Asbury Research

A Look Into 2022 With Asbury Research

Prepared for Fidelity Investments

January 12th, 2022

About Asbury Research

Who We Are

John Kosar, CMT, Chief Market Strategist

John has 40 years of experience and insight in analyzing and forecasting global financial markets. John spent the first half of his career on the trading floor of the Chicago futures exchanges, where he had the opportunity to learn how the US financial markets work from the inside out. This practical experience, early in his career, became the foundation for his unique analytical approach, is, understanding of intermarket relationships, and global perspective. John incorporates a comprehensive blend of technical and quantitative metrics, plus Asbury Research's own proprietary models, which collectively tend to be more intuitive and forward-looking than the typical Wall Street approach.

John is a contributor to **Forbes** and is frequently quoted in the financial press, in both the US and abroad, including **The Wall Street Journal**, **MarketWatch.com**, **Barron's**, **Yahoo! Finance**, **CNBC.com**, and **Reuters**. He can regularly be seen on U.S. financial television including **CNBC**, **Fox Business**, and **Bloomberg**, and is a frequent speaker at financial seminars and events across the country presented by national organizations including the **Chartered Financial Analyst (CFA) Society**, the **National Association of Active Investment Managers (NAAIM)**, the **CMT (Chartered Market Technician) Association**, and the **American Association of Individual Investors (AAII)**.

John has throughout his career been consistently recognized as a top U.S. financial market analyst and was awarded the **Chartered Market Technician (CMT)** designation in 1999. He served as Vice President of the CMT Association from 2004 to 2006 and was a member of its Board of Directors from 2002-2006. During his career he has been a trader, analyst, and strategist for **Shearson American Express**, **NatWest Markets**, **Greenwich Capital Markets**, and **Deutsche Bank.**

About Asbury Research

What We Do

We utilize decades of investment experience and our own **proprietary models** to provide clients and subscribers with **forward-looking, actionable market intelligence and investment ideas.**

Our approach is purely data driven and focused on finding patterns and signals contained in our own very large and broad database of market information. These signals, hidden behind the daily talking points we hear about in the financial media, typically lead important changes in the direction of financial asset prices.

Our metrics and methodology help our subscribers become more successful investors by identifying:

- **when it's time to be aggressive and fully invested (Risk On),**
- **when it's time to be defensive and protecting capital (Risk Off),**
- **what parts of the US financial landscape are performing best,**
- **which sectors, industry groups, and individual stocks to buy,**
- **where the opportunities in global stock markets exist, and**
- **where the best opportunities exist in a broad array of ETFs.**

About Asbury Research

How We Do It

The Metrics We Use To Forecast Financial Asset Prices

- Price, trend, and chart patterns
- Our **Correction Protection Model (CPM**)
- **Global intermarket relationships**
- Our **Asbury Momentum** & **Asbury Value** stock/ETF selection models
- Our **Asbury 6** key market internals
- **Market volatility**
- **Investor sentiment**
- Seasonality
- Relative performance
- Investor asset flows
- **Sector rotation**
- **Size** (Small, Mid, or Large Cap) & **Style** (Growth or Value)
- **Industry group selection**

A Review Of Our July 29th 2021 Webinar for Fidelity Investments

• **U.S. Stock Market: Our Tactical bias in the benchmark S&P 500 (SPX) is bullish** amid a Risk On / Positive status in our Tactical models (**Correction Protection Model**, **Asbury 6)**. Moreover, unmet upside price targets suggest **the potential for an additional 10% to 15% rise in Semiconductors**.

The S&P 500 subsequently rose by another 3% into the September highs and by 7% into the late November highs. Meanwhile, the PHLX Semiconductor Index rose by 22% while outperforming SPX by 11%.

• **Sector & Industry Group Performance:** The latest data in multiple time frames (via our **SEAF Model**) show a continued trend of investor asset inflows into **Technology**.

The Technology Select Sector SPDR Fund (XLK) subsequently rose by 15% while outperforming the S&P 500 by 7%.

• **Style - Growth vs Value:** The S&P 500 **Growth** ETF (SPYG) began a Strategic trend of relative outperformance versus the S&P 500 ETF (SPY) on June 10th.

Growth (SPYG) subsequently rose by an additional 12% while outperforming Value stocks by 9%.

A Look Into 2022 With Asbury Research

1) Executive Summary: January 12th, 2022

• **U.S. Stock Market:** The benchmark **S&P 500 begins the new year at yet another Tactical (monthly) decision point**. Four key US indexes or key stocks (SOX, RUT, DJIA, and COMP, and GOOG) are all currently testing critical underlying support levels amid a tenuous Risk On/Positive status in our Tactical models (**Correction Protection Model**, **Asbury 6**). Together they indicate **this is precisely where the 2021 US stock market advance should resume if it's still intact**. However, the market's lack of leadership continues to warn of its vulnerability as traditional leaders Semis, Technology, Small Cap – plus mega-cap stocks Microsoft (MSFT), Alphabet (GOOG), and Amazon (AMZN) – are all underperforming the S&P 500 on a Strategic (quarterly) basis. In addition, the late January/February period is historically weak (remember the S&P 500's 35% collapse in 2020). Investors/managers may consider reducing market exposure/risk should these critical support levels fail *and* our Tactical models shift to Risk Off/Negative.

• **Size: Large Cap** stocks' Nov 18th trend of Strategic relative outperformance versus the S&P 1500 remains intact but is currently being tested. *Strategic decision point.*

• **Style: Value** stocks are in an emerging Jan 4th trend of Strategic relative outperformance versus the S&P 500, replacing the October 2021 trend of outperformance by Growth.

A Look Into 2022 With Asbury Research

2) Executive Summary: January 12th, 2022

• **Cross Asset:** The most significant relative performance trends are currently **Large Cap** stocks over Small Cap, and **US Stocks** over both Developed and Emerging Markets.

• **Global Relative Performance:** Through last week, 6 of the 24 foreign markets that our **US vs. The World** model tracks are now outperforming the S&P 500 on a Strategic (quarterly) basis, and 18 are outperforming on a Tactical (monthly) basis.

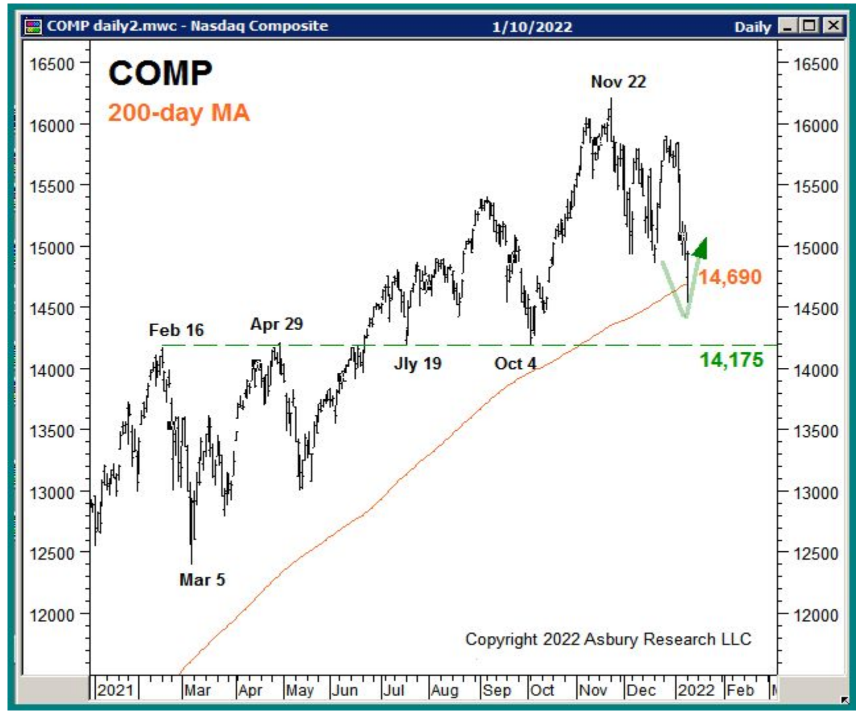
• **Sector & Industry Group Performance:** Our **SEAF Model** indicates new trends of inflows into **Financials** and **Energy**, and a new trend of outflows from Technology.

• **US Interest Rates:** The **yield of the benchmark 10-Year Treasury Note**'s recent rise above 1.70% clear the way for a potentially quick move to **2.05%**.

