

Market Risk Elevated



Heading Into Distribution Season

- *Stuck Near All-Time Highs*
- *More Signs Of Market Risk*
- *Portfolio Positioning Update*
- *MacroView: A Vaccine & The New "New Normal"*
- *Sector & Market Analysis*
- *401k Plan Manager*

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Long-Term Care Webinar

[Register Now](#) to reserve your spot.

A promotional banner for a 'Candid Coffee' event. On the left, two men in suits are shown from the chest up. Between them is a graphic of a coffee cup with a dollar sign and swirls rising from it. The text 'Candid Coffee' is written in a large, white, sans-serif font. To the right, the title 'Long-Term Care' is in a large, bold, dark font. Below it, a paragraph of text explains the event's focus on long-term care costs. A red box highlights the date and time, and another red box contains the text 'REGISTER NOW'.

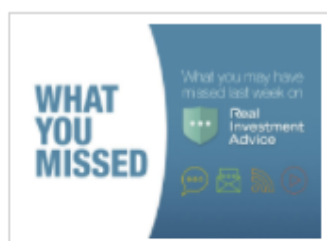
Long-Term Care

Are your finances prepared to handle that burden? Our next Candid Coffee with Richard Rosso and Danny Ratliff can show you how to protect your finances from the effects of a long-term care event, the myths to ignore, and how to prepare a plan to address the costs.

The median national cost of a private room in a nursing home: **\$8,517 a month!**

12/5 • 8-9am Sign up here for this can't-miss, hour-long **Go To Meeting** event! **REGISTER NOW**

Catch Up On What You Missed Last Week



#WhatYouMissed On RIA This Week: 11-27-20

Written by Lance Roberts | Nov 27, 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.

[>> Read More](#)

Happy Thanksgiving

I wanted to take a moment to say *"Thank You"* for your loyal readership of our newsletter. I have produced a form of this newsletter for almost 20-years. It's incredible to see some of the same readers from the beginning.

If you are new to the letter, welcome, and I sincerely hope you will stay with us for the long-haul as we continue to work to navigate markets safely and profitability.

In 2021, we have a slate of new upgrades in the works. We will be redesigning our website from the ground up, launching an automated trading platform for DIY investors, and expanding our research and financial planning tools.

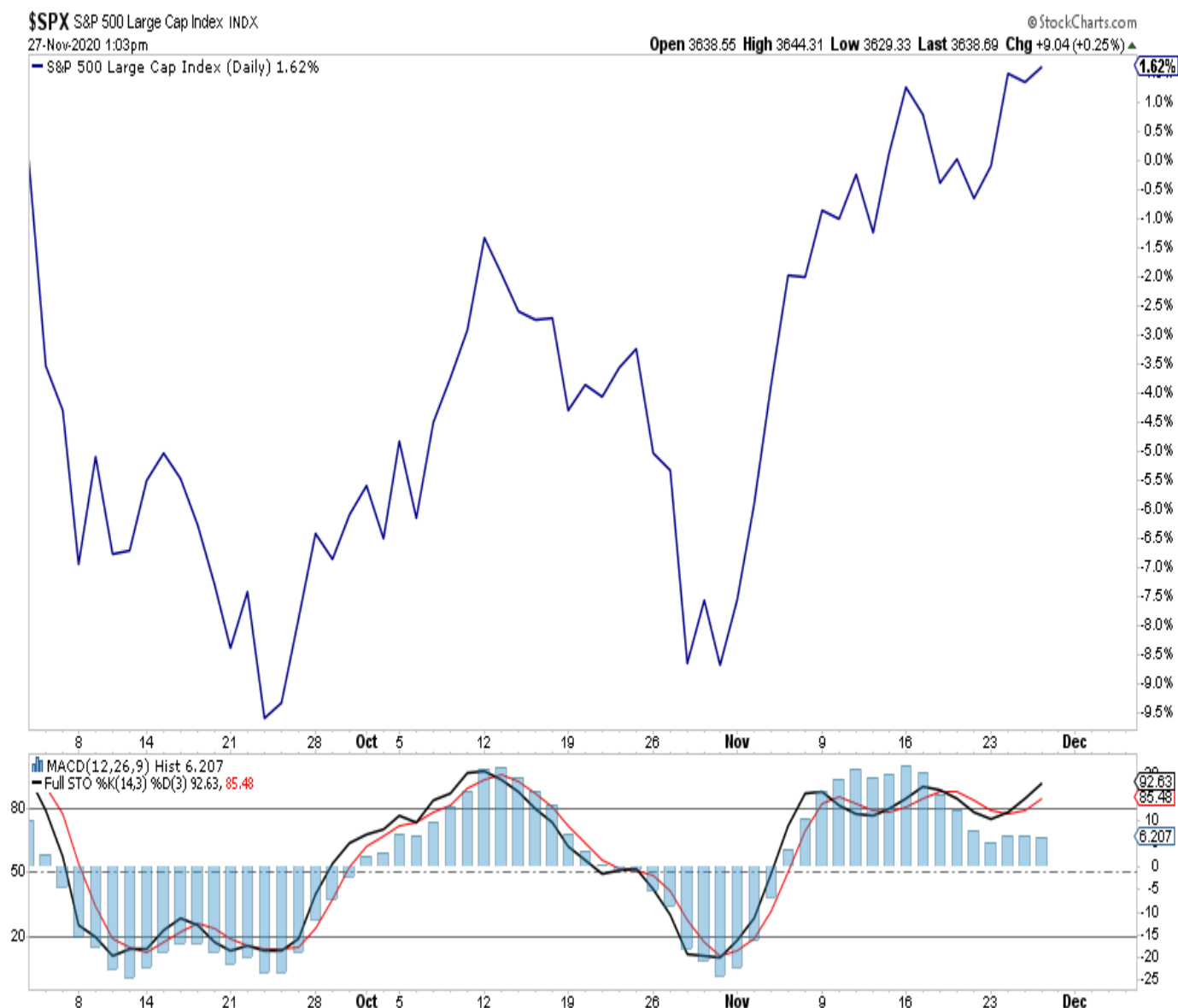
It will be an exciting year, and we are looking forward to sharing it with you.

Thank you.

Market Stuck Near All-Time Highs

Just a short note this week so that I can catch up on my *"Turkey Induced Coma."*

Despite three consecutive Monday announcements of *"potential vaccines,"* an agreement by President Trump to allow the *"Biden Transition"* to begin, and a holiday-shortened trading week that left the *"inmates in charge of the asylum,"* the market hasn't done much with it. As of Friday, the market is only about 1.62% higher than it was three months ago.



Unfortunately, as we will discuss in more detail momentarily, the surge in November, one of the largest monthly advances in history, consumed the entirety of the market's oversold condition that existed before the election.

