

Market Drops

As Traders Head For The Pre-Election Exit



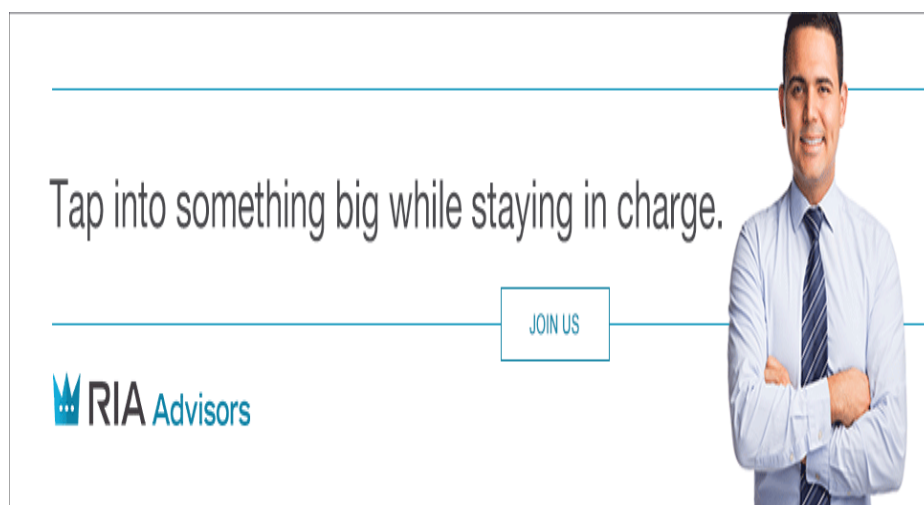
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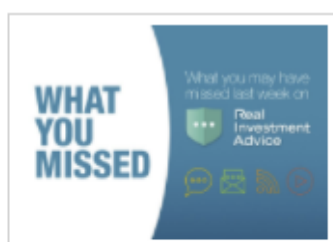


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#WhatYouMissed On RIA This Week: 10-30-20

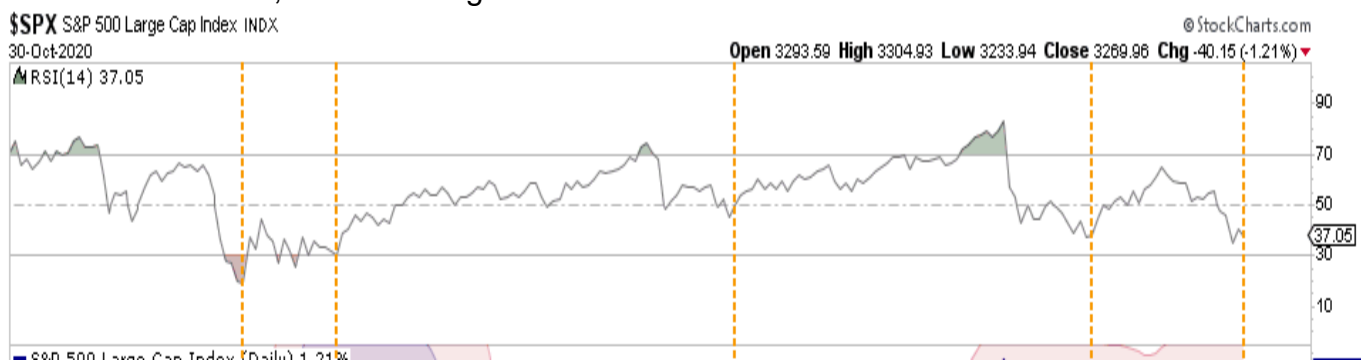
Written by Lance Roberts | Oct 30, 2020

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 Breaks Support

We have discussed how the markets drifted from one stimulus headline to the next for the past several weeks. **Stimulus. No Stimulus.** As noted, the daily swings made it a challenging environment to navigate. This past Thursday, in our daily **"3-Minutes" video**, we discussed the recent break of support, our indicators, and why there was no "safe place" to hide. The sell-off aligns with seasonal weakness but also the realization that "no stimulus" is coming. <https://www.youtube.com/watch?v=cMPMHeQ5kOY> As noted in the video, all of our "sell signals" have been intact for the last few weeks suggesting more downside risk near term. **Those signals have now reversed to the point where we are likely to see a decent reflex rally starting as early as Monday.** As noted in the year-to-date performance chart below, the market is 2-standard deviations below its 50-dma and is close to the September low support. Performance is positive year-to-date at 1.21%, which still argues for a re-election of the incumbent President.

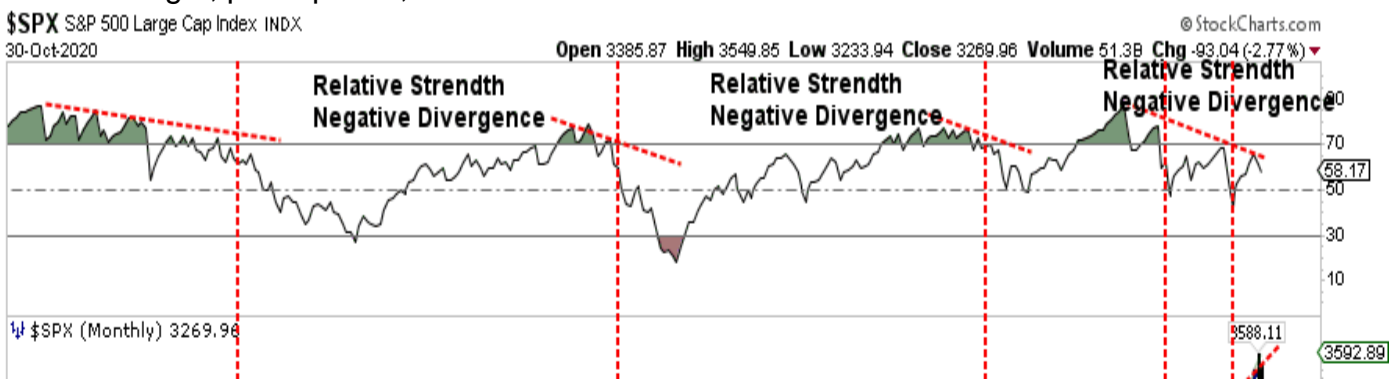


Sold Out

Given the amount of selling over the last few weeks, it is not surprising to see most of our short-term technical indicators back at lows. Again, as noted above, such suggests that a reflexive rally is possible in the next few days.



Such a rally will provide an opportunity to rebalance portfolio risks accordingly. As we will discuss momentarily, the markets will begin to process the election's impact on various sectors and the market itself. **However, the economy's disconnect remains longer-term, which can not last as earnings come from economic activity.** While the very short-term trading environment is conducive for a rally, the longer-term "investing" environment is still problematic with weakening relative strength, participation, and fundamental issues.



Depending on your investment time horizon, it is crucial to weigh both charts analysis concerning your current allocation, duration, and ability to withstand volatility. Just as we stated back at the September lows, "this, too, is a sellable rally."



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Still Trading With Election Year Stats

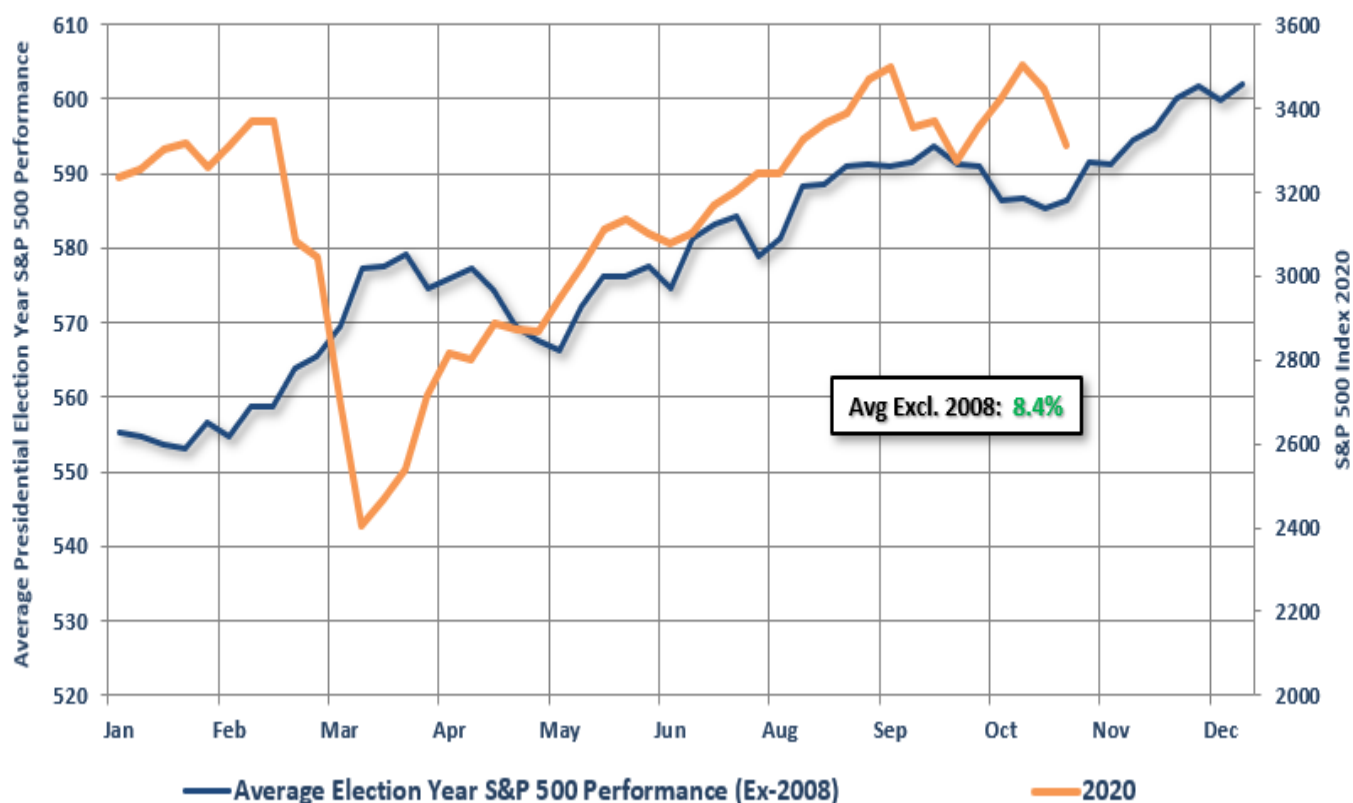
Last week, I sat down with Richard Rosso, CFP, and Danny Ratliff, CFP, to discuss both candidates' policies. The video below covers the impact of rising debts and deficits, long-term economic growth, and how markets have historically responded to an election.

