



# US DIRECTIONAL EQUITY DASHBOARD

As of January 31, 2022

## COMMENTARY

- Our central expectation from narrative space—continued volatility in rates and FX—materialized in January with the sell-off across nearly all duration –sensitive assets.
- The central mystery at the heart of risk allocation decisions today, however, is how much of the decline in growth and speculative assets thus far and going forward can be attributed to three narrative sources:
  - Inflation-related decision-making to reduce discretionary expenditures (esp. in households);
  - Exogenous decisions to reduce discretionary expenditures (e.g. end-of-pandemic changes); or
  - Interest rate-driven reduction in attractiveness of long duration / speculative assets.
- The greater the degree to which the third narrative (and yes, reality!) dominates the first two, the shorter-lived and shallower we think the correction for risky assets will be.
- Accordingly, what we are looking for most has less to do with inflation and hawkishness, where common knowledge is nearly uniform and in full effect. Everybody knows everybody knows inflation was never transitory, and everybody knows everybody knows the Fed is taking it seriously.
- **Instead, we are focused on whether and when a narrative emerges that [everything]-a-a-service, infinite addressable market consumer business models plays are permanently broken.**

## SIGNAL VALUES AS OF JANUARY 31, 2022

SIGNAL CATEGORY	SIGNAL STATE	DIRECTION
Central Bank Policy	Mixed	Neutral
Stock Story Types	Fundamentals-Focused	Bearish
Cheap Narrative	Neutral	Neutral
Expensive Narrative	Neutral	Neutral
Cheap vs. Expensive	Neutral	Neutral
Fading Expensive Narrative	Neutral	Neutral (New)
Rising Expensive Narrative	High	Bearish (New)
Bullish Narrative	Neutral	Neutral
Bearish vs. Bullish	Neutral	Neutral
Aggregate View		Slightly Bearish

**Important Disclosures:** These signals are provided for research purposes only and have not been customized to the specific circumstances of any client. There can be no guarantee that any investment strategy based on these signals would be successful, or that their success in the past would be indicative of similar success in the future. Investors should consider a wide range of factors specific to their portfolio and circumstances before making any investment decisions. The S&P 500 is a market cap-weighted index of approximately US large capitalization stocks. These signals and triggers are historical simulations. They did not exist in the periods examined. While efforts to examine economically intuitive relationships are core to our process, knowledge about the past inevitably skews the creation of such models. You should examine their results with skepticism and care. Past performance is NOT a guarantee of future results.



# US DIRECTIONAL EQUITY DASHBOARD

As of January 31, 2022

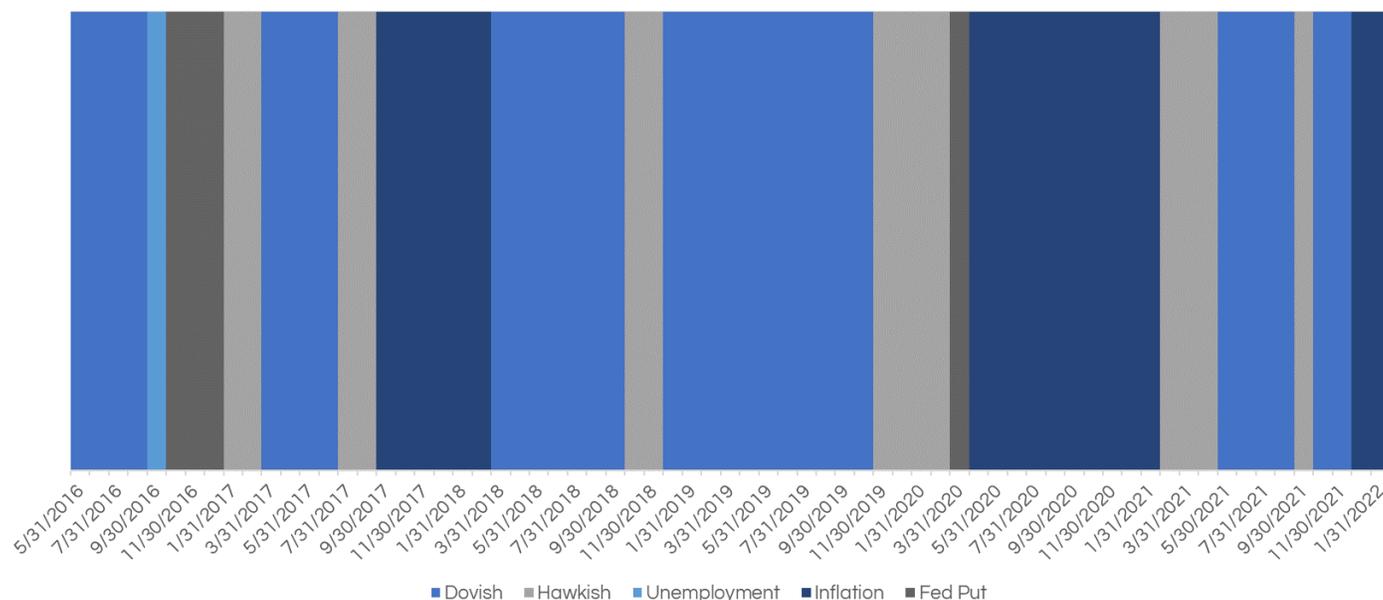
## SIGNAL REFERENCE—CENTRAL BANK POLICY

This model examines the Density and Narrative Strength / Attention of certain archetypal narratives relating to Central Bank Policy. We classify the dominant narrative among five such archetypes, which we believe reflect different states of common knowledge that both respond to and influence investor behavior. Present archetypes include Dovish, Hawkish, Inflation-Focused, Unemployment-Focused and Fed Put. Historical subsequent period results for directional S&P 500 exposure and historical states for the model are presented below.

