

The "Trade War" Is Over, Long Live The "Trade War"



- *New Newsletter Format*
- *Market & Portfolio Positioning Review*
- *The "Art Of The Deal" & How To Lose A Trade War*
- ***New: Financial Planning Corner***
- *Sector & Market Analysis*
- *401k Plan Manager*

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New Newsletter Format

We have recently been running lots of surveys on our newsletter, particularly with those who "unsubscribed" to our email list. Over the years, the newsletter has transformed several times due to your inputs.

We are always trying to improve the quality of our content to keep you informed on what is happening with your money, our portfolios, and the world between us.

It is with this understanding we are implementing a few new "tweaks" to our newsletter.


1. **A couple of weeks ago we introduced a new *Financial Planning Corner*** to assist with some of the questions faced by individuals approaching, or in, retirement. •
2. **The "market review"** at the beginning of the newsletter will remain but will be expanded to include what we are doing, if anything, with our client portfolios. •
3. **The "macro view"** is now being written as a separate piece and will be a prominent link in the newsletter. This will shorten the length of the newsletter but still provide access to our macro-viewpoints on the economy and markets. •
4. **Lastly, the 401k Plan Manager has been condensed** to make it more useable in a "quick format" structure. We have also launched a full "live" version which compares your portfolio to our recommended model at RIAPRO.NET.

We hope you will find these changes useful and we continue to look forward to your recommendations, criticisms, and comments so we can continue to improve our newsletter for your benefit.

After all, it is YOUR money we want to make sure you keep it.

Merry Christmas.

Lance Roberts, •RIA Advisors

**REAL
INVESTMENT
ADVICE**

Are your investments prepared
for the next bear market?

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CONSULTATION
TODAY**

Catch Up On What You Missed Last Week



#WhatYouMissed On RIA: Week Of 12-09-19

Written by Lance Roberts | Dec 13, 2019

We know you get busy and don't check on our website as often as you...

[>> Read More](#)

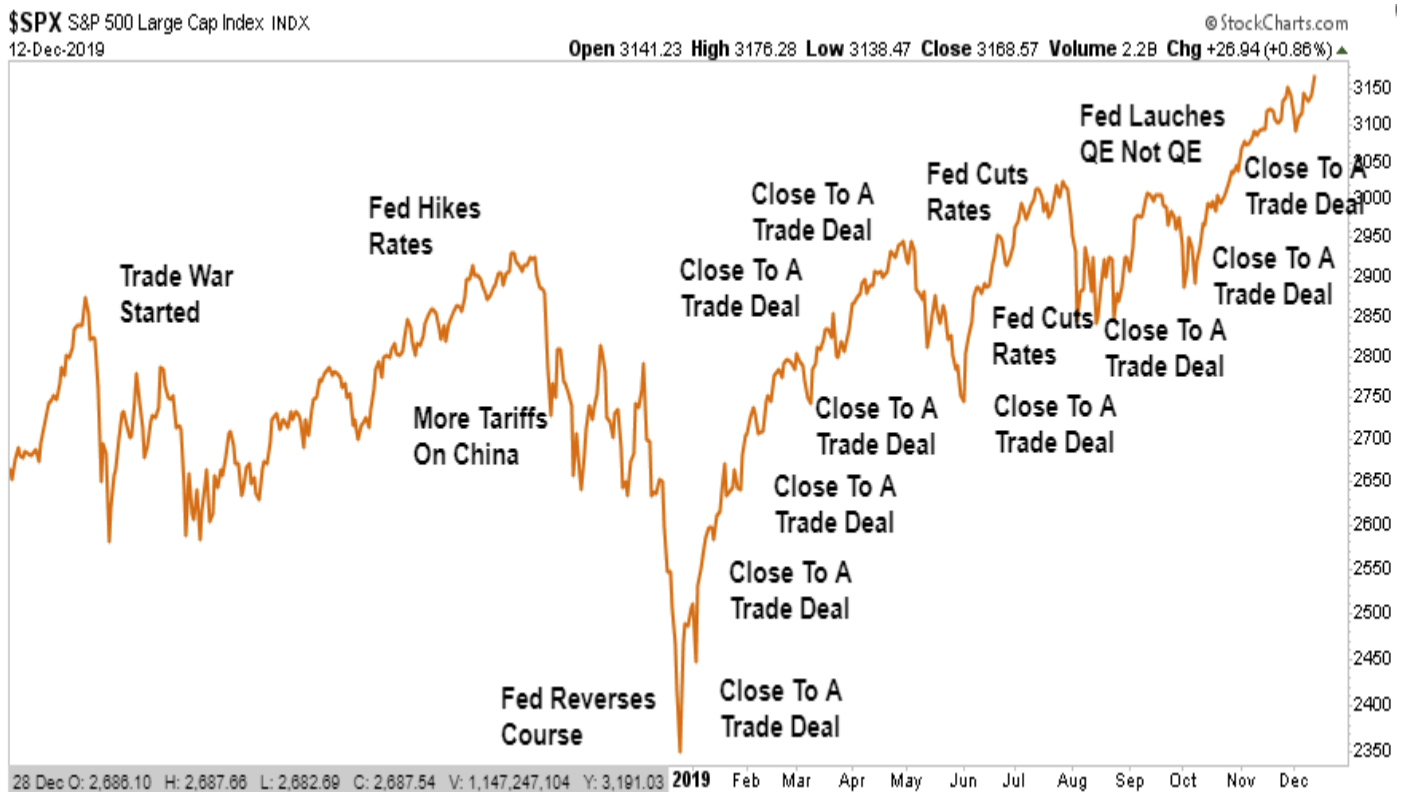
Market & Portfolio Positioning Review

*"The 'Trade War' Is Dead...
Long Live The 'Trade War.'"*

On Friday, "Phase One" of the "Trade Deal" was agreed to, with the Trump Administration originally stating that "Phase Two" would not begin **until after the 2020 election**.

Then reality set in. •

Since 2018, President Trump has come to understand that if the market declines, a "tweet" about a "trade deal coming" would spark a market rally. Without a "trade deal" to negotiate, there is no catalyst to support asset prices heading into the election. This is why on Friday, Trump immediately declared that "Phase Two" of the trade deal would begin immediately. •



Long live the "trade war." •

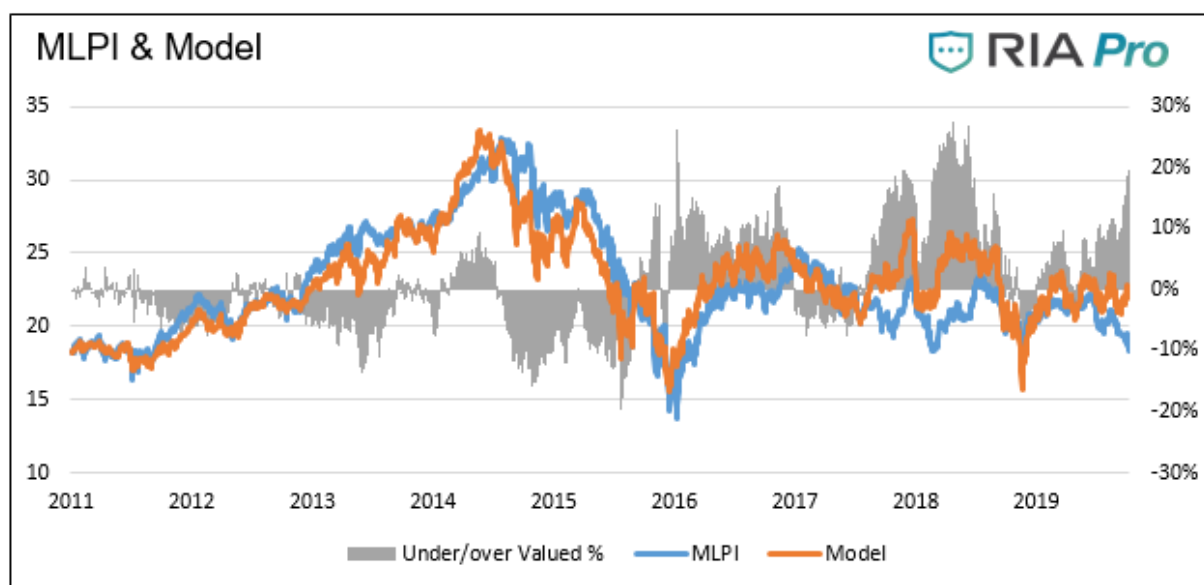
In our "Macro View" piece below we go into much more detail about the "trade deal" and what to expect next. However, from an investment view, the agreement is clearly about two things:

1. *Boosting exports of Agricultural Products; and,*
2. *Devaluing the Dollar.* •

With the Fed giving up on their mandate to maintain price stability, (*they recently stated they will let inflation "run hot,"*), the path was cleared for the Trump Administration to devalue the U.S. dollar (*which is inflationary*) without worries the Fed will start hiking rates. •

This is one of the reasons we have started laying commodity exposure into our portfolios with the recent positions in precious metals and energy. We recently published a thesis "**Collecting Tolls On The Energy Express**" for our [RIAPRO subscribers](#). (You can download the full report with a [FREE 30-Day Trial](#).) •

"This model forecasts the price of MLPI based on changes to the price of XLE and the yield of U.S. Ten-year Treasury Notes. The model below has an R-squared of .76, meaning 76% of the price change of MLPI is attributable to the price changes of energy stocks and Treasury yields. Currently the model shows that MLPI is 20% undervalued (gray bars). •The last two times MLPI was undervalued by over 20%, its price rose 49% (2016) and 15% (2018) in the following three months."



