

# Signs, Signs

## Everywhere A Sign. Investors Disregard

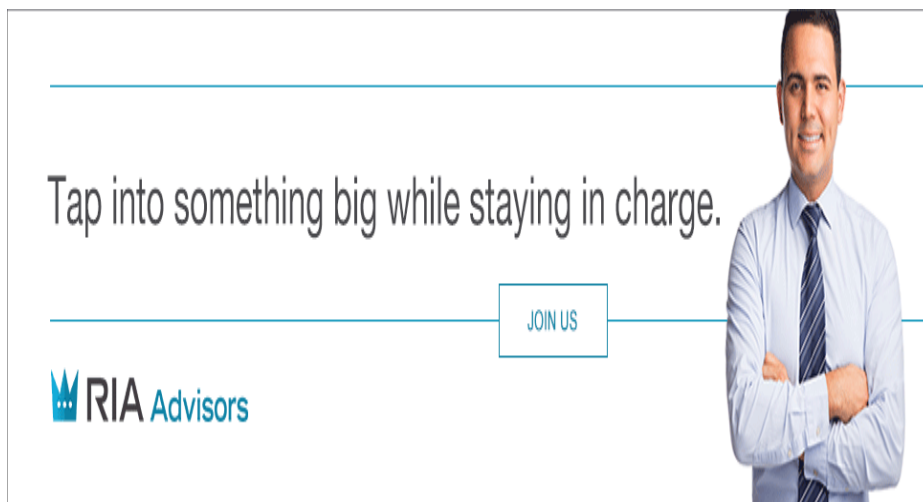


- *Bullish Bias Continues Into December*
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- *MacroView: The Energy Rally Is Likely Premature*
- *Sector & Market Analysis*
- *401k Plan Manager*

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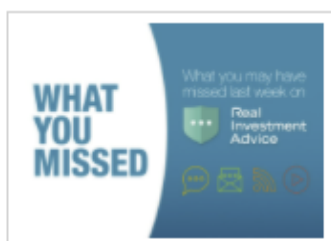
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## Catch Up On What You Missed Last Week



### #WhatYouMissed On RIA This Week: 12-04-20

Written by Lance Roberts | Dec 4, 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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## Bullish Bias Continues Into December

The first week of December continued its bullish advance as *"bad news"* became *"good news."*

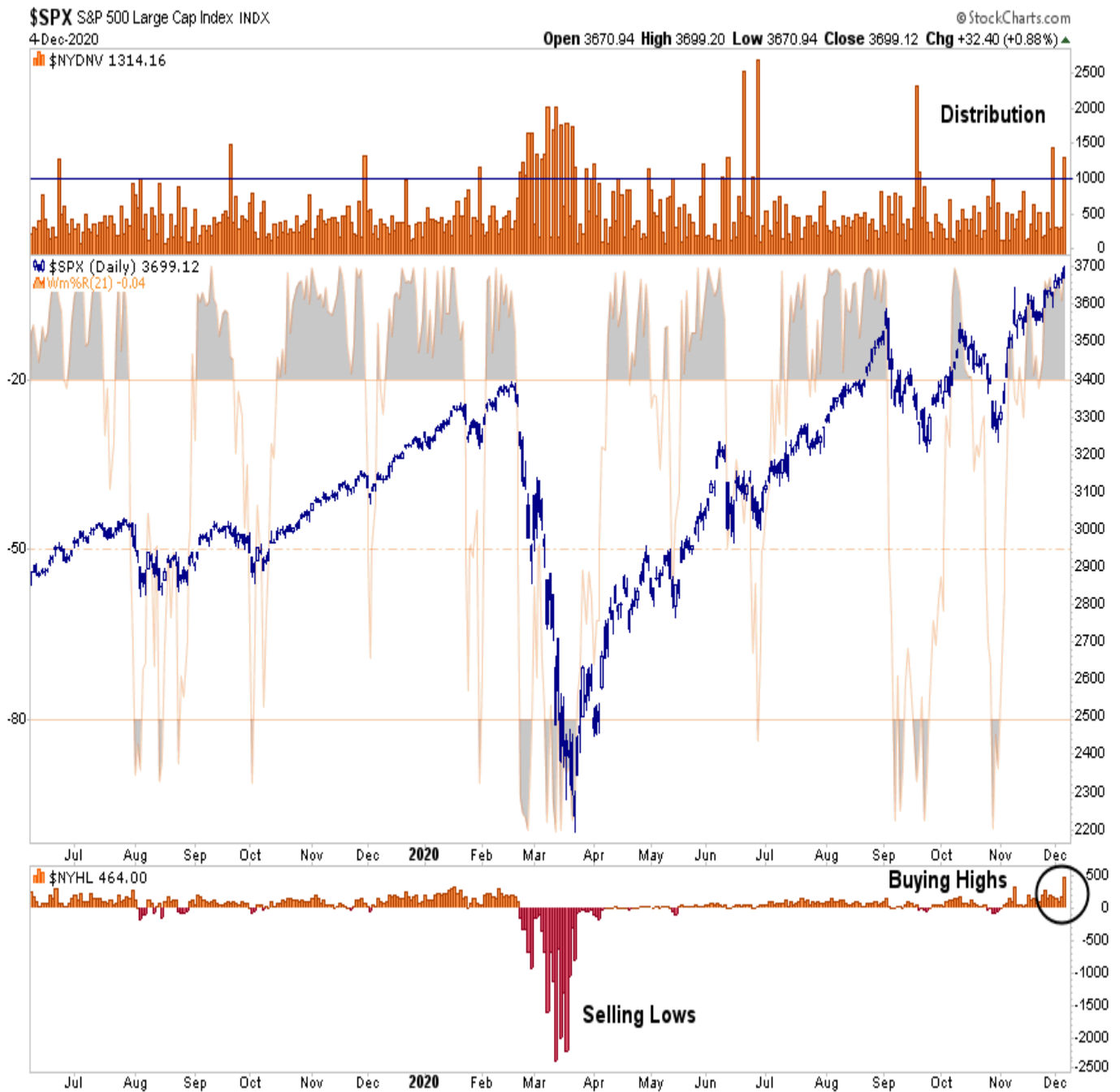
The announcement by Pfizer (PFE) of supply chain problems was seen as *"good news"* as it means more demand for Government stimulus.

On Friday, the dismal employment report, with no bright spots, was also *"good"* as it meant more demand for stimulus.

The problem is that the stimulus does not create organic, sustainable economic activity. Stimulus only pulls forward future activity into the present, leaving a future void to fill. The size and scope of the stimulus discussed will not directly benefit consumers nearly to the degree seen previously.

Such would leave the market very susceptible to disappointment.

Nonetheless, as shown below, the markets did break out of its recent consolidation and have pushed to new highs. Such is not surprising, given we are in the midst of the seasonally strong time of year. *(The following chart is a modified version from my colleague David Larew @ThinkTankCharts)*



The bottom panel of the chart shows a "buying panic" is currently in process. Such does not come without risk. Furthermore, the analysis from Doug Kass is an excellent summation between the media chatter and fundamental realities.

## Group Stink

*"There is a tendency for commentators, strategists, and others to believe 'price is truth,' and to respond accordingly in trading and investing. If one is consumed by the price, it*

***is imperative to recognize the potential pitfalls to that approach and the artificial influences of that price action.***

*But to me, this is a failing, more so today than ever, and certainly when the market's are less friendly as passive products and strategies are the tail that wags the market's dog. One should always question the legitimacy of short term price action, stay independent in view, and avoid becoming overly self-confident and the "Group Stink."*

Currently, the market is extremely "one-sided" as investors chase markets. As I noted yesterday, the number of stocks above their 200-dma is at the highest level seen in several years. Such is not healthy, and previous peaks have consistently preceded "unexpected declines."



***"Fear and greed ebb and flow. Fear, prevalent in March, has been replaced with greed in November." - Doug Kass***

## Give Me A Sign

While we certainly want to be opportunistic and take advantage of the markets can give us, we also must remember that "crowds are wrong at peaks and troughs." Importantly, whatever good news exists, ***it has already been well "priced-into the market."***

As Doug notes, the underlying fundamentals are likely not supportive of current expectations, which leave the markets vulnerable to disappointment next year.

*"As we look out beyond this year and into 2021-22, profit and economic expectations seem too optimistic as a number of small and large businesses have been gutted by Covid-19. The amount of private and public debt that has accumulated over the last year (and 10 years!) will serve as a governor to growth at a time in which the Federal Reserve has little ammunition left and is "pushing on a string." Indeed, 2021 may mark*

*a reversal of aggressive monetary easing which has been the straw that has stirred the market's drink." - Doug Kass*

If only there were a sign?



## Sign, Sign, Everywhere A Sign.

*"Sign, sign, everywhere a sign  
Blockin' out the scenery, breakin' my mind  
Do this, don't do that, can't you read the sign?" - [Five Man Electric Band](#)*

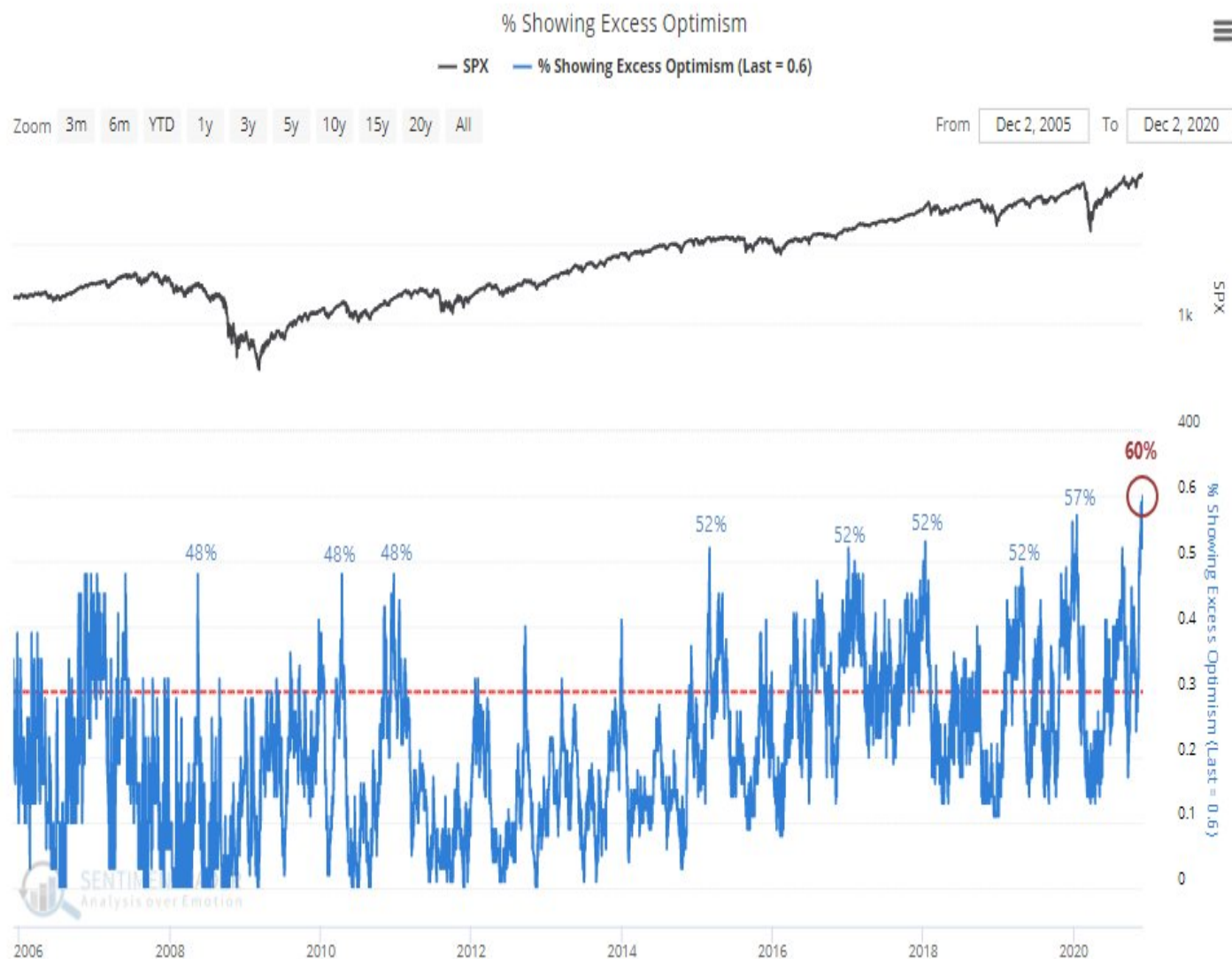
Over the last couple of weeks, we have discussed the more extreme bullish positioning in markets. In this past week's 3-Minutes video, we went through quite a few charts showing the same.