<https://realinvestmentadvice.com/policies-over-politics-investing-for-the-election/> **Currently, the markets continue to trade in line with election year statistics.** While the markets have certainly been under pressure over the last few weeks, the decline has remained orderly for the most part. As noted previously:

*?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 8.4% annually (excluding the 2008 ?financial crisis and current 2020 performance.?? ? [Selloff Overdone](#)*

Election Year Returns Vs. 2020

(Without Financial Crisis-2008 and 2020 YTD Data)



Please understand me. There is indeed downside risk to the market currently with plenty of catalysts at hand. However, given the markets have worked off a large amount of the previous overbought condition, it reduced the "risk" of a substantial market decline. **We will discuss how we are managing the market currently in a moment.** But first, I wanted to touch on the GDP report.



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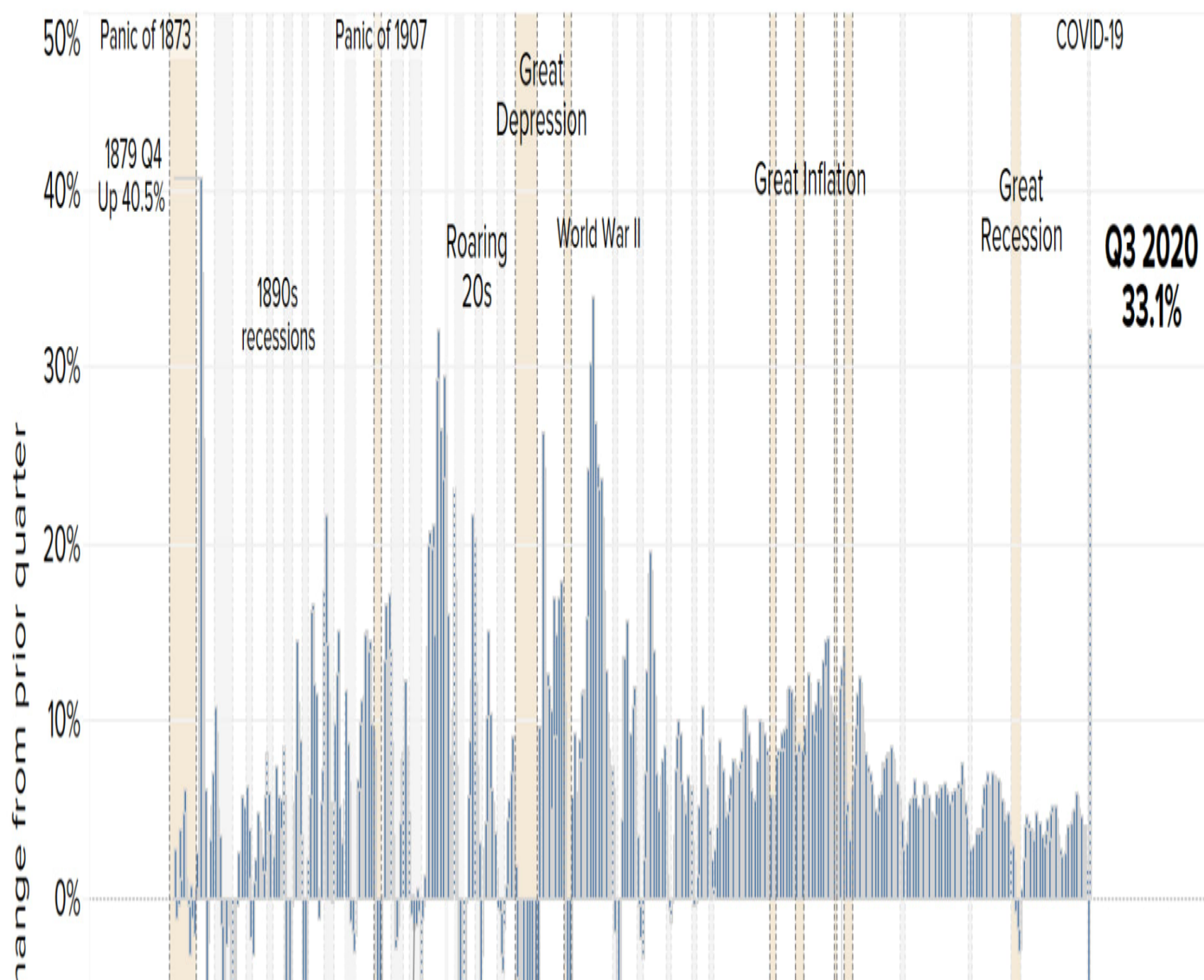
A Word About That Boomer GDP Report

On Thursday, the Bureau Of Economic Analysis delivered "great" news. In the third quarter of 2020, the U.S. economy grew an astounding 33%. Here is a snip from CNBC:

"Coming off the worst quarter in history, the U.S. economy grew at its fastest pace ever in the third quarter as a nation battered by an unprecedented pandemic started to put itself back together." - CNBC

