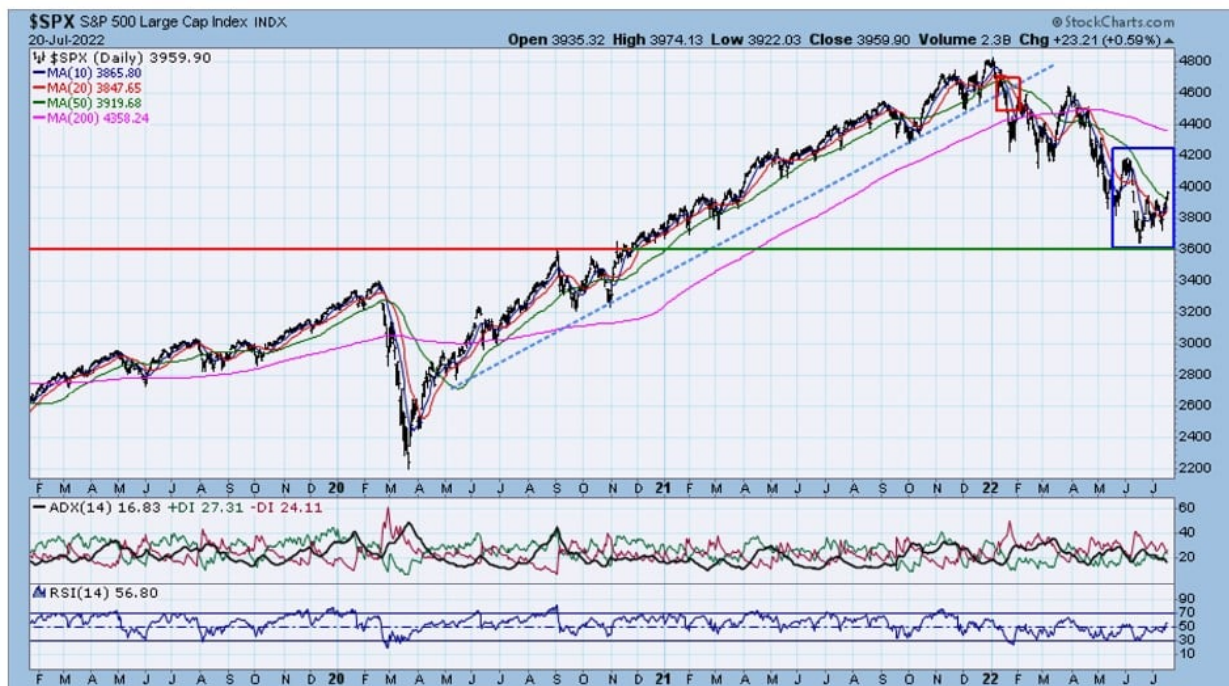


TPA-RRG ANALYSIS GIVES CLUES AS TO UNDERLYING ROTATION

The S&P500 is down 16.62% year to date (YTD). The Nasdaq is down 23.95% YTD. XLE (Energy) is up 34.32% YTD and XLK (TECH) is down 20.73% YTD. So, obviously, there are some pretty big performance discrepancies as we approach the end of the 7th month of 2022. In the past 30 days, XLE is up just 0.47%, while the XLK is up 10.39%. **Clients should look to TPA's RRG analysis to read the writing on the wall that a much larger rotation is underway.**

