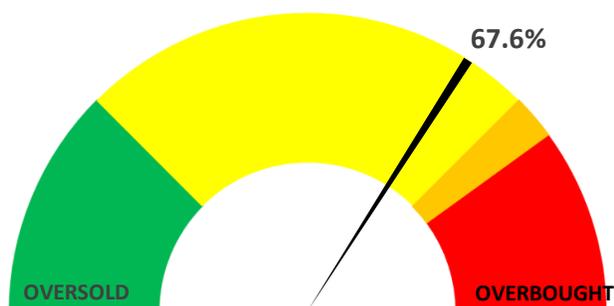


Issue 380

VOTER AMERICAN

MAP VIEW LAST WEEK: September tends to be a volatile month. It's even more volatile during election years. We have been looking into prior election years to see what tends to happen in our data. What's happening now (weakness) is to be expected. The Big Money Index tends to fall heading into election day, but rises after the results are out. We speak on this in the commentary. We hope to have a bigger study done in the coming weeks. We saw 441 buys and 184 sells. This is dragging the BMI down. The stock is FIVE. We know it well.

BIG MONEY INDEX



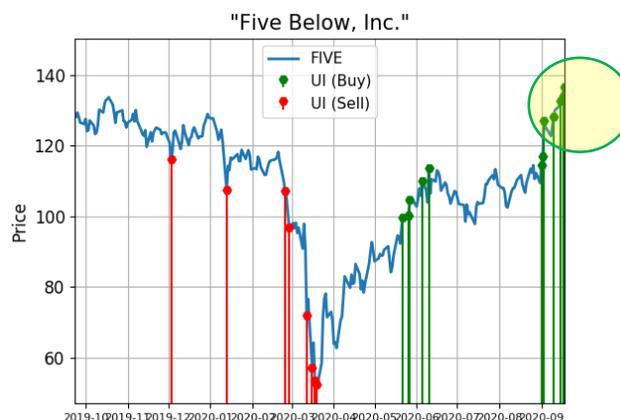
BUY AND SELL SIGNALS



SECTOR STRENGTH AND WEAKNESS

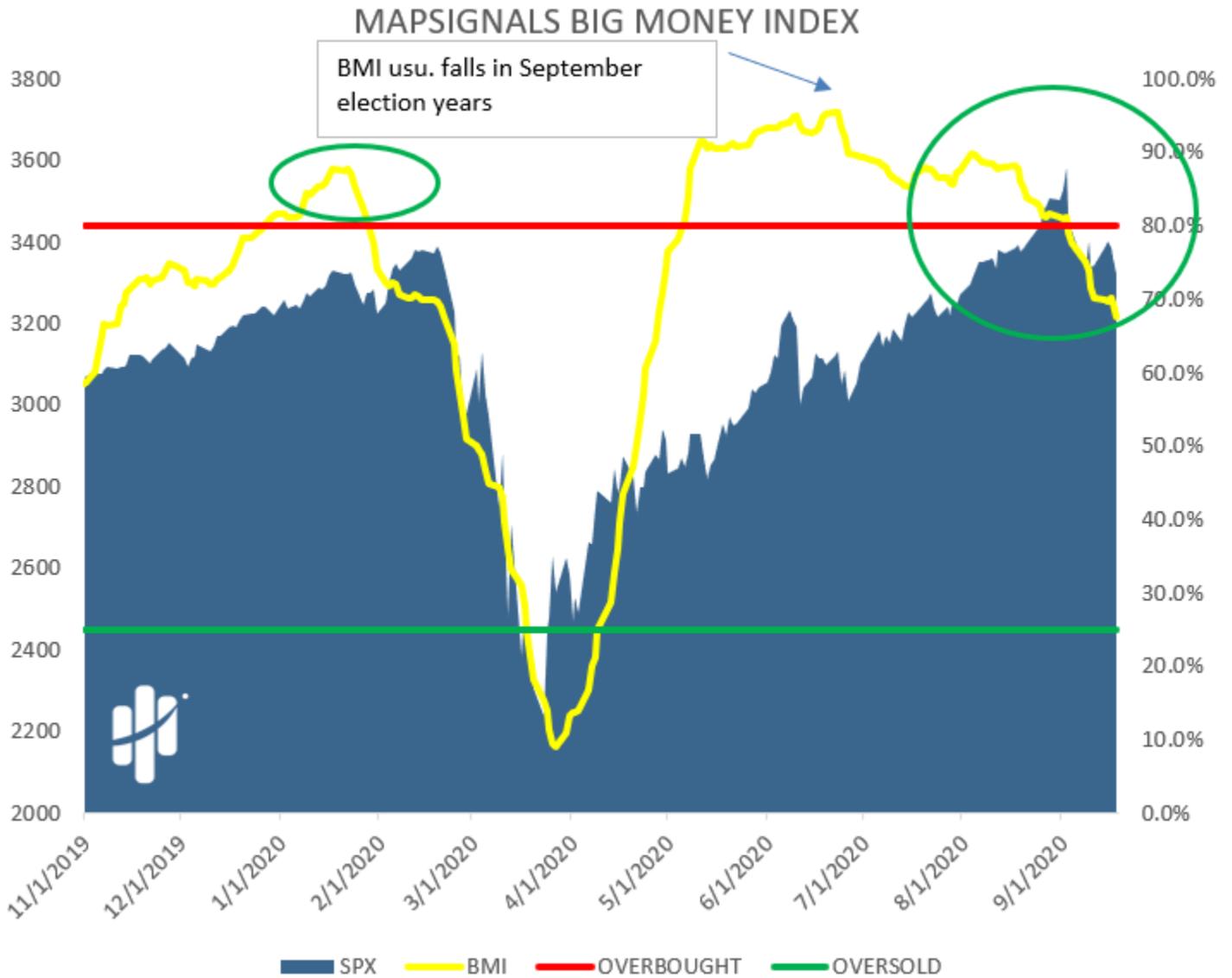
1	Materials	62.3
2	Technology	61.5
3	Discretionary	58.5
4	Industrials	58.1
5	Healthcare	57.5
6	Staples	56.1
7	Financials	52.9
8	Communications	52.2
9	Real Estate	48.7
10	Utilities	47.5
11	Energy	42.7

STOCK PICK



MAP VIEW: BIG MONEY INDEX

We have observed that big institutional buying and selling can alert us to overbought or oversold conditions in the market. The below graph is the S&P 500 Index with the 25-day moving average institutional buying/selling ratio below. A ratio approaching 25% means an oversold market (green) which is bullish, while readings approaching 80% and above suggest an overbought market (red) and is bearish.



BIG MONEY INDEX

The Big Money Index keeps falling and is now at 67%. Our stance is still that it will head lower near-term. We see *weak hands* in this market. In the commentary, we do a dive into prior election years. The data suggests that markets will stay under pressure until the election. Obviously, we will follow the data. But, there is a similar pattern emerging now compared to prior election years.