US Stock Market

Price & Trend (1): Semis, Technology Testing Critical Support Levels

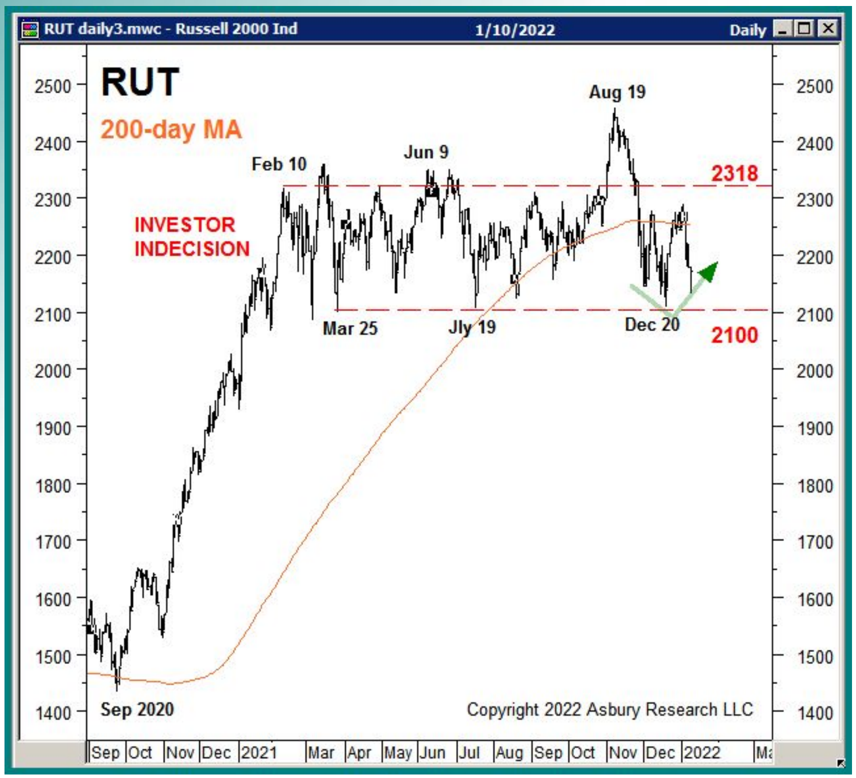
The PHLX Semiconductor Index remains locked in November sideways indecision but just tested the lower boundary of 3677 on Monday. *Key decision point.*

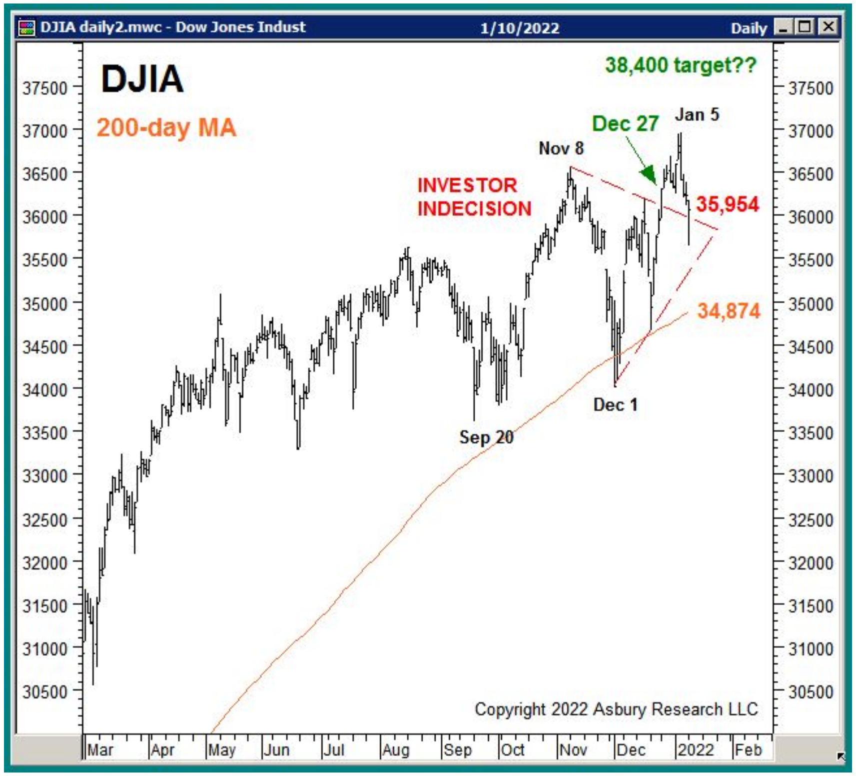


The broad Tech NASDAQ Composite is simultaneously testing major support at its 200-day MA. A decline below it would trigger at least another 4% decline to 14,175.

US Stock Market

Price & Trend (2): RUT Also Testing Support, Dow Breakout Is Suspect



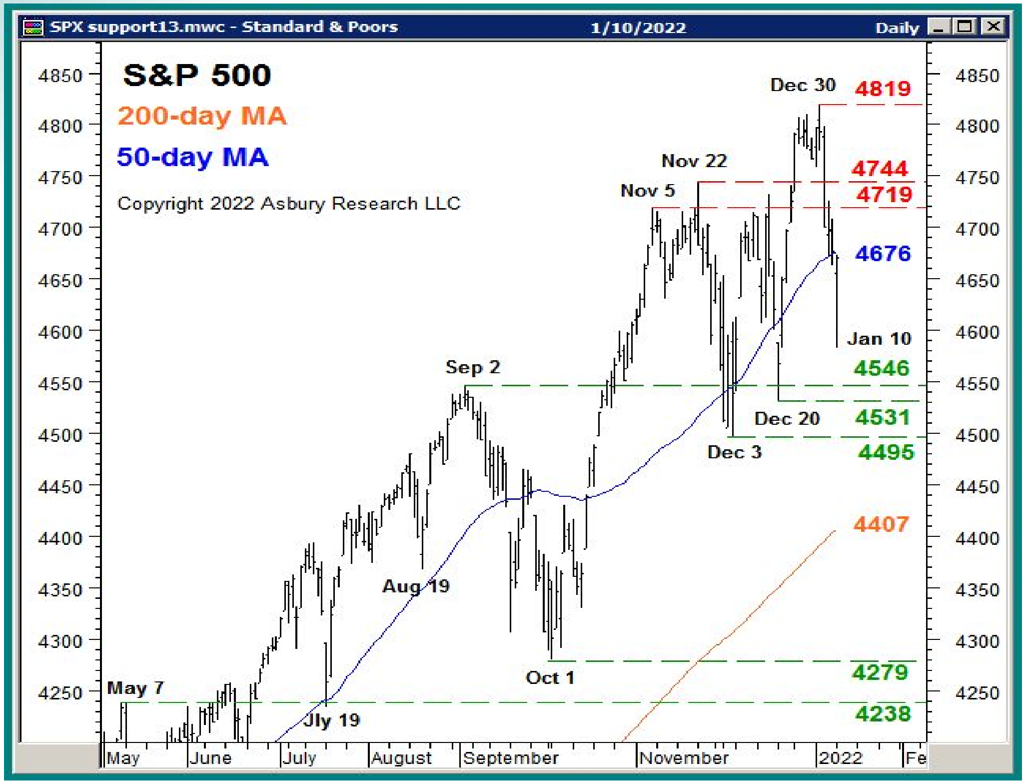


The small cap Russell 2000 has been drifting sideways for a year and is testing the lower boundary of that indecision area at 2100. *Major decision point.*

The blue chip Dow 30's Dec 27th breakout from indecision targets a 6% rise to 38,400 but that breakout Is being tested. *Failure to rally here could become a top.*

US Stock Market

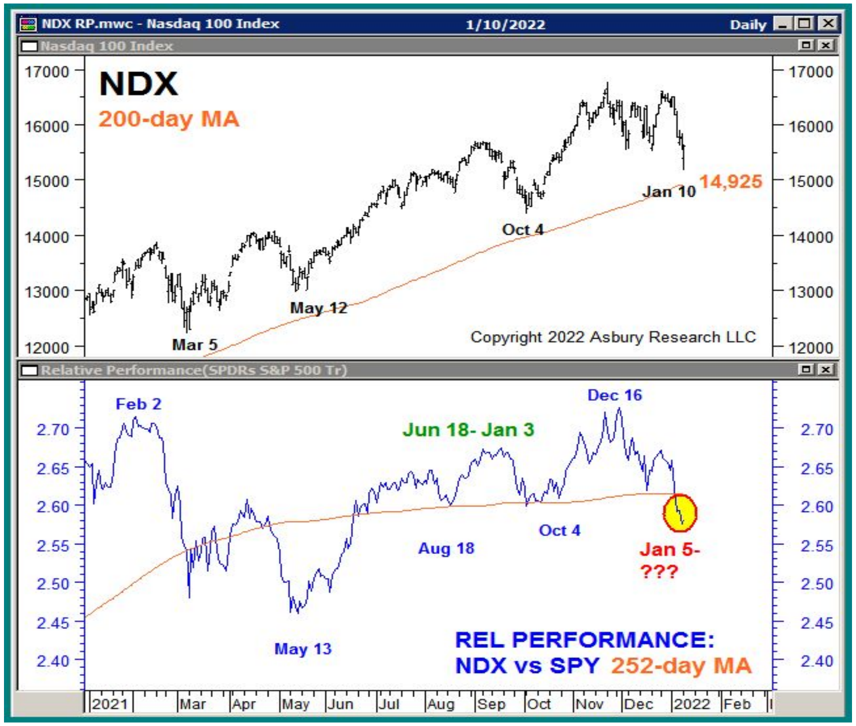
Price & Trend (3): Failed December Breakout Warns Of Emerging Correction



The benchmark SPX's failed late December breakout and 3rd collapse below the 50-day MA in a month indicate weakness. Failure to *quickly* get back above the 50-day MA would likely trigger an additional 3% decline to 4530, and perhaps a 6% decline to test major support near 4400.

US Stock Market

Relative Performance (1): Semis & Large Cap Tech Are Underperforming



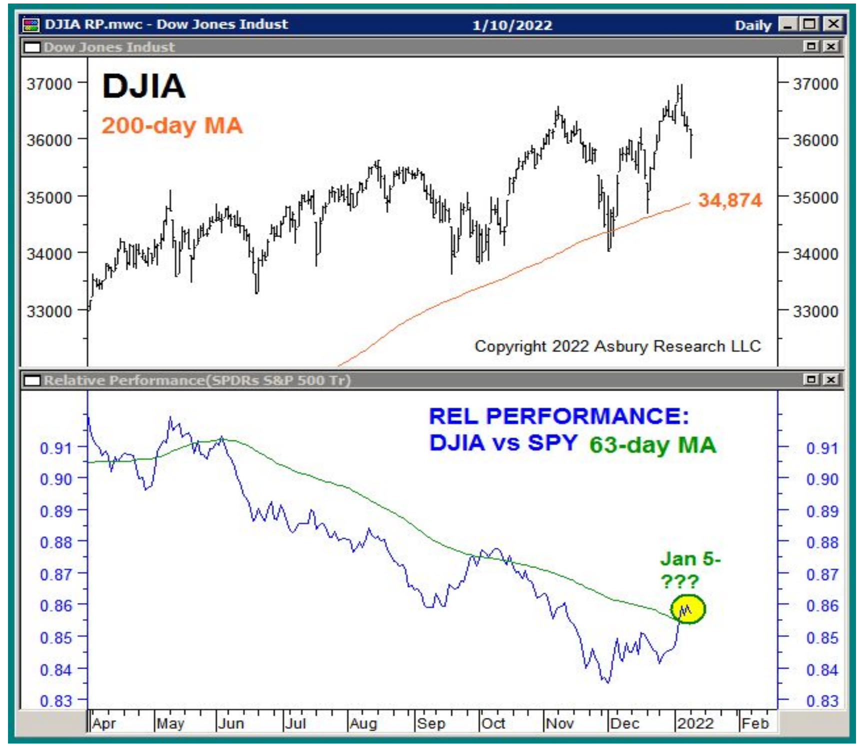
The SPDR S&P Semiconductor ETF is shifting to a trend of *quarterly relative underperformance* versus the S&P 500. Semis typically lead the market up and down.

