

Wall Street Wins Again As Gamestop Becomes Game Over



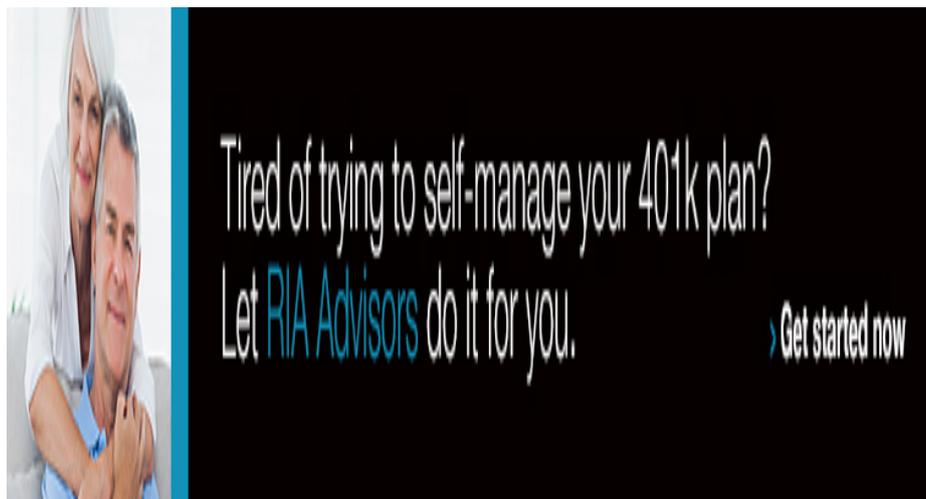
In this issue of "Wall Street Wins Again As Gamestop Becomes Game Over."

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- *Portfolio Positioning*
- *#MacroView: Bull Mania & Charge Of The Light Brigade*
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- *401k Plan Manager*

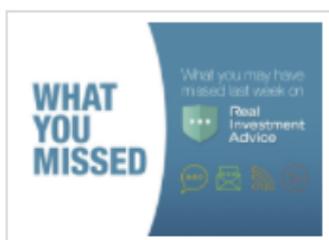
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Catch Up On What You Missed Last Week



#WhatYouMissed On RIA This Week: 2-05-21

Written by Lance Roberts | Feb 5, 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.

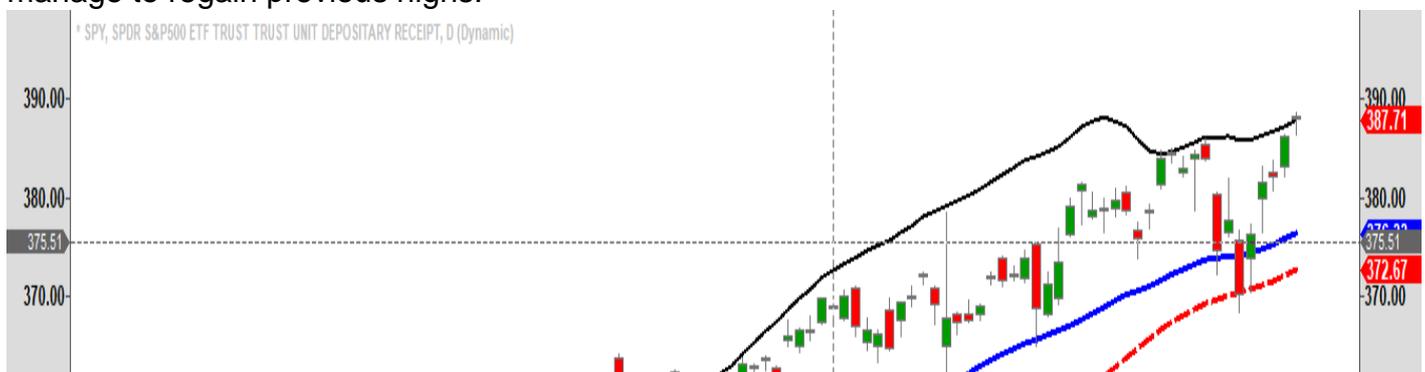
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Market Review And Update

In our previous report, we stated:

"While I fully expect a reflexive rally next week, that will likely be an opportunity to reduce risk rather than chasing markets. Such will be the case until we see money flows start to turn positive again, suggesting some underlying buying pressure."

Such was indeed the case as the markets successfully tested and held the 50-dma (red dashed line.) Despite the fact money flows remained weak, as shown in the chart below, the market did manage to regain previous highs.



While the money flow "buy signal" will likely trigger next week, the market is already trading 2-standard deviations above the 40-dma. Such suggests that the upside may be more limited over the next couple of weeks. As I noted in Thursday's "3-Minutes" video ([subscribe for daily updates](#)), the rally, and even the attempt at all-time highs, is well within the context of the consolidation process. **With the money flow signal starting to bottom, we added exposure to portfolios this past week.** <https://www.youtube.com/watch?v=UdQeOEEndHQ> While the market did rally as expected last week, the rally is still at risk currently given the more extreme overbought and bullish conditions. Speculation remains rampant, and there are many indicators from relative strength to participation that suggest "something isn't quite right" with the market currently. As such, we continue to suggest a modicum of caution with equity risk. While there is nothing to suggest a much deeper correction is coming, there is also nothing suggesting there isn't. The point of portfolio management is the management of risk. **In other words, if you turn your gains into a loss, you aren't managing risk appropriately.** Such is something Reddit readers learned the hard way last week.

Real Investment Report

Market updates, sector analysis, 401k plan manager & more.

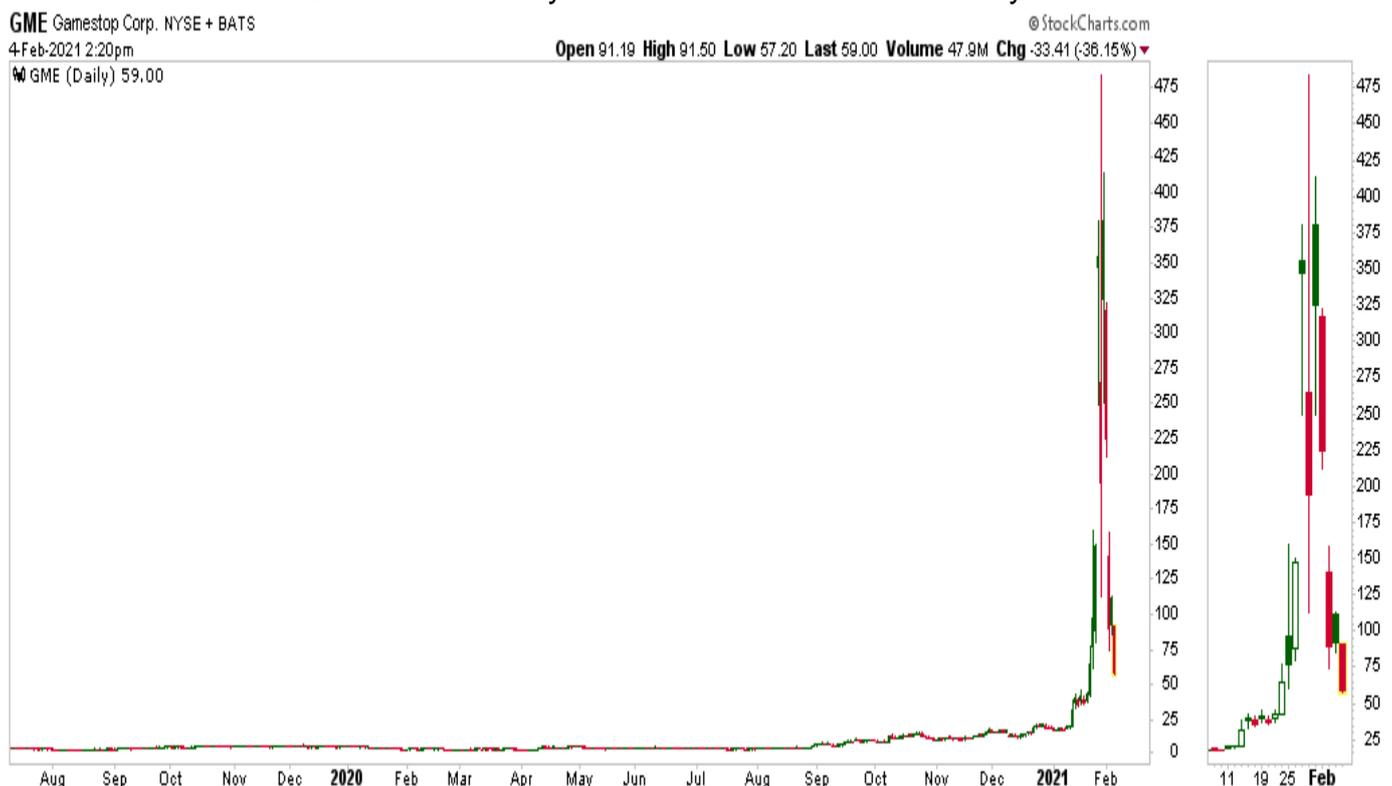
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It All Ended Badly Very Quickly

Last week, we discussed how the entire "Gamestop" saga would eventually end. To wit:

"Think about a crowded theatre. At the moment, everyone is going into the theatre (buying), and no one is selling. However, when they begin to try and sell their positions, no one will be there to buy from them. Such is the equivalent of yelling "fire." The smart ones will get out early. The rest will find themselves scrambling towards a very narrow exit. Once the price starts falling, the sellers will swamp the buyers driving the price lower. In Gamestop's case, given the company's value is around \$10, where it was trading before the mania, the decline will be both brutal and fast."

