

Quick Takes:

Things I Am Thinking About



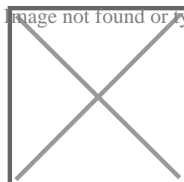
Real Investment Report



- **Quick Takes**
- **Sector & Market Analysis**
- **401k Plan Manager**

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Quick Takes

Market

While the market rallied last week and continues to flirt with all-time highs, not surprisingly, volume was exceedingly light because of the July 4th holiday on Thursday. As Carl Swenlin noted:

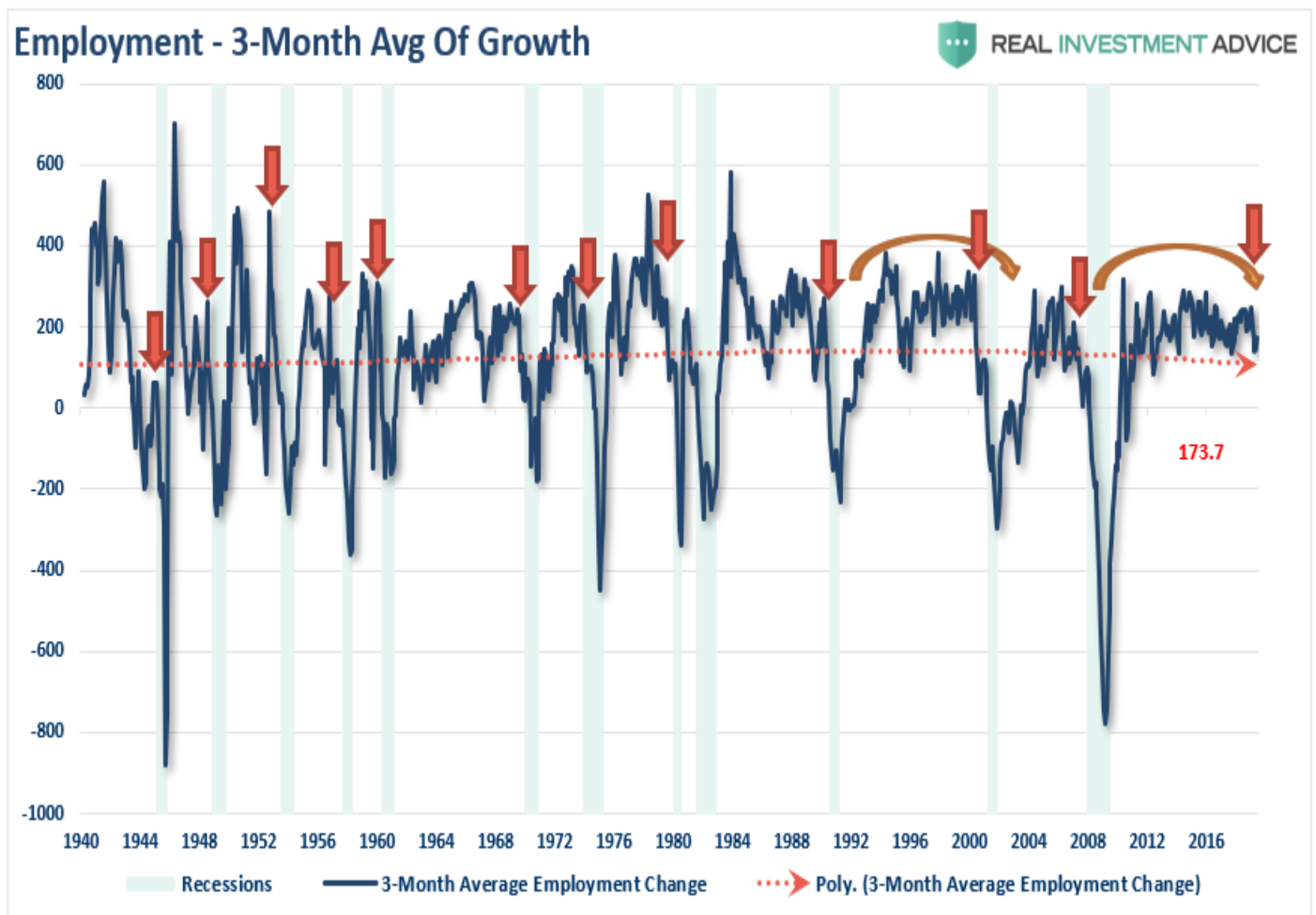
"SPY has formed a bearish rising wedge, and the VIX penetrated the upper Bollinger Band, which is short-term bearish. The wedge looks particularly weak because price rose off the bottom of the wedge this week, but it failed to reach the top of the wedge before touching the bottom of the wedge again today."



With a majority of short-term technical indicators extremely overbought, look for a correction next week. What will be important is that any correction does not fall below the early May highs. Furthermore, with participation continuing to narrow, it continues to look like the August/September time frame for a larger corrective cycle is still in play. Such corrective actions would coincide with emergence of risk factors from trade, to disappointment from the Fed, to a disappointing earnings cycle and rising recessionary indications. This doesn't mean sell everything and go to cash. It goes suggest carrying some hedges, a higher than normal level of cash, and a rotation into "defensive" positioning will likely remain prudent.

Employment

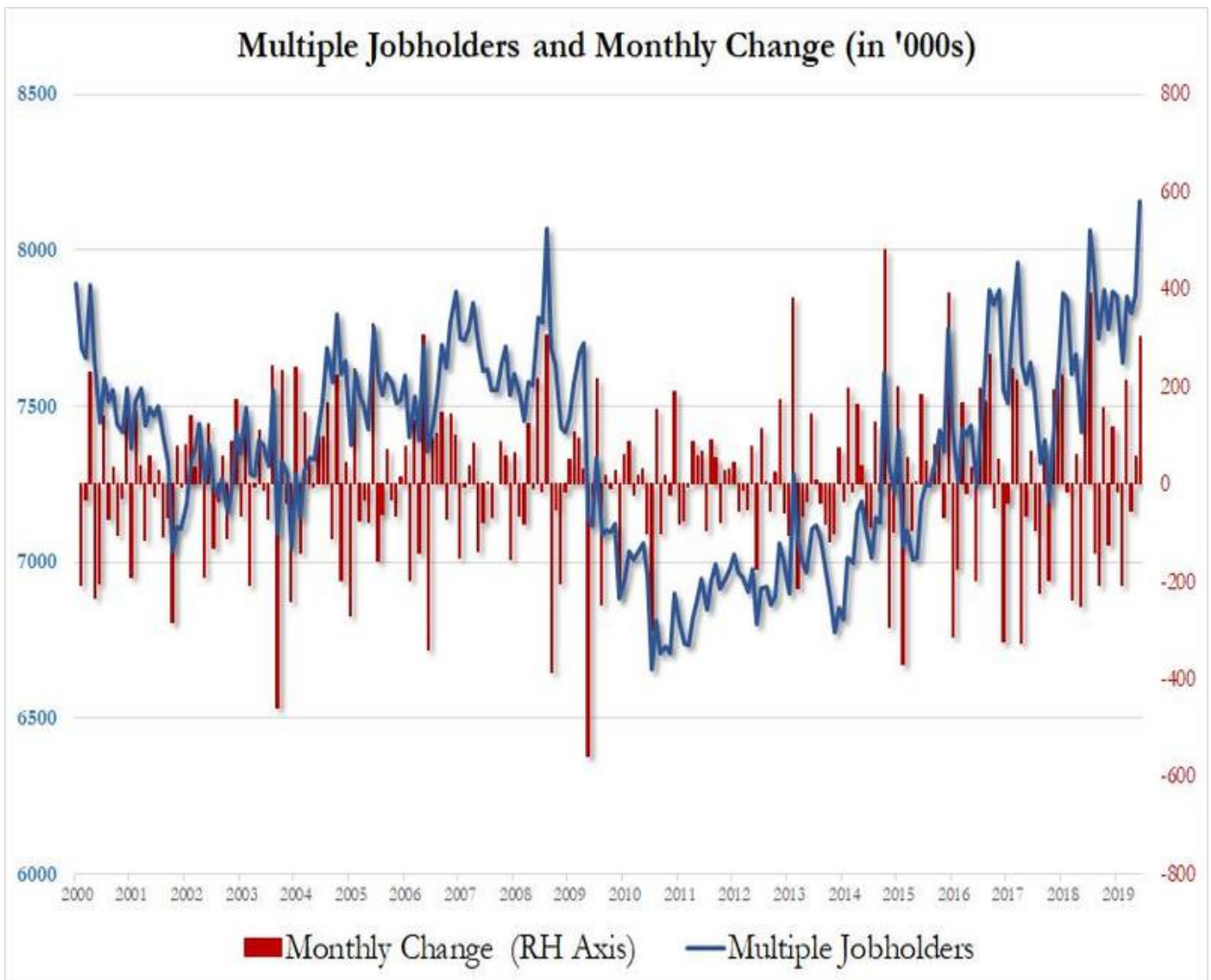
The employment number on Friday was strong as we anticipated. This puts the Federal Reserve in a more difficult position with respect to cutting rates in July. The markets initially sold off on the news but did manage to stage a bit of recovery by late afternoon as "hope" remains high the Fed will cut rates regardless. However, let's take a look at a couple of "off the run" indicators about employment. **First**, the Fed looks at the 3-month average of employment, still a lagging indication, to smooth out month to month variability. The chart is below:



