

Market Hits All-Time Highs As Money Flows Peak



In this 06-04-21 issue of "Market Hits All-Time Highs As Money Flows Peak."

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Catch Up On What You Missed Last Week



#WhatYouMissed On RIA This Week: 06-04-21

Written by Lance Roberts | Jun 4, 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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Market Review & Update

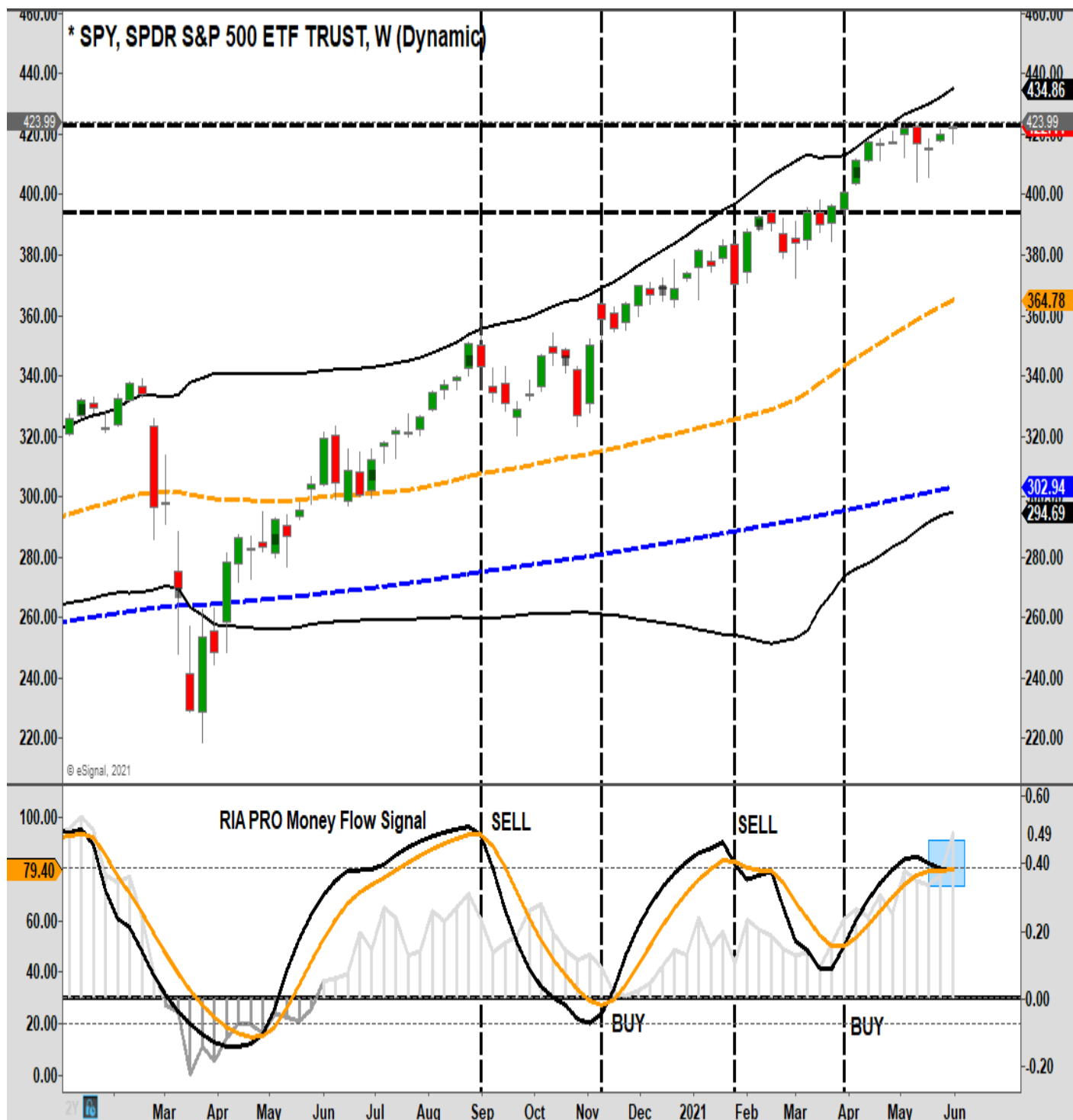
Over the last few week's we discussed the ongoing "buy signals" suggesting the market could retest all-time highs. That occurred this week. However, as [stated last week](#):

*"The good news is that we did indeed get the rally we were expecting. **The not-so-good news is that the rally already consumed a majority of the 'buy signal.'** Such does not mean the market is about to correct; it does suggest that upside remains limited near term."*



As shown in the bottom panel, the [RIA PRO "Money Flow"](#) signal is now into overbought territory. While the markets could undoubtedly break out to new highs next week, the upside remains limited. **Such is due to the weekly signal, which is very close to triggering.**

"Our more significant concern remains the weekly "sell signal." Historically, these weekly signals typically denote periods of more significant volatility swings or corrections. The biggest correction risk comes when the daily and weekly signals align."



I will lay out the case for a summer "sell-off" momentarily, but let me recap what these signals do and don't mean.

Technical Analysis In A Mania

On Friday, I received an email asking an essential question:

"I enjoyed your piece this week on [Sell Signals Are Useless In A Mania](#). I am starting to believe the Fed has achieved a 'Permanently High Plateau' for asset prices because there seems to be nothing to derail the endless risk appetite for any asset. **However, in the futile exercise of trying to stay disciplined I don't want to abandon valuations and technicals.**"

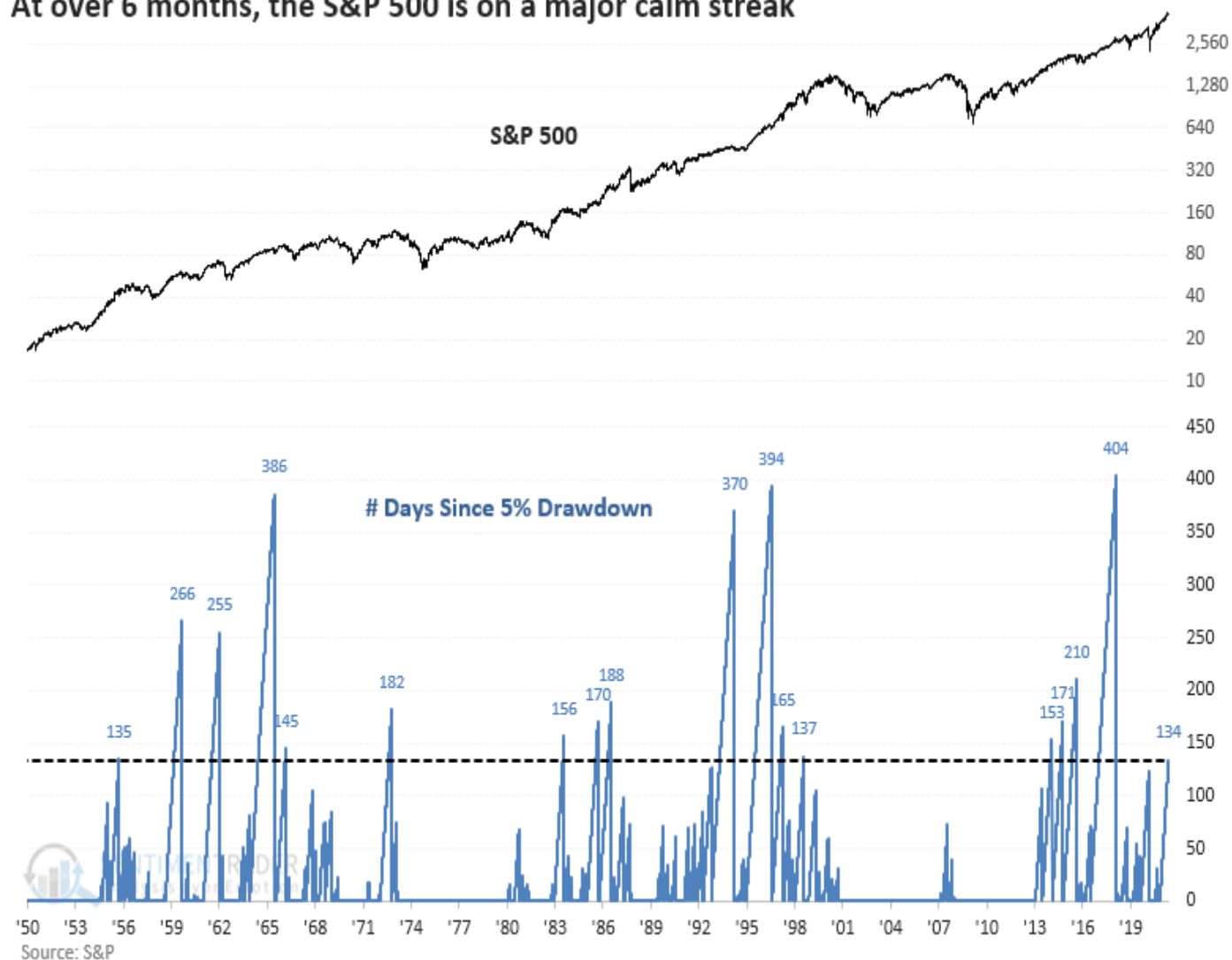
The biggest problem is that technical indicators do not distinguish between a consolidation, a correction, or an outright bear market. As such, if you ignore the signals as they occur, by the time you realize it's a deep correction, it is too late to do much about it. **Therefore, we must treat each signal with the same respect and adjust risk accordingly. The opportunity costs of doing so are minimal.** If we reduce risk and the market continues to rise, we can quickly increase our exposures. Yes, we sacrifice some short-term performance. However, if we reduce risk and the market declines sharply, we not only protect our capital during the decline but have the cash to deploy at lower price levels. **Such is the biggest problem with "buy and hold" strategies.** Yes, you will perform in line with the market, but given that you didn't "sell high," there is no cash available with which to "buy low" in the future. **While I agree you can not "time the markets," you can "manage risk" to improve your long-term outcomes.**

| | | |
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Risk Of A Summer Selloff

Over the last three weeks, we have discussed that while we had added exposure to portfolios in anticipation of a short-term rally, we still expect a more significant correction this summer. There are several reasons for this. The first is that a 5% correction is likely one or more times in any given year. Given the last correction was in the summer of 2020, such makes the current stretch of a low volatility advance one of the longer ones on record.

