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Weekly Update:

- Weekly summary of portfolio performance is outlined on pages 5, 6, and 7. Highest performing stock was TGTX, up 12.44% over the prior week. Weakest performer was ELY, down 7.44%

- Prices are slightly below our trend filter (200 day MA on the SPXT), after moving above it last week. In general that would cause me to be hesitant as it relates to recommending additional long positions. I still think some opportunities exist, but I believe that the entry into new positions should be done at levels that coincide with increased momentum in the overall market. As such, today's idea is contingent on going long if prices for the security reach a particular level.

- Additionally, if the trend in the SPXT pushes downward, my attention will shift to identifying short ideas. As it stands, prices appear to be fairly range bound, with little conviction in either direction.

- Global market performance:

	1 Week Performance	Futures
S&P (SPX)	-0.55%	0.52%
NASDAQ (COMPX)	0.47%	0.60%
Nikkei (NI)	-0.11%	1.74%
FTSE (FTSE)	0.73%	0.44%
USD/JPY	0.46%	0.07%
EUR/USD	-1.40%	0.05%
WTI (OILSW)	-4.60%	0.84%
Brent (OILBR)	0.37%	0.89%
Natural Gas (NG2Spot)	-5.52%	0.68%
Copper (HG2Spot)	1.35%	0.11%
Gold (GC2Spot)	-0.27%	0.02%
Soybeans (S2Spot)	-0.35%	0.41%

- Current sector rotation (RRG), relative to the S&P 500

Ticker	Sector	Quadrant
XLU	Utilities	Improving
XLP	Consumer Staples	Improving
XOP	E&P	Lagging
XLY	Consumer Discretionary	Lagging
XLV	Healthcare	Lagging
XLB	Materials	Lagging
XLF	Financials	Lagging
XLE	Energy	Lagging
XLRE	Real Estate	Leading
XLK	Technology	Leading
XLI	Industrials	Leading

Thoughts on sector rotation:

- The majority of sectors are lagging the S&P 500 at the moment (pg 11), with the exception of Real Estate, Technology, and Industrials. Utilities and Consumer Staples have been improving relative to the S&P 500, but in candor I don't really draw a ton from this week's sector positioning. My biggest takeaway is that Utilities and Consumer Staples settling into the "improving" quadrant, lends itself to caution more so than growth. In general, I still think the market is a bit uncertain, and given the global macro questions (specifically around trade and tariffs) wouldn't be surprised to equities trade flat in the short term.

Trade idea (*System 3-MA Crossover*: description on page 4*, chart on page 10)**:**

- 51Job Inc **(JOBS**-$69.14). **Potential long candidate**
- Integrated Human Resources firm based in China. Provides print and online recruitment advertising services (along with mobile application access for job seekers), business process outsourcing, payroll processing, etc…in the Chinese market.
- This is a partial play on the growth of employment markets in China, and the extent to which technology will play a role for job seekers.
- Of note is that the Chinese Unemployment rate (currently 3.82%) has been in decline.
- JOBS showed up while running the "System 3" screen, which (as described on page 4) is a moving average crossover system, whereby the goal is to identify a stock which appears poised to move higher.
- The 10 day MA crossed above the 100 day MA on 1/31/2019, on above average volume, with the 14 period RSI showing bullish confirmation.
- Prices bottomed on 10/24/18 at $52.19, and have since rebounded to current levels. Prior high was $114 on 6/6/18.
- Volume at price came in the strongest at $65 for share, and I expect that JOBS would see a good amount of support at those levels
- Ironically, I think the conservative approach would be to go long above $78 even though we are lower than that level currently, and theoretically, buying at a higher price doesn't go hand and hand with safety. Still…there's a reversal pattern in place that I anticipate could trigger a lot of long positions at that level. I generally hesitate to initiate any position based on "patterns" given their subjective nature, but I think this one warrants attention. At the very least, I would look to slowly build a position in JOBS as it approaches the $78 level.
- On a fundamental basis, revenue growth has been solid, with a 5 yr CAGR of 15%.
- Balance sheet metrics are well within my level of comfort as well, with debt to equity and debt to capital ratios below 30%.
- Should the thesis be incorrect, (and were a long to be initiated at current prices), I would recommend exiting the trade below $64.85, which equates to 1.5x its Average True Range (ATR) of 2.861.