<https://www.youtube.com/watch?v=D9Yb3bWnuwY>

Yes, there are certainly a lot of signs.

On Thursday, SentimenTrader posted a great chart bringing all of this together.

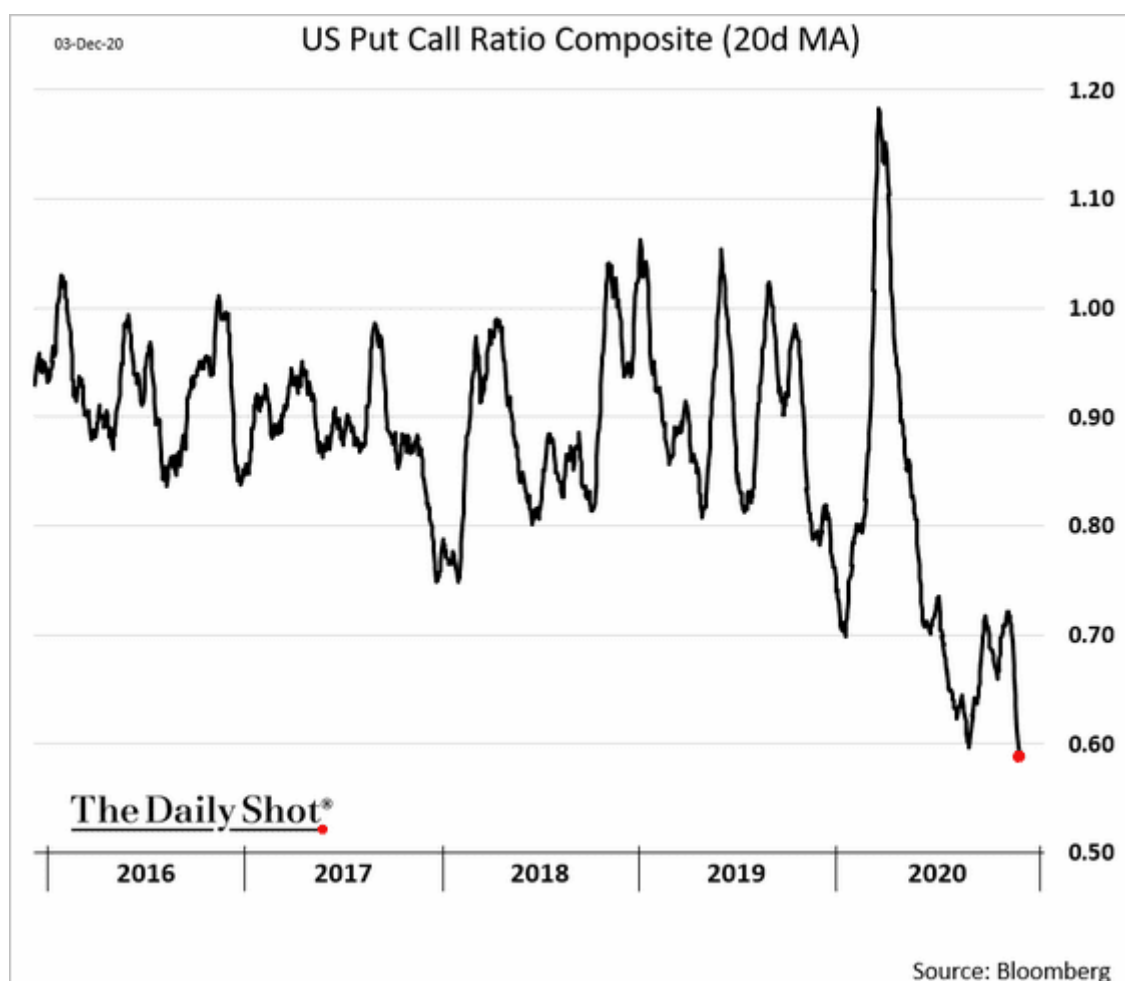
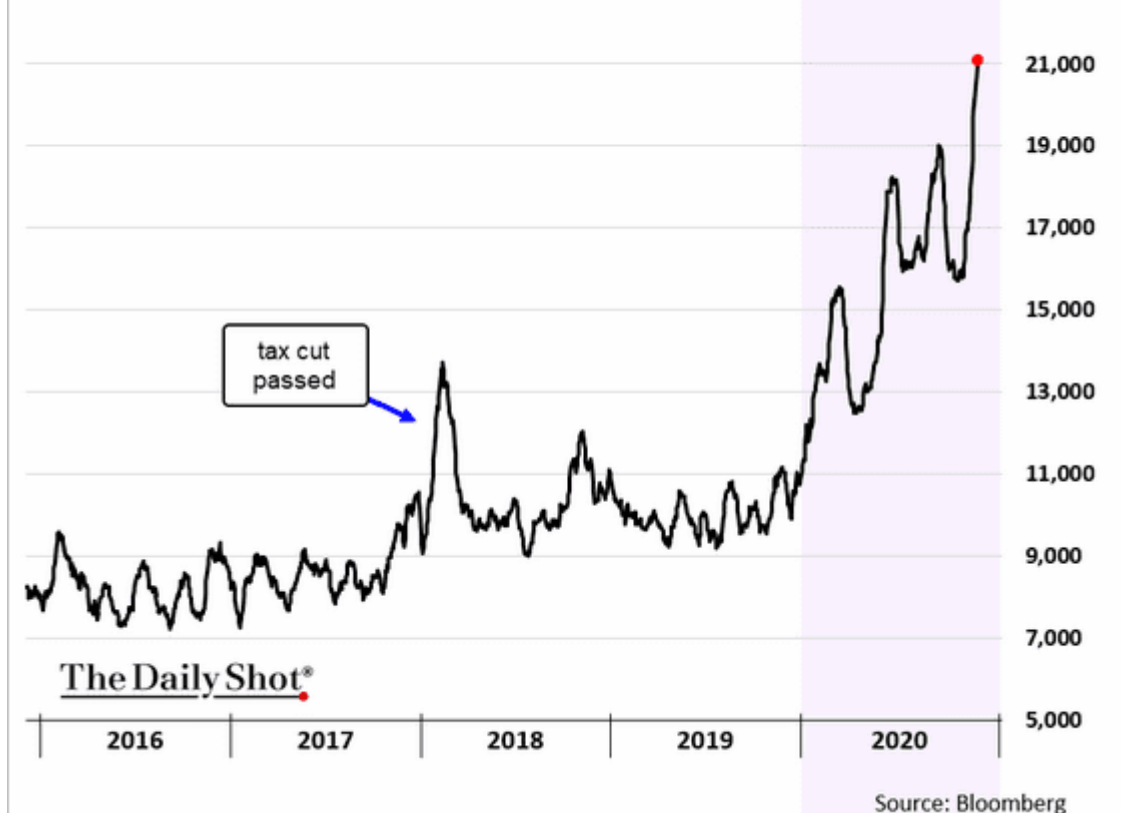
*"For the 1st time in 15 years, 60% of the indicators we track are showing an excessive amount of optimism. An excess of excesses." - SentimenTrader*



In the short-term, the takeaway is that bullish sentiment can, and often does, carry markets further than logic would predict. However, without exception, when *"everyone is on the same side of the boat,"* a reversion will occur. But that is how markets function over time.

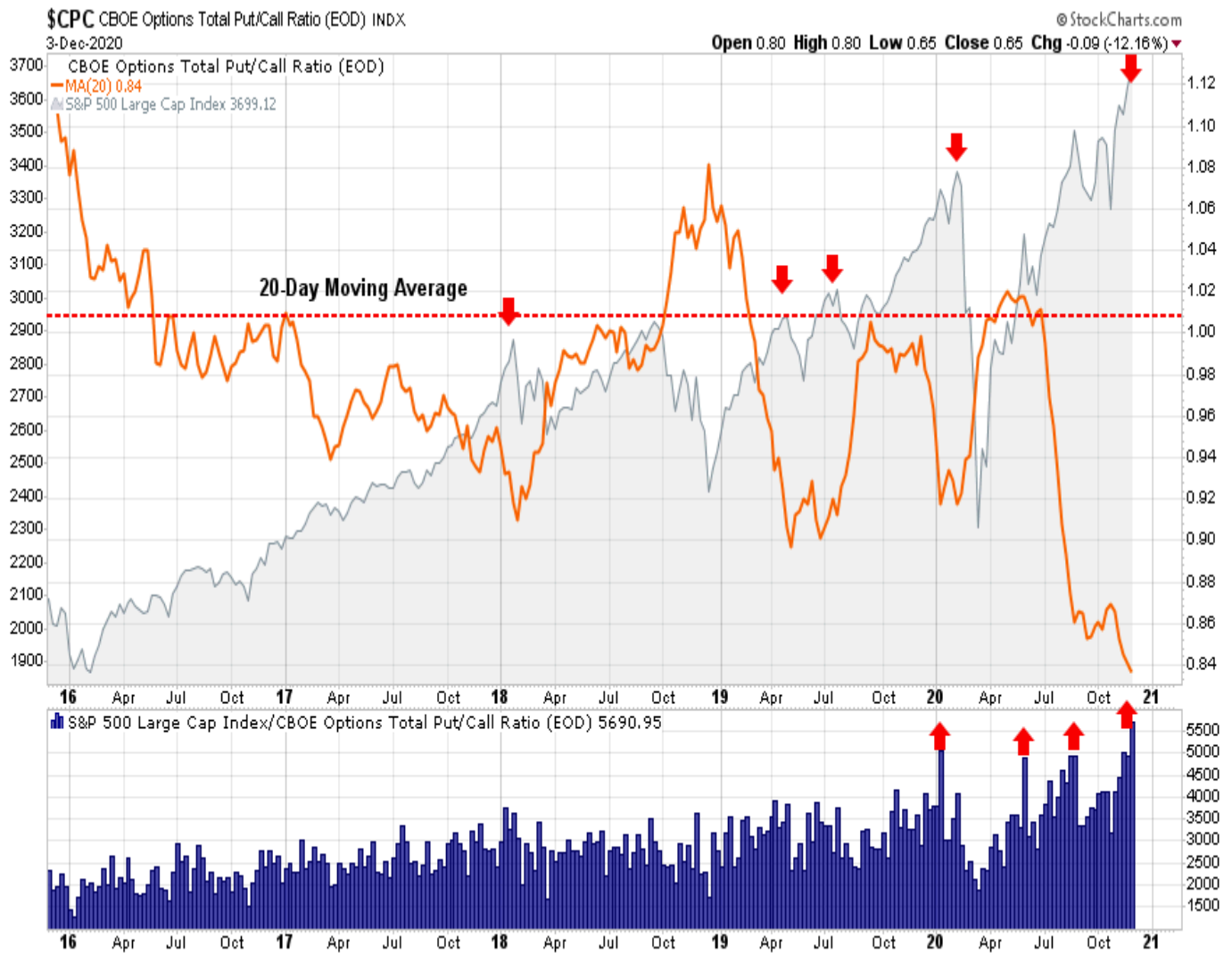
As I discussed previously, the level of speculation in the market is quite rampant as investors have no fear of a market crash. Currently, the speculative call option buying is at a record level, while put buying (a hedge against downside risk) is non-existent. That deviation has pushed the Put-Call Option ratio to a new low.





