

**PEREGRINE CAPITAL MANAGEMENT**  
**DOMESTIC EQUITY: RUSSELL 1000 GROWTH BENCHMARK**

FOR THE MONTH OF:            **SEPTEMBER**            **2016**

**MANAGER PERFORMANCE CALCULATIONS**

\* Annualized returns

	Last <u>Month</u>	Last <u>3 Months</u>	Last <u>1 Year</u>	Last <u>3 Years*</u>	Last <u>5 Years*</u>
Peregrine	1.37%	9.48%	18.70%	15.31%	17.86%
Russell 1000 Growth	0.37%	4.58%	13.76%	11.83%	16.60%

**PORTFOLIO ATTRIBUTES**

<u>Characteristics</u>	<u>Peregrine</u>	<u>RU 1000G</u>	<u>Sector Analysis</u>		
			<u>Over-weight</u>	<u>Peregrine</u>	<u>RU 1000G</u>
Mkt Value (\$m)	578.29	N/A			
Wtd Cap (\$b)	137.80	151.70	Financial Svcs	20.97%	9.87%
P/E	27.51	24.02	Technology	37.28%	25.59%
Beta	1.12	1.09			
Yield (%)	0.44	1.41			
Earnings Growth	13.00	11.00	<u>Under-weight</u>	<u>Peregrine</u>	<u>RU 1000G</u>
			Energy	0.00%	0.64%
			Consumer Stapl	0.00%	8.82%
			Producer Durab	5.53%	11.18%

**PERFORMANCE ATTRIBUTION & STRATEGY COMMENTS**

Equity market volatility awoke in September from a peaceful summer-end. Initially, concern about the end of monetary easing at central banks led to a sharp sell-off. Later in the month, actions and statements by the Bank of Japan and U.S. Fed confirmed that accommodation would only end slowly and markets recovered from the early-month lost performance. The S&P 500 and Russell 1000® Growth were both about unchanged at 0.0% and 0.4% for the month, respectively. Peregrine's Large Cap Growth was up 1.4% for the month. For the full third quarter and year-to-date the strategy is also beating both market indices.

The market appeared to turn toward back growth and risk during the month, after searching for yield and safety for much of the year until Labor Day. Technology-based companies led the strategy's September performance. Amazon.com, Palo Alto Networks, Adobe Systems, Activision Blizzard and Mastercard all made strong contributions, reflecting the market's search for growth. Countering this performance were declines in Envestnet, Monsanto, ICE, and Nike.

Recent strength in technology and financial stocks could be signaling a change in the market's attitude toward risk, showing more interest in opportunities for growth and less for yield and safety. This may play out in the quarters ahead as the market also grapples with the undeniable backdrop of slower global economic growth, a continuing evolution of the political/economic environment in Europe following the British vote to exit the EU and the ever so slow rise in Federal Reserve interest rates. We expect the S&P 500 to produce earnings growth at a mid-single-digit rate for the year in total (ex-energy). It is unlikely growth will accelerate dramatically in 2017. Peregrine Large Cap Growth should generate better than our targeted 12% portfolio earnings growth in 2016-2018 – a significant gap when compared to the broader market. We expect this growth to be sustained in future years providing a solid basis for long-term portfolio absolute and relative performance.

**MANAGER STYLE SUMMARY**

*Peregrine manages a large cap growth equity portfolio, utilizing a "bottom up" strategy, and focusing more on the future growth prospects of a firm rather than current earnings. We can expect the portfolio to include 30-50 securities, the P/E and P/B ratios to be slightly higher than that of the market, stock volatility to be slightly higher than the market, and dividend yield to be lower than average. Their style encourages overweight positions in traditional growth sectors such as technology, retail, business services, and financial services. Due to the concentrated nature of the portfolio, it will tend to be more volatile than more diversified portfolios.*

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**PORTFOLIO GUIDELINE COMPLIANCE**

SEPTEMBER

2016

Portfolio Guideline:	S&P 500	Peregrine	Calc	Min	Max	Compliance
B2. Security Market Cap > \$1 billion						ok
B3. Security position <=5% @ purchase, excluding contributions						ok
B4. Number of issues		30		30	50	ok
B5. P/B	2.77	5.30	1.9	1.2	2.0	ok
B5. P/E (Projected)	17.91	27.51	1.5	1.0	2.0	ok
B5. Dividend Yield	1.56	0.44	0.3	0.1	0.8	ok
B5. Beta	1.00	1.10	1.1	1.10	1.35	ok
B5. Earnings Growth (5-year)		13%		11%	22%	ok
F2. Commissions not to exceed \$0.05/share						ok
F3. Annual Turnover		32%		15%	30%	check
The portfolio is in compliance with all other aspects of the Portfolio Guidelines						<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

**MANAGER EXPLANATIONS FOR DEVIATIONS FROM PORTFOLIO GUIDELINES**

**ORGANIZATIONAL/PERSONNEL CHANGES**

**ACCOUNT TURNOVER**

Gained: Number of Accounts:  
 Lost: Number of Accounts:  
 Reason(s):

Total Market Value (\$m):  
 Total Market Value (\$m):