Dashboard 1

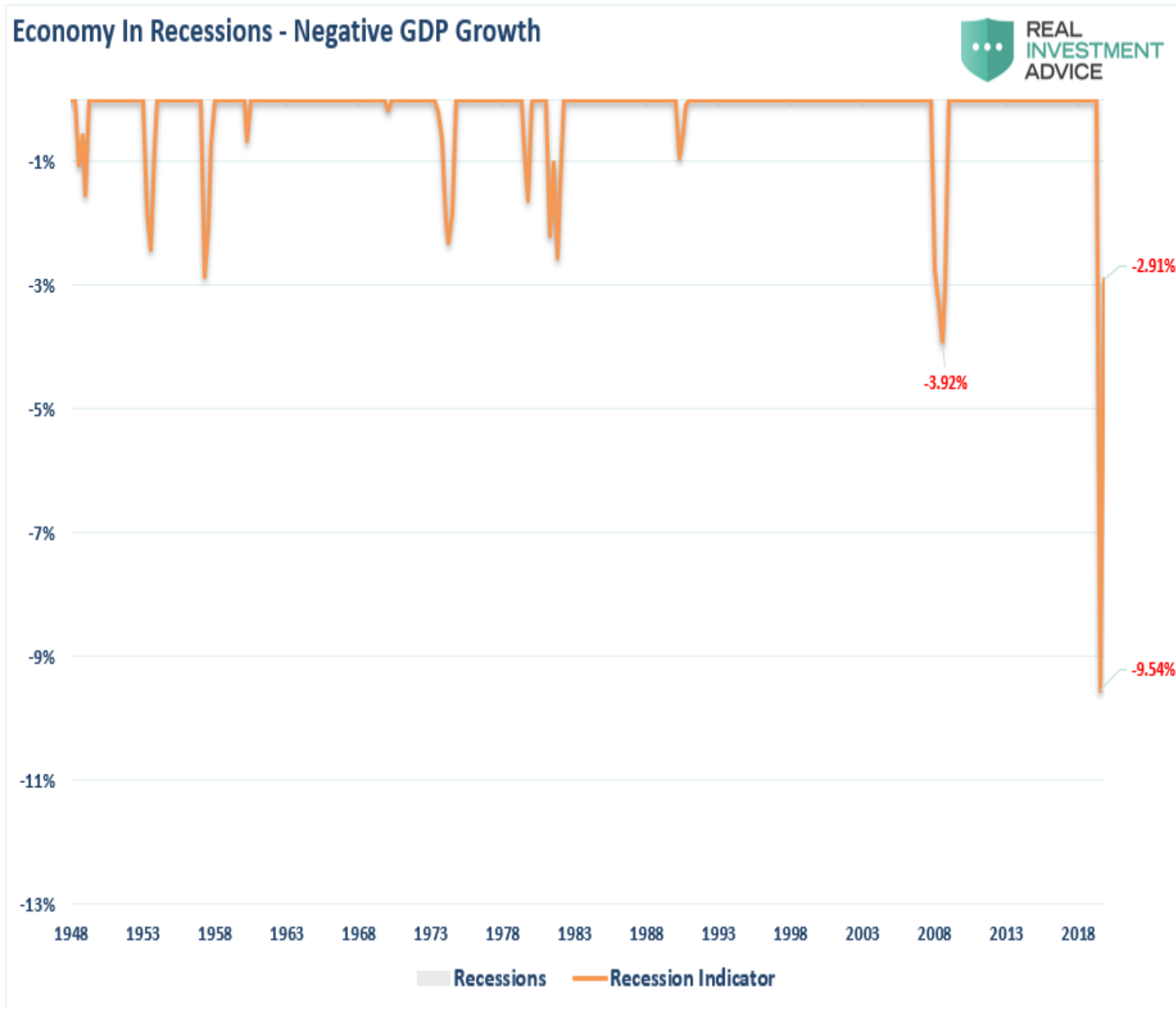
U.S. economic booms and busts



Here is the problem. You sit down at a poker table in Las Vegas with \$100. On the first hand, you lose 31.4%?that hurt. However, on the other hand, you go "all-in" and win 33.1%. So, you are now ahead, right? Not so fast. Here is the math.

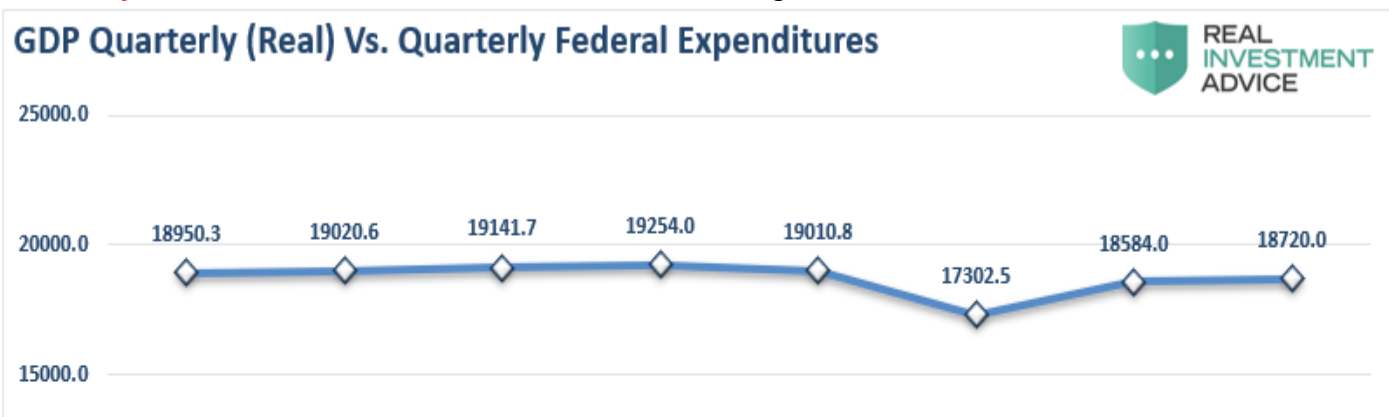
- $\$100 \times -31.4\% = \68.6
- $\$68.6 \times 33.1\% = \91.31

When it comes to the economy, the math is the same. As shown below, despite a "boomer" GDP report in Q3, **the economy remains in one of the deepest recessions on record other than 2008.**



The bad news is that without further fiscal stimulus, economic growth will contract in Q4.

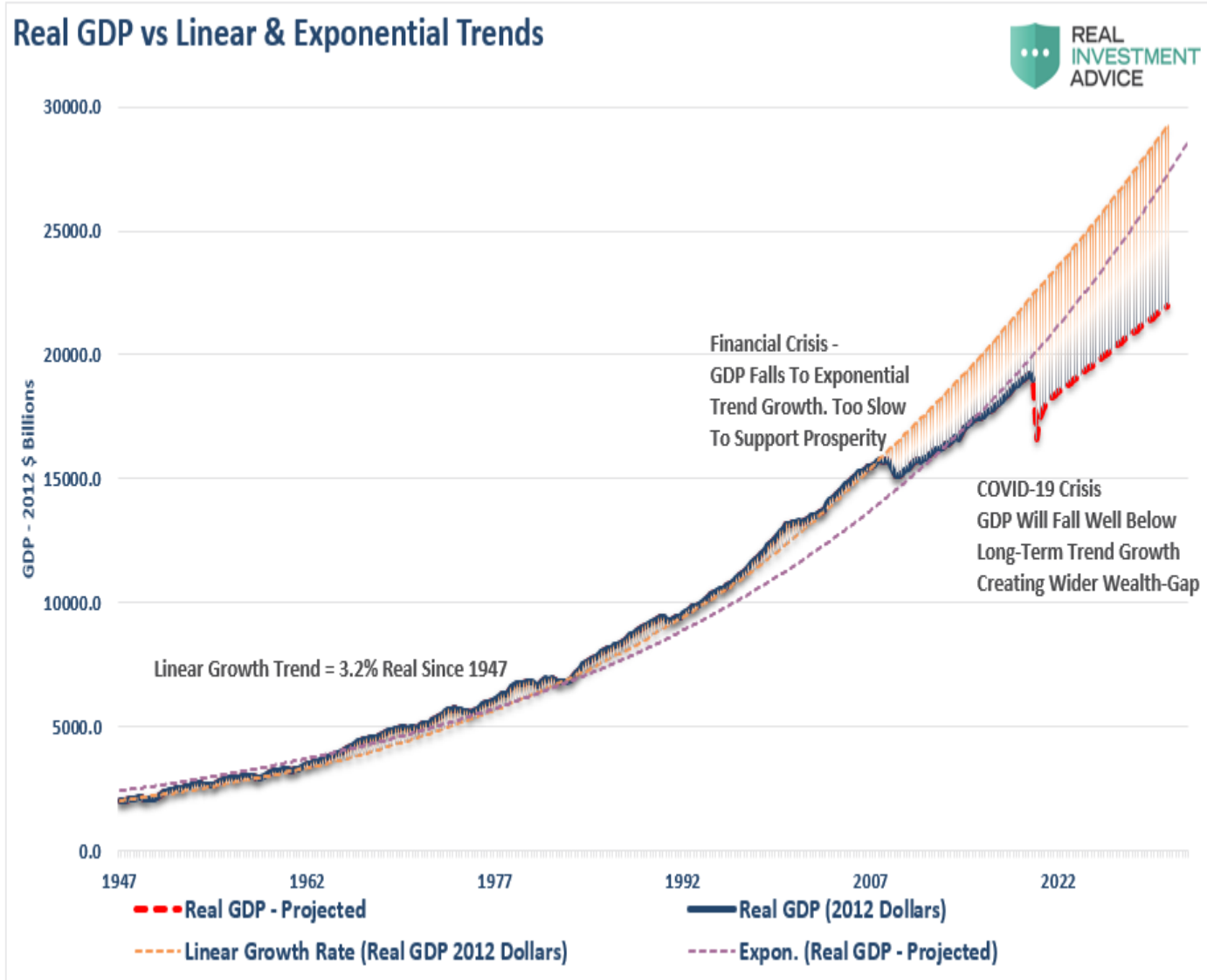
Economic growth will contract if federal expenditures fall back to previous levels of roughly \$4 Trillion per quarter. In Q4, expenditures will need a run rate of over \$7 Trillion to grow the economy at 2%. The Fed will have a lot of "monetizing" to do.



Growth Won't Return To Pre-Pandemic Trends

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.



The *COVID-19* crisis led to a debt surge to new highs. Such will result in a retardation of economic growth to 1.5% or less. As [discussed recently](#), while the stock market may rise due to massive Fed liquidity, only the 10% of the population owning 88% of the market will benefit. **In the future, the economic bifurcation will deepen to the point where 5% of the population owns virtually all of it.** However, this isn't just my opinion. As noted by [ZeroHedge](#), a permanent loss in output in the U.S. is likely. BofA laid out the pre-covid trend growth and compared it to base case recovery.

