

# Market Regains Footing On Hopes Of More Stimulus



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

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**?Policies, Not Politics.?** Join Richard Rosso, CFP, and Danny Ratliff, CFP, for an in-depth look at both party's platforms and how upcoming changes could affect your

retirement, social security, medicare, and how you invest. From taxes to the markets, they will provide the answers you are looking for.

- **When:** Saturday, October 24th, 2020
- **Time:** 8-9am
- **Where:** An exclusive **GoTo Webinar Event** ([Register Now](#))



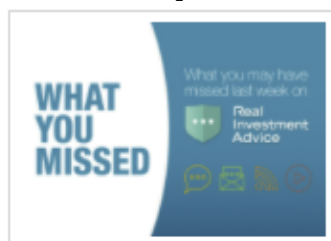
Pre-Election Episode  
**"Policies, not Politics"**

with Special Guest **LANCE ROBERTS**

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## Catch Up On What You Missed Last Week



### #WhatYouMissed On RIA This Week: 10-09-20

Written by Lance Roberts | Oct 9, 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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## Market Regains Its Footing

***"Live by the sword, die by the sword." - Matthew 26, 26:52***

Such was the lesson quickly retaught to President Trump when we decided to halt stimulus talks on Tuesday, sending the market careening into the red. By Wednesday, Trump quickly reversed and has been talking up more stimulus all week.

<https://twitter.com/realDonaldTrump/status/1314593632733847552?s=20> The inherent problem of tying your Presidency to the stock market is that it's all fine until it isn't. The market crash in December of 2018, and again in March 2020, should have been a wakeup call. Unfortunately, it wasn't, and now valuations, deviations for long-term means, and speculation have increased risk significantly. Also, while more stimulus may be a great short-term "fix" for the economy, and ultimately the market when the Federal Reserve monetized the debt issuance, as discussed in [this week's #MacroView](#):

***"More debt doesn't lead to stronger rates of economic growth or prosperity. Since 1980, the overall increase in debt has surged to levels that currently usurp the entirety of economic growth. With economic growth rates now at the lowest levels on record, the change in debt continues to divert more tax dollars away from productive investments into the service of debt and social welfare."***

### Total Debt vs. GDP



80000.0

16%

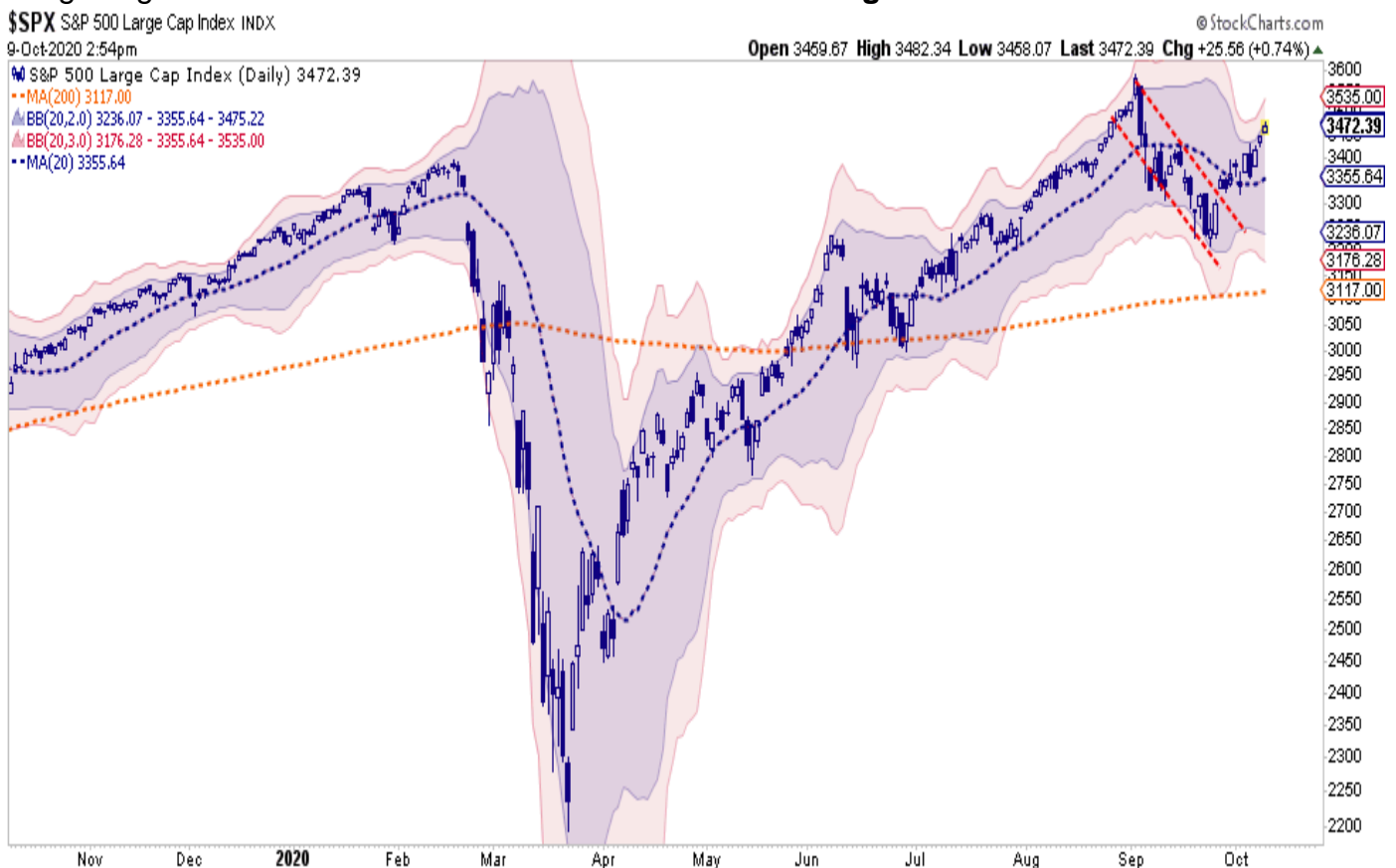
Nonetheless, the market rallied on what is for now "hope" of more stimulus. There is still no deal on Capitol Hill, and the parties are still far apart primarily on funding for states and municipalities.

## Market Regains Its Footing

As I penned last week, we were expecting a rally this week.

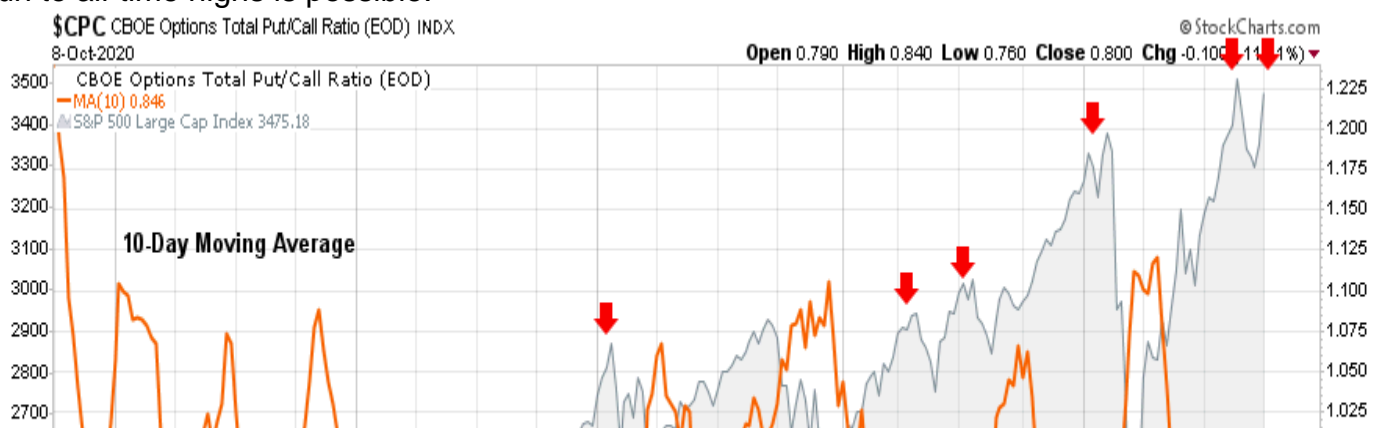
*"Notably, while the rally that we have witnessed from the recent lows has eaten up a fair bit of the previous oversold condition, **the MACD ?buy signal? was triggered on Friday**. Such suggests that we could see some additional buying next week."*

The market did indeed rally out of the gate on Monday but was cut short on Tuesday by Trump's tweet shutting down stimulus talks. However, his quick retraction put the market back on more solid footing short-term. **Again, the Federal Reserve needs "more stimulus" to monetize the underlying debt issuance for investors. Such is how, ultimately, liquidity gets into the markets.** With markets only about 3% away from all-time highs, there is really nothing to stop it from getting there **unless stimulus talks break down once again.**

