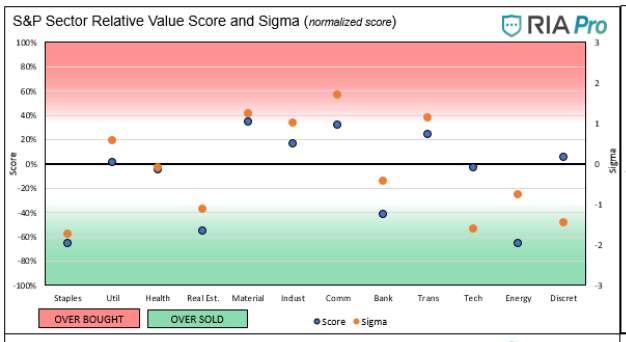
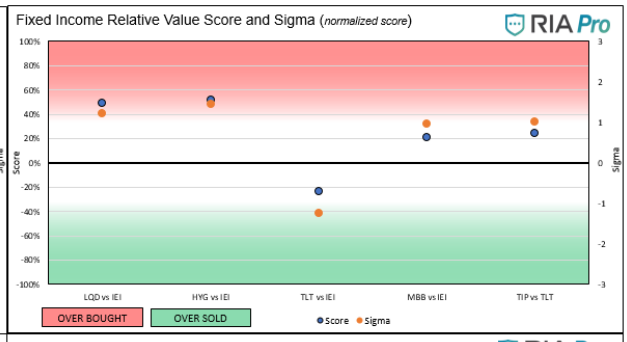
The Technical Value Scorecard Report uses 6-technical readings to score and gauge which sectors, factors, indexes, and bond classes are overbought or oversold. We present the data on a relative basis (versus the assets benchmark) and on an absolute stand-alone basis. You can find more detail on the model and the specific tickers below the charts.

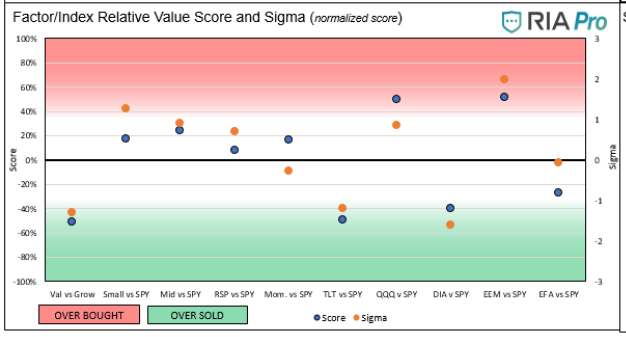
Commentary 11-06-20

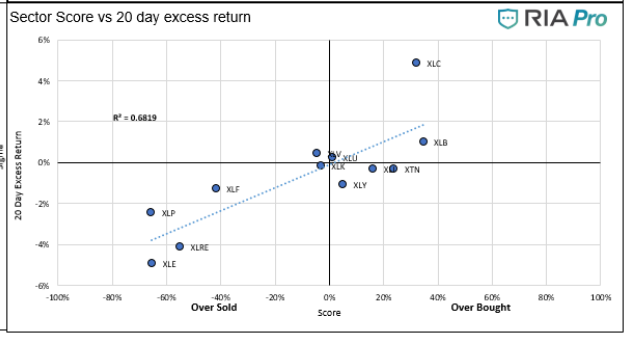
- The tables and graphs below provide a good reminder of why we run this data on a relative basis and an absolute basis. With the strong market rally this past week, the absolute readings for almost every sector and index are now largely overbought. However, the relative analysis shows that most sectors and indexes lagged the overall market. Many of them are at fair value or oversold versus the S&P 500.
- Large-cap technology stocks drove the rally. QQQ, XLK, and MTUM outperformed the S&P by about 2%. The remaining sectors and indexes underperformed the S&P on average by 1.25%. The table below shows excess returns over 5, 10, 20, and 35 day periods.
- As a result of the significant sector rotation this week, the reflation sectors (industrials, materials, and transportation) moved closer to fair value on a relative basis. On a relative basis, Emerging markets, in part due to dollar weakness, are the most overbought sector and Staples and Value the most oversold.
- On an absolute basis, all sectors and indexes, except energy and real estate are overbought. The S&P is now closing in on the late August levels of overbought-ness. Therefore, the absolute charts clearly argue a consolidation or sell-off is in order.
- The green and red table below show how each sector and index trades versus three moving averages. We tend to get bullish or bearish when they trade above or below 2 sigmas (standard deviations) from the moving average. Emerging markets are now close to 3 sigmas above its 20 and 50 dma's.
- We urge caution as the election and implications for stimulus and other regulatory measures are likely to drive the market and sector performance. For instance, XLP is cheap, but without additional stimulus, the sector may continue to lag. Conversely, those sectors like technology and healthcare that were beaten down before the election should continue to trade better if indeed Biden wins and the Republicans keep the Senate.

