



Asbury Research

Better Returns With Less Risk
By Following The Money

Presentation for the AAI Research Triangle Chapter

September 9th, 2023



About Asbury Research

Who We Are

John Kosar, CMT, Chief Market Strategist

John has more than 40 years of experience studying, analyzing, and forecasting global financial markets. Asbury Research provides data-driven technical and quantitative investment research to professional and private investors. John began his career in 1980 on the Chicago Mercantile Exchange trading floor and spent the next 17 years there, acquiring a practical, real-world education on how the US financial markets work from the inside out. This experience, early in his career, became the foundation for his unique analytical approach and understanding of what really drives financial asset prices.

John is a contributor to **Forbes** and **StockCharts.com** and is frequently quoted by US and global financial news organizations including **The Wall Street Journal**, **Investors Business Daily**, **MarketWatch.com**, **Barron's**, **Yahoo! Finance**, and **Reuters**. John also regularly appears on financial television, including **CNBC**, **Fox Business**, and **Bloomberg**, and is a frequent speaker at financial events across the country presented by 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 was awarded the Chartered Market Technician (CMT) designation in 1999, served as Vice President of the CMT Association from 2004 to 2006, and was a member of its Board of Directors from 2002 to 2006. Previously, John was a trader, analyst, and strategist for several top global investment firms including 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 **quantitative models** to provide active investors with **forward-looking, actionable market intelligence and specific trading / investment ideas.**

Our approach is purely data driven and focused on “following the money” and the performance it fuels via our own proprietary quantitative models and methodologies. This fact-based approach is much more influential to asset price performance than the opinion, market chatter, and Wall Street talking points that we read and hear about every day in the financial media.

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 specific sectors and industry groups to buy, and when**
- **which ETFs are attracting investor assets and outperforming the broad market**
- **where the best Strategic opportunities in global stock markets are**

About Asbury Research

How We Do It

Our Data-Driven Models

- The Correction Protection Model (CPM) for **Wealth Preservation**
- The Asbury 6 Model (A6) for **Risk Management**
- The SEAF (Sector ETF Asset Flows) **Model** for **Sector Selection**
- The **CARP** (Cross Asset Relative Performance) **Model** for **Domestic Asset Allocation**
- The US vs. The World Model for **Global Asset Allocation**

Monthly Investment Compass

1) Executive Summary: September 9th, 2023

- **U.S. Stock Market:** The US stock market is clearly at a **Tactical (monthly) decision point** from which its next one to several month directional trend is likely to begin. More Strategic (quarterly) metrics favor a downside resolution, at least initially, but the current October 2022 major uptrend in the benchmark S&P 500 will remain valid above the 4200 area which is 6% below the market. As long as this major support holds, it targets an eventual rise to SPX 4800.
- **Size: Large (SPLG), Mid (SPMD) and Small (SPSM) Cap** stocks are not currently trending versus the S&P 1500 (SPTM). No current overweight opportunities.
- **Style: Growth (SPYG)** stocks have essentially been in a Strategic trend of relative outperformance versus the S&P 500 (SPY) since Mar 6th and have outperformed by 5% since then. That trend remains intact.

Monthly Investment Compass

2) Executive Summary: September 9th, 2023

- **Domestic Asset Allocation:** According to the **CARP Model**, **Stocks** (SPY, over Bonds), **High Beta** (SPHB, over Low Volatility), **Growth** (SPYG, over Value), and **US Markets** (SPY, versus Developed and Emerging Markets) are all outperforming which is generally a “risk on” configuration.
- **Global Relative Performance:** According to our **US vs The World Model**, just one country -- **Thailand** (THD) -- is outperforming the US S&P 500 (SPY) on both a Tactical (monthly) and Strategic (quarterly) basis, but this trend is currently being tested. More broadly, the current lack of relative outperformance around the globe clearly indicates this is not a good time to be investing in international equities.
- **Sector Selection/Rotation:** The **SEAF Model** currently favors the **Energy** (XLE) and **Technology** (XLE) Sectors.
- **US Interest Rates:** The **yield of the benchmark US 10-Year Treasury Note** is testing long term overhead resistance at **4.25%**, which is a major inflection point for long term US interest rates.

US Stock Market

Price & Trend (1): Semis, Tech Failing At Resistance, Vulnerable



The SPDR S&P Semiconductor ETF failed at its March 2022 benchmark high and is now testing major support at its 200-day MA and October 2022 uptrend line.

Strategic decision point



The NASDAQ 100 is failing to exceed its March 2022 benchmark high. A sustained decline below its 50-day MA would clear the way for a potential 10% decline to 13,500.

US Stock Market

Price & Trend (2): Small Cap, Blue Chips Also Failing At Resistance



The Russell 2000 ETF is also struggling to exceed resistance. Another decline back to long term support at 1742 to 1715 would be a danger signal.



The defensive Dow 30 has also recently failed at formidable resistance and is testing major support at its August 2022 high, October 2022 major uptrend, and 200-day MA.

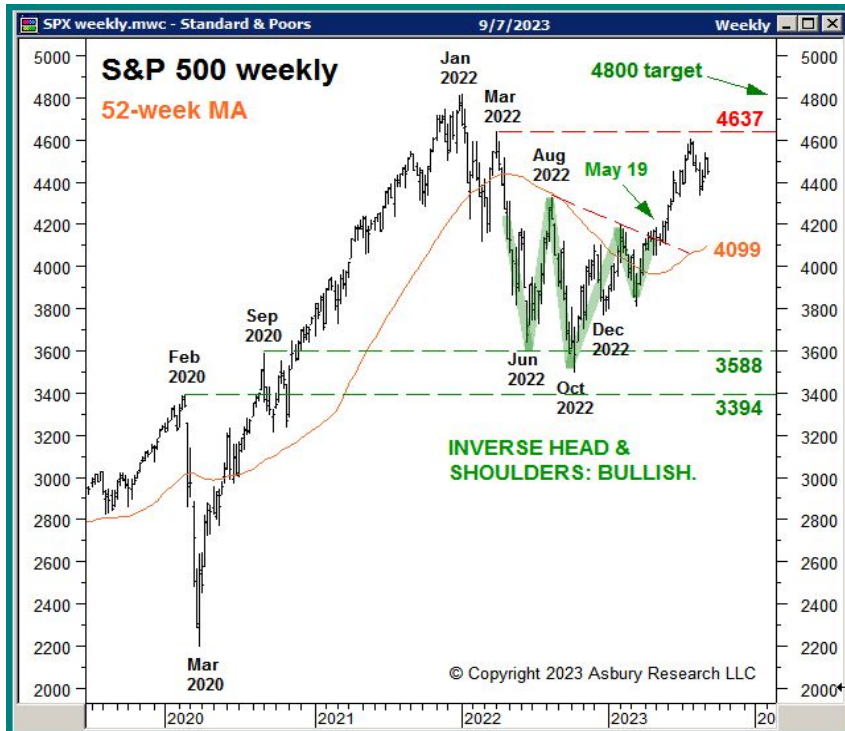
Strategic decision point.

US Stock Market

Price & Trend (3): SPX At Tactical Decision Point Within Major Uptrend



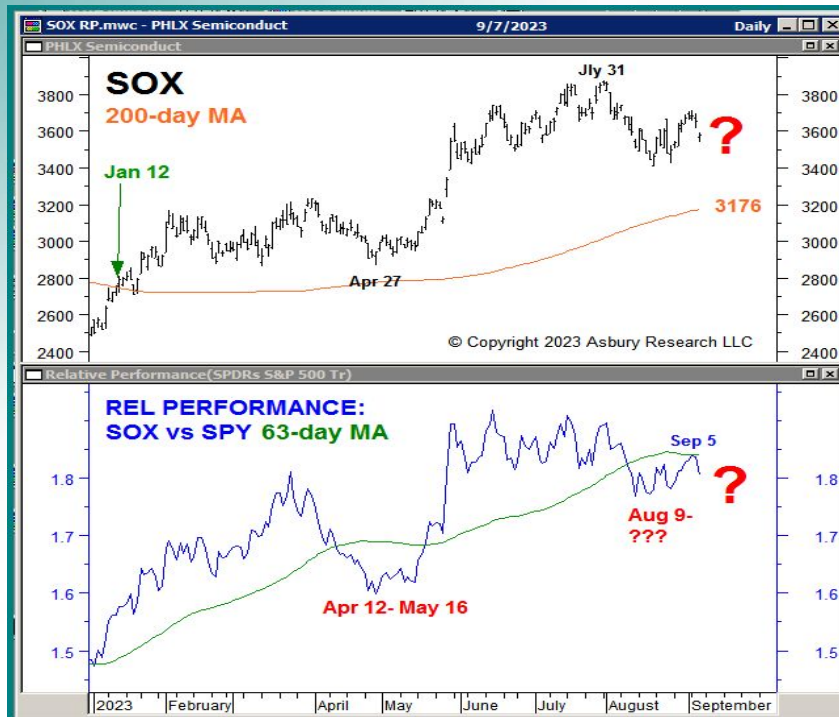
SPX is at a Tactical decision point between its March and August 2022 benchmark highs. The October major uptrend remains valid above 4195-4168.



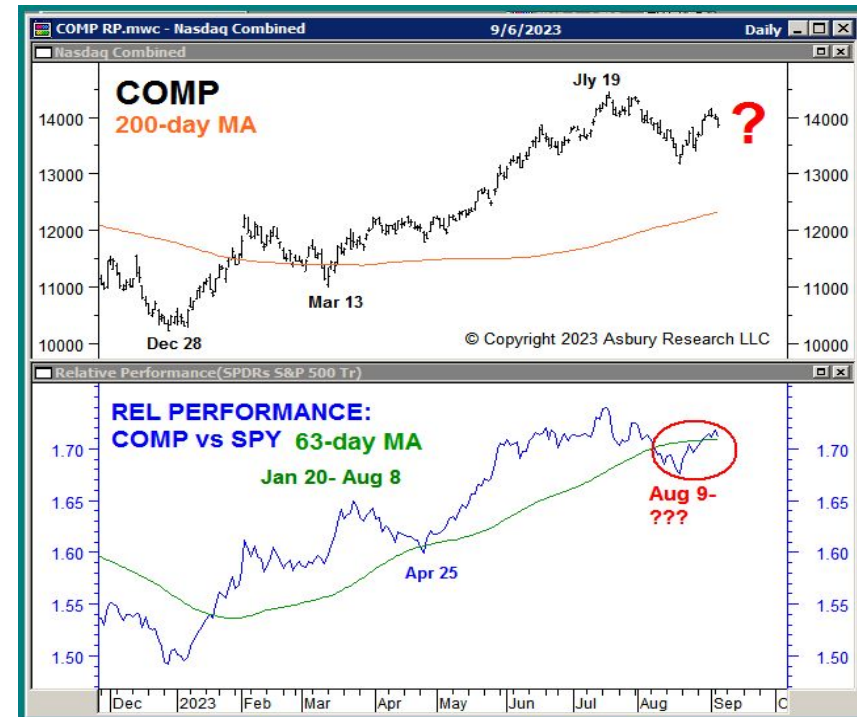
Strategically, and corrections aside, a bullish pattern confirmed in May targets a eventual rise to SPX 4800 that will remain valid above 4100.

