

The Pre-Election Correction Continues, Is It Over?



In this issue of "The Pre-Election Correction Continues, Is It Over?"

- *The Correction Continues*
- *A Historical Look At Pre- And Post-Election Years*
- *Will Policy Matter*
- *Portfolio Positioning Update*
- *MacroView: A Permanent Shift To Valuations*
- *Sector & Market Analysis*
- *401k Plan Manager*

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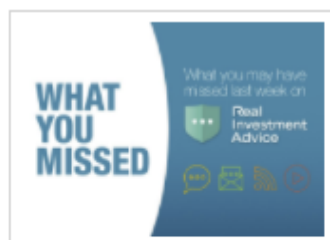
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#WhatYouMissed On RIA This Week: 09-18-20

Written by Lance Roberts | Sep 18, 2020

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The Correction Continues

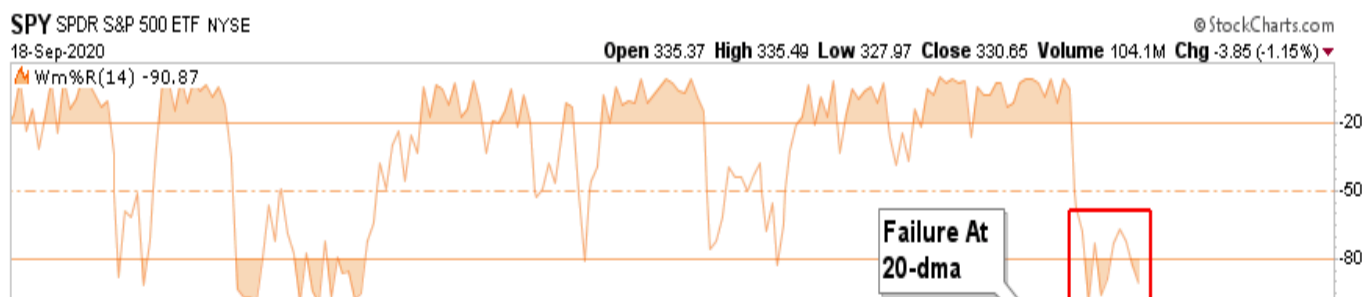
Over the last couple of weeks, we have been discussing the ongoing market correction. As we stated last week:

*"As shown in the chart below, we had suggested a correction back to previous market highs was likely **but could extend to the 50-dma**. So far, the correction has played out much as we anticipated."*

However, we also said:

*"However, **while we expect a rally next week, due to the short-term oversold condition of the market**, there is a downside risk to the 200-dma, which is another 5% lower from current levels. **Such would entail a near 14% decline from the peak, which is well within the historical norms of corrections during any given year.**"*

On Friday, due to the "quad-witching options expiration" (when all options contracts for the current strike month expire and rollover), the market gave up support at the 50-dma, as shown below. The good news, if you want to call it that, is the market did hold a previous level of minor support and remains oversold short-term.



As such, the break of the 50-dma must recover early next week, or it will put the 200-dma into focus. That is currently about 7% lower than where we closed on Friday. **However, as shown below, the markets are very oversold short-term, so a tradeable "bounce" remains very likely in the next few days.** If the bounce fails at either the 50- or 200-dma's overhead, as shown above, such could well confirm an ongoing correction process.



Importantly, as noted previously, this correction was not unexpected and fell in line with historical pre-election market cycles. **Is the correction over?** As noted we are likely to get a tradeable bounce next week, but as we will discuss next, there could be more downside pressure in October heading into the election.

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Presidential Elections & Market Outcomes

There has been a fair bit of concern about the upcoming election. Given the rampant rhetoric

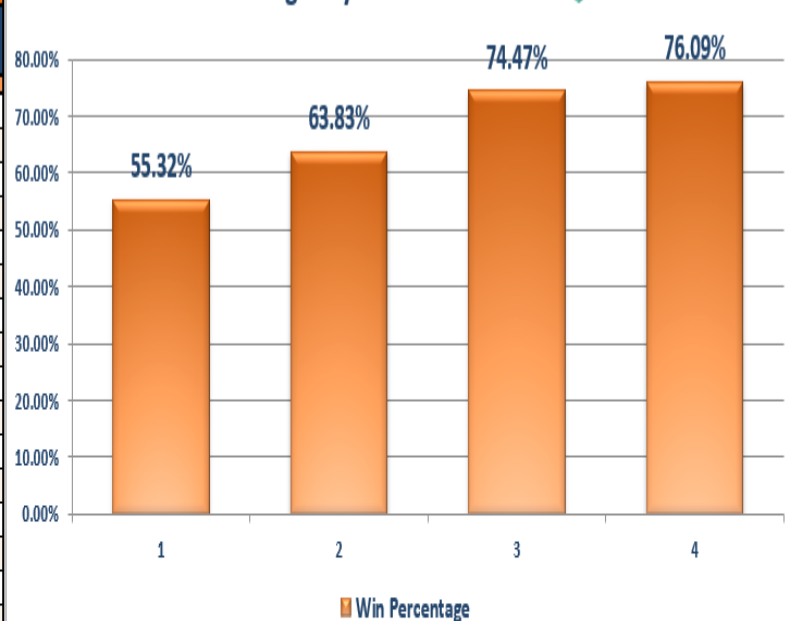
between the right and left, such is not surprising. The Republicans claim that Biden will crash the market. The Democrats suggest the same with President Trump. From a portfolio management perspective, what we need to understand is what happens during election years to stock markets and investor returns.

"Since 1833, the Dow Jones industrial average has gained an average of 10.4% in the year before a presidential election, and nearly 6%, on average, in the election year. By contrast, the first and second years of a president's term see average gains of 2.5% and 4.2%, respectively. A notable recent exception to decent election-year returns: 2008, when the Dow sank nearly 34%. (Returns are based on price only and exclude dividends.)" - [Kiplinger](#)

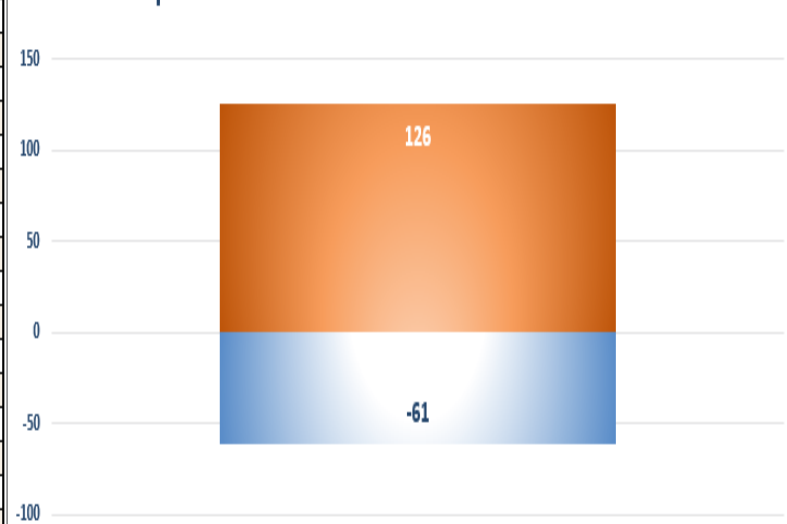
The data in the table below varies a bit from Kiplinger as it uses total returns. Since 1833, markets have gained in 35 of those years, with losses in only 11. Since President Rosevelt's victory in 1944, there have only been two losses during presidential election years: 2000 and 2008. Those two years corresponded with the *"Dot.com Crash"* and the *"Financial Crisis."* On average, stocks produced their **second-best performance** in Presidential election years.