I also stated that Wall Street would likely "win" the battle in the end. They did.



One of the key players in the "GameStop" saga was Keith Gil, who seemingly minted millions of dollars trading in Gamestop and other stocks. His story, which I have not been able to verify thoroughly, is that he turned \$50,000 into roughly \$50 million trading stocks and options. However, after this past week, that number has declined sharply. Such is the very essence of the Wall Street axiom:

"Pigs get fat. Hogs get slaughtered."

A lesson for all investors to learn here is the value of *"taking gains."* **What often seems like a winning trade that can't lose often is the one trade that loses the most.** Unfortunately for Gil, not only did he lose a healthy amount of gains, he is about to become the scapegoat of the regulators.

Regulatory Action

Of course, to provide cover for Wall Street, the people owned by the major banks and brokerage firms jumped to the fore to *"investigate"* the matter. On Thursday, Treasury Secretary Janet Yellen stated.

"We will discuss whether or not the recent events warrant further action. We need to understand deeply what happened before we go to action but certainly we're looking carefully at these events.?"

As is always the case, when anyone *"works with regulators,"* **it is only to ensure that Wall Street banks have the ongoing ability to "rape and pillage" retail investors with impunity.** How do you know this? Because Janet Yellen had to get an *"ethics waiver"* to oversee the regulatory committee after taking more than \$7 million from Wall Street firms in *"speaking fees"* since leaving the Fed. **Considering that she didn't even show up for some of the events, "speaking fees" are essentially a legal "bribe" for making sure "regulatory actions" favor your firm.** It wasn't the *"retail traders"* that caused the problems with Gamestop and other companies. The issue came from Wall Street firms, primarily hedge funds, *"shorting"* these stocks *"naked."* How do you know this was happening? **Because Gamestop had over 120% of its shares shorted.**

Being Naked

There is nothing wrong with legally *"shorting"* a stock. Investors buy stocks expecting the price to rise. Shorting a stock is simply a bet the price will decline. Shorting stocks can hedge risk in a primarily long-equity portfolio. It is currently legal to borrow shares from someone who is long the company and then sell those shares to someone else. When the price declines, the person *"short"* the shares, repurchases them at a lower price and returns the shares to the lender. What is illegal is to sell shares short that you have neither borrowed nor made arrangements to buy. Such is being *"naked."* So when the seller cannot cover or *?settle?* in this instance, the price of Gamestop shares skyrocket as there were simply no shares to buy. **When the system provides the ability to sell an unlimited number of non-existent shares in a publicly-traded company, those firms have the power to destroy and manipulate the share price at will.** It is illegal. It is manipulation. Wall Street turns a blind eye to their large hedgefund accounts that routinely participate in these illegal transactions because of the large fees they collect from them. These institutions are actively facilitating the destruction of shareholder value in return for short term windfalls in the form of trading fees. Wall Street, not retail investors, are the problem and are complicit in aiding hedge funds to create counterfeit shares. Given that Wall Street's regulators are effectively owned, including the Federal Reserve and the Treasury, there is little incentive to *"fix"* the system. It is much easier to punish a retail investor for playing the same game and calling it a victory to appease the media. As I stated last week, Wall Street wins again.



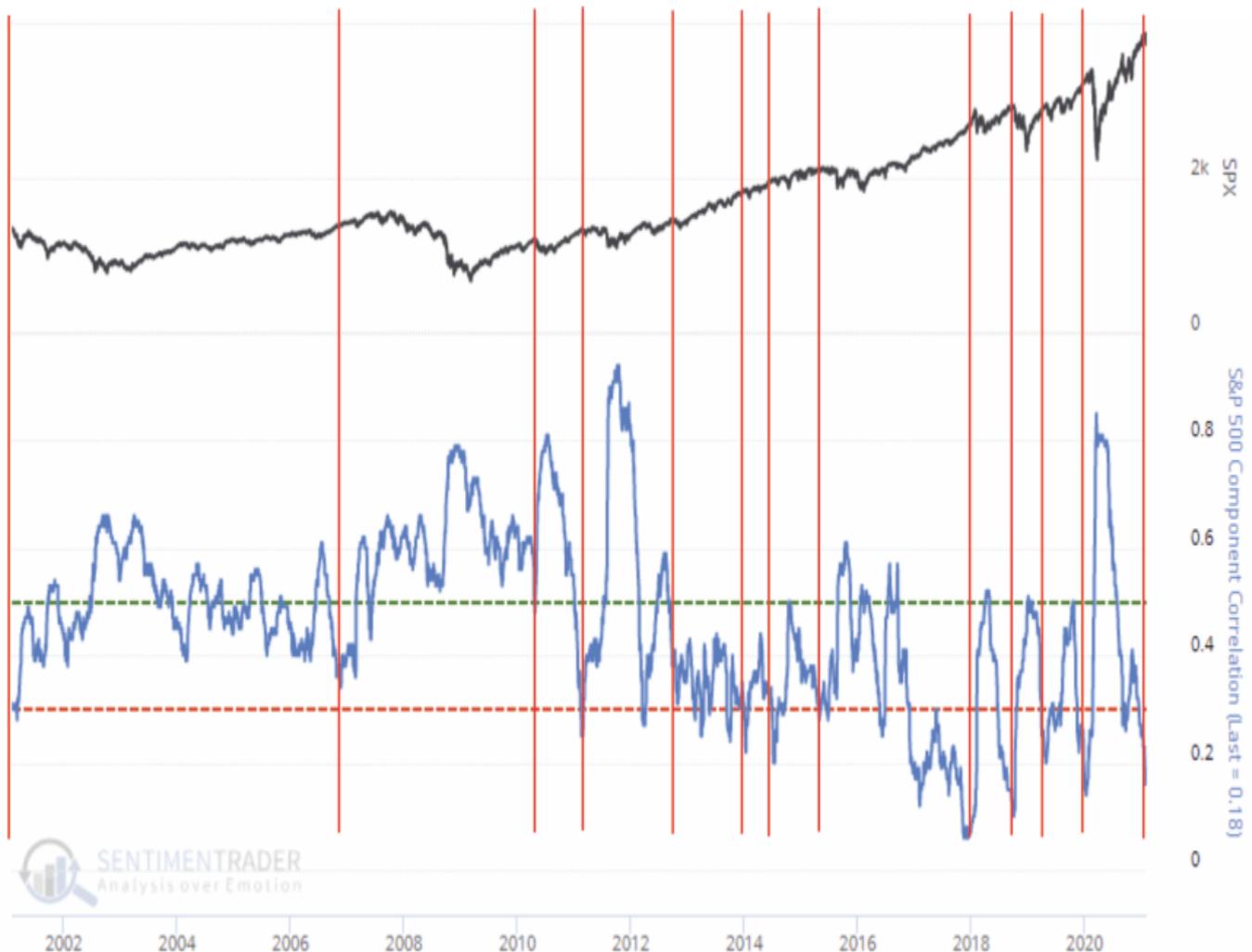
Correlations Breaking Down

Bob Farrell once quipped:

"Bull markets are strongest when broad and weakest when narrow."

