

## Market Surges As Election Turns Into Optimal Outcome

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*In this issue of "Market Surges As Election Turns Into Optimal Outcome."*

- *Market Surges As Election Remains Unclear*
- *Gridlock Is Best For Markets*
- *The Focus Turns Back To The Fed*
- *Portfolio Positioning Update*
- *MacroView: The Fed Will Monetize All Debt Issuance*
- *Sector & Market Analysis*
- *401k Plan Manager*

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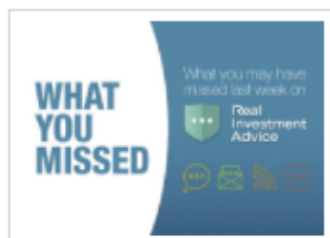
## The Post-Election Webinar Event

Danny Ratliff, CFP, and Richard Rosso, CFP, will join you for a "Candid Coffee" event to discuss what happens post-election as we head into 2021, what this means for the markets, taxes, retirement, planning, and much more. [Join us live on November 14th from 8-9 am via webinar.](#) [Register Now](#) to reserve your spot.



The graphic features two men, Danny Ratliff and Richard Rosso, on the left. In the center is a logo for "Candid Coffee" with a coffee cup and a dollar sign. On the right, the text reads: "Post-Election Episode", "Post-election results will be revealed", "So what impact will it have on retirement plans and retirees? We'll discuss policies, not politics.", "11/14 8-9am", "Sign up here for this can't-miss, hour-long GO TO MEETING event!", and a "REGISTER NOW" button.

## Catch Up On What You Missed Last Week



### #WhatYouMissed On RIA This Week: 11-06-20

Written by Lance Roberts | Nov 6, 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.

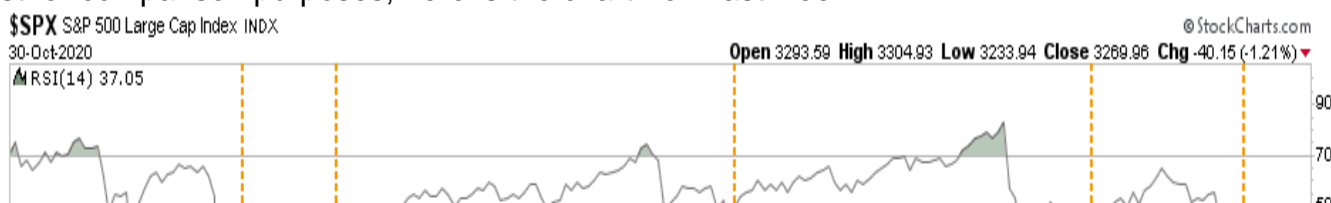
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## Market Surges As Election Remains Unclear

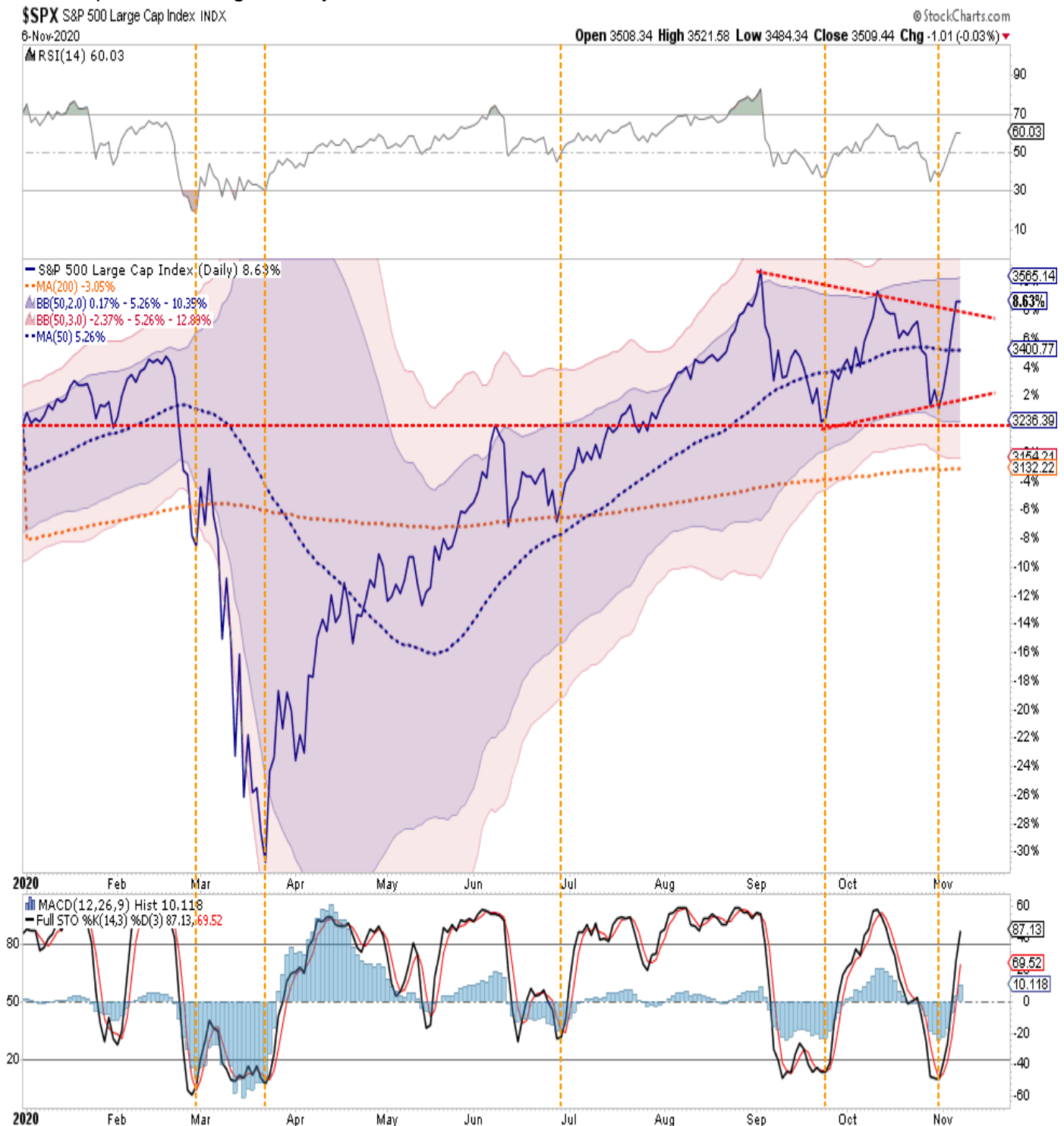
After reducing equity risk in portfolios over the last few weeks, [we suggested last week](#) the "selling" was likely overdone.

*"All of our "sell signals" have been intact for the last few weeks suggesting more downside risk near term. **Those signals have now reversed to the point where we are likely to see a decent reflex rally starting as early as Monday.** As noted in the year-to-date performance chart below, the market is 2-standard deviations below its 50-dma and is close to the September low support."*

Just for comparison purposes, here is the chart from last week.



