In this 07-02-21 issue of "As Good As It Gets Will Q2 Mark Peak Reporting?"

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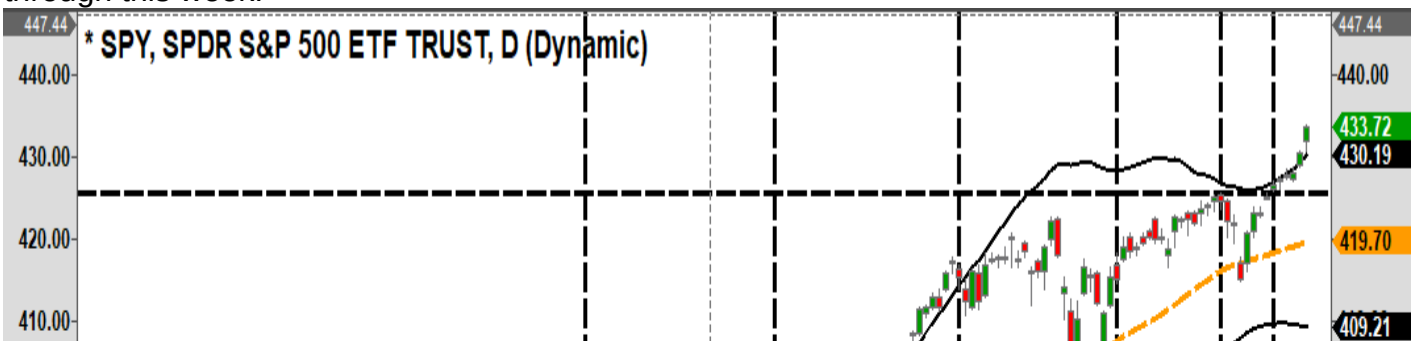
Are you worried about the potential for a market correction, a surge in inflation, or are you unsure how to invest for your retirement? We can help. *If you are not yet a client and would like to discuss your portfolio construction, please schedule a time to meet with one of our advisors below.*

Market Rallies To All-Time Highs

With the 4th of July weekend upon us, this week's newsletter will be slightly shorter than usual. Such will ensure you *"pitmasters"* can get to work doing what you do best. As we ***discussed last week,*** the market not only got off the mat and rallied back to new highs. That action continued through this week.

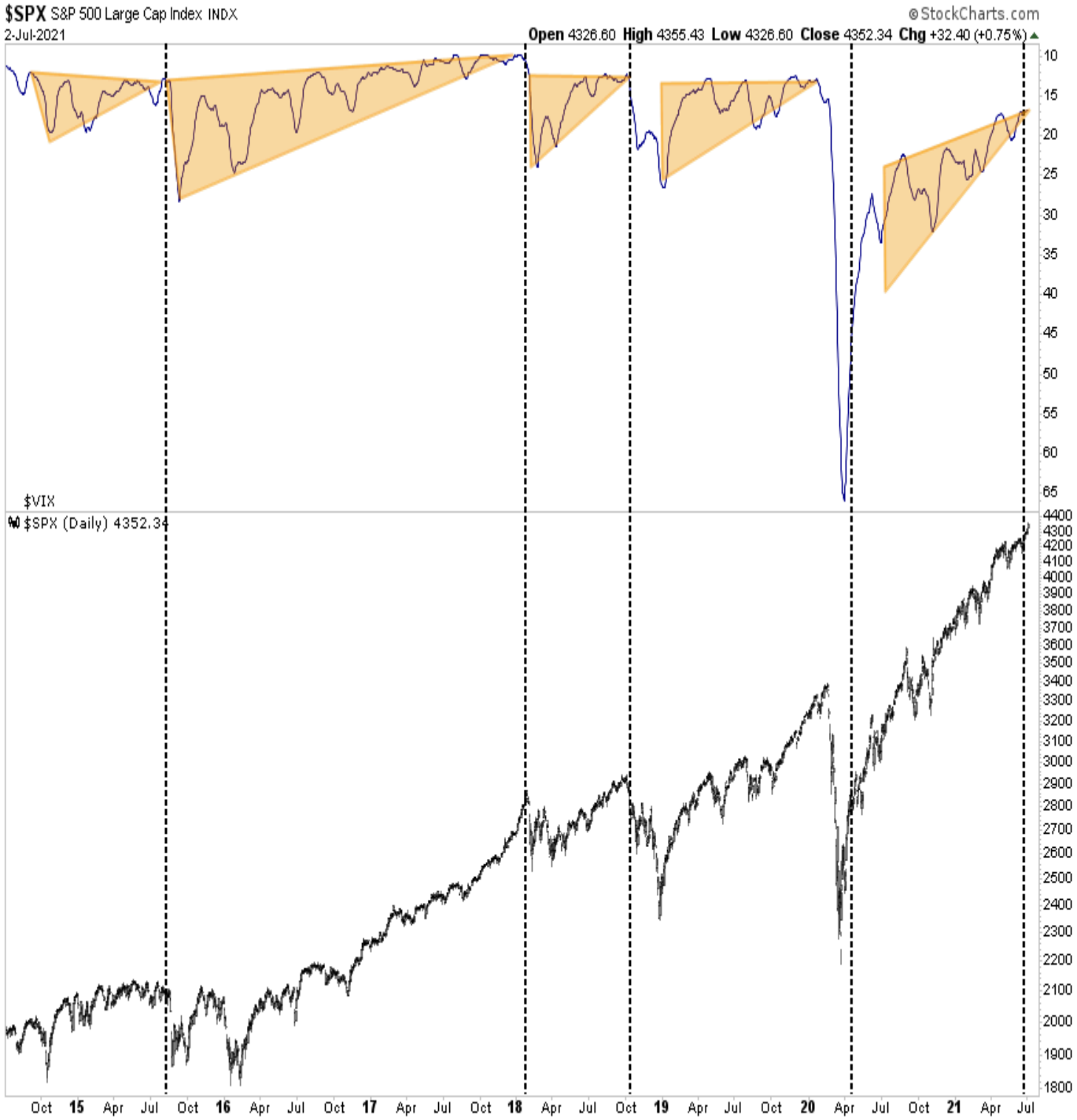


The technical backdrop is not great. **With the market back to 2-standard deviations above the 50-dma, conviction weak, and investors extremely bullish, the market remains set up for additional weakness. However, we are in the first two weeks of July which tends to be bullishly biased. After increasing our equity exposure previously, we will give the market the benefit of seasonality for now.**

Complacency Concerns

With the *"money flow buy signal"* not yet back to a typical peak, such suggests another week or so of upside is likely. However, as noted, we suspect there is not much upside in the market for current levels. Lastly, we discussed the high level of complacency in the markets previously. ***To wit:***

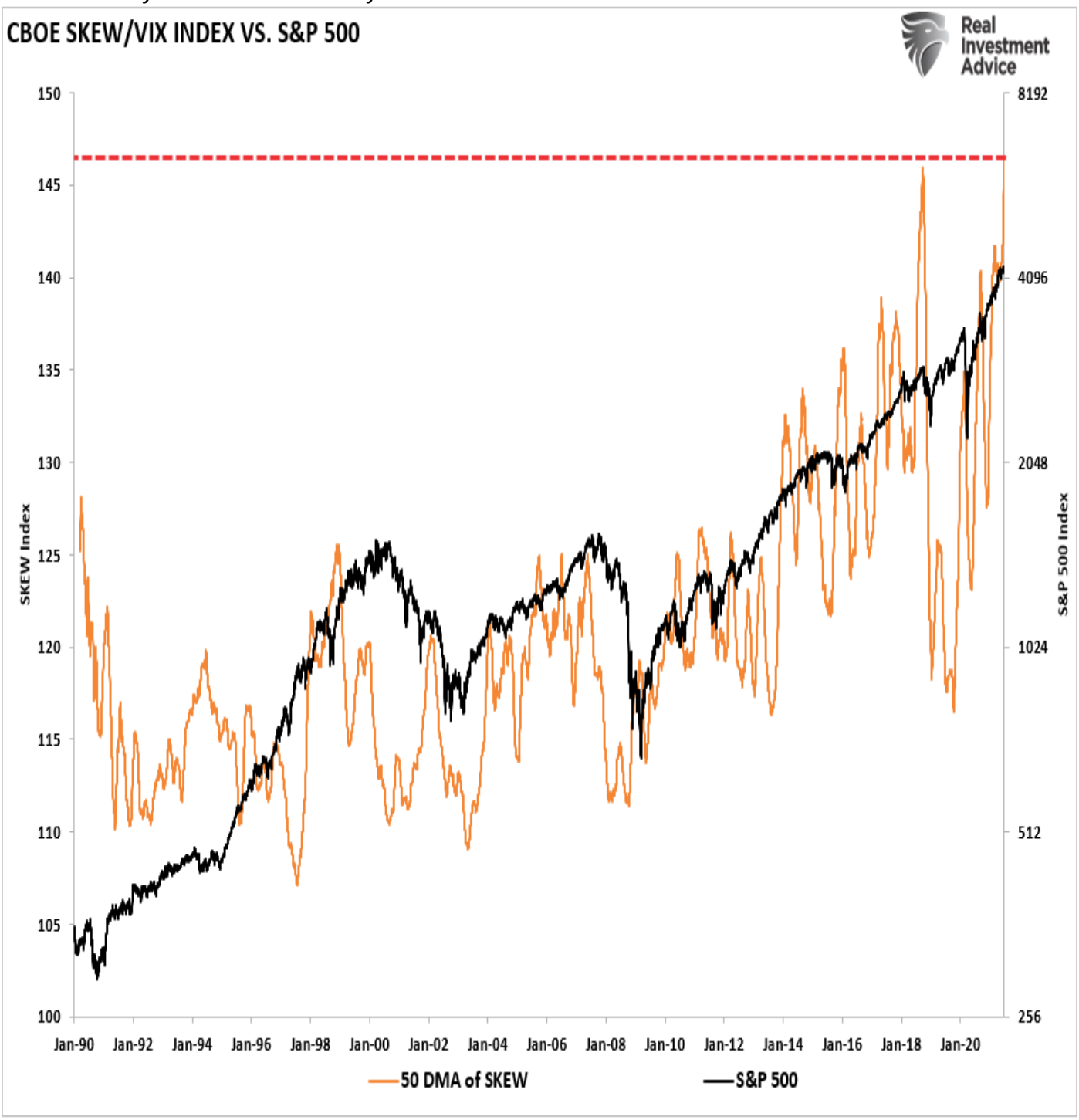
> *"Currently, complacency has reached more extreme levels. As noted last week, the 15-day moving average of VIX, on an inverted scale, suggests a correction is likely. By this measure, the correction should begin somewhere around July 21st ? August 10th.?*



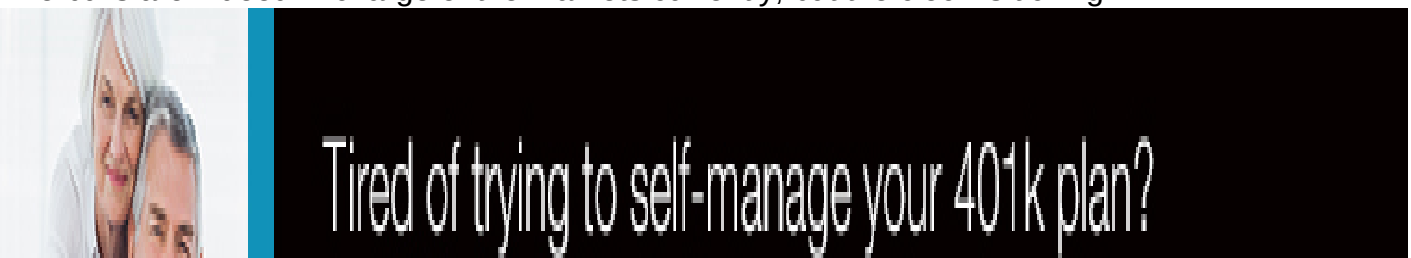
The same gets confirmed by the exceptionally **high reading of the SKEW index.**

> *"One such indicator is the CBOE SKEW index. The index measures the perceived tail risk of the distribution of S&P 500 investment returns over a 30-day horizon. It is similar to the VIX index, but instead of measuring implied volatility based on a normal distribution, it measures the implied risk of future returns realizing outlier behavior. A SKEW value of 100 indicates the options market perceives a low risk of outlier returns.* ***Conversely,values above 100 reflect an increased perception of risk for future outlier events."***

We are clearly above 100 currently.



