Monthly Monitor

NIEMANN CAPITAL MANAGEMENT

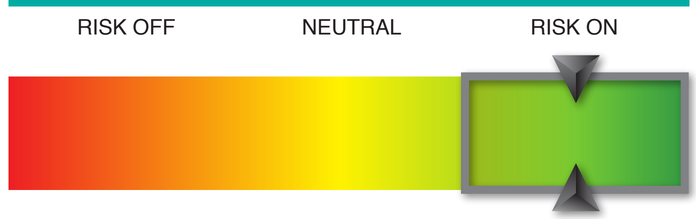
MARKET SNAPSHOT

Most of the major US stock indices trended a touch lower in March, except for the NASDAQ 100 (QQQ), which generated a solid +1.82% gain. Large caps in the S&P 500 (SPY) lost -0.31%, while small caps in the Russell 2000 lost -0.36%. The so-called "Trump trade" areas of the market continued to fizzle in March, with financials and industrials trending lower. The tech sector and semiconductor industry increased their growth leadership while utilities improved its defensive leadership. International markets continued their 2017 outperformance vs. US stocks.

MARKET VITALS

- US market internals faltered a bit but didn't fail – signs are still bullish
- % of US stocks in an uptrend fell from 76% to 64%
- Breadth measures and our trend analyses were down a bit, but Intermediate Trend still bullish
- Market volatility upticked for the first time in a few months, but remained historically low

RISK BAROMETER



Risk Barometer – An illustrated snapshot of current market conditions, risk levels, based on Niemann's proprietary risk-management analytics.

Risk Off – Elevated risk in the current equity market environment, taking on risk not advisable.

Risk On – Lower risk in the current equity market environment, constructive for taking on more risk advisable.

US EQUITIES

- Broad-market indices trended lower
- Only 3 SPDR sectors out of 10 traded higher
- Technology and consumer discretionary led with +1.83% gains
- Financials and energy were laggards, down -3.31% and -2.07%, respectively
- Semiconductors and home construction led at the industry level

S&P 500 SECTORS

SPDR SECTORS	RISK OFF	NEUTRAL	RISK ON
MATERIALS		■	
CONSUMER DISC		■	
CONSUMER STAPLES		■	
FINANCIALS		■	
HEALTHCARE	■		
INDUSTRIALS		■	
ENERGY	■		
TECHNOLOGY			■
TELECOM	■		
UTILITIES			■

INTERNATIONAL EQUITIES

- Int'l markets continued their strong 2017 streak in all areas - Developed, Emerging and Frontier
- Emerging (EEM) and Frontier Markets (FM) up double digits for Q1
- India and Mexico topped the country ETF leaderboard for March
- 89% of country ETFs in our universe are in uptrends, slight downtick from 94% last month

INT'L MARKETS

MARKETS	RISK OFF	NEUTRAL	RISK ON
DEVELOPED		■	
EMERGING		■	
FRONTIER			■

Past performance does not guarantee future results.
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CONCLUSION

US stocks consolidated a bit in March and moved from being short-term overbought to a more neutral stance. Looking out longer term, the picture remains positive for US stocks, both technically and fundamentally. Meanwhile, economic data have been coming in above expectations and Q1 earnings announcement season is expected to be strong. Nonetheless, the markets remain uncertain about the enactment of Trump's pro-growth policies. However, it appears that investor uncertainty could have more to do with the timing of these policies being enacted more so than whether the policies will be enacted at all.

The fact that Trump's agenda has not been moving as quickly as investors had hoped has led to rotations in the market and Niemann's portfolios. The Trump trades (i.e., financials, industrials, and materials) that surged after the election fizzled in 2017. Leadership has accelerated in the tech sector, particularly in the semiconductor industry. Niemann has overweight exposure to semiconductors and tech. Semiconductors are leading the market because of big demand for chips in self-driving cars, AI, and the Internet of Things. Semiconductor stocks appear to be in a secular trend.

Due to the uncertainty surrounding Trump's agenda and the flattening of the yield curve after the Fed hiked interest rates, there has been some defensive leadership in the market as well, particularly in the utilities sector. That's why we have been picking up exposure to utilities in recent weeks. We also boosted our cash position in the risk-managed portfolios to about 22%. As a result, we have plenty of dry powder to put back to work when the market reveals new leadership. The good news is April is the seasonally strongest month of the year.

Looking overseas, there are lots of attractive areas, but it's too early to tell if the strength is more of a mean regression story (Int'l has underperformed the US for 5-consecutive years, an int'l bounce is long overdue), or if it's related to fundamental improvements overseas. If it's the latter, we could see secular trends develop overseas in the months ahead. For now, our global portfolios have been increasing international exposure.

Alan Alpers
Sr. Portfolio Manager
alan.alpers@ncm.net
Direct 831.576.2415
Cell 831.341.7008

Shane Morris
National Sales
shane.morris@ncm.net
Direct 831.576.2454
Cell 831.234.1456

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