Fed Says Taper Is Coming. Bulls Hear "No Taper Now."

In this 08-27-21 issue of "'Fed Says Taper Is Coming Bulls Hear 'No Taper Now.'"

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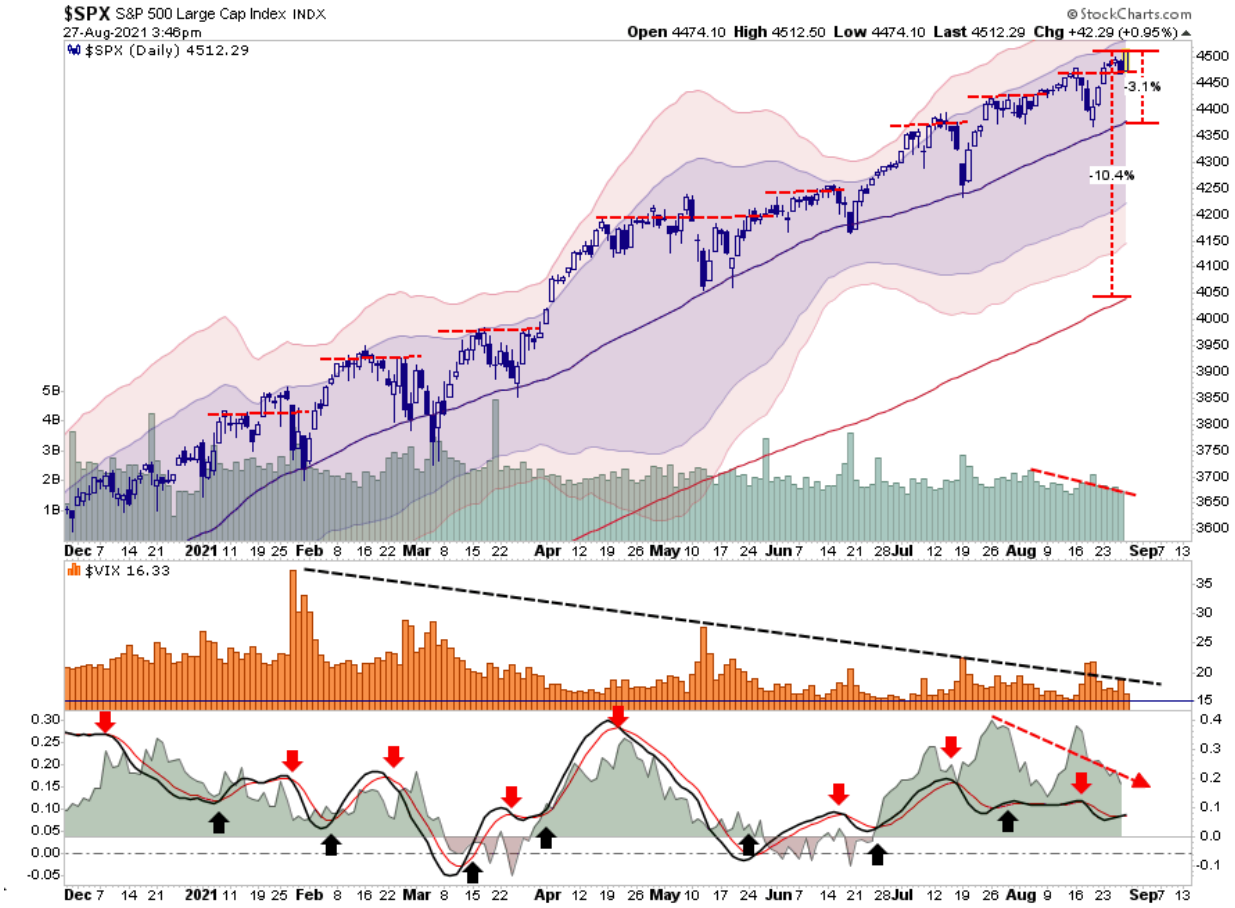
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Market Rallies As Bullish Trend Remains

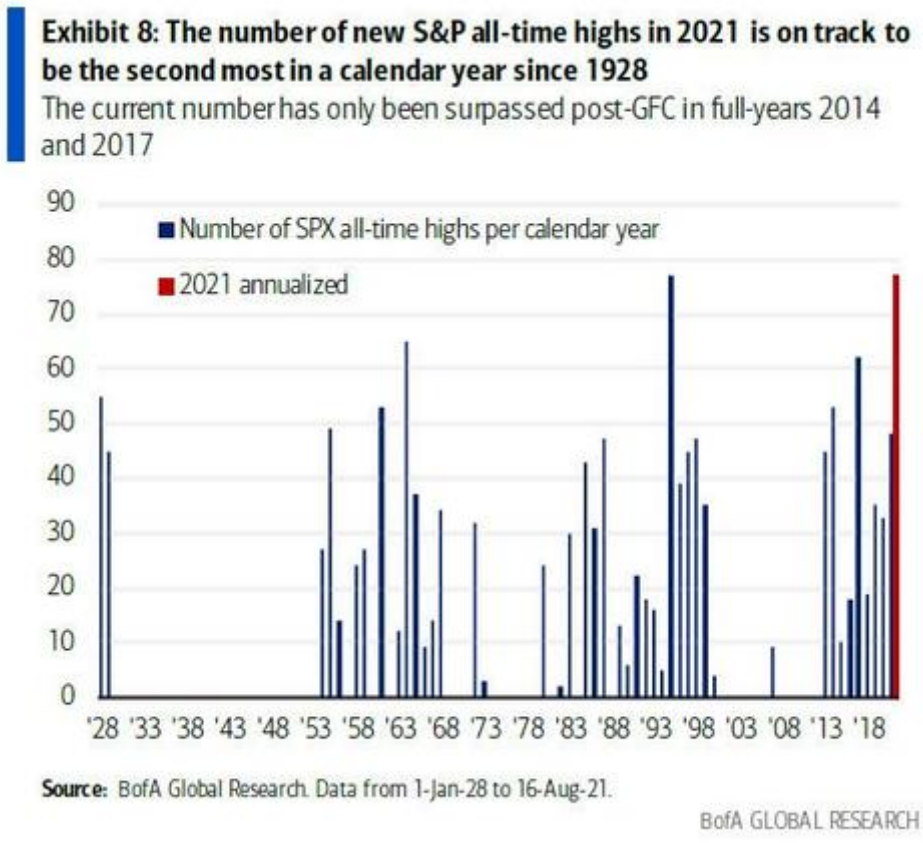
As discussed last week, the bullish bias remains as *"dip buyers"* jumped into the markets. As discussed in our ***Daily Market Commentary*** Friday morning:

> ***"While the market continues its bullish advance (why not with $120b in QE), the divergences between price and other internal indicators continue to diverge.*** *Another trip to the 50-dma would be a near 3% crash, and a decline in the 200-dma (which hasn?t happened for one of the longest spans in 40-years) would be a 10% disaster.* ***(While I am sarcastic, the low volatility market experienced this year will make even normal corrections seem much worse than they are.)***
>
> *For now, the 'stair-step' process continues with bounces off the 50-dma to slightly new highs before the next decline. At some point, investors will slip and fall down the stairs."*

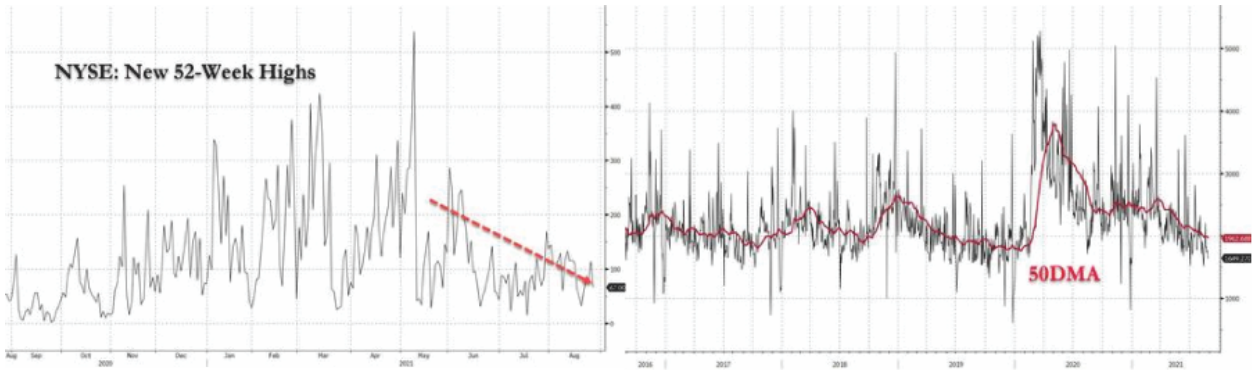


The lack of a definite timeline on tapering from the Fed on Friday gave the *"bulls"* the boost of confidence they needed. As long as monetary policy and accommodative policy remain intact, there is a greater fear of *"missing out"* than of *"losing money."*

Nonetheless, the rally on Friday set the 52nd new high this year and the market is well on pace to set an all-time record of new highs this year. *(Charts courtesy of Zerohedge.)*



Interestingly though, while the markets are hitting new highs, a large number of stocks are not as volume continues to drop.

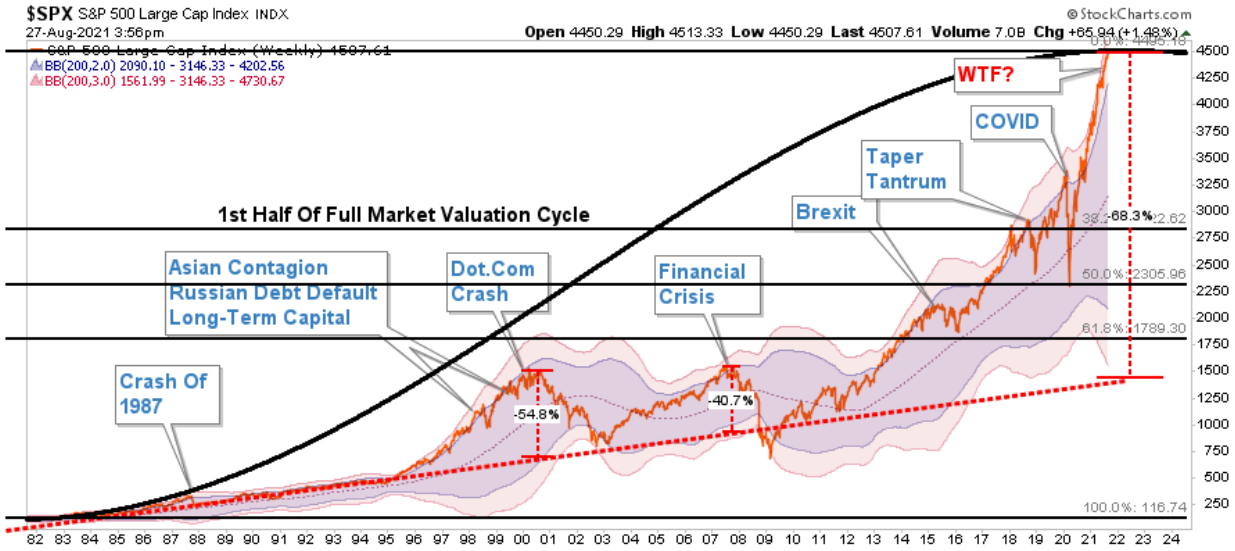


Of course, none of that is important as long as the *"bullish bias"* remains intact.

