Market Stumbles As Stimulus Hopes Fade

In this issue of "Market Stumbles As Stimulus Hopes Fade."

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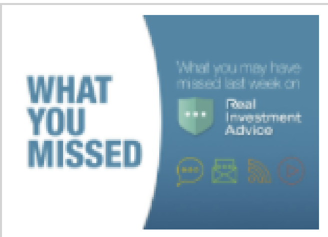
The Pre-Election Event

?Policies, Not Politics.?&#2013266080; *Join Richard Rosso, CFP, and Danny Ratliff, CFP, for an in-depth look at both party?s platforms and how upcoming changes could affect your retirement, social security, medicare, and how you invest. From taxes to the markets, they will provide the answers you are looking for.*

- ***When:***&#2013266080;*Saturday, October 24th, 2020*
- ***Time:***&#2013266080;*8-9am*
- ***Where:***&#2013266080;*An exclusive*&#2013266080;***GoTo Webinar Event***&#2013266080;***(Register Now)***

Catch Up On What You Missed Last Week



#WhatYouMissed On RIA This Week: 10-16-20

Written by Lance Roberts | Oct 16, 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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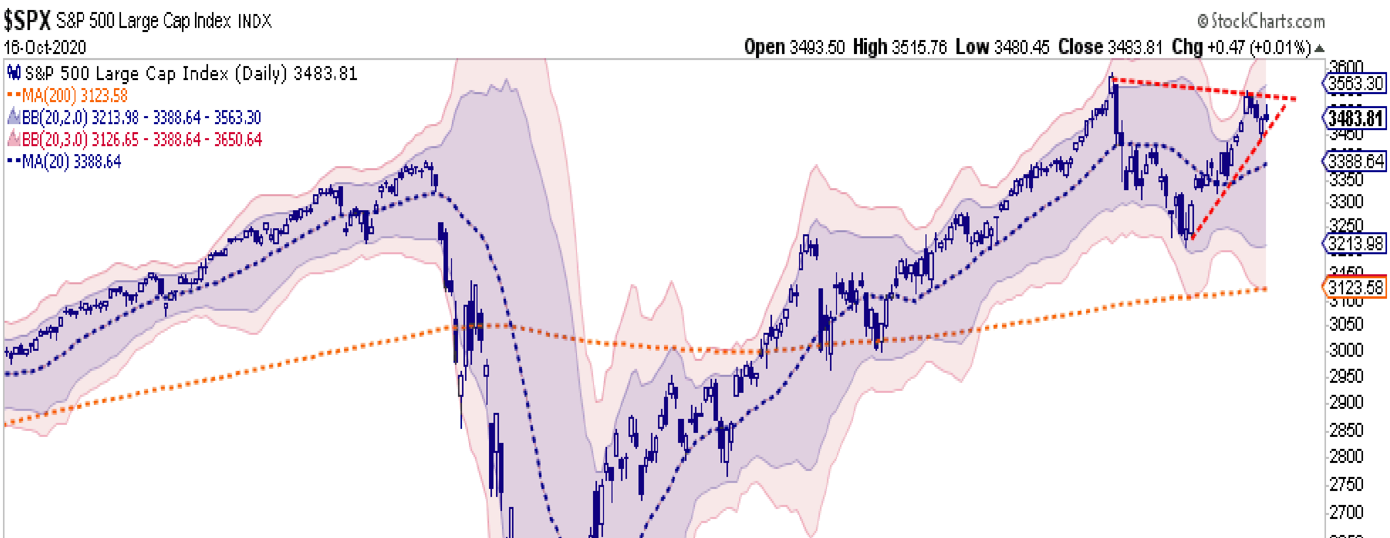
Market Stumbles As Stimulus Hopes Fade

Over the past couple of weeks, we have discussed the market rally from the recent oversold lows.

> ***"The Federal Reserve needs 'more stimulus' to monetize the underlying debt issuance for investors. Such is how, ultimately, liquidity gets into the markets.*** *&#2013266080;With markets only about 3% away from all-time highs, there is really nothing to stop it from getting there* ***unless stimulus talks break down once again."***



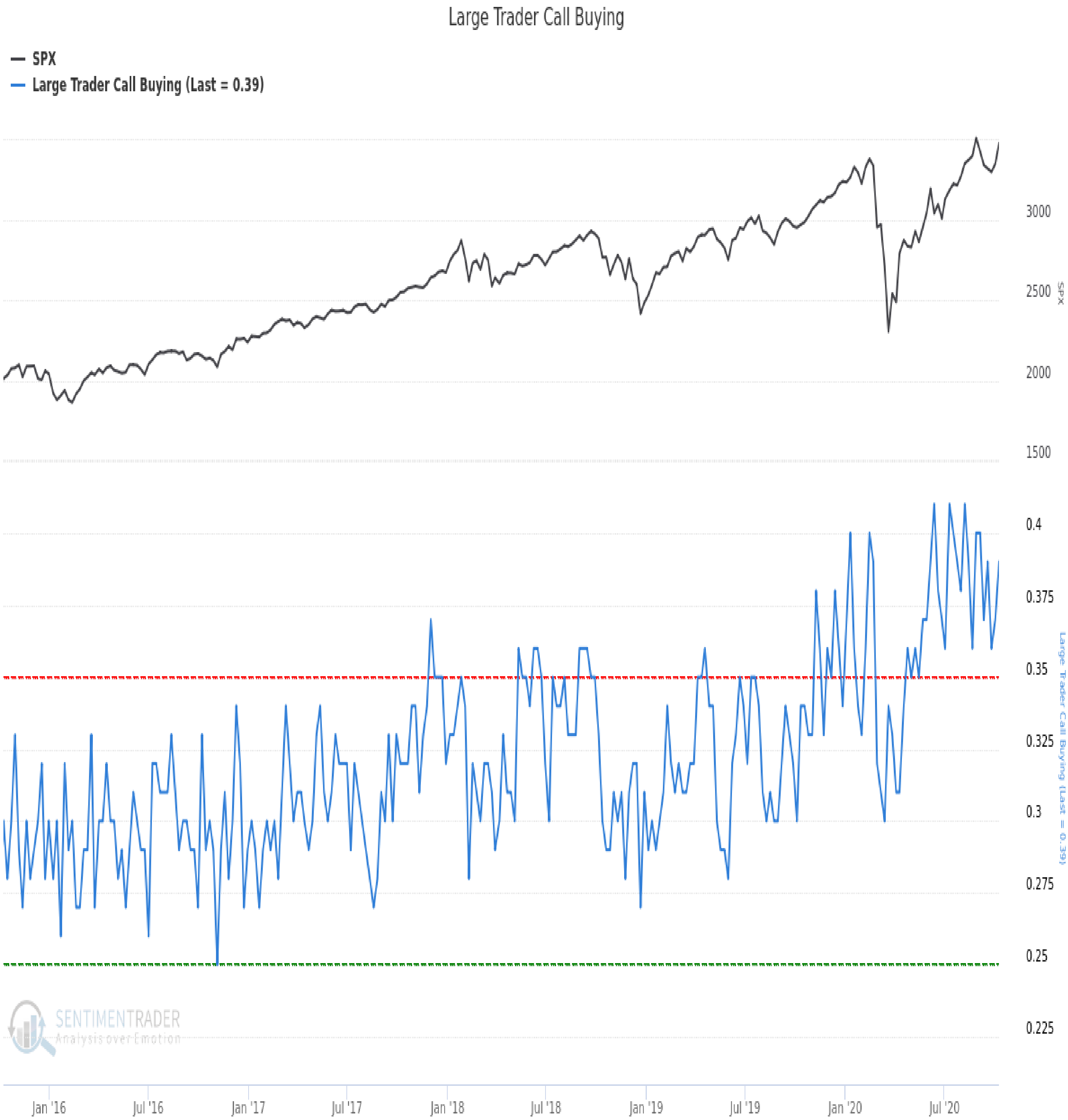
Unfortunately, the latter happened as the stalemate between House Democrats and Treasury Secretary Mnuchin continued. While both the Treasury Secretary and the President have signaled they are open to a much bigger stimulus package, the House's Speaker isn't budging off her demands for State bailouts. Neither is Senate Majority Leader Mitch McConnell, who has already stated he will not take up any House bill. He stated he would put a roughly $500 billion targeted relief bill to vote in the Senate as soon as next week. That bill is also doomed. However, even without a stimulus package, the market rallied nicely from recent lows. The good news is the bit of trading sloppiness last week allowed the market to start working off the overbought condition. While we could see some additional weakness early next week, the downside risk is fairly limited going into the election.