US Stock Market

Relative Performance (1): Semis, Technology Underperformance A Red Flag



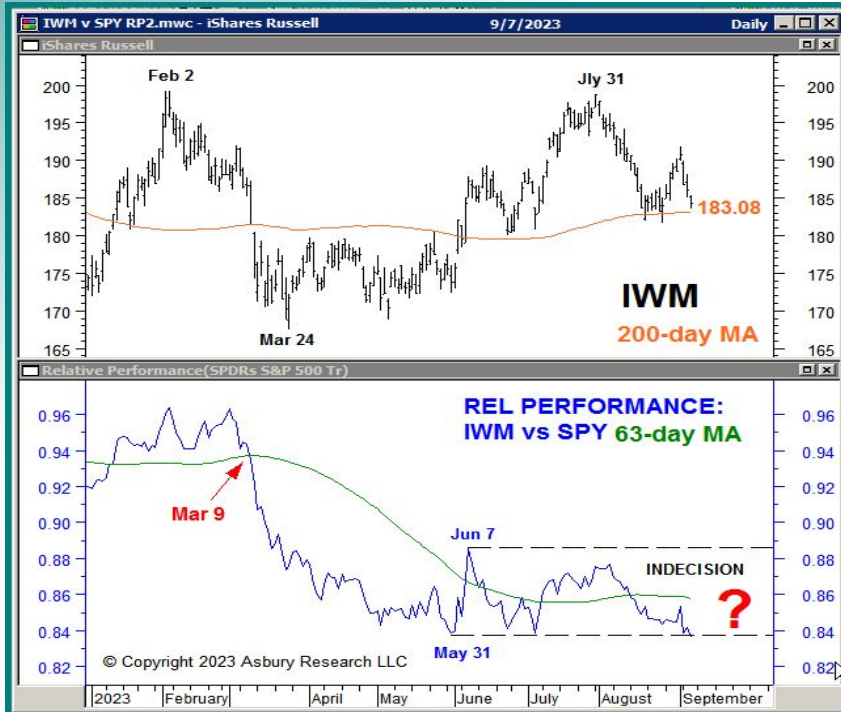
The market-leading PHLX Semiconductor Index is in an Aug 9th trend of *quarterly relative underperformance* versus the S&P 500. *Strategic decision point.*



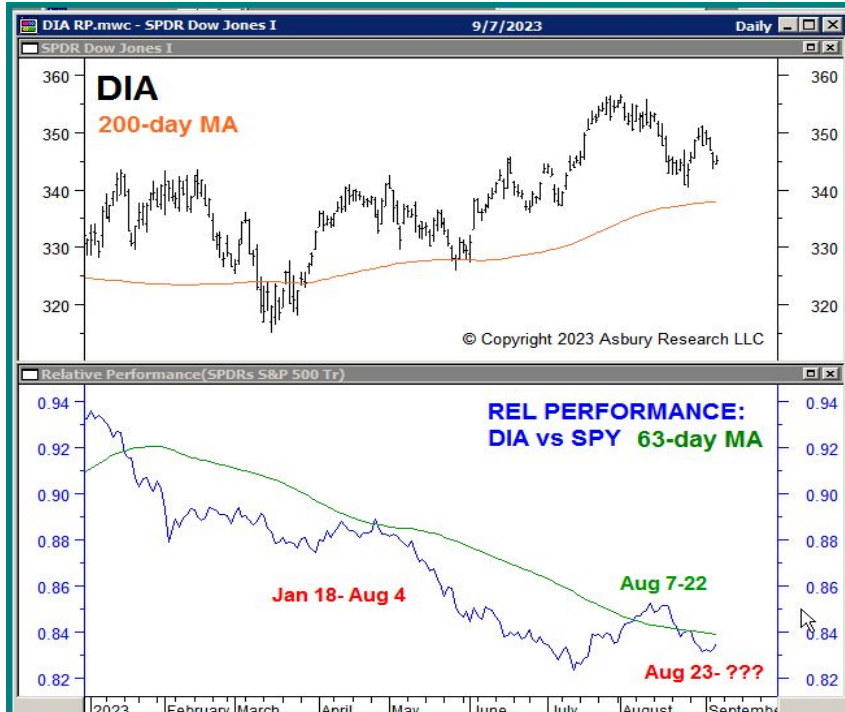
The broad NASDAQ Composite, another market leader, is also in an Aug 9th emerging trend of *quarterly relative underperformance* versus the S&P 500. *Another strategic decision point.*

US Stock Market

Relative Performance (2): Small Cap Weakening. Blue Chips Strengthening?



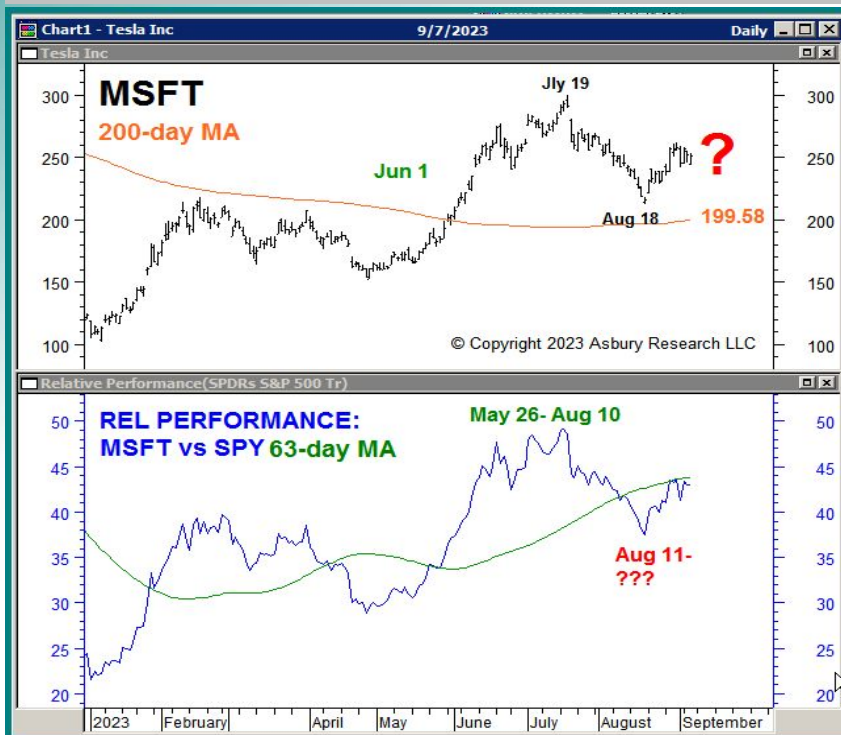
The iShares Russell 2000 ETF has been a relative performer versus the S&P 500 since June but may be resuming its Mar 9th Strategic underperformance trend.



The blue chip SPDR Dow 30 ETF may be in the process of a Strategic trend change to relative outperformance versus SPY, *which would be a defensive shift.*

US Stock Market

Key Stocks: MegaCaps MSFT Underperforming, TSLA Failing At Resistance



Influential Metastock, #2 in market cap, is in an Aug 11th tepid trend of Strategic *relative underperformance* versus the S&P 500 but that trend is being tested.



Tesla, #6 according to market cap, is currently sandwiched in between its November 2021 major downtrend line and its 52-week MA. *Major decision point.*

Asbury's Correction Protection Model (CPM)

Wealth Preservation: When To Be Invested

CPM was 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

However, CPM can also be used as an offensive model by using leverage to trade the signals.

- **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.

Asbury's Correction Protection Model (CPM)

Defensive & Offensive Ways To Utilize CPM Based On Risk Appetite

Non-Leveraged CPM v S&P 500: Performance Comparison By Year			
Year	CPM via SPY	S&P 500	Rel Performance
2011	5.1%	0.0%	5.1%
2012	12.1%	13.4%	-1.4%
2013	28.3%	29.6%	-1.3%
2014	5.4%	11.4%	-6.0%
2015	-4.6%	-0.7%	-3.9%
2016	5.2%	9.5%	-4.4%
2017	19.4%	19.4%	0.0%
2018	-8.5%	-6.2%	-2.2%
2019	21.8%	28.9%	-7.1%
2020	24.4%	16.3%	8.1%
2021	2.6%	26.9%	-24.3%
2022	-5.9%	-19.4%	13.6%
Total	105.4%	129.0%	-23.6%
Average	8.8%	10.8%	-2.0%

2x Leveraged CPM v S&P 500: Performance Comparison By Year			
Year	CPM via SSO	S&P 500	Rel Performance
2011	7.9%	0.0%	7.9%
2012	22.7%	13.4%	9.3%
2013	62.1%	29.6%	32.5%
2014	9.6%	11.4%	-1.8%
2015	-9.8%	-0.7%	-9.1%
2016	9.2%	9.5%	-0.3%
2017	39.6%	19.4%	20.2%
2018	-18.8%	-6.2%	-12.6%
2019	42.5%	28.9%	13.6%
2020	48.6%	16.3%	32.3%
2021	3.7%	26.9%	-23.2%
2022	-19.6%	-19.4%	-0.1%
Total	197.8%	129.0%	68.8%
Average	16.5%	10.7%	5.7%

Non-Leveraged CPM v S&P 500: Performance Measures 2011-2022			
Category	CPM via SPY	S&P 500	Difference
Total return	156.0%	205.3%	-49.3%
Annualized total return	8.1%	9.7%	-1.6%
Max drawdown	-15.0%	-33.9%	18.9%
Risk (standard deviation)	9.0%	14.4%	-5.4%
Sharpe ratio	0.89	0.72	0.17
Sortino ratio	1.66	1.22	0.44
Alpha	2.6%	-2.0%	4.6%
Beta	0.44	1.00	-0.56
Up capture ratio	0.56	0.95	-0.39
Down capture ratio	0.46	1.04	-0.58