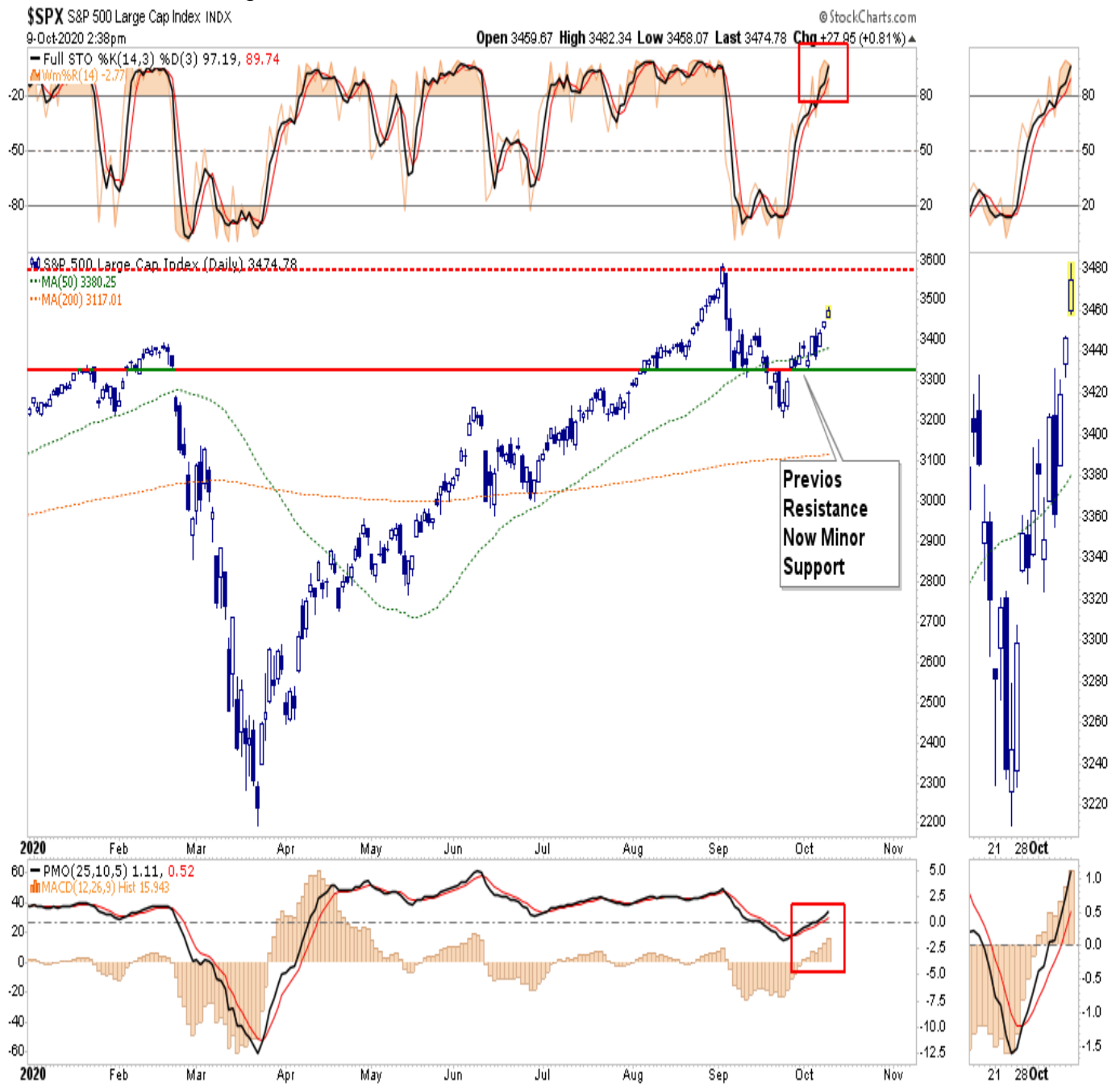


## Speculation Ramps Up

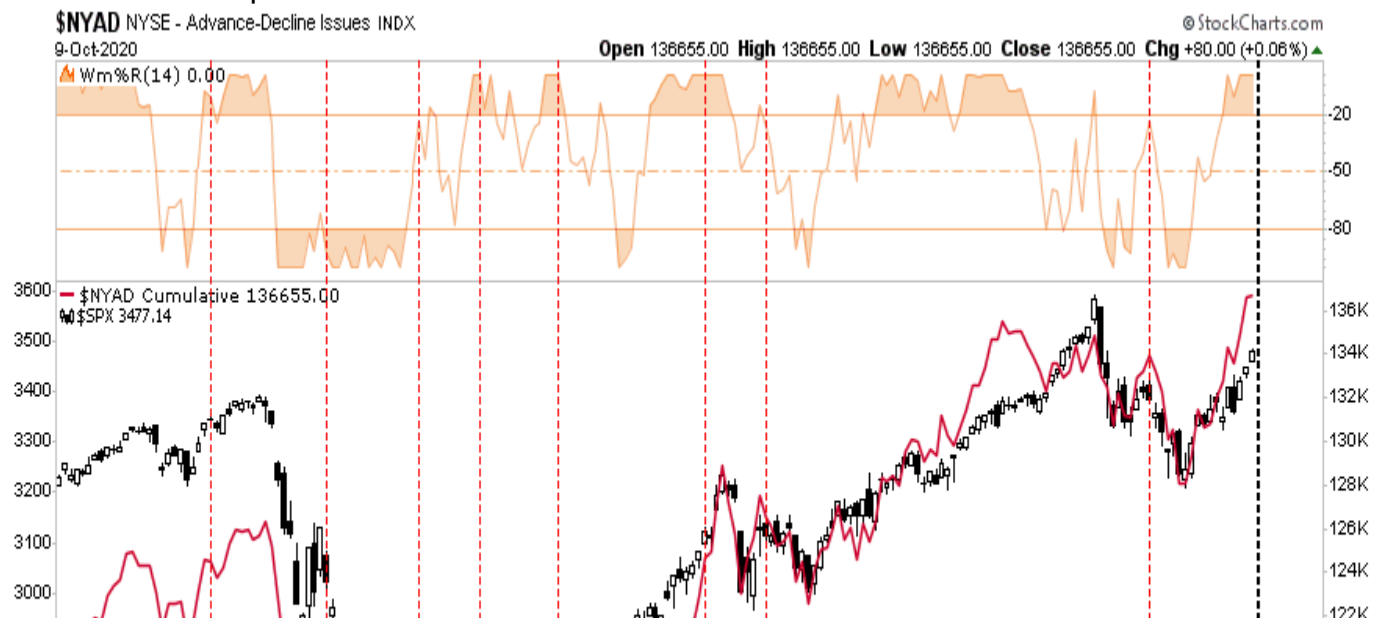
Retail investors have also ramped up speculative bets again, pushing the *Put/Call* ratio back towards previous highs. There is still room before getting back to previous levels, which suggests a run to all-time highs is possible.



However, while a retest of highs is certainly possible, the truncated rally so far has consumed much of the previous oversold condition. Such may limited upside returns in the short-term to some degree.



Furthermore, the cumulative Advance/Decline line is also at levels which has typically denoted short-term market peaks.



However, for now, the markets surge into the election has a history of picking the next President.

*"The performance of the S&P 500 in the three months before an election has predicted 87% of elections since 1928 and 100% since 1984. When returns were positive, the incumbent party wins. If the index suffered losses in the three-month window, the incumbent loses."*



For now, the market is favoring the re-election of President Trump. However, from an investment standpoint, we must focus on "policies" and not "politics."

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## Presidential Return Recap

Over the last two weeks, we have discussed much of what happens to the stock market before post-Presidential elections. As a quick recap:

*"Will policies matter? The short answer is, ?Yes.? **However, not in the short-term.***

***Presidential platforms are primarily 'advertising' to get your vote.** As such, a politician will promise many things that, in hindsight, rarely get accomplished. Therefore, while there currently much debate about whose policies will be better for the stock market, historically and statistically speaking, it doesn't matter much. A look back at all election years since 1960 shows an average increase in the market of nearly 7.7% annually (exluding the 2008 'financial crisis.'" - [Selloff Overdone](#)*

## Election Year Returns - Bear Markets (Without Financial Crisis-2008)



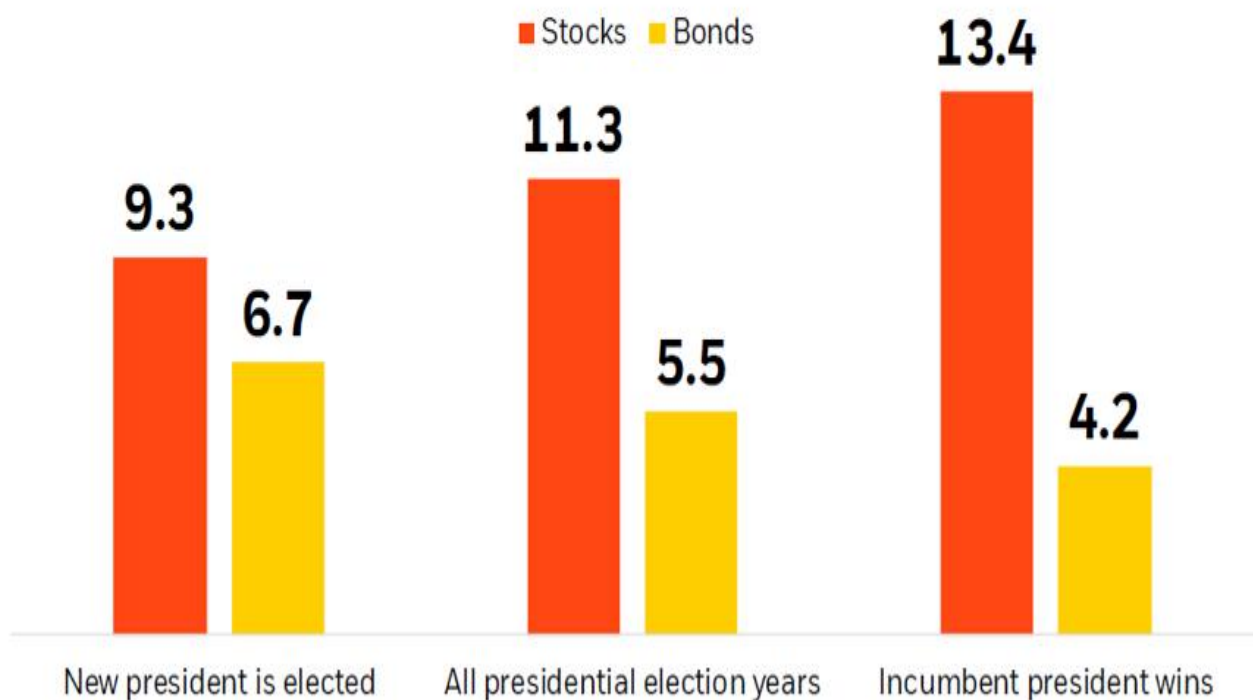


***"However, it is worth noting that while returns are positive regardless of who is elected, it should be of no surprise the markets performed better during a year when voters re-elect the incumbent. The market hates uncertainty. In this case, Biden presents many unknowns: the potential for increased regulations, higher taxes, and other shifts the market perceives as anti-business." - [Is The Market Bounce Over?](#)***

HISTORIC YEARS

# Presidential election years throughout history

Calendar year performance during presidential election years (1928-2019)



Morningstar as of 12/31/19. Stock market represented by S&P 500 and the IASBBI US Large Cap Index, US Bonds by the IASBBI US IT Bond Index and the BbgBarc US Aggregate Bond Index. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.

