

The FRED Report – Sector Review

Sector Weight Notes: No Sector Changes in this Report. No Stock Changes.

Stocks Indexes have had the correction into March we have been expecting, and then some. The markets fell into mid-March, rallied and then broke badly on news. NASDAQ breadth in particular has continued to be extremely weak. Small Cap indexes still have the best accumulation but are trading weaker. QQQ and IYW accumulation improved on the decline. We generally do not make big changes in market environments like this.

Our Overweights are still XLI and XLF. XLF broke out above 45, then 50, and has held support in the recent pullback. Subgroups are attractive there as well, but banks may be a crowded trade. Favorites are credit cards and insurance. XLI is still outperforming, according to analysis by Stockcharts.com. Most analysts are not talking about the performance of XLI, which has very strong Accumulation. Strong potential here!

Our Underweights are still XLRE and IYZ. XLRE has stabilized, but is still a downtrend, and fundamental concerns remain. It is trading above and below short-term resistance but is still a downtrend and has paused. IYZ rallied through resistance – but there is nearby resistance near current prices. It is likely to underperform even though it has improved and is defensive.

In our Equal Weights all sectors weakened in this pullback: Defensive sectors fared better, not a surprise. XLU broke out, and retraced but Value and Dividends have improved. IYW, like many sectors, broke support and then closed back above it. This chart is high risk if anything goes wrong. XLP held up in the pullback, along with some of the Value names. Note that weekly stochastics on most of the sectors are now oversold and ready to recycle. If it wasn't for the news, we would say this correction was relatively normal, albeit quicker and more volatile. So far our key areas on SPY and QQQ have held, but a retest and divergence bottom is likely.

| Current Weighting | Previous Months Weighting |
|-------------------|---------------------------|
| Equal | Equal |
| Equal | Equal |
| Equal | Equal |
| Overweight | Overweight |
| Underweight | Underweight |
| Equal | Equal |
| Overweight | Overweight |
| Equal | Equal |
| Equal | Equal |
| Equal | Equal |
| Underweight | Underweight |

Highlight
Change

| ETF Sector | Page |
|---|----------|
| ETF Sector Charts: Consumer Discretionary (XLY) | 4-5 |
| ETF Sector Charts: Consumer Staples (XLP) | 6-7 |
| ETF Sector Charts: Energy (XLE) | 8-9 |
| ETF Sector Charts: Financials (XLF) | 10-11 |
| ETF Sector Charts: Real Estate (XLRE) | 12-13 |
| ETF Sector Charts: Health Care (XLV) | 14-15 |
| ETF Sector Charts: Industrial (XLI) | 16-17 |
| ETF Sector Charts: Materials (XLB) | 18-19 |
| ETF Sector Charts: Utilities (XLU) | 20-21 |
| ETF Sector Charts: Technology (IYW) | 22-23 |
| ETF Sector Charts: Telecom (IYZ) | 24-25 |
| Summary and Performance of Stocks | 2 |
| Explanation of Methodology | 3 |
| Disclaimer | 26 |

THE FRED REPORT

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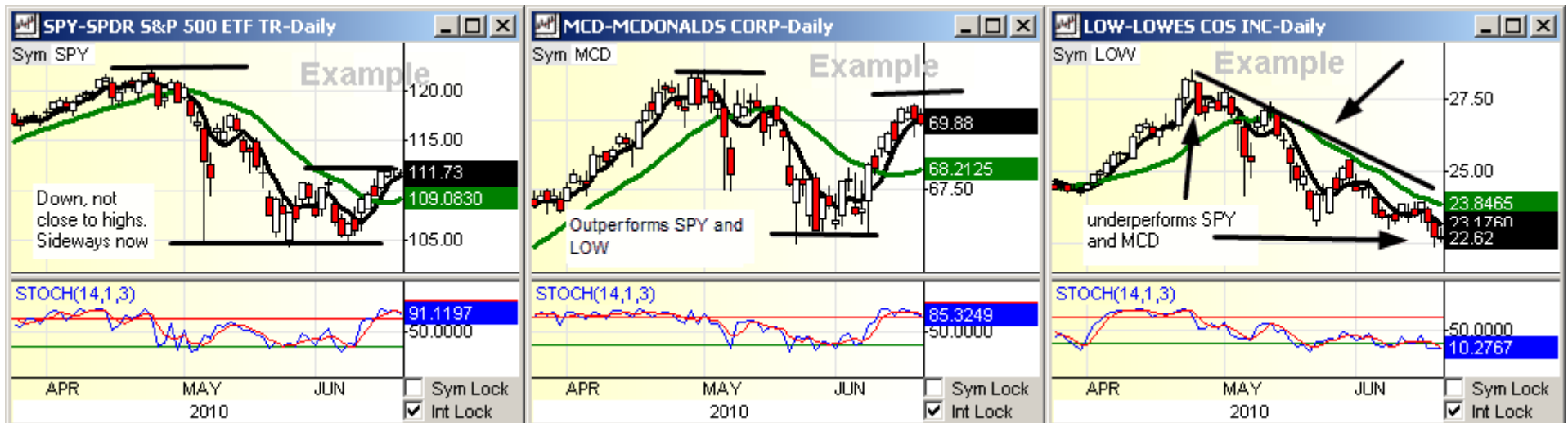
Stock Prices as of 04/11/2025

| Sector ETF Stock Component Changes | | | | | |
|-------------------------------------|--------------|------------------|---------------|-----------------|----------------------------|
| Stocks We Like | | | | | |
| No changes | | | | | |
| Ticker | Listing Date | Price at Listing | Current Price | Absolute Change | Relative Change to ETF (%) |
| Consumer Discretionary (XLY) | | | | | |
| Stocks We Like | | | | | |
| MCD | 7/16/2021 | 234.75 | 309.90 | 32.01% | 25.43% |
| AMZN | 12/17/2021 | 170.018 | 184.87 | 8.74% | 11.59% |
| HD | 7/15/2022 | 292.41 | 353.86 | 21.02% | (9.97%) |
| Consumer Staples (XLP) | | | | | |
| Stocks We Like | | | | | |
| PG | 2/12/2021 | 127.62 | 166.91 | 30.79% | 8.47% |
| WMT | 4/12/2024 | 60.14 | 92.80 | 54.31% | 44.81% |
| MDLZ | 2/14/2025 | 60.82 | 67.05 | 10.24% | 10.57% |
| Real Estate (XLRE) | | | | | |
| Stocks We Like | | | | | |
| WY | 10/14/2016 | 31.38 | 25.80 | (17.78%) | (41.65%) |
| SPG | 2/18/2022 | 140.95 | 148.20 | 5.14% | 18.04% |
| PLD | 1/12/2024 | 131.55 | 96.23 | (26.85%) | (25.28%) |
| Health Care (XLV) | | | | | |
| Stocks We Like | | | | | |
| ABBV | 6/11/2021 | 115.42 | 175.05 | 51.66% | 41.77% |
| AMGN | 2/17/2023 | 240.53 | 285.98 | 18.90% | 15.20% |
| AZN | 8/16/2024 | 84.41 | 66.29 | (21.47%) | (11.00%) |
| Industrial (XLI) | | | | | |
| Stocks We Like | | | | | |
| ITW | 8/15/2014 | 87.02 | 232.32 | 166.97% | 29.37% |
| UNP | 1/20/2017 | 108.60 | 218.59 | 101.28% | 3.19% |
| CAT | 12/17/2024 | 363.04 | 293.45 | (19.17%) | (13.96%) |
| Materials (XLB) | | | | | |
| Stocks We Like | | | | | |
| CTVA | 6/16/2023 | 57.23 | 59.28 | 3.58% | 5.11% |
| SCCO | 4/12/2024 | 115.25 | 84.63 | (26.57%) | (16.09%) |
| STLD | 12/17/2024 | 117.00 | 120.41 | 2.91% | 8.53% |
| Ticker | Listing Date | Price at Listing | Current Price | Absolute Change | Relative Change to ETF (%) |
| Energy (XLE) | | | | | |
| Stocks We Like | | | | | |
| PSX | 1/22/2019 | 93.00 | 97.38 | 4.71% | (21.62%) |
| XOM | 3/17/2023 | 99.84 | 103.14 | 3.31% | 0.81% |
| SHEL | 9/13/2024 | 67.45 | 62.09 | (7.95%) | (0.12%) |
| Financials (XLF) | | | | | |
| Stocks We Like | | | | | |
| MA | 2/14/2020 | 340.95 | 509.75 | 49.51% | (0.22%) |
| AFL | 1/12/2024 | 82.74 | 106.83 | 29.12% | 4.99% |
| AXP | 9/13/2024 | 259 | 251.13 | (3.04%) | (7.89%) |
| Utilities (XLU) | | | | | |
| Stocks We Like | | | | | |
| SO | 3/13/2020 | 53.97 | 89.86 | 66.50% | 34.16% |
| DUK | 2/12/2021 | 89.82 | 118.94 | 32.42% | 10.54% |
| SRE | 1/12/2024 | 75.41 | 68.31 | (9.42%) | (29.95%) |
| Technology (IYW) | | | | | |
| Stocks We Like | | | | | |
| IBM | 4/12/2024 | 182.27 | 235.48 | 29.19% | 27.89% |
| CSCO | 1/17/2025 | 60.23 | 57.33 | (4.81%) | 11.05% |
| NVDA | 3/14/2025 | 119.53 | 110.93 | (7.19%) | 0.35% |
| Telecom (IYZ) | | | | | |
| Stocks We Like | | | | | |
| T | 12/20/2010 | 21.99 | 26.79 | 21.83% | 10.04% |
| VZ | 2/15/2019 | 55.16 | 43.73 | (20.72%) | (8.99%) |
| TMUS | 3/18/2022 | 127.18 | 258.67 | 103.39% | 117.39% |

