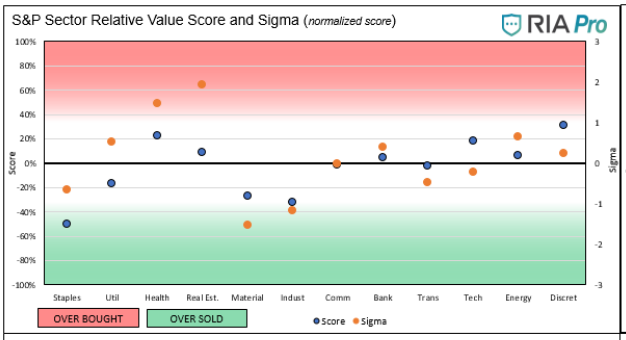
Technical Value Scorecard Report For The Week of 1-29-21

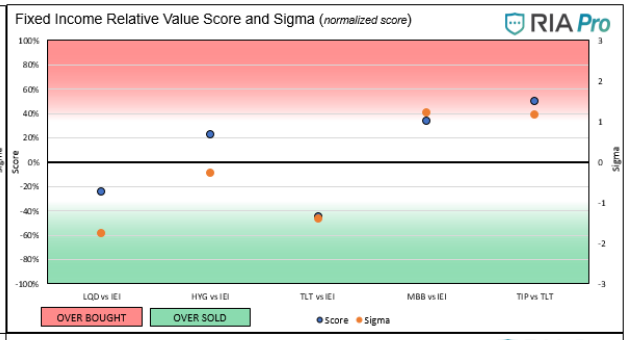
The Technical Value Scorecard Report uses 6-technical readings to score and gauge which sectors, factors, indexes, and bond classes are overbought or oversold. We present the data on a relative basis (versus the assets benchmark) and on an absolute stand-alone basis. You can find more detail on the model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

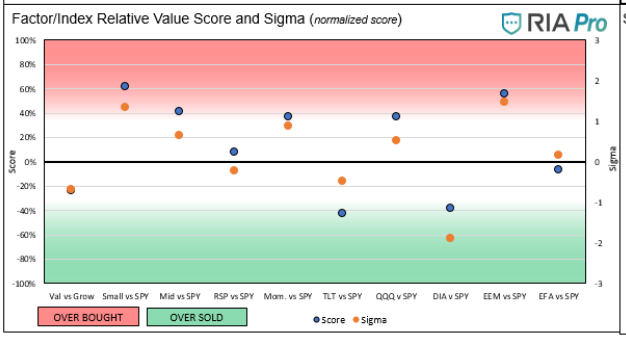
Commentary 1-29-21

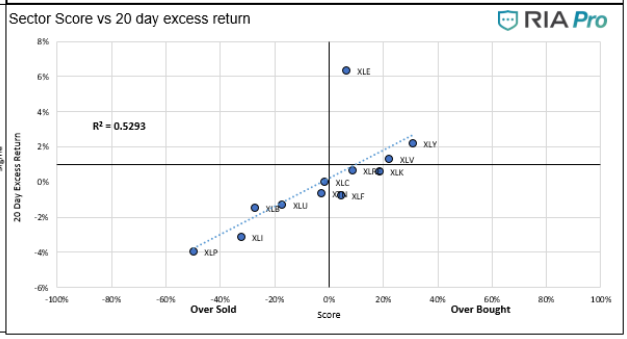
- Over the last two weeks, the well-to-do sectors, in large part, rotated from being overbought to fair value/oversold and vice versa for the once oversold sectors. To wit, Real Estate now has the highest sigma (normalized score), utilities are positive and staples improved markedly from the last few weeks. At the same time materials and industrials are the two weakest sectors. Energy, technology, discretionary, healthcare, and utilities are all perched close to fair value. The recent decline has reduced overbought conditions, but most sectors are still far from being oversold.
- Staples, utilities, and real estate, the most beaten-down sectors versus the S&P 500 in recent weeks, had the highest excess returns this week.
- Small and Mid-Caps, along with emerging markets remain decently overbought versus the S&P 500.
- The Absolute score/sigmas show that most sectors sit around fair value. While Staples are still the weakest sector, they have improved. Real Estate is now the strongest sector on an absolute basis. The factors and indexes are predominately hovering in slightly overbought territory.
- The S&P 500 graph in the lower right on the Absolute charts got close to fair value after Wednesday's sell off, but it remains moderately over bought with the rebound on Thursday. As shown the S&P has been overvalued since late February except for a brief instance in late September/early October.
- Even with the sell-off, most sectors remain well above their 200 dma as shown in the third chart. That said, many sectors are below their 20 and 50 dmas. XLI for instance is closing in on 2 standard deviations below its 20 and 50 dmas.
- Its too early to claim the recent sell-off is over, but scores are normalizing. Over the coming week, we will pay close attention to see if these scores deteriorate further. Our other technical indicators point to a similar situation. Wait, watch, and react when appropriate will be our mantra.
- If this market is to rally back in time and continue to set new highs, it will likely do so on the back of the reflation trade. We include a breakdown of the materials sector to show how various companies in the sector have performed versus XLB, the sector ETF.

