

# Market Risk Elevated Heading Into Distribution Season

## Market Risk Elevated



## Heading Into Distribution Season

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*In this issue of "Market Risk Elevated Heading Into Distribution Season."*

- *Stuck Near All-Time Highs*
- *More Signs Of Market Risk*
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- *MacroView: A Vaccine & The New "New Normal"*
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## Long-Term Care Webinar

[Register Now](#) to reserve your spot.

A promotional banner for a Long-Term Care webinar. On the left, two men in suits are shown from the chest up. Between them is a graphic of a coffee cup with dollar signs rising from it, and the text "Candid Coffee" below. To the right of the men, the text "Long-Term Care" is written in a large, bold font. Below this, it says "The median national cost of a private room in a nursing home: \$8,517 a month!". Further right, a paragraph of text asks if finances are prepared for long-term care and mentions speakers Richard Rosso and Danny Ratliff. At the bottom left, a red arrow points right with the text "12/5 • 8-9am". To its right, text says "Sign up here for this can't-miss, hour-long Go To Meeting event!". At the bottom right, there is a red button with the text "REGISTER NOW".

**Long-Term Care**

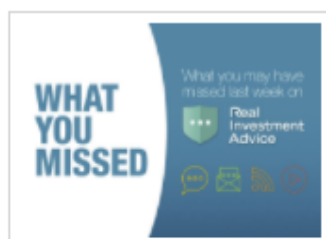
Are your finances prepared to handle that burden? Our next Candid Coffee with Richard Rosso and Danny Ratliff can show you how to protect your finances from the effects of a long-term care event, the myths to ignore, and how to prepare a plan to address the costs.

The median national cost of a private room in a nursing home: **\$8,517 a month!**

**12/5 • 8-9am** Sign up here for this can't-miss, hour-long Go To Meeting event! **REGISTER NOW**

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## Catch Up On What You Missed Last Week



### #WhatYouMissed On RIA This Week: 11-27-20

Written by Lance Roberts | Nov 27, 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.

[>> Read More](#)

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## Happy Thanksgiving

I wanted to take a moment to say "Thank You" for your loyal readership of our newsletter. I have produced a form of this newsletter for almost 20-years. It's incredible to see some of the same readers from the beginning.

If you are new to the letter, welcome, and I sincerely hope you will stay with us for the long-haul as we continue to work to navigate markets safely and profitability.

In 2021, we have a slate of new upgrades in the works. We will be redesigning our website from the ground up, launching an automated trading platform for DIY investors, and expanding our research and financial planning tools.

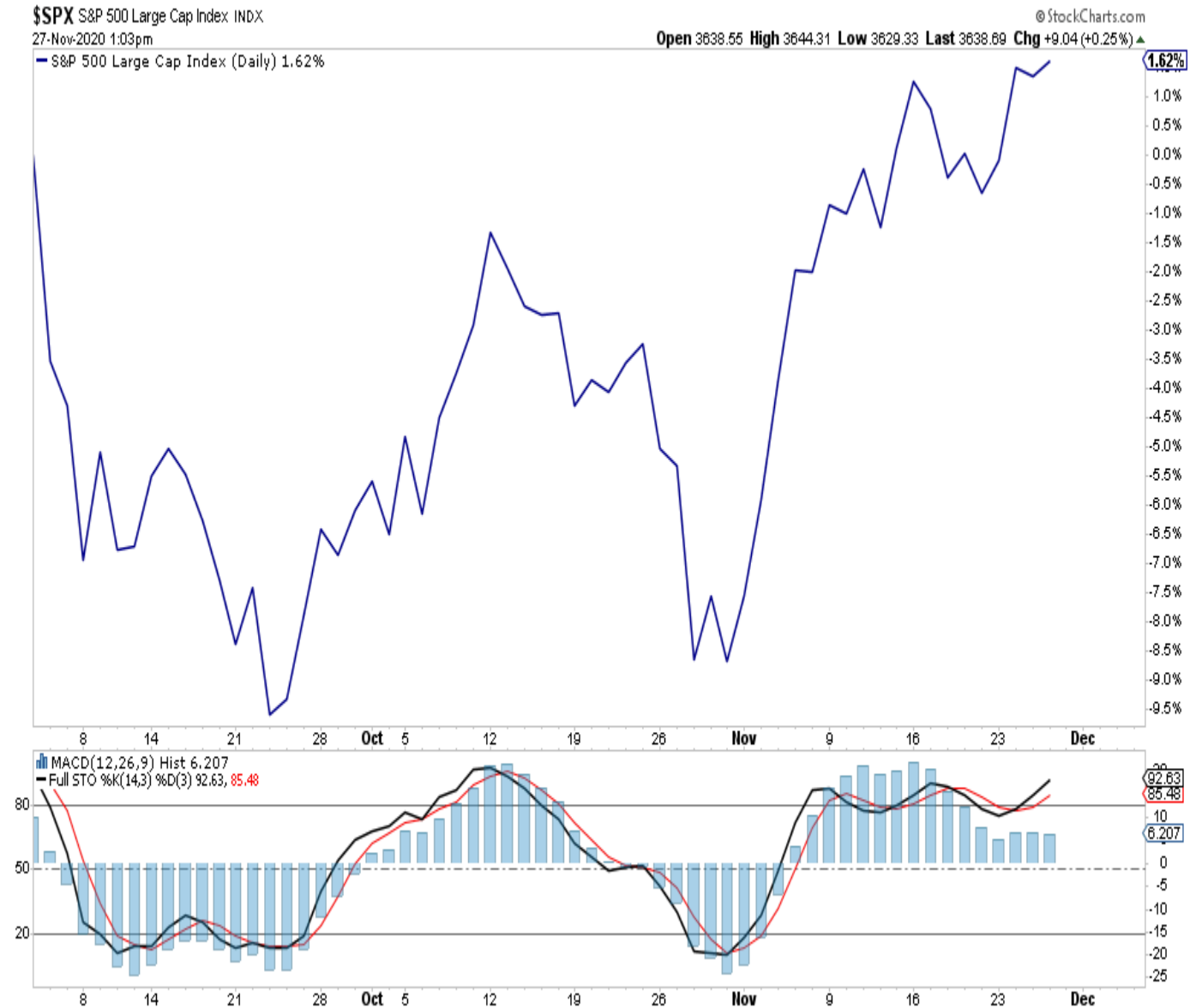
It will be an exciting year, and we are looking forward to sharing it with you.

Thank you.

## Market Stuck Near All-Time Highs

Just a short note this week so that I can catch up on my *"Turkey Induced Coma."*

Despite three consecutive Monday announcements of *"potential vaccines,"* an agreement by President Trump to allow the *"Biden Transition"* to begin, and a holiday-shortened trading week that left the *"inmates in charge of the asylum,"* the market hasn't done much with it. As of Friday, the market is only about 1.62% higher than it was three months ago.



Unfortunately, as we will discuss in more detail momentarily, the surge in November, one of the largest monthly advances in history, consumed the entirety of the market's oversold condition that existed before the election.

### CHART OF THE WEEK

#### Equity Market To Harvest Best November Return Since 1933!

At this juncture, the S&P 500 is on pace for its best November return since 1933. Much of the rally has been driven by positive vaccine developments.

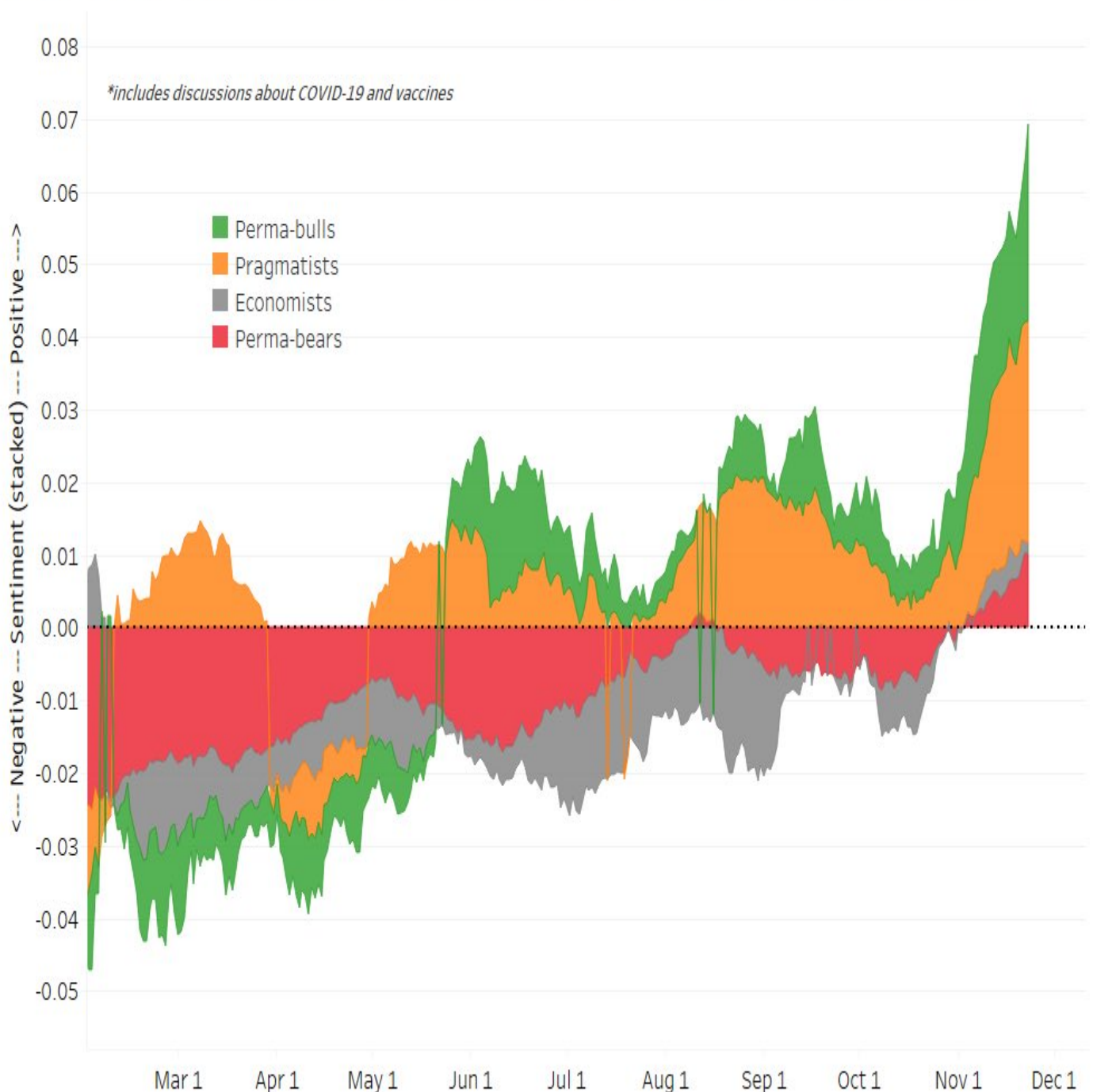


Furthermore, you have to wonder precisely how much *"gas is left in the tank"* when even *"perma-bears"* are now bullish.