The bulls are indeed in charge of the markets currently, but the clock is ticking.

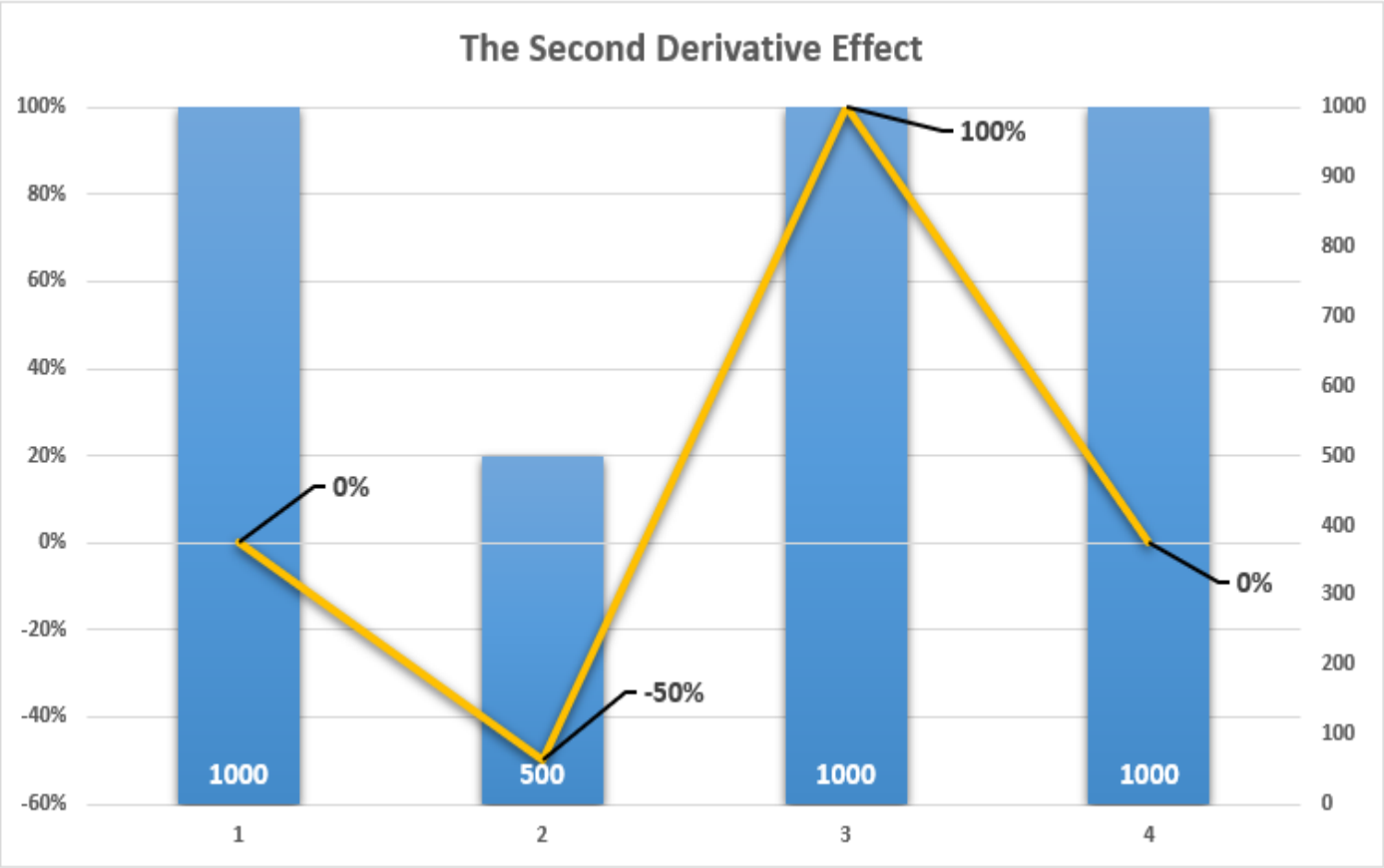


As Good As It Gets

There is much at risk in the market as we head into the 3rd quarter and begin Q2-reporting for the S&P 500 index. For clarity, we need to review the *"second-derivative"* effect.

> *?In calculus, the **second derivative**, or the **second-order derivative**, of a function f is the derivative of the derivative of f.? ? Wikipedia*

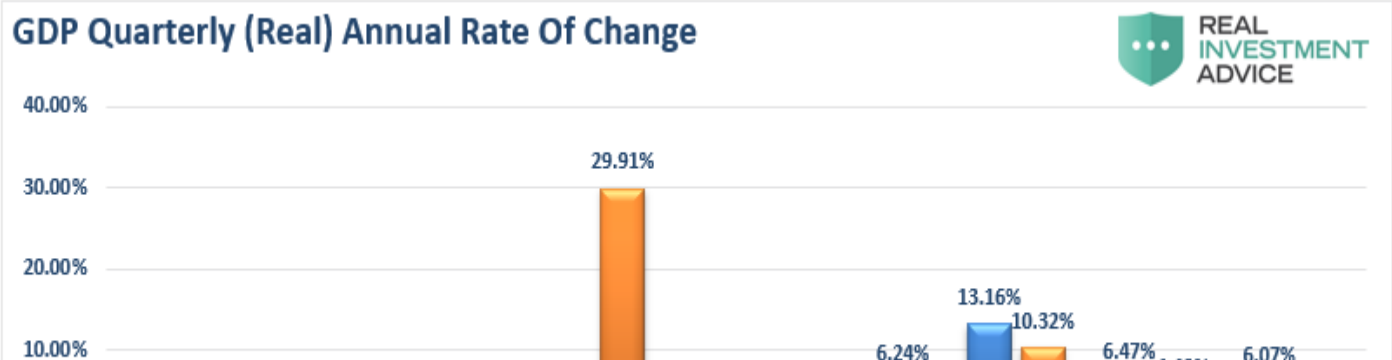
In English, the *?second derivative?* measures how the rate of change of a quantity is itself changing. I know, still confusing. Here is a simplistic example. Assume the economy is $1000 in value in Year 1. Then, in Year 2, there is a 50% recession. However, in Year 3, the economy grows back to $1000. And, in Year 4, the economy remains at $1000.



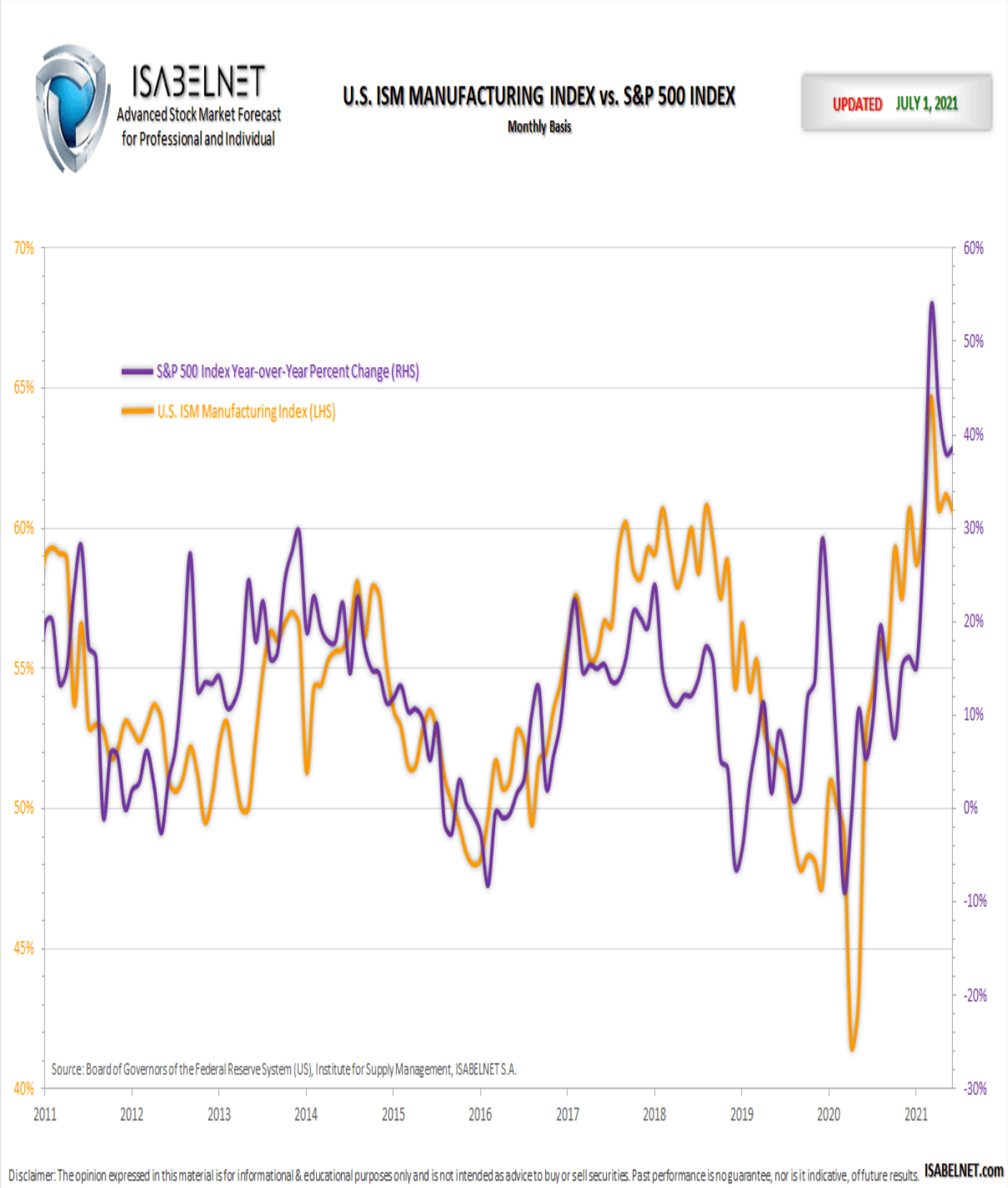
The *"second derivative"* effect is evident in years 3 and 4. In year 3, the economy recovers by $500, a 100% increase from Year 2's level of $500. However, in Year 4, the growth rate falls to zero as the economy remains at $1000.

