Market Surges Back To Overbought As Investors Go "All In"



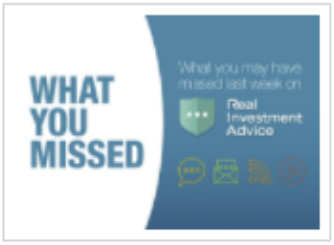
In this issue of "Markets Surges Back To Overbought As Investors Go 'All In'"

- ***Market Review And Update***
- ***Investors Are All In***
- ***More Than One Cockroach***
- ***Portfolio Positioning***
- ***#MacroView: Biden Stimulus Will Cut Poverty For One-Year***
- ***Sector & Market Analysis***
- ***401k Plan Manager***

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Catch Up On What You Missed Last Week



#WhatYouMissed On RIA This Week: 4-9-21

Written by Lance Roberts | Apr 9, 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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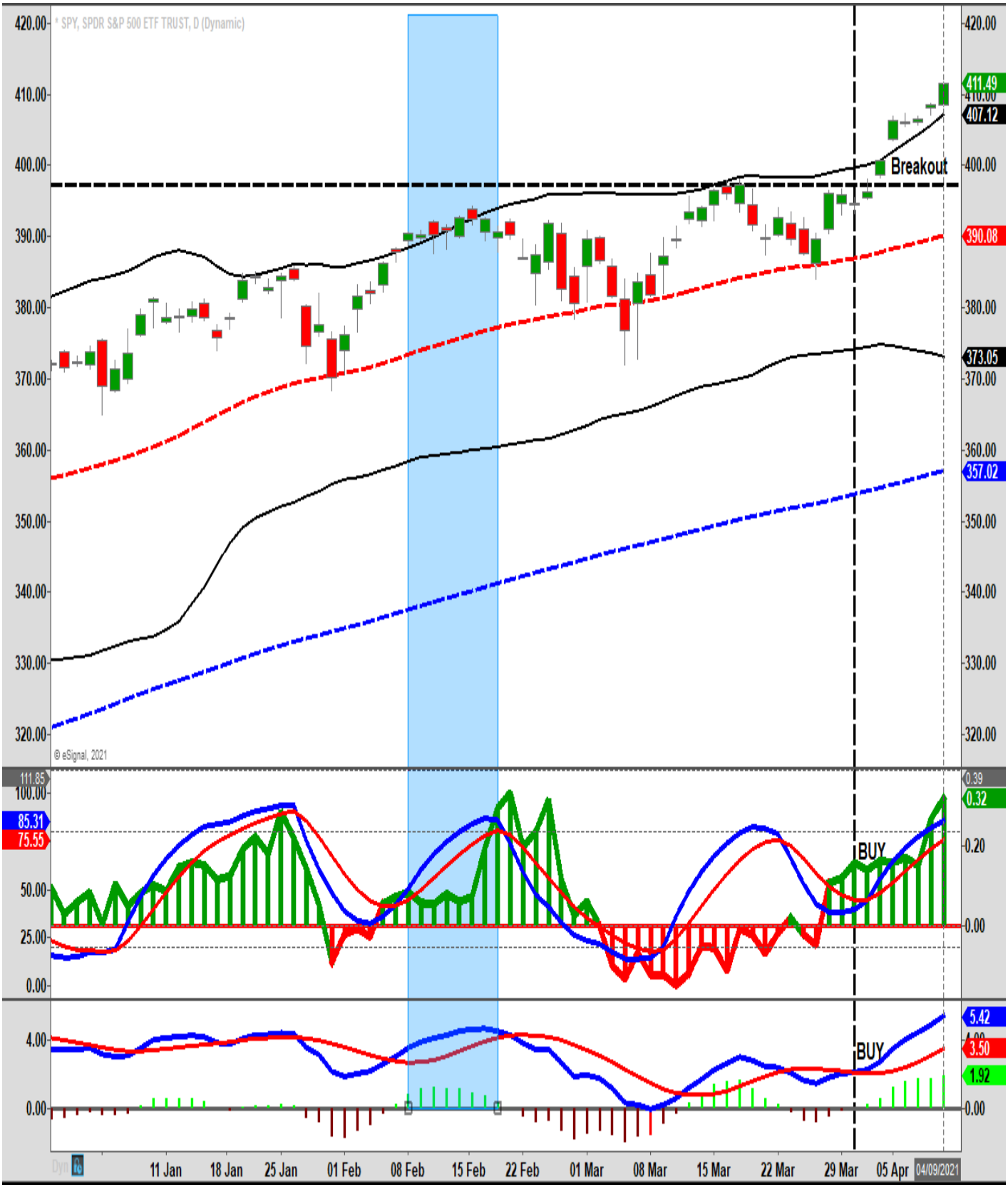
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Market Review & Update

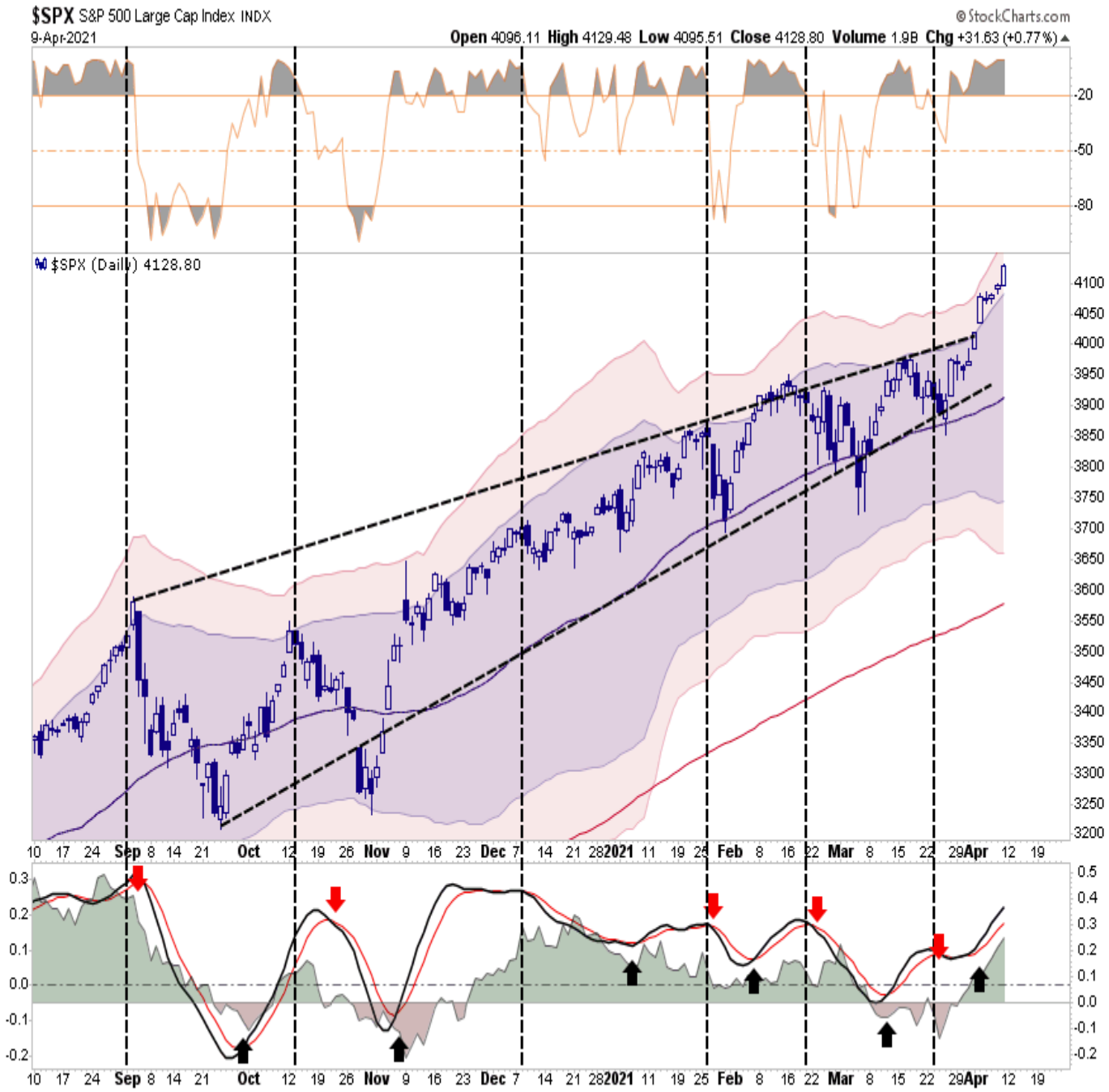
It seems like ***it was just last week*** that we were talking about adding exposure to portfolios. To wit:

> *"I suspect we may have some additional quarter-end rebalancing risk early next week.&#2013266080;**However, buying on Thursday next week, as second-quarter positioning gets underway, would not be surprising. As such, hold positions early next week and look for weaknesses to add to exposures as needed.***
>
> *Such turned out to be the case as the markets slopped around early in the week. That changed as markets exploded to new highs on Wednesday and Thursday as portfolio managers charged back into the stocks sold off during the Archegos debacle.*
>
> ***With this understanding, you can appreciate why we increased our equity exposure last week.** Currently, we are at full equity allocations, with a slight increase in the duration of bonds. Such leaves our portfolios at model weights in cash with bond durations shorter than our benchmark."*

While the rally was strong with the breakout to new highs, it also sent our *"money flow buy signal"* back to levels that previously coincided with market congestion *(blue shaded area)*



Importantly, the market is trading well into 3-standard deviations above the 50-dma, and is overbought by just about every measure. Such suggests a short-term *"cooling-off"* period is likely. With the weekly *"buy signals*" intact, the markets should hold above key support levels during the next consolidation phase.&#2013266080;



However, risks are building that has preceded more significant market declines in the past *(5-10%.)* As I noted in this week's ***"3-Minutes"*** video, we suspect the timing of that correction will be mid-summer. Such a correction could indeed occur sooner, particularly if hopes for further Government spending fade, tax rates increase, or inflation surges more than expected.

https://www.youtube.com/watch?v=iwfQToxneGo

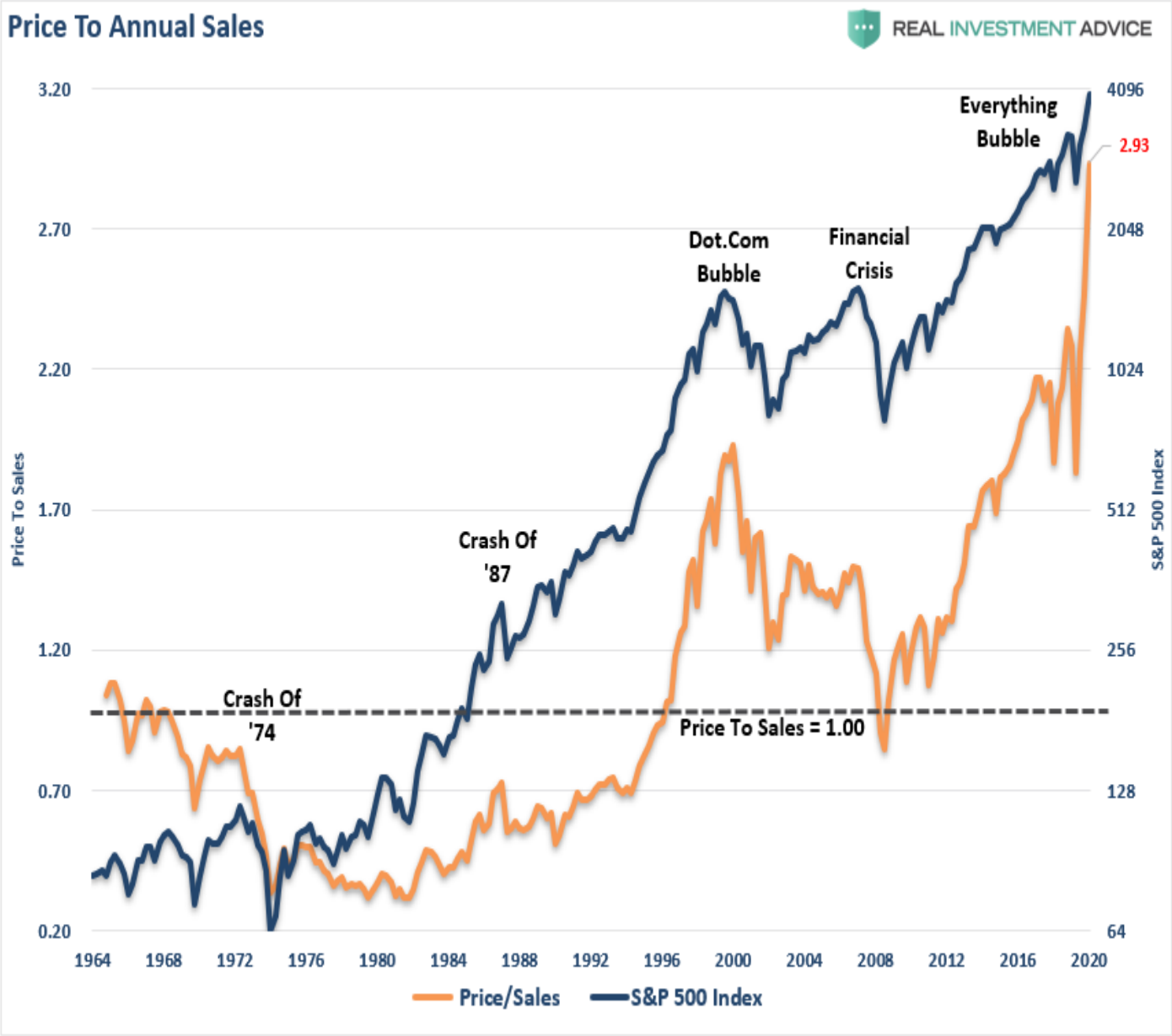
Regardless, investors are more exuberant about markets than we have seen since the *"Dot.com"* craze.



