TACTICAL WEALTH MANAGEMENT

MARKET BIAS UPDATE | MAY 5, 2025 WRITTEN BY RAJ BHUYAN

"But in a revolution, the masses are in motion; ***the developments of years are compressed into months and days;*** *class relations and class antagonisms are revealed acutely, starkly, and uncompromisingly." - Vladimir Lenin*

1918 / "The Proletarian Revolution in Russia" by Vladimir Lenin and Leon Trotsky. | quote emphasis ours | Image: historyskills.com

EXECUTIVE SUMMARY

PAGE REFERENCE

SECTION 1 — 1

THE MARKETS CAN DISCOUNT THE NEWS EVEN BEFORE IT'S PRINTED

- Times may be difficult for investors that take action based on news they choose to consume
- Our reliance on quantitative inputs can insulate decision making from some of "noise"

SECTION 2 — 2

WHEN NOMINAL PATTERNS DIVERGE FROM THE RELATIVE

- Nominal price trends for the S&P 500 have climbed back above important moving averages
- However, relative patterns (versus a defined asset mix) are telling a different story
- Zooming in on recent price action for equities with an investor sentiment overlay

SECTION 3 — 4

CONTEXTUALIZING THE BACKDROP FOR DECLINING ENERGY PRICES

- Investors appear to be liquidating energy exposure as recession fears have been stoked
- Even as the prospects for world energy production to meet demand has dimmed

SECTION ONE

THE PACE OF NEWS FLOW HAS SEEMINGLY GROWN EXCEEDINGLY SWIFT

THE EFFICACY OF PORTFOLIO MANAGEMENT EFFORTS "RESPONDING" TO THE HEADLINES CAN BE QUESTIONED

The whirlwind of the past three months has provided ample opportunities for investors to respond to the news of the day with rather impulsive actions. It is generally during these types of episodes when such actions can quite possibly erode the long-term potential of an investment portfolio. Our process has been designed to monitor swings in the collective psyche of the investing public (through a contrarian lens) for the sake of "confirming" our interpretation of technical patterns produced by nominal and relative trends of the public markets. If one were to think of the collective marketplace as an "organism" that is continually discounting all publicly-known and (to a certain degree) privately-held information, then the preference to "listen" to the actions of the market over the conclusions of economists or market strategists may make the most sense. The trick is to find a way to limit the influence of all of that "noise" in search of the true signal - all within a probabilistic construct. This is essentially what we aim to accomplish.

> "WHETHER IT'S DICTATORS OR DEMOCRACIES - EVERY SYSTEM EVENTUALLY DEBASES ITS CURRENCY…IT'S NOT EVIL, IT'S JUST THEIR JOB."
>
> / WARREN BUFFETT, 60TH ANNUAL BERKSHIRE CONFERENCE, MAY 3, 2025

As the trend for an increasingly dense news flow may continue, we remain focused on patterns pointing to what may become a major turning point in the macro investment cycle. Our December 30, 2024 newsletter expounded on the notion that the US Large-Cap Growth sector had become quite over-extended on a valuation and concentration basis - even when measured on a century-wide scale. Hence, it was no surprise to see this sector lead the risk markets lower in the latest spell of volatility - with the NASDAQ Composite declining 26% from its top-tick on February 19th to its low-tick on April 7th.

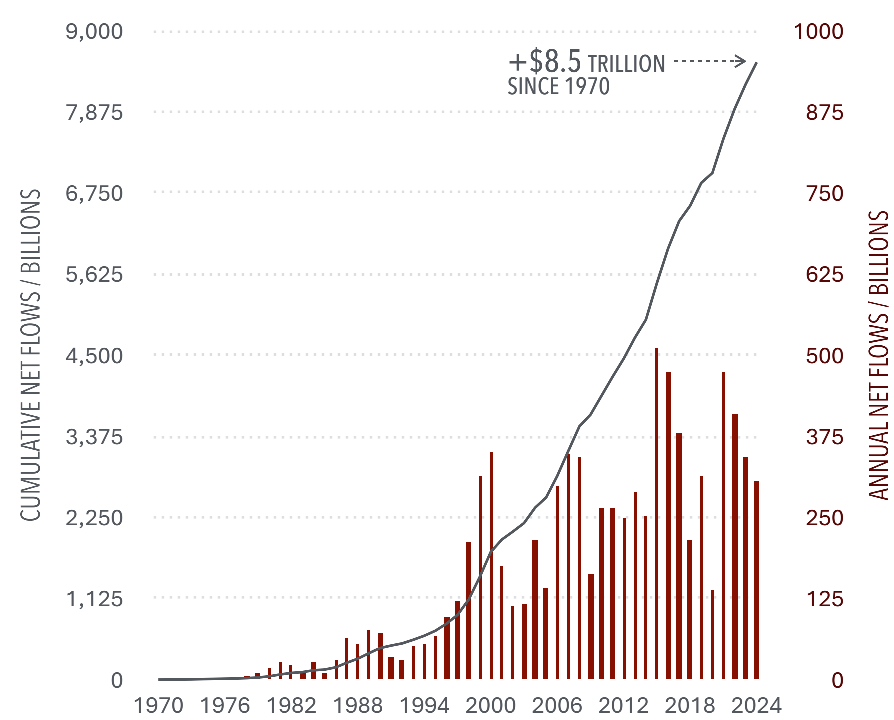
Although the ensuing rebound in price levels has been impressive to witness, we would argue that this may be a good time to ensure that one's investment portfolio continues to be in sync with the stated long-term objectives (see our section on Mission Creep in our March 17, 2025 Newsletter). Moreover, it may also be a proper time to re-examine the basis for the overall strategy in itself - **to test the underlying assumptions with respect to their compliance with the reality of today as well as the possibilities for the future.**

