



***In this 08-20-21 issue of "The Fed Blinks On Taper, Bulls Buy The Dip Again."***

- ***Bulls Buy The Dip...Again.***
- ***Speculative Fervor Is Fading***
- ***30-Year Yield "Death Cross"***
- ***Portfolio Positioning***
- ***Sector & Market Analysis***
- ***401k Plan Manager***

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## **Bulls Buy The Dip...Again.**

***Last week***, we discussed that further upside would remain challenging. 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."*

Such was again the case this week as concerns over the Fed tapering their balance sheet spooked investors. **However, the Fed trained investors to "buy the dip."** Not surprisingly, they jumped in at the 40-dma to buy rather than waiting for a test of the 50-dma. (Although it was on lower volume and weaker breadth.)

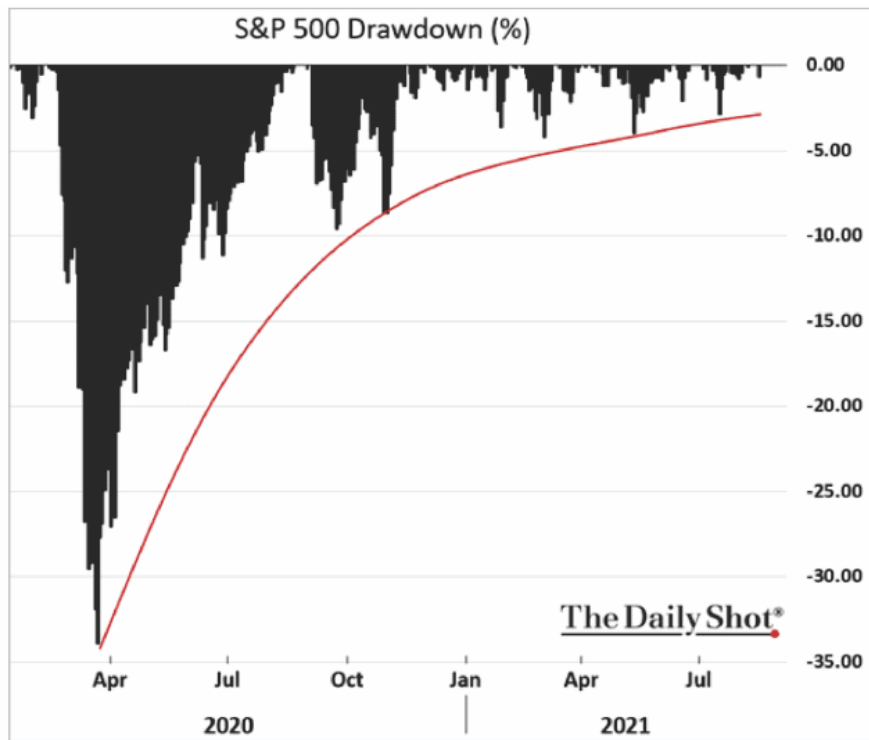


The "buying frenzy" came **following a near 2% "crash"** in the financial markets forcing the Fed to "blink" on tapering. [To wit:](#)

*"Dallas Federal Reserve President Robert Kaplan said on Friday he was watching carefully for any economic impact from the Delta variant of the coronavirus and might need to adjust his views on policy "somewhat" should it slow economic growth materially."*

We discuss below why we believe the Fed will still announce plans to taper as early as September.

Nonetheless, the bullish bias remains. Since the "shutdown" lows of March, the QE fueled rally has led to increased levels of complacency. **With the assumption of "no risk" in the markets, investors buy dips on an ever shallower basis.**



We noted the long stretch of the current advance without a [5% correction](#), a [test of the 200-dma](#), and [6-consecutive positive months](#).

**While such does NOT mean a more significant correction is imminent, it is without question such a correction will happen. It is only a function of catalyst and time.**

One warning sign is fading speculative interest.



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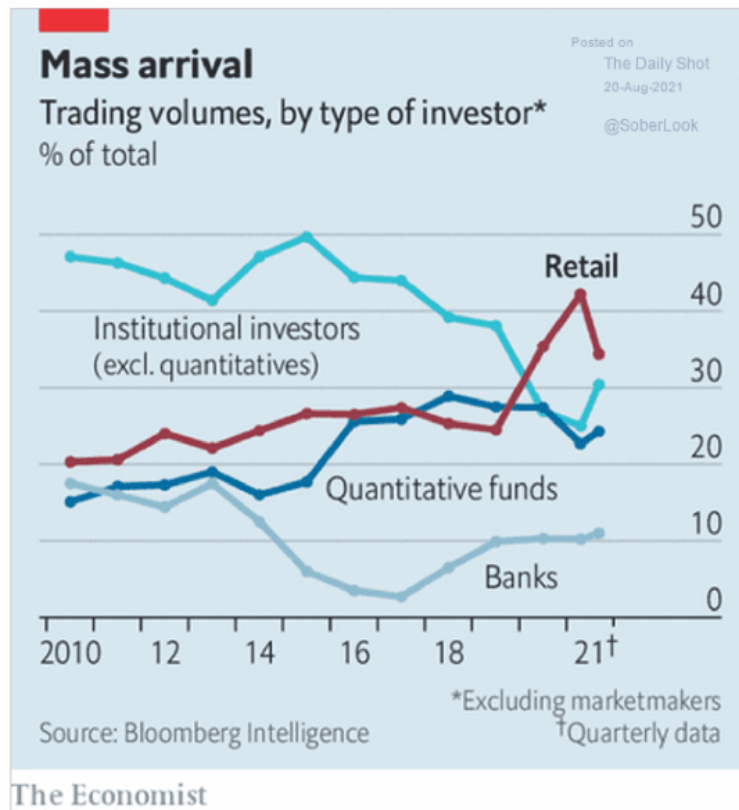
## Speculative Fervor Is Fading

Last week, we made some specific notes on the deterioration of market internals. To wit:

*"As noted, the market rallied nicely to marginal new highs this past week, but market internals remain relatively weak."*

The basis of our sentiment is mainly due to declining volumes, narrowing breadth, and a decline in speculative activity.

