

## Market Rallies Into The "Resistance Zone"

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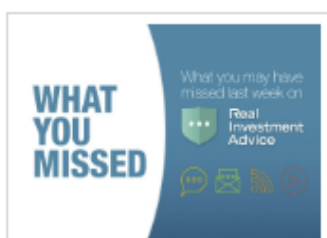


- ***Market Rallies Into The "Resistance Zone"***
- ***MacroView: This Time Might Be Different***
- ***Financial Planning Corner: Top Planning Questions Answered***
- ***Sector & Market Analysis***
- ***401k Plan Manager***

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## Catch Up On What You Missed Last Week



### **#WhatYouMissed On RIA This Week: 04-17-20**

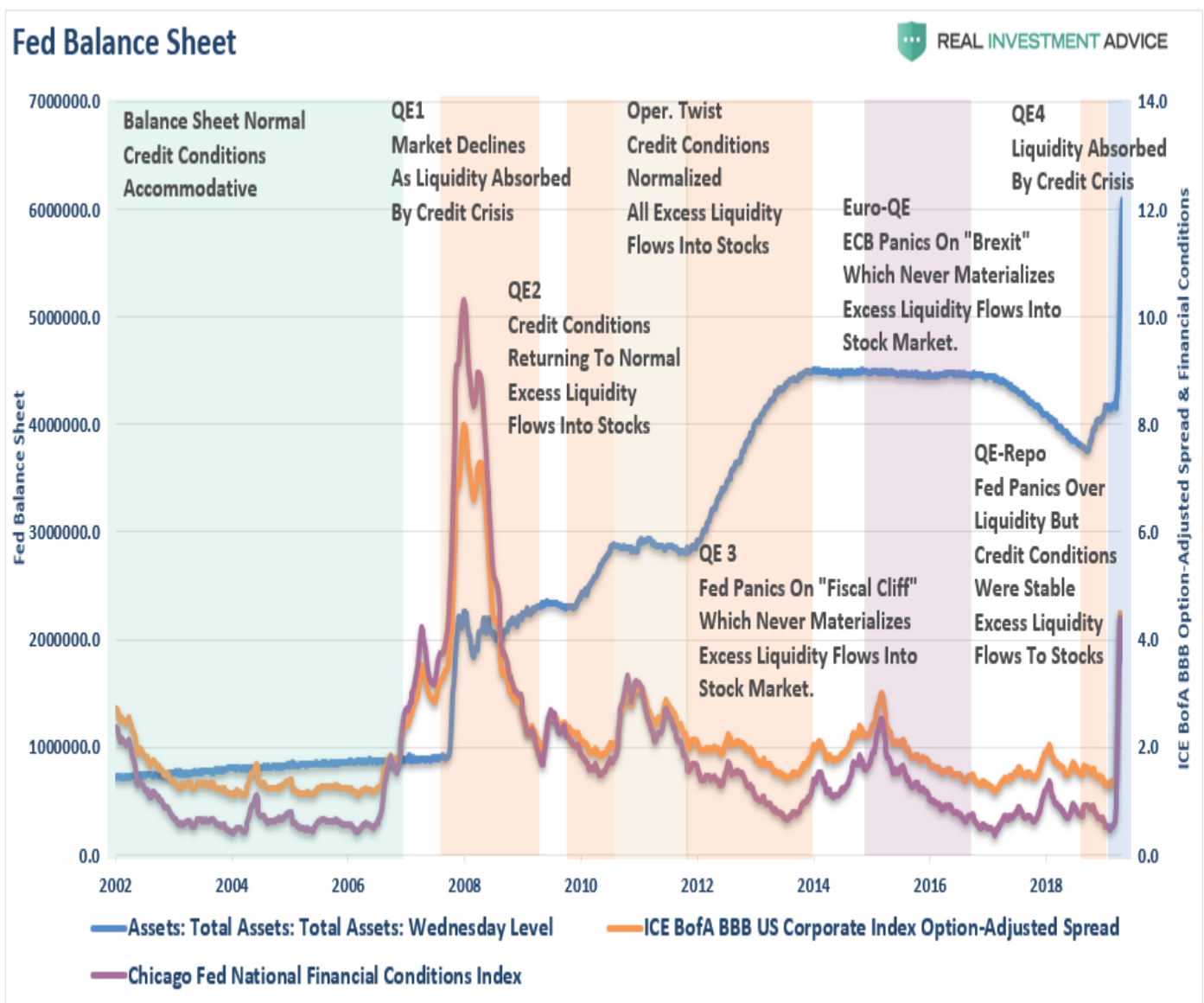
Written by Lance Roberts | Apr 17, 2020

Here is what you might have missed from the RIA Crew last week. A compilation of our best blogs, newsletter, podcasts, the daily radio show and commentary from RIAPRO.NET.

# Market Rallies Into The "Resistance Zone"

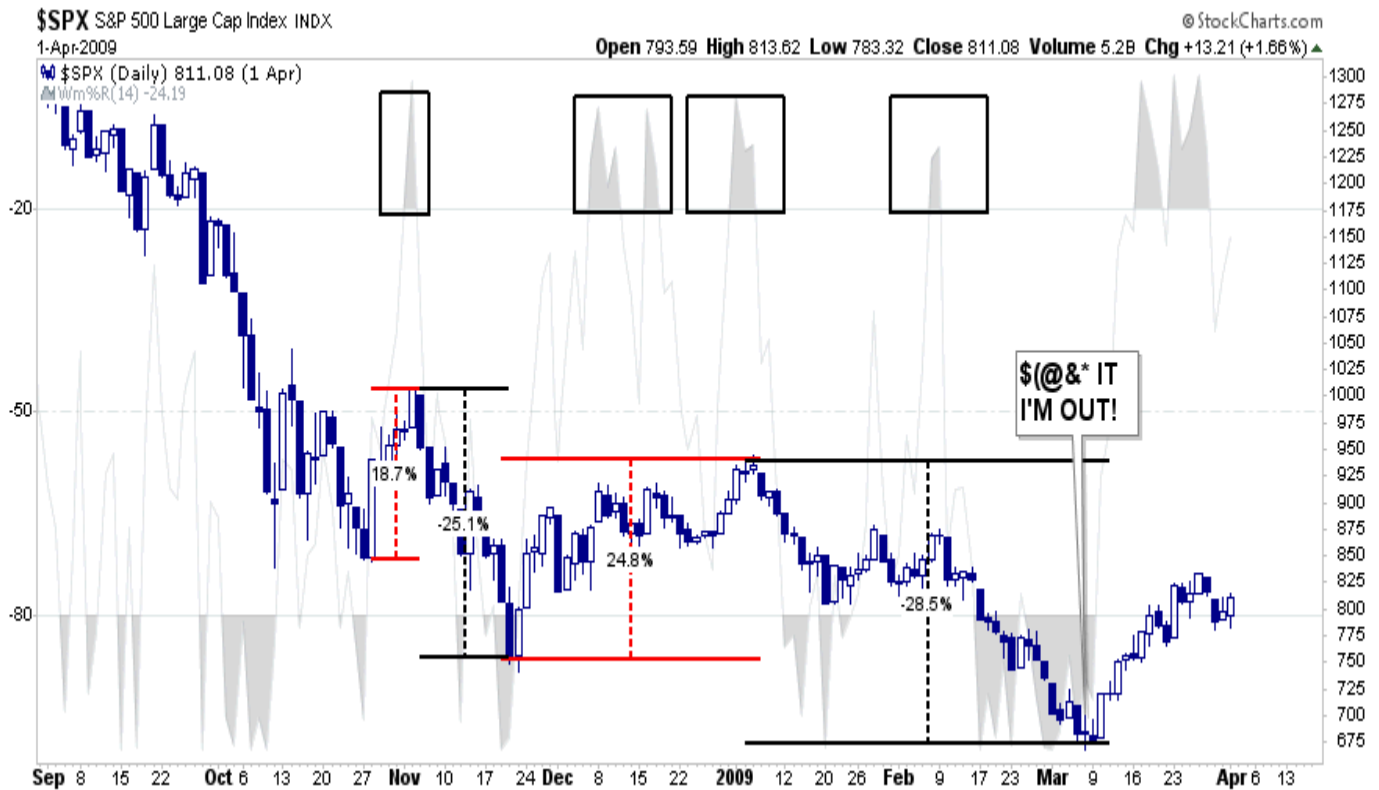
This week's newsletter will be somewhat condensed as the bulk of our current positioning is based upon the information contained in the two reports referenced herein. The goal of this week's letter is simply to outline the market ranges which fall within the context of our current **Macroview**. With that said, let's get to work. In this week's [MacroView](#), I reviewed the history of monetary programs and the training of investors to respond to the "ringing of the bell."

*"As each round of 'Quantitative Easing' was the 'neutral stimulus,' which was followed by the 'potent stimulus' of higher stock prices, **Not surprisingly, after a decade of 'ringing the bell,' investors have been conditioned to respond accordingly.** It is worth a trip back through history to evaluate the relationship between the Fed's monetary interventions, and the impact on asset prices."*



While the report details the history of repeated rounds of monetary stimulus to offset potential "credit events" that never occurred, the most relevant period to review is 2008, which is most akin to the situation we are currently experiencing. **A credit-event coupled with a major economic recession.**

**"2008: March ? Bear Stearns fails, mortgage defaults start to rise, credit conditions worsen, and yield spreads rise. September ? Lehman fails and freezes credit markets. Asset prices decline sharply, triggering margin calls, and the Fed floods the system with liquidity.&#2013266080;[As discussed last week:](#)"**



***The reality of the economic devastation begins to set in as unemployment skyrockets, consumption and investment contract, and earnings fall nearly 100% from their previous peak,&#2013266080;as the market declines 26% into late November. It was then the Federal Reserve launched the first round of Quantitative Easing.&#2013266080; Stocks staged an impressive rally of almost 25% from the lows.&#2013266080;Yes, the bull market was back!&#2013266080;Except that it wasn't.&#2013266080;Over the next few months, the Fed's liquidity was absorbed by the ?gaping economic wound,? and the market fell another 28.5% to its ultimate low.?&#2013266080;***

**REAL  
INVESTMENT  
ADVICE**

Are your investments prepared  
for the next bear market?

