



Correction Is Over. Bulls Jump Back Into The Risk Pool.

In this 09-24-21 issue of "Correction Is Over, Bulls Jump Back Into The Risk Pool"


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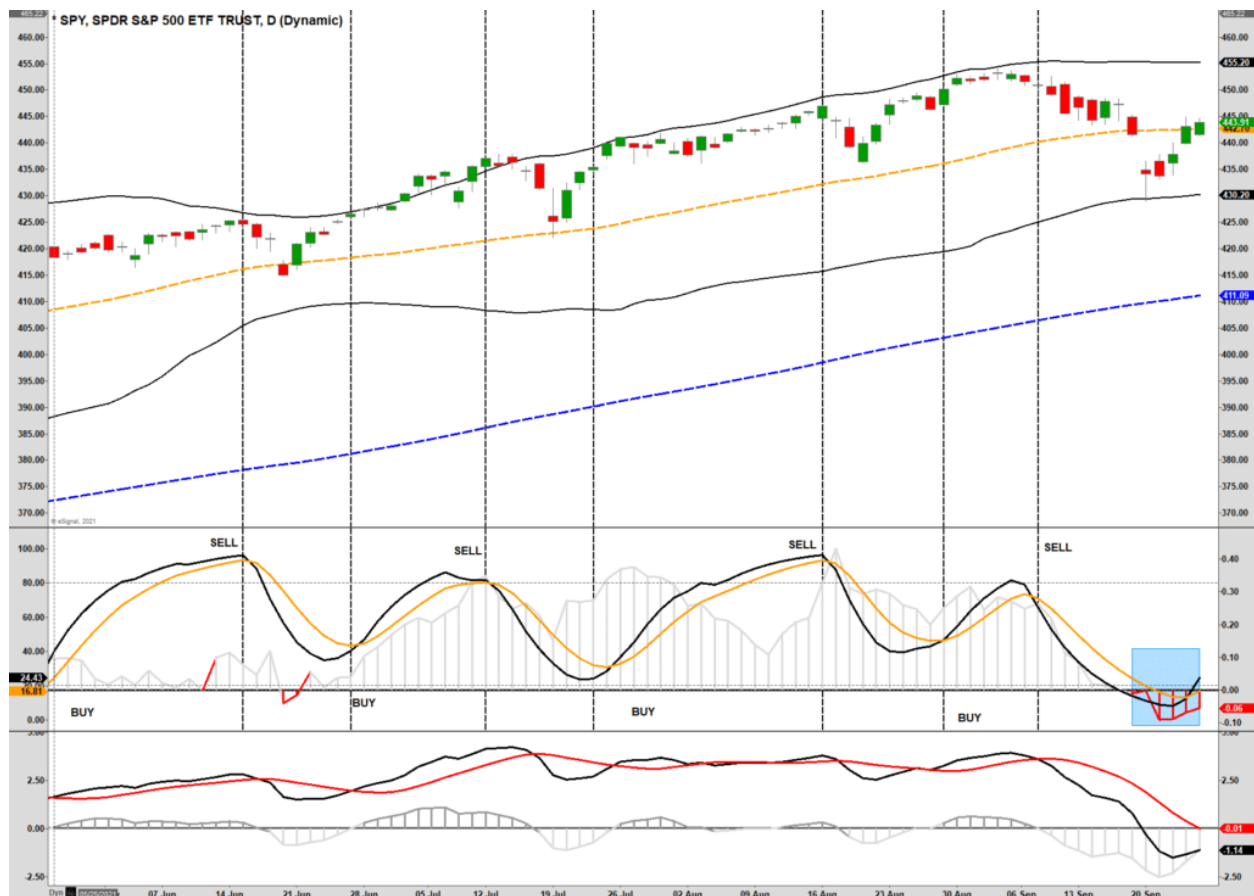


Correction Is Over As Bulls Jump Back Into The "Risk Pool."

As **[noted last week](#)**, retail investors didn't step in right away to buy the dip at the 50-dma. However, they did show up on Monday afternoon and continued to buy through the rest of the week.

"With the market very oversold, a counter-trend bounce next week will not be a surprise. However, if the market fails to hold the 50-dma, the risk of a more substantial correction is likely."

Notably, two essential things occurred this week. The market regained its 50-dma and triggered our [RIAPRO Money Flow](#) "buy" signal. Both suggest that bulls have regained control, and we could see some follow-through buying next week.



Over the past several weeks, in various forms, we discussed our reduction in risk by rebalancing equities, raising cash, and extending our duration in our bond portfolio. To wit:

*"With volatility currently at the lows of its recent range, **a pick-up in volatility would not be surprising.** Over the last 6-months, corrections remain range-bound to the 50-dma which is currently 3% lower than closing levels. **While such a decline is well within the norms of a correction in any given market year, the low levels of volatility will make it 'feel' worse than it is.***

***With money flows continuing to weaken and technical indicators setting up to produce sell signals, we reduced exposure a bit more this week by increasing cash and reducing our financial holdings.** " - August 13th.*

With the markets now deeply oversold on a short-term basis, we deployed some of our cash throughout the week to rebalance the portfolio toward normal allocation levels.

We don't expect a tremendous amount of upside, given the ongoing weakness of market internals, but a retest of previous highs is not out of the question. Particularly since the Fed "threaded the needle."



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The Fed Threads The Needle On Taper

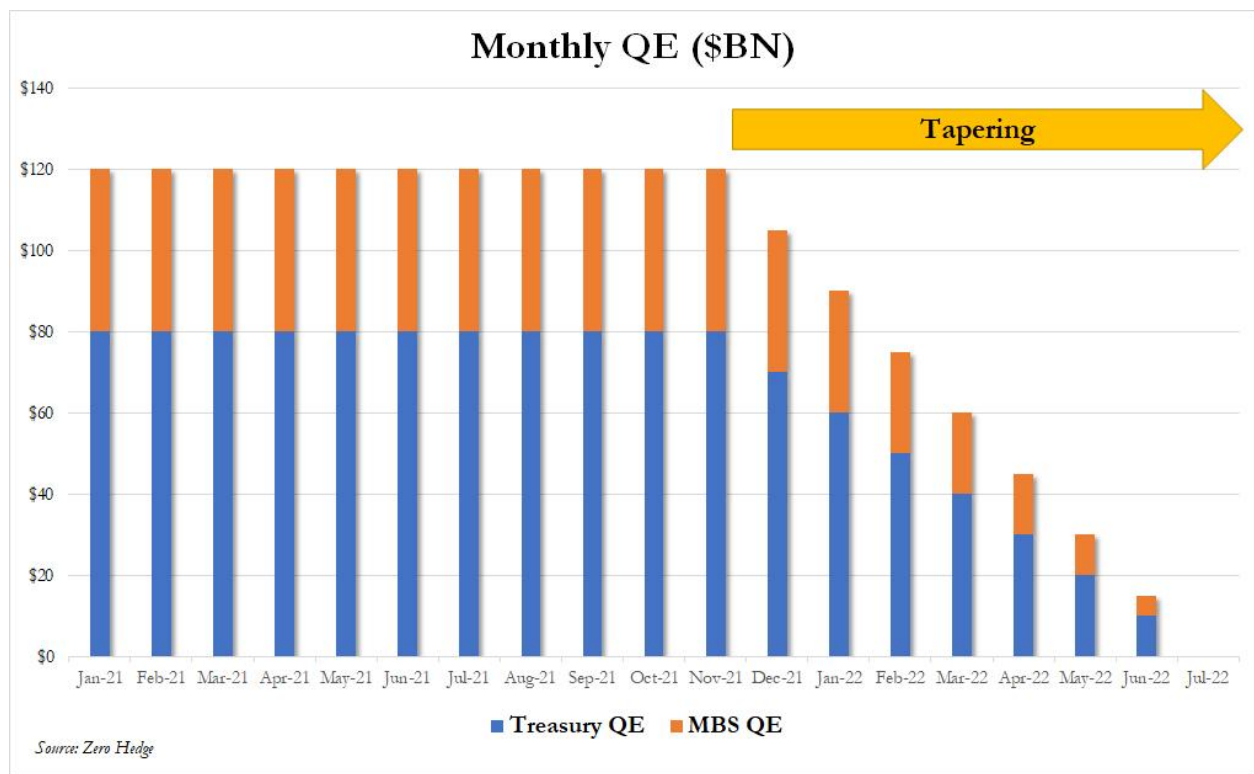
For weeks now, the Fed has been prepping the market for *"taper talk."* Stocks sold off a bit in anticipation of the announcement, effectively *"pricing in"* a mildly hawkish stance. Jerome Powell did not fail to deliver during his press conference by announcing taper with no timeline.

- With respect to progress towards taper, Powell commented, ***?In my own thinking, the test is all but met?.***
- *?I think if the economy continues to progress broadly in line with expectations and the overall situation is appropriate for this, **we could easily move ahead [with taper] by next meeting, or not??***
- Again, with respect to a decision for November taper, *?I don?t need to see a good employment report next month; I just need to see a decent employment report?.* Powell is clearly signaling that Fed is likely to announce taper in November barring an unexpected deterioration in economic conditions.
- Powell commented that it may be appropriate for taper to conclude by mid-2022.
- As expected, Powell **left a back door open in case taper doesn?t go over well.** *?If necessary, we can accelerate or decelerate the taper?.*

As we noted in our Daily Market Commentary ([subscribe for pre-market delivery](#)):

"The Fed has done a decent job of telegraphing when tapering is likely to begin (most market participants believe the announcement will come this year), but more importantly it?s because the asset purchase reductions are likely to be trivial when seen in the context of how large the fixed income markets are today, and how overwhelming the demand for income has become. ? ? Rick Rieder, BlackRock?s CIO of Global Fixed Income

From the market's perspective, a \$15 billion reduction in purchases says the Fed isn't removing the *"punch bowl."* However, as shown in the table below, taper becomes an issue in 2022.