CHART 1

CUMULATIVE NET FOREIGN CAPITAL FLOWS INTO THE US

US INVESTORS HAVE BENEFITED FROM RELENTLESS CAPITAL INFLOWS

DATA SOURCE: TRADING ECONOMICS / FOREIGN DIRECT INVESTMENT / DECEMBER-2024



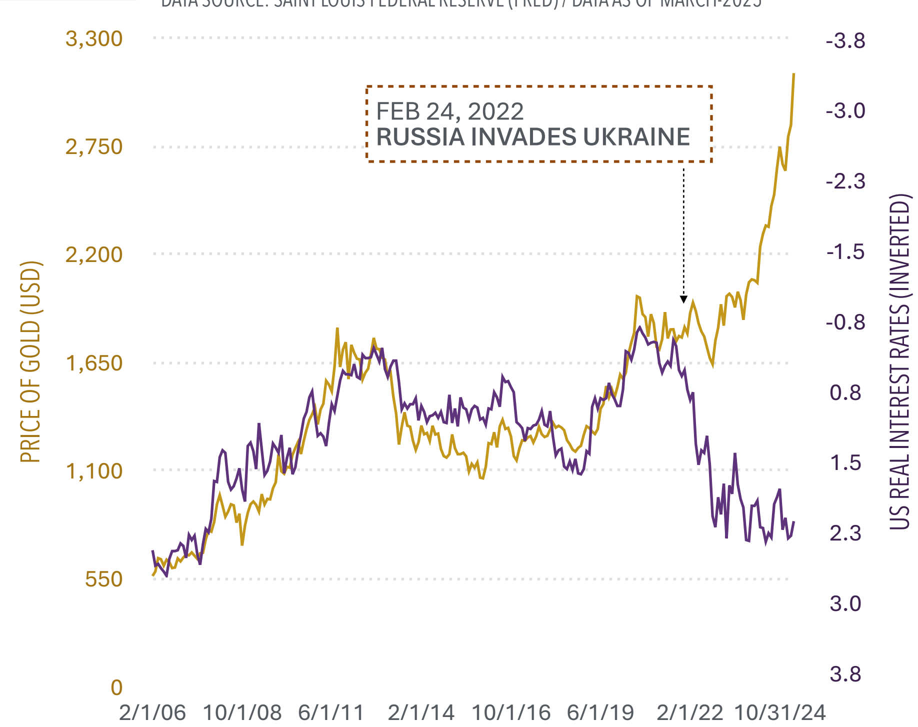
With all of the focus on reducing the enormous trade deficit the US has with the Rest of the World (ROW), the fact that the ROW has reliably re-invested a major portion of its trade surplus into US financial assets over the years should not be ignored. These cumulative net flows have supported the US dollar's purchasing power as well as the relative value of the US markets - perhaps a major consideration point should these net flows turnout to become persistently negative in nature.

CHART 2

BREAKDOWN: GOLD vs.10-YR REAL INTEREST RATES (INVERTED)

THE LONG-RUNNING INVERSE RELATIONSHIP HAS BROKEN DOWN SINCE '22

DATA SOURCE: SAINT LOUIS FEDERAL RESERVE (FRED) / DATA AS OF MARCH-2025



For the better part of the past two decades, the price of Gold (in USD) has maintained a tight inverse relationship with real interest rates - the notion being as interest rates rise above the "official" inflation rate, investors would rather hold Treasuries than non-interest paying Gold Bullion. That relationship completely reversed about the time Russia invaded Ukraine and hasn't looked back since.

SECTION TWO

WHEN THE NOMINAL PRICE PATTERNS DIVERGE FROM THE RELATIVE VIEW

HIGHLIGHTING THE IMPORTANCE OF IDENTIFYING A MATERIAL CHANGE IN THE ENVIRONMENT AHEAD OF THE CROWD

WEIGHING DIFFERENT VIEWS OF REALITY: WHILE THE ILLUSTRATION OF NOMINAL PRICE PATTERNS CAN EFFECTIVELY EVALUATE THE ABSOLUTE PERFORMANCE OF A SECURITY OR ASSET CLASS WITH ASSOCIATED TRENDS, WE PREFER TO COUPLE THIS ANALYSIS WITH THAT OF RELATIVE PRICE PATTERNS. BY SUBSTITUTING THE DENOMINATOR FROM $1 TO A COMPETING ASSET CLASS, IT CAN BE EASIER TO IDENTIFY THE MARKET'S "PREFERENCE" WITHIN A COMPETITIVE LANDSCAPE IN REAL-TIME.

It has been estimated that nearly 80% of technical analysis methods are primarily employed via nominal patterns[1]. While we deem this method as an important tool, we would contend that relative patterns (two competing asset classes) may offer not only a potentially earlier indication of a changing environment, but may also help identify the types of asset classes and securities that may gain leadership status for the next cycle. As an example, we've illustrated the recent performance of the S&P 500 (since 2021) in two distinct ways:

Chart 3 shows the S&P 500's (SPX) price return in relation to its 88-week moving average - showing that the SPX topped on February 19, 2025 and despite the recent spell of volatility, the SPX has been able to climb back above its trailing 88-week moving average which continues to rise. This places the SPX (from a nominal standpoint) back within a structural up-trend (aka Quad-A).

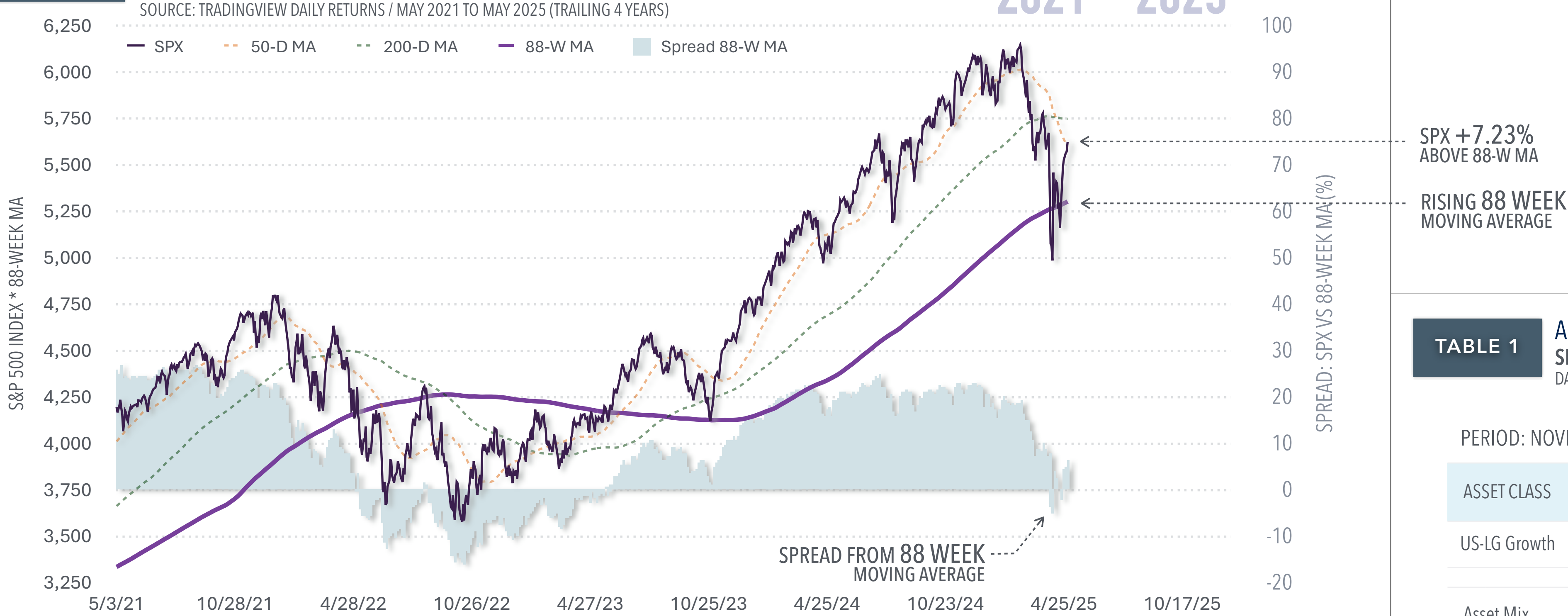
Chart 4 shows the recent performance of the SPX in quite a different light. It's a ratio of the SPX vs. a basket of competing asset classes (defined at the bottom of the page / right) that happen to be much less owned in general. In this chart, the Ratio of the SPX vs. Asset Mix actually topped nearly two months prior to the nominal trend in Chart 3. Also, even though the decline from top to bottom was nearly identical between the two patterns, the relative pattern has recovered a lot less than its nominal cousin since the early April market low - leaving the ratio squarely within a structural downtrend or Quad D.