| Presidential Election/Stock Market Cycle | | | | | | |
|--|----------------------|-----------------------------------|------------------|----------------------|------------------|---------|
| Beg. Of 4-Yr Cycle | Elected President | Pres. Post Election Party Year | Mid-Term Year | Pre-Election Year | Election Year | |
| 1833 | Jackson | Dem | (0.90) | 13.00 | 3.10 | (11.70) |
| 1837 | Van Buren | Dem | (11.50) | 1.60 | (12.30) | 5.50 |
| 1841 | WH Harrison | Whig | (13.30) | (18.10) | 45.00 | 15.50 |
| 1845 | Polk | Dem | 8.10 | (14.50) | 1.20 | (3.60) |
| 1849 | Taylor | Whig | 0.00 | 18.70 | (3.20) | 19.60 |
| 1853 | Pierce | Dem | (12.70) | (30.20) | 1.50 | 4.40 |
| 1857 | Buchanan | Dem | (31.00) | 14.30 | (10.70) | 14.00 |
| 1861 | Lincoln | Rep | (1.80) | 55.40 | 38.00 | 6.40 |
| 1863 | Lincoln | Rep | (8.50) | 3.60 | 1.60 | 10.80 |
| 1869 | Grant | Rep | 1.70 | 5.60 | 15.26 | 7.84 |
| 1873 | Grant | Rep | 2.97 | 8.60 | 11.40 | (16.51) |
| 1877 | Hayes | Rep | 20.24 | 30.46 | 20.34 | 31.60 |
| 1881 | Garfield | Rep | (6.29) | 8.47 | 5.15 | (5.36) |
| 1885 | Cleveland | Dem | 31.29 | 9.42 | (3.65) | 7.17 |
| 1889 | B. Harrison | Rep | 9.43 | (7.73) | 26.11 | (2.03) |
| 1893 | Cleveland | Dem | (3.90) | 4.61 | 4.51 | 0.15 |
| 1897 | McKinley | Rep | 17.63 | 29.20 | (12.37) | 22.84 |
| 1901 | McKinley | Rep | 11.90 | (2.40) | (13.05) | 35.17 |
| 1905 | T. Roosevelt | Rep | 15.86 | (3.23) | (18.58) | 37.79 |
| 1909 | Taft | Rep | 8.85 | 7.02 | (0.77) | 1.39 |
| 1913 | Wilson | Dem | (3.64) | (8.96) | 27.28 | (2.83) |
| 1917 | Wilson | Dem | (26.39) | (2.83) | (0.56) | (4.28) |
| 1921 | Harding | Rep | 19.99 | 26.45 | (2.23) | 25.18 |
| 1925 | Coolidge | Rep | 19.41 | 13.48 | 34.75 | 43.81 |
| 1929 | Hoover | Rep | (8.30) | (25.12) | (43.84) | (8.64) |
| 1933 | F. Roosevelt | Dem | 49.98 | (1.19) | 46.74 | 31.94 |
| 1937 | F. Roosevelt | Dem | (35.34) | 29.28 | (1.10) | (10.67) |
| 1941 | F. Roosevelt | Dem | (12.77) | 19.17 | 25.06 | 19.03 |
| 1945 | F. Roosevelt | Dem | 35.82 | (8.43) | 5.20 | 5.70 |
| 1949 | Truman | Dem | 18.30 | 30.81 | 23.68 | 18.15 |
| 1953 | Eisenhower | Rep | (1.21) | 52.56 | 32.60 | 7.44 |
| 1957 | Eisenhower | Rep | (10.46) | 43.72 | 12.06 | 0.34 |
| 1961 | Kennedy | Dem | 26.64 | (8.81) | 22.61 | 16.42 |
| 1965 | Johnson | Dem | 12.40 | (9.97) | 23.80 | 10.81 |
| 1969 | Nixon | Rep | (8.24) | 3.56 | 14.22 | 18.76 |
| 1973 | Nixon | Rep | (14.31) | (25.90) | 37.00 | 23.83 |
| 1977 | Carter | Dem | (6.98) | 6.51 | 18.52 | 31.74 |
| 1981 | Reagan | Rep | (4.70) | 20.42 | 22.34 | 6.15 |
| 1985 | Reagan | Rep | 31.24 | 18.49 | 5.81 | 16.54 |

S&P 500 TR Win Percentages By Year Of President REAL INVESTMENT ADVICE



Number Of Up vs. Down Years



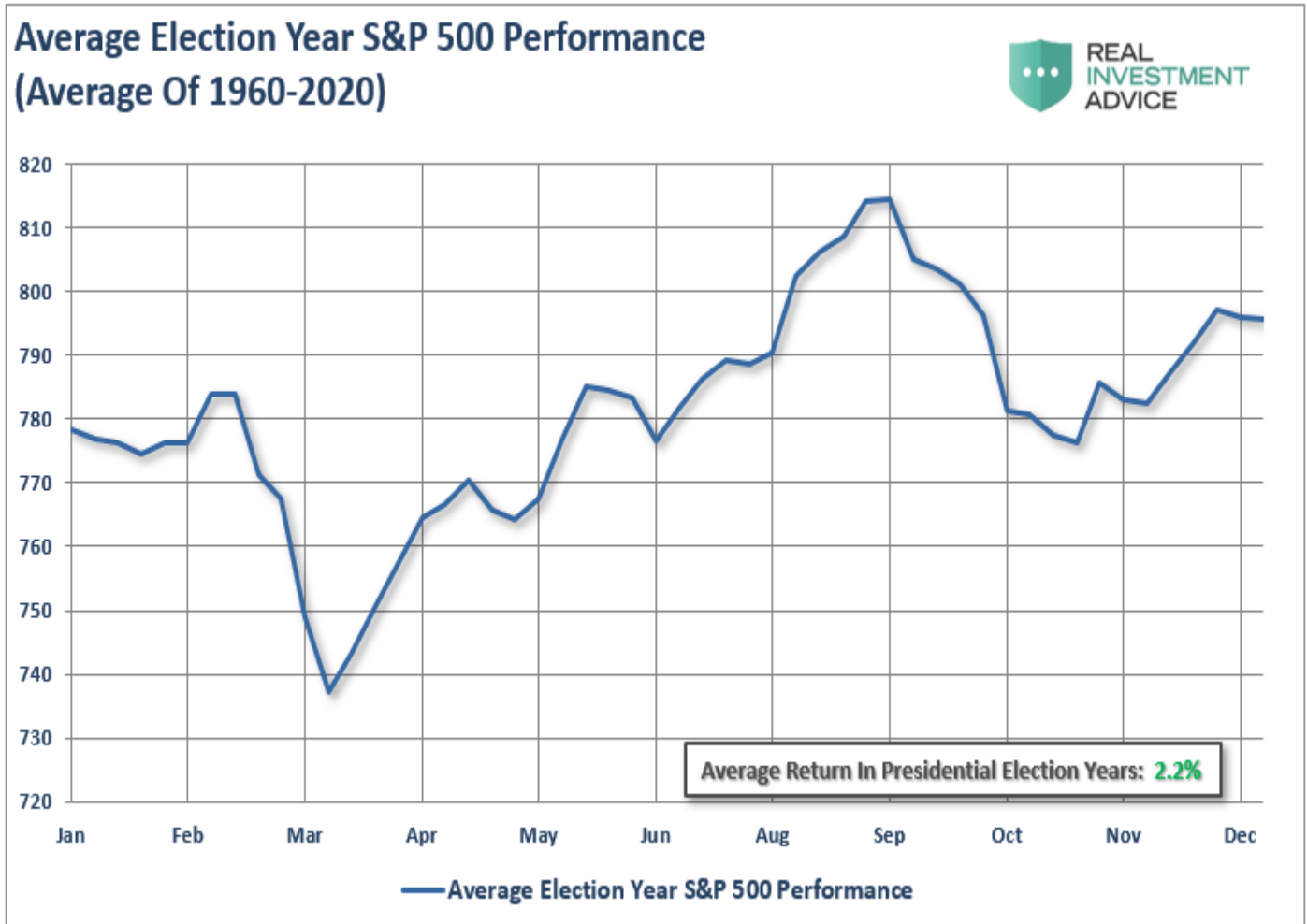
S&P 500 TR Average Annual Return By Year Of President



With a "win ratio" of 76%, the odds are high that markets will continue their winning ways. **However, I would caution completely dismissing the not so insignificant 24% chance that a bear market could reassert itself, given the current economic weakness.** Furthermore, given the current 12-year duration of the ongoing bull market, the more extreme deviations from long-term means, and ongoing valuation issues, a "Vegas handicapper" might increase those odds a bit.

Will Policies Matter

The short answer is, "Yes." However, not in the short-term. **Presidential platforms are primarily "advertising" to get your vote.** As such, a politician will promise many things that, in hindsight, rarely get accomplished. Therefore, while there currently much debate about whose policies will be better for the stock market, historically and statistically speaking, it doesn't matter much. A look back at all election years since 1960 shows an average increase in the market of nearly 2.2% annually.



