



Earnings Season Kicks Off With Markets Priced For Perfection

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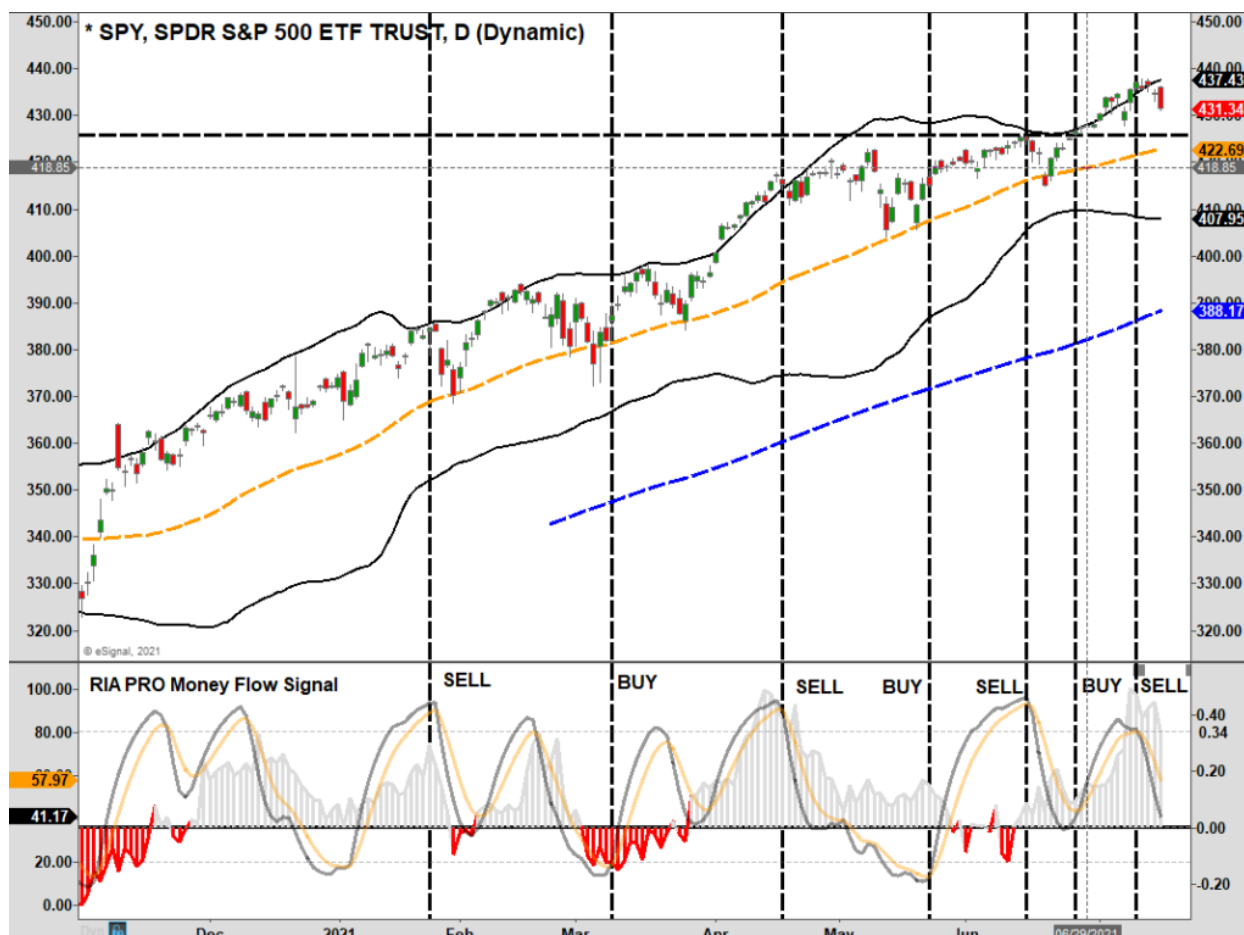
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Market Pulls Back As Signals Turn

[Last week](#), we discussed the market hit new highs with the index getting back to more extended and overbought conditions. To wit:

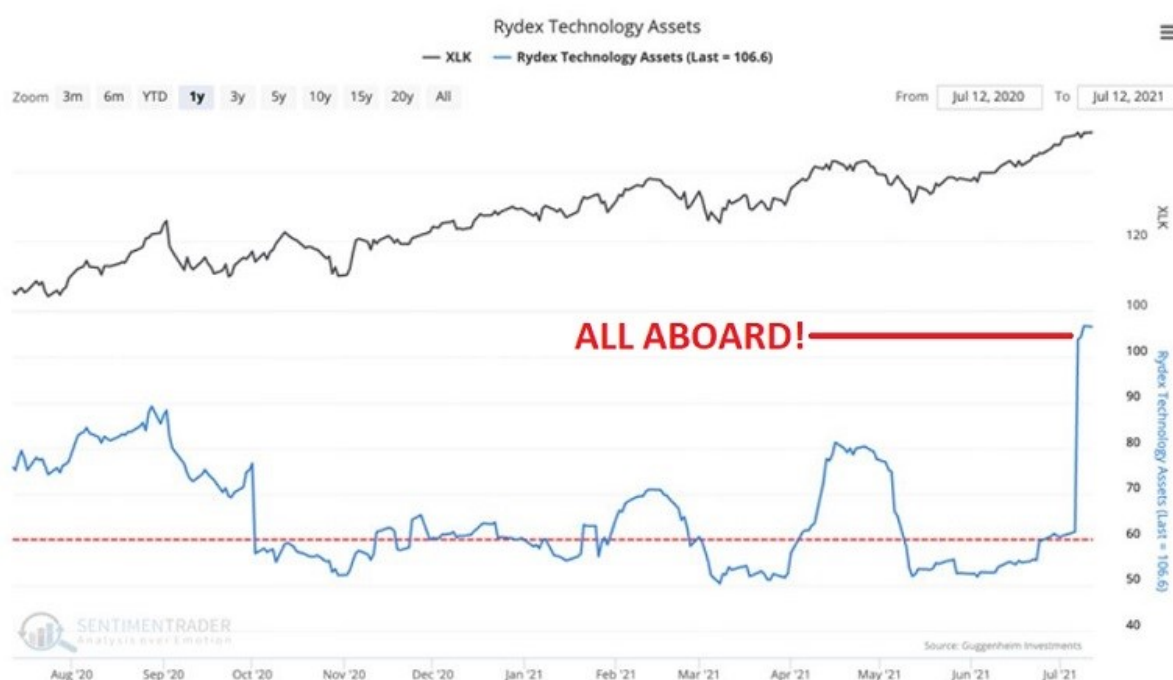
*"While market volatility did pick up this past week, the index held its breakout support levels and closed at a new high. Such keeps the bullish bias intact. **However, as shown, the money flow signals are now back to more elevated levels, which will provide resistance to higher prices short term.***

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



Not surprisingly, the market stumbled this past week as technology began to fade its recent outperformance. But, of course, investors have been piling into the trade as of late, pushing it to more overbought extremes. As noted by Sentiment Trader on Friday:

Tech boom. Rydex Technology Assets skyrocketed nearly \$40 million last week. It looks to be the largest single-day jump since 2000 as mutual fund traders jump into what has been a hot sector.



Of course, not surprisingly, investors are historically prone to *"buying the most at the top."* With the seasonally weak trend of the Nasdaq approaching, with MACD's triggering sell signals, there is likely to be some disappointment.



However, there are two reasons why investors are piling back into the 10-largest technology names:

1. *Portfolio managers need to be invested to generate performance, and the mega-cap Technology names are easy to "hide" in given the large daily trading volumes.*
2. *These companies can generate earnings growth in a slowing economic environment.*

The problem with the second point is that those top-10 mega-cap names generate the bulk of the earnings of the entire S&P 500 index. Such has only occurred at previous bull market peaks.



All of this suggests the risk of a correction remains elevated, particularly with the market priced for perfection.



