

**Everyone Is In The Pool. More Buyers Needed.**



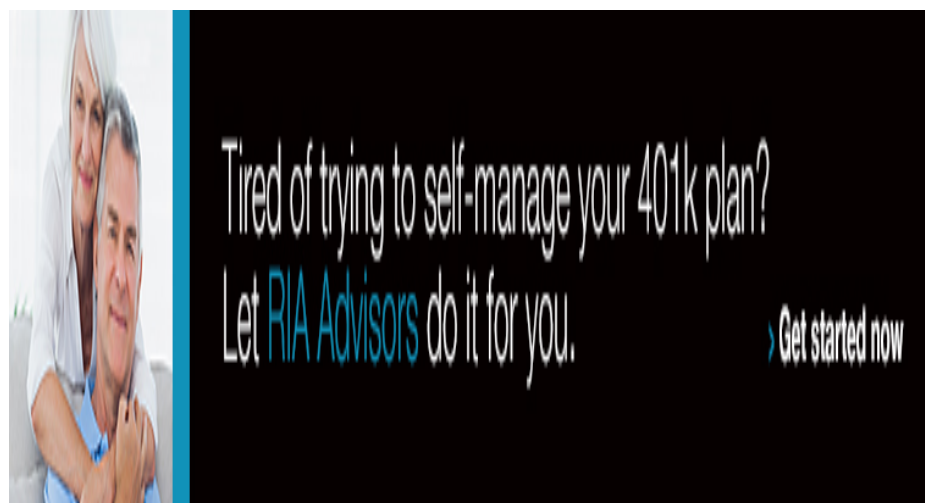
*In this issue of "Everyone Is In The Pool. More Buyers Needed."*

- *Everyone Is In The Pool*
- *Sentiment & Technicals Pushing Extremes*
- *A Heat Map Of Valuations*
- *Investor Resolutions*
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- *Sector & Market Analysis*
- *401k Plan Manager*

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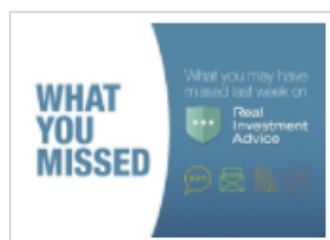
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## Catch Up On What You Missed Last Week



### #WhatYouMissed On RIA This Week: 1-15-21

Written by Lance Roberts | Jan 15, 2021

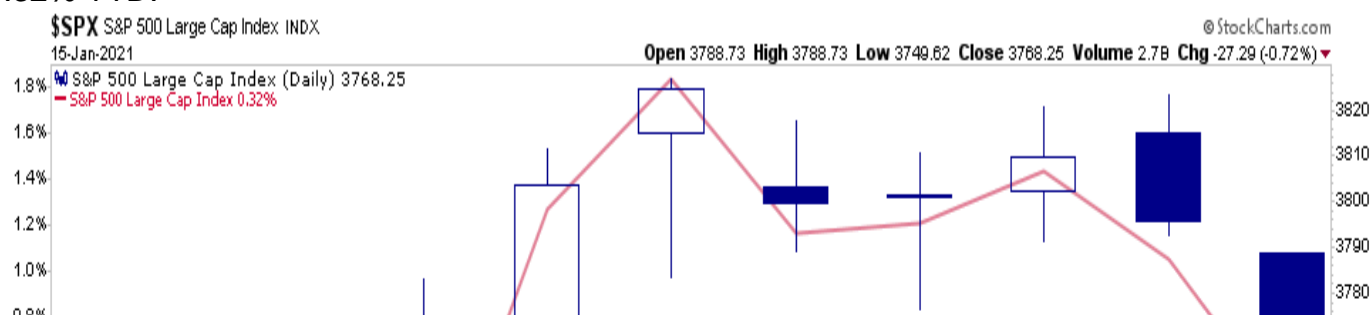
Here is what you might have missed from the RIA Crew last week. A compilation of our best blogs, newsletter, podcasts, the daily radio show and commentary from RIAPRO.NET.

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## Everyone Is In The Pool

At the halfway point of January, the market has struggled to hold onto its gains. Such is surprising given the recent passage of a \$900 billion stimulus bill and Biden's proposal for another \$1.9 trillion on Thursday. With another \$2.8 trillion in stimulus hitting the economy, inducing the Fed to do more QE, markets were seemingly unimpressed. For the first two weeks of January, the market is up by 0.32% YTD.



As we discussed recently in [\*"There Is No Cash On The Sidelines,"\*](#) the markets are driven by buyers' and sellers' supply and demand.

*"In the current bull market advance, few people are willing to sell, so buyers must keep bidding up prices to attract a seller to make a transaction. **As long as this remains the case, and exuberance exceeds logic, buyers will continue to pay higher prices to get into the positions they want to own.**"*

Such is also the definition of the [\*"Greater Fool Theory:"\*](#)

*"The greater fool theory states that it is possible to make money by buying securities, whether or not they are overvalued, by selling them for a profit at a later date. **This is because there will always be someone (i.e. a bigger or greater fool) who is willing to pay a higher price.**"*

The problem comes when buyers are no longer willing to pay a higher price. When sellers realize the change, there will be a rush to sell to a diminishing pool of buyers. Eventually, sellers begin to panic sell as buyers evaporate and prices plunge.

### 3-Risks In 2021

As we will discuss in a moment, there is ample evidence that *"everyone is currently in the pool."* Such leaves the market vulnerable to three risks we debated over the past week:

1. *More stimulus and direct checks into the economy lead to an inflationary spike that causes the Fed to discuss hiking rates and tapering QE.*
2. *The current rise in interest rates continues over higher inflation concerns until it impacts a debt-laden economy causing the Fed to implement "yield curve control."*
3. *The dollar, which has an enormous net-short position against it, reverses moves higher, pulling in foreign reserves, causing a short-squeeze on the dollar.*

The reality is that both a rise in the dollar, with higher yields, is likely to start attracting reserves from countries faced with economic weakness and negative-yielding debt. Such would quickly reverse the tailwinds that have supported the equity rally since March. The following video covers the current market exuberance and the importance of the dollar.

[https://www.youtube.com/watch?v=7M1Sm\\_bJ3eA](https://www.youtube.com/watch?v=7M1Sm_bJ3eA)

### The Problem With Monetary Policy

There is also the problem of monetary policy. As discussed in [\*"Moral Hazard,"\*](#) investors are chasing risk assets higher because they believe they have an insurance policy against losses, a.k.a. the Fed. However, this brings us to the one question everyone should be asking:

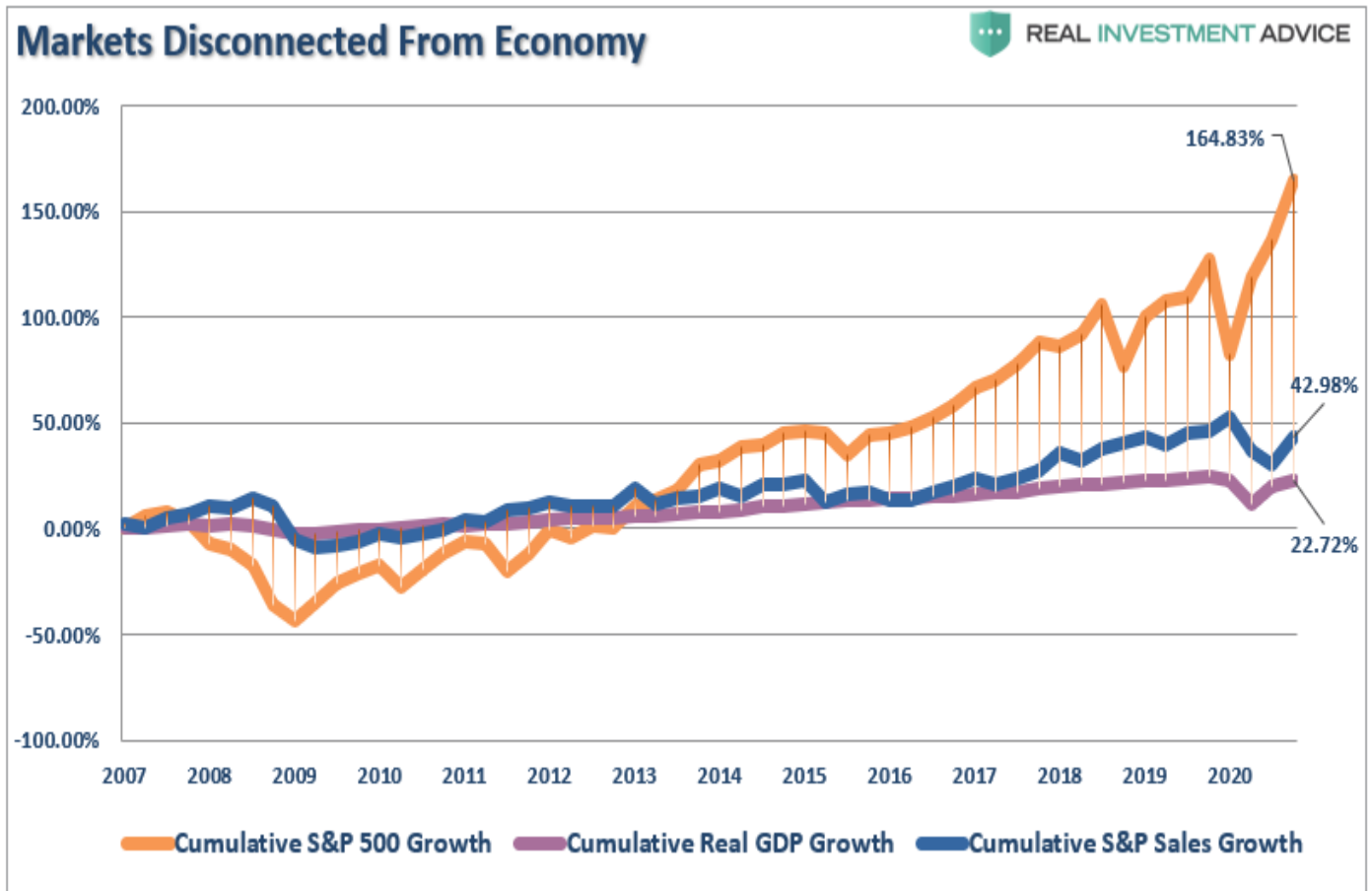
*?If the markets are rising because of expectations of improving economic conditions and earnings, then why are Central Banks pumping liquidity like crazy??*

