



OptionsHawk Quarterly Market Brief – Q2 2022

S&P 500 (SPX) Technical Outlook

Analysis: The S&P broke down out of its post-COVID uptrend in mid-January and corrected sharply as volatility surged but in the end was a standard 10-15% correction that held right at VWAP off the October 2020 low reversal as well as a 38.2% Fibonacci retracement. We pulled back off highs into quarter-end as markets became extreme overbought but holding right near the 8-day moving average while the 21-day near 4450 more meaningful support and the 55-day moving average and VWAP off the highs aligns near 4415. The measured move out of the bottoming pattern points to an upside target of 4900 while a move through the 2021 highs puts Fibonacci extension levels of 4985 and 5087 in play which the latter would also align with Q2 ending trend extension target off the 2020 and 2021 highs. Ultimately, the 4430/4740 zone is a high value zone and any move outside will point to the next trend-move to capitalize on. S&P weekly MACD histogram is nearing a cross to bull-signal which would favor an upside breakout. However, we can not rule out the possibility of lower highs and lows forming a larger falling wedge setting up for another lower low before a potential upside breakout.



Key Levels

	Support	Resistance
Level 1	4500	4630
Level 2	4485	4690
Level 3	4450	4740
Level 4	4415	4800

Fundamental Valuation Bands

	2022		Value	2023		Value
	EPS	Multiple	Level	EPS	Multiple	Level
Bull	232	21	4872	257	20	5140
Neutral	225	18	4050	250	17	4250
Bear	220	15	3300	243	15	3645

Market Health/Sentiment Check

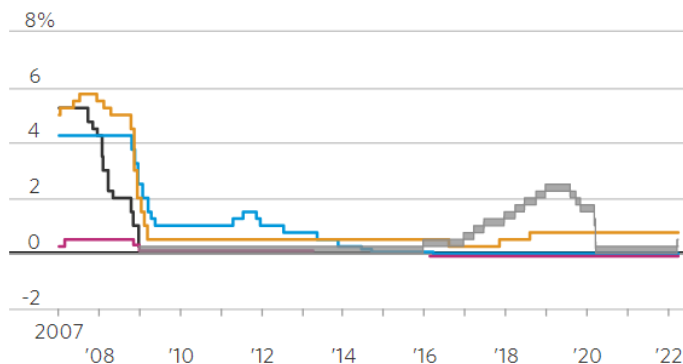
Indicator	Level	Implications
Short Term Moving Average Slopes (8,13,21,34)	Rising	Bullish
Long Term Moving Average Slopes (55, 89, 144)	Declining	Bearish
8/21 Week EMA Crossover	Bear Cross	Improving – Nearing Bull Inflection
NYSE McClellan Oscillator (NYMO)	45.5	Overbought
NYSE Summation (NYSI)	-116	Bullish Above 8-EMA
NYSE A/D (Cumulative)	197,918	Nearing 89-MA Bull Cross
NYSE TRIN 55 MA	0.99	Cautious
NAAIM	79.7	Above Quarterly Average - Caution
AAll Sentiment	31.9% Bull	Below Historical – Neutral
CBOE Equity Put/Call 50 MA	0.57	Neutral – Moved Out of Caution Signal
VIX:VXV Ratio	0.8	Cautious – Near Tops

Macro Catalyst Watch and Review

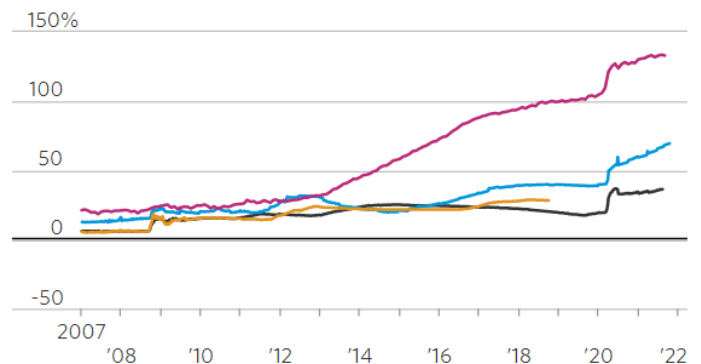
Central Banks

The US Fed was a major story in Q1 with it embarking on its more hawkish trajectory of rate hikes starting with a 25bps move in March and now expectations for 50bps in May and June. Japan continues its easing financial policy while China signaled during the quarter further easing to help jumpstart its economy. In the Eurozone, the February meeting marked a true hawkish shift in the ECB's rhetoric since December. The inflation assessment radically changed and is perceived to suffer from upside risks not only in the near term due to energy prices, but likely also in stronger and broader second round effects.

Interest-rate targets



Balance-sheet assets, percentage of GDP



Country	Inflation rate (% Y/Y)	Inflation target (%)	Real policy rate (%)*	Official rate	Current rate (% pa)	Last change	Next change (FTFI forecast)	Market implied policy rate** (%)		FTFI policy rate forecast (%)	
								1 year	2 years	1 year	2 years
United States	7.5	2	-7.25	Fed funds***	0.25	Mar '20 (-100bp)	1Q '22 (+25bp)	1.88	2.39	1.50	2.50
Canada	4.8	2 (+/-1)	-4.55	O/N rate	0.25	Mar '20 (-50bp)	1Q '22 (+25bp)	1.96	2.41	1.75	2.25
Euro Area	5.1	2	-5.60	Deposit rate	-0.50	Sep '19 (-10bp)	4Q '22 (+25bp)	0.19	0.74	0.00	0.50
United Kingdom	5.4	2	-4.90	Bank rate	0.50	Feb '22 (-15bp)	2Q '22 (+25bp)	1.99	2.03	1.25	1.50
Norway	3.2	2	-2.70	Deposit rate	0.50	Dec '21 (+25bp)	1Q '22 (+25bp)	1.51	1.81	1.50	1.75
Sweden	3.9	2	-3.87	Repo rate	0.00	Dec '19 (+25bp)	2Q '23 (+25bp)	0.49	1.30	0.00	0.75
Switzerland	1.6	< 2.0	-2.35	Policy rate	-0.75	Jan '15 (-50bps)	2H 2023	-0.29	0.41	-0.75	-0.50
Japan	0.5	2	-0.60	Policy rate	-0.10	Jan '16 (-20bp)	On hold	0.02	0.08	-0.10	-0.10
Australia	3.5	2.0-3.0	-3.40	Cash rate	0.10	Nov '20 (-15bp)	3Q '22 (+15bp)	1.45	2.49	1.25	2.00
New Zealand	5.9	1.0-3.0	-5.15	Cash rate	0.75	Nov '21 (+25bp)	1Q '22 (+25bp)	2.76	2.57	2.75	3.00
South Korea	3.6	2	-2.35	7-Day Repo rate	1.25	Jan '22 (+25bp)	1Q '22 (+25bp)	2.18	2.29	1.75	1.75
China	1.5	3	-0.60	7-Day rev repo rate	2.20	Jan '22 (-20bp)	2Q '22 (-20bp)	2.40	2.36	1.90	2.00

Bonds & Credit

Q1 has seen a sharp decline in bonds and resultant surge in yields. The rapid early cycle flattening of the yield curve has fueled worries about what the rates market may be signaling about recession risk. With inflation elevated and the breakeven curve substantially downward sloping, the backdrop for the nominal curve shape differs from recent cycles and is more comparable to the dynamics seen in the 1970s and 1980s, when curves tended to be flatter on average and invert more significantly ahead of recessions. While an inverted curve is suggestive of an increase in recession odds, so long as the inflation curve remains significantly inverted, the degree of inversion consistent with a given recession probability is likely greater this cycle than in recent ones.

Catalyst Watch

Date	Event
4/10 to 4/24	French Elections
4/14	ECB Meeting
5/4	Fed Meeting
6/14	Fed Meeting
7/27	Fed Meeting
8/26	Jackson Hole
9/21	Fed Meeting
11/2	Fed Meeting
11/8	US Mid-Terms
12/14	Fed Meeting

Bull & Bear Flow Quarterly Leaderboard

OPTIONSHAWK DATABASE AGGREGATE FLOW BIAS QUARTER AHEAD	
BULLISH	TSLA, AAPL, NVDA, DVN, EXPE, AA, OVV, WFC, MPC, OXY, FANG, CLF, LYV, APA, UPS, HAL, CCJ, CF, AMD, MRVL, SLB, COP, UNP, NBIX, FCX, X, NEM, MAR, RTX, GOLD, ACC
BEARISH	BABA, SNAP, ZM, W, CCL, PLTR, RIVN, SQ, BA, TTD, TWTR, LMND, SAP, PII, LVS, CMCSA, LRCX, YNDX, UPST, ROKU, CPNG, PINS, LCID, DKNG, PFSI, QS, AAL, LEN, SHOP, COIN, OKTA, PTON, KMX, NKE, HOOD, CHWY, MMM, RBLX

Hawk Vision – Technical Set-Ups in Quality Fundamental Stocks (Hawk 350 Universe) with Options Flow

*** We highlight these set-ups daily in the OptionsHawk Trading Hub***

Thermo Fisher (TMO) a high-quality name that bottomed right at a retest of a former major range breakout and value zone test that now looks ready to reclaim highs. A move back above \$600 should set up for at least a run to \$650 as weekly MACD histogram nears a move back to buy-mode.