[dmc]

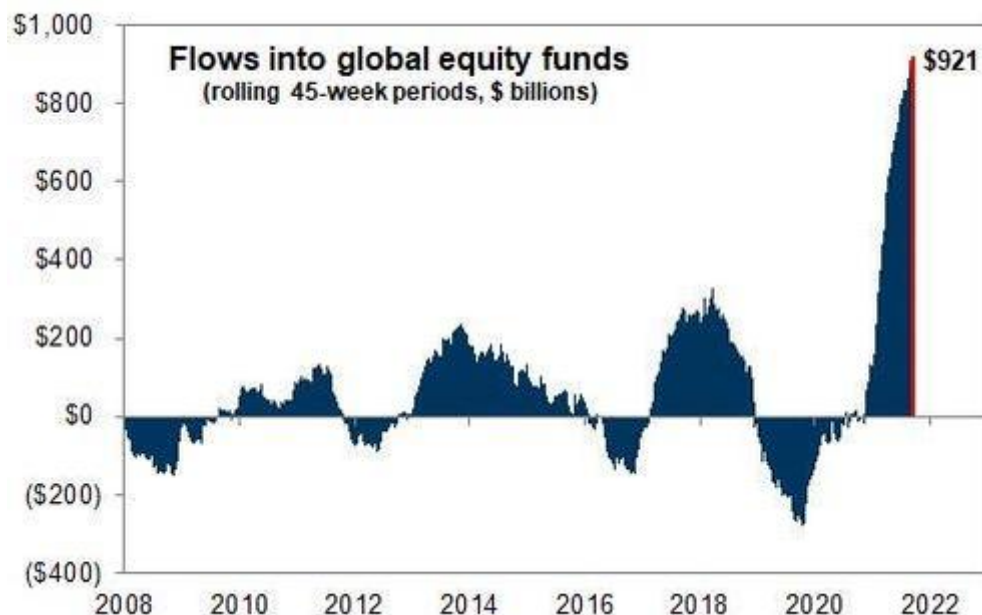
3-Signs Of The Next Bear Market

I previously warned that during the subsequent 5% correction, it would "feel" much worse than it was. However, gauging by the number of emails asking about the "crash," why we weren't heavily short the market, and we were crazy for *"buying"* the recent lows, it is clear sentiment has gotten extremely negative.

The question I received the most was, *"Is this the beginning of a bear market?"*

The answer is **"no."**

Currently, bullish sentiment remains high, global liquidity flows are strong, and stock buybacks are at a record.



While those issues are supportive of stocks currently, they are also dependent on rising asset prices.

So, for investors, there are 3-signs that will signal the next bear market or recession is approaching, requiring a more defensive investment posture.

In Case You Missed It



The Coming “Reversion To The Mean” Of Economic Growth

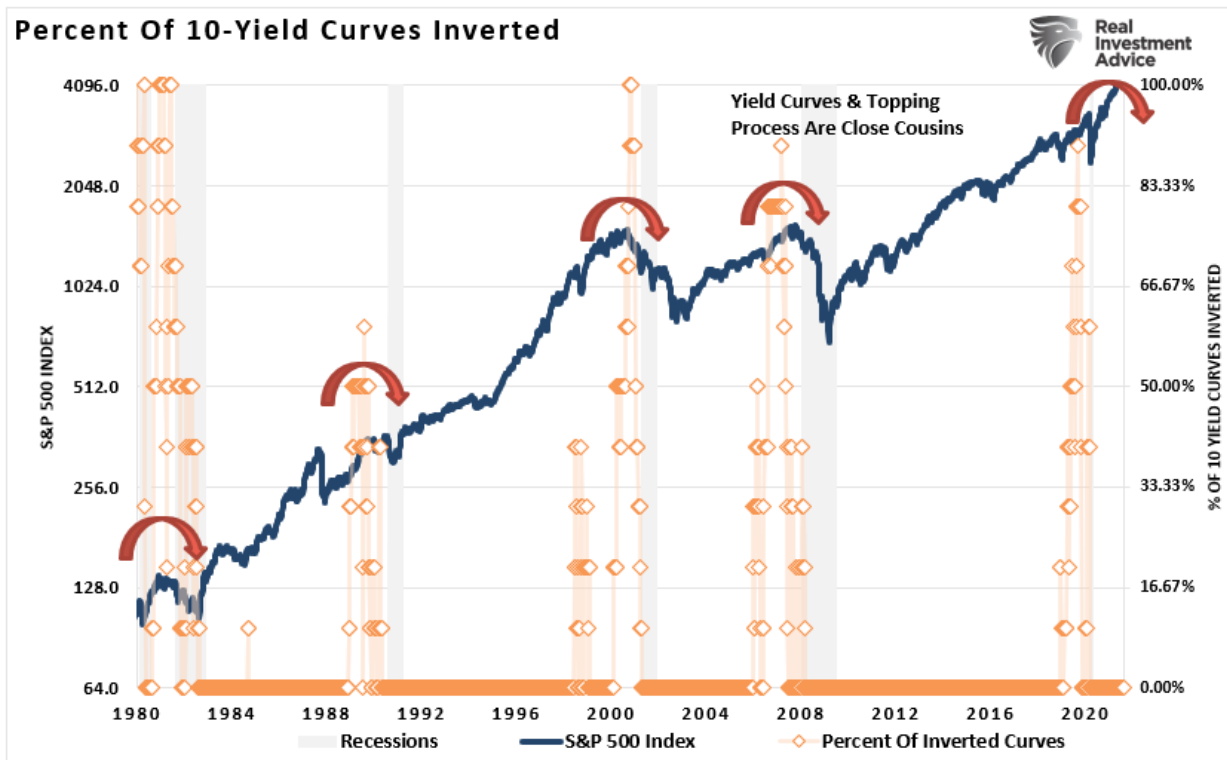
Written by Lance Roberts | Sep 24, 2021

From stimulus boom to income thud, the coming “reversion to the mean” of economic growth is happening faster than economists expected.

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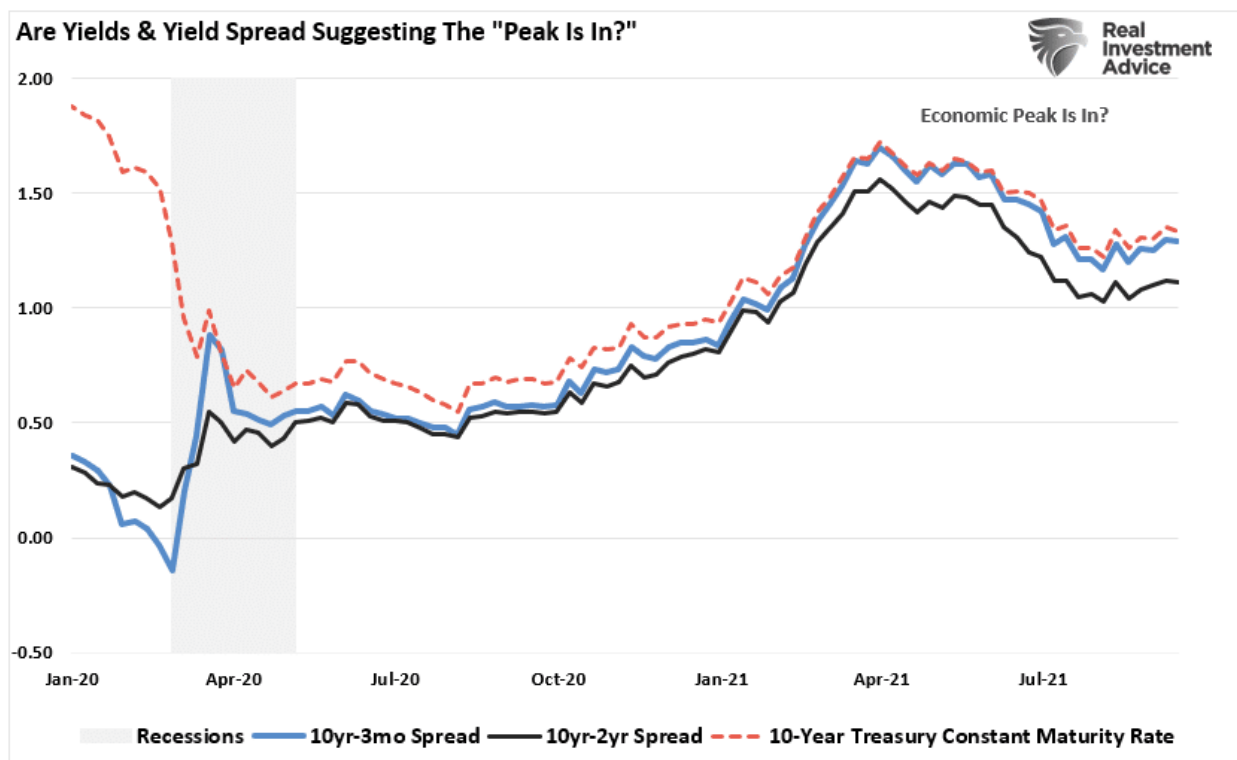
Yield Curve Inversion (Not Yet)

The yield curve is one of the most important indicators for determining when a recession, and a subsequent bear market, approaches. The chart below shows the percentage of yield curves that invert out of 10-possible combinations.



