

10/14/26

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

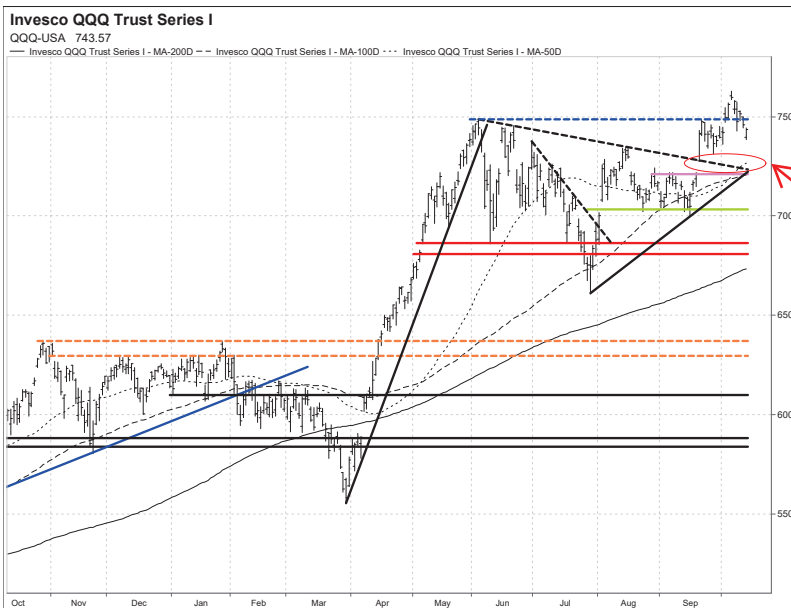
Sean Cusick
Director of Quant Systems
612-712-1400
Sean@vermilioncap.com

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

False Breakout on QQQ and XLK?

We remain bullish (as of our 4/21/26 *Compass*) on the S&P 500 (SPX), and we will stay that way as long as support at 7507-7580 holds. We also remain bullish on Technology and semiconductors (**XLK**, **SOXX**), though we are monitoring the space closely as both the Nasdaq 100 (**QQQ**) and XLK are threatening potential near-term bearish failed breakouts at \$745 and \$197, respectively. Any sustained break below yesterday's lows on QQQ and XLK would be a reason to be neutral/cautious, as it would signal a continuation of the 5-month consolidation. We also are watching the memory ETF (**DRAM**) as it tests gap support at \$51-\$53, and the Russell 2000 (**IWM**) as it tests its 200-day MA and \$274.50 support; both DRAM and IWM are constructive as long as these supports hold, but breakdowns would be reasons to get cautious. Still, it is not a good look if the IWM is below short-term gap resistance at \$280-\$281 -- not that it has mattered to SPX whatsoever. A significant "wall of worry" remains in place. Ultimately, these "worries" (crude oil, interest rates, bad breadth, interest rate volatility, U.S. dollar strength, etc.) will only become a problem for the SPX on a sustained break below 7507-7580.

- **Technology (XLK) and Semiconductors (SOXX).** While the potential bearish failed breakout on the XLK at \$197 (confirmed by a sustained break below \$194) is nothing to scoff at, there is absolutely nothing wrong with the bullish short-term trend as long as the XLK remains above its bullish gap from August 4 at \$178. There is also still nothing wrong with the bullish intermediate/long-term trend on the SOXX as long as it holds above \$464-\$478 support.
- **Risk-On Signals.** Despite some concerns, we are still giving the risk-on signals the benefit of the doubt until 7507 on SPX is violated. Risk-on signals include: (1) U.S. interest rate volatility (MOVE index) remains below the crucial 115 and 140 levels. (2) U.S. high yield spreads are below 320bps and 355bps. (3) Semiconductors (**SOXX**) are still technically just consolidating. (4) Consumer Staples (**XLP**) remain in a 1.5-year RS downtrend. (5) Mag7 (**MAGS**) remains bullish after breaking out from its 11-month base. (6) Bitcoin and Ether have bottomed (we have been bullish since our 8/25/26 *Compass*). This remains a bull market until proven otherwise... *see pages 2-3.*



In today's report we highlight attractive Groups and stocks within Technology, Consumer Discretionary, and Consumer Staples: TE-54 Software, Data Storage, TE-67 Software, SaaS, CD-38 Retailers, Teenagers, and CS-27 Flavors & Fragrances... *see pages 11-25.*

This potential bearish failed breakout on the Nasdaq 100 (QQQ) at \$745 (confirmed on a break below \$739) is nothing to scoff at, but there is still absolutely nothing wrong with the short-term bullish trend as long as gap support at \$722-\$728 holds. This would be a strong buy zone if tested.

Sector Relative Strength Rankings & Weighting Recommendations

Sector Relative Strength Rankings (RSR)

Technology (XLK) sits atop our relative strength rankings and we continue to have the Sector on watch for a potential upgrade to overweight. Semiconductors (**SMH, SOXX**) remain attractive on this pullback, and we also continue to find many attractive software (**IGV**) and cyber security (**CIBR**) names. Buy/stay long. Favorite Technology names include: **NVDA, TSM, AMD, ADI, MXL, PENG, MSFT, CRWD, NET, PANW, TENB, TWLO, SHOP, RBRK, FROG, and NTAP**. **AAPL** remains attractive as well.

The **Energy** Sector takes the second spot in our relative strength rankings -- remain overweight/add exposure. Refiners (**CRAK**) remain leadership (**PSX, VLO, MPC, PBF, CVI**), but are extended and should only be bought on pullbacks. The more timely buys are within the integrated/E&P names (**COP, XOM, CVX, IMO, CVE, CNQ, OVV, SM**, etc.).

Health Care (RSPH, XLV) continues to be another attractive Sector -- remain overweight/add exposure. Services/providers (**XHS**) is a timely area to buy at current levels. Attractive buys include **CLOV, VEEV, CERT, OSCR**, and **CBLL**.

Relative Strength Ranking: Sector Summary

Vermilion Sector	10/09	10/02	09/25	09/18	09/11	09/04	08/28	08/21	08/14	08/07
TE Technology(CAP)	3	3	3	4	6	7	7	8	6	5
EN Energy(CAP)	4	6	8	6	6	10	13	11	15	22
HC Health Care(CAP)	5	7	5	6	9	7	7	5	12	11
SV Services(CAP)	8	12	11	10	11	12	11	12	13	15
CO Communications(CAP)	10	12	10	12	16	20	20	23	22	21
EN Energy(AVG)	10	13	15	10	9	13	16	15	19	23
TE Technology(AVG)	13	10	14	16	18	19	16	16	9	9
FN Financials(AVG)	14	12	12	10	9	9	10	12	11	11
FN Financials(CAP)	14	13	11	10	8	8	9	11	10	10
CD Consumer Disc(CAP)	15	20	19	20	20	21	21	22	21	20
CS Consumer Staples(CAP)	15	20	18	19	21	22	22	23	23	23
TR Transportation(AVG)	15	13	17	13	14	14	15	15	15	15
HC Health Care(AVG)	16	15	13	10	11	7	7	6	10	10
MA Materials(CAP)	16	16	15	14	13	12	11	10	19	16
SV Services(AVG)	17	18	17	15	16	16	15	15	15	16
TR Transportation(CAP)	17	18	19	19	19	19	16	16	18	17
UT Utilities(AVG)	18	20	22	21	21	22	23	25	23	24
UT Utilities(CAP)	18	22	24	23	23	25	26	26	24	25
CD Consumer Disc(AVG)	19	20	20	21	21	19	18	18	19	16
CO Communications(AVG)	19	19	18	17	17	18	17	20	19	18
CS Consumer Staples(AVG)	19	22	21	21	22	22	22	23	25	23
MF Manufacturing(CAP)	20	17	18	20	21	22	21	21	17	16
RE Real Estate(CAP)	21	20	18	16	16	17	13	12	15	14
MA Materials(AVG)	22	22	19	19	19	17	17	16	20	21
RE Real Estate(AVG)	22	22	21	20	20	20	19	18	20	18
MF Manufacturing(AVG)	24	22	21	23	24	23	24	23	19	19

No Weighting Changes

Recent changes:

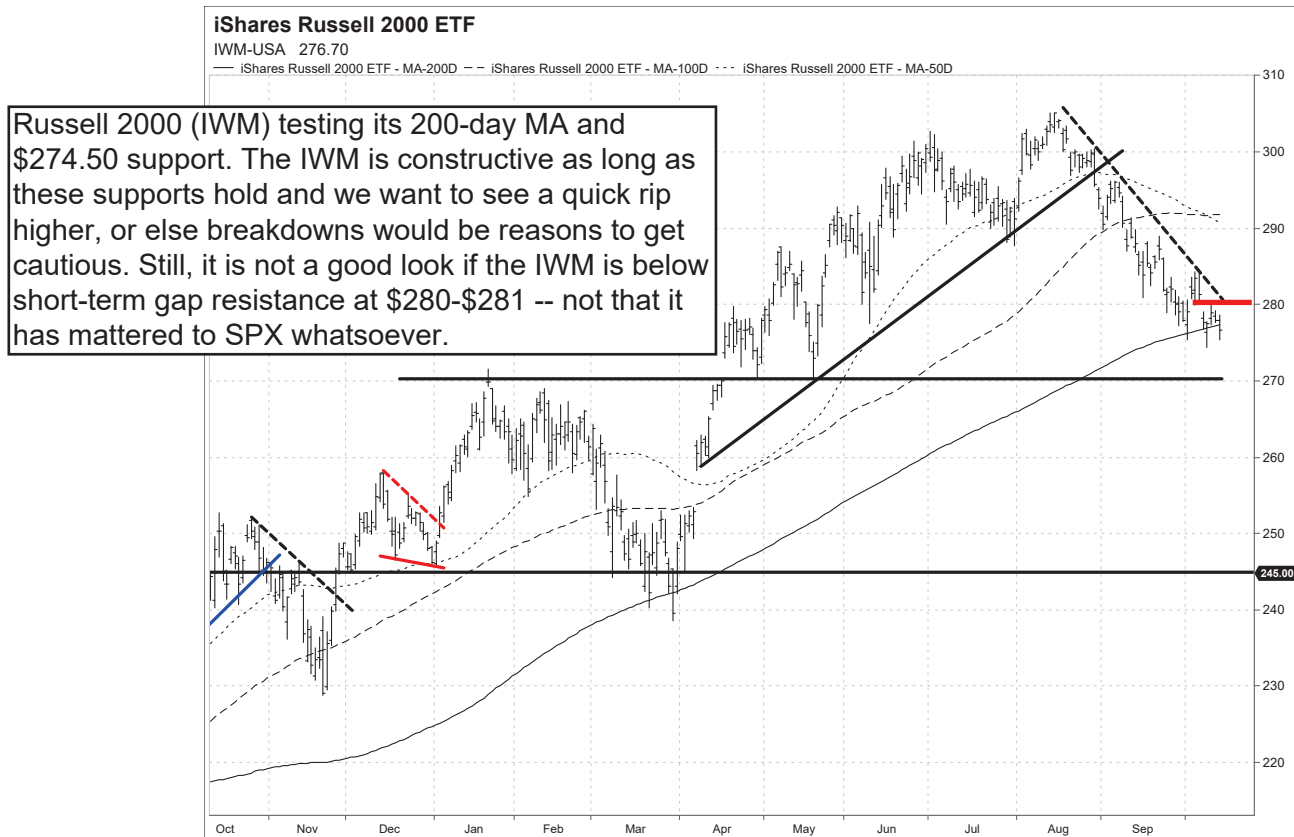
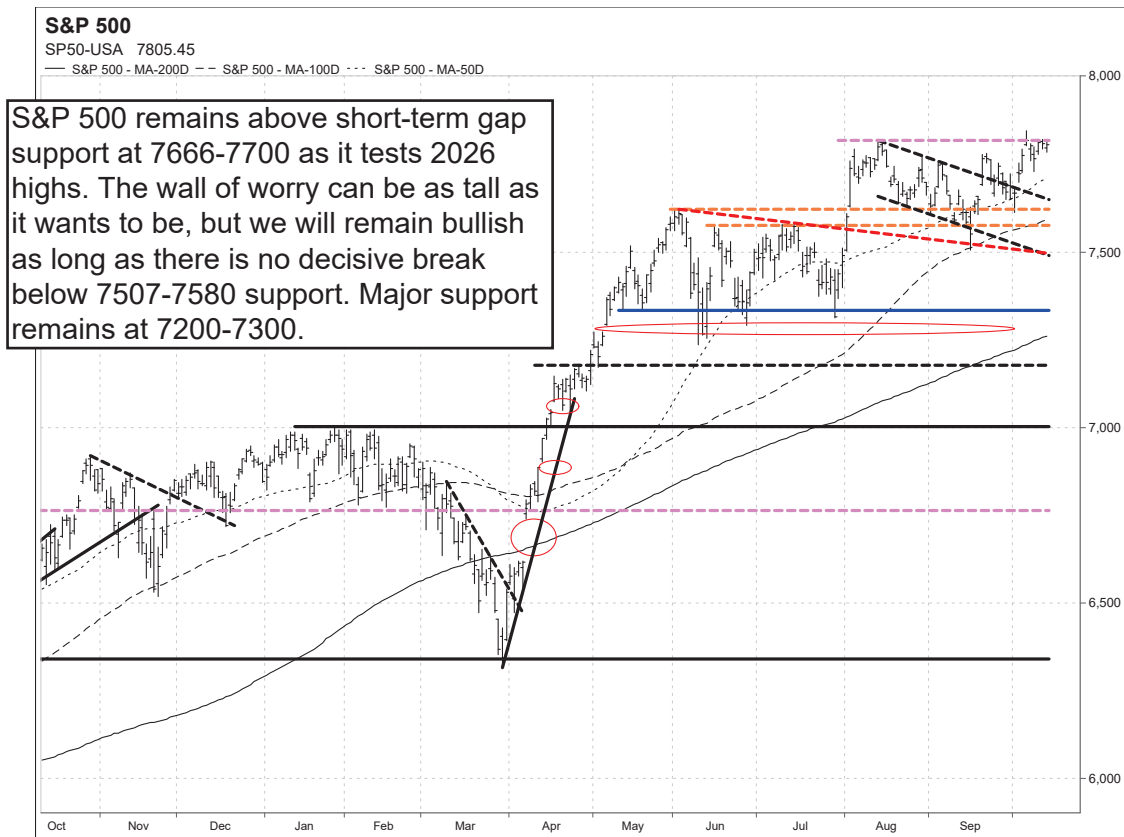
10/6/26: Downgraded Consumer Staples to Under-weight (from Market Weight)

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.

S&P 500 Testing Resistance; Russell 2000 (IWM) Testing Crucial Support



Communications: *Market Weight*

- RS on the cap weighted Sector ETFs (XLC) is holding above its low and is range bound. The XLC is currently indicating 29.7% of names above the 50-day. We would like to see breadth expansion in oversold sectors to aid in breadth improvement. Over the last several years breadth has bounced at these levels. The equal-weighted (RSPC) is breaking to a new RS low.
- Group CO-01 Broadcasting is not a leadership Group, however there are many names that are leadership within the Group. Attractive names include: SPOT, NMAX, and GTN.
- Group CO-06 Movies, Entertainment, Programming, Small-Cap is developing into a leadership Group. Attractive names include: NWS, and AMCX.
- Group CO-07 Investment Research & Ratings is developing into a leadership Group. Attractive names include: MCO, VALU, MKTW, and MORN.
- Group CO-08 Publishing has several leadership names. Attractive names include: RELX, TRI, and MH.
- Group CO-09 Publishing, Small-Cap is leadership. Attractive names: NWSA, PSO, GHC, DJCO, and WLY.
- Group CO-16 Telecomm. Svcs., U.S. Mid/Small-Cap is a leadership Group. Attractive names include: IDT, BAND, OOMA, and ATNI.
- Group CO-20 Movie Theaters is developing into a leadership Group. Attractive names include: CNK, IMAX, RDI, AMC, and MCS.
- Group CO-24 Internet Content/Commerce has a number of individual names that are leadership. Attractive names include: MELI, ROKU, EBAY, ETSY, ATHM, RUM, QNST, ANGI, CARS, and GRPN.
- Group CO-25 Social Networking has several leadership names including: META, PINS, MTCH, SNAP, GRND, JOYY, DJT, and NXDR.

Consumer Discretionary: *Underweight*

- RS on cap-weighted Discretionary (XLY) remains in a gradual 1.5+ year downtrend, and more recently has formed a YTD RS downtrend. We would likely upgrade the Sector to market weight on a reversal of the YTD RS downtrend. Price on XLY remains rangebound with support at \$110 and resistance at \$121.50. \$105 would be next support if \$110 fails to hold. Be selective.
- Group CD-10 Household Appliances/Tools displays early signs of price and RS bottoms – add selective exposure. Attractive names include: SN, HBB, and HELE (bottom-fishing candidate).
- Group CD-13 Sporting Goods/Leisure Products displays price and RS consolidation – be selective. Attractive names include: AOUT, FWDI, CRCT, and CLAR (bottom-fishing candidate).
- Equal-weighted retail (ETF: XRT) was unable to sustain a breakout above \$89, which raises the potential for another test of \$77-\$78 support – be selective. Attractive retail names: TGT, AMZN, VSXY, W, ANF, EBAY, GLBE, NWL, TLYS, JAKK, GCT, TTC, BBY, HVT, JILL, and bottom-fishing candidates HAS, ARHS, and PRTS.
- Group CD-20 Hotels & Resorts, Large-Mid-Cap remains long-term leadership, but displays a short-term pullback. As long as 200-day MA supports hold, we suspect this pullback will be a buying opportunity. Price and RS are bullishly inflecting, and we would be buying these names (discussed in our 9/29/26 *Compass*). Small-caps (CD-21) are attractive as well. Attractive names include: IHG, HST, XHR, MCS, VAC, PK, MAR, and HLT.
- Many restaurant Groups are starting to bottom – add exposure. Attractive restaurant stocks include: CAKE, EAT, NDLS, CBRL, BJRI, and SG (bottom-fishing candidate).
- A bottoms-up approach to stock selection uncovers additional opportunities within the Sector. With this in mind, attractive names include: ULTA, SONO, SGAMY, GRMN, ROKU, HMC, FLXS, FOSL, LIND, ABNB, MSGS, RHP, and bottom-fishing candidates NTDOY, SONY, TRMB, VFC, and HLF.

Consumer Staples: *Underweight (downgraded 10/6/26 from Market Weight)*

- RS on the cap-weighted XLP remains within a 1.5-year downtrend – remain underweight and be very selective. Price held at important support at \$80-\$81, a level we have discussed for months. We remain constructive on price as long as \$80 support holds.

Sector Highlights -- new comments in green

Consumer Staples (cont.): *Underweight (downgraded 10/6/26 from Market Weight)*

- Group CS-08 Processor, Produce displays a major price bottom, and RS displays a bullish 1-year downtrend reversal – add exposure. Attractive names include: **SENEA** and **SENEB**.
- Group CS-23 Cosmetics & Toiletries displays bullish 1+ year price and RS reversals – add exposure. Attractive names include: **HNST**, **IPAR**, **ELF**, **ODD**, and bottom-fishing candidates **COTY**, **EL**, and **EPC**.
- A bottoms-up approach to stock selection uncovers additional opportunities within the Sector. Attractive names from a bottoms-up perspective include: **CHEF**, **KO**, **ADM**, **COKE**, **IFF**, **SXT**, and bottom-fishing candidates **HLF**, **ENR**, and **GO**.