A Coming Change

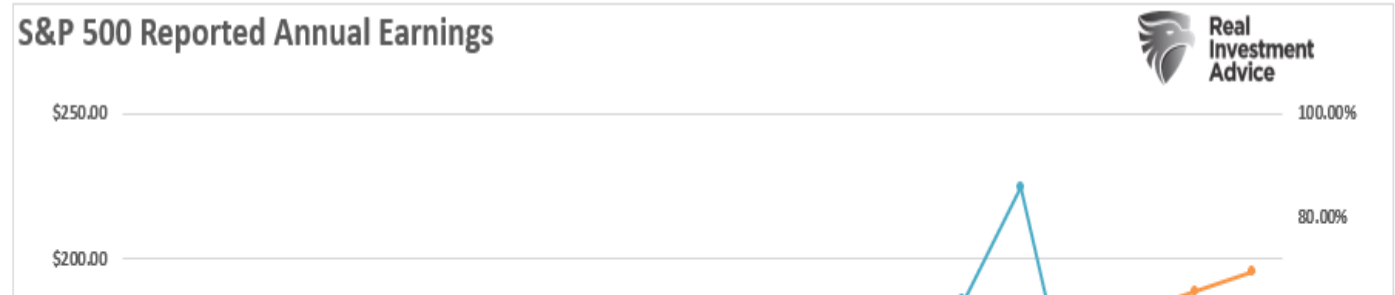
Why am I telling you this? Because we are at that point in the recovery cycle. **Over the next couple of months, we will see the most significant numbers of the recovery cycle as we compare Q2-2021 to Q2-2020, which was the depth of the economic shutdown.** As shown in the chart below, we will see a robust GDP report, but such will be the cycle's peak.



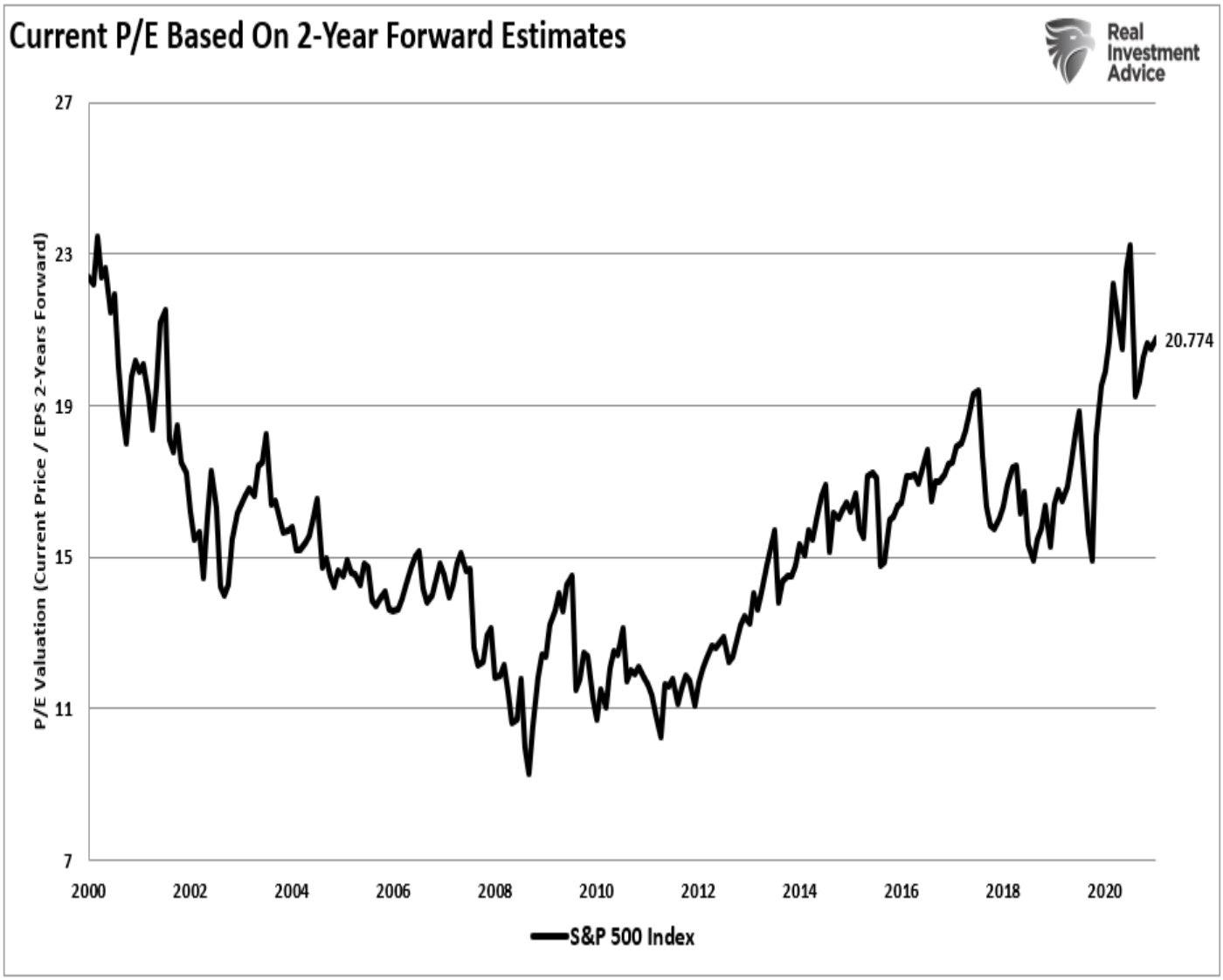
The manufacturing activity indices have already peaked, which has a high correlation to the annual change in the S&P 500 index.



We will also see a peak in the annual rate of change in earnings as the economy slows. *(Note: Current earnings estimates are exceptionally optimistic. By the end of 2021, the peak in earnings growth will likely move forward.)*



With valuations highly elevated on a two-year forward basis, when earnings are eventually revised lower with slower economic growth, valuations will rise. ***(You will often see media types compare forward P/E's to current reported P/E's, suggesting markets are cheap. However, that is not apples to apples as you are comparing forward to trailing P/E's. As shown, two-year forward P/E's are at the highest level since the "Dot.com" peak.)***



The point here is that much of the growth in the economy is currently *"priced in"* to expectations. When things are as *"good as they can get,"* that is usually the point where things inevitably start to go wrong. With no more stimulus coming from the Government and 9-million people coming off of unemployment benefits by September, a *"fiscal cliff"* is fast approaching. Such could well lead to a disappointment in expectations in a market currently priced for perfection.

In Case You Missed It

#MacroView: Capitalism Does Not Equal Corporatism – Pt. 2

Written by Lance Roberts | Jul 2, 2021

The problem is continuous interventions to halt the "Darwinian" function of "capitalism." That brutal process must function; otherwise, it leads to "corporatism."

>> Read More

Fully Invested Bears

The problem in discussing *?investment risk*? is that such commentary is summarily dismissed as being *?bearish,?* **By extension, such means I am either sitting in cash or short the market. In either event, I have *?missed out?* on the last advance.** However, now, the discussion of *?risk?* is even more futile due to the Fed?s massive interventions. Such reminds me of something famed Morgan Stanley strategist Gerard Minack said once:

> *?**The funny thing is there is a disconnect between what investors are saying and what they are doing.** No one thinks all the problems the global financial crisis revealed have been healed. **But, when you have an equity rally as you?ve seen for the past four or five years, everybody has had to participate. What you?ve had are fully invested bears.?***

The idea of *?fully invested bears?* defines the reality of the markets we live with today. Despite the understanding that the markets are overly bullish, extended, and valued, **portfolio managers must stay invested or suffer potential *?career risk?* for underperformance.** The reason I bring this up is because of this comment from the legendary Leon Cooperman. https://twitter.com/SquawkCNBC/status/1410201672765300738?s=20 The clip is fascinating because Becky Quick refers to Leon as a *"fully-invested bear"* as he states:

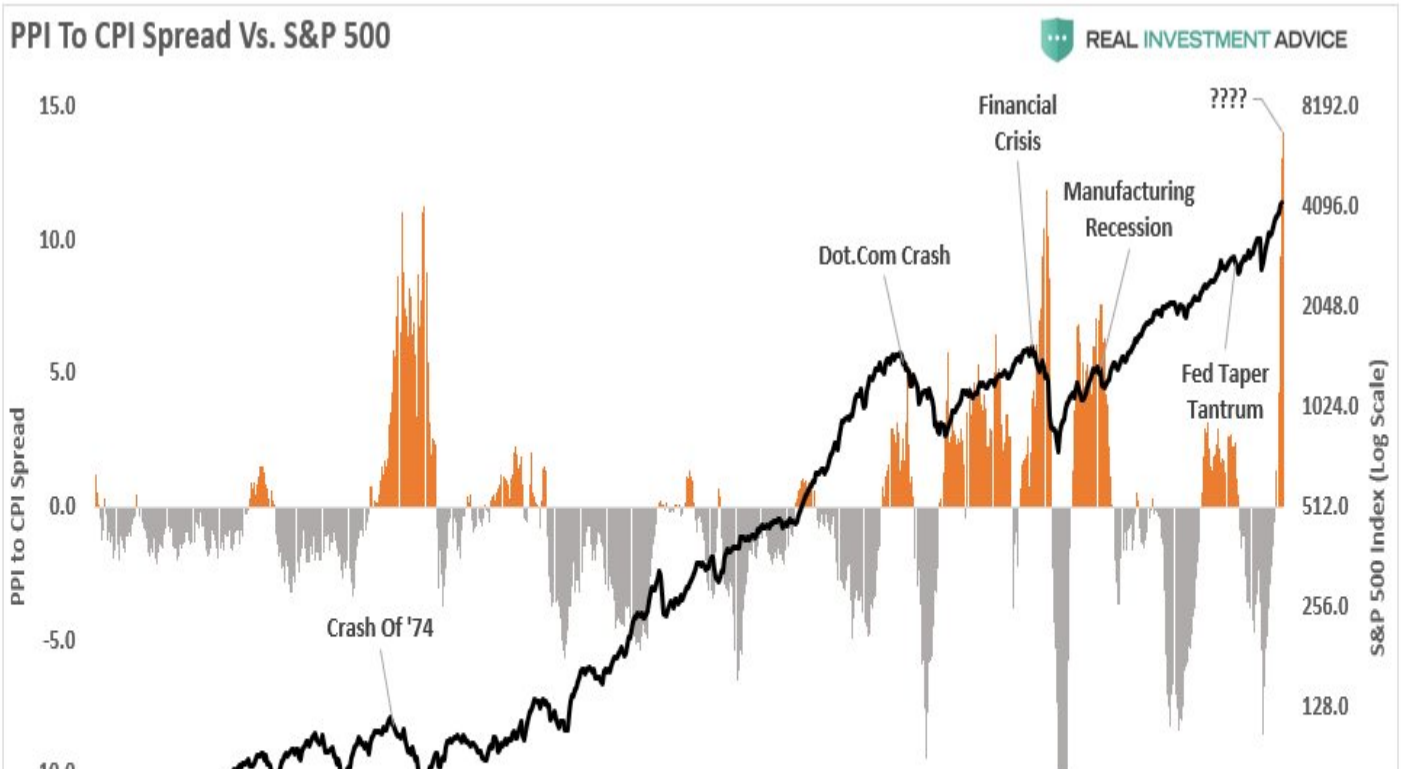
> *"You have to be in the market right now."*

The Two Big Risks

There are two inter-related risks to the market currently. The Fed and *"inflation."* As Leon correctly notes, companies should be able to pass on inflated materials costs to their consumers:

> ***?Everybody is worried about inflation. Inflation is a positive for common stocks because inflation in companies? costs works its way into selling prices, which lift the nominal level of revenues and earnings."***

In theory, that is true, but as noted above, with the *"fiscal cliff"* approaching, there is a risk that consumers can't absorb as much *"inflation"* as he hopes. Moreover, as I showed previously, the gap between CPI and PPI already indicates that companies are retaining inflation.