As shown, the speculative surge in the markets, particularly in the "meme" stocks, has evaporated as market action became more muted.



A look at some of the "meme" stock favorites is insightful.

## AMC Entertainment



## Gamestop



## Robinhood Markets

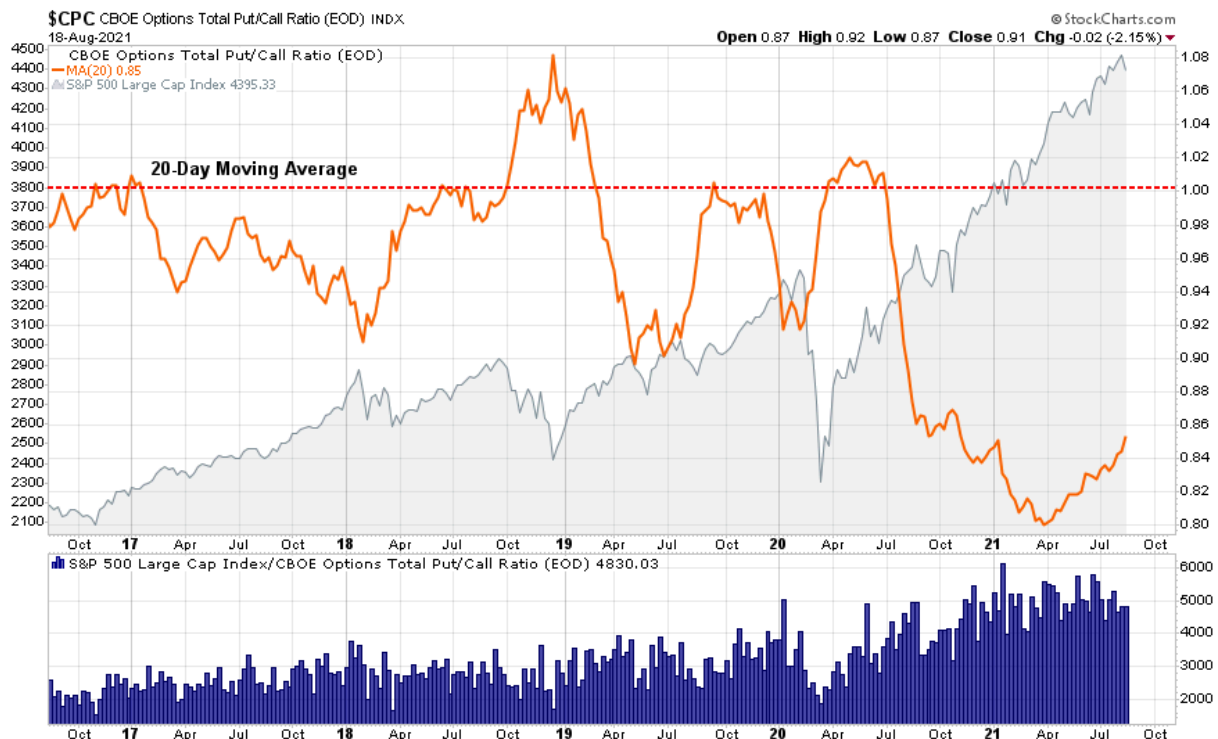


Last week, we also noted that despite a market trading at all-time highs, the number of stocks trading above the 50-dma was feeble. **We also see this in the NYSE Advance-Dcline line, which broke through the 50-dma this week.**