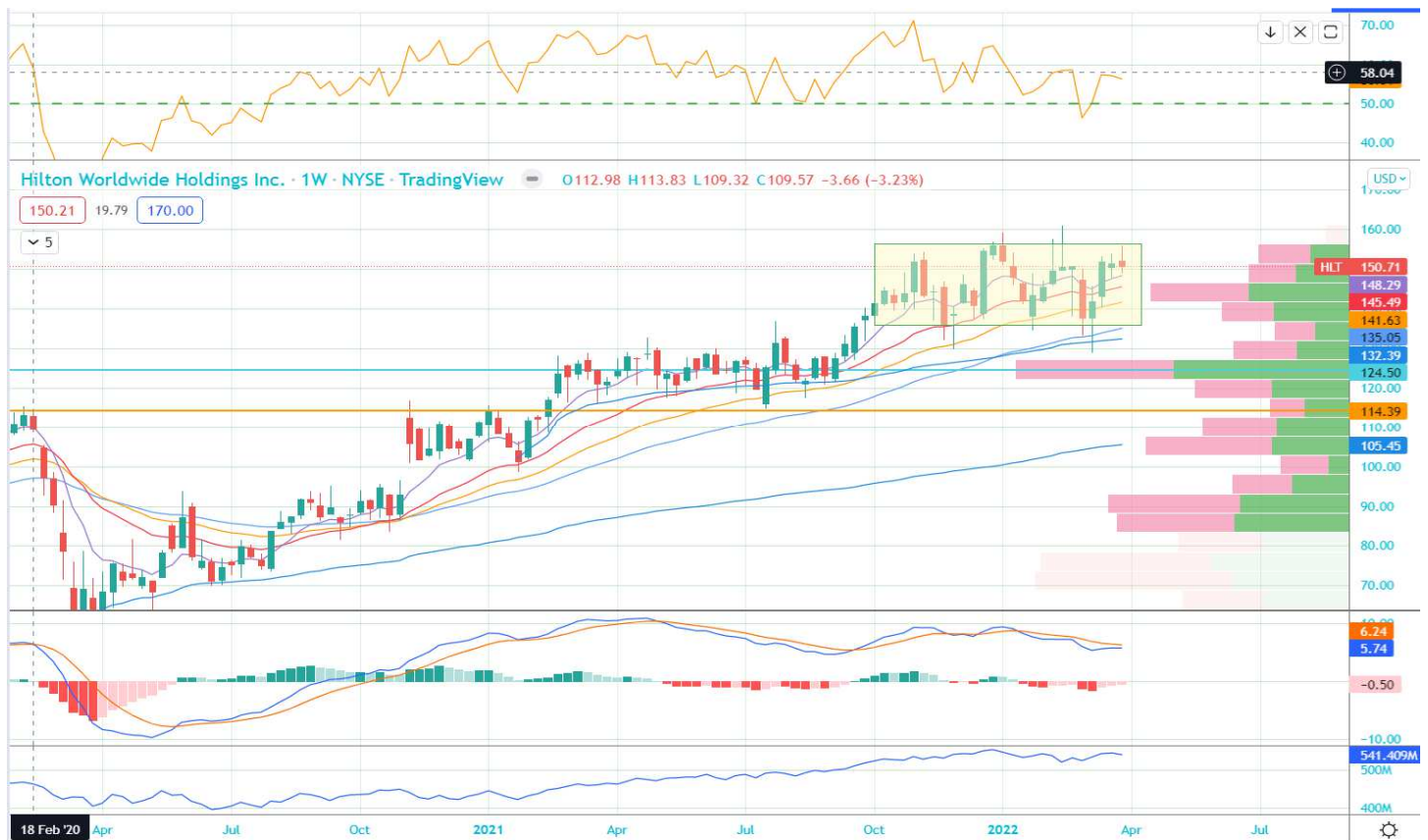
Blackstone (BX) a top Financial with a large weekly bull wedge setting up and MACD nearing a bull cross while RSI back above 50 on the weekly setting. A move above \$130 should test \$137 and above that start a new bull leg to fresh highs.



Atlassian (TEAM) a Software name with top unit economics is working out of a long downtrend after testing a major value level on a retest of its 2021 range breakout while MACD nears a bull cross and RSI looks to move back above 50. A move above \$315 and then \$330 would set up for a run back to near \$400.



Hilton (HLT) a top reopening play settling in a long box with MACD starting to cross back bullish and setting up for a run to new highs. HLT with a buyer of 25,000 July \$125 calls on 3/29 for \$81.5M.



Live Nation (LYV) another one of our favorite reopening lays is setting up with a long consolidation pattern and has seen large bullish options positioning, a strong fundamental story, and look for a break to new highs in Q2.



Wheaton Precious Metals (WPM) a favorite precious metals play setting up with a nice flag and room to the Fibonacci extension target at \$53.70, and has seen a good amount of upside call buying.



SolarEdge (SEDG) a top Solar play has seen strong accumulation while shares consolidate along a rising 21-day moving average and above \$335 can set up for a strong run to \$400+.



ZenDesk (ZEN) a software name being pushed to sell itself and options flow has indicated a likely move to \$140-\$150 zone, continues to show impressive relative strength as it works out of consolidation.



Prior Quarter Earnings Recap

Q4 2021 earnings have wrapped up and we saw the largest number of S&P 500 companies issuing negative forward Q1 guidance since Q4 2019. In addition, the first quarter marks the third consecutive quarter in which the number of S&P 500 companies issuing negative EPS guidance has increased, and the third consecutive quarter in which the number of S&P 500 companies issuing positive EPS guidance has decreased. Supply Chain was cited by a large number of companies, the highest since at least 2010, on earnings calls. Profit margin expectations also decreased, the estimated net profit margin for the S&P 500 for Q1 is 12.1%, which is below the estimate of 12.4% recorded on December 31. Despite headwinds such as inflation and supply chain disruptions which were heavily mentioned on Q4 calls, that didn't stop companies from increasing dividends, the highest increases since Q1 2019.

The estimated earnings growth rate for the S&P 500 for 22Q1 is 6.4%. If the energy sector is excluded, the growth rate declines to 1.0%. The industrials sector has the second highest earnings growth rate (36.8%) of any sector. The financials sector has the lowest earnings growth rate (-21.4%) of any sector.

Strong Beats	Bullish
Ag & Fertilizers	ADM, BG, FMC, CF, CTVA, NTR
Energy E&P	HES, XOM, COP, BP, DVN, MRO, FANG, PXD
Paper & Packaging	GEF, PKG, BLL, AVY, SON, CCK
Auto Dealerships	KMX, AN, CPRT, LAD
Apparel & Footwear	NKE, LULU, LEVI, CPRI, TPR, TL, SKX, UAA
Insurance	TRV, BRO, PGR, AXS, MMC, AFL, MET, HIG
Payments	MA, V, AXP, COF, JKHY, FISV, FLT, WEX, GPN
Pharma	ABBV, JNJ, NVO, REGN, AZN
Pharma Services	PKI, CRL, WAT, CTLT, IDXX, QGEN, RGEN
Life Science Tools	ILMN, ABT, TMO, TECH, MTD, BIO, WST
Machinery/Equipment	TT, SWK, LII, JCI, SNA, CARR, GNRC
Building Materials	FAST, AOS, WY, FBHS, AZEK, GWW, MLM, CSL, OC, VMC
Airlines/Rails	DAL, UAL, UNP, CSX, CNI, NSC, ALK, LUV
Trucking/Logistics	FDX, JBHT, UPS, PCAR, KNX, LSTR, ODFL, CHRW, TFII, XPO
Discount Stores	COST, DKS, WMT, LOW, HD, COST
Media/Cable	CMCSA, NWSA, WMG, FOXA, DIS
Cloud Infrastructure	ORCL, SAP, IBM, MSFT, NOW, CRM, SPLK, DAVA, NET, DDOG, MDB, DT
Back Office Software	PCTY, BILL, HUBS, PAYC, WDAY
Cyber-Security	S, CHKP, FTNT, QLYS, PANW, ZS, CRWD
Semiconductors	TSM, ASML, ENTG, GFS, AMAT, AVGO, INTC, AMD, MCHP
Semiconductors	NVDA, TXN, NXPI, SYNA, ON, ADI, MRVL, QCOM, SWKS