Prior recommendation(s)
- **FTNT-Fortinet: 02/05/19; BUY; Entry = $80.14; Current Price = $81.69; Profit/Loss =1.93%**
- **NWL-Newell Brand: 1/29/19; BUY; Entry = $21.13; Current Price = $21.36; Profit/Loss= 1.09%**

Entrepreneurship/Venture Capital

- Noticed some interesting deal flow last week, specifically Aurora Automation getting a $530 million investment from Sequoia Capital (backed in part by Amazon.com and T.Rowe Price).
- The investment brings an implied valuation of $2.5 billion to the firm, which has a focus on self-driving vehicles.
- Similar announcement came on Monday 2/11/19, with Softbank's "Vision Fund" investing $940 million in Nuro (another autonomous driving start up). The investment gives Nuro a $2.7B valuation, which by my math implies that Softbank acquired a 35% stake in the firm. https://venturebeat.com/2019/02/11/nuro-raises-940-million-for-robot-car-deliveries/view-all/
- My biggest takeaway in looking at some of last week's transactions is the extent to which AI (artificial intelligence) funding, appears to be growing across the Venture Capital landscape. According to the Price Waterhouse Coopers/CB Insights Q4 2018 report, AI investing increased 72% in 2018
- It's also worth noting the Monday 2/11/19 announcement that the Trump administration is expected to sign an order directing the U.S. Government to prioritize artificial intelligence in its research and development spending.
- This follows a meeting in May of 2018 where tech leaders (including representatives from Google, Facebook, and Goldman Sachs), were informed that the administration plans to take a "hands off" regulatory approach to AI development.
- What this means (from my vantage point) is that over time, we're going to see substantial money flow into AI technology, with limited government restraint, across numerous industries. I expect that this will take place in late stage as well as early seed investing.
- And given that the current administration is motivated at least in part by China's moves in the AI space, I expect that this trend will occur on a global basis.
- As I see it, it also gives insight into where investment opportunities may present themselves in the public equity space as well. i.e. locate the stocks that are either adjacent to or provide goods and/or services to AI firms, and we may uncover potential long ideas.
- Additional AI investment launches last week include Facebook's (FB) acquisition of GrokStyle (viral shopping and artificial intelligence firm)
    - GrokStyle's technology essentially allows a user to take a photo of an item, and the AI then matches it to similar products that can be purchased.
- And finally, IBM announced the allocation of $2 Billion to an Artificial Intelligence research hub in NY, a further sign of the direction of future investment in my view.

Trade System Descriptions*

- **System 1:** Momentum ranking while accounting for volatility. Basket of stocks are ranked based on their momentum over the last 90 days (using the exponential regression). That number is annualized and then subsequently multiplied by the R2 (coefficient of determination),in order to penalize stocks for excessive volatility. Goal is to locate stocks with strong, steady momentum
- **System 2:** Retracement while in a primary trend. For long ideas, the goal is to identify names that have been moving higher, but have recently pulled back slightly. I look for stocks whose current price likes below the 20 day moving average, but above the 50 day moving average, while momentum (14 period RSI), is pointing higher as well.
- **System 3:** Moving average crossover. Basic system attempting to capture a stock poised to breakout. Can use a 10 day MA crossover above the 100 day MA, 20 above the 50, 50 above the 200, etc… depending on risk tolerance.