**SCHEDULE YOUR  
CONSULTATION  
TODAY**

There are currently LOT'S of excuses to rationalize and justify the rally:

- *The markets are looking past 2020 earnings.*
- *The market is looking at the eventual recovery.*
- *The market is rallying because of the Fed.&#2013266080;*

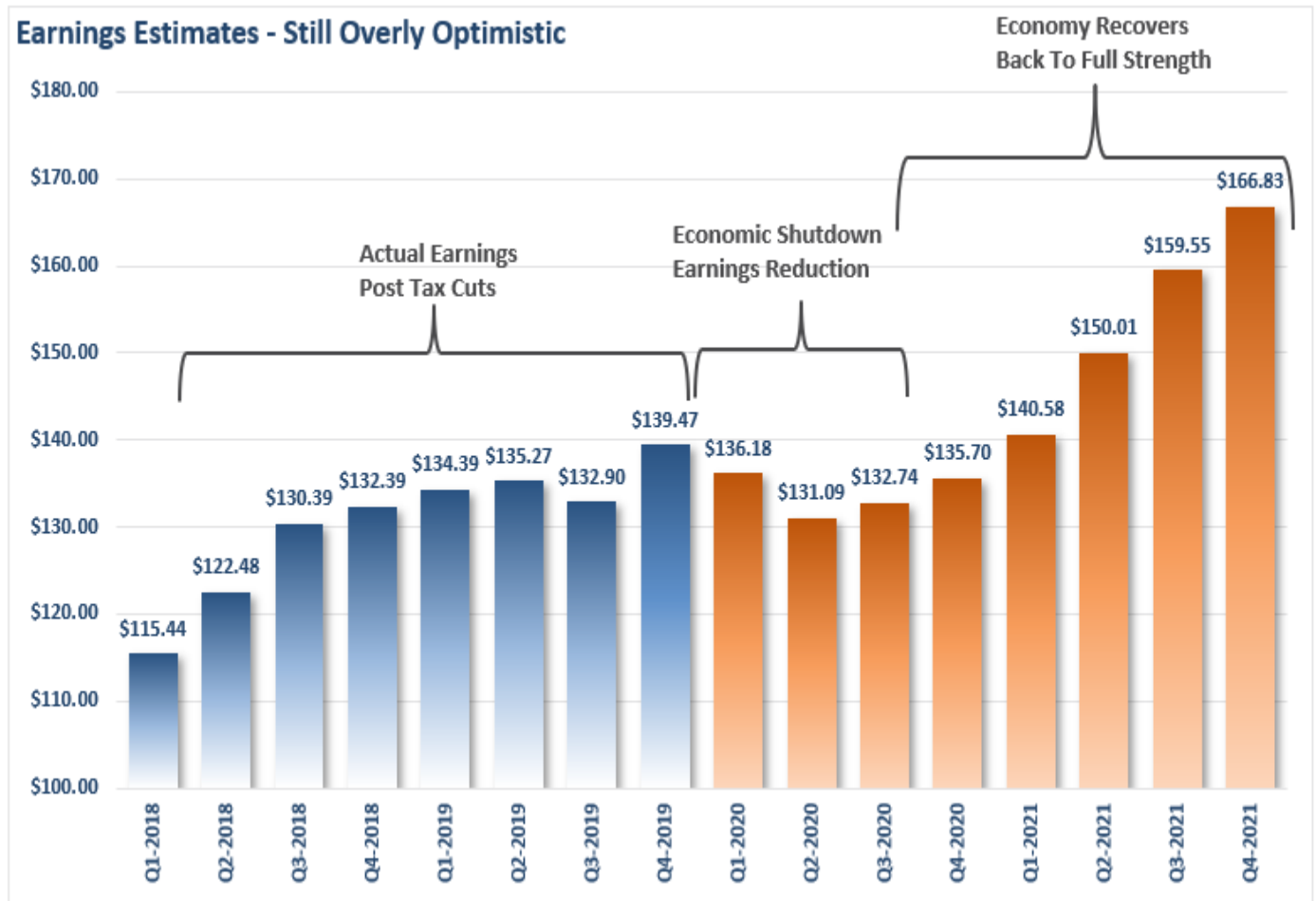
Rationalizing fundamentally unsupported advances typically have a "payback" consequence when you least expect it. This is particularly the case when you view the recent rally from a lens of:

- *Never before seen levels of jobless claims*
- *Depression level unemployment rates*
- *An earnings and profit collapse*
- *The largest single GDP decline in history*

- A loss of 1/3 of small businesses, which comprise nearly 45% of GDP.
- A loss of the biggest driver of asset prices over the last decade - stock buybacks.

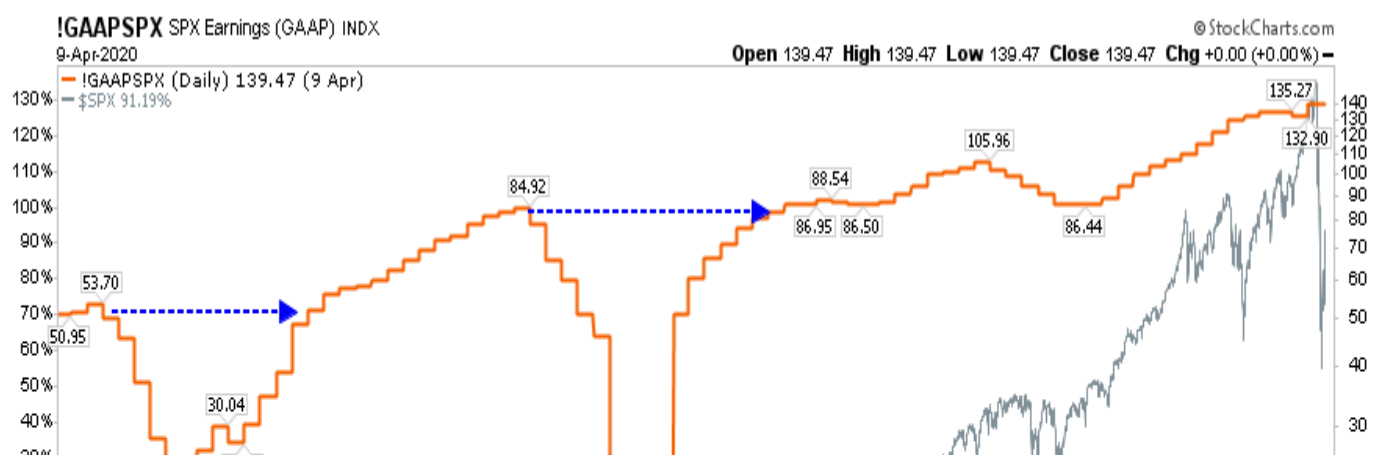
As I discussed with our [RIAPro Subscribers \(30-day Risk Free Trial\)](#) on Friday:

The chart below shows the most current estimates as of April 2020. As you can see, earnings are expected to decline from Q4-2019 levels of \$139.47 to \$136.18 and \$131.09, respectively in Q1 and Q2 of 2020. **That is a decline of -2.3% in Q1 and a total decline of -6% in Q2.?**



**?So, with the entire U.S. economy effectively shut down, 15-20% unemployment, and -20% GDP, earnings are only expected to take a 6% hit?**

- In 2008, without an economic shutdown, S&P 500 earnings fell from \$84.92 to \$6.86. That is a decline of 92% from the peak, and earnings did not fully recover until 3-years later in Q3-2011.
- Or in 2000, during the .com crash, earnings fell from \$53.70 to \$24.69, or a decline of 54%. Earnings did not fully recover until 4-years later in Q2-2004.?





**Do you really believe that stocks have priced in a real earnings**

**collapse?** If you honestly think they have, then why is the market trading at 19x forward operating earnings, which is higher than both 2002, and the February 2020 peak?



As I stated in [last week's missive](#):

*"While 2008 was bad, the impact from the 'economic shutdown' due to the virus will be substantially worse for several reasons:*

- 1. In 2008, the economy was already slowing down, unemployment was already on the rise, and businesses were adjusting for the related impact to earnings. Also, despite the 'crisis' caused in the mortgage market, businesses and consumer activity remained 'open.' Outside of the real estate and finance industries, many other sectors were only marginally affected.*
- 2. In 2020, the shuttering of the economy caught many businesses 'flat-footed' and ill-prepared for an involuntary 'shuttering' of business;*
- 3. In 2020, the surge in unemployment, combined with a shuttering of business, will have a substantially deeper impact on gross consumption in the economy than in 2008.*

4. As opposed to 2008, there are many businesses which will never reopen, many more will be very slow to recover, with the rest slow to rehire until demand returns.

**The markets are currently rallying on a flush of liquidity, and a massive short-covering rally, which is likely reaching its "exhaustion" stage.** Over the next few months, stocks will begin to price in the severity of the economic damage, a substantial decline in earnings, and the realization that hopes for a 'V-Shaped' recovery are not likely."

Whatever rally is left currently in the market is still very likely a "gift" to sell into.