Chart 1: Three phases of the real GDP trajectory (\$tr 2012)

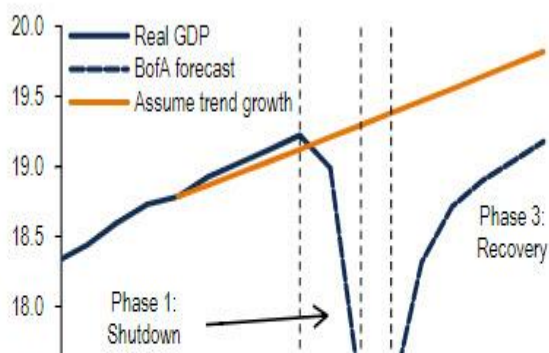
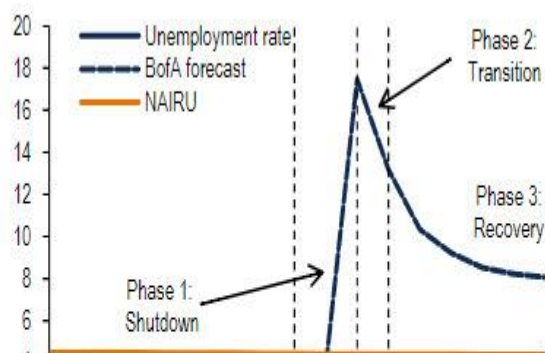


Chart 2: Three phases of the unemployment trajectory (% of labor force)



Given the permanent loss in output and rising unproductive debt levels, the recovery will be slower and more protracted than those hoping for a ?V-shaped? recovery. The ?Nike Swoosh,? while more realistic, might be overly optimistic as well. However, this is the most crucial point from BofA:

The U.S. economy will never return to either its long-term linear or exponential growth trends.

Such has important considerations for long-term investors when it comes to revenue, earnings, and market valuations. But that is a topic for next time. **For now, let's get through the election.**

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Portfolio Positioning Update

As we have discussed for the last two weeks, we have been gradually raising cash and rebalancing portfolio risks as we head into the Presidential election. Even with the reduction of short-term risk, there are too many variables heading into the election next Tuesday to warrant a more aggressive approach. Depending on who you speak to, their view is that their candidate will be right for the market, and the other "guy" will be wrong. As we discussed recently in "[Policies Over Politics](#)," **what matters most long-term are taxes, debt, and deficits. Unfortunately, we will probably head the wrong way on all three.** Importantly, it is the varying views, making a market as buyers and sellers interact. We believe our positioning is correct as we head into the election with about 1/2 of the market's volatility. We will wait for the election results to make our next decisions. **Such means that we will not buy the market's low.** We will wait for the market to tell us where and how aggressively to invest. From the point of "portfolio consistency," it always works better to respond to markets rather than "guess" at them.

Actions To Take

If you haven't taken any actions, but are concerned about the potential risk, here are some guidelines to follow on Monday:

- **Sell laggards and losers.** (*If they weren't working, to begin with, they won't work later.*)
- **Rebalance overweight positions.** (*Reduce positions back to typical holding sizes.*)
- **Adjust volatility.** (*Raise enough cash to reduce volatility to a sustainable level.*)
- **Review your allocation model to make sure it aligns with your financial goals.**
- **If you need help, ask for it.**

Yes, taking some defensive action before the election may lead to missing a short-term bottom if we get a repeat of the 2016 election night bounce. **That's okay; you can put the cash to work the next day.** However, if a negative outcome occurs, you will have an opportunity to "buy" quality investments at a lower price from those panicking to sell. That is, after all, the entire premise of investing.

Don't Be That Guy

Our friend Victor Adair shared some of his valuable trading wisdom with our [RIAPRO Subscribers \(30-day Free Trial\)](#) this week, which dovetails with our views.

"The most important thing I do with my trading is to constantly try to identify and monitor the risks I'm taking. Importantly, have strategies in place to control those risks. I think that contributes more to my trading success than picking what to buy or sell. Such is particularly the case given most traders lose money on more than half of the trades they make. I use stops and keep the time horizon of my trading in sync with the time horizon of my analysis. I watch out for concentration (very important in this current ?all one market? environment.) Importantly, [I keep my size modest](#) and I make sure no one trade is important. It?s just another trade. But probably the most dangerous, elusive yet pervasive risk I have to deal with is my innate desire to assign some ?reasonable cause? to price action. Such as, ?Gold went up today because traders fear that the Fed will tolerate higher inflation.? I say that?s dangerous because it?s SO easy to be ?right? (make money on a trade) for the wrong reason. Once a trader assumes he knows what?s driving prices he?s going to be more aggressive. **If he really was right for the wrong reason then he?s going to ?dig in his heels? when the market goes against him.** That is how you wind up losing WAY too much money. **I don?t want to be that guy."**

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The MacroView



#MacroView: The Fed Will Monetize All Of The Debt Issuance

Written by Lance Roberts | Oct 30, 2020

With debts and deficits rising along with demands for more Government support, weaker economic growth will force the Fed to monetize the entirety of future debt issuance to keep rates low.

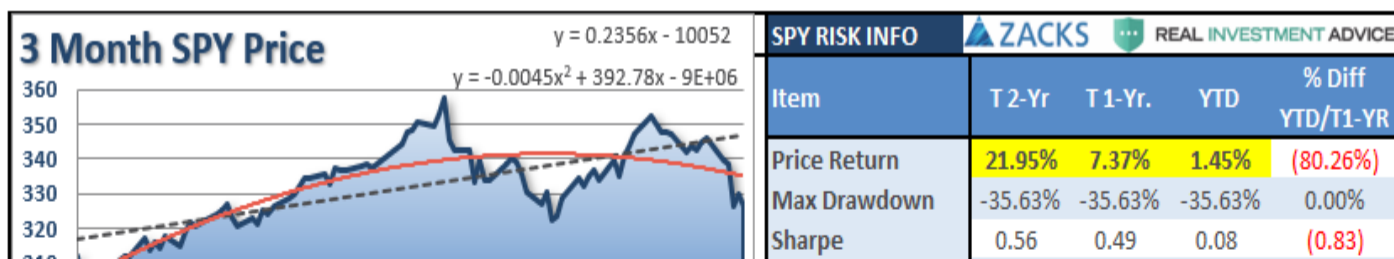
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If you need help or have questions, we are always glad to help. [Just email me.](#) See You Next Week **By Lance Roberts, CIO**