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The Demise Of The Dollar

As shown in the chart below, the dollar has broken below both its rising trendline from its previous lows and the 200-dma. •



(We cover the dollar and positioning each week for our **RIAPRO subscribers** because the dollar impacts exports which makes up about 40% of corporate profits.)

Currently, the breakdown is very early in its potential progress. As we saw in June, that breakdown was short-lived before it reversed as foreign dollars continue to pour into USD-denominated assets for both safety and higher returns than elsewhere in the world. •

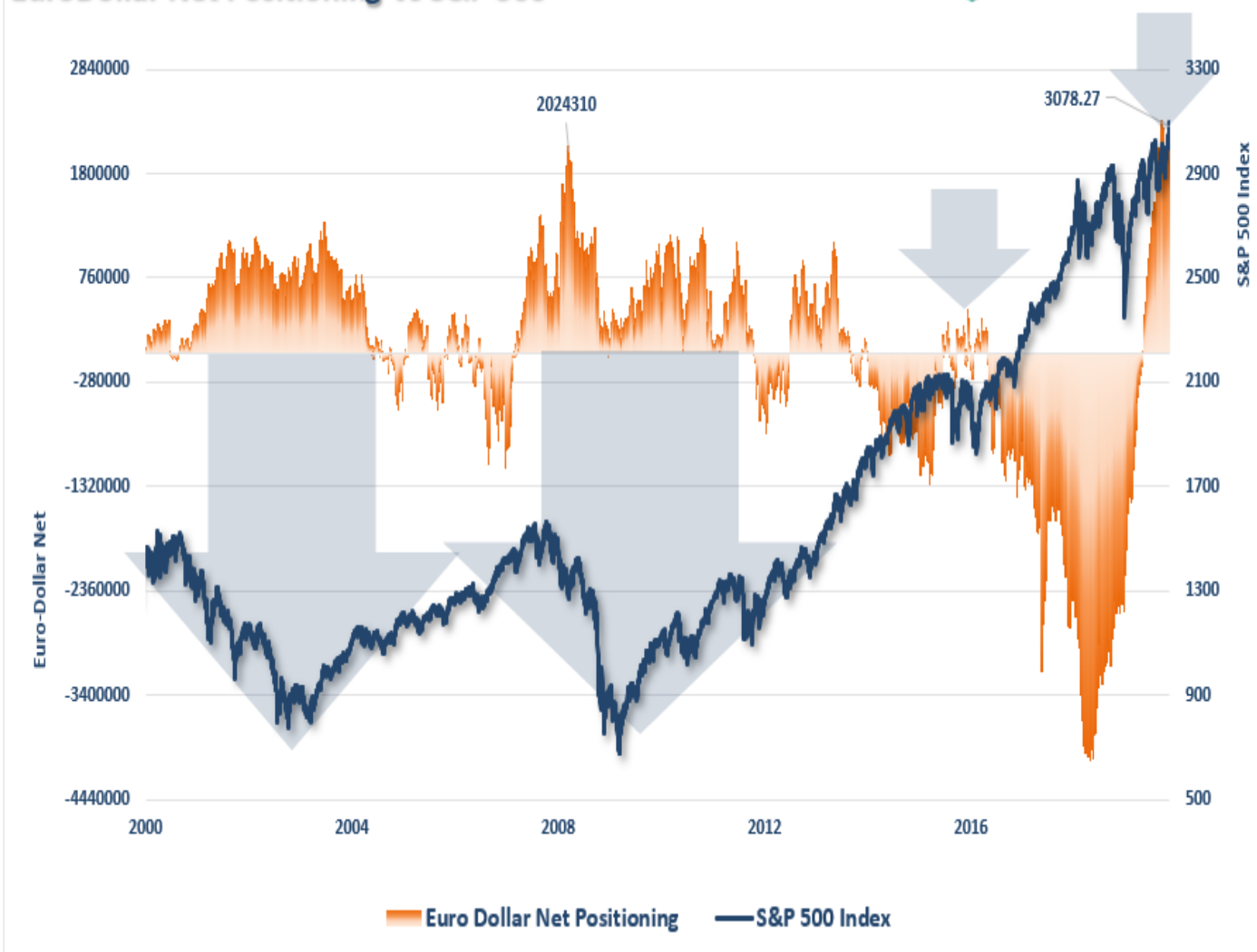
We previously discussed this important point in ["The Great Cash Hoard Of 2019."](#)

"As it relates to foreign positioning, it is worth noting that EURODOLLAR positioning has been surging over the last 2-years. This surge corresponds with the surge in dollar-denominated money market assets.

*What are Euro-dollars? The term Eurodollar refers to U.S. dollar-denominated deposits at foreign banks, or at the overseas branches, of American banks. **Net-long Eurodollar positioning is at an all-time record as foreign banks are cramming money into dollar-denominated assets to get away from negative interest rates abroad."***

EuroDollar Net Positioning Vs S&P 500

REAL INVESTMENT ADVICE



Importantly, when positioning in the Eurodollar becomes extremely **NET-LONG**, as it is currently, **the reversal of that positioning** has been associated with short- to intermediate corrections in the markets, **including outright bear markets.**

What could cause such a reversal? A pick up of economic growth, a reversal of negative rates, a realization of over-valuation in domestic markets which starts the decline in asset prices, **or the devaluation of the US Dollar.**

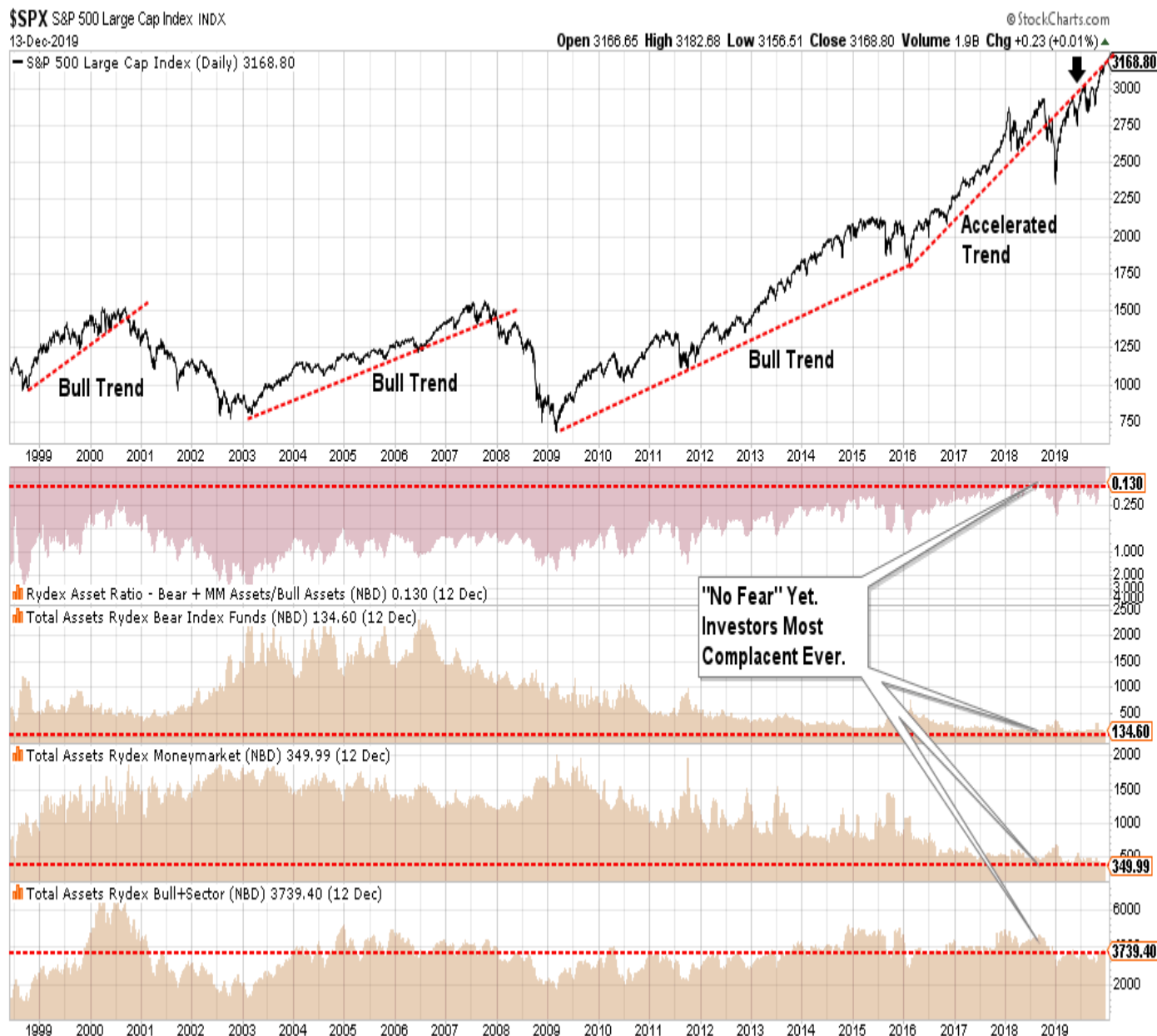
A reversal of positioning would spark a virtual spiral, with assets flowing out, which lowers asset prices, leading to more asset outflows. **While the bulls are certainly hoping the cash hoard?** **will flow into U.S. equities, the reality may be quite different.**

Watch the dollar closely.

