

Monday September 1, 2014

Closing prices of August 29, 2014

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Stocks continued their positive momentum last week as an assortment of good economic news kept sellers on the sidelines and allowed many major indexes to record new highs in spite of very light volume. Major indexes were led by previous year-to-date laggards Bank of New York Mellon ADR Index and the Russell 2000, up 1.43% and 1.14%, respectively, and the Nasdaq Composite, up 0.92%. The only major index losing ground last week was the Dow Jones Transports, down 0.26%. The S&P 500 made another all-time high as it gained 0.75% for the week, and is up 8.38% in 2014. During the week the S&P 500, the Dow Jones Industrials, the Nasdaq Composite, and the Nasdaq 100 all recorded new highs.

Nine of the ten S&P sectors traded higher last week. The leader was Utilities, up 2.31%, followed by Telecom Services, up 1.79%, and Energy, up 1.66%. The only losing sector last week was year-to-date worst Industrials, down 0.31%.

Eighteen of the twenty-four S&P industry groups traded higher last week. The gainers were led by Utilities, up 1.83%, Telecom Services, up 1.79%, Energy, up 1.66%, and Pharmaceuticals, Biotech & Life Sciences, up 1.55%. The losers were led by Consumer Durables & Apparel, down 0.96%, Capital Goods, down 0.35%, and Transports, down 0.28%.

Last week we said in the short-term stocks were starting to get overbought and may need to digest the recent gains. We also pointed out that negative divergences had appeared once again, but the good news was that sellers had retreated to the sidelines and we were just ahead of a period of positive seasonality running from 8/28 through 9/5. As stated above, good economic news kept sellers on the sidelines in spite of negative geopolitical news, and stocks continued to grind higher last week, although at a slower pace than the prior two weeks.

In the short-term stocks are still becoming overbought, especially year-to-date leader Nasdaq 100, and sentiment is becoming overly bullish. Negative divergences persist, including the Dow Jones Transportation average not yet confirming the new high in the Industrials, but this market has shaken off negative divergences all year long. Our proprietary options indicator is at 1.08, a level showing lots of optimism among options buyers (we prefer pessimism) and the highest we have recorded since May 5th. This is not yet an extreme level, but too much optimism can throw a damper on a rally. Therefore, some consolidation or pullback can occur at any time. The good news is that sellers are not around. For example, the 10-day average of stocks in the S&P 1500 making four-week closing price lows is the lowest since July 2013. Also, the negative divergences can be erased or minimized in the coming days. The S&P 1500 advance-decline line, which we noted last week did not confirm the new high in the index by itself making a new high, is only 583 net advancers from its high set on July 3rd. And, we are in the period of positive seasonality through Friday, which is when we get the Payrolls Report for August.

Longer-term we remain bullish. Last week we discussed the “breadth thrust” buy signal which was recorded on August 19th. We showed a chart of the last fourteen occurrences going back to January 2007, with the six-month average showing gains of 9.26%. The economy continues to improve, valuations are attractive, sellers remain reticent, and the buy the dip mentality is still in effect. We remain concerned about negative divergences in longer-term breadth statistics, but until something changes regarding trends in the economy and the desire on the part of investors to sell we continue to stress selectivity as opposed to defense.

Valuation, based on spreads between equity and bond yields, remains at levels where stocks are attractive versus bonds. The spreads recently widened to the best levels since the summer of 2013, and they are still near those levels. The spreads remain in the range they have been in since June 2013, which is also the range of pre-August 2011. On a historical basis these are levels where stocks should be very attractive versus bonds.

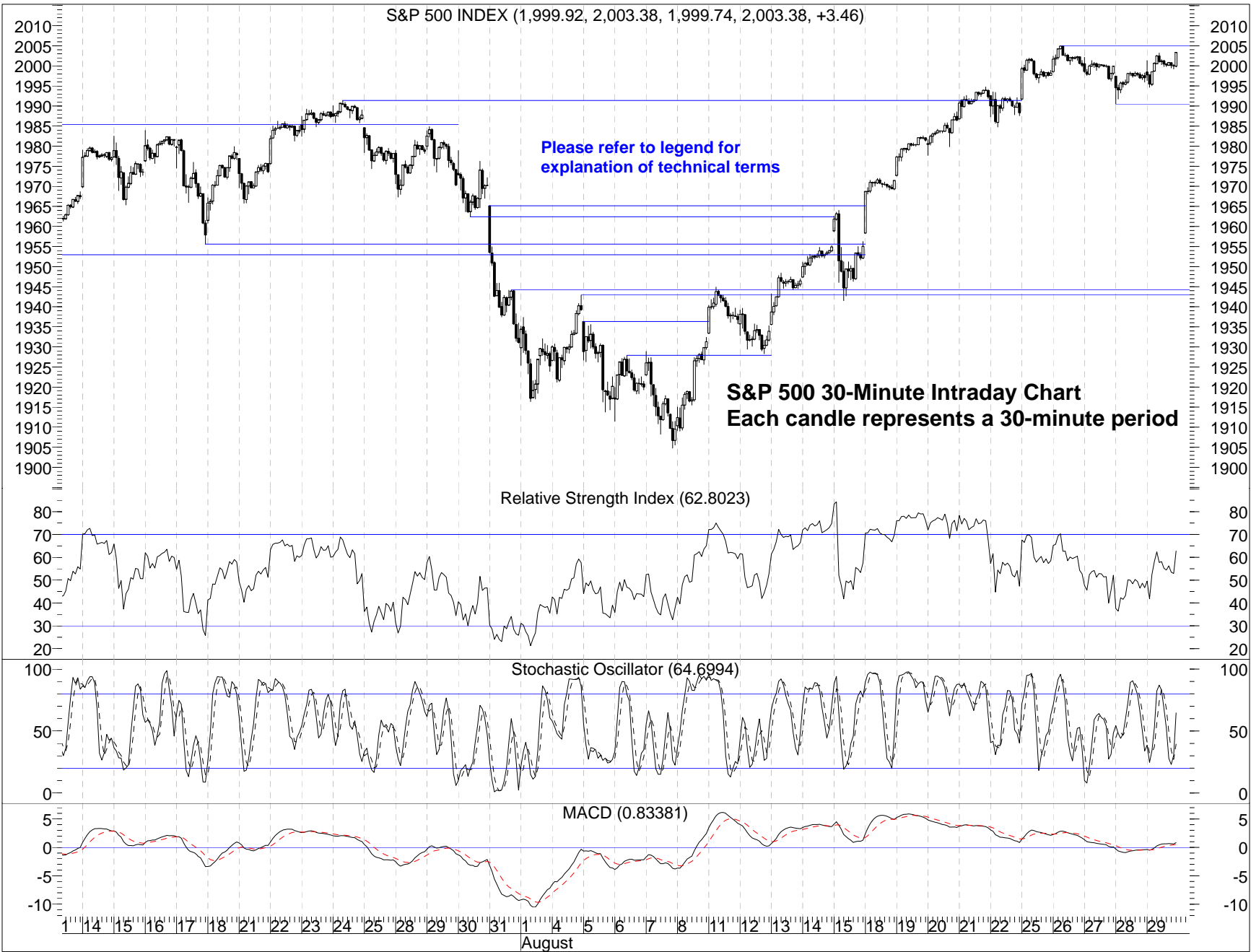
So far 494 of the S&P 500 have reported Q2 earnings. 67.5% beat estimates, 12.4% were in line, and 20.1% missed. In Q1 after 493 companies reported 70.3% beat, 9.2% were in line, while 20.6% missed. The final Q1 tally showed 70.4% beat estimates, 9.1% were in line, and 20.5% missed. The final tally for the fourth quarter was 67.2% beat, 12.9% were in line, and 19.9% missed.

In summary, stocks are getting overbought and short-term sentiment is getting overly bullish, so consolidation or a pullback can occur at any time. We are 98.8% through second quarter earnings season, so that catalyst is gone. Geopolitical events continue to concern investors, but good economic news has trumped those concerns. Valuations remain near their best levels since the summer of 2013. Worries about the Fed and the taper are back in the spotlight, but bull markets have historically continued for quite a while after the beginning of a rate tightening cycle, and we have not even seen the first rate increase. Longer-term we remain bullish due to an improving economy and attractive valuations for equities. On August 19th we recorded an intermediate-term buy signal called a “breadth thrust” so we are optimistic regarding the next six months. However, we are concerned about negative divergences in longer-term market breadth indicators, which have improved but can be a definite red flag should they continue their recent deterioration.

Based on the S&P 500 the short-term, intermediate-term, and long-term trends are up.

