"Close But No Cigar," Bulls Fail To Capture Market Highs

In this issue of, "Close But No Cigar, Bulls Fail To Capture Market Highs"

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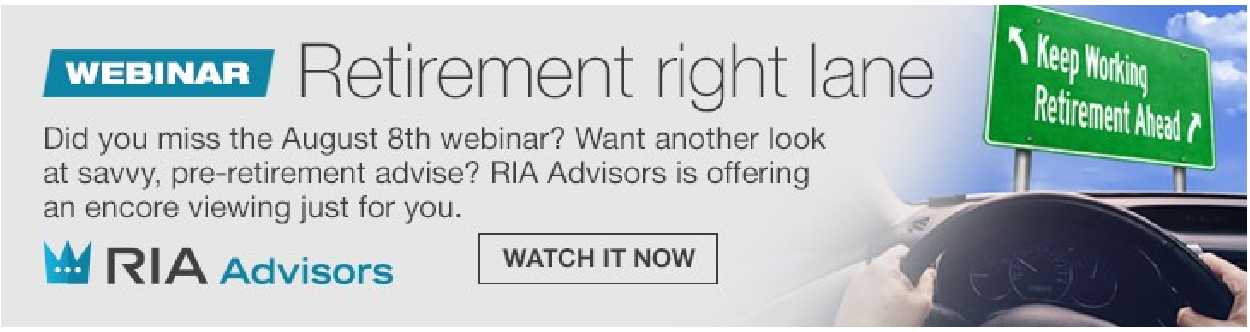
Webinar: Retirement Right Lane&#2013266080;(REPLAY)

If you missed our Right Lane Retirement workshop last weekend, don?t fret. We have the full replay for you here for a limited time. (Link will expire in one week.)



Catch Up On What You Missed Last Week

#WhatYouMissed On RIA This Week: 08-14-20

Written by Lance Roberts | Aug 14, 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.

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Close But No Cigar

As discussed last week in ***"Bulls Chant,"*** the markets pushed toward all-time highs:&#2013266080;

> *"While weaker economic data has not yet dented the ?bullish sentiment?&#2013266080;at this juncture, it doesn?t mean it won?t.&#2013266080;* ***However, as we have discussed over the last several weeks, a breakout of the consolidation range, which was capped by the June highs, would put all-time highs into focus."***

This week, despite repeated attempts, the bulls were unable to close above all-time highs solidly. As they say, "*it was close, but no cigar.*"

With options expiring next week, the bulls are going to attempt to push markets up. A breakout to all-time highs is entirely possible. However, the question is whether they will be able to maintain it?

A Normal Correction Is Likely

With the markets overbought on several measures, there is a downside risk heading into the end of the month. These risks come from several fronts we will discuss momentarily. However, from a technical perspective, the downside risk is about 5.6% to the 50-dma and 9.4% to the 200-

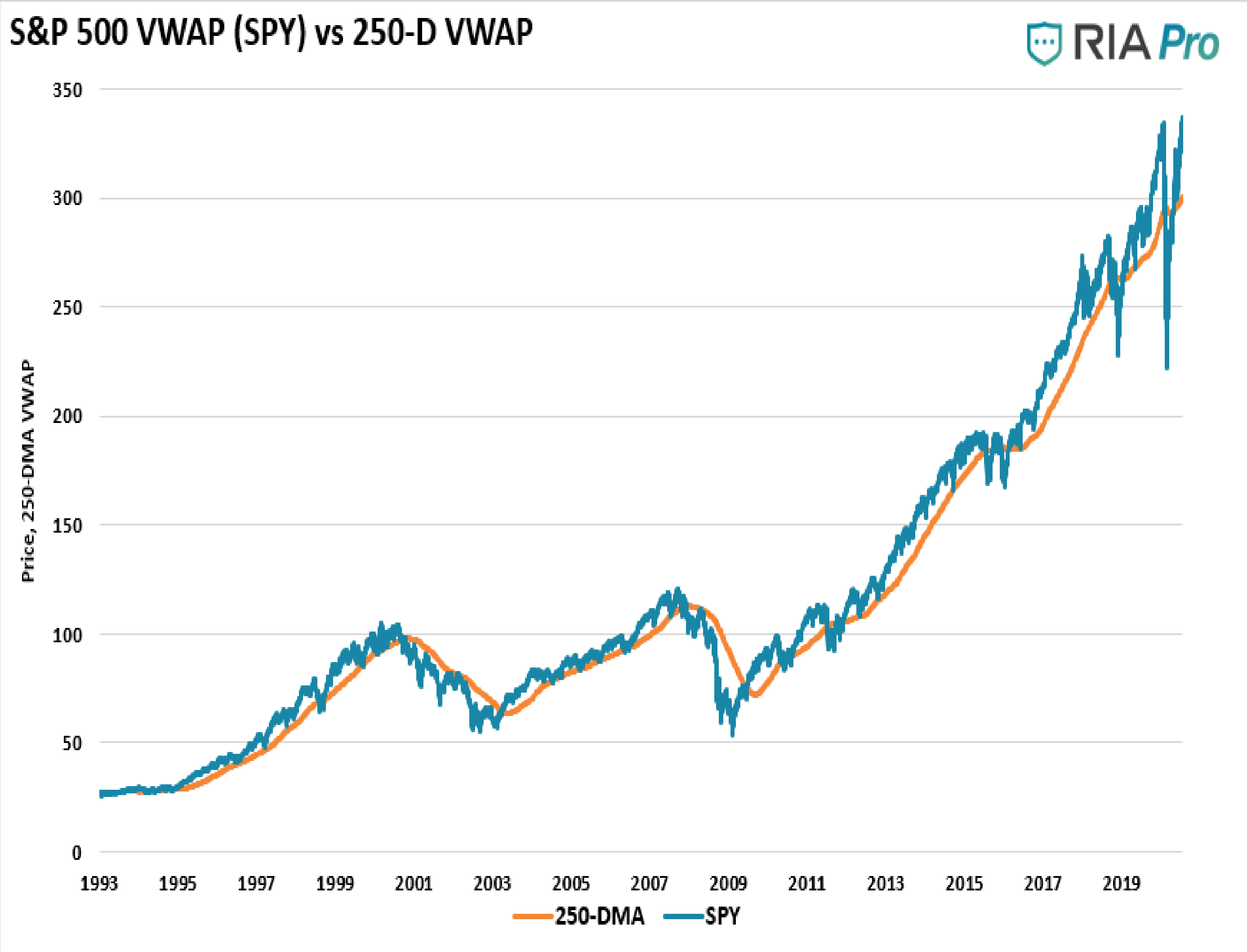
dma.&#2013266080;*(Shown above)*

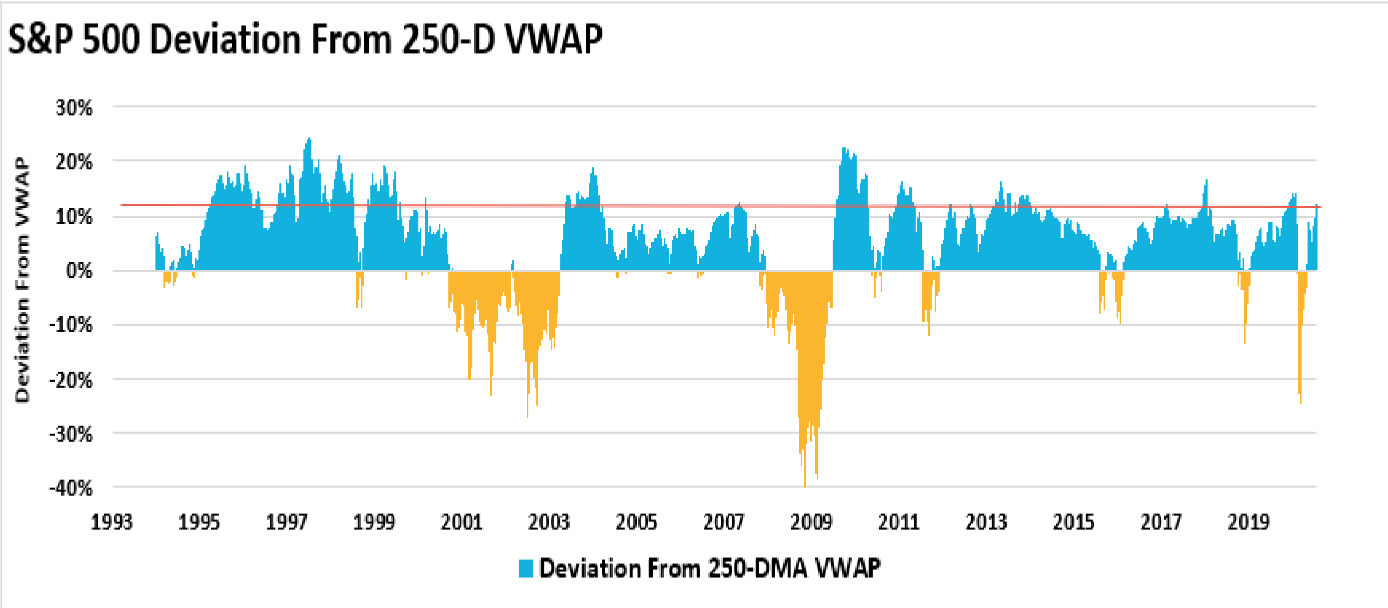
A 5-10% decline in any given year is not outside of the norm. However, since investors have entirely forgotten what a drop feels like, a 5-10% slide will&#2013266080;*"feel"* &#2013266080;worse than it is.