The only mistake investors make is believing the current trend will extend indefinitely. It can't.

First Half Of The Full-Market Cycle

When you look at the long-term market cycles, there are oscillations between secular (long-term) bull and bear markets over time. Using long-term trendlines, we can make the case the first half of the current secular bull market began in 1980 following the crash of 1974. If we plot out the first half of the cycle, it currently intersects at 4500 on the S&P index *(although 5000 is well within the margin of error.)*



Whether or not you agree with cycle theory is mainly irrelevant. What is important is to note several things in the chart above.

1. *Previously weekly 2-standard deviation extensions above the 200-week moving average resulted in signficant corrections.*
2. *The current 3-standard deviation above the 200-week moving average is a historical anomaly.*
3. *A correction back to the long-term bullish trendline would require a 68% decline.*
4. *A 50% correction would take you back to the March 2020 lows.*
5. *A 38.2% correction wipes out all the gains back to January 2018.*

That information is not meant to be *"bearish"* or to scare you into selling into cash. **However, not acknowledging that such a correction WILL eventually occur leaves you at risk of impairing a large chunk of your investment capital.**

Without acknowledging risk, you are essentially driving a car blindfolded. **It will work for a while. But, eventually, it won't.**

However, as noted above, as long as the Fed is engaged in QE, investors believe there is *"no risk."*

But is that about to change?



Taper Is Coming, Bulls Hear "No Taper Now."

On Thursday, Esther George, Robert Kaplan, and Jim Bullard suggested the Fed start tapering its balance sheet expansion and prepare for hiking rates. To wit:

> *"**It would continue to be my view that when we get to the September meeting, we would be well served to announce a plan for adjusting purchases** and begin to*

execute that plan in October or shortly thereafter.? - Robert Kaplan, CNBC

"We did say that we would allow inflation to run above target for some time, but not this much above target. ***So for that reason, I think we want to get going on tapering and get it finished by the end of the first quarter next year.****" - Jim Bullard, CNBC*

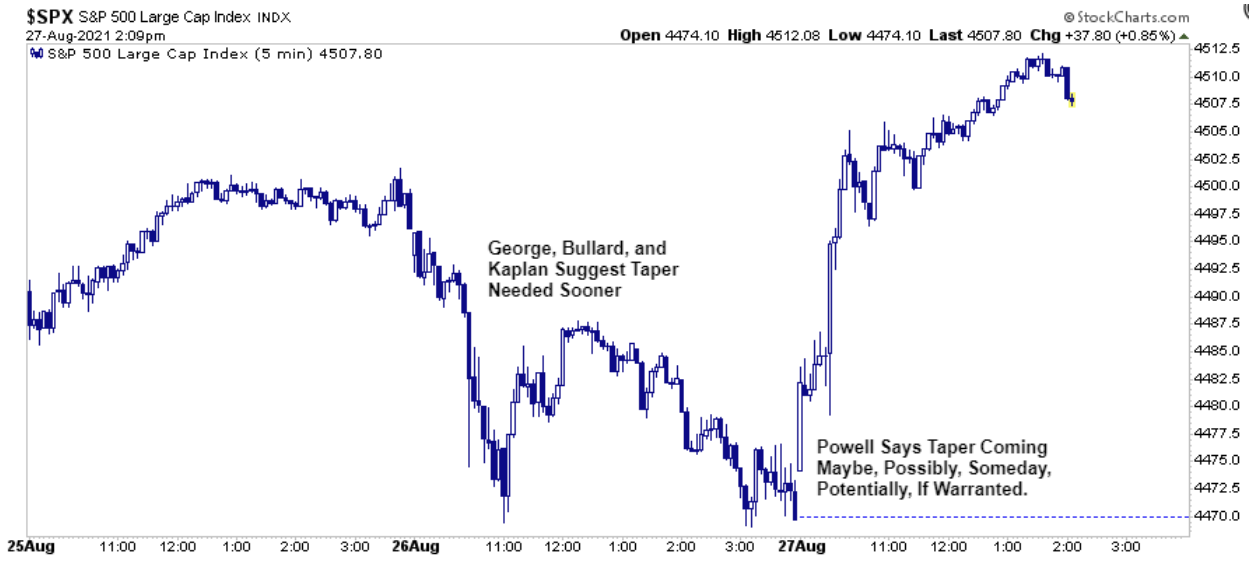
"When you look at the job gains we saw last month, the month before, you look at the level of inflation right now, I think it would suggest that the level of accommodation we?re providing right now is probably not needed in this scenario. ***So I would be ready to talk about taper sooner rather than later.?*** *- Esther George, CNBC*

While investors fretted the Jackson Hole symposium would result in a firm timetable for an aggressive tightening campaign beginning as early as September, such was not the case. **As Powell?s comments show, the message delivered was a perfect combination of ambiguity, vagueness, and misdirection on timing and amounts of an eventual taper.**

After Powell?s speech, Fed Governor Harker continued with vagueness around the taper, stating:

?The Fed has reached an agreement that tapering will begin this year.?

All the market heard was *"No taper now,"* which immediately translated into a panic bid to buy stocks.



Powell Emulates Greenspan

During the runup to the Dot.com crash, then-Fed Chairman Alan Greenspan became famous for *"Greenspeak."* **Such was his unique gift of saying much while saying nothing.**

Chairman Powell?s *speech,* while greeted with market optimism, was his rendition of Greenspeak. While Powell said much, he said very little. As noted by *Zerohedge* this morning:

"The bottom line, and the reason for the market's dovish eruption: ***Powell provided no explicit taper signal,*** *as he likely wants to see more jobs reports for accumulated evidence that 'substantial further progress' on the labor market is being made, while dismissing soaring inflation as transitory."*

As we noted for our ***RIAPro Subscribers*** this morning:

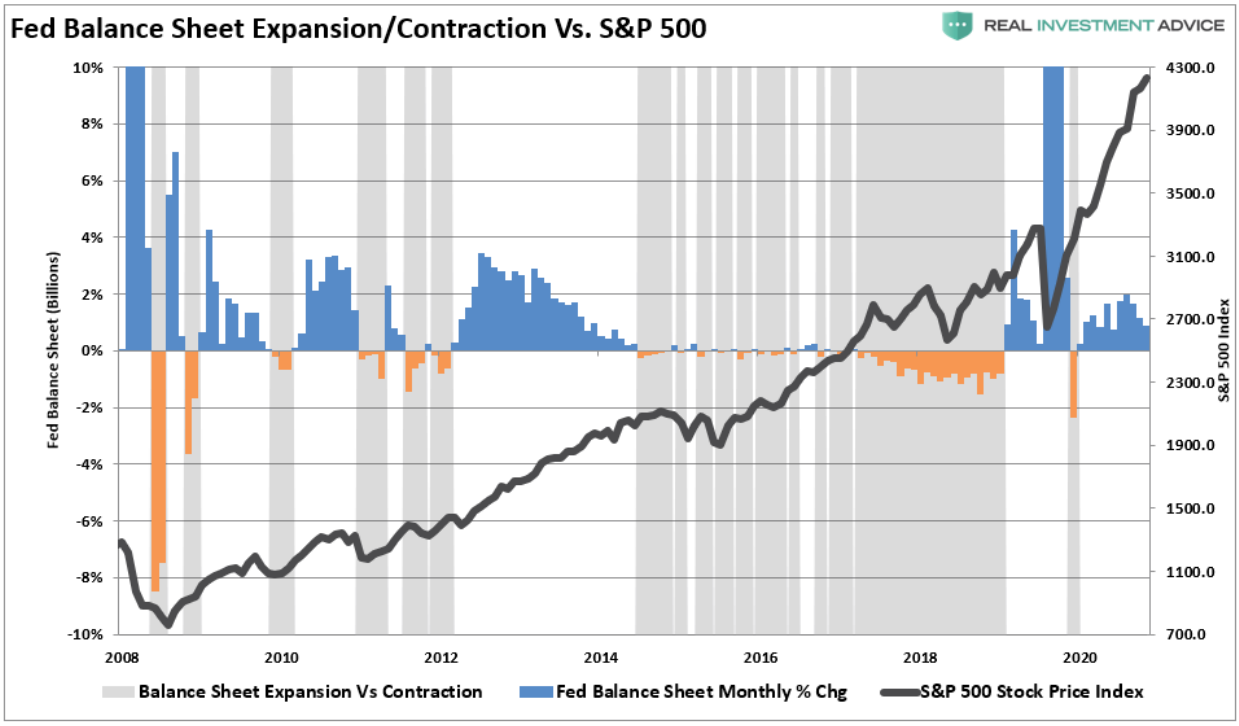
*"In particular, the following line is assuring investors the Fed will not be aggressive with tapering QE. In regards to premature tightening Powell said: '**Today, with substantial slack remaining in the labor market and the pandemic continuing, such a mistake could be particularly harmful.**'?*

Below are two critical segments from his speech:

- ***We have said that we would continue our asset purchases at the current pace until we see substantial further progress toward our maximum employment and price stability goals,*** *measured since last December, when we first articulated this guidance.* ***My view is that the ?substantial further progress? test has been met for inflation. There has also been clear progress toward maximum employment.*** *At the FOMC?s recent July meeting, I was of the view, as were most participants, that if the economy evolved broadly as anticipated,* ***it could be appropriate to start reducing the pace of asset purchases this year.***
- ***The timing and pace of the coming reduction in asset purchases will not be intended to carry a direct signal regarding the timing of interest rate liftoff****, for which we have articulated a different and substantially more stringent test.*

Keeping The Faith

Don't be mistaken; the Fed is going to start tapering this year. So while the bullish bias remains currently, with liquidity continuing, that will change. **As shown last week, asset prices do not do well when balance sheet reductions begin.**

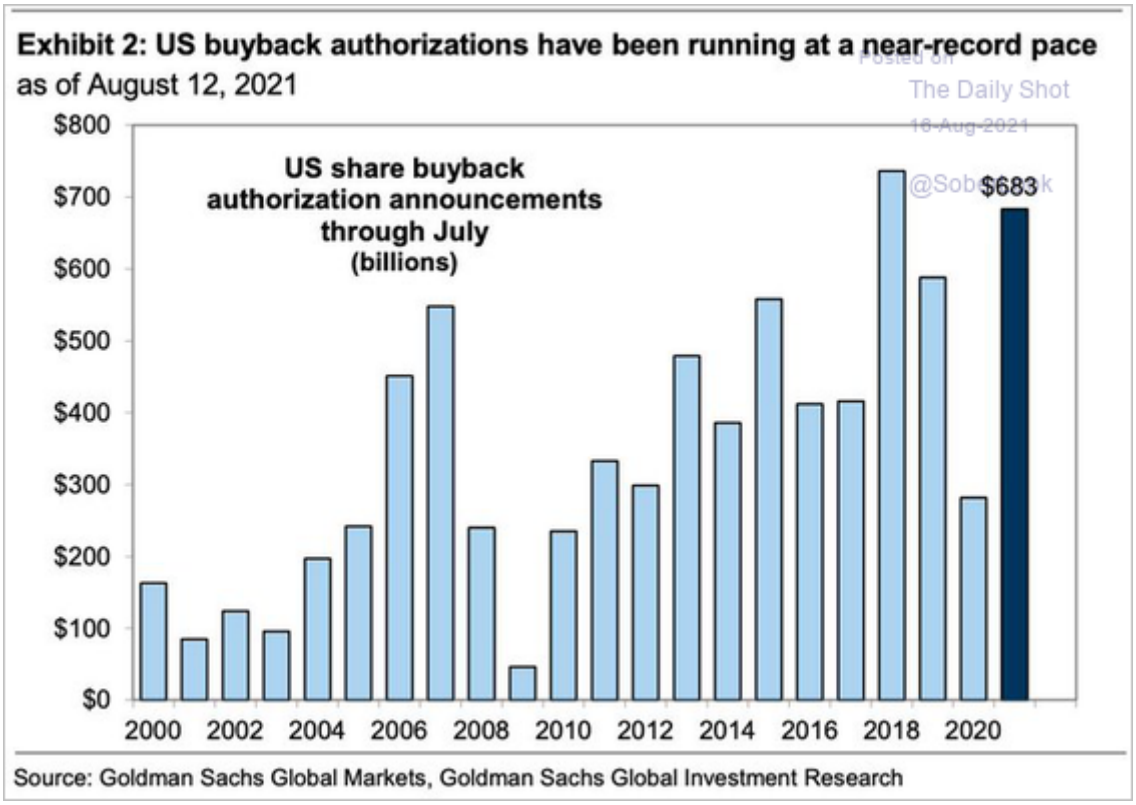


For now, however, there is still plenty of monetary accommodation combined with *"faith in the Fed."*