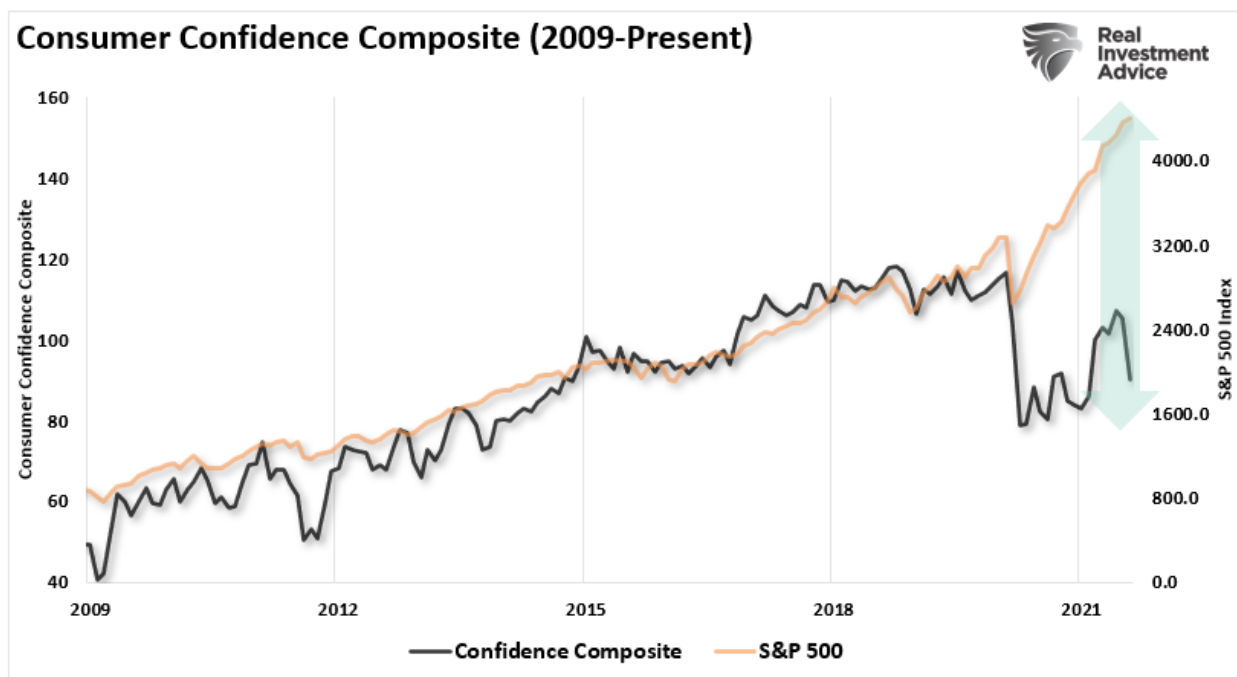


One of the market drivers over the last year was the constant "bid" of retail investors in both the equities and options markets.

Much of this speculation was due to the shift of sports betters into the financial markets. However, with sports betting back, the more muted returns of equities are less exciting. As shown, the put/call ratios have contracted markedly in recent months.



The decline in speculative sentiment also shows up in the collapse in consumer confidence which has a close correlation to markets historically. However, confidence failed to recover despite the [\*Fed Inflating a Fourth Bubble\*](#).



The risk to investors remains elevated, but there remains little concern as long as the Fed continues to inject \$120 billion a month into the markets.

However, that may be about to change.

## Fed Setting The Table For Taper

As noted in our **Daily Market Commentary** ([Subscribe for Free Email Delivery](#)):

*"The Fed shed little light in the July [FOMC minutes](#) on the schedule of Fed taper. While some Fed members seem eager to start as soon as September, others voiced concern about downward inflation pressures **and market perception**. We look to the Jackson Hole Fed conference late next week for more guidance.*

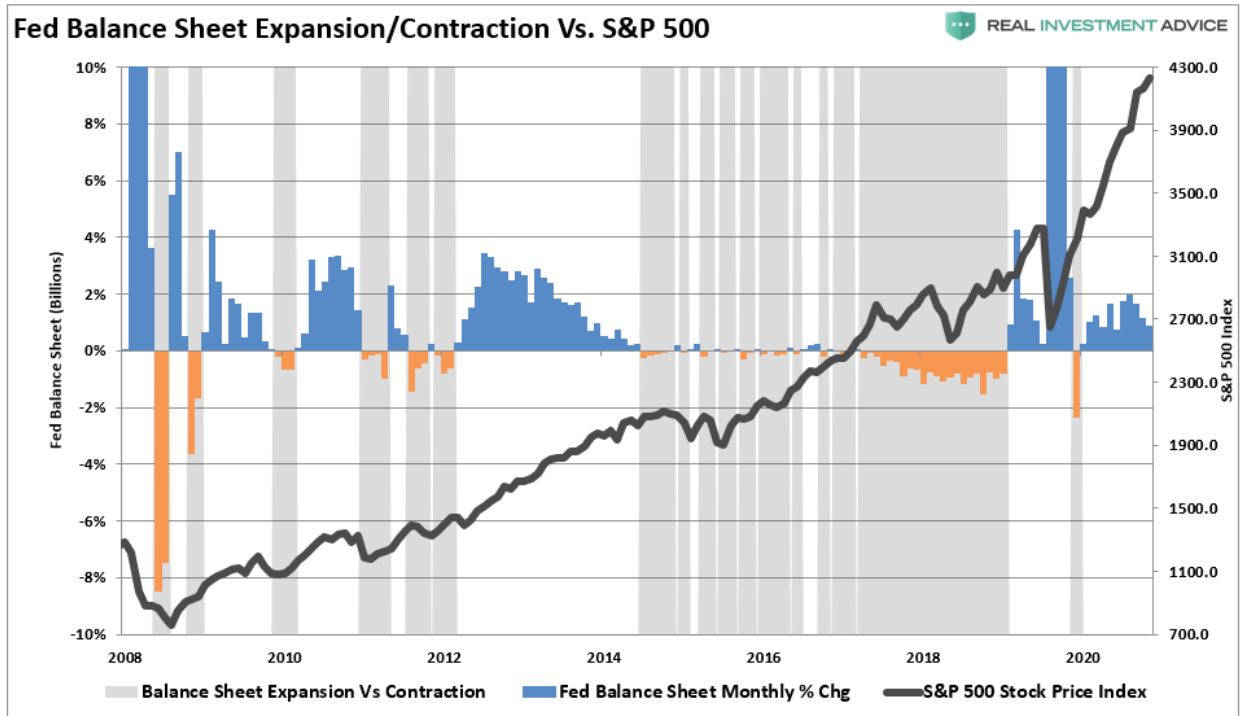
*Highlights from the Fed minutes from the July 28th FOMC meeting:"*