ALL STATISTICS IN THE KAUFMAN REPORT ARE AVAILABLE ON A DAILY BASIS AT PHOENIX FINANCIAL SERVICES.

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The S&P 500 traded in a narrow sideways range last week.

30-minute momentum is positive.

8/30/2014

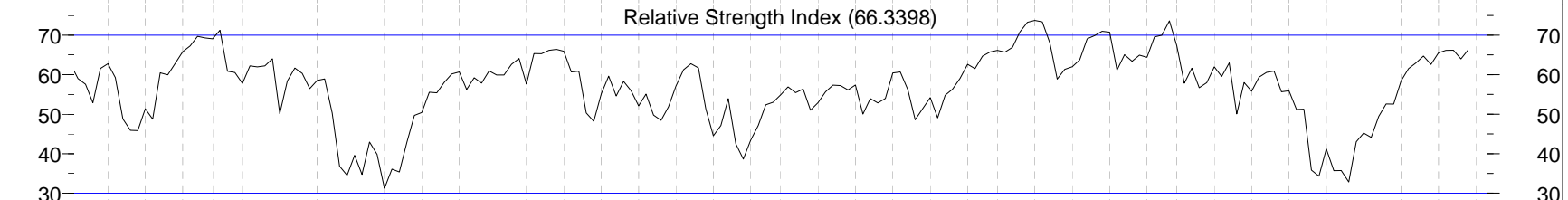
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S&P 500 INDEX (1,998.45, 2,003.38, 1,994.65, 2,003.37, +6.63)

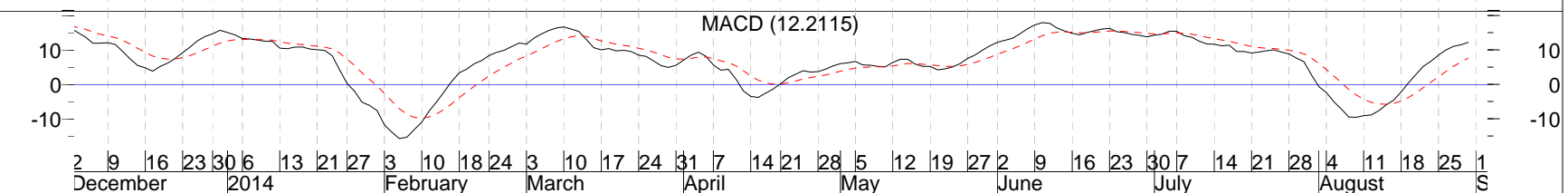
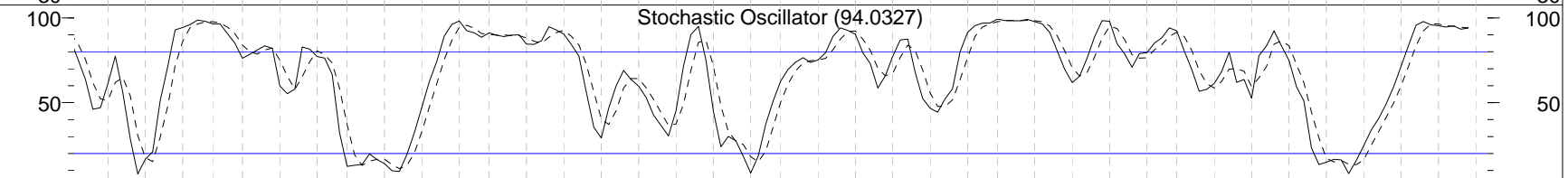
S&P 500 Daily



A new closing high for the S&P 500 Friday although it didn't surpass Tuesday's 52-week high.



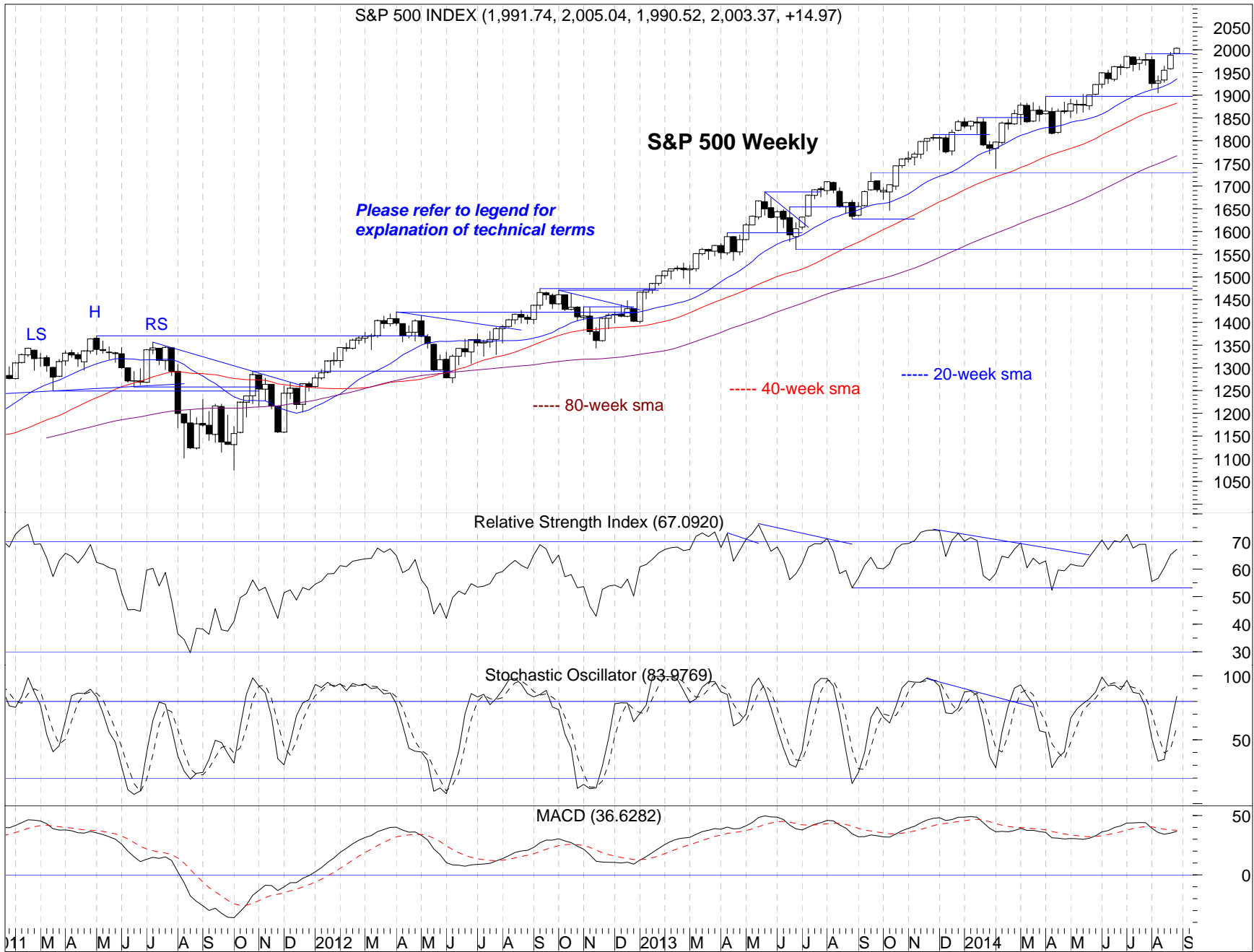
Daily momentum remains positive.



2 9 16 23 30 6 13 21 27 3 10 18 24 3 10 17 24 31 7 14 21 28 5 12 19 27 2 9 16 23 30 7 14 21 28 4 11 18 25 1 S

8/30/2014

S&P 500 INDEX (1,991.74, 2,005.04, 1,990.52, 2,003.37, +14.97)



Please refer to legend for explanation of technical terms

S&P 500 Weekly

----- 80-week sma

----- 40-week sma

----- 20-week sma

Relative Strength Index (67.0920)

Stochastic Oscillator (83.9769)

MACD (36.6282)

Another weekly closing high for the S&P 500.

Weekly momentum is almost all positive.

