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THERE IS LUCK.

AND THERE IS SCIENCE.

Investing is a science.

It requires a plan and

discipline to follow the plan.

Anything short thereof is blind exploration.

Spring 2015

Dear Valued Clients and Friends,

MARKET PERSPECTIVE: The first quarter of 2015 had a little something for everyone. We started the year with a sharp downdraft, followed by a consolidation in a wide range, culminating with a solid uptrend into new high ground led by renewed interest in the small cap sector as depicted in the chart featured below. The end result was that the S&500 was up 0.43%, the Russell 2000 Growth plus 6.45%, and the Rocket Capital Small Cap Composite up 5.25%. The slight underperformance in Rocket's Small-Cap Composite again can be traced to the oversized cash balance held in the portfolio early in the quarter, averaging 29%. We held this cash position due to a shortage of high quality chart patterns and a lack of the strong fundamentals that we require. Despite this relatively high allocation to cash early on, later in Q1 we were able to add seven new positions to our holdings that met our criteria. The catalyst for this shift of money flow into the small cap sector has been the dramatic increase in the US Dollar over the last six months. This unprecedented currency appreciation has had the greatest impact on larger companies who, unlike their smaller counterparts, typically rely more on foreign revenues. The end result for companies affected has been a meaningful reduction in sales and earnings in the first quarter and, more importantly, lower forecasts going forward. Looking ahead, many of the factors which support higher stock prices are still in place such as historically low interest rates and inflation, a steadily improving economy, strong corporate revenues, and profitably and balance sheets (albeit somewhat constrained by US Dollar strength).

TECHNICAL PERSPECTIVE: The technical outlook for the stock market remains positive after a very strong start to the year. However, after recently making new highs, the indexes are struggling to hang on to their gains, evidenced by the recent increase in volatility. It would not be at all unusual to experience a period of consolidation or modest correction here, although it most likely will be a pause that refreshes than the beginning of a meaningful move on the down side. Individual chart patterns remain healthy with the majority being in basing patterns or solid up trends. The exception to this is an increasing number of chart patterns that are up sharply and very overextended. This activity should be viewed with caution. In managing portfolios, we have taken advantage of these moves by trimming our positions in overextended winners. Looking at the sentiment numbers, we see that investors are not noticeably more bullish than they were at the beginning of the year, which is interesting. All things considered, when the dust settles, we believe the trend will remain up. Short term support on the Russell 2000 Growth Index (IWO) is at the 150 level and, if broken, the next level would be at the 144 area.

Relative Strength Graph: Small-Caps vs Large Caps
Small Caps Coming Back into Favor

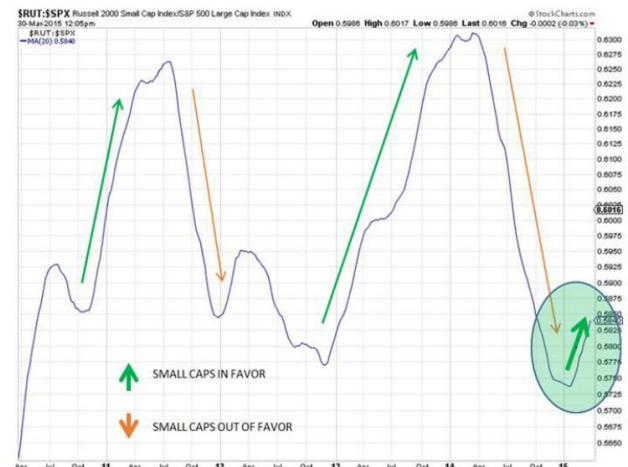


Chart courtesy of StockCharts.com

Disclaimer: Any graph presented cannot not in and of itself be used as the sole determinant in making an investment decision. Graphs are historical depictions and have inherent limitations in making investment decisions and cannot predict the future results of any investment.

Continued On Back

SECTOR COMMENT: The sector leader board has again been dominated by stocks and sectors related to the healthcare industry as has been the case for quite some time. Recently, however, we have begun to see signs of topping action in the red hot bio-tech group as many of them are very overextended and experienced in blow off tops. This doesn't suggest that the uptrend in bio-techs is over, just that the easy money has been made for now. Be selective here. In other sectors, Information Technology, including both hardware and software, continue to be in solid up trends. The sectors to focus on are semi conductor manufacturing in hardware and network security in software. The Telecommunications infrastructure sector is also improving. In our opinion, we have seen the low oil and energy related sectors but because the group has been badly broken, we continue to avoid these sectors for now.

PORTFOLIO ADJUSTMENTS: In the 1st quarter we added 7 new companies to our portfolio that passed our technical and fundamental screening criteria: Horizon Pharma Plc (HZNP), Silicon Motion Corp (SIMO), Lannett Company, Inc (LCI), Astronics Corporation (ATRO), Monotype Imaging Holdings (TYPE), Enphase Energy, Inc (ENPH), and Ellie Mae, Inc (ELLI). We sold MiMedix Group, Inc (MDXG), LifeLock, Inc (LOCK), and Acacia Research Corporation (ACTG) because they broke down technically, fundamentally or both. We trimmed two positions: Ambarella, Inc (AMBA) and Horizon Pharma Plc (HZNP) because they had grown to become too large a percentage of the portfolio.

HORIZON PHARMA PLC (HZNP \$25.97) : Horizon Pharma PLC is a specialty biopharmaceutical company focused on improving patients' lives by identifying, developing, acquiring and commercializing differentiated products that address unmet medical needs. The Company markets a portfolio of products in arthritis, inflammation and orphan diseases. Horizon's U.S. marketed products are ACTIMMUNE, DUEXIS[®], PEN w/w, RAYOS[®] (prednisone) delayed-release tablets, and VIMOVO[®]. Horizon recently announced that they have entered a definitive agreement to acquire Hyperion Therapeutics. This acquisition is expected to increase the number of products from five to seven and will leverage Horizon's orphan business and offer attractive revenue and operating efficiencies. The addition of Hyperion, coupled with its existing products, should enable Horizon to grow their top and bottom line quite meaningfully for the foreseeable future.



While we remain confident that the trend is up, recent volatility suggests that now is not the time to throw caution to the wind. Bearing that in mind, we will be extremely diligent in plotting our next course of action.

As always, if you have any questions, comments, or concerns do not hesitate to call or email us at any time and we will get back to you promptly. Your continued confidence in Rocket Capital Management is greatly appreciated and we look forward to a long and meaningful relationship.

Sincerely,

J.D. Hurd
President / Senior Portfolio Manager

Andrew D. Walker
Operations / Portfolio Services Associate

The use of the S&P 500 and the Russell 2000 Growth plus indexes is to compare the Rocket Capital Small Cap composite to a large capitalization stock index as a general market proxy and use The Russell 2000 Growth Plus as an index more comparable to the portfolio make up of the Rocket Capital Small Cap composite. All indexes and our composite are reflective of dividend reinvestment. Our composite does not represent all accounts of Rocket Capital Management, just those invested in that strategy. Past performance is not an indication of future returns. Individual investment returns may be different than the composite returns presented.

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