

Bulls Continue To Push Stocks Higher As Risk Rises



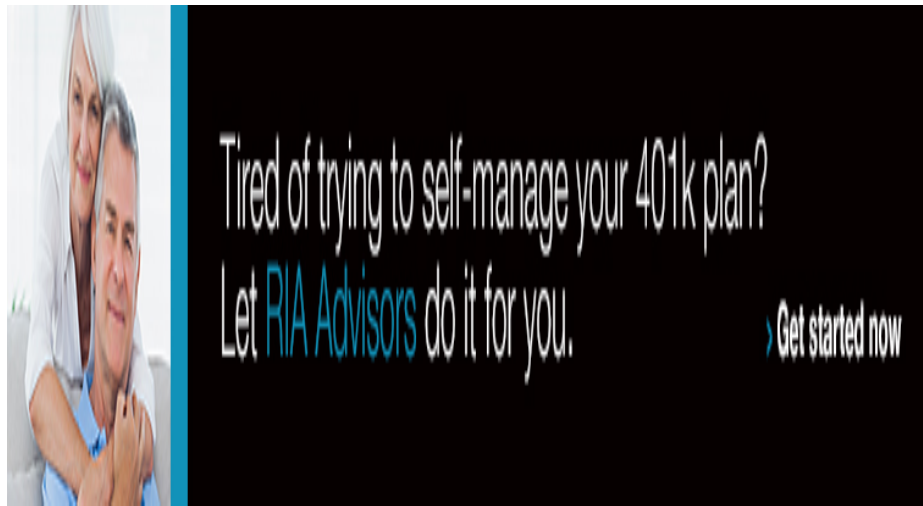
In this issue of "Bulls Continue To Push Stocks Higher As Risk Rises."

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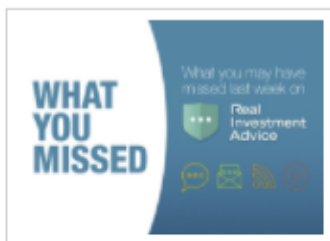
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Catch Up On What You Missed Last Week



#WhatYouMissed On RIA This Week: 1-22-21

Written by Lance Roberts | Jan 22, 2021

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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Bulls Push Stocks To New Highs

What better way to celebrate a new President than to push stocks to new all-time highs? On Wednesday, the market surged as Joe Biden got sworn in as the 46th President of the United States. **Interestingly, it was a rotation from the reflation trade back into the "Old Guard" of the FANG stocks that led the way.** In fact, despite hopes that the reflation trade would be the thing, it has been just the opposite. The chart below is the differential in performance over the last week between market-cap and equal-weighted markets. (*FANG dominates market cap whereas equal-weight has a much larger weighting in industrials*)

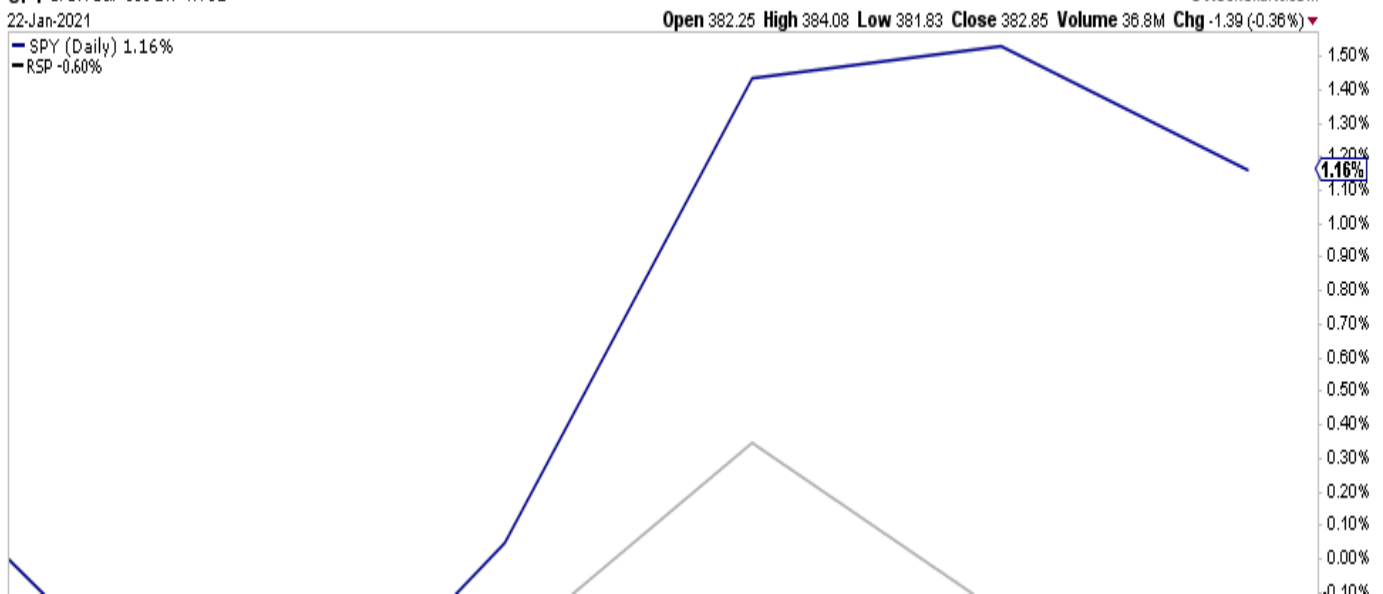
SPY SPDR S&P 500 ETF NYSE

22-Jan-2021

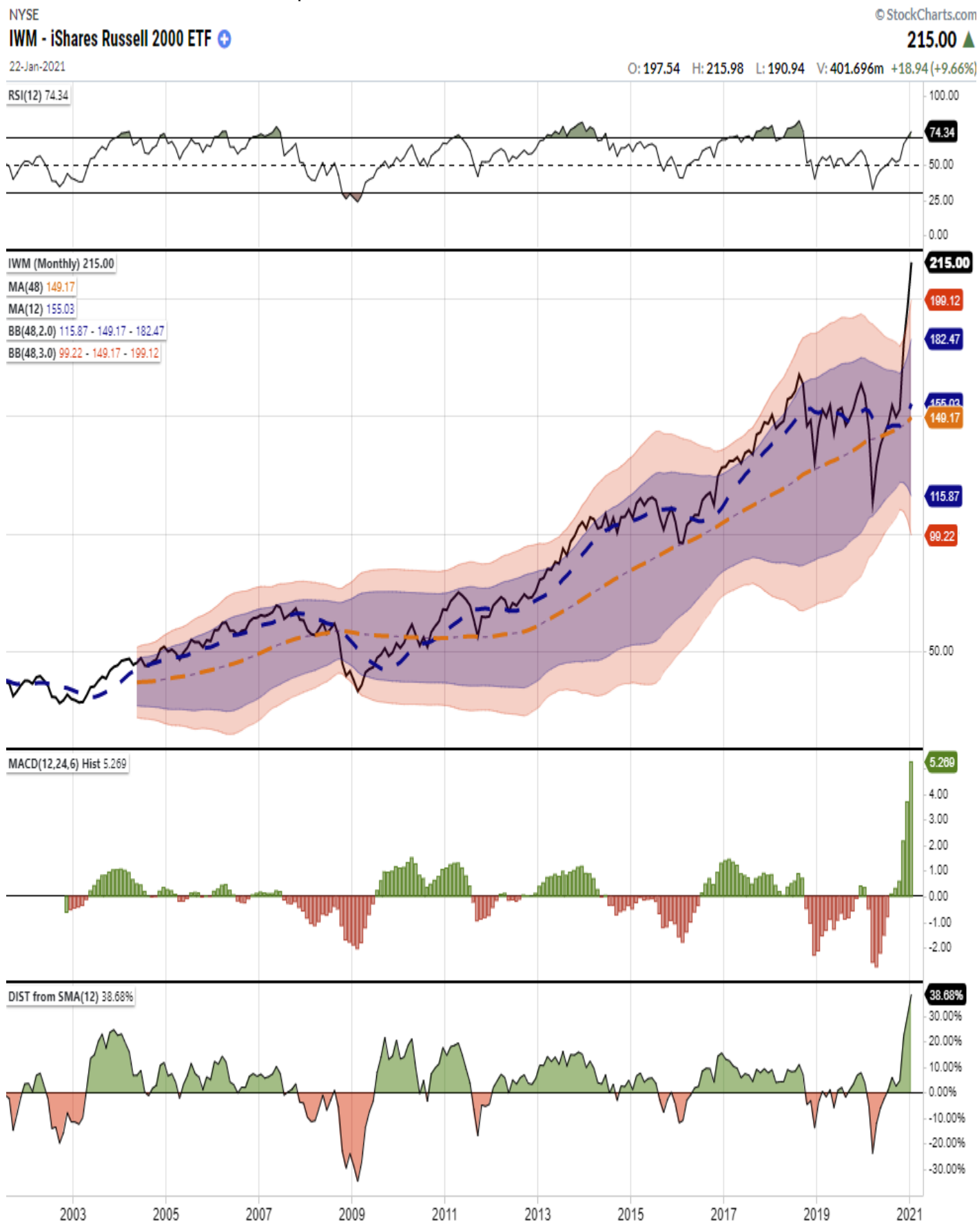
— SPY (Daily) 1.16%
— RSP -0.60%

Open 382.25 High 384.08 Low 381.83 Close 382.85 Volume 36.8M Chg -1.39 (-0.36%)

© StockCharts.com



Notably, that rotation is a function of money managers repositioning portfolios to reduce risk. The risk gets reduced by moving from significantly extended and deviated areas of the market back to less extended or oversold segments. As noted last week, there is nothing screaming risk more at the moment than the small-cap sector.



