



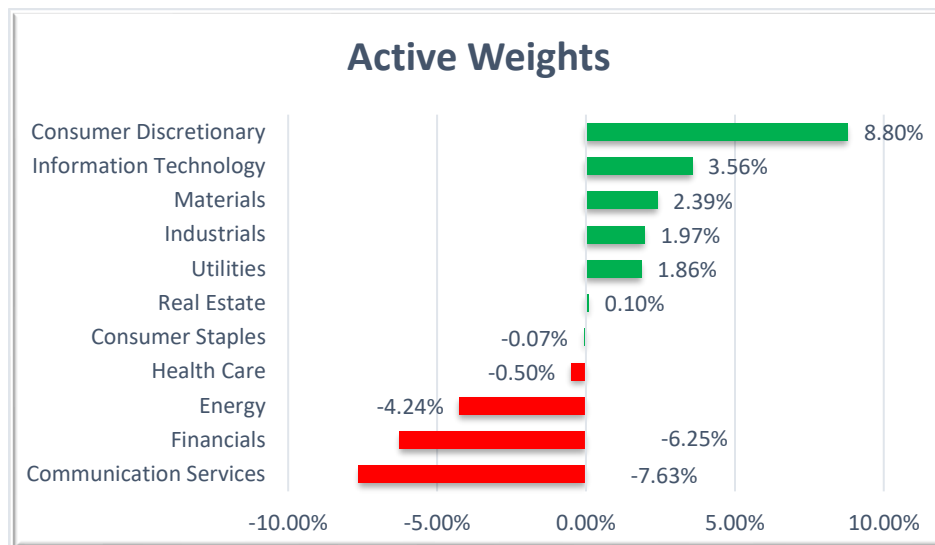
May 2019 Sector Allocations

Methodology

To arrive at our monthly sector allocations, we delineate the S&P 500 universe of stocks into five groups based on their Smart Momentum Score (SMS). Any stock that has retraced at least 20% from a trend high is considered an outlier. The sector allocation is then found by looking at the proportion of names within quantile one for each sector. To control risk, no sector can represent more than double its weighting in the index. These results will be sent out monthly to all Trendrating subscribers.

May Allocations

Consumer discretionary is the largest overweight again this month, followed by Technology and Materials. In contrast, the Communication Services sector is now the largest underweight, with a recommended weighting of ~3% compared to the nearly 11% index weighting. Financial and Energy are also underweights for the month. The remaining five sectors have deviations of less than 2% from the benchmark weighting, which we consider neutral.





| Sector | Weight in Universe | Trendrating Allocation | Active Weight |
|------------------------|--------------------|------------------------|---------------|
| Information Technology | 22% | 25% | Overweight |
| Health Care | 14% | 13% | Neutral |
| Financials | 13% | 7% | Underweight |
| Communication Services | 11% | 3% | Underweight |
| Consumer Discretionary | 10% | 19% | Overweight |
| Industrials | 9% | 11% | Neutral |
| Consumer Staples | 7% | 7% | Neutral |
| Energy | 5% | 1% | Underweight |
| Utilities | 3% | 5% | Neutral |
| Real Estate | 3% | 3% | Neutral |
| Materials | 3% | 5% | Overweight |

ETF Strategy

We have paired each sector with the corresponding SPDR ETF to allow for an investable and trackable strategy.

| Sector | SPDR ETF | Weighting |
|------------------------|----------|-----------|
| Information Technology | XLK | 25.25% |
| Consumer Discretionary | XLY | 19.19% |
| Health Care | XLV | 13.13% |
| Industrials | XLI | 11.11% |
| Consumer Staples | XLP | 7.07% |
| Financials | XLF | 7.07% |
| Utilities | XLU | 5.05% |
| Materials | XLB | 5.05% |
| Real Estate | XLRE | 3.03% |
| Communication Services | XLC | 3.03% |
| Energy | XLE | 1.01% |

Additional Information

[Proven Effectiveness](#) – A 20-year backtest supporting Trendrating’s sector allocation approach

[Trendrating Brochure](#) – An overview of the services we offer

[Trendrating Stock Strategy](#) – effective stock selection and strategy implementation

[Contact us](#) to request more information about Trendrating’s web-based platform