For well over a decade, International Equities, US Large-Cap value-based equities, small and micro-cap equities and even elements of the precious metals complex have taken a backseat to the performance of US Large-Cap Growth instruments. Should this apparent turn in relational patterns be interpreted as a sign that something has changed along this multi-decade long front? We would generally say that such a possibility for a sustained outcome along these lines has grown quite measurably in recent months.

CHART 3 NOMINAL MARKET TREND ANALYSIS (88-WEEK QUADRANTS)

S&P 500 INDEX & ITS SPREAD FROM IRTS 88-WEEK MOVING AVERAGE

SOURCE: TRADINGVIEW DAILY RETURNS / MAY 2021 TO MAY 2025 (TRAILING 4 YEARS)



NOMINAL TREND VIEW

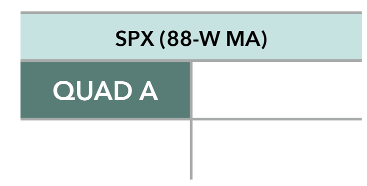


TABLE 1 ANNUALIZED RETURNS AND NET FLOWS

SINCE THE NOV-2021 PEAK IN THE NASDAQ

DATA SOURCE: ETF.COM / AS OF 05.02.2025

PERIOD: NOVEMBER 1, 2021 TO MAY 2, 2025

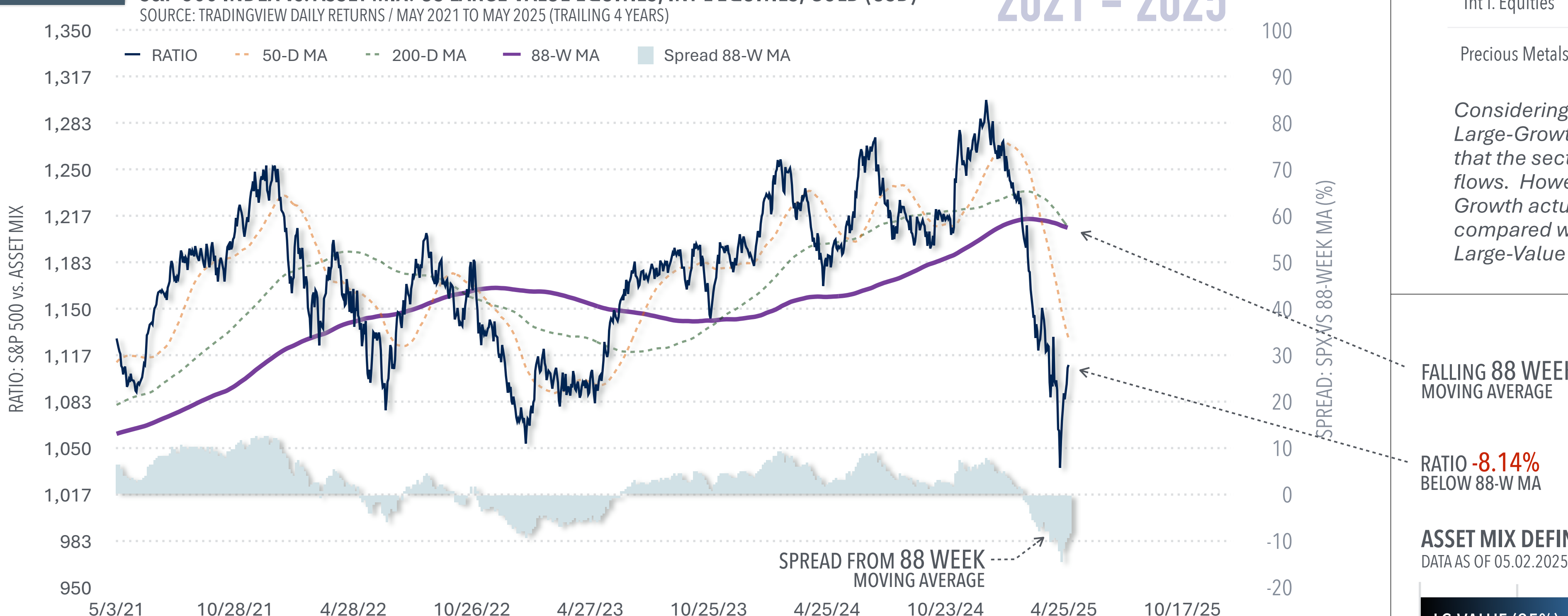
ASSET CLASS	ANNUALIZED RETURN	NET FLOWS ($B)
US-LG Growth	5.25	148.94
Asset Mix	12.42	53.44
US-LG Value	7.40	16.01
Int'l. Equities	4.60	43.63
Precious Metals	27.40	(6.20)

Considering the extended dominant run for US Large-Growth stocks since 2009, it's no surprise that the sector continues to enjoy outsized net flows. However, the relative strength of Large-Growth actually peaked in late 2021 when compared with a basket of International Stocks, Large-Value and Gold.