Markets Queuing Up For A Correction

Currently, managers can't afford to be out of the market and potentially suffer a performance drag. So, the rotation in the market reduces risk while still maintaining exposure to equities. However, as discussed last week, there is ample evidence that **"everyone is currently in the pool."** Such leaves the market **vulnerable to three risks:**

1. *More stimulus and direct checks into the economy lead to an inflationary spike that causes the Fed to discuss hiking rates and tapering QE.*
2. *The current rise in interest rates continues over higher inflation concerns until it impacts a debt-laden economy causing the Fed to implement "yield curve control."*
3. *The dollar, which has an enormous net-short position against it, reverses moves higher, pulling in foreign reserves, causing a short-squeeze on the dollar.*

The reality is that both a rise in the dollar, with higher yields, is likely to start attracting reserves from countries faced with economic weakness and negative-yielding debt. Such would quickly reverse the tailwinds that have supported the equity rally since March.



In the following video, we discuss why the markets are setting up for a correction over the next

month of 3-5%. (We publish a daily 3-minute video [click here to subscribe](#))

<https://www.youtube.com/watch?v=80DMuOYhrWo> **Important Note:** A correction can take on **one of two forms**. The market either declines in price to alleviate the overbought condition, or it can consolidate sideways.



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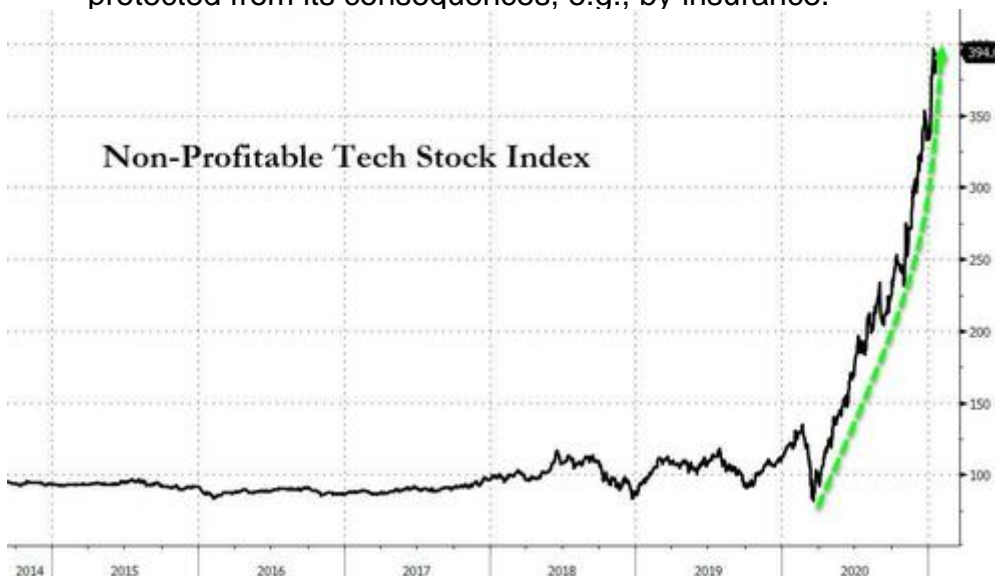
The Fed Broke It

In his latest letter to investors, [The Financial Times reported](#) that Seth Klarman of Baupost Capital blamed the world's central banks for flooding the financial system with liquidity masking the US economy's real health. To wit:

?With so much stimulus being deployed, trying to figure out if the economy is in recession is like trying to assess if you had a fever after you just took a large dose of aspirin. But as with frogs in water that is slowly being heated to a boil, investors are being conditioned not to recognise the danger.?

While the entire article is worth a read, his point is what we addressed previously in ["Moral Hazard."](#) What exactly is the definition of ?moral hazard.?

Noun ? ECONOMICS "The lack of incentive to guard against risk where one is protected from its consequences, e.g., by insurance."



, adopting the idea of

Of course, given the price-

to-sales ratio
outcomes.



paying for future
poorly without

More Of The Same

As Seth Klarman notes, it is the unprecedented flood of global liquidity that is driving the mayhem.

"The Fed's policies and programs have directly contributed to exceptionally while downside

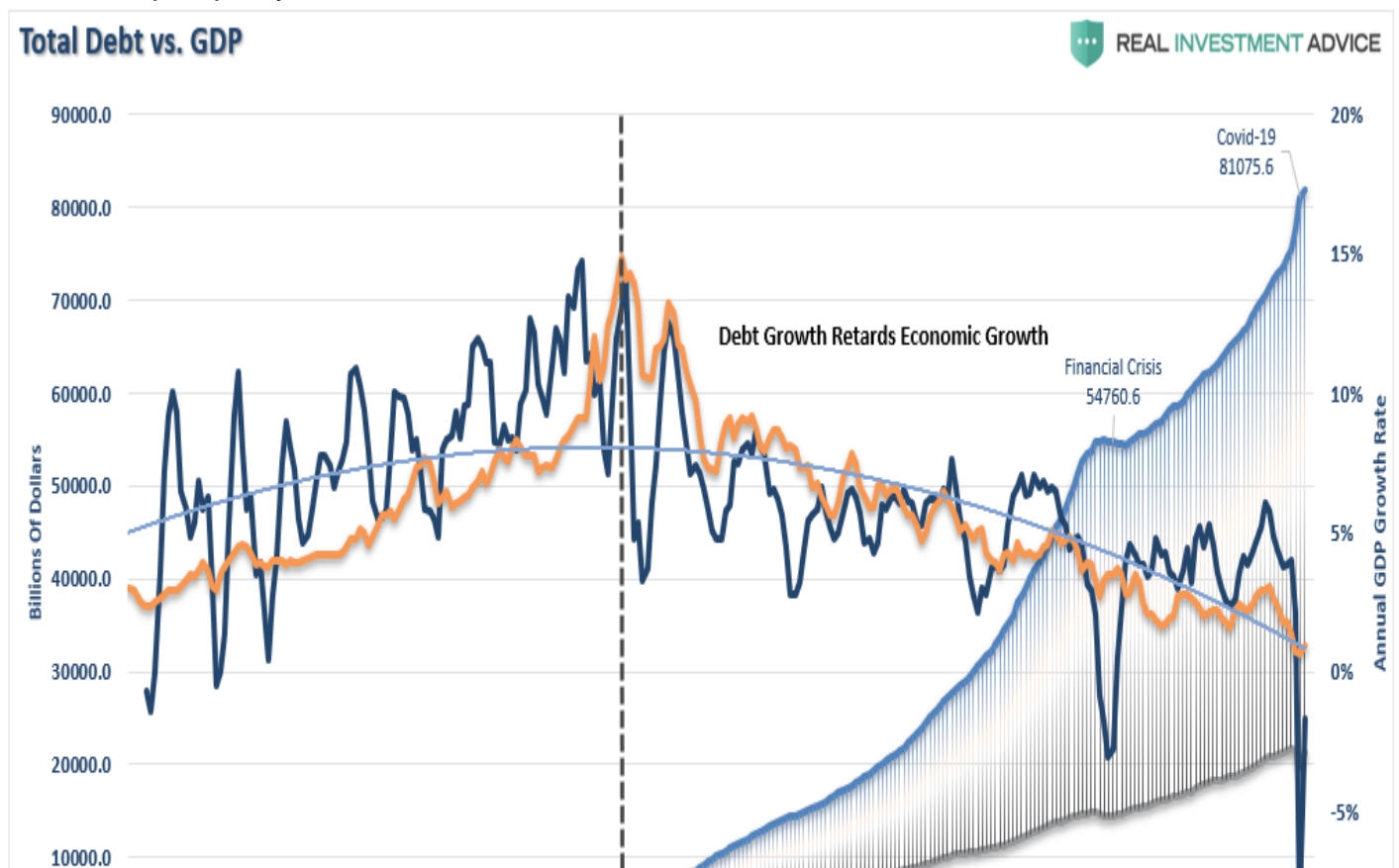


While The Fed's drastic

measures have arguably helped to boost economic activity and rescue ailing businesses (or more correctly, raise stock prices enabling issuance and collapse yields and spreads enabling issuance), Klarman warns:

"They have also kindled two dangerous ideas: that fiscal deficits don't matter, and that no matter how much debt is outstanding, we can effortlessly, safely, and reliably pile on more.?"

Unfortunately, 40-years of history have already shown us the problem with debts and deficits in economic prosperity for the masses.



Another decade of the same should about finish the job.

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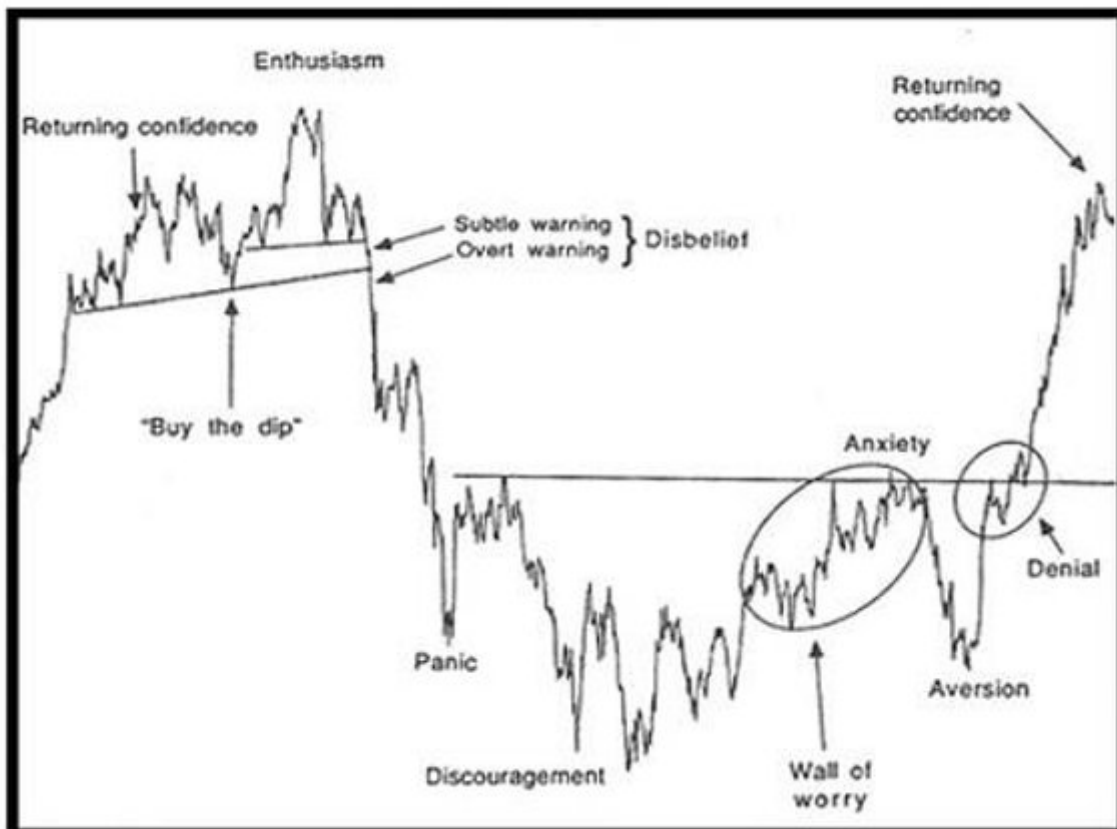
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Signs Of Enthusiasm

[Sentiment Trader](#) had a great piece out on Thursday discussing sentiment and enthusiasm.