- *?Most participants noted that, provided that the economy were to evolve broadly as they anticipated, they judged that **it could be appropriate to start reducing the pace of asset purchases this year.**?*
- *?They are worried that accelerating plans to wind down the asset purchases **could lead investors to question whether the Fed is in a hurry to raise rates** or less committed to achieving lower unemployment.?*
- *SOME PARTICIPANTS REMAINED CONCERNED ABOUT THE MEDIUM-TERM INFLATION FORECAST AND THE PROSPECT OF MAJOR DOWNWARD PRESSURE ON INFLATION RESURFACING.*
- *?Several others indicated, however, that a reduction in the pace of asset purchases **was more likely to become appropriate early next year.**?*
- *?Most participants remarked that they saw **benefits in reducing the pace of net purchases of Treasury securities and agency MBS proportionally in order to end both sets of purchases at the same time.**?*
- *?The staff provided an update on its assessments of the stability of the financial system and, on balance, characterized the financial vulnerabilities of the U.S. financial system as notable. **The staff judged that asset valuation pressures were elevated.** In particular, the forward price-to-earnings ratio for the S&P 500 index stood at the upper end of its historical distribution; high-yield corporate bond spreads tightened further and were near the low end of their historical range; and house prices continued to increase rapidly, leaving valuation measures stretched.?*

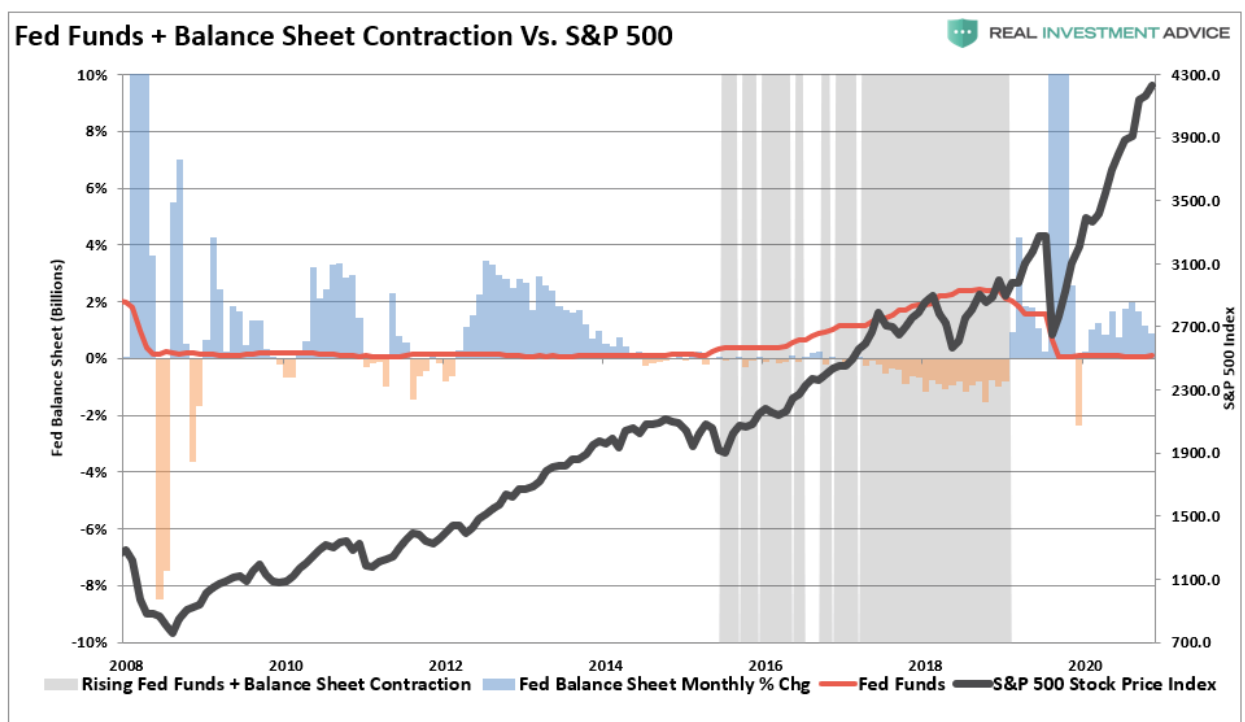
## Why Taper Matters

We believe the Fed is setting the table to begin the process of taper sooner than later. Employment is improving, jobless claims are dropping, and inflationary pressures are rising, particularly housing rents. Given their perceived mandates, we suspect they will discuss taper as soon as September.

**As noted in [Fed Talks Taper](#),** there is a not-so-subtle impact on asset prices when the Fed begins to taper assets. So while market participants may be ignoring the Fed short-term, the risk of a "taper" is rising. The grey shaded bars in the chart below show when the balance sheet is either flat or contracting.



That volatility increases markedly when the Fed also hikes rates.



There is a decent probability that with inflationary pressures above target levels and employment improving, the Fed may start tapering sooner than later.