Quarterly Thematic Breakdown

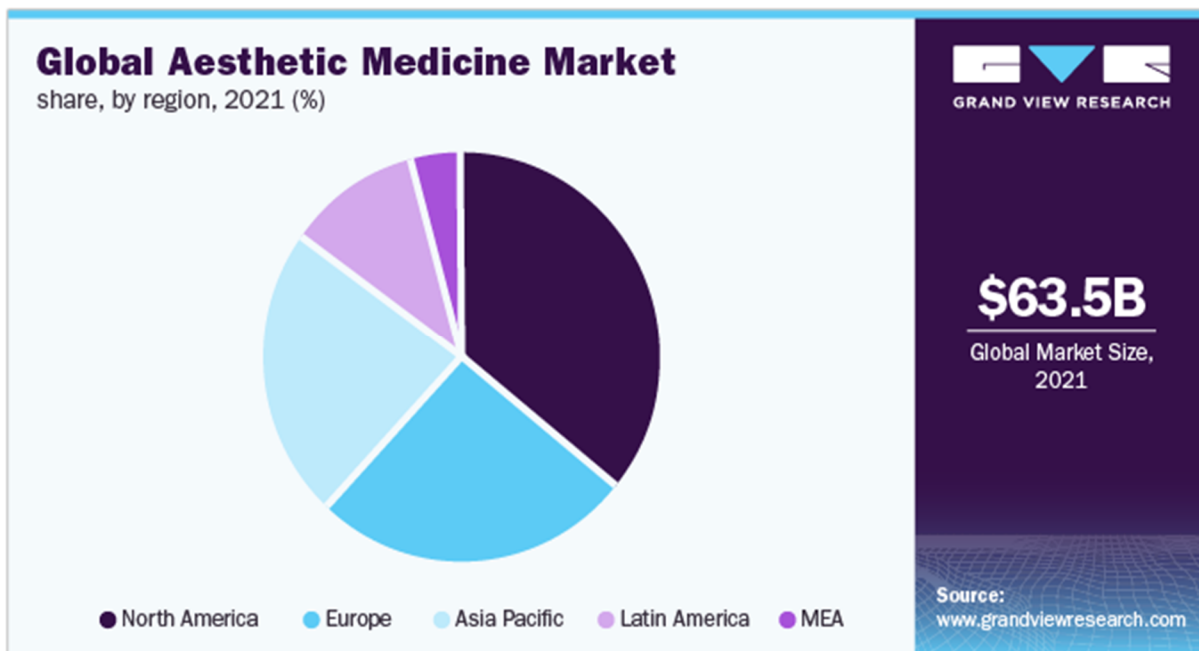
Thematic Research – Aesthetics

The pandemic had a significant effect on the elective surgery market with many patients delaying procedures due to financial insecurity, fear of COVID transmission in medical facilities, and lack of drive due to less person-to-person interaction. But, since the first vaccines rolled out, the industry has seen renewed interest and as the latest variations fade, the market is set to come back strong as confidence from patients returns. One area of significant interest is aesthetics as consumers look to resume personal care routines. Aesthetics encompasses all procedures intended to improve the cosmetic appearance including procedures meant to reduce signs of aging, improve dermatological

conditions like acne, minimize the physical appearance of scarring, and treat skin issues like cellulite, excess fat, or stretch marks.

New devices and a renewed spirit of adults paying attention to their physical appearance has driven a surge in demand for the aesthetics industry. And, as the pandemic continues to wane, the backlog of patients holding back on elective procedures such as cosmetic surgery will continue to recover throughout the year back to pre-COVID levels. June/July is also a seasonally very strong period for medical aesthetics according to the Journal of Cosmetic Dermatology as people often have more time off from work during the late Summer and often choose to do procedures ahead of the Holidays.

The medical aesthetics market is at a significant inflection point. Smaller, innovative companies are growing fast because they're disrupting a space desperately in need of new technology. Pulsed light (IPL), laser, botox and others have been around for more than two decades but major advances in the space have been minimal. For years the rapidly growing, aging population has been the biggest contributor to growth in the market and they remain the biggest buyers of plastic and reconstructive surgery. Younger patients are also moving into the market. **Evolus (EOLS)** noted in March that the millennial segment is one of the most important drivers for growth in both the near- and intermediate-term given the demographic is underpenetrated and carries significant spending power.



The global aesthetics market is expected to hit \$70B this year and up to \$145B by 2030, expanding at a CAGR of 9.6% according to Grandview Research. Growth will be driven by new, minimally-invasive procedures like body contouring systems that will limit recovery time, offer low-cost alternatives for patients, and provide instant results. Non-invasive procedures were the majority of procedures in 2021 with market share of more than 50% for the first time ever. North America is the largest market for the global aesthetics market with 35% of all revenue in 2021 while Europe and Asia follow closely behind. Asia will be the fastest growing market over the next decade growing at an 11% CAGR. The most common procedure will remain breast augmentation while Botox injections will also see significant growth.

Inmode (INMD) is a \$3.33B company focuses on minimally-invasive aesthetic medical products based on RF-assisted lipolysis and deep subdermal fractional RF technologies. They focus on procedures like liposuction with simultaneous skin tightening, body and face contouring, and ablative skin rejuvenation treatments. INMD is growing revenues at 30-40% annually and trades 6.5X sales and 17.9X earnings. Shares have been under pressure in 2022 but they've raised guidance twice so far and continue to expand their footprint to 17 new countries in 2021.

Cutera (CUTR) is a \$1.08B company that makes laser and energy-based aesthetics systems for practitioners. Their truSculpt flex is a bio-electrical muscle stimulation device to treat patients for the non-surgical body sculpting market.

Secret RF is another product of theirs that offers fractional radio frequency microneedling device for skin revitalization. In late March, the FDA approved their AviClear device, a first-of-its-kind device for mild and moderate acne. Stifel raised their PT to \$70 after the approval noting that they expect more rapid AviClear adoption in 2022 and 2023 which will drive durable, recurring, and high-margin revenue streams. CUTR is growing revenues at 10-12% but expected to ramp to 20%+ in 2023 and currently trades 5X sales.

Evolus (EOLS) is a \$650M company that focuses on Jeuveau, their proprietary purified botulinum toxin type A formulation for the temporary improvement in the appearance of moderate to severe glabellar lines in adults. Glabellar lines are most commonly known as frown lines and are vertical lines that appear between the eyebrows. They are caused by small muscles in your face. The most common form of treatment is Botox but Jeuveau is very similar in terms of compound – both use purified botulinum toxin – and EOLS thinks they can win market share as a compelling alternative. They've had a strong debut in the US over the last year and will launch in Europe in Q3, a notable catalyst for shares. Shares trade 3.9X sales with 50% growth expected in 2022.

Establishment Labs (ESTA) is a \$1.66B provider of silicone gel-filled breast implants under Motiva Implants brand. Breast augmentation remains the most requested aesthetic surgery in the world with 1.5M procedures annually yet the company notes this is an area in med-tech that has not seen many innovations since the mid-1990s. ESTA's Motiva technology utilizes a silicone gel with natural tactile feel and movement as well as safety. The 'SmoothSilk' surface has a very low rate of capsular contracture and less biofilm formation due to much lower surface area overall. ESTA sees significant opportunity as they expand into new geographies as much of the world lacks access to their procedures. They noted in January, "In many countries, you see less than 5% of women actually receiving a breast reconstruction after breast cancer. There's been very little innovation, most of it dating back to the moratorium that took place in the early '90s in the United States." They see their TAM growing from \$1.5B to \$5B+ over the next 4-5 years.

Quarterly M&A Notable Deal

Tenneco (TEN) and **Meritor (MTOR)** were each acquired in the Auto Parts space in back-to-back days for \$7.1B and \$3.7B respectively, and at 100% and 50% premiums. TEN at 4X FY22 EBITDA and MTOR at 7X FY22 EBITDA, the distinction being MTOR's 10.7% EBITDA margins versus TEN's 7%. Auto Part names came under pressure from weaker sales forecasts due to supply chain challenges while also dealing with material inflation but these deals signal values in the declines looking at longer-term opportunities. VNE was another name that saw a significant buyout premium last year in this group and we also saw the Goodyear/Cooper deal in Tires.

Looking across the industry there are 17 components with market caps in the \$500M to \$5B range to look for additional M&A candidates and even fewer when removing some LiDAR names. We can further exclude the specialized and high-multiple names like XPEL, SRI, VC, DORM, PLOW and THRM, though some of the stronger growth stories in the group and solid investments. **Dana (DAN)** and **Adient (ADNT)** are lower margin and ROCE names that are likely not as attractive to a buyer.