Clearly, not only has the trend turned lower as of late, but has been weakening since 2015. This is commensurate with a late-stage economic expansion. **However, the current weakness has been consistent with previous ebbs and flows of the business cycle and is not currently "weak" enough to suggest cutting rates in July is warranted.** Second, the "quality of jobs" continues to deteriorate as shown by the surge in "multiple part-time job holders." Per [ZeroHedge](#) on Friday:

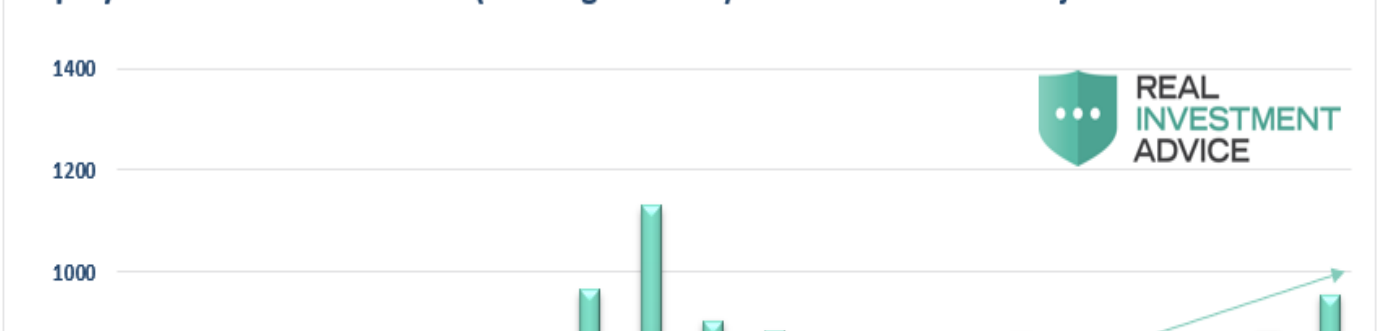
"While the headline payrolls number was stellar, coming in higher than even the most optimistic Wall Street forecast, one aspect of today's jobs report that will likely become a major talking point for Democrats and other critics of the Trump economy, is that the

number of multiple-jobholders soared from 7.855 million to 8.156 million, a monthly surge of 301,000 - the biggest since July 2018, and an indication that the jobs number was far weaker than the headline represents if one excludes all those workers who represented two jobs to the BLS' various surveys."



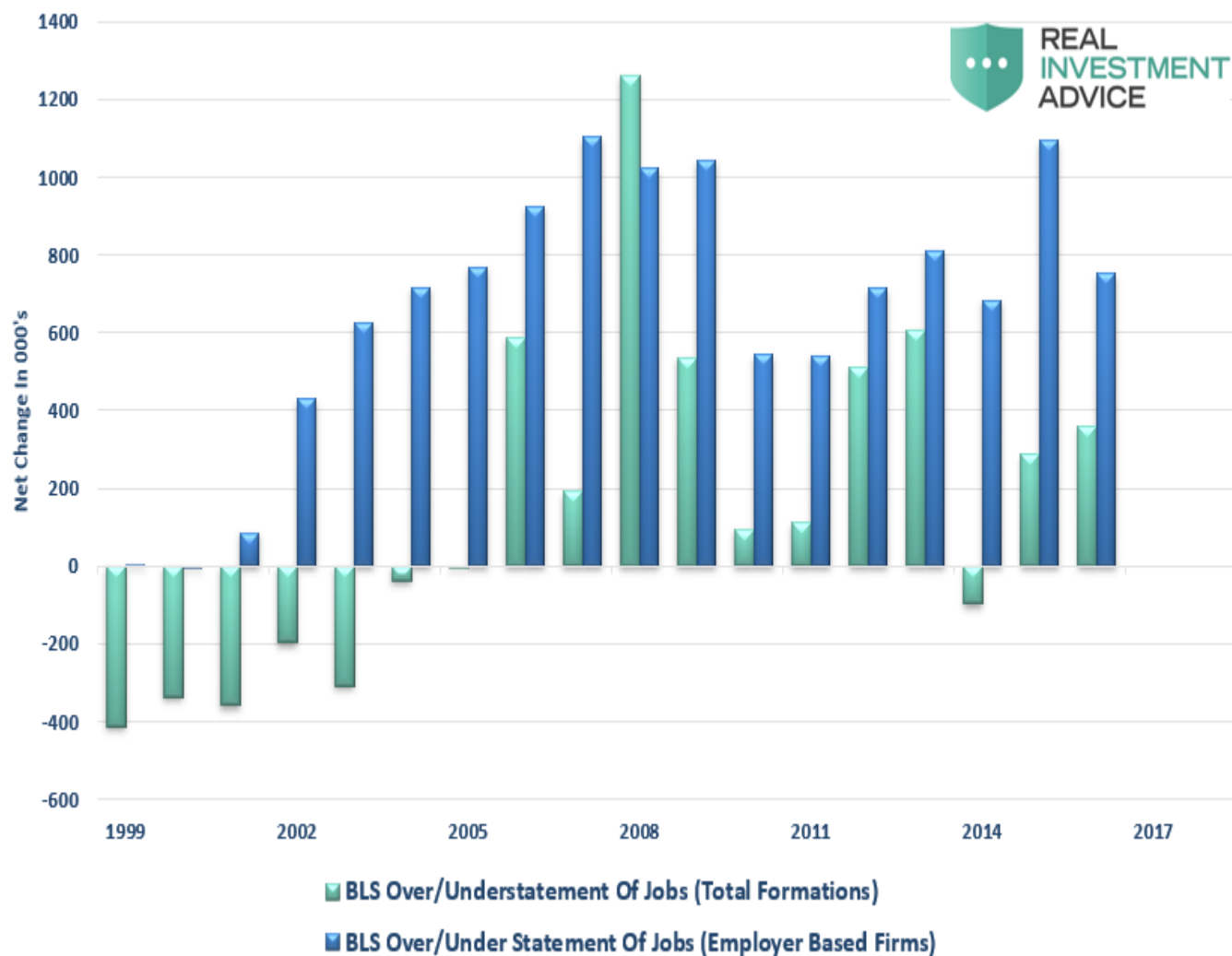
Lastly, the "birth-death adjustment" is, as we say in Texas, a "load of S***!" Every month, the BLS adds numerous jobs to the non-seasonally adjusted payroll count to "adjust" for the number of "small businesses" being created each month, which in turns "creates a job."• (The total number is then seasonally adjusted.) Here is my problem with the adjustment. **The BLS counts ALL business formations as creating employment.** However, in reality, **only about 1/5th of businesses created each year actually have an employee.** The rest are created for legal purposes like trusts, holding companies, etc. which have no employees whatsoever. **This is shown in the chart below which compares the number of businesses started WITH employees from those reported by the BLS.** (Notice that beginning in 2014, there is a perfect slope in the advance which is consistent with results from a mathematical projection rather than use of actual data.)

Employer Businesses Formation (Net Chg Per Year) vs. BLS Birth Death Adj.



These rather "fictitious" additions to the employee ranks reported each year are not small, but the BLS tends even to overestimate the total number of businesses created each year (*employer AND non-employer*) by a large amount.