**Such is what the bond market is already predicting.**

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**In Case You Missed It**





## Did The Fed's Monetary Policy Experiment Just Fail?

Written by Lance Roberts | Aug 20, 2021

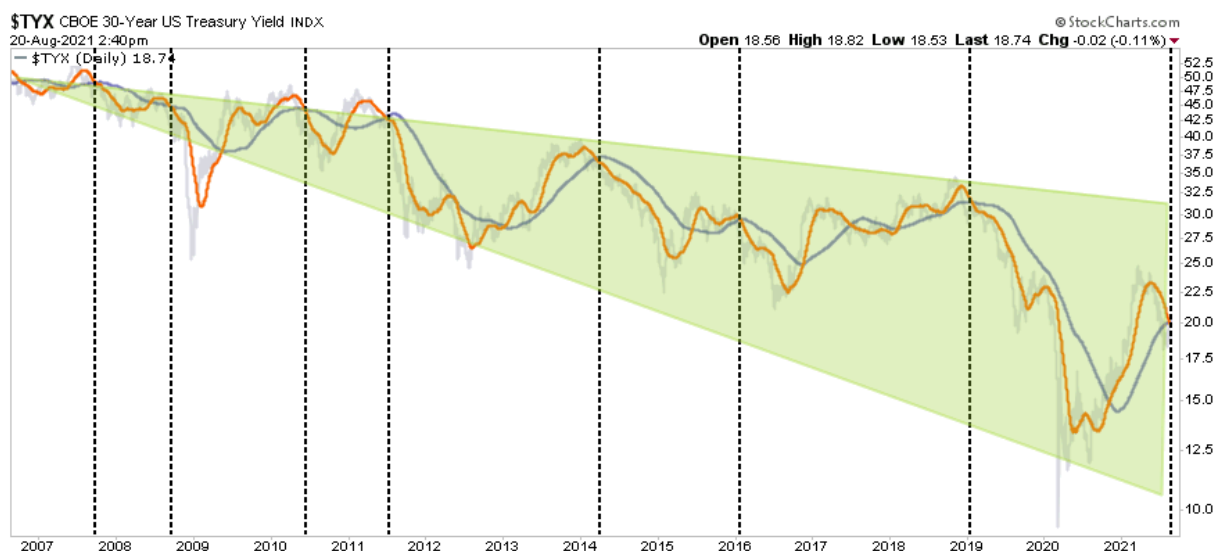
Did the Fed's "monetary policy experiment" fail? The recent dislocation between consumer confidence and the financial markets may indicate just that.

[> Read More](#)

## The 30-Year Yield Death Cross

As noted by Michael Lebowitz on Thursday for our [RIAPRO subscribers](#):

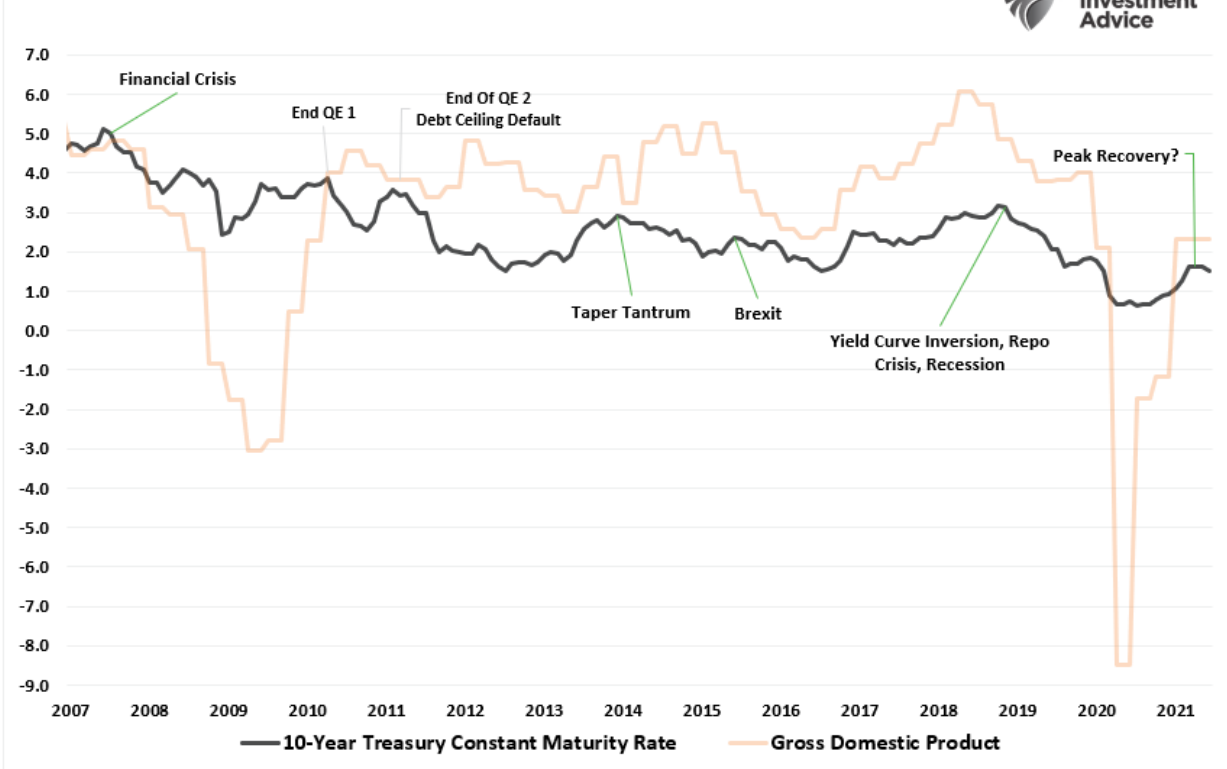
*"The graph below is 30-year UST yields with its 50 and 200 dma's. **The vertical lines highlight the last five times, 30 year yields have witnessed its 50 dma falling below its 200 dma, also known as a 'death cross.'** In 3 of the last 4 death cross instances yields fell appreciably and reached record lows. The only time they didn't was in 2017 (red vertical line). At that time yields consolidated to negate the death cross. As shown, on Monday 30-year yields witnessed a death cross."*



As discussed in ["Economic Warning,"](#) yields are a leading indicator of economic growth.

