

# The Sell-Off Is Overdone

## The Correction May Not Be.



- *An Orderly Sell-Off*
- *Is The Fed Done?*
- *The Correction May Not Be Over*
- *Portfolio Positioning Update*
- *MacroView: A Permanent Shift To Valuations*
- *Sector & Market Analysis*
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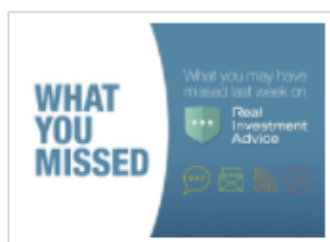
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## Catch Up On What You Missed Last Week



### #WhatYouMissed On RIA This Week: 09-25-20

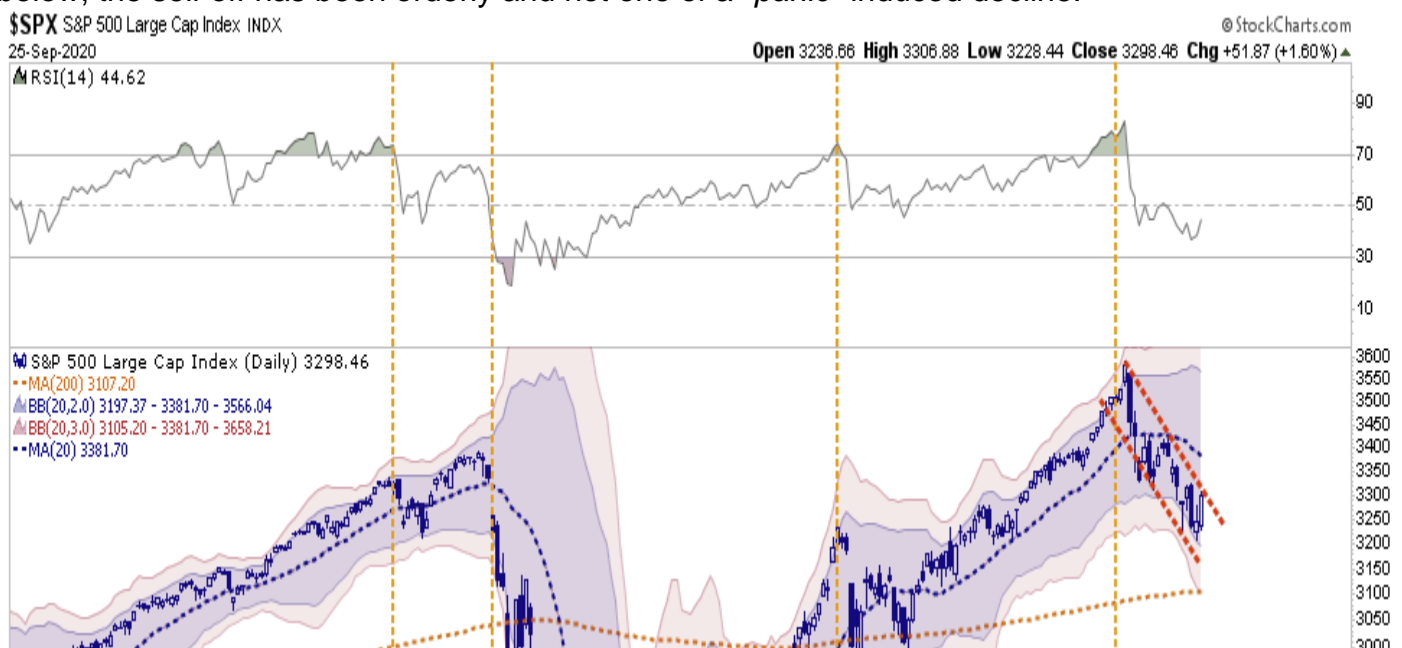
Written by Lance Roberts | Sep 25, 2020

Here is what you might have missed from the RIA Crew last week. A compilation of our best blogs, newsletter, podcasts, the daily radio show and commentary from RIAPRO.NET.

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## An Orderly Sell-Off

Over the last couple of weeks, we have been discussing the ongoing market correction. As shown below, the sell-off has been orderly and not one of a "panic" induced decline.



The market did retrace from the top of the 2-standard deviation range to the bottom, which is part of a healthy correction process. **As we noted last week, the correction also aligns with the historical weakness seen in September and October, particularly in years preceding an election.** Importantly, given there was **no sharp rise in volatility**, such also confirms this was a more orderly and healthy market retracement.



**While the sell-off in the market has gotten overdone short-term, we still suggest using rallies back to the 50-dma to rebalance portfolio risks.** Look at the first chart above. The market is currently in a very defined downtrend. Friday's march failed to break out of that resistance. In the chart below, we see the market rallied back to the previous consolidation lows with the 20-dma approaching a cross of the 50-dma. **Such would suggest more downward pressure on prices short-term. The 200-dma is roughly 7% lower from Friday's close.**



If the market can break above resistance on Monday, clear the 50- and 20-dma's, then old highs should not be an issue. But that will take a fair bit of work at a time where market risks have increased.

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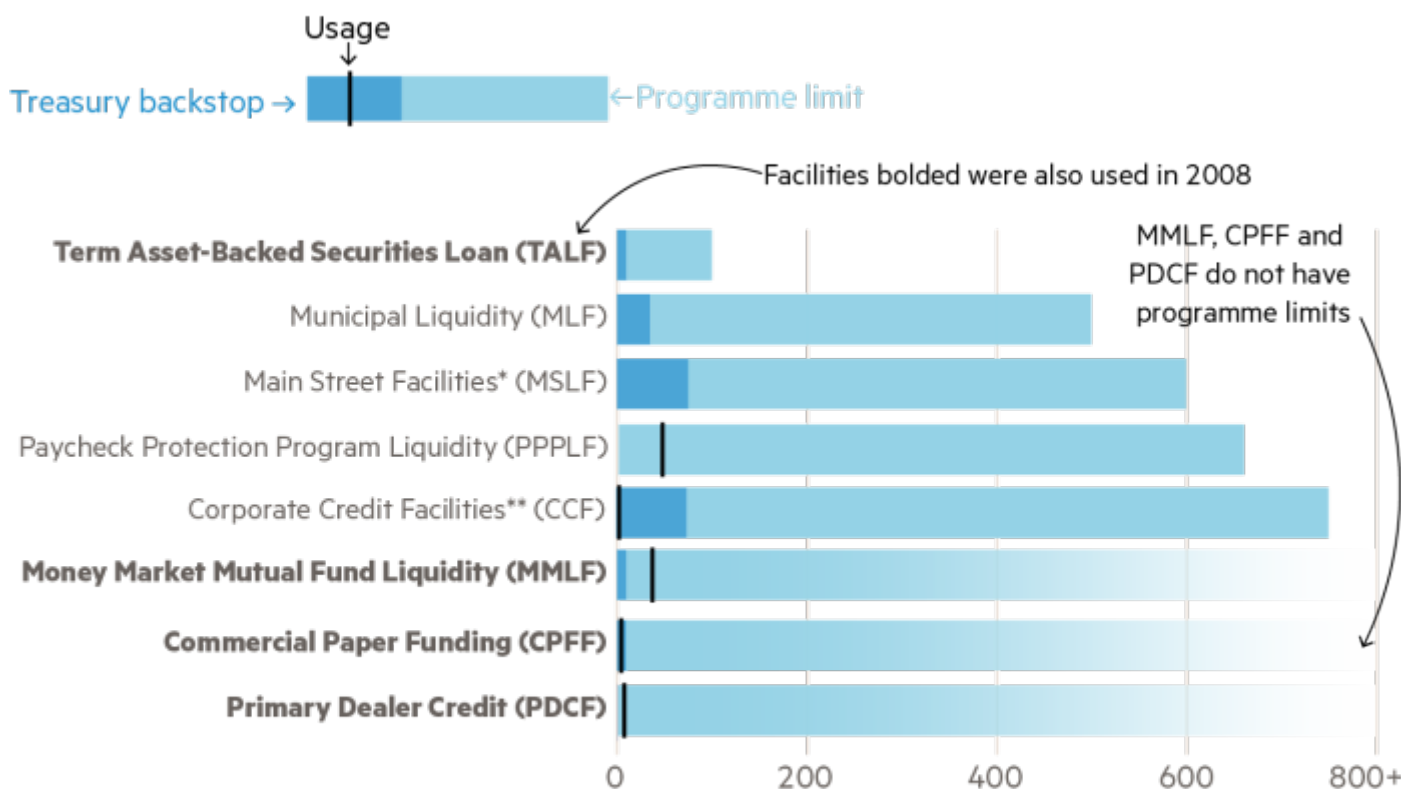
### Is The Fed Done?

*"Federal Reserve Board Chairman Jerome Powell warned Wednesday **that a lack of further fiscal support from Congress and President Trump could scar and damage a U.S. economy restrained by the coronavirus pandemic.**" ? [The Hill](#)*

Such is an interesting position from the head of the Central Bank who has flooded the system with liquidity. The chart below is a bit dated but shows the rather tepid uptake of emergency measures.

### Federal Reserve's alphabet soup of emergency measures

Assets, \$bn



Data as of May 20, 2020

\*Includes Main Street New Loan Facility (MSNLF), Main Street Priority Loan Facility (MSPLF) and Main Street Expanded Loan Facility (MSELF)

\*\*Includes Primary Market Corporate Credit Facility (PMCCF) and Secondary Market Corporate Credit Facility (SMCCF)

Source: US Federal Reserve

© FT

The reason the usage of the programs is so low is two-fold.