Currently, the number of stocks outperforming the market is dropping sharply. Such was a point [SentimenTrader](#) made on Thursday:

*"It's a truism of markets, lasting decades if not centuries, that when investors panic, they sell everything together. When they're comfortable, they buy and sell securities on their individual merits. That's why we see correlations among stocks and other assets rise during times of anxiety and fall during periods of complacency. **This is notable now because the correlation among stocks in the S&P 500 has plunged to the lowest level in over a year.**"*

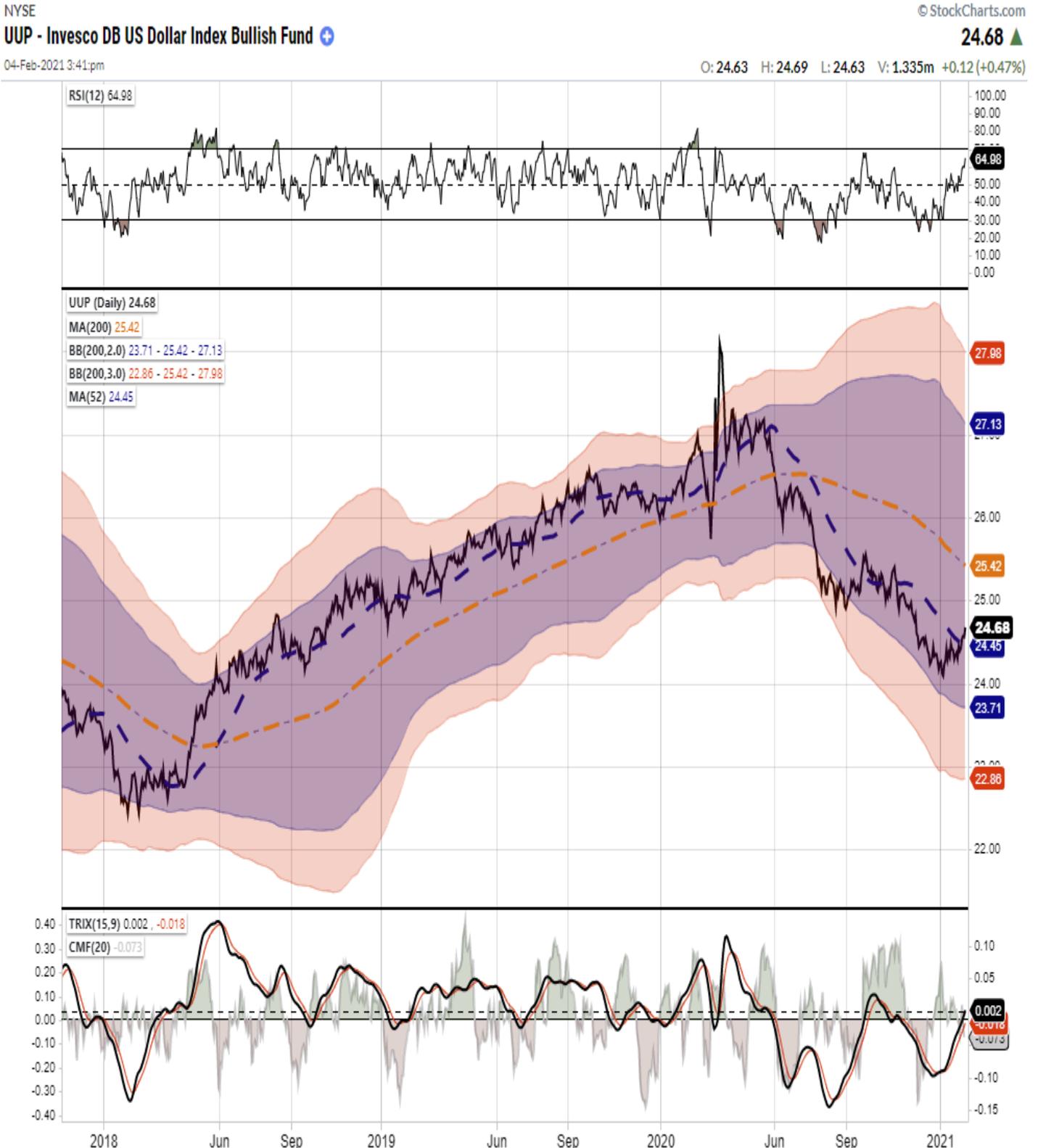


What is also notable is that these periods of low correlations have typically aligned themselves with previous market tops. While the topping process can take some, and generally long enough for investors to dismiss the warning as *"wrong this time,"* the subsequent correction can range from mild to more extreme. As with all indicators, the problem is the indicator doesn't define what type of correction it will be.

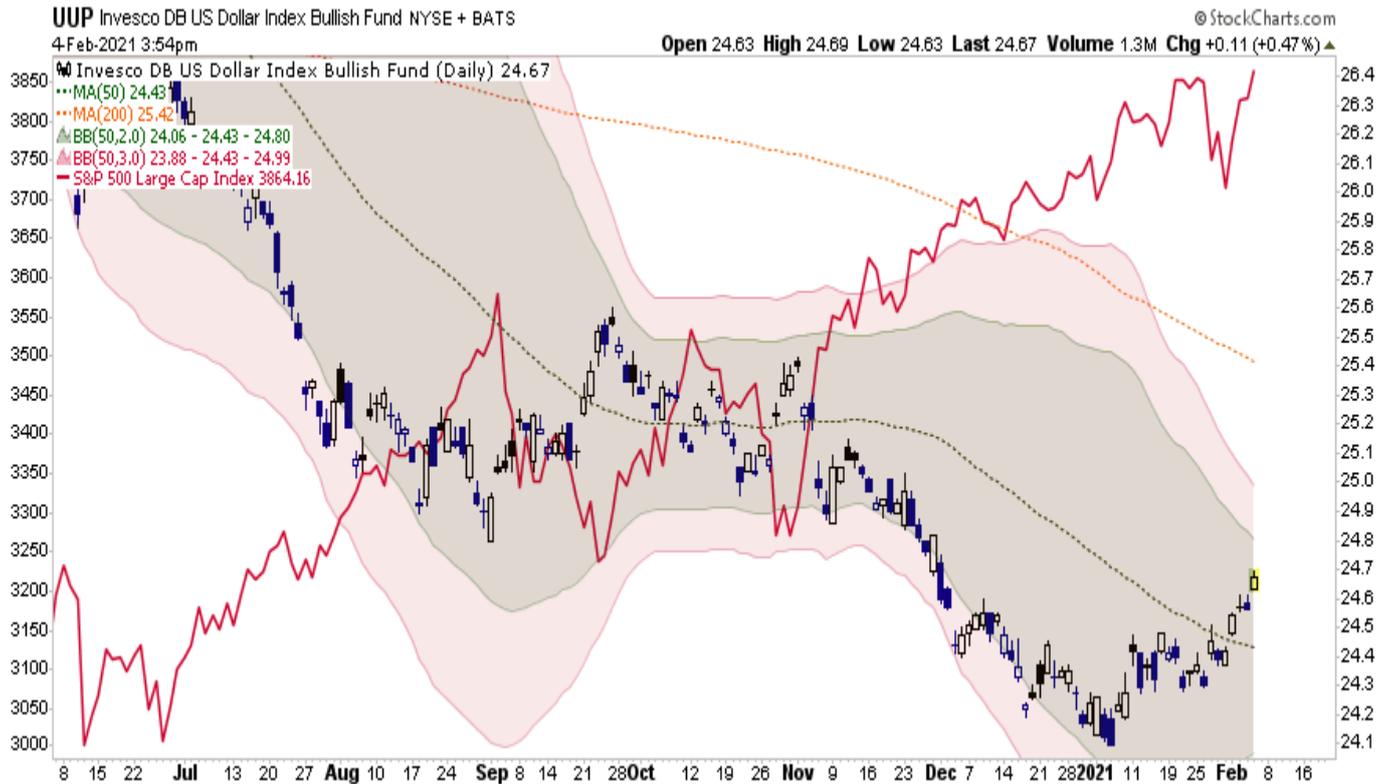
Dollar Risk Rises

As I noted in Friday's report:

*"The market is currently priced for perfection betting on explosive economic growth, a falling dollar, interest rates remaining low, consumer spending surging sharply, and inflation remaining muted. The reality is that none of those things will likely turn out to be the case. **The one thing that always trips of the market is the one thing that no one is paying attention to.** For me, that risk lies with the US Dollar. As noted previously, everyone expects the dollar to continue to decline, and the falling dollar has been the tailwind for the emerging market, commodity, and equity "risk-on" trade. Whatever causes the dollar to reverse will likely bring the equity market down with it."*



Very quietly, the dollar has been rising and recently broke above its 50-dma. With a substantial net short position outstanding, a further rise could trigger shorts to begin covering, pushing the dollar up further. As noted, such would not be welcome for the equity markets due to the non-correlation between the dollar and equities. Most importantly, a surging dollar, with rising interest rates, could put a severe dent in the "reflation trade."



While the markets have not seemed to care about the dollar at the moment, this is one of those things that can sneak up on you when you least expect it.

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Portfolio Positioning Update

Two weeks ago, we discussed selling our index holdings and raising cash to position for a correction. Last weekend, we stated that we expected a rally following the selloff at the end of January. As such, we did put some of our cash holdings to work this past week, increasing exposure to inflationary trades (energy and financials) and reducing our duration risk in our bonds. While I have read many comments about "how we missed the rally," the truth is we didn't. Yes, we did reduce exposure previously after overweighting our portfolios in December, but we still maintained a healthy weight. We also increased the weighting somewhat this week. With our "risk-off" indicators turning, such suggests the bull market is still well intact. What concerns us is the overwhelming amount of data suggesting more extreme conditions in the market that are usually only present during "mania" phases. Yes, this time could indeed be different. However, we suspect that while the "mania" will undoubtedly last longer than we would imagine, it will most likely end the same way it did for those chasing Gamestop. It is just the way markets work. These words from Howard Marks sum up our views:

*"It's the swings of psychology that get people into the biggest trouble, especially since investors? emotions invariably swing in the wrong direction at the wrong time. **When***

things are going well people become greedy and enthusiastic, and when times are troubled, people become fearful and reticent. That's just the wrong thing to do. It's important to control fear and greed. Too little skepticism and too much eagerness in an up-market ? just like too much resistance and pessimism in a down-market ? can be very bad for investment results."