Conditions Are Less Favorable

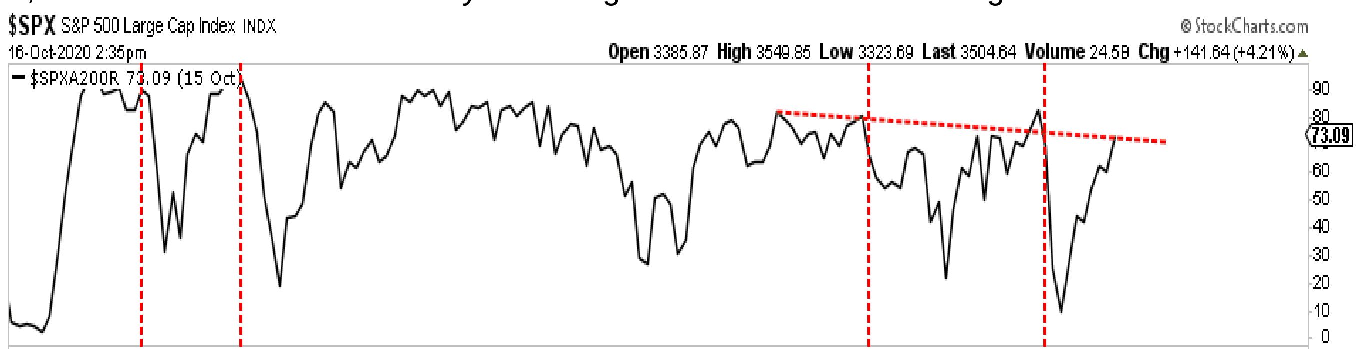
As shown below, both the 20- and 50-dma's sit just below current levels. Those averages should act as initial support. Below that support are the recent lows, which will likely contain the market within the current range. Such would entail a roughly 8% decline from current levels and certainly well within the context of a normal market correction.

However, a break of that important support will quickly find the 200-dma, which is currently about

11% below current levels. As we will discuss momentarily, a *"contested election"* could certainly provide the catalyst for such a decline. The fuel for a bigger decline remains this week. With speculation ramping up again, the risk/reward in the short-term has become less favorable. Call option buying remains extremely elevated relative to historical norms and exacerbates market declines when those positions are unwound.



On a longer-term basis, we remain concerned about the dichotomy of signals from the market. Negative divergences of RSI,&#2013266080; the number of stocks above their respective 200-dma, and the more extreme monthly overbought condition are concerning.



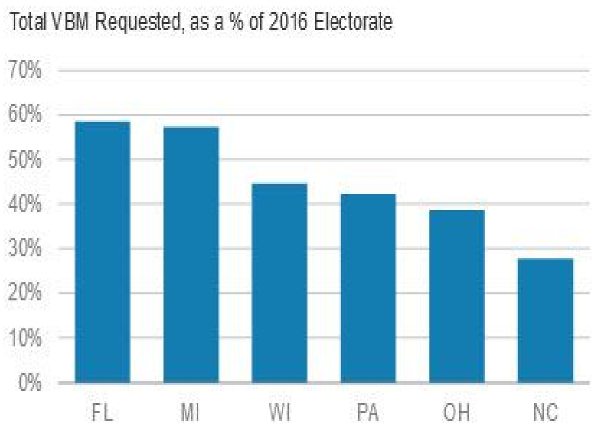
The previous extensions over the last decade have led to decent corrections. Could this time be different? Sure, anything is possible. However, as investors, we want to remain focused on the *"probabilities."* While the market seems assured that more stimulus is coming sooner rather than later, one risk facing the market may be a *"contested election."*

An Election Night Risk

Over the last few weeks, we have discussed much of what happens to the stock market both pre- and post-Presidential elections. However, there is the potential for a delayed election outcome this year, which could rattle the stock market. As noted by *Morgan Stanley via Zerohedge:*

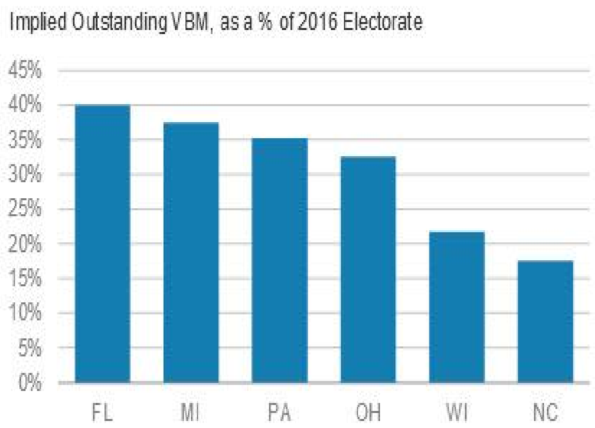
> *"Contrary to some expectations that the election outcome could take as much as a month to be decided - a la Gore vs Bush - new data cited by Morgan Stanley suggests* ***'the worst-case outcome is the least likely.'*** *And while vote-by-mail (VBM) requests are breaking records, a concern given the slower process for counting those ballots, voters appear to be returning those ballots at a rapid pace in key battleground states according to Morgan Stanley's Michael Zezas."*

Exhibit 2: Vote-by-Mail Requests in Key States - in Florida and Michigan, VBM requests exceed 50% of the total electorate in 2016



Source: ElectProject.org, Morgan Stanley Research

Exhibit 3: Implied Outstanding Vote By Mail in Key States - North Carolina and Wisconsin have relatively higher rates of return



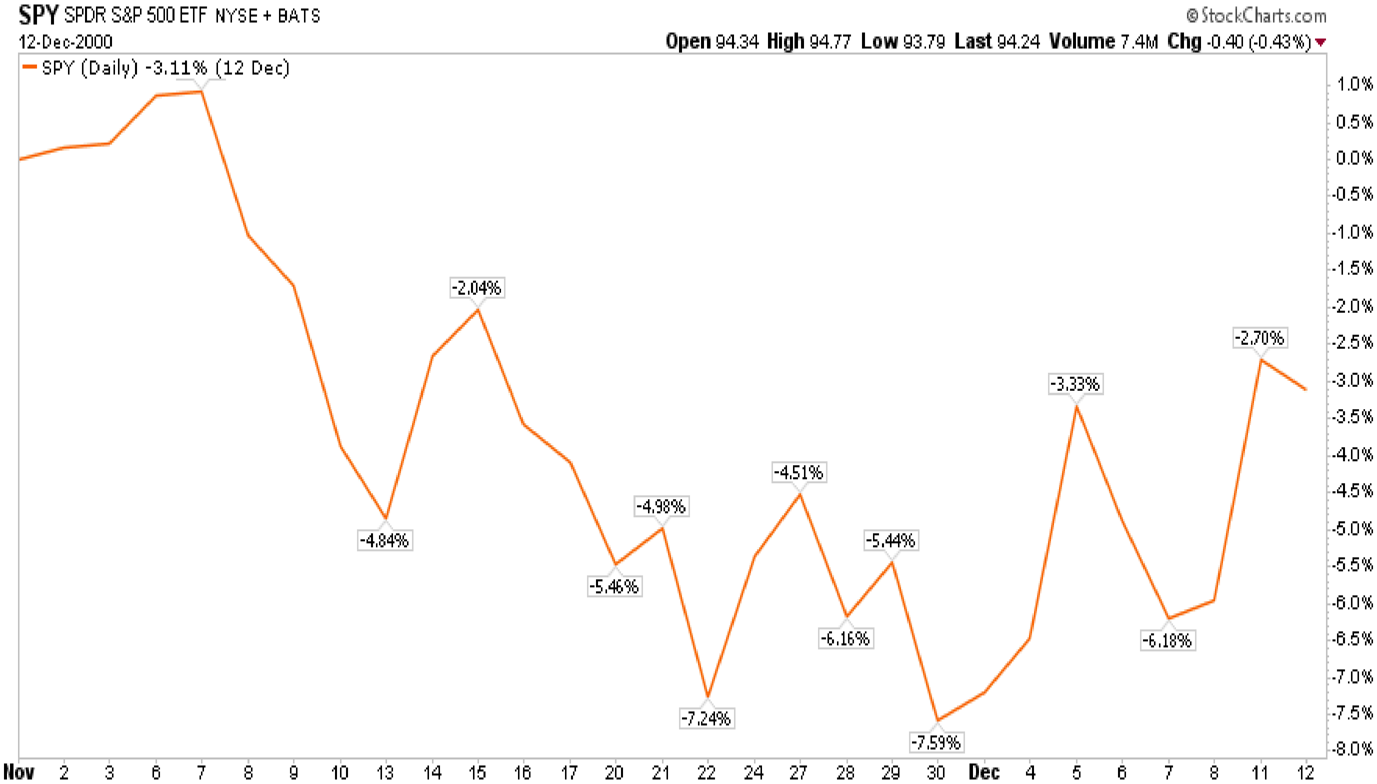
Source: ElectProject.org, Morgan Stanley Research

> *"M**organ Stanley says that** '**there is an 80% chance the result is not determined on election night.'"***

Is there a precedent for such an outcome?

