



In this 10-29-21 issue of "Market 'Melts Up' As Economic Growth Weakens."

- ***Market Back To Extreme Overbought***
- ***Economic Growth Weakens***
- ***Earnings Expectations Way Ahead Of Reality***
- ***Portfolio Positioning***
- ***Sector & Market Analysis***
- ***401k Plan Manager***

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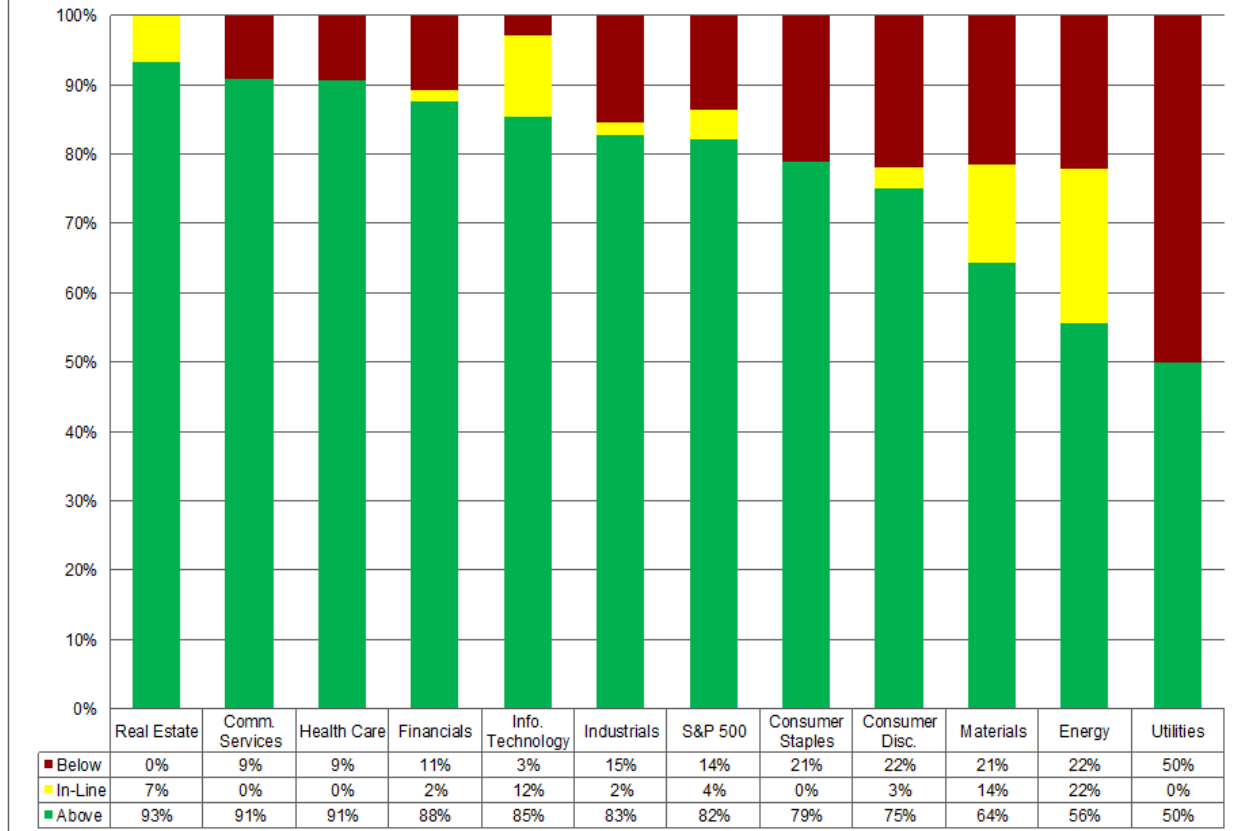
Market Back To Extreme Overbought

With earnings season in full swing, stocks continued to push higher this week. Even disappointing earnings from Starbucks, Apple, and Amazon couldn't keep the bulls down much. So far, the earnings season has pretty much aligned with expectations. As noted by FactSet:

"Overall, 56% of the companies in the S&P 500 have reported actual results for Q3 2021 to date. Of these companies, 82% have reported actual EPS above estimates, which is above the five-year average of 76%. If 82% is the final percentage for the quarter, it will mark with the fourth highest percentage of S&P 500 companies reporting a positive earnings surprise since FactSet began tracking this metric in 2008. In aggregate, companies are reporting earnings that are 10.3% above estimates, which is also above the five-year average of 8.4%."

S&P 500 Earnings Above, In-Line, Below Estimates: Q3 2021

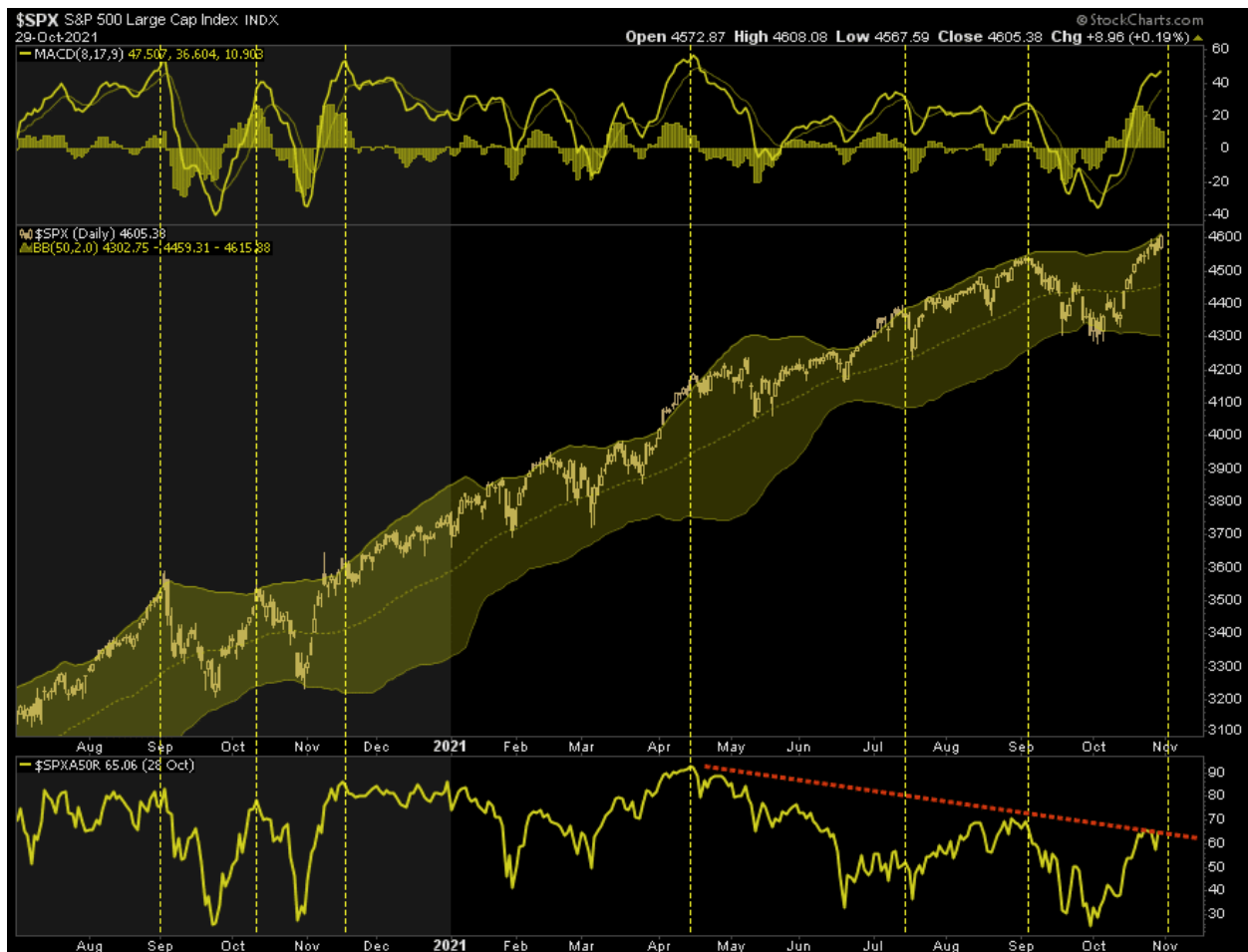
(Source: FactSet)



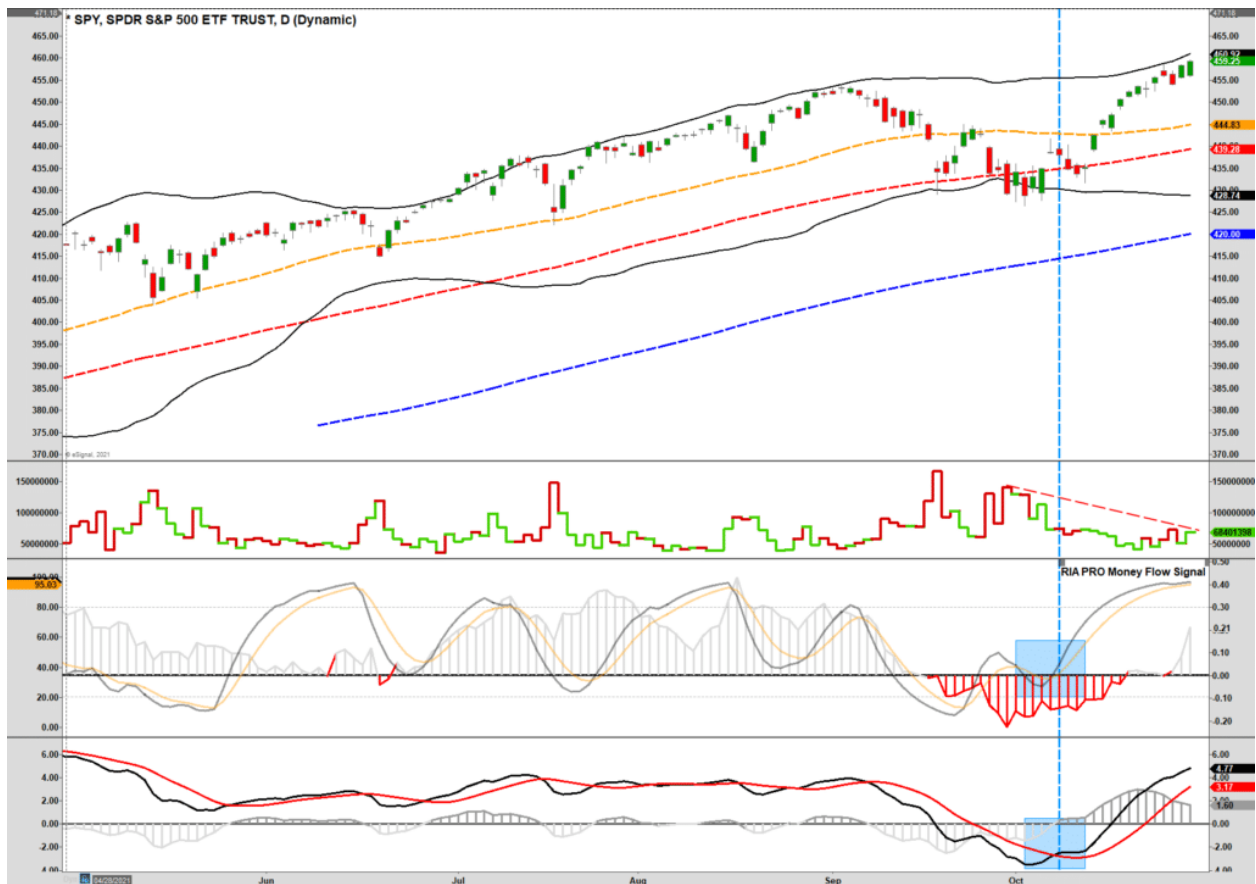
Earnings have indeed been very impressive, but as we will discuss, this quarter will likely mark the peak of growth for a while.