8/30/2014

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S&P 500 INDEX (1,929.80, 2,005.04, 1,904.78, 2,003.37, +72.70)

Please refer to legend for explanation of technical terms

S&P 500 Monthly

---- 12-month sma

----- 3-month sma

Relative Strength Index (76.5978)

Stochastic Oscillator (88.2383)

MACD (139.303)

97 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014

8/30/2014

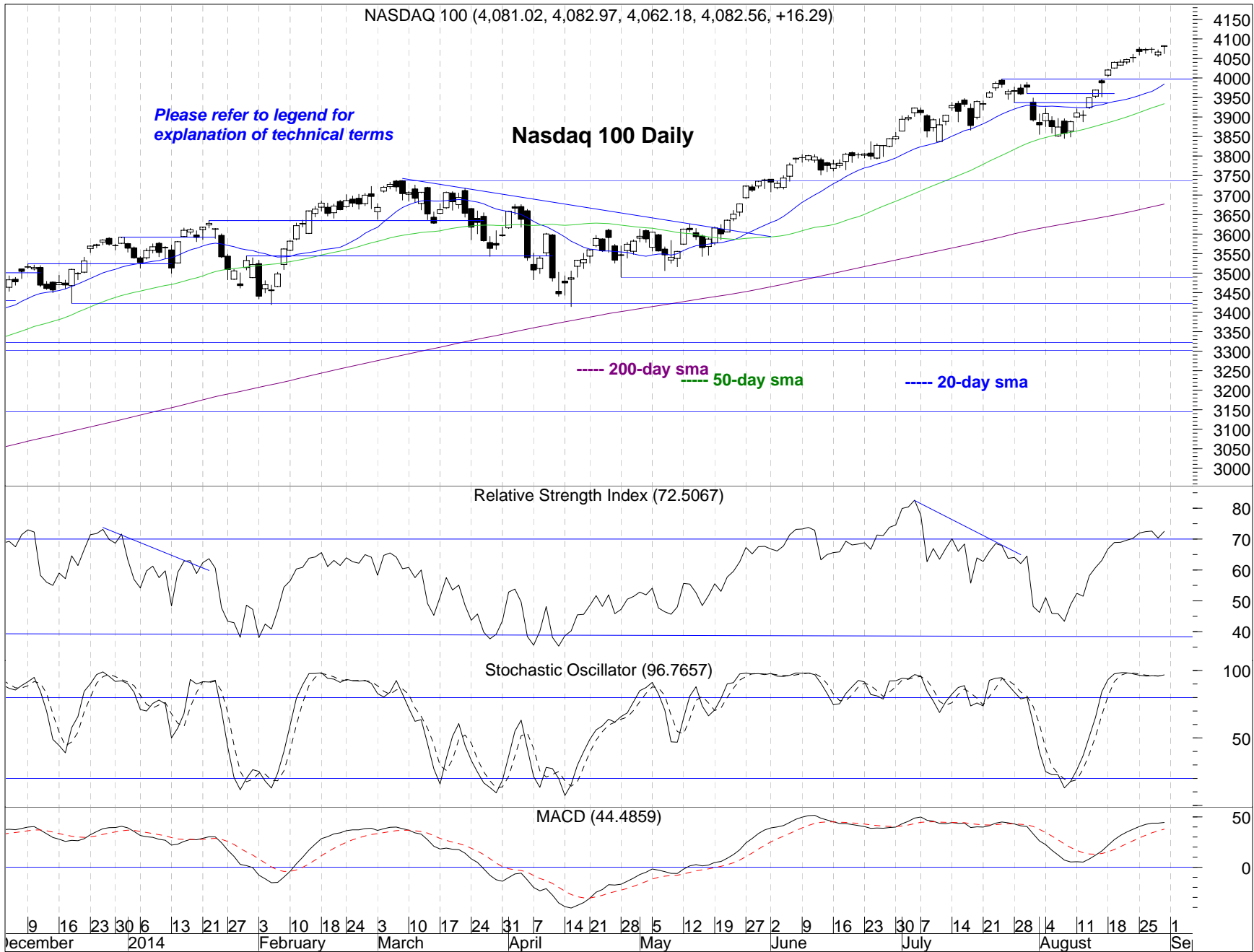
August was another monthly closing high for the S&P 500 as it continues to trade in the ascending channel it has been in since mid-2012.

Monthly momentum is almost all positive but at overbought levels.

NASDAQ 100 (4,081.02, 4,082.97, 4,062.18, 4,082.56, +16.29)

Please refer to legend for explanation of technical terms

Nasdaq 100 Daily



Another intraday and closing high for the nasdaq 1'00.

Daily momentum remains positive although overbought.

8/30/2014

NASDAQ 100 (4,073.48, 4,082.97, 4,054.60, 4,082.56, +29.81)

Nasdaq 100 Weekly

Please refer to legend for explanation of technical terms

----- 80-week sma

----- 40-week sma

----- 20-week sma

Relative Strength Index (74.4104)

Stochastic Oscillator (96.9383)

MACD (122.392)

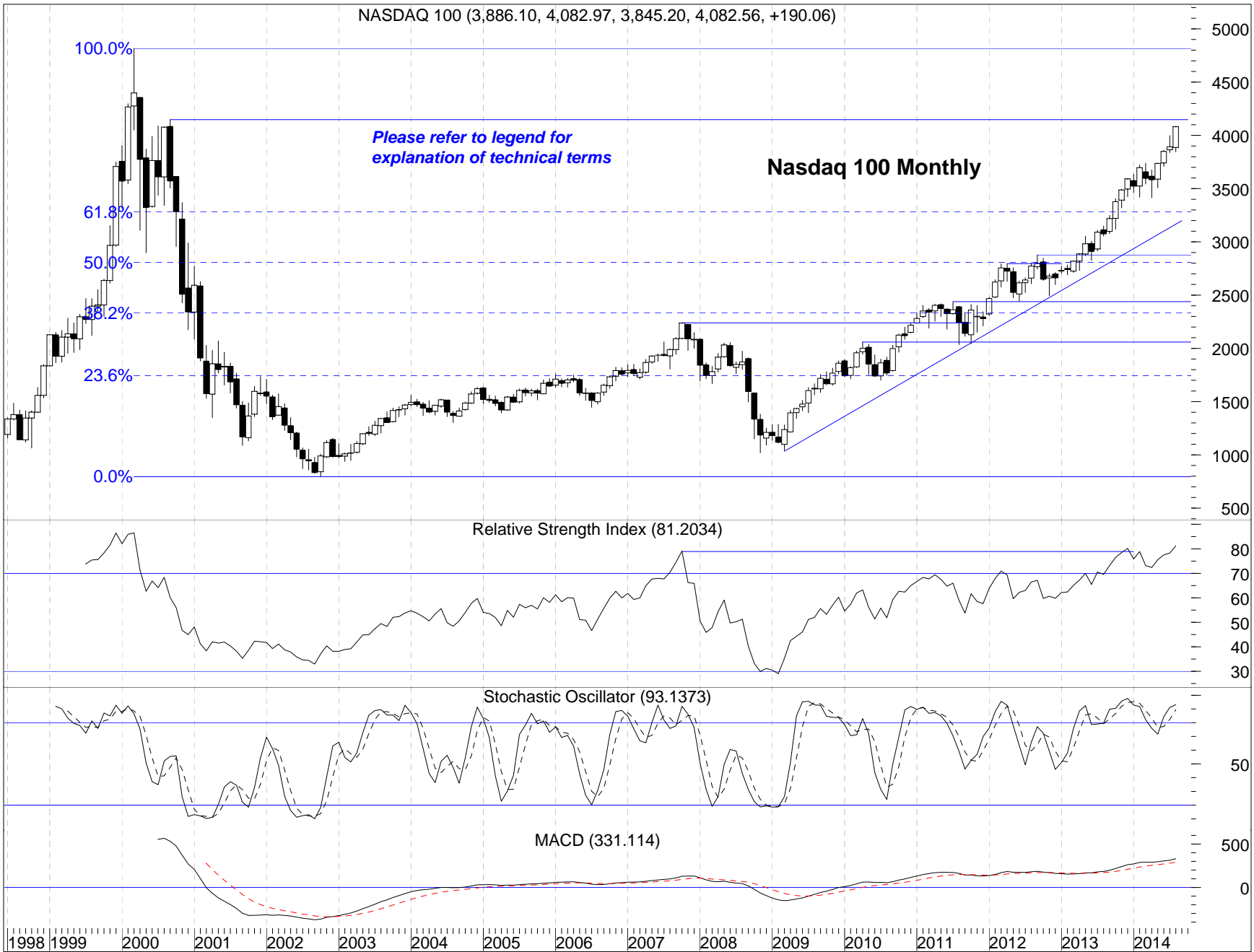
Another new high on the weekly chart for the Nasdaq 100.

Weekly momentum remains positive.