Santa To Visit Broad & Wall

As we head into the last two weeks of the year, and the decade, it is time for Santa to visit "*Broad & Wall.*" While I expect the markets to try to rally into year end there are a couple of caveats which could derail that optimism.

Currently, *"bullish sentiment"* and *"optimism"* is once again extremely lopsided. Currently, investor cash is at extremely low levels, with investors fully allocated to equity risk. This is a sharp reversal from this summer when *"everyone"* thought a *"recession"* was near. •

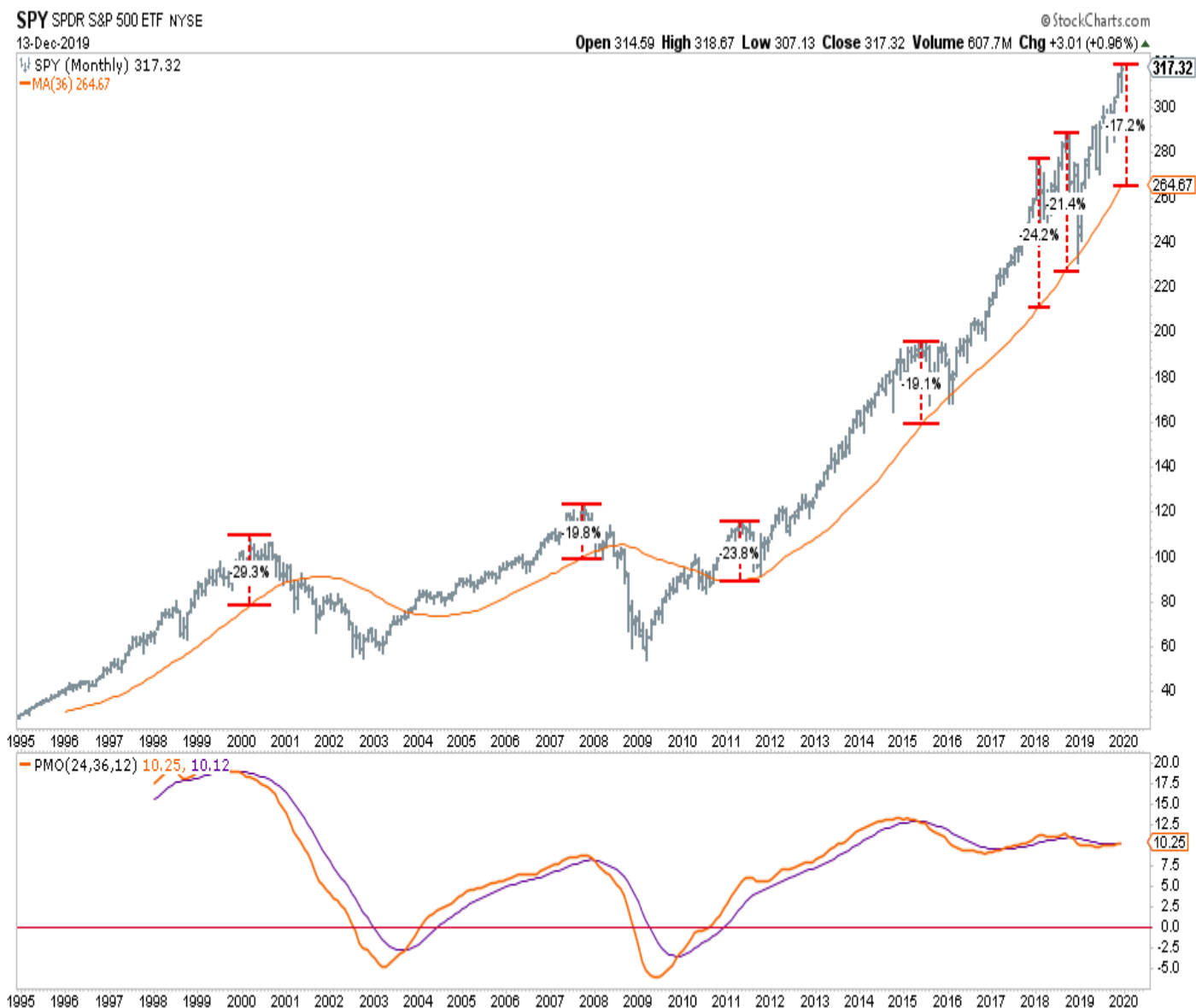


Lastly, the markets are back to extremely extended and overbought conditions in the short-term which suggests the majority of the current advance has been made and a correction is needed before a further advance can be made.



With the market currently overbought and more than 7% above the 200-dma, corrections usually come before the next advance ensues.. Such suggests being a little prudent in adding exposure too aggressively and look for weakness to opportunistically position portfolios.●

On a monthly basis we see much the same deviation from long-term (3-year) moving averages. Historically, when extensions from the long-term moving average are this extreme, corrections have tended to occur. In most instances that reversion entailed a correction back to the long-term mean.●



Rules For A Santa Rally

Currently, our portfolio allocations remain primarily long-biased although we are carrying a slight overweight position in cash, we have also recently added positions to take advantage of a potentially weaker dollar, and a steeper yield curve. • We also recently took profits in our Healthcare sector which has gotten grossly extended. •

These processes follow our basic rules • of portfolio management which you can apply to your portfolio as well to reduce overall volatility risk.

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

Notice, nothing in there says *sell everything and go to cash.*?

Remember, our job as investors is actually pretty simple ? protect our investment capital from short-term destruction so we can play the long-term investment game. Here are our thoughts on this.

- **Capital preservation**
- **A rate of return sufficient to keep pace with the rate of inflation.**
- **Expectations based on realistic objectives.**• (The market does not compound at 8%, 6% or 4%)
- **Higher rates of return require an exponential increase in the underlying risk profile.**• This tends to not work out well.
- **You can replace lost capital ? but you can't replace lost time.**• Time is a precious commodity that you cannot afford to waste.
- **Portfolios are time-frame specific.**• If you have a 5-years to retirement but build a portfolio with a 20-year time horizon (taking on more risk) the results will likely be disastrous.

With forward returns likely to be lower and more volatile than what was witnessed over the last decade, the need for a more conservative approach is rising. **Controlling risk, reducing emotional investment mistakes and limiting the destruction of investment capital will likely be the real formula for investment success in the coming decade.**

Real Investment Report

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The Macro View



"The Art Of The Deal" & How To Lose A "Trade War."

Written by Lance Roberts | Dec 13, 2019

This past Monday, on the #RealInvestmentShow, I discussed that it was exceedingly likely that Trump...

[>> Read More](#)

If you need help or have questions, we are always glad to help. [Just email me.](#)

See you next week.

"NEW" - Financial Planning Corner

by Danny Ratliff, CFP®, ChFC®

Diversification

How well do you know diversification? Not your typical asset class diversification that every advisor talks about. BUT, beyond the typical industry norm of having Large cap, Mid cap, Small cap, international stocks and bonds as diversification. • The type that many advisors don't speak of, but I feel there is a growing army of advisors ready to conquer. These advisors are ready and willing to equip you with more information, better information to help you make the best decisions beyond just diversification of your investments, but to giving your investments freedom.

Freedom! We all like freedom, well most of us do. It's kind of a funny thing to think about freeing your money; but let me explain. Assets are only worth what they are on paper until they are taxed.

If you could have funds in 3 different accounts: a partially taxable account, a tax free account and a fully taxable account where would you want these funds?

Allow me to put these in order:

1. *Tax Free*
2. *Partially Taxable*
3. *Fully Taxable*

WHAAAA???? You guys ever seen the minions? I'd put a picture here, but you know that little copyright thing. Look it up and you'll understand, but this is how I imagine many reactions.

CPA's as well. (Unfortunately, most people judge them on how much they can save us today versus a forward looking or advisory view.)

Understandably so, you've been taught, we've all been taught that we need to sock away every dollar we can into a pretax account because inevitably we will all be in a lower tax bracket when we retire.

What if we aren't?

What if the government spends too much money? What if they just want to redistribute? What if we see higher taxes?

What if after your work benefits, retirement contributions and health care premiums you're in the same tax bracket in retirement as you were in your working years.

How far will your money go?

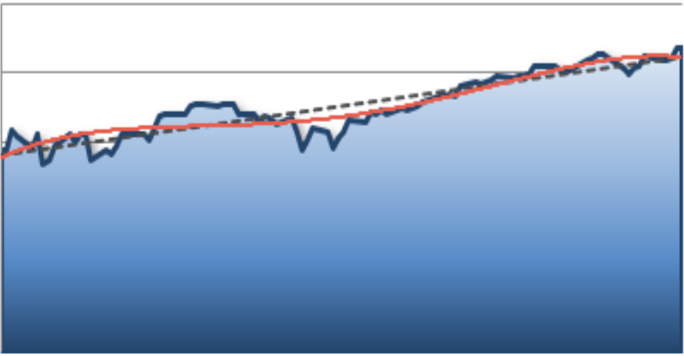
Scared yet? Yeah, #metoo. Let's start a movement. #makethesefundsmineagain catchy if I don't say so myself.

In the new year we'll be discussing how to keep more money from the dreaded tax collector and more in your pocket. We'll also discuss what types of accounts fall into the categories of tax free, partially taxable and fully taxable. Today I hope I caught enough of your attention to start at the very least thinking about not only diversification of assets, but of accounts.

You'll be hearing more about more specific strategies to diversify soon, but don't hesitate to [give me any suggestions or questions](#).