Currently, there is very little skepticism.



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The MacroView



Market Review: Bull Mania & The Charge Of The Light Brigade

Written by Lance Roberts | Feb 5, 2021

A market review seems appropriate as the bulls seem to remain bulletproof even as the mania grows. From excess speculation to record low cash levels it reminds of the "Charge Of The Light Brigade."

[>> Read More](#)

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

Market & Sector Analysis

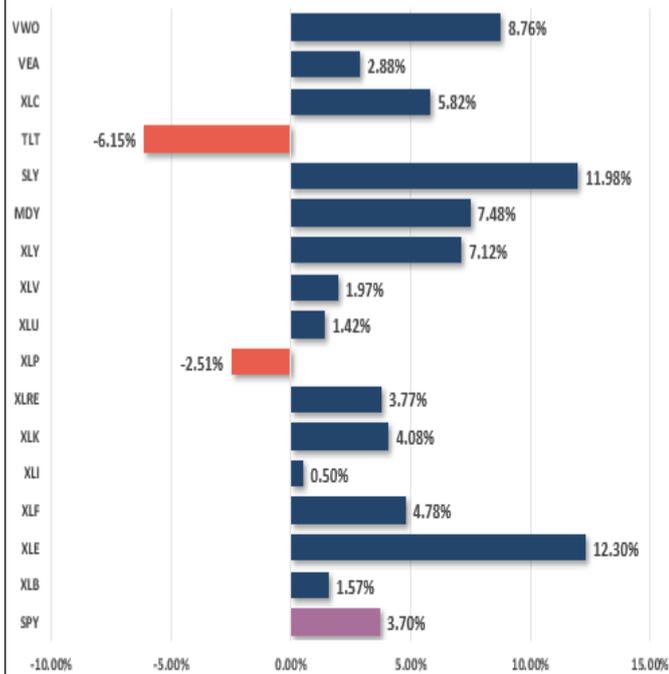
Analysis & Stock Screens Exclusively For RIAPro Members

S&P 500 Tear Sheet

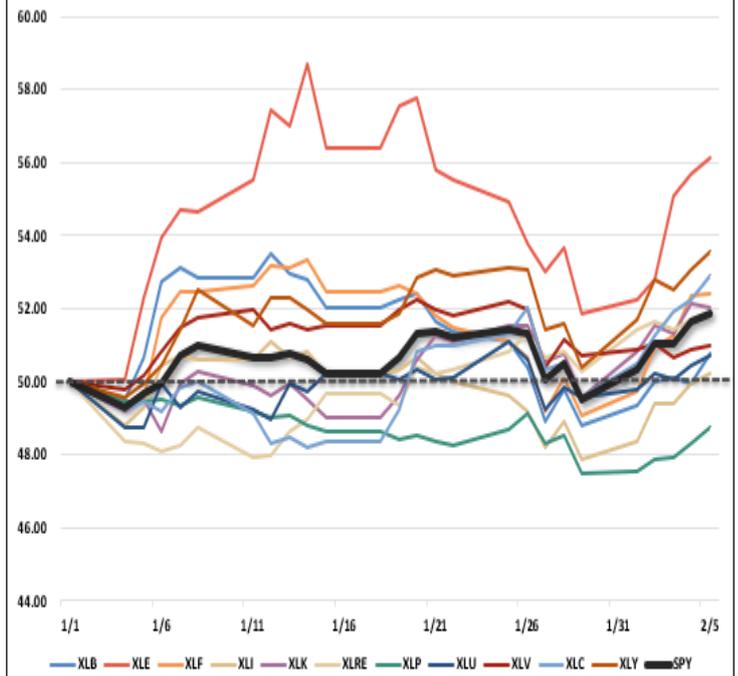
3 Month SPY Price										SPY RISK INFO				ZACKS		REAL INVESTMENT ADVICE										
Item	2 years ago	1 year ago	Current	1 Yr % Change	5 Year High	5 year Low	% From High	% From Low	Item	12-M Ago	Current	% Chg	T 2-Yr	T 1-Yr.	YTD	% Diff YTD/T1-YR										
										Price Return	41.97%	16.48%	3.70%	(77.55%)												
									Max Drawdown	(35.63%)	(35.63%)	(4.56%)	(87.21%)													
									Sharpe	0.96	0.74	2.74	2.72													
									Sortino	1.01	0.83	3.37	3.05													
									Volatility	25.23	33.61	16.72	(0.50)													
									Daily VaR-5%	(16.22)	(29.83)	19.28	(1.65)													
									Mnthly VaR-5%	(6.00)	(20.63)	(20.63)	0.00													
										S&P 500 Market Cap Analysis																
Dividend Yield	2.07%	1.73%	1.36%	(27.39%)	2.19%	1.41%	(37.93%)	(3.17%)	Shares	3,170.7	3,026.7	(4.54%)														

Performance Analysis

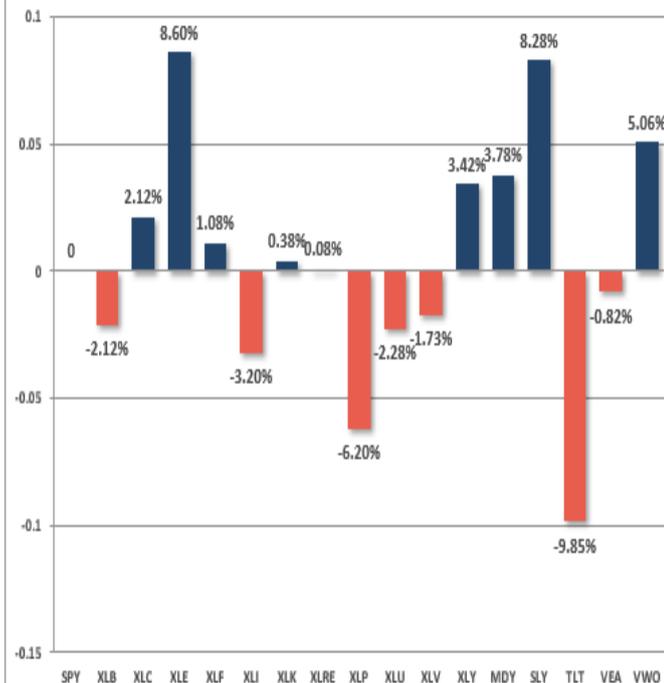
Year To Date Performance



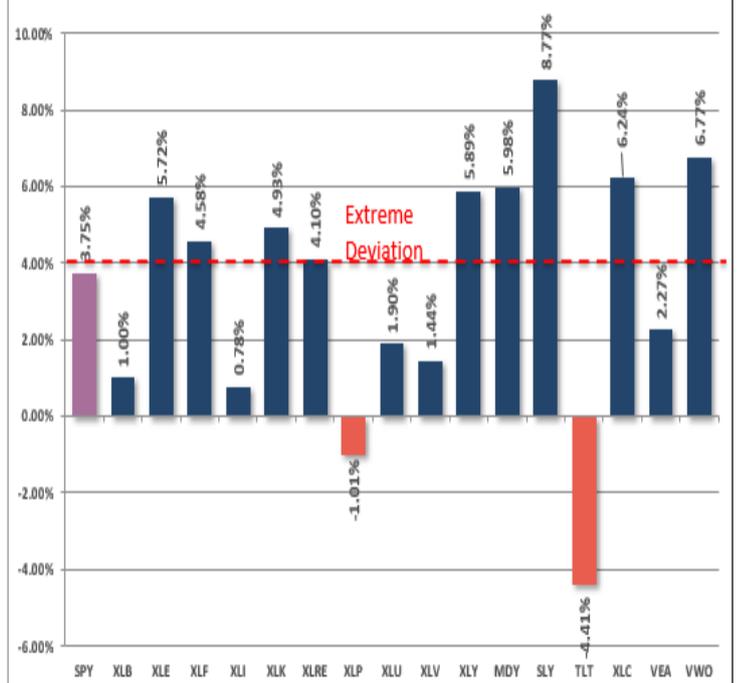
YTD Price - S&P Sectors Recalibrated To \$50/share



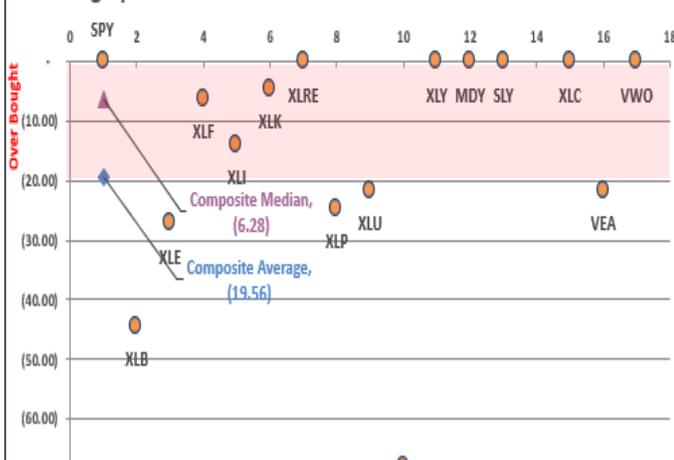
Year To Date Performance Relative To S&P 500