1 M A M J J A S O N D 2012 M A M J J A S O N D 2013 M A M J J A S O N D 2014 M A M J J A S

8/30/2014

NASDAQ 100 (3,886.10, 4,082.97, 3,845.20, 4,082.56, +190.06)



August was the best month since October for the Nasdaq 100, bringing it just under a resistance level from September 2000.

Monthly momentum remains positive although overbought.

8/30/2014

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S&P COMP 1500 (462.240, 463.520, 461.360, 463.500, +1.66000)

Please refer to legend for explanation of technical terms

Advance % (78.03%)

78.03% of the S&P 1500 traded higher Friday. The 5-day average of advancers is 56.5%.

Advance Decline (59,212.00)

The AD line has not yet confirmed the new high in the S&P 1500, but is only 583 net advancers away.

Thrust 10-DMA (59.20%), Thrust 20-DMA (58.20%)

Very positive numbers here.

20-day sma

10-day sma

Price Oscillator (0.61184)

Our price oscillator, a good indicator of trends, remains in positive territory.

Apr May Jun Jul Aug Sep Oct Nov Dec 2013 Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2014 Mar Apr May Jun Jul Aug 8

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S&P COMP 1500 (462.240, 463.520, 461.360, 463.500, +1.66000)

Please refer to legend for explanation of technical terms

% Over 10-Sma (66.10%)

Kaufman Options Indicator (1.080)

4-Week Closing Highs (357), 4-Week Closing Lows (24)

10-SMA 4-Week Closing Highs (304.80), 10-SMA 4-Week Closing Lows (24.00)

13-Week Closing Highs (141), 13-Week Closing Lows (14)

10-sma 13-Week Highs (142.00), 10-sma 13-Week Lows (14.90)

J A S O N D 2011 M A M J J A S O N D 2012 M A M J J A S O N D 2013 M A M J J A S O N D 2014 M A M J J A S

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66.10% of stocks are over their own 10-day moving averages, a negative divergence.

Our proprietary options indicator is 1.08, showing a lot of optimism and the highest level since May 5th. Too much optimism can be a short-term negative for rallies.

Closing price highs have been well above lows. The tiny amount of lows shows that sellers are back on the sidelines. The 10-day average of 4-week closing lows is the lowest since July 2013.

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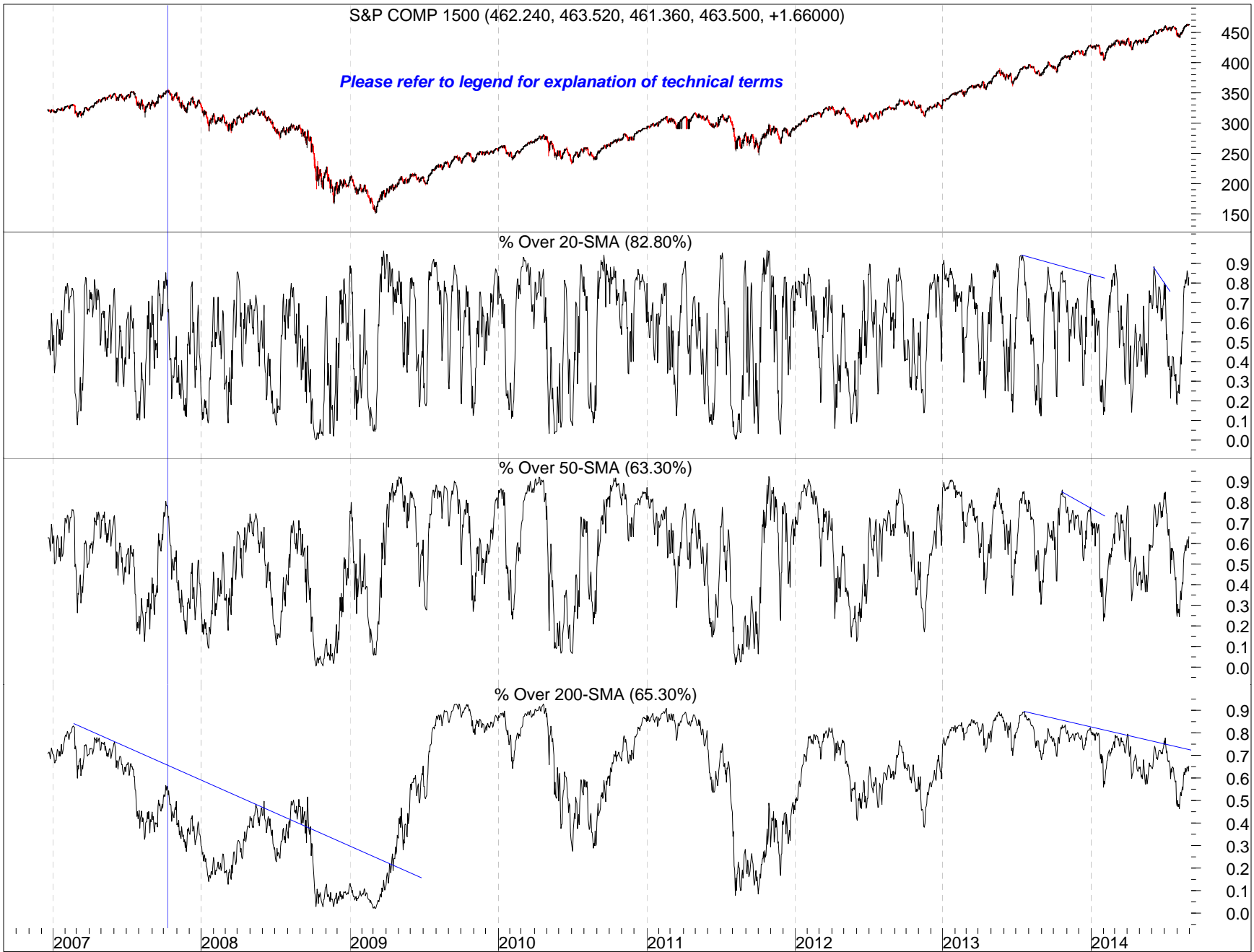
S&P COMP 1500 (462.240, 463.520, 461.360, 463.500, +1.66000)

Please refer to legend for explanation of technical terms

% Over 20-SMA (82.80%)

% Over 50-SMA (63.30%)

% Over 200-SMA (65.30%)



As we said last week, in spite of new highs in the S&P 1500 index the number of stocks over important longer-term moving averages is still less than we like to see. This highlights the need for investors to be selective, and could turn into a warning sign in the future.

8/30/2014

The Kaufman Report - Wayne S. Kaufman, CMT

S&P COMP 1500 (462.240, 463.520, 461.360, 463.500, +1.66000)