However, that number is heavily skewed by the decline during the 2008 "Financial Crisis." If we extract that one year, returns jump to 7.7% annually in election years. **Importantly, note in both cases the slump in returns during September and October. As we stated above, the current market correction falls nicely in line with historical norms.**



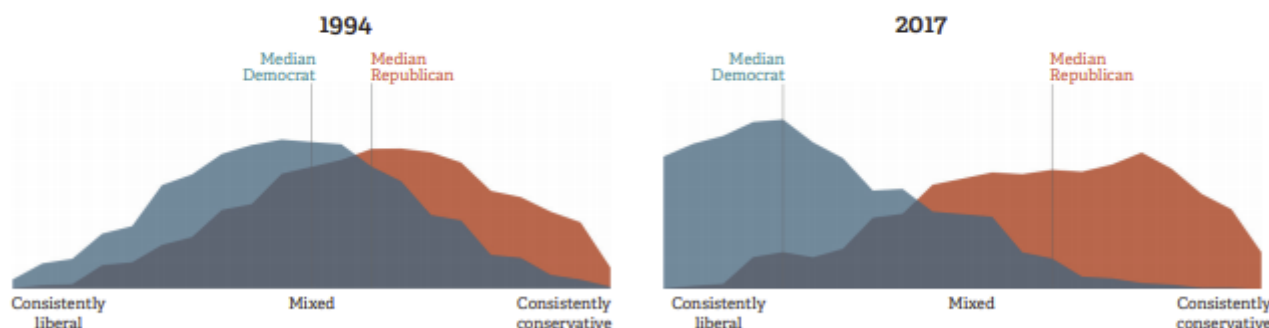
The Great Divide

While you may feel strongly about one party or the other when it comes to politics, it doesn't matter much when it comes to your money. Such is particularly the case today.

"For the second election in a row, voters will cast ballots for the candidate they dislike less, not whose policies they like more." - Lance Roberts, [Real Investment Show](#)

What the market already understands is with the [parties more deeply divided](#) than at any other single point in history; the likelihood of any policies getting passed is slim. (2017 was the latest data from a 2019 report. That gap is even larger currently as Social Media fuels the divide.)

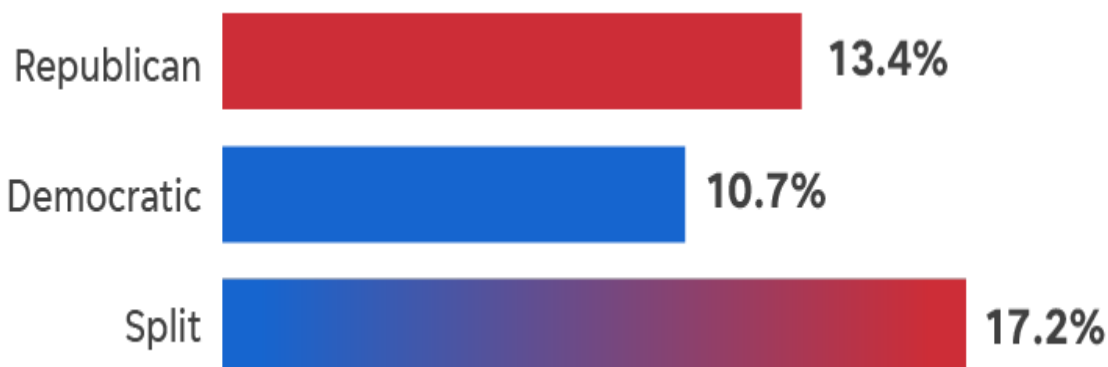
The two charts below illustrate that the overlap between political values of Democrats and Republicans (the purple area) shrunk between 1994 and 2017, as the share of Americans with ideologically consistent values increased.



Source: "Political Polarization, 1994-2017." Pew Research Center, Washington, D.C. October 20, 2017, <https://www.people-press.org/interactives/political-polarization-1994-2017/>.

The one thing markets do seem to prefer - "**political gridlock.**"

"A split Congress historically has been better for stocks, which tend to like that one party doesn't have too much sway. Stocks gained close to 30% in 1985, 2013 and 2019, all under a split Congress, according to LPL Financial. The average S&P 500 gain with a divided Congress was 17.2% while GDP growth averaged 2.8%." - USA Today



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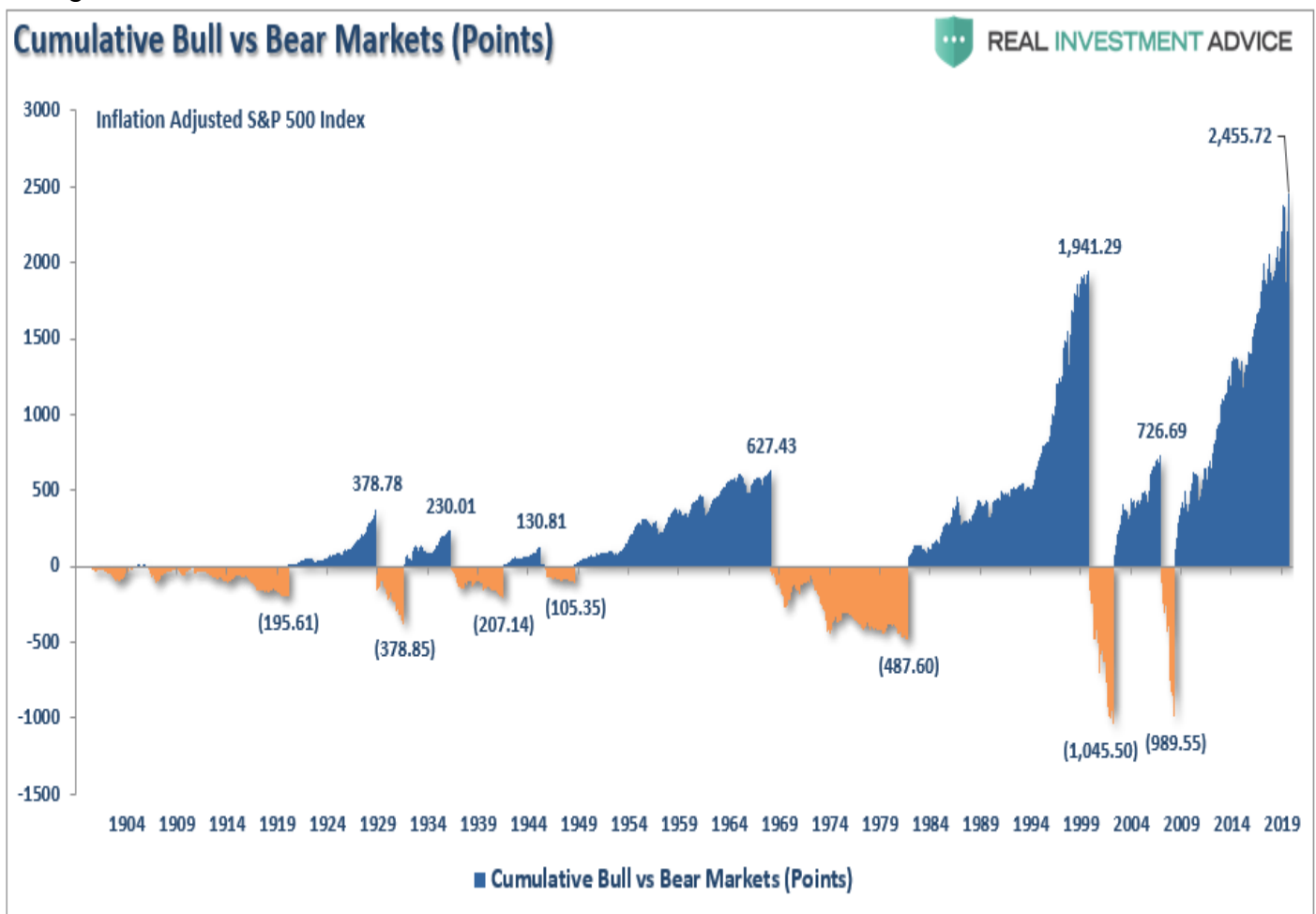
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It's Not A Risk-Free Outcome

What we can derive from the data is the odds suggest the market will end this year on a positive note. However, such says little about next year. If you go back to our data table above, **the 1st year of a new Presidential cycle is roughly a 50/50 outcome. It is also the lowest average return year going back to 1833.** Furthermore, from the election and 2021, outcomes are overly dependent on many things continuing to go "right."