This leaves a handful of names with **American Axle (AXL)** at 4.2X EBITDA the cheapest name and offering 16% EBITDA margins and a 40.9% ROCE. AXL remains saddled with debt though TEN was also heavily debt-levered. **Standard Motor (SMP)** is the smallest name with a \$975M market cap trading 6.8X EBITDA with 12.2% EBITDA margins and a very clean balance sheet, likely the most attractive buyout of the group. **Allison (ALSN)** is the largest name with a \$4B market cap at 6.6X EBITDA with 35% EBITDA margins and strong growth as well as capital returns and FCF generation. ALSN announced a \$1B buyback in February showing confidence in its value. **Holley (HLLY)** recently came public via SPAC as a market of aftermarket products and trades 11X EBITDA with 25%+ EBITDA margins operating in a \$34B market with consistent growth among car enthusiasts. HLLY is more of a lifestyle brand compared to the other boring auto parts names and an attractive growth story worth watching, while likely less of a M&A target.

Small Cap of the Quarter

Innospec (IOSP) is an interesting small cap value with shares +8.5% YTD setting up for a potential major long-term breakout and a name that is relatively unknown to investors.

Innospec develops, manufactures, blends, markets and supplies specialty chemicals for use as fuel additives, ingredients for personal care, home care, agrochemical, metal extraction and other applications and oilfield chemicals. Its products are sold primarily to oil and gas exploration and production companies, oil refiners, fuel manufacturers and users, formulators of personal care, home care, agrochemical and metal extraction formulations, and other chemical and industrial companies throughout the world. Its Fuel Specialties business offers fuel additives to help improve fuel efficiency, boost engine performance and reduce harmful emissions. The Performance Chemicals business provides effective technology-based solutions for our customers' processes or products focused in the personal care, home care, agrochemical and metal extraction markets. The Oilfield Services business supplies drilling, completion and production chemicals which make exploration and production more effective, cost-efficient and environmentally friendly.



PERFORMANCE CHEMICALS
Make personal and home care products milder and more natural



FUEL SPECIALTIES
Improve fuel efficiency and safety



OILFIELD SERVICES
Lower production cost and boost recovery

Key End Markets

- | | | | | |
|---|--|---|--|--|
| <ul style="list-style-type: none"> Personal care Home care Agriculture | <ul style="list-style-type: none"> Metal extraction Construction Other industrial | <ul style="list-style-type: none"> Long-haul trucking Marine Plastics & Coatings | <ul style="list-style-type: none"> Aviation Agriculture equipment Passenger cars (Europe) | <ul style="list-style-type: none"> Drilling & Completion Production Midstream pipeline transportation |
|---|--|---|--|--|

Competitive Position

- | | | |
|--|---|--|
| <ul style="list-style-type: none"> Leading natural / mild surfactant chemistry Advanced concentrate and dry formats reduce / eliminate single-use packaging Partnership with personal and home care customers to reformulate around sustainability themes Growing in adjacent mining, agriculture and construction markets with technology focused on operational efficiency | <ul style="list-style-type: none"> Products reduce fuel consumption, improve engine efficiency and ensure fuel handling safety Leading market share in heavy-duty commercial and jet aviation transport applications Sustainability themes driving majority of growth opportunities Growing specialized technologies for non-ICE end-markets where we have leading IP | <ul style="list-style-type: none"> Leading IP to lower life-of-well and oil transport costs R&D leadership in friction reducers, drag reducers and flow assurance Strong foothold for future growth in midstream and Middle East markets Diversifying away from US shale cyclicality |
|--|---|--|

IOSP has a market cap of \$2.46B and trades 16.4X Earnings, 11.1X EBITDA and 63X FCF with a 1.2% dividend yield. Forecasts see revenue growth of 12% in 2022 and EBITDA growth of 17%. IOSP has no debt on its balance sheet and operates at respectable 12% EBITDA margins. On its latest earnings call management noted customers focused on high performance and sustainability which is driving strong opportunities for its business lines. The Oilfield Services unit expanded margins for the 6th straight quarter and is benefitting from the strong pricing backdrop.

IOSP is an attractively valued company in a good environment for its businesses and has potential to re-rate higher the next two years.



International Stock of the Quarter

Kongsberg (KOG:NO) is a very interesting Norwegian company with exposure to Defense/Aerospace industries as well as Oil & Gas. Kongsberg is an international technology group that delivers advanced and reliable solutions that improve safety, security and performance in complex operations and under extreme conditions. KONGSBERG works with demanding customers in the global defense, maritime, oil and gas, fisheries and aerospace sectors. The Group is divided into three business areas and other operations. The three business areas are Kongsberg Defense & Aerospace, Kongsberg Maritime and Kongsberg Digital. products and solutions have strong focus on green solutions and the digital transformation towards higher operational efficiency, safety and reliability for customers.

Kongsberg Defense & Aerospace (KDA) has built up a solid order backlog with a good horizon and is experiencing growth in most product areas. KDA is a respected global technology leader and a leading supplier within defense, monitoring, space and aerostructures. The maintenance, repair and servicing of aircraft became a new focus area for KDA during 2020. Land Systems is a world-leading supplier of remote weapons stations, radios and radio communication. The Integrated Defense Systems division supplies the world's most advanced air defense system in NASAMS (Norwegian-Advanced-Surface-to-Air-Missile-System), monitoring systems and artillery firepower, as well as land- and vessel-based combat systems. The Space & Surveillance division supplies a broad spectrum of equipment, systems and services linked to space and maritime surveillance in more than 40 countries.

Kongsberg Maritime (KM) develops and supplies technology which is helping to realize sustainable management of the ocean space. The market lies within traditional merchant vessels and fishing vessels, offshore and research vessels, as well as advanced offshore installations linked to aquaculture, wind power, and oil and gas. KM is a leading supplier of products within maritime automation, bridge systems, digital solutions and electrical engineering. KM's portfolio of sensors and sensor solutions is key to map-ping, monitoring and understanding the ocean space. KM is a world-leading supplier of propulsion systems. The products supplied by Propulsion & Engines fulfil the requirements for performance, cost-effectiveness and sustainability for customers in a global market. KM offers an extensive range of products and systems within

deck machinery, from winches to mooring and anchor handling, to specialized winches and handling systems for offshore, trade, tugs, fisheries, marine vessels and many other types of ships.

Kongsberg Digital (KDI) was established in 2016 to deliver next generation software and digital solutions to customers in the maritime, oil and gas and renewable energy sectors. KDI possesses leading domain and digital expertise in areas which support increased automation and autonomous operations in the industry. Some offerings include remote drilling operations for oil & Gas, power grid optimization, and maritime simulation.

Kongsberg has a market cap of \$63B and trades 14X EBITDA with a 6.2% FCF yield with EBITDA growth of 63.8% and 37.6% the last two years and stable 8% growth seen for 2022 and 2023 along with 9-11% top-line growth. Kongsberg's order backlog hit a record high in 2021 with a 1.12 Book/Bill ratio and EBITDA margins of 12.7% the best it has seen since 2013 as was its 20.8% ROACE. Kongsberg also offers a solid 4% dividend yield.

IPO Watch

Nuvei Corp (NVEI) is an IPO from October 2020 that ran strong for a year before reversing and recently coming back down to near its IPO levels, and a very reasonable valuation, though the recent surge off lows has shares +10% YTD.

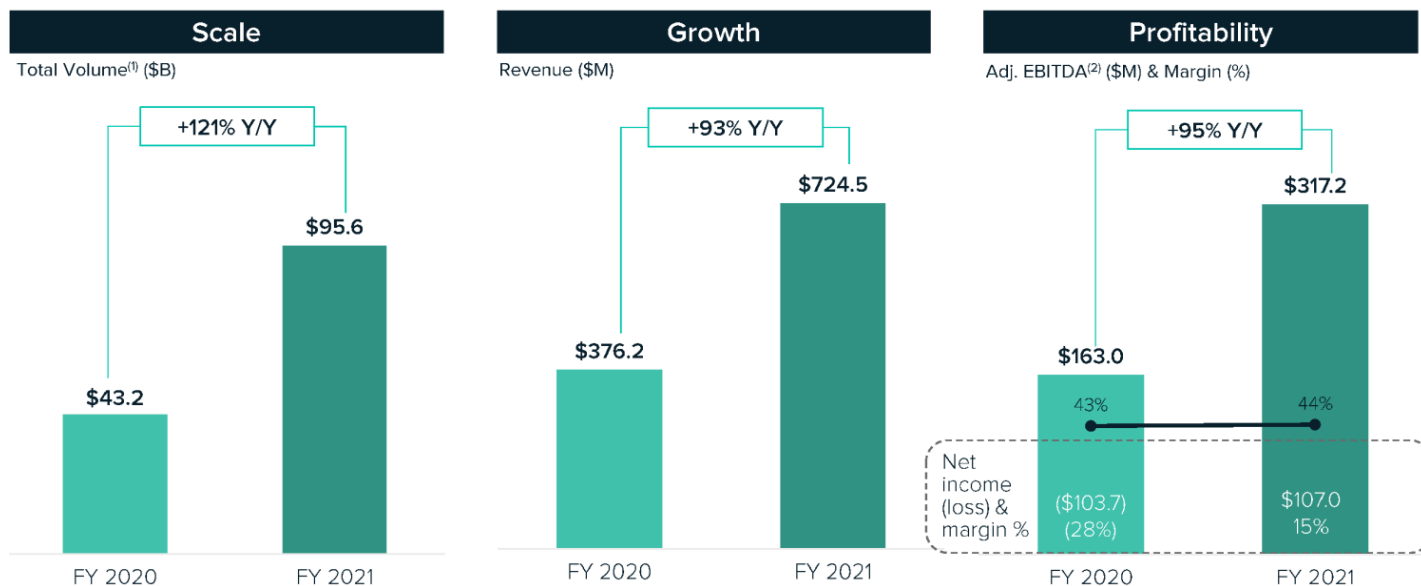
Nuvei is a global payment company providing payment solutions to businesses across North America, Europe, Asia Pacific and Latin America. It offers a proprietary technology platform, which is purpose-built for high-growth eCommerce and mobile commerce markets. The platform enables customers to accept payments worldwide regardless of their customers' location, device or preferred payment method. Its solutions span the entire payments stack and include a fully integrated payments engine with global processing capabilities, a turnkey solution for frictionless payment experiences and a broad suite of data-driven business intelligence tools and risk management services. With support for more than 530 APMs, including cryptocurrencies, and nearly 150 currencies, customers can capture every payment opportunity that comes their way.

