Investors Hold Record Allocations Despite Rising Warnings

In this 09-10-21 issue of "'Investors Hold Record Allocations Despite Rising Warnings."

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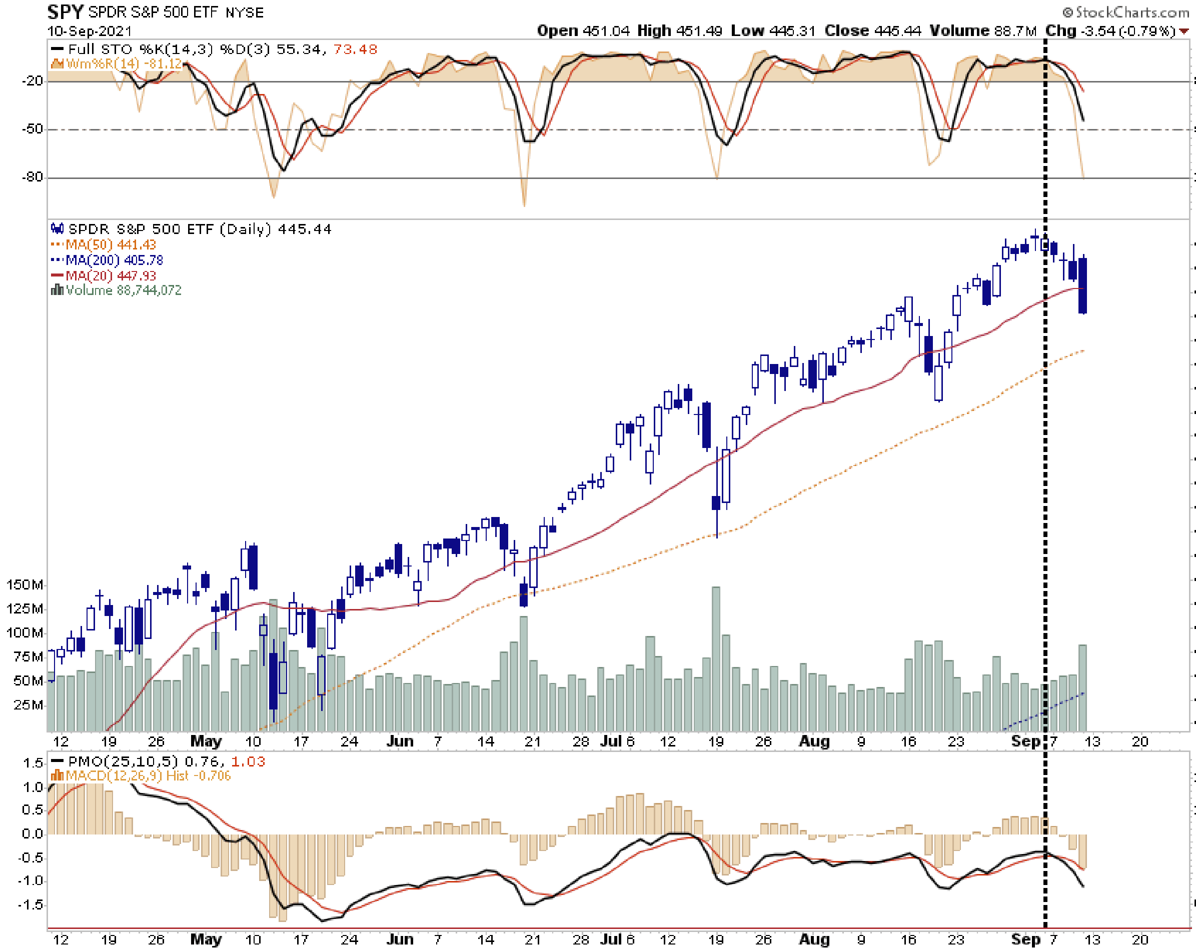
Market Starts A Correction Right On Cue

As ***noted last week:***

> *"However, in the meantime, the "stairstep" advance continues with fundamentally weak companies making substantial gains as speculation displaces investment in the market.* ***Thus, while prices remain elevated, money flows weaken, suggesting the next downturn is roughly one to two weeks away.*** *So far, those corrections remain limited to the 50-dma, which is approximately 3% lower than Friday's close, but a 10% correction to the 200-dma remains a possibility."*

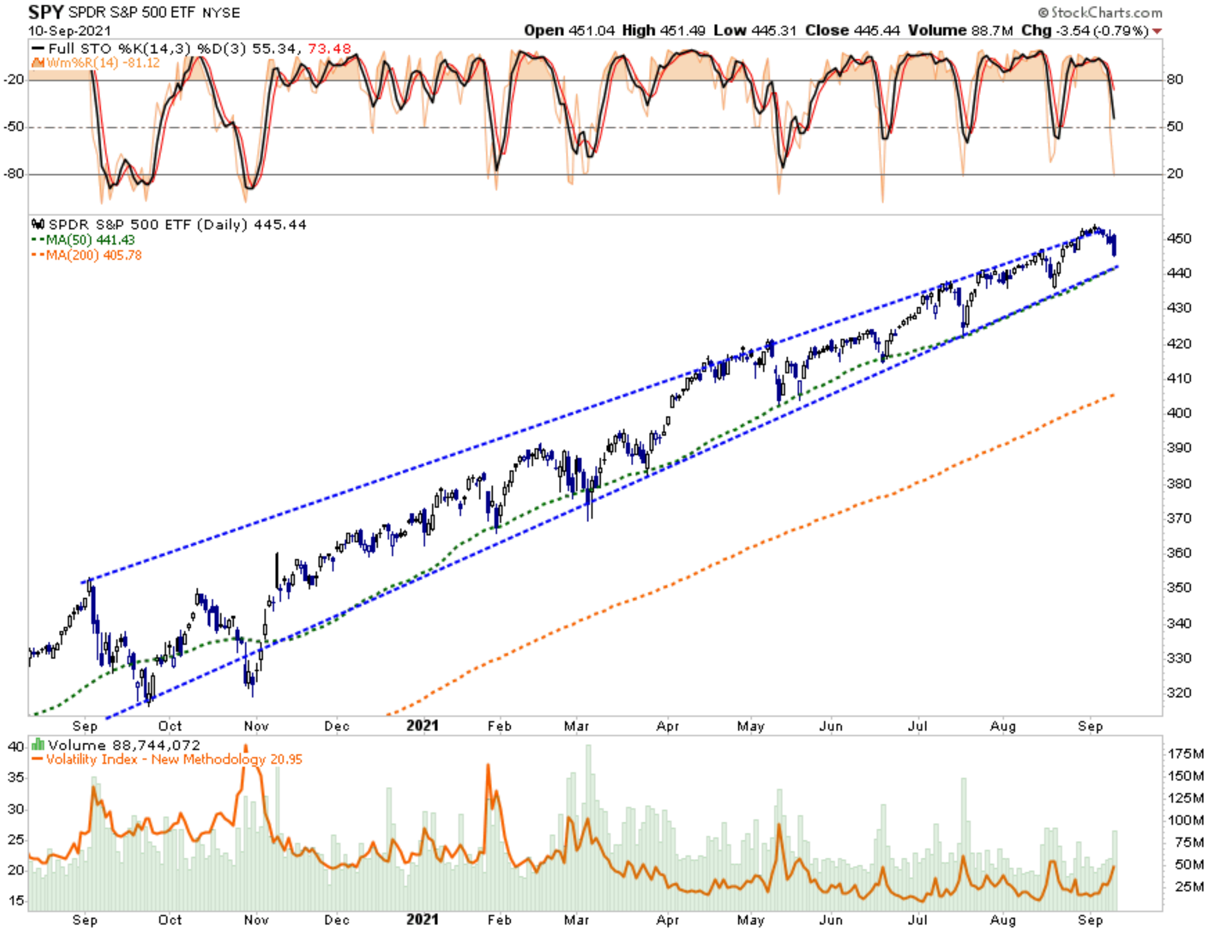
That correction started on Monday with the week ending in 5-straight down days which is the worse slide since February.

However, while that sounds terrible, the total decline for the week was just **-1.69%**. Yes, that's it, less than 2%. While CNBC probably ran their *"Markets In Turmoil"* segment, traders were huddled over candles and incense chanting incantations at the Fed for more accommodation.



With sell signals in place, volume rising, and breadth weak, a retest of the 50-dma early next week will not be a surprise. The question will be whether traders show up again, as they have done every other time over the last 6-months to *"buy the dip."*

As shown, the market remains well confined to its rising trend with support sitting at the 50-dma. Volatility did pick up late last week as volume spiked suggesting more selling pressure on Monday.



The question is *"this time different."* Will the market hold the 50-dma again, or has the risk of a more substantial correction finally caught up with investors.

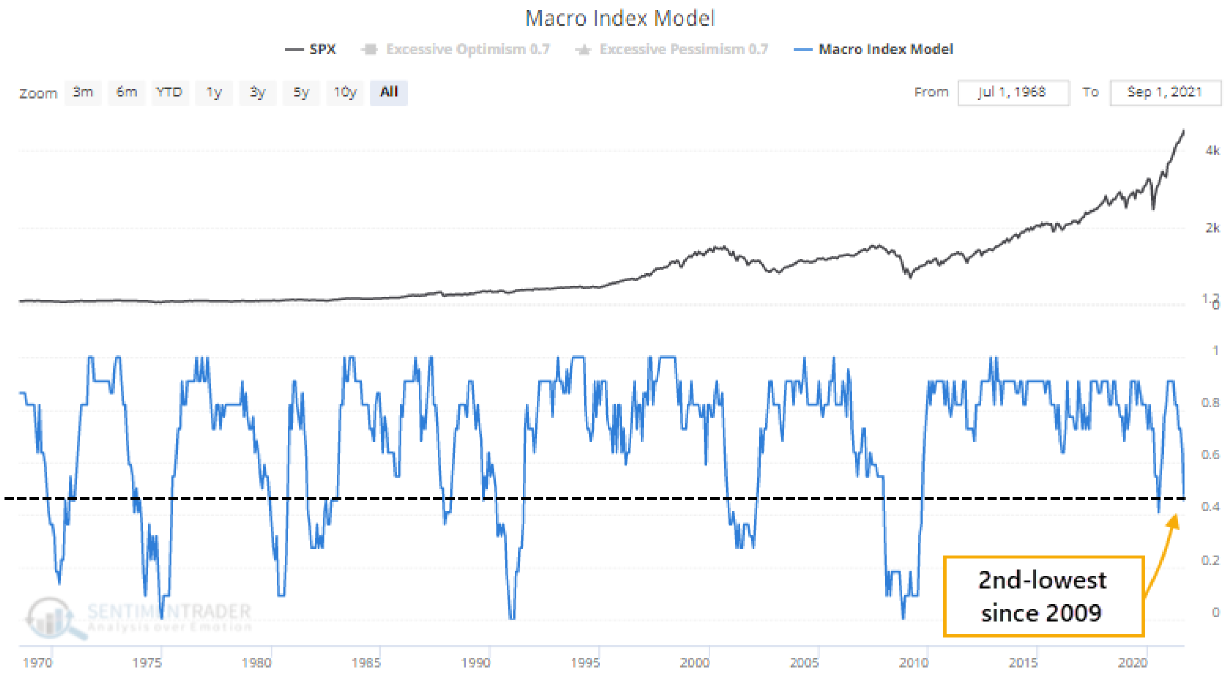
As noted previously, 5-10% corrections are absolutely normal in any given market year. **However, if you didn't like the 1.69% correction this week, a 10% correction will feel like an all-out *"crash."***

Such is why we have repeatedly suggested taking some actions in advance.