1 Day - Watch List - Watchlist Summary Layout

	Code	Name	Last	Sector Name	Mkt Cap	Daily Change	1 Week Change	Relative to S&P	1 Month Change	Quarterly Change	Yearly Change	
− Commercial Servic	CNT: 3											
	6028.JP	TechnoPro Holdings,Inc.	5,840.000	Commercial Services	218,547.6	-2.99%	2.64%	Improving	22.43%	-2.99%	-3.63%	
	BCO	The Brink's Co	75.58	Commercial Services	3,824.3	0.65%	1.22%	Leading	10.16%	10.00%	3.39%	
	KFY	Korn Ferry	46.23	Commercial Services	2,612.5	0.87%	1.56%	Improving	8.42%	-1.99%	15.92%	
− Consumer Durabl	CNT: 3											
	ELY	Callaway Golf Co	15.17	Consumer Durables	1,433.6	-2.44%	-6.82%	Lagging	-7.27%	-30.76%	0.33%	
	MSA	MSA Safety Inc	101.15	Consumer Durables	3,890.7	0.95%	1.68%	Weakening	3.13%	-7.03%	39.00%	
	SWK	Stanley Black & Decker Inc	126.82	Consumer Durables	19,524.6	-0.96%	-0.76%	Improving	-0.98%	-1.25%	-17.04%	
− Consumer Non Du	CNT: 2											
	4985.JP	EARTH CHEMICAL CO LTD	5,150.000	Consumer Non Durable	104,512.9	-0.39%	0.59%	Weakening	2.79%	-4.45%	-7.37%	
	BF.B	Brown-Forman Corp	48.12	Consumer Non Durable	22,951.3	0.02%	1.20%	Leading	2.40%	-1.31%	-5.02%	
− Consumer Service	CNT: 7											
	DISH	Dish Network Corp	31.54	Consumer Services	14,750.4	1.51%	3.61%	Lagging	9.97%	-1.93%	-27.94%	
	HLT	Hilton Worldwide Holding	73.91	Consumer Services	21,948.5	-1.03%	-0.69%	Leading	2.85%	2.62%	-6.04%	
	LBTYK	Liberty Global PLC	24.13	Consumer Services	18,338.3	-1.51%	0.96%	Improving	18.98%	-3.17%	-28.74%	
	LYV	Live Nation Entertainment	54.20	Consumer Services	11,267.7	1.33%	2.71%	Weakening	4.01%	-5.62%	25.75%	
	SBUX	Starbucks Corp	69.75	Consumer Services	86,720.2	0.88%	2.41%	Weakening	9.64%	1.50%	29.72%	
	TSG	The Stars Group Inc	16.300	Consumer Services	4,434.8	0.12%	-7.18%	Improving	-8.58%	-10.54%	-35.45%	
	WWE	World Wrestling Entertain	85.82	Consumer Services	6,695.8	2.77%	4.37%	Leading	6.29%	22.48%	153.61%	
− Distribution Servic	CNT: 1											
	FERG	Ferguson PLC	53.660	Distribution Services	12,363.2	1.98%	4.21%	Improving	1.05%	3.59%	-0.98%	
− Electronic Technol	CNT: 1											
	FTNT	Fortinet Inc	81.02	Electronic Technology	13,797.7	2.09%	2.69%	Weakening	13.24%	3.99%	82.07%	
− Finance	CNT: 7											
	CARO	Carolina Financial Corp	34.90	Finance	787.7	0.09%	0.66%	Improving	11.32%	2.74%	-8.54%	
	FBNC	First Bancorp	37.61	Finance	1,118.0	-0.32%	1.54%	Lagging	11.24%	-3.04%	9.52%	
	LAND	Gladstone Land Corp	12.08	Finance	194.1	0.58%	1.60%	Weakening	-1.63%	-7.29%	2.90%	
	NCOM	National Commerce Corp	42.0000	Finance	872.0	0.21%	3.30%	Improving	10.94%	12.27%	-2.33%	
	SSB	South State Corp	65.60	Finance	2,350.4	-2.24%	-1.83%	Improving	5.99%	-6.90%	-22.09%	

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1 Day - Watch List - Watchlist Summary Layout

