



In this 08-13-21 issue of "Bulls Charge Ahead On Hopes Fed Stands Pat."

- ***Market Rally Gains Steam***
- ***Market Internals Extraordinarily Weak***
- ***The Fed Gave Investors No Choice***
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- ***Sector & Market Analysis***
- ***401k Plan Manager***

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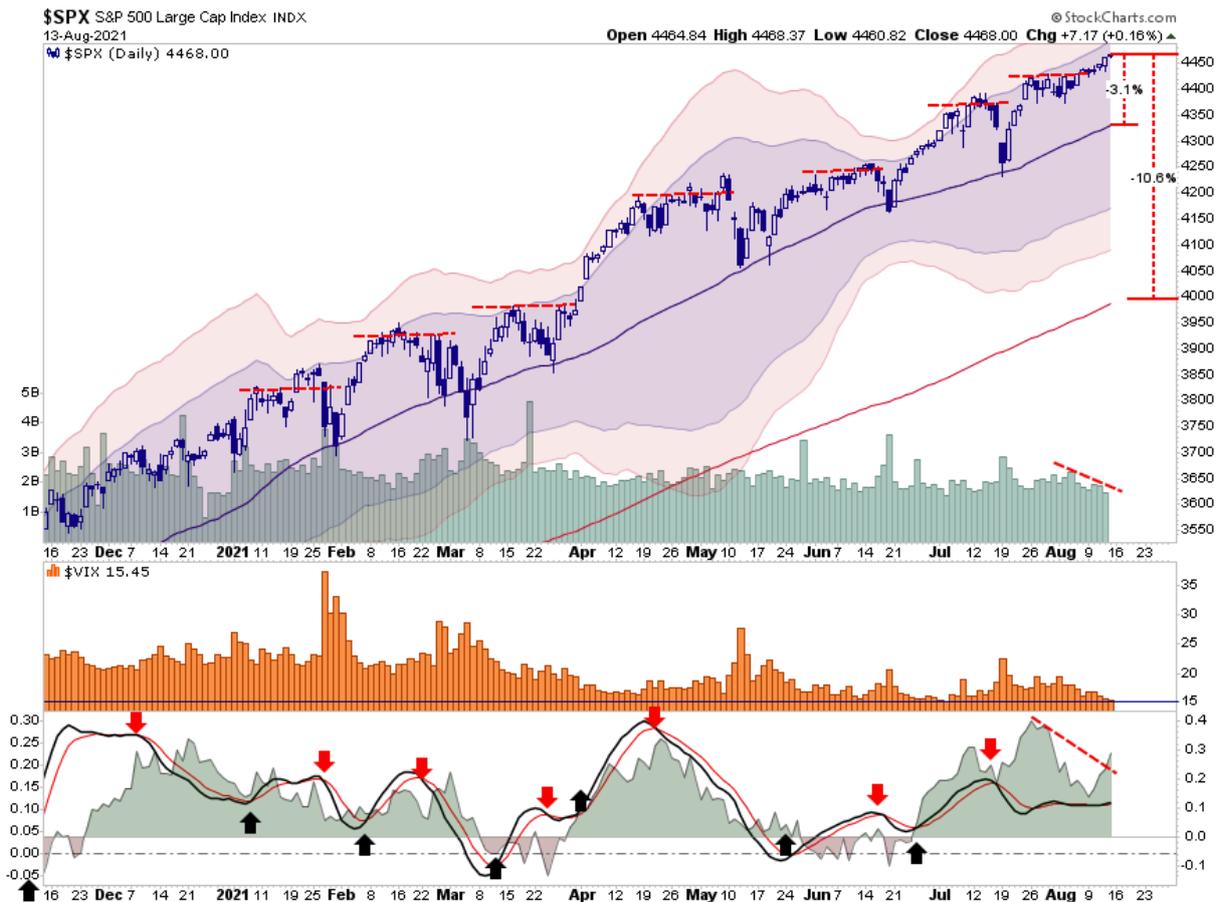
Market Rally Gains Steam

Last week, we discussed that further upside would be challenging with the market hitting new highs. As noted:

"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."

This week, such was again much the same. The market did register new highs but only by a small fraction. What is important to note is that these incremental gains are burning through buying power. Such leaves the markets increasingly vulnerable to a correction, given the proper catalyst.

However, for now, with volatility very compressed, there seems to be little to worry about. **Despite falling consumer confidence, strong inflation readings, and weaker economic growth, the "bulls" continue to push risk on expectation the "Fed has their back."**



With volatility currently at the lows of its recent range, a pick-up in volatility would not be surprising. Over the last 6-months, corrections remain range-bound to the 50-dma which is currently 3% lower than closing levels.

However, as noted last week, a retest of the 200-dma should not be dismissed which is roughly 11% lower. While such a decline is well within the norms of a correction in any given market year, the low levels of volatility will make it "feel" worse than it is.

While the data currently suggests risks are somewhat mitigated momentarily, such does not mean it should be ignored. It is this view that drives our current view on portfolio positioning which we discuss below.

A Note On Inflation

This past week we saw the latest CPI print, which showed a modest drop in the annual rate of change in the index. Notably, while inflation weakened slightly, it is still running well above the pre-covid trend and well above the Fed's inflation target of 2%.

As Michael Lebowitz noted for our [RIAPRO Subscribers \(Try Risk-Free For 30-Days\):](#)

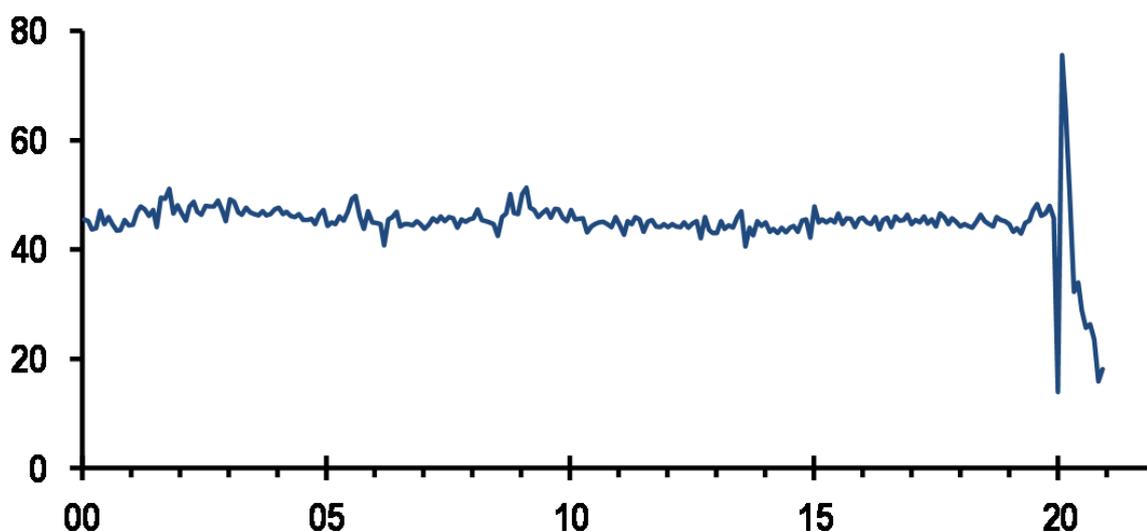
"The graphs and tables below, breaking down 153 of the components of inflation, provide a broader analysis of Wednesday's July CPI data as compared to June.

At the headline level, monthly CPI fell to 0.5% from 0.9%. The average price of the 153 goods comprising CPI fell from 0.63% to 0.42%. However, the median price rose by 0.20% to 0.50%. Further, in June nearly 70% of the goods saw percentage price increases less than the CPI rate. In July that number fell to just under 50%.

Also note, the average and median increases in the year-over-year changes rose significantly from June to July. **The headline CPI number is supportive of those in the transitory inflation camp, but the underlying data is not as clear.** Yesterday's PPI data provides further concern that inflation may not have peaked yet."

First benefits as a % of initial claims

%, sa



Source: DoL

Between inflation, pressure from Congress, and robust employment reports, the Fed is getting pushed towards tapering current monetary policy. With numerous Fed speakers eluding to needing to taper and raise rates sooner than expected, we suspect Powell could make comments as early as the end of the month.

The Fed's monetary accommodation continues as the primary market support. Therefore, it is worth noting a potential reversal.