"The biggest challenge with this market, one we haven't really ever had to deal with before, is the conflict between an impressive recovery from a historic selloff, superimposed against a backdrop of record levels of speculative activity. Recoveries from a bear market typically take much longer. By the time they've recovered and been at new highs for a while, speculation comes in, markets plateau, divergences form, and sentiment cycles back down during a correction. If we look at a typical Sentiment Cycle, then we basically went from enthusiasm to panic and right back to enthusiasm, all in record time."

Justin Mamis Sentiment Cycle



"There is little arguing that we're in this part of the cycle. As the Knowledge Base article, ["How do I use sentiment?"](#) points out, this part of the cycle is identified by:

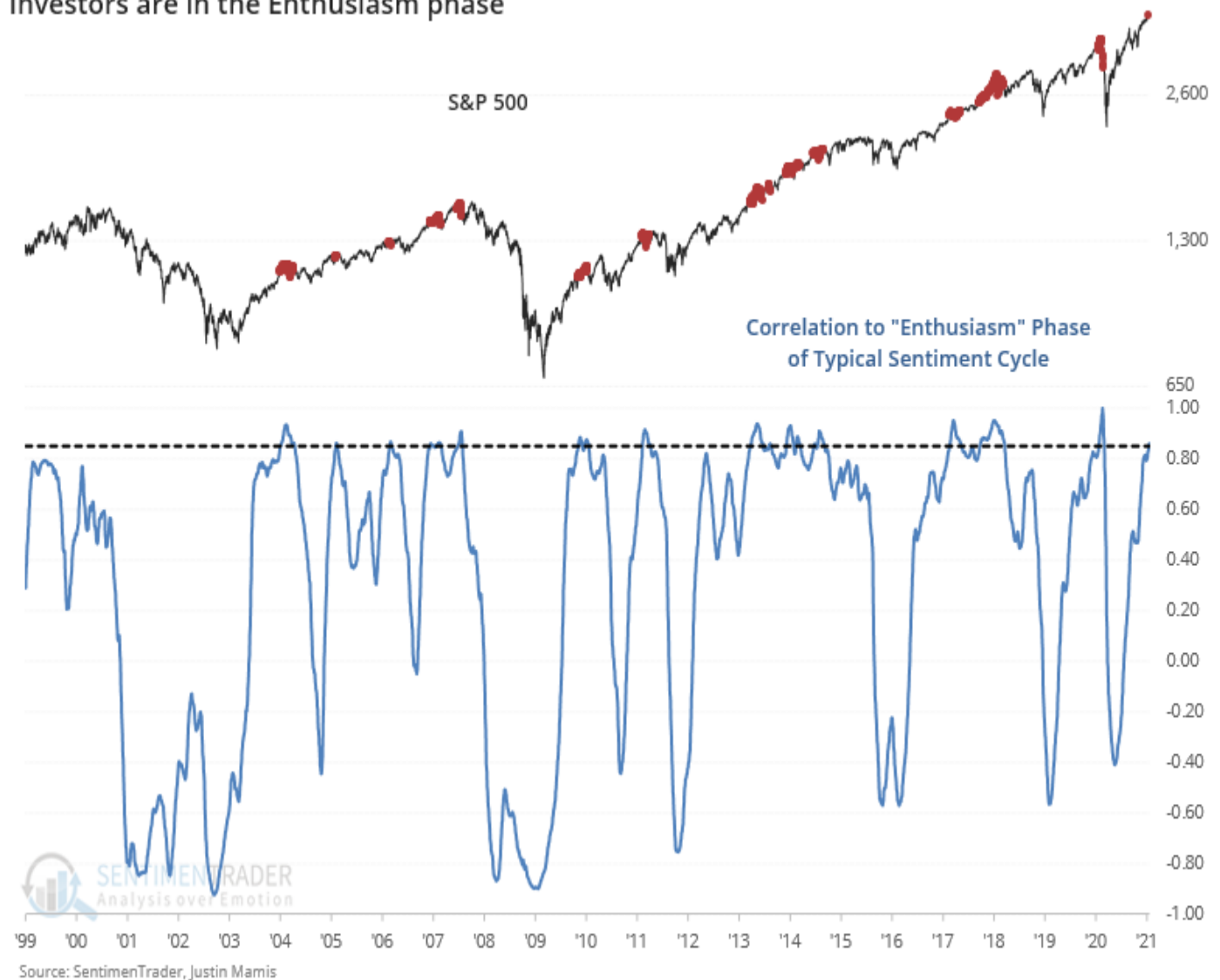
- High optimism - **CHECK**

- Easy credit (too easy, with loose terms) - **CHECK**
- A rush of initial and secondary offerings - **CHECK**
- Risky stocks outperforming - **CHECK**
- Stretched valuations - **CHECK**

All boxes are checked there. More objectively, when we look at the correlation between the S&P 500's price path lately versus the Enthusiasm phase of past cycles, there is a high positive correlation."

Investors Are There

Investors are in the Enthusiasm phase



While none of this suggests the markets are about to crash, it does indicate that short-term risk/reward is not favorable currently. As SentimenTrader summed up:

"Sentiment is horrifically extreme and almost all signs are present, screaming at us that we're seeing the kinds of behavior that are almost solely and universally seen at medium-term peaks in stocks."

As noted above, a short- to intermediate-term correction to reduce current levels of exuberance would be a healthy thing. Longer-term, the dynamics to support a continuation of the bull market will become more challenging, particularly if inflation and interest rates start to push higher.

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Portfolio Positioning - A Correction Is Coming

As noted, a correction is coming. Let me clarify. **I am NOT saying the markets are about to crash.** However, after the recent runup from November, **all of our indicators are beginning to align. Such suggests a 3-7% correction over the next month.** Could it be 10% or more? Absolutely. Once the correction begins, we can garner a better understanding of the downside risk. Over the past year, **we have remained primarily allocated toward equity exposure but have also worked around the edges hedging risk,** raising stop levels, and staying mostly domestic-focused. Given our outlook for a steeper yield curve earlier this year, we also shortened the duration of our bond allocations and increased credit quality. On Friday, we did increase our cash levels and reduce our equity-index longs for the time being. We may be a bit early, but we feel the risk currently outweighs the reward. These portfolio adjustments to allocations follow our time-tested portfolio management rules.

1. ***Tighten up stop-loss levels*** to current support levels for each position.
2. ***Hedge portfolios*** against major market declines.
3. ***Take profits*** in positions that have been big winners
4. ***Sell laggards*** and losers
5. ***Raise cash*** and rebalance portfolios to target weightings.

Notice, nothing in there says, ***?sell everything and go to cash.?***

Our Job As Investors

Remember, our job as investors is pretty simple ? protect our investment capital from short-term destruction so that we can play the long-term investment game.

- ***Capital preservation***
- ***A rate of return sufficient to keep pace with the rate of inflation.***
- ***Expectations based on realistic objectives.*** (The market does not compound at 8%, 6% or 4%)
- ***Higher rates of return require an exponential increase in the underlying risk profile.*** This tends to not work out well.
- ***You can replace lost capital ? but you can?t replace lost time.*** Time is a precious commodity that you cannot afford to waste.
- ***Portfolios are time-frame specific.*** If you have a 5-years to retirement but build a portfolio with a 20-year time horizon (taking on more risk) the results will likely be disastrous.

With forward returns likely to be lower and more volatile than witnessed over the last decade, the need for a more conservative approach is rising. **Controlling risk, reducing emotional investment mistakes, and limiting investment capital's destruction will likely be the real formula for investment success in the coming decade.**



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The MacroView



The Illusion Of Soaring Savings Amid Rising Economic Uncertainty

Written by Lance Roberts | Jan 22, 2021

The post-pandemic savings level of Americans has been used to suggest an unprecedented level of security among Americans. The problem is that it is an illusion amid the reality of rising economic uncertainty.

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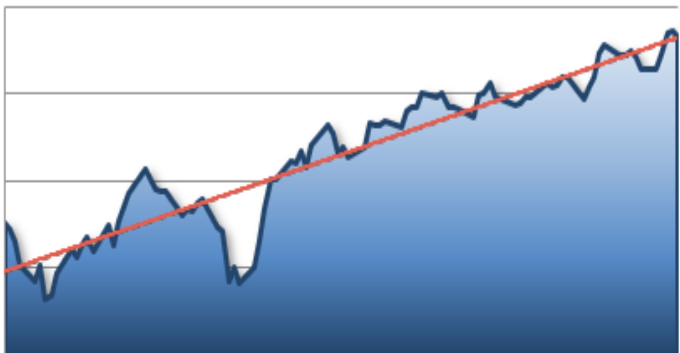
If you need help or have questions, we are always glad to help. [Just email me.](#) See You Next Week **By Lance Roberts, CIO**

Market & Sector Analysis

Analysis & Stock Screens Exclusively For RIAPro Members

S&P 500 Tear Sheet

3 Month SPY Price



SPY RISK INFO

Item

T 2-Yr

T 1-Yr.

