In this 07-30-21 issue of "Market Rally Continues As Earnings Beat Estimates."

- ***Market Rally Continues***
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- ***GDP Eclipses Pandemic Level***
- ***Portfolio Positioning***
- ***Sector & Market Analysis***
- ***401k Plan Manager***

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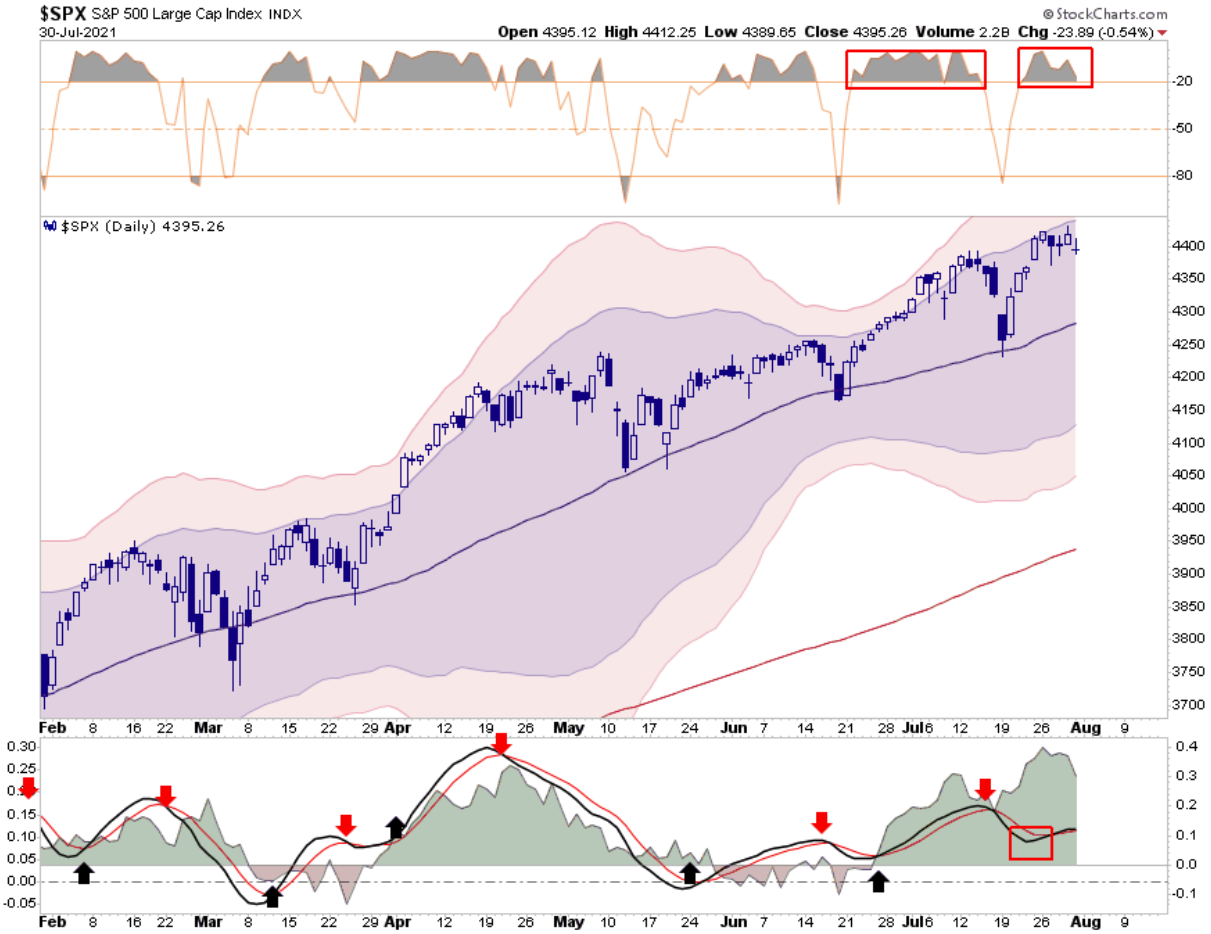
Market Rally Continues

Last week, we discussed that as the market hit new highs, further upside was likely limited. To wit:

> *"While the upside remains somewhat limited, given the already substantial advance this year, the rally will alleviate downside concerns momentarily. However, with that said, the extremely low level of volatility this year is reminiscent of 2017.* ***The reason is that "stability" is fragile. In other words, stability ultimately leads to instability.****"*

For more information on the *"instability of instability,"* read ***"The Next Minsky Moment."***

Not surprisingly, the market didn't make much headway this past week, given the current extended and overbought conditions. For now, "buy signals" remain intact, which likely limits the downside over the next week. However, a retest of the 50-dma is certainly not out of the question.

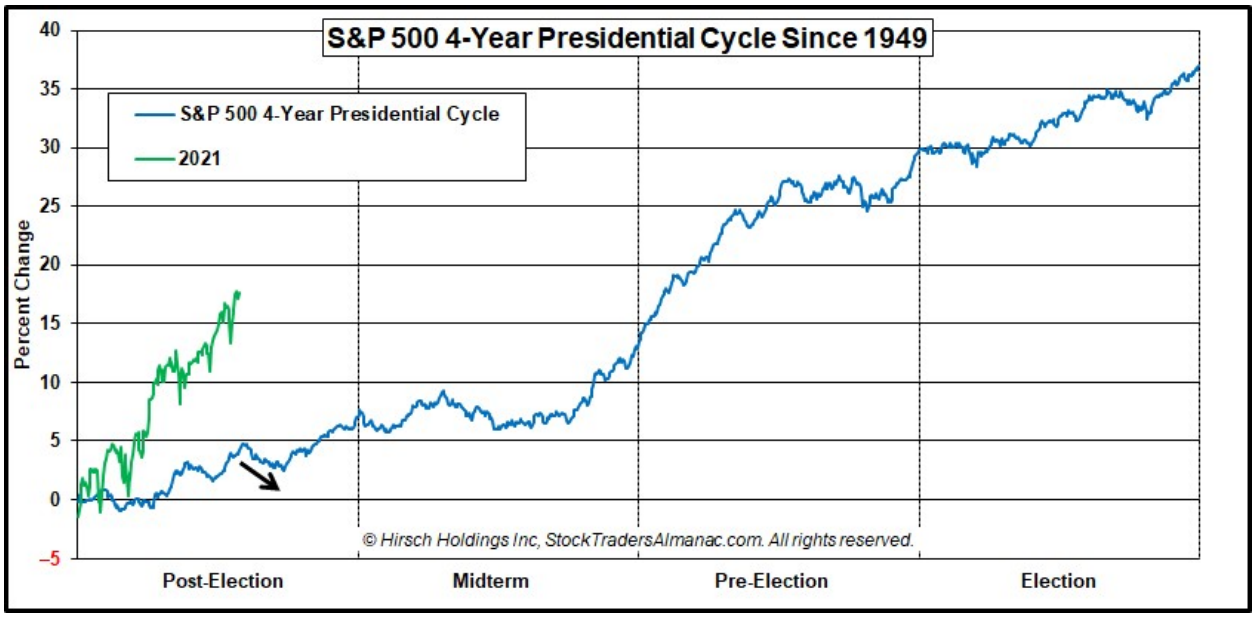


With that said, we are entering into the two weakest trading months of the year. Stocktrader's Almanac had a good note on why the rally could experience a "pause" over the next two months.

> *"For the past 33 years from 1988-2020 August and September are the worst two months of the year for DJIA, S&P 500, and NASDAQ.* ***August is the worst for DJIA and S&P 500 and September is worst for NASDAQ.***
>
> ***Despite the persistence and resilience of this bull rally market internals and technicals are showing some signs of fatigue.****"*

- *Advancing issues have barely outpaced decliners in recent weeks.*
- *New highs have been shrinking while new lows remain high.*
- *Technical indicators are struggling to break through resistance.*
- *Relative Strength, Stochastics and MACD are breaking down again.*

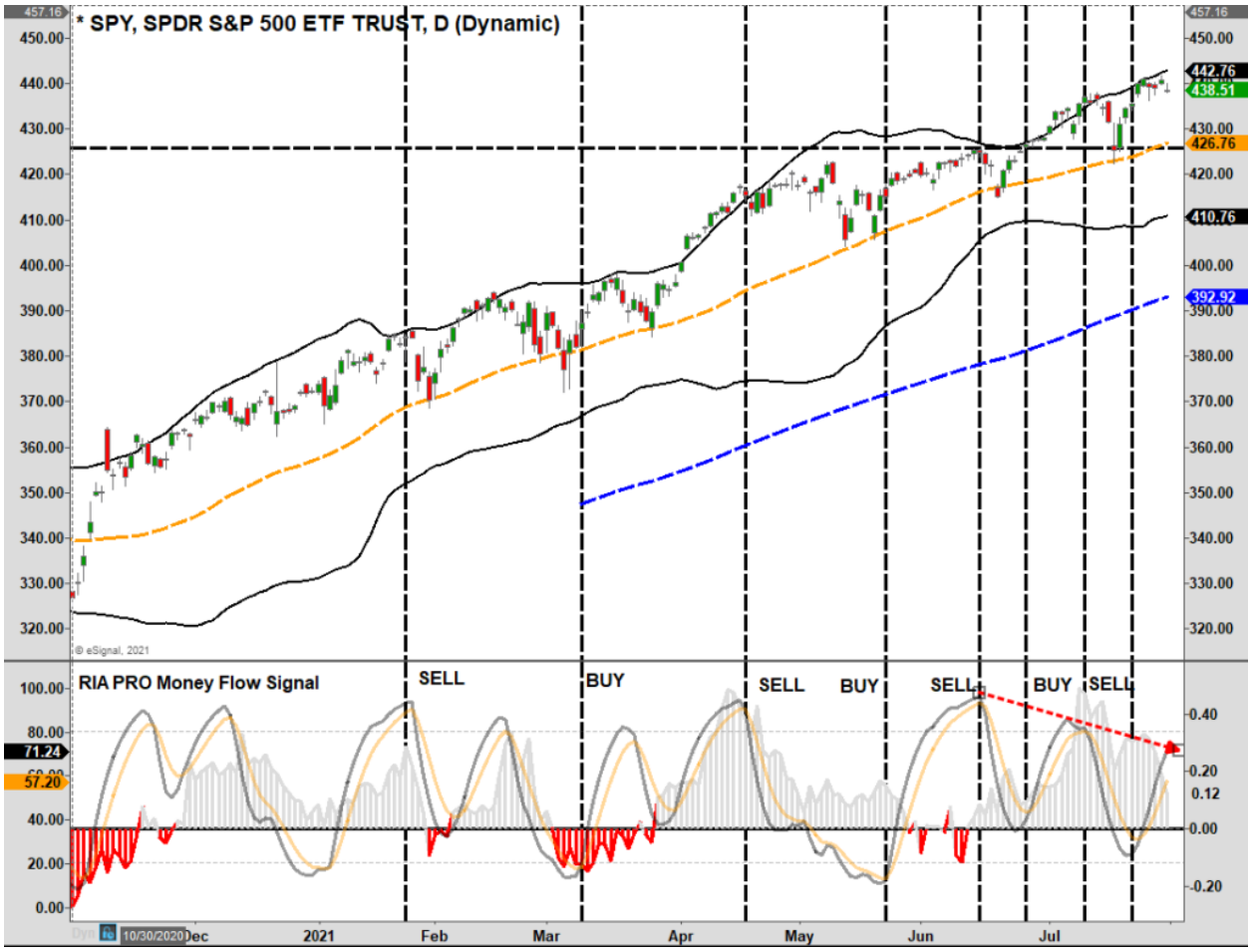
> *"The timing of a pause coincides with the weak seasonal patterns mentioned above during the worst months of the year August and September (not to mention Octoberphobia) as well as the 4-Year Presidential Election Cycle."*