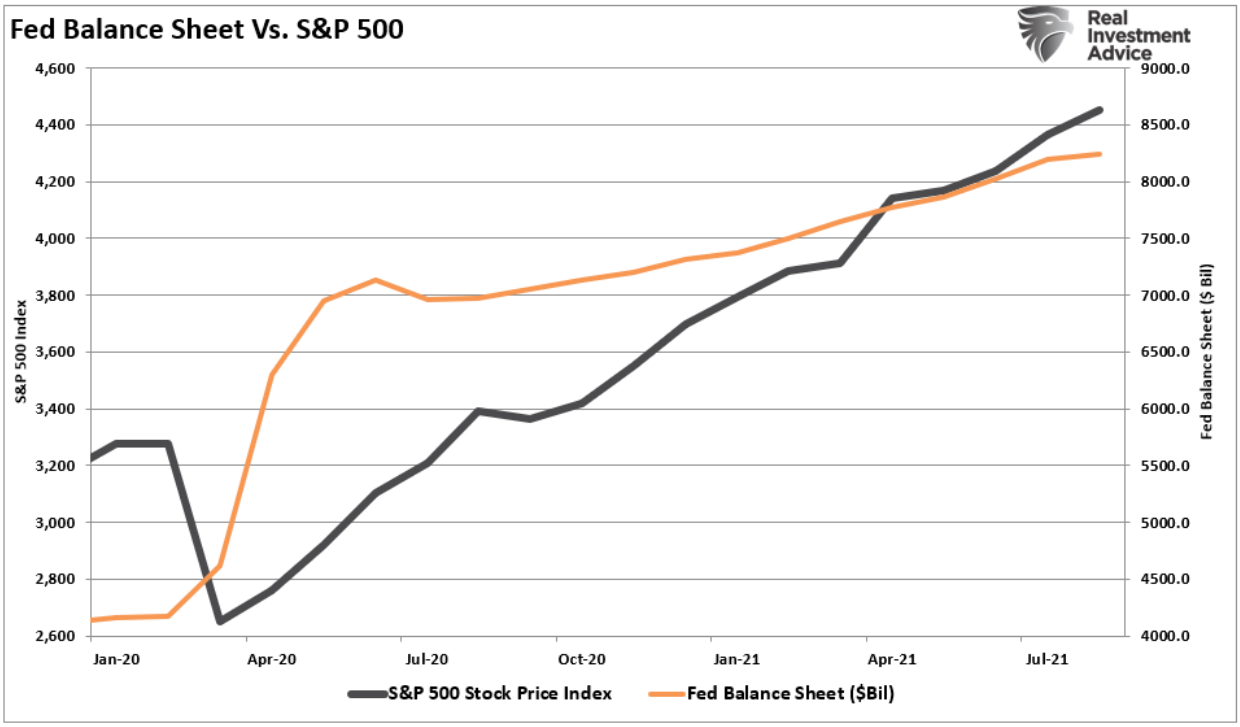
That *"faith*" and near-record levels of stock buybacks **keep a continuous bid beneath stock prices. But, as we noted in our ***daily market commentary*** on Thursday:

"In the years before the COVID-19 pandemic, one of the biggest sources of buying power in the stock market were the companies themselves. ***As the economy has improved, the stock market has rallied, and corporate buyers returned as a force in the stock market.*** *Via BofA*:

?Buybacks by corporate clients accelerated from the prior week to the highest level since mid-March, driven by Financials. Financials has now overtaken Tech as the sector with the largest dollar amount buybacks so far this year.'? ? Yahoo



As ***discussed previously***, the correlation between the Fed?s monetary interventions and the stock market is evident. The increase in the Fed?s balance sheet remains in near lockstep with the stock market?s climb.



To repeat from above, as long as investors *"believe"* monetary accommodation will remain, there is no reason to reduce speculative *"risk-taking"* endeavors.

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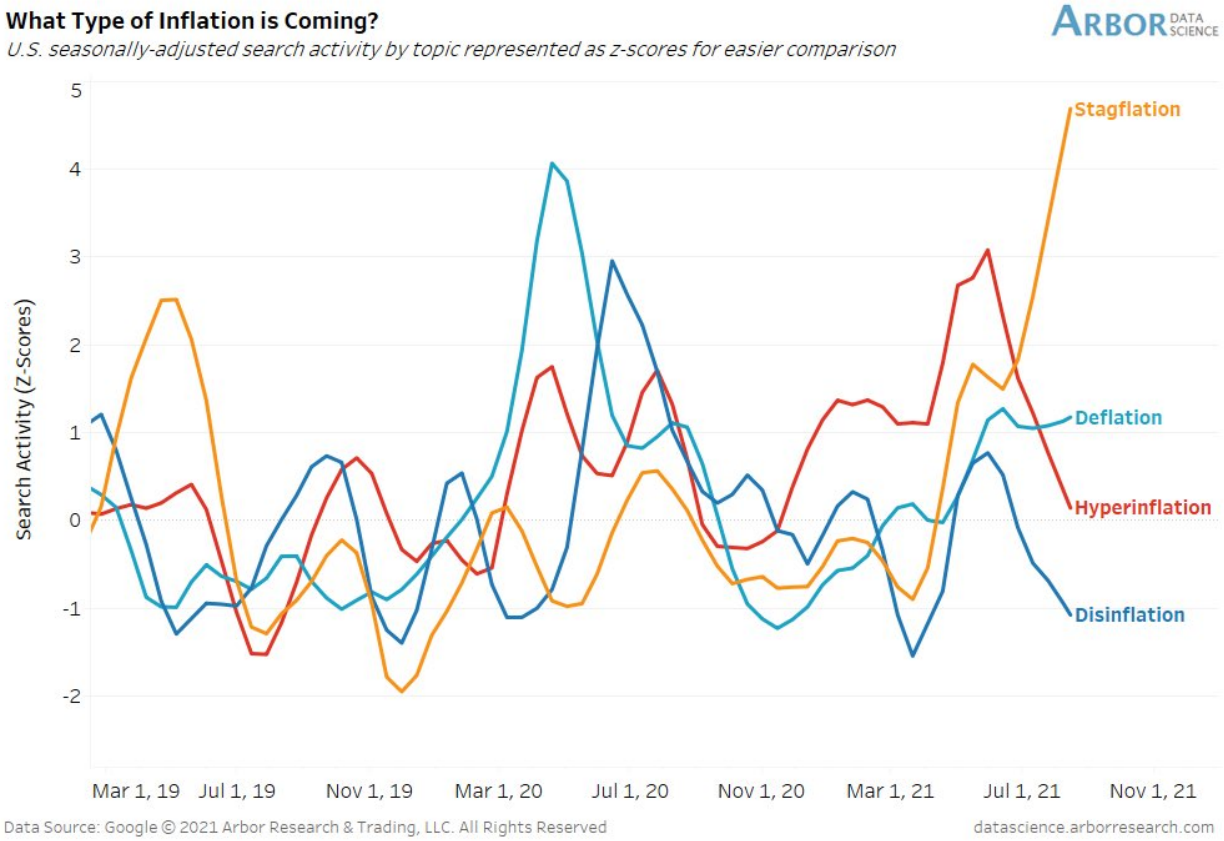
Taper Timeline Announced

Interestingly, while the market surged on news of *"no immediate taper,"* such was already widely expected by the markets. It was also expected the Fed would *"cautiously affirm"* a tapering announcement for later this year.

What spurred the bulls was Powell's affirmation that any tapering would be contingent upon economic outcomes continuing to meet expectations. **In other words, any deviation from the baseline data could delay any potential action.**

Furthermore, there was a clear distinction between tapering the current balance sheet expansion and hiking rates. Rate hikes will get predicated on inflationary pressures remaining above the 2% target longer than anticipated. **This all sounds copasetic until you understand the Fed runs a high risk of getting caught in a stagflationary environment. Such an outcome will greatly reduce policy effectiveness**. Via our ***daily market commentary:***

> *"The graph below from Arbor Research provides a clue for the recent decline in consumer confidence. Based on Google search data, the term stagflation is now the leading the "inflation" search word.* ***Stagflation entails weak economic activity coupled with inflation. Stagflation results in higher unemployment and negative real wage growth.****"*



The most significant risk for the Fed is getting trapped between fighting rising inflation and keeping consumer confidence elevated through higher asset prices in such an environment. If they choose to hike rates, they will crash the stock market. However, a decision to try and support higher asset prices and the economy gets crushed by higher inflation.

It's a *"no-win"* outcome and remains the most significant risk to investors betting on monetary policy.

In Case You Missed It



This Won't End Well – Gen Z'ers Take On Debt To Invest

Written by Lance Roberts | Aug 27, 2021

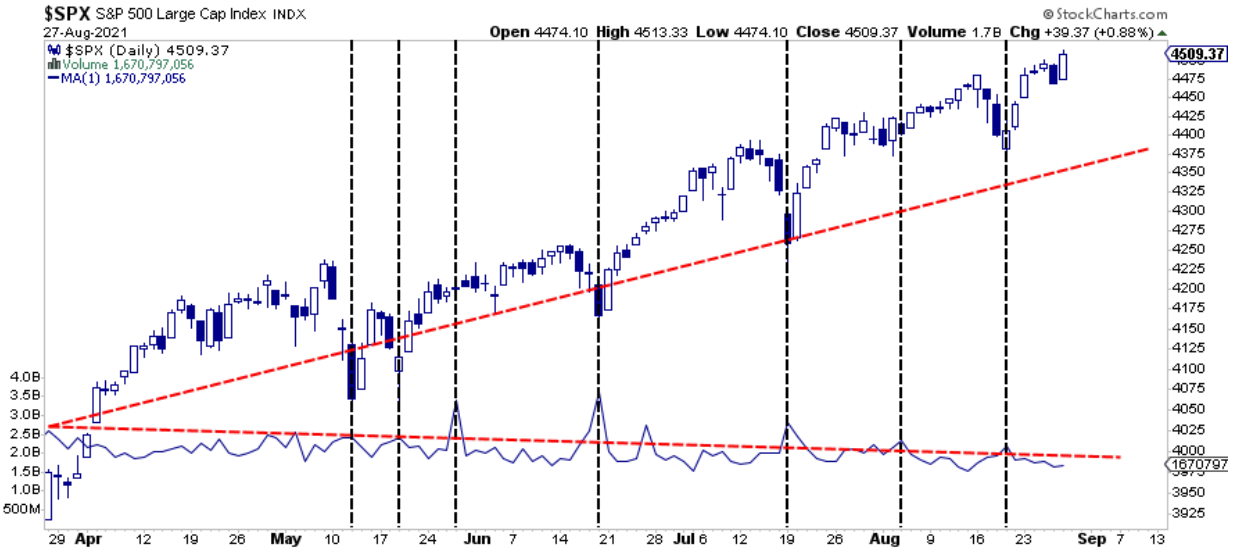
This won't end well. Gen Z'ers are taking on debt to invest according to a recent Magnify Money survey. History suggests outcomes will not be kind.