YTD

% Diff
YTD/T1-YR

Price Return

45.66%

15.56%

2.41%

(84.52%)

Max Drawdown

(35.63%)

(35.63%)

(2.83%)

(92.05%)

Sharpe

1.02

0.74

4.01

4.44

Sortino

1.08

0.80

7.64

8.53

Volatility

25.11

33.54

12.74

(0.62)

Daily VaR-5%

(14.44)

(30.74)

31.17

(2.01)

Mnthly VaR-5%

(6.00)

(20.63)

(20.63)

0.00

S&P 500 Market Cap Analysis

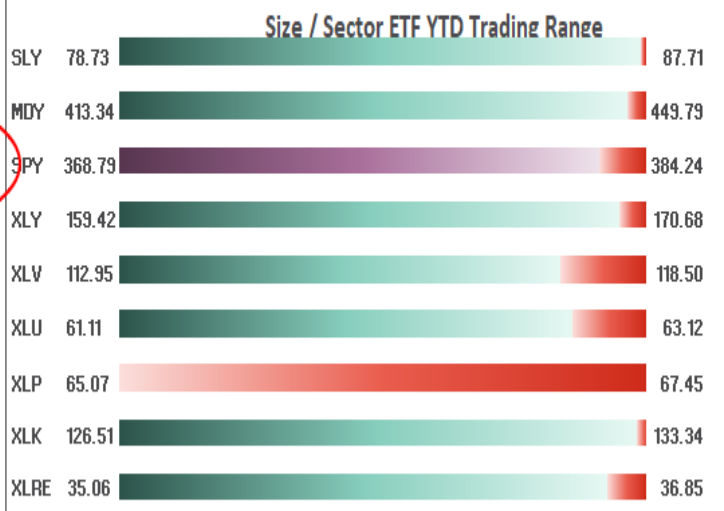
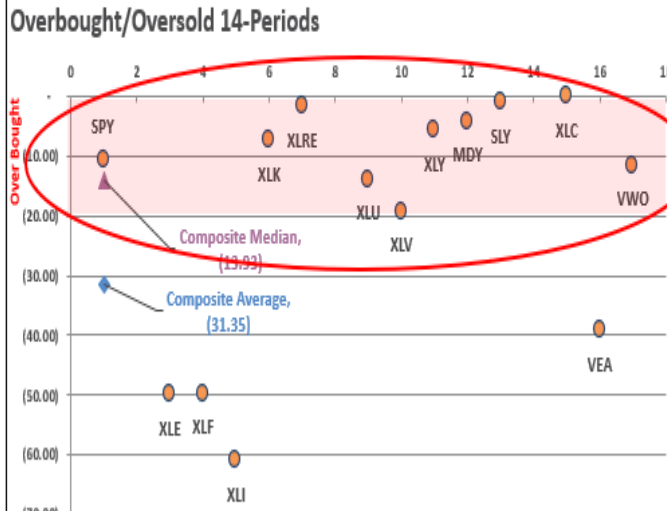
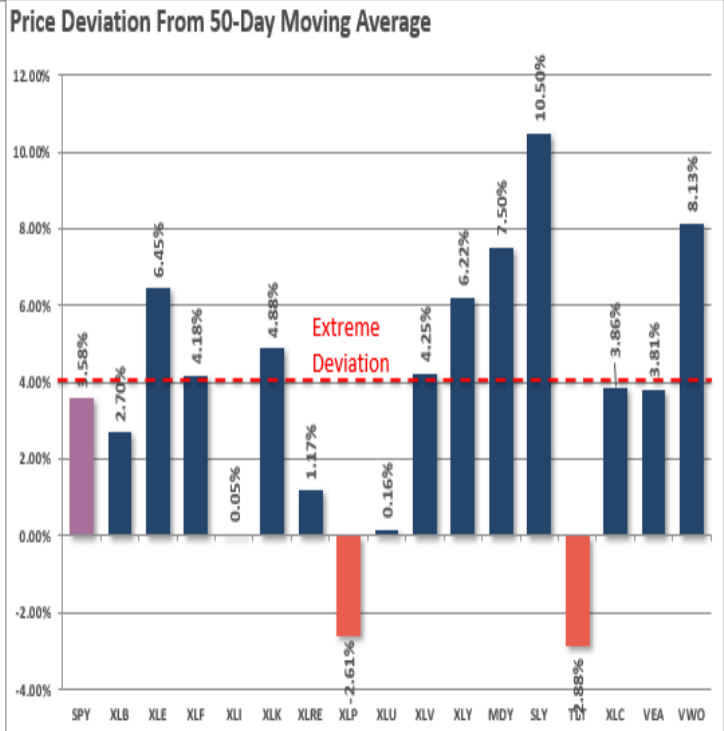
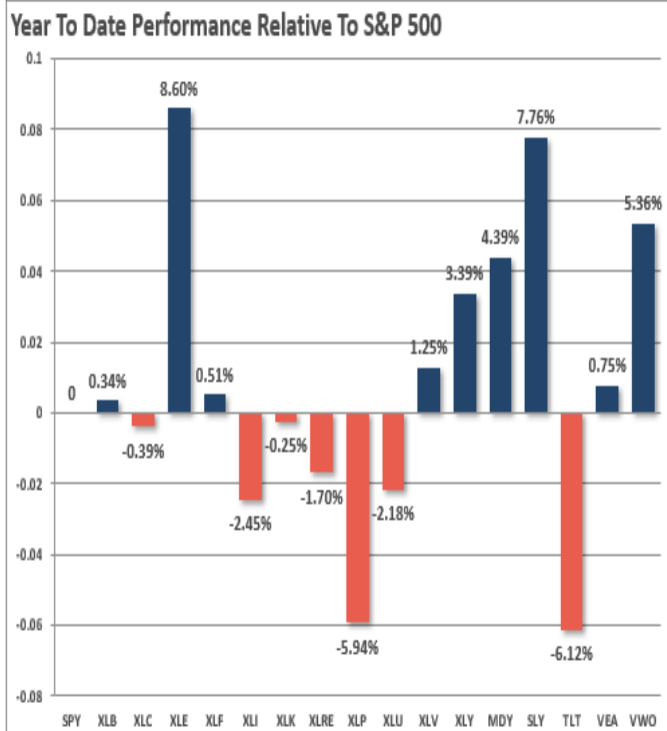
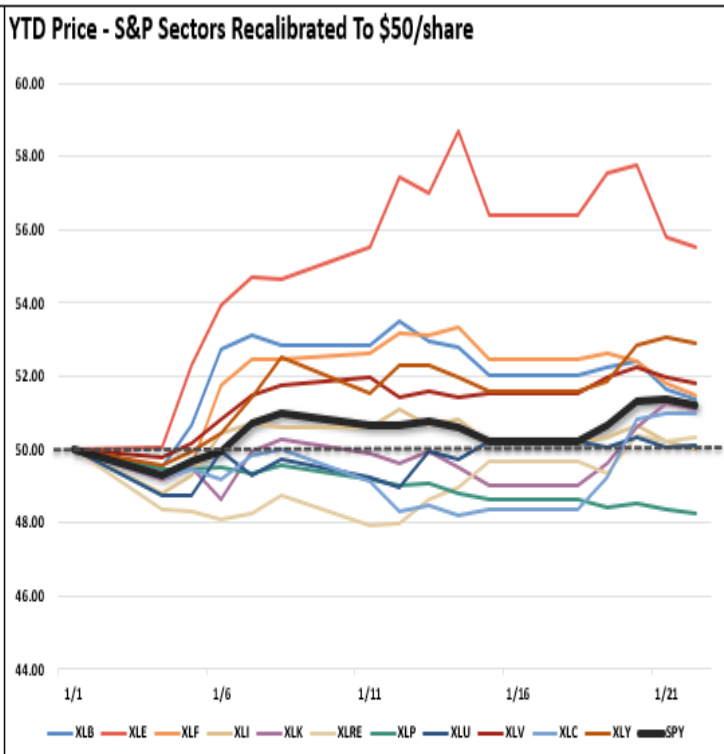
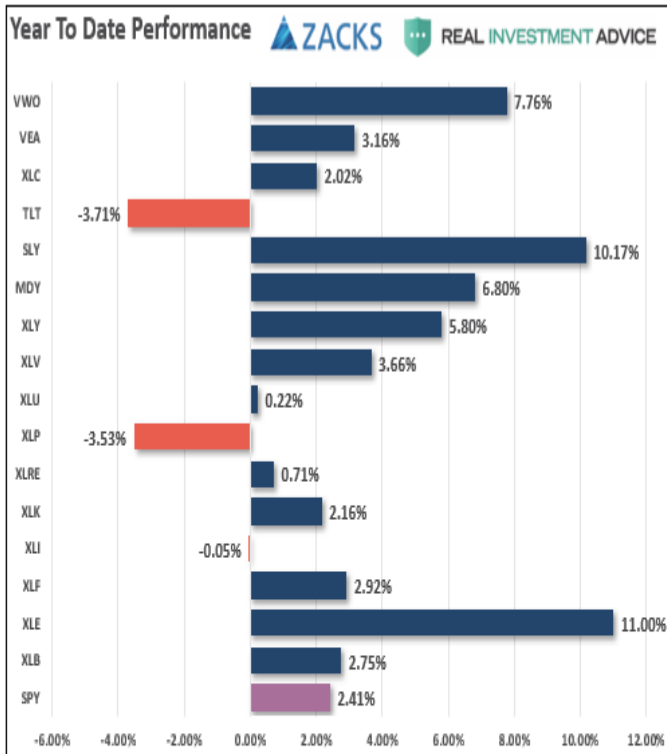
Item	2 years ago	1 year ago	Current	1 Yr % Change	5 Year High	5 year Low	% From High	% From Low
Dividend Yield	2.07%	1.73%	1.38%	(25.68%)	2.19%	1.41%	(37.07%)	(1.85%)
P/E Ratio	17.49	21.02	28.27	25.65%	2827%	1637%	0.0%	72.69%
P/S Ratio	3.43	4.01	4.94	18.81%	4.82	3.21	2.52%	53.81%
P/B Ratio	4.46	5.47	6.62	17.37%	6.23	3.94	6.27%	67.83%
ROE	21.99%	21.65%	19.72%	(9.75%)	21.99%	17.60%	(10.32%)	12.07%
ROA	4.31%	4.23%	3.64%	(16.24%)	4.31%	3.50%	(15.61%)	3.72%