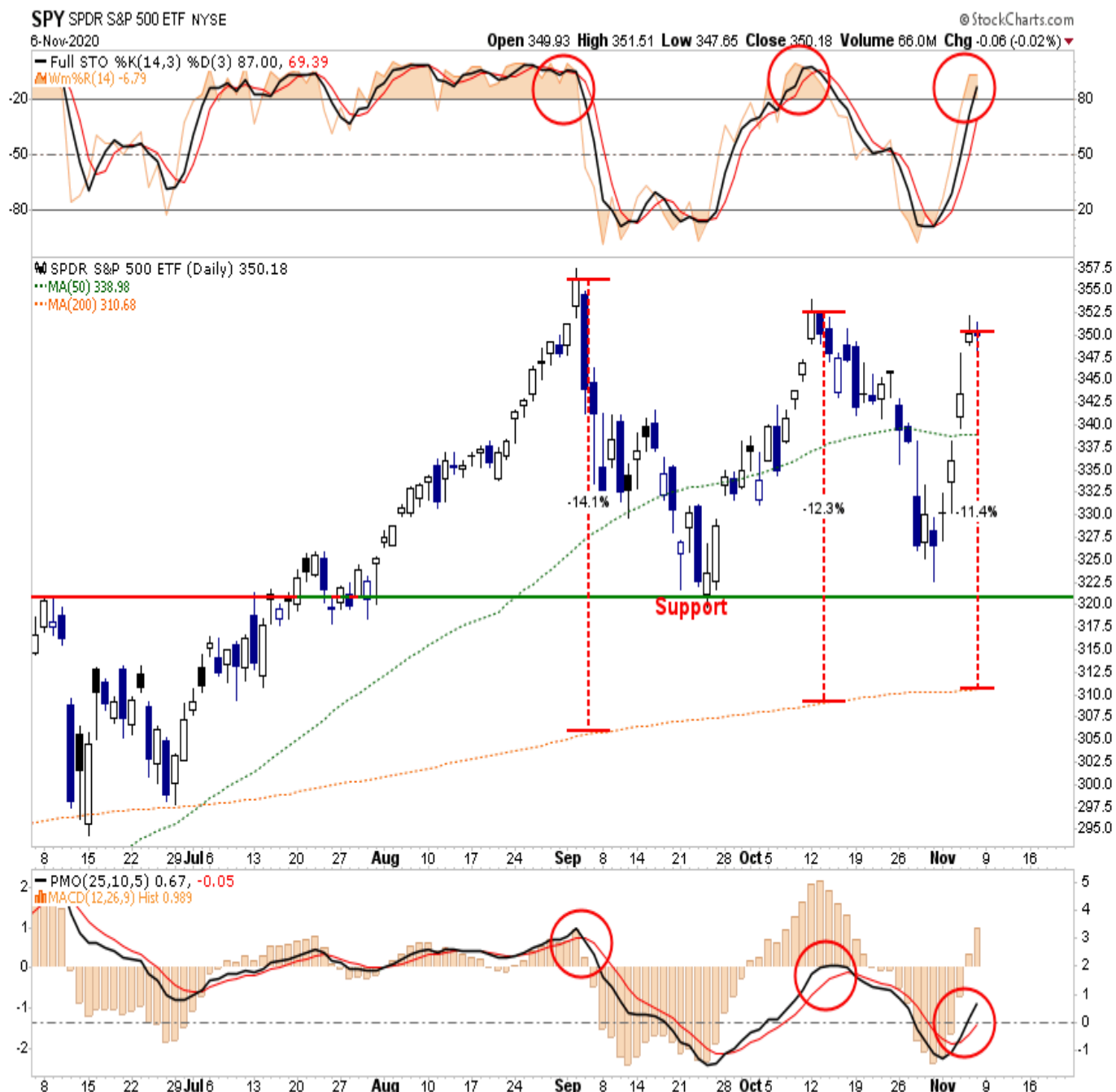
And it is updated through Friday's close.



It was quite the reversal. The rally pushed the market back above the 50-dma and lower highs' previous downtrend. Such sets the market up for a retest of all-time highs next week.

## Not Out Of The Woods

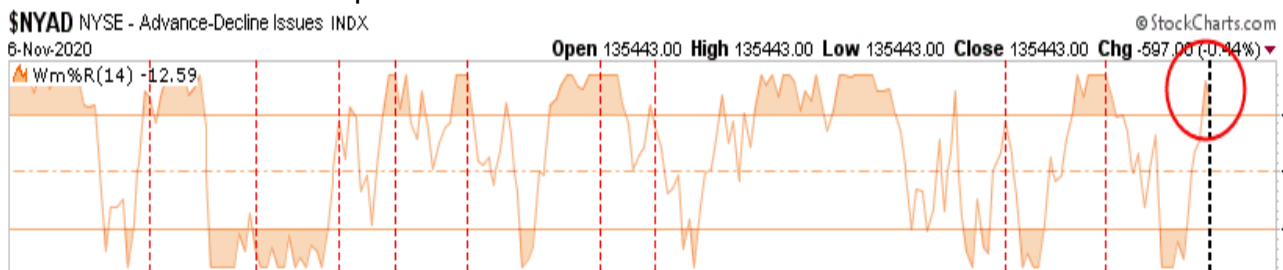
However, before you get all excited and go throwing your money into the market, you may want to step back and re-evaluate your risk. **If you haven't liked the ups and downs in the market over the last couple of months, you have too much "risk" in your portfolio.** The volatility isn't over. Particularly as we head into 2021. **Furthermore, while we did expect this rally and added exposure in our portfolios, the previous "oversold" condition has now been largely reversed.** As shown below, the market is now back to more "overbought" conditions, which suggests limited upside from current levels. Also, the deviation from the 200-dma is now back to levels that have previously led to mild, short-term corrections.



## Still A Sellable Rally

**"Such a rally will provide an opportunity to rebalance portfolio risks accordingly. As we will discuss momentarily, the markets will begin to process the election's impact on various sectors and the market itself. However, the economy's disconnect remains longer-term, which can not last as earnings come from economic activity. While the very short-term trading environment is conducive for a rally, the longer-term 'investing' environment is still problematic with weakening relative strength, participation, and fundamental issues.**

Keep a watch on the New York Advance-Dcline line. Over the last few trading days, the rapid surge in prices pushed that indicator back to more extreme overbought conditions, typically denote short- to intermediate-term tops.



For all of these reasons, aggressively positioned investors can use any rally to adjust portfolio volatility and risk. **Remember, investing isn't a competition for who can say they beat the market.** There are no "trophies." However, there is a heavy penalty to your retirement goals if you are wrong.



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## Gridlock Is Best For Markets

On Thursday, in our daily ["3-Minutes" video](#), I discussed why the markets were rallying despite a hotly contested election. <https://www.youtube.com/watch?v=VT9ZmRSO3II> As noted, it doesn't matter who the President is. **With the GOP potentially maintaining control of the Senate and narrowing the majority in the House, such vastly reduces significant policy changes such as:**

- Higher taxes
- Massive stimulus packages
- Extreme regulation on the oil and gas industry
- Large spending packages on "green energy."
- Major reform or socialization of health care.
- An inflationary spike.

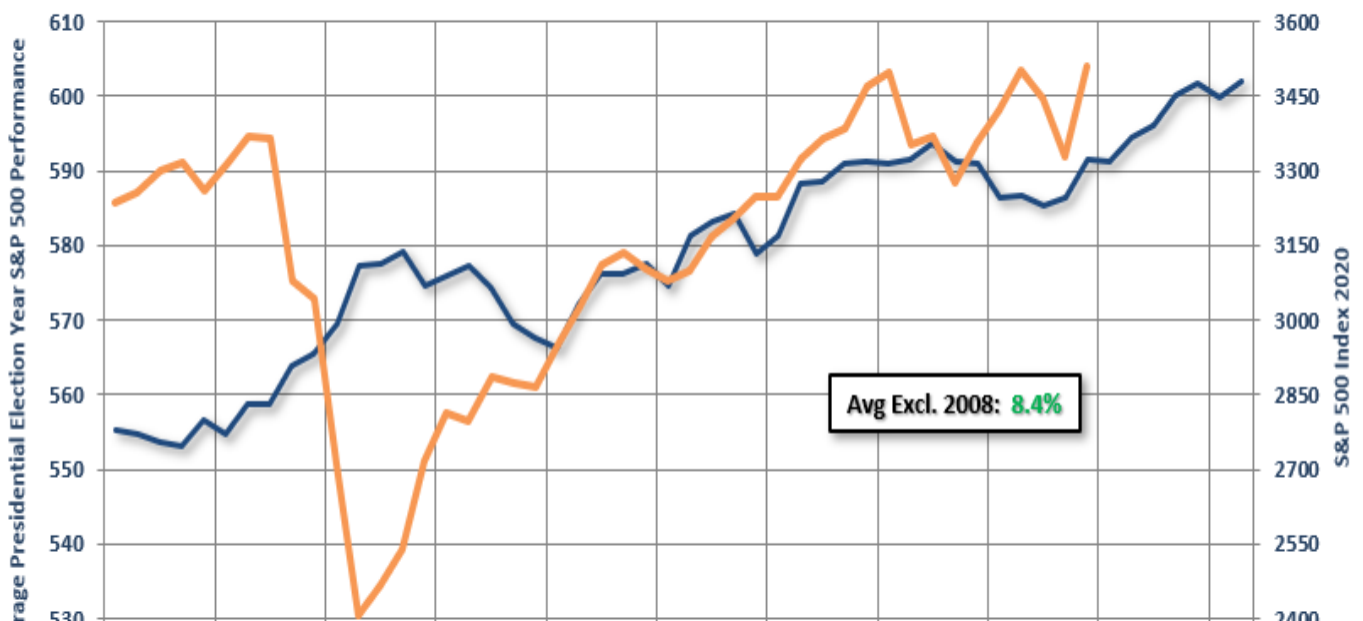
Such bodes well for the markets as noted by [MarketWatch](#):

*"The likely reason that Wall Street likes gridlock is that it reduces the possibility that any major policy changes will take effect. Sam Stovall, chief investment strategist at CFRA, noted in an email to clients that the increasingly likely gridlock 'lessens the prospects for an increase in regulations and taxes.' In addition, he added, the gridlock reduces the likelihood of 'additional fiscal stimulus' and that reduced likelihood in turn eases potential inflationary pressures down the road."*

As noted last week, such also aligns with historical Presidential election years. The weakness in September and October turns to strength in November and December.