BUYING AND SELLING

Sellers keep growing. There is enough selling in stocks to keep the BMI in a downtrend. But, there are pockets of green outside of Technology. You can see that in the next section. Volumes have been increasing on down days, which suggests that de-risking is taking place as we break new lows. Again, we are not too concerned. A healthy pullback is always welcome.

BIG BUYING AND SELLING BY MARKET CAP



Source: FactSet, MAPsignals



MAP VIEW: SECTORS

METHODOLOGY: We sift through thousands of stocks each day and score them based on proprietary metrics. Then we overlay our signal for big money trading activity. We show you big buying and selling on the strongest and weakest stocks. Here we average the scores for all the stocks in each sector and rank by strength.

MAP SIGNALS SECTOR RANKINGS	MAP 1400 BIG MONEY STOCKS		BIG MONEY SIGNALS		% BUY	% SELL
	MAP SCORE (AVG)	STOCKS	BUYING	SELLING		
Materials	62.26	83	61	1	73%	1%
Technology	61.55	227	22	29	10%	13%
Discretionary	58.53	187	84	9	45%	5%
Industrials	58.12	144	68	18	47%	13%
Healthcare	57.48	217	83	20	38%	9%
Staples	56.14	111	30	33	27%	30%
Financials	52.87	168	31	19	18%	11%
Communications	52.21	25	8	3	32%	12%
Real Estate	48.67	102	36	13	35%	13%
Utilities	47.48	41	4	16	10%	39%
Energy	42.70	60	14	23	23%	38%

Source: FactSet, MAPsignals

Materials, Technology, Discretionary, Industrials, & Healthcare are the top 5 sectors by score. Looking above, we see that the outsized action was on the buy and sell side. Materials, Discretionary, Industrials, Healthcare, Staples, Communications, & Real Estate saw buyers. Staples, Utilities, & Energy saw sellers. Clearly there are sector rotations happening.