As I stated, the market is overbought on multiple measures, which have typically coincided with short-term market peaks and corrections. With the S&P now trading more than 9% above the 200-dma, and all indicators back to overbought conditions, it is worth wary of potential short-term correction risks.&#2013266080;

$SPX S&P 500 Large Cap Index INDX
@StockCharts.com
14-Aug-2020 3:05pm
Open 3368.66 High 3378.51 Low 3363.90 Last 3370.58 Chg -2.85 (-0.08%)
$SPX (Daily) 3370.58
MA(200) 3065.35
$SPXA50R 79.16 (13 Aug)
-11.8%
-6.5%
-9.3%
-9.3%
3370.58
3065.35
Fast STO %K(35) %D(3) 95.54, 96.62
95.54
MACD(12,26,9) 54.359, 51.262, 3.097
54.359
3.097
PPO(1,50,1) 5.245, 5.245, 0.000
5.245
0.000
PPO(1,200,1) 10.408, 10.408, 0.000
10.408
0.000

Another way to look at deviations is where the S&P 500 ETF (SPY) trades relative to its 250-day&#2013266080;***volume-weighted average price (VWAP.)***&#2013266080;While deviations have been more extreme in the past, this is currently the highest level since February.





All this indicator suggests it there is *"fuel"* for a correction in the markets short-term. What is needed, of course, is a *"catalyst"* to ignite sellers.

That is where our discussion of the *"Income Cliff"* comes in.

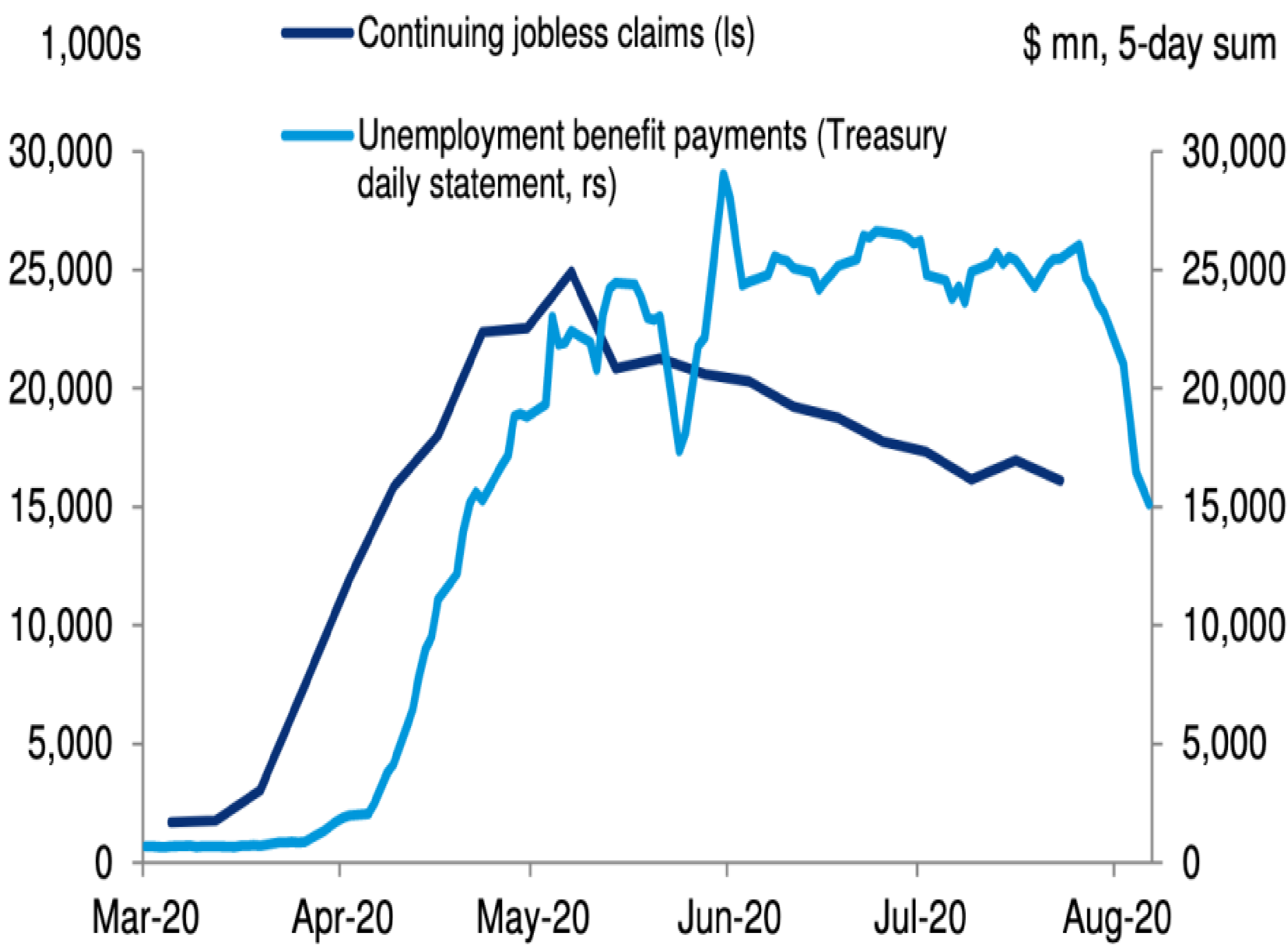
The Income Cliff

One of the significant risks facing the market over the next couple of months is the&#2013266080; *"income cliff"*&#2013266080;as extended unemployment benefits run dry.&#2013266080;

> *"Last month, we argued that rapid and robust fiscal stimulus was a critical driver of the initial V-shaped recovery in consumer spending. Therefore,* ***&#2013266080;several benefits cliffs could endanger this momentum as the removal of government support was premature.&#2013266080;***
>
> ***The evaporation of these benefits highlights near-term downside risks to consumer spending, particularly for lower-income households,*** *&#2013266080;which have been a critical engine of the recovery despite being disproportionately more likely to lose a job during the pandemic ? a testament to the effectiveness of the income supplement.?*&#2013266080;- Matt Luzzetti, chief U.S. economist at Deutsche Bank.

While the White House announced last week it would take executive action to reallocate unused dollars from the CARES Act to supplement existing unemployment programs, there remain challenges. At this point, there are no additional $1200 checks going to households, and as shown below, other benefits are plunging.

Figure 3: Payments of unemployment benefits at more than 3-month lows



Source : Department of Labor, US Treasury, Haver Analytics, Deutsche Bank

The initial rebound in retail sales, and much of the economic data, came from $1200 checks and $600/week in additional benefits.&#2013266080;With Congress now heading off to summer recess, and the pre-election rhetoric about to begin, there is a risk of delay in any additional relief.&#2013266080;**Importantly, even if the passage of additional relief occurs, it will be less than previous amounts, which will slow any economic recovery.**

Since sales are what drives corporate earnings, you can see the stock market's issue over the next few quarters.

While watching the&#2013266080;*"income cliff"*&#2013266080;carefully, my colleague Doug Kass lays out&#2013266080;**10-other risks**, which could also provide the catalyst for a correction.

10-Other Factors That Could Spark A Correction

> *"My view is that the period leading up to the November election holds a list of unique and potentially worrisome risks:*
>
> 1. ***Fundamentals Remain Too Optimistic.****&#2013266080;*
> 2. ***Technical Deterioration.*** *Market breadth and new highs (only 59 yesterday), investor sentiment is growing ebullient (put/call ratios at a multi-month lows), the National Association of Active Investment Managers (NAAIM) has its highest long exposure in years at 102.4.*
> 3. ***Covid-19 Remains A Wildcard.*** *Currently, the virus continues to spread, and fatalities are expanding. Travel restrictions are tightening, schools and universities closing or have a reduced schedule, and small business openings remain uncertain. The recent fragile rise in consumer and business confidence could be fleeting.*
> 4. ***Speculation Is Beginning to Moderate.****&#2013266080;Losses in the "shiny objects" may now be accumulating.&#2013266080;*
> 5. ***The China/U.S. Rift Is Widening****. China will likely play hardball in the face of a potential change of the Presidency.&#2013266080;*
> 6. ***For a Host of Reasons, Our Society is Fractured.*** *An intensification of violence could shake confidence as social issues become more heated, leading into the November election.&#2013266080;*
> 7. ***The Social Safety Net&#2013266080;Is Beginning to Fade.*** *Federal unemployment benefits are getting extended but only a fraction of the $600. PPP is expiring in early August and is not being replaced or at a fraction of the previous level.*
> 8. ***Market Structure Remains a Significant Risk.*** *The intoxicating advance since March could easily move into reverse. "buyers live higher, but sellers live lower."*
> 9. ***A Democratic Sweep Will Result in More Distributional Policies.*** *&#2013266080;*
> 10. *Higher individual and corporate tax rates, a possible wealth tax, and potential threats to the tech market leaders' monopolistic positions could undermine growth.*
> 11. ***There Are Numerous Knock On Problems That Could Reverberate in Our Economic and Markets Systems.*** *Let's call this the "unknowable".&#2013266080;*

Sitting Closer To The Exit

Point 10 in Doug's list is the most critical.&#2013266080;

What eventually sparks a reversion is always the one thing no one is anticipating.&#2013266080; **Throughout history, the unexpected, exogenous event is what sends investors fleeing for the exits.&#2013266080;**After the damage occurs, the media's excuse is always: ***&#2013266080;"Well, no one could have seen that coming."&#2013266080;***

As noted above, overbought, extended, overly bullish markets are by themselves&#2013266080; *"bullish."*&#2013266080;These conditions represent the current&#2013266080;*"momentum,"* &#2013266080;which keeps pushing assets higher and dragging investors into the market.