1. **Avoidance of a "double-dip" recession.** (Without more Fiscal stimulus, this is a plausible risk.)
2. **The Fed continues expanding monetary policy.** (There is currently no indication of this.)
3. **The consumer will need to expand their current debt-driven consumption.** (This is a risk without more fiscal stimulus or sustainable economic growth.)
4. **There is a marked improvement in both corporate earnings and profitability.** (This will likely be the case as mass layoffs will benefit bottom-line profitability. However, top-line sales remain at risk due to items #1 and #3.)
5. **A sharp improvement in employment, rising wages, and falling jobless claims will signal a sustainable economic recovery.** (There is currently little indication this is the case outside the bounce from the March shutdown.)

These risks are all undoubtedly possible. However, when combined with the [longest-running bull market in history](#), [high-valuations](#), and [excessive speculation](#), the risks of something going wrong indeed have risen.



(While most financial media types present bull and bear markets in percentages, which is deceiving because a 100% gain and a 50% loss are the same thing, it worth noting

what happens to investors by viewing cumulative point gains and losses. In every case, the majority of the previous point gain is lost during the [full-market cycle](#).)

So, how do you position your portfolio into the election?

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Portfolio Positioning For An Unknown Election Outcome

Over the last few weeks, we have repeatedly discussed the idea of reducing risk, hedging, and rebalancing portfolios. Part of this was undoubtedly due to the overly exuberant rise from the March lows and the potential for an unexpected election outcome. As we noted in "[Tending The Garden](#):"�

*"Taking these actions has **TWO specific benefits**�depending on what happens in the market next.*

1. ***If the market corrects,**�these actions clear out the 'weeds' and allow for protection of capital against a subsequent decline.*
2. ***If the market continues to rally,**�then the portfolio has been cleaned up and new positions can be added to participate in the next leg of the advance.*

*No one knows for sure where markets are headed in the next week, much less the next month, quarter, year, or five years.�**What we do know is not managing 'risk'**�to hedge against a decline is more detrimental to the achievement of long-term investment goals."*

That advice continues to play well in setting up your portfolio for the election. **As we have laid out, the historical odds suggest that markets will rise regardless of the electoral outcome.** However, those are averages. In 2000 and 2008, investors didn't get the "average." **Such is why it is always important to prepare for the unexpected.** While you certainly wouldn't speed down a freeway "*blindfolded*," it makes little sense not to be prepared for an unexpected outcome. Holding a little extra cash, increasing positioning in Treasury bonds, and adding some "*value*" to your portfolio will help reduce the risk of a sharp decline in the months ahead. Once the market signals an "*all clear*," you can take "*your foot off the brake*," and speed to your destination. Of course, it never hurts to always "*wear your seatbelt*."�



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The MacroView



#MacroView: Newton, Physics & The Market Bubble

Written by Lance Roberts | Sep 18, 2020

I have previously discussed the importance of understanding how "physics" plays a crucial role in the stock market. As Sir Issac Newton once

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

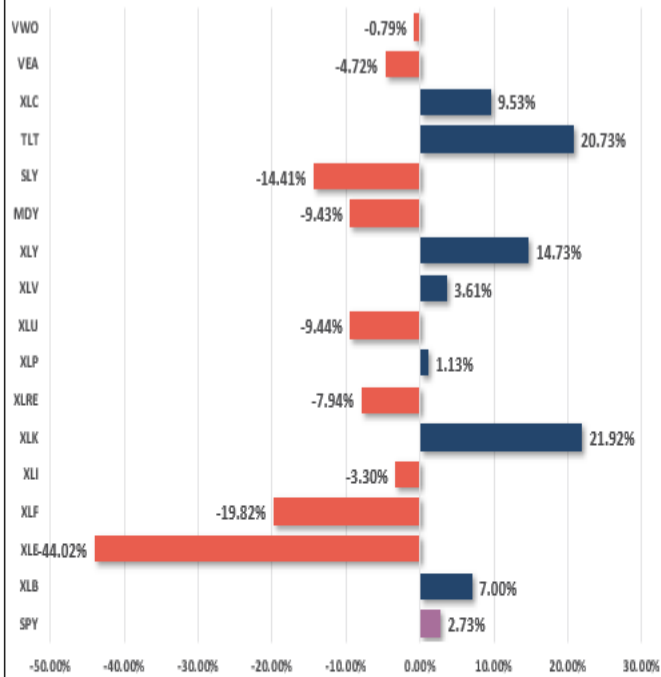
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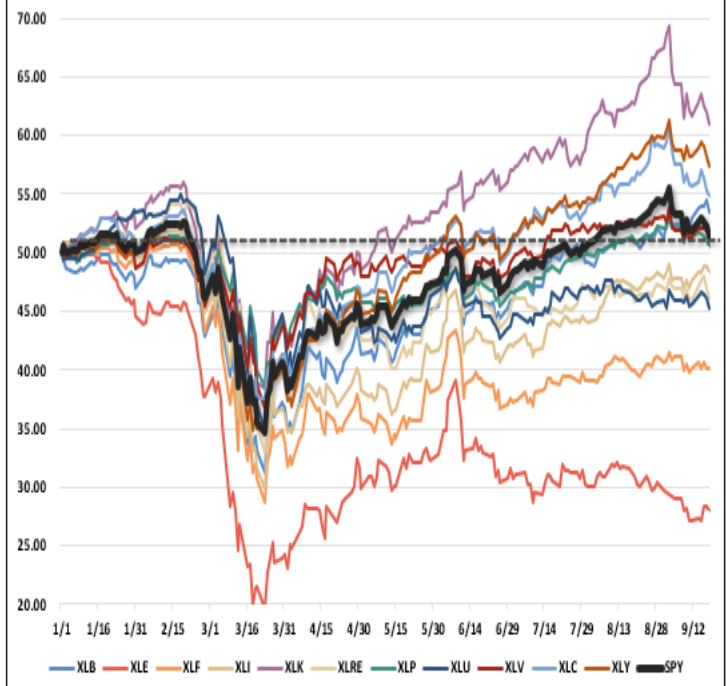
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Performance Analysis

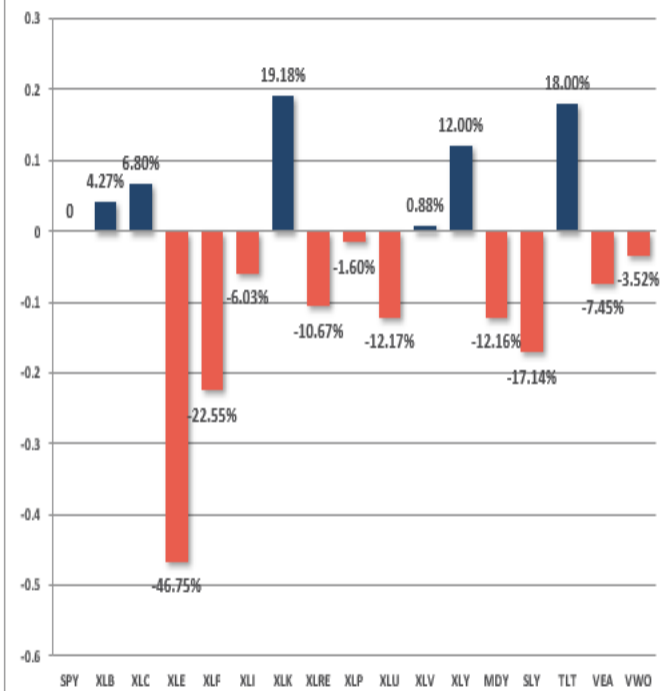
Year To Date Performance



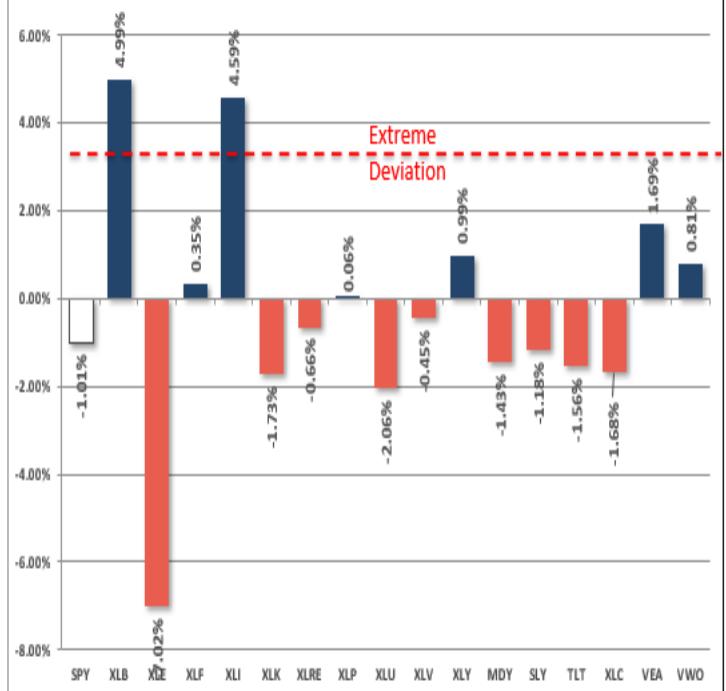
YTD Price - S&P Sectors Recalibrated To \$50/share