Again, this doesn't mean that a market correction is imminent; however, history shows that such extremes have led to short-term corrections or worse. All that is needed is a "*catalyst*" to start the

selling.



For now, it seems as if there is *"no risk."* But it is at these periods, where your *"emotional bias"* is tugging you away from *"logic,"* that investors tend to get themselves into trouble.

However, there is one thing we are watching closely.

## The Volatility Signal

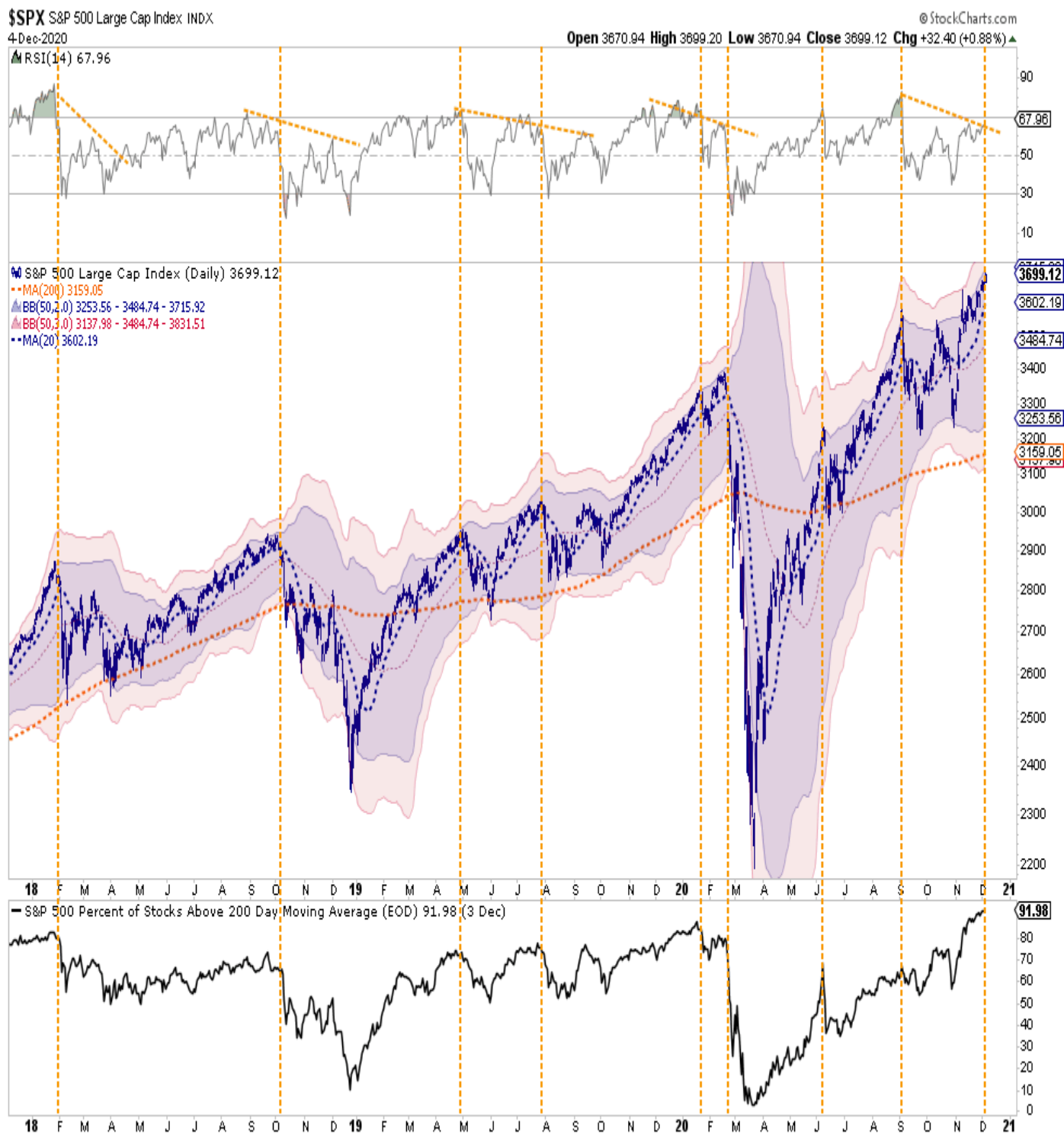
In a market that reaches a point of more extreme complacency, it is not surprising to see volatility drop to lower levels. However, it is when volatility becomes more depressed that the contrarian signal becomes more critical.

As shown in the chart below, the volatility index (\$VIX) has troughed where previous mark peaks formed. However, just because a certain level gets reached, it doesn't mean a correction is immediate. Often, lower levels remain for some time. But, when a *"buy signal"* is triggered (*vertical dashed lines*) and volatility turns upward, it has typically been a rapid event.





Also, the volatility signal is more critical when the market becomes simultaneously stretched to more extreme levels. With the market currently pushing a 3-standard deviation extreme from the 50-dma, the "stage is set" for a short-term correction.



Notably, that deviation, combined with a negatively diverging RSI (top panel), and more than 90% of stocks above their 200-dma, is a warning. **As the vertical lines show, the combination of these measures has previously aligned with market peaks.**

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**Pulling It Forward**

Over the past week, headlines of more stimulus have bolstered the bulls. The current proposal, which will likely get whittled down in negotiations, is \$900 billion. Such a bill is far short of the original \$2.2 trillion package markets had "*bid up*" for previously.

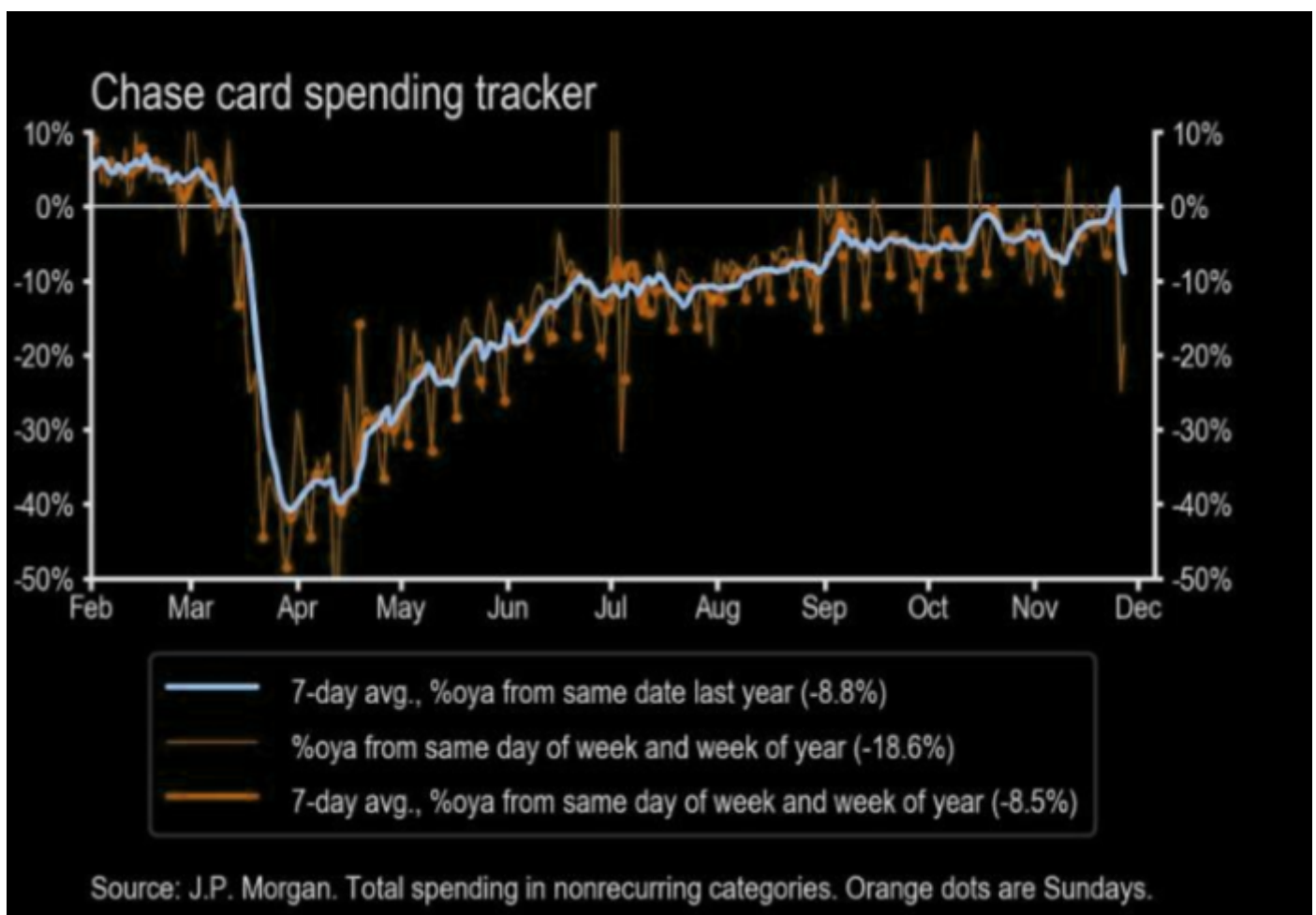
There are a couple of problems with a bill of this size and structure. Given the rather sharp economic recovery seen in the third quarter, the stimulus input will have a more muted impact on future activity. Also, given this bill does not have "*direct checks to households*," the boost to consumption will be far less.

The idea of "*stimulus*" also leads to a second premise of "*pent up demand*." Since consumers have been "*locked down*" due to the pandemic, there is a vast amount of "*pent up*" demand in the system. As soon as consumers are "*unleashed*," they will rush into the economy and spend with reckless abandon.

In a normal economic recession, such would likely be the case. **However, in this cycle, the excess unemployment payments and direct checks to households led to a spending spree in houses, automobiles, and various services.**

In other words, there is likely not as much "*pent up*" demand as market participants currently expect. **If holiday retail sales are any indicator (*retail makes up ~40% of PCE, which is ~70% of GDP*), then consumers may be more "*spent up*" rather than "*pent up*."**

***"Black Friday in-store sales down 54.5% YOY, but all Bubblevision wants to talk about is how online was up 21.5%. Total consumer spend last holiday season was \$730.7B. Online was only a little over \$100B. The 21.5% increase in online is insignificant."* - TheMarketEar**