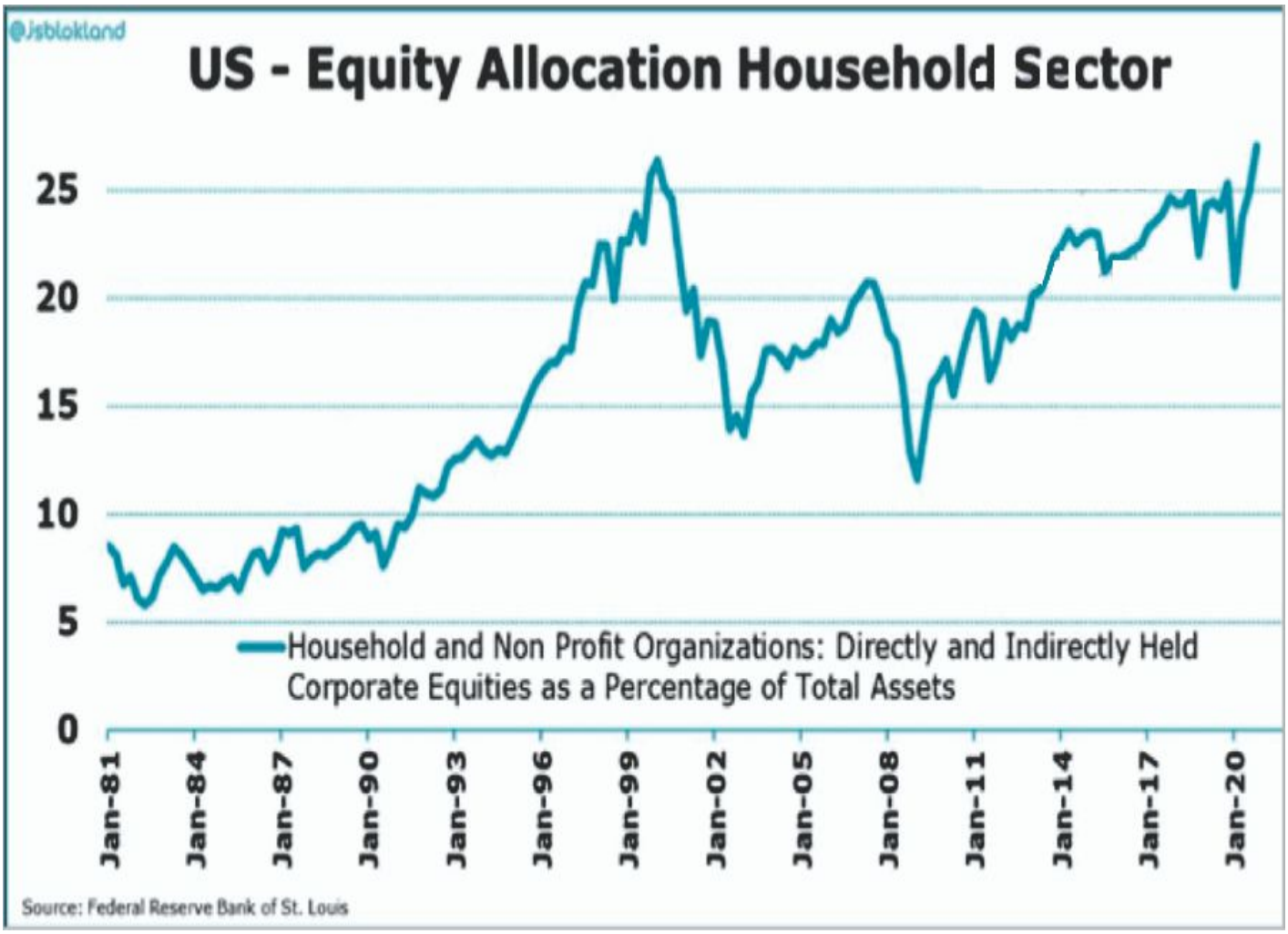
Investors Are All In

There are two critical aspects to markets currently which keep us concerned near term. During ***"bear markets,"*** valuations are reversed from extremes as prices decline. However, ***"market corrections"*** do not reverse valuations as multiple expansions continue.&#2013266080;

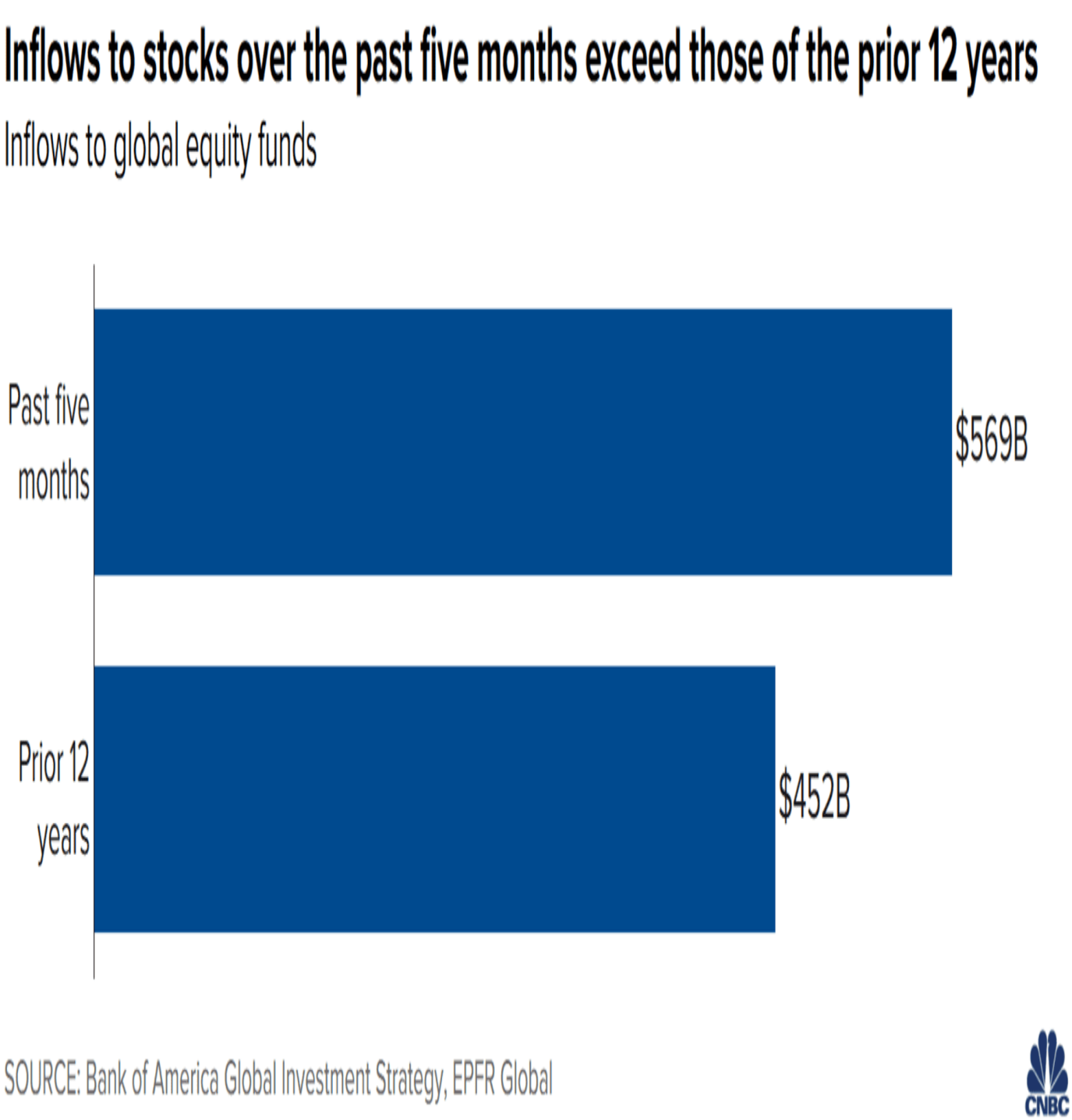
That was the case following the *"economic shutdown."&#2013266080;*Due to the Federal Reserve's extreme interventions, prices quickly reversed from long-term bullish trend lines, and valuations were never reset from extremes. **As such, all valuation metrics remain near or at historical extremes. A case in point is the historical *"price to sales"* ratio.**



Furthermore, during *"bear markets,"* investors generally exit markets only to return several years later. Given one of the worst economic recessions since the *"Great Depression,"* individuals still carry higher levels of equity allocations than at the *"Dot.com"* peak. Talk about F.O.M.O. *(Fear Of Missing Out.)*



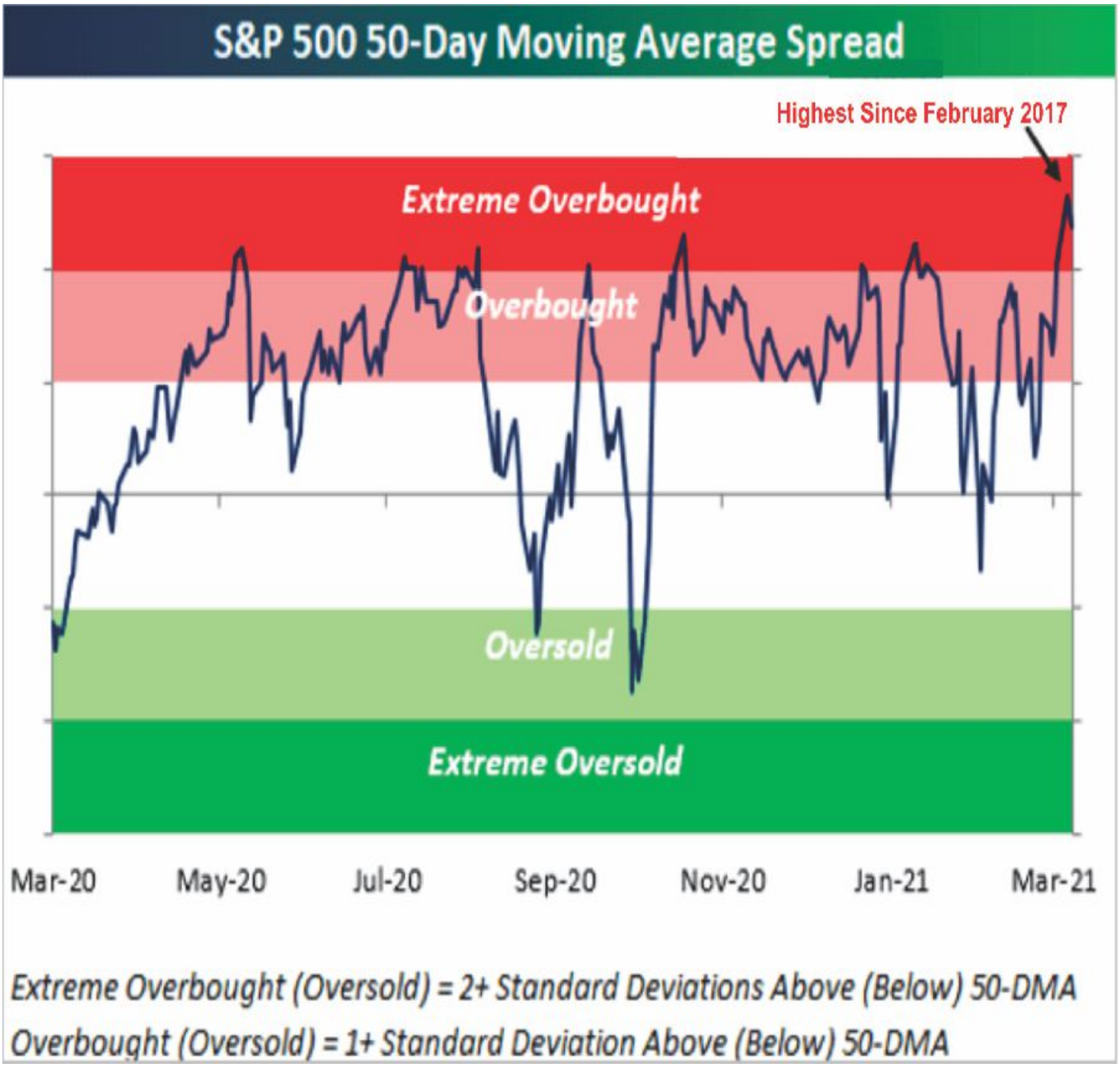
More importantly, over the past 5-MONTHS, more money has poured into the equity markets than in the *last 12-YEARS combined.&#2013266080;*



&#2013266080; As Bob Farrell once quipped:

"Individuals buy the most at the top, and the least at the bottom."&#2013266080;

Combine that market exuberance with more extreme overbought conditions, and the ingredients for a near-term correction are in place.&#2013266080;



Given that everyone expects an *"economic boom"* over the next several months, there is a lot of room for disappointment.