Furthermore, this analysis only gets us through the end of the year. **What will matter as we head into 2021 will be the policies, not the politics.**

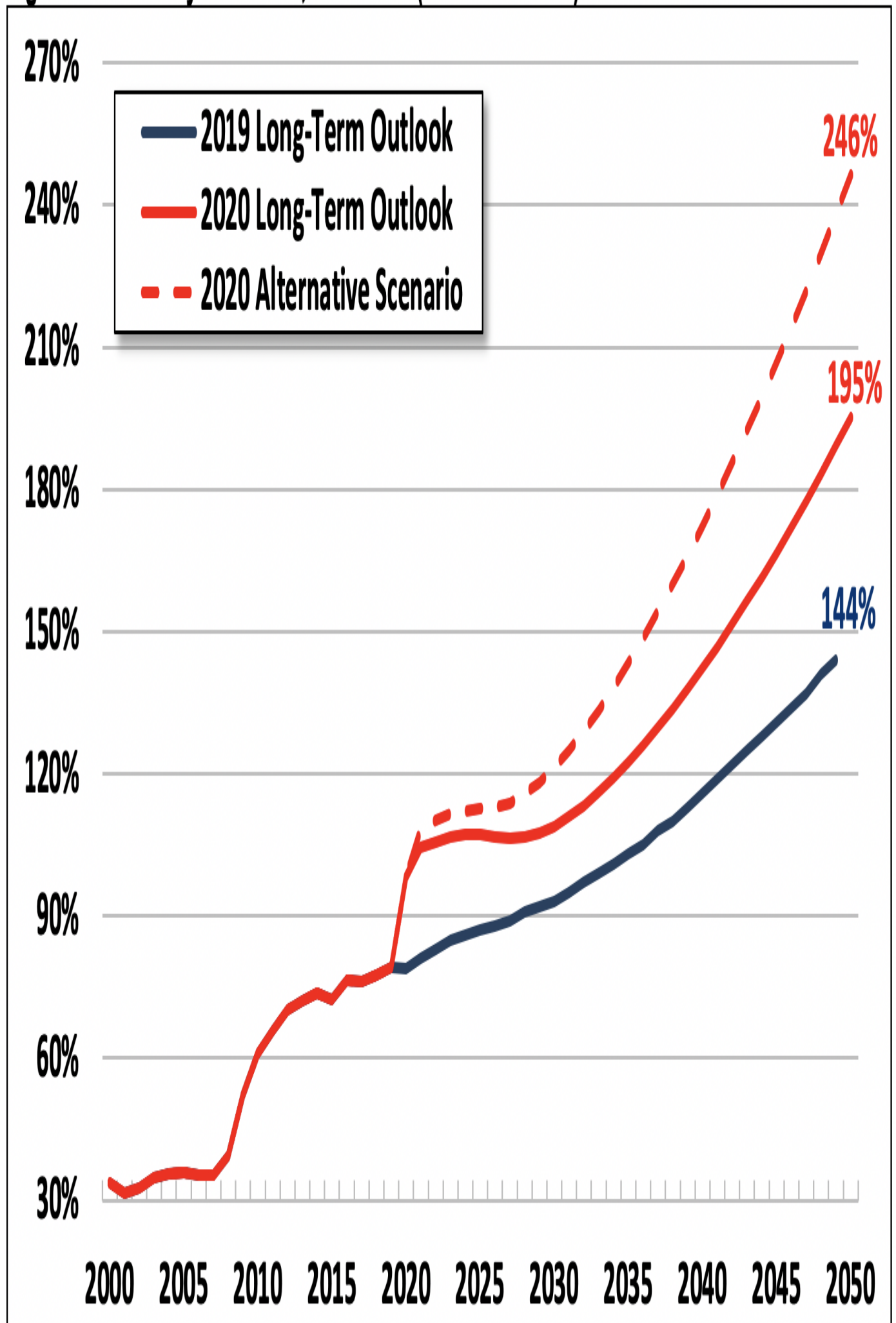
## Whoever Wins Loses

I don't envy the person who takes the Oval Office in the months ahead. Whoever is inaugurated on January 20, 2021, will enormous fiscal challenges as trillion-dollar annual budget deficits will become the new normal. [As we discussed recently](#), the national debt is projected to exceed the post-World War II record high over the next four-year term and reach twice the economy's size within 30 years.

*?Projected debt in 2050 is nearly five times higher than the 50-year average of 42 percent of GDP. It will be on track to double the previous record of 106 set just after World War II. In dollar terms, debt will rise from nearly \$21 trillion today to \$121 trillion by 2050.? - CFRB*



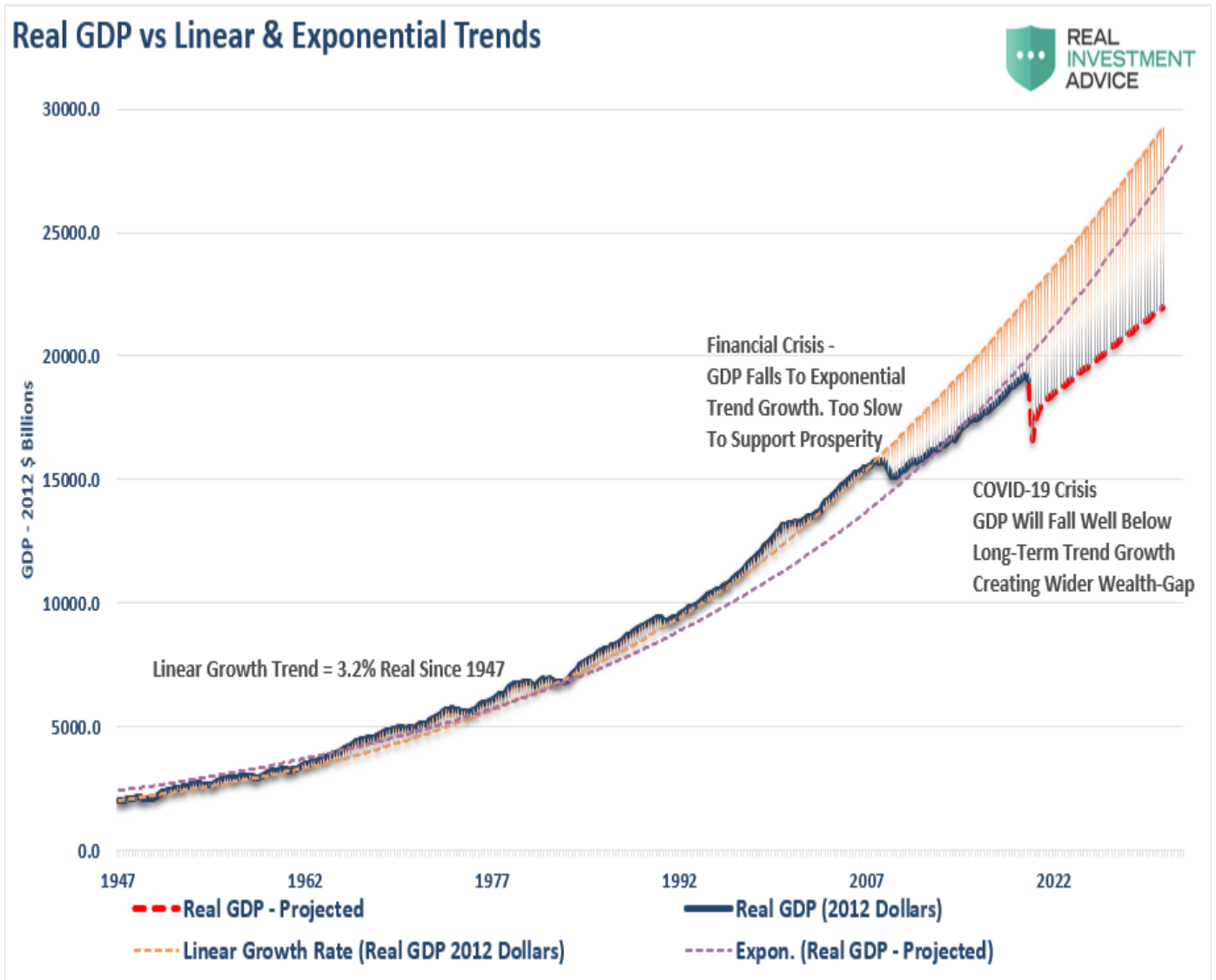
**Fig. 1: Debt Held by the Public, 2000-2050 (Percent of GDP)**





Four major trust funds are also headed for insolvency, including the Highway and Medicare Hospital Insurance trust funds, within the next presidential term. Furthermore, economic growth rates will decline as the "wealth gap" continues to widen.

*"Before the ?Financial Crisis,? the economy had a linear growth trend of real GDP of 3.2%. **Following the 2008 recession, the growth rate dropped to the exponential growth trend of roughly 2.2%. Instead of reducing the debt problems, unproductive debt and leverage increased.**"*



Therefore, given there is no "will" to fix the problems before they break, whoever wins the Presidency will likely wind up losing.

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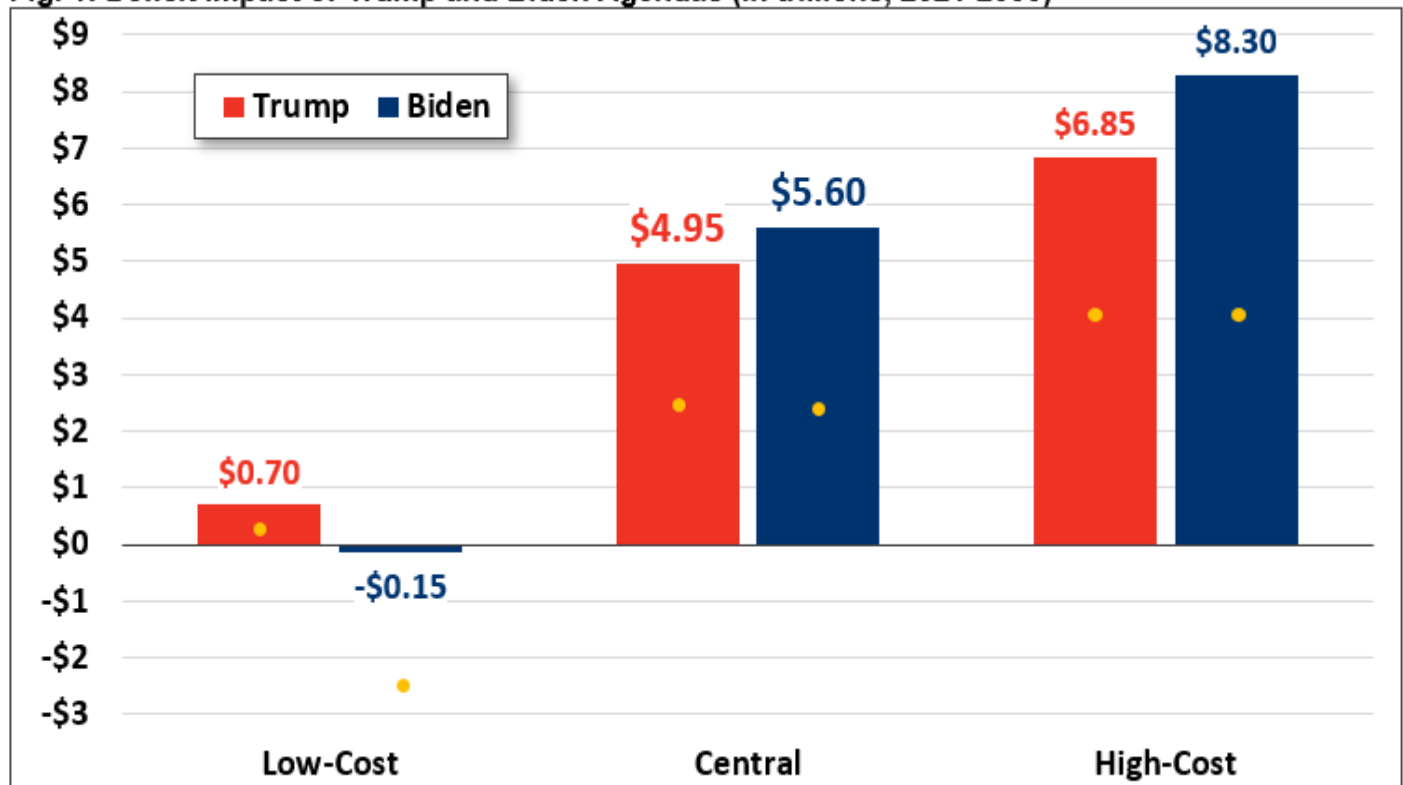
## Policies Over Politics

From an investment standpoint, the candidates' policies will have an important bearing on economic growth and, ultimately, stock market returns. Our friends at the Committee For A Responsible Federal Budget (CFRB) did an excellent breakdown of candidates' policies.