## The Instability Of Stability

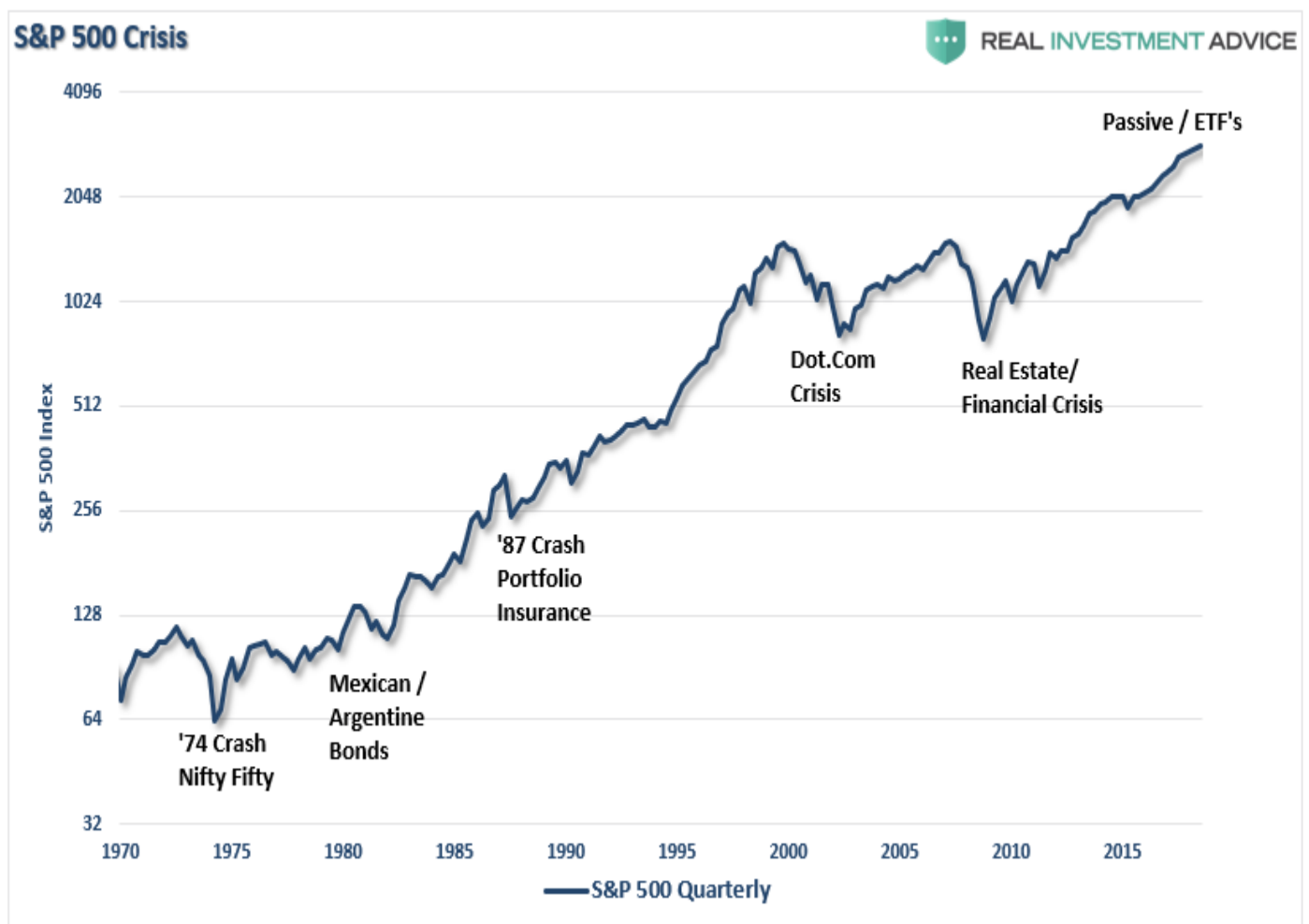
I previously wrote an article on why the [Federal Reserve is so dependent on stability](#) in the financial markets.

*"The '**stability/instability paradox**' assumes that all players are rational and such rationality implies avoidance of complete destruction. **In other words, all players will act rationally, and no one will push 'the big red button.'**"*

*The Fed is highly dependent on this assumption as it provides the 'room' needed, after more than 11-years of the most unprecedented monetary policy program in U.S. history, to try and navigate the risks that have built up in the system.*

***Simply, the Fed is dependent on 'everyone acting rationally.'?***

Unfortunately, the record shows that such has never been the case.



Doug Kass made a great point on this issue last week.

*"While it is clear to most how far beyond the past norms zero and negative interest rates have taken us, I think that exposition needs to go one step further to be complete. The missing element is the absence of the concept of **instability** of the current equilibrium created and supported by zero/negative interest rates.*

*It is important to emphasize that, as well, how **enormous the 'distance' financially to the next equilibrium point** will be once this bizarre instability is finally disrupted - as it must be someday.*

*The point to be hammered home is how 'far,' in financial terms, it is to the more stable and natural equilibrium supported by interest rates that reflect real growth rates.*

*Here the operative descriptive phrase is a **long way down!**"*

## Portfolio Positioning Update

We agree with Doug's point on instability. When reviewing the market's more extreme positioning on so many different levels, such is why we have continued to position more defensively over the past couple of weeks.

Therefore, it is at these points in the market, where investing seems like a "can't lose" opportunity, that "risk" tends to present itself in the most unruly of fashions. It is also at these points where investors get lured away from their investment disciplines to "take on a little more risk." However, it is there that investors find out they have taken on much more risk than they realize.

Such is why, over the last couple of weeks, we have provided you with investing rules and guidelines. These are the same rules and discipline that we use in our practice.

**Do they always work? Absolutely not.** However, more often than not, those rules keep you from losing large amounts of capital.

For now, we are carrying higher levels of cash than usual after reducing our bond duration and size and took profits in some of our more egregiously overbought equity positions. Therefore, with better positioning and lower beta, we can wait for the next opportunity to add to our equity risk.

Lastly, we are watching the U.S. Dollar very closely. It is now extremely oversold with a large net-short position. Such is a prime setup for a rather sharp reversal, which would lead to lower prices in commodities, stocks, emerging markets, international6 markets, and bitcoin.

But that is a story for later.

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## The MacroView



## **#MacroView – The Energy Rally Is Likely Premature**

Written by Lance Roberts | Dec 4, 2020

The rally in energy companies is likely premature. To understand why such may be the case, we have to review a bit of history.

[>> 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

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## **Market & Sector Analysis**

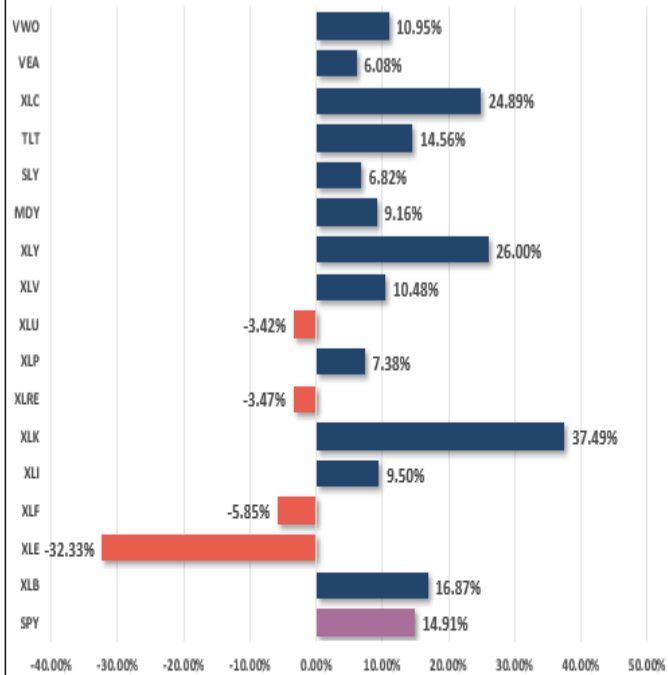
***Analysis & Stock Screens Exclusively For RIAPro Members***

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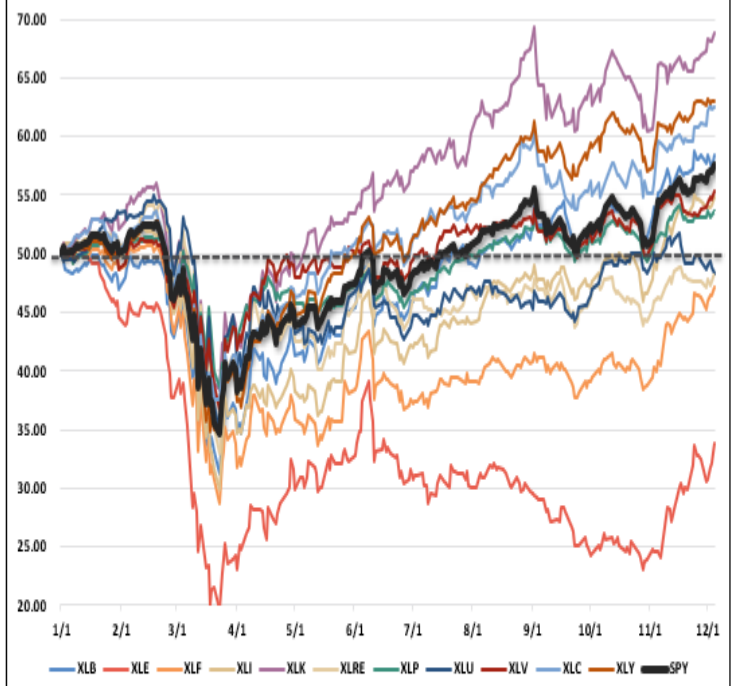
## **S&P 500 Tear Sheet**



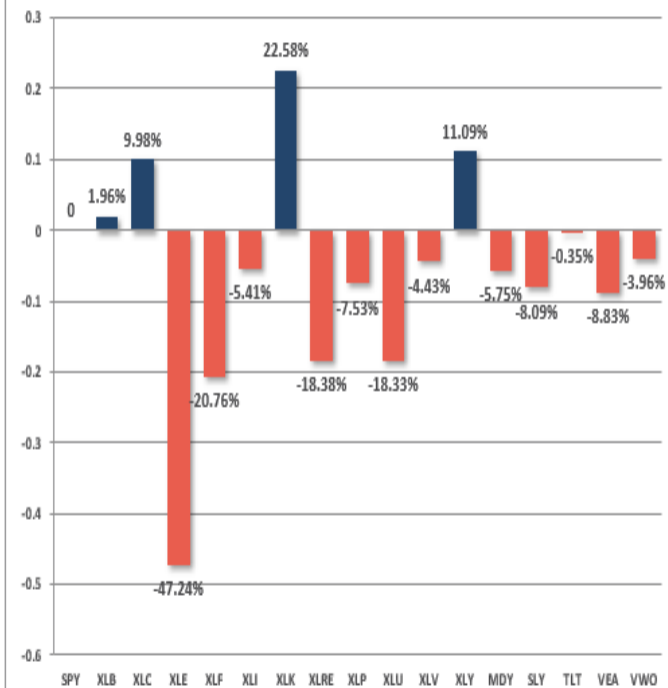
## Year To Date Performance REAL INVESTMENT ADVICE



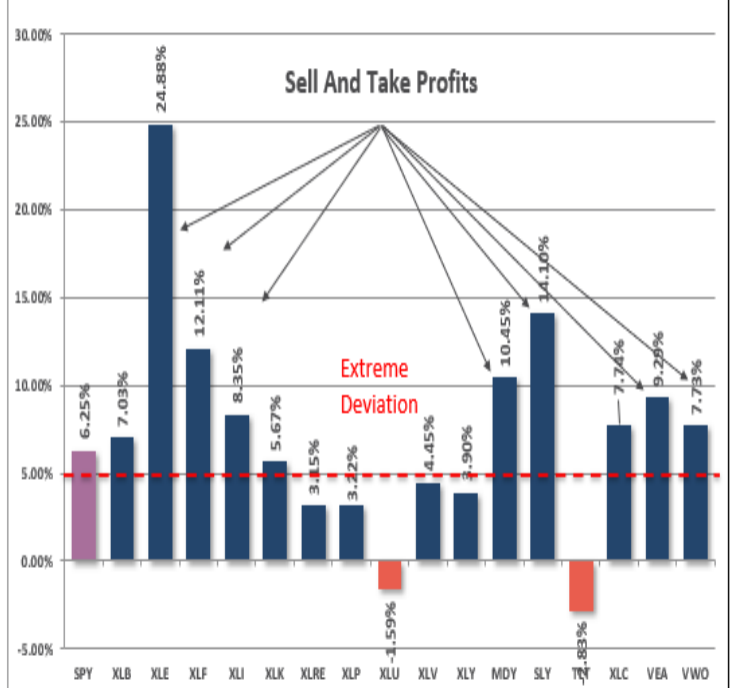
## YTD Price - S&P Sectors Recalibrated To \$50/share