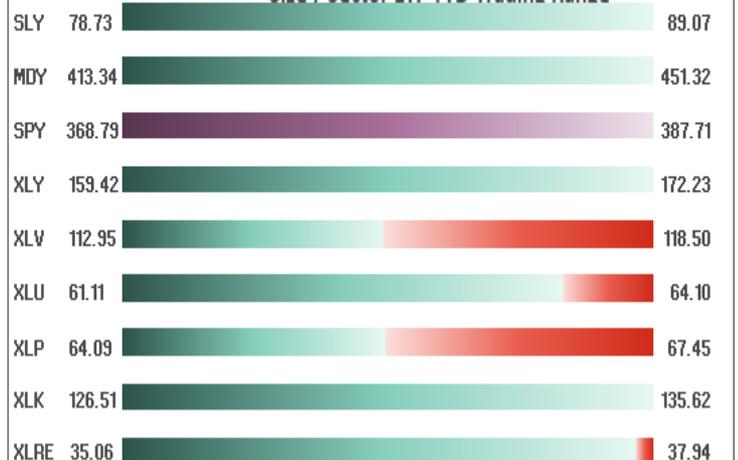
Price Deviation From 50-Day Moving Average



Overbought/Oversold 14-Periods

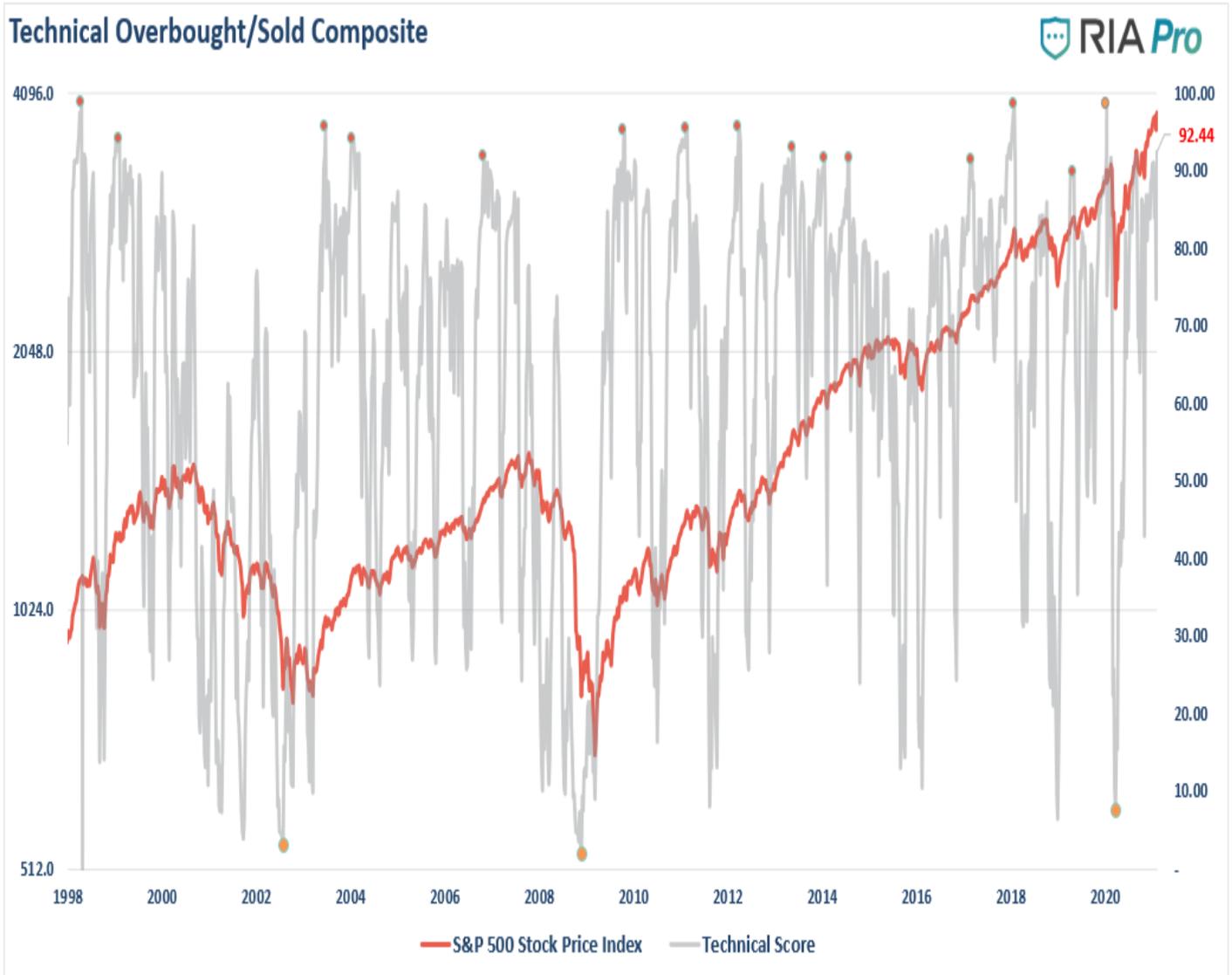


Size / Sector ETF YTD Trading Range



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. **The current reading is 92.4 out of a possible 100.**



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 79.9 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	389.12	4.74	1.69	8.29	14.16	16.59	371.63	347.44	371.52	0.99	380.81	362.23	5%	12%	BULLISH
XLB	SPDR-MATLS SELS	73.53	(0.65)	(5.59)	(1.74)	4.65	5.78	72.21	66.00	70.64	1.04	73.14	68.14	2%	11%	BULLISH
XLC	SPDR-COMM SV SS	71.41	2.04	4.11	3.10	3.39	11.25	66.53	61.93	66.88	0.98	69.21	64.55	7%	15%	BULLISH
XLE	SPDR-EGY SELS	42.56	3.50	1.06	17.33	3.96	(37.75)	39.35	36.30	39.32	1.75	40.99	37.65	8%	17%	BULLISH
XLF	SPDR-FINL SELS	30.89	1.96	(1.79)	5.99	12.91	(16.69)	29.11	26.16	28.95	1.19	30.02	27.88	6%	18%	BULLISH
XLK	SPDR-TECH SELS	135.32	0.22	1.79	3.36	0.57	19.15	127.24	118.47	128.93	1.06	133.52	124.34	6%	14%	BULLISH
XLI	SPDR-INDU SELS	88.99	0.24	(2.39)	(4.52)	2.24	(10.21)	88.00	80.14	84.77	1.18	87.89	81.65	1%	11%	BULLISH
XLP	SPDR-CONS STPL	65.76	(2.13)	(3.40)	(10.91)	(11.89)	(14.26)	66.51	64.38	64.09	0.62	66.09	62.09	-1%	2%	BULLISH
XLRE	SPDR-RE SELS	37.94	(1.53)	4.70	(7.14)	(8.48)	(21.60)	36.58	35.98	36.76	0.69	37.93	35.59	4%	5%	BULLISH
XLU	SPDR-UTIL SELS	63.59	(2.42)	0.33	(12.07)	(7.14)	(23.88)	62.96	61.21	62.15	0.36	63.92	60.38	1%	4%	BULLISH
XLV	SPDR-HLTH CR	115.67	(4.18)	(3.16)	(5.12)	(5.88)	(4.33)	113.17	108.02	115.03	0.76	118.78	111.28	2%	7%	BULLISH
XLY	SPDR-CONS DISCR	172.23	1.57	0.34	3.95	3.66	17.64	160.89	149.32	162.01	1.13	167.90	156.12	7%	15%	BULLISH
XTN	SPDR-SP TRANSP	74.97	2.59	0.49	4.72	13.54	(2.34)	71.39	63.00	69.85	1.39	72.57	67.14	5%	19%	BULLISH
SDY	SPDR-SP DIV ETF	109.39	(0.82)	(1.09)	(2.70)	0.42	(14.77)	106.36	98.93	105.27	0.91	108.86	101.68	3%	11%	BULLISH
RSP	INVS-SP5 EQ ETF	132.55	0.05	(0.76)	2.12	7.17	(3.00)	126.68	115.27	126.50	1.12	131.08	121.92	5%	15%	BULLISH
SLY	SPDR-SP6 SC	89.07	0.71	3.50	17.36	25.80	8.53	79.89	69.00	84.47	1.27	87.66	81.28	11%	29%	BULLISH
MDY	SPDR-SP MC 400	451.32	1.22	0.86	8.75	15.33	4.25	418.40	372.25	425.96	1.19	441.68	410.24	8%	21%	BULLISH
EEM	ISHARS-EMG MKT	56.24	0.76	1.10	8.08	12.85	13.11	51.77	46.89	53.31	0.86	55.10	51.52	9%	20%	BULLISH
EFA	ISHARS-EAFE	74.71	(1.53)	(3.04)	(0.59)	1.81	(8.25)	72.63	67.14	72.39	0.85	74.82	69.96	3%	11%	BULLISH
IAU	ISHARS-GOLD TR	17.27	(6.33)	(3.74)	(12.34)	(20.71)	(1.46)	17.70	17.92	17.55	0.06	18.00	17.10	-2%	-4%	BEARISH
GDX	VANECK-GOLD MNR	34.61	(4.45)	(6.92)	(17.23)	(29.52)	7.33	35.80	38.15	34.51	0.62	35.59	33.43	-3%	-9%	BEARISH
UUP	INVS-DB US\$ BU	24.53	(4.29)	(0.62)	(10.29)	(16.74)	(24.58)	24.52	25.10	24.42	(0.13)	25.00	23.84	0%	-2%	BEARISH
BOND	PIMCO-TOT RETRN	112.33	(4.97)	(1.51)	(8.14)	(14.50)	(14.15)	112.55	112.30	112.59	0.09	115.51	109.67	0%	0%	BULLISH
TLT	ISHARS-20+YTB	148.03	(7.35)	(3.87)	(14.69)	(25.09)	(14.10)	155.63	160.77	152.00	(0.25)	155.43	148.57	-5%	-8%	BEARISH
BNDX	VANGD-TTL INT B	58.01	(5.02)	(2.34)	(8.76)	(14.22)	(15.71)	58.39	58.17	58.18	0.03	59.65	56.71	-1%	0%	BULLISH
HYG	ISHARS-IBX HYCB	87.52	(4.10)	(1.52)	(5.85)	(10.88)	(17.10)	86.75	85.08	86.97	0.37	89.47	84.47	1%	3%	BULLISH