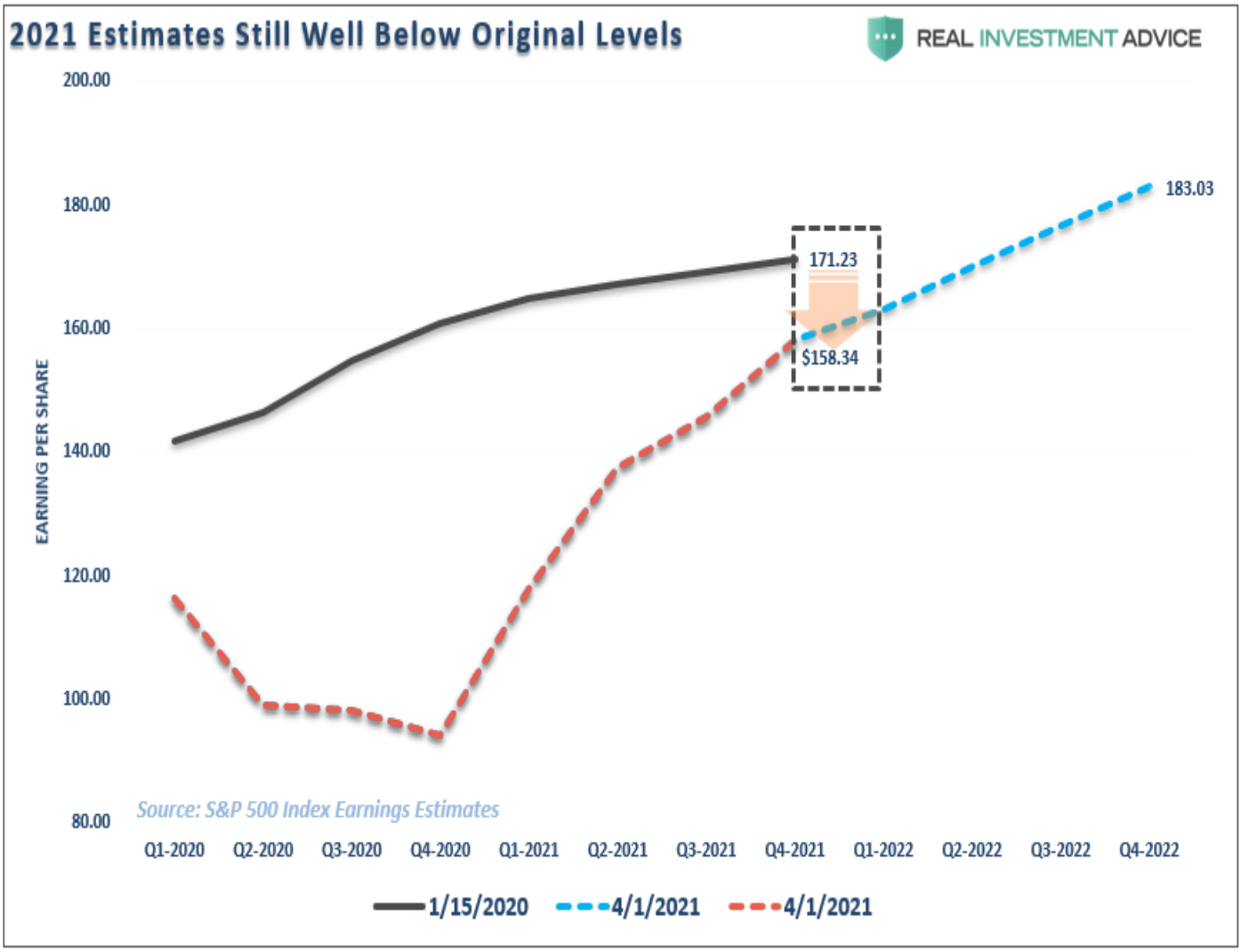
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Earnings Peak?

So, what could disappoint market participants? Earnings growth is weaker than expected. Or, more importantly, downward revisions to earnings expectations in the months ahead. Neither would be surprising given that economists and analysts always overestimate outcomes.

Next week, I am publishing a more detailed report on earnings versus expectations. **The critical point is that investors are currently paying record prices for year-end earnings that are**

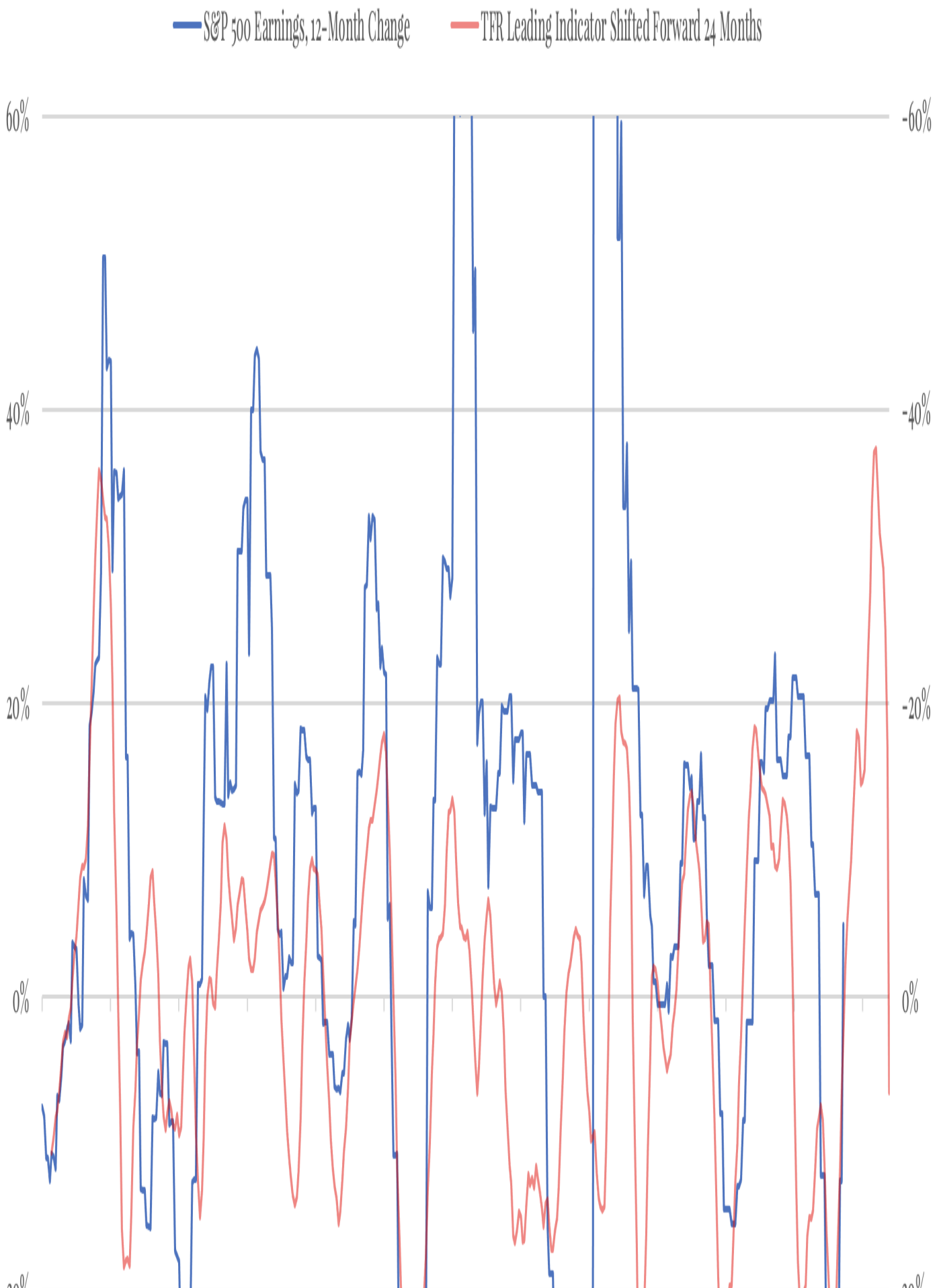
significantly lower than initially estimated. As noted, given the analysts' history of overestimating future earnings, it is likely next year's earnings will be revised down rather markedly.



In a recent note, Jesse Felder pointed out our concerns about rising interest rates and inflationary pressures. *(Higher corporate tax rates will also significantly reduce forward earnings estimates.)*

> *"Part of the runup in stock prices over the past year is due to the rebound in earnings we will see over the next few quarters.* ***However, now that interest rates, oil prices and the dollar index have each been rising for some time, earnings growth will almost certainly peak and rollover next year, falling back into negative territory.*** *As the stock market discounts fundamentals roughly 18 months into the future, according to Stan Druckenmiller****, this bearish reversal in fundamentals could begin to affect stock prices relatively soon."***