Markets Don't Like Uncertainty.

From a historical perspective, we have the precedent of the Gore/Bush election in 2000. What does this mean for financial markets? The outcome of the election between George W. Bush and Al Gore was not decided on election day. Instead, Gore demanded a recount in Florida, where the vote was close, and *?hanging chads?* were at issue. It took over a month before we knew the election outcome when the U.S. Supreme Court decided *Bush v. Gore&#2013266080;*on December 12, 2000. What markets don't like is uncertainty; over the course of the next several weeks, the S&P 500 decline by 7.5% at its nadir. However, the volatile swings of the market over that period were excruciating for investors. **While not the "devastating event" the media has portrayed such an outcome to be, it is still worth noting. The inherent risk of a sharp rise in volatility and potential loss of gains if the unexpected does indeed occur.&#2013266080;**

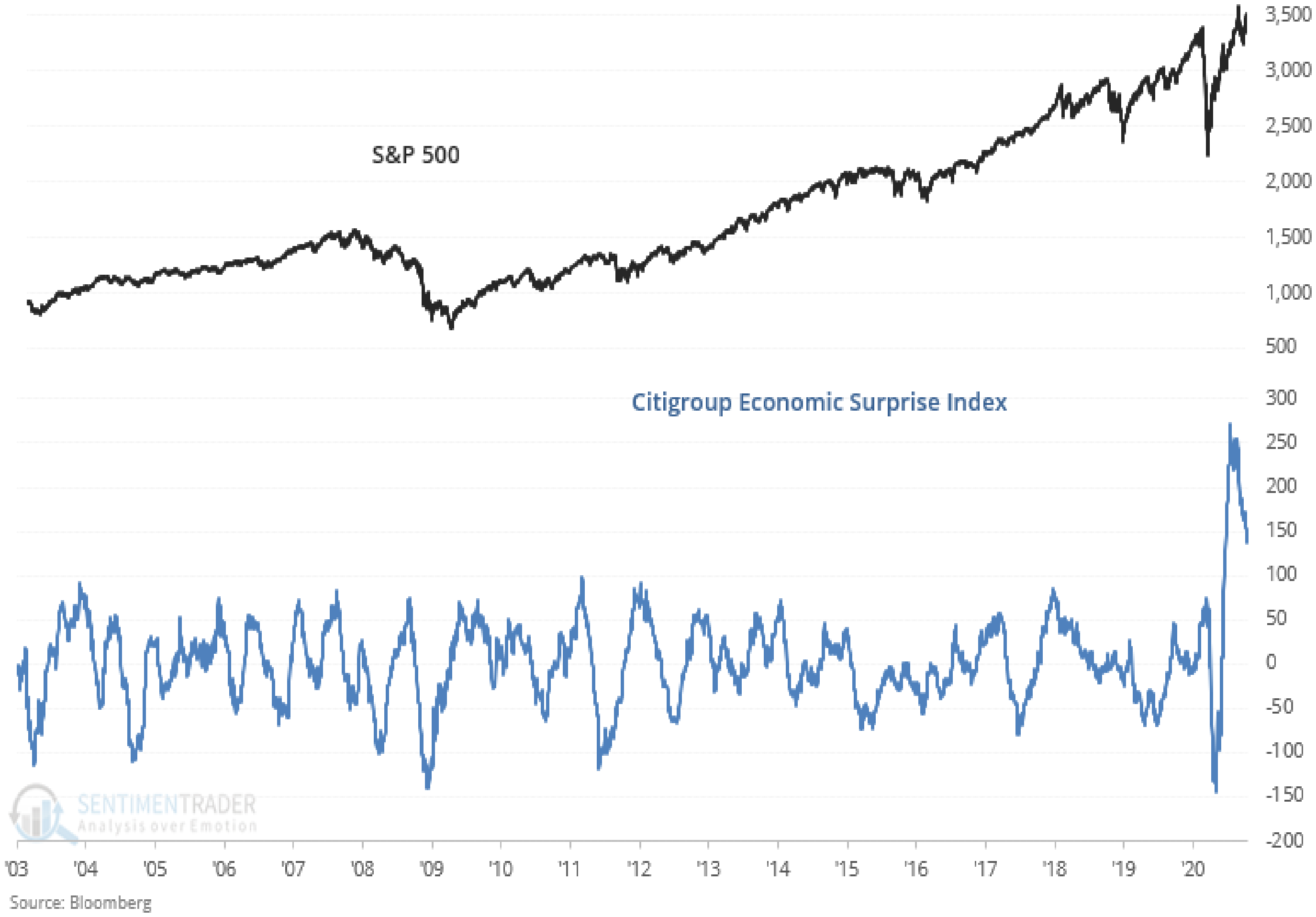


Here's the point. If you are about to get on a boat and go out deep sea fishing, it generally never hurts to take a Dramamine if the seas get rough. Otherwise, the entire experience becomes a single nauseating memory.

Economic Disappointment

Another risk is a further economic disappointment. Coming off of the March lows and the economic shutdown, expectations for recovery had gotten extremely dire. However, as the Federal Reserve and the Government injected money directly into the financial system, sent checks to households, and provided additional benefits, the data improved faster than expected. However, what is important to remember is that we measure data on a *"rate of change"* basis. For example, think about a restaurant that was shut down entirely. When they are allowed to reopen, they go from ZERO customers to just ONE. That is a 100% increase from the prior period. Next period they have TWO customers, which is a 50% increase from the period. **The business remains on the brink of bankruptcy, but the growth rate of sales is stunning.&#2013266080;** This is what is happening with the economic data currently. The **Citigroup Economic Surprise Index** measures the difference between Wall Street's expectations for economic data versus what is actually reported. If the data is better, the index rises, and vice versa. The chart below, courtesy of Sentimentrader, shows the index compared to the S&P 500 index. ***"The Citigroup Economic Surprise Index is***

retreating after the biggest spike in this data series' history."



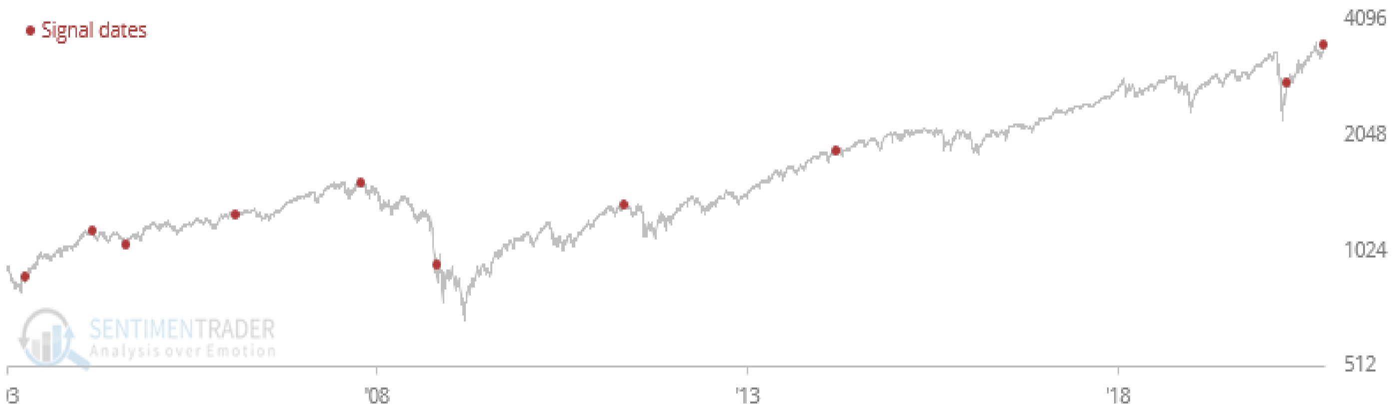
Why is this important?