MAP VIEW: STOCK

MAP EQUITY TRADE

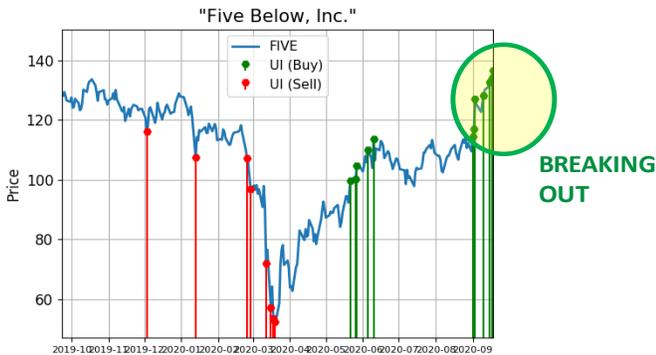
FIVE Five Below, Inc. - Staples, Food and Staples Retail, General Merchandise Retail, Discount Stores
 Previous Close: \$ 136.68 (1.88%). MAP Score of 77.6 (Technical 88.2 - Fundamental 62.5).

ACTION TO TAKE: Buy FIVE up to \$140.10 with a suggested trailing stop-loss of \$13.86 from long initiation point.

FIVE has appeared 25 times on the MAP 20 buylist starting 8/3/16 and is up 260% since.

- | | | | |
|--|---|---|---|
| <ul style="list-style-type: none"> ■ MAP long signals recently starting 9/02/20 at \$117.08 ■ Trading near 52 week high of \$140.14 ■ FIVE above 50D(113.43), 100D(107.4), 200D(103.67)MA ■ FIVE is trading near interim highs of \$140.14 ■ FIVE is up 6.90% YTD ■ Market Cap of \$7.63 billion ■ FIVE is up 25.39% 1 Month ■ 1 days since 52 week high ■ Short interest of 9.65% ■ EV/EBITDA ratio of 36.95x ■ Debt/EBITDA ratio of 0 ■ Price/Book Value ratio of 8.3 ■ Price/Tangible Book Value ratio of 5.63 ■ Revenue per share of 32.88 | <p>POSITIVE</p> <p>POSITIVE</p> <p>POSITIVE</p> <p>POSITIVE</p> <p>NEUTRAL</p> <p>POSITIVE</p> <p>POSITIVE</p> <p>POSITIVE</p> <p>NEUTRAL</p> <p>POSITIVE</p> <p>POSITIVE</p> <p>POSITIVE</p> <p>RICH</p> <p>RICH</p> | <ul style="list-style-type: none"> ■ 20 Day Average Volume of 1.14 MM – mediocre liquidity ■ Relative Strength of 87.6 upper third ■ 52 week stochastic of 96.26% ■ Forward P/E of 44.74x ■ 125% debt/equity ratio ■ 2.98% held by insiders ■ Earnings growth of 17.10% ■ 3 year EPS growth of 34.37% ■ 3 year sales growth of 22.73% ■ 1 year sales growth of 18.41% ■ Gross profit margin of 33.52% ■ FIVE is underperforming S&P 500 by -11.63% ■ 109.41% institutional ownership | <p>NEUTRAL</p> <p>POSITIVE</p> <p>POSITIVE</p> <p>NEUTRAL</p> <p>NEGATIVE</p> <p>NEGATIVE</p> <p>POSITIVE</p> <p>POSITIVE</p> <p>POSITIVE</p> <p>NEUTRAL</p> <p>POSITIVE</p> <p>NEGATIVE</p> <p>POSITIVE</p> |
|--|---|---|---|

FIVE: Historical Chart



Source: MAPsignals, End of day data sourced from Tiingo.com

Technical Impression:

FIVE surged on above average volume most recently on 09/02/20. It is a group leader and is trading near 52 week highs and is underperforming the S&P 500 by -11.63% YTD. It has good relative strength, and a strong stochastic. FIVE is a prior MAP top 20 that is at recent highs.