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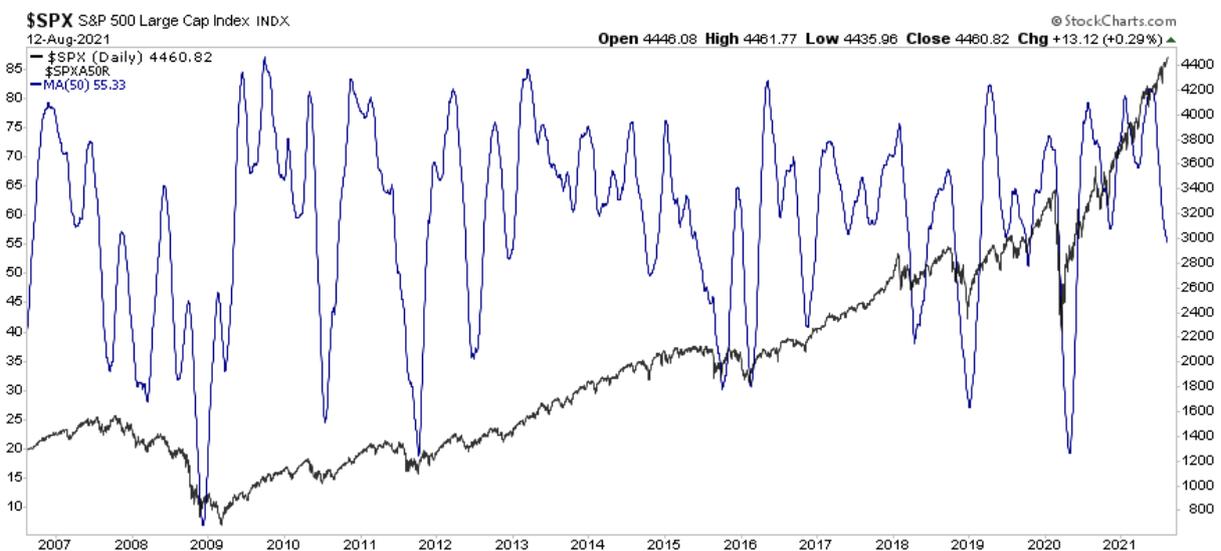
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Market Internals Continue To Deteriorate

As noted, the market rallied nicely to marginal new highs this past week, but market internals remains relatively weak. Moreover, money flows continue to slow.



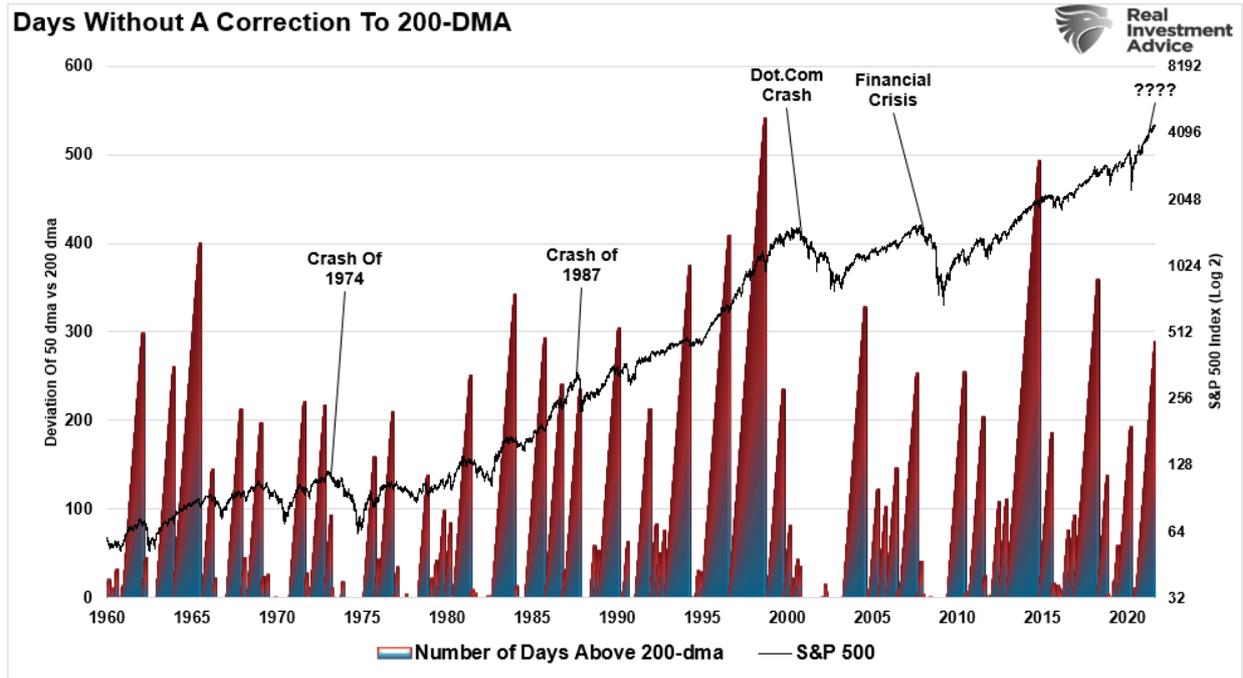
Notably, despite a market trading at all-time highs, the number of stocks trading above the 50-dma is feeble.



Furthermore, deviations from long-term moving averages continue to get more extreme. [As noted this past week](#), the deviation from the 200-dma poses a credible threat in terms of magnitude and duration.

'If the SPX stays above its 200-day, 2021 would mark the 14th year it did so since 1929.'

In other words, it is possible the S&P could remain above the 200-dma for the rest of the year. The visualization of such deviations suggests an elevated risk it won't.



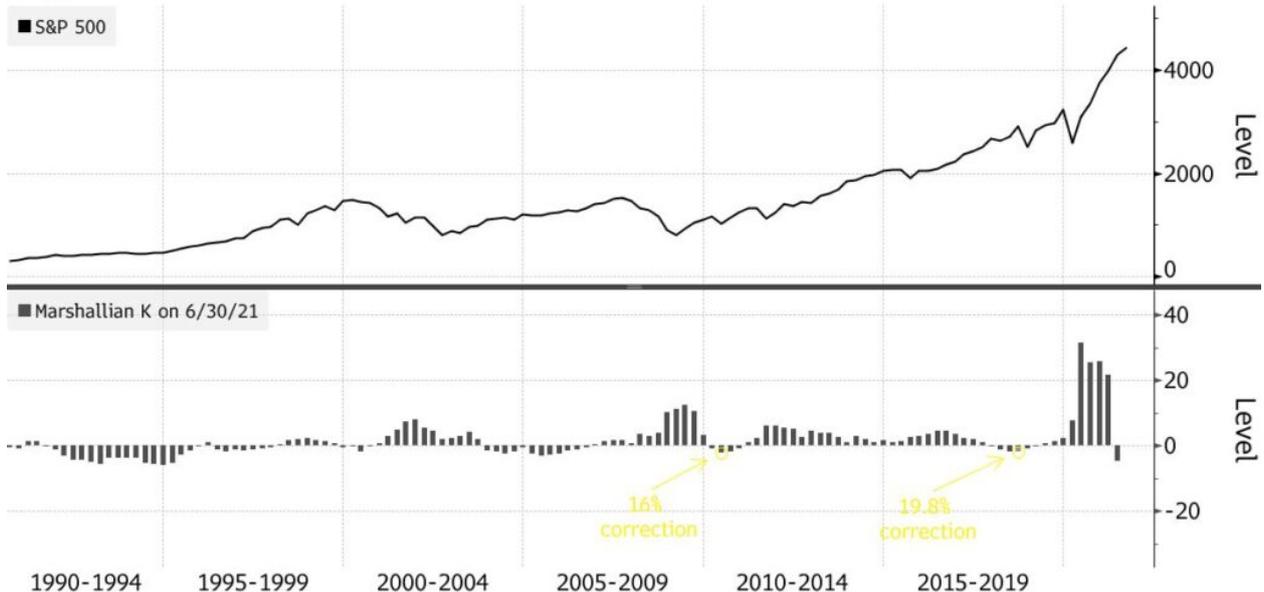
Furthermore, as noted by Bloomberg, liquidity is evaporating from the market even as investors continue to chase stocks higher. [To wit:](#)

"Put another way, the recovering economy is now drinking from a punch bowl that the stock market once had all to itself," Doug Ramsey, Leuthold Group's chief investment officer, wrote in a note last week.

How big a threat is this? While stocks kept rising during frequent negative Marshallian K readings in the 1990s, the pattern since the 2008 global financial crisis, a period when the central bank was in what Ramsey calls a 'perpetual crisis mode,' begs for caution."

Liquidity Alarm

Negative Marshallian K foreshadowed S&P 500 corrections in 2010 and 2018



Source: Leuthold, Bloomberg

Nonetheless, bullish sentiment remains robust, with investor allocations remaining at record highs. Moreover, the market seems to think all of these issues are only temporary anomalies.

But such is the result of more than a decade of monetary interventions that have left investors with very few choices.