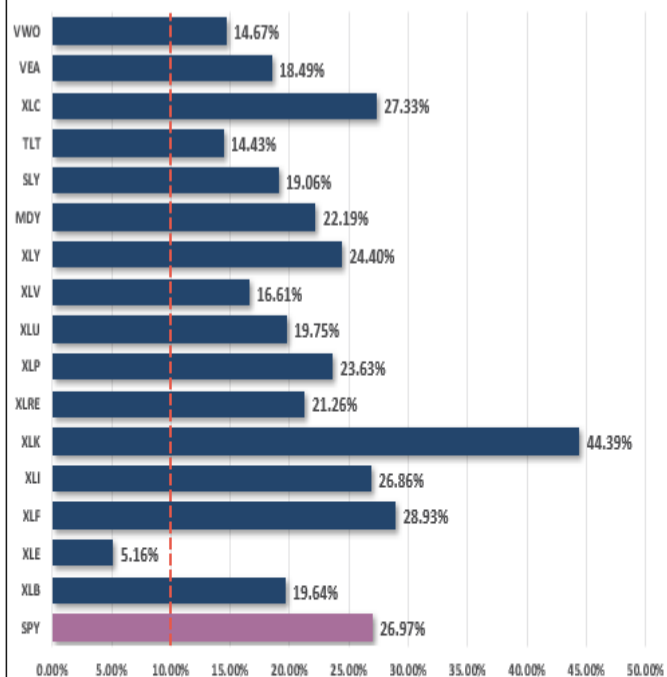
Market & Sector Analysis

S&P 500 Tear Sheet

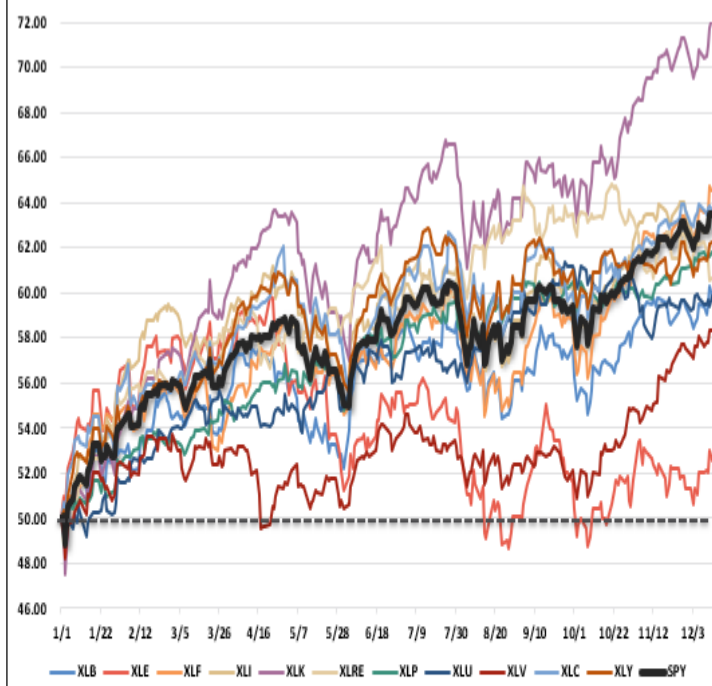
3 Month SPY Price									SPY RISK INFO		ZACKS		REAL INVESTMENT ADVICE	
									Item	T 2-Yr	T 1-Yr.	YTD	% Diff YTD/T1-YR	
									Price Return	18.96%	19.58%	26.97%	37.76%	
									Max Drawdown	-20.47%	-12.61%	-7.41%	-41.22%	
									Sharpe	0.70	1.46	2.22	0.52	
									Sortino	0.82	1.84	2.72	0.47	
									Volatility	14.96	14.38	12.81	(0.11)	
									Daily VaR-5%	(12.27)	(0.54)	9.50	(18.69)	
									Mnthly VaR-5%	(11.78)	(10.24)	9.13	(1.89)	
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	1.78%	1.87%	1.77%	(6.01%)	2.18%	1.68%	(19.16%)	5.22%	Shares	2,408.9	2,304.8	(4.32%)		
P/E Ratio	21.58	17.36	19.77	12.18%	20.90	15.88	(5.4%)	24.52%	Sales	61,825	64,614	4.51%		
P/S Ratio	3.48	3.28	3.42	4.23%	3.59	2.65	(4.66%)	28.92%	SPS	25.7	28.0	9.23%		
P/B Ratio	3.80	3.93	4.43	11.18%	4.24	3.01	4.52%	47.39%	Earnings	9,261	9,450	2.03%		
ROE	15.91%	18.25%	18.67%	2.29%	18.80%	14.98%	(0.70%)	24.63%	EPS TTM	4.6	4.9	4.31%		
ROA	2.96%	3.43%	3.54%	3.08%	3.54%	2.81%	(0.12%)	25.85%	Dividend	1.6	1.7	6.06%		
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	(7.45%)	4.27%	1.23	17.87	127.61	12.35	(86.0%)	7.8%	4.0%	5.52%	2.92	17.48		
Materials	(8.57%)	2.65%	1.24	16.46	22.97	13.86	(28.4%)	8.7%	1.8%	6.02%	4.24	15.54		
Industrials	20.25%	9.24%	1.17	18.23	22.23	14.78	(18.0%)	17.6%	1.9%	5.47%	5.25	16.82		
Discretionary	17.05%	9.71%	1.02	24.37	27.17	20.19	(10.3%)	29.3%	1.3%	4.10%	4.82	22.49		
Staples	13.75%	7.25%	0.57	21.44	22.83	17.62	(6.1%)	27.6%	2.6%	4.69%	3.98	20.12		
Health Care	9.22%	14.12%	0.84	17.59	20.19	15.78	(12.9%)	30.9%	1.7%	5.69%	6.80	16.12		
Financials	27.02%	13.17%	1.27	14.36	18.47	11.71	(22.3%)	11.6%	2.0%	6.94%	5.84	13.19		
Technology	36.73%	22.77%	1.25	24.42	24.06	14.47	1.5%	39.7%	1.3%	4.13%	5.44	21.91		
Telecom	16.22%	10.47%	0.87	21.90	26.94	17.58	(18.7%)	17.4%	0.9%	4.56%	6.61	18.91		
Utilities	13.65%	3.29%	0.24	20.82	21.40	15.58	(2.7%)	10.6%	3.2%	4.84%	3.72	19.21		
Real Estate	11.97%	2.93%	0.65	20.13	24.47	17.10	(17.7%)	9.7%	3.2%	4.98%	4.42	19.79		
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	317.32	7.80%	306.49	46	3.53%	294.61	139	7.71%	4.03%	(0.42%)	35.75%	Buy		
Mid Cap	369.84	6.73%	360.08	46	2.71%	351.86	46	5.11%	2.34%	(0.92%)	30.02%	Buy		
Small Cap	71.40	8.08%	69.20	44	3.18%	67.50	44	5.77%	2.51%	(1.25%)	26.82%	Buy		

Performance Analysis

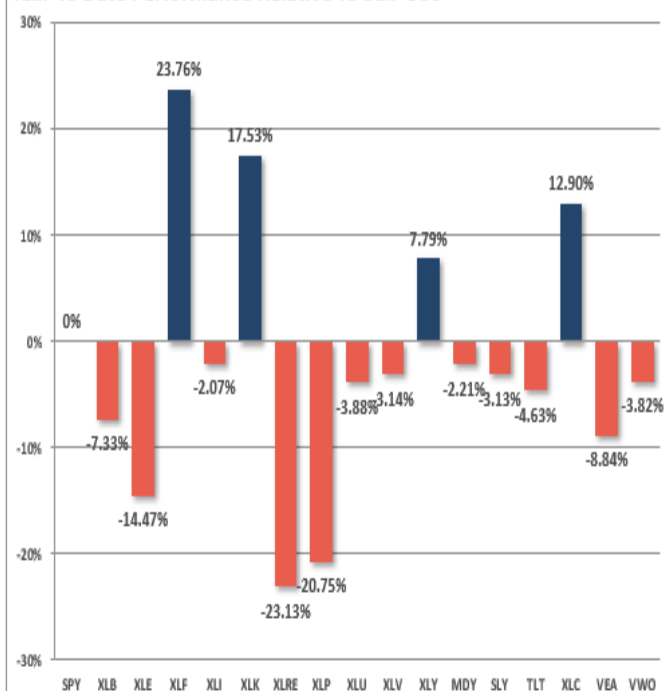
Year To Date Performance



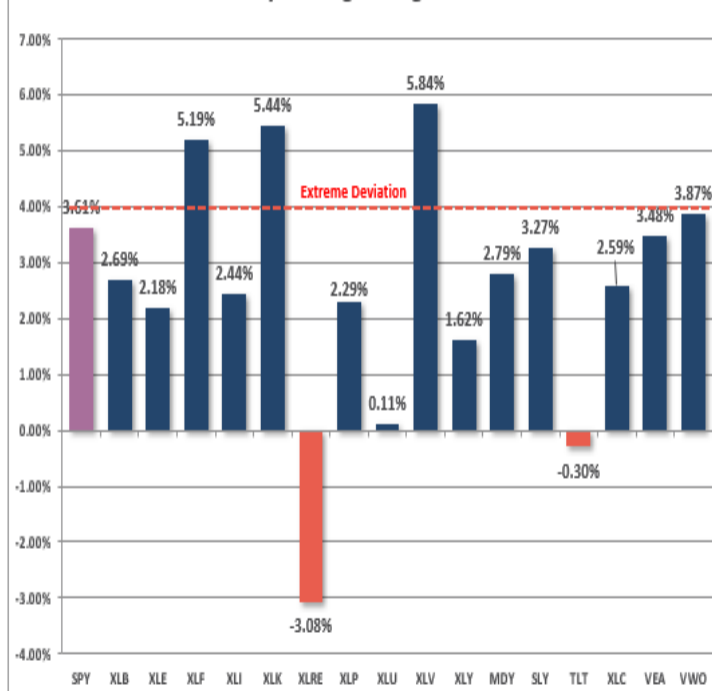
YTD Price - S&P Sectors Recalibrated To \$50/share