## Fintwit: Euphoria Over Vaccines and COVID-19

ARBOR DATA  
SCIENCE

*Rolling 30-day sentiment of Twitter activity by 80+ most prolific fintwitters including economists, commentators, portfolio managers, and traders*



Data Source: Twitter ©2020 Arbor Research & Trading, LLC All Rights Reserved

[datascience.arborresearch.com](https://datascience.arborresearch.com)

Consequently, you will notice the previous peaks in perma-bull exuberance have coincided with short-term corrections.

Therefore, the question we should ask is *"if everyone is in, who is left to buy?"*



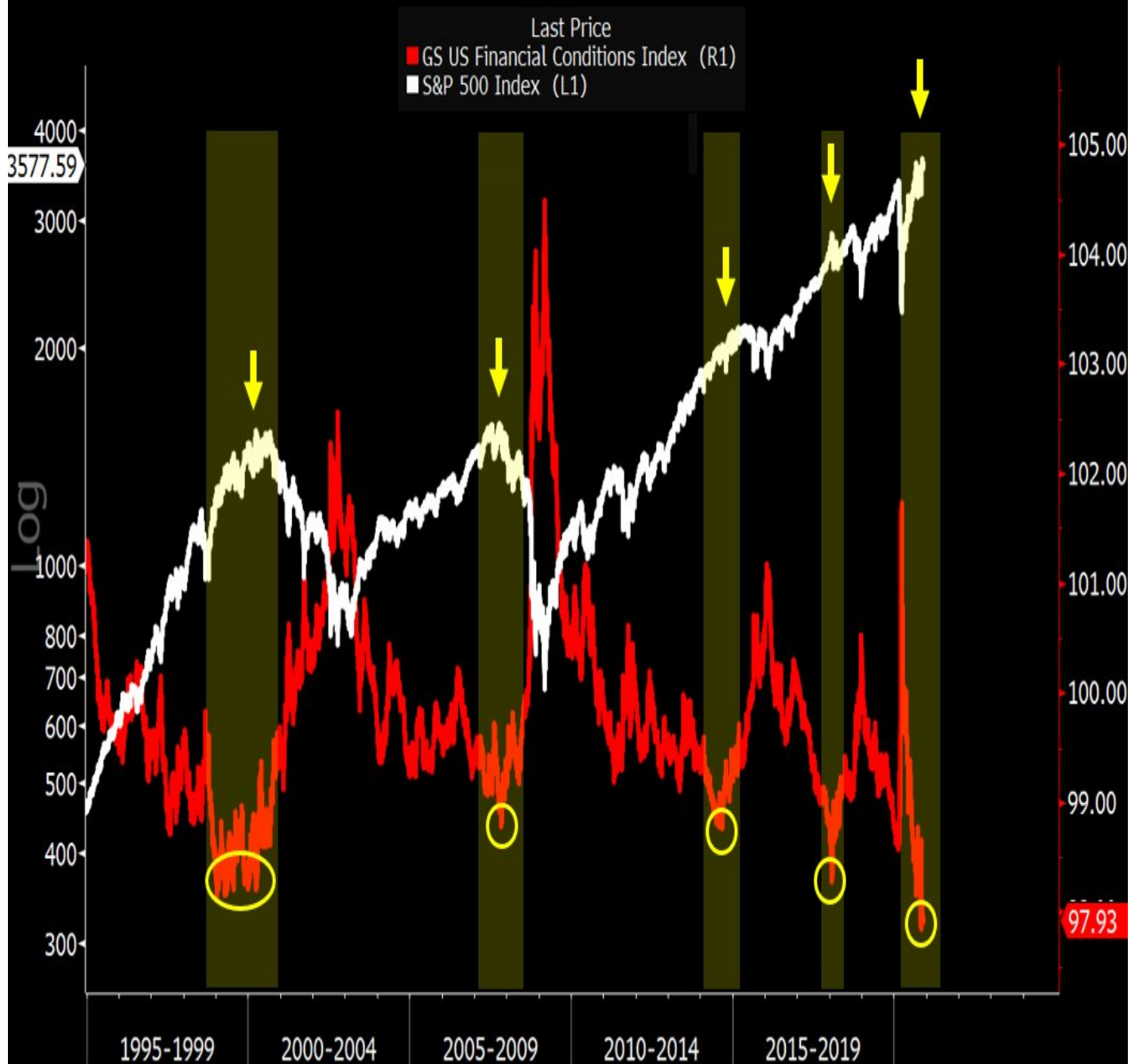
**Real Investment Show**  
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## A Lack Of Buyers

As I have noted previously, one of the primary drivers, unsurprisingly, is the extremely easy *"financial conditions"* caused by low-interest rates, fiscal and monetary policies. Consequently, easy financial conditions have historically also come with a *"price tag"* attached. (*Chart courtesy of Tavi Costa of Crescat Capital*)

# US Stocks vs. Financial Conditions



Source: Bloomberg

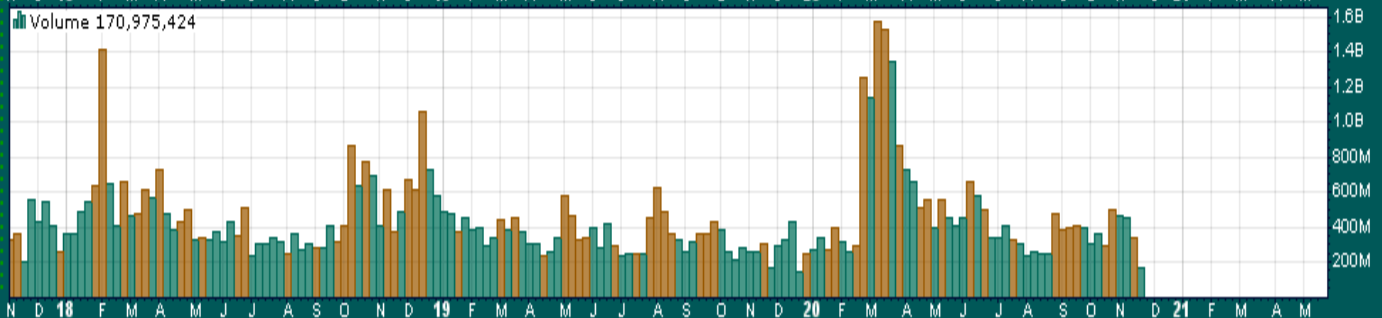
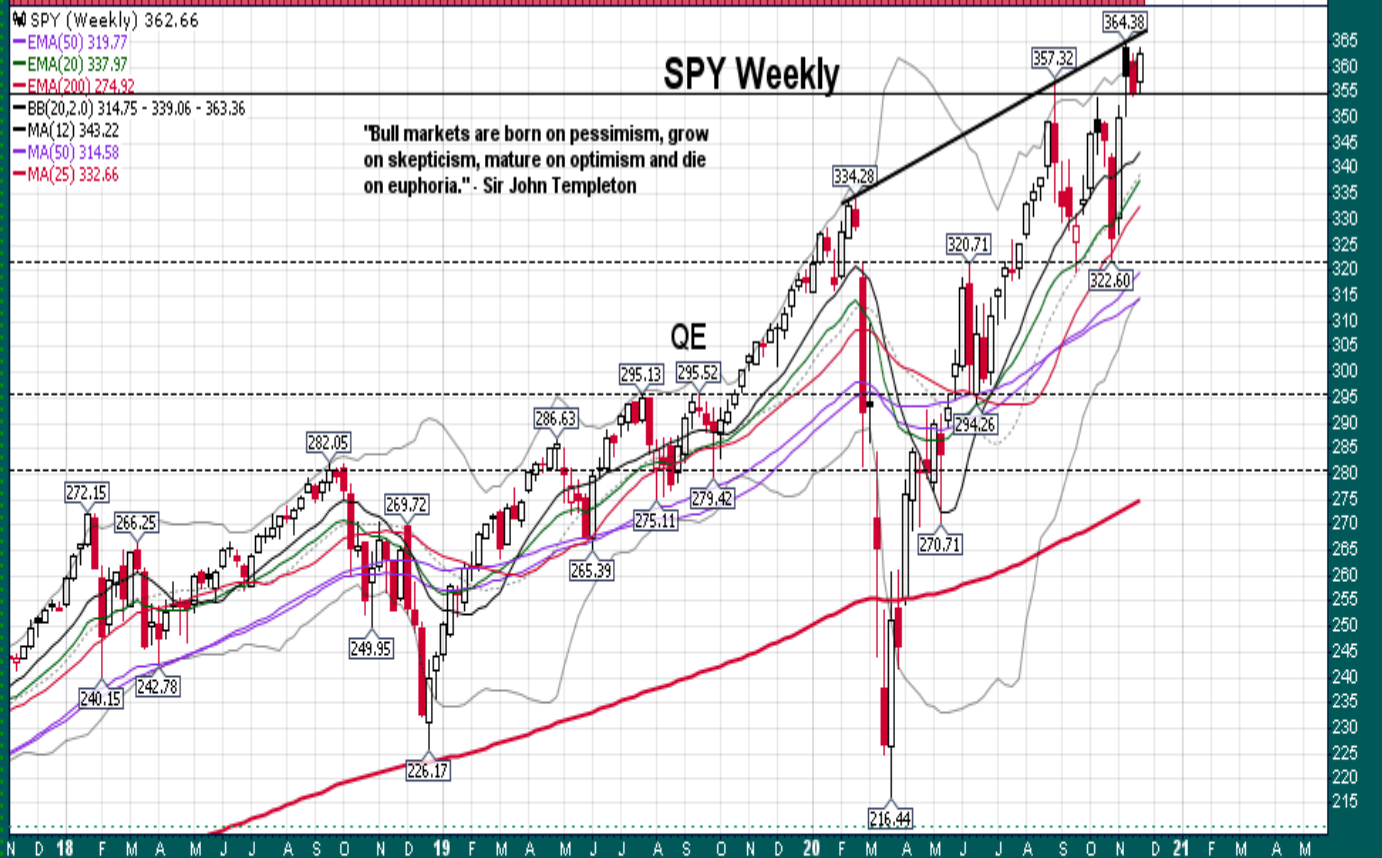
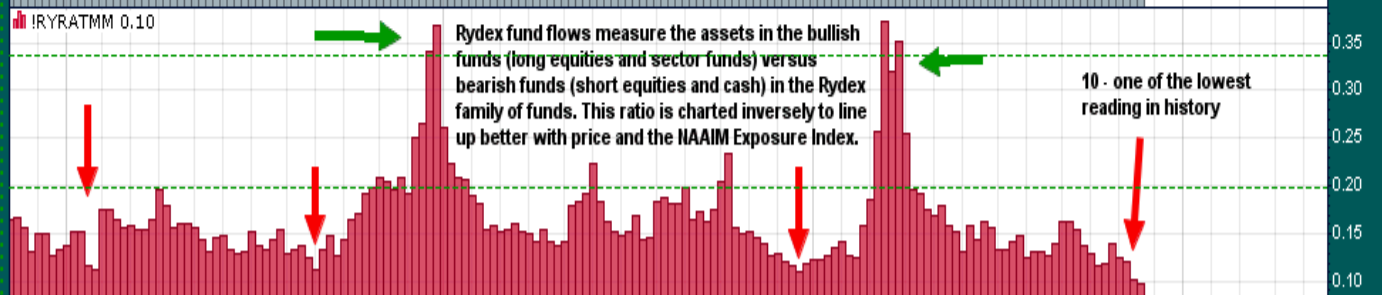
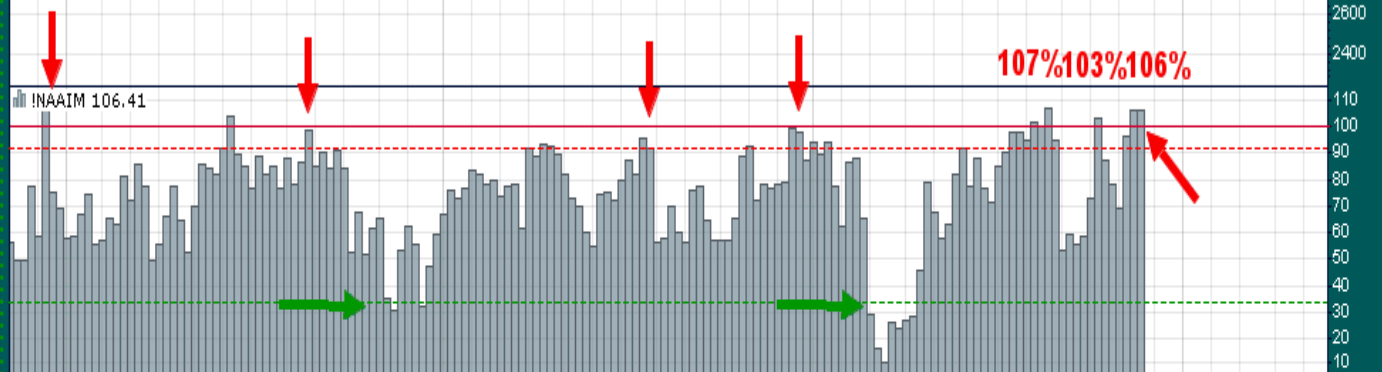
©2020 Crescat Capital LLC