Despite the best of intentions, Central Bank interventions, while boosting asset prices may seem like a good idea in the short-term, in the long-term has harmed economic growth. As such, it leads to the repetitive cycle of monetary policy.

1. *Using monetary policy to drag forward future consumption leaves an enormous void that must get continually refilled in the future.*
2. *Monetary policy does not create self-sustaining economic growth and therefore requires ever-larger amounts of monetary policy to maintain the same activity level.*

3. The filling of the "gap" between fundamentals and reality leads to consumer contraction and, ultimately, a recession as economic activity recedes.
4. Job losses rise, the wealth effect diminishes, and real wealth gets destroyed.
5. The middle class shrinks further.
6. Central banks act to provide more liquidity to offset recessionary drag and restart economic growth by dragging forward future consumption.
7. Wash, Rinse, Repeat.

If you don't believe me, here is the evidence.



The stock market has returned more than 164% since the 2007 peak, which is more than 3.8x the growth in corporate sales, and 7.5x more than GDP. But, for the 10% of the population that owns 90% of the stock market, the sentiment is now getting extreme.

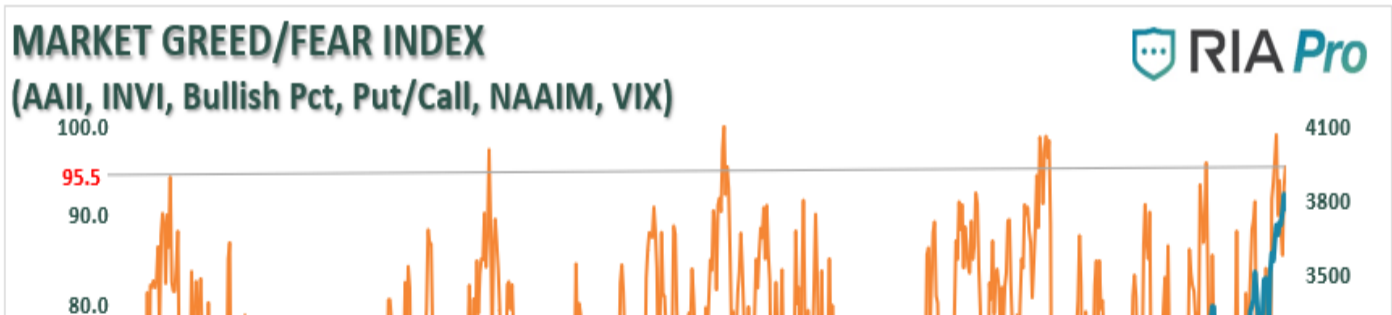


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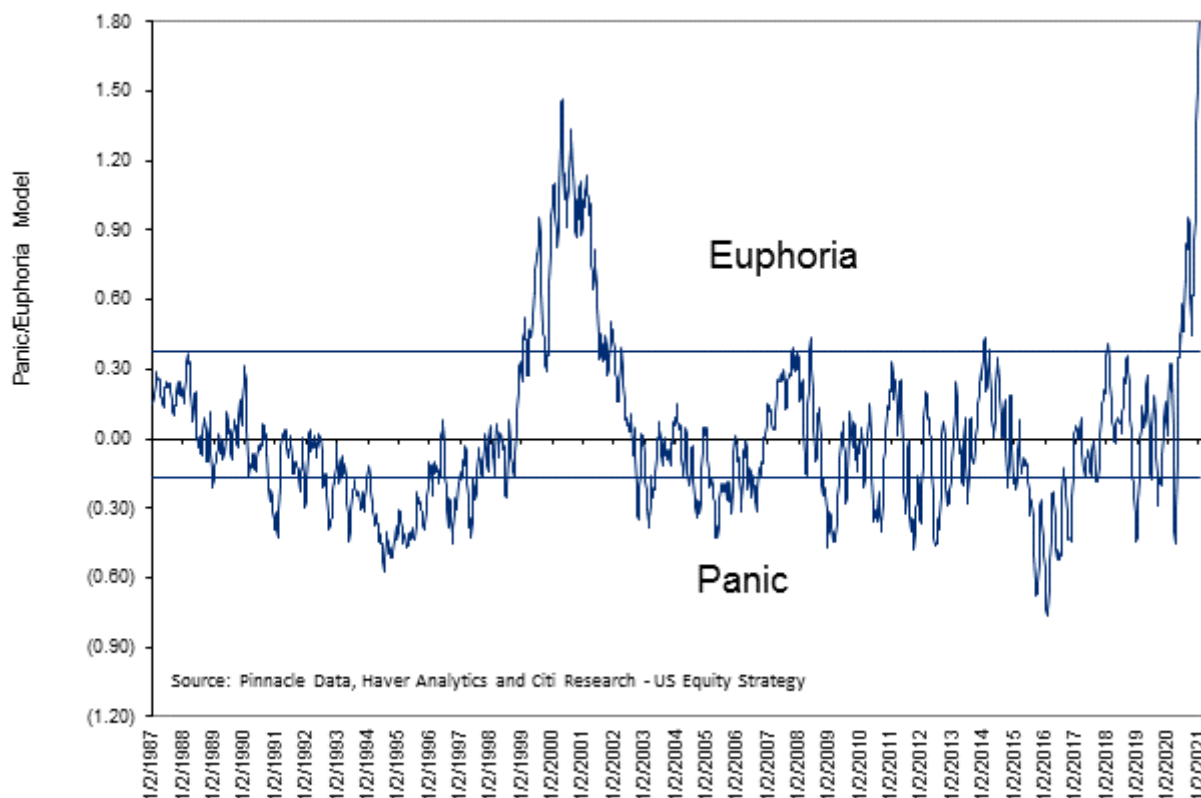
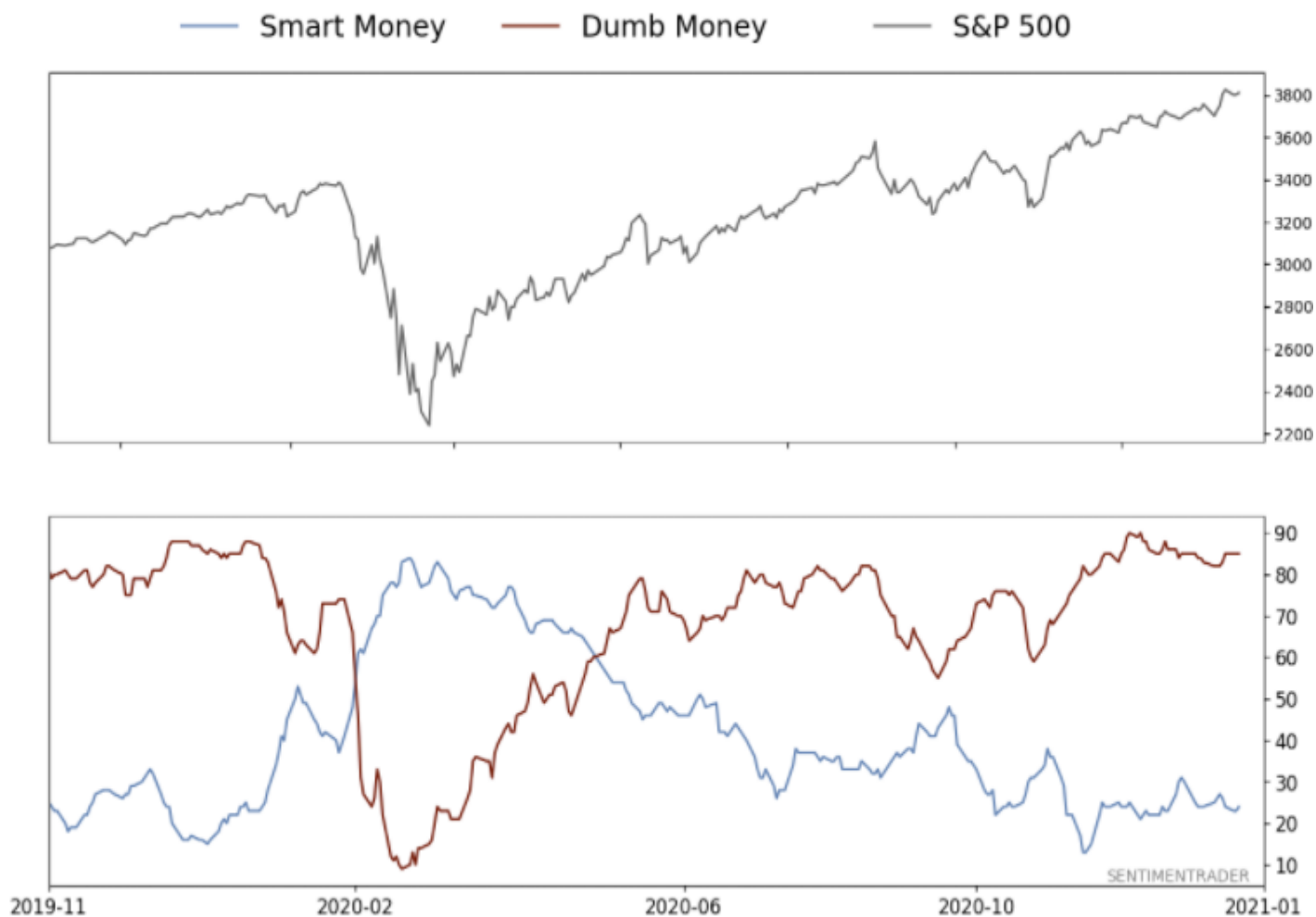
## Sentiment Is Getting A Bit Extreme