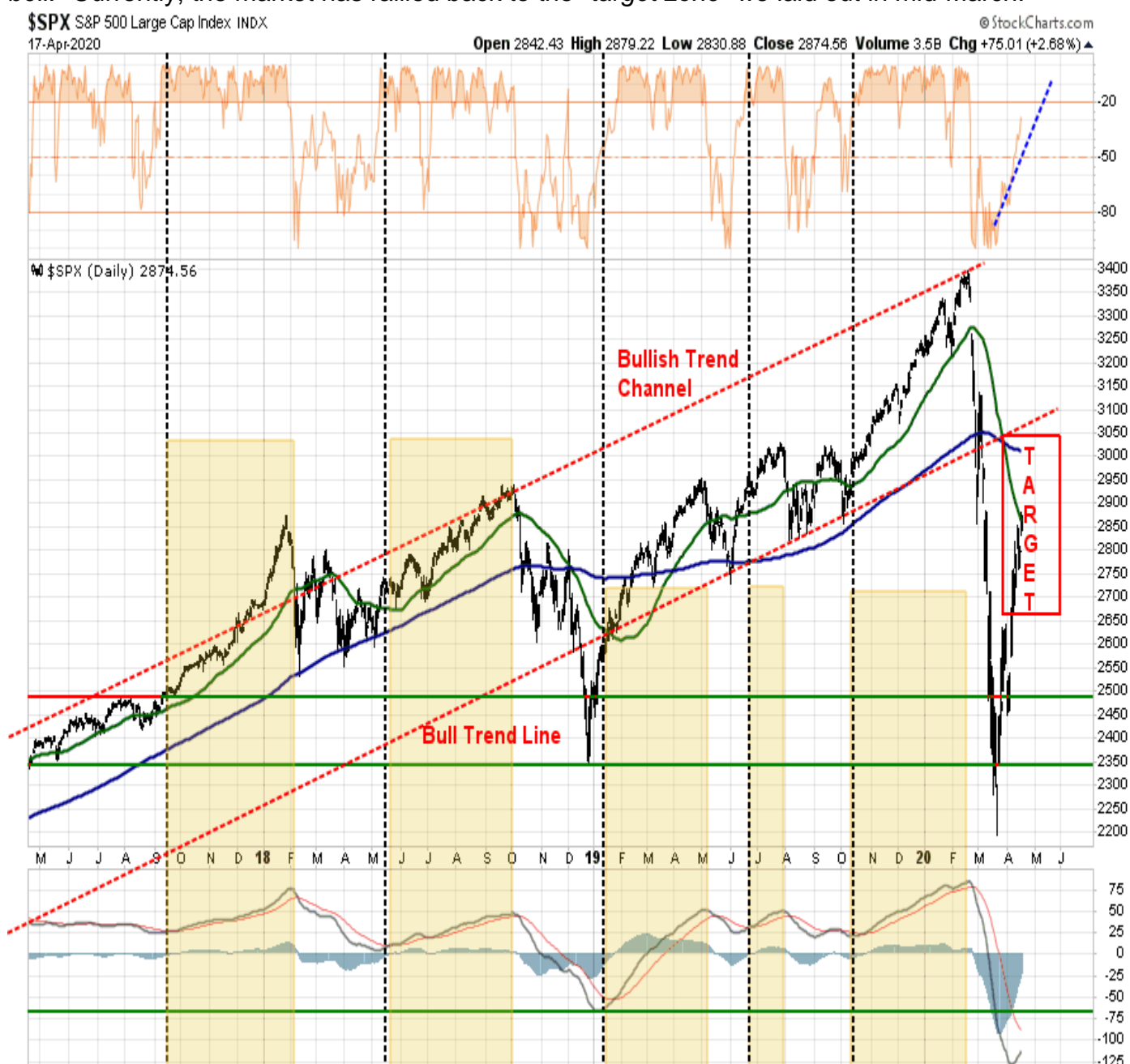


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## The Ranges

Yes, the economic and fundamental data is pretty discouraging. However, despite the "bearish" backdrop, the market has rallied hard on optimism of getting the country "re-opened," but, in actually as stated above, more so from the "Pavlov's response" to the ringing of the Fed's "liquidity bell." Currently, the market has rallied back to the "target zone" we laid out in mid-March.



On a very short-term basis, the previous "deep oversold" condition that provided the "fuel" for the rally has been reversed. On Friday, all primary "overbought/sold" indicators are now fully stretched back into overbought territory.

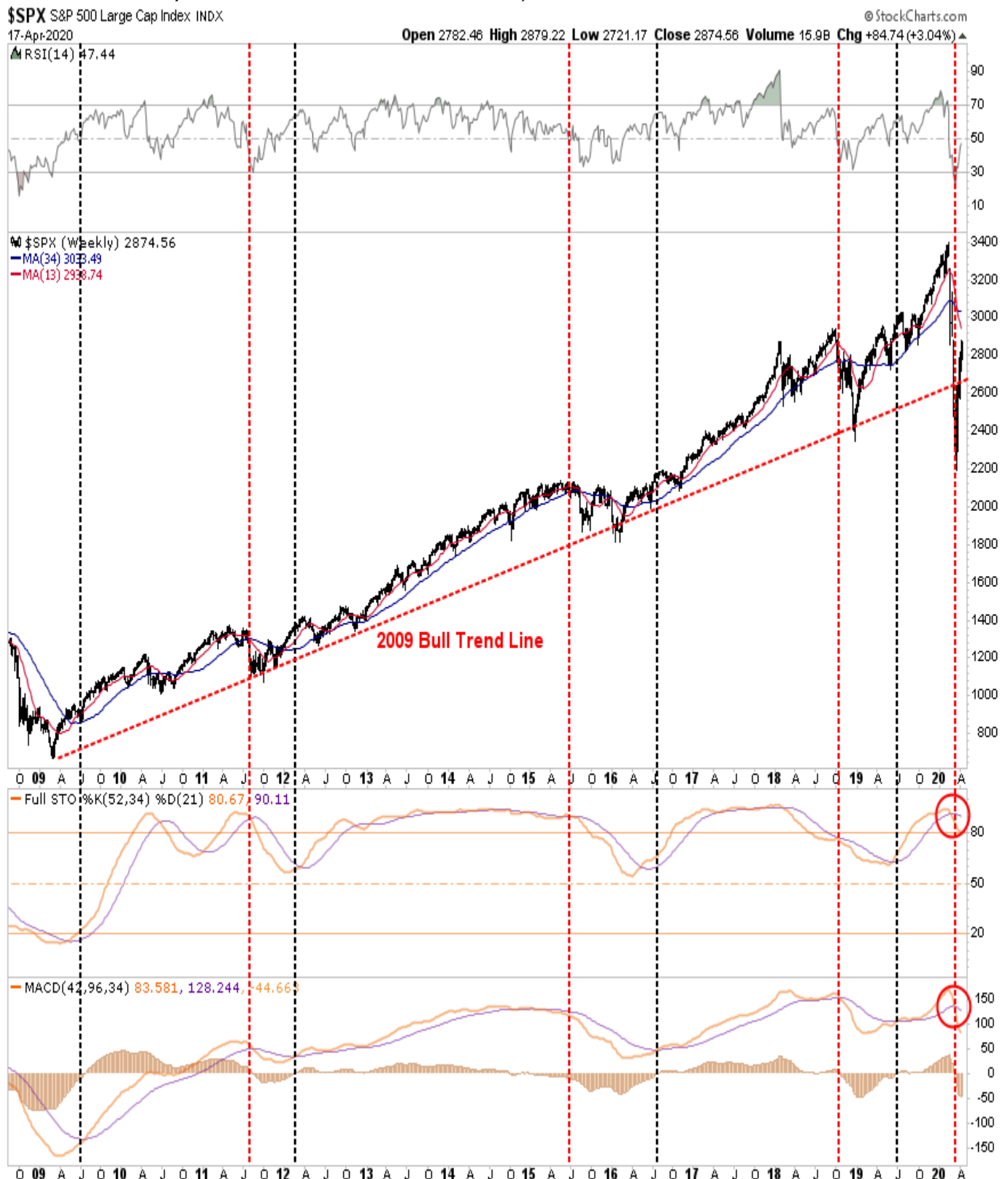


One of our ongoing concerns with the rally, has been the lack of participation and the "low volume" rally.

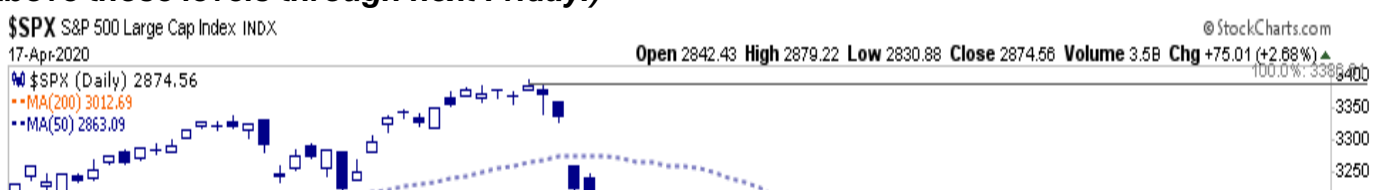
*"In eight bear markets across the three indexes since the 90s, the bottom was usually marked with a bang, not a whimper. Trading volume in the first 10 days of the turnaround on all but one occasion (the Stoxx 600 in March 2009) was at least 10% higher than the volume in the bear market as a whole. This year, all three indexes failed the test. The first 10 sessions after the local low saw average trading volume of ~98% the bear-market average for the S&P 500, ~94% for the Dow Jones and ~104% for the Stoxx 600. Yet conviction was stronger on the way down than on the way up, and that's a worrying sign. More study is needed, but on volume alone, this bear market doesn't appear to be over."* - Eddie van der Walt via Bloomberg,

With the market overbought, this leaves more "sellers" who were trapped during the previous decline with a better opportunity to exit. This will particularly be the case as the data worsens over

the weeks ahead. **If we look at our weekly indicators, the recent rally is much less "inspiring."** Both of the primary weekly "sell signals" remain intact suggesting the recent rally will fail. A failure from current levels would suggest a retest of the bullish trend line. (A failure of that trendline will set up a retest of the March 23rd lows.)



I know...I know. I'm being all "bearish and \*\*\*\*" by paying attention to "risk." So, here is your short-term "bullish" view. If we set aside the fundamental and economic data for the moment, the short-term technical backdrop is indeed bullishly biased. The 50% retracement level was taken out on Friday, along with the 50-dma. **(This is not a confirmed break unless it holds above those levels through next Friday.)**





Friday's close brings the 61.8% retracement level AND the 200-dma into focus as the next resistance levels. **This suggests upside in the market of 4.5% to 7% currently.** (*Certainly nothing to sneeze at, considering such would normally be considered a decent year's worth of returns. That just shows how skewed things are currently.*) The downside risk ranges are a bit more disappointing.

- **-4.7% to the previous 50% retracement level;** risk/reward equally balanced.
- **-12.5% to the previous higher low:** risk/reward is mildly out of favor.
- **-20.5% to the March 23rd low:** risk/reward extremely out of favor.

**From an optimistic view, a reopening of the economy, a virus vaccine, and an immediate return to low single-digit unemployment rates would greatly expand the bullish ranges for the market.** However, even a cursory review of the data suggests a more "realistic" view. The economic damage is going to be with us for a while, and until earnings estimates are revised substantially lower to reflect the "actual economy," I have to presume the relevant risks outweigh the current reward. This doesn't mean we aren't long-equities. We are, but we are also carrying a much heavier exposure to cash, and have reduced exposure to fixed income. We continue to be selective buyers of quality companies opportunistically and will continue to prudently build our portfolios. This is just our approach, and certainly isn't for everyone. However, after surviving two previous bear markets, experience has taught us much about "managing risk," which was summed up nicely in a quote on Friday.