1. **The functioning credit markets function on sentiment.** There is always plenty of liquidity in the credit markets. What was needed was the "confidence" the markets would work properly. Once the Fed cured the "sentiment" problem, there was mostly no need for liquidity from the Fed. Companies were able to go to market, issue securities, or borrow money as

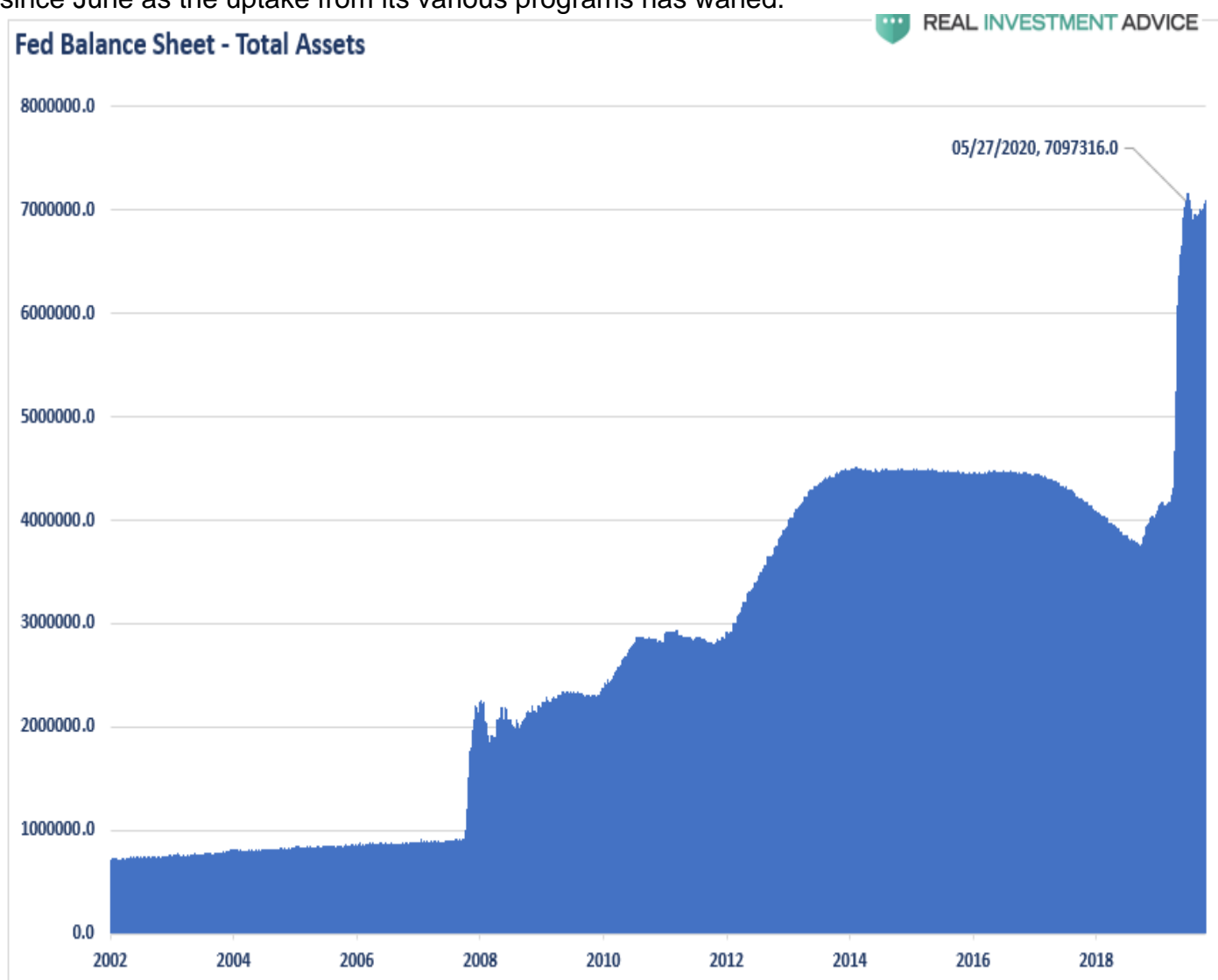
needed.

2. **Companies didn't want to take on additional debt.** While the design of the programs was to support businesses in keeping employees paid, if there is "no" or "greatly reduced" customers due to lockdowns, taking on debt to keep employees makes little sense.

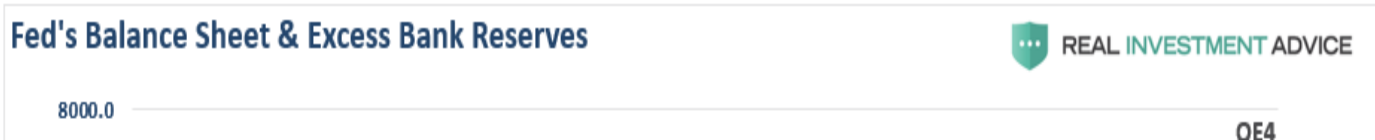
The second point is more important. While the Federal Reserve can calm and support public markets, they have little impact on the non-public markets. **The real crisis is in small and medium-sized businesses that do not have access to public markets, either equity or debt, to raise needed capital.** The large pool of non-public businesses are facing large amounts of devastation currently, and the "death rate" of small businesses is rising to nearly 50%. Given that small businesses make up roughly half of the employment in the U.S., this is no trivial matter.

## The Fiscal Kink

The Federal Reserve is trying to plug a hole that fiscal policy was widely expected to fill by now. However, the Fed's ability to expand on current programs is limited to the Treasury Department's issuance of additional debt. **Without another "fiscal relief" bill, there isn't enough debt issuance to support another round of interventions by the Fed.** Currently, the Federal Reserve is continuing to run "Quantitative Easing" at \$120 billion per month, but much of that is just replacing bills that are maturing. As shown below, the Fed's balance sheet has been stagnating since June as the uptake from its various programs has waned.



Subsequently, excess bank reserves, which have supported the market recovery from the March lows, have also peaked.



## A Louder Message

While the Federal Reserve could undoubtedly begin to more bonds in the open market, they realize they run the risk of disrupting the credit market by becoming too big of a buyer. The Fed has previously warned they did not want to disrupt markets in this manner. As noted by [ZeroHedge](#) on Friday:

*"Two weeks ago, when the Fed published its latest monthly breakdown of purchases [Secondary Market Corporate Credit Facility](#) which shockingly showed that in the entire month of August, the Fed had not purchased a single corporate bond ETF and had barely purchased any corporate bonds in the open market, we asked if Powell was 'sending the market as message.' In the subsequent two weeks, which saw a sharp drop in risk assets and the Nasdaq sliding into a 10% correction, coupled with a modest rout across the corporate bond sector, many had expected the Fed to revert to its role as custodian of market stability and ramp up its purchases of corporate bonds, if for no other reason then to assure investors that Uncle Jerome was still watching over everyone. So in what may come as a big surprise to all those praying for the Fed to bail them out, or to at least telegraph that he is keeping an eye on the current tech-led market mess, Powell did no such thing and in fact the*

Figure 11: Average daily pace of credit ETF purchase by SMCCF

held  
on from



Source: Federal Reserve, BofA Global Research

As noted, without

more "fiscal" support, their "monetary" capabilities become much more limited.

## Fiscal Support Not Likely

Despite the Federal Reserve imploring Washington for more "fiscal" support during the last couple of speeches, it is unlikely to happen. As we discussed in Tuesday's report ["No Help Is Coming:"](#)

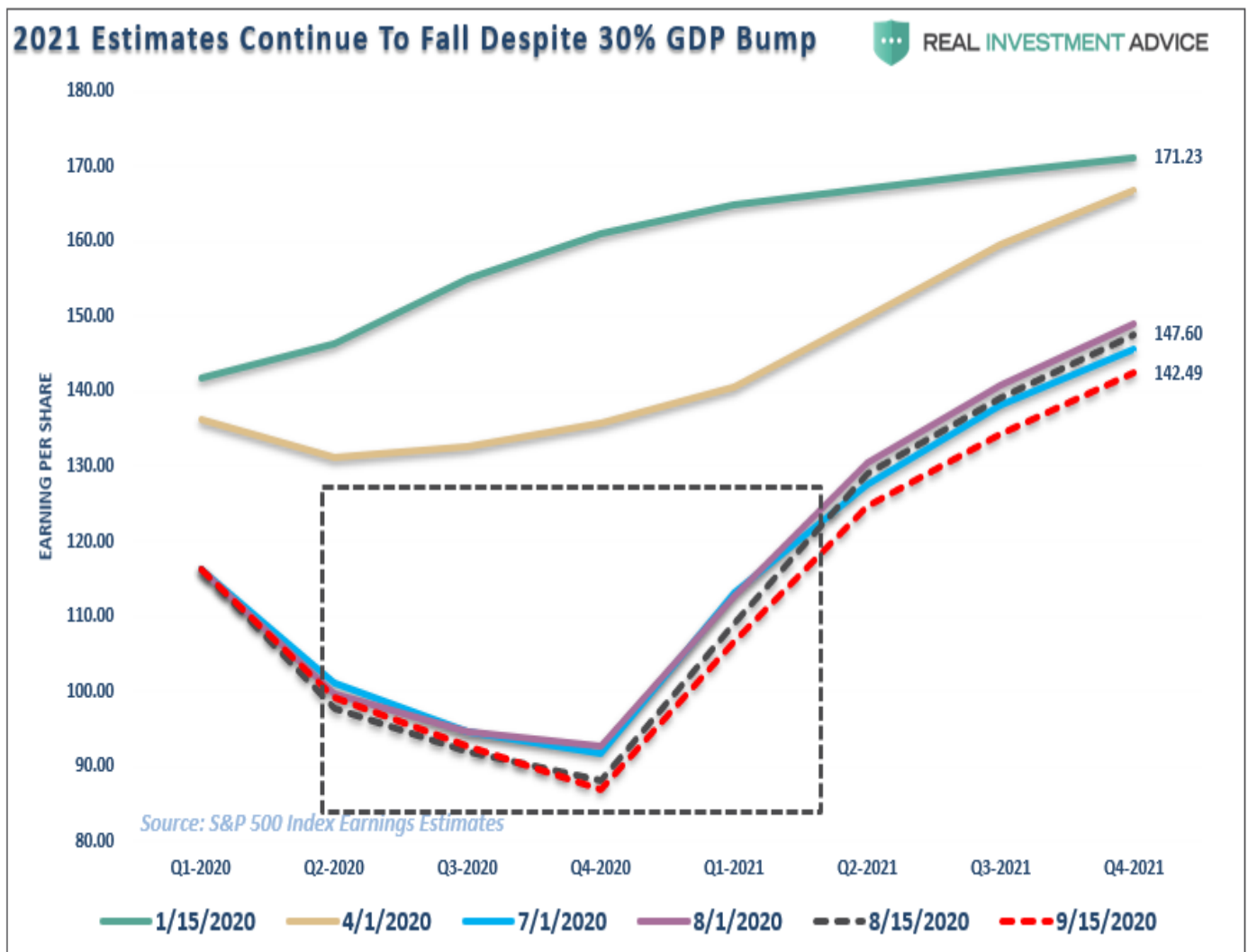


*"Why is this important to the market? Because Congress is facing three different events that have removed the focus from additional financial support for the economy.*

