



Omicron Sell-Off, Is It Over Yet?

In this 12-03-21 issue of "Is the Omicron Sell-Off Over Yet?"

- **What's Driving The Omicron Market Sell-Off**
- **Did The Omicron Sell-Off Set Up The Santa Rally?**
- **Internal Measures Suggest Risk Remains**
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- **Sector & Market Analysis**
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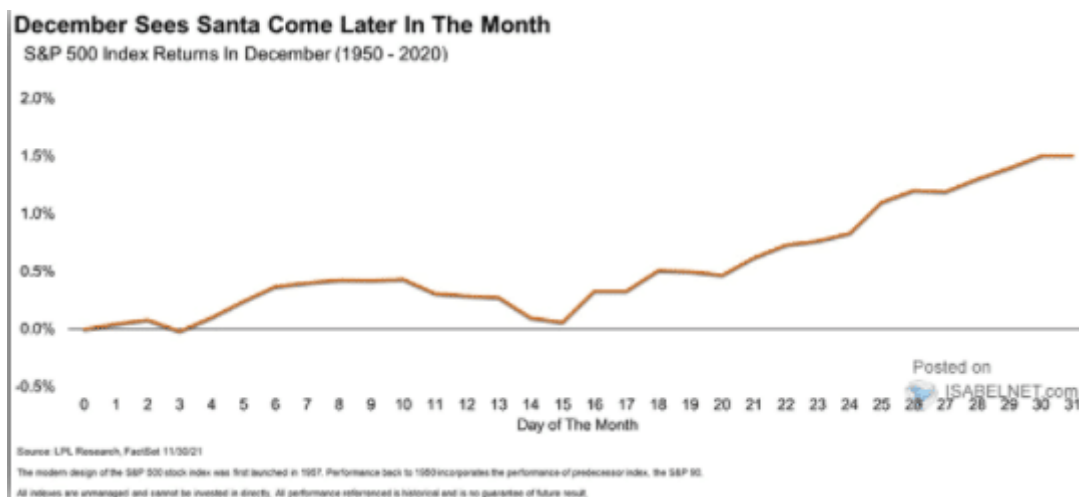
Fidelity | TD Ameritrade | InteractiveBrokers | charles SCHWAB

What's Really Driving The Omicron Market Sell-Off

While the media is running around trying to pin headlines on the market moves from the Fed to the Omicron variant, **the reality is that we are in the midst of mutual fund distribution season.** As Michael Lebowitz noted:

"We believe the rotation is not a sudden change in mindset but, likely the actions of mutual funds rebalancing their portfolios. Frequently at year-end mutual funds sell the winners which have become overweight positions and buy the losers which are below their proper weights. The large returns this year in certain sectors are making these actions more visible than normal."

There is still some sloppiness likely over the next week, but such should theoretically provide investors the entry point for a "Santa Rally."



But such should not be a surprise. [In mid-November](#), we discussed the need to reduce risk against a potential correction. To wit:

*Does this mean the market will experience a significant contraction? **A pullback to the short-term moving averages would not be surprising and would encompass about a 3-4% drawdown.***

What would cause such a correction? I don't know. However, we are entering the mutual fund distribution season where fund managers need to distribute capital gains, dividends, and interest. Given that most funds are carrying very low cash levels, they will likely have to sell holdings to make those distributions.

Then, [on the 23rd of November](#), we added:

Investors? ?wish lists? are hung by the chimney with care, hopeful the ?Santa Claus rally? will soon be there. While they remain ?snug in their beds, the historical data dances in the heads.?

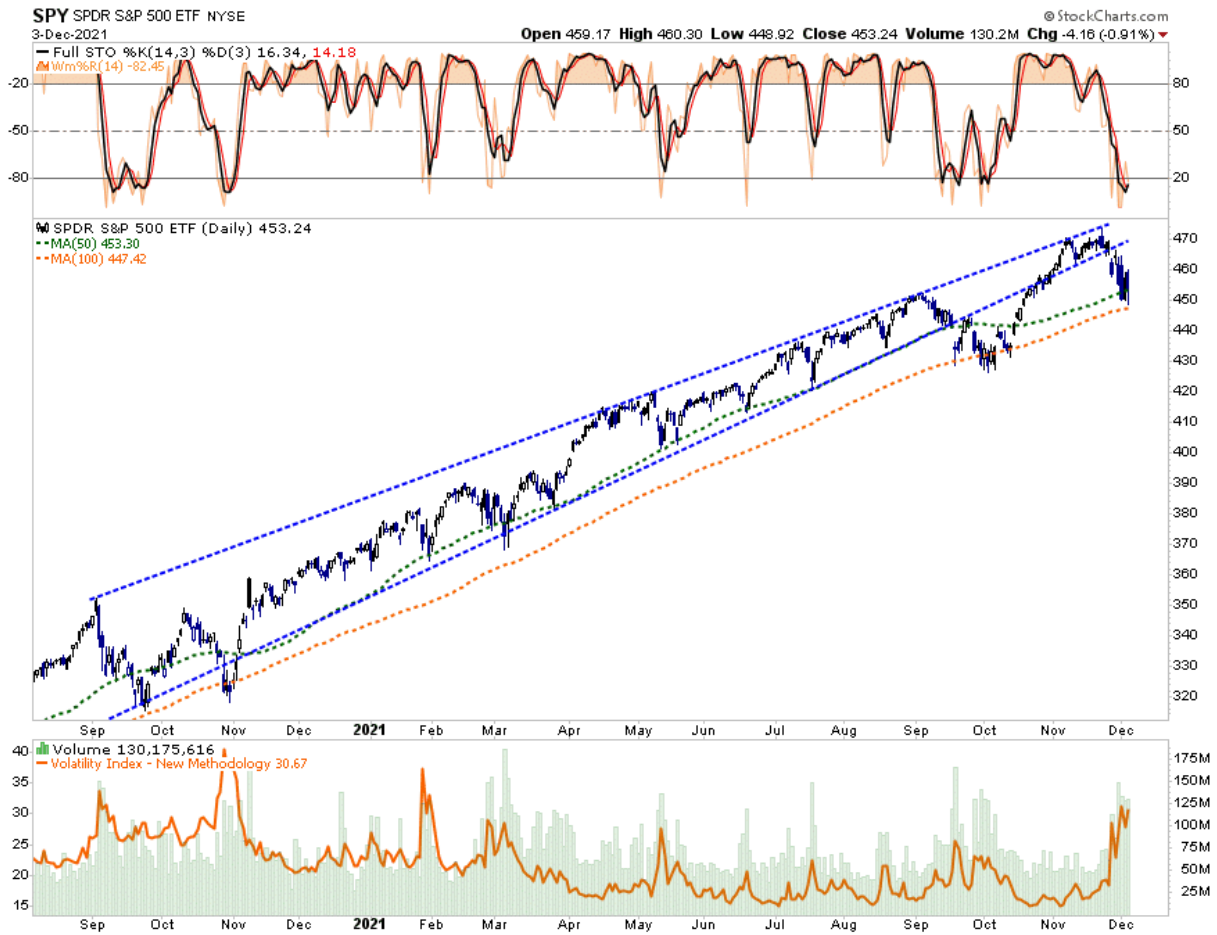
It certainly seems there is little to worry about.

Except that dip at the beginning of December.

But is the Omicron sell-off over?