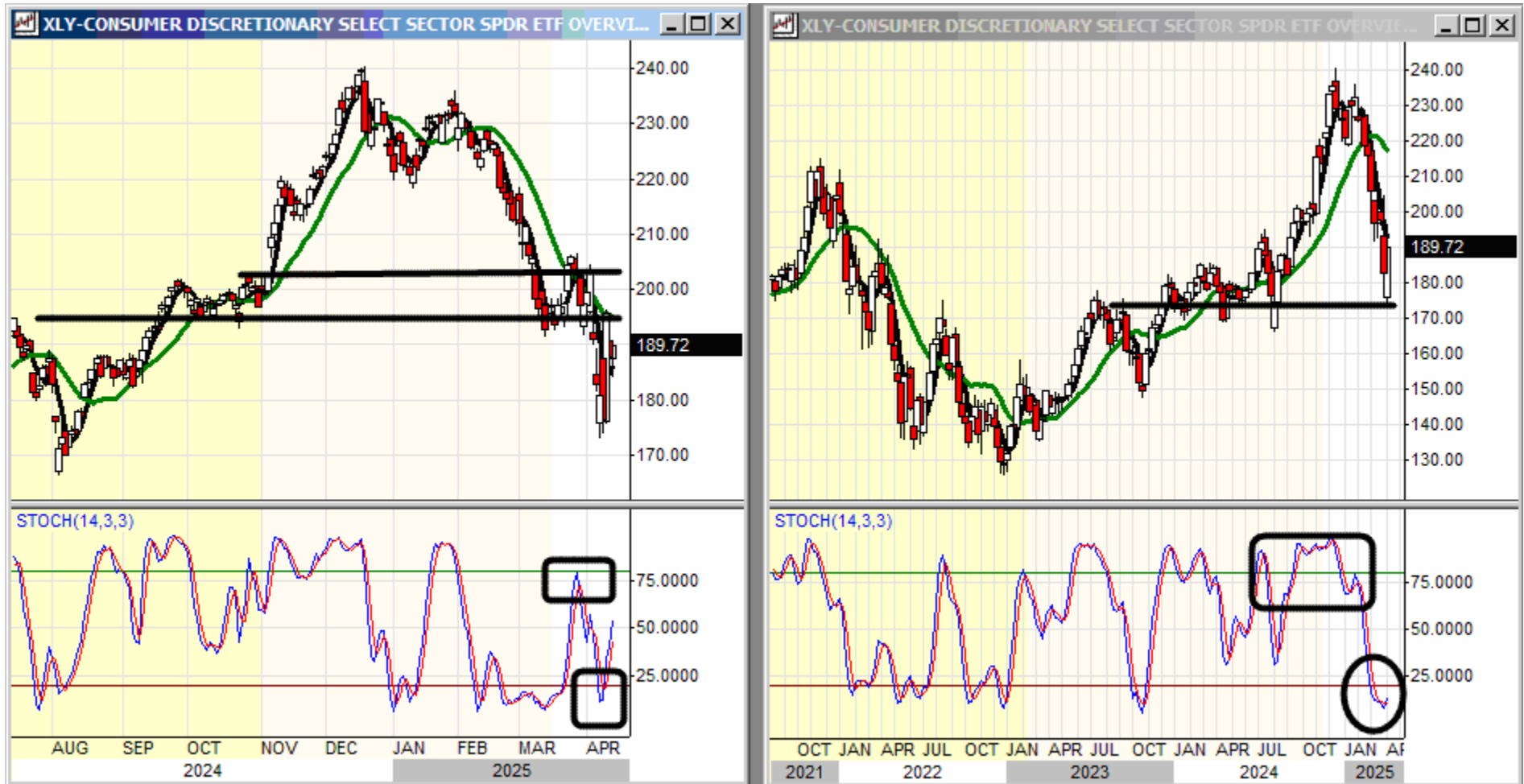
Sector Report Investing Methodology:

We treat stock and ETF Investing in this section of the website differently from the “Idea Generation” sections of the site. The difference is that here we are aiming for RELATIVE, and NOT absolute performance. In addition, these ideas are meant to be longer-term in nature. A key difference is that chart patterns are more important in relative performance, whereas indicator patterns get the nod when trying to create absolute returns. In practice this could mean, for example, using the stochastic as a measure of risk, and buying when it is in the upper part of the range rather than waiting for a move into the lower part of the range, which is riskier. This can mean, paradoxically, that stocks we dislike can have stronger short-term moves, as they are more oversold. Look at the examples below. MCD is overbought when looking at the Stochastic, and therefore riskier short-term, but it has outperformed longer-term, a trend we expect to continue.

There are two assumptions here. The first is that one is trying to build a position over time. The second is that, as part of the first assumption, one is adding to the position over time. So, one could take a baseline position, and then add to it when the Stochastic falls. Again, see the examples below. This becomes especially important when advisors are evaluating fundamental recommendations from their own firms. Look for relative outperformance as measured by such things as the position of lows in a stock relative to other stocks, and the market indexes. We show some charts below to further illustrate these ideas.



