



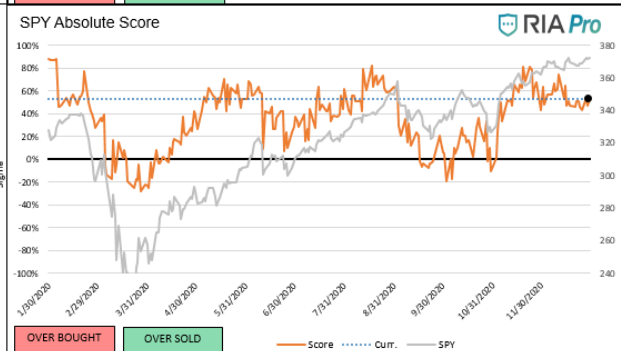
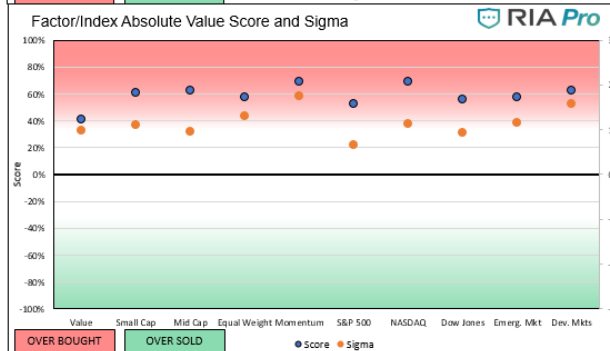
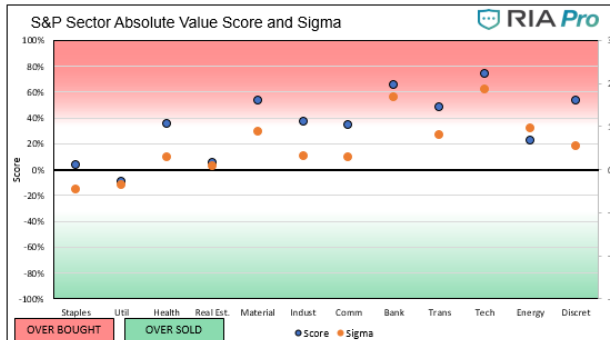
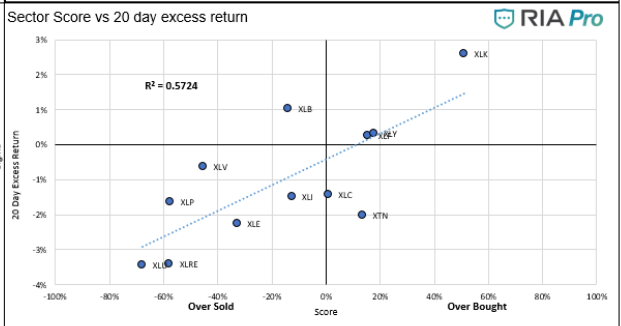
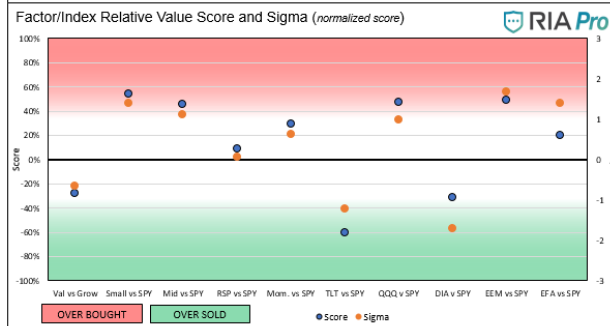
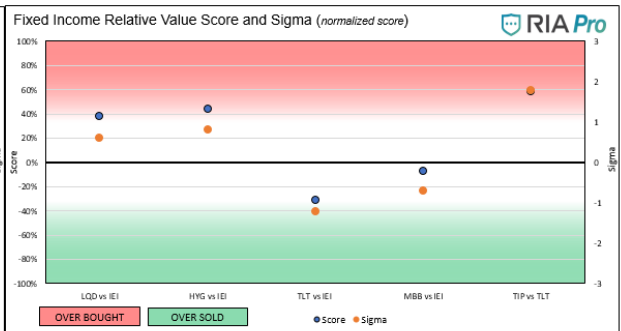
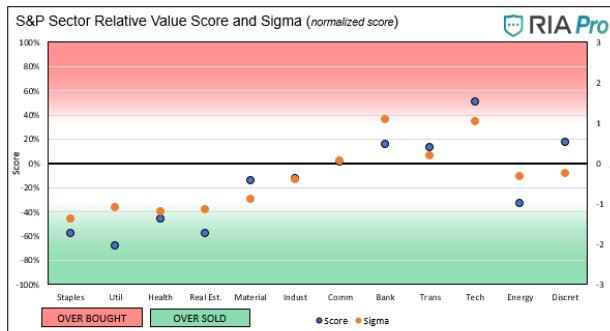
Technical Value Scorecard Report For The Week of 12-31-20

