

3/31/26

**Ross LaDuke, CMT**  
Global Strategist  
612-482-8442  
Ross@vermilioncap.com

**David Nicoski, CMT**  
Chief Investment Officer  
612-682-1900  
Dave@vermilioncap.com

**Joseph Jasper, CFA**  
President  
612-712-1300  
Joe@vermilioncap.com

**Eric Anderson**  
Research Sales  
612-482-6622  
Eric@vermilioncap.com

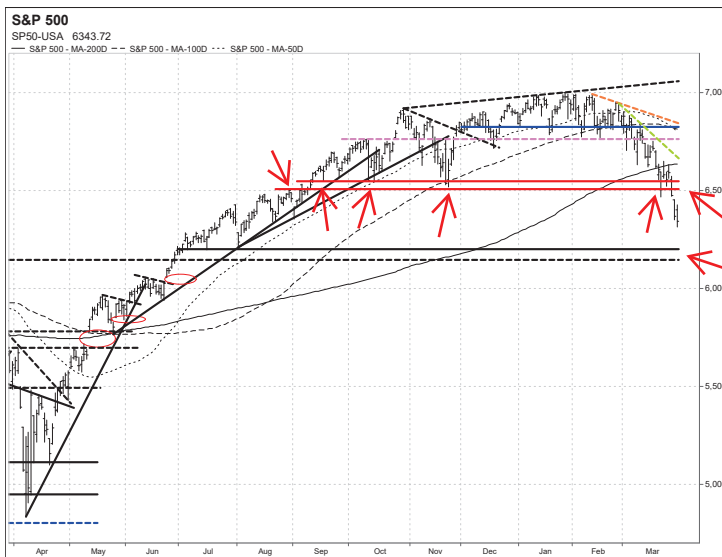
**Sean Cusick**  
Director of Quant Systems  
612-712-1400  
Sean@vermilioncap.com

Vermilion Research LLC  
920 2nd Ave S, Ste. 1225  
Minneapolis, MN 55402

## Downgrading Outlook to Bearish; Stay Defensive

We are officially downgrading our outlook to bearish with the S&P 500 (SPX) violating major support at 6480-6520, Nasdaq futures (NQ) violating 24,000 support, and the Russell 2000 (IWM) breaking down below crucial \$245 support. This comes after downgrading our outlook to neutral in our 3/3/26 *Compass*. Concerns that we discussed since early-February stemmed from deteriorating market dynamics, and ever since then we have been "concerned about a deeper pullback, likely to 6720-6776, 6690, or 6480-6520 on SPX," while also discussing since mid-March how "downside capitulation is likely needed before finding a reliable bottom." With continued deterioration in market dynamics, we just discussed last week (3/24/26 *Compass*) how we were "increasingly concerned about a breakdown below 6480" and that "the SPX likes to test the 200-day MA as resistance (from below) before continuing lower, and this is likely what happened on 3/23/26." 6200 and 6150 are the next supports to watch, and we would continue to be sellers on any rallies to 6480-6520 and 200-day MA resistances.

- **More Downside Ahead.** We *still* see reason for caution: (1) U.S. interest rate volatility (MOVE index) remains at 11-month highs and remains above the crucial 85 level. (2) The U.S. dollar (DXY) displays a bull flag breakout and appears likely to break above crucial resistance at \$100.25-\$100.80, which would be bearish for global equities. (3) High yield spreads are at 9-month wides, and have widened above the crucial 320bps level. (4) Defensive Sectors (Staples, Utilities, and Real Estate), Energy (**XLE**), and Materials (**XLB**) remain leadership, which is as unhealthy as it gets. (5) WTI crude oil displays a bull flag breakout after holding above crucial \$88 support (and we remain bullish on crude oil, as we have been throughout all of 2026). (6) Semiconductors (**SMH**, **SOXX**) are starting to violate crucial horizontal supports... *see pages 2-5.*
- **Big Picture Trends.** SPX, Treasuries, and gold had all been selling off together, but as of Friday and Yesterday (Monday) we are seeing a clear change of character, where 2-year Treasuries and precious metals are rallying alongside a declining SPX; we believe this suggests participants are shifting their concern from inflation to recession. We agree and we are buyers of gold and silver on this pullback. The 10-year Treasury yield remains above 4.30% support for now, but a break below would be time to buy bonds... *see chart below and page 5.*



In today's report we highlight attractive Groups and stocks within Energy, Materials, and Consumer Staples: EN-20 Refining, EN-24 Ethanol, MA-07 Specialty Chemicals, Petro/Basic/Commodity, and CS-07 Processors, Commodity... *see pages 15-28.*

We do not want to get ahead of ourselves, but there is potential here for a drawn-out bear market similar to 2022. After being cautious since early-Feb., we are officially shifting our outlook to bearish on the break of 6480-6520 support. 6200 and 6150 are next supports to watch, and we would continue to be sellers on rallies to resistance at 6480-6520 and the 200-day MA.

## Sector Relative Strength Rankings & Weighting Recommendations

### Sector Relative Strength Rankings (RSR)

Continue to position defensively within **Energy, Materials, Consumer Staples, Utilities**, mega-cap pharmaceuticals, health care distributors, and select **Services** (specifically waste services). If market concerns are truly shifting to recession risk as we are starting to expect, these are the areas that will benefit most, and they will be some of the only places to hide. Within Materials, we believe it is time to buy precious metals and gold miners, as both gold and silver prices have likely bottomed.

Just last week (3/24/26 *Compass*), while some were touting it as a risk-on signal, we discussed how we took no comfort in the fact that RS for **Consumer Staples (XLP)** was at 1.5-month RS lows, and that we were monitoring for a higher low to form in RS. As discussed last week, it is not uncommon for RS on **XLP** to hit 1-4-month lows following a significant move higher, only for a more significant pullback to happen in the SPX; indeed, RS on XLP hit multi-month lows in March 2025 and in March 2022 before RS ultimately roared back to new highs, as SPX proceeded to fall *another* 15% (in 2025) and 22%+ (in 2022).

### Relative Strength Ranking: Sector Summary

Vermilion Sector	03/27	03/20	03/13	03/06	02/27	02/20	02/13	02/06	01/30	01/23
EN <a href="#">Energy(AVG)</a>	2	2	2	3	4	5	5	7	5	6
EN Energy(CAP)	2	2	3	4	7	9	9	12	10	16
UT Utilities(CAP)	6	6	6	7	8	12	10	17	14	19
MA Materials(CAP)	8	12	7	5	3	3	3	5	4	4
TR <a href="#">Transportation(AVG)</a>	8	10	15	9	5	5	8	7	8	9
UT <a href="#">Utilities(AVG)</a>	8	8	8	9	11	13	11	16	12	15
MA <a href="#">Materials(AVG)</a>	10	15	8	6	3	5	4	4	4	2
CS Consumer Staples(CAP)	13	13	10	12	10	14	11	13	14	17
MF Manufacturing(CAP)	14	12	11	10	8	8	8	8	9	9
TR Transportation(CAP)	14	13	16	14	10	10	12	9	11	12
RE <a href="#">Real Estate(AVG)</a>	16	16	16	16	19	20	20	20	18	18
FN <a href="#">Financials(AVG)</a>	17	17	18	18	20	18	19	15	13	16
MF <a href="#">Manufacturing(AVG)</a>	17	16	16	14	12	10	10	9	9	7
RE Real Estate(CAP)	17	16	15	15	16	18	17	19	17	19
CO <a href="#">Communications(AVG)</a>	18	17	19	17	22	22	23	24	18	19
CS <a href="#">Consumer Staples(AVG)</a>	18	19	18	18	18	20	19	20	19	21
HC <a href="#">Health Care(AVG)</a>	18	16	17	18	19	21	21	21	14	11
TE <a href="#">Technology(AVG)</a>	18	17	18	19	22	22	21	21	16	12
FN Financials(CAP)	19	19	20	20	21	20	20	16	14	17
CD Consumer Disc(CAP)	21	20	19	20	21	22	22	22	16	16
CO Communications(CAP)	21	15	16	16	19	20	20	18	8	13
HC Health Care(CAP)	21	20	16	16	15	18	17	15	12	10
TE Technology(CAP)	21	18	18	20	22	22	22	22	18	18
CD <a href="#">Consumer Disc(AVG)</a>	22	23	22	22	22	22	22	22	22	20
SV <a href="#">Services(AVG)</a>	24	23	24	24	25	26	26	25	22	20
SV Services(CAP)	25	23	24	24	25	26	27	27	26	26

### No Weighting Changes

Recent changes:

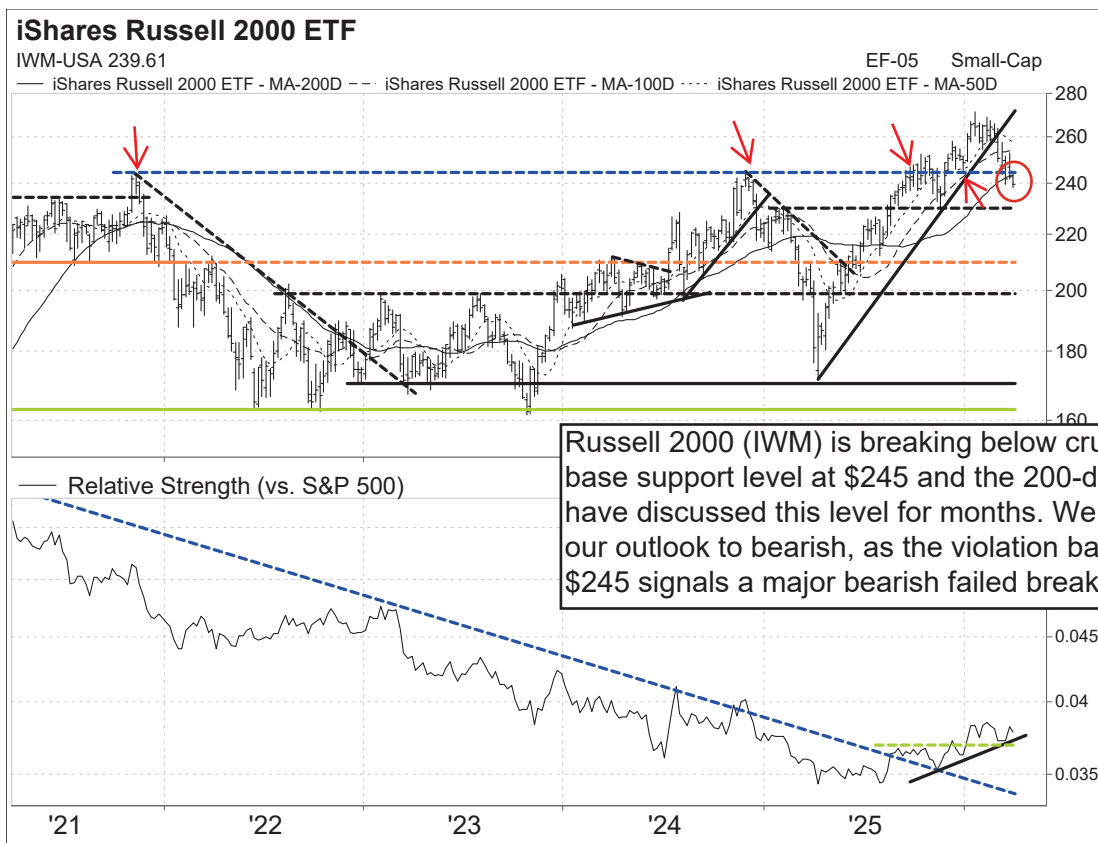
3/18/26: Downgraded Transportation to Market Weight (from Overweight)

### Sector Weighting Recommendations

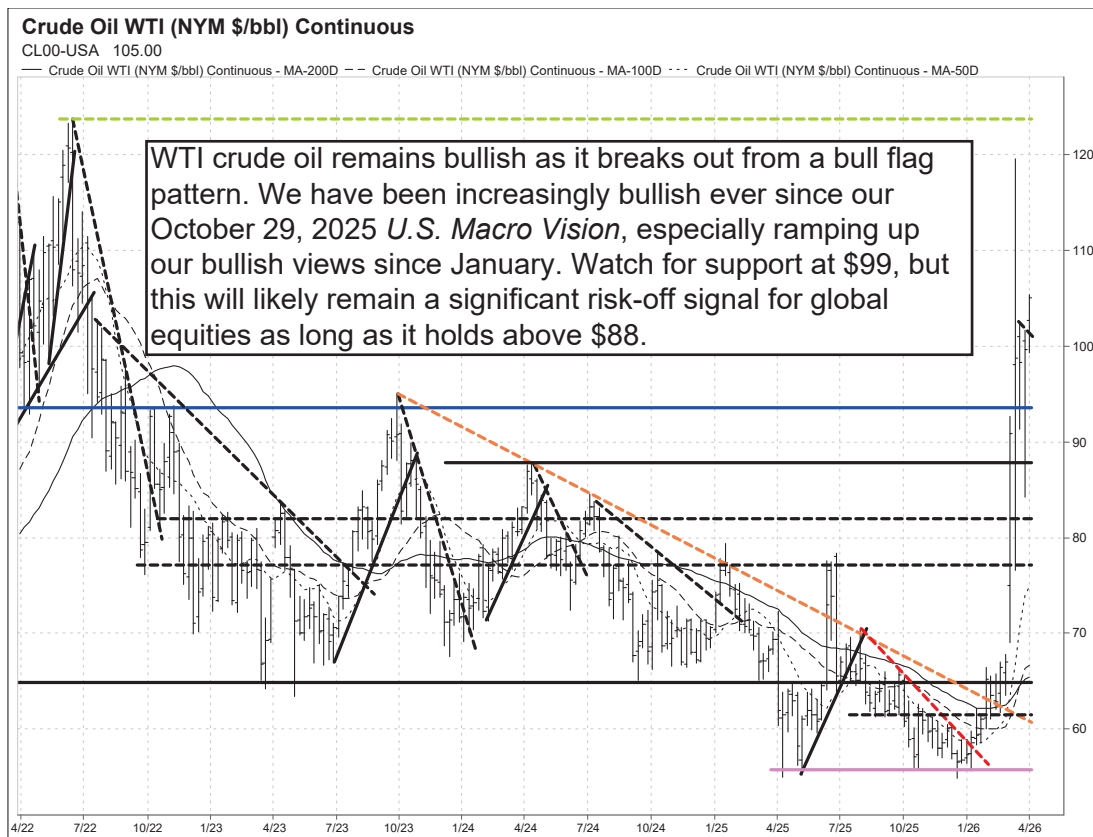
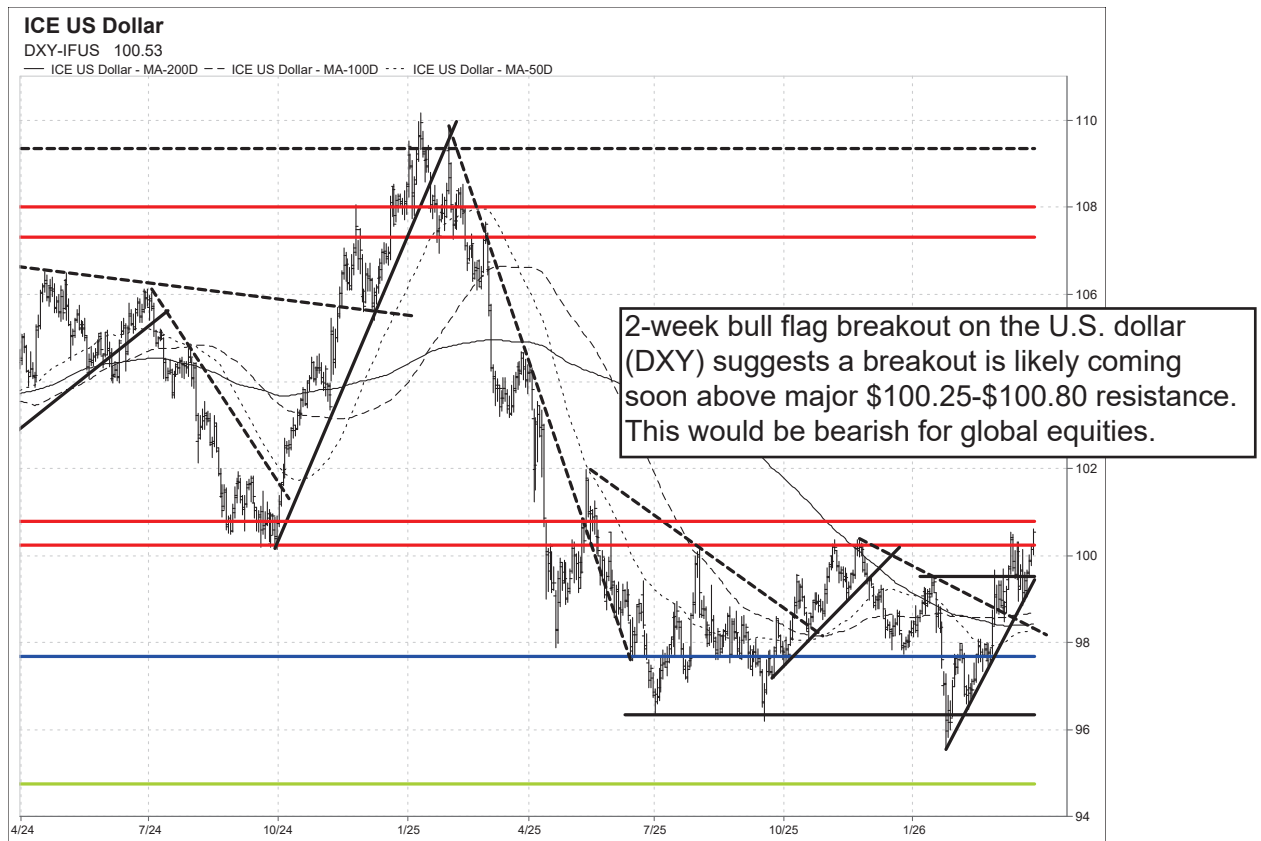
Vermilion Sector	Under-Weight	Market-Weight	Over-Weight
Communications		X	
Cons. Discretionary	X		
Consumer Staples			X
Energy			X
Financials	X		
Health Care	X		
Materials			X
Manufacturing			X
Real Estate	X		
Services	X		
Technology		X	
Transportation		X	
Utilities		X	

See attached Sector commentary for Group and individual stock recommendations.