6-Month Advances Are Rare

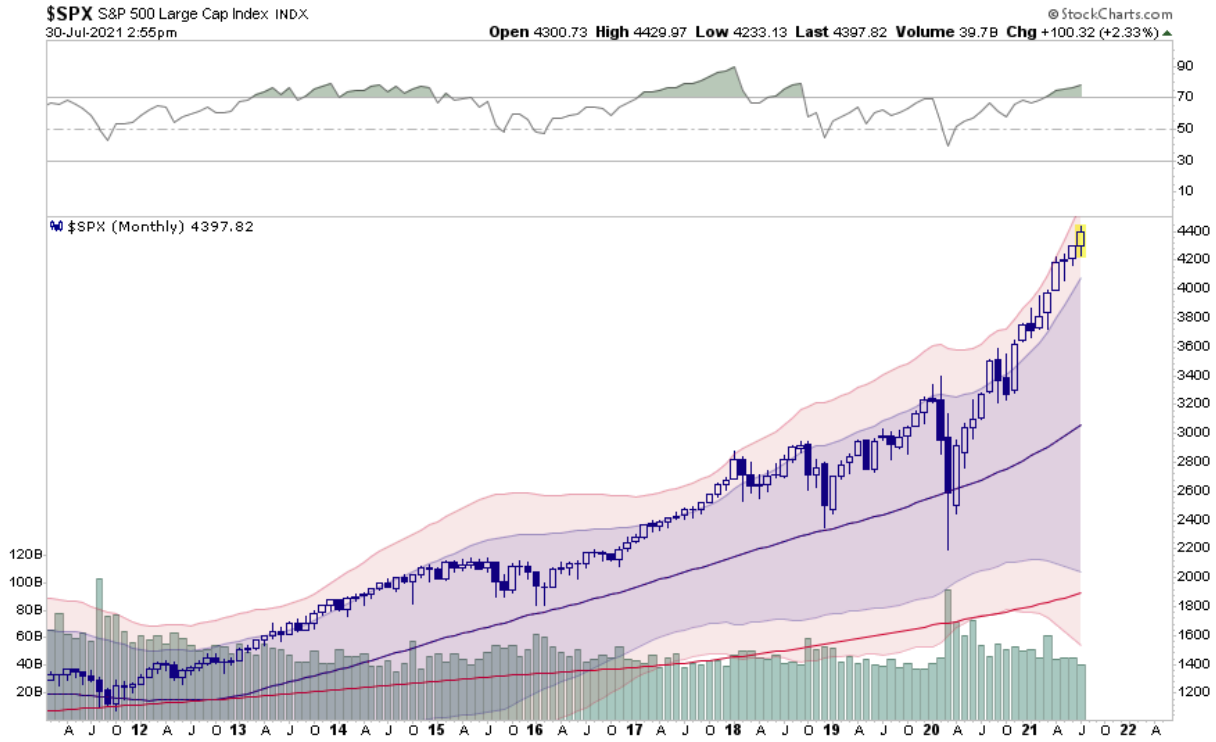
Given the bullish bias currently remains unfettered, and the Fed is still applying $120 billion a month in liquidity, there is no reason to be overly *"bearish"* at this juncture. **Thus, while we are carrying slightly reduced exposure currently and have increased our *"risk hedges"* as of late, we remain nearly fully invested.**

With our *"money flow buy signals"* triggered, such suggests there is support for stocks currently. Such means two things over the next week or so: 1) there is not a great deal of downside, and 2) there is not much upside either. Thus, a sideways consolidation and a pickup in volatility are likely. **One concern is the *"negative divergence"* of money flows (bottom panel) against an advancing market.** Such corresponds with the technical weakness we will discuss momentarily.



Therefore, given this backdrop, we increased portfolio hedges.

An additional "red flag" is the S&P 500 has had positive returns for 6-straight months. **As shown in the 10-year monthly chart below, such streaks are a rarity, and when they do occur, they are usually met by a month, or more, of negative returns.**



(It is also worth noting that when the 12-Month RSI is this overbought, larger corrective processes have occurred.)

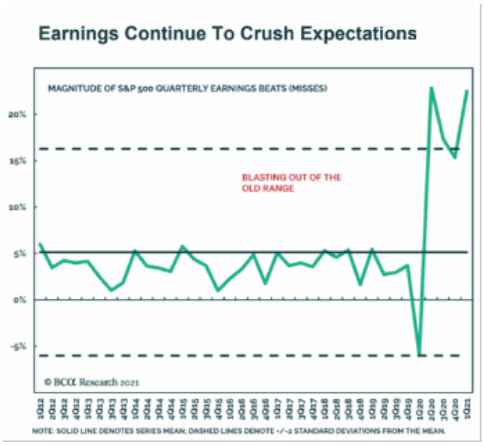
While prices have advanced sharply, the bullish mantra remains that *"earnings"* support the increase. **While that *"rationalization"* may seem to have merit, investors are paying more today for the same expected earnings from January of 2020.**

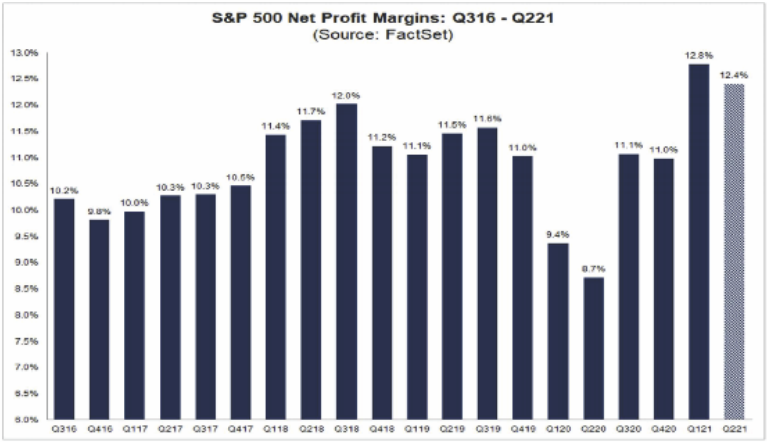


The Mirage Of Strong Earnings

The second-quarter earnings season started with a bang, with several companies reporting earnings *"knocking the cover off the ball."*

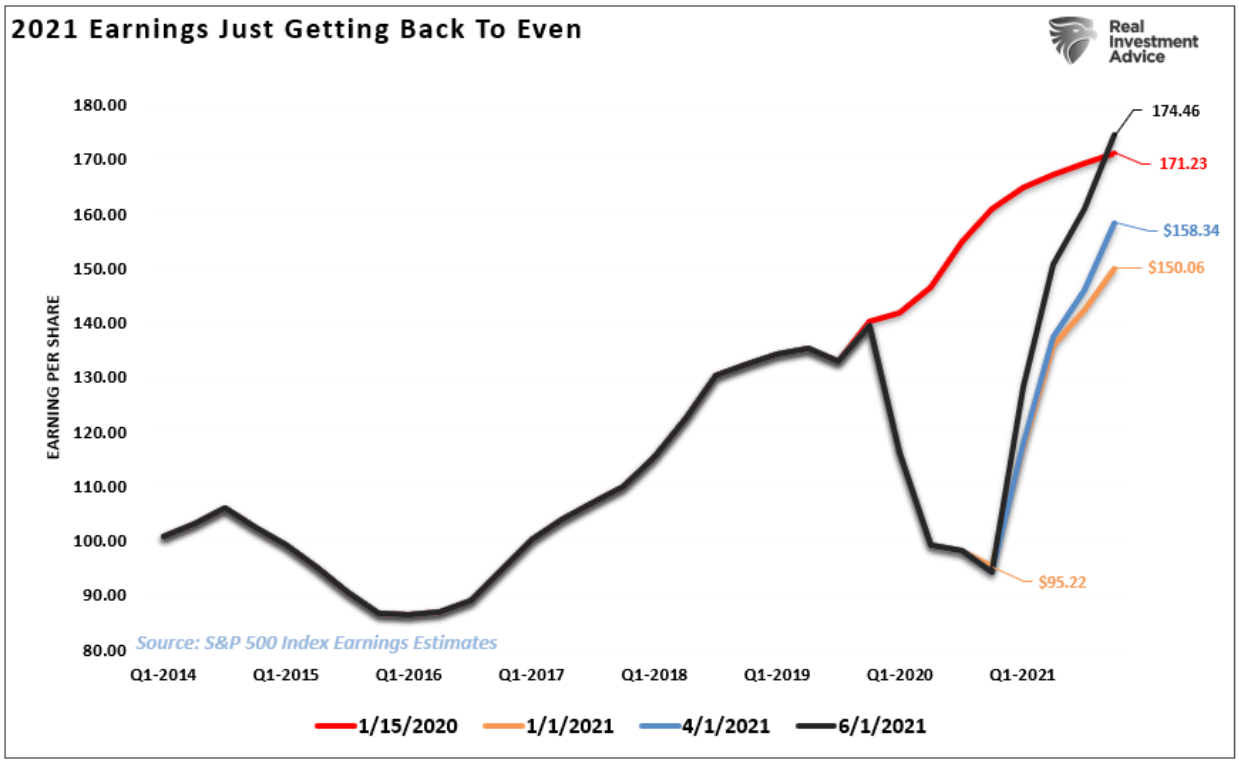
> ***"Overall, 24% of the companies in the S&P 500 have reported earnings to date for the second quarter. Of these companies, 88% have reported actual EPS above the mean EPS estimate.*** *Another 1% have reported actual EPS equal to the mean EPS estimate, and 11% have reported actual EPS below the mean EPS estimate.* ***The percentage of companies reporting EPS above the mean EPS estimate is above the 1-year (83%) average and above the 5-year (75%) average.***" *- FactSet*





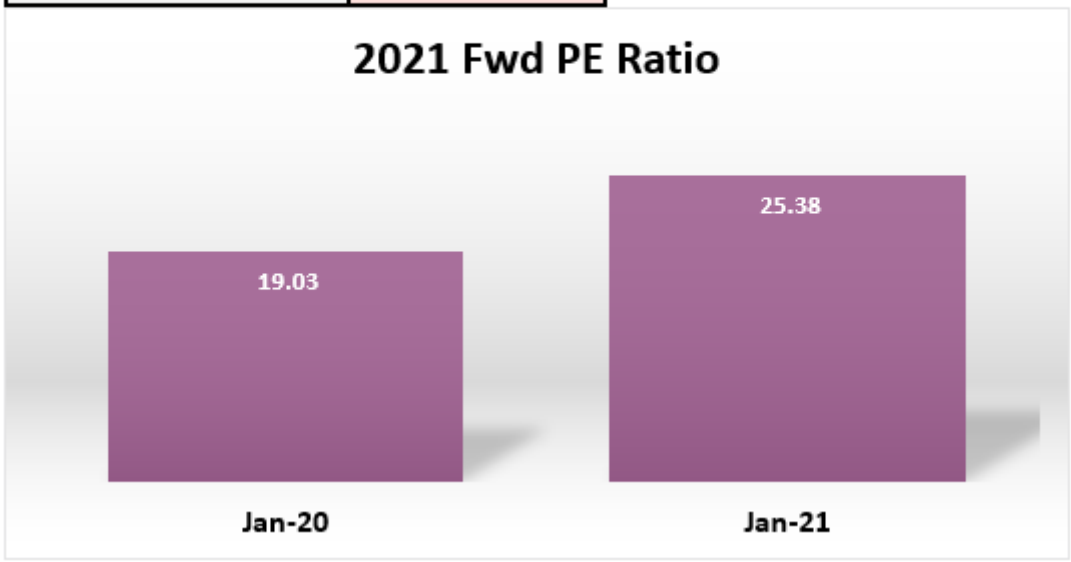
It is not surprising that stocks are rallying to new highs again this week with those kinds of numbers.