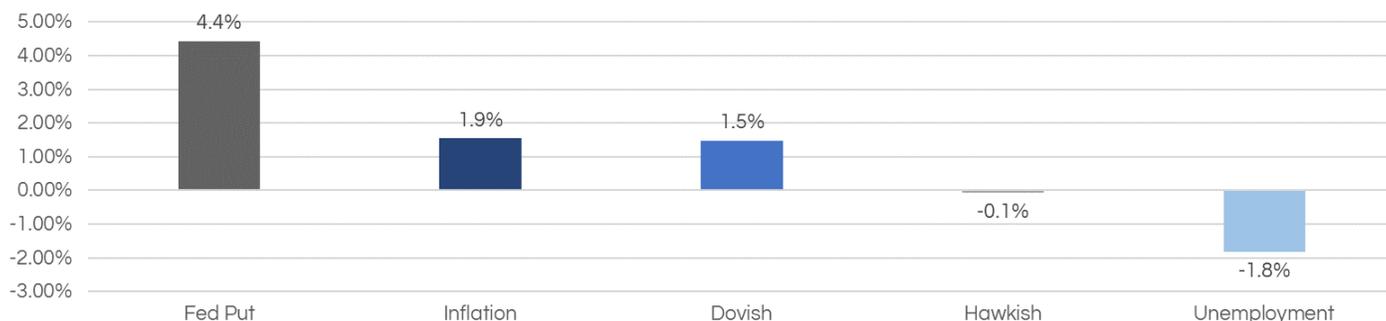
CURRENT STATE

INFLATION / MIXED (NEUTRAL)

## HISTORICAL SIGNAL TRIGGER PERIODS



## HISTORICAL MONTHLY S&P RETURNS BY STATE



**Important Disclosures:** These signals are provided for research purposes only and have not been customized to the specific circumstances of any client. There can be no guarantee that any investment strategy based on these signals would be successful, or that their success in the past would be indicative of similar success in the future. Investors should consider a wide range of factors specific to their portfolio and circumstances before making any investment decisions. The S&P 500 is a market cap-weighted index of approximately US large capitalization stocks. These signals and triggers are historical simulations. They did not exist in the periods examined. While efforts to examine economically intuitive relationships are core to our process, knowledge about the past inevitably skews the creation of such models. You should examine their results with skepticism and care. Past performance is NOT a guarantee of future results.



# US DIRECTIONAL EQUITY DASHBOARD

As of January 31, 2022

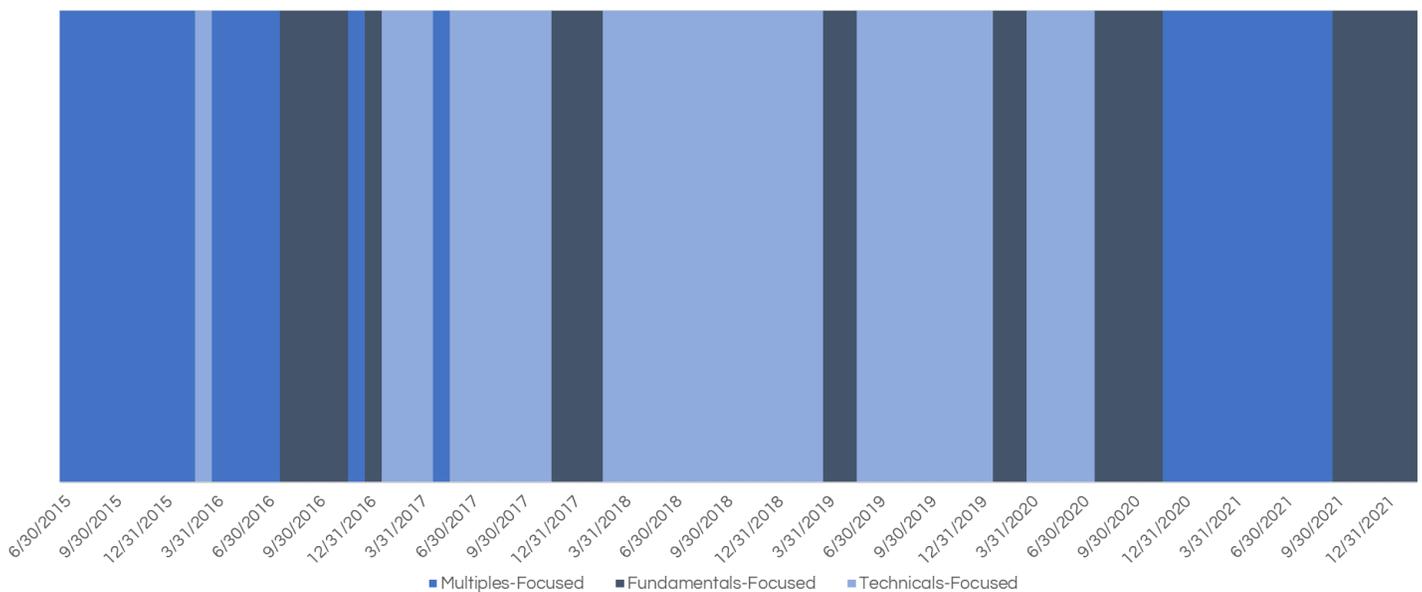
## SIGNAL REFERENCE—STOCK STORY TYPES

This model examines the Density and Narrative Strength / Attention of certain linguistic archetypes of investment theses promoted in financial media and by sell side research houses. We think there are three such archetypes: multiples-focused, technicals-focused or fundamentals-focused. That is, analysts and commentators tend to describe why investments are attractive or unattractive using one or more of those linguistic sets. We think the market's varying tendency to frame investment outcomes in terms of each of these archetypes is indicative of risk appetites.