It's very much like a crowded theater.&#2013266080;**Everything is fine, until that point where someone yells&#2013266080;*"fire."*&#2013266080;**At that point, everyone tries to rush towards a very narrow exit. The same holds for the market.&#2013266080;

Such was a point we discussed in&#2013266080;**2017**&#2013266080;in the&#2013266080;***?Rise Of The Robots:?***

> *?At some point, that reversion process will take hold. It is then investor 'psychology' will collide with 'margin debt' and ETF liquidity.&#2013266080;*
>
> *When the ?robot trading algorithms? begin to reverse,&#2013266080;**it will not be a slow and methodical process but rather a stampede**&#2013266080;with little regard to price, valuation n or fundamental measures.&#2013266080;**The exit will become very narrow.***
>
> *Importantly, as prices decline, it will trigger margin calls, which will induce more indiscriminate selling.**&#2013266080;The forced redemption cycle will cause catastrophic spreads between the current bid and ask pricing for ETF?s. Such forces investors to dump positions to meet margin calls, the lack of buyers will form a vacuum causing rapid price declines. Such&#2013266080;**leaves investors helpless on the sidelines watching capital appreciation vanish in moments."*

No one believed me then. But it is what happened in March of 2020.

Hedging Risk

For all of these reasons, this is why we are sitting closer to exit.&#2013266080;

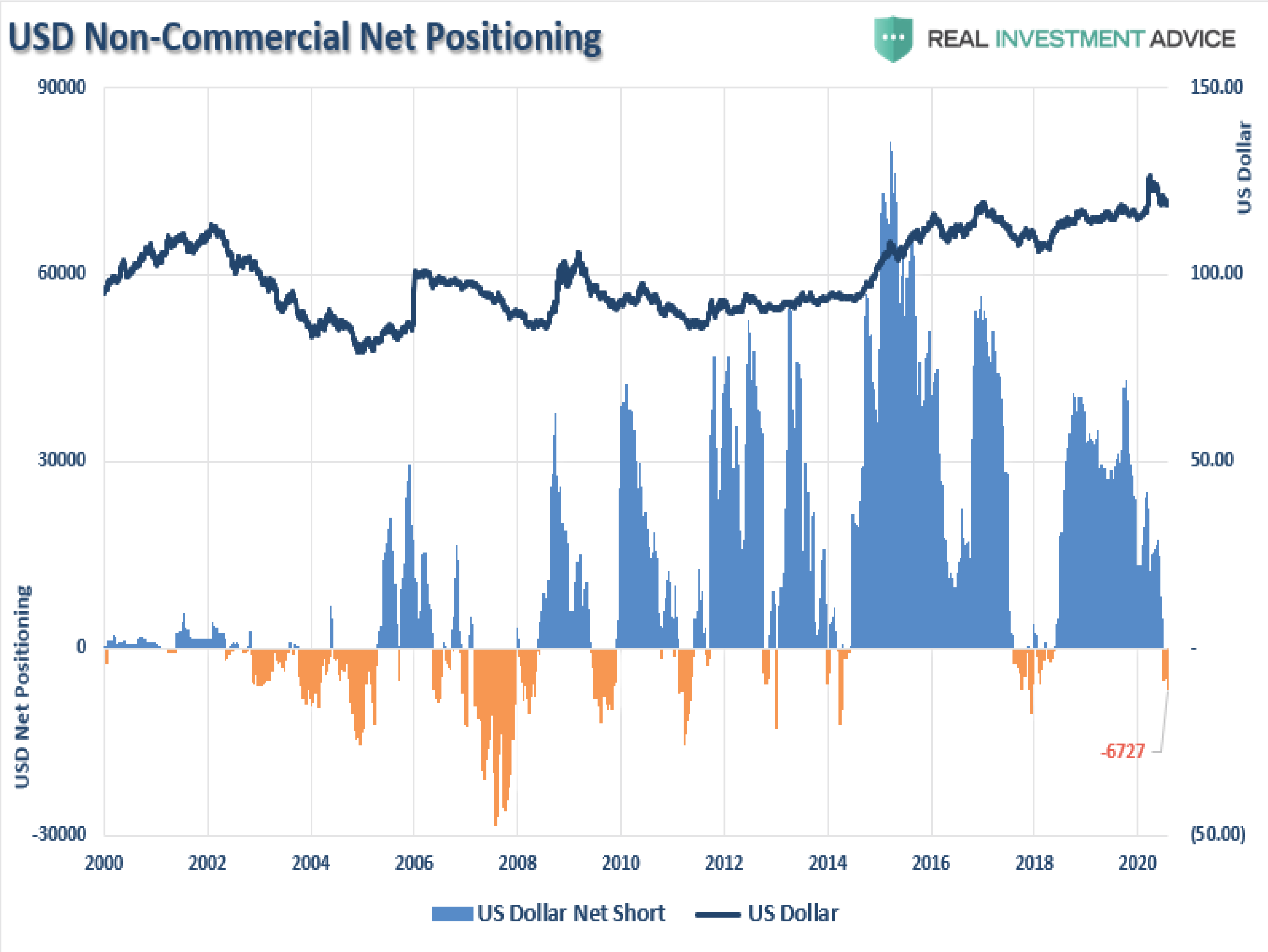
Retail investors have packed themselves into the same theater under the belief that asset prices can only go higher. As noted, numerous things could spark a&#2013266080;*"fire."*&#2013266080;

Furthermore, over the last couple of weeks, our portfolios remain weighted towards equity risk. Such makes us very uncomfortable, as&#2013266080;*"risk"*&#2013266080;controls are the backbone of our process.&#2013266080;

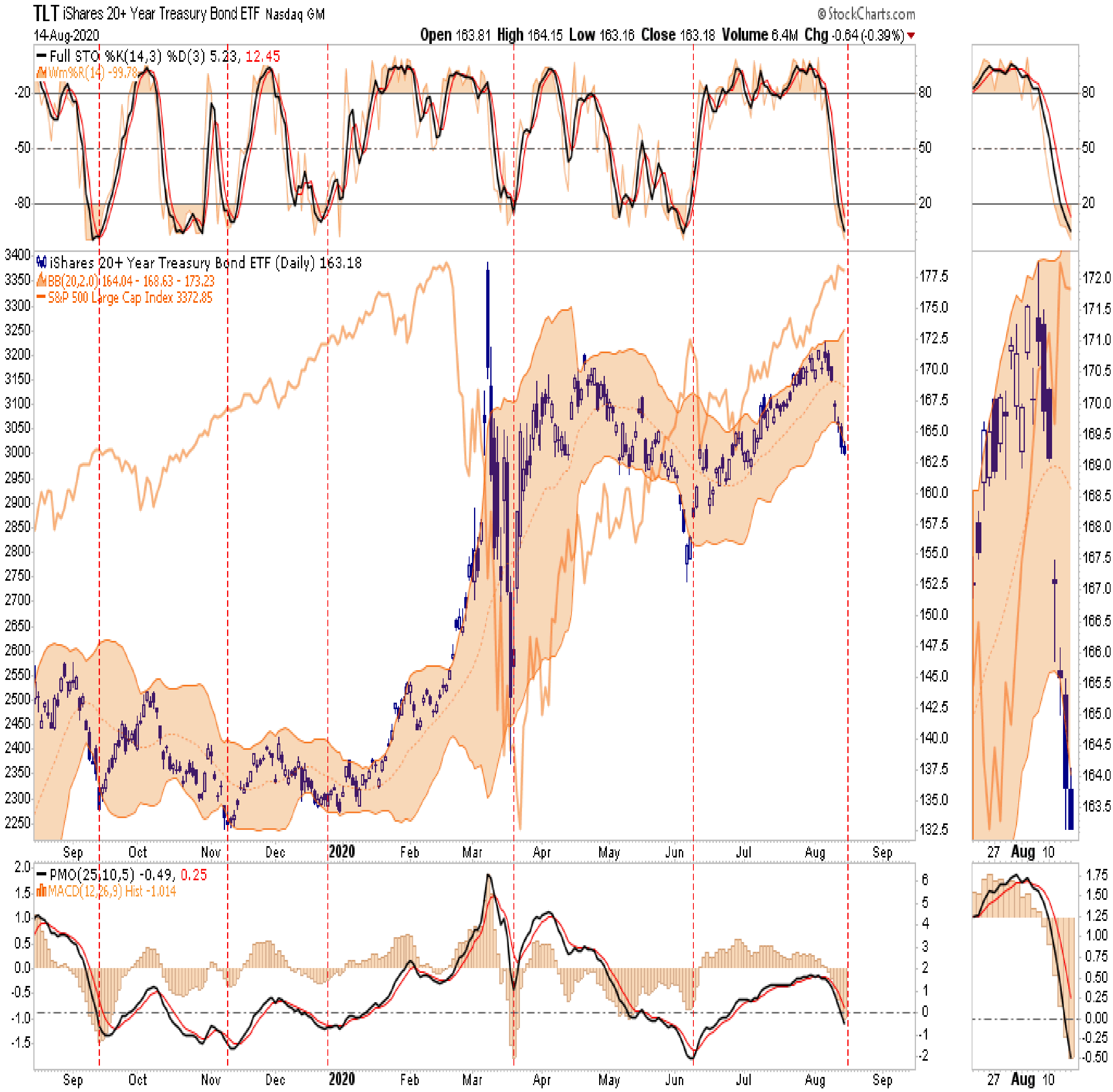
Such remains the case this week.&#2013266080;

Given we are now getting more extreme short-term overbought conditions, the risk of a short-term reversion has risen.&#2013266080;Therefore, we continued making changes to portfolios last week.&#2013266080;

As noted previously in our&#2013266080;***"Commitment of Traders"***&#2013266080;report, the rather large short position in the US Dollar is a sign to hedge our dollar-based exposures&#2013266080;*(stocks, gold, and energy.)*&#2013266080;Therefore, we have been building a long-dollar position over the last two weeks and added to it again on Friday.



Furthermore, we added to our bond holdings, given the more extreme oversold condition. Just in case there is a correction, bonds should act as a hedge.



We are also beginning to add additional *"value"* positions to the portfolio. These positions carry high yields, have *"fundamental value,"* and have less downside currently. When the market begins to rotate towards safety, *"value"* may be a benefactor.

See our latest RIAPRO.NET (30-Day Risk-Free Trial) report on Exxon Mobil (XOM)

Consequently, the time has come to be more conservative in portfolios, even at the expense of short-term performance. When there is a more evident opportunity to take on risk, we will undoubtedly do so aggressively.