2x Leveraged CPM v S&P 500: Performance Measures 2011-2022			
Category	CPM via SSO	S&P 500	Difference
Total return	364.0%	205.3%	158.7%
Annualized total return	13.6%	9.7%	3.9%
Max drawdown	-29.5%	-33.9%	4.4%
Risk (standard deviation)	17.9%	14.4%	3.5%
Sharpe ratio	0.84	0.72	0.12
Sortino ratio	1.57	1.22	0.35
Alpha *	4.3%	-2.0%	6.32%
Beta *	0.87	1.00	-0.13
Up capture ratio *	1.06	0.95	0.11
Down capture ratio *	0.96	1.04	-0.08

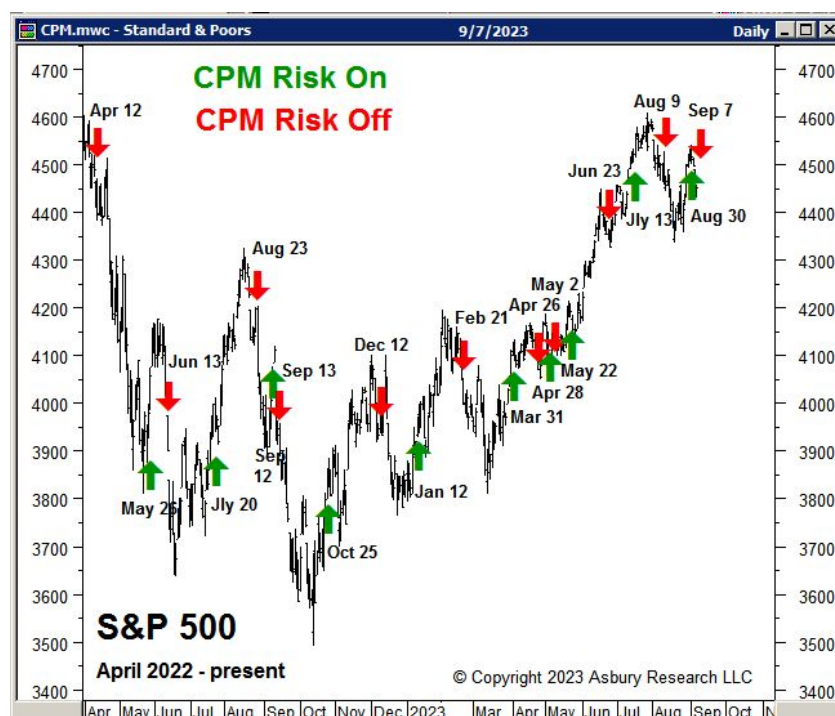
Asbury's Correction Protection Model (CPM)

Wealth Preservation: "Risk Off" As Of September 7th

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 was not designed to be 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 April 2022



The Asbury 6 Key Market Internals

Risk Management: When 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 August 2022



The Asbury 6 Key Market Internals

Risk Management: Negative Since September 7th

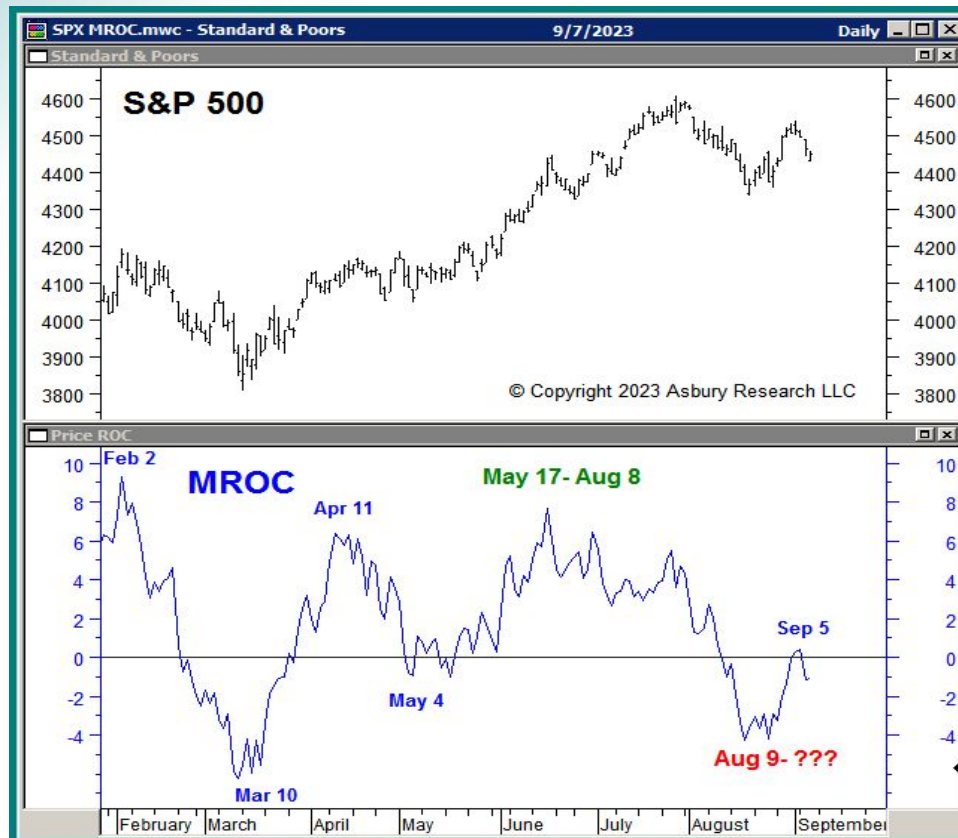
"ASBURY 6" INTERNAL MARKET METRICS through 9/7/2023		
METRIC	POSITIVE AS OF:	NEGATIVE AS OF:
Rate Of Change: SPX		9/6/2023
Rel Performance: Stocks v HiYld Bonds	8/29/2023	
Investor Asset Flows: SPY		9/6/2023
Corporate Bond Spreads		9/7/2023
Trading Volume: SPX		9/5/2023
Market Breadth: NYSE		9/7/2023
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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

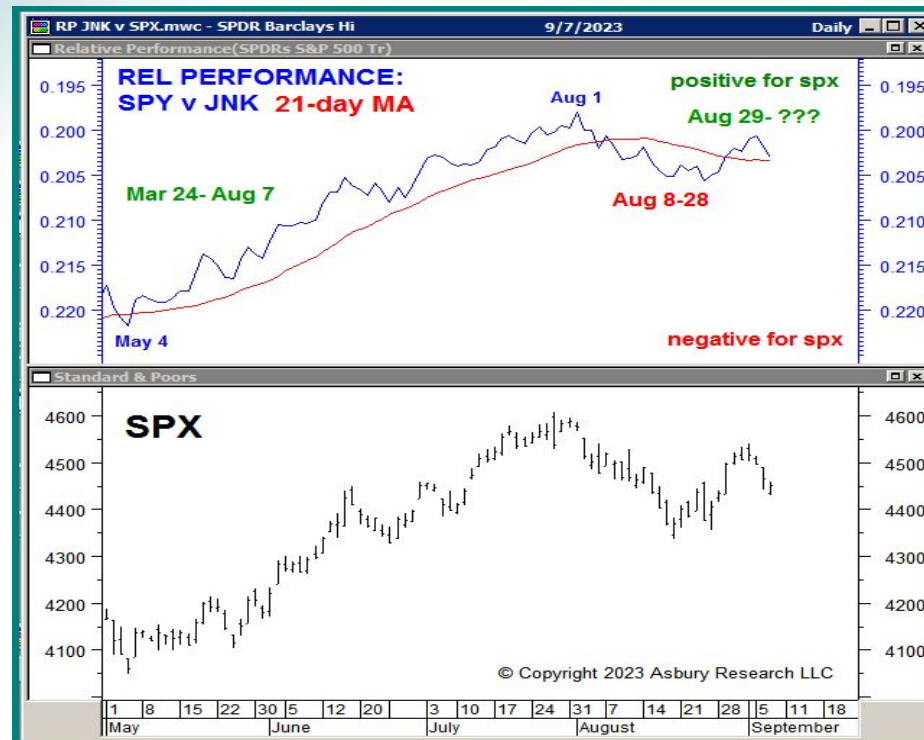
Momentum: Near Term Negative. Tactical Decision Point.



SPX's 1-month rate of change (MROC) has essentially been in Negative territory since Aug 9th, from Positive between May 17th and Aug 8th.

The Asbury 6 Key Market Internals

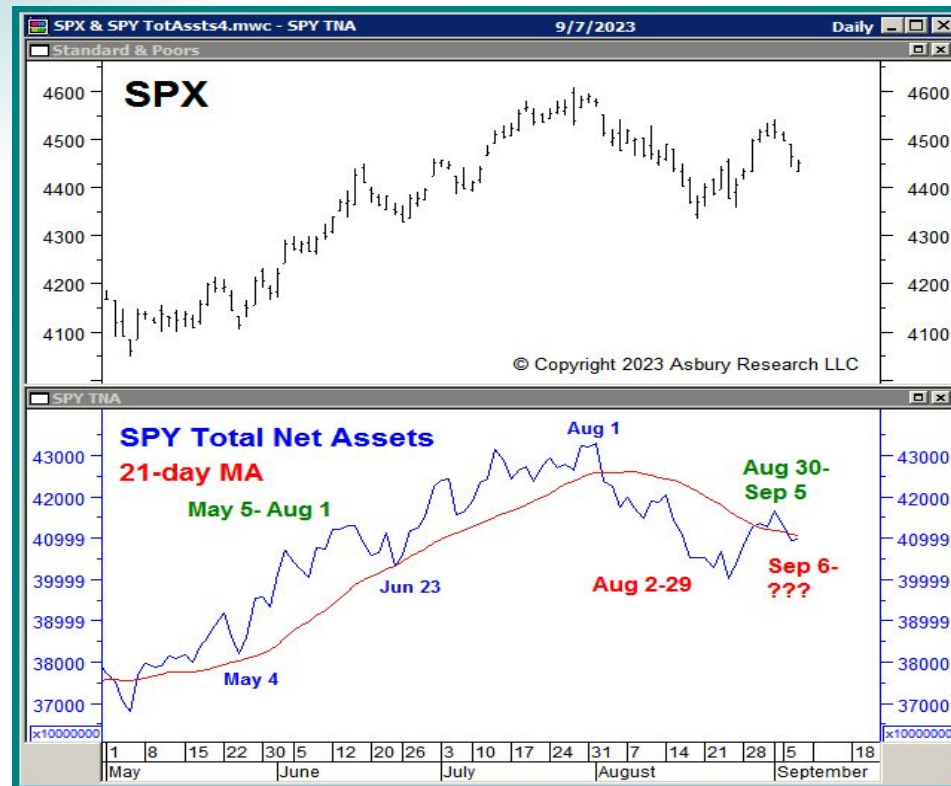
Relative Performance: Near Term Positive. Tactical Decision Point.