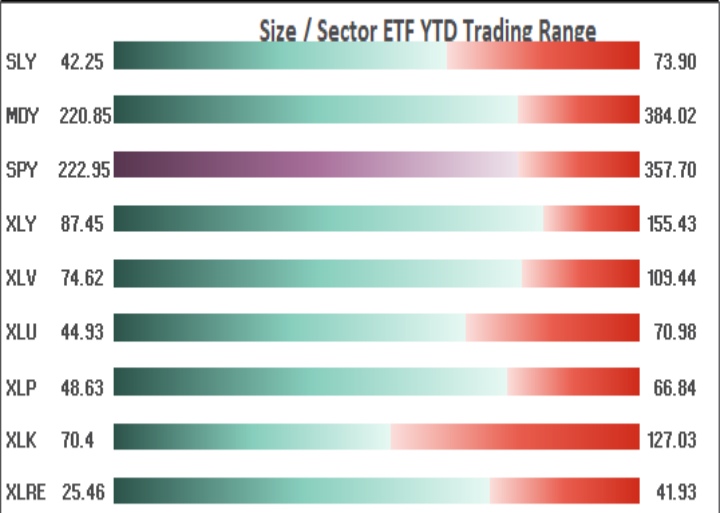
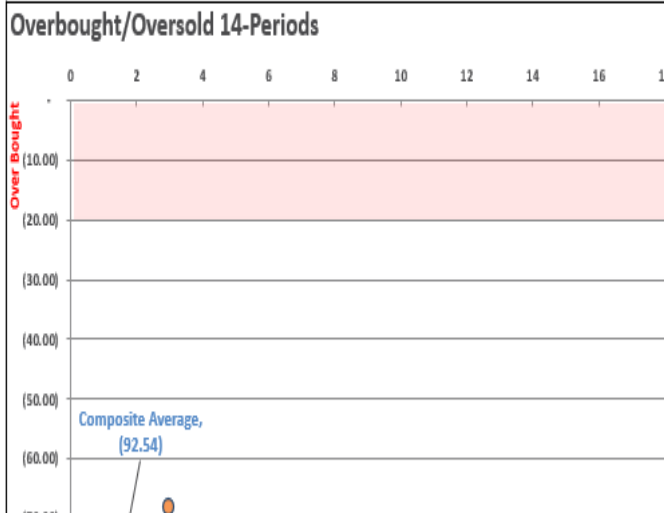
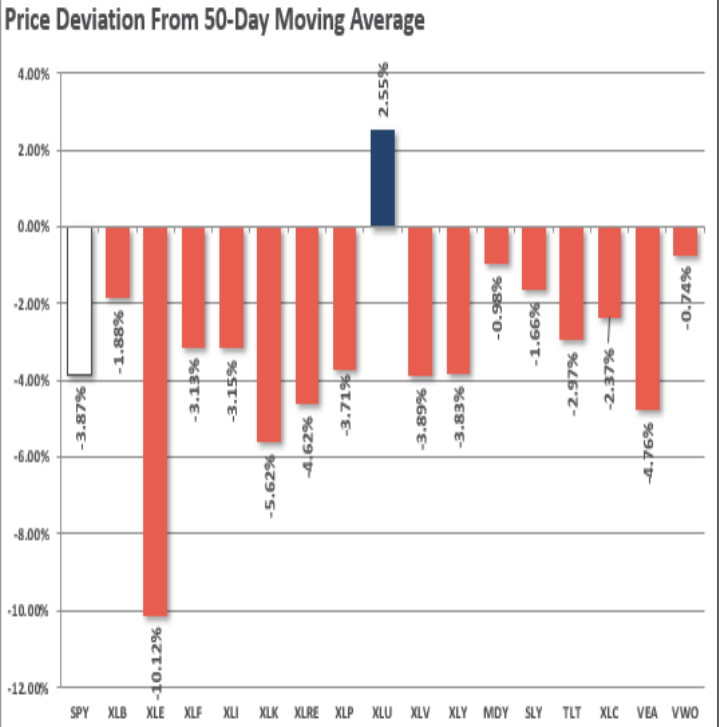
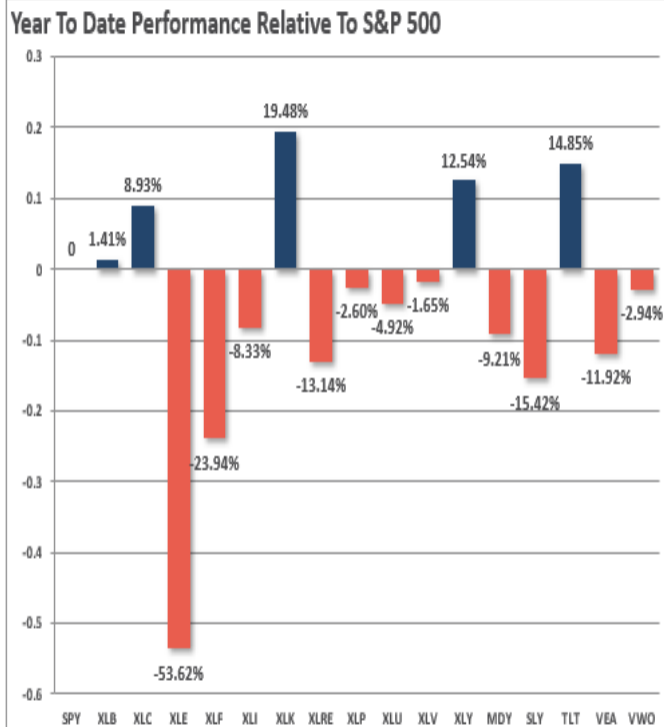
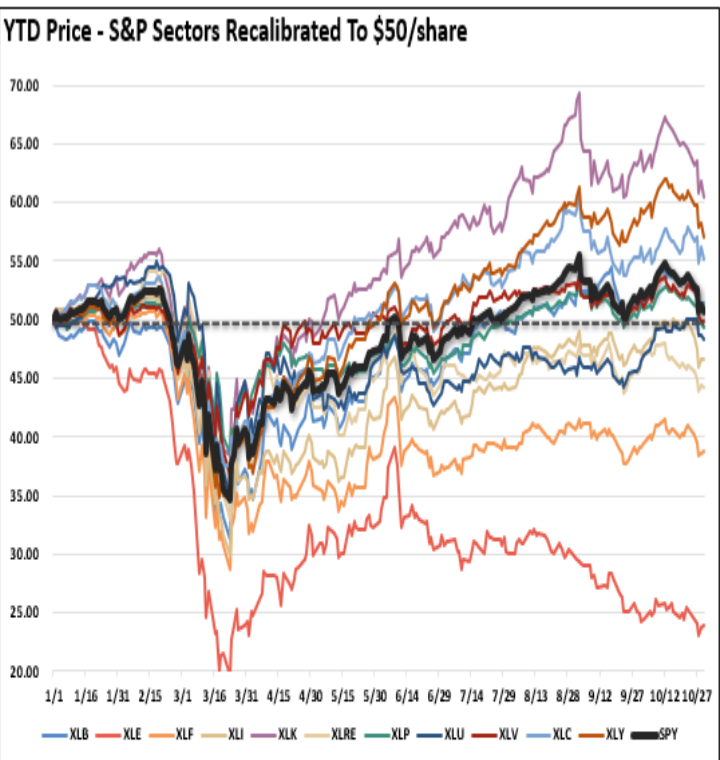
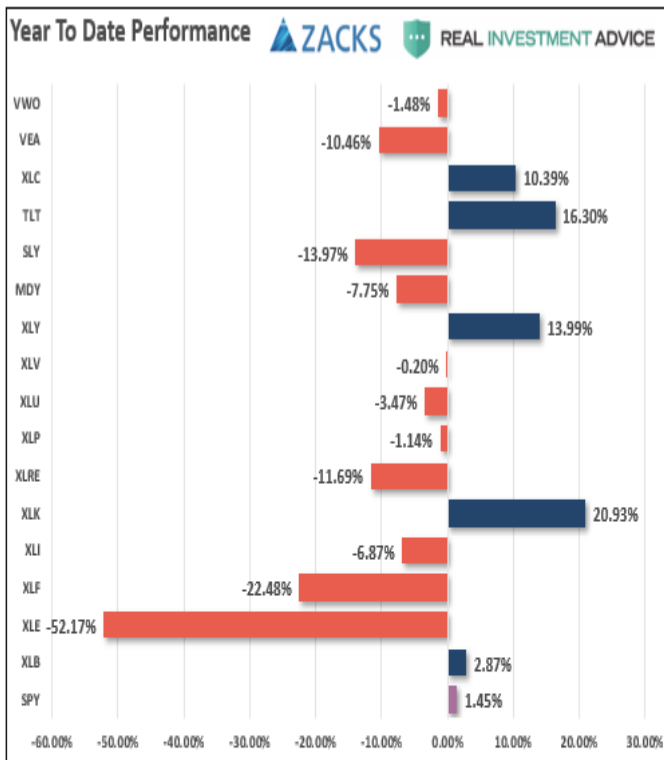
Market & Sector Analysis