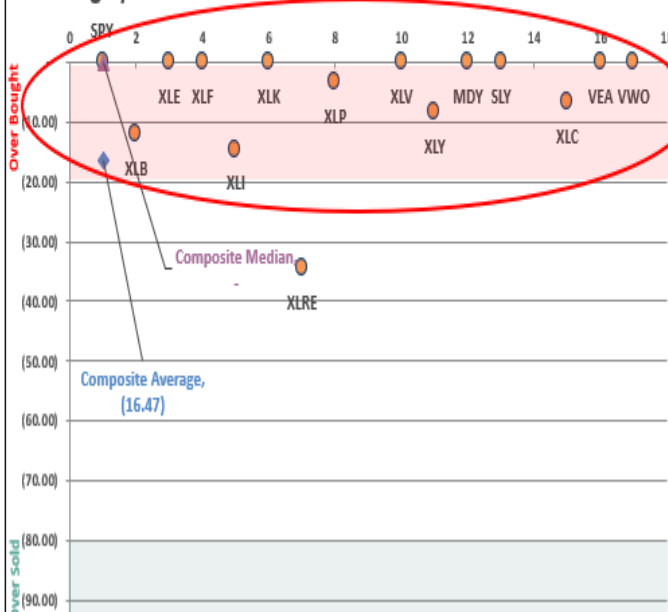
## Year To Date Performance Relative To S&P 500



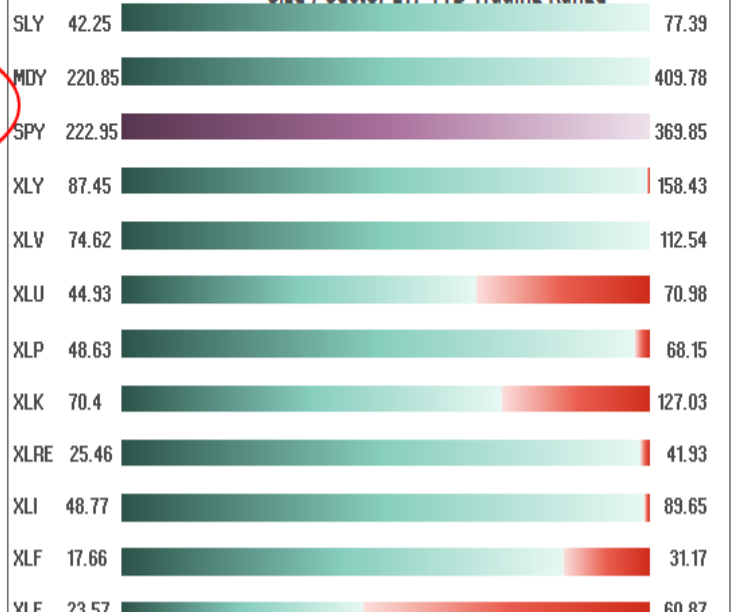
## Price Deviation From 50-Day Moving Average



## Overbought/Oversold 14-Periods



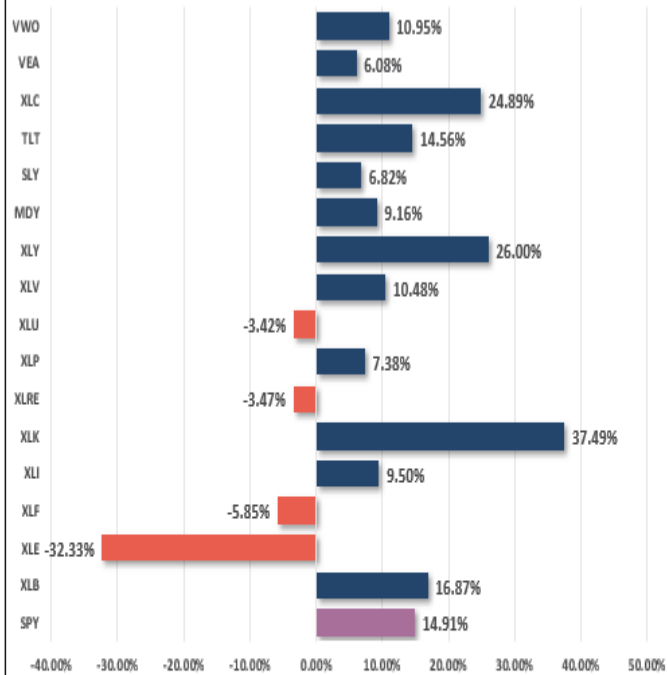
## Size / Sector ETF YTD Trading Range



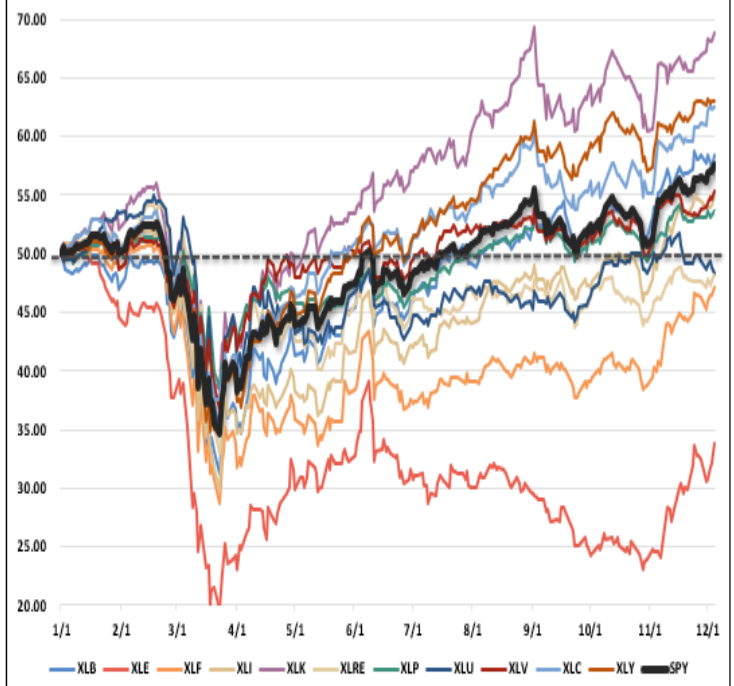
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# Performance Analysis

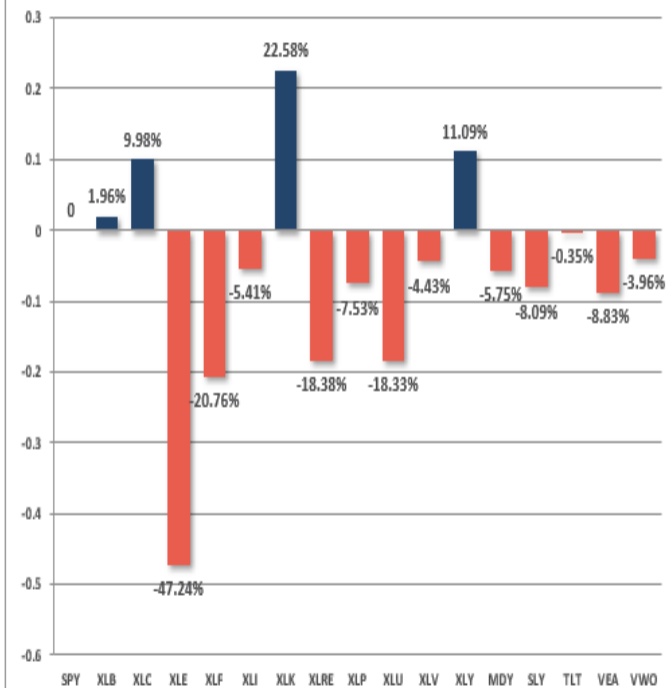
## Year To Date Performance REAL INVESTMENT ADVICE



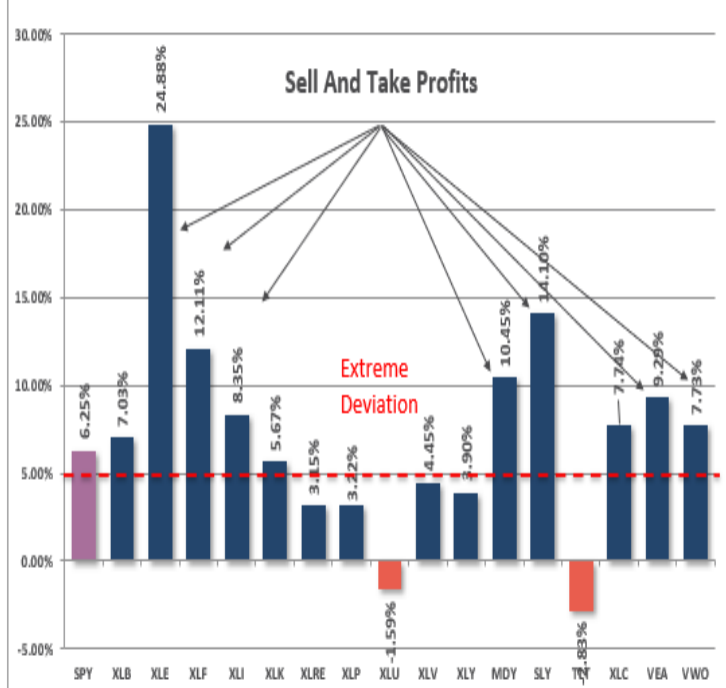
## YTD Price - S&P Sectors Recalibrated To \$50/share



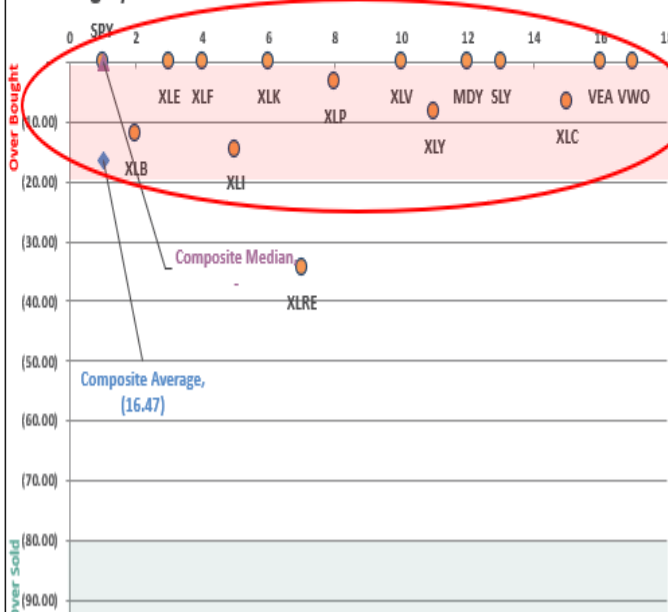
## Year To Date Performance Relative To S&P 500



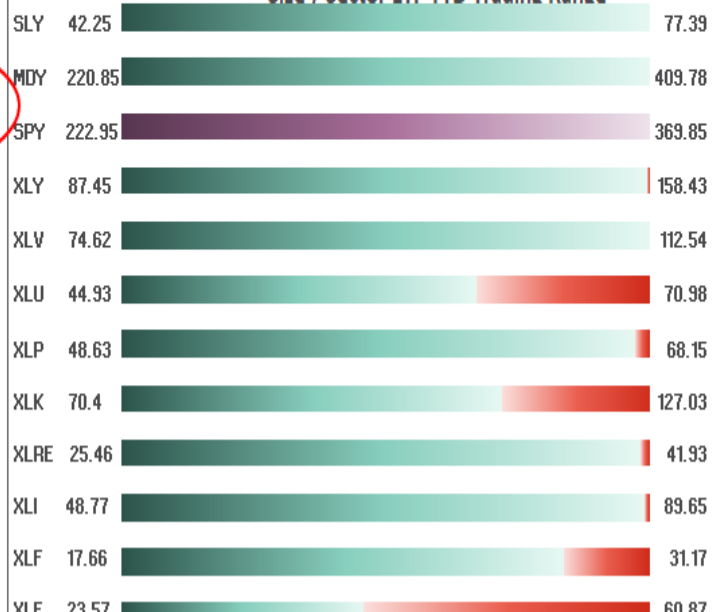
## Price Deviation From 50-Day Moving Average