ETF Sector Charts: Consumer Discretionary (XLY)



Consumer Discretionary broke short-term support: XLY held the 170-area intermediate support, although it did test it as we thought it might. Note that AMZN, a major component, looks very similar to XLY. This is a neutral chart longer-term although it looks worse short-term. We now have a daily stochastic recycle, and a weekly that is oversold. The Accumulation Model is still weaker than we would like, suggesting a bit more turbulence is possible in this sector in 2025 – this is what we have seen. We think our stock ideas are solid names even if the sector is showing less accumulation. We would buy a weekly recycle. 170 should hold for a while. EQUAL WEIGHT

ETF Sector Charts: Consumer Discretionary (XLY) – Stocks we like/buys

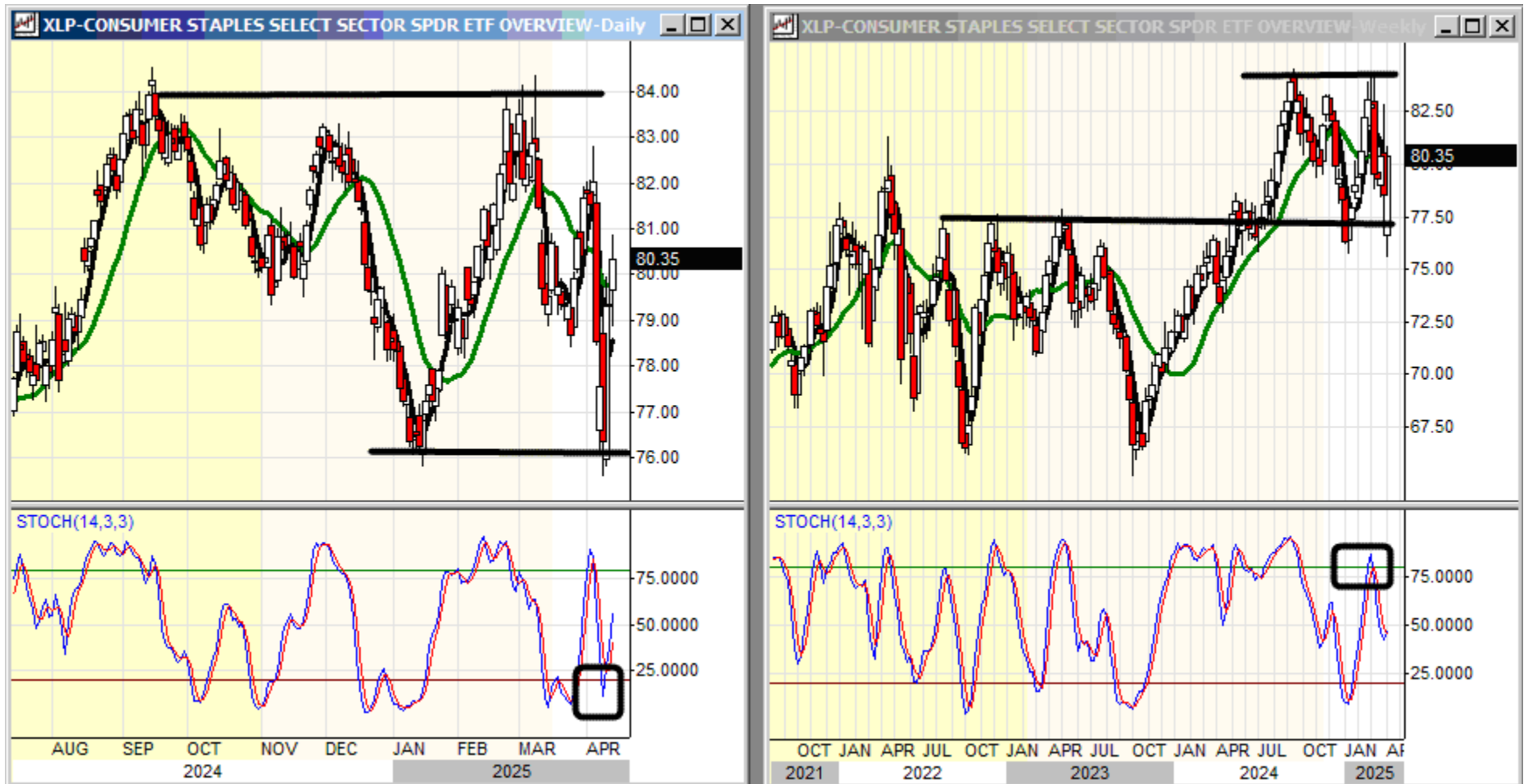


MCD: MCD had a false breakout, remaining in the trading range. MCD is defensive and has a record of outperforming in tough markets. The daily stochastic is a daily recycle. We could add this here.

AMZN: AMZN is tested support in the 170-area. Buy daily and weekly recycles over the next few days. This is strong longer-term. Back above 210 would start the process of recovery in AMZN.

HD: This tested support at 340 and is holding. Trading targets in the 390-area have been hit. This has pulled back to intermediate support and is oversold. Back above 380 would repair this chart.

ETF Sector Charts: Consumer Staples (XLP)



XLP is defensive and holding up well: The intermediate-term chart broke out above 77.50 then moved below, is now above it once again. We recommended buying the last daily and weekly recycles. XLP is defensive and trading well. Since it moved above 77.50, it hit new highs, per our comments in the August Monthly. The daily stochastic is in buy mode and the weekly is a sell pattern. This is short-term up as long as above 77. It looks like some money is flowing in here. EQUAL WEIGHT

ETF Sector Charts: Consumer Staples (XLP) – Stocks we like/buys

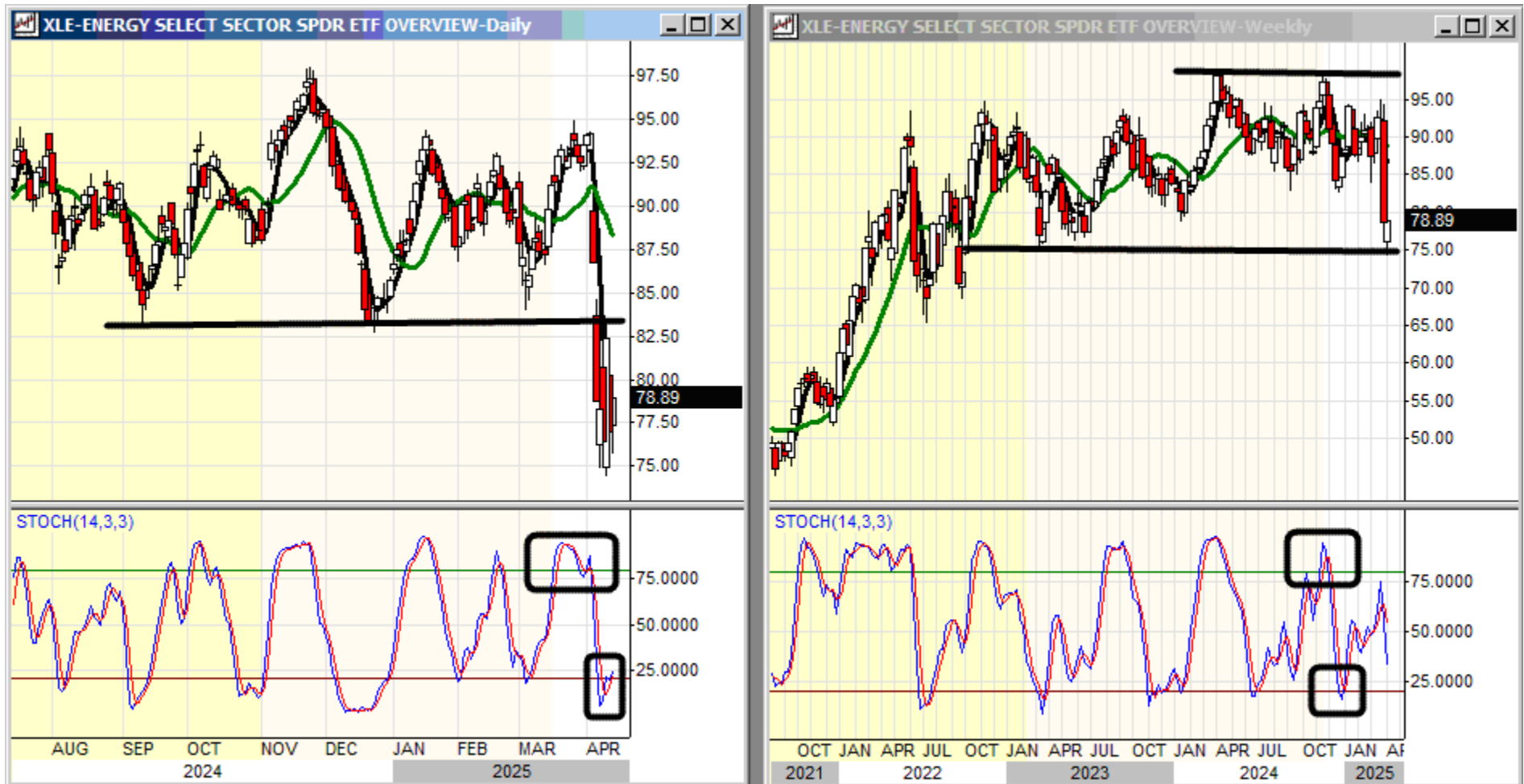


PG: PG is a strong chart that had a breakout that has failed. This has support is the 160 to 155-area. This is a solid chart in this sector, without much change this month. It is a base with a daily stochastic that is in buy mode. You can buy this here.