At the moment, given there are no inversions, there is no immediate risk of a recession or *"bear market."*

Historically speaking, from the time yield curves begin to invert, the span to the next recession runs roughly 9-months. However, note that yield curves are currently declining, suggesting economic growth will weaken. If this trend continues, another *"inversion"* would not be a surprise.



Given the strong track record of predicting recessions historically, when the subsequent inversion occurs, the media will quickly dismiss it just as they did in 2019.

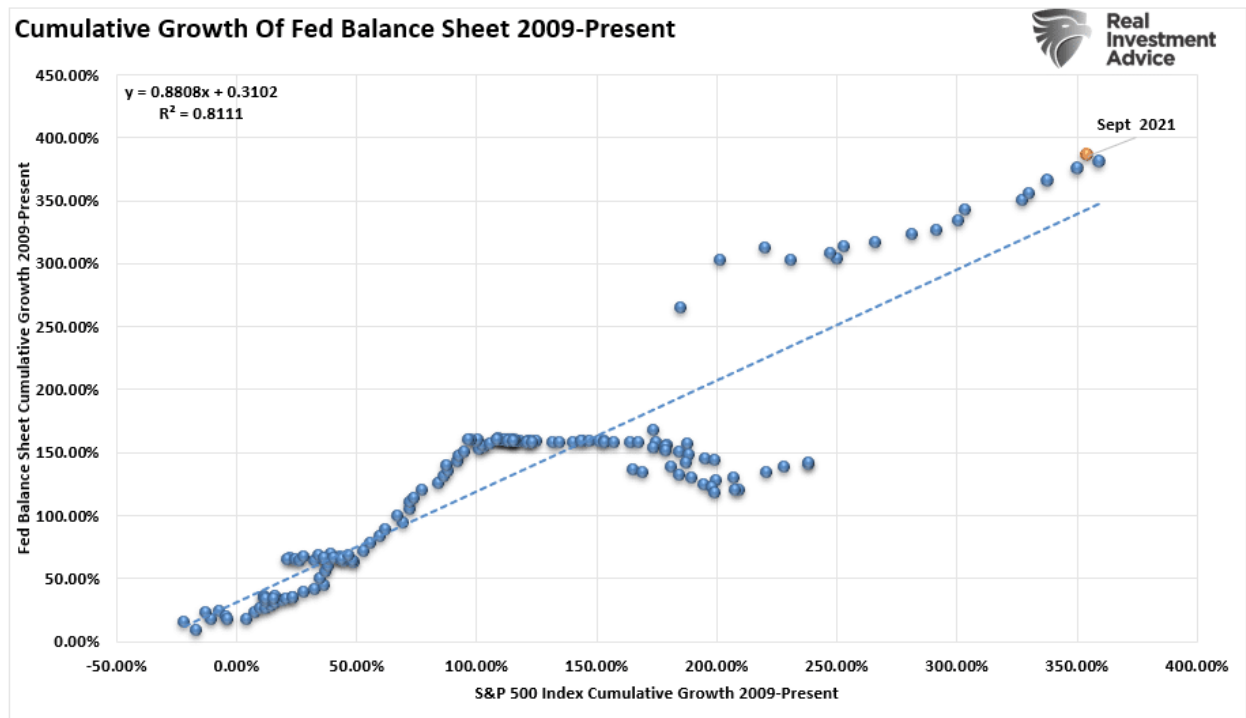
Such would not be a wise thing to do.

Fed Taper (Coming)

The issue of "*tapering*" is not as much about the Fed's actual reduction of bond purchases as it is about psychology.

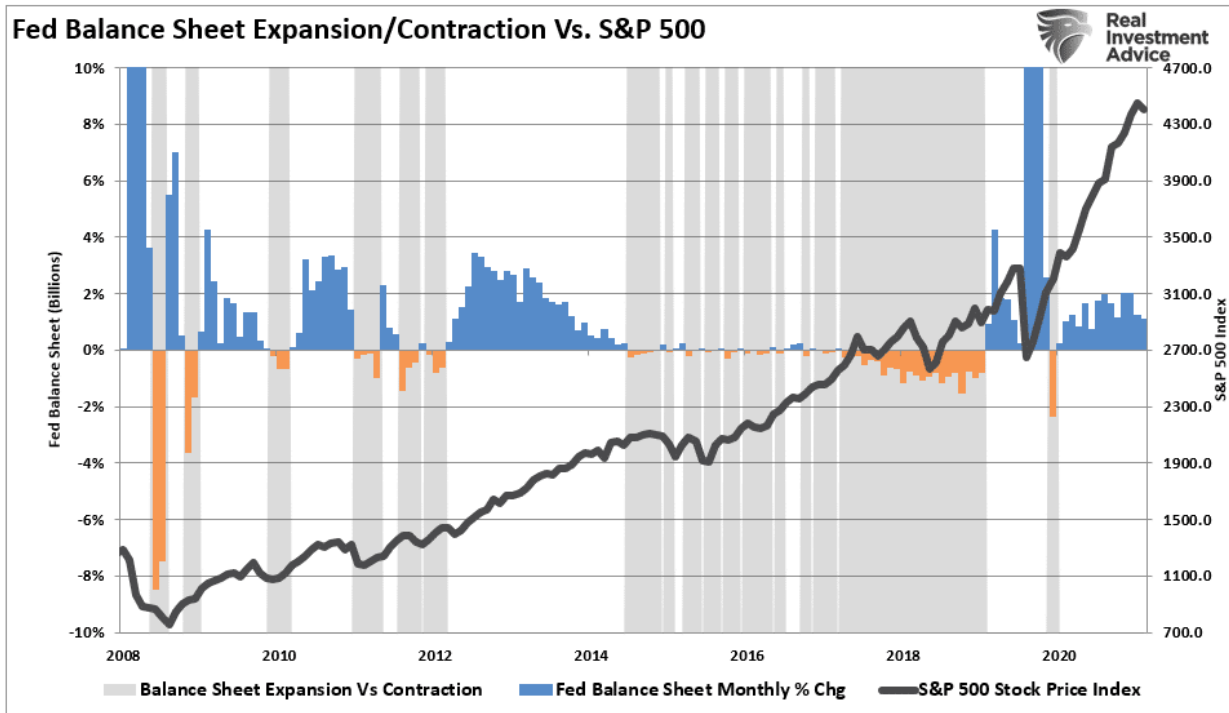
?The key to navigating Quantitative Easing and Fed policy in general is to recognize that their effect on the stock market relies almost entirely on speculative investor psychology. As long as investors get inclined to speculate, they treat zero-interest money as an inferior asset, and they will chase any asset with a yield above zero (or a past record of positive returns). Valuation doesn't matter because investors psychologically rule out the possibility of price declines in the first place.? ? John Hussman

In other words, "*QE*" is a mental formation. Therefore, the only thing that alters the effectiveness of the Fed's monetary policy is investor psychology itself. As shown, there is a very high correlation between the expansion of the Fed's balance sheet and asset price increases.



Whether the correlation is due to liquidity moving into assets through leverage or just the "*psychology*" of the "*Fed Put*," the result is the same.

Therefore, it should also not be surprising that when the Fed starts "*tapering*" their bond purchases, the market tends to witness increased volatility. **The grey shaded bars in the chart below show when the balance sheet is either flat or contracting.**

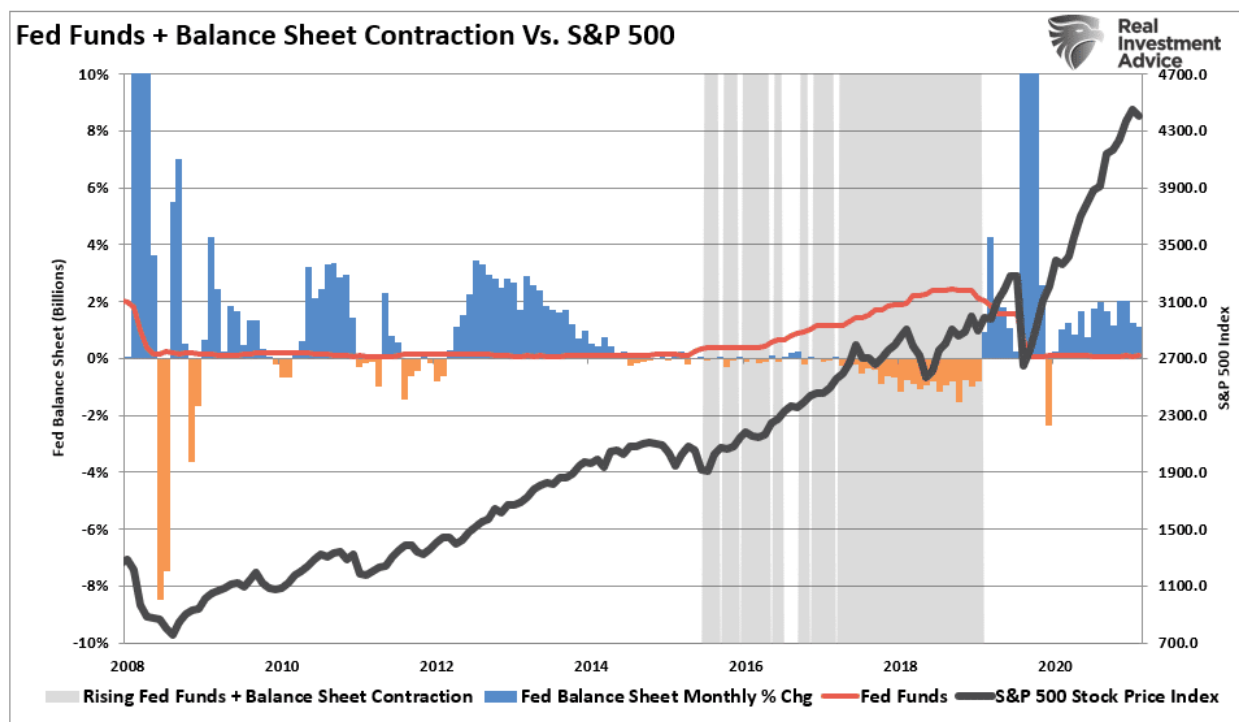


Notably, the period from the **initial tapering of assets and a market correction** is almost immediate.