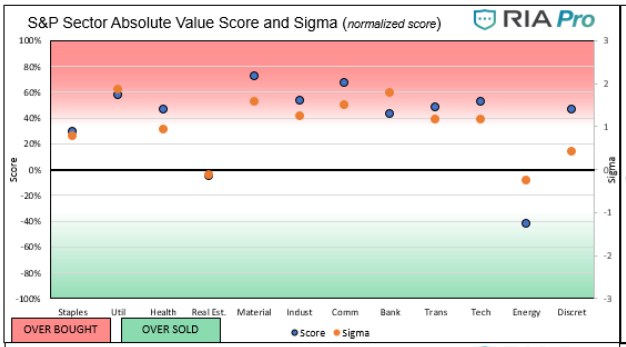
Graphs (Click on the graphs to expand)

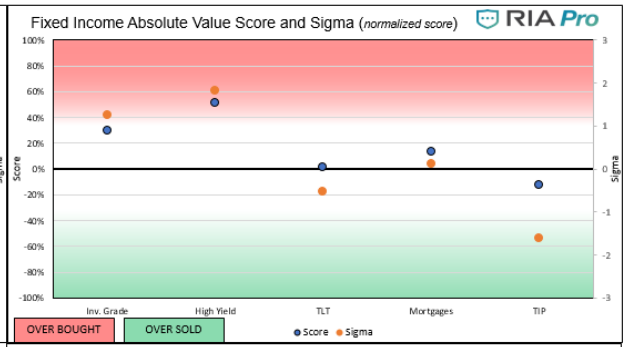

S&P Sector Relative Value Score and Sigma (normalized score)
RIA Pro
Score
Sigma
Staples
Util
Health
Real Est.
Material
Indust
Comm
Bank
Trans
Tech
Energy
Discret
OVER BOUGHT
OVER SOLD
Score
Sigma

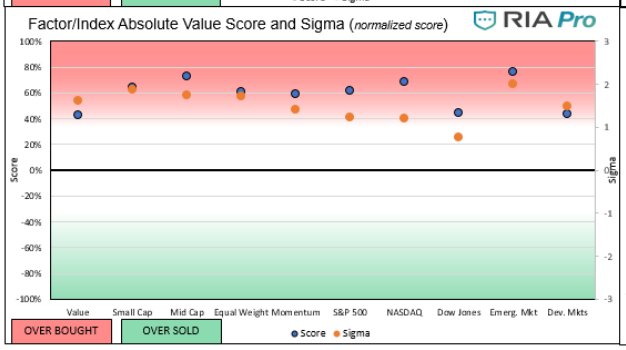

Fixed Income Relative Value Score and Sigma (normalized score)
RIA Pro
Score
Sigma
LQD vs IEI
HYG vs IEI
TLT vs IEI
MBB vs IEI
TIP vs TLT
OVER BOUGHT
OVER SOLD
Score
Sigma