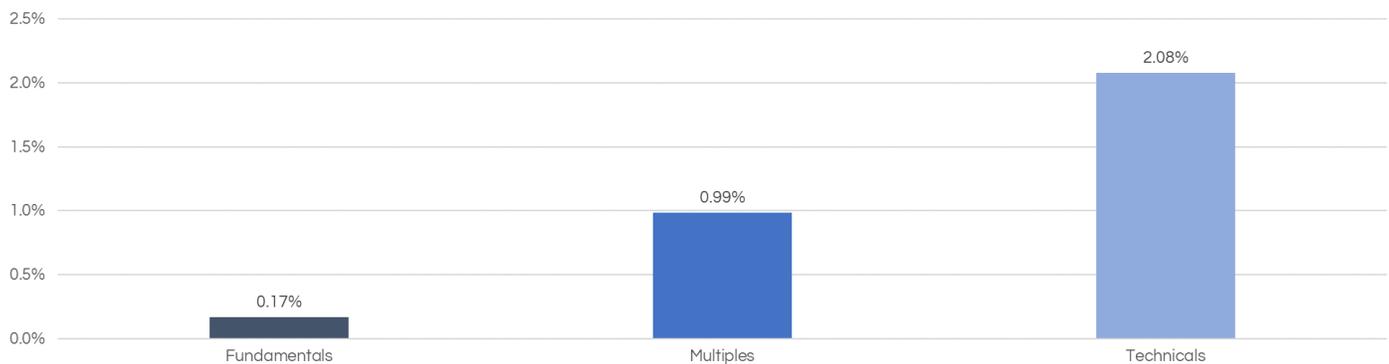
CURRENT STATE

FUNDAMENTALS-FOCUSED (BEARISH)

## HISTORICAL SIGNAL TRIGGER PERIODS



## HISTORICAL MONTHLY S&P RETURNS BY STATE



**Important Disclosures:** These signals are provided for research purposes only and have not been customized to the specific circumstances of any client. There can be no guarantee that any investment strategy based on these signals would be successful, or that their success in the past would be indicative of similar success in the future. Investors should consider a wide range of factors specific to their portfolio and circumstances before making any investment decisions. The S&P 500 is a market cap-weighted index of approximately US large capitalization stocks. These signals and triggers are historical simulations. They did not exist in the periods examined. While efforts to examine economically intuitive relationships are core to our process, knowledge about the past inevitably skews the creation of such models. You should examine their results with skepticism and care. Past performance is NOT a guarantee of future results.



# US DIRECTIONAL EQUITY DASHBOARD

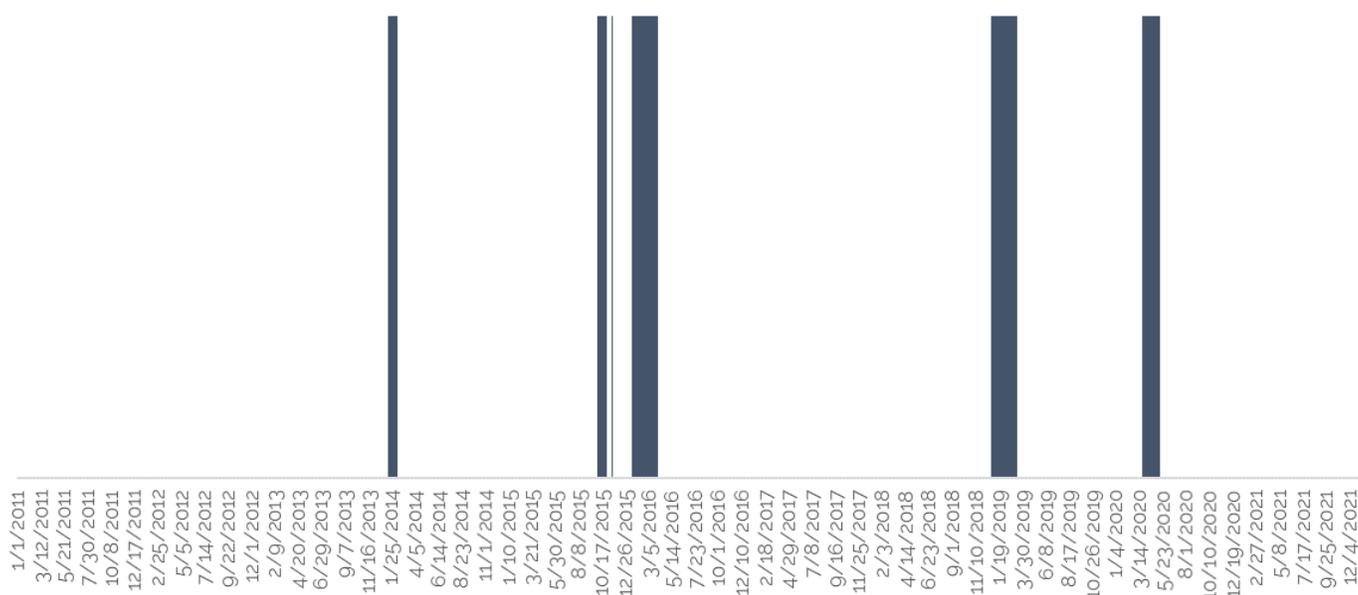
As of January 31, 2022

## SIGNAL REFERENCE—EXTREME CHEAP NARRATIVE

This model examines the Density and Narrative Strength / Attention of narratives describing the stock market in general as being inexpensive, cheap or a “good value.” We believe that extreme values for these language patterns may be predictive of marginal investor buying behaviors and above average forward-looking excess returns for equity markets, sectors and individual securities. **The signal indicates LONG S&P 500 exposure on an extreme value.**

CURRENT STATE	NEUTRAL
HIST. DAILY S&P RETURN WHEN ACTIVE	0.32%

## HISTORICAL SIGNAL TRIGGER PERIODS



MOST RECENT >30 DAY TRIGGERS	ACTIVE PERIOD S&P RETURN	ANN. ACTIVE PERIOD S&P RETURN
03/24/2020—05/14/2020	27.83%	460.27%
12/28/2018—03/14/2019	13.40%	81.46
01/01/2016—03/31/2016	10.08%	61.62%
10/05/2015—11/02/2015	7.94%	161.70%

**Important Disclosures:** These signals are provided for research purposes only and have not been customized to the specific circumstances of any client. There can be no guarantee that any investment strategy based on these signals would be successful, or that their success in the past would be indicative of similar success in the future. Investors should consider a wide range of factors specific to their portfolio and circumstances before making any investment decisions. The S&P 500 is a market cap-weighted index of approximately US large capitalization stocks. These signals and triggers are historical simulations. They did not exist in the periods examined. While efforts to examine economically intuitive relationships are core to our process, knowledge about the past inevitably skews the creation of such models. You should examine their results with skepticism and care. Past performance is NOT a guarantee of future results.



