



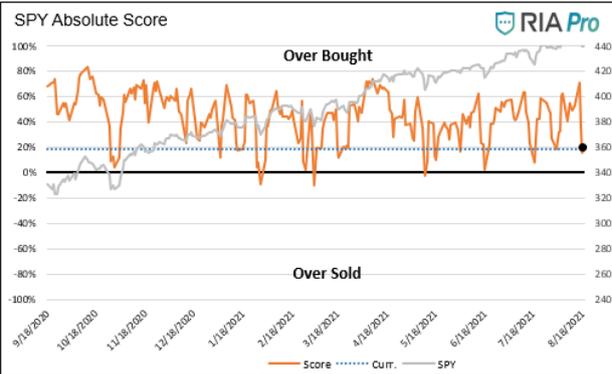
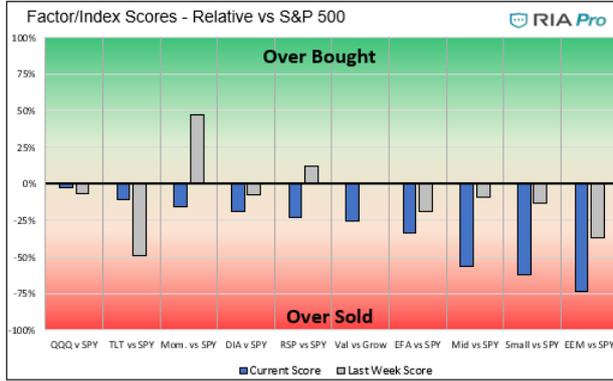
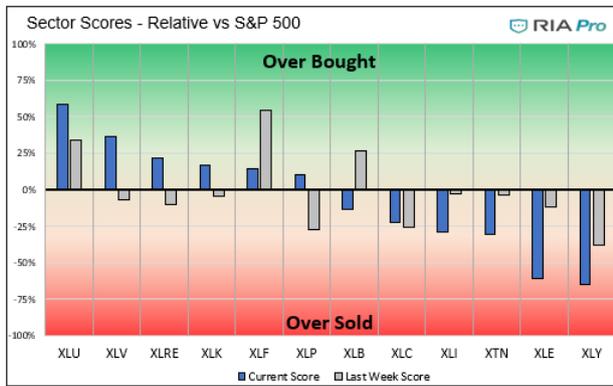
Technical Value Scorecard Report For The Week of 8-20-21

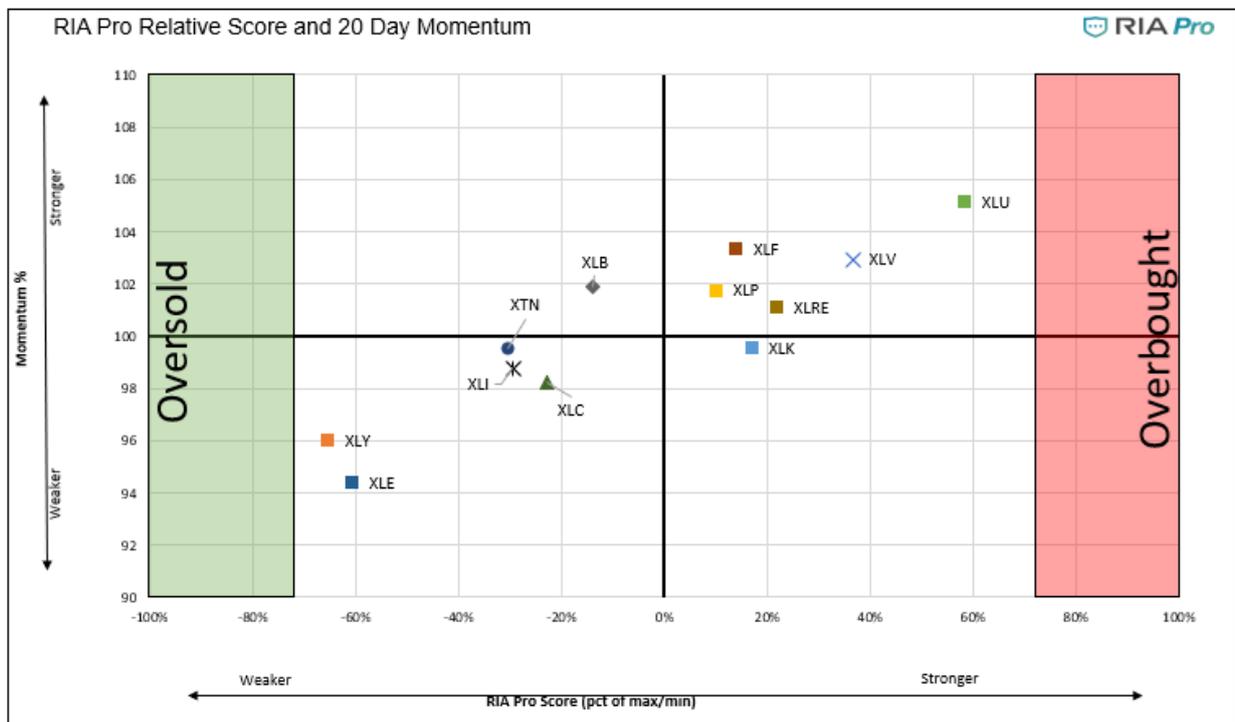
The **Technical Value Scorecard Report** uses 6-technical readings to score and gauge which sectors, factors, indexes, and bond classes are overbought or oversold. We present the data on a relative basis (versus the assets benchmark) and on an absolute stand-alone basis. You will find more detail on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

