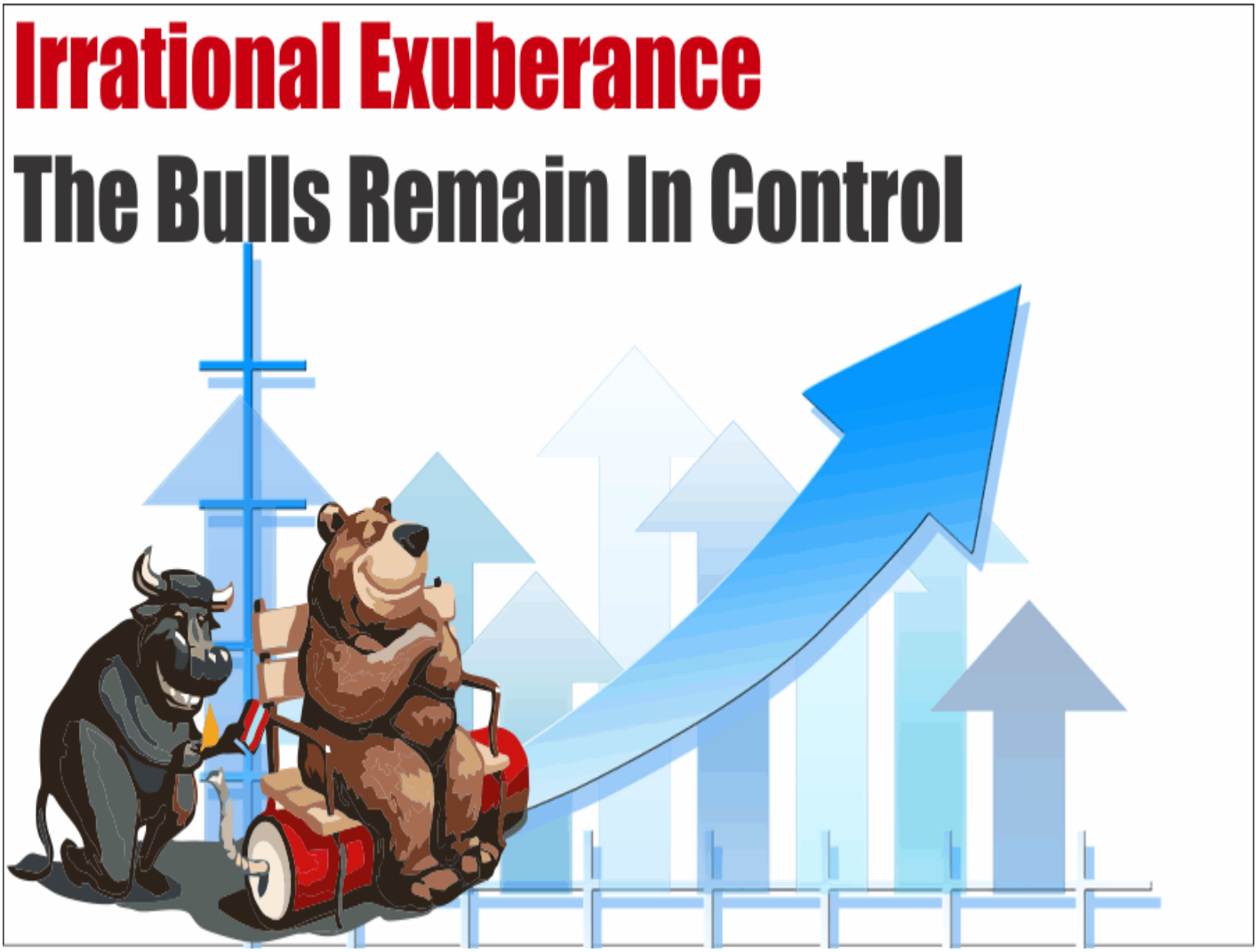
RIA Advice



- ***Bullish Bias Continues***
- ***The Disposition Of Risk And Control***
- ***Portfolio Positioning Update***
- ***MacroView: The Energy Rally Is Likely Premature***
- ***Sector & Market Analysis***
- ***401k Plan Manager***

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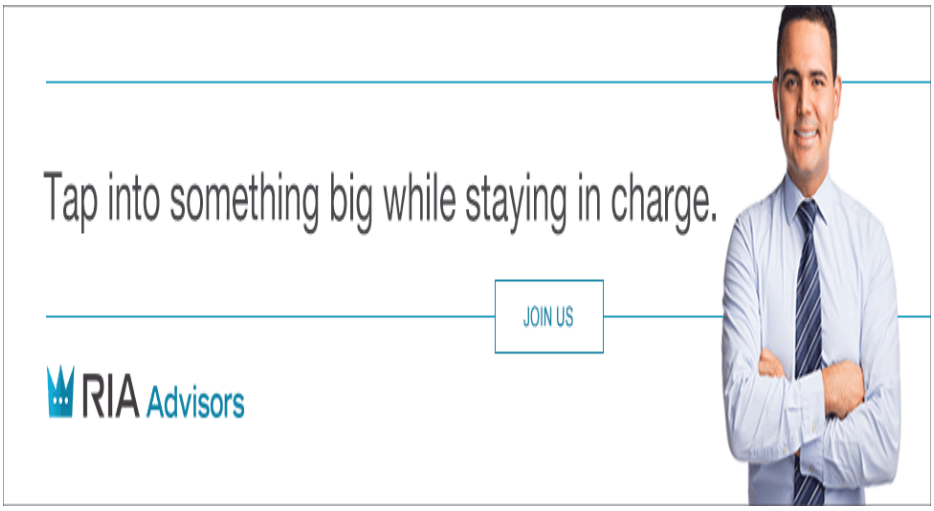

Catch Up On What You Missed Last Week

#WhatYouMissed On RIA This Week: 12-11-20

Written by Lance Roberts | Dec 11, 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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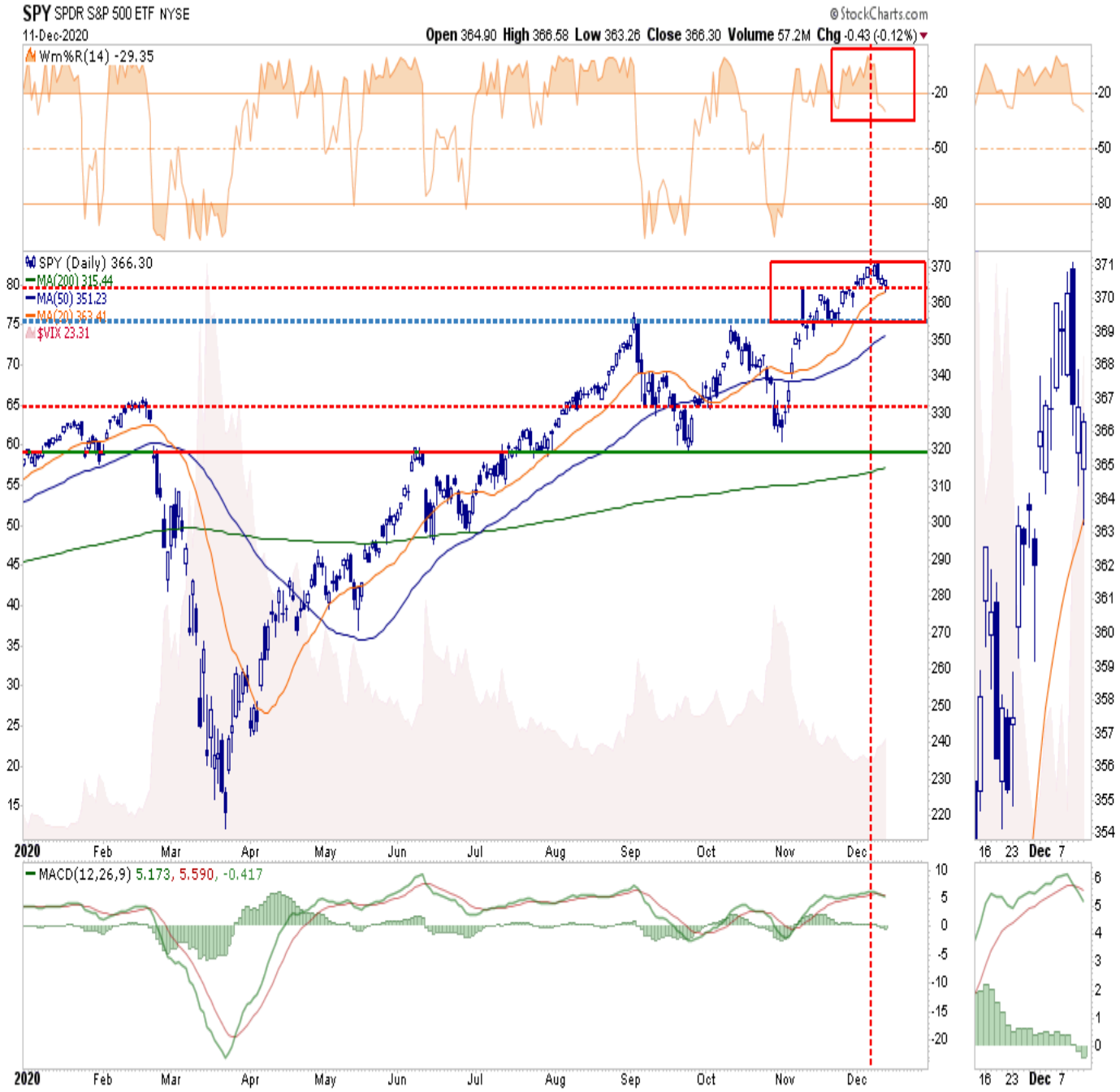
Bullish Bias Continues

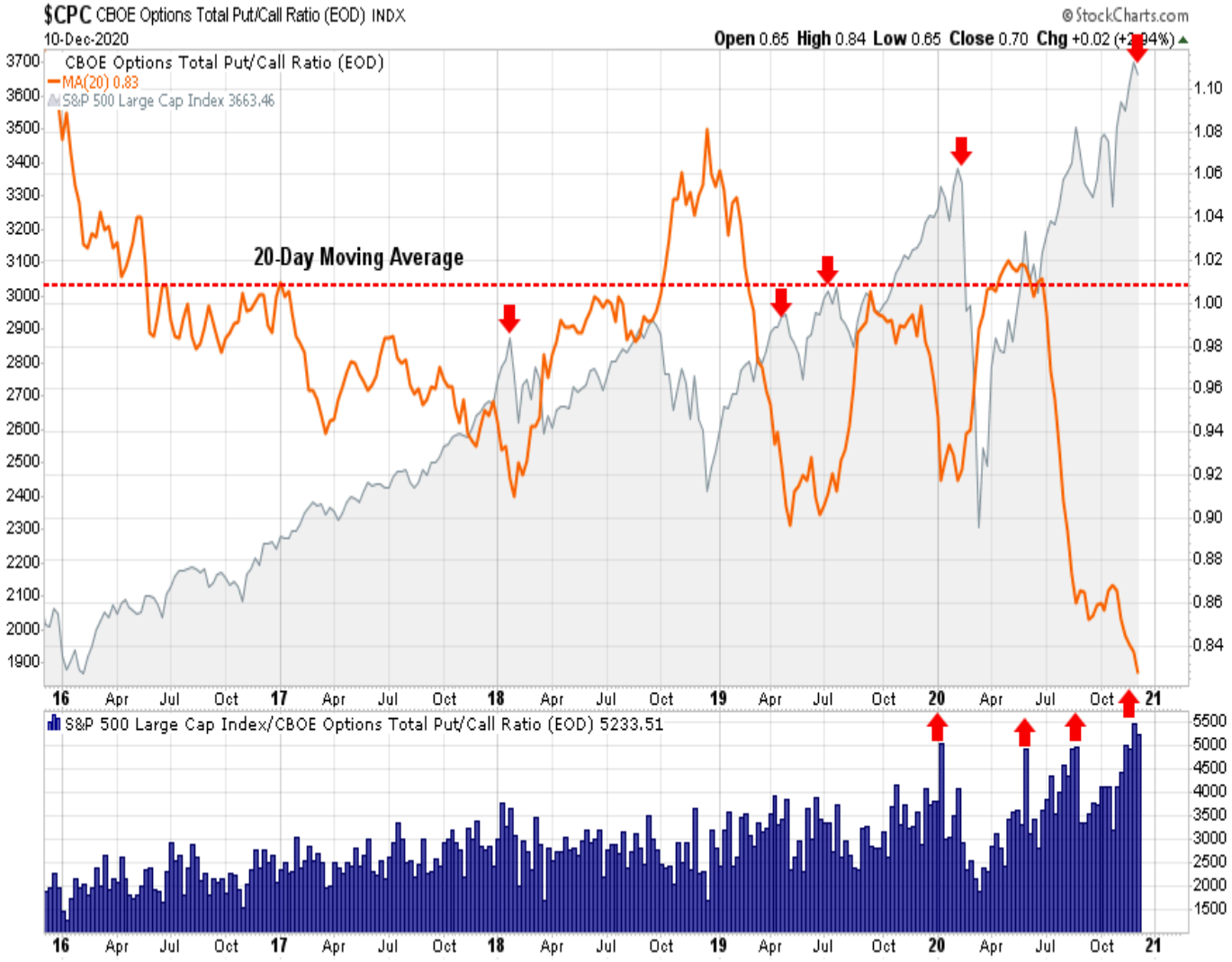
Over the past couple of weeks, we have talked about a short-term correction potential due to selling pressure from annual mutual fund distributions. We saw that taking place this past week with the market struggling to maintain its breakout levels.