- 1. With the election fast approaching, Congress does not want to pass a fiscal support bill to help the other Presidential candidate. Such is why there are dueling bills between the House and Senate currently.*
- 2. September ends the 2020 fiscal year of Congress. Such requires either a ?budget,? or another C.R. (Continuing Resolution) to fund the government and avoid another shut-down.*
- 3. Lastly, the death of RBG will have the entire Democratic Party, which controls the House, focused on how to stop President Trump from nominating a replacement before the election. All Trump needs is a simple majority in the Senate to confirm a justice that he can likely get."*

Without more fiscal support, the entire premise of the "economic reflation" trade may be over. Economic data is already starting to disappoint as stimulus runs dry, and earnings estimates have begun to fall again, as I addressed last week.

*"Such also correlates with weaker economic data showing up. Weaker economic data translates into reduced earnings outlooks for companies. **During the last 30-days, 2021 estimates for the S&P 500 have declined by an additional \$5/share. Furthermore, those estimates are down nearly \$30 from the original forecast in January 2020.** Yet, markets remain only slightly off all-time highs."*



For these reasons, while the markets may indeed see a short-term bounce, the longer-term correction may not be over.



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## The Correction May Not Be Done

Given the challenges facing the markets over the intermediate-term from a "*contested election*," a lack of financial support, a pandemic resurgence, and economic disruption, the risk of a deeper correction remain. If we look at the weekly chart below, we find that when the market has historically broken below its short-term weekly moving average, it has, with some consistency, tested the longer-term average. Currently, that is almost 7% lower than where we closed on Friday.



Given we are still in a recessionary environment, that earnings remain weak, and the market remains rather extended from its long-term means, a deeper correction in the months ahead is certainly not out of the question. Investors will likely benefit from maintaining caution in portfolios and continuing to use rallies to rebalance risks accordingly.

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## Portfolio Positioning Update



Over the last few weeks, we have repeatedly discussed the idea of reducing risk, hedging, and rebalancing portfolios. Part of this was undoubtedly due to the overly exuberant rise from the March lows and the potential for an unexpected election outcome. **This past week, we continued to look for a "tradeable bottom," but did not see a reasonable risk/reward set up just yet.**

Given the extent of the correction over the last three weeks, and the increase in negative sentiment, we will likely add trading positions to portfolios on Monday. We will primarily focus on the Technology, Communications, Discretionary, and Staples sectors. Such aligns with our short-term "risk-reward" ranges, which are provided weekly to our [RIAPRO Subscribers \(Click Here For 30-day Free Trial\)](#)

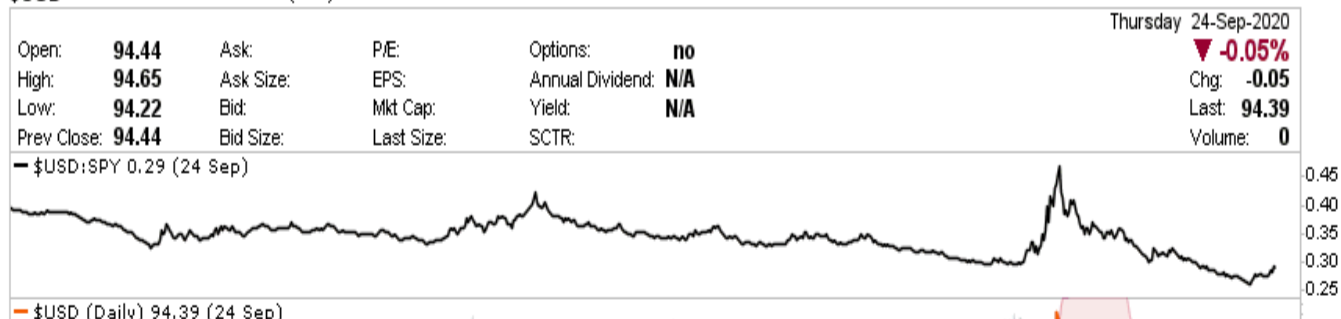
RELATIVE PERFORMANCE		Current	PERFORMANCE RELATIVE TO S&P 500 INDEX					SHORT	LONG	MONTH	REL S&P	RISK RANGE		% DEV -	% DEV -	M/A XVER
Ticker	ETF NAME	Price	1 Week	4 Week	12 Weeks	24 Weeks	52 Weeks	WMA	WMA	END PRICE	BETA	HIGH	LOW	Short M/A	Long M/A	SIGNAL
IVV	ISHARS-SP500	324.60	(3.76)	(7.19)	3.56	16.29	8.71	331.35	308.58	350.77	1.00	359.54	342.00	-2%	5%	BULLISH
XLB	SPDR-MATLS SELS	61.91	(3.66)	5.12	4.06	4.11	(1.73)	61.72	56.07	62.99	1.15	65.29	60.69	0%	10%	BULLISH
XLC	SPDR-COMM SV SS	57.75	1.13	(1.73)	1.06	7.71	7.18	58.93	53.88	63.26	0.99	65.47	61.05	-2%	7%	BULLISH
XLE	SPDR-EGY SELS	30.20	(7.39)	(8.45)	(22.68)	(27.23)	(58.07)	35.92	38.03	35.65	1.61	37.12	34.18	-16%	-21%	BEARISH
XLF	SPDR-FINL SELS	23.25	(2.22)	(0.76)	(2.34)	(16.85)	(25.56)	24.28	24.18	25.06	1.15	25.97	24.15	-4%	-4%	BULLISH
XLK	SPDR-TECH SELS	111.28	1.62	(1.66)	2.15	14.32	29.06	112.33	99.72	123.55	1.05	127.94	119.16	-1%	12%	BULLISH
XLI	SPDR-INDU SELS	75.36	(1.65)	3.75	5.69	2.91	(11.88)	74.28	70.18	77.81	1.16	80.66	74.96	1%	7%	BULLISH
XLP	SPDR-CONS STPL	62.71	1.32	3.39	2.75	(8.42)	(6.23)	62.86	60.40	65.58	0.57	67.59	63.57	0%	4%	BULLISH
XLRE	SPDR-RE SELS	34.01	(2.60)	0.91	(8.13)	(20.57)	(22.72)	35.62	35.20	36.25	0.70	37.41	35.09	-5%	-3%	BULLISH
XLU	SPDR-UTIL SELS	57.77	0.74	5.28	(3.78)	(21.32)	(19.74)	59.19	59.66	59.25	0.35	60.94	57.56	-2%	-3%	BEARISH
XLV	SPDR-HLTH CR	101.39	(0.32)	1.28	(3.76)	(9.38)	4.28	104.98	100.06	108.26	0.80	111.83	104.69	-3%	1%	BULLISH
XLY	SPDR-CONS DISCR	142.07	1.12	2.19	6.14	16.88	9.59	140.45	125.49	150.09	1.17	155.59	144.59	1%	13%	BULLISH
XTN	SPDR-SP TRANSP	57.27	(3.45)	1.66	5.05	6.87	(15.35)	57.23	53.44	60.51	1.36	62.85	58.17	0%	7%	BULLISH
SDY	SPDR-SP DIV ETF	90.22	(2.11)	0.40	(4.49)	(12.75)	(20.45)	94.22	92.05	96.36	0.88	99.62	93.10	-4%	-2%	BULLISH
RSP	INVS-SP5 EQ ETF	104.93	(1.83)	1.37	(0.92)	(2.51)	(11.51)	107.55	101.94	111.40	1.10	115.41	107.39	-2%	3%	BULLISH
SLY	SPDR-SP6 SC	58.78	(2.02)	(1.50)	(3.18)	(4.67)	(21.76)	61.81	58.86	63.92	1.24	66.31	61.53	-5%	0%	BULLISH
MDY	SPDR-SP MC 400	326.19	(1.61)	(0.46)	(2.86)	(3.41)	(16.13)	340.41	322.10	351.40	1.18	364.32	338.48	-4%	1%	BULLISH
EEM	ISHARS-EMG MKT	42.90	(0.63)	2.61	0.17	5.06	(4.51)	43.69	40.22	44.54	0.89	46.05	43.03	-2%	7%	BULLISH
EFA	ISHARS-EAFE	62.87	(0.49)	3.89	(1.78)	(3.16)	(12.27)	63.83	60.80	64.98	0.82	67.14	62.82	-2%	3%	BULLISH
IAU	ISHARS-GOLD TR	17.82	(0.38)	4.04	1.51	(5.54)	15.13	18.20	16.77	18.77	0.07	19.25	18.29	-2%	6%	BULLISH
GDX	VANECK-GOLD MNR	38.69	(4.34)	2.35	3.41	17.35	28.93	40.57	34.21	42.27	0.70	43.62	40.92	-5%	13%	BULLISH
UUP	INVS-DB US\$ BU	25.48	5.36	8.59	(6.60)	(21.75)	(14.52)	25.45	26.27	24.90	(0.10)	25.50	24.30	0%	-3%	BEARISH
IXUS	ISHARS-CR INT S	57.35	(0.46)	3.55	(0.34)	0.75	(9.68)	58.07	54.56	59.37	0.86	61.36	57.38	-1%	5%	BULLISH
TLT	ISHARS-20+YTB	165.12	4.40	9.60	(2.62)	(16.46)	7.26	165.79	162.20	162.19	(0.32)	165.73	158.65	0%	2%	BULLISH
BNDX	VANGD-TTL INT B	58.11	3.72	7.68	(2.74)	(13.57)	(9.97)	57.96	57.45	57.74	0.03	59.20	56.28	0%	1%	BULLISH
HYG	ISHARS-IBX HYCB	83.10	2.11	4.87	(2.38)	(15.40)	(13.38)	84.05	82.49	85.03	0.40	87.49	82.57	-1%	1%	BULLISH



We are currently going to avoid international, emerging markets, basic materials, and industrials. These areas are subject to a rally in the dollar. Given the hugely negative sentiment in the U.S. Dollar, we have been warning for several weeks that a counter-trend rally was likely.