The large cap Tech NASDAQ 100, another market leader, has shifted to a trend of *annual relative underperformance* versus the S&P 500.

US Stock Market

Relative Performance (2): Small Cap Underperforms, Blue Chips Outperform

The small cap iShares Russell 2000 ETF has been *underperforming* the S&P 500 on a quarterly basis since Nov 17th. Note that the index is also rolling over (upper panel).

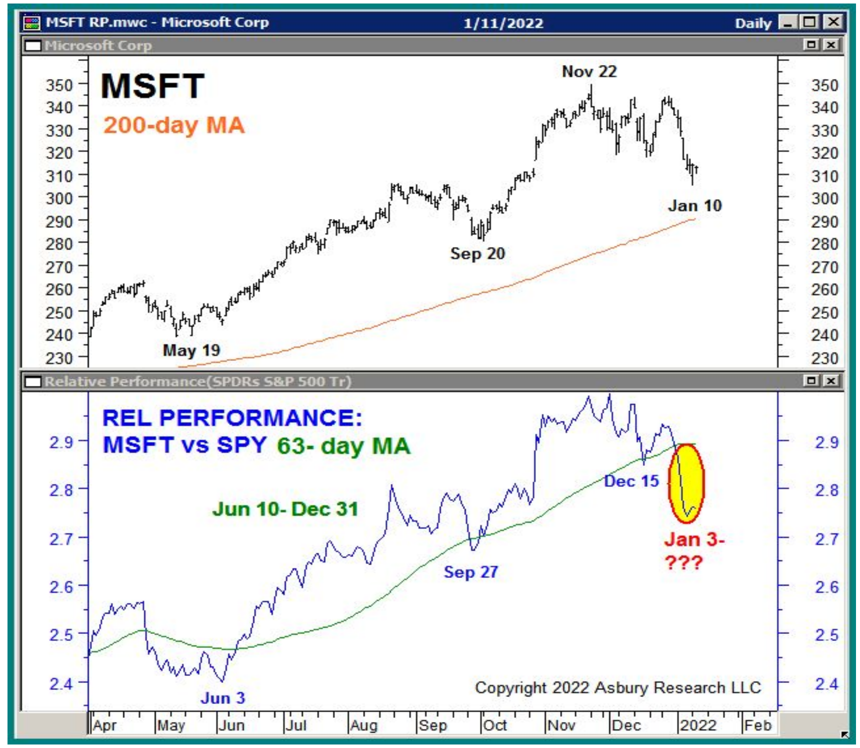


The blue chip Dow 30 is starting to *outperform* the S&P 500 on a quarterly basis, a defensive shift that is typical in a weakening or declining stock market.

US Stock Market

Influential Stocks (1): AAPL At Relative Decision Point, MSFT Underperforms

Apple, #1 in market cap, is testing its Sep 2020 and Jan 2021 peaks in relative outperformance versus the S&P 500. *Important Strategic inflection point.*



Microsoft, #2 in market cap, is in the midst of a new trend of Strategic relative underperformance versus the S&P 500. *Negative Strategic market factor.*

US Stock Market

Influential Stocks (2): GOOG, AMZN Also Strategic Underperformers

Alphabet, #3 in market cap, is testing major support at 2677 but has been *underperforming* the S&P 500 on a Strategic basis since Nov 19th.

Amazon, #4 in market cap, is starting to roll over on an outright basis and has been underperforming the S&P 500 overall since July 2020.

Asbury's Correction Protection Model (CPM)

Wealth Preservation: **When To Be Invested**

CPM is designed to:

- **protect investor assets** during market declines,
- **eliminate large drawdowns**, and
- **reduce volatility** in portfolios by moving assets out of the market during adverse conditions

We have recently tested **three different ways to trade CPM** to more specifically meet the needs of different types of investors with different needs and risk appetites.

• **CPM via SPY:** For older or more risk-focused investors that want to or need to participate in the stock market but are uncomfortable with the amount of risk.

• **CPM via SSO:** For those willing to accept a little more risk for the potential of producing better-than-average returns, while still keeping beta low.

• **CPM via UPRO:** For those willing to accept significant additional risk for the potential of exception returns.

Asbury's Correction Protection Model (CPM)

3 Ways To Utilize CPM Based On Risk Appetite

Non-Leveraged CPM v S&P 500: Performance Measures Since 2011			
Category	CPM Standard	S&P 500	Difference
Total return	184.3%	249.5%	-65.2%
Annualized total return	10.4%	12.5%	-2.2%
Max drawdown	-15.0%	-33.9%	18.9%
Risk (standard deviation)	8.4%	13.3%	-4.9%
Sharpe ratio	1.16	0.92	0.24
Sortino ratio	2.47	1.61	0.86
Alpha	3.65	-2.02	5.67
Beta	0.43	1.00	-0.57
Up capture ratio	0.59	0.94	-0.35
Down capture ratio	0.45	1.05	-0.60

2x Leveraged CPM v S&P 500: Performance Measures Since 2011			
Category	CPM w/ SSO	S&P 500	Difference
Total return	453.7%	269.5%	184.2%
Annualized total return	17.1%	12.8%	4.3%
Max drawdown	-29.5%	-33.9%	4.4%
Risk (standard deviation)	16.9%	13.4%	3.5%
Sharpe ratio	0.99	0.93	0.06
Sortino ratio	2.06	1.63	0.43
Alpha *	4.60	-2.00	6.60
Beta *	0.85	1.00	0.15
Up capture ratio *	1.06	0.94	0.12
Down capture ratio *	0.97	1.05	-0.08

3x Leveraged CPM v S&P 500: Performance Measures Since 2011			
Category	CPM Aggressive	S&P 500	Difference
Total return	1114.3%	249.5%	864.8%
Annualized total return	26.6%	12.5%	14.0%
Max drawdown	-41.6%	-33.9%	-7.7%
Risk (standard deviation)	25.6%	13.3%	12.3%
Sharpe ratio	1.03	0.92	0.11
Sortino ratio	2.21	1.61	0.60
Alpha *	0.08	-0.02	0.10
Beta *	1.29	1.00	0.29
Up capture ratio *	1.61	0.94	0.67
Down capture ratio *	1.45	1.05	0.40

Asbury's Correction Protection Model (CPM)

Wealth Preservation: "Risk On" As Of December 15th

About CPM

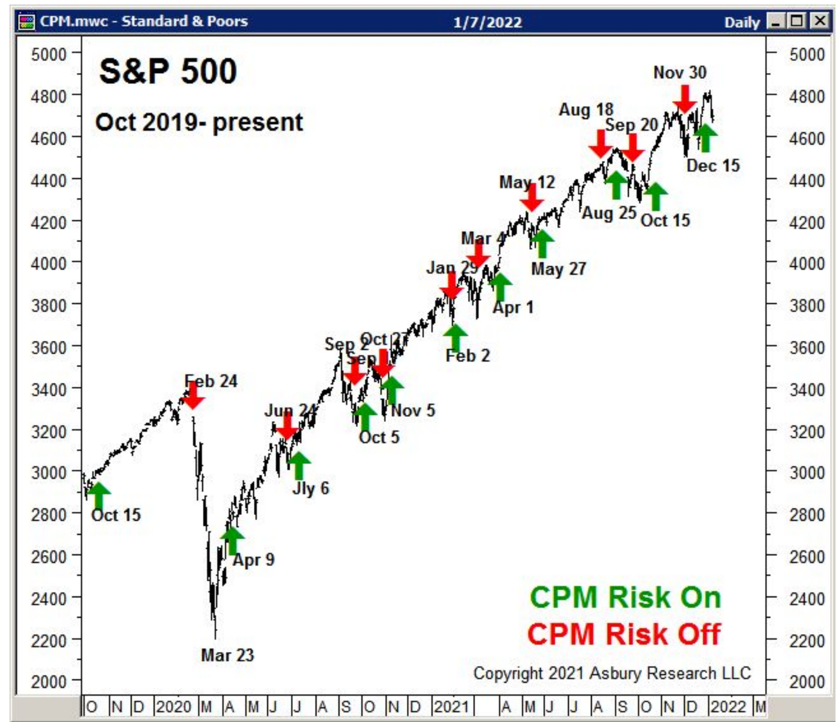
- The Correction Protection Model (CPM) is our own **proprietary defensive model** for the S&P 500. It is **quantitative, objective, and data driven.**

- **CPM is binary: it is either Risk On or Risk Off.**

- **CPM is** not a returns-driven model, but rather **a wealth preservation tool.** It was designed to protect investor assets during potentially dangerous market conditions while also taking advantage of the market's historical upward bias.

