

## Peregrine Capital Management

Domestic Equity: Russell 1000 Growth Benchmark

For the month of: **August** 2020

### 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	6.32%	19.08%	57.69%	32.68%	27.25%
Russell 1000 Growth	10.32%	23.98%	44.34%	24.18%	20.66%

### 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)	1123.33	N/A	Health Care	21.50%	13.23%
Wtd Cap (\$b)	358.12	754.84	Financials	12.82%	9.83%
P/E	40.10	35.34	Prod Dur	6.39%	5.38%
Beta	0.98	1.00	<u>Under-weight</u>	<u>Peregrine</u>	<u>RU 1000G</u>
Yield (%)	0.16	0.76	Technology	38.56%	46.29%
Earnings Growth	14.00	10.00	Cons Stpls	0.00%	3.65%

### Performance Attribution & Strategy Comments

The market has returned to setting new highs – a remarkable achievement after the historic sell-off which bottomed in March. Optimism for progress on virus vaccines and treatments remains high and the economy continues to show signs of healing from the spring pandemic shut-down.

The strategy trailed the benchmark in August but is well ahead for the year-to-date. While the strategy produced a healthy return for the month, the benchmark had extra assistance from recovering “epicenter industries” (cruise lines, apparel retailers, restaurants, online travel agencies and hotels) and double-digit contributions from the two largest benchmark positions (Apple & Microsoft...combined accounting for 22% of the benchmark weight and 3.4% of the benchmark’s August total return). Names which did contribute significantly in the month included Adobe, Facebook, Heico, Mastercard, Visa and Workday. During the month we eliminated our position in ICE and added new positions in Avalera & Planet Fitness.

While the economic rebound is likely to be uneven in strength and timing, recent data point to sustained progress. Earnings for the S&P 500 in 2020 are likely to be down more than -20%. We currently expect the strategy’s underlying earnings growth to be +5-10%. In any scenario, we look for the strategy’s revenues, margins, cash flows, and earnings to be much stronger. We will continue to invest for the long-term and are confident the combination of dynamic growth and long duration will be rewarding for our clients.

### 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

August

2020

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		29		25	35	ok
B5. P/B	3.70	10.50	2.8	1.2	2.0	check
B5. P/E (Projected)	22.52	40.10	1.8	1.0	2.0	ok
B5. Dividend Yield	1.70	0.20	0.1	0.1	0.8	ok
B5. Beta	1.00	0.94	0.9	1.10	1.35	check
B5. Earnings Growth (5-year)		14%		11%	22%	ok
F2. Commissions not to exceed \$0.05/share						ok
F3. Annual Turnover		30%		15%	30%	ok
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 RU 1000G is at a similar premium of 11.9x. We don't expect this measure to come down to below 2x the S&P 500 in the near-term.
- B5. Beta: During the recent market declines and rallies, the strategy protected value on the downside and lagged during periods of market recovery. We believe this downside protection is owed to the strategy's focus on quality businesses with long cashflow duration and growth. We expect Beta to continue tracking back to its typical level greater than 1.1 once this abnormal period of volatility subsides.

### Organizational/Personnel Changes

There were no organizational or personnel changes during the month.

### Account Turnover

Gained:	Number of Accounts:	0	Total Market Value (\$m):	\$	-
Lost:	Number of Accounts:	0	Total Market Value (\$m):	\$	-
	Reason(s):				