The other problem is the Fed. The markets will not react kindly to the Fed moving to curb inflationary pressures. In either case, the risk to markets remains elevated. While I certainly agree you *"have to be invested in the markets currently,"* we are also fully aware of the risks. Yes, that makes us *"fully invested bears."*

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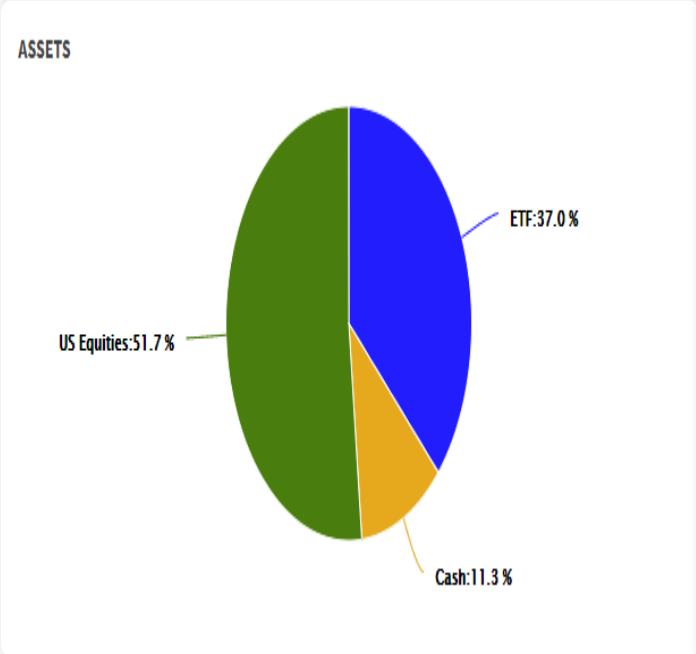
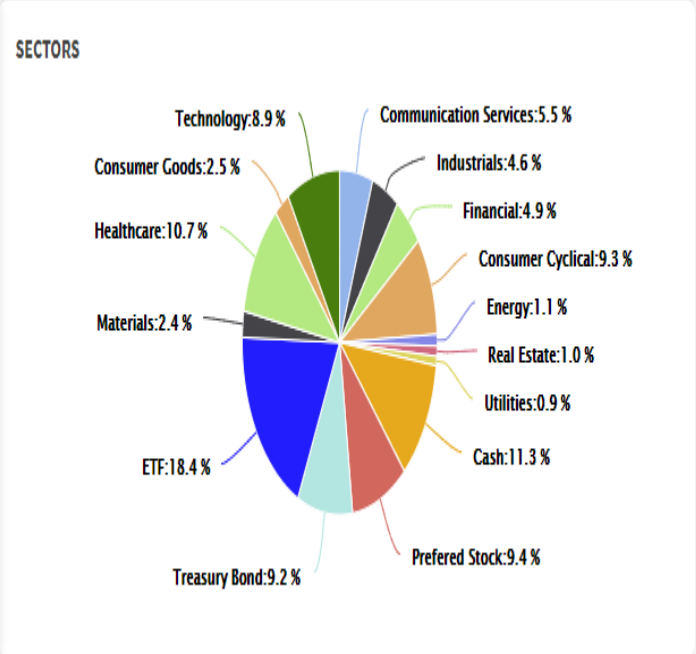
Portfolio Update

As noted above, the *"buy signal"* is back in play. With the markets bullishly biased, the seasonally strong first two weeks of July should lift asset prices. **However, with the markets back to overbought, bullish, and deviated conditions, the upside is limited near term.** As noted above, with portfolios back to near full-allocations, **we are *"fully-invested bears."***





The biggest problem for investors is the *?herding effect?* and *?loss aversion.?* As markets are rising, individuals believe that the current price trend will continue to last for an indefinite period. **The longer the rising trend lasts, the more ingrained the belief becomes until the last of *?holdouts?* finally *?buy-in?* as the financial markets evolve into a *?euphoric state.?*** Once the market begins to decline, there is a slow realization it is more than a *?buy the dip?* opportunity. **As losses mount, the anxiety of loss begins to climb until individuals seek to *?avert further loss?* by selling**. Such is the basis of the ***?Buy High / Sell Low?*** syndrome. **However, by understanding what drives market returns over the long term, you can mitigate the risk of making psychological errors.** It is likely, given there is *?no fear?* of a market correction, an overwhelming sense of *?urgency?* to get invested, and a continual drone of *?bullish chatter,?* the markets are poised for an unexpected, unanticipated, and inevitable event. What will that be? No one knows until after the fact. Such is why applying *"risk management"* before the event is critical to the eventual outcome. **After all, you don't carry an *"umbrella"* after it rains, do you?** I hope you have a terrific 4th of July weekend, and I will see you again next week. **By Lance Roberts, CIO**

Market & Sector Analysis

Analysis & Stock Screens Exclusively For RIAPro Members

S&P 500 Tear Sheet

SPY RISK INFO	T 2-Yr	T 1-Yr.	YTD	% Diff YTD/T1-YR
Price Return	46.31%	38.91%	16.01%	(58.87%)
Max Drawdown	(35.63%)	(10.86%)	(5.65%)	(47.92%)
Sharpe	0.90	2.82	2.72	(0.04)
Sortino	0.98	3.78	3.68	(0.03)
Volatility	25.37	15.01	13.48	(0.10)
Daily VaR-5%	(14.66)	18.61	14.52	(0.22)
Mnthly VaR-5%	(3.22)	17.56	18.62	0.06

Item	2 years ago	1 year ago	Current	1 Yr % Change	5 Year High	5 year Low	% From High	% From Low
Dividend Yield	1.93%	1.82%	1.26%	(44.48%)	2.14%	1.28%	(41.27%)	(1.90%)
P/E Ratio	18.70	20.40	28.61	28.69%	2890%	1639%	(1.0%)	74.63%
P/S Ratio	3.68	3.82	5.35	28.70%	5.19	3.24	3.12%	65.28%
P/B Ratio	4.80	5.32	7.20	26.10%	6.99	4.19	3.12%	72.08%
ROE	21.73%	21.32%	22.79%	6.47%	22.79%	17.60%	0.00%	29.50%
ROA	4.26%	4.09%	4.07%	(0.50%)	4.31%	3.51%	(5.63%)	16.01%

S&P 500 Market Cap Analysis

Item	12-M Ago	Current	% Chg
Shares	3,081.9	2,989.6	(2.99%)
Sales	71,625	71,618	(0.01%)
SPS	23.2	24.0	3.07%
Earnings	11,118	11,763	5.80%
EPS TTM	4.5	4.5	0.20%
Dividend	1.6	1.6	(1.10%)

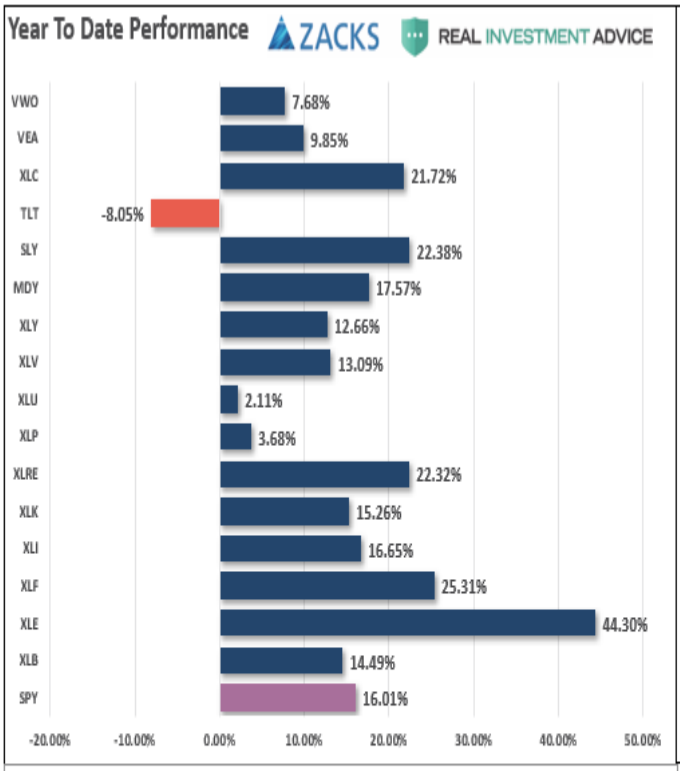
S&P 500 Asset Allocation

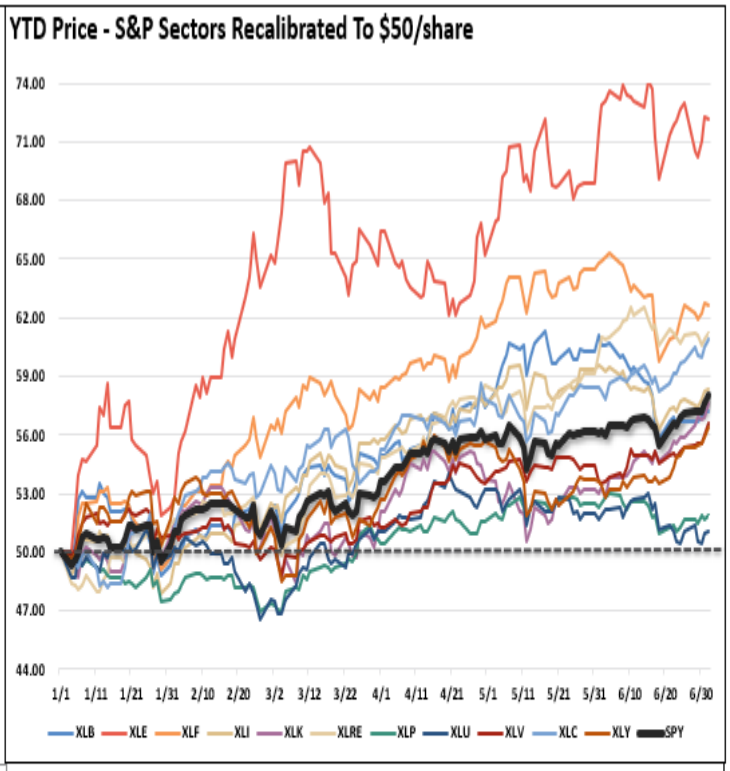
Sector	1 Year Price Return	Weight	Beta	P/E	P/E High-5yr (Mo.)	P/E Low - 5Yr (Mo.)	P/E % From Peak	ROE	DIV. YIELD	TTM Earnings Yield	Current Forward Earnings	Forward PE
Energy	46.36%	2.85%	1.89	(320.51)	123.62	(302.30)	(359.3%)	(0.1%)	4.0%	-0.31%	2.72	17.63
Materials	44.85%	2.60%	1.20	25.79	27.13	14.16	(4.9%)	11.1%	1.8%	3.88%	4.96	19.07
Industrials	41.84%	8.54%	1.16	51.25	54.09	14.68	(5.3%)	4.9%	1.4%	1.97%	4.33	24.41
Discretionary	44.90%	12.28%	1.36	56.48	60.06	20.97	(6.0%)	24.5%	0.5%	1.78%	5.65	32.17
Staples	19.60%	5.81%	0.64	22.85	23.02	17.65	(0.7%)	29.7%	2.5%	4.38%	4.47	21.10
Health Care	23.87%	12.98%	0.77	19.34	19.45	15.10	(0.5%)	29.9%	1.6%	5.21%	7.83	16.85
Financials	59.77%	11.27%	1.32	16.65	18.48	10.52	(9.9%)	9.3%	1.6%	5.99%	6.54	14.83
Technology	43.99%	27.43%	1.07	34.27	32.81	16.66	4.5%	65.8%	0.8%	2.94%	5.81	26.06
Telecom	52.60%	11.14%	0.97	29.02	28.18	17.61	3.0%	16.4%	0.5%	3.47%	8.52	22.25
Utilities	10.14%	2.46%	0.41	19.83	22.09	16.35	(10.2%)	10.6%	3.3%	5.04%	3.45	19.07
Real Estate	26.69%	2.58%	0.95	25.76	24.86	17.12	3.6%	6.6%	2.5%	3.89%	4.46	22.87