The more significant concern, however, remains the underlying technical condition of the market. While the rally has been impressive, rising almost 6% from the recent lows, the market is now back to more extreme overbought levels, trading 2-standard deviations above the 50-dma, and breadth remains troubling.

Chart updated through Friday.



As noted last week, our "money flow buy signal" is near a peak and is close to triggering a "sell signal." **With the MACD still positive, the signal suggests more consolidation than correction.** However, a confirming MACD often aligns with short-term corrections at a minimum. Also, as shown, this entire rally from the recent lows has been on very weak volume, which suggests a lack of commitment.



At the moment, the bulls control the market, and downside risk is somewhat limited. However, that positioning is getting very aggressive.



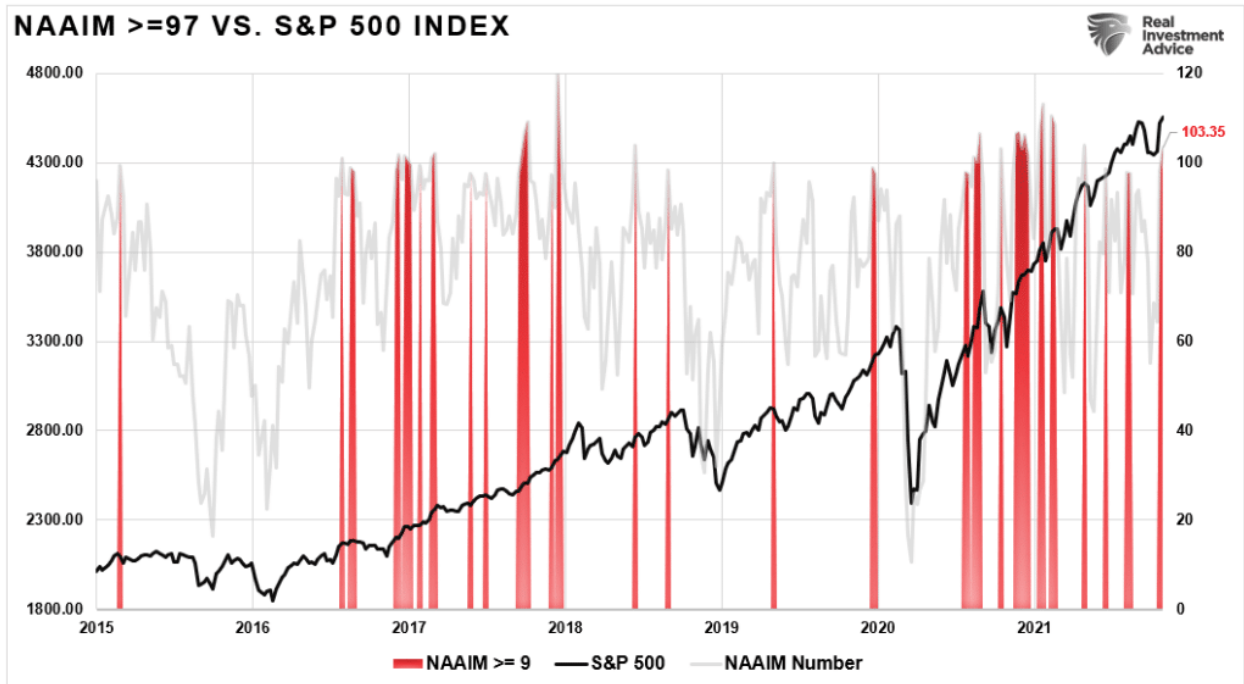
Real Investment Show

with Lance Roberts

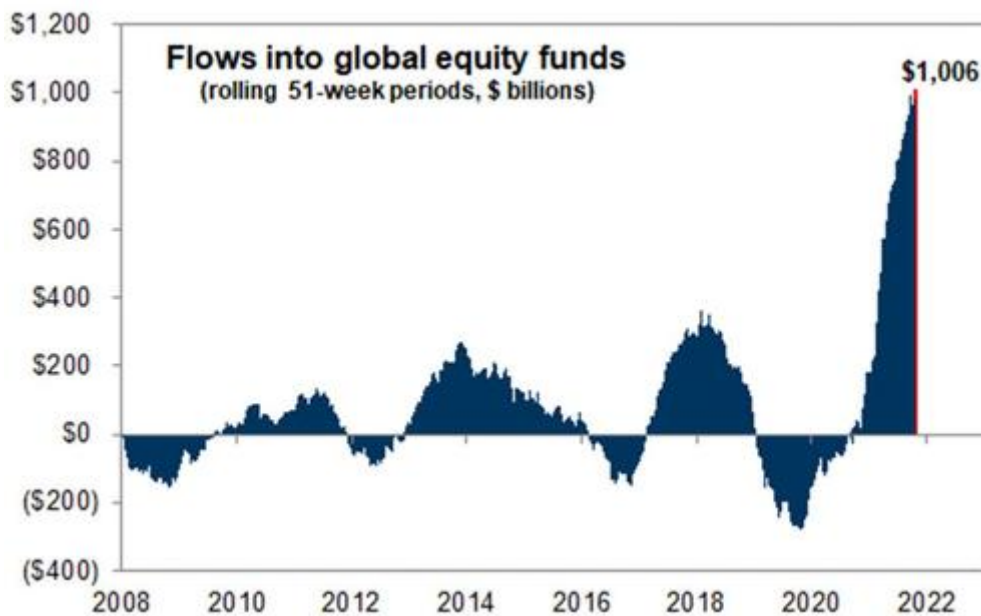
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Aggressive Positioning

As noted, the current spat of economic weakness, combined with rising inflationary pressures, doesn't bode well historically for asset markets. **However, the recent 5% correction did little to reverse more aggressive positioning.** As shown below, the NAAIM Index (*Fund manager positioning*) has surged back levels that have previously aligned with short-term corrections or worse.



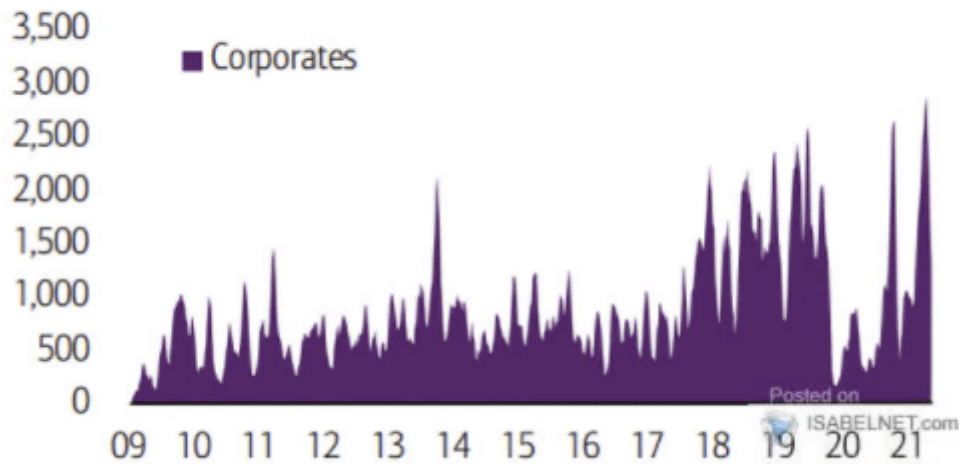
Such is not surprising given the massive inflows of capital into the market this year alone which have now exceeded \$1 trillion. (Chart courtesy of Zerohedge)



Furthermore, with the window for corporate share buybacks opening in November, the primary buyer of equities will return to the market. Share buybacks are already at a record and could add as much as \$90 billion to the total by year-end.

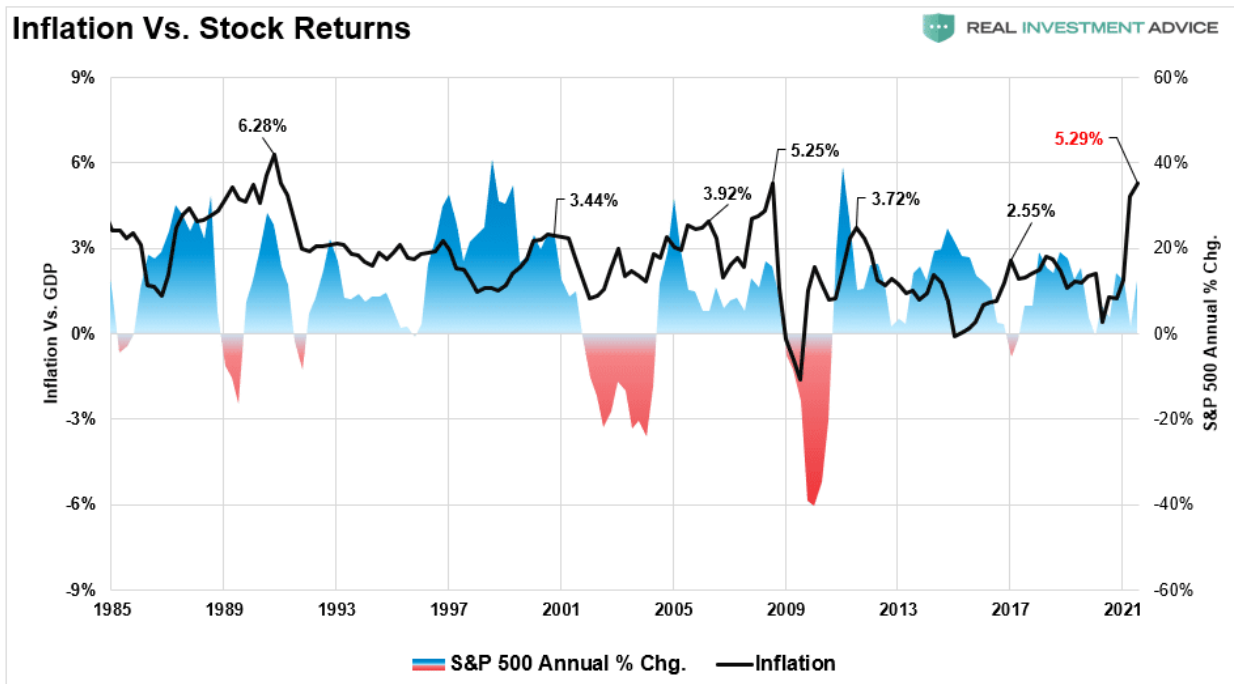
Exhibit 32: Buybacks by corp. clients peaking after recent highs

Corporate clients (4 wk avg, \$ mn)



Source: BofA Securities

While capital flows certainly support the bullish narrative in the short-term, such can get easily reversed with a change in sentiment. As noted, with economic growth weakening and inflation increasing, the risk of a reversal is increasing. Moreover, the chart shows that previous spikes in inflation have not been kind to equity returns.