# US DIRECTIONAL EQUITY DASHBOARD

As of January 31, 2022

## SIGNAL REFERENCE—EXTREME EXPENSIVE NARRATIVE

This model examines the Density and Narrative Strength / Attention of narratives describing the stock market in general as being expensive or overpriced. We believe that extreme values for these language patterns may be predictive of marginal investor selling behaviors and below average forward-looking excess returns for equity markets, sectors and individual securities. **The signal indicates SHORT or REDUCED S&P 500 exposure on an extreme value.**

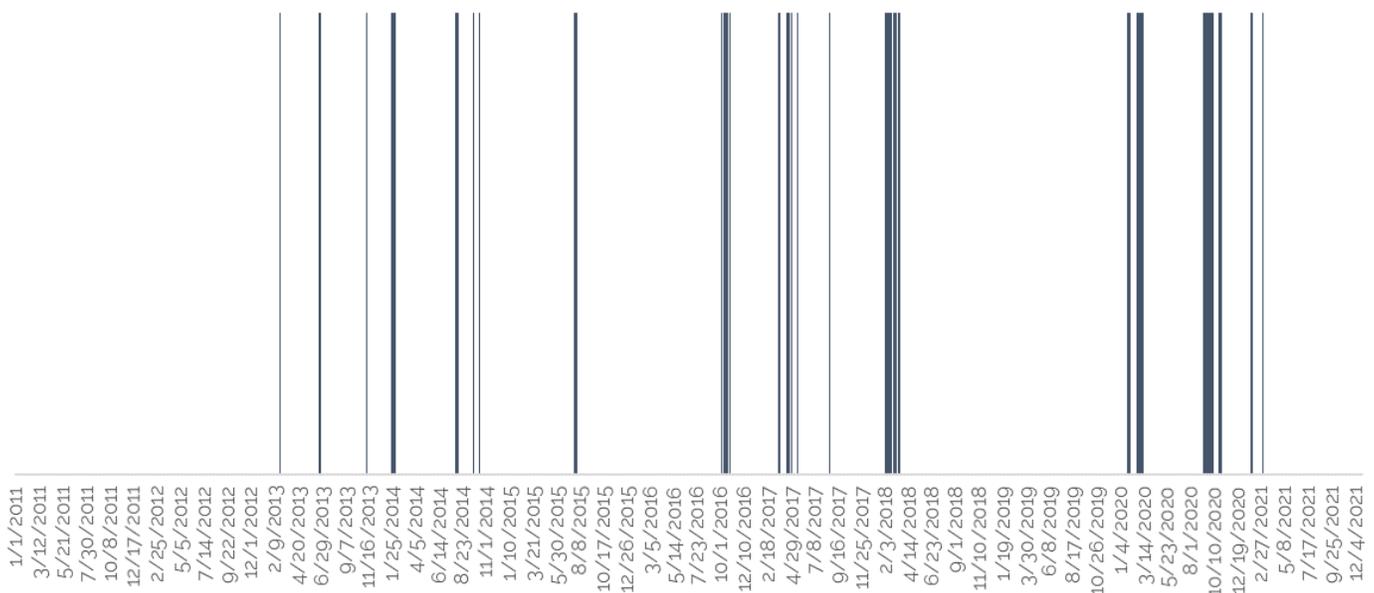
CURRENT STATE

NEUTRAL

HIST. DAILY S&P RETURN WHEN ACTIVE

0.00%

## HISTORICAL SIGNAL TRIGGER PERIODS



MOST RECENT TRIGGERS	ACTIVE PERIOD S&P RETURN	ANN. ACTIVE PERIOD S&P RETURN
09/04/2020—11/04/2020	-0.13%	-0.75%
02/25/2020—03/20/2020	-28.42%	N/A
03/14/2018—04/02/2018	-6.56%	-71.01%
10/12/2016—11/07/2016	-0.14%	-1.85%

**Important Disclosures:** These signals are provided for research purposes only and have not been customized to the specific circumstances of any client. There can be no guarantee that any investment strategy based on these signals would be successful, or that their success in the past would be indicative of similar success in the future. Investors should consider a wide range of factors specific to their portfolio and circumstances before making any investment decisions. The S&P 500 is a market cap-weighted index of approximately US large capitalization stocks. These signals and triggers are historical simulations. They did not exist in the periods examined. While efforts to examine economically intuitive relationships are core to our process, knowledge about the past inevitably skews the creation of such models. You should examine their results with skepticism and care. Past performance is NOT a guarantee of future results.