**\$USD** US Dollar Index - Cash Settle (EOD) ICE

© StockCharts.com



## Portfolio Changes

In the meantime, we did make some adjustments to our bond portfolio to reduce some of our corporate bond exposures and increase our mortgage back and shorter-duration Treasury holdings. Such increased our "credit quality" in our bond portfolio while mildly reducing our duration to shore up volatility risk. We also temporarily reduced our exposure to gold and gold miners due to the dollar rally. We will add back to these positions on further weakness. Lastly, we also continue to hold a healthy allocation to cash, which we will add back to our equity holdings as the opportunity presents itself. On this part of our portfolio exposure, we agree with a comment Doug Kass made this past week:

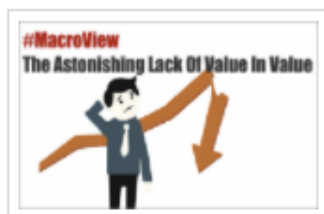
*"Longer-term investors, with timeframes measured in years and not days or weeks, in particular, should cheer the recent market dive. **In my playbook, high stock prices are the enemy of the rationale buyer and low stock prices are the friend of the rational buyer. My experience is that traders know everything about price but little of value. Who wouldn't rather buy at a lower price than a higher price?"***

Such is why we have been digging through "value" stocks looking for opportunities most investors are overlooking to chase prices higher. **There are many great opportunities, but they require patience, a strong stomach, and the ability to know the difference between short-term gains and long-term wealth building.**

*"The NYSE is the only place in the world that when the sign says 'Every day high prices', everyone gets excited. If Walmart had the same sign, instead of 'Every day low prices', no one would show up." - Peter Boockvar*

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## The MacroView



### #MacroView: The Astonishing Lack Of Value In Value

Written by Lance Roberts | Sep 25, 2020

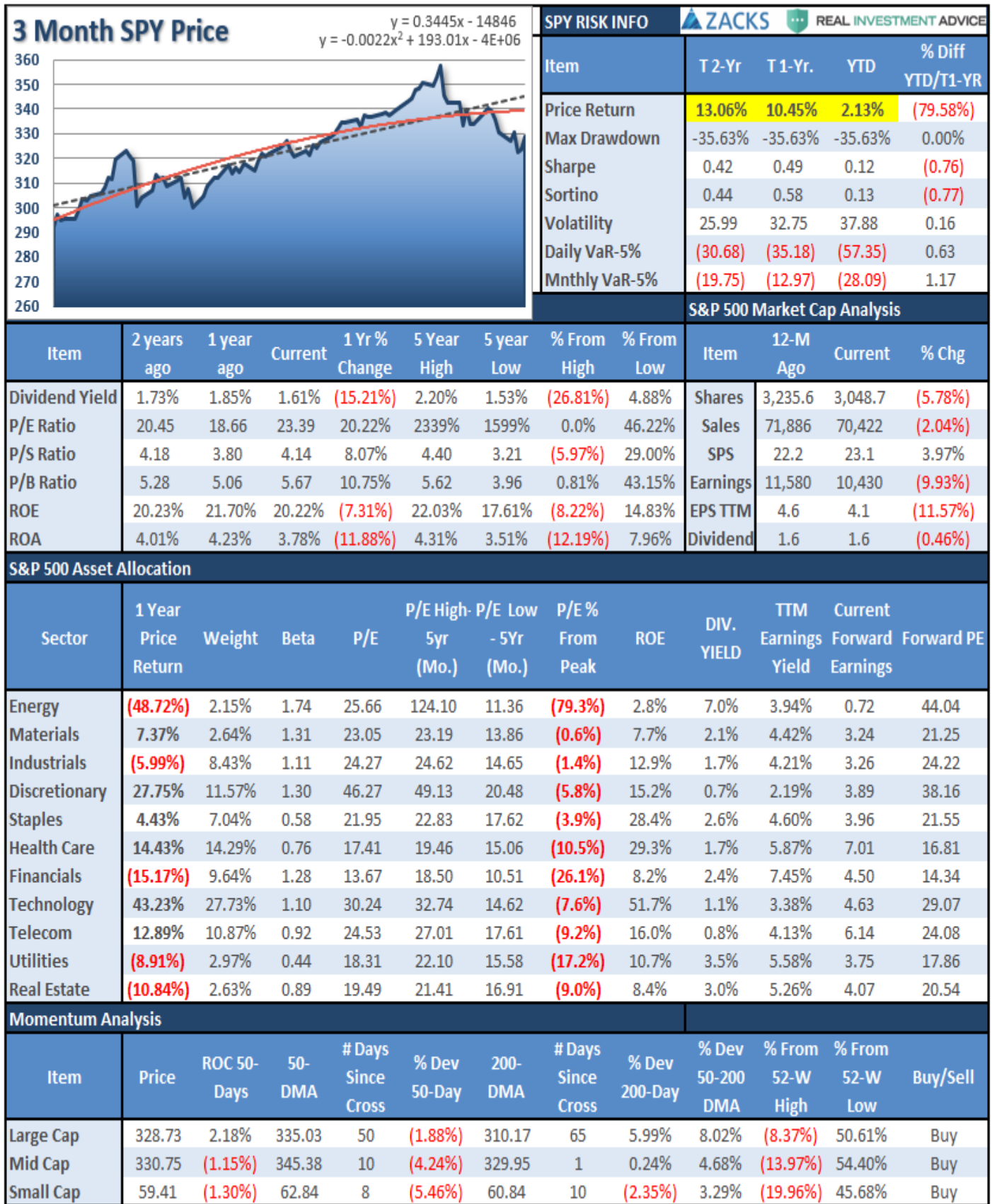
Over the last month, the Federal Reserve, and the Government, have unleashed a torrent of liquidity into the U.S. markets to offset a credit crisis of historic proportions. While investors have been trained to "not fight the Fed," what if the "Fed" is throwing money into a "debt chasm" they can't fill.

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If you need help or have questions, we are always glad to help. [Just email me.](#) See You Next Week **By Lance Roberts, CIO**