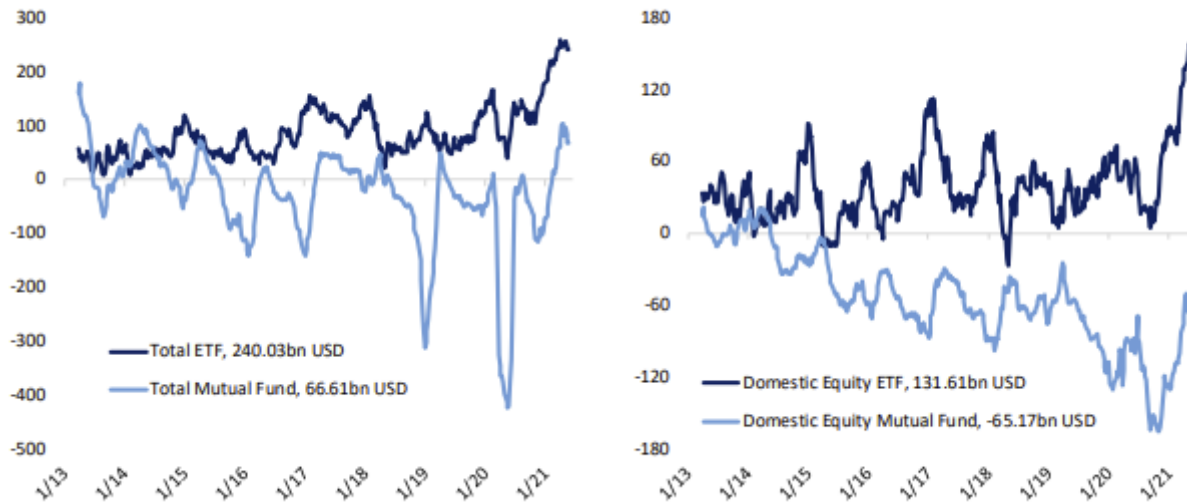
At over 6 months, the S&P 500 is on a major calm streak



Secondly, as noted by Variant Perception recently, the market has been tracking the post-correction/bear market rally analog. Such also suggests a pause given the strength of the rally from the previous lows.



Record Global Fund Flows Are Starting To Roll Over (Rolling 13w Sums)



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these signposts suggest a risk of a correction in the near term. **However, as stated above, technical analysis does not differentiate between a 5% pullback, a 10% correction, and a 20% decline. You will only find that out once it begins.** Risk management is much like driving a car. If there is a blind spot ahead, and you don't tap on the brakes to control your speed, you are unlikely to avoid the hazard ahead. **Yes, tapping on the brakes to provide more control over the car will slow your arrival time to your destination. However, being late is a much better option than not getting there at all.**

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Risk Is Evident

A recent note from Doug Kass summed up the current market environment well.

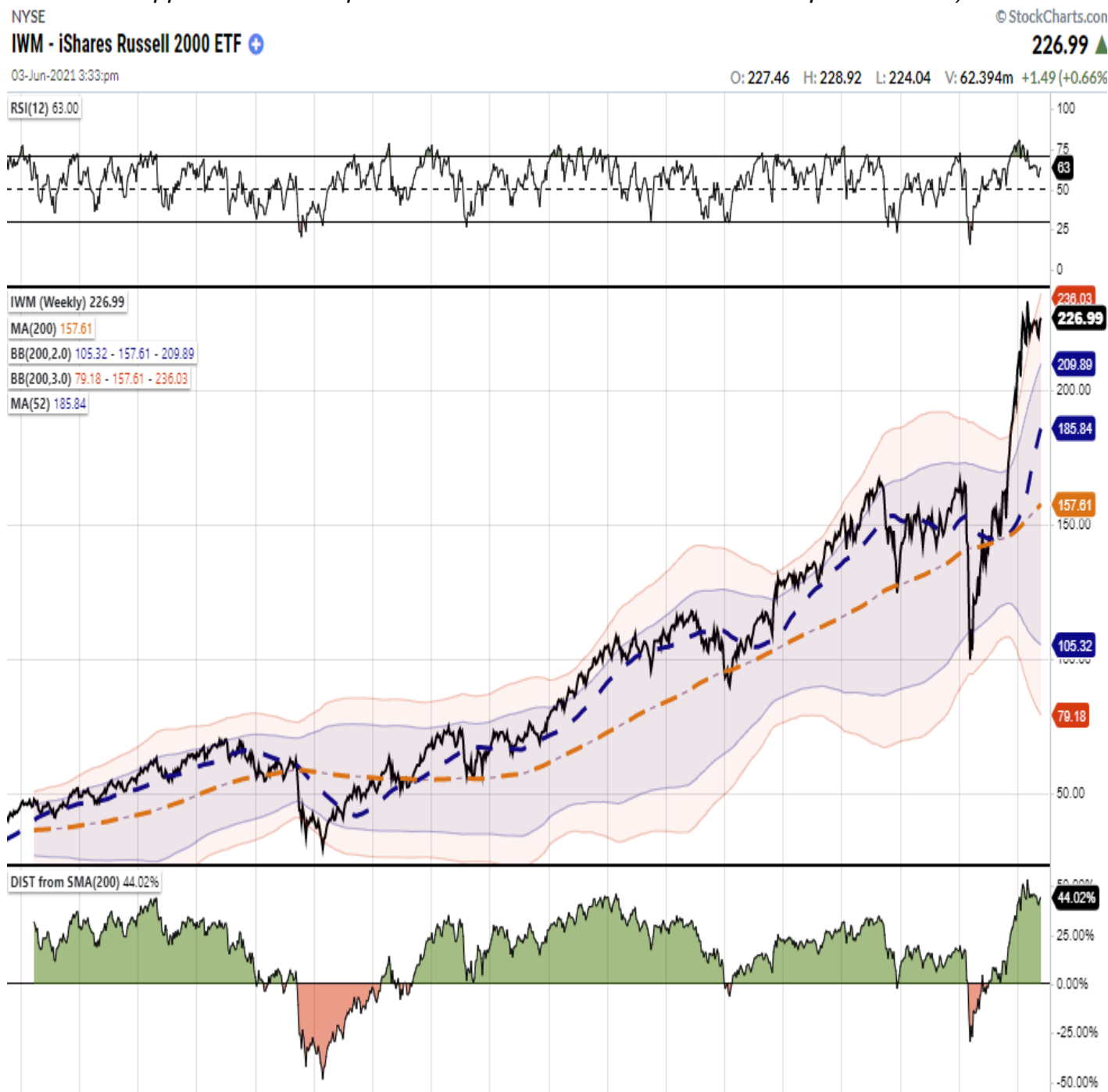
"Stocks and bonds are richly priced. It makes no sense to say, as many do, that equities are inexpensive against an overpriced asset class (fixed income). Most traditional metrics indicate that stocks are at least in the 95th percentile - a non-trivial amount of indicators of valuation are in the 99th percentile."

Even using always overly estimated forward earnings, valuations remain extremely rich, suggesting lower returns in the future.

Exhibit 5: S&P 500 Normalized P/E vs. subsequent annualized 10yr returns 1987-4/2021. Current normalized P/E: 27x

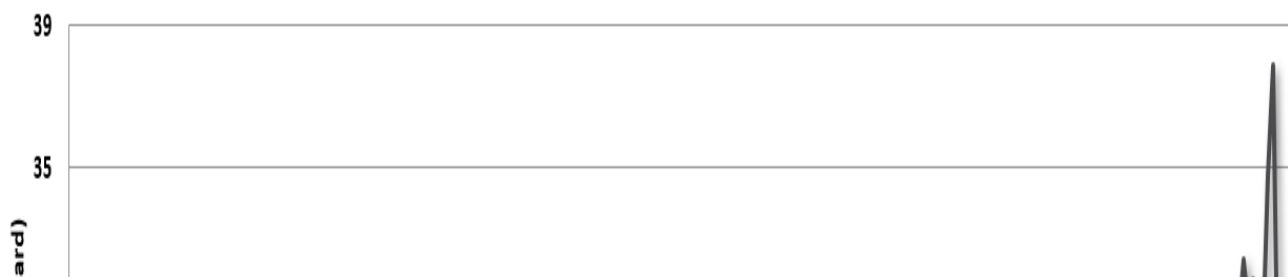


Of course, such **DOES NOT** mean the market is about to crash, and you should hide in cash. However, the elevation in valuations, combined with the chase in "Meme" stocks like AMC, and cryptocurrencies are just the latest manifestations of risk-taking by investors. A look at small-capitalization companies (*which are the riskiest of stocks*) and their deviation from long-term means also is representative of "speculation" (The 200-week moving average has been consistent support for small-caps since 2008. The current deviation is unprecedented.)