Back To Uncertainty

With no stimulus currently on the horizon and a resurgence of economic weakness, there is more than a reasonable risk we may see more disappointment in economic data ahead. Such could have return implications for the stock market.

> ***"When the Citigroup Economic Surprise Index dropped rapidly in the past, the S&P's returns over the next month were slightly more bearish than random." -*** *Sentimentrader*

S&P 500 after Citigroup Economic Surprise drops <-100 over past 2 months



Signals	1 Week	2 Weeks	1 Month	2 Months	3 Months	6 Months	1 Year
2003-04-04	-1.2	1.5	6.3	12.7	14.3	17.2	30.9
2004-03-05	-3.1	-4.1	-0.5	-3.1	-3.0	-3.7	5.9
2004-08-13	3.2	4.0	6.0	4.6	10.2	13.2	15.6
2006-02-03	0.2	1.8	0.9	3.8	4.9	1.2	14.6
2007-10-16	-1.2	-0.5	-4.4	-4.6	-10.7	-11.2	-41.0

With the potential for a delayed or contested election, weaker economic data, no stimulus, and already elevated asset prices and valuations, the risk of a correction has certainly risen. **All that is need is an "unexpected, exogenous event," which sends traders scrambling for the exits.** Such leads us to this week's portfolio positioning.

Portfolio Positioning Update

As we have noted previously, we currently have more equity exposure than we are comfortable with. **However, technically, there is no reason to reduce exposure as trends remain positive sharply, the sentiment remains clearly bullish, and volatility remains suppressed.** With that said, we are still hedging portfolios by holding slightly higher levels of cash and adjusting the duration of the bond portfolio to mitigate drawdown risk. It's challenging to hedge portfolios in an environment driven by daily news flows and sentiment and ignoring a wide range of *"risks."* The following quote from Sven Heinrick seems apropos at this juncture:

> ***"Markets have been rallying not only on stimulus hope but also on the premise that the risk of a contested election is diminished or so the popular pablum goes.*** *Well, for there to not be a contested election there needs to be a concession speech on the eve of the election. If that doesn't happen, there is no election clarity until at least December 14 when the electoral college votes.* ***That?s 6 weeks of uncertainty.*** *And what if this gets contested, or what if there are legal challenges in between or beyond?* ***I?m raising these questions to highlight that there are all sorts of risks floating about that this market is not pricing in. At all.*** *Rather the market is making all kinds of positive presumptions in terms of what it appears to perceive as the most positive outcomes. And they may well be correct, But whether these presumptions are correct, or not, I?m not one to say.* ***However, it appears that if these presumptions are wrong, then the risk is very much under-appreciated. For now, this market hears of no risk, sees no risk, and speaks of no risk."***

Risk Happens Fast

His comments are certainly worth considering, even if you are *"uber"* bullish and completely disagree with my assessment. The reason is that when markets heavily discount downside risk or become exceedingly complacent, such creates an atmosphere where a rapid unwinding of markets can occur.

> *"When we superimpose the market structure (with so many in one side of the investment boat),* ***the secondary market implication is a continuation of a new regime of heightened volatility and a wide trading range. Such favors trading sardines over eating sardines." -****Doug Kass*

Investors tend to make critical mistakes in managing their portfolios.

- *Investors&#2013266080;**are slow to react to new information&#2013266080;(they anchor)**, which initially leads to under-reaction but eventually shifts to over-reaction during late-cycle stages.*
- *The ?herding? effect ultimately drives investors.* ***A rising market leads to ?justifications? to explain over-valued holdings. In other words, buying begets more buying.***

- *Lastly, as the markets turn,&#2013266080;**the ?disposition? effect takes hold, and winners are sold to protect gains, but losers are held in the hopes of better prices later.**&#2013266080;*

While the market is bullish now, and there is clearly an upside bias, an unexpected, exogenous event will cause a sharp reversal. Such suggests hedging equity risk until there is more *?clarity?* concerning the risk and reward. As we have stated previously, *"risk happens fast."&#2013266080;*

Why We Hold Cash

The great thing about holding extra cash is that it is a simple process to make the proper adjustments to increase portfolio risk if we're wrongs. However, if we are right, we protect investment capital from destruction and spend far less time *?getting back to even.?* Importantly,&#2013266080;**I want to stress that I am not talking about being 100% in cash.** I am suggesting that holding higher levels of cash during periods of uncertainty provides both stability and opportunity.&#2013266080;With heightened political, fundamental, and economic risks, understanding **the value of cash as a&#2013266080;*?hedge?* against loss becomes more important.&#2013266080; Given the length of the current market advance, deteriorating internals, high valuations, and weak economic backdrop,** &#2013266080;reviewing cash as an asset class in your allocation may make some sense. Chasing yield at any cost has typically not ended well for most. **Of course, since Wall Street does not make fees on investors holding cash, maybe there is a reason they are so adamant that you remain invested all the time.**

The MacroView

[#MacroView: Recessions Are A Good Thing, Let Them Happen]

Written by Lance Roberts | Oct 16, 2020

The Federal Reserve believes recessions "are bad." and have gone to great lengths to avoid them. However, what if "recessions are a good thing," and we just let them happen?

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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

Analysis & Stock Screens Exclusively For RIAPro Members

S&P 500 Tear Sheet

SPY RISK INFO				
Item	T 2-Yr	T 1-Yr.	YTD	% Diff YTD/T1-YR
Price Return	23.86%	16.38%	7.90%	(51.78%)
Max Drawdown	-35.63%	-35.63%	-35.63%	0.00%
Sharpe	0.62	0.75	0.32	(0.58)
Sortino	0.67	0.79	0.36	(0.55)
Volatility	25.93	32.81	36.78	0.12
Daily VaR-5%	(25.36)	(28.86)	(48.39)	0.68
Mnthly VaR-5%	(22.65)	(20.88)	(34.03)	0.63

Item	2 years ago	1 year ago	Current	1 Yr % Change	5 Year High	5 year Low	% From High	% From Low
Dividend Yield	1.76%	1.85%	1.52%	(21.36%)	2.20%	1.53%	(30.66%)	(0.54%)
P/E Ratio	19.69	18.76	24.71	24.11%	2471%	1629%	0.0%	51.68%
P/S Ratio	4.08	3.81	4.39	13.26%	4.42	3.22	(0.64%)	36.35%
P/B Ratio	5.34	5.19	6.06	14.25%	6.05	3.96	0.03%	52.82%
ROE	21.50%	21.58%	20.23%	(6.69%)	22.04%	17.61%	(8.21%)	14.88%
ROA	4.23%	4.21%	3.79%	(11.19%)	4.31%	3.51%	(12.16%)	8.00%

S&P 500 Market Cap Analysis			
Item	12-M Ago	Current	% Chg
Shares	3,247.1	3,059.4	(5.78%)
Sales	72,168	70,704	(2.03%)
SPS	22.2	23.1	3.98%
Earnings	11,628	10,477	(9.90%)
EPS TTM	4.6	4.1	(11.40%)
Dividend	1.6	1.5	(3.45%)