## Overbought/Oversold 14-Periods



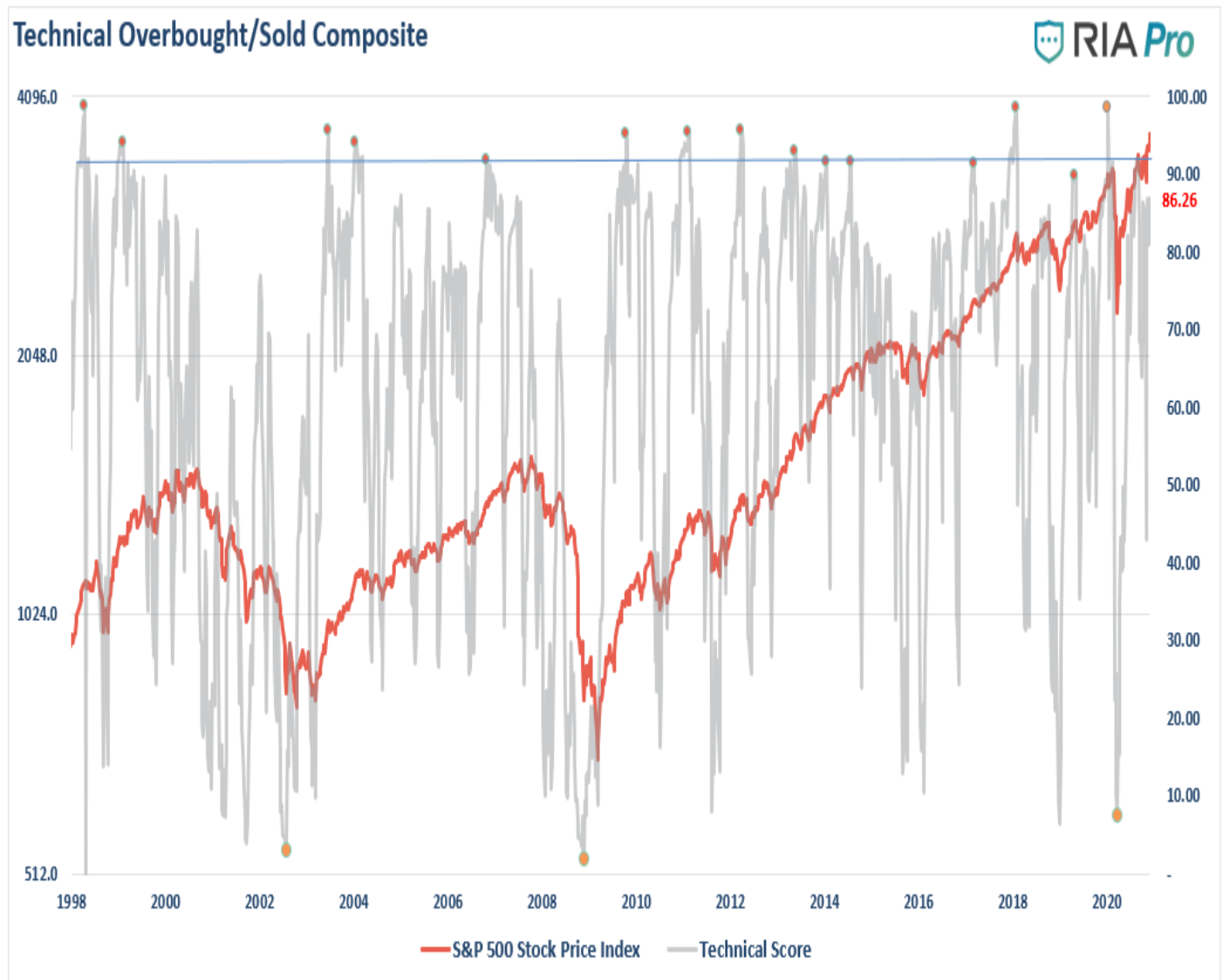
## Size / Sector ETF YTD Trading Range



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## 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.*



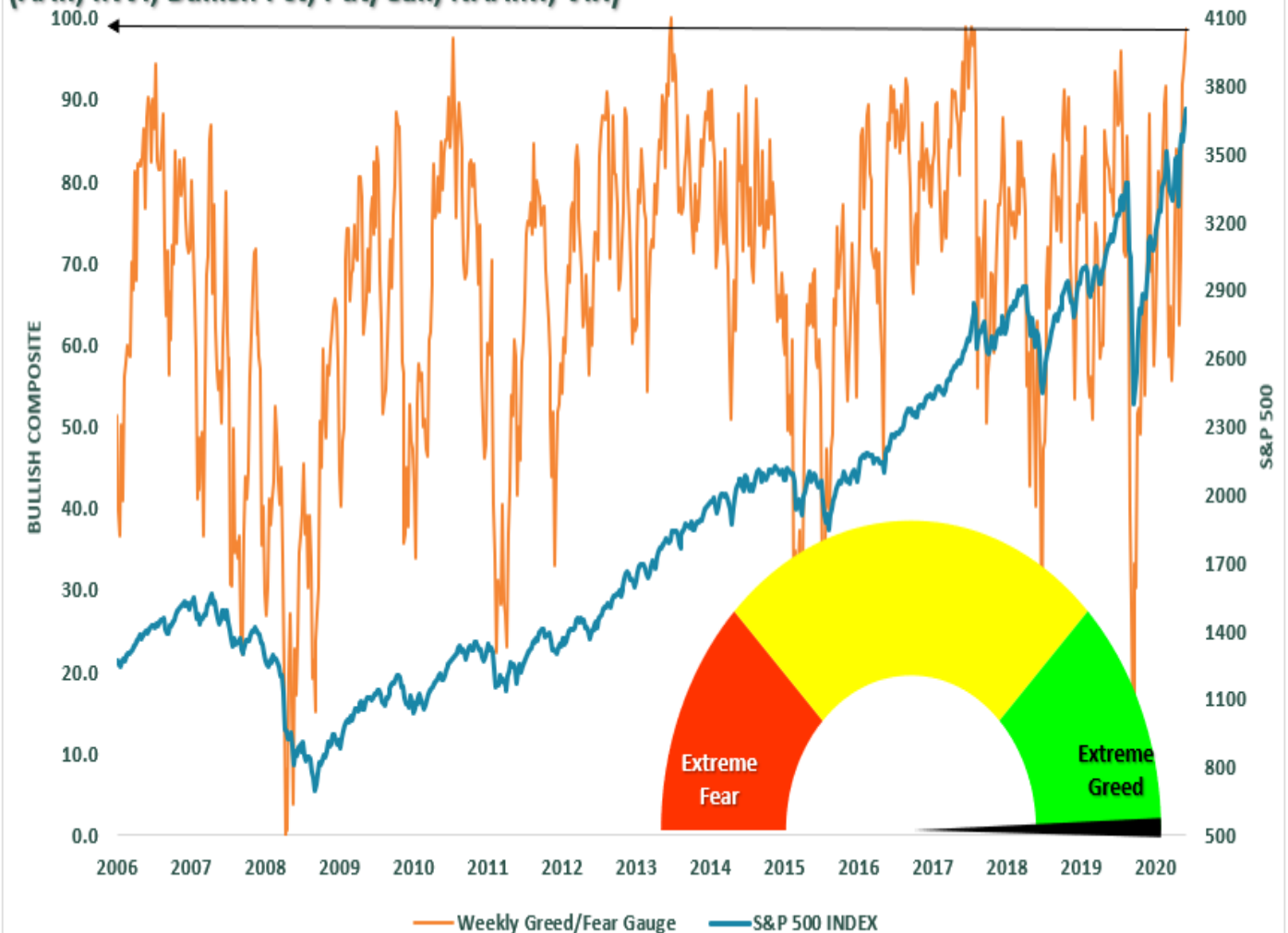
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## Portfolio Positioning "Fear / Greed" Gauge

*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.*

## MARKET GREED/FEAR INDEX

(AAIL, INVI, Bullish Pct, Put/Call, NAAIM, VIX)



## 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	371.19	1.70	5.62	10.68	19.85	17.23	346.29	325.86	363.32	0.99	372.40	354.24	7%	14%	BULLISH
XLB	SPDR-MATLS SELS	71.78	(1.60)	(0.06)	(0.37)	7.92	2.21	66.52	60.66	70.99	1.08	73.53	68.45	8%	18%	BULLISH
XLC	SPDR-COMM SV SS	66.98	0.36	(0.47)	1.37	0.75	9.72	61.62	57.76	65.40	0.99	67.68	63.12	9%	16%	BULLISH
XLE	SPDR-EGY SELS	40.63	2.72	34.82	13.88	(17.17)	(49.19)	32.58	35.56	36.76	1.74	38.32	35.20	25%	14%	BEARISH
XLF	SPDR-FINL SELS	28.98	0.09	10.49	6.60	1.00	(21.77)	25.55	24.31	27.88	1.20	28.91	26.85	13%	19%	BULLISH
XLK	SPDR-TECH SELS	126.04	1.05	(1.95)	0.90	3.43	26.39	118.12	109.00	123.48	1.06	127.87	119.09	7%	16%	BULLISH
XLI	SPDR-INDU SELS	89.21	(1.26)	4.06	4.27	9.01	(7.24)	81.28	73.87	88.03	1.18	91.27	84.79	10%	21%	BULLISH
XLP	SPDR-CONS STPL	67.63	(0.64)	(1.72)	(6.07)	(6.41)	(9.31)	65.21	62.32	66.91	0.58	68.97	64.85	4%	9%	BULLISH
XLRE	SPDR-RE SELS	37.33	(0.32)	(0.85)	(5.67)	(14.25)	(20.32)	36.07	35.29	36.50	0.70	37.67	35.33	3%	6%	BULLISH
XLU	SPDR-UTIL SELS	62.41	(3.82)	(8.30)	(4.77)	(11.29)	(18.49)	62.44	60.09	62.84	0.32	64.61	61.07	0%	4%	BULLISH
XLV	SPDR-HLTH CR	112.54	1.13	(3.24)	(3.08)	(8.14)	(5.15)	107.05	104.17	109.74	0.77	113.33	106.15	5%	8%	BULLISH
XLY	SPDR-CONS DISCR	158.03	(1.82)	(2.17)	(2.49)	4.21	12.58	150.67	137.44	157.26	1.14	162.99	151.53	5%	15%	BULLISH
XTN	SPDR-SP TRANSP	72.94	1.55	12.75	9.69	16.90	(2.78)	62.91	56.73	69.63	1.40	72.35	66.91	16%	29%	BULLISH
SDY	SPDR-SP DIV ETF	106.98	(0.46)	5.48	2.51	(3.29)	(17.11)	97.86	93.88	103.80	0.89	107.32	100.28	9%	14%	BULLISH
RSP	INVS-SP5 EQ ETF	127.08	0.61	5.85	5.89	3.47	(5.08)	114.12	106.82	122.88	1.12	127.33	118.43	11%	19%	BULLISH
SLY	SPDR-SP6 SC	77.39	0.82	11.74	15.49	12.83	(8.66)	66.45	61.55	73.75	1.28	76.54	70.96	16%	26%	BULLISH
MDY	SPDR-SP MC 400	409.78	0.07	5.25	10.33	6.27	(6.24)	364.11	339.22	395.78	1.19	410.40	381.16	13%	21%	BULLISH
EEM	ISHARS-EMG MKT	50.85	(0.08)	0.47	5.07	7.53	0.84	46.25	42.72	48.73	0.87	50.37	47.09	10%	19%	BULLISH
EFA	ISHARS-EAFE	72.54	(0.54)	3.94	1.27	(1.01)	(11.62)	66.17	62.91	70.15	0.86	72.50	67.80	10%	15%	BULLISH
IAU	ISHARS-GOLD TR	17.52	1.12	(11.48)	(16.23)	(14.68)	8.27	18.03	17.56	16.95	0.02	17.38	16.52	-3%	0%	BULLISH
GDX	VANECK-GOLD MNR	35.31	1.45	(20.37)	(24.89)	(14.60)	13.70	38.60	37.59	34.68	0.58	35.75	33.61	-9%	-6%	BULLISH
UUP	INVS-DB US\$ BU	24.47	(2.87)	(7.31)	(13.50)	(27.09)	(25.85)	25.12	25.75	24.82	(0.12)	25.41	24.23	-3%	-5%	BEARISH
BOND	PIMCO-TOT RETRN	112.37	(1.92)	(5.45)	(10.91)	(18.84)	(13.35)	112.16	111.45	112.70	0.08	115.61	109.79	0%	1%	BULLISH
TLT	ISHARS-20+YTB	155.20	(4.83)	(8.26)	(16.32)	(24.27)	(5.05)	160.64	163.51	160.02	(0.27)	163.59	156.45	-3%	-5%	BEARISH
BNDX	VANGD-TTL INT B	58.39	(1.97)	(5.67)	(10.13)	(18.55)	(16.43)	58.26	57.83	58.52	0.03	60.00	57.04	0%	1%	BULLISH
HYG	ISHARS-IBX HYCB	86.85	(1.19)	(3.72)	(7.84)	(15.06)	(17.32)	84.85	83.42	86.32	0.37	88.80	83.84	2%	4%	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
FBHS	Fortune Brd H&S	81.78	11.20	4.99	1.17	20.76	8.00
HOLX	Hologic Inc	72.49	17.40	5.51	0.00	18.12	8.00
MSFT	Microsoft Corp	214.24	12.50	13.83	1.05	34.61	8.00