Please refer to legend for explanation of technical terms

10 Y TSY YLD NDX (23.4500, 23.5400, 23.2500, 23.4300, +0.09000)

--- 200-day sma --- 50-day sma --- 20-day sma

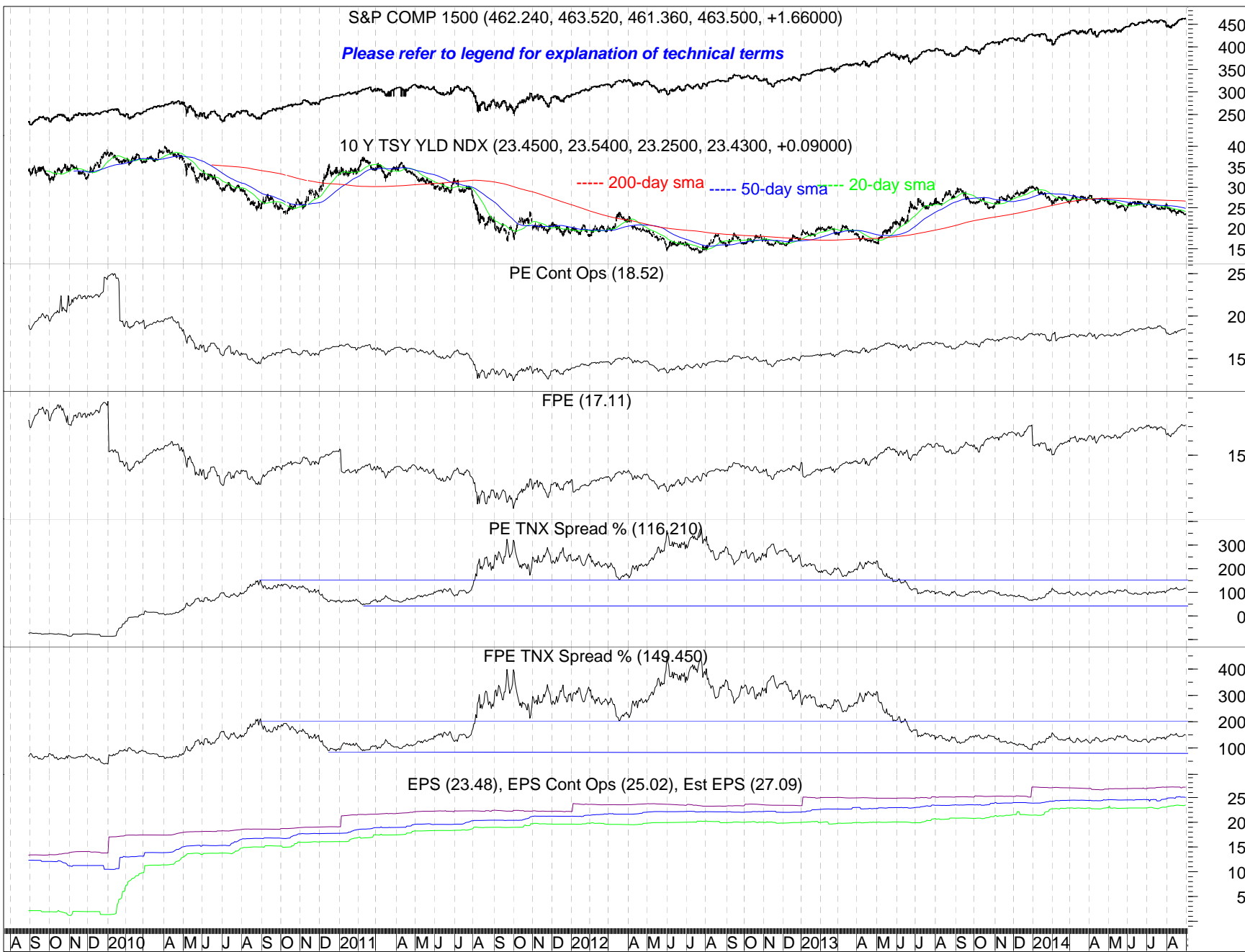
PE Cont Ops (18.52)

FPE (17.11)

PE TNX Spread % (116.210)

FPE TNX Spread % (149.450)

EPS (23.48), EPS Cont Ops (25.02), Est EPS (27.09)



The 10-year note yield remains weak, helping equity valuations.

The P/E based on current EPS is below its recent high, but the P/E based on projections is back at its highs. That is because forecasts have come down a little recently, a trend we don't want to see continue.

Spreads between equity and bond yields remain near the best levels since July 2013. At these levels stocks are extremely attractive versus bonds.

8/30/2014

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10 Y TSY YLD NDX (23.45, 23.54, 23.25, 23.43, +0.09)



10-Year Note Yield Daily

Please refer to legend for explanation of technical terms

----- 200-day sma

----- 50-day sma

----- 20-day sma

Relative Strength Index (35.8310)

Stochastic Oscillator (26.4517)

MACD (-0.35701)

The 10-year note yield is testing its recent intraday lows on the daily chart.

Daily momentum remains mostly negative.

September October November December 2014 February March April May June July August S

8/30/2014

10 Y TSY YLD NDX (23.86, 24.10, 23.22, 23.43, -0.60)

Please refer to legend for explanation of technical terms

10-Year Note Yield Weekly

80-week sma

40-week sma

20-week

Relative Strength Index (38.6955)

Stochastic Oscillator (18.9860)

MACD (-0.70475)

The lowest weekly close since June 2013 for the 10-year note yield.

Weekly momentum is negative.

M J J A S O N D 2011 A M J J A S O N D 2012 A M J J A S O N D 2013 A M J J A S O N D 2014 M A M J J A S

8/30/2014

10 Y TSY YLD NDX (25.82, 25.91, 23.05, 23.43, -2.13)

10-Year Note Yield Monthly



Please refer to legend for explanation of technical terms

-----12-Month sma

-----3-Month sma

Relative Strength Index (47.6863)

Stochastic Oscillator (22.8188)

MACD (0.71908)

The 10-year note yield is breaking support on its monthly chart.

Monthly momentum is mostly negative.

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US DOLLAR INDEX (82.4810, 82.7480, 82.4150, 82.7480, +0.27100)

U.S. Dollar Index Daily

Please refer to legend for explanation of technical terms

-----200-day ----- 50-day sma ----- 20-day sma

Relative Strength Index (76.6426)

Stochastic Oscillator (86.9998)

MACD (0.42341)

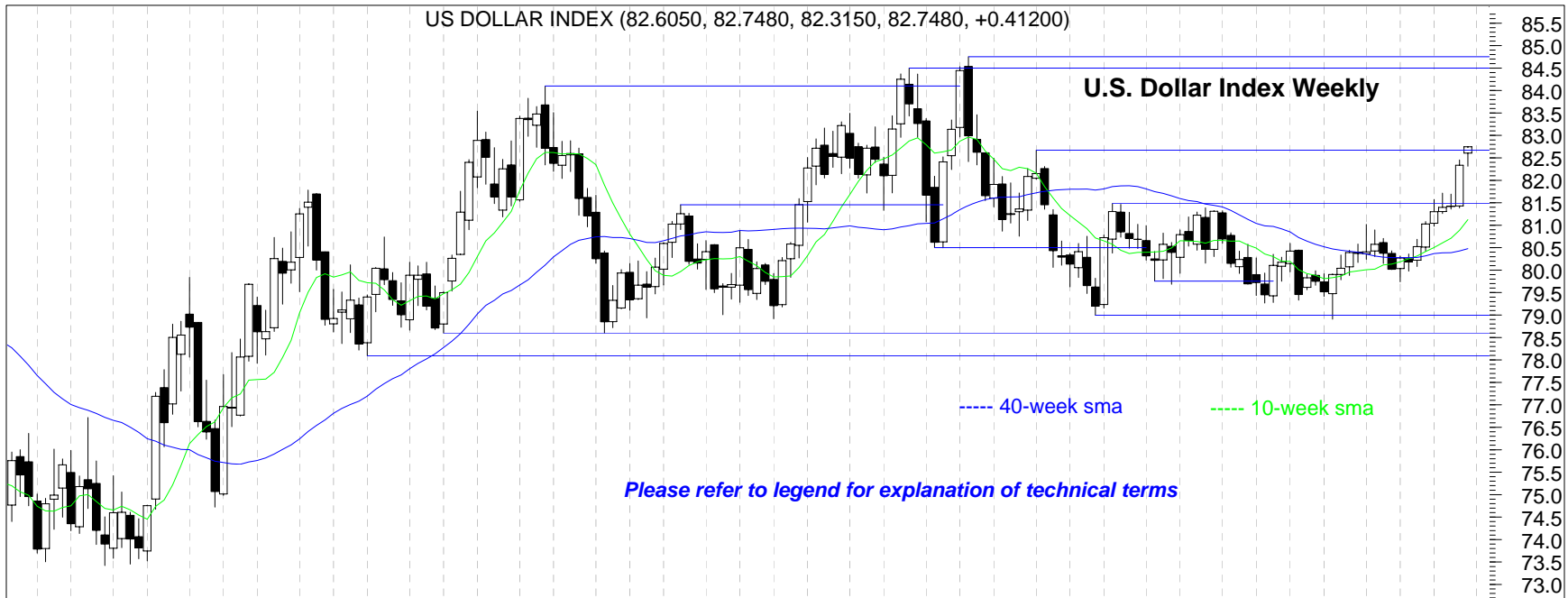
The U.S. Dollar Index continues to show strength as it works its way through another resistance zone on its daily chart.

Daily momentum remains positive but overbought.

July August September November December 2014 February March April May June July August

8/30/2014

US DOLLAR INDEX (82.6050, 82.7480, 82.3150, 82.7480, +0.41200)



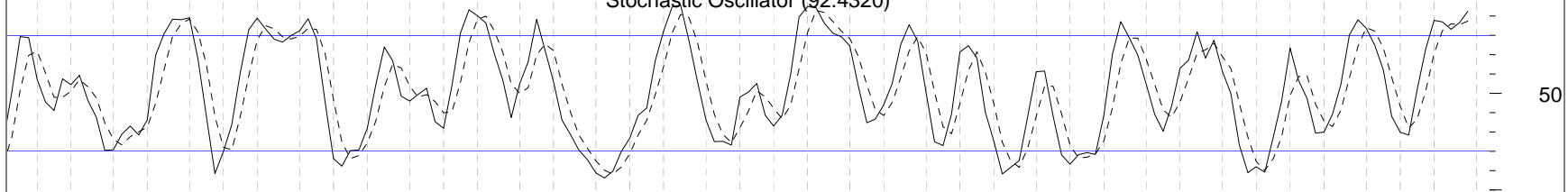
The U.S. Dollar Index is at its highest level since July 2013.