Furthermore, investors' extreme bullishness, particularly post-election, has dragged buyers into the market. As [David Larew of ThinkTankCharts](#) notes, the National Association Of Investment Managers is carrying above 100% exposure to stocks (*leverage*). Such levels of ownership have previously coincided with short- to intermediate-term corrections in the market.

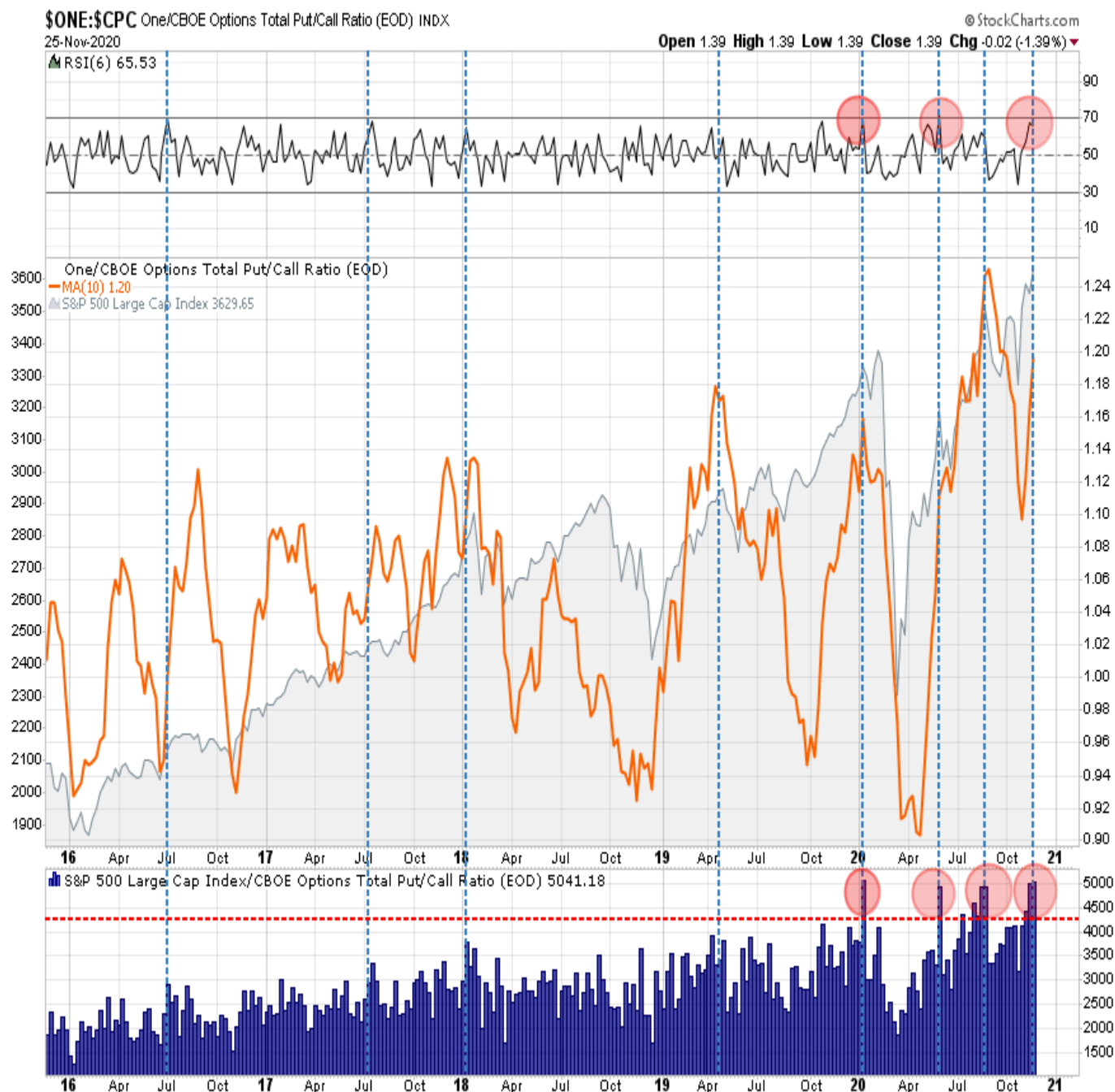


\$SPX

\*NAAIM is the National Association of Active Investment Managers. The Exposure Index shows the average percentage of member exposure, and the range is -200% (short) to +200% (long), but it rarely gets over +100% and it is only been negative twice, and then only by tiny amounts.



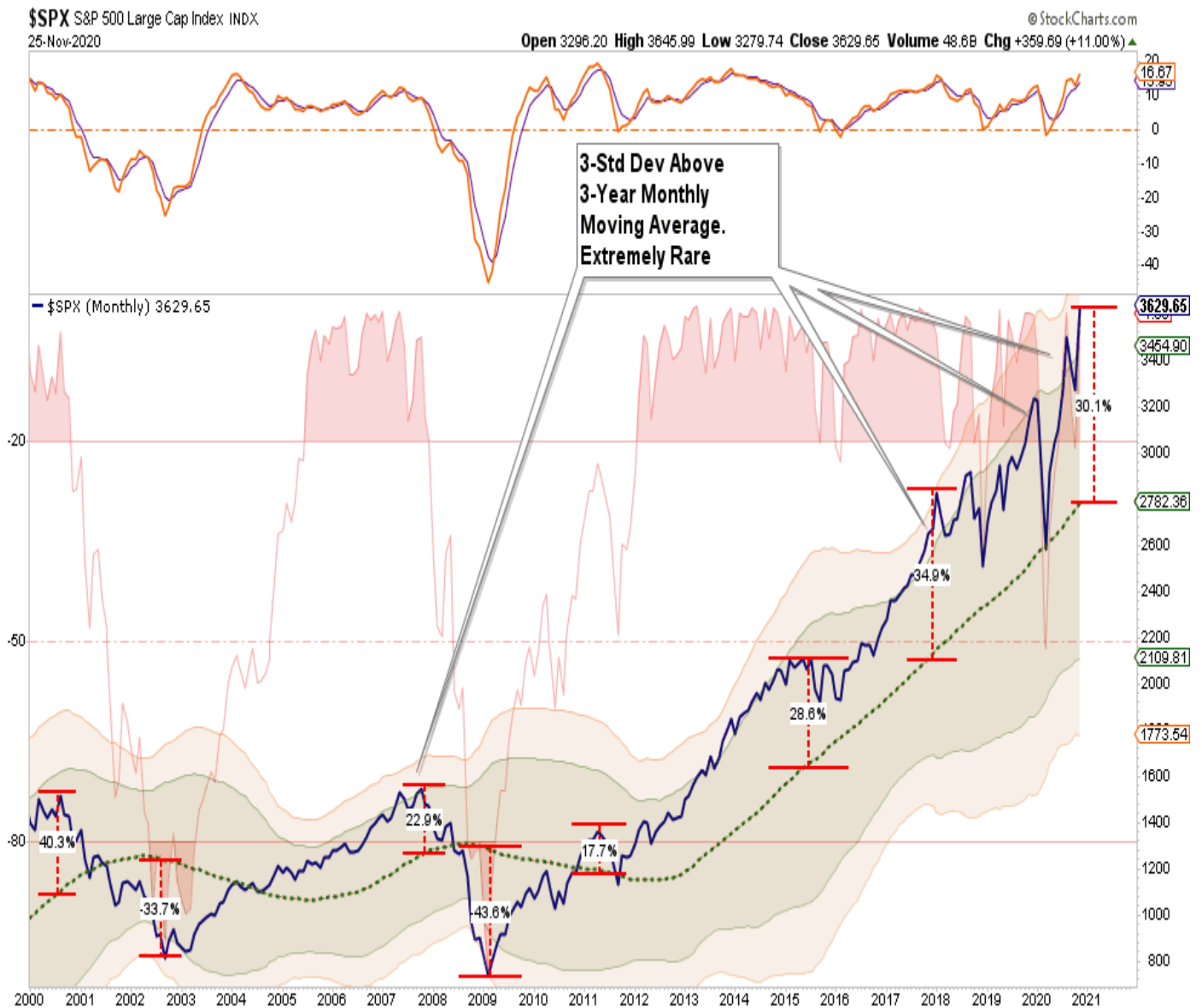
Correspondingly, the surge in buying has also pushed investors to give up hedging portfolios by buying "put options." **With the Put/Call ratio back to more extreme conditions, market corrections have generally been close by.**



## Deviations Are Extreme

Lastly, the market's monthly deviations from the 3-year moving average are pushing well into 3-standard deviation territory and trading more the 30% above its mean. Such deviations, as shown, have historically not worked out well for buyers.