Even with the expected surge in earnings, the Russell 2000 index is still trading at more the 28x earnings based on estimates 2-years into the future. **Such means that expected returns over the next 24-months for small-cap stocks are now close to zero.**

Current P/E Based On 2-Year Forward Estimates



Then there is the problem with "value" stocks.

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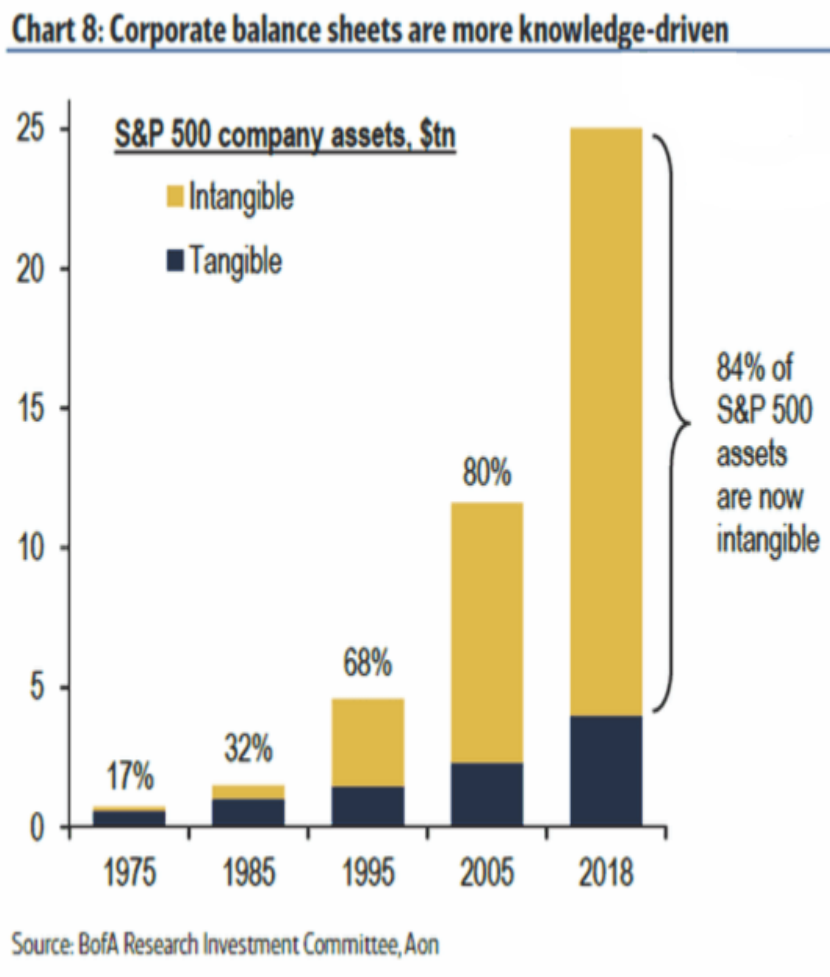
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The Lack Of Value In Value

Over the years, "value" has been the cornerstone of investing. The reason is that during "bear markets," the speculative excesses get wrung out, and investors search for "value" as a store of safety. **The problem is that since there hasn't been an actual [bear market](#) since 2008**, there is relatively little value in "value stocks."

"The popular and 'cool guys,' value stocks, are now extended. That (arguably) includes banks, industrials and 'opening' stocks." - Doug Kass

An excellent example is the **Momentum ETF (MTUM)** that switched from growth stocks to value stocks. The same is occurring in other factor-based ETFs. For instance, the two top holdings of IWN, the iShares Russell 2000 Value ETF, are **GameStop (GME)** and **AMC Entertainment (AMC)** which are about as far from value as one can imagine. The problem will be whether the "economic expansion" will allow earnings growth to justify current valuations. **However, three massive rounds of stimulus "pulled forward" several years of sales, which will become problematic as economic growth slows.** As noted, there is little [value](#) in the "value trade. As discussed in [The Astonishing Lack Of Value?](#)




"Book value analysis and buying companies with low 'price-to-book' ratios have historically been profitable ventures. Companies with machinery, inventory, and equipment, and financial assets tend to have large book values. Significantly, these types of investments are easily valued and liquidated in the event of financial stress or bankruptcy."

However, today, such is no longer the case. Items such as patents, licenses, human capital, etc., now make up a significant portion of a company's value. **These types of assets are hard to value and more difficult to liquidate. So, how many NON-FINANCIAL companies in the S&P 500 currently have a price-to-book ratio below 1.5x? How about 18.**

| Company | Ticker | Price/ Book |
|-----------------|--------|-------------|
| Molson Coors-B | TAP | 1.02 |
| Corteva Inc | CTVA | 1.36 |
| Kraft Heinz Co | KHC | 1.07 |
| Carnival Corp | CCL | 1.47 |
| Discovery Com-A | DISCA | 1.33 |
| Discovery Com-C | DISCK | 1.25 |
| Viacomcbs Inc | VIAC | 1.39 |
| Viatris Inc | VTRS | 0.87 |
| Perrigo Co Plc | PRGO | 1.14 |
| Westrock Co | WRK | 1.41 |
| Hewlett Pkd Ent | HPE | 1.26 |
| At&T Inc | T | 1.15 |
| Diamondback Egy | FANG | 1.34 |
| Hollyfrontier | HFC | 1 |
| Marathon Petrol | MPC | 1.44 |
| Marathon Oil Cp | MRO | 1.03 |
| Kinder Morgan | KMI | 1.3 |
| Mosaic Co/The | MOS | 1.45 |

See the problem?



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Portfolio Update

With our weekly "sell" signal now triggered on the S&P 500, and the daily signals back to very overbought levels, we liquidated the rest of our QQQ index trading position. The sell locked in the recent gains and raised our cash levels to buffer our overall portfolio allocations. The rest of the portfolio remains balanced between the "inflation" and "deflation" trade to lower overall volatility. The "barbell" approach to the reopening trade has worked well given the rapid rotations between the two "schools" over the last few months. **We certainly don't profess to have all the answers, but there is no argument we will see robust short-term growth and rising inflationary pressures.** Such suggests the value trade may persist for a while longer. **Those sectors remain energy, financials, industrials, and materials for now.** However, we also continue to add to "deflationary" holdings opportunistically as economic

growth will return to its 2%ish long-term trend. **Technology, Staples, and Healthcare remain increasingly recession-proof due to the changing workforce, demographic trends, and living standards. We are firm believers in investing.** However, after years of artificial interventions, accounting gimmicks, share buybacks, and massive balance sheet leveraging, **there is little real value in the markets currently.** Given that the markets have not reset, speculators are now simply chasing whatever is moving higher. For now, we have to continue to navigate markets for what they are rather than what we *hope* they could be. **We suspect that this year could wind up disappointing both economists and investors alike.**

The MacroView



#MacroView: Yellen & The Big Push To Offshore US Labor

Written by Lance Roberts | Jun 4, 2021

Janet Yellen's latest commitment to support the Biden progressive agenda from higher taxes, to unionization, will not lead to increased economic prosperity. Instead it will lead to more outsourcing and offshoring of U.S. Labor.

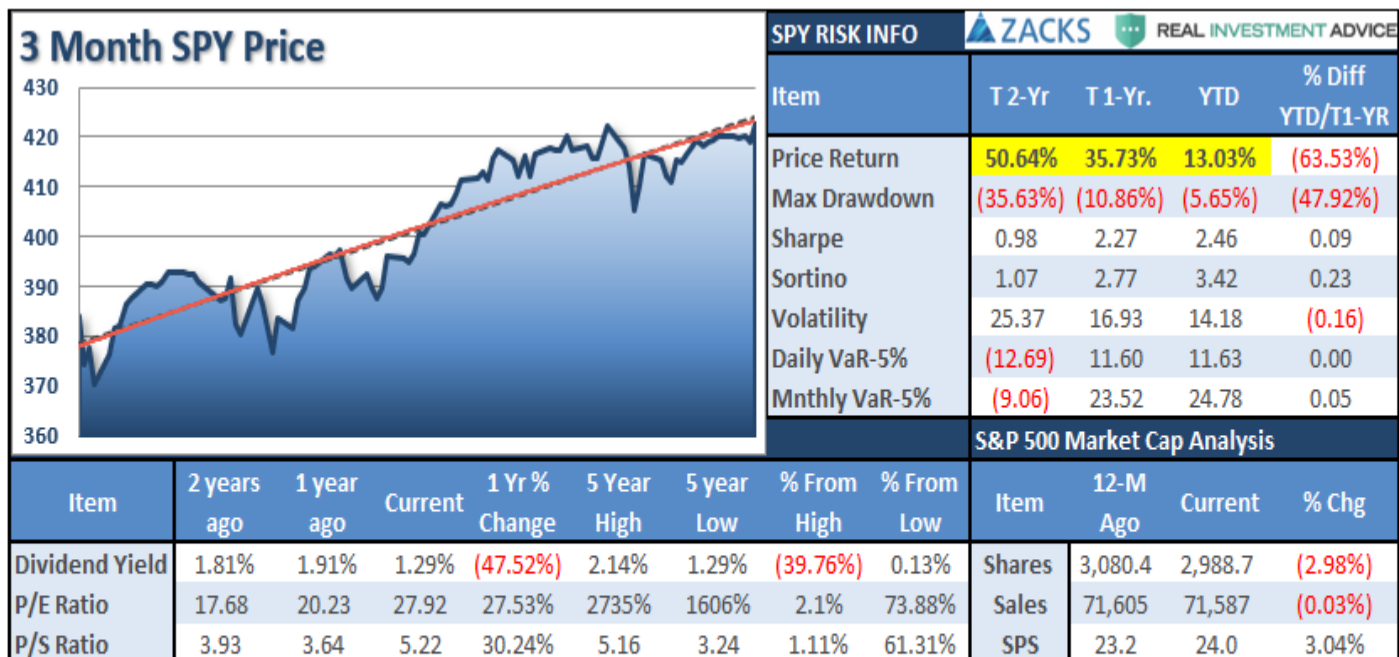
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If you need help or have questions, we are always glad to help. [Just email me.](#) See You Next Week **By Lance Roberts, CIO**