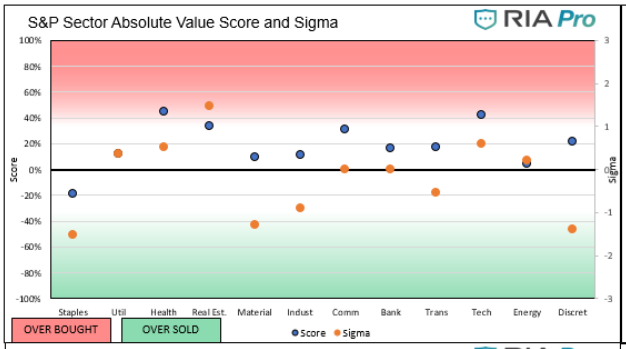
Graphs (Click on the graphs to expand)

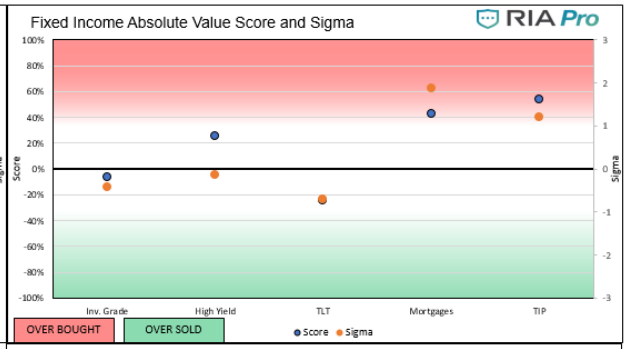

S&P Sector Relative Value Score and Sigma (normalized score)
RIA Pro
Staples Util Health Real Est. Material Indust Comm Bank Trans Tech Energy Discret
OVER BOUGHT
OVER SOLD
Score Sigma

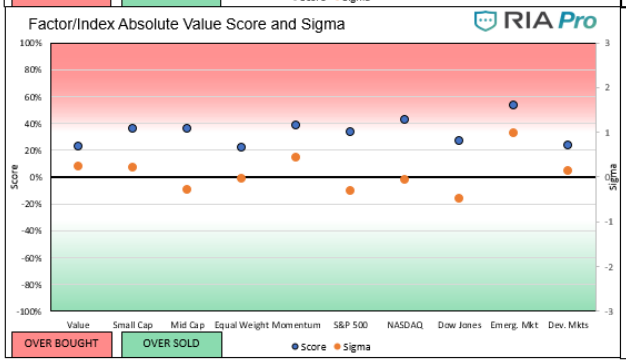

Fixed Income Relative Value Score and Sigma (normalized score)
RIA Pro
LQD vs IEI HYG vs IEI TLT vs IEI MBB vs IEI TIP vs TLT
OVER BOUGHT
OVER SOLD
Score Sigma

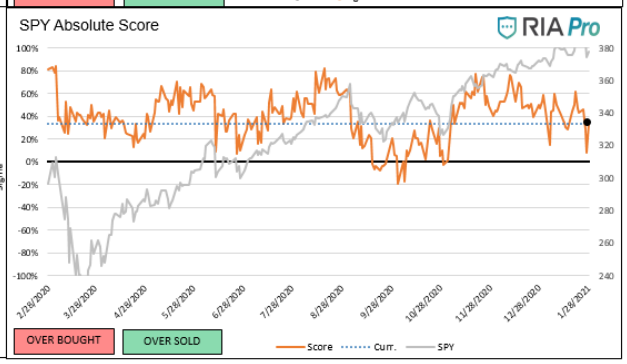

Factor/Index Relative Value Score and Sigma (normalized score)
RIA Pro
Val vs Grow Small vs SPY Mid vs SPY RSP vs SPY Mom. vs SPY TLT vs SPY QQQ v SPY DIA v SPY EEM vs SPY EFA vs SPY
OVER BOUGHT
OVER SOLD
Score Sigma