WMT: WMT is a strong chart and also has some fundamental potential on expansion into India. We would buy this weekly recycle. WMT is oversold after this pullback, and trading well considering the Chinese exposure.

MDLZ: This has broken a major downtrend as drawn. It tested 60 and is back above it. The weekly stochastic is overbought, and the daily is turning up. We would buy this here – it is showing strength off the support at 60.

ETF Sector Charts: Energy (XLE)



XLE is an intermediate-term consolidation: Seasonal strength ended in February/March. The daily stochastic is in buy mode, and the weekly is a sell. XLE has strong accumulation. Compare this to USO – it is weaker but this should change. XLE does have some capitalization issues, but CVX and XOM are bases. The move above 90 targeted 93 on a trading basis, which hit, and suggests 110 is possible for investors in 2025. This rallied into the end of March. We need to be careful as seasonals are negative, but the support at 75 has held so far. EQUAL WEIGHT

ETF Sector Charts: Energy (XLE) – Stocks we like/buys

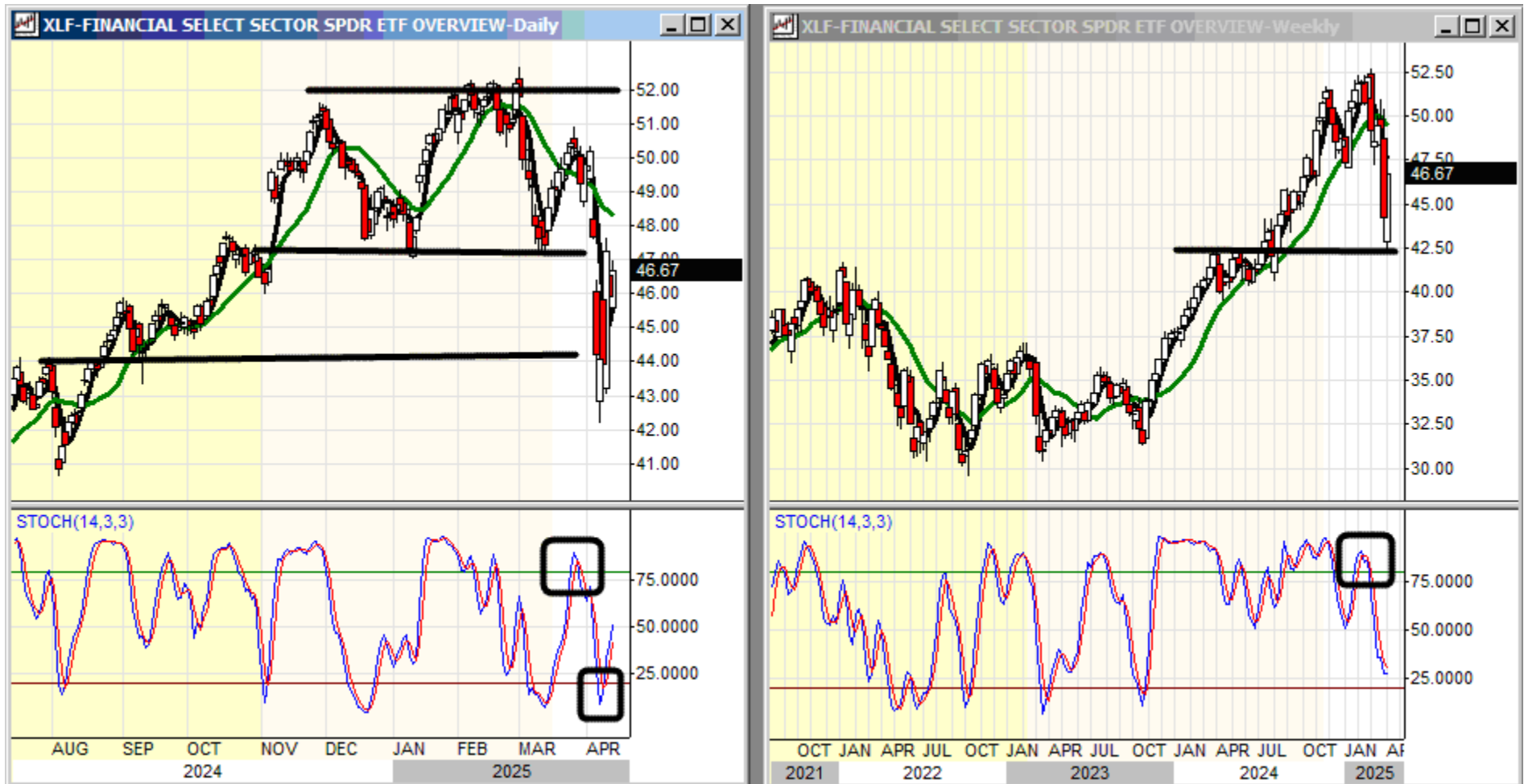


PSX: PSX has broken down to test 2023 support. This is weaker than we thought it would be, and should probably be sold on a rally, around 120 ideally. It could bounce here.

XOM: XOM is a solid intermediate range. The daily stochastic is in buy mode, and the weekly is in sell mode. You can buy this daily recycle, near the 100-area support.

SHEL: SHEL held support around 60, and resistance is the 70-area. This should do well into summer of 2025. It is a better chart than some of the US oil companies, buyable here if you want.

ETF Sector Charts: Financials (XLF)



XLF tested and held support: XLF hit new highs but sold off with the market. The daily Stochastic is in buy mode. The weekly is almost oversold. We are surprised at the weakness in Banks, but other subgroups are trying to hold up. We added on the last daily recycle, add again on this one. Credit cards are also a strong subgroup intermediate-term. XLF could still outperform in 2025, and the chart is one of the strongest in this report. Watch banks carefully as if they don't rally there could be problems. OVERWEIGHT