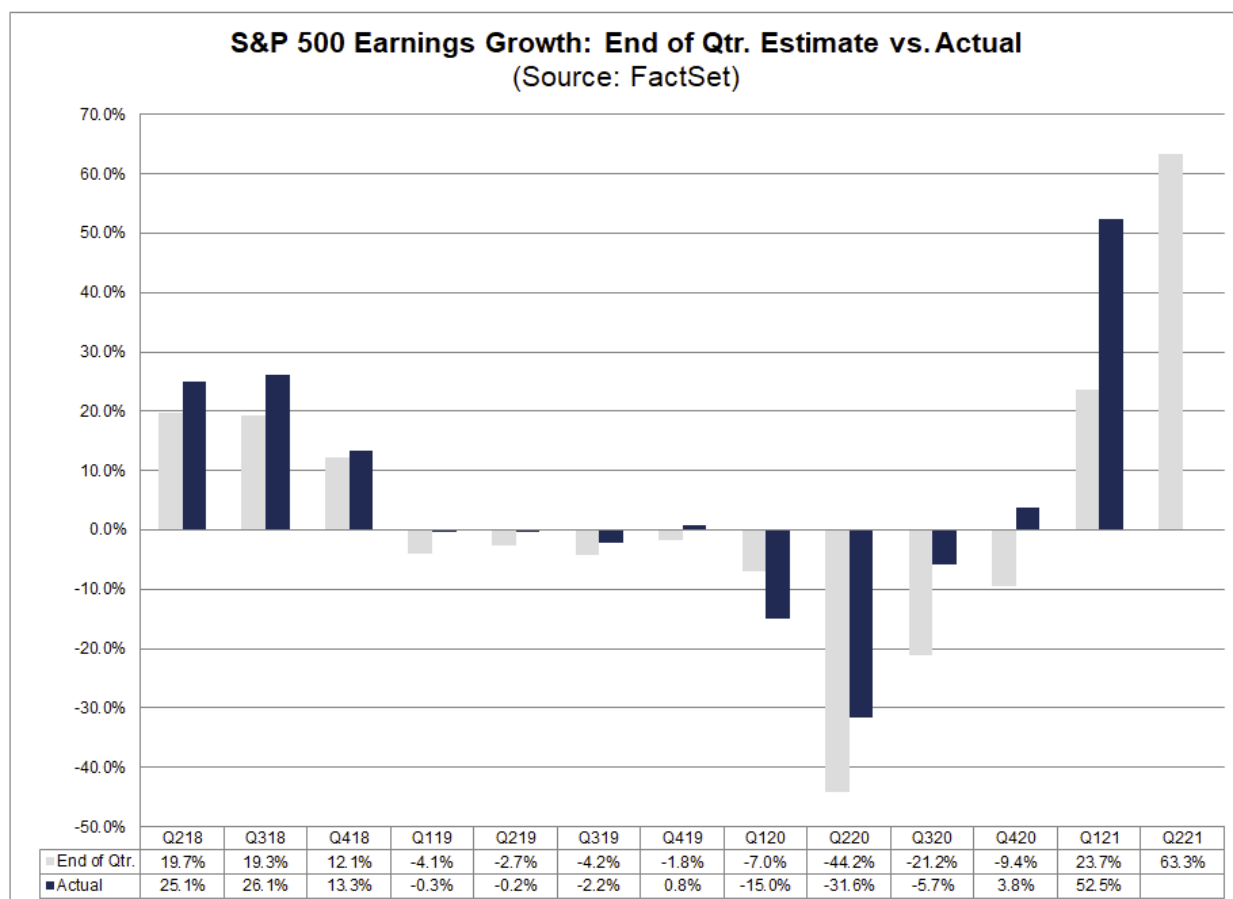
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Earnings Season Has A High Bar

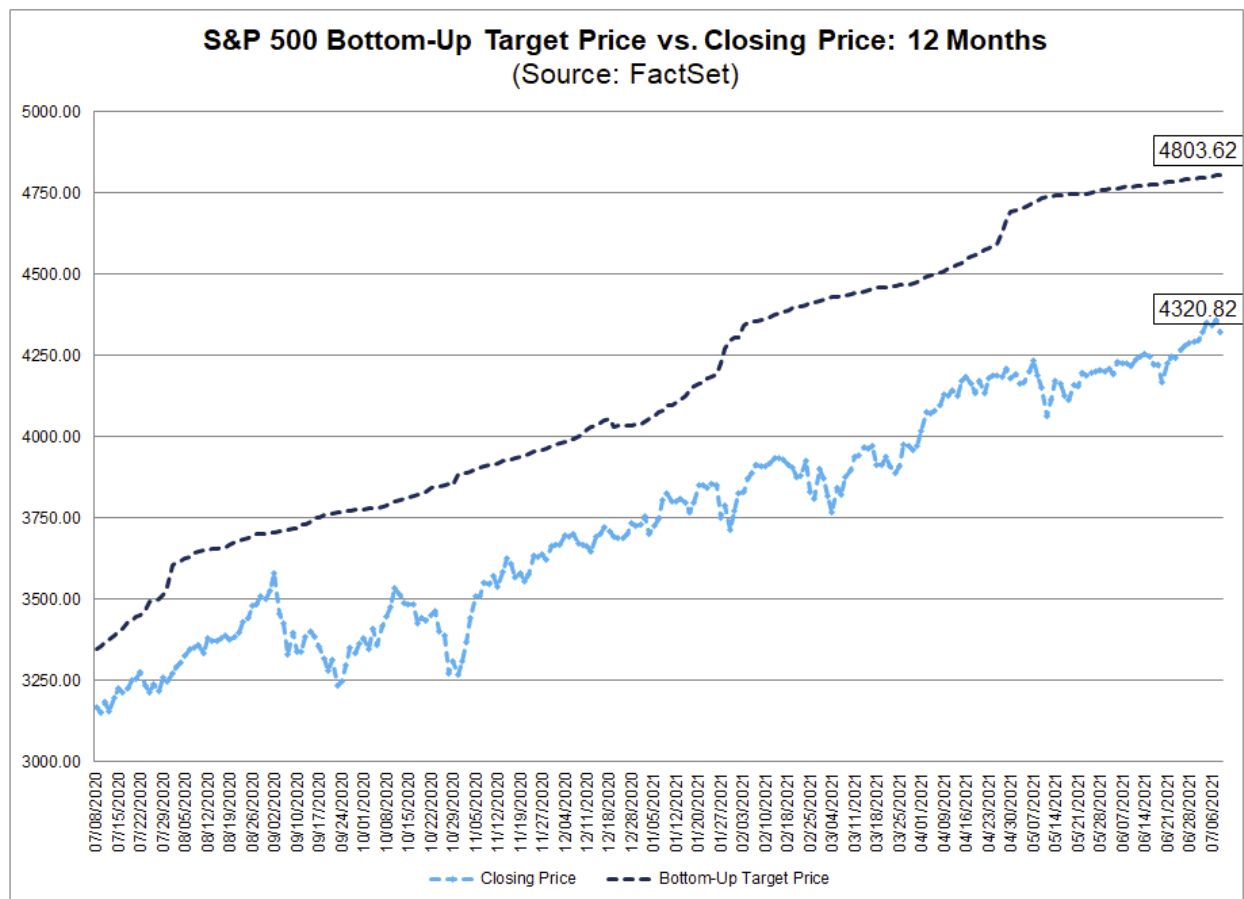
Over the last few months, the rush of analysts to upgrade earnings estimates for the S&P 500 is one for the record books. [According to Factset:](#)

"If the S&P 500 reports year-over-year growth in earnings of 69.3% in Q2, it would mark the highest (year-over-year) earnings growth rate reported by the index since Q4 2009 (109.1%)."



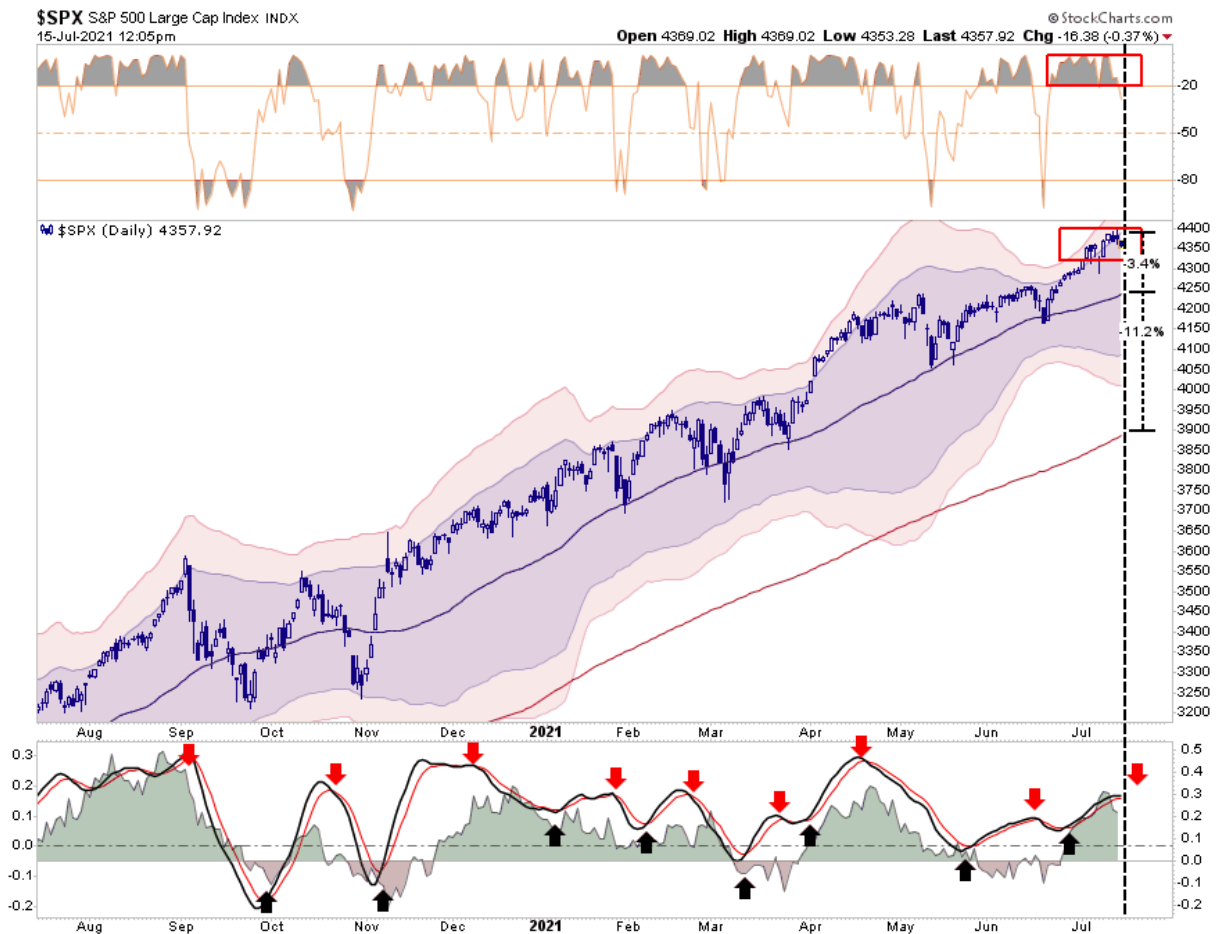
Of course, given the expectation of robust earnings growth for Q2, analysts still predict a double-digit price increase for the S&P 500. To wit:

*"Industry analysts in aggregate predict the S&P 500 will see a price increase of 11.2% over the next 12 months. The bottom-up target price is calculated by aggregating the median target price estimates (based on company-level estimates submitted by industry analysts) for all companies in the index. **On July 8, the bottom-up target price for the S&P 500 was 4803.62, which was 11.2% above the closing price of 4320.82.**"- FactSet*



(Of course, it is worth noting the S&P NEVER matches its bottom-up price target. In other words, estimates are always too high compared to reality.)