*?I would say basically we're like the captain of a ship when the worst typhoon that's ever happened comes. **We just want to get through the typhoon, and we'd rather come out of it with a whole lot of liquidity.** We're not playing, ?Oh goody, goody, everything's going to hell, let's plunge 100% of the reserves [into buying businesses].? Nobody in America's ever seen anything else like this. This thing is different. Everybody talks as if they know what's going to happen, and nobody knows what's going to happen.? - Charlie Munger.*

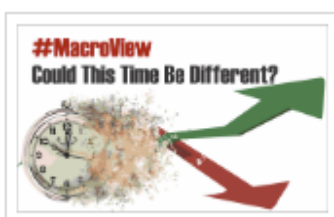
We agree with Charlie and Warren on this, and it is our philosophy for protecting our clients. We will continue to follow our process until there is actual visibility into corporate earnings and fundamentals. **While it may seem silly, we believe the process of investing is not about "guessing," but rather "knowing," what you are buying;**

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## The MacroView



### #MacroView: This Time Might Be Different

Written by Lance Roberts | Apr 17, 2020

While the mantra has been "Don't fight the Fed," a review of history from 2008 suggests that monetary policy isn't nearly as effective in lifting stock prices when the economy is under extreme stress. With economic data surging to levels not seen since the Depression, this time might be different.

[>> Read More](#)

## Financial Planning Corner



### #FPC: Should You Do A Roth-Conversion & Other Top Planning Questions

Written by Danny Ratliff | Apr 10, 2020

Should you do a ROTH IRA conversion, take money out of your 401k plan, delay an RMD. These are all the questions, and more, we are answering this week in Financial Planning Corner.

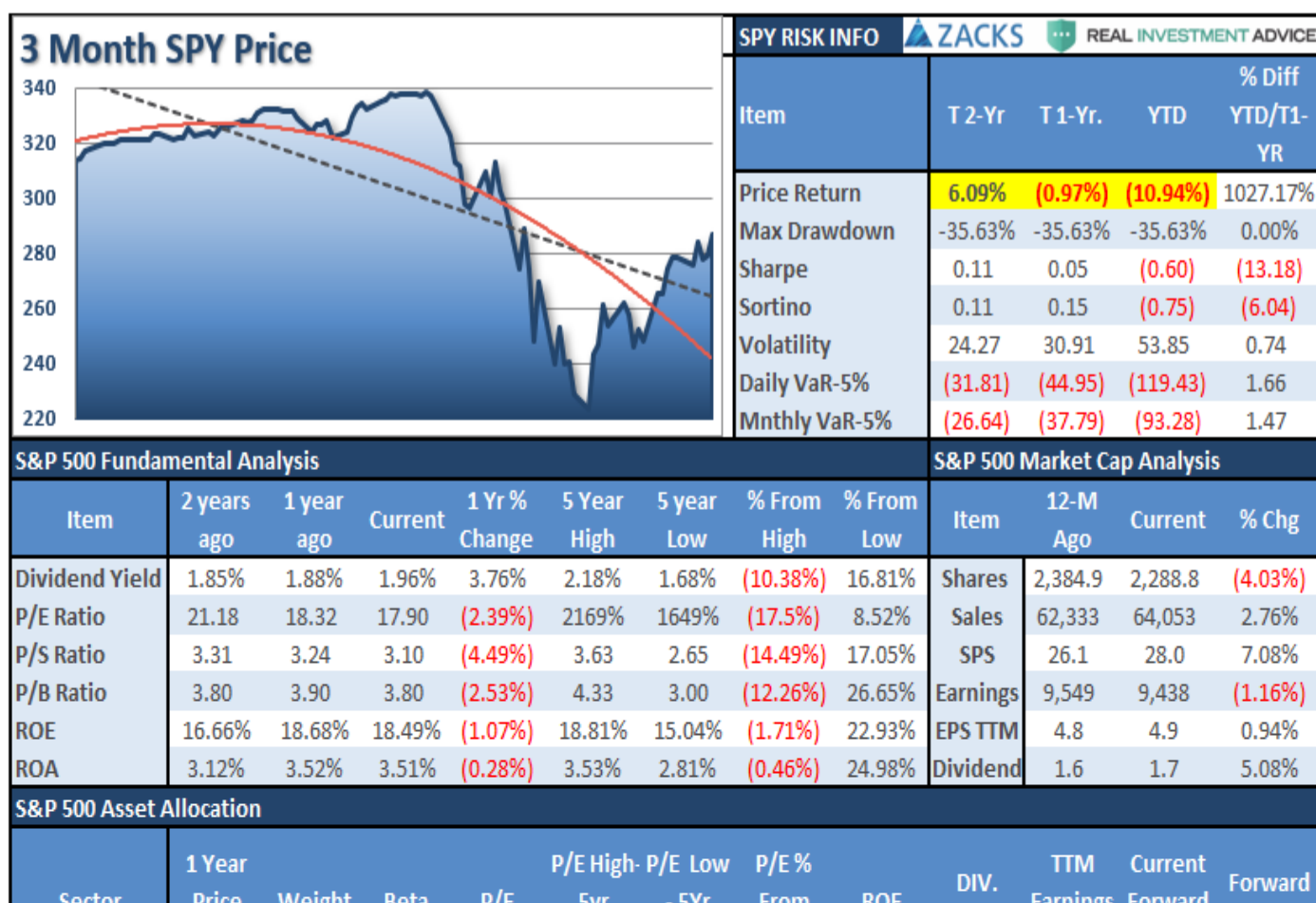
[>> Read More](#)

You'll be hearing more about more specific strategies to diversify soon, but don't hesitate to [give me any suggestions or questions.](#) by Danny Ratliff, CFP®

## Market & Sector Analysis

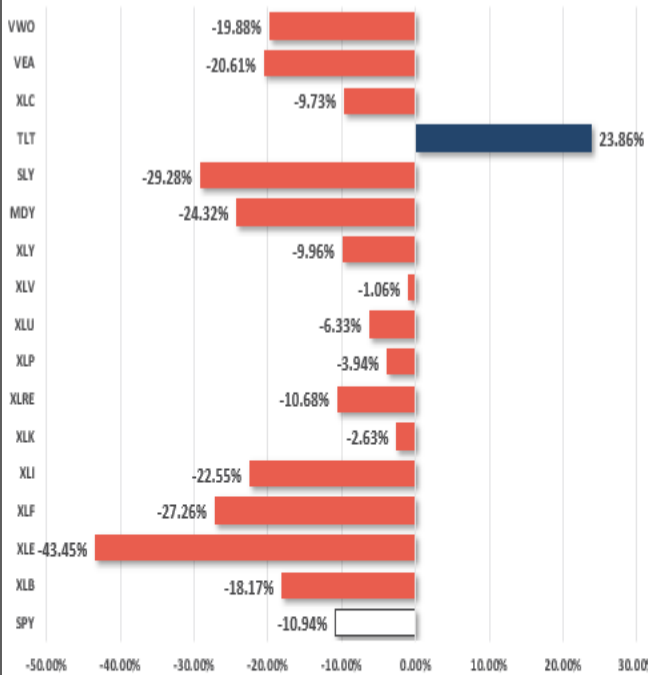
### Data Analysis Of The Market & Sectors For Traders