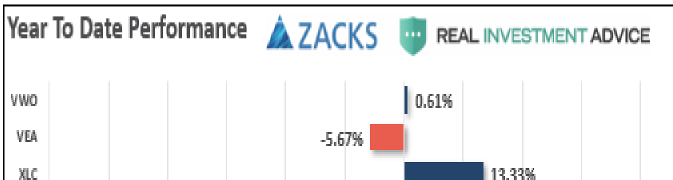
S&P 500 Asset Allocation

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	(45.83%)	2.01%	1.74	25.33	120.57	11.30	(79.0%)	2.8%	7.0%	3.87%	0.78	35.01
Materials	15.02%	2.62%	1.26	24.49	23.19	13.86	5.6%	7.7%	2.0%	4.08%	3.40	20.54
Industrials	0.42%	8.35%	1.10	25.83	24.63	14.65	4.9%	12.9%	1.6%	3.87%	3.40	23.05
Discretionary	33.99%	11.74%	1.29	49.00	49.00	20.59	0.0%	15.3%	0.6%	2.01%	4.01	35.84
Staples	10.80%	6.93%	0.57	23.01	22.83	17.65	0.8%	28.5%	2.5%	4.33%	4.10	21.01
Health Care	18.60%	13.96%	0.76	18.25	19.47	15.08	(6.3%)	29.2%	1.7%	5.52%	7.05	16.31
Financials	(10.33%)	9.61%	1.27	14.49	18.48	10.52	(21.6%)	8.2%	2.2%	6.89%	4.56	13.62
Technology	48.85%	28.32%	1.11	32.06	32.72	14.63	(2.0%)	51.7%	1.0%	3.10%	4.68	27.17
Telecom	18.73%	10.72%	0.92	25.88	27.01	17.61	(4.2%)	16.0%	0.7%	3.86%	6.25	21.96
Utilities	0.67%	3.05%	0.44	19.95	22.10	15.58	(9.7%)	10.7%	3.2%	5.06%	3.77	17.93
Real Estate	(7.55%)	2.59%	0.91	20.24	21.41	16.91	(5.5%)	8.4%	2.9%	4.93%	4.08	20.00

Momentum Analysis

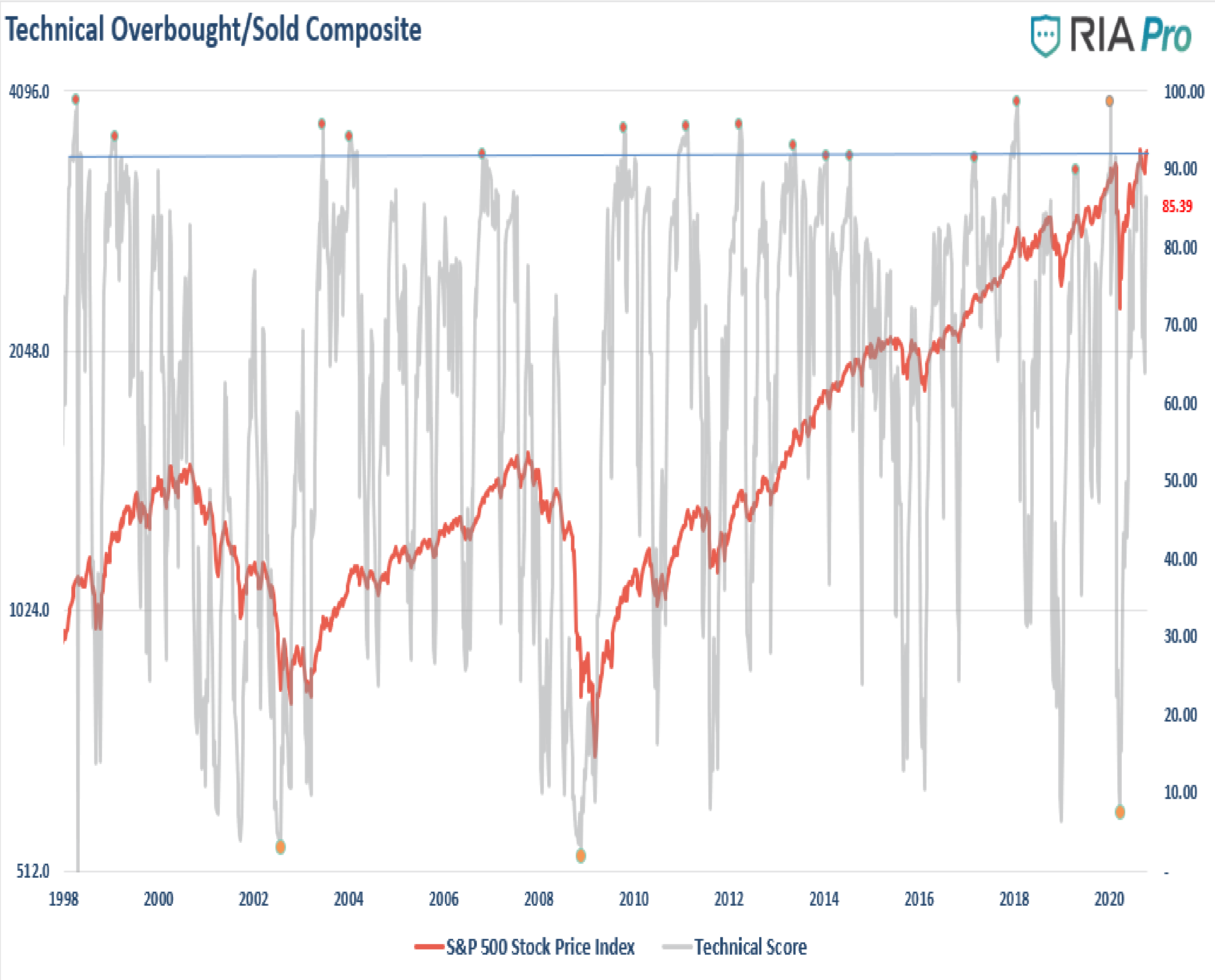
Item	Price	ROC 50-Days	50-DMA	# Days Since Cross	% Dev 50-Day	200-DMA	# Days Since Cross	% Dev 200-Day	% Dev 50-200 DMA	% From 52-W High	% From 52-W Low	Buy/Sell
Large Cap	347.29	3.80%	339.51	8	2.29%	311.56	80	11.47%	8.97%	(3.19%)	59.12%	Buy
Mid Cap	364.01	3.04%	349.13	11	4.26%	328.43	16	10.83%	6.30%	(5.32%)	69.92%	Buy
Small Cap	65.77	1.48%	63.45	10	3.65%	60.21	13	9.24%	5.39%	(11.40%)	61.28%	Buy

Performance Analysis



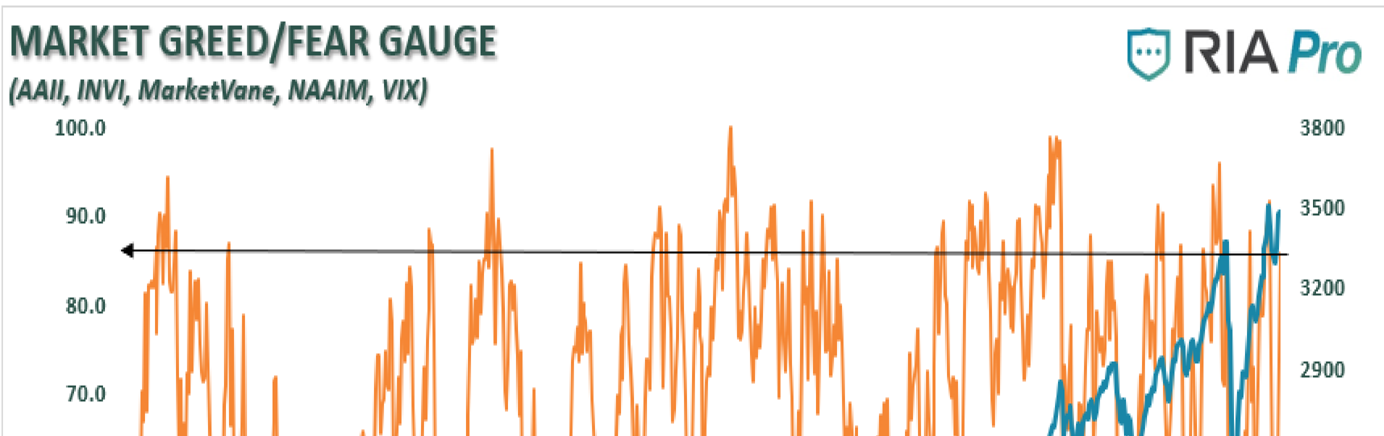
Technical Composite

The technical overbought/sold gauge comprises several price indicators (RSI, Williams %R, etc.), measured using "weekly" closing price data.&#2013266080; Readings above "80" are considered overbought, and below "20" is oversold.&#2013266080;



Portfolio Positioning "Fear / Greed" Gauge

The "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.