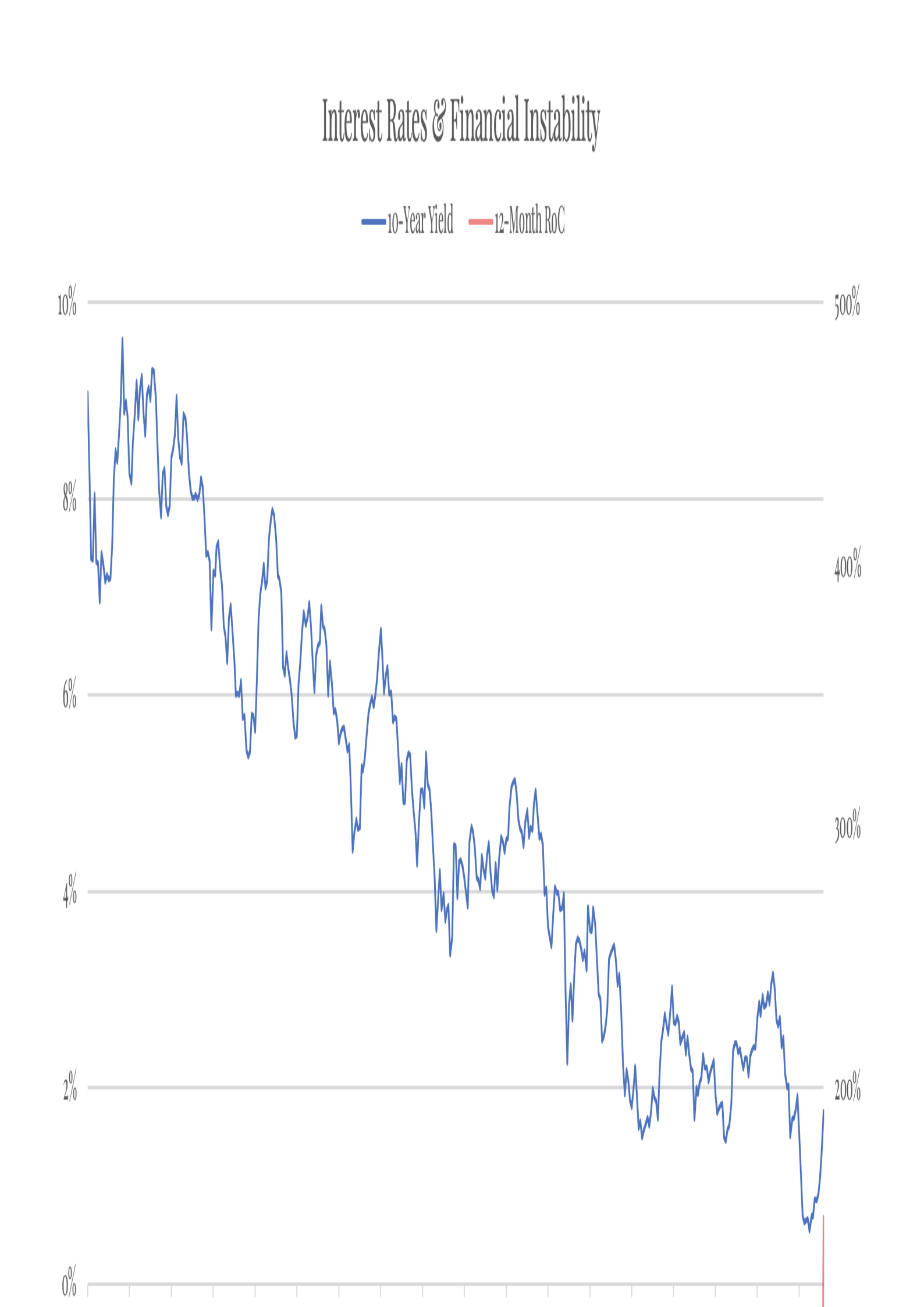
Stocks & Earnings



The Rate Trigger

As we have discussed previously, rising rates have historically been a trigger for poor outcomes in markets. Jesse touches on our concerns as well.&#2013266080;

> *"Finally, as Mehul Daya has demonstrated, history shows that rising interest rates regularly act as a bearish catalyst for both markets and the economy.* ***To the extent that low-interest rates and easy money have encouraged and incentivized the unprecedented amount of leverage supporting risk assets today, the reversal in rates, which is already more dramatic than anything we have seen in decades, threatens to reveal just how fragile markets and the economy have now become."***


Interest Rates & Financial Instability
10-Year Yield
12-Month RoC
10%
8%
6%
4%
2%
0%
500%
400%
300%
200%

As I have discussed in the past, in a heavily indebted economy, changes in rates have an almost immediate negative impact on consumption which is 70% of the GDP calculation. As stated, while there are incredibly optimistic expectations of booming economic growth, to support current valuations, higher rates and inflationary pressures will undermine that outlook.

With markets trading at extreme deviations from long-term means, the risk of disappointment remains elevated. Such is why we suggest managing for *"risk"* rather than *"returns."*

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Always More Than One Cockroach

Such brings me to an interesting point by Doug Kass on Thursday.&#2013266080;

> *"The market's momentum has accelerated recently.&#2013266080;That said, in yesterday's,&#2013266080;"There is Never Just One Cockroach," I highlighted the market headwinds I see:"*

- *Coincident with above-expected growth, and arguably fiscal and monetary excesses, are higher interest rates and inflation.*
- ***As we lap the excessive fiscal and monetary stimulation, the U.S. economy will revert to subpar growth.***
- *Recent, current, and prospective stimulative fiscal and monetary policies will likely create a relatively short-lived (economic) **sugar high**. However, there will be little in the way of sustained gains in productivity or our labor force's reskilling.*
- ***The consequences of rampant fiscal spending are rising corporate and individual tax rates, which are a cold headwind for stocks.***
- *With the national debt at over $28 trillion, compared to $9 trillion 10 years ago and only $5 trillion 20 years ago, a 20 basis-point rate increase today is equivalent to about a 100 basis points rise two decades ago!*
- *Investor sentiment is moving back to an extreme **along with valuations that, based on historical metrics, are ALL above the 95th percentile.***

You get the idea. The market remains very lopsided. **Currently, with investors chasing momentum in a highly illiquid and leveraged market, there is a rather extreme risk of a price dislocation.**

What would cause such an event?&#2013266080;

No one knows. While markets quickly dismissed the recent collapse of Archegos Capital, so were the collapses of Bear Stearns hedge funds that warned of systemic problems leading to the financial crisis.&#2013266080;

Maybe Archegos was an isolated event. Maybe not.

But as Doug warns, ***"there is never just one cockroach."***

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Portfolio Update

As I concluded last week, there is only one fact to remember:

> ***?All bull markets last until they are over.?***&#2013266080;?&#2013266080;*Jim Dines*

Currently, we are maintaining our equity exposures with an ultrashort duration in bonds for the moment. With our *"buy signals"* returning to more extended levels, along with the overbought conditions of the market, it is likely we will need to start reducing risk as soon as next week.

Importantly, this does not mean *"sell everything"* and go to cash. We remain in the seasonally strong period of the year, psychology remains extremely bullish, and liquidity is still flooding markets. As such, we could well see the market consolidate within a range over the next few weeks.&#2013266080;

As noted above, there are more significant concerns around mid-year. **We will likely see peaks in both earnings and economic data as year-over-year comparisons become more challenging.** Also, by that point, we will have a better understanding of potential tax increases, reductions in liquidity, and just how *"sticky"* the employment picture is.&#2013266080;

With valuations elevated, prices well deviated from long-term means, and investor allocations very aggressive, there is no margin for error.&#2013266080;

Over the next few weeks, there is little reason to *"bearish."*

Looking out over the next 12-24 months, we find it increasingly challenging to be *"bullish."*

The MacroView



#MacroView: Debt Fueled Spending Won't Create Growth

Written by Lance Roberts | Apr 9, 2021

More debt equals less growth. In October, I discussed the "2nd Derivative Effect" and the ongoing cost of the stimulus. With the passage of the $1.9 trillion "American Rescue Plan," will the math of debt to growth change?

>> 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

Market & Sector Analysis

Analysis & Stock Screens Exclusively For RIAPro Members

S&P 500 Tear Sheet

&#2013266080;&#2013266080;



SPY RISK INFO

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Item	T 2-Yr	T 1-Yr.	YTD	% Diff YTD/T1-YR
Price Return	43.22%	47.91%	10.06%	(79.00%)
Max Drawdown	(35.63%)	(10.86%)	(5.65%)	(47.92%)
Sharpe	0.81	2.88	2.93	0.02
Sortino	0.88	3.63	3.97	0.09
Volatility	25.42	18.89	15.32	(0.19)
Daily VaR-5%	(15.99)	24.17	19.82	(0.18)
Mnthly VaR-5%	(9.63)	29.86	12.08	(0.60)

Item	2 years ago	1 year ago	Current	1 Yr % Change	5 Year High	5 year Low	% From High	% From Low
Dividend Yield	1.87%	2.15%	1.31%	(64.06%)	2.15%	1.36%	(39.05%)	(4.05%)
P/E Ratio	18.34	17.57	30.14	41.69%	3014%	1638%	0.0%	84.05%
P/S Ratio	3.80	3.23	5.30	39.00%	5.08	3.23	4.21%	63.94%
P/B Ratio	4.95	4.52	6.99	35.36%	6.45	4.15	8.35%	68.20%
ROE	21.73%	21.32%	20.41%	(4.48%)	22.00%	17.60%	(7.26%)	15.93%
ROA	4.26%	4.09%	3.67%	(11.21%)	4.31%	3.51%	(14.72%)	4.84%

S&P 500 Market Cap Analysis

Item	12-M Ago	Current	% Chg
Shares	3,125.0	3,010.8	(3.66%)
Sales	72,188	69,322	(3.97%)
SPS	23.1	23.0	(0.33%)
Earnings	11,443	10,431	(8.84%)
EPS TTM	4.6	4.0	(11.90%)
Dividend	1.6	1.6	(1.15%)

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	40.77%	2.74%	1.90	(185.43)	121.96	(181.43)	(252.0%)	(0.4%)	4.4%	-0.54%	2.20	20.56
Materials	56.96%	2.64%	1.20	28.38	26.42	14.16	7.4%	9.2%	1.8%	3.54%	4.35	19.67
Industrials	57.25%	8.71%	1.19	50.93	45.91	14.68	10.9%	5.4%	1.4%	1.98%	3.87	25.62
Discretionary	83.08%	12.55%	1.38	64.53	60.06	20.97	7.4%	18.5%	0.5%	1.57%	4.89	36.26
Staples	18.86%	6.02%	0.64	22.92	22.83	17.65	0.4%	29.6%	2.5%	4.36%	4.33	20.95
Health Care	22.55%	12.63%	0.77	18.66	19.47	15.11	(4.1%)	29.1%	1.6%	5.41%	7.60	16.42
Financials	48.92%	11.28%	1.33	19.62	18.48	10.52	6.2%	7.4%	1.6%	5.11%	5.81	14.99
Technology	68.02%	27.07%	1.08	35.21	32.78	15.71	7.4%	58.1%	0.9%	2.88%	5.34	27.15
Telecom	65.98%	11.19%	0.97	30.90	28.18	17.61	9.7%	15.6%	0.6%	3.26%	7.36	23.55
Utilities	6.45%	2.64%	0.40	20.31	22.09	16.35	(8.0%)	10.8%	3.2%	4.91%	3.44	18.94
Real Estate	14.51%	2.46%	0.93	23.54	21.71	17.12	8.5%	6.9%	2.7%	4.25%	4.23	22.02

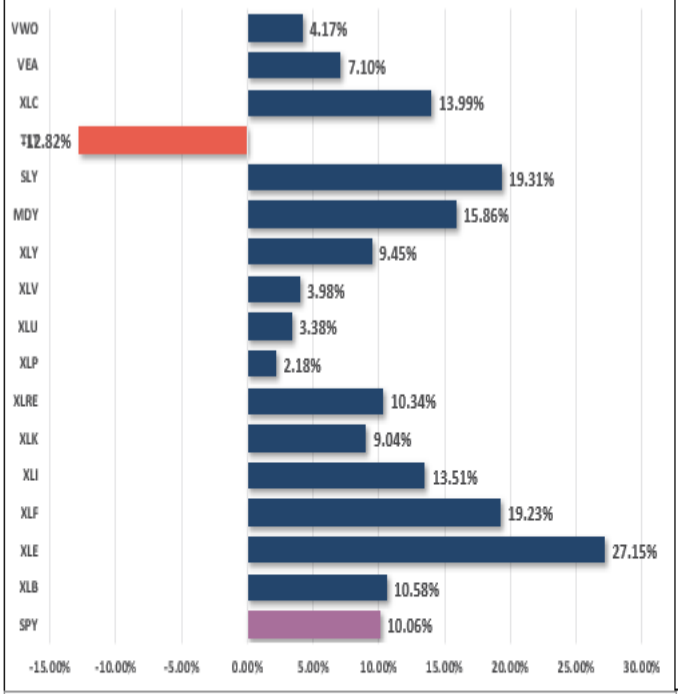
Momentum Analysis

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	411.49	11.19%	391.43	24	5.12%	359.37	205	14.50%	8.92%	(0.04%)	55.34%	Buy
Mid Cap	486.51	14.21%	466.61	50	4.27%	397.72	141	22.32%	17.32%	(0.61%)	83.24%	Buy
Small Cap	94.90	12.35%	93.18	12	1.85%	75.38	138	25.90%	23.61%	(4.82%)	100.04%	Buy