- We use CPM as a key indication of **when to increase market exposure (Risk On) and when to be risk-averse (Risk Off).**

CPM Since Q4 2019



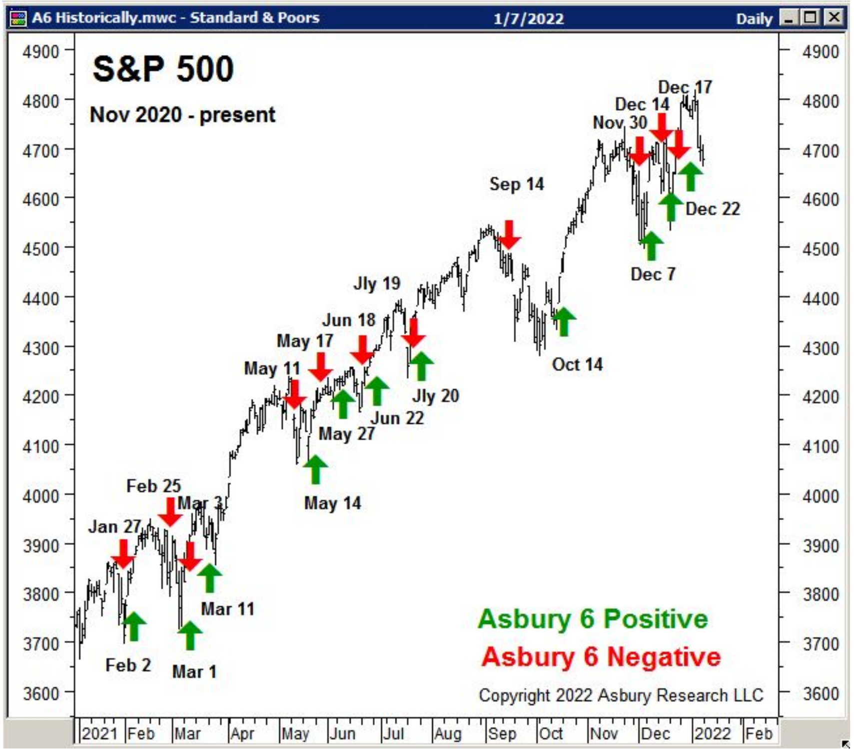
The Asbury 6 Key Market Internals

Risk Management: **<u>When</u> To Be Invested**

The Asbury 6:

- the monthly rate of change in the S&P 500
- the relative performance of equity prices versus high yield bond prices,
- investor asset flows
- corporate bond spreads
- trading volume
- market breadth

"A6" Signals Since July 2021



The Asbury 6 Key Market Internals

Risk Management: **Positive Since December 22nd**

"ASBURY 6" INTERNAL MARKET METRICS through 1/11/2022		
METRIC	POSITIVE AS OF:	NEGATIVE AS OF:
Rate Of Change: SPX	1/10/2022	
Rel Performance: Stocks v HiYld Bonds	12/22/2021	
Investor Asset Flows: SPY	12/7/2021	
Corporate Bond Spreads	1/11/2022	
Trading Volume: SPX		12/16/2021
Market Breadth: NYSE	12/23/2021	
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Four or more metrics in one direction, either Positive (green) or Negative (red), indicate a tactical bias.

When all Asbury 6 are positive, market internals are the most conducive to adding risk to portfolios. Each negative reading adds an additional element of risk to participating in existing or new investment ideas.

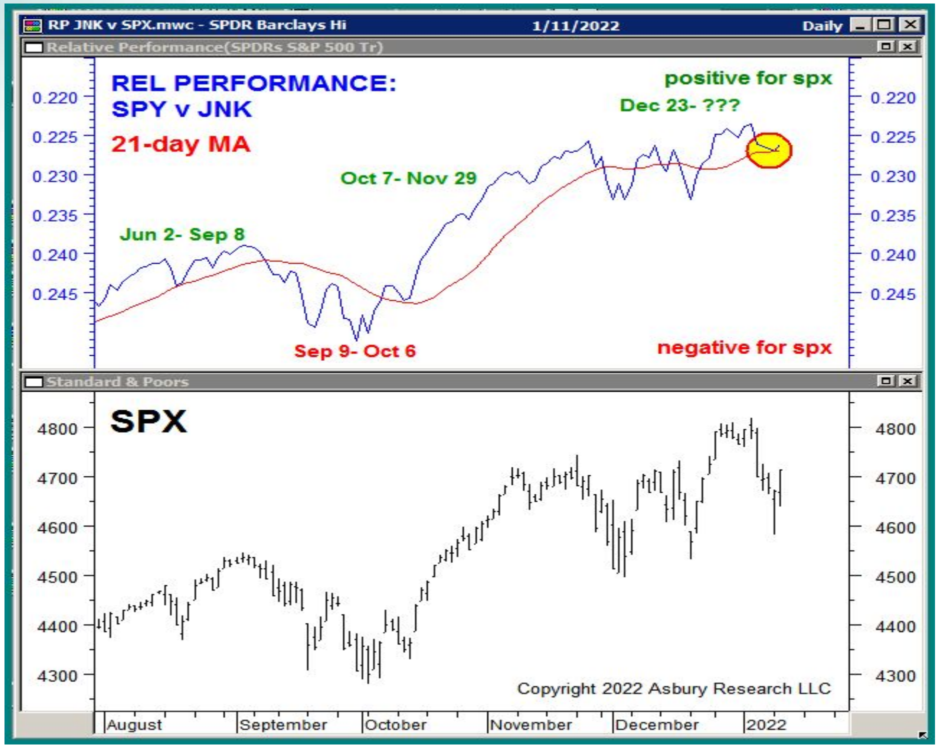
The Asbury 6 Key Market Internals

Momentum: Near Term Positive

SPX's 1-month rate of change (MROC) is Positive, but at a *Tactical decision point* from which it could identify a new trend *either up or down.*

The Asbury 6 Key Market Internals

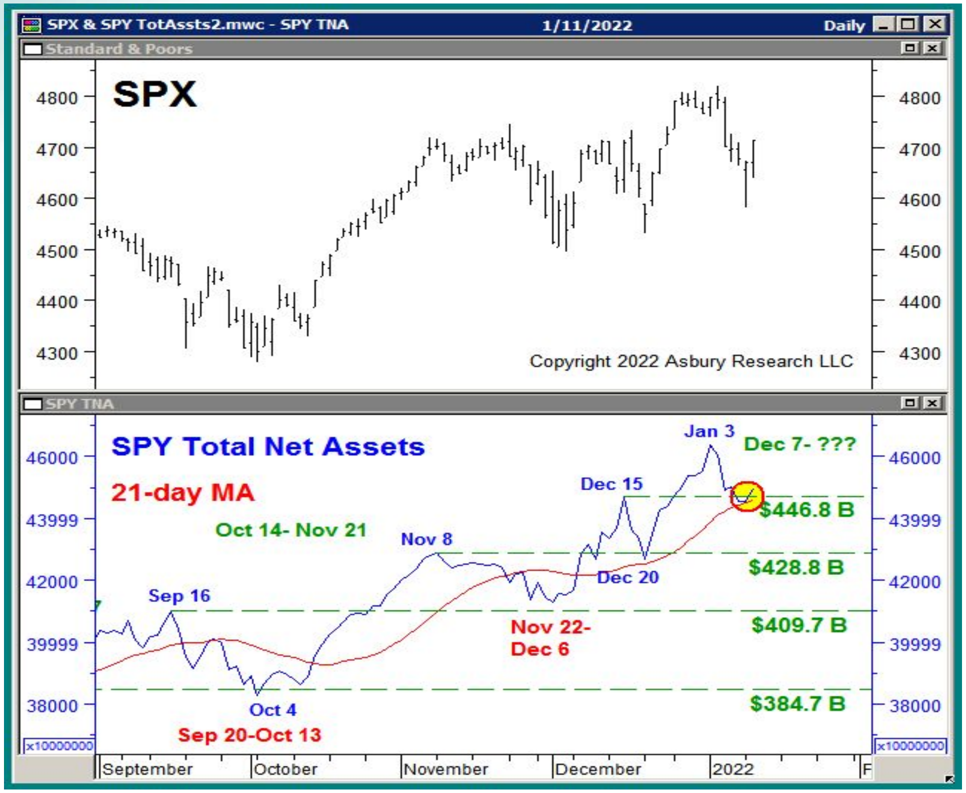
Relative Performance: Near Term Positive



The S&P 500 (SPY) resumed its October trend of *monthly relative outperformance* versus the SPDR Bloomberg Barclays High Yield Bond ETF (JNK) on Dec 23rd, but *that trend is suspect*. *Tactical decision point.* Relative outperformance by equities versus junk bonds has historically coincided with Tactical US market advances.

The Asbury 6 Key Market Internals

ETF Asset Flows: Near Term Positive



The total net assets invested in the SPDR S&P 500 ETF have been in a trend of *monthly expansion since Dec 7th*. Monthly expansion in these assets is characteristic of broad market advances. However, *this trend is currently being tested. Tactical decision point.* Watch the $446.8 billion level.