> Read More

The Problem Of Liquidity

On the ***"Real Investment Show,"*** I have spoken a few times about the collapse of liquidity in the market. The problem with the lack of liquidity is that when sellers show up in earnest, there will be a significant gap between the current price and the next buyer.

The chart below shows that the short-term sell-offs to the 50-dma saw sharp spikes in volume over the last several months. However, the subsequent rally of *"buying"* saw a collapse in volume.



That lack of *"buying"* volume leads to more significant negative divergences in the advance-decline volume indicator.



The critical thing to understand about liquidity, or lack thereof, is how it will manifest itself during the subsequent correction.

The Next Big One

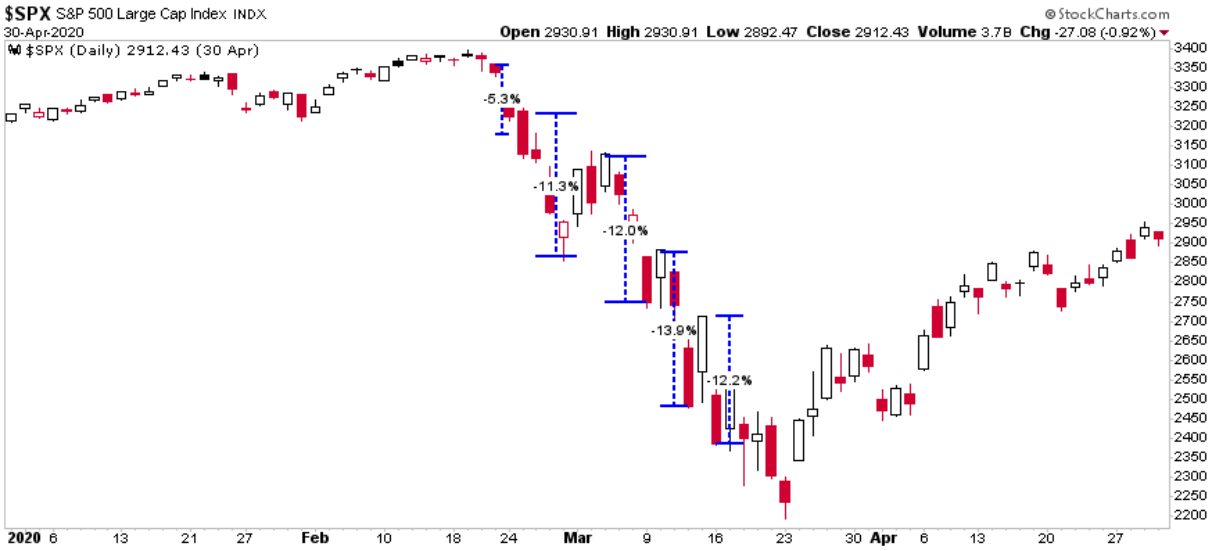
There are two prevailing myths investors must be aware of concerning chasing markets in the current environment. The first is the *"cash on the sidelines"* meme, and the second is the *"the greater fool"* syndrome.

There is no *"cash on the sidelines"* as there is a buyer for every seller. The only thing that determines the underlying security price is the price at which the transaction occurs. Currently, given the extremely high levels of equity allocations, few investors are willing to "sell" at current prices for *"fear of missing out"* on further gains. Therefore, *"buyers"* must pay increasingly higher prices to get the transaction completed.

Such is also where the *"greater fool syndrome"* resides. The buyers who must pay higher prices to complete a transaction assume there will be someone willing to pay an even higher price in the future. Such may seem to be the case until it isn't.

Much like an overly crowded theatre, eventually, someone will yell *"fire."* It is at the point the few *"buyers"* that currently exist will disappear entirely. Sellers will be rushing towards a very narrow exit in the market only to find the price where they wished to sell has wholly vanished.

Such is precisely what happened in March of 2020 and why the market was dropping by double-digits between brief reflex rally attempts.



There is a straightforward truth to markets, always.

> ***"Sellers live higher. Buyers live lower."***

Always make sure you are on the right side of the trade.

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Portfolio Update

Heading into the Jackson Hole Summit meeting and not knowing how the market would react, we made some adjustments to our portfolios on Thursday. As we discussed with our ***RIAPRO subscribers,*** our goal is to reduce the *"volatility"* of the portfolio, thereby reducing risk without significantly sacrificing performance. So even though we took profits in stocks like WOOF and replaced FANG with XOM, we held equity allocations essentially flat at 50%.



We still hold a slightly higher cash balance in the equity sleeve (~10%) and the fixed income sleeve (~10%). W use the cash as a risk hedge against an equity draw and *"shorten duration"* in the bond allocation. While we were previously increasing the duration of our bond portfolio to capture the decline in rates, we are holding cash to add longer-duration bonds on upticks in rates.

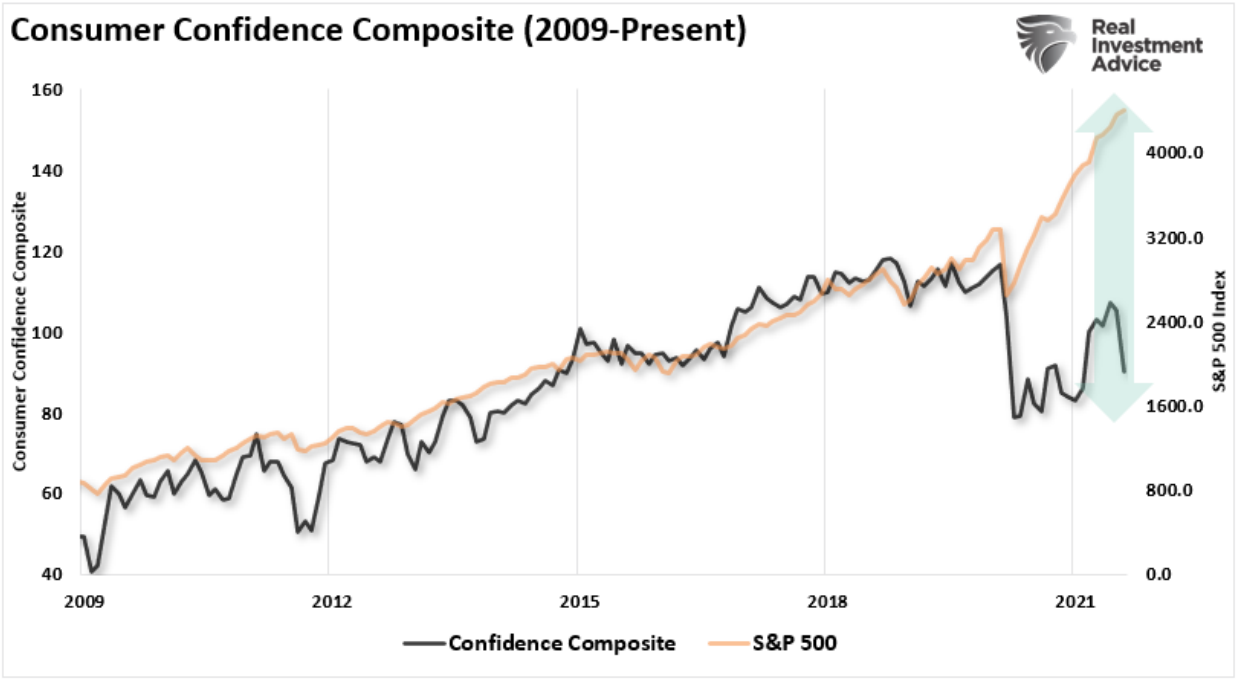
Why Bonds?

If there is a risk-off event in the market, yields will drop to 1% or less providing a nice bump in appreciation in our bond portfolio. In the meantime, we are collecting a bit of income while holding the hedge.

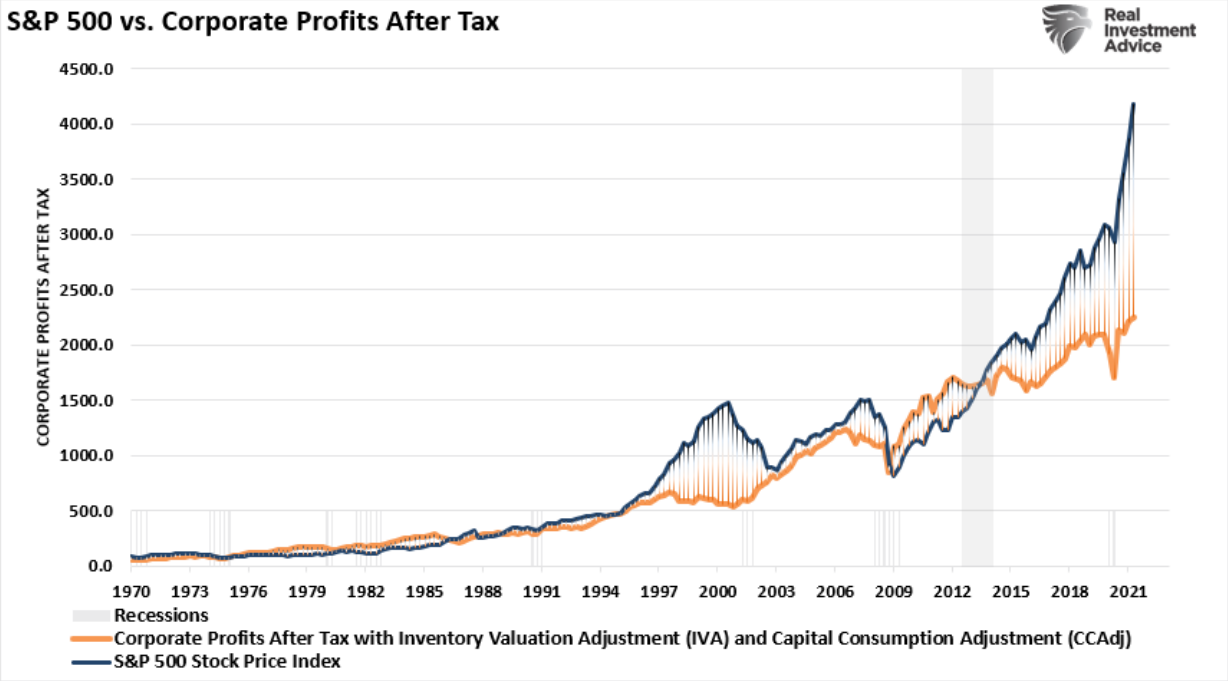
The distortions in the markets from excess accommodation continue to mount. Nowhere is this more clearly shown than in the spread between the market and CCC-rate junk bond yields.



Add to that, the collapse in consumer confidence will create a feedback look into weaker economic growth and eventually a disappointment of extremely lofty corporate earnings.