Macro Conditions Continue To Deteriorate

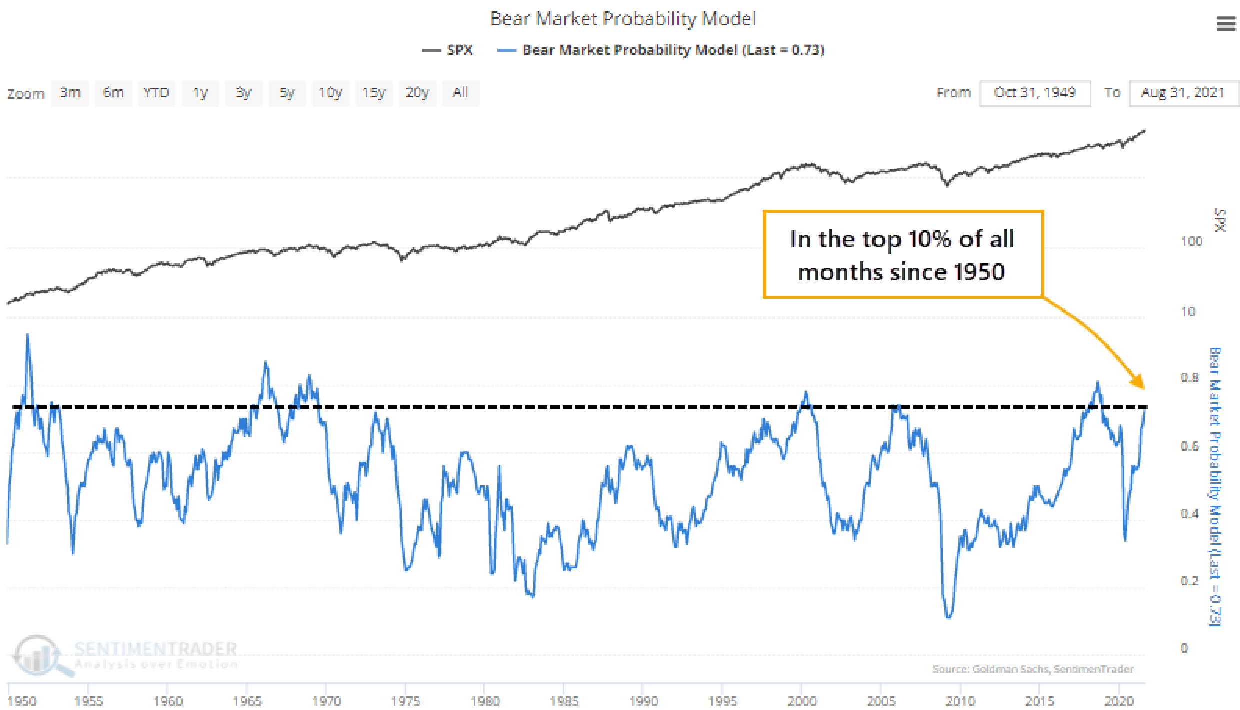
Over the last couple of weeks, I noted the deterioration of underlying market conditions. Weakening breadth, lower participation, and negative divergences all suggest risks of a correction. On Thursday, [Sentiment Trader] provided some additional commentary supporting our concern.

> ***"To differentiate temporary slowdowns from real problems, we look for significant macro deterioration**. The Macro Index Model combines 11-diverse indicators to determine the state of the U.S. economy. **Stock market investors should be bullish when the Macro Index is above 0.7 and bearish when below or equal to 0.7.***
>
> *Once the final reports were in for August, **the model plunged below 46%, the 2nd-lowest reading of the past decade.**"*



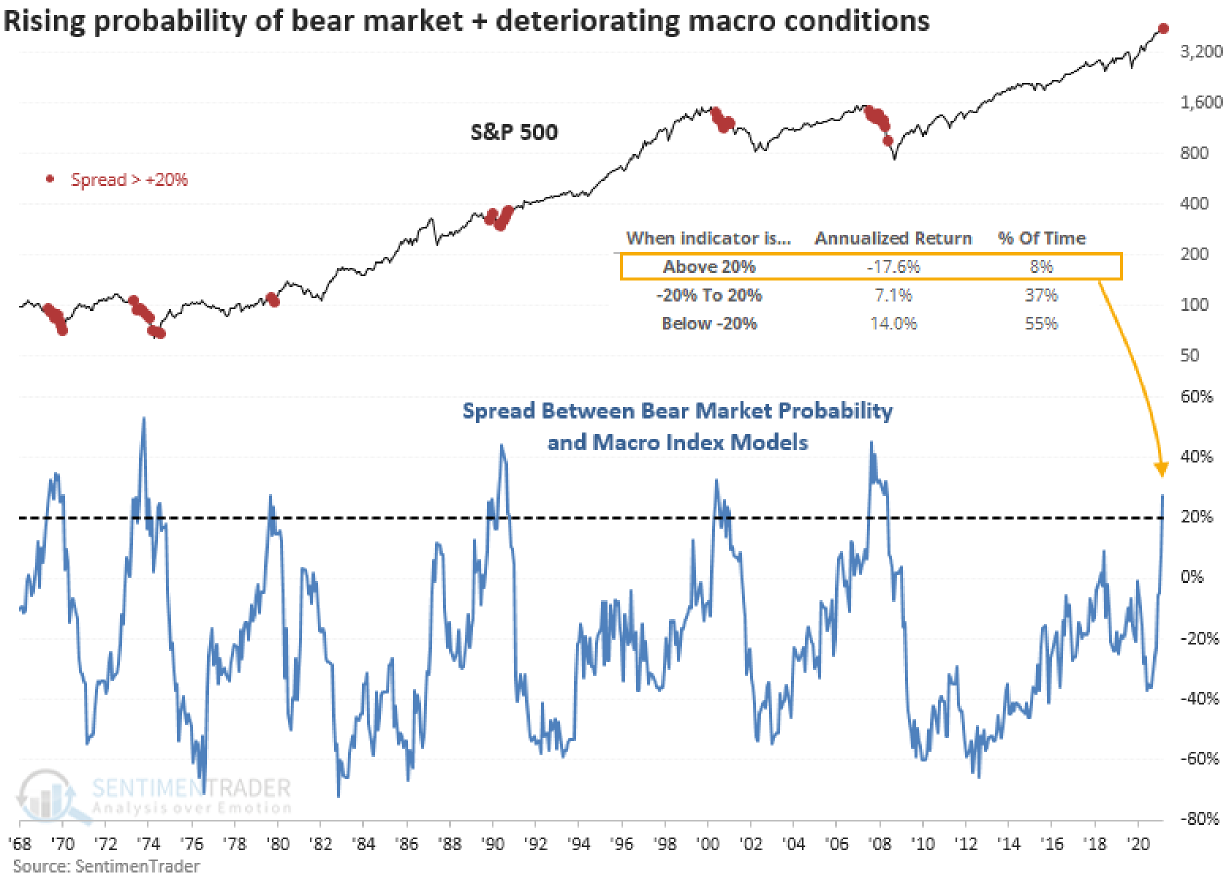
At the same time, Sentiment Trader noted their Bear Market Probability Indicator also jumped. This model has 5-inputs, namely the unemployment rate, ISM Manufacturing index, yield curve, inflation, and valuations.

> *"The higher the score, the higher the probability of a bear market in the months ahead. Last May, the model was in the bottom 10% of all months since 1950. This month, it jumped into the top 10% of all months."*



So, what does all of this mean? According to Sentiment Trader, the combination of these two measures should not be overlooked. To wit:

"The chart below shows the spread between the Bear Market Probability and Macro Index models. The higher the spread, the higher the probability of a bear market. ***The chart shows that the S&P 500's annualized return is a horrid -17.6% when the spread is above 20% like it is now."***



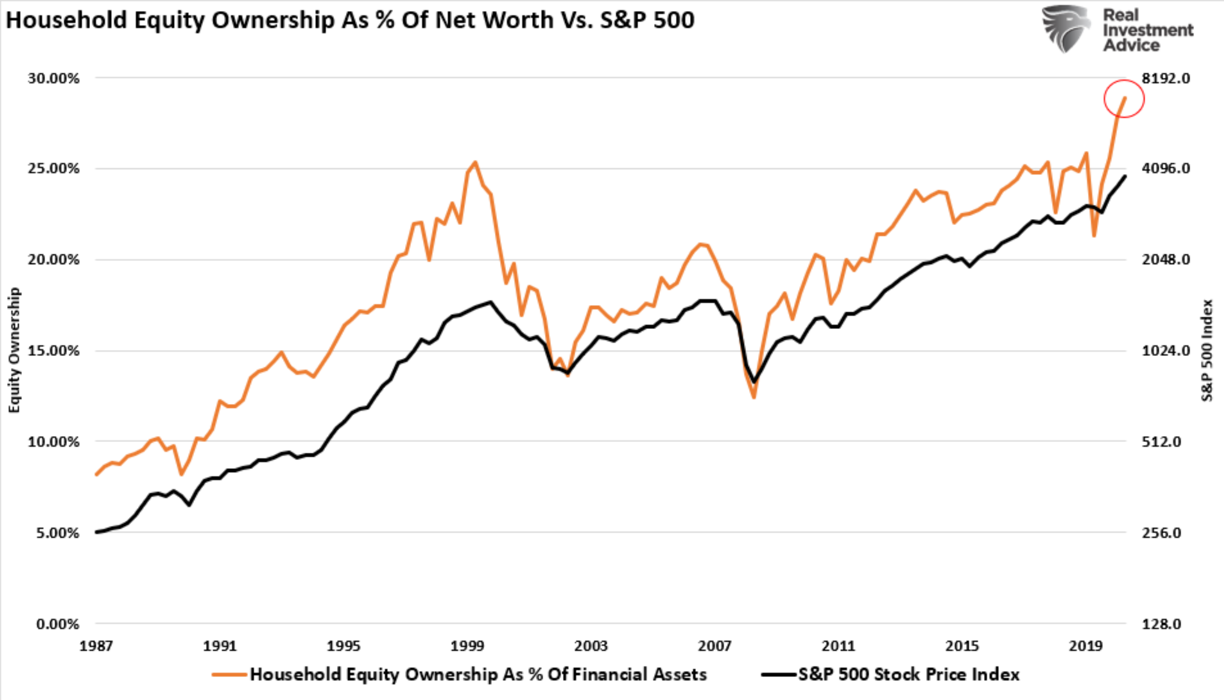
The point here is that while the market remains exceedingly bullish, there are signs of trouble brewing beneath the surface. Such is why we suggested raising cash levels, adding non-correlated assets, and reducing overall risk.