The S&P 500 (SPY) is in an Aug 29th emerging trend of monthly relative outperformance versus the SPDR Bloomberg Barclays High Yield Bond ETF (JNK) but that trend is being tested and may be changing. *Relative outperformance by equities is characteristic of stock market advances.*

The Asbury 6 Key Market Internals

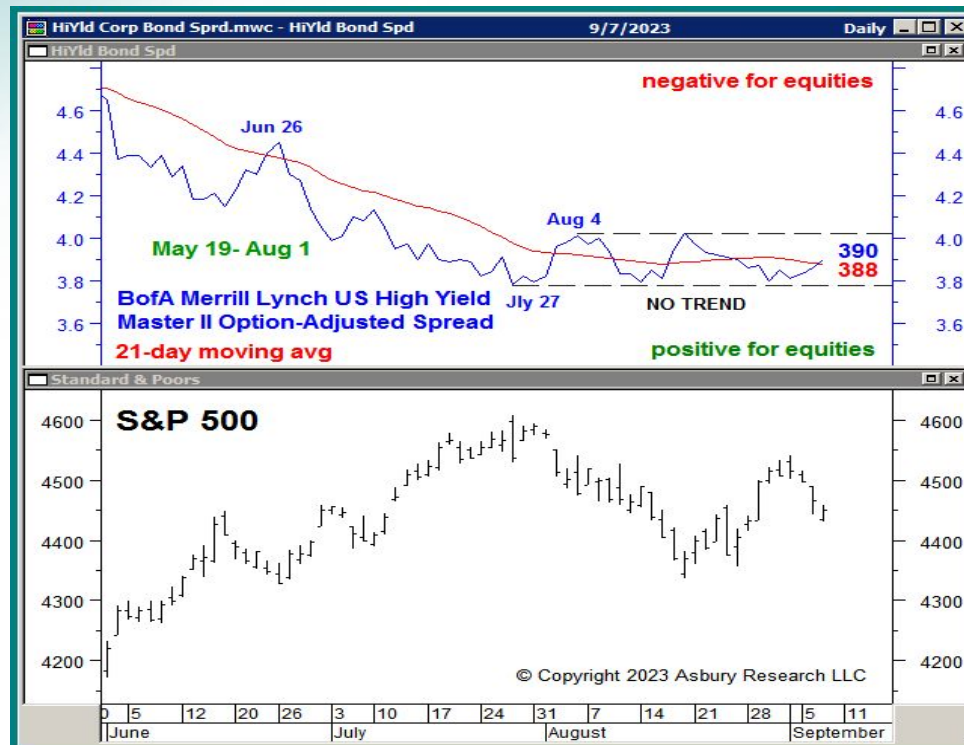
ETF Asset Flows: Near Term Negative. Tactical Decision Point.



The total net assets invested in the SPDR S&P 500 ETF may be resuming their Aug 2nd trend of *monthly contraction*. Contracting assets indicate *a lack of near term bullish conviction* in higher stock prices and are characteristic of market declines.

The Asbury 6 Key Market Internals

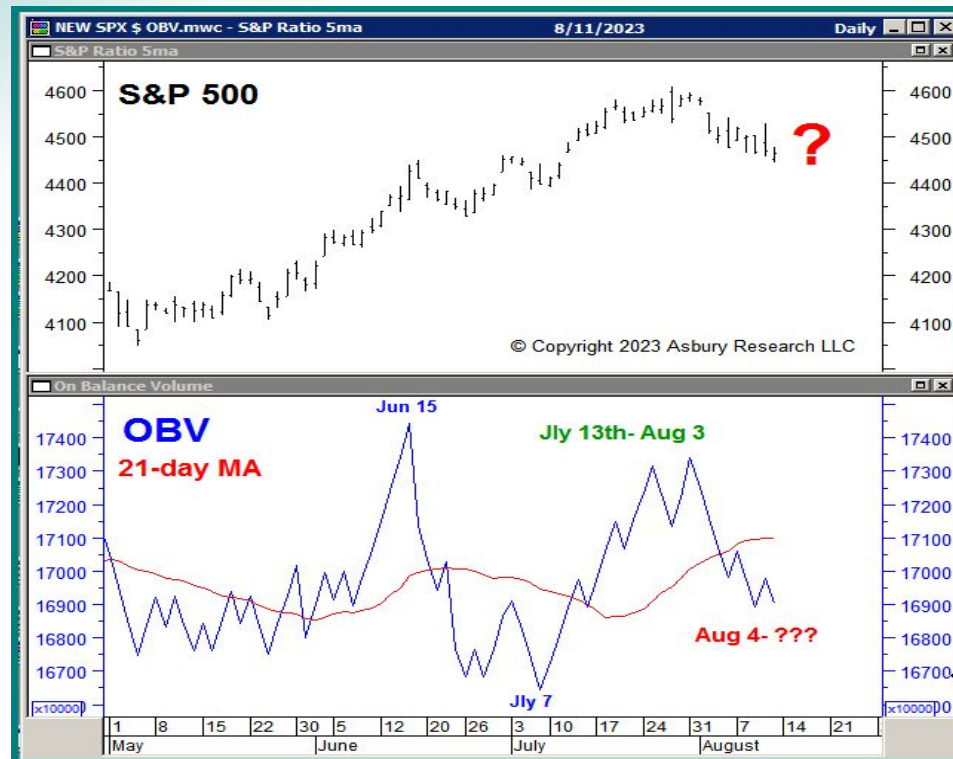
Corporate Bond Spreads: Near Term Negative. Tactical Decision Point.



High yield corporate bond spreads edged back above their 21-day MA on Sep 7th but the spread has been drifting sideways since late July. A *widening spread indicates increasing bond market fear* and is characteristic of stock market declines.

The Asbury 6 Key Market Internals

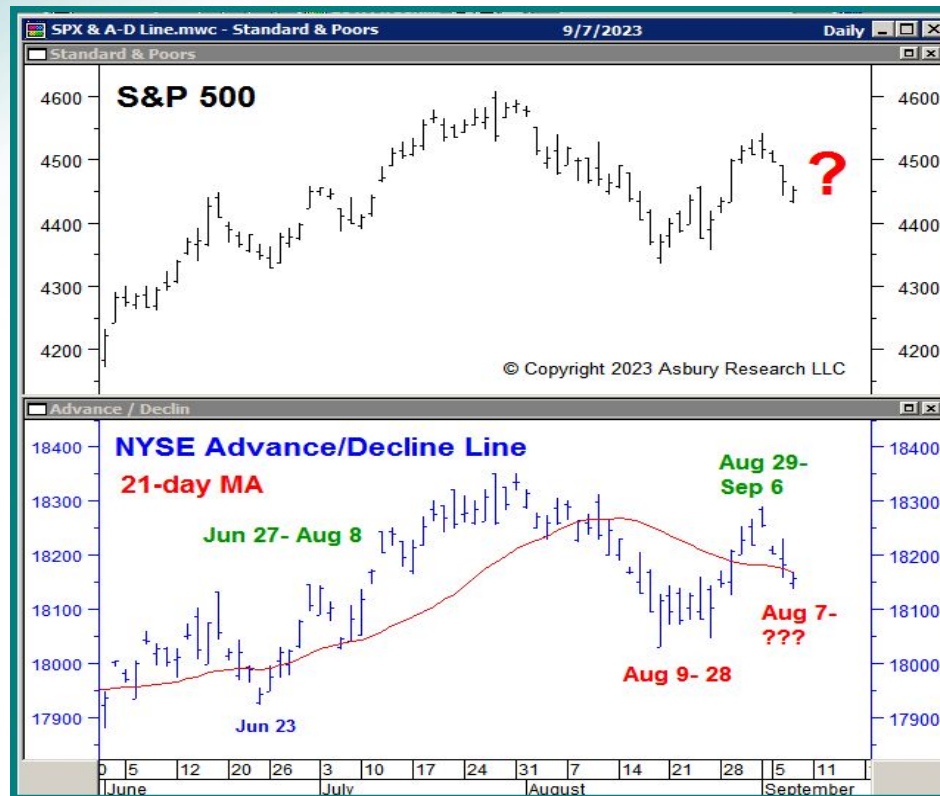
Volume: Near Term Negative



On Balance Volume (OBV) has essentially be below its 21-day moving average since Aug 4th to indicate a declining monthly trend. *Contracting volume indicates a lack of urgency to buy* and is characteristic of broad market declines.

The Asbury 6 Key Market Internals

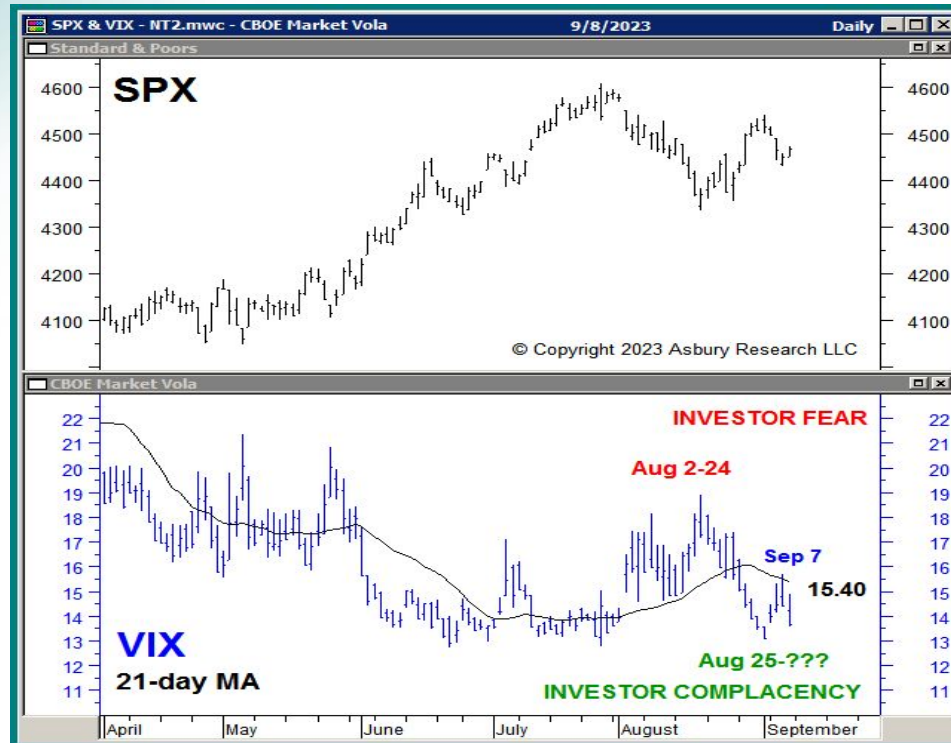
Market Breadth: Near Term Negative. Tactical Decision Point.



