past makes this a potential source of material growth upside. Finally, BWXT is an agnostic way to participate in the emerging field of radiopharmaceuticals. BWXT provides isotopes to a number of drug companies pursuing treatments via the use of radioisotopes. Presently, BWXT partner companies have over 90 drugs at various stages of the FDA approval process. This provides plenty of shots on goal in an intriguing and developing part of the pharmaceutical industry. Overall, BWX Technologies is a glove fit for what we look for in the relatively stable portion of our portfolio. The company pairs tremendous visibility in the core part of its business that is delivering mid-single digit profit growth with some exciting opportunities in tangential markets that can drive growth much higher. We added BWXT to the portfolio at a 3% weighting in April.

Uber Technologies: We added Uber to the portfolio at a 4% weighting in May. Uber is the world's leading platform in both mobility and delivery. My guess is that all of you reading this letter have used Uber at some point in your lives and I am certain that those of you with college aged children have seen more than your fair share of Uber Eats charges on the old credit card bill. From a financial profile, Uber checks all of the boxes we look for in an investment: revenue driven profit growth, strong free cash flow, fortress balance sheet. Still, despite these obvious positive attributes, the stock is a real battleground based on your view of two key questions that will determine the long-term future of this business: Is autonomous driving a benefit or detriment

to Uber? And what is the ultimate competitive balance in Delivery? Of these two, the autonomous driving question is the most pressing and most controversial so we will start there.

Mobility currently represents roughly two-thirds of Uber's business and is the business where the Uber platform is the unquestioned global leader with gross bookings expected to approach $100B in 2025. It is also an area that will face disruption when self-driving cars become widely available. I think the move to self-driving cars is a matter of when, not if. Numerous well-funded companies are chasing this opportunity, the most notable being Google with Waymo and Tesla. The technology is already here and we are at the point where the concept simply needs to be proven out from a safety standpoint to the satisfaction of regulators and the general public. Having driven on the streets of Houston for the past 25 years, I can state with great confidence that a road full of self-driving cars will be light years better from a safety standpoint than a road full of cars operated by my fellow Houstonians. Once the safety hurdle has been cleared, the next step will be getting a critical mass of these cars made and deployed. That is when things get interesting. Uber's strategy is to partner with the various manufacturers of autonomous vehicles and integrate self-driving cars into its existing network. Indeed, several partnerships have already been announced including one with Waymo (Google). Notably absent from the partnership track is Tesla. Elon Musk has stated that he has no interest in sharing economics with Uber given that he could build a similar app with ease. Let's take it as a given that the engineers at Google could do the same for Waymo. With that as a backdrop, why are we confident that Uber will maintain its leadership position in mobility as autonomous vehicles move from dream to reality? The answer is that we think the value proposition of a mobility platform is the ability to deliver consistently short wait times throughout peaks and valleys of demand in a given day. Doing that requires a lot of drivers, human or robot, and this means that a stand-alone competitor seeking to dislodge Uber as the platform of choice would have to put enough cars into the market to satisfy times of peak demand and see them sit idle during times of weak demand. This strikes me as a strategy that is destined to deliver poor returns on capital. Uber believes that autonomous vehicles will one day provide the baseload of market demand while human drivers will meet the surges in demand. I think this is how things play out and in this scenario it makes all the sense in the world for AV manufacturers to partner in the markets in which they choose to compete with the platform app that already has 170M regular monthly users. Further, in a world in which autonomous vehicles become more prevalent and standardized, I can see a world where more people opt for a mobility subscription over the expense of owning and insuring a personal car that sits idle most of the day. This would be another boost to demand over the Uber platform. Autonomous driving creates both an overhang of uncertainty and a potential opportunity for Uber. I think that when we look back at how this market develops in the years to come, this will prove to be an opportunity.

Given all of the moving parts surrounding the impact of autonomous driving on Uber, assessing the competitive dynamic in delivery is a little more straightforward. Unlike mobility where Uber is the unquestioned leader, Uber essentially shares the top position in delivery with Door Dash. While Uber is slightly larger in delivery than Door Dash ($12B vs $11B in 2024), Door Dash holds the edge in delivery EBITDA ($1.9B to $1.5B) and is growing faster (24% vs 18%). The biggest difference between the two competitors is that while Door Dash is currently the unquestioned leader in the US market (65% share versus 23% share), Uber is the far more global player in the space with a presence in over 45 markets versus just 4 four Door Dash. Uber also has the added advantage of its very large and profitable mobility business. Given this fact pattern, I like the long-term setup for Uber to be a share gainer in global delivery. The profits and name recognition of the Uber mobility platform has allowed the company to invest aggressively and seize leadership positions in numerous non-US markets while we are in the land grab phase of the delivery market. Further, Uber's superior financial position allows it to offer incentives to restaurants to join the Uber Eats platform which should allow for greater choice and facilitate market share gains. Finally, the Uber One subscription business which boasts 30M members paying $10/month gives Uber the ability to attract subscribers by offering discounts on both mobility and delivery. Overall, while I think the delivery market is more than large enough to support two successful competitors, given its financial advantages and global reach I think Uber is well positioned to emerge as a long-term leader in this space.