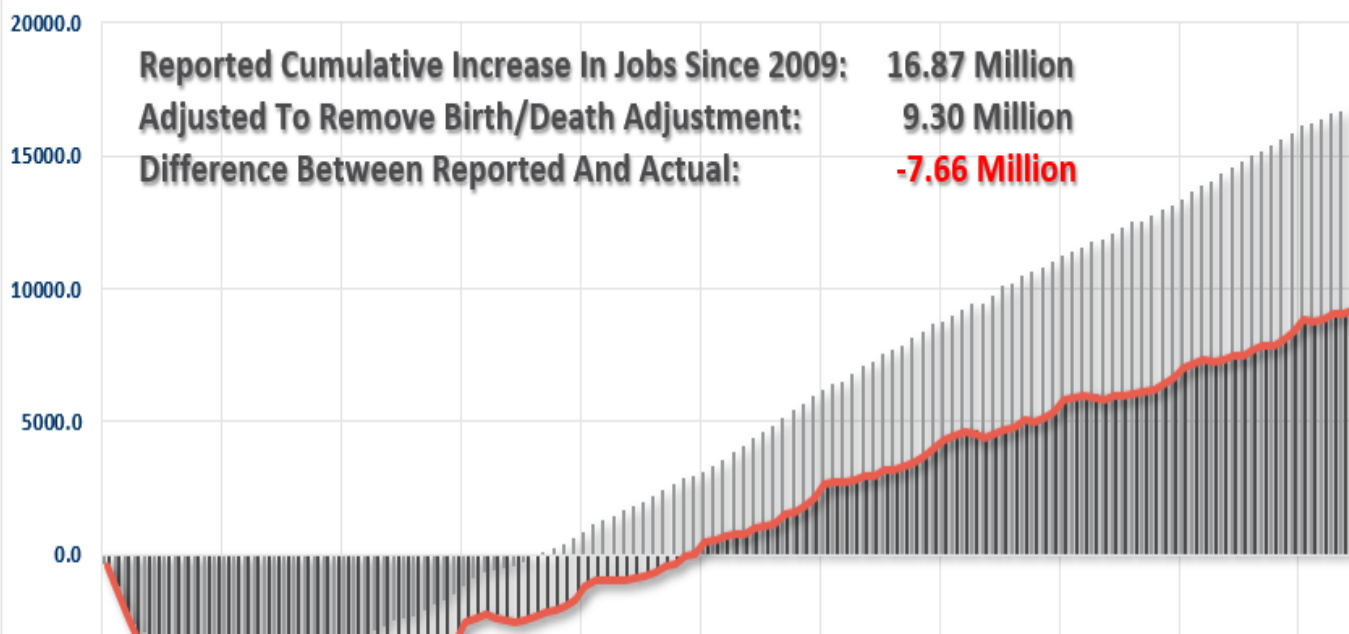
Over/Understatement Of Jobs Added By BLS Birth/Death Adjustment



How big of a difference are we talking about? Well, in the decade between 2006 and 2016 (*the latest update from the Census Bureau*) the BLS added roughly 7.6 million more employees than were created in new business formations.

Employment Gains Since 2009 - Including/Excluding B/D Adj.

REAL INVESTMENT ADVICE



This data goes a long way in explaining why, despite record low unemployment, there is a record number of workers outside the labor force, 25% of households are on some form of government benefit, wages remain suppressed, and the explosion of the "wealth gap."• However, while this data should concern you about the real strength of the economy, it is NOT data the Fed considers with respect to monetary policy decisions.



REAL
INVESTMENT
ADVICE

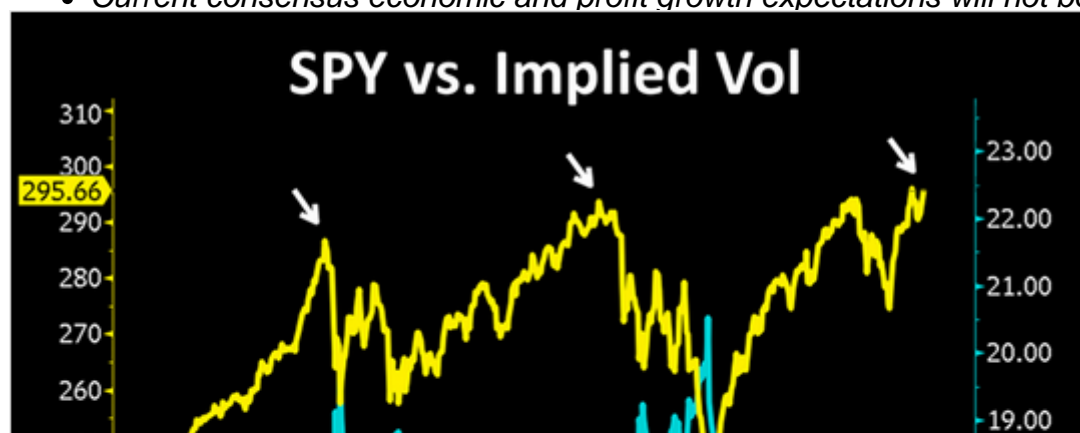
Are your investments prepared
for the next bear market?

SCHEDULE YOUR
CONSULTATION
TODAY

Volatility Warning

In the past we have spoken of the high-levels of complacency by investors in the market. As my friend [Doug Kass](#) recently pointed out, there are a litany of things investors should be concerned about:

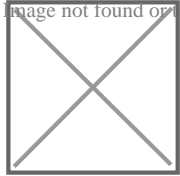
- *The U.S./China trade negotiations last weekend didn't "move the ball forward." The outcome was just as expected with no promise of a substantive deal in the near future. (The two sides remain quite far apart with regard to the core issues of intellectual property and technology transfer, among other debated items).*
- *The future U.S./China trade negotiations will not produce tangible results over the next 12 months.*
- *Global cooperation and coordination is at an all-time low*
- *Uncertainty of trade policy and the destruction of the post World War II political and economic order (in an increasingly flat and interconnected world) is consequential to future worldwide economic growth.*
- *The precipitous drop in global bond yields is a sign of an imminent contraction (relative to consensus expectations) in global economic and U.S. corporate profit growth.*
- *There is a lack of "natural share price discovery" in the face of monumental shifts in market structure (from active to passive investing.)*
- *The dominance of products and strategies that worship at the altar of price momentum raise the risk of a major "Flash Crash."*
- *We are currently in an "earnings recession."*
- *Unbridled fiscal spending has adverse consequences.*
- *There is over \$12 trillion of sovereign debt having negative yields.*
- *Large levels of debt in the system raised the risk of a credit-related event if something "breaks."*
- *The Federal Reserve (and other central bankers) can not catalyze economic activity (by lowering rates) from current low levels ("[pushing on a string](#).")•*
- *The current low level of interest rates are an important factor in holding down business fixed investment.*
- *Current consensus economic and profit growth expectations will not be met in 2019-20.*



impactful at some point.•

goes: "What could possibly go wrong?"

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As You Jump In, They Are Jumping Out

As the S&P climbs toward 3,000, individuals are clamoring to get in. Interestingly, while retail investors are chasing stocks, **institutions continue to "de-risk" as \$6.3B was allocated to bonds and \$15.1B was pulled out of equities**. The net result was a new record to date totaling \$229B flowing into bonds, with \$154B was pulled out of equities, according to [Zerohedge](#).