However, the longer-term problem for investors is that while the earnings were strong, they are only getting back to levels where they were supposed to be at the beginning of 2020. As shown, in January of 2020, the earnings estimate for the end of 2021 was $171/share. Currently, before estimates get downwardly revised, it is presently estimated that earnings will be just $174/share at the end of 2021.



As noted, the problem for investors comes down to valuations. **For example, in January of 2020, investors were paying 19x for 2-year forward earnings.** Today, they are paying 25x earnings for essentially the same dollar amount of earnings.

	Jan-20	Jul-21
Index Price	3,257.85	4,427.03
12/21 Earnings Est.	171.23	174.46
2021 Fwd PE Ratio	19.03	25.38



While it gets lost in the daily media, the reality is the price of the market is outpacing actual earnings growth. More importantly, when looking back historically, we see that earnings growth isn't as strong as headlines suggest.

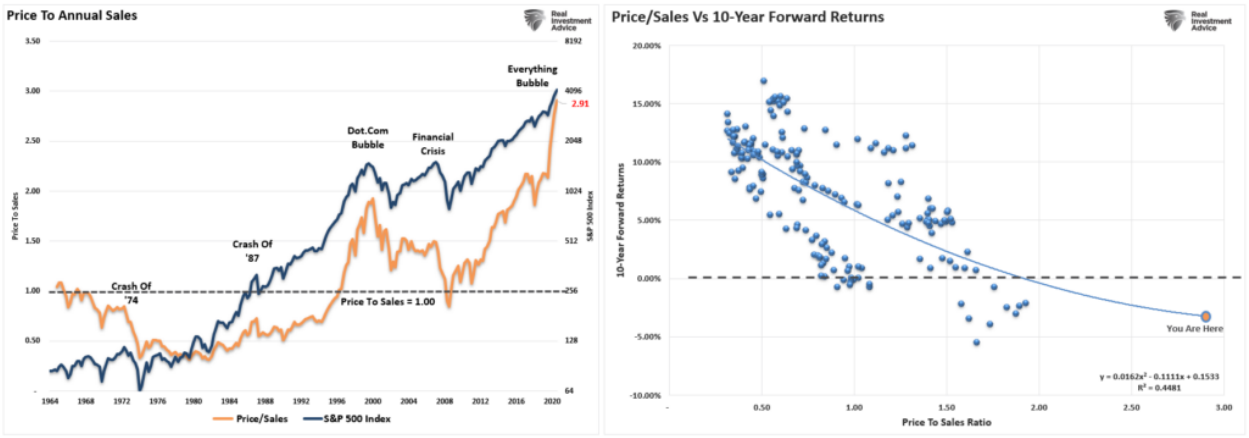
We certainly understand that valuations have very little importance in the short term. For now, all that matters is price momentum. However, as investors, it is essential to remember that valuations have great importance longer-term.

Sales Are Worse

Of course, such doesn't even come close to premiums paid for each dollar of *"actual sales"* generated by the underlying companies. As we noted in ***"Priced For Perfection,"*** sales will decline this quarter, driving the price-to-sales ratio to historical levels. To wit:

> https://twitter.com/LanceRoberts/status/1414936653441945606?s=20
>
> *"Investors should not dismiss the above quickly. 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.*"

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.



Currently, there are more than 70 companies in the S&P 500 trading above 10x sales. That is 14% of the entire index, one of the highest levels ever on record. *(How many of these companies do you own?)*

Company (1-30)	Symbol	Price / Sales	Company (31-71)	Symbol	Price / Sales
Norwegian Cruis	NCLH	261.33	Edwards Lifesci	EW	15.29
Carnival Corp	CCL	157.61	Alexandria Real	ARE	15.17
Moderna Inc	MRNA	51.34	Amer Tower Corp	AMT	15.05
Paycom Software	PAYC	27.3	Paypal Holdings	PYPL	14.88
Msci Inc-A	MSCI	26.44	Essex Ppty Tr	ESS	14.76
Marketaxess Hld	MKTX	25.3	Avalonbay Cmmty	AVB	14.2
Nvidia Corp	NVDA	25.24	Align Tech Inc	ALGN	14.17
Enphase Energy	ENPH	23.02	Copart Inc	CPRT	13.95
Mastercard Inc	MA	22.84	Cadence Design	CDNS	13.84
Intuitive Surg	ISRG	22.37	Crown Castle	CCI	13.79
Live Nation Ent	LYV	22.32	Zoetis Inc	ZTS	13.76
Servicenow Inc	NOW	22.27	Udr Inc	UDR	13.35
Dexcom Inc	DXCM	21.95	Equity Resident	EQR	12.95
Average		21.89	Microsoft Corp	MSFT	12.83
Visa Inc-A	V	21.24	S&P Global Inc	SPGI	12.65
Prologis Inc	PLD	21.01	Etsy Inc	ETSY	12.59
Idexx Labs Inc	IDXX	20.76	Mid-Amer Apt Cm	MAA	12.58
Illumina Inc	ILMN	20.69	Twitter Inc	TWTR	12.54
Adobe Systems	ADBE	20.56	Resmed Inc	RMD	12.52
Monolithic Pwr	MPWR	18.96	Moodys Corp	MCO	12.22
Verisign Inc	VRSN	18.74	Equinix Inc	EQIX	11.82
Public Storage	PSA	18.53	Host Hotel&Rsrt	HST	11.75
Ansys Inc	ANSS	18.17	Arista Networks	ANET	11.68
Autodesk Inc	ADSK	17.69	West Pharm Svc	WST	11.24
Sba Comm Corp	SBAC	17.6	Fed Rlty Inv	FRT	11
Duke Realty Cp	DRE	17.56	Regency Ctrs Cp	REG	10.9
Abiomed Inc	ABMD	17.32	Synopsys Inc	SNPS	10.86
Cme Group Inc	CME	16.62	Mettler-Toledo	MTD	10.68
Realty Income	O	16.3	Verisk Analytic	VRSK	10.65
Fortinet Inc	FTNT	16.28	Digital Rlty Tr	DLR	10.41
Booking Holdngs	BKNG	16.18	Monster Beverag	MNST	10.4
Extra Space Stg	EXR	16.09	Xilinx Inc	XLNX	10.32
Intuit Inc	INTU	16.08	Texas Instrs	TXN	10.29
Tyler Tech Inc	TYL	15.93	Salesforce.Com	CRM	10.11
Tesla Inc	TSLA	15.3	Facebook Inc-A	FB	10.1
			Paychex Inc	PAYX	10

A Lesson From 2000

Why is that important? For that answer, let's revisit what Scott McNealy, then CEO of Sun Microsystems, said in 2000.

> *"At 10-times revenues, to give you a 10-year payback,* ***I have to pay you 100% of revenues for 10-straight years in dividends.*** *That assumes I can get that by my shareholders. It also assumes I have zero cost of goods sold, which is very hard for a computer company.*
>
> ***That assumes zero expenses, which is hard with 39,000 employees. That assumes I pay no taxes, which is very hard. And that expects you pay no taxes on your dividends, which is kind of illegal.*** *And that assumes with zero R&D for the next 10-years, I can maintain the current revenue run rate.*

> ***Now, having done that, would any of you like to buy my stock at $64? Do you realize how ridiculous those underlying assumptions are?*** *You don?t need any transparency. You don?t need any footnotes.*
>
> *What were you thinking??*

Of course, much of this is *?forgotten history,?* as many investors today were either a) not alive in 1999 or b) still too young to invest. **However, for the newer generation of investors, the lack of *?experience?* provides no basis for the importance of *?valuations?* to future outcomes.**

That is something only learned through experience.

In Case You Missed It



Krugman's Delusion: The Difference Of Theory Versus Reality.

Written by Lance Roberts | Jul 30, 2021

In a recent interview with Business Insider, Paul Krugman's delusion was evident as the difference between economic theory and reality was on full display.

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GDP Eclipses Pre-Pandemic Level

On Thursday, CNBC ran the following headline:

MARKET INSIDER

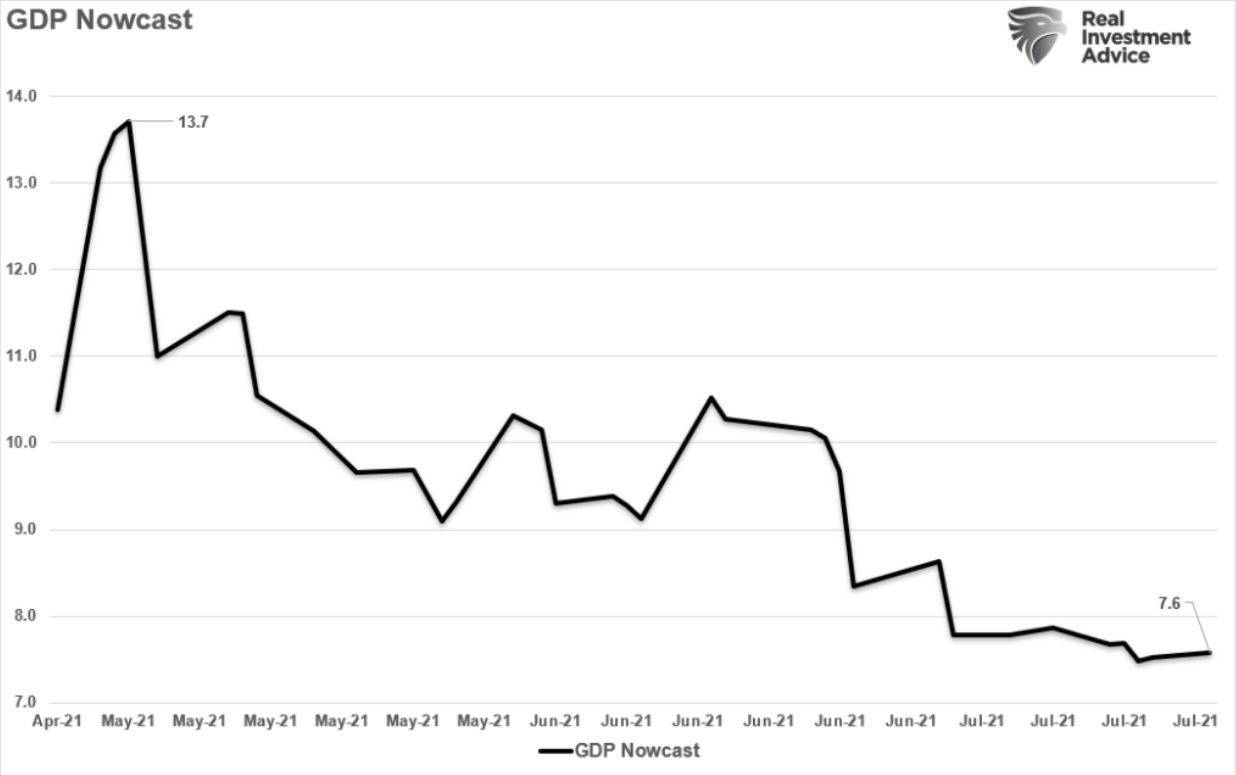
The U.S. economy is bigger than it was pre-pandemic, but Covid could still decide what happens next

To wit:

> *"The U.S. economy is now larger than it was before the pandemic, but its growth rate may have peaked this year at a much slower pace than expected." - Patti Dom, CNBC*

Patti is correct; economic growth just peaked.