### Election Year Returns Vs. 2020

(Without Financial Crisis-2008 and 2020 YTD Data)






## A Continuation Of The Rally Into Year-End

My colleague Doug Kass confirms our view of a rally into year-end.

*"With the perception, in part, of election uncertainty and the quicker spread of Covid-19, market participants have been positioned defensively and cautiously. We have exited the weakest period of the calendar (August to October) and are entering a two-month period where stocks are seasonally strong. The evolving market structure change, in which the market is dominated by products and strategies chasing price and momentum, could catapult the markets higher rather swiftly. In 'risk parity' and other quant strategies, 'buyers live higher and sellers live lower.' They are and might continue to buy high."*

He is correct. Combine his thesis with a lack of significant policy changes from Washington, and it is likely money will continue to chase "risk assets" given no other alternative currently. With yield spreads compressed, interest rates at zero, the "T.I.N.A" (There Is No Alternative) narrative continues to reign. However, as noted, beware 2021.

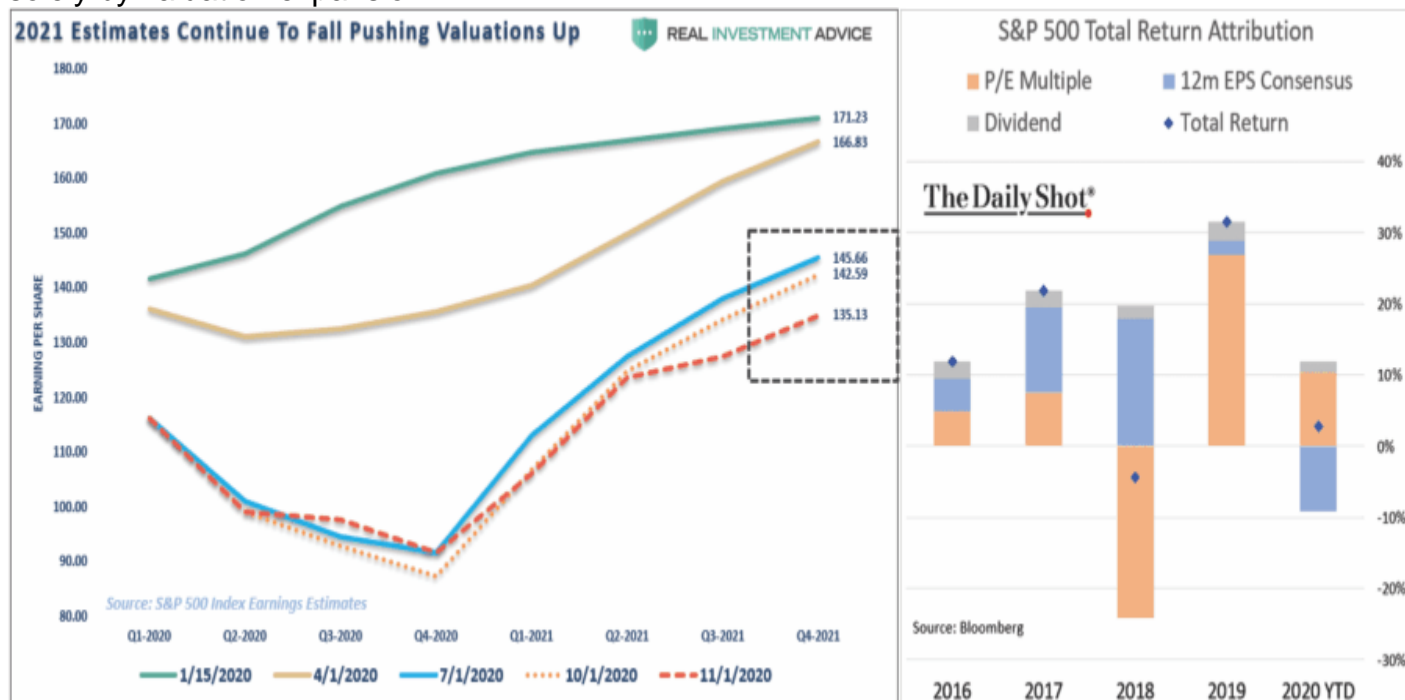
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## The Focus Turns Back To The Fed

Once we start to analyze what "Gridlock" will mean for policy, it should become apparent what the "risks" are. As we have noted previously, earnings growth rates continue to drop as we head into next year. With stock prices back near all-time highs, this continues to be a market that is driven solely by valuation expansion.



The majority of that "price chase" has been based solely on the premise of more liquidity coming from the Federal Reserve. The hope, of course, is that eventually, earnings will play "catchup" with valuations. Historically, such has never been the case. As we head into 2021, a "gridlocked" Congress potentially means less stimulus, less infrastructure spending, and more battles over the debt and deficit. The regular "debt ceiling" fights will return, and smaller stimulus packages will compound time delays. Such translates into three critical factors for the financial

markets:

1. *Less direct stimulus to households means reduced spending and lower rates of economic growth.*
2. *Less stimulus means there is less debt issued, which keeps the Federal Reserve trapped with interest rates at zero.*
3. *The combination of less stimulus and Fed monetization will lead to increased deflationary pressures.*

In 2021, the odds of another recessionary bought will increase, putting downward pressure on stocks. The only question will be if the Federal Reserve can bail it out again as the "effective benefit" continues to decline.

## The Fed Remains Stuck At Zero

This past week, the Federal Open Market Committee (FOMC) concluded their meeting. Not surprisingly, given the embattled election and lack of stimulus, they provided "happy talk" to the markets.

### Fed Statement Tracker Changes Nov 5 2020

The COVID-19 pandemic is causing tremendous human and economic hardship across the United States and around the world. Economic activity and employment have ~~picked up in recent months~~ continued to recover but remain well below their levels at the beginning of the year. Weaker demand and ~~significantly lower~~ earlier declines in oil prices ~~are~~ have been holding down consumer price inflation. Overall financial conditions ~~have improved in recent months~~ remain accommodative, in part reflecting policy measures to support the economy and the flow of credit to U.S. households and businesses.

### MishTalk

In other words, they said "nothing." As [Mish Shedlock](#) noted in his post:

*"The Fed is stuck in glue. It did not change interest rates. Nor did it change much of its announcement."*

However, it is more important to understand their dilemma.

*"The Fed is stuck and will not lower rates below zero nor can it [raise them without killing housing](#). Meanwhile, **the bubbles keep getting bigger increasing the odds of a deflationary collapse.**"*

Such is indeed the most significant risk to both the economy and the markets. As we noted in yesterday's ["Rescues Are Ruining Capitalism."](#)

*?The rest of the world followed the Fed. As interest rates fell toward zero, the world's debts—including households, governments and nonfinancial companies—more than tripled between 1980 and 2007 to more than three times the size of the global economy. It was taking more debt to fuel the same amount of growth, because more debt was going to unproductive borrowers. Capitalism was bogging down.? ? Sharma*

Each successive round of stimulus pulls forward future consumption, which leaves a void. That void then has to be filled with more stimulus, which leaves a larger void in the future. Eventually, the void will become too large to fill.

***"The continuous bailouts continue to distort the market's price signals, which makes the markets less efficient in allocating capital. Such has led to the rising number of 'zombies' and monopolies, the widening of wealth inequality, and lower productivity and growth. The deformation of capitalism will be an economic plague that continues to lead to further dysfunction alienating younger generations. Social unrest and revolt will be the eventual result."***

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### Portfolio Positioning Update

Over the last few weeks, we discussed that we had gradually raised cash and rebalanced portfolio risks ahead of the Presidential election. After the election passed, and we could see where the markets were positioning themselves, we reallocated that cash and took our equity exposure back to target weightings. There were two primary reasons for the reversal. The first was that the sell-off had removed short-term risk over the last few weeks. The second was the outcome of the election perceived as favorable to the markets, as discussed above. **There are still risks to that view until the election is officially over. Therefore, we will keep a close watch on holdings and tighten up our stops.** As we discussed recently in ["Policies Over Politics,"](#) what matters most long-term are taxes, debt, and deficits. **Unfortunately, we will probably head the wrong way on all three.** Last week, I stated that we would **"not buy the market's low."** We did wait for the market to *"tell us,"* what it was going to do, and then we acted quickly to put capital to work. We are currently near full exposure to equities, are slightly underweight in bonds with a shortened-duration, and have tightened current stop-losses. While the next two months tend to be positively biased, there is still a considerable risk to the markets. Markets remain deviated from long-term means, economic growth remains weak, and further stimulus will remain elusive. As such, it is worth remaining vigilant over portfolios and using rallies to rebalance portfolio risks as needed. To win the *"investing war,"* it is essential to pick and choose our *"battles"* wisely. If you aren't sure about the battleground, it is always better to retreat and *"live to fight another day."*

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### The MacroView





## #MacroView: The Rescues Are Ruining Capitalism

Written by Lance Roberts | Nov 6, 2020

A recent WallStreet Journal article touched on the subject of how the ongoing bailouts and rescues are ruining capitalism. We dig deeper into the issue to understand why.