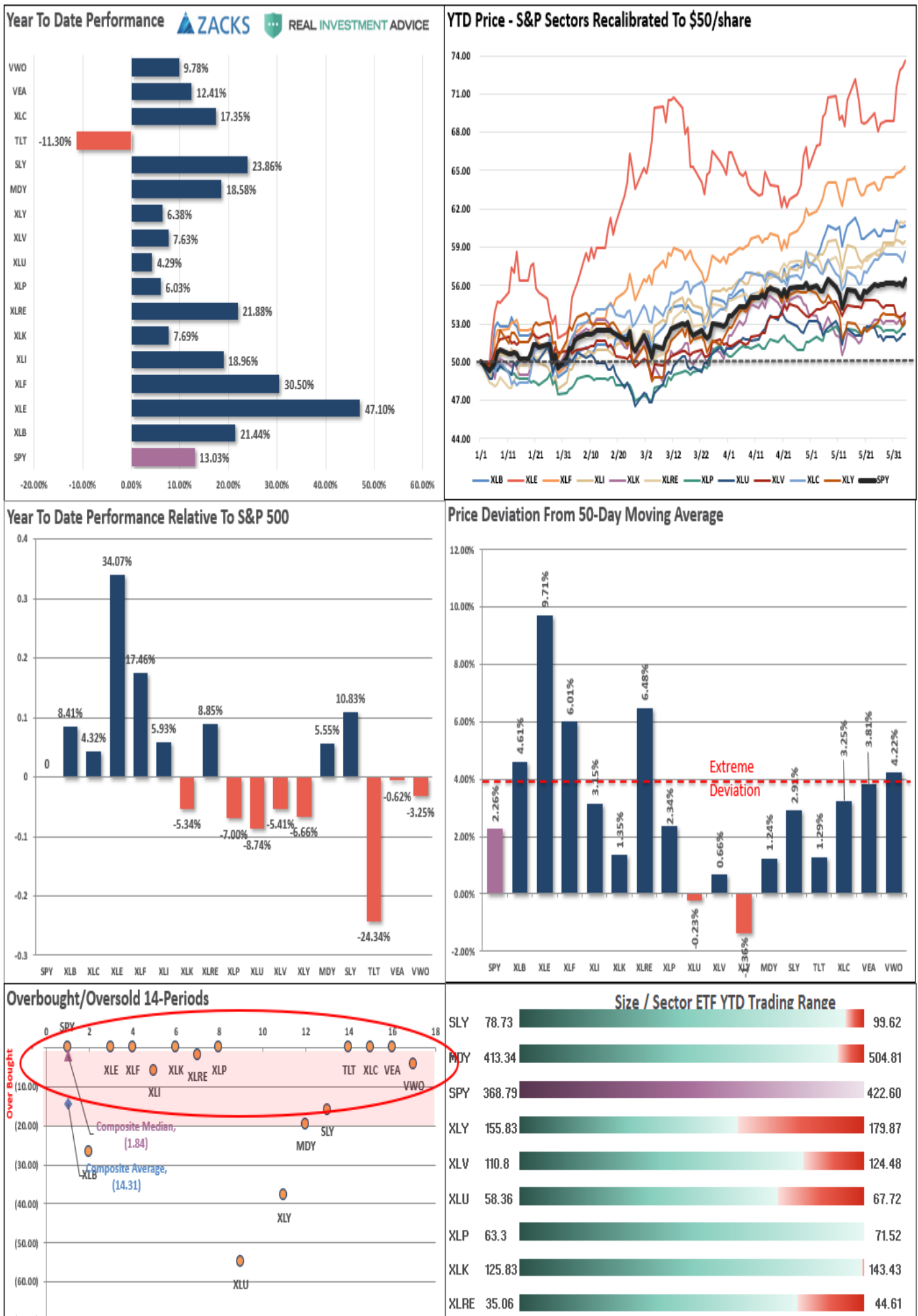
Market & Sector Analysis

Analysis & Stock Screens Exclusively For RIAPro Members

S&P 500 Tear Sheet

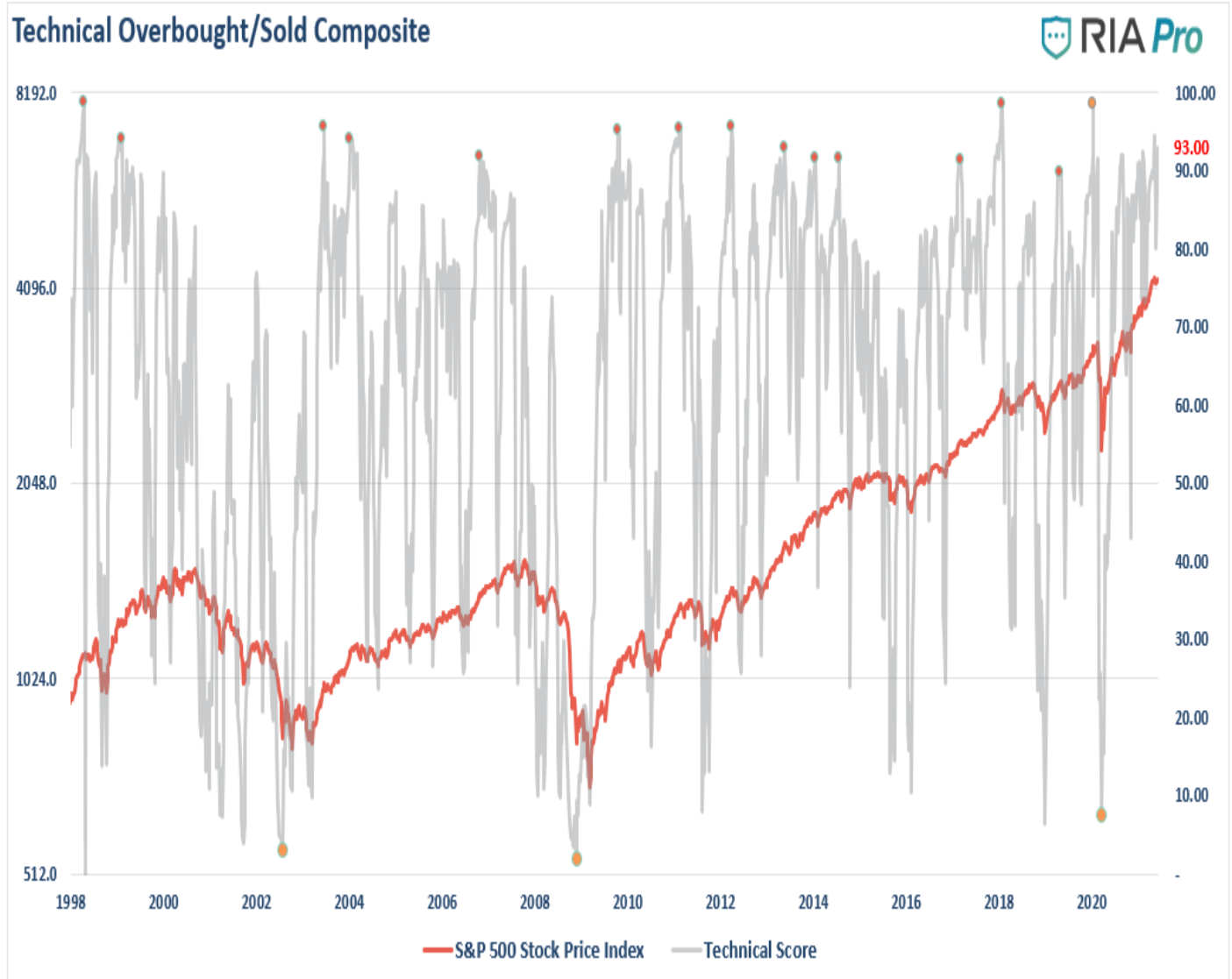


Performance Analysis



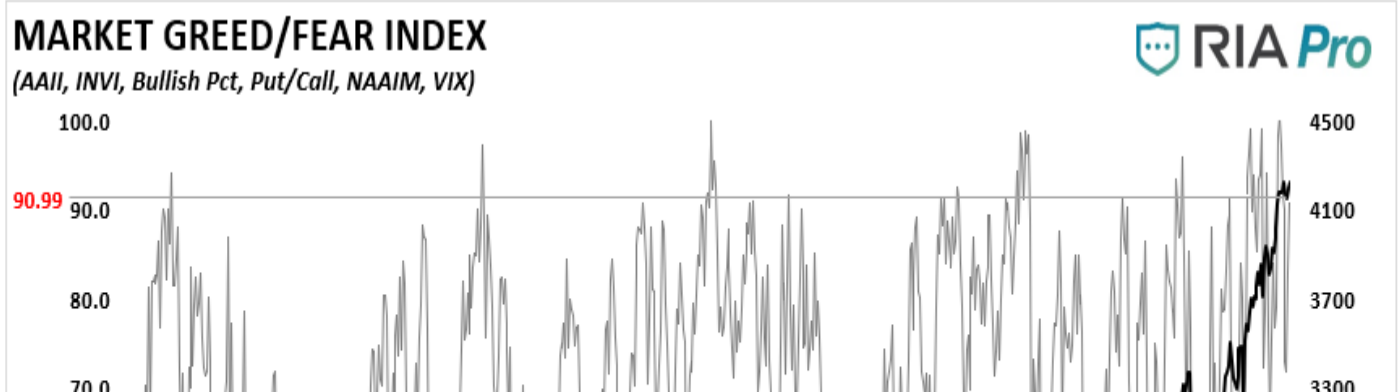
Technical Composite

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" are oversold. **The current reading is 84.70 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.** The current reading is **90.99 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 | 424.24 | 0.61 | 0.12 | 7.24 | 14.51 | 32.38 | 410.11 | 385.06 | 421.65 | 0.99 | 432.19 | 411.11 | 3% | 10% | BULLISH |
| XLB | SPDR-MATLS SELS | 87.91 | 0.13 | (0.07) | 4.48 | 7.23 | 14.56 | 82.69 | 75.69 | 87.26 | 1.06 | 90.37 | 84.15 | 6% | 16% | BULLISH |
| XLC | SPDR-COMM SV SS | 79.19 | (0.11) | 1.04 | (1.21) | 3.49 | 10.28 | 76.24 | 70.31 | 78.79 | 0.99 | 81.54 | 76.04 | 4% | 13% | BULLISH |
| XLE | SPDR-EGY SELS | 55.75 | 6.17 | 3.83 | (3.17) | 26.99 | (8.05) | 50.88 | 43.56 | 52.21 | 1.75 | 54.43 | 49.99 | 10% | 28% | BULLISH |
| XLF | SPDR-FINL SELS | 38.47 | 0.65 | 1.71 | 3.40 | 20.52 | 14.23 | 35.82 | 31.54 | 37.99 | 1.20 | 39.40 | 36.58 | 7% | 22% | BULLISH |
| XLK | SPDR-TECH SELS | 140.02 | 0.56 | 0.59 | (0.68) | (5.33) | 5.70 | 136.57 | 130.54 | 138.40 | 1.04 | 143.29 | 133.51 | 3% | 7% | BULLISH |
| XLI | SPDR-INDU SELS | 105.34 | (0.41) | (0.13) | 1.62 | 4.06 | 8.47 | 100.79 | 92.27 | 105.12 | 1.19 | 109.00 | 101.24 | 5% | 14% | BULLISH |
| XLP | SPDR-CONS STPL | 71.52 | 0.39 | 1.13 | 0.88 | (9.22) | (14.00) | 69.10 | 67.11 | 70.81 | 0.62 | 73.02 | 68.60 | 4% | 7% | BULLISH |
| XLRE | SPDR-RE SELS | 44.56 | 2.39 | 5.05 | 6.93 | 7.78 | (12.11) | 41.15 | 38.35 | 43.26 | 0.68 | 44.64 | 41.88 | 8% | 16% | BULLISH |
| XLU | SPDR-UTIL SELS | 65.39 | (0.26) | (1.10) | (2.46) | (9.53) | (25.51) | 64.82 | 63.54 | 65.16 | 0.35 | 67.02 | 63.30 | 1% | 3% | BULLISH |
| XLV | SPDR-HLTH CR | 122.09 | (1.84) | (1.72) | (0.70) | (6.46) | (14.08) | 119.83 | 115.12 | 123.60 | 0.77 | 127.64 | 119.56 | 2% | 6% | BULLISH |