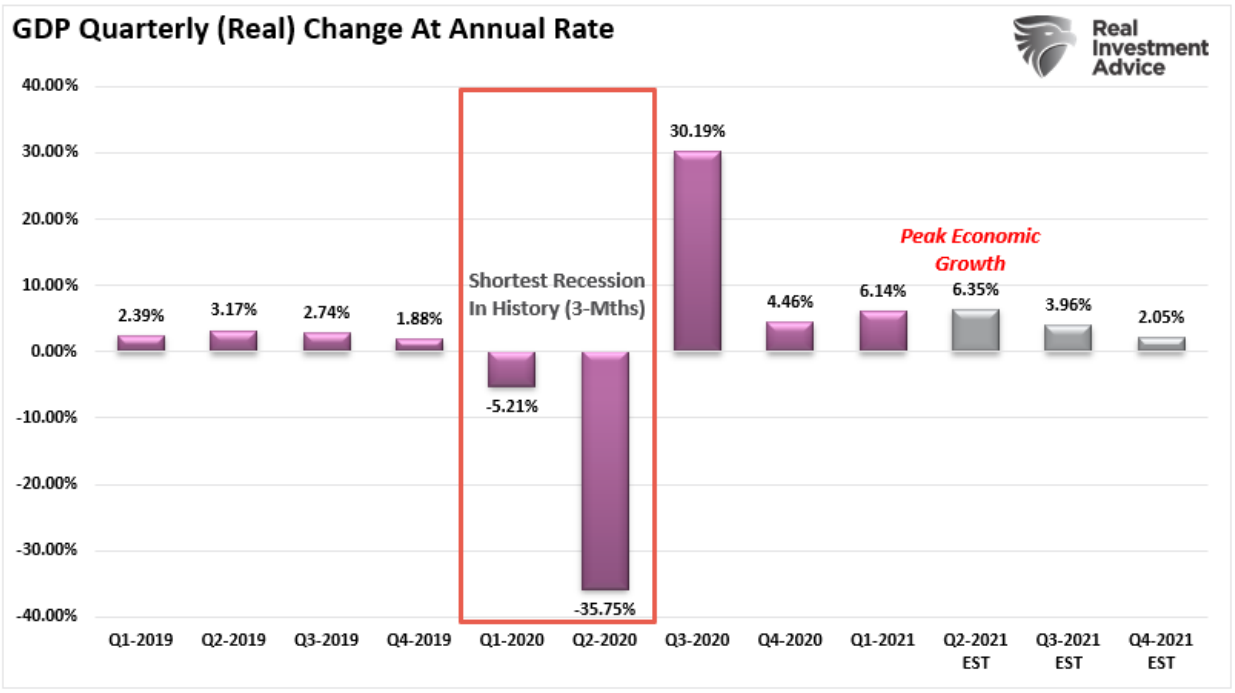
The problem with the 6.5% annualized rate is that it was more than 50% lower than the original estimates of 13.5%. More troubling was the report was even lower than the Atlanta Fed's much-reduced 7.6% estimate.



What was missed by the mainstream media are two very critical factors.

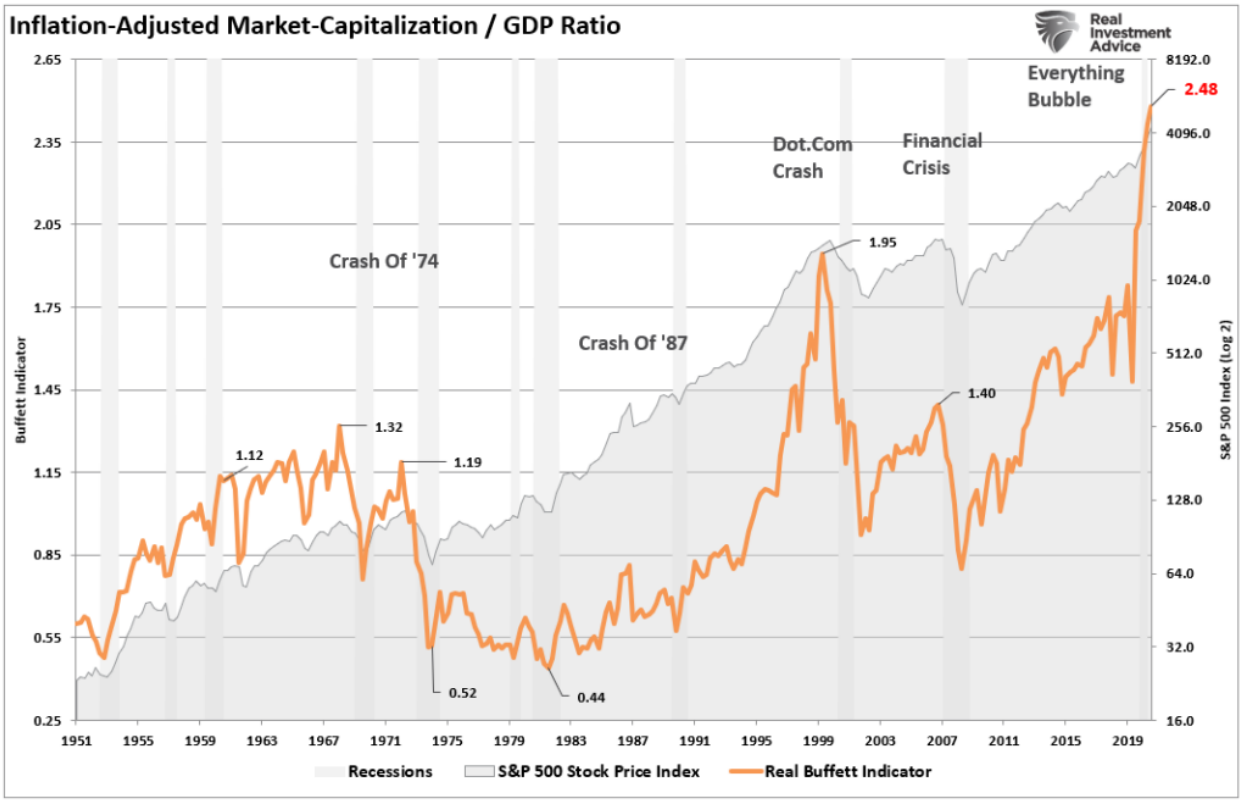
1. ***The sharp decline in expected GDP growth rates suggests that "deflationary" pressures are present; and,***
2. ***Given the relationship between economic growth and earnings, current estimates will be revised lower.***

Over the next two quarters and fully into 2022, economic growth rates will decline back to 2% or less.

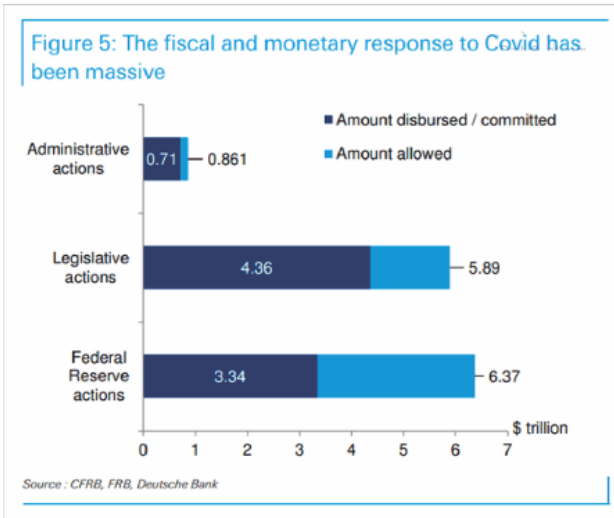


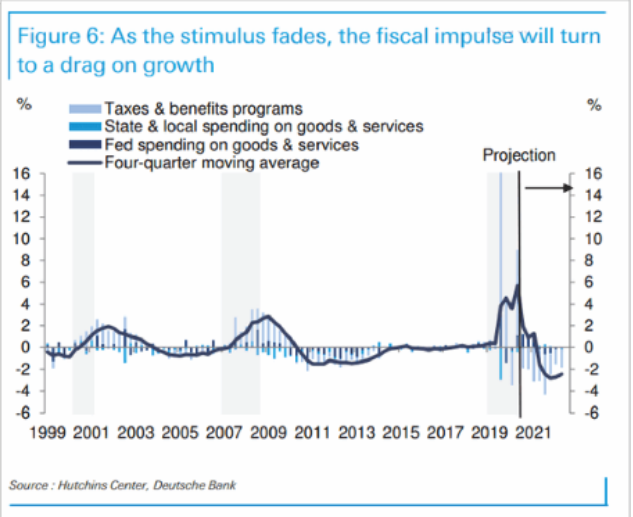
More importantly, the weaker than expected GDP report pushed the Market Capitalization / GDP ratio (inflation-adjusted) to a record high. But, again, given that revenues are a function of

consumption (70% of the GDP calculation), earnings growth will weaken by default.



Lastly, while the economy is indeed larger than pre-pandemic, such is of little consolation. **When you realize it took $8 Trillion in monetary stimulus (40% of the economy) to create $406 billion in growth from Q1-2020, it is a little underwhelming.**





Next year, the fiscal impulse will become a drag.

Such will make it much harder to justify current valuations in a much slower economic growth environment.

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Portfolio Update (Party On Garth)

For now, as noted above, the markets remain bullishly biased, and there seems little to derail that mentality currently. The weaker than expected economic growth rate gave the markets reassurance the Fed won't *"taper"* anytime soon.

In the meantime, we continue to maintain nearly full equity exposure in our portfolio models. **However, the one change we have been quietly making over the last two months is increasing the duration of our bond portfolios. Such is because the** recent peak in interest rates is more telling about the economy's outlook and markets than many would like to admit. (***See Why Bonds Aren't Overvalued.***)

While the markets are indeed in *"Party On Garth"* mode, the current extended, overbought, and bullish conditions provide the necessary backdrop for a short-term correction.

As discussed over the last couple of weeks, August and September tend to be weaker performance months. Therefore, with the bulk of earnings soon behind us, the focus will turn back to the economy and the Fed.

In the near term, the most significant risk for the market comes from the Federal Reserve at the Jackson Hole Summit this summer. If there is a change in their outlook to a more *"hawkish"* stance or more detailed *"taper"* discussions, the markets may react negatively.

