



CONCENTRATED COMMENTARY

In the fourth quarter, the Concentrated composite had a preliminary gross return of -13.51% (net of fees: -13.59%) compared to -13.82% for the Russell 1000 Index ("Index").

Below you will find the portfolio's best and worst performing stocks for the quarter.

<u>Best Securities</u>	<u>Average Weight</u>	<u>**Contribution to Portfolio Return</u>
Verizon	2.97%	+0.47%
Berkshire Hathaway	6.35%	+0.46%
Amgen	4.17%	+0.34%
Pfizer	3.44%	+0.33%
Assured Guaranty	4.06%	+0.21%

<u>Worst Securities</u>	<u>Average Weight</u>	<u>**Contribution to Portfolio Return</u>
Western Digital	2.34%	-0.64%
Discovery	5.12%	-0.41%
PacWest	1.64%	-0.31%
Howard Hughes	3.43%	-0.24%
Qualcomm	3.13%	-0.19%

**Contribution calculation methodology is available upon request

The sectors that added to relative performance of the portfolio during the quarter were Energy [+0.71%], Financials [+0.39%], Industrials [+0.34%], Consumer Discretionary [+0.21%], and Health Care [+0.11%]. The sectors that detracted from relative performance during the quarter were Information Technology [-0.81%], Real Estate [-0.53%], Utilities [-0.40%], Consumer Staples [-0.39%], Communication Services [-0.06%], and Materials [-0.02%]. Over the quarter, we had no positions in the Consumer Discretionary, Energy, Materials and Utilities sectors.

Verizon (VZ), in the Communication Services sector, was the strategy's strongest performing company for the quarter. During the quarter, the company increased revenues and margins year over year (y/y). Customer churn remained low at 0.8% and it added customers to both its wireless and wireline businesses. We sold our position in Verizon near year end due to valuation, lower overall economic returns on the business, and other more attractive opportunities.

Berkshire Hathaway (BRK.B), in the Financials sector, was another top performing stock in the quarter. During the quarter, the insurance segment grew revenues and improved margins y/y. Book value per share increased quarter over quarter (q/q) and investments grew as well. Overall, Berkshire trades at an attractive valuation, owns strong businesses and is led by a strong capital allocator, Warren Buffett.

Amgen (AMGN), in the Health Care sector, was another top performer for the quarter. For the quarter, Amgen grew sales y/y with strong unit volume growth in its newer products. The company continues to invest in its products and pipeline. Overall, the company is reasonably attractive on valuation, has strong economic returns, pays a 3.1% dividend yield, and has reduced its share count by approximately 11% in the past year.

Western Digital (WDC), in the Information Technology sector, was the strategy's largest underperformer during the quarter. Quarterly results were impacted by declines in flash selling prices with softening demand. Trade tensions with China continue to impact performance and the stock price. As a result, the company made a plan to reduce its output over the year to better align with the weak demand. Overall, WDC trades at an attractive valuation, with high economic returns and a reasonable balance sheet.



CONCENTRATED COMMENTARY

Another underperformer was Discovery (DISCK), in the Communication Services sector. For the quarter, Discovery grew revenues y/y, driven by its domestic business but its education business lagged. The company continues to increase margins as it integrates the Scripps Network acquisition through cost efficiencies. The added content from the acquisition continues to provide opportunities globally. Overall, Discovery is attractive on valuation, has strong economic returns, and one of the largest content providers in the world.

PacWest (PACW), in the Financials sector, was another underperformer for the quarter. For the quarter, tangible book value declined y/y, revenues grew and margins remained steady. Net charge-offs were lower year-to-date than the prior period as credit remained strong. Overall, PacWest is attractive on valuation, has strong economic returns, with a large and low-cost deposit base, and insiders recently purchased shares.

We thank you for your support and we truly appreciate the opportunity to serve you.

Sector characteristics and security performance reflect information for a representative account from the Concentrated Equity composite over the time period. Results for accounts in the composite may vary over time, due to timing, cash flows, among others things. The information provided should not be considered a specific recommendation to purchase or sell any securities and is subject to change. Gross composite performance figures shown are based on time-weighted rates of return, and are net of transaction costs. The net composite performance figures shown reflect gross performance less investment management fees, net of transactions costs. Our advisory fees are disclosed in Form ADV, Part 2 A. All returns reflect the reinvestment of investment income (dividends and/or interest) and capital gains. At the time of publication, the highlighted holdings are "current" holdings of the composite. The holdings identified do not represent all securities purchased or sold for advisory clients during the relevant time periods. We make no representations that securities purchased, sold, or held in the composite or client accounts will be profitable or will equal the performance of the securities in this commentary. A complete list of holdings for the preceding 12-month period is available upon request. The securities mentioned are selected solely as the largest contributors and detractors to performance of the composite. Estimates and certain information contained in this commentary are based upon proprietary research and should not be considered as investment advice. The Russell 1000 Index measures the performance of the large-cap segment of the U.S. equity universe. The Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower expected growth values Index performance information was furnished by ICE Data Pricing, Reference Data LLC, is deemed reliable, and is believed to be accurate, but not guaranteed and the information is subject to correction. **Past performance does not guarantee future results.**