The NYSE Composite's A/D line edged back below its 21-day MA on Aug 7th to suggest *an emerging declining monthly trend*. Weakening market breadth is characteristic of broad market declines.

US Stock Market

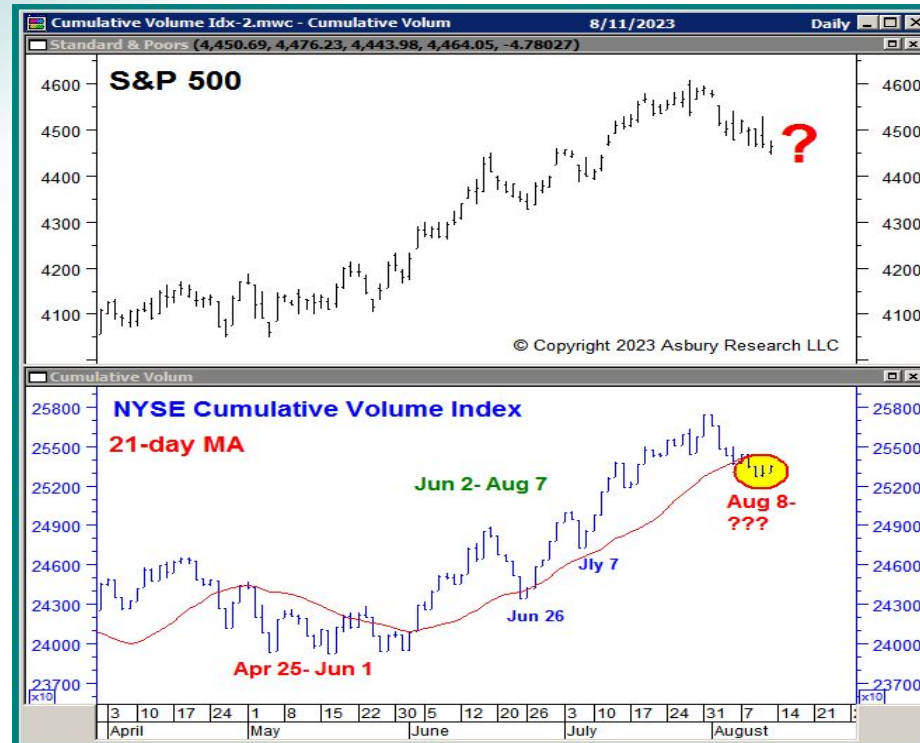
Volatility: Near Term Positive. Tactical Decision Point.



The CBOE Volatility Index has been below its 21-day MA since Aug 25th, indicating a monthly trend of *decreasing volatility* that is characteristic of Tactical stock market advances. As long as the VIX remains below its 21-day MA, currently at 15.40, the S&P 500 Aug 18th rebound is likely to continue.

US Stock Market

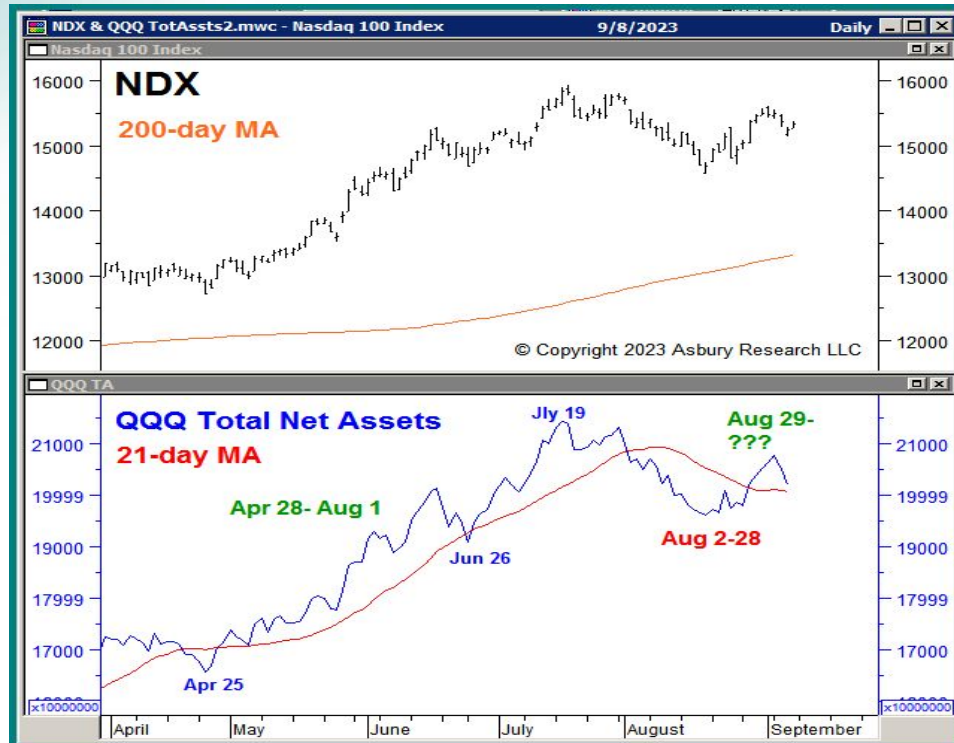
Cumulative Volume: Near Term Negative. Tactical Decision Point.



The NYSE Cumulative Volume Index (CVI) edged below its 21-day MA on Sep 7th to suggest *an emerging trend of monthly contraction*. Declining volume indicates a lack of urgency to buy and is characteristic of broad market declines.

US Stock Market

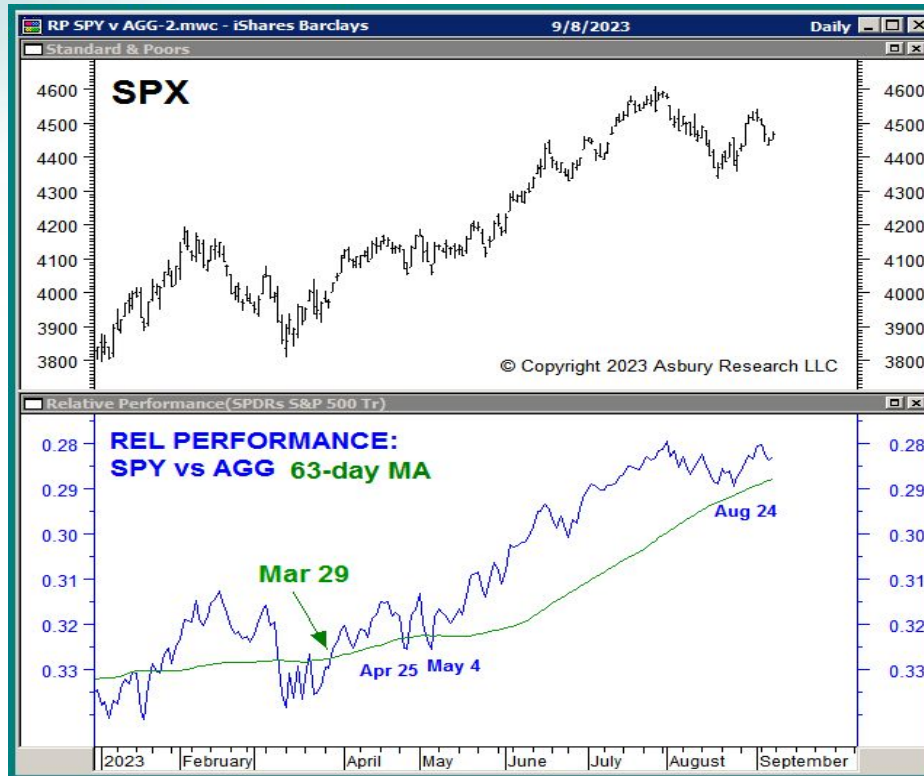
ETF Asset Flows: Near Term Positive. Tactical Decision Point.



The daily total net assets invested in the Invesco QQQ ETF, which tracks the NASDAQ 100, (NDX) is in the midst of an Aug 29th trend of *monthly expansion* that is characteristic of Tactical advances in the market-leading NDX.

US Stock Market

Relative Performance (SPY vs AGG): Intermediate Term Positive



The S&P 500 (SPY) has been outperforming the iShares Core U.S. Aggregate Bond ETF (AGG) on a Strategic basis since Mar 29th. *Relative outperformance by stocks (SPY) versus bonds (AGG) is characteristic of sustainable advances in the S&P 500.*

US Stock Market

Options Premiums: Intermediate Term Negative



The Investors Business Daily's ratio of price premiums in puts versus calls since shows that the 3.20 level in this ratio has closely coincided with most of the important Strategic peaks in the S&P 500 since 2018.