Weekly Stock Screens

Currently, there are four 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
LOW	Lowes Cos	169.88	16.81	5.92	1.41	20.13	8.00
MSFT	Microsoft Corp	243.00	11.93	14.71	0.92	36.22	8.00
MTD	Mettler-Toledo	1188.38	12.10	5.59	0.00	49.33	8.00
PKI	Perkinelmer Inc	139.72	19.52	8.24	0.20	16.85	8.00
VRSK	Verisk Analytic	186.87	10.77	7.26	0.58	38.06	8.00
AAPL	Apple Inc	133.94	11.50	6.15	0.61	36.27	7.00
ABT	Abbott Labs	120.22	14.60	12.22	1.50	32.94	7.00
BLL	Ball Corp	90.96	5.00	8.85	0.66	31.80	7.00
IDXX	Idexx Labs Inc	485.36	17.83	10.64	0.00	72.33	7.00
IT	Gartner Inc -A	159.45	13.50	17.83	0.00	35.51	7.00
J	Jacobs Engin Gr	106.09	11.14	6.24	0.72	19.36	7.00
KLAC	Kla Corp	286.30	11.56	17.02	1.26	24.96	7.00
KSU	Kansas City Sou	211.10	15.00	4.25	0.83	30.33	7.00
MCHP	Microchip Tech	139.87	14.92	22.37	1.05	26.29	7.00
QRVO	Qorvo Inc	175.95	15.77	4.66	0.00	22.19	7.00
TGT	Target Corp	185.11	8.49	3.79	1.47	21.91	7.00
TXN	Texas Instrs	168.58	9.33	1.83	2.42	28.24	7.00
ALXN	Alexion Pharma	154.74	17.75	17.77	0.00	13.49	6.00
AVGO	Broadcom Inc	465.19	12.86	22.60	3.10	25.12	6.00
BAC	Bank Of Amer Cp	31.58	7.00	3.70	2.28	16.89	6.00
CDW	Cdw Corp	140.99	13.10	7.83	1.13	22.31	6.00
DHR	Danaher Corp	238.23	13.06	0.46	0.30	37.87	6.00
DOV	Dover Corp	120.83	11.50	-0.41	1.64	21.31	6.00
LDOS	Leidos Holdings	103.47	10.84	18.97	1.31	18.09	6.00
LRCX	Lam Research	504.33	21.34	13.95	1.03	24.65	6.00
MS	Morgan Stanley	70.60	10.03	9.77	1.98	10.80	6.00
MXIM	Maxim Intg Pdts	87.87	10.00	0.31	0.00	33.28	6.00
PAYX	Paychex Inc	89.95	8.00	8.16	2.76	30.59	6.00
SWK	Stanley B&D Inc	174.35	8.94	6.20	1.61	19.42	6.00
TT	Trane Tech Plc	146.38	11.90	3.61	1.45	30.37	6.00
TTWO	Take-Two Inter	202.40	11.98	22.50	0.00	32.44	6.00
WAT	Waters Corp	281.27	5.14	3.17	0.00	31.05	6.00
CMI	Cummins Inc	235.54	9.00	5.67	2.29	20.92	5.00
COST	Costco Whole Cp	355.21	8.73	8.73	0.79	37.75	5.00
EMR	Emerson Elec Co	83.68	9.64	-2.77	2.41	23.12	5.00
PH	Parker Hannifin	271.22	11.78	5.77	1.30	24.48	5.00
PXD	Pioneer Nat Res	126.64	8.55	21.08	1.74	37.69	5.00
SNA	Snap-On Inc	177.32	9.94	1.70	2.77	16.31	5.00
WRB	Berkley (Wr) Cp	63.60	9.00	1.27	0.75	27.41	5.00
ALIGN	Align Tech Inc	546.18	19.03	27.06	0.00	24.33	4.00

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	114.48	1.53	12.13	3.14	9
CAG	Conagra Brands	34.62	2.00	19.38	3.18	8
CMTV	Commnty Bcp Vt	15.00	1.08	12.46	5.07	8
FLIC	First Long Is	17.38	1.04	10.80	4.37	8
IBCP	Indep Bk Mich	19.85	1.16	11.47	4.03	8
PEG	Public Sv Entrp	58.10	1.86	11.14	3.37	8
TSLX	Sixth St Spclty	21.18	1.26	12.38	7.74	8
AROW	Arrow Finl Corp	29.41	1.40	12.42	3.54	7
BSRR	Sierra Bancorp	22.48	1.02	10.47	3.74	7
CFR	Cullen Frost Bk	94.29	1.45	11.01	3.05	7
CRWS	Crown Crafts	7.88	1.77	13.82	4.06	7
CZFS	Citizens Fin Sv	55.00	1.14	11.88	3.35	7
FMNB	Farmers Natl Bc	13.60	1.13	11.36	3.24	7
FNCB	Fncb Bancorp	6.83	0.92	14.71	3.22	7
KEY	Keycorp New	18.07	1.10	10.46	4.10	7
LOMA	Loma Negra Cia	5.35	1.22	21.99	4.75	7
NWIN	Northwest In Bc	39.58	0.92	13.69	3.13	7
PRK	Park National	109.41	1.72	11.95	3.73	7
SWM	Schweitzer-Maud	37.73	1.88	19.32	4.66	7
UBFO	United Sec Bcsh	6.78	0.98	10.40	6.49	7
UGI	Ugi Corp	36.15	1.82	11.14	3.65	8
WTBA	West Bancorp	21.00	1.61	14.74	4.00	8