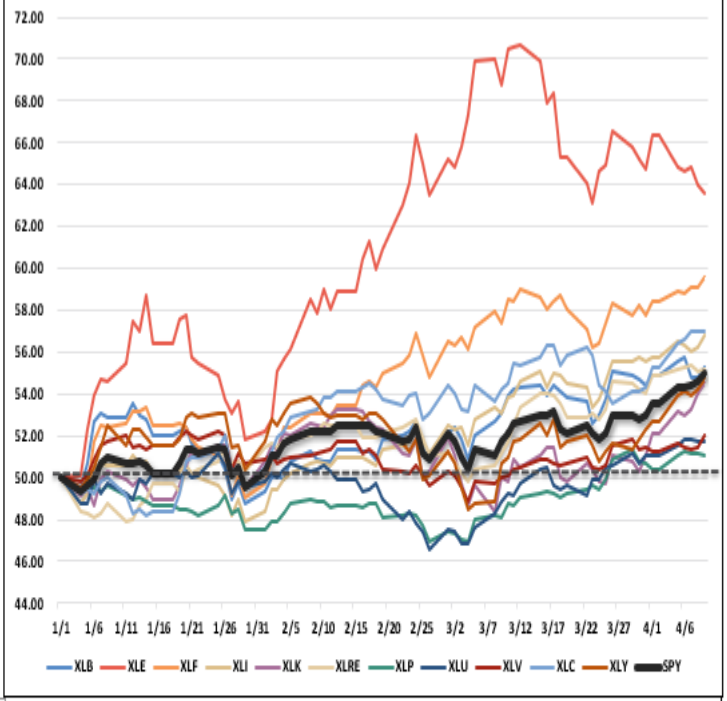
Performance Analysis

Year To Date Performance

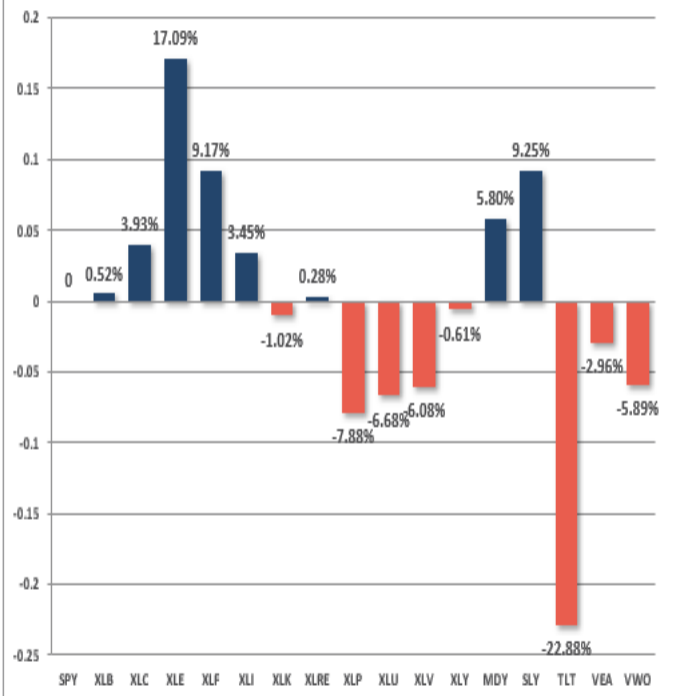
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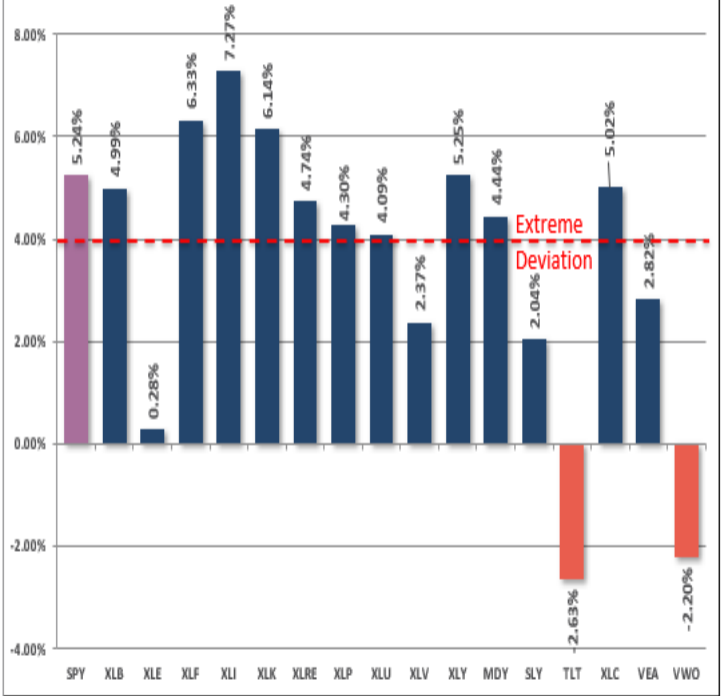
YTD Price - S&P Sectors Recalibrated To $50/share



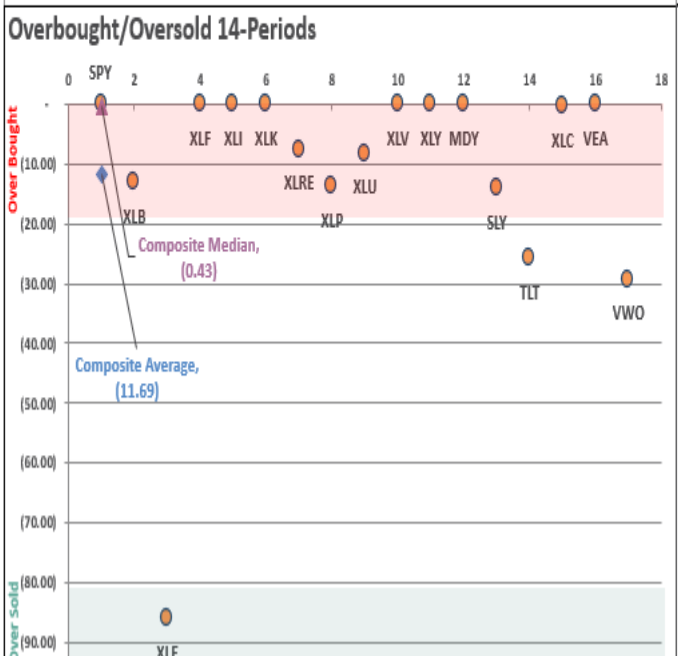
Year To Date Performance Relative To S&P 500



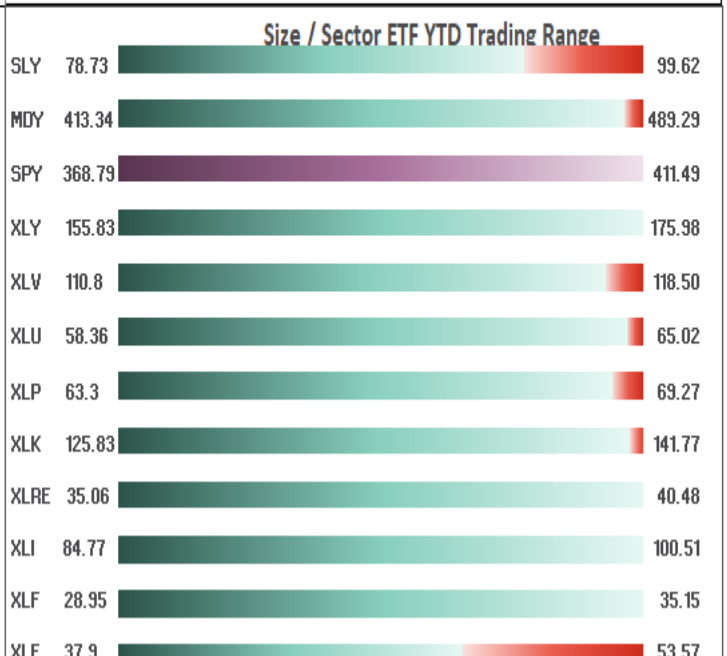
Price Deviation From 50-Day Moving Average



