

Peregrine Capital Management

Domestic Equity: Russell 1000 Growth Benchmark

For the month of: **January** **2025**

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	8.69%	17.52%	20.27%	8.23%	11.30%
Russell 1000 Growth	1.98%	9.55%	32.68%	14.57%	18.90%

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)	816.95	N/A	Financials	15.43%	6.80%
Wtd Cap (\$b)	559.54	1630.91	Health Care	12.97%	6.87%
P/E	48.14	32.80	Cons Disc	19.99%	16.35%
Beta	0.99	1.00	<u>Under-weight</u>	<u>Peregrine</u>	<u>RU 1000G</u>
Yield (%)	0.22	0.55	Info Tech	33.71%	46.07%
Earnings Growth	18.67	16.44	Cons Stp	0.00%	3.28%
			Comm Svc	11.37%	14.54%

Performance Attribution & Strategy Comments

The markets breadth broadened and finished higher in January, with the equal weighted S&P 500® outperforming the cap-weighted index. The AI-growth narrative shifted in the last week with the introduction of the low-cost DeepSeek AI model sparking a sell-off in AI-enablers like Nvidia, Broadcom and MSFT. Many of Peregrine Large Cap Growth's software holdings benefited from the shift in focus from the early stage of AI model training to reduced costs of AI model usage.

The change in Washington to the second Trump administration continued to support the market with "animal spirits" and deregulation benefits. Some caution arose at the end of the month as tariff rhetoric intensified with friend and foe alike. This will likely be a source of anxiety as the markets learn what tariff-talk materializes as policy action versus only negotiation. The Fed paused its rate cutting in January to wait and see how economic data report after the multiple changes of recent months. December earnings reports show broadening strength. Big Tech was mixed with a handful showing strength in earnings and performance (NFLX, META) while others underperformed due to a combination of lackluster earnings reports and the DeepSeek scare (AAPL, AVGO, MSFT, NVDA).

More than two-thirds of the portfolio outperformed the benchmark during the month. The market reaction to DeepSeek's lower-cost language model benefited several of our technology holdings which look to capitalize on deploying large-language-models and would benefit from lower cost models (including CRWD, DUOL, NET, TEAM, UBER). ServiceNow reported strong a December quarter results but refrained from taking up its outlook for the new year. Despite the market anticipating a strong outlook, the company was unwilling to incorporate that outlook in its official guidance. Cadence was one of our few names which suffered when the market responded to DeepSeek's news.

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 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

Portfolio Guideline:	S&P 500	Peregrine	Calc	Min	Max	Compliance
B2. Security Market Cap > \$1 billion						
B3. Security position <=5% @ purchase, excluding contributions						
B4. Number of issues		27		25	35	ok
B5. P/B	4.96	11.59	2.3	1.2	2.0	check
B5. P/E (Projected)	23.99	48.14	2.0	1.0	2.0	check
B5. Dividend Yield	1.22	0.22	0.2	0.1	0.8	ok
B5. Beta	1.00	1.10	1.1	1.10	1.35	ok
B5. Earnings Growth (5-year)		19%		11%	22%	ok
F2. Commissions not to exceed \$0.05/share						
F3. Annual Turnover		13%		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

- B5. P/B: This measure typically is at a premium for faster growing companies earlier in their life-cycle than the more mature mix of companies in the S&P 500®. The Russell 1000® Growth is at a similar premium of ~9x. We don't expect this measure to come down to below 2x the S&P 500® in the near-term.
- B5. P/E (projected): The relative P/E ticked up above 2.0 with the strong relative performance. The relative earnings strenght of the portfolio will likely bring this down.
- F3. Annual Turnover: Our normalized turnover remains approximately 20%. We expect 2025 to be above 15%.

Total Firm Assets Under Management (\$m) as of:

Qtr 4 \$ 4,639

Organizational/Personnel Changes

Bill Grierson, Small Cap Growth Portfolio Manager, retired for health reasons.

Account Turnover

Gained:	Number of Accounts:	0	Total Market Value (\$m):	\$	-
Lost:	Number of Accounts:	1	Total Market Value (\$m):	\$	16.0
	Reason(s):	Going in a different direction			