Such is highly problematic in a market that has become grossly detached from corporate profitability.



As you will note, we are indeed a tad bit more risk-averse currently, given a historically long market advance without a 5-10% correction.

While we would certainly like to be even more cautious, we still have a mandate to generate returns for clients to meet their financial goals. We realize that when the correction comes will give back some of our outperformance over our benchmark this year. **However, given the current level of *"irrational exuberance,"* we will remain at the *"back of theatre"* to ensure we can get through the exit door when the time comes**.

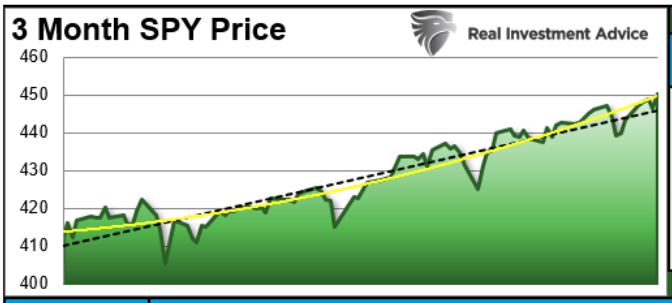
Have a great weekend.

By Lance Roberts, CIO

Market & Sector Analysis

Analysis & Stock Screens Exclusively For RIAPro Members

S&P 500 Tear Sheet



SPY RISK INFO

Item	T 2-Yr	T 1-Yr.	YTD	% Diff YTD/T1-YR
Price Return	56.95%	29.26%	20.43%	(30.19%)
Max Drawdown	(35.63%)	(10.86%)	(5.65%)	(47.92%)
Sharpe	1.09	2.14	2.71	0.26
Sortino	1.17	2.88	3.73	0.29
Volatility	25.04	14.85	12.74	(0.14)
Daily VaR-5%	(9.68)	8.44	13.57	0.61
Mnthly VaR-5%	(2.05)	20.36	20.89	0.03

Item	2 years ago	1 year ago	Current	1 Yr % Change	5 Year High	5 year Low	% From High	% From Low
Dividend Yield	1.81%	1.62%	1.23%	(32.12%)	2.15%	1.24%	(42.82%)	(1.21%)
P/E Ratio	18.00	25.19	25.58	1.49%	2734%	1606%	(6.4%)	59.29%
P/S Ratio	3.79	4.06	5.11	20.57%	5.02	3.15	1.76%	61.98%
P/B Ratio	4.99	5.42	7.03	22.88%	6.68	4.17	5.26%	68.47%
ROE	21.97%	20.40%	26.17%	22.06%	26.17%	17.67%	0.00%	48.10%
ROA	4.31%	3.86%	4.69%	17.64%	4.69%	3.51%	0.00%	33.34%

S&P 500 Market Cap Analysis

Item	12-M Ago	Current	% Chg
Shares	2,881.5	2,800.0	(2.83%)
Sales	68,736	74,424	8.28%
SPS	23.9	26.6	11.42%
Earnings	10,519	13,650	29.76%
EPS TTM	4.1	5.3	28.93%
Dividend	1.6	1.6	4.57%

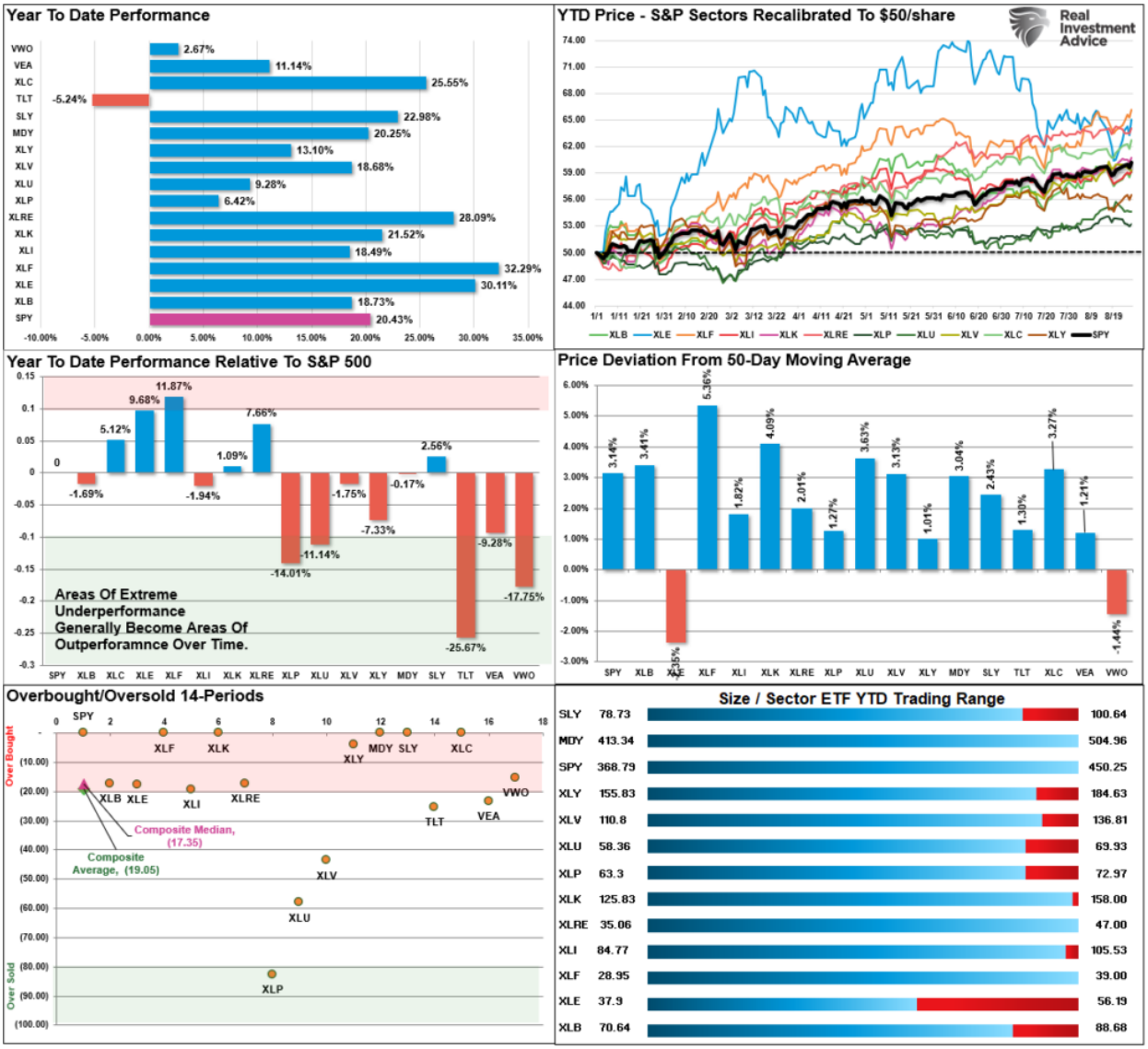
S&P 500 Asset Allocation

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	39.19%	2.44%	1.89	40.62	123.62	(302.30)	(67.1%)	4.3%	4.4%	-0.35%	3.34	13.75
Materials	36.71%	2.57%	1.19	21.57	27.12	14.16	(20.5%)	14.3%	1.8%	3.78%	5.33	17.05
Industrials	33.33%	8.31%	1.19	38.02	54.11	14.74	(29.7%)	13.0%	1.4%	2.60%	5.82	22.28
Discretionary	19.56%	11.83%	1.36	41.04	60.06	20.97	(31.7%)	30.8%	0.6%	2.61%	6.20	30.57
Staples	11.01%	5.72%	0.65	22.32	23.01	17.65	(3.0%)	30.8%	2.4%	4.51%	4.53	21.07
Health Care	24.10%	13.42%	0.77	19.50	19.42	15.25	0.4%	31.5%	1.5%	4.81%	8.04	17.69
Financials	52.02%	11.31%	1.31	14.28	18.48	10.52	(22.8%)	11.4%	1.6%	7.02%	6.71	13.84
Technology	30.74%	27.88%	1.07	32.66	32.80	16.65	(0.4%)	72.4%	0.8%	3.08%	5.93	27.53
Telecom	44.45%	11.32%	0.97	26.99	28.18	17.61	(4.2%)	17.7%	0.5%	3.26%	9.15	22.31
Utilities	15.87%	2.52%	0.42	20.90	22.09	16.35	(5.4%)	10.7%	3.1%	4.73%	3.46	19.27
Real Estate	30.43%	2.58%	0.95	25.23	24.86	17.12	1.5%	8.1%	2.4%	3.72%	4.57	23.99

Momentum Analysis

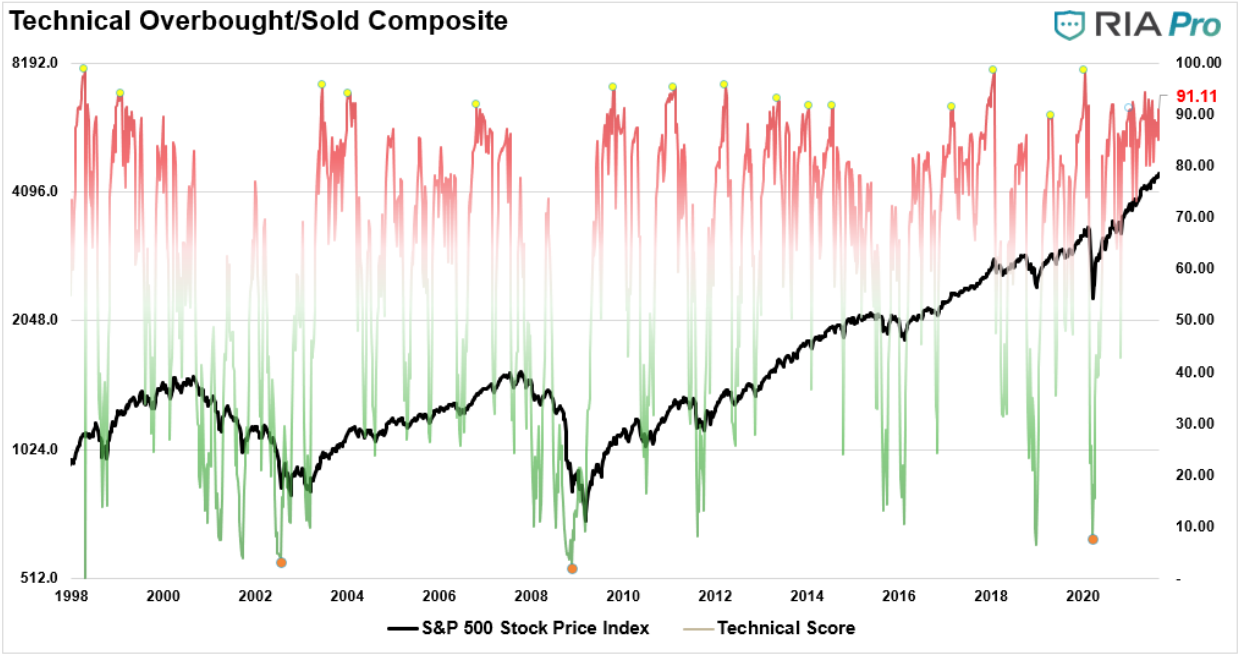
Item	Price	ROC 50-Days	50-DMA	# Days Since Cross	% Dev 50-Day	200-DMA	# Days Since Cross	% Dev 200-Day	% Dev 50-200 DMA	% From 52-W High	% From 52-W Low	Buy/Sell
Large Cap	450.25	8.51%	436.96	50	3.04%	404.43	275	11.33%	8.04%	(0.09%)	40.79%	Buy
Mid Cap	504.96	6.28%	490.37	5	2.98%	468.52	241	7.78%	4.66%	(0.53%)	56.93%	Buy
Small Cap	97.82	3.20%	95.51	1	2.42%	91.53	238	6.87%	4.35%	(3.09%)	68.95%	Buy