Analysts have set a very high bar for the markets to hurdle, given already lofty valuations. With indices already well-stretched above their historical means, there is much room for disappointment.



With the currently very overbought short-term market, a 3% to 10% correction this summer remains likely.

In Case You Missed It



#MacroView: Monetary Policy Is Not Expansionary.

Written by Lance Roberts | Jul 16, 2021

Monetary policy is not expansionary despite widespread belief otherwise. We review the actions by the Fed over the last decade and why it isn't working.

[>> Read More](#)

Markets Priced For Perfection

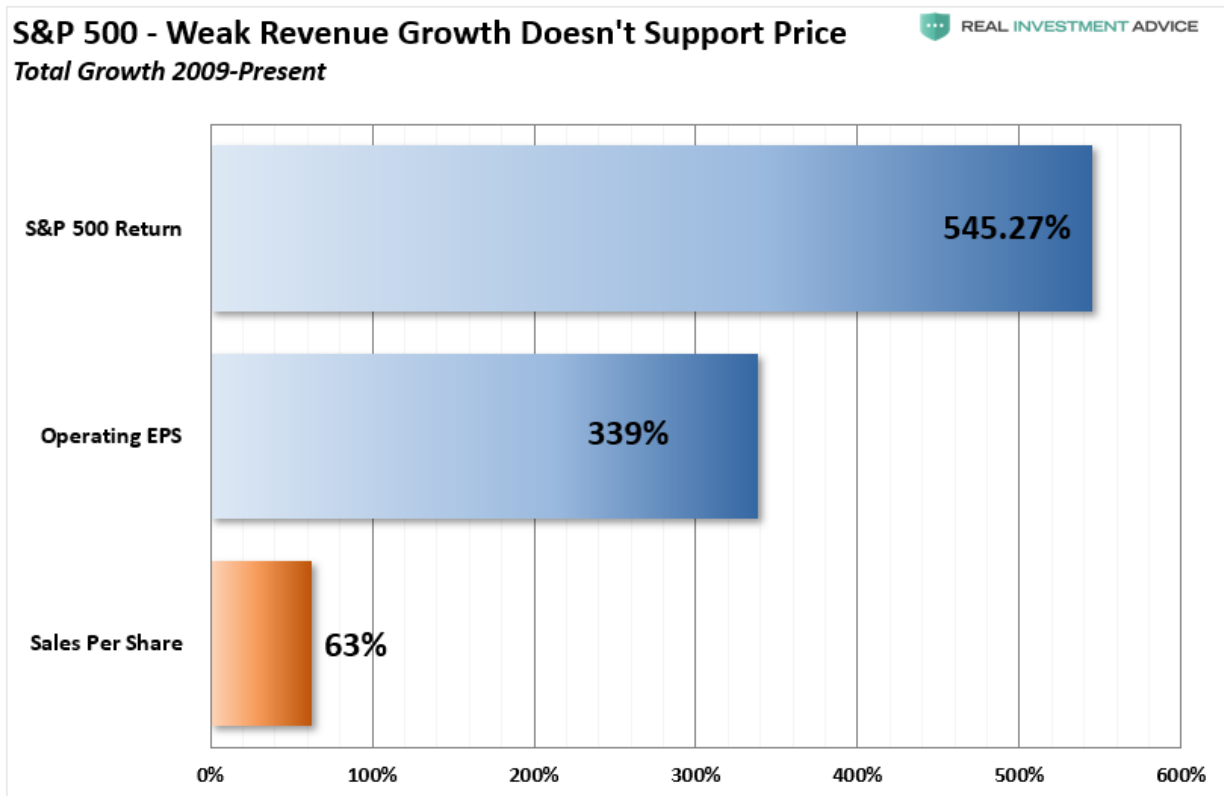
While earnings estimates are soaring on exuberant hopes of an indefinite economic boom, revenue may be telling a much different story. I noted this point earlier this week:

<https://twitter.com/LanceRoberts/status/1414936653441945606?s=20>

Investors should not dismiss the above quickly. First, revenue is what happens at the top line. **Secondly**, revenue CAN NOT grow faster than the economy. Such is because revenue **comes from consumers, and consumption makes up 70% of the GDP calculation.** Earnings,

however, are what happens at the bottom line and are subject to accounting gimmicks, wage suppression, buybacks, and other manipulations.

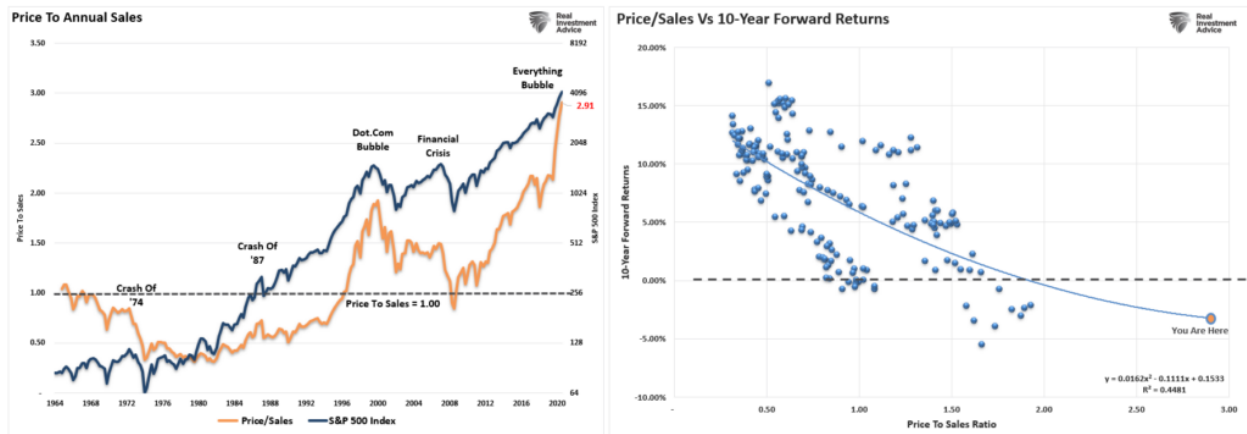
Since 2009, corporate operating earnings grew cumulatively by 339%. Yet, during that same period, the **cumulative growth of revenue is only up 63%**. It is through *?accounting magic?* that revenue gets multiplied to the bottom line. Out of each dollar of earnings, **82% is from accounting ?management,?** and just 18% is from revenue.



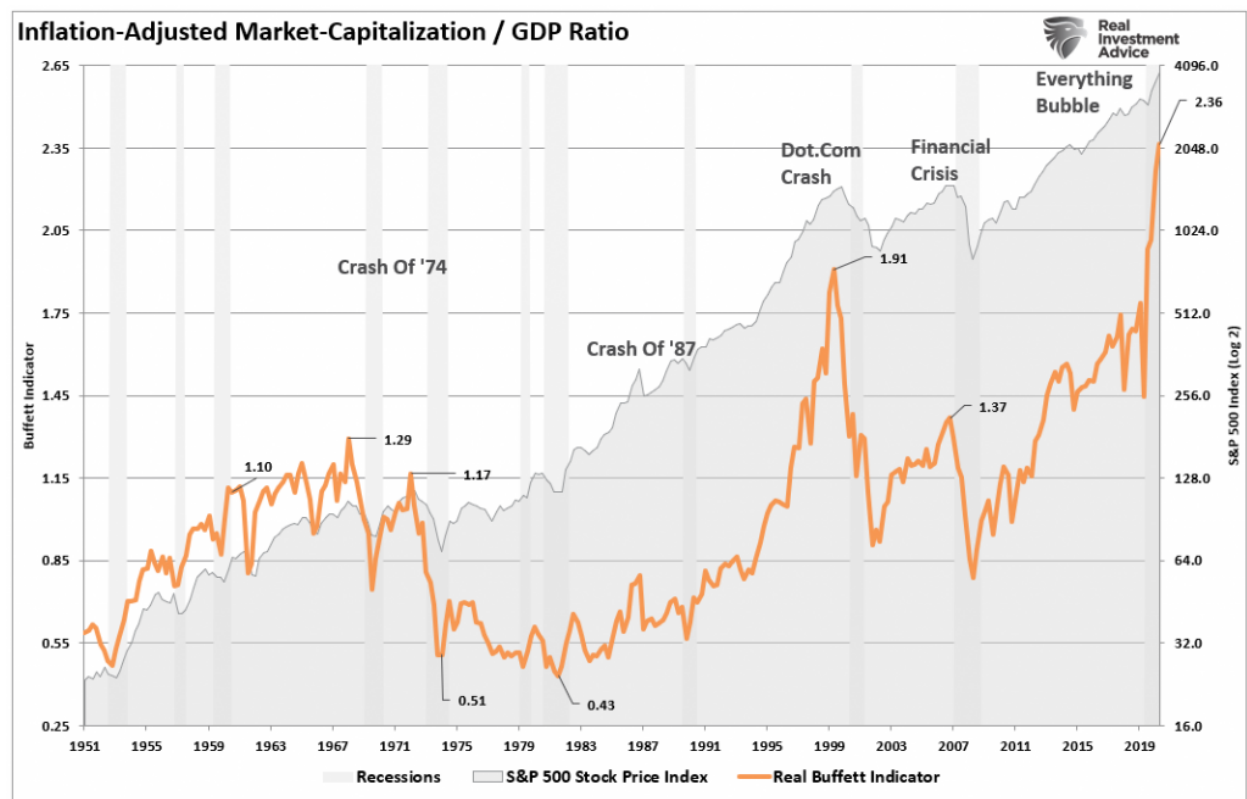
The majority of the rise in *?profitability?* came from various [cost-cutting measures and accounting gimmicks](#) rather than actual increases in top-line revenue. **While tax cuts certainly provided the capital for a surge in buybacks, revenue growth, the result of a consumption-based economy, remains muted.**