Sometimes, when you don't know what to do, the best thing to do is not play.&#2013266080;

The MacroView

#Macroview: Why Soros Just Called The Market A Bubble

Written by Lance Roberts | Aug 14, 2020

MarketWatch discussed with George Soros why he no longer participates in the “bubble.” The foundation of his argument comes from his previous work in “Alchemy of Finance” and more importantly the “theory of reflexivity.”

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If you need help or have questions, we are always glad to help. ***Just email me.***

See You Next Week

By Lance Roberts, CIO

Market & Sector Analysis

Data Analysis Of The Market & Sectors For Traders

S&P 500 Tear Sheet

SPY RISK INFO	ZACKS		REAL INVESTMENT ADVICE	
Item	T 2-Yr	T 1-Yr.	YTD	% Diff YTD/T1-YR
Price Return	18.65%	18.65%	4.65%	(75.04%)
Max Drawdown	-35.63%	-35.63%	-35.63%	0.00%
Sharpe	0.53	0.83	0.22	(0.73)
Sortino	0.55	0.86	0.25	(0.71)
Volatility	25.57	32.31	40.30	0.25
Daily VaR-5%	(27.34)	(25.74)	(56.81)	1.21
Mnthly VaR-5%	(21.22)	(22.37)	(40.58)	0.81

Item	2 years ago	1 year ago	Current	1 Yr % Change	5 Year High	5 year Low	% From High	% From Low
Dividend Yield	1.78%	1.82%	1.59%	(14.51%)	2.20%	1.67%	(27.69%)	(5.08%)
P/E Ratio	19.93	17.72	23.86	25.73%	2378%	1598%	0.4%	49.32%
P/S Ratio	3.42	3.32	3.78	12.21%	3.66	2.62	3.09%	44.09%
P/B Ratio	4.00	4.05	4.70	13.78%	4.34	2.99	8.19%	57.16%
ROE	17.29%	18.70%	16.73%	(11.77%)	18.82%	15.05%	(11.12%)	11.17%
ROA	3.25%	3.53%	3.05%	(15.78%)	3.53%	2.81%	(13.74%)	8.35%

S&P 500 Market Cap Analysis

Item	12-M Ago	Current	% Chg
Shares	2,340.2	2,280.9	(2.53%)
Sales	63,464	61,518	(3.06%)
SPS	27.1	27.0	(0.55%)
Earnings	9,515	8,344	(12.31%)
EPS TTM	4.8	4.3	(11.64%)
Dividend	1.6	1.7	2.19%

S&P 500 Asset Allocation

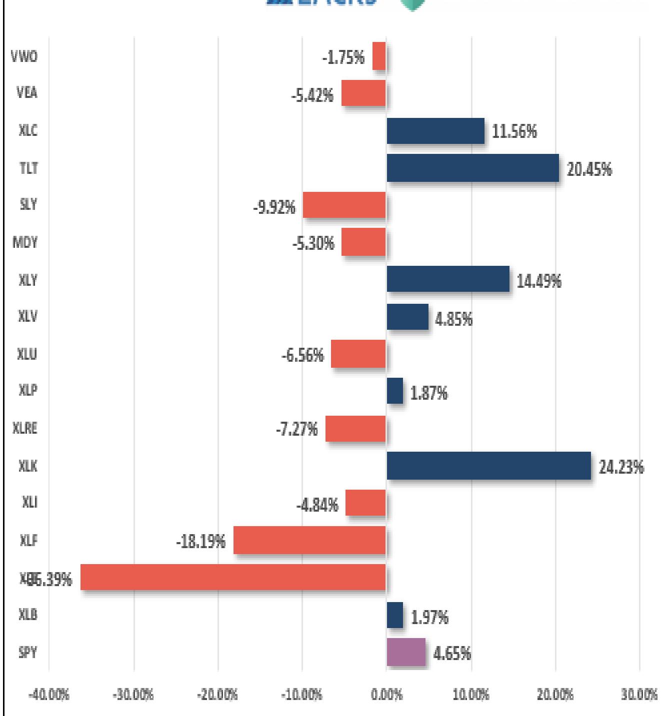
Sector	1 Year Price Return	Weight	Beta	P/E	P/E High- 5yr (Mo.)	P/E Low - 5Yr (Mo.)	P/E % From Peak	ROE	DIV. YIELD	TTM Earnings Yield	Current Forward Earnings	Forward PE
Energy	(31.08%)	2.61%	1.75	32.14	124.10	11.36	(74.1%)	2.8%	5.6%	6.97%	0.62	52.44
Materials	12.41%	2.57%	1.30	23.10	22.97	13.86	0.5%	7.5%	2.1%	4.82%	3.10	21.29
Industrials	1.41%	8.27%	1.07	24.56	23.13	14.65	6.2%	12.9%	1.7%	4.04%	3.05	23.88
Discretionary	34.15%	11.21%	1.27	46.45	42.65	20.48	8.9%	15.1%	0.7%	2.26%	3.35	40.54
Staples	10.29%	6.94%	0.58	21.87	22.83	17.62	(4.2%)	28.5%	2.6%	4.60%	3.89	20.91
Health Care	19.92%	14.33%	0.80	18.01	19.46	15.06	(7.4%)	29.3%	1.7%	5.52%	6.85	16.79
Financials	(1.99%)	10.04%	1.30	14.60	18.50	10.51	(21.1%)	8.3%	2.2%	6.72%	4.39	14.12
Technology	48.47%	27.39%	1.07	30.05	29.05	14.49	3.5%	41.9%	1.1%	3.34%	5.62	26.72
Telecom	22.22%	10.80%	0.92	25.22	27.01	17.61	(6.6%)	15.9%	0.8%	4.14%	5.83	23.15
Utilities	0.26%	3.03%	0.48	18.74	22.10	15.58	(15.2%)	10.8%	3.4%	5.23%	3.73	18.54
Real Estate	(4.69%)	2.71%	0.92	20.10	21.41	16.91	(6.1%)	8.3%	3.0%	5.14%	4.05	20.64

Momentum Analysis

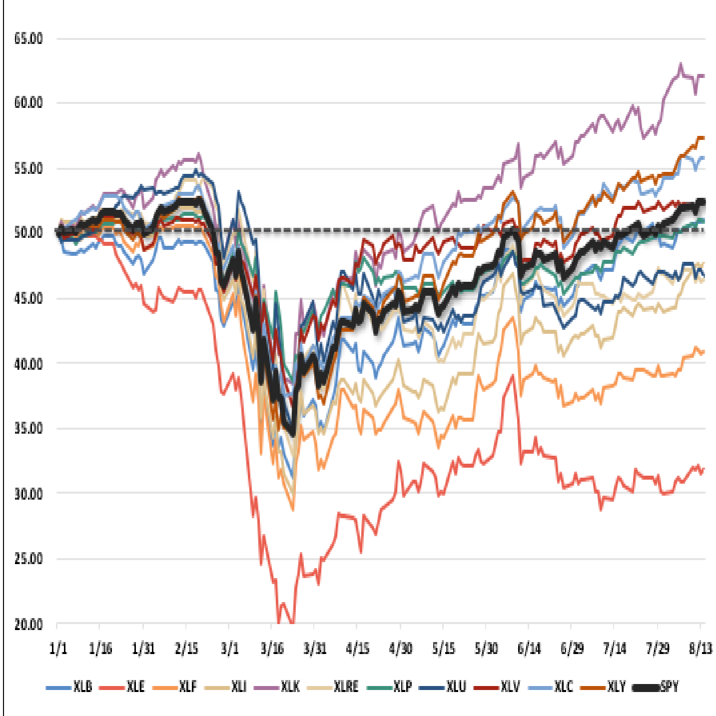
Item	Price	ROC 50-Days	50-DMA	# Days Since Cross	% Dev 50-Day	200-DMA	# Days Since Cross	% Dev 200-Day	% Dev 50-200 DMA	% From 52-W High	% From 52-W Low	Buy/Sell
Large Cap	336.84	5.48%	319.17	50	5.54%	306.37	35	9.95%	4.18%	(0.66%)	54.33%	Buy
Mid Cap	355.48	2.01%	334.03	50	6.42%	333.23	19	6.68%	0.24%	(7.54%)	65.94%	Buy
Small Cap	65.26	1.91%	60.48	26	7.90%	62.01	9	5.24%	(2.47%)	(12.08%)	60.03%	Sell