*"President Donald Trump has issued a 54 bullet point agenda that calls for **lowering taxes, strengthening the military, increasing infrastructure spending, expanding spending on veterans and space travel, lowering drug prices, expanding school and health care choice, ending wars abroad, and reducing spending on immigrants.** Vice President Joe Biden has proposed a detailed agenda to **increase spending on child care and education, health care, retirement, disability benefits, infrastructure, research, and climate change, while lowering the costs of prescription drugs, ending wars abroad, and increasing taxes on high-income households and corporations.**"*

Importantly, neither of these plans will significantly improve economic prosperity, growth, or reduce the wealth gap. What both plans will do is significantly increase the debt and deficits.

**Fig. 1: Deficit Impact of Trump and Biden Agendas (in trillions, 2021-2030)**



Note: Dots represent deficit impact excluding one-time policies

The table below breaks down the spending by candidates in different areas of the economy.

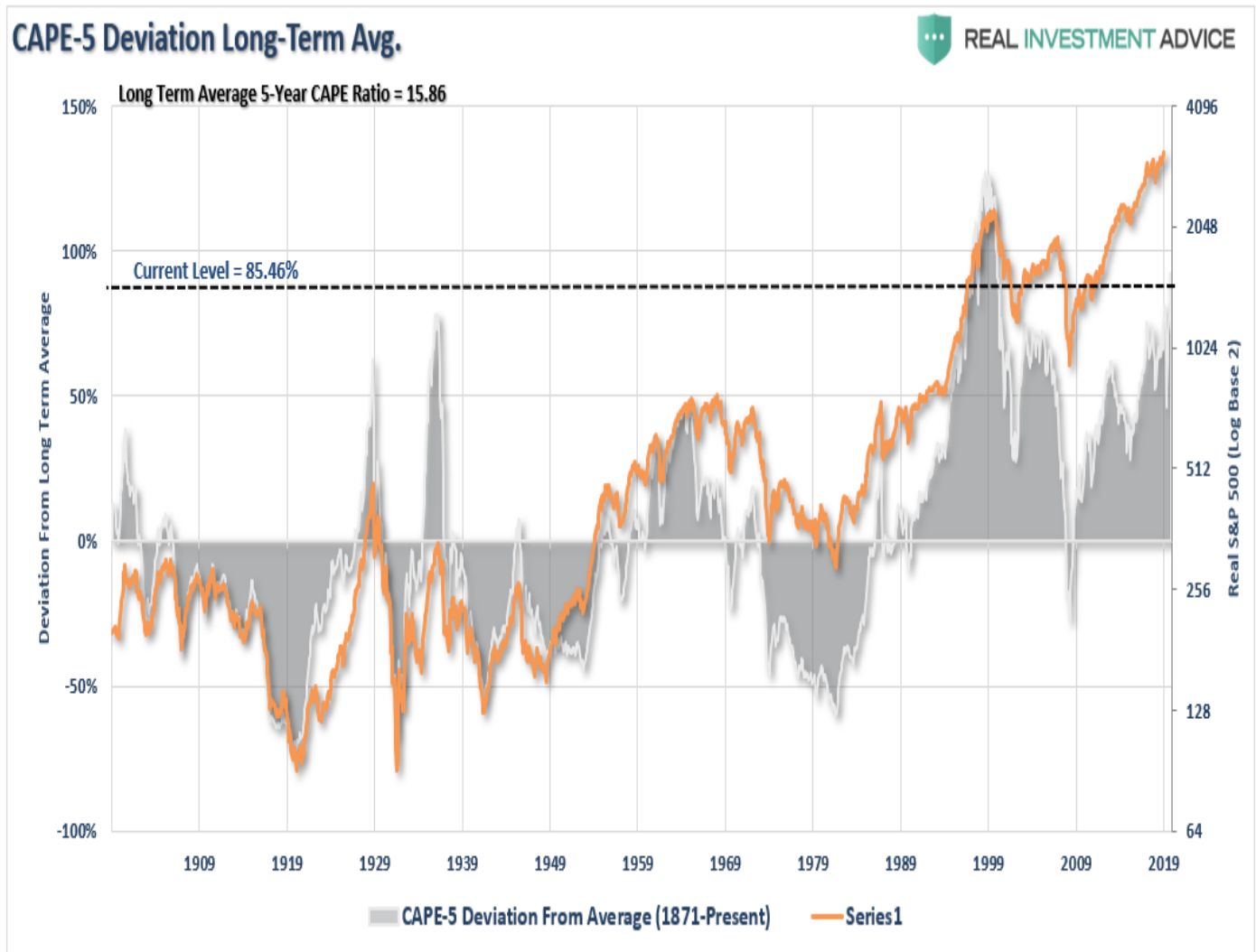
**Fig. 2: Summary of Candidates' Proposals Under Our Central Estimate, Savings/Costs(-) (2021-2030)**

	Trump	Biden
Child Care and Education	-\$0.15 trillion	-\$2.70 trillion
Health Care and Long-Term Care	\$0.15 trillion	-\$2.05 trillion
Social Security, SSI, and Retirement	n/a	-\$1.15 trillion
Infrastructure & Other Domestic Spending	-\$2.70 trillion	-\$4.45 trillion
National Security & Immigration	-\$0.30 trillion	\$0.75 trillion
Tax Policy	-\$1.70 trillion	\$4.30 trillion
Interest	-\$0.25 trillion	-\$0.30 trillion
<b>Net Deficit Effect</b>	<b>-\$4.95 trillion</b>	<b>-\$5.60 trillion</b>
<b>Memo: Low-to High Estimates</b>	<b>-\$0.70 to -\$6.85 trillion</b>	<b>\$0.15 to -\$8.30 trillion</b>
<b>Memo: Permanent Policies Only</b>	<b>-\$2.45 trillion</b>	<b>-\$2.35 trillion</b>

While markets tend to get excited over infrastructure projects, they are not the projects that create long-term revenue streams and are a productive use of debt. Over the last 30-years, most of the projects have been *"roads and bridges to nowhere,"* which has left America financially worse off as the debt service mounts. Importantly, there is a simple equation for future stock market returns:

- **Corporate Profits = Revenue (derived from economic growth) - Taxes**

**Due to the misguided use of debt and higher tax rates on corporations, slower economic growth rates will negatively impact earnings growth.** Given multiples are already extremely expensive, policies that reduce future earnings growth will make valuations increasingly difficult to justify. (Chart shows the 5-year average P/E as a percentage deviation from the long-term average.)



- **The stock market, and investors, will favor Trump's policies over Biden's.**
- **The masses begging for more handouts, and Government largesse will prefer Bidens.**

Both leave us worse off.

*"Under our central estimate, neither major candidate for President of the United States in 2020 has put forward a plan that would address our unsustainable fiscal path. Instead, both President Donald Trump and former Vice President Joe Biden have promoted policy agendas that would likely significantly add to annual deficits and increase debt-to-GDP over the next decade." - CFRB*

Both candidates have the wrong policy prescription for fixing what ails the economy. However, this is *"the trap."* After 40-years of deficit spending, politicians continue to hope that more deficits will somehow create a surplus. The math doesn't work that way. At some point, you have to stop

digging.

RIA Pro

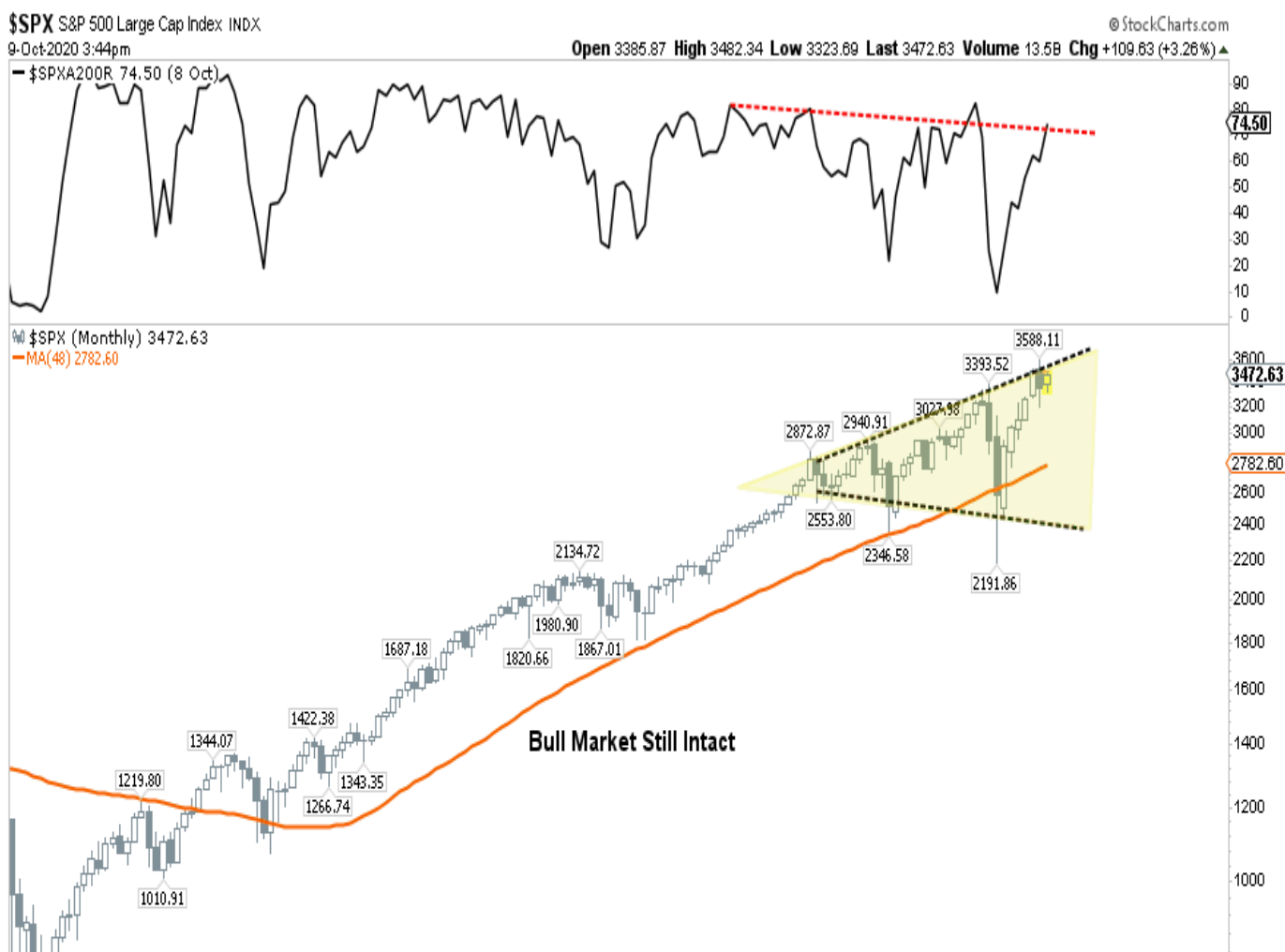
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## Portfolio Positioning Update