The Valuation Problem

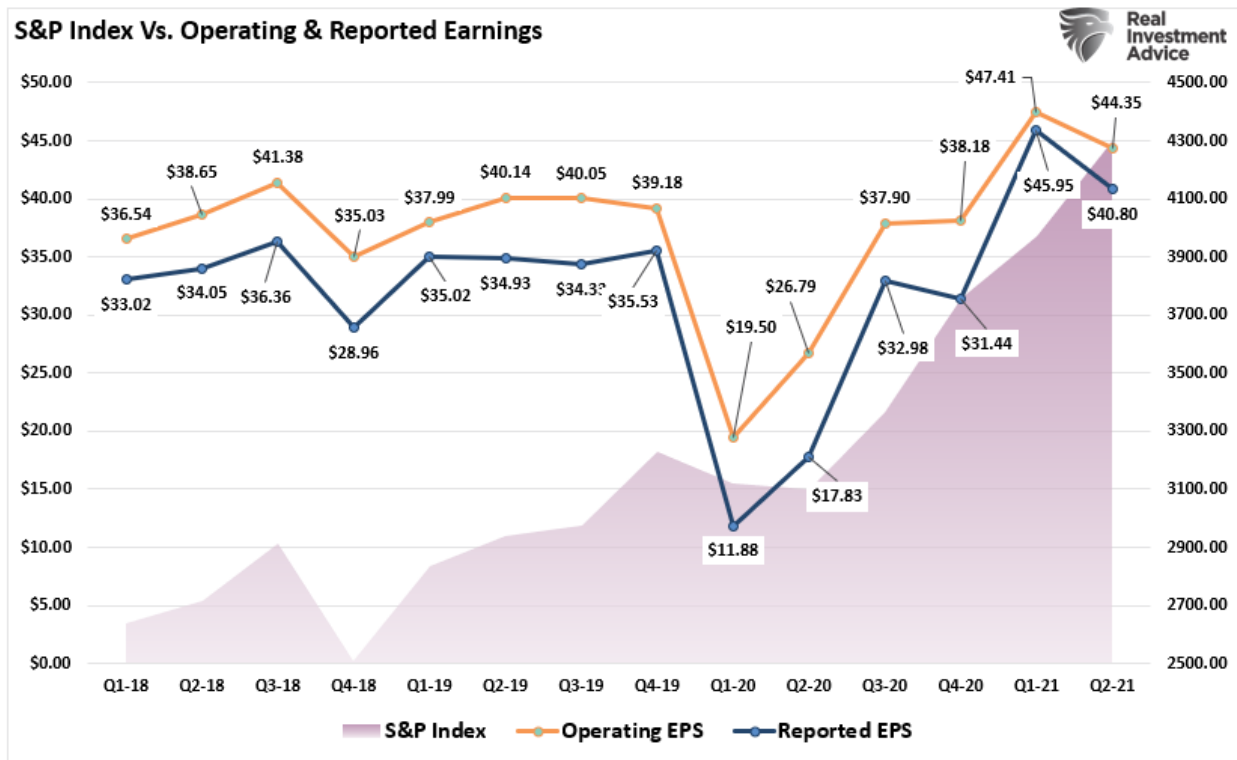
The problem is the market surged higher due to the ongoing liquidity injections from the Federal Reserve. While liquidity drives asset prices higher, it does not foster economic activity, which creates corporate revenue. Currently, the price-to-sales (revenue) ratio is at the highest level ever. As shown, the historical correlation suggests outcomes for investors will not be kind.



Of course, given that revenue can only grow roughly as fast as the economy, the market-capitalization to GDP ratio is very important. While the "price" of the market can outpace economic growth in the short term, it can't do so indefinitely. **Thus, at 2.4x economic growth, the market is highly overvalued relative to what the economy can generate in revenue growth.**

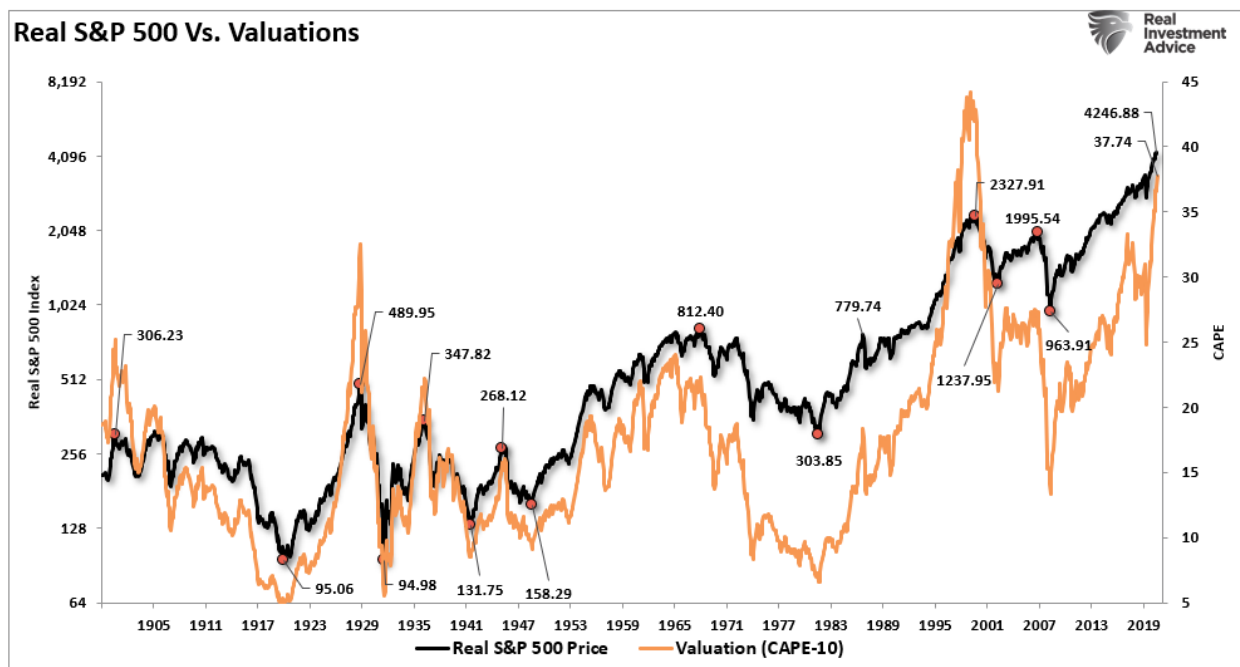


Lastly, with markets currently perched near all-time highs, both operating and reported earnings will fall in Q2 versus Q1 as economic growth peaks. *(We have repeatedly warned of this issue.)*



Note that as of Q2-2021, operating earnings (earnings without all the bad stuff) will only be 10% higher than they were in 2018. **Yet, the market is currently trading 48% higher.**

Even with the *"sharpest recovery in earning in history,"* the market continues to expand its valuation multiple. (Chart below uses current estimates for Q2-2021) So much for earnings catching up with the price.



As I said, investors have priced the market for perfection. Therefore, any disappointment could lead to poor outcomes for investors taking on excess risk.

Portfolio Update

I wanted to wrap up today's note with some comments from my colleague Doug Kass on **"Lessons Learned & Relearned."** As investors, the market has a habit of teaching us we aren't as smart as we think.

*** We learn from history, which usually rhymes.**

*** Liquidity is an overriding market force and influence as markets are a function of demand versus supply.** The size of the Fed's balance sheet will have an overriding impact on the markets. **But the reduced supply of equities also is an important part of the investment equation. (There are about half the listed companies compared to what existed two decades ago. Of the companies still listed, more than 25% of outstanding shares are retired).**

*** A market in motion tends to stay in motion.** Higher valuations usually beget higher valuations (and vice versa). A bona fide (and correct) contrarian view is a low probability practice. But, when the contrarian is correct, it can deliver large payoffs.

*** Markets and emotions often go to extremes. Importantly, mean regression is a powerful force and consistent feature in the market.**

*** Seek precision when playing chess but not when investing.**

*** The notion, held by some, that the direction of the broad markets is a function of the health of speculative stocks is grossly incorrect.** Crap doesn't lead except for brief periods of time.

*** It is fine to take chances and make mistakes.** However, while it might work briefly, it is foolish to trade stocks with admittedly little value simply because they are moving higher.