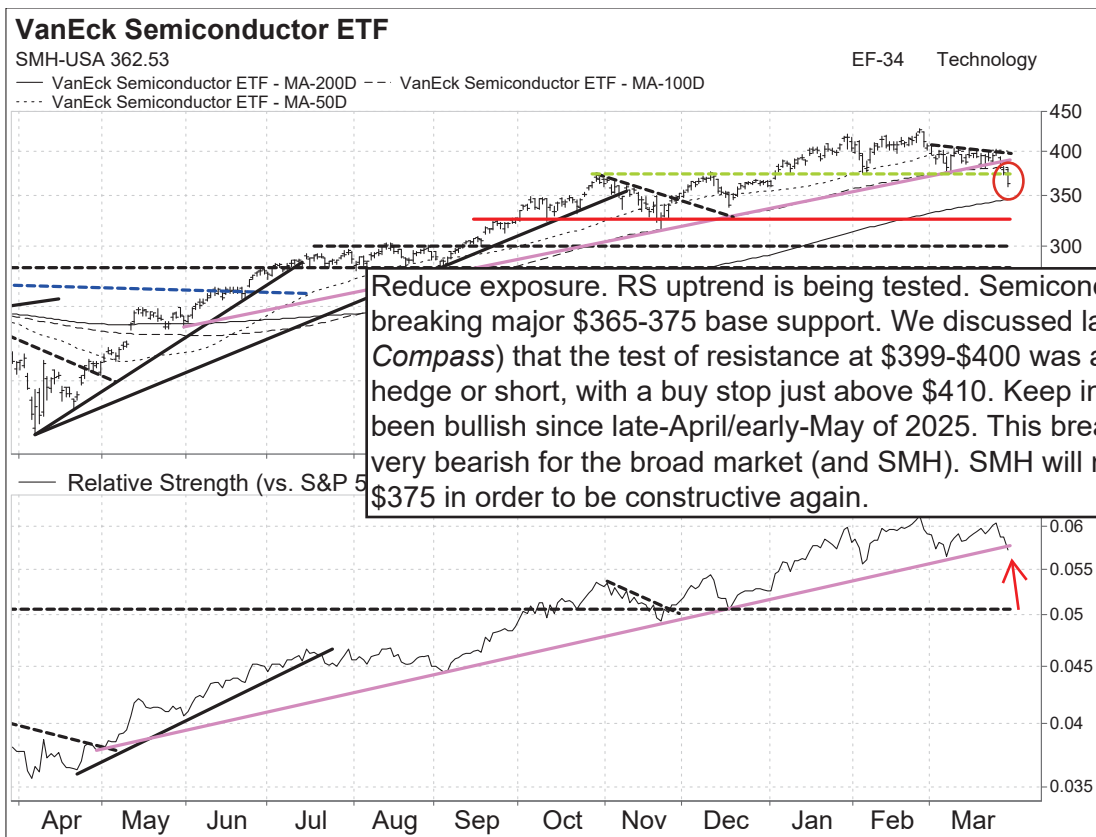
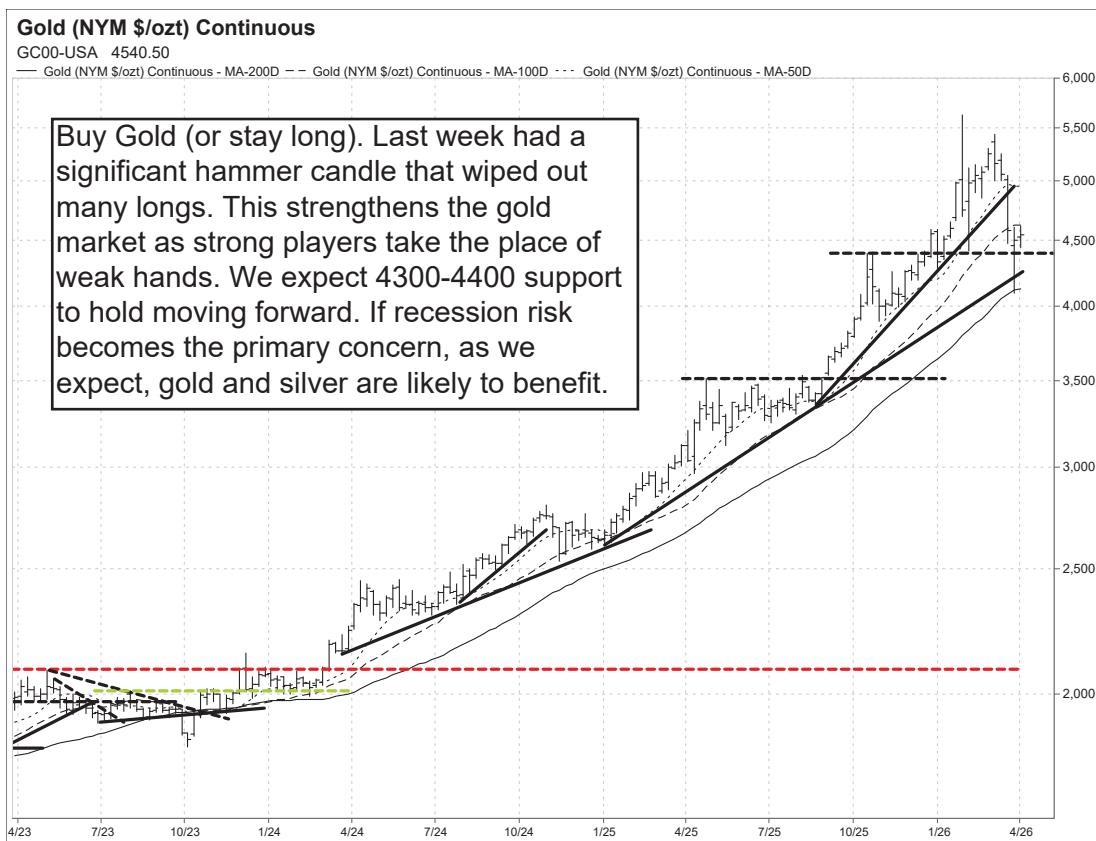
## Russell 2000 (IWM) and Nasdaq 100 Futures (NQ) Breaking Crucial Supports



## Risk-Off: U.S. Dollar (DXY) Nearing Major Breakout?; Crude Oil Remains Bullish



## Buy Gold; Semiconductors (SMH) Breaking Down Following Last Week's Short





### Communications: *Market Weight*

- RS on the cap- and equal-weighted Sector ETFs (**XLC**, **RSPC** has broken down through its horizontal support and is now producing descending rallies and reactions from its recent top.
- Group CO-09 Publishing, Small-Cap is a leadership Group. Attractive names include: **NYT**, **SSP**, **SCHL**, **WLY**, **TDAY** and **LEE**.
- Group CO-10 Telecomm Services, South America is a leadership Group. Attractive names. **VIV**, **TIMB**, and **TEO**.
- Group CO-11 Telecomm Services, North America is showing signs of improvement and RS is indicating leadership. Attractive names include: **AMX**, **BCE**, **GSAT**, and **RCI**.
- Group CO-12 Telecomm Svcs., Europe/U.K. Attractive names include: **DTEGY**, **ORANY**, **SCMWY**, **VOD**, **TLGPY**, **TELNY**, **KKPNY**, **TIAY**, **TIAIY**, and **TIGO**.
- Group CO-14 Telecomm., Svcs., U.S. Large-Cap is a leadership Group. Attractive names include: **VZ** and **T**.
- Group CO-17 Telecomm Svcs., U.S. Wireless is developing into a leadership Group. Attractive names include: **TMUS**, **TDS**, **AD**, **SHEN**, and **ATEX**.
- Group CO-20 Movie Theaters is developing into a leadership Group. Attractive names: **CNK**, **IMAX**, and **MCS**.

### Consumer Discretionary: *Underweight*

- RS violated support from 2025 on cap-weighted Discretionary (**XLY**) and remains in a gradual 1+ year downtrend. Price broke below \$115 and has now broken below \$110 support – avoid broad exposure and be very selective. We previously outlined how **XLY** displayed a bearish failed breakout at the \$121.50 level, and that \$115 is support, followed by \$110. We discussed in our 2/24/26 *Compass* how “equal-weighted retail (**XRT**) was showing signs of stalling, which weighs on the Sector (and we specifically pointed to weakness in **AEO**, **GAP**, **URBN**, **ANF**, **M**, and **KSS** -- avoid).” Most of these names are down significantly since 2/24/26.
- Group CD-05 Retailers, Auto Parts displays price and RS bottoms – add exposure. This Group often displays defensive characteristics. Attractive bottom-fishing candidates include: **AAP** and **PRTS**.
- Homebuilders (**ITB**, CD-06 and CD-07) are breaking down -- avoid.
- Group CD-13 Sporting Goods/Leisure Products displays price and RS breakdowns – be extremely selective. Attractive names include: **GOLF**, **SWBI**, and **CALY**.
- Group CD-36 Retailers, Off-Price displays price and RS base breakouts – overweight/add exposure. Attractive names include: **TJX**, **ROST**, and **BURL**.
- Group CD-44 Retailers, Super Centers displays a major base breakout, and the multi-month RS uptrend is intact – overweight/add exposure. Attractive names include **WMT** and **TGT**.
- Group CD-55 Lawn & Garden displays price and RS bottoms – add exposure. Attractive names include: **TTC** and bottom-fishing candidates **SMG**, **CENTA**, and **CENT**.
- Equal-weighted retail (ETF: **XRT**) was unable to sustain a breakout above \$89 resistance and broke below \$85.25 support. Retail stocks are likely to remain choppy if **XRT** remains below \$89 – be extremely selective. \$77-\$78 remains support to watch. Attractive retail names (in addition to those listed above) include: **FIVE**, **HAS**, and **CTRN**.
- Group CD-14 Apparel, Accessory & Luxury Goods, Large-Cap displays a bullish RS reversal – add exposure. Attractive names include: **TPR**, **RL**, and **VFC**.
- Group CD-15 Apparel, Accessory & Luxury Goods, Small-Cap displays price and RS deterioration – be selective. Attractive names include: **MOV** and **FOSL**.
- Group CD-19 Education Services, Small-Cap displays bullish multi-month price and RS reversals – add selective exposure. Attractive names include: **LAUR**, **APEI**, **LINC**, **UTI**, **PRDO**, and bottom-fishing candidates **STRA** and **AFYA**.
- Group CD-20 Hotels & Resorts, Large-Mid-Cap is a long-term leadership Group, and, as discussed in our 11/25/25 *Compass*, appears to be reasserting its leadership status following a period of price and RS consolidation. Attractive names include: **HLT**, **IHG**, **MAR**, **HTHT**, **TNL**, **HST**, and **XHR**.
- Many restaurant Groups are showing early signs of bottoming, though several of the attempted bottoms are now failing – be selective. Favor the larger-cap names which are more defensive. Attractive restaurant stocks include: **MCD**, **CAVA**, **QSR**, **YUM**, and **ARCO** (bottom-fishing candidate).

### Consumer Discretionary (cont.): Underweight

- A bottoms-up approach to stock selection uncovers additional opportunities within the Sector. With this in mind, attractive names include: **SPHR**, **NPK**, **VIK**, **TM**, **RCKY**, **HLF**, and bottom-fishing candidates **SGHC** and **ROKU**.

### Consumer Staples: Overweight

- We upgraded Consumer Staples to market weight in our 1/22/26 *Compass* after RS on Consumer Staples (**XLP**) reversed above the 7.5-month downtrend in early-January 2026. We upgraded the Sector further (in our 2/17/26 *Compass*) to overweight with RS remounting above the January 2025 and July/August 2025 lows. **We have discussed throughout March how we were monitoring for a higher low to form on RS, and it appears we got the higher low in late-March.** It is not uncommon for RS on XLP to hit 1-4-month lows following a significant move higher; indeed, it happened in March 2025 and in March 2022 before roaring back to new highs. Price is a concern following the failed breakout at \$84.50 – be selective. **With that said**, support at the 200-day MA (\$81) **has held**, and also the important \$80 level.
- Group CS-02 Food, Diversified, Mid/Small-Cap displays steep price and RS downtrend reversals – add exposure. Attractive names include: **SPB**, **AGRO**, **LAND**, and **BGS** (bottom-fishing candidate).
- Group CS-03 Hypermarkets & Super Centers displays price and RS base breakouts – overweight/add exposure. Attractive names include **WMT**, **PSMT**, **COST**, and **BJ** (bottom-fishing candidate).
- Group CS-04 Grocery Retailers, Large-Cap displays major bullish price and RS inflections – add exposure. Attractive names include: **KR**, **TSCDY**, **ADRNY**, and bottom-fishing candidates **ACI** and **SFM**.
- Group CS-05 Grocery Retailers, Small-Cap shows signs of price and RS bottoms – add exposure. Attractive names include **IMKTA** and **VLGEA**.
- Group CS-06 Food Distributors remains leadership and is *reasserting* its leadership status – remain overweight/add exposure. Attractive names include: **UNFI**, **WILC**, and **USFD**.
- Group CS-07 Processors, Commodities displays a 1-year base breakout and RS is bottoming – add exposure. Attractive names include: **SEB**, **ADM**, **BG**, and **LND** (bottom-fishing candidate).
- Group CS-08 Processor, Produce displays a major price bottom, and RS displays a bullish 1-year downtrend reversal – add exposure. Attractive names include: **FDP**, **SENEA**, and **SENEB**.
- Group CS-10 Meat & Poultry displays early signs of a RS bottom, and price is developing positively – add exposure. Attractive names include: **MAMA**, **DAR**, **TSN**, and **SEB**.
- Group CS-11 Brewers displays early signs of price and RS bottoms – add exposure. Attractive names include: **BUD**, **ABEV**, **KNBWY**, and **SAM** (bottom-fishing candidate).
- Group CS-13 Soft Drinks & Bottlers, Large-Cap displays a 2-year base breakout and a 1-year bullish RS downtrend reversal – add exposure. Attractive names include: **KO**, **PEP**, **MNST**, and **CCEP**.
- Group CS-14 Soft Drinks Bottlers, Small-Cap displays bullish 1-year price and RS downtrend reversals – add exposure. Attractive names include: **COCO**, **COKE**, and **FIZZ** (bottom-fishing candidate).
- Group CS-15 Soft Drinks & Beverages, Foreign is leadership with price and RS uptrends intact – overweight/add exposure. Attractive names include: **FMX**, **CCHGY**, **AKO.B**, and **AKO.A**.
- Group CS-17 Snacks displays early signs of price and RS bottoms – add exposure. Attractive names include: **HSY**, **PEP**, **JBSS**, **RMCF**, and **TR**.
- Group CS-20 Convenience Store displays major price and RS base breakouts – overweight/add exposure. Attractive names include: **CASY** and **CAAP**.
- Group CS-21 Tobacco, Large-Cap displays bullish short-term price and RS inflections. Attractive names to buy include **PM**, **BTI**, **MO**, and **IMBBY**.
- Group CS-23 Cosmetics & Toiletries has some attractive names, including bottom-fishing candidates **KVUE** and **EPC**.
- Group CS-24 Soap & Cleaning Supplies displays price and RS bottoms – add exposure. Attractive names include: **CHD** and **CL**.
- A bottoms-up approach to stock selection uncovers additional opportunities within the Sector. Attractive names from a bottoms-up perspective include: **HLF**, **NATR**, and **MDLZ** (bottom-fishing candidate).

### Energy: Overweight

- We upgraded Energy to overweight in early-February following the bullish 7-month RS base breakout on the equal-weighted **RSPG** ETF. We have been bullish on oil services names (**OIH**) for months before our upgrade, and that continues to be our preferred way to take advantage of upside within the Energy Sector. E&P names have now joined the upside move and we continue to believe this will be a leadership Sector.
- Group EN-01 Oil & Gas, Global, Mega-Cap has many names that have encouraging RS. Attractive names include: **XOM, CVX, COP, SSL, OXY, SSL, SHEL, and BP**.
- Group EN-02 Oil & Gas, Global, Large-Cap is emerging is reflecting improving RS. Attractive names on a RS basis are: **CNQ, EQNR, APA, EOG, PBR, PBR.A, WDS, DVN, and REPLY**.
- Group EN-04 Oil & Gas, South America is a leadership Group. Attractive names include: **PBR, PBR.A, EC, YPF, TGS, GPRK, UGP, GTE, GPRK, and REPLY**.
- Group EN-05 Oil & Gas E&P, Canadian. This Group is reflecting strong RS. Attractive names include: **CNQ, SU, CVE, OVV, and IMO**.
- Group EN-08 Oil & Gas E&P, Domestic, Large-Cap is a leadership Group. Attractive names include: **COP, EOG, OXY, FANG, DNV, CTRA, and APA**.
- Group EN-10 Oil & Gas E&P, Domestic Small-Cap has several leadership names including: **RRC, MTDR, VNOM, SM, BSM, TALO, and VTLE**.
- Group EN-11 Oil & Gas E&P, Domestic, Micro-Cap is a leadership Group. Attractive names include: **PNRG, REI, AMPY, ESOA, EPM, BDCO, MXC, and ROYL**.
- Group EN-12 Energy Trusts has many leadership names in terms of RS. Attractive names include: **BTE, TPL, KRP, SBR, PBT, BCX, OBE, and NRT**.
- Group EN-14 Oilfield Services, Large-Cap appears to be attempting a reversal. Attractive names include: **SLB, BKR, and HAL**.
- Group EN-15 Oil & Gas Equip./Svcs., Small-Cap is a leadership Group. Attractive names include: **GTLS, NOV, WFRD, KGS, WHD, LBRT, SEI, XPRO, WTTR, RES, PUMP, NPKE, TTI, CLB, FTK, NGS, and FET**.
- Group EN-16 Oilfield Services, Offshore is currently one of our favorite areas within the energy patch. We have highlighted a number of these names in our reports over the past several months. We would be buyers of this Group. Attractive names include: **FTI, SUBCY, TDW, OIL, INVX, VTOL, GIFL, OIS, and HLX**.
- Group EN-17 Drilling, Offshore is a leadership Group. Many of these names have H&S bottoms in place and we would be buyers on pullbacks. Attractive names include: **VAL, NE, SDRL, BORR, SUBCY, and RIG**.
- Group EN-18 Oil & Gas Drilling, land has several names that appear to be bottoming. Attractive names include: **HP, PTEN, PDS, and NBR**.
- Group EN-20 Refining has several names that appear to be bottoming and staging reversals in price and RS or have hit major support levels. **This Group is highlighted in today's Compass**. Attractive names include: **PSX, VLO, PBF, MPC, LYB, MUSA, CVI, DK, and PARR**.
- Group EN-22 Coal and EN-23 Coal, Small and Micro-Cap are emerging as leadership. Attractive names include: **BTU, YZCAY, ARLP, AMR, and HCC**.
- Group EN-24 Ethanol is a leadership Group. **This Group is highlighted in today's Compass**. Attractive names include: **ANDE, ALTO, REX, and GPPE**.

### Financials: Underweight

- We downgraded Financials to underweight in late-February; RS on the **XLF** broke multi-year support, and price is breaking below major \$51 support. The IAI broker-Dealer index ETF is on the cusp of breaking down and we typically see that as a warning sign for the market. We often endorse a 3-day rule to reverse such a pattern that may be a top pattern.
- Group FN-03 Canadian Banks is a leadership Group. Attractive names include: **RY, TD, BNS, and BMO**.



### Financials (cont.): Underweight

- Group FN-04 Asian Banks has several names that are leadership: Attractive names include: **NABZY, MFG, ANZGY, IX, SHG, and WF.**
- Group FN-29 Pawn Shops/Cash Advance is a leadership Group with most names now at new highs. Attractive names include: **FCFS, ENVA, EZPW, and ELA.**
- Group FN-30 Investment Banking & Brokerage, Large-Cap has many names breaking their RS uptrends vs. the S&P 500. Names include: **MS, GS, NMR, UBS, NMR, and C.**

### Health Care: Underweight

- Long-term RS downtrends remain intact on the *cap-weighted XLV* and *equal-weighted RSPH*. Multi-year RS downtrends were recently tested as RS consolidates in a tight range for 4+ months on both the XLV and RSPH; RS is back to test support within this 4-month consolidation, **and so far has held**. Given this abnormal setup, we believe our underweight recommendation is appropriate as long as the RS downtrends are intact, but we would likely do a double-upgrade to overweight if RS breaks to the upside. As previously discussed, price on both the XLV and RSPH has pulled back significantly and is near-term bearish. We have discussed since our 10/7/25 *Compass* how it is *possible* RS is in the early stages of bottoming, but we still want to be selective considering the long-term RS downtrend remains intact.
- Group HC-01 Pharmaceuticals, Mega-Cap shows signs of bottoming, and many names remain bullish. Attractive names include: **JNJ, MRK, NVS, and PFE** (bottom fishing candidate).
- Group HC-02 Pharmaceuticals, Large-Cap is much more attractive – overweight/add exposure. Attractive names include: **AZN, GSK, BAYRY, and BMY.**
- **JAZZ, INDV, BLTE, and ASND** are also attractive within mid-cap Pharmaceuticals (HC-03).
- Group HC-05 Pharmaceuticals, Generic remains in price and RS uptrends – overweight/add exposure. Attractive names include: **AMRX, TEVA, and VTRS.**
- Biotechnology (ETFs: **IBB, XBI**, Groups HC-06, -07, -08, and -09) finally shows signs that price and RS consolidation is here, as discussed since our 1/6/26 *Compass* when 5-month price and RS uptrends were violated on the XBI ETF. Be selective and **favor large-caps**. There is still a possibility that biotech is forming a top. We had previously been discussing since our 7/15/25 *Compass* how price and RS for biotechnology has bottomed. Attractive names include: **UTHR, GILD, BIIB, REGN, MRNA, RPRX, AMGN, NVAX, VKTX** (bottom-fishing candidate), **PCVX, ANAB, KRYS, TWST, RAPP, SEPN, COGT, ARQT, PTGX, CMPX, MIRM, AUPH, KOD, IONS, TSHA, TERN** (acquired by MRK; can sell), **RLAY, KYTX, TNGX, DFTX, KYMR, ARWR, ROIV, SVRA, IRMD, TXG, CGEM, DSGN, SNDX, DRUG, ERAS, ZYME, CTMX, CGON, BIOA, CNTX, DNTH, FBRX, EWTX, NAUT, ALLO, TRDA, CLYM, NBTX, IOVA, ANRO, ORKA, ENTA, AVIR, VIR, INSM, and APGE.**
- Group HC-14 Diagnostic & Test Products displays price and RS pullbacks – be selective. Attractive names include: **CELC and NEOG.**
- Group HC-23 Health Care Distributors is being weighed-down heavily by the two micro-cap names, **but the rest of the names (large-caps) are worthy of an overweight**. This is a classic defensive Group that outperforms during risk-off market environments. Attractive names include: **MCK, CAH and HSIC** (bottom-fishing candidate).
- Group HC-33 Nursing Homes & Assisted Living remains in price and RS uptrends – overweight/add exposure on pullbacks. Attractive names include: **BKD, NHC, PNTG, SNDA, PACS, ENSG, and INNV.**
- Health care services and providers (**XHS**) displays price and RS stabilization as defensive areas of the market are becoming more in favor. Add selective exposure. Attractive names (in addition to HC-29 and HC-33 above) include: **TALK** (acquired by UHS; can sell), **GRDN, BTSG, GH, DVA, VMD, HCA, and bottom-fishing candidates CDNA, LNTH, and ACHC.**
- Medical devices/equipment (**IHI**) Groups show signs of price and RS deterioration and price and RS downtrends remain intact – be selective. Attractive names include: **NVST, AXGN, TCMD, LIVN, APYX, ALGN, AVNS, BDX, and LMAT.**
- Group HC-41 Optical displays early signs of price and RS bottoms. Attractive names include: **IRD and GKOS.**
- Group HC-42 Pet Health shows signs of price and RS bottoms – add exposure. Attractive names: **PAHC and ELAN.**

### Manufacturing: Overweight

- RS is showing signs of deterioration, RS has broken the uptrend on the cap-weighted XLI. We are likely to downgrade this Sector if more weakness prevails in the coming week.
- Group MF-01 Industrial, Diversified, Large-Cap is a leadership Group. Many of these are at RS highs. Attractive names include: **ABBNY**, **HON**, **RTX**, **JCI**, **ITW**, **MITSY**, and **DOV**.
- Group MF-02 Industrial, Diversified, Small-Cap is a leadership Group. Attractive names include: **DOV**, **ITT**, **ST**, **SXI**, **AP**, and **NVRI**.
- Group MF-03 Aero Defense, Large-Cap is a leadership Group. Attractive names include: **LMT** and **NOC**.
- Group MF-04 Aero Defense, Small-Cap is a leadership Group. Attractive names include: **ESLT**, **COHR**, **ORBT**, and **HII**.
- Group MF-06 Aerospace, Components & Products, Small-Cap is a leadership Group. Attractive names include: **TDY**, **CW**, **HXL**, **AIR**, **ATRO**, **DCO**, **SIF**, **SYPR**, and **CVU**.
- Group MF-07 Aerospace, Comm/Electronics, Small-Cap is a leadership Group. Attractive names include: **LHX**, **ESLT**, and **TDY**.
- Group MF-09 Aerospace, Controls/Simulation is emerging as a leadership Group. Attractive names include: **MOG.A**, **MOG.B**, and **ISCC**.
- Group MF-12 Auto Parts, Large-Cap and MF-13 Auto Parts, Small-Cap is seeing deterioration. These names remain constructive. Attractive names include: **MOD**, **JCI**, **MGA**, **BWA**, **LCH**, and **DAN**.
- Group MF-14 Trucks & Components has a few leadership names including: **CMI**, **PCAR**, **REVG**, **OSK**, **ALSN**, **RUSHA**, **PLOW**, **MLR**, and **CVGI**.
- Group MF-16 Construction Equipment had been very mixed with **CAT** being the standout. **However, CAT is breaking the price and RS is near a negative inflection. The price pattern does look topy.** This Group is broadening out, and many names are making downtrend reversals. Attractive names include: **CAT**, **TEX**, **ASTE**, **RUSHA**, and **NC**.
- Group MF-17 Agricultural Equipment is a leadership Group. **DE** had a major pop higher and we would not chase it at these levels. Attractive names include: **DE** (on pullbacks), **KUBTY**, and **CNH**.
- Group MF-22 Electrical Motors, Generators & Controls is a leadership Group. Attractive names include: **HUBB**, **RRX**, **GNRC**, **POWL**, **ALNT**, and **GHM**.
- Group MF-25 Fluid Filters & Clarification Products has several leadership names including: **ATMU**, and **ESE**.
- Group MF-36 Tubing/Piping is a leadership Group. Attractive names include: **TS**, **AZZ**, **NWPX**, and **WEBC**.
- Group MF-37 Engineered Metals/Materials is a leadership Group. Attractive names: **COHR**, **NVRI**, and **PKOH**.