ETF Sector Charts: Financials (XLF) – Stocks we like/buys

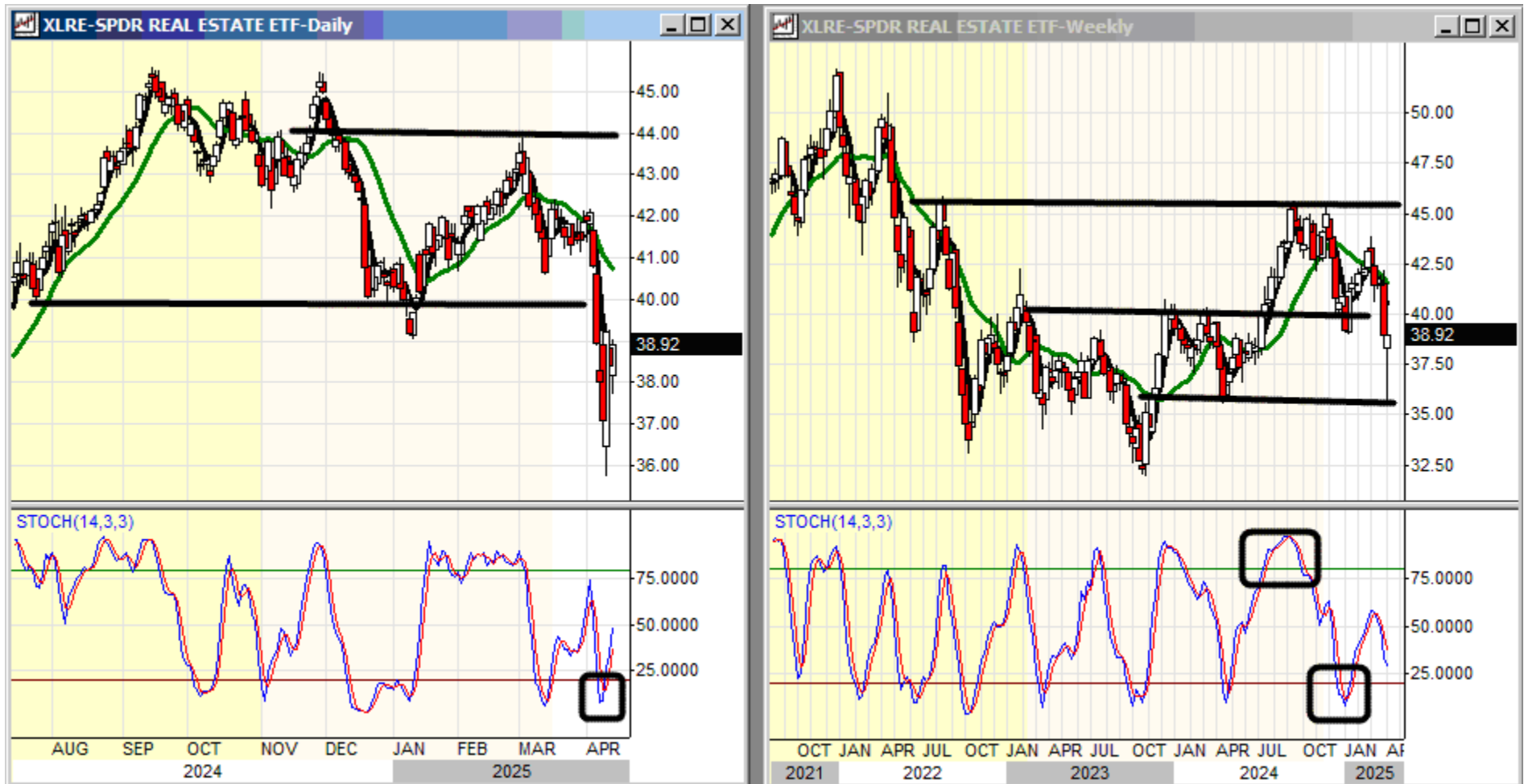


MA: This is an intermediate breakout. This decline has tested the breakout. This is oversold near support but still intermediate-term up. Buy it here and on weekly recycles

AFL: This stock came close to our target at 120 and has entered consolidation. This is holding support at 100 in spite of the market decline. As long as above 90, this is strong, but it should pause here.

AXP: Three months ago, we removed BAC with a gain, and added AXP, a stronger chart. This pullback has held intermediate support in the 225 to 200 area. This is a buy in this area.

ETF Sector Charts: Real Estate (XLRE)



XLRE is holding up: This has probably made an intermediate-term bottom. Please see the long-term charts of IYR as it is similar to XLRE, but with more data. Interest rates have affected the real estate markets and XLRE is reflecting the rate situation, which the markets think is improving, but we are not sure it is – watch TNX, and TYX, which have failed at 5% so far, but could go through that number. This has held but it is not doing well. Below 42 is a concern, but this may trade back and forth around this area. The latest trading has held support, and the intermediate chart is a base. However, this still is weak relative to the other sectors. UNDERWEIGHT

ETF Sector Charts: Real Estate (XLRE) – Stocks we like/buys

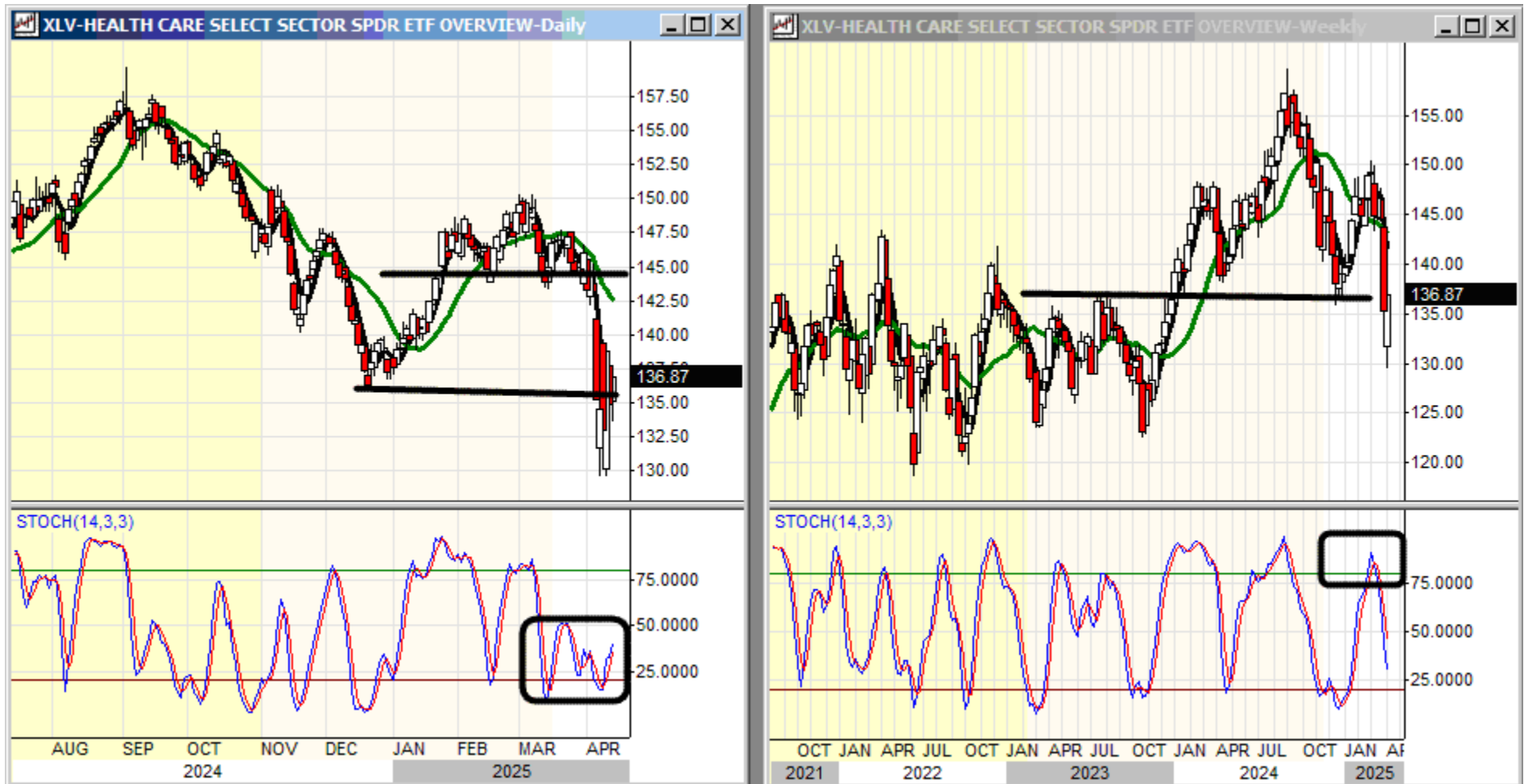


WY: This has moved through the bottom of the range and below 27 is a concern. It is difficult to find attractive stocks in this sector, and this needs to move back above 27.50 soon, or we will remove it.