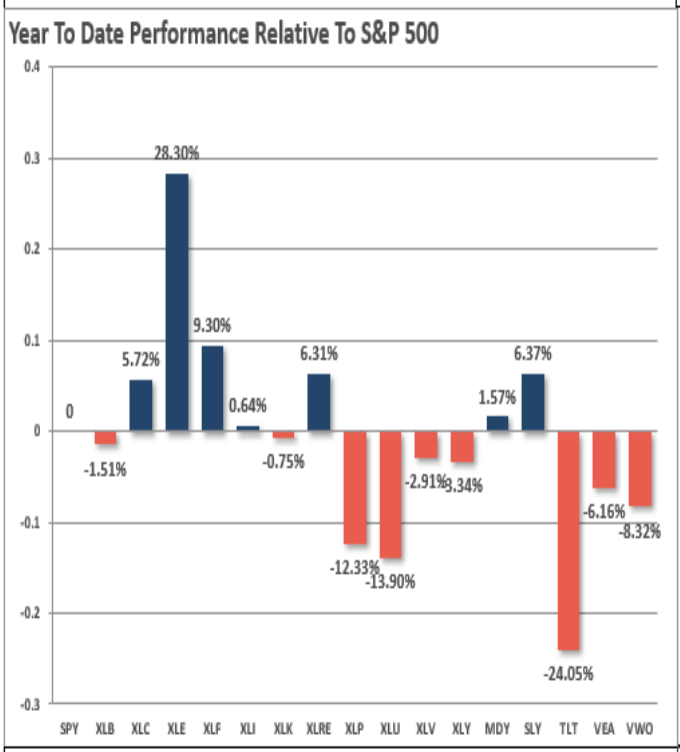
Momentum Analysis

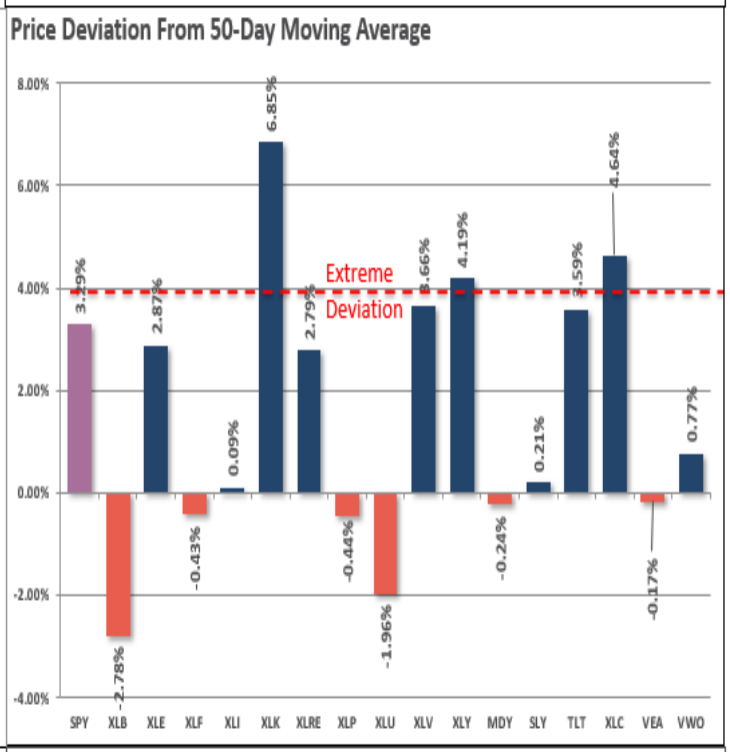
Item	Price	ROC 50-Days	50-DMA	# Days Since Cross	% Dev 50-Day	200-DMA	# Days Since Cross	% Dev 200-Day	% Dev 50-200 DMA	% From 52-W High	% From 52-W Low	Buy/Sell
Large Cap	433.72	4.07%	419.99	10	3.27%	385.43	265	12.53%	8.97%	(0.09%)	42.76%	Buy
Mid Cap	493.71	(1.29%)	494.78	2	(0.22%)	443.36	201	11.36%	11.60%	(2.74%)	56.99%	Buy
Small Cap	97.34	1.30%	97.16	10	0.19%	85.77	198	13.49%	13.28%	(3.57%)	73.30%	Buy