*"As BofA's Michael Hartnett writes, there is now a **record disconnect between flows & returns in 2019, with only 2016 a similar year in terms of outflows/returns.**"*

Chart 1: Record disconnect between flows & returns

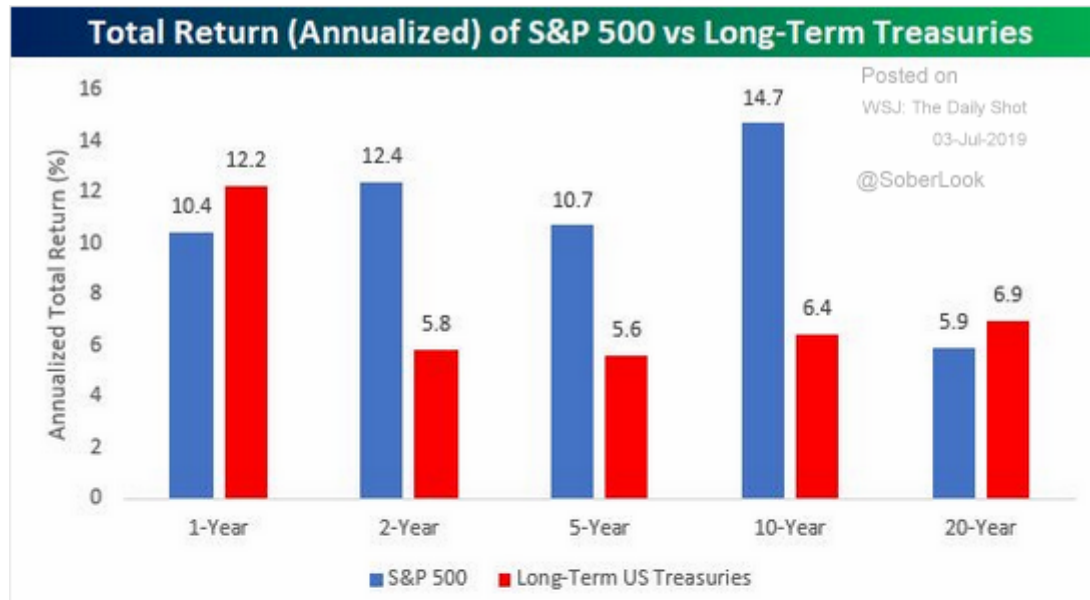
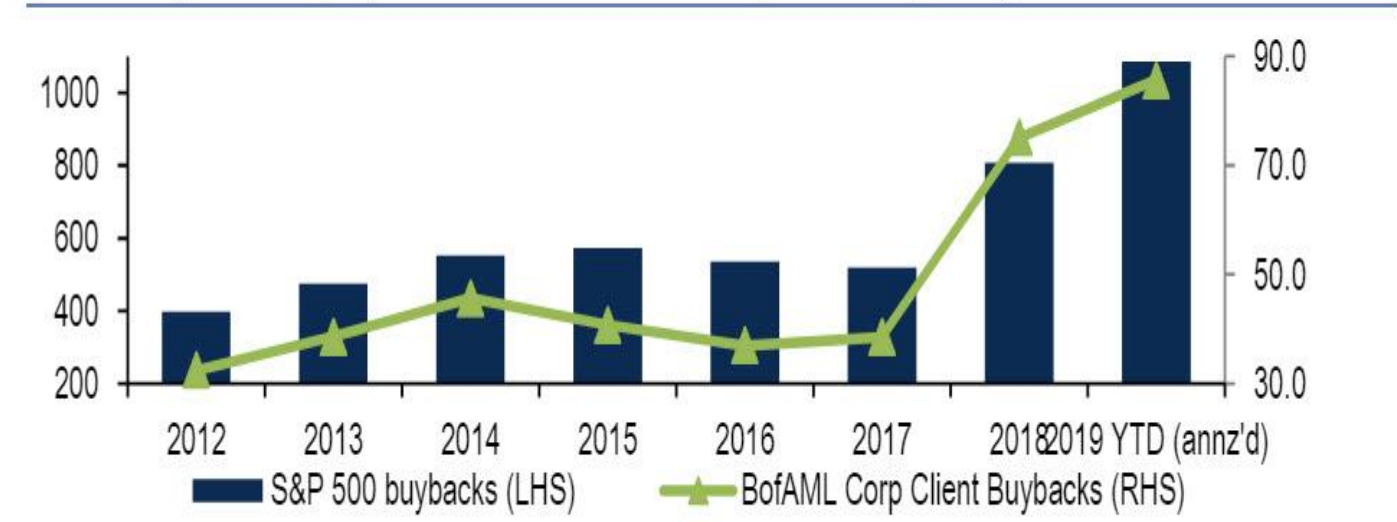


Source: BofA Merrill Lynch Global Investment Strategy, Bloomberg, EPFR Global. Note, flows measured as % AUM.

So, how is it that stocks remain near record highs? The primary culprit, [as discussed previously](#), remains corporate buybacks which remain the primary source of market support in 2019. This is especially the case after US banks announced \$129 bn in buybacks over the next 4 quarters.

Buybacks, according to BofA, are on pace for a record at \$43B so far this year versus just \$75B for the entirety of 2018. **This suggests a record of over \$1 trillion in S&P 500 buybacks for 2019.**

Chart 1: BofAML corporate client buybacks (through 1H19, annualized) vs. S&P 500 gross buybacks (2012-2018, and 2019 projection based on BofAML corp. client buybacks)



the media tells them
why "rich people,"



If buybacks are

indeed supporting market performance, it is worth noting that such support can be turned off like a water spigot. Which means someone is going to be left "holding the bag." Just make sure it isn't you. If you need help, or have questions, we are always glad to help. [Just email me](#). See you next week.

Market & Sector Analysis

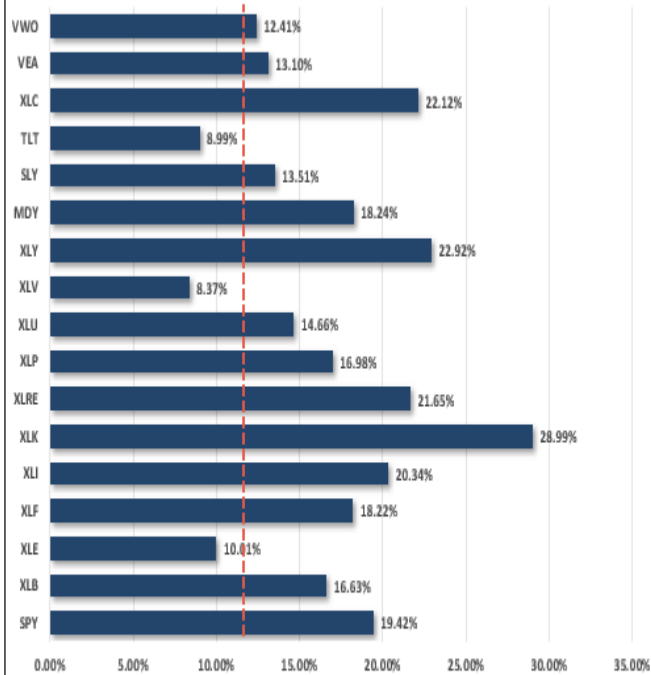
Data Analysis Of The Market & Sectors For Traders