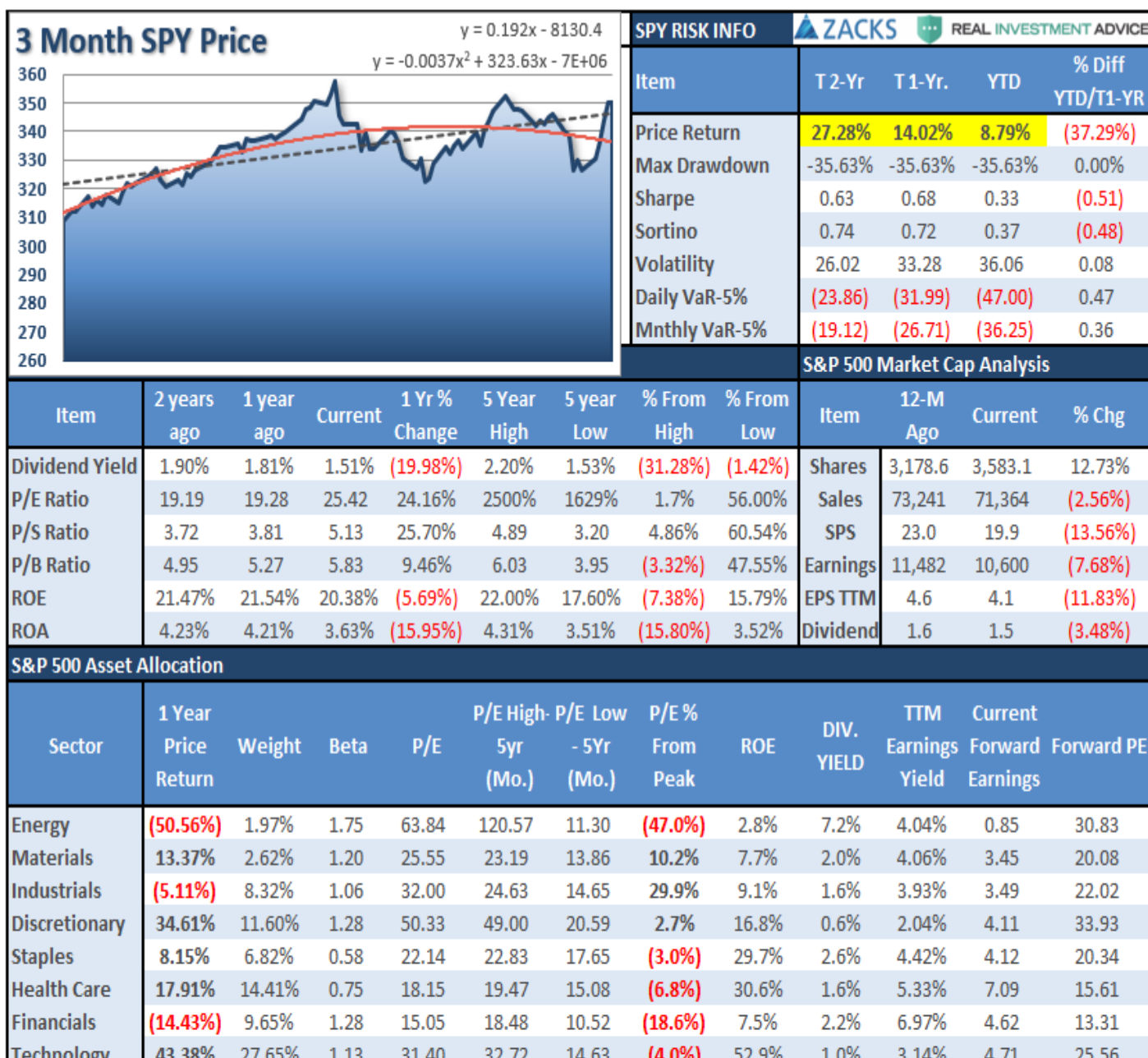
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If you need help or have questions, we are always glad to help. [Just email me](#). See You Next Week **By Lance Roberts, CIO**

## Market & Sector Analysis

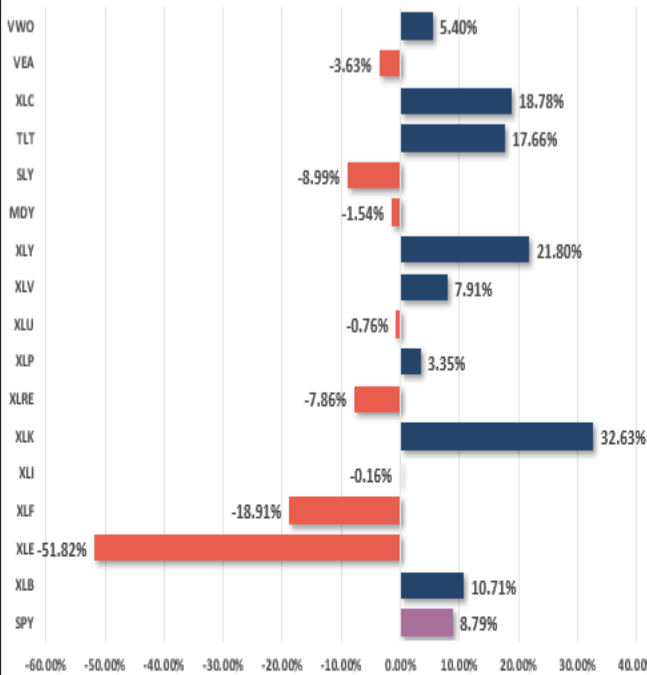
**Analysis & Stock Screens Exclusively For RIAPro Members**