| XLY | SPDR-CONS DISCR | 171.03 | (1.66) | (3.83) | (4.68) | (7.61) | (2.07) | 171.67 | 164.44 | 172.84 | 1.14 | 179.13 | 166.55 | 0% | 4% | BULLISH |
| XTN | SPDR-SP TRANSP | 89.01 | (2.70) | (2.88) | (6.42) | 9.23 | 21.57 | 88.73 | 77.81 | 90.91 | 1.40 | 94.46 | 87.36 | 0% | 14% | BULLISH |
| SDY | SPDR-SP DIV ETF | 126.96 | 0.62 | (0.16) | (0.58) | 6.03 | (3.91) | 121.76 | 111.67 | 125.41 | 0.91 | 129.69 | 121.13 | 4% | 14% | BULLISH |
| RSP | INVS-SP5 EQ ETF | 152.26 | 0.14 | 0.29 | 0.29 | 5.34 | 5.49 | 146.03 | 133.38 | 151.12 | 1.12 | 156.59 | 145.65 | 4% | 14% | BULLISH |
| SLY | SPDR-SP6 SC | 98.52 | 0.25 | 0.75 | (8.34) | 10.07 | 21.46 | 95.77 | 85.64 | 97.68 | 1.26 | 101.35 | 94.01 | 3% | 15% | BULLISH |
| MDY | SPDR-SP MC 400 | 497.94 | (0.58) | (1.48) | (4.04) | 5.18 | 10.52 | 487.89 | 443.02 | 497.76 | 1.19 | 516.13 | 479.39 | 2% | 12% | BULLISH |
| EEM | ISHARS-EMG MKT | 55.99 | 1.43 | 2.26 | (3.53) | (4.70) | 4.45 | 53.89 | 52.40 | 54.87 | 0.80 | 56.68 | 53.06 | 4% | 7% | BULLISH |
| EFA | ISHARS-EAFE | 81.68 | 0.44 | 1.46 | (0.16) | (2.11) | (4.39) | 78.23 | 74.13 | 80.83 | 0.84 | 83.53 | 78.13 | 4% | 10% | BULLISH |
| IAU | ISHARS-GOLD TR | 36.04 | (1.22) | 3.15 | 2.37 | (14.01) | (20.17) | 34.06 | 34.83 | 36.26 | 0.08 | 37.20 | 35.32 | 6% | 3% | BEARISH |
| GDX | VANECK-GOLD MNR | 38.68 | (2.49) | 3.25 | 9.69 | (8.77) | (13.21) | 35.67 | 35.86 | 39.42 | 0.69 | 40.68 | 38.16 | 8% | 8% | BEARISH |
| UUP | INVS-DB US\$ BU | 24.24 | (0.53) | (0.24) | (9.06) | (14.59) | (39.89) | 24.57 | 24.61 | 24.22 | (0.11) | 24.80 | 23.64 | -1% | -1% | BEARISH |
| BOND | PIMCO-TOT RETRN | 110.25 | (0.67) | (0.35) | (6.64) | (16.82) | (31.81) | 110.03 | 111.37 | 110.31 | 0.08 | 113.16 | 107.46 | 0% | -1% | BEARISH |
| TLT | ISHARS-20+YTB | 139.90 | 0.44 | 0.36 | (4.41) | (25.02) | (42.76) | 137.89 | 147.95 | 138.44 | (0.26) | 141.54 | 135.34 | 1% | -5% | BEARISH |
| BNDX | VANGD-TTL INT B | 56.99 | (0.51) | 0.00 | (7.47) | (17.17) | (32.62) | 57.04 | 57.77 | 56.93 | 0.03 | 58.37 | 55.49 | 0% | -1% | BEARISH |
| HYG | ISHARS-IBX HYCB | 87.27 | (0.51) | (0.19) | (6.30) | (13.83) | (29.05) | 86.97 | 86.64 | 87.18 | 0.37 | 89.68 | 84.68 | 0% | 1% | BULLISH |