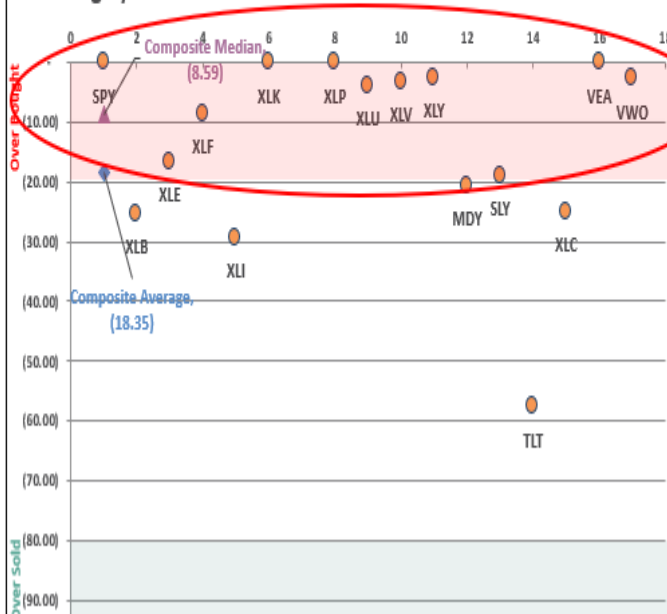
Year To Date Performance Relative To S&P 500



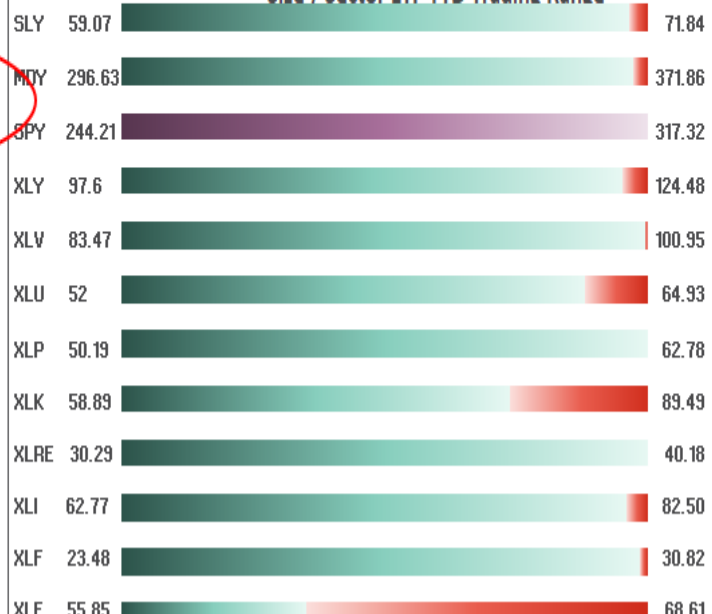
Price Deviation From 50-Day Moving Average