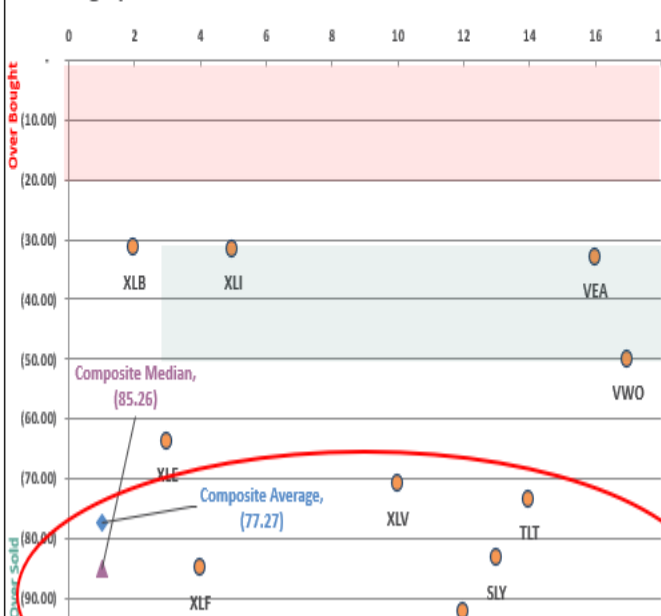
Year To Date Performance Relative To S&P 500



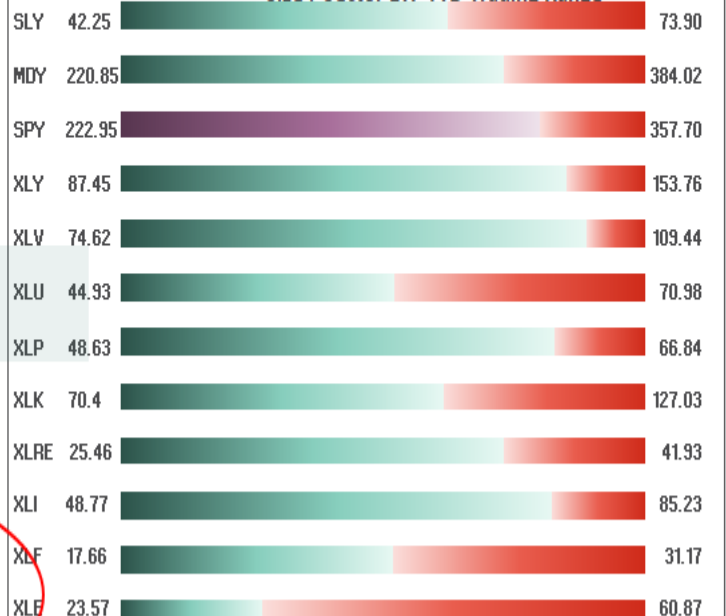
Price Deviation From 50-Day Moving Average



Overbought/Oversold 14-Periods

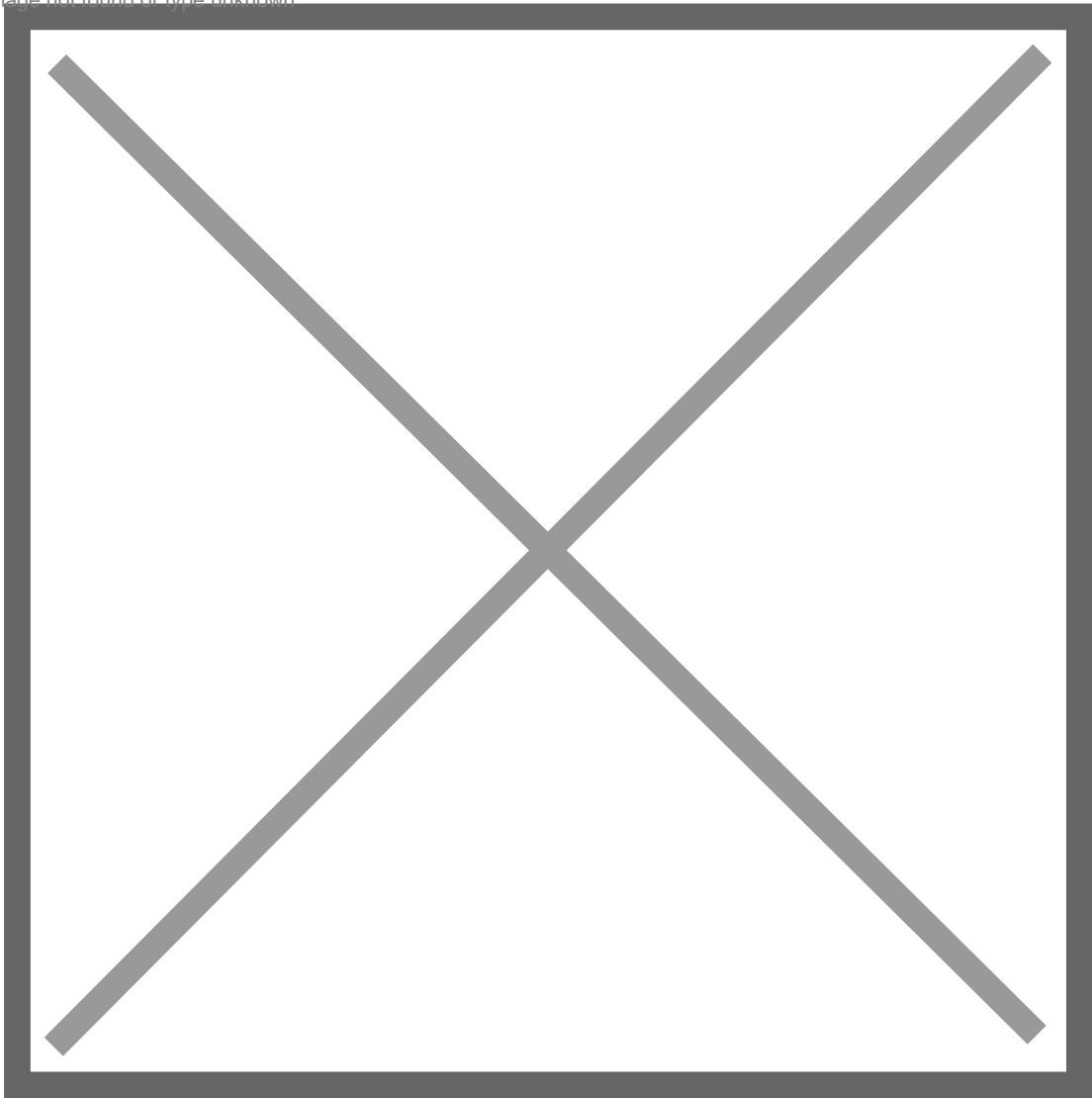


Size / Sector ETF YTD Trading Range



Technical Composite

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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 | 333.34 | (0.61) | (2.20) | 10.69 | 33.86 | 10.66 | 330.25 | 308.58 | 350.77 | 1.00 | 359.54 | 342.00 | 1% | 8% | BULLISH |
| XLB | SPDR-MATLS SELS | 65.72 | 1.61 | 8.39 | 9.92 | 20.38 | 1.99 | 61.29 | 55.99 | 62.99 | 1.15 | 65.29 | 60.69 | 7% | 17% | BULLISH |
| XLC | SPDR-COMM SV SS | 58.74 | (1.13) | (1.11) | 1.26 | 5.50 | 5.22 | 58.76 | 53.81 | 63.26 | 0.99 | 65.47 | 61.05 | 0% | 9% | BULLISH |
| XLE | SPDR-EGY SELS | 33.61 | 3.64 | (4.51) | (18.64) | (21.19) | (55.82) | 36.38 | 38.59 | 35.65 | 1.61 | 37.12 | 34.18 | -8% | -13% | BEARISH |
| XLF | SPDR-FINL SELS | 24.68 | 0.49 | 3.73 | (1.39) | (8.20) | (22.77) | 24.28 | 24.33 | 25.06 | 1.15 | 25.97 | 24.15 | 2% | 1% | BEARISH |