	Code ^	Name	Last	Sector Name	Mkt Cap	Daily Change	1 Week Change	Relative to S&P	1 Month Change	Quarterly Change	Yearly Change	
– Finance												
	TOWN	Towne Bank	26.4000	Finance	1,913.1	-0.71%	0.61%	Improving	3.90%	-7.01%	-7.37%	
	V	Visa Inc	140.380	Finance	172,131.8	0.15%	0.16%	Weakening	2.62%	-3.34%	23.29%	
– Health Services												
	EVHC	Envision Healthcare Corp	45.990	Health Services	4,874.5	0.00%	0.13%	Weakening	1.23%	2.79%	9.92%	
– Health Technology												
	ALXN	Alexion Pharmaceuticals Inc	120.14	Health Technology	26,851.3	1.14%	-4.86%	Improving	10.62%	-5.54%	10.76%	
	CSII	Cardiovascular Systems Inc	31.8400	Health Technology	1,108.8	-1.55%	0.16%	Lagging	19.07%	-0.75%	38.43%	
	NEOG	Neogen Corp	60.99	Health Technology	3,176.5	-0.88%	0.11%	Improving	4.10%	-5.88%	11.62%	
	TGTX	TG Therapeutics Inc	4.22	Health Technology	350.0	3.43%	4.98%	Improving	-12.27%	-19.31%	-64.24%	
– Non Energy Minerals												
	SUM	Summit Materials Inc	15.650	Non Energy Minerals	1,092.4	-0.51%	-1.76%	Improving	7.71%	10.44%	-45.13%	
	VMC	Vulcan Materials Co (Holding	103.470	Non Energy Minerals	16,733.8	1.58%	-0.90%	Leading	0.32%	-4.18%	-14.82%	
– Producer Manufacturing												
	5301.JP	Tokai Carbon Co Ltd	1,424.000	Producer Manufacturi	314,828.7	-3.59%	-6.25%	Lagging	-2.06%	-24.97%	-3.06%	
	AME	AMETEK Inc	75.76	Producer Manufacturi	17,585.1	0.87%	3.20%	Leading	9.89%	1.05%	5.15%	
	APTV	Aptiv PLC	75.69	Producer Manufacturi	19,678.7	-0.70%	-2.99%	Improving	12.95%	-2.56%	-15.21%	
	LECO	Lincoln Electric Holdings Inc	87.22	Producer Manufacturi	5,620.9	-0.26%	0.52%	Improving	7.96%	0.82%	0.90%	
	NWL	Newell Brands Inc	20.59	Producer Manufacturi	9,611.4	-0.63%	-3.24%	Leading	4.52%	1.88%	-26.23%	
	PCAR	Paccar Inc	65.95	Producer Manufacturi	22,858.3	0.08%	1.52%	Leading	10.78%	9.64%	-1.54%	
	WSO	Watsco Inc	145.17	Producer Manufacturi	5,433.3	-0.57%	-1.41%	Improving	1.09%	-1.12%	-12.16%	
	XONE	The ExOne Co	9.97	Producer Manufacturi	161.8	1.12%	10.90%	Lagging	37.52%	9.68%	18.41%	
	XYL	Xylem Inc	70.59	Producer Manufacturi	12,685.0	0.31%	0.63%	Improving	6.04%	-1.36%	0.50%	
– Retail Trade												
	2782.JP	Seria Co Ltd	3,615.000	Retail Trade	277,573.3	-1.23%	-5.12%	Lagging	-2.95%	-19.58%	-36.80%	
	3182.JP	Oisix Inc.	1,580.000	Retail Trade	55,132.9	-3.78%	-7.28%	Improving	-14.27%	-16.80%	-54.86%	
	9435.JP	HIKARI TSUSHIN INC	17,700.000	Retail Trade	816,142.9	-0.17%	0.17%	Lagging	4.18%	-9.92%	17.30%	
	OLLI	Ollie's Bargain Outlet Holdin	83.04	Retail Trade	5,215.9	0.97%	4.65%	Lagging	9.61%	-10.47%	54.78%	
	WMT	Walmart Inc	95.58	Retail Trade	278,329.0	-1.19%	1.83%	Weakening	0.40%	-8.87%	-4.44%	