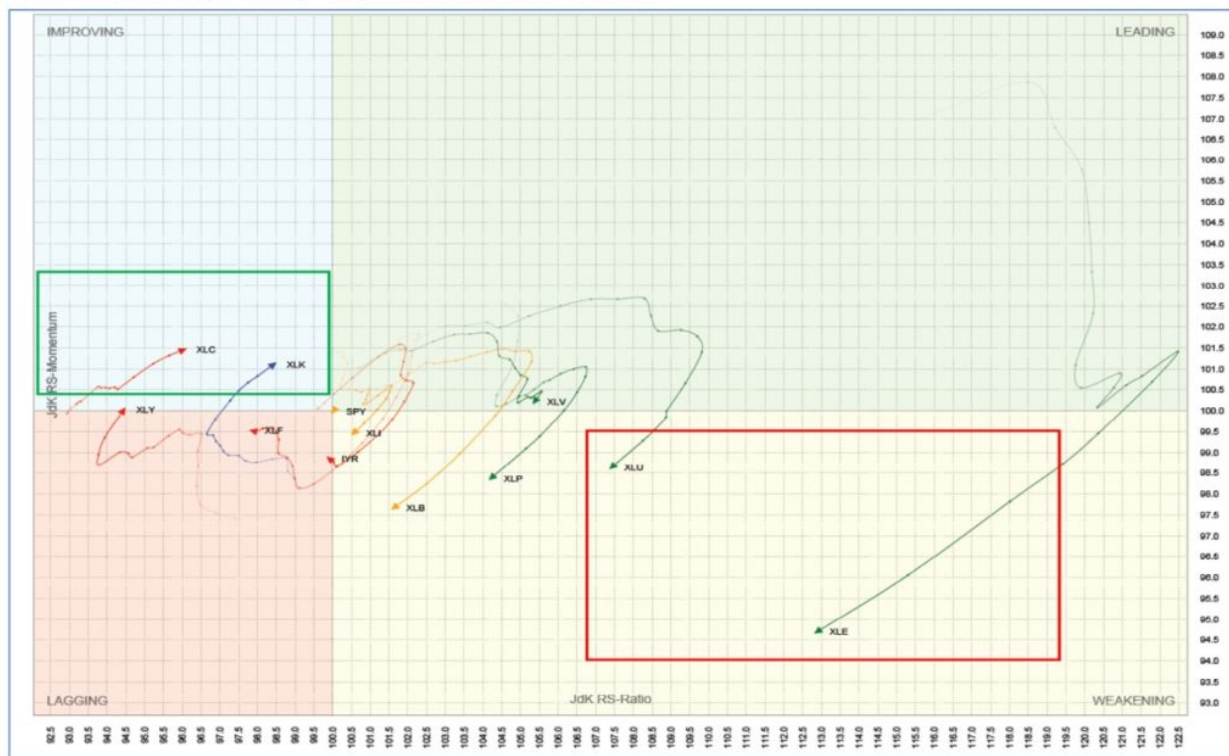


From TPA's Risk Dashboard, the best 2 sectors in the past 6 months have been Energy and Utilities. TECH and Communications rank #7 and #11 (dead last), respectively. Energy and Utilities are, however, losing momentum and relative strength, while TECH and Communications are gaining momentum and relative strength (first RRG below)

| SECTORS | 5 DAY % CHANGE | 1 MO % CHANGE | 3 MO % CHANGE | 6 MO % CHANGE | 1 YR % CHANGE | AVERAGE OF 1,3,6 & 12 MO |
|------------------------|-------------------|------------------|------------------|------------------|------------------|--------------------------------|
| MATERIALS | 6 | 10 | 11 | 8 | 7 | 9 |
| COMMUNICATIONS | 3 | 3 | 4 | 11 | 11 | 7 |
| ENERGY | 1 | 11 | 1 | 1 | 1 | 4 |
| FINANCIALS | 7 | 6 | 8 | 9 | 5 | 7 |
| INDUSTRIALS | 4 | 9 | 7 | 6 | 9 | 8 |
| TECH | 5 | 2 | 2 | 7 | 6 | 4 |
| STAPLES | 9 | 7 | 6 | 4 | 3 | 5 |
| UTILITIES | 11 | 8 | 5 | 2 | 2 | 4 |
| HEALTH CARE | 10 | 5 | 3 | 3 | 4 | 4 |
| CONSUMER DISCRETIONARY | 2 | 1 | 9 | 10 | 10 | 8 |
| REITS | 8 | 4 | 10 | 5 | 8 | 7 |

In the weekly TPA-RRG report, we have been highlighting these relative moves for weeks. The RRG below shows that XLE and XLU have moved out of the Leading quadrant and are heading toward the Lagging quadrant. The opposite is true for XLK and XLC. These sectors gained momentum in the previous month as they left the Lagging quadrant and are now headed for the Leading quadrant.

Relative Rotation Graph Weekly – Major ETFs. Benchmark = S&P500.



The Subsector RRG shows a similar and related movement. Previously damaged subsectors are now headed for the Leading quadrant:

- ITB ? Home Builders
- IGV - Software
- CLOU - Cybersecurity
- SOCL ? Social Media
- SMH ? SEMI

Some stocks in these subsectors are very oversold and could have massive rallies.

Meanwhile, previously very overbought subsectors are moving out of the Leading quadrant and headed toward the Lagging quadrant:

- OIH ? O&G Service
- XOP ? O&G E&P
- MOO - Agri
- XME ? Metals & Mining
-

Relative Rotation Graph Weekly – TPA ETFs. Benchmark = S&P500.