Relative Strength Index (72.4418)

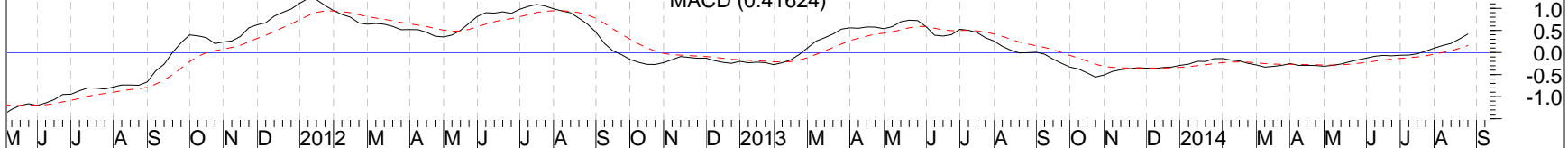


Weekly momentum is positive but overbought.

Stochastic Oscillator (92.4320)



MACD (0.41624)



8/30/2014

US DOLLAR INDEX (81.4440, 82.7480, 81.1880, 82.7360, +1.28000)

Please refer to legend for explanation of technical terms

U.S. Dollar Index Monthly

----- 3-month sma

----- 12-month sma

Relative Strength Index (57.3774)

Stochastic Oscillator (81.2123)

MACD (0.23258)

Another strong month for the U.S. Dollar Index which looks like it wants to challenge the highs of the sideways range it has been in since late 2011.

Monthly momentum is positive and not yet overbought.

1998 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014

8/30/2014

INVESTMENT SPECIFIC DISCLOSURES

You should consider carefully the risks described below before making an investment decision. You should also refer to the other information included or incorporated by reference in the appropriate prospectus, including the financial statements and the related notes. To view prospectuses, please go to:

http://phoenixinc.com/Kaufman_Report_Prospectuses.php

- 1) **GLD (GOLD)** - The value of the Shares relates directly to the value of the gold held by the Trust and fluctuations in the price of gold could materially adversely affect an investment in the Shares. The Shares are designed to mirror as closely as possible the performance of the price of gold, and the value of the Shares relates directly to the value of the gold held by the Trust, less the Trust's liabilities (including estimated accrued expenses). The price of gold has fluctuated widely over the past several years. Several factors may affect the price of gold, including:
 - Global gold supply and demand, which is influenced by such factors as forward selling by gold producers, purchases made by gold producers to unwind gold hedge positions, central bank purchases and sales, and production and cost levels in major gold-producing countries such as South Africa, the United States and Australia;
 - Global or regional political, economic or financial events and situations;
 - Investors' expectations with respect to the rate of inflation;
 - Currency exchange rates;
 - Interest rates; and
 - Investment and trading activities of hedge funds and commodity funds.
- 2) **JJC (BARCLAYS IPATH COPPER ETN)** – You may lose some or your entire principal if you invest in the ETN. Any payment on the ETN at or prior to maturity is subject to the creditworthiness of Barclays Bank PLC and is not guaranteed by any third party.
 - The ETNs are unsecured promises of Barclays Bank and are not secured debt.
 - Even if the value of the underlying index at maturity or upon redemption exceeds its initial level, you may receive less than the principal amount of your ETNs.
 - The market value of the ETN may be influenced by many unpredictable factors
 - Commodity prices may change unpredictably, affecting the value of the indices and the value of the ETN in unforeseeable ways.
- 3) **USO (UNITED STATES OIL FUND ETF)** - USOF is not a mutual fund registered under the Investment Company Act of 1940 and is not subject to regulation under such Act. Some of the risks of investing in USOF include:
 - Investing in crude oil interests subjects USO to the risks of the crude oil industry which could result in large fluctuations in the price of USOF's units.
 - If certain correlations do not exist, then investors may not be able to use USO as a cost-effective way to invest indirectly in crude oil or as a hedge against the risk of loss in oil-related transactions.
 - USOF does not expect to make cash distributions.
 - USOF and its general partner may have conflicts of interest, which may permit them to favor their own interests to your detriment.
- 4) **RISKS ASSOCIATED WITH INTERNATIONAL / FOREIGN ETFs**
 - **TAXES** - Every country has different tax laws, so there may be particular foreign ETFs that are not a good fit for your ETF trading strategy as they may have a negative effect on your tax return.
 - **CURRENCY RATES** – Currency rates for different regions covered by a foreign ETF may be volatile /skewed, certain foreign ETFs may not be a good fit for a portfolio.
 - **LOW TRADING VOLUMES** – Low trading volumes (lack of liquidity) may cause wide “bid-ask spreads” and may diminish the advantage of purchasing an ETF over an Index or security.
 - **LONG INVESTMENT HORIZON** – The intraday trading aspect (short-term) of ETFs may not be suited for longer term investors.
 - **INACTIVITY**- Some foreign ETFs may not be as actively traded as others due to a sector related issues or a regional issue.
 - **NON-REGISTERED SECURITIES** - The securities of non U.S. issuers may not be registered with or subject to the reporting requirements of the U.S. Securities and Exchange Commission. Foreign companies are generally not subject to uniform audit and reporting standards, practices and requirements comparable to those in the U.S. securities. Foreign companies may be more volatile than the securities of comparable U.S. companies.
- 5) **RISKS ASSOCIATED WITH COMMODITIES**
 - **GEOPOLITICAL RISK** – International disagreements, licensing agreement issues, tax structures, environmental concerns and access to technology can cause risk to your investment.
 - **PRICE RISK** – Price risk may arise out of adverse movements in world prices, exchange rates and basis between local and world prices.
 - **SPECULATIVE RISK** – Short term traders can increase market volatility and may have a detrimental effect to your investment
 - **CORPORATE GOVERNANCE RISK** – Corporate fraud

Indexes, Sectors, and Industry Groups

Major Index	Price	Daily	WTD	5-Days	MTD	QTD	YTD	52H	High Dt	52L	Low Dt
Bank of New York Mellon ADR	157.09	0.40%	1.43%	1.43%	1.58%	0.18%	3.31%	159.35	7/3/2014	134.71	8/30/2013
Russell 2000	1173.55	0.65%	1.14%	1.14%	4.77%	-1.63%	0.85%	1213.55	7/1/2014	1009.00	9/3/2013
Nasdaq Composite	4580.27	0.50%	0.92%	0.92%	4.82%	3.90%	9.67%	4580.27	8/29/2014	3581.05	8/30/2013
S&P Midcap 400	1438.33	0.57%	0.87%	0.87%	4.93%	0.38%	7.14%	1452.01	7/1/2014	1170.62	9/3/2013
NYSE Composite	11041.13	0.29%	0.86%	0.86%	2.93%	0.56%	6.16%	11105.85	7/3/2014	9246.89	8/30/2013
S&P 500	2003.33	0.33%	0.75%	0.75%	3.76%	2.20%	8.38%	2005.04	8/26/2014	1628.05	8/30/2013
S&P 1500	463.47	0.35%	0.75%	0.75%	3.86%	1.91%	8.01%	463.82	8/26/2014	377.60	8/30/2013
Nasdaq 100	4082.56	0.40%	0.74%	0.74%	4.88%	6.05%	13.66%	4082.97	8/29/2014	3063.07	8/30/2013
Dow Jones Industrials	17098.32	0.11%	0.57%	0.57%	3.23%	1.61%	3.15%	17153.80	8/26/2014	14719.43	10/9/2013
Dow Jones Transportation	8408.08	0.03%	-0.26%	-0.26%	3.27%	2.51%	13.61%	8515.04	7/23/2014	6237.14	8/30/2013