So far, the Fed is only TALKING about taper. November, however, could be a different story.

Fed Rate Hikes (Not Yet)

The risk of a market correction rises further when the Fed is tapering its balance sheet and increasing the overnight lending rate. **Currently, there is no expectation for rate hikes until late 2022.**



What we now know, after more than a decade of experience, is that when the Fed starts to slow or drain its monetary liquidity, the clock starts ticking to the next corrective cycle.

Once the Fed begins to hike interest rates, market corrections occur quickly, generally within 2-4 quarters. However, recessions and bear markets typically take longer and have been extended due to ongoing interventions. Recent history has moved the median time frame between the first rate hike and the onset of a recession to somewhere between 24 and 36 months.

Investors have several primary indicators to follow to navigate market risk and potential bear markets. While there is currently no indication of a recession or bear market, the Fed starting to "taper" its asset purchases will increase volatility.

Once the Fed begins to hike rates or yield curves start to invert, the time to become much more defensive will become evident.

However, such could all change quickly with the introduction of an exogenous event.

In the meantime, remain invested but don't be lulled into complacency.

Changes in markets always happen slowly, then all at once.

RIA Pro

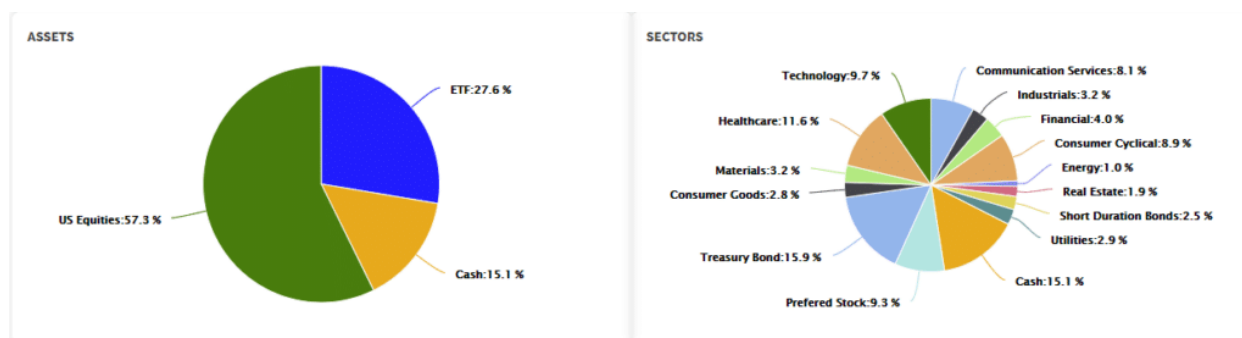
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Portfolio Update

As noted above, we discussed taking profits, increasing duration in our bond portfolios, and holding extra cash during the last several weeks. Such was to reduce our portfolio risk in advance of a market decline.

With that short-term correction now complete, we began putting some of that extra cash to work, increasing our equity exposure from 52% to 57%. As shown below, we increased our weight to utilities, real estate, financials, and technology.



Do we still think there is a longer-term risk to the markets? Absolutely.

However, as discussed many times, our job is to take advantage of markets when a reasonable risk/reward opportunity presents itself. Therefore, we can take advantage of those short-term opportunities without sacrificing our risk management strategies.

Our clients need us to create returns opportunistically to attain their financial goals. As discussed in ["Picking Up Pennies:"](#)

?Our job is to participate in the markets with a bias toward capital preservation.

As noted, the destruction of capital during market declines has the most significant impact on long-term portfolio performance.?

There is little denying we are in a strongly trending bull market, driven by massive amounts of exuberance and liquidity. **As such, we have to keep managing our portfolios for "what is" rather than "what we think it should be."**

I do understand there is a significant risk. Or, as Seth Klarman from Baupost Capital once stated:

?Can we say when it will end? No. Can we say that it will end? Yes. And when it ends and the trend reverses, here is what we can say for sure. Few will be ready. Few will be prepared.?

We are not in the "prediction business."

We are in the "risk management business."



Have a great weekend.