Item	12-M Ago	Current	% Chg
Shares	3,171.1	3,027.2	(4.54%)
Sales	71,912	69,338	(3.58%)
SPS	22.7	22.9	1.01%
Earnings	11,442	10,134	(11.43%)
EPS TTM	4.6	4.0	(12.46%)
Dividend	1.6	1.6	(3.91%)

S&P 500 Asset Allocation

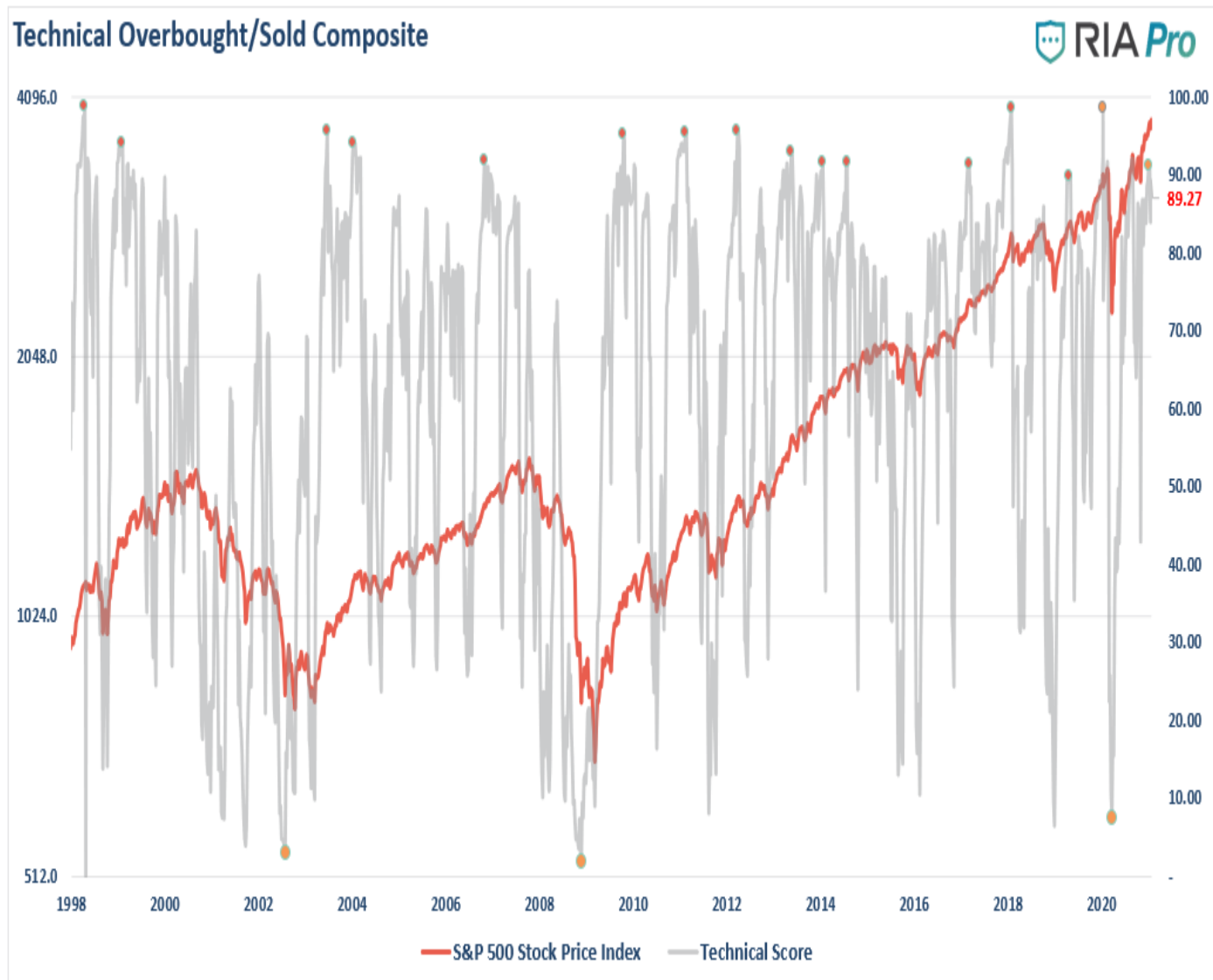
Sector	1 Year Price Return	Weight	Beta	P/E	P/E High- 5yr (Mo.)	P/E Low - 5Yr (Mo.)	P/E % From Peak	ROE	DIV. YIELD	TTM Earnings Yield	Current Forward Earnings	Forward PE
Energy	(27.26%)	2.59%	1.85	98.83	120.57	11.30	(18.0%)	1.0%	5.1%	1.03%	(0.08)	(408.77)
Materials	23.17%	2.68%	1.21	27.73	26.40	13.86	5.1%	8.1%	1.8%	3.63%	2.97	26.79
Industrials	0.91%	8.27%	1.17	34.66	34.44	14.65	0.6%	9.3%	1.5%	2.89%	2.16	41.23
Discretionary	57.26%	12.94%	1.34	63.67	57.56	21.02	10.6%	16.9%	0.5%	1.57%	2.95	59.39