While the video discusses some of the extremes currently developing in the market, none better shows this than our investor sentiment gauge. As explained previously, this gauge compiles several measures of investor "positioning" in the markets in terms of actual equity exposure. As shown, we are at levels that have historically had poor outcomes.



Of course, seeing that, you shouldn't be surprised to see that retail investor confidence (dumb money) is near its highest levels on record.

Smart Money Confidence: 24% Dumb Money Confidence: 85%



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As noted



above, it is quite clear everyone is "now in the pool." Such raises the question of:

"Who is left to buy?"

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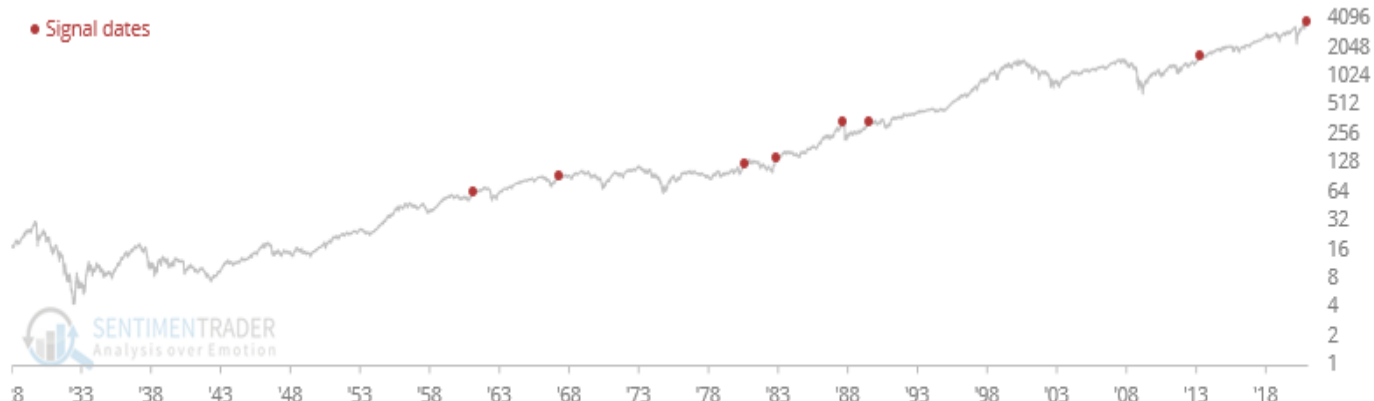
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## Technical Warning Signs

While sentiment measures are certainly worth considering, as the old axiom goes, "markets can remain irrational longer than you can remain solvent." Therefore, from a portfolio management point of view, we want to focus on the technical signs, suggesting that starting to hedge against "risk" is likely prudent. When markets are exuberantly bullish, along with investors believing there is "no risk" to investing, you see virtually every stock moving higher. We can view this specifically in looking at the number of stocks trading above their 200-dma. As noted by Sentimentrader:

### S&P 500 < 5% off high and > 92% of members above 200-day average (1928-2020)



Signals (8)	% From Hi	1 Week	2 Weeks	1 Month	2 Months	3 Months	6 Months	1 Year
1961-03-02	0.0	-0.5	0.6	2.7	2.8	4.5	6.6	9.6
1967-05-09	-1.0	-0.5	-2.5	-2.4	-1.7	2.2	-2.3	5.2
1980-08-15	0.0	0.2	-2.7	0.8	6.3	9.1	1.7	4.4
1982-11-03	0.0	-1.2	-3.5	-2.9	-1.1	0.3	14.3	14.5
1987-08-13	0.0	0.1	-1.0	-3.5	-6.0	-27.7	-23.5	-21.5
1989-08-07	0.0	-1.8	-2.5	0.0	2.2	-3.4	-5.0	-4.3
2013-05-08	0.0	1.6	1.4	0.7	1.2	3.6	8.0	14.9
2021-01-06	-0.2	1.6						
<b>Median</b>	<b>0.0</b>	<b>-0.2</b>	<b>-2.5</b>	<b>0.0</b>	<b>1.2</b>	<b>2.2</b>	<b>1.7</b>	<b>5.2</b>
<b>% Positive</b>		<b>50%</b>	<b>29%</b>	<b>43%</b>	<b>57%</b>	<b>71%</b>	<b>57%</b>	<b>71%</b>
Avg Risk		-1.3	-2.5	-2.9	-3.7	-4.5	-5.5	-6.3
Avg Reward		0.2	0.2	0.8	2.2	3.0	7.2	11.8
% Big Drop		13	14	43	14	14	14	14
% Big Rise		0	0	0	0	0	0	0
Z-Score		-0.8	-4.0	-0.8	-0.1	0.1	-0.5	-0.5

© SENTIMENTRADER Numbers are % return after signal; Risk = avg max loss; Reward = avg max gain; Z-Score +/- 2 suggests significance.

Of course, to no surprise, the put/call ratio is back to a record that usually has preceded short-term corrections.

**\$ONE:\$CPC** One/CBOE Options Total Put/Call Ratio (EOD) INDX  
14-Jan-2021



Such does not mean the market is about to crash, although such would not be unprecedented. The combination of these indicators does suggest that a correction between 5-10% is likely within the next couple of weeks. What will cause that correction? Who knows. **But such is why we have slowly started adding some "risk hedges" back into our portfolios this week. Profit-taking will come next.**

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### A Heat Map Of Valuations

*By Michael Lebowitz, CFA* We talk a lot about valuations and their importance, but such discussions can be hard to put into context. Therefore, I have produced a series of charts that visualize various valuations of the S&P 500 companies. Not surprisingly, such also corresponds to the current behavior of Wall Street analysts and investors. Instead of cluttering up the commentary space on [RIAPro.Net \(30-day Risk-Free Trial\)](#), we thought you would better appreciate the charts and can share them more easily in an article format. The charts below are called heat maps. What we like about heat maps is their ability to show two data points in one easy to read format. The following maps show the S&P 500 components market cap and along with a second factor. The larger the company's market cap is in relation to other companies in the sector, the larger the square. Each graph has a scale on the bottom right relating to the second factor. In the first graph (*Price to Earnings*), the brighter the red, the more overvalued a company is. Conversely, green is relatively cheaper. Companies are sorted by their sectors and sub-sectors. The first three graphs are popular measures of valuation. The fourth graph shows that analyst recommendations, despite valuations, are pretty bullish. As shown in the fifth graph, investors are also overly bullish as there is a very low percentage of short positions in general. Lastly, the sixth graph shows this is not just domestic, but high valuations are occurring in many other countries.