Omicron Sell-Off Tests 100-DMA

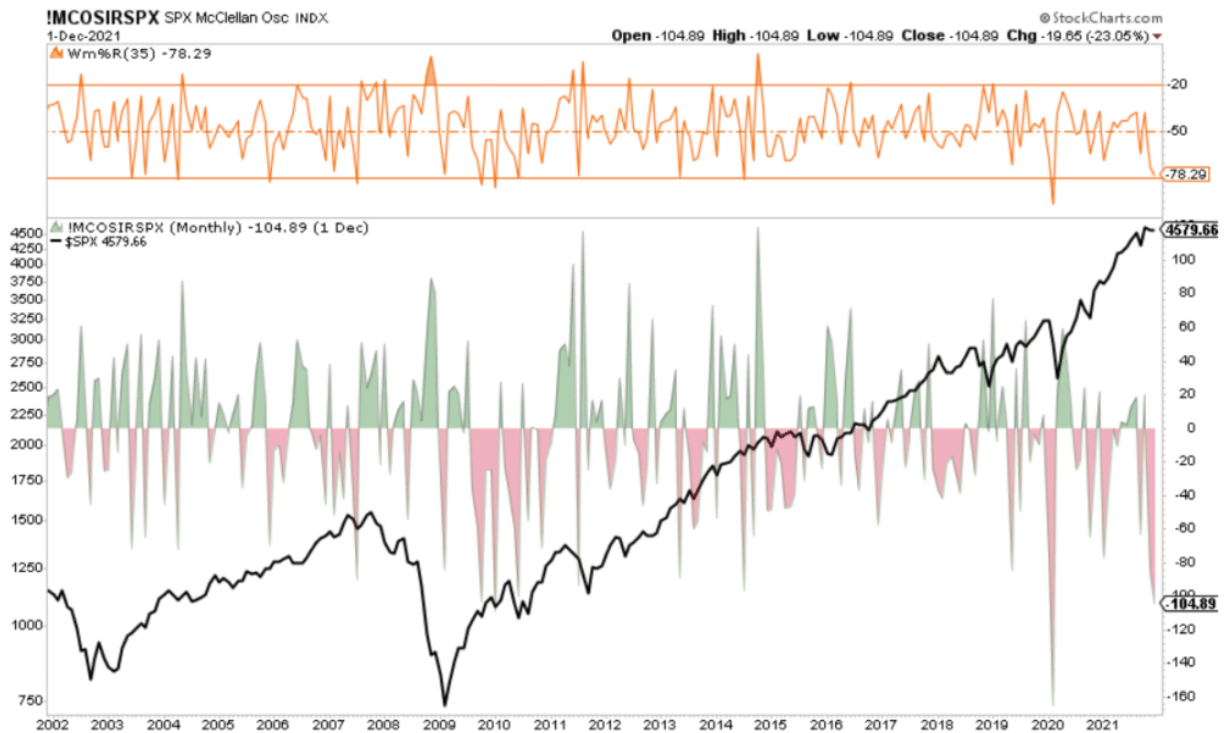
In the short term, selling pressure is starting to peak, and downside risk got reduced given the more extreme oversold conditions. As a result, volatility also spiked into excessive overbought levels, and the market held strong support at the 100-dma (orange line) on Friday.



We are using the more extreme oversold condition to add trading positions to our portfolio. The upside is likely limited to the bottom of the previous trend channel (*blue dashed line*) that began in 2020. However, we can take advantage of the rally back to those levels to bolster returns in portfolios.

Notably, any failure at that running lower trend line would be concerning. **Such would suggest either a retest of current lows in January or, should that support fail, a very different market in 2022.**

As noted above, while the media is frantic to pin sell-off on the "*Omicron variant*," it is all quite normal within the context of historical trends. Lastly, another of our technical indicators, the McClellan Oscillator, confirms our analysis of a deeply oversold market.



Please note that I am consistently speaking of "*short-term*" opportunities.

While the current decline could strengthen back into a longer-term trend, we treat each increase in equity exposure as a trade until proven otherwise.

One mistake individuals make is trying to "buy the dip" and not respecting the potential for much more significant downside "dipping."

Always maintain your stop-loss levels.

[dmc]

No Guarantees

The current "*Omicron sell-off*" in the markets, combined with distributions, will leave portfolios "*offsides*" heading into year-end. As a result, portfolio managers will begin to "*window dress*" portfolios for year-end reporting around mid-month. **As shown in the seasonal chart above, that "*buying*" is what typically pushes markets higher.**

Such was a point I discussed with Charles Payne on Fox Business yesterday.

<https://twitter.com/LanceRoberts/status/1466893867215732743?s=20>

Is a "Santa Claus" rally guaranteed? Absolutely not.

However, as noted, my Mom said I was a "*good boy*" this year, so I am hopeful I will get more than a "*lump of coal*" in my stocking.

Besides, I am not sure Santa Claus can afford coal this year anyway.

COAL Commodity

121.00 -4.00 (-3.20%)

05:37:00 AM MI Indication

Add to watchlist

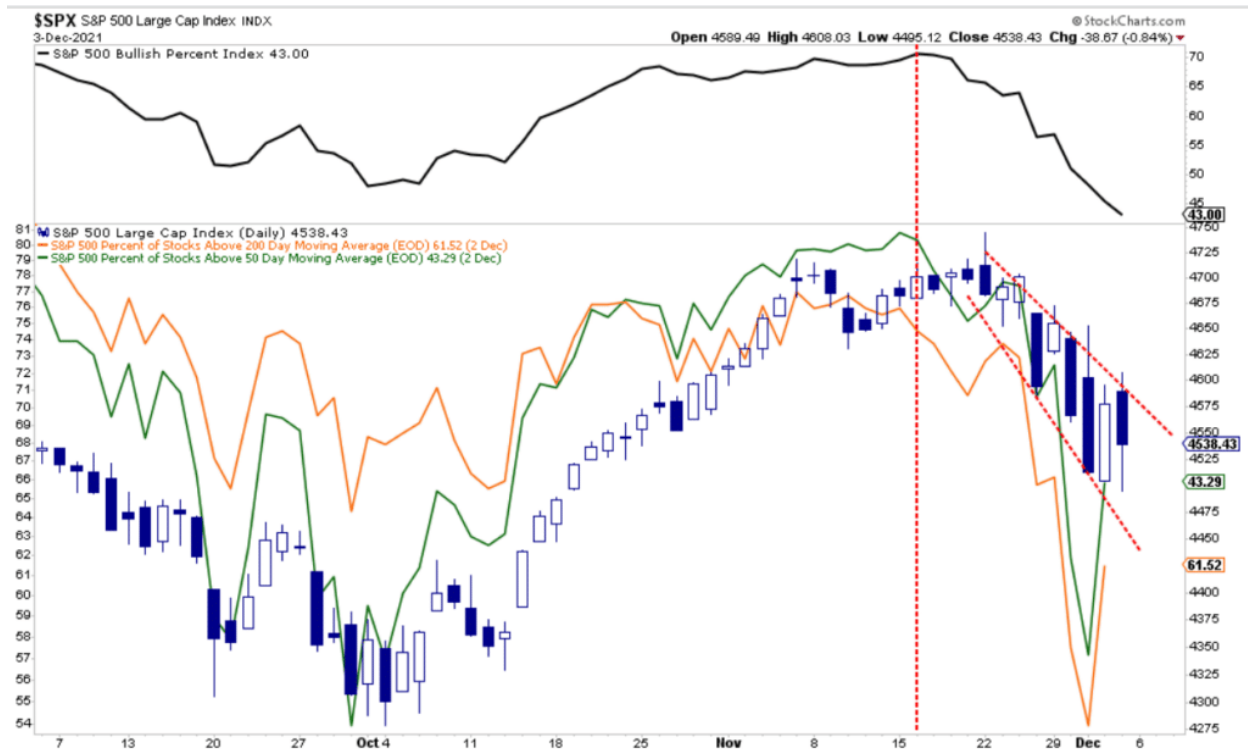


While I am optimistic as we head into year-end, I would be remiss not to point out the obvious risks.