# US DIRECTIONAL EQUITY DASHBOARD

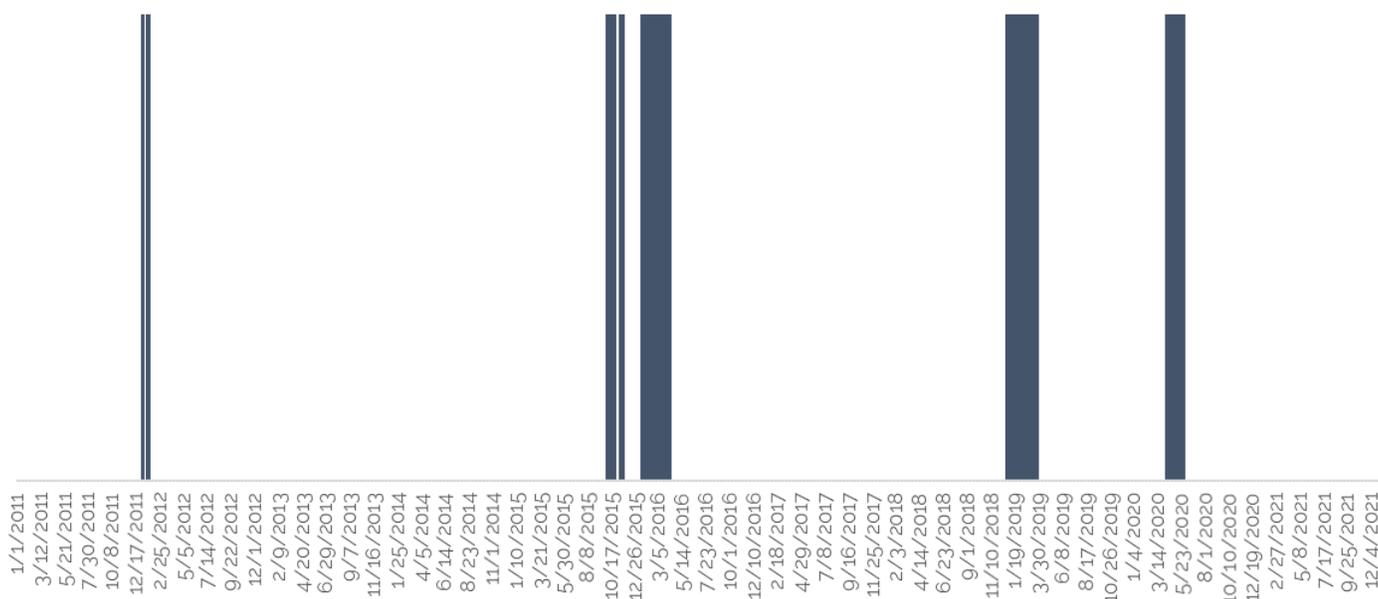
As of January 31, 2022

## SIGNAL REFERENCE—CHEAP VS. EXPENSIVE

This model examines the relative deviation of the Density and Narrative Strength / Attention of narratives describing the stock market as being cheap and expensive, respectively, relative to their historical norms. In short, we believe that the *relative dominance* of cheap archetypal language over expensive archetypal language may be predictive of investor risk-taking behaviors above and beyond the raw value of the density and influence of cheap language itself. **The signal indicates LONG or INCREASED S&P 500 exposure on an extreme value differential in favor of Cheap language.**

CURRENT STATE	NEUTRAL
HIST. DAILY S&P RETURN WHEN ACTIVE	0.28%

## HISTORICAL SIGNAL TRIGGER PERIODS



MOST RECENT >30 DAY TRIGGERS	ACTIVE PERIOD S&P RETURN	ANN. ACTIVE PERIOD S&P RETURN
04/08/2020—06/05/2020	20.53%	217.34%
12/26/2018—03/29/2019	21.23%	111.15%
01/19/2016—04/13/2016	11.38%	58.01%
10/06/2015—11/24/2015	7.41%	68.52%

**Important Disclosures:** These signals are provided for research purposes only and have not been customized to the specific circumstances of any client. There can be no guarantee that any investment strategy based on these signals would be successful, or that their success in the past would be indicative of similar success in the future. Investors should consider a wide range of factors specific to their portfolio and circumstances before making any investment decisions. The S&P 500 is a market cap-weighted index of approximately US large capitalization stocks. These signals and triggers are historical simulations. They did not exist in the periods examined. While efforts to examine economically intuitive relationships are core to our process, knowledge about the past inevitably skews the creation of such models. You should examine their results with skepticism and care. Past performance is NOT a guarantee of future results.



# US DIRECTIONAL EQUITY DASHBOARD

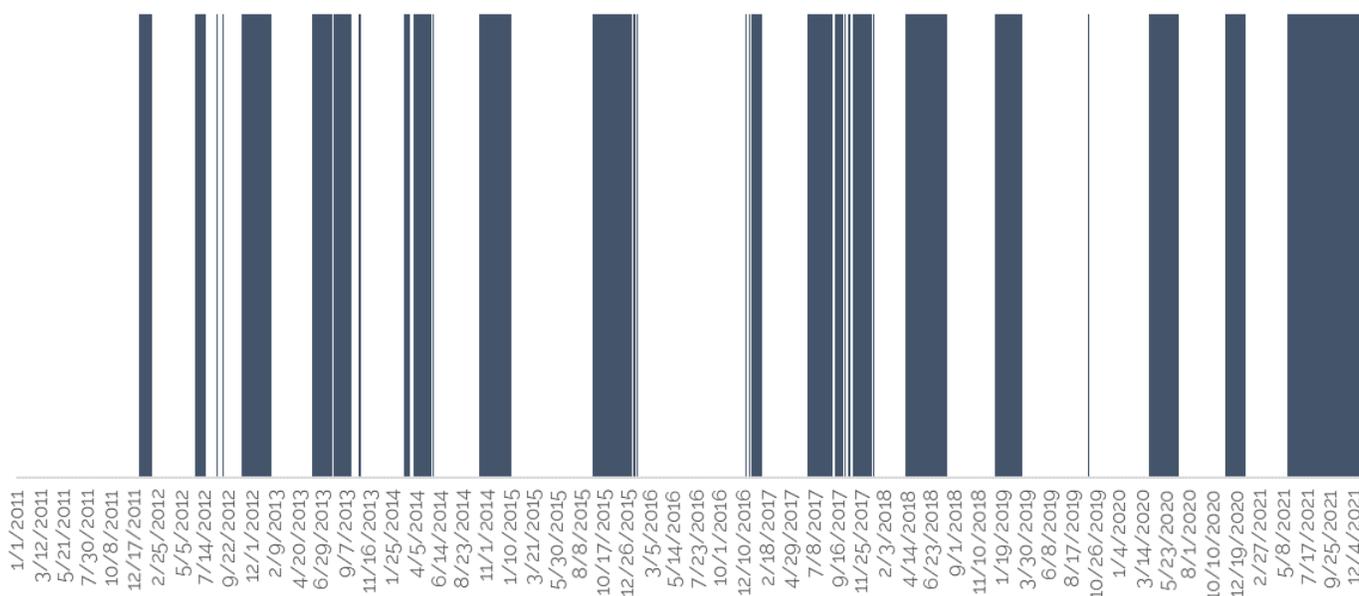
As of January 31, 2022

## SIGNAL REFERENCE— FADING EXPENSIVE NARRATIVE

This model examines the rate of change of the Density and Narrative Strength / Attention of narratives describing the stock market as being expensive. In short, we believe that sharp rates of change in the use of archetypal language in favor of cheapness may be predictive of investor risk-taking behaviors above and beyond the raw value of the density and influence of cheap language itself. **The signal indicates INCREASED S&P 500 exposure on a rapid shift away from Expensive archetypal language.**