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	139.72	19.52	8.24	0.20	16.85	8.00
LOW	Lowe's Cos	169.88	16.81	5.92	1.41	20.13	8.00
MTD	Mettler-Toledo	1,188.38	12.10	5.59	-	49.33	8.00
MSFT	Microsoft Corp	243.00	11.93	14.71	0.92	36.22	8.00
VRSK	Verisk Analytic	186.87	10.77	7.26	0.58	38.06	8.00
IDXX	Idexx Labs Inc	485.36	17.83	10.64	-	72.33	7.00
QRVO	Qorvo Inc	175.95	15.77	4.66	-	22.19	7.00
KSU	Kansas City Sou	211.10	15.00	4.25	0.83	30.33	7.00
MCHP	Microchip Tech	139.87	14.92	22.37	1.05	26.29	7.00
ABT	Abbott Labs	120.22	14.60	12.22	1.50	32.94	7.00
IT	Gartner Inc -A	159.45	13.50	17.83	-	35.51	7.00
KLAC	Kla Corp	286.30	11.56	17.02	1.26	24.96	7.00
AAPL	Apple Inc	133.94	11.50	6.15	0.61	36.27	7.00
J	Jacobs Engin Gr	106.09	11.14	6.24	0.72	19.36	7.00
LRCX	Lam Research	504.33	21.34	13.95	1.03	24.65	6.00
ALXN	Alexion Pharma	154.74	17.75	17.77	-	13.49	6.00
CDW	Cdw Corp	140.99	13.10	7.83	1.13	22.31	6.00
DHR	Danaher Corp	238.23	13.06	0.46	0.30	37.87	6.00
AVGO	Broadcom Inc	465.19	12.86	22.60	3.10	25.12	6.00
TTWO	Take-Two Inter	202.40	11.98	22.50	-	32.44	6.00
TT	Trane Tech Plc	146.38	11.90	3.61	1.45	30.37	6.00
DOV	Dover Corp	120.83	11.50	(0.41)	1.64	21.31	6.00
LDOS	Leidos Holdings	103.47	10.84	18.97	1.31	18.09	6.00
MS	Morgan Stanley	70.60	10.03	9.77	1.98	10.80	6.00
MXIM	Maxim Intg Pdts	87.87	10.00	0.31	-	33.28	6.00
PH	Parker Hannifin	271.22	11.78	5.77	1.30	24.48	5.00
SNA	Snap-On Inc	177.32	9.94	1.70	2.77	16.31	5.00
ALGN	Align Tech Inc	546.18	19.03	27.06	-	24.33	4.00
FRC	First Rep Bk Sf	152.75	13.42	19.08	0.52	26.29	4.00
TROW	T Rowe Price	158.60	11.83	9.16	2.27	16.52	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	59.58	20.00	8.26	-	26.48	8
MSFT	Microsoft Corp	243.00	11.93	14.71	0.92	2.78	8
VRSK	Verisk Analytic	186.87	10.77	7.26	0.58	3.17	8
IDXX	Idexx Labs Inc	485.36	17.83	10.64	-	3.58	7
SPSC	Sps Commerce	103.48	15.00	13.92	-	5.76	7
TXN	Texas Instrs	168.58	9.33	1.83	2.42	2.70	7
CRM	Salesforce.Com	234.82	14.00	26.48	-	12.43	6
IPGP	Ipg Photonics	228.24	#N/A	7.85	-	#N/A	6
MSCI	Msci Inc-A	416.87	#N/A	10.22	0.75	#N/A	6
MXIM	Maxim Intg Pdts	87.87	10.00	0.31	-	2.94	6
POWI	Power Integratio	82.81	#N/A	4.24	0.53	#N/A	6
REXR	Rexford Ind Rty	49.57	7.91	29.26	1.73	4.35	6
SEDG	Solaredge Tech	307.08	30.00	36.43	-	3.12	5
SAIL	Sailpoint Tech	57.85	15.00	23.77	-	#N/A	5
IBKR	Interactive Brk	68.83	#N/A	15.21	0.58	#N/A	5
IRDM	Iridium Commun	51.42	#N/A	8.43	-	#N/A	5

Portfolio / Client Update

As noted last week in our update, we expected the market to rally this week. As such, we took advantage of the recent sell-off to continue rebalancing our portfolios to align more closely with our benchmark index. While we increased our equity exposure, it doesn't mean that we have entirely dismissed the view of risk management. Currently, the market is running on a more extreme level of exuberance, and in many cases, indicators point to a near "mania." The recent issue of the Gamestop fiasco is a case in point. **These activities do not exist in a typical bull market, but most importantly, such actions NEVER occur at the beginning of a NEW bull market.** There is much exuberance about more stimulus, a surging economy, and a reflationary trade. However, critical economic indicators like "productivity output" has plunged while layoffs still exceed 700,000 a week. Such is the hallmark of a continuing recession, not an economic recovery. At some point, the economy and the stock market will converge. The only question is will the economy catch up with an overvalued stock market, or vice versa. We have no idea which it will be. However, this is why we continue to control risk and participate with markets as much as possible without being reckless.

Portfolio Changes

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

"After adding JPM to portfolios to capture the impact of a flatter yield curve, and more liquidity from stimulus, we added GS to portfolios today. We were also considering adding a position in short-duration high yield bonds, but after comparing performance and volatility over the last couple of years, we opted for increasing our exposure to Preferred stocks instead which have less risks of default." - 02-04-21

Equity Portfolio

- Initiate a 2% position in GS
- Increase PFF from 5% to 10% of portfolios

ETF Portfolio

- Increase XLF from 2% to 4% of portfolios
- Increase PFF from 5% to 10% of portfolios

"We sold 100% of KHC this morning as input costs are rising and they are unable to pass those along to the consumer. Such will press margins in the future. We are going to remain slightly underweight staples in our models for now. After the sell-off at the end of January, some areas of the market got hit harder than others. We are using the price weakness to add to our energy positions and increase our exposure to financials." - 02-03-21

Equity Model:

- Sell 100 % of KHC
- Initiate a 1% position in XOM
- Initiate a 1% position in MRO

- Also, initiate a 2% position in JPM.
- Sell 100% of TLT ? removing hedge.

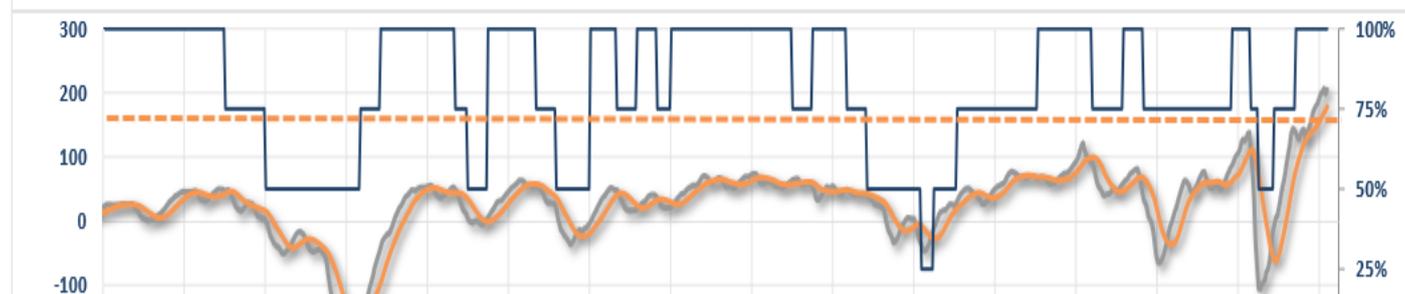
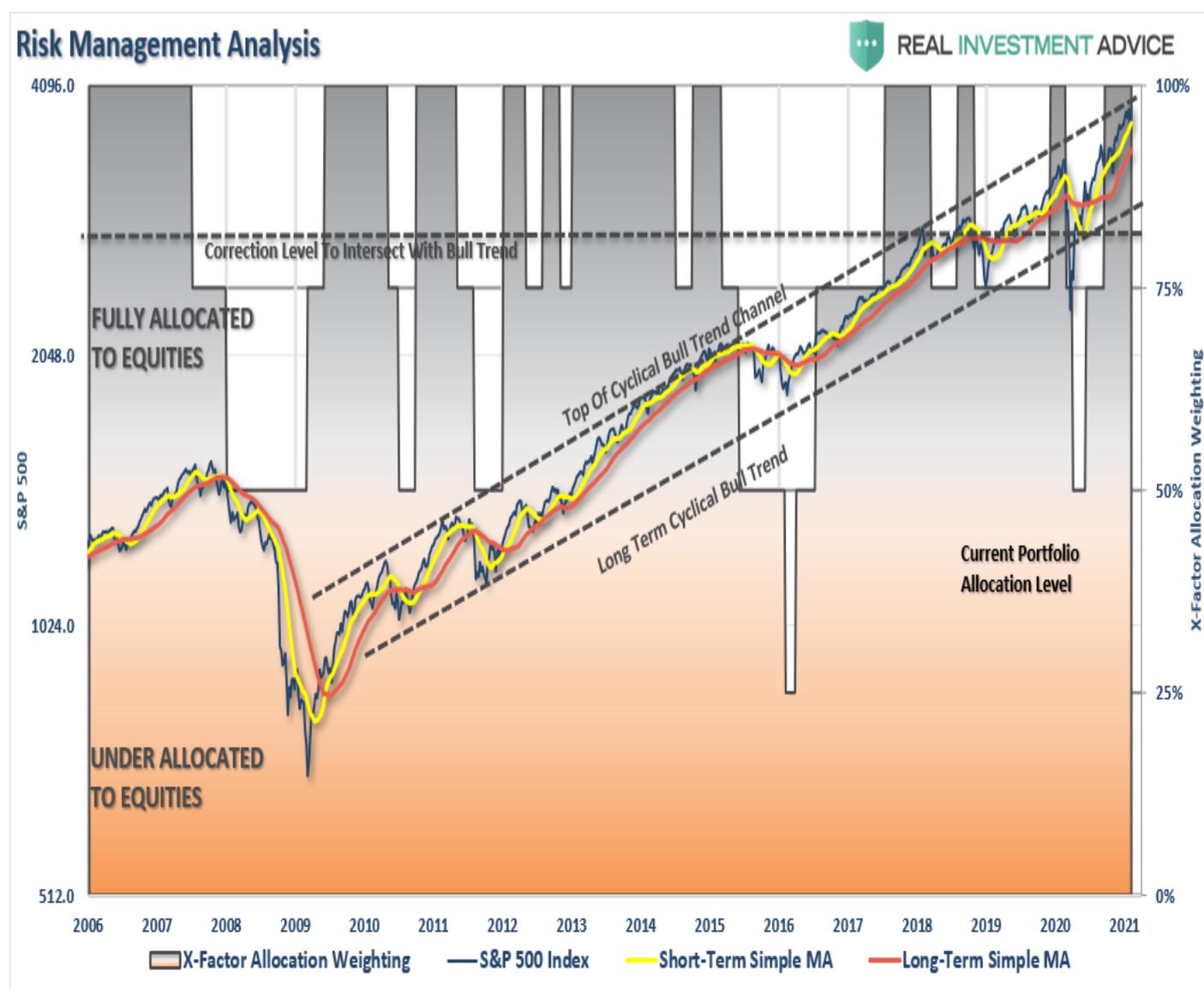
ETF Model:

- Add 1% to existing XLE position, increasing position to 3%
- Initiate a 2% position in XLF
- Sell 100% of TLT ? removing portfolio hedge.