The Asbury 6 Key Market Internals

Corporate Bond Spreads: Near Term Positive

High yield corporate bonds have been in a trend of *monthly narrowing* since Dec 7th, indicating *near term bond market complacency* that has historically coincided with stock market strength. However, *this trend is being tested* and could be on the verge of changing. *Another Tactical decision point.*

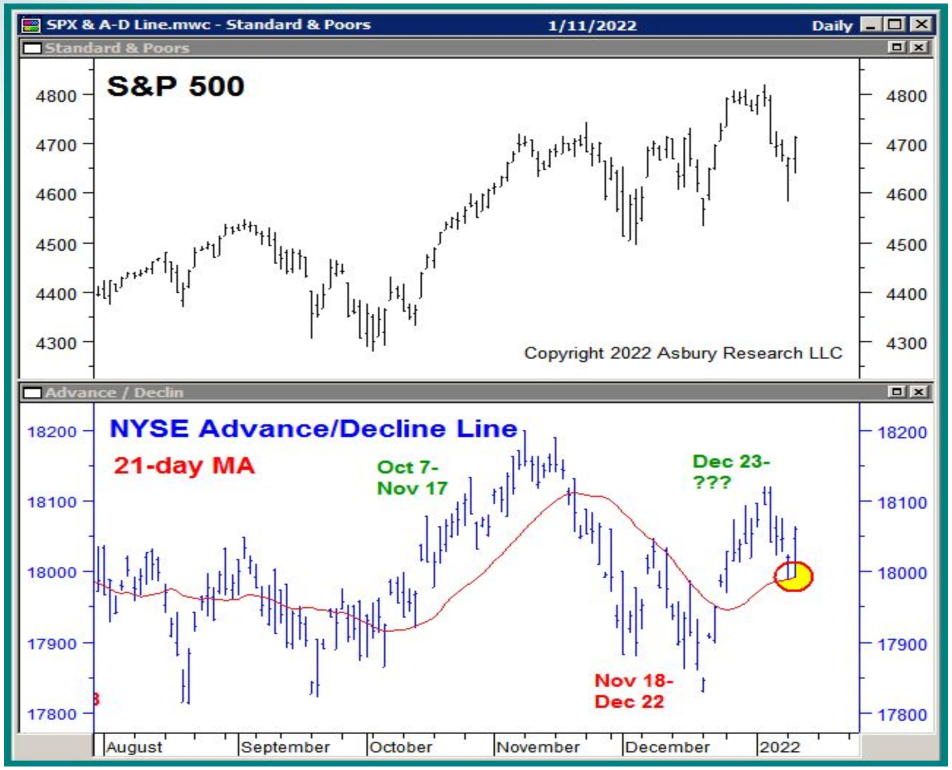
The Asbury 6 Key Market Internals

Volume: Near Term Negative

On Balance Volume (OBV) has been below its 21-day moving average since Nov 30th, indicating a trend of *monthly contraction* that is characteristic of Tactical broad market declines.

The Asbury 6 Key Market Internals

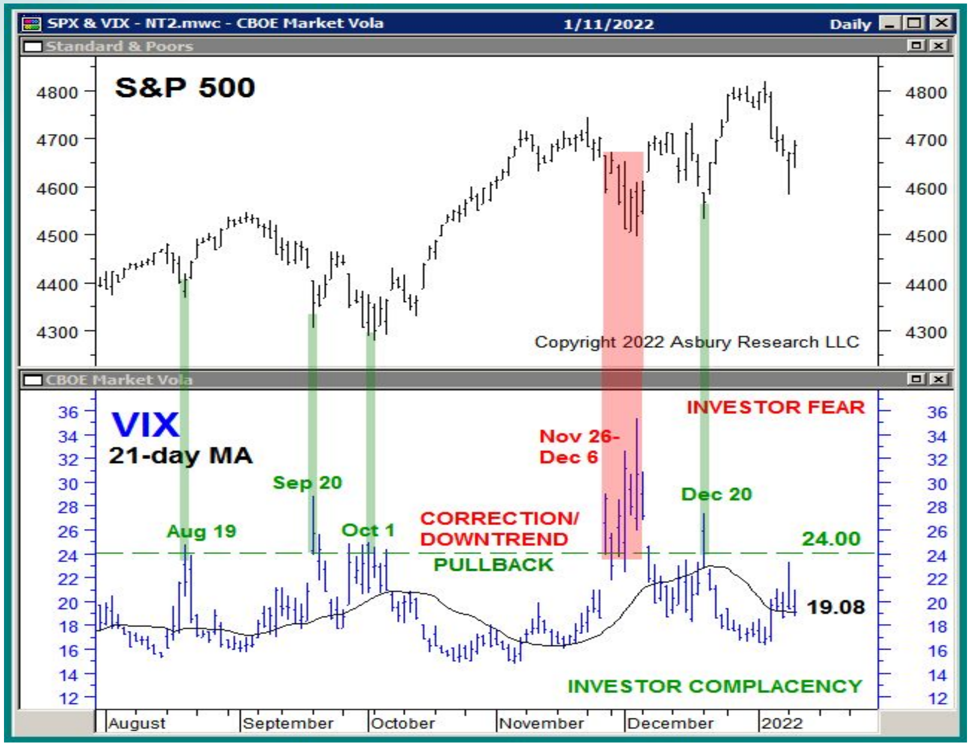
Market Breadth: Near Term Positive



The NYSE Composite's A/D line has been above its 21-day MA since Dec 23rd, indicating a monthly trend of strengthening market breadth that is characteristic of Tactical broad market advances. However, *this trend is being tested* and could be on the verge of changing. *Yet another Tactical decision point.*

US Stock Market

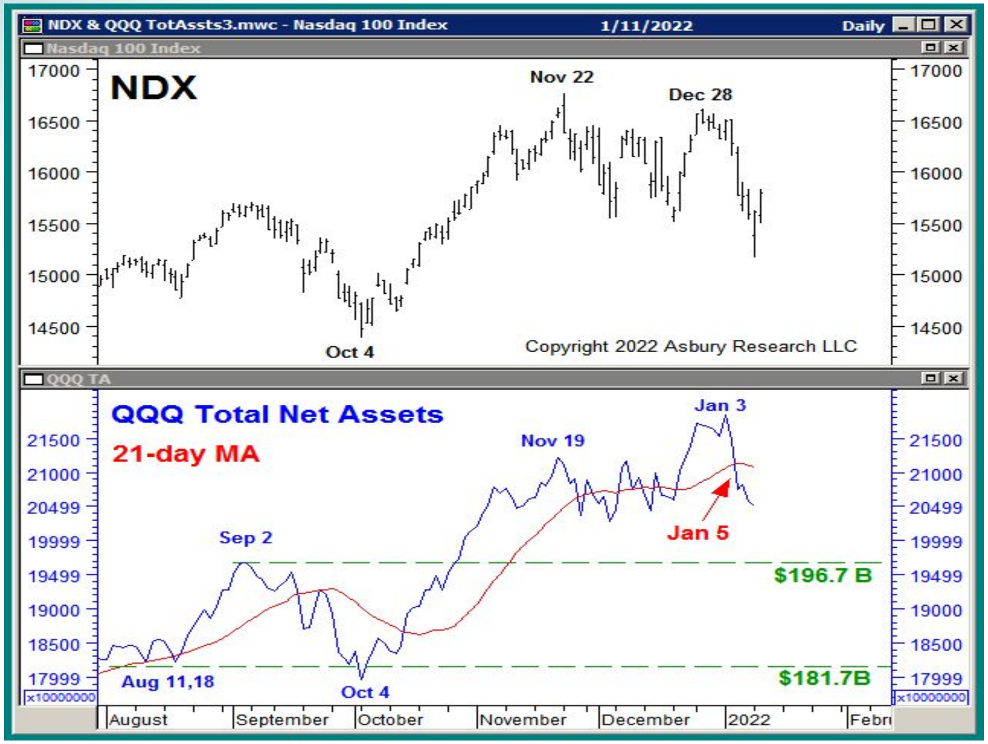
Volatility: Turning Near Term Negative



The CBOE Volatility Index is edging above its 21-day MA, indicating an emerging monthly trend of increasing investor fear that – *should it continue* – would likely trigger a US broad market decline. However, a sustained rise above 24.00 would be necessary to indicate enough investor fear to facilitate a significant market correction.

US Stock Market

Asset Flows: Near Term Negative



The daily total net assets invested in the Invesco QQQ ETF, which tracks the NASDAQ 100 (NDX), declined below their 21-day MA on Jan 5th to indicate a new trend of *monthly contraction* that is *characteristic of Tactical declines in Technology stocks*. As long as this trend remains intact, Tech is likely to continue weakening.

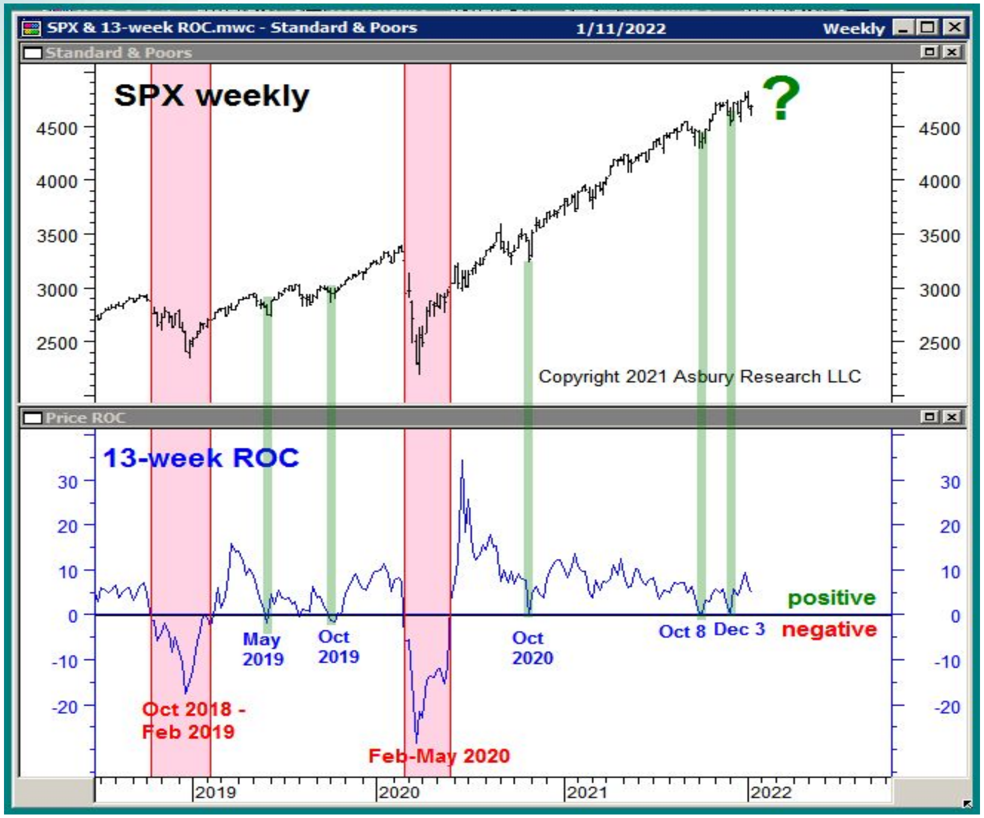
US Stock Market

Options Volume: Intermediate Term Positive

The ratio of price premiums in calls options versus put options is at a low extreme which, as a contrary indicator, has previously coincided with the most important Strategic bottoms in the S&P 500 over the past year. *Strategic decision point.*