### Materials: Overweight

- While there have been many groups in this Sector that have been outperforming, one must realize that almost 70% of the weighting is in the Chemical Sector on both a weighted and unweighted basis. Many chemical and paper related names are establishing bottoms in our view. This should aid in lifting the Sector higher.
- Group MA-01 Metals, Steel, Integrated, is reflecting some weakness in many names. **Breadth is narrowing and subject to losing leadership.** The Group has developed a bullish base and is at 52-week highs and RS is also near a 52-week high. Attractive names include: **NUE**, **STLD**, and **SMSMY**.
- Group MA-02 Metals, Steel, Integrated, Non-U.S. is a leadership Group. Attractive names include: **RIO**, **MT**, **PKX**, **SIM**, and **TX**.
- Group MA-03 Specialty Metals remains in a price and RS uptrend. Attractive names include: **ATI**, **KRO**, and **CRS**.
- Group MA-04 Aluminum is showing an increase in RS. Attractive names include: **RIO**, **HWM**, **AA**, **NHYDY**, **CENX**, **CSTM**, and **KALU**.
- Group MA-05 Engineered Metals & Materials is a leadership Group. Attractive names include: **MTRN**, and **EAF**.
- Group MA-06 Chemicals, Diversified appears to be making a price and RS reversal Attractive names include: **BASFY**, **DOW**, **DD**, **LYB**, **EMN**, **CE**, and **HUN**.

### Materials (cont.): *Overweight*

- Group MA-07 Specialty Chemicals, Petro/Basic/Commodity is a leadership Group. This Group is highlighted in today's Compass. Attractive names include: **WLK, MEOH, CBT, KOP, BAK, and OEC**.
- Group MA-09 Chemicals, Specialty, Small-Cap appears to be reflecting a bottom. Attractive names include: **ALB, WLK, MEOH, BAK, KOP, OLN, NGVT, CC, ECVT, LXU, WLKP, ODC, ASIX, and TROX**.
- Group MA-14 is a leadership Group. Attractive names include: **NTR, CF, SQM, UAN and IPI**.
- Group MA-19 Containers, Metal, Glass and Plastic is a leadership Group. Attractive names include: **BALL, SON, GEF, and MYE**.
- Group MA-20 Diversified Mining is a leadership Group. Attractive names include: **BHP, RIO, TECK, ANGPY, and NEXA**.
- Group MA-21 Mining Diversified, South America is a leadership Group. Attractive names include: **VALE and BVN**.
- Group MA-23 Copper is staging a price and RS reversal and Copper is nearing all-time highs. Attractive names include: **SCCO, FCX, TECK, LUNMF, WRN, and TGB**.
- Group MA-24 Mining, Non-Ferrous is a leadership Group. Attractive names include: **LUNMF and HBM**.
- Group MA-26 Gold, Western Hemisphere, Large-Cap is a leadership Group. We believe the \$4100 level near the 200-day is an important level for Gold and would take positions in this area. Attractive names include: **NEM, AEM, B, and FNV**.
- Group MA-27 Gold, Western Hemisphere remains a leadership Group. We believe the \$4100 level near the 200-day is an important level for Gold and would take positions in this area. Attractive names include: **KGC, AGI, RGLD, IAG, BTG, EGO, BVN, NGD, NG, SA, EXK, TGB, VGZ, USUA, USGO, and MUX**.
- Group MA-30 Silver/Platinum is a leadership Group. Attractive names include: **WPM, PAAS, AG, CDE, HL, MAG, SVM, SSRM, FSM, and USAS**.

### Real Estate: *Underweight*

- Group RE-01 REITs Real Estate Developers has several names that reflect good RS. Attractive names include: **NDVLY, JOE, GRTUF, CTO, TRC, GZTGF, PINE, CHCI, CKHUY, and ALEX**.
- This Sector is starting to improve. Please review the Grids of the Russell 1000 and 2000 in the back of the report for individual names.

### Services: *Underweight*

- We downgraded Services to underweight in our 2/17/26 *Compass* – reduce exposure. RS on the Vermilion equal-weighted Services Sector is violating important multi-year horizontal support. This Sector has a significant amount of concern as it relates to A.I. disruption. With that said, there are several defensive Groups that are attractive, and construction & engineering Groups remain attractive as well.
- Data Processing & Outsourcing Svcs. Groups (SV-01, SV-02, and SV-03) are breaking to new RS lows – be extremely selective. Attractive names include: **GDS, PAGS, and BFH**.
- Gov't/Global IT Consulting Groups (SV-04 and SV-05) displays significant price and RS deterioration – avoid.
- Group SV-11 Commercial Printing displays price and RS bottoms – add exposure. This Group has defensive characteristics. Attractive names include: **DLX, EBF, and QUAD** (bottom-fishing candidate).
- Group SV-13 Construction & Engineering, Large-Cap displays bullish price and RS reversals within longer-term uptrends – overweight/add exposure. Attractive names include: **PWR, EME, APG, and MTZ**.
- Group SV-14 Construction & Engineering, Small-Cap displays bullish price and RS reversals within longer-term uptrends – overweight/add exposure. Attractive names include: **IHS (acquired by MTN Group; can sell), PRIM, IESC, ECG, STRL, BWXT, DY, MYRG, AGX, TPC, GVA, BW, NWPX, and LGN**.
- Group SV-15 Waste Services, Large-Cap displays bullish price and RS inflections – add exposure. This is a defensive Group. Attractive names include: **WM, CLH, and RSG** (bottom-fishing candidate).

### Services (cont.): Underweight

- Group SV-17 Uniforms/Facilities Mgt. displays a RS breakout following 1.5+ years of consolidation – overweight/add exposure. This is a defensive Group. Attractive names include: **FIX**, **FIGS**, **HCSG**, **UNF** (acquired by CTAS; can sell), **MG**, and **VSTS**.
- Group SV-26 Crypto: Mining/Trading & Data Svcs. and the **WGMI** ETF displays price and RS pullbacks, and long-term price and RS uptrends are now being violated -- avoid. **WGMI** has been our top bitcoin miner-related stock ETF that we like, and it has provided massive gains since we first discussed buying in April of 2025. However, as of our 1/27/26 Compass we discussed how “we are becoming concerned that most of the space has topped and is potentially ready to move lower – be selective.” As discussed in our 2/3/26 *Compass*, the latest false breakout at \$49-\$50 on **WGMI** confirms that we should remain cautious for as long as **WGMI** remains below \$50. **With \$35.70 support now breaking on WGMI, we are bearish on the space.** **HUT** and **WULF** are our favorite crypto/data center stocks **that still look alright**, but if they start to break below their December/January lows we will be sellers. **It is quite likely that these will break down.** In terms of bitcoin, we have discussed extensively how we needed to see \$98,000-\$100,000 support hold to remain constructive longer-term; this level broke on November 13, 2025, so we are no longer bullish long-term. \$100,000 needs to get reclaimed or we would stay on the sidelines. This comes after we downgraded our intermediate-term outlook following the break below \$110,000 in October 2025. Bitcoin is now below the crucial long-term level at \$74,000-\$75,000 (the April 2025 lows and major support going back to the 7-month base formed in 2024). With that said, we see bottom potential on Bitcoin if it can break back above \$75,000. We also flipped bearish on Ether following its break below \$3,950. We see bottom potential on Ether if price can sustain a break above \$2,140; so far, it looks like a bearish false breakout at this level.
- Group SV-27 Data Centers displays intact price and RS uptrends. With that said, much like group SV-26 above, as of our 1/27/26 Compass we are becoming concerned that most of the space has topped and is potentially ready to move lower – be selective. SV-27 has many of the same names that are in the SV-26 Group above. Attractive names include: **EQIX**, **IRM**, **NBIS**, and **HUT**.
- A bottoms-up approach to stock selection uncovers additional opportunities within the Sector. With this in mind, attractive names include: **VSEC**, **CMPR**, **OUT**, **EDU**, and **YOU**.

### Technology: Market Weight

- RS on cap-weighted Technology (**XLK**) violated the 8-month uptrend in late-January 2026, prompting our downgrade to market weight. **Most price supports that we have discussed were violated last week, including \$137.50 and \$133-\$135, though \$128 support remains a crucial level, followed by \$121-\$122.** We would likely downgrade the Sector further to underweight if RS breaks below the current early-February 2026 low, particularly if semiconductors begin to deteriorate, **which we are starting to see.**
- We have been bullish on semiconductors and semi-suppliers (**SMH**, **SOXX**) since our 5/6/25 *Compass*. We discussed in our 11/25/25 *Compass* how \$325 held as support on the **SMH**, and that it was likely the low for this pullback. **Remain overweight with RS uptrends intact, but we would hold off on buying new positions until we see signs of bottoming** (see bullet point below for semi-suppliers). Both semiconductors and the broad market should be okay if **SMH** is above \$365-\$375 support; this support is being tested now, as is \$308 on **SOXX**. Attractive semiconductor names (**TE-01**, **TE-02**, and **TE-03**) include: **MU**, **TSM**, **ASX**, **SIMO**, **TSEM**, **INTC**, **CIEN**, **NVDA**, **LSCC**, **SMTc**, **FN**, **CRUS**, **ADI**, **MTSI**, **SITM**, **SKYT**, **ON**, **IFNNY**, **STM**, **MPWR**, **AMD**, and **MRVL**.
- Remain overweight semiconductor equipment/supplies names (**TE-04** and **TE-05**) and we favor these over semiconductors (above). **Still, we would hold off on buying new positions until we see signs of bottoming** Attractive names include: **AEIS**, **AXTI**, **TER**, **KLAC**, **LRCX**, **AMAT**, **ASML**, **ONTO**, **COHU**, **AMKR**, **FORM**, **MKSI**, **BESIX**, **PDFS**, **KLIC**, **AEHR**, **ASMIY**, **IMOS**, **Q**, **ICHR**, **UCTT**, **NVMI**, and **ADEA**.
- Group **TE-08** Data Storage Solutions & Devices, Large-Cap remains leadership – remain overweight/stay long. While our suggestion to add exposure on the pullback in our 3/10/26 *Compass* worked out well, **we discussed in our 3/24/26 Compass how** it is possible that these names are failing to break out here, suggesting more consolidation is likely. **Consolidations have begun.** Attractive names include: **STX**, **WDC**, and **SNDK**.
- Group **TE-10** Electronic Connectors displays multi-year price and RS base breakouts – overweight. Attractive names include: **BELFB**, and **NVT**.



### Technology (cont.): Market Weight

- Group TE-11 Electronic Manufacturing Services remains in multi-year price and RS uptrends – overweight. Attractive names include: **CLS, TTMI, FLEX, FN, JBL, and PLXS**.
- Group TE-12 Electronic Equipment Components display **price and RS pullbacks within a RS uptrend** – overweight. Attractive names include: **KYOCY, LFUS, VSH, BELFA, and ROG**.
- Group TE-14 Personal Wireless Communication Equipment shows early signs of price and RS bottoms – add exposure. Attractive names include: **ERIC, MSI, NOK, and WATT**.
- Group TE-21 Optical Equipment remains in price and RS uptrends – overweight. Attractive names include: **AAOI, GLW, CIEN, LITE, VIAV, and LPTH**.
- Software Groups (ETF: **IGV**) and the IGV remain weak – be extremely selective. With that said, the IGV may be bottoming at 2+ year support at \$76-\$77. Attractive software stocks include: **AKAM, NN, FSLY** (massive winner; buy pullbacks/stay long), **NTCT, ATEN, DOCN, RNG**, and bottom-fishing candidates **FFIV, GWRE, NOW, FTNT, VRSN, and TWLO**.
- Group TE-33 Testing Instruments & Equipment displays a major base breakout and RS is consolidating – add exposure. Attractive names include: **KEYS, COHU, and VPG**.
- Group TE-19 Network Infrastructure, Small-Cap displays bullish price and RS reversals – add exposure. Attractive names include **DGII and SILC**.
- Group TE-22 Lasers remains in price and RS uptrends – overweight/add exposure. Attractive names include: **COHR, IPGP, and LASR**.
- Group TE-36 Satellite Technology displays major price and RS bottoms – overweight/add exposure. Attractive names include: **VSAT, FEIM, GSAT, SATS, TSAT, SATL, and IRDM**.
- Group TE-39 Solar Energy (ETF: **TAN**) remains in a 10.5+ month RS uptrend – remain overweight. **Still, price appears to be violating the uptrend and is likely to consolidate – be selective**. Attractive names include: **NXT, ENLT, and SEDG**.
- A bottoms-up approach to stock selection uncovers additional opportunities. With this in mind, attractive names include: **VISN, BE, VRT, UI, GLW, OSIS, ITRN, AVT, and DELL**.

### Transportation: Market Weight (Downgraded 3/24/26 from Overweight)

- RS on the cap-weighted IYT and equal-weighted XTN ETFs have come under pressure due to the Iran conflict and many of the trucking and airline names have been severely damaged. We would like to see basing or some form of technical bottom.
- Group TR-05 Air Freight & Logistics, Large-Cap. Is a leadership Group. Attractive names include: **FDX, CHRW, TFII, and ZTO**.
- Group TR-06 Air Freight & Logistics, Mid/Small-Cap is a leadership Group. Attractive names include: **XPO, LSTR, and RLGT**.
- Group TR-08 Shipping, Dry-Bulk has many names that have bottomed out. Attractive names include: **KEX, MATX, DAC, CMRE, NMM, SB, GNK, GSL, and HSHP**.
- Group TR-09 Shipping, Energy remains a leadership Group. Attractive names include: **FRO, GLNG, CMBT, STNG, INSW, DHT, TNK, LPG, SFL, NAT, TK, and TEN**.
- Group TR-12 Trucking, Large-Cap and TR-13 Trucking Small-Cap is a leadership Group. Attractive names include: **ODFL, JBHT, KNX, LSTR, ARCB, MRTN, HTLD, and CVLG**.

### Utilities: Market Weight

- Stay at market weight as RS on *cap-weighted* Utilities (**XLU**) is consolidating within a horizontal range for two years; we would upgrade the Sector to overweight if RS breaks above the 2025 highs. Base support at \$41-\$41.50 held strong on the XLU. **Our recommendation to add exposure since mid-February (2/17/26 *Compass*) following the bullish 10-month RS downtrend reversal has paid off handsomely on a relative basis**.
- Group UT-15 Foreign, Asia remains in price and RS uptrends – overweight/add exposure. Attractive names include: **KEN and CLPHY**.