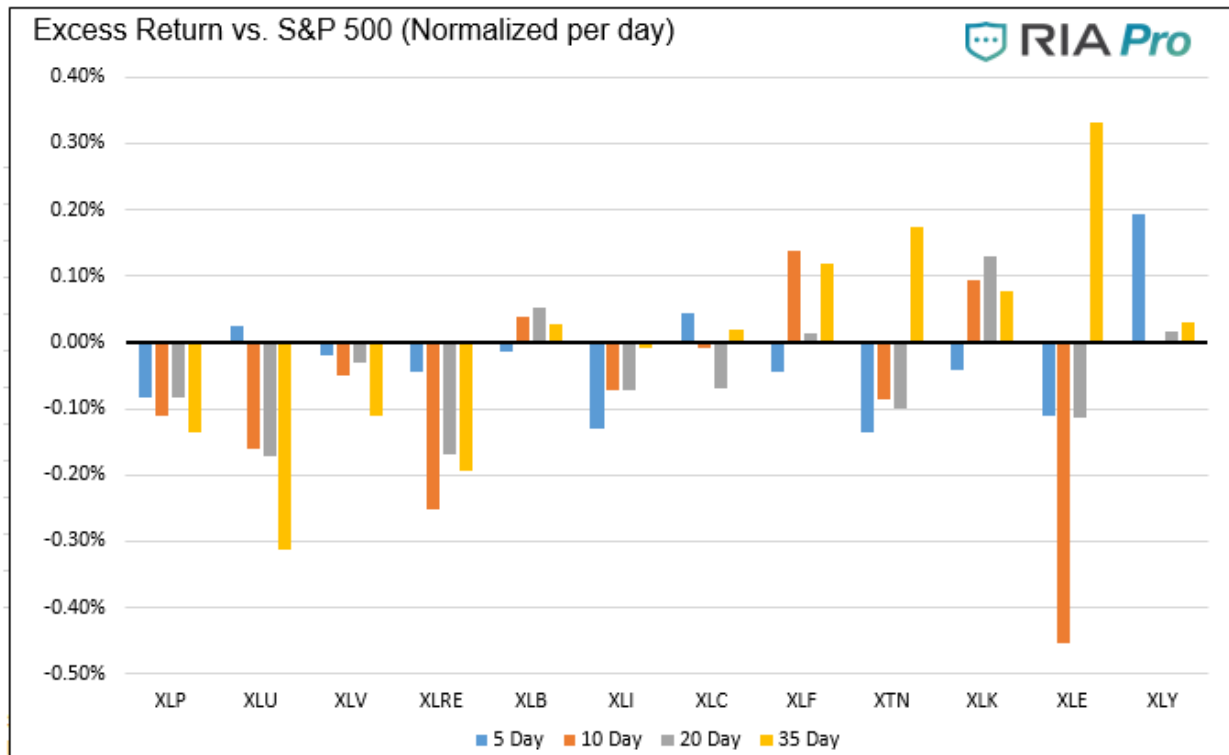
The Technical Value Scorecard Report uses 6-technical readings to score and gauge which sectors, factors, indexes, and bond classes are overbought or oversold. We present the data on a relative basis (versus the assets benchmark) and on an absolute stand-alone basis. You can find more detail on the model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

Commentary 12-31-20

- On a relative basis, the S&P 500 sectors changed little over the last week. Utilities, Staples, and Real Estate are slightly less oversold, while Banks and Energy fell slightly. After being the hottest sector for the last 2 months, Energy is now marginally oversold. The third graph below compares each sector's excess return versus the S&P over 4 time periods. The returns are normalized by dividing the period return by the number of days in each period. Over the last 10 days energy (XLE) is down .45% a day on average. Normalizing the data helps us better gauge trends in excess returns. For instance, note that the negative returns for XLU have been consecutively less negative over the 3 longer time periods, and turned slightly positive over the last five days.
- There was little change in the relative factor/index readings. Small Caps and Mid Caps retreated from grossly overbought levels as they were the worst performers on the week versus the S&P 500. The Dow 30 and Value versus Growth are the only relative oversold sectors.
- On an absolute basis, little has changed, but here too Utilities, Staples, and Real Estate improved, and sit near fair value.
- When comparing this week's absolute factor/index to last week, it appears that all factors and indexes have gravitated to moderately overbought. For Small and Mid Caps, this was from a decline from grossly overbought levels. As shown in the bottom right, in the second series of graphs, the S&P remains overbought, but not as extreme as it was over the last two months.
- In general sectors, factors, and indexes normalized with overbought sectors underperforming and oversold sectors doing a little better. We are careful not to read too much into this due to low volume holiday trading and year-end window dressing.

Graphs (Click on the graphs to expand)





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