S&P 500 Tear Sheet

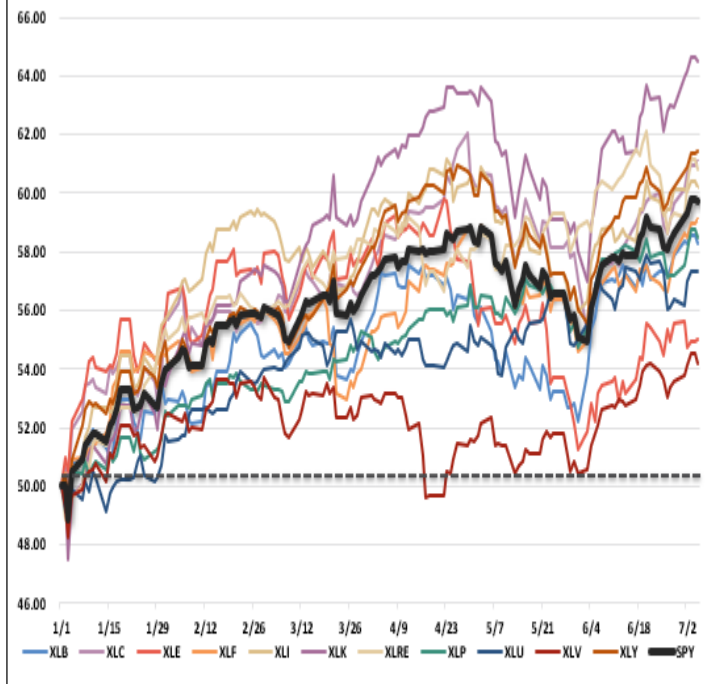
3 Month SPY Price							SPY RISK INFO		ZACKS		REAL INVESTMENT ADVICE					
							Item		T 2-Yr		T 1-Yr.		YTD		% Diff YTD/T1-YR	
							Price Return		22.94%		9.28%		19.42%		109.25%	
							Max Drawdown		-20.47%		-20.47%		-7.41%		-63.80%	
							Sharpe		0.84		0.75		3.36		3.47	
							Sortino		0.97		0.91		4.38		3.80	
							Volatility		13.98		15.36		12.52		(0.19)	
							Daily VaR-5%		(8.78)		(11.65)		23.89		(3.05)	
							Mnthly VaR-5%		(10.34)		(19.16)		12.52		(1.65)	
S&P 500 Fundamental Analysis									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	1.86%	1.80%	1.83%	1.48%	2.18%	1.67%	(15.99%)	9.35%	Shares	2,429.9	2,384.2	(1.88%)				
P/E Ratio	20.49	20.21	18.53	(9.09%)	21.65	16.37	(14.4%)	13.14%	Sales	59,766	64,019	7.12%				
P/S Ratio	3.18	3.35	3.35	0.07%	3.57	2.62	(6.18%)	27.72%	SPS	24.6	26.9	9.17%				
P/B Ratio	3.62	3.91	4.12	5.02%	4.16	3.01	(1.07%)	36.84%	Earnings	8,446	9,549	13.06%				
ROE	15.59%	16.67%	18.62%	10.48%	18.77%	14.99%	(0.80%)	24.20%	EPS TTM	4.1	4.9	17.92%				
ROA	2.89%	3.12%	3.47%	10.00%	3.50%	2.81%	(0.87%)	23.51%	Dividend	1.5	1.6	9.34%				
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	(17.03%)	4.90%	1.21	16.64	156.27	12.49	(89.4%)	9.4%	3.6%	6.03%	3.69	15.28				
Materials	(8.54%)	2.77%	1.28	15.15	22.97	13.86	(34.0%)	11.3%	2.0%	6.63%	4.55	16.28				
Industrials	6.23%	9.25%	1.14	17.47	22.21	14.76	(21.4%)	16.2%	1.9%	5.72%	5.24	15.94				
Discretionary	12.57%	10.19%	1.02	24.80	27.38	20.08	(9.4%)	28.9%	1.2%	4.06%	4.93	21.86				
Staples	13.62%	7.29%	0.61	20.47	22.83	17.62	(10.3%)	27.1%	2.7%	4.89%	3.89	19.42				
Health Care	11.00%	14.20%	0.87	17.22	20.62	15.93	(16.5%)	30.2%	1.7%	5.79%	6.55	15.58				
Financials	6.73%	13.07%	1.23	13.51	18.42	11.68	(26.7%)	11.6%	2.0%	7.40%	5.85	11.89				
Technology	19.05%	21.59%	1.24	21.41	21.83	14.47	(1.9%)	39.1%	1.4%	4.70%	5.29	19.89				
Telecom	(2.65%)	10.25%	0.87	19.61	27.29	17.44	(28.1%)	17.6%	1.0%	5.14%	6.33	17.84				
Utilities	18.16%	3.31%	0.33	20.48	20.31	15.58	0.9%	10.5%	3.2%	4.91%	3.62	18.70				
Real Estate	13.38%	3.09%	0.72	20.47	24.47	17.10	(16.3%)	10.0%	3.2%	4.89%	4.30	19.47				
Momentum Analysis																
				# Days	% Dev	# Days	% Dev	% Dev	% From	% From						

Performance Analysis

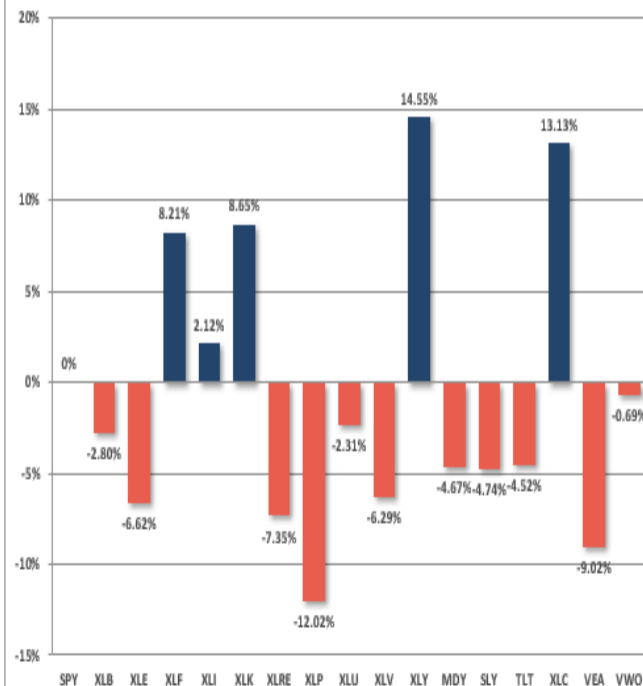
Year To Date Performance



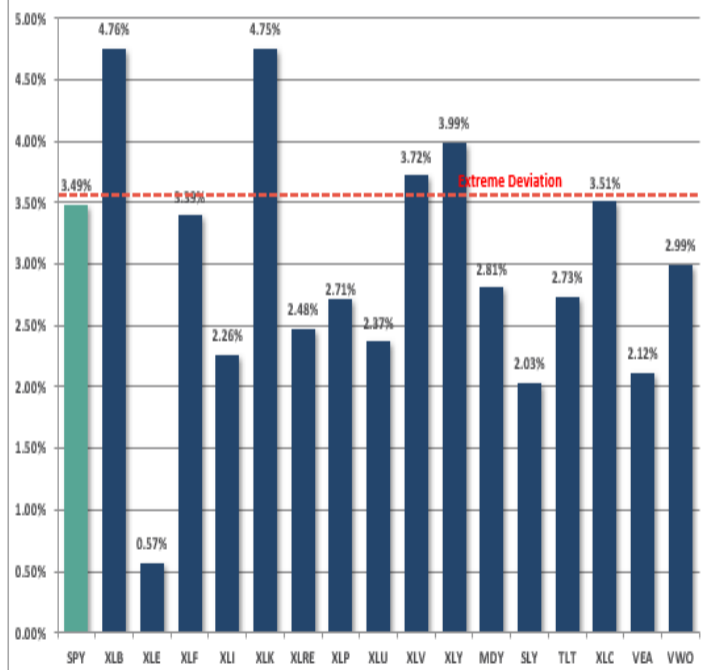
YTD Price - S&P Sectors Recalibrated To \$50/share



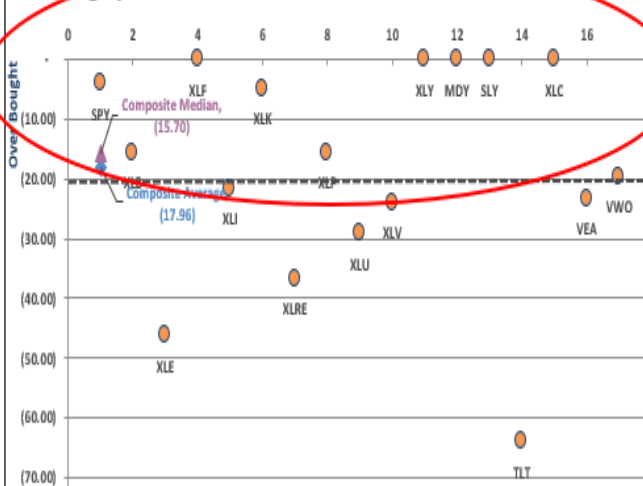
Year To Date Performance Relative To S&P 500