The good news is the *"bullish bias,"* or rather momentum, of the market was strong enough to offset the selling pressure. Notably, the market held support at the recent breakout levels.

The not-so-good news is the markets remain significantly extended and deviated from means, and the bullish sentiment is very lopsided. Furthermore, the MACD signal has triggered a short-term "sell signal." Such setups have often been coincident with more important short-term corrections.

Nonetheless, we could get a bit more weakness into next week as year-end "options expiration" occurs on Friday. With the heavily skewed *"put-call"* ratio currently, **we could see volatility pick up as options traders roll positions over into 2021, or selling occurs to take *"tax losses"* for 2020.**



Such could provide a reasonable trading entry for a post-Christmas *"Santa Claus"* rally as portfolio managers add holdings to *"window-dress"* portfolios for year-end reporting.

However, once we get into 2021, much will depend on getting a stimulus package passed and the vaccine delivered. If either of those fails to occur promptly, or the economy slips back into recession, the downside risk increases.

That is a story for next year. For now, it is all about the *"Santa Claus"* rally and our year-end price target for the market.

Approaching 3750 Target

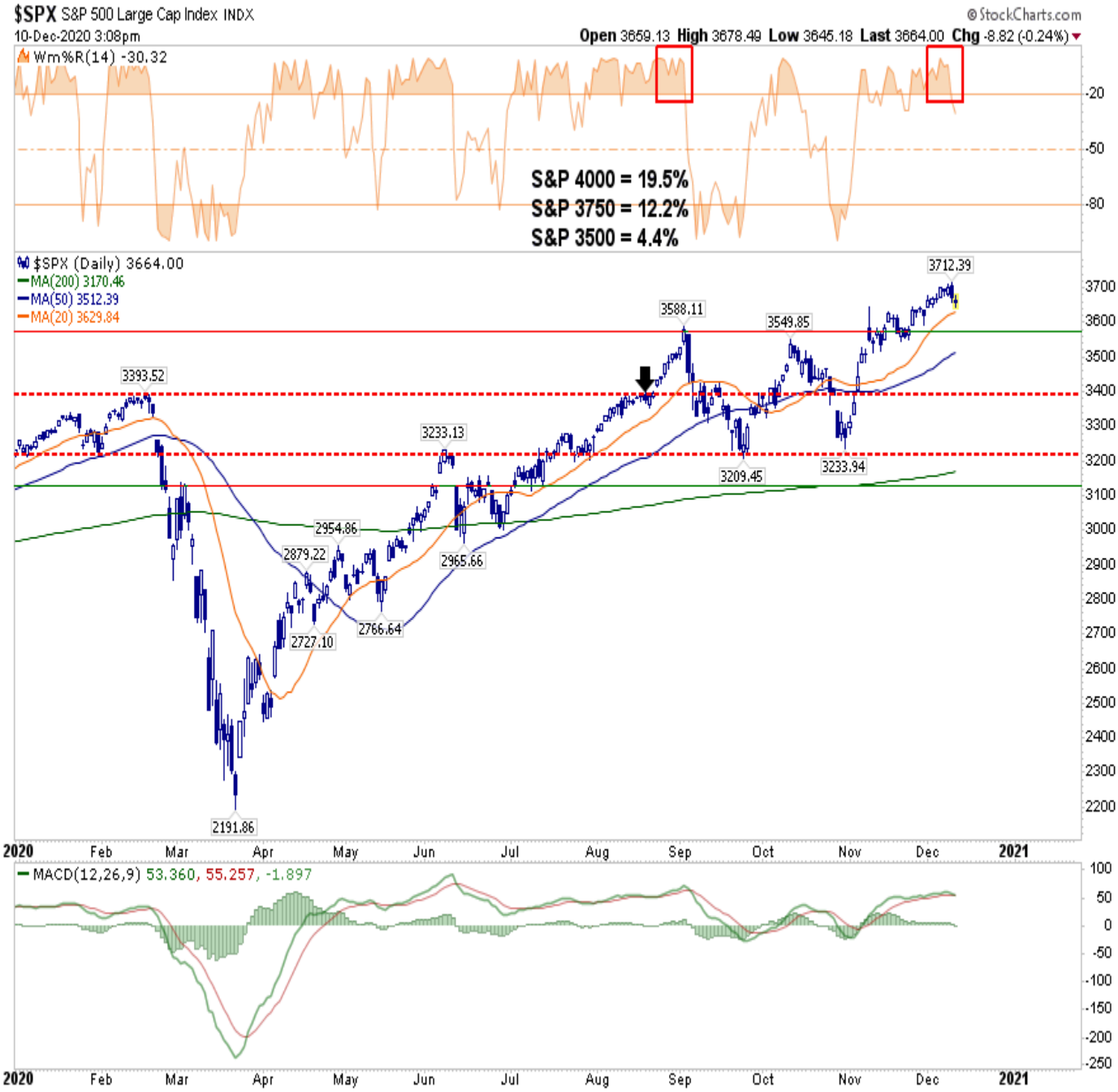
In August, I laid out a ***target for 3750*** for the S&P 500 by year-end.

> *?Technical analysis works well when there are defined ?knowns? such as a previous top (resistance) or bottom (support) from which to build analysis. However, when markets break out to new highs, it becomes much more of a ?wild @$$ guess? or ?WAG.?*

That target was derived when I previously set out several ***?risk/reward ranges.?***

> *?With the markets closing just at all-time highs, we can only guess where the next market peak will be. Therefore, to gauge risk and reward ranges,* ***we have set targets at 3500, 3750, and 4000.?***

I have updated the chart below. The *?black arrow?* was where I initially did the analysis.



Since that point, the market spent a couple of months making very little headway. However, as noted in ***?Market Surges As Election Turns Into Optimal Outcome:?***

> *?It was quite the reversal. The rally pushed the market back above the 50-dma and the downtrend of lower highs.* ***Such sets the market up for a retest of all-time highs next week.?***

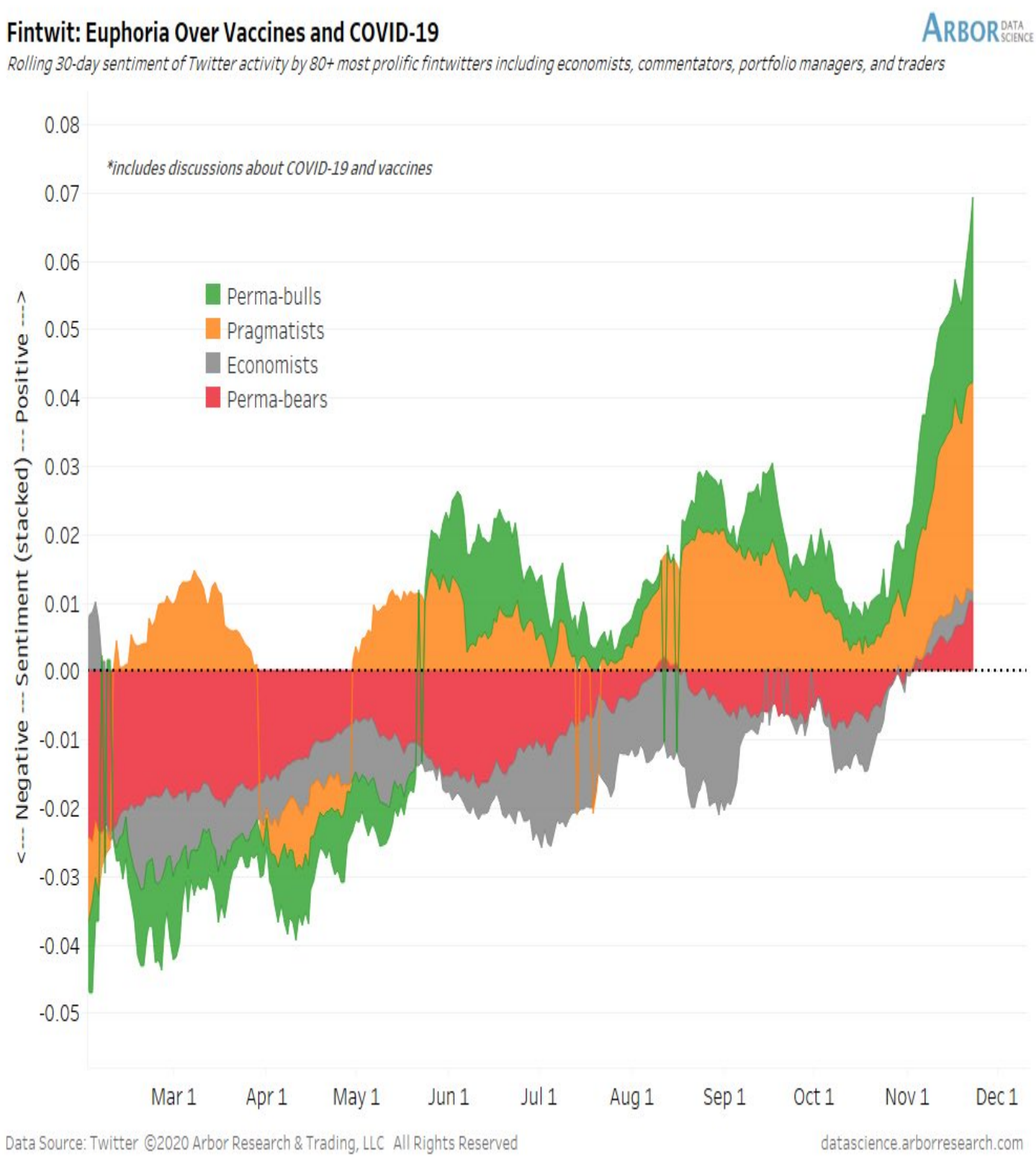
Since then, not only did the markets set a new high, but they have kept pushing higher despite a rising number of warning signs.

The Disposition Of Risk & Control

The one thing that tends to get investors in trouble, more often than note, is when the market remain irrational longer than logic would predict. When such occurs, individuals are prone to dispose of their regular *"risk controls"* and chase the markets higher.