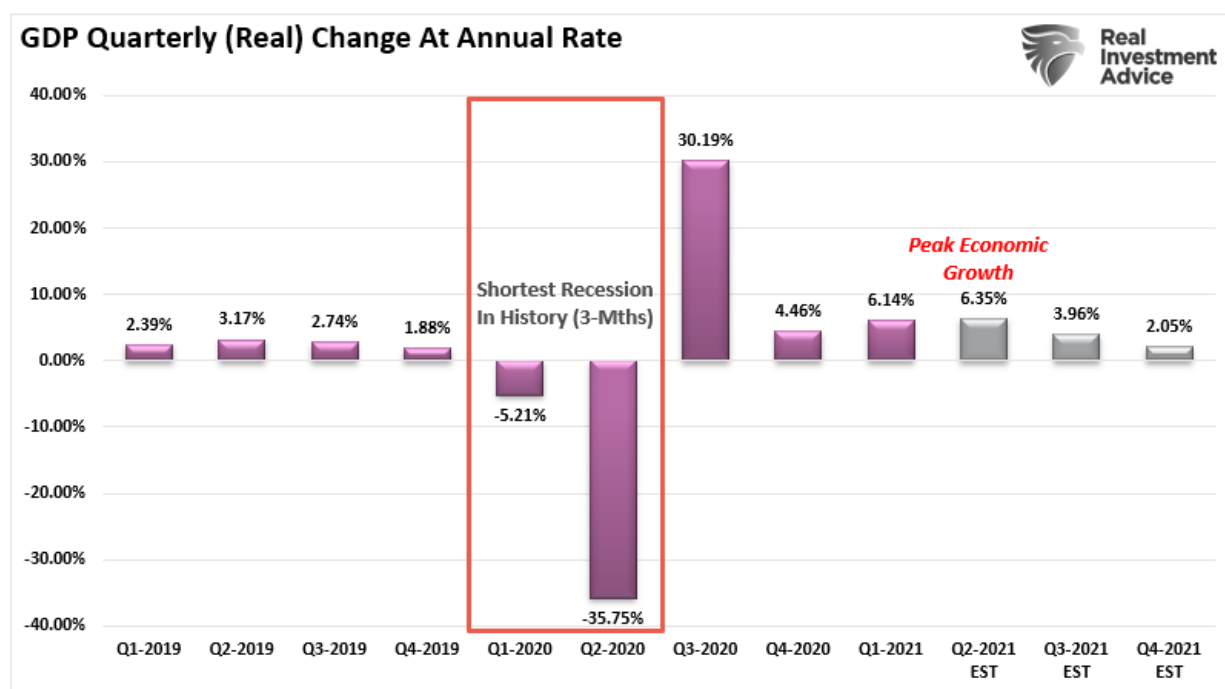


Of course, inflation also hurts economic growth which impacts profit margins.

Economic Growth Weakens

In March of this year, I penned an article entitled ["Sugar Rush,"](#) wherein we discussed the economy would run "hot" and then "crash." At the time, I received a lot of "pushback" on my "dire predictions" of economic growth later in the year. Furthermore, I followed that analysis asking if Q2 was the ["Peak Of Economic Growth?"](#) To wit:

"Was the second quarter the peak of economic growth and earnings? If estimates are correct and the year-over-year 'base effect' fades, such suggests risk to current earnings estimates. The chart from a [?Grossly Defective Product,?](#) utilizes the Atlanta Fed's current estimates for Q2-2021 GDP. The full-year estimates are from JP Morgan. Notably, the economy quickly slows to 2% heading into 2022."

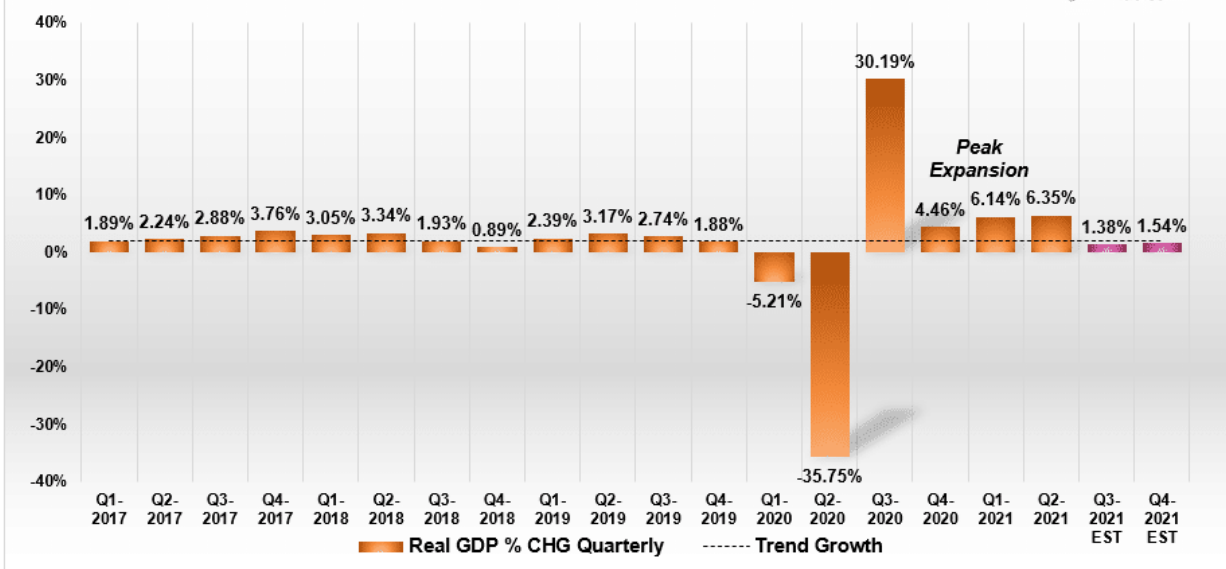


At that time, we estimated less than a 4% growth rate for the economy, with the Atlanta Fed well above 6%. On Thursday, the initial release of Q3 GDP came in well below even our lowered expectations of just 2%.

"Real gross domestic product (GDP) increased at an annual rate of 2.0 percent in the third quarter of 2021 (table 1), according to the "advance" estimate released by the Bureau of Economic Analysis. In the second quarter, real GDP increased 6.7 percent." - BEA

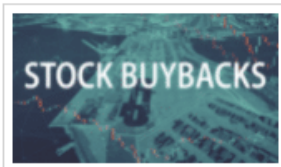
Notably, the "advance estimate" is derived from a sampling of economists' estimates. **As actual data gets factored into the GDP calculation during the next two months, the growth estimates will get revised.** As discussed in ["The Bullish/Bearish Case,"](#) the weakness in the economic data suggests those GDP revisions will be lower.

GDP (Inflation Adjusted) Quarterly Change @ Annual Rate



The implications of weak economic growth are broad. Consumer sentiment will remain weak as inflationary pressures undermine consumption. **Furthermore, the negative impact on earnings seems to elude investors currently.**

In Case You Missed It



40% Of The Bull Market Is Due Solely To Buybacks

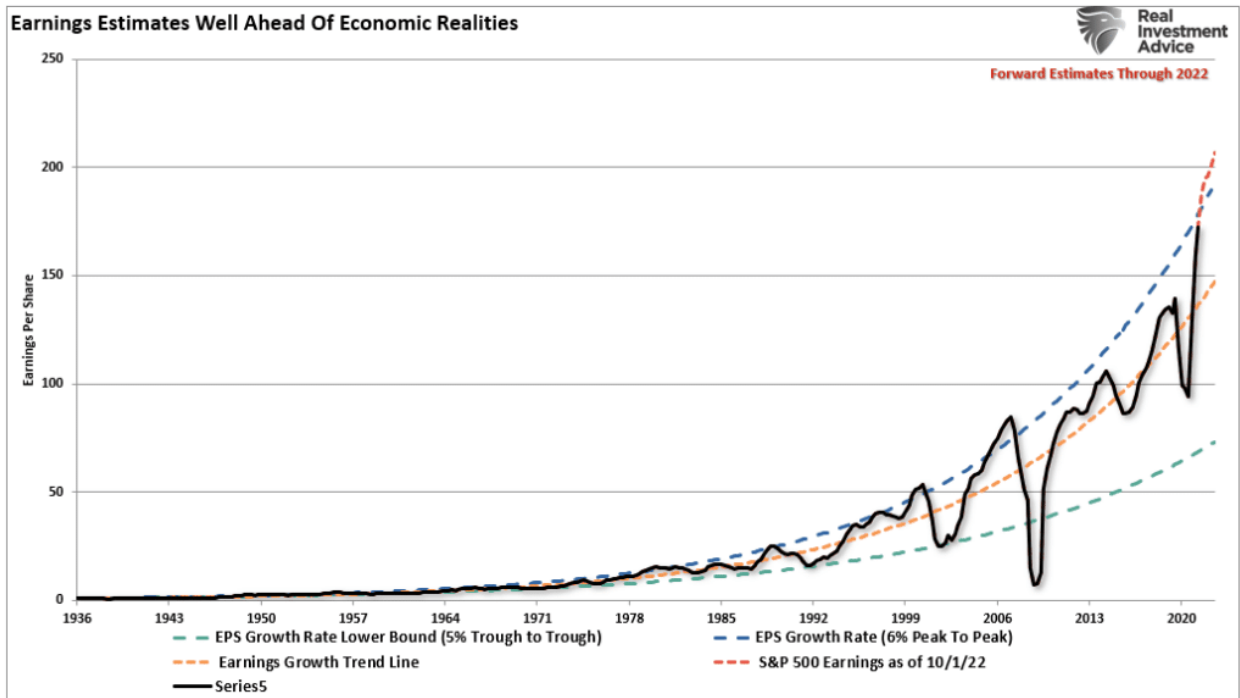
Written by Lance Roberts | Oct 29, 2021

What If I told you that 40% of the bull market rally over the last...

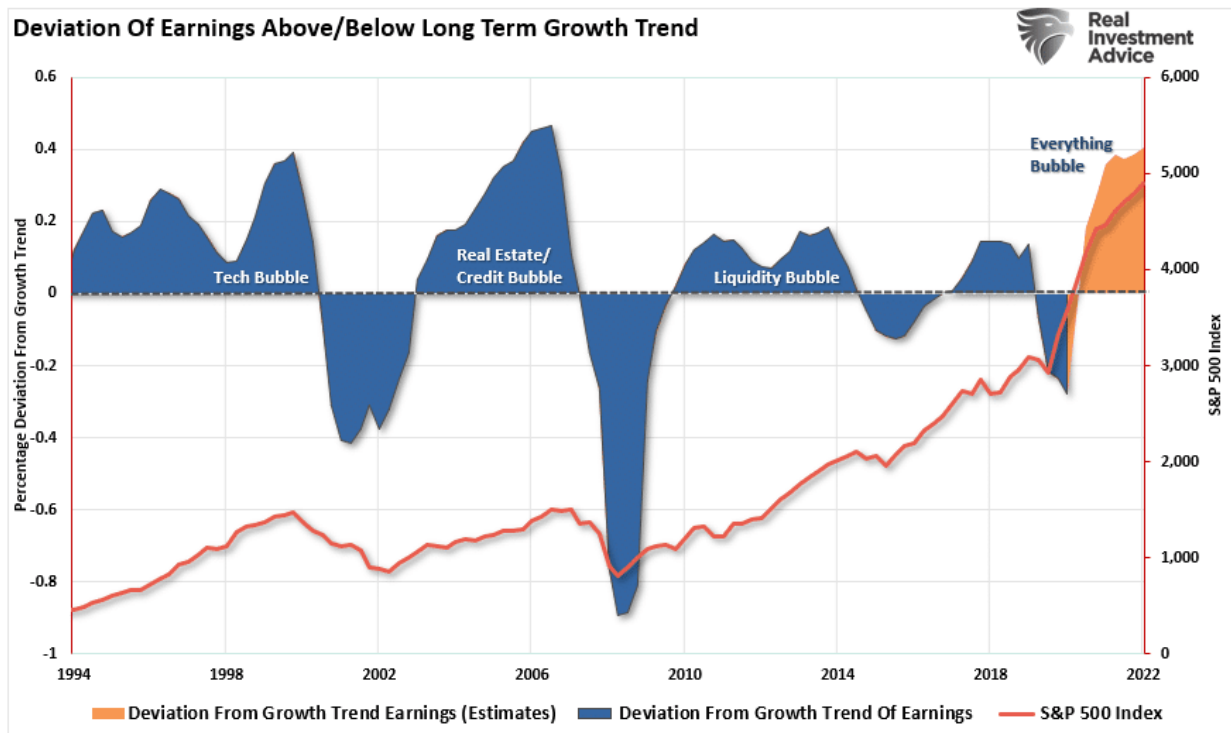
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Earnings Expectations Way Ahead Of Reality