Another immediate risk could be a failure to pass additional stimulus in Congress or a movement to *"lockdowns"* due to the virus.

In conclusion, it is simple enough to say *"I have no idea"* what could derail the markets. Such is why we analyze the risk each week and try to make prudent and informed decisions about portfolio exposures and risk management.

It's the best we can do for you and our clients.

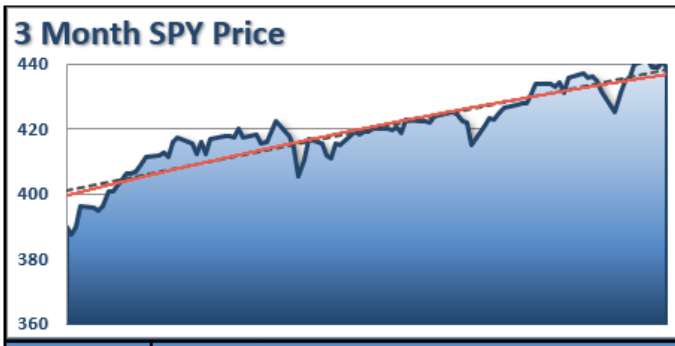
Have a great weekend.

By Lance Roberts, CIO

Market & Sector Analysis

Analysis & Stock Screens Exclusively For RIAPro Members

S&P 500 Tear Sheet



SPY RISK INFO	ZACKS	REAL INVESTMENT ADVICE		
Item	T 2-Yr	T 1-Yr.	YTD	% Diff YTD/T1-YR
Price Return	45.82%	35.36%	17.29%	(51.11%)
Max Drawdown	(35.63%)	(10.86%)	(5.65%)	(47.92%)
Sharpe	0.94	2.63	2.54	(0.03)
Sortino	0.98	3.34	3.52	0.05
Volatility	25.42	14.87	13.20	(0.11)
Daily VaR-5%	(14.95)	13.88	11.93	(0.14)
Mnthly VaR-5%	(3.22)	17.56	19.65	0.12

Item	2 years ago	1 year ago	Current	1 Yr % Change	5 Year High	5 year Low	% From High	% From Low
Dividend Yield	1.84%	1.72%	1.25%	(37.12%)	2.15%	1.27%	(41.69%)	(1.80%)
P/E Ratio	19.01	21.26	24.58	13.50%	2916%	1641%	(15.7%)	49.77%
P/S Ratio	3.80	3.92	5.42	27.64%	5.28	3.22	2.60%	68.26%
P/B Ratio	5.03	5.34	7.31	26.99%	6.97	4.17	4.80%	75.19%
ROE	21.69%	20.20%	22.81%	11.45%	22.81%	17.60%	0.00%	29.62%
ROA	4.24%	3.79%	4.08%	6.95%	4.32%	3.51%	(5.69%)	16.20%

S&P 500 Market Cap Analysis			
Item	12-M Ago	Current	% Chg
Shares	3,081.2	2,989.1	(2.99%)
Sales	71,193	71,206	0.02%
SPS	23.1	23.8	3.10%
Earnings	11,026	11,674	5.88%
EPS TTM	4.4	4.4	0.25%
Dividend	1.5	1.6	4.68%

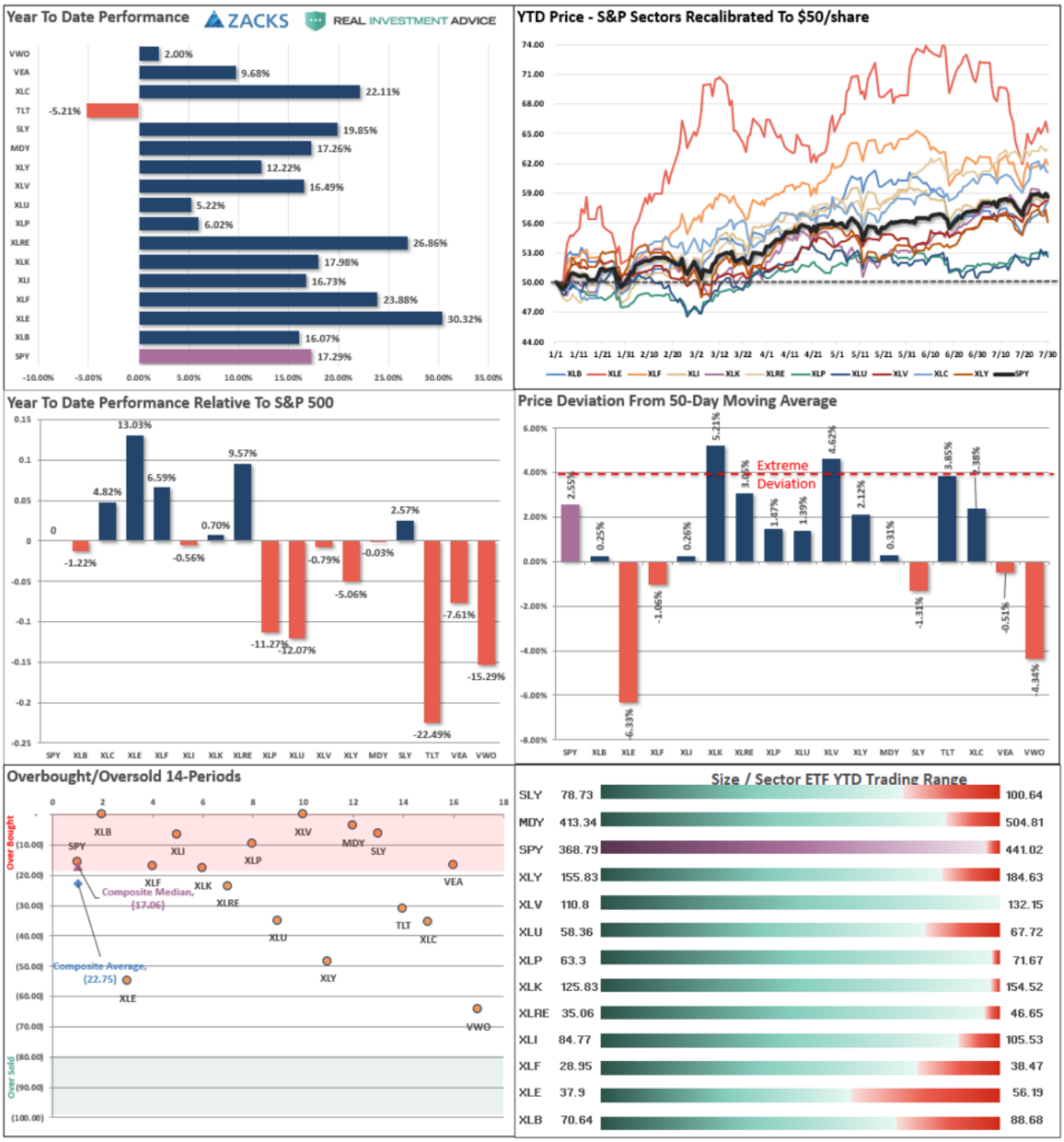
S&P 500 Asset Allocation

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	37.09%	2.57%	1.89	(289.68)	123.62	(302.30)	(334.3%)	(0.1%)	4.4%	-0.34%	2.97	16.88
Materials	40.22%	2.55%	1.20	26.13	27.13	14.16	(3.7%)	11.1%	1.8%	3.85%	5.15	17.34
Industrials	42.29%	8.35%	1.16	38.55	54.11	14.70	(28.8%)	5.5%	1.4%	1.88%	4.26	23.15
Discretionary	34.14%	12.28%	1.36	38.23	60.06	20.97	(36.3%)	24.5%	0.6%	1.80%	5.91	31.90
Staples	14.66%	5.76%	0.64	22.08	23.02	17.65	(4.1%)	29.7%	2.4%	4.29%	4.50	20.80
Health Care	23.32%	13.37%	0.77	20.31	19.42	15.25	4.6%	29.9%	1.5%	4.93%	7.93	17.00
Financials	51.06%	10.89%	1.32	13.59	18.48	10.52	(26.5%)	9.3%	1.7%	6.05%	6.59	14.27
Technology	43.80%	27.67%	1.08	31.80	32.80	16.65	(3.0%)	65.6%	0.8%	2.87%	5.75	27.33
Telecom	51.30%	11.38%	0.97	29.82	28.18	17.61	5.8%	16.4%	0.5%	3.36%	8.67	22.51
Utilities	8.18%	2.50%	0.41	20.42	22.09	16.35	(7.5%)	10.6%	3.2%	4.86%	3.49	18.42
Real Estate	29.22%	2.62%	0.95	26.74	24.86	17.12	7.5%	6.6%	2.4%	3.74%	4.52	23.23

Momentum Analysis

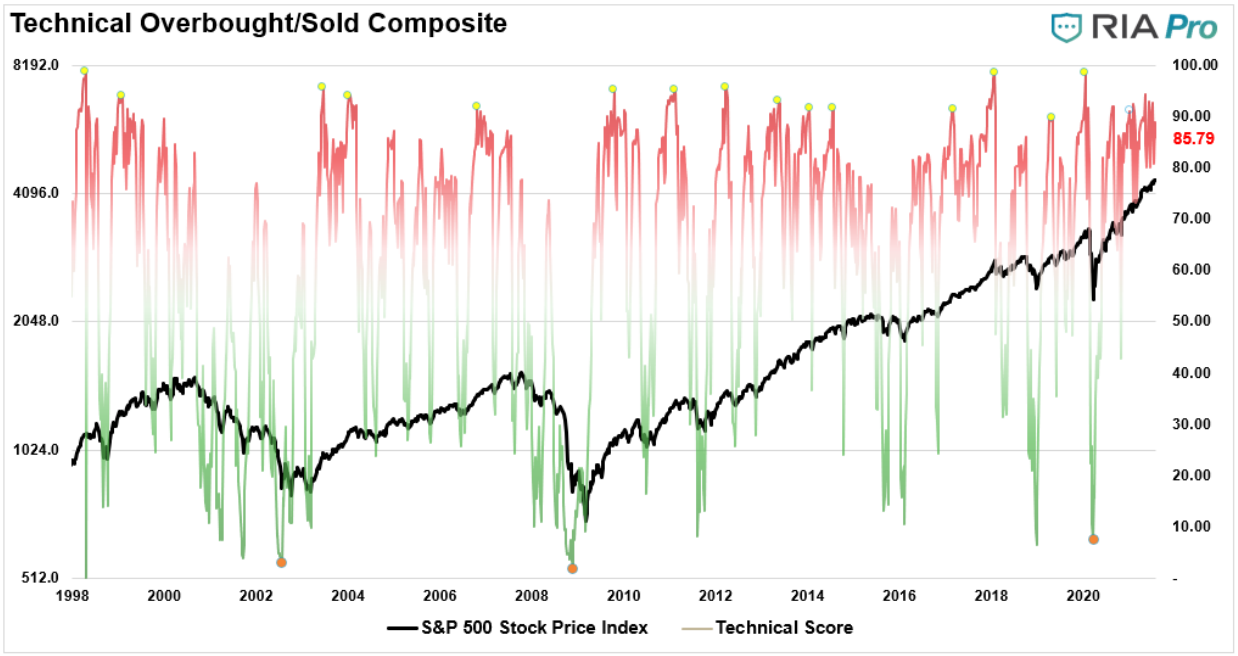
Item	Price	ROC 50-Days	50-DMA	# Days Since Cross	% Dev 50-Day	200-DMA	# Days Since Cross	% Dev 200-Day	% Dev 50-200 DMA	% From 52-W High	% From 52-W Low	Buy/Sell
Large Cap	438.51	5.68%	427.84	30	2.49%	394.75	275	11.08%	8.38%	(0.74%)	37.19%	Buy
Mid Cap	492.40	0.40%	490.91	2	0.30%	456.33	221	7.91%	7.58%	(3.00%)	53.03%	Buy
Small Cap	95.33	(0.36%)	96.62	30	(1.33%)	88.78	218	7.38%	8.83%	(5.56%)	64.65%	Buy