## Sector Highlights -- new comments in green; Attractive Groups & Stocks Highlighted

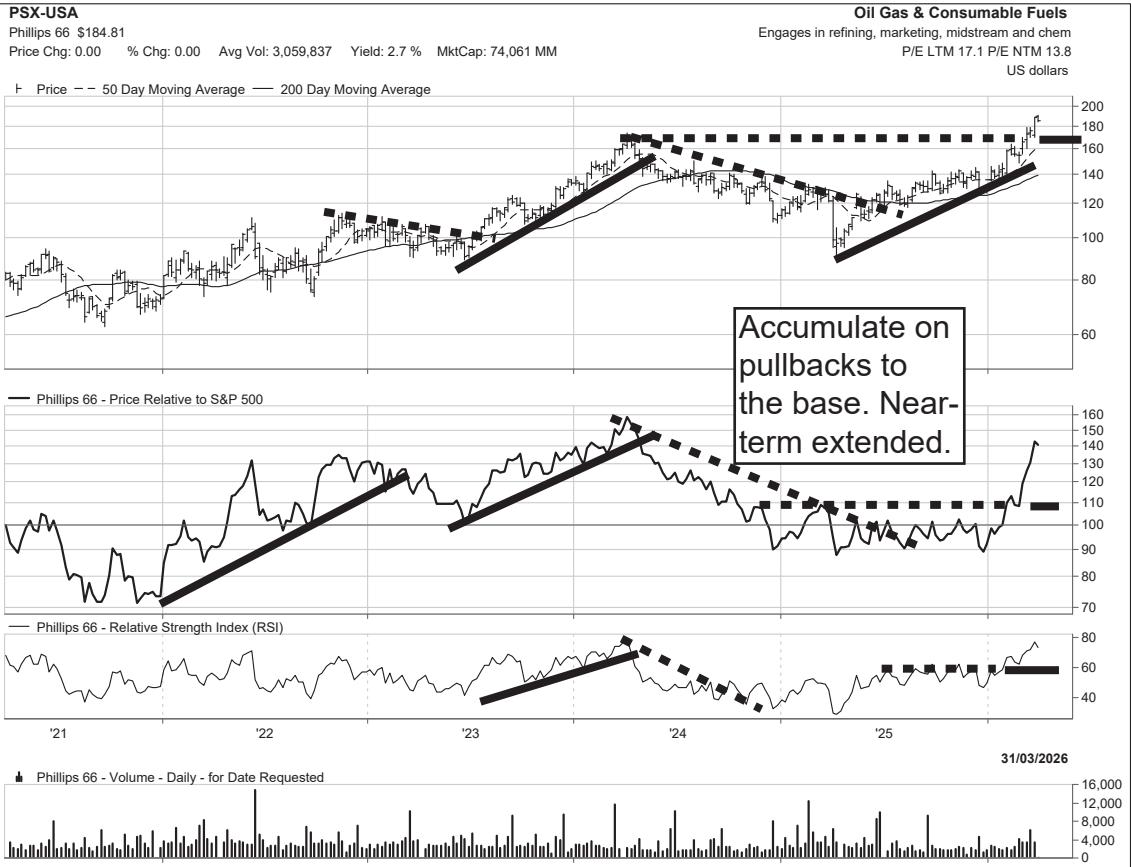
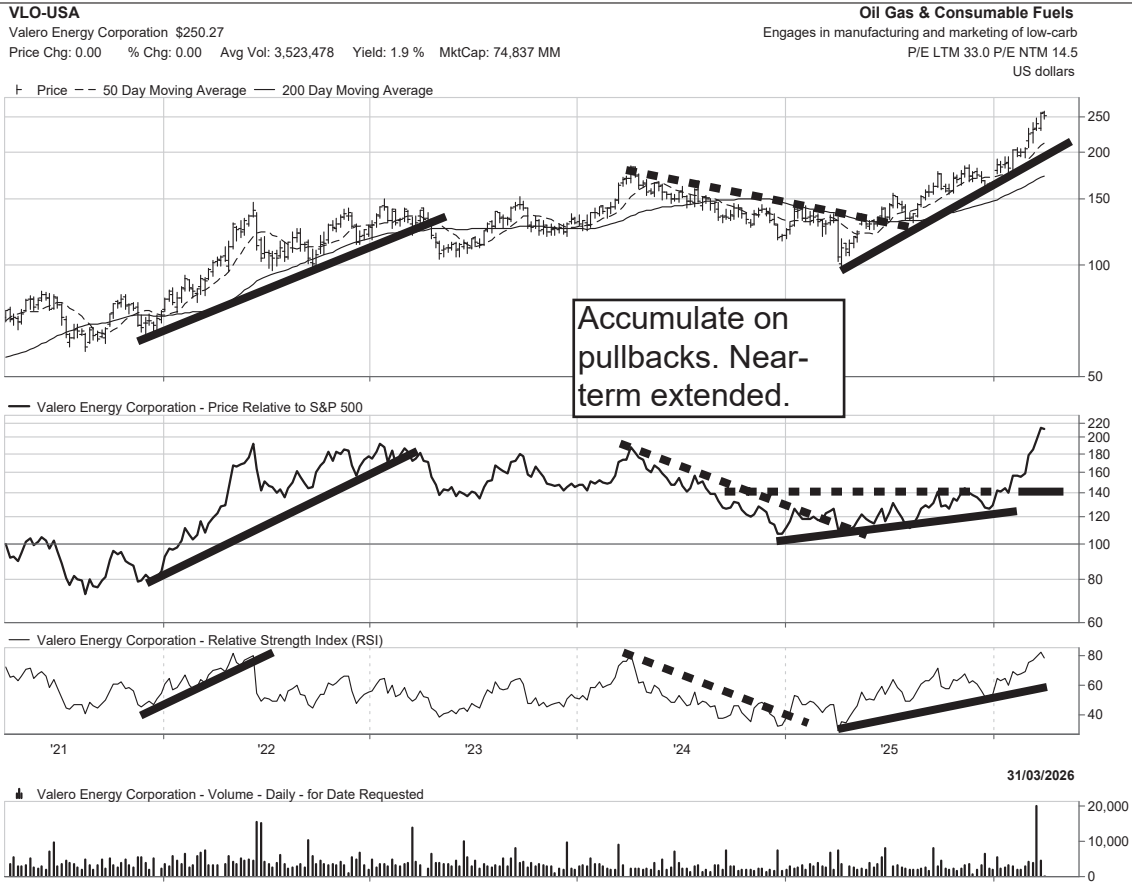
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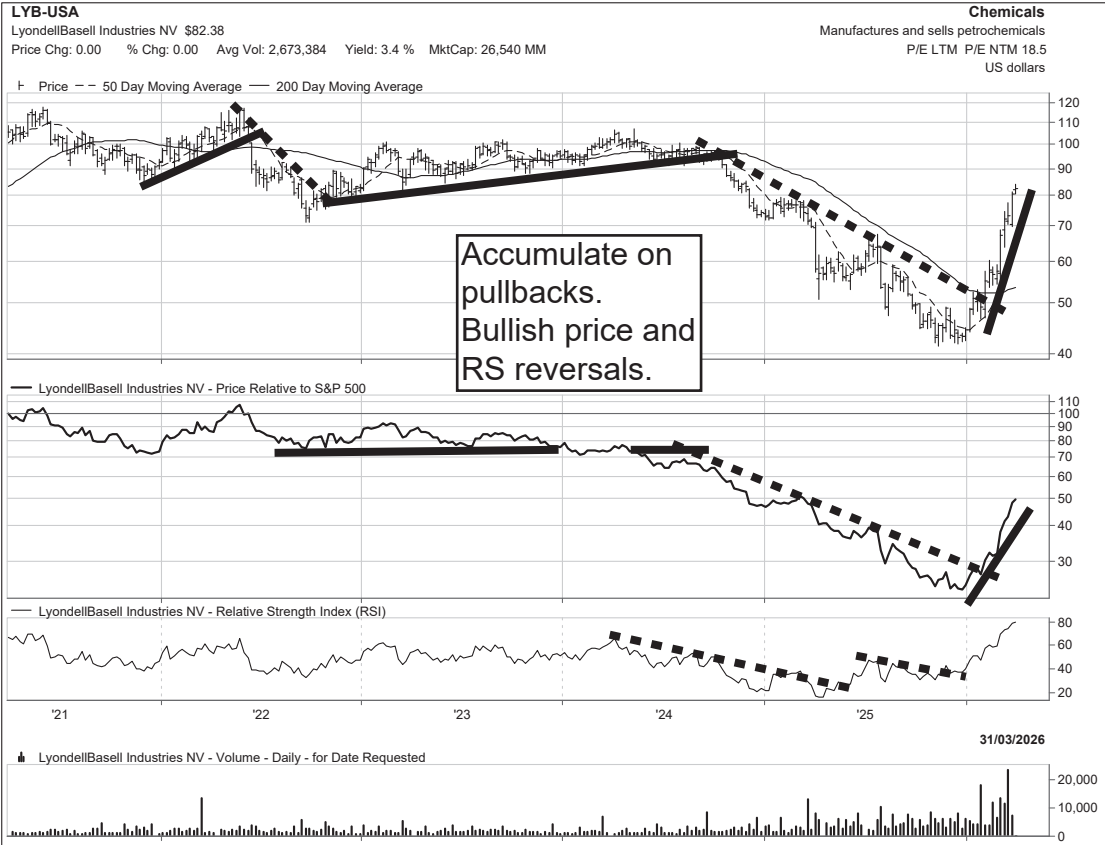
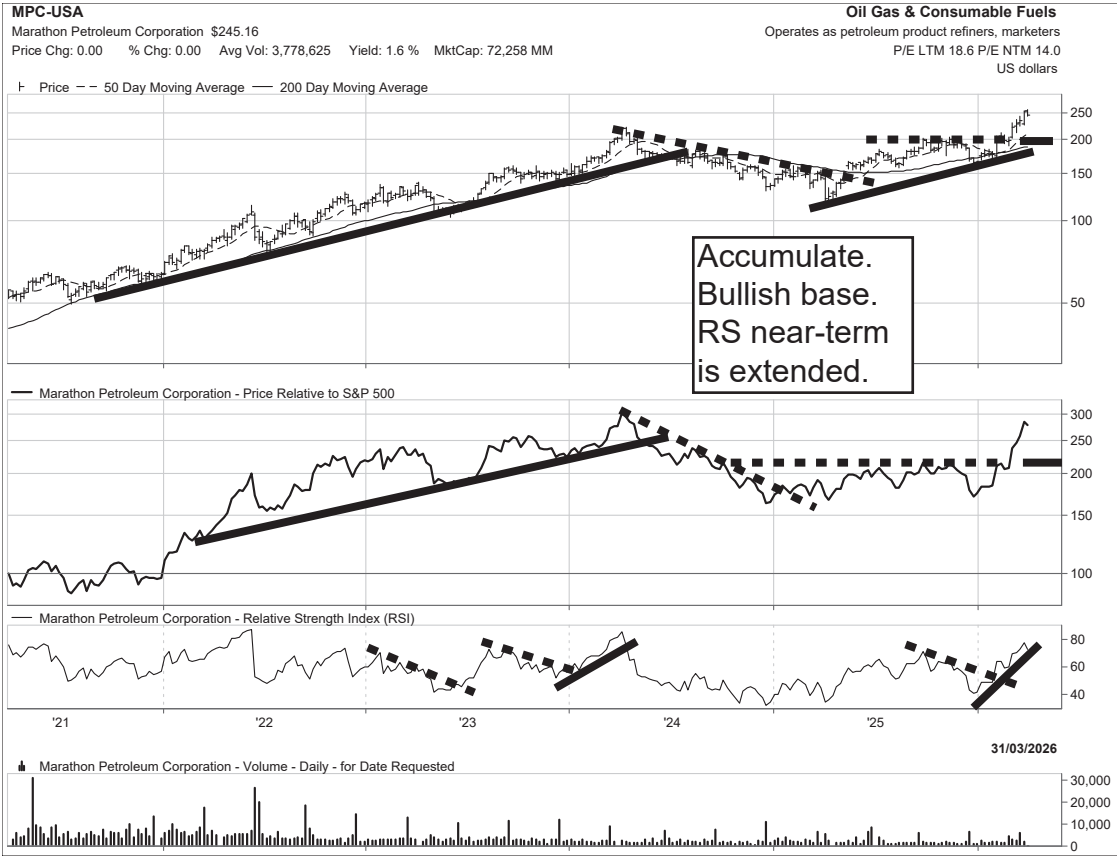
### Utilities (cont.): *Market Weight*

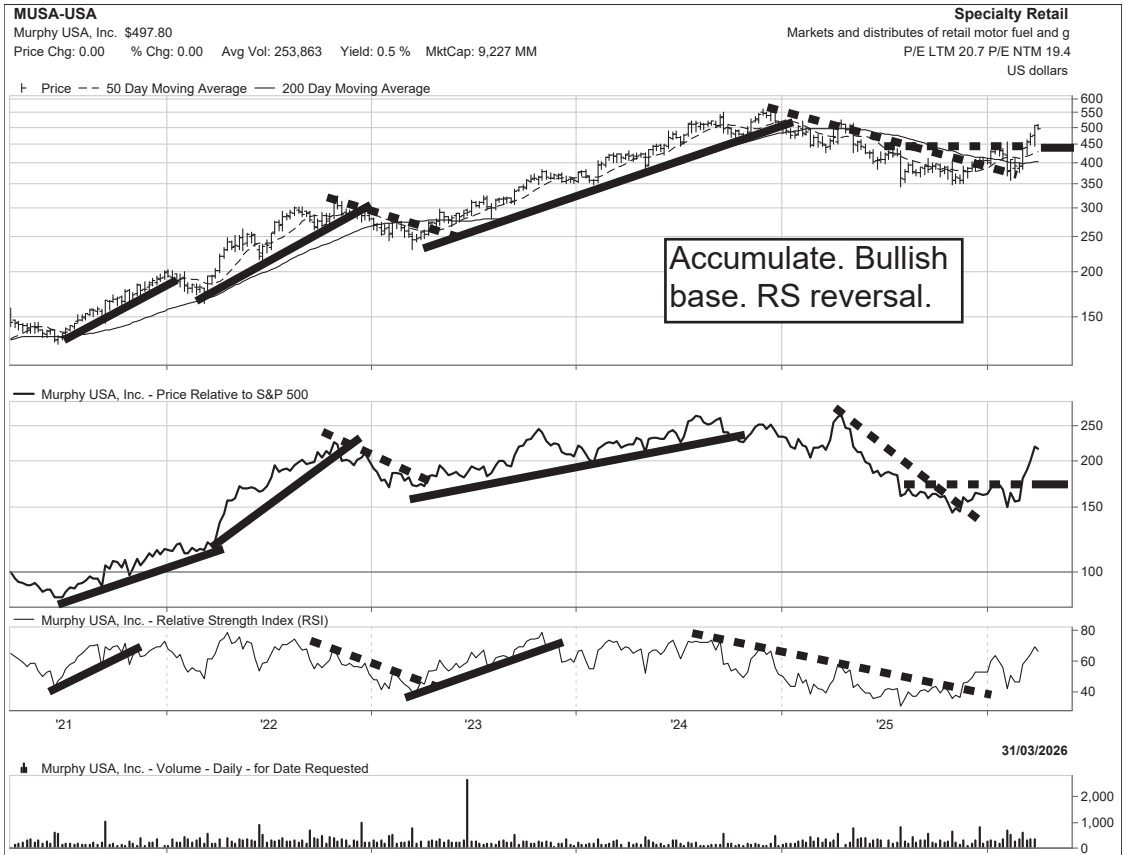
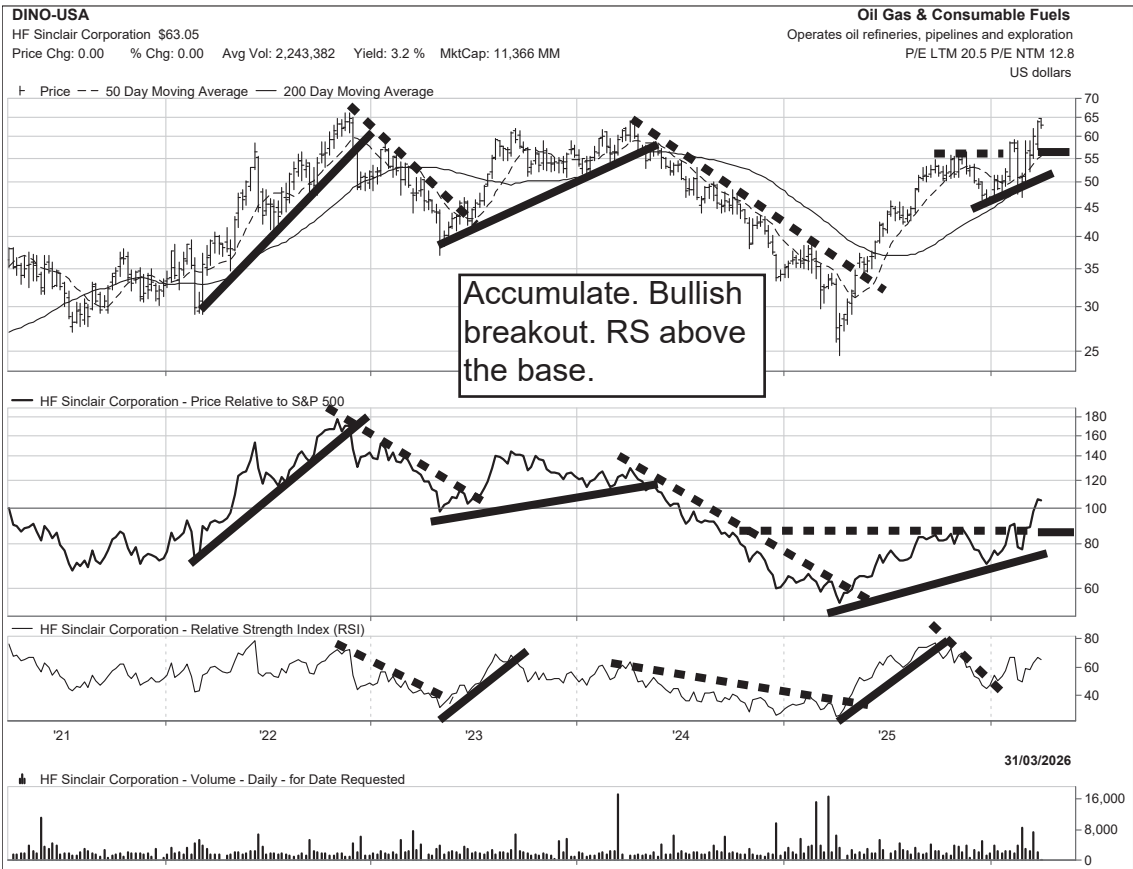
- Group UT-16 Foreign, Europe displays a major bullish RS inflection – overweight/add exposure. Attractive names include: **NGG, EONGY, RWEQY, VEOEY, and UUGRY.**
  - Group UT-18 Independent Power Production displays price and RS consolidation – be selective. Attractive names include: **GEV, BEPC, CWEN, CWEN.A, and BEP.**
  - Most other Groups within Utilities look virtually identical to the XLU and RSPU ETFs. Therefore, we prefer to evaluate the Sector from a bottoms-up perspective. Attractive names include: **NWE, NEE, OKE, ED, PPL, ETR, EVRG, EIX, MDU, WEC, FTS, BKH, POR, HE, NFG, NJR, AXIA, BIP, SBS, HTO, EGY, AEP, DUK, EXC, FE, LNT, PCG, PNW, SO, ATO, AEE, CMS, CNP, DTE, NI, SRE, and AWK.**
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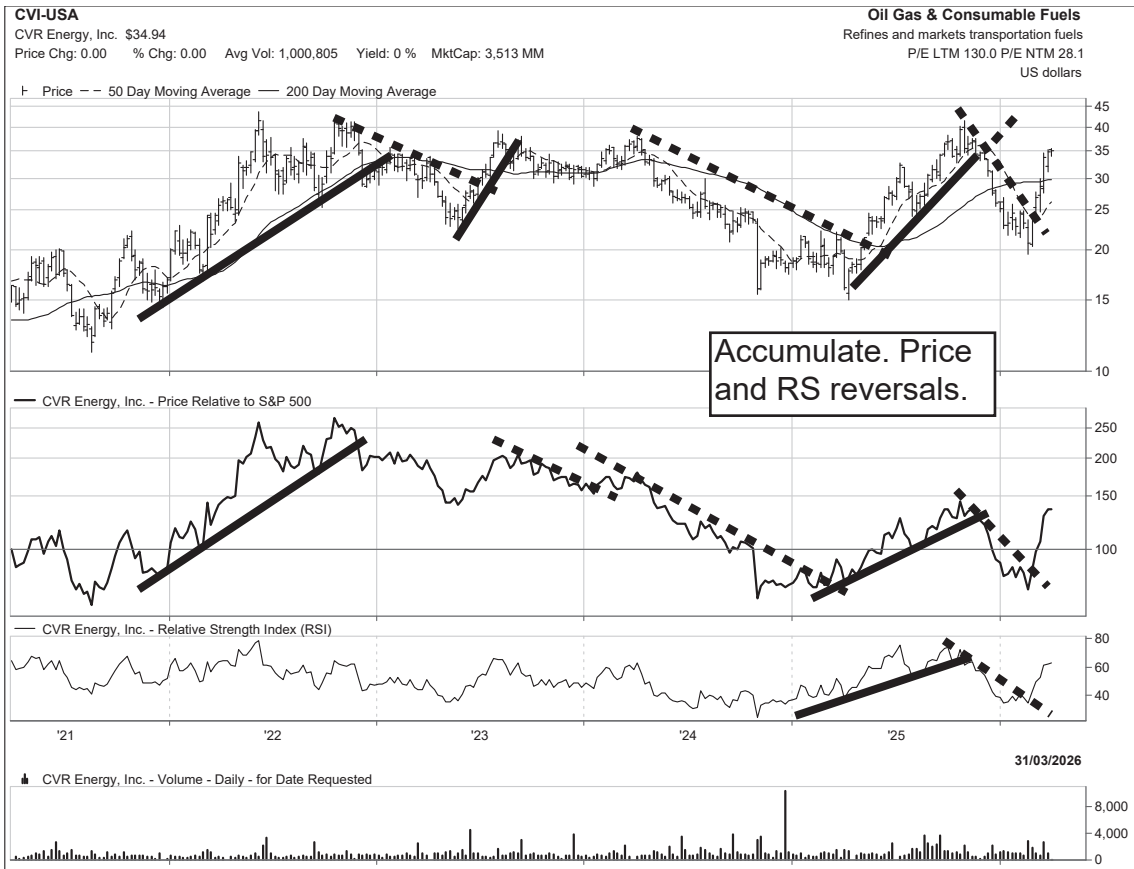
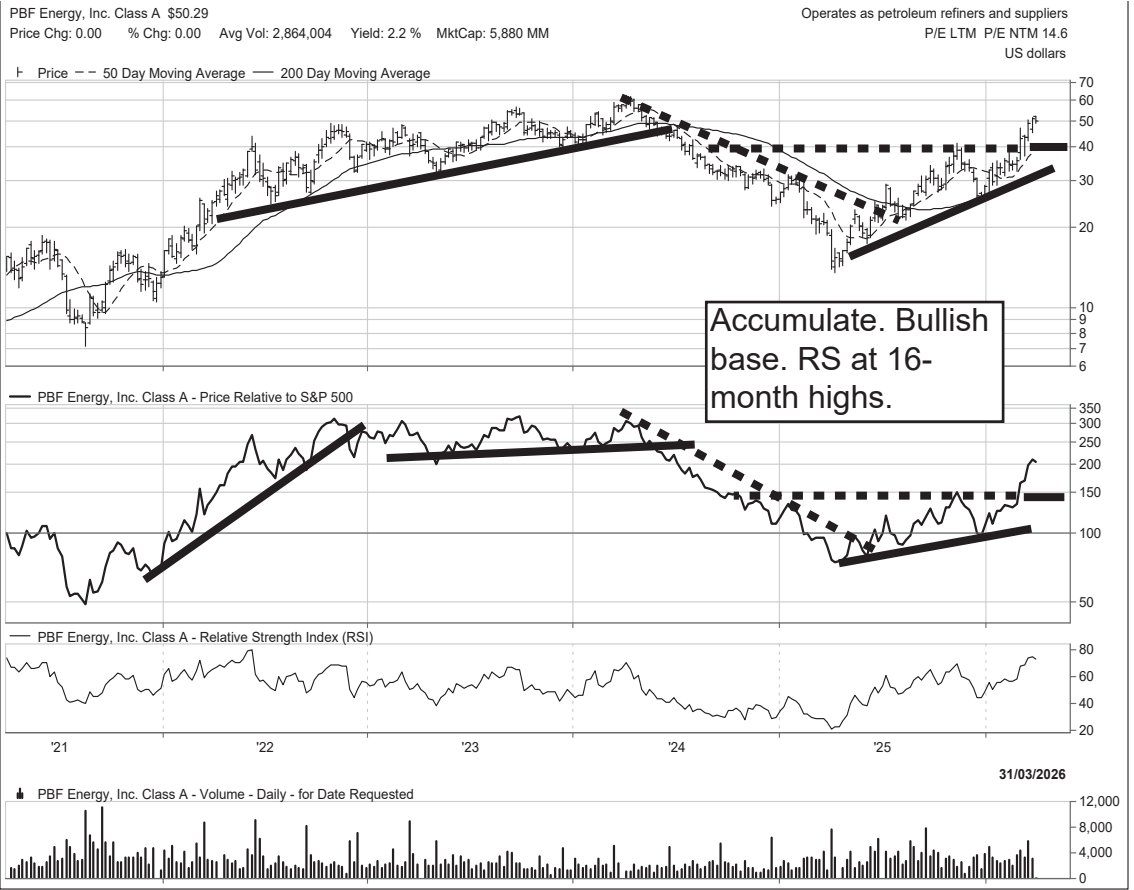
On the following pages we highlight attractive Groups and stocks within Energy, Materials, and Consumer Staples:

- **EN-20 Refining – Stocks highlighted: VLO, PSX, MPC, LYB, DINO, MUSA, PBF, CVI, PARR, DK, and CLMT**
- **EN-24 Ethanol – Stocks highlighted: ANDE, REX, GPPE, and ALTO**
- **MA-07 Specialty Chemicals, Petro/Basic/Commodity – Stocks highlighted: WLK, MEOH, CBT, KOP, BAK, and OEC**
- **CS-07 Processors, Commodity – Stocks highlighted: ADM, BG, INGR, SEB, CRESY, and LND**

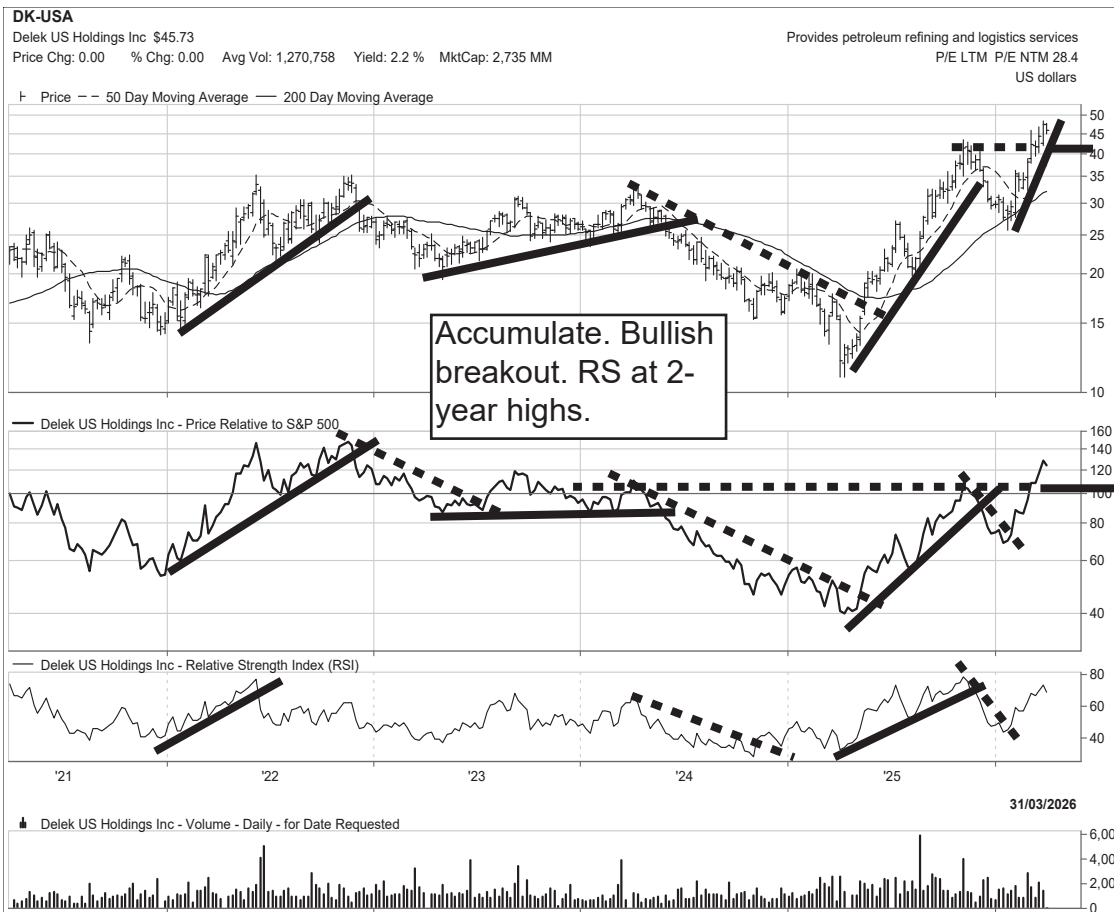
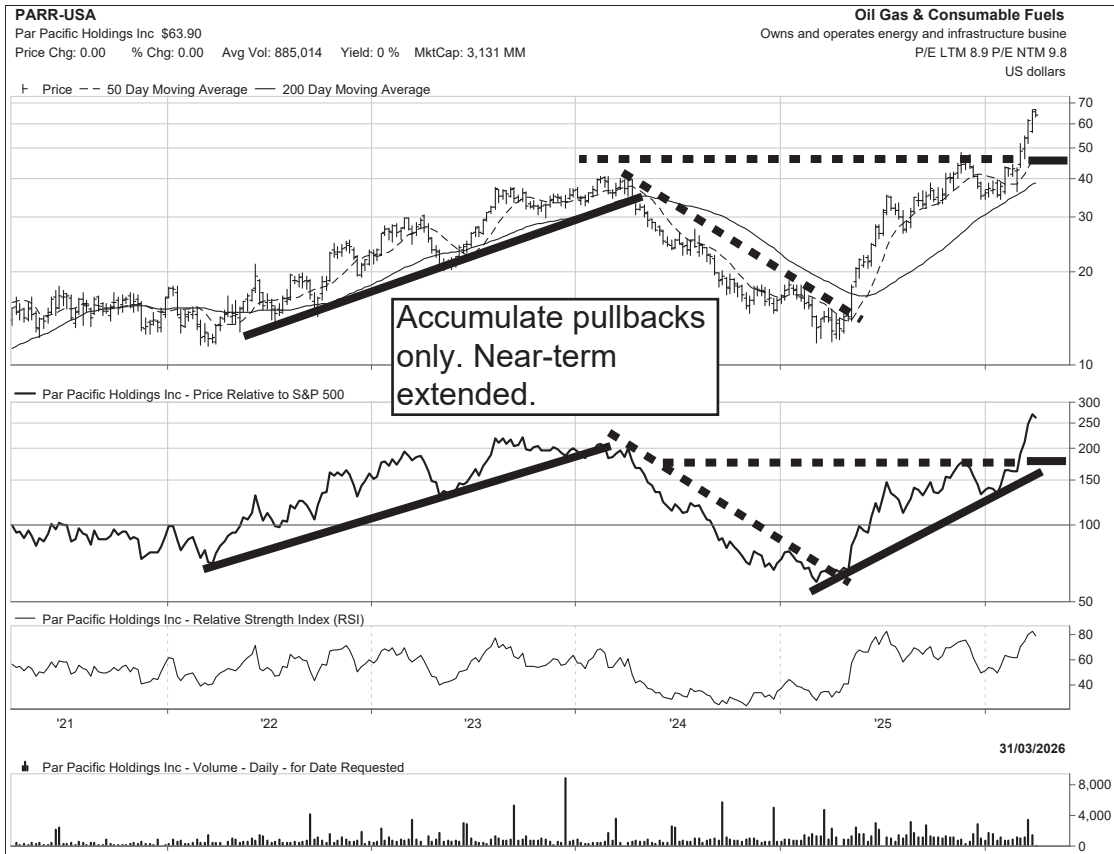


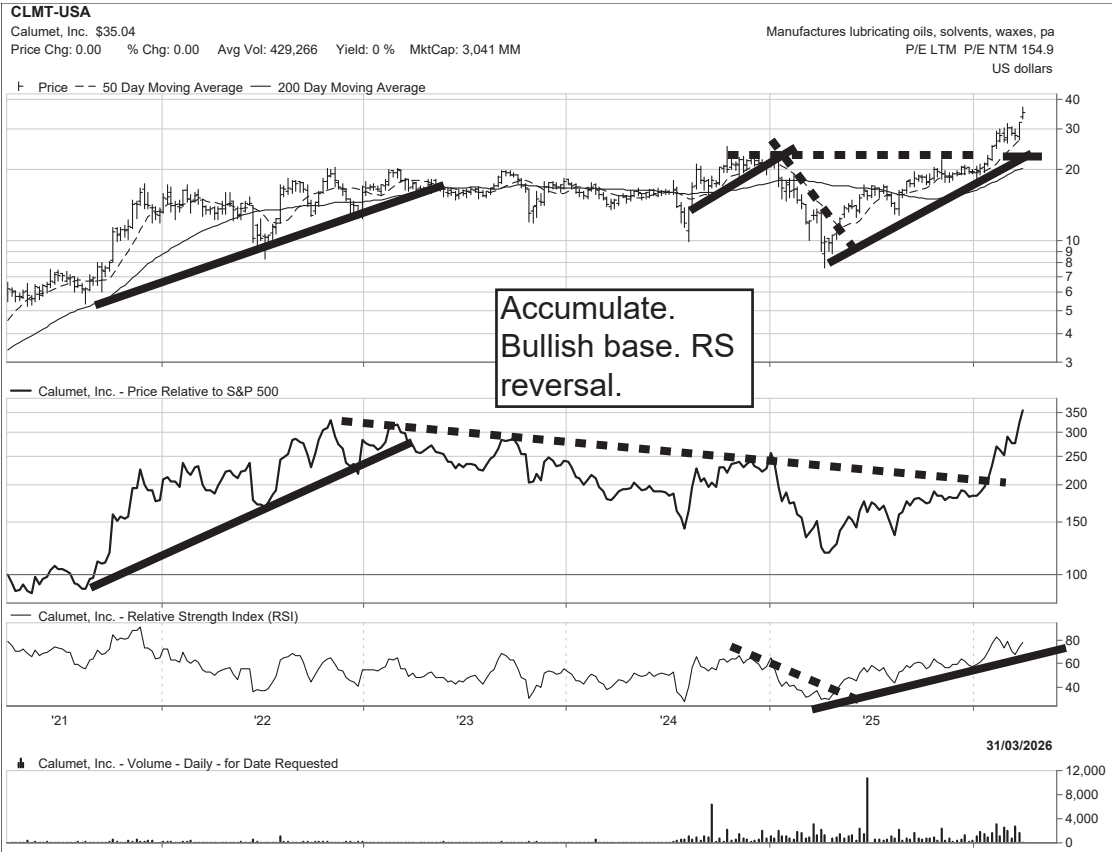


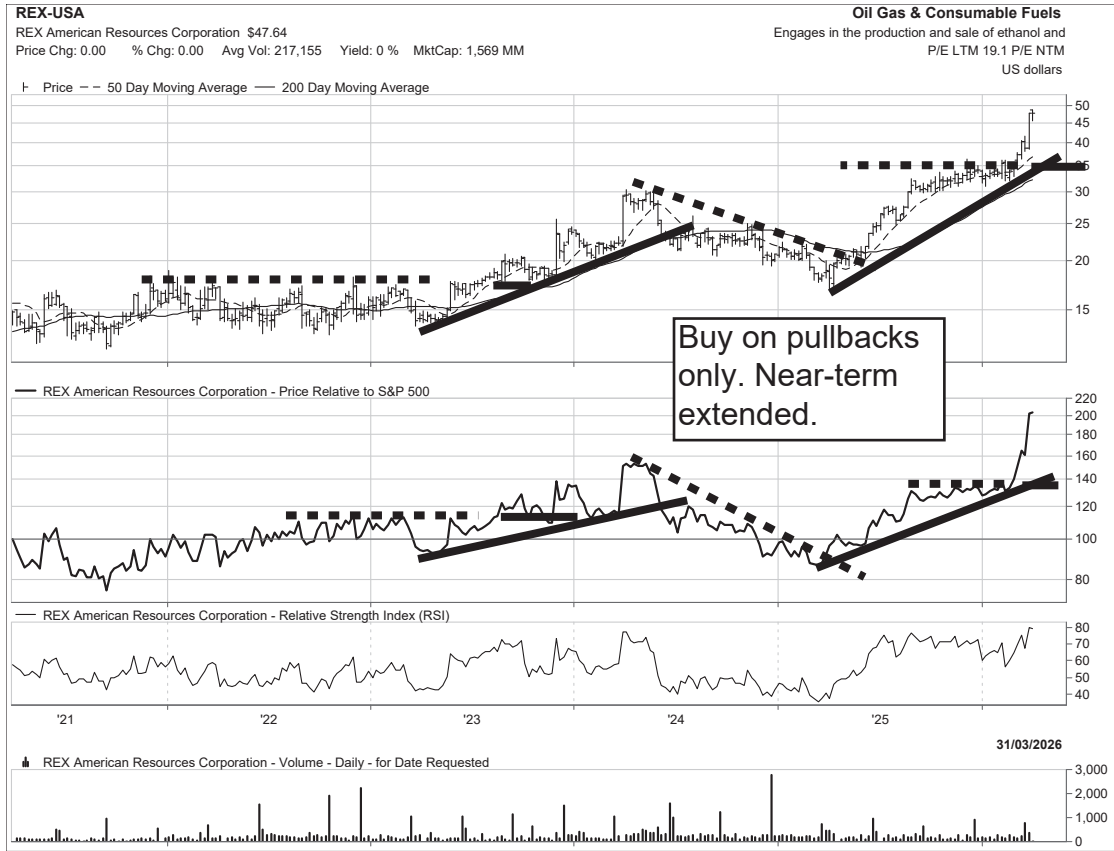
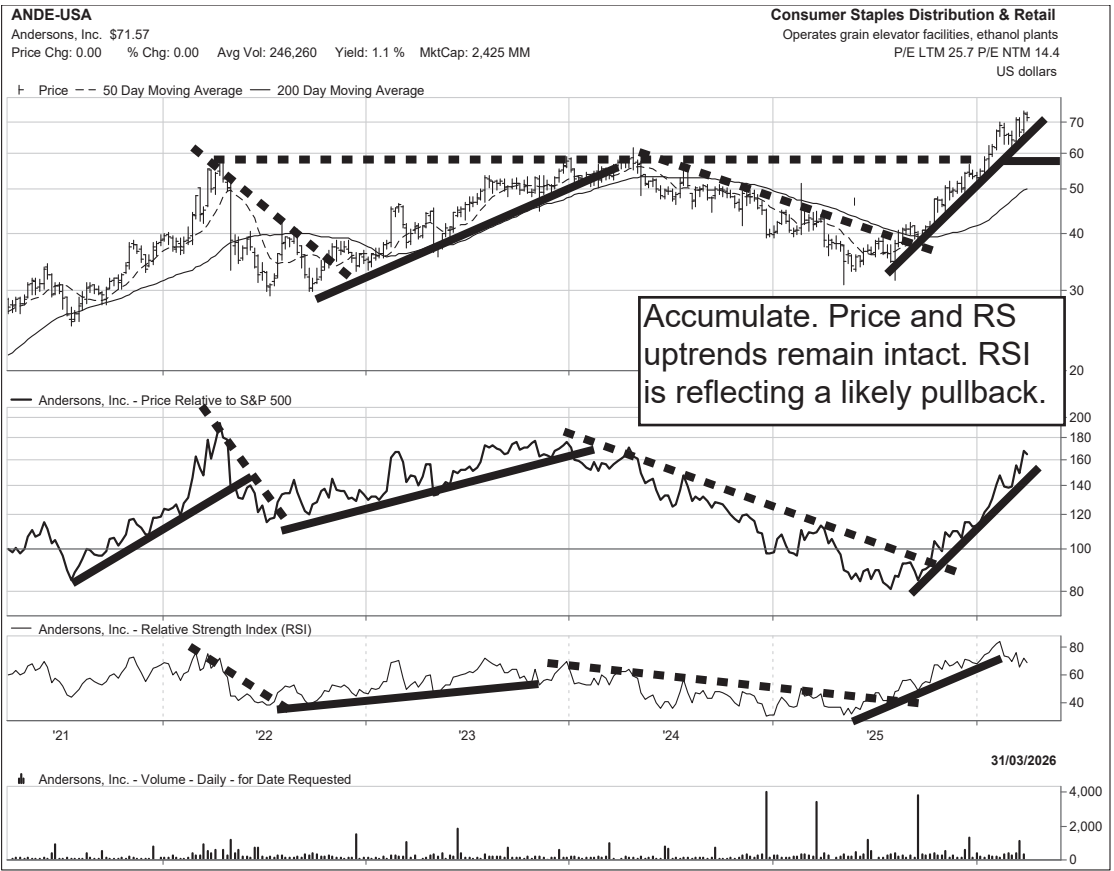


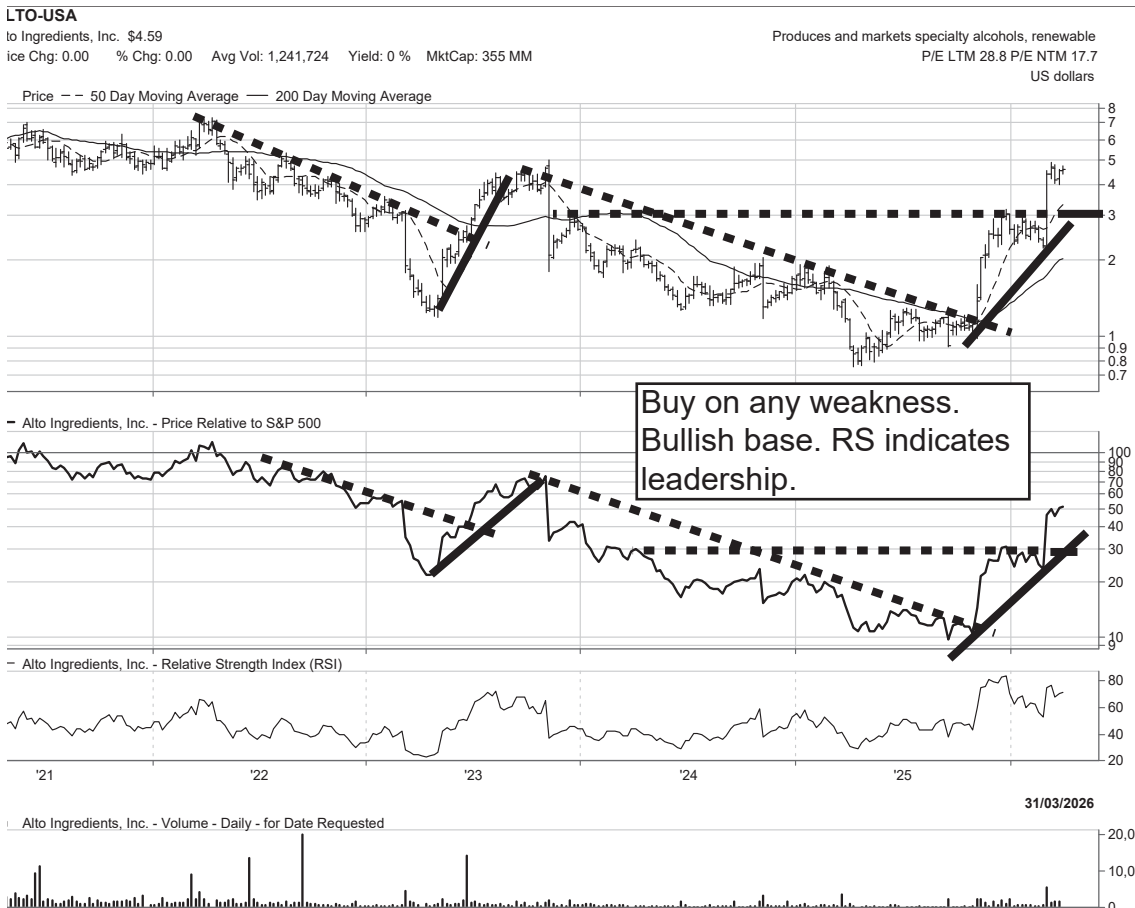
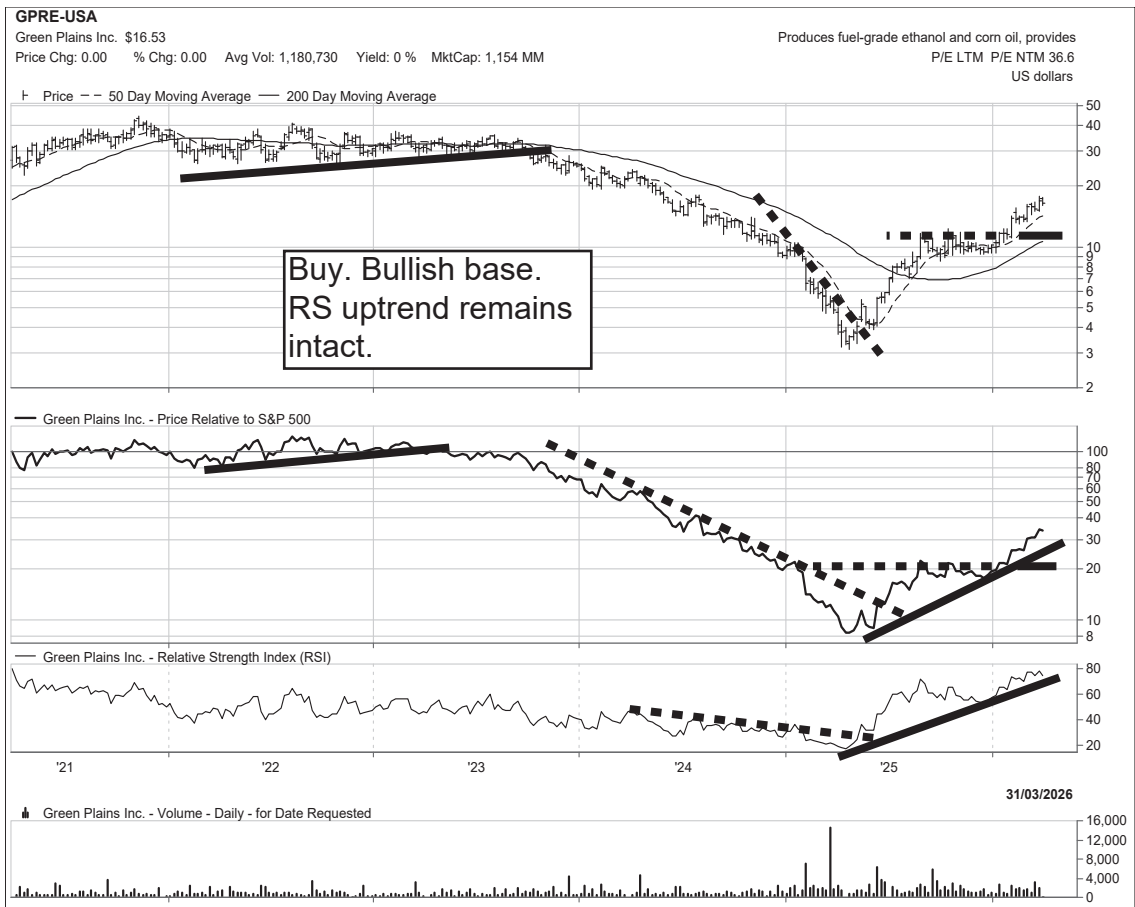