Despite economic growth weakening as inflation increases, liquidity reducing, and profit margins under pressure, analysts continue to increase their earnings estimates. **Currently, estimates for the Q4-2022 are \$207/share according to S&P. As shown, that level will exceed the historical 6% exponential growth trend that contained earnings growth since 1950.**



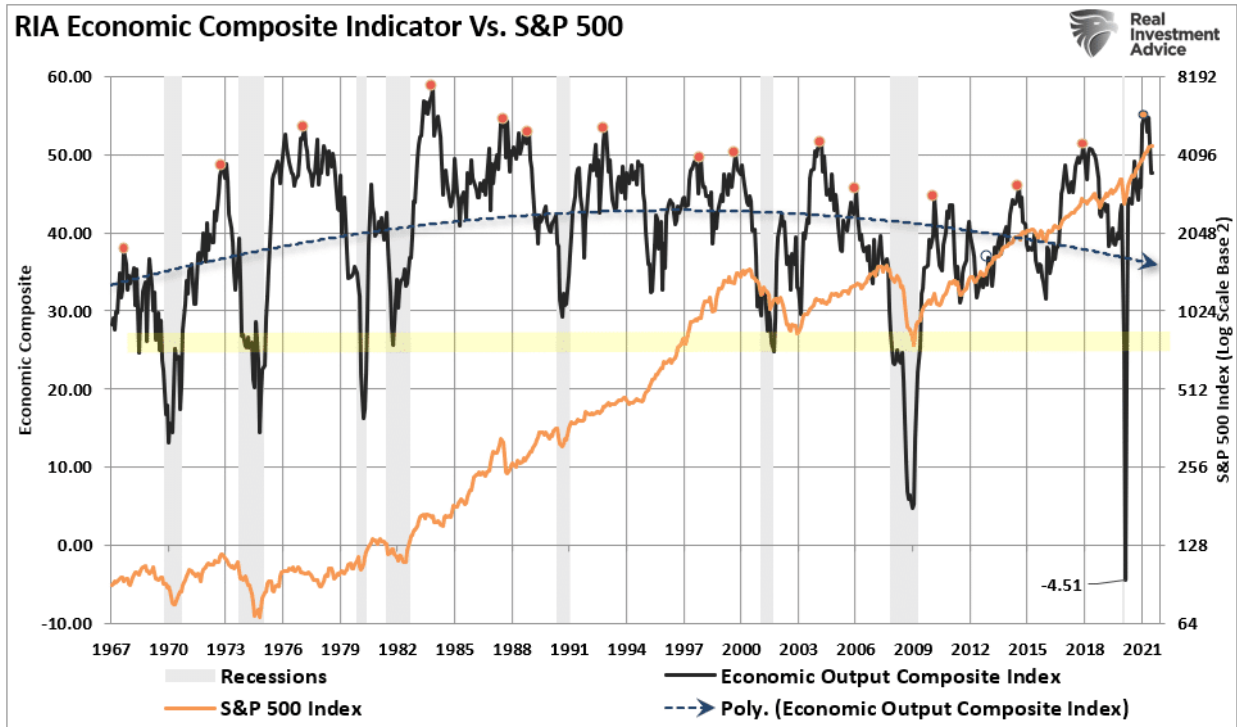
Currently, earnings expectations exceed the annual exponential growth trend by one of the most significant deviations on record. **The only other two periods with similar deviations are the "Financial Crisis" and the "Dot.com" bubble.**



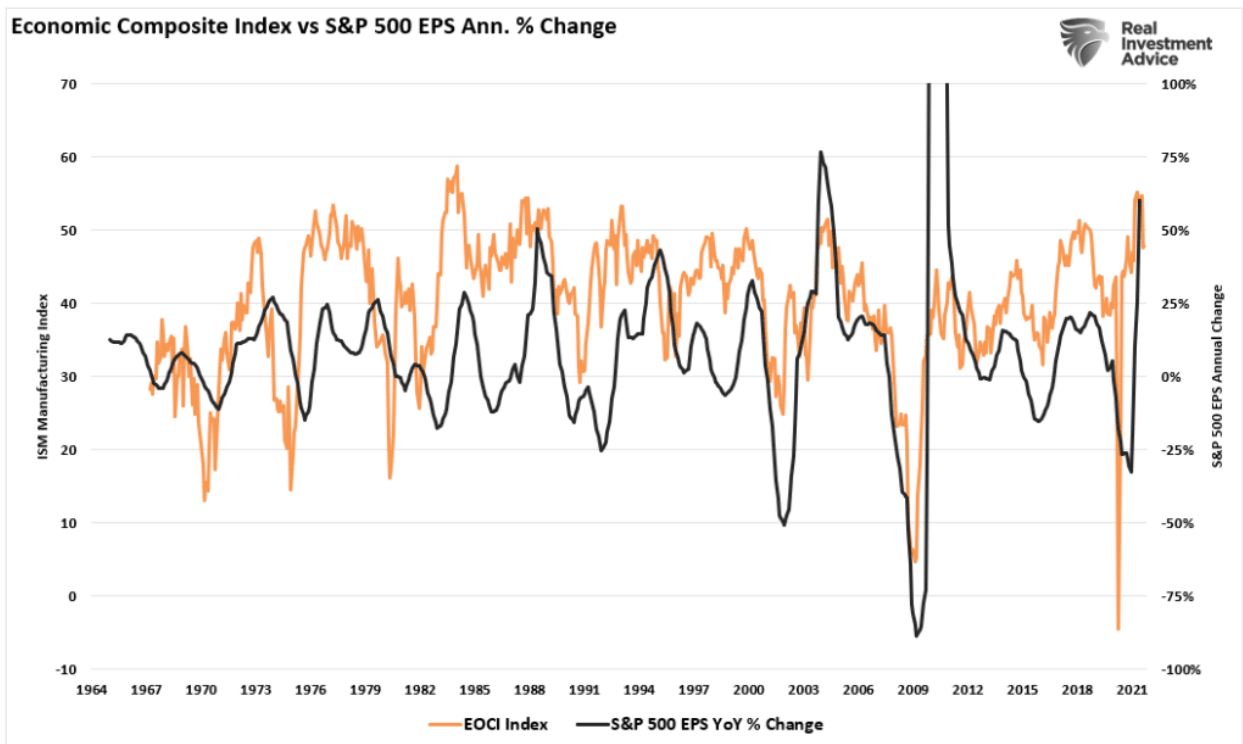
With analysts extremely exuberant, there seems to be little concern for investors. However, I would caution against such complacency.

The chart below is the Economic Output Composite Index. **The index comprises the CFNAI, Chicago PMI, ISM Composite, the Fed surveys, Markit Economic Index, Markit PMI, NFIB, TIPP Confidence, and the LEI.** In other words, this indicator is the broadest indicator of the U.S. economy there is.

The last complete set of data is through September. Notably, the index peaked at the second-highest level on record. When October gets fully accounted for, the index will decline further.



There are two critical takeaways from the EOCI index: 1) the stock market tends to either correct or fall into a bear market during reversals, and 2) **there is a high correlation between the index and the annual change in earnings.**



As we have noted previously, with the Fed beginning to "taper" bond purchases, the risk to investors continues to rise as earnings peak and profit margins contract.

Portfolio Update

While anything is possible in the near term, complacency has returned to the market very quickly. As noted, while investors are very bullish, there are numerous reasons to remain mindful of the risks.

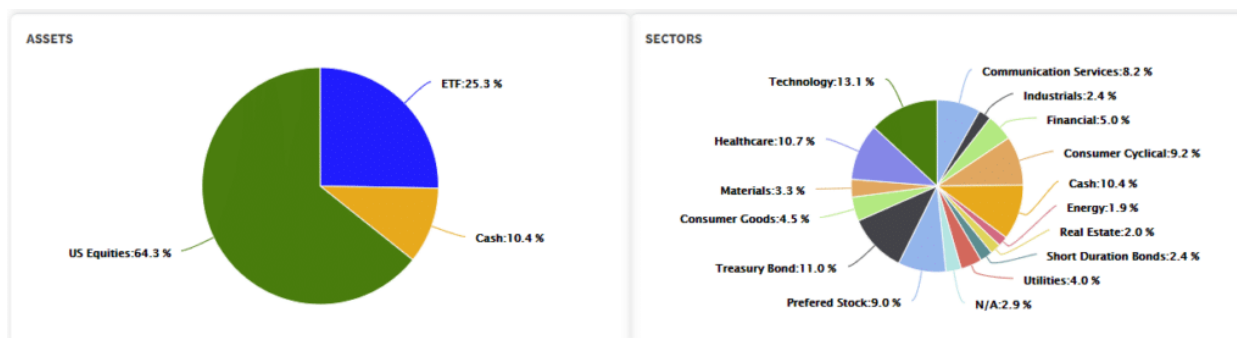
- *Earnings and profit growth estimates are too high*
- *Stagflation is becoming more prevalent (weak economic growth and rising inflation)*
- *Inflation indexes are continuing to rise*
- *Economic data is surprising to the downside*
- *Supply chain issues are more persistent than originally believed.*
- *Inventory problems continue unabated*
- *Valuations are high by all measures*
- *Interest rates are rising*

Furthermore, as noted above, there is limited upside as the annual rate of change in the market declines.

So what do you do?

As [*discussed recently*](#), we believe additional equity exposure gets warranted due to the **bullish case**. However, the longer-term dynamics are more bearish.

For now, we remain optimistic about the markets due to liquidity, seasonality, and bullish sentiment. As such, we maintained our equity exposures again this week.



However, we are beginning to hedge risk slightly heading into the Fed meeting next week. **With oil extremely extended, we rebalanced energy stocks back to model weights. We also started building a position in "volatility" to hedge our long-equity holdings against a sudden decline.**

What could cause such a decline? No one knows. However, everyone seems to believe it can't happen.

That is usually just about the time it does.

Have a great weekend.