*** Avoid "group stink" as it can be harmful to your investment well being"**

The risk of a correction is high but not necessarily immediate.

Manage your risk accordingly.

Have a great weekend.

By Lance Roberts, CIO

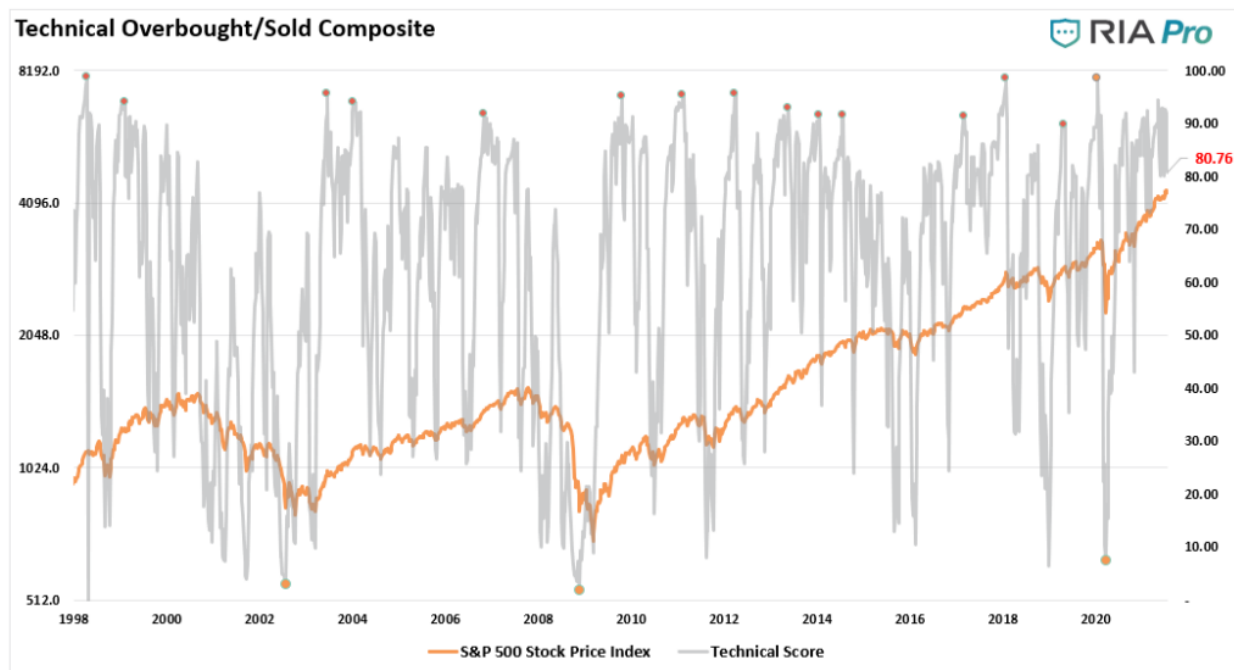
Market & Sector Analysis

Analysis & Stock Screens Exclusively For RIAPro Members

S&P 500 Tear Sheet

3 Month SPY Price							SPY RISK INFO		ZACKS		REAL INVESTMENT ADVICE	
							Item		T 2-Yr	T 1-Yr.	YTD	% Diff YTD/T1-YR
							Price Return		43.92%	34.46%	15.37%	(55.40%)
							Max Drawdown		(35.63%)	(10.86%)	(5.65%)	(47.92%)
							Sharpe		0.90	2.61	2.44	(0.06)
							Sortino		0.94	3.29	3.36	0.02
							Volatility		25.38	14.84	13.22	(0.11)
							Daily VaR-5%		(15.73)	13.05	10.56	(0.19)
							Mnthly VaR-5%		(3.22)	17.56	19.65	0.12
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	Item	12-M Ago	Current	% Chg
Dividend Yield	1.84%	1.72%	1.27%	(35.56%)	2.14%	1.28%	(41.00%)	(0.80%)	Shares	3,081.9	2,989.4	(3.00%)
P/E Ratio	18.93	21.02	28.59	26.47%	2890%	1639%	(1.1%)	74.43%	Sales	71,348	71,322	(0.04%)
P/S Ratio	3.82	3.94	5.34	26.34%	5.30	3.23	0.86%	65.23%	SPS	23.2	23.9	3.06%
P/B Ratio	5.05	5.34	7.19	25.65%	6.98	4.18	2.98%	71.91%	Earnings	11,079	11,720	5.78%
ROE	21.68%	20.19%	22.80%	11.41%	22.80%	17.60%	0.00%	29.53%	EPS TTM	4.5	4.5	0.22%
ROA	4.24%	3.79%	4.07%	6.90%	4.31%	3.51%	(5.66%)	16.04%	Dividend	1.5	1.6	4.69%
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	31.29%	2.65%	1.89	(286.29)	123.62	(302.30)	(331.6%)	(0.1%)	4.4%	-0.34%	2.95	17.01
Materials	34.46%	2.55%	1.20	25.22	27.13	14.16	(7.0%)	11.1%	1.9%	3.90%	5.14	17.35
Industrials	41.67%	8.40%	1.16	52.66	54.11	14.70	(2.7%)	5.5%	1.4%	1.88%	4.21	23.41
Discretionary	35.77%	12.33%	1.36	55.51	60.06	20.97	(7.6%)	24.5%	0.6%	1.77%	5.84	32.27
Staples	16.10%	5.78%	0.64	23.19	23.02	17.65	0.8%	29.7%	2.4%	4.31%	4.49	20.86
Health Care	20.05%	13.02%	0.77	19.27	19.45	15.10	(0.9%)	29.9%	1.6%	5.19%	7.81	17.16
Financials	48.71%	11.00%	1.32	16.29	18.48	10.52	(11.8%)	9.3%	1.6%	6.03%	6.60	14.26
Technology	43.01%	27.92%	1.07	34.42	32.81	16.66	4.9%	65.9%	0.8%	2.87%	5.89	27.43
Telecom	46.89%	11.19%	0.97	29.00	28.18	17.61	2.9%	16.4%	0.5%	3.43%	8.63	22.61
Utilities	12.12%	2.46%	0.41	20.53	22.09	16.35	(7.0%)	10.6%	3.1%	4.91%	3.48	18.46
Real Estate	35.26%	2.63%	0.95	26.64	24.86	17.12	7.2%	6.6%	2.4%	3.75%	4.51	23.27
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	431.34	2.18%	423.22	20	1.92%	390.25	275	10.53%	8.45%	(1.50%)	38.25%	Buy
Mid Cap	476.62	(5.58%)	492.04	5	(3.13%)	450.22	211	5.86%	9.29%	(6.11%)	50.21%	Buy
Small Cap	92.24	(5.56%)	96.86	20	(4.77%)	87.37	208	5.57%	10.86%	(8.62%)	61.23%	Buy