SPG: SPG is strong in this environment for REITs. This is holding the 150-area support, and if it can move back above 153 it should challenge 175. The daily stochastic is in buy mode, the weekly is oversold

PLD: This is an intermediate-term base, but back above 100 would improve the chart. PLD is in a base from roughly 100 to 130. This should rally right away, the daily stochastic is in buy mode.

ETF Sector Charts: Health Care (XLV)



XLV broke below, and above support: XLV was a multiyear consolidation but broke down below that support. However, since the election this has been weak. Accumulation on XLV remains strong. The daily stochastic is in buy mode and the weekly is in sell mode. XLV is holding support on a closing basis, but back above 145 would be ideal. This is not a bad looking chart given the recent market action, and you can try to buy it here. Below 130 would be a concern. EQUAL WEIGHT

ETF Sector Charts: Health Care (XLV) – Stocks we like/buys

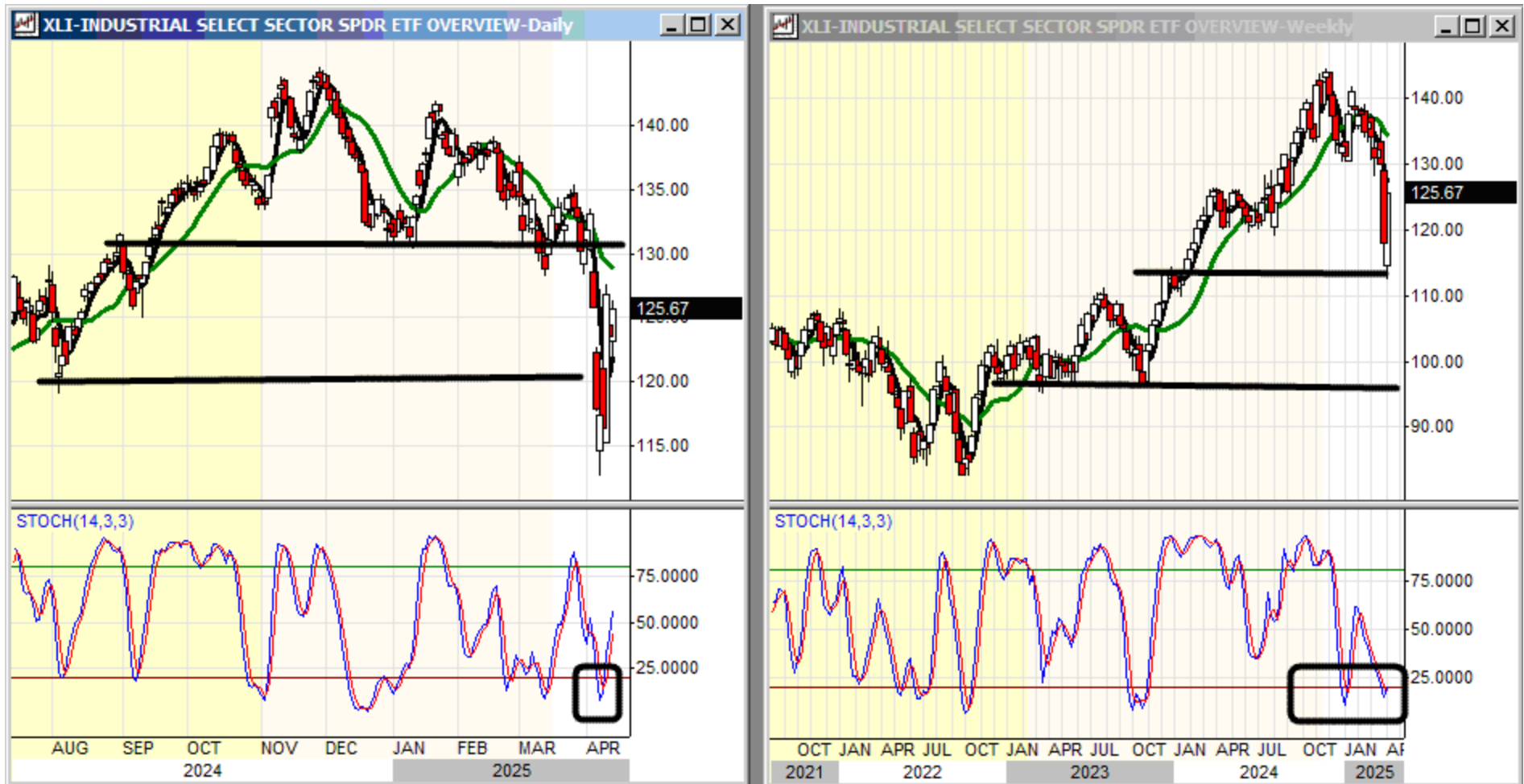


ABBV: was a breakout . As long as above 150 the intermediate chart is positive. This has a good yield as well. This has maintained the breakout in the face of market turmoil. It could consolidate here, but within that context it should test 200.

AMGN: This broke the high-level consolidation but it tested and held 250 support. This is a giant range, as drawn. This remains in a slow uptrend. AMGN is trading well in this environment. Healthcare is improving slowly, and these stocks are some of the most attractive technical patterns.

AZN: We replaced LLY, a big winner, with this name in August. The break of 75 suggested sideways trading for a while. Back above 70 would improve the chart. This is building a base for a possible advance.

ETF Sector Charts: Industrial (XLI)



XLI broke below, and above 120-area support: The accumulation model on XLI remains very strong. The daily and weekly stochastics are in buy mode. XLI's strength was not widely acknowledged, so it should have more to run. This remains a strong formation as long as XLI is above 115 and holding this general area and closing above it was strong in this correction. XLI performed well in 2024 yet the markets are ignoring the performance of XLI. This should be a strong performer for 2025. We will buy a daily recycle, add on a weekly recycle. OVERWEIGHT

ETF Sector Charts: Industrial (XLI) – Stocks we like/buys



ITW: This intermediate chart is a double bottom. Traders can buy this daily recycle. Investors continue to hold. Trading Target of 274 has hit. Investors look for 290. Below 225 would be a concern. So far, this is holding up

UNP: This is breaking the 225-area support. You can buy this back above 225 closing basis. This could recover and trade well in the second quarter, but careful if it starts making new lows.

CAT: Two months ago, we removed LMT and added CAT. Defense stocks may have trouble under Trump, but construction should do well. CAT has support in the 300 area, slightly below here. Buy stochastic recycles. This is a daily recycle, can add some here.