US Stock Market

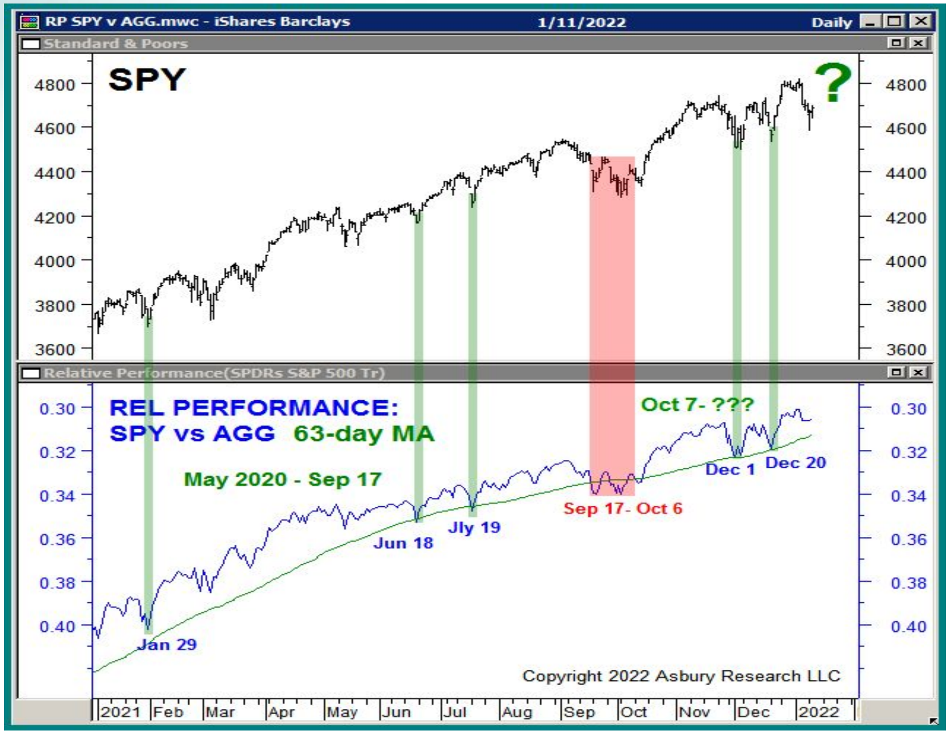
Strategic Momentum: Intermediate Term Positive



The 13-week (quarterly) rate of change in the S&P 500 has been positive since June 2020, and most recently tested and held its zero line on Dec 3rd to suggest a potential Strategic buying opportunity.

US Stock Market

Stocks vs Bonds: Intermediate Term Positive



The SPDR S&P 500 ETF (SPY) is in the midst of an Oct 7th trend of quarterly *relative outperformance* versus the iShares Core U.S. Aggregate Bond ETF (AGG). Quarterly outperformance by stocks versus bonds has historically been positive for US equities. Note that the Dec 20th test of this trend marked a Strategic bottom in the S&P 500.

US Stock Market

Market Breadth: Near Term Positive, Intermediate Term Negative

The percentage of NYSE stocks trading above their 40-day MA are rebounding from weak extremes that have previously coincided with *Tactical market bottoms*.

The percentage of NYSE stocks trading above their 200-day MA continues to decline from December 2020 high extremes near 73% , indicating steadily weakening market breadth throughout 2021.

US Stock Market

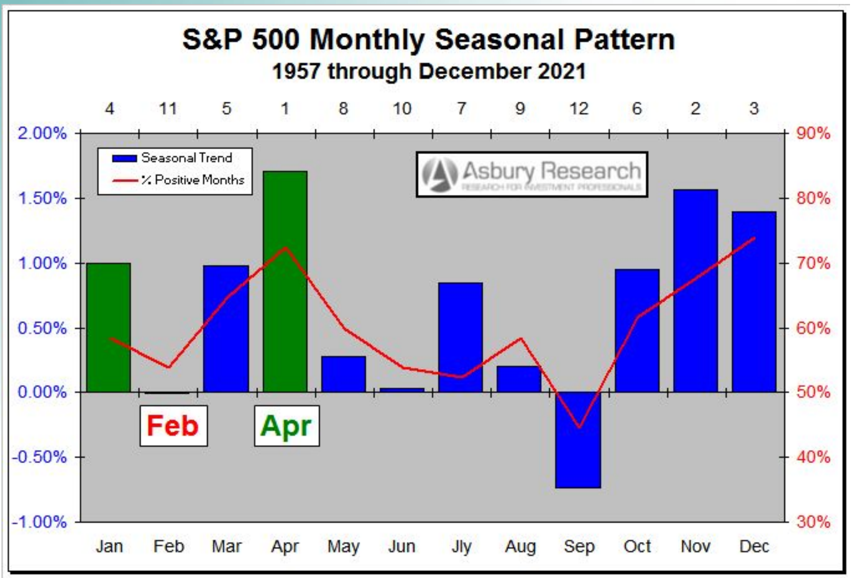
Investor Sentiment: Near Term Negative, Intermediate Term Positive

A survey of *near to intermediate term* oriented retail futures traders is retracting from a Dec 29th *most bullish* extreme characteristic of *Tactical* market peaks.

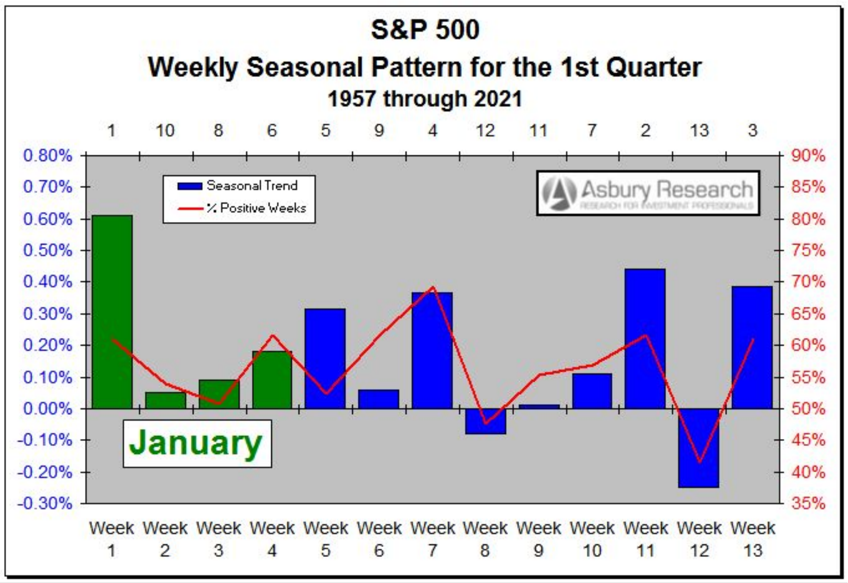
However, a survey of *intermediate to long term* oriented newsletter writers is reversing from late December *least bullish* extremes characteristic of *Strategic* market bottoms.

US Stock Market

Seasonality: **Near Term Negative, Intermediate Term Positive**



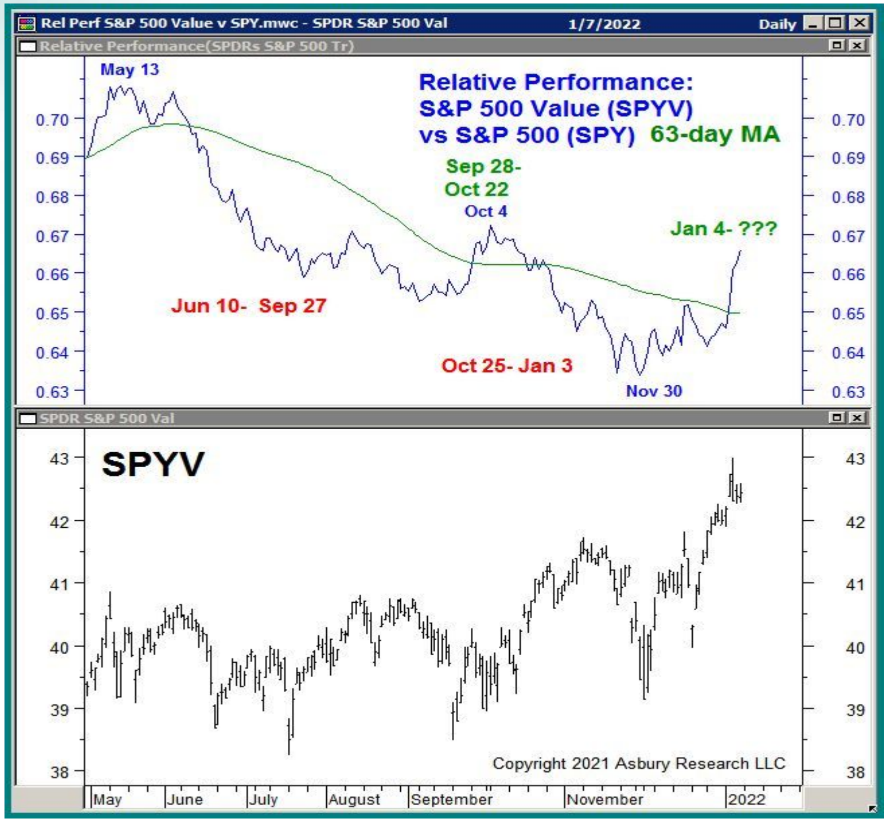
This annual chart shows that January and April are the 4th and 1st seasonally strongest months of the year, but are interrupted by the 2nd weakest month of the year, February.



