



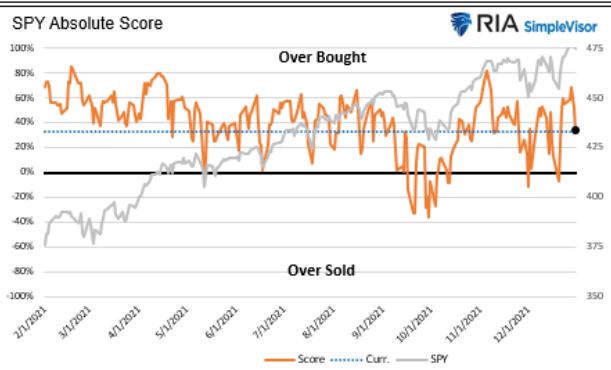
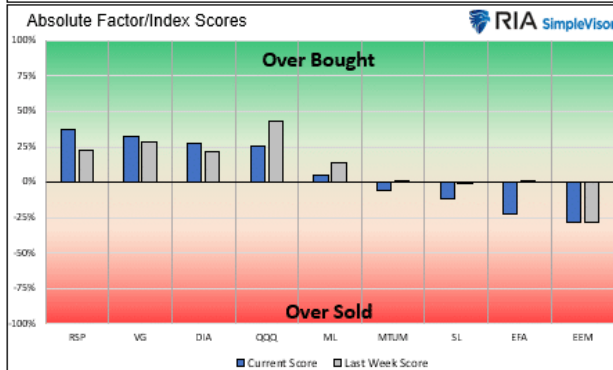
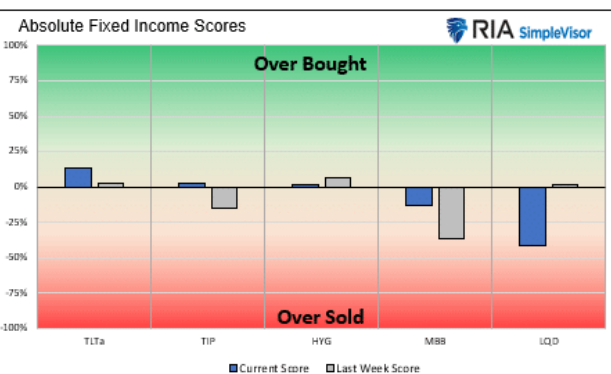
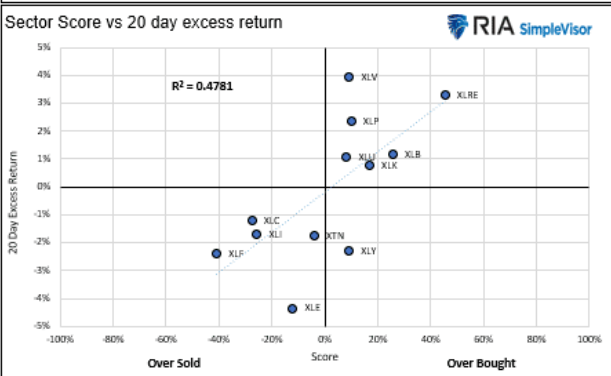
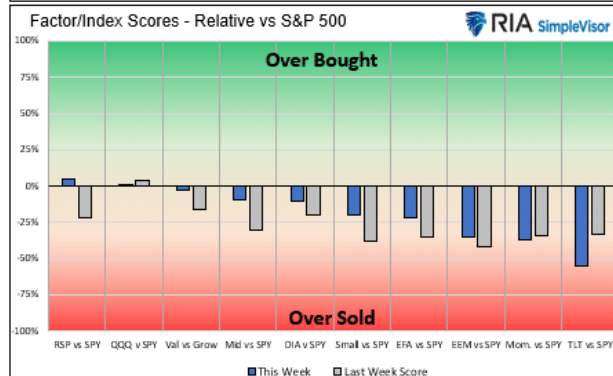
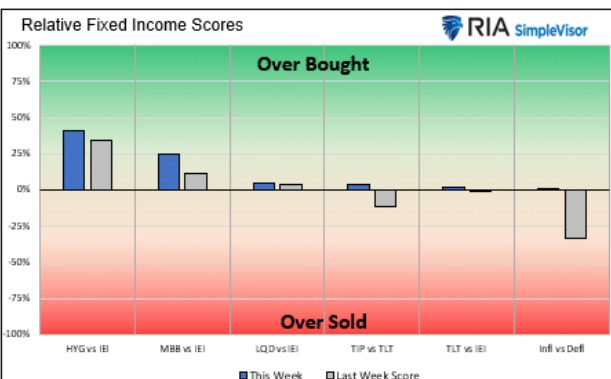
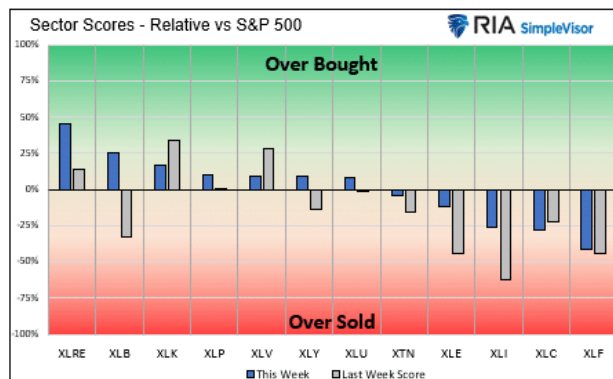
This report will now be released on Mondays so we can capture the full trading week (Monday through Friday). The scorecard report uses a series of technical studies to quantify how various sectors, factors, and indexes score on a technical basis versus the S&P 500 (relative value) and versus an appropriate benchmark, as well as on an absolute stand alone basis (absolute value).