Of course, it?s not just the analysts that are overly optimistic. In the short-term, investors cling to the idea that *?fundamentals don?t matter.?* Such is not entirely incorrect as ?*market momentum?* is a hard thing to kill. When the ?*Fear Of Missing Out?* overrides logic, the markets can make irrational moves. As noted in ***"Is The Narrative Priced In?"***

> *?You have to wonder precisely how much ?gas is left in the tank? when even ?perma-bears? are now bullish. Therefore, the question we should ask is ?if everyone is in, who is left to buy???*



Excessive bullish sentiment does NOT mean a correction MUST occur. Much like *?gasoline?* stored in a tank, it requires a *?catalyst?* to ignite a change in an investor's outlook.

No One Saw It Coming

Many issues could provide such a *?spark.?*

1. *The vaccine is not readily available until after mid-year.*
2. *A problem emerges from the vaccine as, during distribution, unexpected side effects occur.*

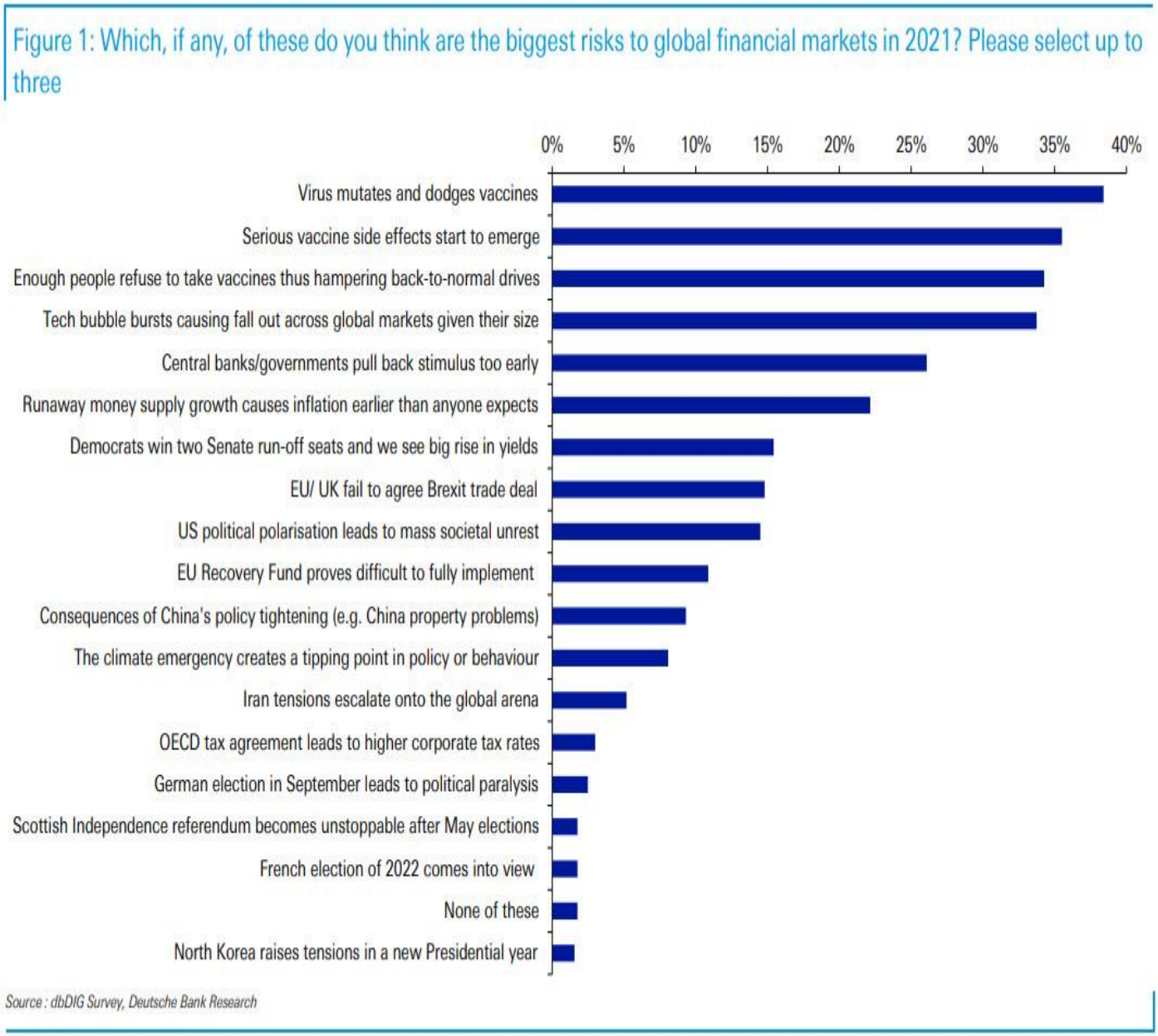
3. *Despite the vaccine, the economic data weakens more than expected.*
4. *Earnings growth falls short of expectations.*
5. *Corporations continue to hoard cash and reduce share buybacks, which leads to a rising number of earnings "misses."*
6. *The Republicans maintain control of the Senate, and expected stimulus bills are smaller.*
7. *Rent and Mortgage moratoriums do not get reinstated, and defaults and evictions surge.*
8. *Interest rates rise, and corporate defaults and bankruptcies surge as debt fails to get refinanced.*
9. *After the next round of stimulus runs out, everyone realizes the real problems with the economy.*
10. *The dollar surges, and foreign exchange flows into the U.S.*
11. *The "reflation trade" turns out to be "deflation trade."*

Which one will it likely be?

My best guess is Number 12.

You are correct. There is no *"Number 12."* **When everyone is long equities and leveraged, it is always an unexpected, exogenous event, which begins the rush for the exit.**

If you don't like my list, here is Jim Reid's list from Bank of America.



What exactly will that catalyst be? No one knows, just as no one expected the *?pandemic?* in March.

Whatever the catalyst eventually is, the media's excuse will be:

> ***?No one could have seen it coming.?***

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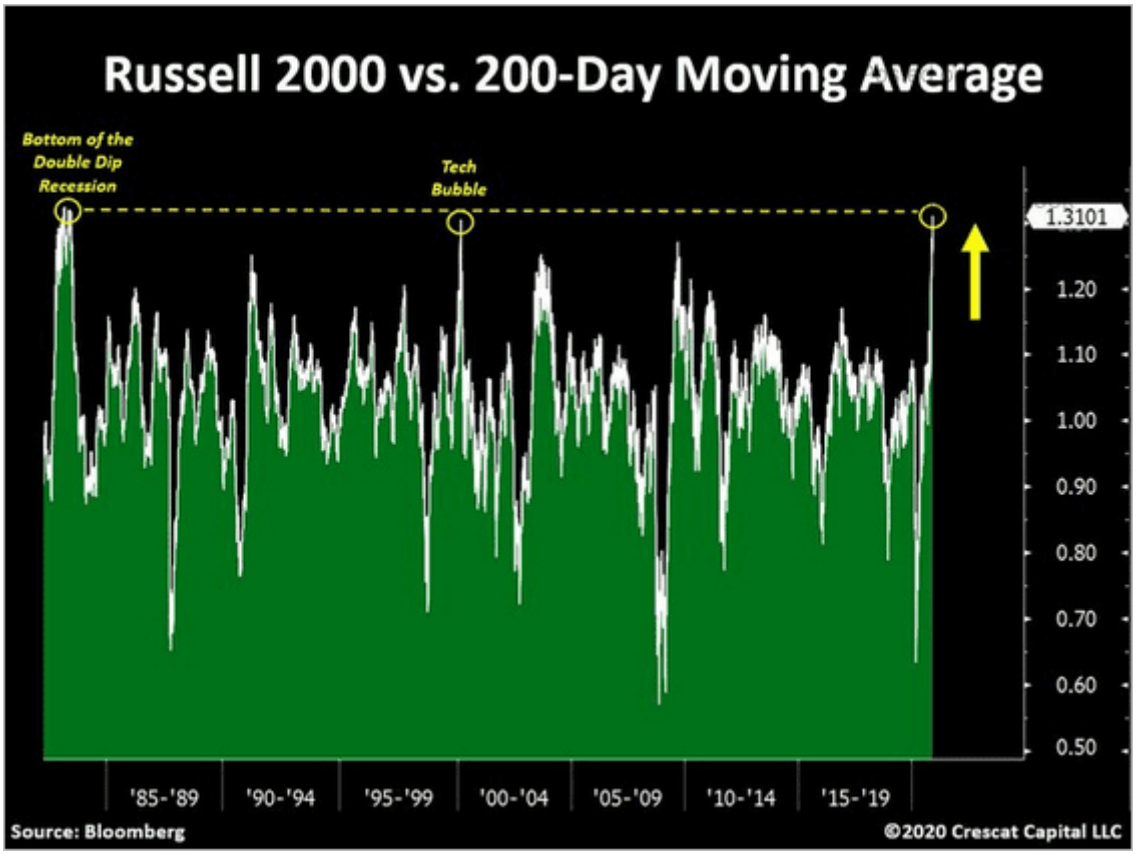
Mid-Cap Moonshot

In the short-term, the market seems headed higher. However, it is worth remembering the reason it is called a *"market peak."* Such is the point where prices stopped going up. **Previous peaks are the graveyard of investors who believed prices could not go down.**

Currently, there are some signs of more extreme conditions that have previously suggested investor caution. For example, the Russell 2000 is now as deviated from its 200-dma as it was in 1999.



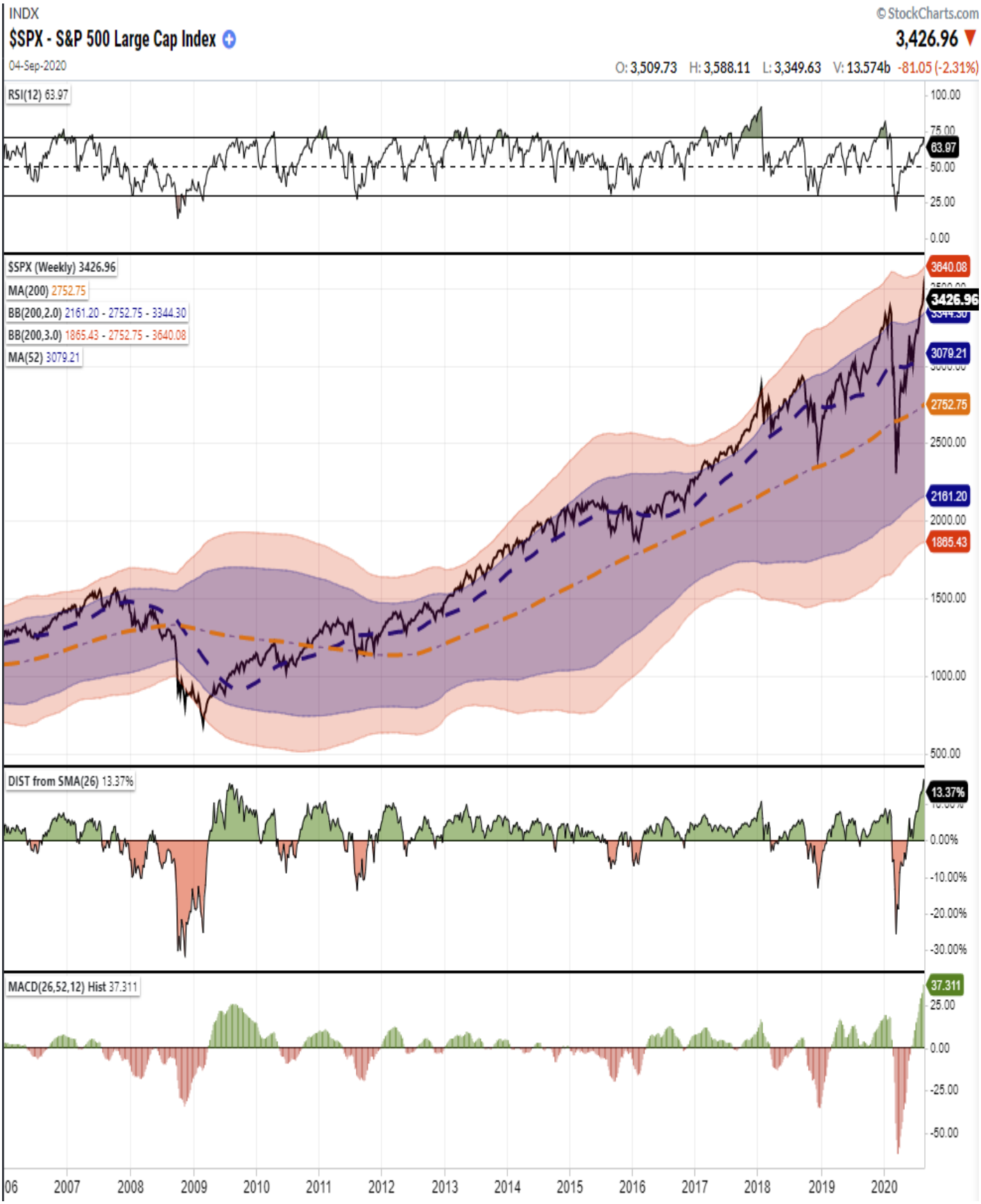
Over the past 15-years, there is no point where IWM was more than 3-standard deviations above its 200-week *(4-year)* moving average, overbought, and trading above 3.5 on its MACD.