Internal Measures Suggests Risk Remains Present

Over the last few weeks, we have discussed the continuing deterioration of market internals from breadth to volume to expanding new lows. At the same time, while market internals weakened, broad markets continued to rise. As shown, stocks trading above their 50- and 200-dma and the bullish percent index turned down in mid-November. Such suggested the market was at risk of a correction; all that was needed was an event to shift psychology.

That's how you get the "Omicron sell-off."



However, as [Sentiment Trader](#) pointed out this week, other internal measures suggest that investors may see lower returns near term. To wit:

"New lows are one of the most critical breadth measures to monitor in a bull market, especially long-duration ones. When they expand to current levels with the market near a high, something is amiss with market participation. The shot across the bow is a warning that we should be alert to rising risks. As always, it's essential to use a weight-of-the-evidence approach and not rely upon any single indicator.

The previous risk-off signal from October 2018 led to a substantial decline for the S&P 500."

S&P 500 lows increased above a critical level



As they conclude:

"When new lows expand and the market is near a high, something is amiss with market participation, suggesting rising risks. Similar setups to what we're seeing now have preceded weak returns and win rates on a short and medium-term basis."

While the market is now very oversold, volume remains relatively weak along with money flows. Such suggests there is a risk of more selling pressure following any short-term bounce. **So, as is always the case, be sure to manage your risk exposures accordingly.**

There will be a time to become considerably more aggressive, but we need improvement to the underlying technicals first.

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Will FANG Wind Up Like BRIC?

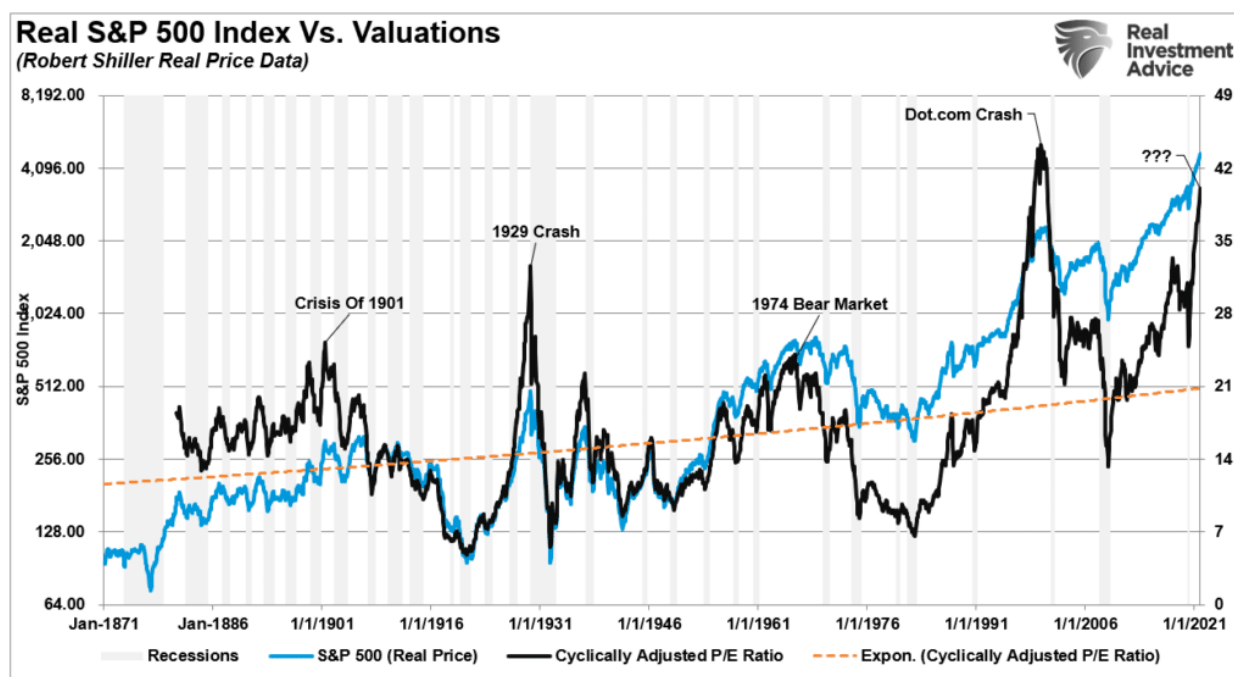
My colleague [Albert Edwards](#) had an excellent piece out this week answering a question I have had.

"It is the 20th anniversary of the invention of the BRIC acronym. BRICs, for those who need reminding, was dreamt up by the then Chief Economist at Goldman Sachs, Jim (now Lord) O'Neil, who predicted that the emerging economies of Brazil, Russia, India and China would enjoy superior economic growth and investment returns relative to the developed economies. A few days ago Jim O'Neil marked this anniversary with

an update in the [Financial Times](#)."

Coincidentally it is also exactly the 10th anniversary of my note that ridiculed 'BRICs' as an investment idea entitled 'BRIC = Bloody Ridiculous Investment Concept' - A. Edwards

We should not overlook the importance of his commentary. In 1999, the "dot.com" bubble was in full swing, and valuations ran at nearly 42x trailing earnings on a CAPE ratio basis. **Today, the top-10 stocks of the S&P 500 comprise almost 30% of the entire market capitalization of the index. With valuations once again approaching the dot.com levels of exuberance.** [\(Valuations are just the reflection of investor psychology.\)](#)



In Case You Missed It



Inflation vs. Deflation – Which Is The Bigger Threat In 2022?

Written by Lance Roberts | Dec 3, 2021

Inflation vs. deflation – while headlines get filled with “inflation” concerns, historical data shows “deflation”...

[> Read More](#)

The Next Crash

As Michael Lebowitz noted in ["Is A 2000 Market Crash Possible?"](#)

"P/E valuations are grossly extended, and in both calculations nearing or surpassing levels in 1999. The graph also show valuations are well above those of 1929."

The point here is that valuations matter. The growth expectations for the FANG stocks far exceed any conceivable realistic outcome. As Allbert concludes:

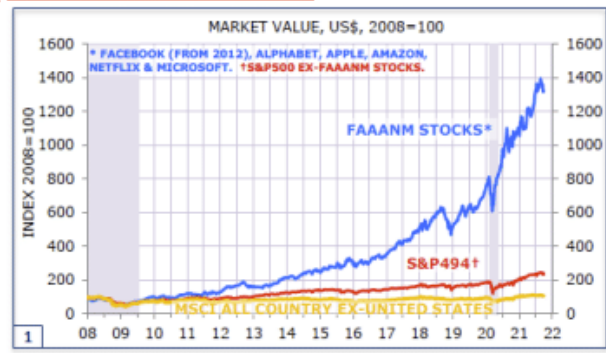
*"Investors are desperate to believe the EM and BRIC growth story, for they have so little alternative. **The story of superior growth for the EM universe is as entirely plausible as it is entirely misleading. Valuation is what matters for investing in EM, not their superior growth story and certainly, EM equities are not relatively cheap.** Yet investors persist in the BRIC superior growth fantasy. But it is no different from many of the other investment fantasies I have witnessed over the last 25 years only to see them end in severe disappointment. **BRICs have indeed been terrible investments over the past decade, underperforming both MSCI World and even the EAFE index by a very wide margin.***

*Put a date in your diary to look out for my Global Strategy Weekly on 2 Dec 2031. **For I have a similar feeling that in a decade's time FAANGs (and US tech generally) will go the way of the BRICs as another example of acronym investing going horribly wrong.** Indeed, only recently I noted that despite US IT's EPS relative now declining sharply, **its nosebleed PE valuation at 30x looks vulnerable vs the market's 22x - the widest gap since the Nasdaq bubble.**"*

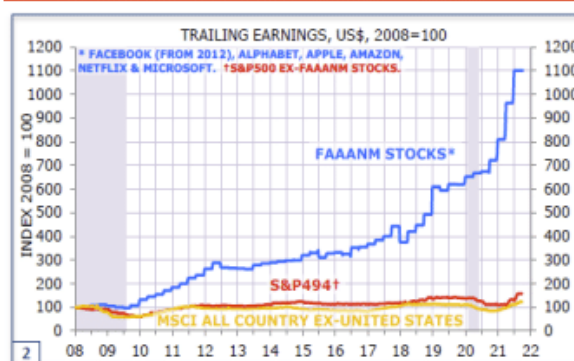
US equity has outperformed RoW by a country mile (or league)...