CURRENT STATE	NEUTRAL (NEW)
HIST. DAILY S&P RETURN WHEN ACTIVE	0.12%

## HISTORICAL SIGNAL TRIGGER PERIODS



MOST RECENT >30 DAY TRIGGERS	ACTIVE PERIOD S&P RETURN	ANN. ACTIVE PERIOD S&P RETURN
05/24/2021—01/04/2022	16.38%	27.91%
11/20/2020—01/14/2021	6.22%	48.16%
04/06/2020—06/29/2020	23.24%	145.33%
12/31/2018—03/22/2019	13.23%	73.87%

**Important Disclosures:** These signals are provided for research purposes only and have not been customized to the specific circumstances of any client. There can be no guarantee that any investment strategy based on these signals would be successful, or that their success in the past would be indicative of similar success in the future. Investors should consider a wide range of factors specific to their portfolio and circumstances before making any investment decisions. The S&P 500 is a market cap-weighted index of approximately US large capitalization stocks. These signals and triggers are historical simulations. They did not exist in the periods examined. While efforts to examine economically intuitive relationships are core to our process, knowledge about the past inevitably skews the creation of such models. You should examine their results with skepticism and care. Past performance is NOT a guarantee of future results.



# US DIRECTIONAL EQUITY DASHBOARD

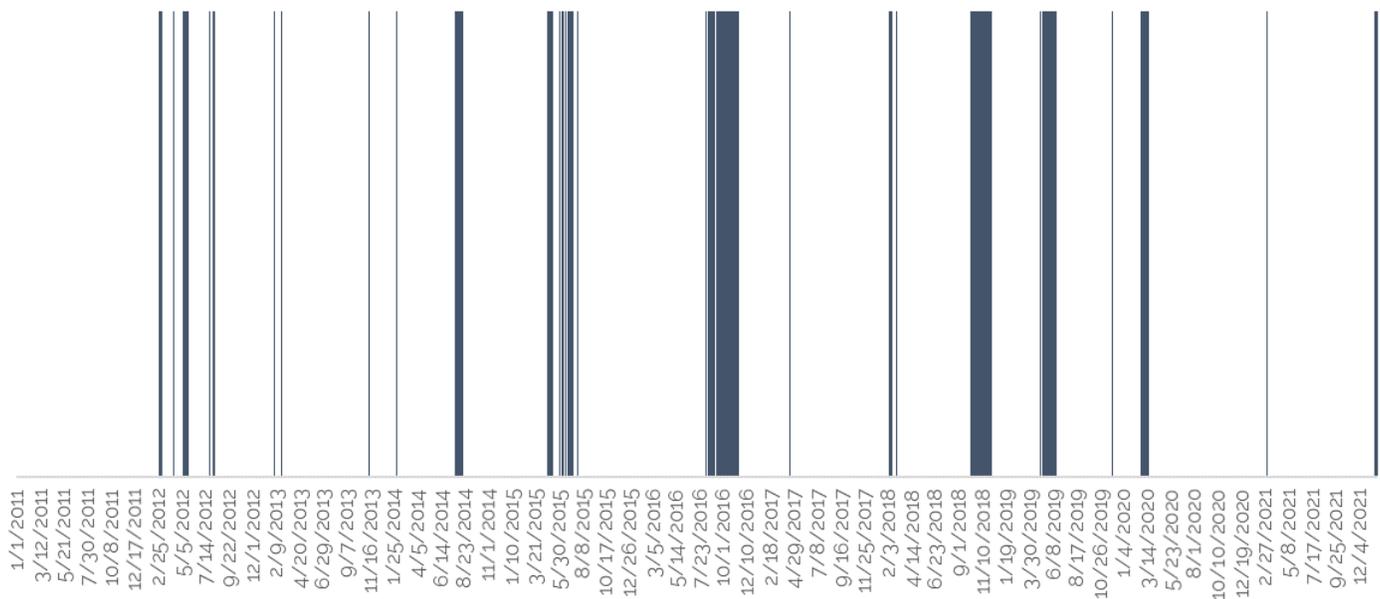
As of January 31, 2022

## SIGNAL REFERENCE — RISING EXPENSIVE NARRATIVE

This model examines the rate of change of the Density and Narrative Strength / Attention of narratives describing the stock market as being expensive. In short, we believe that sharp rates of change in the use of archetypal language in favor of cheapness may be predictive of investor risk-taking behaviors above and beyond the raw value of the density and influence of cheap language itself. **The signal indicates REDUCED S&P 500 exposure on a rapid shift toward Expensive archetypal language.**

CURRENT STATE	BEARISH
HIST. DAILY S&P RETURN WHEN ACTIVE	-0.06%

## HISTORICAL SIGNAL TRIGGER PERIODS



MOST RECENT >30 DAY TRIGGERS	ACTIVE PERIOD S&P RETURN	ANN. ACTIVE PERIOD S&P RETURN
02/26/2020—03/20/2020	-26.19%	N/A
05/02/2019—06/18/2019	0.14%	1.08%
10/09/2018—12/08/2018	-8.36%	-41.21%
08/11/2016—11/15/2016	0.80%	3.04%

**Important Disclosures:** These signals are provided for research purposes only and have not been customized to the specific circumstances of any client. There can be no guarantee that any investment strategy based on these signals would be successful, or that their success in the past would be indicative of similar success in the future. Investors should consider a wide range of factors specific to their portfolio and circumstances before making any investment decisions. The S&P 500 is a market cap-weighted index of approximately US large capitalization stocks. These signals and triggers are historical simulations. They did not exist in the periods examined. While efforts to examine economically intuitive relationships are core to our process, knowledge about the past inevitably skews the creation of such models. You should examine their results with skepticism and care. Past performance is NOT a guarantee of future results.