NVEI distributes its solutions globally through three primary channels: direct sales, indirect sales for SMBs and eCommerce resellers. NVEI revenue is primarily based on sales volume generated from customers' daily sales and through various transaction and subscription-based fees for its modular technology. Modular technology includes, for example, gateway, global processing, APMs, currency management, global payouts, fraud risk management, card issuing, cryptocurrency payments, open banking, data reporting, reconciliation tools, in addition to a long list of value-add capabilities. Its revenue is largely recurring in nature due to the mission-critical nature of the payment's technology. NVEI competes globally with the major payment providers and processors but is one of the few companies that can offer eCommerce and mobile commerce payments technology through a single integration and through a single source relationship. Nuvei primarily serves SMBs in North America and large enterprises in Europe.

NVEI has well-diversified vertical exposure to high growth markets including regulated/social gaming, online retail/marketplaces, digital goods, regulated financial services, and travel. The company is making a bigger push into the fertile Latin America market. Nuvei's full stack, fully integrated solution reduces complexity and costs for merchants, as merchants only require a single integration into the platform to begin accepting payments globally across mobile or in-app, online, and in-store channels. Consumers benefit from a consistent checkout experience across all channels.

NVEI currently has a market cap of \$12B and trades 27.1X Earnings, 36.5X FCF and 10X EV/Sales with revenues seen rising 33% this year and 28-30% the next two years along with strong growth in profitability with EBITDA

margins already at 43.79% and FCF margins of 33%. NVEI also delivered an insanely high 179% net revenue retention last quarter. NVEI's market cap is relatively small to its larger peers and valuation attractive enough in a consolidating industry that could make it a very attractive acquisition target.



Quarterly Insider Notable Activity

For Detailed Write-Ups Visit <https://www.optionshawk.com/options-trader/insider-trading-spotlight/>

Trade D	Ticker	Insider Name	Title	Price	Qty	AOwnr	Value
2/2/2022	ASAN	Moskovitz Dustin A.	Pres, CEO, Chair, 10%	\$48.15	1,250,000	6%	\$60,187,048
3/14/2022	PCOR	Griffith William J.G.	Dir, 10%	\$50.88	1,173,958	3%	\$59,730,367
2/22/2022	AYX	Horing Jeff	Dir	\$54.79	911,829	>999%	\$49,962,679
2/18/2022	AMPL	Grady Patrick W	Dir, 10%	\$19.48	2,563,748	>999%	\$49,951,628
3/11/2022	JHG	Peltz Nelson	Dir, 10%	\$33.05	1,412,638	5%	\$46,685,835
3/11/2022	JHG	Garden Edward P	Dir, 10%	\$33.05	1,412,638	5%	\$46,685,835
3/7/2022	JHG	Garden Edward P	Dir, 10%	\$30.78	1,500,000	5%	\$46,169,193
3/7/2022	JHG	Peltz Nelson	Dir, 10%	\$30.78	1,500,000	5%	\$46,169,193
2/17/2022	INCY	Baker Bros. Advisors LP	Dir, 10%	\$67.96	525,804	2%	\$35,734,890
2/8/2022	ACLY	Carroll Jill	Dir	\$15.00	1,666,667	455%	\$25,000,005
1/31/2022	SRRA	Aggarwal Gaurav	Dir, 10%	\$27.00	800,000	41%	\$21,600,000
2/7/2022	PFSI	Nanji Farhad	Dir	\$59.42	256,274	6%	\$15,227,132
2/23/2022	EVER	Blundin David B	Dir, 10%	\$14.94	1,004,016	28%	\$14,999,999
2/17/2022	NSIT	Valueact Holdings, L.P.	See remarks	\$99.34	131,006	4%	\$13,013,959
2/9/2022	PFSI	Nanji Farhad	Dir	\$61.11	204,018	5%	\$12,466,937
1/7/2022	SMAR	White James N	Dir	\$63.07	150,000	76%	\$9,460,455
2/24/2022	NSIT	Valueact Holdings, L.P.	See Remarks, 10%	\$102.53	87,302	3%	\$8,950,621
2/11/2022	PFSI	Nanji Farhad	Dir	\$60.88	95,982	2%	\$5,843,238
3/9/2022	FOUR	Isaacman Jared	COB, CEO, 10%	\$46.03	120,000	>999%	\$5,523,206
3/22/2022	RVMD	Schroeder Thilo	Dir	\$23.63	232,364	6%	\$5,489,625
1/11/2022	CINC	Healy James	Dir, 10%	\$16.00	325,000	6%	\$5,200,000
2/17/2022	IAA	Kamin Peter	Dir	\$35.56	142,100	120%	\$5,053,381
3/16/2022	NTRA	Botha Roelof	Dir	\$32.72	153,000	13%	\$5,005,411
3/15/2022	DOCU	Springer Daniel D.	Pres, CEO	\$74.76	66,882	92%	\$4,999,792
1/31/2022	NEE	Robo James L	COB, Pres, CEO	\$77.26	64,691	3%	\$4,998,285
2/11/2022	NMRK	Lutnick Howard W	COB, 10%	\$17.21	277,000	2%	\$4,767,220
2/2/2022	SRRA	Richardson Joshua	Dir, 10%	\$27.00	175,000	9%	\$4,725,000
3/7/2022	RVMD	Schroeder Thilo	Dir	\$18.91	246,438	7%	\$4,660,856
2/23/2022	DDS	Stephens Warren A	Dir	\$230.51	20,000	19%	\$4,610,285
3/22/2022	ASPN	Gervis Robert M.	Dir	\$33.12	135,870	47%	\$4,500,014
3/10/2022	FOUR	Isaacman Jared	COB, CEO, 10%	\$49.40	82,000	67%	\$4,050,439
1/31/2022	SRRA	Sinclair Andrew	Dir	\$27.00	150,000	13%	\$4,050,000
2/15/2022	IAA	Kamin Peter	Dir	\$35.76	110,000	>999%	\$3,933,700
3/4/2022	SKX	Greenberg Michael	Pres	\$37.41	103,000	30%	\$3,852,847
3/11/2022	SKYW	Atkin Jerry C	Dir	\$25.33	143,642	30%	\$3,638,452