Performance Analysis



Technical Composite

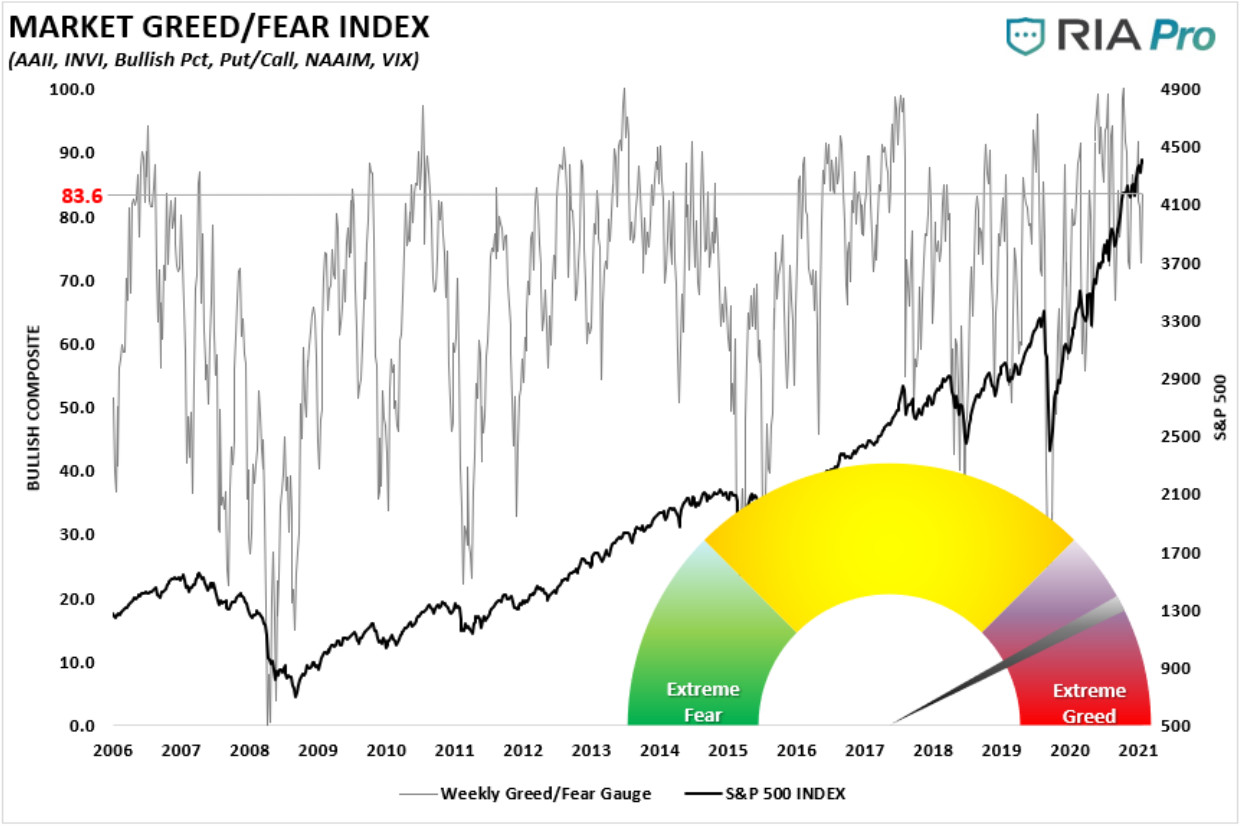
The technical overbought/sold gauge comprises several price indicators (RSI, Williams %R, etc.), measured using "weekly" closing price data. Readings above "80" are considered overbought, and below "20" are oversold. ***The current reading is 85.79 out of a possible 100.***



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.

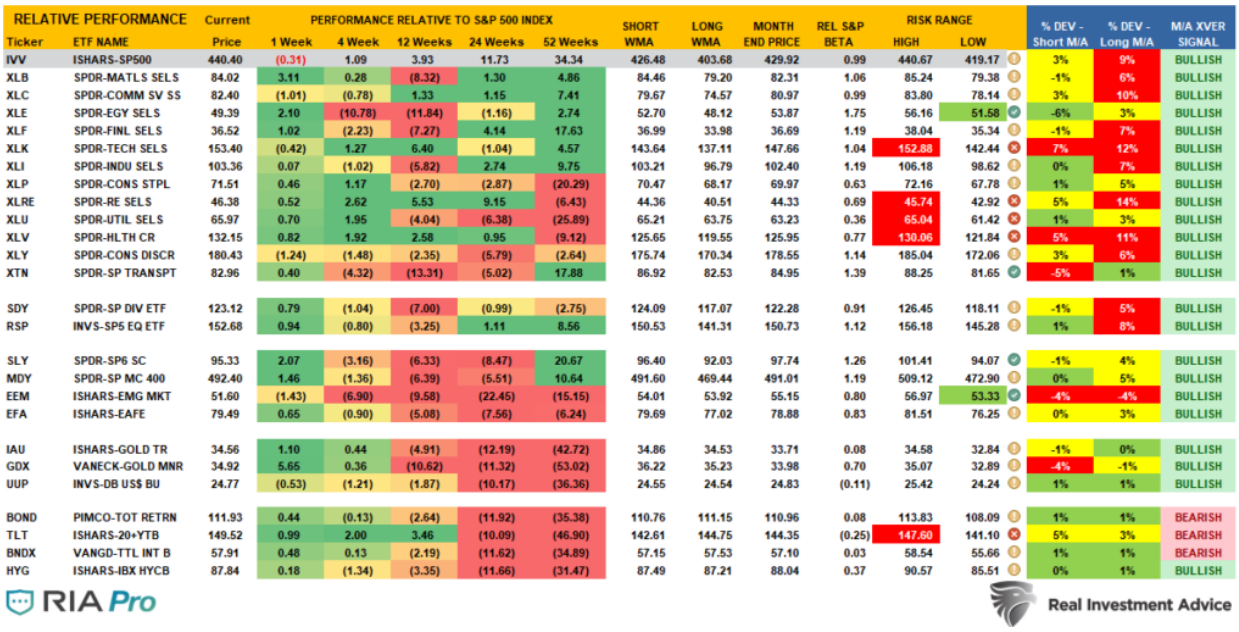
NOTE: The Fear/Greed Index measures risk from 0-100. It is a rarity that it reaches levels above 90. The *current reading is 83.58 out of a possible 100.*