But as Paul Harvey used to say: *"There is more to this story."*

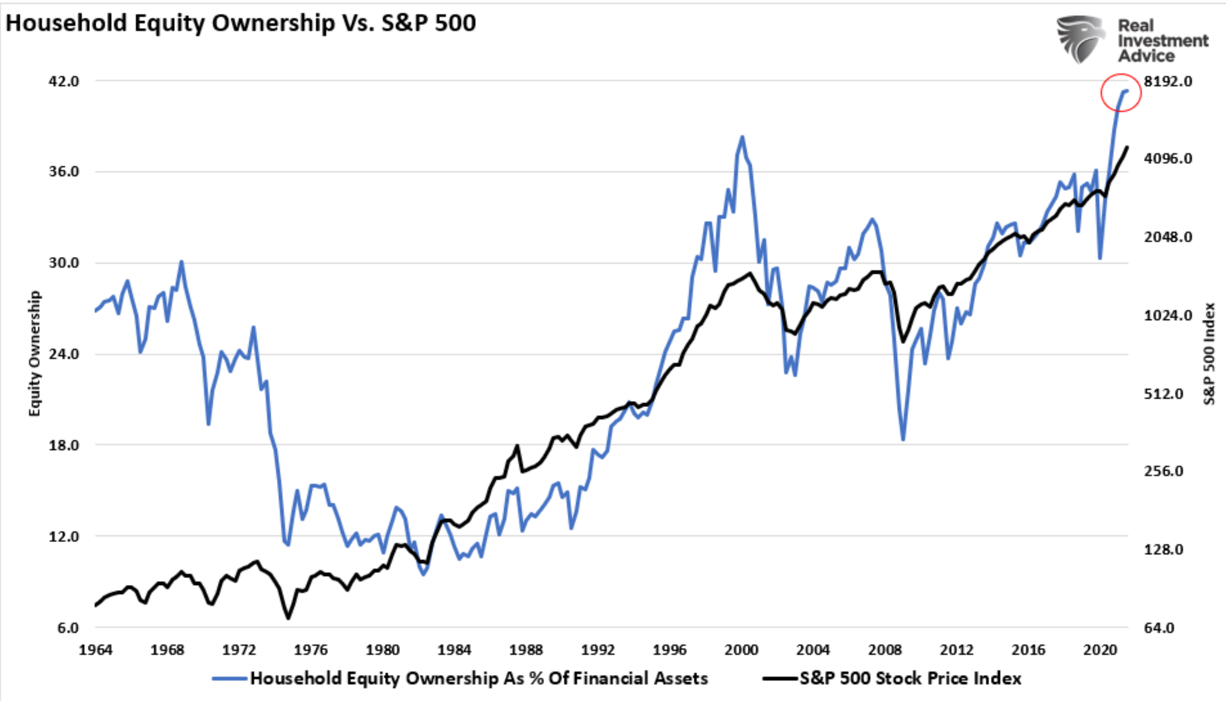
Investor Record Allocations

As noted, there is certainly cause for concern. However, investors aren't.

Such should be of no surprise after an extended bull market advance with very low volatility. **Without any concern for corrections, individuals have increased equity risk levels relative to their overall net worth.**



Or, we see the same when we analyze their equity allocations as a percentage of their overall financial assets.



Regardless of the calculations, the message is the same. As we noted in Thursday's ***Daily Market Commentary***:

> *"Bob Farrell?s rule #5 states: ?**The public buys the most at the top and least at the bottom.?***

The two charts above speak volumes as to the wisdom of Bob Farrell's rules. Previous peaks in equity ownership have corresponded with peaks in financial markets.

As the old Wall Street axiom states: ***"If everyone has already bought, who is left to buy?"***

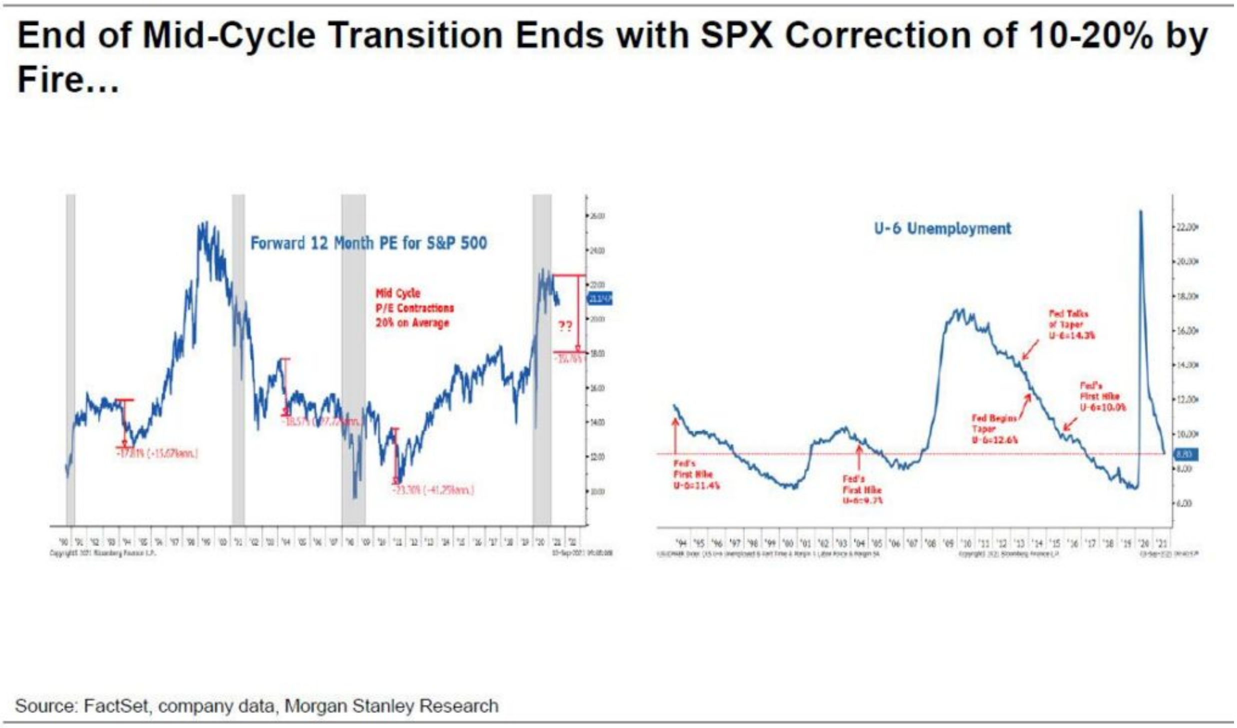
At the moment, however, investors are incredibly confident that markets can only go higher as long as the "Fed" remains accommodative. While there is undoubtedly **a substantial argument as to the ability of the Fed to keep markets inflated, there are other *"risks"* present that could lead to** a short-term correction.

[dmc]

An Increasing Number Of Correction Warnings

While investors are carrying record allocations, some of the largest Wall Street banks are worrying. A recent article on [Zero Hedge](#) compiled their outlooks. To wit:

> *"Andrew Sheets warns that equity market internals has continued to follow a "midcycle transition." That process usually ends with quality stocks, like the FAAMGs, getting hit and **poses an outsized risk to the S&P 500** through October." - Morgan Stanley*



> *"Suvita Subramanian, warned that '**downside risks remain'** and asking **'what good news is left**?' Sentiment is all but euphoric with our Sell Side Indicator (see SSI) closer to a sell signal than at any point since 2007." - Bank of America*

#2 Sell Side Indicator (SSI)

Neutral: +10% price return over next 12 months

Wall Street's consensus equity allocation has been a reliable contrarian indicator over time. At 59.5%, Wall St. is neutral on US stocks, but remains closest to a "Sell" signal since 2007, indicating tepid 12m returns on the S&P 500 (+6.7% price returns).

Exhibit 9: Pause in bullishness but still near extreme levels
Sell Side Consensus Indicator (SSI), as of August 31 2021

Source: BofA US Equity & Quant Strategy Note: Buy and Sell signals are based on rolling 15-year +/- 1 standard deviation from the rolling 15-year mean. A reading above the red line indicates a Sell signal and a reading below the green line indicates a Buy signal.

BofA GLOBAL RESEARCH

Deutsche Bank's strategists '***expect an imminent correction***' even though they see the S&P 500 rising back around current levels by year-end. Some more details on the coming pullback in markets **which DB believes will see the S&P drop 6%-10%:**

> *Christian Mueller-Glissmann stated that high valuations have increased market fragility. If there is a new negative development, it could generate growth shocks that lead to rapid de-risking. As such, there is very little buffer left if you get large negative surprises." - Goldman Sachs*

Exhibit 1: Growth expectations have de-rated across assets
Risk Appetite Indicator PC1 'Global Growth' factor

Source: Datastream, Haver Analytics, Goldman Sachs Global Investment Research

Exhibit 2: Bad news has not been bad news for the S&P 500
MAP score: macro surprises relative to consensus

Source: Bloomberg, Goldman Sachs Global Investment Research

You get the idea. **Between the leverage in the market, economic growth slowing, and rising inflationary pressures, numerous issues could disrupt the high levels of market complacency.**

The bullish argument is that such a correction will force the Fed's hand. As Zerohedge aptly concluded:

"Even the smallest market hiccup will prompt a furious response at the Marriner Eccles building, because we are now well beyond the point of no return and Jerome Powell and company simply can not afford even the smallest drop in stocks without risking a full-blown market meltdown, much to the chagrin of the banks above who are predicting just that."

In Case You Missed It

#MacroView: The Insecurity Of Social Security

Written by Lance Roberts | Sep 10, 2021

The latest report from the Social Security Board of Trustees revealed the vast insecurity of the welfare programs and the problem facing retirees.