By Lance Roberts, CIO

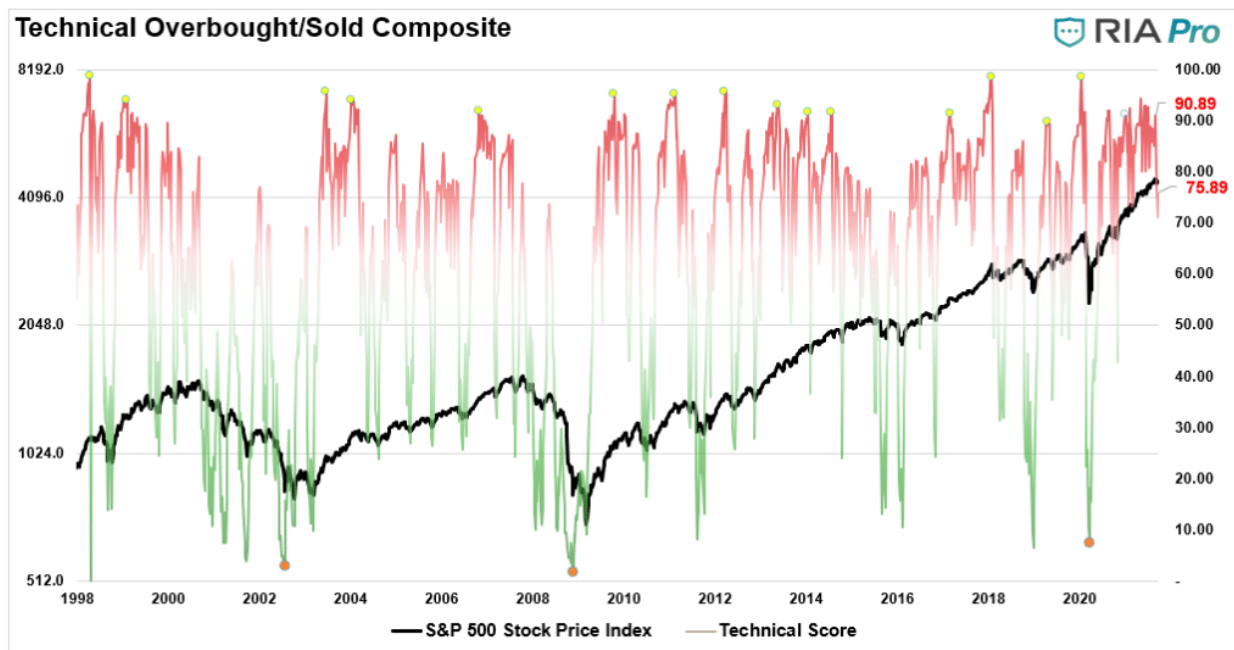
Market & Sector Analysis

Analysis & Stock Screens Exclusively For RIAPro Members

S&P 500 Tear Sheet

3 Month SPY Price  Real Investment Advice										SPY RISK INFO				
										Item	T 2-Yr	T 1-Yr.	YTD	% Diff YTD/T1-YR
										Price Return	50.04%	37.22%	18.73%	(49.68%)
										Max Drawdown	(35.63%)	(8.88%)	(5.65%)	(36.28%)
										Sharpe	0.97	2.99	2.26	(0.24)
										Sortino	1.05	4.18	3.13	(0.25)
										Volatility	25.06	13.60	12.55	(0.08)
										Daily VaR-5%	(12.74)	18.38	7.78	(0.58)
										Mnthly VaR-5%	(3.29)	17.50	22.84	0.31
										S&P 500 Market Cap Analysis				
Item	2 years ago	1 year ago	Current	1 Yr % Change	5 Year High	5 year Low	% From High	% From Low		Item	12-M Ago	Current	% Chg	
Dividend Yield	1.84%	1.50%	1.25%	(20.27%)	2.14%	1.20%	(41.71%)	3.76%		Shares	2,883.4	2,800.3	(2.88%)	
P/E Ratio	18.60	23.40	25.28	7.42%	2735%	1606%	(7.6%)	57.44%		Sales	68,732	74,467	8.34%	
P/S Ratio	3.73	4.38	5.04	13.25%	5.12	3.16	(1.55%)	59.84%		SPS	23.8	26.6	11.56%	
P/B Ratio	4.90	5.85	6.95	15.90%	6.85	4.18	1.51%	66.50%		Earnings	10,526	13,646	29.64%	
ROE	21.96%	20.39%	26.14%	21.99%	26.14%	17.67%	0.00%	47.96%		EPS TTM	4.1	5.3	28.90%	
ROA	4.31%	3.86%	4.68%	17.57%	4.68%	3.51%	0.00%	33.23%		Dividend	1.6	1.6	4.67%	
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	69.77%	2.52%	1.89	42.52	123.62	(302.30)	(65.6%)	4.3%	4.3%	2.39%	3.55	12.55		
Materials	31.57%	2.46%	1.19	20.38	27.12	14.16	(24.9%)	14.3%	1.9%	4.92%	5.57	16.61		
Industrials	32.43%	7.99%	1.19	36.63	54.23	14.69	(32.4%)	13.0%	1.4%	2.74%	6.02	21.62		
Discretionary	32.00%	12.32%	1.35	41.78	60.06	20.97	(30.4%)	30.8%	0.6%	2.42%	6.23	31.09		
Staples	13.26%	5.76%	0.64	22.05	23.01	17.65	(4.2%)	30.8%	2.5%	4.55%	4.60	21.06		
Health Care	29.61%	13.42%	0.77	19.30	19.72	15.28	(2.1%)	31.3%	1.5%	5.17%	8.15	17.91		
Financials	61.33%	11.03%	1.33	14.02	18.48	10.52	(24.1%)	11.4%	1.7%	7.18%	6.74	14.47		
Technology	42.01%	28.01%	1.07	32.45	32.83	16.65	(1.2%)	72.4%	0.8%	3.10%	6.05	28.01		
Telecom	57.33%	11.29%	0.96	26.43	28.18	17.61	(6.2%)	17.7%	0.5%	3.83%	9.45	22.81		
Utilities	12.16%	2.47%	0.42	19.96	22.09	16.35	(9.6%)	10.7%	3.2%	5.00%	3.47	19.88		
Real Estate	36.27%	2.66%	0.95	24.77	25.68	17.12	(3.5%)	8.1%	2.4%	4.00%	4.68	24.06		
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	443.91	2.91%	443.42	2	0.11%	412.46	275	7.63%	7.51%	(2.23%)	38.81%	Buy		
Mid Cap	491.23	3.07%	492.37	2	(0.23%)	477.23	261	2.93%	3.17%	(3.23%)	52.66%	Buy		
Small Cap	95.65	3.69%	95.19	2	0.48%	93.41	3	2.40%	1.91%	(5.24%)	65.20%	Buy		

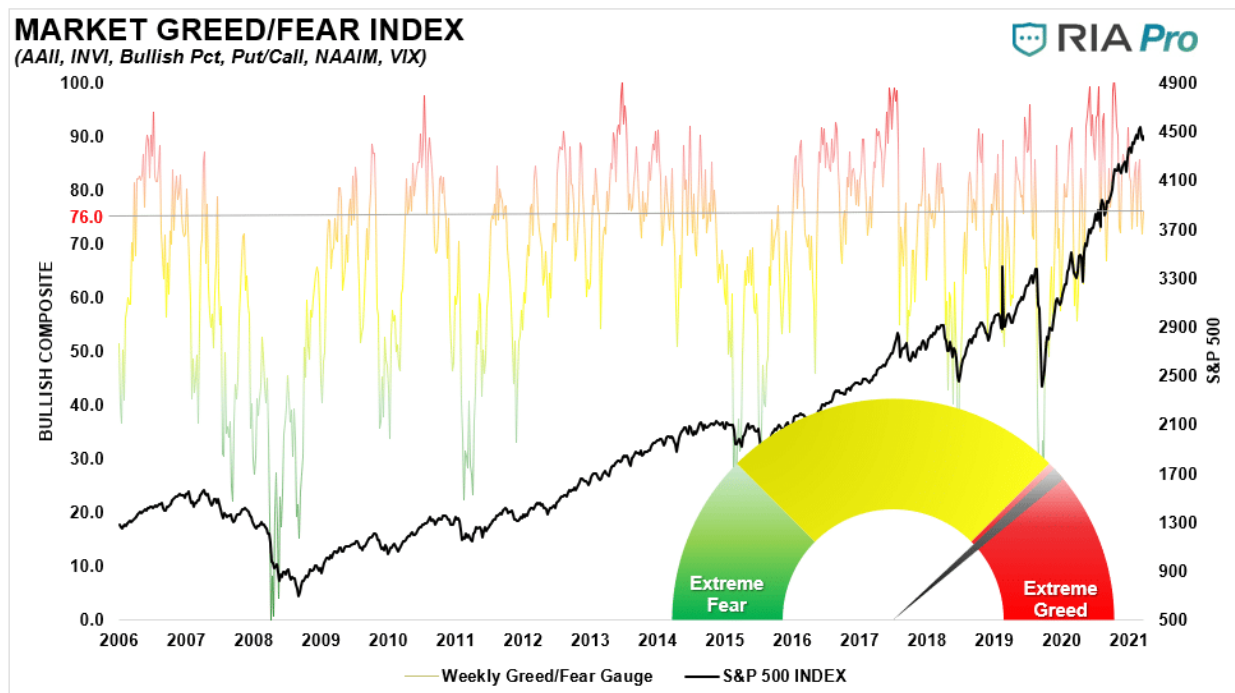
Performance Analysis



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 76.0 out of a possible 100.




Sector Model Analysis & Risk Ranges

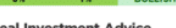
How To Read This Table

- 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	445.74	0.23	(1.43)	2.32	7.93	35.12	442.98	420.70	453.71	0.99	465.05	442.37	1%	6%	BULLISH
XLB	SPDR-MATLS SELS	81.07	(0.55)	(4.25)	(4.50)	(6.66)	(5.33)	83.30	81.77	85.61	1.05	88.65	82.57	-3%	-1%	BULLISH
XLG	SPDR-COMM SV 55	82.45	(1.06)	(1.25)	(1.94)	(0.74)	5.77	82.86	78.46	85.62	0.99	88.61	82.63	0%	5%	BULLISH
XLK	SPDR-EGY SELS	50.90	2.98	4.65	(9.25)	(2.31)	33.53	49.60	50.05	48.40	1.75	50.46	46.34	3%	2%	BEARISH
XLJ	SPDR-FINL SELS	38.22	1.48	(0.57)	1.15	0.80	27.59	37.34	35.93	38.40	1.20	39.82	36.98	0%	6%	BULLISH
XLK	SPDR-TECH SELS	156.71	0.56	0.61	2.25	2.61	2.42	154.17	143.49	158.86	1.03	164.47	153.25	2%	5%	BULLISH
XLJ	SPDR-INDU SELS	100.85	0.29	(2.45)	(4.68)	(7.59)	(3.27)	102.92	100.23	104.51	1.19	108.36	100.66	-2%	1%	BULLISH
XLK	SPDR-CONS STPL	70.62	(1.26)	(0.19)	(1.33)	(5.47)	(23.10)	71.31	69.41	72.26	0.83	74.52	70.00	-1%	2%	BULLISH
XLRE	SPDR-RE SELS	45.91	(2.23)	(0.54)	0.34	5.88	(2.70)	46.48	43.04	47.68	0.89	49.20	46.16	-1%	7%	BULLISH
XLU	SPDR-UTIL SELS	65.14	(2.12)	(3.51)	(0.57)	(7.44)	(24.19)	66.87	65.12	68.54	0.36	70.50	66.58	-3%	0%	BULLISH
XLV	SPDR-HLTH CR	131.98	(0.99)	(0.54)	0.56	3.96	(7.01)	132.12	124.20	135.21	0.76	139.62	130.80	0%	6%	BULLISH
XTN	SPDR-CONS DISCR	184.90	0.20	3.11	(0.24)	(2.86)	(6.65)	181.49	174.89	183.65	1.13	190.32	176.98	2%	6%	BULLISH
XTN	SPDR-SP TRANSP	88.24	2.56	2.85	0.61	(9.11)	17.17	84.65	85.58	85.91	1.38	89.24	82.58	4%	3%	BEARISH
SDY	SPDR-SP DIV ETF	119.05	(0.08)	(3.09)	(5.58)	(8.46)	(4.43)	122.72	120.78	124.73	0.91	128.98	120.48	-3%	-1%	BULLISH
RSP	INVS-SP5 EQ ETF	153.80	0.27	(0.34)	(1.29)	(1.96)	9.44	153.09	147.43	156.30	1.12	161.95	150.65	0%	4%	BULLISH
SLY	SPDR-SP6 SC	95.65	0.64	(0.79)	(4.05)	(7.14)	25.88	95.38	95.15	97.31	1.25	100.96	93.66	0%	1%	BULLISH
MDY	SPDR-SP MC 400	491.23	0.85	(1.29)	(2.82)	(6.96)	13.40	491.57	485.15	502.28	1.18	520.79	483.77	0%	1%	BULLISH
EEM	ISHARS-EMG MKT	50.78	(1.38)	(0.14)	(9.62)	(13.11)	(16.86)	52.37	53.71	52.41	0.79	54.13	50.69	-3%	-5%	BEARISH
EFA	ISHARS-EAFE	80.30	(0.48)	0.93	(1.11)	(4.97)	(7.82)	80.07	78.70	80.64	0.83	83.33	77.95	0%	2%	BULLISH
IAU	ISHARS-GOLD TR	33.25	(0.50)	(2.53)	(4.64)	(7.84)	(41.57)	34.12	34.16	34.53	0.08	35.42	33.64	-3%	-3%	BEARISH
GDX	VANECK-GOLD MNR	29.68	(3.17)	(7.56)	(16.09)	(22.47)	(57.87)	32.88	34.35	32.60	0.66	33.63	31.57	-10%	-14%	BEARISH
UUP	INVS-DB US\$ BU	25.05	(0.11)	2.07	(1.31)	(6.97)	(37.08)	24.90	24.67	24.89	(0.11)	25.48	24.30	1%	2%	BULLISH
BOND	PIMCO-TOT RETRN	110.98	(0.62)	0.91	(2.21)	(8.89)	(36.31)	111.51	110.89	111.67	0.08	114.55	108.79	0%	0%	BULLISH
TLT	ISHARS-20+YTB	148.91	(1.74)	(0.28)	(1.03)	(1.10)	(46.15)	148.45	143.36	148.83	(0.25)	152.18	145.48	-1%	2%	BULLISH
BNDX	VANGD-TTL INT B	57.14	(0.58)	0.25	(2.44)	(7.99)	(36.94)	57.64	57.35	57.62	0.03	59.08	56.16	-1%	0%	BULLISH
HYG	ISHARS-IBX HYCB	87.91	(0.33)	1.37	(2.49)	(7.12)	(29.14)	87.74	87.36	88.09	0.37	90.62	85.56	0%	1%	BULLISH