S&P Sector	Price	Daily	WTD	5-Days	MTD	QTD	YTD	52H	High Dt	52L	Low Dt
Utilities	218.68	0.74%	1.83%	1.83%	4.44%	-2.78%	13.18%	225.35	6/30/2014	184.47	9/4/2013
Telecom Services	160.55	0.69%	1.79%	1.79%	-1.08%	1.45%	3.24%	172.45	7/29/2014	143.28	2/3/2014
Energy	715.72	0.48%	1.66%	1.66%	1.83%	-1.64%	9.83%	738.72	6/23/2014	593.00	8/30/2013
Health Care	737.60	0.40%	1.41%	1.41%	4.72%	4.70%	14.84%	738.17	8/29/2014	566.23	8/29/2013
Financials	313.98	0.52%	1.01%	1.01%	4.02%	2.40%	6.54%	315.22	8/26/2014	260.63	8/30/2013
Materials	318.09	0.16%	0.70%	0.70%	3.55%	1.48%	9.07%	318.45	8/29/2014	253.08	8/29/2013
Consumer Staples	463.80	0.12%	0.61%	0.61%	4.57%	0.97%	4.78%	468.07	7/14/2014	402.20	8/29/2013
Information Technology	664.91	0.45%	0.27%	0.27%	3.68%	5.13%	13.57%	666.13	8/25/2014	503.68	8/30/2013
Consumer Discretionary	544.80	0.00%	0.22%	0.22%	4.33%	2.90%	2.77%	546.84	8/26/2014	454.92	8/30/2013
Industrials	464.00	0.00%	-0.31%	-0.31%	3.94%	-0.35%	2.55%	479.63	6/9/2014	378.75	8/30/2013

S&P Industry Group	Price	Daily	WTD	5-Days	MTD	QTD	YTD	52H	High Dt	52L	Low Dt
Utilities	218.68	0.74%	1.83%	1.83%	4.44%	-2.78%	13.18%	225.35	6/30/2014	184.47	9/4/2013
Telecom Services	160.55	0.69%	1.79%	1.79%	-1.08%	1.45%	3.24%	172.45	7/29/2014	143.28	2/3/2014
Energy	715.72	0.48%	1.66%	1.66%	1.83%	-1.64%	9.83%	738.72	6/23/2014	593.00	8/30/2013
Pharmaceuticals, Biotech & Life Sci	721.04	0.33%	1.55%	1.55%	5.29%	5.25%	15.51%	721.28	8/29/2014	546.75	8/29/2013
Insurance	296.73	0.46%	1.49%	1.49%	5.42%	0.97%	2.64%	299.15	7/3/2014	247.74	8/30/2013
Diversified Financials	482.39	0.60%	1.30%	1.30%	5.04%	3.91%	7.56%	483.36	8/26/2014	389.22	8/30/2013
Food, Beverage & Tobacco	544.91	0.22%	1.21%	1.21%	5.69%	1.17%	7.36%	549.34	6/20/2014	466.32	8/29/2013
Health Care Equip & Services	653.70	0.56%	1.10%	1.10%	3.48%	3.50%	13.40%	655.00	8/29/2014	514.86	8/29/2013
Technology Hardware & Equipmen	703.56	0.26%	0.93%	0.93%	5.01%	6.22%	20.24%	704.80	8/29/2014	511.96	9/16/2013
Automobiles & Components	140.41	0.26%	0.93%	0.93%	2.66%	-2.12%	1.03%	146.81	7/14/2014	125.38	8/29/2013
Banks	222.85	0.50%	0.75%	0.75%	2.81%	1.36%	6.53%	228.93	3/21/2014	185.00	10/9/2013
Retailing	955.70	-0.01%	0.71%	0.71%	8.25%	7.54%	1.69%	959.19	8/27/2014	806.95	8/30/2013
Materials	318.09	0.16%	0.70%	0.70%	3.55%	1.48%	9.07%	318.45	8/29/2014	253.08	8/29/2013
Semiconductors & Equipment	527.37	0.86%	0.54%	0.54%	5.16%	5.82%	24.81%	528.58	7/23/2014	356.76	8/30/2013
Real Estate	175.99	0.44%	0.48%	0.48%	3.24%	3.65%	18.15%	177.17	8/21/2014	143.30	9/3/2013
Commercial & Professional Service	207.19	0.29%	0.12%	0.12%	3.64%	2.03%	7.40%	208.65	8/21/2014	164.93	9/3/2013
Media	462.40	-0.01%	0.03%	0.03%	2.08%	2.64%	7.47%	466.99	7/16/2014	357.74	8/30/2013
Food & Staples Retailing	325.32	-0.14%	0.02%	0.02%	0.95%	-0.66%	2.38%	336.85	6/6/2014	277.52	8/29/2013
Consumer Services	696.55	-0.01%	-0.17%	-0.17%	1.25%	-2.05%	1.62%	720.69	7/3/2014	615.18	10/9/2013
Software & Services	894.81	0.48%	-0.24%	-0.24%	2.47%	4.25%	7.36%	902.43	4/3/2014	701.61	9/4/2013
Household & Personal Products	515.34	0.12%	-0.25%	-0.25%	5.85%	2.30%	1.13%	530.20	11/26/2013	469.34	10/3/2013
Transports	541.89	0.07%	-0.28%	-0.28%	4.17%	1.97%	12.98%	547.20	8/21/2014	397.27	8/30/2013
Capital Goods	493.07	-0.04%	-0.35%	-0.35%	3.91%	-1.16%	-0.34%	518.39	6/9/2014	414.28	8/30/2013
Consumer Durables & Apparel	276.64	-0.10%	-0.96%	-0.96%	3.92%	0.44%	-2.96%	285.53	1/3/2014	237.84	8/29/2013

DATA QUOTED REPRESENTS PAST PERFORMANCE.

PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

Kaufman Report Legend

4-Week Closing Highs – The number of stocks in the S&P 1500 index that closed at the highest daily closing price of the last four weeks.

4-Week Closing Lows - The number of stocks in the S&P 1500 index that closed at the lowest daily closing price of the last four weeks.

10-Sma 4-Week Closing Highs - The 10-day simple moving average of 4-week closing price highs.

10-Sma 4-Week Closing Lows - The 10-day simple moving average of 4-week closing price lows.

10-Sma 13-Week Closing Highs – The 10-day simple moving average of 13-week closing price highs.

10-Sma 13-Week Closing Lows – The 10-day simple moving average of 13-week closing price lows.

13-Week Closing Highs - The number of stocks in the S&P 1500 index that closed at the highest daily closing price of the last thirteen weeks.

13-Week Closing Lows - The number of stocks in the S&P 1500 index that closed at the lowest daily closing price of the last thirteen weeks.

Advance Percentage - The percentage of stocks in the S&P 1500 that closed higher on the day.

Advance Decline Line – The cumulative total of daily net advances minus declines.

Bearish Engulfing Candle - a two candle pattern that occurs after an uptrend. The second candle is down and the close is lower than the open such that the real body of the second candle completely engulfs the real body of the first candle. Considered bearish because it shows a potential reversal of trend and they are frequently seen at tops.

Bullish Engulfing Candle - a two candle pattern that occurs after a downtrend. The second candle is up and the close is higher than the open such that the real body of the second candle completely engulfs the real body of the first candle. Considered bullish because it shows a potential reversal of trend and they are frequently seen at bottoms.

Candle – the name given to the pattern created during a single time increment in Japanese candlestick charting. Candles can apply to any time frame such as minutes, hours, days, weeks, months, etc. Candles are made up of an opening price, a closing price, a high and a low. The candle also has a real body, which is the fat area between the open and the close, and shadows or wicks, which are the thin lines above or below the real body that show the high or low for the candle. When price closes higher than the open the candle is white, or not filled in. When price closes below the open, the candle is dark, or filled in.

Channel lines - parallel trend lines that form the borders of a trading range. Channels can be ascending, descending, or sideways. The top trend line is considered to be price resistance, while the bottom trend line is considered to be support.

Close - the last price of trading during the session. On a daily chart where each candle represents one day the close is the last price of the day. On a weekly chart it is the last price of the week, etc.

Confirmation – when an indicator gives the same or similar interpretation to price or to another indicator. For example, in Dow Theory if the Industrials make a new high but the Transports do not that is considered non-confirmation.

Doji - a candle where the opening price and the closing price are the same or very nearly the same. Doji are considered to show indecision on the part of investors and are frequently seen at turning points.

Dow Theory - a theory about stock movement based on the writings of the first editor of the Wall Street Journal, Charles Dow. Perhaps the most widely used aspect of Dow Theory is the belief that the Industrial and Transportation Averages had to confirm each other. If one made a new high the other needed to confirm it by also making a new high. If not, there is what technicians call “non-confirmation.” This is a simple and appealing theory because if companies manufacture products they also need to ship them. Dow Theory is considered to be an intermediate-term system, not a short-term trading system.

Earnings yield - the theoretical yield of a stock based on the inverse of its P/E ratio. For example, a \$20 stock that earns \$1 per share has a P/E ratio of 20. If you take the \$1 and divide it by 20 that equals 5%, which is the earnings yield. A \$20 stock earning \$2 would have a P/E of 10, and an earnings yield of 10%. Also known as equity yield.