The critical ingredient of a bullish advance is "confidence."

## Nothing Can Stop It?

The current consensus is with a vaccine coming and more stimulus, a surge in economic recovery will occur.

*"When all experts agree, something else tends to happen." - Bob Farrell*

Previously, I discussed why it doesn't take much of a catalyst to start a bout of "panic selling." We quoted [Doug Kass](#) on a list of potential risks which few seem to be considering:

- The virus mutates, rendering vaccines ineffective.
- There are unexpected manufacturing, distribution, and storage problems with delivering a Covid-19 virus.
- With a delay and without a timely vaccine, the spread of Covid-19 intensifies.
- As Covid spreads over the next month, there is an increase of state lockdowns, business, school closings, stay at home orders, and curfews enacted around the country.
- The debated election results linger into 2021 as lawsuits multiply.

- *Global economic growth fails to reaccelerate in the second quarter of 2021.*
- *Housing falls under the weight of higher home prices ? affordability suffers. Housing?s economic multiplier effect moves into reverse.*
- *Consumer and business confidence takes a downturn.*
- *Bond spreads widen.*
- *A divided and partisan House fails to deliver a sizeable and credible stimulus bill.*
- *Investors realize that monetary policy can no longer foster or catalyze economic growth.*
- *Deflationary conditions accelerate based on unexpected economic weakness.*
- *A sizeable corporate fraud gets discovered ? further deflating investor confidence.*

**In a market where investors are throwing money into "SPAC's," or shell companies that will try and find something to invest in, the potential for a massive corporate fraud to develop is not that far "out of the box."&#2013266080;**

Furthermore, when everyone is long equities and leveraged, it is an unexpected, exogenous event, which begins the rush for the exit.

Such is why you don't wait for it to start raining to "build the ark."

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## Portfolio Positioning Update

The idea of "building the ark" has continued to be our motto over the past week in our portfolios. Specifically, our primary focus is to adjust our allocations, capture profits, and protect capital when the "risk/reward" profile becomes unbalanced.

Therefore, given the ongoing extremes of the market, as discussed above, the imbalances suggest a more cautious approach to portfolios currently. As such, we continued reducing our equity exposure, adjusting our bond holdings, and raising our cash levels.

Earlier, I discussed in our ["3-Minutes"](#) video, the risk of selling pressure after the holiday as pension fund and institutional managers rebalance and mutual funds distribute capital gains.

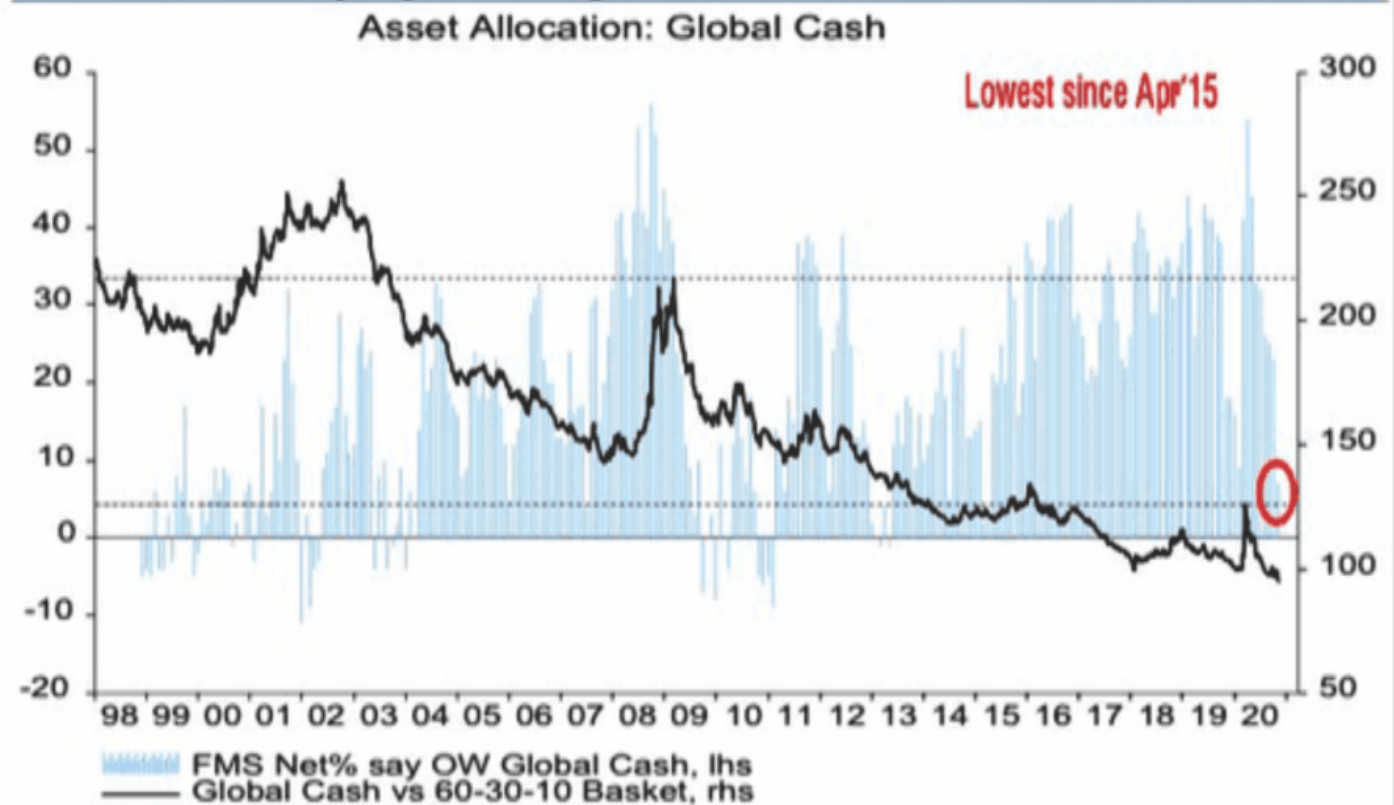
<https://www.youtube.com/watch?v=D9-xCotTgrY>

**As shown below, with fund managers carrying some of the lowest cash balances on record, we could see selling pressure to make distributions.&#2013266080;**

FMS cash allocation fell 16ppt MoM to net 7% overweight, the lowest level since April 2015.

Current allocation is 1.1 stdev below its long-term average.

### Exhibit 32: Net % AA Say they are overweight Cash



Source: BofA Global Fund Manager Survey

With the markets exceedingly exuberant on many fronts, caution is certainly warranted. **With margin debt near peaks, stock prices at all-time highs, and junk bond yields near record lows, the bullish media continues to suggest there is no reason for concern.**

**Of course, such should not be a surprise.**

At market peaks ? ?everyone?s in the pool.?

***?The investor?s chief problem ? and even his worst enemy ? is likely to be himself.?*** Benjamin Graham

## 7-Impossible Trading Rules To Follow

In the heat of the moment, it is easy to get swept up into narratives as the Fear Of Missing Out overtakes our logical thought processes. As such, here are the 7-impossible trading rules to follow:

### 1) **Sell Losers Short; Let Winners Run:**

*It seems like a simple thing to do, but the average investor sells their winners and keeps their losers, hoping they will eventually return to even.*

### 2) **Buy Cheap And Sell Expensive;**

*If an investment isn't cheap, it isn't. Don't make excuses to justify overpaying for an investment; In the long run, overpaying always reduces returns.*

### 3) **This Time Is Never Different:**

*As much as our emotions and psychology always want to hope for the best, this time is never different. History may not repeat exactly, but it generally rhymes.*

### 4) **Be Patient:**

*There is never a rush to invest. There is also NOTHING WRONG with sitting on cash until a real opportunity comes along; Being patient is an excellent way to keep yourself out of trouble.*

### 5) **Turn Off The Television;**

*The only thing you achieve by watching the television from one minute to the next is increasing your blood pressure.*

### 6) **Risk Is Not Equal To Your Return;**

*Risk only relates to the loss of capital incurred when an investment goes wrong. Invest conservatively and grow your money over time with the least amount of risk possible.*

### 7) **Go Against The Herd;**

*When everyone agrees on the market's direction due to any given set of reasons, generally, something else happens. Such also cedes to points 2) and 4). To buy something cheap or to sell expensive, you are buying when everyone is selling and selling when everyone is buying.*

Happy Thanksgiving.



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## The MacroView



### #MacroView: A Vaccine And The “New New Normal”

Written by Lance Roberts | Nov 20, 2020

Pfizer announced a potential vaccine for COVID-19 that was 90% effective. While a “vaccine” will eventually come to the market, it will only ensure a return to the “New New Normal.”