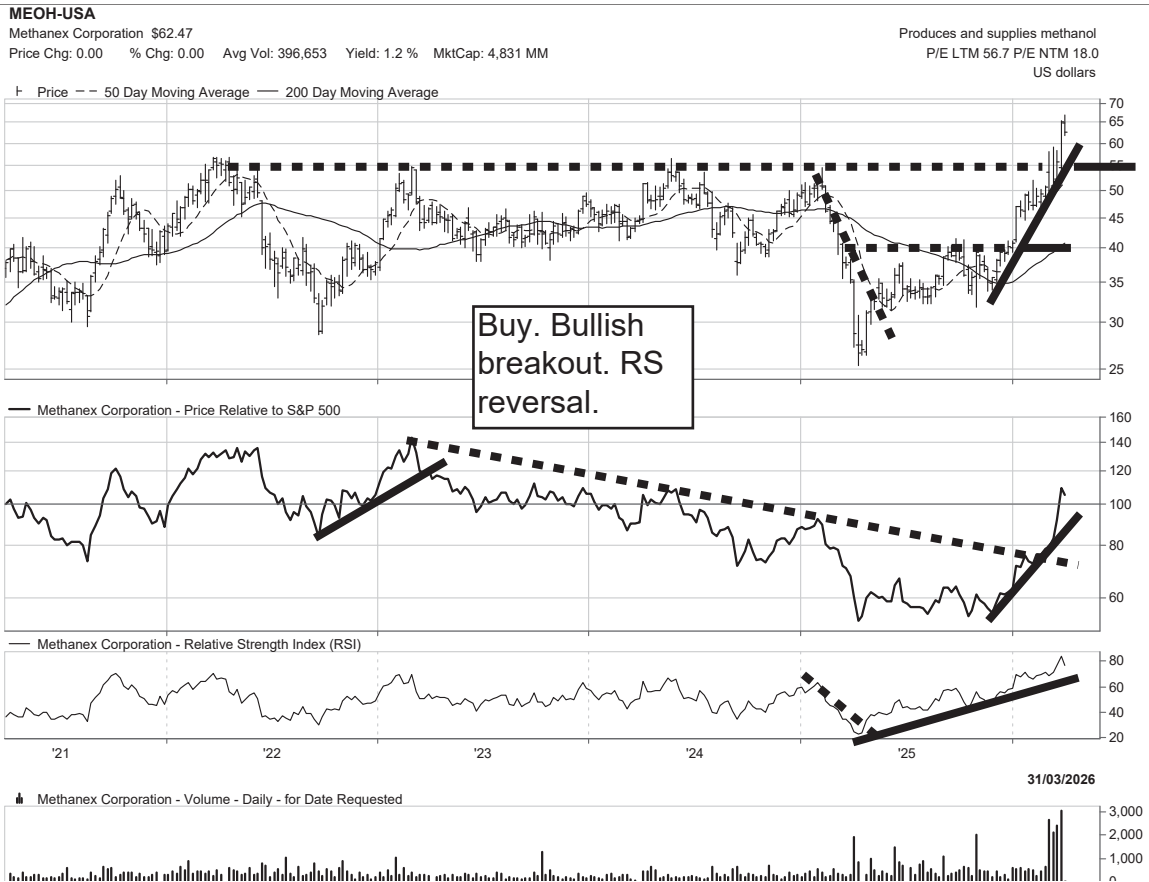
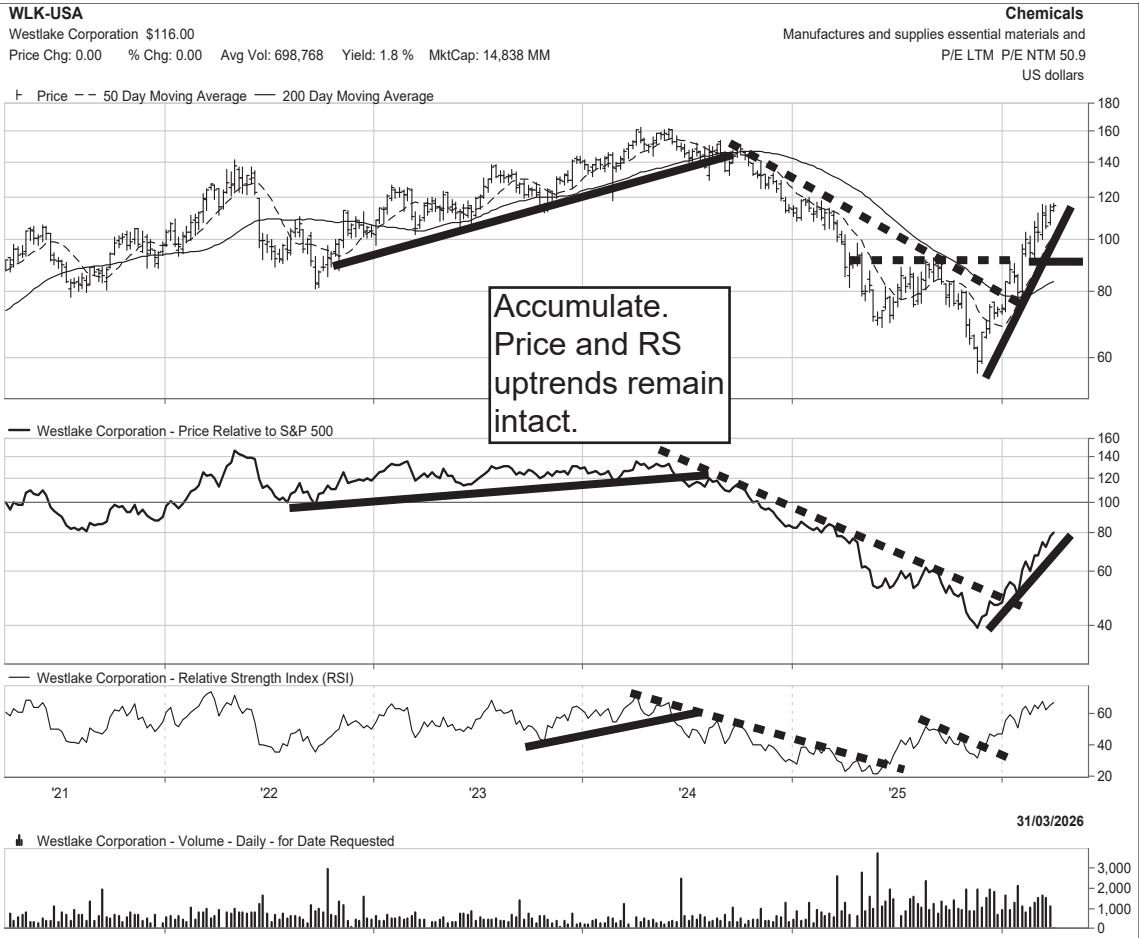




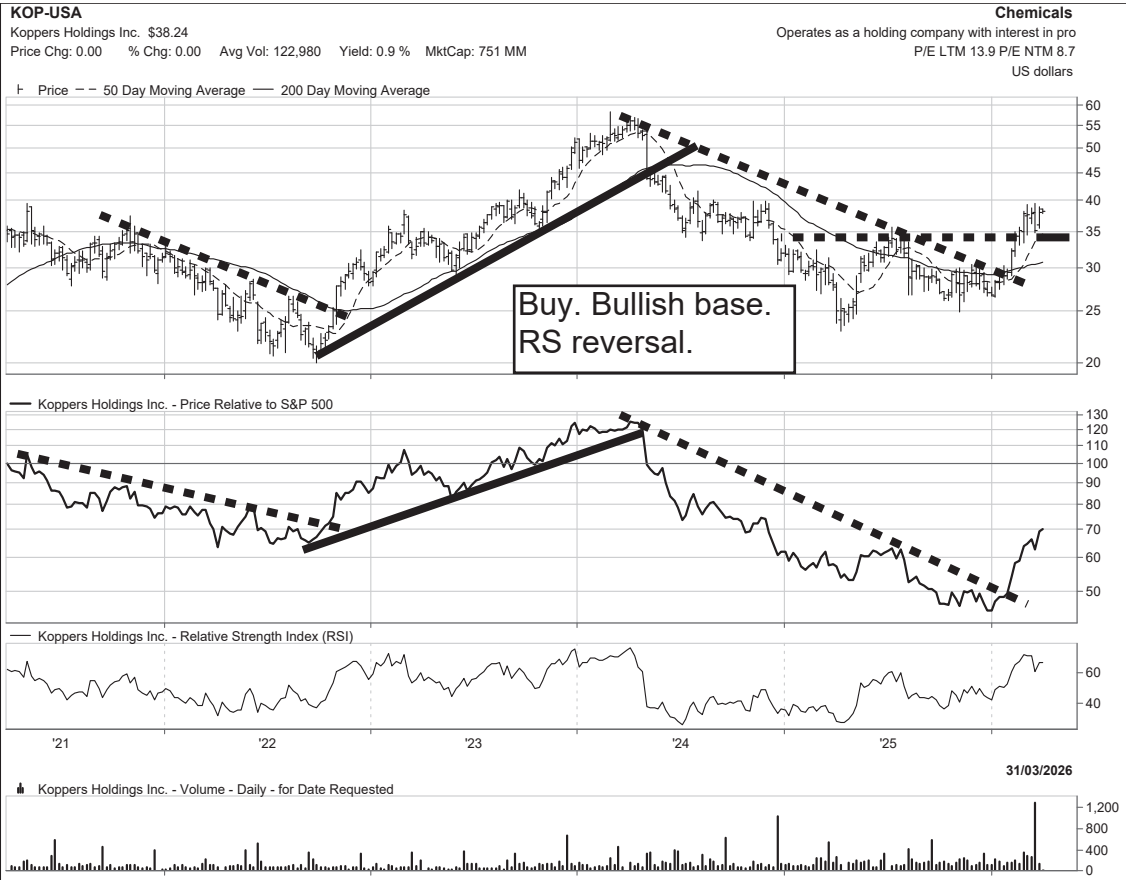
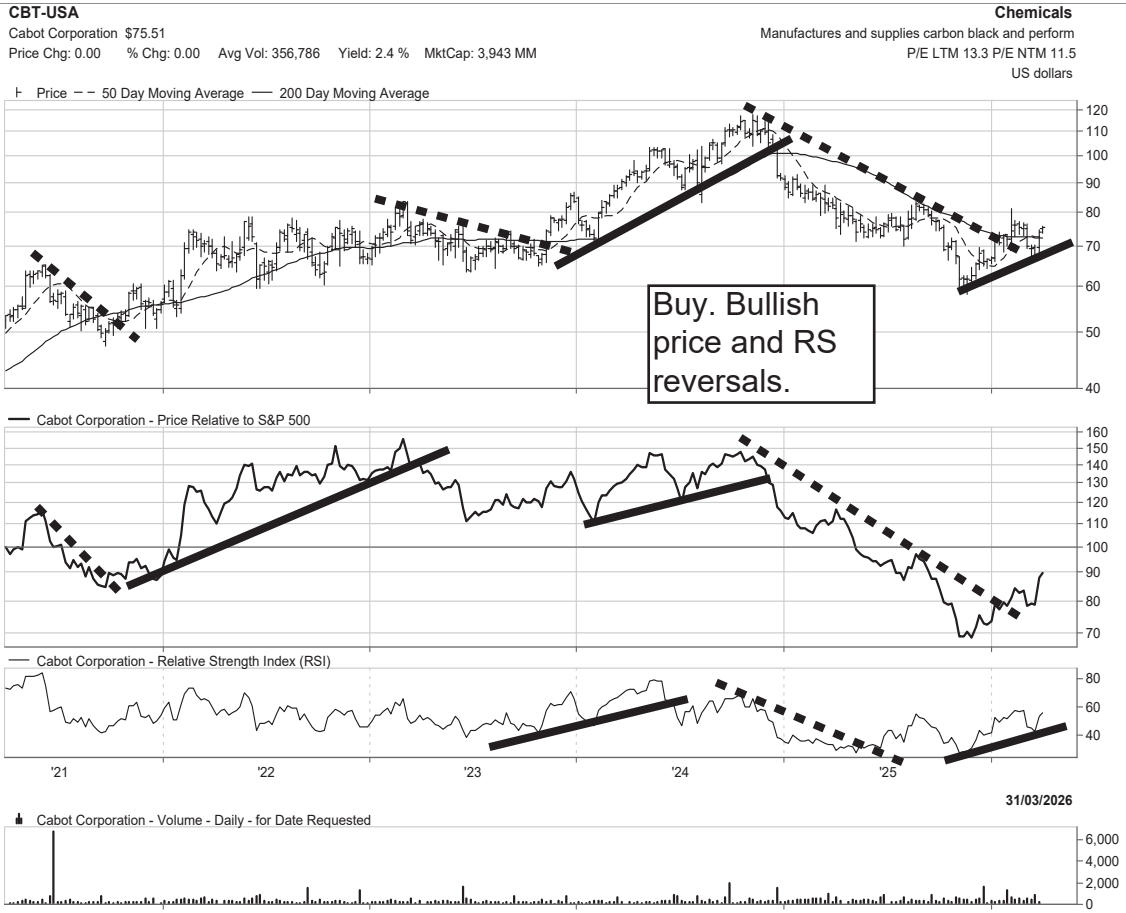


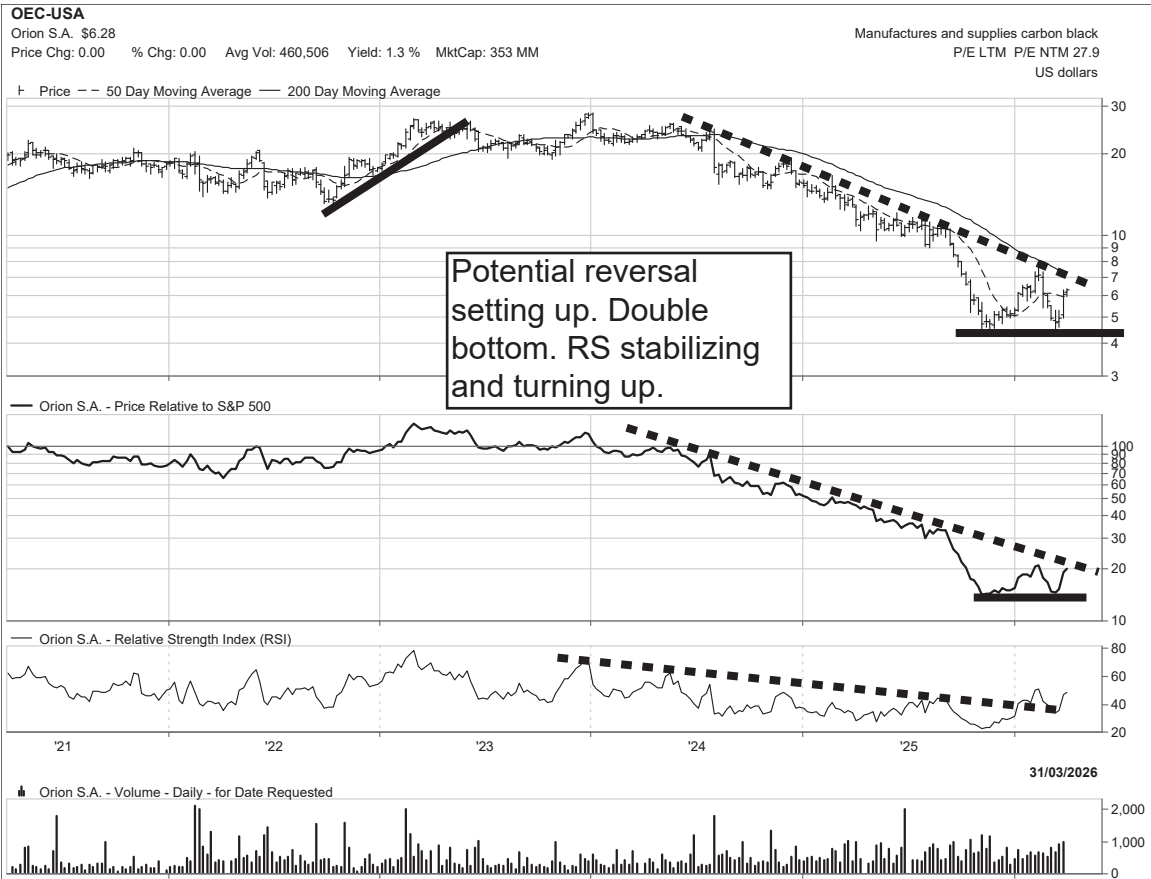
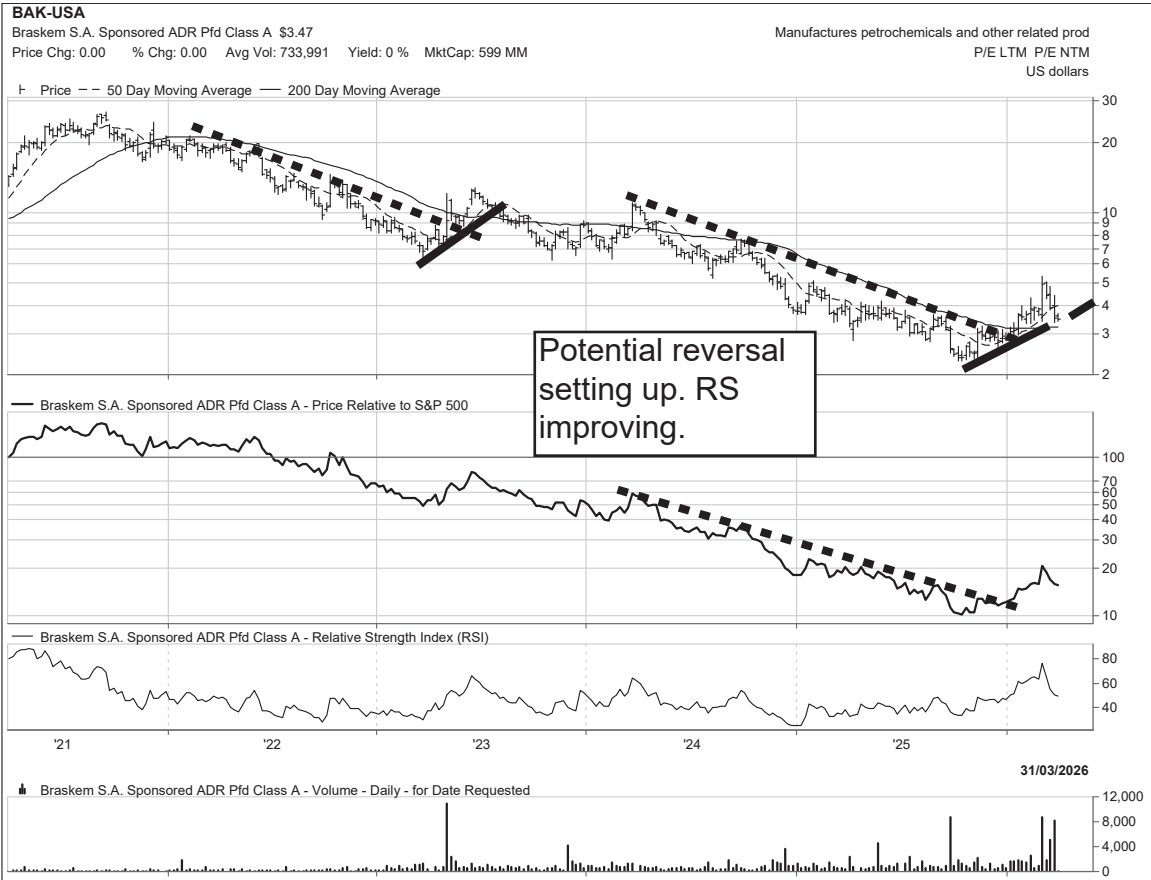