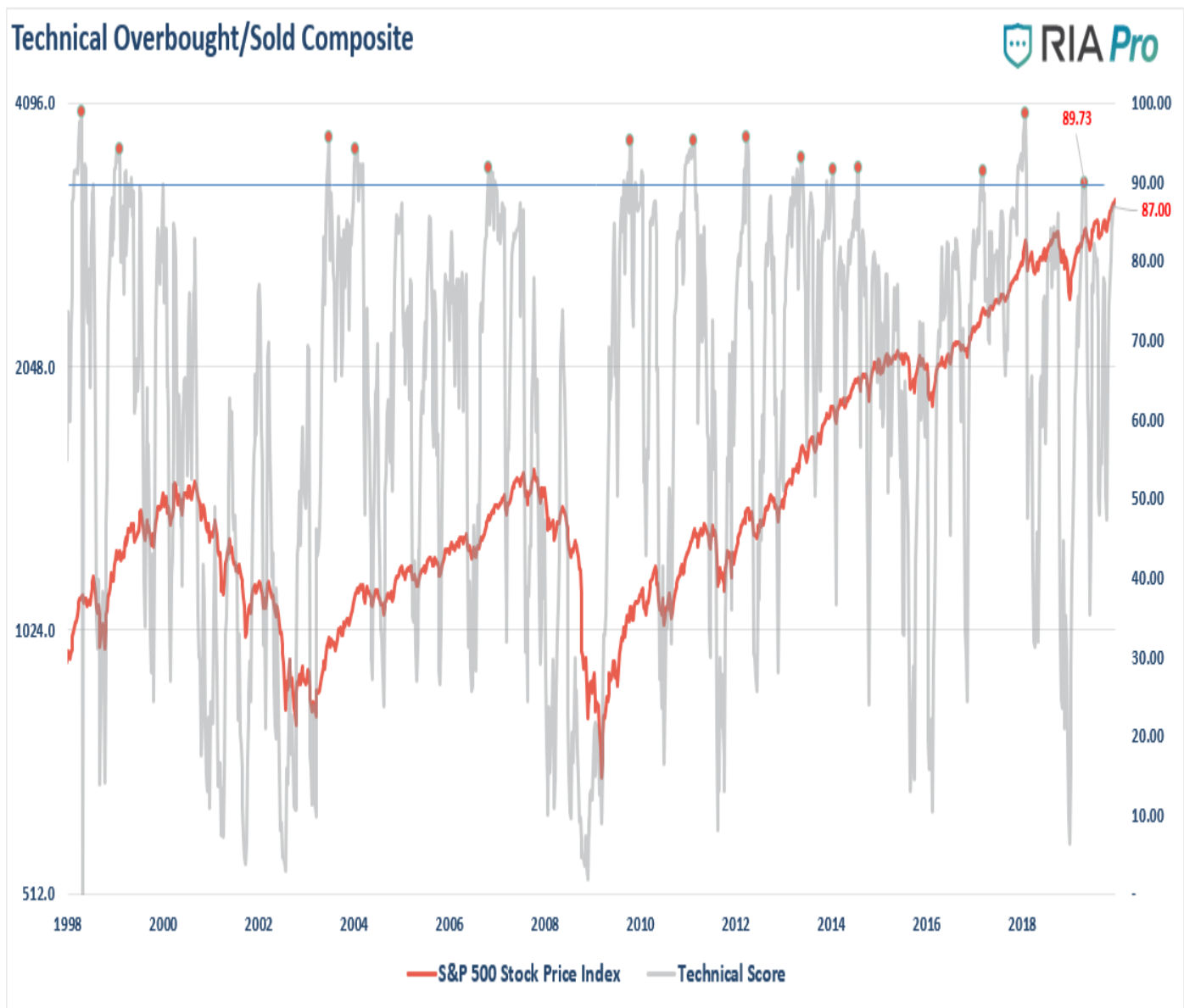
Overbought/Oversold 14-Periods



Size / Sector ETF YTD Trading Range



Technical Composite



ETF Model Relative Performance Analysis

RIA Pro				RELATIVE PERFORMANCE		Current	Model Position Price Changes Relative to Index					SHORT	LONG	% DEV -	% DEV -	Buy / Sell
		Ticker	ETF NAME	Price	1 Week	4 Week	12 Weeks	24 Weeks	52 Weeks	WMA	WMA	Short M/A	Long M/A			
BENCHMARK		IVV	ISHARS-SP500	319.08	0.77	1.74	5.93	8.25	21.60	305.97	298.12	4.29%	7.03%	BUY		
TACTICAL	SECTORS	XLB	SPDR-MATLS SELS	60.44	(0.20)	(1.61)	(2.33)	(4.94)	(3.83)	58.62	57.52	3.10%	5.07%	BUY		
		XLE	SPDR-EGY SELS	60.31	0.22	(1.36)	(7.51)	(13.59)	(24.47)	59.27	60.76	1.76%	-0.74%	SELL		
		XLF	SPDR-FINL SELS	30.71	0.38	1.48	3.44	3.01	5.09	28.92	27.94	6.17%	9.90%	BUY		
		XLI	SPDR-INDU SELS	81.71	(0.03)	(2.47)	(0.92)	(2.71)	0.26	79.27	77.33	3.08%	5.67%	BUY		
		XLK	SPDR-TECH SELS	89.49	1.20	0.83	5.57	6.42	16.99	83.89	80.32	6.67%	11.42%	BUY		
		XLP	SPDR-CONS STPL	62.78	(0.60)	0.62	(1.85)	(0.14)	(6.41)	61.25	59.77	2.50%	5.04%	BUY		
		XLU	SPDR-UTIL SELS	63.37	(0.52)	(0.92)	(6.71)	(1.98)	(10.07)	63.48	61.44	-0.17%	3.15%	BUY		
		XLC	SPDR-COMM SV SS	52.56	(1.15)	(0.65)	(2.24)	(1.47)	(1.08)	50.98	49.97	3.11%	5.17%	BUY		
		XLV	SPDR-HLTH CR	100.88	(0.30)	1.76	3.72	0.64	(8.20)	94.26	92.03	7.03%	9.62%	BUY		
		XLY	SPDR-CONS DISCR	123.17	0.40	(0.26)	(3.62)	(4.92)	(1.24)	121.04	119.62	1.76%	2.97%	BUY		
	SIZE	SLY	SPDR-SP SC 600	71.40	(0.60)	0.52	(1.60)	(2.68)	(7.54)	68.83	67.50	3.73%	5.78%	BUY		
		MDY	SPDR-SP MC 400	369.84	(0.60)	(0.37)	(1.32)	(3.95)	(4.66)	358.12	352.39	3.27%	4.95%	BUY		
CORE	Equal Weight Market	RSP	INVS-SP5 EQ ETF	114.04	(0.13)	(0.43)	(1.19)	(2.47)	(2.49)	109.99	107.74	3.69%	5.85%	BUY		
	Dividend	SDY	SPDR-SP DIV ETF	107.03	(0.60)	(0.97)	(0.93)	(2.16)	(7.09)	104.14	101.68	2.77%	5.26%	BUY		
	Real Estate	XLRE	SPDR-RE SELS	37.59	(3.18)	(4.23)	(9.84)	(6.02)	(9.12)	38.88	38.00	-3.33%	-1.07%	BUY		
	International	EEM	ISHARS-EMG MKT	44.42	2.36	1.25	0.82	(4.74)	(10.08)	42.39	41.89	4.79%	6.04%	BUY		
		EFA	ISHARS-EAFE	69.66	0.64	0.22	0.32	(2.28)	(6.38)	66.88	65.55	4.16%	6.27%	BUY		
		IXUS	ISHARS-CR INT S	61.87	0.92	0.49	0.32	(2.75)	(6.73)	59.33	58.26	4.29%	6.19%	BUY		
FI	Intermediate Duration	TLT	ISHARS-20+YTB	139.04	(0.27)	(0.81)	(7.94)	(3.56)	(4.25)	139.97	136.00	-0.66%	2.24%	BUY		
	International	BNDX	VANGD-TTL INT B	58.10	(0.48)	(1.66)	(6.88)	(6.86)	(16.04)	58.31	57.72	-0.36%	0.66%	BUY		
	High Yield	HYG	ISHARS-IBX HYCB	87.61	0.01	(0.97)	(5.78)	(7.76)	(16.25)	86.93	86.68	0.78%	1.07%	BUY		
	Cash	BSV	VANGD-SHT TRM B	80.64												

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 ? Energy (XLE)

The improvement in Energy has stalled for now as the rotation to "value" gave way back to momentum for the "QE Chase." Energy needs to break above the downtrend to become an attractive candidate for portfolios. We recently added 1/2 position in AMLP to portfolios and are looking to add XLE on a break above the 200-dma. •

Current Positions: 1/2 AMLP

Outperforming ? Technology (XLK), Healthcare (XLV), Industrials (XLI), Financials (XLF)

Financials have been running hard on Fed rate cuts and more QE. The sector is extremely overbought and extended and due for a correction. Take profits and be patient to add exposure.

Industrials, which perform better when the Fed is active with QE, broke out to new highs recently, but has since stalled and started to consolidate at a high level. Given the sector is extremely overbought, we will look to add but will wait for this correction to play out first.

Technology and Healthcare have been the leaders as of late. Healthcare made a sharp recovery from weakening to leading relative to the overall market, and the sector is now grossly overbought and extended. As recommended we took profits in XLV reducing it from overweight to portfolio weight. Like everything else, XLK is extremely overbought so wait for a correction to add exposure.

Current Positions: •1/2 weight XLI, Full weight XLK, XLV

Weakening ?

No sectors in the weakening category.

Current Position: N/A

Lagging ? Real Estate (XLRE), Staples (XLP), Discretionary (XLY), Communications (XLC), Materials (XLB), and Utilities (XLU)

Despite Staples remaining in the "lagging" category this past week, the sector continues to ratchet new highs. Momentum remains strong, but the sector is GROSSLY extended and overbought. Take profits.

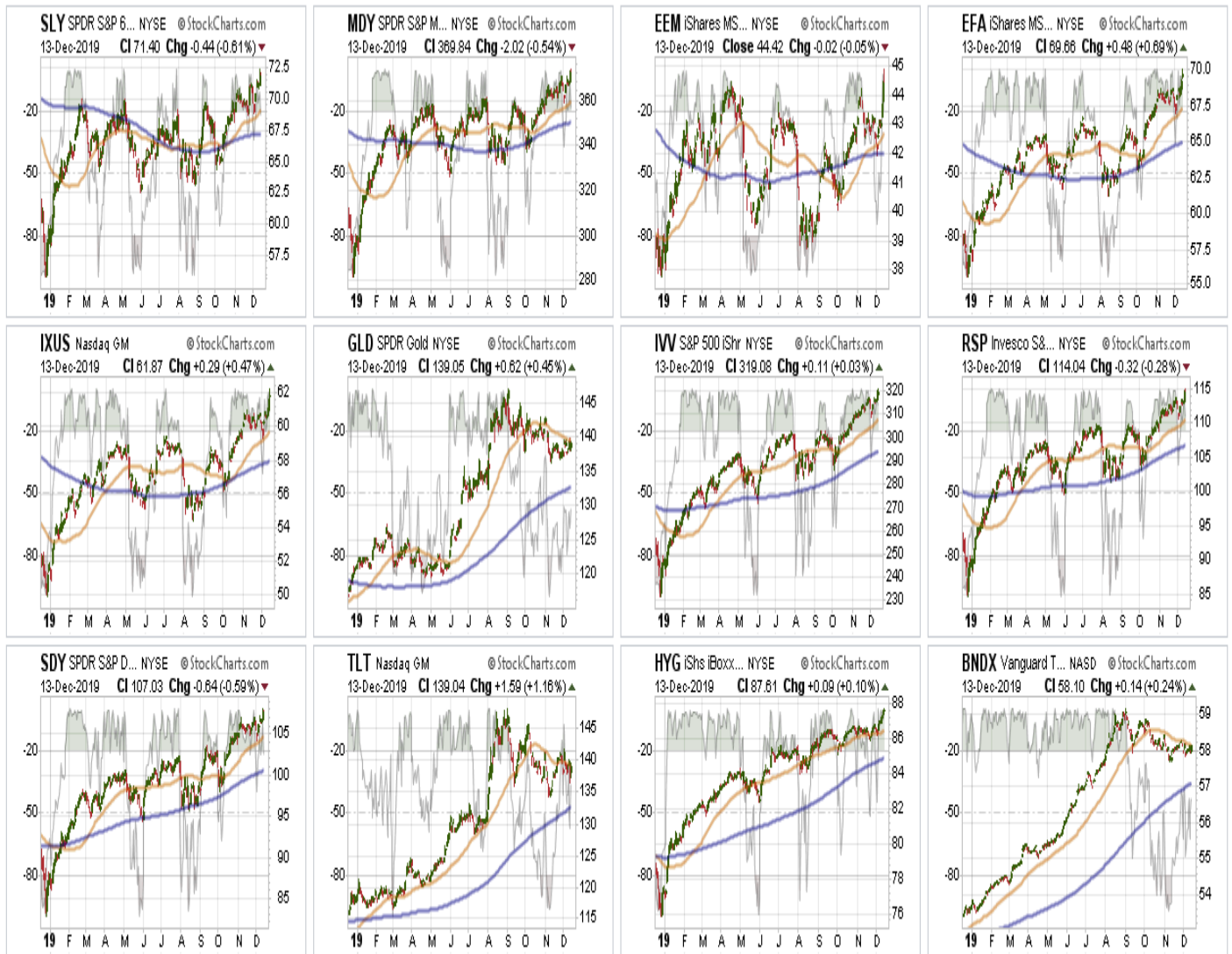
Discretionary remains a real laggard and has been unable to break out to new highs. As noted last week, the weakness suggests that retail sales would likely not be as strong as expected which was indeed the case in the latest retail sales report. Watch XLY, a failure at support will likely suggest a larger corrective process.

Communications broke out to new highs, but is still lagging the overall market. Given the sector is very overbought, be patient for a better entry point.

XLRE and XLU came under pressure last week on the jump in interest rates. However, with both these sectors now oversold, look for an entry point to add to portfolios. •

Current Position: *Target weight XLC, XLY, XLP, XLRE, 1/2 weight XLB*

Market By Market



Small-Cap (SLY) and Mid Cap (MDY) ? Small- and Mid-caps broke out of the previous ranges as the rotation to risk continues. This past week, we added small-cap fund to our portfolios and we will look to pair that fund with a small-cap ETF. We will update you accordingly.

Current Position: *KGGIX, Looking To Add SLYV, MDYV*

Emerging, International (EEM) & Total International Markets (EFA)

Emerging and International Markets, rallied recently on news of a "trade deal" and finally clearly broke above important resistance.●

We are going to add positions in both emerging market and international value● positions in the next few days provided the breakouts can hold. Watch our portfolio and position update reports at RIA PRO.

Current Position: *Looking To Add EFV and DYVE*

Dividends (VYM), Market (IVV), and Equal Weight (RSP)●? These positions are our long-term●
 ?core?●positions for the portfolio given that over the long-term markets do rise with 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.

Be aware that all of our core positions are EXTREMELY overbought. A short-term correction or consolidation is likely before a further advance can be made.

Current Position: *RSP, VYM, IVV*

Gold (GLD) ? Gold is holding support at the \$140 level and about to register a buy signal. GDX has also held support and turned higher with a triggered buy signal. • We have taken our holdings back to full-weights after taking profits earlier this year. •

Current Position: *GDX (Gold Miners), IAU (Gold)*

Bonds (TLT) ? •

Bonds rallied back to the 50-dma but failed on Friday as the realization that the "trade deal" is likely not as much of a trade deal as hoped. • Stay long current positions for now, and look for an opportunity to add to holdings.