Analysis & Stock Screens Exclusively For RIAPro Members

S&P 500 Tear Sheet

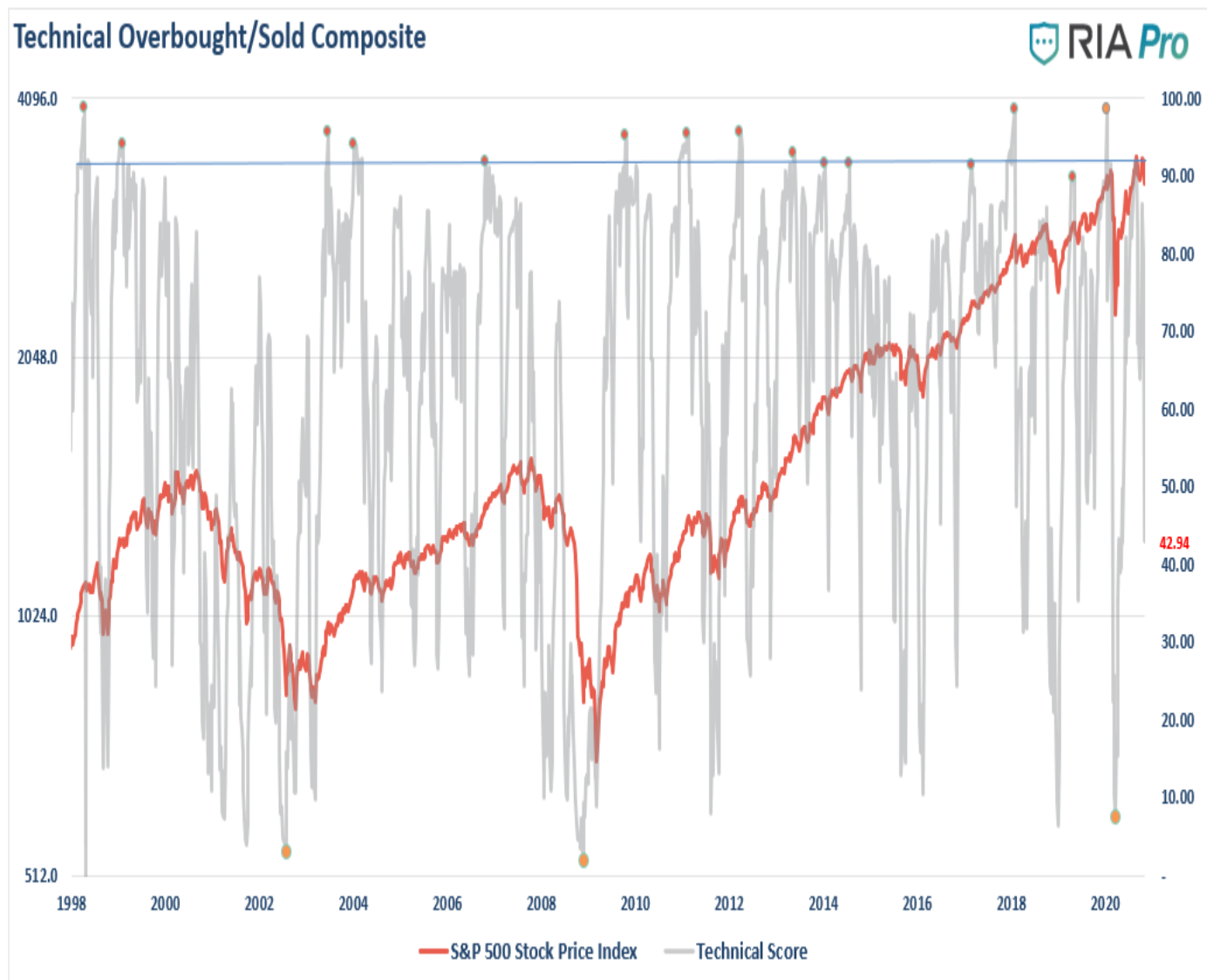


Performance Analysis



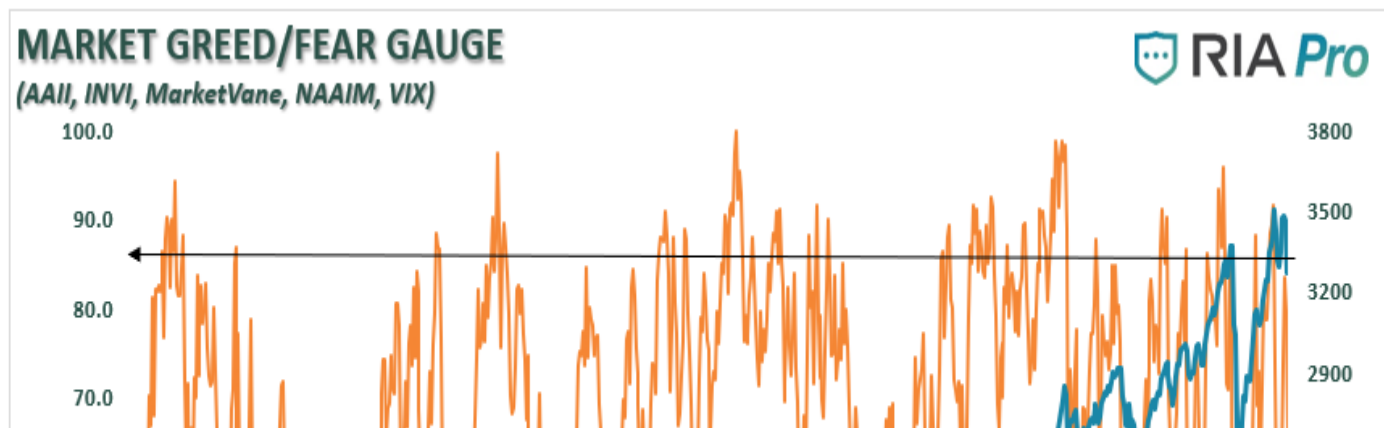
Technical Composite

The technical overbought/sold gauge comprises several price indicators (RSI, Williams %R, etc.), measured using "weekly" closing price data. Readings above "80" are considered overbought, and below "20" 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	327.62	(5.57)	(2.22)	(2.48)	14.09	6.39	340.04	311.08	336.06	0.99	344.46	327.66	-4%	5%	BULLISH
XLB	SPDR-MATLS SELS	63.18	1.30	2.03	4.86	10.11	0.68	63.88	57.04	63.64	1.11	65.94	61.34	-1%	11%	BULLISH
XLC	SPDR-COMM SV SS	59.20	0.89	2.45	1.26	1.42	9.80	60.41	54.76	59.40	1.00	61.48	57.32	-2%	8%	BULLISH
XLE	SPDR-EGY SELS	28.72	0.08	0.20	(20.27)	(34.29)	(57.94)	33.15	34.75	29.95	1.64	31.19	28.71	-13%	-17%	BEARISH
XLF	SPDR-FINL SELS	23.86	0.07	0.41	(1.47)	(0.74)	(24.45)	24.65	23.40	24.07	1.14	24.95	23.19	-3%	2%	BULLISH
XLK	SPDR-TECH SELS	110.86	(0.83)	(1.33)	(0.05)	4.52	24.54	116.74	102.89	116.70	1.06	120.86	112.54	-5%	8%	BULLISH
XLI	SPDR-INDU SELS	75.87	(0.96)	(0.02)	3.46	13.51	(11.81)	77.77	69.92	76.98	1.15	79.79	74.17	-2%	9%	BULLISH
XLP	SPDR-CONS STPL	62.26	0.79	(0.65)	0.51	(5.60)	(4.57)	64.47	60.64	64.10	0.57	66.07	62.13	-3%	3%	BULLISH
XLRE	SPDR-RE SELS	34.15	1.42	(4.04)	(3.96)	(3.86)	(19.34)	35.84	34.52	35.27	0.70	36.40	34.14	-5%	-1%	BULLISH
XLU	SPDR-UTIL SELS	62.38	1.91	5.00	3.93	(0.28)	(9.06)	60.75	58.76	59.38	0.35	61.07	57.69	3%	6%	BULLISH
XLV	SPDR-HLTH CR	101.66	(0.14)	(0.18)	(1.98)	(12.85)	0.77	105.96	100.85	105.48	0.78	108.94	102.02	-4%	1%	BULLISH
XLY	SPDR-CONS DISCR	142.97	(0.98)	(1.36)	4.32	9.72	11.14	147.29	129.18	146.98	1.16	152.36	141.60	-3%	11%	BULLISH
XTN	SPDR-SP TRANSP	58.57	(1.47)	0.86	4.52	16.62	(13.98)	59.74	53.17	58.15	1.35	60.39	55.91	-2%	10%	BULLISH
SDY	SPDR-SP DIV ETF	92.46	(0.08)	1.18	(1.75)	(2.00)	(18.41)	95.42	90.62	92.40	0.88	95.53	89.27	-3%	2%	BULLISH
RSP	INVS-SP5 EQ ETF	107.51	(0.24)	0.87	0.64	3.72	(9.32)	110.30	101.56	108.11	1.09	111.99	104.23	-3%	6%	BULLISH
SLY	SPDR-SP6 SC	62.33	(0.67)	2.19	(1.35)	9.02	(16.88)	63.62	58.08	60.87	1.24	63.14	58.60	-2%	7%	BULLISH
MDY	SPDR-SP MC 400	346.27	(0.20)	2.15	0.50	6.13	(10.56)	350.25	320.57	338.83	1.17	351.27	326.39	-1%	8%	BULLISH
EEM	ISHARS-EMG MKT	44.71	2.10	3.85	4.39	10.00	(2.94)	44.68	40.59	44.09	0.88	45.58	42.60	0%	10%	BULLISH
EFA	ISHARS-EAFE	61.39	0.05	(1.70)	(1.04)	(2.80)	(16.13)	64.43	60.40	63.65	0.81	65.75	61.55	-5%	2%	BULLISH
IAU	ISHARS-GOLD TR	17.89	4.09	0.89	(5.16)	(6.77)	17.33	18.42	17.20	17.99	0.08	18.45	17.53	-3%	4%	BULLISH
GDX	VANECK-GOLD MNR	37.49	2.15	(1.58)	(9.80)	(11.57)	27.46	40.53	35.79	39.16	0.72	40.42	37.90	-7%	5%	BULLISH
UUP	INVS-DB US\$ BU	25.37	6.89	2.22	3.03	(20.75)	(10.94)	25.20	26.06	25.35	(0.10)	25.96	24.74	1%	-3%	BEARISH
IXUS	ISHARS-CR INT S	57.10	0.68	(0.16)	0.71	1.68	(11.54)	59.01	54.49	58.34	0.85	60.29	56.39	-3%	5%	BULLISH
TLT	ISHARS-20+YTB	157.57	5.30	(0.97)	(4.77)	(19.57)	5.71	163.40	164.07	163.26	(0.31)	166.84	159.68	-4%	-4%	BEARISH
BNDX	VANGD-TTL INT B	58.34	5.69	2.45	2.81	(12.01)	(6.35)	58.13	57.53	58.19	0.03	59.66	56.71	0%	1%	BULLISH
HYG	ISHARS-JBX HYCB	83.88	4.41	2.28	0.96	(7.52)	(9.77)	84.48	82.02	83.90	0.39	86.32	81.48	-1%	2%	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
MCO	Moodys Corp	263.00	10.00	9.32	0.85	25.71	9.00
AZO	Autozone Inc	1129.76	9.48	3.75	0.00	15.69	8.00
LOW	Lowes Cos	160.75	16.24	5.54	1.49	20.43	8.00
MRK	Merck & Co Inc	75.89	7.16	4.24	3.22	13.15	8.00
MSFT	Microsoft Corp	204.72	12.50	12.68	1.00	33.07	8.00
ORCL	Oracle Corp	56.02	9.00	1.62	1.71	15.52	8.00
PG	Procter & Gambl	137.57	7.57	1.54	2.30	25.57	8.00
TMO	Thermo Fisher	471.88	18.00	11.58	0.19	29.47	8.00
WST	West Pharm Svc	275.23	20.47	7.42	0.23	65.07	8.00
ATVI	Activision Blzd	77.77	15.97	7.42	0.53	23.42	7.00
AVY	Avery Dennison	139.81	6.65	4.28	1.66	21.28	7.00
BLK	Blackrock Inc	602.33	9.03	8.02	2.41	18.82	7.00
CPRT	Copart Inc	111.28	13.00	16.55	0.00	43.30	7.00
HUM	Humana Inc New	396.75	12.34	4.94	0.63	15.70	7.00
NVDA	Nvidia Corp	520.96	20.07	22.72	0.12	84.71	7.00
QRVO	Qorvo Inc	129.71	12.35	4.94	0.00	22.06	7.00
SHW	Sherwin William	692.09	9.84	13.44	0.77	29.15	7.00
TER	Teradyne Inc	88.54	16.74	10.61	0.45	20.17	7.00
TGT	Target Corp	154.25	7.22	2.75	1.76	21.97	7.00
UPS	Utd Parcel Srvs	161.36	7.90	6.64	2.50	21.04	7.00
AJG	Gallagher Arthu	103.00	10.69	7.66	1.75	23.25	6.00
ALLE	Allegion Plc	98.11	6.10	7.40	1.30	19.98	6.00
APH	Amphenol Corp-A	113.17	8.50	9.76	0.88	31.52	6.00
AWK	Amer Water Work	152.16	8.08	3.15	1.45	41.12	6.00
CDW	Cdw Corp	120.95	13.10	8.15	1.26	19.41	6.00
CTLT	Catalent Inc	89.39	16.47	11.67	0.00	47.80	6.00
DG	Dollar General	210.73	11.09	8.87	0.68	22.91	6.00
DOV	Dover Corp	110.09	11.50	0.15	1.80	19.45	6.00
FBHS	Fortune Brd H&S	81.88	7.32	5.44	1.17	20.78	6.00
FDX	Fedex Corp	267.02	12.00	8.62	0.97	23.59	6.00
GWW	Grainger W W	350.11	9.90	3.96	1.75	21.36	6.00
IDXX	Idexx Labs Inc	441.80	15.83	10.73	0.00	76.97	6.00
J	Jacobs Engin Gr	94.73	7.77	5.59	0.80	17.77	6.00
LNT	Alliant Engy Cp	55.57	5.76	2.74	2.74	21.05	6.00
LRCX	Lam Research	353.26	16.49	14.53	1.47	19.16	6.00
MAS	Masco	53.97	16.59	1.28	1.04	18.74	6.00
MTD	Mettler-Toledo	1003.79	10.38	5.77	0.00	43.95	6.00
MXIM	Maxim Intg Pdts	70.19	10.00	0.45	2.74	28.42	6.00
NVR	Nvr Inc	3996.27	12.96	7.87	0.00	18.42	6.00
ODFL	Old Dominion Fl	190.35	15.59	9.46	0.32	36.12	6.00
PKG	Packaging Corp	114.78	5.00	5.57	2.75	18.63	6.00
PKI	Perkinelmer Inc	128.79	12.90	7.23	0.22	22.67	6.00