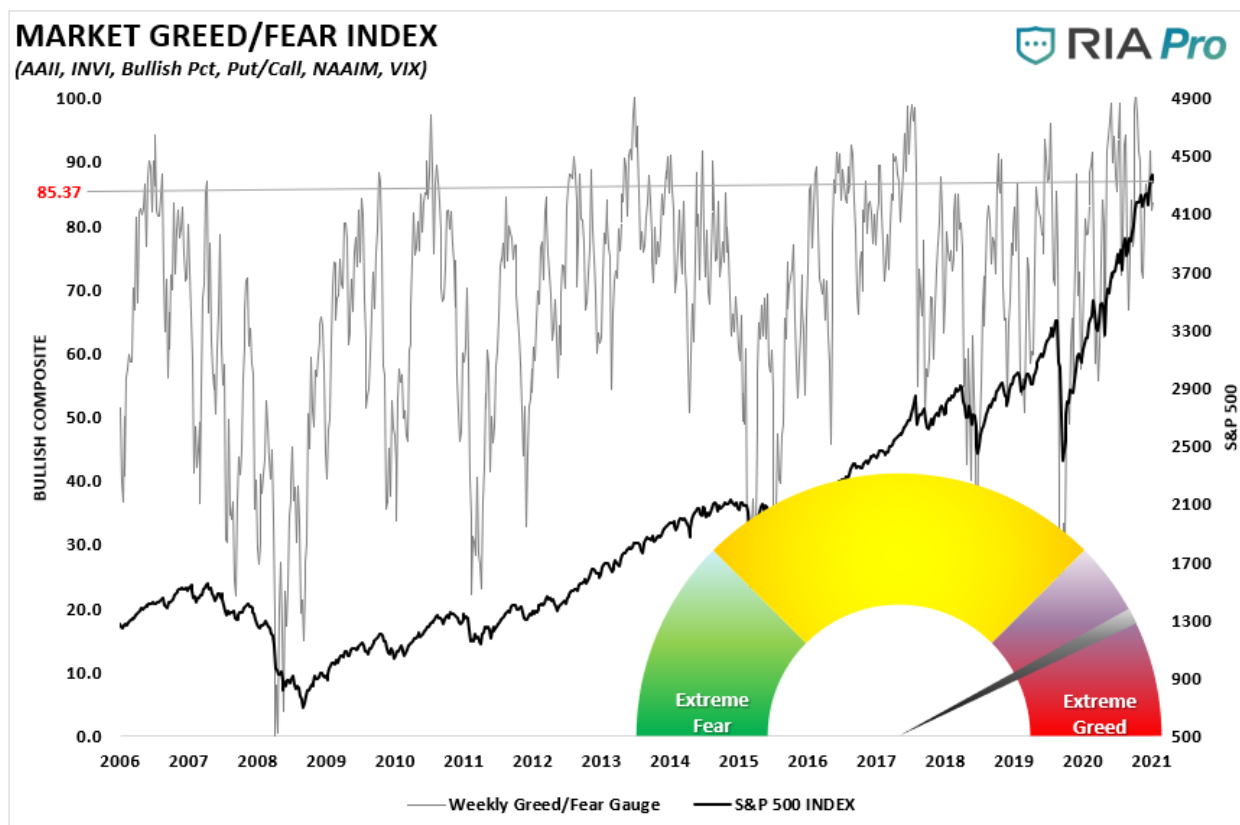
Performance Analysis



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 85.37 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 -	MA 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	433.27	(0.95)	3.96	3.58	16.62	34.14	423.34	399.40	429.92	0.99	440.67	419.17	2%	8%	BULLISH
XLB	SPDR-MATLS SELS	81.09	(1.33)	(3.53)	(5.77)	(1.83)	(1.56)	84.60	78.58	82.31	1.06	85.24	79.38	-4%	3%	BULLISH
XLC	SPDR-COMM SV SS	80.86	(0.01)	(1.06)	2.19	4.28	6.70	78.83	73.61	80.97	0.99	83.80	78.14	3%	10%	BULLISH
XLE	SPDR-EGY SELS	48.68	(6.94)	(11.04)	(1.18)	7.18	(1.46)	52.62	47.52	53.87	1.75	56.16	51.58	-7%	2%	BULLISH
XLFI	SPDR-FINL SELS	36.12	(0.66)	(1.43)	(1.48)	8.15	16.67	36.88	33.52	36.69	1.19	38.04	35.34	-2%	8%	BULLISH
XLK	SPDR-TECH SELS	150.30	0.35	1.82	1.75	(0.05)	6.55	142.00	135.39	147.66	1.04	152.88	142.44	6%	11%	BULLISH
XLI	SPDR-INDU SELS	101.91	(0.58)	(1.65)	(3.23)	3.60	7.40	102.96	95.95	102.40	1.19	106.18	98.62	-1%	6%	BULLISH
XLP	SPDR-CONS STPL	71.04	2.22	(0.70)	(1.46)	(5.78)	(18.80)	70.21	67.92	69.97	0.63	72.16	67.78	1%	5%	BULLISH
XLRE	SPDR-RE SELS	46.23	1.64	0.33	5.87	9.14	(2.13)	43.75	39.96	44.33	0.69	45.74	42.92	6%	16%	BULLISH
XLU	SPDR-UTIL SELS	66.27	3.53	(0.57)	(4.04)	(9.99)	(24.08)	65.33	63.62	63.23	0.36	65.04	61.42	1%	4%	BULLISH
XLV	SPDR-HLTH CR	128.62	0.88	(0.02)	0.42	(4.81)	(12.68)	124.42	118.34	125.95	0.77	130.06	121.84	3%	9%	BULLISH
XLW	SPDR-CONS DISCR	178.01	(1.51)	(0.56)	(3.47)	(6.74)	(1.14)	175.16	168.94	178.55	1.14	185.04	172.06	2%	5%	BULLISH
XTN	SPDR-SP TRANSP	81.05	(3.37)	(7.91)	(12.33)	(0.59)	10.10	87.86	81.86	84.95	1.39	88.25	81.65	-8%	-1%	BULLISH
SDY	SPDR-SP DIV ETF	122.10	0.04	(2.13)	(4.10)	(0.63)	(3.67)	124.08	116.08	122.28	0.91	126.45	118.11	-2%	5%	BULLISH
RSP	INVS-SP5 EQ ETF	149.31	(0.82)	(2.15)	(2.65)	1.41	6.93	150.00	139.74	150.73	1.12	156.18	145.28	0%	7%	BULLISH
SLY	SPDR-SP6 SC	92.24	(3.56)	(6.66)	(7.58)	(7.42)	19.11	96.65	90.94	97.74	1.26	101.41	94.07	-5%	1%	BULLISH
MDY	SPDR-SP MC 400	476.62	(2.38)	(3.64)	(8.29)	(4.73)	8.31	493.47	464.52	491.01	1.19	509.12	472.90	-3%	3%	BULLISH
EEM	ISHARS-EMG MKT	53.59	1.02	(5.14)	(5.48)	(16.10)	(8.85)	54.35	53.78	55.15	0.80	56.97	53.33	-1%	0%	BULLISH
EFA	ISHARS-EAFE	78.32	(0.61)	(4.21)	(4.52)	(8.43)	(10.82)	79.67	76.58	78.88	0.83	81.51	76.25	-2%	2%	BULLISH
IAU	ISHARS-GOLD TR	34.48	1.09	(1.22)	(1.62)	(18.39)	(34.43)	34.78	34.54	33.71	0.08	34.58	32.84	-1%	0%	BULLISH
GDX	VANECK-GOLD MNR	33.92	(0.36)	(4.57)	(9.51)	(18.33)	(47.86)	36.51	35.29	33.98	0.70	35.07	32.89	-7%	-4%	BULLISH
UUP	INVS-DB US\$ BU	24.93	1.59	(3.52)	(1.61)	(14.53)	(38.00)	24.49	24.53	24.83	(0.11)	25.42	24.24	2%	2%	BEARISH
BOND	PIMCO-TOT RETRN	111.56	1.19	(3.27)	(2.72)	(17.54)	(34.62)	110.53	111.19	110.96	0.08	113.83	108.09	1%	0%	BEARISH
TLT	ISHARS-20+YTB	148.21	2.09	(2.26)	2.24	(19.11)	(45.28)	141.06	145.28	144.35	(0.25)	147.60	141.10	5%	2%	BEARISH
BNDX	VANGD-TTL INT B	57.62	1.47	(3.01)	(2.81)	(17.58)	(34.51)	57.04	57.56	57.10	0.03	58.54	55.66	1%	0%	BEARISH
HYG	ISHARS-IBX HYCB	87.67	0.57	(3.68)	(3.23)	(15.82)	(29.17)	87.43	87.13	88.04	0.37	90.57	85.51	0%	1%	BULLISH