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1 Day - Watch List - Watchlist Summary Layout

	Code ^	Name	Last	Sector Name	Mkt Cap	Daily Change	1 Week Change	Relative to S&P	1 Month Change	Quarterly Change	Yearly Change	
− Technology Services												
☐	CYBR	CyberArk Software Ltd	88.9700	Technology Services	3,208.3	2.39%	0.55%	Leading	14.46%	14.06%	110.63%	
☐	JOBS	51job Inc	67.96	Technology Services	4,198.6	−0.50%	−3.70%	Leading	7.01%	6.22%	1.66%	

Type Code or Name to add an item to the watchlist

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1 Day - Watch List - No Layout

	Code	Name	Last	1 Month Change	3 Month Change	6 Month Change	9 Month Change	12 Month Change
Leading Indicators								
	USSLIND	Leading Index for the United States	0.98	-30.99%	-26.32%	-33.33%	-35.53%	-29.50%
	UMCSENT	University of Michigan: Consumer Sentiment©	98.30	0.82%	-1.80%	0.10%	-3.06%	2.50%
	T10YFF	10-Year Treasury Constant Maturity Minus Federal Funds Rate	0.25	-16.67%	-75.49%	-76.64%	-80.00%	-82.39%
	SP500	S&P 500©	2,707.88	5.18%	-3.53%	-5.24%	1.35%	4.92%
	PERMIT	New Private Housing Units Authorized by Building Permits	1,328.00	4.98%	6.33%	2.08%	0.53%	1.92%
	NFCI	Chicago Fed National Financial Conditions Index	-0.78	9.86%	-3.70%	-4.88%	1.30%	-10.34%
	NEWORDER	Manufacturers' New Orders: Nondefense Capital Goods Excluding Aircraf	69,255.00	-0.63%	-0.63%	1.36%	2.86%	2.84%
	IC4WSA	4-Week Moving Average of Initial Claims	224,750.00	2.51%	5.02%	4.66%	1.47%	-4.16%
	DGORDER	Manufacturers' New Orders: Durable Goods	250,794.00	0.75%	-3.59%	0.56%	0.89%	3.45%
	AWHMAN	Average Weekly Hours of Production and Nonsupervisory Employees: Ma	42.00	-0.24%	0.00%	-0.71%	-0.94%	0.24%
Coincident Indicators								
	W875RX1	Real personal income excluding current transfer receipts	13,590.50	0.20%	0.32%	1.01%	11.45%	12.17%
	RSAFS	Retail and Food Services Sales	513,531.00	0.23%	0.99%	1.82%	4.42%	4.03%
	PCE	Personal Consumption Expenditures	14,243.50	0.38%	1.22%	2.62%	3.50%	4.25%
	PAYEMS	All Employees: Total Nonfarm Payrolls	150,574.00	0.20%	0.56%	1.00%	1.44%	1.83%
	INDPRO	Industrial Production Index	109.95	0.35%	0.91%	1.92%	3.20%	2.47%
	CDSP	Consumer Debt Service Payments as a Percent of Disposable Personal In	5.58	-0.02%	-0.02%	-0.50%	-4.57%	-4.08%
	BUSLOANS	Commercial and Industrial Loans, All Commercial Banks	2,316.58	1.74%	4.37%	4.84%	8.36%	9.08%
Lagging Indicators								
	ULCNFB	Nonfarm Business Sector: Unit Labor Cost	109.06	-0.24%	-0.24%	-0.48%	-0.17%	0.61%
	UEMPMEAN	Average (Mean) Duration of Unemployment	20.50	-5.96%	-8.89%	-11.64%	-11.26%	-14.94%
	MPRIME	Bank Prime Loan Rate	5.50	2.80%	4.76%	10.00%	15.79%	22.22%
	MNFCTRIRSA	Manufacturers: Inventories to Sales Ratio	1.34	0.00%	-0.74%	-0.74%	-0.74%	-1.47%
	CIVPART	Civilian Labor Force Participation Rate	63.20	0.16%	0.48%	0.48%	0.64%	0.80%

