

Delta Investment Management is a registered investment advisory firm. Delta welcomes discussions with individuals seeking investment advice and advisors seeking a new turnkey asset management solution.

Delta manages portfolios at TD Ameritrade and Schwab.

Please contact Delta at info@deltaim.com or 415-249-6337 to learn more.

January 15, 2021

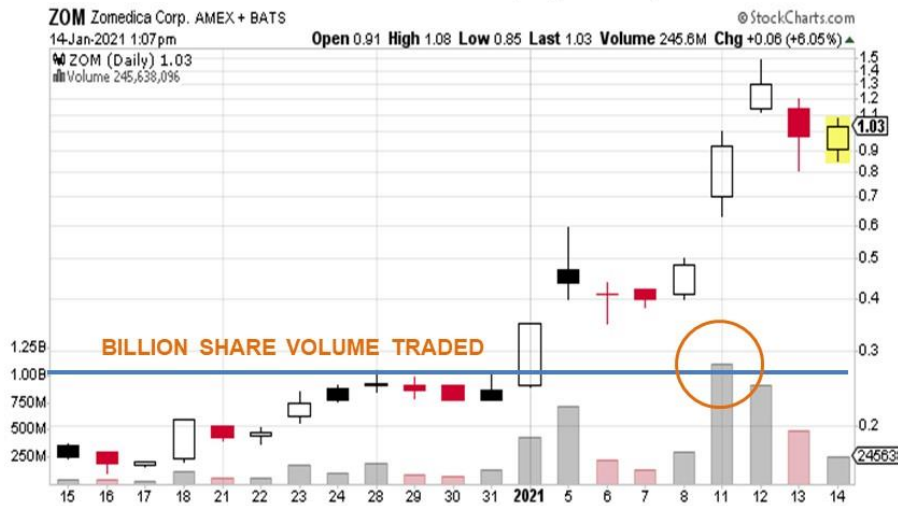
Trend Boost

The stock market is in a strong, upward trend. Micro-cap stocks are in a really strong, upward trend. Through the first seven trading days of 2021, the Russell Micro Cap Index is up 9.4% which is the best start for the index since its inception in 2007. By contrast, the S&P 500 index was up 1.2% during this first trading week of 2021.

Normally, large institutional buyers of stock (e.g., mutual funds, hedge funds, pension funds, etc.) do not buy stocks below \$5 per share. They almost never buy stocks under a dollar. This is because of the speculative nature of these types of stocks and because there is not enough liquidity to put institutional sized investments to work.

On Monday of this week, Zomedica Corp. (symbol ZOM, a veterinary health company creating products for companion animals) opened at about 70 cents per share. Average trading volume in the stock is 45 million shares meaning that about \$31.5 million worth of stock trades on the average day -- way too small for almost all institutional investors. But on Monday, January 11, over a billion shares traded. It was the highest traded stock by volume in the market.

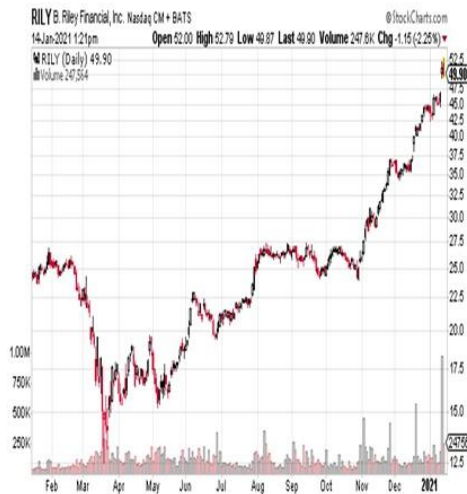
Zomedica Corp (ZOM)



Charles Schwab (SCHW) is the largest retail discount brokerage firm in the U.S. The company is benefiting from rising interest rates, expected merger synergies and potentially materially increased retail trading volumes. B Riley Financial (RILY) is a brokerage firm serving smaller institutions and may also be benefiting from surging volume traded in small-cap stocks.

Charles Schwab (SCHW)

B Riley (RILY)