RIA Pro

RISK RANGE REPORT

Real Investment Advice



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	141.11	19.35	9.14	0.68	22.87	9.00
IDXX	Idexx Labs Inc	682.58	19.92	11.36	0.00	81.36	9.00
WAT	Waters Corp	402.11	9.39	2.76	0.00	37.58	9.00
ADI	Analog Devices	177.23	9.67	9.40	1.56	28.86	8.00
AMD	Adv Micro Dev	106.15	44.60	22.18	0.00	57.38	8.00
CMG	Chipotle Mexican	1944.05	20.00	11.35	0.00	96.91	8.00
DE	Deere & Co	351.50	21.19	8.92	1.02	20.36	8.00
DHR	Danaher Corp	325.03	13.65	4.66	0.26	37.02	8.00
HCA	Hca Holdings	255.53	11.10	5.70	0.75	17.55	8.00
IT	Gartner Inc -A	324.25	13.50	13.17	0.00	48.11	8.00
KEYS	Keysight Tech	179.75	11.51	11.13	0.00	32.39	8.00
KLAC	Kla Corp	370.98	16.17	17.67	1.13	25.50	8.00
MCO	Moody's Corp	376.92	10.00	10.11	0.66	31.73	8.00
MSFT	Microsoft Corp	299.56	11.09	15.85	0.75	37.59	8.00
NXPI	Nxp Semiconduct	216.35	10.00	-0.89	1.04	27.49	8.00
QRVO	Qorvo Inc	174.12	12.72	6.56	0.00	16.77	8.00
WMT	Walmart Inc	142.77	5.50	3.36	1.54	23.03	8.00
WST	West Pharm Svc	455.22	27.26	9.85	0.15	65.03	8.00
AAPL	Apple Inc	146.83	12.50	8.26	0.60	28.73	7.00
APH	Amphenol Corp-A	77.04	12.58	8.72	0.75	34.39	7.00
BRK.B	Berkshire Hth-B	278.12	7.00	2.37	0.00	26.64	7.00
CBRE	Cbre Group Inc	96.05	11.00	18.03	0.00	21.83	7.00
CDNS	Cadence Design	163.10	11.68	10.29	0.00	63.22	7.00
EXR	Extra Space Stg	177.20	8.30	8.24	2.82	29.88	7.00
FLT	Fleetcor Tech	264.52	15.04	6.65	0.00	23.51	7.00
MMC	Marsh & McLennan	158.53	12.52	7.49	1.35	27.57	7.00
ORLY	O Reilly Auto	626.33	14.15	8.04	0.00	22.48	7.00
RSG	Republic Svcs	124.58	10.62	1.92	1.36	30.99	7.00
AIG	Gallagher Arthu	152.26	10.57	6.21	1.26	29.57	6.00
ALGN	Align Tech Inc	727.11	26.56	24.74	0.00	82.81	6.00
AZO	Autozone Inc	1687.79	11.41	5.29	0.00	17.63	6.00
COST	Costco Whole Cp	452.78	9.29	9.52	0.70	40.87	6.00
GPN	Global Payments	163.98	18.69	21.02	0.61	23.29	6.00
GRMN	Garmin Ltd	171.81	6.80	9.55	1.56	27.85	6.00
MCHP	Microchip Tech	165.17	16.18	14.60	1.06	26.47	6.00
NVDA	Nvidia Corp	224.82	19.54	21.67	0.07	76.99	6.00
PAYC	Paycom Software	511.26	25.00	26.62	0.00	177.52	6.00
KR	Kroger Co	40.18	8.91	2.86	2.09	11.45	5.00
PTC	Ptc Inc	123.84	23.15	8.10	0.00	50.75	5.00
JKHY	Jack Henry Assc	170.37	11.00	5.27	1.08	41.35	4.00

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	18.83	1.17	11.49	9.56	9
LOMA	Loma Negra Cia	7.05	1.37	20.61	3.61	9
BABB	Bab Inc	0.76	1.87	14.73	5.29	8
CAG	Conagra Brands	33.19	1.85	17.78	3.77	8
CATY	Cathay Genl Bcp	40.23	1.31	11.21	3.08	8
ETRN	Equitrans Midst	9.75	1.16	14.90	6.15	8
SAFT	Safety Ins Grp	78.43	1.28	11.56	4.59	8
UBCP	Utd Bancorp -Oh	14.51	1.25	10.50	4.07	8
WSBF	Waterstone Finl	20.02	1.17	10.38	4.00	8
AGNC	Agnc Investment	16.22	0.93	13.02	8.88	7
AROW	Arrow Finl Corp	33.43	1.52	12.66	3.02	7
BACHY	Bank China Ltd	8.73	0.30	10.44	7.32	7
BTG	B2Gold Corp	3.46	1.33	10.82	4.62	7
CAC	Camden Ntl Corp	47.06	1.29	11.63	3.06	7
CFFI	C&F Finl Cp	51.74	0.94	11.14	3.09	7
CGBD	Tcg Bdc Inc	13.87	0.87	10.48	9.23	7
CMTV	Commnty Bcp Vt	19.72	1.33	13.16	4.46	7
CZFS	Citizens Fin Sv	61.50	1.19	12.48	3.06	7
FAF	First Amer Finl	66.85	1.39	14.09	3.05	7
FFBC	First Fin Bc-Oh	22.67	0.97	10.08	4.06	7
FLIC	First Long Is	20.17	1.15	10.80	3.77	7
FLMN	Falcon Minerals	4.57	1.79	45.19	13.13	7
FNLC	First Bancp Inc	28.64	1.34	11.91	4.47	7
HPE	Hewlett Pkd Ent	13.44	1.03	10.34	3.57	7
IBCP	Indep Bk Mich	20.95	1.15	12.51	4.01	7
MBWM	Mercantile Bank	30.70	1.08	10.23	3.91	7
MTB	M&T Bank Corp	141.95	1.18	11.24	3.10	7
NBTB	Nbt Bancorp Inc	34.62	1.23	10.04	3.24	7
NHTC	Natural Hlth Tr	7.11	1.28	29.61	11.25	7
NL	NI Inds Inc	5.91	0.80	12.15	4.06	7
NLY	Annaly Cap Mgmt	8.86	1.06	12.12	9.93	7
NRIM	Northrim Bcp	40.90	1.07	10.80	3.72	7
PFG	Principal Finl	64.22	1.06	11.82	3.92	7
SNV	Synovus Finl Cp	41.82	1.32	11.85	3.16	7
TRTN	Triton Intl Ltd	51.19	1.59	13.46	4.45	7
TWO	Two Harbors Inv	6.60	1.01	11.60	10.30	7
UGI	Ugi Corp	42.65	1.82	11.77	3.24	7
UVE	Univl Insur Hld	12.87	0.84	17.31	4.97	7
WAYN	Wayne Svgs Bcsh	25.59	1.18	10.51	3.28	7
WBA	Walgreens Bai	48.46	1.85	19.91	3.94	7
WBS	Webster Finl Cp	50.89	1.45	10.90	3.14	7
WTBA	West Bancorp	29.10	1.95	14.99	3.30	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	682.58	19.92	11.36	-	81.36	9.00
AMAT	Appld Matls Inc	141.11	19.35	9.14	0.68	22.87	9.00
AMD	Adv Micro Dev	106.15	44.60	22.18	-	57.38	8.00
WST	West Pharm Svc	455.22	27.26	9.85	0.15	65.03	8.00
DE	Deere & Co	351.50	21.19	8.92	1.02	20.36	8.00
CMG	Chipotle Mexicn	1,944.05	20.00	11.35	-	96.91	8.00
KLAC	Kla Corp	370.98	16.17	17.67	1.13	25.50	8.00
DHR	Danaher Corp	325.03	13.65	4.66	0.26	37.02	8.00
IT	Gartner Inc -A	324.25	13.50	13.17	-	48.11	8.00
QRVO	Qorvo Inc	174.12	12.72	6.56	-	16.77	8.00
KEYS	Keysight Tech	179.75	11.51	11.13	-	32.39	8.00
HCA	Hca Holdings	255.53	11.10	5.70	0.75	17.55	8.00
MSFT	Microsoft Corp	299.56	11.09	15.85	0.75	37.59	8.00
FLT	Fleetcor Tech	264.52	15.04	6.65	-	23.51	7.00
ORLY	O Reilly Auto	626.33	14.15	8.04	-	22.48	7.00
APH	Amphenol Corp-A	77.04	12.58	8.72	0.75	34.39	7.00
MMC	Marsh & McLennan	158.53	12.52	7.49	1.35	27.57	7.00
AAPL	Apple Inc	146.83	12.50	8.26	0.60	28.73	7.00
CDNS	Cadence Design	163.10	11.68	10.29	-	63.22	7.00
CBRE	Cbre Group Inc	96.05	11.00	18.03	-	21.83	7.00
RSG	Republic Svcs	124.58	10.62	1.92	1.36	30.99	7.00
ALGN	Align Tech Inc	727.11	26.56	24.74	-	82.81	6.00
PAYC	Paycom Software	511.26	25.00	26.62	-	177.52	6.00
NVDA	Nvidia Corp	224.82	19.54	21.67	0.07	76.99	6.00
GPV	Global Payments	163.98	18.69	21.02	0.61	23.29	6.00
MCHP	Microchip Tech	165.17	16.18	14.60	1.06	26.47	6.00
AZO	Autozone Inc	1,687.79	11.41	5.29	-	17.63	6.00
AJG	Gallagher Arthu	152.26	10.57	6.21	1.26	29.57	6.00
PTC	Ptc Inc	123.84	23.15	8.10	-	50.75	5.00
JKHY	Jack Henry Assc	170.37	11.00	5.27	1.08	41.35	4.00