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	348.45	0.13	4.53	8.17	22.90	16.31	337.92	309.21	336.06	0.99	344.46	327.66	3%	13%	BULLISH
XLB	SPDR-MATLS SELS	66.27	(0.49)	(3.70)	(0.36)	7.58	(1.07)	63.38	56.50	63.64	1.11	65.94	61.34	5%	17%	BULLISH
XLC	SPDR-COMM SV SS	60.78	0.62	(1.06)	(1.26)	(0.31)	4.53	59.94	54.25	59.40	1.00	61.48	57.32	1%	12%	BULLISH
XLE	SPDR-EGY SELS	30.19	(2.08)	(14.71)	(27.69)	(38.69)	(63.37)	34.36	35.77	29.95	1.64	31.19	28.71	-12%	-16%	BEARISH
XLF	SPDR-FINL SELS	24.99	(1.08)	(3.28)	(5.20)	(9.62)	(27.40)	24.60	23.58	24.07	1.14	24.95	23.19	2%	6%	BULLISH
XLK	SPDR-TECH SELS	121.12	0.66	3.84	6.96	13.35	33.39	115.42	101.43	116.70	1.06	120.86	112.54	5%	19%	BULLISH
XLI	SPDR-INDU SELS	81.60	0.98	(0.95)	5.42	8.15	(10.25)	76.75	69.73	76.98	1.15	79.79	74.17	6%	17%	BULLISH
XLP	SPDR-CONS STPL	66.17	0.53	(0.64)	(1.67)	(8.06)	(7.37)	64.16	60.47	64.10	0.57	66.07	62.13	3%	9%	BULLISH
XLRE	SPDR-RE SELS	36.11	(2.35)	(3.10)	(4.41)	(13.07)	(25.83)	35.91	34.76	35.27	0.70	36.40	34.14	1%	4%	BULLISH
XLU	SPDR-UTIL SELS	64.00	0.69	4.83	(2.00)	(8.37)	(16.02)	60.21	58.92	59.38	0.35	61.07	57.69	6%	9%	BULLISH
XLV	SPDR-HLTH CR	107.92	(0.53)	(2.28)	(5.49)	(12.58)	1.31	106.08	100.35	105.48	0.78	108.94	102.02	2%	8%	BULLISH
XLY	SPDR-CONS DISCR	152.85	(0.48)	1.69	4.60	13.28	8.81	145.26	127.40	146.98	1.16	152.36	141.60	5%	20%	BULLISH
XTN	SPDR-SP TRANSPT	61.14	(1.26)	(3.56)	3.66	8.78	(17.75)	58.89	52.92	58.15	1.35	60.39	55.91	4%	16%	BULLISH
SDY	SPDR-SP DIV ETF	97.29	(0.45)	(1.23)	(4.54)	(8.47)	(22.10)	95.24	90.86	92.40	0.88	95.53	89.27	2%	7%	BULLISH
RSP	INVS-SP5 EQ ETF	113.40	(0.28)	(1.26)	(1.41)	(0.53)	(11.15)	109.66	101.33	108.11	1.09	111.99	104.23	3%	12%	BULLISH
SLY	SPDR-SP6 SC	65.77	(0.35)	1.53	0.58	2.26	(18.88)	63.10	58.10	60.87	1.24	63.14	58.60	4%	13%	BULLISH
MDY	SPDR-SP MC 400	364.01	(0.08)	2.54	(0.23)	2.83	(13.07)	347.48	319.75	338.83	1.17	351.27	326.39	5%	14%	BULLISH
EEM	ISHARS-EMG MKT	45.56	(0.72)	(2.20)	(2.56)	6.09	(7.78)	44.36	40.33	44.09	0.88	45.58	42.60	3%	13%	BULLISH
EFA	ISHARS-EAFE	64.74	(1.56)	(5.13)	(5.83)	(5.91)	(18.61)	64.45	60.39	63.65	0.81	65.75	61.55	0%	7%	BULLISH
IAU	ISHARS-GOLD TR	18.11	(1.76)	(7.27)	(8.45)	(11.24)	10.78	18.44	17.05	17.99	0.08	18.45	17.53	-2%	6%	BULLISH
GDX	VANECK-GOLD MNR	39.83	(2.46)	(8.23)	(12.95)	(3.25)	30.56	41.09	35.23	39.16	0.72	40.42	37.90	-3%	13%	BULLISH
UUP	INVS-DB US$ BU	25.29	0.47	(3.82)	(8.99)	(28.60)	(21.05)	25.24	26.14	25.35	(0.10)	25.96	24.74	0%	-3%	BEARISH
IXUS	ISHARS-CR INT S	59.62	(1.32)	(4.16)	(4.19)	(1.60)	(14.84)	58.84	54.36	58.34	0.85	60.29	56.39	1%	10%	BULLISH
TLT	ISHARS-20+YTB	161.39	0.69	(5.87)	(13.09)	(26.80)	(0.68)	164.96	163.82	163.26	(0.31)	166.84	159.68	-2%	-1%	BULLISH
BNDX	VANGD-TTL INT B	58.47	0.28	(3.91)	(7.42)	(20.63)	(15.95)	58.09	57.52	58.19	0.03	59.66	56.71	1%	2%	BULLISH
HYG	ISHARS-IBX HYCB	84.63	(0.50)	(4.13)	(8.14)	(15.33)	(19.13)	84.56	82.14	83.90	0.39	86.32	81.48	0%	3%	BULLISH

RIA Pro　　REAL INVESTMENT ADVICE

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	P/E using 12 mo EPS	Score
MCO	Moodys Corp	290.48	10.00	9.32	0.77	29.98	9.00
AZO	Autozone Inc	1,193.26	9.48	3.75	-	16.57	8.00
CHD	Church & Dwight	95.10	8.90	7.13	1.01	33.84	8.00
LOW	Lowes Cos	176.15	16.61	5.54	1.25	22.38	8.00
NTRS	Northern Trust	87.02	10.70	9.58	3.22	13.60	8.00
PG	Procter & Gambl	143.83	7.41	0.64	2.20	28.09	8.00
SPGI	S&P Global Inc	347.45	10.00	5.97	0.77	31.25	8.00
TMO	Thermo Fisher	464.56	15.50	11.32	0.19	34.88	8.00
ABT	Abbott Labs	107.32	10.98	12.74	1.34	35.65	7.00
ATVI	Activision Blzd	80.35	15.97	7.42	0.51	27.24	7.00
AVY	Avery Dennison	132.86	6.15	4.59	1.75	21.02	7.00
BLK	Blackrock Inc	646.24	9.03	7.55	2.25	20.19	7.00
CPRT	Copart Inc	117.64	13.00	16.55	-	45.77	7.00
CRM	Salesforce.Com	257.72	15.67	26.35	-	171.81	7.00
DVA	Davita Inc	88.91	11.93	(6.30)	-	12.40	7.00
HUM	Humana Inc New	435.36	12.34	4.94	0.57	17.23	7.00
JBHT	Hunt (Jb) Trans	141.84	15.00	10.87	0.76	29.13	7.00
KEYS	Keysight Tech	105.68	8.76	11.47	-	25.53	7.00
QRVO	Qorvo Inc	135.96	12.35	4.94	-	23.12	7.00
ROP	Roper Technolgs	430.45	10.50	11.35	0.48	33.97	7.00
SHW	Sherwin William	688.00	9.44	13.44	0.78	31.13	7.00
TER	Teradyne Inc	87.29	16.74	9.40	0.46	21.93	7.00
TGT	Target Corp	165.46	7.22	2.75	1.64	23.57	7.00
UPS	Utd Parcel Srvc	174.04	7.90	6.64	2.32	23.33	7.00
AJG	Gallagher Arthu	108.16	10.69	7.66	1.66	26.06	6.00
ALLE	Allegion Plc	104.82	6.10	7.90	1.22	22.25	6.00
APH	Amphenol Corp-A	114.36	7.51	10.32	0.87	33.15	6.00
CMS	Cms Energy	64.77	7.01	1.86	2.52	23.47	6.00
CTLT	Catalent Inc	92.20	16.47	11.67	-	49.31	6.00
DE	Deere & Co	238.24	8.18	9.68	1.28	28.19	6.00
DLR	Digital Rlty Tr	156.67	6.80	16.52	2.86	24.63	6.00
EA	Electr Arts Inc	131.34	12.38	5.24	-	24.37	6.00
FBHS	Fortune Brd H&S	89.81	7.32	5.44	1.07	24.27	6.00
FDX	Fedex Corp	282.11	12.00	8.62	0.92	24.92	6.00
IDXX	Idexx Labs Inc	422.72	15.83	10.73	-	79.91	6.00
J	Jacobs Engin Gr	99.37	7.77	5.59	0.76	18.64	6.00
LNT	Alliant Engy Cp	54.55	5.76	2.74	2.79	20.66	6.00
MAS	Masco	57.45	14.92	1.28	0.97	22.80	6.00
MTD	Mettler-Toledo	1,018.53	10.38	5.77	-	44.59	6.00
ODFL	Old Dominion Fl	204.01	10.54	9.46	0.29	41.41	6.00
PCAR	Paccar Inc	89.16	10.00	8.31	1.44	18.81	6.00
PKI	Perkinelmer Inc	123.33	12.90	7.23	0.23	26.52	6.00