...but outperformance has been driven mainly by 6 'tech' stocks



FAANGM outperformance driven by both EPS growth...



...and since 2018, by massive PE re-rating vs the market



Source: Gerard Minack, Downunder Daily

Valuations always matter, and they matter a lot. The problem is that investors don't learn this lesson until it is often far too late to matter.



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Portfolio Update

Over the last couple of weeks, we stated that after raising cash and reducing hedges, we were "sitting tight" as we got through the Thanksgiving holidays. **We worried about a correction during the first couple of weeks of December as mutual fund redemptions took hold.** That sell-off came as Omicron headlines sparked the algorithms into sell mode. Now, much of the overbought and extended conditions in the market are reversed.

With that correction, we are now starting to slowly increase our equity risk exposure as we head into year-end. Given the statistical probability of a year-end "Santa Rally," we want to position portfolios for that potential opportunity.

However, we are maintaining very tight stop-losses on all of our trading positions, as there is NO GUARANTEE that the market will rally into year-end. As with any good "poker player," we are "playing the odds."

We added a trading position in the S&P 500 index on Thursday morning and late Friday afternoon. We also nibbled on some energy exposures after the correction in oil prices. Over the next few days, we will opportunistically add exposure to our Technology, Finance, and Healthcare sectors. We are also monitoring Communications and Discretionary for opportunities as well. The goal will be to increase our equity weighting to 60-70% in our 60/40 allocation models. (Yes, we can overweight and underweight equity risk.)



Lastly, no matter what you decide to do, do it safely. **Chasing markets is fine until something goes wrong. So, have stop levels in place, manage your risk exposure relative to your financial objectives, and take unnecessary risk.**

There are still plenty of things that can go wrong by year-end. **So, don't screw up an excellent year by making a stupid mistake this close to the end.**

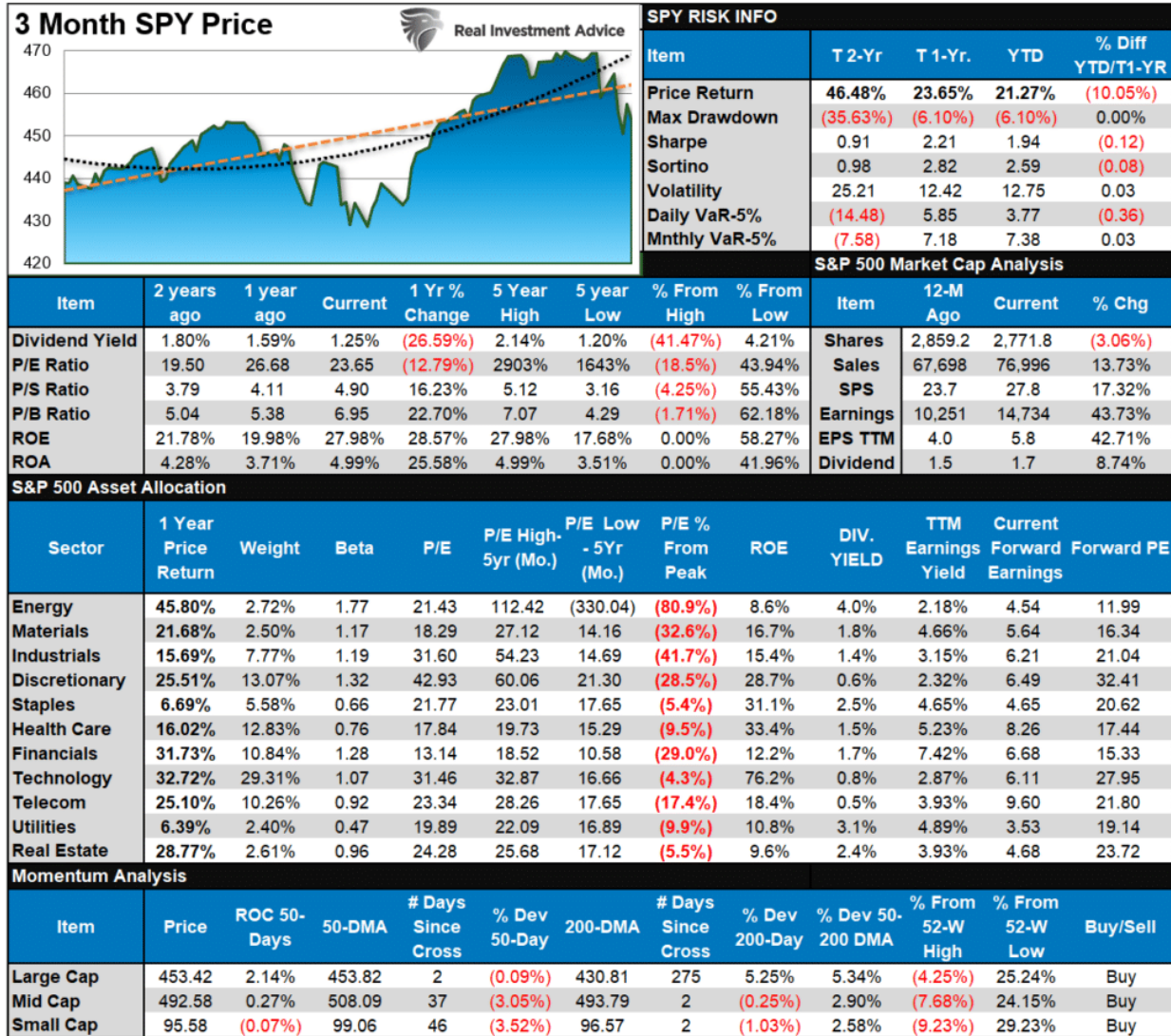
See you next week.