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	440.40	(0.31)	1.09	3.93	11.73	34.34	426.48	403.68	429.92	0.99	440.67	419.17	3%	9%	BULLISH
XLB	SPDR-MATLS SELS	84.02	3.11	0.28	(8.32)	1.30	4.86	84.46	79.20	82.31	1.06	85.24	79.38	-1%	6%	BULLISH
XLC	SPDR-COMM SV SS	82.40	(1.01)	(0.78)	1.33	1.15	7.41	79.67	74.57	80.97	0.99	83.80	78.14	3%	10%	BULLISH
XLE	SPDR-EGY SELS	49.39	2.10	(10.78)	(11.84)	(1.16)	2.74	52.70	48.12	53.87	1.75	56.16	51.58	-6%	3%	BULLISH
XLF	SPDR-FINL SELS	36.52	1.02	(2.23)	(7.27)	4.14	17.63	36.99	33.98	36.69	1.19	38.04	35.34	-1%	7%	BULLISH
XLK	SPDR-TECH SELS	153.40	(0.42)	1.27	6.40	(1.04)	4.57	143.64	137.11	147.66	1.04	152.88	142.44	7%	12%	BULLISH
XLI	SPDR-INDU SELS	103.36	0.07	(1.02)	(5.82)	2.74	9.75	103.21	96.79	102.40	1.19	106.18	98.62	0%	7%	BULLISH
XLP	SPDR-CONS STPL	71.51	0.46	1.17	(2.70)	(2.87)	(20.29)	70.47	68.17	69.97	0.63	72.16	67.78	1%	5%	BULLISH
XLRE	SPDR-RE SELS	46.38	0.52	2.62	5.53	9.15	(6.43)	44.36	40.51	44.33	0.69	45.74	42.92	5%	14%	BULLISH
XLU	SPDR-UTIL SELS	65.97	0.70	1.95	(4.04)	(6.38)	(25.89)	65.21	63.75	63.23	0.36	65.04	61.42	1%	3%	BULLISH
XLV	SPDR-HLTH CR	132.15	0.82	1.92	2.58	0.95	(9.12)	125.65	119.55	125.95	0.77	130.06	121.84	5%	11%	BULLISH
XLY	SPDR-CONS DISCR	180.43	(1.24)	(1.48)	(2.35)	(5.79)	(2.64)	175.74	170.34	178.55	1.14	185.04	172.06	3%	6%	BULLISH
XTN	SPDR-SP TRANSPT	82.96	0.40	(4.32)	(13.31)	(5.02)	17.88	86.92	82.53	84.95	1.39	88.25	81.65	-5%	1%	BULLISH
SDY	SPDR-SP DIV ETF	123.12	0.79	(1.04)	(7.00)	(0.99)	(2.75)	124.09	117.07	122.28	0.91	126.45	118.11	-1%	5%	BULLISH
RSP	INVS-SP5 EQ ETF	152.68	0.94	(0.80)	(3.25)	1.11	8.56	150.53	141.31	150.73	1.12	156.18	145.28	1%	8%	BULLISH
SLY	SPDR-SP6 SC	95.33	2.07	(3.16)	(6.33)	(8.47)	20.67	96.40	92.03	97.74	1.26	101.41	94.07	-1%	4%	BULLISH
MDY	SPDR-SP MC 400	492.40	1.46	(1.36)	(6.39)	(5.51)	10.64	491.60	469.44	491.01	1.19	509.12	472.90	0%	5%	BULLISH
EEM	ISHARS-EMG MKT	51.60	(1.43)	(6.90)	(9.58)	(22.45)	(15.15)	54.01	53.92	55.15	0.80	56.97	53.33	-4%	-4%	BULLISH
EFA	ISHARS-EAFE	79.49	0.65	(0.90)	(5.08)	(7.56)	(6.24)	79.69	77.02	78.88	0.83	81.51	76.25	0%	3%	BULLISH
IAU	ISHARS-GOLD TR	34.56	1.10	0.44	(4.91)	(12.19)	(42.72)	34.86	34.53	33.71	0.08	34.58	32.84	-1%	0%	BULLISH
GDX	VANECK-GOLD MNR	34.92	5.65	0.36	(10.62)	(11.32)	(53.02)	36.22	35.23	33.98	0.70	35.07	32.89	-4%	-1%	BULLISH
UUP	INVS-DB US$ BU	24.77	(0.53)	(1.21)	(1.87)	(10.17)	(36.36)	24.55	24.54	24.83	(0.11)	25.42	24.24	1%	1%	BULLISH
BOND	PIMCO-TOT RETRN	111.93	0.44	(0.13)	(2.64)	(11.92)	(35.38)	110.76	111.15	110.96	0.08	113.83	108.09	1%	1%	BEARISH
TLT	ISHARS-20+YTB	149.52	0.99	2.00	3.46	(10.09)	(46.90)	142.61	144.75	144.35	(0.25)	147.60	141.10	5%	3%	BEARISH
BNDX	VANGD-TTL INT B	57.91	0.48	0.13	(2.19)	(11.62)	(34.89)	57.15	57.53	57.10	0.03	58.54	55.66	1%	1%	BEARISH
HYG	ISHARS-IBX HYCB	87.84	0.18	(1.34)	(3.35)	(11.66)	(31.47)	87.49	87.21	88.04	0.37	90.57	85.51	0%	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
DE	Deere & Co	353.56	20.15	9.08	1.02	24.37	9.00
DOV	Dover Corp	162.96	11.50	-0.94	1.22	23.21	9.00
KLAC	Kla Corp	315.57	14.03	17.32	1.14	24.56	9.00
LH	Laboratory Cp	283.19	10.56	8.02	0.00	9.34	9.00
PAYX	Paychex Inc	112.77	8.00	7.44	2.34	37.10	9.00
TGT	Target Corp	257.42	13.27	6.37	1.06	20.54	9.00
AMD	Adv Micro Dev	97.93	35.01	20.18	0.00	52.94	8.00
AVGO	Broadcom Inc	477.65	15.00	14.64	3.01	21.90	8.00
CDW	Cdw Corp	180.32	13.10	7.52	0.89	26.10	8.00
DHR	Danaher Corp	292.88	18.00	4.66	0.29	33.36	8.00
FTNT	Fortinet Inc	271.69	14.25	19.56	0.00	106.13	8.00
GPC	Genuine Parts	126.05	9.17	3.61	2.59	19.73	8.00
HCA	Hca Holdings	245.93	11.10	5.70	0.78	16.89	8.00
MSFT	Microsoft Corp	286.22	12.97	15.39	0.78	35.91	8.00
MXIM	Maxim Intg Pdts	97.45	10.00	0.41	0.00	30.65	8.00
NOC	Northrop Grummn	360.11	8.72	11.19	1.74	14.37	8.00
PYPL	Paypal Holdings	301.98	22.08	18.15	0.00	90.41	8.00
SNA	Snap-On Inc	220.29	9.54	1.46	2.23	15.32	8.00
TSCO	Tractor Supply	183.49	9.03	11.79	1.13	22.94	8.00
TXN	Texas Instrs	186.85	9.33	1.59	2.18	26.06	8.00
UHS	Univl Hlth Svcs	157.90	6.52	4.44	0.51	12.46	8.00
WMT	Walmart Inc	142.06	5.50	3.18	1.55	23.76	8.00
A	Agilent Tech	151.46	13.00	6.76	0.51	39.96	7.00
ACN	Accenture Plc	316.31	10.00	6.63	1.11	38.11	7.00
ADP	Automatic Data	206.88	12.00	5.43	1.80	34.37	7.00
AVY	Avery Dennison	209.99	7.00	3.71	1.30	23.78	7.00
CDNS	Cadence Design	144.59	11.68	9.66	0.00	56.04	7.00
CRL	Charles Rvr Lab	399.62	14.00	15.96	0.00	45.26	7.00
DG	Dollar General	230.06	11.31	10.53	0.73	21.17	7.00
IPG	Interpublic Grp	35.25	11.54	5.46	3.06	13.88	7.00
MMC	Marsh &Mclennan	144.79	12.57	7.49	1.48	25.18	7.00
NXPI	Nxp Semiconduct	198.58	10.00	-0.48	1.13	31.88	7.00
ORLY	O Reilly Auto	609.59	13.62	7.39	0.00	21.88	7.00
SPGI	S&P Global Inc	411.59	10.00	6.62	0.75	33.33	7.00
TRMB	Trimble Inc	84.12	10.00	8.49	0.00	40.44	7.00
WRB	Berkley (Wr) Cp	72.94	9.00	1.80	0.71	19.09	7.00
ADM	Archer Daniels	58.64	6.61	1.17	2.52	12.17	6.00
AMT	Amer Tower Corp	284.98	11.28	8.84	1.78	32.27	6.00
AZO	Autozone Inc	1608.60	11.41	5.29	0.00	17.69	6.00
CBRE	Cbre Group Inc	91.00	11.00	18.83	0.00	26.84	6.00
COST	Costco Whole Cp	422.22	9.13	9.52	0.75	40.95	6.00
CTLT	Catalent Inc	116.51	20.92	14.41	0.00	45.87	6.00
ISRG	Intuitive Surg	972.50	9.38	14.45	0.00	72.68	6.00
ODFL	Old Dominion Fl	259.03	21.94	8.38	0.31	35.34	6.00
RHI	Robt Half Intl	95.67	19.50	1.10	1.59	25.05	6.00
UNP	Union Pac Corp	216.56	10.00	-0.43	1.98	23.82	6.00
WEC	Wec Energy Grp	94.44	5.99	-0.19	2.87	23.79	6.00
ANTM	Anthem Inc	379.93	13.04	9.35	1.19	18.28	5.00
APD	Air Prods & Che	287.83	11.33	0.07	2.08	34.26	5.00
BRK.B	Berkshire Hth-B	278.10	7.00	2.60	0.00	28.44	5.00

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	16.13	0.87	12.77	8.93	8
BABB	Bab Inc	0.75	1.86	14.90	5.33	8
CAG	Conagra Brands	33.76	1.88	18.31	3.26	8
CMTV	Commnty Bcp Vt	18.75	1.30	13.02	4.69	8
FNCB	Fncb Bancorp	7.45	0.97	11.35	3.22	8
LOMA	Loma Negra Cia	7.99	1.57	21.10	3.18	8
NHTC	Natural Hlth Tr	7.04	1.23	31.03	11.36	8
NRIM	Northrim Bcp	41.01	1.10	10.38	3.61	8
UBCP	Utd Bancorp -Oh	13.00	1.13	10.37	4.46	8
ABR	Arbor Rlty Trst	18.03	1.52	11.16	7.54	7
AINV	Apollo Inv Cp	13.81	0.87	10.34	8.98	7
BSRR	Sierra Bancorp	24.63	1.09	10.70	3.41	7
CAC	Camden Ntl Corp	44.19	1.24	11.52	3.26	7
CATY	Cathay Genl Bcp	37.52	1.22	11.19	3.30	7
CIM	Chimera Invest	14.66	0.95	12.66	9.00	7
CRWS	Crown Crafts	7.44	1.77	13.77	4.30	7
DTE	Dte Energy Co	117.69	1.82	10.70	3.69	7
FFBC	First Fin Bc-Oh	22.59	0.97	10.08	4.07	7
FLIC	First Long Is	21.73	1.27	10.80	3.50	7
FNF	Fnf Group	44.96	1.58	15.72	3.20	7
FNLC	First Bancp Inc	29.34	1.41	11.92	4.36	7
GSBD	Goldman Sac Bdc	19.22	1.20	11.45	9.37	7
IBCP	Indep Bk Mich	20.83	1.18	12.20	4.03	7
MPB	Mid Penn Bancp	26.24	0.84	10.08	3.05	7
MTB	M&T Bank Corp	134.46	1.12	11.24	3.27	7
NMFC	New Mountn Fin	13.48	1.03	10.27	8.90	7
PFG	Principal Finl	62.47	1.04	11.94	3.91	7
PRK	Park National	112.95	1.73	12.16	3.65	7
TRTN	Triton Intl Ltd	50.47	1.57	12.89	4.52	7
UVE	Univl Insur Hld	13.47	0.92	18.50	4.75	7
WAYN	Wayne Svgs Bcsh	26.57	1.26	10.51	3.16	7
WBA	Walgreens Bai	47.11	1.80	19.73	3.97	7
WBS	Webster Finl Cp	48.16	1.37	10.90	3.32	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	353.56	20.15	9.08	1.02	24.37	9.00
KLAC	Kla Corp	315.57	14.03	17.32	1.14	24.56	9.00
TGT	Target Corp	257.42	13.27	6.37	1.06	20.54	9.00
AMD	Adv Micro Dev	97.93	35.01	20.18	-	52.94	8.00
PYPL	Paypal Holdings	301.98	22.08	18.15	-	90.41	8.00
DHR	Danaher Corp	292.88	18.00	4.66	0.29	33.36	8.00
AVGO	Broadcom Inc	477.65	15.00	14.64	3.01	21.90	8.00
FTNT	Fortinet Inc	271.69	14.25	19.56	-	106.13	8.00
CDW	Cdw Corp	180.32	13.10	7.52	0.89	26.10	8.00
MSFT	Microsoft Corp	286.22	12.97	15.39	0.78	35.91	8.00
CRL	Charles Rvr Lab	399.62	14.00	15.96	-	45.26	7.00
ORLY	O Reilly Auto	609.59	13.62	7.39	-	21.88	7.00
A	Agilent Tech	151.46	13.00	6.76	0.51	39.96	7.00
MMC	Marsh &Mclennan	144.79	12.57	7.49	1.48	25.18	7.00
ADP	Automatic Data	206.88	12.00	5.43	1.80	34.37	7.00
CDNS	Cadence Design	144.59	11.68	9.66	-	56.04	7.00
ODFL	Old Dominion Fl	259.03	21.94	8.38	0.31	35.34	6.00
CTLT	Catalent Inc	116.51	20.92	14.41	-	45.87	6.00
RHI	Robt Half Intl	95.67	19.50	1.10	1.59	25.05	6.00
KMX	Carmax Gp (Cc)	133.30	17.31	6.07	-	18.75	5.00
FLT	Fleetcor Tech	256.79	16.08	8.04	-	24.50	5.00
FFIV	F5 Networks Inc	202.98	14.38	4.30	-	28.71	5.00
URI	Utd Rentals Inc	325.89	13.44	12.17	-	17.57	5.00
ANTM	Anthem Inc	379.93	13.04	9.35	1.19	18.28	5.00
IEX	Idex Corp	219.62	12.00	3.45	0.98	37.29	5.00
FRC	First Rep Bk Sf	197.62	18.87	17.51	0.45	28.43	4.00
TDY	Teledyne Tech	456.07	18.29	9.54	-	34.26	4.00
FIS	Fidelity Nat In	148.71	18.20	8.17	1.05	27.09	4.00
RMD	Resmed Inc	266.03	13.88	12.13	0.59	50.10	4.00
CAT	Caterpillar Inc	211.44	12.00	3.88	2.10	28.73	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	112.77	8.00	7.44	2.34	4.16	9
FTNT	Fortinet Inc	271.69	14.25	19.56	-	6.96	8
MSFT	Microsoft Corp	286.22	12.97	15.39	0.78	2.61	8
PYPL	Paypal Holdings	301.98	22.08	18.15	-	3.90	8
RGLD	Royal Gold Inc	118.69	10.00	6.61	1.01	2.91	8
TSLA	Tesla Inc	646.98	35.04	48.28	-	7.07	8
TXN	Texas Instrs	186.85	9.33	1.59	2.18	2.54	8
WST	West Pharm Svc	384.01	25.79	8.70	0.18	2.08	8
CDNS	Cadence Design	144.59	11.68	9.66	-	4.92	7
MSCI	Msci Inc-A	591.84	#N/A	10.30	0.53	#N/A	7
SPGI	S&P Global Inc	411.59	10.00	6.62	0.75	3.22	7
STAA	Staar Surgical	127.50	#N/A	20.15	-	#N/A	7
AMT	Amer Tower Corp	284.98	11.28	8.84	1.78	2.75	6
CPRT	Copart Inc	145.60	#N/A	14.92	-	#N/A	6
CRM	Salesforce.Com	243.96	18.44	26.48	-	8.27	6
CTRE	Caretrust Reit	24.05	#N/A	14.47	4.41	#N/A	6
ISRG	Intuitive Surg	972.50	9.38	14.45	-	7.39	6
NOW	Servicenow Inc	583.35	27.83	34.39	-	17.39	6
REG	Regency Ctrs Cp	64.61	7.93	13.09	3.68	2.39	6
TECH	Bio-Techne Cp	476.76	21.00	11.07	0.27	3.37	6
EGP	Eastgroup Pptys	175.77	6.58	9.56	1.80	4.56	5
FFIN	First Fin Bk-Tx	48.75	#N/A	12.09	1.23	#N/A	5
ILMN	Illumina Inc	492.22	#N/A	9.81	-	#N/A	5
RGEN	Repligen	235.28	#N/A	37.06	-	#N/A	5
TYL	Tyler Tech Inc	495.67	#N/A	11.63	-	#N/A	5
VICR	Vicor Corp	110.27	#N/A	9.89	-	#N/A	5
DRE	Duke Realty Cp	51.02	6.87	3.34	2.00	4.40	4
GMED	Globus Medical	82.99	9.63	9.11	-	4.54	4
REXR	Rexford Ind Rty	60.97	9.31	27.74	1.57	4.27	4
RMD	Resmed Inc	266.03	13.88	12.13	0.59	3.22	4
TREX	Trex Company	95.10	#N/A	15.55	-	#N/A	4