Current Positions: *DBLTX, SHY, IEF*

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.)

											RIA Pro		
		Over Bought / Sold	50/200 DMA	Trend	Action	OVERWEIGHT	BUY	HOLD	REDUCE	SELL	Notes		
XLY	Discretionary	OB	Positive	Positive	Hold			X			Testing Resistance		
XLK	Technology	OB	Positive	Positive	Hold			X			New Highs		
XLI	Industrials	OB	Positive	Positive	Hold			X			Holding Near Highs		
XLB	Materials	OB	Positive	Positive	Hold			X			Holding Near Highs		
XLE	Energy	OB	Negative	Negative	Looking To Add			X			Testing 200-DMA		
XLP	Staples	OB	Positive	Positive	Hold			X			Broke Out To New Highs		
XLV	Health Care	OB	Positive	Positive	Take Profits				X		Reduced		
XLU	Utilities	Rising	Positive	Positive	Hold			X			Testing 50-DMA Resistance		
XLF	Financials	OB	Positive	Positive	No Position			X			Extremely Extended		
XLC	Communications	OB	Positive	Positive	Hold			X			New Highs		
XLRE	Real Estate	OS	Positive	Positive	Hold			X			Testing 50-DMA Resistance		
SLY	Small Caps	OB	Positive	Neutral	Adding		X				Broke Out Above Resistance		
MDY	Mid Caps	OB	Positive	Neutral	Looking To Add		X				Testing Breakout Levels		
EEM	Emerging Mkt	OB	Positive	Neutral	Looking To Add		X				50-DMA Above 200-DMA		
EFA	International	OB	Positive	Neutral	Looking To Add		X				Testing 50-DMA Support		
IXUS	Total International	OB	Positive	Neutral	No Position		X				Testing 50-DMA Support		
GLD	Gold	OS	Positive	Neutral	Added		X				Added To Holdings		
RSP	SP500 Equal Wgt	OB	Positive	Positive	Hold			X			New Highs/Extreme Overbought		
SDY	SP500 Dividend	OB	Positive	Positive	Hold			X			New Highs/Extreme Overbought		
IVV	SP500 Market Wgt	OB	Positive	Positive	Hold			X			New Highs/Extreme Overbought		
TLT	20+ Yr. Bond	Rising	Positive	Positive	Add			X			Testing 50-DMA Resistance		
HYG	Corporate High Yield	Declining	Positive	Positive	No Position					X	Above 50-DMA		
BNDX	Int'l Bond Aggregate	OS	Positive	Positive	No Position					X	Failed Test Of 50-DMA		
LEGEND: X = THIS WEEK => PREVIOUS DECLINING <=< PREVIOUS IMPROVING						X	No Position						

Portfolio/Client Update:

This past week, the market into the *"trade deal,"* which was not really a *"deal at all,"* but pushed asset prices above breakout or resistance levels in several key areas. •

One of the aspects, noted in the main body above, is the weakening of the dollar relative to other currencies. This is good for gold and commodities and supports our portfolio changes this week. •

Over the last couple of weeks , we have discussed looking for the opportunity to add exposure to small and mid-caps, international and emerging markets, as well as industrials, materials, and energy. •

As noted previously, we have been *"picking through the rubble"* of the energy sector looking for a couple of tradeable ideas in the sector as well. We have identified an interesting yield play that we are looking for the right entry point for. [You can read the research note here.](#)

This past week we added the first half of our position in AMLP. We will look to add XLE if it can foster a breakout above the 200-dma. •

We also added back into our Gold Miners and Gold positions taking them back to full weight, along with the first step in our addition of a small-cap value fund.

The addition of the small-cap value fund is a long-term structure we will build into over the next several quarters. The rotation to value has not truly started yet, but when it does, it will be a big winner for the portfolio. In the short-term it will likely drag on performance, so please be aware this is a long-term macro theme we are building into. •

- **New clients:** *We are holding off onboarding new client assets until we see some corrective action or consolidation in the market.*
- **Equity Model:** *We bought 1/2 position of AMLP, added to GDX and IAU.*
- **ETF Model:** *Reduced XLV to target weight, Bought 2% KGGIX*

Note for new clients:

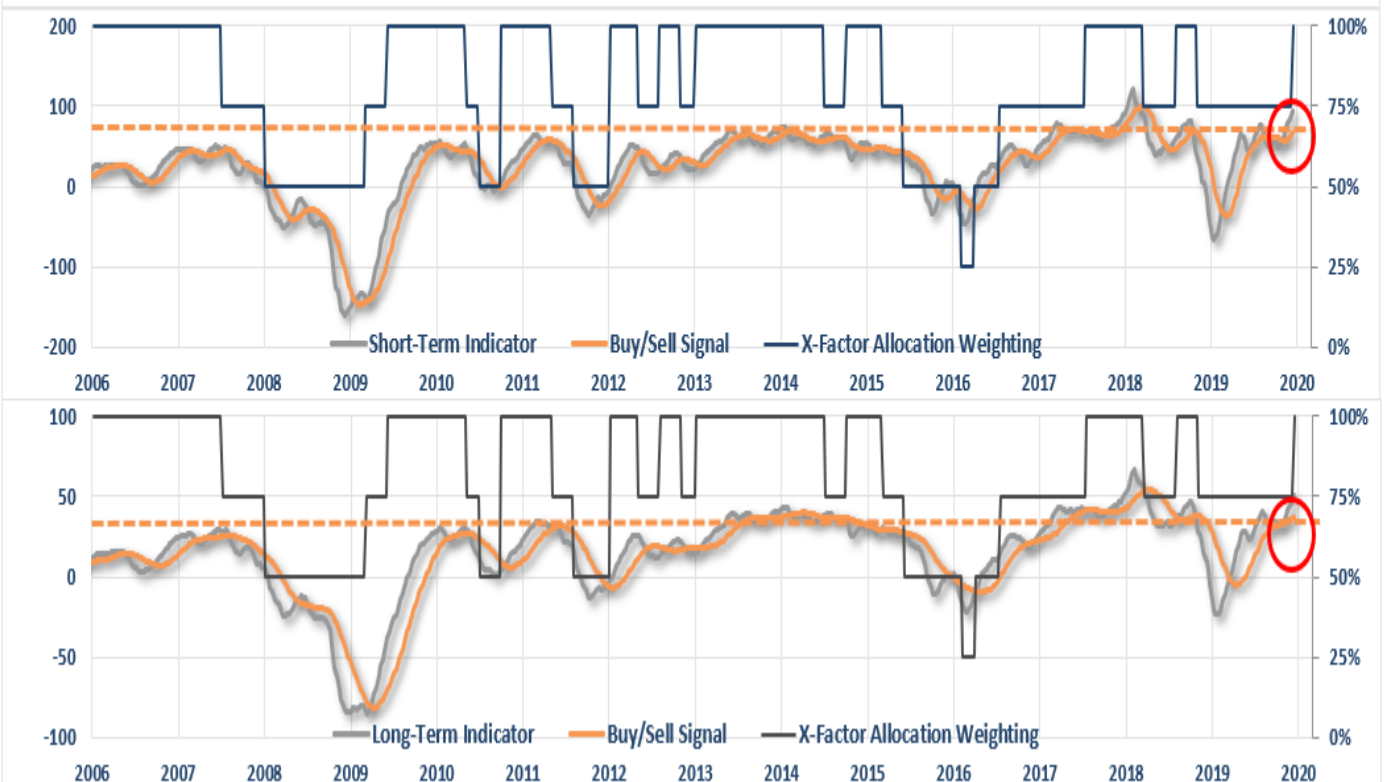
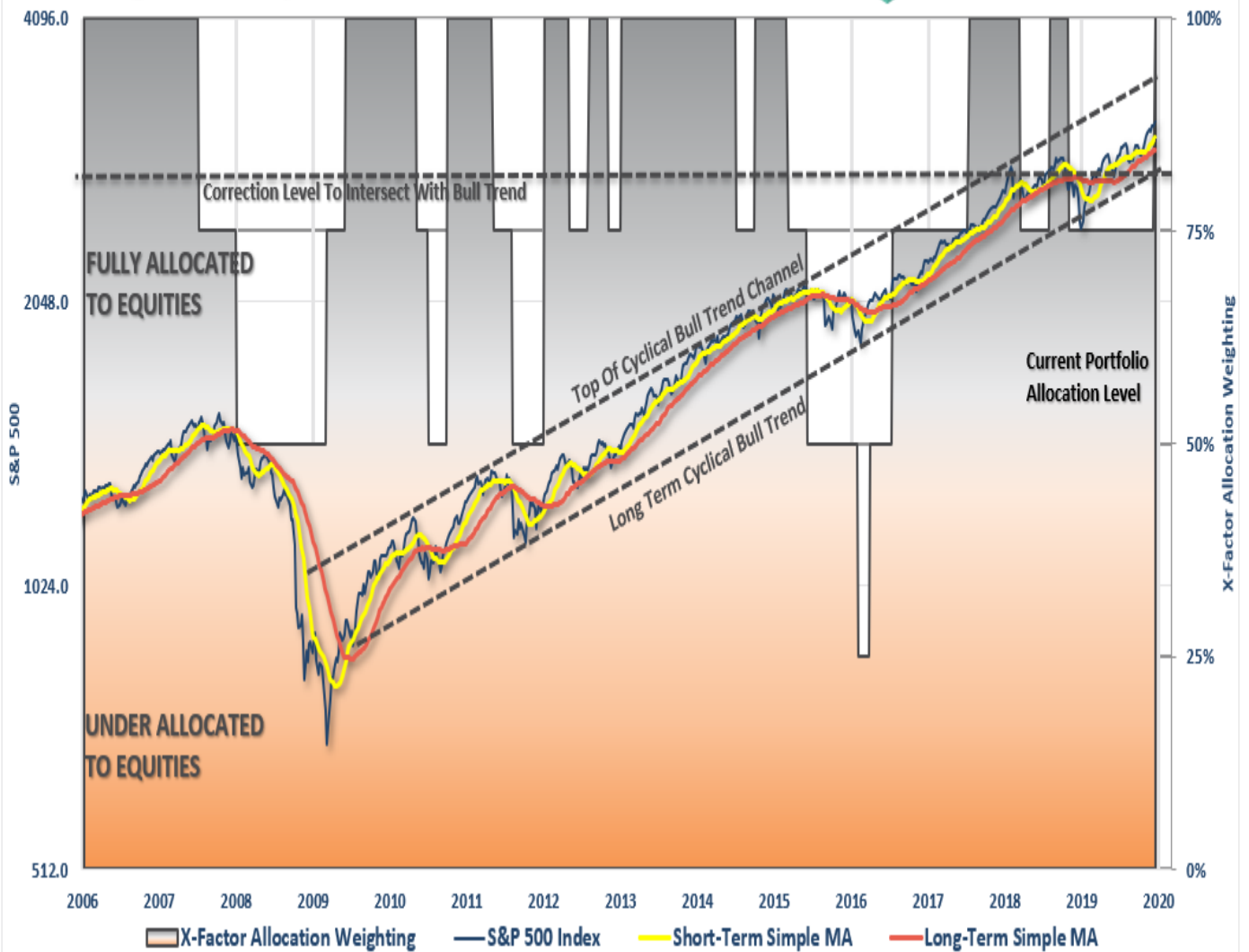
It is important to understand that when we add to our equity allocations, ALL purchases are initially trades that can, and will, be closed out quickly if they fail to work as anticipated. This is why we step into positions initially. Once a trade begins to work as anticipated, it is then brought to the 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