> Read More

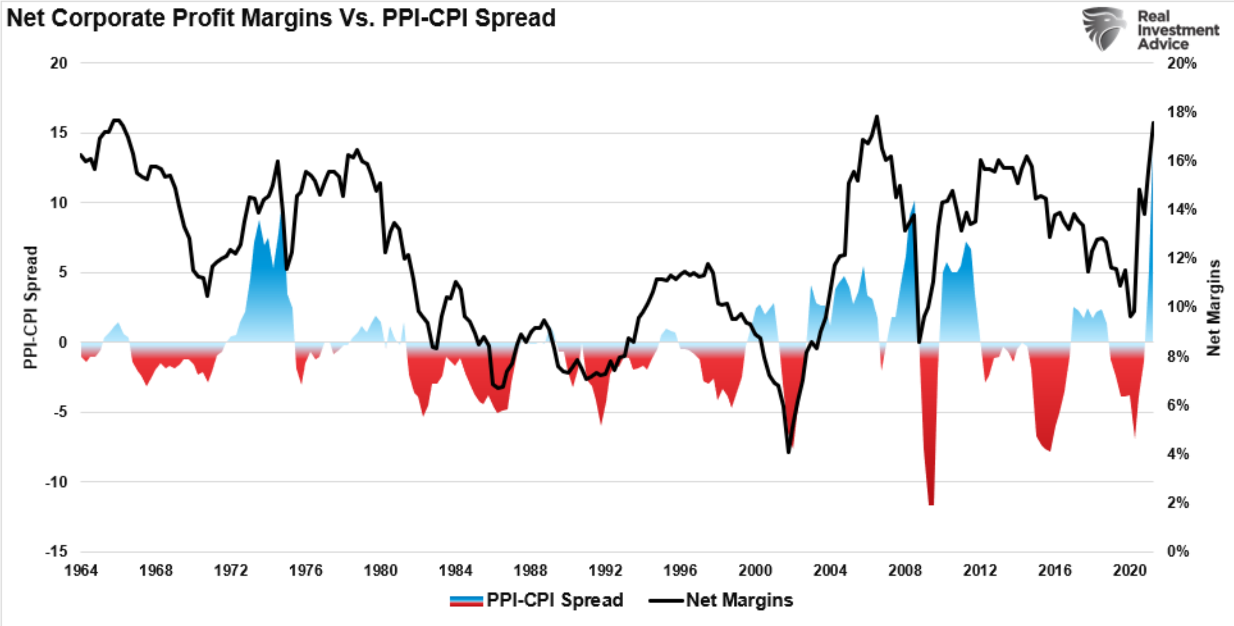
Beige Book Reveals The Fed's Biggest Problem

The most significant risk for the market is a change in investor psychology. As long as nothing disrupts that bullish bias, investors will continue to aggressively "buy dips." However, that psychology is directly linked to the Fed's ongoing balance sheet expansion. Thus, the potential problem for investors is inflation.

The Fed's Beige Book is a summary of economic conditions in the 12 Federal Reserve Districts.

- ***Boston:*** *"Inability to get supplies and to hire workers."*
- ***New York:*** *"Businesses reporting widespread labor shortages."*
- ***Philadelphia:*** *"Labor shortages and supply chain disruptions continued apace."*
- ***Cleveland:*** *"Staff levels increased modestly amid intense labor shortages."*
- ***Richmond:*** *"Many firms faced shortages and higher costs for labor and non-labor inputs."*
- ***Atlanta:*** *"Wage pressures more widespread."*
- ***Chicago:*** *"Wages and prices increased strongly"*
- ***St. Louis:*** *"Contacts continued to report labor and material shortages."*
- ***Minneapolis:*** *"Hiring demand outstriped labor response by a wide margin."*
- ***Kansas City:*** *"Wages grew at a robust pace."*
- ***Dallas:*** *"Wage and price growth remained elevated amid widespread labor and supply chain shortages."*
- ***San Francisco:*** *"Hiring activity intensified further, as did upward pressures on wages and inflation."*

Inflation is becoming problematic for the Fed mainly if these pressures are not as *"transient"* as hoped. Higher wages are corrosive to both earnings and margins. As shown below, strongly rising producer prices are initially good for profit margins until inflation can not get passed along to consumers. Such is the case currently, with the most significant historical spread between PPI and CPI.



With supply chain disruptions looking to last longer than expected, the Fed is trapped between supporting a slowing economy and fighting inflation.

It's a battle they are likely going to lose, no matter what they choose.

Portfolio Update

As noted above, market action became sloppier this week.

Over the last few weeks, we discussed that stock selection was essential to portfolio performance as breadth continues to narrow in the market. This past week was not much different. The question is now whether the previous leaders will become laggards? Such could suggest more trouble overall for markets.

In the meantime, equity allocations remain underweight. We have increased the bond portfolio duration closer in alignment with our benchmark as we continue to look for lower rates as economic growth slows. Cash remains roughly 10% of our equity allocations as a risk hedge for now.

As noted above, there is a reasonable possibility the market stalls at current levels and works off some of the overbought conditions. **There is also a more than a possible risk of a correction between 5% and 10%.**

However, I don't know which it will be until we start seeing definite signs of the market breaking down. At that point, it will be too late to make adjustments. Such is why, as we have stated previously, this is an opportune time to get in front of risk by taking some simplistic actions.

1. ***Tighten up stop-loss levels to current support levels for each position.***
2. ***Hedge portfolios against major market declines*. (*Cash, Non-correlated Assets, Direct Hedges)***
3. ***Take profits in positions that have been big winners***
4. ***Sell laggards and losers***
5. ***Raise cash and rebalance portfolios to target weightings.***

These actions will not protect you from a decline. **They will, however, lessen the blow and allow you to rebalance risk accordingly where they become present.**

Or, you can do nothing and hope for the best.

It's your choice.

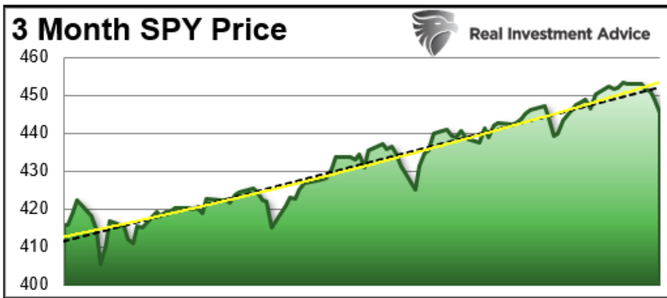
Have a great weekend.

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	49.41%	33.41%	19.14%	(42.71%)
Max Drawdown	(35.63%)	(8.88%)	(5.65%)	(36.28%)
Sharpe	0.97	2.55	2.42	(0.05)
Sortino	1.04	3.40	3.35	(0.02)
Volatility	25.01	13.92	12.47	(0.10)
Daily VaR-5%	(12.84)	11.38	9.75	(0.14)
Mnthly VaR-5%	(3.29)	17.50	22.84	0.31

Item	2 years ago	1 year ago	Current	1 Yr % Change	5 Year High	5 year Low	% From High	% From Low
Dividend Yield	1.84%	1.50%	1.24%	(21.44%)	2.14%	1.20%	(42.27%)	2.76%
P/E Ratio	18.68	24.50	25.51	3.93%	2735%	1606%	(6.7%)	58.86%
P/S Ratio	3.73	4.38	5.09	14.02%	5.12	3.16	(0.64%)	61.28%
P/B Ratio	4.90	5.85	7.02	16.68%	6.85	4.18	2.45%	68.06%
ROE	21.96%	20.39%	26.14%	21.99%	26.14%	17.67%	0.00%	47.97%
ROA	4.31%	3.86%	4.68%	17.57%	4.68%	3.51%	0.00%	33.24%

S&P 500 Market Cap Analysis

Item	12-M Ago	Current	% Chg
Shares	2,883.4	2,800.1	(2.89%)
Sales	68,734	74,468	8.34%
SPS	23.8	26.6	11.56%
Earnings	10,526	13,646	29.64%
EPS TTM	4.1	5.3	28.89%
Dividend	1.6	1.6	4.66%