Overbought/Oversold 14-Periods

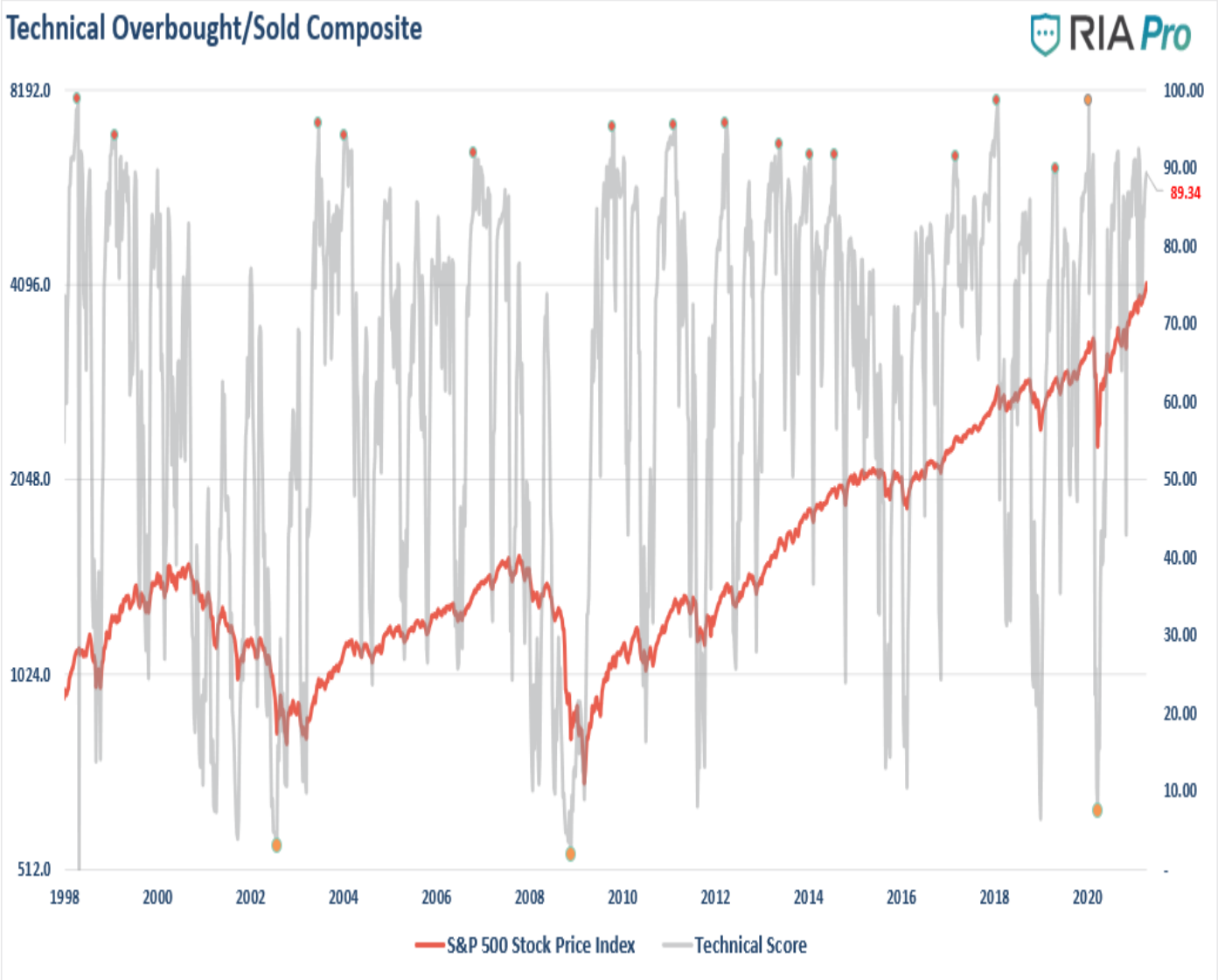


Size / Sector ETF YTD Trading Range



Technical Composite

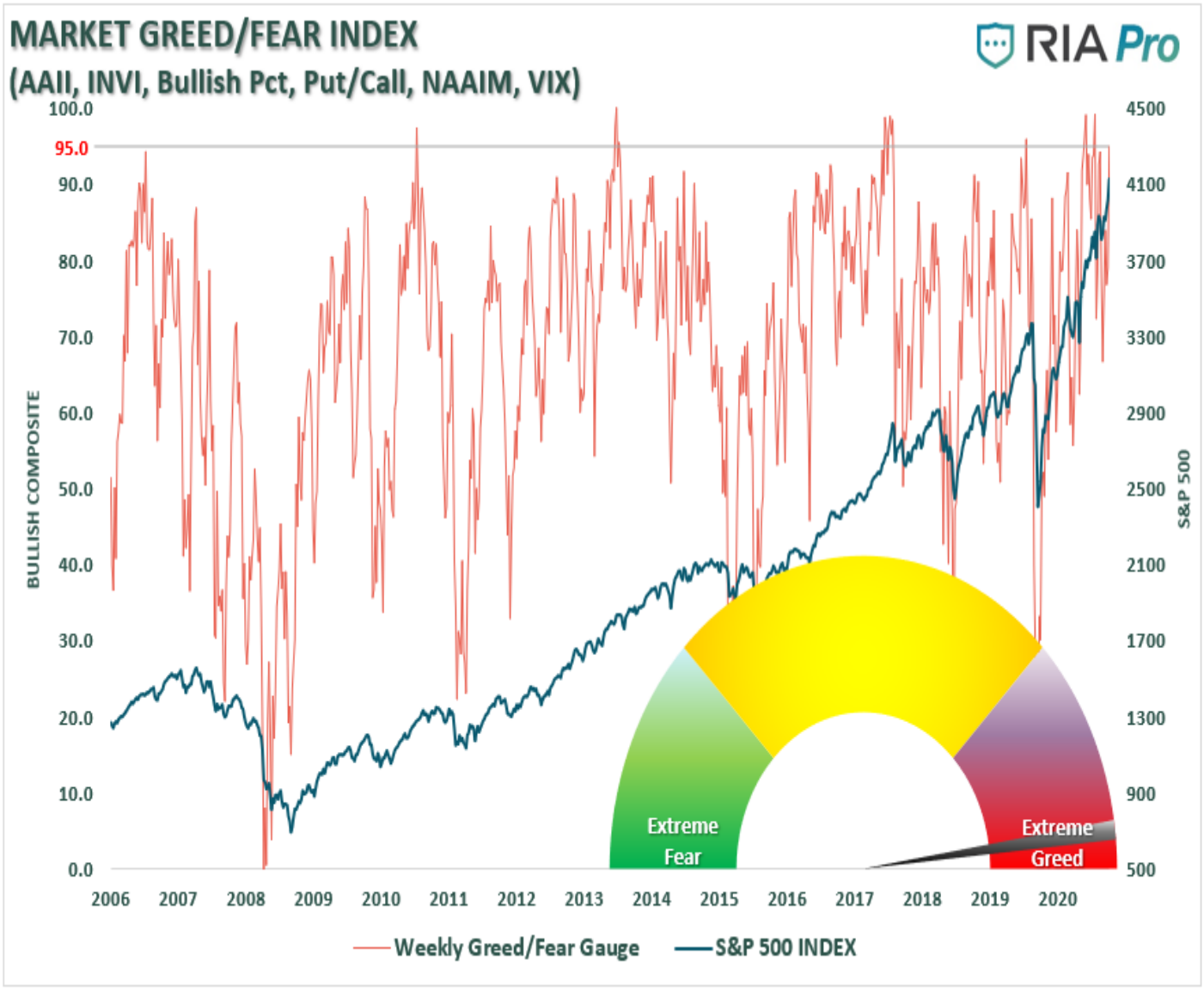
*The technical overbought/sold gauge comprises several price indicators (RSI, Williams %R, etc.), measured using "weekly" closing price data.&#2013266080; Readings above "80" are considered overbought, and below "20" is oversold.&#2013266080;**The current reading is 89.34 out of a possible 100.***



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.

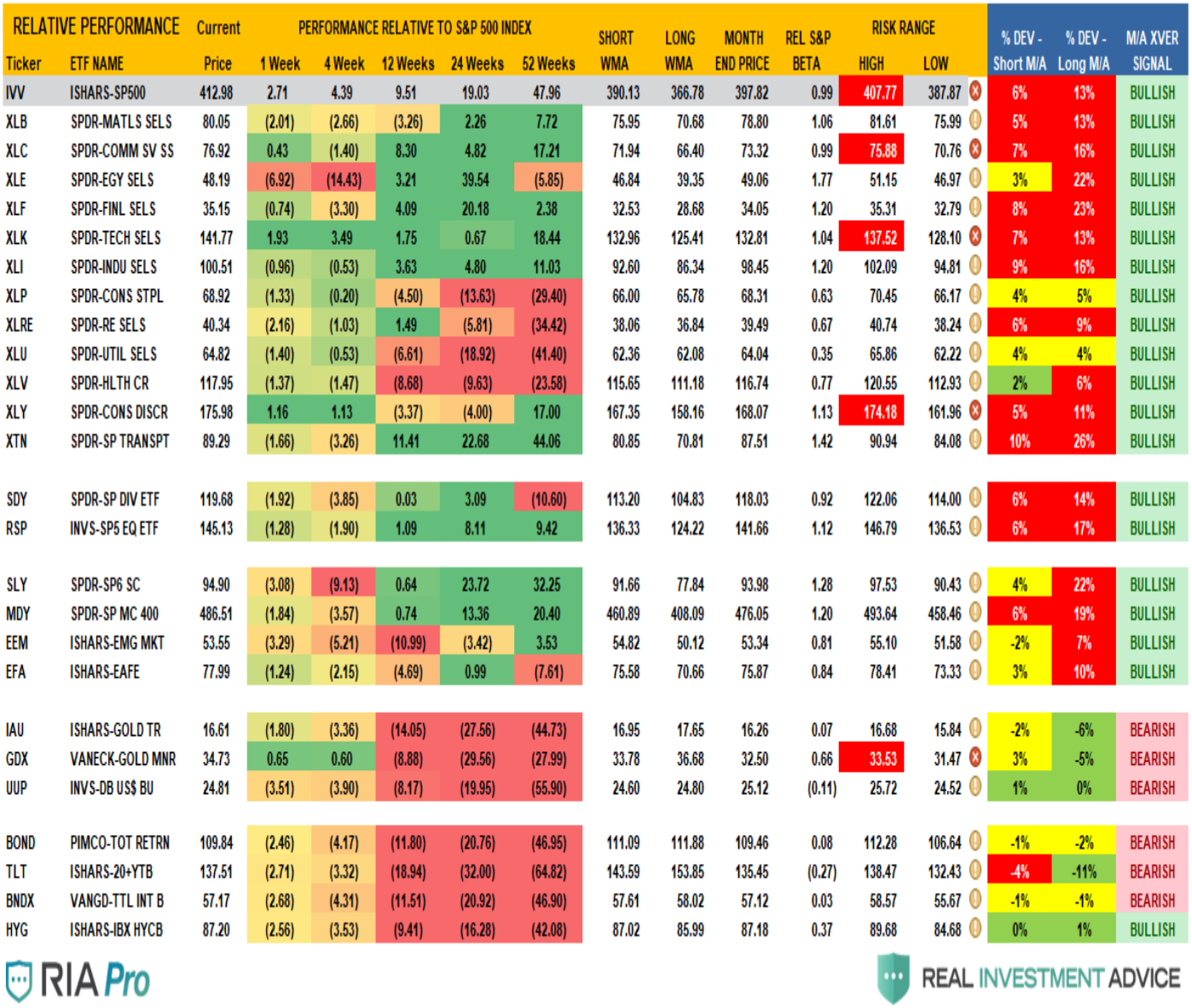
NOTE: The Fear/Greed Index measures risk from 0-100. It is a rarity that it reaches levels above 90.&#2013266080; **The *current reading is 95.02 out of a possible 100.***



Sector Model Analysis & Risk Ranges

How To Read This Table

- *The table compares each sector and market to the S&P 500 index on relative performance.*
- *"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.*
- *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	412.98	2.71	4.39	9.51	19.03	47.96	390.13	366.78	397.82	0.99	407.77	387.87	6%	13%	BULLISH
XLB	SPDR-MATLS SELS	80.05	(2.01)	(2.66)	(3.26)	2.26	7.72	75.95	70.68	78.80	1.06	81.61	75.99	5%	13%	BULLISH
XLC	SPDR-COMM SV SS	76.92	0.43	(1.40)	8.30	4.82	17.21	71.94	66.40	73.32	0.99	75.88	70.76	7%	16%	BULLISH
XLE	SPDR-EGY SELS	48.19	(6.92)	(14.43)	3.21	39.54	(5.85)	46.84	39.35	49.06	1.77	51.15	46.97	3%	22%	BULLISH
XLF	SPDR-FINL SELS	35.15	(0.74)	(3.30)	4.09	20.18	2.38	32.53	28.68	34.05	1.20	35.31	32.79	8%	23%	BULLISH
XLK	SPDR-TECH SELS	141.77	1.93	3.49	1.75	0.67	18.44	132.96	125.41	132.81	1.04	137.52	128.10	7%	13%	BULLISH
XLI	SPDR-INDU SELS	100.51	(0.96)	(0.53)	3.63	4.80	11.03	92.60	86.34	98.45	1.20	102.09	94.81	9%	16%	BULLISH
XLP	SPDR-CONS STPL	68.92	(1.33)	(0.20)	(4.50)	(13.63)	(29.40)	66.00	65.78	68.31	0.63	70.45	66.17	4%	5%	BULLISH
XLRE	SPDR-RE SELS	40.34	(2.16)	(1.03)	1.49	(5.81)	(34.42)	38.06	36.84	39.49	0.67	40.74	38.24	6%	9%	BULLISH
XLU	SPDR-UTIL SELS	64.82	(1.40)	(0.53)	(6.61)	(18.92)	(41.40)	62.36	62.08	64.04	0.35	65.86	62.22	4%	4%	BULLISH
XLV	SPDR-HLTH CR	117.95	(1.37)	(1.47)	(8.68)	(9.63)	(23.58)	115.65	111.18	116.74	0.77	120.55	112.93	2%	6%	BULLISH
XLY	SPDR-CONS DISCR	175.98	1.16	1.13	(3.37)	(4.00)	17.00	167.35	158.16	168.07	1.13	174.18	161.96	5%	11%	BULLISH
XTN	SPDR-SP TRANSPT	89.29	(1.66)	(3.26)	11.41	22.68	44.06	80.85	70.81	87.51	1.42	90.94	84.08	10%	26%	BULLISH
SDY	SPDR-SP DIV ETF	119.68	(1.92)	(3.85)	0.03	3.09	(10.60)	113.20	104.83	118.03	0.92	122.06	114.00	6%	14%	BULLISH
RSP	INVS-SP5 EQ ETF	145.13	(1.28)	(1.90)	1.09	8.11	9.42	136.33	124.22	141.66	1.12	146.79	136.53	6%	17%	BULLISH
SLY	SPDR-SP6 SC	94.90	(3.08)	(9.13)	0.64	23.72	32.25	91.66	77.84	93.98	1.28	97.53	90.43	4%	22%	BULLISH
MDY	SPDR-SP MC 400	486.51	(1.84)	(3.57)	0.74	13.36	20.40	460.89	408.09	476.05	1.20	493.64	458.46	6%	19%	BULLISH
EEM	ISHARS-EMG MKT	53.55	(3.29)	(5.21)	(10.99)	(3.42)	3.53	54.82	50.12	53.34	0.81	55.10	51.58	-2%	7%	BULLISH
EFA	ISHARS-EAFE	77.99	(1.24)	(2.15)	(4.69)	0.99	(7.61)	75.58	70.66	75.87	0.84	78.41	73.33	3%	10%	BULLISH
IAU	ISHARS-GOLD TR	16.61	(1.80)	(3.36)	(14.05)	(27.56)	(44.73)	16.95	17.65	16.26	0.07	16.68	15.84	-2%	-6%	BEARISH
GDX	VANECK-GOLD MNR	34.73	0.65	0.60	(8.88)	(29.56)	(27.99)	33.78	36.68	32.50	0.66	33.53	31.47	3%	-5%	BEARISH
UUP	INVS-DB US$ BU	24.81	(3.51)	(3.90)	(8.17)	(19.95)	(55.90)	24.60	24.80	25.12	(0.11)	25.72	24.52	1%	0%	BEARISH
BOND	PIMCO-TOT RETRN	109.84	(2.46)	(4.17)	(11.80)	(20.76)	(46.95)	111.09	111.88	109.46	0.08	112.28	106.64	-1%	-2%	BEARISH
TLT	ISHARS-20+YTB	137.51	(2.71)	(3.32)	(18.94)	(32.00)	(64.82)	143.59	153.85	135.45	(0.27)	138.47	132.43	-4%	-11%	BEARISH
BNDX	VANGD-TTL INT B	57.17	(2.68)	(4.31)	(11.51)	(20.92)	(46.90)	57.61	58.02	57.12	0.03	58.57	55.67	-1%	-1%	BEARISH
HYG	ISHARS-IBX HYCB	87.20	(2.56)	(3.53)	(9.41)	(16.28)	(42.08)	87.02	85.99	87.18	0.37	89.68	84.68	0%	1%	BULLISH