#### 1. Price to Earnings:

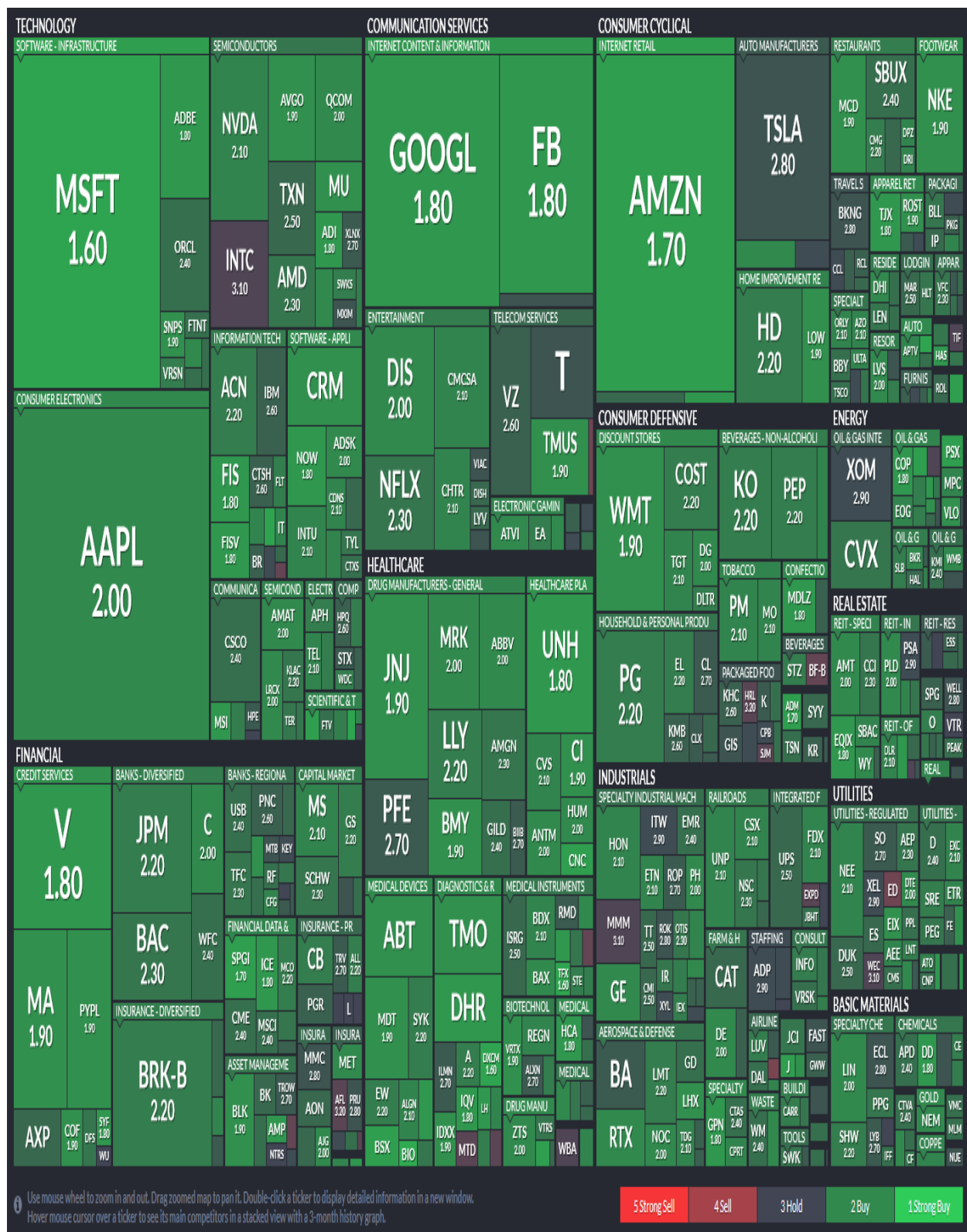
You have to look pretty hard to find stocks that are not wildly overvalued.











## 5. Short Interest as a % of total float:

The continual grind higher has scared away almost all short sellers.







No matter how you look at the markets, either from a technical or fundamental point of view, the long-term risk/reward is not favorable. What eventually derails the bullish bias is unknown. However, what is certain is that when it occurs, given the more extreme levels of leverage combined with a lack of liquidity, the reversion will be swift. **During a bull market advance, investors always take on substantially more risk than they realize. Unfortunately, it is a painful lesson taught quickly and repeatedly throughout history.**

## Investor Resolutions

Here are my annual resolutions for the coming year to be a better investor and portfolio manager: I will:

- **Do more of what is working and less of what isn't.**
- **Remember that the Trend Is My Friend.**
- **Be either bullish or bearish, but not haggish.** (Hogs get slaughtered)
- **Remember it is Okay to pay taxes.**
- **Maximize profits by staging my buys, working my orders, and getting the best price.**
- **Look to buy damaged opportunities, not damaged investments.**
- **Diversify to control my risk.**
- **Control my risk by always having pre-determined sell levels and stop-losses.**
- **Do my homework. I will do my homework. I will do my homework.**
- **Not allow panic to influence my buy/sell decisions.**
- **Remember that cash is for winners.**
- **Expect, but not fear, corrections.**
- **Expect to be wrong, and I will correct errors quickly.**
- **Check hope at the door.**
- **Be flexible.**
- **Have the patience to allow my discipline and strategy to work.**
- **Turn off the television, put down the newspaper, and focus on my analysis.**

These are the same resolutions I attempt to follow every year. There is no shortcut to being a successful investor. **There are only the basic rules, discipline, and focus that is required to succeed long-term.**

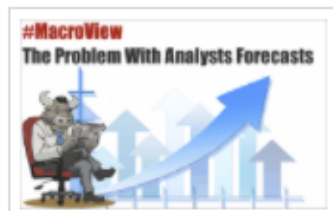


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"buy and hold"

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## The MacroView



### #MacroView: The Problem With Analysts Forecasts

Written by Lance Roberts | Jan 15, 2021

In the later stages of a bull market advance, Wall Street starts seeking out rationalizations to support their bullish views. One common refrain is "there are trillions of dollars in cash sitting on the sidelines."

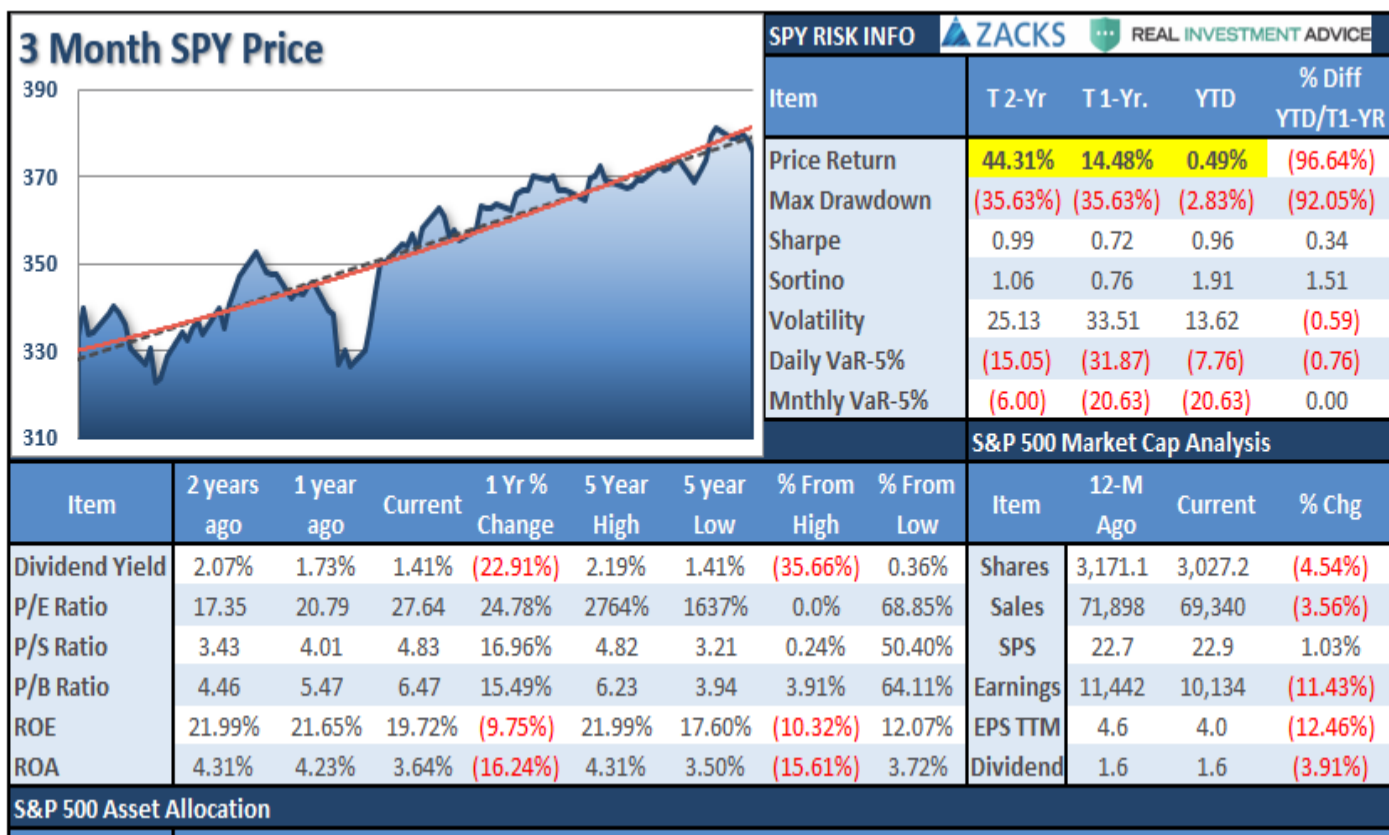
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If you need help or have questions, we are always glad to help. [Just email me.](#) See You Next Week **By Lance Roberts, CIO**