Performance Analysis



Technical Composite

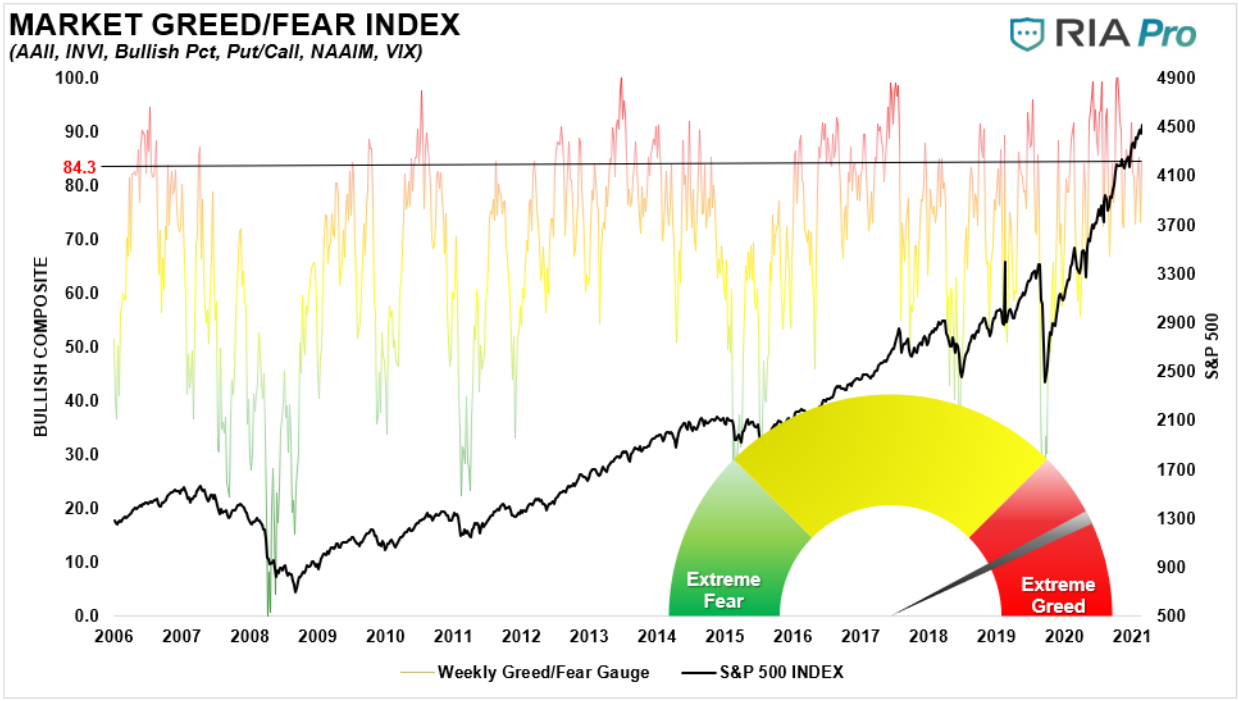
The technical overbought/sold gauge comprises several price indicators (RSI, Williams %R, etc.), measured using "weekly" closing price data. Readings above "80" are considered overbought, and below "20" are oversold. ***The current reading is 91.11 out of a possible 100.***



Portfolio Positioning "Fear / Greed" Gauge

Our "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 84.37 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.* ***(Ranges reset on the 1st of each month)***
- *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	452.19	1.54	2.68	6.59	14.30	28.46	435.14	412.53	440.40	0.99	451.41	429.39	4%	10%	BULLISH
XLB	SPDR-MATLS SELS	85.95	1.05	(0.38)	(8.82)	(5.08)	5.90	83.79	80.76	84.02	1.05	87.00	81.04	3%	6%	BULLISH
XLC	SPDR-COMM SV SS	84.72	0.86	0.14	0.39	(0.87)	4.83	81.45	76.47	82.40	0.99	85.28	79.52	4%	11%	BULLISH
XLE	SPDR-EGY SELS	49.31	5.91	(2.84)	(18.14)	(22.25)	6.86	51.50	49.23	49.39	1.76	51.49	47.29	-4%	0%	BULLISH
XLF	SPDR-FINL SELS	39.00	1.93	4.11	(5.21)	(2.14)	25.32	37.17	35.06	36.52	1.19	37.87	35.17	5%	11%	BULLISH
XLK	SPDR-TECH SELS	158.00	(0.09)	0.32	6.25	5.93	(0.17)	149.35	140.31	153.40	1.03	158.82	147.98	6%	13%	BULLISH
XLI	SPDR-INDU SELS	104.92	0.69	(1.17)	(6.99)	(5.88)	4.70	103.26	98.62	103.36	1.19	107.17	99.55	2%	6%	BULLISH
XLP	SPDR-CONS STPL	71.78	(2.89)	(2.30)	(6.22)	(5.79)	(19.33)	70.86	68.72	71.51	0.63	73.75	69.27	1%	4%	BULLISH
XLRE	SPDR-RE SELS	46.83	(1.91)	(1.71)	(1.49)	5.68	(0.41)	45.69	41.72	46.38	0.69	47.86	44.90	2%	12%	BULLISH
XLU	SPDR-UTIL SELS	68.52	(3.56)	1.19	(1.80)	(4.51)	(12.47)	66.00	64.48	65.97	0.36	67.86	64.08	4%	6%	BULLISH
XLV	SPDR-HLTH CR	134.63	(2.63)	(0.80)	3.68	3.18	(3.81)	129.00	122.16	132.15	0.77	136.47	127.83	4%	10%	BULLISH
XLY	SPDR-CONS DISCR	181.84	0.83	(1.90)	(0.27)	(5.27)	(7.66)	178.32	172.91	180.43	1.13	186.99	173.87	2%	5%	BULLISH
XTN	SPDR-SP TRANSPT	87.00	2.80	2.20	(8.84)	(15.76)	13.12	85.24	84.05	82.96	1.38	86.18	79.74	2%	4%	BULLISH
SDY	SPDR-SP DIV ETF	124.68	(0.99)	(1.41)	(8.38)	(9.56)	(0.39)	123.71	119.22	123.12	0.91	127.32	118.92	1%	5%	BULLISH
RSP	INVS-SP5 EQ ETF	156.56	0.53	(0.14)	(3.76)	(3.74)	10.90	151.98	144.60	152.68	1.12	158.20	147.16	3%	8%	BULLISH
SLY	SPDR-SP6 SC	97.82	2.55	(0.07)	(7.30)	(16.11)	22.42	96.23	93.98	95.33	1.25	98.91	91.75	2%	4%	BULLISH
MDY	SPDR-SP MC 400	504.96	1.92	(0.13)	(5.18)	(9.65)	13.70	491.63	478.65	492.40	1.19	510.55	474.25	3%	5%	BULLISH
EEM	ISHARS-EMG MKT	51.59	2.68	(2.70)	(14.45)	(18.75)	(15.20)	53.32	54.00	51.60	0.79	53.30	49.90	-3%	-4%	BEARISH
EFA	ISHARS-EAFE	80.70	0.03	(1.15)	(7.79)	(8.51)	(5.22)	79.93	77.95	79.49	0.83	82.14	76.84	1%	4%	BULLISH
IAU	ISHARS-GOLD TR	34.62	0.52	(2.50)	(10.53)	(9.01)	(36.04)	34.46	34.33	34.56	0.08	35.45	33.67	0%	1%	BULLISH
GDX	VANECK-GOLD MNR	32.61	4.16	(9.29)	(22.28)	(15.72)	(50.75)	34.54	34.85	34.92	0.69	36.03	33.81	-6%	-6%	BEARISH
UUP	INVS-DB US$ BU	24.89	(2.46)	(2.19)	(3.91)	(13.49)	(28.62)	24.75	24.61	24.77	(0.11)	25.36	24.18	1%	1%	BULLISH
BOND	PIMCO-TOT RETRN	111.56	(1.74)	(3.01)	(5.40)	(12.51)	(29.15)	111.21	111.00	111.93	0.08	114.82	109.04	0%	1%	BULLISH
TLT	ISHARS-20+YTB	149.46	(2.27)	(2.72)	0.25	(4.45)	(35.70)	146.01	143.76	149.52	(0.25)	152.89	146.15	2%	4%	BULLISH
BNDX	VANGD-TTL INT B	57.82	(1.86)	(2.83)	(5.13)	(13.09)	(28.39)	57.49	57.45	57.91	0.03	59.38	56.44	1%	1%	BULLISH
HYG	ISHARS-IBX HYCB	87.96	(0.78)	(2.54)	(5.80)	(12.57)	(25.16)	87.59	87.27	87.84	0.37	90.36	85.32	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
AMAT	Appld Matls Inc	132.82	19.35	9.14	0.72	21.53	9.00
DOV	Dover Corp	174.46	11.50	-0.94	1.13	24.85	9.00
IDXX	Idexx Labs Inc	676.42	19.92	11.36	0.00	80.62	9.00
WAT	Waters Corp	407.10	9.39	2.76	0.00	38.05	9.00
ADI	Analog Devices	164.00	12.25	9.40	1.68	26.71	8.00
AMD	Adv Micro Dev	108.30	44.60	22.18	0.00	58.54	8.00
DE	Deere & Co	376.37	21.19	8.92	0.96	21.81	8.00
DHR	Danaher Corp	319.48	18.00	4.66	0.26	36.39	8.00
GPC	Genuine Parts	124.74	9.17	3.61	2.61	19.52	8.00
HCA	Hca Holdings	252.09	11.10	5.70	0.76	17.31	8.00
IPG	Interpublic Grp	37.12	11.54	5.46	2.91	14.61	8.00
IT	Gartner Inc -A	307.19	13.50	13.17	0.00	45.58	8.00
KEYS	Keysight Tech	174.64	11.51	11.13	0.00	31.47	8.00
KLAC	Kla Corp	334.02	14.03	17.67	1.26	22.96	8.00
MCO	Moodys Corp	376.40	10.00	10.11	0.66	31.68	8.00
MSFT	Microsoft Corp	302.01	11.09	15.85	0.74	37.89	8.00
MXIM	Maxim Intg Pdts	103.14	10.00	0.79	0.00	32.43	8.00
NXPI	Nxp Semiconduct	217.79	10.00	-0.89	1.03	27.67	8.00
QRVO	Qorvo Inc	185.62	12.72	6.56	0.00	17.88	8.00
SNA	Snap-On Inc	226.27	9.54	1.46	2.17	15.73	8.00
TSCO	Tractor Supply	194.19	9.68	11.79	1.07	24.27	8.00
TXN	Texas Instrs	188.09	9.33	1.59	2.17	26.23	8.00
WMT	Walmart Inc	148.96	5.50	3.36	1.48	24.03	8.00
WRB	Berkley (Wr) Cp	76.19	9.00	1.80	0.68	19.94	8.00
WST	West Pharm Svc	444.52	28.41	9.85	0.15	63.50	8.00
A	Agilent Tech	173.30	13.00	7.11	0.45	42.17	7.00
AAPL	Apple Inc	148.36	12.67	8.26	0.59	29.03	7.00
APH	Amphenol Corp-A	75.78	12.58	8.72	0.77	33.83	7.00
ARE	Alexandria Real	203.84	7.44	18.44	2.20	27.14	7.00
BBY	Best Buy	121.89	8.28	3.93	2.30	11.34	7.00
BRK.B	Berkshire Hth-B	287.30	7.00	2.37	0.00	27.52	7.00
CBRE	Cbre Group Inc	94.49	11.00	18.03	0.00	21.48	7.00
CDNS	Cadence Design	158.63	11.68	10.29	0.00	61.49	7.00
DG	Dollar General	234.74	11.31	10.53	0.72	21.59	7.00
EXR	Extra Space Stg	180.23	8.60	8.24	2.22	30.39	7.00
FLT	Fleetcor Tech	262.29	15.04	6.65	0.00	23.32	7.00
MMC	Marsh &Mclennan	155.32	12.52	7.49	1.38	27.01	7.00
ORLY	O Reilly Auto	607.07	14.15	8.04	0.00	21.79	7.00
RSG	Republic Svcs	122.66	10.05	1.92	1.39	30.51	7.00
SEE	Sealed Air Corp	61.17	9.60	-4.34	1.31	18.65	7.00
UHS	Univl Hlth Svcs	155.17	6.52	4.42	0.52	12.25	7.00
AZO	Autozone Inc	1613.41	11.41	5.29	0.00	17.74	6.00
CVX	Chevron Corp	98.51	5.00	-3.04	5.44	36.35	6.00
GRMN	Garmin Ltd	172.61	6.80	9.55	1.55	27.98	6.00
ISRG	Intuitive Surg	1043.96	9.67	14.45	0.00	78.02	6.00
KR	Kroger Co	45.80	8.46	2.90	1.83	13.31	6.00
MCHP	Microchip Tech	151.45	18.09	14.60	1.15	24.27	6.00
NVDA	Nvidia Corp	222.13	17.65	21.67	0.07	76.07	6.00
PAYC	Paycom Software	484.13	25.00	26.62	0.00	168.10	6.00
UNP	Union Pac Corp	221.29	10.00	-0.43	1.93	24.34	6.00