US Stock Market

Overbought/Oversold: Near Term, Intermediate Term Negative



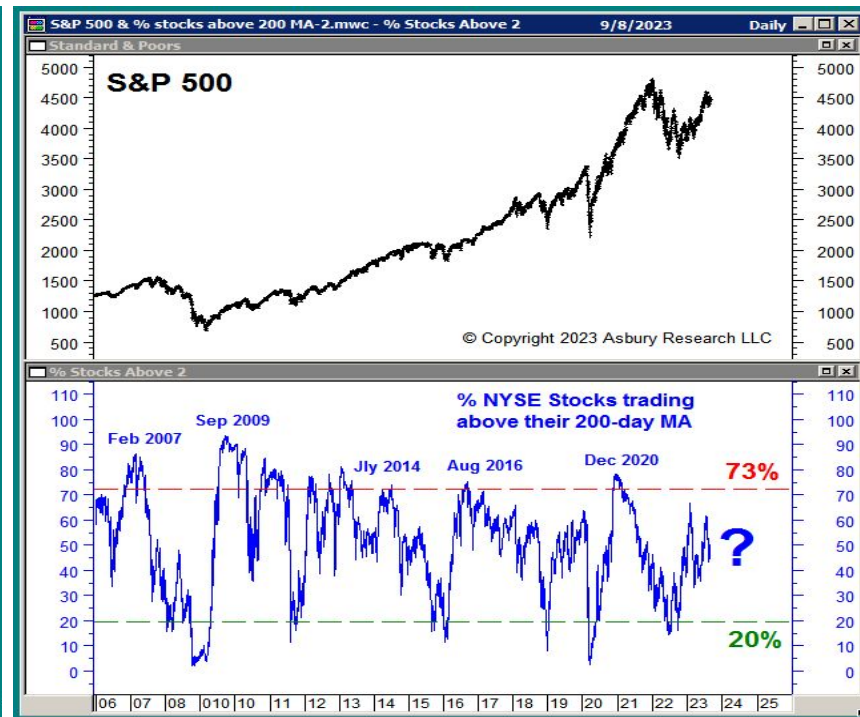
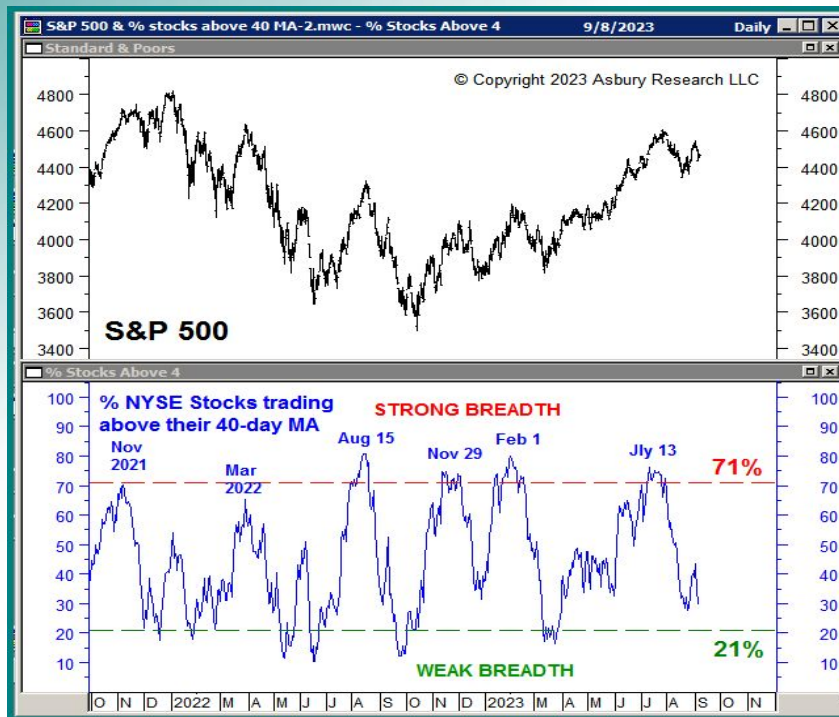
The S&P 500 is retracting from *monthly* overbought extremes that are characteristic of Tactical stock market peaks *during* downtrends.



SPX is retracting from *quarterly* overbought extremes that coincided with or led *Strategic* broad market peaks in Nov 2021, Sep and Jan 2020, and Sep 2018.

US Stock Market

Market Breadth: Near Term Negative, Intermediate Term Neutral



The percentage of NYSE stocks trading above their 40-day MA is declining from a mid July strong extreme that previously coincided with every broad market peak since 2021.

The percentage of NYSE stocks trading above their 200-day MA is situated right in the middle of quarterly high and low extremes to suggest a neutral Strategic bias.

US Stock Market

Investor Sentiment: Near Term, Intermediate Term Negative



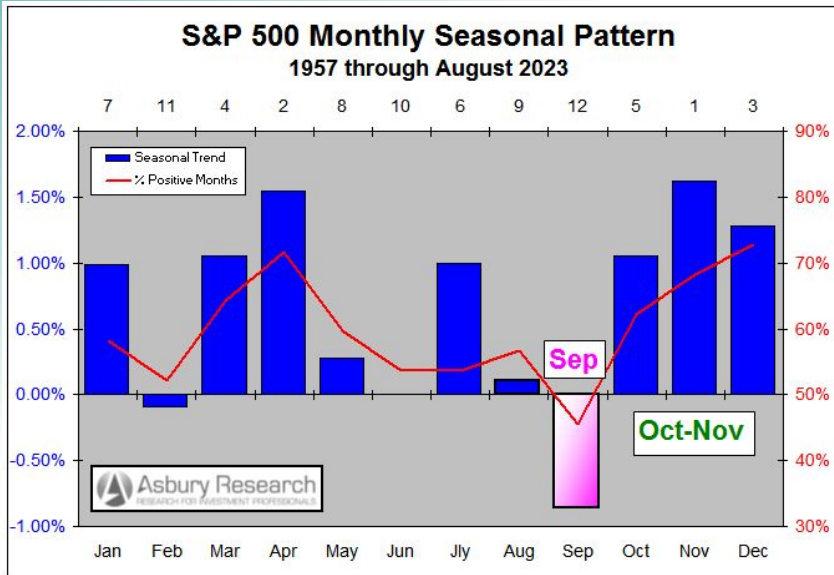
A survey of *near to intermediate term* oriented futures traders is retracting from a *most bullish* extreme that previously coincided with many market tops since 2018.



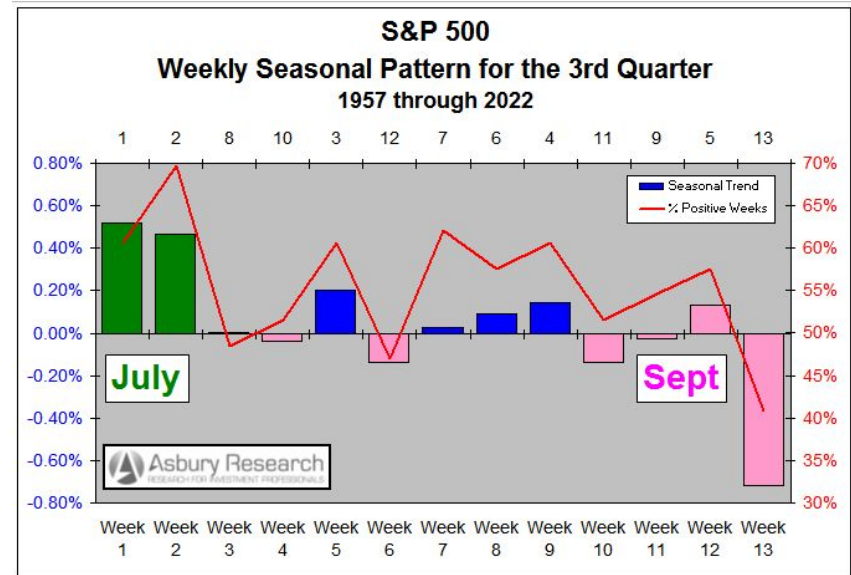
A survey of *intermediate to long term* newsletter writers is retracting from *least bearish* extremes that coincided with or led most *Strategic* market tops since 2010.

US Stock Market

Seasonality: Near Term Negative, Intermediate Term Positive



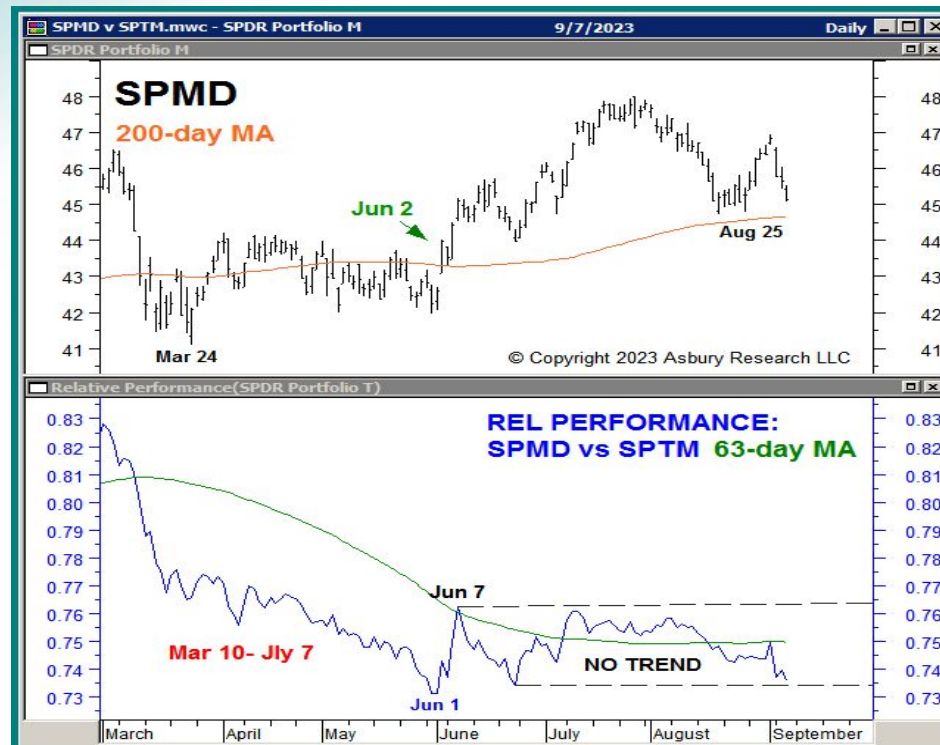
This annual chart shows that September is the seasonally weakest months of the year in the S&P 500 based on data since 1957, but are followed by a very strong 4th Quarter that includes 3 of the 5 strongest months during this period.



This quarterly chart shows that September includes 3 of the 5 seasonally weakest months of the entire 3rd Quarter based on these same data, and that the final week of September is by far the weakest of the Quarter.

US Stock Market

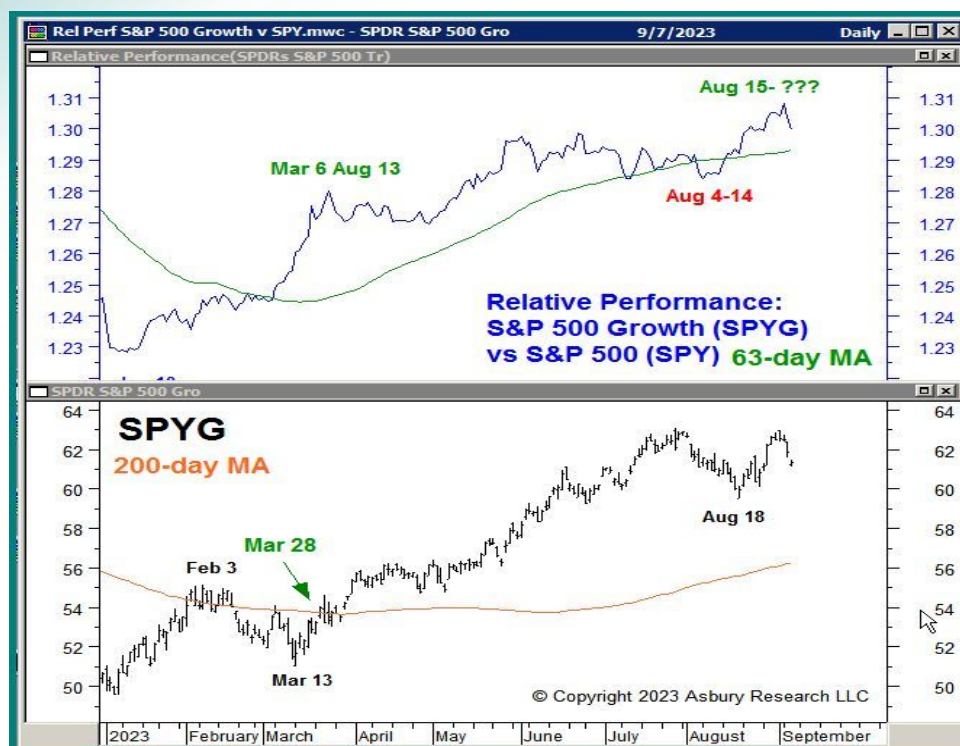
Size: Large, Mid, & Small Cap Not Trending vs. The S&P 1500



Following a sustained period of quarterly relative underperformance versus the S&P 1500 (SPTM) between March and July, MidCap (SPMD) has been drifting sideways (not trending) on a relative basis since then. Large Cap (SPLG) and Small Cap (SPSM) are also in similar sideways, neutral trends versus SPTM.