Performance Analysis

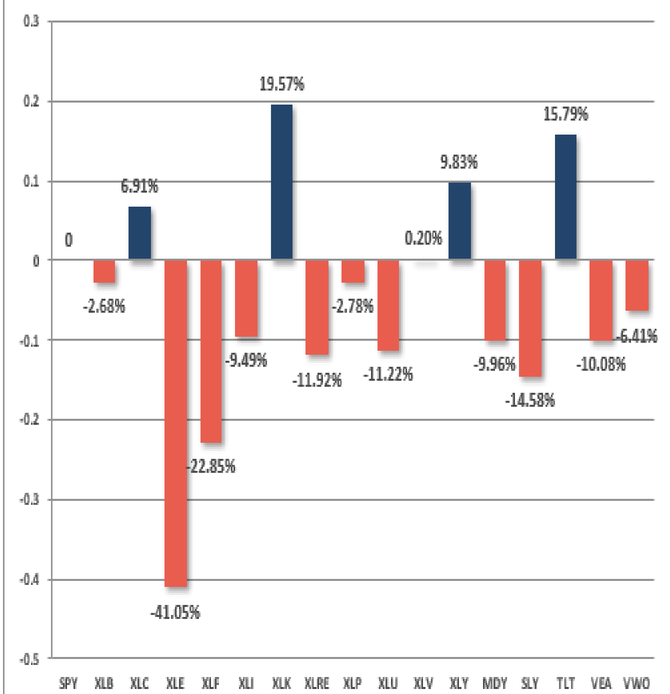
Year To Date Performance



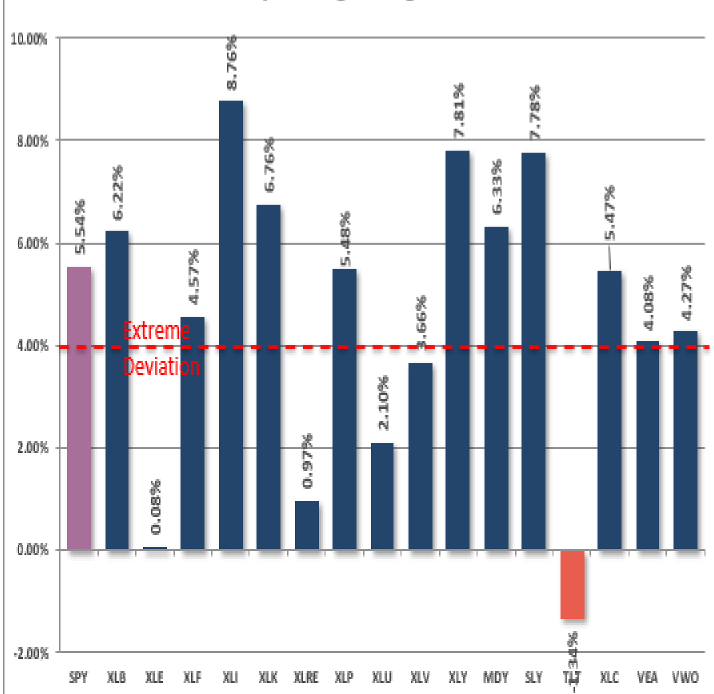
YTD Price - S&P Sectors Recalibrated To $50/share



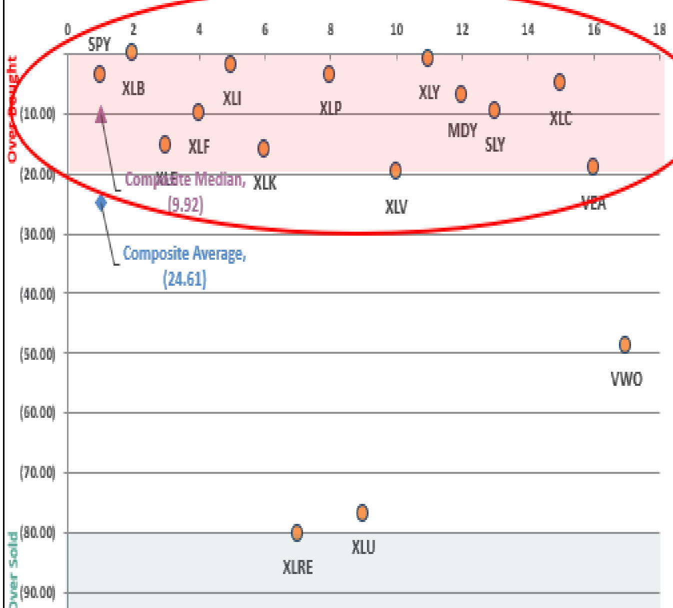
Year To Date Performance Relative To S&P 500



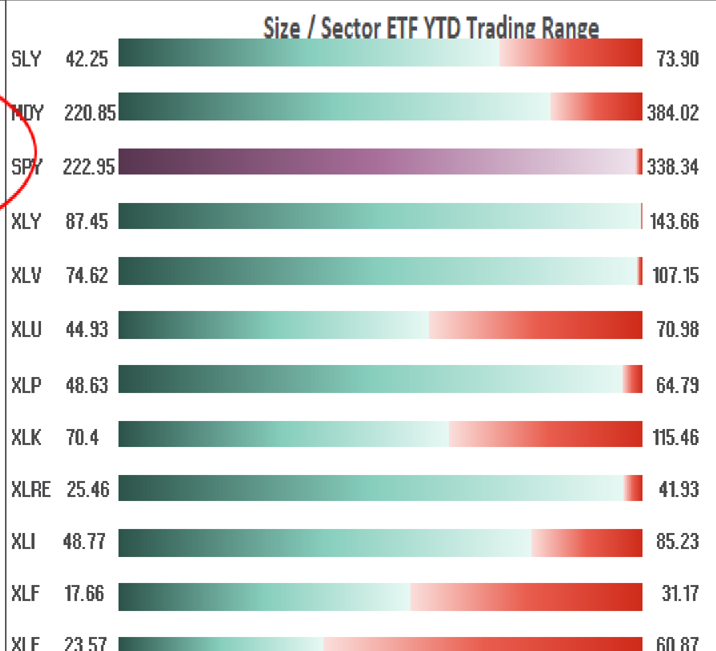
Price Deviation From 50-Day Moving Average



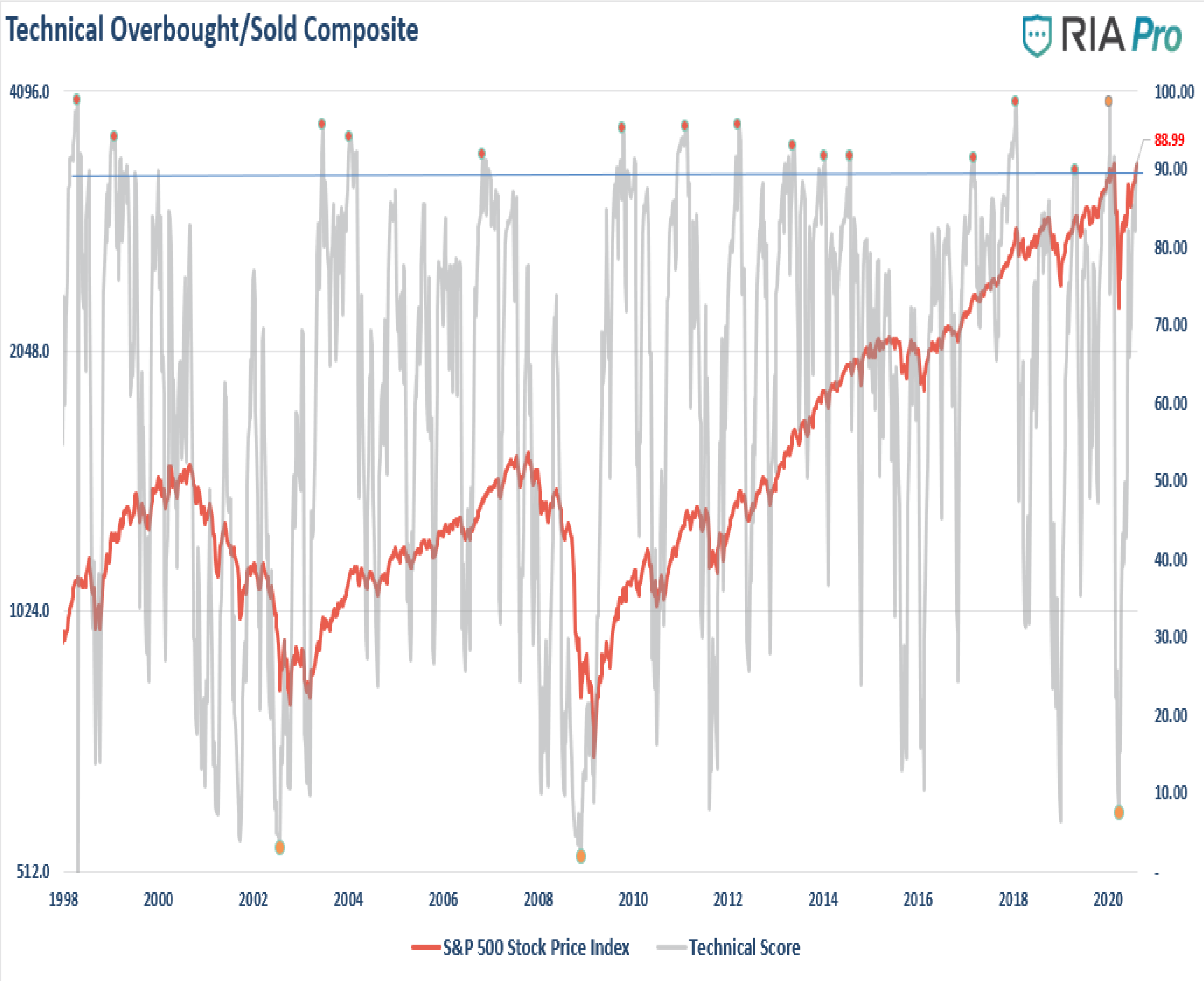
Overbought/Oversold 14-Periods



Size / Sector ETF YTD Trading Range



Technical Composite



Sector Model Analysis & Risk Ranges

How To Read.