By Lance Roberts, CIO

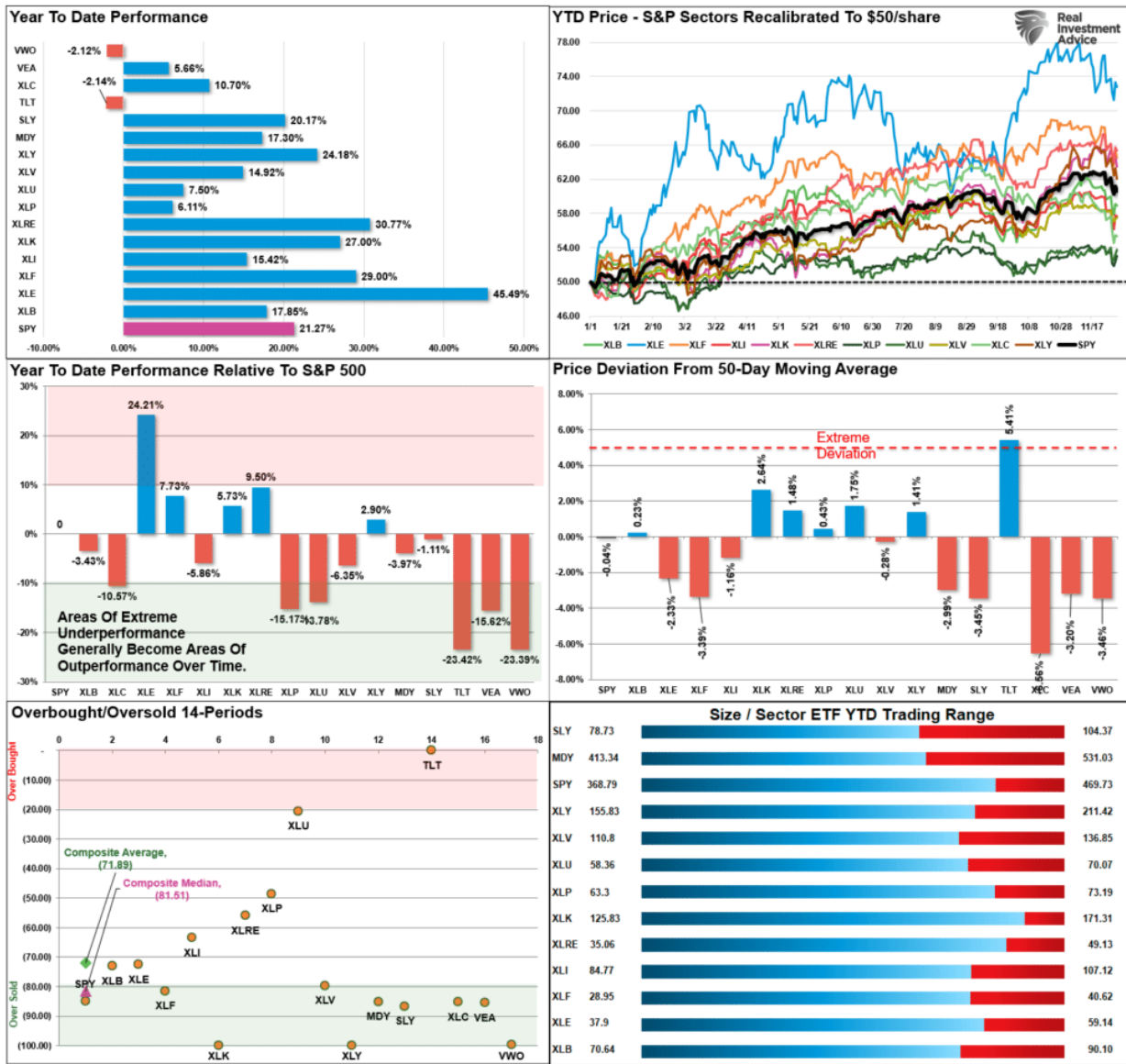
Market & Sector Analysis

Analysis & Stock Screens Exclusively For RIAPro Members

S&P 500 Tear Sheet

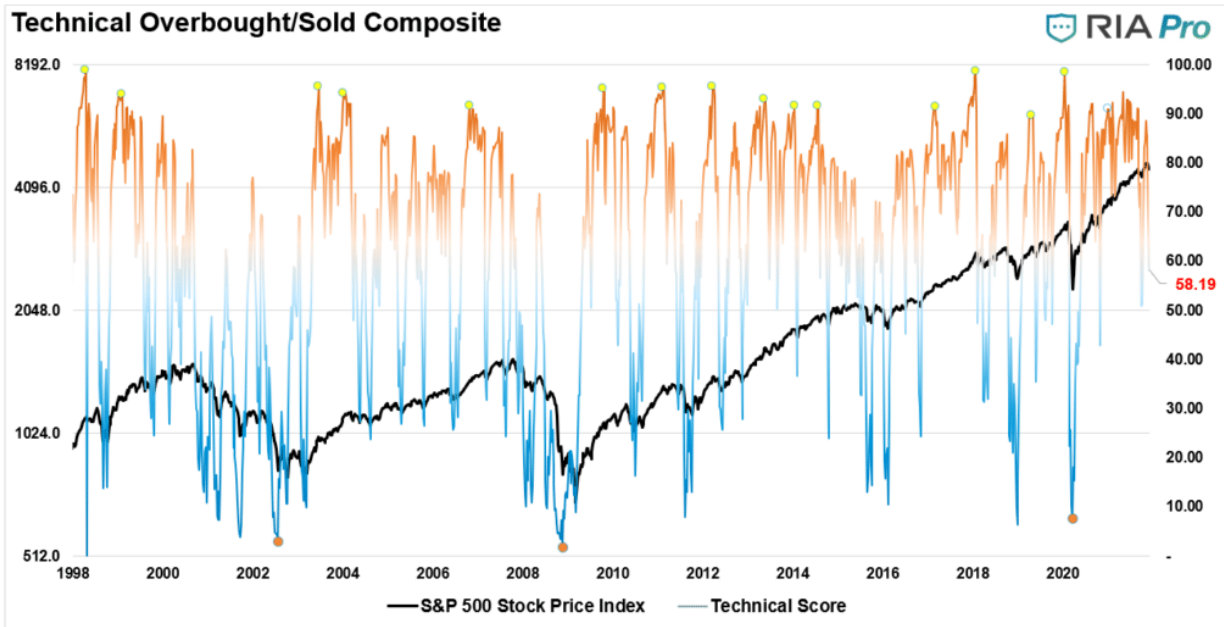


Performance Analysis



Technical Composite

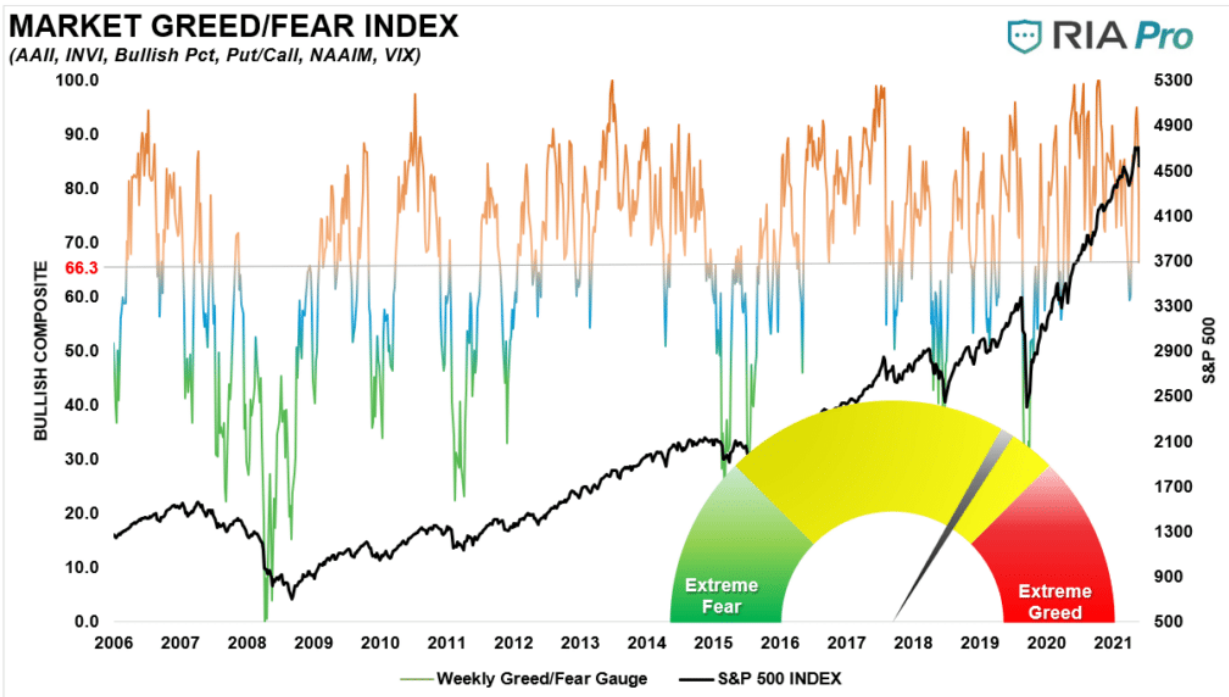
The technical overbought/sold gauge comprises several price indicators (RSI, Williams %R, etc.), measured using "weekly" closing price data. Readings above "80" are considered overbought, and below "20" are oversold. **The current reading is 58.19 out of a possible 100.**



Portfolio Positioning "Fear / Greed" Gauge

Our "Fear/Greed" gauge is how individual and professional investors are "positioning" themselves in the market based on their equity exposure. From a contrarian position, the higher the allocation to equities, to more likely the market is closer to a correction than not. The gauge uses weekly closing data.