While these extreme measures can indeed be maintained *"longer than expected,"* the very laws of physics require a reversion in price.

S&P Extremes

We also see the same issues presenting themselves in the S&P 500 index as well.

1. *Despite the rally since 2018, the market has continued to exhibit a negative divergence in relative strength.*
2. *The market is once again pushing well into 3-standard deviations above the 4-year (200-week) moving average.*
3. *The market is now 13.37% above the 26-week moving average, which matches previous highs.*



Currently, the evidence is mounting that markets are reaching the limits of the current move. **By themselves, these signs reflect the prevailing extremely bullish attitude of market participants.**

However, importantly, these more extreme extensions provide the *?fuel?* for a sell-off given an unexpected catalyst. The ensuing *?reversion?* tends to catch overly confident *?bulls?* off guard.

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Calculating The Madness

Let me repeat something which seems apropos currently:

Sir Isaac Newton once said:

> ***?I can calculate the motions of the heavenly bodies, but not the madness of the people**..?*

As we head into year-end, we will be navigating the risk of overly extended and bullish markets against the seasonally strong end of year period.

We believe that over the long-term, capital preservation and risk management leads to better outcomes. However, sometimes, in the short-run, managing risk can undoubtedly be a frustrating endeavor as the *"Fear Of Missing Out"* overrides common sense and logic.

If you disagree, that is okay.

When the opportunity presents itself, and the *?madness has subsided,?* these are the questions we will ask ourselves before we add exposure to portfolios:

1. *What is the expected return from current valuation levels? (___%)*
2. *If I am wrong, given my current risk exposure, what is my potential downside? (___%)*
3. *If #2 is greater than #1, then what actions should I be taking now? (#2 ? #1 = ___%)*

How you answer those questions is entirely up to you.

What you do with the answers is also up to you.

We are all trying to answer the question, *"how much of the 'narrative' already got priced into the market?"*

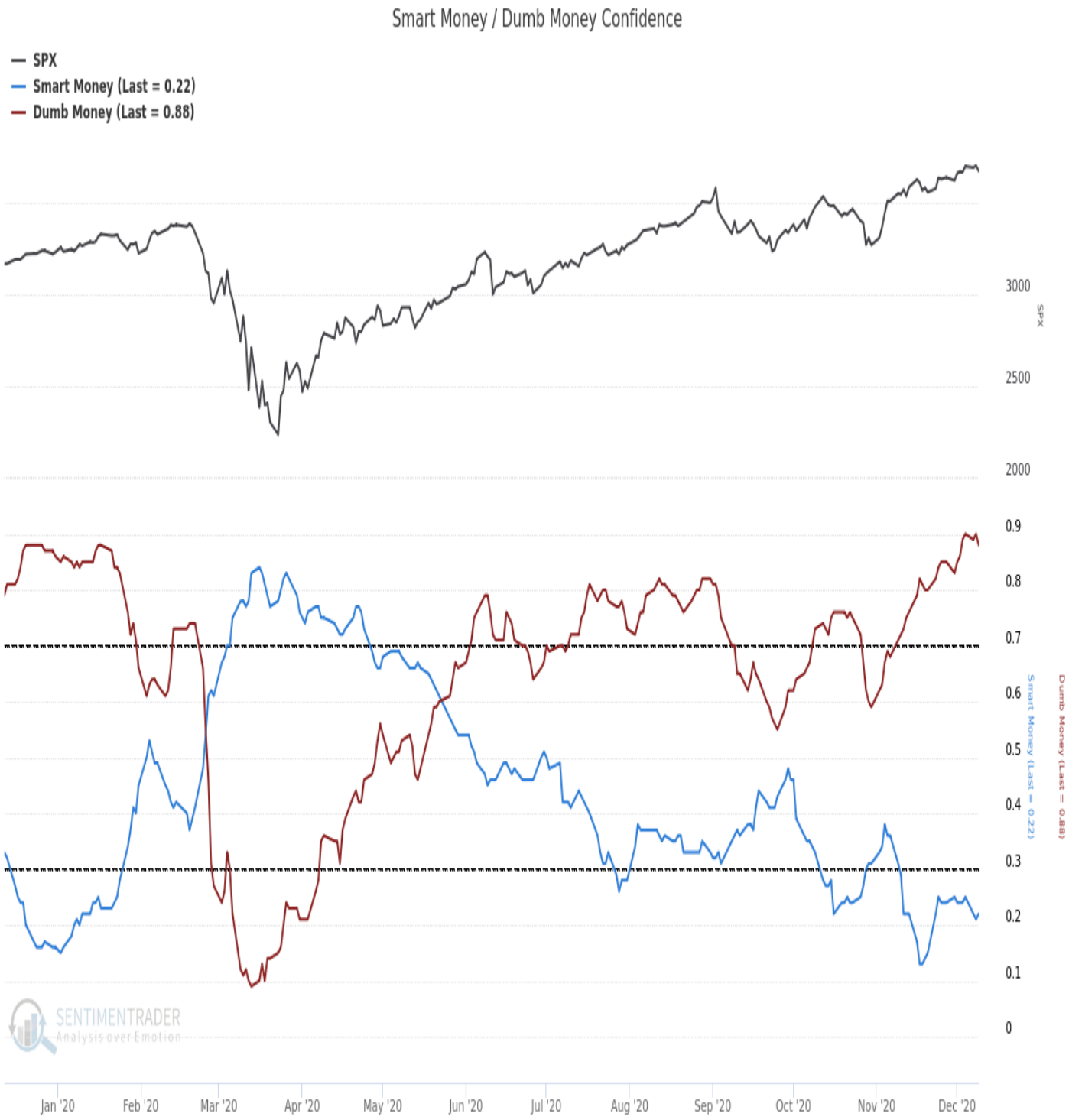
By looking at the data, it would be easy to assume the answer is *?much.?*

Portfolio Positioning Update

While we remain primarily long-biased in our portfolios, we hold a higher than average level of cash. Such is for several reasons.

1. *Cash provides a risk-free hedge against market volatility.*
2. *It provides us an opportunity to add exposure for a year-end "Santa Rally" selectively.*
3. *It also gives us the ability to reposition into either further defensive or offensive, positioning depending on outcomes.*

In short, having cash gives us the flexibility to take advantage of *"dumb money,"* which is historically wrong near market peaks. The trick is having the patience to wait it out.



Lastly, we are also 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, international markets, and bitcoin.**

NYSE

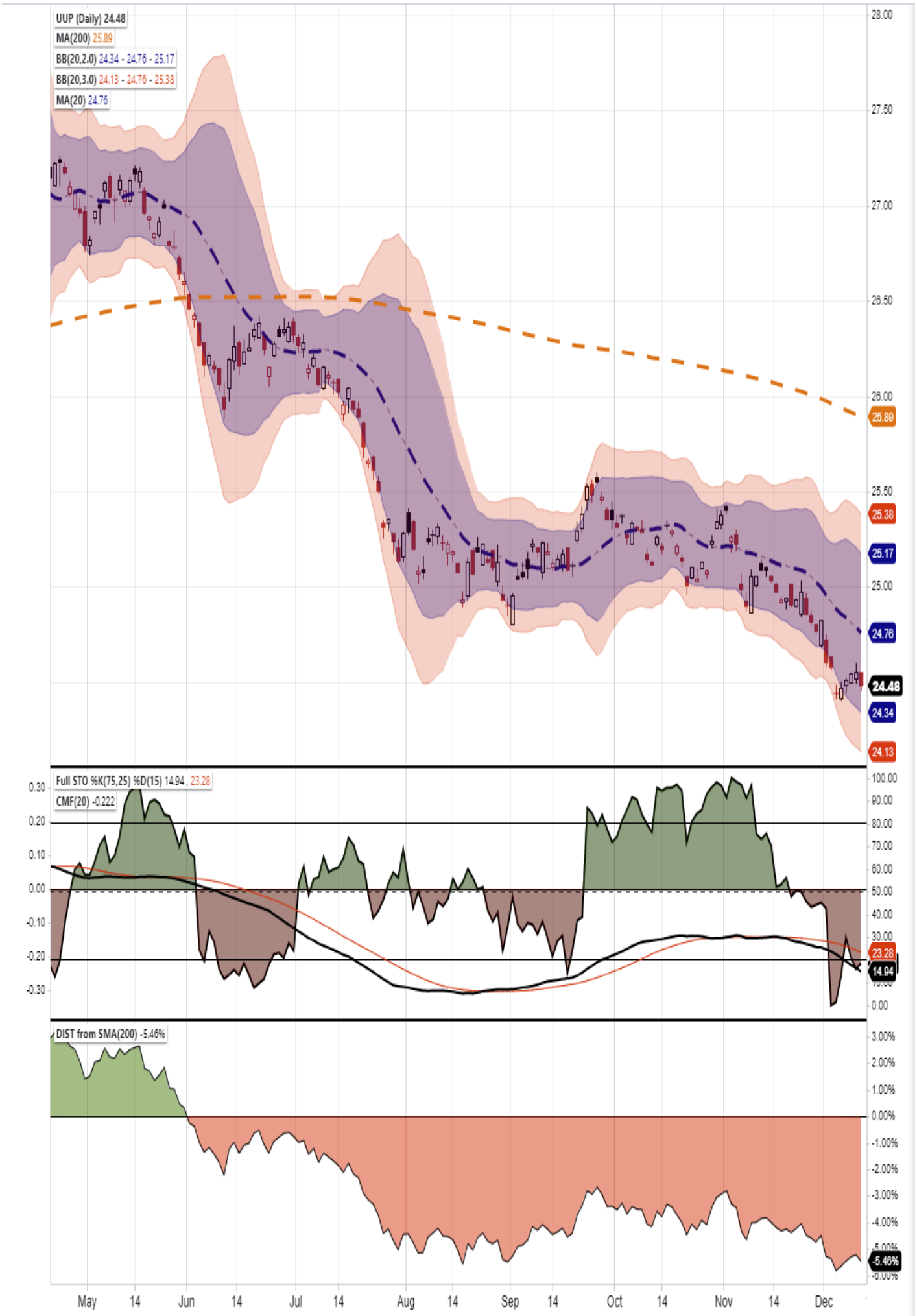
© StockCharts.com

UUP - Invesco DB US Dollar Index Bullish Fund

24.48

10-Dec-2020

O: 24.55 H: 24.55 L: 24.45 V: 608.696k -0.07 (-0.29%)



The markets are indeed currently exceedingly exuberant on many fronts. **With margin debt back 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

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The MacroView

#MacroView: Earnings Growth Will Disappoint In 2021

Written by Lance Roberts | Dec 11, 2020

It's that time of year when Wall Street analysts started trotting out the predictions for earnings growth and stock market targets for the coming year. Unfortunately, each year these overly optimistic estimates are ground down reality disappoints fantasy. 2021 may be much weaker than expected.