Performance Analysis



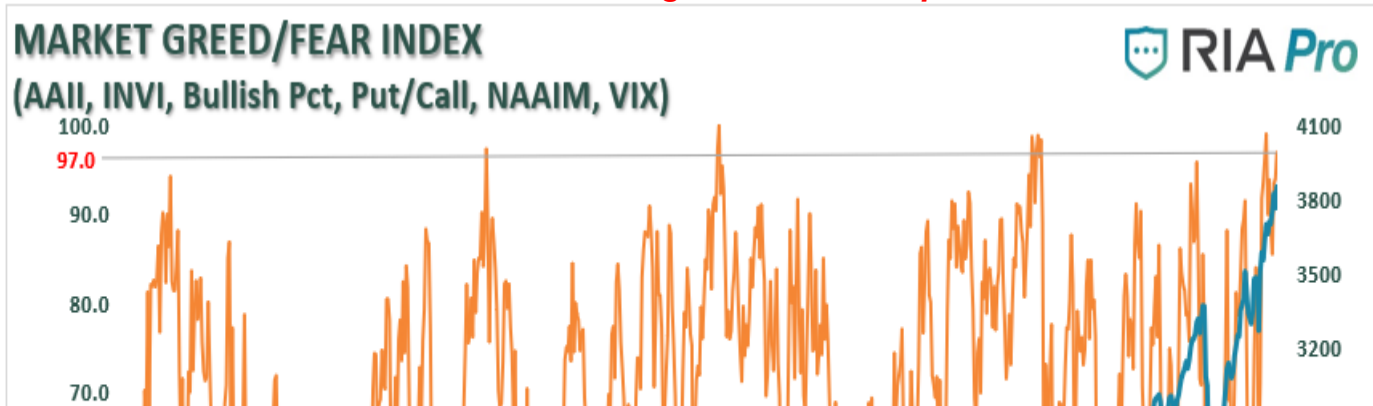
Technical Composite

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



Portfolio Positioning "Fear / Greed" Gauge

The "Fear/Greed" gauge is how individual and professional investors are "positioning" themselves in the market based on their equity exposure. From a contrarian position, the higher the allocation to equities, to more likely the market is closer to a correction than not. The gauge uses weekly closing data. **NOTE: The Fear/Greed Index measures risk from 0-100. It is a rarity that it reaches levels above 90. The current reading is 97.0 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	384.31	1.91	3.78	17.30	14.40	16.38	364.93	343.42	375.39	0.99	384.77	366.01	5%	12%	BULLISH
XLB	SPDR-MATLS SELS	74.38	(3.19)	0.13	0.42	6.14	8.13	71.07	65.14	72.39	1.07	74.97	69.81	5%	14%	BULLISH
XLC	SPDR-COMM SV SS	68.84	3.53	0.11	(1.02)	0.47	7.24	65.27	61.11	67.48	0.99	69.83	65.13	5%	13%	BULLISH
XLE	SPDR-EGY SELS	42.07	(3.50)	6.58	29.18	(1.24)	(42.07)	37.53	36.38	37.90	1.73	39.50	36.30	12%	16%	BULLISH
XLF	SPDR-FINL SELS	30.34	(3.85)	1.02	9.85	7.75	(16.54)	28.26	25.86	29.48	1.20	30.57	28.39	7%	17%	BULLISH
XLK	SPDR-TECH SELS	132.83	2.33	(0.86)	2.51	2.39	19.96	124.50	116.54	130.02	1.06	134.65	125.39	7%	14%	BULLISH
XLI	SPDR-INDU SELS	88.51	(2.27)	(3.20)	(0.64)	3.41	(10.44)	86.67	79.22	88.55	1.17	91.80	85.30	2%	12%	BULLISH
XLP	SPDR-CONS STPL	65.07	(2.77)	(6.25)	(12.79)	(11.94)	(14.05)	66.31	64.06	67.45	0.59	69.53	65.37	-2%	2%	BULLISH
XLRE	SPDR-RE SELS	36.82	(0.59)	(1.25)	(9.49)	(13.52)	(24.30)	36.20	35.91	36.56	0.70	37.73	35.39	2%	3%	BULLISH
XLU	SPDR-UTIL SELS	62.84	(2.15)	(1.12)	(16.57)	(12.20)	(24.45)	63.10	61.09	62.70	0.32	64.47	60.93	0%	3%	BULLISH
XLV	SPDR-HLTH CR	117.59	(1.38)	1.71	(1.63)	(3.89)	(1.61)	111.59	107.18	113.44	0.78	117.17	109.71	5%	10%	BULLISH
XLY	SPDR-CONS DISCR	170.10	0.68	3.96	1.67	6.78	18.68	157.81	146.99	160.78	1.13	166.62	154.94	8%	16%	BULLISH
XTN	SPDR-SP TRANSPT	74.23	(1.38)	0.19	9.43	14.93	(3.46)	69.46	61.97	71.37	1.38	74.14	68.60	7%	20%	BULLISH
SDY	SPDR-SP DIV ETF	108.54	(2.56)	(0.56)	0.09	(1.96)	(15.01)	104.38	98.18	105.93	0.89	109.52	102.34	4%	11%	BULLISH
RSP	INVS-SP5 EQ ETF	131.44	(1.74)	0.47	4.95	5.62	(3.85)	123.75	113.88	127.54	1.12	132.15	122.93	6%	15%	BULLISH
SLY	SPDR-SP6 SC	87.63	(0.19)	6.14	23.29	20.82	5.03	76.42	67.45	79.54	1.29	82.55	76.53	15%	30%	BULLISH
MDY	SPDR-SP MC 400	448.48	(0.27)	2.56	12.21	12.56	2.93	405.75	366.14	419.92	1.19	435.43	404.41	11%	22%	BULLISH
EEM	ISHARS-EMG MKT	55.83	0.81	7.59	7.57	12.87	8.80	50.34	46.01	51.67	0.87	53.41	49.93	11%	21%	BULLISH
EFA	ISHARS-EAFE	75.15	(0.90)	0.08	5.11	3.71	(8.23)	71.00	66.46	72.96	0.86	75.41	70.51	6%	13%	BULLISH
IAU	ISHARS-GOLD TR	17.69	(0.25)	(5.06)	(18.42)	(23.07)	1.40	17.80	17.85	18.13	0.03	18.59	17.67	-1%	-1%	BEARISH
GDX	VANECK-GOLD MNR	35.23	0.17	(6.00)	(23.33)	(31.97)	4.19	36.43	38.07	36.02	0.58	37.13	34.91	-3%	-7%	BEARISH
UUP	INVS-DB US\$ BU	24.34	(2.48)	(3.82)	(21.36)	(17.92)	(24.14)	24.63	25.20	24.24	(0.13)	24.82	23.66	-1%	-3%	BEARISH
BOND	PIMCO-TOT RETRN	112.62	(1.73)	(4.17)	(16.27)	(14.81)	(13.31)	112.43	112.15	113.11	0.08	116.03	110.19	0%	0%	BULLISH
TLT	ISHARS-20+YTB	151.88	(1.87)	(7.22)	(20.91)	(24.99)	(9.48)	156.86	161.26	157.73	(0.27)	161.24	154.22	-3%	-6%	BEARISH
BNDX	VANGD-TTL INT B	58.22	(2.11)	(4.19)	(17.51)	(14.27)	(14.70)	58.42	58.12	58.55	0.03	60.03	57.07	0%	0%	BULLISH
HYG	ISHARS-IBX HYCB	87.30	(1.69)	(3.49)	(13.23)	(11.89)	(16.82)	86.31	84.86	87.30	0.37	89.81	84.79	1%	3%	BULLISH

Weekly Stock Screens

Currently, there are 3-different stock screens for you to review. The first is S&P 500 based companies with a "Growth" focus, the second is a "Value" screen on the entire universe of stocks, and the last are stocks that are "Technically" strong and breaking above their respective 50-dma. We have provided the yield of each security and a Piotroski Score ranking to help you find fundamentally strong companies on each screen. ([For more on the Piotroski Score - read this report.](#))

S&P 500 Growth Screen

Ticker	Company	Current Price	Next 3-5 Yr Est EPS Gr rate	5 yr Hist Sales Gr	Div Yield	P/E using 12 mo EPS	Score
DLTR	Dollar Tree Inc	107.79	10.86	6.77	0.00	20.26	8.00
LOW	Lowes Cos	172.34	16.56	5.92	1.39	20.42	8.00
MTD	Mettler-Toledo	1244.78	12.10	5.59	0.00	51.67	8.00
PKI	Perkinelmer Inc	150.59	19.52	8.24	0.19	26.51	8.00
AAPL	Apple Inc	136.87	11.50	5.33	0.60	41.99	7.00
AVY	Avery Dennison	159.77	6.65	4.28	1.55	24.32	7.00
BLL	Ball Corp	91.30	5.00	8.85	0.66	31.92	7.00
IDXX	Idexx Labs Inc	496.44	15.83	10.64	0.00	86.49	7.00
IT	Gartner Inc -A	161.36	13.50	17.83	0.00	35.94	7.00
KLAC	Kla Corp	305.20	11.56	17.02	1.18	28.03	7.00
MCHP	Microchip Tech	152.32	14.92	22.37	0.97	28.63	7.00
MNST	Monster Beverag	89.20	11.97	11.15	0.00	40.00	7.00
MRK	Merck & Co Inc	81.18	7.16	4.63	3.20	14.07	7.00
MXIM	Maxim Intg Pdts	96.03	10.00	0.36	0.00	38.88	7.00
NDAQ	Nasdaq Inc	141.40	8.86	7.50	1.39	24.13	7.00
NTAP	Netapp Inc	64.97	11.90	0.64	2.96	18.78	7.00
QRVO	Qorvo Inc	184.12	15.77	4.66	0.00	27.48	7.00
TER	Teradyne Inc	140.24	24.36	10.61	0.29	31.94	7.00
TGT	Target Corp	191.27	8.49	3.79	1.42	22.64	7.00
ALXN	Alexion Pharma	157.86	17.75	17.77	0.00	13.76	6.00
APH	Amphenol Corp-A	133.10	9.92	9.76	0.87	37.08	6.00
AVGO	Broadcom Inc	466.82	12.86	22.60	3.08	25.21	6.00
BAC	Bank Of Amer Cp	31.77	7.00	4.74	2.27	16.99	6.00
CPRT	Copart Inc	115.70	13.00	16.02	0.00	42.69	6.00
DE	Deere & Co	305.50	16.04	9.48	1.00	35.12	6.00
DOV	Dover Corp	124.98	11.50	0.15	1.58	22.08	6.00
FB	Facebook Inc-A	272.87	18.48	37.42	0.00	31.08	6.00
JPM	Jpmorgan Chase	134.83	5.00	8.60	2.67	15.20	6.00
KEYS	Keysight Tech	146.68	10.15	11.34	0.00	33.41	6.00
LDOS	Leidos Holdings	109.31	10.84	18.97	1.24	19.11	6.00
NFLX	Netflix Inc	579.84	29.20	31.34	0.00	95.21	6.00
PAYX	Paychex Inc	87.55	8.00	8.16	2.83	29.78	6.00
TT	Trane Tech Plc	154.44	11.90	3.61	1.37	32.04	6.00
TTWO	Take-Two Inter	205.56	11.98	22.50	0.00	32.94	6.00
URI	Utd Rentals Inc	259.22	6.63	13.34	0.00	14.38	6.00
CE	Celanese Corp	132.33	5.88	3.06	1.87	17.57	5.00
CMI	Cummins Inc	248.03	9.00	5.67	2.18	22.03	5.00
EMR	Emerson Elec Co	84.26	9.64	-2.77	2.40	24.35	5.00
JKHY	Jack Henry Assc	153.10	10.70	5.75	1.12	39.36	5.00
PH	Parker Hannifin	279.20	11.78	5.77	1.26	25.20	5.00

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	113.42	1.52	11.99	3.17	9
CAG	Conagra Brands	34.06	1.96	19.38	3.23	8
CMTV	Commnty Bcp Vt	14.80	1.06	12.46	5.14	8
FLIC	First Long Is	17.53	1.05	10.80	4.34	8
IBCP	Indep Bk Mich	19.91	1.17	11.24	4.02	8
PEG	Public Sv Entrp	58.35	1.86	11.14	3.36	8
TFC	Truist Finl Cp	51.07	1.10	10.13	3.52	8
TSLX	Sixth St Spclty	21.11	1.25	12.38	7.77	8
UGI	Ugi Corp	36.90	1.86	11.14	3.58	8
BSRR	Sierra Bancorp	23.88	1.08	10.45	3.35	7
CFR	Cullen Frost Bk	95.08	1.46	11.27	3.03	7
CHCO	City Hldgs Co	70.77	1.64	13.29	3.28	7
CPF	Central Pac Fin	20.09	1.04	10.14	4.58	7
CRWS	Crown Crafts	7.44	1.67	13.82	4.30	7
CZFS	Citizens Fin Sv	55.50	1.15	11.88	3.32	7
FMNB	Farmers Natl Bc	13.68	1.14	11.24	3.22	7
FNLC	First Bancp Inc	25.80	1.29	11.49	4.81	7
LOMA	Loma Negra Cia	5.23	1.19	21.99	4.86	7
LTC	Ltc Properties	39.61	2.00	13.40	5.76	7
UBFO	United Sec Bcsh	7.20	1.04	10.55	6.11	7
WTBA	West Bancorp	20.72	1.58	14.69	4.05	7