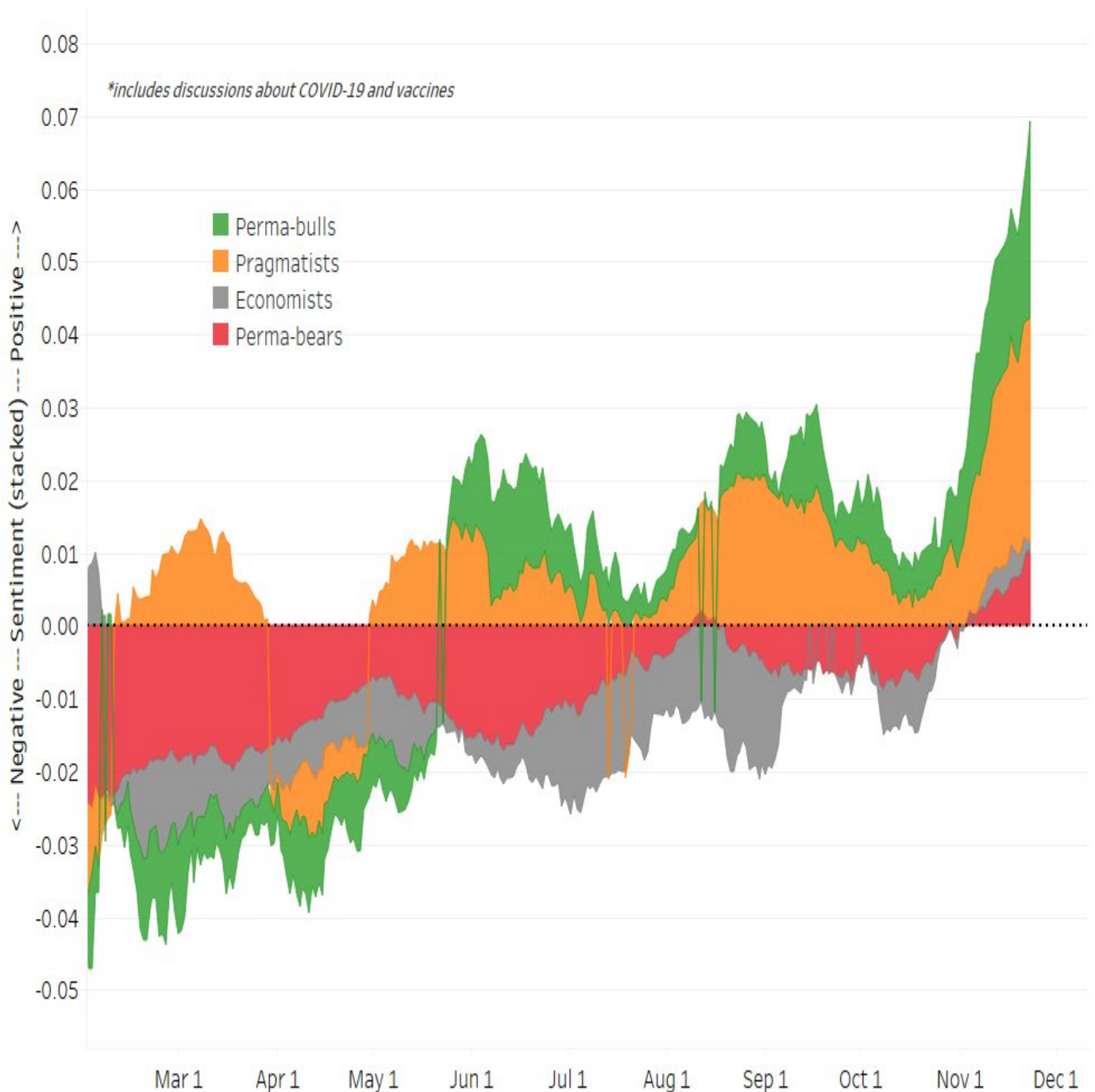


Furthermore, you have to wonder precisely how much *"gas is left in the tank"* when even *"perma-bears"* are now bullish.

Fintwit: Euphoria Over Vaccines and COVID-19

ARBOR DATA
SCIENCE

Rolling 30-day sentiment of Twitter activity by 80+ most prolific fintwitters including economists, commentators, portfolio managers, and traders



Data Source: Twitter ©2020 Arbor Research & Trading, LLC All Rights Reserved

datascience.arborresearch.com

Consequently, you will notice the previous peaks in perma-bull exuberance have coincided with short-term corrections.

Therefore, the question we should ask is *"if everyone is in, who is left to buy?"*

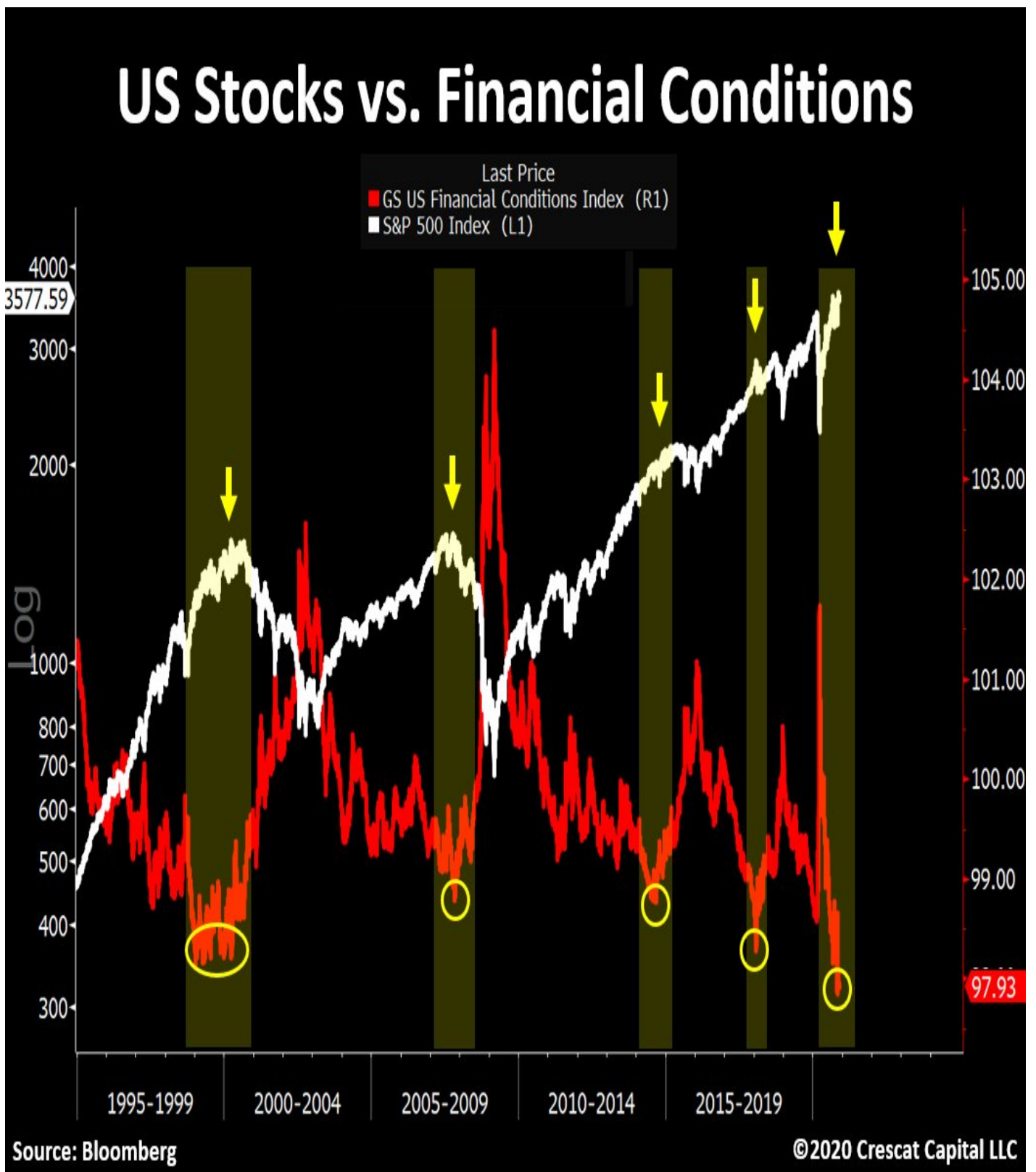


Real Investment Show
with Lance Roberts

Monday to Friday,
from 6 to 7am. [> Get it now](#)

A Lack Of Buyers

As I have noted previously, one of the primary drivers, unsurprisingly, is the extremely easy "financial conditions" caused by low-interest rates, fiscal and monetary policies. Consequently, easy financial conditions have historically also come with a "price tag" attached. (Chart courtesy of Tavi Costa of Crescat Capital)