*"Bond yields are sending an economic warning as this past week 10-year Treasury yields dropped back to 1.3%. With the simultaneous surge in the dollar, there is rising evidence the economic ?reflation? trade is getting unwound. **Such is despite overly exuberant expectations of strong economic growth by the mainstream media. As we suggested in 2019,** bonds generally have the outlook correct more often than stocks."*

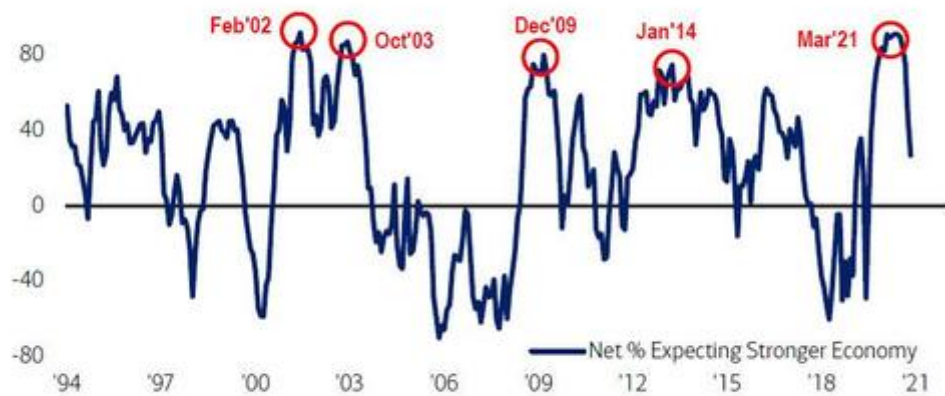
## 10-Year Treasury Rate Vs GDP



Interestingly, BofA, Goldman Sachs, and other mainstream firms are rapidly downgrading economic growth projections through the end of the year.

**Chart 2: FMS economic expectations have fallen drastically since March**

Net % Say Global Economy Will Improve



Source: BofA Global Fund Manager Survey

BofA GLOBAL RESEARCH

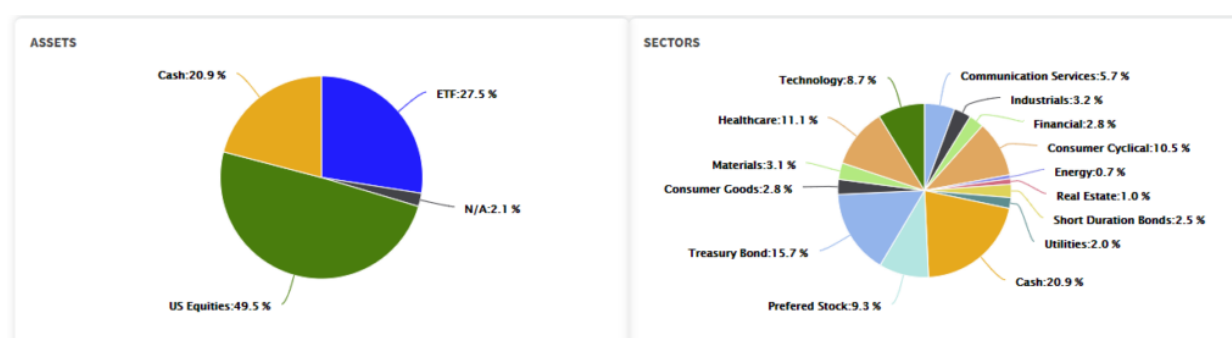
**Elevated inflation and falling economic growth are not a good story for corporate margins or earnings.** As such, we continue to suggest investors pay close attention to the message bonds are sending.

**As Michael notes, the previous history suggests that bond yields are likely to go lower than higher. It is usually coincident with a "risk-off" rotation from the equity markets if such does occur.**

## Portfolio Update

The low level of volatility has meant few changes for the allocation models when it comes to client portfolios. After previously having raised cash levels and increasing the bond portfolio duration, the portfolios continue to outperform their relative benchmarks.

Concerning the "Death Cross" of 30-year yields, we again increased our duration in our bond portfolios as we have been doing since early this year. **As a result, our weighted average duration is now 4.5 years versus 5.9 years for our benchmark.**



Our primary focus remains mitigating portfolio risk in a market that remains extended in price and duration from longer-term means. However, as noted above, there are some essential factors to consider:

1. **All periods of consecutive performance eventually end.** (*Investors tend to forget this during long bullish stretches.*)
2. **Since 1900, such long-stretches of bullish performance are somewhat rare.**
3. Such periods of performance often, but not always, **precede fairly decent market corrections or bear markets.**
- 4.

**"The table shows that nearly 40% of the time, two months of positive performance gets followed by at least one month of negative performance. Conversely, three consecutive positive months occur 23% of the time, and only 14% of occurrences stretch to 4-months.**

**Since 1871, there have only been 12-occurrences of 6-month or greater stretches of positive returns before a negative month appeared. In total, there are just 40 occurrences; out of 245 periods of 2-months or more, the market ran 6-months or longer without a correction."**

Table Of Positive Stretch Months		
# Months	Occurrences	Percentage
2	95.00	38.78%
3	56.00	22.86%
4	33.00	13.47%
5	21.00	8.57%
6	12.00	4.90%
7	10.00	4.08%
8	5.00	2.04%
9	3.00	1.22%
10	4.00	1.63%
11	1.00	0.41%
12	3.00	1.22%
13	1.00	0.41%
14	-	
15	-	
16	-	
17	1.00	0.41%
245.00 No. Of >= 2-Month Positive Periods		

Given the risk of a change to monetary policy stance, high levels of complacency, and an extended advance, it is likely wise to consider rebalancing portfolios.

As Todd Harrison previously quipped:

*?Opportunities are made up far easier than lost capital.?*

Have a great weekend.