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

Ticker	Company	Current Price	Price/ Book	ROE 5 Yr Avg	Div Yield	Score
GSBD	Goldman Sac Bdc	19.21	1.20	11.49	9.37	9
LOMA	Loma Negra Cia	7.70	1.50	20.61	3.30	9
BABB	Bab Inc	0.71	1.76	14.90	5.63	8
CAG	Conagra Brands	32.86	1.83	18.31	3.80	8
CATY	Cathay Genl Bcp	39.81	1.29	11.21	3.11	8
ETRN	Equitrans Midst	8.86	1.05	14.90	6.77	8
SAFT	Safety Ins Grp	80.65	1.31	11.56	4.46	8
SJM	Smucker Jm	127.28	1.72	12.29	3.11	8
UBCP	Utd Bancorp -Oh	15.10	1.30	10.50	3.84	8
WSBF	Waterstone Finl	20.08	1.17	10.38	3.98	8
AGNC	Agnc Investment	16.44	0.94	13.02	8.76	7
BTG	B2Gold Corp	3.76	1.45	10.82	4.26	7
CAC	Camden Ntl Corp	46.56	1.28	11.63	3.09	7
CGBD	Tcg Bdc Inc	14.05	0.88	10.48	9.11	7
CMTV	Commnty Bcp Vt	19.80	1.33	13.16	4.44	7
FFBC	First Fin Bc-Oh	23.71	1.02	10.08	3.88	7
FLIC	First Long Is	21.39	1.22	10.80	3.55	7
FLMN	Falcon Minerals	4.36	1.71	45.19	13.76	7
FNLC	First Bancp Inc	29.98	1.41	11.91	4.27	7
IBCP	Indep Bk Mich	20.72	1.14	12.51	4.05	7
MBWM	Mercantile Bank	31.57	1.11	10.23	3.67	7
MPB	Mid Penn Bancp	26.45	0.88	10.19	3.02	7
MTB	M&T Bank Corp	141.62	1.18	11.24	3.11	7
NHTC	Natural Hlth Tr	6.67	1.20	29.61	11.99	7
NL	Nl Inds Inc	6.53	0.89	12.15	3.68	7
NLY	Annaly Cap Mgmt	8.72	1.04	12.12	10.09	7
NRIM	Northrim Bcp	41.17	1.08	10.80	3.59	7
PFG	Principal Finl	67.75	1.12	11.82	3.60	7
SNV	Synovus Finl Cp	43.78	1.38	11.85	3.02	7
TRP	Tc Energy Corp	47.06	1.98	13.25	6.13	7
TRTN	Triton Intl Ltd	53.54	1.66	13.46	4.26	7
TWO	Two Harbors Inv	6.59	1.01	11.60	10.32	7
UVE	Univl Insur Hld	13.80	0.90	17.31	4.64	7
WAYN	Wayne Svgs Bcsh	25.00	1.18	10.51	3.36	7
WBA	Walgreens Bai	48.65	1.86	19.73	3.93	7
WBS	Webster Finl Cp	50.45	1.44	10.90	3.17	7

Fundamental Growth Screen

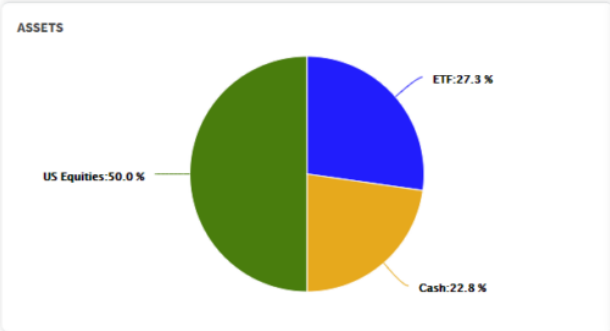
Ticker	Company	Current Price	Next 3-5 Yr Est EPS Gr rate	5 yr Hist Sales Gr	Div Yield	P/E using 12 mo EPS	Score
IDXX	Idexx Labs Inc	676.42	19.92	11.36	-	80.62	9.00
AMAT	Appld Matls Inc	132.82	19.35	9.14	0.72	21.53	9.00
DOV	Dover Corp	174.46	11.50	(0.94)	1.13	24.85	9.00
AMD	Adv Micro Dev	108.30	44.60	22.18	-	58.54	8.00
WST	West Pharm Svc	444.52	28.41	9.85	0.15	63.50	8.00
DE	Deere & Co	376.37	21.19	8.92	0.96	21.81	8.00
DHR	Danaher Corp	319.48	18.00	4.66	0.26	36.39	8.00
KLAC	Kla Corp	334.02	14.03	17.67	1.26	22.96	8.00
IT	Gartner Inc -A	307.19	13.50	13.17	-	45.58	8.00
QRVO	Qorvo Inc	185.62	12.72	6.56	-	17.88	8.00
ADI	Analog Devices	164.00	12.25	9.40	1.68	26.71	8.00
IPG	Interpublic Grp	37.12	11.54	5.46	2.91	14.61	8.00
KEYS	Keysight Tech	174.64	11.51	11.13	-	31.47	8.00
HCA	Hca Holdings	252.09	11.10	5.70	0.76	17.31	8.00
FLT	Fleetcor Tech	262.29	15.04	6.65	-	23.32	7.00
ORLY	O Reilly Auto	607.07	14.15	8.04	-	21.79	7.00
A	Agilent Tech	173.30	13.00	7.11	0.45	42.17	7.00
AAPL	Apple Inc	148.36	12.67	8.26	0.59	29.03	7.00
APH	Amphenol Corp-A	75.78	12.58	8.72	0.77	33.83	7.00
MMC	Marsh &Mclennan	155.32	12.52	7.49	1.38	27.01	7.00
CDNS	Cadence Design	158.63	11.68	10.29	-	61.49	7.00
DG	Dollar General	234.74	11.31	10.53	0.72	21.59	7.00
PAYC	Paycom Software	484.13	25.00	26.62	-	168.10	6.00
MCHP	Microchip Tech	151.45	18.09	14.60	1.15	24.27	6.00
NVDA	Nvidia Corp	222.13	17.65	21.67	0.07	76.07	6.00
AZO	Autozone Inc	1,613.41	11.41	5.29	-	17.74	6.00
PTC	Ptc Inc	131.72	23.15	8.10	-	53.98	5.00
RHI	Robt Half Intl	103.39	19.50	1.10	1.47	27.07	5.00
KMX	Carmax Gp (Cc)	127.48	17.31	6.07	-	17.93	5.00
IEX	Idex Corp	226.43	12.00	3.11	0.95	38.44	5.00

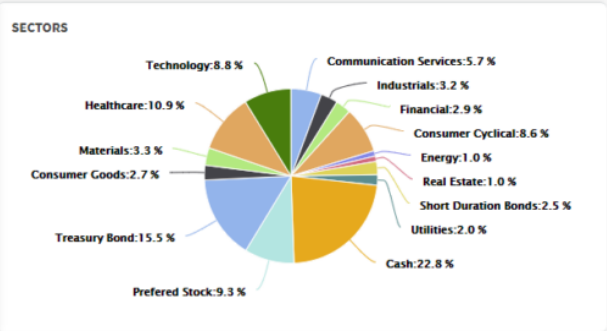
Aggressive Growth Strategy

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	676.42	19.92	11.36	-	4.07	9
MANH	Manhattan Asoc	162.66	#N/A	0.40	-	#N/A	8
MCO	Moodys Corp	376.40	10.00	10.11	0.66	3.19	8
MSFT	Microsoft Corp	302.01	11.09	15.85	0.74	3.16	8
MXIM	Maxim Intg Pdts	103.14	10.00	0.79	-	2.79	8
STAA	Staar Surgical	134.90	#N/A	21.32	-	#N/A	8
TXN	Texas Instrs	188.09	9.33	1.59	2.17	2.56	8
WST	West Pharm Svc	444.52	28.41	9.85	0.15	1.96	8
ARE	Alexandria Real	203.84	7.44	18.44	2.20	3.52	7
AZPN	Aspen Tech Inc	130.17	7.33	9.14	-	3.95	7
CDNS	Cadence Design	158.63	11.68	10.29	-	5.40	7
EXPO	Exponent Inc	114.80	#N/A	7.12	0.70	#N/A	7
EXR	Extra Space Stg	180.23	8.60	8.24	2.22	3.19	7
LSI	Life Storage	120.81	3.63	7.03	2.45	6.99	7
NSA	Natl Storage	55.02	#N/A	20.89	2.76	#N/A	7
CPRT	Copart Inc	143.93	#N/A	14.92	-	#N/A	6
ISRG	Intuitive Surg	1,043.96	9.67	14.45	-	7.70	6
NVDA	Nvidia Corp	222.13	17.65	21.67	0.07	3.53	6
PAYC	Paycom Software	484.13	25.00	26.62	-	6.24	6
POWI	Power Intgratio	104.51	#N/A	6.04	0.50	#N/A	6
REG	Regency Ctrs Cp	67.10	9.48	10.70	3.55	1.87	6
RGEN	Repligen	274.01	#N/A	38.99	-	#N/A	6
TECH	Bio-Techne Cp	500.24	21.00	11.42	0.26	3.47	6
CGNX	Cognex Corp	87.72	#N/A	9.35	0.27	#N/A	5
JYNT	Joint Corp/The	93.53	#N/A	32.25	-	#N/A	5
MRNA	Moderna Inc	397.87	29.15	344.64	-	0.47	5
PLD	Prologis Inc	130.53	7.34	14.63	1.93	4.37	5
PSA	Public Storage	316.38	6.67	3.47	2.53	3.84	5
QLYS	Qualys Inc	114.88	#N/A	16.53	-	#N/A	5
SPSC	Sps Commerce	127.93	#N/A	13.13	-	#N/A	5
VICR	Vicor Corp	120.77	#N/A	9.89	-	#N/A	5

Portfolio / Client Update

Heading into the Jackson Hole Summit meeting and not knowing how the market would react, we made some adjustments to our portfolios on Thursday. **The goal is to reduce the "volatility" of the portfolio, thereby reducing risk without significantly sacrificing performance.** So even though we took profits in stocks like WOOF and replaced FANG with XOM, we held equity allocations essentially flat at 50%.