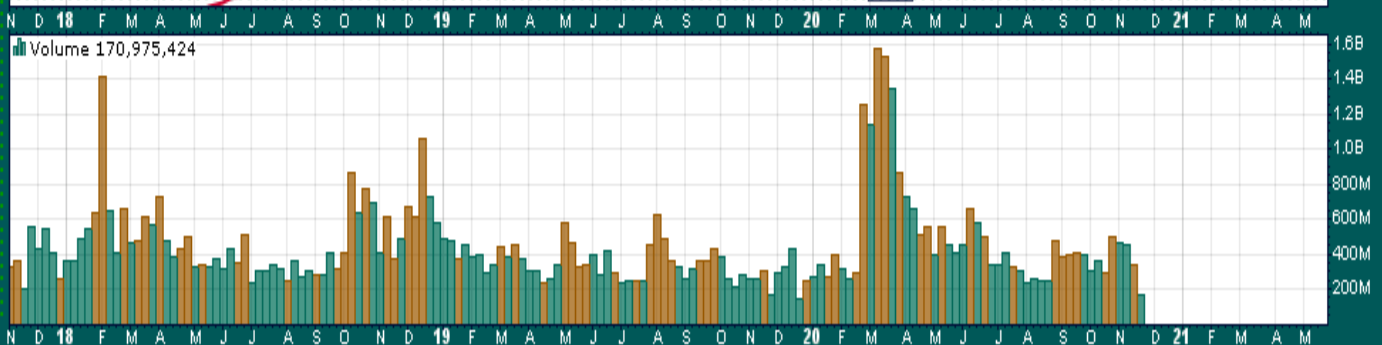
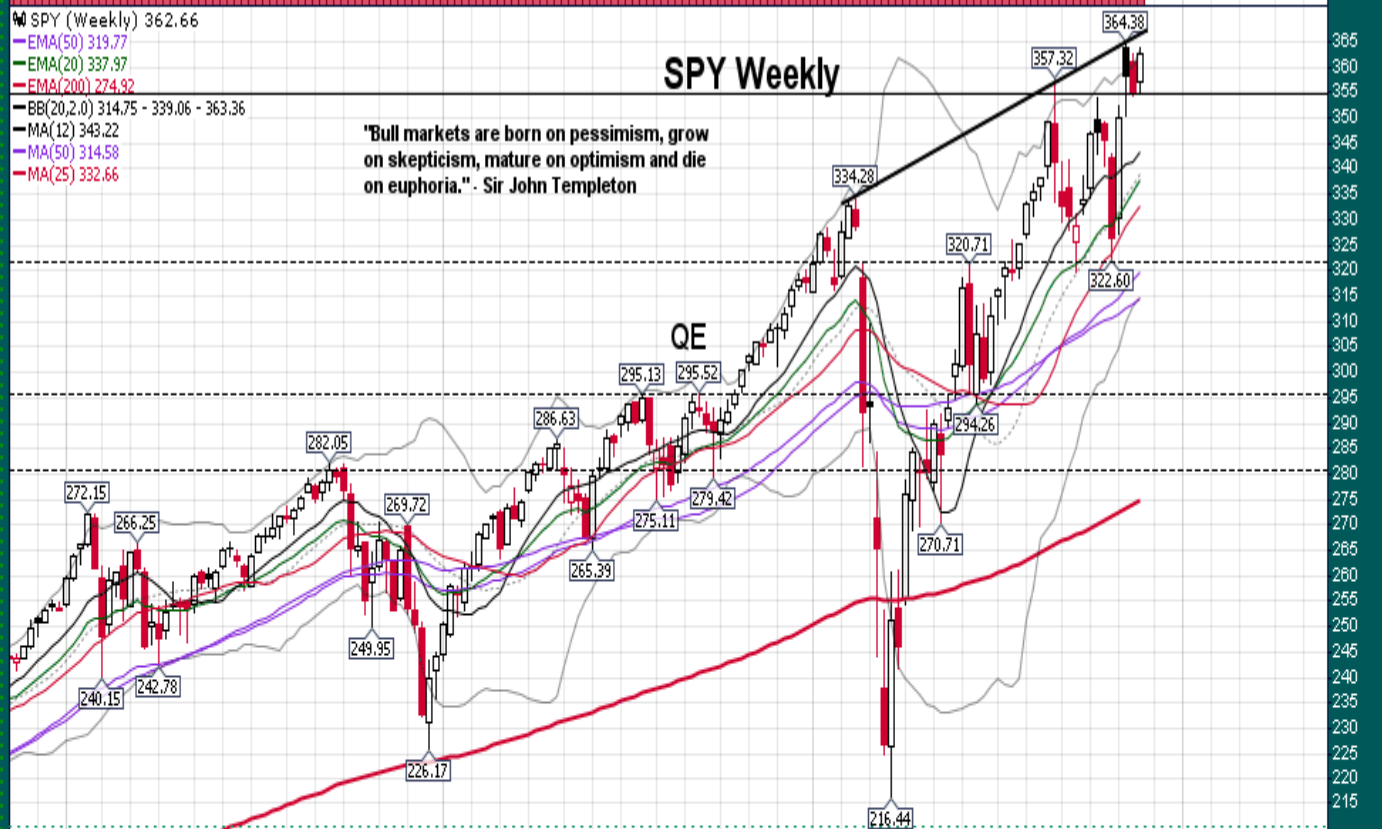
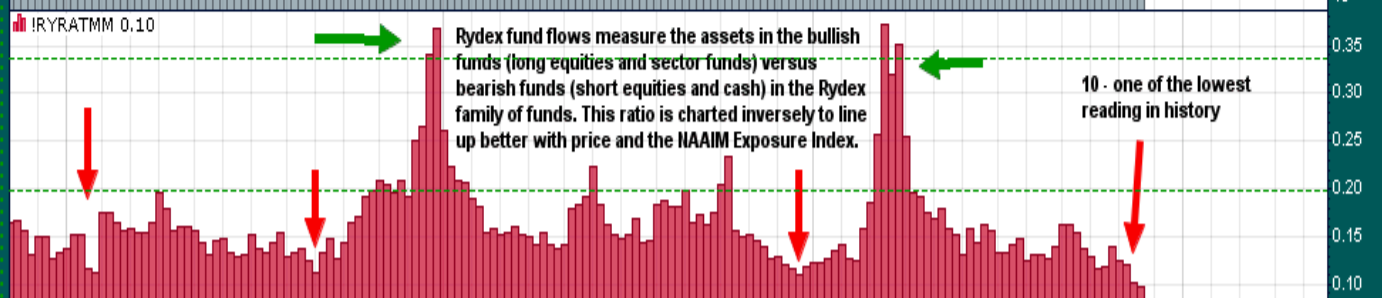
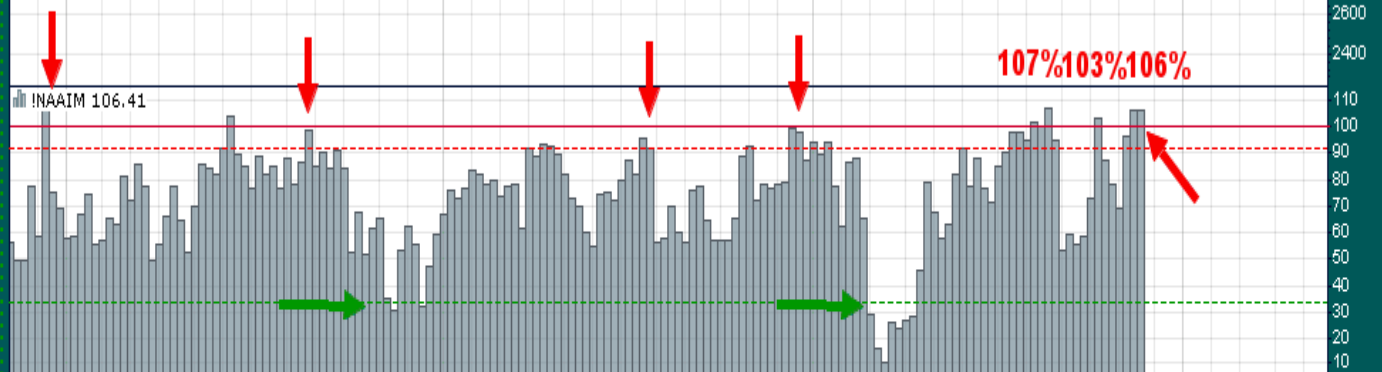


Furthermore, investors' extreme bullishness, particularly post-election, has dragged buyers into the market. As [David Larew of ThinkTankCharts](#) notes, the National Associate Of Investment

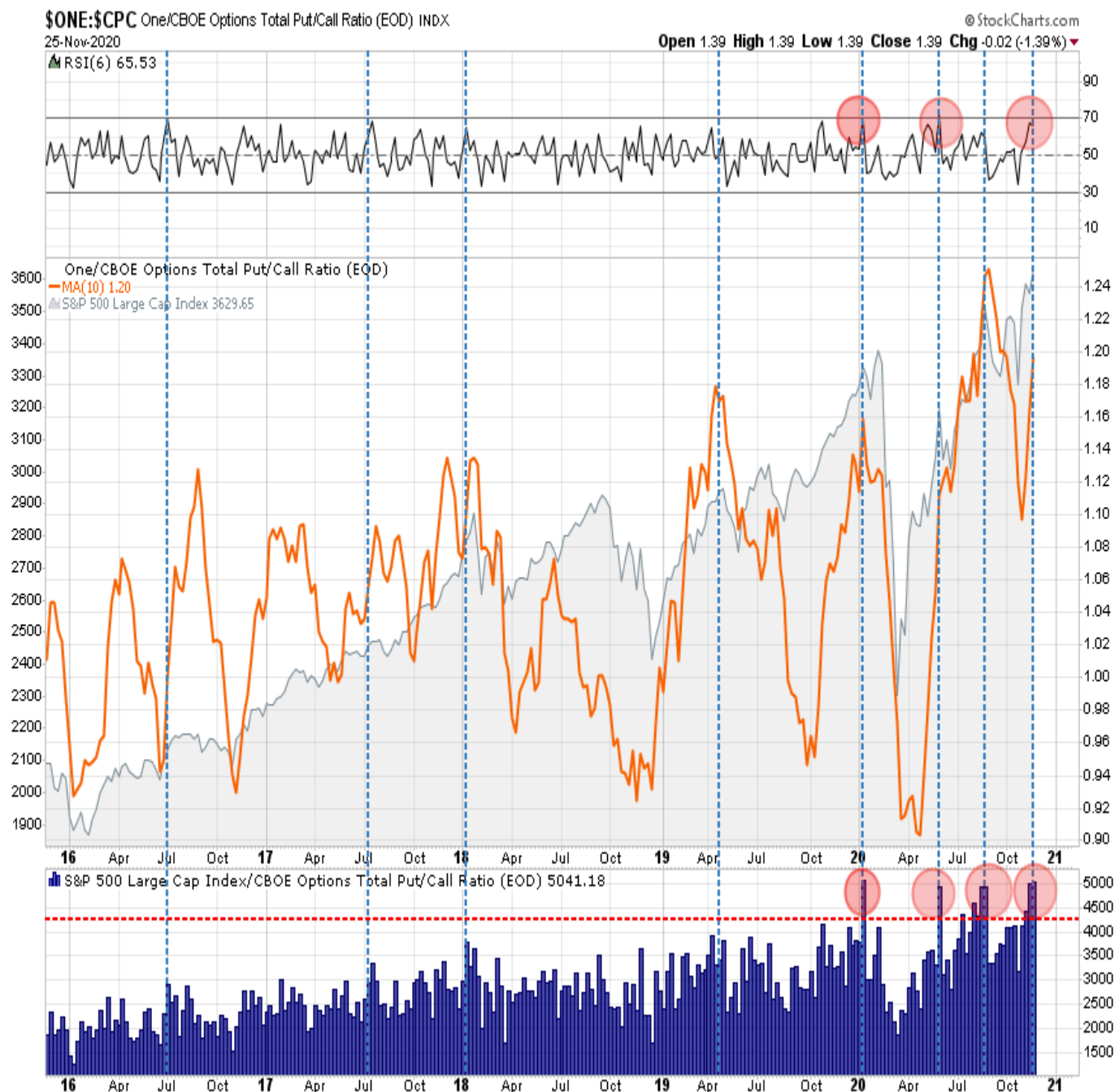
Managers is carrying above 100% exposure to stocks (*leverage*). Such levels of ownership have previously coincided with short- to intermediate-term corrections in the market.