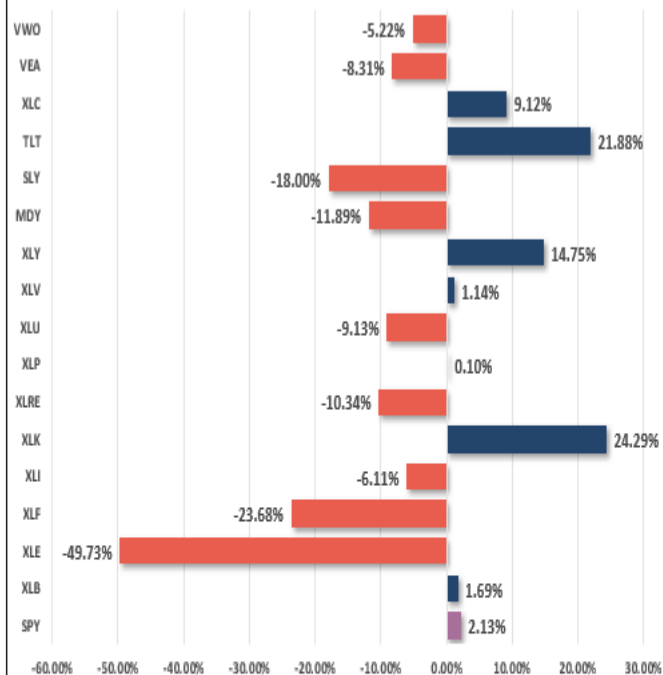
## Market & Sector Analysis

## S&P 500 Tear Sheet

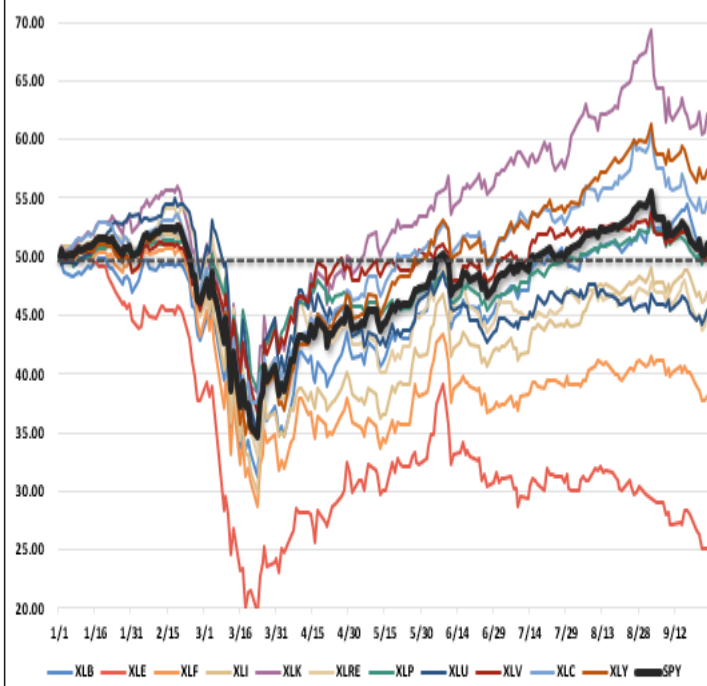


# Performance Analysis

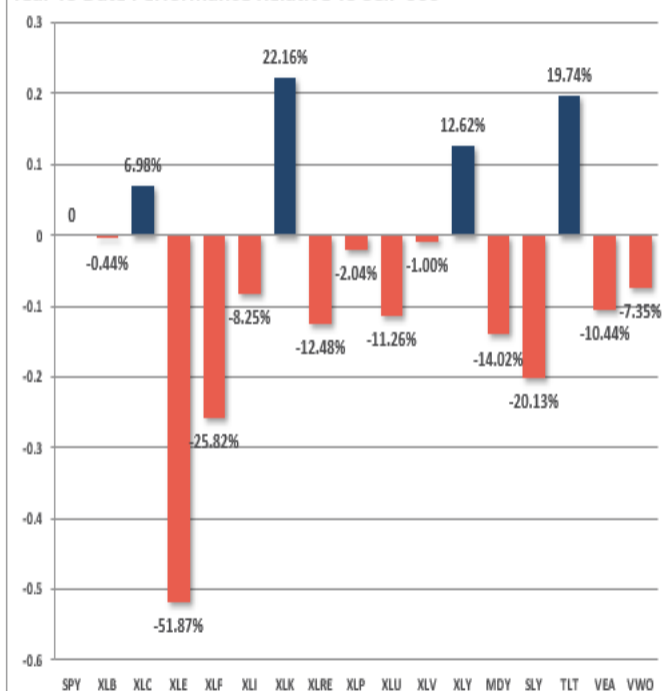
## Year To Date Performance



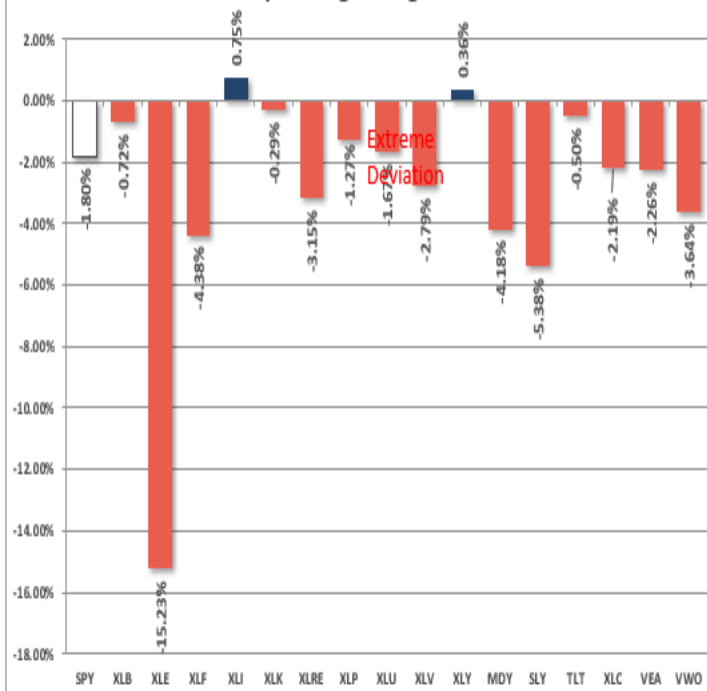
## YTD Price - S&P Sectors Recalibrated To \$50/share



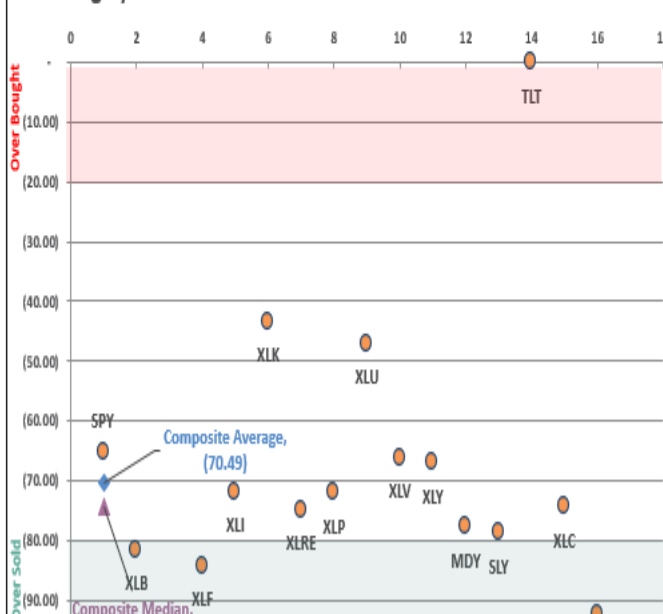
## Year To Date Performance Relative To S&P 500



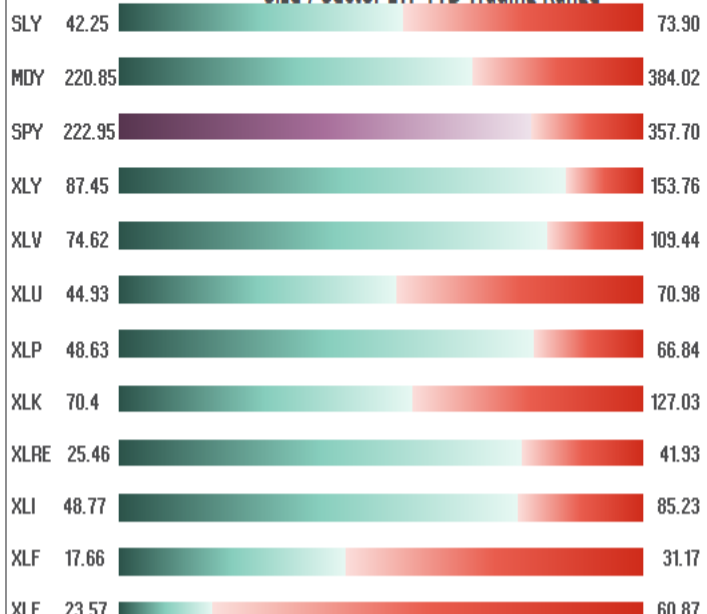
## Price Deviation From 50-Day Moving Average