Energy: *Overweight*

- RS on the cap-weighted **XLE** and equal-weighted **RSPG** remain in uptrends. Both remain well above their 200-day moving averages. Many Energy names pulled back to major bases over the last several weeks and bounced near their respective 200-day moving averages. With the war having ended 42 times over the last 4 months and the likelihood of it ending any time soon is just likely noise. RS is improving and continues to develop positively. We emphasize to buy on weakness and not chase green candles.
- Group EN-01 Oil & Gas, Global, Mega-Cap continue to develop positively, and RS continues to move up. We would prefer to buy these on pullbacks. Attractive names on pullbacks include: **XOM**, **CVX**, **COP**, **SSL**, **OXY**, **SSL**, **SHEL**, and **BP**.
- Group EN-02 Oil & Gas, Global, Large-Cap has many names that are developing improving RS. We would prefer to buy these on pullbacks. Attractive names on pullbacks are: **CNQ**, **EQNR**, **APA**, **EOG**, **PBR**, **PBR.A**, **DVN**, and **REPLY**.
- Group EN-04 Oil & Gas, South America has many names that are developing improving RS. We would prefer to buy these on pullbacks. Attractive names on pullbacks include: **PBR**, **PBR.A**, **EC**, **YPF**, **GPRK**, **UGP**, **GTE**, and **REPLY**.
- Group EN-05 Oil & Gas E&P, Canadian continue to move up and to the right. This is leadership and would buy on any pullback. Attractive names on pullbacks include: **CNQ**, **SU**, **CVE**, **OVV**, and **IMO**.
- Group EN-08 Oil & Gas E&P, Domestic, Large-Cap continue to move up and to the right. This is leadership and would buy on any pullback. Attractive names on pullbacks include: **COP**, **EOG**, **OXY**, **DVN**, and **APA**.
- Group EN-10 Oil & Gas E&P, Domestic Small-Cap continue to move up and to the right. This is leadership and would buy on any pullback. Attractive names on pullbacks include: **MTDR**, **DMLP**, **SM**, and **TALO**.
- Group EN-12 Energy continue to move up and to the right. This is leadership and would buy on any pullback. Attractive names on pullbacks include: **BTE**, **KRP**, **NRT**, **PBT**, **CHKR**, and **OBE**.
- Group EN-16 Oilfield Services, Offshore continue to move up and to the right. This is leadership and would buy on any pullback. Attractive names on pullbacks include: **FTI**, **SUBCY**, **TDW**, **OIL**, **INVX**, **VTOL**, **OIS**, and **HLX**.
- Group EN-18 Oil & Gas Drilling, continue to move up and to the right. This is leadership and would buy on any pullback. Attractive names on pullbacks include: **HP** and **PTEN**.
- Group EN-20 Refining is one of the better Groups in Energy. Attractive names on pullbacks include: **PSX**, **VLO**, **PBF**, **MPC**, **MUSA**, **PBF**, **CLMT**, **DINO**, **DK**, and **PARR**.
- Group EN-27 Propane/LNG has many names that inflecting bullishly in price and RS. We would prefer to buy these on pullbacks to their respective pre-war breakouts. Attractive names on pullbacks include: **LNG**, **NGL**, **CQP**, **VG**, **NGL**, and **GASS**.

Financials: *Market Weight*

- The XLF is breaking down. Many names continue to weaken, we pointed this out over the last few weeks in many names including: **BAC**, **GS**, **MS**, and **JPM** are increasingly looking like descending triangles and have broken decisively through support. Currently only 23.08% of the stocks within the Sector are above their respective 50-day moving averages (vs 2 weeks ago at 3.85% above their respective 50-day moving average). High yield spreads and the flattening yield curve are headwinds for banks and brokerages. We would watch for a break to new lows on this

segment of the market. We continue to watch for breadth expansion at these oversold levels. Over the past 3 years we have seen this before and each time the market lifted these back up. If breadth continues to decline from here we would become more bearish on the overall market as weakness in Financials would likely indicate a larger issue. A break of the horizontal supports would indicate top pattern. Please look through the Russell 1000 and Russell 2000 grids at the back of today's Compass for individual names. Many Regional banks are succumbing to the flattening of the yield curve. Insurance names are coming under severe pressure.

- Group FN-01 European Banks are reflecting extreme weakness and are pulling back to their 200-day moving averages. If these break their respective 200-day moving averages we would be sellers. Names include: **HSBC, SAN, UBS, DB, and BBVA**.
- Group FN-03 Canadian Banks are reflecting RS weakness and is losing leadership. Names include: **RY, TD, BNS, and BMO**.
- Group FN-11 Banks, Puerto Rico are reflecting RS weakness and is losing leadership. Names include: **BPOP, FBP, and OFG**.

Health Care: Overweight

- RS continues to make higher lows on the *equal-weighted* **RSPH** and the *cap-weighted* **XLV** after reversing their 3+ year RS downtrends in July. Price on both the XLV and RSPH has continued to improve and remains above their respective multi-year bases. Our favorite area within Health Care to be buying now is services/providers (**XHS**).
- Group HC-01 and HC-02 Pharmaceuticals, Mega-Cap and Large-Cap displays price and RS consolidation – be selective. Attractive names include: **LLY, JNJ, MRK, ABBV, and PFE** (bottom-fishing candidate).
- Group HC-04 Pharmaceuticals, Small-Cap shows price and RS bottom potential. This Group often performs alongside biotechnology. Attractive names include: **ETON, CORT, AMLX, TARS, PRGO, and EOLS**.
- Biotechnology (ETFs: **IBB, XBI**, Groups HC-06, -07, -08, and -09) displays RS consolidation, but price remains constructive. Favor large-caps (IBB) which are starting to emerge as leadership. Attractive names include: **MRNA, TXG, ADPT, GRAL, IOVA, ABCL, NVAX, GILD, RPRX, BIIB, VIR, RLAY, TNGX, ORKA, PBYI, SEPN, PTGX, URGH, XURE, DRTS, EXEL, LGND, TVTX, PVLA, MRVI, MBX, and HALO**.
- Group HC-18 Bioscience Research & Development displays YTD price and RS uptrends – add exposure on pullbacks. Attractive names include: **IQV, MEDP, ICLR, SDGR, and OABI**.
- HC-22 Life Science Instruments displays price and RS bottoms – overweight/add exposure. Attractive names include: **TWST, ILMN, BRKR, CRL, PGEN, RVTY, WAT, TMO, AVTR, BIO, CAI, QGEN** (bottom-fishing candidate), **BLFS** (acquired by RGEN; can sell), **MLAB, TKNO, CTKB, and MASS**.
- Group HC-23 Health Care Distributors displays a RS bottom while price has improved – add exposure. Attractive names include: **CAH** and bottom-fishing candidates **MCK** and **COR**.
- Group HC-24 Health Care Services, Other displays price and RS bottoms – add exposure. Attractive names include: **HNGE, LFST, STLN, TEM, CON, HIMS, and PGNV**.
- Group HC-26 HMOs shows early signs of price and RS bottoms, though is now consolidating. Attractive names include: **UNH, CNC, ELV, and HUM**.
- Group HC-33 Nursing Homes & Assisted Living displays price and RS pullbacks – be selective. Attractive names include: **NHC, PACS, and PNTG**.
- Health care services and providers (**XHS, IHF**) display price and RS bottoms – add exposure. We have been suggesting to add exposure throughout/since April and May. Attractive names (in addition to HC-23, HC-24, HC-26, and HC-33 above) include: **VEEV, CERT, OSCR, BFLY, CRVL, CLOV, GH, FTRE, NTRA, AMN, AMWL, HTFL, NUTX, CBLL, CYRX, PNLN** (acquired by TEM; can sell), **GRDN, BTSG, CDNA, RDNT, MOH, NEO, HSTM, ACHC, BDSX, NEOG, CHE, AVAH, ADUS, DGX, LH**, and bottom-fishing candidates **UHS** and **DOCS**.
- Group HC-12 Medical Equipment, Specialty displays price and RS bottoms – add exposure. Attractive names include: **HAE** and bottom-fishing candidates **BBNX** and **INSP**.
- Medical devices/equipment (**IHI**) Groups display price and RS bottoms. Attractive names (in addition to HC-12 above) include: **BAX, MMSI, LIVN, ATRC, DCTH, ACU, BVS**, and bottom-fishing candidates **ISRG** and **ATEC**.

Manufacturing: Market Weight

- RS is absolutely abysmal on the cap-weighted XLI and the equal-weighted RSPN ETFs. **Currently 27.06% of the stocks within this Sector are above their respective 50-day moving average vs 9.41% (Sept 18th) were above their respective 50-day moving average. Major names such as CAT have broken down and have taken out their support; this is the largest weighting in the Sector (XLI) and an AI-related name. Many of the Engineering and Construction companies are also breaking down. The AI trade appears to be coming under extreme pressure. Without a reprieve from these oversold levels one could surmise that crashes often come from oversold levels. We would like to see a reversal at these levels.**
- Group MF-01 Industrial, Diversified, Large-Cap does have some strength on a RS basis but the Group is very mixed. Attractive names on a RS basis include: **JCI, SIEGY, MMM, and EMR.**
- Group MF-06 Aerospace, Components & Products, Small-Cap is a leadership Group. Attractive names include: **BETA, EMBJ, DCO, CVU, and SIF.**
- Group MF-09 Aerospace, Controls/Simulation is emerging as a leadership Group. Attractive names include: **MOG.A, and MOG.B.**
- Group MF-17 Agricultural Equipment is a leadership Group. Attractive names include: **DE, CNH, AGCO, TITN, and ARTW.**
- Group MF-27 Roller and Ball Bearings is a leadership Group. Attractive names include: **SKFRY and NNBR.**
- Group MF-29 Industrial Products Distributors is a leadership Group.. Attractive names include: **WCC, AIT, MSM, DNOW, and DXPE.**
- **Group MF-30 Industrial Rental Equipment is developing into a leadership Group. Attractive names include: URI and SUNB.**

Materials: Market Weight

- RS on the XLB has broken through multi-month support and is developing bearishly, though RS remains above support from 2025.
- Group MA-01 Metals, Steel, Integrated, is reflecting some weakness in many names. Breadth is narrowing and the Group is 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, RS, MTUS, and WOR.**
- Group MA-02 Metals, Steel, Integrated, Non-U.S. is a leadership Group. Attractive names include: **TX, SID, and GGB.**
- Group MA-03 Specialty Metals remains in a price and RS uptrend. Attractive names include: **ATI, GSM, and KRO.**
- Group MA-05 Engineered Metals & Materials is a leadership Group. Attractive names include: **MTRN, EAF, and LXFR.**
- Group MA-12 Construction Materials is bottoming. Attractive names include: **JHX, ACA, and CSTE.**
- MA-13 Adhesives and Coatings is a leadership Group Attractive names include: **MMM, AVY, and AXTA.**
- Group MA-17 Forest Products, Paper & Packaging is a leadership Group. Attractive names include: **UFPT, MATV, and CLW.**
- Group MA-19 Containers, Metal, Glass and Plastic is developing into a leadership Group. Attractive names include: **AMCR, CCK, AMBP, KRT, GEF, and MYE.**
- Group MA-20 Diversified Mining is developing into a leadership Group. Attractive names include: **BHP, NGLOY, TECK, and ANGPY.**
- Group MA-23 is a leadership Group. Attractive names include: **SCCO, FCX, TECK, LUNMF, ERO, and TGB.**
- Group MA-26 Gold, Western Hemisphere, Large-Cap is developing as a leadership Group. Gold is pulling back to levels of it's nearest low and has developed a near-term H&S top. However with the current geopolitical tension, global debt, we believe this pattern at this point should be ignored as a reversal of such a bearish pattern is extremely bullish. We see \$4100 and \$4000 as very important levels in order to negate the top pattern. We would be buyers on any weakness. Attractive names include: **NEM, AEM, B, and FNV.**

Materials (cont.): Market Weight

- Group MA-26 Gold, Western Hemisphere, Small-Cap is developing as a leadership Group. Gold is pulling back to levels of its nearest low and has developed a near-term H&S top. However with the current geopolitical tension, global debt, we believe this pattern at this point should be ignored as a reversal of such a bearish pattern is extremely bullish. We see \$4100 and \$4000 as very important levels in order to negate the top pattern. We would be buyers on any weakness. Attractive names include: **KGC, RGLD, AGI, IAG, EGO, BVN, BTG, AUGO, SA, NG, PPTA, EXK, VZLA, GDRZF, THM, JAGGF, VGZ, and USAU**. We would keep a close on the silver names as well.

Real Estate: Underweight

- RS on the XLRE is back near all-time lows – remain underweight and be selective.
- Group RE-10 REITs, Hotels is a leadership Group. Attractive names include: **HST, APLE, DRH, PEB, SHO, XHR, RLJ, CLDT, and INN**.

Services: Market Weight

- RS on the Vermilion Services Sector has reversed above its 6+ month downtrend, and RS is breaking to 4+ month highs -- add exposure.
- Data Processing & Outsourcing Svcs. Groups (SV-01, SV-02, and SV-03) display decisive RS bottoms – add exposure. This comes after months of us discussing how RS appeared to be curling sharply higher off of the lows. Attractive names include: **V, MA, CPAY, TOST, ADP, WEX, BFH, FLYW, CASS, IBEX, PYPL, and EXLS**.
- Group SV-04 Consulting, Gov't/Global, Large-Cap displays price and RS bottoms; this comes after months of us discussing that we saw early signs of bottoming – add exposure. Attractive bottom-fishing candidates include: **ACN, CTSH, and IT**.
- Group SV-05 IT Consulting, Gov't/Global, Small-Cap displays price and RS bottoms – add exposure. Attractive names include: **FORR, SAIC, CACI, RCMT, and GDYN** (bottom-fishing candidate).
- Group SV-06 Research & Consulting Services displays price and RS bottoms; this comes after months of us discussing that we saw early signs of bottoming – add exposure. Attractive bottom-fishing candidates include: **HURN, FDS, ICFI, EXPO, TIC, and CRAI**.
- Group SV-07 and SV-08 Large- and Small-Cap Human Resources & Employment Svcs. display price and RS pullbacks after being some of the most improved Groups in the entire market. They may still be emerging as leadership. Attractive names include: **DHX, KFRC, KELYA, TBI, MAN, TNET, and NSP**.
- Group SV-10 Advertising Agencies, Small-Cap displays early signs of potential price and RS bottoms – add selective exposure. Attractive names include: **STGW and PUBM**.
- Group SV-12 Office Services & Supplies displays bullish price and RS inflections – add exposure. Attractive names include: **PBI, HNI, TILE, MLKN, and ACCO**.
- Group SV-17 Uniforms/Facilities Mgt. displays a RS breakout following 1.5+ years of consolidation – overweight/ add exposure. Attractive names include: **CTAS, VSTS, ABM, FIGS, and ECL**.
- Group SV-26 Crypto: Mining/Trading & Data Svcs. and the **WGMI** ETF have been weaker recently, a concerning development. WGMI will need to break back above the crucial \$49-\$50 level in order for us to get more broadly bullish. Stocks that are attractive include **HUT** and **NBIS**. BTC and ETH treasury companies are bottoming and are much more attractive. Attractive bottom-fishing candidates include **MSTR, BMNR, SBET, ASST, and DFDV**. **PURR** and **CRCL** are also attractive. In terms of bitcoin, since June we have discussed how “it is still possible – likely, even – that Bitcoin is still going through a bottoming process”. The bottom appears to be in as long as support at \$74,000 holds. ETH has bottomed as well.
- A bottoms-up approach to stock selection uncovers additional opportunities within the Sector. With this in mind, attractive names include: **PAYS, GEO, PWR, CXW, QUAD, WPP, and CLH**.

Technology: Market Weight

- Longer-term price and RS trends remain bullish for the Technology Sector. With that said, RS is consolidating on *cap-weighted* and *equal-weighted* Technology (**XLK, RSPT**), and RS is currently testing resistance; we would

Sector Highlights -- new comments in green

upgrade back to overweight on RS breakouts. The XLK is already breaking above resistance at \$199; a sustained breakout would be very bullish. \$197-\$199 is now support, followed by \$189 and \$179-\$182. Additionally, RSPT is breaking above resistance at \$67-\$67.50. We remain very bullish on Technology, **but base supports are being tested and must hold – breaks below these breakout levels would indicate bearish false breakouts.**

- We shifted back to overweight on semiconductors and semi-suppliers (**SMH, SOXX**) – add exposure. Throughout this consolidation we have maintained that there is nothing wrong with price and RS trends longer-term, and as of 8/4/26 we have been of the belief that semiconductors (and semi-suppliers below) have bottomed following short-term consolidations. We wanted to see \$464-\$478 support hold on SOXX to keep the intermediate-term bullish trend intact, and that is precisely where this pullback held. **This level must continue to hold.** Attractive semiconductor names (TE-01, TE-02, and TE-03) include: **AMD, MRVL, INTC, MU, TSM, ASX, NVDA, PI, UMC, SIMO, SMTC, ADI, SITM, DIOD, KOPN, MXL, SWKS, ALAB, TSEM, and MTSI.**
- Semiconductor equipment/supplies names (TE-04 and TE-05) remain bullish longer-term, **but we want to be selective as they are still consolidating.** Attractive names include: **TER, LRCX, AMAT, ASML, PDFS, AXTI, COHU, FORM, KLAC, and Q** (bottom-fishing candidate).
- Group TE-06 Computer Systems remains in price and RS uptrends – overweight. Attractive names include: **AAPL, DELL, HPE, and HPQ.**
- Group TE-08 Data Storage Solutions & Devices, Large-Cap (**DRAM**) remains long-term leadership, and we discussed in our 8/4/26 *Compass* our belief that “odds have increased that this pullback is over” – remain overweight/hold. That has been the bottom, but we will need to see the August price and RS lows to hold on DRAM, or we would be sellers. Really, we want to see gap support from August 12th at \$50.90-\$53.00 hold (**testing now**), or a renewed downtrend is likely. We have been recommending most of these since mid-2025. Attractive names include: **MU, STX, WDC, SNDK, NTAP, and P.**
- Group TE-13 Technology Product Distributors displays price and RS bottoms – add exposure. Attractive names include **AVT, SNX, ARW, NSIT, CNXN, SCSC, PLUS, RELL, and CDW** (bottom-fishing candidate).
- Group TE-17 Network Security Services & Software has emerged as leadership – overweight/add exposure. This also easily remains our favorite software Group, as noted since our 5/19/26 *Compass*. Attractive names include: **CRWD, FTNT, OKTA, OSPN, TENB, QLYS, NET, NTSK, and RSKD.**
- Group TE-49 Software, Network Solutions displays major price and RS base breakouts – overweight/add exposure. Attractive names include: **PANW, FFIV, and NTCT.**
- Software Groups (ETF: **IGV**) **remain leadership**, and we have discussed since late-July how this is where we want to be buying within Technology – overweight/add exposure. This comes after we discussed throughout and since April 2026, that the IGV may be bottoming at 2+ year support at \$76-\$77. There is no doubt that the bottom is in. Attractive software stocks (in addition to TE-17 and TE-49 above) include: **MSFT, PLTR, CRM, PRCH, DDOG, TWLO, DOCU, APPS, FROG, RDVT, VEEV, RBRK, NOW, SNOW, NTN, BOX, SAIL, APPE, SSNC, U, ZETA, PAYC, PCTY, MGNI, VRNS, CVLT, FSLY, FIVN, VRSN, MANH, PD, DT, SHOP, GTLB, APPN, ESTC, SMWB, FRSH, TEAM, WDAY, CCC, AVPT, and bottom-fishing candidates DUOL, RPD, IOT, WK, ASAN, SPSC, SPT, CERT, NCNO, PTC** (acquired; can sell), **ALRM, INTA, and OCTV.**
- Group TE-33 Testing Instruments & Equipment displays price and RS pullbacks – be selective. Attractive names include: **KEYS, A, and COHU.**
- Group TE-18 Network Infrastructure, Large-Cap is breaking out to new price and RS highs – overweight/add exposure. Attractive names include **CSCO and ANET.**
- A bottoms-up approach to stock selection uncovers additional opportunities. With this in mind, attractive names include: **BE, PRLB, ZD, ZBRA, SMCI, MSI, DDD, RNG, and AUOTY.**

Transportation: Market Weight

- RS on the cap-weighted IYT and equal-weighted XTN ETFs continue to show weakness and many of the Truckers have broken their 6-8 month uptrends.
- Group TR-08 Shipping, Dry-Bulk has many names that remain in uptrends. Attractive names include: **MATX, SBLK, DAC, EDRY, NMM, SB, GNK, and HSHP.**

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

Transportation (cont.): Market Weight

- Group TR-09 Shipping, Energy remains a leadership Group. Attractive names include: **FRO**, **GLNG**, **CMBT**, **STNG**, **INSW**, **DHT**, **TNK**, **LPG**, **SFL**, **FLNG**, **NAT**, **TK**, **SMHI**, and **TEN**.
- Group TR-10 Railroads, Large-Cap is a leadership Group. Historically this has been one of the better performing Groups when energy prices move up. Attractive names include: **UNP**, **CSX**, **NSC**, and **CNI**.