In Case You Missed It



#MacroView: Confusing Market Crashes & Bear Markets. (Part-1)

Written by Lance Roberts | May 21, 2021

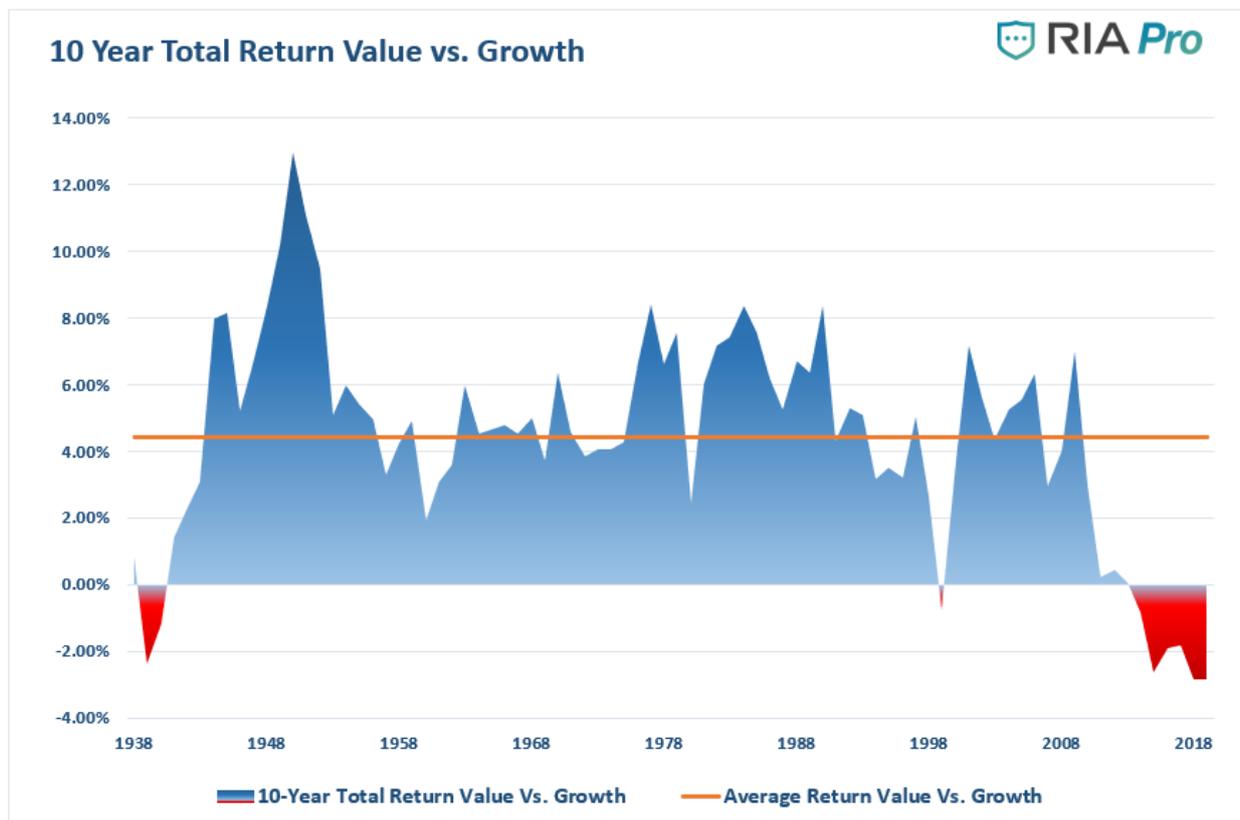
Over the long term, confusing market crashes and bear markets can be detrimental to investor outcomes. Yet, this is what Morningstar did recently in discussing the market correction in 2020.

[>> Read More](#)

The Fed Gave Investors No Choice

Over the last few years, there has been much ink spilled over the value versus growth trade. Such was a point even we discussed in ["Value & The Art Of Doing Nothing:"](#)

The graph below charts ten-year annualized total returns (dividends included) for value stocks versus growth stocks.

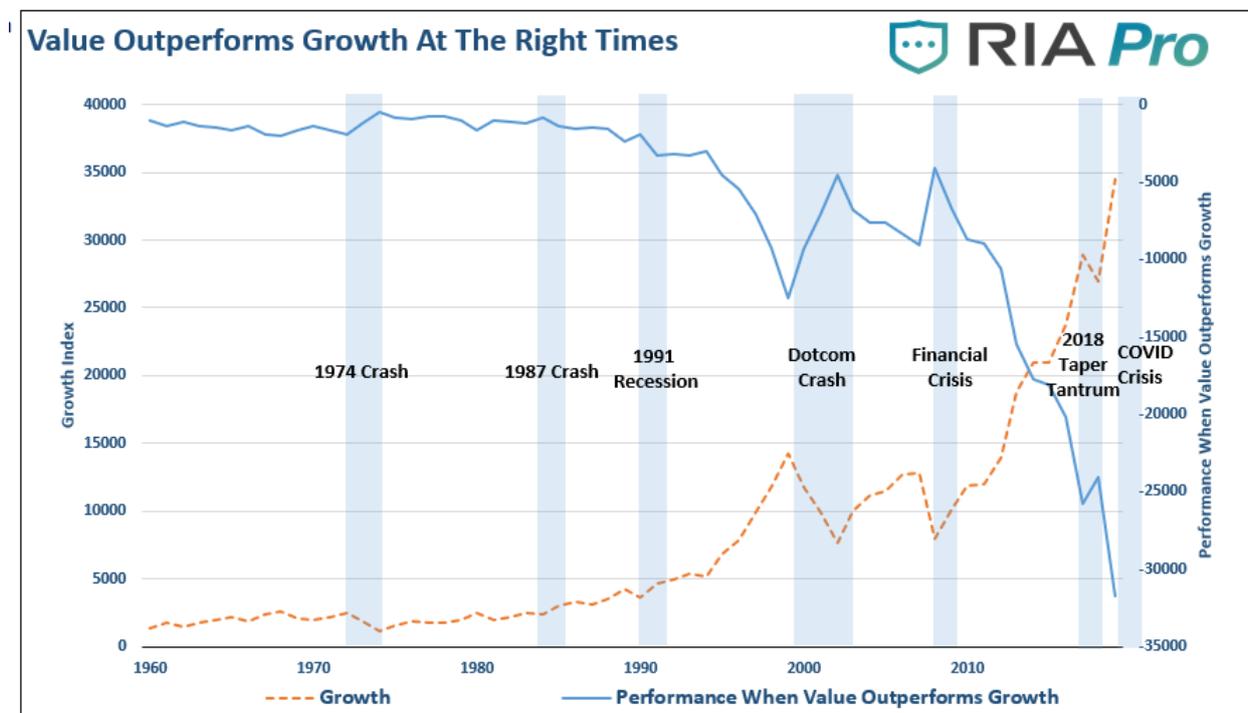


There are two critical takeaways from the graph above:

- **Over the last 90 years, value stocks have outperformed growth stocks by an average of 4.44% per year (orange line).**
- **There are just eight ten-year periods when value stocks underperformed growth stocks.**

First, of those eight periods, two occurred during the Great Depression, and one spanned the late 1990s preceding the "Dot.com" crash. Second, the other five are recent, representing the years 2014 through the present.

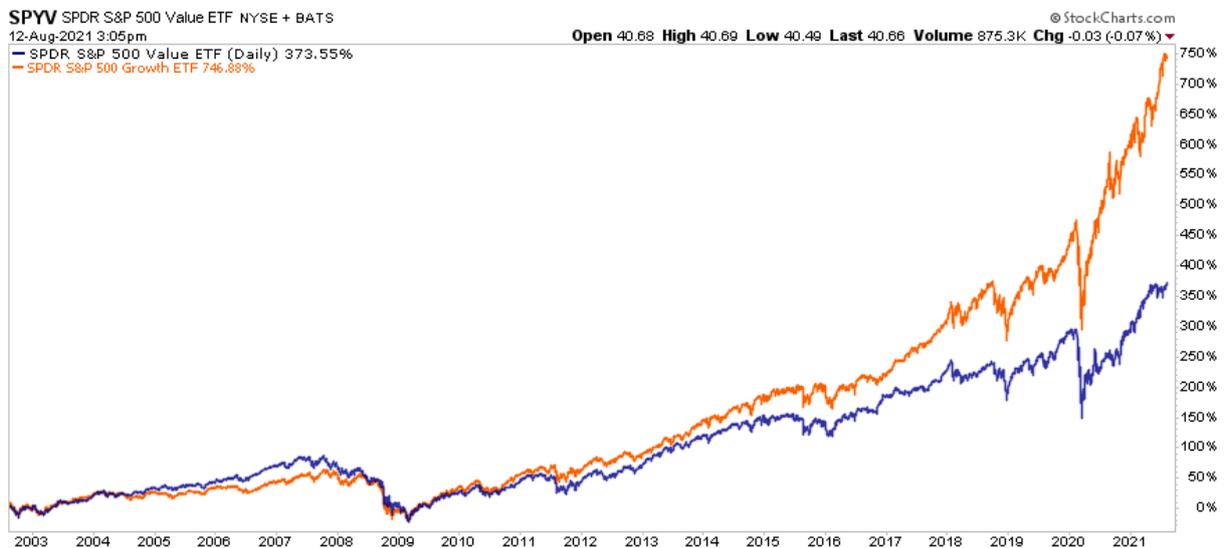
The chart shows the difference in the performance \$100 invested in a value vs growth index. **While value investing has always provided consistent returns, there are times when growth outperforms value.** The periods when value investing has the greatest outperformance, as noted by the blue shaded areas, are notable.



Kailash Concepts made an interesting observation this past week:

"Over the last few years, the debate over growth vs. value has become intense. The bifurcation around the various approaches to different methods of investing money in the stock market has become almost personal. **We believe some of this may be due to the pavement-scraping interest rates** offered by everything from money market accounts, municipal bonds and corporate bonds. **As the days of high yield savings accounts vanished, anything that has generated high returns over the short term is being hailed as genius regardless of merit.**"

They are correct. In the process of inflating another market bubble to kindle "[Animal Spirits,](#)" the Fed forced investors to take on tremendous risk.