Aggressive Growth Strategy

Ticker	Company	Current Price	Next 3-5 Yr Est EPS Gr rate	5 yr Hist Sales Gr	Div Yield	P/E F1/ LT EPS Gr	Score
IDXX	Idexx Labs Inc	682.58	19.92	11.36	-	4.10	9
ADI	Analog Devices	177.23	9.67	9.40	1.56	2.86	8
MANH	Manhattan Asoc	160.14	#N/A	0.40	-	#N/A	8
MCO	Moodys Corp	376.92	10.00	10.11	0.66	3.18	8
MSFT	Microsoft Corp	299.56	11.09	15.85	0.75	3.12	8
STAA	Staar Surgical	147.36	#N/A	21.32	-	#N/A	8
WST	West Pharm Svc	455.22	27.26	9.85	0.15	2.03	8
AZPN	Aspen Tech Inc	125.31	7.33	9.14	-	3.80	7
CDNS	Cadence Design	163.10	11.68	10.29	-	5.55	7
EXR	Extra Space Stg	177.20	8.30	8.24	2.82	3.25	7
LSI	Life Storage	119.69	3.63	7.03	2.47	6.83	7
NSA	Natl Storage	56.19	10.99	20.89	2.92	2.38	7
ALGN	Align Tech Inc	727.11	26.56	24.74	-	3.01	6
CPRT	Copart Inc	145.85	#N/A	14.92	-	#N/A	6
NVDA	Nvidia Corp	224.82	19.54	21.67	0.07	3.22	6
PAYC	Paycom Software	511.26	25.00	26.62	-	6.48	6
POWI	Power Integratio	106.54	#N/A	6.04	0.49	#N/A	6
REG	Regency Ctrs Cp	68.28	9.48	10.70	3.49	1.90	6
RGEN	Repligen	324.21	#N/A	38.99	-	#N/A	6
TWTR	Twitter Inc	66.69	#N/A	12.46	-	#N/A	6
CGNX	Cognex Corp	88.96	#N/A	9.35	0.27	#N/A	5
JYNT	Joint Corp/The	105.98	#N/A	32.25	-	#N/A	5
MRNA	Moderna Inc	454.60	29.15	344.64	-	0.53	5
QLYS	Qualys Inc	119.76	#N/A	16.53	-	#N/A	5
SPSC	Sps Commerce	164.73	#N/A	13.13	-	#N/A	5
CELH	Celsius Holding	96.98	#N/A	54.65	-	#N/A	4
CPT	Camden Pty Tr	151.10	1.76	4.90	2.20	16.27	4
FRT	Fed Rlty Inv	119.46	7.47	1.67	3.58	3.11	4
HSKA	Heska Corp	266.83	#N/A	9.52	-	#N/A	4
MSEX	Middlesex Water	105.16	#N/A	1.67	1.04	#N/A	4
MSTR	Microstrategy	616.57	#N/A	(1.33)	-	#N/A	4
PGNY	Progyny Inc	63.48	#N/A	#N/A	-	#N/A	4
PLMR	Palomar Holdngs	85.00	#N/A	52.37	-	#N/A	4
TTGT	Techtarget	89.56	#N/A	11.14	-	#N/A	4
TYL	Tyler Tech Inc	482.43	#N/A	11.49	-	#N/A	4
EQR	Equity Resident	82.43	3.73	1.42	2.92	7.60	3

Portfolio / Client Update

Finally, after weeks of warning about it, the market completed a 5% correction from peak to trough. As noted last week, the good news is the portfolio models withstood correction with minor damage. As discussed below, we are now using our increased cash levels to buy into holdings we trimmed back previously.

With the Federal Reserve announcement now behind us, and markets regaining the 50-dma, the market is set to regain previous levels over the next week. Thus, with the last quarter of the year approaching, bias should remain to the upside, although somewhat limited.

High valuations and slowing earnings growth will likely put a cap on the market's advance through year-end. As such, we will likely become a bit more proactive in trimming gains, and harvesting losses, to prepare portfolios for potential rate hikes in 2022.

For now, there seems to be a reduced risk in the market with the Fed remaining accommodative. The one thing we can not hedge for is an exogenous event which is always a risk. However, we are

confident our portfolio can withstand an initial shock which will provide the time necessary for us to derisk as needed.

We continue to monitor our portfolios closely. However, if you have any questions, do not hesitate to contact us.

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 ***

"The Federal Reserve did exactly as expected yesterday and threaded the needle well on putting ?taper on the table? and assuring markets the 'punch bowl' wasn?t being taken away just yet.

With stocks deeply oversold on a short-term basis, as noted yesterday, and the threat of ?taper? largely baked into the recent decline, there is a decent entry point for traders to add exposure near term." - 09/23/21

Equity Model:

- Add 1% to GS and MSFT bring exposure to 2% each.
- Add 1% to GOOG bring model exposure to 3%. (It is 4% in equity portfolio due to price of shares.)

ETF Model

- Add 1% to XLF bringing exposure to 3%
- Add 2% to XLK bringing exposure to 10.5%.

"After finally getting a bit of a sell-off to work off the overbought condition, we are beginning to look for opportunities to increase equity exposures in portfolios as we head into year-end.

With this backdrop we are beginning to add exposure to portfolios starting with defensive positioning first, to hedge against short-term volatility, and then we will move into more momentum names as markets improve." - 09/21/21

Equity Model:

- Add 1% to NEE bringing exposure to 2%
- Add 1% to PSA bringing exposure to 2%

ETF Model

- Add 1% to XLU bringing exposure to 3%
- Add 1% to XLRE bringing exposure to 3%.

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.