NOTE: The Fear/Greed Index measures risk from 0-100. It is a rarity that it reaches levels above 90. The current reading is 66.29 out of a possible 100.



Sector Model Analysis & Risk Ranges

How To Read This Table

- The table compares each sector and market to the S&P 500 index on relative performance.
- "MA XVER" is determined by whether the short-term weekly moving average crosses positively or negatively with the long-term weekly moving average.
- The risk range is a function of the month-end closing price and the "beta" of the sector or market. **(Ranges reset on the 1st of each month)**
- Table shows the price deviation above and below the weekly moving averages.

RELATIVE PERFORMANCE		Current	PERFORMANCE RELATIVE TO S&P 500 INDEX					SHORT WMA	LONG WMA	MONTH END PRICE	REL S&P BETA	RISK RANGE		% DEV - Short MA	% DEV - Long MA	MA XVER SIGNAL
Ticker	ETF NAME	Price	1 Week	4 Week	12 Weeks	24 Weeks	52 Weeks					HIGH	LOW			
IIV	ISHARS-SP500	455.14	(1.19)	(3.24)	1.70	9.21	22.62	453.65	439.12	457.53	0.99	469.07	446.19	0%	4%	BULLISH
XLB	SPDR-MATLS SELS	85.31	(0.07)	0.39	(0.15)	(3.55)	(3.77)	84.59	84.37	84.65	1.06	87.86	81.64	1%	1%	BULLISH
XLC	SPDR-COMM SV SS	74.70	(2.02)	(5.32)	(13.04)	(14.14)	(11.09)	80.72	80.37	75.37	0.98	77.99	72.75	-7%	-7%	BULLISH
XLE	SPDR-EGY SELS	55.14	0.40	(2.11)	13.68	(3.96)	13.10	54.77	52.50	54.59	1.86	56.86	52.32	1%	5%	BULLISH
XLF	SPDR-FINL SELS	38.03	(0.72)	(1.73)	(0.50)	(1.26)	8.61	38.98	37.77	37.96	1.17	39.35	36.57	-2%	1%	BULLISH
XLK	SPDR-TECH SELS	165.13	0.67	2.08	3.73	7.91	8.40	159.97	151.52	168.72	1.04	174.70	162.74	3%	9%	BULLISH
XLI	SPDR-INDU SELS	102.20	0.21	(0.69)	(1.46)	(5.61)	(8.06)	102.96	103.05	100.77	1.18	104.48	97.06	-1%	-1%	BEARISH
XLP	SPDR-CONS STPL	71.57	0.65	1.29	(2.13)	(5.18)	(16.79)	71.32	70.93	70.29	0.65	72.50	68.08	0%	1%	BULLISH
XLRE	SPDR-RE SELS	47.81	1.21	2.39	0.35	(1.38)	5.46	47.13	45.57	47.39	0.71	48.91	45.87	1%	5%	BULLISH
XLU	SPDR-UTIL SELS	67.40	2.15	3.51	(3.23)	(4.06)	(14.62)	66.53	66.29	65.77	0.42	67.69	63.85	-1%	2%	BULLISH
XLV	SPDR-HLTH CR	130.37	(0.02)	1.37	(3.82)	(3.85)	(6.77)	131.30	128.76	129.73	0.76	133.96	125.50	-1%	1%	BULLISH
XLY	SPDR-CONS DISCR	199.65	(0.98)	(2.25)	7.46	6.76	3.72	193.91	183.66	204.44	1.13	211.85	197.03	3%	9%	BULLISH
XTN	SPDR-SP TRANSP	90.14	(1.14)	(4.85)	4.05	(2.38)	0.96	90.73	88.25	90.34	1.31	93.79	86.89	-1%	2%	BULLISH
SDY	SPDR-SP DIV ETF	122.79	0.45	0.53	(0.44)	(6.80)	(7.84)	122.60	123.32	120.67	0.90	124.77	116.57	0%	0%	BEARISH
RSP	INVS-SP5 EQ ETF	164.50	(0.09)	(0.97)	(1.38)	(3.85)	(1.04)	166.23	163.02	163.59	1.10	169.12	148.06	-1%	1%	BULLISH
SLY	SPDR-SPE SC	95.58	(1.19)	(5.15)	(0.69)	(8.37)	0.89	98.12	96.89	95.77	1.19	99.30	92.24	-3%	-1%	BULLISH
MDY	SPDR-SP MC 400	492.58	(1.53)	(3.74)	(1.19)	(5.53)	(2.41)	504.13	497.35	493.80	1.16	511.88	475.72	-2%	-1%	BULLISH
EEM	ISHARS-EMO MKT	48.92	1.64	(0.68)	(8.50)	(19.00)	(26.41)	51.10	52.56	48.84	0.79	50.45	47.23	-4%	-7%	BEARISH
EFA	ISHARS-EAFE	77.03	1.96	(2.62)	(6.79)	(11.10)	(16.43)	79.89	79.79	78.84	0.83	79.40	74.28	-4%	-3%	BULLISH
IAU	ISHARS-GOLD TR	33.93	1.10	1.42	(2.02)	(8.10)	(25.78)	34.05	34.34	33.68	0.11	34.56	32.80	0%	-1%	BEARISH
GDX	VANECK-GOLD MNR	30.69	(3.26)	(3.05)	(4.27)	(19.29)	(35.70)	31.91	33.97	31.80	0.72	32.83	30.77	-4%	-10%	BEARISH
UUP	INVS-OB USS BU	25.77	1.19	5.18	1.82	(5.38)	(17.30)	25.29	24.89	25.70	(0.12)	26.31	25.09	2%	4%	BULLISH
BOND	PIMCO-TOT RETRN	110.17	1.78	2.99	(2.90)	(9.78)	(24.57)	110.28	110.66	109.80	0.09	112.64	106.96	0%	0%	BEARISH
TLT	ISHARS-20+YTB	154.35	3.73	6.63	2.31	(3.29)	(23.16)	147.09	144.95	151.59	(0.22)	155.05	148.13	5%	6%	BULLISH
BNDX	VANGD-TLT INT B	57.37	1.57	3.51	(1.96)	(8.70)	(24.36)	57.04	57.21	57.23	0.03	58.68	55.78	1%	0%	BEARISH
HYG	ISHARS-10Y HYCB	86.00	1.81	1.53	(3.78)	(10.84)	(23.60)	87.08	87.32	85.64	0.36	88.09	83.19	-1%	-2%	BEARISH



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Weekly Stock Screens

Currently, there are four different stock screens for you to review. The first is S&P 500 based companies with a "Growth" focus, the second is a "Value" screen on the entire universe of stocks, and the last are stocks that are "Technically" strong and breaking above their respective 50-dma.