Equity Yield - same as earnings yield.

EPS - Earnings Per Share.

EPS Cont Ops – Earnings per share from continuing operations

Est EPS – Estimated earnings per share

EMA - Exponential Moving Average – A moving average that gives more weight to recent prices in an attempt to reduce the lag inherent in simple moving averages.

Fibonacci - a numerical sequence named after Leonardo Fibonacci. The sequence begins with “0” and “1”, then takes a number and adds it to the number just before it in the sequence to arrive at the number that will come after. The sequence goes 0,1,1,2,3,5,8,13,21,34,55,89,144,233,377, etc. The ratios created by dividing one of the numbers with its preceding or following number are used for measuring retracements or for making projections. Interestingly, the ratios created beginning with the number eight are all about 0.618 or 1.618. This is what is known as the “golden ratio.”

Gap – a price zone on a chart where no trades were executed, resulting in an open space, or “gap” from one price to the next.

H – an abbreviation for “Head” on a head & shoulders pattern.

Hammer - the name given to a single candle that looks like a hammer and has significance due to it appearing at the end of a downtrend. An easy mnemonic is to think the market is “hammering out a bottom.” The exact same candle appearing during an uptrend is NOT called a hammer. In that case it would either be insignificant or it would possibly be a “hanging man” candle.

Hanging Man - a potentially bearish candle appearing in an uptrend. It has the shape of a hammer but is not a hammer because a hammer is a bottoming candle and needs to come during a downtrend. The hanging man requires confirmation from the next candle to confirm the bearish interpretation.

Head and Shoulders – possibly the most famous pattern in technical analysis. It is a bearish topping pattern comprised of at least one left shoulder, which is a short-term peak in price, the head, which is also a peak but

which is higher than the left shoulder, and the right shoulder, which is a third short-term peak in price and which is also lower than the head. A trend line called the “neckline” can be drawn across the areas where support was found during the formation of the peaks. A break of the neckline of a regular head and shoulders pattern has bearish implications. There is also an inverted, or inverse head and shoulders pattern, which is a bullish bottoming pattern. In this case the left shoulder is support during a move lower, the head is support that is even lower than the left shoulder, and the right shoulder is support that is higher than the head. The neckline in this case is drawn across the resistance levels that were created during the formation of the support levels. A break of the neckline has bullish implications.

High – the highest price where trading took place during the session.

High Wave Candle - a candle with very long upper and lower shadows.

Horizontal lines - lines drawn on charts to show support or resistance levels. On momentum indicators they are used to define overbought or oversold zones.

Island Reversal – a chart pattern where there is a gap up or down, a period of trading, then another gap in the opposite direction of the first gap. The two gaps create the boundaries of the “island.” The island can be one or more candles. Island reversals come after an up or downtrend and are considered to be reversal signals.

Kaufman Options Indicator – a proprietary indicator consisting of multiple moving averages of call and put option buying. It is a sentiment indicator so it has a contrarian interpretation. Extreme optimism is bearish, and extreme pessimism is bullish.

Low - the lowest price traded during the defined session.

LS – an abbreviation for “left shoulder” on a head & shoulders pattern.

MACD - Moving Average Convergence Divergence – A momentum indicator created by Gerald Appel. It is comprised of three moving average signal lines, only two of which are seen. These can be user defined. Unlike the stochastic oscillator and the RSI the MACD does not have boundaries. Its most basic use is as an indicator of trends as opposed to readings of overbought or oversold like the stochastic and RSI.

Measured Move - a price move on a chart that has three sections, or “legs”, and in which the first and third legs, which move in the same direction, are of approximately the same size.

Moving Average – The average price of something over a given period of time. For example a 10-day simple moving average is the sum of the last ten days closing price divided by ten.

Neckline - a line drawn the top or bottom of a head & shoulders pattern connecting support levels. On an inverted head and shoulders pattern the line connects resistance levels. The line can be ascending, descending, or horizontal. Drawing a vertical line from the head to the neckline and adding that same length to the other side of the neckline where a breakout or breakdown occurs creates the technical target price.

Negative divergence - when an indicator fails to confirm price or another indicator, that is considered a negative divergence. For example, when an index makes a new high but the number of stocks in the index also making a new high is much fewer than at previous highs for the index, that is a negative divergence.

OHLC – Numbers at the top of price charts reflecting the opening price, high price, low price, closing price, and price change, in that order.

Open - the first price trading occurred during a session.

PE Cont Ops – PE ratio from continuing operations

PE Ratio - possibly the most common way of valuing a stock. It is the price per share divided by the earnings per share. For example, a \$20 stock with earnings of \$1 per share would have a P/E ratio of 20.

FPE – Forward PE, or the PE derived from earnings projections.

PE TNX Spread Percentage – The difference between the equity yield derived from the PE ratio and the 10-year note yield expressed as a percentage.

FPE TNX Spread Percentage – The difference between the FPE (forward PE ratio) equity yield derived from the FPE ratio and the 10-year note yield expressed as a percentage.

Percentage Over 10-Sma – The percentage of stocks in the S&P 1500 that are currently above their own 10-day simple moving average.

Percentage Over 20-Sma – The percentage of stocks in the S&P 1500 that are currently above their own 20-day simple moving average

Percentage Over 50-Sma – The percentage of stocks in the S&P 1500 that are currently above their own 50-day simple moving average.

Percentage Over 200-Sma – The percentage of stocks in the S&P 1500 that are currently above their own 200-day simple moving average.

Price Channel - parallel trend lines that form the borders of a trading range. Channels can be ascending, descending, or sideways. The top trend line is considered to be price resistance, while the bottom trend line is considered to be support.

Price Oscillator – The difference between two moving averages.

Real Body - the fat part of a candle that is between the opening price and the closing price. It does not include the thin lines above and below the real body, which are known as shadows, or wicks.

Relative Strength Index – A momentum oscillator developed by J. Welles Wilder. It compares the strength of losses versus the strength of gains for a period of time defined by the user. The most common is fourteen periods. The RSI can only travel between zero and one-hundred, so there can be times when it flat lines against the boundary. Its most basic use is as an overbought or oversold indicator.

Resistance – an area on a chart where demand (buying) weakened, prices had trouble continuing to go higher, and supply (selling) strengthened, sending prices lower. Can be a particular price or a price zone. A stock moving up may have trouble when it reaches an area of resistance. Resistance points and resistance zones can be notated by trend lines. These trend lines can be sloping up, down, or they can be horizontal. Resistance can frequently be seen in the form of moving averages. In this case it may be theoretical if price has not stopped rising at that same level previously.

RS – the abbreviation for “right shoulder” on the chart of a head & shoulders pattern.

Shadow - shadows are lines that are part of a candle and are on the top or bottom of a real body. The upper shadow top is the high of the session, while the lower shadow bottom is the low of the session. Also called a wick.

SMA – Simple Moving Average - The average price of something over a given period of time. For example a 10-day simple moving average is the sum of the last ten days closing price divided by ten. A 50-day simple moving average (sma) is the sum of the last fifty days closing price divided by fifty.

Spinning Top – a candle with a small real body. Shows indecision, or the tug-of-war between buyers and sellers.

Stochastic Oscillator – Developed by George Lane and based on the observation that in up trends prices tend to close in the upper part of their range while in down trends they close in the lower part of the range. The range can be user defined. The stochastic can only travel between zero and one-hundred, so there can be times when it flat lines against the boundary. Its most basic use is as overbought or oversold indicator.

Support - an area on a chart where supply (selling) weakened, prices had trouble continuing to go lower, and demand strengthened, sending prices higher. Can be a particular price or a price zone. A stock moving down may have trouble going lower when it reaches an area of support. Support points and support zones can be notated by trend lines. These trend lines can be sloping up, down, or they can be horizontal. Support can frequently be seen in the form of moving averages. In this case it may be theoretical if price has not stopped dropping at that same level previously.

Thrust DMA – The 10-day simple moving average of the daily percentage of advancing stocks on the S&P 1500.

TNX – The 10-year note yield.

Trend Lines – lines drawn on charts to show support or resistance levels.

Triangle - a chart pattern that forms the shape of a triangle. Can be ascending, descending, or symmetrical.

Vertical lines – seen on charts to designate different time zones. Also used as a visual aid to line up important points on price charts with their corresponding point on technical indicators.

Wedge - a chart pattern that looks like a triangle but where the top and bottom borders each slope in the same direction. In a bearish wedge each border slopes up. In a bullish wedge each border slopes down.

Wick - see shadow.