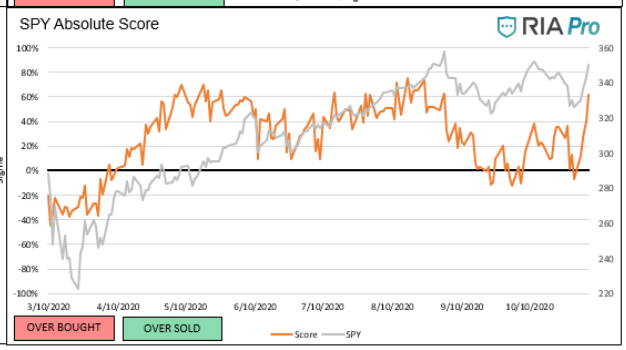

Factor/Index Relative Value Score and Sigma (normalized score)
RIA Pro
Score
Sigma
Val vs Grow
Small vs SPY
Mid vs SPY
RSP vs SPY
Mom. vs SPY
TLT vs SPY
QQQ v SPY
DIA v SPY
EEM vs SPY
EFA vs SPY
OVER BOUGHT
OVER SOLD
Score
Sigma


Sector Score vs 20 day excess return
RIA Pro
20 Day Excess Return
R² = 0.6819
XLC
XLB
XLU
XLK
XLY
XTN
XLF
XLP
XLRE
XLE
Over Sold
Score
Over Bought


S&P Sector Absolute Value Score and Sigma (normalized score)
RIA Pro
Score
Sigma
Staples
Util
Health
Real Est.
Material
Indust
Comm
Bank
Trans
Tech
Energy
Discret
OVER BOUGHT
OVER SOLD
Score
Sigma


Fixed Income Absolute Value Score and Sigma (normalized score)
RIA Pro
Score
Sigma
Inv. Grade
High Yield
TLT
Mortgages
TIP
OVER BOUGHT
OVER SOLD
Score
Sigma


Factor/Index Absolute Value Score and Sigma (normalized score)
RIA Pro
Score
Sigma
Value
Small Cap
Mid Cap
Equal Weight
Momentum
S&P 500
NASDAQ
Dow Jones
Emerg. Mkt
Dev. Mkts
OVER BOUGHT
OVER SOLD
Score
Sigma


SPY Absolute Score
RIA Pro
3/10/2020
4/10/2020
5/10/2020
6/10/2020
7/10/2020
8/10/2020
9/10/2020
10/10/2020
OVER BOUGHT
OVER SOLD
Score
SPY

	Excess Return vs SPY				Rank Excess Return (1-22)			
	5 Day	10 Day	20 Day	35 Day	5 Day	10 Day	20 Day	35 Day
XLP	-3.19%	-2.21%	-2.42%	-4.20%	19	20	20	17
XLU	-4.23%	-2.03%	0.27%	3.90%	20	19	8	2
XLV	0.83%	0.62%	0.43%	-1.81%	4	8	7	11
XLRE	-2.51%	-0.90%	-4.12%	-5.45%	18	11	21	20
XLB	0.10%	1.48%	1.01%	-2.71%	7	5	5	12
XLI	-0.15%	-1.18%	-0.30%	-2.78%	11	15	13	13
XLC	0.60%	1.51%	4.86%	2.77%	5	4	1	4
XLF	-1.81%	-1.65%	-1.25%	-3.98%	17	18	17	16
XTN	-0.99%	-2.51%	-0.33%	-3.13%	15	21	14	14
XLK	2.02%	1.00%	-0.17%	2.48%	2	6	10	5
XLE	-4.30%	-3.99%	-4.94%	-17.94%	21	22	22	22
XLY	-0.09%	-1.14%	-1.09%	0.56%	9	14	16	9
VG	-1.66%	-1.58%	-1.31%	-4.21%	16	17	18	18
SL	-0.50%	-1.20%	-0.04%	1.38%	12	16	9	7
ML	-0.02%	-0.25%	1.08%	3.30%	8	10	4	3
RSP	-0.78%	-1.01%	-0.18%	-1.68%	14	12	12	10
MTUM	1.94%	1.93%	0.56%	1.91%	3	2	6	6
TLT	-4.85%	0.83%	-0.18%	-7.28%	22	7	11	21
QQQ	2.03%	2.10%	2.06%	4.39%	1	1	3	1
DIA	-0.15%	-1.09%	-1.68%	-3.25%	10	13	19	15
EEM	-0.55%	1.71%	3.12%	1.24%	13	3	2	8
EFA	0.37%	0.39%	-0.38%	-4.48%	6	9	15	19

