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 - 2024 — "The Wait is Over"

Dear Valued Clients and Friends,

MARKET PERSPECTIVE: At long last, after a very lengthy period of underperformance (over 2 years), the small cap segment of the stock market has turned higher in what appears to be the beginning of a new uptrend. Driving this recent shift in asset allocations from large cap to small cap stocks, is the slight change in Federal Reserve comments in mid-July suggesting that they are more focused on the slowing economy than inflation, leading investors to believe that a rate cut in September is more likely now than previously thought. This triggered a sharp rally in the Russell 2000 Growth Index, gaining almost 10% in just four market sessions on expanded volume. The economic numbers themselves have been mixed with some good and some not so good data. This suggests that investors are beginning to believe that the Fed will actually be able to manufacture a soft landing after the historic increase in the federal funds rates. Time will tell. Lastly, while the conflicts in Ukraine & Gaza are still very much underway, the headwinds created for the markets appear to be diminishing

TECHNICAL PERSPECTIVE: As we hear more and more from market pundits suggesting that this may be the largest stock bubble of all time and that a spectacular stock market crash is near, the weight of technical analysis would suggest otherwise. Most recently, we have not only seen a solid improvement in the advance-decline line but the number of sectors that are participating has also grown handsomely. Also of importance, most of these improvements in price have featured enhanced volume. As it applies to the Small Cap Sector of the market, the Russell 2000 Growth Index recently exploded out of a two-year-long base pattern and advanced sharply featuring a better than 155% increase in average daily volume. Adding to my conviction, my recent review of over 1200 chart patterns revealed that most of these charts are either in or breaking out of lengthy base patterns on the upside with a small minority breaking down.

SECTOR COMMENT: In technology, both Computer Software and Hardware are doing well. The software segment is led by Software-Financial, Software-Database, Software-Enterprise and Software Security. On the hardware side, the leaders are Semiconductor-Fabless, Telecom/Infrastructure, and Semiconductor-Equipment. The Healthcare group continues to be led by Biomed/Biotech & Medical Products. This sector appears to be gathering strength after a prolonged period of consolidation. Another leading sector which has recently emerged is the Regional Bank Sector with most regions participating. A previous leader, Energy-Oil and Gas is in a corrective phase and should be watched for now.

PORTFOLIO ADJUSTMENTS: Since our last Newsletter we have added 5 new positions. These include Arlo Technologies, (ARLO*15.93), Talkspace,(TALK*2.11), LifeMD, (LFMD*6.78), Applied Digital,(APLD*4.58) and CleanSpark,(CLSK*16.80). We also trimmed Zeta Global Holdings,(ZETA*20.30) because it was overextended technically.

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COMPANY HIGHLIGHT: COMPANY HIGHLIGHT: Cellebrite, (CLBT*13.39). Cellebrite empowers agencies to modernize their investigative workflow and close a widening "public safety gap "driven by the ever-growing digital sophistication of crimes and evidence. Their customer list includes the Department of Defense, Civilian Agencies and Federal Law Enforcement just to mention a few. Notably CLBT is being called out on Bloomberg, as the tool used by the FBI to crack the phone of would-be Trump assassin Thomas Crooks. CLBT also features an excellent chart as well as very solid top and bottom-line growth.

Cellebrite

In summary, after number of false starts over the last several quarters, recent action suggests that finally the small cap sector is coming back into favor. This bodes well for Rocket Capital Small Cap investors. As always, the confidence you have shown in Rocket Capital Management is greatly appreciated. Please feel free to reach out to us at any time to discuss things in more detail

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.

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