We still hold a slightly higher cash balance in the equity sleeve (~10%) and the fixed income sleeve (~10%)**. We use the cash as a risk hedge against an equity draw and "shorten duration" in the bond allocation.** While we were previously increasing the duration of our bond portfolio to

capture the decline in rates, we are holding cash to add longer-duration bonds on upticks in rates.

If there is a risk-off event in the market, yields will drop to 1% or less providing a nice bump in appreciation in our bond portfolio. In the meantime, we are collecting a bit of income while holding the hedge.

We continue to manage risk accordingly, but this is a market unlike we have lived through previously. As a result, much of what we are doing portfolio management-wise is as much an experiment as it remains based on experience. Regardless, we assure you we are doing our best to navigate what comes as successfully as possible.

Portfolio Changes

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

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

> *In the equity model, we took profits on WOOF, selling the entire position. We may revisit it in the future as we like its fundamentals but currently, price action remains very weak.*
>
> *We also sold our 1% of FANG and replaced it with 1% of XOM. This change reduces volatility and aligns the beta of our energy holdings with the beta of XLE. FANG was a great buy but much more volatile than the sector and market. Also, XOM carries a 3+% yield which increases our dividend payout for the portfolio.*
>
> *We remain wary of this market. Internals continue to deteriorate, volume remains weak, and technicals are stretched. Therefore, we continue to keep ?tweaking? the portfolio to give us relative but reduce our overall risk exposure as well." - 08-26-21*

Equity Model:

- *Sell 100% of WOOF (Petco Health) for now.*
- *Sell 100% of FANG (Diamond Back Energy)*
- *Initiate a 1% position in XOM (Exxon Mobil)*

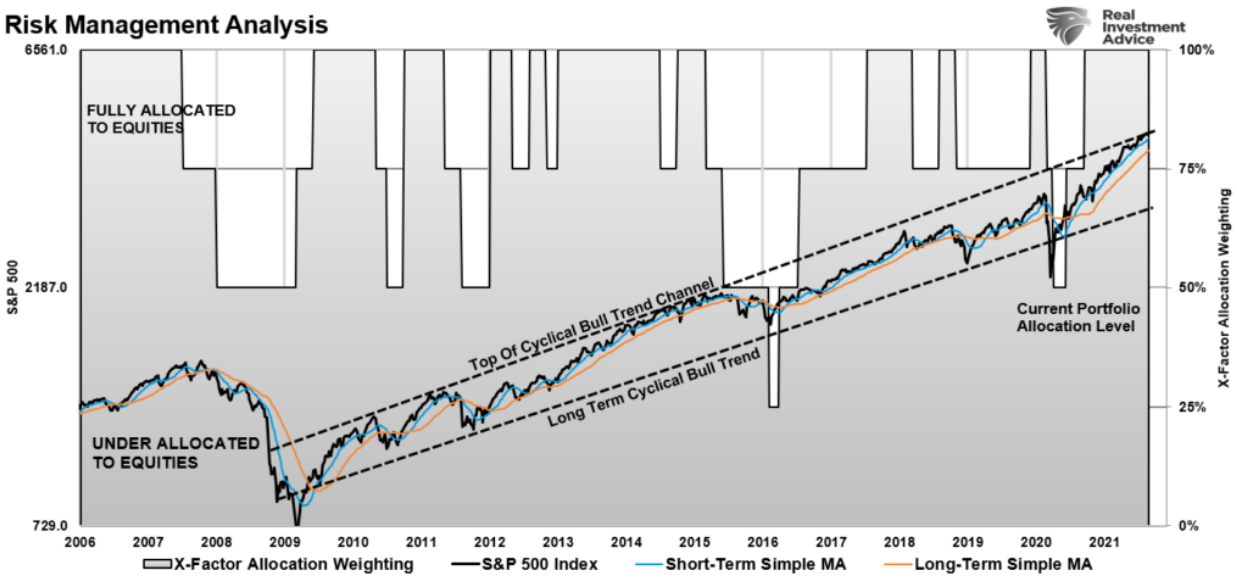
As always, our short-term concern remains the protection of your portfolio. Accordingly, we remain focused on the differentials between underlying fundamentals and market over-valuations.

Lance Roberts, *CIO*

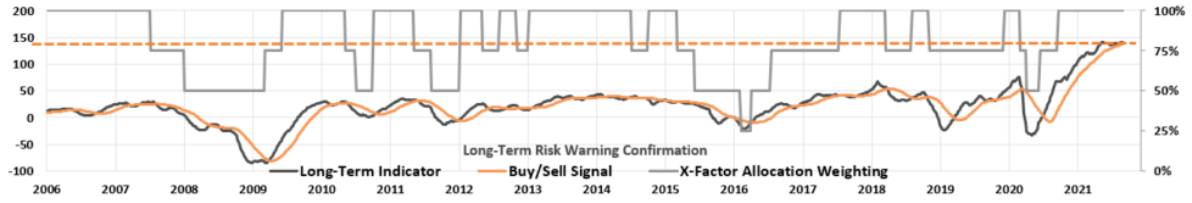
THE REAL 401k PLAN MANAGER

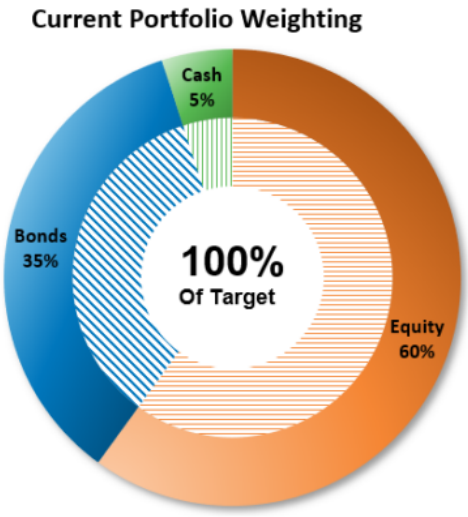
A Conservative Strategy For Long-Term Investors

Risk Management Analysis









Current 401k Allocation Model

5.00% **Cash + All Future Contributions**

Primary concern is the protection of investment capital

Examples: Stable Value, Money Market, Retirement Reserves

35.00% **Fixed Income (Bonds)**

Bond Funds reflect the direction of interest rates

Examples: Short Duration, Total Return and Real Return Funds

60.00% **Equity (Stocks)**

The vast majority of funds track an index.
Therefore, select on ONE fund from each category.
Keep it Simple.

20% Equity Income, Balanced or Conservative Allocation
30% Large Cap Growth (S&P 500 Index)
5% International
5% Mid-Cap

Portfolio Instructions:

Allocation Level To Equities	Recommendation	When To Take Action
Less Than Target Allocation	Hold Current Exposure	Hold Exposure
Equal To Target Allocation	Hold Current Exposure	Hold Exposure
Over Target Allocation	Hold Current Exposure	Hold Exposure

Commentary

As suspected, the Fed kicked the can on "tapering" by stating they want to continue to see improving data. One bad employment report or a drop in inflation pressures due to weaker economic growth and taper theoretically gets kicked out into 2022.

As noted lasted week:

"The bullish exuberance continues and investors currently 'Fear missing out,' more than fearing a correction. Given the length of time since the market has had a 5-10% correction, the risk is certainly rising. There WILL eventually be a correction to the 200-dma, the only question is the catalyst and the timing."

For now, keep exposures at current weights, but continue to hold new contributions in cash for now. Performance for portfolio models should be inline with expectations, so holding cash for a better buying opportunity down the road remains prudent.

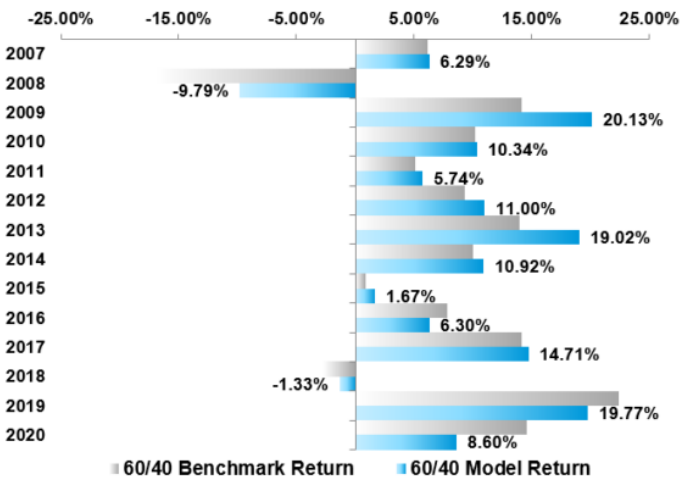
If you need help after reading the alert, do not hesitate to **contact me**.



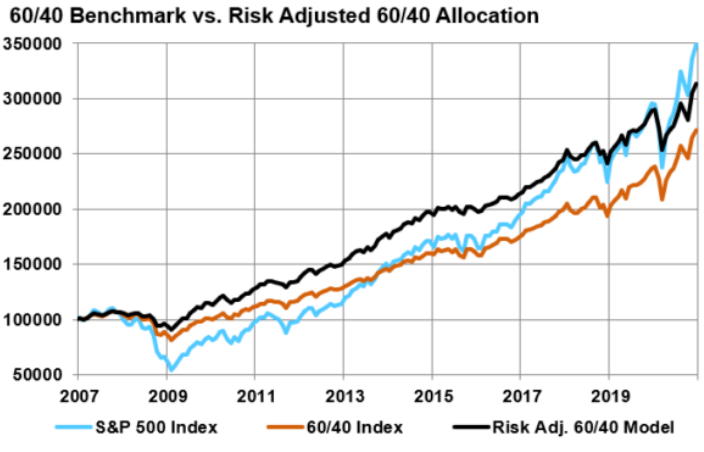
401k Model Performance Analysis

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

Year	60/40 Benchmark Return	60/40 Model Return
2007	6.16%	6.29%
2008	-16.73%	-9.79%
2009	14.14%	20.13%
2010	10.19%	10.34%
2011	5.11%	5.74%
2012	9.33%	11.00%
2013	13.94%	19.02%
2014	10.04%	10.92%
2015	0.88%	1.67%
2016	7.77%	6.30%
2017	14.12%	14.71%
2018	-2.71%	-1.33%
2019	22.41%	19.77%
2020	14.58%	8.60%



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%
Beta Of Model vs Benchmark	0.87
Jensens Alpha	1.91%
Sharpe Ratio	0.29



Have a great week!