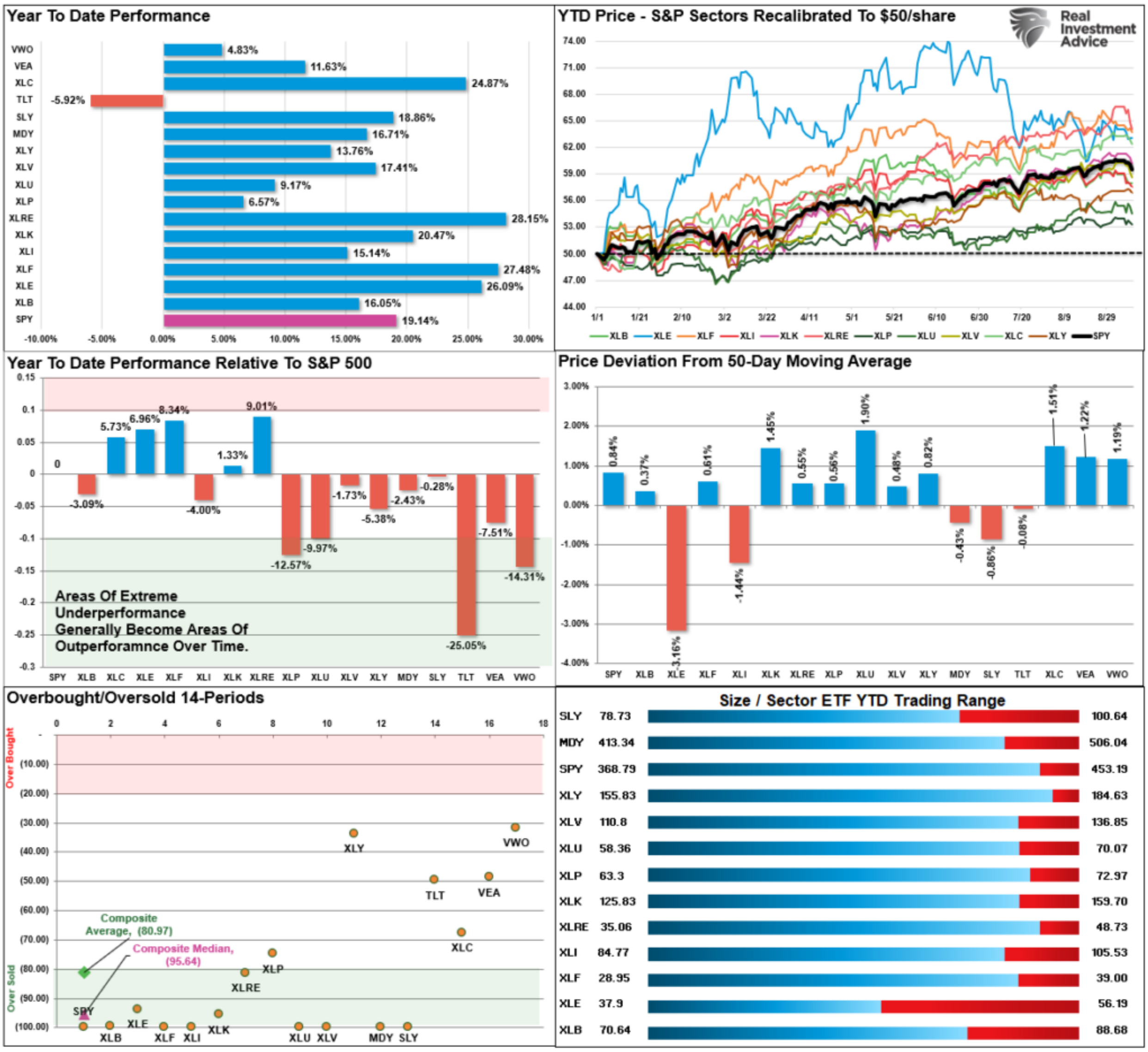
S&P 500 Asset Allocation

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	42.90%	2.37%	1.89	39.35	123.62	(302.30)	(68.2%)	4.3%	4.7%	2.56%	3.53	12.65
Materials	30.18%	2.51%	1.19	21.03	27.12	14.16	(22.5%)	14.3%	1.8%	4.77%	5.57	16.61
Industrials	30.98%	8.12%	1.19	37.09	54.11	14.74	(31.5%)	13.0%	1.4%	2.69%	5.98	21.87
Discretionary	26.77%	12.00%	1.35	41.73	60.06	20.97	(30.5%)	30.8%	0.6%	2.39%	6.17	31.41
Staples	11.49%	5.75%	0.64	22.43	23.01	17.65	(2.5%)	30.8%	2.4%	4.44%	4.59	21.11
Health Care	26.64%	13.48%	0.77	19.62	19.72	15.28	(0.5%)	31.3%	1.5%	5.04%	8.13	17.94
Financials	49.62%	10.97%	1.33	13.83	18.48	10.52	(25.1%)	11.4%	1.7%	7.25%	6.76	14.43
Technology	36.87%	27.98%	1.07	32.66	32.80	16.64	(0.4%)	72.4%	0.8%	3.05%	6.01	28.10
Telecom	50.90%	11.47%	0.96	27.07	28.18	17.61	(3.9%)	17.7%	0.5%	3.69%	9.42	22.89
Utilities	15.68%	2.55%	0.42	21.15	22.09	16.35	(4.3%)	10.7%	3.0%	4.71%	3.46	19.92
Real Estate	32.30%	2.68%	0.95	25.53	25.68	17.12	(0.6%)	8.1%	2.4%	3.86%	4.67	24.10

Momentum Analysis

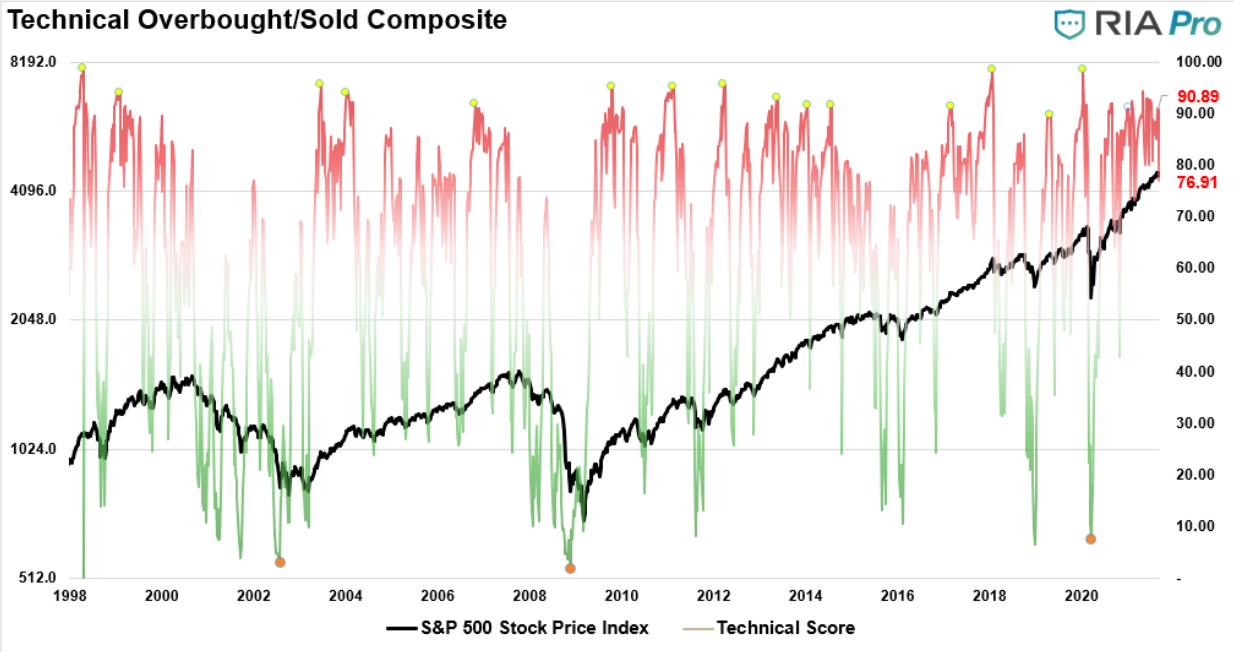
Item	Price	ROC 50-Days	50-DMA	# Days Since Cross	% Dev 50-Day	200-DMA	# Days Since Cross	% Dev 200-Day	% Dev 50-200 DMA	% From 52-W High	% From 52-W Low	Buy/Sell
Large Cap	445.44	2.70%	441.88	50	0.81%	408.78	275	8.97%	8.10%	(1.90%)	39.29%	Buy
Mid Cap	490.09	(0.73%)	492.16	15	(0.42%)	473.44	251	3.52%	3.95%	(3.46%)	52.31%	Buy
Small Cap	94.54	(2.88%)	95.32	11	(0.82%)	92.60	248	2.09%	2.94%	(6.34%)	63.28%	Buy

Performance Analysis



Technical Composite

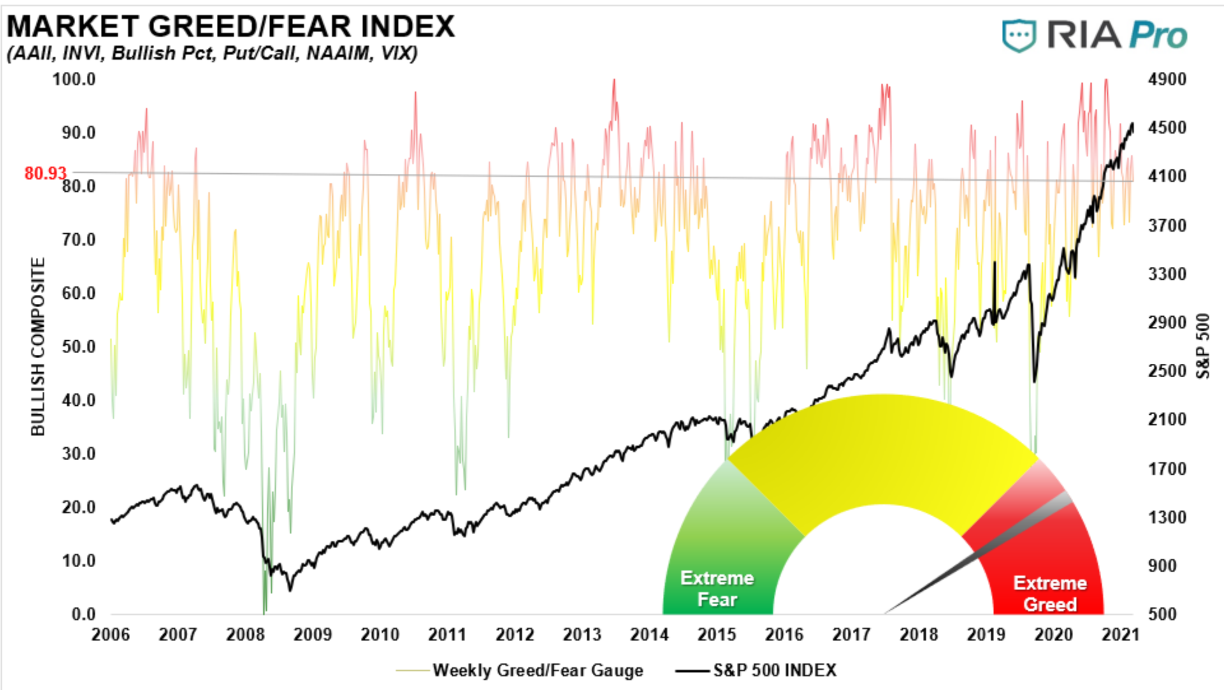
The technical overbought/sold gauge comprises several price indicators (RSI, Williams %R, etc.), measured using "weekly" closing price data. Readings above "80" are considered overbought, and below "20" are oversold. ***The current reading is 76.91 out of a possible 100.***