\$SPX

*NAAIM is the National Association of Active Investment Managers. The Exposure Index shows the average percentage of member exposure, and the range is -200% (short) to +200% (long), but it rarely gets over +100% and it is only been negative twice, and then only by tiny amounts.

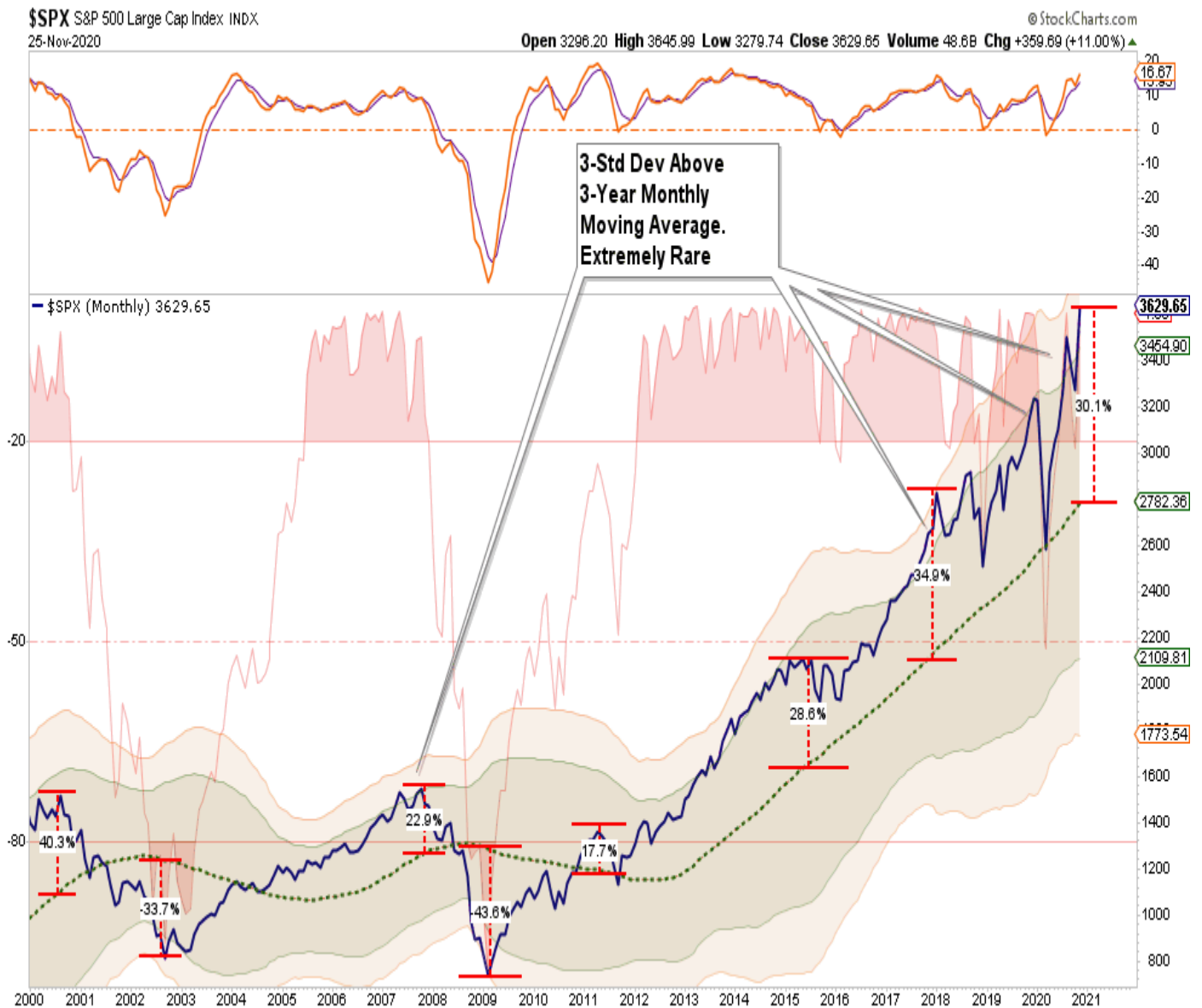


Correspondingly, the surge in buying has also pushed investors to give up hedging portfolios by buying "put options." **With the Put/Call ratio back to more extreme conditions, market corrections have generally been close by.**



Deviations Are Extreme

Lastly, the market's monthly deviations from the 3-year moving average are pushing well into 3-standard deviation territory and trading more the 30% above its mean. Such deviations, as shown, have historically not worked out well for buyers.



The critical ingredient of a bullish advance is "confidence."

Nothing Can Stop It?

The current consensus is with a vaccine coming and more stimulus, a surge in economic recovery will occur.

"When all experts agree, something else tends to happen." - Bob Farrell

Previously, I discussed why it doesn't take much of a catalyst to start a bout of "panic selling." We quoted [Doug Kass](#) on a list of potential risks which few seem to be considering:

- The virus mutates, rendering ?vaccines? ineffective.
- There are unexpected manufacturing, distribution, and storage problems with delivering a Covid-19 virus.
- With a delay and without a timely vaccine, the spread of Covid-19 intensifies.
- As Covid spreads over the next month, there is an increase of state lockdowns, business, school closings, ?stay at home orders,? and curfews enacted around the country.
- The debated election results linger into 2021 as lawsuits multiply.
- Global economic growth fails to reaccelerate in the second quarter of 2021.

- *Housing falls under the weight of higher home prices ? affordability suffers. Housing?s economic multiplier effect moves into reverse.*
- *Consumer and business confidence takes a downturn.*
- *Bond spreads widen.*
- *A divided and partisan House fails to deliver a sizeable and credible stimulus bill.*
- *Investors realize that monetary policy can no longer foster or catalyze economic growth.*
- *Deflationary conditions accelerate based on unexpected economic weakness.*
- *A sizeable corporate fraud gets discovered ? further deflating investor confidence.*

In a market where investors are throwing money into "SPAC's," or shell companies that will try and find something to invest in, the potential for a massive corporate fraud to develop is not that far "*out of the box.*"

Furthermore, when everyone is long equities and leveraged, it is an unexpected, exogenous event, which begins the rush for the exit.

Such is why you don't wait for it to start raining to "*build the ark.*"

RIA Pro

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Portfolio Positioning Update

The idea of "*building the ark*" has continued to be our motto over the past week in our portfolios. Specifically, our primary focus is to adjust our allocations, capture profits, and protect capital when the "*risk/reward*" profile becomes unbalanced.

Therefore, given the ongoing extremes of the market, as discussed above, the imbalances suggest a more cautious approach to portfolios currently. As such, we continued reducing our equity exposure, adjusting our bond holdings, and raising our cash levels.

Earlier, I discussed in our "[3-Minutes](#)" video, the risk of selling pressure after the holiday as pension fund and institutional managers rebalance and mutual funds distribute capital gains.