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If you need help or have questions, we are always glad to help. ***Just email me.***

See You Next Week

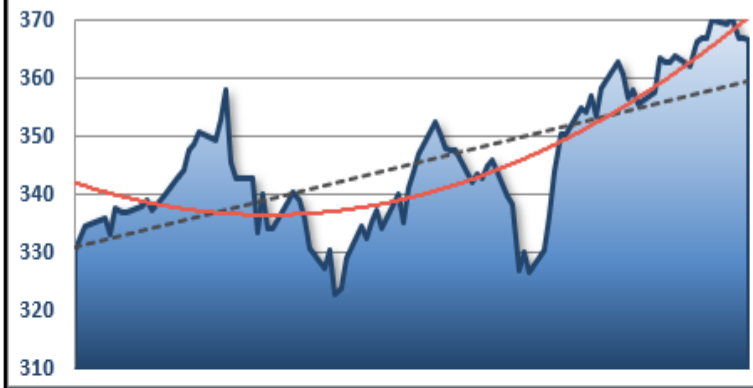
By Lance Roberts, CIO

Market & Sector Analysis

Analysis & Stock Screens Exclusively For RIAPro Members

S&P 500 Tear Sheet

3 Month SPY Price



SPY RISK INFO	ZACKS	REAL INVESTMENT ADVICE		
Item	T 2-Yr	T 1-Yr.	YTD	% Diff YTD/T1-YR
Price Return	38.68%	16.50%	13.81%	(16.32%)
Max Drawdown	-35.63%	-35.63%	-35.63%	0.00%
Sharpe	0.88	0.76	0.47	(0.39)
Sortino	0.96	0.83	0.52	(0.37)
Volatility	25.73	33.43	34.41	0.03
Daily VaR-5%	(18.25)	(29.51)	(40.17)	0.36
Mnthly VaR-5%	(15.81)	(21.49)	(25.18)	0.17

Item	2 years ago	1 year ago	Current	1 Yr % Change	5 Year High	5 year Low	% From High	% From Low
Dividend Yield	1.86%	1.75%	1.46%	(19.74%)	2.20%	1.46%	(33.45%)	0.18%
P/E Ratio	17.42	19.79	26.44	25.14%	2644%	1601%	0.0%	65.19%
P/S Ratio	3.86	4.02	4.63	13.23%	4.58	3.21	1.06%	44.21%
P/B Ratio	5.04	5.46	6.21	12.18%	6.02	3.95	3.13%	57.39%
ROE	21.47%	21.54%	19.73%	(9.17%)	22.00%	17.60%	(10.33%)	12.10%
ROA	4.23%	4.21%	3.64%	(15.73%)	4.31%	3.51%	(15.64%)	3.71%

S&P 500 Market Cap Analysis

Item	12-M Ago	Current	% Chg
Shares	3,177.6	3,032.8	(4.56%)
Sales	71,821	69,541	(3.18%)
SPS	22.6	22.9	1.45%
Earnings	11,478	10,163	(11.46%)
EPS TTM	4.6	4.0	(12.55%)
Dividend	1.6	1.5	(3.56%)

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	(29.48%)	2.49%	1.87	95.91	120.57	11.30	(20.5%)	1.0%	5.2%	1.04%	0.87	38.30
Materials	17.96%	2.69%	1.23	26.33	26.40	13.86	(0.3%)	8.1%	2.0%	3.81%	3.70	21.00
Industrials	3.48%	8.76%	1.17	34.65	34.43	14.65	0.6%	9.3%	1.5%	2.91%	3.57	24.88
Discretionary	34.64%	11.11%	1.30	50.41	50.85	20.59	(0.9%)	17.3%	0.6%	1.98%	4.45	34.00
Staples	8.78%	6.68%	0.60	22.72	22.83	17.65	(0.5%)	29.2%	2.5%	4.43%	4.18	21.38
Health Care	11.80%	13.81%	0.76	18.38	19.47	15.11	(5.6%)	28.9%	1.6%	5.44%	7.30	16.30
Financials	(5.79%)	10.54%	1.33	16.73	18.48	10.52	(9.5%)	7.5%	2.0%	5.99%	4.92	14.53
Technology	42.01%	27.39%	1.12	32.18	32.72	14.63	(1.6%)	52.8%	1.0%	3.12%	4.82	27.81
Telecom	24.73%	11.08%	0.94	27.73	27.15	17.61	2.1%	15.5%	0.7%	3.64%	6.67	23.14
Utilities	(1.57%)	2.83%	0.37	19.25	22.09	15.92	(12.9%)	10.7%	3.2%	5.23%	3.40	18.68
Real Estate	(3.98%)	2.48%	0.95	20.66	21.41	16.91	(3.5%)	7.0%	3.0%	4.86%	4.08	20.71

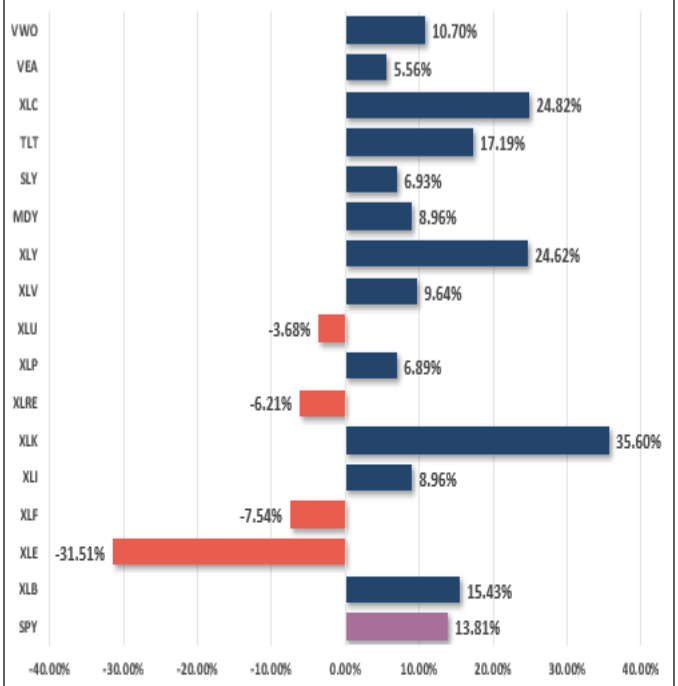
Momentum Analysis

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	366.30	9.72%	351.80	28	4.12%	317.22	120	15.47%	10.90%	(1.28%)	67.83%	Buy
Mid Cap	409.00	18.03%	378.68	30	8.01%	331.25	56	23.47%	14.32%	(1.07%)	90.93%	Buy
Small Cap	77.47	24.25%	69.62	30	11.27%	60.28	53	28.51%	15.49%	(1.54%)	89.97%	Buy

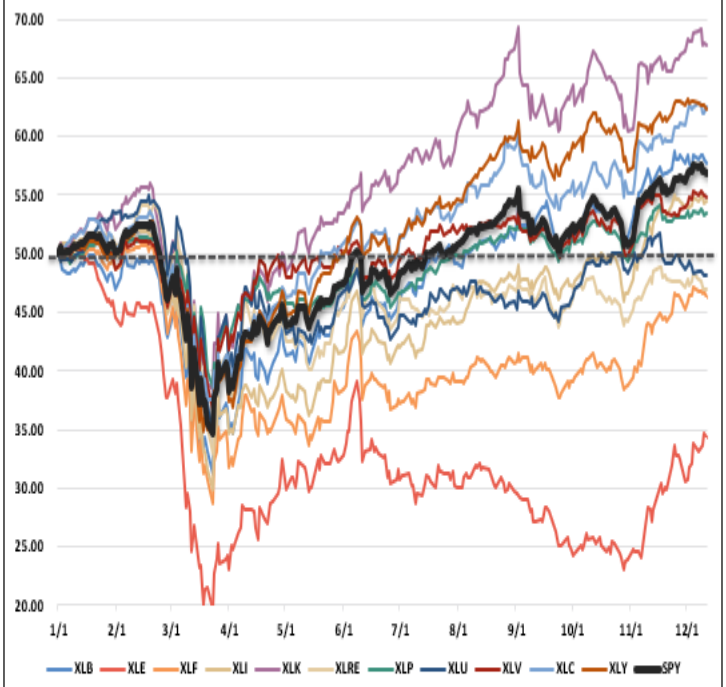
Performance Analysis

Year To Date Performance

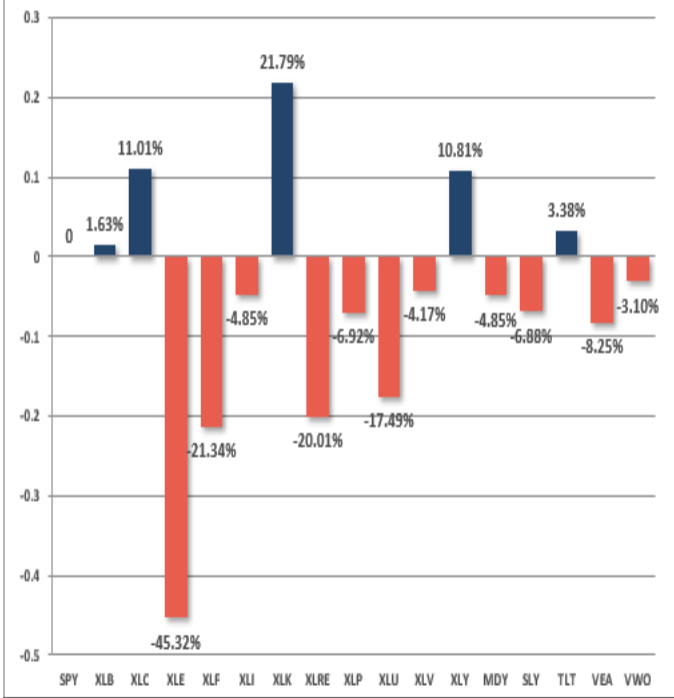
ZACKS REAL INVESTMENT ADVICE



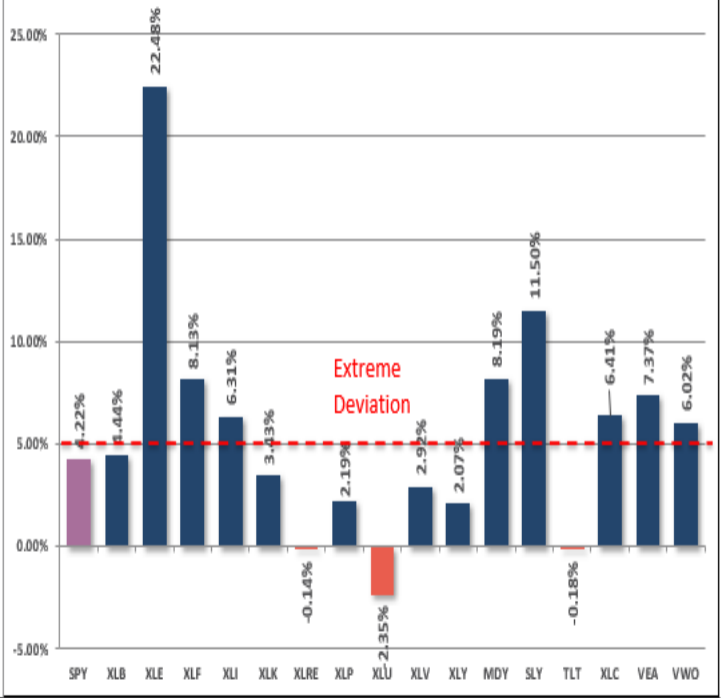
YTD Price - S&P Sectors Recalibrated To $50/share