Price Deviation From 50-Day Moving Average



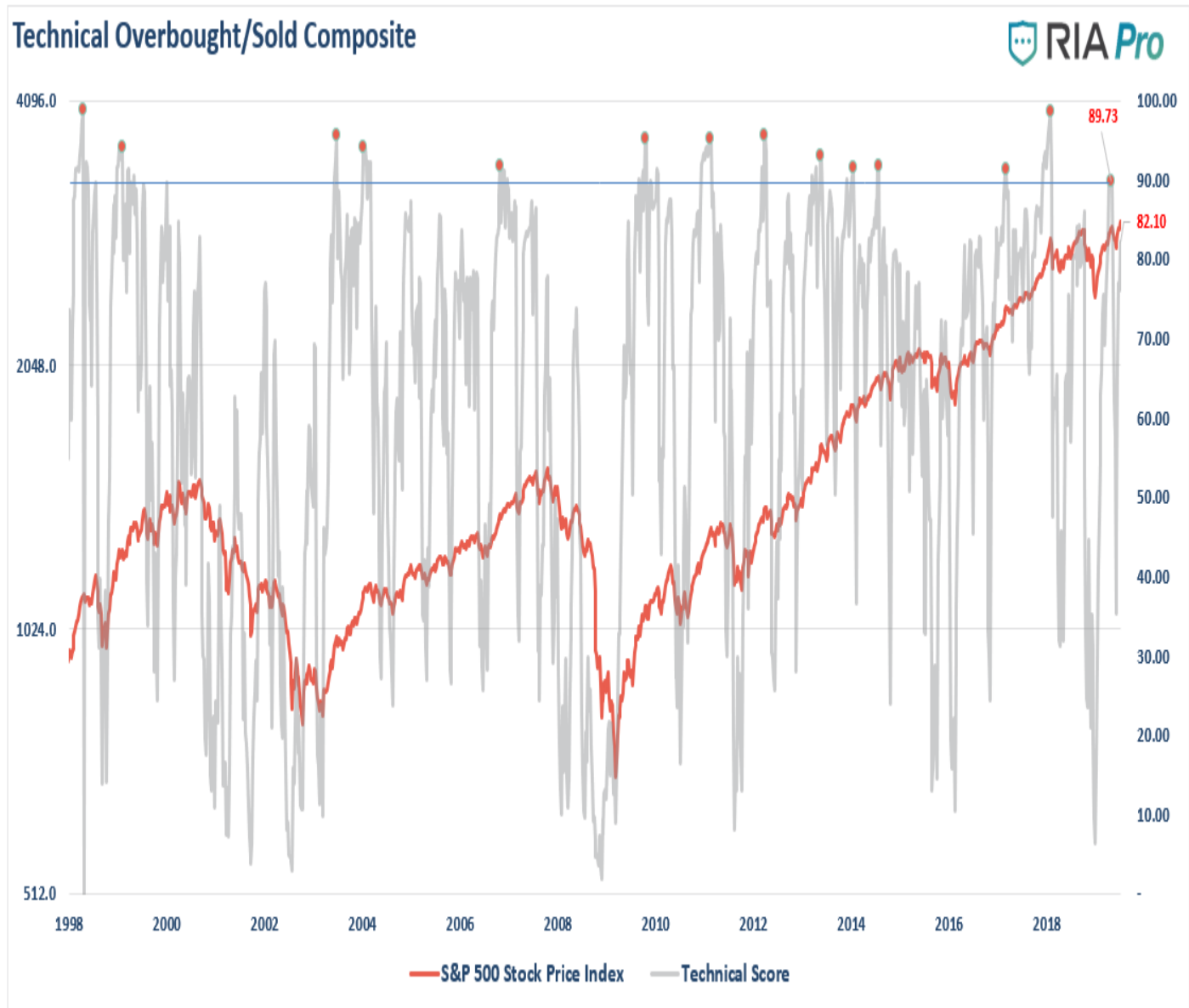
Overbought/Oversold 14-Periods



Size / Sector ETF YTD Trading Range



Technical Composite



ETF Model Relative Performance Analysis

RELATIVE PERFORMANCE		Ticker	ETF NAME	Current Price	Model Position Price Changes Relative to Index					SHORT WMA	LONG WMA	% DEV - Short M/A	% DEV - Long M/A	Buy / Sell Signal
					1 Week	4 Week	12 Weeks	24 Weeks	52 Weeks					
TACTICAL	BENCHMARK	IVV	ISHARS-SP500	300.10	1.82	3.60	2.72	11.95	8.26	290.56	278.26	3.28%	7.85%	BUY
	SECTORS	XLB	SPDR-MATLS SELS	58.92	(1.10)	(1.18)	(1.34)	(1.84)	(7.45)	56.54	54.66	4.21%	7.80%	BUY
		XLE	SPDR-EGY SELS	63.09	(2.79)	(0.63)	(9.33)	(13.12)	(24.88)	63.76	63.78	-1.06%	-1.09%	SELL
		XLF	SPDR-FINL SELS	28.16	0.21	0.23	1.04	(3.64)	(2.67)	27.20	26.23	3.51%	7.37%	BUY
		XLI	SPDR-INDU SELS	77.51	(1.70)	(1.24)	(2.42)	(1.52)	(0.84)	76.12	73.00	1.83%	6.18%	BUY
		XLK	SPDR-TECH SELS	79.95	0.63	1.33	1.37	10.39	4.25	76.55	70.90	4.44%	12.76%	BUY
		XLP	SPDR-CONS STPL	59.40	0.48	(2.29)	2.98	1.30	5.49	57.53	55.19	3.24%	7.62%	BUY
		XLU	SPDR-UTIL SELS	60.68	(0.05)	(2.57)	1.53	2.24	5.87	58.93	56.73	2.97%	6.96%	BUY
		XLC	SPDR-COMM SV SS	50.41	0.60	2.37	0.12	0.15	(8.97)	48.79	46.34	3.31%	8.78%	BUY
		XLV	SPDR-HLTH CR	93.75	(0.62)	(0.59)	1.67	(7.87)	0.74	90.00	89.99	4.16%	4.18%	BUY
		XLY	SPDR-CONS DISCR	121.70	0.28	1.51	0.14	1.99	2.08	117.40	110.80	3.66%	9.83%	BUY
	SIZE	SLY	SPDR-SP SC 600	68.07	(1.16)	0.48	(3.88)	(8.29)	(16.97)	67.11	66.21	1.43%	2.81%	BUY
		MDY	SPDR-SP MC 400	357.89	(0.88)	0.09	(2.73)	(3.76)	(9.33)	349.83	338.84	2.30%	5.62%	BUY
	Equal Weight Market	RSP	INVS-SP5 EQ ETF	109.30	(0.42)	(0.06)	(1.30)	(1.31)	(2.49)	106.08	102.07	3.04%	7.09%	BUY

RIA Pro

Sector & Market Analysis:

Be sure and catch our updates on Major Markets (Monday) and Major Sectors (Tuesday) with updated buy/stop/sell levels

Sector-by-Sector



Improving - Healthcare

Our overweight bet on "healthcare" continued to pay off as the anticipated rotation OUT of the previous leaders of Technology and Discretionary led to buying of underperforming assets like Healthcare. We are remaining long for now, but are looking for signs we need to take profits.

Current Positions: Overweight XLV

Outperforming - Staples, Real Estate, Financials, Utilities

As noted last week, the rotation in defensive positioning has continued and these sectors are currently leading overall market performance. We are maintaining our target portfolio weight in Financials for now. Take profits and rebalance across sectors accordingly.

Current Positions: Overweight XLP, XLU, Target weight XLF, XLRE

Weakening - Technology, Discretionary, Communications

As noted above the previous "leaders" are now lagging in terms of relative performance. We stated previously, that the lack of leadership suggests the breakout to "new highs" in the S&P 500 is not likely sustainable. There is a decent probability the market will fail next week and pull back a bit from Friday's close. **Current Position:** 1/2 weight XLY, Reduced from overweight XLK, Target weight.

Lagging - Energy, Materials, Industrials

This economically sensitive sectors have held up okay this past week but continue to lag on a relative performance basis. For now, we are maintaining our "underweight" holdings in all three of these sectors for now until there is a resolution to the "trade war." **Current Position:** 1/2 weight XLE, XLB, XLI

IMPORTANT: The oversold condition that existed at the beginning of June has been fully reversed back to an extreme "overbought." Take some action to rebalance portfolio risk if you have not done so previously.

We may have some follow-through rally this week, but use any further rise to take action accordingly.

Market By Market




Small-Cap and Mid Cap - While small-cap did finally break above its 50- and 200-dma's to join Mid-caps in a late-stage catchup rally, the move was quite unimpressive on a relative strength basis. With small and mid-caps back to extremely overbought conditions, this is likely a great opportunity to rebalance portfolio risk and reducing weighting to an underperforming asset class for now until things improve.