This quarterly chart shows that the first week of January is the seasonally strongest of the entire 1st Quarter, and that sporadic weakness immediately follows and extends into March.

US Stock Market

Style: Value Begins New Strategic Outperformance Trend



The S&P 500 Value ETF is in the midst of an emerging Jan 4th trend of Strategic relative outperformance versus the S&P 500, replacing the previous October 18th trend of outperformance by Growth (SPYG).

US Stock Market

Size: Large Cap's November Outperformance Trend Being Tested

The SPDR Portfolio S&P 500 ETF (Large Cap) is testing its Nov 18th trend of Strategic relative outperformance versus the SPDR Portfolio S&P 1500 Composite Stock Market ETF while SPLG tests its 53.38 Sep 2nd high for the third time since December.

Strategic decision point.

Cross Asset Investing

The CARP (Cross Asset Relative Performance) Model

CROSS ASSET RELATIVE PERFORMANCE (CARP): WHAT IS OUTPERFORMING?						thru January 7th, 2022	
Asset Comparison	**Tickers**	**Trading (weekly)**	**Since**	**Tactical (monthly)**	**Since**	**Strategic (quarterly)**	**Since**
Equities							
US Stocks or Bonds	SPY vs AGG	BONDS	1/5	**STOCKS**	**2/22**	**STOCKS**	**10/14**
High Beta or Low Volatility Stocks	SPHB vs SPLV	LOW VOL	1/5	HIGH BETA	1/6	LOW VOL	11/26
Large Cap or Small Cap	SPY vs IWM	**LARGE CAP**	**1/5**	**LARGE CAP**	**1/5**	**LARGE CAP**	**11/17**
S&P 500 (Broad Market) or Dow 30 (Blue Chips)	SPY vs DIA	**DOW 30**	**12/29**	**DOW 30**	**1/4**	**DOW 30**	**1/5**
S&P 500 (Broad Market) or NASDAQ 100 (Tech)	SPY vs QQQ	**S&P 500**	**12/29**	**S&P 500**	**12/3**	**S&P 500**	**12/31**
Growth or Value Stocks (Russell 1000)	IWF vs IWD	**VALUE**	**12/29**	**VALUE**	**12/28**	**VALUE**	**1/4**
US or Developed Markets	SPY vs VEA	DEVELOPED	12/31	DEVELOPED	1/5	US	9/24
US or Emerging Markets	SPY vs VWO	EMERGING	12/30	EMERGING	1/7	US	10/21
Fixed Income							
Govt or Corporate Bond Prices	GOVT v LQD	CORPORATE	1/7	**GOVERNMENT**	**12/31**	**GOVERNMENT**	**12/29**
High Yld or Corporate Bond Prices	HYG vs LQD	**HIGH YIELD**	**1/3**	**HIGH YIELD**	**12/8**	**HIGH YIELD**	**12/21**
Short Term or Long Term Bond Prices	SCHO vs TLT	**SHORT TERM**	**12/21**	**SHORT TERM**	**12/20**	**SHORT TERM**	**1/3**
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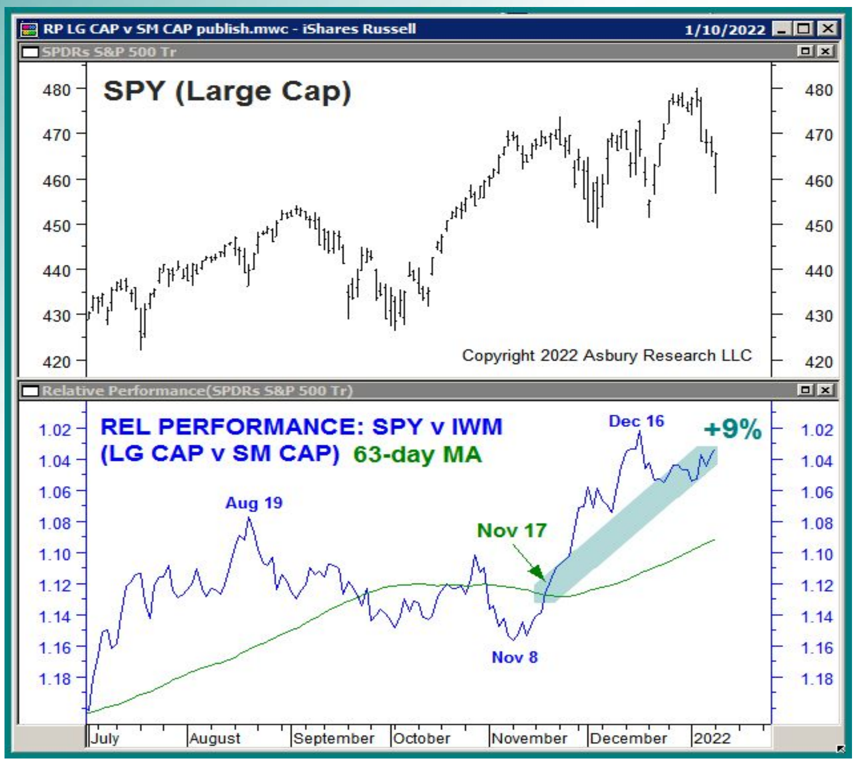
The table above highlights which segments of the US financial market are outperforming in both equities and fixed income. The green highlights identify changes in trend, and the date they occurred, in 3 different time frames:

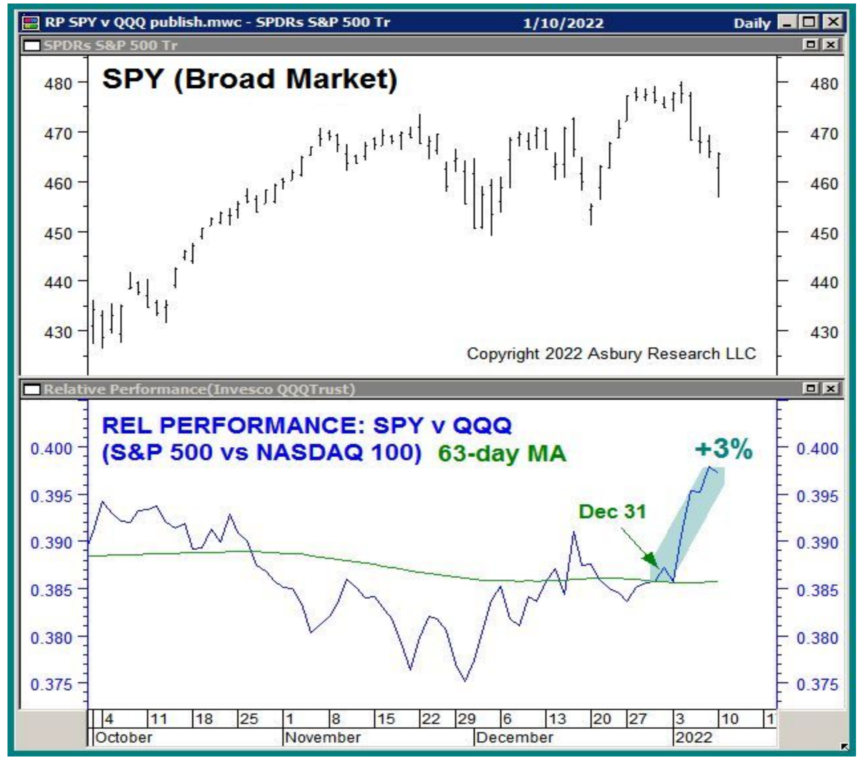
- **TRADING (weekly, yellow column)**, the most sensitive to changes in relative market direction
- **TACTICAL (monthly, blue column),** which we use to enter or exit an investment strategy
- **STRATEGIC (quarterly, red column)**, which we use to identify intermediate term opportunity.

Cross Asset Investing

Large Cap Outperforming Small Cap, Broad Market Outperforming Tech



The SPDR S&P 500 ETF (Large Cap) has outperformed the iShares Russell 2000 ETF (Small Cap) by 9% since Nov 17th.



The SPDR S&P 500 ETF (Broad Market) began a trend of Strategic relative outperformance versus the Invesco QQQ ETF (Tech) on Dec 31st.