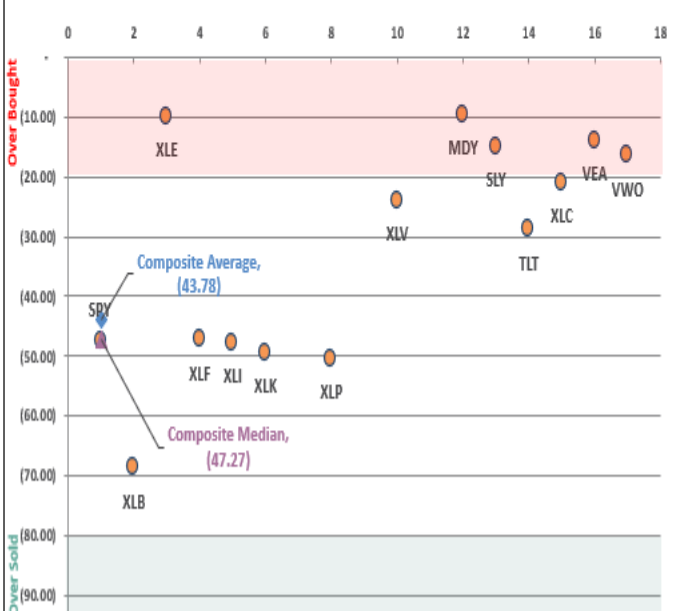
Year To Date Performance Relative To S&P 500



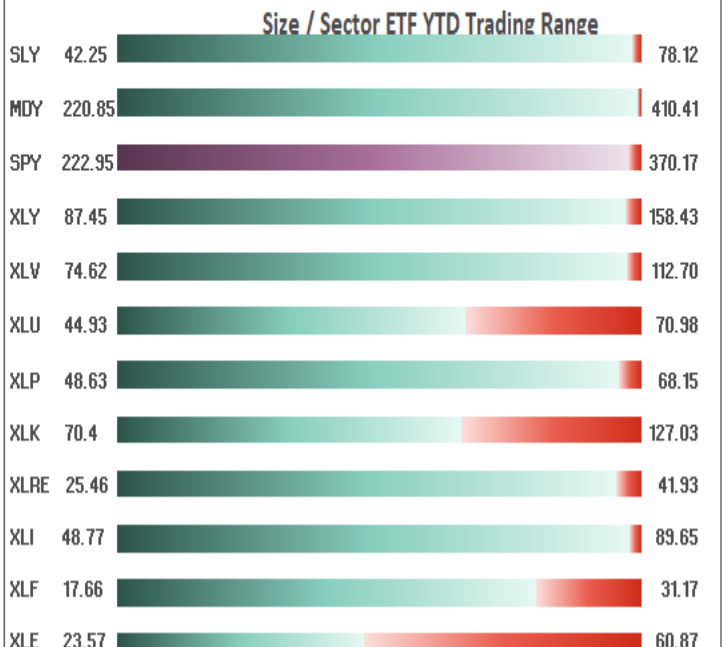
Price Deviation From 50-Day Moving Average



Overbought/Oversold 14-Periods

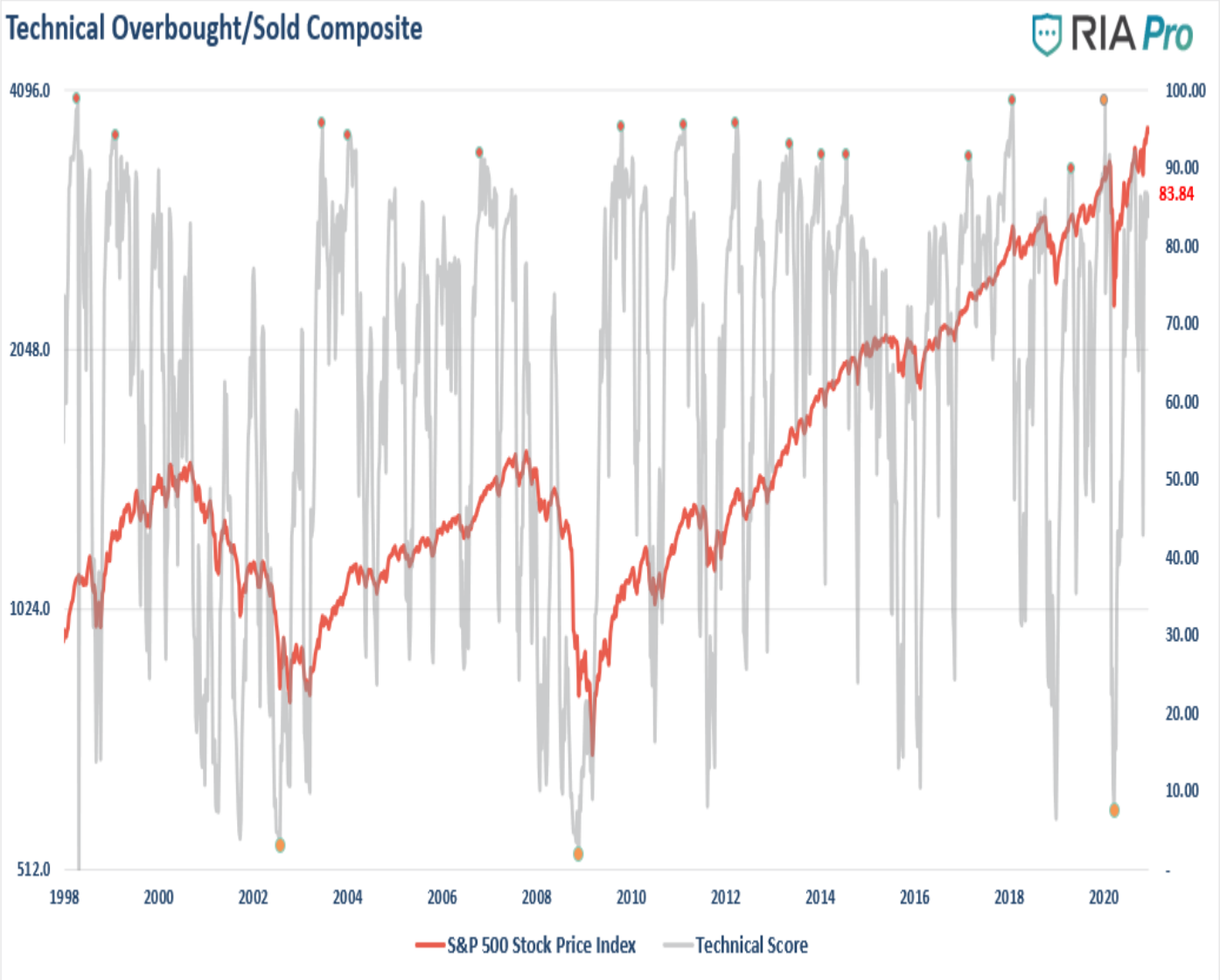


Size / Sector ETF YTD Trading Range



Technical Composite

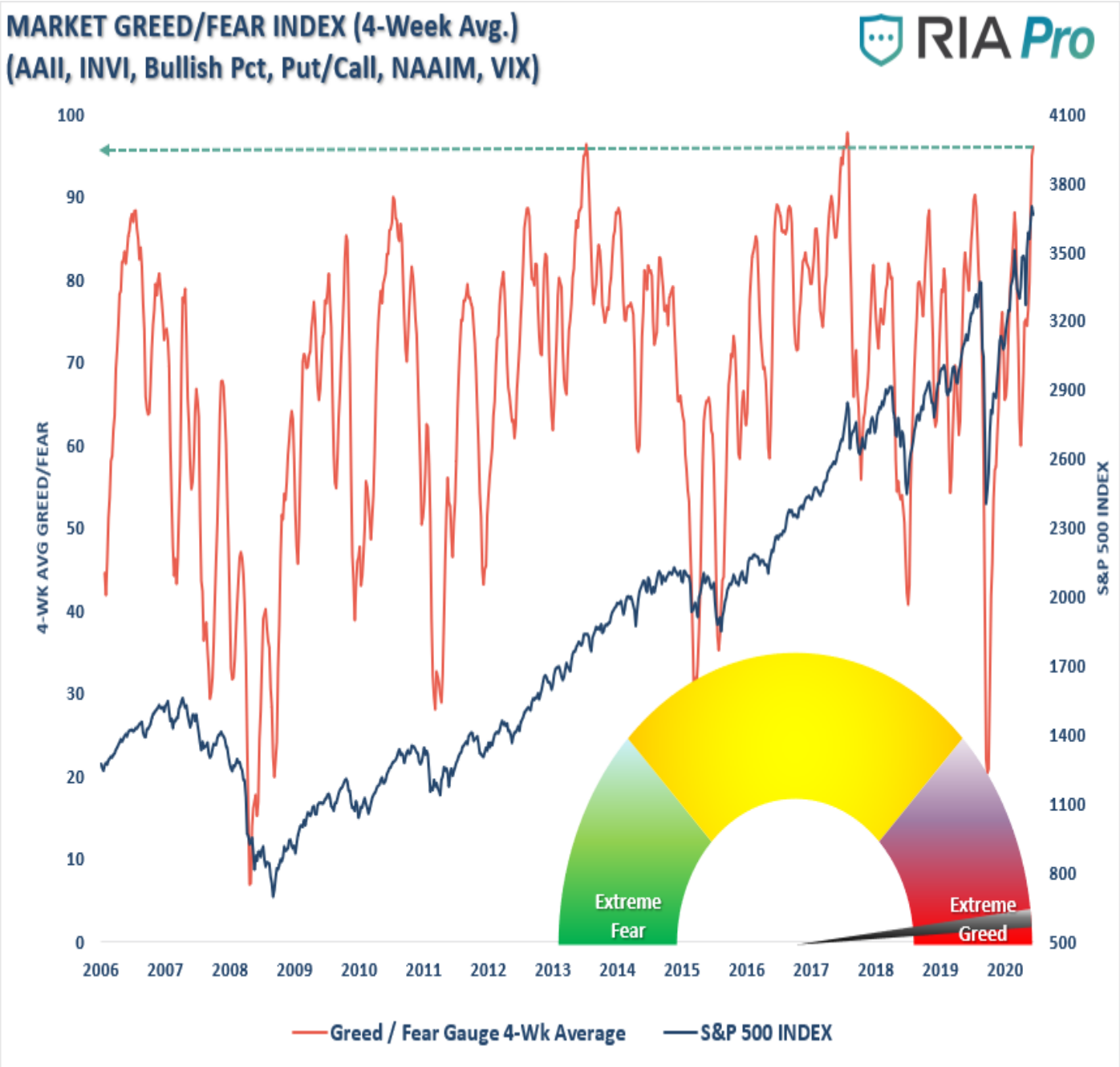
The technical overbought/sold gauge comprises several price indicators (RSI, Williams %R, etc.), measured using "weekly" closing price data. Readings above "80" are considered overbought, and below "20" is oversold.



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.