RIA Pro

REAL INVESTMENT ADVICE

Weekly Stock Screens

Currently, there are four 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
ADBE	Adobe Systems	499.84	19.00	22.53	0.00	53.98	9.00
AMAT	Appld Matls Inc	139.35	13.79	10.63	0.63	30.36	9.00
ETSY	Etsy Inc	215.39	25.25	38.42	0.00	81.90	8.00
GNRC	Generac Holding	331.91	6.50	14.52	0.00	51.30	8.00
MSFT	Microsoft Corp	253.25	12.66	14.71	0.88	37.74	8.00
ORCL	Oracle Corp	75.28	8.50	1.39	1.70	19.40	8.00
QRVO	Qorvo Inc	193.52	13.99	5.10	0.00	24.40	8.00
ZTS	Zoetis Inc	160.00	12.22	7.76	0.63	41.56	8.00
ADI	Analog Devices	162.12	12.25	12.75	1.70	30.47	7.00
AMD	Adv Micro Dev	83.35	31.64	18.64	0.00	77.90	7.00
BDX	Becton Dickinso	242.87	9.00	10.74	1.37	20.09	7.00
CDNS	Cadence Design	145.46	11.10	9.07	0.00	68.94	7.00
CTLT	Catalent Inc	107.42	19.65	13.46	0.00	48.39	7.00
DE	Deere & Co	374.07	19.20	9.18	0.96	34.19	7.00
ICE	Intercontntlexc	116.04	10.51	7.77	1.14	25.73	7.00
IT	Gartner Inc -A	186.60	13.50	16.25	0.00	38.08	7.00
MAS	Masco	61.52	8.30	0.38	0.91	19.91	7.00
MLM	Martin Mrt-Matl	341.68	8.98	6.45	0.67	29.61	7.00
NVDA	Nvidia Corp	572.68	12.55	21.54	0.11	70.35	7.00
TXN	Texas Instrs	195.20	9.33	1.83	2.09	32.70	7.00
ABC	Amerisourcebrgn	115.45	11.45	7.06	1.52	13.88	6.00
ACN	Accenture Plc	284.42	10.00	6.69	1.24	36.46	6.00
CBRE	Cbre Group Inc	78.77	11.00	19.94	0.00	24.01	6.00
CDW	Cdw Corp	174.59	13.10	7.62	0.92	26.61	6.00
CE	Celanese Corp	150.10	19.03	2.20	1.81	19.67	6.00
COO	Cooper Cos	381.02	11.00	7.27	0.02	37.65	6.00
EL	Estee Lauder	298.58	10.67	7.40	0.71	68.32	6.00
EVRG	Evergy Inc	60.90	5.90	22.82	3.51	19.65	6.00
HCA	Hca Holdings	188.04	11.70	5.46	1.02	19.03	6.00
MCHP	Microchip Tech	161.79	15.47	19.82	0.96	29.00	6.00
OMC	Omnicom Grp	77.25	9.25	-2.21	3.62	14.80	6.00
RHI	Robt Half Intl	80.24	14.66	2.36	1.89	29.61	6.00
SPGI	S&P Global Inc	365.61	10.00	6.37	0.84	31.27	6.00
TSCO	Tractor Supply	176.65	9.02	9.65	1.18	25.71	6.00
URI	Utd Rentals Inc	321.25	10.60	12.91	0.00	18.39	6.00
A	Agilent Tech	130.69	9.00	6.57	0.59	37.02	5.00
CCI	Crown Castle	175.75	21.00	12.35	3.03	26.00	5.00
FITB	Fifth Third Bk	38.14	8.25	6.38	2.83	17.66	5.00
ODFL	Old Dominion Fl	244.98	15.28	8.73	0.33	43.13	5.00
ROK	Rockwell Automt	261.04	9.30	2.24	1.64	32.83	5.00
SCHW	Schwab(Chas)	66.84	11.34	11.64	1.08	27.97	5.00
SIVB	Svb Finl Gp	490.08	8.00	25.48	0.00	21.46	5.00
SNA	Snap-On Inc	234.36	8.29	1.30	2.10	20.15	5.00
TT	Trane Tech Plc	166.58	13.14	2.13	1.42	37.43	5.00
UPS	Utd Parcel Srvc	173.02	8.72	7.31	2.36	21.05	5.00
GOOG	Alphabet Inc-C	2265.44	17.77	20.06	0.00	38.59	4.00
GOOGL	Alphabet Inc-A	2250.43	17.77	20.06	0.00	38.34	4.00
MS	Morgan Stanley	80.20	6.75	9.77	1.75	12.26	4.00
TROW	T Rowe Price	176.43	11.83	9.16	2.45	18.38	4.00
NLOK	Norton Lifelock	22.09	7.00	-8.80	2.26	18.56	3.00

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

Ticker	Company	Current Price	Price/ Book	ROE 5 Yr Avg	Div Yield	Score
CMTV	Commnty Bcp Vt	20.00	1.40	12.72	3.80	8
GSBD	Goldman Sac Bdc	20.28	1.27	11.48	8.88	8
IBCP	Indep Bk Mich	24.01	1.35	11.62	3.50	8
LARK	Landmark Bcp	25.97	0.97	10.13	3.08	8
UBCP	Utd Bancorp -Oh	14.53	1.27	10.15	3.92	8
UGI	Ugi Corp	42.28	1.98	11.37	3.12	8
BSRR	Sierra Bancorp	27.20	1.21	10.51	3.09	7
CPF	Central Pac Fin	27.52	1.42	10.01	3.34	7
CZFS	Citizens Fin Sv	59.00	1.19	12.05	3.15	7
EARN	Ellington Resid	12.30	0.91	10.44	9.11	7
FLIC	First Long Is	21.56	1.26	10.79	3.53	7
FNCB	Fncb Bancorp	7.29	0.95	12.85	3.29	7
FNF	Fnf Group	43.29	1.51	14.97	3.33	7
KEY	Keycorp New	20.33	1.23	10.56	3.64	7
LOMA	Loma Negra Cia	6.36	1.18	21.42	4.00	7
MCBC	Macatawa Bank	9.99	1.42	12.59	3.20	7
NHTC	Natural Hlth Tr	7.11	1.20	36.51	11.25	7
PEG	Public Sv Entrp	61.30	1.94	11.15	3.33	7
PKBK	Parke Bcp Inc	19.70	1.16	16.37	3.25	7
TCPC	Blackrk Tcp Cap	14.51	1.10	12.01	8.27	7
TRTN	Triton Intl Ltd	54.99	1.88	12.37	4.15	7
UBFO	United Sec Bcsh	7.83	1.13	10.51	5.62	7
VST	Vistra Corp	17.60	1.03	176.31	3.41	7
WTBA	West Bancorp	24.76	1.82	14.72	3.55	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
ADBE	Adobe Systems	499.84	19.00	22.53	-	53.98	9.00
AMAT	Appld Matls Inc	139.35	13.79	10.63	0.63	30.36	9.00
ETSY	Etsy Inc	215.39	25.25	38.42	-	81.90	8.00
QRVO	Qorvo Inc	193.52	13.99	5.10	-	24.40	8.00
MSFT	Microsoft Corp	253.25	12.66	14.71	0.88	37.74	8.00
ZTS	Zoetis Inc	160.00	12.22	7.76	0.63	41.56	8.00
AMD	Adv Micro Dev	83.35	31.64	18.64	-	77.90	7.00
CTLT	Catalent Inc	107.42	19.65	13.46	-	48.39	7.00
DE	Deere & Co	374.07	19.20	9.18	0.96	34.19	7.00
IT	Gartner Inc -A	186.60	13.50	16.25	-	38.08	7.00
NVDA	Nvidia Corp	572.68	12.55	21.54	0.11	70.35	7.00
ADI	Analog Devices	162.12	12.25	12.75	1.70	30.47	7.00
CDNS	Cadence Design	145.46	11.10	9.07	-	68.94	7.00
CE	Celanese Corp	150.10	19.03	2.20	1.81	19.67	6.00
MCHP	Microchip Tech	161.79	15.47	19.82	0.96	29.00	6.00
RHI	Robt Half Intl	80.24	14.66	2.36	1.89	29.61	6.00
CDW	Cdw Corp	174.59	13.10	7.62	0.92	26.61	6.00
HCA	Hca Holdings	188.04	11.70	5.46	1.02	19.03	6.00
ABC	Amerisourcebrgn	115.45	11.45	7.06	1.52	13.88	6.00
CBRE	Cbre Group Inc	78.77	11.00	19.94	-	24.01	6.00
COO	Cooper Cos	381.02	11.00	7.27	0.02	37.65	6.00
EL	Estee Lauder	298.58	10.67	7.40	0.71	68.32	6.00
URI	Utd Rentals Inc	321.25	10.60	12.91	-	18.39	6.00
CCI	Crown Castle	175.75	21.00	12.35	3.03	26.00	5.00
ODFL	Old Dominion Fl	244.98	15.28	8.73	0.33	43.13	5.00
TT	Trane Tech Plc	166.58	13.14	2.13	1.42	37.43	5.00
SCHW	Schwab(Chas)	66.84	11.34	11.64	1.08	27.97	5.00
GOOG	Alphabet Inc-C	2,265.44	17.77	20.06	-	38.59	4.00
GOOGL	Alphabet Inc-A	2,250.43	17.77	20.06	-	38.34	4.00
TROW	T Rowe Price	176.43	11.83	9.16	2.45	18.38	4.00

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
ADBE	Adobe Systems	499.84	19.00	22.53	-	2.63	9
FICO	Fair Isaac Inc	513.74	#N/A	9.79	-	#N/A	8
ETSY	Etsy Inc	215.39	25.25	38.42	-	3.11	8
MSFT	Microsoft Corp	253.25	12.66	14.71	0.88	2.71	8
ZTS	Zoetis Inc	160.00	12.22	7.76	0.63	2.97	8
ADI	Analog Devices	162.12	12.25	12.75	1.70	2.20	7
AMD	Adv Micro Dev	83.35	31.64	18.64	-	1.56	7
CDNS	Cadence Design	145.46	11.10	9.07	-	6.11	7
NVDA	Nvidia Corp	572.68	12.55	21.54	0.11	4.39	7
TXN	Texas Instrs	195.20	9.33	1.83	2.09	3.09	7
SPGI	S&P Global Inc	365.61	10.00	6.37	0.84	2.94	6
RGEN	Repligen	204.16	38.00	35.83	-	2.81	6
VICR	Vicor Corp	84.47	#N/A	9.06	-	#N/A	6
CCI	Crown Castle	175.75	21.00	12.35	3.03	1.31	5
CELH	Celsius Holding	54.60	#N/A	52.49	-	#N/A	5
ENPH	Enphase Energy	153.13	#N/A	23.19	-	#N/A	5
EXR	Extra Space Stg	137.58	4.95	9.71	2.91	4.61	5
IBKR	Interactive Brk	73.63	#N/A	15.21	0.54	#N/A	5
MPW	Medical Pptys	21.85	3.35	19.46	5.13	3.76	5
OHI	Omega Hlthcare	38.62	3.50	1.21	6.94	3.42	5
SCHW	Schwab(Chas)	66.84	11.34	11.64	1.08	2.02	5
CGNX	Cognex Corp	84.10	#N/A	11.47	0.29	#N/A	4
ISRG	Intuitive Surg	770.35	8.47	15.12	-	9.42	4
SRC	Spirit Realty	44.00	4.05	(8.73)	5.68	3.69	4
PEN	Penumbra Inc	272.06	28.84	24.64	-	11.60	2

Portfolio / Client Update

If you didn't read last week's newsletter, here is the important passage.

> "Blaise Pascal, a brilliant 17th-century mathematician, famously argued that:
>
> ***?If God exists, belief would lead to infinite joy in heaven, while disbelief would lead to infinite damnation in hell. But, if God doesn?t exist, belief would have a finite cost, and disbelief would only have at best a finite benefit.?***
>
> Pascal concluded, given that we can never prove God?s existence,&#2013266080;**it?s probably wiser to assume he exists because infinite damnation is much worse than a finite cost.&#2013266080;**
>
> Risk does not equal reward.&#2013266080;*?Risk?*&#2013266080;is a function of how much money you will **lose when things don?t go as planned.&#2013266080;**Even in healthy markets with fair valuations, risks exist. But in markets with high valuations, the risk of a reversion increase as time marches on."

With this understanding, you can appreciate why we increased our equity exposure last week. Currently, we maintain full equity allocations. We have an ultra-short duration in bonds to offset the risks of rising rates. Lastly, we continue to carry a *"barbell approach"* in our portfolios. Such splits holdings between *"reflation"* trades such as Energy, Financials, and Materials and *"growth"* focused on Technology.

We understand the risks we are undertaking currently by exposing portfolios to the equity market. However, such is needed to ensure we reach the *"required hurdle rates"* of your financial plan. We also understand that capital preservation remains a key aspect of your long-term returns.

It is a difficult balance, but such is why we continue watching our indicators closely.&#2013266080;

Portfolio Changes

During the past week, we made minor changes to portfolios. We post all trades in real-time at ***RIAPRO.NET***.