Portfolio / Client Update

There isn't much to update this week, as there was no need to make any changes. However, we did add one equity position for earnings season in the technology space (NVDA). We also increased the duration of our bond holdings by adding to our TLT position in both models.

Currently, the markets are significantly overvalued, extended, and deviated from long-term means. However, the psychology of the market remains exceedingly bullish, which trumps "logic" at this juncture.

As such, our job remains to create the necessary performance to meet your retirement goals. However, we must also be responsible and responsive to the underlying risk that could derail those goals. It is a tricky balancing act, and we work extremely hard at achieving those goals every day.

There will be a point where markets will change. But be assured that when they do, we will do the same 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 *****

> *"We are continuing to increase the duration of our bond portfolio in increments when we get pullbacks to support on 10-year Treasury Rates.* ***This morning we added 1.5% to our position in TLT in both models, bringing it to 5%.*** *We reduced our position in SHY to 7.5% to make room for the additional exposure in the fixed income sleeve.*
>
> *We also initiated a 2% position in NVDA in the Equity Model. Both models are now around 50% equity exposure." - 07/29/21*

Equity Model

- *Initiate at 2% position in NVDA*
- *Add 1.5% of the portfolio into TLT*

ETF Model

- *Add 1.5% of the portfolio into TLT*

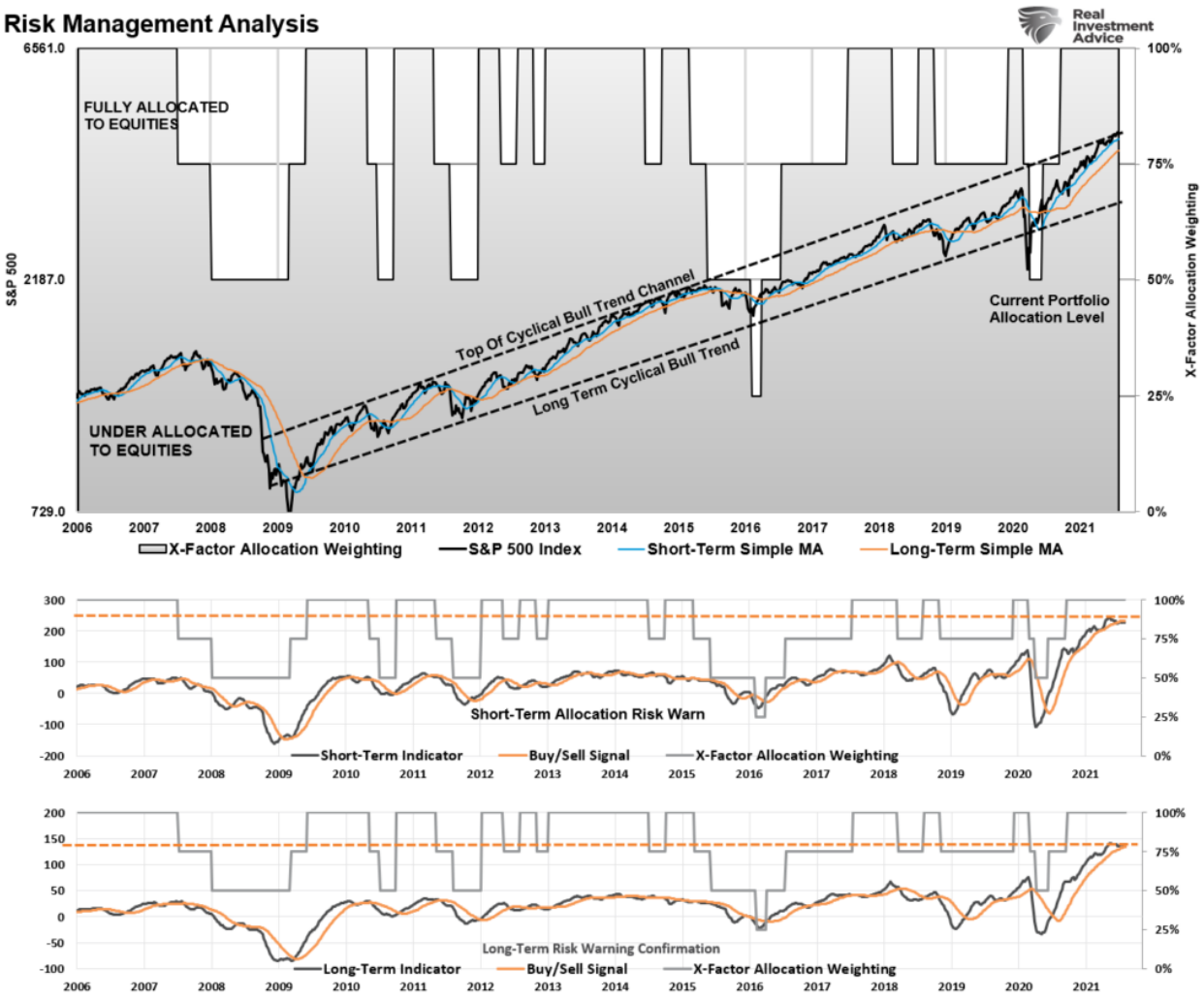
As always, our short-term concern remains the protection of your portfolio. Accordingly, we have shifted our focus from the election back to the economic recovery and where we go from here.

Lance Roberts, *CIO*

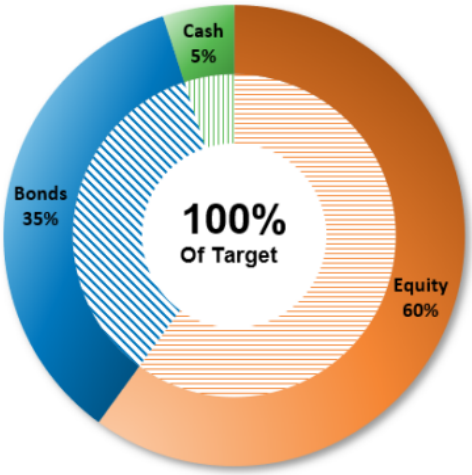
THE REAL 401k PLAN MANAGER

A Conservative Strategy For Long-Term Investors

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

After a brief tumble and retest of the 50-dma, the market surged to new highs. However, that was about it as over the past week markets made little progress before selling off on Friday. Importantly, the technical underpinnings remain weak as we move into the two weakest months of the year.

The GDP report came in much weaker than expected which is likely to start bringing down forward earnings estimates for companies. This is going to keep valuations very elevated, and make it more difficult to eak out further gains this year.

However, with that said, this is also not a time to be overly conservative with allocations. For now, keep exposures at full weights, but hold new contributions in cash for now. There likely is not a lot of upside here to warrant chasing markets, but if we continue to consolidate over the next month or so, we will have a better opportunity to deploy cash for a stronger year-end performance.

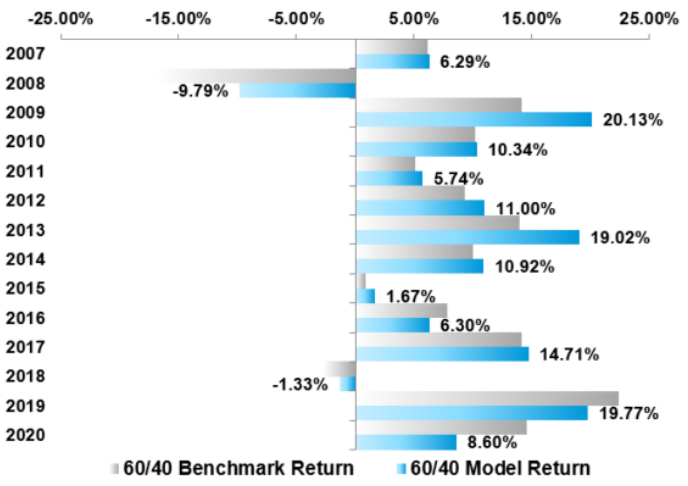
If you need help after reading the alert, do not hesitate to **contact me**.



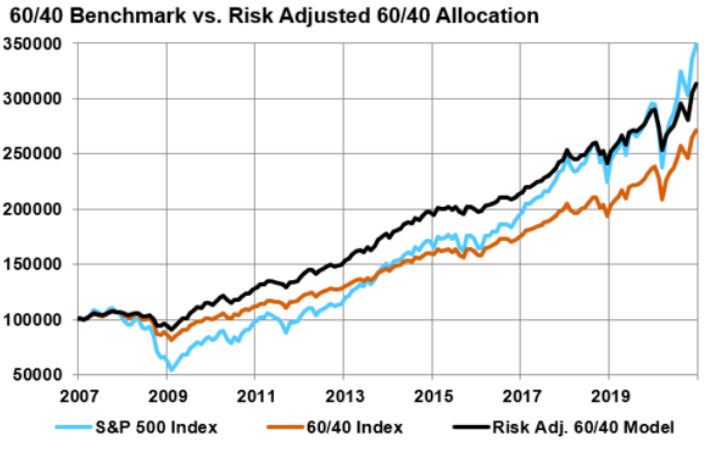
401k Model Performance Analysis

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.

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%
Beta Of Model vs Benchmark	0.87
Jensens Alpha	1.91%
Sharpe Ratio	0.29



Have a great week!