Sector & Market Analysis:

Since we publish the Major Market review on Monday and Sector Review on Tuesday, we are replacing this section with Stock Screens to help you generate ideas for your portfolios.�

Weekly Stock Screens

Currently, there are 3-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 | Price/ Sales | Score |
|--------|-----------------|---------------|--------------------------------|-----------------------|-----------|-----------------|-------|
| AMAT | Appld Matls Inc | 56.34 | 12.66 | 12.59 | 1.56 | 3.16 | 9 |
| MCO | Moodys Corp | 282.71 | 10.00 | 9.32 | 0.79 | 10.21 | 9 |
| LOW | Lowes Cos | 163.78 | 16.21 | 5.54 | 1.34 | 1.54 | 8 |
| SPGI | S&P Global Inc | 351.73 | 10.00 | 5.97 | 0.76 | 11.85 | 8 |
| TMO | Thermo Fisher | 432.93 | 15.50 | 11.32 | 0.20 | 6.52 | 8 |
| AAPL | Apple Inc | 110.34 | 10.67 | 4.87 | 0.74 | 6.99 | 7 |
| ATVI | Activision Blzd | 78.77 | 17.29 | 7.42 | 0.52 | 8.70 | 7 |
| CDNS | Cadence Design | 101.15 | 13.74 | 8.31 | - | 11.58 | 7 |
| CPRT | Copart Inc | 102.25 | 13.00 | 16.55 | - | 10.88 | 7 |
| CTAS | Cintas Corp | 325.01 | 9.64 | 11.37 | 0.78 | #N/A | 7 |
| DPZ | Dominos Pizza | 395.07 | 13.89 | 13.79 | 0.79 | 4.13 | 7 |
| DVA | Davita Inc | 90.14 | 11.93 | (6.30) | - | 0.95 | 7 |
| HOLX | Hologic Inc | 63.23 | 16.40 | 5.12 | - | 4.97 | 7 |
| HUM | Humana Inc New | 397.50 | 12.34 | 4.94 | 0.63 | 0.75 | 7 |
| KEYS | Keysight Tech | 98.25 | 8.76 | 11.47 | - | 4.46 | 7 |
| NDAQ | Nasdaq Inc | 124.44 | 8.58 | 6.76 | 1.58 | 4.16 | 7 |
| QRVO | Qorvo Inc | 130.30 | 12.35 | 4.94 | - | 4.58 | 7 |
| ROP | Roper Technolgs | 398.80 | 10.50 | 11.35 | 0.51 | 7.73 | 7 |
| SHW | Sherwin William | 712.55 | 9.22 | 13.44 | 0.75 | 3.66 | 7 |
| TGT | Target Corp | 147.61 | 7.22 | 2.75 | 1.84 | 0.87 | 7 |
| UNH | Unitedhealth Gp | 304.98 | 12.66 | 10.90 | 1.64 | 1.17 | 7 |
| UPS | Utd Parcel Srvs | 159.75 | 7.77 | 6.64 | 2.53 | 1.78 | 7 |
| WST | West Pharm Svc | 274.96 | 17.37 | 7.08 | 0.23 | 10.44 | 7 |
| APH | Amphenol Corp-A | 109.88 | 7.51 | 10.32 | 0.91 | 4.05 | 6 |
| CDW | Cdw Corp | 114.23 | 13.10 | 8.15 | 1.33 | 0.90 | 6 |
| COST | Costco Whole Cp | 338.88 | 8.40 | 7.98 | 0.83 | #N/A | 6 |
| DE | Deere & Co | 219.94 | 8.18 | 9.68 | 1.38 | 1.93 | 6 |
| DTE | Dte Energy Co | 116.86 | 5.67 | 6.24 | 3.47 | 1.90 | 6 |
| FBHS | Fortune Brd H&S | 84.77 | 7.32 | 5.44 | 1.13 | 2.05 | 6 |
| KLAC | Kla Corp | 180.49 | 7.55 | 16.49 | 1.99 | 4.83 | 6 |
| LRCX | Lam Research | 305.89 | 13.26 | 15.41 | 1.50 | 4.43 | 6 |
| MAS | Masco | 57.55 | 14.92 | 1.28 | 0.94 | 2.17 | 6 |

Value Screen

| Ticker | Company | Current Price | Next 3-5 Yr Est EPS Gr rate | 5 yr Hist Sales Gr | Div Yield | Price/ Sales | Score |
|--------|-----------------|---------------|--------------------------------|-----------------------|-----------|-----------------|-------|
| TPH | Tri Pointe Grp | 17.28 | #N/A | 8.84 | - | 0.69 | 9 |
| BRFS | Brf-Brasil Food | 4.12 | #N/A | (5.95) | - | 0.41 | 8 |
| DLNG | Dynagas Lng Ptr | 2.60 | #N/A | (4.85) | - | 0.68 | 8 |
| SNR | New Senior Inv | 4.36 | 5.00 | 0.44 | 5.96 | 0.97 | 8 |
| BCC | Boise Cascade | 40.55 | 9.58 | 7.14 | 0.99 | 0.33 | 8 |
| TGT | Target Corp | 147.61 | 7.22 | 2.75 | 1.84 | 0.87 | 7 |
| HTH | Hilltop Hldgs | 19.25 | #N/A | 1.73 | 1.87 | 0.88 | 7 |
| MDRX | Allscripts Hlth | 8.26 | 9.01 | 6.75 | - | 0.78 | 7 |
| LMB | Limbach Holdngs | 8.89 | 12.00 | 3.98 | - | 0.13 | 6 |
| MIK | Michaels Cos | 10.10 | 1.26 | 0.19 | - | 0.30 | 6 |
| SFST | Southn First Bc | 24.68 | #N/A | 18.71 | - | 1.63 | 6 |
| BIG | Big Lots Inc | 45.28 | 7.07 | 1.25 | 2.65 | 0.30 | 6 |
| GPL | Great Panther | 1.03 | #N/A | 30.08 | - | 1.44 | 6 |
| AAP | Advance Auto Pt | 154.76 | 10.75 | (0.16) | 0.65 | 1.11 | 6 |
| GIII | G-iii Apparel | 14.77 | 8.02 | 6.99 | - | 0.28 | 5 |
| DSKE | Daseke Inc | 5.74 | #N/A | 34.60 | - | 0.23 | 5 |
| PIPR | Piper Jaffray | 70.41 | #N/A | 5.86 | 1.70 | 1.24 | 5 |
| QIWI | Qiji Plc-Adr | 16.28 | #N/A | 23.05 | 3.03 | 1.62 | 5 |
| AMCX | Amc Networks- A | 25.28 | #N/A | 3.67 | - | 0.46 | 5 |
| VRNT | Verint Systems | 47.68 | 14.00 | 4.27 | - | 2.47 | 5 |
| SWK | Stanley B&D Inc | 164.25 | 5.82 | 6.66 | 1.70 | 1.93 | 5 |
| MBIN | Merchants Bcp | 21.05 | #N/A | 37.74 | 1.52 | 1.82 | 5 |
| MDT | Medtronic | 107.81 | 7.77 | 1.50 | 2.15 | 5.19 | 5 |
| RLGY | Realogy Holding | 11.01 | #N/A | 0.02 | - | 0.24 | 4 |
| SOL | Renesola Lt-Adr | 2.06 | #N/A | (50.34) | - | 0.56 | 4 |
| GSKY | Greensky Inc-A | 4.32 | 12.95 | 24.68 | - | 1.46 | 4 |
| QFIN | 360 Finance-Adr | 11.24 | #N/A | #N/A | - | 1.01 | 4 |
| ATH | Athene Holding | 35.77 | #N/A | #N/A | - | #N/A | 4 |
| BRT | Brt Realty Trst | 12.84 | #N/A | #N/A | 6.85 | #N/A | 4 |
| PLT | Plantronics Inc | 12.39 | #N/A | 21.12 | - | 0.31 | 3 |