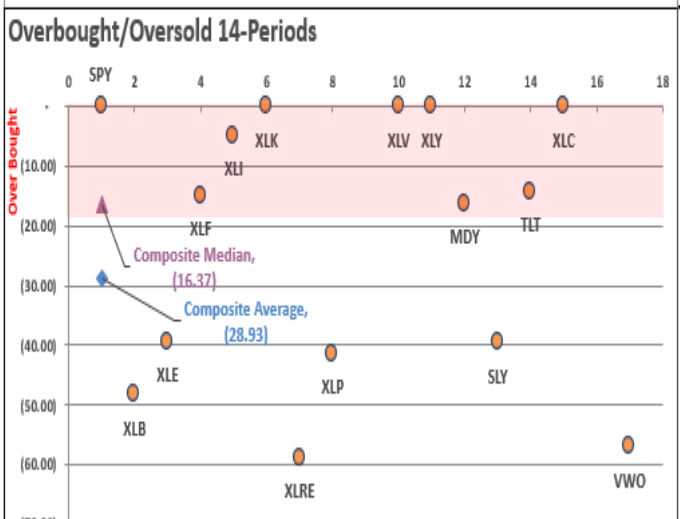
Performance Analysis

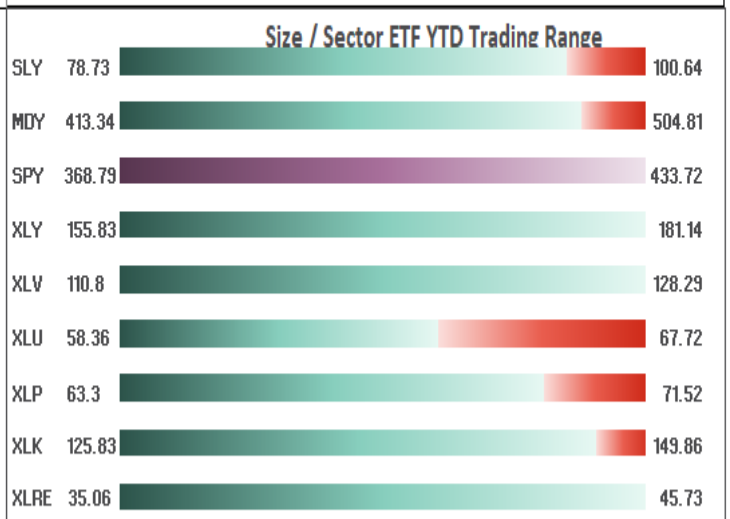






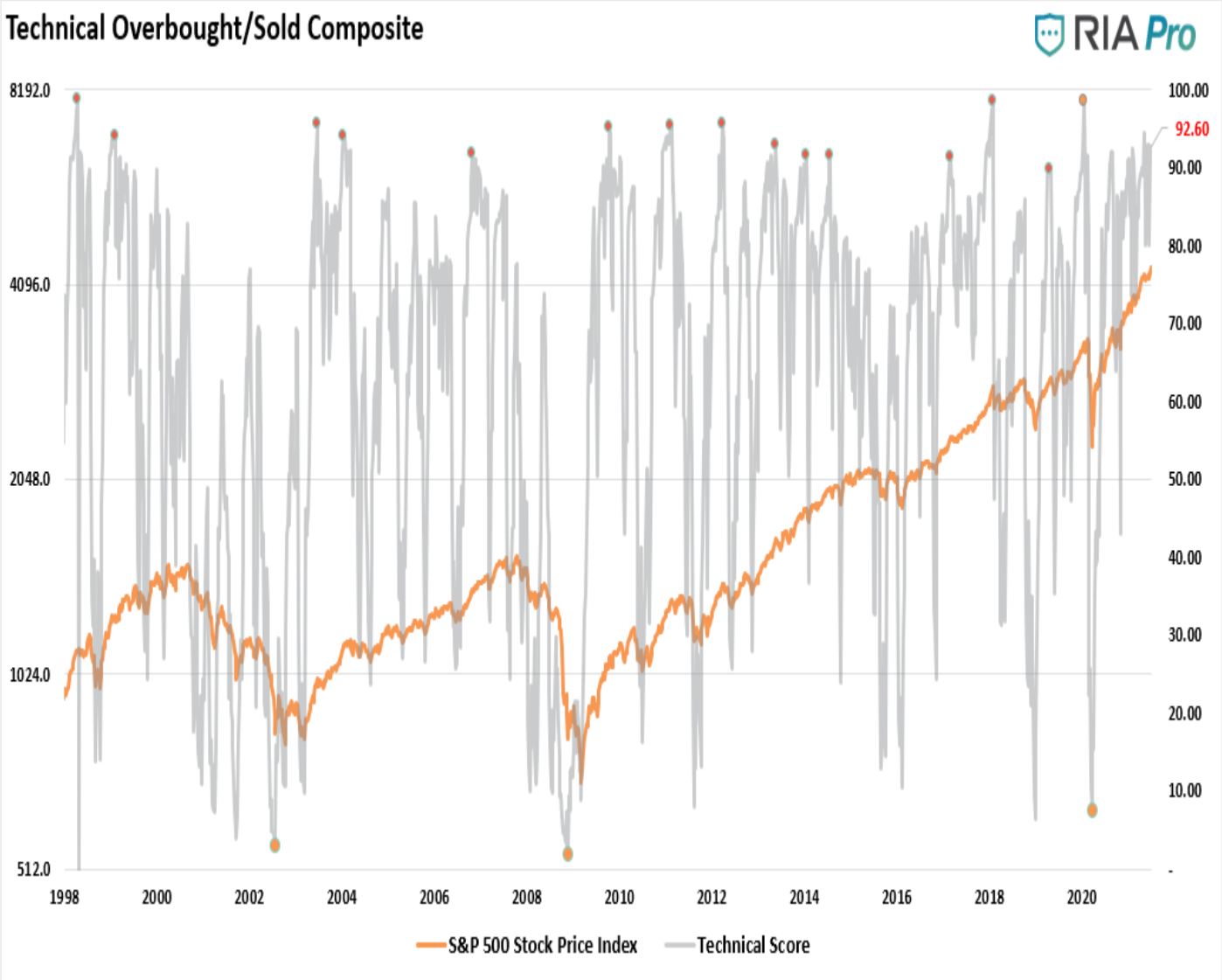






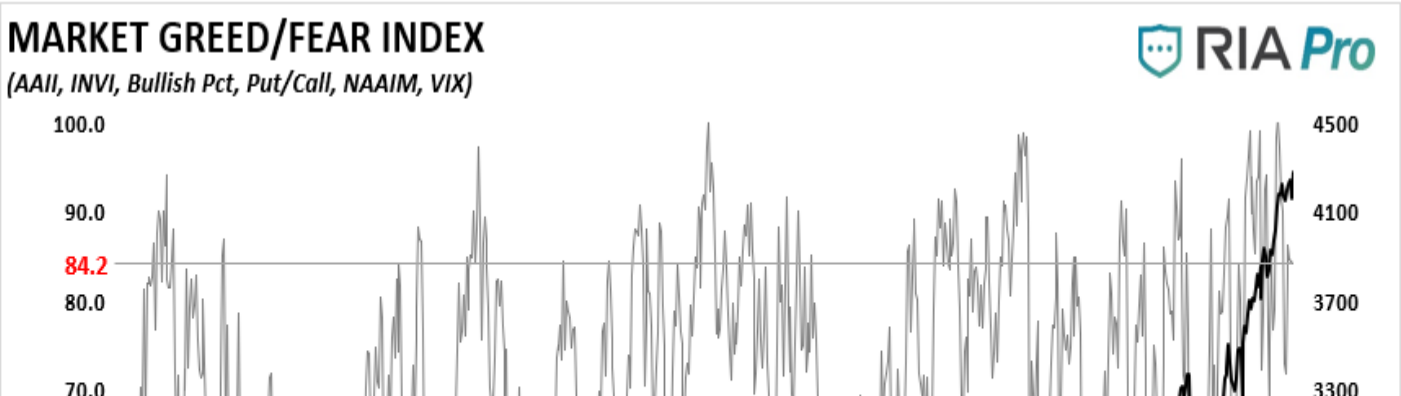
Technical Composite

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" are oversold. ***The current reading is 92.60 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 84.20 out of a possible 100.***



Sector Model Analysis & Risk Ranges

How To Read This Table

- *The table compares each sector and market to the S&P 500 index on relative performance.*
- *"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.*
- *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	428.44	2.80	1.61	6.56	11.97	42.27	417.20	392.22	421.65	0.99	432.19	411.11	3%	9%	BULLISH
XLB	SPDR-MATLS SELS	82.13	(1.08)	(7.49)	(3.23)	(4.62)	8.45	84.09	77.36	87.26	1.06	90.37	84.15	-2%	6%	BULLISH
XLC	SPDR-COMM SV SS	80.65	(0.17)	0.75	1.58	7.53	11.43	77.46	71.98	78.79	0.99	81.54	76.04	4%	12%	BULLISH
XLE	SPDR-EGY SELS	55.34	2.83	4.38	3.44	21.64	9.30	51.79	45.79	52.21	1.75	54.43	49.99	7%	21%	BULLISH
XLF	SPDR-FINL SELS	36.93	2.03	(4.40)	0.58	7.47	21.28	36.46	32.62	37.99	1.20	39.40	36.58	1%	13%	BULLISH
XLK	SPDR-TECH SELS	145.23	(0.59)	3.32	0.64	(0.90)	0.75	139.28	132.69	138.40	1.04	143.29	133.51	4%	9%	BULLISH
XLI	SPDR-INDU SELS	102.35	(0.05)	(4.25)	(2.94)	2.25	12.47	102.28	94.31	105.12	1.19	109.00	101.24	0%	9%	BULLISH
XLP	SPDR-CONS STPL	69.68	(1.52)	(3.21)	(4.06)	(7.81)	(20.31)	69.94	67.56	70.81	0.62	73.02	68.60	0%	3%	BULLISH
XLRE	SPDR-RE SELS	44.69	(1.99)	1.70	4.83	13.35	(9.78)	42.61	39.19	43.26	0.68	44.64	41.88	5%	14%	BULLISH
XLU	SPDR-UTIL SELS	63.98	(2.99)	(3.42)	(6.56)	(9.32)	(26.32)	65.45	63.66	65.16	0.35	67.02	63.30	-2%	1%	BULLISH
XLV	SPDR-HLTH CR	125.70	(1.22)	0.09	1.44	(4.89)	(13.36)	122.06	116.73	123.60	0.77	127.64	119.56	3%	8%	BULLISH
XLY	SPDR-CONS DISCR	177.93	0.55	1.33	(1.53)	(6.55)	1.51	173.53	166.43	172.84	1.14	179.13	166.55	3%	7%	BULLISH
XTN	SPDR-SP TRANSPT	86.43	(0.37)	(6.54)	(8.74)	5.84	29.01	88.90	80.15	90.91	1.40	94.46	87.36	-3%	8%	BULLISH
SDY	SPDR-SP DIV ETF	123.35	0.07	(3.25)	(2.67)	1.48	(1.73)	123.37	114.18	125.41	0.91	129.69	121.13	0%	8%	BULLISH
RSP	INVS-SP5 EQ ETF	151.14	0.26	(1.60)	(0.92)	3.12	11.26	148.41	136.80	151.12	1.12	156.59	145.65	2%	10%	BULLISH
SLY	SPDR-SP6 SC	98.72	1.35	(0.55)	(2.91)	4.62	34.08	96.36	88.59	97.68	1.26	101.35	94.01	2%	11%	BULLISH
MDY	SPDR-SP MC 400	496.39	1.68	(1.89)	(3.63)	0.83	16.38	492.38	454.84	497.76	1.19	516.13	479.39	1%	9%	BULLISH
EEM	ISHARS-EMG MKT	55.50	(0.46)	(0.46)	(3.51)	(10.53)	(3.31)	54.23	53.22	54.87	0.80	56.68	53.06	2%	4%	BULLISH
EFA	ISHARS-EAFE	79.98	(0.94)	(2.66)	(2.50)	(6.36)	(10.05)	79.27	75.58	80.83	0.84	83.53	78.13	1%	6%	BULLISH
IAU	ISHARS-GOLD TR	33.88	(1.85)	(8.17)	(3.64)	(15.88)	(42.21)	34.51	34.70	36.26	0.08	37.20	35.32	-2%	-2%	BEARISH
GDX	VANECK-GOLD MNR	34.36	(2.13)	(14.45)	(4.29)	(17.88)	(44.63)	36.46	35.62	39.42	0.69	40.68	38.16	-6%	-4%	BULLISH
UUP	INVS-DB US$ BU	24.69	(3.32)	0.33	(7.84)	(10.24)	(48.57)	24.50	24.55	24.22	(0.11)	24.80	23.64	1%	1%	BEARISH
BOND	PIMCO-TOT RETRN	110.63	(2.95)	(1.32)	(5.59)	(13.30)	(43.06)	110.24	111.26	110.31	0.08	113.16	107.46	0%	-1%	BEARISH
TLT	ISHARS-20+YTB	142.01	(5.35)	0.97	(3.28)	(18.12)	(56.34)	139.10	146.39	138.44	(0.26)	141.54	135.34	2%	-3%	BEARISH
BNDX	VANGD-TTL INT B	56.95	(3.03)	(1.58)	(6.91)	(14.44)	(43.61)	57.01	57.65	56.93	0.03	58.37	55.49	0%	-1%	BEARISH
HYG	ISHARS-IBX HYCB	87.93	(2.23)	(0.75)	(5.57)	(11.33)	(34.17)	87.25	86.91	87.18	0.37	89.68	84.68	1%	1%	BULLISH

RIA Pro

Real Investment Advice

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
AMAT	Appld Matls Inc	137.95	17.97	9.73	0.70	25.88	9.00
DE	Deere & Co	354.29	20.15	9.08	1.02	24.42	9.00
IDXX	Idexx Labs Inc	638.95	19.61	10.90	0.00	82.23	9.00
LH	Laboratory Cp	277.99	10.56	8.02	0.00	9.17	9.00
PAYX	Paychex Inc	108.47	8.00	7.44	2.43	35.68	9.00
TGT	Target Corp	243.47	13.27	6.37	1.12	19.43	9.00
TSCO	Tractor Supply	187.85	9.03	10.75	1.11	24.36	9.00
AAP	Advance Auto Pt	208.94	13.88	1.39	1.91	19.10	8.00
AVGO	Broadcom Inc	469.64	15.00	14.64	3.07	21.53	8.00
CDW	Cdw Corp	175.80	13.10	7.52	0.91	25.44	8.00
GNRC	Generac Holding	413.41	6.50	14.89	0.00	51.81	8.00
INTU	Intuit Inc	491.05	14.82	13.32	0.48	63.94	8.00
IT	Gartner Inc -A	248.43	13.50	14.66	0.00	43.58	8.00
KEYS	Keysight Tech	153.56	10.96	11.08	0.00	29.53	8.00
LOW	Lowes Cos	195.82	13.75	7.11	1.23	19.07	8.00
MCO	Moodys Corp	365.31	10.00	10.13	0.68	31.85	8.00
MLM	Martin Mrt-Matl	352.51	12.40	6.26	0.65	28.97	8.00
SNPS	Synopsys Inc	277.11	14.65	10.75	0.00	53.81	8.00
VMC	Vulcan Matls Co	173.83	17.63	8.75	0.85	35.33	8.00
WMT	Walmart Inc	139.32	5.50	3.18	1.58	23.30	8.00
WST	West Pharm Svc	363.01	25.79	8.70	0.19	62.70	8.00
ZTS	Zoetis Inc	189.29	12.86	8.12	0.53	45.50	8.00
A	Agilent Tech	147.79	13.00	6.76	0.53	38.99	7.00
AAPL	Apple Inc	137.27	12.50	7.22	0.64	30.81	7.00
ACN	Accenture Plc	300.00	10.00	6.63	1.17	36.15	7.00
AIZ	Assurant Inc	156.85	17.78	9.08	1.68	18.56	7.00
AVY	Avery Dennison	210.27	7.00	3.71	1.29	26.79	7.00
BBY	Best Buy	116.37	8.28	3.93	2.41	12.27	7.00
CRL	Charles Rvr Lab	372.64	14.00	15.96	0.00	42.20	7.00
CSX	Csx Corp	32.28	10.99	-0.20	1.16	27.05	7.00
DG	Dollar General	217.81	11.31	10.53	0.77	20.04	7.00
DVA	Davita Inc	122.33	14.38	-6.81	0.00	16.29	7.00
HD	Home Depot	321.54	11.44	7.77	2.05	23.30	7.00
J	Jacobs Engin Gr	134.31	12.72	6.91	0.63	22.53	7.00
ORLY	O Reilly Auto	575.38	13.36	7.39	0.00	21.61	7.00
SEE	Sealed Air Corp	59.14	8.28	-6.08	1.35	18.20	7.00
TT	Trane Tech Plc	186.20	21.50	0.89	1.27	37.02	7.00
UNH	Unitedhealth Gp	404.89	13.24	8.95	1.43	21.93	7.00
ADM	Archer Daniels	60.71	6.20	1.17	2.44	13.99	6.00
AME	Ametek Inc	133.94	10.18	5.54	0.60	33.49	6.00
BLK	Blackrock Inc	879.23	10.19	9.00	1.88	25.11	6.00
COST	Costco Whole Cp	394.53	9.13	9.52	0.80	38.27	6.00
MCHP	Microchip Tech	147.70	15.33	16.92	1.12	25.08	6.00
MMC	Marsh &Mclennan	142.34	9.13	7.15	1.31	26.76	6.00
MPWR	Monolithic Pwr	370.18	25.00	20.00	0.65	102.54	6.00
MS	Morgan Stanley	92.02	6.76	9.41	1.52	11.84	6.00