### S&P 500 Tear Sheet

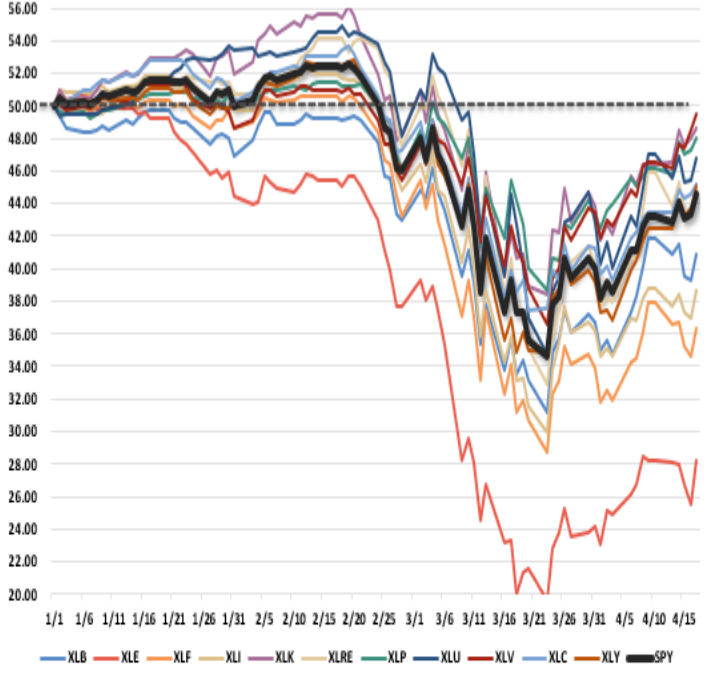


# Performance Analysis

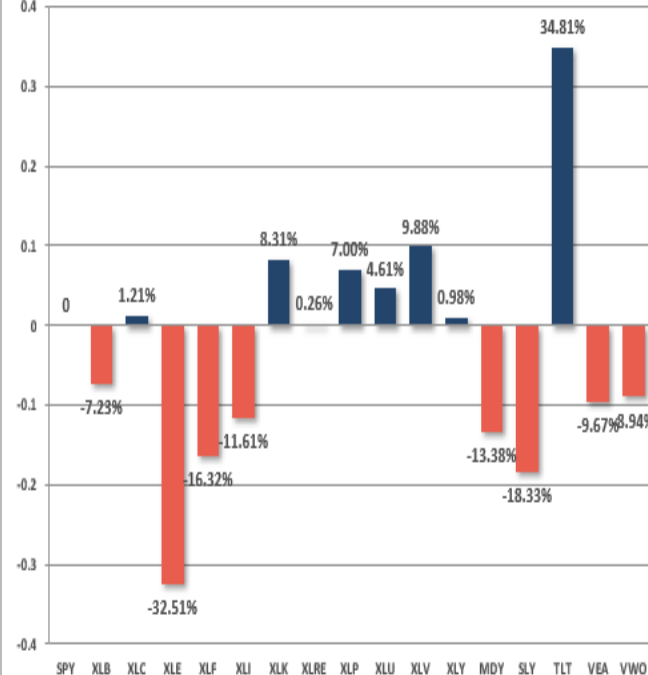
Year To Date Performance  



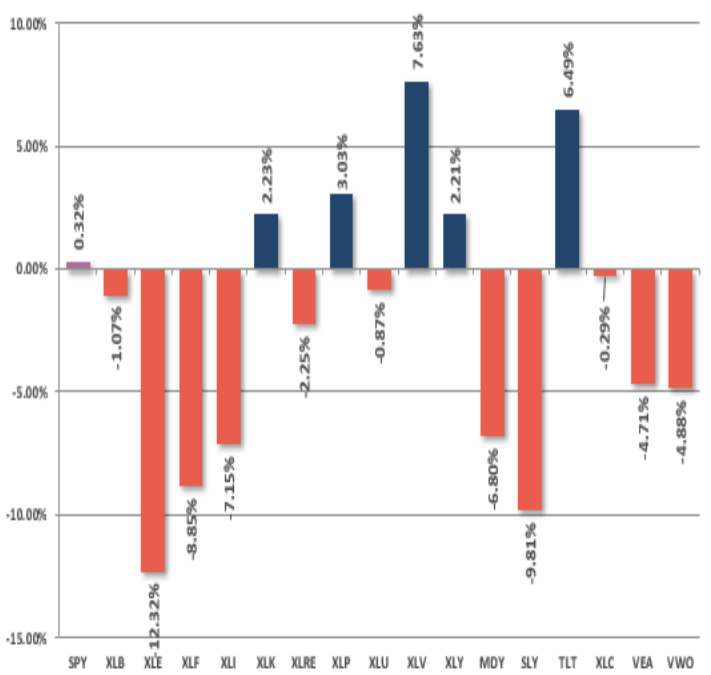
YTD Price - S&P Sectors Recalibrated To \$50/share



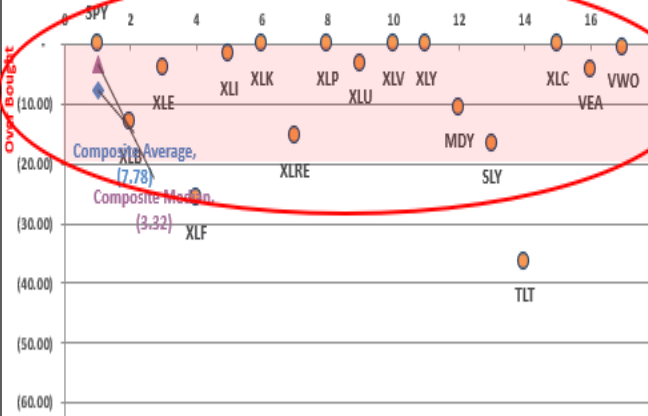
Year To Date Performance Relative To S&P 500



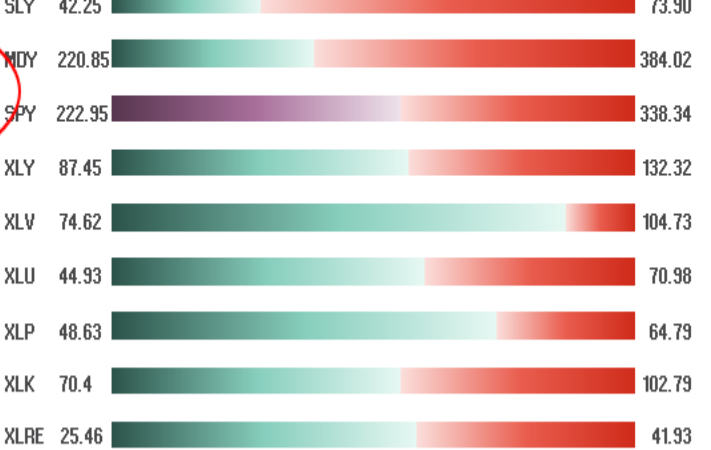
Price Deviation From 50-Day Moving Average



Overbought/Oversold 14-Periods



Size / Sector ETF YTD Trading Range

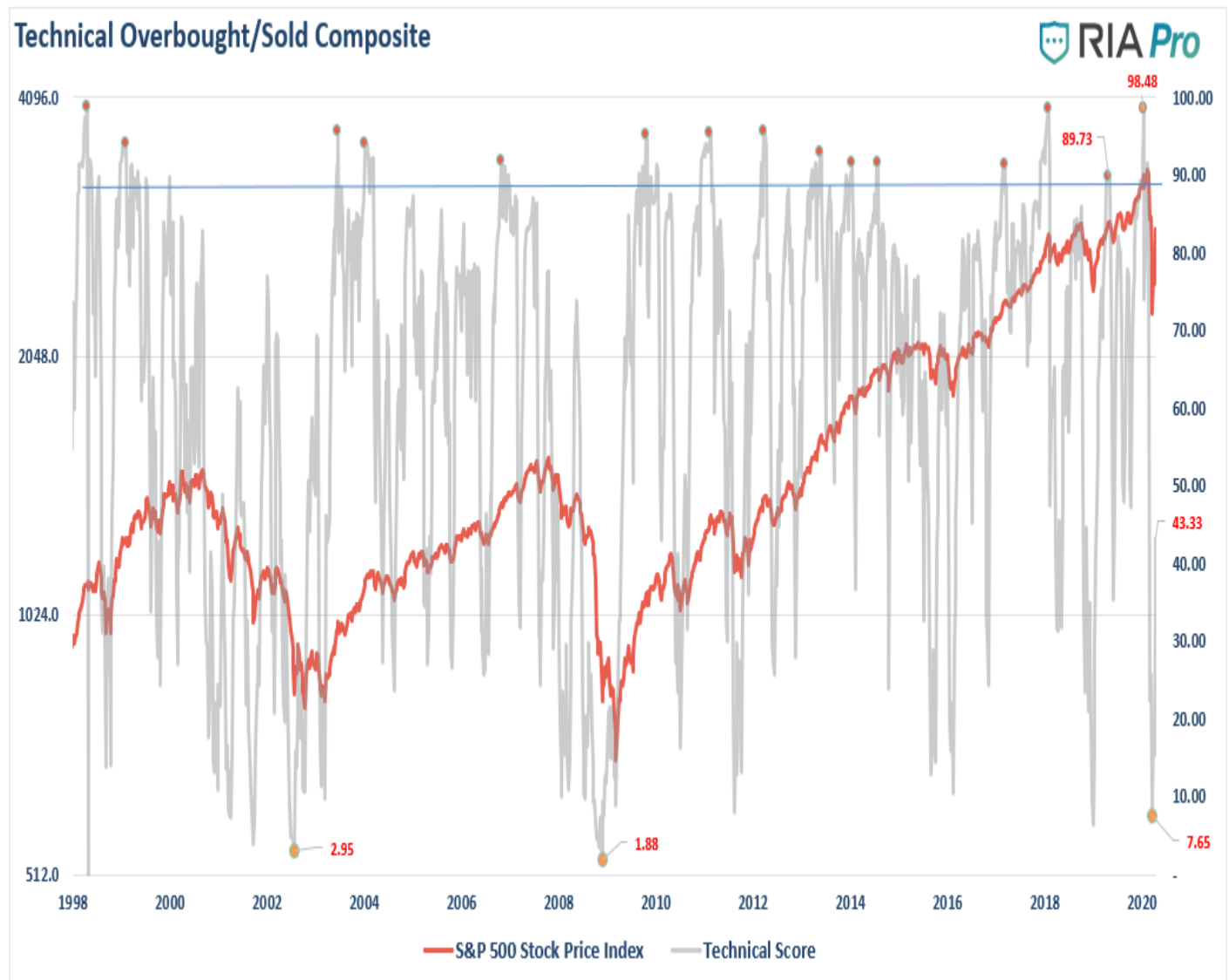


**NOTE: I have rarely seen EVERY SECTOR overbought this much all at the same time. The market WILL CORRECT from these levels.&#2013266080;**

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## Technical Composite

*Note: The technical gauge bounced from the lowest level since both the "Dot.com" and "Financial Crisis." However, note the gauge bottoms BEFORE the market bottoms. In 2002, lows were retested. In 2008, there was an additional 22% decline in early 2009.*



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## ETF Model Relative Performance Analysis