THE REAL 401k PLAN MANAGER

A Conservative Strategy For Long-Term Investors



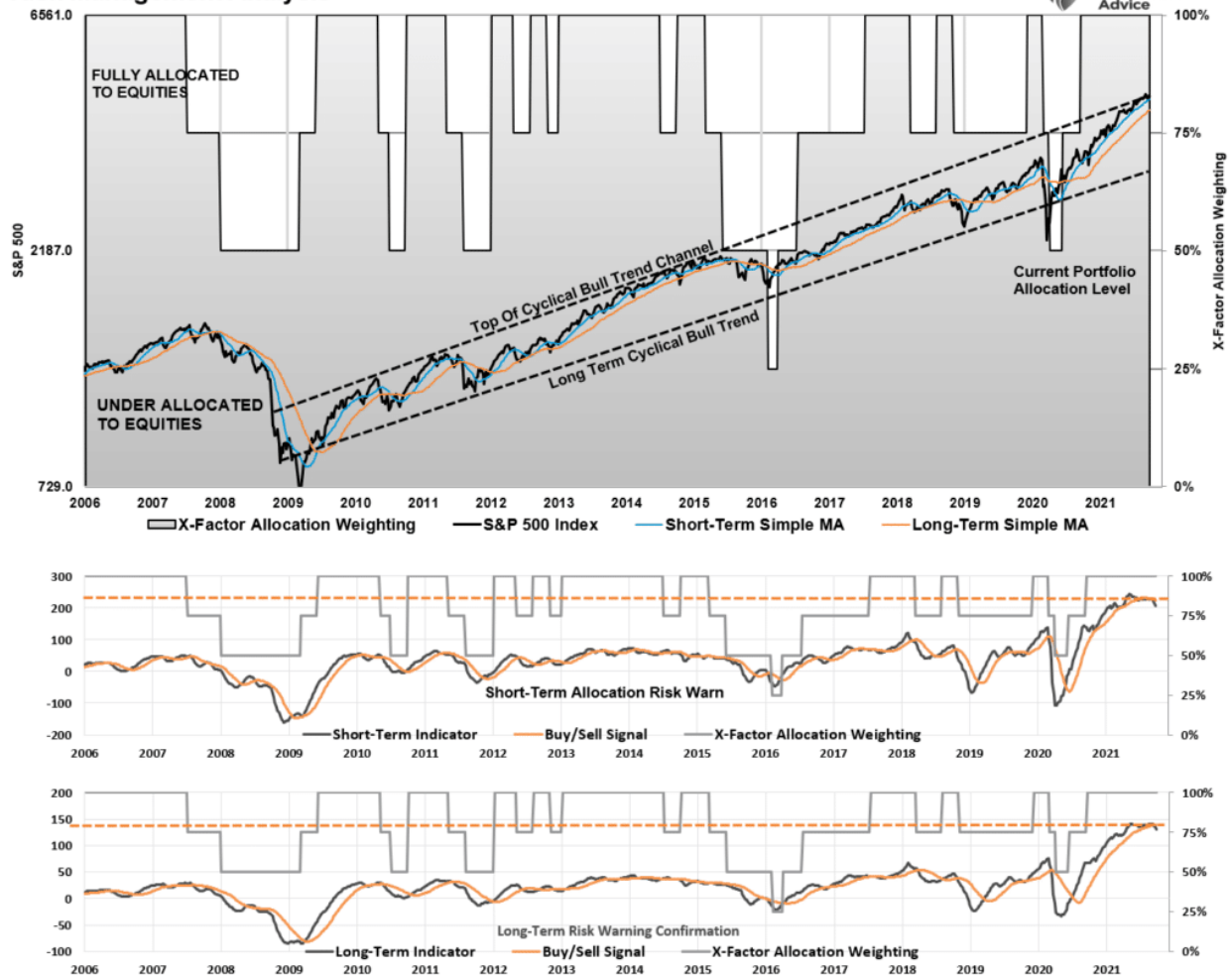
Looking for the 401k Plan Manager?

Find it in the Retirement section of our website.

[Find It Here](#)

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.

Risk Management Analysis



Commentary

From peak to trough, the market declined by 5%. However, as we discussed previously, such a correction is within the norms for any given market year. However, since we remain in a+ very low volatility market this year, we warned the correction would "feel" worse than it was.

Gauging by the number of emails I received, I can assume I was correct.

With the correction complete, and markets very oversold short-term, portfolio allocations can remain at current levels. Cash that accumulated over the past few weeks can now get deployed to allocations. Also, rebalance your bonds back to weightings after the recent rise in rates.

There is no need to be aggressive here. There is likely not a lot of upside between now and the end of the year.

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

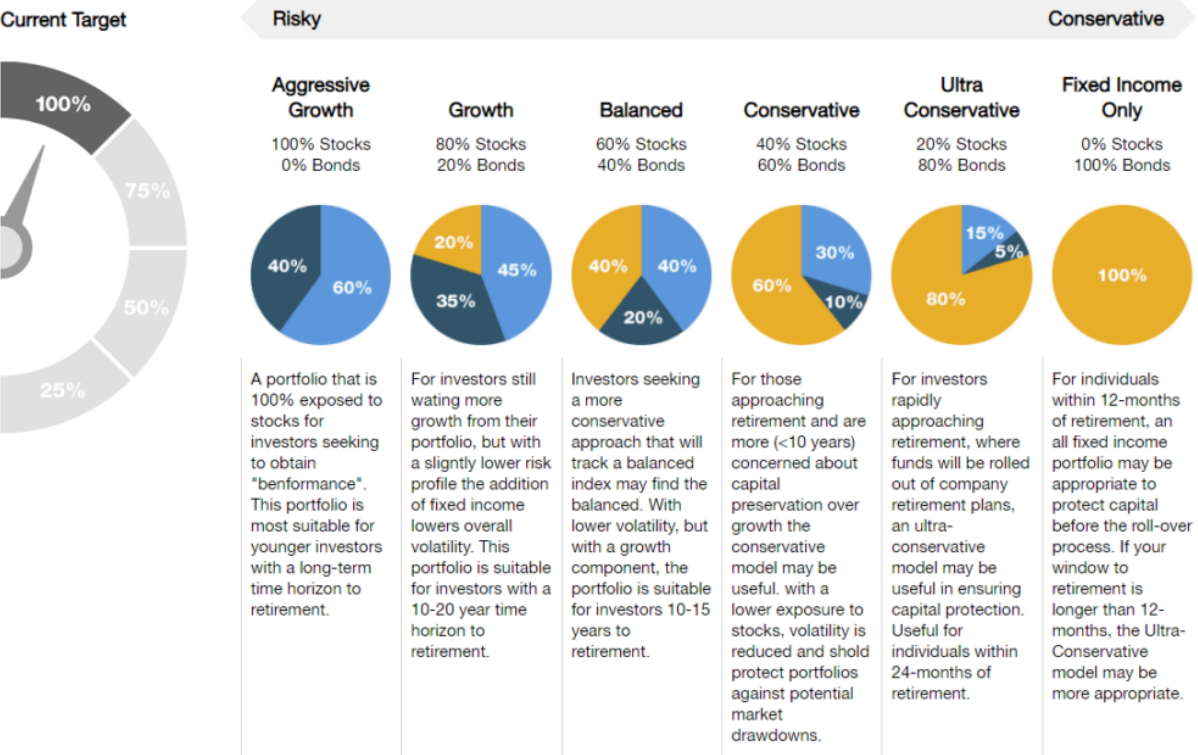
The tactical strategy consists of holdings which based on the short- to intermediate-term trends of the market. As macro-economic, monetary and fiscal policy, and investor psychology impacts markets, the holdings in the tactical strategy will shift to take advantage of market rotations. Importantly, 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 Flts 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.

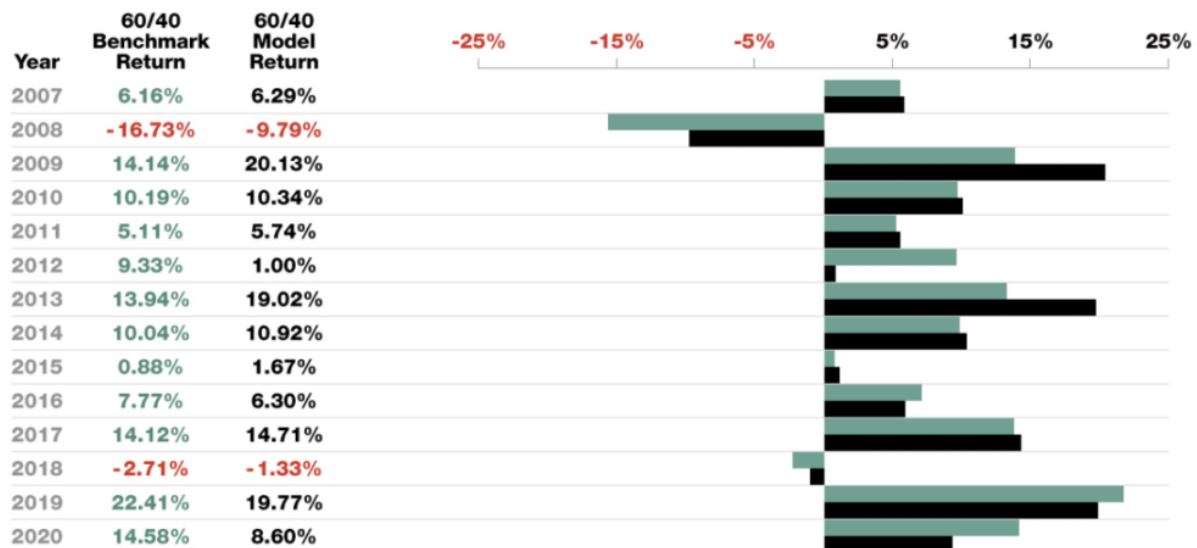


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401k Model Performance Analysis

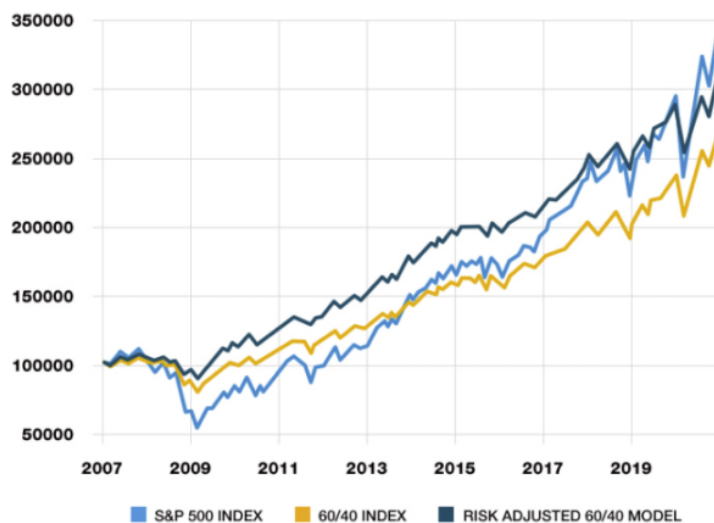
Model performance is a two-asset model of stocks and bonds relative to the weighting changes made each week in the newsletter. Such is strictly for informational and educational purposes only, and one should not rely on it for any reason. Past performance is not a guarantee of future results. Use at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



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!