NEW! Fundamental 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
PKI	Perkinelmer Inc	150.59	19.52	8.24	0.19	26.51	8.00
LOW	Lowes Cos	172.34	16.56	5.92	1.39	20.42	8.00
MTD	Mettler-Toledo	1,244.78	12.10	5.59	-	51.67	8.00
DLTR	Dollar Tree Inc	107.79	10.86	6.77	-	20.26	8.00
TER	Teradyne Inc	140.24	24.36	10.61	0.29	31.94	7.00
IDXX	Idexx Labs Inc	496.44	15.83	10.64	-	86.49	7.00
QRVO	Qorvo Inc	184.12	15.77	4.66	-	27.48	7.00
MCHP	Microchip Tech	152.32	14.92	22.37	0.97	28.63	7.00
IT	Gartner Inc -A	161.36	13.50	17.83	-	35.94	7.00
MNST	Monster Beverag	89.20	11.97	11.15	-	40.00	7.00
NTAP	Netapp Inc	64.97	11.90	0.64	2.96	18.78	7.00
KLAC	Kla Corp	305.20	11.56	17.02	1.18	28.03	7.00
AAPL	Apple Inc	136.87	11.50	5.33	0.60	41.99	7.00
NFLX	Netflix Inc	579.84	29.20	31.34	-	95.21	6.00
FB	Facebook Inc-A	272.87	18.48	37.42	-	31.08	6.00
ALXN	Alexion Pharma	157.86	17.75	17.77	-	13.76	6.00
DE	Deere & Co	305.50	16.04	9.48	1.00	35.12	6.00
CPRT	Copart Inc	115.70	13.00	16.02	-	42.69	6.00
AVGO	Broadcom Inc	466.82	12.86	22.60	3.08	25.21	6.00
TTWO	Take-Two Inter	205.56	11.98	22.50	-	32.94	6.00
TT	Trane Tech Plc	154.44	11.90	3.61	1.37	32.04	6.00
DOV	Dover Corp	124.98	11.50	0.15	1.58	22.08	6.00
PH	Parker Hannifin	279.20	11.78	5.77	1.26	25.20	5.00
WRK	Westrock Co	46.61	17.23	7.94	1.72	17.01	4.00
GOOG	Alphabet Inc-C	1,891.25	16.93	20.47	-	36.55	4.00
GOOGL	Alphabet Inc-A	1,884.15	16.93	20.47	-	36.41	4.00
FRC	First Rep Bk Sf	154.06	13.42	19.08	0.52	26.52	4.00
MU	Micron Tech	85.01	12.65	13.05	-	29.83	4.00
TROW	T Rowe Price	156.64	11.83	8.83	2.30	17.92	4.00
FANG	Diamondback Egy	60.78	21.94	72.68	2.47	14.65	3.00

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
CEVA	Ceva Inc	64.41	20.00	8.26	-	28.63	8
MSCI	Msci Inc-A	414.35	#N/A	10.18	0.75	#N/A	8
TSLA	Tesla Inc	844.99	37.50	55.05	-	7.51	8
VRTX	Vertex Pharm	238.64	20.43	36.98	-	1.21	8
FFIN	First Fin Bk-Tx	39.71	#N/A	10.70	1.31	#N/A	7
IDXX	Idexx Labs Inc	496.44	15.83	10.64	-	4.54	7
MNST	Monster Beverag	89.20	11.97	11.15	-	2.84	7
MXIM	Maxim Intg Pdts	96.03	10.00	0.36	-	3.40	7
PYPL	Paypal Holdings	248.64	19.88	17.85	-	3.59	7
SPSC	Sps Commerce	109.38	15.00	13.92	-	6.09	7
CPRT	Copart Inc	115.70	13.00	16.02	-	2.87	6
IPGP	Ipg Photonics	251.84	#N/A	7.85	-	#N/A	6
NFLX	Netflix Inc	579.84	29.20	31.34	-	2.06	6
POWI	Power Integratio	93.06	#N/A	4.24	0.47	#N/A	6
REXR	Rexford Ind Rty	49.62	6.81	29.26	1.73	5.05	6
SEDG	Solaredge Tech	317.18	30.00	36.43	-	3.23	5

Portfolio / Client Update

With the inauguration now behind us, the focus turns to corporate earnings. So far, with the first week of earnings behind us, everything is pretty much as expected. The question will be if the rest of the year can stand up to too optimistic forecasts. As noted above, many of our indicators are starting to send off warning signs we could be close to a short-term correction. When those signals begin to trigger will sell our index position holdings of SPY and RSP, which will immediately increase cash by 15%. We also started adding duration back into our bond portfolio this past week, which should also act as a hedge against any corrective event. As noted below, we adjusted our holdings to align with our benchmark more closely. Such should help increase performance this year while allowing our risk management strategies to curtail downside risk. As always, if you have any questions, please don't hesitate to reach out to your advisor.

Portfolio Changes

During the past week, we made minor changes to portfolios. We post all trades in real-time at RIAPRO.NET.

We are slowly making changes to the portfolio allocation model to move it closer to the benchmark weightings. Given we were underweight technology and discretionary, and overweight communications, we are modifying holdings to correct those imbalances." - 01/19/21

- **Sell 100% of CMCSA (Comcast) ? Communications**
- *Buy 2% of portfolio value in LOW (Lowe's) ? Discretionary / Stop-loss is \$160*
- *Add 1% of portfolio value to AAPL (Apple) increasing weight to 3% / Stop-loss is \$120*
- *Also add 1% of portfolio value to MSFT (Microsoft) increasing weight to 3% / Stop-loss is \$210*
- *And add 1.5% of portfolio value to AMZN (Amazon) increasing weight to 3% / Stop-loss is \$3000*

"We sold the entirety of our position in UNH this morning. While we like the company very much it really came down to the fact that we were overweight healthcare, relative to the equal weight S&P 500 benchmark, and needed to reduce our weighting slightly." - 01/21/21

- **Sell 100% of UNH (United Healthcare)**

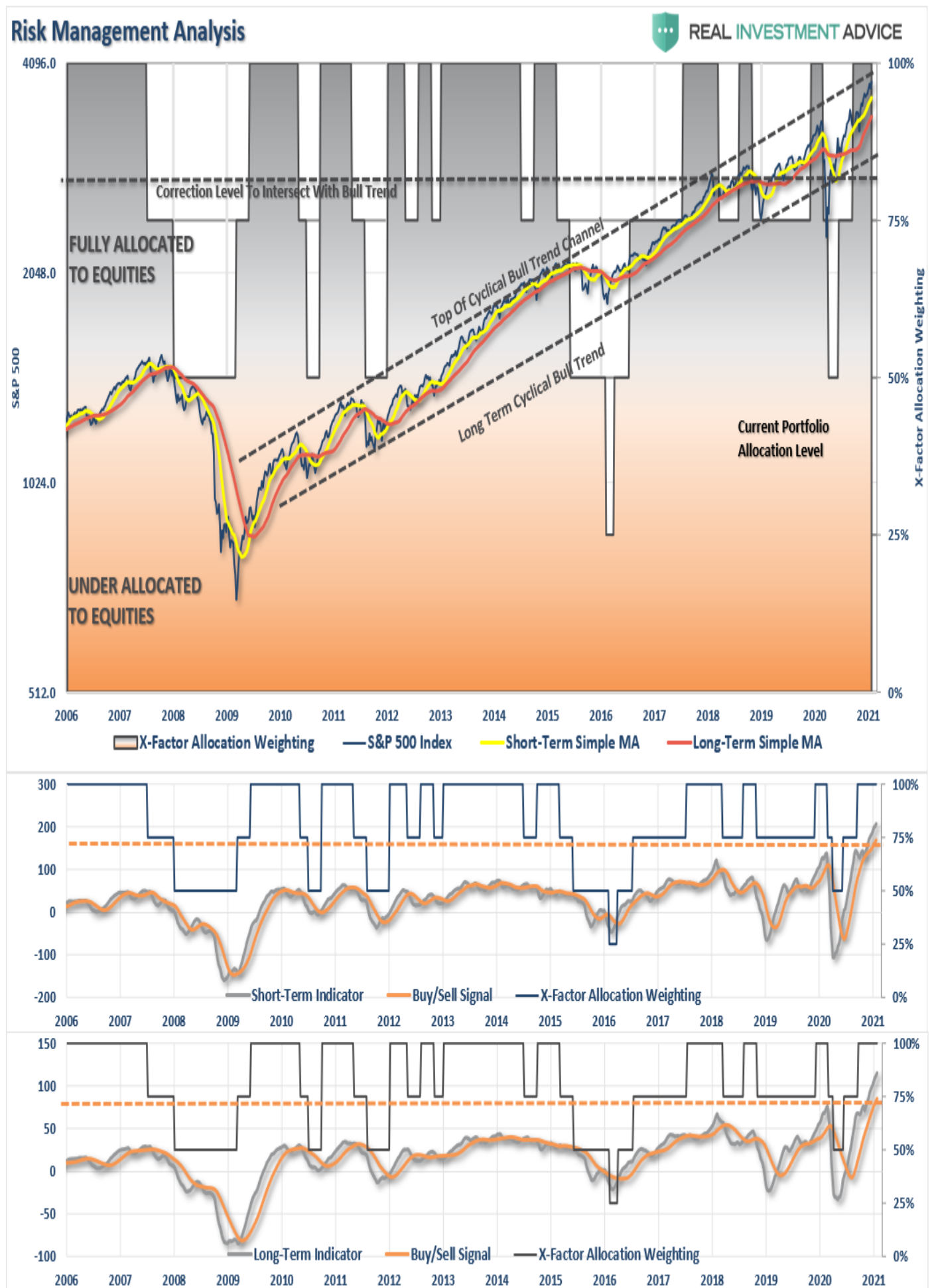
This morning's sell-off has now triggered our money flow indicator requiring us to take our two index trading positions off of the table. We are also selling CVX in response to Biden's executive order to ban drilling on Federal lands and in offshore waters. We are holding our other drillers which should benefit from the eventually reduced supply caused by this order resulting in higher oil prices." - 01/22/21

- **Sell 100% RSP, SPY**
- **Sell 100% CVX**

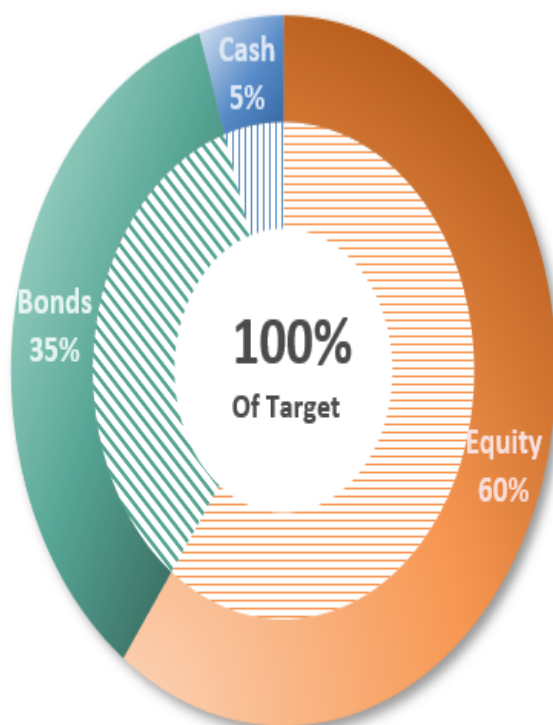
We are aware of the risks and are carrying tight stops on all positions. As always, our short-term concern remains the protection of your portfolio. We have now shifted our focus from the election back to the economic recovery and where we go from here. *Lance Roberts CIO*

THE REAL 401k PLAN MANAGER

A Conservative Strategy For Long-Term Investors



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

As we approach the end of January, the market is continuing to maintain new highs. However, on many levels the markets are extended, very overbought, and extremely bullishly biased. Such is often the makings of a short-term correction.