Technical Trading Screen

| Ticker | Company | Current Price | Next 3-5 Yr Est EPS Gr rate | 5 yr Hist Sales Gr | Div Yield | Price/ Sales | Score |
|--------|-----------------|---------------|--------------------------------|-----------------------|-----------|-----------------|-------|
| MET | Metlife Inc | 39.32 | 3.12 | 0.66 | 4.68 | 0.52 | 8 |
| EGO | Eldorado Gold | 11.78 | 5.00 | (5.11) | - | 2.49 | 7 |
| EME | Emcor Group Inc | 70.62 | #N/A | 6.85 | 0.45 | 0.43 | 7 |
| KEYS | Keysight Tech | 98.25 | 8.76 | 11.47 | - | 4.46 | 7 |
| SWI | Solarwinds Corp | 19.45 | 7.30 | #N/A | - | 6.19 | 7 |
| TRN | Trinity Inds In | 20.61 | #N/A | (16.13) | 3.69 | 0.88 | 7 |
| ALKS | Alkermes Inc | 18.45 | 2.67 | 16.35 | - | 2.53 | 6 |
| APOG | Apogee Entrprs | 23.50 | #N/A | 9.84 | 3.19 | 0.48 | 6 |
| ARI | Apollo Commercl | 9.50 | #N/A | 21.05 | 14.74 | 4.49 | 6 |
| AZN | Astrazeneca Plc | 55.94 | 16.82 | (0.00) | 1.57 | 5.71 | 6 |
| BCE | Bce Inc | 42.64 | 4.55 | 2.23 | 5.93 | 2.22 | 6 |
| CASH | Meta Finl Grp | 19.32 | #N/A | 39.99 | 1.04 | 1.24 | 6 |
| CBB | Cincinnati Bell | 15.04 | #N/A | 7.64 | - | 0.50 | 6 |
| HNI | Hni Corp | 33.16 | #N/A | (0.65) | 3.68 | 0.67 | 6 |
| HSC | Harsco Corp | 15.37 | 10.00 | 0.91 | - | 0.73 | 6 |
| KBAL | Kimball Intl B | 11.79 | #N/A | 5.07 | 3.05 | 0.60 | 6 |
| KNL | Knoll Inc | 13.73 | #N/A | 6.12 | 1.75 | 0.52 | 6 |
| ODFL | Old Dominion Fl | 190.50 | 9.48 | 9.46 | 0.31 | 5.67 | 6 |
| OSK | Oshkosh Corp | 79.11 | 8.85 | 7.93 | 1.52 | 0.74 | 6 |
| SNDR | Schneider Natl | 26.23 | 6.55 | 4.88 | 0.99 | 1.04 | 6 |
| ARGO | Argo Group Intl | 35.59 | #N/A | 6.30 | 3.48 | 0.66 | 5 |
| BEAT | Biotelemetry | 43.00 | 10.00 | 26.86 | - | 3.38 | 5 |
| CAE | Cae Inc | 15.26 | 8.00 | 8.68 | 1.08 | 1.62 | 5 |
| CW | Curtiss Wright | 98.97 | #N/A | 3.83 | 0.69 | 1.70 | 5 |
| EHC | Encompass Hlth | 65.24 | 4.18 | 9.03 | 1.72 | 1.41 | 5 |
| GRA | Grace (Wr) New | 47.07 | #N/A | (6.01) | 2.55 | 1.72 | 5 |
| MBT | Mobile Tele-Adr | 9.16 | 9.97 | 2.69 | 10.04 | 1.12 | 5 |
| MCY | Mercury Genl Cp | 43.62 | #N/A | 5.10 | 5.78 | 0.65 | 5 |
| NESR | National Energy | 7.28 | #N/A | #N/A | - | 0.85 | 5 |
| PBR.A | Petrobras-Adr P | 8.49 | #N/A | (3.58) | 0.01 | 0.84 | 5 |
| PKX | Posco-Adr | 40.93 | 5.00 | (3.43) | 0.75 | 0.28 | 5 |
| SRNE | Sorrento Therap | 9.48 | #N/A | 61.56 | - | 64.56 | 5 |
| WBS | Webster Finl Cp | 27.56 | #N/A | 9.25 | 5.81 | 1.80 | 5 |
| ADNT | Adient Plc | 17.70 | 32.75 | (2.43) | - | 0.13 | 4 |
| BAND | Bandwith Inc-A | 150.06 | 14.30 | 19.28 | - | 13.54 | 4 |
| BHC | Bausch Health | 17.38 | 11.02 | (5.23) | - | 0.76 | 4 |
| KFY | Korn/Ferry Intl | 29.92 | #N/A | 11.02 | 1.34 | 0.90 | 4 |
| PRQR | Proqr Therap | 5.54 | #N/A | #N/A | - | #N/A | 4 |
| RARE | Ultragenyx Phar | 82.42 | #N/A | #N/A | - | 31.33 | 4 |
| TME | Tencent Mus-Adr | 15.81 | 19.97 | #N/A | - | 6.74 | 4 |
| WCN | Waste Connectn | 100.43 | 8.27 | 26.04 | 0.74 | 4.86 | 4 |

Portfolio / Client Update

If you have a few minutes, please watch my interview with MacroVoices. It is a good encapsulation of what our thoughts are currently and what we are watching for in our portfolio management process. <https://youtu.be/qXlaaw7mhxQ> Over the last week, we have taken some further actions to

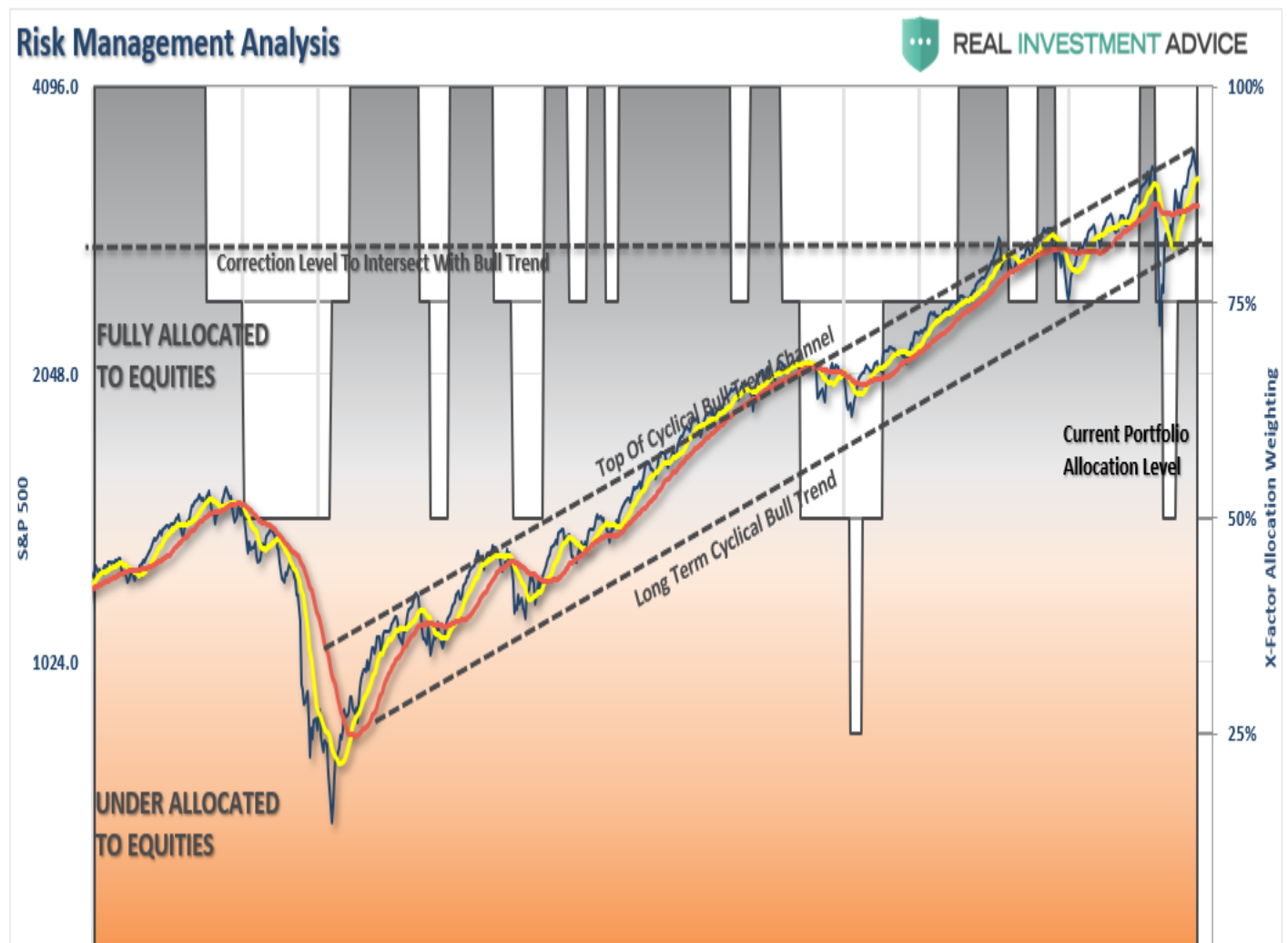
reduce risk during the recent decline. In the short-term, the market is very oversold, and it is imperative the market regains and holds the 50-dma next week. We suspect that will be the case on Monday. The downside risk is minimal at the moment. As such, we have continued to reposition the portfolio by raising some cash and adding some additional "value" based holdings. We will look to add to some of our stronger growth companies using this pullback to do so. As we have noted previously, over the next few months, we continue to consolidate our portfolio holdings to reduce our total holdings from 32 to 25. Such will provide us with the ability to concentrate positions a bit more to increase overall portfolio yield, while also improving performance on a relative basis. Also, fewer positions simplify the process of hedging portfolio risks. If you have any questions, all the advisors at RIA have been briefed on the strategy and will be happy to discuss it with you.