Type Code or Name to add an item to the watchlist

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1 Day - Watch List - No Layout

	Code	Name	Last	1 Month Change	3 Month Change	6 Month Change	9 Month Change	12 Month Change	
☐	LNS	Civilian Labor Force Level: Men	86,577.00	0.16%	0.50%	0.73%	0.49%	0.75%	
☐	LNS	Civilian Labor Force Level: Women	76,652.00	-0.19%	0.21%	0.47%	1.69%	1.95%	
☐	LNS	Civilian Labor Force Level: White	126,351.00	-0.26%	0.26%	0.50%	0.49%	0.81%	
☐	LNS	Civilian Labor Force Level: Black or African American	20,628.00	0.82%	0.18%	0.65%	2.02%	2.06%	
☐	LNS	Civilian Labor Force Level: Hispanic or Latino	28,985.00	0.08%	1.70%	1.72%	2.68%	4.17%	
☐	LNS	Civilian Labor Force Level: 16 to 19 years	5,939.00	-0.54%	-0.35%	0.63%	1.85%	-0.64%	
☐	LNS	Civilian Labor Force Level: 16 to 19 years, White	4,560.00	-0.33%	0.18%	-0.26%	-0.22%	-3.08%	
☐	LNS	Civilian Labor Force Level: 16 to 19 years, Black or African American	842.00	3.06%	1.81%	12.27%	14.71%	10.94%	
☐	LNS	Civilian Labor Force Level: 20 years and over, Men	83,599.00	0.12%	0.38%	0.65%	0.48%	0.81%	
☐	LNS	Civilian Labor Force Level: 20 years and over, Women	73,691.00	-0.11%	0.41%	0.55%	1.65%	2.05%	
☐	LNS	Civilian Labor Force Level: 20 years and over, White Men	66,051.00	-0.09%	0.50%	0.67%	0.10%	0.49%	
☐	LNS	Civilian Labor Force Level: 20 years and over, White Women	55,740.00	-0.46%	-0.02%	0.37%	1.02%	1.54%	
☐	LNS	Civilian Labor Force Level: 20 years and over, Black or African American Men	9,367.00	0.89%	-0.63%	0.50%	1.19%	1.22%	
☐	LNS	Civilian Labor Force Level: 20 years and over, Black or African American Women	10,419.00	0.58%	0.79%	-0.07%	1.86%	2.18%	
☐	LNS	Civilian Labor Force Level: 20 to 24 years	15,054.00	0.63%	0.95%	-0.80%	-0.90%	-1.45%	
☐	LNS	Civilian Labor Force Level: 25 to 54 years	104,213.00	0.00%	0.04%	0.49%	0.68%	0.90%	
☐	LNS	Civilian Labor Force Level: 55 years and over	38,025.00	-0.05%	0.93%	1.39%	2.64%	4.01%	
☐	LNS	Civilian Labor Force Level: Less than a High School Diploma, 25 years and over	10,065.00	-2.12%	-1.92%	-1.44%	-2.14%	-2.03%	
☐	LNS	Civilian Labor Force Level: High School Graduates, No College, 25 years and over	36,301.00	0.41%	0.58%	-0.64%	2.35%	1.58%	
☐	LNS	Civilian Labor Force Level: Bachelor's degree and higher, 25 years and over	58,472.00	-0.39%	1.06%	2.69%	2.95%	4.56%	
☐	LNS	Civilian Labor Force Level: Some College or Associate Degree, 25 years and over	37,339.00	0.44%	-0.69%	-0.51%	-1.59%	-1.38%	

Type Code or Name to add an item to the watchlist

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51job Inc - JOBS (NASDAQ) - 1 Day CandleStick Chart - USD - No Layout

51job Inc - JOBS (NASDAQ) - 1 Day - USD & 100 Period Exponential Moving Average & 10 Period Exponential Moving Average

14 Period RSI

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1 Day Relative Rotation Graph®   Date: 2/11/2019 Benchmark: S&P 500 INDEX - SPX (WI)

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