## S&P 500 Tear Sheet

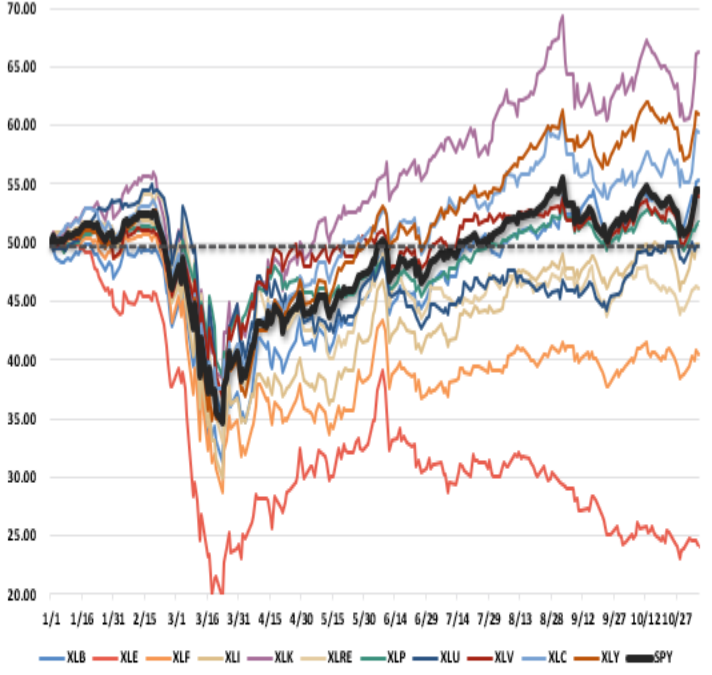


# Performance Analysis

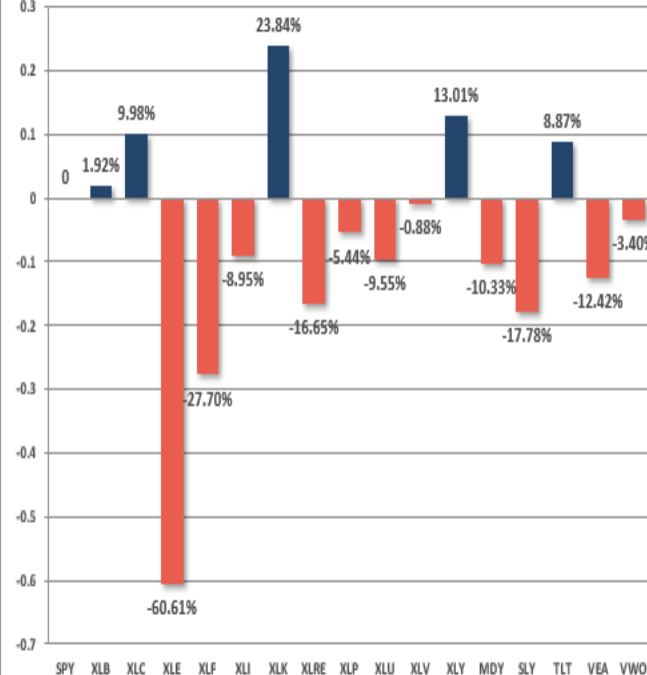
Year To Date Performance  



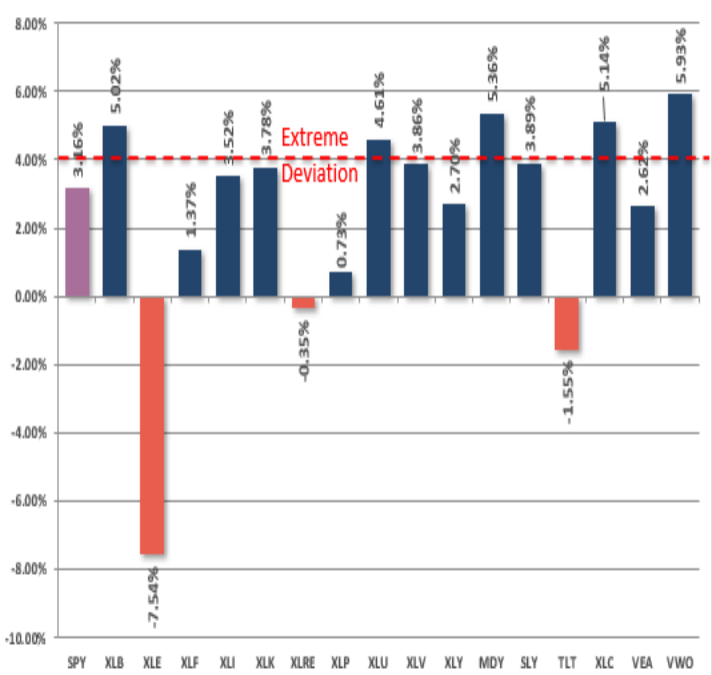
YTD Price - S&P Sectors Recalibrated To \$50/share



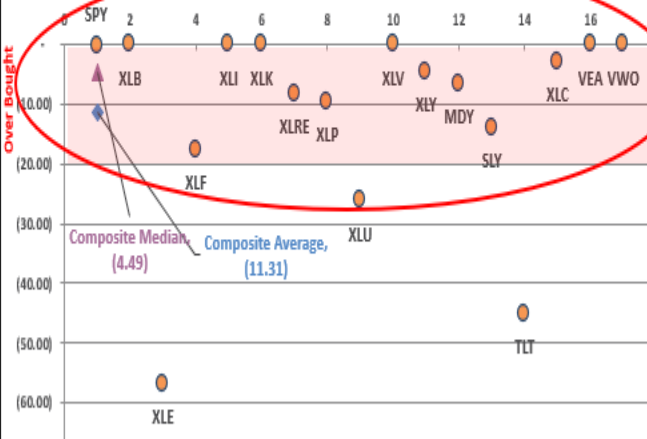
Year To Date Performance Relative To S&P 500