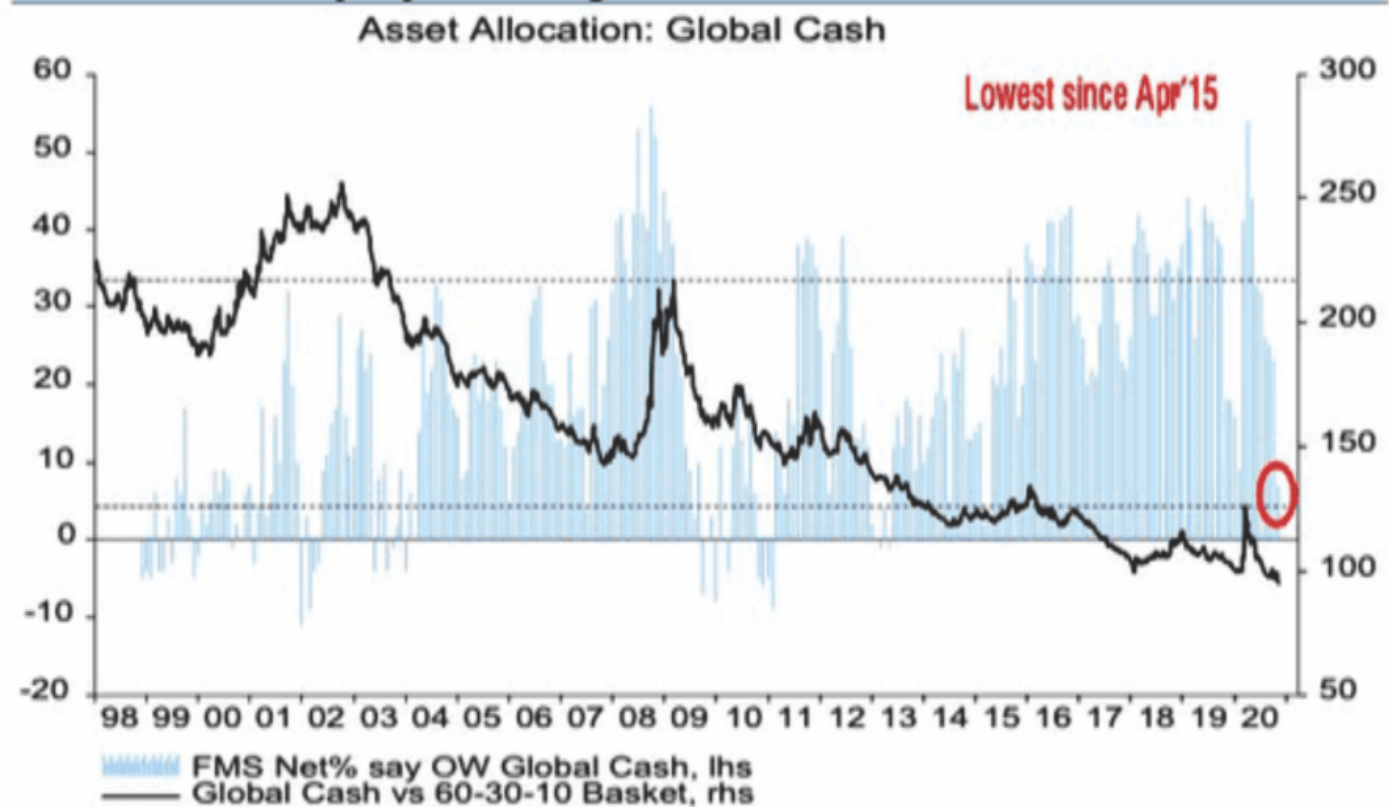
<https://www.youtube.com/watch?v=D9-xCotTgrY>

As shown below, with fund managers carrying some of the lowest cash balances on record, we could see selling pressure to make distributions.

FMS cash allocation fell 16ppt MoM to net 7% overweight, the lowest level since April 2015.

Current allocation is 1.1 stdev below its long-term average.

Exhibit 32: Net % AA Say they are overweight Cash



Source: BofA Global Fund Manager Survey

With the markets exceedingly exuberant on many fronts, caution is certainly warranted. **With margin debt near peaks, stock prices at all-time highs, and ?junk bond yields? near record lows, the bullish media continues to suggest there is no reason for concern.**

Of course, such should not be a surprise.

At market peaks ? ?everyone?s in the pool.?

?The investor?s chief problem ? and even his worst enemy ? is likely to be himself.? ? Benjamin Graham

7-Impossible Trading Rules To Follow

In the *heat of the moment*, it is easy to get swept up into narratives as the *Fear Of Missing Out* overtakes our logical thought processes. As such, here are the **7-impossible trading rules to follow**:

1) **Sell Losers Short: Let Winners Run:**

It seems like a simple thing to do, but the average investor sells their winners and keeps their losers, hoping they will eventually return to even.

2) **Buy Cheap And Sell Expensive:**

If an investment isn't cheap, it isn't. Don't make excuses to justify overpaying for an investment. In the long run, overpaying always reduces returns.

3) **This Time Is Never Different:**

As much as our emotions and psychology always want to hope for the best this time is never different. History may not repeat exactly, but it generally rhymes.

4) **Be Patient:**

*There is never a rush to invest. There is also **NOTHING WRONG** with sitting on cash until a real opportunity comes along. Being patient is an excellent way to keep yourself out of trouble.*

5) **Turn Off The Television:**

The only thing you achieve by watching the television from one minute to the next is increasing your blood pressure.

6) **Risk Is Not Equal To Your Return:**

Risk only relates to the loss of capital incurred when an investment goes wrong. Invest conservatively and grow your money over time with the least amount of risk possible.

7) **Go Against The Herd:**

*When everyone agrees on the market's direction due to any given set of reasons generally, something else happens. Such also cedes to points 2) and 4). **To buy something cheap or to sell expensive, you are buying when everyone is selling and selling when everyone is buying.***

Happy Thanksgiving.



**REAL
INVESTMENT
ADVICE**

Have more than \$500k invested?
Get a better strategy than
“buy and hold”

**MEET WITH AN
RIA TEAM
MEMBER TODAY**

The MacroView



#MacroView: A Vaccine And The “New New Normal”

Written by Lance Roberts | Nov 20, 2020

Pfizer announced a potential vaccine for COVID-19 that was 90% effective. While a “vaccine” will eventually come to the market, it will only ensure a return to the “New New Normal.”

[>> Read More](#)

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

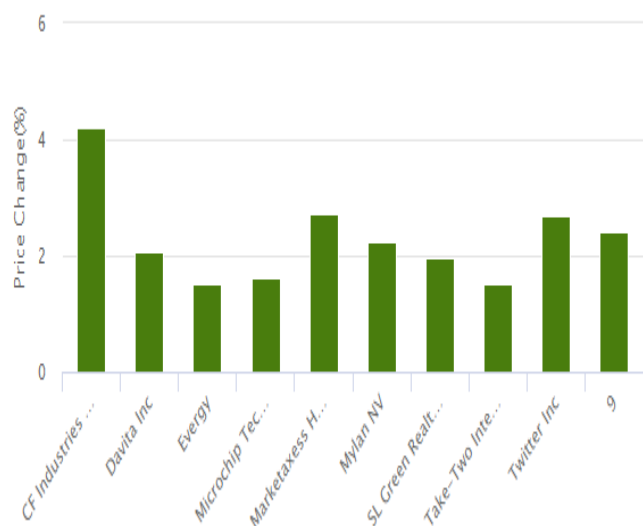
Discover All You Are Missing At RIAPRO.NET

This is what our [RIAPRO.NET](#) subscribers are reading right now! ***Risk-Free For 30-Day Trial.***

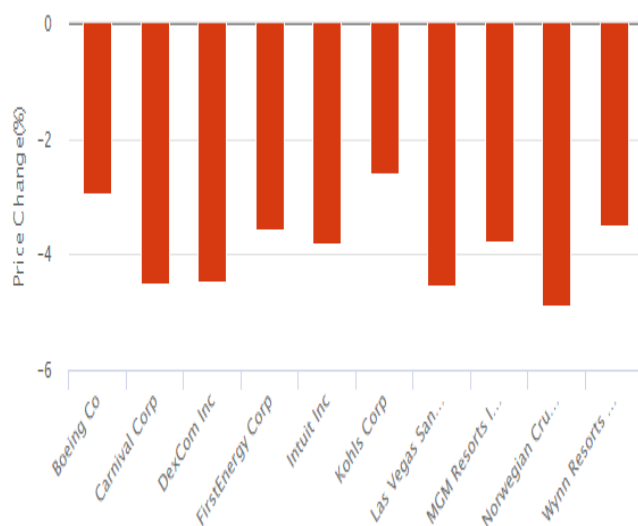
- ***Sector & Market Analysis***
- ***Technical Gauge***
- ***Fear/Greed Positioning Gauge***
- ***Sector Rotation Analysis (Risk/Reward Ranges)***
- ***Stock Screens (Growth, Value, Technical)***
- ***Client Portfolio Updates***
- ***Live 401k Plan Manager***

We just launched an all-new dashboard with tons of market data and stock and ETF specific analysis to generate real-time trading ideas. (Screen Shots)