We have been increasing our equity exposure during the previous two weeks to take advantage of the market's short-term bottom and reflexive rally. Following the same trading guidelines we have set out in this missive previously, we reduced laggards, added to our core long-term holdings, and rebalanced our risk hedges by reducing credit risk and shortening duration in our bonds. Here are the rules: <https://realinvestmentadvice.com/technically-speaking-tudors-10-rules-to-navigate-q4-2020/> Therefore, we are currently carrying only a slight overweight in cash, which has been a rarity this year. We are confident we will be rebuilding our cash position as the current rally reaches its conclusion near previous highs. Above all, the longer-term market dynamics remain extremely skewed, and the recent correction failed to reduce those conditions. In other words, the market remains at risk of a deeper correction in the months ahead. As shown, the rising upper trendline continues to provide significant resistance, and combined with negative divergences in both breadth and relative-strength, there is a risk of failure. In conclusion, such is why we continue to reiterate our positioning from last week:

*"We continue to play the rally for what it is - a sellable one. Over the next few weeks, a retracement back towards previous highs is possible. However, without fiscal support well on its way, another correction is likely. On a longer-term basis, as shown in the chart below, the market remains well deviated from longer-term means. That deviation will get resolved either through price or time. We don't know which one it will be."*



Remember, when increasing equity exposure to chase market returns, "*risk*" is a function of how much you will "*lose*" if you are wrong. If you manage the "*risk*" of losing more than you expected, generally, everything else tends to work out.



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## The MacroView



### #MacroView: More Stimulus And The 2nd Derivative Effect

Written by Lance Roberts | Oct 9, 2020

Will more fiscal stimulus really cure what ails the economy? Or, will more debt, bigger deficits, and more spending, continue to lead us down the same path we have seen over the last three decades.

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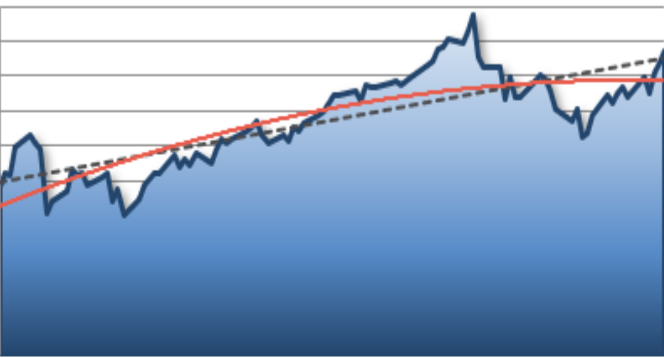
If you need help or have questions, we are always glad to help. [Just email me.](#) See You Next Week **By Lance Roberts, CIO**

## Market & Sector Analysis

***Analysis & Stock Screens Exclusively For RIAPro Members***

## S&P 500 Tear Sheet



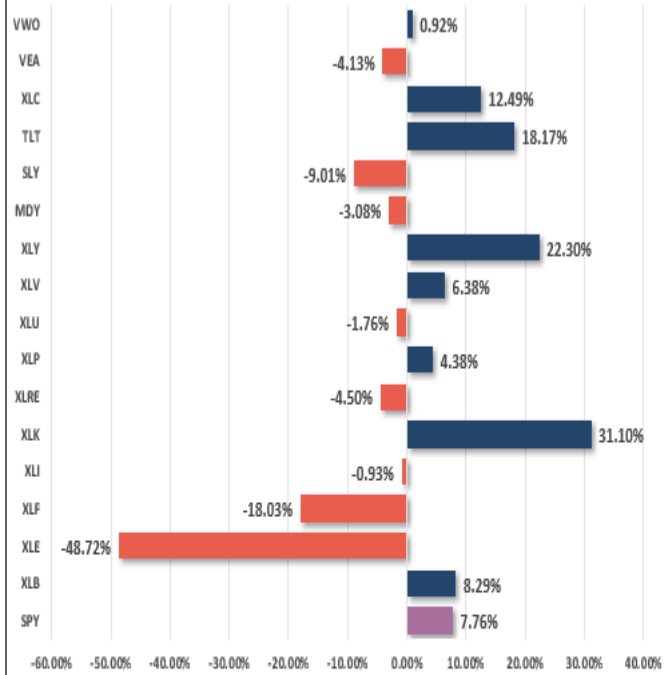
<div><div>3 Month SPY Price</div><div><div><math>y = 0.2789x - 11957</math> <math>y = -0.0024x^2 + 212.31x - 5E+06</math></div></div></div>										SPY RISK INFO		ZACKS		REAL INVESTMENT ADVICE	
Item		T 2-Yr	T 1-Yr.	YTD	% Diff YTD/T1-YR										
Price Return		20.69%	19.08%	7.76%	(59.31%)										
Max Drawdown		-35.63%	-35.63%	-35.63%	0.00%										
Sharpe		0.63	0.81	0.32	(0.61)										
Sortino		0.60	0.88	0.36	(0.59)										
Volatility		26.11	32.79	37.18	0.13										
Daily VaR-5%		(27.12)	(25.94)	(48.90)	0.89										
Mnthly VaR-5%		(22.65)	(20.88)	(34.03)	0.63										
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	1.76%	1.85%	1.52%	(21.26%)	2.20%	1.53%	(30.61%)	(0.42%)	Shares	3,242.8	3,055.4	(5.78%)			
P/E Ratio	20.18	18.32	24.69	25.81%	2469%	1630%	0.0%	51.48%	Sales	72,066	70,602	(2.03%)			
P/S Ratio	4.08	3.81	4.38	13.14%	4.42	3.22	(0.78%)	36.19%	SPS	22.2	23.1	3.98%			
P/B Ratio	5.34	5.19	6.04	14.15%	6.05	3.96	(0.10%)	52.57%	Earnings	11,610	10,461	(9.90%)			
ROE	21.50%	21.58%	20.23%	(6.68%)	22.03%	17.61%	(8.20%)	14.88%	EPS TTM	4.6	4.1	(11.41%)			
ROA	4.23%	4.21%	3.79%	(11.19%)	4.31%	3.51%	(12.17%)	8.00%	Dividend	1.6	1.5	(3.46%)			
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	(43.14%)	2.03%	1.76	26.57	124.10	11.36	(78.6%)	2.8%	6.7%	3.67%	0.74	36.57			
Materials	19.11%	2.64%	1.26	24.59	23.19	13.86	6.0%	7.7%	2.0%	4.06%	3.39	20.63			
Industrials	2.65%	8.43%	1.10	25.56	24.63	14.65	3.8%	12.9%	1.6%	3.90%	3.37	23.28			
Discretionary	38.87%	11.67%	1.28	49.26	49.18	20.59	0.2%	15.3%	0.6%	2.05%	4.01	35.98			
Staples	9.43%	6.94%	0.57	22.84	22.83	17.65	0.0%	28.5%	2.5%	4.40%	4.10	21.03			
Health Care	22.68%	14.17%	0.76	18.34	19.47	15.08	(5.8%)	29.2%	1.6%	5.47%	7.04	16.35			
Financials	(6.30%)	9.86%	1.27	14.63	18.48	10.52	(20.8%)	8.2%	2.2%	6.81%	4.54	13.68			
Technology	51.27%	27.92%	1.11	31.83	32.72	14.63	(2.7%)	51.7%	1.0%	3.17%	4.67	27.24			
Telecom	20.87%	10.60%	0.92	25.49	27.01	17.61	(5.6%)	16.0%	0.7%	3.94%	6.23	22.05			
Utilities	(1.37%)	3.06%	0.44	19.78	22.10	15.58	(10.5%)	10.7%	3.3%	5.03%	3.76	17.95			
Real Estate	(5.32%)	2.67%	0.91	20.72	21.41	16.91	(3.2%)	8.4%	2.9%	4.78%	4.07	20.03			
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	346.85	6.23%	337.80	3	2.68%	310.95	75	11.55%	8.63%	(3.32%)	58.92%	Buy			
Mid Cap	363.83	7.13%	347.56	6	4.68%	328.68	11	10.69%	5.74%	(5.37%)	69.84%	Buy			
Small Cap	65.92	7.19%	63.21	5	4.28%	60.37	8	9.20%	4.72%	(11.19%)	61.64%	Buy			