By Lance Roberts, CIO

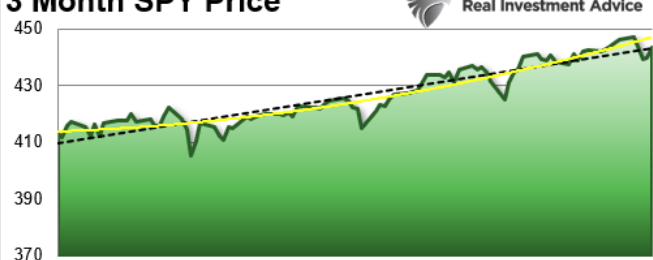
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## Market & Sector Analysis

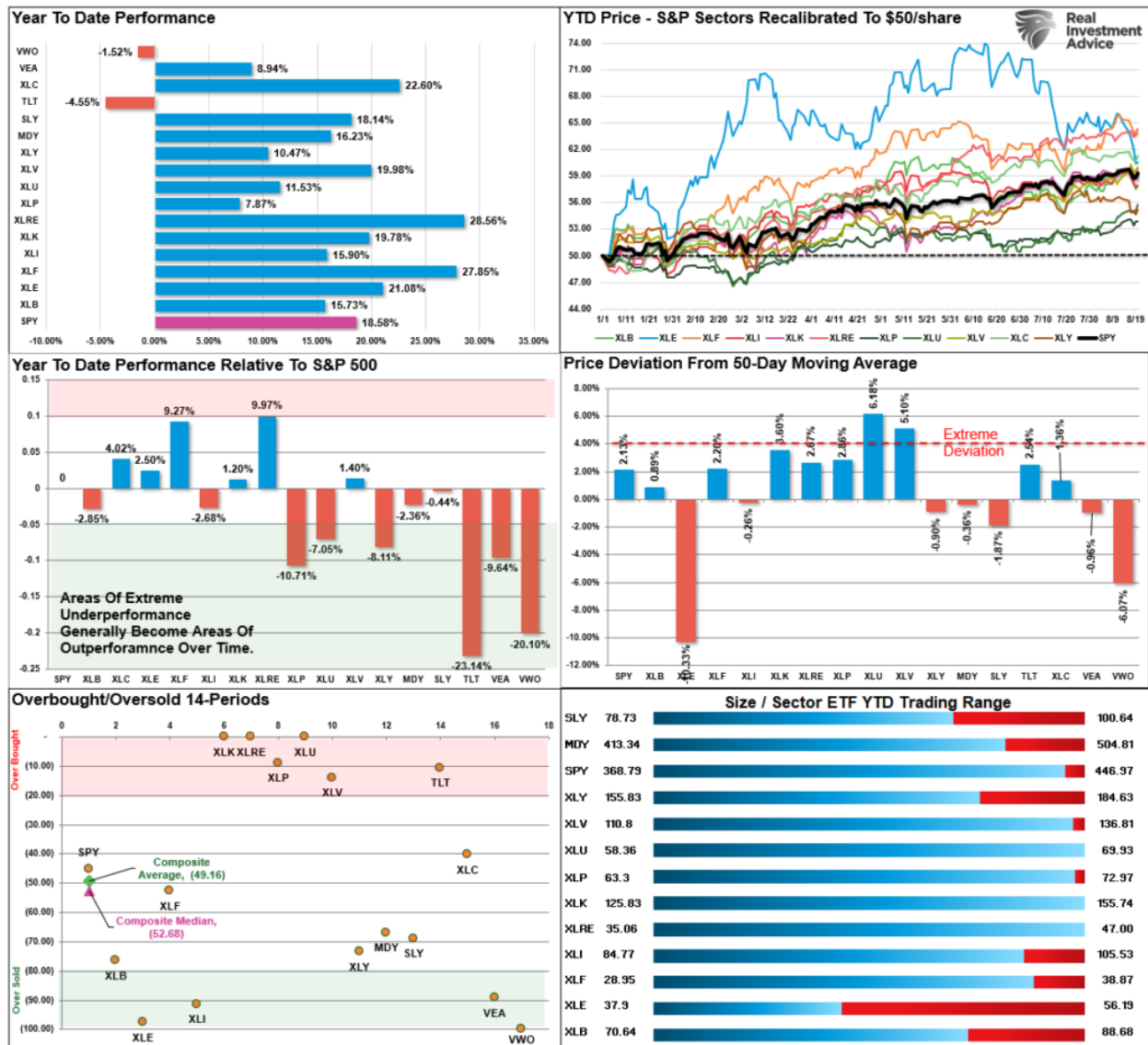
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## S&P 500 Tear Sheet