[>> Read More](#)

If you need help or have questions, we are always glad to help. [Just email me.](#)

See You Next Week

By Lance Roberts, CIO

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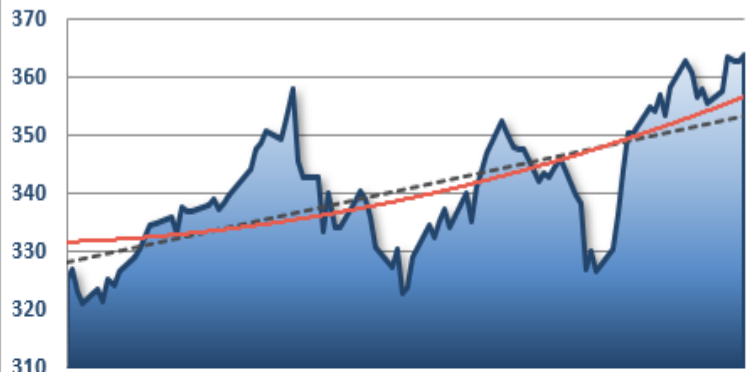
## Market & Sector Analysis

*Analysis & Stock Screens Exclusively For RIAPro Members*

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## S&P 500 Tear Sheet



3 Month SPY Price								SPY RISK INFO		ZACKS		REAL INVESTMENT ADVICE	
								Item	T 2-Yr	T 1-Yr.	YTD	% Diff YTD/T1-YR	
								Price Return	35.50%	15.28%	12.99%	(14.96%)	
								Max Drawdown	-35.63%	-35.63%	-35.63%	0.00%	
								Sharpe	0.77	0.70	0.45	(0.36)	
								Sortino	0.89	0.78	0.51	(0.35)	
								Volatility	25.93	33.43	35.08	0.05	
								Daily VaR-5%	(19.95)	(30.83)	(41.45)	0.34	
								Mnthly VaR-5%	(19.12)	(26.71)	(36.25)	0.36	
								S&P 500 Market Cap Analysis					
Item	2 years ago	1 year ago	Current	1 Yr % Change	5 Year High	5 year Low	% From High	% From Low	Item	12-M Ago	Current	% Chg	
Dividend Yield	1.90%	1.81%	1.47%	(23.51%)	2.20%	1.53%	(33.24%)	(4.24%)	Shares	3,178.6	3,035.0	(4.52%)	
P/E Ratio	17.69	19.86	26.29	24.48%	2608%	1601%	0.8%	64.28%	Sales	71,848	69,571	(3.17%)	
P/S Ratio	3.79	3.89	4.61	15.71%	4.41	3.21	4.54%	43.48%	SPS	22.6	22.9	1.41%	
P/B Ratio	4.95	5.27	6.17	14.49%	6.03	3.95	2.38%	56.23%	Earnings	11,482	10,168	(11.45%)	
ROE	21.47%	21.54%	19.72%	(9.21%)	22.00%	17.60%	(10.36%)	12.06%	EPS TTM	4.6	4.0	(12.55%)	
ROA	4.23%	4.21%	3.64%	(15.60%)	4.31%	3.51%	(15.55%)	3.83%	Dividend	1.6	1.5	(3.56%)	
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	(33.22%)	2.45%	1.75	90.65	120.57	11.30	(24.8%)	1.0%	5.5%	3.09%	0.86	30.60	
Materials	18.78%	2.71%	1.20	26.65	23.19	13.86	14.9%	8.1%	1.9%	3.78%	3.60	19.22	
Industrials	2.24%	8.90%	1.07	33.81	30.32	14.44	11.5%	9.4%	1.5%	2.87%	3.50	21.69	
Discretionary	34.97%	11.36%	1.28	51.17	49.03	20.59	4.4%	17.3%	0.6%	1.92%	4.31	32.36	
Staples	9.45%	6.72%	0.58	22.71	22.83	17.65	(0.6%)	29.2%	2.5%	4.42%	4.16	20.04	
Health Care	9.65%	13.41%	0.74	18.17	19.62	15.24	(7.4%)	28.9%	1.6%	5.50%	7.23	15.51	
Financials	(5.72%)	10.63%	1.28	16.74	18.48	10.52	(9.4%)	7.5%	2.0%	5.86%	4.85	12.63	
Technology	39.43%	27.17%	1.12	31.75	32.72	14.63	(3.0%)	52.8%	1.0%	3.15%	4.73	25.46	
Telecom	24.03%	11.02%	0.91	27.43	27.01	17.61	1.6%	15.5%	0.7%	3.55%	6.45	21.84	
Utilities	0.91%	2.96%	0.41	19.75	22.09	15.54	(10.6%)	10.7%	3.3%	5.01%	3.39	18.70	
Real Estate	(4.43%)	2.54%	0.91	20.98	21.41	16.91	(2.0%)	7.0%	2.9%	4.82%	4.03	19.55	
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	363.67	9.99%	344.48	18	5.57%	314.18	110	15.75%	9.65%	(0.19%)	66.62%	Buy	
Mid Cap	402.66	18.44%	364.62	20	10.43%	328.11	46	22.72%	11.13%	(0.78%)	87.97%	Buy	
Small Cap	75.49	21.74%	66.40	20	13.69%	59.70	43	26.45%	11.22%	(1.38%)	85.11%	Buy	

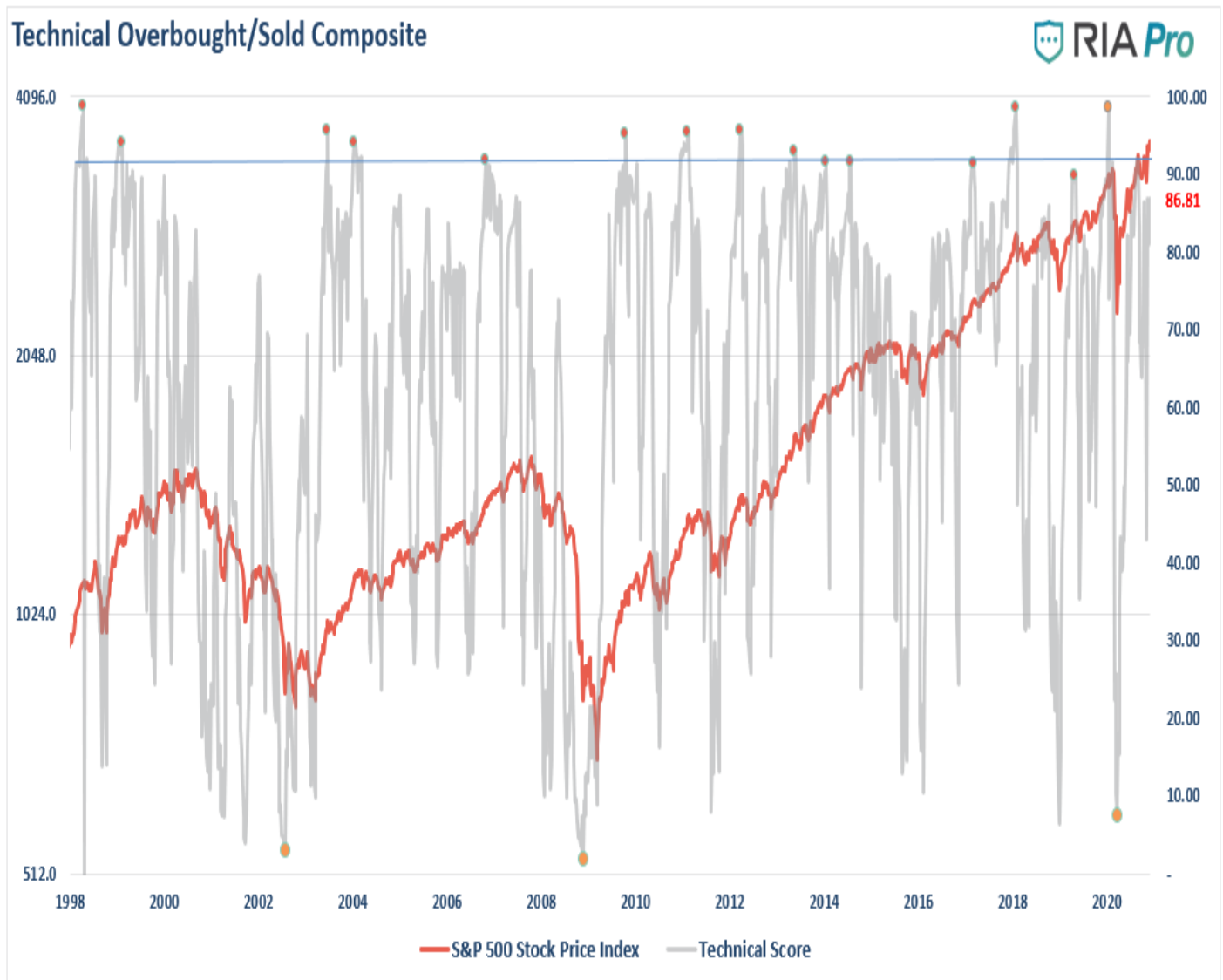
## Performance Analysis



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## 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;



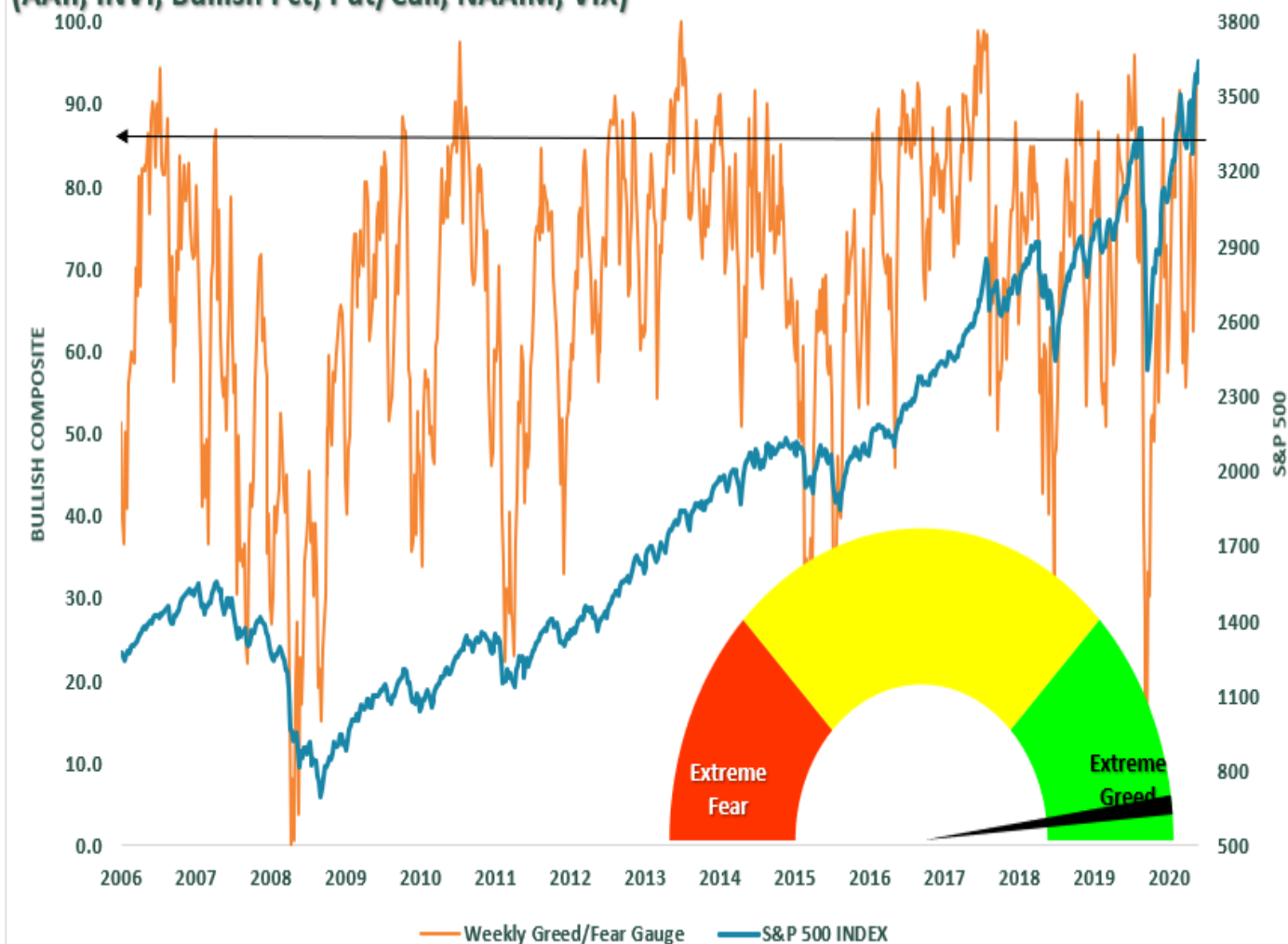
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## Portfolio Positioning "Fear / Greed" Gauge

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.