Source: FactSet

Fundamental Impression:

FIVE is a leading Staples stock. It's a prior 20 member and outlier. It has great multi-year sales and earnings growth and a huge 34% profit margin. Five Below, Inc. engages in the operation of shopping center. It operates through the following segments: Leisure, Fashion and Home, and Party and Snack. The Leisure segment include items such as sporting goods, games, toys, tech, books, electronic accessories, and arts and crafts. The Fashion and Home segment consists personal accessories, "attitude" t-shirts, beauty offerings, home goods, and storage options. The Party and Snack segment offers party and seasonal goods, greeting cards, candy, and other snack and beverages. The company was founded by David Schlessinger and Thomas G. Vellios in January 2002 and is headquartered in Philadelphia, PA.

Overall Impression:

Five Below, Inc. The stock is rated 86.7% buy, 6.7% hold and 6.7% sell. FIVE is breaking to new highs with recent solid guidance. With a MAP Score of 77.6 (Technical 88.2%- Fundamental 62.5%) we see FIVE as a strong contender in the years ahead. Five Below, Inc. is a growing leader in Staples with room to grow. We like it long term.

Trade:

Reports earnings 12/02/2020. We suggest a buy of FIVE at \$136.68. This stock is a leader in Staples. It is a name we've followed over the years.



MAP VIEW THOUGHTS: VOTER AMERICAN

Fact: The USA is one of the worst developed countries for voter participation.

Quote: *Half of the American people have never read a newspaper. Half never voted for President. One hopes it is the same half.* – Gore Vidal

Let the mudslinging begin!

November 3rd, Election day is fast approaching. Whether you're left, right, or center-leaning in your political views, one thing is certain- you will see plenty of ads urging you to vote. Despite the usual push to get Americans to their polling stations or mail-in ballots, the USA is pretty poor in terms of voter participation compared to the rest of the world. That's right: US voter turnout is extremely low compared to other developed countries.

Barely half- just 53.6% of Americans voted in 2012. That puts the U.S. 31st out of 35 OECD (Organisation for Economic Co-operation and Development) nations. For context, Belgium was #1 in 2014 with 87.2% of Belgian citizens voting. And to step it up a notch, Australia requires voting by law. If you don't vote as an Australian citizen, you get fined.

So, consider this as we get closer: if you don't vote, you can't complain about the outcome. To help you choose, the rhetoric is intensifying on each side. And as we all know, it can get nasty. So, buckle up for a volatile contentious battle down to the wire.

What does it mean for markets? Intuitively, uncertainty means volatility for investments. How does each party's policy contribute or harm a specific business? Industry? Taxes? And so on...

I've heard how September is typically a weak month for markets. It happens to be true.

The S&P 500 (SPY ETF) is down -4.96% this month so far. That's quite a reversal from July and August with massive gains of +5.89% & +6.98% respectively. But remember, when the animal spirits howled, we saw huge ETF buying. And I told you that was my tipoff that markets were likely to get unsettling.

The month began with a reckoning in Technology and then Energy stocks. Last week saw healthy buying in Materials, Discretionary, Industrials, & Healthcare, but selling intensified in Utilities and Staples:

MAPSIGNALS SECTOR RANKINGS	MAP 1400 BIG MONEY STOCKS		BIG MONEY SIGNALS		% BUY	% SELL
	MAP SCORE (AVG)	STOCKS	BUYING	SELLING		
Materials	62.26	83	61	1	73%	1%
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Real Estate	48.67	102	36	13	35%	13%
Utilities	47.48	41	4	16	10%	39%
Energy	42.70	60	14	23	23%	38%

There is volatility under the surface.

Despite the timely signals of froth foreshadowing chop, September weakness was to be expected. The average SPY return for the month of September since 1990 is -.34%.