By Lance Roberts, CIO

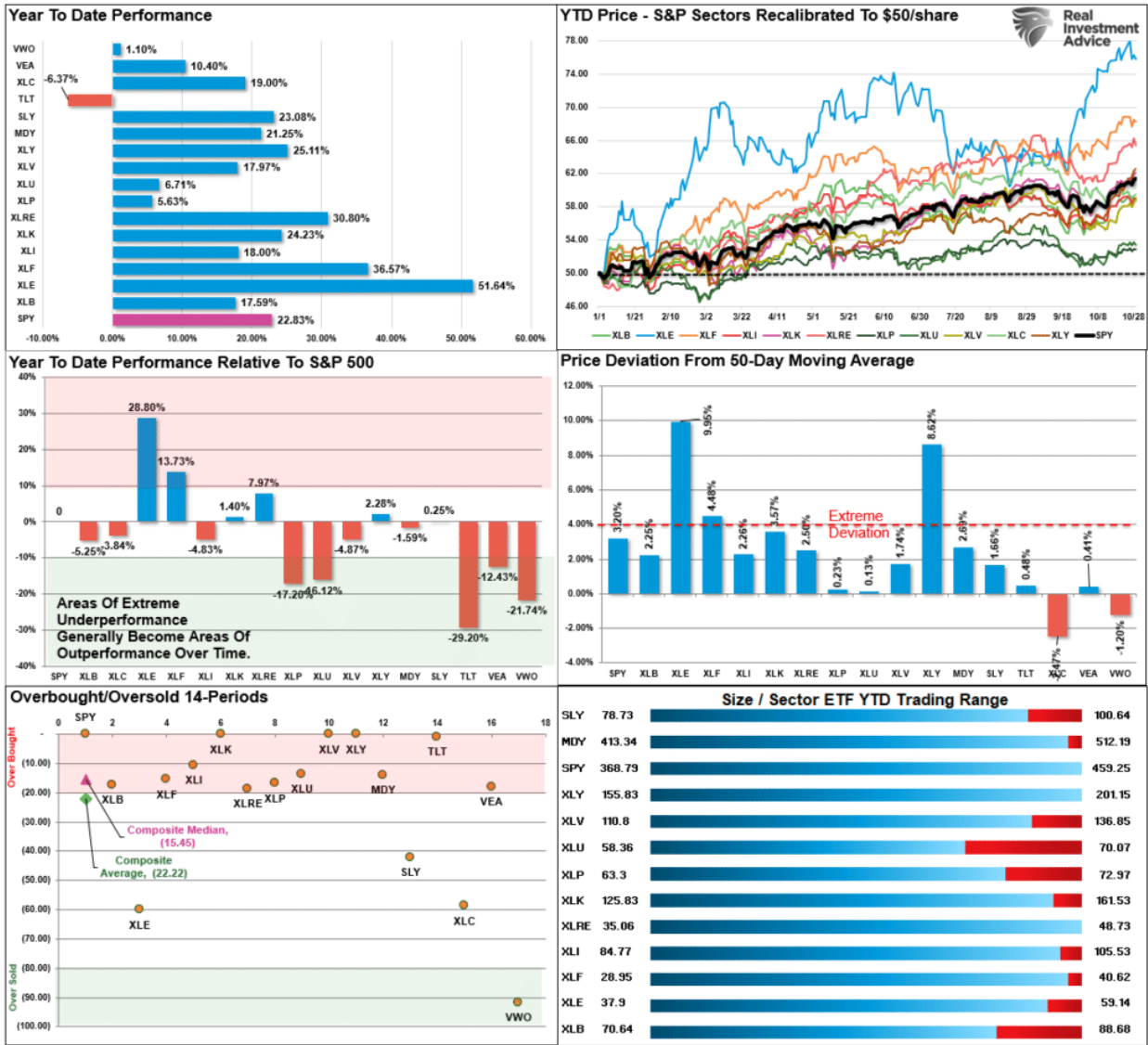
Market & Sector Analysis

Analysis & Stock Screens Exclusively For RIAPro Members

S&P 500 Tear Sheet

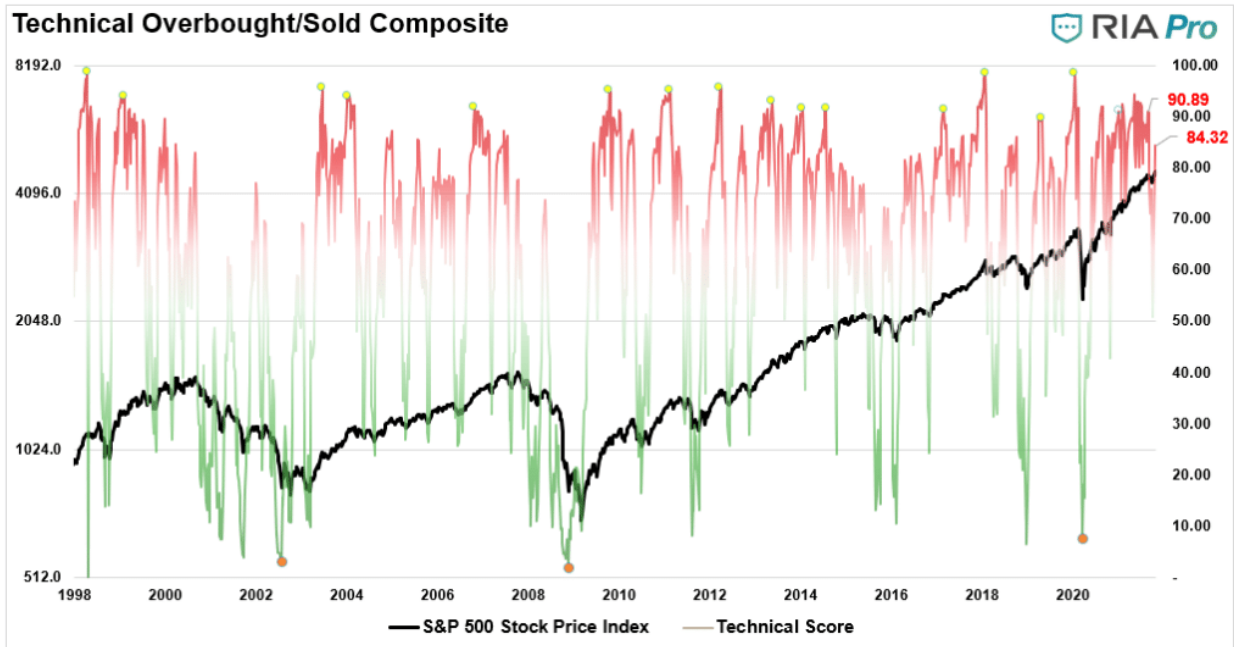
3 Month SPY Price										SPY RISK INFO				
Item	2 years ago	1 year ago	Current	1 Yr % Change	5 Year High	5 year Low	% From High	% From Low	Item	T 2-Yr	T 1-Yr.	YTD	% Diff YTD/T1-YR	
										Price Return	51.46%	39.18%	22.83%	(41.71%)
										Max Drawdown	(35.63%)	(6.10%)	(6.10%)	0.00%
										Sharpe	1.01	3.41	2.37	(0.31)
										Sortino	1.07	4.99	3.26	(0.35)
										Volatility	25.08	12.76	12.64	(0.01)
										Daily VaR-5%	(12.15)	22.69	9.22	(0.59)
										Mnthly VaR-5%	(9.71)	2.60	5.03	0.94
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%	1.55%	1.22%	(27.36%)	2.14%	1.20%	(43.23%)	1.08%	Shares	2,881.0	2,795.8	(2.95%)		
P/E Ratio	19.12	23.95	26.16	8.46%	2903%	1643%	(9.9%)	59.20%	Sales	68,926	74,574	8.19%		
P/S Ratio	3.70	4.19	5.20	19.33%	5.11	3.14	1.79%	65.29%	SPS	23.9	26.7	11.49%		
P/B Ratio	4.94	5.51	7.19	23.31%	7.06	4.17	1.75%	72.29%	Earnings	10,517	13,627	29.57%		
ROE	21.78%	19.98%	26.15%	23.58%	26.15%	17.68%	0.00%	47.94%	EPS TTM	4.1	5.3	28.90%		
ROA	4.28%	3.71%	4.68%	20.71%	4.68%	3.51%	0.00%	33.23%	Dividend	1.5	1.7	8.73%		
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	102.73%	2.89%	1.78	47.13	120.90	(330.04)	(61.0%)	4.3%	3.8%	2.10%	3.75	13.19		
Materials	35.21%	2.51%	1.19	21.40	27.12	14.16	(21.1%)	14.3%	1.8%	4.67%	5.58	15.38		
Industrials	36.66%	8.02%	1.20	32.42	54.23	14.69	(40.2%)	13.0%	1.4%	2.64%	6.14	19.92		
Discretionary	37.71%	12.79%	1.32	42.35	60.06	20.97	(29.5%)	30.8%	0.5%	2.25%	6.34	29.75		
Staples	14.43%	5.61%	0.65	21.70	23.01	17.65	(5.7%)	30.8%	2.5%	4.51%	4.64	19.87		
Health Care	30.95%	12.93%	0.78	19.54	19.73	15.29	(1.0%)	31.3%	1.5%	5.18%	8.20	16.72		
Financials	67.27%	11.45%	1.28	14.01	18.52	10.58	(24.4%)	11.4%	1.6%	6.73%	6.69	14.27		
Technology	43.05%	27.84%	1.08	33.45	32.88	16.66	1.8%	72.4%	0.8%	3.03%	6.05	26.25		
Telecom	49.05%	10.83%	0.96	26.60	28.26	17.65	(5.9%)	17.7%	0.5%	3.81%	9.45	21.15		
Utilities	5.91%	2.43%	0.44	20.52	22.09	16.35	(7.1%)	10.7%	3.1%	4.85%	3.51	18.43		
Real Estate	37.76%	2.62%	0.96	25.34	25.68	17.12	(1.3%)	8.1%	2.4%	3.92%	4.65	22.24		
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	459.25	3.58%	445.03	11	3.20%	420.98	275	9.09%	5.71%	(0.07%)	42.36%	Buy		
Mid Cap	509.14	4.32%	495.95	12	2.66%	485.41	275	4.89%	2.17%	(0.94%)	48.96%	Buy		
Small Cap	97.90	4.18%	96.34	21	1.62%	95.17	28	2.87%	1.23%	(3.01%)	58.70%	Buy		

Performance Analysis



Technical Composite

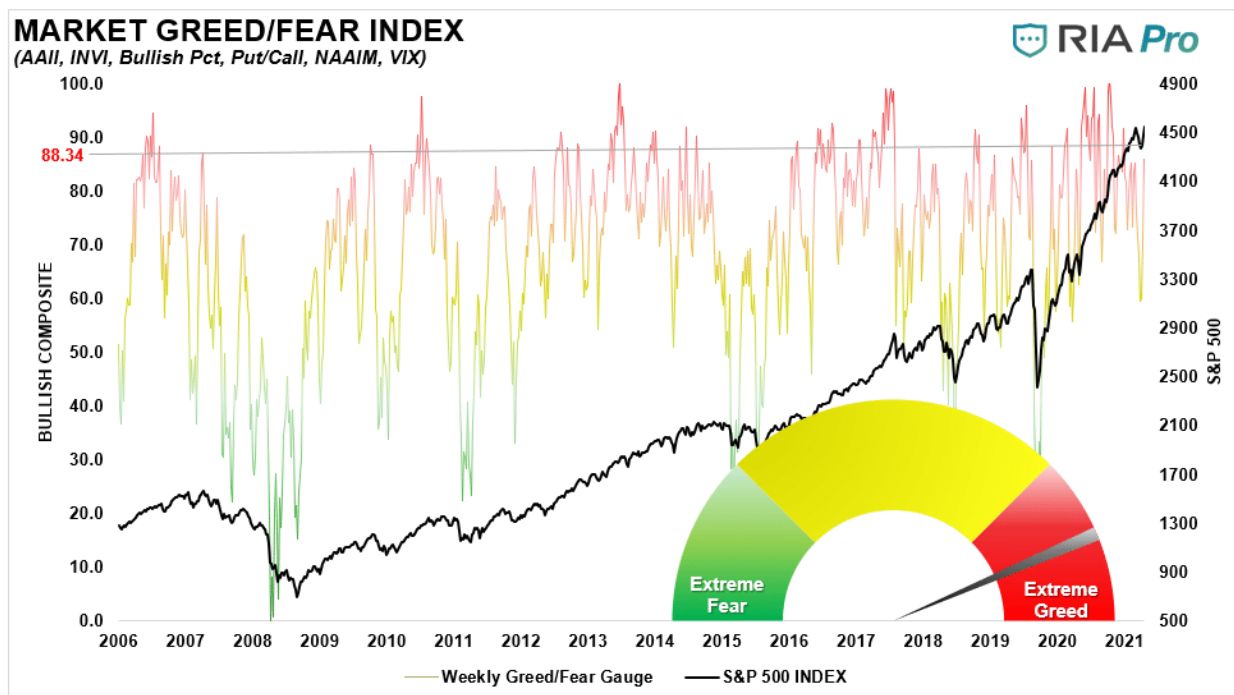
The technical overbought/sold gauge comprises several price indicators (RSI, Williams %R, etc.), measured using "weekly" closing price data. Readings above "80" are considered overbought, and below "20" are oversold. **The current reading is 84.32 out of a possible 100.**