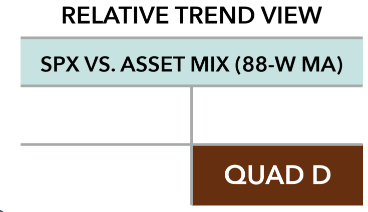
CHART 4 **RELATIVE** MARKET TREND ANALYSIS (2021-2025)

S&P 500 INDEX vs. ASSET MIX: US LARGE-VALUE EQUITIES, INT'L EQUITIES, GOLD (USD)

SOURCE: TRADINGVIEW DAILY RETURNS / MAY 2021 TO MAY 2025 (TRAILING 4 YEARS)



RELATIVE TREND VIEW



ASSET MIX DEFINED:

DATA AS OF 05.02.2025

1. Technical Analysis of Financial Markets, John Murphy (1999)

SECTION TWO

A BREAKDOWN: ASSIGNING PROBABILITIES WITH QUANTITATIVE INPUTS

BLENDING THE ANALYSIS OF MARKET TRENDS WITH INVESTOR SENTIMENT MEASURES

IS THIS A TIME TO TAKE A SIDE? ARMED WITH THE KNOWLEDGE THAT SELECT SEQUENCES OF (UPSIDE AND DOWNSIDE) MARKET VOLATILITY CAN QUITE PREDICTABLY DISSOCIATE THE ACTUAL ALLOCATION OF AN INVESTMENT PORTFOLIO FROM ITS UNDERLYING LONG-TERM GOALS AND OBJECTIVES (E.G., PANIC BUYING, PANIC SELLING), THERE MAY BE TIMES WHEN "MITIGATION" EFFORTS CAN PROVE QUITE BENEFICIAL - ESPECIALLY WHEN TIME-TESTED INPUTS ARE THE BASIS FOR PROACTIVE DECISION-MAKING.

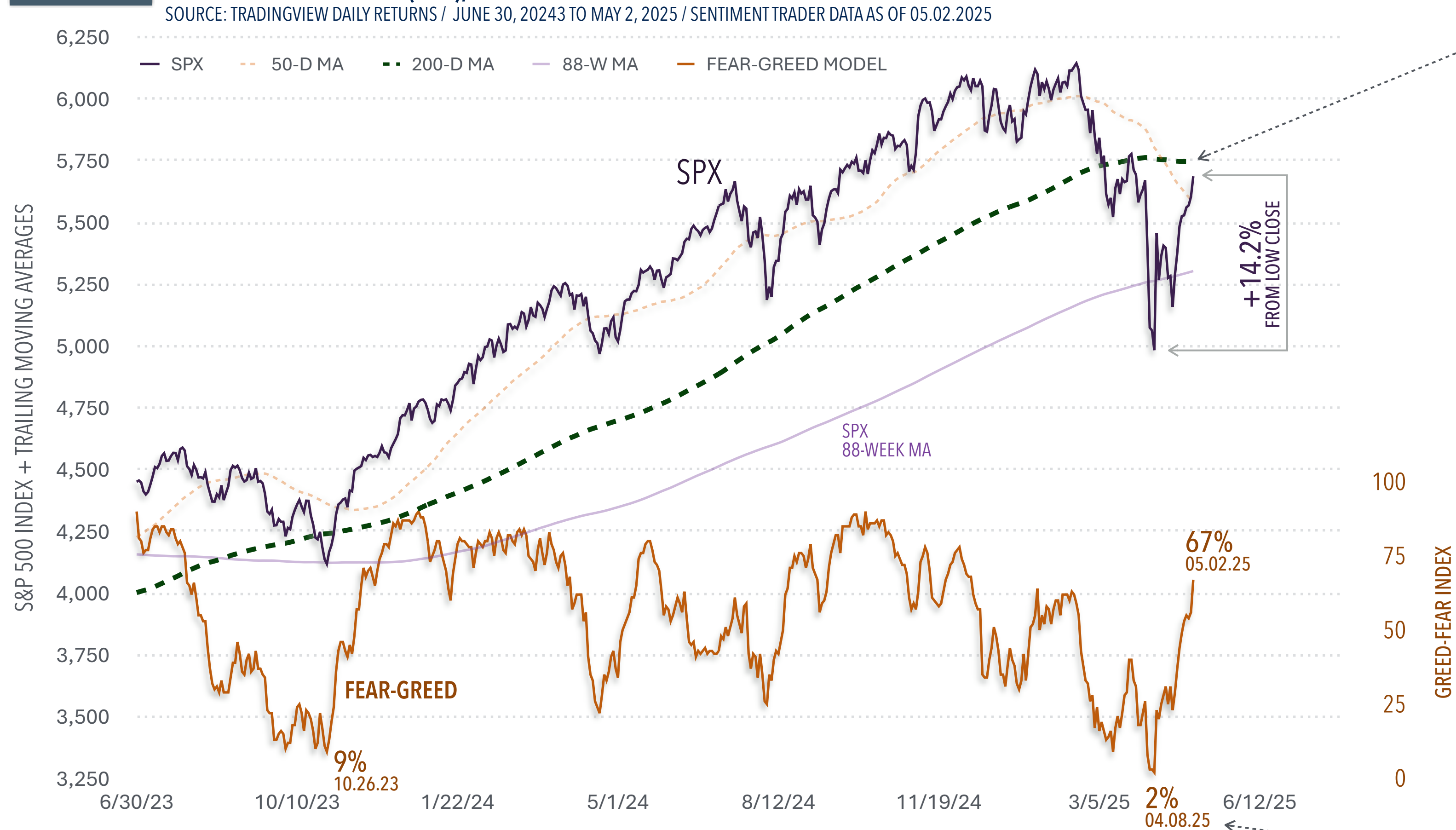
When monitoring price trend patterns in major market indices, our confidence (to ascertain the environment in real-time) may improve when investor sentiment measures extend toward historical extremes. Take for example, the impulsive move to the downside by the S&P 500 Index (SPX) from mid-February to early April - a decline of nearly 20%. As the price pattern for the SPX broke lower and violated a number of moving average levels, we witnessed a near historic plunge in various investor sentiment measures - in the case below the Fear-Greed Index[2]. It's interesting to note that the 2% bullish reading on April 8th occurred after the market had already endured most of its losses - cementing our long-held thesis that such vacillations in sentiment are primarily responsive in nature - largely accentuated by not only the news of the day, but also the nature in which it is delivered. The nature of the steep ascent in the SPX alongside an equally steep rise in bullish sentiment since April 8th has few historical analogs (see TABLE 2 below). Hence, the time may be ripe for fiduciaries to ponder which scenario may be less palatable for the period immediately forward: **going up less or going down more?**

CHART 5

MARKET DIGEST:

TRACKING THE S&P 500 (SPX), IT'S TRAILING MOVING AVERAGES & THE FEAR-GREED SENTIMENT INDEX

SOURCE: TRADINGVIEW DAILY RETURNS / JUNE 30, 20243 TO MAY 2, 2025 / SENTIMENT TRADER DATA AS OF 05.02.2025



SPX –1.0%
BELOW ITS FALLING 200-DAY MOVING AVERAGE

A MATERIAL BREAK ABOVE THIS LEVEL COULD PRODUCE A MORE BULLISH TEMPERAMENT FOR AT LEAST THE INTERMEDIATE TERM

SHAKEOUT OR BULL-TRAP?

Despite the over 14% (admittedly impressive) rebound from the early April lows, the SPX continues to trade just below its falling 200-day moving average.

A historical analysis of market trends would suggest that the ability or inability of the "market" to eclipse this widely-followed moving average **in a material manner** would likely have meaningful repercussions.