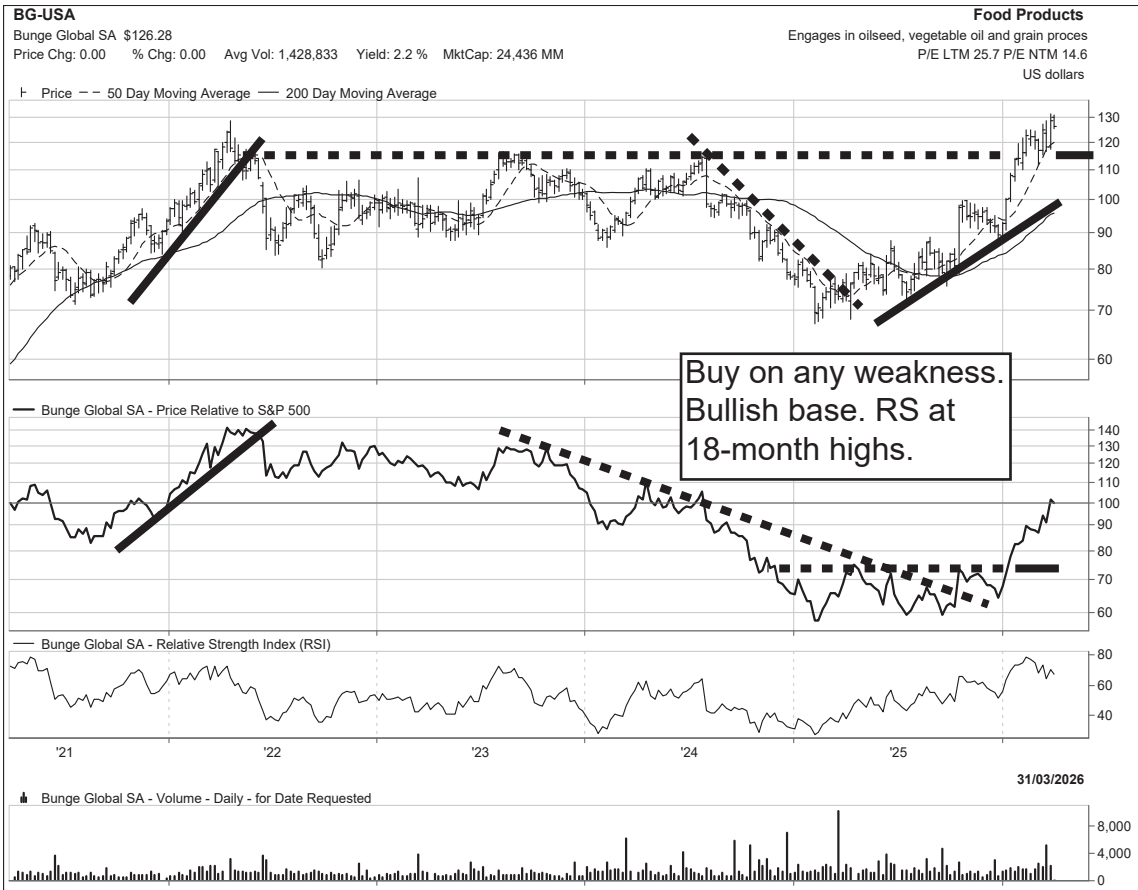
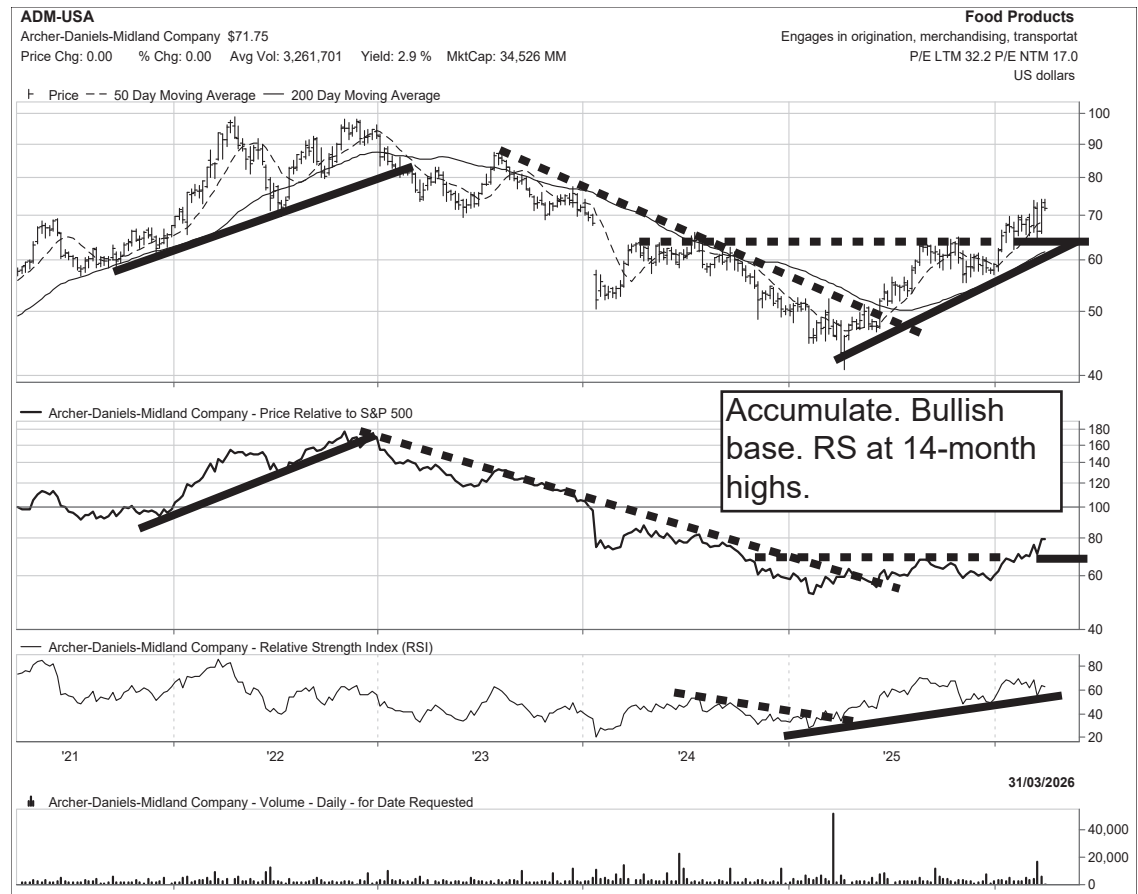


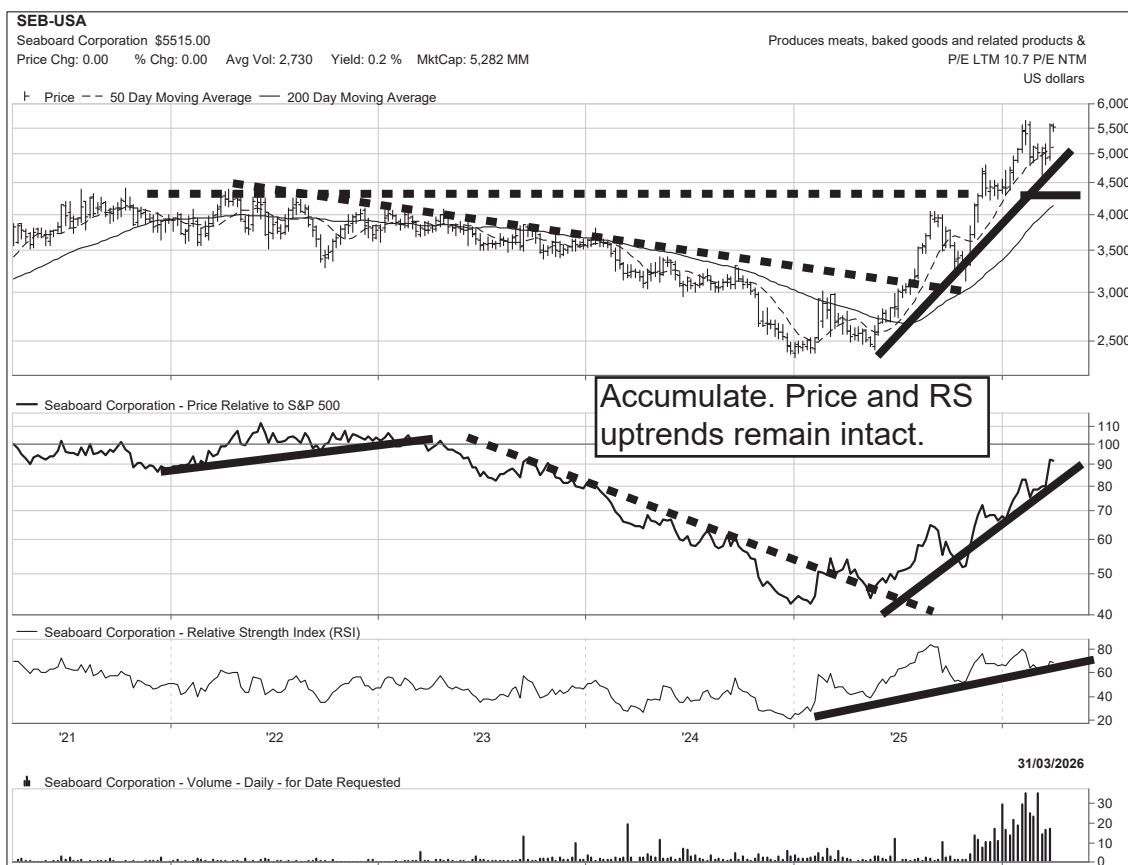
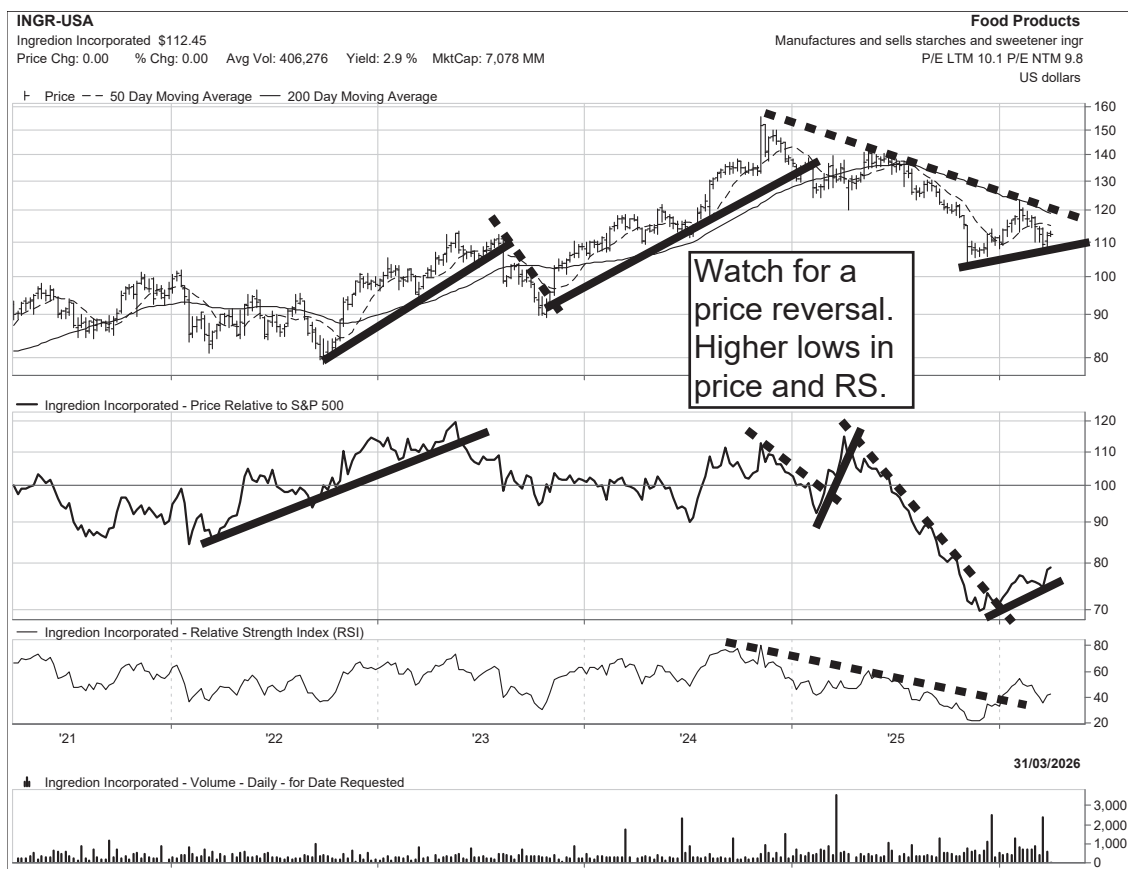


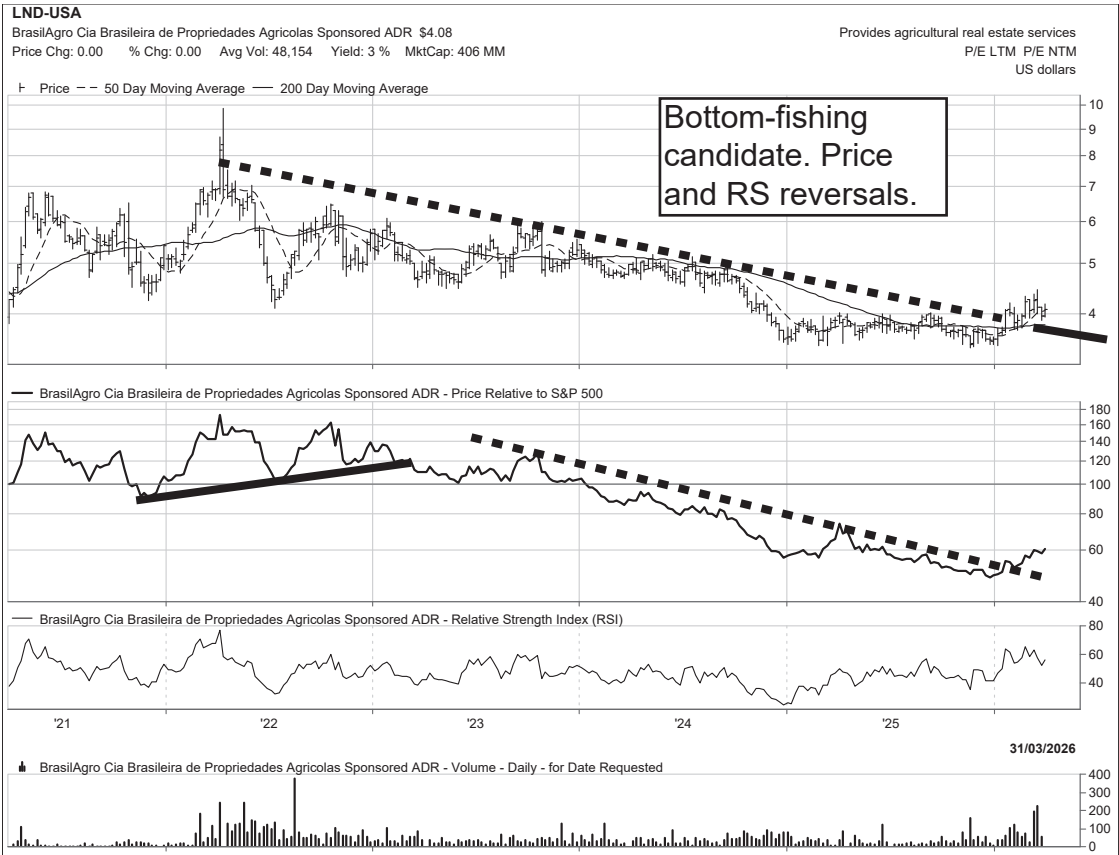












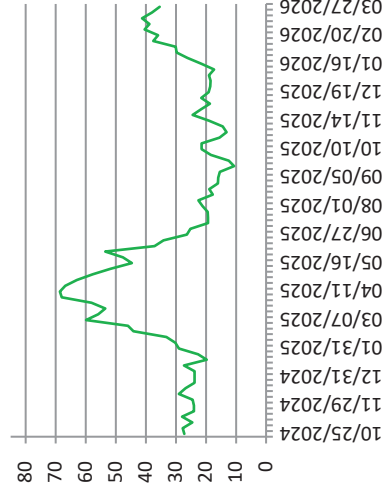




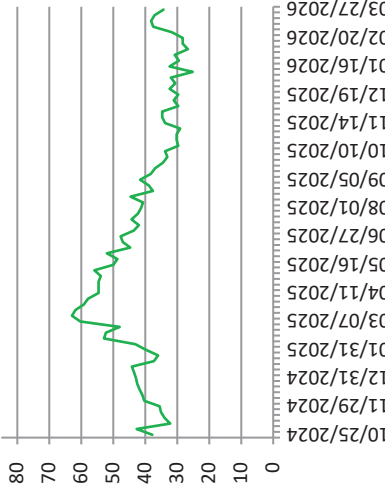
3/30/2026																	
	Bottom-fishing			Positive Inflection			Uptrends			Pullback to Support		Negative Inflection		Downtrends			
Consumer Discretionary	AAP AOUT CRI CURV GDO GPI JACK	ASO CVSA		APFI ELA GCT JOUT	CTRN DBI FLXS	BH BOOT CAKE CHGF CJFR CORZ EYE GHC GIII	ABG ACCO ACHR ACVA AEO AMWD ANF CMT BARK BBBY CAL CARM BEER BKE BKKT BRSL CMT BETI	BZH CAL CARM BEER BKE BKKT BRSL CMT BETI	COUR CPRI CMT CROT CVC CWH DFH FUN GMB	EAT ETD EVEN ENGO FLWS HNI HOV JACK	GENI GT HGV HNI HOV JACK	JOBY KSH					
Consumer Staples	EPC HNST	ARKO AVO BGS CVNW IMKTA JBSS		ALCO FDP HLF	AFRI COCO DOLE		BRCC BYND ENR FIZZ HELE	IPAR JJSF									
Energy	FF HPK	ACDC AESI AMR CLNE EPM JMSB		ANDC CRC BKV BTU CLMT FET GFOR HGC HLX INR INVX KGS	EE		ACOR ERII EU HNRG										
Financial	BCBP BETR COTI EIG HMN	AMAL AMTB AROW BOH CZNC FARM BMEG BY CAC FMBH FNLG CASH MCS MCO MRO ANIK ANIK AVR BARS BCRX BNS HSTM		AMTB AROW BFLY BOHL CZNC FARM BMEG BY CAC FMBH FNLG CASH MCS MCO MRO ANIK ANIK AVR BARS BCRX BNS HSTM	ABX ACNB AUB BARR BSRR CWBK EBMT FCAP FIBK	HTH INDB JXN	ASB AX BANC BAX CIA CNO DAVE EQBK EQH FIBK										