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

Ticker	Company	Current Price	Price/ Book	ROE 5 Yr Avg	Div Yield	Score
SJM	Smucker Jm	118.86	1.62	11.79	3.03	9
CFR	Cullen Frost Bk	68.90	1.08	11.45	4.12	8
EBTC	Enterprise Bcp	22.82	0.86	10.56	3.07	8
FISI	Financial Inst	16.18	0.60	10.41	6.43	8
HPE	Hewlett Pkd Ent	9.88	0.78	12.14	4.86	8
NTRS	Northern Trust	87.02	1.73	13.67	3.22	8
STT	State St Corp	66.95	1.05	12.70	3.11	8
TFC	Truist Finl Cp	42.11	0.92	10.20	4.27	8
TSLX	Sixth St Spclty	17.38	1.08	12.26	9.44	8
UNM	Unum Group	18.81	0.36	11.18	6.06	8
WTBA	West Bancorp	17.24	1.36	14.66	4.87	8
BANF	Bancfirst Okla	44.31	1.40	12.16	3.07	7
BK	Bank Of Ny Mell	37.23	0.84	10.43	3.33	7
BSRR	Sierra Bancorp	17.82	0.83	10.38	4.49	7
CHCO	City Hldgs Co	58.91	1.37	13.28	3.87	7
CMTV	Commnty Bcp Vt	14.50	1.07	12.25	5.24	7
CRWS	Crown Crafts	5.77	1.34	13.87	5.54	7
CVS	Cvs Health Corp	59.32	1.14	16.70	3.37	7
CZFS	Citizens Fin Sv	43.75	0.94	11.74	4.21	7
FCBP	First Choice Bc	14.10	0.62	12.24	7.09	7
FGBI	First Guaranty	14.03	0.76	10.07	4.56	7
FITB	Fifth Third Bk	23.40	0.81	10.31	4.62	7
FMNB	Farmers Natl Bc	11.60	0.99	10.88	3.79	7
GBCI	Glacier Bancorp	34.88	1.51	11.52	3.44	7
GBX	Greenbrier Cos	33.65	0.75	12.48	3.21	7
HIG	Hartford Fin Sv	37.83	0.81	10.16	3.44	7
IBCP	Indep Bk Mich	13.84	0.85	10.86	5.78	7
JHG	Janus Henderson	28.04	1.16	10.39	5.14	7
KEY	Keycorp New	12.98	0.81	10.63	5.70	7
LTC	Ltc Properties	35.46	1.77	13.40	6.43	7
NL	Nl Inds Inc	5.00	0.75	11.24	3.20	7
PEG	Public Sv Entrp	58.45	1.91	11.15	3.35	7
XRX	Xerox Holdings	20.12	0.78	15.57	4.97	7

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
MCO	Moodys Corp	290.48	10.00	9.32	0.77	3.04	9
QDEL	Quidel Corp	266.09	#N/A	35.57	-	#N/A	9
SPGI	S&P Global Inc	347.45	10.00	5.97	0.77	3.11	8
CPRT	Copart Inc	117.64	13.00	16.55	-	3.14	7
CRM	Salesforce.Com	257.72	15.67	26.35	-	8.63	7
FICO	Fair Isaac Inc	437.01	#N/A	8.93	-	#N/A	7
MSCI	Msci Inc-A	361.62	#N/A	10.11	0.86	#N/A	7
PAYC	Paycom Software	375.91	25.00	32.54	-	6.47	7
PCTY	Paylocity Hldg	193.93	20.00	27.51	-	14.15	7
REXR	Rexford Ind Rty	49.40	4.19	29.75	1.74	9.20	7
BF.B	Brown Forman B	76.26	#N/A	(4.73)	0.91	#N/A	6

Portfolio / Client Update

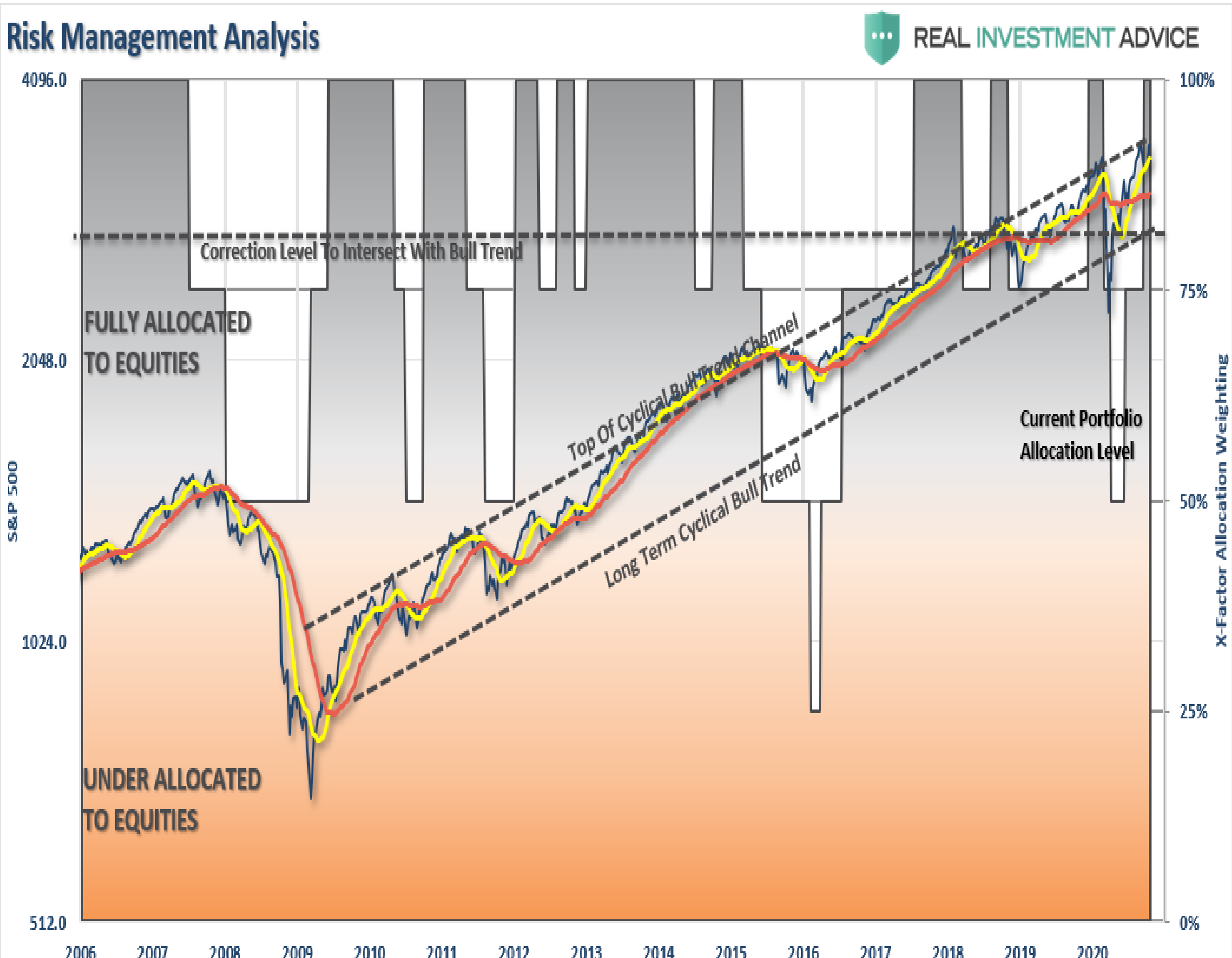
The market rally stumbled this week as hopes of more stimulus faded. While the market came close to testing previous highs, it fell a bit short. The good news is there is a good bit of support just below Friday's closing levels, with the 20-dma very close to crossing back above the 50-dma. Such should keep the markets fairly range-bound heading into next week. The not-so-good news is that we are just two weeks away from the Presidential election, which potentially argues for more market volatility between now and then. With the risk of a contested election higher than normal, and as noted in this week's missive's main body, there is downside risk. We are aware of that risk and continue to position ourselves accordingly. Over the last few weeks, we have increased our bond duration, reduced laggards, and repositioned holdings to align portfolios with our expected outcomes. We also continue to carry a slightly higher than normal cash level, which we can increase quickly if the need arises. We are also continuing to monitor our positioning closely and let the market dictate our next moves.