## MARKET GREED/FEAR INDEX

(AAII, INVI, Bullish Pct, Put/Call, NAAIM, VIX)



## 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	364.98	2.34	11.40	6.11	19.52	15.48	345.01	323.08	327.62	0.99	335.81	319.43	6%	13%	BULLISH
XLB	SPDR-MATLS SELS	71.71	0.45	2.10	5.18	10.76	3.96	66.01	60.00	63.18	1.07	65.44	60.92	9%	20%	BULLISH
XLC	SPDR-COMM SV SS	65.63	0.40	(0.54)	0.13	1.74	9.39	61.37	57.15	59.20	0.99	61.27	57.13	7%	15%	BULLISH
XLE	SPDR-EGY SELS	38.91	6.32	24.08	5.48	(21.81)	(49.41)	32.35	35.41	28.72	1.63	29.91	27.53	20%	10%	BEARISH
XLF	SPDR-FINL SELS	28.47	2.40	7.92	6.47	(0.05)	(21.05)	25.30	24.13	23.86	1.15	24.73	22.99	13%	18%	BULLISH
XLK	SPDR-TECH SELS	122.66	(0.22)	(0.76)	(2.26)	3.86	23.66	117.96	107.81	110.86	1.07	114.82	106.90	4%	14%	BULLISH
XLI	SPDR-INDU SELS	88.82	0.15	5.67	8.00	9.54	(7.21)	80.52	73.10	75.87	1.14	78.63	73.11	10%	22%	BULLISH
XLP	SPDR-CONS STPL	66.92	(1.71)	(3.92)	(4.00)	(4.38)	(7.54)	65.11	62.04	62.26	0.57	64.17	60.35	3%	8%	BULLISH
XLRE	SPDR-RE SELS	36.82	(2.67)	(3.59)	(4.53)	(15.92)	(20.21)	36.04	35.20	34.15	0.70	35.24	33.06	2%	5%	BULLISH
XLU	SPDR-UTIL SELS	63.76	(2.00)	(9.19)	1.29	(10.85)	(14.35)	62.17	59.95	62.38	0.35	64.16	60.60	3%	6%	BULLISH
XLV	SPDR-HLTH CR	109.44	(1.75)	(3.75)	(2.57)	(7.39)	(5.48)	106.76	103.64	101.66	0.78	105.00	98.32	3%	6%	BULLISH
XLY	SPDR-CONS DISCR	158.22	0.61	(0.74)	1.41	6.71	13.73	150.09	135.86	142.97	1.17	148.21	137.73	5%	16%	BULLISH
XTN	SPDR-SP TRANSP	70.65	2.33	9.21	10.42	14.20	(6.00)	62.12	55.96	58.57	1.36	60.83	56.31	14%	26%	BULLISH
SDY	SPDR-SP DIV ETF	105.67	0.07	2.88	3.15	(3.65)	(16.03)	97.23	93.27	92.46	0.87	95.57	89.35	9%	13%	BULLISH
RSP	INVS-SP5 EQ ETF	124.21	0.53	4.13	5.72	2.13	(5.68)	113.14	105.78	107.51	1.10	111.38	103.64	10%	17%	BULLISH
SLY	SPDR-SP6 SC	75.49	1.42	9.71	12.81	10.79	(8.60)	65.60	60.82	62.33	1.24	64.66	60.00	15%	24%	BULLISH
MDY	SPDR-SP MC 400	402.66	0.42	4.88	10.25	5.86	(5.65)	360.26	335.55	346.27	1.18	359.00	333.54	12%	20%	BULLISH
EEM	ISHARS-EMG MKT	50.04	(0.34)	0.52	6.75	5.98	2.15	45.85	42.29	44.71	0.87	46.22	43.20	9%	18%	BULLISH
EFA	ISHARS-EAFE	71.71	(0.41)	5.41	5.04	(2.54)	(10.30)	65.65	62.40	61.39	0.81	63.42	59.36	9%	15%	BULLISH
IAU	ISHARS-GOLD TR	17.04	(6.99)	(16.15)	(13.80)	(16.44)	6.41	18.12	17.52	17.89	0.08	18.35	17.43	-6%	-3%	BULLISH
GDX	VANECK-GOLD MNR	34.23	(6.99)	(20.10)	(22.33)	(14.65)	10.93	39.07	37.35	37.49	0.73	38.70	36.28	-12%	-8%	BULLISH
UUP	INVS-DB US\$ BU	24.76	(3.02)	(13.81)	(7.42)	(25.24)	(23.47)	25.15	25.82	25.37	(0.11)	25.98	24.76	-2%	-4%	BEARISH
BOND	PIMCO-TOT RETRN	112.62	(2.37)	(10.37)	(5.92)	(17.71)	(11.75)	112.17	111.31	111.47	0.08	114.35	108.59	0%	1%	BULLISH
TLT	ISHARS-20+YTB	160.22	(3.14)	(9.72)	(7.65)	(20.81)	(1.38)	161.16	163.77	157.57	(0.30)	161.04	154.10	-1%	-2%	BEARISH
BNDX	VANGD-TTL INT B	58.54	(2.30)	(11.05)	(4.99)	(17.71)	(14.82)	58.23	57.78	58.34	0.03	59.82	56.86	1%	1%	BULLISH
HYG	ISHARS-JBX HYCB	86.41	(1.77)	(8.39)	(3.83)	(14.71)	(16.09)	84.73	83.19	83.88	0.38	86.30	81.46	2%	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
FBHS	Fortune Brd H&S	84.86	11.20	4.99	1.13	21.54	8.00
MSFT	Microsoft Corp	213.87	12.50	13.83	1.05	34.55	8.00
MTD	Mettler-Toledo	1125.16	12.10	5.59	0.00	46.71	8.00
PG	Procter & Gambl	138.68	7.57	1.54	2.28	25.78	8.00
PKI	Perkinelmer Inc	127.50	30.25	8.24	0.22	22.45	8.00
TMO	Thermo Fisher	448.45	18.00	11.58	0.20	28.01	8.00
ADP	Automatic Data	174.08	12.00	6.17	2.09	29.06	7.00
AVY	Avery Dennison	151.56	6.65	4.28	1.53	23.07	7.00
BLL	Ball Corp	96.30	5.00	8.85	0.62	33.67	7.00
CTLT	Catalent Inc	94.65	18.34	12.58	0.00	46.63	7.00
DVA	Davita Inc	109.60	18.26	-6.66	0.00	14.73	7.00
IDXX	Idexx Labs Inc	446.48	15.83	10.64	0.00	77.78	7.00
IT	Gartner Inc -A	153.87	13.50	17.83	0.00	34.27	7.00
KLAC	Kla Corp	248.95	11.56	17.02	1.45	22.86	7.00
MXIM	Maxim Intg Pdts	81.38	10.00	0.36	2.36	32.95	7.00
NVDA	Nvidia Corp	529.39	20.35	22.00	0.12	74.56	7.00
QRVO	Qorvo Inc	148.24	15.77	4.66	0.00	22.13	7.00
SHW	Sherwin William	731.25	10.27	12.94	0.73	30.80	7.00
TER	Teradyne Inc	108.34	16.74	10.61	0.37	24.68	7.00
TGT	Target Corp	179.82	8.49	3.79	1.51	21.28	7.00
UPS	Utd Parcel Svc	170.50	7.90	6.91	2.37	22.23	7.00
WST	West Pharm Svc	269.20	20.47	7.42	0.25	63.64	7.00
AJG	Gallagher Arthu	116.07	8.02	7.24	1.55	26.20	6.00
APH	Amphenol Corp-A	130.83	8.50	9.76	0.76	36.44	6.00
ATVI	Activision Blzd	76.51	15.99	6.56	0.54	23.05	6.00
BLK	Blackrock Inc	703.61	9.03	8.02	2.06	21.98	6.00
CDW	Cdw Corp	131.94	13.10	7.83	1.21	20.88	6.00
CPRT	Copart Inc	114.76	13.00	16.02	0.00	42.35	6.00
DE	Deere & Co	256.43	8.66	9.68	1.19	29.48	6.00
DG	Dollar General	217.00	11.09	8.87	0.66	23.59	6.00
DOV	Dover Corp	124.12	11.50	0.15	1.60	21.93	6.00
FDX	Fedex Corp	288.30	12.00	8.62	0.90	25.47	6.00
FITB	Fifth Third Bk	26.68	8.25	7.02	4.05	13.61	6.00
LRCX	Lam Research	446.78	16.49	14.53	1.16	24.23	6.00
MAS	Masco	54.16	16.59	0.85	1.03	18.81	6.00
NVR	Nvr Inc	4110.76	12.96	7.87	0.00	18.94	6.00
PKG	Packaging Corp	131.75	5.00	5.17	2.40	21.39	6.00
RMD	Resmed Inc	206.03	14.53	12.50	0.76	40.40	6.00
ROK	Rockwell Automt	256.43	9.30	2.64	1.67	33.39	6.00
RSG	Republic Svcs	97.44	9.40	2.71	1.74	27.92	6.00
TT	Trane Tech Plc	144.97	9.15	3.61	1.46	30.08	6.00
TYL	Tyler Tech Inc	414.89	15.00	13.66	0.00	97.85	6.00
AOS	Smith (Ao) Corp	56.37	9.00	3.17	1.85	28.33	5.00
CDNS	Cadence Design	113.04	15.43	8.59	0.00	29.36	5.00
CMI	Cummins Inc	230.39	9.00	5.67	2.34	20.46	5.00
COO	Cooper Cos	329.01	10.00	9.39	0.02	33.64	5.00
PCAR	Paccar Inc	88.82	10.00	7.70	1.44	21.66	5.00
PH	Parker Hannifin	274.10	11.78	5.77	1.28	24.74	5.00
SNA	Snap-On Inc	174.96	9.94	1.70	2.81	16.10	5.00
DRI	Darden Restrnt	110.58	19.53	4.58	1.09	47.26	4.00
FRC	First Rep Bk Sf	132.96	9.19	19.80	0.60	23.74	4.00