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 88.34 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 WMA	MONTH END	REL S&P	RISK RANGE		% DEV -	% DEV -	MA XVER
Ticker	ETF NAME	Price	1 Week	4 Week	12 Weeks	24 Weeks	52 Weeks	WMA	PRICE	BETA	HIGH	LOW	Short M/A	Long M/A	SIGNAL	
IYV	ISHARS-SP90	469.99	1.34	5.74	3.73	10.24	40.71	446.39	429.02	430.82	0.99	441.89	420.05	3%	7%	BULLISH
XLB	SPDR-MATLS SELS	85.12	(1.00)	0.17	(2.56)	(13.41)	(5.98)	83.53	83.05	79.11	1.06	81.93	76.29	2%	2%	BULLISH
XLG	SPDR-COMM SV S&S	80.30	(1.44)	(7.17)	(6.77)	(6.08)	(5.07)	82.39	79.72	80.11	1.00	82.91	77.31	-3%	1%	BULLISH
XLE	SPDR-EGY SELS	57.47	(2.17)	1.00	12.35	(2.80)	59.40	51.52	51.53	52.09	1.66	54.26	49.92	12%	12%	BEARISH
XLFX	SPDR-FINL SELS	40.26	(2.23)	(0.21)	2.61	(3.96)	28.03	38.38	36.99	37.53	1.17	38.91	36.15	5%	9%	BULLISH
XLK	SPDR-TECH SELS	161.53	0.63	0.83	0.58	8.55	5.00	155.55	146.49	149.32	1.04	154.61	144.03	4%	10%	BULLISH
XLJ	SPDR-INDU SELS	104.49	(1.64)	(0.38)	(2.81)	(10.47)	(2.99)	102.54	101.91	97.84	1.19	101.45	94.23	2%	3%	BULLISH
XLP	SPDR-CONS STPL	71.25	(1.40)	(2.51)	(3.29)	(9.76)	(26.27)	71.24	70.20	68.84	0.63	71.00	66.68	0%	1%	BULLISH
XLRE	SPDR-RE SELS	47.82	(1.07)	0.69	(1.40)	3.75	(0.68)	46.63	44.26	44.45	0.70	45.87	43.03	3%	8%	BULLISH
XLU	SPDR-UTIL SELS	66.91	(1.85)	(1.00)	(4.53)	(8.72)	(33.45)	67.06	65.72	63.88	0.39	65.72	62.04	0%	2%	BULLISH
XLV	SPDR-HLTH CR	133.82	0.29	(0.65)	(3.07)	(7.57)	(0.01)	132.02	126.23	127.30	0.77	131.46	123.14	1%	6%	BULLISH
XLY	SPDR-CONS DISCR	201.15	3.01	5.51	7.40	7.57	(0.01)	184.15	177.96	179.45	1.11	185.93	172.97	9%	13%	BULLISH
XTN	SPDR-SP TRANSP	90.78	(1.18)	(3.24)	4.17	(10.84)	14.29	86.84	87.11	86.52	1.04	89.84	83.20	5%	4%	BEARISH
SDY	SPDR-SP DIV ETF	123.16	(1.71)	(2.08)	(4.12)	(12.93)	(7.51)	122.21	122.27	117.55	0.91	121.66	113.54	1%	1%	BEARISH
RSP	INVS-SP5 EQ ETF	157.76	(1.82)	(1.85)	(1.33)	(5.27)	6.03	154.46	150.39	149.82	1.11	155.23	144.41	2%	0%	BULLISH
SLY	SPDR-SP6 SC	97.90	(1.66)	(4.30)	(2.25)	(8.60)	16.36	96.08	96.03	94.74	1.23	98.28	91.20	2%	2%	BULLISH
MDY	SPDR-SP MC 400	509.14	(1.42)	(1.55)	(0.97)	(7.65)	6.33	495.23	491.10	480.88	1.17	488.55	463.21	3%	4%	BULLISH
EEM	ISHARS-EMG MKT	50.92	(3.50)	(4.57)	(5.69)	(14.07)	(26.82)	51.49	52.99	50.38	0.79	52.04	48.72	-1%	-4%	BEARISH
EFA	ISHARS-EAFE	80.49	(1.35)	(2.82)	(3.50)	(9.07)	(9.60)	80.11	79.27	78.01	0.83	80.61	75.41	0%	2%	BULLISH
IAU	ISHARS-GOLD TR	33.93	(1.99)	(4.43)	(2.51)	(13.63)	(45.88)	33.89	34.10	33.41	0.10	34.28	32.54	0%	-1%	BEARISH
GDX	VANECK-GOLD MNR	31.71	(5.22)	2.37	(8.33)	(26.44)	(56.13)	31.85	34.03	29.47	0.69	30.41	28.53	0%	-7%	BEARISH
UUP	INVS-DB US\$ BU	25.25	(0.83)	(5.78)	(2.44)	(6.29)	(41.18)	25.03	24.78	25.31	(0.12)	25.91	24.71	1%	2%	BULLISH
BOND	PIMCO-TOT RETRN	110.04	(0.95)	(6.33)	(5.10)	(10.22)	(41.99)	111.02	110.67	110.55	0.09	113.41	107.69	-1%	-1%	BULLISH
TLT	ISHARS-20+Y TB	147.89	1.13	(4.13)	(3.79)	(2.50)	(46.98)	147.37	143.30	144.32	(0.23)	147.60	141.04	0%	3%	BULLISH
BNDX	VANGD-TL INT B	56.67	(1.33)	(6.36)	(5.79)	(10.31)	(43.57)	57.37	57.24	56.96	0.04	58.40	55.52	-1%	-1%	BULLISH
HYG	ISHARS-IBX HYCB	86.93	(1.24)	(6.29)	(4.24)	(10.56)	(37.07)	87.46	87.34	87.49	0.37	90.00	84.98	-1%	0%	BULLISH