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 80.93 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		MONTH END	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	LONG WMA	PRICE	BETA	HIGH	LOW	Short M/A	Long M/A	SIGNAL
IVV	ISHARS-SP500	455.07	0.64	2.40	7.14	16.03	32.30	437.64	414.83	453.71	0.99	465.05	442.37	4%	10%	BULLISH
XLB	SPDR-MATLS SELS	85.37	(1.31)	(0.93)	(8.01)	(6.58)	0.18	83.62	81.07	85.61	1.05	88.65	82.57	2%	5%	BULLISH
XLC	SPDR-COMM SV SS	85.47	0.25	0.80	(0.05)	(2.69)	6.05	81.98	77.02	85.62	0.99	88.61	82.63	4%	11%	BULLISH
XLE	SPDR-EGY SELS	48.62	(2.04)	(4.19)	(19.35)	(17.87)	7.14	51.03	49.47	48.40	1.75	50.46	46.34	-5%	-2%	BULLISH
XLF	SPDR-FINL SELS	38.07	(3.02)	(1.84)	(5.78)	(4.78)	18.24	37.17	35.30	38.40	1.20	39.82	36.98	2%	8%	BULLISH
XLK	SPDR-TECH SELS	159.36	0.22	0.51	5.11	6.93	2.62	150.94	141.20	158.86	1.03	164.47	153.25	6%	13%	BULLISH
XLI	SPDR-INDU SELS	104.59	(0.95)	(1.38)	(6.10)	(7.61)	2.07	103.21	99.09	104.51	1.19	108.36	100.66	1%	6%	BULLISH
XLP	SPDR-CONS STPL	72.83	0.83	0.27	(4.48)	(6.31)	(21.17)	70.98	68.89	72.26	0.63	74.52	70.00	3%	6%	BULLISH
XLRE	SPDR-RE SELS	48.73	3.42	1.88	0.10	10.08	2.13	46.00	42.10	47.68	0.69	49.20	46.16	6%	16%	BULLISH
XLU	SPDR-UTIL SELS	69.49	0.78	0.63	(2.03)	(4.31)	(15.25)	66.31	64.70	68.54	0.36	70.50	66.58	5%	7%	BULLISH
XLV	SPDR-HLTH CR	136.85	1.01	0.54	2.73	2.90	(2.83)	130.06	122.77	135.21	0.76	139.62	130.80	5%	11%	BULLISH
XLY	SPDR-CONS DISCR	183.52	0.29	(1.01)	(1.19)	(5.77)	(7.59)	179.24	173.50	183.65	1.13	190.32	176.98	2%	6%	BULLISH
XTN	SPDR-SP TRANSPT	86.62	(1.08)	0.56	(9.55)	(17.54)	10.58	84.94	84.48	85.91	1.38	89.24	82.58	2%	3%	BULLISH
SDY	SPDR-SP DIV ETF	124.54	(0.75)	(1.67)	(8.92)	(9.10)	(3.53)	123.59	119.73	124.73	0.91	128.98	120.48	1%	4%	BULLISH
RSP	INVS-SP5 EQ ETF	156.88	(0.43)	(0.57)	(4.05)	(4.42)	8.94	152.36	145.41	156.30	1.12	161.95	150.65	3%	8%	BULLISH
SLY	SPDR-SP6 SC	97.47	(0.99)	(1.36)	(9.08)	(15.05)	21.26	96.15	94.41	97.31	1.25	100.96	93.66	1%	3%	BULLISH
MDY	SPDR-SP MC 400	503.50	(0.93)	(0.77)	(6.89)	(10.20)	13.20	492.09	480.82	502.28	1.18	520.79	483.77	2%	5%	BULLISH
EEM	ISHARS-EMG MKT	53.12	2.33	(0.12)	(11.07)	(17.81)	(12.49)	53.09	53.99	52.41	0.79	54.13	50.69	0%	-2%	BEARISH
EFA	ISHARS-EAFE	82.07	1.06	(0.20)	(5.82)	(8.65)	(5.09)	79.94	78.14	80.64	0.83	83.33	77.95	3%	5%	BULLISH
IAU	ISHARS-GOLD TR	34.82	(0.06)	1.48	(9.77)	(11.21)	(37.98)	34.34	34.28	34.53	0.08	35.42	33.64	1%	2%	BULLISH
GDX	VANECK-GOLD MNR	33.28	1.42	(2.28)	(20.20)	(17.83)	(50.85)	34.04	34.69	32.60	0.66	33.63	31.57	-2%	-4%	BEARISH
UUP	INVS-DB US$ BU	24.73	(1.28)	(3.20)	(5.58)	(16.23)	(33.73)	24.80	24.62	24.89	(0.11)	25.48	24.30	0%	0%	BULLISH
BOND	PIMCO-TOT RETRN	111.48	(0.71)	(2.48)	(6.66)	(14.00)	(33.12)	111.32	110.97	111.67	0.08	114.55	108.79	0%	0%	BULLISH
TLT	ISHARS-20+YTB	148.18	(1.49)	(2.13)	(3.02)	(6.06)	(41.24)	146.81	143.61	148.83	(0.25)	152.18	145.48	1%	3%	BULLISH
BNDX	VANGD-TTL INT B	57.61	(1.00)	(2.83)	(6.58)	(15.10)	(32.80)	57.55	57.43	57.62	0.03	59.08	56.16	0%	0%	BULLISH
HYG	ISHARS-IBX HYCB	88.01	(0.58)	(1.68)	(6.70)	(13.76)	(28.13)	87.65	87.30	88.09	0.37	90.62	85.56	0%	1%	BULLISH

RIA Pro RISK RANGE REPORT 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	135.00	19.35	9.14	0.71	21.88	9.00
DOV	Dover Corp	174.84	11.50	-0.94	1.14	24.91	9.00
GIS	Genl Mills	58.45	7.50	3.63	3.49	15.42	9.00
IDXX	Idexx Labs Inc	676.57	19.92	11.36	0.00	80.64	9.00
WAT	Waters Corp	422.02	9.39	2.76	0.00	39.44	9.00
AMD	Adv Micro Dev	106.15	44.60	22.18	0.00	57.38	8.00
DE	Deere & Co	364.84	21.19	8.92	0.99	21.14	8.00
DHR	Danaher Corp	328.38	18.00	4.66	0.26	37.40	8.00
GPC	Genuine Parts	119.19	9.17	3.61	2.74	18.65	8.00
HCA	Hca Holdings	258.26	11.10	5.70	0.74	17.74	8.00
IPG	Interpublic Grp	36.82	11.54	5.46	2.93	14.50	8.00
IT	Gartner Inc -A	315.87	13.50	13.17	0.00	46.87	8.00
KLAC	Kla Corp	347.83	14.03	17.67	1.21	23.91	8.00
MCO	Moodys Corp	382.50	10.00	10.11	0.65	32.20	8.00
MSFT	Microsoft Corp	297.25	11.09	15.85	0.75	37.30	8.00
NXPI	Nxp Semiconduct	210.46	10.00	-0.89	1.07	26.74	8.00
QRVO	Qorvo Inc	178.96	12.72	6.56	0.00	17.24	8.00
SNA	Snap-On Inc	220.31	9.54	1.46	2.23	15.32	8.00
TSCO	Tractor Supply	201.68	9.68	11.79	1.03	25.21	8.00
WMT	Walmart Inc	146.42	5.50	3.36	1.50	23.62	8.00
WRB	Berkley (Wr) Cp	73.05	9.00	1.80	0.71	19.12	8.00
WST	West Pharm Svc	461.24	28.41	9.85	0.15	65.89	8.00
AAPL	Apple Inc	154.07	12.67	8.26	0.57	30.15	7.00
APH	Amphenol Corp-A	75.22	12.58	8.72	0.77	33.58	7.00
BRK.B	Berkshire Hth-B	278.61	7.00	2.37	0.00	26.69	7.00
CBRE	Cbre Group Inc	98.14	11.00	18.03	0.00	22.31	7.00
CDNS	Cadence Design	165.91	11.68	10.29	0.00	64.31	7.00
EMR	Emerson Elec Co	100.08	10.14	-0.15	2.02	25.08	7.00
EXR	Extra Space Stg	187.14	8.60	8.24	2.14	31.56	7.00
FLT	Fleetcor Tech	264.60	15.04	6.65	0.00	23.52	7.00
MMC	Marsh &Mclennan	160.29	12.52	7.49	1.34	27.88	7.00
ORLY	O Reilly Auto	592.16	14.15	8.04	0.00	21.25	7.00
RSG	Republic Svcs	123.99	10.62	1.92	1.37	30.84	7.00
AZO	Autozone Inc	1551.89	11.41	5.29	0.00	17.06	6.00
COST	Costco Whole Cp	465.94	9.29	9.52	0.68	45.19	6.00
CVX	Chevron Corp	96.00	5.00	-3.04	5.58	35.42	6.00
GRMN	Garmin Ltd	173.11	6.80	9.55	1.55	28.06	6.00
ISRG	Intuitive Surg	1070.01	9.67	14.45	0.00	79.97	6.00
KR	Kroger Co	46.13	8.46	2.90	1.82	13.41	6.00
MCHP	Microchip Tech	155.97	18.09	14.60	1.12	25.00	6.00
NVDA	Nvidia Corp	221.77	17.65	21.67	0.07	75.95	6.00
PAYC	Paycom Software	480.10	25.00	26.62	0.00	166.70	6.00
UNP	Union Pac Corp	210.05	10.00	-0.43	2.04	23.11	6.00
IEX	Idex Corp	217.74	12.00	3.11	0.99	36.97	5.00
KMX	Carmax Gp (Cc)	133.23	17.31	6.07	0.00	18.74	5.00
PTC	Ptc Inc	127.39	23.15	8.10	0.00	52.21	5.00
RHI	Robt Half Intl	103.33	19.50	1.10	1.47	27.05	5.00

