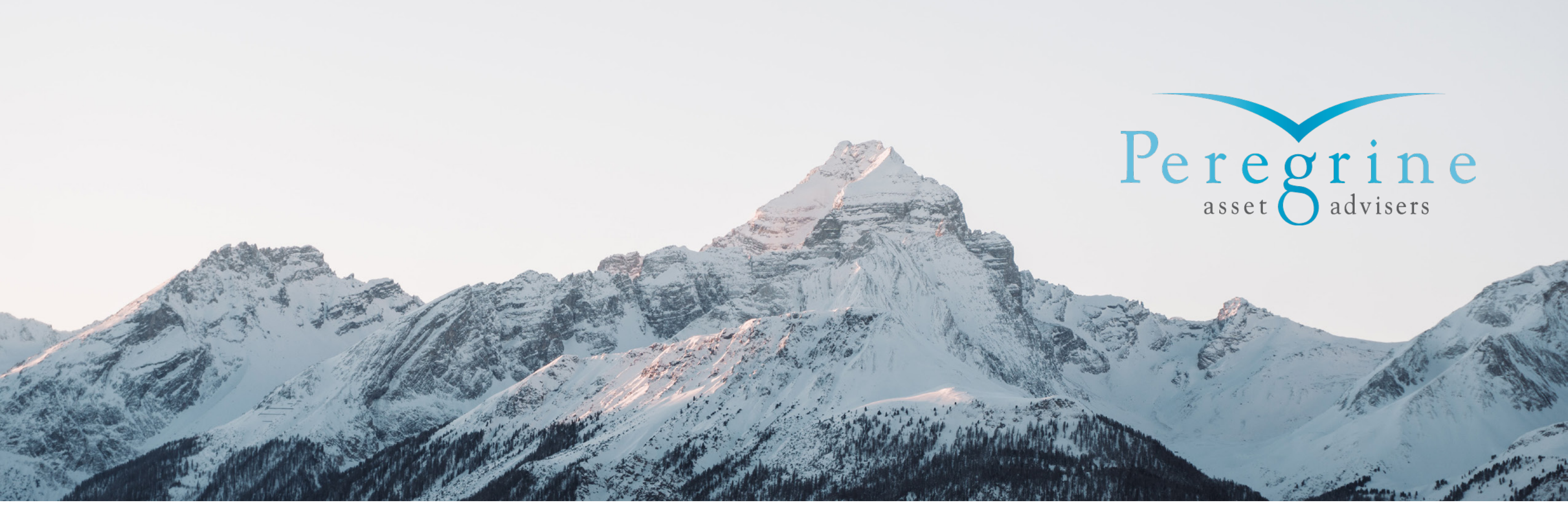

2ND QUARTER 2024 MARKET OVERVIEW

DID WE JUST HAVE A CORRECTION IN THE SECOND QUARTER?

Stocks did not have a good second quarter, contrary to what you might think. The S&P was fine, and hovers near all time highs. But, this was mostly because of the strength in Nvidia and Apple shares, which contributed most of the 4% gain for the S&P 500 in the quarter. Other than that, Q2 was not good for the bulls. Most stocks actually fell, during this period. The Russell 2000, a broader representation, registered a 4.2% drop. The second quarter was challenging.

For Peregrine managed accounts, it was exceedingly difficult to establish profitable positions; even with our vast experience at trading. Indeed, most of our new positions were negative contributors in Q2.

Yet this most recent stretch of weakness might be exactly what is required, for the market to regain its vigor in the third quarter. A correction like this serves to keep the market healthy, and free from frothiness. Considering all factors, it is reasonable to expect a better showing from the market and from our specific stocks, in the months ahead.

One supporting factor is that economic conditions remain favorable. Interest rates are stable and there are still hopes for a Fed rate cut later this year. Corporate profits are strong and inflation continues to ease. This creates a decent environment for equities to perform well.

We might get nit picky and focus on distinct economic softening that occurred in the second quarter. Collectively, the data did suggest a slowdown. Declining sales at companies like Visa, McDonalds, General Mills, Walgreens, and Nike, supported this concern. The slump, might end up being short lived, however. Looking forward, camps are actually evenly divided on the economy as to whether we will contract further or that we are simply resting before a renewed acceleration.

At this juncture, there does not appear to be any specific theme or contagion to negatively affect the economy or the overall stock market.

Companies with unique business models and robust earnings growth potential, may be underestimated by Wall Street. In many cases, these tend to be smaller companies. It is these overlooked stocks may finally be poised to rally.

MORE ON NVIDIA

Nvidia founder and CEO, Jensen Huang hails from nearby Aloha, Oregon, and got his bachelor of science degree from Oregon State. The meteoric rise in Nvidia shares raised Mr. Huang's stake to a heady $90 billion, up from about $12.3 billion at the beginning of 2021. This soars far beyond the wealth of noted donor, Nike founder, Phil Knight, whose gifts to Oregon and Stanford are legendary.

Meanwhile, Mr. Huang's alma mater's athletic department has fallen on hard times for a myriad of reasons. It resulted in OSU being excluded from a viable athletic conference.

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...CONTINUED MORE ON NVIDIA

Despite supporting OSU in the past, Mr. Huang has not donated to the athletic department, to my knowledge. If only he could be convinced to support athletics, a proportionately small gift from him could be transformative to OSU. The largest single-year gift ever to an athletic department is $400 million. A modest sum for Mr. Huang. Imagine if Mr. Huang were to make this gift. It would measure only .044% of his wealth; and even less, after taxes. A gift of this magnitude from its wealthiest alumni, could elevate OSU's athletic prowess and community engagement beyond competing universities in the NCAA.

We are almost certain to hear more hyperbole about Nvidia in the upcoming months.

As Nvidia continues in the spotlight with astounding progress selling chips and software, we fixate on the prospects for the stock. For investors, it is always prudent to examine where a stock has been, in order to speculate on its future prospects.

Consider that near the end of June, Nvidia momentarily eclipsed Microsoft as the world's largest company; over $3.2 trillion. Fully one third of the value of this 31 year old company, over $1 trillion, was forged in only the past two months! This enormous gain in mere weeks eclipses the total value of all but four companies. Incomparable. What happens from here?

PEREGRINE STRATEGY

Volatility and a persistent threat of a sharp stock market decline makes an allocation to TBills an and an important component for any investment account. It is likely that we will see some market turbulence in this second quarter, so we hope to be well served by this cash position.

During Q1, our actively managed accounts had disappointing losses in Boeing, following the mishap with their plane. Also, our large bets on CVS and Expedia did not pay off as these stocks dropped on their earnings reports. We also relinquished our Verizon shares, as it seemed to have topped out on its recovery run.

Stocks like GE and Amazon continue to hold our favor, along with a slate of industrial companies doing business in the categories described above.

In an effort to bolster our investment accounts, we are building larger positions in single stock names, that we hope will be good performers. Our intent is a more concentrated list of holdings will contribute to improved returns.

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July 1, 2024

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