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	111.28	1.52	11.79	3.24	9
CFR	Cullen Frost Bk	68.77	1.08	11.45	4.13	8
FISI	Financial Inst	16.22	0.60	10.41	6.41	8
HPE	Hewlett Pkd Ent	8.53	0.68	12.14	5.63	8
STT	State St Corp	58.80	0.90	12.68	3.54	8
TFC	Truist Finl Cp	41.85	0.91	10.08	4.30	8
TSLX	Sixth St Spclty	16.45	1.02	12.26	9.97	8
UNM	Unum Group	17.04	0.32	11.18	6.69	8
WTBA	West Bancorp	16.50	1.30	14.66	5.09	8
APOG	Apogee Entrprs	24.00	1.20	16.19	3.13	7
BK	Bank Of Ny Mell	34.32	0.75	10.40	3.61	7
BSRR	Sierra Bancorp	19.97	0.93	10.42	4.01	7
CHCO	City Hldgs Co	59.95	1.40	13.27	3.80	7
CMTV	Commnty Bcp Vt	13.50	0.99	12.25	5.63	7
CRWS	Crown Crafts	5.78	1.35	13.87	5.54	7
CVS	Cvs Health Corp	55.93	1.07	16.70	3.58	7
CZFS	Citizens Fin Sv	44.00	0.95	11.74	4.18	7
EBTC	Enterprise Bcp	22.86	0.86	10.53	3.06	7
FCBP	First Choice Bc	14.41	0.63	12.00	6.94	7
FGBI	First Guaranty	13.99	0.76	10.07	4.57	7
FITB	Fifth Third Bk	23.10	0.79	10.17	4.68	7
FMNB	Farmers Natl Bc	11.61	0.99	10.88	3.79	7
GBCI	Glacier Bancorp	35.80	1.51	11.51	3.35	7
HIG	Hartford Fin Sv	38.69	0.83	10.16	3.36	7
IBCP	Indep Bk Mich	14.96	0.92	10.86	5.35	7
INDB	Indep Bk Mass	56.51	1.10	10.68	3.26	7
JHG	Janus Henderson	24.90	1.03	10.39	5.78	7
LTC	Ltc Properties	33.39	1.66	13.40	6.83	7
MDC	Mdc Hldgs	43.18	1.46	10.98	3.06	7
NL	Nl Inds Inc	4.30	0.64	11.24	3.72	7
PEG	Public Sv Entrp	59.72	1.95	11.15	3.28	7
PFBC	Preferred Bank	34.23	1.02	15.19	3.51	7
TRST	Trustco Bk -Ny	5.40	0.93	10.90	5.05	7
XRX	Xerox Holdings	17.65	0.69	15.57	5.67	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
AMD	Adv Micro Dev	78.02	45.82	15.52	-	1.83	9
QDEL	Quidel Corp	268.78	#N/A	35.57	-	#N/A	9
MSFT	Microsoft Corp	204.72	12.50	12.68	1.00	2.46	8
CPRT	Copart Inc	111.28	13.00	16.55	-	2.97	7
MKTX	Marketaxess Hld	555.86	#N/A	13.70	0.43	#N/A	7
MSCI	Msci Inc-A	345.49	#N/A	10.11	0.90	#N/A	7
NOW	Servicenow Inc	510.59	28.33	36.08	-	17.91	7
NVDA	Nvidia Corp	520.96	20.07	22.72	0.12	3.74	7
PAYC	Paycom Software	373.09	25.00	32.54	-	6.42	7
PCTY	Paycom Software	188.75	20.00	27.51	-	12.70	7