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.)

Risk Management Analysis



Current Portfolio Weighting



Current 401k Allocation Model

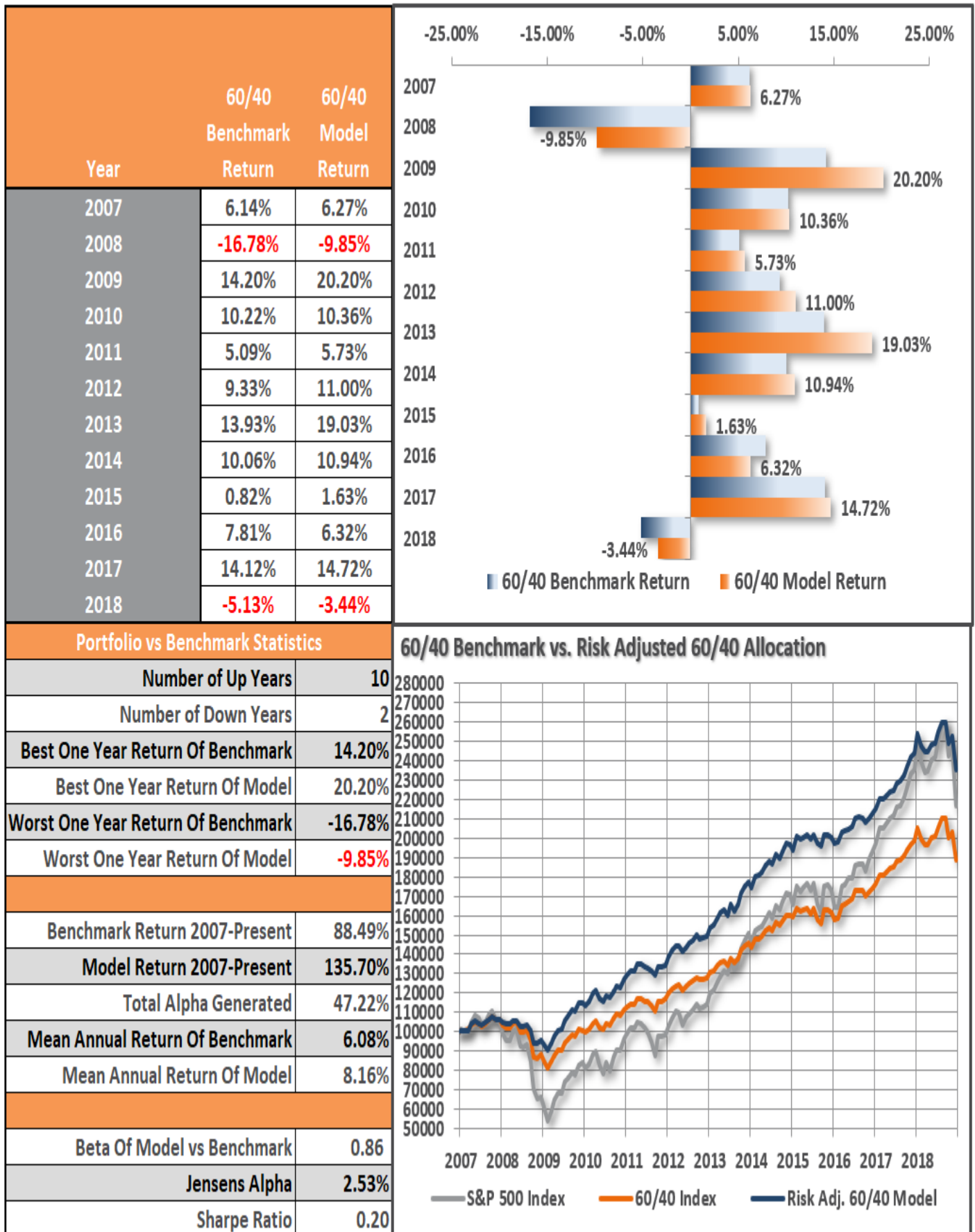
5.00% Cash + All Future Contributions

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

[**Click Here For The "LIVE" Version Of The 401k Plan Manager**](#)

See below for an example of a comparative model.

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. •



401k Plan Manager Live Model

As an [RIA PRO subscriber](#) (*You get your first 30-days free*) you have access to our live 401k p

•The code will give you access to the entire site during the 401k-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 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 the company*
- *Plan Sponsor*
- *A print out of your plan choices. (Fund Symbol and Fund Name)*

If you would like to offer our service to your employees at a deeply discounted corporate rate, [please contact me.](#)

This is the Beta version of 401K. Some Errors are expected ! Click Here to report Issues

My Portfolios

CVS Health ▾

Enter Portfolio Name

✓ Add Portfolio

✓ Delete Portfolio

✓ Rename Portfolio

My Info Fund Selection Comparison Summary Commentary

My Portfolio

RIAPro Portfolio RIA PRO MODEL PL ▾

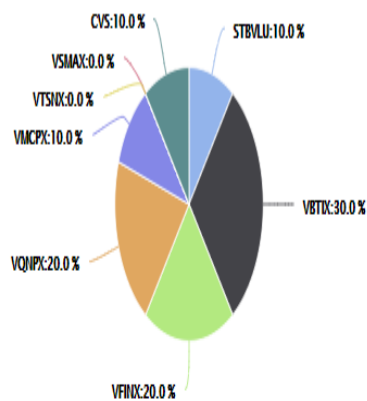
Retirement Income (My Portfolio Annual ROR 9.44 %)

Current account balance	10,000
Estimated Retirement Balance	632,861
Estimated Retirement Balance (Inflation Adj)	620,204
Monthly Income	2,768
Monthly Income (Inflation Adj)	2,713
My Cumulative Contribution	172,934
Employer Cumulative Contribution	103,760

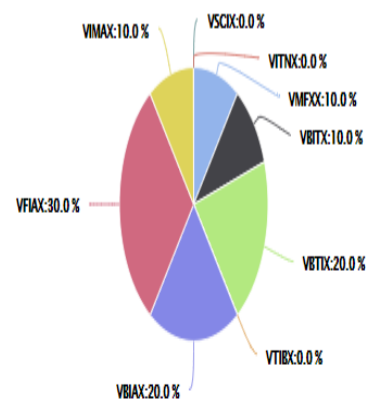
Retirement Income (RiaPro Annual ROR 9.02 %)

Current account balance	10,000
Estimated Retirement Balance	609,786
Estimated Retirement Balance (Inflation Adj)	597,590
Monthly Income	2,667
Monthly Income (Inflation Adj)	2,614
My Cumulative Contribution	172,934
Employer Cumulative Contribution	103,760

My Fund Composition



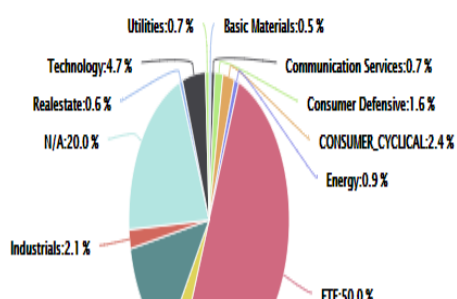
RIAPro Fund Composition



My Asset Composition

RIAPro Asset Composition

My Sector Composition



RIAPro Sector Composition