## Overbought/Oversold 14-Periods



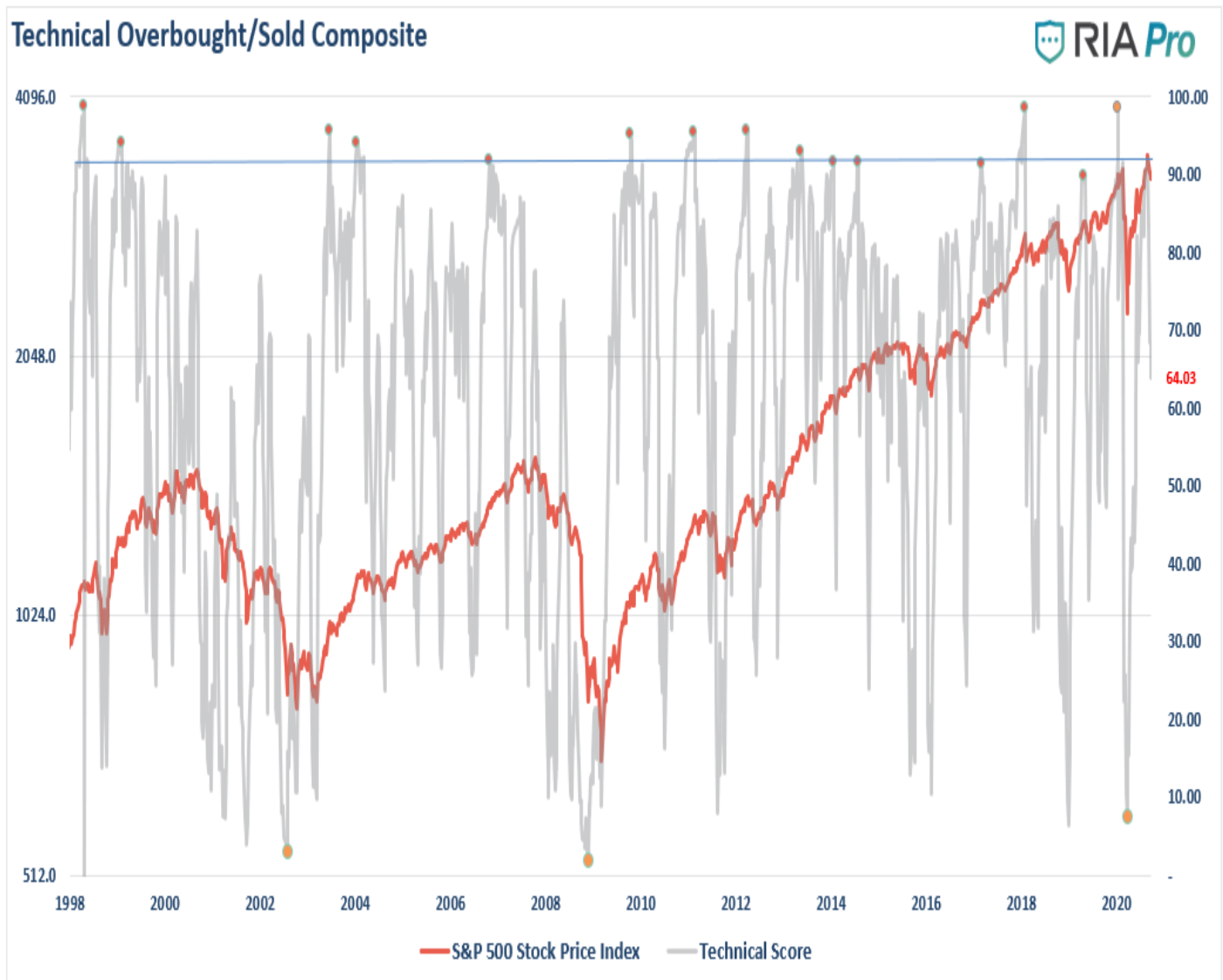
## Size / Sector ETF YTD Trading Range





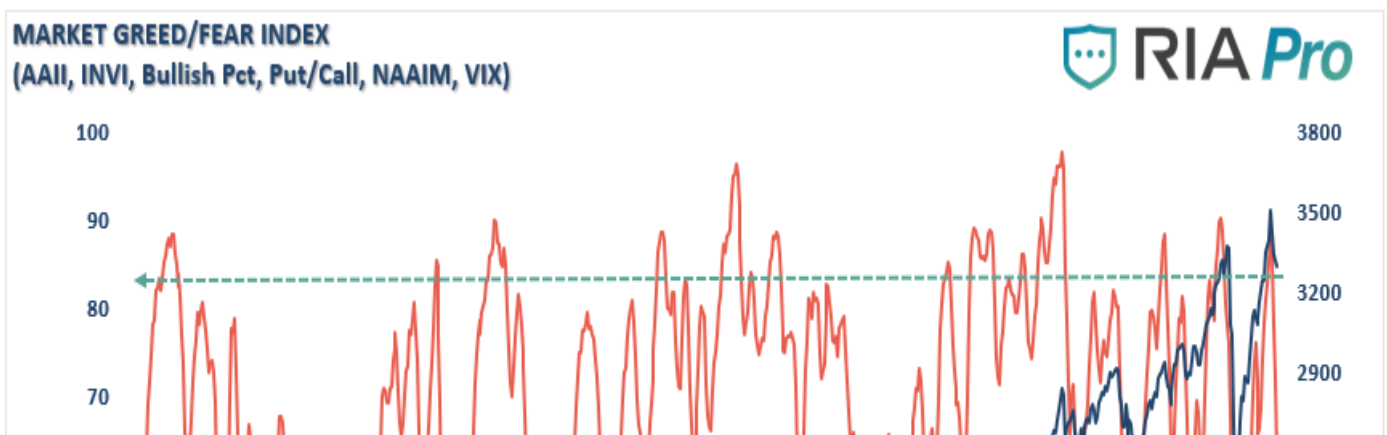
## Technical Composite

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" is oversold.



## Portfolio Positioning "Fear / Greed" Gauge

The "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.



# Sector Model Analysis & Risk Ranges

## How To Read.

- The table compares each sector and market to the S&P 500 index on relative performance.
- The "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.
- The table shows the price deviation above and below the weekly moving averages.

RELATIVE PERFORMANCE		Current	PERFORMANCE RELATIVE TO S&P 500 INDEX					SHORT	LONG	MONTH	REL S&P	RISK RANGE		% DEV -	% DEV -	M/A XVER
Ticker	ETF NAME	Price	1 Week	4 Week	12 Weeks	24 Weeks	52 Weeks	WMA	WMA	END PRICE	BETA	HIGH	LOW	Short M/A	Long M/A	SIGNAL
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XLV	SPDR-HLTH CR	101.39	(0.32)	1.28	(3.76)	(9.38)	4.28	104.98	100.06	108.26	0.80	111.83	104.69	-3%	1%	BULLISH
XLY	SPDR-CONS DISCR	142.07	1.12	2.19	6.14	16.88	9.59	140.45	125.49	150.09	1.17	155.59	144.59	1%	13%	BULLISH
XTN	SPDR-SP TRANSP	57.27	(3.45)	1.66	5.05	6.87	(15.35)	57.23	53.44	60.51	1.36	62.85	58.17	0%	7%	BULLISH
SDY	SPDR-SP DIV ETF	90.22	(2.11)	0.40	(4.49)	(12.75)	(20.45)	94.22	92.05	96.36	0.88	99.62	93.10	-4%	-2%	BULLISH
RSP	INVS-SP5 EQ ETF	104.93	(1.83)	1.37	(0.92)	(2.51)	(11.51)	107.55	101.94	111.40	1.10	115.41	107.39	-2%	3%	BULLISH
SLY	SPDR-SP6 SC	58.78	(2.02)	(1.50)	(3.18)	(4.67)	(21.76)	61.81	58.86	63.92	1.24	66.31	61.53	-5%	0%	BULLISH
MDY	SPDR-SP MC 400	326.19	(1.61)	(0.46)	(2.86)	(3.41)	(16.13)	340.41	322.10	351.40	1.18	364.32	338.48	-4%	1%	BULLISH
EEM	ISHARS-EMG MKT	42.90	(0.63)	2.61	0.17	5.06	(4.51)	43.69	40.22	44.54	0.89	46.05	43.03	-2%	7%	BULLISH
EFA	ISHARS-EAFE	62.87	(0.49)	3.89	(1.78)	(3.16)	(12.27)	63.83	60.80	64.98	0.82	67.14	62.82	-2%	3%	BULLISH
IAU	ISHARS-GOLD TR	17.82	(0.38)	4.04	1.51	(5.54)	15.13	18.20	16.77	18.77	0.07	19.25	18.29	-2%	6%	BULLISH
GDX	VANECK-GOLD MNR	38.69	(4.34)	2.35	3.41	17.35	28.93	40.57	34.21	42.27	0.70	43.62	40.92	-5%	13%	BULLISH
UUP	INVS-DB US\$ BU	25.48	5.36	8.59	(6.60)	(21.75)	(14.52)	25.45	26.27	24.90	(0.10)	25.50	24.30	0%	-3%	BEARISH
IXUS	ISHARS-CR INT S	57.35	(0.46)	3.55	(0.34)	0.75	(9.68)	58.07	54.56	59.37	0.86	61.36	57.38	-1%	5%	BULLISH
TLT	ISHARS-20+YTB	165.12	4.40	9.60	(2.62)	(16.46)	7.26	165.79	162.20	162.19	(0.32)	165.73	158.65	0%	2%	BULLISH
BNDX	VANGD-TTL INT B	58.11	3.72	7.68	(2.74)	(13.57)	(9.97)	57.96	57.45	57.74	0.03	59.20	56.28	0%	1%	BULLISH
HYG	ISHARS-IBX HYCB	83.10	2.11	4.87	(2.38)	(15.40)	(13.38)	84.05	82.49	85.03	0.40	87.49	82.57	-1%	1%	BULLISH



## Weekly Stock Screens

Currently, there are 3-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	Price/ Sales	Score
AMAT	Appld Matls Inc	57.79	12.66	12.59	1.52	3.24	9
MCO	Moodys Corp	275.51	10.00	9.32	0.81	9.95	9
AZO	Autozone Inc	1,129.63	9.48	3.52	-	2.09	8
LOW	Lowes Cos	158.52	16.61	5.54	1.39	1.49	8
SPGI	S&P Global Inc	345.87	10.00	5.97	0.77	11.65	8
TMO	Thermo Fisher	418.14	15.50	11.32	0.21	6.30	8
AAPL	Apple Inc	108.22	11.00	4.87	0.76	6.85	7
ATVI	Activision Blzd	79.69	15.97	7.42	0.51	8.80	7
BLK	Blackrock Inc	535.05	10.00	7.55	2.71	5.43	7
CPRT	Copart Inc	102.01	13.00	16.55	-	10.86	7
CTAS	Cintas Corp	318.64	9.64	11.37	0.80	4.79	7
DOV	Dover Corp	107.14	11.50	0.52	1.85	2.28	7
DPZ	Dominos Pizza	413.30	13.89	13.79	0.75	4.32	7
HOLX	Hologic Inc	63.01	16.40	5.12	-	4.95	7
HUM	Humana Inc New	387.00	12.34	4.94	0.65	0.73	7
JBHT	Hunt (Jb) Trans	130.86	15.00	10.87	0.83	1.49	7
KEYS	Keysight Tech	96.60	8.76	11.47	-	4.39	7
KMB	Kimberly Clark	146.48	5.49	0.24	2.92	2.65	7
QRVO	Qorvo Inc	124.99	12.35	4.94	-	4.39	7
ROP	Roper Technolgs	391.21	10.50	11.35	0.52	7.58	7
SHW	Sherwin William	685.90	9.22	13.44	0.78	3.52	7
TGT	Target Corp	152.00	7.22	2.75	1.79	0.90	7
UNH	Unitedhealth Gp	292.66	12.66	10.90	1.71	1.12	7
UPS	Utd Parcel Srvs	160.41	7.90	6.64	2.52	1.79	7
APH	Amphenol Corp-A	104.19	7.51	10.32	0.96	3.84	6
CDW	Cdw Corp	110.43	13.10	8.15	1.38	0.87	6
DE	Deere & Co	216.52	8.18	9.68	1.40	1.90	6
FBHS	Fortune Brd H&S	82.06	7.32	5.44	1.17	1.99	6
FDX	Fedex Corp	244.22	12.00	8.62	1.06	0.90	6
KLAC	Kla Corp	184.54	7.55	16.49	1.95	4.93	6
LRCX	Lam Research	327.17	13.26	15.41	1.41	4.73	6
MAS	Masco	54.49	14.92	1.28	0.99	2.06	6
MSI	Motorola Solutn	151.69	9.00	8.36	1.69	3.37	6
ORLY	O Reilly Auto	443.97	14.64	6.15	-	3.07	6
PCAR	Paccar Inc	82.16	10.00	8.31	1.56	1.37	6
PKI	Perkinelmer Inc	117.96	17.35	7.23	0.24	4.43	6
REGN	Regeneron Pharm	557.46	13.50	16.83	-	7.42	6
RSG	Republic Svcs	92.39	7.88	3.01	1.75	2.88	6
BBY	Best Buy	104.77	6.76	2.63	2.10	0.62	5
CMI	Cummins Inc	205.42	6.50	6.43	2.55	1.50	5
GRMN	Garmin Ltd	92.68	6.80	6.74	2.63	4.71	5
INTU	Intuit Inc	308.59	13.20	12.41	0.69	10.52	5