## Performance Analysis

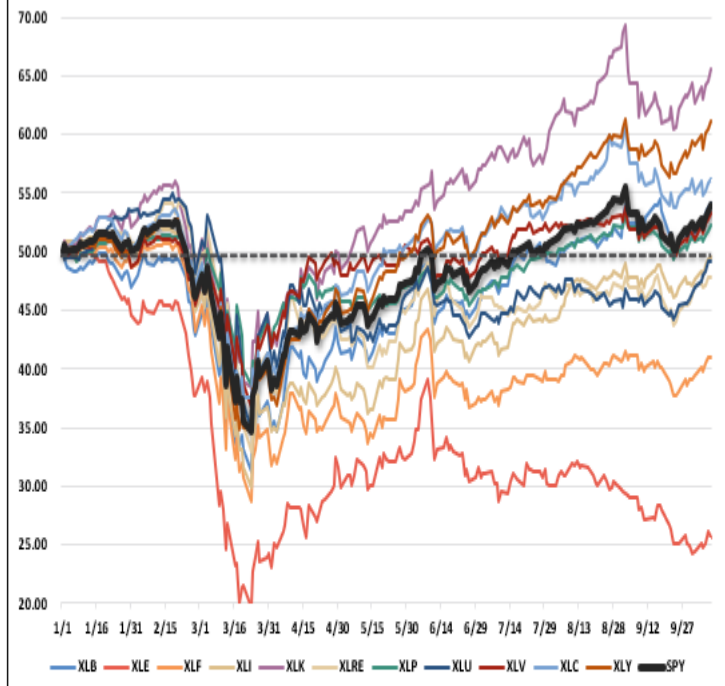
# Year To Date Performance



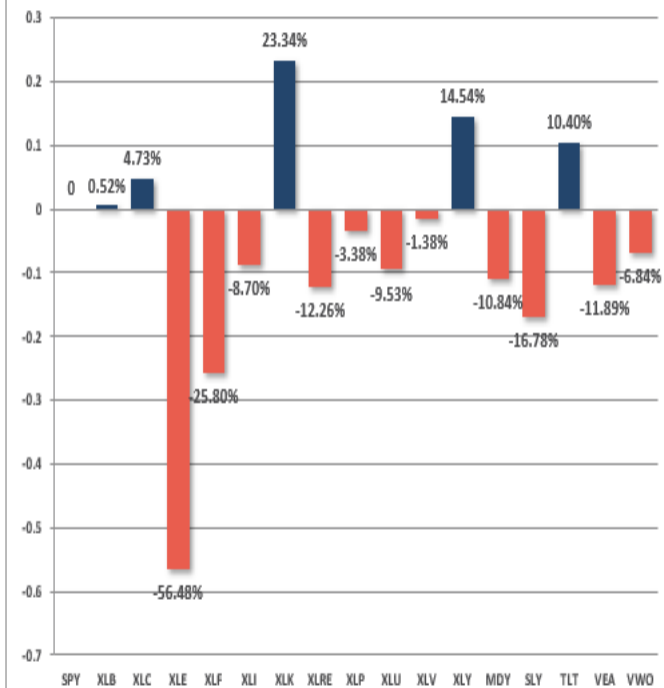
REAL INVESTMENT ADVICE



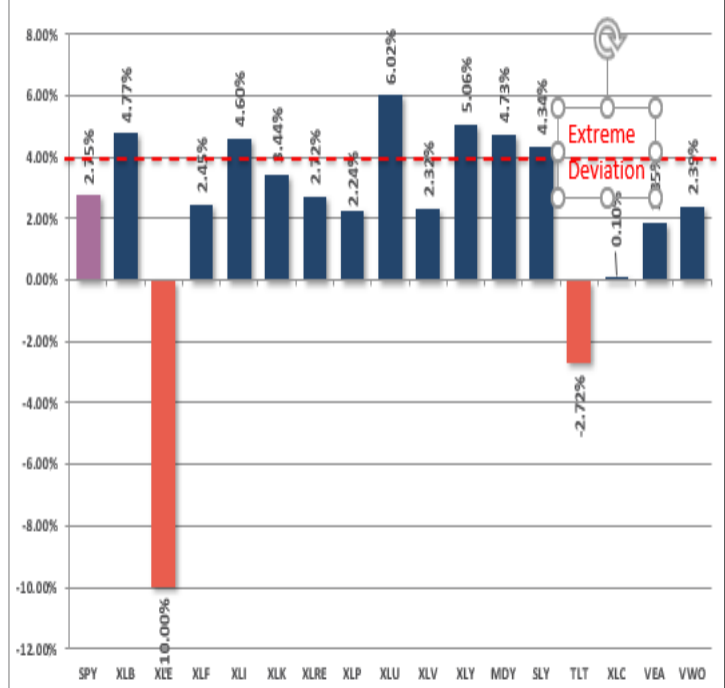
## YTD Price - S&P Sectors Recalibrated To \$50/share



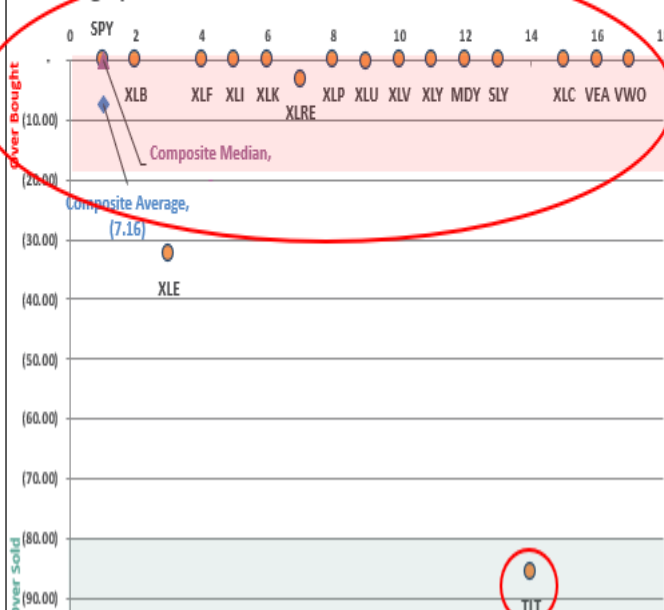
## Year To Date Performance Relative To S&P 500



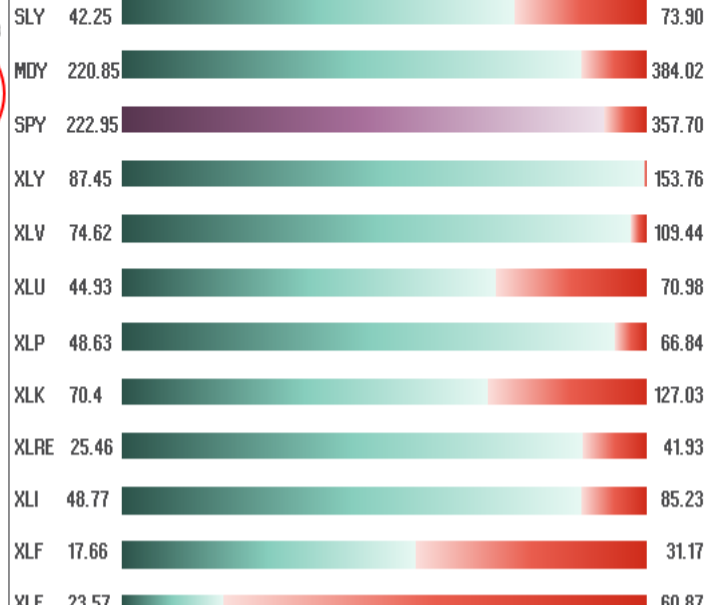
## Price Deviation From 50-Day Moving Average