## Market & Sector Analysis

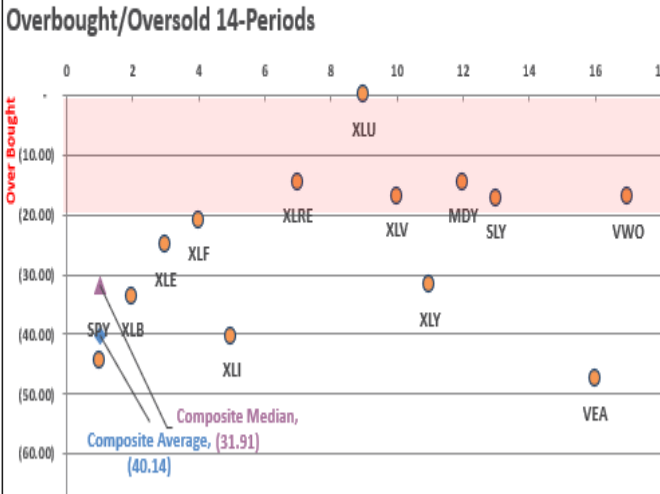
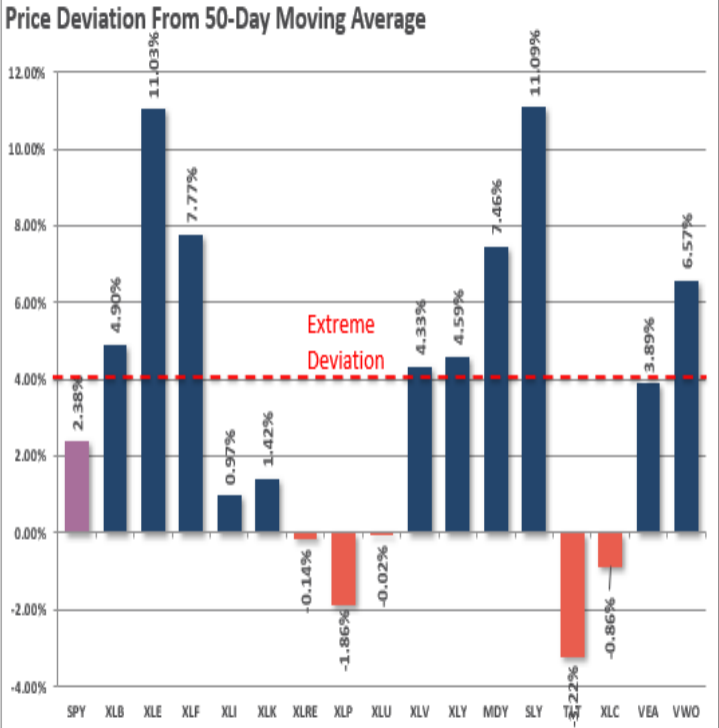
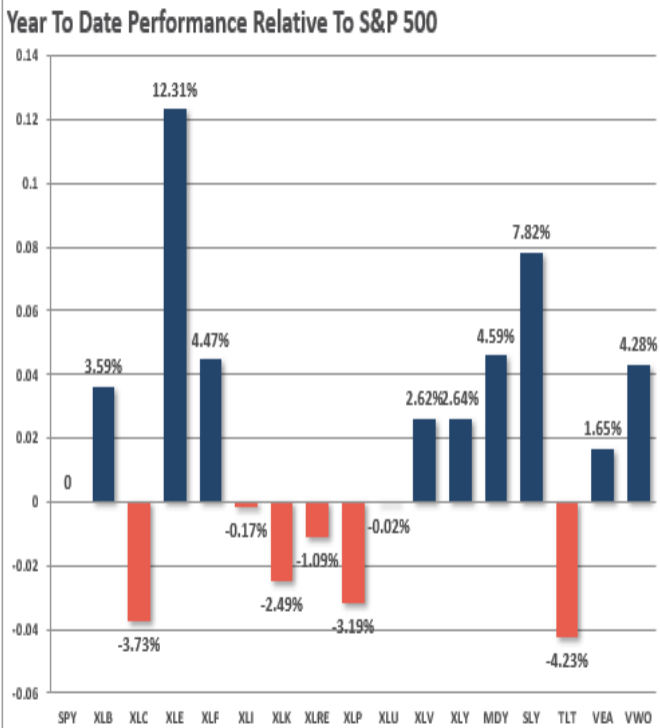
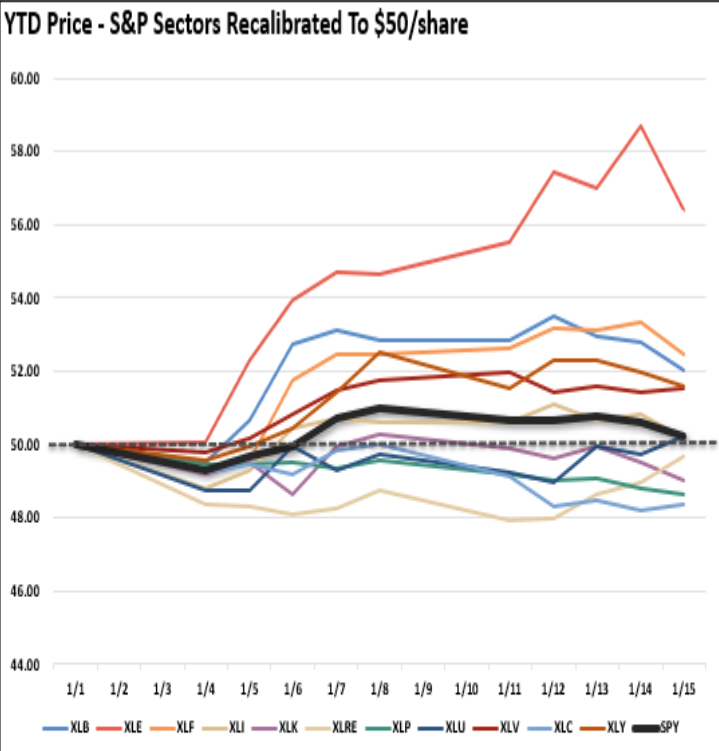
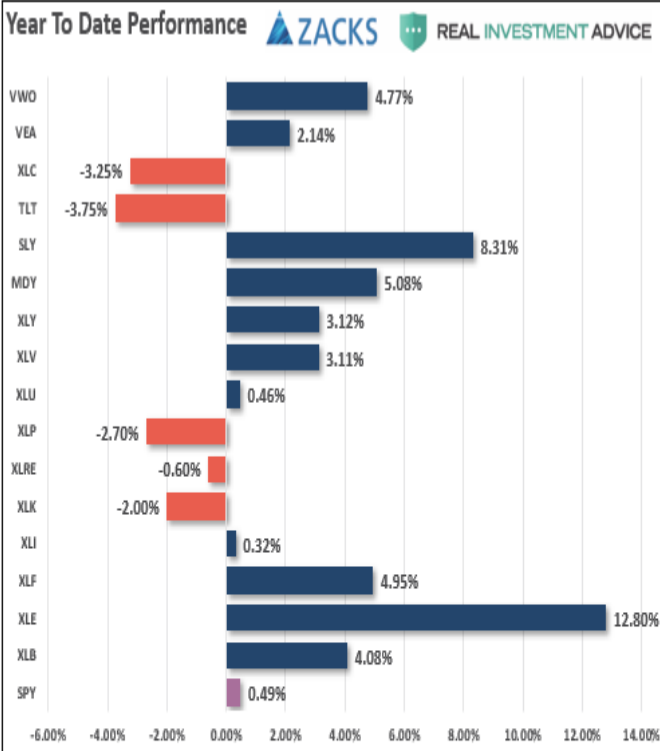
*Analysis & Stock Screens Exclusively For RIAPro Members*