Price Deviation From 50-Day Moving Average



Overbought/Over sold 14-Periods

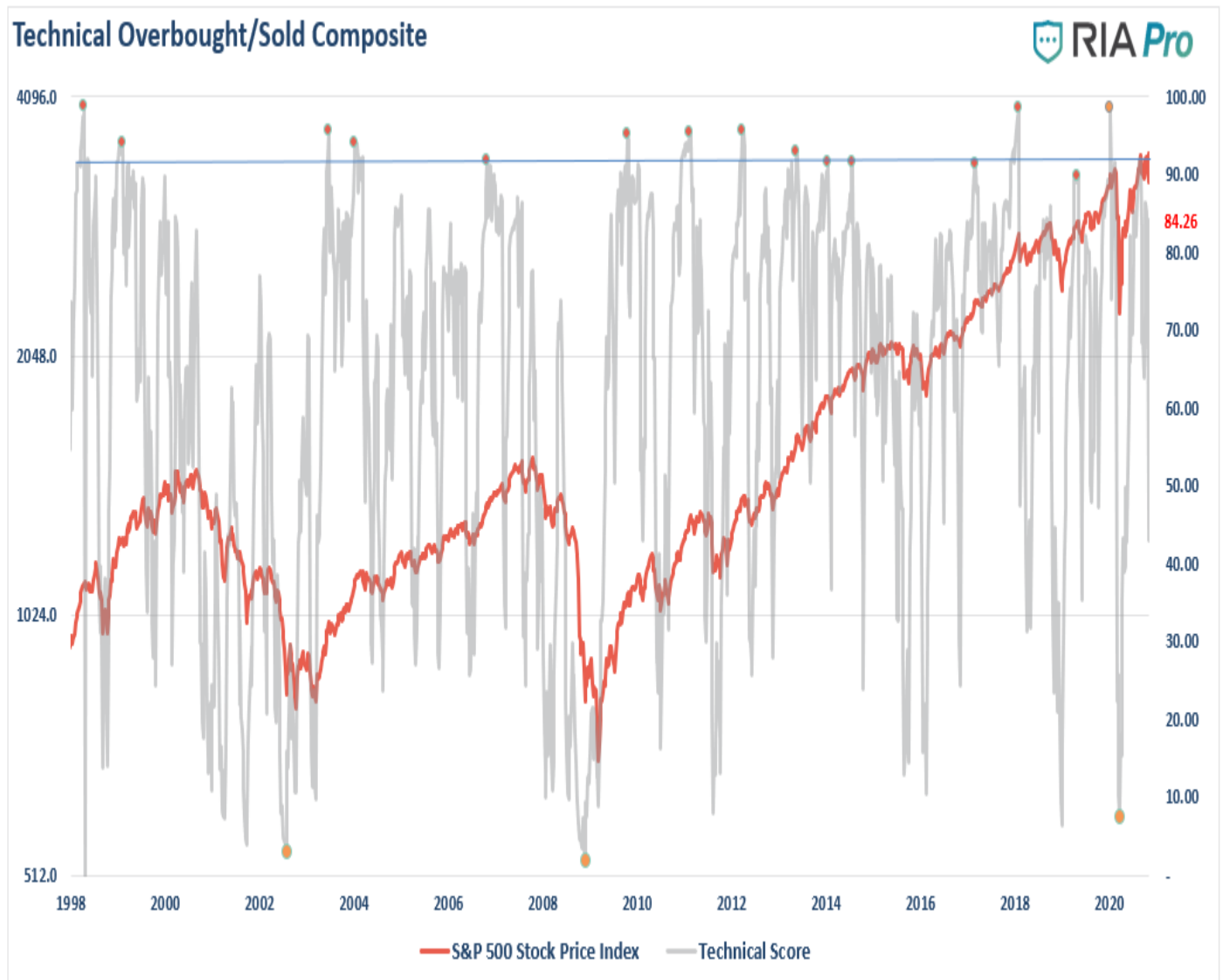


Size / Sector ETF YTD Trading Range



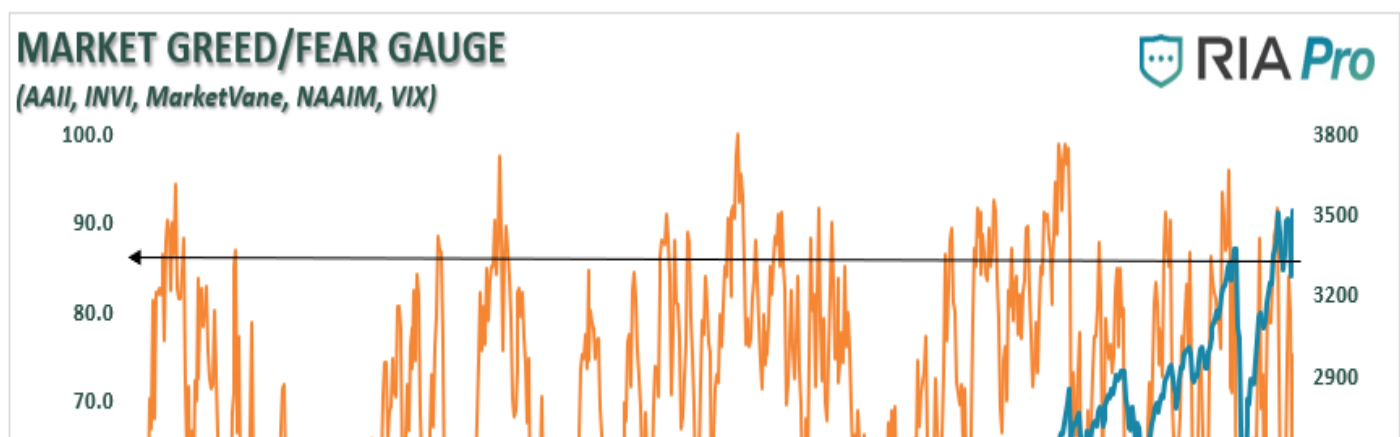
## Technical Composite

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



## 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	351.44	7.27	0.99	3.92	18.57	13.12	340.81	313.17	327.62	0.99	335.81	319.43	3%	12%	BULLISH
XLB	SPDR-MATLS SELS	68.00	0.36	1.25	4.66	9.91	(0.11)	64.29	57.61	63.18	1.07	65.44	60.92	6%	18%	BULLISH
XLC	SPDR-COMM SV SS	63.70	0.33	4.60	2.55	0.03	10.49	60.63	55.23	59.20	0.99	61.27	57.13	5%	15%	BULLISH
XLE	SPDR-EGY SELS	28.93	(6.54)	(7.03)	(28.17)	(43.38)	(65.45)	32.57	34.65	28.72	1.63	29.91	27.53	-11%	-17%	BEARISH
XLF	SPDR-FINL SELS	24.96	(2.66)	(2.06)	(4.79)	(4.70)	(29.48)	24.68	23.46	23.86	1.15	24.73	22.99	1%	6%	BULLISH
XLK	SPDR-TECH SELS	121.58	2.40	0.18	2.84	7.44	28.05	116.97	103.90	110.86	1.07	114.82	106.90	4%	17%	BULLISH
XLI	SPDR-INDU SELS	81.34	(0.06)	(0.20)	1.00	8.85	(13.64)	78.29	70.38	75.87	1.14	78.63	73.11	4%	16%	BULLISH
XLP	SPDR-CONS STPL	65.09	(2.73)	(1.97)	(2.47)	(5.31)	(6.00)	64.57	60.86	62.26	0.57	64.17	60.35	1%	7%	BULLISH
XLRE	SPDR-RE SELS	35.63	(2.94)	(4.51)	(4.56)	(9.61)	(18.81)	35.80	34.53	34.15	0.70	35.24	33.06	0%	3%	BULLISH
XLU	SPDR-UTIL SELS	64.13	(4.47)	0.04	2.29	(5.02)	(9.27)	61.02	58.88	62.38	0.35	64.16	60.60	5%	9%	BULLISH
XLV	SPDR-HLTH CR	109.92	0.85	0.45	(1.00)	(8.23)	2.42	106.05	101.34	101.66	0.78	105.00	98.32	4%	8%	BULLISH
XLY	SPDR-CONS DISCR	152.76	(0.42)	(1.40)	2.47	7.44	12.77	148.11	130.48	142.97	1.17	148.21	137.73	3%	17%	BULLISH
XTN	SPDR-SP TRANSP	61.62	(2.06)	(1.34)	0.36	6.73	(18.84)	60.10	53.60	58.57	1.36	60.83	56.31	3%	15%	BULLISH
SDY	SPDR-SP DIV ETF	96.29	(3.13)	(2.34)	(5.32)	(7.59)	(22.39)	95.51	90.88	92.46	0.87	95.57	89.35	1%	6%	BULLISH
RSP	INVS-SP5 EQ ETF	114.00	(1.23)	(0.61)	(1.20)	(0.19)	(11.16)	110.64	102.16	107.51	1.10	111.38	103.64	3%	12%	BULLISH
SLY	SPDR-SP6 SC	65.94	(1.48)	(0.96)	(2.88)	1.11	(19.30)	63.76	58.44	62.33	1.24	64.66	60.00	3%	13%	BULLISH
MDY	SPDR-SP MC 400	369.61	(0.53)	0.60	0.06	1.04	(11.64)	351.40	322.81	346.27	1.18	359.00	333.54	5%	14%	BULLISH
EEM	ISHARS-EMG MKT	47.93	(0.07)	3.60	4.42	13.00	(3.39)	44.87	40.88	44.71	0.87	46.22	43.20	7%	17%	BULLISH
EFA	ISHARS-EAFE	66.21	0.58	(0.18)	(1.74)	(2.31)	(16.30)	64.50	60.68	61.39	0.81	63.42	59.36	3%	9%	BULLISH
IAU	ISHARS-GOLD TR	18.61	(3.25)	0.10	(3.59)	(6.32)	20.28	18.34	17.28	17.89	0.08	18.35	17.43	1%	8%	BULLISH
GDX	VANECK-GOLD MNR	41.42	3.21	0.58	(1.27)	(2.05)	44.79	40.23	36.25	37.49	0.73	38.70	36.28	3%	14%	BULLISH
UUP	INVS-DB US\$ BU	24.89	(9.16)	(1.98)	(5.07)	(26.35)	(20.60)	25.19	26.02	25.37	(0.11)	25.98	24.76	-1%	-4%	BEARISH
IXUS	ISHARS-CR INT S	61.36	0.19	0.70	0.17	2.85	(11.97)	59.13	54.80	57.10	0.85	59.01	55.19	4%	12%	BULLISH
TLT	ISHARS-20+YTB	159.41	(6.10)	(1.41)	(6.23)	(22.27)	5.04	162.56	164.05	157.57	(0.30)	161.04	154.10	-2%	-3%	BEARISH
BNDX	VANGD-TTL INT B	58.42	(7.13)	(0.68)	(2.83)	(16.72)	(12.09)	58.14	57.56	58.34	0.03	59.82	56.86	0%	1%	BULLISH
HYG	ISHARS-IBX HYCB	85.23	(5.66)	(0.66)	(2.55)	(13.64)	(14.99)	84.46	82.14	83.88	0.38	86.30	81.46	1%	4%	BULLISH



## 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
AZO	Autozone Inc	1149.51	9.48	3.75	0.00	15.96	8.00
FBHS	Fortune Brd H&S	89.13	9.29	4.99	1.08	22.62	8.00
LOW	Lowes Cos	169.25	16.24	5.54	1.42	21.51	8.00
MCO	Moodys Corp	291.06	10.00	9.76	0.77	28.45	8.00
MSFT	Microsoft Corp	223.29	12.50	13.83	0.91	36.07	8.00
ORCL	Oracle Corp	56.66	9.00	1.62	1.69	15.69	8.00
PG	Procter & Gambl	142.38	7.57	1.54	2.22	26.47	8.00
PKI	Perkinelmer Inc	138.41	30.25	8.24	0.20	24.37	8.00
TMO	Thermo Fisher	514.76	18.00	11.58	0.17	32.15	8.00
ADP	Automatic Data	162.71	12.00	6.17	2.24	27.16	7.00
AVY	Avery Dennison	147.04	6.65	4.28	1.58	22.38	7.00
BLK	Blackrock Inc	668.19	9.03	8.02	2.17	20.87	7.00
CPRT	Copart Inc	123.95	13.00	16.55	0.00	48.23	7.00
DVA	Davita Inc	98.15	18.26	-6.66	0.00	13.19	7.00
HOLX	Hologic Inc	76.67	16.40	5.12	0.00	19.17	7.00
IDXX	Idexx Labs Inc	467.97	15.83	10.64	0.00	81.53	7.00
IT	Gartner Inc -A	146.25	10.00	19.01	0.00	32.57	7.00
KLAC	Kla Corp	228.10	13.64	17.02	1.58	20.95	7.00
MXIM	Maxim Intg Pdts	77.89	10.00	0.36	2.46	31.53	7.00
NVDA	Nvidia Corp	566.40	20.07	22.72	0.11	92.10	7.00
PAYC	Paycom Software	373.26	25.00	32.54	0.00	139.28	7.00
QRVO	Qorvo Inc	146.69	12.35	4.94	0.00	21.89	7.00
SHW	Sherwin William	729.82	10.27	12.94	0.73	30.74	7.00
TER	Teradyne Inc	99.32	16.74	10.61	0.40	22.62	7.00
TGT	Target Corp	158.63	7.22	2.75	1.71	22.60	7.00
UPS	Utd Parcel Svc	163.56	7.90	6.91	2.47	21.33	7.00
WST	West Pharm Svc	295.02	20.47	7.42	0.22	69.75	7.00
AJG	Gallagher Arthu	109.77	11.06	7.24	1.64	24.78	6.00
APH	Amphenol Corp-A	119.46	8.50	9.76	0.84	33.28	6.00
ATVI	Activision Blzd	80.14	15.99	6.56	0.51	24.14	6.00
CDW	Cdw Corp	138.18	13.10	8.15	1.10	21.86	6.00
DG	Dollar General	218.01	11.09	8.87	0.66	23.70	6.00
DOV	Dover Corp	117.37	11.50	0.15	1.69	20.74	6.00
FDX	Fedex Corp	279.07	12.00	8.62	0.93	24.65	6.00
LRCX	Lam Research	399.71	16.49	14.53	1.30	21.68	6.00
MAS	Masco	57.67	16.59	0.85	0.97	20.02	6.00
MTD	Mettler-Toledo	1103.74	10.38	5.77	0.00	45.82	6.00
NVR	Nvr Inc	4261.90	12.96	7.87	0.00	19.64	6.00
ODFL	Old Dominion Fl	206.17	15.59	9.12	0.29	39.12	6.00
PKG	Packaging Corp	122.54	5.00	5.17	2.58	19.89	6.00
RMD	Resmed Inc	212.81	14.53	12.50	0.73	41.73	6.00
TT	Trane Tech Plc	141.12	8.76	3.61	1.50	29.28	6.00