Trade D	Ticker	Insider Name	Title	Price	Qty	AOwr	Value
3/17/2022	RVMD	Schroeder Thilo	Dir	\$20.40	168,051	5%	\$3,429,033
2/14/2022	SKYX	Shiff Dov	Dir, 10%	\$14.00	235,712	2%	\$3,299,968
2/18/2022	PARAA	Redstone Shari	Dir	\$28.61	104,650	33%	\$2,994,132
3/11/2022	SKYW	Atkin Jerry C	Dir	\$25.33	110,000	23%	\$2,786,300
3/4/2022	CVNA	Maroone Michael E	Dir	\$104.77	25,000	54%	\$2,619,250
2/11/2022	CTVA	Magro Charles V.	CEO	\$51.14	50,000	New	\$2,556,763
2/16/2022	UGI	Hermance Frank S	Dir	\$38.15	65,000	14%	\$2,479,432
2/28/2022	RILY	Paulson Randall E	Dir	\$59.04	40,000	35%	\$2,361,530
3/7/2022	EXR	Woolley Kenneth M.	Dir	\$200.75	10,500	3%	\$2,107,875
2/8/2022	LESL	Egeck Michael R.	CEO	\$19.66	101,700	5%	\$1,999,422
3/8/2022	WAL	Sarver Robert Gary	Exec COB	\$77.14	25,000	2%	\$1,928,600
3/14/2022	FOUR	Isaacman Jared	COB, CEO, 10%	\$48.38	35,958	12%	\$1,739,758
2/22/2022	IAA	Kamin Peter	Dir	\$34.75	47,000	18%	\$1,633,140
3/22/2022	ITOS	Davis Aaron I.	Dir	\$32.51	50,000	2%	\$1,625,489
3/4/2022	IAA	Kamin Peter	Dir	\$34.09	44,000	14%	\$1,499,800
2/24/2022	MHK	Wellborn Christopher	Pres, COO	\$135.76	10,000	7%	\$1,357,632
2/25/2022	PSN	Ball George L.	CFO	\$33.40	40,000	19%	\$1,336,000
2/25/2022	APA	Joung Chansoo	Dir	\$32.92	40,000	158%	\$1,316,992
3/18/2022	KZR	Berger Franklin M	Dir	\$16.25	80,000	10%	\$1,299,800
1/20/2022	ORCL	Moorman Charles W	Dir	\$83.76	15,000	27%	\$1,256,445
3/3/2022	W	Choe Michael W.	Dir	\$122.24	10,000	9%	\$1,222,400
2/24/2022	RPRX	Fernandez Henry A	Dir	\$37.49	32,500	74%	\$1,218,373
3/2/2022	DKNG	Nada Hany M	Dir	\$23.28	50,000	5%	\$1,164,000
3/7/2022	MP	Weisenburger Randall J	Dir	\$38.40	30,000	35%	\$1,152,000
1/4/2022	EVER	Blundin David B	Dir, 10%	\$14.92	76,623	2%	\$1,143,516
3/4/2022	TRIP	Maffei Gregory B	Dir	\$22.38	50,000	118%	\$1,119,084
3/1/2022	RCII	Fadel Mitchell E	CEO	\$27.08	40,000	7%	\$1,083,200
2/17/2022	CROX	Smach Thomas J	Dir	\$86.35	12,356	7%	\$1,066,889
3/9/2022	SGMS	McLennan Hamish	Dir	\$58.63	18,000	43%	\$1,055,358
3/3/2022	MEG	Price James K	Dir	\$41.90	25,000	3%	\$1,047,500
2/14/2022	BA	Kellner Lawrence W	Dir	\$208.91	5,000	200%	\$1,044,550
3/3/2022	JRVR	D'Orazio Frank	CEO	\$20.64	50,000	42%	\$1,031,865
2/28/2022	CTRA	Jorden Thomas E	CEO, Pres, Dir	\$23.26	44,000	4%	\$1,023,280
3/7/2022	USFD	Dutkowsky Robert M	Dir	\$32.91	31,000	141%	\$1,020,210
3/7/2022	AMBA	Verhalen Andrew W	Dir	\$88.60	11,455	16%	\$1,014,856
3/8/2022	LIN	Lamba Sanjiv	CEO	\$268.62	3,750	13%	\$1,007,325

Trade D	Ticker	Insider Name	Title	Price	Qty	AOwr	Value
3/7/2022	EXPE	Kern Peter M	CEO, Vice COB	\$167.79	6,000	5%	\$1,006,747
3/7/2022	HLMN	Cahill Douglas	COB, Pres, CEO	\$10.60	94,786	53%	\$1,004,732
2/8/2022	PYPL	Dorman David W	Dir	\$119.33	8,400	18%	\$1,002,372
3/4/2022	AES	Coughlin Stephen	EVP, CFO	\$21.30	47,000	228%	\$1,001,100
1/28/2022	MSFT	Walmsley Emma N	Dir	\$303.26	3,300	60%	\$1,000,761
2/18/2022	ALB	Masters J Kent	COB, Pres, CEO	\$190.80	5,241	49%	\$999,983
2/22/2022	FCFS	Hambleton Howard F	AFF Pres	\$75.82	13,187	405%	\$999,900
3/17/2022	BMBL	Griffin Amy	Dir	\$28.37	35,200	30%	\$998,624
1/26/2022	VZ	Vestberg Hans Erik	COB, CEO	\$52.55	19,000	15%	\$998,450
2/22/2022	UNH	Garcia Paul R	Dir	\$464.97	2,146	541%	\$997,817
3/14/2022	DKNG	Nada Hany M	Dir	\$15.34	65,000	5%	\$997,100
3/4/2022	MSGS	Lustgarten Andrew	Pres, CEO	\$166.00	6,000	63%	\$996,000
2/3/2022	PYPL	Schulman Daniel H	Pres, CEO	\$124.57	7,994	4%	\$995,842
2/18/2022	VPG	Cummins Wes	Dir	\$32.26	30,000	15%	\$967,650
2/14/2022	ATGE	Malafronte Michael W	Dir	\$23.58	40,500	68%	\$954,990
2/16/2022	LH	Neupert Peter M	Dir	\$263.66	3,500	52%	\$922,815
2/25/2022	COWN	Kim Lorence H.	Dir	\$30.03	30,000	New	\$900,849
2/17/2022	ECL	Ettinger Jeffrey M	Dir	\$179.39	5,000	36%	\$896,955
3/8/2022	CZR	Pegram Michael E	Dir	\$68.89	13,000	16%	\$895,526
1/21/2022	LAZR	Russell Austin	Chairperson, Pres, CEO, 10%	\$13.73	65,000	New	\$892,632
3/10/2022	INBK	Becker David B	COB, CEO	\$44.59	20,000	5%	\$891,843
3/10/2022	INBK	Becker David B	COB, CEO	\$44.59	20,000	5%	\$891,843
3/8/2022	DKNG	Nada Hany M	Dir	\$17.45	50,000	4%	\$872,500
1/21/2022	EVER	Blundin David B	Dir, 10%	\$14.70	55,239	2%	\$812,078
2/23/2022	DKNG	Sloan Harry	Dir	\$20.05	40,000	63%	\$802,000
3/14/2022	LMNR	Loza Jose De Jesus	Dir	\$12.79	62,600	17%	\$800,638
2/28/2022	STRA	Silberman Robert S	Exec COB	\$60.24	13,001	6%	\$783,181
1/14/2022	ASO	Hicks Ken C	COB, Pres, CEO	\$38.91	20,000	5%	\$778,200
3/14/2022	DKNG	Sloan Harry	Dir	\$15.39	50,000	49%	\$769,500
3/15/2022	NOTV	Harkness James	COO, RMS	\$19.65	38,968	New	\$765,637
3/3/2022	CROX	Treff Douglas J	Dir	\$77.96	9,600	11%	\$748,389
2/17/2022	CROX	Treff Douglas J	Dir	\$91.44	8,100	10%	\$740,662
3/7/2022	SGMS	McLennan Hamish	Dir	\$55.00	13,250	46%	\$728,712
3/1/2022	CABO	Weitz Wallace R	Dir	\$1,440.00	500	28%	\$720,000
3/8/2022	CZR	Reeg Thomas	CEO	\$71.38	10,000	4%	\$713,755