## Low P/B, High-Value Score, High Dividend Screen

Ticker	Company	Current Price	Price/ Book	ROE 5 Yr Avg	Div Yield	Score
SJM	Smucker Jm	110.87	1.52	11.79	3.25	9
CFR	Cullen Frost Bk	62.22	0.97	11.41	4.56	8
EBTC	Enterprise Bcp	20.01	0.75	10.48	3.50	8
FISI	Financial Inst	14.94	0.56	10.44	6.96	8
HPE	Hewlett Pkd Ent	9.13	0.72	12.14	5.26	8
LARK	Landmark Bcp	20.60	0.79	10.03	3.88	8
NTRS	Northern Trust	75.22	1.49	13.56	3.72	8
STT	State St Corp	57.68	0.91	12.65	3.61	8
TFC	Truist Finl Cp	35.47	0.77	10.16	5.07	8
TSLX	Sixth St Spclty	16.46	1.02	12.26	9.96	8
UNM	Unum Group	16.23	0.31	11.14	7.02	8
WTBA	West Bancorp	15.81	1.25	14.68	5.31	8
APOG	Apogee Entrprs	20.34	1.02	16.19	3.69	7
BANF	Bancfirst Okla	39.82	1.26	12.05	3.21	7
BK	Bank Of Ny Mell	33.14	0.75	10.34	3.74	7
BSRR	Sierra Bancorp	16.27	0.75	10.29	4.92	7
BXG	Bluegreen Vaca	4.93	0.82	18.43	5.27	7
CHCO	City Hldgs Co	56.41	1.31	13.29	4.04	7
CMTV	Commnty Bcp Vt	12.75	0.94	12.16	5.96	7
CRWS	Crown Crafts	5.59	1.30	14.03	5.72	7
CVS	Cvs Health Corp	56.71	1.09	16.59	3.53	7
CZFS	Citizens Fin Sv	43.50	0.93	11.77	4.23	7
FCBP	First Choice Bc	12.82	0.56	12.24	7.80	7
FGBI	First Guaranty	11.96	0.65	10.23	5.35	7
FITB	Fifth Third Bk	19.61	0.68	10.27	5.51	7
FMNB	Farmers Natl Bc	10.39	0.88	10.62	4.23	7
GATX	Gatx Corp	62.58	1.17	14.34	3.07	7
GBCI	Glacier Bancorp	30.52	1.32	11.48	3.80	7
GBX	Greenbrier Cos	28.24	0.63	12.48	3.82	7
GNTY	Guaranty Bancsh	23.53	1.00	13.07	3.23	7
HIG	Hartford Fin Sv	35.41	0.76	10.09	3.67	7
IBCP	Indep Bk Mich	12.31	0.76	10.68	6.50	7
JHG	Janus Henderson	19.87	0.82	10.42	7.25	7
KEY	Keycorp New	11.55	0.72	10.56	6.41	7
LKFN	Lakeland Finl	39.83	1.65	13.86	3.01	7
LTC	Ltc Properties	33.65	1.68	13.33	6.78	7
NL	Nl Inds Inc	4.05	0.60	11.08	3.95	7
PEG	Public Sv Entrp	53.47	1.75	11.18	3.67	7
SBFG	Sb Financial Gp	12.80	0.71	11.36	3.13	7
SYBT	Stock Yards Bcp	33.99	1.83	14.51	3.18	7
XRX	Xerox Holdings	17.79	0.69	15.34	5.62	7

## Technical Trading Screen



Ticker	Company	Current Price	Next 3-5 Yr Est EPS Gr rate	5 yr Hist Sales Gr	Div Yield	Price/ Sales	Score
BZH	Beazer Homes	12.49	#N/A	5.77	-	0.17	9
ELP	Copel-Adr Pr B	11.85	#N/A	(0.38)	4.12	0.82	9
CMP	Compass Minerls	56.83	#N/A	8.82	5.07	1.28	8
DOOR	Masonite Int Cp	90.87	#N/A	3.66	-	1.04	8
MRK	Merck & Co Inc	83.15	6.74	4.24	2.93	4.46	8
ROCK	Gibraltar Indus	61.95	#N/A	0.67	-	1.84	8
TA	Travelcenters	18.76	#N/A	1.64	-	0.05	8
CASY	Caseys Gen Strs	172.49	#N/A	7.40	0.74	0.74	7
MDC	Mdc Hldgs	44.81	14.40	14.00	2.95	0.81	7
PEG	Public Sv Entrp	53.47	2.92	0.03	3.67	2.81	7
PGR	Progressive Cor	92.20	6.22	16.42	0.43	1.33	7
SCWX	Secureworks Cp	12.47	#N/A	10.87	-	1.82	7
AMN	Amn Hlthcr Svcs	55.89	#N/A	9.56	-	1.11	6
BIDU	Baidu Inc	123.76	(2.00)	11.48	-	2.86	6
DENN	Denny's Corp	10.32	9.00	1.48	-	1.75	6
ED	Consol Edison	73.93	2.00	0.36	4.14	2.02	6
GMRE	Global Med Reit	12.95	#N/A	124.29	6.18	7.27	6
IRBT	Irobot Corp	75.93	15.00	19.51	-	1.79	6
IVZ	Invesco Ltd	10.80	5.97	5.20	5.74	0.77	6
J	Jacobs Engin Gr	90.02	7.77	5.59	0.84	0.87	6
JEF	Jefferies Finl	18.23	#N/A	(17.65)	3.29	0.91	6
MHO	M/I Homes Inc	43.62	#N/A	15.47	-	0.46	6
QSR	Restaurant Brnd	55.98	9.14	9.73	3.72	3.26	6
SAFE	Safehold Inc	55.91	#N/A	94.73	1.16	22.07	6
WEC	Wec Energy Grp	94.00	5.94	3.82	2.69	4.11	6
ALGN	Align Tech Inc	311.88	12.35	28.65	-	11.37	5
AMRC	Ameresco Inc-A	30.49	17.50	8.37	-	1.52	5
ATI	Allegheny Tech	9.08	15.00	4.71	-	0.31	5
CBD	Companhia Brsl	13.58	21.25	(8.17)	0.83	0.23	5
CMI	Cummins Inc	205.42	6.50	6.43	2.55	1.50	5
EL	Estee Lauder	210.46	11.96	8.71	0.91	5.31	5
ETN	Eaton Corp Plc	99.65	11.00	0.76	2.93	2.08	5
EXAS	Exact Sciences	94.31	30.00	114.85	-	12.52	5
FIX	Comfort Systems	50.32	#N/A	14.45	0.83	0.64	5
HRB	Block H & R	14.92	10.00	(0.07)	6.97	0.93	5
JBL	Jabil Inc	34.41	12.00	9.77	0.93	0.19	5
KO	Coca Cola Co	48.70	4.81	(6.37)	3.37	6.09	5
LAUR	Laureate Educat	12.70	15.00	(10.58)	-	0.90	5
OMI	Owens & Minor	20.31	32.19	(1.02)	0.05	0.15	5
PAC	Grupo Aerop-Pac	74.79	4.79	14.97	2.60	5.44	5
PECK	Peck Co Inc	7.90	#N/A	#N/A	-	1.68	5
PRIM	Primoris Servcs	18.02	#N/A	14.46	1.33	0.26	5
SBAC	Sba Comm Corp	306.27	#N/A	5.92	0.61	16.76	5
STM	Stmicroelectron	29.89	5.00	9.94	0.48	2.83	5
TRWH	Twin River Wwd	23.84	#N/A	#N/A	-	1.83	5
AFYA	Afya Ltd	25.63	#N/A	#N/A	-	10.53	4
DIOD	Diodes Inc	50.75	#N/A	9.93	-	2.20	4
RWT	Redwood Trust	7.32	#N/A	26.31	7.65	1.25	4



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## Portfolio / Client Update

As discussed last week, we were expecting a rally this week, which finally materialized. Such was enough to get the "bulls" excited and declare the recent correction over. We will likely use the current oversold condition to "average" into some of our stronger positions. We will also pick up some exposure to our "value" holdings as well. However, we are still well aware of the risk heading into the election. So whatever additions we do pick up will likely be shorter-term in nature. Such continues to be a market primarily driven by the largest technology names, making running a more diversified portfolio less attractive. However, in the longer term, we are staunch believers that throwing caution to the wind tends to lead to poor outcomes. As such, for now, we are content giving up some performance to hedge against a rising level of risks, both known and unknown. Importantly, it is usually never the risk we are focused on (*upcoming election*) that trips up the markets, but the ones we aren't even thinking of. Such is why we remain cautious for now.