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	19.14	1.19	11.49	9.40	9
LOMA	Loma Negra Cia	7.16	1.40	20.61	3.55	9
BABB	Bab Inc	0.77	1.91	14.73	5.20	8
CAG	Conagra Brands	33.22	1.85	17.78	3.76	8
CATY	Cathay Genl Bcp	40.03	1.30	11.21	3.10	8
ETRN	Equitrans Midst	9.10	1.08	14.90	6.59	8
SAFT	Safety Ins Grp	79.83	1.30	11.56	4.51	8
UBCP	Utd Bancorp -Oh	15.23	1.31	10.50	3.87	8
WSBF	Waterstone Finl	20.07	1.17	10.38	3.99	8
AGNC	Agnc Investment	16.02	0.92	13.02	8.99	7
BACHY	Bank China Ltd	8.88	0.31	10.44	7.19	7
BTG	B2Gold Corp	3.74	1.44	10.82	4.28	7
CAC	Camden Ntl Corp	46.19	1.27	11.63	3.12	7
CFFI	C&F Finl Cp	52.26	0.95	11.14	3.06	7
CGBD	Tcg Bdc Inc	13.75	0.86	10.48	9.31	7
CMTV	Commnty Bcp Vt	19.78	1.33	13.16	4.45	7
FAF	First Amer Finl	67.37	1.40	14.09	3.03	7
FFBC	First Fin Bc-Oh	22.75	0.98	10.08	4.04	7
FLIC	First Long Is	19.96	1.14	10.80	3.81	7
FLMN	Falcon Minerals	4.43	1.74	45.19	13.54	7
FNLC	First Bancp Inc	28.55	1.34	11.91	4.48	7
HPE	Hewlett Pkd Ent	14.66	1.12	10.34	3.27	7
IBCP	Indep Bk Mich	20.45	1.13	12.51	4.11	7
MBWM	Mercantile Bank	29.98	1.05	10.23	4.00	7
MPB	Mid Penn Bancp	25.96	0.87	10.19	3.08	7
MTB	M&T Bank Corp	137.95	1.15	11.24	3.19	7
NBTB	Nbt Bancorp Inc	34.66	1.23	10.04	3.23	7
NHTC	Natural Hlth Tr	6.66	1.20	29.61	12.01	7
NL	Nl Inds Inc	6.14	0.84	12.15	3.91	7
NLY	Annaly Cap Mgmt	8.55	1.02	12.12	10.29	7
NRIM	Northrim Bcp	40.58	1.06	10.80	3.75	7
PFG	Principal Finl	65.26	1.08	11.82	3.86	7
SNV	Synovus Finl Cp	41.14	1.30	11.85	3.21	7
TRTN	Triton Intl Ltd	53.10	1.65	13.46	4.29	7
TWO	Two Harbors Inv	6.45	0.99	11.60	10.54	7
UGI	Ugi Corp	45.54	1.94	11.77	3.03	7
USB	Us Bancorp	55.82	1.74	13.99	3.01	7
UVE	Univl Insur Hld	13.53	0.88	17.31	4.73	7
WAYN	Wayne Svgs Bcsh	25.40	1.17	10.51	3.31	7
WBA	Walgreens Bai	50.57	1.93	19.91	3.78	7
WBS	Webster Finl Cp	49.21	1.40	10.90	3.25	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	676.57	19.92	11.36	-	80.64	9.00
AMAT	Appld Matls Inc	135.00	19.35	9.14	0.71	21.88	9.00
DOV	Dover Corp	174.84	11.50	(0.94)	1.14	24.91	9.00
AMD	Adv Micro Dev	106.15	44.60	22.18	-	57.38	8.00
WST	West Pharm Svc	461.24	28.41	9.85	0.15	65.89	8.00
DE	Deere & Co	364.84	21.19	8.92	0.99	21.14	8.00
DHR	Danaher Corp	328.38	18.00	4.66	0.26	37.40	8.00
KLAC	Kla Corp	347.83	14.03	17.67	1.21	23.91	8.00
IT	Gartner Inc -A	315.87	13.50	13.17	-	46.87	8.00
QRVO	Qorvo Inc	178.96	12.72	6.56	-	17.24	8.00
IPG	Interpublic Grp	36.82	11.54	5.46	2.93	14.50	8.00
HCA	Hca Holdings	258.26	11.10	5.70	0.74	17.74	8.00
MSFT	Microsoft Corp	297.25	11.09	15.85	0.75	37.30	8.00
FLT	Fleetcor Tech	264.60	15.04	6.65	-	23.52	7.00
ORLY	O Reilly Auto	592.16	14.15	8.04	-	21.25	7.00
AAPL	Apple Inc	154.07	12.67	8.26	0.57	30.15	7.00
APH	Amphenol Corp-A	75.22	12.58	8.72	0.77	33.58	7.00
MMC	Marsh &Mclennan	160.29	12.52	7.49	1.34	27.88	7.00
CDNS	Cadence Design	165.91	11.68	10.29	-	64.31	7.00
CBRE	Cbre Group Inc	98.14	11.00	18.03	-	22.31	7.00
RSG	Republic Svcs	123.99	10.62	1.92	1.37	30.84	7.00
EMR	Emerson Elec Co	100.08	10.14	(0.15)	2.02	25.08	7.00
PAYC	Paycom Software	480.10	25.00	26.62	-	166.70	6.00
MCHP	Microchip Tech	155.97	18.09	14.60	1.12	25.00	6.00
NVDA	Nvidia Corp	221.77	17.65	21.67	0.07	75.95	6.00
AZO	Autozone Inc	1,551.89	11.41	5.29	-	17.06	6.00
PTC	Ptc Inc	127.39	23.15	8.10	-	52.21	5.00
RHI	Robt Half Intl	103.33	19.50	1.10	1.47	27.05	5.00
KMX	Carmax Gp (Cc)	133.23	17.31	6.07	-	18.74	5.00
IEX	Idex Corp	217.74	12.00	3.11	0.99	36.97	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	676.57	19.92	11.36	-	4.07	9
MANH	Manhattan Asoc	161.76	#N/A	0.40	-	#N/A	8
MCO	Moodys Corp	382.50	10.00	10.11	0.65	3.23	8
MSFT	Microsoft Corp	297.25	11.09	15.85	0.75	3.11	8
STAA	Staar Surgical	155.95	#N/A	21.32	-	#N/A	8
WST	West Pharm Svc	461.24	28.41	9.85	0.15	1.97	8
AZPN	Aspen Tech Inc	128.02	7.33	9.14	-	3.89	7
CDNS	Cadence Design	165.91	11.68	10.29	-	5.64	7
EXR	Extra Space Stg	187.14	8.60	8.24	2.14	3.31	7
IRDM	Iridium Commun	46.91	#N/A	8.28	-	#N/A	7
LSI	Life Storage	125.94	3.63	7.03	2.35	7.20	7
NSA	Natl Storage	57.86	#N/A	20.89	2.63	#N/A	7
ISRG	Intuitive Surg	1,070.01	9.67	14.45	-	7.89	6
NVDA	Nvidia Corp	221.77	17.65	21.67	0.07	3.52	6
PAYC	Paycom Software	480.10	25.00	26.62	-	6.09	6
POWI	Power Intgratio	107.56	#N/A	6.04	0.48	#N/A	6
REG	Regency Ctrs Cp	68.40	9.48	10.70	3.48	1.90	6
RGEN	Repligen	294.67	#N/A	38.99	-	#N/A	6
CGNX	Cognex Corp	87.18	#N/A	9.35	0.28	#N/A	5
JYNT	Joint Corp/The	106.46	#N/A	32.25	-	#N/A	5
MRNA	Moderna Inc	455.92	29.15	344.64	-	0.54	5
PSA	Public Storage	324.17	6.67	3.47	2.47	3.93	5
QLYS	Qualys Inc	117.24	#N/A	16.53	-	#N/A	5
SPSC	Sps Commerce	137.38	#N/A	13.13	-	#N/A	5
VICR	Vicor Corp	124.17	#N/A	9.89	-	#N/A	5
CELH	Celsius Holding	87.64	#N/A	54.65	-	#N/A	4
CPT	Camden Ppty Tr	150.52	1.76	4.90	2.21	16.20	4
FRT	Fed Rlty Inv	120.31	7.37	1.67	3.52	3.17	4
HSKA	Heska Corp	261.01	#N/A	9.52	-	#N/A	4
MSEX	Middlesex Water	114.14	#N/A	1.67	0.95	#N/A	4
MSTR	Microstrategy	640.62	#N/A	(1.33)	-	#N/A	4
PGNY	Progyny Inc	58.22	#N/A	#N/A	-	#N/A	4
PLMR	Palomar Holdngs	88.67	#N/A	52.37	-	#N/A	4
REXR	Rexford Ind Rty	61.42	10.35	27.74	1.56	3.84	4
SRC	Spirit Realty	50.31	5.64	(7.96)	4.97	2.96	4
TTGT	Techtarget	86.88	#N/A	11.14	-	#N/A	4
TYL	Tyler Tech Inc	477.49	#N/A	11.49	-	#N/A	4
EPRT	Essential Pptys	31.73	10.80	28.12	3.15	2.22	3
EQR	Equity Resident	82.47	3.73	1.42	2.92	7.63	3

Portfolio / Client Update

I know, another boring week. But in a way, that is a good thing. When higher volatility comes, and it will, we will all be wishing for the *"good ole' days."*

In the meantime, our current model allocation remains primarily unchanged. We did increase our longer-duration bond holdings previously, which has served us well. As discussed earlier, we manage risk exposures to reduce volatility while still participating with the market's advance. **Stock selection has been key to carrying an overweight cash position and still outperforming our benchmark index.**

The continuing deterioration of market internals continues to suggest a rising risk profile to the markets. Such is why we continue to remain cautious in our allocation models. That has not changed from last week.

> *"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.****"*

For now, there seems to be minimal risk in a market that continues to creep higher. Unfortunately, however, we will not always get to enjoy such low volatility markets, so enjoy them while you can.

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 *****

No Trades Last Week

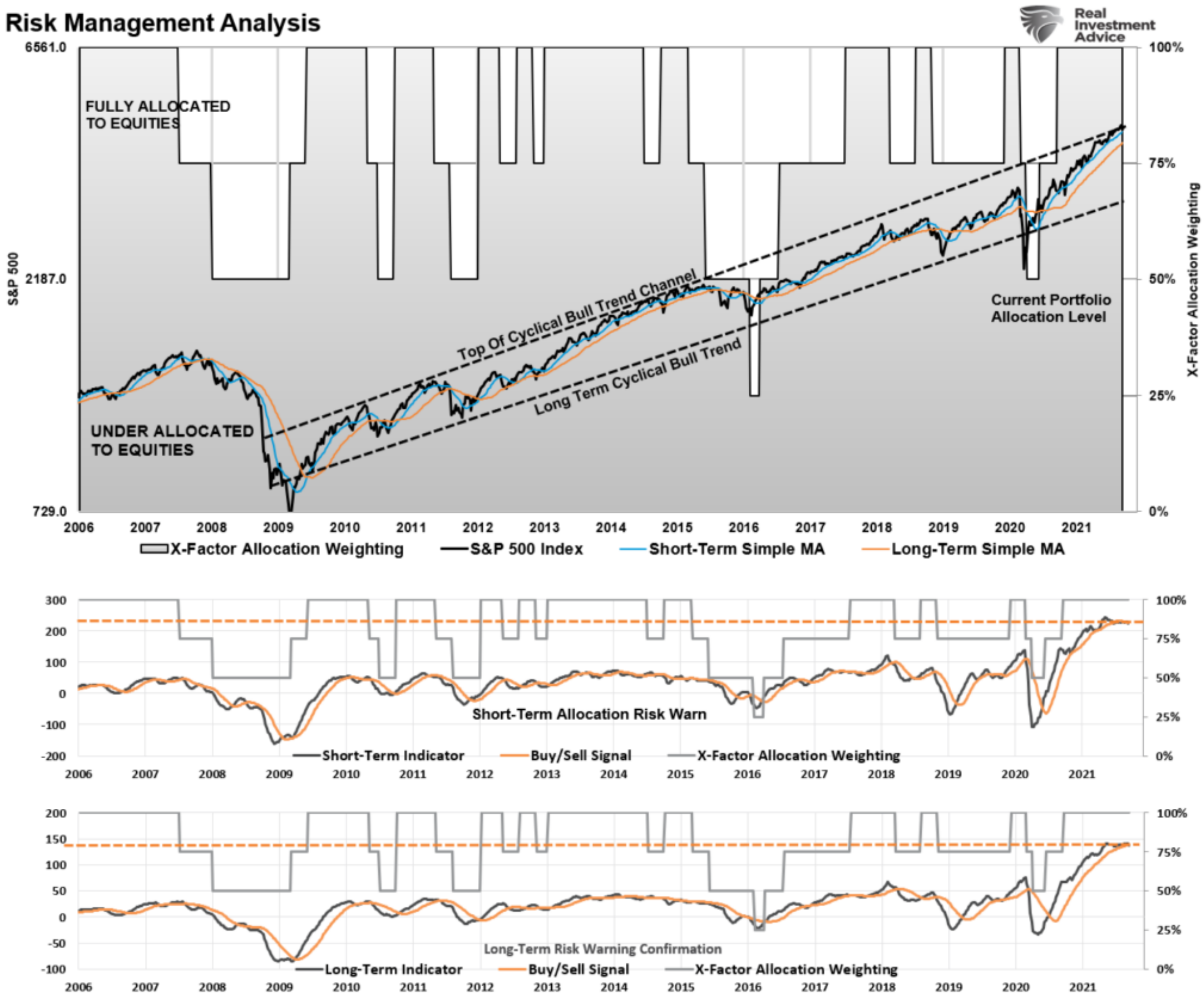
As always, our short-term concern remains the protection of your portfolio. Accordingly, we remain focused on the differentials between underlying fundamentals and market over-valuations.