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	133.20	17.97	9.73	0.72	24.99	9.00
DE	Deere & Co	346.10	20.15	9.08	1.04	23.85	9.00
KLAC	Kla Corp	303.75	14.03	17.32	1.19	23.64	9.00
LH	Laboratory Cp	276.95	10.56	8.02	0.00	9.13	9.00
PAYX	Paychex Inc	112.67	8.00	7.44	2.34	37.06	9.00
TGT	Target Corp	252.93	13.27	6.37	1.08	20.19	9.00
TSCO	Tractor Supply	188.97	9.03	10.75	1.10	24.51	9.00
ADI	Analog Devices	163.66	12.25	11.10	1.69	28.32	8.00
AMD	Adv Micro Dev	86.93	35.01	20.18	0.00	62.09	8.00
AVGO	Broadcom Inc	477.34	15.00	14.64	3.02	21.89	8.00
FTNT	Fortinet Inc	256.30	14.25	19.56	0.00	100.12	8.00
HUM	Humana Inc New	466.93	13.15	8.47	0.60	22.22	8.00
INTU	Intuit Inc	503.17	14.73	13.32	0.47	65.52	8.00
KEYS	Keysight Tech	156.56	10.96	11.08	0.00	30.11	8.00
MDLZ	Mondelez Intl	64.12	8.64	0.10	1.97	23.75	8.00
MXIM	Maxim Intg Pdts	98.79	10.00	0.41	0.00	34.66	8.00
NOC	Northrop Grummn	364.12	8.72	11.19	1.72	14.53	8.00
PYPL	Paypal Holdings	296.51	22.08	18.15	0.00	92.08	8.00
SNPS	Synopsys Inc	277.68	14.65	10.75	0.00	53.92	8.00
TXN	Texas Instrs	188.26	9.33	1.51	2.17	28.52	8.00
WAT	Waters Corp	372.26	7.08	2.54	0.00	36.50	8.00
WMT	Walmart Inc	141.66	5.50	3.18	1.55	23.69	8.00
WST	West Pharm Svc	371.96	25.79	8.70	0.18	64.24	8.00
ZTS	Zoetis Inc	200.24	12.86	8.12	0.50	48.13	8.00
A	Agilent Tech	148.96	13.00	6.76	0.52	39.30	7.00
AAPL	Apple Inc	148.48	12.67	7.22	0.59	33.33	7.00
ACN	Accenture Plc	314.94	10.00	6.63	1.12	37.94	7.00
ANTM	Anthem Inc	396.12	12.73	8.69	1.14	17.26	7.00
AVY	Avery Dennison	207.87	7.00	3.71	1.31	26.48	7.00
BBY	Best Buy	112.00	8.28	3.93	2.50	11.81	7.00
CCI	Crown Castle	202.17	21.00	11.73	2.63	28.68	7.00
CRL	Charles Rvr Lab	382.15	14.00	15.96	0.00	43.28	7.00
DG	Dollar General	221.95	11.31	10.53	0.76	20.42	7.00
DOV	Dover Corp	155.65	11.50	-0.85	1.27	25.56	7.00
HD	Home Depot	322.71	11.44	7.77	2.05	23.39	7.00
NDAQ	Nasdaq Inc	178.65	5.75	9.22	1.21	26.95	7.00
NXPI	Nxp Semiconduct	194.41	10.00	-0.48	1.16	31.20	7.00
ORLY	O Reilly Auto	597.46	13.36	7.39	0.00	22.44	7.00
TRMB	Trimble Inc	80.94	10.00	8.49	0.00	38.91	7.00
UNH	Unitedhealth Gp	420.05	13.24	8.95	1.38	26.19	7.00
ADM	Archer Daniels	59.02	6.20	1.17	2.51	13.60	6.00
ALXN	Alexion Pharma	180.51	15.00	18.22	0.00	15.16	6.00
AME	Ametek Inc	135.73	10.18	5.54	0.59	33.93	6.00
ARE	Alexandria Real	191.60	7.15	18.33	2.34	25.93	6.00
COST	Costco Whole Cp	411.82	9.13	9.52	0.77	39.94	6.00
CTLT	Catalent Inc	109.70	20.92	14.41	0.00	43.19	6.00
GOOG	Alphabet Inc-C	2625.33	18.13	19.82	0.00	34.95	6.00
GOOGL	Alphabet Inc-A	2540.10	18.13	19.82	0.00	33.81	6.00
INTC	Intel Corp	55.81	7.50	7.39	2.49	10.63	6.00
MPWR	Monolithic Pwr	379.51	25.00	20.00	0.63	105.13	6.00
MSI	Motorola Solutn	222.63	9.00	7.02	1.28	29.57	6.00
ODFL	Old Dominion Fl	258.81	21.94	8.38	0.31	41.28	6.00
OKE	Oneok Inc	54.47	6.00	-0.17	6.87	21.19	6.00
PKG	Packaging Corp	136.72	5.00	4.06	2.93	22.60	6.00
WEC	Wec Energy Grp	94.75	5.99	-0.19	2.86	23.87	6.00
XEL	Xcel Energy Inc	68.72	6.11	1.12	2.66	23.78	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	16.16	0.87	12.77	8.91	8
BSRR	Sierra Bancorp	25.25	1.12	10.62	3.33	8
CAG	Conagra Brands	34.68	1.93	18.47	3.17	8
CMTV	Commnty Bcp Vt	19.50	1.35	13.02	4.51	8
FNCB	Fncb Bancorp	7.27	0.95	11.35	3.30	8
LOMA	Loma Negra Cia	7.59	1.49	21.10	3.35	8
NHTC	Natural Hlth Tr	7.12	1.24	31.03	11.24	8
NRIM	Northrim Bcp	41.29	1.11	10.38	3.58	8
UBCP	Utd Bancorp -Oh	13.02	1.13	10.37	4.45	8
WAYN	Wayne Svgs Bcsh	25.40	1.20	10.31	3.31	8
ABR	Arbor Rlty Trst	17.72	1.50	11.16	7.67	7
AINV	Apollo Inv Cp	13.69	0.86	10.34	9.06	7
BABB	Bab Inc	0.81	2.00	14.91	4.97	7
CAC	Camden Ntl Corp	46.22	1.30	11.52	3.12	7
CATY	Cathay Genl Bcp	38.27	1.24	11.19	3.24	7
CIM	Chimera Invest	14.42	0.93	12.66	9.15	7
CRWS	Crown Crafts	7.66	1.83	13.77	4.18	7
DTE	Dte Energy Co	115.79	1.76	10.70	3.75	7
FCBP	First Choice Bc	29.35	1.21	11.93	3.41	7
FLIC	First Long Is	21.21	1.24	10.80	3.58	7
FNF	Fnf Group	43.96	1.54	15.72	3.28	7
FNLC	First Bancp Inc	28.71	1.38	11.80	4.46	7
GSBD	Goldman Sac Bdc	19.22	1.20	11.45	9.37	7
IBCP	Indep Bk Mich	21.09	1.19	12.20	3.98	7
NMFC	New Mountn Fin	13.30	1.02	10.27	9.02	7
PFG	Principal Finl	61.60	1.08	11.94	3.96	7
PRK	Park National	115.82	1.81	12.16	3.56	7
TRTN	Triton Intl Ltd	50.02	1.55	12.89	4.56	7
UVE	Univl Insur Hld	13.71	0.94	18.50	4.67	7
WBA	Walgreens Bai	46.25	1.77	19.73	4.04	7
WTBA	West Bancorp	27.82	1.96	14.82	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	346.10	20.15	9.08	1.04	23.85	9.00
AMAT	Appld Matls Inc	133.20	17.97	9.73	0.72	24.99	9.00
KLAC	Kla Corp	303.75	14.03	17.32	1.19	23.64	9.00
TGT	Target Corp	252.93	13.27	6.37	1.08	20.19	9.00
AMD	Adv Micro Dev	86.93	35.01	20.18	-	62.09	8.00
WST	West Pharm Svc	371.96	25.79	8.70	0.18	64.24	8.00
PYPL	Paypal Holdings	296.51	22.08	18.15	-	92.08	8.00
AVGO	Broadcom Inc	477.34	15.00	14.64	3.02	21.89	8.00
INTU	Intuit Inc	503.17	14.73	13.32	0.47	65.52	8.00
SNPS	Synopsys Inc	277.68	14.65	10.75	-	53.92	8.00
FTNT	Fortinet Inc	256.30	14.25	19.56	-	100.12	8.00
HUM	Humana Inc New	466.93	13.15	8.47	0.60	22.22	8.00
CCI	Crown Castle	202.17	21.00	11.73	2.63	28.68	7.00
CRL	Charles Rvr Lab	382.15	14.00	15.96	-	43.28	7.00
ORLY	O Reilly Auto	597.46	13.36	7.39	-	22.44	7.00
UNH	Unitedhealth Gp	420.05	13.24	8.95	1.38	26.19	7.00
A	Agilent Tech	148.96	13.00	6.76	0.52	39.30	7.00
MPWR	Monolithic Pwr	379.51	25.00	20.00	0.63	105.13	6.00
ODFL	Old Dominion Fl	258.81	21.94	8.38	0.31	41.28	6.00
CTLT	Catalent Inc	109.70	20.92	14.41	-	43.19	6.00
GOOG	Alphabet Inc-C	2,625.33	18.13	19.82	-	34.95	6.00
GOOGL	Alphabet Inc-A	2,540.10	18.13	19.82	-	33.81	6.00
ALXN	Alexion Pharma	180.51	15.00	18.22	-	15.16	6.00
V	Visa Inc-A	248.55	18.71	9.47	0.51	49.91	5.00
NVDA	Nvidia Corp	758.65	17.56	21.44	0.08	77.49	5.00
KMX	Carmax Gp (Cc)	131.26	15.17	6.07	-	18.46	5.00
URI	Utd Rentals Inc	314.71	13.44	12.17	-	17.91	5.00
ALGN	Align Tech Inc	621.70	23.20	24.58	-	108.12	4.00
FRC	First Rep Bk Sf	199.82	18.87	18.27	0.44	28.75	4.00
TDY	Teledyne Tech	436.41	18.29	9.54	-	39.21	4.00

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
PAYX	Paychex Inc	112.67	8.00	7.44	2.34	4.16	9
FTNT	Fortinet Inc	256.30	14.25	19.56	-	6.58	8
INFO	Ihs Markit Ltd	113.32	#N/A	13.05	0.71	#N/A	8
INTU	Intuit Inc	503.17	14.73	13.32	0.47	4.70	8
MXIM	Maxim Intg Pdts	98.79	10.00	0.41	-	2.78	8
PYPL	Paypal Holdings	296.51	22.08	18.15	-	3.83	8
RGLD	Royal Gold Inc	118.09	10.00	6.61	1.02	3.01	8
SNPS	Synopsys Inc	277.68	14.65	10.75	-	4.10	8
TSLA	Tesla Inc	650.60	34.53	48.28	-	7.22	8
TXN	Texas Instrs	188.26	9.33	1.51	2.17	2.72	8
WST	West Pharm Svc	371.96	25.79	8.70	0.18	2.01	8
ZTS	Zoetis Inc	200.24	12.86	8.12	0.50	3.46	8
CCI	Crown Castle	202.17	21.00	11.73	2.63	1.48	7
FFIN	First Fin Bk-Tx	49.28	#N/A	11.75	1.22	#N/A	7
STAA	Staar Surgical	128.89	#N/A	20.15	-	#N/A	7
ARE	Alexandria Real	191.60	7.15	18.33	2.34	3.46	6
CPRT	Copart Inc	139.49	#N/A	14.92	-	#N/A	6
CTRE	Caretrust Reit	23.53	#N/A	14.47	4.50	#N/A	6
LSI	Life Storage	113.34	3.63	7.62	2.61	6.96	6
MPWR	Monolithic Pwr	379.51	25.00	20.00	0.63	3.40	6
NOW	Servicenow Inc	558.28	27.83	34.39	-	16.64	6
REG	Regency Ctrs Cp	64.95	7.93	13.09	3.66	2.40	6
TECH	Bio-Techne Cp	449.51	21.00	11.07	0.28	3.18	6
CPT	Camden Pty Tr	143.04	4.13	4.65	2.32	6.77	5
DLR	Digital Rlty Tr	157.09	6.80	15.83	2.95	3.54	5
EGP	Eastgroup Pptys	172.72	6.46	9.56	1.83	4.59	5
FR	First Indl Rlty	54.29	#N/A	4.23	1.99	#N/A	5
NVDA	Nvidia Corp	758.65	17.56	21.44	0.08	3.27	5
PLD	Prologis Inc	126.93	7.20	13.67	1.99	4.40	5
REXR	Rexford Ind Rty	59.20	8.77	28.15	1.62	4.60	5
RGEN	Repligen	197.11	#N/A	37.06	-	#N/A	5
TYL	Tyler Tech Inc	475.50	#N/A	11.63	-	#N/A	5
V	Visa Inc-A	248.55	18.71	9.47	0.51	2.37	5

Portfolio / Client Update

Not much to update from this past week. As noted:

"With our money flow signals returning to peaks, which typically precede a pickup in volatility, we took the opportunity to reduce our index trading positions. That action raised our cash levels by 5% to provide a bit more of a cash cushion for now."