It's A Lose-Lose Game

Investors are currently playing a *Lose-Lose* game.

- If they fail to chase *risk*, they suffer the loss of return, not to mention the psychological beating from the financial media, to adjust their savings for inflation.
- If they do chase risk, the odds are high that at some point, a reversion will occur that will take away a large chunk of their assets.

Such was the conclusion from the American Institute:

"The Federal Reserve has done more in the past 25 years than its founding legislators and early governors surely ever conceived it would. With that in mind, one wonders what the end game is, especially in light of two facts."

- Foremost, the inclination of monetary authorities is toward lower and lower thresholds for intervention.
- And second, that fiscal and monetary policies have a way of suddenly finding limits when the tax-paying everyman is on the receiving end.

"If there is a component of the growing disposition for risk inspired by the idea that the Fed will swoop in to save retail investors from failed ETFs, collapsed SPAC prices, a wave of microcap stock delistings, or any other consequence of their understandable but reluctant march up the risk curve, it is ill-advised. Any lasting solution is far more likely to come from markets themselves."

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Portfolio Update

For us, and our clients, this means generating portfolio returns without taking on excessive levels of risk. As noted last week:

"Not surprisingly, with earnings season in full swing, the markets maintained their bullish stance again this week. However, with that said, the upside remains limited, as we suggested previously.

With money flows continuing to weaken and technical indicators setting up to produce sell signals, we reduced exposure a bit more this week by increasing cash and reducing our financial holdings. With interest rates falling and yield curves flattening, there will be impacts to the earnings for major money center banks in the future.



For now, "doing nothing" has been a winning strategy.

However, the longer this "low volatility" regime lasts, the greater the risk of a sudden decline becomes. Such is just the way the market works and why we continue to hedge risk accordingly.

A Lack Of Options

As noted, our portfolios are long-biased, meaning we have more equity risk in our allocation than fixed income and cash. Given the market's current structure, we only have three choices in how we manage our client portfolios currently:

1. **Do Nothing** ? if the markets correct, we lose some of our gains and have to wait for the portfolio to recover.
2. **Take Profits** ? as we did recently with extremely overvalued assets. Taking profits, raising cash, and reducing equity exposure in advance of a correction is always prudent. Such actions mitigate the damage of the decline. Then we can repurchase positions, add new ones, or resize portfolio holdings in the future.
3. **Hedge** ? adding a position to the portfolio that is the *inverse* of the market. (*the position goes up in value as the market declines.*) Such allows us to keep existing positions intact. By *shorting against the portfolio,* we effectively reduce our equity risk (*and related capital destruction*) during a market correction.

Currently, there is a "lack of options," as #2 remains the optimal strategy. The ultra-low volatility environment, and a persistent bid under stocks, keep shorting a suboptimal strategy. Doing nothing leaves us too exposed to an unexpected "volatility shock" in the market.

As such, our choice remains to reduce capital risk opportunistically. We realize that we give up some performance in the short term but can potentially add incremental *alpha* if a correction occurs.

In our view, we have a choice to either manage risk or ignore it.

The only problem with "ignoring risk" is that such has a long history of not working out well.

Have a great weekend.