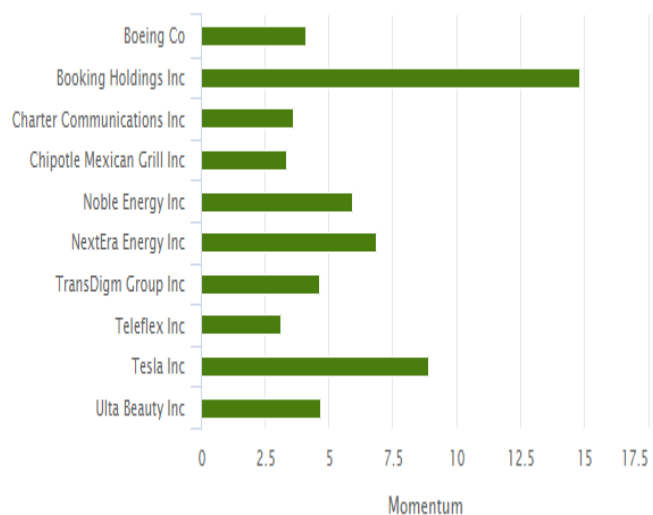
Top S&P500 Stocks Today



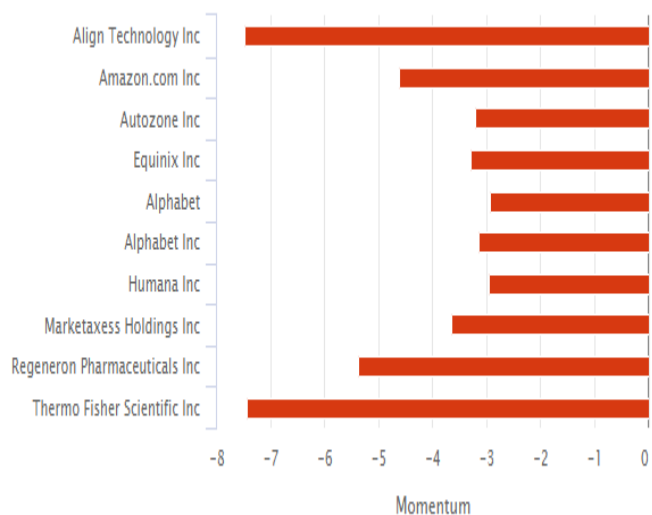
Bottom S&P500 Stocks Today



S&P500 Momentum (Increase)



S&P500 Momentum Greatest (Decrease)



Today's Top & Bottom Performer by Sector (Click On Symbol to See Details)

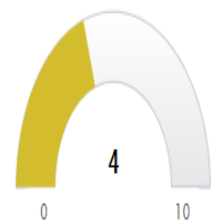
| Communication Services | | | Industrials | | | Financial | | | Consumer Cyclical | | | Energy | | | Real Estate | | | Utilities | | | Materials | | |
|------------------------|---------|--------|-------------|---------|---------|-----------|---------|---------|-------------------|---------|---------|---------|---------|---------|-------------|---------|---------|-----------|---------|---------|-----------|---------|---------|
| TTWO | TWTR | DISCA | HWM | URI | DE | MKTX | NDAQ | CB | HAS | DPZ | LB | FANG | OXY | WMB | SLG | EQR | UDR | EVRG | NI | CMS | CF | ALB | DD |
| 2.7 % | 2.43 % | 1.88 % | 1.81 % | 1.28 % | 1.16 % | 2.23 % | 1.26 % | 1.02 % | 1.38 % | 1.17 % | 1.08 % | 1.01 % | 0.97 % | 0.89 % | 1.52 % | 1.17 % | 1.11 % | 1.53 % | 1.27 % | 1.11 % | 4.2 % | 1.68 % | 0.81 % |
| VIAC | DISCK | EA | GE | MMM | SNA | CME | PYPL | MET | SEE | NKE | HOG | APA | COP | CXO | BPX | AVB | SPG | PEG | DUK | LNT | FCX | CTVA | NEM |
| 1.88 % | 1.6 % | 1.44 % | 1.04 % | 0.75 % | 0.7 % | 0.93 % | 0.93 % | 0.79 % | 0.88 % | 0.81 % | 0.7 % | 0.78 % | 0.48 % | 0.37 % | 0.89 % | 0.94 % | 0.61 % | 1.02 % | 0.98 % | 0.76 % | 0.66 % | 0.54 % | 0.39 % |
| ATVI | CHTR | NFLX | CPRT | AVY | IR | SIVB | TRV | AFL | HBI | GM | LEG | PSX | CVX | NBL | PLD | ARE | VNO | AWK | ATO | WEC | MOS | IFF | APD |
| 1.16 % | 0.75 % | 0.74 % | 0.58 % | 0.32 % | 0.14 % | 0.64 % | 0.51 % | 0.3 % | 0.52 % | 0.51 % | 0.48 % | 0.23 % | 0.07 % | 0 % | 0.28 % | 0.24 % | 0.23 % | 0.68 % | 0.6 % | 0.58 % | 0.15 % | 0.1 % | 0.04 % |
| FOX | DISH | CTL | GPN | DAL | RHI | AIG | AMP | NTRS | IP | RCL | PVH | NOV | OKE | KMI | VTR | DRE | WY | NEE | XEL | PPL | EMN | ECL | LIN |
| 0.82 % | 0.09 % | 0 % | 0.08 % | -2.08 % | -2.13 % | 0.18 % | -2.09 % | -2.11 % | 0.41 % | -2.5 % | -2.58 % | 0 % | -1.02 % | -1.04 % | 0.21 % | -0.72 % | -0.83 % | 0.58 % | -0.08 % | -0.27 % | 0.04 % | -0.13 % | -0.4 % |
| NWSA | VZ | NWS | HII | LHX | LMT | RF | FITB | ADS | KSS | RL | EXPE | HES | SLB | XOM | REG | WELL | FRT | SO | PNW | EIX | VMC | NUE | SHW |
| -0.17 % | -0.28 % | -0.4 % | -2.14 % | -2.18 % | -2.24 % | -2.28 % | -2.28 % | -2.31 % | -2.61 % | -2.94 % | -3.28 % | -1.13 % | -1.22 % | -1.23 % | -1.05 % | -1.06 % | -1.11 % | -0.31 % | -0.38 % | -0.38 % | -0.51 % | -0.53 % | -0.62 % |
| DIS | CMCSA | LYV | UAL | TDG | BA | WLTW | DFS | WFC | WYNN | MGM | CCL | MRO | HFC | MPC | O | HST | PSA | EXC | D | NRG | LYB | DOW | CE |
| -0.46 % | -0.63 % | -0.9 % | -2.54 % | -2.8 % | -2.94 % | -2.49 % | -2.55 % | -2.6 % | -3.5 % | -3.78 % | -4.51 % | -1.58 % | -1.89 % | -2.1 % | -1.18 % | -2.08 % | -2.25 % | -1.13 % | -1.39 % | -1.39 % | -0.71 % | -1.1 % | -1.23 % |
| FB | GOOG | | GWW | FLS | | WU | MA | | LVS | NCLH | | FTI | DVN | | AMT | SBAC | | AES | FE | | FMC | MLM | |
| -1.19 % | -1.23 % | | -3.21 % | -3.35 % | | -2.83 % | -3.28 % | | -4.54 % | -4.9 % | | -2.58 % | -2.95 % | | -2.42 % | -2.57 % | | -2.2 % | -3.58 % | | -1.38 % | -1.47 % | |

| Consumer Goods | | | Healthcare | | | Technology | | |
|----------------|---------|---------|------------|---------|---------|------------|---------|---------|
| KHC | TGT | DLTR | DVA | A | LH | MCHP | FLIR | FTNT |
| 1.19 % | 0.55 % | 0.44 % | 2.06 % | 2.03 % | 1.99 % | 2.72 % | 1.17 % | 0.93 % |
| CLX | HRL | MKC | MYL | DGX | IDXX | AKAM | SWKS | NOW |
| 0.29 % | 0.28 % | 0.23 % | 1.86 % | 1.63 % | 1.55 % | 0.81 % | 0.74 % | 0.73 % |
| PEP | NWL | PG | VRTX | LLY | PFE | FFIV | QRVO | IT |
| 0.07 % | -0.1 % | -0.16 % | 1.53 % | 1.45 % | 1.41 % | 0.57 % | 0.36 % | 0.19 % |
| MNST | GIS | HSY | WST | MCK | ABC | GRMN | NLOK | KEYS |
| -0.25 % | -1.03 % | -1.08 % | 1.25 % | -1.2 % | -1.41 % | 0.17 % | -1.43 % | -1.52 % |
| TAP | WMT | KMB | PRGO | HOLX | BSX | ANET | ANSS | FIS |
| -1.09 % | -1.24 % | -1.4 % | -1.43 % | -1.46 % | -1.49 % | -1.6 % | -1.81 % | -2.39 % |
| STZ | TSN | SYY | ANTM | UHS | HCA | FLT | CRM | DXC |
| -1.78 % | -2.57 % | -2.76 % | -2 % | -2.22 % | -2.33 % | -2.44 % | -2.5 % | -2.59 % |
| LW | COTY | | BAX | DXCM | | NVDA | INTU | |
| -2.77 % | -3.2 % | | -2.38 % | -4.47 % | | -2.62 % | -3.8 % | |