Current Position: *No position* **Emerging, International & Total International Markets** We are still watching these positions for a potential add to portfolios but the extreme overbought condition keeps us sidelined for the movement. A pullback that reduces the overbought condition but does not violate support will provide the right entry point. **Current Position:** *No Position* **Dividends, Market, and Equal Weight** - These positions are our long-term "core" positions for the portfolio given that over the long-term markets do rise with respect to economic growth and inflation. Currently, the short-term bullish trend is positive and our core positions are providing the "base" around which we overweight/underweight our allocations based on our outlook. The rally over the last three weeks has fully reversed the previous oversold condition. Make sure and rebalance weightings in portfolios if you have not done so already. **Current Position:** *RSP, VYM, IVV* **Gold** ? The stronger than expected employment report pulled some of the "exuberance" out of gold on Friday. However, by the end of the day, gold had rallied back and continues to consolidate its current advance. Hold positions for now and look for a better entry point on a pullback. **Current Position:** *GDX (Gold Miners), IAU (Gold)* **Bonds**? Bonds also took a hit on Friday, and like gold rallied back by the end of the day, as the markets digested the employment report. Risks have risen the the Fed will not cut rates in July, but I wouldn't be betting on that outcome just yet. Despite the rally in stocks, bonds continue to get an attractive bid as rates fall and investors are seeking safety over risk. Bonds are EXTREMELY overbought, take some profits and rebalance weightings but remain long for now. **Current Positions:** *DBLTX, SHY, TFLO, GSY, IEF* High Yield Bonds, representative of the "risk on" chase for the markets rallied sharply with the market this week as "shorts" were forced out of their holdings. Not surprisingly, the "junk" rally has taken the market from oversold back to extremely overbought. **Given the deteriorating economic conditions, this would be a good opportunity to reduce "junk rated" risk and improve credit quality in portfolios.**

IMPORTANT: The oversold condition has been fully reversed. Take action if you have not done so.

Sector / Market Recommendations

The table below shows thoughts on specific actions related to the current market environment. (These are not recommendations or solicitations to take any action. This is for informational purposes only related to market extremes and contrarian positioning within portfolios. Use at your own risk and peril.)

											
		Over Bought / Sold	50/200 DMA	Trend	Action	OVERWEIGHT	BUY	HOLD	REDUCE	SELL	Notes
XLY	Discretionary	OB	Positive	Positive	Hold			X			Testing Highs
XLK	Technology	OB	Positive	Positive	Hold			X			Testing Highs
XLI	Industrials	OB	Positive	Neutral	Hold			X			Broke Above 50-DMA
XLB	Materials	OB	Positive	Neutral	Hold			X			Extreme Overbought
XLE	Energy	OB	Negative	Negative	Hold			X			Testing Resistance
XLP	Staples	OB	Positive	Positive	Hold			X			Extreme Overbought
XLV	Health Care	OB	Negative	Neutral	Hold			X			Testing Highs
XLU	Utilities	OB	Positive	Positive	Hold			X			Extreme Overbought
XLF	Financials	OB	Positive	Neutral	Hold			X			Testing April Resistance
XLC	Telecom	OB	Positive	Neutral	No Position					X	Broke Above 50-DMA
XLRE	Real Estate	OB	Positive	Positive	Hold			X			Extreme Overbought
SLY	Small Caps	OB	Negative	Negative	No Position					X	Broke Above 50-DMA
MDY	Mid Caps	OB	Positive	Neutral	No Position					X	Broke Above 50-DMA
EEM	Emerging Mkt	OB	Positive	Negative	No Position					X	Broke Above 50-DMA
EFA	International	OB	Positive	Negative	No Position					X	Broke Above 50-DMA
IXUS	Total International	OB	Positive	Negative	No Position					X	Broke Above 50-DMA
GLD	Gold	OB	Positive	Neutral	Hold			X			Extreme Overbought
RSP	SP500 Equal Wgt	OB	Positive	Positive	Hold			X			Testing Highs
SDY	SP500 Dividend	OB	Positive	Positive	Hold			X			Testing Highs
IVV	SP500 Market Wgt	OB	Positive	Positive	Hold			X			Testing Highs
TLT	20+ Yr. Bond	OB	Positive	Positive	Hold			X			Extreme Overbought
HYG	Corporate High Yield	OB	Positive	Positive	No Position					X	Extreme Overbought
BNDX	Int'l Bond Aggregate	OB	Positive	Positive	No Position					X	Extreme Overbought
LEGEND: X = THIS WEEK => PREVIOUS DECLINING <= PREVIOUS IMPROVING						X	No Position				

Portfolio/Client Update:

No change this past week. Despite the market testing highs, as noted in the main body of this missive, **it is NOT confirmed by other major markets**. Also, with the yield spread widening in conjunction with a monthly "sell" signal, historical outcomes for excessive risk exposure have not been kind. Our focus continues to remain focused on *?risk control?* and *?Capital preservation strategies?* over *?capital growth and risk taking strategies?* There are indeed some short-term risks while we await the Fed and the G-20 and the next couple of weeks should give us some clarity about where the markets are headed. In the meantime, we continue to carry tight stop-loss levels and will be trading positions initially until our thesis is proved out.

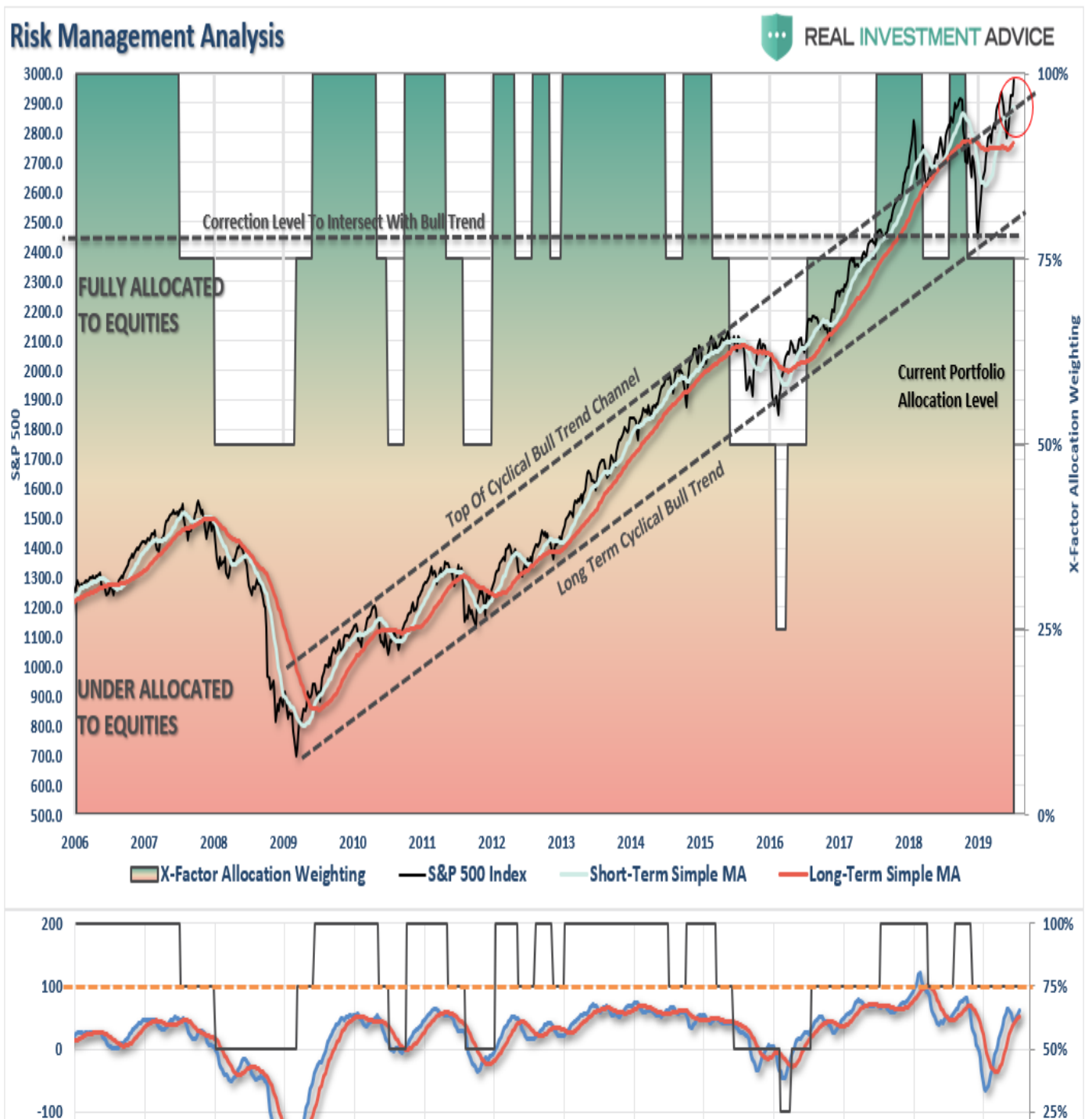
- **New clients:** Our onboarding indicators have reversed back to "risk on" so new accounts will be onboarded selectively into their models where risk can be controlled. Positions that were transferred in are on our global review list and being monitored. We will use this rally to liquidate those positions to raise cash to transition into the specific portfolio models.