## S&P 500 Tear Sheet



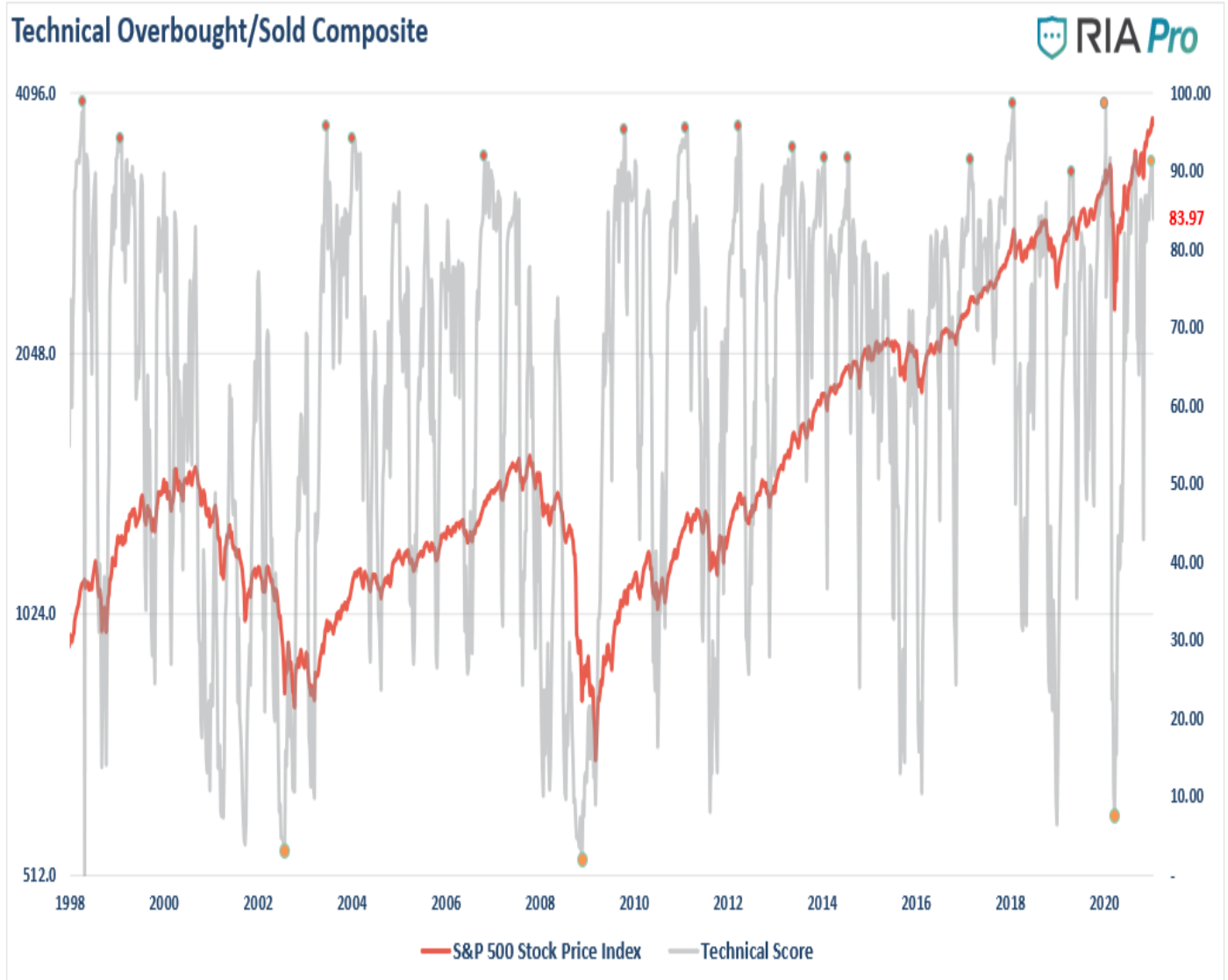


# Performance Analysis



## 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. **NOTE: The Fear/Greed Index measures risk from 0-100. It is a rarity that it reaches levels above 90.** The current reading is 95.50 out of a possible 100.



# 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	377.10	(1.45)	1.78	8.69	15.03	13.07	362.04	341.06	375.39	0.99	384.77	366.01	4%	11%	BULLISH
XLB	SPDR-MATLS SELS	75.34	(0.08)	2.55	5.46	9.79	10.15	70.34	64.53	72.39	1.07	74.97	69.81	7%	17%	BULLISH
XLC	SPDR-COMM SV SS	65.29	(1.81)	(4.50)	(3.57)	(2.72)	2.12	64.76	60.71	67.48	0.99	69.83	65.13	1%	8%	BULLISH
XLE	SPDR-EGY SELS	42.75	4.66	6.72	31.98	3.62	(40.76)	36.54	36.27	37.90	1.73	39.50	36.30	17%	18%	BULLISH
XLF	SPDR-FINL SELS	30.94	1.51	6.82	13.85	13.72	(13.36)	27.81	25.64	29.48	1.20	30.57	28.39	11%	21%	BULLISH
XLK	SPDR-TECH SELS	127.42	(1.11)	(2.43)	(1.11)	0.35	18.13	123.58	115.54	130.02	1.06	134.65	125.39	3%	10%	BULLISH
XLI	SPDR-INDU SELS	88.83	0.58	(1.80)	0.75	8.81	(7.84)	86.04	78.57	88.55	1.17	91.80	85.30	3%	13%	BULLISH
XLP	SPDR-CONS STPL	65.63	(0.45)	(5.17)	(8.32)	(10.36)	(10.24)	66.31	63.86	67.45	0.59	69.53	65.37	-1%	3%	BULLISH
XLRE	SPDR-RE SELS	36.34	3.35	(2.06)	(6.69)	(14.81)	(21.28)	36.13	35.84	36.56	0.70	37.73	35.39	1%	1%	BULLISH
XLU	SPDR-UTIL SELS	62.99	2.51	(0.66)	(11.41)	(11.48)	(18.72)	63.19	60.94	62.70	0.32	64.47	60.93	0%	3%	BULLISH
XLV	SPDR-HLTH CR	116.97	1.09	1.73	(0.20)	(4.19)	(1.13)	110.74	106.68	113.44	0.78	117.17	109.71	6%	10%	BULLISH
XLY	SPDR-CONS DISCR	165.80	(0.32)	1.85	(0.31)	5.99	16.47	156.51	145.67	160.78	1.13	166.62	154.94	6%	14%	BULLISH
XTN	SPDR-SP TRANSP	73.84	2.10	0.87	8.50	20.45	(3.30)	68.48	61.30	71.37	1.38	74.14	68.60	8%	20%	BULLISH
SDY	SPDR-SP DIV ETF	109.25	1.93	1.94	2.79	1.74	(12.23)	103.43	97.63	105.93	0.89	109.52	102.34	6%	12%	BULLISH
RSP	INVS-SP5 EQ ETF	131.22	1.37	1.51	6.27	7.79	(2.25)	122.28	112.94	127.54	1.12	132.15	122.93	7%	16%	BULLISH
SLY	SPDR-SP6 SC	86.15	3.20	7.16	20.90	25.05	3.61	74.78	66.58	79.54	1.29	82.55	76.53	15%	29%	BULLISH
MDY	SPDR-SP MC 400	441.24	1.71	4.28	11.38	14.89	2.60	399.31	362.44	419.92	1.19	435.43	404.41	10%	22%	BULLISH
EEM	ISHARS-EMG MKT	54.35	0.79	4.81	8.65	10.52	4.49	49.60	45.46	51.67	0.87	53.41	49.93	10%	20%	BULLISH
EFA	ISHARS-EAFE	74.40	(0.31)	0.60	5.81	4.87	(7.36)	70.20	65.98	72.96	0.86	75.41	70.51	6%	13%	BULLISH
IAU	ISHARS-GOLD TR	17.40	0.14	(4.74)	(12.87)	(22.77)	3.78	17.85	17.82	18.13	0.03	18.59	17.67	-3%	-2%	BULLISH
GDX	VANECK-GOLD MNR	34.51	(4.06)	(7.44)	(19.79)	(34.66)	8.36	36.74	38.05	36.02	0.58	37.13	34.91	-6%	-9%	BEARISH
UUP	INVS-DB US\$ BU	24.48	2.31	(0.88)	(10.92)	(18.20)	(20.06)	24.69	25.27	24.24	(0.13)	24.82	23.66	-1%	-3%	BEARISH
BOND	PIMCO-TOT RETRN	112.41	1.71	(2.18)	(8.12)	(15.64)	(9.59)	112.37	112.06	113.11	0.08	116.03	110.19	0%	0%	BULLISH
TLT	ISHARS-20+YTB	151.82	1.78	(4.67)	(12.60)	(26.25)	(3.07)	157.38	161.60	157.73	(0.27)	161.24	154.22	-4%	-6%	BEARISH
BNDX	VANGD-TTL INT B	58.33	1.35	(2.15)	(8.58)	(14.85)	(10.39)	58.42	58.09	58.55	0.03	60.03	57.07	0%	0%	BULLISH
HYG	ISHARS-JBX HYCB	87.11	1.15	(1.29)	(6.05)	(13.02)	(14.49)	86.10	84.70	87.30	0.37	89.81	84.79	1%	3%	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
CSCO	Cisco Systems	45.15	6.25	0.82	3.19	15.95	8.00
DLTR	Dollar Tree Inc	109.97	10.86	6.77	0.00	20.67	8.00
FBHS	Fortune Brd H&S	89.30	9.63	4.99	1.08	22.67	8.00
MTD	Mettler-Toledo	1204.21	12.10	5.59	0.00	49.99	8.00
PG	Procter & Gambl	135.80	7.93	1.54	2.33	25.24	8.00
PKI	Perkinelmer Inc	148.13	19.52	8.24	0.19	26.08	8.00
AAPL	Apple Inc	128.91	11.50	5.33	0.64	39.54	7.00
AVY	Avery Dennison	161.78	6.65	4.28	1.53	24.62	7.00
CTLT	Catalent Inc	115.24	18.34	12.58	0.00	56.77	7.00
IDXX	Idexx Labs Inc	488.90	15.83	10.64	0.00	85.17	7.00
IT	Gartner Inc -A	162.88	13.50	17.83	0.00	36.28	7.00
KLAC	Kla Corp	303.88	11.56	17.02	1.18	27.90	7.00
MCHP	Microchip Tech	153.28	14.92	22.37	0.96	28.81	7.00
MNST	Monster Beverag	91.36	11.97	11.15	0.00	40.97	7.00
MRK	Merck & Co Inc	82.17	7.16	4.63	3.16	14.24	7.00
MXIM	Maxim Intg Pdts	96.13	10.00	0.36	0.00	38.92	7.00
NDAQ	Nasdaq Inc	142.13	8.86	7.50	1.38	24.25	7.00
NTAP	Netapp Inc	65.84	11.90	0.64	2.92	19.03	7.00
NVDA	Nvidia Corp	528.01	18.26	22.00	0.12	74.37	7.00
SHW	Sherwin William	718.78	10.27	12.94	0.75	30.28	7.00
TER	Teradyne Inc	138.39	24.36	10.61	0.29	31.52	7.00
TGT	Target Corp	198.01	8.49	3.79	1.37	23.43	7.00
ALXN	Alexion Pharma	156.65	17.75	17.77	0.00	13.66	6.00
APH	Amphenol Corp-A	133.84	9.92	9.76	0.87	37.28	6.00
AVGO	Broadcom Inc	452.07	12.86	22.60	3.19	24.41	6.00
CPRT	Copart Inc	117.26	13.00	16.02	0.00	43.27	6.00
DE	Deere & Co	302.85	16.04	9.48	1.00	34.81	6.00
DG	Dollar General	213.24	13.68	9.47	0.68	21.13	6.00
DOV	Dover Corp	126.94	11.50	0.15	1.56	22.43	6.00
FB	Facebook Inc-A	245.64	18.48	37.42	0.00	27.98	6.00
JPM	Jpmorgan Chase	141.17	5.00	9.75	2.55	18.45	6.00
LDOS	Leidos Holdings	106.27	10.84	18.97	1.28	18.58	6.00
PAYX	Paychex Inc	88.07	8.00	8.16	2.82	29.96	6.00
TSCO	Tractor Supply	156.44	11.72	8.83	1.02	24.29	6.00
TT	Trane Tech Plc	150.75	11.90	3.61	1.41	31.28	6.00
URI	Utd Rentals Inc	260.37	6.63	13.34	0.00	14.44	6.00
CMI	Cummins Inc	241.33	9.00	5.67	2.24	21.43	5.00
EL	Estee Lauder	250.02	13.02	8.06	0.85	64.61	5.00
EMR	Emerson Elec Co	83.34	9.64	-2.77	2.42	24.09	5.00
HSY	Hershey Co/The	147.42	7.67	2.15	2.18	24.25	5.00