–

TIME TO PICK A SIDE

FOR THOSE WILLING TO ADOPT A PORTFOLIO PHILOSOPHY THAT EMBEDS "VARIABILITY" INTO THE STRUCTURE…

It is arguably at these types of junctures within a market cycle where proactive maneuvers have the potential to make quite profound impacts to the long-term performance of an investment portfolio.

FEAR-GREED BOTTOMS AT A 2% READING ON 04.08.25

The 19% decline in the SPX from its February 19th high point seems to have culminated on the exact day the Fear-Greed Index hit its lowest point in nearly 3 years.

For those who held hedges into the market decline, this could have been a good time to generally close them out.

TABLE 2

SEARCHING FOR HISTORICAL ANALOGS WITH THE PRESENT DAY SITUATION

BACK-TEST SIGNAL: FEAR-GREED SENTIMENT BREAKS ABOVE 60% WHILE THE SPX IS BELOW ITS FALLING 200-DAY MA

SOURCE: SENTIMENT TRADER BACKTEST ENGINE / SENTIMENT DATA SPANS JAN-1998 TO MAY 2025 PERIOD

13 SIGNALS MEASURED	NEXT 3-MONTHS	NEXT 6-MONTHS	MAX GAIN 9-MONTHS	MAX LOSS 9-MONTHS	DELTA (G-L) 9-MONTHS
01/11/01	(14.26)	(9.65)	3.54	(27.21)	(23.67)
04/19/01	(3.668)	(14.760)	4.72	(22.96)	(18.25)
10/25/01	2.92	(0.63)	6.59	(27.40)	(20.82)
02/11/02	(5.12)	(18.29)	5.25	(30.14)	(24.90)
08/22/02	(5.04)	(11.90)	0.00	(19.31)	(19.31)
04/07/08	(7.99)	(27.42)	3.94	(45.18)	(41.24)
12/19/08	(10.53)	3.43	20.37	(23.80)	(3.43)
10/18/11	6.75	13.04	15.80	(5.44)	10.36
10/09/15	(4.61)	1.62	5.71	(9.22)	(3.51)
03/01/16	6.12	9.73	11.88	0.00	11.88
01/17/19	10.29	13.96	14.79	(0.12)	14.68
07/20/22	(6.69)	(1.54)	8.72	(9.67)	(0.95)
10/28/22	(0.06)	6.50	17.08	(4.64)	12.44
NEW SIGNAL 05/01/25					
SIGNAL AVG	(2.45)	(2.76)	9.11	(17.32)	(8.21)
97 YR AVG*	1.89	3.68	13.65	(9.25)	4.40
DETLA	(4.35)	(6.44)	(4.54)	(8.06)	(12.60)

SINCE THE EARLY APRIL LOW…

The steep ascent for the Fear-Greed Index into the mid-60s level has been rather rare with the SPX trading below its falling 200-day Moving Average - having occurred only 13 other times (since 1998).

According to this sentiment measure, the investing public is now more bullish (67%) than it was last February (when the SPX was trading at all-time highs).

If we were to compare those other signal dates, one can see a distinct pattern emerge (see TABLE 2 / left).

The prospective periods for 3, 6 and 9-months are decidedly fraught with higher levels of downside risk than during the typical delineated time periods over the past century of returns.

ABOUT THE 13 OTHER SIGNALS:

UPSIDE DOWN RISK-REWARD CHARACTERISTICS

In fact, between the two subsets, the delta between the max 9-month gain and max 9-month loss for the SPX is great enough to be a material consideration point from our perspective.

2. Sentiment Trader Fear-Greed Model / Definition on Page 6.

SECTION THREE

IN SEARCH OF POTENTIALLY UNDER-APPRECIATED LONG-TERM OPPORTUNITIES

THE ENERGY SECTOR'S WEIGHTING OF TOTAL MARKET CAPITALIZATION IS NOW LESS THAN 3.7% (PEAK WAS 29.7% IN 1980)

THE SAME OLD PLAYBOOK? WIDESPREAD CALLS FOR AN UPCOMING RECESSION HAVE LED TO A SEEMING LIQUIDATION PHASE FOR THE ENERGY SECTOR. AS CRUDE OIL PRICES FALL BELOW TH $60 LEVEL, THEY ARE APPROACHING PUBLISHED BREAK-EVEN PRICE LEVELS FOR MUCH OF THE DOMESTIC SHALE WELLS - THE PRIMARY GROWTH ENGINE FOR GLOBAL OIL PRODUCTION FOR THE PAST DECADE.

Given the close correlation between the abundant supply of energy and the quality of life for humanity, we would gather that global energy demand will most likely continue to ramp higher as large segments of the world graduate toward a per capital energy consumption rate that those of us in the states have grown to expect and rely upon.

In addition, with the understanding that the primary growth engines within the renewable space (solar and wind) are episodic at best[3], the required increase in base-load capacity from more traditional sources (including nuclear) will likely be higher than what may be delivered in the coming years - at least at today's prices. However, any move to increase exposure to the energy complex (within this decadal macro theme) can arguably be timed with a tangible improvement in its relative price trend (see chart 9).