RIA Pro				RELATIVE PERFORMANCE		Current					Model Position Price Changes Relative to Index					SHORT	LONG	% DEV -	% DEV -	Buy / Sell
		Ticker	ETF NAME	Price	1 Week	4 Week	12 Weeks	24 Weeks	52 Weeks	WMA	WMA	Short M/A	Long M/A	Signal						
BENCHMARK		IVV	ISHARS-SP500	287.58	3.03	24.41	(12.92)	(6.61)	(1.51)	296.27	304.20	-2.93%	-5.46%	SELL						
TACTICAL	SECTORS	XLB	SPDR-MATLS SELS	50.26	(5.29)	(0.86)	(2.95)	(8.21)	(11.56)	52.72	56.50	-4.67%	-11.05%	SELL						
		XLE	SPDR-EGY SELS	33.95	(2.91)	6.88	(27.12)	(36.11)	(47.96)	42.34	52.93	-19.81%	-35.86%	SELL						
		XLF	SPDR-FINL SELS	22.39	(7.27)	(6.00)	(13.41)	(16.50)	(16.59)	25.85	27.88	-13.39%	-19.68%	SELL						
		XLI	SPDR-INDU SELS	63.10	(3.22)	(1.64)	(11.56)	(14.73)	(17.91)	71.20	76.39	-11.37%	-17.40%	SELL						
		XLK	SPDR-TECH SELS	89.26	1.73	0.57	4.53	12.04	16.21	89.51	86.99	-0.28%	2.61%	BUY						
		XLP	SPDR-CONS STPL	60.50	1.05	(4.37)	8.06	5.55	7.90	59.79	60.91	1.19%	-0.68%	SELL						
		XLU	SPDR-UTIL SELS	60.53	(3.52)	2.17	1.46	1.06	7.17	62.63	63.25	-3.36%	-4.31%	SELL						
		XLC	SPDR-COMM SV SS	48.41	0.92	(4.04)	(0.16)	1.63	0.01	50.05	51.05	-3.28%	-5.17%	SELL						
		XLV	SPDR-HLTH CR	100.78	3.24	3.02	11.28	12.84	18.81	95.56	95.65	5.47%	5.36%	SELL						
		XLY	SPDR-CONS DISCR	112.93	2.83	4.20	2.58	(0.55)	(3.80)	113.99	119.03	-0.93%	-5.12%	SELL						
	SIZE	SLY	SPDR-SP SC 600	51.24	(5.73)	(4.58)	(16.10)	(19.81)	(23.54)	60.07	65.80	-14.70%	-22.12%	SELL						
		MDY	SPDR-SP MC 400	284.09	(4.72)	(0.49)	(11.51)	(14.77)	(18.63)	319.96	345.07	-11.21%	-17.67%	SELL						
CORE	Equal Weight Market	RSP	INVS-SP5 EQ ETF	92.98	(2.21)	(0.48)	(7.49)	(9.44)	(11.69)	101.08	107.14	-8.01%	-13.22%	SELL						
	Dividend	SDY	SPDR-SP DIV ETF	86.95	(3.24)	(5.00)	(5.88)	(10.65)	(12.39)	94.22	100.49	-7.71%	-13.48%	SELL						
	Real Estate	XLRE	SPDR-RE SELS	34.54	(5.82)	2.76	(0.71)	(5.34)	(1.27)	36.28	37.86	-4.81%	-8.77%	SELL						
	International	EEM	ISHARS-EMG MKT	36.26	(0.46)	(8.78)	(5.78)	(9.49)	(17.11)	39.11	41.37	-7.28%	-12.36%	SELL						
		EFA	ISHARS-EAFE	55.74	(2.73)	(5.94)	(6.87)	(11.44)	(14.88)	60.61	64.61	-8.04%	-13.73%	SELL						
IXUS		ISHARS-CR INT S	49.50	(2.01)	(6.04)	(7.17)	(11.16)	(15.68)	53.84	57.40	-8.07%	-13.77%	SELL							
FI	Intermediate Duration	TLT	ISHARS-20+YTB	167.81	(1.57)	(19.15)	31.02	26.00	38.06	154.36	145.50	8.71%	15.33%	BUY						
	International	BNDX	VANGD-TTL INT B	56.87	(2.50)	(21.59)	12.23	4.13	3.82	57.06	57.68	-0.33%	-1.41%	SELL						
	High Yield	HYG	ISHARS-IBX HYCB	81.09	(4.57)	(8.15)	5.39	0.01	(4.94)	82.71	85.50	-1.96%	-5.16%	SELL						
	Cash	BSV	VANGD-SHT TRM B	82.71																

## Sector & Market Analysis:

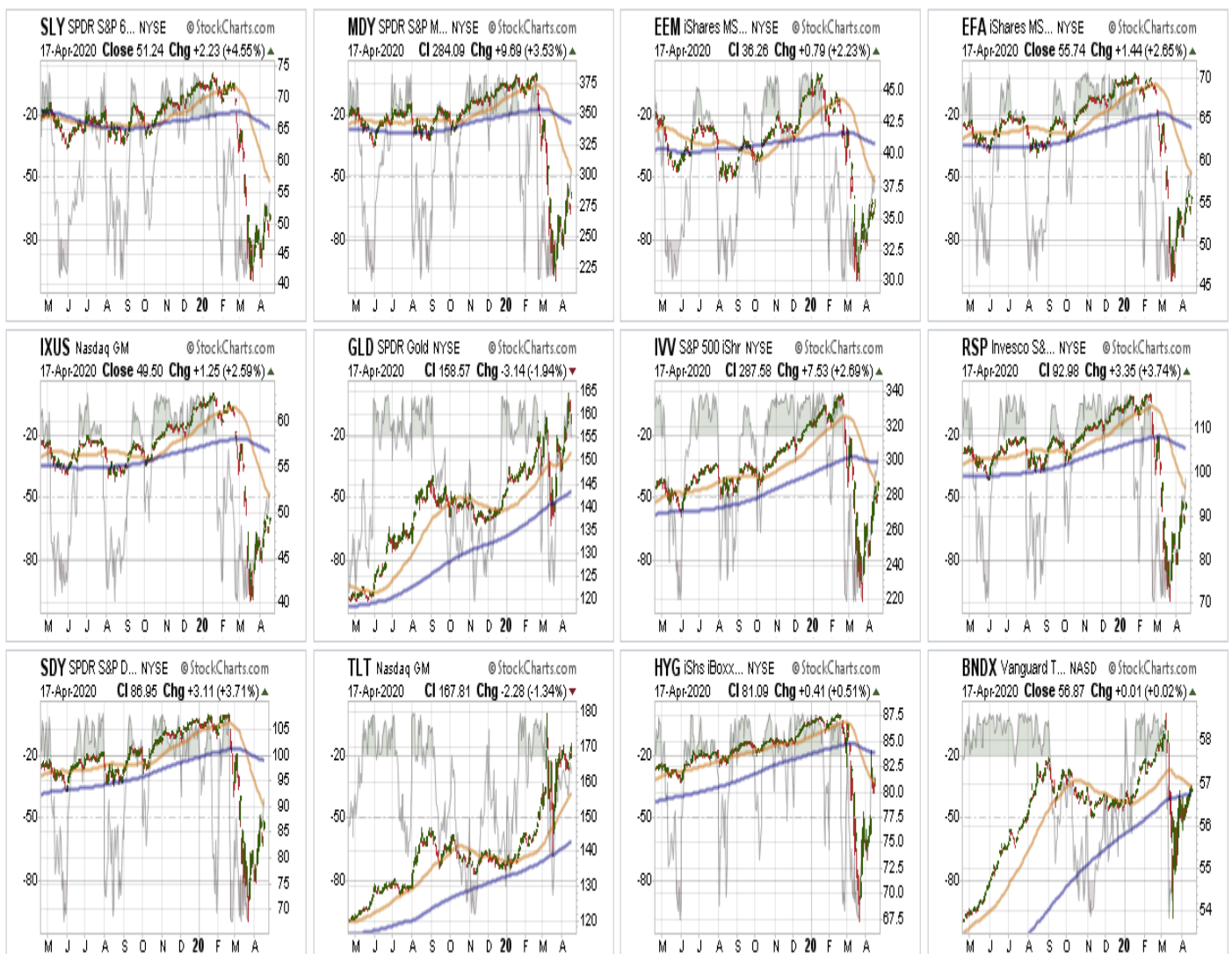
*Be sure and catch our updates on Major Markets (Monday) and Major Sectors (Tuesday) with updated buy/stop/sell levels*

## Sector-by-Sector



There are no changes to our sector recommendations from last week. **Improving ? Discretionary (SLY), and Materials (XLB)** As noted last week, there is no rush to get into either Discretionary or Materials stocks until AFTER we get through earnings season. The economic shutdown is going to devastate the discretionary sector, focus on Staples for the time being. **Current Positions: No Positions Outperforming ? Technology (XLK), Communications (XLC), Staples (XLP), Healthcare (XLV), Utilities (XLU), and Real Estate (XLRE)** Two weeks ago, we shifted exposures in portfolios and added to our Technology and Communications sectors, bringing them up to weight. We remain long sectors that are currently outperforming the S&P 500 on a relative basis and have less "virus" exposure. We added a position in Utilities previously, and added to our Staples holdings last week. We are getting more interested in REIT's again, but are going to select individual holdings versus the ETF due to leverage concerns in the REITs. Everything is getting very overbought and extended in these sectors, we need a corrective pullback to add more to our holdings. **Current Positions: XLK, XLC, 1/2 weight XLP, XLV, XLU Weakening ? None No sectors in this quadrant. Current Position: None Lagging ? Industrials (XLI), Financials (XLF), and Energy (XLE)** No change from last week, with the exception that performance continued to be worse than the overall market. This is particularly the case with Financials. As noted last week, these sectors are THE most sensitive to Fed actions (XLF) and the shutdown of the economy. We eliminated all holdings in late February and early March. **Current Position: None**

## Market By Market



**Small-Cap (SLY) and Mid Cap (MDY) ?** We sold all small-cap and mid-cap exposure earlier this

year over concerns of the impact of the coronavirus. We remain out of these sectors for now, and there is no rush to add them anytime soon. Be patient, small and mid-caps are lagging badly.

**Current Position: None Emerging, International (EEM) & Total International Markets (EFA)**

Same as Small-cap and Mid-cap. Given the spread of the virus and the impact on the global supply chain. **Current Position: None S&P 500 Index (Core Holding)** ? Given the overall uncertainty of the broad market, we previously closed out our long-term core holdings. We will re-add a core once we see a bottom in the market has formed.

**Current Position: None Gold (GLD)** ? We previously added additional exposure to both our GDX and IAU positions and are comfortable with our exposure currently. With the Fed going crazy with liquidity, this will be good for gold long-term, so we continue to add to our holdings on corrections. We also added a position in the Dollar this past week (UUP) as the U.S. dollar shortage continues to rage and is larger than the Fed can offset. **Current Position: 1/2 weight GDX, 2/3rd weight IAU, 1/2 weight UUP Bonds (TLT)** ?

Bonds have rallied as the Fed has become THE "buyer" of bonds on both a "first" and "last" resort. Simply, "bonds will not be allowed to default," as the Fed will guarantee payments to creditors. We have now reduced our total bond exposure to 20% of the portfolio from 40% since we are only carrying 10% equity currently. (Rebalanced our hedge.) **Current Positions: SHY, IEF, BIL**

## Sector / Market Recommendations

The table below shows thoughts on specific actions related to the current market environment. (These are not recommendations or solicitations to take any action. This is for informational purposes only related to market extremes and contrarian positioning within portfolios. Use at your own risk and peril.)