By Lance Roberts, CIO

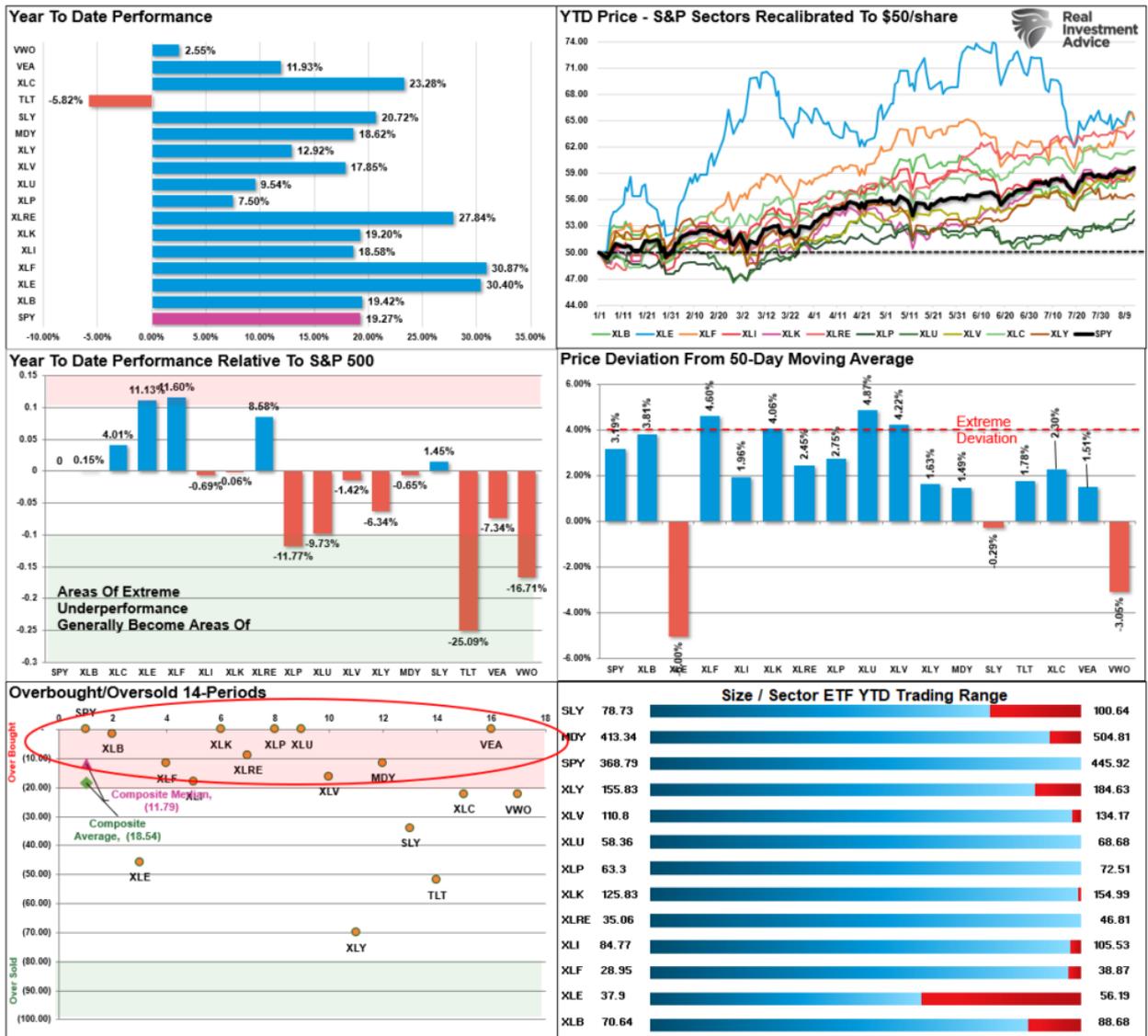
Market & Sector Analysis

Analysis & Stock Screens Exclusively For RIAPro Members

S&P 500 Tear Sheet

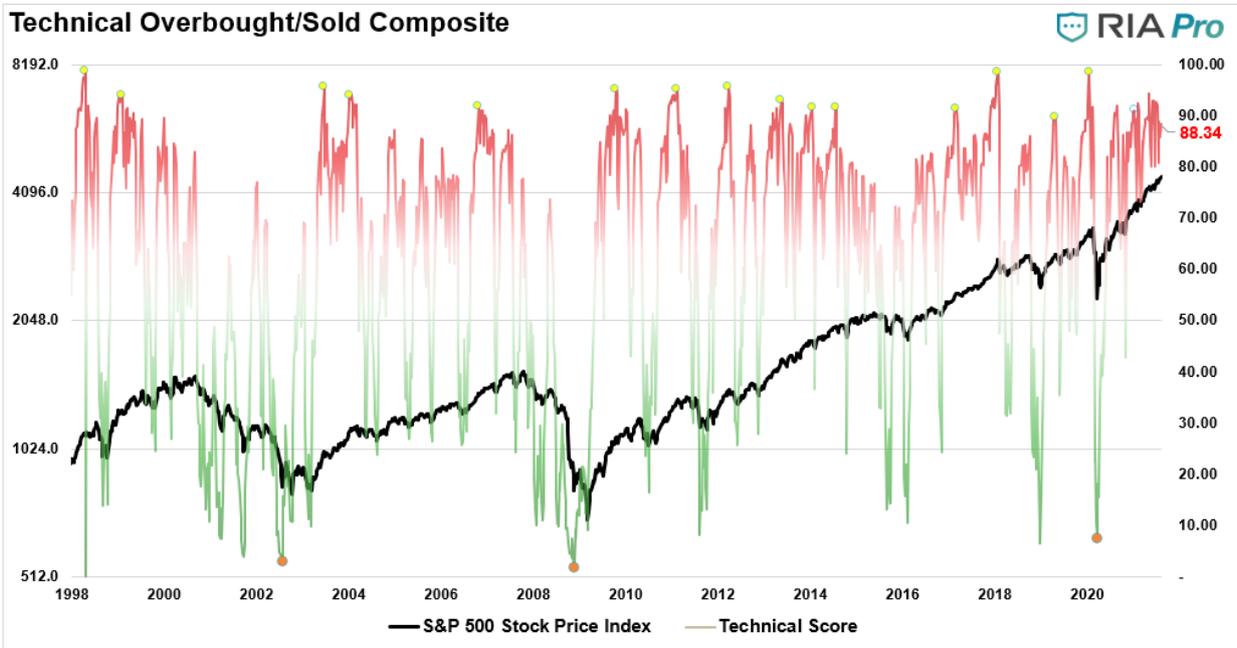
3 Month SPY Price										SPY RISK INFO				
										Item	T 2-Yr	T 1-Yr.	YTD	% Diff YTD/T1-YR
										Price Return	52.43%	32.39%	19.27%	(40.51%)
										Max Drawdown	(35.63%)	(10.86%)	(5.65%)	(47.92%)
										Sharpe	1.11	2.40	2.71	0.13
										Sortino	1.09	3.09	3.70	0.20
										Volatility	25.22	14.78	12.87	(0.13)
										Daily VaR-5%	(11.83)	11.22	13.73	0.22
										Mnthly VaR-5%	(2.05)	20.36	20.89	0.03
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	1.81%	1.62%	1.24%	(31.07%)	2.15%	1.24%	(42.36%)	(0.37%)	Shares	2,881.5	2,855.6	(0.90%)		
P/E Ratio	18.35	24.27	25.29	4.05%	2734%	1606%	(7.5%)	57.52%	Sales	68,869	74,354	7.97%		
P/S Ratio	3.78	4.05	5.16	21.62%	5.08	3.15	1.69%	64.05%	SPS	23.9	26.0	8.94%		
P/B Ratio	4.99	5.42	7.26	25.27%	6.96	4.17	4.32%	73.86%	Earnings	10,519	13,715	30.38%		
ROE	21.97%	20.40%	26.56%	23.21%	26.56%	17.67%	0.00%	50.33%	EPS TTM	4.1	5.3	29.14%		
ROA	4.31%	3.86%	4.68%	17.51%	4.68%	3.51%	0.00%	33.12%	Dividend	1.6	1.6	4.67%		
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	31.32%	2.55%	1.89	40.81	123.62	(302.30)	(67.0%)	4.3%	4.4%	-0.34%	3.31	13.86		
Materials	38.89%	2.63%	1.19	20.62	27.12	14.16	(24.0%)	14.5%	1.8%	3.72%	5.34	17.04		
Industrials	34.86%	8.48%	1.19	38.07	54.11	14.74	(29.6%)	13.0%	1.3%	2.58%	5.76	22.51		
Discretionary	28.47%	11.97%	1.36	40.92	60.06	20.97	(31.9%)	30.8%	0.6%	2.59%	6.14	30.90		
Staples	14.02%	5.79%	0.65	22.52	23.01	17.65	(2.1%)	30.8%	2.4%	4.48%	4.52	21.12		
Health Care	24.10%	13.24%	0.77	19.39	19.42	15.25	(0.2%)	32.9%	1.5%	4.88%	8.03	17.71		
Financials	52.77%	11.47%	1.31	14.22	18.48	10.52	(23.1%)	11.6%	1.6%	6.91%	6.78	13.82		
Technology	37.14%	27.45%	1.07	32.03	32.80	16.65	(2.3%)	72.4%	0.8%	3.13%	5.91	27.63		
Telecom	49.37%	11.21%	0.97	26.21	28.18	17.61	(7.0%)	17.9%	0.5%	3.31%	9.11	22.39		
Utilities	12.23%	2.53%	0.42	20.97	22.09	16.35	(5.1%)	10.6%	3.0%	4.74%	3.45	19.32		
Real Estate	31.97%	2.60%	0.95	25.18	24.86	17.12	1.3%	8.1%	2.4%	3.73%	4.56	24.04		
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	445.92	5.52%	432.33	40	3.14%	400.01	275	11.48%	8.08%	(0.00%)	39.44%	Buy		
Mid Cap	498.11	0.03%	490.66	7	1.52%	463.21	231	7.53%	5.93%	(1.88%)	54.80%	Buy		
Small Cap	96.02	(2.54%)	96.25	4	(0.24%)	90.36	228	6.27%	6.53%	(4.87%)	65.84%	Buy		

Performance Analysis



Technical Composite

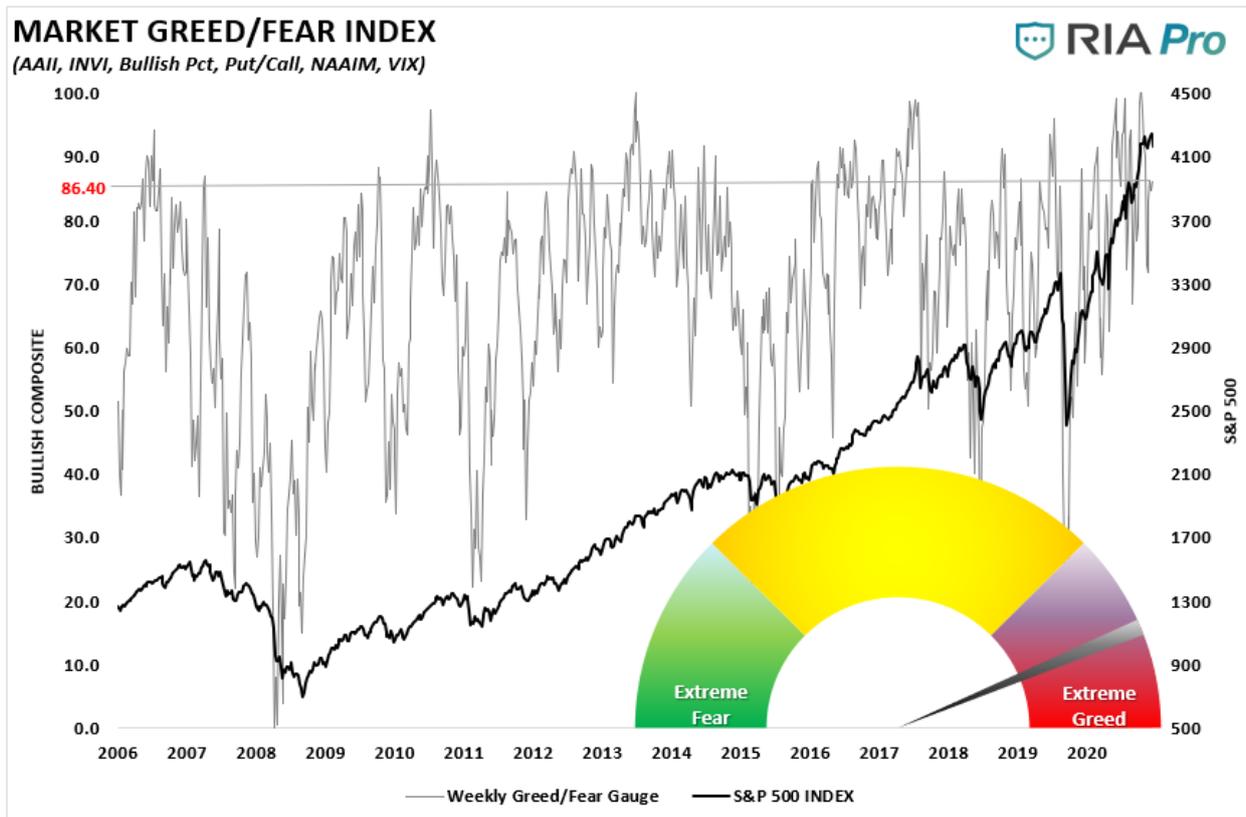
The technical overbought/sold gauge comprises several price indicators (RSI, Williams %R, etc.), measured using "weekly" closing price data. Readings above "80" are considered overbought, and below "20" are oversold. **The current reading is 88.34 out of a possible 100.**