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	136.02	19.35	9.14	0.71	22.05	9.00
AVGO	Broadcom Inc	529.57	15.00	12.40	2.72	22.47	9.00
PAYX	Paychex Inc	123.36	7.50	7.31	2.14	37.38	9.00
TMO	Thermo Fisher	620.07	13.00	14.71	0.17	24.17	9.00
AAP	Advance Auto Pt	225.00	14.08	2.05	1.78	19.70	8.00
ADBE	Adobe Systems	639.28	19.06	21.93	0.00	62.25	8.00
AMD	Adv Micro Dev	121.16	46.20	22.18	0.00	56.09	8.00
DE	Deere & Co	349.70	21.19	8.92	1.20	20.26	8.00
ETSY	Etsy Inc	242.75	19.67	46.57	0.00	70.16	8.00
GPC	Genuine Parts	131.64	11.96	3.05	2.48	19.83	8.00
IPG	Interpublic Grp	36.66	12.61	5.10	2.95	13.89	8.00
KLAC	Kla Corp	355.34	16.17	17.67	1.18	21.99	8.00
MSFT	Microsoft Corp	324.35	12.04	15.85	0.69	38.52	8.00
ODFL	Old Dominion Fl	335.02	26.14	8.39	0.24	41.41	8.00
PKI	Perkinelmer Inc	177.33	41.66	15.22	0.16	14.07	8.00
RHI	Robt Half Intl	112.38	21.74	1.32	1.35	24.01	8.00
WRB	Berkley (Wr) Cp	80.93	9.00	2.45	0.64	18.02	8.00
WST	West Pharm Svc	421.13	27.26	9.85	0.16	53.24	8.00
AAPL	Apple Inc	152.57	12.50	8.26	0.58	27.15	7.00
BBY	Best Buy	121.12	7.57	4.62	2.31	11.27	7.00
BRK.B	Berkshire Hth-B	289.72	7.00	2.37	0.00	27.75	7.00
CBRE	Cbre Group Inc	105.00	11.00	18.03	0.00	20.75	7.00
CDNS	Cadence Design	168.92	18.17	10.29	0.00	63.74	7.00
CTAS	Cintas Corp	426.06	9.70	7.02	0.89	40.31	7.00
DHR	Danaher Corp	304.57	13.65	7.01	0.28	32.23	7.00
EXR	Extra Space Stg	193.60	8.30	8.24	2.58	29.92	7.00
GOOG	Alphabet Inc-C	2922.58	26.00	20.04	0.00	28.15	7.00
GOOGL	Alphabet Inc-A	2916.98	25.82	20.04	0.00	28.09	7.00
JBHT	Hunt (Jb) Trans	198.01	15.00	11.22	0.61	31.43	7.00
NTAP	Netapp Inc	89.71	8.79	0.36	2.23	23.86	7.00
ORLY	O Reilly Auto	624.80	14.42	8.04	0.00	21.65	7.00
RSG	Republic Svcs	129.93	10.62	1.92	1.42	31.46	7.00
TRMB	Trimble Inc	87.70	10.00	8.20	0.00	39.15	7.00
UPS	Utd Parcel Srvc	213.90	12.10	8.42	1.91	19.10	7.00
WEC	Wec Energy Grp	90.51	6.28	-0.04	2.99	22.18	7.00
COST	Costco Whole Cp	490.53	8.56	9.98	0.64	44.27	6.00
CSCO	Cisco Systems	56.24	7.00	0.57	2.63	19.39	6.00
CVX	Chevron Corp	113.12	5.00	-3.04	4.74	41.74	6.00
J	Jacobs Engin Gr	139.28	13.15	7.11	0.60	21.97	6.00
LRCX	Lam Research	565.95	17.01	12.74	1.06	18.88	6.00
MPWR	Monolithic Pwr	549.71	25.00	21.13	0.44	125.79	6.00
MS	Morgan Stanley	102.50	7.03	8.22	2.73	12.70	6.00
NVDA	Nvidia Corp	249.41	19.54	21.67	0.06	85.41	6.00
PLD	Prologis Inc	146.67	7.89	15.69	1.72	36.94	6.00
TECH	Bio-Techne Cp	515.24	21.00	11.42	0.25	90.55	6.00
TSCO	Tractor Supply	210.09	9.61	12.72	0.99	25.22	6.00
AZO	Autozone Inc	1780.10	13.07	6.06	0.00	18.59	5.00
BAC	Bank Of Amer Cp	47.78	7.00	-0.38	1.76	14.35	5.00
DRE	Duke Realty Cp	56.74	6.74	4.20	1.80	33.38	5.00
FAST	Fastenal	56.18	9.00	8.76	1.99	36.24	5.00
HD	Home Depot	371.57	9.71	8.53	1.78	25.97	5.00
KR	Kroger Co	39.69	8.91	2.86	2.12	11.31	5.00
LOW	Lowes Cos	231.76	14.15	7.63	1.38	21.52	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	18.92	1.18	11.47	9.51	9
ASX	Ase Tech Hldg	7.23	1.74	11.60	3.01	8
BABB	Bab Inc	0.74	1.84	14.92	5.40	8
ETRN	Equitrans Midst	10.76	1.28	14.90	5.58	8
SAFT	Safety Ins Grp	79.26	1.29	11.67	4.54	8
UBCP	Utd Bancorp -Oh	15.15	1.30	10.61	3.89	8
WBA	Walgreens Bai	47.10	1.71	19.95	4.06	8
AGNC	Agnc Investment	15.80	0.90	13.17	9.11	7
BTG	B2Gold Corp	4.33	1.67	11.05	3.70	7
CAC	Camden Ntl Corp	47.68	1.31	11.73	3.02	7
CAG	Conagra Brands	32.78	1.82	17.59	3.81	7
CFFI	C&F Finl Cp	51.50	0.94	11.42	3.11	7
CGBD	Tcg Bdc Inc	14.12	0.88	10.56	9.07	7
CMTV	Commnty Bcp Vt	19.01	1.28	13.31	4.63	7
CPF	Central Pac Fin	27.59	1.39	10.04	3.48	7
CZFS	Citizens Fin Sv	61.60	1.19	12.63	3.05	7
FFBC	First Fin Bc-Oh	23.91	1.02	10.05	3.85	7
FLIC	First Long Is	19.99	1.14	10.82	4.00	7
FNLC	First Bancp Inc	29.30	1.37	12.14	4.37	7
HPE	Hewlett Pkd Ent	14.76	1.13	10.34	3.25	7
IBCP	Indep Bk Mich	22.24	1.22	12.69	3.78	7
MBWM	Mercantile Bank	34.50	1.21	10.48	3.48	7
NBTB	Nbt Bancorp Inc	36.28	1.27	10.11	3.09	7
NHTC	Natural Hlth Tr	7.43	1.34	26.23	10.77	7
NL	NI Inds Inc	5.85	0.80	12.78	4.10	7
NLY	Annaly Cap Mgmt	8.57	1.02	12.19	10.27	7
NRIM	Northrim Bcp	44.52	1.16	10.89	3.41	7
PFG	Principal Finl	66.91	1.11	11.80	3.77	7
TRST	Trustco Bk -Ny	33.24	1.09	10.84	4.10	7
TRTN	Triton Intl Ltd	62.93	1.87	13.96	3.62	7
TWO	Two Harbors Inv	6.40	0.98	11.75	10.63	7
UGI	Ugi Corp	43.69	1.86	11.88	3.16	7
USB	Us Bancorp	60.93	1.87	14.10	3.02	7
UVE	Univl Insur Hld	14.59	0.92	16.41	4.39	7
WAYN	Wayne Svgs Bcsh	26.71	1.23	10.91	3.14	7
WSBF	Waterstone Finl	20.52	1.20	11.12	3.90	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
AMAT	Appld Matls Inc	136.02	19.35	9.14	0.71	22.05	9.00
AVGO	Broadcom Inc	529.57	15.00	12.40	2.72	22.47	9.00
TMO	Thermo Fisher	620.07	13.00	14.71	0.17	24.17	9.00
AMD	Adv Micro Dev	121.16	46.20	22.18	-	56.09	8.00
PKI	Perkinelmer Inc	177.33	41.66	15.22	0.16	14.07	8.00
WST	West Pharm Svc	421.13	27.26	9.85	0.16	53.24	8.00
ODFL	Old Dominion Fl	335.02	26.14	8.39	0.24	41.41	8.00
RHI	Robt Half Intl	112.38	21.74	1.32	1.35	24.01	8.00
DE	Deere & Co	349.70	21.19	8.92	1.20	20.26	8.00
ETSY	Etsy Inc	242.75	19.67	46.57	-	70.16	8.00
ADBE	Adobe Systems	639.28	19.06	21.93	-	62.25	8.00
KLAC	Kla Corp	355.34	16.17	17.67	1.18	21.99	8.00
AAP	Advance Auto Pt	225.00	14.08	2.05	1.78	19.70	8.00
IPG	Interpublic Grp	36.66	12.61	5.10	2.95	13.89	8.00
MSFT	Microsoft Corp	324.35	12.04	15.85	0.69	38.52	8.00
GOOG	Alphabet Inc-C	2,922.58	26.00	20.04	-	28.15	7.00
GOOGL	Alphabet Inc-A	2,916.98	25.82	20.04	-	28.09	7.00
CDNS	Cadence Design	168.92	18.17	10.29	-	63.74	7.00
JBHT	Hunt (Jb) Trans	198.01	15.00	11.22	0.61	31.43	7.00
ORLY	O Reilly Auto	624.80	14.42	8.04	-	21.65	7.00
DHR	Danaher Corp	304.57	13.65	7.01	0.28	32.23	7.00
AAPL	Apple Inc	152.57	12.50	8.26	0.58	27.15	7.00
UPS	Utd Parcel Srvs	213.90	12.10	8.42	1.91	19.10	7.00
MPWR	Monolithic Pwr	549.71	25.00	21.13	0.44	125.79	6.00
TECH	Bio-Techne Cp	515.24	21.00	11.42	0.25	90.55	6.00
NVDA	Nvidia Corp	249.41	19.54	21.67	0.06	85.41	6.00
LRCX	Lam Research	565.95	17.01	12.74	1.06	18.88	6.00
J	Jacobs Engin Gr	139.28	13.15	7.11	0.60	21.97	6.00
LOW	Lowes Cos	231.76	14.15	7.63	1.38	21.52	5.00
AZO	Autozone Inc	1,780.10	13.07	6.06	-	18.59	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
PAYX	Paychex Inc	123.36	7.50	7.31	2.14	4.74	9.00
ADBE	Adobe Systems	639.28	19.06	21.93	-	3.19	8.00
ETSY	Etsy Inc	242.75	19.67	46.57	-	4.18	8.00
FTNT	Fortinet Inc	327.38	14.25	19.80	-	8.18	8.00
INFO	Ihs Markit Ltd	129.24	#N/A	9.52	0.62	#N/A	8.00
MANH	Manhattan Asoc	181.12	#N/A	0.40	-	#N/A	8.00
MSFT	Microsoft Corp	324.35	12.04	15.85	0.69	2.97	8.00
STAA	Staar Surgical	118.67	#N/A	21.32	-	#N/A	8.00
WST	West Pharm Svc	421.13	27.26	9.85	0.16	1.83	8.00
ARE	Alexandria Real	205.92	7.58	18.44	2.18	3.51	7.00
CDNS	Cadence Design	168.92	18.17	10.29	-	3.57	7.00
EXR	Extra Space Stg	193.60	8.30	8.24	2.58	3.40	7.00
LSI	Life Storage	132.66	3.63	7.03	2.59	7.55	7.00
MAA	Mid-Amer Apt Cm	206.27	2.00	8.13	1.99	14.90	7.00
MSCI	Msci Inc-A	655.33	#N/A	10.49	0.63	#N/A	7.00
NSA	Natl Storage	62.61	9.81	20.89	2.62	2.94	7.00
TSLA	Tesla Inc	1,077.04	37.50	43.03	-	7.17	7.00
XLNX	Xilinx Inc	180.84	#N/A	8.48	-	#N/A	7.00
ADSK	Autodesk Inc	317.10	35.00	18.55	-	3.17	6.00
CPRT	Copart Inc	152.81	#N/A	14.92	-	#N/A	6.00
EGP	Eastgroup Pptys	200.84	7.41	9.67	1.79	4.48	6.00
ESS	Essex Ppty Tr	345.73	2.98	3.24	2.42	9.33	6.00
HALO	Halozyyme Thera	38.19	#N/A	11.31	-	#N/A	6.00
IBKR	Interactive Brk	70.60	#N/A	14.99	0.57	#N/A	6.00
IRT	Indep Realty Tr	23.83	2.00	9.02	2.01	14.62	6.00
MLAB	Mesa Labs Inc	303.95	#N/A	9.17	0.21	#N/A	6.00
MPWR	Monolithic Pwr	549.71	25.00	21.13	0.44	4.56	6.00
NVDA	Nvidia Corp	249.41	19.54	21.67	0.06	3.66	6.00
PLD	Prologis Inc	146.67	7.89	15.69	1.72	4.51	6.00
PSB	Ps Business Pks	180.22	#N/A	2.04	2.33	#N/A	6.00
REG	Regency Ctrs Cp	70.88	9.48	10.70	3.36	1.97	6.00
REXR	Rexford Ind Rty	67.97	12.04	27.65	1.41	3.46	6.00
SBAC	Sba Comm Corp	353.02	#N/A	6.85	0.66	#N/A	6.00
TECH	Bio-Techne Cp	515.24	21.00	11.42	0.25	3.55	6.00
CGNX	Cognex Corp	86.79	#N/A	9.35	0.28	#N/A	5.00
COR	Coresite Realty	145.11	20.92	10.12	3.50	1.24	5.00
CYTK	Cytokinetics Inc	35.95	#N/A	(17.05)	-	#N/A	5.00
DRE	Duke Realty Cp	56.74	6.74	4.20	1.80	4.88	5.00
FDS	Factset Resh	438.79	8.50	6.93	0.75	4.23	5.00
FR	First Indl Rlty	59.03	#N/A	4.46	1.83	#N/A	5.00
PSA	Public Storage	331.62	6.86	3.47	2.41	3.90	5.00

Portfolio / Client Update

This week, the market continued its bullish advance again and is now pushing back into more extreme overbought levels. As such, our recent additions to the portfolio have performed well. Currently, our portfolios continue to outperform our global benchmark by roughly 300 basis points with lower volatility than the S&P 500 index.

There wasn't much to do in portfolios last week. Several stocks did exceptionally well (*NVDA*, *F*, *MSFT*), which gave the whole portfolio a boost. Furthermore, we reduced our energy exposure back to model weights as oil is getting extremely extended currently. We continue to watch interest rates closely as it looks like we may be approaching another "buy point" to increase our duration in our bond holdings further.

With the Fed on deck to "taper" bond purchases next week, we also added an "equity hedge" to portfolios. Our concern is that inflation is running hotter than the Fed anticipated. Therefore, there is a risk the Fed could be more "hawkish" than expected. Such a move could surprise equity markets negatively. Consequently, we will remove the hedge after the meeting regardless of the outcome.

Again, while it may seem counter-intuitive at the moment, the current bout of inflation will turn into deflation next year as liquidity gets drained from the system. Therefore, we continue to manage the deflationary side of our portfolio closely.

As noted, while there seems to be minimal risk in the market, don't be misled. There are numerous risks we are watching that could lead us to reverse course rapidly. Our job remains to protect your capital first and foremost, but we want to capture gains when we 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 ***

"With the market entering a ?melt-up? phase on earnings exuberance, we are adding to our VXX position today to hedge against the currently overbought conditions. With the Fed meeting next week, there is a risk of a short-term sell-off if the Fed appears more hawkish than expected." - 10/28/21

Both Models

- Add 1% of the portfolio to VXX increasing size to 3% of the portfolio.

"This morning we trimmed back on both of our energy exposures (XOM and XLE) back to model weights. The recent run took the positions out of tolerance relative to the portfolio.