											RIA Pro	
		Over Bought / Sold	50/200 DMA	Trend	Action	OVERWEIGHT	BUY	HOLD	REDUCE	SELL	Notes	
XLY	Discretionary	OB	Negative	Negative	No Position					X	No Position	
XLK	Technology	OB	Declining	Neutral	Hold			X			Hold	
XLI	Industrials	Rising	Negative	Negative	No Position					X	No Position	
XLB	Materials	Rising	Negative	Negative	No Position					X	No Position	
XLE	Energy	Rising	Negative	Negative	No Position					X	Hold	
XLP	Staples	OB	Negative	Neutral	Hold			X			Hold	
XLV	Health Care	OB	Negative	Neutral	Hold			X			Hold	
XLU	Utilities	Rising	Negative	Neutral	Hold			X			Hold	
XLF	Financials	Rising	Negative	Negative	No Position					X	Avoid	
XLC	Communications	Rising	Negative	Negative	Hold			X			Hold	
XLRE	Real Estate	Rising	Negative	Negative	No Position					X	Hold	
SLY	Small Caps	Rising	Negative	Negative	No Position					X	No Holdings	
MDY	Mid Caps	Rising	Negative	Negative	No Position					X	No Holdings	
EEM	Emerging Mkt	Rising	Negative	Negative	No Position					X	No Holdings	
EFA	International	Rising	Negative	Negative	No Position					X	No Holdings	
IXUS	Total International	Rising	Negative	Negative	No Position					X	No Holdings	
GLD	Gold	OB	Positive	Positive	Hold			X			Holding	
RSP	SP500 Equal Wgt	Rising	Negative	Negative	No Position					X	No Holdings	
SDY	SP500 Dividend	Rising	Negative	Negative	No Position					X	No Holdings	
IVV	SP500 Market Wgt	Rising	Negative	Negative	No Position					X	No Holdings	
TLT	20+ Yr. Bond	OB	Positive	Positive	No Position					X	Own IEF, SHY	
HYG	Corporate High Yield	OB	Negative	Negative	No Position					X	No Holdings	
BNDX	Int'l Bond Aggregate	Rising	Positive	Negative	No Position					X	No Holdings	

LEGEND: X = THIS WEEK => PREVIOUS DECLINING <= PREVIOUS IMPROVING

X No Position

**Portfolio/Client Update:** This past week, we continue to look for opportunities where we can add exposure while still controlling overall risk. I encourage you to read this week's missive newsletter in full if you are "getting all bullish" on the market, and think you want more exposure to equity risk. While there is indeed short-term upside, the relative risk/reward ratio is not in your favor. Furthermore, the earnings and economic data are going to matter, and that data is shockingly horrible. While investors are scrambling to chase markets currently, they are buying stocks with absolutely no visibility into earnings or outlooks. This type of investing tends to turn out badly. This past week, we did add exposure to a couple of our core holdings to increase weightings in healthcare and staples, and our next goal will be to opportunistically bring up the weightings in all of our current holdings. However, as we add equity risk, we are managing the risk exposures by hedging accordingly. Recently we increased our gold exposure, and this past week added a position in the U.S. Dollar to offset risk of a global "dollar funding shortage." This was a point we made in Friday's report:

*"The Federal Reserve has identified the Achilles heel of the world economy: **the enormous global shortage of dollars. The global dollar shortage is estimated to be \$13 trillion now, if we deduct dollar-based liabilities from money supply including reserves.** How did we reach such a dollar shortage? In the past 20 years, dollar-denominated debt in emerging and developed economies, led by China, has exploded. **The reason is simple, domestic and international investors do not accept local currency risk in large quantities knowing that, in an event like what we are currently experiencing, many countries will decide to make huge devaluations and destroy their bondholders.** According to the Bank of International Settlements, **the outstanding amount of dollar-denominated bonds issued by emerging and European countries in addition to China has doubled from \$30 to \$60 trillion between 2008 and 2019.** Those countries now face more than \$2 trillion of dollar-denominated maturities in the next two years and, in addition, the fall in exports, GDP and the price of commodities has generated a massive hole in dollar revenues for most economies. If we take the US dollar reserves of the most indebted countries and deduct the outstanding liabilities with the estimated foreign exchange revenues in this crisis ? **The global dollar shortage may rise from 13 trillions of dollars in March 2020 to \$ 20 trillion in December ? And that is if we do not estimate a lasting global recession.**" - Mises Institute*

Well guess what? We are likely in a lasting global recession. This is why we added the dollar to your portfolio. As noted last week, we are down to our core "long-term" equities that we will begin to add to opportunistically as the market bottoms and begins to recover. **We will continue to trade opportunistically, but as noted last week, ultimately we WILL MISS the bottom.** We are going to wait to clearly see "the bottom" has been put in; then we will aggressively add exposure. **At such a point, risk and reward will be clearly in our favor.** We continue to remain very defensive, and are in an excellent position with plenty of cash, reduced bond holdings, and minimal equity exposure in companies we want to own for the next 10-years. Just remain patient with us as we await the right opportunity to build holdings with both stable values, and higher yields. Please don't hesitate to contact us if you have any questions or concerns. *Lance Roberts CIO*

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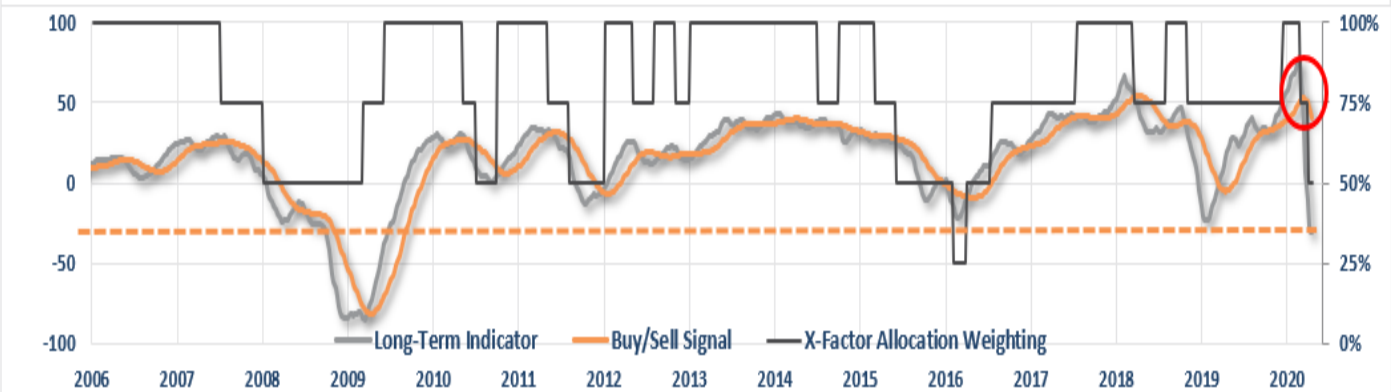
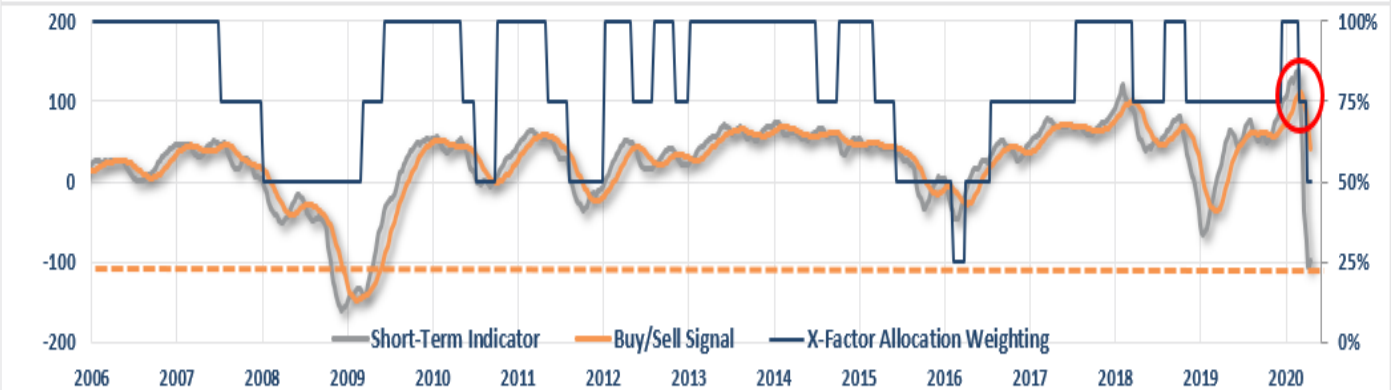
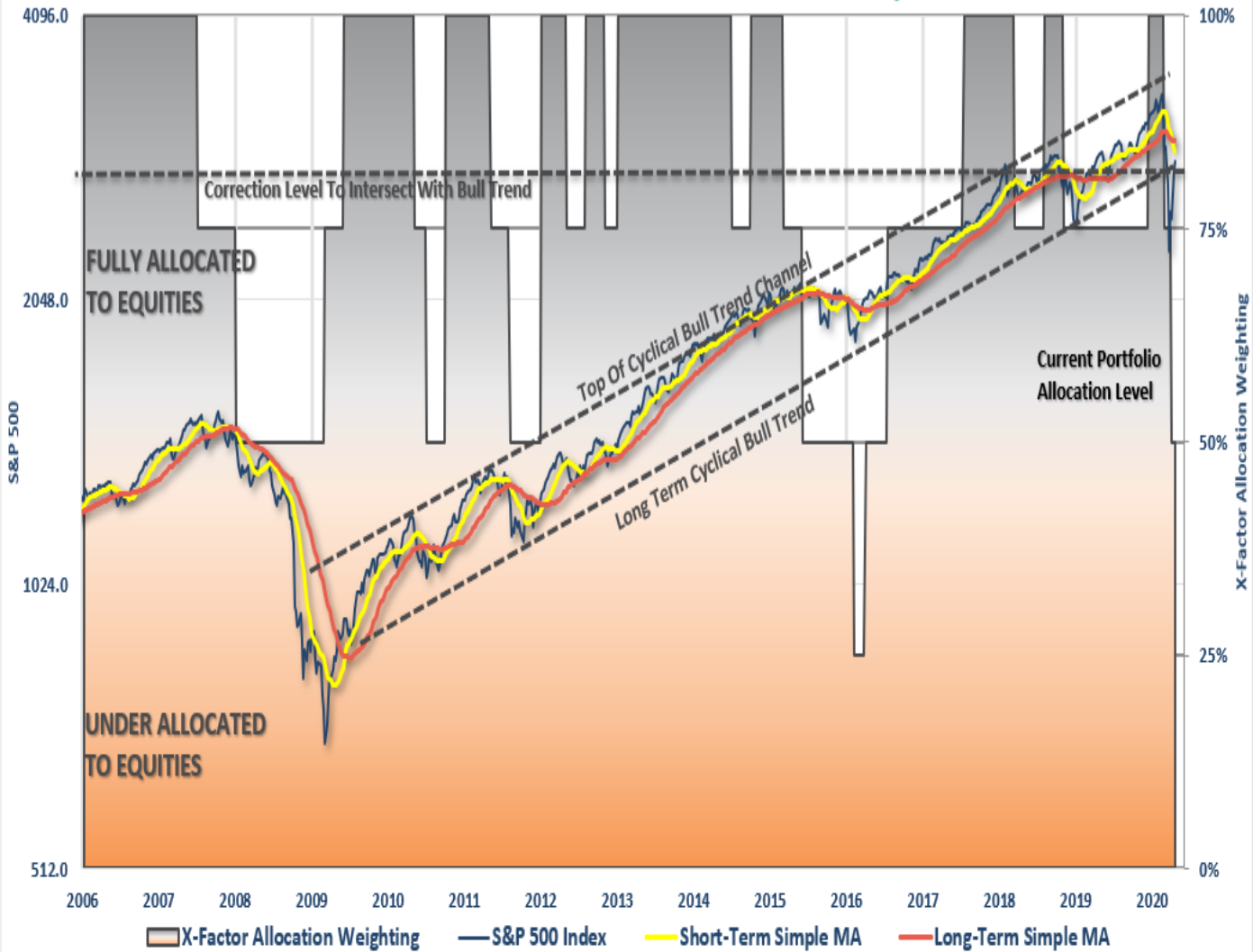
## THE REAL 401k PLAN MANAGER