CHART 6 WEST TEXAS CRUDE OIL PRICES AND THE NUMBER OF ACTIVE OIL RIGS IN THE US

OIL PRICES HAVE SEEMINGLY BEEN WEIGHED BY RECESSION FEARS

SOURCE:$WTIC / STOCKCHARTS.COM / BAKER HUGHES RIG COUNT DATA / 05.02.2025

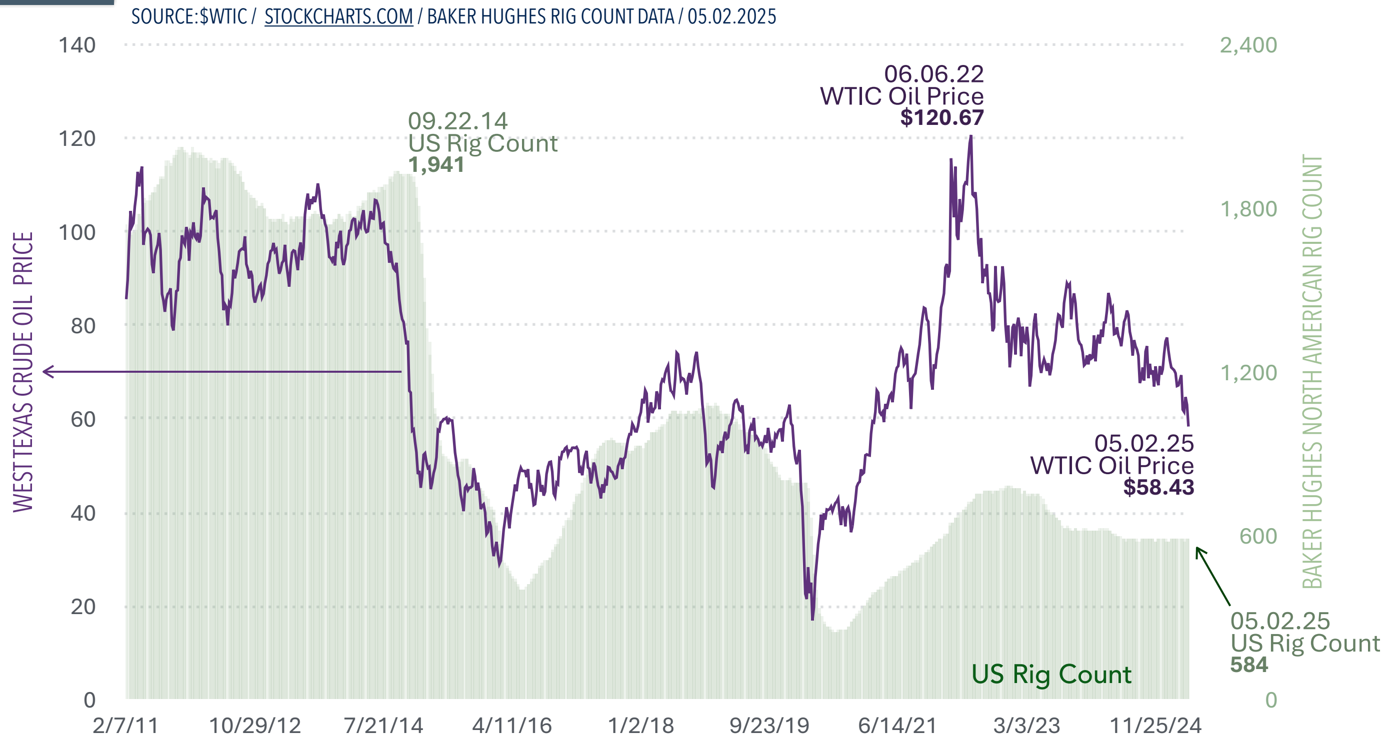
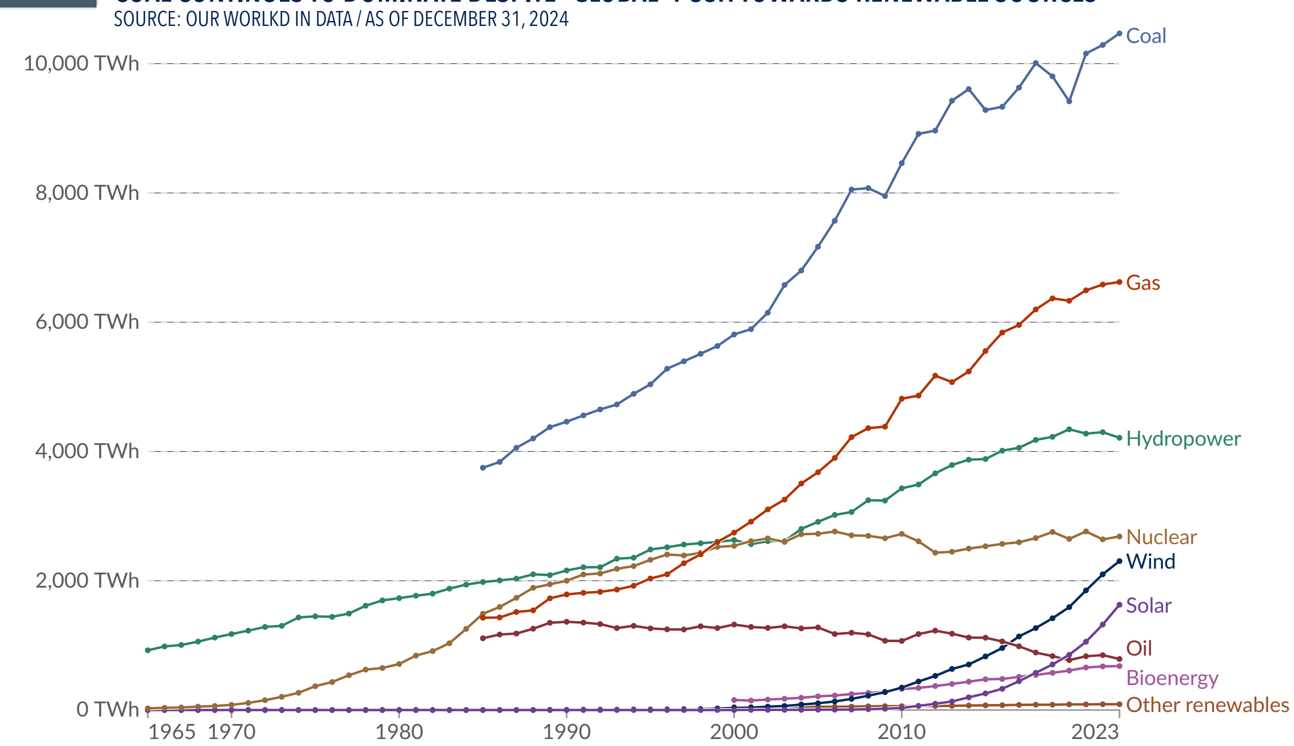


CHART 7 COMPARING GLOBAL SOURCES FOR ELECTRICITY DEMAND (1965-2024)

COAL CONTINUES TO DOMINATE DESPITE "GLOBAL" PUSH TOWARDS RENEWABLE SOURCES

SOURCE: OUR WORLKD IN DATA / AS OF DECEMBER 31, 2024



Data source: Ember (2024); Energy Institute - Statistical Review of World Energy (2024) OurWorldinData.org/energy | CC BY

Note: Other renewables include waste, geothermal and wave and tidal energy.