## 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	118.00	1.58	11.92	3.05	9
CMTV	Commnty Bcp Vt	15.50	1.11	12.34	4.90	8
FLIC	First Long Is	17.94	1.08	10.79	4.24	8
HPE	Hewlett Pkd Ent	11.24	0.89	11.07	4.27	8
IBCP	Indep Bk Mich	18.12	1.06	11.07	4.41	8
PEG	Public Sv Entrp	59.97	1.92	11.16	3.27	8
TFC	Truist Finl Cp	48.51	1.06	10.08	3.71	8
TSLX	Sixth St Spclty	20.78	1.23	12.32	7.89	8
BSRR	Sierra Bancorp	22.96	1.04	10.41	3.48	7
CFR	Cullen Frost Bk	87.82	1.35	11.21	3.23	7
CHCO	City Hldgs Co	68.62	1.59	13.27	3.32	7
CPF	Central Pac Fin	18.38	0.95	10.07	5.01	7
CRWS	Crown Crafts	7.48	1.68	13.97	4.28	7
CZFS	Citizens Fin Sv	47.75	0.99	11.82	3.85	7
FMNB	Farmers Natl Bc	13.40	1.11	10.99	3.28	7
FNLC	First Bancp Inc	26.09	1.30	11.41	4.75	7
KBAL	Kimball Intl B	11.75	1.75	20.16	3.06	7
LARK	Landmark Bcp	25.16	0.95	10.11	3.18	7
LOMA	Loma Negra Cia	5.65	1.29	21.99	4.50	7
LTC	Ltc Properties	38.48	1.94	13.30	5.93	7
PFBC	Preferred Bank	38.88	1.16	15.19	3.09	7
SWM	Schweitzer-Maud	35.67	1.78	19.52	4.93	7
UBFO	United Sec Bcsh	7.16	1.03	10.41	6.15	7
WTBA	West Bancorp	20.13	1.54	14.69	4.17	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
MSFT	Microsoft Corp	213.87	12.50	13.83	1.05	2.54	8
FFIN	First Fin Bk-Tx	34.55	#N/A	10.70	1.51	#N/A	7
FICO	Fair Isaac Inc	475.57	#N/A	9.43	-	#N/A	7
IDXX	Idexx Labs Inc	446.48	15.83	10.64	-	4.60	7
NVDA	Nvidia Corp	529.39	20.35	22.00	0.12	3.44	7
QLYS	Qualys Inc	91.88	#N/A	17.75	-	#N/A	7
BF.B	Brown Forman B	81.15	#N/A	(4.73)	0.86	#N/A	6
CPRT	Copart Inc	114.76	13.00	16.02	-	2.86	6
HALO	Halozyme Thera	41.14	#N/A	6.59	-	#N/A	6
RGEN	Repligen	181.43	30.00	35.13	-	4.20	6
TYL	Tyler Tech Inc	414.89	15.00	13.66	-	6.68	6
CDNS	Cadence Design	113.04	15.43	8.59	-	3.63	5
IIPR	Innov Indl Ppty	156.28	#N/A	172.75	2.99	#N/A	5
ALGN	Align Tech Inc	473.69	18.28	27.06	-	7.84	4
EXR	Extra Space Stg	111.99	2.53	10.88	3.21	8.82	4
MKTX	Marketaxess Hld	514.35	#N/A	14.42	0.47	#N/A	4
TREX	Trex Company	73.50	#N/A	14.86	-	#N/A	4
TXN	Texas Instrs	157.60	9.33	2.39	2.59	3.09	4
MLAB	Mesa Labs Inc	270.63	#N/A	8.08	0.24	#N/A	3

## Portfolio / Client Update

The past week was crazy. On Monday, Moderna announced they might have a vaccine that could be 94.5% effective, trumping Pfizer's 90% effectiveness. That market rallied on Monday but gave it all back on Tuesday and Wednesday.

As noted last week, we finally got some "love" in our "value" stocks like CLX, CVS, CVX, and RTX. And this past week, due to more extreme extensions in these stocks, we took profits and raised cash levels by 5%. (See *below*)

With next week being a holiday-shortened week, the *"inmates tend to run the asylum."* If we continue to see a relative increase in these value names, we will add some more incrementally. Having extra cash will give us a bit of protection against volatility. As noted in the newsletter's main body, we are about to enter the **mutual fund distribution season**, which could apply more pressure to stocks. We may raise more cash and hedge if our indicators turn lower.

## Portfolio Changes

This past week we made the following changes to portfolios, as we noted in real-time on [RIAPRO.NET](https://riapro.net).

*"As noted in this past weekend's [Real Investment Report](#) the market has gotten back to more extreme overbought, extended, and bullish levels. Historically, such a setup has led to short-term corrections, or worse.*

*While the vaccine news on this morning is certainly welcome, the markets have already priced much of that into stocks currently. Considering a vaccine won't be widely available to mid- to late-next year, the economic weakness will continue to weigh on profitability for now.*

*As such, we are taking profits in some of our more egregiously extended positions and will use a post-Thanksgiving correction to add back to holdings at a cheaper level."*

#### **Equity Portfolio ? Taking Profits**

- CVX from 2.5% to 1.5%
- CMCSA from 3% to 2.5%
- GOOG from 2.5% to 2%
- AAPL from 3% to 2.5%
- VZ from 3% to 2.5%
- UNH from 2.5% to 2%
- CVS from 2% to 1.5%
- TLT from 15% to 12.5%

#### **ETF Portfolio ? Taking Profits**

- CVX from 2.5% to 1.5%
- XLV from 9% to 8%
- XLP from 6.5% to 5.5%
- XLB from 3% to 2%
- TLT from 15% to 12.5%

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*

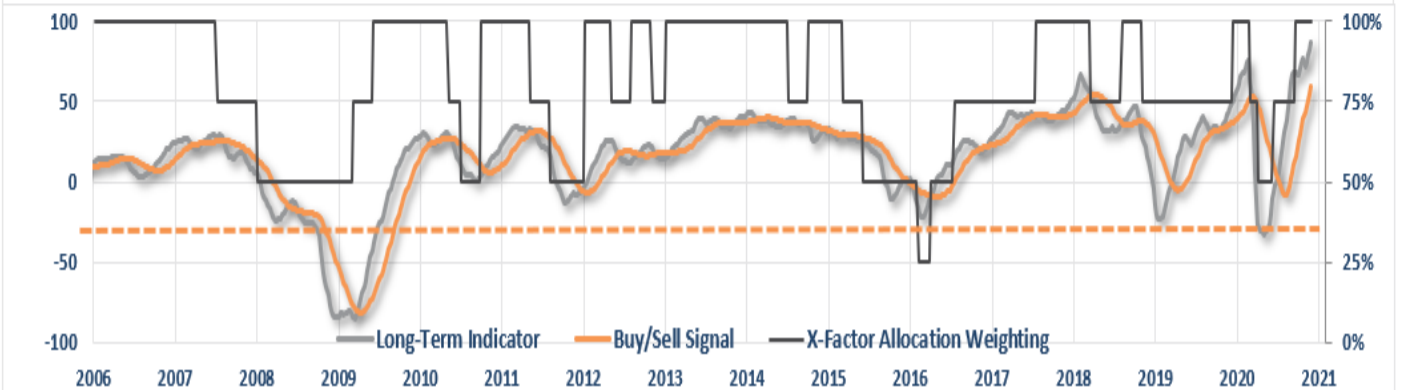
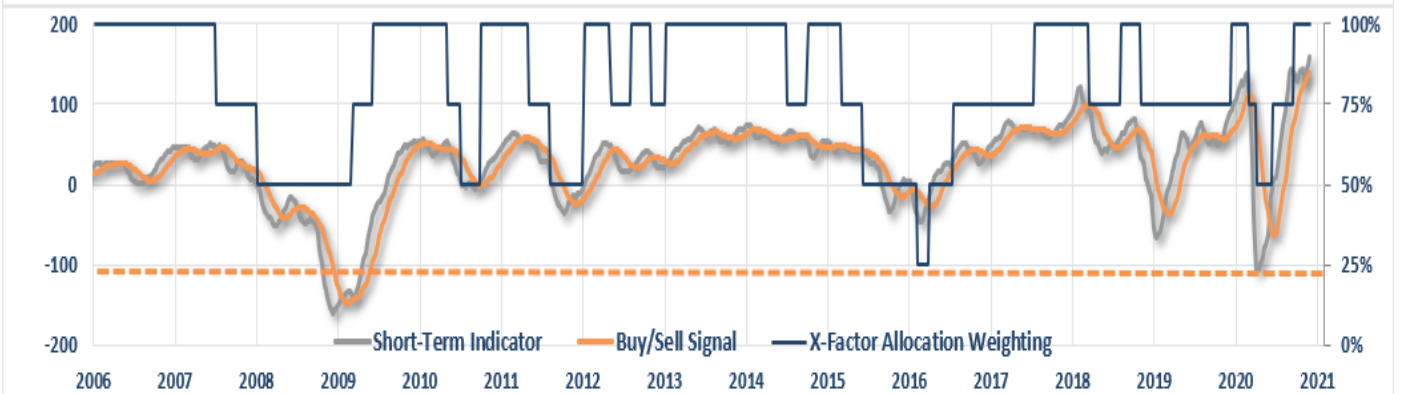
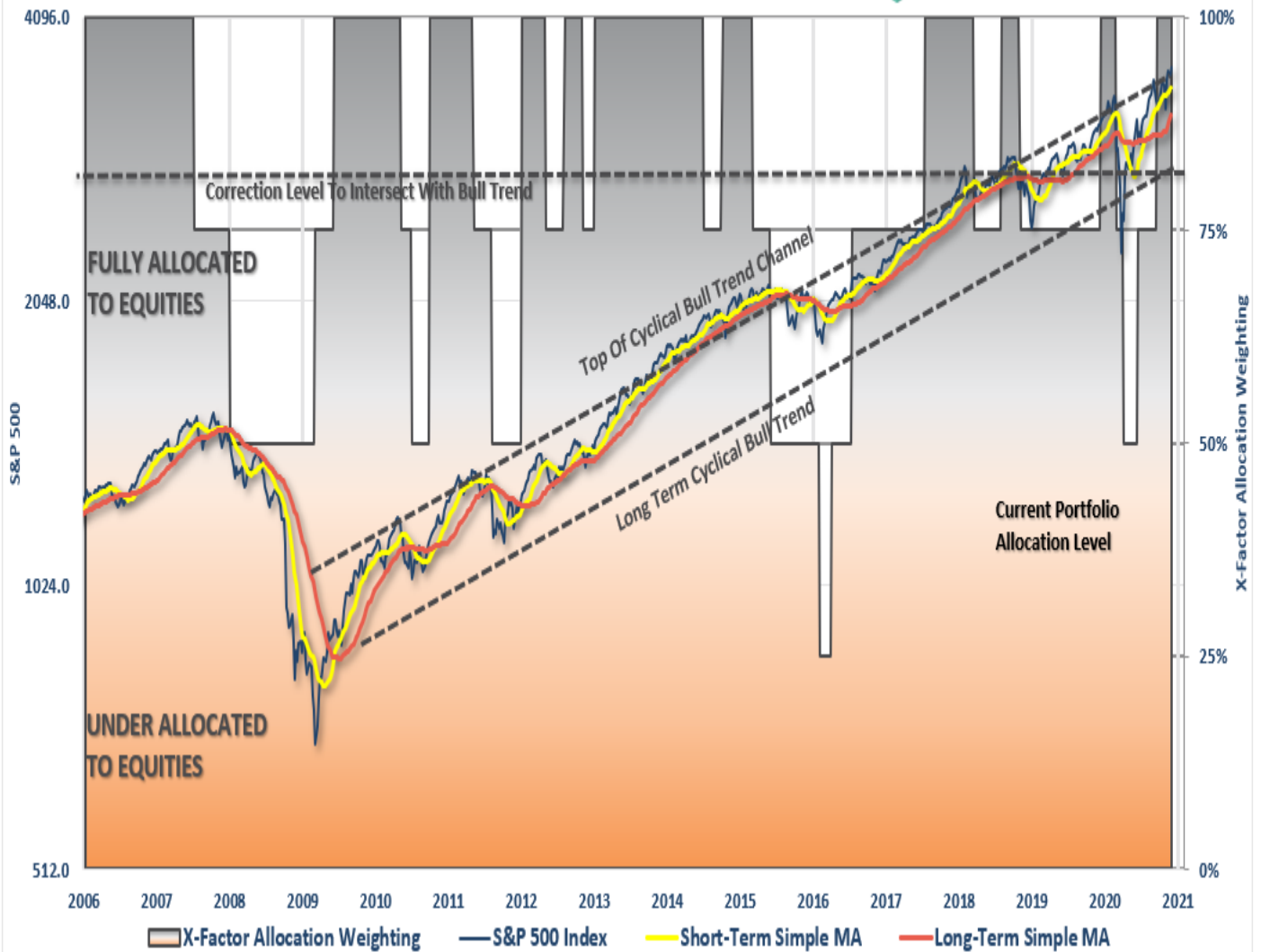
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## **THE REAL 401k PLAN MANAGER**