## Overbought/Oversold 14-Periods

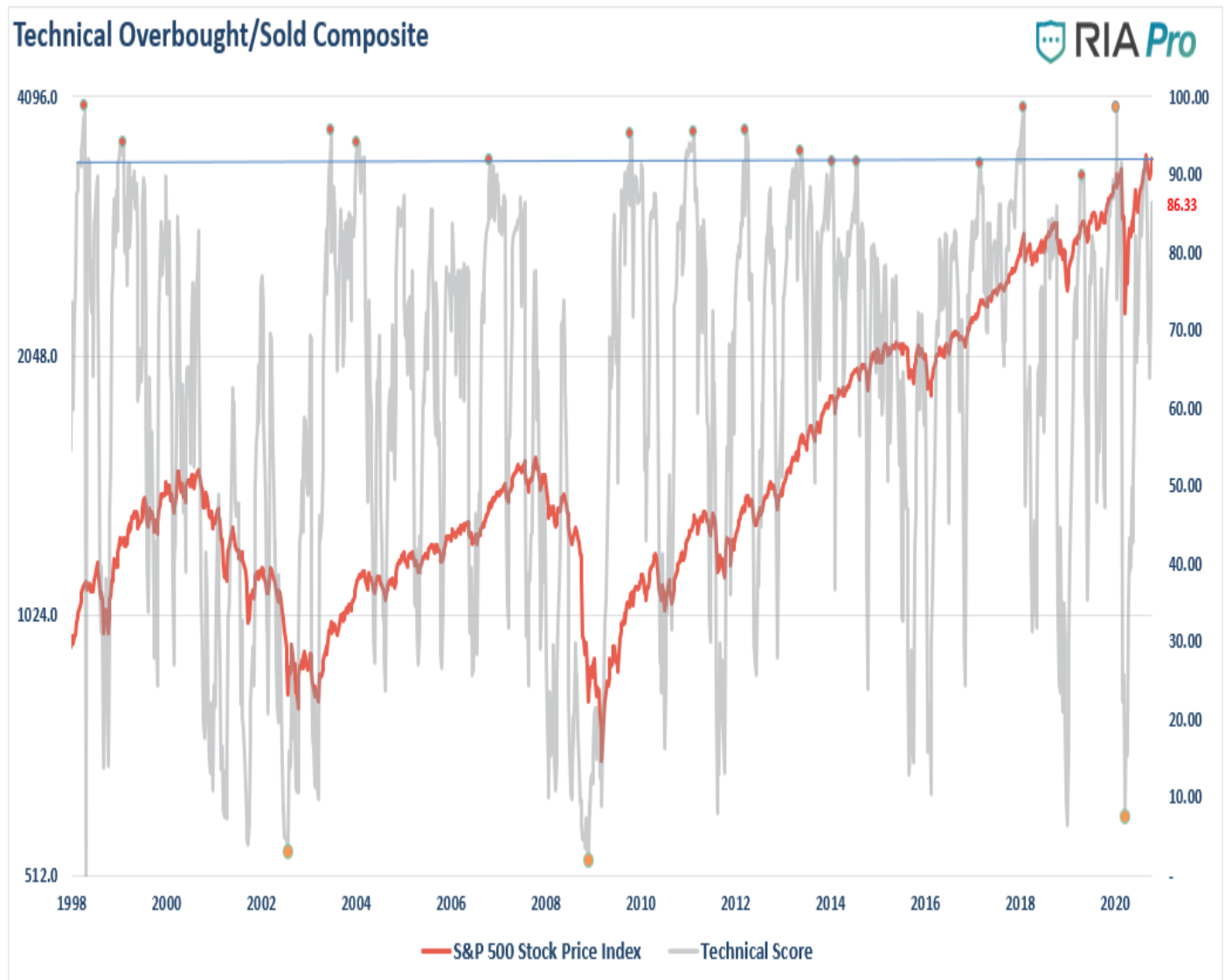


## Size / Sector ETF YTD Trading Range



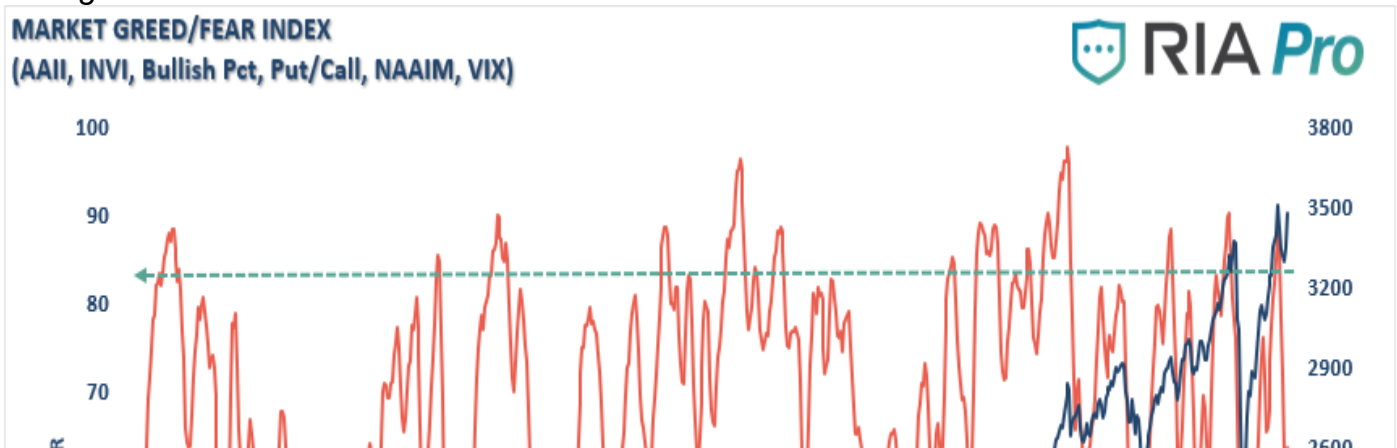
## Technical Composite

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
IVV	ISHARS-SP500	348.01	3.87	3.77	7.75	22.58	16.83	335.65	308.86	336.06	0.99	344.46	327.66	4%	13%	BULLISH
XLB	SPDR-MATLS SELS	66.51	1.20	(1.55)	1.00	10.81	(0.85)	62.91	56.33	63.64	1.11	65.94	61.34	6%	18%	BULLISH
XLC	SPDR-COMM SV SS	60.33	(1.72)	(2.85)	(2.66)	1.40	4.42	59.63	54.12	59.40	1.00	61.48	57.32	1%	11%	BULLISH
XLE	SPDR-EGY SELS	30.79	1.18	(9.38)	(23.83)	(33.64)	(63.64)	34.82	36.48	29.95	1.64	31.19	28.71	-12%	-16%	BEARISH
XLF	SPDR-FINL SELS	25.23	(0.04)	(1.66)	(2.40)	(6.53)	(25.58)	24.51	23.76	24.07	1.14	24.95	23.19	3%	6%	BULLISH
XLK	SPDR-TECH SELS	120.18	0.69	2.63	4.75	13.02	30.51	114.24	100.82	116.70	1.06	120.86	112.54	5%	19%	BULLISH
XLI	SPDR-INDU SELS	80.71	0.13	0.23	4.35	8.50	(11.73)	75.95	69.83	76.98	1.15	79.79	74.17	6%	16%	BULLISH
XLP	SPDR-CONS STPL	65.74	(1.31)	(2.08)	(1.01)	(10.61)	(8.77)	63.76	60.42	64.10	0.57	66.07	62.13	3%	9%	BULLISH
XLRE	SPDR-RE SELS	36.93	(2.50)	0.12	(2.29)	(10.94)	(22.69)	35.78	34.92	35.27	0.70	36.40	34.14	3%	6%	BULLISH
XLU	SPDR-UTIL SELS	63.48	0.73	3.96	(2.32)	(13.73)	(17.51)	59.83	59.12	59.38	0.35	61.07	57.69	6%	7%	BULLISH
XLV	SPDR-HLTH CR	108.36	0.16	(0.16)	(5.41)	(14.54)	3.66	105.77	100.23	105.48	0.78	108.94	102.02	2%	8%	BULLISH
XLY	SPDR-CONS DISCR	153.39	(0.41)	1.25	6.86	14.07	10.37	143.66	126.73	146.98	1.16	152.36	141.60	7%	21%	BULLISH
XTN	SPDR-SP TRANSP	61.84	0.28	(1.72)	2.31	14.08	(14.86)	58.38	53.07	58.15	1.35	60.39	55.91	6%	17%	BULLISH
SDY	SPDR-SP DIV ETF	97.61	0.61	(0.50)	(3.44)	(8.07)	(21.08)	94.87	91.18	92.40	0.88	95.53	89.27	3%	7%	BULLISH
RSP	INVS-SP5 EQ ETF	113.57	0.34	0.41	(0.44)	1.62	(10.75)	108.95	101.48	108.11	1.09	111.99	104.23	4%	12%	BULLISH
SLY	SPDR-SP6 SC	65.92	1.86	3.70	1.77	7.26	(17.62)	62.60	58.28	60.87	1.24	63.14	58.60	5%	13%	BULLISH
MDY	SPDR-SP MC 400	363.83	1.13	3.67	0.99	6.39	(12.58)	344.83	320.28	338.83	1.17	351.27	326.39	6%	14%	BULLISH
EEM	ISHARS-EMG MKT	45.83	0.31	0.56	(0.59)	6.23	(7.00)	44.14	40.27	44.09	0.88	45.58	42.60	4%	14%	BULLISH
EFA	ISHARS-EAFE	65.68	(1.07)	(2.41)	(4.33)	(3.62)	(16.63)	64.28	60.50	63.65	0.81	65.75	61.55	2%	9%	BULLISH
IAU	ISHARS-GOLD TR	18.41	(2.32)	(4.52)	(1.27)	(11.01)	12.73	18.37	16.97	17.99	0.08	18.45	17.53	0%	8%	BULLISH
GDX	VANECK-GOLD MNR	40.78	0.78	(4.69)	(4.01)	(2.39)	34.38	40.93	34.91	39.16	0.72	40.42	37.90	0%	17%	BULLISH
UUP	INVS-DB US\$ BU	25.14	(4.77)	(3.92)	(10.79)	(30.05)	(23.09)	25.30	26.18	25.35	(0.10)	25.96	24.74	-1%	-4%	BEARISH
IXUS	ISHARS-CR INT S	60.34	(0.71)	(1.39)	(2.39)	0.66	(13.18)	58.61	54.40	58.34	0.85	60.29	56.39	3%	11%	BULLISH
TLT	ISHARS-20+YTB	160.09	(5.50)	(6.43)	(11.76)	(28.87)	(2.83)	165.37	163.37	163.26	(0.31)	166.84	159.68	-3%	-2%	BULLISH
BNDX	VANGD-TTL INT B	58.24	(3.81)	(3.47)	(7.04)	(20.50)	(16.96)	58.04	57.50	58.19	0.03	59.66	56.71	0%	1%	BULLISH
HYG	ISHARS-JBX HYCB	84.95	(2.53)	(3.17)	(6.03)	(14.12)	(18.92)	84.41	82.24	83.90	0.39	86.32	81.48	1%	3%	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	P/E using 12 mo EPS	Score
AMAT	Appld Matls Inc	63.29	12.66	12.59	1.39	16.97	9
MCO	Moodys Corp	294.73	10.00	9.32	0.76	30.42	9
AZO	Autozone Inc	1,137.74	9.48	3.75	-	15.80	8
LLY	Lilly Eli & Co	156.88	15.69	3.67	1.89	22.90	8
LOW	Lowes Cos	173.23	16.61	5.54	1.27	22.01	8
SPGI	S&P Global Inc	356.76	10.00	5.97	0.75	32.08	8
TMO	Thermo Fisher	464.70	15.50	11.32	0.19	34.89	8
ATVI	Activision Blzd	78.21	15.97	7.42	0.52	26.51	7
BLK	Blackrock Inc	611.57	10.00	7.55	2.37	20.43	7
CPRT	Copart Inc	115.21	13.00	16.55	-	44.83	7
CRM	Salesforce.Com	265.98	18.00	26.35	-	177.32	7
DOV	Dover Corp	113.08	11.50	0.52	1.75	19.98	7
DPZ	Dominos Pizza	390.95	13.89	13.79	0.80	33.47	7
HUM	Humana Inc New	433.44	12.34	4.94	0.58	17.15	7
JBHT	Hunt (Jb) Trans	135.22	15.00	10.87	0.80	27.77	7
KEYS	Keysight Tech	105.26	8.76	11.47	-	25.42	7
KMB	Kimberly Clark	152.49	5.49	0.24	2.81	19.35	7
QRVO	Qorvo Inc	137.87	12.35	4.94	-	23.45	7
ROP	Roper Technolgs	414.39	10.50	11.35	0.49	32.71	7
SHW	Sherwin William	698.40	9.44	13.44	0.77	31.60	7
TGT	Target Corp	163.71	7.22	2.75	1.66	23.32	7
UPS	Utd Parcel Srvs	174.69	7.90	6.64	2.31	23.42	7
APH	Amphenol Corp-A	113.49	7.51	10.32	0.88	32.90	6
CTLT	Catalent Inc	94.48	16.47	11.67	-	50.52	6
DE	Deere & Co	234.81	8.18	9.68	1.29	27.79	6
DLR	Digital Rlty Tr	158.34	6.80	16.52	2.83	24.90	6
EA	Electr Arts Inc	127.45	12.38	5.24	-	23.65	6
ETSY	Etsy Inc	146.67	28.48	32.29	-	120.22	6
FBHS	Fortune Brd H&S	88.69	7.32	5.44	1.08	23.97	6
FDX	Fedex Corp	271.55	12.00	8.62	0.96	23.99	6
MAS	Masco	57.47	14.92	1.28	0.97	22.81	6
MTD	Mettler-Toledo	1,025.46	10.38	5.77	-	44.90	6
ODFL	Old Dominion Fl	199.76	9.48	9.46	0.30	40.55	6
PKG	Packaging Corp	112.90	5.00	5.57	2.80	17.34	6
PKI	Perkinelmer Inc	129.68	12.90	7.23	0.22	27.89	6
PLD	Prologis Inc	106.91	7.70	10.79	2.17	28.51	6
RMD	Resmed Inc	176.12	13.85	12.43	0.89	37.00	6
RSG	Republic Svcs	93.14	7.88	3.01	1.83	27.39	6
AES	Aes Corp	19.32	8.01	(9.78)	2.97	14.10	5
BBY	Best Buy	116.59	7.72	2.63	1.89	18.19	5
BSX	Boston Scientif	41.14	10.00	8.24	-	34.00	5
BWA	Borg Warner Inc	39.62	6.42	4.69	1.72	14.35	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	118.68	1.62	11.79	3.03	9
CFR	Cullen Frost Bk	69.59	1.09	11.45	4.08	8
EBTC	Enterprise Bcp	23.15	0.87	10.56	3.02	8
FISI	Financial Inst	16.20	0.60	10.41	6.42	8
HPE	Hewlett Pkd Ent	9.81	0.78	12.14	4.89	8
NTRS	Northern Trust	85.22	1.69	13.67	3.29	8
STT	State St Corp	66.43	1.04	12.70	3.13	8
TFC	Truist Finl Cp	43.21	0.94	10.20	4.17	8
TSLX	Sixth St Spclty	17.29	1.07	12.26	9.49	8
UNM	Unum Group	18.73	0.36	11.18	6.09	8
WTBA	West Bancorp	17.17	1.36	14.66	4.89	8
BANF	Bancfirst Okla	44.56	1.41	12.16	3.05	7
BK	Bank Of Ny Mell	37.70	0.85	10.43	3.29	7
BSRR	Sierra Bancorp	17.64	0.82	10.38	4.54	7
CHCO	City Hldgs Co	60.65	1.41	13.28	3.76	7
CMTV	Commnty Bcp Vt	14.98	1.10	12.25	5.07	7
CRWS	Crown Crafts	5.76	1.34	13.87	5.56	7
CVS	Cvs Health Corp	59.40	1.14	16.70	3.37	7
CZFS	Citizens Fin Sv	44.00	0.95	11.74	4.18	7
FCBP	First Choice Bc	13.99	0.61	12.24	7.15	7
FGBI	First Guaranty	13.70	0.74	10.07	4.67	7
FITB	Fifth Third Bk	23.38	0.81	10.31	4.62	7
FMNB	Farmers Natl Bc	11.71	1.00	10.88	3.76	7
GBCI	Glacier Bancorp	35.50	1.54	11.52	3.27	7
GBX	Greenbrier Cos	33.73	0.75	12.48	3.20	7
HIG	Hartford Fin Sv	38.61	0.83	10.16	3.37	7
IBCP	Indep Bk Mich	14.18	0.87	10.86	5.64	7
JHG	Janus Henderson	27.57	1.14	10.39	5.22	7
KEY	Keycorp New	13.12	0.82	10.63	5.64	7
LTC	Ltc Properties	35.68	1.78	13.40	6.39	7
NL	Nl Inds Inc	4.88	0.73	11.24	3.28	7
PEG	Public Sv Entrp	57.56	1.88	11.15	3.41	7
XRX	Xerox Holdings	19.88	0.77	15.57	5.03	7