NOTE: This week I published the 4-Week Average of the Fear/Greed Index. It is a rarity that it reaches levels above 90. **The *current reading is 96.07 out of a possible 100.***



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	367.62	(0.96)	2.30	10.28	22.08	15.21	348.68	328.44	363.32	0.99	372.40	354.24	5%	12%	BULLISH
XLB	SPDR-MATLS SELS	70.90	(0.26)	0.43	(2.40)	8.04	2.09	67.06	61.30	70.99	1.08	73.53	68.45	6%	16%	BULLISH
XLC	SPDR-COMM SV SS	66.94	0.90	2.11	3.68	5.50	12.15	62.11	58.32	65.40	0.99	67.68	63.12	8%	15%	BULLISH
XLE	SPDR-EGY SELS	41.12	2.17	19.07	12.06	(9.45)	(47.03)	33.13	35.79	36.76	1.74	38.32	35.20	24%	15%	BEARISH
XLF	SPDR-FINL SELS	28.46	(0.83)	2.99	5.03	3.96	(22.54)	25.85	24.51	27.88	1.20	28.91	26.85	10%	16%	BULLISH
XLK	SPDR-TECH SELS	124.30	(0.42)	0.25	0.94	0.34	23.69	118.92	110.10	123.48	1.06	127.87	119.09	5%	13%	BULLISH
XLI	SPDR-INDU SELS	88.77	0.47	1.21	2.40	12.14	(6.57)	82.19	74.68	88.03	1.18	91.27	84.79	8%	19%	BULLISH
XLP	SPDR-CONS STPL	67.32	0.50	(2.62)	(4.58)	(4.24)	(7.98)	65.42	62.55	66.91	0.58	68.97	64.85	3%	8%	BULLISH
XLRE	SPDR-RE SELS	36.27	(1.88)	(5.61)	(8.40)	(14.55)	(18.72)	36.12	35.37	36.50	0.70	37.67	35.33	0%	3%	BULLISH
XLU	SPDR-UTIL SELS	62.24	0.69	(8.13)	(3.93)	(9.28)	(17.00)	62.69	60.18	62.84	0.32	64.61	61.07	-1%	3%	BULLISH
XLV	SPDR-HLTH CR	111.68	0.20	(2.70)	(4.47)	(7.54)	(4.51)	107.61	104.60	109.74	0.77	113.33	106.15	4%	7%	BULLISH
XLY	SPDR-CONS DISCR	156.30	(0.13)	(0.45)	(1.66)	4.23	11.69	151.49	138.83	157.26	1.14	162.99	151.53	3%	13%	BULLISH
XTN	SPDR-SP TRANSPT	72.29	0.07	6.66	9.11	21.19	(2.03)	63.84	57.55	69.63	1.40	72.35	66.91	13%	26%	BULLISH
SDY	SPDR-SP DIV ETF	106.62	0.63	0.61	2.93	(0.60)	(15.60)	98.74	94.51	103.80	0.89	107.32	100.28	8%	13%	BULLISH
RSP	INVS-SP5 EQ ETF	125.72	(0.11)	2.42	4.20	5.64	(4.97)	115.42	107.86	122.88	1.12	127.33	118.43	9%	17%	BULLISH
SLY	SPDR-SP6 SC	77.47	1.07	6.98	14.65	16.31	(6.71)	67.64	62.35	73.75	1.28	76.54	70.96	15%	24%	BULLISH
MDY	SPDR-SP MC 400	409.00	0.77	3.76	10.02	8.64	(4.62)	369.37	343.02	395.78	1.19	410.40	381.16	11%	19%	BULLISH
EEM	ISHARS-EMG MKT	50.72	0.71	2.64	3.64	4.91	(1.03)	46.78	43.16	48.73	0.87	50.37	47.09	8%	18%	BULLISH
EFA	ISHARS-EAFE	72.18	0.47	1.75	0.54	(2.75)	(11.59)	66.77	63.41	70.15	0.86	72.50	67.80	8%	14%	BULLISH
IAU	ISHARS-GOLD TR	17.54	1.08	(4.86)	(16.08)	(18.47)	9.01	17.96	17.60	16.95	0.02	17.38	16.52	-2%	0%	BULLISH
GDX	VANECK-GOLD MNR	35.08	0.31	(10.01)	(25.47)	(22.39)	11.34	38.17	37.74	34.68	0.58	35.75	33.61	-8%	-7%	BULLISH
UUP	INVS-DB US$ BU	24.54	1.25	(4.26)	(12.55)	(28.95)	(23.16)	25.07	25.67	24.82	(0.12)	25.41	24.23	-2%	-4%	BEARISH
BOND	PIMCO-TOT RETRN	112.67	1.23	(1.86)	(10.08)	(21.04)	(11.21)	112.17	111.55	112.70	0.08	115.61	109.79	0%	1%	BULLISH
TLT	ISHARS-20+YTB	158.77	3.26	(1.92)	(13.22)	(26.00)	(1.02)	160.17	163.24	160.02	(0.27)	163.59	156.45	-1%	-3%	BEARISH
BNDX	VANGD-TTL INT B	58.75	1.58	(1.51)	(9.19)	(20.29)	(14.09)	58.31	57.89	58.52	0.03	60.00	57.04	1%	1%	BULLISH
HYG	ISHARS-IBX HYCB	86.68	0.77	(0.85)	(7.45)	(15.51)	(16.27)	85.02	83.59	86.32	0.37	88.80	83.84	2%	4%	BULLISH

RIA Pro

REAL INVESTMENT ADVICE

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	83.94	11.20	4.99	1.14	21.31	8.00
HOLX	Hologic Inc	76.25	17.40	5.51	0.00	19.06	8.00
MSFT	Microsoft Corp	210.52	12.50	13.83	1.06	34.01	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	115.87	1.55	11.99	3.11	9
CMTV	Commnty Bcp Vt	14.89	1.07	12.34	5.10	8
FLIC	First Long Is	18.03	1.08	10.79	4.22	8
IBCP	Indep Bk Mich	18.06	1.06	11.07	4.43	8
PEG	Public Sv Entrp	56.60	1.81	11.16	3.46	8
TFC	Truist Finl Cp	47.95	1.04	10.08	3.75	8
TSLX	Sixth St Spclty	20.87	1.24	12.32	7.86	8
UGI	Ugi Corp	35.45	1.79	11.03	3.72	8
BSRR	Sierra Bancorp	24.15	1.09	10.41	3.31	7
CFR	Cullen Frost Bk	87.64	1.35	11.21	3.29	7
CHCO	City Hldgs Co	70.28	1.63	13.27	3.24	7
CPF	Central Pac Fin	17.88	0.93	10.07	5.15	7
CRWS	Crown Crafts	7.22	1.62	13.97	4.43	7
CZFS	Citizens Fin Sv	47.75	0.99	11.82	3.85	7
FMNB	Farmers Natl Bc	13.56	1.13	10.99	3.24	7
FNLC	First Bancp Inc	25.80	1.29	11.41	4.81	7
KBAL	Kimball Intl B	11.98	1.79	20.16	3.01	7
LARK	Landmark Bcp	24.40	0.97	10.11	3.12	7
LOMA	Loma Negra Cia	5.91	1.35	21.99	4.30	7
LTC	Ltc Properties	38.02	1.92	13.30	6.00	7
SWM	Schweitzer-Maud	37.29	1.86	19.52	4.72	7
UBFO	United Sec Bcsh	7.75	1.11	10.41	5.68	7
WTBA	West Bancorp	20.75	1.59	14.69	4.05	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	422.60	#N/A	10.18	0.74	#N/A	8
MSFT	Microsoft Corp	210.52	12.50	13.83	1.06	2.50	8
FFIN	First Fin Bk-Tx	35.44	#N/A	10.70	1.47	#N/A	7
IDXX	Idexx Labs Inc	454.27	15.83	10.64	-	4.68	7
NVDA	Nvidia Corp	518.89	18.26	22.00	0.12	3.75	7
QLYS	Qualys Inc	93.08	#N/A	17.75	-	#N/A	7
CHCT	Comm Hlthcr Tr	47.29	10.00	37.63	3.59	2.32	7
CPRT	Copart Inc	114.75	13.00	16.02	-	2.84	6
HALO	Halozyme Thera	40.75	#N/A	6.59	-	#N/A	6
REXR	Rexford Ind Rty	46.62	6.43	29.26	1.84	5.56	6
RGEN	Repligen	179.53	30.00	35.13	-	4.16	6
TYL	Tyler Tech Inc	449.59	15.00	13.66	-	7.23	6
RAMP	Liveramp Hldgs	69.79	#N/A	(21.10)	-	#N/A	5
CDNS	Cadence Design	117.45	15.43	8.59	-	3.77	5
IIPR	Innov Indl Ppty	161.18	#N/A	172.75	2.90	#N/A	5
ALGN	Align Tech Inc	508.39	18.28	27.06	-	8.41	4
MKTX	Marketaxess Hld	551.58	#N/A	14.42	0.44	#N/A	4
TREX	Trex Company	77.54	#N/A	14.86	-	#N/A	4
TXN	Texas Instrs	162.00	9.33	2.39	2.52	3.17	4

Portfolio / Client Update

As we have noted over the past several weeks, the levels of "*bullishness"* are at more extreme levels. However, momentum can push markets further into extremes that logic would dictate. It is at these points where we have to maintain our discipline and focus on risk. *"Bullishness begets bullishness."*

Are we saying a *"crash"* is coming? **No.** While we do have the potential setup for one, **that?s not what I am saying, implying, or even remotely suggesting.**

Our goal is to be successful for you over the long-term. Therefore, we evaluate data for what it is **and make decisions, even if it runs contrary to mainstream views.** Sometimes this works well. At others, it may not seem so, particularly when *"momentum"* is driving markets to excess.

The data tells us the current market advance is well ahead of itself in the short-term. H**istorically, when *?optimism?* levels get to more extreme levels, the markets have experienced short- to intermediate-term corrections at the least, and sometimes more.**

When people take "*a little risk"* and get rewarded for it, they are then encouraged to take *"a little more risk."* However, therein lies that trap, as my colleague Victor Adair noted:

"People in the ?crowd? don?t appreciate the risks they are taking because they?re surrounded by people who believe the market will keep going up.'?

Such is currently the case. Everyone is now thoroughly convinced that markets can not go down.

Maybe they are right? Perhaps this time is different?

However, I am confident such is not the justification you want us to use to manage your portfolio. It is usually just about when *?the crowd?* becomes overly optimistic that an unexpected outcome occurs.

As Bob Farrell once quipped:

?When all experts agree, something else usually happens.?

Portfolio Changes

This past week were no changes this week to portfolios. We post all trades in real-time at ***RIAPRO.NET.***