### ***A Conservative Strategy For Long-Term Investors***

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# Risk Management Analysis



## Current Portfolio Weighting



## Current 401k Allocation Model

5.00% Cash + All Future Contributions

Primary concern is the protection of investment capital

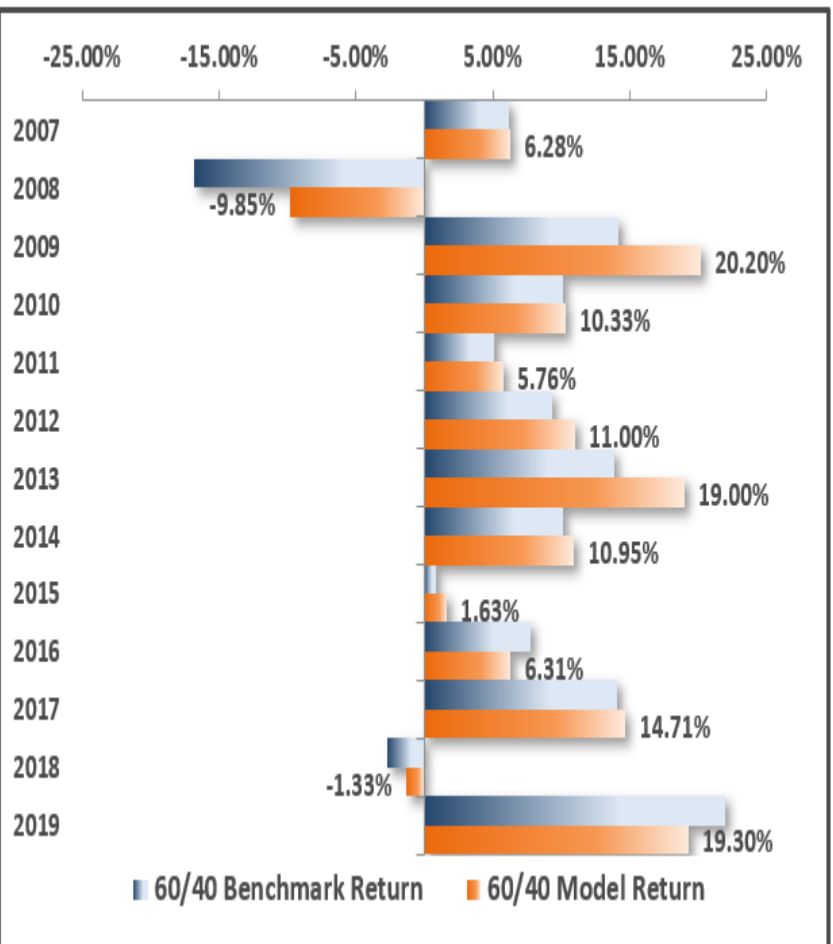


If you need help after reading the alert, do not hesitate to [contact me](#).

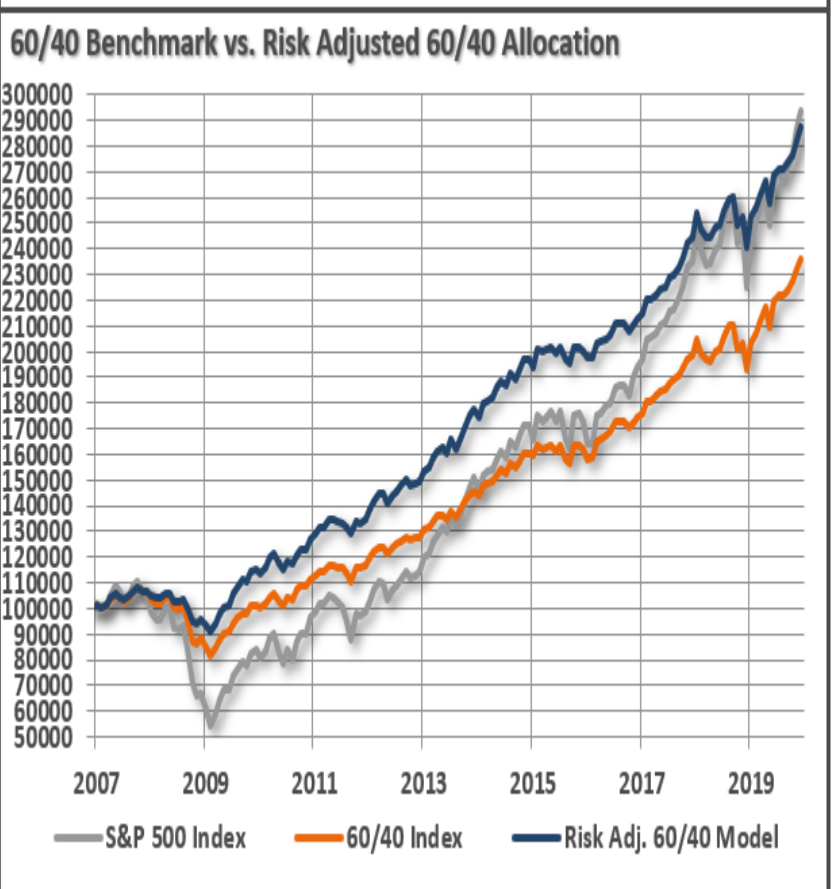
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*Model performance is a two-asset model of stocks and bonds relative to the weighting changes made each week in the newsletter. Such is strictly for informational and educational purposes only, and one should not rely on it for any reason. Past performance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

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.](#)**

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

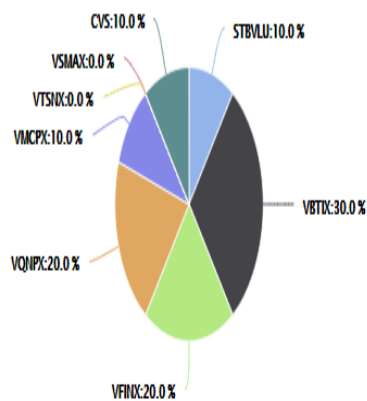
Retirement Income (My Portfolio Annual ROR 9.44 %)		—
Current account balance	10,000	
Estimated Retirement Balance	632,861	
Estimated Retirement Balance (Inflation Adj)	620,204	
Monthly Income	2,768	
Monthly Income (Inflation Adj)	2,713	
My Cumulative Contribution	172,934	
Employer Cumulative Contribution	103,760	

### RIAPro Portfolio

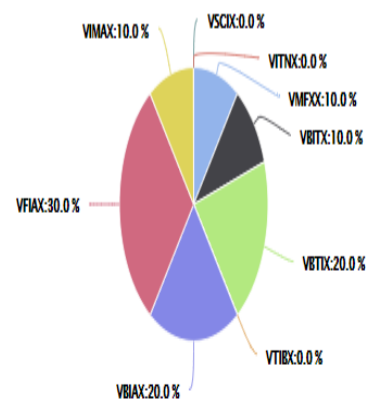
RIA PRO MODEL PL ▾

Retirement Income (RiaPro Annual ROR 9.02 %)		—
Current account balance	10,000	
Estimated Retirement Balance	609,786	
Estimated Retirement Balance (Inflation Adj)	597,590	
Monthly Income	2,667	
Monthly Income (Inflation Adj)	2,614	
My Cumulative Contribution	172,934	
Employer Cumulative Contribution	103,760	

### My Fund Composition



### RIAPro Fund Composition



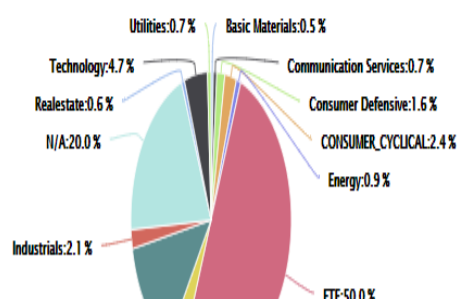
### My Asset Composition

+

### RIAPro Asset Composition

+

### My Sector Composition



### RIAPro Sector Composition