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

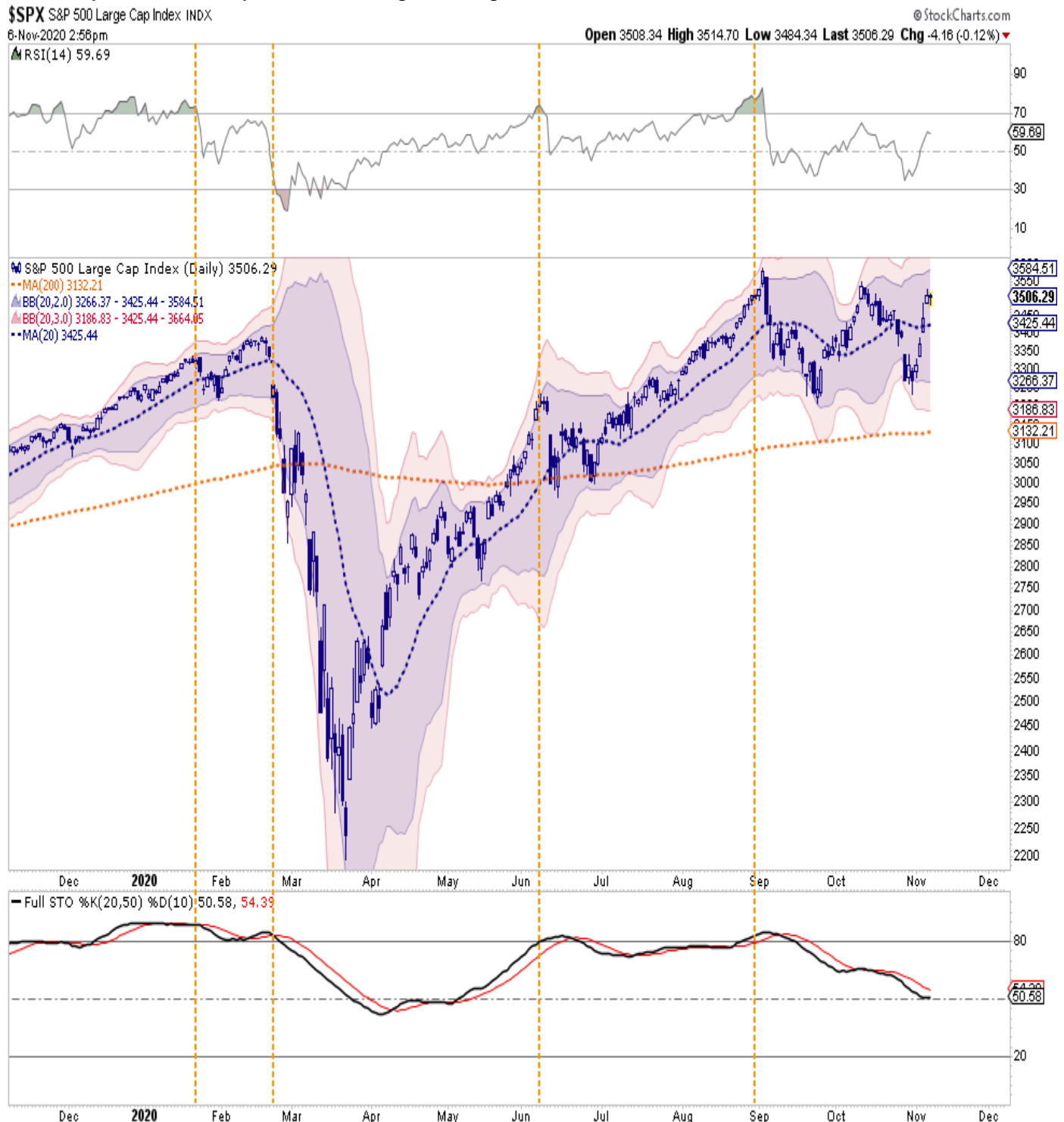
Ticker	Company	Current Price	Price/ Book	ROE 5 Yr Avg	Div Yield	Score
SJM	Smucker Jm	115.80	1.58	11.92	3.11	9
HPE	Hewlett Pkd Ent	9.28	0.74	11.07	5.17	8
LARK	Landmark Bcp	24.04	0.92	10.12	3.33	8
TFC	Truist Finl Cp	44.93	0.98	10.08	4.01	8
TSLX	Sixth St Spclty	18.20	1.13	12.26	9.01	8
AFL	Aflac Inc	37.20	0.80	13.02	3.01	7
APOG	Apogee Entrprs	24.78	1.24	16.19	3.03	7
BK	Bank Of Ny Mell	35.60	0.78	10.40	3.48	7
BSRR	Sierra Bancorp	20.46	0.95	10.42	3.91	7
CFR	Cullen Frost Bk	72.09	1.11	11.22	3.94	7
CHCO	City Hldgs Co	59.82	1.39	13.27	3.81	7
CMTV	Commnty Bcp Vt	13.76	1.01	12.25	5.52	7
CPF	Central Pac Fin	13.76	0.71	10.07	6.69	7
CRWS	Crown Crafts	5.86	1.36	13.87	5.46	7
CVS	Cvs Health Corp	61.41	1.18	16.70	3.26	7
CZFS	Citizens Fin Sv	45.45	0.98	11.74	4.05	7
FCBP	First Choice Bc	14.15	0.62	12.00	7.06	7
FGBI	First Guaranty	15.46	0.84	10.07	4.14	7
FISI	Financial Inst	18.56	0.69	10.33	5.60	7
FITB	Fifth Third Bk	24.00	0.82	10.17	4.50	7
FMNB	Farmers Natl Bc	11.58	0.98	11.01	3.80	7
GBCI	Glacier Bancorp	37.60	1.59	11.51	3.19	7
HIG	Hartford Fin Sv	39.94	0.82	10.26	3.25	7
IBCP	Indep Bk Mich	15.08	0.93	11.09	5.30	7
INDB	Indep Bk Mass	59.16	1.15	10.68	3.11	7
LTC	Ltc Properties	34.13	1.72	13.30	6.68	7
NL	NI Inds Inc	4.45	0.65	11.24	3.60	7
PEG	Public Sv Entrp	58.79	1.88	11.15	3.33	7
PFBC	Preferred Bank	34.83	1.04	15.19	3.45	7
STT	State St Corp	62.83	0.96	12.68	3.31	7
TRST	Trustco Bk -Ny	5.57	0.96	10.90	4.89	7
WDR	Waddell&Reed -A	16.51	1.38	19.97	6.06	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	291.06	10.00	9.76	0.77	2.87	8
MSCI	Msci Inc-A	417.73	#N/A	10.18	0.75	#N/A	8
MSFT	Microsoft Corp	223.29	12.50	13.83	0.91	2.65	8
QDEL	Quidel Corp	281.80	#N/A	40.60	-	#N/A	8
CPRT	Copart Inc	123.95	13.00	16.55	-	3.31	7
FICO	Fair Isaac Inc	444.60	#N/A	8.93	-	#N/A	7
IDXX	Idexx Labs Inc	467.97	15.83	10.64	-	4.91	7
NVDA	Nvidia Corp	566.40	20.07	22.72	0.11	4.07	7
PAYC	Paycom Software	373.26	25.00	32.54	-	6.42	7
PCTY	Paylocity Hldg	191.02	20.00	27.51	-	13.95	7
WST	West Pharm Svc	295.02	20.47	7.42	0.22	3.17	7
BE-B	Brown Forman B	75.11	#N/A	(4.73)	0.93	#N/A	6

# Portfolio / Client Update

Here is my "*mea culpa*" for 2020. As always, our goal is to navigate markets as best as we can while also minimizing risk to client portfolios. We do that through a combination of fundamental and technical analysis based on longer-term time frames. As shown in the chart below, we raised cash in January and February as our sell signals begin to warn of market risk.