Portfolio Changes

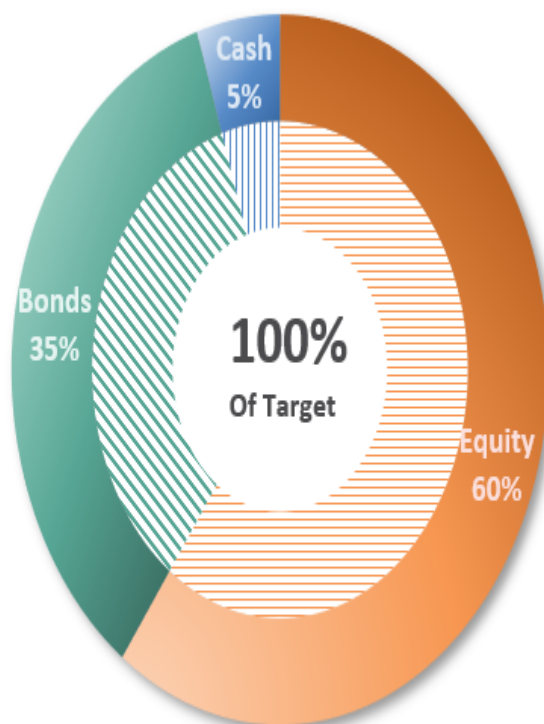
This past week involved very few changes to the **Equity Portfolio**. After a long grind, RTX finally broke out of its consolidation and began to improve technically. We have owned the position previously, so adding it back to the portfolio was a simple process. As always, we start with a small position and build into it. As part of our consolidation process, we have sold WELL and AEP. We are currently overweight in Utilities and Real Estate, which have been underperforming, so we trimmed out the laggards in our portfolio and will add to our stronger positions. **There were no changes to the ETF Portfolio this week.** We continue to look for opportunities to abate risk, add return either in appreciation or income, and protect capital. 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

5.00% 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

60.00% Equity (Stocks)

The vast majority of funds track an index.

Therefore, select on ONE fund from each category.

Keep it Simple.

20% Equity Income, Balanced or Conservative Allocation

30% Large Cap Growth (S&P 500 Index)

5% International

5% Mid-Cap

Portfolio Instructions:

| Allocation Level To Equities | Recommendation | When To Take Action |
|------------------------------|-----------------------|-------------------------|
| Less Than Target Allocation | Use Weakness To Add | Move Slowly On Weakness |
| Equal To Target Allocation | Hold Current Exposure | Hold Exposure |
| Over Target Allocation | Hold Current Exposure | Hold Exposure |

Commentary

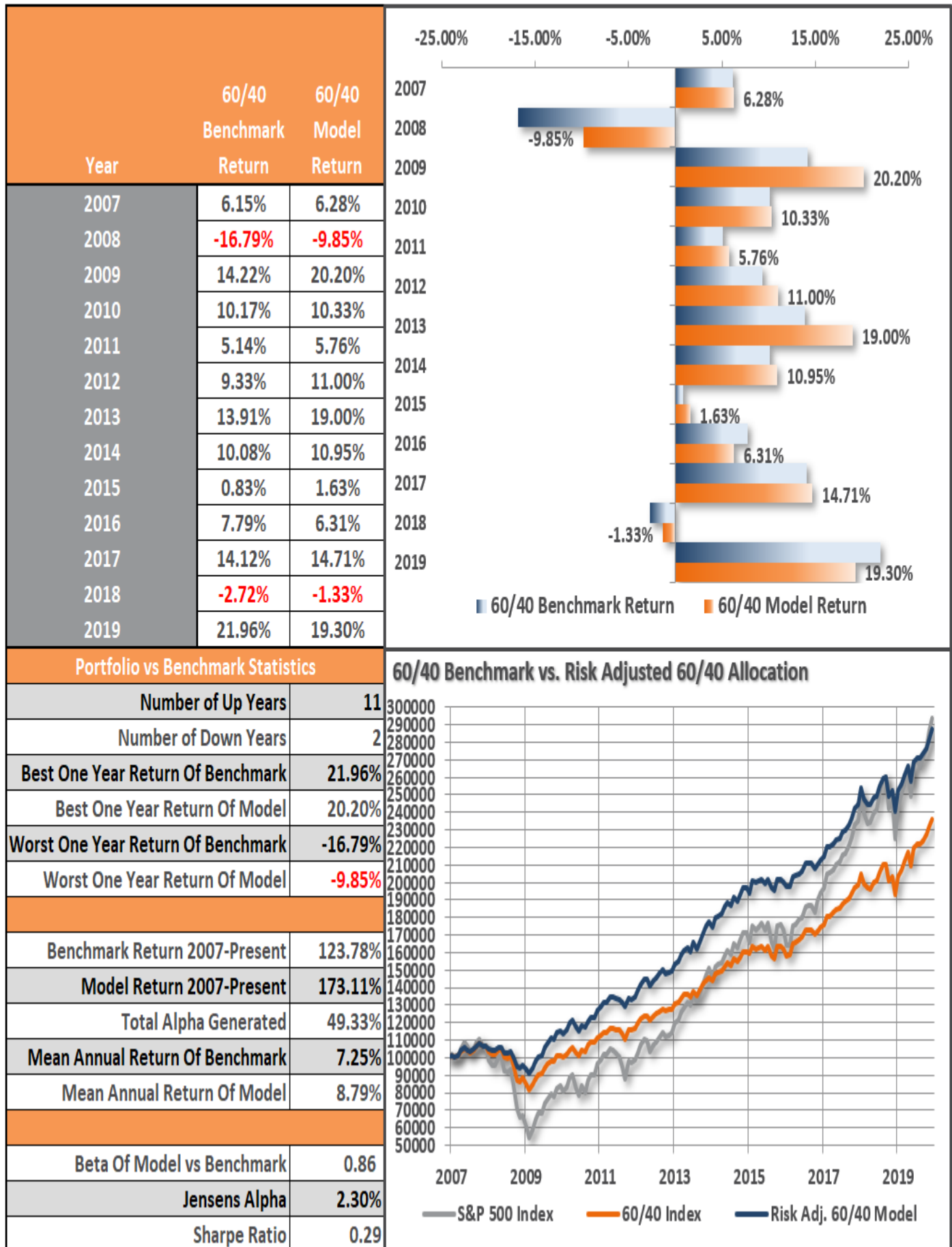
As noted last week: "That correction started on Thursday and Friday and with the markets 5% lower, we will look for a short-term oversold condition to add exposure to equities."

The market is getting fairly oversold short-term, so if you are wanting to increase exposure there is a tradeable opportunity to do so. Add some of your exposure next week, and use additional weakness to add accordingly.

In the longer-term the markets remain extremely overbought, so there is downside risk. Be mindful of the risk you are taking particularly if you are close to retirement.

If you need help after reading the alert, do not hesitate to [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 one should not rely on it for any reason. Past performance is not a guarantee of future results. Use at your own risk and peril.



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 and 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 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

My Asset Composition

RIAPro Asset Composition