Sector Score vs 20 day excess return
RIA Pro
R² = 0.5293
20 Day Excess Return
Over Sold
Score
Over Bought
XLE XLY XLV XLP XLK XLC XLF XLB XLU XLI XLP


S&P Sector Absolute Value Score and Sigma
RIA Pro
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
RIA Pro
Inv. Grade High Yield TLT Mortgages TIP
OVER BOUGHT
OVER SOLD
Score Sigma


Factor/Index Absolute Value Score and Sigma
RIA Pro
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
OVER BOUGHT
OVER SOLD
Score Curr. SPY

		Price	% From 20	% From 50	% From 200	Sigma From 20	Sigma From 50	Sigma From 200	Sum	Rank	% From 2/19/20
Staples	XLP	65.44	-0.90%	-1.84%	3.39%	(0.88)	(1.65)	0.64	(1.88)	21	1%
Util	XLU	62.49	0.06%	-0.03%	3.18%	0.04	(0.02)	0.71	0.73	15	-11%
Health	XLV	116	-0.44%	2.37%	9.00%	(0.30)	0.88	1.81	2.39	8	12%
Real Est.	XLRE	37.15	2.77%	2.20%	4.51%	1.25	1.26	1.18	3.69	1	-10%
Material	XLB	72.04	-3.64%	-0.90%	13.26%	(1.39)	(0.30)	1.19	(0.49)	20	19%
Indust	XLI	86.64	-2.20%	-2.06%	12.10%	(1.41)	(1.82)	1.07	(2.16)	22	3%
Comm	XLC	68.15	1.52%	2.17%	13.56%	0.68	1.15	1.56	3.38	4	18%
Bank	XLF	29.54	-2.91%	0.70%	16.03%	(1.11)	0.19	1.57	0.65	17	-5%
Trans	XTN	71.6	-2.18%	-0.63%	18.64%	(1.00)	(0.28)	1.36	0.08	19	8%
Tech	XLK	132	1.40%	3.42%	15.95%	0.81	1.27	1.54	3.62	2	28%
Energy	XLE	40.2	-3.17%	0.69%	9.85%	(0.66)	0.13	0.91	0.38	18	-27%
Discret	XLY	165.9	-0.31%	2.80%	15.54%	(0.15)	0.94	1.46	2.25	9	25%
Value	VG	128.3	-1.43%	0.34%	10.36%	(1.02)	0.18	1.50	0.66	16	-2%
Small	SL	208.7	0.06%	5.63%	29.58%	0.02	1.00	1.97	2.99	6	24%
Mid	ML	434.4	-0.96%	3.04%	20.94%	(0.41)	0.76	1.77	2.12	11	14%
Equal	RSP	128.8	-1.25%	1.05%	15.23%	(0.81)	0.44	1.54	1.18	12	9%
Moment	MTUM	166.3	0.15%	3.19%	15.33%	0.07	0.98	1.59	2.64	7	21%
SPY	SPY	377.6	-0.16%	1.64%	12.29%	(0.14)	0.87	1.51	2.24	10	12%
QQQ	QQQ	321.3	1.23%	3.70%	17.38%	0.62	1.29	1.60	3.51	3	36%
DIA	DIA	306.1	-0.80%	0.73%	10.34%	(0.87)	0.47	1.39	0.98	14	4%
EEM	EEM	54.67	0.37%	5.20%	21.58%	0.15	1.18	1.87	3.20	5	24%
EFA	EFA	73.92	-1.04%	1.14%	13.11%	(0.99)	0.53	1.58	1.12	13	7%