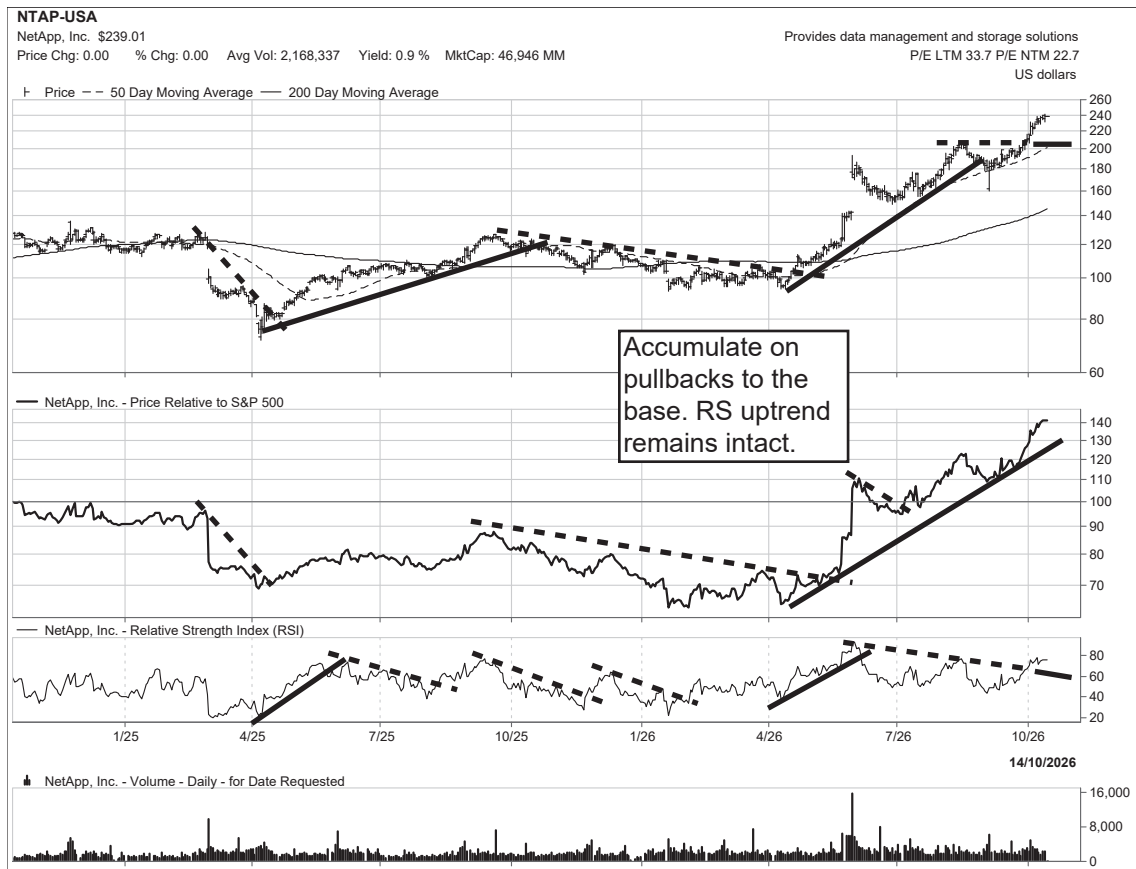
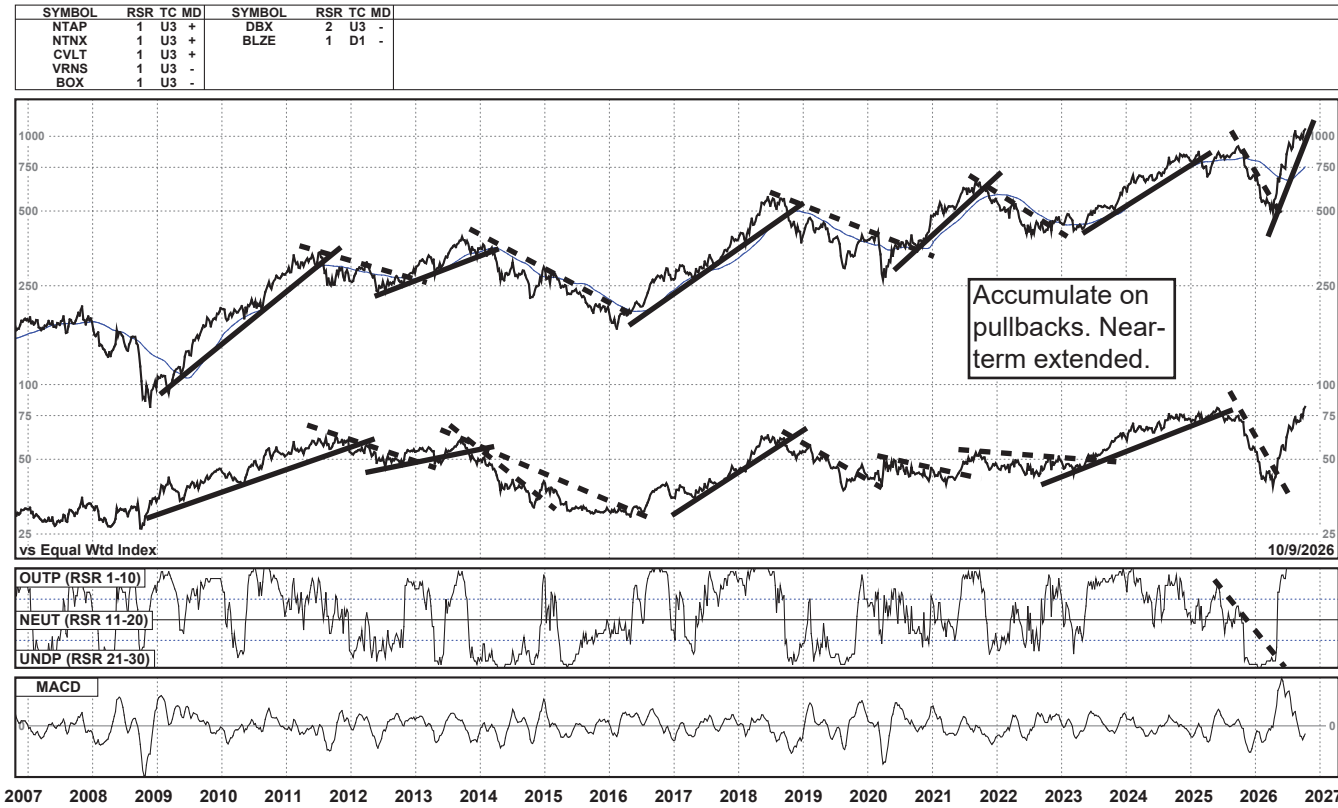
Utilities: Underweight

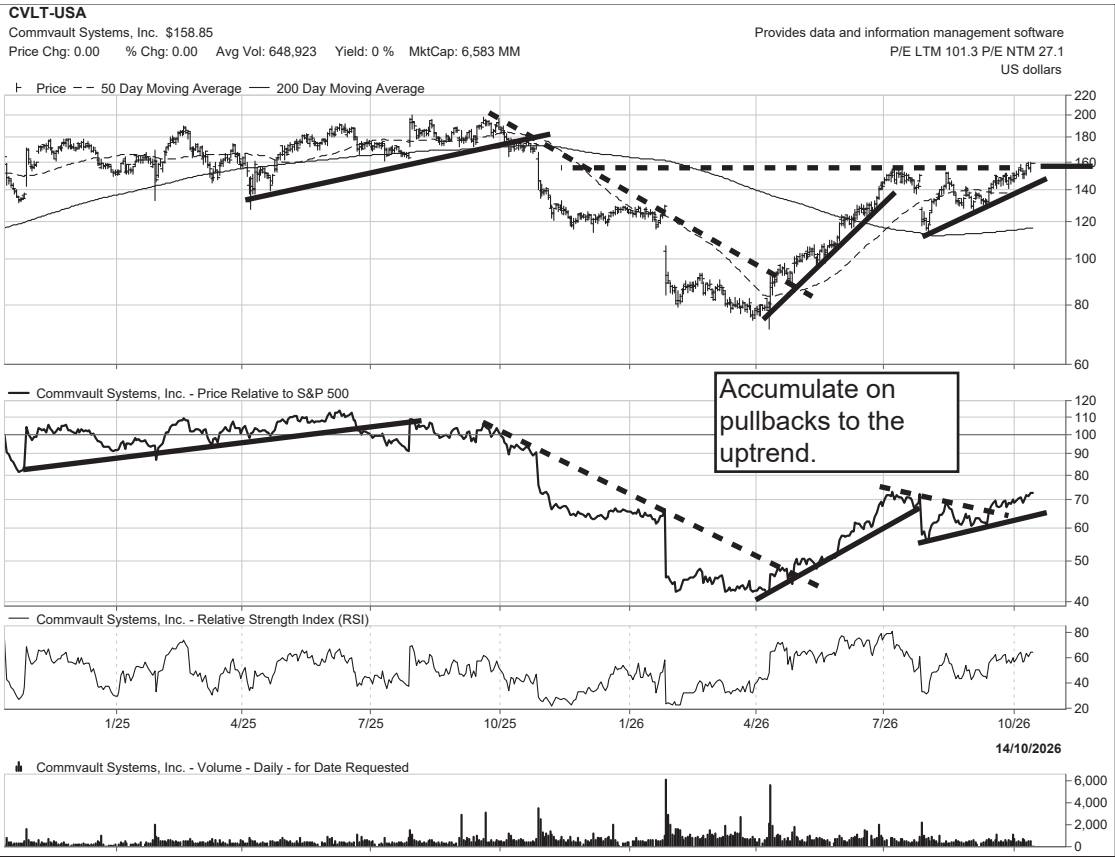
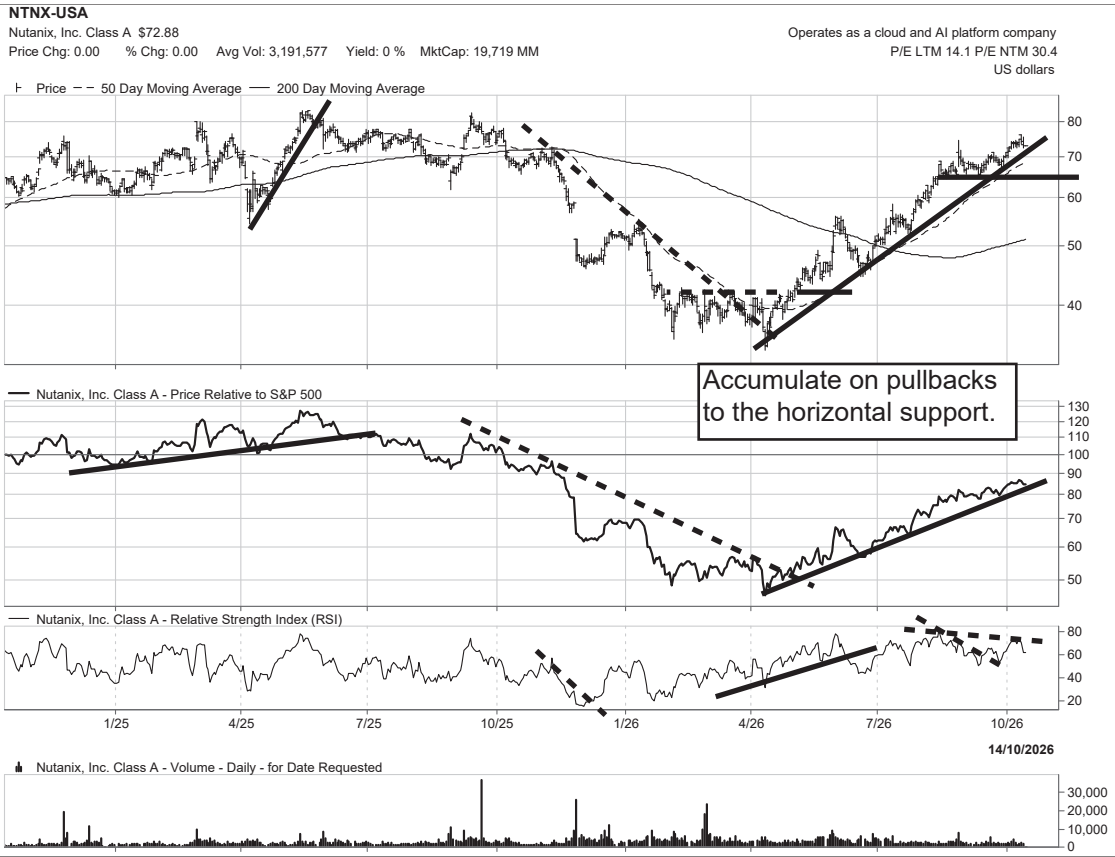
- RS on the XLU remains in a 7-month downtrend and remains below multi-year resistance. Price on the XLU has recovered some, and there is potential for a bottom to be made in rate-sensitive Sectors. Add selective exposure.
 - Group UT-18 Independent Power Production shows early signs of potential price and RS bottoms, and is our favorite Group to be buying now within Utilities. Attractive names include: **GEV** and bottom-fishing candidates: **TLN**, **VST**, **CEG**, and **TAC**.
 - 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: **RWEOY**, **OKE**, and **EGY**.
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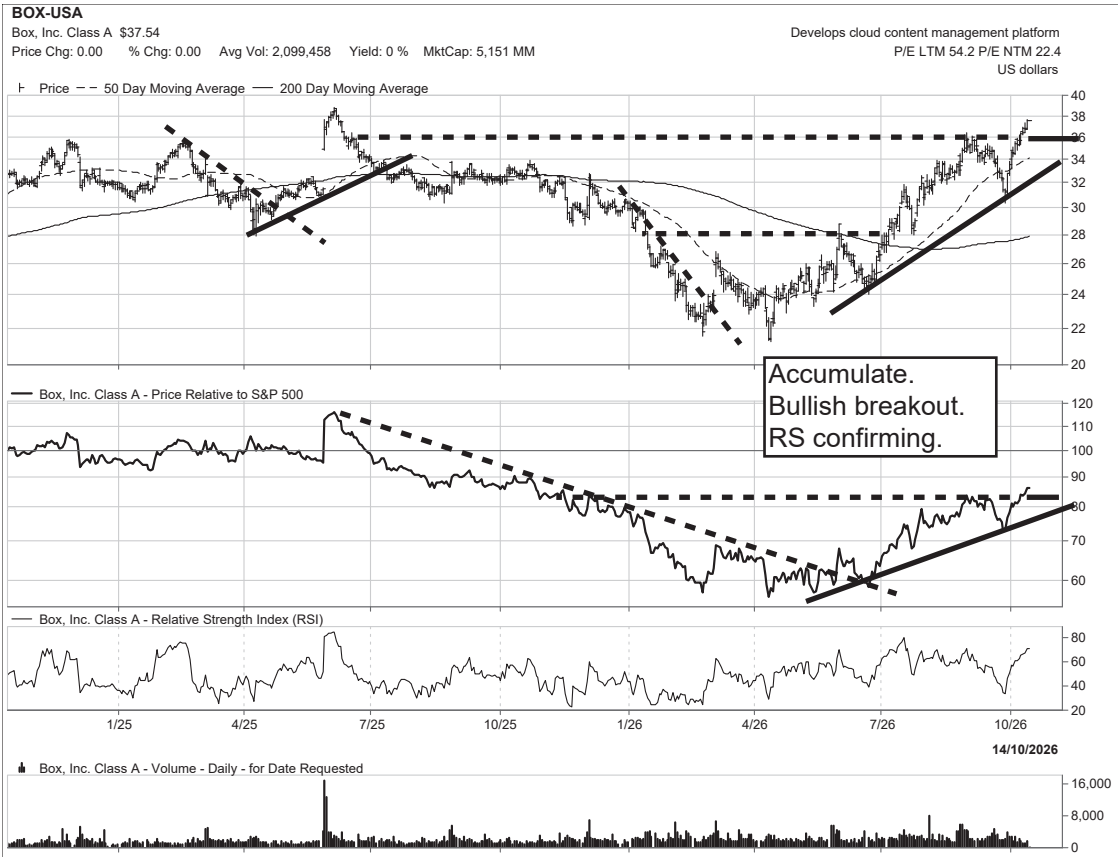
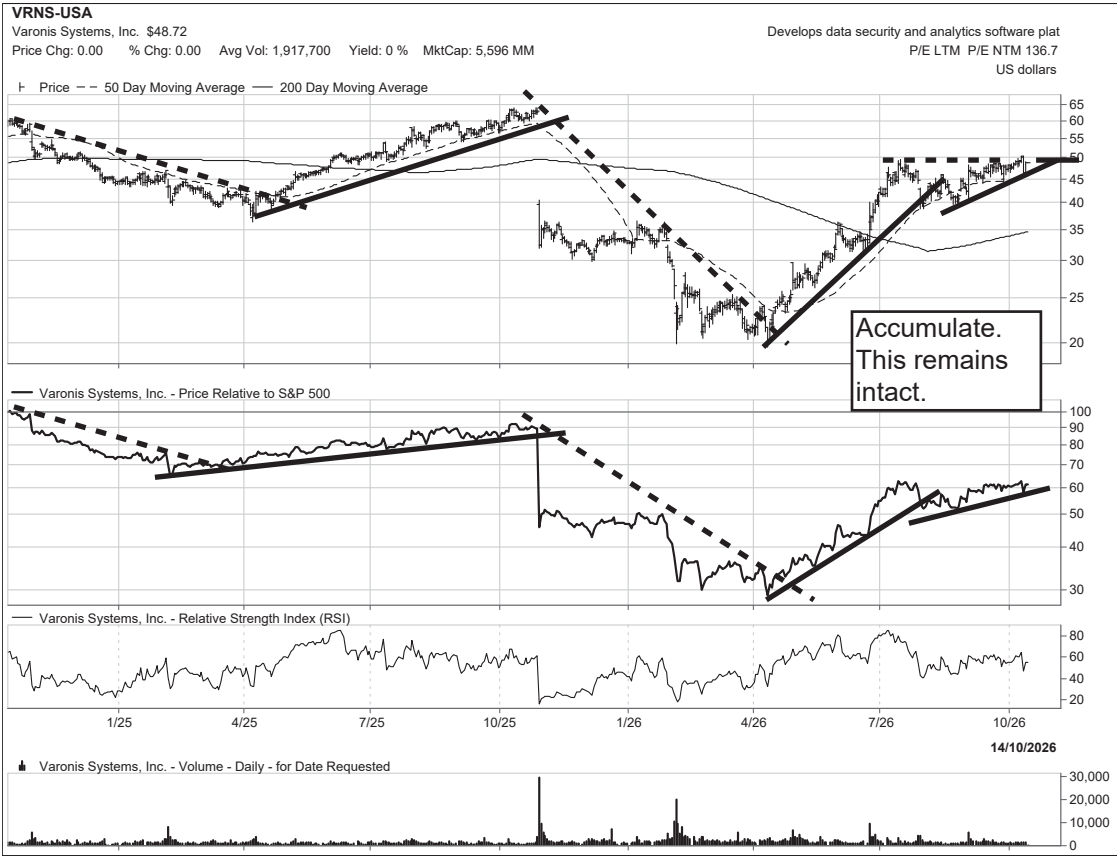
On the following pages we highlight attractive Groups and stocks within Technology, Consumer Discretionary, and Consumer Staples:

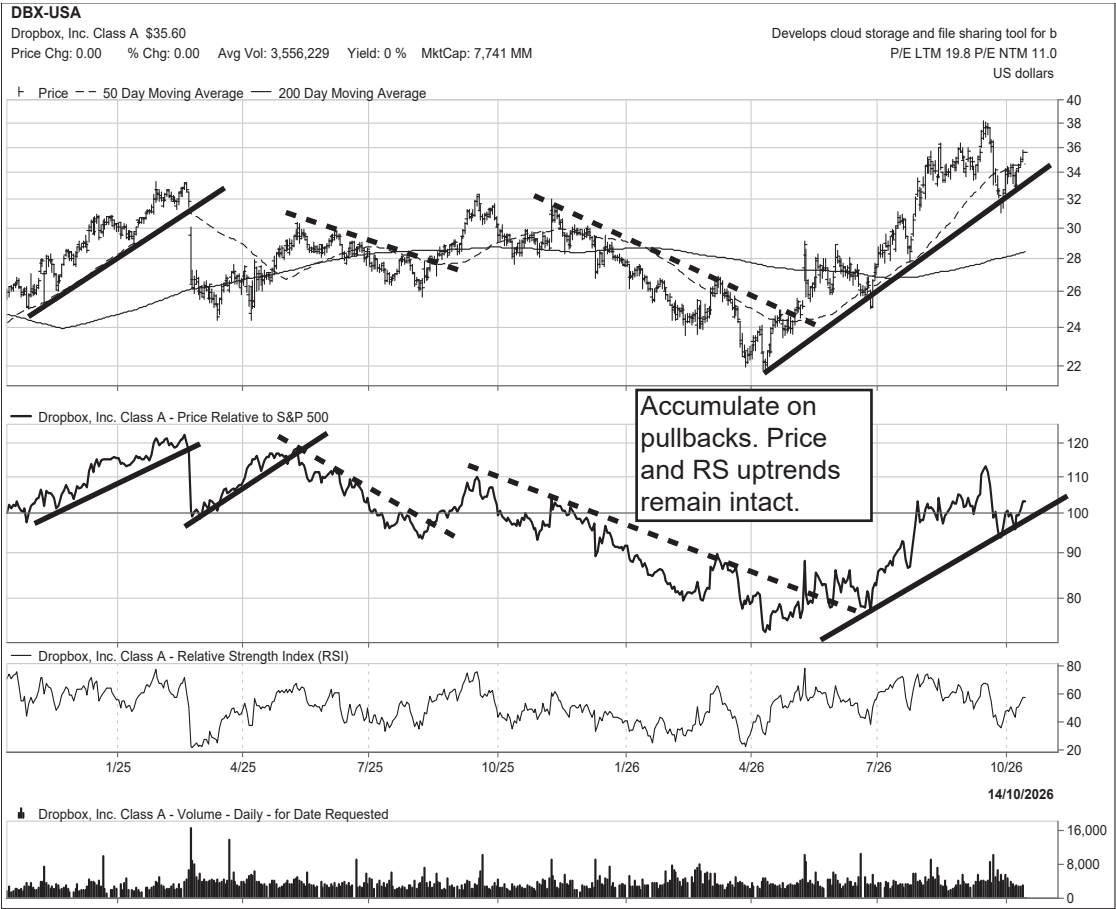
- **TE-54 Software, Data Storage** – Stocks highlighted: **NTAP**, **NTNX**, **CVLT**, **VRNS**, **BOX**, and **DBX**
- **TE-67 Software, SaaS** – Stocks highlighted: **CRWD**, **SHOP**, **CRM**, **NOW**, **VEEV**, **TWLO**, **DOCU**, **QLYS**, **RNG**, **SPSC**, and **CCSI**
- **CD-38 Retailers, Teenagers** – Stocks highlighted: **GAP**, **ANF**, **AEO**, and **TLYS**
- **CS-27 Flavors & Fragrances** – Stocks highlighted: **IFF** and **SXT**

TE-54 - Software, Data Storage



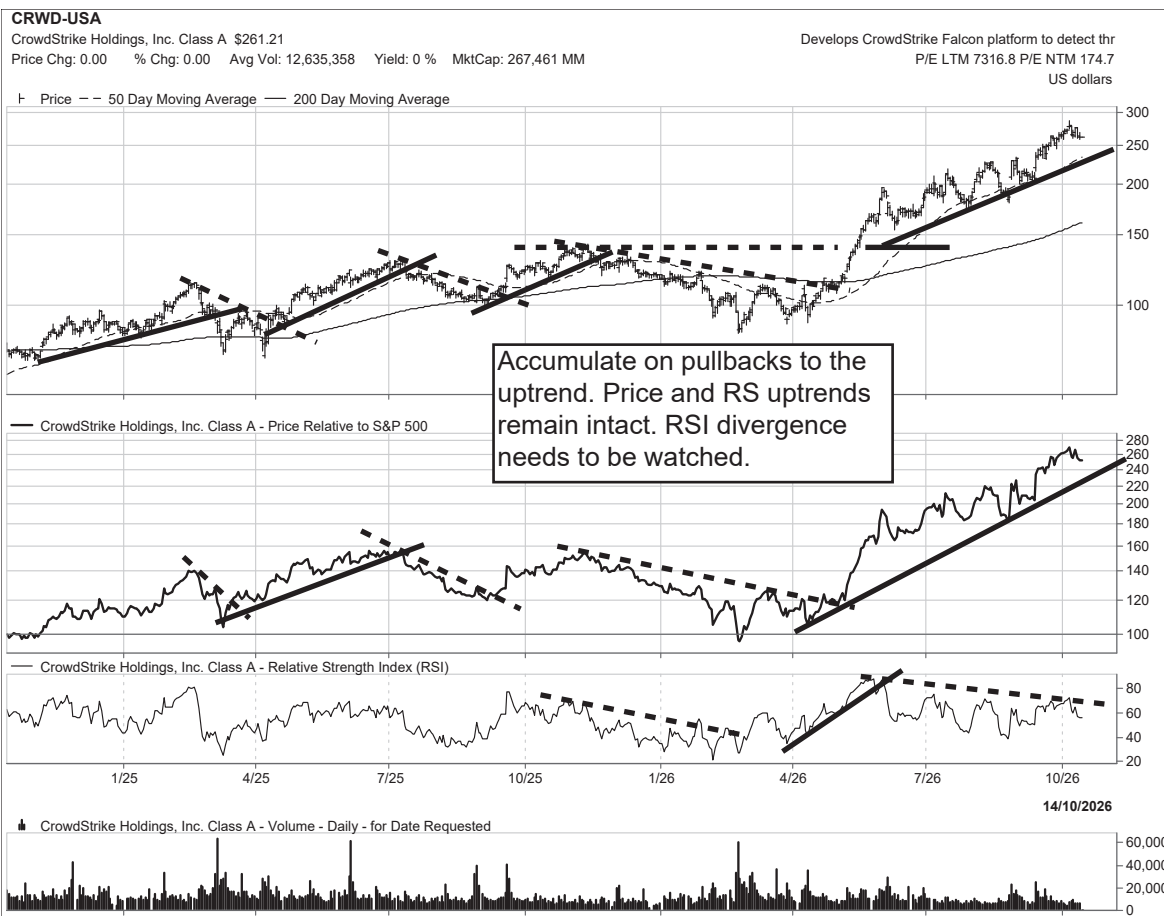
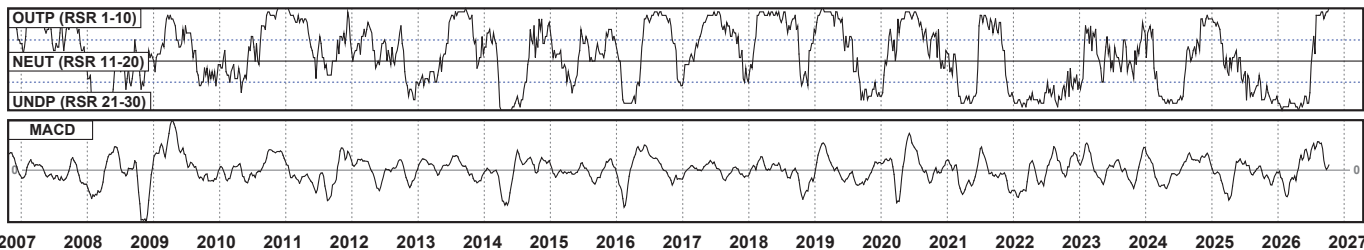
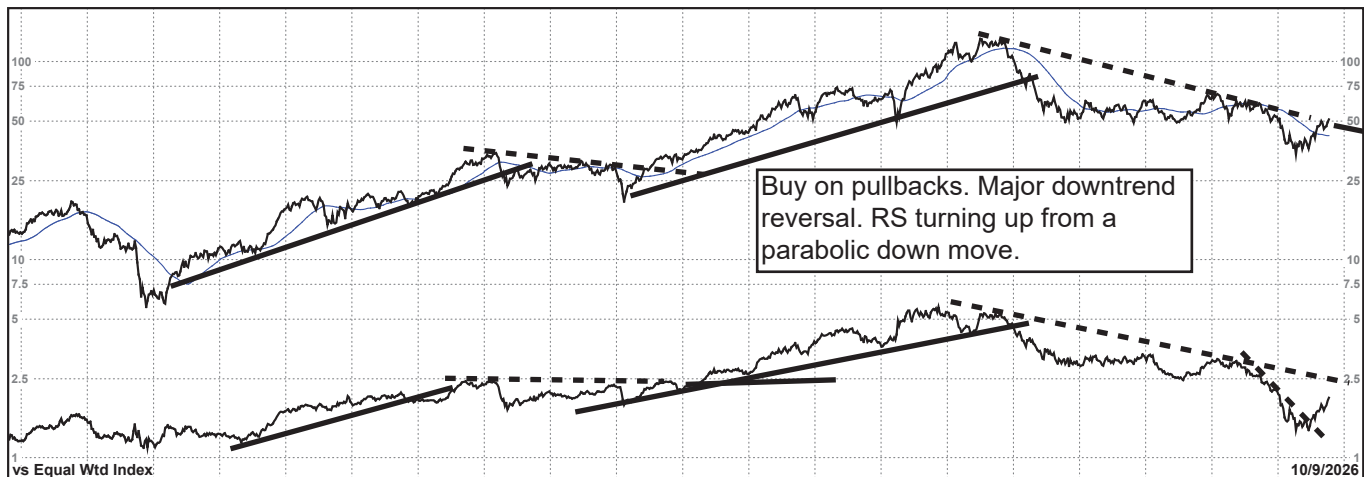


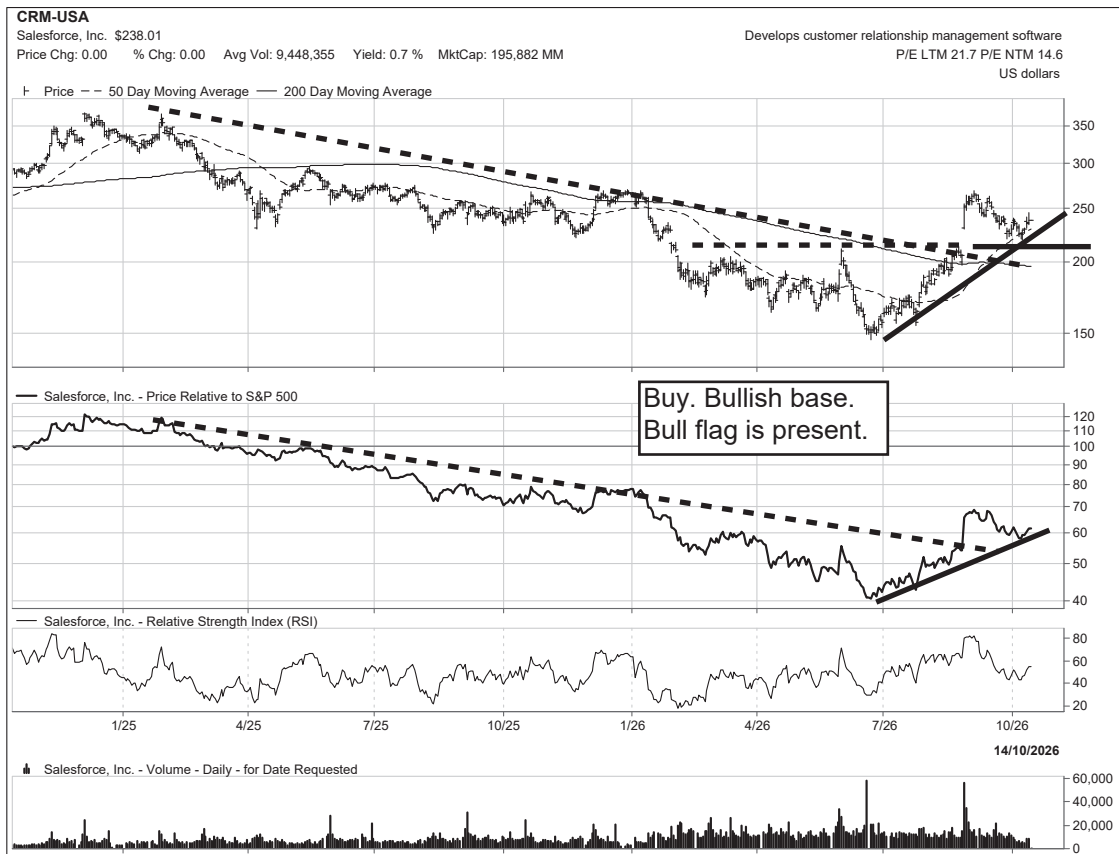
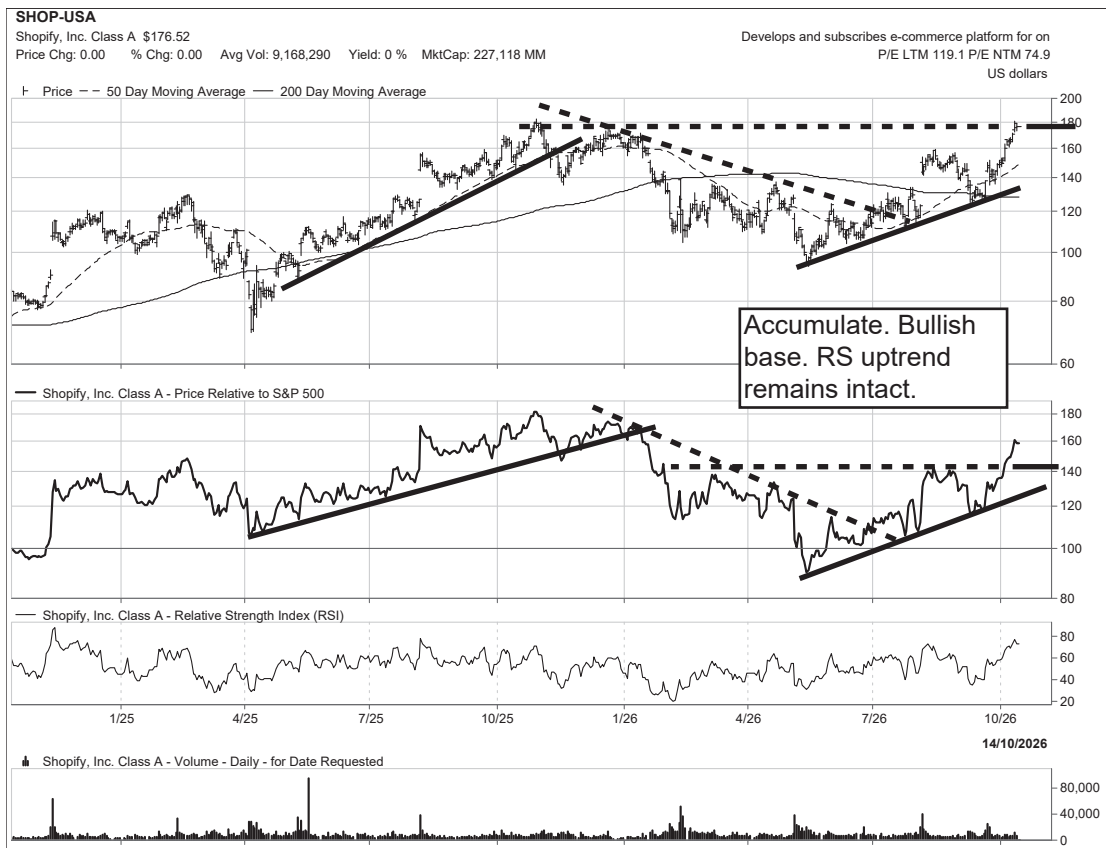


