



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.

Summer - 2025 - “A Stock Picker’s Market”

Dear Valued Clients and Friends,

MARKET PERSPECTIVE: As discussed in the first quarter Newsletter, after the market carnage caused by the “Liberation Day” Tariff announcements, the stock market was deeply oversold. Investor sentiment and market volatility measures were at extreme levels which typically coincide with important market lows. Shortly after, the market did indeed bottom and for the most part has been in a solid uptrend ever since. More importantly, unlike previous uptrends, the stock market is not being led by a handful of Mega cap Nasdaq technology stocks. It is driven by a large and increasing number of small and mid-cap stocks in an expanding number of sectors. We view this as extremely healthy. The US Economy continues to grow, albeit at a slow pace, and inflation is trending modestly lower. We have yet to see the inflationary increase that had been predicted driven by higher tariff rates. Despite ongoing pressure from the president, The Fed Chief Jerome Powell has held rates steady and will likely do so until there is further evidence that inflation will move towards the long term target of two percent. All in all, the current economic environment featuring a slow growth economy, moderately decreasing inflation, and stable interest rates should provide an excellent backdrop for rising stock prices.

TECHNICAL PERSPECTIVE: The technical outlook has improved dramatically since the Q-1 -2025 newsletter, featuring more stocks in more sectors. Both of which add to my conviction that this is a sustainable uptrend. The advance decline line continues to improve but at a slower pace which is to be expected after the types of gains we have experienced in the second quarter. Individual chart patterns that are in uptrends or base building widely outnumber those that are in downtrends or on the verge of turning lower which is also constructive. Recent sentiment numbers as published by Investors Intelligence and the American Association of Individual Investors suggest both groups are more bullish, but not excessively so. Lastly, while it is highly likely that we will see a pause or correction in the stock market over the near term, we believe that it will present opportunities to add new names and build on existing positions in the context of an overall long term bull market.

SECTOR COMMENT: : Unlike previous updates the leaderboard is not dominated by the Information Technology Hardware and Software groups. Strength can still be found in Computer Hardware-Peripherals, Telecom-Cable/Satellite Equipment, and Semiconductor Equipment. The two best segments in software are Computer Software-Security and Computer Software-Medical. For the first time in quite awhile, the action in the healthcare industry is showing signs of life led by the Biotech-Biomed sector and Medical Services. In Financial Services the leading sectors are Investment Bankers/Brokers and Regional banks.

PORTFOLIO ADJUSTMENTS: In the second quarter we bought three new companies, Mama’s Creations,(MAMA*9.43), Coastal Financial, (CCB*101.04), and Amprius Technologies, (AMPX*7.92). We sold outright, Fiscal Note,(NOTE*0.810, Array Technologies, (ARRY*6.98) and Mannkind, (MNKD*4.06). We also trimmed, (SEZL*163.63).

Continued On Back

COMPANY HIGHLIGHT: American Superconductor, (AMSC*42.55) is a leading provider of technologies and solutions to meet the world's demand for smarter, cleaner, and efficient energy. Through its Windtec Solutions, AMSC provides electronic controls and systems, designs and engineering services that reduce the cost of wind energy. Through its Gridtec Solutions, AMSC provides the engineering planning services and advanced grid systems to optimize network reliability, efficiency, and performance. The company's solutions are now powering gigawatts of renewable energy globally. AMSC also features an excellent chart and strong top and bottom-line growth.



In conclusion, after a challenging first quarter we are very pleased with our second quarter results and remain confident the above-mentioned conditions lend itself to what we believe we are now in, a stock pickers market. Our disciplined, pragmatic approach to the market using both fundamental and technical analysis should serve us well going forward as it has in the past. Please refer to our website, rocketcapital.com to find out more. As always, the confidence you have shown in Rocket Capital is deeply appreciated.

Sincerely,

J.D. Hurd
President / Senior Portfolio Manager

Ben j. Scheibe
Sr. Vice President

Aaron Williams
Research Analyst / Operations

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The performance shown represents only the results of Rocket Capital's model portfolios for the relevant time period and do not represent the results of actual trading of investor assets. Model portfolio performance is the result of the application of Rocket Capital's proprietary investment process. Model performance has inherent limitations. The results are theoretical and do not reflect any investor's actual experience with owning, trading or managing an actual investment account. Thus, the performance shown does not reflect the impact that material economic and market factors had or might have had on decision making if actual investor money had been managed.

Model portfolio performance is shown net of the model advisory fee of 1.5% the highest fee charged by Rocket Capital and sample trading costs based on our Custodian Charles Schwab's trading costs. Performance does not reflect the deduction of other fees or expenses, including but not limited to brokerage fees, custodial fees and fees and expenses charged by mutual funds and other investment companies. Performance results shown include the reinvestment of dividends and interest on cash balances where applicable. The data used to calculate the model performance was obtained from sources deemed reliable and then organized and presented by Rocket Capital.

The performance calculations have not been audited by any third party. Actual performance of client portfolios may differ materially due to the timing related to additional client deposits or withdrawals and the actual deployment and investment of a client portfolio, [optional -the reinvestment of dividends], the length of time various positions are held, the client's objectives and restrictions, and fees and expenses incurred by any specific individual portfolio.

Benchmarks: Rocket Capital performance results shown are compared to the performance of the Morningstar Small-Cap Growth Index. The index results do not reflect fees and expenses and you typically cannot invest in an index.

Return Comparison: The Morningstar Small-Cap Growth Index was chosen for comparison as it is generally well recognized as an indicator or representation of the small-cap stock market in general and includes a cross section of equity holdings.