But what about election year Septembers?

If we drill down, election years since 1990 performed even worse, returning -.85%.

Election-year Septembers are actually between 2.5 and 3.5 times worse performers than non-election year Septembers since 1990.

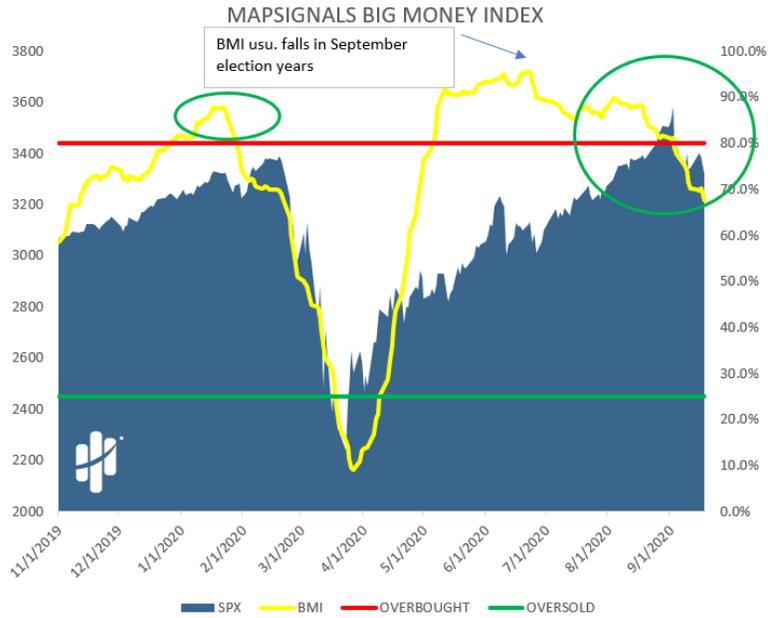
YEAR	SPY	DIA	QQQ	ELECTION YEAR
Sep-90	-1.91%			
Sep-91	-5.11%			
Sep-92	0.91%			ELECTION YEAR
Sep-93	-1.00%			
Sep-94	-2.68%			
Sep-95	4.23%			
Sep-96	4.37%			ELECTION YEAR
Sep-97	1.51%			
Sep-98	6.35%	4.57%		
Sep-99	-2.25%	-4.16%	0.84%	
Sep-00	-5.48%	-5.20%	-12.67%	ELECTION YEAR
1-Sep	-10.07%	-13.02%	-22.25%	
Sep-02	-6.94%	-8.40%	-8.48%	
Sep-03	-2.77%	-2.24%	-4.28%	
Sep-04	0.59%	-0.90%	3.29%	ELECTION YEAR
Sep-05	0.38%	0.97%	1.23%	
Sep-06	2.70%	2.76%	4.64%	
Sep-07	3.87%	4.31%	5.25%	
Sep-08	-8.87%	-5.63%	-14.52%	ELECTION YEAR
Sep-09	3.55%	2.33%	5.65%	
Sep-10	8.96%	7.89%	13.17%	
Sep-11	-6.94%	-5.88%	-4.49%	
Sep-12	2.54%	2.63%	0.89%	ELECTION YEAR
Sep-13	2.70%	2.15%	4.24%	
Sep-14	-1.33%	-0.06%	-1.04%	
Sep-15	-2.54%	-1.35%	-2.20%	
Sep-16	0.01%	-0.44%	2.21%	ELECTION YEAR
Sep-17	2.01%	2.17%	-0.29%	
Sep-18	0.59%	1.96%	-0.28%	
Sep-19	2.55%	3.22%	1.91%	
Sep-20	?	?	?	ELECTION YEAR
AVERAGE	-0.34%	-0.56%	-1.29%	NON ELECTION YEARS
AVERAGE	-0.85%	-1.91%	-4.16%	ELECTION YEARS

FactSet

But why? Well, we can actually see the reason: big money investors don't like uncertainty. So, they typically shed risk headed into elections.