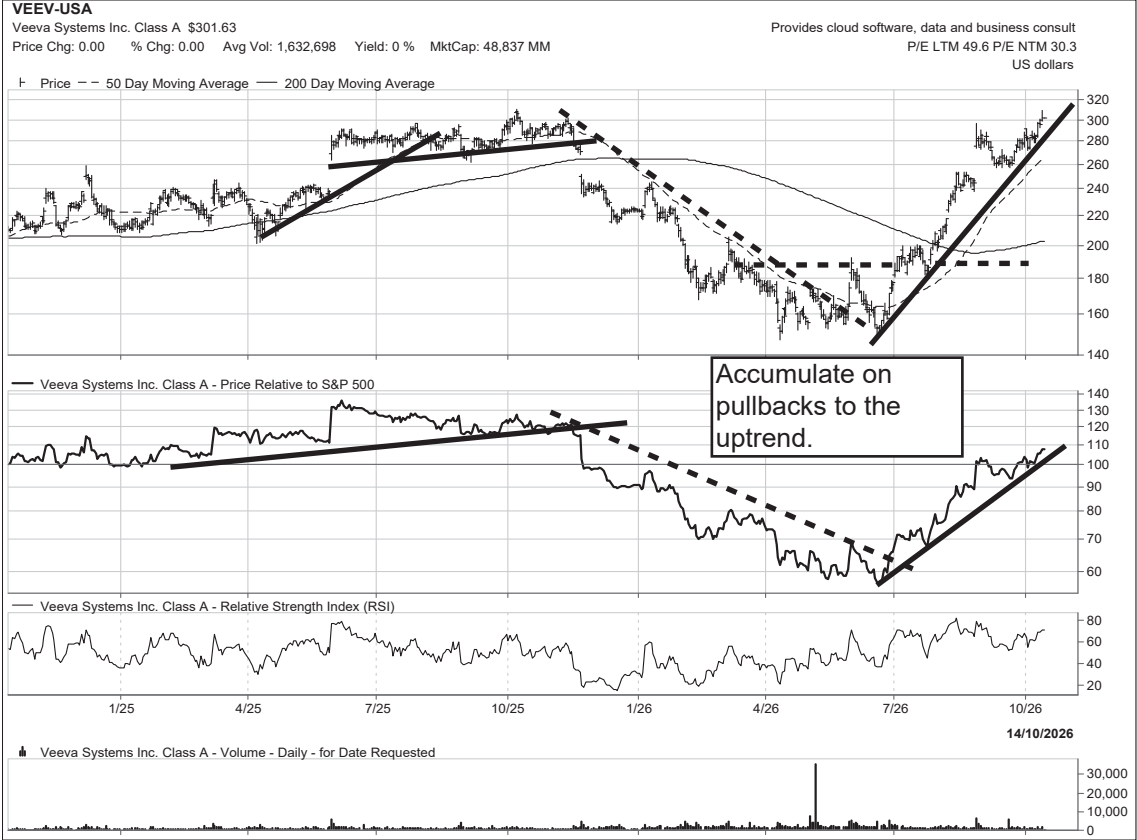
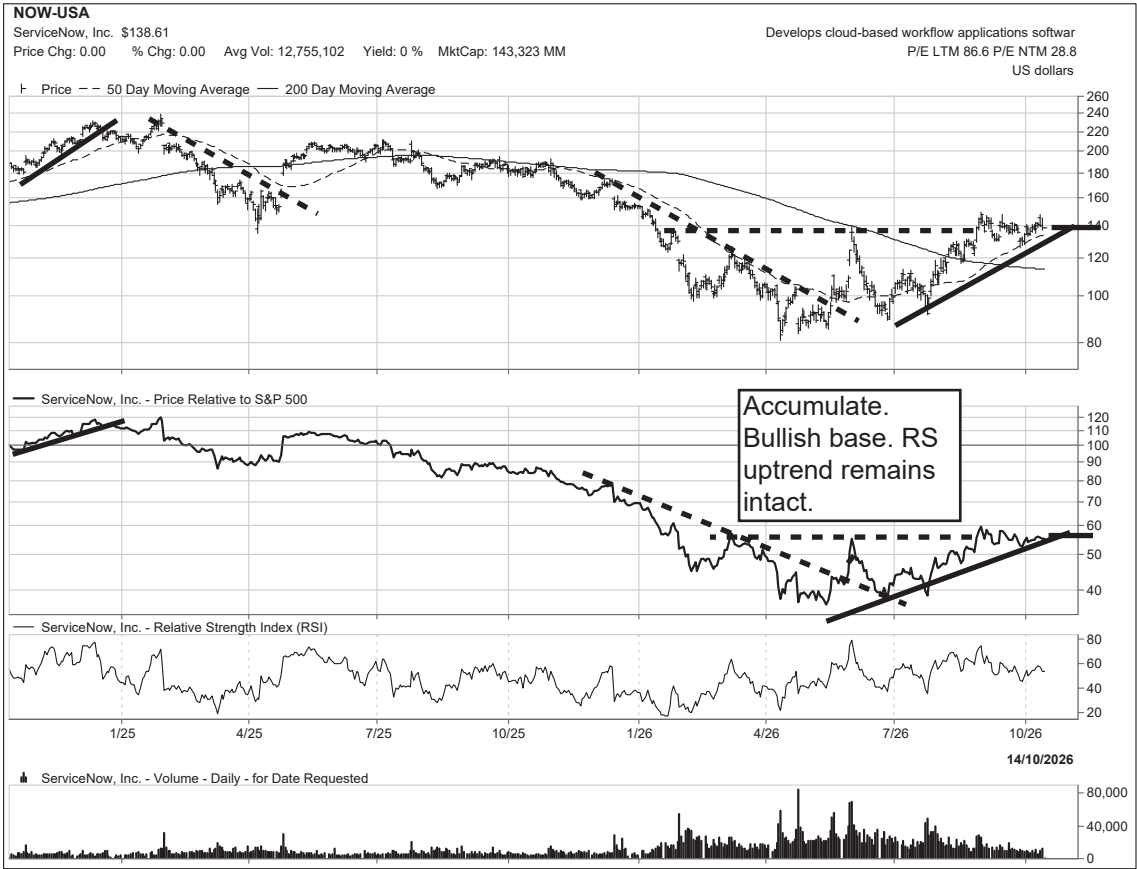


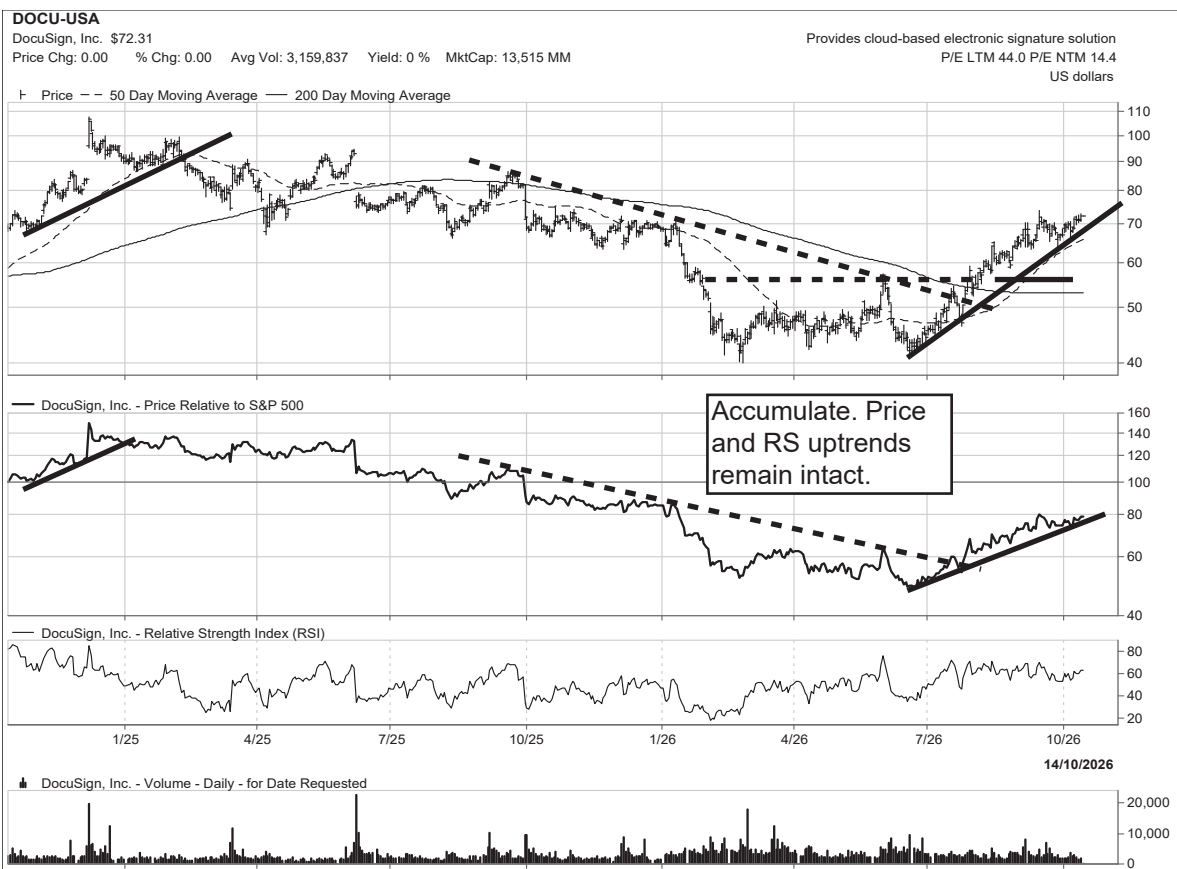
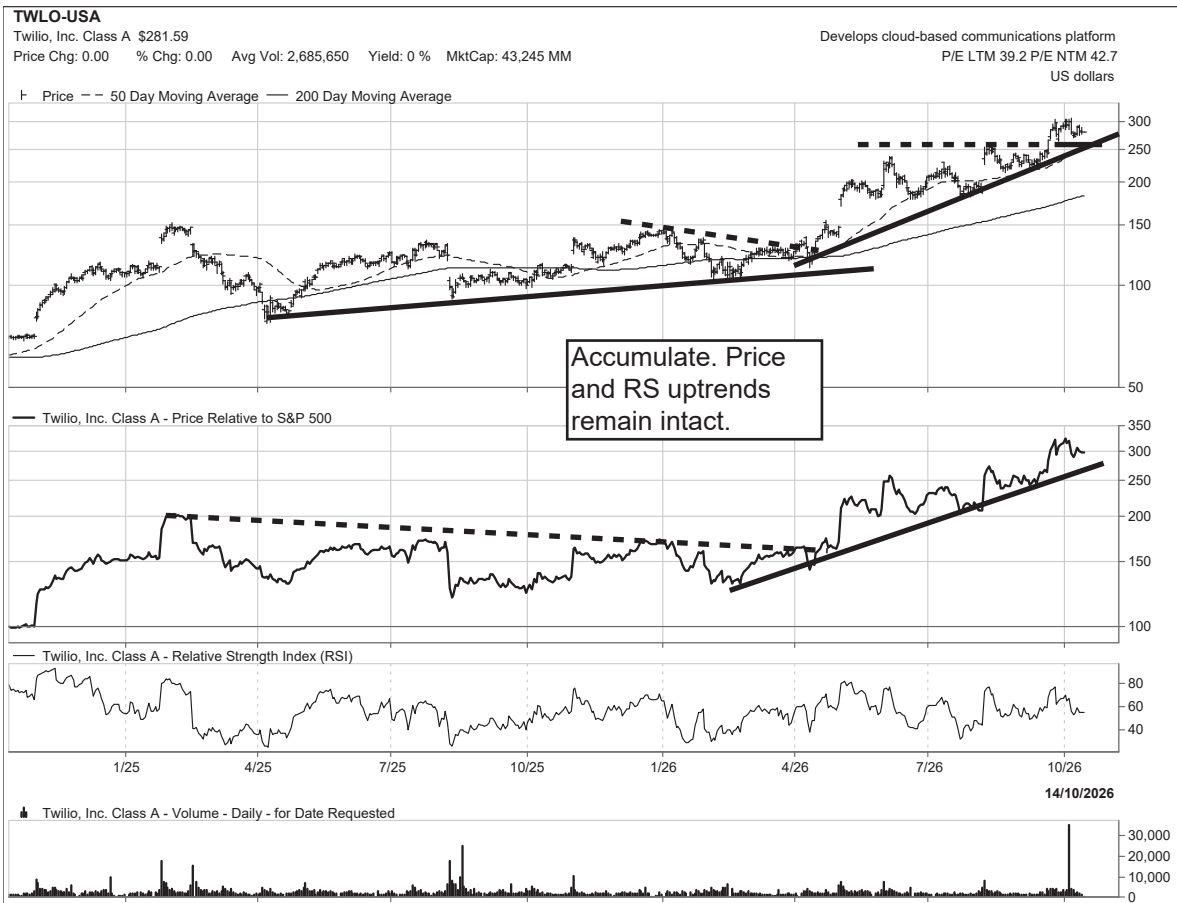
TE-67 - Software, SaaS

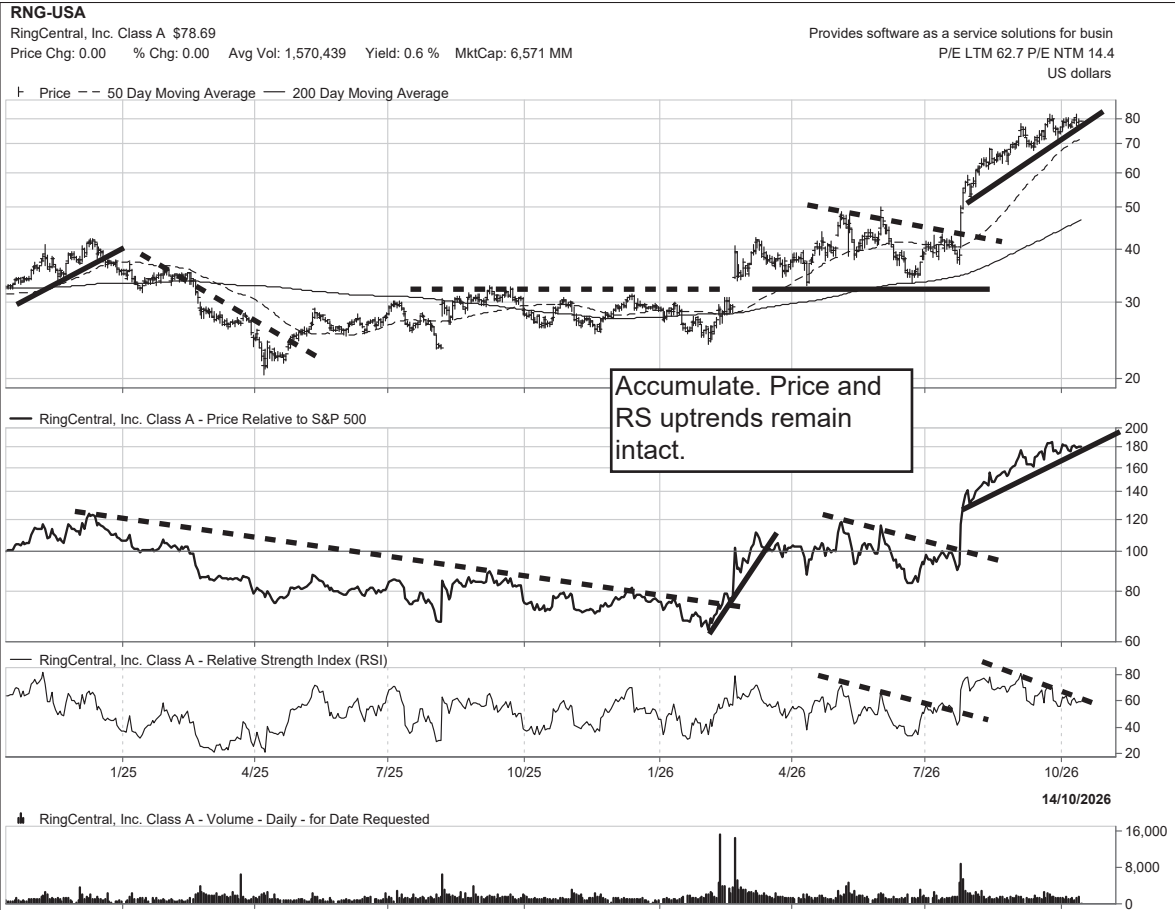
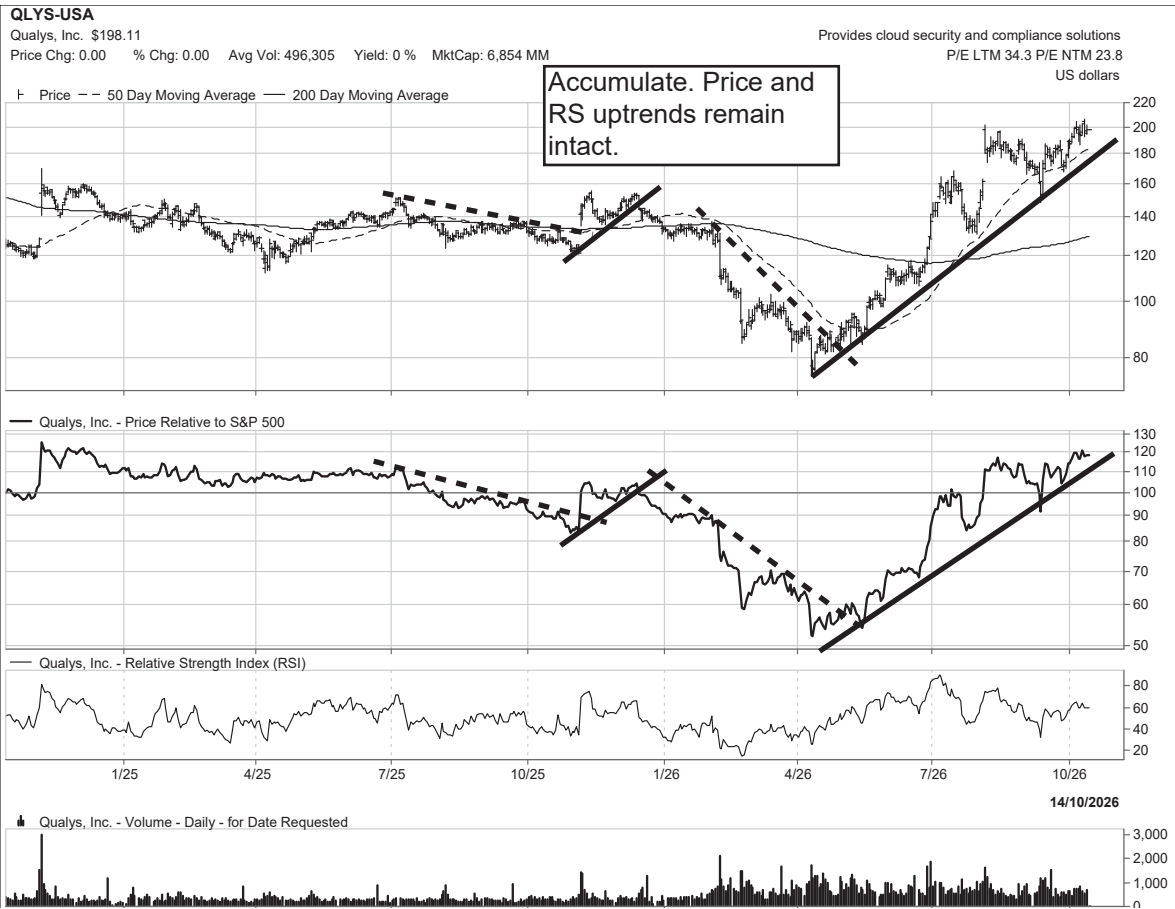
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CRWD	1	U3	+	TWLO	1	U3	+	TTAN	7	D2	-	WIX	1	U3	+	WEAV	1	U3	+
SHOP	1	U3	+	WDAY	1	U3	-	RNG	1	U3	+	SPSC	1	U3	+	SSTI	1	U1	+
CRM	1	U3	+	DOCU	1	U3	-	BOX	1	U3	-	EVCM	22	D3	+	THRY	30	D3	-
NOW	1	U3	+	HUBS	5	D1	+	APPF	2	U3	-	UPWK	18	D3	+	LPSN	1	U3	+
VEEV	1	U3	+	QLYS	1	U3	-	LIF	20	D3	-	CCSI	4	D1	-				