***A Conservative Strategy For Long-Term Investors***

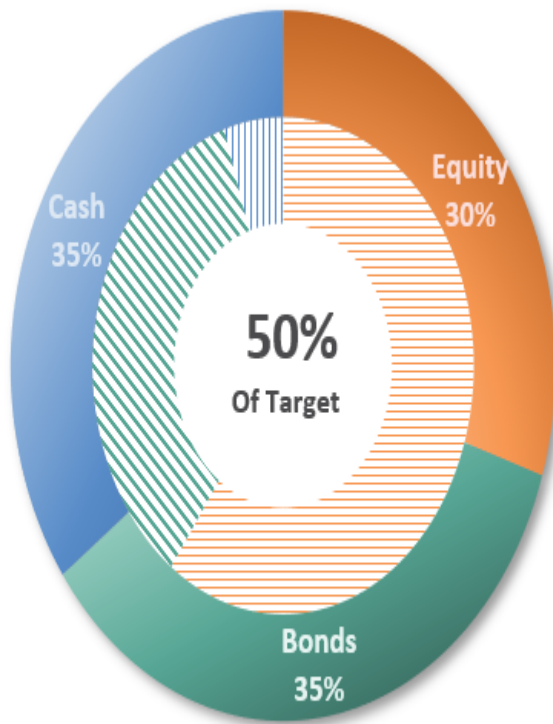


Model performance is based on a two-asset model of stocks and bonds relative to the weighting changes made each week in the newsletter. This is strictly for informational and educational purposes only and should not be relied upon for any reason. Past performance is not a guarantee of future results. Use at your own risk and peril.

Risk Management Analysis



## Current Portfolio Weighting



## Current 401k Allocation Model

### 35.00% Cash + All Future Contributions

*Primary concern is the protection of investment capital*

Examples: Stable Value, Money Market, Retirement Reserves

### 35.00% Fixed Income (Bonds)

*Bond Funds reflect the direction of interest rates*

Examples: Short Duration, Total Return and Real Return Funds

### 30.00% Equity (Stocks)

*The vast majority of funds track an index.*

*Therefore, select on ONE fund from each category.*

*Keep it Simple.*

15% Equity Income, Balanced or Conservative Allocation

15% Large Cap Growth (S&P 500 Index)

0% International Large Cap Dividend

0% Mid Cap Growth

## Portfolio Instructions:

Allocation Level To Equities	Reommendation	When To Take Action
Less Than Target Allocation	Stay Below Target	No Action Needed
Equal To Target Allocation	Reduce To Or Stay At Target	Immediately
Over Target Allocation	Reduce To Or Stay At Target	Immediately

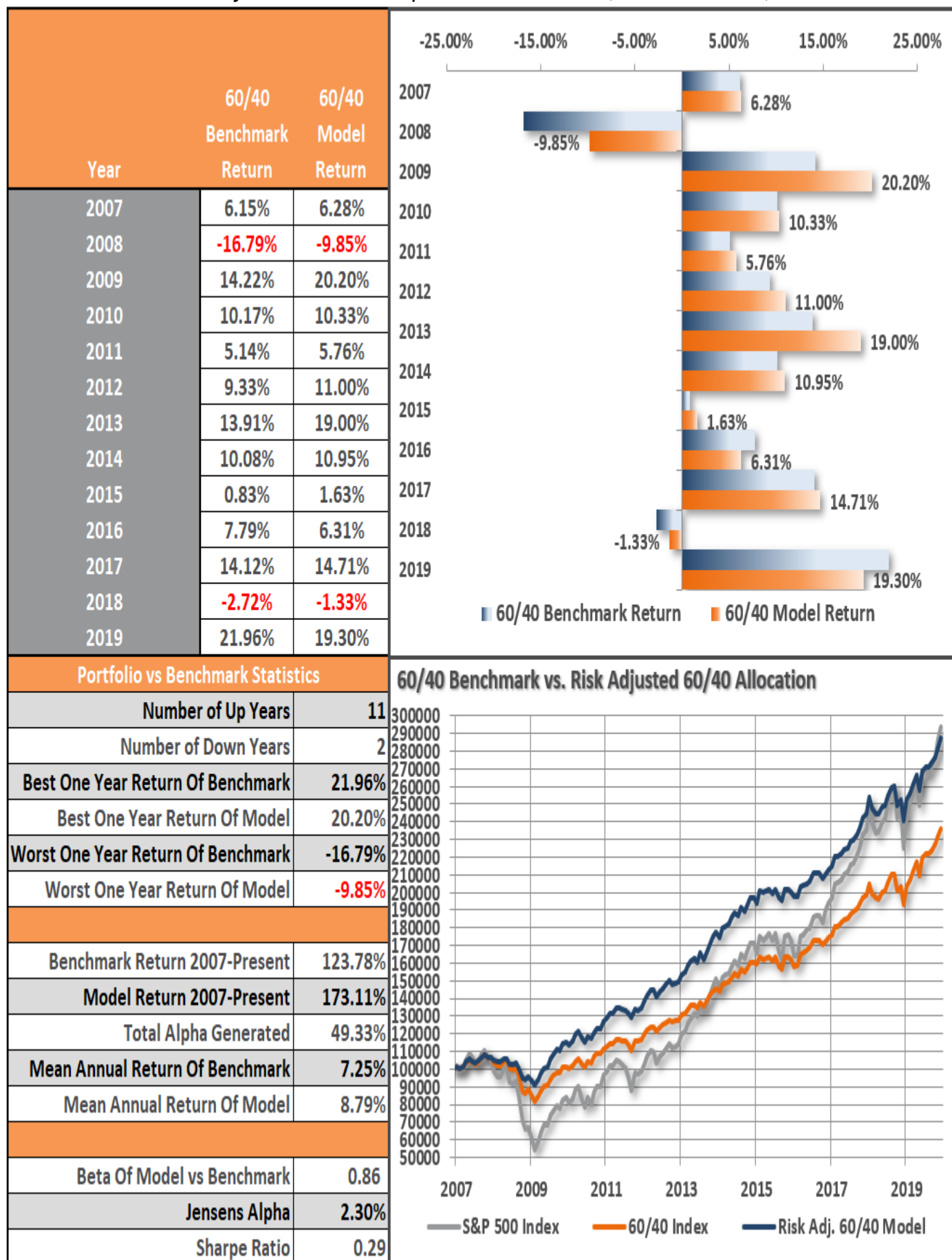
## Commentary

Over the last three weeks, we have recommended using any rallies to reduce exposure in 401k plans accordingly. The rally this past week, is beginning to show signs of weakening, and the worst news is about to come from a fundamental front. The opportunity to reduce risk is likely as good as it is going to get currently. **While the market could rally some more next week, risk is starting to outweigh reward.**

Continue reducing equity exposure to 50%, or greater if you feel it is necessary, to remove potential risk of another down leg for now. We will have plenty of time to wait for the bottom to be formed to buy back in for the next bull market cycle when it occurs. The important thing now, is to conserve our principal.

If you need help after reading the alert; do not hesitate to [contact me](#)

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# 401k Plan Manager Live Model

As an [RIA PRO subscriber](#) (You get your first 30-days free) you have access to our live 401k p The code will give you access to the entire site during the 401k-BETA testing process, so not only will you get to help us work out the bugs on the 401k plan manager, you can submit your comments about the rest of the site as well. We are building models specific to company plans. So, if you would like to see your company plan included specifically, [send me the following](#):

- Name of the company
- Plan Sponsor
- A print out of your plan choices. (Fund Symbol and Fund Name)

If you would like to offer our service to your employees at a deeply discounted corporate rate, [please contact me](#).



Investment Analysis, Research & Data  
From The RIA Investment Team

DashboardMacro ▾Ideas ▾Research ▾Portfolio ▾401K - Beta

SymbolHelp ▾

This is the Beta version of 401K. Some Errors are expected ! Click Here to report Issues

My Portfolios

CVS Health ▾

Enter Portfolio Name

✓Add Portfolio

✓Delete Portfolio

✓Rename Portfolio

My InfoFund SelectionComparisonSummaryCommentary

My Portfolio

RIAPro Portfolio

RIA PRO MODEL PL ▾

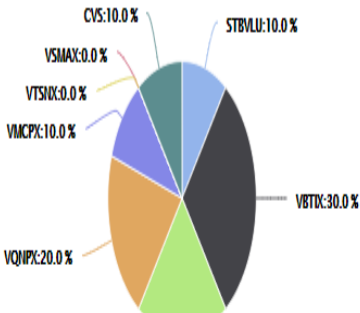
Retirement Income (My Portfolio Annual ROR 9.44 %)

Current account balance	10,000
Estimated Retirement Balance	632,861
Estimated Retirement Balance (Inflation Adj)	620,204
Monthly Income	2,768
Monthly Income (Inflation Adj)	2,713
My Cumulative Contribution	172,934
Employer Cumulative Contribution	103,760

Retirement Income (RIAPro Annual ROR 9.02 %)

Current account balance	10,000
Estimated Retirement Balance	609,786
Estimated Retirement Balance (Inflation Adj)	597,590
Monthly Income	2,667
Monthly Income (Inflation Adj)	2,614
My Cumulative Contribution	172,934
Employer Cumulative Contribution	103,760

My Fund Composition



RIAPro Fund Composition