ETF Sector Charts: Materials (XLB)



XLB has broken 82-area support: XLB is weaker than we thought it would be. Short-term support from 82 has broken on a gap. The Accumulation was weak, suggesting this could have problems and this is why we have been an equal weight. We would keep adding to this on weekly recycles as we just had – be a bit patient as some subsectors are weak (steel for example). The weekly stochastic is a buy pattern, the daily is also, but these are not strong patterns. Back above 85 would start to correct this downtrend. The intermediate-term trend is now sideways rather than up, and the weak Accumulation and price action keeps it from being a favorite. EQUAL WEIGHT

ETF Sector Charts: Materials (XLB) – Stocks we like/buys

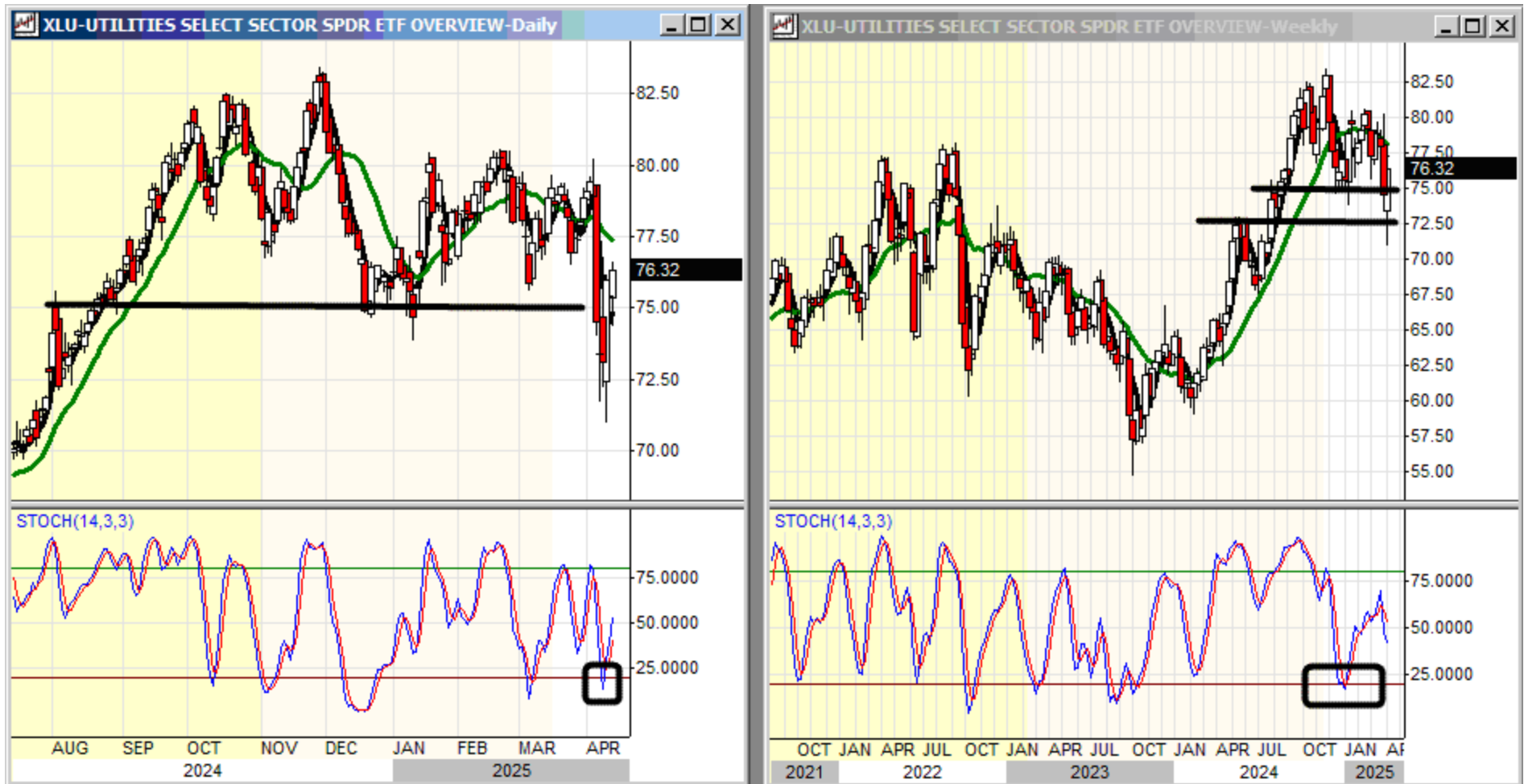


CTVA: This rallied off intermediate-term support at 50, and above 60 again would be strong. This is improving. You can buy daily recycles. CTVA could hit 67 or so, where we would look to sell the stock for traders. Investors may see some consolidation there, but then it could hit 74 or so.

SCCO: This is holding the 75-area support. The daily stochastic is a buy recycle, and the weekly is a buy pattern but showing little momentum. This needs to get back above 86, and then could test 100.

STLD: We replaced NUE with STLD two months ago. STLD has filled a gap and held short-term support at 120, albeit after breaking below and above that number. This still is holding but steel is weaker than we would like to see.

ETF Sector Charts: Utilities (XLU)



XLU held the 72-area support: This broke out above 77, but is below there now. The daily stochastic is in buy mode. The weekly is a buy pattern but with little momentum. Income Investors were buying this on pullbacks, as we have recommended over the last six years. This is also an AI play, as the power grid should be attracting more money. These can do well in 2025. So far, this is outperforming and is functioning as a defensive sector. We remain an equal weight. Back below 75 would suggest the rally is over, but this is still an income play for now, and dividend stocks look a bit better. EQUAL WEIGHT

ETF Sector Charts: Utilities (XLU) – Stocks we like/buys

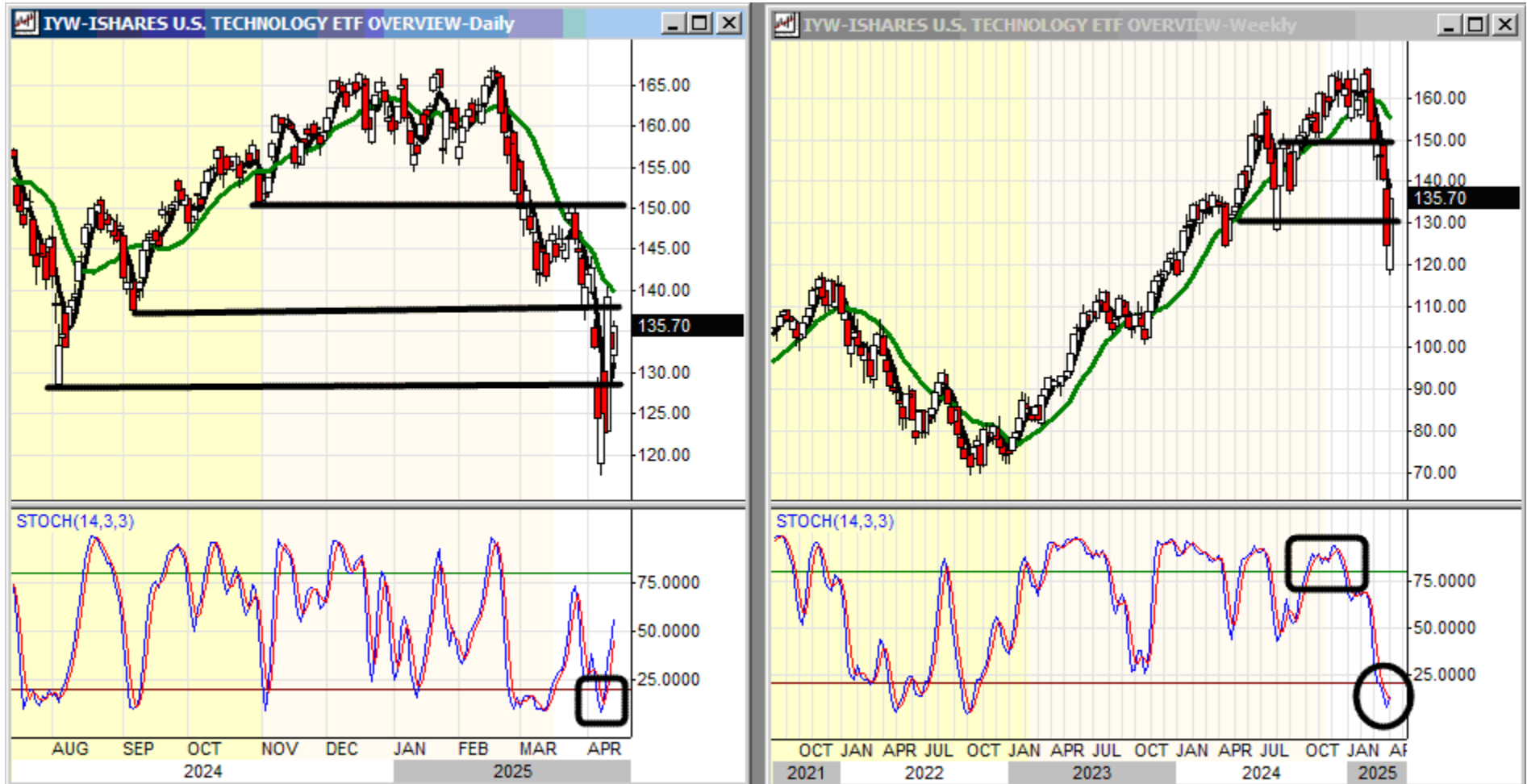


SO: SO is a breakout and a successful retest. One reason this may be doing so well is nuclear power. The stochastics are overbought, so we would start to buy on recycles. SO is our favorite Utility.