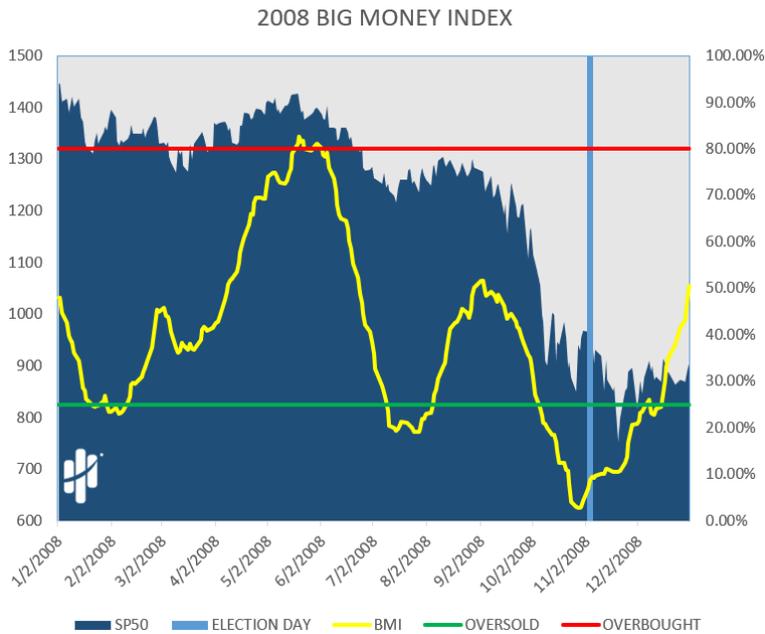
The MAPsignals Big Money Index tracks huge investment capital moving in and out of stocks. The index falls as selling rises and rises as buying increases. Usually, the trend is your friend, and especially as an investor- you don't want to fight the trend.

The trend in the BMI right now is down:

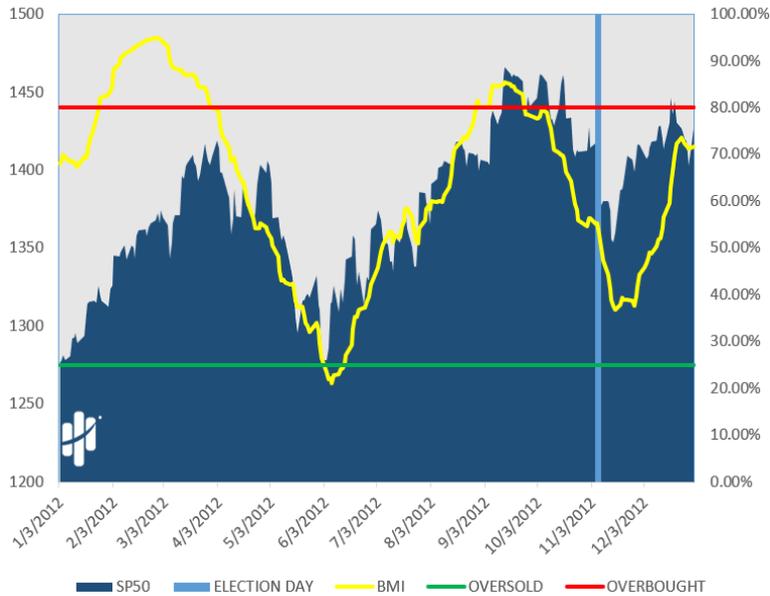


It turns out that election years tend to see a falling BMI heading into the election and a rising BMI after. Simply put, **stocks get sold into the uncertainty of an election day and get bought soon after.**