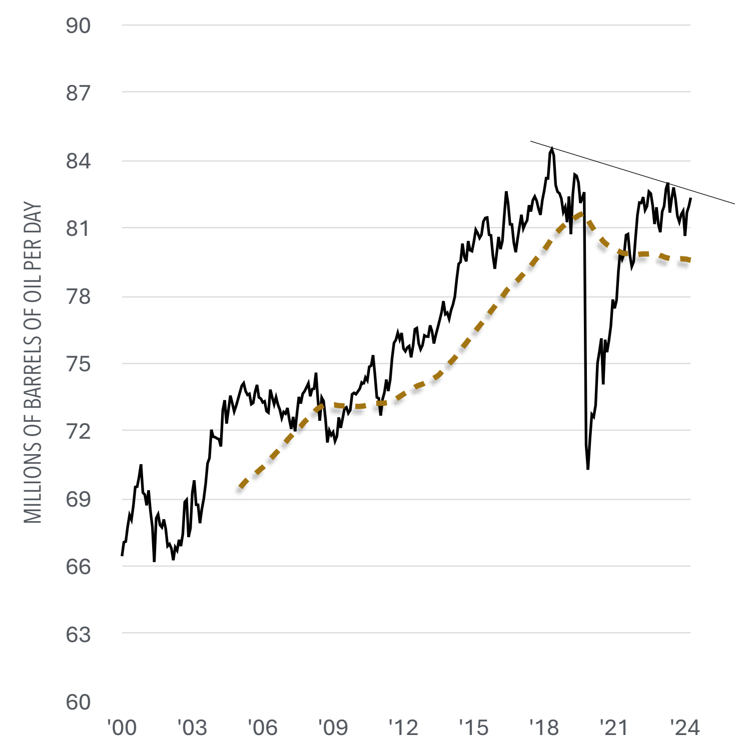
1. **Watt-hour**: A watt-hour is the energy delivered by one watt of power for one hour. Since one watt is equivalent to one joule per second, a watt-hour is equivalent to 3600 joules of energy. Metric prefixes are used for multiples of the unit, usually: - kilowatt-hours (kWh), or a thousand watt-hours. - Megawatt-hours (MWh), or a million watt-hours. - Gigawatt-hours (GWh), or a billion watt-hours. - Terawatt-hours (TWh), or a trillion watt-hours.

> "EVEN DEMAND IN ADVANCED ECONOMIES IS RISING AGAIN AFTER YEARS OF DECLINES, WITH RAPID GROWTH OF ELECTRICITY WORLDWIDE DRIVING UP CONSUMPTION OF RENEWABLES, GAS, COAL AND NUCLEAR."
>
> - INTERNATIONAL ENERGY AGENCY (IEA) 2025 GLOBAL ENERGY REVIEW

CHART 8 GLOBAL OIL PRODUCTION (2000-2024)

GLOBAL PRODUCTION PEAKED IN 2018

DATA SOURCE: OUR.WORLD.IN.DATA AS OF 12.31.2024



LOWER PRICES - A CURE FOR LOW PRICES...

Nearly 82%[4] of all energy consumption is sourced from the production of fossil fuels. Barring a technological miracle, can the world meet future energy demand without higher global oil production?

CHART 9 RATIO: SPDR ENERGY INDEX vs. SPX-ew

ENERGY STOCKS ARE FALLING IN RELATIVE TERMS

DATA SOURCE: STOCKCHARTS.COM / 05.02.2025

CONSOLIDATION AMIDST A COMPRESSING CHANNEL...

Since the explosive move higher for energy stocks (relative to the equal-weight SPX) which appears to have made a major top at the end of 2023, this ratio has been consolidating for over 15-months and apparently into a compressing channel. One could remain patient for this relative trend to change before taking a more opportunistic approach for this sector in particular.

3. The Intermittency Of Wind And Solar Power Could Be Worse Than Originally Thought / National Wind Watch / 05-02-2024
4. Energy Institute, World Energy Review, 81.5% of Global Primary Energy Consumption is derived from Fossil Fuels (2023 Data)

RE-PRINTED PAGE FROM OUR DECEMBER-2024 NEWSLETTER

RULES-BASED SYSTEMS CAN YIELD UNPREDICTABLE RESULTS WHEN THE RULES MARKEDLY CHANGE

When it comes to finance, everything is a ratio. Prices and values are quoted with a numerator and a denominator. Although most effort is arguably spent analyzing the numerator in an equation, we would contend that the denominator deserves more scrutiny today especially. What if the sharp increase in valuations (for most financial assets) is more about the denominator falling in value than the numerator rising? That's a contention we made well over a decade ago - with the idea that equity-centric and real assets could serve as a "release valve" resulting from overt fiscal and monetary accommodation (from nearly all central banks).

THE MATH IS GETTING TOUGH TO IGNORE...

JUST 4 BUDGET ITEMS ALREADY SURPASS ALL FEDERAL REVENUES: TOP FOUR US FEDERAL BUDGET ITEMS (DEC-2024) / US DEBT CLOCK / ST. LOUIS FEDERAL RESERVE

SOCIAL SECURITY		MEDICARE / MEDICAID		DEFENSE		INTEREST		TOP 4 SPENDING:		TAX REVENUES		SURPLUS / (DEFICIT)
1,509,760	+	1,846,499	+	956,823	+	1,116,960	=	5,430,042	−	5,100,673	=	(329,369)

This "alternative" perspective would contestably explain historical extremes for valuations in broad equity indices, prices for luxury residential real estate, tuition levels for secondary schooling, labor expenses for repairs + maintenance, healthcare costs, grocery prices, etc. Given structural imbalances embedded into the state of fiscal and monetary affairs, we have searched the history books for instances where a policy of sustained austerity was pursued in effort to repair the construct of the financial system - **we found no examples**[2].

Pandemic-related spending probably accelerated the endpoint with regard to when a "decision" will need to be made. When such a path is chosen, we would submit that the results may be quite disparate (see below). The level of associated noise may seem deafening at times as this process works its way out in the coming period of time - which leaves our quantitively-derived work to remain focussed on the signal through the noise.

FISCAL AUSTERITY
RIPPING THE BANDAID OFF

LONG-TERM

HIGHER PRODUCTIVITY
IMPROVED BALANCE SHEET
HIGHER ECONOMIC GROWTH

REFLATIONARY OUTCOME?

SHORT-TO-INTERMEDIATE TERM

HIGHER UNEMPLOYMENT
CUT IN ENTITLEMENTS
LOWER TAX REVENUES

DEFLATIONARY IMPULSES

ALL-SIDED ACCOMMODATION
KICKING THE CAN...AGAIN

LONG-TERM

HIGHER PRICES W/ HIGHER VOLATILITY
MUCH HIGHER INFLATION
GENERALLY HIGHER LEVELS OF MISERY

CURRENCY DEVALUATION?