Low P/B, High-Value Score, High Dividend Screen

Ticker	Company	Current Price	Price/ Book	ROE 5 Yr Avg	Div Yield	Score
AGNC	Agnc Investment	17.01	0.91	12.61	8.47	8
BSRR	Sierra Bancorp	25.54	1.13	10.55	3.29	8
CMTV	Commnty Bcp Vt	20.00	1.39	12.88	4.40	8
FNCB	Fncb Bancorp	7.26	0.95	12.84	3.31	8
LOMA	Loma Negra Cia	6.62	1.30	21.10	3.84	8
NHTC	Natural Hlth Tr	6.93	1.21	34.80	11.54	8
NRIM	Northrim Bcp	43.25	1.16	10.34	3.42	8
UBCP	Utd Bancorp -Oh	14.29	1.24	10.26	4.06	8
WAYN	Wayne Svgs Bcsh	26.30	1.24	10.08	3.19	8
ABR	Arbor Rlty Trst	18.08	1.53	11.02	7.52	7
AINV	Apollo Inv Cp	13.69	0.86	10.35	9.06	7
CAC	Camden Ntl Corp	47.94	1.35	11.42	3.00	7
CATY	Cathay Genl Bcp	39.55	1.28	11.10	3.14	7
CIM	Chimera Invest	15.10	0.98	12.70	8.74	7
CRWS	Crown Crafts	7.55	1.80	13.95	4.24	7
DTE	Dte Energy Co	111.88	1.70	10.67	3.88	7
FCBP	First Choice Bc	30.75	1.27	11.93	3.25	7
FLIC	First Long Is	21.32	1.24	10.79	3.56	7
FNF	Fnf Group	44.13	1.55	15.41	3.26	7
FNLC	First Bancp Inc	29.40	1.42	11.71	4.22	7
GSBD	Goldman Sac Bdc	19.47	1.22	11.48	9.24	7
IBCP	Indep Bk Mich	21.98	1.24	12.02	3.82	7
NMFC	New Mountn Fin	13.29	1.02	10.26	9.03	7
PFG	Principal Finl	63.54	1.12	11.97	3.84	7
PRK	Park National	118.37	1.85	12.10	3.48	7
TRTN	Triton Intl Ltd	51.75	1.61	12.80	4.41	7
UVE	Univl Insur Hld	14.06	0.97	19.48	4.55	7
WTBA	West Bancorp	27.81	1.96	14.81	3.45	7

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
DE	Deere & Co	354.29	20.15	9.08	1.02	24.42	9.00
IDXX	Idexx Labs Inc	638.95	19.61	10.90	-	82.23	9.00
AMAT	Appld Matls Inc	137.95	17.97	9.73	0.70	25.88	9.00
TGT	Target Corp	243.47	13.27	6.37	1.12	19.43	9.00
WST	West Pharm Svc	363.01	25.79	8.70	0.19	62.70	8.00
VMC	Vulcan Matls Co	173.83	17.63	8.75	0.85	35.33	8.00
AVGO	Broadcom Inc	469.64	15.00	14.64	3.07	21.53	8.00
INTU	Intuit Inc	491.05	14.82	13.32	0.48	63.94	8.00
SNPS	Synopsys Inc	277.11	14.65	10.75	-	53.81	8.00
AAP	Advance Auto Pt	208.94	13.88	1.39	1.91	19.10	8.00
LOW	Lowes Cos	195.82	13.75	7.11	1.23	19.07	8.00
IT	Gartner Inc -A	248.43	13.50	14.66	-	43.58	8.00
CDW	Cdw Corp	175.80	13.10	7.52	0.91	25.44	8.00
ZTS	Zoetis Inc	189.29	12.86	8.12	0.53	45.50	8.00
TT	Trane Tech Plc	186.20	21.50	0.89	1.27	37.02	7.00
AIZ	Assurant Inc	156.85	17.78	9.08	1.68	18.56	7.00
DVA	Davita Inc	122.33	14.38	(6.81)	-	16.29	7.00
CRL	Charles Rvr Lab	372.64	14.00	15.96	-	42.20	7.00
ORLY	O Reilly Auto	575.38	13.36	7.39	-	21.61	7.00
UNH	Unitedhealth Gp	404.89	13.24	8.95	1.43	21.93	7.00
A	Agilent Tech	147.79	13.00	6.76	0.53	38.99	7.00
MPWR	Monolithic Pwr	370.18	25.00	20.00	0.65	102.54	6.00
ODFL	Old Dominion Fl	258.00	21.94	8.38	0.31	41.15	6.00
MCHP	Microchip Tech	147.70	15.33	16.92	1.12	25.08	6.00
NVDA	Nvidia Corp	808.48	17.56	21.44	0.08	82.58	5.00
KMX	Carmax Gp (Cc)	130.58	15.17	6.07	-	18.37	5.00
ALGN	Align Tech Inc	618.96	23.20	24.58	-	107.64	4.00
REGN	Regeneron Pharm	574.62	18.33	15.50	-	17.53	4.00
TDY	Teledyne Tech	421.30	18.29	9.54	-	37.85	4.00
SCHW	Schwab(Chas)	73.57	14.09	12.04	0.98	27.97	1.00

Aggressive Growth Strategy

S&P 500, Portfolio, Technical, Market, Performance, 401k, Update, Risks, Analysis

Portfolio / Client Update

With our money flow signals switching back to a *"buy,"* we did increase exposures, as noted below. However, the rally has been feeble, and there is likely not a tremendous amount of upside currently. We expect that we will probably see a positive first two weeks of July, but August and September remain our targets for a bit of correction as we get through earnings season and all eyes to the Fed's *"Jackson Hole"* confab. The most significant risk to the markets remains a shift in the Fed's monetary program. Given they have already started hinting about a potential taper and inflationary pressures are rising, the risk of a change remains elevated. In the meantime, we continue to hold our positions and manage risk by adjusting holdings accordingly. As noted last week:

"There currently remain no 'big red flags' to make us significantly more active. But, should they appear, we assure you we will take action as needed."

That remains the case this week. Have a great 4th of July weekend.

Portfolio Changes

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

***** Trading Update ? Equity and Sector Models *****

We are reducing ADBE back to its original portfolio weight of 2% after a nice run lately that took the holding back to more extreme overbought conditions. We are increasing AMLP to 2% of the portfolio in the ETF Sector model on the dip this morning to balance our Energy exposure and increase portfolio yield." - 07/02/21

Equity Model

- *Reduce ADBE to 2% of the portfolio.*

ETF Model

- *Increase AMLP to 2% of the portfolio.*

"This morning we sold 1.5% of XOM and replaced it with 1.5% of AMLP in the equity model. We are picking up extra dividends and the technical backdrop looks better on AMLP than XOM." - 06/30/21

Equity Model

- *Sell 100% of XOM*
- *Add 1.5% in AMLP*

"We added 7.5% of GSY to both portfolios this morning. The purpose is to sop up extra cash and improve our yield in the fixed income portfolio until we decide to increase our duration." - 06/29/21

Equity & ETF Models

- *Initiate a 7.5% position in GSY*

"This morning we added a 5% trading position in DIA (Dow ETF) in all models. Our cash flow indicators signal an upward trend and historically the first two weeks of July are good for the markets. Beyond mid-July the market tends to consolidate or dip into the fall months, so we added a trading position now versus adding to individual holdings as it may likely be a short-term position." - 06/28/21