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 85.86 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. **(Ranges reset on the 1st of each month)**
- 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	447.85	0.77	3.37	7.51	17.31	32.43	430.63	408.09	440.40	0.99	451.41	429.39	4%	10%	BULLISH
XLB	SPDR-MATLS SELS	86.45	1.97	3.24	(7.69)	0.23	6.61	84.14	79.98	84.02	1.05	87.00	81.04	3%	8%	BULLISH
XLC	SPDR-COMM SV SS	83.19	(0.32)	(0.48)	0.73	(1.07)	6.62	80.56	75.49	82.40	0.99	85.28	79.52	3%	10%	BULLISH
XLE	SPDR-EGY SELS	49.42	(0.95)	(1.84)	(12.76)	(14.87)	(3.02)	52.24	48.66	49.39	1.76	51.49	47.29	-5%	2%	BULLISH
XLF	SPDR-FINL SELS	38.58	1.13	3.45	(4.85)	2.10	20.79	37.07	34.52	36.52	1.19	37.87	35.17	4%	12%	BULLISH
XLK	SPDR-TECH SELS	154.99	(0.69)	(0.24)	6.30	1.28	3.67	146.42	138.75	153.40	1.03	158.82	147.98	6%	12%	BULLISH
XLJ	SPDR-INDU SELS	105.00	0.64	(0.33)	(5.60)	(1.43)	3.01	103.22	97.68	103.36	1.19	107.17	99.55	2%	7%	BULLISH
XLP	SPDR-CONS STPL	72.51	1.44	(1.30)	(5.41)	(2.76)	(19.41)	70.64	68.40	71.51	0.63	73.75	69.27	3%	6%	BULLISH
XLRE	SPDR-RE SELS	46.74	(0.75)	(2.26)	2.89	7.87	(2.09)	45.06	41.10	46.38	0.69	47.86	44.90	4%	14%	BULLISH
XLU	SPDR-UTIL SELS	68.68	1.05	0.27	(3.70)	0.37	(18.68)	65.46	64.04	65.97	0.36	67.98	64.08	5%	7%	BULLISH
XLV	SPDR-HLTH CR	133.69	(0.21)	0.58	(0.00)	1.41	(7.25)	127.19	120.78	132.15	0.77	136.47	127.83	5%	11%	BULLISH
XLY	SPDR-CONS DISCR	181.56	(0.47)	(1.37)	0.21	(4.64)	(5.98)	176.96	171.72	180.43	1.13	186.99	173.87	3%	6%	BULLISH
XTN	SPDR-SP TRANSP	85.88	1.31	2.60	(11.25)	(11.87)	12.92	86.03	83.24	82.96	1.38	86.18	79.74	0%	3%	BULLISH
SDY	SPDR-SP DIV ETF	125.52	0.75	(0.56)	(7.11)	(4.02)	(3.90)	123.82	118.09	123.12	0.91	127.32	118.92	1%	6%	BULLISH
RSP	INVS-SP5 EQ ETF	155.32	0.05	0.66	(3.51)	(1.57)	7.53	151.25	142.94	152.68	1.12	158.20	147.16	3%	9%	BULLISH
SLY	SPDR-SP6 SC	96.02	(1.24)	0.73	(7.14)	(11.90)	14.71	96.42	93.06	95.33	1.25	98.91	91.75	0%	3%	BULLISH
MDY	SPDR-SP MC 400	498.11	(0.24)	1.14	(5.94)	(7.80)	7.70	491.49	474.28	492.40	1.19	510.55	474.25	1%	5%	BULLISH
EEM	ISHARS-EMG MKT	51.73	(1.18)	(6.84)	(10.16)	(21.03)	(15.50)	53.81	54.01	51.60	0.79	53.30	49.90	-4%	-4%	BEARISH
EFA	ISHARS-EAFE	81.42	0.61	0.59	(5.77)	(7.30)	(6.78)	79.93	77.50	79.49	0.83	82.14	76.84	2%	5%	BULLISH
IAU	ISHARS-GOLD TR	33.87	0.27	(5.13)	(13.00)	(14.30)	(41.13)	34.73	34.44	34.56	0.08	35.45	33.67	-2%	-2%	BULLISH
GDX	VANECK-GOLD MNR	32.82	(2.04)	(6.61)	(23.97)	(11.88)	(51.09)	35.71	35.09	34.92	0.69	36.03	33.81	-8%	-6%	BULLISH
UUP	INVS-DB US\$ BU	24.86	(1.05)	(3.65)	(4.86)	(15.92)	(33.70)	24.63	24.57	24.77	(0.11)	25.36	24.18	1%	1%	BULLISH
BOND	PIMCO-TOT RETRN	111.50	(0.83)	(3.42)	(6.26)	(16.96)	(33.16)	110.98	111.08	111.93	0.08	114.82	109.04	0%	0%	BEARISH
TLT	ISHARS-20+YTB	148.55	(0.25)	(3.14)	0.40	(13.51)	(41.39)	144.23	144.23	149.52	(0.25)	152.89	146.15	3%	3%	BULLISH
BNDX	VANGD-TTL INT B	57.94	(0.63)	(2.81)	(5.37)	(15.96)	(32.17)	57.31	57.49	57.91	0.03	59.38	56.44	1%	1%	BEARISH
HYG	ISHARS-IBX HYCB	87.46	(0.68)	(3.60)	(7.10)	(16.13)	(28.41)	87.52	87.24	87.84	0.37	90.36	85.32	0%	0%	BULLISH



Weekly Stock Screens

Currently, there are four different stock screens for you to review. The first is S&P 500 based companies with a "Growth" focus, the second is a "Value" screen on the entire universe of stocks, and the last are stocks that are "Technically" strong and breaking above their respective 50-dma.

We have provided the yield of each security and a Piotroski Score ranking to help you find fundamentally strong companies on each screen. [\(For more on the Piotroski Score - read this report.\)](#)

S&P 500 Growth Screen

Ticker	Company	Current Price	Next 3-5 Yr Est EPS Gr rate	5 yr Hist Sales Gr	Div Yield	P/E using 12 mo EPS	Score
DE	Deere & Co	385.62	20.15	9.08	0.93	26.58	9.00
DOV	Dover Corp	172.06	11.50	-0.94	1.15	24.51	9.00
IDXX	Idexx Labs Inc	675.67	19.92	11.36	0.00	80.53	9.00
PAYX	Paychex Inc	116.51	8.00	7.44	2.27	38.33	9.00
WAT	Waters Corp	401.33	9.39	2.76	0.00	37.51	9.00
AAP	Advance Auto Pt	209.30	13.88	1.39	1.91	19.13	8.00
AMD	Adv Micro Dev	106.50	44.60	22.18	0.00	57.57	8.00
DHR	Danaher Corp	313.77	18.00	4.66	0.27	35.74	8.00
GPC	Genuine Parts	125.27	9.17	3.61	2.60	19.60	8.00
HCA	Hca Holdings	242.54	11.10	5.70	0.79	16.66	8.00
IPG	Interpublic Grp	37.58	11.54	5.46	2.87	14.80	8.00
IT	Gartner Inc -A	304.09	13.50	13.17	0.00	45.12	8.00
KLAC	Kla Corp	328.51	14.03	17.67	1.10	22.58	8.00
MCO	Moodys Corp	378.93	10.00	10.11	0.65	31.90	8.00
MSFT	Microsoft Corp	289.81	11.09	15.85	0.77	36.36	8.00
MXIM	Maxim Intg Pdts	98.46	10.00	0.79	0.00	30.96	8.00
NXPI	Nxp Semiconduct	214.53	10.00	-0.89	1.05	27.26	8.00
QRVO	Qorvo Inc	188.13	12.72	6.56	0.00	18.12	8.00
SNA	Snap-On Inc	227.83	9.54	1.46	2.16	15.84	8.00
TSCO	Tractor Supply	193.53	9.68	11.79	1.07	24.19	8.00
TXN	Texas Instrs	187.87	9.33	1.59	2.17	26.20	8.00
WMT	Walmart Inc	149.06	5.50	3.18	1.48	24.93	8.00
WRB	Berkley (Wr) Cp	73.84	9.00	1.80	0.70	19.33	8.00
WST	West Pharm Svc	429.72	28.41	9.85	0.16	61.39	8.00
A	Agilent Tech	158.15	13.00	6.76	0.49	41.73	7.00
AAPL	Apple Inc	148.89	12.67	8.26	0.59	29.14	7.00
ACN	Accenture Plc	321.76	10.00	6.63	1.09	38.77	7.00
APH	Amphenol Corp-A	73.91	12.58	8.72	0.78	33.00	7.00
CBRE	Cbre Group Inc	95.60	11.00	18.03	0.00	21.73	7.00
CDNS	Cadence Design	152.26	11.68	10.29	0.00	59.02	7.00
DG	Dollar General	236.28	11.31	10.53	0.71	21.74	7.00
EBAY	Ebay Inc	68.89	10.46	5.29	1.05	21.53	7.00
EXR	Extra Space Stg	174.66	8.60	8.24	2.29	29.45	7.00
FLT	Fleetcor Tech	259.00	15.04	6.65	0.00	23.02	7.00
MMC	Marsh & McLennan	151.08	12.52	7.49	1.42	26.27	7.00
ORLY	O Reilly Auto	596.93	14.15	8.04	0.00	21.43	7.00
RSG	Republic Svcs	120.09	10.05	1.92	1.42	29.87	7.00
AZO	Autozone Inc	1630.50	11.41	5.29	0.00	17.93	6.00
CTLT	Catalent Inc	120.29	20.92	14.41	0.00	47.36	6.00
CVX	Chevron Corp	102.64	5.00	-3.04	5.22	37.88	6.00
GRMN	Garmin Ltd	165.95	6.80	9.55	1.61	26.90	6.00
ISRG	Intuitive Surg	1000.00	9.67	14.45	0.00	74.74	6.00
MCHP	Microchip Tech	151.15	16.93	14.60	1.09	24.22	6.00
PAYC	Paycom Software	472.55	25.00	26.62	0.00	164.08	6.00
UNP	Union Pac Corp	227.66	10.00	-0.43	1.88	25.05	6.00
BRK.B	Berkshire Hth-B	290.24	7.00	2.60	0.00	27.80	5.00
COO	Cooper Cos	440.12	10.00	6.62	0.01	36.71	5.00
IEX	Idex Corp	226.50	12.00	3.11	0.95	38.46	5.00
KMX	Carmax Gp (Cc)	129.34	17.31	6.07	0.00	18.19	5.00
PTC	Ptc Inc	133.68	23.15	8.10	0.00	54.79	5.00