Portfolio / Client Update

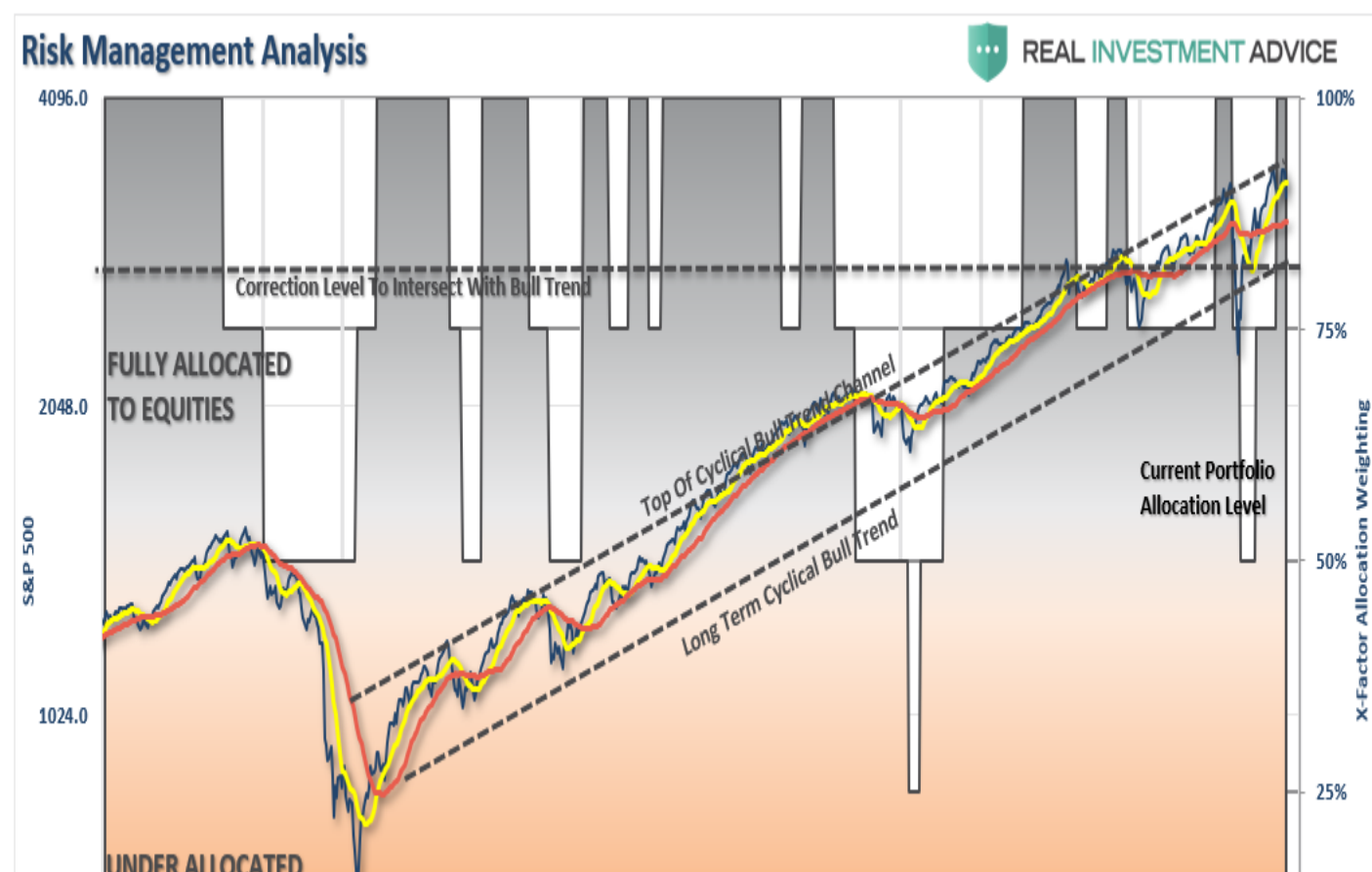
Over this past week, the market broke through the support levels we have been watching closely. That's the bad news. The not-so-bad news is that despite the sell-off, it has been an orderly decline as markets have been taking profits and repositioning before the election. The markets are now very oversold on a short-term basis, and our money-flow indicator is very negative. Such suggests that once we clear the election, contested or not, we will see money flows back into the markets. The question to answer precisely is "*where?*" We won't know that answer until post-election, which is why we are holding an overweight in cash currently. At the moment, if you ask 10-different people, you will get 10-different answers about what will happen post-election. Most likely, everyone will be wrong to some degree and correct in others. For us, the best way to "play this" is to step aside for the moment, reduce risk, and respond to what the market tells us. More often than not, that result will work out much better than guessing at it. We are keenly aware of the risk and continue to take action to position ourselves accordingly.

Portfolio Changes

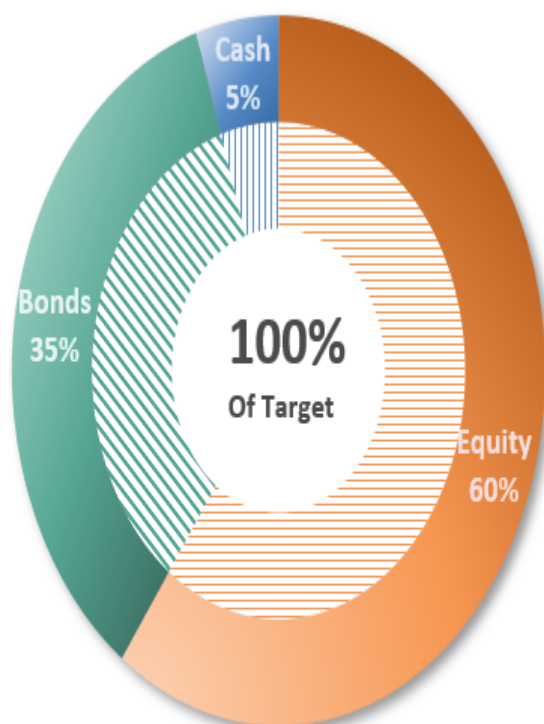
For the past week, we made virtually no changes to the portfolios. We are currently holding roughly 15% in cash, along with our bond holdings and reduced equity weightings. The only action we are contemplating pre-election is potentially adding a short-S&P 500 index position to hedge portfolios for election night. If we decide to make that addition, we will do so on Monday. As always, our short-term concern remains the protection of your portfolio. Once we get through the election, we will shift our focus on economic recovery and where we go from here. Please don't hesitate to contact us if you have any questions or concerns. *Lance Roberts CIO*

THE REAL 401k PLAN MANAGER

A Conservative Strategy For Long-Term Investors



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	Move To Target Allocations	Wait Until After Election
Equal To Target Allocation	Hold Current Exposure	Hold Exposure
Over Target Allocation	Hold Current Exposure	Hold Exposure

Commentary

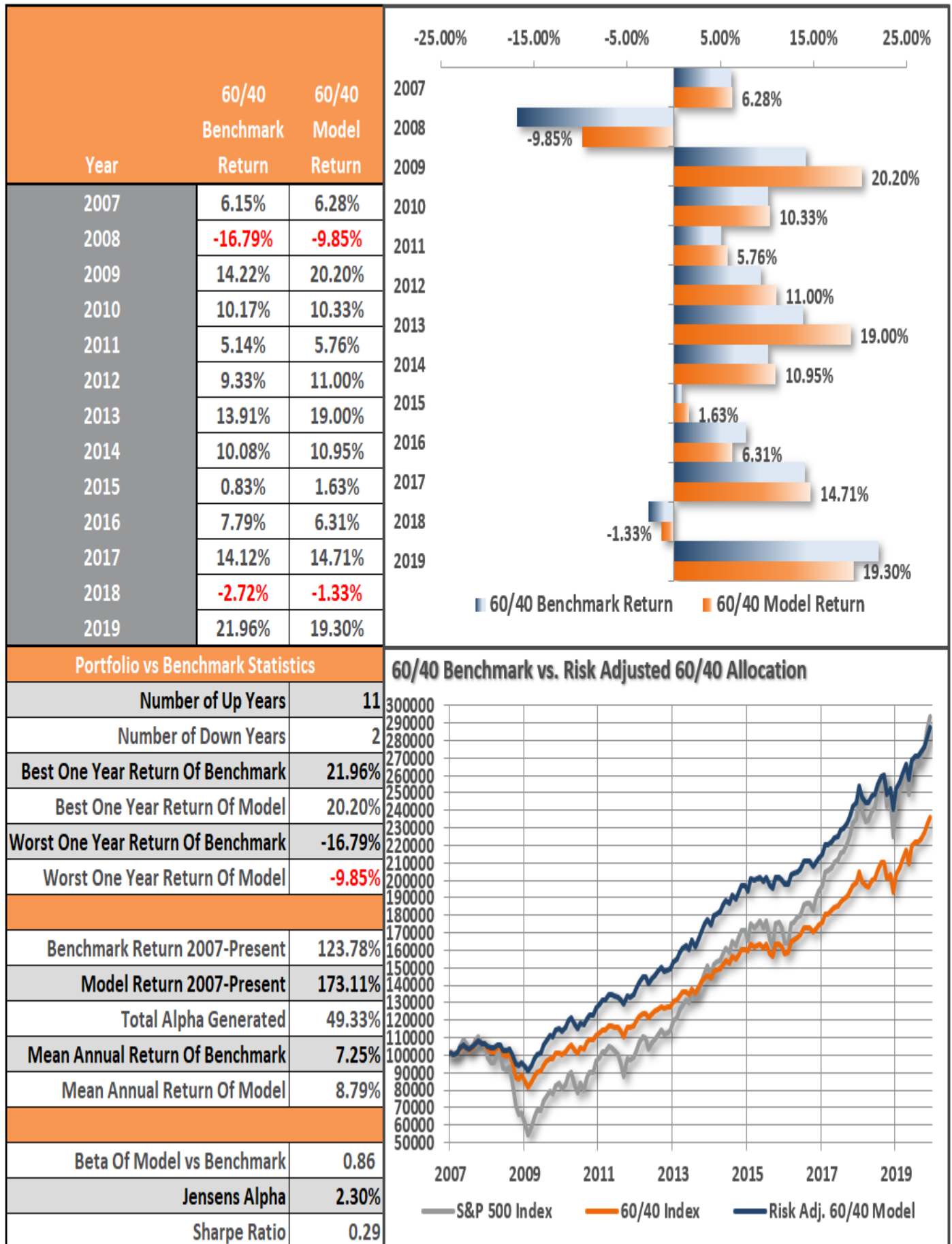
This past week, the market broke support as investors weigh the election outcomes. While the market did decline, it didn't violate any long-term trends, and maintained an orderly reduction.

Most of the short-term overbought condition has been reduced, and longer-term buy signals remain intact. Maintain allocations for now. If you are underweight equity exposure you can add to your exposures and bring allocations up to target.

However, there is short-term election risks so we would recommend waiting until after election day to increase exposure. Such is particularly the case if you are concerned OR are very close to retirement. It is always an easy process to add money back to the market, it is more difficult to try and recoup losses.

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

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From The RIA Investment Team

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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