## Aggressive Growth Strategy

Ticker	Company	Current Price	Next 3-5 Yr Est EPS Gr rate	5 yr Hist Sales Gr	Div Yield	P/E F1/ LT EPS Gr	Score
MCO	Moodys Corp	294.73	10.00	9.32	0.76	3.13	9
QDEL	Quidel Corp	278.05	25.00	35.57	-	0.82	9
IIPR	Innov Indl Ppty	131.22	#N/A	170.13	3.57	#N/A	8
SPGI	S&P Global Inc	356.76	10.00	5.97	0.75	3.21	8
QLYS	Qualys Inc	99.90	#N/A	18.14	-	#N/A	8
CPRT	Copart Inc	115.21	13.00	16.55	-	3.08	7
CRM	Salesforce.Com	265.98	18.00	26.35	-	7.75	7
PCTY	Paylocity Hldg	183.94	20.00	27.51	-	13.43	7
REXR	Rexford Ind Rty	51.37	4.19	29.75	1.67	9.56	7
BF.B	Brown Forman B	78.42	#N/A	(4.73)	0.89	#N/A	6
DLR	Digital Rltv Tr	158.34	6.80	16.52	2.83	3.84	6

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## Portfolio / Client Update

As noted in this week's newsletter's main body, the market rally we have been building into stumbled on Tuesday as President Trump stalled stimulus talks. On Tuesday, the selloff was a sharp reminder of who actually runs the White House, and the president reversed course to tell Congress on *"go big"* on stimulus. Such got the market back on track, and we finished near the highs of the week. As such, the market is on track to make it back to all-time highs. Therefore, we have been adding exposure, reducing hedges, and rebalancing risk accordingly to participate. There is currently little resistance for the market, except for stimulus talks failing to complete. Conversely, another stimulus package will require the Federal Reserve to monetize the debt, which will find its way into higher asset prices. While the deficits are *"economically corrosive"* long-term, there seems to be no one on Capitol Hill that even feigns to care about such things any longer. The *"Japanification"* of America has begun, and it's now a ["one-way" trip of debts and deficits.](#)

### Portfolio Changes

This past week we rebalanced portfolio risks by adding stronger names and removing some of the "weaker" players for now. Such is also part of our ongoing process to consolidate the portfolio into fewer overall holdings. **Equity Portfolio:**

- Sold 100% of DUK to remove "buyout risk" from the portfolio
- Sold 100% of AGG to remove credit risk from the portfolio
- +.50% to VZ and T, bringing weight to 3% each.
- +5.0% position in PFF in the Fixed Income holdings to increase yield
- +.50% to V, KHC, MCHP, ABT

### ETF Portfolio:

- Sold 50% of XLU to take profits as XLU was extremely overbought.
- Sold 100% of AGG to remove credit risk from the portfolio
- +5.0% position in PFF in the Fixed Income holdings to increase yield
- +3.0% to XLB
- +1.0% to XLY

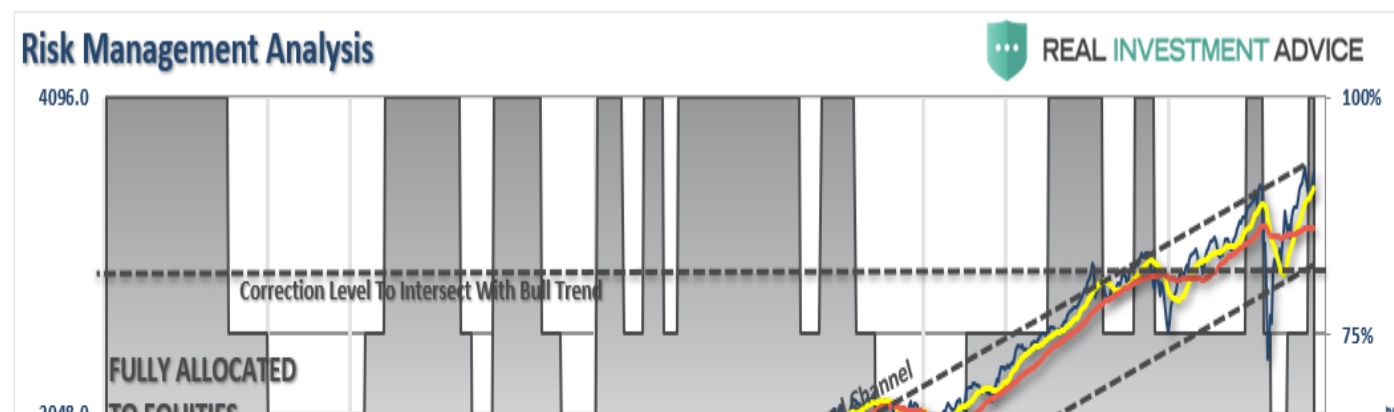
We continue to look for opportunities to abate risk, add return either in appreciation or income, and protect capital. Please don't hesitate to contact us if you have any questions or concerns. *Lance Roberts CIO*

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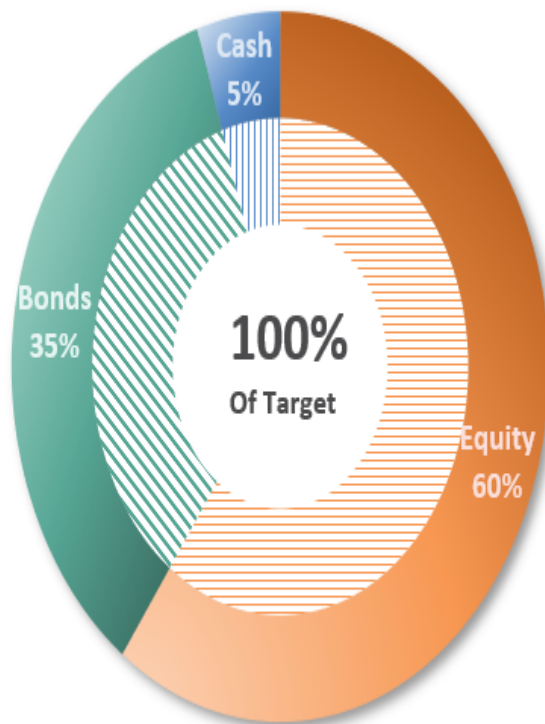
## THE REAL 401k PLAN MANAGER

### *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

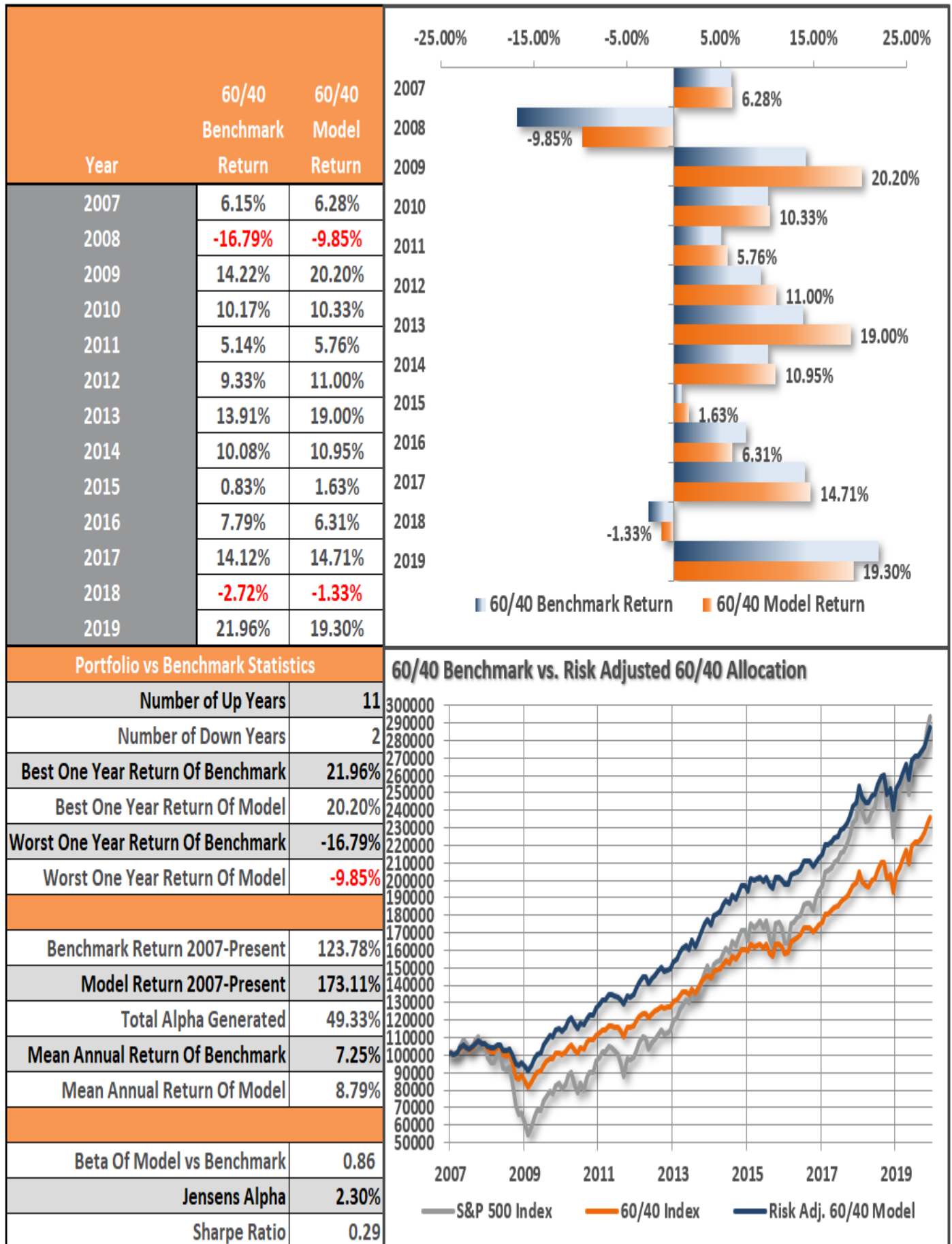
Despite a momentary setback on Tuesday as President Trump cancelled stimulus talks, he learned his lesson quickly as the market demanded he retract his statement. Not only did he reverse course on stimulus but he is now demanding to "GO BIG."

As stated previously, the markets are away the Fed needs #debt, and a lot of it, to monetize into #QE. While the long-term ramifications of running massive debts and deficits are deeply negative, investors only care about the here and now.

**With the markets back on longer-term buy signals, we continue to suggest adding exposure on weakness and opportunistically.** 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 can access 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.](#)**

RIAPro

Investment Analysis, Research & Data  
From The RIA Investment Team

Dashboard

Macro

Ideas

Research

Portfolio

401K - Beta

Symbol

Help

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