We have provided the yield of each security and a Piotroski Score ranking to help you find fundamentally strong companies on each screen. [\(For more on the Piotroski Score - read this report.\)](#)

S&P 500 Growth Screen

Ticker	Company	Current Price	Next 3-5 Yr Est EPS Gr rate	5 yr Hist Sales Gr	Div Yield	P/E using		Score
						12 mo EPS		
LH	Laboratory Cp	291.27	10.56	10.39	0.00	9.02		9.00
TMO	Thermo Fisher	627.58	14.00	15.68	0.17	24.46		9.00
WRB	Berkley (Wr) Cp	78.85	9.00	2.45	0.66	17.56		9.00
CBRE	Cbre Group Inc	99.92	11.00	17.33	0.00	19.75		8.00
GOOG	Alphabet Inc-C	2875.53	25.82	20.46	0.00	27.69		8.00
GOOGL	Alphabet Inc-A	2859.32	25.82	20.46	0.00	27.54		8.00
GPC	Genuine Parts	129.87	11.96	3.05	2.51	19.56		8.00
IPG	Interpublic Grp	34.49	12.61	5.10	3.13	13.06		8.00
KEYS	Keysight Tech	198.48	8.54	10.93	0.00	34.58		8.00
TER	Teradyne Inc	150.94	19.88	14.86	0.26	26.43		8.00
TGT	Target Corp	245.50	14.40	8.56	1.47	18.84		8.00
AMD	Adv Micro Dev	150.68	46.20	24.54	0.00	69.76		7.00
CVX	Chevron Corp	115.14	5.53	-3.74	4.66	20.71		7.00
EXR	Extra Space Stg	205.41	11.35	8.12	2.43	31.75		7.00
JBHT	Hunt (Jb) Trans	190.13	15.00	11.22	0.63	30.18		7.00
KLAC	Kla Corp	402.53	16.17	18.21	1.04	24.91		7.00
MCHP	Microchip Tech	84.24	18.27	13.03	1.10	24.78		7.00
MTD	Mettler-Toledo	1547.60	17.88	5.99	0.00	47.41		7.00
ODFL	Old Dominion Fl	357.05	27.60	8.59	0.22	44.13		7.00
QCOM	Qualcomm Inc	177.03	15.31	6.05	1.54	23.73		7.00
RSG	Republic Svcs	136.02	10.99	1.94	1.35	32.94		7.00
CHRW	Ch Robinson Wwd	94.22	9.00	5.94	2.17	16.68		6.00
EMR	Emerson Elec Co	90.38	8.70	1.07	2.28	22.04		6.00
EVRG	Evergy Inc	63.72	6.11	22.17	3.59	17.41		6.00
LOW	Lowes Cos	250.39	14.64	8.05	1.28	21.74		6.00
LRCX	Lam Research	661.52	17.01	12.74	0.91	22.07		6.00
MPWR	Monolithic Pwr	554.46	25.00	22.24	0.43	126.88		6.00
NVDA	Nvidia Corp	321.26	21.55	22.52	0.05	96.55		6.00
PTC	Ptc Inc	110.91	13.73	9.24	0.00	40.93		6.00
TSCO	Tractor Supply	227.65	9.61	12.72	0.91	27.33		6.00
ANSS	Ansys Inc	395.09	11.89	14.68	0.00	67.42		5.00
AZO	Autozone Inc	1868.29	10.24	6.06	0.00	19.51		5.00
FAST	Fastenal	59.66	9.00	8.76	1.88	38.49		5.00
JKHY	Jack Henry Assc	152.15	14.00	5.26	1.21	35.30		5.00
PLD	Prologis Inc	154.42	7.89	15.69	1.63	38.90		5.00
HD	Home Depot	407.77	12.17	9.24	1.62	27.09		4.00

Low P/B, High-Value Score, High Dividend Screen

Ticker	Company	Current Price	Price/ Book	ROE 5 Yr Avg	Div Yield	Score
GSBD	Goldman Sac Bdc	19.02	1.19	11.56	9.46	9.00
AGNC	Agnc Investment	15.46	0.88	13.37	9.31	8.00
BEN	Franklin Resour	32.64	1.39	13.78	3.43	8.00
BGFV	Big 5 Sporting	22.45	1.79	11.43	4.45	8.00
ETD	Ethan Allen Int	23.41	1.71	10.27	4.27	8.00
FLMN	Falcon Minerals	4.57	1.81	42.60	13.57	8.00
NL	NI Inds Inc	6.00	0.80	12.72	4.00	8.00
NLY	Annaly Cap Mgmt	8.21	0.98	12.30	10.72	8.00
NMFC	New Mountn Fin	13.64	1.01	10.16	8.80	8.00
UGI	Ugi Corp	43.04	1.69	11.93	3.21	8.00
WBA	Walgreens Bai	44.62	1.62	19.95	4.28	8.00
WMC	Western Ast Mtg	2.32	0.64	10.05	10.35	8.00
ACNB	Acnb Corp	28.85	0.93	11.18	3.60	7.00
AEP	Amer Elec Pwr	81.31	1.82	10.52	3.84	7.00
BACHY	Bank China Ltd	8.74	0.29	10.30	7.31	7.00
BCSF	Bain Capital	15.50	0.91	10.87	8.77	7.00
CAC	Camden Ntl Corp	46.85	1.27	11.80	3.07	7.00
CAG	Conagra Brands	30.98	1.72	17.59	4.03	7.00
CATY	Cathay Genl Bcp	43.27	1.37	11.33	3.14	7.00
CFFI	C&F Finl Cp	51.55	0.89	11.42	3.10	7.00
CZFS	Citizens Fin Sv	59.50	1.13	12.73	3.16	7.00
FFBC	First Fin Bc-Oh	23.72	1.02	10.05	3.88	7.00
FLIC	First Long Is	21.87	1.23	10.81	3.66	7.00
FNLC	First Bancp Inc	30.31	1.39	12.14	4.22	7.00
GEF.B	Greif Bros-Cl B	61.91	1.99	17.66	4.46	7.00
HBNC	Horizon Bncp-In	19.79	1.23	10.37	3.03	7.00
HNNA	Hennessy Advrs	10.76	0.95	20.68	5.11	7.00
HPE	Hewlett Pkd Ent	14.99	0.98	10.34	3.20	7.00
HVT	Haverty Furnit	30.50	1.86	12.01	3.28	7.00
IBCP	Indep Bk Mich	23.30	1.25	12.91	3.61	7.00
IP	Intl Paper	45.88	1.85	25.04	4.03	7.00
JHG	Janus Henderson	42.22	1.54	11.18	3.60	7.00
MDU	Mdu Resources	27.71	1.68	11.51	3.07	7.00
MNRL	Brigham Mnrls	20.34	1.76	12.27	7.87	7.00
NEWT	Newtek Bus Svcs	29.97	1.85	11.98	12.01	7.00
NHTC	Natural Hlth Tr	6.91	1.28	25.04	11.58	7.00