# US DIRECTIONAL EQUITY DASHBOARD

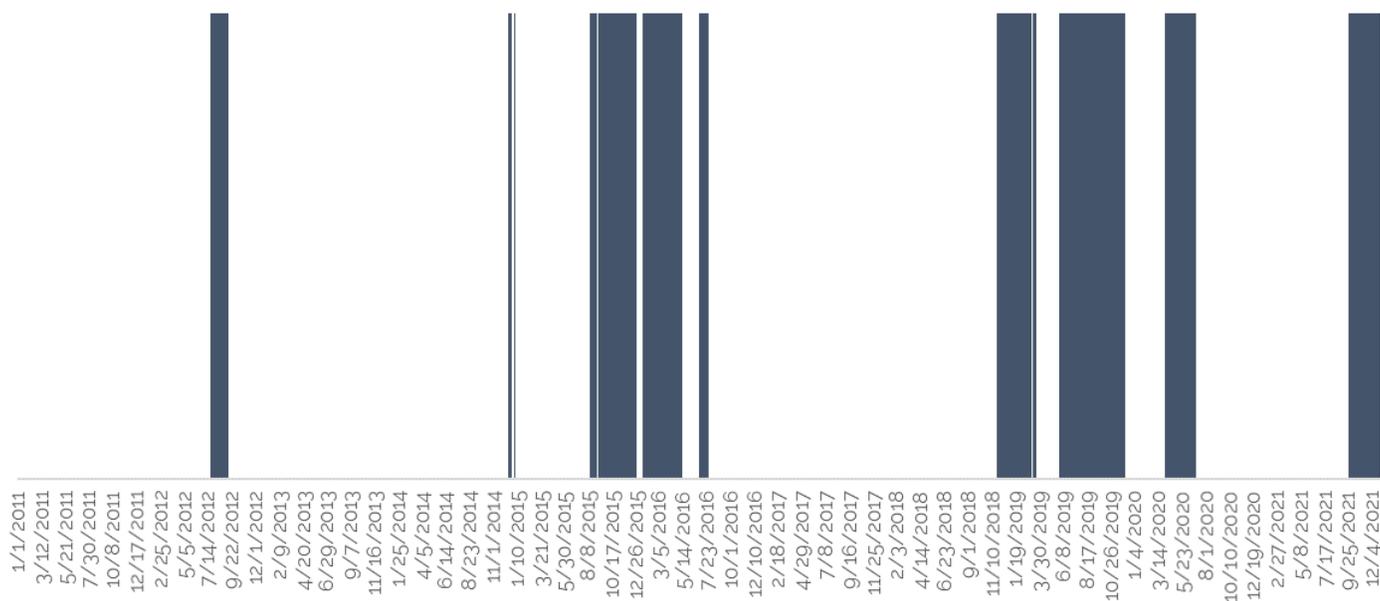
As of January 31, 2022

## SIGNAL REFERENCE— BEARISH VS. BULLISH

This model examines the relative deviation of the Density and Narrative Strength / Attention of narratives describing using the tropes and linguistic patterns of bullish and bearish archetypes, respectively, relative to their historical norms. We believe that the *relative dominance* of bearish over bullish archetypes may be indicative of a narrative structure saturated by pessimism in ways that create upside asymmetry to individual assets and risky assets more broadly. The signal indicates **LONG** or **INCREASED S&P 500 exposure on an extreme value differential in favor of Bearish language.**

CURRENT STATE	NEUTRAL
HIST. DAILY S&P RETURN WHEN ACTIVE	0.14%

## HISTORICAL SIGNAL TRIGGER PERIODS



MOST RECENT >30 DAY TRIGGERS	ACTIVE PERIOD S&P RETURN	ANN. ACTIVE PERIOD S&P RETURN
09/27/2021– 12/29/2021	7.96%	34.62%
04/06/2020—07/02/2020	26.38%	164.11%
05/29/2019—12/06/2019	12.74%	25.61%
11/28/2018—03/19/2019	6.21%	21.70%

**Important Disclosures:** These signals are provided for research purposes only and have not been customized to the specific circumstances of any client. There can be no guarantee that any investment strategy based on these signals would be successful, or that their success in the past would be indicative of similar success in the future. Investors should consider a wide range of factors specific to their portfolio and circumstances before making any investment decisions. The S&P 500 is a market cap-weighted index of approximately US large capitalization stocks. These signals and triggers are historical simulations. They did not exist in the periods examined. While efforts to examine economically intuitive relationships are core to our process, knowledge about the past inevitably skews the creation of such models. You should examine their results with skepticism and care. Past performance is NOT a guarantee of future results.