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

Ticker	Company	Current Price	Price/ Book	ROE 5 Yr Avg	Div Yield	Score
BABB	Bab Inc	0.77	1.91	14.90	5.19	8
CAG	Conagra Brands	33.58	1.87	18.31	3.72	8
CATY	Cathay Genl Bcp	39.93	1.30	11.21	3.11	8
CMTV	Commnty Bcp Vt	19.76	1.37	13.02	4.45	8
ETRN	Equitrans Midst	8.67	1.03	14.90	6.92	8
LOMA	Loma Negra Cia	8.07	1.59	21.10	3.15	8
SAFT	Safety Ins Grp	81.70	1.33	11.56	4.41	8
SJM	Smucker Jm	130.92	1.77	12.29	3.02	8
UBCP	Utd Bancorp -Oh	14.57	1.26	10.50	3.98	8
WSBF	Waterstone Finl	20.64	1.21	10.38	3.88	8
AGNC	Agnc Investment	16.35	0.94	13.02	8.81	7
CAC	Camden Ntl Corp	47.40	1.30	11.64	3.04	7
CGBD	Tcg Bdc Inc	14.28	0.89	10.48	8.96	7
CRWS	Crown Crafts	7.52	1.79	13.77	4.26	7
FFBC	First Fin Bc-Oh	23.51	1.01	10.08	3.91	7
FLIC	First Long Is	22.19	1.27	10.80	3.42	7
FNCB	Fncb Bancorp	7.88	0.98	11.35	3.05	7
FNLC	First Bancp Inc	30.40	1.43	11.92	4.21	7
GSBD	Goldman Sac Bdc	19.40	1.21	11.53	9.28	7
MTB	M&T Bank Corp	141.63	1.18	11.24	3.11	7
NHTC	Natural Hlth Tr	7.60	1.37	29.61	10.53	7
NL	NI Inds Inc	6.07	0.83	12.15	3.95	7
NLY	Annaly Cap Mgmt	8.60	1.03	12.12	10.23	7
NRIM	Northrim Bcp	43.34	1.13	10.80	3.41	7
PFG	Principal Finl	67.18	1.11	11.82	3.63	7
TRTN	Triton Intl Ltd	55.12	1.71	13.46	4.14	7
TWO	Two Harbors Inv	6.49	1.00	11.60	10.48	7
UVE	Univl Insur Hld	14.34	0.93	17.31	4.46	7
WAYN	Wayne Svgs Bcsh	26.05	1.23	10.51	3.22	7
WBA	Walgreens Bai	49.32	1.89	19.73	3.79	7
WBS	Webster Finl Cp	51.44	1.46	10.90	3.11	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	385.62	20.15	9.08	0.93	26.58	9.00
IDXX	Idexx Labs Inc	675.67	19.92	11.36	-	80.53	9.00
DOV	Dover Corp	172.06	11.50	(0.94)	1.15	24.51	9.00
AMD	Adv Micro Dev	106.50	44.60	22.18	-	57.57	8.00
WST	West Pharm Svc	429.72	28.41	9.85	0.16	61.39	8.00
DHR	Danaher Corp	313.77	18.00	4.66	0.27	35.74	8.00
KLAC	Kla Corp	328.51	14.03	17.67	1.10	22.58	8.00
AAP	Advance Auto Pt	209.30	13.88	1.39	1.91	19.13	8.00
IT	Gartner Inc -A	304.09	13.50	13.17	-	45.12	8.00
QRVO	Qorvo Inc	188.13	12.72	6.56	-	18.12	8.00
IPG	Interpublic Grp	37.58	11.54	5.46	2.87	14.80	8.00
HCA	Hca Holdings	242.54	11.10	5.70	0.79	16.66	8.00
MSFT	Microsoft Corp	289.81	11.09	15.85	0.77	36.36	8.00
FLT	Fleetcor Tech	259.00	15.04	6.65	-	23.02	7.00
ORLY	O Reilly Auto	596.93	14.15	8.04	-	21.43	7.00
A	Agilent Tech	158.15	13.00	6.76	0.49	41.73	7.00
AAPL	Apple Inc	148.89	12.67	8.26	0.59	29.14	7.00
APH	Amphenol Corp-A	73.91	12.58	8.72	0.78	33.00	7.00
MMC	Marsh & McLennan	151.08	12.52	7.49	1.42	26.27	7.00
CDNS	Cadence Design	152.26	11.68	10.29	-	59.02	7.00
DG	Dollar General	236.28	11.31	10.53	0.71	21.74	7.00
CBRE	Cbre Group Inc	95.60	11.00	18.03	-	21.73	7.00
PAYC	Paycom Software	472.55	25.00	26.62	-	164.08	6.00
CTLT	Catalent Inc	120.29	20.92	14.41	-	47.36	6.00
MCHP	Microchip Tech	151.15	16.93	14.60	1.09	24.22	6.00
AZO	Autozone Inc	1,630.50	11.41	5.29	-	17.93	6.00
PTC	Ptc Inc	133.68	23.15	8.10	-	54.79	5.00
RHI	Robt Half Intl	102.57	19.50	1.10	1.48	26.85	5.00
KMX	Carmax Gp (Cc)	129.34	17.31	6.07	-	18.19	5.00
IEX	Idex Corp	226.50	12.00	3.11	0.95	38.46	5.00

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
IDXX	Idexx Labs Inc	675.67	19.92	11.36	-	4.06	9
PAYX	Paychex Inc	116.51	8.00	7.44	2.27	4.30	9
INFO	Ihs Markit Ltd	118.68	#N/A	13.05	0.67	#N/A	8
MANH	Manhattan Asoc	155.73	#N/A	0.40	-	#N/A	8
MCO	Moodys Corp	378.93	10.00	10.11	0.65	3.21	8
MSFT	Microsoft Corp	289.81	11.09	15.85	0.77	3.04	8
MXIM	Maxim Intg Pdts	98.46	10.00	0.79	-	2.66	8
RGLD	Royal Gold Inc	113.85	10.00	6.61	1.05	2.79	8
STAA	Staar Surgical	136.29	#N/A	21.32	-	#N/A	8
TXN	Texas Instrs	187.87	9.33	1.59	2.17	2.56	8
WST	West Pharm Svc	429.72	28.41	9.85	0.16	1.89	8
CDNS	Cadence Design	152.26	11.68	10.29	-	5.18	7
EXR	Extra Space Stg	174.66	8.60	8.24	2.29	3.10	7
LSI	Life Storage	120.32	3.63	7.03	2.46	6.84	7
NSA	Natl Storage	55.20	#N/A	20.89	2.75	#N/A	7
CPRT	Copart Inc	141.36	#N/A	14.92	-	#N/A	6
EXPO	Exponent Inc	114.63	#N/A	7.12	0.70	#N/A	6
ISRG	Intuitive Surg	1,000.00	9.67	14.45	-	7.37	6
MRNA	Moderna Inc	391.42	29.15	344.64	-	0.46	6
PAYC	Paycom Software	472.55	25.00	26.62	-	6.09	6
REG	Regency Ctrs Cp	66.39	7.93	10.70	3.58	2.48	6
RGEN	Repligen	255.25	#N/A	38.99	-	#N/A	6
TECH	Bio-Techne Cp	463.87	21.00	11.42	0.28	3.24	6
CGNX	Cognex Corp	81.88	#N/A	9.35	0.29	#N/A	5
CHCT	Comm Hlthcr Tr	47.93	10.00	30.23	3.61	2.08	5
JYNT	Joint Corp/The	96.20	#N/A	32.25	-	#N/A	5
QLYS	Qualys Inc	110.95	#N/A	16.93	-	#N/A	5
SPSC	Sps Commerce	114.29	#N/A	13.13	-	#N/A	5
VICR	Vicor Corp	119.49	#N/A	9.89	-	#N/A	5
FRT	Fed Rlty Inv	120.09	#N/A	1.67	3.53	#N/A	4
HSKA	Heska Corp	266.72	#N/A	9.52	-	#N/A	4
MSEX	Middlesex Water	106.18	#N/A	1.67	1.03	#N/A	4
MSTR	Microstrategy	720.99	#N/A	(1.33)	-	#N/A	4
REXR	Rexford Ind Rty	61.15	10.35	27.74	1.57	3.85	4
TTGT	Techtarget	80.96	#N/A	11.14	-	#N/A	4
TYL	Tyler Tech Inc	477.05	#N/A	11.49	-	#N/A	4

Portfolio / Client Update

Nothing changed from last week concerning our portfolio allocations. The markets continue to wait on the Fed's next move and seem to think they won't taper despite more robust employment and higher inflation. There is a decent risk the markets could be wrong.

With that said, let me repeat what we said in the main body of the newsletter this week as it is apropos of our positioning currently.