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

Last week I stated: "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."

After a sell-off at the end of January, and a rally this past week, the market is right back to where it was. Overbought, and extended conditions remain, which suggest we are likely going to see additional volatility in the weeks ahead.

However, there is nothing currently that is overly concerning that would suggest getting more defensive at the current time. 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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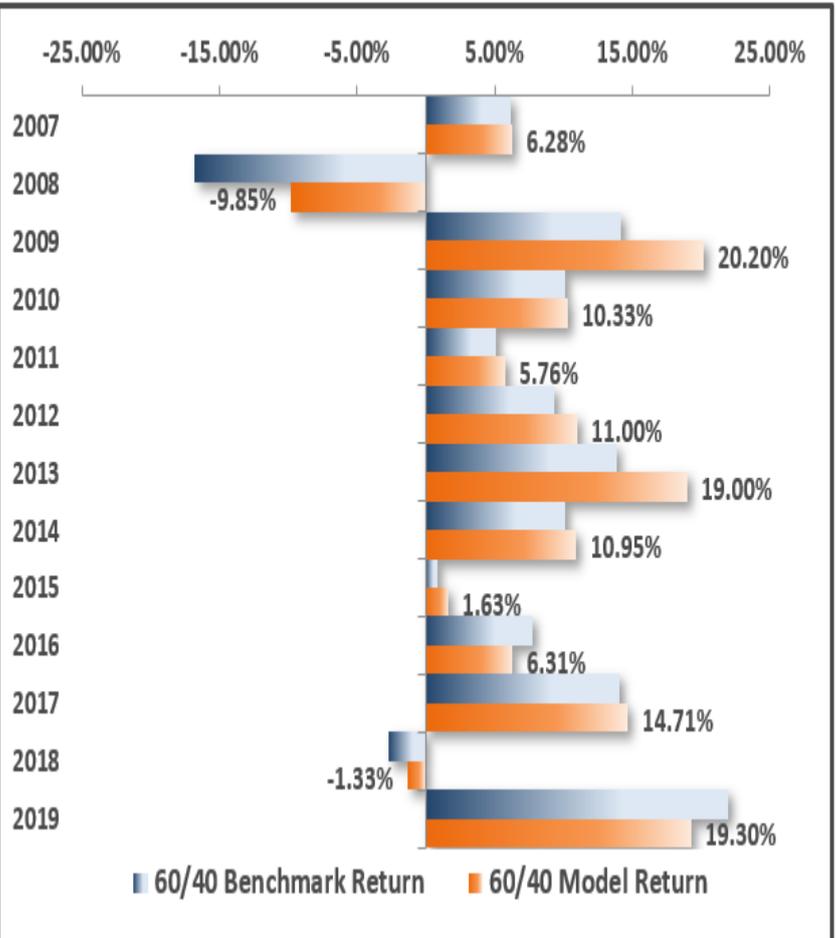


RIA
Advisors

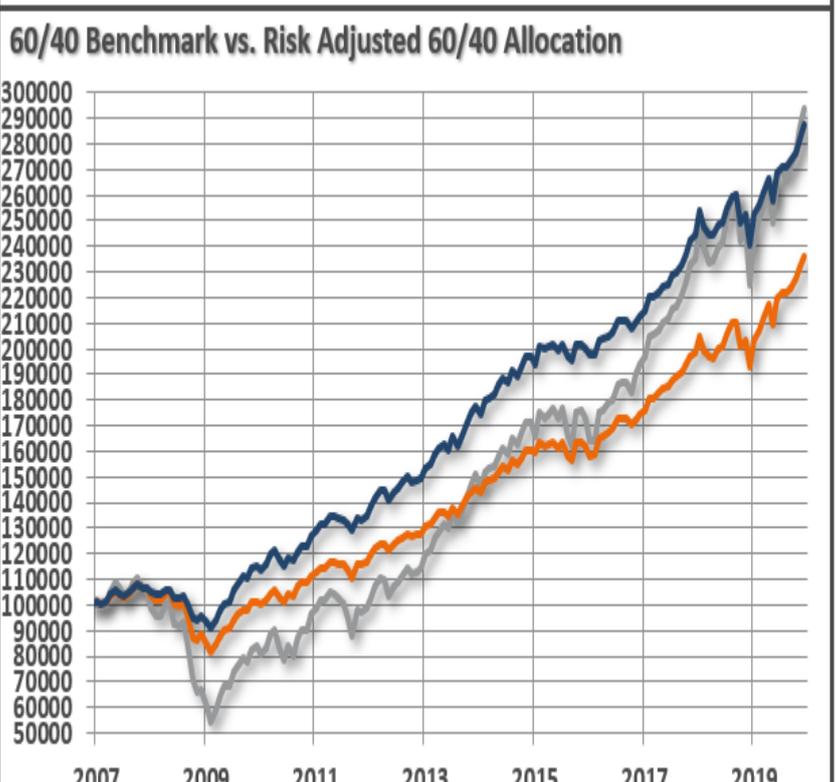
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Model performance is a two-asset model of stocks and bonds relative to the weighting changes made each week in the newsletter. Such is strictly for informational and educational purposes only, and one should not rely on it for any reason. Past performance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



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.](#)**



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](#)

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My Info Fund Selection **Comparison** Summary Commentary

My Portfolio

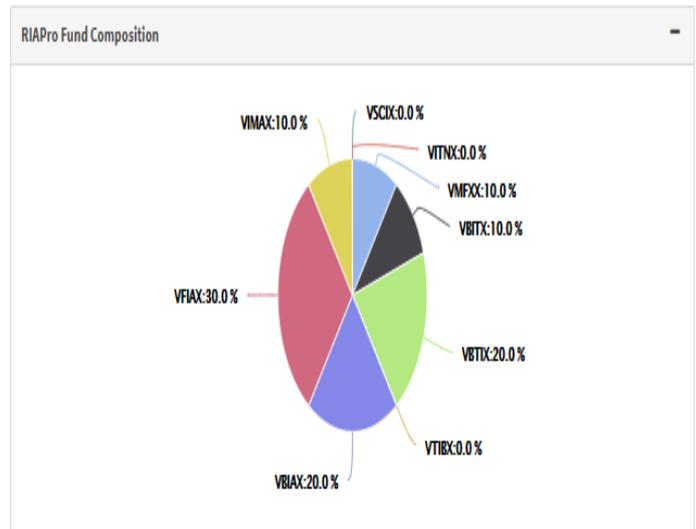
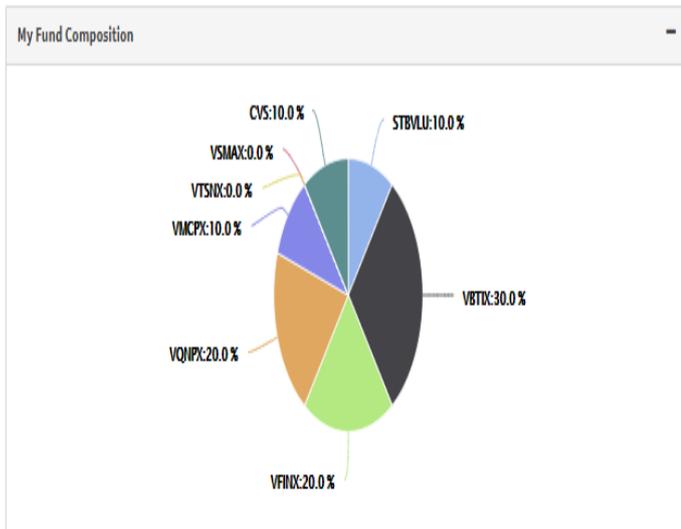
RIAPro Portfolio **RIA PRO MODEL PL**

Retirement Income (My Portfolio Annual ROR 9.44 %)

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

Retirement Income (RiaPro Annual ROR 9.02 %)

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



My Asset Composition +

RIAPro Asset Composition +