Global Equity Investing

The US vs. The World Model

S&P 500 vs THE WORLD: WHICH COUNTRY IS OUTPERFORMING?						thru January 7th, 2022	
S&P 500 (SPY) vs:	Ticker	Trading (weekly)	Since	Tactical (monthly)	Since	Strategic (quarterly)	Since
Chile	ECH	CHILE	12/27	CHILE	1/6	US	11/26
New Zealand	ENZL	NEW ZEALAND	12/30	NEW ZEALAND	1/5	US	10/21
Peru	EPU	**PERU**	**12/17**	**PERU**	**12/23**	**PERU**	**1/4**
Australia	EWA	AUSTRALIA	1/7	AUSTRALIA	1/7	US	10/29
Hong Kong	EWH	HONG KONG	1/4	HONG KONG	1/7	US	6/1
Italy	EWI	ITALY	12/31	ITALY	1/3	US	11/2
Japan	EWJ	US	1/4	US	1/6	US	10/6
Switzerland	EWL	**SWITZERLAND**	**1/7**	**SWITZERLAND**	**12/1**	**SWITZERLAND**	**12/8**
Malaysia	EWM	MALAYSIA	12/17	MALAYSIA	12/30	US	10/28
Spain	EWP	SPAIN	12/16	SPAIN	12/23	US	10/14
France	EWQ	**FRANCE**	**12/31**	**FRANCE**	**1/3**	**FRANCE**	**1/7**
Singapore	EWS	SINGAPORE	1/6	SINGAPORE	1/7	US	10/29
Taiwan	EWT	US	1/7	**TAIWAN**	**1/4**	**TAIWAN**	**12/29**
United Kingdom	EWU	**UNITED KINGDOM**	**1/4**	**UNITED KINGDOM**	**1/4**	**UNITED KINGDOM**	**1/7**
Mexico	EWW	**MEXICO**	**12/30**	**MEXICO**	**12/14**	**MEXICO**	**1/5**
South Korea	EWY	SOUTH KOREA	1/7	US	12/20	US	2/24
Brazil	EWZ	BRAZIL	1/7	US	12/13	US	7/16
MSCI EMU (Eurozone) Index	EZU	EUROZONE	1/3	EUROZONE	1/3	US	9/24
India	INDA	INDIA	12/29	INDIA	1/4	US	10/28
China	MCHI	CHINA	1/7	US	10/26	US	10/26
Russia	RSX	RUSSIA	1/7	US	10/27	US	11/10
Thailand	THD	THAILAND	12/30	THAILAND	12/30	US	10/26
Vanguard FTSE Pacific ETF	VPL	PACIFIC	1/4	US	12/20	US	10/1
Vanguard Emerging Mkts ETF	VWO	EMERGING	12/30	EMERGING	1/7	US	10/21
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Through last week, 6 of the 24 foreign markets that our model tracks are now outperforming the S&P 500 on a Strategic (quarterly) basis and 18 are outperforming on a Tactical (monthly) basis.

US Market Sectors: SEAF Model

Following The Money In US Market Sectors

ASBURY RESEARCH: SECTOR ETF ASSET FLOWS (SEAF) MODEL				for the week of January 10th, 2022
Sector (Symbol)	As of 1-6-2022	Trading (weekly)	Tactical (monthly)	Strategic (quarterly)
FINANCIALS (XLF)	17.1%	since 12/30	since 1/6	18.3%
ENERGY (XLE)	10.3%	since 1/6	since 1/6	11.4%
TECHNOLOGY (XLK)	20.6%	since 1/6	since 1/6	19.1%
UTILITIES (XLU)	5.2%	5.1%	5.4%	5.2%
INDUSTRIALS (XLI)	6.9%	6.8%	7.1%	since 12/16
CONSUMER STAPLES (XLP)	5.4%	5.2%	4.9%	5.1%
CONSUMER DISCRETIONARY (XLY)	9.4%	9.3%	since 12/30	8.7%
HEALTH CARE (XLV)	14.1%	since 1/6	13.3%	since 1/6
MATERIALS (XLB)	3.2%	3.2%	3.2%	3.3%
REAL ESTATE (XLRE)	2.3%	2.4%	2.2%	since 1/6
COMMUNICATION SERVICES (XLC)	5.6%	5.6%	5.7%	since 12/2

Biggest % inflows during period shown   Biggest % outflows during period shown

The latest data in multiple time frames indicate **new trends of inflows into Financials and Energy** (both since 1/6). **This is where the money is currently going in the sector space.**

The latest data also indicate a **new trend of outflows from Technology** (since 1/6). **This is where the money is coming from.**

US Market Sectors: SEAF Model

Following The Money In US Market Sectors

SEAF (Sector ETF Asset Flows) Model Performance since May 2020		
Category	**SEAF Model**	**S&P 500 (SPY)**
Total return	**80.3%**	58.8%
Annualized total return	**45.3%**	34.0%
Max drawdown	12.1%	9.6%
Risk (standard deviation)	20.0%	14.0%
Alpha	**12.5%**	-1.5%
Beta	**0.93%**	1.00%
Up capture ratio	**1.15%**	0.97%
Down capture ratio	**0.62%**	1.05%

- Has a **significantly higher** total return (see chart below) *and* annualized total return
- with just a slightly higher drawdown and risk.
- Has a **significantly higher** alpha (excess return) *and* a **lower** beta (systematic risk).
- Has both a significantly ***higher*** up capture ratio (gains in up markets) *and* **significantly *lower*** down capture ratio (losses in down markets).

US Market Sectors: SEAF Model

Following The Money In US Market Sectors

This chart plots the daily performance of the SEAF Model vs. the S&P 500, in terms of percentage return, since May 2020.

US Interest Rates

Benchmark 10-Year Note Yields Break 1.70%, 2.05% Next?

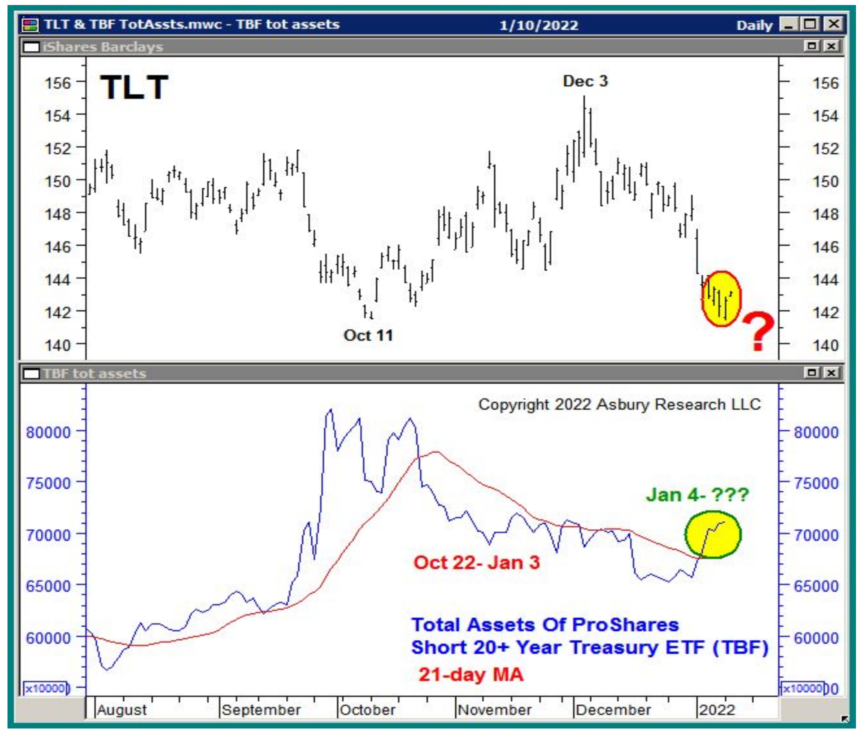
This 120-year monthly chart shows that US 10-Year Treasury yields are testing a multi-generational inflection point at 1.55% to 1.46%.

This 10-year weekly chart shows that these yields rose above formidable yield resistance at 1.70%, which clears the way for a potentially quick move to 2.05%

US Interest Rates

ETF Asset Flows Indicate Conviction In Rising Long Term Rates

This iShares 20+ Year Treasury Bond ETF is testing formidable support at 142.48 to 140.98. A breakdown could trigger an additional 6% decline to 133.19

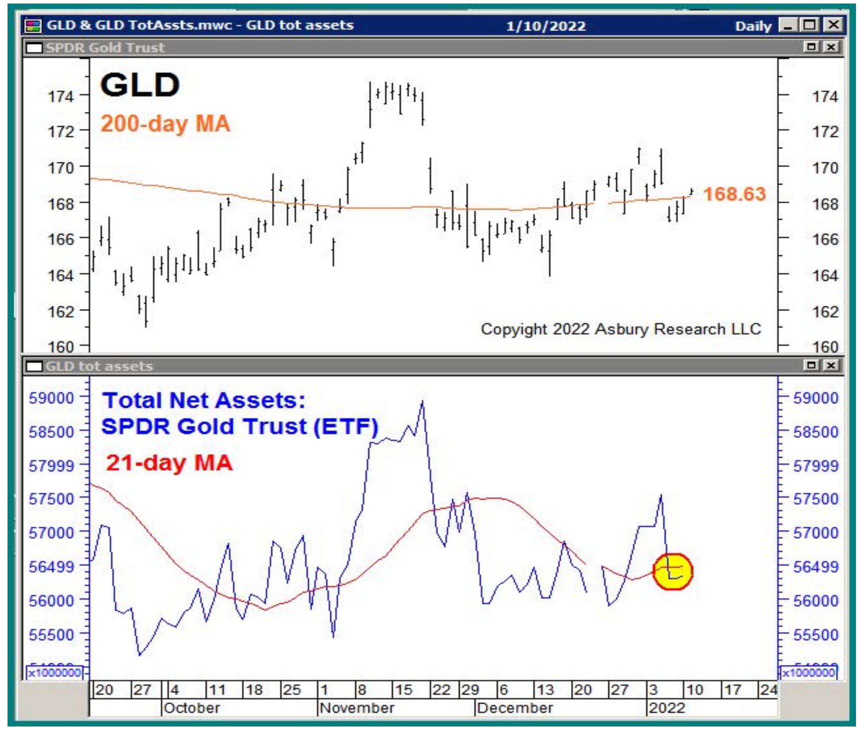


Monthly asset expansion in the ProShares Short 20+ Year Treasury (TBF), *which trends inversely to TLT*, represents Tactical conviction that TLT is headed lower as long term US interest rates rise.

Gold

Flirting With A New Tactical Advance, But Not There Yet

The SPDR Gold Shares ETF is in the midst of a Jun 2021 trend of *Strategic relative underperformance* vs. the S&P 500, but that trend is currently being tested.



A trend of monthly asset expansion in GLD would be necessary to indicate there is bullish conviction in gold to fuel a new Tactical advance. *It's not there yet.*

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