Over the next 3-weeks, we will enter the heart of earnings season for the S&P 500. As discussed in the main body of this week's newsletter, earnings appear to have peaked with economic activity in Q2, so the valuation question will become much more important going forward.

However, in the short term, the psychology of *"Fed liquidity"* continues to override the fundamental underpinnings of the market. So, for now, we will continue to let our positions participate with the underlying momentum until it requires a change.

Regardless, we continue to monitor the markets closely. If our signals become aligned, we will take further action to reduce risk exposures accordingly. As stated last week, there are no *"red flags,"* but if things change, we will change as well.

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 ***

"This morning, we took some profits in LIT in the sector model as it is overbought and replaced it with XLB, which got oversold. Both trades were for .5%. The trade will slightly reduce net exposure as LIT was overallocated and XLB slightly under-allocated versus the model." - 07/12/2021

ETF Model

- *Reduce LIT to 2.5% of the portfolio.*
- *Increase XLB to 2% of the portfolio.*

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.

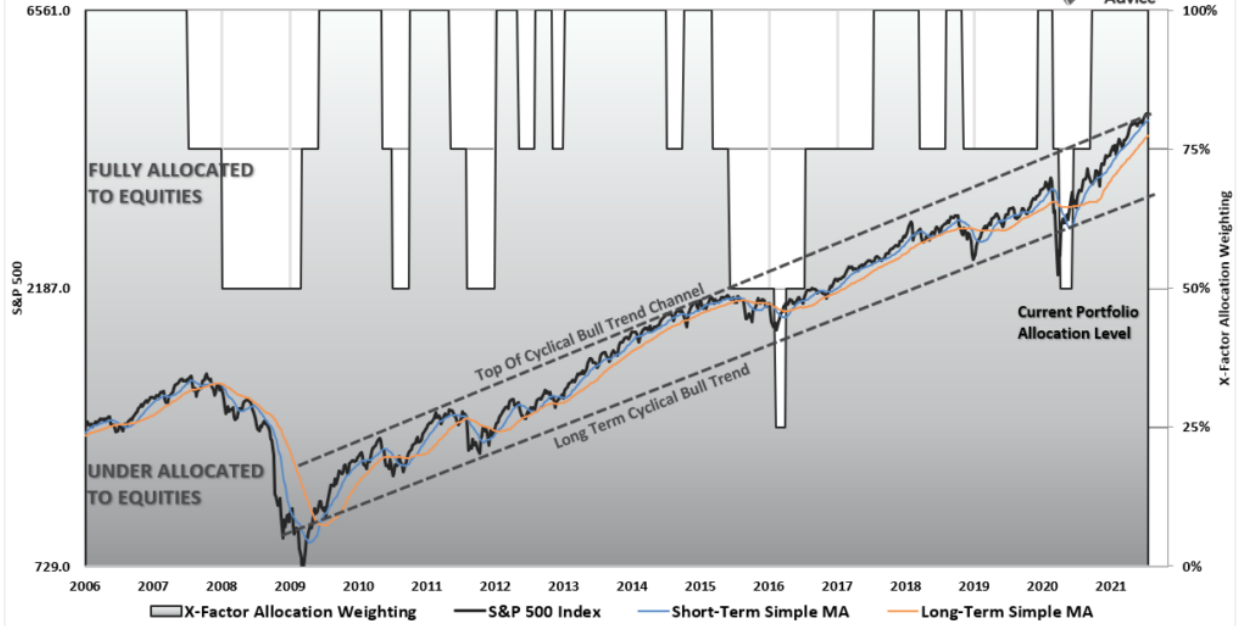
Lance Roberts

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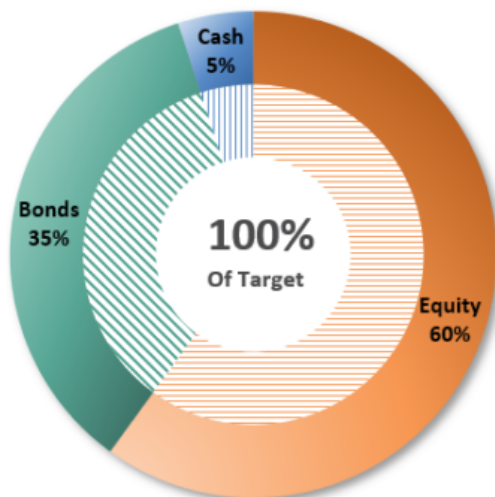
THE REAL 401k PLAN MANAGER

A Conservative Strategy For Long-Term Investors

Risk Management Analysis



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 the first two-weeks of July come to an end, the market began to stumble a bit as earnings are failing to impress. With economic data showing weakness, inflationary pressures rising, and concerns over the Fed rising, markets are having a harder time justifying current valuations.

As noted previously, the breadth of the rally has become more narrow with small and mid-caps, international and emerging markets lagging over the last couple of months. Such suggests the "reflation" trade may be finished for now as money rotates back into megacap names to protect portfolios from a deflationary headwind.

For now, keep exposures at full weights, but hold new contributions in cash for now. We are likely starting a correction that could last several weeks (prices consolidate or decline). In either event we will have a better entry opportunity later.

If you are underweight equity exposure stay where you are. **Again, there is no need to be aggressive here. Downside risk outweighs upside reward.**

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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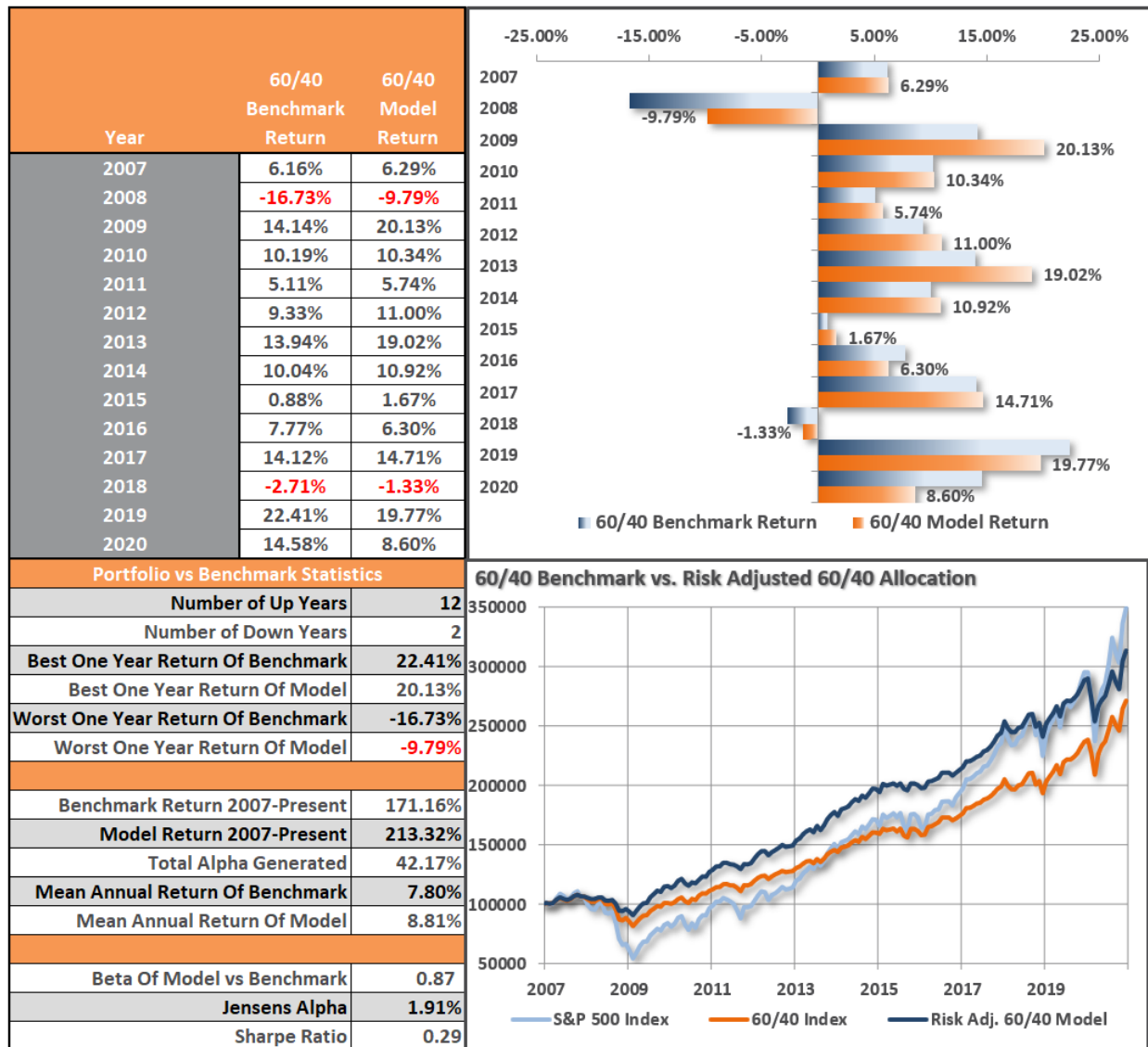


RIA
Advisors

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401k Model Performance Analysis

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.



Have a great week!