Commentary 8-20-21

- As the equity markets trended lower this week, the divergences in relative value across sectors widened. Not surprisingly, conservative, lower beta sectors are outperforming. Utilities, healthcare, and real estate have the highest relative scores for the second week in a row.
- Discretionary stocks are the most oversold on a relative basis. This is primarily due to AMZN, which is down 11% this past month despite the S&P increasing 2%. AMZN accounts for nearly 22% of the ETF. Inflationary stocks had a rough week, with materials and transportation stocks losing more than 2% versus the S&P. Energy shares gave up 6% versus the S&P.
- Benefiting from slower growth and abating inflationary impulses, staples and utilities are up 3% versus the S&P over the last ten days. Healthcare is up 2.7% and real estate up .70% over the same period. Every other sector was lower versus the S&P.
- Every relative factor/index score (versus the S&P) is negative. Emerging markets are now deeply oversold with a score of -75%. The stronger dollar and slowing economic growth, particularly in China, is hampering those stocks.
- The scatter plot shows a much-improved correlation (r-squared) this week at .8061. This is due to the trend lower versus ebbing and flowing markets and pronounced sector rotations of the prior weeks.
- On an absolute basis, similar themes hold. Utilities and healthcare are overbought, while energy and discretionary are the most oversold. This status is likely to last as long as the broader equity markets display weakness.
- The absolute factor/index graph shows the scores of most factors/indexes fell sharply this past week due to market weakness. Emerging markets and small caps are oversold, but as we discussed earlier, they may continue to stay oversold as economic growth moderates, and the Fed threatens to taper. The S&P 500 is still overbought but much closer to fair value than last week.
- The third chart compares the relative scores for each sector versus its momentum reading. Like the scatter plot, this graph helps show the linkage between momentum and our relative scoring system.

Graphs (Click on the graphs to expand)





Users Guide

The score is a percentage of the maximum score based on a series of weighted technical indicators for the last 200 trading days. Assets with scores over or under $\pm 70\%$ are likely to either consolidate or change the trend. When the scatter plot in the sector graphs has an R-squared greater than .60 the signals are more reliable.

The first set of four graphs below are relative value-based, meaning the technical analysis 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. At times 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 is the most bearish.

The technical value scorecard report is one of many tools we use to manage our portfolios. 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
- Inflation Index- XLB, XLE, XLF, and Value (IVE)
- Deflation Index- XLP, XLU, XLK, and Growth (IWE)