## 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	116.48	1.56	11.99	3.09	9
CMTV	Commnty Bcp Vt	15.26	1.10	12.34	4.98	8
FLIC	First Long Is	17.54	1.05	10.79	4.33	8
HPE	Hewlett Pkd Ent	11.61	0.93	11.07	4.13	8
IBCP	Indep Bk Mich	17.64	1.03	11.07	4.54	8
PEG	Public Sv Entrp	57.63	1.84	11.16	3.40	8
TFC	Truist Finl Cp	47.41	1.03	10.08	3.80	8
TSLX	Sixth St Spclty	21.16	1.25	12.32	7.75	8
UGI	Ugi Corp	35.65	1.80	11.03	3.70	8
BSRR	Sierra Bancorp	23.44	1.06	10.41	3.41	7
CFR	Cullen Frost Bk	85.72	1.32	11.21	3.36	7
CHCO	City Hldgs Co	67.22	1.56	13.27	3.39	7
CPF	Central Pac Fin	17.17	0.89	10.07	5.36	7
CRWS	Crown Crafts	7.79	1.75	13.97	4.11	7
CZFS	Citizens Fin Sv	47.11	0.98	11.82	3.91	7
FMNB	Farmers Natl Bc	13.09	1.09	10.99	3.36	7
FNLC	First Bancp Inc	25.01	1.25	11.41	4.96	7
KBAL	Kimball Intl B	11.35	1.69	20.16	3.17	7
LARK	Landmark Bcp	23.20	0.92	10.11	3.28	7
LOMA	Loma Negra Cia	5.93	1.35	21.99	4.29	7
LTC	Ltc Properties	37.99	1.91	13.30	6.00	7
PFBC	Preferred Bank	38.73	1.16	15.19	3.10	7
SWM	Schweitzer-Maud	34.13	1.70	19.52	5.16	7
UBFO	United Sec Bcsh	7.15	1.03	10.41	6.15	7
WTBA	West Bancorp	19.70	1.51	14.69	4.26	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
MSCI	Msci Inc-A	419.30	#N/A	10.18	0.74	#N/A	8
MSFT	Microsoft Corp	214.24	12.50	13.83	1.05	2.54	8
FFIN	First Fin Bk-Tx	34.44	#N/A	10.70	1.51	#N/A	7
FICO	Fair Isaac Inc	483.52	#N/A	9.43	-	#N/A	7
IDXX	Idexx Labs Inc	460.07	15.83	10.64	-	4.74	7
NVDA	Nvidia Corp	535.84	18.26	22.00	0.12	3.87	7
QLYS	Qualys Inc	92.74	#N/A	17.75	-	#N/A	7
CHCT	Comm Hlthcr Tr	45.92	10.00	37.63	3.70	2.25	7
BF.B	Brown Forman B	78.60	#N/A	(4.73)	0.91	#N/A	6
CPRT	Copart Inc	115.00	13.00	16.02	-	2.85	6
HALO	Halozyme Thera	39.23	#N/A	6.59	-	#N/A	6
RGEN	Repligen	187.21	30.00	35.13	-	4.34	6
TYL	Tyler Tech Inc	417.53	15.00	13.66	-	6.72	6
RAMP	Liveramp Hldgs	62.16	#N/A	(21.10)	-	#N/A	5
CDNS	Cadence Design	116.68	15.43	8.59	-	3.74	5
IIPR	Innov Indl Ppty	147.66	#N/A	172.75	3.17	#N/A	5
ALGN	Align Tech Inc	511.00	18.28	27.06	-	8.46	4
EXR	Extra Space Stg	113.50	2.53	10.88	3.17	8.92	4
MKTX	Marketaxess Hld	555.63	#N/A	14.42	0.43	#N/A	4
TREX	Trex Company	76.18	#N/A	14.86	-	#N/A	4
TXN	Texas Instrs	161.98	9.33	2.39	2.52	3.17	4

## Portfolio / Client Update

As noted in this week's newsletter, the levels of "*bullishness*" are at more extreme levels. Such levels are often only seen near short- to intermediate-term peaks in the market.

However, many often misconstrue such a statement to mean one of two things: a) the market is about to crash, so why not sell everything, and b) the correction will start tomorrow. Neither one of those statements is true.

When markets are exceedingly bullish, as they are currently, the momentum can push markets further into extremes that logic would dictate. However, these are the points that we have to maintain our discipline and focus on risk. "*Bullishness begets bullishness*," which tends to take investors offside by allowing the markets to take on "*just a little more risk*." Unfortunately, that increase in risk on the way up can have a magnified consequence to returns when the market ultimately corrects.

Currently, that is the situation we are in and why we have continued to rebalance risk in portfolios over the last week, raise some cash, and reduce volatility. When the correction occurs, which may be as soon as next week, we will redeploy cash accordingly.

## Portfolio Changes

This past week we made the following changes to portfolios, as we noted in real-time on [RIAPRO.NET](http://RIAPRO.NET).

## PORTFOLIO UPDATE ? EQUITY / ETF PORTFOLIOS

As we continue to adjust our portfolio exposure, we added positions that have gotten oversold as of late and may provide a bit of hedge against a potential risk-off rotation. We are also taking profits in a couple of extremely overbought positions.

### EQUITY

- *AMD ? reduce by 0.5% from 2% to 1.5%*
- *CMCSA ? reduce by 0.5% from 2% to 1.5%*
- *GOOG ? reduce by 0.5% from 2% to 1.5% (**See note below**)*
- *CRM ? increase by 0.5% to 2.5% (Acquisition of Slack will be accretive to future growth)*
- *WEC ? add 1% (open new position)*
- *D ? add 1% (open new position)*
- *PSA - add 1% to increase total position to 2% in portfolios.*

### ETF

- *XLC ? reduce by 1% from 6% to 5%*
- *XLY ? reduce by 1% from 5% to 4%*
- *XLU ? add 2% to increase the position to 4%.*

We are making some changes to our bond portfolio as we wrap up the year to put us in a position to capitalize on our portfolio allocations next year.

- *Selling 100% of TLT*
- *Reducing PFF from 5% to 3% of the portfolio*

Such will drastically shorten our duration to hedge risk and allow us to restructure the fixed income portfolio as we enter into 2021.

Therefore, as always, our short-term concern remains the protection of your portfolio. We have now shifted our focus from the election back to the economic recovery and where we go from here.

*Lance Roberts*

*CIO*

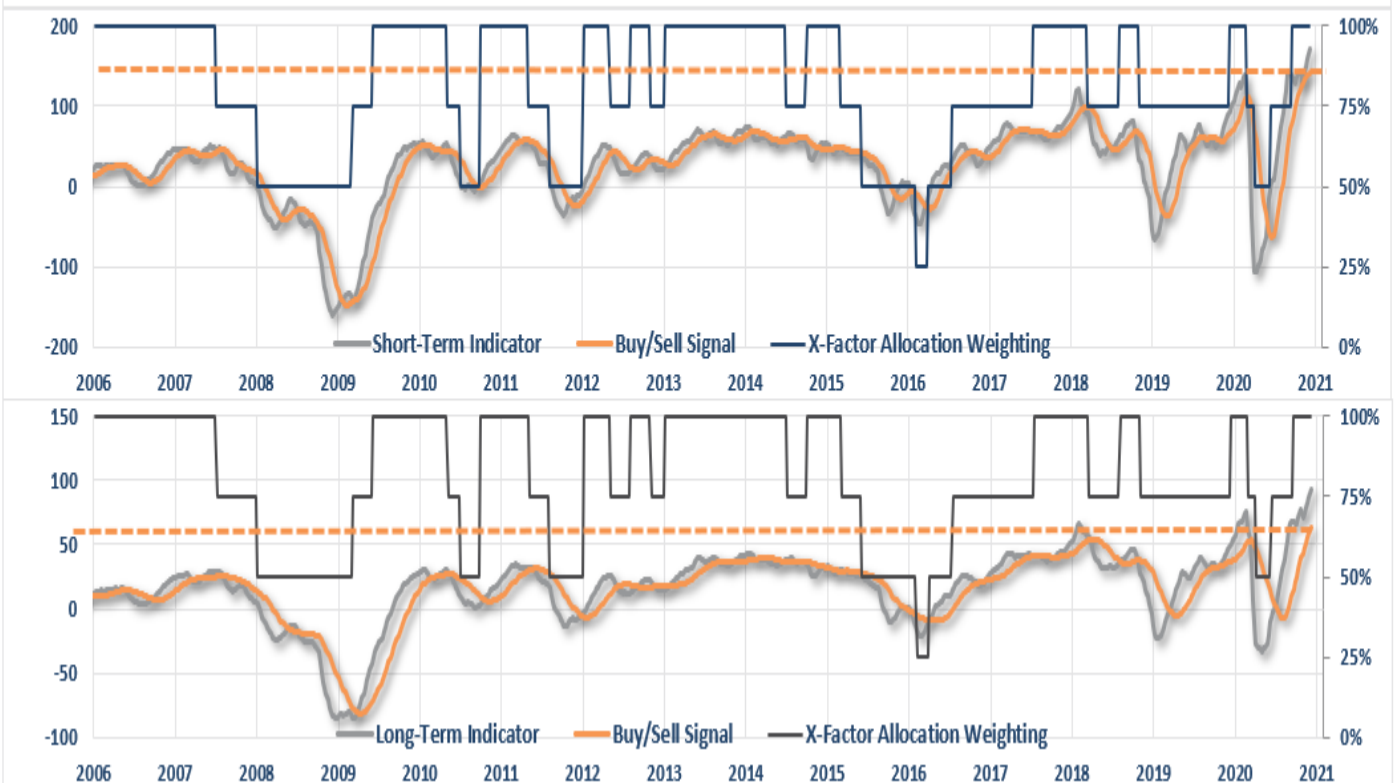
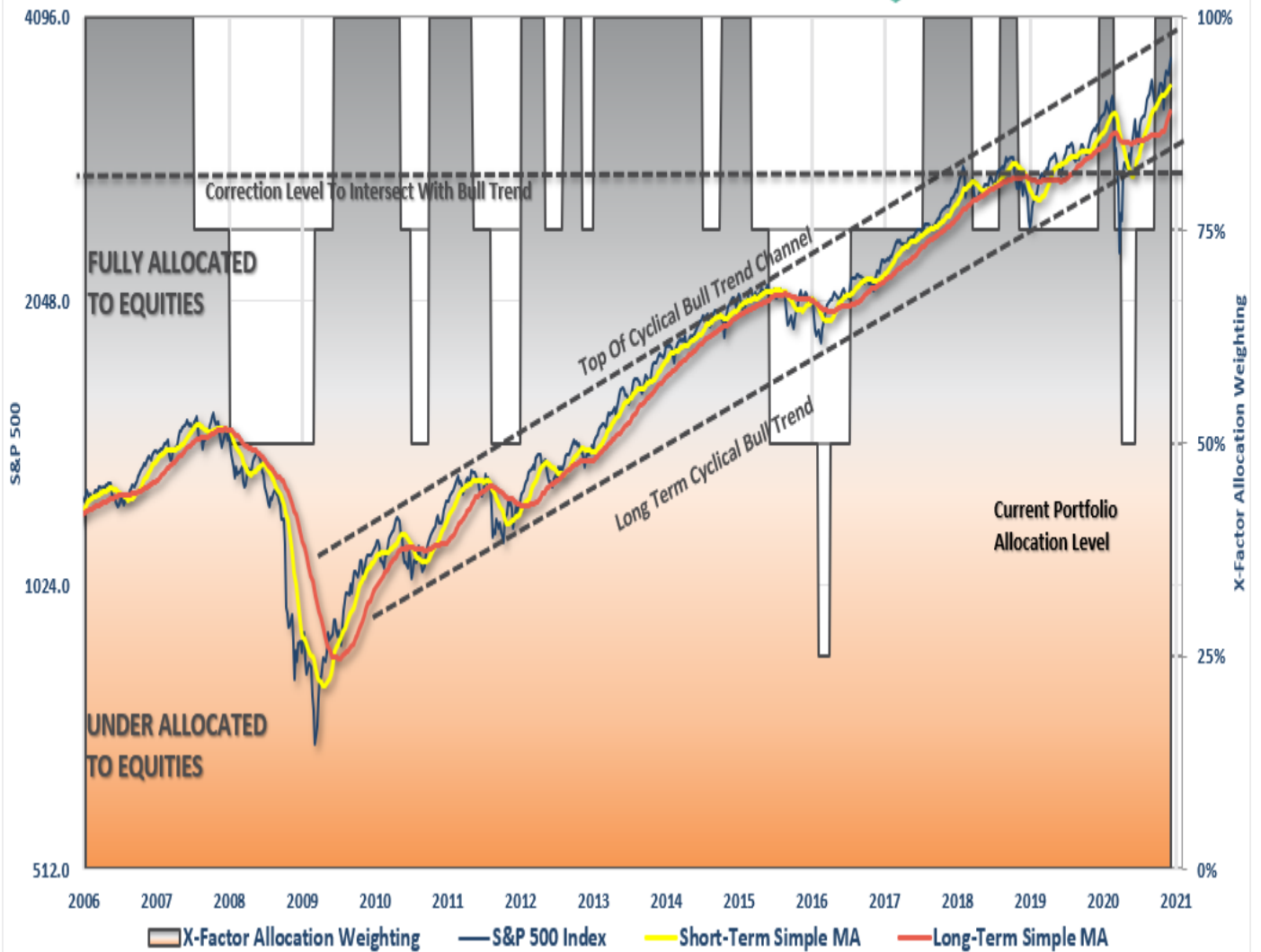
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## THE REAL 401k PLAN MANAGER