- *The table compares each sector and market to the S&P 500 index on relative performance.*
- *The "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.*
- *The table shows the price deviation above and below the weekly moving averages.*

RELATIVE PERFORMANCE		Current	PERFORMANCE RELATIVE TO S&P 500 INDEX					SHORT	LONG	MONTH	REL S&P	RISK RANGE		% DEV -	% DEV -	M/A XVER
Ticker	ETF NAME	Price	1 Week	4 Week	12 Weeks	24 Weeks	52 Weeks	WMA	WMA	END PRICE	BETA	HIGH	LOW	Short M/A	Long M/A	SIGNAL
IVV	ISHARS-SP500	338.19	0.67	4.71	14.10	14.29	16.38	316.41	306.26	327.82	1.00	336.02	319.62	7%	10%	BULLISH
XLB	SPDR-MATLS SELS	62.63	0.82	(2.30)	4.23	4.51	(5.77)	58.07	55.45	60.36	1.16	62.57	58.15	8%	13%	BULLISH
XLC	SPDR-COMM SV SS	59.83	(0.83)	(0.49)	(2.70)	3.58	6.37	56.11	52.87	58.13	0.97	60.15	56.11	7%	13%	BULLISH
XLE	SPDR-EGY SELS	38.19	2.05	(0.62)	(14.85)	(29.93)	(49.41)	38.44	42.24	36.03	1.62	37.52	34.54	-1%	-10%	BEARISH
XLF	SPDR-FINL SELS	25.18	0.70	0.43	0.78	(19.59)	(21.62)	23.87	25.20	24.03	1.16	24.91	23.15	5%	0%	BEARISH
XLK	SPDR-TECH SELS	113.88	(0.54)	1.89	3.93	14.58	29.09	104.63	95.87	110.43	1.03	114.33	106.53	9%	19%	BULLISH
XLI	SPDR-INDU SELS	77.53	2.53	2.97	7.35	(8.20)	(12.04)	70.27	71.08	71.73	1.14	74.34	69.12	10%	9%	BEARISH
XLP	SPDR-CONS STPL	64.16	0.36	(0.53)	(2.45)	(3.65)	(9.82)	60.33	60.15	62.70	0.58	64.63	60.77	6%	7%	BULLISH
XLRE	SPDR-RE SELS	35.86	(2.42)	(2.31)	(4.43)	(16.82)	(23.63)	35.17	35.72	36.26	0.73	37.43	35.09	2%	0%	BEARISH
XLU	SPDR-UTIL SELS	60.38	(2.47)	(4.42)	(7.19)	(17.18)	(18.01)	58.94	60.76	60.83	0.39	62.59	59.07	2%	-1%	BEARISH
XLV	SPDR-HLTH CR	106.80	(0.30)	(3.85)	(6.89)	1.03	1.56	102.58	99.53	105.53	0.84	109.05	102.01	4%	7%	BULLISH
XLY	SPDR-CONS DISCR	143.59	1.62	2.58	4.35	9.68	7.52	131.10	121.91	137.00	1.16	142.01	131.99	10%	18%	BULLISH
XTN	SPDR-SP TRANSPT	59.09	2.28	0.46	6.06	(7.43)	(15.01)	54.01	54.34	54.50	1.34	56.59	52.41	9%	9%	BEARISH
SDY	SPDR-SP DIV ETF	97.66	0.49	(0.35)	(1.54)	(11.65)	(17.04)	92.60	94.07	93.56	0.89	96.74	90.38	5%	4%	BEARISH
RSP	INVS-SP5 EQ ETF	110.98	0.67	0.15	1.15	(7.03)	(9.77)	104.08	103.02	106.84	1.11	110.70	102.98	7%	8%	BULLISH
																BEARISH
SLY	SPDR-SP6 SC	65.26	0.03	3.72	4.34	(10.68)	(16.51)	59.77	60.48	61.50	1.24	63.80	59.20	9%	8%	BEARISH
MDY	SPDR-SP MC 400	355.48	(0.04)	1.54	0.94	(6.92)	(12.35)	330.99	327.24	339.62	1.19	352.15	327.09	7%	9%	BULLISH
EEM	ISHARS-EMG MKT	44.24	0.18	(1.27)	7.34	(5.11)	(4.50)	41.30	40.31	43.29	0.93	44.78	41.80	7%	10%	BULLISH
EFA	ISHARS-EAFE	64.80	1.17	(2.67)	(0.31)	(10.18)	(12.29)	61.98	61.61	62.05	0.83	64.12	59.98	5%	5%	BULLISH
IAU	ISHARS-GOLD TR	18.55	(4.90)	2.58	(2.21)	8.80	11.63	17.31	16.13	18.86	0.06	19.34	18.38	7%	15%	BULLISH
GDX	VANECK-GOLD MNR	40.35	(6.26)	(2.06)	(0.59)	39.60	26.30	37.40	32.08	42.94	0.72	44.32	41.56	8%	26%	BULLISH
UUP	INVS-DB US$ BU	25.18	(0.87)	(7.60)	(20.80)	(19.38)	(21.94)	26.03	26.45	25.28	(0.08)	25.89	24.67	-3%	-5%	BEARISH
IXUS	ISHARS-CR INT S	58.95	0.74	(1.77)	2.36	(8.53)	(10.02)	55.76	55.05	56.82	0.88	58.74	54.90	6%	7%	BULLISH
TLT	ISHARS-20+YTB	163.18	(4.61)	(6.86)	(15.53)	(9.22)	(4.72)	164.85	157.91	171.00	(0.27)	174.81	167.19	-1%	3%	BULLISH
BNDX	VANGD-TTL INT B	57.79	(1.29)	(4.78)	(13.35)	(14.63)	(18.57)	57.70	57.26	58.23	0.04	59.71	56.75	0%	1%	BULLISH
HYG	ISHARS-IBX HYCB	84.08	(1.95)	(4.04)	(10.59)	(16.57)	(18.73)	83.16	83.10	85.39	0.41	87.87	82.91	1%	1%	BULLISH

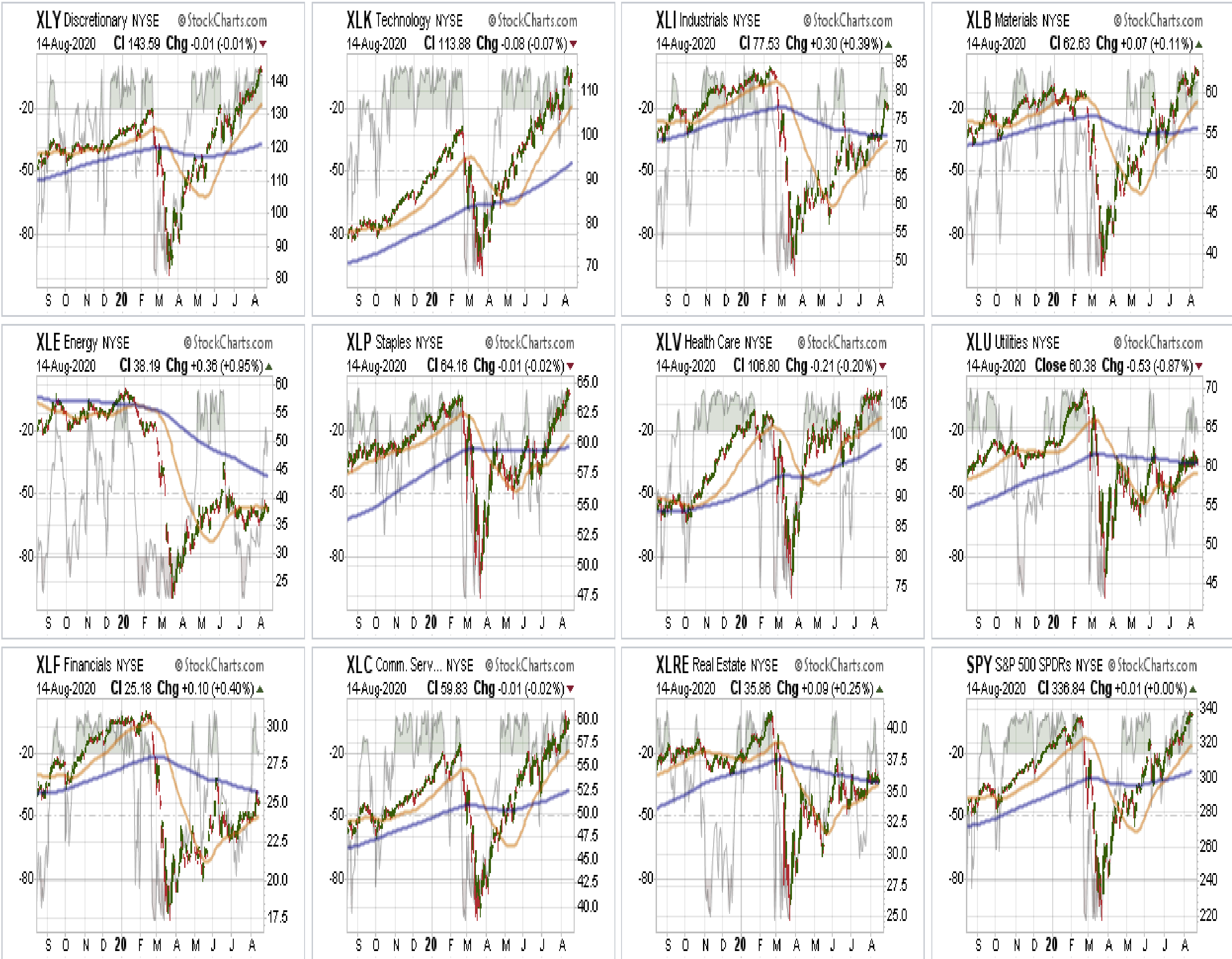
RIA Pro

REAL INVESTMENT ADVICE

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



Improving ? Financials (XLF), Industrials (XLI), and Energy (XLE)

While Financials remain the improving quadrant, they are still vastly underperforming the market. Conversely, Industrials have broken above their 200-dma and are performing better. The sector is very overbought short-term, so a pullback to the 200-dma that holds will allow us to add more to our exposure. Energy continues to underperform the market vastly. While there is value in the sector, there is no reason for overweight holdings currently.

Current Positions: XLI

Outperforming ? Materials (XLB), and Discretionary (XLY)

Discretionary stocks have broken out to new highs and continue to perform well due primarily to AMZN. However, the sector is extremely overbought, and a correction is likely. Take profits and rebalance risk accordingly. Materials are also struggling at all-time highs and are also extremely extended.

Current Positions: *None*

Weakening ? Technology (XLK), and Communications (XLC)

After adding more exposure to our Technology holdings, the sectors have gone vertical with the rush to chase the 5-mega cap names. Technology began to struggle this week and is starting to consolidate gains. A correction is likely, so profits taking is advised. The same goes for the Communications sector as well.