# US DIRECTIONAL EQUITY DASHBOARD

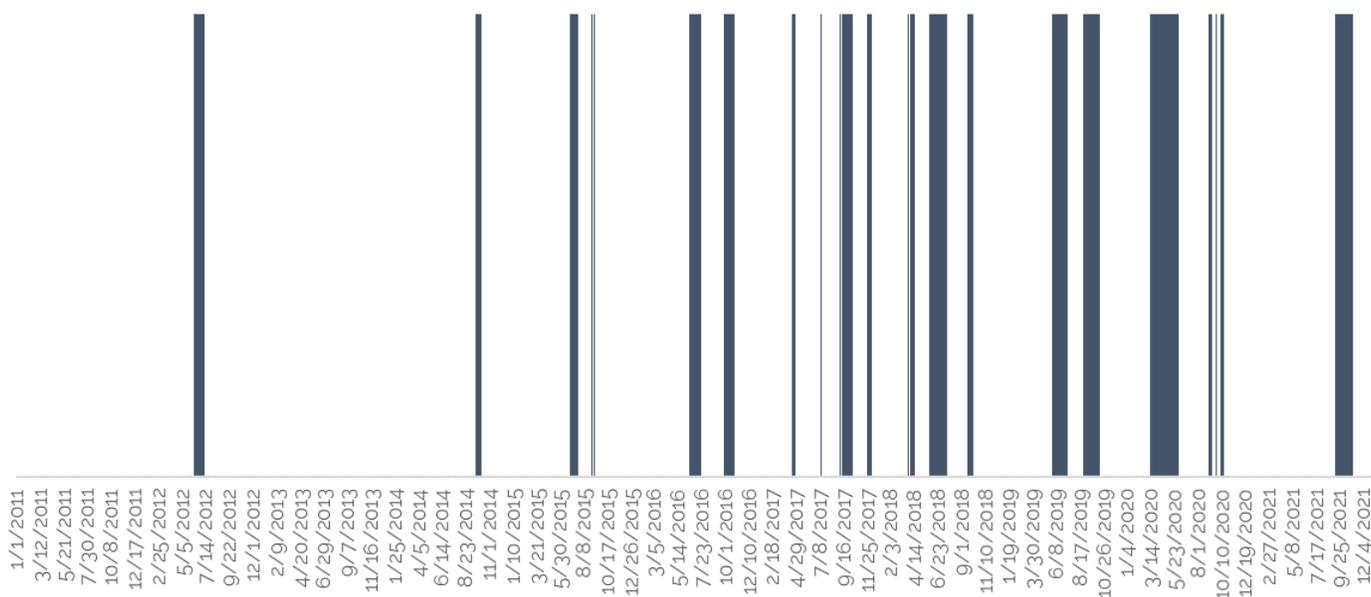
As of January 31, 2022

## SIGNAL REFERENCE — BULLISH NARRATIVE

This model examines the rate of change of the Density and Narrative Strength / Attention of narratives describing bull cases for individual assets or the market in general. We believe that bull case language tends to gain influence after the case has been demonstrated in market performance—thus, it is the relative absence of bull case narratives that we expect to be moderately predictive of above average returns. **The signal indicates INCREASED S&P 500 exposure on a low density/influence of Bullish archetypal language.**

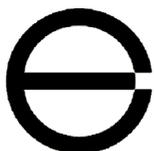
CURRENT STATE	NEUTRAL
HIST. DAILY S&P RETURN WHEN ACTIVE	0.16%

## HISTORICAL SIGNAL TRIGGER PERIODS



MOST RECENT >30 DAY TRIGGERS	ACTIVE PERIOD S&P RETURN	ANN. ACTIVE PERIOD S&P RETURN
09/15/2021—11/03/2021	4.36%	39.25%
03/13/2020—06/05/2020	29.39%	202.32%
08/30/2019—10/15/2019	2.58%	21.87%
05/31/2019—07/12/2019	8.33%	97.22%

**Important Disclosures:** These signals are provided for research purposes only and have not been customized to the specific circumstances of any client. There can be no guarantee that any investment strategy based on these signals would be successful, or that their success in the past would be indicative of similar success in the future. Investors should consider a wide range of factors specific to their portfolio and circumstances before making any investment decisions. The S&P 500 is a market cap-weighted index of approximately US large capitalization stocks. These signals and triggers are historical simulations. They did not exist in the periods examined. While efforts to examine economically intuitive relationships are core to our process, knowledge about the past inevitably skews the creation of such models. You should examine their results with skepticism and care. Past performance is NOT a guarantee of future results.



# US DIRECTIONAL EQUITY DASHBOARD

As of January 31, 2022

## CENTRAL BANKS INDICATIVE NEWS

Headline	Outlet	Link
Rising Inflation Means It's Time To Get 'Real' With Your Money	Forbes	Article <a href="#">Here</a>
Fed chairman refuses to rule out serial interest rate hikes	AdvisorNews	Article <a href="#">Here</a>
The Fed is now likely to tighten monetary policy at every meeting from March until the inflation picture changes, Goldman Sachs says	Business Insider	Article <a href="#">Here</a>
Here are your best money moves before interest rates rise	CNBC	Article <a href="#">Here</a>
Inflation could linger longer than previously expected, Federal Reserve officials discussed in December	Washington Post	Article <a href="#">Here</a>

## US EQUITY NARRATIVE STRUCTURE - INDICATIVE NEWS

Headline	Outlet	Link
American Pessimism Doesn't Extend to Shorting the Market	Washington Post	Article <a href="#">Here</a>
Nvidia quietly prepares to abandon \$40-billion Arm bid	Bloomberg	Article <a href="#">Here</a>
Americans seeking covid tests are overwhelming ERs. Here's how other countries are handling the demand.	Washington Post	Article <a href="#">Here</a>
Coinbase rival FTX U.S. valued at \$8 billion as investors brace for 'crypto winter'	CNBC	Article <a href="#">Here</a>
How Much Stock Is Too Much in Retirement?	NY Times	Article <a href="#">Here</a>
Think GameStop can happen again? Why meme stock mania is over, experts say	CNBC	Article <a href="#">Here</a>
There are times when it makes sense to sell stocks. Here are some of them	CNBC	Article <a href="#">Here</a>
The stock market slide is unlikely to budge the Fed from tightening	CNBC	Article <a href="#">Here</a>
Analysis: Will the games stop? SEC mulls crackdown on trading apps	Reuters	Article <a href="#">Here</a>

**Important Disclosures:** These signals are provided for research purposes only and have not been customized to the specific circumstances of any client. There can be no guarantee that any investment strategy based on these signals would be successful, or that their success in the past would be indicative of similar success in the future. Investors should consider a wide range of factors specific to their portfolio and circumstances before making any investment decisions. The S&P 500 is a market cap-weighted index of approximately US large capitalization stocks. These signals and triggers are historical simulations. They did not exist in the periods examined. While efforts to examine economically intuitive relationships are core to our process, knowledge about the past inevitably skews the creation of such models. You should examine their results with skepticism and care. Past performance is NOT a guarantee of future results.