The challenge came with the correction, which was so fast that our indicators were very late in catching back up. While we did increase our allocations, we were plagued primarily by two issues:

1. *The speed of the crash and correction occurred faster than we could adjust our allocations keeping some form of risk mitigation intact; and,*

2. The majority of the rally was in the 5-mega companies in the index, which means that despite the fact we owned these companies, the remaining holdings underperformed them.&#2013266080;

## Why Am I Telling You This

As we approach year-end, it will be that time where we have "the talk." Since I believe strongly in transparency and honesty, let me start the conversation by saying, "we underperformed" our benchmark this year. We have done much in recent months to improve our relative performance to the market, which has provided significant benefits. However, because the markets were already ahead of us and we can't justify just owning 5-stocks, we could not catch back up. Such is our fault. We accept that. I hope you will also consider that much of our "choices" made this year were out of concern for protecting your capital. Furthermore, we are confident that relative performance will improve next year. The first year of a new Presidential cycle tends to volatile with a 50/50 win-loss record. We are prepared for that and believe our current portfolio adjustments align us better with market trends. Importantly, I want you to know I take your trust in us very seriously. My primary concern is always about ensuring that you reach your financial goals as expected. Please do not blame them for any performance short-fall this past year when you speak to your advisor. While we have a reasonably large investment committee in which everybody shares, **the ultimate decision and responsibility are mine.** I assure you that all of us at RIA Advisors are committed and dedicated to your financial success. Most importantly, we value and thank you for your faith and trust in us. If you have concerns, criticisms, or comments, please [direct them to me.](#)

## Portfolio Changes

Following the election night results, we made the following changes to portfolios. **EQUITY ?**

- Selling 100% of SH
- Selling 100% of DOX
- Adding 1% to our current holdings of AAPL, CRM, ABT, CMCSA, NFLX, AMD, UPS, and KHC.

## ETF ?&#2013266080;

- Selling 100% of SH
- Adding 1% to our current holdings of IYT, XLK, XLV & XLP
- Adding 2% to our current holdings of XLY, XLC

We have brought equity weights up and reduced our hedges temporarily to participate with the market's advance. Once markets return to more extreme overbought conditions, we will take profits and rebalance risks accordingly. As always, our short-term concern remains the protection of your portfolio. We have now shifted our focus from the election back to the economic recovery and where we go from here. *Lance Roberts CIO*

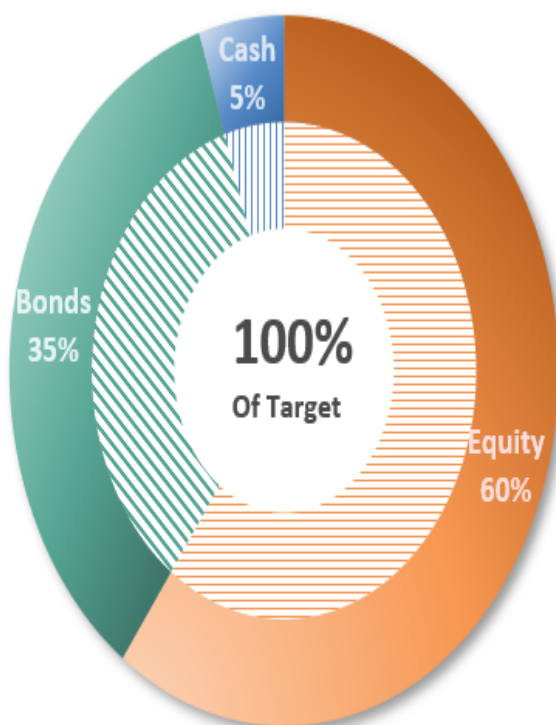
## THE REAL 401k PLAN MANAGER

### 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	Hold Current Exposure	Hold Exposure
Equal To Target Allocation	Hold Current Exposure	Hold Exposure
Over Target Allocation	Hold Current Exposure	Hold Exposure

## Commentary

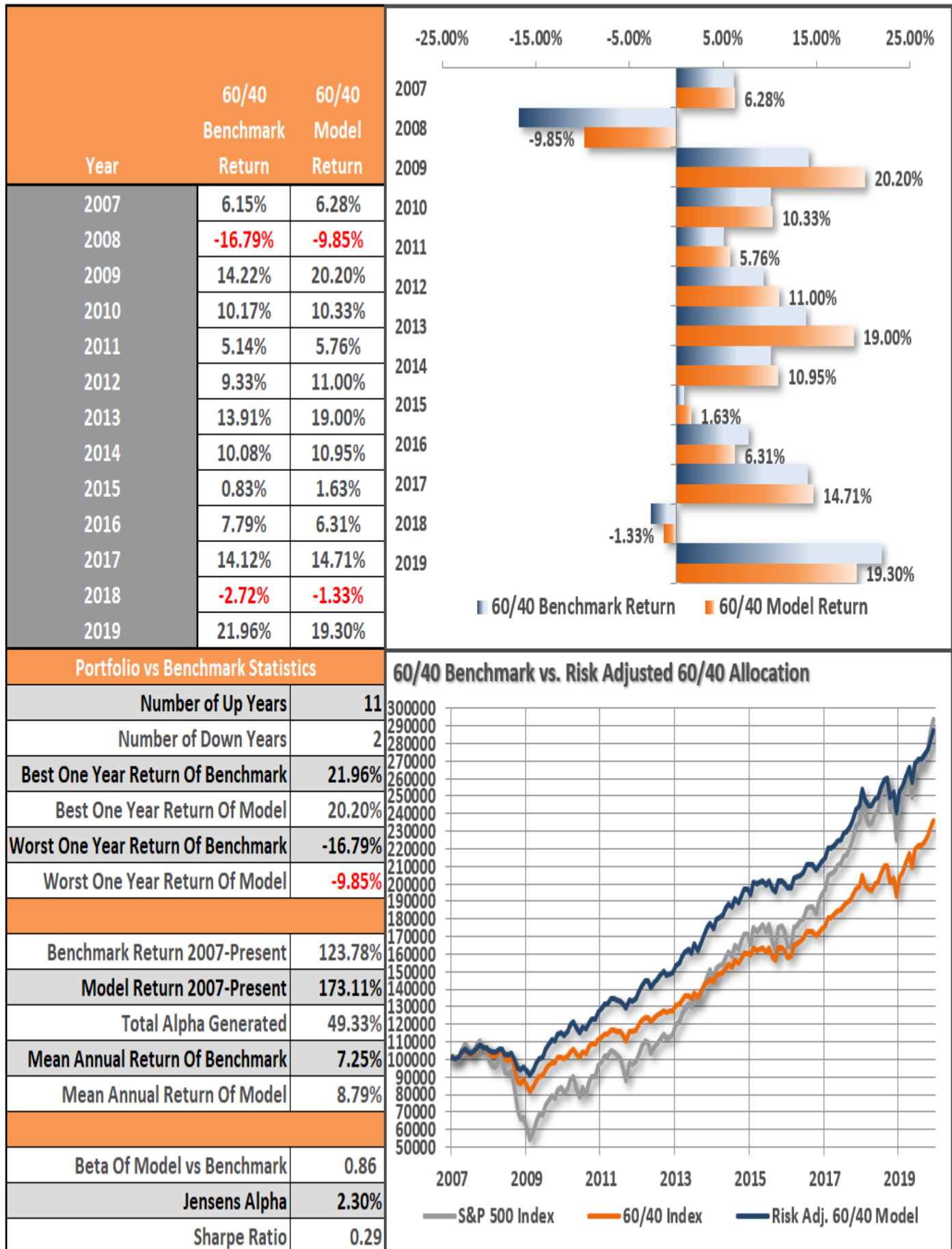
As noted last week, *"Most of the short-term overbought condition has been reduced, and longer-term buy signals remain intact. Maintain allocations for now. If you are underweight equity exposure you can add to your exposures and bring allocations up to target."*

With the election now behind us, the market has begun to reprice for what expected policies will be. Such has produced outsized gains for technology, healthcare, and communications. Maintain exposures for now as we head into the end of the year.

The market is back to short-term overbought so use dips over to bring exposures to weight in plans.

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 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](#).**

RIAPro

Investment Analysis, Research & Data  
From The RIA Investment Team

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

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CVS Health

Enter Portfolio Name

Add Portfolio

Delete Portfolio

Rename Portfolio

My InfoFund SelectionComparisonSummaryCommentary

My Portfolio

RIAPro PortfolioRIA 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