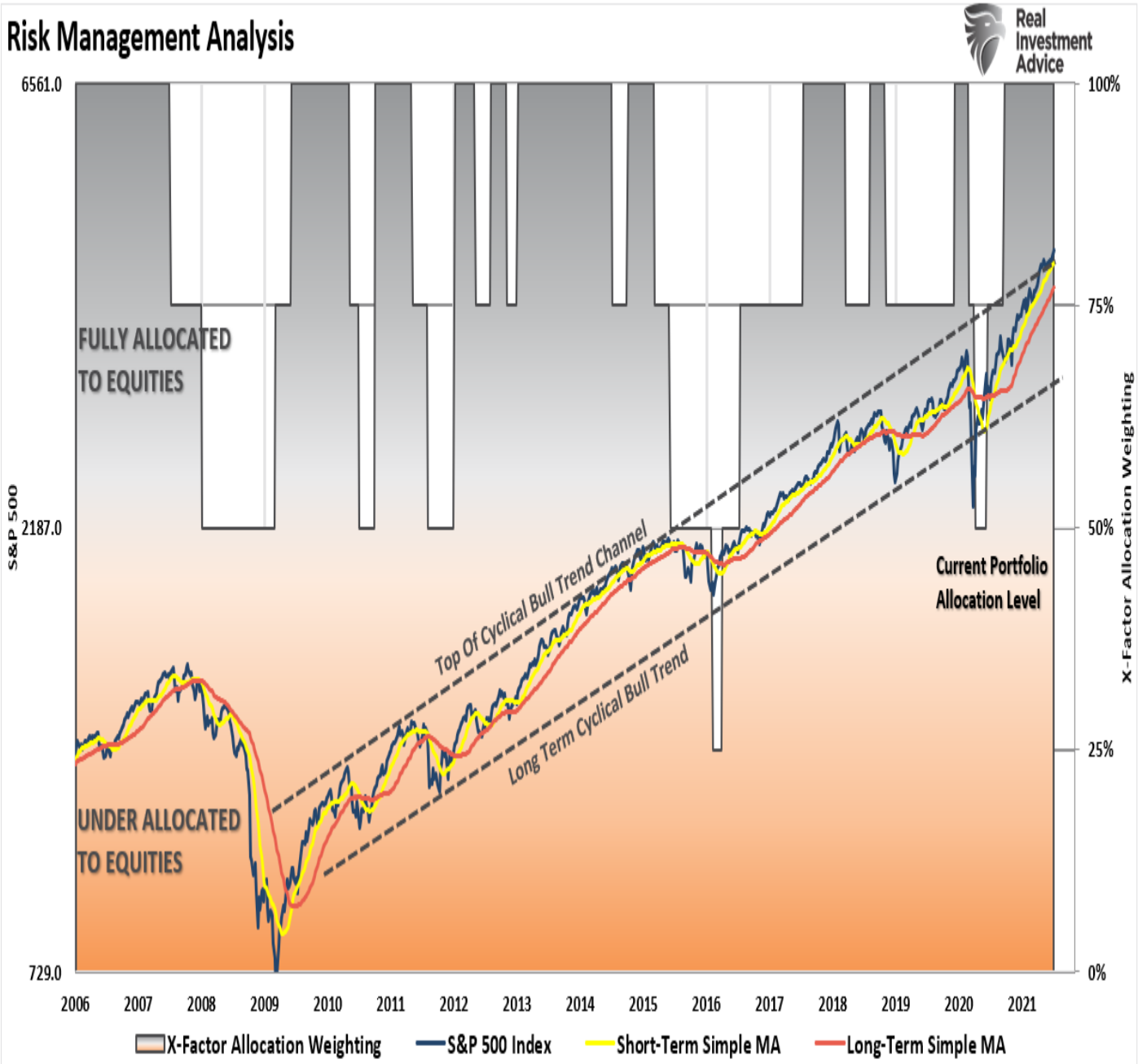
Equity & ETF Models

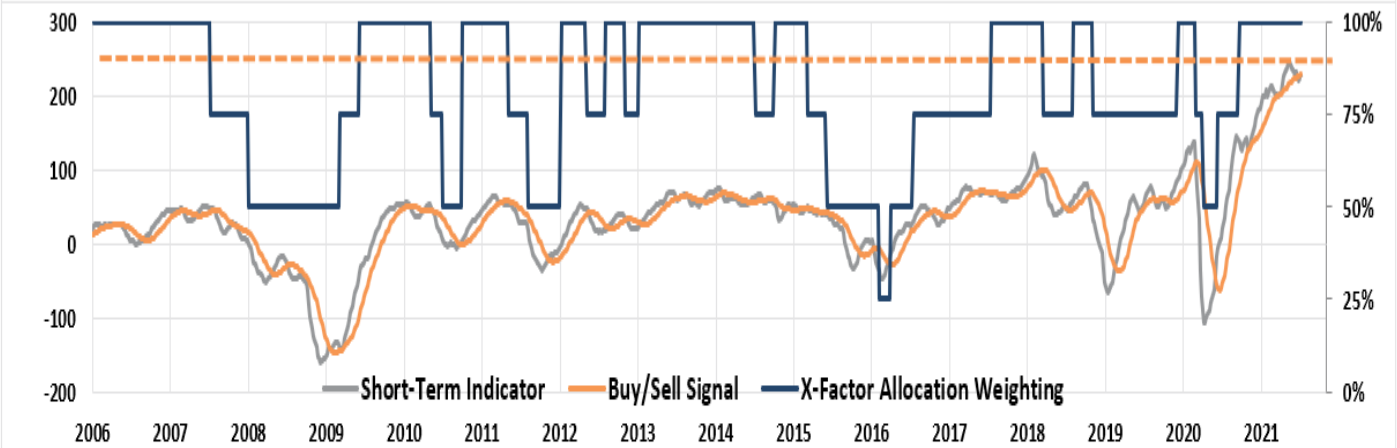
- *Initiate a 5% position in DIA*

As always, our short-term concern remains the protection of your portfolio. Accordingly, we have 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





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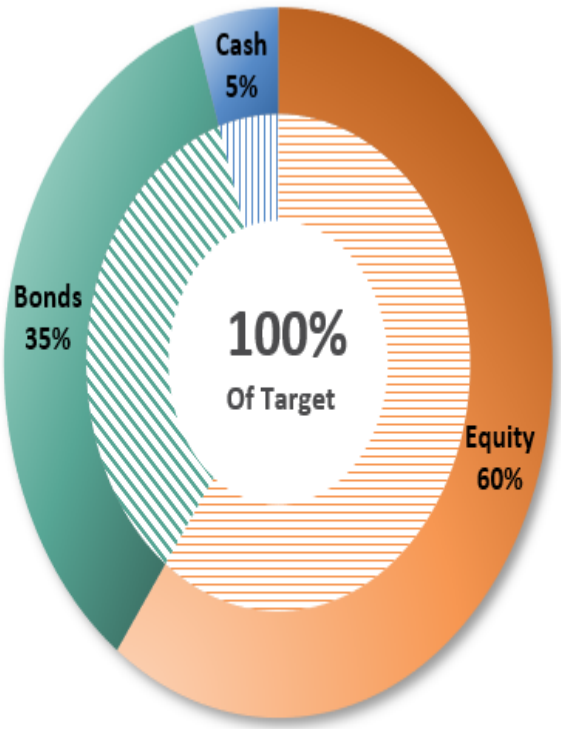
Current Portfolio Weighting



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

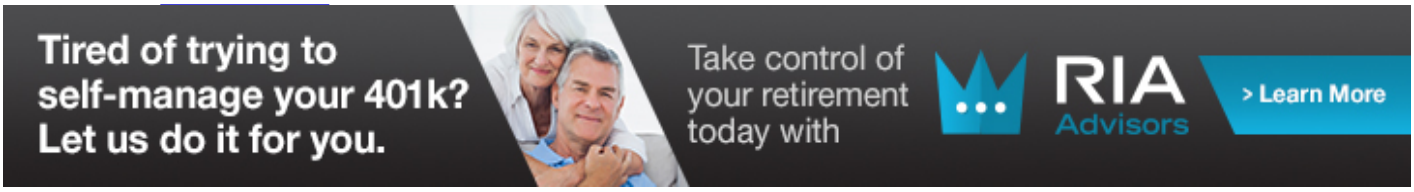
Commentary

The recent rally off of the 50-dma triggered our "buy signal" previously from a mid-cycle point. Such suggests that while the market will get a respite from selling temporarily it will likely return by mid-July.

As noted last week, the first two-weeks of July tend to be bullishly biased so continue to maintain exposure to market s for now.

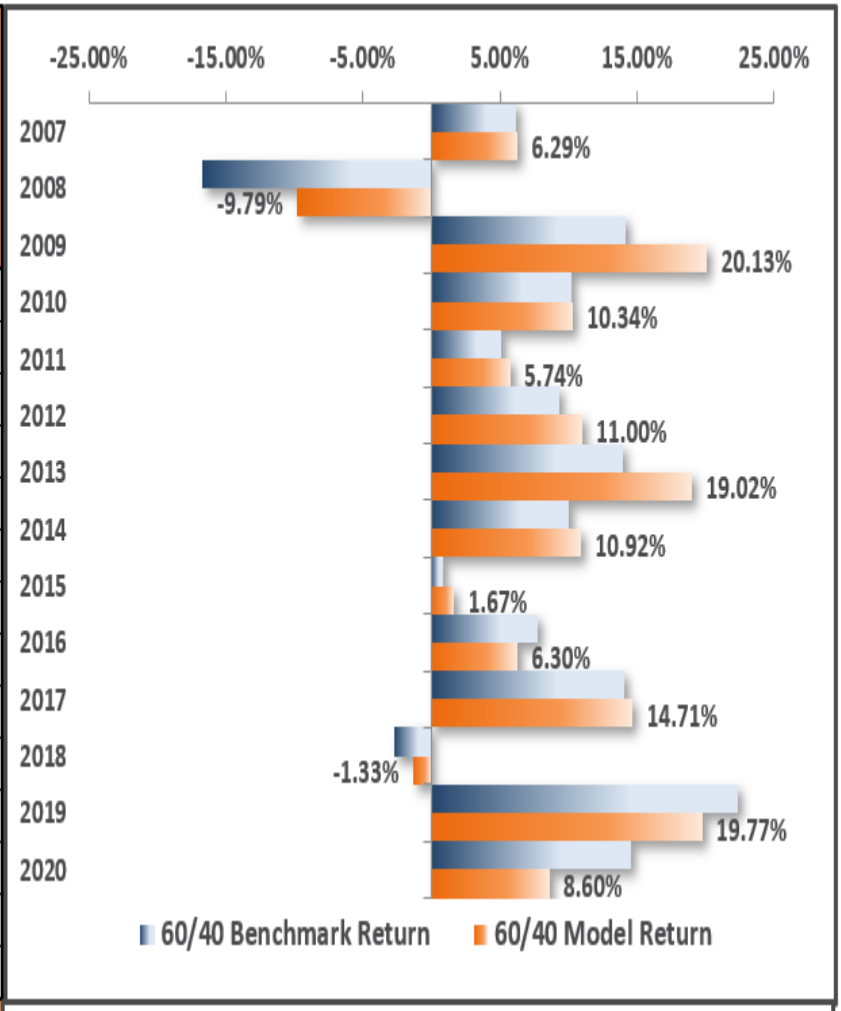
If you are underweight equity exposure you can bring to targets, but move slowly. We are still liekly to see more volatility over the next week or so. **Again, there is no need to be aggressive here. There isn't likely a lot of upside to the market as we head into summer, so we would recommend not being overly aggressive.**

401k Plan Portfolio Allocation Model[/caption] If you need help after reading the alert, do not hesitate to **contact me**.

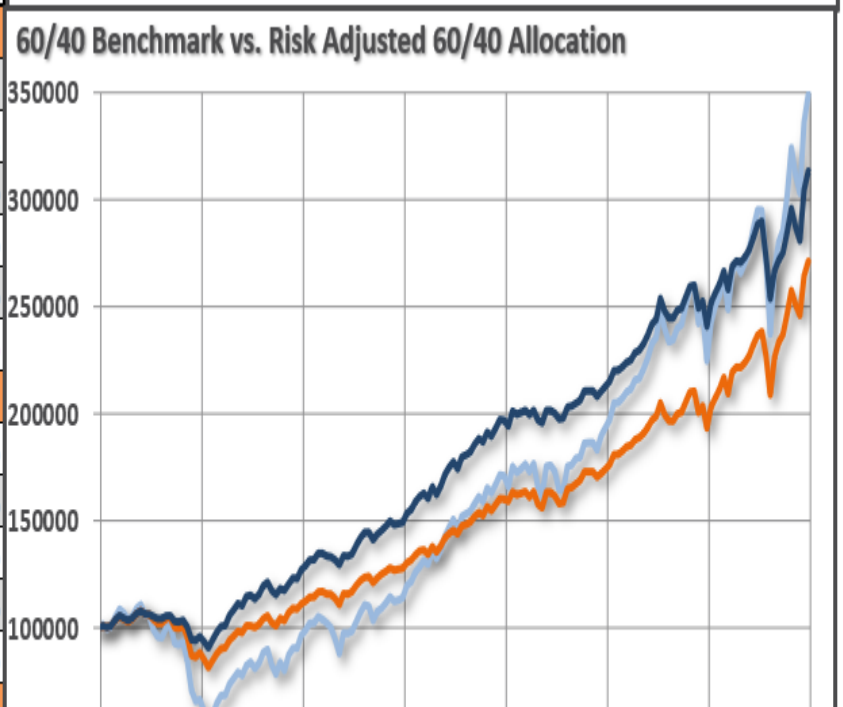


Model performance is a two-asset model of stocks and bonds relative to the weighting changes made each week in the newsletter. Such is strictly for informational and educational purposes only, and one should not rely on it for any reason. Past performance is not a guarantee of future results. Use at your own risk and peril. [caption id="attachment_444741" align="alignnone" width="1041"]

Year	60/40 Benchmark Return	60/40 Model Return
2007	6.16%	6.29%
2008	-16.73%	-9.79%
2009	14.14%	20.13%
2010	10.19%	10.34%
2011	5.11%	5.74%
2012	9.33%	11.00%
2013	13.94%	19.02%
2014	10.04%	10.92%
2015	0.88%	1.67%
2016	7.77%	6.30%
2017	14.12%	14.71%
2018	-2.71%	-1.33%
2019	22.41%	19.77%
2020	14.58%	8.60%



Portfolio vs Benchmark Statistics	
Number of Up Years	12
Number of Down Years	2
Best One Year Return Of Benchmark	22.41%
Best One Year Return Of Model	20.13%
Worst One Year Return Of Benchmark	-16.73%
Worst One Year Return Of Model	-9.79%
Benchmark Return 2007-Present	171.16%
Model Return 2007-Present	213.32%
Total Alpha Generated	42.17%
Mean Annual Return Of Benchmark	7.80%
Mean Annual Return Of Model	8.81%



401k Model Performance Analysis[/caption] Have a great week!