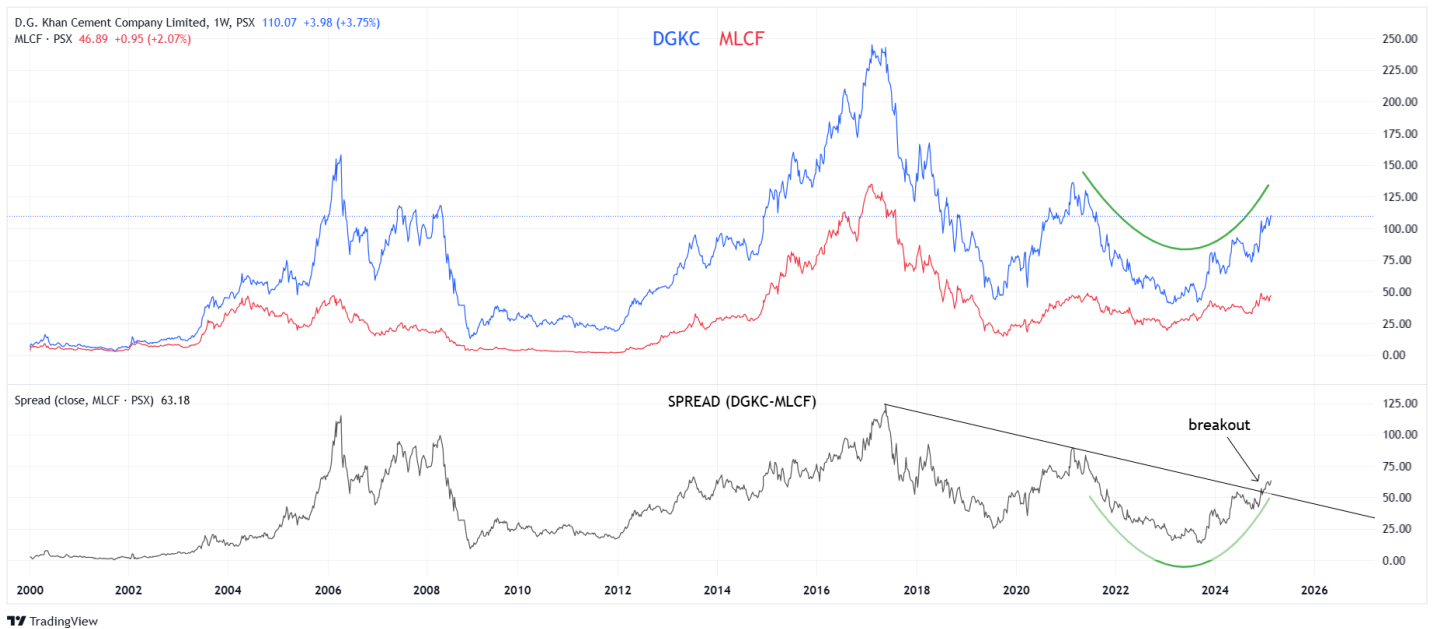


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## DGKC & MLCF: Trends & Relative Performance

### DGKC-MLCF SPREAD



While the direction for both DGKC and MLCF is in unison for all respective trends, there is a relationship of relative performance that gives insight into how to weigh these two stocks in a portfolio mix. The upper part of the chart plots the individual price trends of the two stocks while the lower part plots the correlation between the two. The spread is the difference between DGKC and MLCF with the former as the base.

It is apparent that all bull trends between the two clearly witness an outperformance of DGKC over MLCF. The rising nature of the spread on the respective bull trends is a clear indication of how DGKC is a favored pick out of the two. Reference to our outlook presented on DGKC in Feb. 12 (*DGKC: Long & Short Formations*), a cyclical recovery is developing in this stock, translating into an outperforming stance over MLCF. Looking at the spread a trend-line breakout has also taken place after an almost eight year decline.

Another way of trading spreads is the simultaneous long & short position in the respective entities. In this case it would mean a simultaneous Buy in DGKC and a Sell in MLCF, benefitting from a larger gain in the former's buy position compared to a losing sell position in the latter.

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