Heading into February, there is no reason to take any aggressive action with portfolios already fully allocated. Given that February and March tend to be weak months, I would be reticent chasing more aggressive exposure in retirement plans currently. In fact, doing a bit of housecleaning by rebalancing weightings, reducing more aggressive positioning, etc., is likely a good practice currently.

Maintain exposures, but rebalance positions that have grown to outsize weightings in portfolio. Particularly in small/mid cap and international funds which are egregiously overbought.

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

**Tired of trying to
self-manage your 401k?
Let us do it for you.**



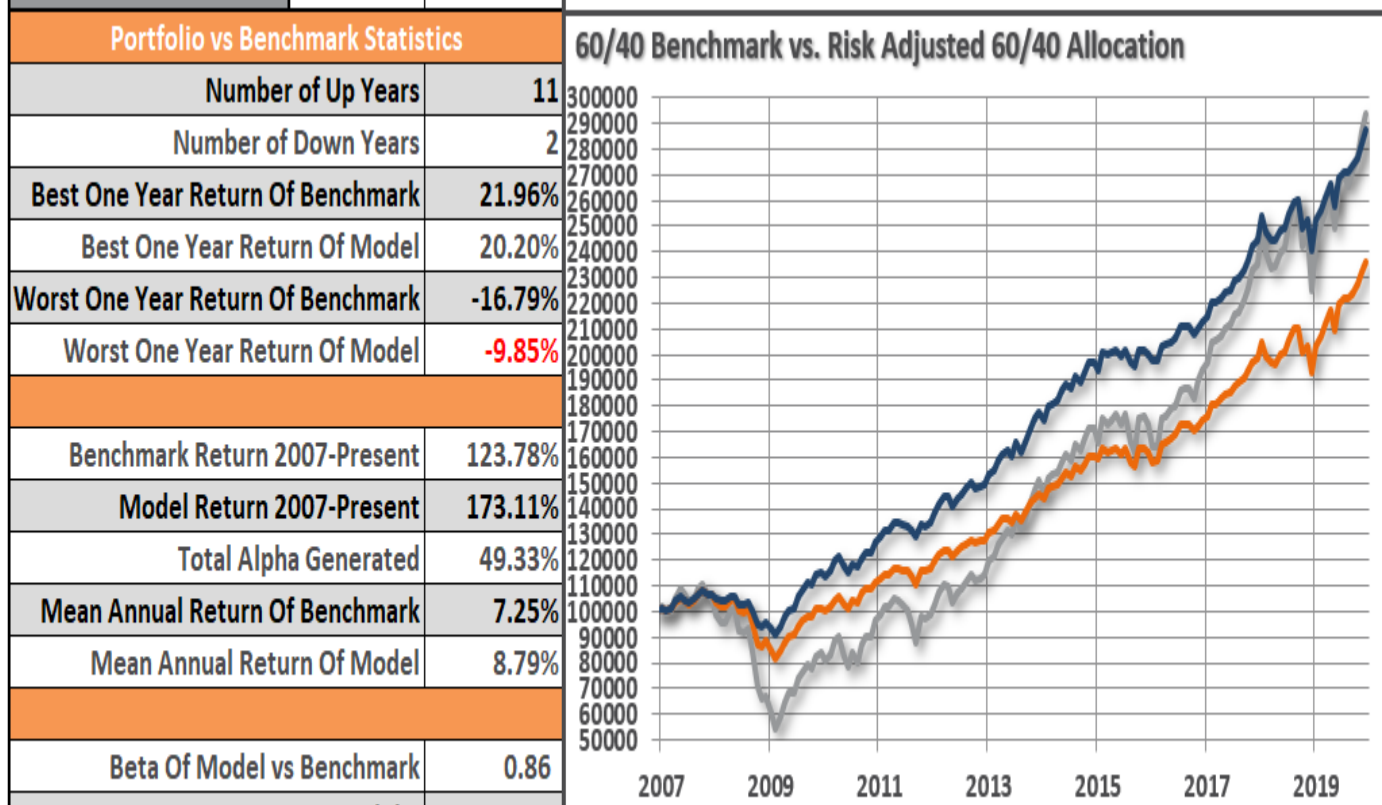
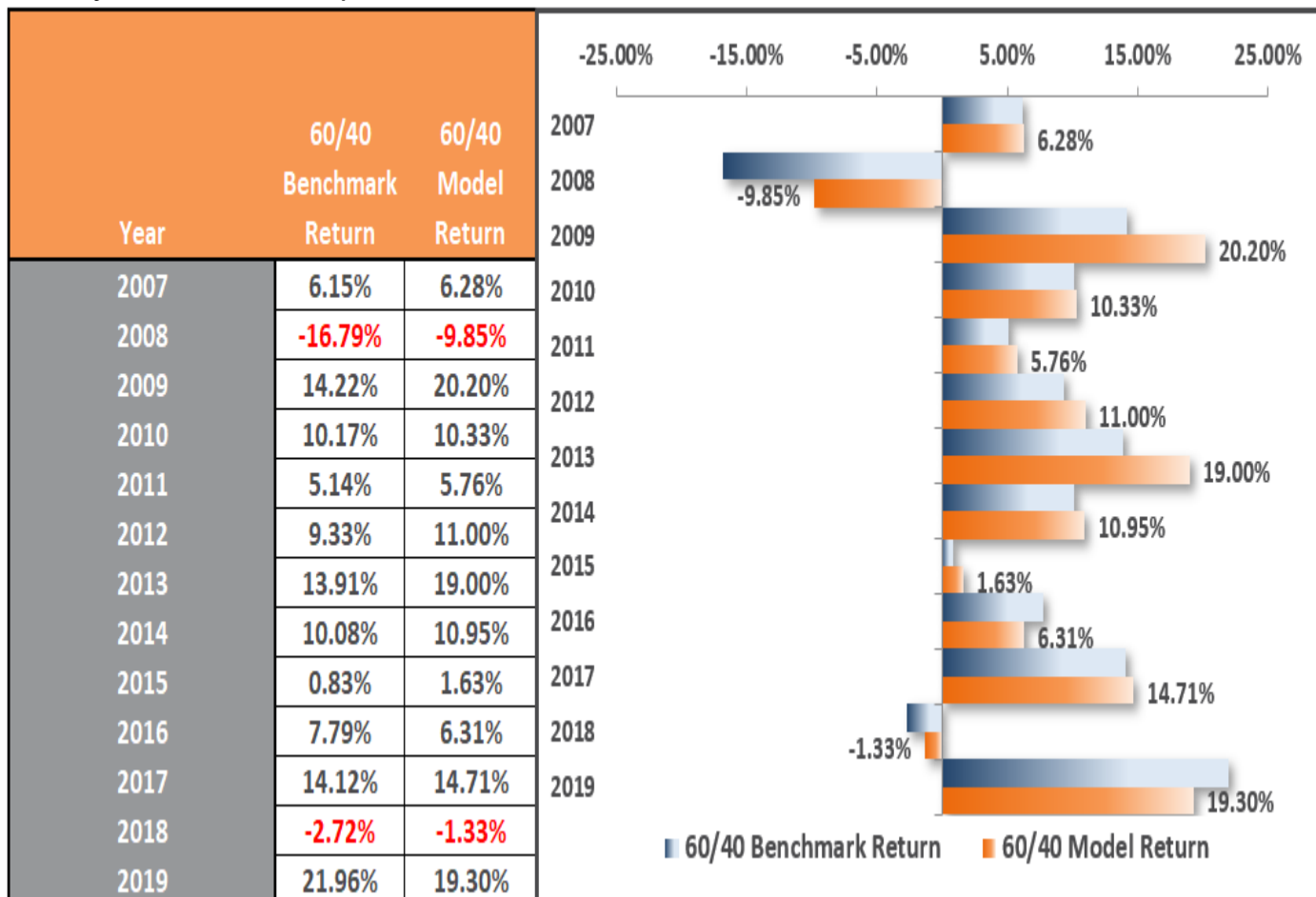
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Model performance is a two-asset model of stocks and bonds relative to the weighting changes made each week in the newsletter. Such is strictly for informational and educational purposes only, and one should not rely on it for any reason. Past performance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



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 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

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Ideas

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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

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Rename Portfolio

My Info

Fund Selection

Comparison

Summary

Commentary

My Portfolio

RIAPro Portfolio

RIA PRO MODEL PL

Retirement Income (My Portfolio Annual ROR 9.44 %)

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

Retirement Income (RiaPro Annual ROR 9.02 %)

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

My Fund Composition

RIAPro Fund Composition

My Asset Composition

RIAPro Asset Composition