## 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	112.55	1.51	11.99	3.20	9
CAG	Conagra Brands	34.05	1.96	19.38	3.23	8
CMTV	Commnty Bcp Vt	15.13	1.09	12.46	5.02	8
FLIC	First Long Is	18.59	1.12	10.80	4.09	8
IBCP	Indep Bk Mich	20.59	1.21	11.24	3.89	8
PEG	Public Sv Entrp	57.78	1.85	11.14	3.39	8
TFC	Truist Finl Cp	53.14	1.16	10.13	3.39	8
TSLX	Sixth St Spclty	20.76	1.23	12.38	7.90	8
UGI	Ugi Corp	37.05	1.87	11.14	3.56	8
BSRR	Sierra Bancorp	25.93	1.17	10.45	3.09	7
CHCO	City Hldgs Co	71.25	1.65	13.29	3.26	7
CPF	Central Pac Fin	21.23	1.10	10.14	4.33	7
CRWS	Crown Crafts	7.30	1.64	13.82	4.38	7
CZFS	Citizens Fin Sv	56.60	1.17	11.88	3.25	7
FMNB	Farmers Natl Bc	14.19	1.18	11.24	3.10	7
FNLC	First Bancp Inc	27.37	1.36	11.49	4.53	7
LOMA	Loma Negra Cia	5.33	1.22	21.99	4.77	7
UBFO	United Sec Bcsh	7.09	1.02	10.55	6.21	7
WTBA	West Bancorp	21.16	1.62	14.69	3.97	7

## NEW!&#2013266080; Fundamental 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
PKI	Perkinelmer Inc	148.13	19.52	8.24	0.19	26.08	8.00
MTD	Mettler-Toledo	1,204.21	12.10	5.59	-	49.99	8.00
TER	Teradyne Inc	138.39	24.36	10.61	0.29	31.52	7.00
CTLT	Catalent Inc	115.24	18.34	12.58	-	56.77	7.00
NVDA	Nvidia Corp	528.01	18.26	22.00	0.12	74.37	7.00
IDXX	Idexx Labs Inc	488.90	15.83	10.64	-	85.17	7.00
MCHP	Microchip Tech	153.28	14.92	22.37	0.96	28.81	7.00
IT	Gartner Inc -A	162.88	13.50	17.83	-	36.28	7.00
MNST	Monster Beverag	91.36	11.97	11.15	-	40.97	7.00
NTAP	Netapp Inc	65.84	11.90	0.64	2.92	19.03	7.00
KLAC	Kla Corp	303.88	11.56	17.02	1.18	27.90	7.00
AAPL	Apple Inc	128.91	11.50	5.33	0.64	39.54	7.00
FB	Facebook Inc-A	245.64	18.48	37.42	-	27.98	6.00
ALXN	Alexion Pharma	156.65	17.75	17.77	-	13.66	6.00
DE	Deere & Co	302.85	16.04	9.48	1.00	34.81	6.00
DG	Dollar General	213.24	13.68	9.47	0.68	21.13	6.00
CPRT	Copart Inc	117.26	13.00	16.02	-	43.27	6.00
AVGO	Broadcom Inc	452.07	12.86	22.60	3.19	24.41	6.00
TT	Trane Tech Plc	150.75	11.90	3.61	1.41	31.28	6.00
TSCO	Tractor Supply	156.44	11.72	8.83	1.02	24.29	6.00
DOV	Dover Corp	126.94	11.50	0.15	1.56	22.43	6.00
EL	Estee Lauder	250.02	13.02	8.06	0.85	64.61	5.00
MU	Micron Tech	81.30	12.65	13.05	-	28.53	5.00
PH	Parker Hannifin	291.12	11.78	5.77	1.21	26.27	5.00
ICE	Intercontntlexc	115.62	11.26	7.78	1.04	26.70	5.00
WRK	Westrock Co	46.88	17.23	7.94	1.71	17.11	4.00
GOOG	Alphabet Inc-C	1,740.18	16.93	20.47	-	33.63	4.00
GOOGL	Alphabet Inc-A	1,730.92	16.93	20.47	-	33.45	4.00
TROW	T Rowe Price	158.53	11.83	8.83	2.27	18.14	4.00
FANG	Diamondback Egy	61.93	21.94	72.68	2.42	14.92	3.00

## 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
CEVA	Ceva Inc	55.67	20.00	8.26	-	24.74	8
MSCI	Msci Inc-A	409.52	#N/A	10.18	0.76	#N/A	8
TSLA	Tesla Inc	845.00	35.00	55.05	-	8.71	8
FFIN	First Fin Bk-Tx	40.35	#N/A	10.70	1.29	#N/A	7
IDXX	Idexx Labs Inc	488.90	15.83	10.64	-	4.47	7
MNST	Monster Beverag	91.36	11.97	11.15	-	2.91	7
MXIM	Maxim Intg Pdts	96.13	10.00	0.36	-	3.40	7
NVDA	Nvidia Corp	528.01	18.26	22.00	0.12	3.78	7
PYPL	Paypal Holdings	242.06	19.88	17.85	-	3.49	7
SPSC	Sps Commerce	106.58	15.00	13.92	-	5.93	7
CPRT	Copart Inc	117.26	13.00	16.02	-	2.91	6
HALO	Halozyme Thera	47.05	#N/A	6.59	-	#N/A	6
IPGP	Ipg Photonics	246.14	#N/A	7.85	-	#N/A	6
POWI	Power Intgratio	96.24	#N/A	4.24	0.46	#N/A	6
REXR	Rexford Ind Rty	46.55	6.43	29.26	1.85	5.05	6



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## Portfolio / Client Update

With the first two weeks of the year behind us, exuberance remains a clear partner with the market. As we have discussed this past week in several of our videos, we haven't seen a period where investors were this leveraged and confident since 1999. However, these periods can last longer than logic would predict, which is why we continue to rebalance portfolios, reduce laggards, trim winners, and add hedges as necessary. While there are undoubtedly many indicators that suggest the "bull market" is very much intact, which is why we currently carry full weightings to equities in portfolios, there are just as many suggesting risk is more than present. Such is why we started adding duration back into our bond portfolio this past week, as noted below.