Lance Roberts, CIO

THE REAL 401k PLAN MANAGER

A Conservative Strategy For Long-Term Investors

Attention: In the next couple of weeks, the 401k plan manager will no longer appear in the newsletter. However, the *link to the website* will remain for your convenience. Be sure to bookmark it in your browser.



Commentary

This past week was a bit rougher for markets than usual. However, while the market did violate its 20-dma, it remains well-entrenched above the 50-dma. Moreover, with the market having sold off every day last week, a rally next week will not be surprising heading into options expiration.

The one thing to watch for is a violation of the 50-dma, which will most likely indicate we are starting a bit larger correction between 5-10%. Given the Fed looks to be aggressively moving towards tapering their balance sheet purchases, we may have seen the peak in the market for now. However, the bullish bias remains very strong, so it is still too early to get overly defensive.

In the meantime, we can take some actions to reduce portfolio risk accordingly. First, continue to move all new contributions to either money market or stable value funds for now. Also, rebalance your equities and bonds back to weightings as equities are likely now out of tolerance.

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

There is no need to be aggressive here.

Model Descriptions

1. Understand your allocation options:

CORE STRATEGY

The core strategy consists of holdings that are based on market fundamentals, valuations, and long-term market trends. These are holding that should be considered "long-term" investments and should primarily track the benchmark index over time. The turnover of the portfolio should be extremely low with the exception of rebalancing periods due to market gyrations.

TACTICAL STRATEGY

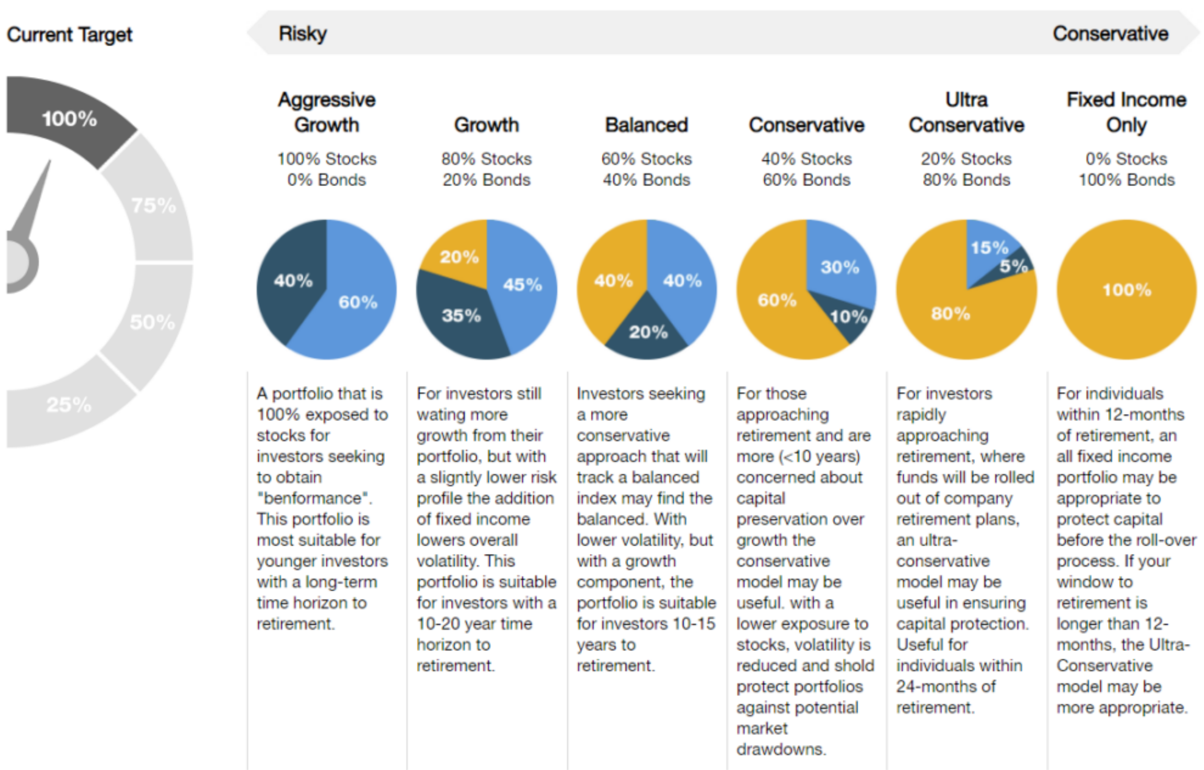
The tactical strategy consists of holdings which based on the short- to intermediate-term trends of the market. As macro-economic, monetary and fiscal policy, and investor psychology impacts markets, the holdings in the tactical strategy will shift to take advantage of market rotations. Importantly, this portion of the portfolio can move to all cash if needed to reduce risk in the event of a market downturn.

FIXED INCOME

The fixed income strategy is designed to both take advantage of changes in interest rate and inflation expectations, but also deliver a lower degree of volatility to the overall portfolio. The primary focus of the fixed-income portfolio is to protect capital, generate income, and lower overall portfolio volatility.

Choose The Model That FIts Your Goals

2. Choose the financial strategy that best fits your retirement goals and let RIA do all the work for you:



Model Allocations

Asset Class						
CORE STRATEGY						
Large Cap Blend (Ex. S&P 500 Index)	25	20	20	15	5	
Large Cap Growth	10	5				
Large Cap Value			5			
Large Cap Dividend			5	10	10	
Mid Cap Growth	10	5				
Mid Cap Value			5	5		
Small Cap Blend	15	15	5			
TACTICAL STRATEGY						
International Growth	5	5	5			
International Value			5	5		
International Blend	5	5				
Emerging Markets	10	5				
Real Estate	10	10	10	5	5	
Commodities	10	10				
FIXED INCOME						
Short Term Core			5	10	20	35
Intermedia Core		10	15	30	30	30
Global Fixed			10	10	15	10
High Yield Bond		10	5			
Inflation Protected			5	10	15	25
CASH						
Retirement Reserves/Stable Value						
5 Year Standard Deviation	15.8	13.1	9.8	6	4.4	3
5 Year Annual Return	16.7	13.8	10.7	7.9	5.8	3.4
5 Year Maximun Drawdown	-34.3	-30.2	-24.5	-16.7	-11.2	-8.2

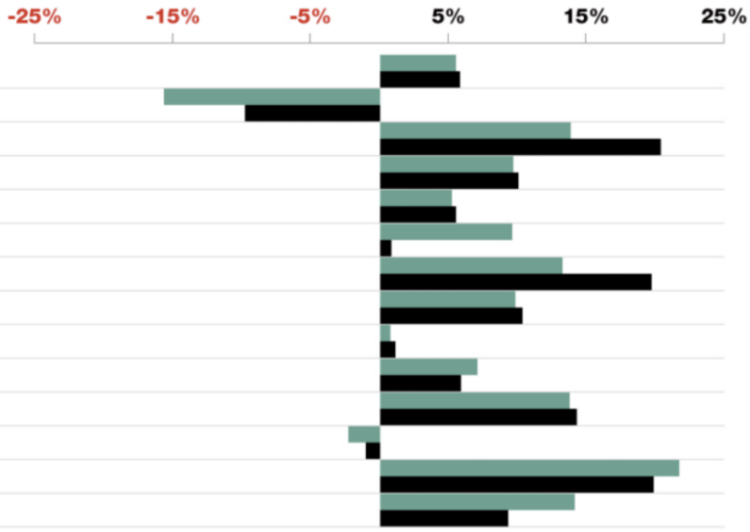
If you need help after reading the alert, do not hesitate to **[contact me](#)**.

Or, let us manage it for you automatically.

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.

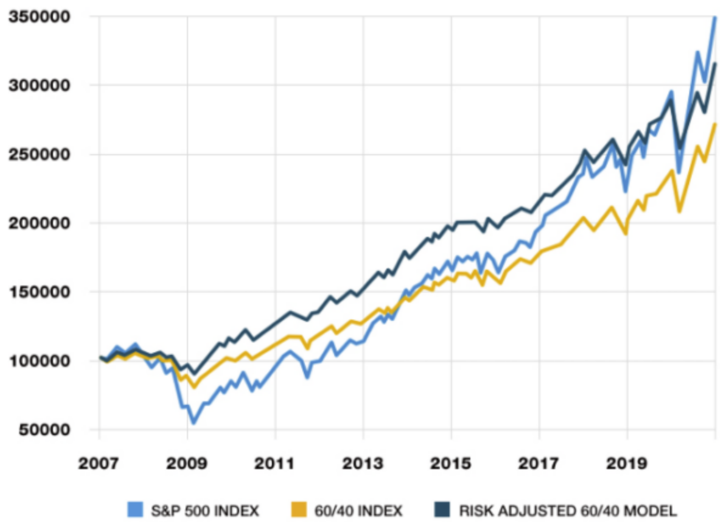
Year	60/40 Benchmark Return	60/40 Model Return
2007	6.16%	6.29%
2008	-16.73%	-9.79%
2009	14.14%	20.13%
2010	10.19%	10.34%
2011	5.11%	5.74%
2012	9.33%	1.00%
2013	13.94%	19.02%
2014	10.04%	10.92%
2015	0.88%	1.67%
2016	7.77%	6.30%
2017	14.12%	14.71%
2018	-2.71%	-1.33%
2019	22.41%	19.77%
2020	14.58%	8.60%



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

60/40 Benchmark vs Risk Adjusted 60/40 Allocation



Have a great week!