SHORT-TO-INTERMEDIATE TERM

FORESTALL OFFICIAL RECESSION
SURGE IN GOVERNMENT SPENDING
EXPLODING FED BALANCE SHEET

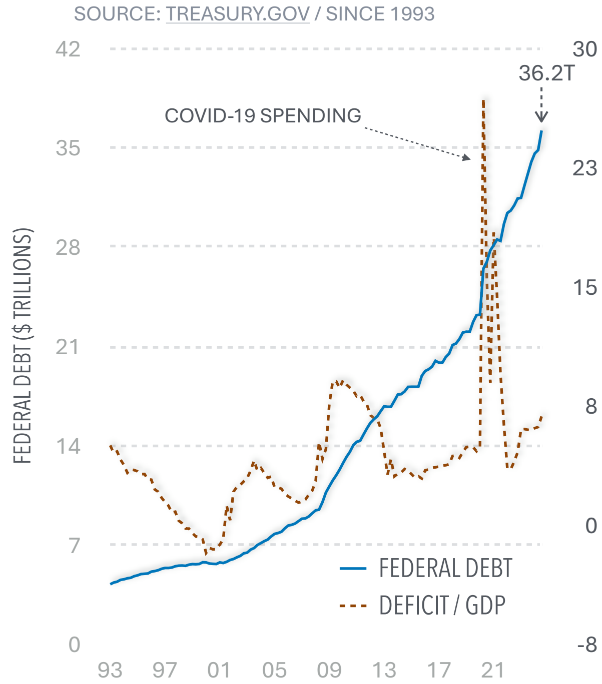
INFLATIONARY IMPULSES

POTENTIAL LEFT TAIL OUTCOME

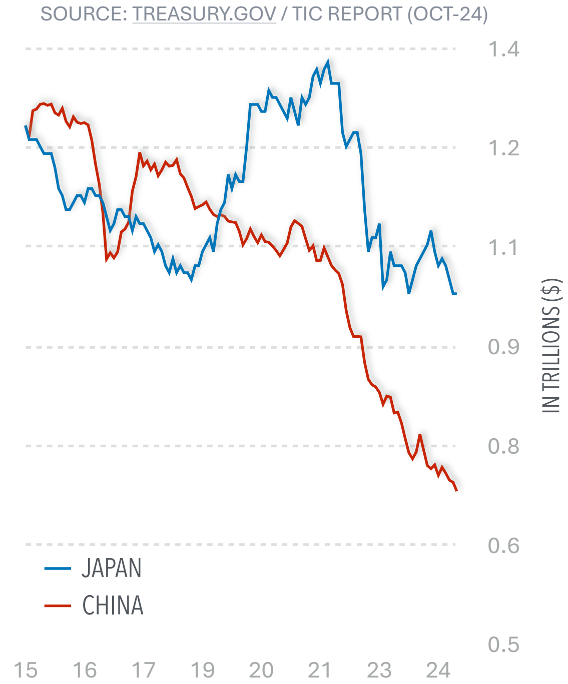
—

RECESSION AND STRONG MARKET PULLBACK
BECOMES MORE LIKELY IN THIS SCENARIO

GROWTH: FEDERAL DEFICITS & TOTAL DEBT
SOURCE: TREASURY.GOV / SINCE 1993



JAPAN & CHINA'S TREASURY HOLDINGS
SOURCE: TREASURY.GOV / TIC REPORT (OCT-24)



POTENTIAL RIGHT TAIL OUTCOME

—

HIGHER VALUATIONS AMDIST MUCH HIGHER VOLATILITY
BECOMES MORE LIKELY IN THIS SCENARIO

An Arguably Tough Decision Lies Ahead for Policy Makers

(Unsustainably-Increasing Debts - While the Largest Foreign Holders are Now Net Sellers)

2. Policies enacted during the Great Depression by Hoover & Roosevelt led to a long-running deflationary depression - but most of the long-running effects can be attributed to a series of missteps from overt micro management of the economy. / A MONETARY HISTORY OF THE UNITED STATES, © 1963 / book by Milton Friedman and Anna Schwartz

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DISCLAIMERS, DEFINITIONS AND NOTES

In a fee-based account, clients pay a quarterly fee, based on the level of assets in the account, for the services of a financial advisor as part of an advisory relationship. In deciding to pay a fee rather than commissions, clients should understand that the fee may be higher than a commission alternative during periods of lower trading. Advisory fees are in addition to the internal expenses charged by mutual funds and other investment company securities. To the extent that clients intend to hold these securities, the internal expenses should be included when evaluating the costs of a fee based account. Clients should periodically re-evaluate whether the use of an asset-based fee continues to be appropriate in servicing their needs.

The investments and strategies presented may not appropriate for every investor. Individual clients should review with their advisors the terms and conditions and risks involved with specific products or services.

Opinions and statements of financial market trends that are based on current market conditions constitute our judgment and are subject to change without notice. We believe the information provided here is reliable but should not be assumed to be accurate or complete. The views and strategies described may not be suitable for all investors

Past performance is not a guarantee of future results. There is no assurance that any investment strategy will be successful. Investing involves risk and investors may incur a profit or a loss.

Technical Analysis is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity.

Relative Strength is a measure of price trend that indicates how a stock is performing relative to other stocks in its industry.

An Exchange-Trade Fund (ETF) is a security that trades an index, a commodity or a basket of assets like an index fund, but trades like a stock on an exchange. ETFs experience price changes throughout the day as they are bought and sold. Inverse ETFs seek to provide a return that is inverse or opposite of the performance of its benchmark often to provide a hedge against securities held in a portfolio. To accomplish this goal inverse ETFs may use margin and sell securities short in addition to investing in various derivative instruments. These funds are not suitable for all investors and are intended for short holding periods. There is no assurance that the funds will achieve their objectives and an investment in a fund could lose money.

Asset allocation and diversification does not guarantee investment returns and does not eliminate the risk of loss.

Remember, when investing in mutual funds or exchange-traded and index funds, please consider the investment objectives, risks, charges, and expenses associated with the funds before investing. You may obtain a fund's prospectus by contacting your Financial Advisor. The prospectus contains this and other information, which should be carefully read before investing.

Rebalancing a non-retirement account could be a taxable event that may increase your tax liability.

The price of equity securities may rise or fall because of changes in the broad market or changes in a company's financial condition, sometimes rapidly or unpredictably. Equity securities are subject to "stock market risk" meaning that stock prices in general may decline over short or extended periods of time. Standard deviation is applied to the annual rate of return of an investment to measure the investment's volatility.

Investing in fixed income products are subject to certain risks, including; interest rates, credit, inflation, call, prepayment and reinvestment risk.

Investing primarily in securities of small and mid-sized companies have historically had greater share price volatility than funds that invest in large companies. In addition, investments in these types of securities may be less liquid, which may negatively affect a fund's returns.

International investing involves a greater degree of risk and increased volatility. Changes in currency exchange rates and differences in accounting and taxation policies outside the U.S. can raise or lower returns. Also, some overseas markets may not be as politically and economically stable as the United States and other nations. Investments in emerging markets can be more volatile. Investments in commodities may have greater volatility than investments in traditional securities, particularly if the instruments involve leverage.

Dividends are not guaranteed and will fluctuate.

Sentiment Trader Fear-Greed Model:
The model measures inputs such as price trend, volatility, options trading, and bond trading to determine prevailing investor sentiment. It should be interpreted in a similar way as other sentiment indicators and models, with rising optimism being good for stocks until it reaches extreme optimism, in which case it becomes a contrary indicator the more optimistic it gets. The inverse is also true, with declining optimism being a negative for stocks until it reaches an extreme, in which case it begins being a contrary positive indicator.