US Stock Market

Style: Growth Remains In March Relative Outperformance Trend



Growth stocks (SPYG) have essentially been in a Strategic trend of relative outperformance versus the S&P 500 (SPY) since Mar 6th and have outperformed by 5% since then. *Relative outperformance by Growth typically suggests increasing risk appetite and is characteristic of bull markets.*

Cross Asset Investing

The CARP (Cross Asset Relative Performance) Model

CROSS ASSET RELATIVE PERFORMANCE (CARP): WHAT IS OUTPERFORMING?							through September 1st, 2023	
Asset Comparison	Tickers	Trading (weekly)	Since	Tactical (monthly)	Since	Strategic (quarterly)	Since	
Equities								
US Stocks or Bonds	SPY vs AGG	STOCKS	8/28	STOCKS	8/29	STOCKS	5/5	
High Beta or Low Volatility Stocks	SPHB vs SPLV	HIGH BETA	8/28	HIGH BETA	8/29	HIGH BETA	8/29	
Large Cap or Small Cap	SPY vs IWM	SMALL CAP	9/1	LARGE CAP	8/8	LARGE CAP	8/14	
Broad Market (S&P 500) or Blue Chips (Dow 30)	SPY vs DIA	BROAD MARKET	8/21	BROAD MARKET	8/21	BROAD MARKET	8/23	
Broad Market (S&P 500) or Tech (NASDAQ 100)	SPY vs QQQ	BROAD MARKET	8/24	BROAD MARKET	8/24	BROAD MARKET	8/24	
Growth or Value Stocks (Russell 1000)	IWF vs IWD	GROWTH	8/21	GROWTH	8/21	GROWTH	8/21	
US or Developed Markets	SPY vs VEA	US	8/30	US	8/2	US	5/17	
US or Emerging Markets	SPY vs VWO	US	8/30	US	8/11	US	2/2	
Fixed Income								
Government or Corporate Bond Prices	GOVT v LQD	GOVERNMENT	9/1	CORPORATE	8/25	GOVERNMENT	9/1	
High Yield or Corporate Bond Prices	HYG vs LQD	HIGH YIELD	9/1	HIGH YIELD	9/1	HIGH YIELD	6/27	
Short Term or Long Term Bond Prices	SCHO vs TLT	SHORT TERM	9/1	SHORT TERM	9/1	SHORT TERM	7/20	
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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

High Beta Outperformance Waning, Emerging Markets Underperforming



The Invesco S&P 500 High Beta ETF (SPHB) has outperformed Low Volatility ETF (SPLV) by 10% since May 18th, but that trend is being tested and may be changing.



The S&P 500 (SPY) has outperformed the Vanguard Emerging Markets Stock Index Fund (VWO) by 13% since Feb 2nd and remains healthy and intact.

Global Equity Investing

The US vs. The World Model

S&P 500 vs THE WORLD: WHICH COUNTRY IS OUTPERFORMING?							through September 1st, 2023	
S&P 500 (SPY) vs:	Ticker	Trading (weekly)	Since	Tactical (monthly)	Since	Strategic (quarterly)	Since	
Chile	ECH	US	8/28	US	7/28	US	7/27	
Brazil	EWZ	US	8/29	US	8/30	US	8/3	
Peru	EPU	US	8/25	US	8/14	US	8/31	
New Zealand	ENZL	US	8/8	US	7/18	US	5/12	
Australia	EWA	AUSTRALIA	8/28	US	7/28	US	2/15	
Canada	EWC	CANADA	8/28	CANADA	9/1	US	5/16	
Mexico	EWV	US	8/29	US	8/31	US	8/31	
Switzerland	EWL	US	8/30	US	8/11	US	5/25	
Italy	EWI	US	8/31	US	8/31	US	8/31	
Germany	EWG	US	8/30	US	8/1	US	5/18	
Spain	EWV	US	8/31	US	8/31	US	8/30	
France	EWQ	US	8/30	US	8/30	US	5/18	
United Kingdom	EWU	US	8/30	US	8/14	US	5/12	
MSCI EMU (Eurozone) Index	EZU	US	8/30	US	8/11	US	5/17	
Malaysia	EWV	US	8/28	US	8/23	MALAYSIA	9/1	
Japan	EWJ	JAPAN	8/31	JAPAN	8/31	US	6/22	
Hong Kong	EWH	HONG KONG	8/31	US	8/4	US	2/10	
Singapore	EWS	US	8/30	US	8/11	US	5/11	
Taiwan	EWT	US	8/25	US	8/29	US	7/18	
South Korea	EWY	US	8/30	US	8/2	US	7/27	
India	INDA	US	8/25	US	8/29	US	8/29	
China	MCHI	CHINA	8/31	US	8/11	US	8/11	
Thailand	THD	US	8/28	THAILAND	8/17	THAILAND	8/22	
Vanguard FTSE Pacific ETF	VPL	PACIFIC	9/1	PACIFIC	9/1	US	5/18	
Vanguard Emerging Mkts ETF	VWO	EMERGING	8/24	US	8/11	US	2/2	

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Through Friday September 1st, just one country -- **Thailand** (THD) -- was outperforming the US S&P 500 (SPY) on both a Tactical (monthly) and Strategic (quarterly) basis, but *this trend is currently being tested*. More broadly, the current lack of relative outperformance around the globe clearly indicates this is not a good time to be investing in international equities.

US Market Sectors: SEAF Model

Following The Money In US Market Sectors

ASBURY RESEARCH: SECTOR ETF ASSET FLOWS (SEAF) MODEL						for the week of September 11th, 2023
Sector (Symbol)	% thru 9-07-2023	Trading (week)	Tactical (month)	Strategic (quarter)	Ranking	
ENERGY (XLE)	15.5%	1	1	1	3	
CONSUMER DISCRETIONARY (XLY)	7.1%	2	3	4	9	
TECHNOLOGY (XLK)	20.1%	9	2	2	13	
REAL ESTATE (XLRE)	1.8%	4	6	7	17	
UTILITIES (XLU)	5.8%	3	4	10	17	
MATERIALS (XLB)	2.2%	5	8	8	21	
COMMUNICATION SERVICES (XLC)	5.7%	10	7	5	22	
INDUSTRIALS (XLI)	6.1%	7	9	6	22	
HEALTH CARE (XLV)	15.9%	6	5	11	22	
FINANCIALS (XLF)	13.1%	11	11	3	25	
CONSUMER STAPLES (XLP)	6.7%	8	10	9	27	

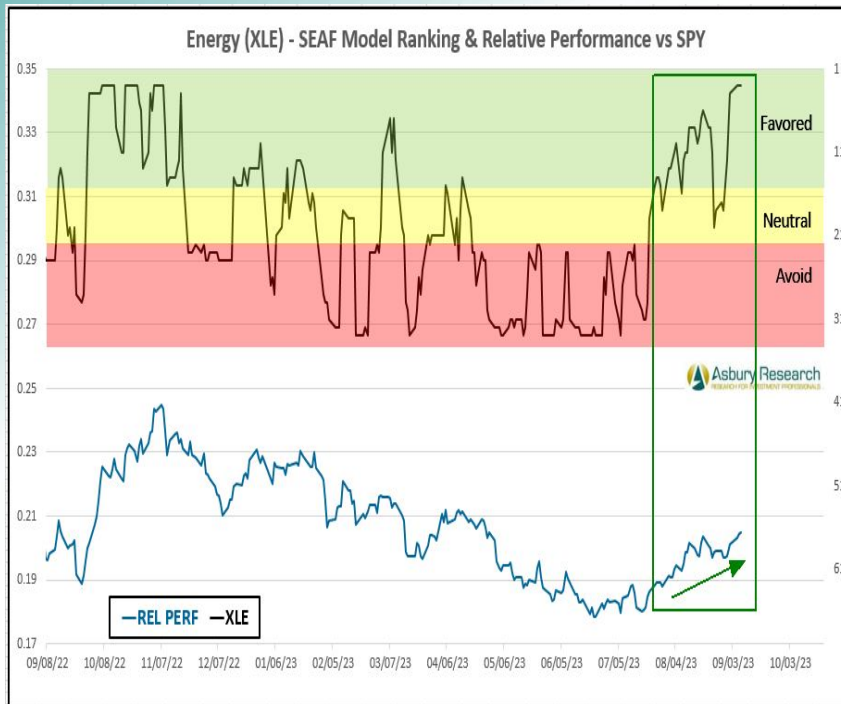
Biggest % inflows during period shown **Biggest % outflows during period shown** © Copyright 2023 Asbury Research LLC
Favored: 3-15 **Neutral 16-24** **Avoid 25-33**

The latest data in multiple time frames indicate **new multi-time frame trends of asset inflows into Energy and Technology** (since 9/7). **This is where the money is currently going in the sector space.**