Fundamental Growth Screen

Ticker	Company	Current Price	Next 3-5 Yr Est EPS Gr rate	5 yr Hist Sales Gr	Div Yield	P/E using 12 mo EPS	Score
TMO	Thermo Fisher	627.58	14.00	15.68	0.17	24.46	9.00
LH	Laboratory Cp	291.27	10.56	10.39	-	9.02	9.00
GOOG	Alphabet Inc-C	2,875.53	25.82	20.46	-	27.69	8.00
GOOGL	Alphabet Inc-A	2,859.32	25.82	20.46	-	27.54	8.00
TER	Teradyne Inc	150.94	19.88	14.86	0.26	26.43	8.00
TGT	Target Corp	245.50	14.40	8.56	1.47	18.84	8.00
IPG	Interpublic Grp	34.49	12.61	5.10	3.13	13.06	8.00
GPC	Genuine Parts	129.87	11.96	3.05	2.51	19.56	8.00
CBRE	Cbre Group Inc	99.92	11.00	17.33	-	19.75	8.00
AMD	Adv Micro Dev	150.68	46.20	24.54	-	69.76	7.00
ODFL	Old Dominion Fl	357.05	27.60	8.59	0.22	44.13	7.00
MCHP	Microchip Tech	84.24	18.27	13.03	1.10	24.78	7.00
MTD	Mettler-Toledo	1,547.60	17.88	5.99	-	47.41	7.00
KLAC	Kla Corp	402.53	16.17	18.21	1.04	24.91	7.00
QCOM	Qualcomm Inc	177.03	15.31	6.05	1.54	23.73	7.00
JBHT	Hunt (Jb) Trans	190.13	15.00	11.22	0.63	30.18	7.00
EXR	Extra Space Stg	205.41	11.35	8.12	2.43	31.75	7.00
RSG	Republic Svcs	136.02	10.99	1.94	1.35	32.94	7.00
MPWR	Monolithic Pwr	554.46	25.00	22.24	0.43	126.88	6.00
NVDA	Nvidia Corp	321.26	21.55	22.52	0.05	96.55	6.00
LRCX	Lam Research	661.52	17.01	12.74	0.91	22.07	6.00
LOW	Lowe's Cos	250.39	14.64	8.05	1.28	21.74	6.00
PTC	Ptc Inc	110.91	13.73	9.24	-	40.93	6.00
TSCO	Tractor Supply	227.65	9.61	12.72	0.91	27.33	6.00
CHRW	Ch Robinson Wwd	94.22	9.00	5.94	2.17	16.68	6.00
JKHY	Jack Henry Assc	152.15	14.00	5.26	1.21	35.30	5.00
ANSS	Ansys Inc	395.09	11.89	14.68	-	67.42	5.00
AZO	Autozone Inc	1,868.29	10.24	6.06	-	19.51	5.00
FAST	Fastenal	59.66	9.00	8.76	1.88	38.49	5.00
HD	Home Depot	407.77	12.17	9.24	1.62	27.09	4.00

Aggressive Growth Strategy

Ticker	Company	Current Price	Next 3-5 Yr Est EPS Gr rate	5 yr Hist Sales Gr	Div Yield	P/E F1/ LT EPS Gr	Score
KRG	Kite Realty Grp	20.51	7.94	(7.15)	3.51	1.89	8.00
LSCC	Lattice Semicon	75.45	10.00	1.21	-	10.48	8.00
LSI	Life Storage	136.31	3.63	7.07	2.52	7.51	8.00
AMD	Adv Micro Dev	150.68	46.20	24.54	-	1.37	7.00
EXR	Extra Space Stg	205.41	11.35	8.12	2.43	2.64	7.00
IRT	Indep Realty Tr	24.91	2.00	9.14	1.93	15.57	7.00
MAA	Mid-Amer Apt Cm	207.96	2.00	6.71	1.97	14.91	7.00
NSA	Natl Storage	62.80	12.71	19.82	2.61	2.23	7.00
PSA	Public Storage	334.99	7.65	3.81	2.39	3.43	7.00
RMBS	Rambus Inc	27.39	#N/A	(9.62)	-	#N/A	7.00
SPG	Simon Property	151.86	8.74	(3.34)	3.95	1.48	7.00
TSLA	Tesla Inc	1,084.60	37.50	43.03	-	6.88	7.00
XLNX	Xilinx Inc	218.70	#N/A	8.41	0.68	#N/A	7.00
EGP	Eastgroup Pptys	209.38	8.68	9.82	1.72	3.99	6.00
EXPO	Exponent Inc	118.98	#N/A	7.11	0.67	#N/A	6.00
FRT	Fed Rlty Inv	127.38	8.41	1.36	3.36	2.75	6.00
IBKR	Interactive Brk	76.51	#N/A	14.99	0.52	#N/A	6.00
MLAB	Mesa Labs Inc	311.55	#N/A	9.85	0.21	#N/A	6.00
MPWR	Monolithic Pwr	554.46	25.00	22.24	0.43	4.49	6.00
NVDA	Nvidia Corp	321.26	21.55	22.52	0.05	4.12	6.00
REXR	Rexford Ind Rty	71.33	12.79	27.65	1.35	3.43	6.00
ANSS	Ansys Inc	395.09	11.89	14.68	-	5.88	5.00
EQR	Equity Resident	85.51	4.25	1.08	2.82	6.79	5.00
FDS	Factset Resh	470.44	8.50	6.93	0.70	4.54	5.00
PLD	Prologis Inc	154.42	7.89	15.69	1.63	4.75	5.00
TYL	Tyler Tech Inc	518.15	#N/A	12.20	-	#N/A	5.00
CTRE	Caretrust Reit	20.74	#N/A	11.59	5.11	#N/A	4.00
EPRT	Essential Pptys	27.45	12.34	28.29	3.64	1.69	4.00
FFIN	First Fin Bk-Tx	51.11	#N/A	12.22	1.17	#N/A	4.00
STOR	Store Capital	33.31	#N/A	16.30	4.62	#N/A	4.00
CRM	Salesforce.Com	261.20	16.75	26.40	-	4.90	3.00
PDFS	Pdf Solutions	30.19	#N/A	(3.25)	-	#N/A	3.00

Portfolio / Client Update

Over the last couple of weeks, we stated that after raising cash and reducing hedges, we were *"sitting tight"* as we got through the Thanksgiving holidays. **We were worried about a correction during the first couple of weeks of December, as mutual fund redemptions took hold.** That correction came, as noted above, and corrected much of the overbought and extended conditions in the market.

With that correction, we are now starting to slowly increase our equity risk exposure as we head into year-end. Given the statistical probability of a year-end *"Santa Rally,"* we want to position portfolios for that potential opportunity.

However, we are maintaining very tight stop-losses on all of our trading positions, as there is NO GUARANTEE that the market will rally into year-end. As with any good *"poker player,"* we are *"playing the odds."*

We added a trading position in the S&P 500 index, as noted below. We also nibbled on some energy exposures after the correction in oil prices. Over the next few days, we will opportunistically add exposure to our Technology, Finance, and Healthcare sectors. We are also monitoring Communications and Discretionary for opportunities as well. The goal will be to increase our equity

weighting tactically into year-end.



We are looking forward to wrapping up a good market year. However, we are not resting on our laurels either. We are very aware of the risk and continue monitoring and managing it accordingly. So make sure and let us know if you have any questions or concerns.

Portfolio Changes

We post all of our trading details as they occur at RIAPRO.NET

We added 2% of SPY to the sector and equity models late this afternoon. We are taking advantage of today's sell-off to add to our position. The market is holding support at the 100-dma and is deeply oversold. We suspect we will see a tradeable rally into next week." - 12-03-21

- **Add 2% of the portfolio in SPY to the current holdings. (Position size increases to 4%)**

"Over the last couple of weeks, we discussed the potential for some corrective action in the first two weeks of December as mutual funds distribute their annual gains. That selling came a bit sooner than expected, but our previous reduction in equity exposure and hedging reduced our overall volatility. With the deeply oversold condition now present, and the seasonal tendency for a year-end rally, we are now starting to increase our risk exposure accordingly.

We are nibbling at some beaten-up oil stocks, adding a broad market trading position, and continuing to clean up laggards. Over the next week or so, we will look to increase allocations in Healthcare, Technology, Energy, and Financials primarily. Although we will pick up opportunities wherever we find them." - 12-02-21

Equity Model

- **Sell 100% of Johnson and Johnson (JNJ)**
- **Increase XOM to target a weight of 2% of the portfolio.**
- **Initiate a 1% position in MRO (Marathon Petroleum)**
- **Add a 2% trading position in SPY in the portfolio.**

ETF Model

- **Add 1% to XLE bringing the total position weight to 3% of the portfolio.**
- **Add a 2% trading position in SPY in the portfolio.**

As always, our short-term concern remains the protection of your portfolio. Accordingly, we remain focused on the differentials between underlying fundamentals and market over-valuations.

Lance Roberts, CIO

Have a great week!