### Portfolio Changes

During the past week, we made minor changes to portfolios. We post all trades in real-time at [RIAPRO.NET](http://RIAPRO.NET).

***"The market is getting egregiously overbought, and exuberant, which suggests that we will likely move into a corrective mode sooner than later. We are currently VERY underhedged at the moment and carrying greater than 60% equity exposure. With bonds extremely oversold we are adding a 5% position of TLT to portfolios for a short-term hedge. This move has less risk than trying to short the market directly at this point."***

- *Initiate a 5% position of TLT at the open / Stop-loss is \$150*

*"We are adding a 2% position of ZM (Zoom Video) to the portfolio. We will add to our position if the longer-term MACD also turns positive. This is a purely technical based trade so we are carrying a fairly tight stop for now, but if the position migrates into a stronger technical position by breaking above the recent downtrend at \$400, then we will consider it a longer-term hold."*

- *Buy 3% of the portfolio in ZM / Stop-loss is \$330*
- *Rebalanced FANG (Diamond Back Energy) back to original position weight 1%.*

*&#2013266080;While we like the Utilities sector defensively, we were stopped out of both of our positions this week:*

- *Sell 100% of D (Dominion Energy)*
- *Sell 100% of WEC (WEC Energy)*

We are aware of the risks and are carrying tight stops on all positions. 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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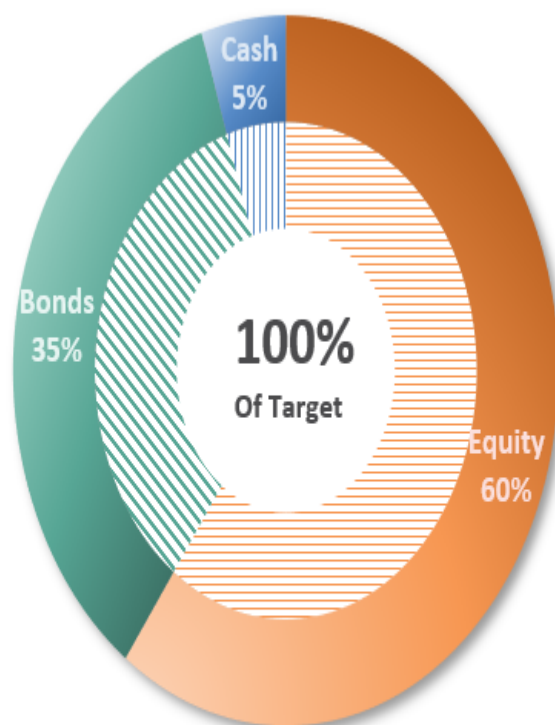
## THE REAL 401k PLAN MANAGER

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

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## 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

After a strong start to the first week of January, the second week got a bit sloppy. However, such is not surprising given the recent run up in the markets.

This past week President-elect Bidell proposed a \$1.9 Trillion stimulus plan with everything but the kitchen sink. (*Actually it had that in it too.*) Of course, what most miss is that more debts and deficits won't cure the debt and deficit problem that is impacting economic growth longer term. However, in the short-term, it will give the economy, and the stock market, a likely boost.

Heading into February, there is no reason to take any aggressive action with portfolios already fully allocated. Given that February and March tend to be weak months, I would be reticent chasing more aggressive exposure in retirement plans currently.

Maintain exposures, but rebalance positions that have grown to outsize weightings in portfolio. Particularly in small/mid cap and international funds which are egregiously overbought.

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

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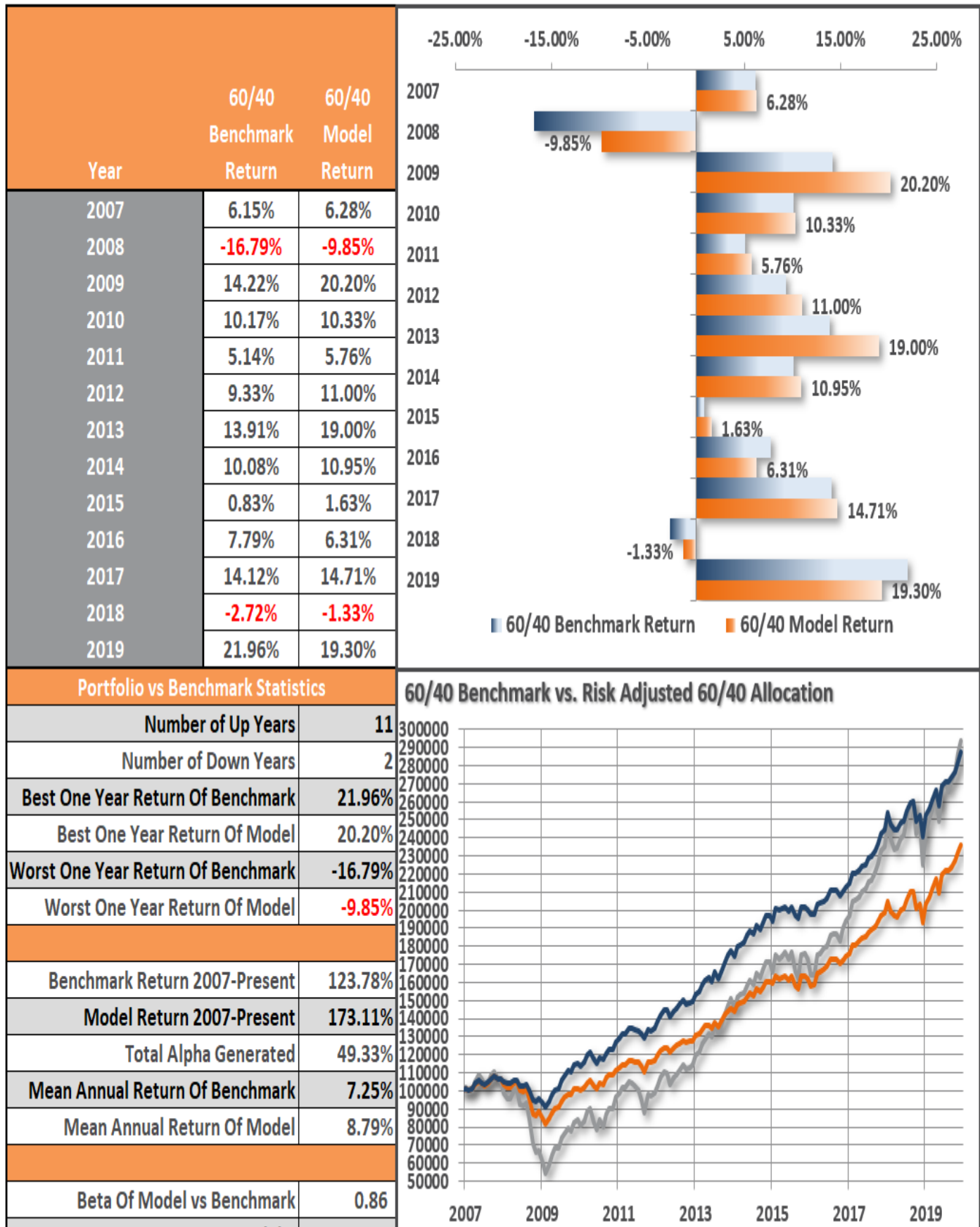
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*Model performance is a two-asset model of stocks and bonds relative to the weighting changes made each week in the newsletter. Such is strictly for informational and educational purposes only, and one should not rely on it for any reason. Past performance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



# 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 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.](#)**

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Fund Selection

Comparison

Summary

Commentary

My Portfolio

RIAPro Portfolio

RIA PRO MODEL PL

Retirement Income (My Portfolio Annual ROR 9.44 %)

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

Retirement Income (RiaPro Annual ROR 9.02 %)

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

My Fund Composition

RIAPro Fund Composition

My Asset Composition

RIAPro Asset Composition