*** Equity / ETF Portfolio ? Trade Update ****

> *"We added 2.5% of IAU this morning in both models. Gold is setting up nicely on a technical and money flow basis with reliable stop-loss levels not far below. The trade also aligns with the thought that the market is looking beyond the next few months of strong economic data and questioning whether the reflation trade will still have legs come later summer and fall." - 04/06/21*

EQUITY & ETF MODELS

- *Initiate a 2.5% position in IAU / Stop-Loss is $16*

> *"We sold TLT this morning in both portfolios. TLT remained on a tight leash and given strong economic data and money flows were rolling back over on TLT, we thought it best shorten-duration in portfolios back to previous levels. We are significantly underweight our benchmark weight in terms of bond duration at the current time." - 04/05/21*

EQUITY & ETF MODELS

- *Sell 100% of TLT*

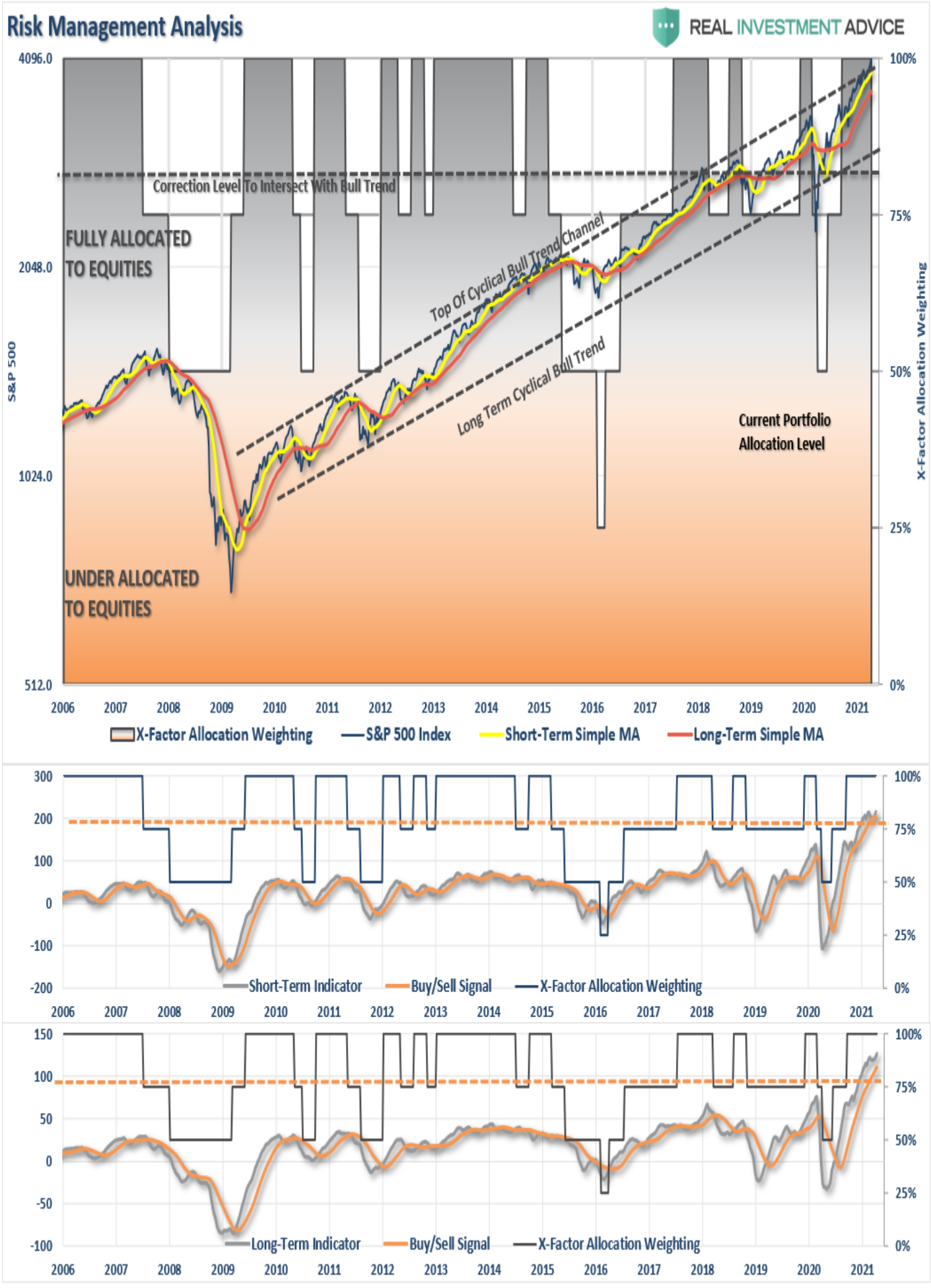
As always, our short-term concern remains the protection of your portfolio. We have now shifted our focus from the election back to the economic recovery and where we go from here.

Lance Roberts

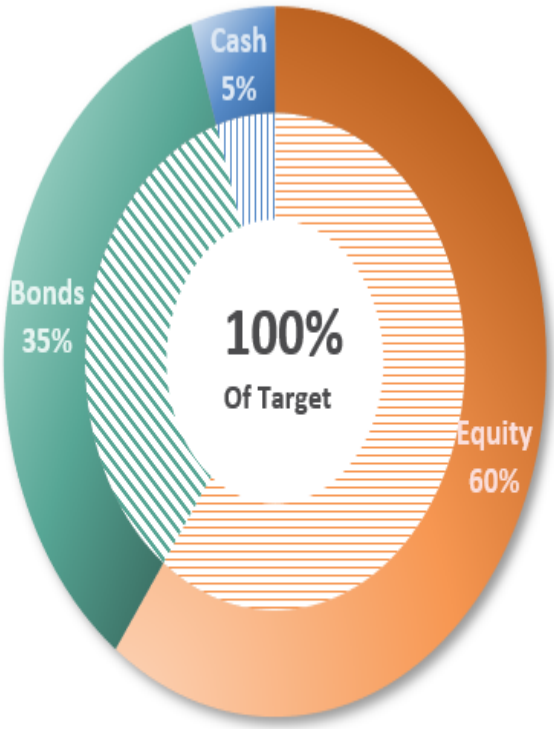
CIO

THE REAL 401k PLAN MANAGER

A Conservative Strategy For Long-Term Investors


Risk Management Analysis
REAL INVESTMENT ADVICE
4096.0
2048.0
1024.0
512.0
S&P 500
100%
75%
50%
25%
0%
X-Factor Allocation Weighting
Correction Level To Intersect With Bull Trend
FULLY ALLOCATED
TO EQUITIES
UNDER ALLOCATED
TO EQUITIES
Top Of Cyclical Bull Trend Channel
Long Term Cyclical Bull Trend
Current Portfolio
Allocation Level
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
X-Factor Allocation Weighting
S&P 500 Index
Short-Term Simple MA
Long-Term Simple MA
300
200
100
0
-100
-200
Short-Term Indicator
Buy/Sell Signal
X-Factor Allocation Weighting
150
100
50
0
-50
-100
Long-Term Indicator
Buy/Sell Signal
X-Factor Allocation Weighting

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

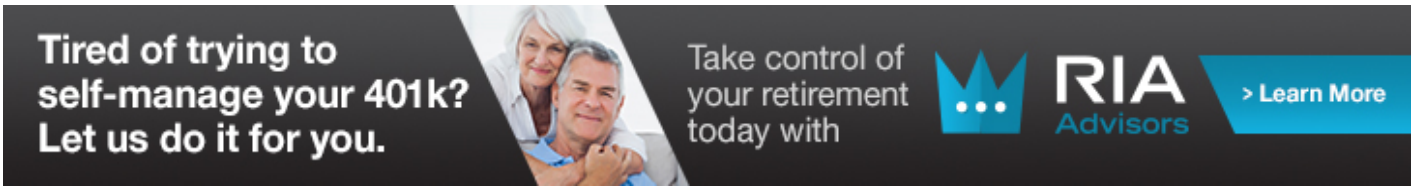
Commentary

Two weeks ago, we stated that if ***you needed to increase equity exposure, the opportunity to do so was available.*** That opportunity to add exposure is now behind us. Continue to maintain exposures, but rebalance positions that have grown to outsize weightings in portfolio.

International and small-cap stocks continue to underperform as of late as the momentum chase has turned back to the growth trade.

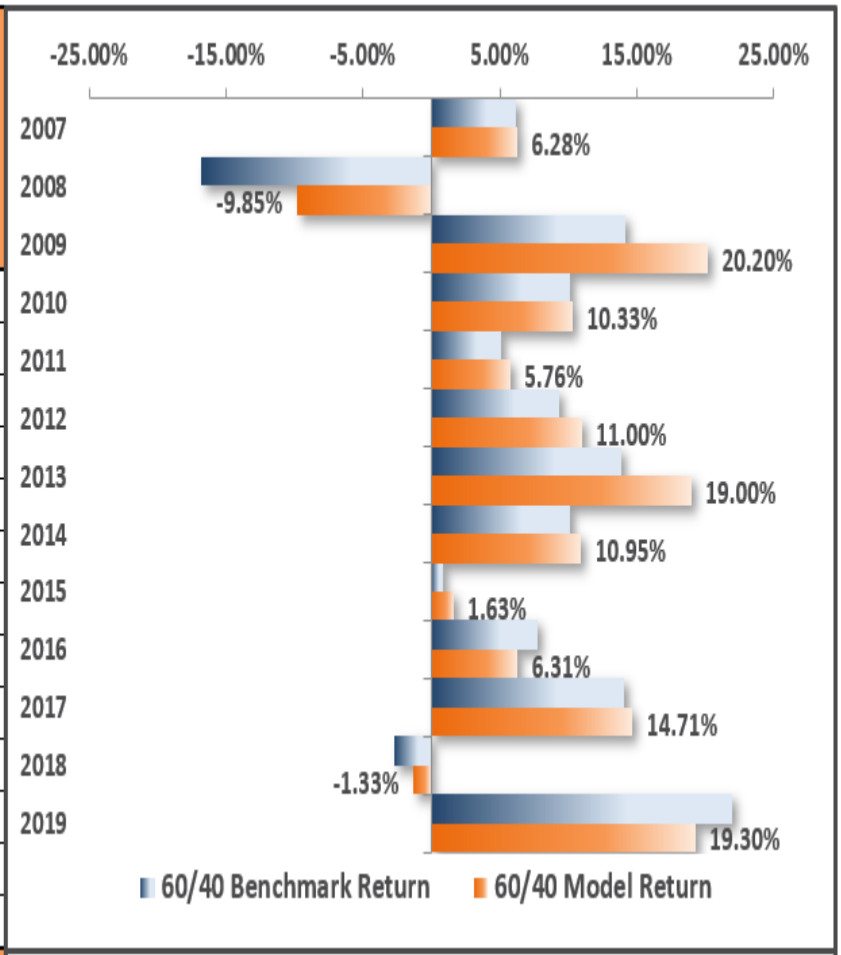
As always, continue to monitor the risk you take as we are very extended into the current market cycle. If you are close to retirement, think about being more conservative as you don't have the time to make up substantial losses if they occur."

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



Model performance is a two-asset model of stocks and bonds relative to the weighting changes made each week in the newsletter. Such is strictly for informational and educational purposes only, and one should not rely on it for any reason. Past performance is not a guarantee of future results. Use at your own risk and peril.&#2013266080;&#2013266080;

Year	60/40 Benchmark Return	60/40 Model Return
2007	6.15%	6.28%
2008	-16.79%	-9.85%
2009	14.22%	20.20%
2010	10.17%	10.33%
2011	5.14%	5.76%
2012	9.33%	11.00%
2013	13.91%	19.00%
2014	10.08%	10.95%
2015	0.83%	1.63%
2016	7.79%	6.31%
2017	14.12%	14.71%
2018	-2.72%	-1.33%
2019	21.96%	19.30%



Portfolio vs Benchmark Statistics	
Number of Up Years	11
Number of Down Years	2
Best One Year Return Of Benchmark	21.96%
Best One Year Return Of Model	20.20%
Worst One Year Return Of Benchmark	-16.79%
Worst One Year Return Of Model	-9.85%
Benchmark Return 2007-Present	123.78%
Model Return 2007-Present	173.11%
Total Alpha Generated	49.33%
Mean Annual Return Of Benchmark	7.25%
Mean Annual Return Of Model	8.79%
Beta Of Model vs Benchmark	0.86
Jensens Alpha	2.30%
Sharpe Ratio	0.29