		Price	% From 20	% From 50	% From 200	Sigma From 20	Sigma From 50	Sigma From 200	Sum	Rank
Staples	XLP	64.8	-0.05%	0.28%	6.16%	(0.02)	0.15	1.03	1.16	20
Util	XLU	64.3	0.76%	4.93%	6.90%	0.72	1.27	0.93	2.92	16
Health	XLV	110	3.26%	3.90%	8.85%	1.41	1.91	1.37	4.69	4
Real Est.	XLRE	35.8	0.57%	0.03%	1.42%	0.24	0.01	0.18	0.43	21
Material	XLB	67.8	3.86%	4.87%	18.21%	1.82	2.13	1.54	5.49	3
Indust	XLI	81.3	2.13%	3.49%	13.64%	0.83	1.48	1.19	3.50	12
Comm	XLC	63.9	4.90%	5.50%	16.39%	2.37	1.99	1.55	5.91	2
Bank	XLF	25.2	1.85%	2.21%	3.82%	0.88	0.92	0.35	2.15	19
Trans	XTN	62.2	2.39%	3.20%	14.26%	1.01	1.34	1.09	3.44	13
Tech	XLK	121	2.83%	3.49%	18.35%	0.84	1.01	1.41	3.27	15
Energy	XLE	29.6	-0.60%	-5.64%	-19.65%	(0.21)	(0.80)	(1.03)	(2.04)	22
Discret	XLY	153	1.70%	3.07%	18.65%	0.69	1.25	1.40	3.34	14
Value	VG	117	1.50%	1.87%	4.73%	0.73	0.93	0.58	2.25	18
Small	SL	66.5	2.30%	4.91%	11.54%	1.16	1.46	0.98	3.60	11
Mid	ML	371	3.17%	5.96%	13.52%	1.63	1.81	1.22	4.67	5
Equal	RSP	114	2.29%	3.52%	10.80%	1.11	1.53	1.09	3.73	9
Moment	MTUM	154	3.32%	4.52%	16.97%	1.16	1.52	1.54	4.22	7
SPY	SPY	350	2.54%	3.25%	12.18%	1.09	1.34	1.30	3.73	10
QQQ	QQQ	294	3.78%	4.99%	20.78%	1.36	1.51	1.53	4.40	6
DIA	DIA	284	1.65%	1.76%	8.68%	0.61	0.78	0.97	2.36	17
EEM	EEM	47.7	4.14%	6.24%	16.41%	2.77	2.71	1.63	7.11	1
EFA	EFA	66.1	2.99%	2.69%	7.78%	1.32	1.54	0.93	3.79	8
% of Sectors Below				9%	5%	5%				
# of Sectors Below				2	1	1				

Users Guide

The score is a percentage of the maximum/minimum score, as well as on a normalized basis *(sigma)* for the last 200 trading days. Assets with scores over or under +/-60% and sigmas over or

under +/-2 are likely to either consolidate or change trend. When both the score and sigma are above or below those key levels simultaneously, the signal is stronger.

The first set of four graphs below are relative value-based, meaning the technical analysis score and sigma is based on the ratio of the asset to its benchmark. The second set of graphs is computed solely on the price of the asset. Lastly, we present "Sector spaghetti graphs" which compare momentum and our score over time to provide further current and historical indications of strength or weakness. The square at the end of each squiggle is the current reading. The top right corner is the most bullish, while the bottom left corner the most bearish.

The technical value scorecard report is just one of many tools that we use to assess our holdings and decide on potential trades. This report may send a strong buy or sell signal, but we may not take any action if other research and models do not affirm it.

The ETFs used in the model are as follows:

- Staples XLP
- Utilities XLU
- Health Care XLV
- Real Estate XLRE
- Materials XLB
- Industrials XLI
- Communications XLC
- Banking XLF
- Transportation XTN
- Energy XLE
- Discretionary XLY
- S&P 500 SPY
- Value IVE
- Growth IVW
- Small Cap SLY
- Mid Cap MDY
- Momentum MTUM
- Equal Weighted S&P 500 RSP
- NASDAQ QQQ
- Dow Jones DIA
- Emerg. Markets EEM
- Foreign Markets EFA
- IG Corp Bonds LQD
- High Yield Bonds HYG
- Long Tsy Bonds TLT
- Med Term Tsy IEI
- Mortgages MBB
- Inflation TIP