### Portfolio Changes

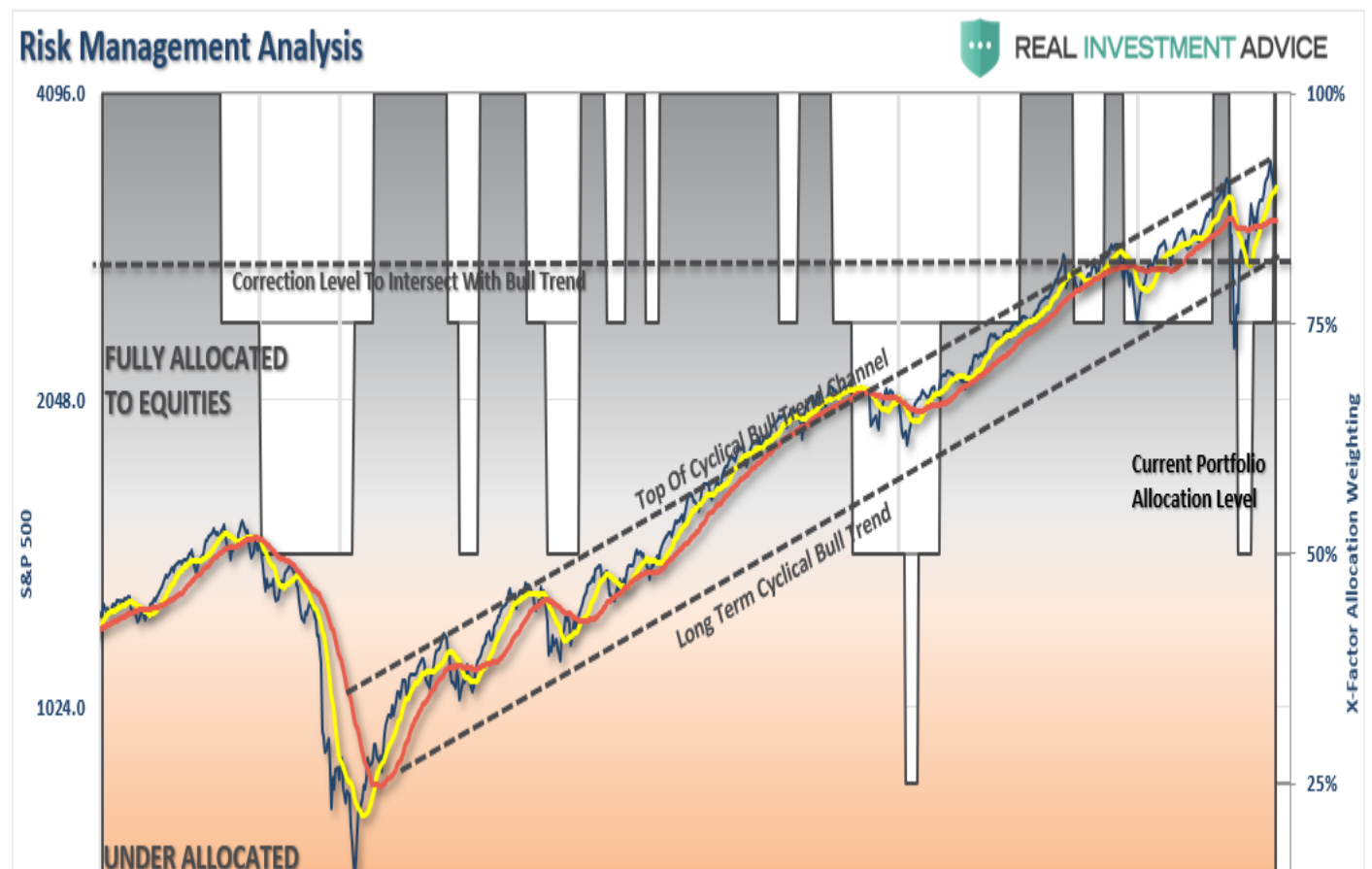
This past week involved very few changes to our portfolio models. We did reduce our gold and gold mining holdings temporarily against a rise in the U.S. Dollar. We will add back to those holdings once the dollar rally is complete. We also rebalanced our bond holdings. Such was to improve credit quality, shorten the duration, and reduce risk. As such, we added shorter-duration Treasury exposure (*IEF*). We also reduced our corporate bond exposures (*AGG*) and increased our Mortgage-backed securities (*MBB*). We continue to look for opportunities to abate risk, add return either in appreciation or income, and protect capital. Please don't hesitate to contact us if you have any questions or concerns. *Lance Roberts CIO*

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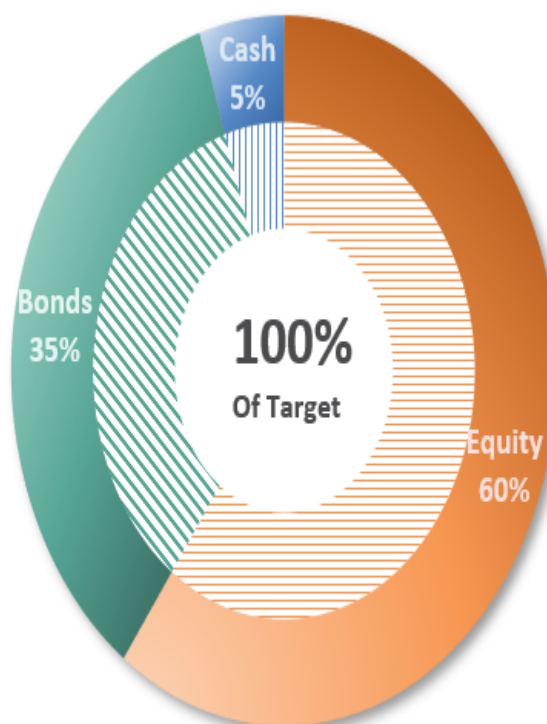
## THE REAL 401k PLAN MANAGER

### *A Conservative Strategy For Long-Term Investors*

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## Current Portfolio Weighting



## Current 401k Allocation Model

### 5.00% 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

### 60.00% Equity (Stocks)

*The vast majority of funds track an index.*

*Therefore, select on ONE fund from each category.*

*Keep it Simple.*

20% Equity Income, Balanced or Conservative Allocation

30% Large Cap Growth (S&P 500 Index)

5% International

5% Mid-Cap

## Portfolio Instructions:

Allocation Level To Equities	Recommendation	When To Take Action
Less Than Target Allocation	Use Weakness To Add	Move Slowly On Weakness
Equal To Target Allocation	Hold Current Exposure	Hold Exposure
Over Target Allocation	Hold Current Exposure	Hold Exposure

## Commentary

As noted last week: "The market is getting fairly oversold short-term, so if you are wanting to increase exposure there is a tradeable opportunity to do so. Add some of your exposure next week, and use additional weakness to add accordingly."

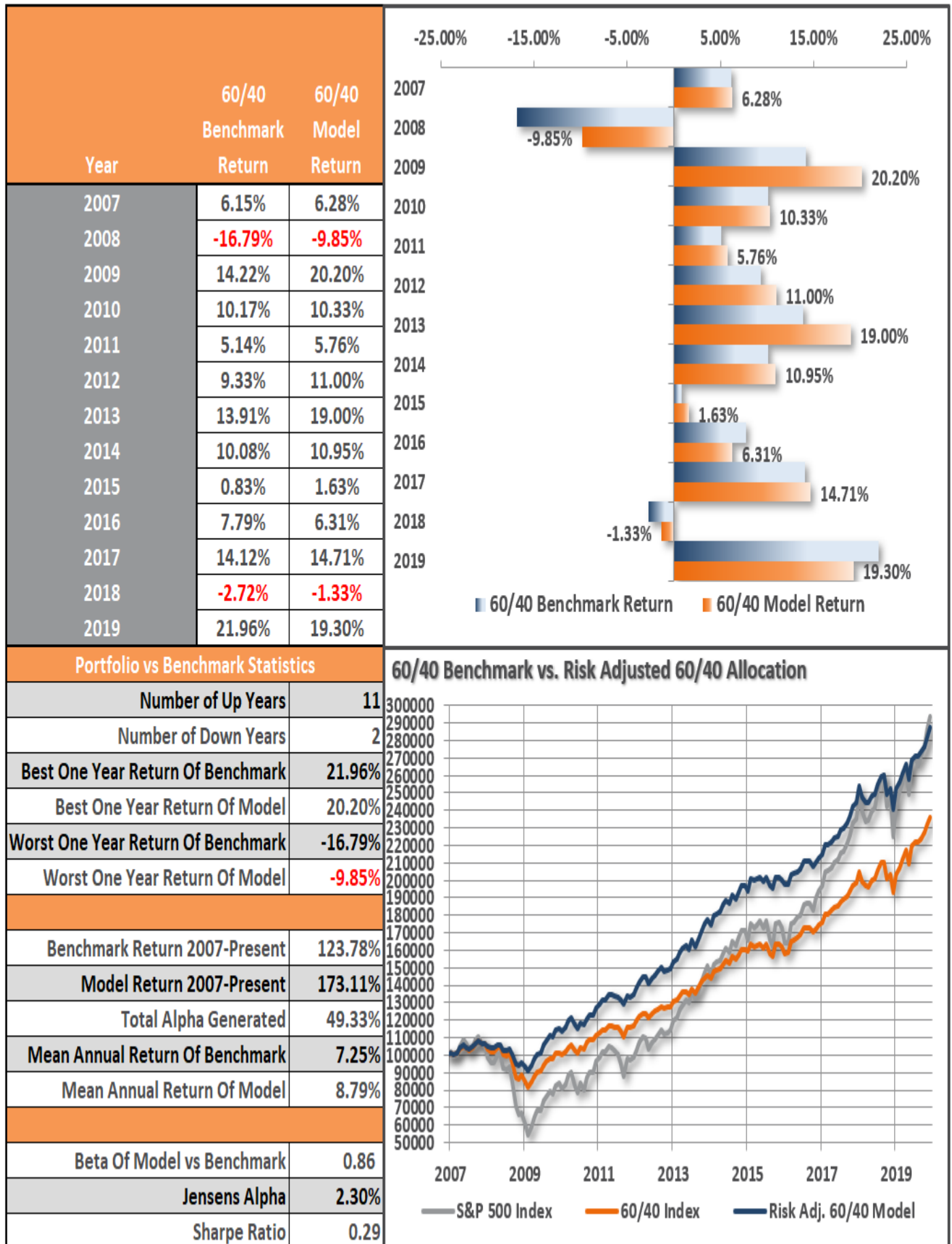
It was a bit bumpy this week, but the market did get its act together on Thursday and Friday and finally strung a rally together. There is a good bit of resistance overhead, and we are still in two of the seasonally weak months of the year, so continue to use weakness to add to exposures accordingly.

The dollar rally is pulling on International exposures to add slowly or avoid for the time being.

In the longer-term the markets remain extremely overbought, so there is downside risk. Be mindful of the risk you are taking particularly if you are close to retirement.

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

*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.*



# 401k Plan Manager Live Model

As an [RIA PRO subscriber](#) (You get your first 30-days free), you have access to our live 401k plan manager. Compare your current 401k allocation to our recommendation for your company-specific plan and our on 401k model allocation. You can also track performance, estimate future values based on your savings and expected returns, and dig down into your sector and market allocations. **If you would like to offer our service to your employees at a deeply discounted corporate rate, [please contact me.](#)**

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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