We also added a 2% position in VXX (Volatility Index) which has become very suppressed lately. Given the overbought condition of the market, we are looking for a small risk hedge heading into the Fed meeting next week." - 10/27/21

Equity Model

- Reduce XOM to 2% of the portfolio.
- Initiate a 2% position in VXX

ETF Model

- Reduce XLE to 2.5% of the portfolio.
- Initiate a 2% position in VXX

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



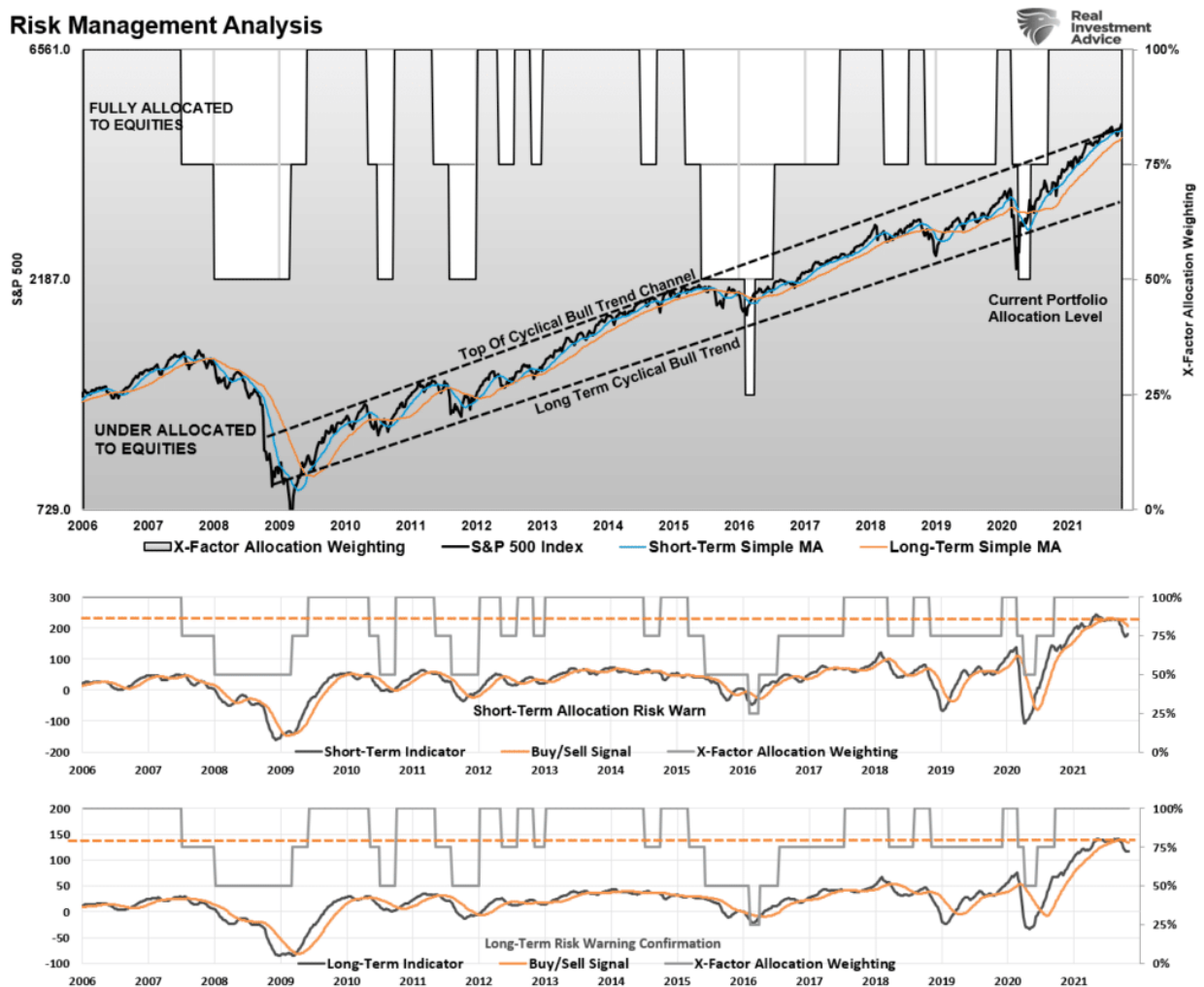
Looking for the 401k Plan Manager?

Find it in the Retirement section of our website.

[> Find It Here](#)

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

Risk Management Analysis



Commentary

The market rally this past week pushed the market further into overbought territory. So while there is no significant risk to the market momentarily, a short-term correction phase would not be surprising.

As such, we continue to recommend rebalancing holdings and reducing your risk heading into November. However, with the Fed on deck to taper their bond purchases, the Democrats about to face a debt-ceiling debate again, combined with weakening economic growth, there is enough to warrant some caution. **In the short term, we suggest maintaining exposures in plan portfolios but continue putting new contributions back into cash or stable value holdings for now.**

While we have not removed international, emerging, small and mid-cap funds from the allocation model, we suggest avoiding these areas for now and moving those allocations to domestic large-cap.

If you are close to retirement or are concerned about a pickup in volatility, there is nothing wrong with being underweight equities. However, there is likely not a lot of upside in markets heading into next 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 holdings 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

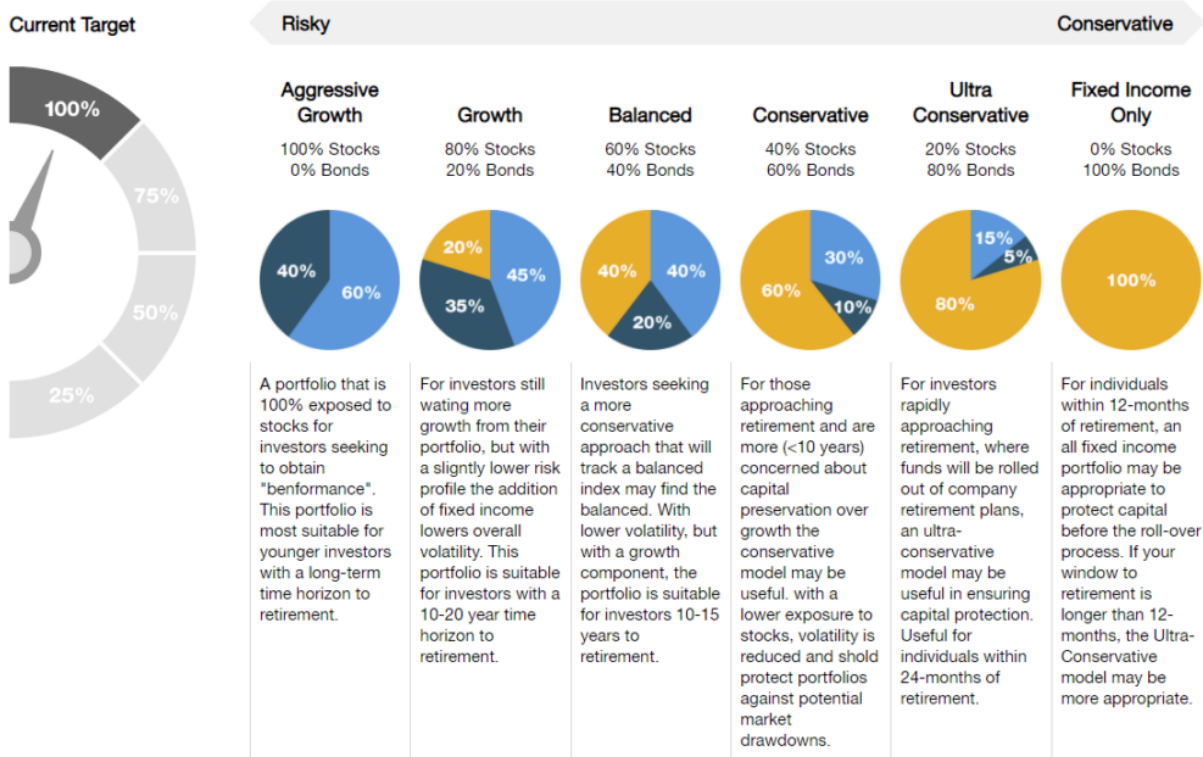
The tactical strategy consists of holdings which are based on the short- to intermediate-term trends of the market. As macro-economic, monetary and fiscal policy, and investor psychology impacts markets, the holdings in the tactical strategy will shift to take advantage of market rotations. Importantly,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

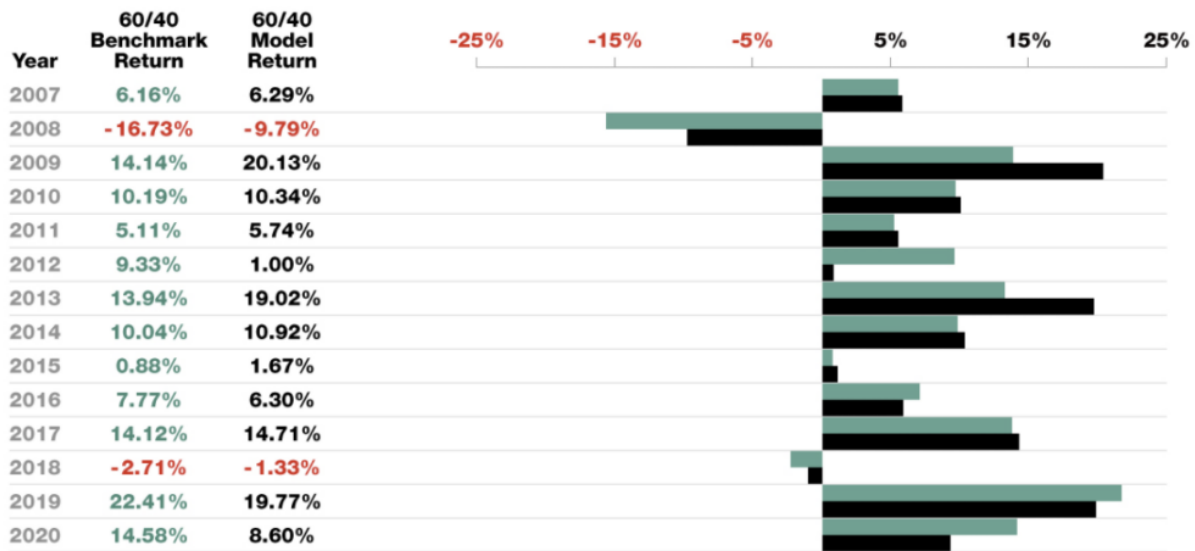


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401k Model Performance Analysis

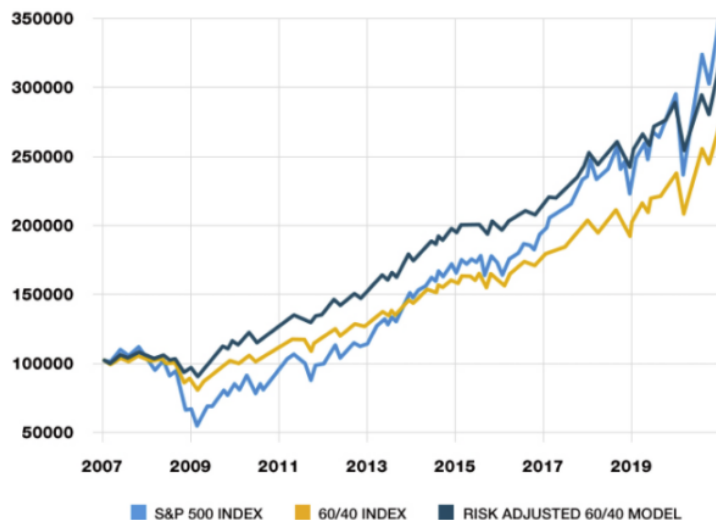
Model performance is a two-asset model of stocks and bonds relative to the weighting changes made each week in the newsletter. Such is strictly for informational and educational purposes only, and one should not rely on it for any reason. Past performance is not a guarantee of future results. Use at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