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 |
|--------|-----------------|---------------|--------------------------------|-----------------------|-----------|------------------------|-------|
| AMAT | Appld Matls Inc | 136.38 | 17.97 | 9.73 | 0.70 | 25.59 | 9.00 |
| DE | Deere & Co | 358.91 | 20.15 | 9.08 | 1.00 | 24.74 | 9.00 |
| IDXX | Idexx Labs Inc | 550.30 | 19.61 | 10.90 | 0.00 | 70.82 | 9.00 |
| KLAC | Kla Corp | 308.78 | 14.03 | 17.32 | 1.17 | 24.03 | 9.00 |
| TGT | Target Corp | 229.18 | 13.27 | 6.37 | 1.19 | 18.29 | 9.00 |
| TSCO | Tractor Supply | 177.96 | 9.03 | 10.75 | 1.17 | 23.08 | 9.00 |
| AMD | Adv Micro Dev | 80.28 | 35.01 | 20.18 | 0.00 | 57.34 | 8.00 |
| CDW | Cdw Corp | 165.28 | 13.10 | 7.52 | 0.97 | 23.92 | 8.00 |
| GNRC | Generac Holding | 316.40 | 6.50 | 14.89 | 0.00 | 39.65 | 8.00 |
| INTU | Intuit Inc | 450.56 | 14.82 | 12.64 | 0.52 | 58.67 | 8.00 |
| IQV | Iqvia Holdings | 233.34 | 12.85 | 13.13 | 0.00 | 35.46 | 8.00 |
| IT | Gartner Inc -A | 233.04 | 13.50 | 14.66 | 0.00 | 40.88 | 8.00 |
| JBHT | Hunt (Jb) Trans | 169.51 | 15.00 | 10.71 | 0.71 | 33.04 | 8.00 |
| LOW | Lowes Cos | 190.30 | 13.75 | 7.11 | 1.26 | 18.53 | 8.00 |
| MLM | Martin Mrt-Matl | 359.56 | 12.40 | 6.26 | 0.63 | 29.55 | 8.00 |
| MXIM | Maxim Intg Pdts | 100.19 | 10.00 | 0.41 | 0.00 | 35.15 | 8.00 |
| SHW | Sherwin William | 282.57 | 10.96 | 11.56 | 0.78 | 31.80 | 8.00 |
| SNPS | Synopsys Inc | 250.59 | 14.65 | 10.75 | 0.00 | 48.66 | 8.00 |
| TER | Teradyne Inc | 128.32 | 13.75 | 12.75 | 0.31 | 27.19 | 8.00 |
| TXN | Texas Instrs | 186.00 | 9.33 | 1.51 | 2.19 | 28.18 | 8.00 |
| WMT | Walmart Inc | 141.60 | 5.50 | 3.18 | 1.55 | 23.68 | 8.00 |
| WST | West Pharm Svc | 332.77 | 25.79 | 8.70 | 0.20 | 57.47 | 8.00 |
| A | Agilent Tech | 136.37 | 13.00 | 6.57 | 0.57 | 35.98 | 7.00 |
| AAPL | Apple Inc | 123.54 | 12.50 | 7.22 | 0.71 | 27.73 | 7.00 |
| ALLE | Allegion Plc | 137.94 | 5.67 | 5.94 | 1.04 | 26.13 | 7.00 |
| AVY | Avery Dennison | 219.25 | 7.90 | 3.71 | 1.24 | 27.93 | 7.00 |
| BBY | Best Buy | 115.56 | 8.28 | 3.32 | 2.42 | 12.19 | 7.00 |
| CDNS | Cadence Design | 123.94 | 14.41 | 9.66 | 0.00 | 52.97 | 7.00 |
| CRL | Charles Rvr Lab | 331.70 | 14.00 | 15.96 | 0.00 | 37.56 | 7.00 |
| DOV | Dover Corp | 152.04 | 11.50 | -0.85 | 1.30 | 24.97 | 7.00 |
| DVA | Davita Inc | 121.13 | 14.38 | -6.81 | 0.00 | 16.13 | 7.00 |
| FB | Facebook Inc-A | 326.04 | 20.13 | 33.80 | 0.00 | 27.89 | 7.00 |
| HCA | Hca Holdings | 213.26 | 12.35 | 5.44 | 0.90 | 18.24 | 7.00 |
| HD | Home Depot | 311.43 | 11.44 | 7.77 | 2.12 | 22.57 | 7.00 |
| J | Jacobs Engin Gr | 141.72 | 12.72 | 6.91 | 0.59 | 23.78 | 7.00 |
| KEYS | Keysight Tech | 145.03 | 10.96 | 11.08 | 0.00 | 27.89 | 7.00 |
| LRCX | Lam Research | 635.78 | 32.80 | 13.48 | 0.82 | 26.52 | 7.00 |
| NDAQ | Nasdaq Inc | 168.06 | 5.75 | 9.22 | 1.17 | 25.35 | 7.00 |
| NLOK | Norton Lifelock | 28.06 | 7.00 | -10.00 | 1.78 | 20.94 | 7.00 |
| NXPI | Nxp Semiconduct | 200.75 | 10.00 | -0.48 | 1.12 | 32.22 | 7.00 |
| ORLY | O Reilly Auto | 528.30 | 13.36 | 7.39 | 0.00 | 19.84 | 7.00 |
| PH | Parker Hannifin | 309.25 | 11.78 | 4.65 | 1.33 | 23.48 | 7.00 |
| TT | Trane Tech Plc | 183.36 | 21.50 | 0.89 | 1.29 | 36.45 | 7.00 |
| UPS | Utd Parcel Srvs | 211.98 | 8.72 | 7.87 | 1.92 | 21.54 | 7.00 |
| WRB | Berkley (Wr) Cp | 77.25 | 9.00 | 1.43 | 0.62 | 28.51 | 7.00 |
| ADM | Archer Daniels | 68.25 | 6.20 | 1.17 | 2.17 | 15.73 | 6.00 |

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

| Ticker | Company | Current Price | Price/ Book | ROE 5 Yr Avg | Div Yield | Score |
|--------|-----------------|---------------|-------------|--------------|-----------|-------|
| AGNC | Agnc Investment | 18.60 | 1.00 | 12.61 | 7.74 | 8 |
| BSRR | Sierra Bancorp | 27.57 | 1.22 | 10.55 | 3.05 | 8 |
| CMTV | Commnty Bcp Vt | 19.50 | 1.35 | 12.88 | 4.51 | 8 |
| FNCB | Fncb Bancorp | 7.44 | 0.97 | 12.84 | 3.23 | 8 |
| LOMA | Loma Negra Cia | 6.85 | 1.35 | 21.10 | 3.71 | 8 |
| NHTC | Natural Hlth Tr | 7.60 | 1.33 | 34.80 | 10.53 | 8 |
| NRIM | Northrim Bcp | 44.82 | 1.20 | 10.34 | 3.30 | 8 |
| UBCP | Utd Bancorp -Oh | 15.17 | 1.32 | 10.26 | 3.76 | 8 |
| ABR | Arbor Rlty Trst | 18.42 | 1.56 | 11.02 | 7.38 | 7 |
| AINV | Apollo Inv Cp | 14.58 | 0.92 | 10.35 | 8.50 | 7 |
| CAC | Camden Ntl Corp | 47.79 | 1.34 | 11.42 | 3.01 | 7 |
| CIM | Chimera Invest | 14.49 | 0.94 | 12.70 | 8.28 | 7 |
| CZFS | Citizens Fin Sv | 61.00 | 1.20 | 12.21 | 3.05 | 7 |
| FCBP | First Choice Bc | 32.31 | 1.33 | 11.93 | 3.10 | 7 |
| FLIC | First Long Is | 22.26 | 1.30 | 10.79 | 3.41 | 7 |
| FNF | Fnf Group | 46.90 | 1.65 | 15.41 | 3.07 | 7 |
| FNLC | First Bancp Inc | 31.84 | 1.53 | 11.71 | 3.89 | 7 |
| GSBD | Goldman Sac Bdc | 19.90 | 1.24 | 11.48 | 9.05 | 7 |
| IBCP | Indep Bk Mich | 23.26 | 1.31 | 12.02 | 3.61 | 7 |
| NMFC | New Mountn Fin | 13.29 | 1.02 | 10.26 | 9.03 | 7 |
| PFG | Principal Finl | 65.72 | 1.16 | 11.97 | 3.71 | 7 |
| PRK | Park National | 127.26 | 1.99 | 12.10 | 3.24 | 7 |
| TRTN | Triton Intl Ltd | 52.94 | 1.64 | 12.80 | 4.31 | 7 |
| UVE | Univl Insur Hld | 13.82 | 0.95 | 19.48 | 4.63 | 7 |
| WAYN | Wayne Svgs Bcsh | 25.25 | 1.20 | 10.09 | 3.33 | 7 |

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 |
|--------|-----------------|---------------|--------------------------------|-----------------------|-----------|------------------------|-------|
| DE | Deere & Co | 358.91 | 20.15 | 9.08 | 1.00 | 24.74 | 9.00 |
| IDXX | Idexx Labs Inc | 550.30 | 19.61 | 10.90 | - | 70.82 | 9.00 |
| AMAT | Appld Matls Inc | 136.38 | 17.97 | 9.73 | 0.70 | 25.59 | 9.00 |
| KLAC | Kla Corp | 308.78 | 14.03 | 17.32 | 1.17 | 24.03 | 9.00 |
| AMD | Adv Micro Dev | 80.28 | 35.01 | 20.18 | - | 57.34 | 8.00 |
| WST | West Pharm Svc | 332.77 | 25.79 | 8.70 | 0.20 | 57.47 | 8.00 |
| JBHT | Hunt (Jb) Trans | 169.51 | 15.00 | 10.71 | 0.71 | 33.04 | 8.00 |
| INTU | Intuit Inc | 450.56 | 14.82 | 12.64 | 0.52 | 58.67 | 8.00 |
| SNPS | Synopsys Inc | 250.59 | 14.65 | 10.75 | - | 48.66 | 8.00 |
| TER | Teradyne Inc | 128.32 | 13.75 | 12.75 | 0.31 | 27.19 | 8.00 |
| LOW | Lowes Cos | 190.30 | 13.75 | 7.11 | 1.26 | 18.53 | 8.00 |
| LRCX | Lam Research | 635.78 | 32.80 | 13.48 | 0.82 | 26.52 | 7.00 |
| TT | Trane Tech Plc | 183.36 | 21.50 | 0.89 | 1.29 | 36.45 | 7.00 |
| FB | Facebook Inc-A | 326.04 | 20.13 | 33.80 | - | 27.89 | 7.00 |
| CDNS | Cadence Design | 123.94 | 14.41 | 9.66 | - | 52.97 | 7.00 |
| DVA | Davita Inc | 121.13 | 14.38 | (6.81) | - | 16.13 | 7.00 |
| CRL | Charles Rvr Lab | 331.70 | 14.00 | 15.96 | - | 37.56 | 7.00 |
| PTC | Ptc Inc | 129.58 | 25.99 | 6.88 | - | 55.38 | 6.00 |
| MPWR | Monolithic Pwr | 335.94 | 25.00 | 20.00 | 0.71 | 93.06 | 6.00 |
| CTLT | Catalent Inc | 100.61 | 20.92 | 14.41 | - | 39.61 | 6.00 |
| GOOG | Alphabet Inc-C | 2,404.61 | 18.13 | 19.82 | - | 32.01 | 6.00 |
| GOOGL | Alphabet Inc-A | 2,347.58 | 18.13 | 19.82 | - | 31.25 | 6.00 |
| ODFL | Old Dominion Fl | 264.18 | 17.23 | 8.38 | 0.30 | 42.13 | 6.00 |
| MCHP | Microchip Tech | 151.71 | 15.33 | 16.92 | 1.09 | 25.76 | 6.00 |
| MTB | M&T Bank Corp | 163.01 | 15.19 | 3.95 | 2.70 | 14.20 | 6.00 |
| NVDA | Nvidia Corp | 678.79 | 17.56 | 21.54 | 0.09 | 69.33 | 5.00 |
| RHI | Robt Half Intl | 90.07 | 15.54 | 1.41 | 1.69 | 31.06 | 5.00 |
| TDY | Teledyne Tech | 421.36 | 18.29 | 9.54 | - | 37.86 | 4.00 |
| FRC | First Rep Bk Sf | 194.12 | 15.70 | 18.27 | 0.45 | 30.33 | 4.00 |
| SCHW | Schwab(Chas) | 76.01 | 14.09 | 12.04 | 0.95 | 28.90 | 1.00 |