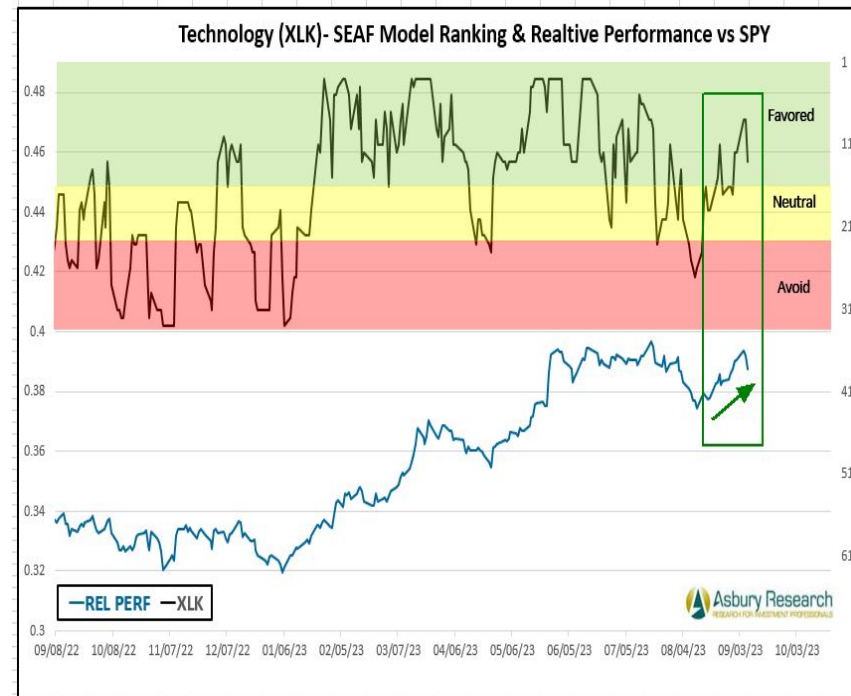
The latest data also indicate **a new trend of multi-time frame outflows from Financials** (since 9/7). **This is where the money is coming from.**

US Market Sectors: SEAF Model

Energy, Technology Are Favored



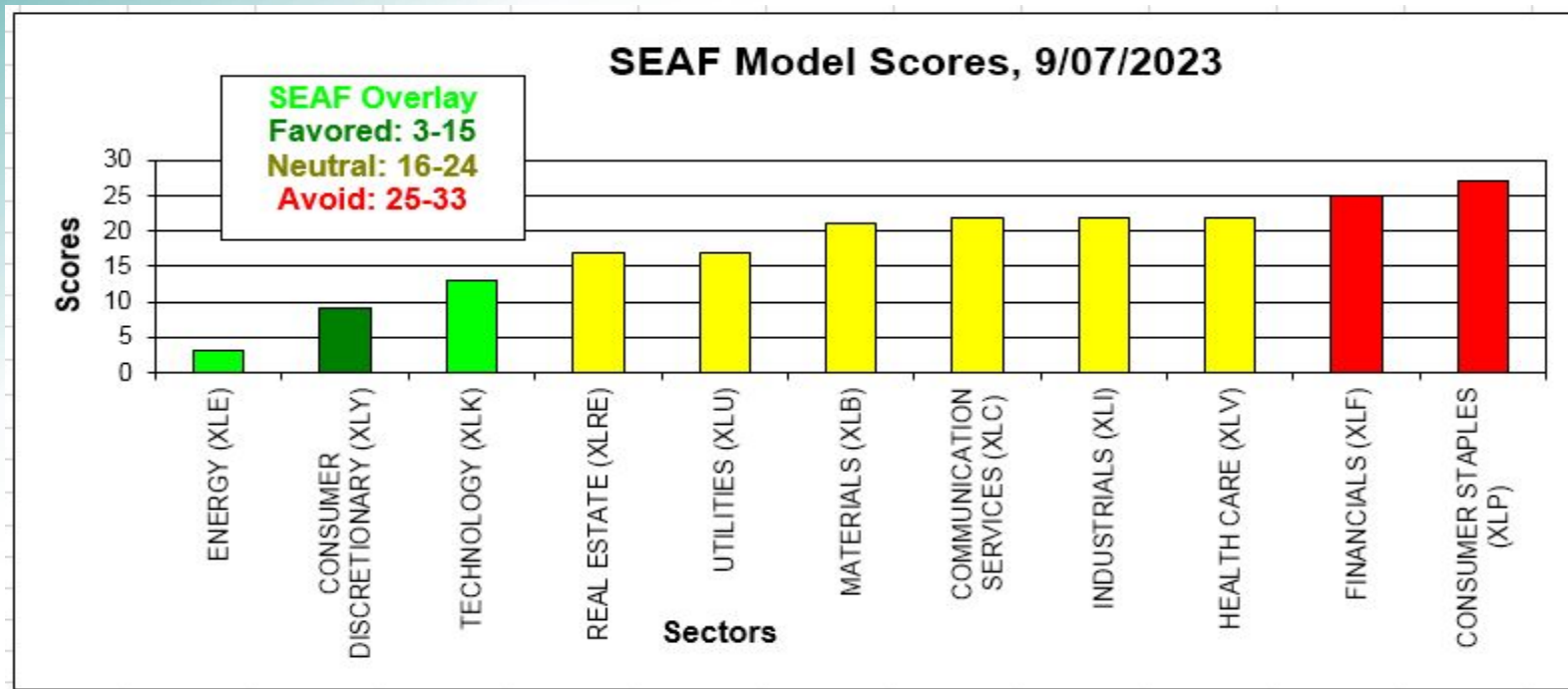
The Energy Select Sector SPDR ETF has risen by 6% while outperforming SPY by 8% since the July 31st SEAF Model buy/overweight signal.



The Technology Select Sector ETF is a new SEAF Model buy/overweight signal this week. Note how XLK has aggressively outperformed since moving back into Favored status according to SEAF.

US Market Sectors: SEAF Model

Following The Money In US Market Sectors



The **SEAF Model Scores chart** displays the rankings shown in the graphic in the previous slide according to **Favored** (score of 1-15, green), **Neutral** (score of 16-24, yellow), and **Avoid** (score of 25-33, red) sectors. The specific **SEAF Model Overlay Signals** are highlighted in a brighter shade of green.

US Market Sectors: SEAF Model

Following The Money In US Market Sectors

SEAF Model vs S&P 500: Performance Comparison By Quarter			
Quarter Ending:	SEAF Model	S&P 500	Rel Performance
Q3'20	9.8%	8.5%	1.3%
Q4'20	13.5%	11.7%	1.8%
Q1'21	22.6%	5.8%	16.9%
Q2'21	9.1%	8.2%	0.9%
Q3'21	5.7%	0.2%	5.4%
Q4'21	8.8%	10.7%	-1.9%
Q1'22	-0.2%	-5.0%	4.7%
Q2'22	-8.0%	-16.5%	8.5%
Q3'22	-11.3%	-5.3%	-6.0%
Q4'22	11.9%	7.1%	4.8%
Q1'23	-5.0%	7.0%	-12.1%
Q2'23	12.9%	8.3%	4.6%
2021	46.1%	24.8%	21.3%
2022	-7.6%	-19.6%	12.0%
Since Q3 2020	69.6%	40.7%	28.9%

The table displays the quarter-by-quarter relative performance of the SEAF Model vs. the S&P 500 over the past 3 years, showing that SEAF has outperformed the S&P 500 in 9 of the past 12 quarters (75% of the time).

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US Market Sectors: SEAF Model

Following The Money In US Market Sectors

SEAF Model Performance Details		through 6/30/2023
Category	SEAF Model	S&P 500 (SPY)
Total return	87.0%	59.6%
Annualized total return	21.5%	15.7%
Max drawdown	-22.5%	-25.4%
Risk (standard deviation)	20.3%	17.9%
Sharpe ratio	0.93	0.70
Sortino ratio	1.93	1.28
Alpha	7.1%	-1.6%
Beta	0.85	1.00
Up capture ratio	1.01	0.97
Down capture ratio	0.80	1.03

- SEAF has a significantly higher **total return** (see chart below) *and* **annualized total return** of the S&P 500
- with a *lower* maximum **drawdown**.
- SEAF has a **significantly higher alpha** (excess return) *and* a **lower beta** (systematic risk) than the S&P 500.
- SEAF has *both* a ***higher* up capture ratio** (gains in up markets) and ***lower* down capture ratio** (losses in down markets) than the S&P 500.

US Market Sectors: SEAF Model

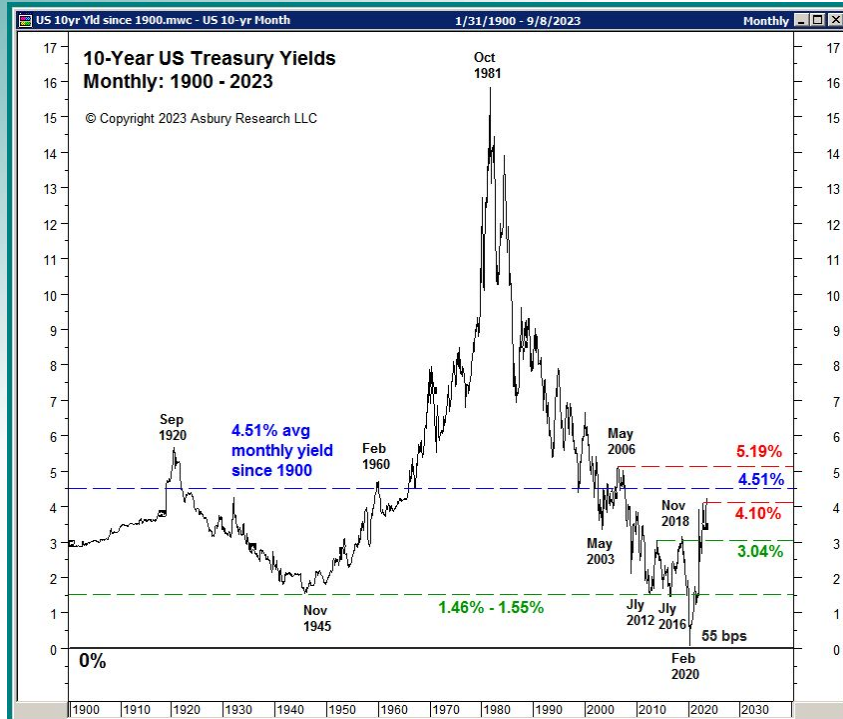
Following The Money In US Market Sectors



This chart plots the daily performance of the SEAF Model vs. the S&P 500, in terms of percentage return, through June 2023.

US Interest Rates

US 10-Year Yields Testing Long Term Overhead Resistance At 4.25%



Despite the huge rise in the yield of the US 10-Year Treasury Note since 2020, it is still about 20 basis points lower than its 4.51% monthly average since 1900.



US 10-Year Yields are currently testing overhead resistance at 4.25%. Above it, the next big level is at 5.23%. The last reversal in yields from 4.25% helped fuel the October 2022 stock market bottom.⁴³



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