Current Position: XLK, XLC

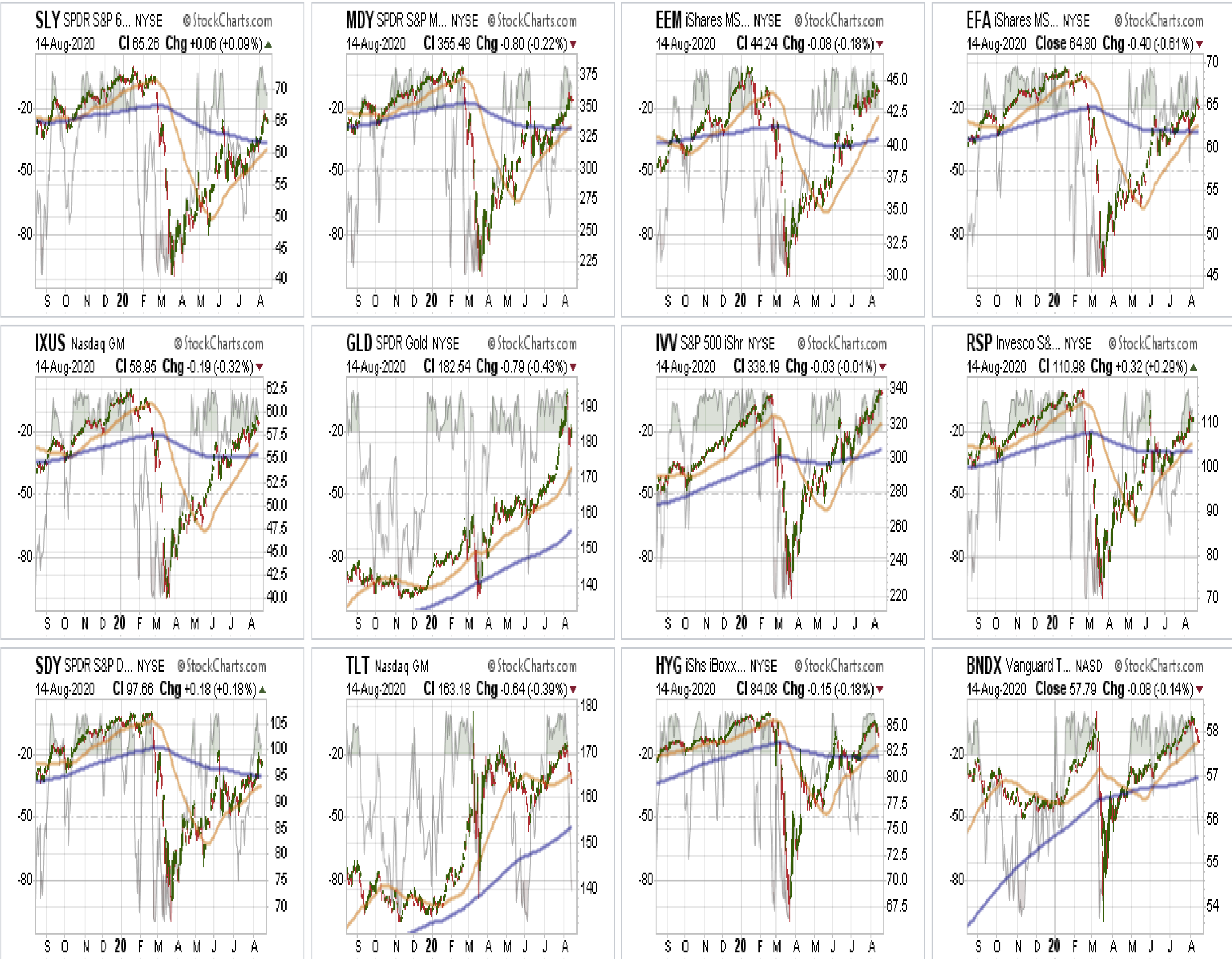
Lagging ? Healthcare (XLV), Utilities (XLU), Real Estate (XLRE), and Staples (XLP)

Previously, we added to our core defensive positions Healthcare. We continue to hold Healthcare on a longer-term basis as it tends to outperform in tougher markets and hedges risk. Healthcare is overbought after the expected rally, Look for a correction back to support at the 200-dma.

Our defensive positioning in Staples has finally played catchup to the rest of the market. Staples are very overbought, so rebalance risk accordingly. Utilities continue to lag and remains directionless currently. Utilities will likely play better in a market correction.

Current Position: XLU, XLV, XLP

Market By Market



Small-Cap (SLY) and Mid Cap (MDY) ? Both of these markets continue to underperform, but after perking up last week, began to lag again this week. Taking profits was advised last week. Same goes this week.&#2013266080;

Current Position: None

Emerging, International (EEM) & Total International Markets (EFA)

Emerging and International Markets have performed better recently. We added a long-dollar hedge to our portfolios, which will weigh on international exposure. However, we did add a small position of EFV *(International Value)* as we look to increase our "value" weightings in portfolios.

Current Position: None

S&P 500 Index (Exposure/Trading Rentals) ? We currently have no "core" holdings.

Current Position: *None*

Gold (GLD) ? Previously, we trimmed our exposure to IAU. Gold is a very overbought short-term, so we are looking for a pullback to rebuild exposures. The Dollar is extremely oversold; we added to our UUP position to hedge downside risk in Gold.&#2013266080;

Current Position: *IAU, UUP*

Bonds (TLT) ?

We continue to hold our bond holdings as a hedge against market risk. This week, after a good correction, we added to our Treasury bonds holdings.&#2013266080;

Current Positions: *TLT, MBB, & AGG*

Portfolio / Client Update

With market volatility picking up over the last couple of weeks, there has been a wild rotation in markets. One day Technology is running, the next its Industrials, and back again. Historically, this type of action occurs closer to market peaks than not.&#2013266080;

Such is why we are currently sitting a bit closer to exit. We are presently getting more uncomfortable with the market.&#2013266080;**Given we are now getting more extreme short-term overbought conditions, the risk of a short term reversion has risen.&#2013266080;** Therefore, we began making changes to portfolios this past week.&#2013266080;

Portfolio Changes

In both models, we have begun adding to our "value" holdings, which should provide a "buffer" during a risk-off rotation. Last week, we added a value position in AT&T. Our analyst, Nick Lane, wrote a report this week on one of our other value holdings Exxon Mobil (XOM)

https://simplevisorins.wpengine.com/nick-lane-the-value-seeker-report-exxon-mobil-xom/

We also added a small position in International Value (EFV), which has a 3.5% yield.&#2013266080;

As always, as we add to our equity exposures, we hedge that increase in&#2013266080;*"risk"* &#2013266080;with offsetting positions. Therefore, we increased our exposure to Treasuries, given the recent sell-off gave us an excellent entry opportunity. We also added to our long-dollar exposure to offset the risk in equities and gold.&#2013266080;

In conclusion, we will sacrifice some short-term performance if markets rally, but the risk of a correction has risen too much to ignore it wholly. Therefore, our allocations are going to become more conservative over the next couple of weeks.&#2013266080;

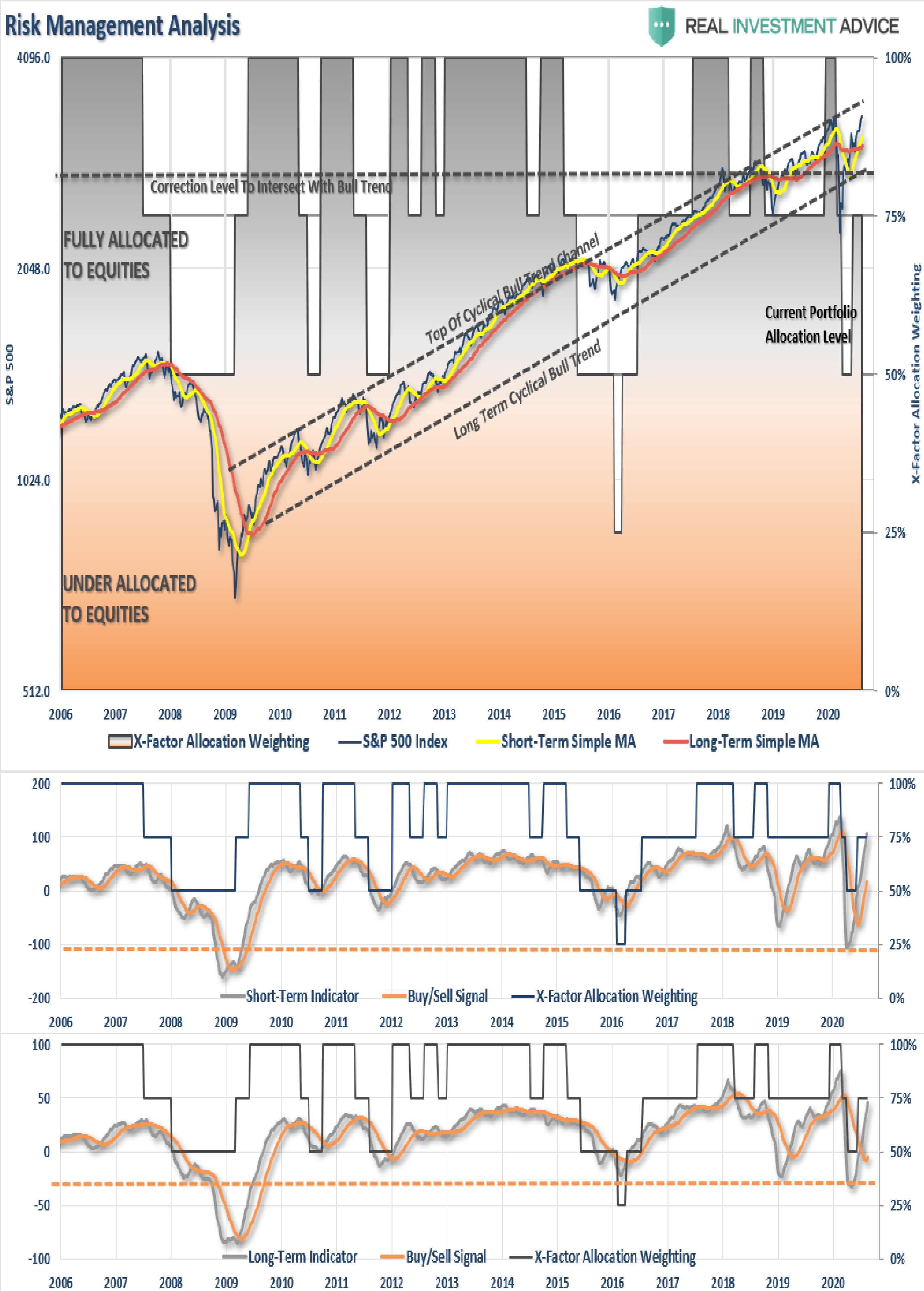
Please don't hesitate to contact us if you have any questions or concerns.