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 |
|--------|-----------------|---------------|--------------------------------|-----------------------|-----------|----------------------|-------|
| IDXX | Idexx Labs Inc | 550.30 | 19.61 | 10.90 | - | 3.46 | 9 |
| FICO | Fair Isaac Inc | 479.76 | #N/A | 9.98 | - | #N/A | 8 |
| INTU | Intuit Inc | 450.56 | 14.82 | 12.64 | 0.52 | 4.19 | 8 |
| MXIM | Maxim Intg Pdts | 100.19 | 10.00 | 0.41 | - | 3.20 | 8 |
| TXN | Texas Instrs | 186.00 | 9.33 | 1.51 | 2.19 | 2.70 | 8 |
| WST | West Pharm Svc | 332.77 | 25.79 | 8.70 | 0.20 | 1.80 | 8 |
| CDNS | Cadence Design | 123.94 | 14.41 | 9.66 | - | 3.59 | 7 |
| FFIN | First Fin Bk-Tx | 51.59 | #N/A | 11.75 | 1.01 | #N/A | 7 |
| STAA | Staar Surgical | 140.12 | #N/A | 20.15 | - | #N/A | 7 |
| VICR | Vicor Corp | 91.93 | #N/A | 9.45 | - | #N/A | 7 |
| WING | Wingstop Inc | 137.55 | 11.00 | 29.56 | 0.41 | 8.96 | 7 |
| CPRT | Copart Inc | 123.62 | #N/A | 14.92 | - | #N/A | 6 |
| EXPO | Exponent Inc | 88.22 | #N/A | 7.13 | 0.91 | #N/A | 6 |
| JYNT | Joint Corp/The | 72.00 | #N/A | 31.99 | - | #N/A | 6 |
| MPWR | Monolithic Pwr | 335.94 | 25.00 | 20.00 | 0.71 | 3.01 | 6 |

Portfolio / Client Update

With the daily "buy signal" getting back to an oversold condition, we took our remaining profits in the QQQ index trading position. Such raised our current cash levels to buffer portfolios against an expected decline this summer. We still expect a mild correction of 5% or so during the summer, which will "feel worse" than it is. The goal will be to use that correction to rebalance equity risk for the remainder of the year. The goal is to continue to manage risk accordingly. With the weekly "sell" signal triggered on the S&P 500 index, we will reduce risk further as needed to maintain the current outperformance over the benchmark index. One of the biggest challenges ahead will be the shift back into longer-duration bonds as economic growth slows later this year. Likely, we will not get much of a signal before yields drop sharply. We monitor bonds closely as we hold an extremely short duration in our bond allocations. This short duration limits our ability to hedge risk currently. However, at the moment, there are no "big red flags" that suggest we become significantly more active. But, should they appear, we assure you we will take action as needed.

Portfolio Changes

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

*** Trading Update ? Equity and Sector Models ***

"We closed out the remainder of our QQQ position as our indicators are now aligning for the next sell signal. We should begin to see technology underperform relative to the broad index over the next couple of weeks." - 06/03/21

Both Models

- Sell 100% of remaining position in QQQ

"With our money flow buy signal now getting fairly elevated we trimmed off another 1% of our QQQ position this morning in both models. We will likely exit the entire position by the end of the week. In the Equity model, we also reduce Ford (F) by 1.5% (down to 2% of the portfolio) to take profits after a strong price surge last week." - 06/01/21

Equity Model

- Reduce QQQ from 3% to 2% of the portfolio.
- Reduce F to 2% of the portfolio.

ETF Model

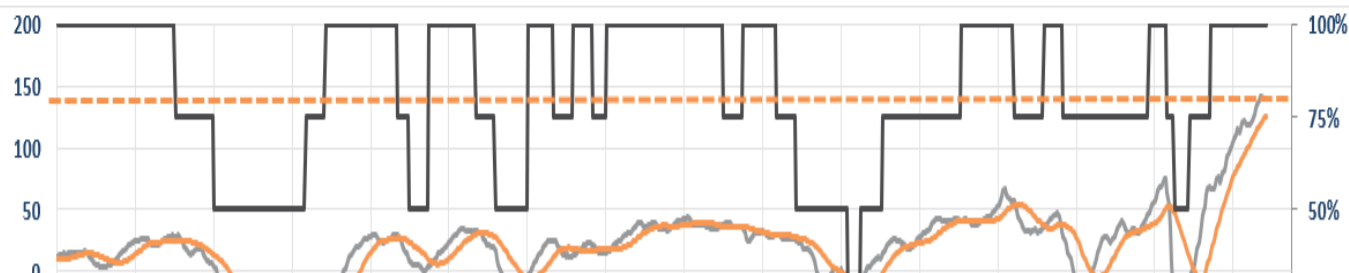
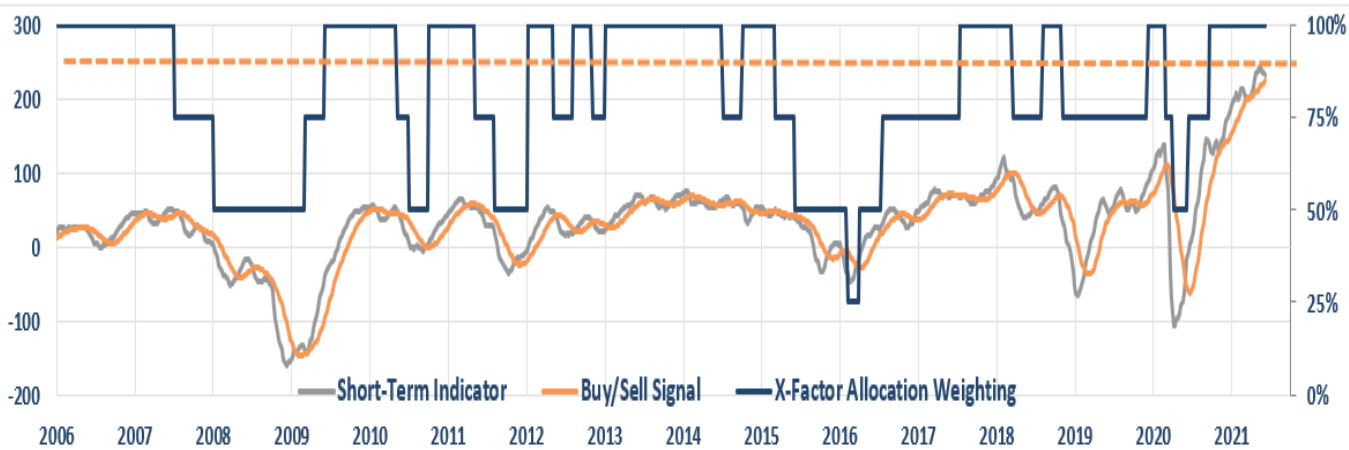
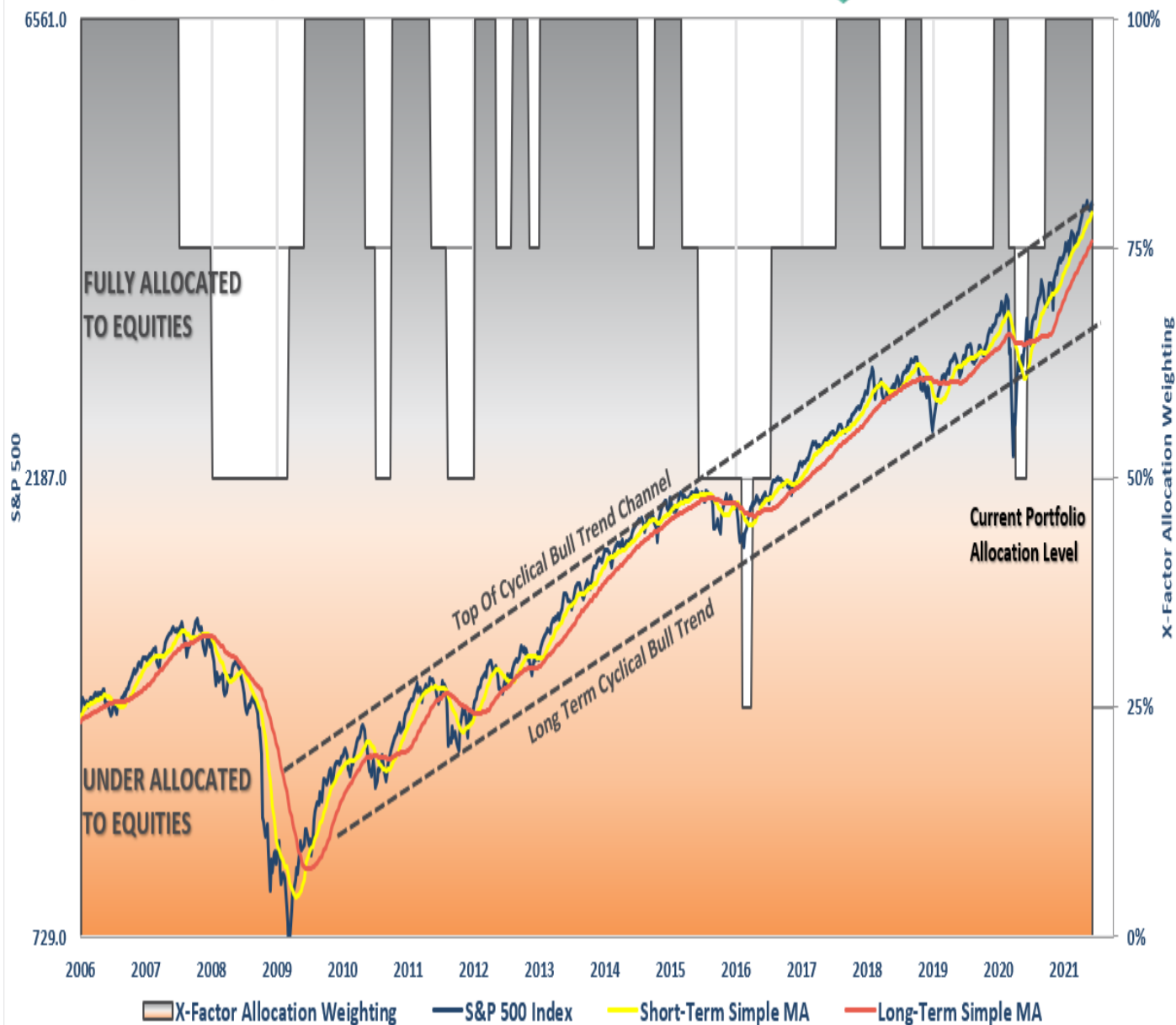
- Reduce QQQ from 3% to 2% of the portfolio.