Portfolio Changes

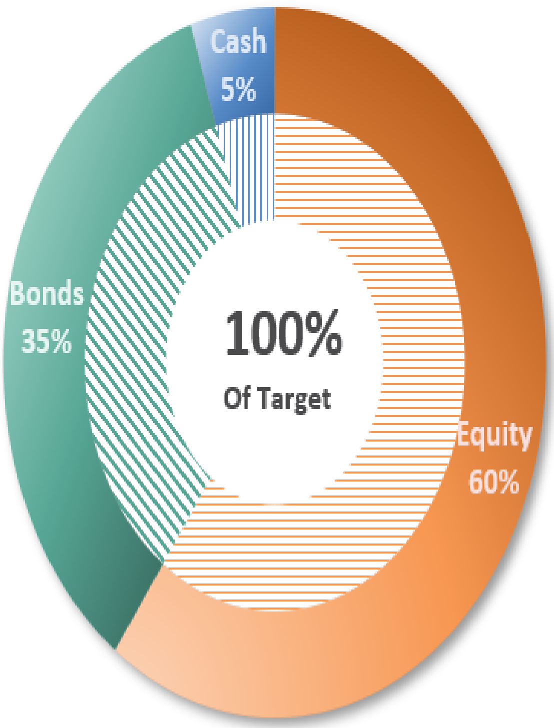
There were no changes to the portfolio this week. We continue to look for opportunities to abate risk, add return either in appreciation or income, and protect capital.&#2013266080; Please don't hesitate to contact us if you have any questions or concerns. *Lance Roberts CIO*

THE REAL 401k PLAN MANAGER

A Conservative Strategy For Long-Term Investors



Current Portfolio Weighting



Current 401k Allocation Model

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

The market stumbled this week as the realization that stimulus may be delayed until after the election took some of the steam out of the market.

However, the pullback was orderly and has begun to work off some of the short-term overbought condition. With buy signals still intact, maintain allocations for now. If you are underweight equity exposure you can use any pullback next week to add to your allocations.

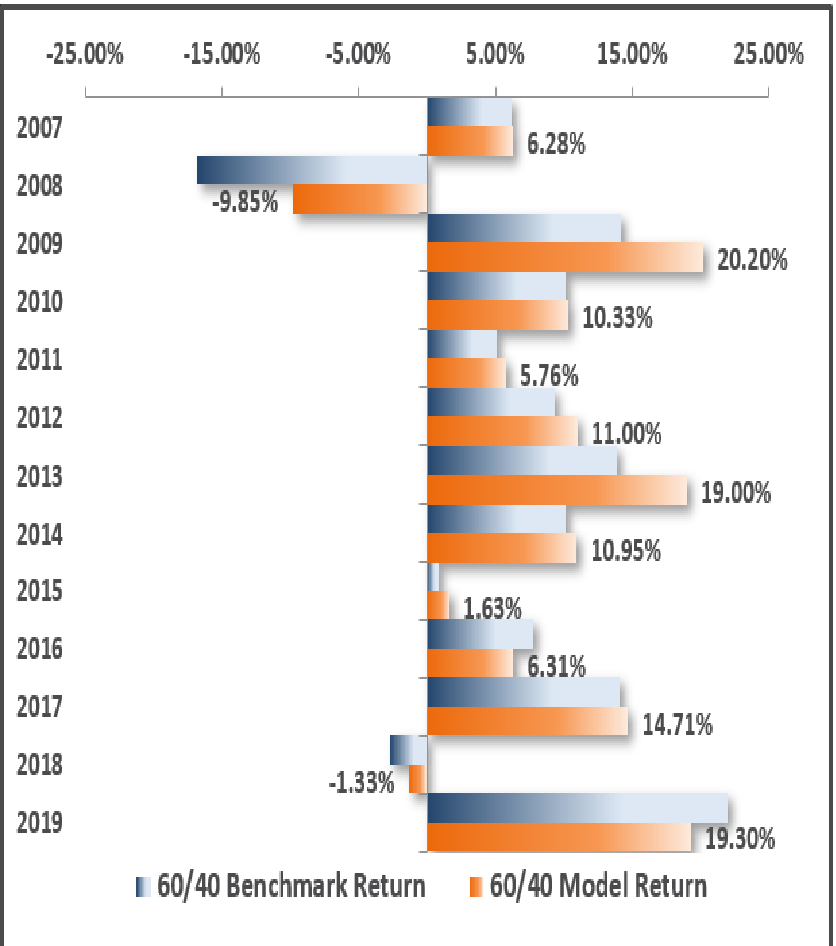
There is short-term risk of an election "debacle," which could certainly lead to a short-term sell off. There is nothing wrong with reducing exposures slightly until after the election if you are concerned OR are very close to retirement. It is always an easy process to add money back to the market, it is more difficult to try and recoup losses.

With the markets back on longer-term buy signals, we continue to suggest adding exposure on weakness and opportunistically. In the longer-term the markets remain extremely overbought, so there is downside

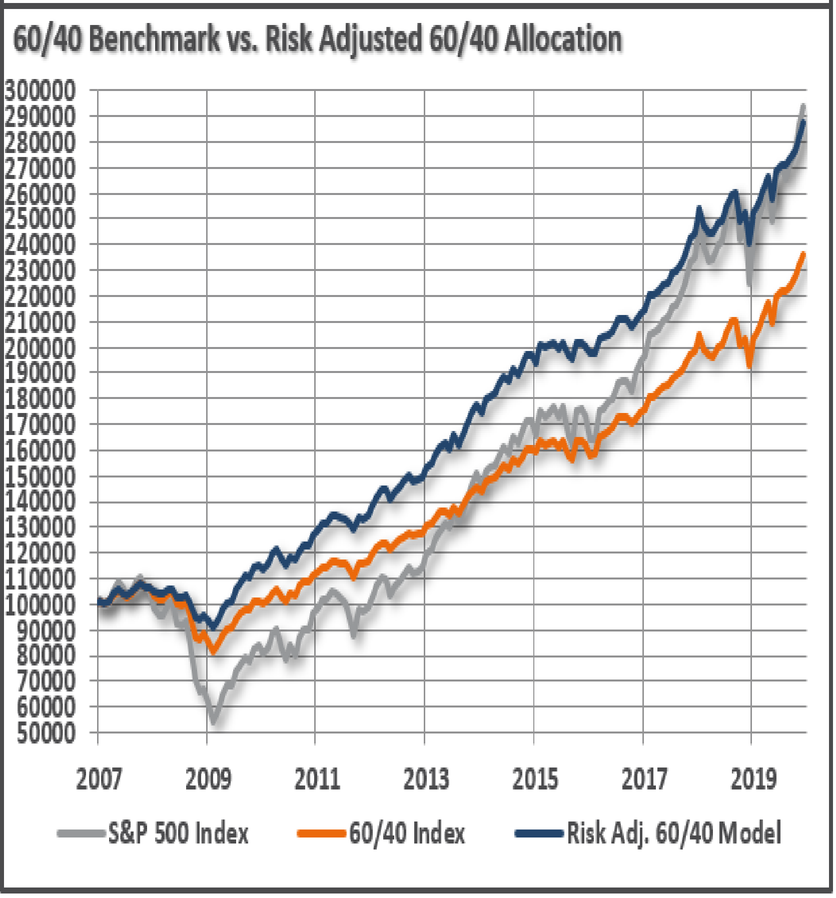
If you need help after reading the alert, do not hesitate to&#2013266080;[contact me.]

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 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.&#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 can access 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.**