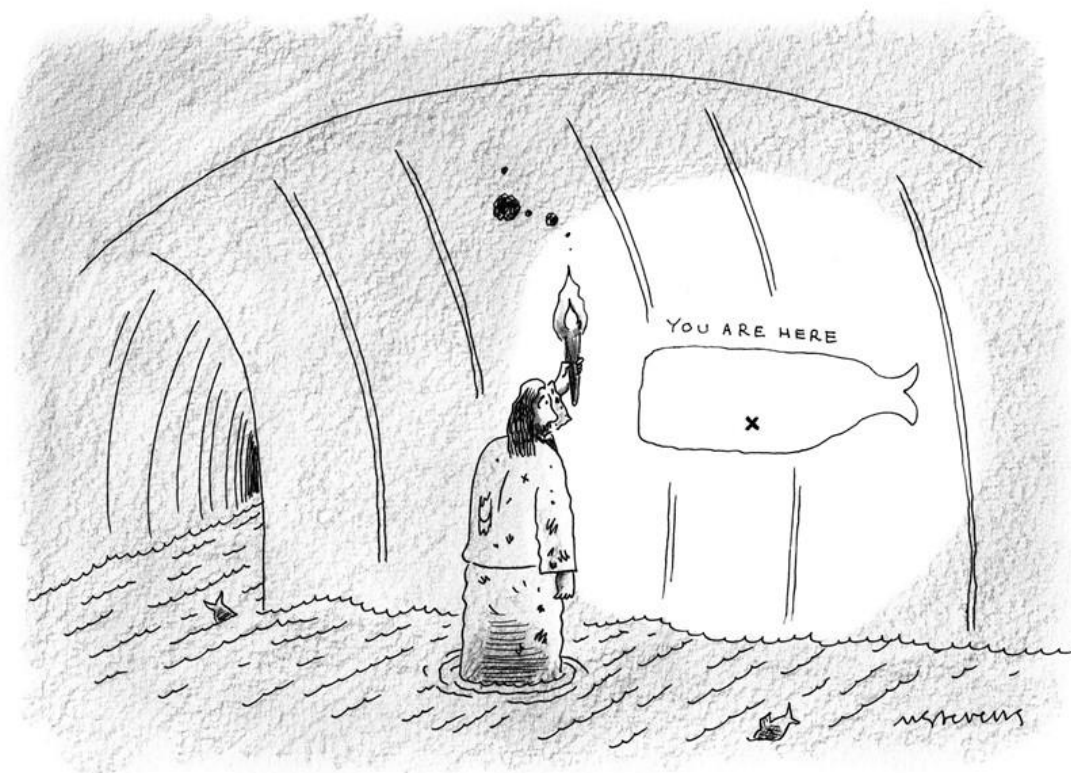
What the evidence points to is retail investors are feeling enthusiastic about buying stocks. Exuberance in the retail investment community can help extend the bullish trend. While the bullish trend is underway and potentially accelerating, the mood is good and almost all traders feel like winners. This type of good feeling can create overconfidence which may lead to unsustainable stock valuations.

The Delta Market Indicator (MSI) is bullish this week. We have discussed previously that momentum is a powerful force in equity trends. Although some of the current momentum may be driven by retail investor speculation, there are several fundamental drivers including historic levels of liquidity, low interest rates, more Covid-19 stimulus/recovery money from Congress on the way and potentially a multi trillion-dollar infrastructure bill to be passed in the first 100 days of Biden's presidency. Additionally, we have seen very high levels of positive early earnings releases. Next week is the first full week of earnings season which will help investors calibrate their current stock enthusiasm.

Let Us Help You Position for 2021 – Give Us a Call Today

Give us a call or send an email if you would like to schedule an annual account review. If you do not currently have an investment account with Delta, we invite you to contact us to schedule your free portfolio review.

We have unique and sophisticated investment methods that seek to capture the stock market's gains while minimizing drawdowns in bear markets. If you would like to learn more about how we manage money, we invite you to give us a call at **(415) 249-6337**, visit www.deltaim.com or email us at info@deltaim.com.



Delta Stock Market Dashboard

MARKET SENTIMENT IS

BULLISH

THIS WEEK'S NUMBER IS

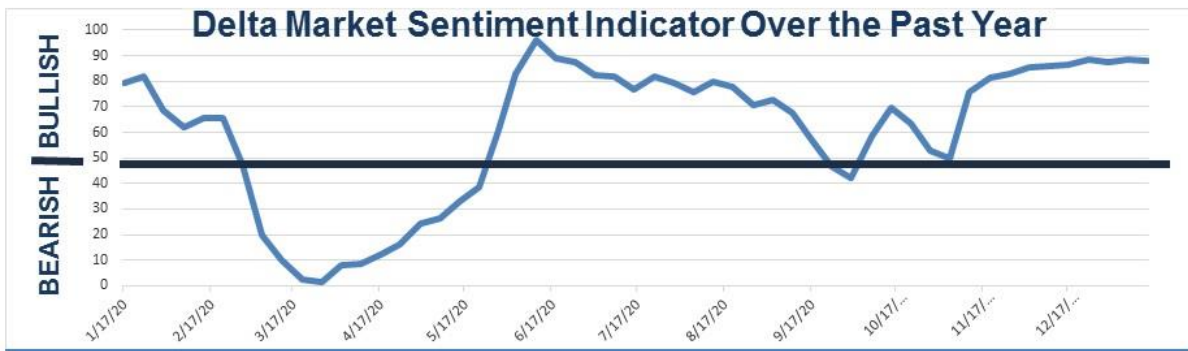
88.1

Our technical indicator decreased
from 88.6 to 88.1 this week

INDICATOR STATISTICS

Consecutive Bullish Weeks:	15
Cycle Inception Date:	10/8/2020
Range:	58.6 – 88.6
Mean:	75.5
Bullish Weeks YTD:	2
Bearish Weeks YTD:	0
*S&P 500	10.8%
*DJIA	9.7%
*NASDAQ	15.5%

** Percentage change during current cycle*



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