Trade D	Ticker	Insider Name	Title	Price	Qty	AOwn	Value
2/15/2022	LGF.B	Sloan Harry	Dir	\$12.98	50,000	100%	\$649,105
2/25/2022	BX	Porat Ruth	Dir	\$126.21	5,000	84%	\$631,050
2/24/2022	OEC	Painter Corning F.	CEO	\$15.19	40,000	8%	\$607,640
3/10/2022	BLL	Fisher Daniel William	Pres	\$85.86	7,000	7%	\$601,002
3/2/2022	TFC	Voorhees Steven C	Dir	\$59.80	10,000	48%	\$598,000
3/4/2022	TFC	Voorhees Steven C	Dir	\$59.21	10,000	32%	\$592,080
3/1/2022	RILY	Young Kenneth M	Pres	\$58.98	10,000	6%	\$589,752
3/24/2022	GWRS	Cohn Andrew M.	Dir	\$16.00	36,667	2%	\$586,672
3/17/2022	KW	Boucher Richard Aidan Hugh	Dir	\$23.45	24,000	50%	\$562,800
3/8/2022	LCII	O'Sullivan Kieran M	Dir	\$112.00	5,000	39%	\$560,000
1/31/2022	WAL	Vecchione Kenneth	Pres, CEO	\$97.88	5,600	2%	\$548,112
2/28/2022	BLL	Panayiotou Stacey J.	SVP, CHRO	\$88.91	6,000	New	\$533,454
2/23/2022	OFG	Colon Jorge	Dir	\$26.90	19,754	35%	\$531,370
3/1/2022	AMWD	Tang Vance W	Dir	\$52.95	10,000	26%	\$529,500
3/2/2022	SSTI	Stewart Alan R.	CFO	\$26.34	20,000	18%	\$526,863
1/21/2022	ACC	Rippel John T	Dir	\$52.00	10,000	24%	\$519,970
2/22/2022	AMG	Palandjian Tracy P.	Dir	\$137.67	3,700	71%	\$509,379
2/24/2022	KKR	Cohler Matt	Dir	\$58.26	8,683	14%	\$505,908
2/15/2022	AMG	Jeffery Reuben III	Dir	\$143.96	3,500	15%	\$503,860
3/17/2022	AZO	Borninkhof K. Michelle	SVP, CIO	\$1,944.66	259	New	\$503,668
1/28/2022	NEE	Kujawa Rebecca J	EVP, Finance, CFO	\$71.83	7,000	15%	\$502,810
3/1/2022	RILY	Sheldon Michael Joseph	Dir	\$59.51	8,430	34%	\$501,695
2/24/2022	HBI	Bratspies Stephen B	CEO	\$14.63	34,292	4%	\$501,569
2/15/2022	TWOU	Peters Gregory K	Dir	\$10.07	49,663	43%	\$500,106
3/11/2022	AMN	Knudson Jeffrey R	CFO, CAO	\$93.30	5,360	New	\$500,087
1/6/2022	AMLX	Milne George M Jr	Dir	\$19.00	26,315	13%	\$499,985
3/3/2022	AZO	Hannasch Brian	Dir	\$1,879.53	266	235%	\$499,955
3/7/2022	HLMN	Adinolfi Jon Michael	Div Pres, Hillman US	\$10.45	47,830	13%	\$499,824
2/11/2022	CDW	Leahy Christine A	See Remarks	\$180.96	2,762	7%	\$499,812
1/6/2022	ADBE	Desmond Laura	Dir	\$513.64	973	3%	\$499,770
2/28/2022	RBA	Fandozzi Ann	CEO	\$52.25	9,560	527%	\$499,484
2/4/2022	PYPL	Yeary Frank D	Dir	\$124.85	4,000	15%	\$499,400
2/24/2022	OFC	Pickett C Taylor	Dir	\$24.97	20,000	30%	\$499,322
3/15/2022	USFD	Carruthers Court D	Dir	\$35.55	14,040	62%	\$499,122
2/1/2022	WAL	Gibbons Dale	Vice COB, CFO	\$99.68	5,000	2%	\$498,400

Trade D	Ticker	Insider Name	Title	Price	Qty	AOwn	Value
2/22/2022	AZEK	Hendrickson Gary E	Dir	\$26.92	18,500	6%	\$498,020
2/22/2022	INTC	Ishrak Omar	Dir	\$45.11	11,025	31%	\$497,323
3/18/2022	SMAR	McIlwain Matthew S	Dir	\$49.62	10,000	8%	\$496,218
3/10/2022	SATS	Dodge R Stanton	Dir	\$24.17	20,500	>999%	\$495,485
2/8/2022	LESL	Weddell Steven M	See Remarks	\$19.80	25,000	2%	\$495,000
2/17/2022	KKR	Cohler Matt	Dir	\$59.41	8,305	16%	\$493,388
3/7/2022	HLMN	Kraft Robert O.	CFO, Treasurer	\$10.35	47,500	42%	\$491,768
2/7/2022	AZEK	Spaly Brian	Dir	\$30.70	16,000	33%	\$491,200
3/3/2022	JRVR	Abram J Adam	Dir	\$20.39	24,000	5%	\$489,463
3/2/2022	CPS	Van Oss Stephen A	Dir	\$12.14	40,000	106%	\$485,452
2/23/2022	VPG	Cummins Wes	Dir	\$32.02	15,000	7%	\$480,300
3/14/2022	APPS	Deutschman Robert M	Dir	\$31.66	15,000	3%	\$474,900
3/23/2022	PLBY	Kohn Bernhard L III	CEO, Pres	\$15.39	30,425	2%	\$468,311
2/18/2022	PYPL	Yeary Frank D	Dir	\$103.96	4,500	15%	\$467,834
3/7/2022	FFIN	Denny Michael B.	Dir	\$45.28	10,000	17%	\$452,800
3/1/2022	EVOP	Pope Gregory S	Dir	\$22.62	20,000	24%	\$452,300
3/15/2022	BRC	Shaller Russell	SRVP, Pres, Ident Solns	\$43.50	10,000	17%	\$435,000
3/7/2022	OPBK	Kim Ock Hee	Dir	\$13.10	33,200	6%	\$434,920
2/4/2022	INGR	Seip David Eric	SVP, Global Ops, CSCO	\$85.90	5,000	81%	\$429,500
3/16/2022	LIND	Schultz Alex P	Dir	\$11.84	36,200	New	\$428,630
2/23/2022	FSBC	Perry-Smith Robert Truxtun	Dir	\$29.48	14,300	13%	\$421,508
3/8/2022	NRDS	Chen Tim Chao-Ming	CEO, 10%	\$10.59	38,894	64%	\$412,055
1/10/2022	WOOF	Coughlin Ron	CEO, COB	\$17.21	23,290	9%	\$400,821
3/1/2022	NA	Laffer Arthur B	Dir	\$54.14	7,388	19%	\$400,000
2/9/2022	LOB	Losch William C III	CFO	\$63.74	6,250	179%	\$398,382
3/15/2022	TPB	Glazek David Edward	Dir	\$28.65	13,878	137%	\$397,605
1/10/2022	ASO	Marley Brian T	Dir	\$39.46	10,000	28%	\$394,600
2/7/2022	AZEK	Clifford Peter G	CFO	\$30.24	13,000	42%	\$393,120
3/3/2022	CROX	Smach Thomas J	Dir	\$78.04	5,000	3%	\$390,194
3/21/2022	GME	Cheng Lawrence	Dir	\$95.84	4,000	99%	\$383,355
2/11/2022	FLXS	Schmidt Derek P	CFO, COO	\$22.38	17,111	11%	\$382,859
2/7/2022	RCKT	Shah Gaurav	CEO	\$17.34	22,000	2%	\$381,513
3/4/2022	Y	Brandon Joseph Patrick	Pres, CEO	\$651.79	585	2%	\$381,296
3/8/2022	TBI	Gafford Derrek Lane	EVP, CFO	\$25.21	15,000	19%	\$378,150
3/4/2022	HYFM	Toler William Douglas	CEO, COB	\$14.28	25,000	2%	\$357,100
2/18/2022	EPD	Rutherford John R	Dir	\$23.76	15,000	18%	\$356,415

Q4 Seasonality Outlook

Looking over the last 10 years of data we can see a strong tendency for outperformance in Q2 for Communications, Energy, Technology, and Consumer Discretionary. Tech specifically has been consistently strong May through June while Energy and Oil tends to see strength peak out in April before weakness in May. Semiconductors have stood out with strength in May/June which tends to power the Tech led Nasdaq to be the strongest index in Q2 the last 10 years. Communications has been stronger as well particularly in April and June with several Tech heavy weights in that sector. XLC is a newer sector ETF, so data compiled using VOX which is a nearly identical ETF with more trading history. Healthcare is also a steady strong performer through each month of the quarter. Of the sector laggards, Gold sticks out with a flat 10 year average return for the April-June timeframe. Transports and Utilities also tend to see more weakness on average in May and June delivering fairly flat to negative returns in those months. Overall, April is the strongest calendar month in Q2 and the full year for SPY, with June returns also solid the past decade. Small caps measured by the Russell 2000 start to see strength in June.

10 years of data	Sector Seasonality for Q2							
		April		May		June		Q2
Ticker	Sector	% Up	Avg Return	% Up	Avg Return	% Up	Avg Return	Avg Return
XLK	Technology	80%	2.85%	70%	1.54%	50%	1.28%	1.89%
XLV	Healthcare	60%	2.39%	80%	1.21%	70%	1.63%	1.74%
XLY	Consumer Discretionary	90%	4.27%	60%	0.19%	80%	1.83%	2.10%
XLF	Financials	60%	3.22%	60%	0.11%	40%	0.41%	1.25%
XLC	Communication Services	80%	4.36%	20%	-0.80%	60%	2.15%	1.90%
XLI	Industrials	60%	2.09%	60%	0.73%	50%	0.17%	1.00%
XLP	Consumer Staples	70%	1.64%	60%	0.10%	40%	0.60%	0.78%
IYR	Real Estate	70%	2.77%	50%	0.21%	80%	1.09%	1.36%
XLB	Materials	90%	3.90%	50%	0.36%	50%	0.23%	1.50%
XLE	Energy	60%	6.22%	50%	-1.38%	50%	1.23%	2.02%
XLU	Utilities	80%	2.54%	50%	-0.20%	50%	-0.03%	0.77%
SPY	S&P 500	90%	3.07%	80%	0.53%	60%	1.06%	1.55%
QQQ	Nasdaq 100	70%	3.13%	70%	1.48%	60%	1.72%	2.11%
IWM	Russell 2000	60%	2.03%	60%	0.69%	80%	2.44%	1.72%
DIA	Dow Jones	100%	2.54%	70%	-0.01%	60%	0.95%	1.16%
TLT	Bonds	50%	0.47%	60%	1.22%	70%	0.62%	0.77%
GLD	Gold	50%	0.71%	50%	-0.70%	40%	-0.05%	-0.01%
XOI	Oil	80%	6.21%	50%	-1.86%	50%	1.90%	2.08%
IYT	Transports	50%	1.71%	60%	0.64%	50%	-0.23%	0.71%
SMH	Semiconductors	40%	1.25%	80%	2.42%	60%	1.51%	1.73%

*Note: XLC was created 2018, so data was used from VOX Communications ETF

Sector Seasonal Trade Setups

Q2 seasonal trends include Technology seeing bullish bias starting in mid-April and carrying into mid-July while Banks, metals, and Natural Gas tend to setup a short bias in May/June that lasts into mid-Summer. 10-year average returns for XLK Technology shows a near +10% gain during this seasonal Q2 bullish trend.