- **Equity Model:** We recently added CVS to our portfolio with a stop loss at recent lows. This past week we added WELL (WellTower - a healthcare REIT) with a 4% yield to the portfolio as well. Defense and income remain key.
- **ETF Model:** We added an agency REIT ETF (REM) to our portfolios to participate with a steepening yield curve expectation. We are maintaining a tight stop currently.

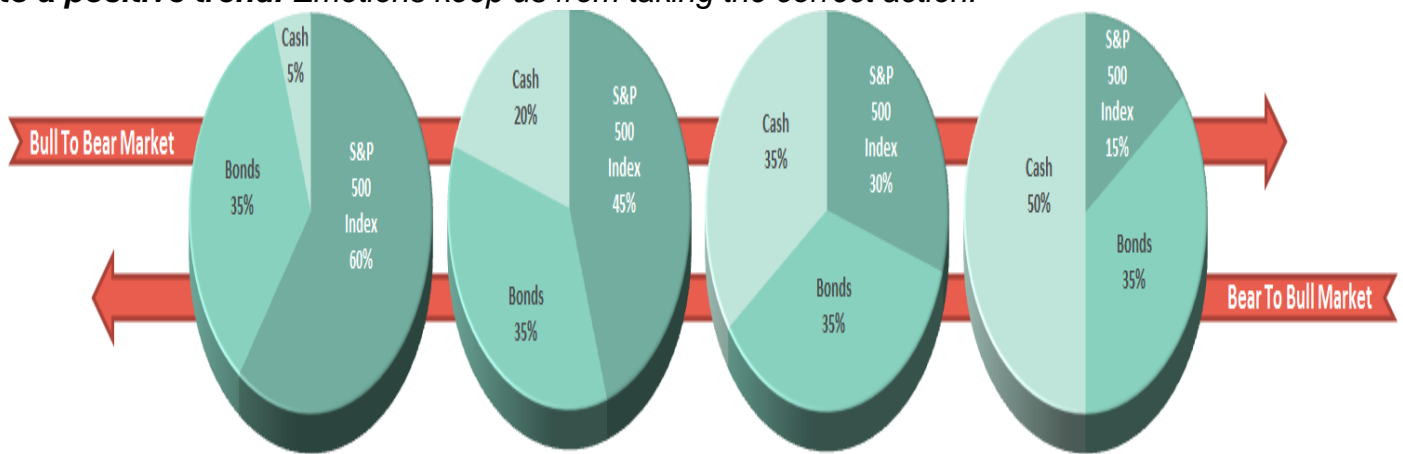
Note for new clients: It is important to understand that when we add to our equity allocations, **ALL purchases are initially trades** that can, and will, be closed out quickly if they fail to work as anticipated. This is why we **step** into positions initially. Once a **trade** begins to work as anticipated, it is then brought to the appropriate portfolio weight and becomes a long-term investment. **We will unwind these actions either by reducing, selling, or hedging, if the market environment changes for the worse.**

THE REAL 401k PLAN MANAGER

A Conservative Strategy For Long-Term Investors



There are 4-steps to allocation changes based on 25% reduction increments. As noted in the chart above a 100% allocation level is equal to 60% stocks. **I never advocate being 100% out of the market as it is far too difficult to reverse course when the market changes from a negative to a positive trend. Emotions keep us from taking the correct action.**



Fed Rate Cut At Risk

With the risk of an extension of the "trade war" put to rest temporarily, and a stronger than expected jobs report on Friday, the pressure on the Fed to cut rates in July have been reduced. There is a decent probability they will hold off in July and await more data before making a cut. This would likely disappoint the markets in the short-term. The biggest risk, is continuing economic weakness and a potential earnings related recessions that causes companies to stop share buybacks to preserve capital. Given those purchases have been a primary support for markets, a reversion in prices will create a "virtual spiral" in declining share repurchases. With Q2 reporting season warming up, there is substantial risk to share prices on disappointing earnings. Estimates have already declined sharply, and the expected rate of negative guidance will likely put further pressure on forward estimates. In turn valuation multiples are going to continue to rise as fundamentals weaken. As stated previously, July and August tend to be challenging months for the market, so we want to be careful, particularly with the economic backdrop weakening and bond yields dropping so sharply. Take the following actions on Monday.

- If you are **overweight equities** - take some profits and reduce portfolio risk on the equity side of the allocation. Raise some cash and reduce equities to target weights. Have a plan in place in case new highs fail to hold.
- If you are **underweight equities or at target** - rebalance risks, look to increase cash rather than buying bonds at the moment, and use the current rally to rotate out of small, mid-cap, emerging, international markets. •

Lastly, the markets are back to extremely overbought conditions, this is a good time to take some action and clean up areas of your portfolio which have not been performing well. If you need help after reading the alert; don't hesitate to [contact me](#).

401k Plan Manager Beta Is Live

We have rolled out a very early beta launch to our [RIA PRO subscribers](#) Be part of our "**Break It Early Testing Associate**" group by using **CODE: 401** The code will give you access to the entire site during the **BETA testing process**, so not only will you get to help us work out the bugs on the 401k plan manager, you can submit your comments about the rest of the site as well. We have several things currently in development we will be adding to the manager, but we need to start finding the "bugs" in the plan so far. We are currently covering more than 10,000 mutual funds and

have now added all of our Equity and ETF coverage as well. • You will be able to compare your portfolio to our live model, see changes live, receive live alerts to model changes, and much more. **We are building models specific to company plans. So, if you would like to see your company plan included specifically, [send me the following](#):**

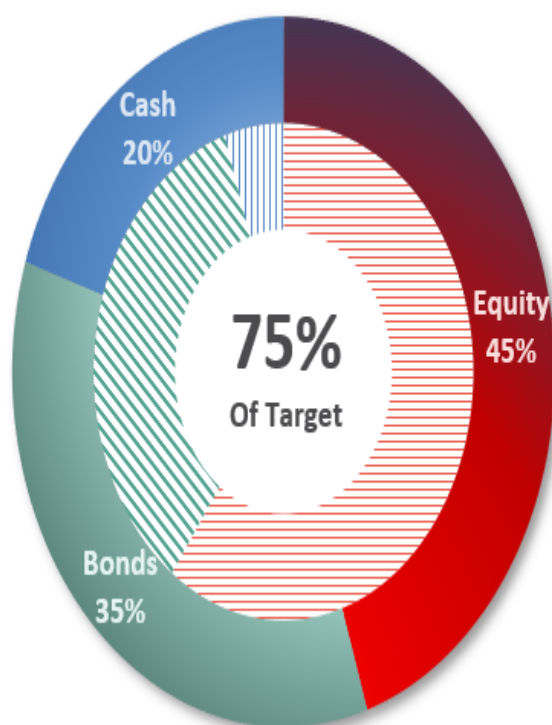
- Name of company
- Plan Sponsor
- A print out of your plan choices. (*Fund Symbol and Fund Name*)

I have gotten quite a few plans, so keep sending them and I will include as many as we can. **If would like to offer our service to your employees at a deeply discounted corporate rate [please contact me](#).**

Current 401-k Allocation Model

The 401k plan allocation plan below follows the K.I.S.S. principle. By keeping the allocation extremely simplified it allows for better control of the allocation and a closer tracking to the benchmark objective over time. ***If you want to make it more complicated you can, however, statistics show that simply adding more funds does not increase performance to any great degree.)***

Current Portfolio Weighting



Current 401k Allocation Model

20.00% Cash + All Future Contributions

Primary concern is the protection of investment capital

Examples: Stable Value, Money Market, Retirement Reserves

35.00% Fixed Income (Bonds)

Bond Funds reflect the direction of interest rates

Examples: Short Duration, Total Return and Real Return Funds

45.00% Equity (Stocks)

The vast majority of funds track an index.

Therefore, select on ONE fund from each category.

Keep it Simple.

10% Equity Income, Balanced or Conservative Allocation

35% Large Cap Growth (S&P 500 Index)

0% International Large Cap Dividend

0% Mid Cap Growth

Model performance is based on a two asset model of stocks and bonds relative to the weighting changes made each week in the newsletter. This is strictly for informational and educational purposes only and should not be relied upon for any reason. Past performance is not a guarantee of future results. Use at your own risk and peril. •