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

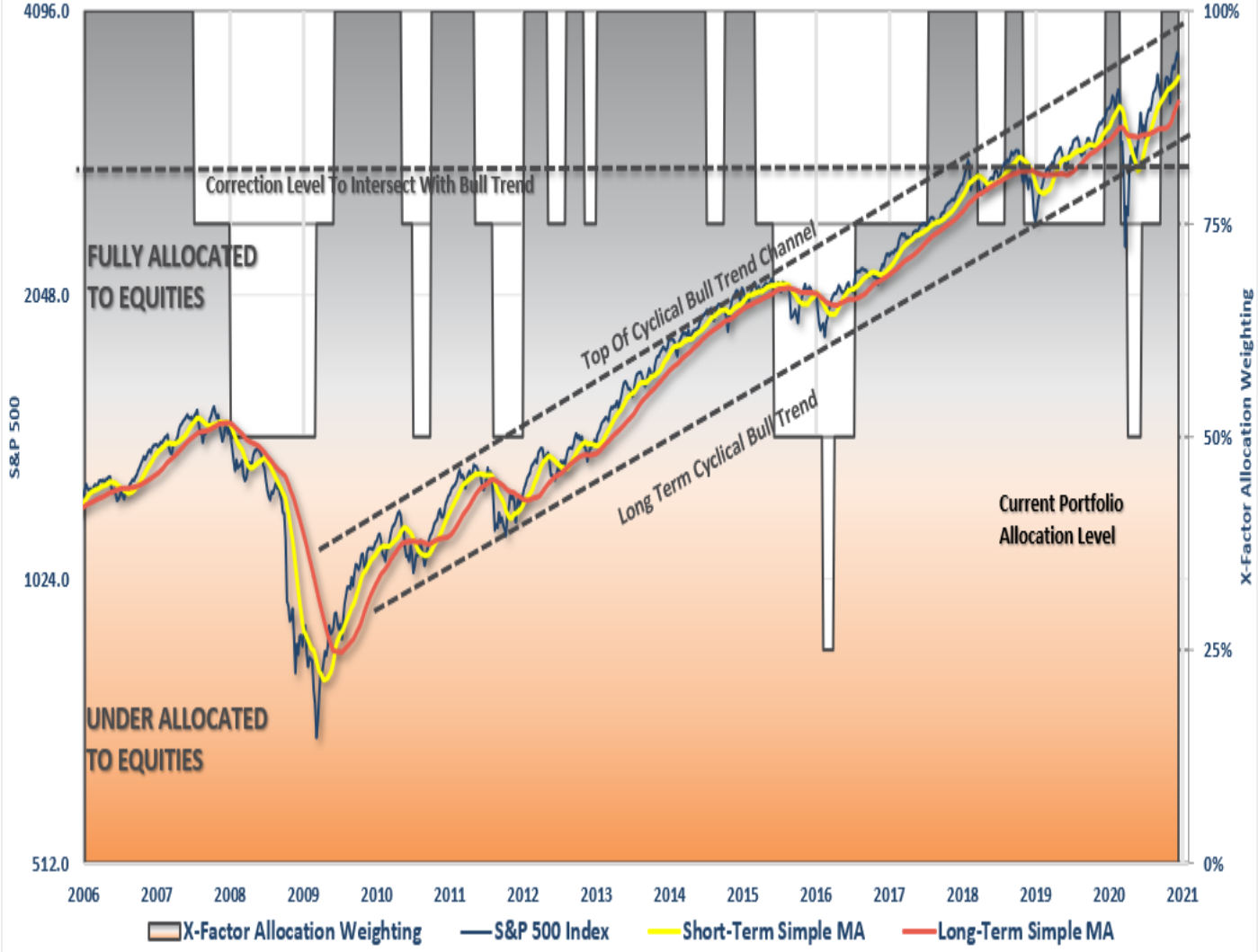
CIO

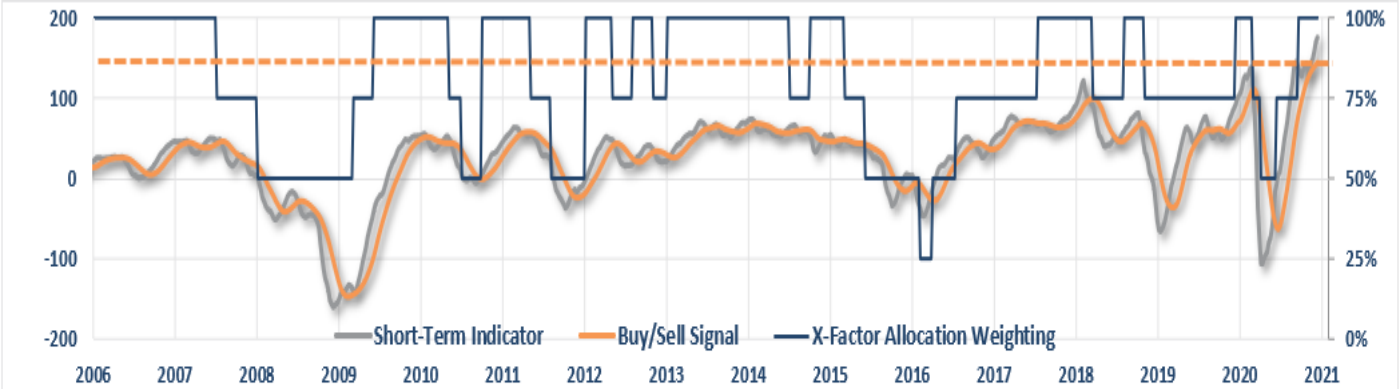
THE REAL 401k PLAN MANAGER

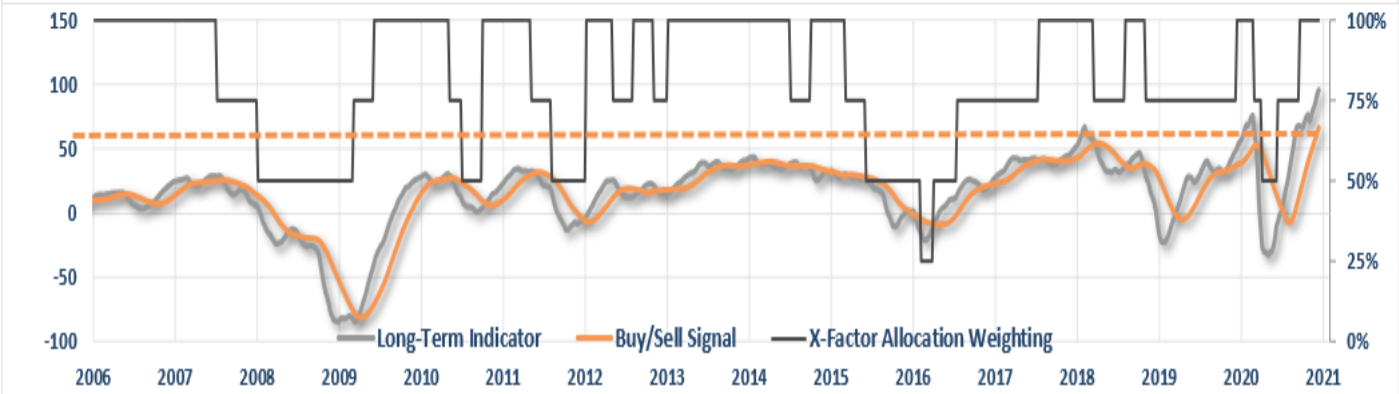
A Conservative Strategy For Long-Term Investors

Risk Management Analysis

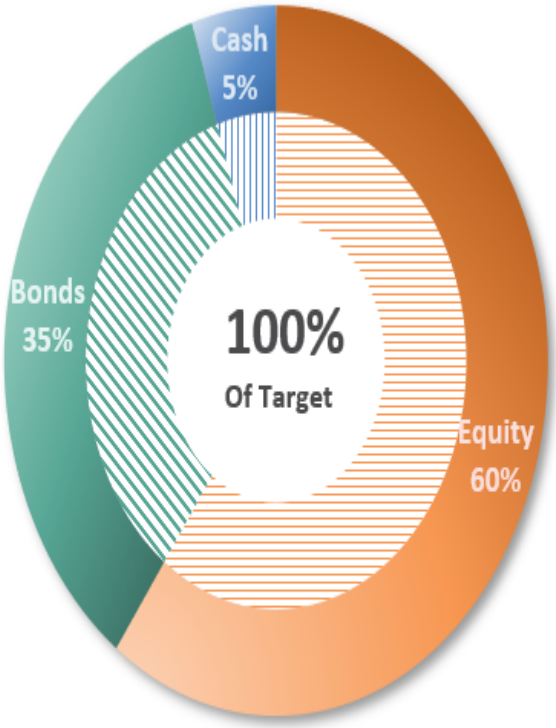
REAL INVESTMENT ADVICE







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	Hold Current Exposure	Hold Exposure
Equal To Target Allocation	Hold Current Exposure	Hold Exposure
Over Target Allocation	Hold Current Exposure	Hold Exposure

Commentary

The bullish bias to the markets continued this past weeks as hopes of a vaccine delivery and more stimulus continues to fuel the bullish advance. As shown in the chart above, the "buy signals" for the market are now grossly extended along with the markets from long-term means and trends.

This past week, the markets traded sideways and triggered a short-term sell signal which does put prices at risk in the short-term. IF you are overweight equities, you may want to reduce to target weights currently as we head into options expirations next week. There is some risk given the extreme overbought conditions currently.

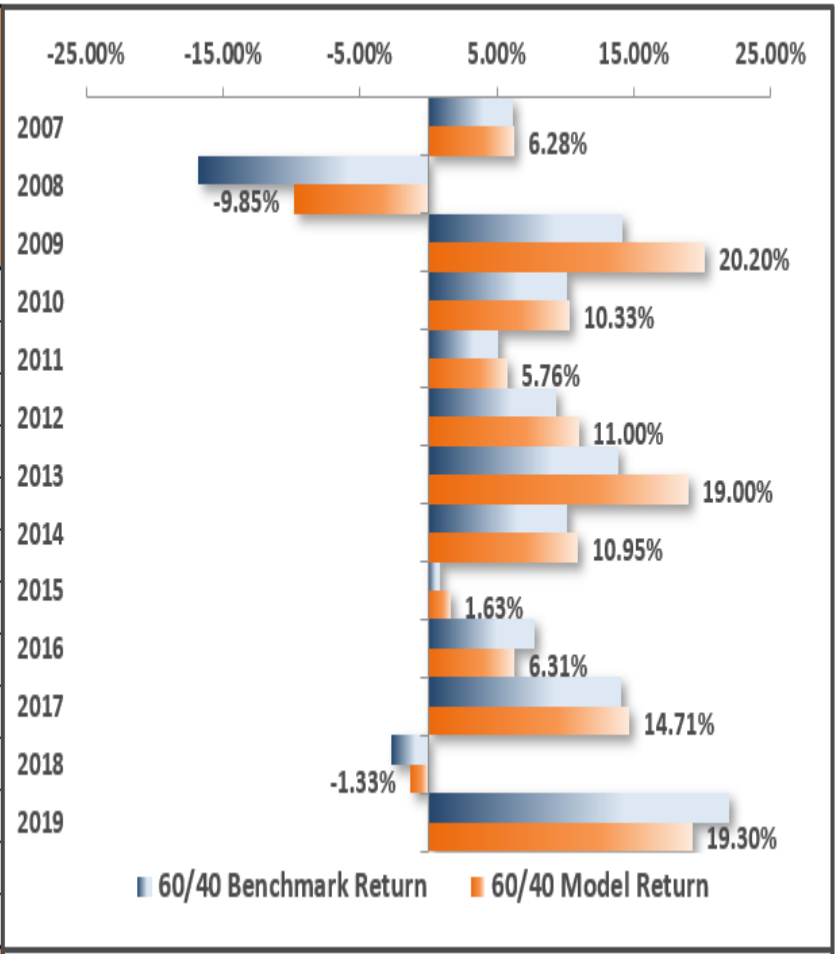
We do not recommend adding additional exposure at this time. In fact, the more prudent course of action currently is to rebalance portfolios back to original weightings. This will reduce the overall risk profile of the plan currently.

If you are close to retirement, a little extra caution is certaily worth taking.

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.

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 PI

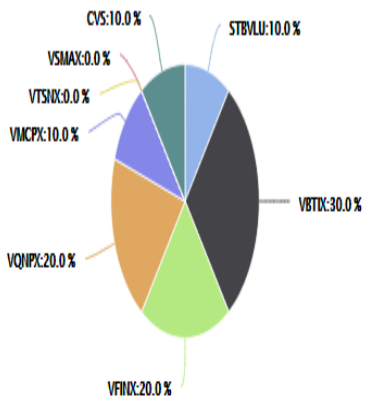
Retirement Income (My Portfolio Annual ROR 9.44 %)

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

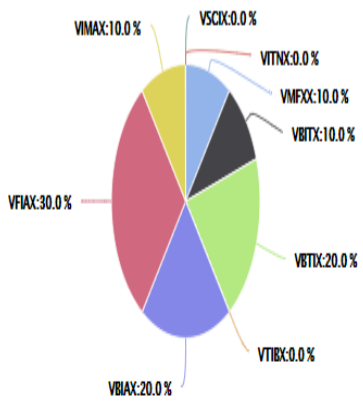
Retirement Income (RiaPro Annual ROR 9.02 %)

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



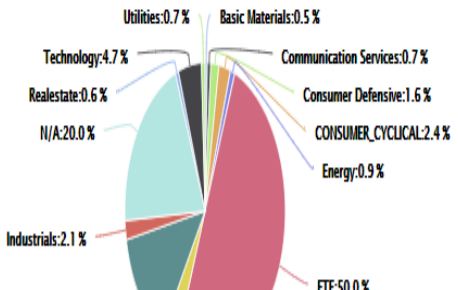
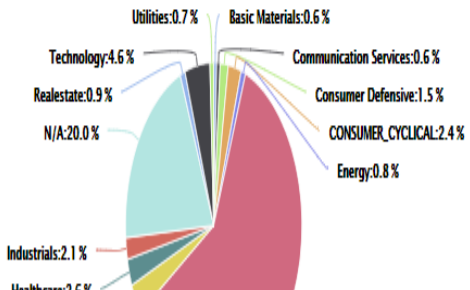
RIAPro Fund Composition



My Asset Composition

RIAPro Asset Composition

My Sector Composition



RIAPro Sector Composition