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

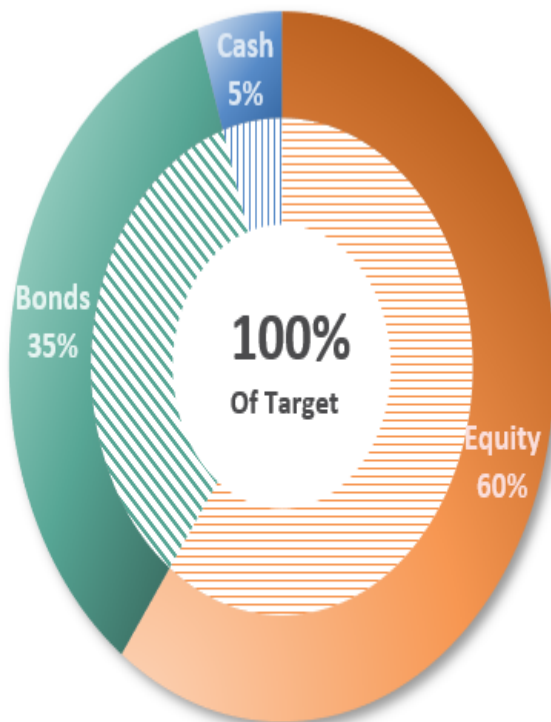
THE REAL 401k PLAN MANAGER

A Conservative Strategy For Long-Term Investors

Risk Management Analysis



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 registering a buy signal two weeks ago, the Nasdaq rallied back to its previous lower high. The S&P 500 also confirmed the bullish advance by issuing a buy signal as well.

However, as stated last week, market action remains weak, and the buy signals won't last long if performance doesn't begin to improve soon. Breadth is narrowing and technical indications are getting more extremely overbought.

We did pare back some of our holdings this week just to realign our portfolios with the model. We suggest you do the same. Take profits in areas where you are overweight due to the recent advance. HOWEVER, do NOT buy holdings that have been declining or lagging the recent rally. Just hold extra cash for now.

There is no need to be aggressive here. There isn't likely a lot of upside to the market as we head into summer, so we would recommend not being overly aggressive.

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

**Tired of trying to
self-manage your 401k?
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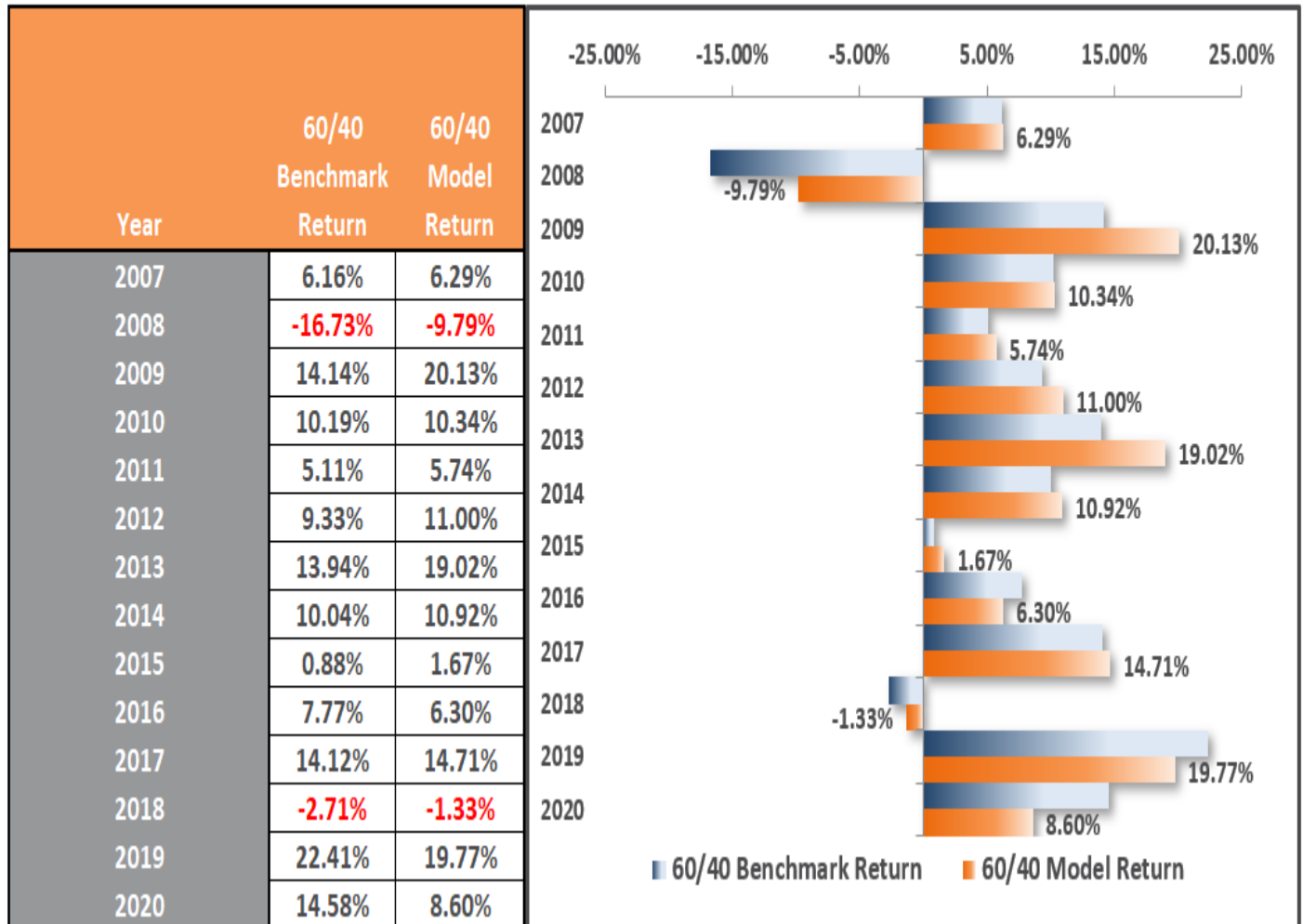
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Model performance is a two-asset model of stocks and bonds relative to the weighting changes made each week in the newsletter. Such is strictly for informational and educational purposes only, and one should not rely on it for any reason. Past performance is not a guarantee of future results. Use at your own risk and peril.



| Portfolio vs Benchmark Statistics | |
|------------------------------------|---------|
| Number of Up Years | 12 |
| Number of Down Years | 2 |
| Best One Year Return Of Benchmark | 22.41% |
| Best One Year Return Of Model | 20.13% |
| Worst One Year Return Of Benchmark | -16.73% |
| Worst One Year Return Of Model | -9.79% |
| Benchmark Return 2007-Present | 171.16% |
| Model Return 2007-Present | 213.32% |
| Total Alpha Generated | 42.17% |
| Mean Annual Return Of Benchmark | 7.80% |
| Mean Annual Return Of Model | 8.81% |

60/40 Benchmark vs. Risk Adjusted 60/40 Allocation



Have a great week!