Lance Roberts

CIO

THE REAL 401k PLAN MANAGER

A Conservative Strategy For Long-Term Investors



Current Portfolio Weighting

Current 401k Allocation Model

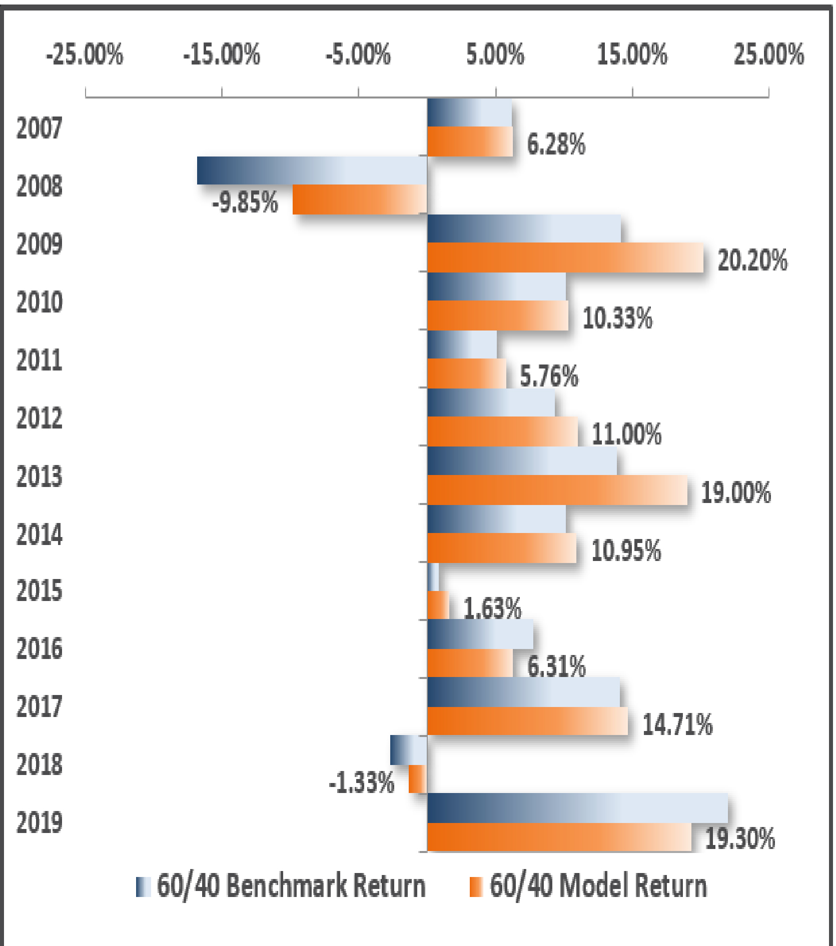
20.00%	Cash + All Future Contributions

Primary concern is the protection of investment capital

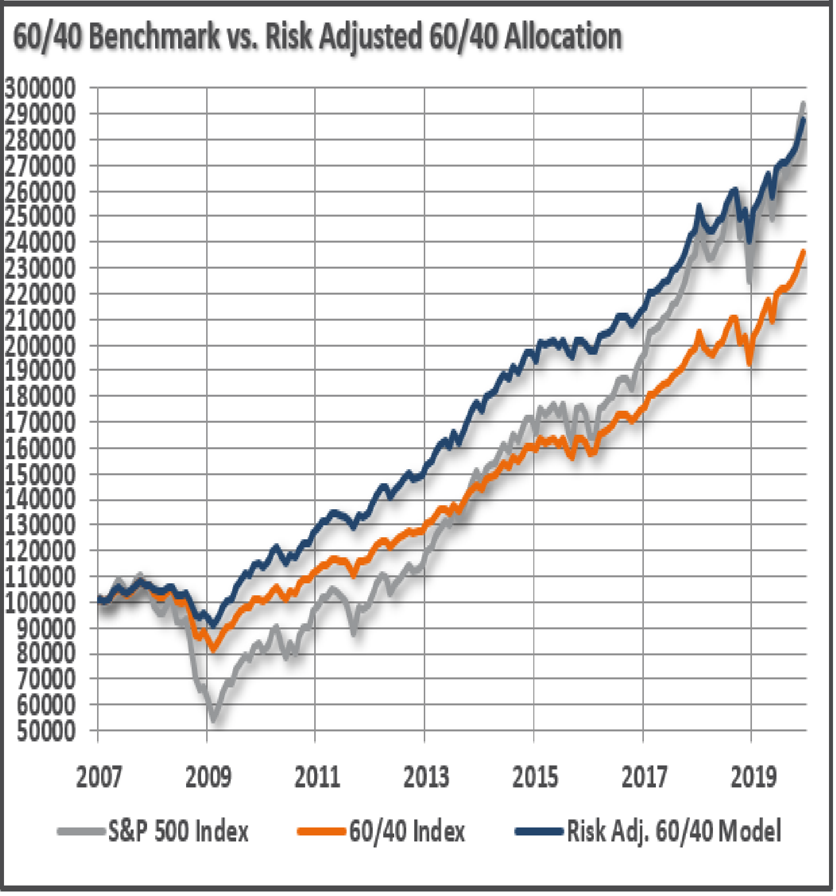
If you need help after reading the alert; do not hesitate to&#2013266080;**contact me**

Model performance is a two-asset model of stocks and bonds relative to the weighting changes made each week in the newsletter. Such is strictly for informational and educational purposes only and should not be relied on for any reason. Past performance is not a guarantee of future results. Use at your own risk and peril.&#2013266080;&#2013266080;

Year	60/40 Benchmark Return	60/40 Model Return
2007	6.15%	6.28%
2008	-16.79%	-9.85%
2009	14.22%	20.20%
2010	10.17%	10.33%
2011	5.14%	5.76%
2012	9.33%	11.00%
2013	13.91%	19.00%
2014	10.08%	10.95%
2015	0.83%	1.63%
2016	7.79%	6.31%
2017	14.12%	14.71%
2018	-2.72%	-1.33%
2019	21.96%	19.30%



Portfolio vs Benchmark Statistics	
Number of Up Years	11
Number of Down Years	2
Best One Year Return Of Benchmark	21.96%
Best One Year Return Of Model	20.20%
Worst One Year Return Of Benchmark	-16.79%
Worst One Year Return Of Model	-9.85%
Benchmark Return 2007-Present	123.78%
Model Return 2007-Present	173.11%
Total Alpha Generated	49.33%
Mean Annual Return Of Benchmark	7.25%
Mean Annual Return Of Model	8.79%
Beta Of Model vs Benchmark	0.86
Jensens Alpha	2.30%
Sharpe Ratio	0.29



401k Plan Manager Live Model

As an **RIA PRO subscriber** ***(You get your first 30-days free) you have access to our live 401k plan manager.***

Compare your current 401k allocation, to our recommendation for your company-specific plan as well as our on 401k model allocation.

You can also track performance, estimate future values based on your savings and expected returns, and dig down into your sector and market allocations.

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

RIAPro

Investment Analysis, Research & Data
From The RIA Investment Team

Dashboard Macro ▼ Ideas ▼ Research ▼ Portfolio ▼ 401K - Beta Symbol Help ∨

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 Info Fund Selection Comparison Summary Commentary

My Portfolio

RIAPro Portfolio RIA PRO MODEL PI ▼

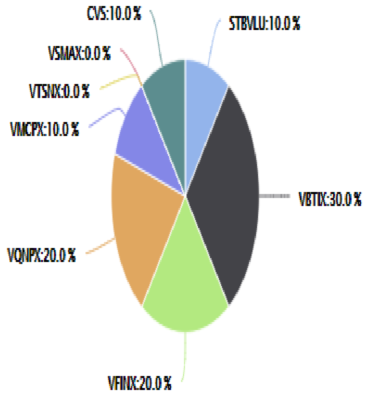
Retirement Income (My Portfolio Annual ROR 9.44 %)

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

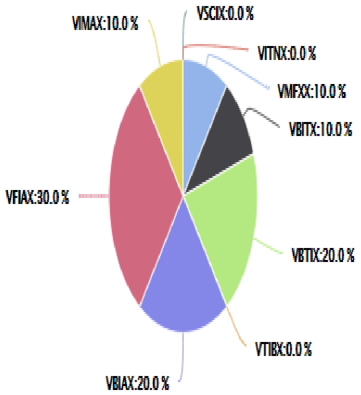
Retirement Income (RiaPro Annual ROR 9.02 %)

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



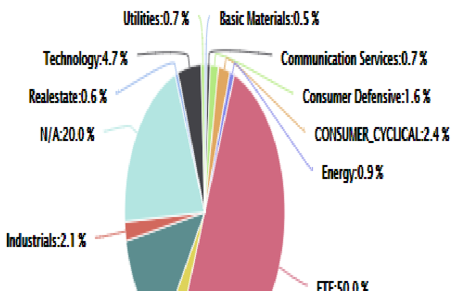
RIAPro Fund Composition



My Asset Composition

RIAPro Asset Composition

My Sector Composition



RIAPro Sector Composition