DUK: DUK held 110 to 105 support. This has started to trade sideways in this pullback. Buy recycles as long as above 100. Stochastics are overbought so this could consolidate a bit.

SRE: SRE broke 80 -area support and has moved to long-term 70-area support. This is a bad break and a surprise. We will try and sell a rally. This might take some time but we could see 80 where we would sell.

ETF Sector Charts: Technology (IYW)



IYW Broke and revalidate the key 130-area: IYW has broken support in the 130-area, but it is now back above it. Tech has been everyone's favorite overweight for a while, and because of this Tech has been overvalued. To some extent this correction is masking an unwind of many tech over weights. The daily stochastic is in buy mode, and the weekly is oversold. We have consistently said not to sell the ultra high relative strength tech names, and they are trading better than the rest of the sector, but there are less of them. Buy the very best companies on recycles for your Tech allocation. We thought Tech could have problems later in 2025, so weakness here is not a surprise, although the overall market weakness is. Accumulation fell off on IYW and QQQ, but actually has started to improve on this decline. There are probably some opportunities now. EQUAL WEIGHT

ETF Sector Charts Technology (IYW) – Stocks we like/buys

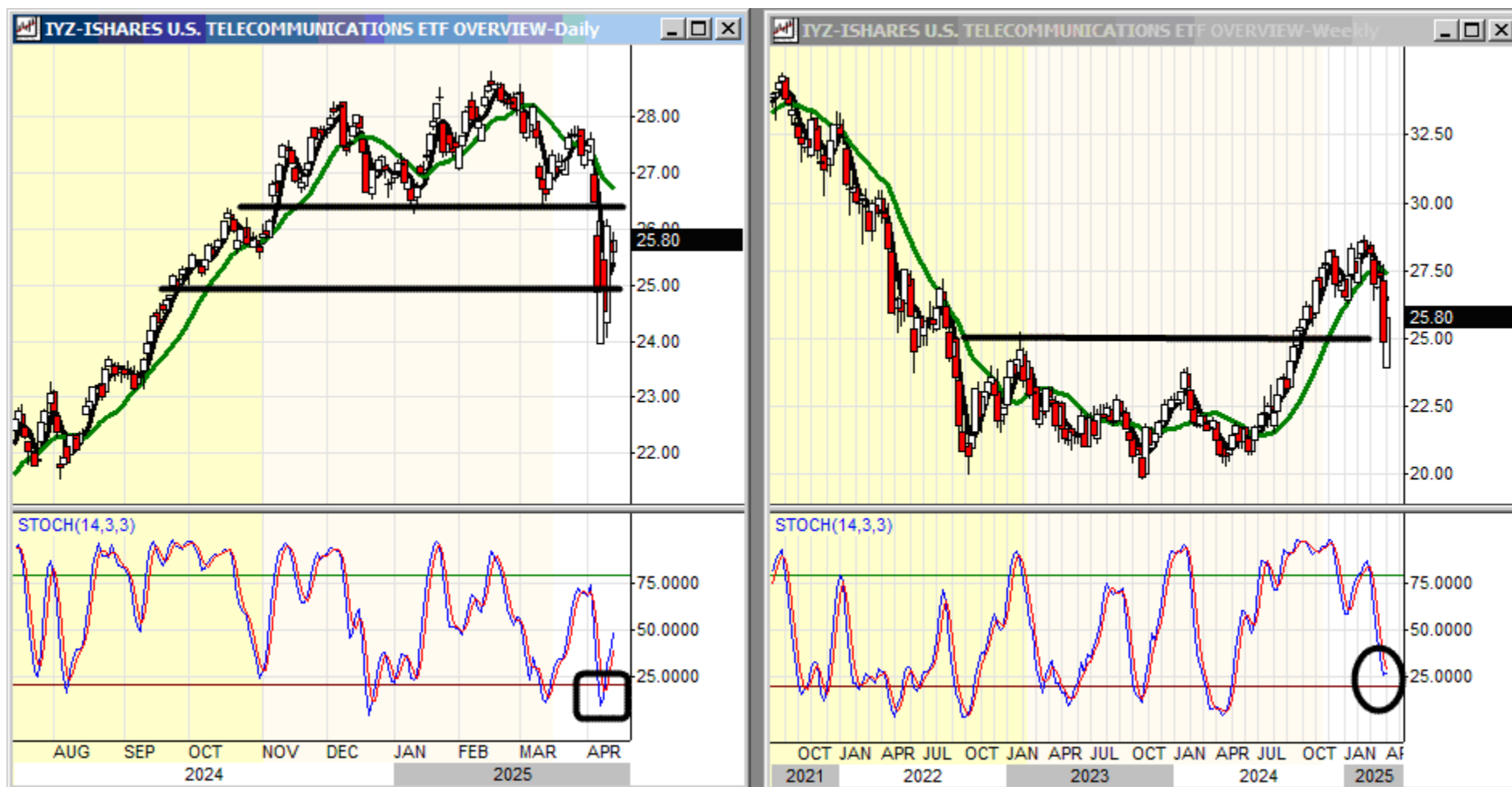


IBM: This pulled back to the intermediate-term uptrend and rallied. In addition to being an AI play, IBM has a strong yield. Keep buying recycles. Support is 200 and this is trading strongly above it for now.

CSCO: We added CSCO a couple of months ago. CSCO is a strong chart as long as above 55, and this breakout is strong. We did not want to use a Mag 7 name. This hit trading targets, and has pulled back. You can buy this daily recycle.

NVDA: This AI stock has consolidated, and moved below and above the 100-area support. NVDA has more upside potential than AAPL for a rally into summer in our view. Below 100 again would be a concern, but is unlikely.

ETF Sector Charts: Telecom (IYZ)



This is fully testing 25-area support: This broke out above 25 and is retesting that area, now support. IYZ is defensive and holding. We moved to an Underweight in February 2021. We have seen some advance in T, which is the probably the biggest reason this improved. The daily stochastic is in buy mode, and the weekly is coming down, but not oversold. This is still one of the weaker sectors intermediate-term, but it is improving and part of the rotation out of Tech we are seeing. For now, we will maintain our underweight. We want to see how this trades after this market turmoil ends. UNDERWEIGHT

ETF Sector Charts: Telecom (IYZ) – Stocks we like/buys



T: T built a double bottom in the 14 area. It has started a new uptrend and has exceeded the top of the range at 20, now support. This stock is good for income, and it exceeded resistance at 25. Now it is a consolidation, and could head for 28 to 30.

VZ: VZ broke support in the 40 area has revalidate this area. We would continue to use this for income as it is improving. Continuing to hold above 40 would continue the basing pattern. Above 45 would be strong. Below 35 would be a concern.

TMUS: TMUS is a strong chart that has continued to rally. This has been our favorite of these for a while. S. T. Support is 250 that has been tested and held.

Disclaimers:

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