A Lack Of Options

As noted, our portfolios are long-biased, meaning we have more equity risk in our allocation than fixed income and cash. Given the market's current structure, we only have three choices in how we manage our client portfolios currently:

1. **Do Nothing** ? if the markets correct, we lose some of our gains and have to wait for the portfolio to recover.
2. **Take Profits** ? as we did recently with extremely overvalued assets. Taking profits, raising cash, and reducing equity exposure in advance of a correction is always prudent. Such actions mitigate the damage of the decline. Then we can repurchase positions, add new ones, or resize portfolio holdings in the future.
3. **Hedge** ? adding a position to the portfolio that is the *?inverse?* of the market. (*the position goes up in value as the market declines.*) Such allows us to keep existing positions intact. By *?shorting against the portfolio,?* we effectively reduce our equity risk (*and related capital destruction*) during a market correction.

Currently, there is a "lack of options" as #2 remains the optimal strategy. *The ultra-low volatility environment, and a persistent bid under stocks, keep shorting a suboptimal strategy. Doing nothing leaves us too exposed to an unexpected "volatility shock" in the market.*

As such, our choice remains reducing capital risk opportunistically. We realize that we give up some performance in the short-term, but can potentially add incremental ?alpha? if a correction occurs.

In our view, we have a choice to either manage risk or ignore it.

The only problem with "ignoring risk" is that such has a long history of not working out well.

For now, we don't see any reason to get increasingly defensive. However, we do suspect that time is approaching. When our signals begin to trigger, we will take appropriate actions to protect your savings.

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 ***

Equity Model Only

"This morning we added 1% of AAPL and 2% WOOF (Petco) to the equity model. AAPL looks strong from a technical perspective despite the overall market showing signs of technical weakness. WOOF is also strong technically and relatively cheap fundamentally. They report earnings next week on August 19th.(Hopefully, it?s not a dog!!)" - 08/13/21

Equity Model

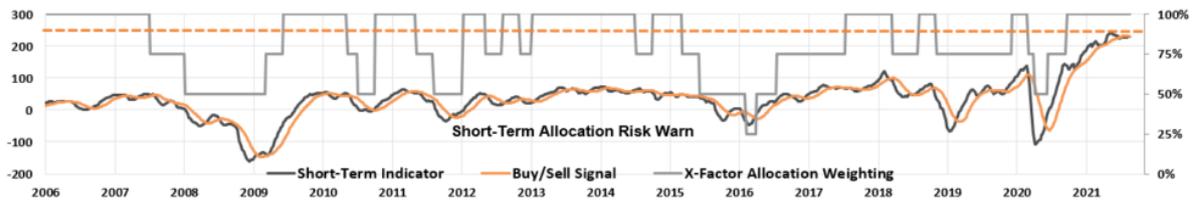
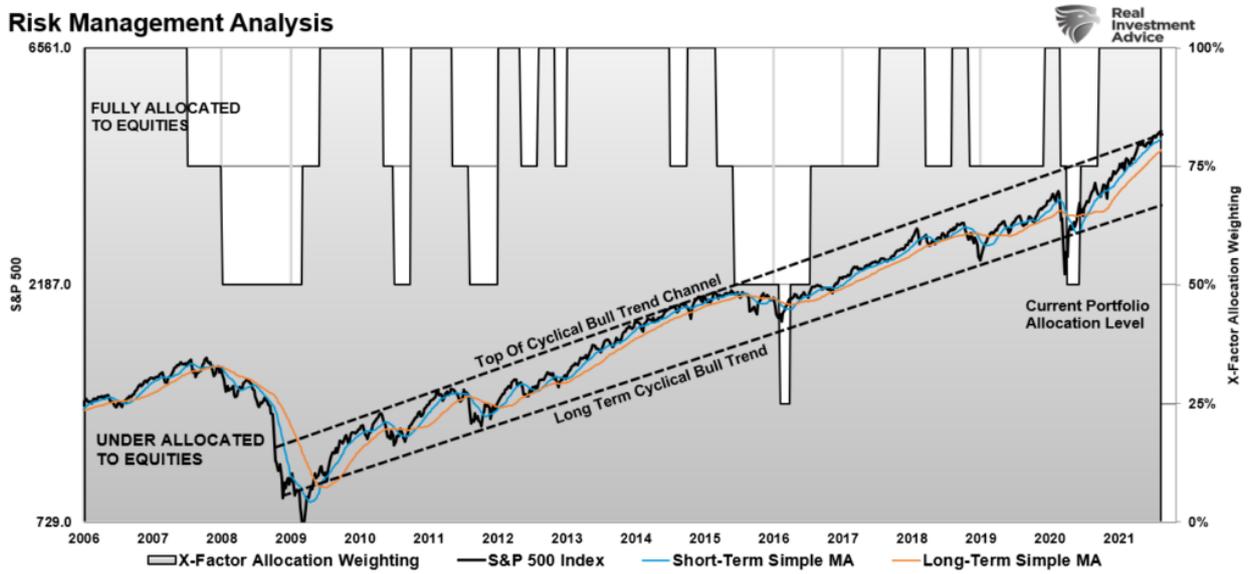
- Add 1% of the portfolio to AAPL increasing position size to 3.5%
- Initiate a 2% position in WOOF

As always, our short-term concern remains the protection of your portfolio. Accordingly, we remain focused on the differentials between underlying fundamentals and market over-valuations.

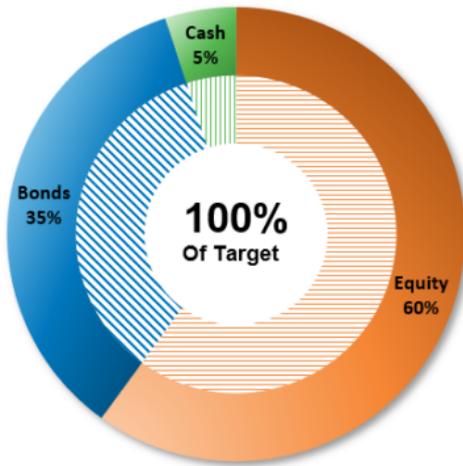
THE REAL 401k PLAN MANAGER

A Conservative Strategy For Long-Term Investors

Risk Management Analysis



Current Portfolio Weighting



Current 401k Allocation Model

5.00%	Cash + All Future Contributions <i>Primary concern is the protection of investment capital</i> Examples: Stable Value, Money Market, Retirement Reserves
35.00%	Fixed Income (Bonds) <i>Bond Funds reflect the direction of interest rates</i> Examples: Short Duration, Total Return and Real Return Funds
60.00%	Equity (Stocks) <i>The vast majority of funds track an index. Therefore, select on ONE fund from each category. Keep it Simple.</i> 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 market did gain marginal new highs this week, but barely so. More importantly, volume and money flows continue to weaken suggesting risk to the current rally.

Inflation came in slightly below expectations but with the strong jobs report it is still possible to see the Fed start discussing "tapering" at the Jackson Hole summit. We will see if they do, but given the high degree of dependence on monetary interventions, a change to their tone could move markets.

For now, keep exposures at current weights, but continue to 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](#).

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



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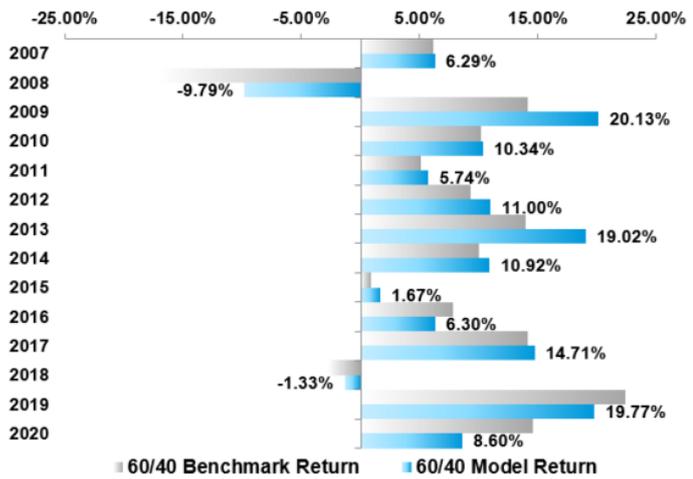
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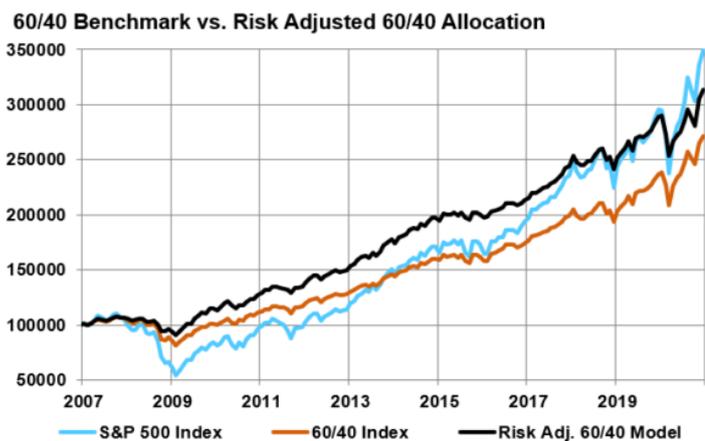
401k Model Performance Analysis

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.

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!