Sector Index Seasonality Table (Full Q2 Trends)			Seasonality		Average % Return		
Ticker	Sector Index	Trade Bias	Start	Finish	15-year	10-year	5-year
XLK	Computer Technology	Long	Mid April	Mid July	8.10%	9.80%	12.50%
KBE	Banking	Short	Eary May	Early July	-7.90%	-2.90%	-3.80%
XAU	Gold & Silver	Short	Mid May	Early June	-5.90%	-3.70%	-0.01%
XLB	Materials	Short	Mid May	Mid Oct	-2.50%	-1.00%	4.40%
XNG	Natural Gas	Short	Mid June	End July	-5.70%	-4.40%	-5.10%

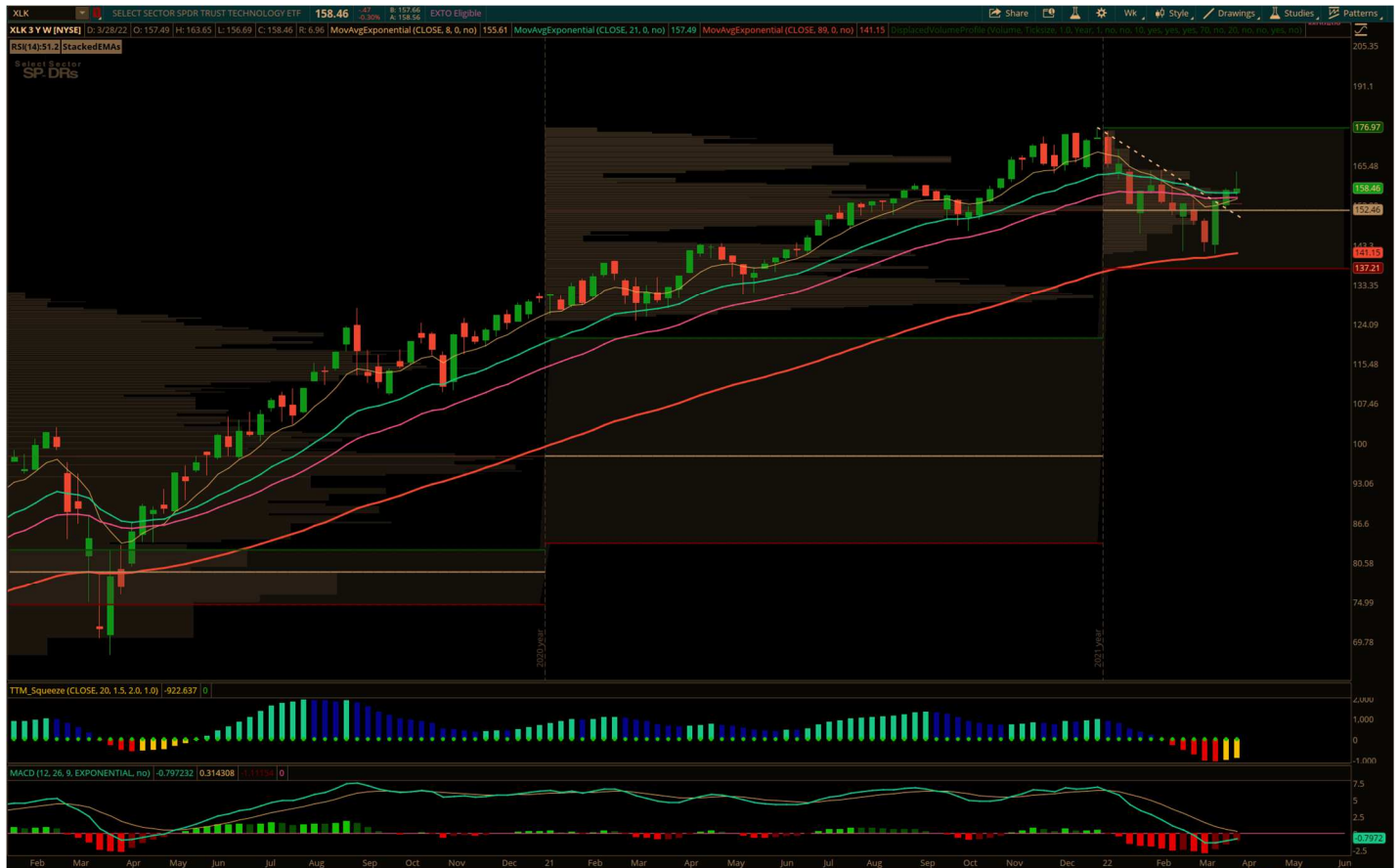
First Month of Quarters Are the Most Bullish

The opening month of each of the first three quarters of the calendar year tend to produce the largest gains in the S&P historically. This may have to do with the way institutions operate on a quarterly and semiannual investment benchmark but whatever the reason it's interesting to note the seasonal trend. The 4th quarter behaves differently over the years potentially due to the year-end portfolio changes or elections in November every few years. Comparing the month to month quarterly returns of the S&P in the table below shows that the first months of a new quarter perform best, excluding the 4th quarter. Heading into Q2 it's clear that April tends to be the strongest month in the quarter over recent history going back to 1991 and also all the way back to 1950 on a longer-term timeframe. Since 1991, the first month of the 2nd quarter (April) has produced total average returns of +2.2% on the S&P. This implies April should have a bullish tailwind at its back compared to other starts of a quarter throughout the year and then perhaps a tendency for a softer market in May and June. On average since 1950 the months of May and June have barely eked out a gain with more recent history showing slightly negative to flat returns in June. Q2 can be summed up as early strength as Spring fades into Summer.

S&P 500 Average Monthly % Changes by Quarter			
	1950-2021		
	1st month	2nd month	3rd month
1Q	1.1%	0.002%	1.00%
2Q	1.7%	0.20%	0.10%
3Q	1.1%	0.03%	-0.50%
Total	3.9%	0.20%	0.60%
Average	1.3%	0.08%	0.20%
4Q	0.8%	1.7%%	1.50%
S&P 500 Average Monthly % Changes by Quarter			
	1991-2021		
	1st month	2nd month	3rd month
1Q	0.5%	0.10%	0.90%
2Q	2.2%	0.70%	-0.10%
3Q	1.2%	-0.30%	-0.20%
Total	3.9%	0.50%	0.60%
Average	1.3%	0.17%	0.20%
4Q	1.3%	1.80%	1.40%

Sector ETF Quarterly Watch

Technology (XLK) shows strong seasonal bullish bias starting in April and going through mid-July with the last 5 years seeing average returns of +12.5% and the last 10 years seeing average returns of +9.8% during that time frame. The second quarter strength that is typical in Tech sets up well this year after the early year correction in the Nasdaq completed and has since rebounded off the 89-week EMA and lower end of yearly value area. XLK saw a bullish weekly reversal candle in March off key support and now back above the 2021 VPOC at 152.50 as weekly MACD is nearing a bull cross. Interest rates pulling back off the recent highs can also be a tailwind for Technology into Q2 as it tends to trade inversely to yields. XLK will look to retest the yearly value highs near 176. The XLK sector ETF has 77 holdings but the top 10 holdings account for 68% of the fund assets. The ETF is dominated by large caps with the top two holdings, AAPL and MSFT being 40% of the group. The top 10 holdings are **AAPL, MSFT, NVDA, V, MA, AVGO, CSCO, ADBE, ACN, CRM, INTC, AMD, TXN, QCOM, PYPL.**



Disclaimer:

Not Investment Advice or Recommendation

Any descriptions "to buy", "to sell", "long", "short" or any other trade related terminology should not be seen as a recommendation. The Author may or may not take positions in any of the names mentioned, and is not obligated to disclose positions, nor position sizes.

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