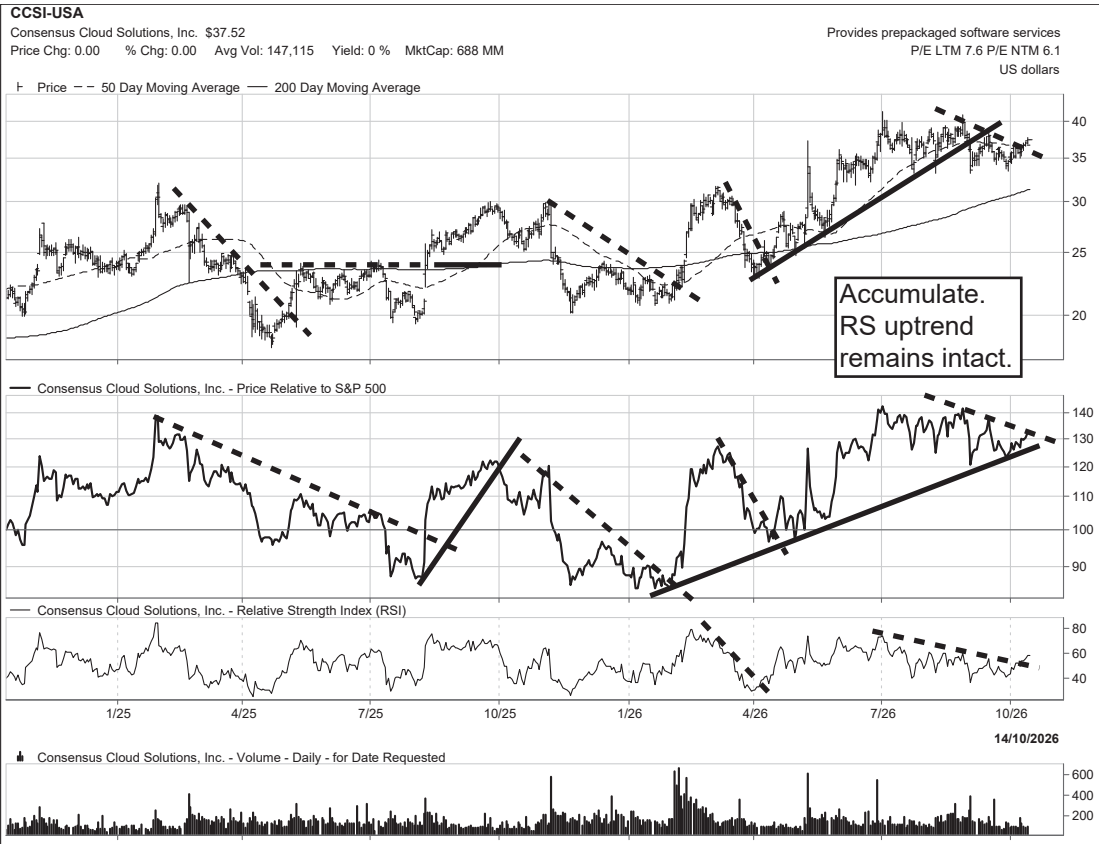
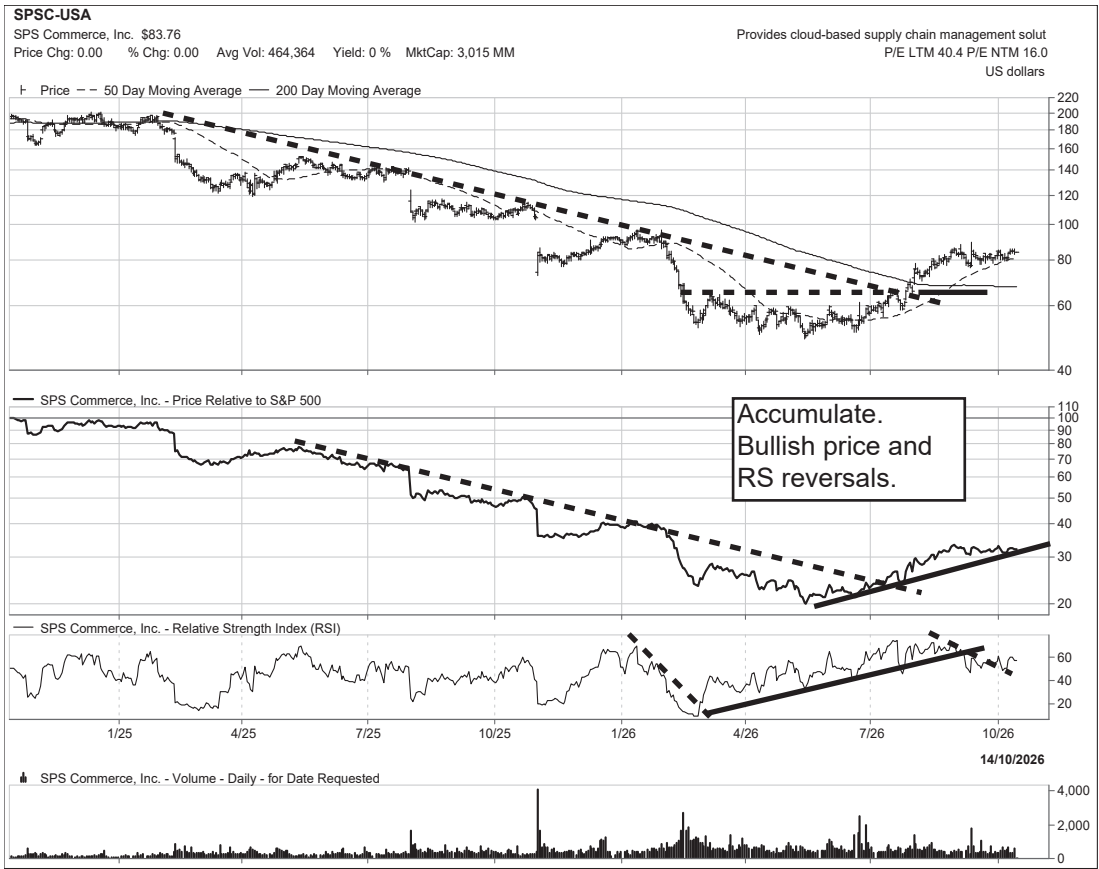




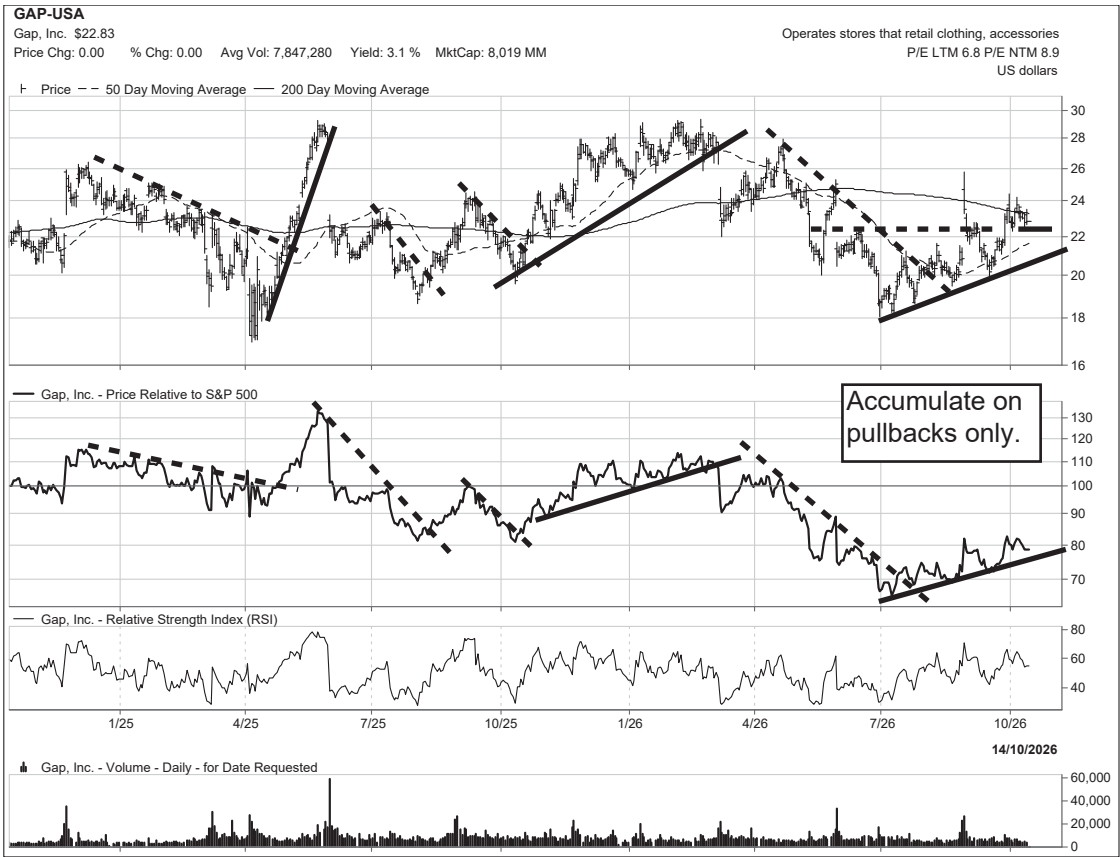
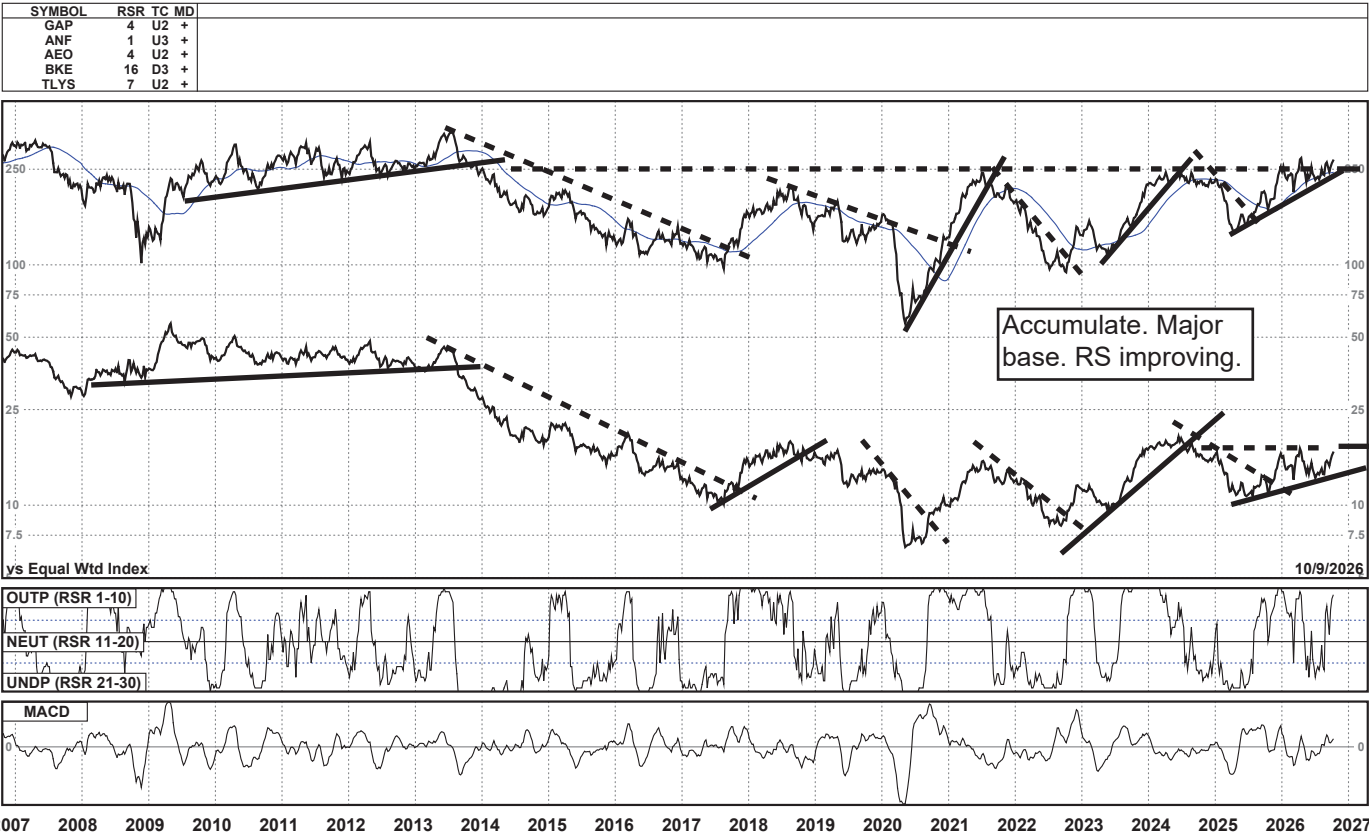


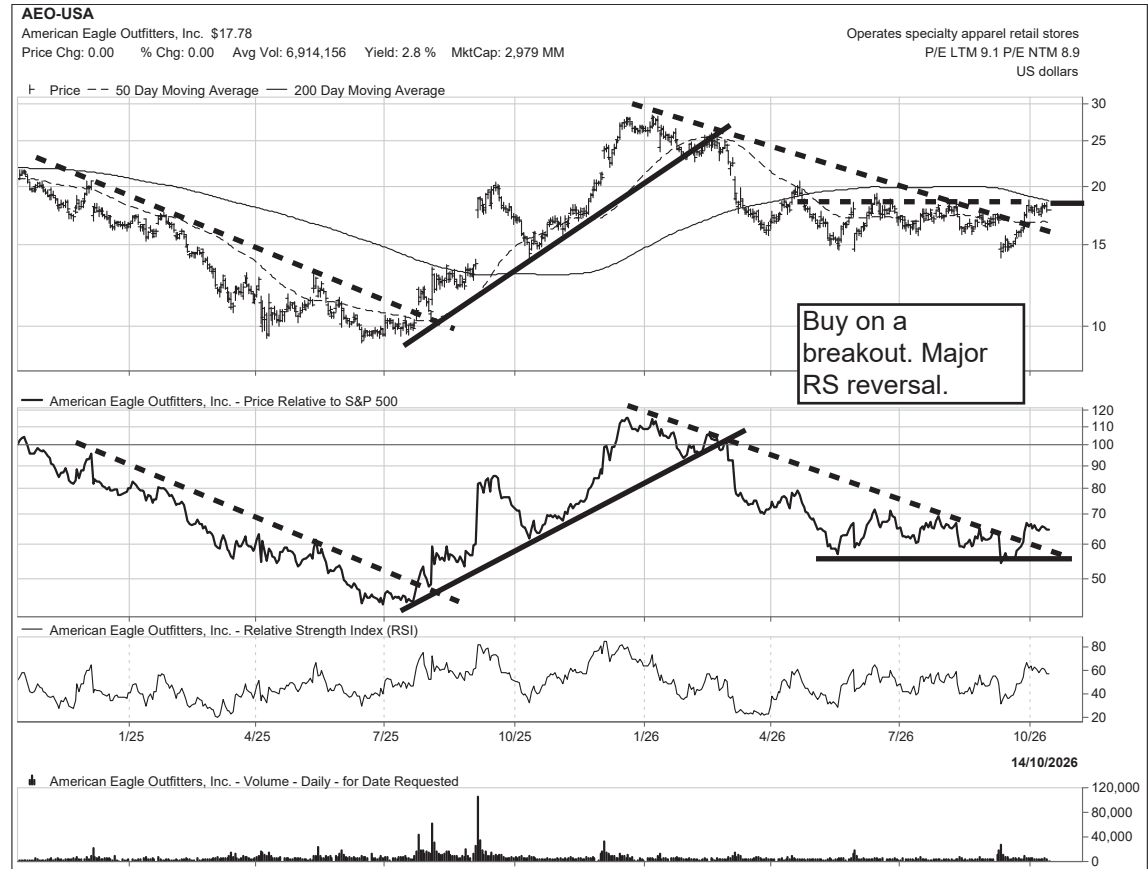
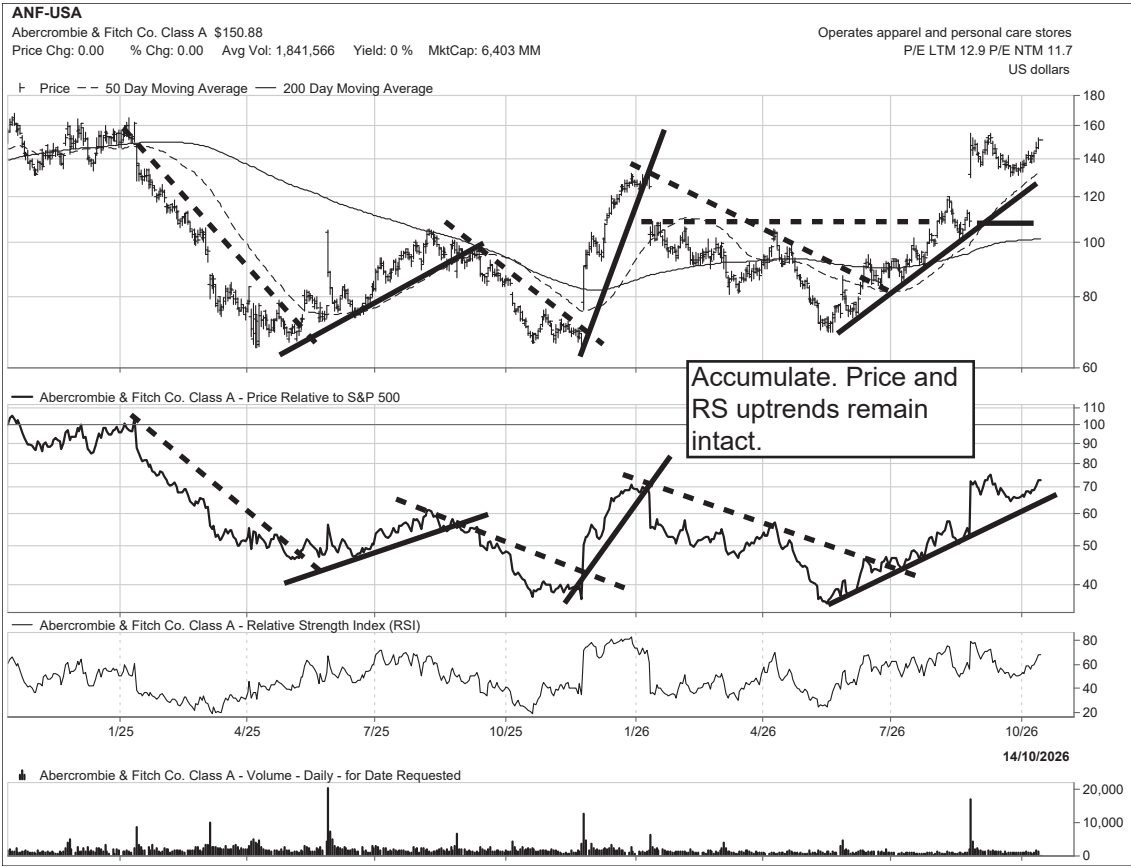