Sigma Differentials

ead Down		Prec. Metals Miners					Metals			Agric.	Chemicals					Building	Gold & Silver		Read Dow
		SIL	GDX	GDXJ	NEM	PAAS	XME	NUE	FCX	MOS	LIN	DD	APD	ECL	SHW	VMC	GLD	SLV	
	SIL	-	0.61	0.22	0.76	0.02	0.65	(1.38)	1.21	2.68	0.04	2.65	1.58	3.09	0.45	1.65	1.12	1.23	
	GDX	(0.61)	-	(0.39)	0.15	(0.58)	0.04	(1.99)	0.60	2.08	(0.57)	2.04	0.97	2.48	(0.16)	1.04	0.51	0.62	
	GDXJ	(0.22)	0.39	-	0.54	(0.20)	0.43	(1.60)	0.99	2.46	(0.18)	2.43	1.36	2.87	0.23	1.43	0.90	1.01	
	NEM	(0.76)	(0.15)	(0.54)	-	(0.74)	(0.11)	(2.14)	0.45	1.92	(0.72)	1.89	0.82	2.33	(0.31)	0.89	0.36	0.47	
	PAAS	(0.02)	0.58	0.20	0.74	-	0.63	(1.41)	1.18	2.66	0.02	2.63	1.55	3.07	0.42	1.62	1.09	1.20	
	XME	(0.65)	(0.04)	(0.43)	0.11	(0.63)	-	(2.03)	0.55	2.03	(0.61)	2.00	0.93	2.44	(0.20)	1.00	0.47	0.58	
	NUE	1.38	1.99	1.60	2.14	1.41	2.03	-	2.59	4.07	1.42	4.03	2.96	4.47	1.83	3.03	2.50	2.61	
	FCX	(1.21)	(0.60)	(0.99)	(0.45)	(1.18)	(0.55)	(2.59)	-	1.48	(1.17)	1.44	0.37	1.89	(0.76)	0.44	(0.09)	0.02	
	MOS	(2.68)	(2.08)	(2.46)	(1.92)	(2.66)	(2.03)	(4.07)	(1.48)	-	(2.64)	(0.03)	(1.10)	0.41	(2.24)	(1.03)	(1.56)	(1.45)	
	LIN	(0.04)	0.57	0.18	0.72	(0.02)	0.61	(1.42)	1.17	2.64	-	2.61	1.54	3.05	0.41	1.61	1.08	1.19	
	DD	(2.65)	(2.04)	(2.43)	(1.89)	(2.63)	(2.00)	(4.03)	(1.44)	0.03	(2.61)	-	(1.07)	0.44	(2.20)	(1.00)	(1.53)	(1.42)	
	APD	(1.58)	(0.97)	(1.36)	(0.82)	(1.55)	(0.93)	(2.96)	(0.37)	1.10	(1.54)	1.07	-	1.51	(1.13)	0.07	(0.46)	(0.35)	
	ECL	(3.09)	(2.48)	(2.87)	(2.33)	(3.07)	(2.44)	(4.47)	(1.89)	(0.41)	(3.05)	(0.44)	(1.51)	-	(2.64)	(1.44)	(1.97)	(1.86)	
	SHW	(0.45)	0.16	(0.23)	0.31	(0.42)	0.20	(1.83)	0.76	2.24	(0.41)	2.20	1.13	2.64	-	1.20	0.67	0.78	
	VMC	(1.65)	(1.04)	(1.43)	(0.89)	(1.62)	(1.00)	(3.03)	(0.44)	1.03	(1.61)	1.00	(0.07)	1.44	(1.20)	-	(0.53)	(0.42)	
	GLD	(1.12)	(0.51)	(0.90)	(0.36)	(1.09)	(0.47)	(2.50)	0.09	1.56	(1.08)	1.53	0.46	1.97	(0.67)	0.53	-	0.11	
	SLV	(1.23)	(0.62)	(1.01)	(0.47)	(1.20)	(0.58)	(2.61)	(0.02)	1.45	(1.19)	1.42	0.35	1.86	(0.78)	0.42	(0.11)	-	
	XLB	(1.30)	(0.69)	(1.08)	(0.54)	(1.27)	(0.65)	(2.68)	(0.09)	1.39	(1.26)	1.35	0.28	1.79	(0.85)	0.35	(0.18)	(0.07)	
	20d Exc. Ret v XLB	-5.41%	-3.51%	-6.96%	0.22%	-8.88%	-0.32%	-4.89%	7.29%	18.74%	-4.82%	14.56%	1.45%	16.97%	-2.63%	0.92%	-2.70%	1.09%	
	30D Corr v XLB	36.4%	31.0%	32.4%	49.0%	42.5%	80.4%	74.7%	69.1%	70.0%	77.3%	82.7%	66.2%	5.1%	23.8%	80.1%	6.5%	24.5%	
	90D Corr v XLB	37.6%	32.9%	36.3%	40.6%	35.1%	82.2%	80.6%	72.9%	55.9%	82.8%	82.8%	71.6%	3.4%	26.3%	69.7%	10.2%	28.1%	
	200D Corr v XLB	37.5%	28.4%	35.0%	27.8%	33.8%	83.6%	82.9%	76.2%	66.4%	86.2%	86.3%	74.4%	5.6%	50.8%	71.0%	11.2%	29.4%	

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