

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.

October 28, 2022

A Question of Leadership

In the aftermath of the tech-bubble collapse running from 2000 to roughly October 2002 through the end of 2021, there is little doubt about market leadership. In that time frame, the NASDAQ 100 was up over 1,500% versus the S&P 500 advance of roughly 430%.



The Covid 19 pandemic further enhanced the NASDAQ's leadership as many of the largest technology companies in the NASDAQ were direct beneficiaries of the 2020 stay-at-home mandates.

The leaders-of-the-leaders were Amazon, Apple, Microsoft, Google (Alphabet) and Facebook (Meta). As of midday Thursday, only Apple (-17% ytd) was outperforming the S&P 500 which is down roughly 20% year-to-date. By contrast, the NASDAQ 100 was

down 31%, Microsoft was down 32%, Amazon was down 33%, Google was down 36% and Facebook/Meta was down 70%.

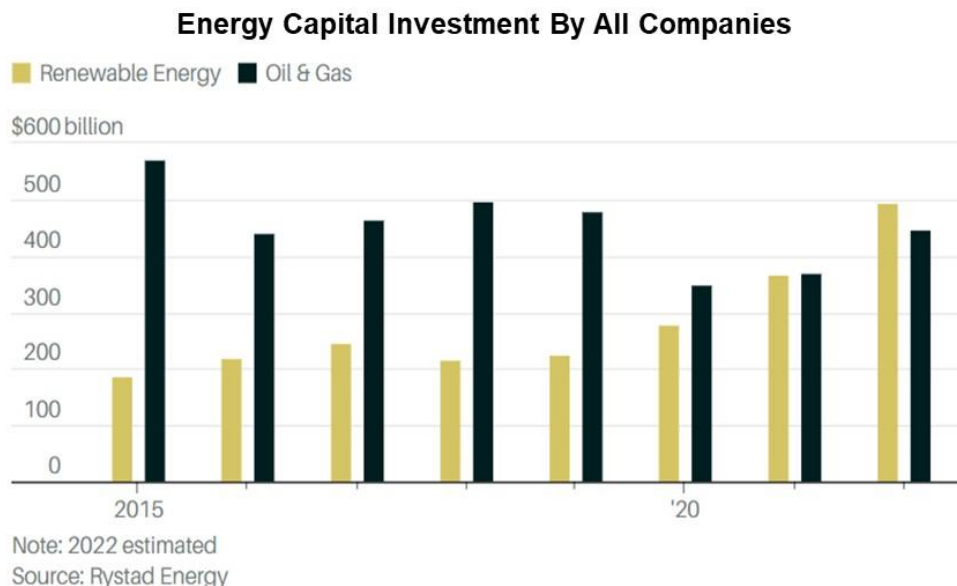
When the premier growth companies are struggling to grow, it does not bode well for the overall direction of the economy. When the premier growth companies experience slowing growth or negative growth, the premier valuations are transformed into ordinary valuations. One of the best examples of this is Netflix experiencing declining subscriber growth in the first half of the year. The stock lost half of its value and is now trading at a P/E of 26x, down from 108x in 2020.

A durable stock market bottom will form on condition that:

1. Leadership returns to the market either through existing premier growth companies and/or by new leadership companies, and
2. There is conviction that the Federal Reserve is done raising interest rates.

Just as Microsoft survived the Tech-Bubble crash to become an even stronger market leader over time, it is likely some of the leading companies of the past twenty years will remain leaders over the next decade. But we are likely to find new leaders as well.

The developed economies of the World are in the early phases of transitioning from carbon-based fuels to renewable energy. 2022 marks the first year ever when there is expected to be more capital investment in renewable energy than oil and gas.



The disruptive process of transitioning the world away from oil and to clean energy will create new leadership and attractive investment opportunities in the coming years.

Let Us Help You Position Your Portfolio – Give Us a Call Today

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.



“Oh, that’s just the decoy bag—the real Halloween candy is hidden under some laundry he won’t do.”

Delta Stock Market Dashboard

MARKET SENTIMENT IS

BEARISH

THIS WEEK'S NUMBER IS

29.8

Our technical indicator increased from 20.5 to 29.8 this week

INDICATOR STATISTICS

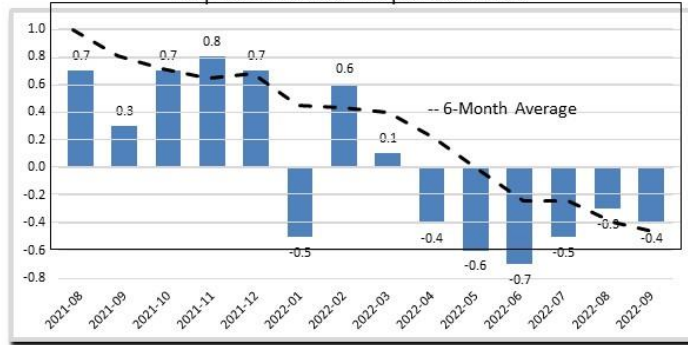
Consecutive Bearish Weeks:	6
Cycle Inception Date:	9/23/2022
Range:	14.3 - 34.8
Mean:	22.7
Bullish Weeks YTD:	15
Bearish Weeks YTD:	29
*S&P 500	1.8%
*DJIA	6.8%
*NASDAQ	-2.7%

* Percentage change during current cycle

Delta Market Sentiment Indicator Over the Past Year

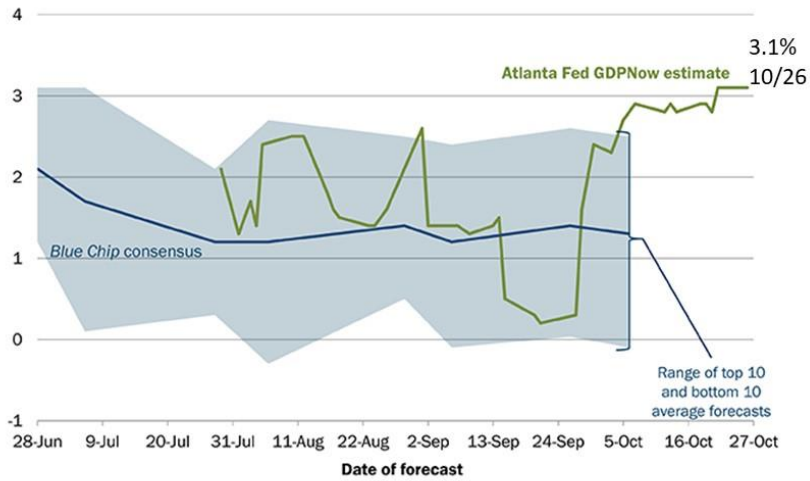


Leading Economic Index % Change Monthly September 2021 – September 2022



Source: The Conference Board – last update 10/20/2022

Atlanta Fed GDPNow Forecast Real GDP Estimate for Q3 2022



Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

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