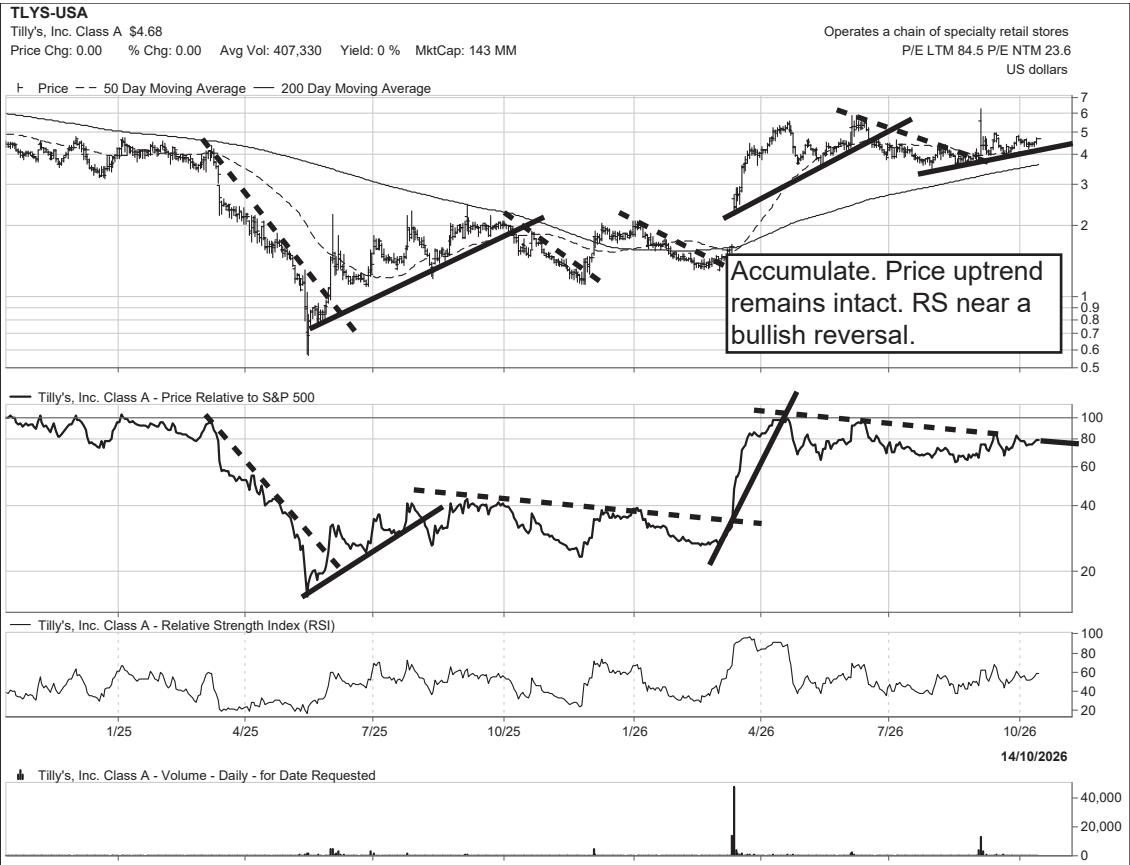




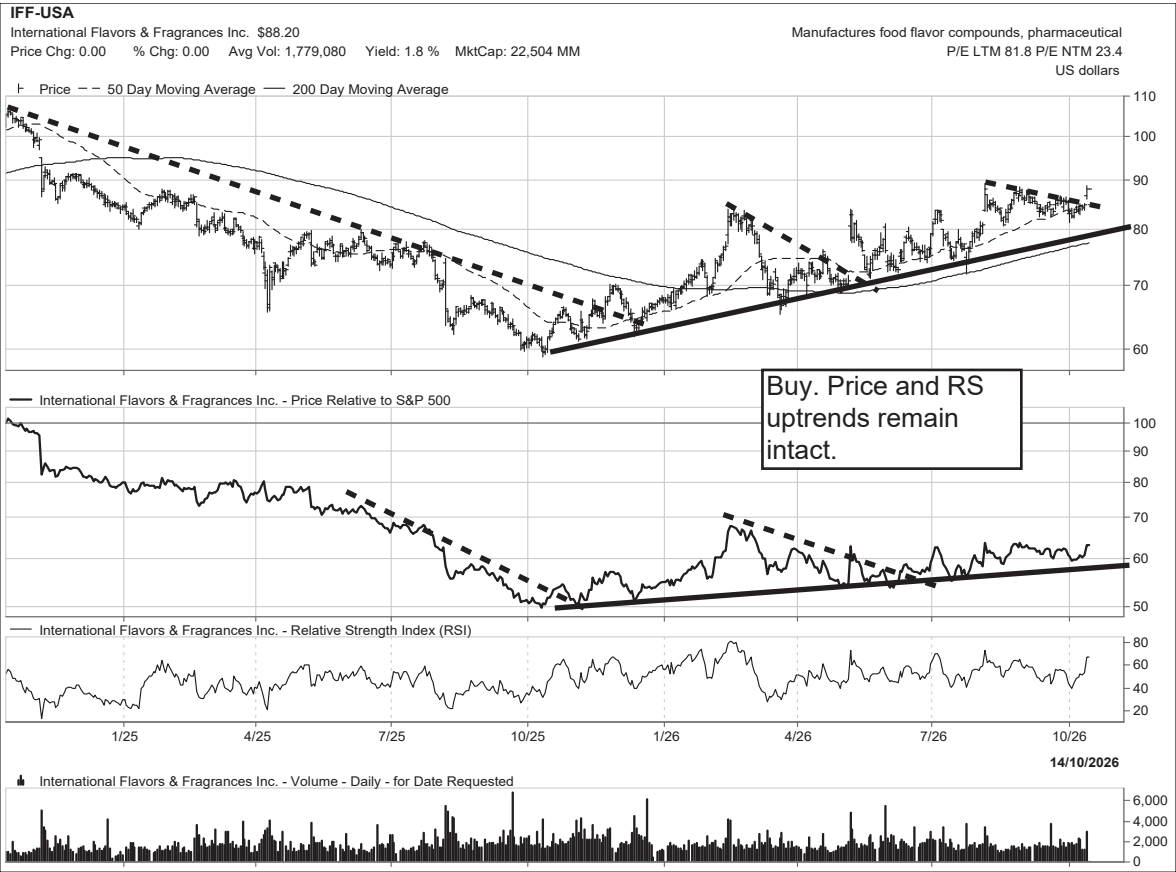
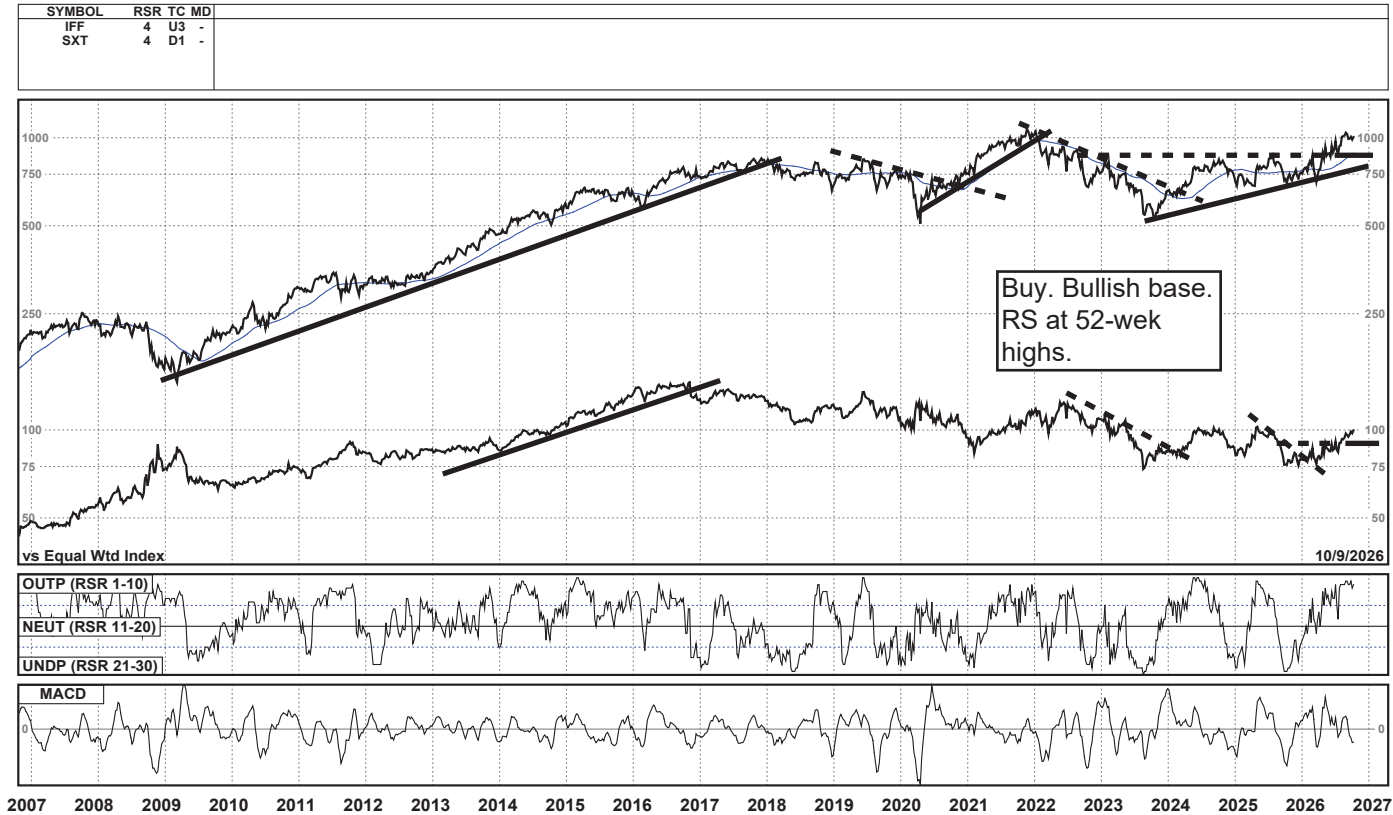
CD-38 - Retailers, Teenagers

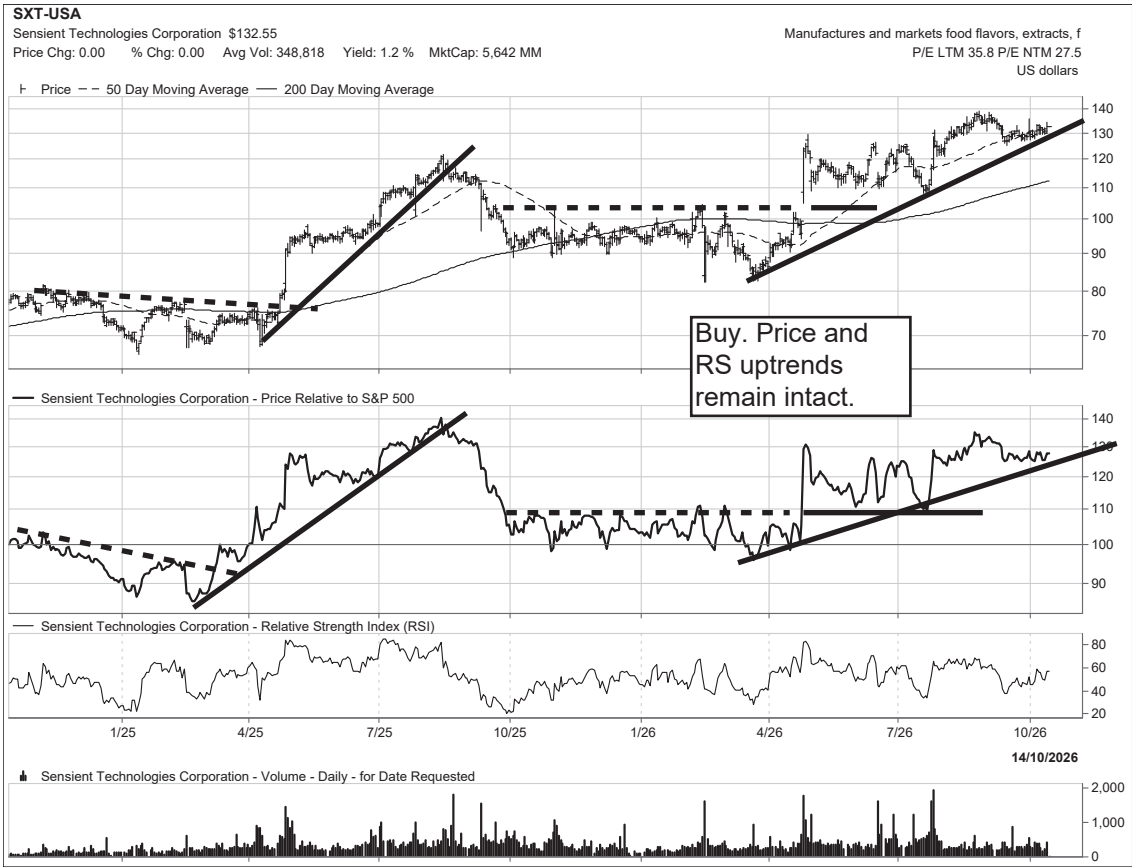






CS-27 - Flavors & Fragrances

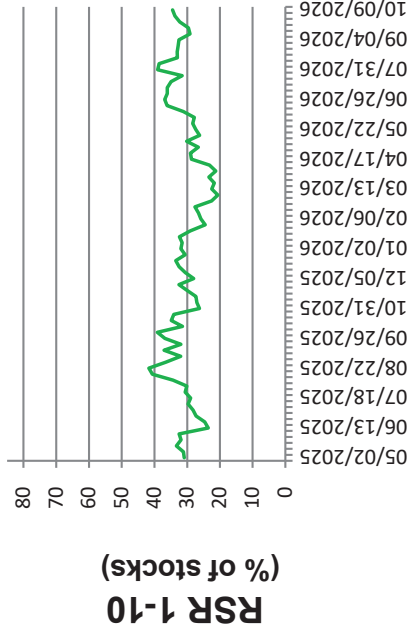




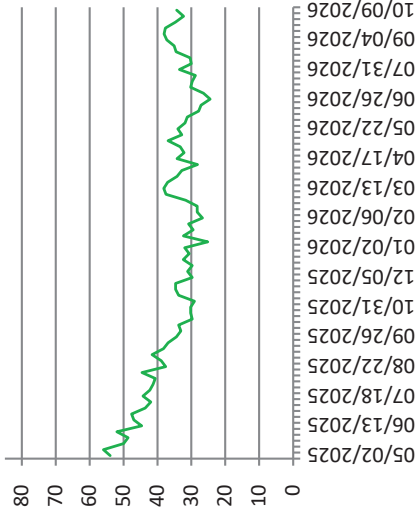
Compass 27

	Bottom-fishing	Positive Inflection	Uptrends	Pullback to Support	Negative Inflection	Downtrends	Toppies
Consumer Discretionary	ASO FRPT LRN STRA	AEO BLRI CBRL CZRL HNI KSS MLKN	PRDO SHOO SIG VAC WWW	CHEF LAUR LOOT KTH OPLN PRSU TITLE	VSXY	CENTA CENTA KMX MCRI MHK	SPHR
	COTY ENR FIZZ JJSF SAM	EPC GO NWL		PSMT SXT		SBH UNFI	COCO
	GPOR NOG	AMR CNR GRGY HCC WHD	WKC	CVI DK INVX OII PARR PTEN	SEI SM TALO TDW		
	DFIN NAVJ TRUP	IEIG ICLI KIMR PLMR SEZL		AMMT ACT BIB CATY CFEN CHOO DAVE EBC ECFG EGBN EZPW	FBP NFB NIC NWBI OFG PFBC SPNT TMP TRST VCTR	VBRT WABC WFSB WT	
	ADMA BFAM CERT KMPR OMCL TRFA TRFX ULSP	ACHC ADUS AMN AMPH ARQT CMPL ASTH AZTL CNMD	CRVL FTRE	AMRX ATRC CON LGND LST NEOG	NHC PTGX VIR		
Manufacturing	APOG	ABM AIN		AZZ BXP NPK NPO RAL RUSHB SCSC VSTS	KOP KWR MTRN		
		IOSP MTUS SCL WOR WS					
		APLE HIW		DRH ETC FMR SHO XHR	TPC		
	DXC MYRG PRIM	CRVL EFOR EVTC GEO MAN NSP PAYC	RELY	CXW FTDR JXN NATL NSIT PBI PEB			
	BLKB BLXC CNXC DFIN EPAM EPWO UPWK	ACIW ACLS AGYS ALRM ATEN BEAR EYR FINV FRSH PI PLUS SONO	SPSC TDC TENB VECO WK	ACMR BHE CNXN COHU CRSR DASH DODD KN MXL NTCT PDFS PENG	PLXS PRLB RNG		
Communications	GTM	ETSY MITCH SCHL		CNK NSGS VSAT WLY ZD			
	LYFT	RXO					
Utilities		AWR UTL					

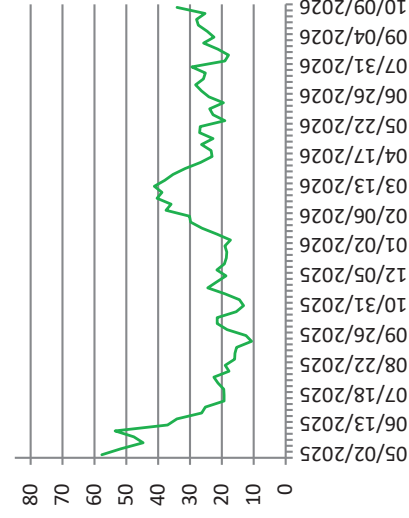
Consumer Discretionary



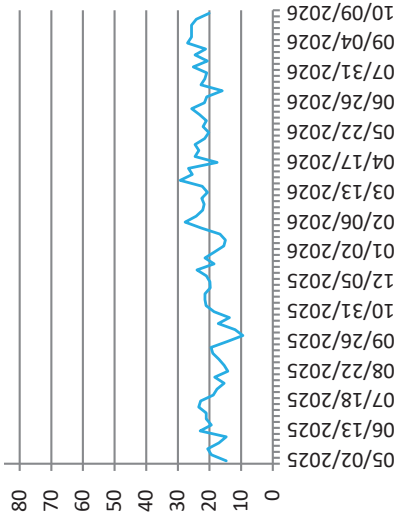
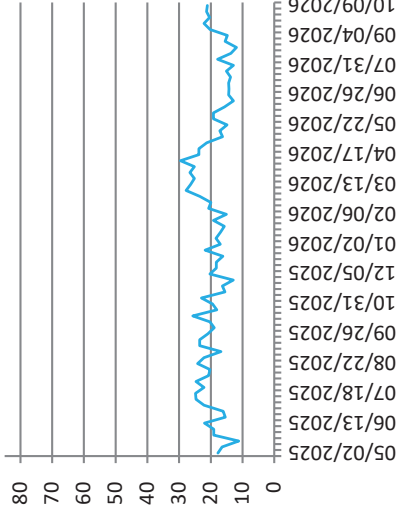
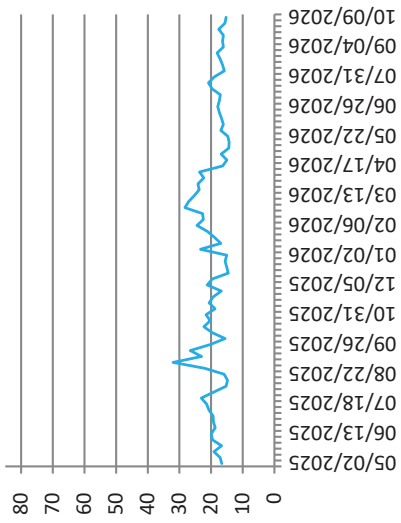
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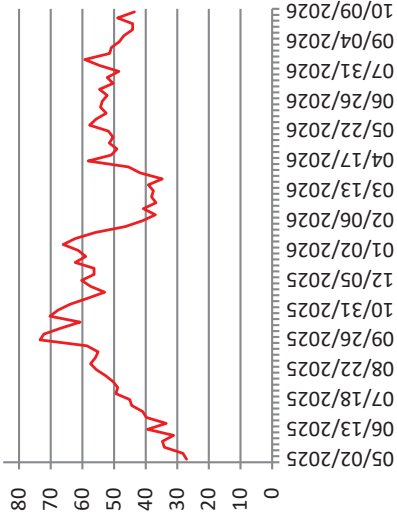
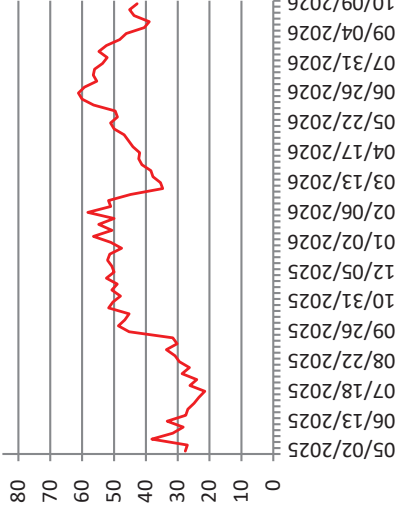
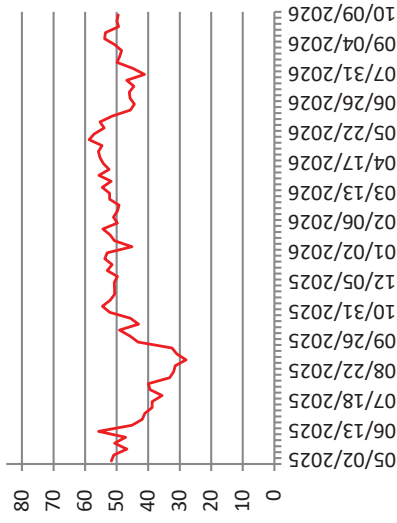
Consumer Staples