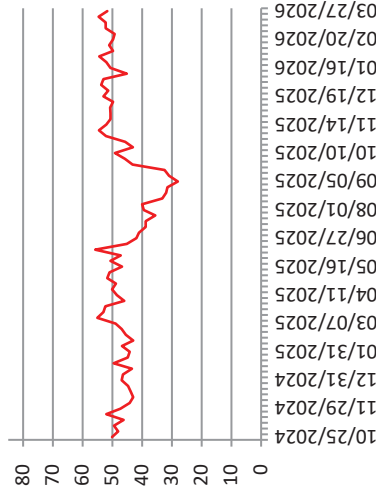
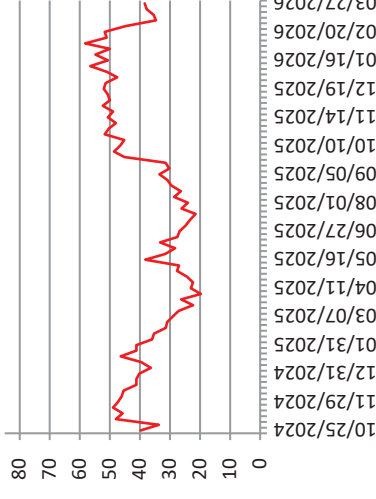
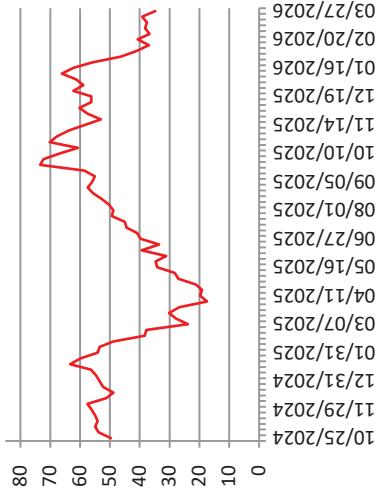
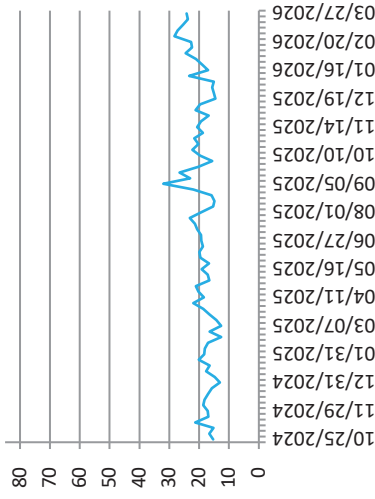
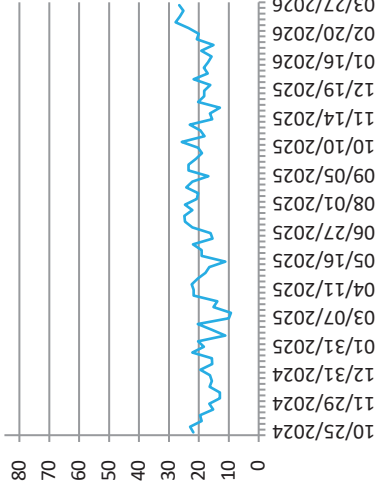
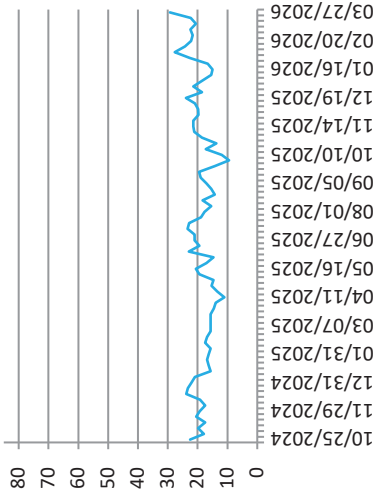
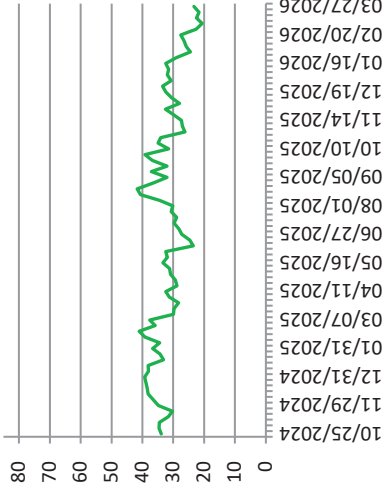
## Consumer Staples



## Communications



## Consumer Discretionary

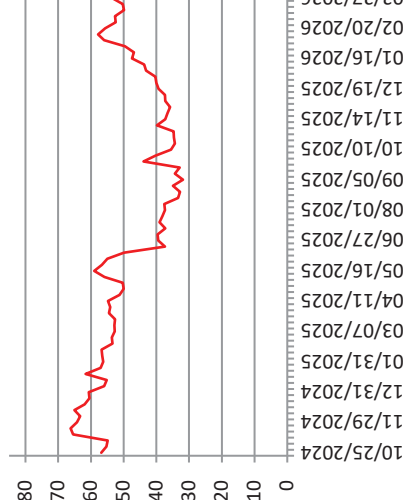
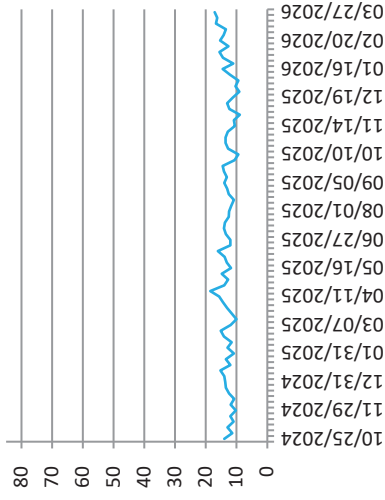
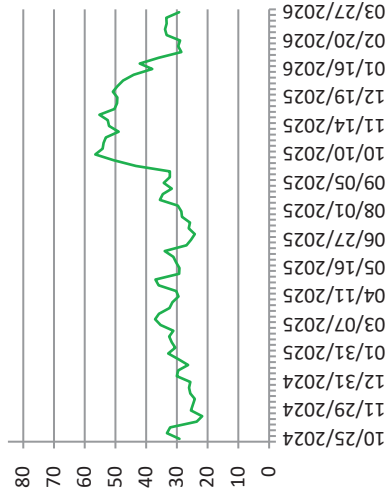


RSR 1-10  
(% of stocks)

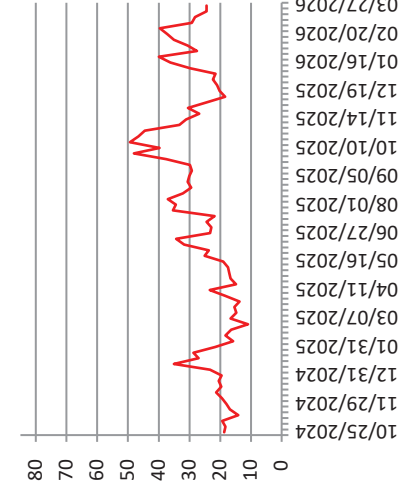
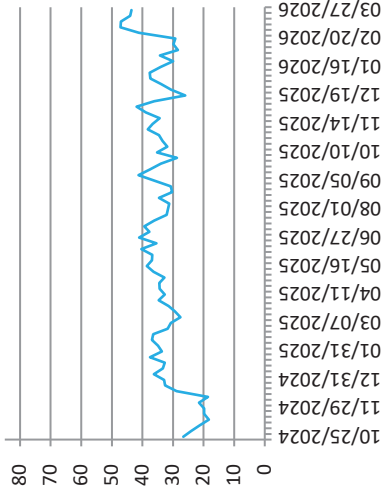
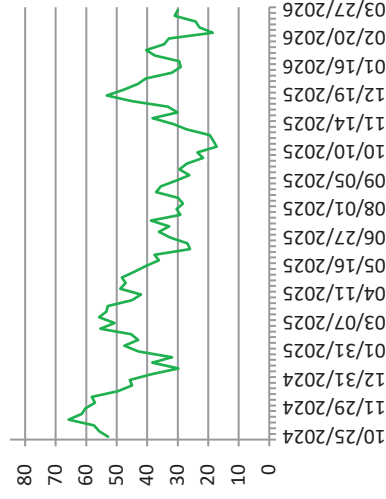
RSR 11-20  
(% of stocks)

RSR 21-30  
(% of stocks)

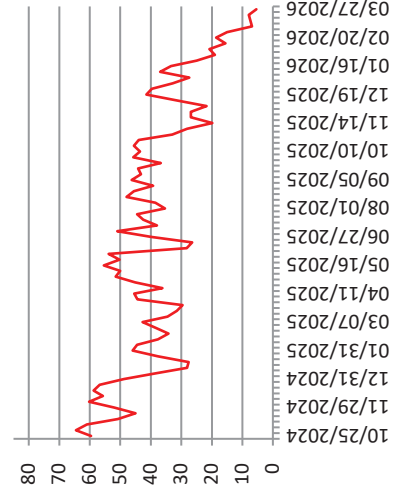
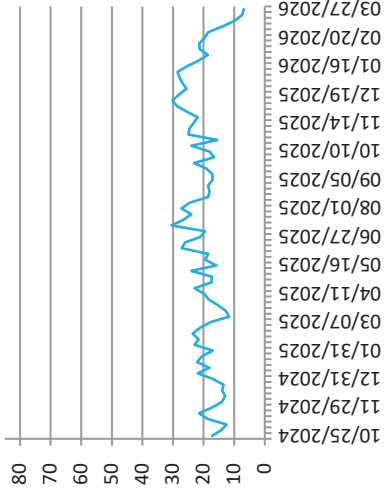
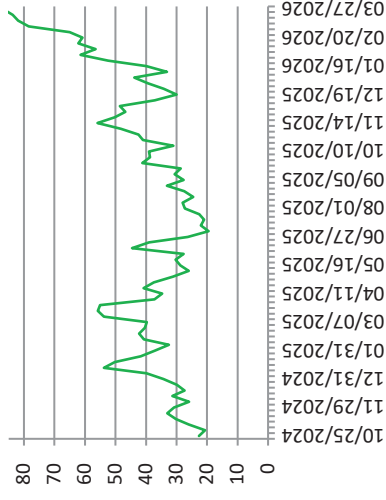
Health Care



Financials



Energy

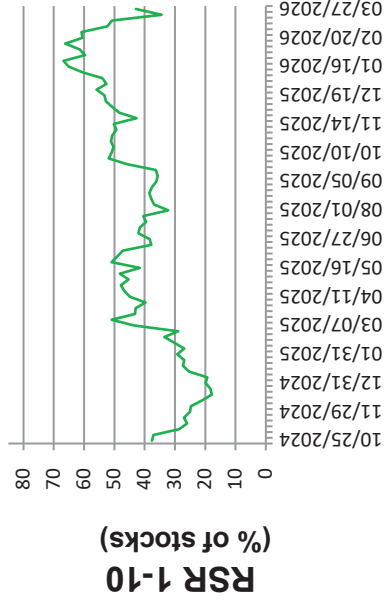


RSR 1-10  
(% of stocks)

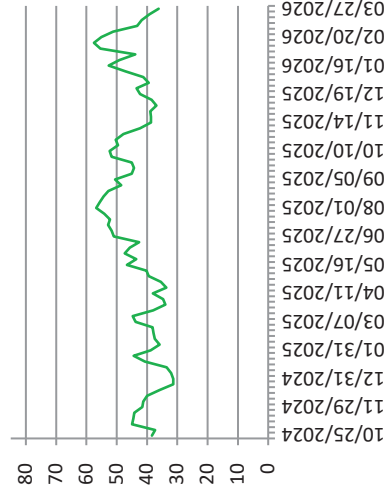
RSR 11-20  
(% of stocks)

RSR 21-30  
(% of stocks)

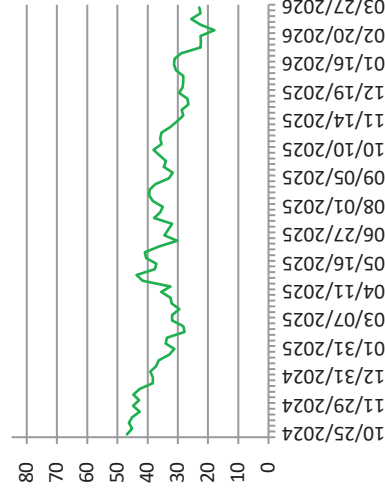
## Materials



## Manufacturing

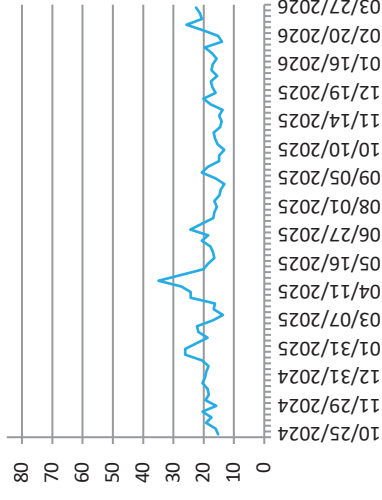
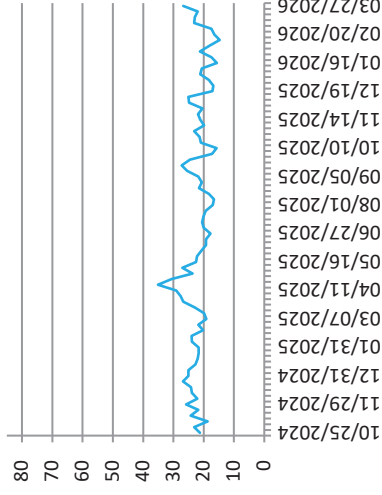
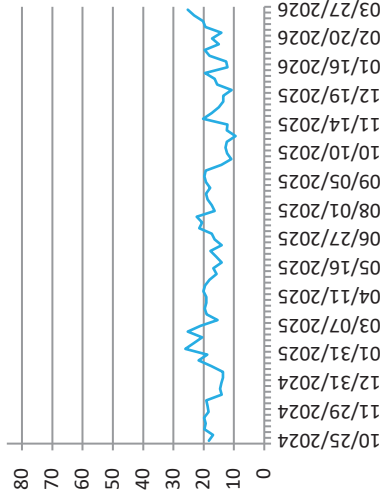


## Services



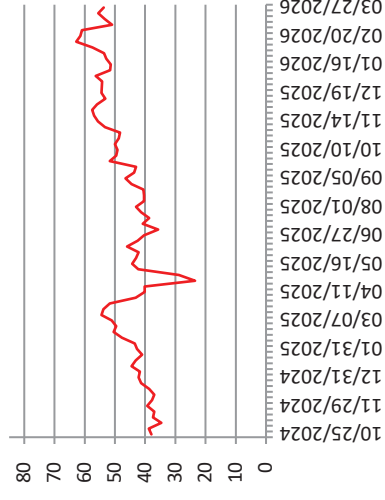
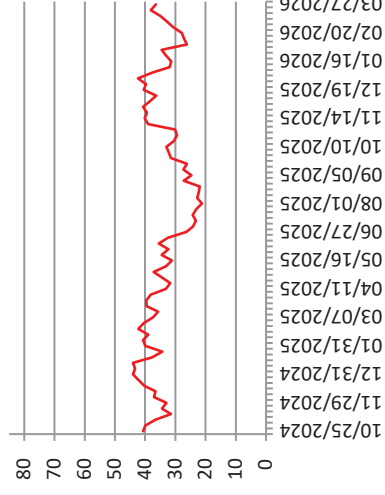
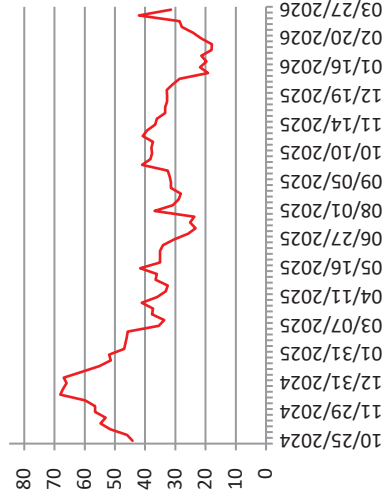
## RSR 11-20

(% of stocks)

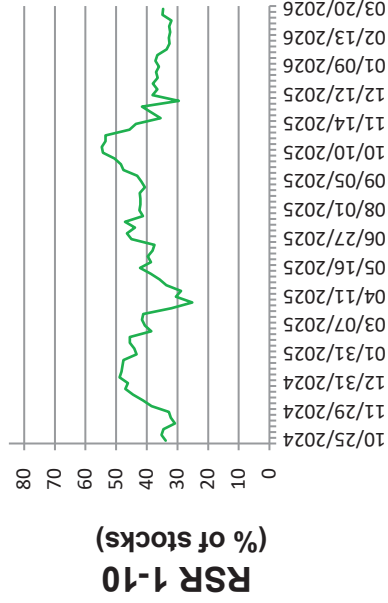


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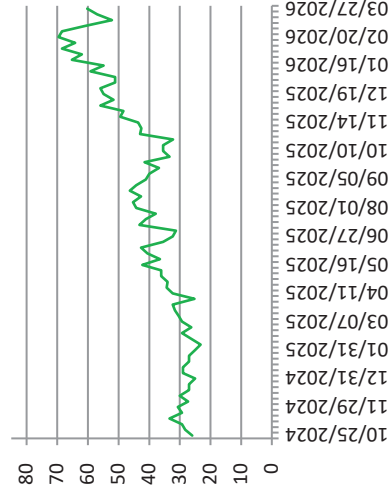
(% of stocks)



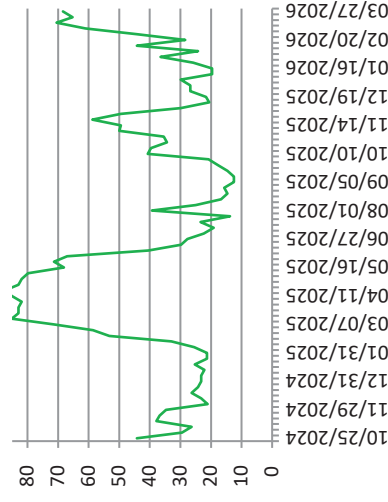
## Technology



## Transports

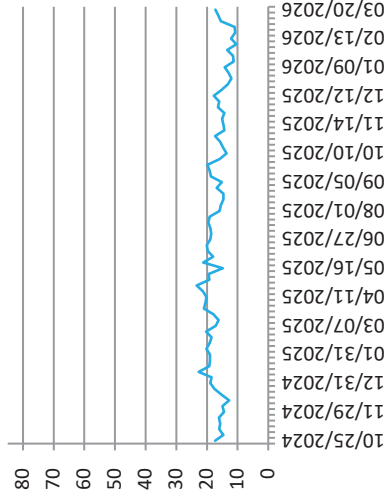


## Utilities



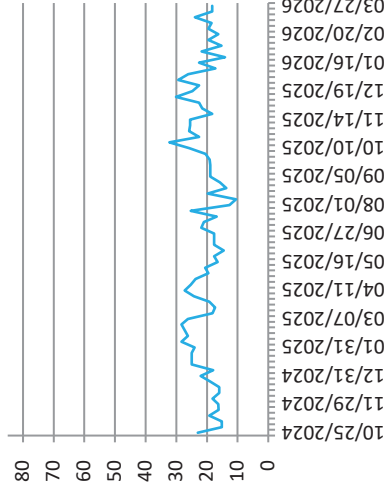
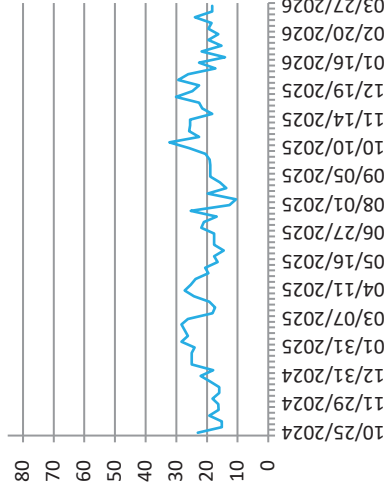
## RSR 11-20

(% of stocks)



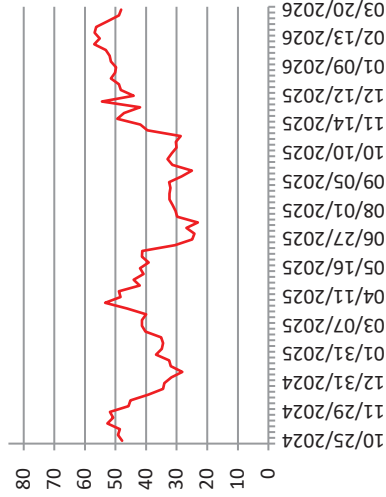
## RSR 11-20

(% of stocks)



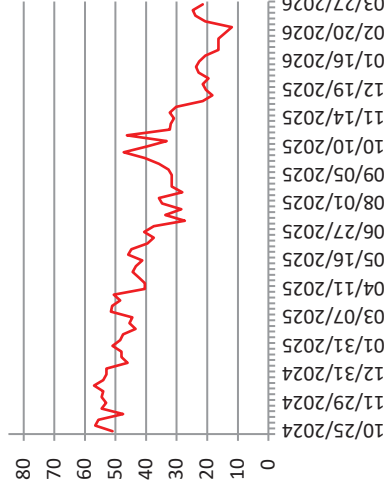
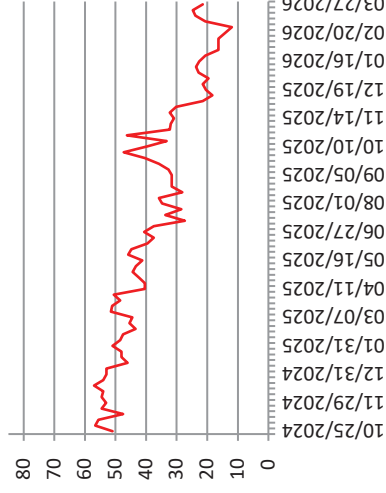
## RSR 21-30

(% of stocks)



## RSR 21-30

(% of stocks)





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David P. Nicoski, CMT  
612-682-1900  
dave@vermillioncap.com

Joe W. Jasper, CFA  
612-712-1300  
joe@vermillioncap.com

Ross W. LaDuke, CMT  
612-482-8442  
ross@vermillioncap.com

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920 Second Avenue S., Ste. 1225 • Minneapolis, MN 55402 • 612-482-6800 • [www.vermillioncap.com](http://www.vermillioncap.com)

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