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

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## Risk Management Analysis



## Current Portfolio Weighting



## Current 401k Allocation Model

5.00% Cash + All Future Contributions

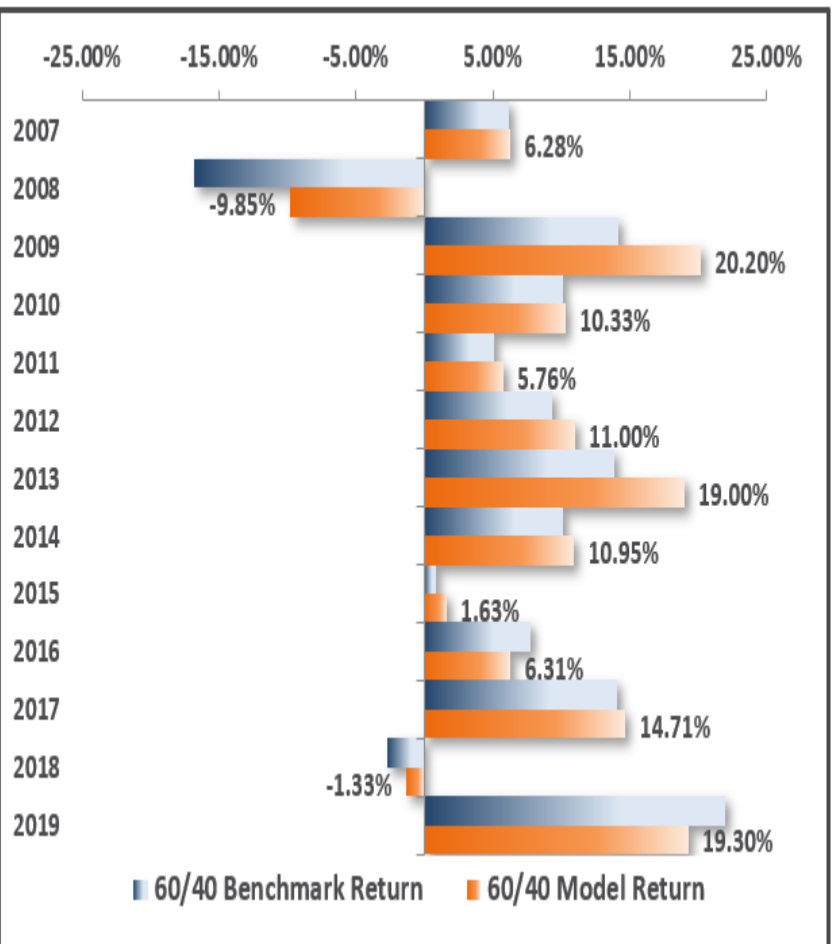
Primary concern is the protection of investment capital

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

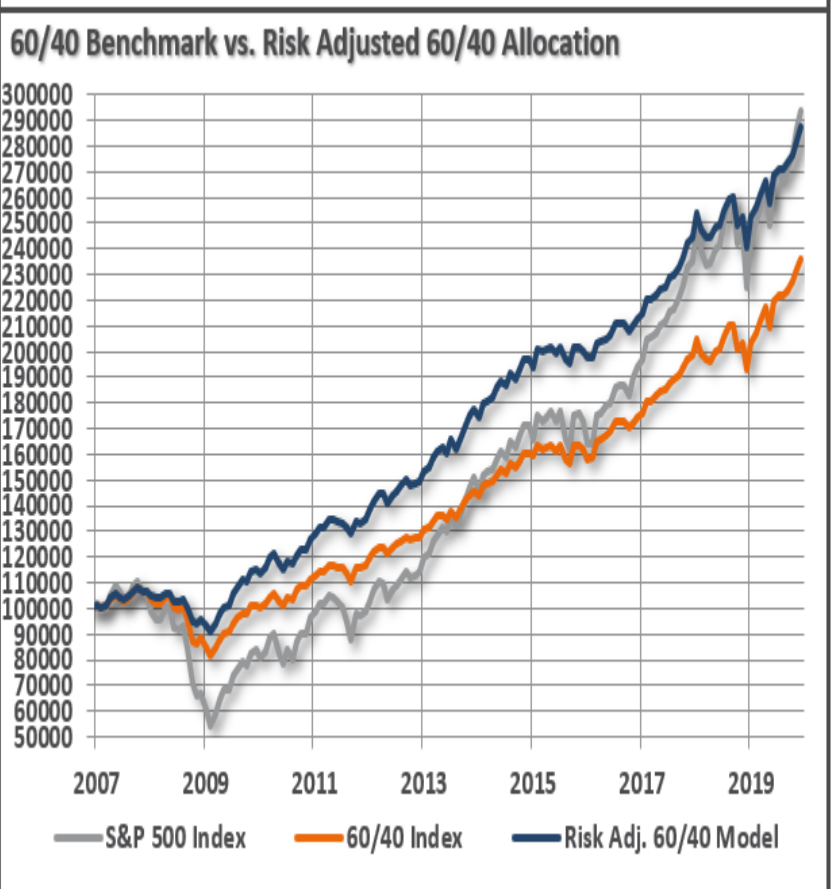
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*Model performance is a two-asset model of stocks and bonds relative to the weighting changes made each week in the newsletter. Such is strictly for informational and educational purposes only, and one should not rely on it for any reason. Past performance 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

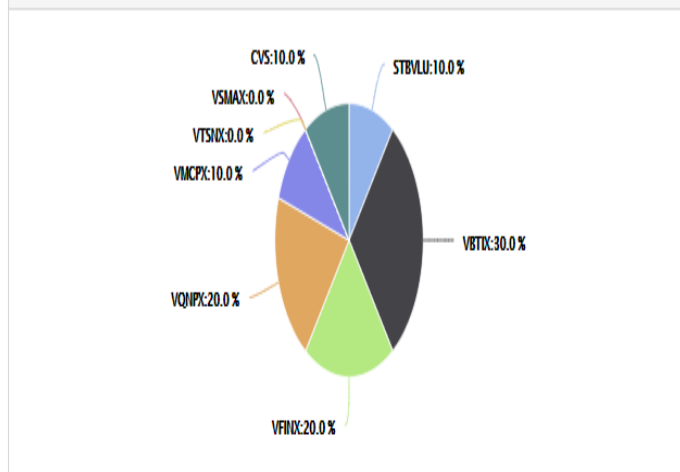
Retirement Income (My Portfolio Annual ROR 9.44 %)		—
Current account balance	10,000	
Estimated Retirement Balance	632,861	
Estimated Retirement Balance (Inflation Adj)	620,204	
Monthly Income	2,768	
Monthly Income (Inflation Adj)	2,713	
My Cumulative Contribution	172,934	
Employer Cumulative Contribution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

### RIAPro Portfolio

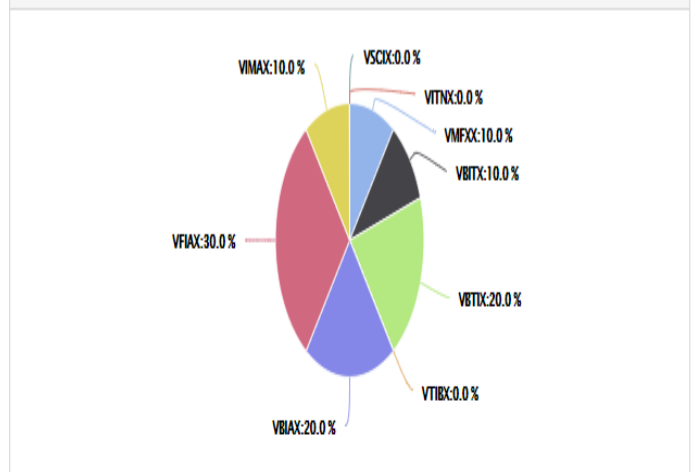
RIA PRO MODEL PL ▾

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	

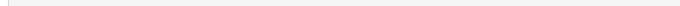
### My Fund Composition



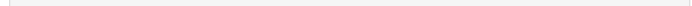
### RIAPro Fund Composition



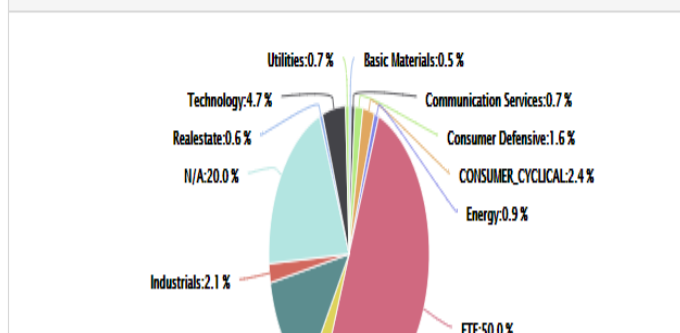
### My Asset Composition



### RIAPro Asset Composition



### My Sector Composition



### RIAPro Sector Composition