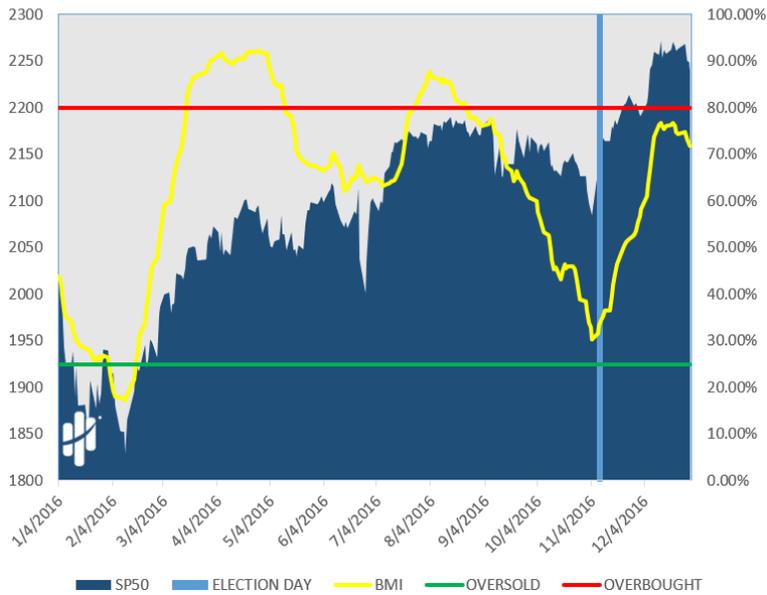
We will address all elections since 1990 in a larger study soon, but here are the 3 prior elections. Each vertical blue line is the day of the election:



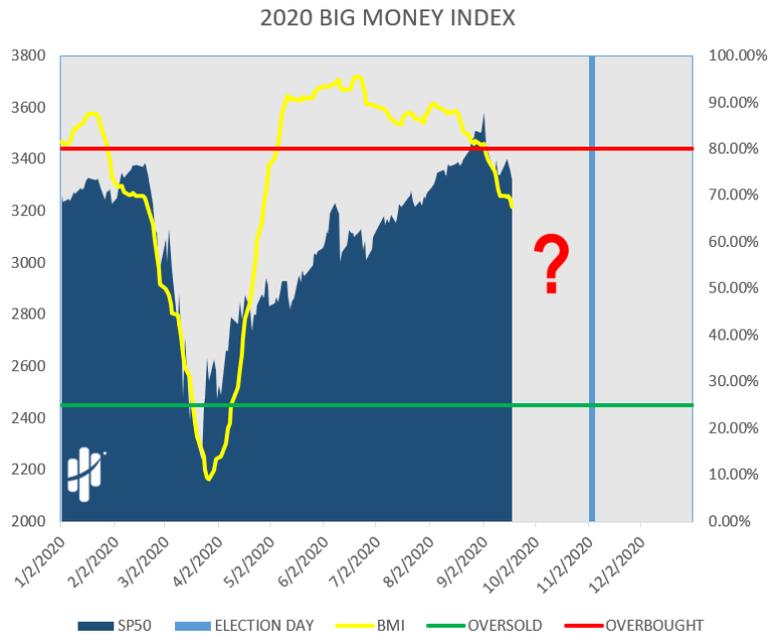
2012 BIG MONEY INDEX



2016 BIG MONEY INDEX



Notice how the yellow line plummets before and rises after the blue line? Each time, that was big money fleeing from stocks before election day. Then once it was known who won the presidential election, they plowed back into stocks. Is the former happening now? You tell me:



Now it certainly looks eerily similar to prior 3 elections doesn't it? I can also tell you the pattern revealed itself in nearly all other presidential elections since 1990.

That is why I believe a great setup is ahead for stocks:

- We have a historically weak month of September for stocks.
- We are in an election year, making this September likely worse than non-election years.
- We have big money historically trying to side-step political uncertainty
- And we have the relief buying that typically happens after election day

If history is any guide, start making your buy lists now. It's a good time to have cash. Isolating outlier stocks that have fallen victim to risk reduction due to an election is a great way to cherry pick. Let the political worry of others become your investment confidence.

Look for strong stocks with great businesses, strong sales and earnings growth, big profits, low debt, and a strong history of big money buying. When those go on sale (because of the unknown risks seen by big professional money managers), that's opportunity knocking. We have history suggesting they'll get back in after we know who wins.

As for who does win on November 3rd? I'll leave that debate for virtual cocktail parties and the talking heads on network news.

Gore Vidal said: *Half of the American people have never read a newspaper. Half never voted for President. One hopes it is the same half.* I will cast my vote in an effort to bolster the weak global standing of USA's voter attendance. Beyond that, I only need to focus on the hidden winners that will come from election day.

Outlier stocks on sale are gifts handed to us by the volatility of political uncertainty. History suggests we should be ready with our lists. I am. Are you?



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