FOX - FOX : Synopsis

Neutral



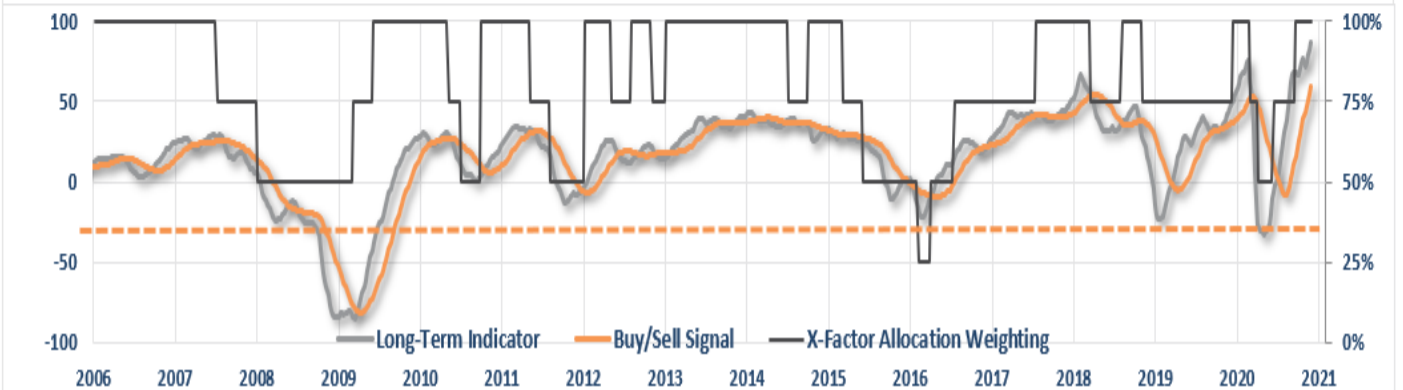
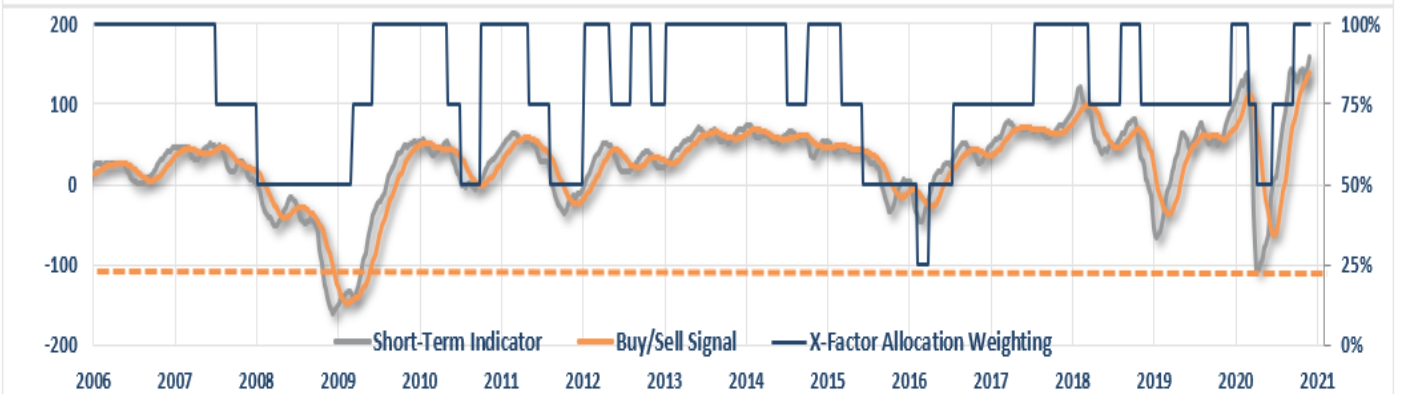
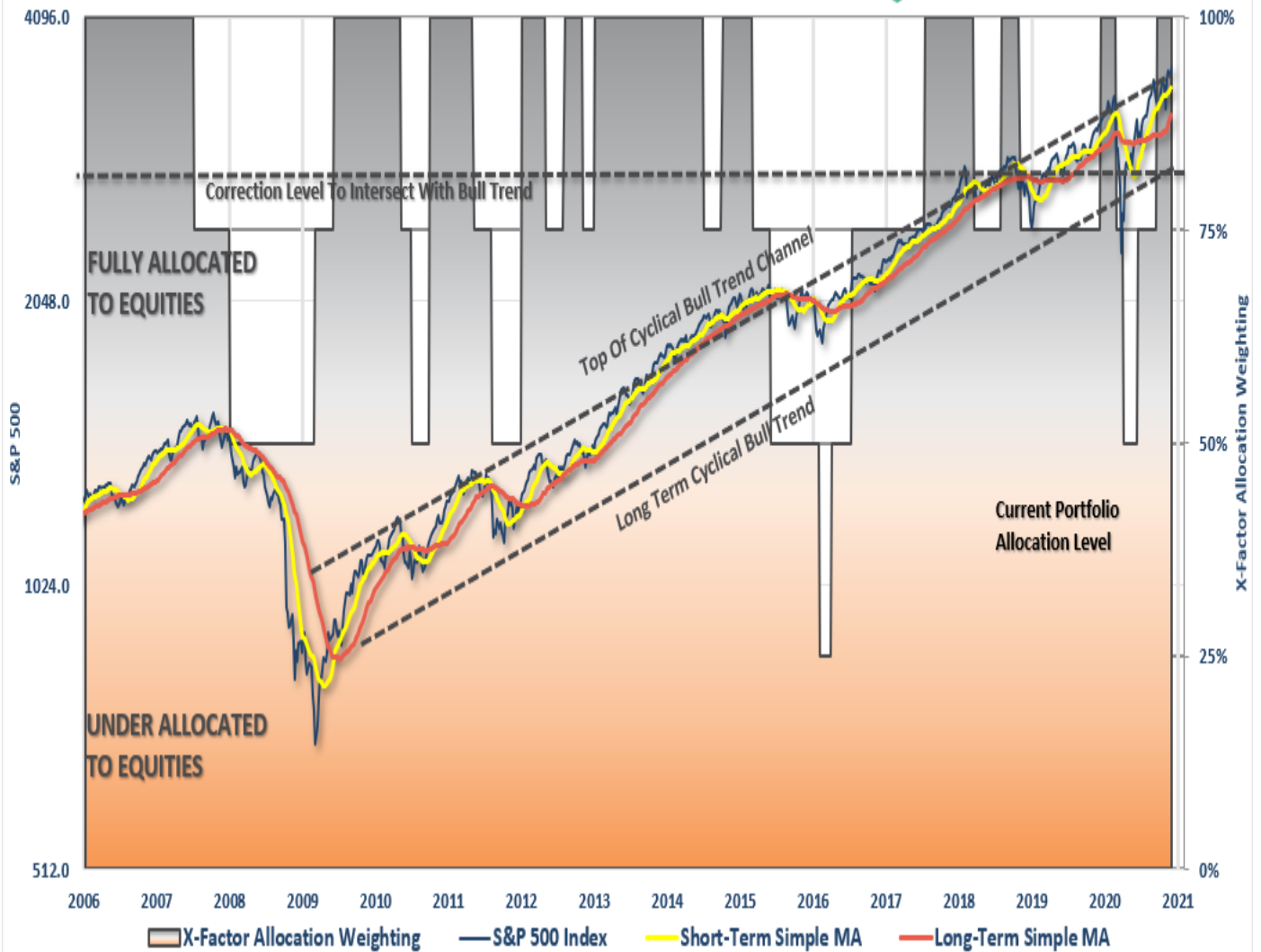
FOX is currently rated a 4 out of 10 on the technical rating score, which technically is a Neutral reading. For the last 12 months FOX is **down -21.1%** compared to the S&P 500's 16.74%.