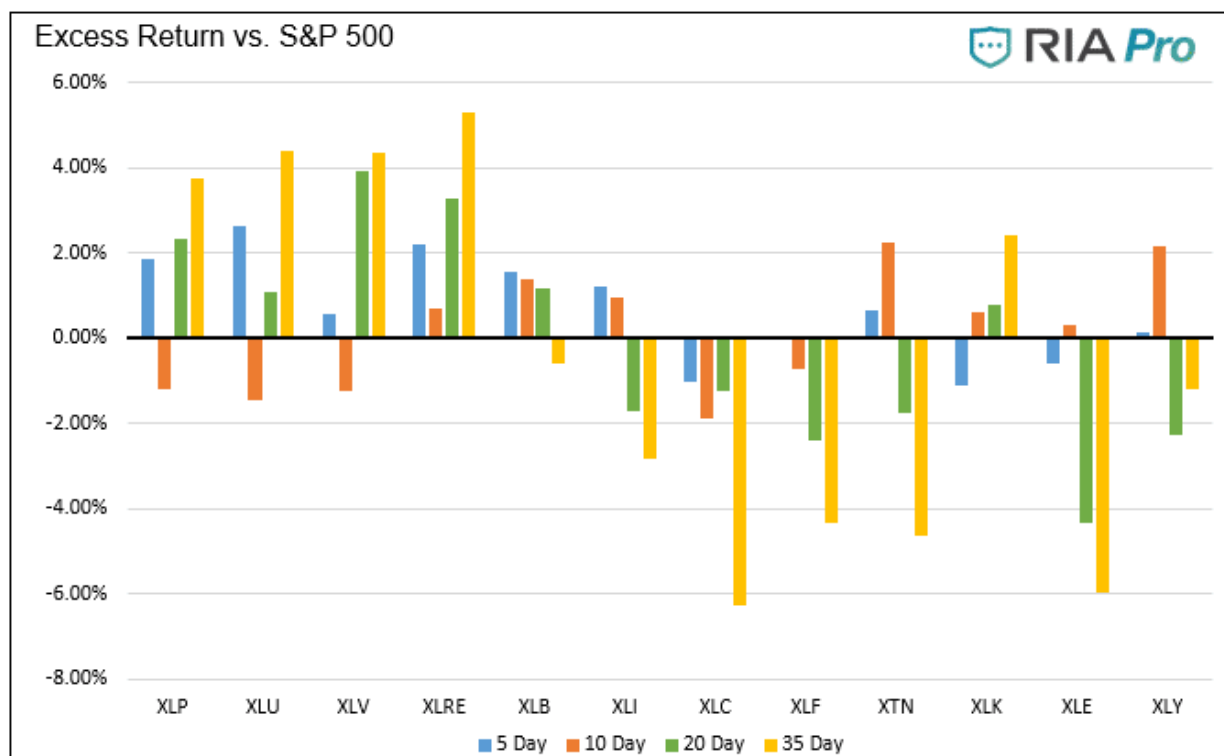
Relative Value Graphs

- The value-oriented, higher dividend, and lower beta sectors continue to perform well. Over the last 35 trading days, real estate, utilities, healthcare, and staples were the top four performers. Last week utilities, real estate, and staples led the market.
- The third graph below, showing excess returns over multiple periods, highlights the divergence of sector performance and the strong performance of the sectors listed above.
- No one sector score is overbought or oversold to the point where we might recommend buying or selling. Not surprisingly, given the low volume last week and lethargic trading, most sectors are hovering near fair value on a relative basis.
- The factor/index graphs paint a similar story. Note that the equal weighted S&P 500 and NASDAQ are at fair value versus the S&P 500. Emerging markets and Developed markets remain oversold but have improved from the deep oversold levels of the last few weeks. Both indexes have underperformed the S&P 500 across multiple time frames out to 35 trading days.
- The relative graphs show that the bad breadth of the prior few weeks has improved. However, we caution you not to read too much into the last round of weekly data due to low volumes.

Absolute Value Graphs

- While the relative scores paint a picture of fair value, for the most part, the absolute sector graphs show some sectors are approaching deeply overbought territory. For instance, real estate and staples have scores near 75%. The only slightly oversold sectors are financials and communication.
- Staples are now trading over three standard deviations above its 200 dma. Utilities, healthcare, real estate, and materials are two standard deviations above their respective 200 dmas. A correction is likely in these sectors. Such would not be surprising as year-end trades are likely to get unwound as traders reposition their portfolios for the new year. Please see graph four for more details.