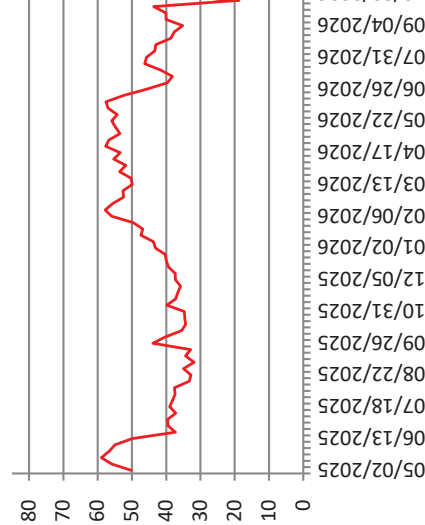
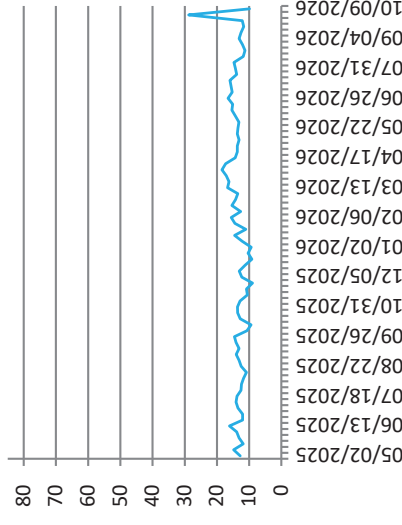
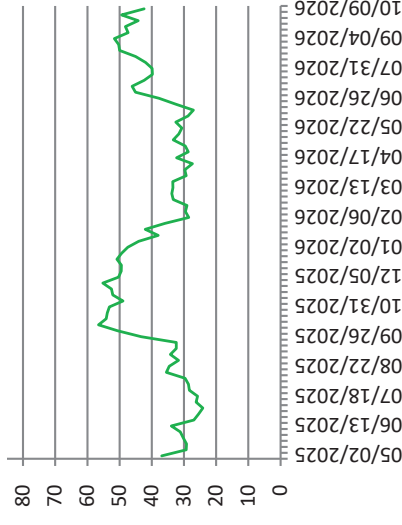
RSR 11-20 (% of stocks)



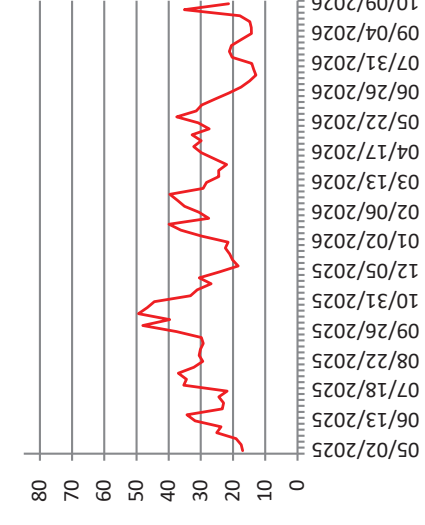
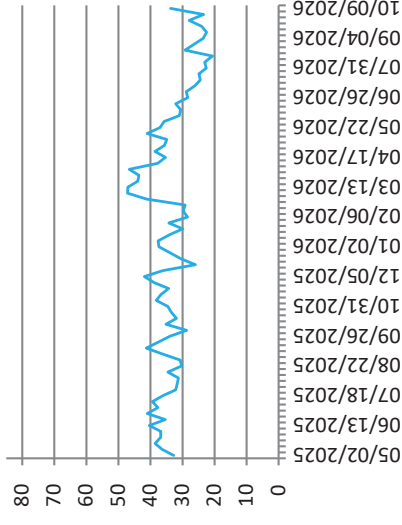
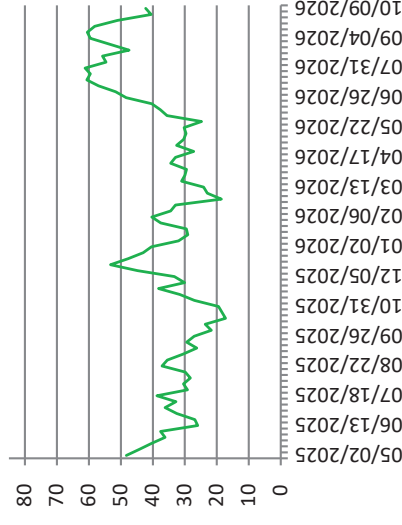
RSR 21-30 (% of stocks)



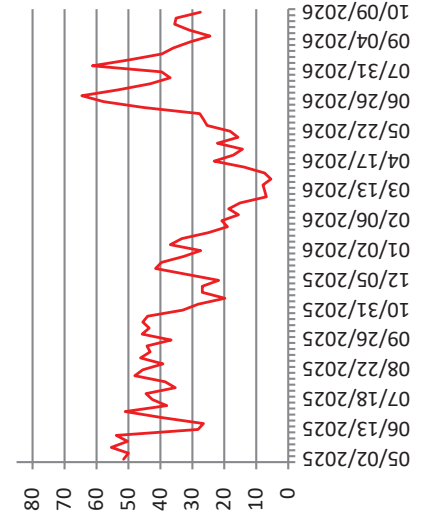
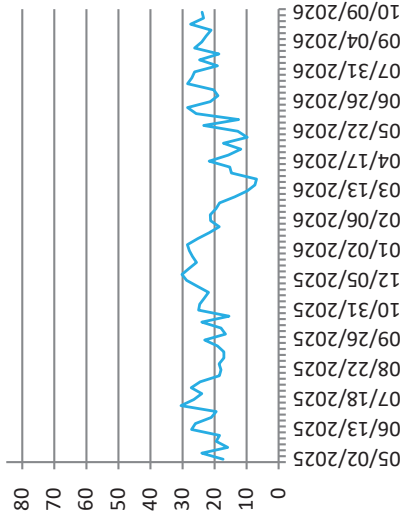
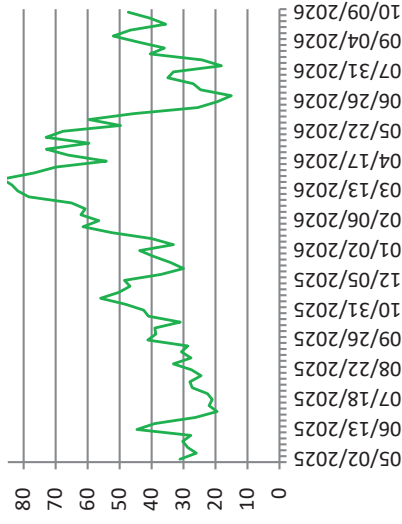
Health Care



Financials



Energy

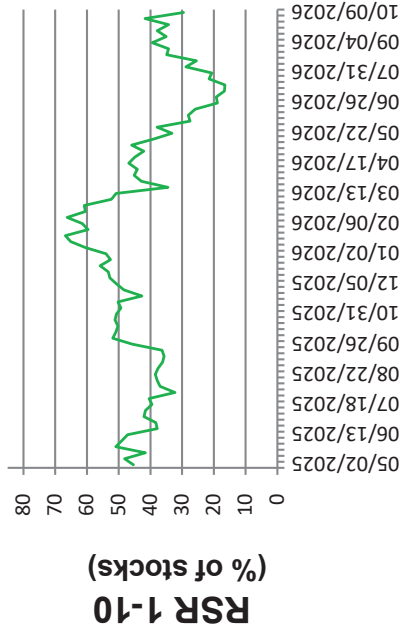


RSR 1-10
(% of stocks)

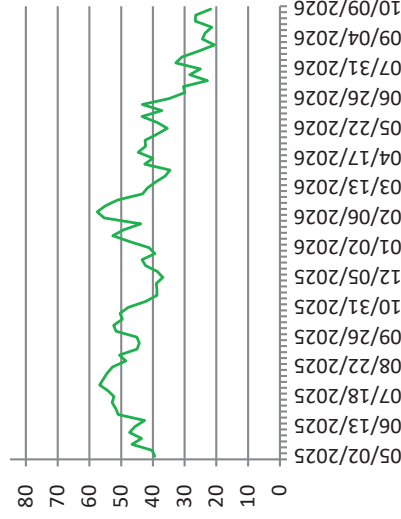
RSR 11-20
(% of stocks)

RSR 21-30
(% of stocks)

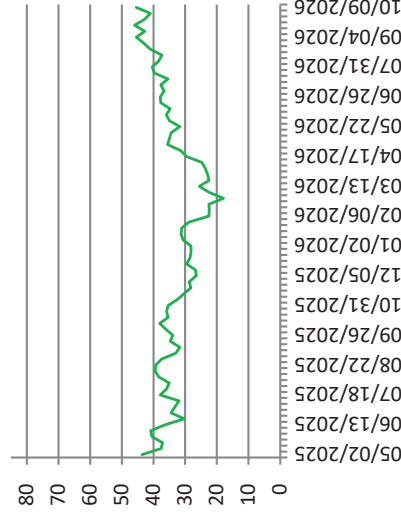
Materials



Manufacturing

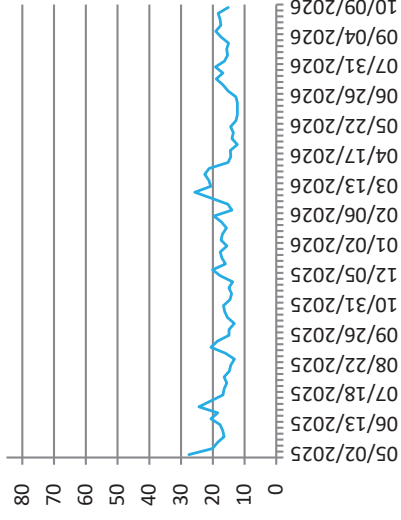
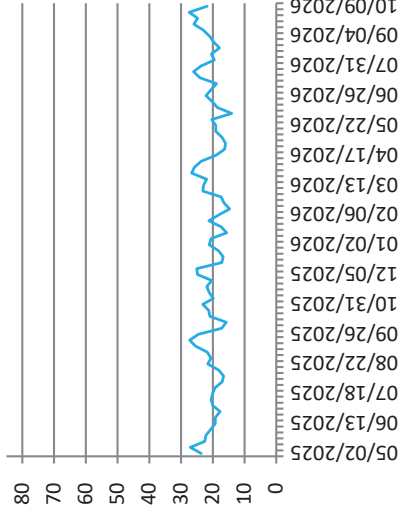
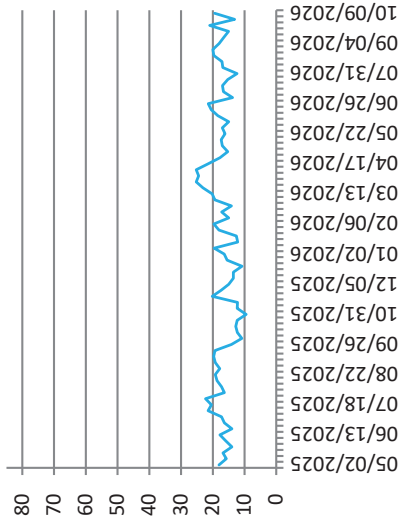


Services



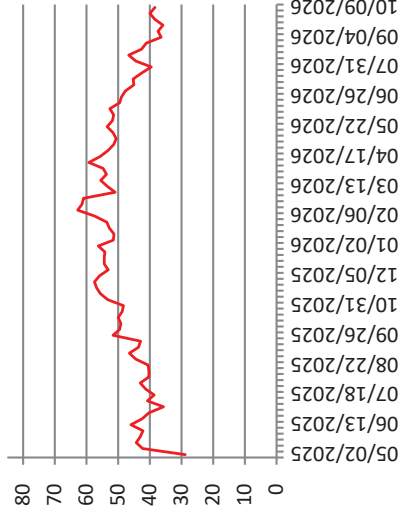
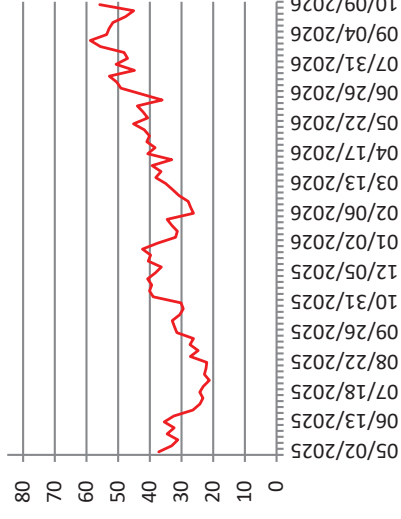
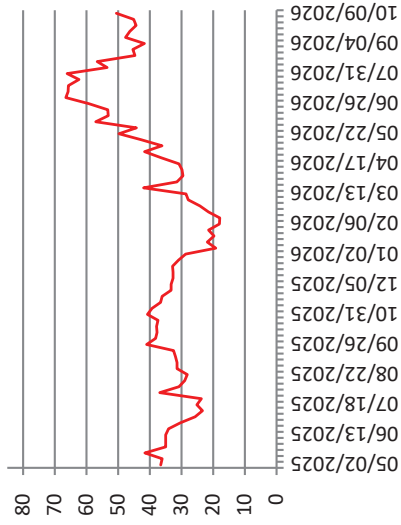
RSR 11-20

(% of stocks)

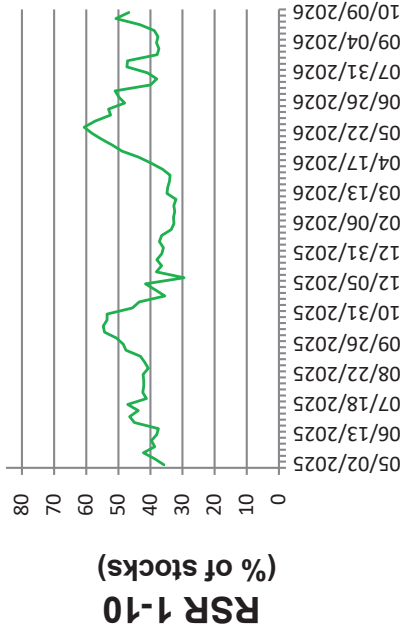


RSR 21-30

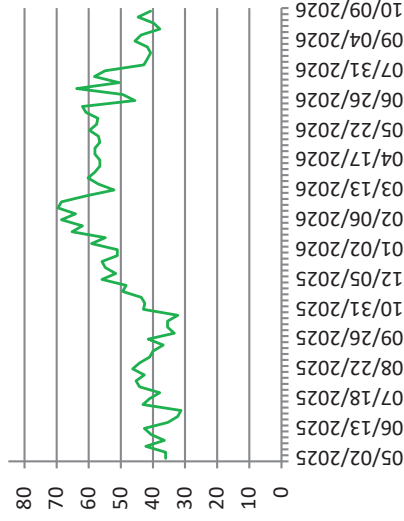
(% of stocks)



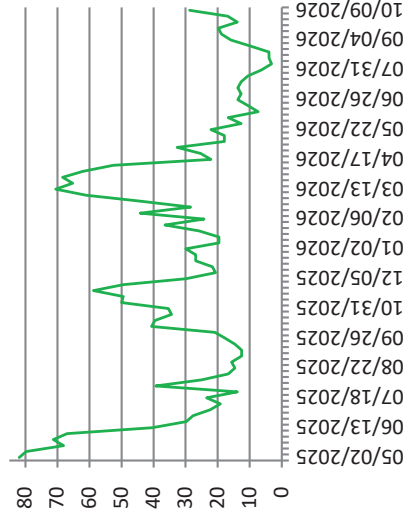
Technology



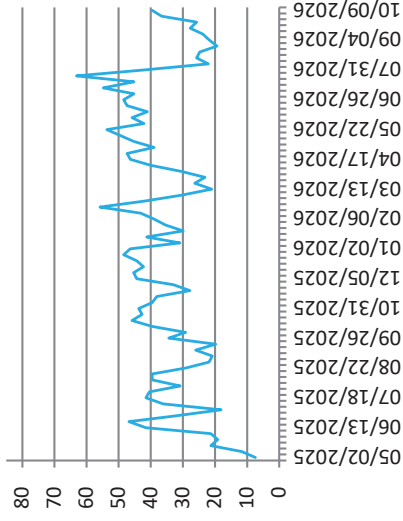
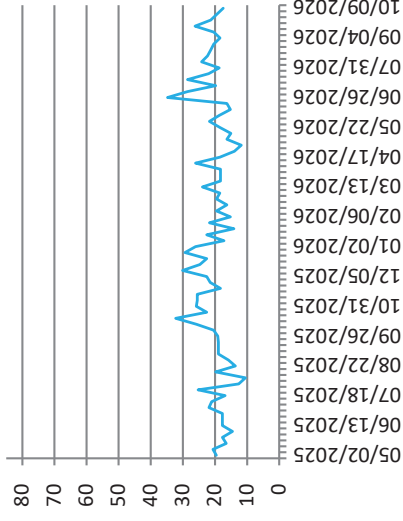
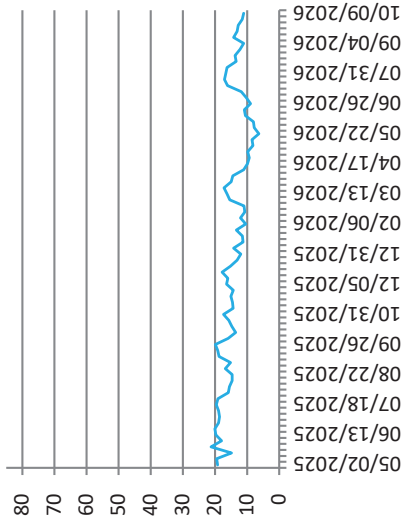
Transports



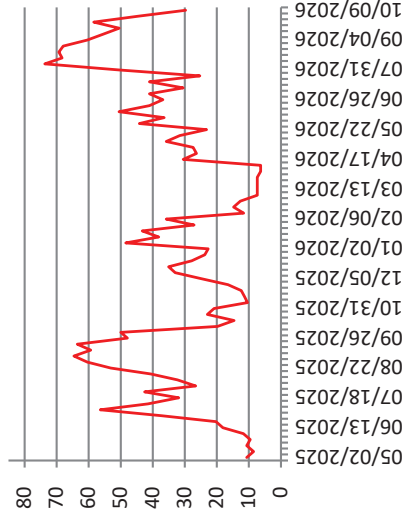
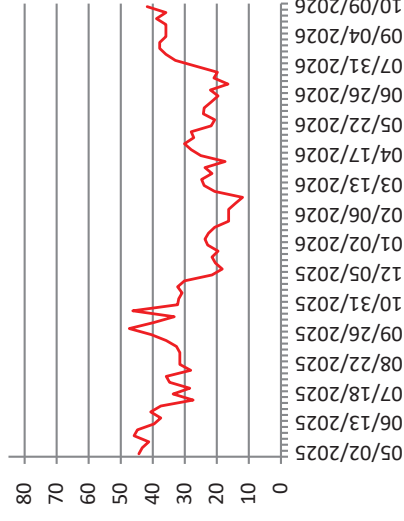
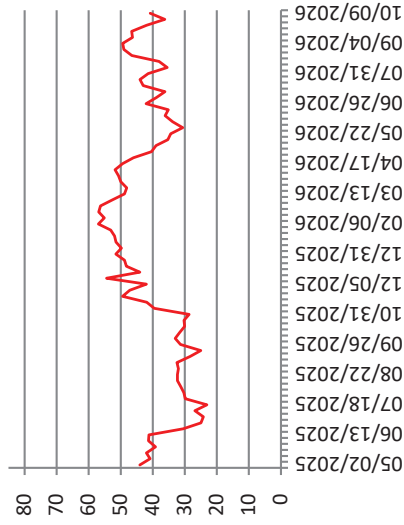
Utilities



RSR 11-20



RSR 21-30



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

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

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

920 Second Avenue S., Ste. 1225 • Minneapolis, MN 55402 • 612-482-6800 • www.vermilioncap.com

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