If you are long: Currently, FOX is basically neutral and in a holding pattern and not showing evidence of any significant directional trend moves

THE REAL 401k PLAN MANAGER

A Conservative Strategy For Long-Term Investors

Risk Management Analysis



Current Portfolio Weighting



Current 401k Allocation Model

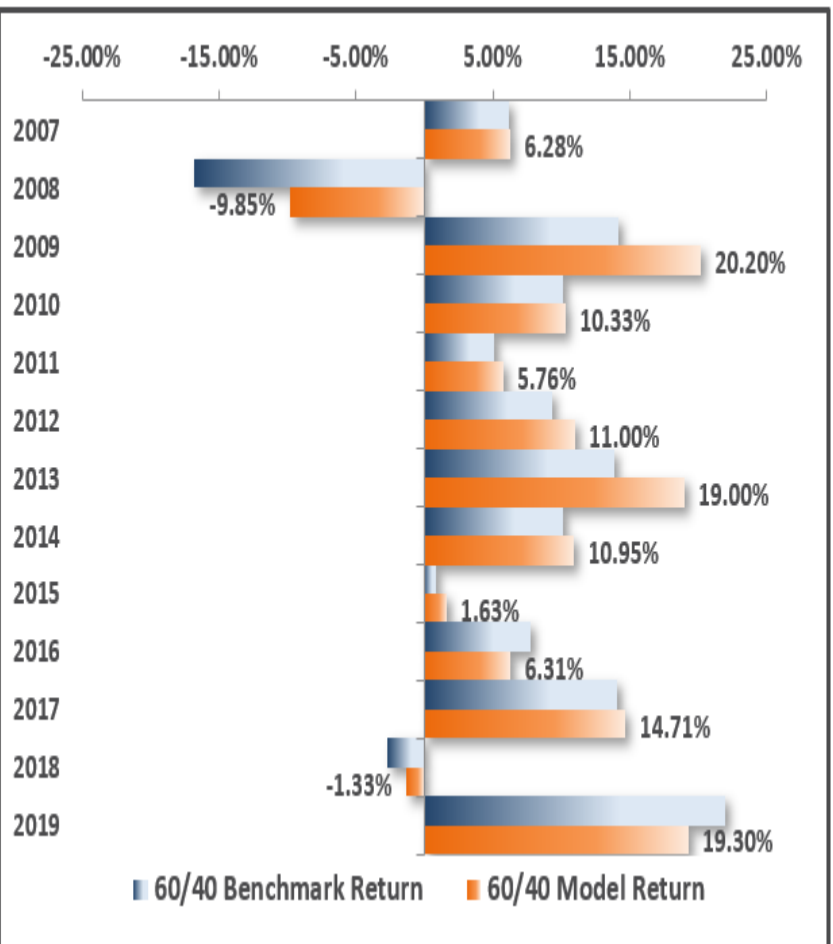
5.00% Cash + All Future Contributions

Primary concern is the protection of investment capital

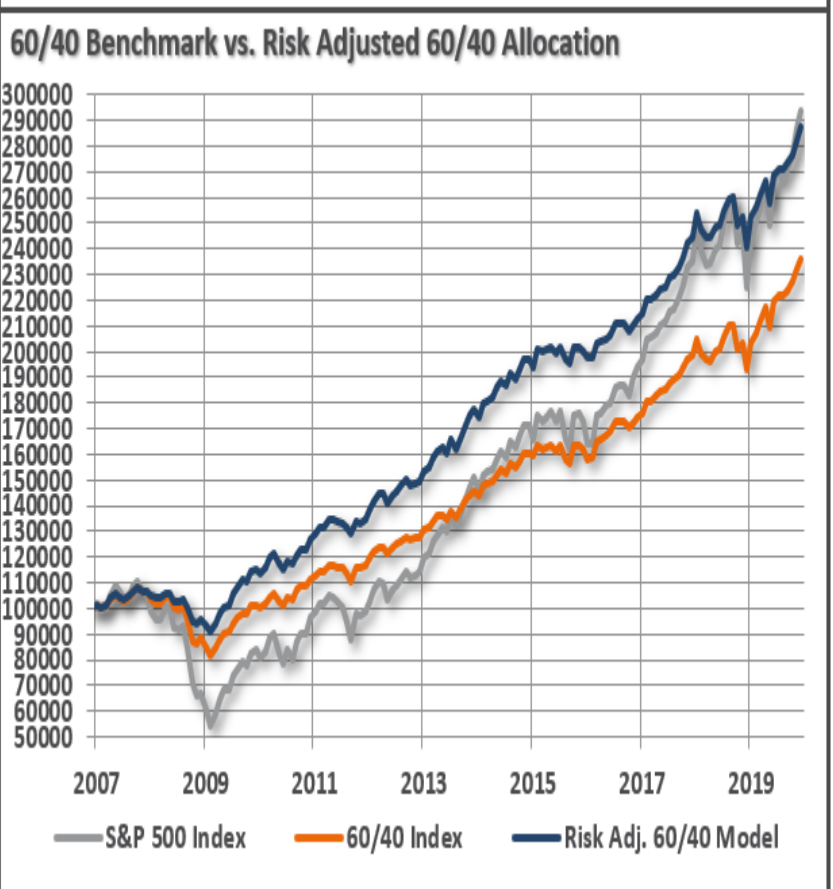
If you need help after reading the alert, do not hesitate to [contact me](#).

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.

| Year | 60/40 Benchmark Return | 60/40 Model Return |
|------|------------------------------|--------------------------|
| 2007 | 6.15% | 6.28% |
| 2008 | -16.79% | -9.85% |
| 2009 | 14.22% | 20.20% |
| 2010 | 10.17% | 10.33% |
| 2011 | 5.14% | 5.76% |
| 2012 | 9.33% | 11.00% |
| 2013 | 13.91% | 19.00% |
| 2014 | 10.08% | 10.95% |
| 2015 | 0.83% | 1.63% |
| 2016 | 7.79% | 6.31% |
| 2017 | 14.12% | 14.71% |
| 2018 | -2.72% | -1.33% |
| 2019 | 21.96% | 19.30% |



| Portfolio vs Benchmark Statistics | |
|------------------------------------|---------|
| Number of Up Years | 11 |
| Number of Down Years | 2 |
| Best One Year Return Of Benchmark | 21.96% |
| Best One Year Return Of Model | 20.20% |
| Worst One Year Return Of Benchmark | -16.79% |
| Worst One Year Return Of Model | -9.85% |
| | |
| Benchmark Return 2007-Present | 123.78% |
| Model Return 2007-Present | 173.11% |
| Total Alpha Generated | 49.33% |
| Mean Annual Return Of Benchmark | 7.25% |
| Mean Annual Return Of Model | 8.79% |
| | |
| Beta Of Model vs Benchmark | 0.86 |
| Jensens Alpha | 2.30% |
| Sharpe Ratio | 0.29 |



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.](#)

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

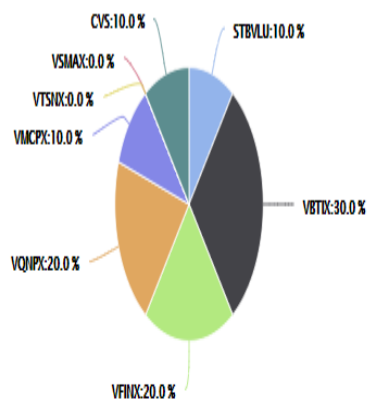
| Retirement Income (My Portfolio Annual ROR 9.44 %) | |
|--|---------|
| Current account balance | 10,000 |
| Estimated Retirement Balance | 632,861 |
| Estimated Retirement Balance (Inflation Adj) | 620,204 |
| Monthly Income | 2,768 |
| Monthly Income (Inflation Adj) | 2,713 |
| My Cumulative Contribution | 172,934 |
| Employer Cumulative Contribution | 103,760 |

RIAPro Portfolio

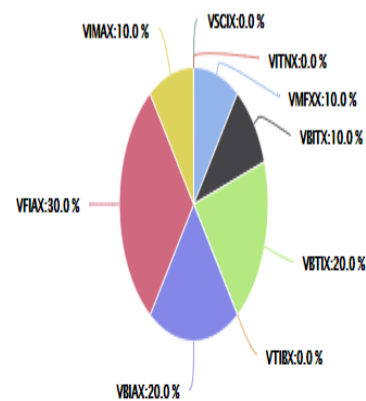
RIA PRO MODEL PL ▾

| Retirement Income (RiaPro Annual ROR 9.02 %) | |
|--|---------|
| Current account balance | 10,000 |
| Estimated Retirement Balance | 609,786 |
| Estimated Retirement Balance (Inflation Adj) | 597,590 |
| Monthly Income | 2,667 |
| Monthly Income (Inflation Adj) | 2,614 |
| My Cumulative Contribution | 172,934 |
| Employer Cumulative Contribution | 103,760 |

My Fund Composition



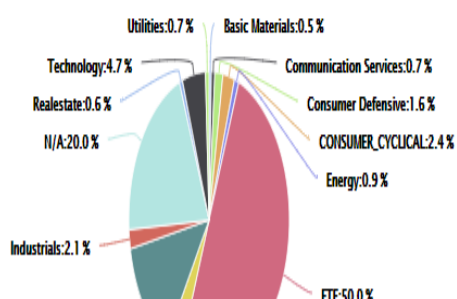
RIAPro Fund Composition



My Asset Composition

RIAPro Asset Composition

My Sector Composition



RIAPro Sector Composition