- The S&P 500 is overbought, but the decline in the last two trading days leaves it not overly extended. However, our proprietary cash flow model will likely roll over to a sell signal in the next week or so.
- RSP, the equal-weighted S&P, is the most overbought factor/index, attesting to an improvement of the breadth in the market.





		Price	% From 20	% From 50	% From 200	Sigma From 20	Sigma From 50	Sigma From 200	Sum	Rank	% From 2/19/20
Staples	XLP	77.11	2.69%	5.23%	8.25%	1.47	2.08	3.27	6.83	1	20%
Util	XLU	71.58	2.37%	4.96%	7.54%	1.84	2.14	2.66	6.64	2	2%
Health	XLV	140.9	2.53%	4.69%	9.19%	1.14	1.98	2.00	5.13	6	35%
Real Est.	XLRE	51.81	3.53%	5.92%	13.26%	1.90	2.52	2.20	6.61	3	26%
Material	XLB	90.61	2.61%	3.36%	7.19%	1.71	1.74	2.06	5.52	4	50%
Indust	XLI	105.8	1.56%	1.09%	2.76%	1.18	0.64	1.34	3.16	12	26%
Comm	XLC	77.68	0.55%	-1.04%	-2.66%	0.43	(0.40)	(0.74)	(0.71)	21	35%
Bank	XLF	39.05	0.42%	-0.86%	3.53%	0.41	(0.43)	0.85	0.84	16	25%
Trans	XTN	94.36	2.18%	0.84%	6.42%	1.12	0.28	1.46	2.86	13	42%
Tech	XLK	173.9	1.04%	3.20%	13.78%	0.58	1.20	1.81	3.58	10	69%
Energy	XLE	55.5	-0.14%	-1.84%	5.41%	(0.07)	(0.70)	0.80	0.03	18	1%
Discret	XLY	204.4	1.30%	0.30%	10.60%	0.62	0.14	1.61	2.37	15	55%
Value	VG	156.6	1.95%	2.41%	4.86%	1.49	1.65	2.26	5.40	5	19%
Small	SL	222.5	1.22%	-1.90%	-0.75%	0.68	(0.49)	(0.28)	(0.08)	19	32%
Mid	ML	517.7	2.08%	0.87%	4.05%	1.29	0.36	1.58	3.23	11	35%
Equal	RSP	162.8	1.97%	2.17%	6.24%	1.42	1.40	1.98	4.79	7	37%
Moment	MTUM	181.8	0.72%	-1.90%	2.80%	0.45	(0.67)	0.63	0.41	17	33%
SPY	SPY	475	1.38%	2.08%	8.26%	1.01	1.47	1.81	4.29	8	40%
QQQ	QQQ	397.9	0.89%	1.16%	9.59%	0.55	0.68	1.46	2.69	14	68%
DIA	DIA	363.3	1.31%	1.60%	4.27%	1.15	1.07	1.88	4.11	9	24%
EEM	EEM	48.85	-0.06%	-2.37%	-6.51%	(0.04)	(0.89)	(1.68)	(2.61)	22	10%
EFA	EFA	78.68	0.62%	-0.79%	-1.02%	0.49	(0.37)	(0.56)	(0.44)	20	14%

Users Guide

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 action if other research and models do not affirm it.

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 +/-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 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)