AirBNB: As part of desire to reallocate funds away from our more economically sensitive holdings and towards our more stable holdings, we made the difficult decision to sell our stake in AirBNB during the second quarter. AirBNB is the platform that pioneered the alternative travel space. It's leadership position in a growing segment of travel and financial discipline is what attracted us to this company. It's dependence on what is a cyclical global travel market is what drove us to sell the stock. To be clear, the decision to sell AirBNB was not driven by a disagreement with the strategic direction of the company but instead was due to worsening visibility on the global travel market due to the disruptions, economic and geopolitical, triggered by our multi-front trade war. Once the new trade agreements have been reached and some of the hurt feelings that have depressed travel into the US from foreign countries has subsided, AirBNB may be a stock that we revisit. However, for now, the elevated economic sensitivity and reduced visibility makes the risk/reward profile of this stock one that we will pass on.

Novo-Nordisk: We sold our stake in Novo-Nordisk during the second quarter. The thesis behind our purchase of Novo-Nordisk was that the global obesity market could comfortably support two successful rivals and that Novo and Eli-Lilly would leapfrog each other in terms of efficacy as new iterations of their Wegovy and Zepbound

treatments became available. While the first part of this thesis remains intact, we were wrong on the second part. Lilly's Zepbound is the most effective obesity treatment at the present time just as it was when we bought Novo. Unfortunately, Novo's newest obesity treatment (Cagri-Sema) failed to deliver superior results to Zepbound in trials and instead appears destined to become a product with no identifiable market. As we were thinking about the impact of the Cagri-Sema disappointment to our investment rationale, the pharmaceutical industry as a whole took a couple of shots on the regulatory front. The first shot was an industry specific tariff threat. As we learned during Covid, most essential medicines are manufactured outside the United States which is not a sustainable long-term situation for a number of reasons. Hence, the Trump administration has a vested interest in forcing pharmaceutical manufacturing back to the US- whether it be by the carrot of building incentives or the stick of tariffs. The second shot was that President Trump put the entire industry on notice that the practice of the United States subsidizing the rest of the world by paying higher prices for the same drugs was going to end. The way things have worked for decades is that pharmaceutical companies set drug prices on a market by market basis. This means that government run systems negotiate a lower price while the US, which is in theory a competitive market but in reality not, pays a much higher price. Add into that the subsidies developed nations allow emerging market when it comes to drug pricing and you have a global market in which wildly different prices are paid for the same treatment. As President Trump so eloquently recounted in a press conference announcing the policy, he has a friend who told him that his "fat shot" costs $88 in the UK and $1,300 in New York and wanted to know what in the hell was going on. This seems to me to be one of those times when President Trump's simple, common sense approach to issues hits the nail right on the head. For years, the drug companies argued that the inability to charge US citizens higher prices on drugs would hamper R&D efforts. While I am sympathetic to providing price breaks to underdeveloped nations so that they can access the best drugs, my sympathy to our friends in the developed world who have stood by while we subsidized their health care systems is lacking. I think the truth is that the drug companies simply had good lobbyists and our elected leaders in Congress chose campaign donations and steak dinners over lower priced drugs for the country as a whole for too long. As this system unwinds, I think that drug prices will have to rise globally while falling in the US until equilibrium is reached. I don't think that this process will be perfectly orderly and I'm guessing that reaching equilibrium is going to require a reduction in the 80%+ gross margins many pharmaceutical companies earn. As a final aside, the $1,300 "fat shot" Trump's friend was complaining about was Novo-Nordisk's Wegovy.

The second quarter of 2025 was interesting to say the least. As we head into the second half of the year, there are still some major issues with regards to tax and trade on which we are awaiting final resolution. The good news is that the resolution that we seek seems near at which point our companies can get to the business of

managing through whatever set of new rules will largely govern the next four years. This same song and dance plays out at the start of every new administration and more so when the party in control of the White House changes hands. Ultimately, we remain confident in the ability of our portfolio of high quality, industry leading growth companies to excel no matter what the final rules of the road turn out to be. We thank you for the confidence and trust you place in us. As always, don't hesitate to reach out if you have any questions or topics you would like to discuss in greater detail.

Regards,

Ken Burke
Chief Investment Officer

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. 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 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.