3 Month SPY Price							Real Investment Advice		SPY RISK INFO				
							Item	T 2-Yr	T 1-Yr.	YTD	% Diff YTD/T1-YR		
							Price Return	52.84%	31.06%	18.58%	(40.17%)		
							Max Drawdown	(35.63%)	(10.86%)	(5.65%)	(47.92%)		
							Sharpe	1.02	2.28	2.53	0.11		
							Sortino	1.10	3.04	3.48	0.14		
							Volatility	25.11	14.85	12.83	(0.14)		
							Daily VaR-5%	(11.51)	10.42	11.36	0.09		
							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%	1.25%	(29.99%)	2.15%	1.24%	(41.88%)	0.41%	Shares	2,881.5	2,811.9	(2.41%)	
P/E Ratio	18.19	24.44	25.15	2.80%	2734%	1606%	(8.0%)	56.64%	Sales	68,964	74,550	8.10%	
P/S Ratio	3.78	4.04	5.03	19.70%	5.01	3.14	0.40%	60.08%	SPS	23.9	26.5	10.77%	
P/B Ratio	4.99	5.42	6.86	20.98%	6.68	4.17	2.74%	64.42%	Earnings	10,519	13,675	30.00%	
ROE	21.97%	20.40%	26.16%	22.05%	26.16%	17.67%	0.00%	48.08%	EPS TTM	4.1	5.3	29.13%	
ROA	4.31%	3.86%	4.68%	17.64%	4.68%	3.51%	0.00%	33.33%	Dividend	1.6	1.6	4.57%	
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	27.62%	2.40%	1.89	37.82	123.62	(302.30)	(69.4%)	4.3%	4.8%	-0.38%	3.32	13.80	
Materials	35.41%	2.58%	1.19	21.03	27.12	14.16	(22.5%)	14.4%	1.8%	3.87%	5.33	17.05	
Industrials	33.57%	8.37%	1.19	37.21	54.11	14.74	(31.2%)	13.0%	1.4%	2.65%	5.79	22.40	
Discretionary	20.66%	11.77%	1.36	39.96	60.06	20.97	(33.5%)	30.8%	0.6%	2.68%	6.17	30.73	
Staples	14.83%	5.86%	0.65	22.64	23.01	17.65	(1.6%)	30.8%	2.4%	4.44%	4.53	21.09	
Health Care	26.66%	13.67%	0.77	19.73	19.42	15.25	1.6%	31.4%	1.4%	4.79%	8.03	17.70	
Financials	52.35%	11.28%	1.31	13.80	18.48	10.52	(25.3%)	11.4%	1.7%	7.22%	6.72	13.83	
Technology	34.80%	27.55%	1.07	32.15	32.80	16.65	(2.0%)	72.4%	0.8%	3.13%	5.92	27.58	
Telecom	45.25%	11.22%	0.97	26.12	28.18	17.61	(7.3%)	17.7%	0.5%	3.35%	9.13	22.35	
Utilities	17.45%	2.58%	0.42	21.35	22.09	16.35	(3.3%)	10.7%	3.0%	4.70%	3.45	19.29	
Real Estate	32.78%	2.63%	0.95	25.32	24.86	17.12	1.8%	8.1%	2.4%	3.72%	4.57	24.01	
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	443.36	4.49%	434.32	45	2.08%	402.19	275	10.24%	7.99%	(0.84%)	38.64%	Buy	
Mid Cap	488.06	(2.83%)	489.58	12	(0.31%)	465.87	236	4.76%	5.09%	(3.86%)	51.68%	Buy	
Small Cap	93.97	(5.46%)	95.68	9	(1.79%)	90.95	233	3.32%	5.20%	(6.90%)	62.30%	Buy	

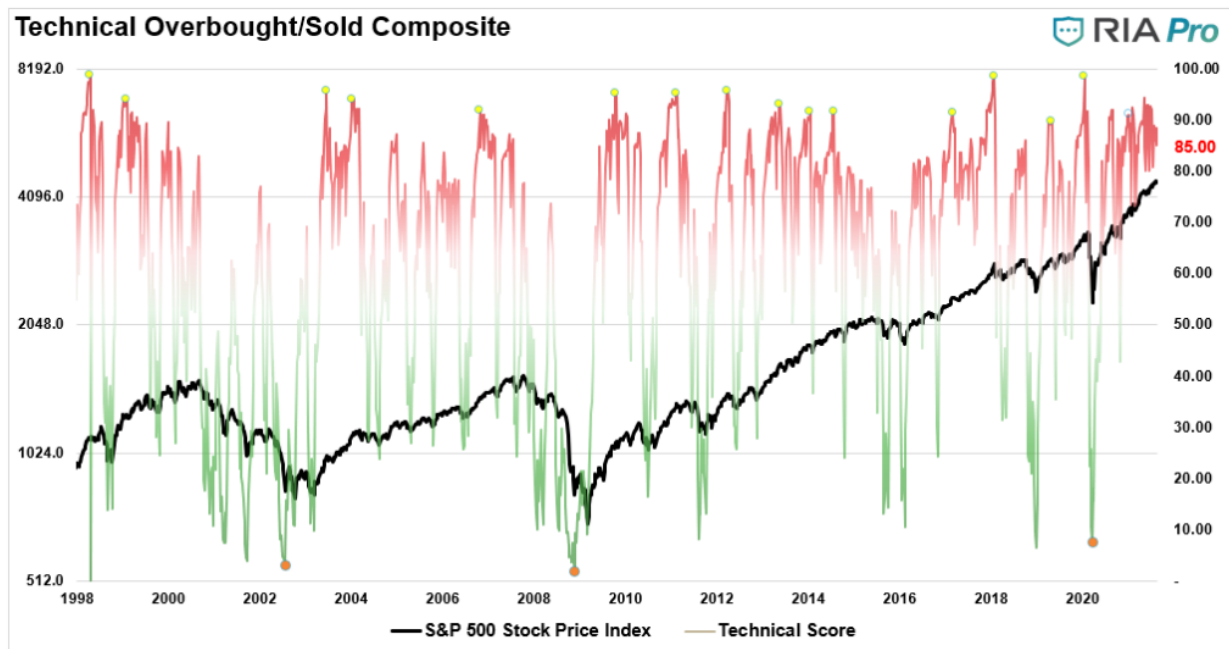
## Performance Analysis



## Technical Composite

The technical overbought/sold gauge comprises several price indicators (RSI, Williams %R, etc.), measured using "weekly" closing price data. Readings above "80" are considered overbought, and below "20" are oversold. **The current reading is 85.00 out of a possible 100.**

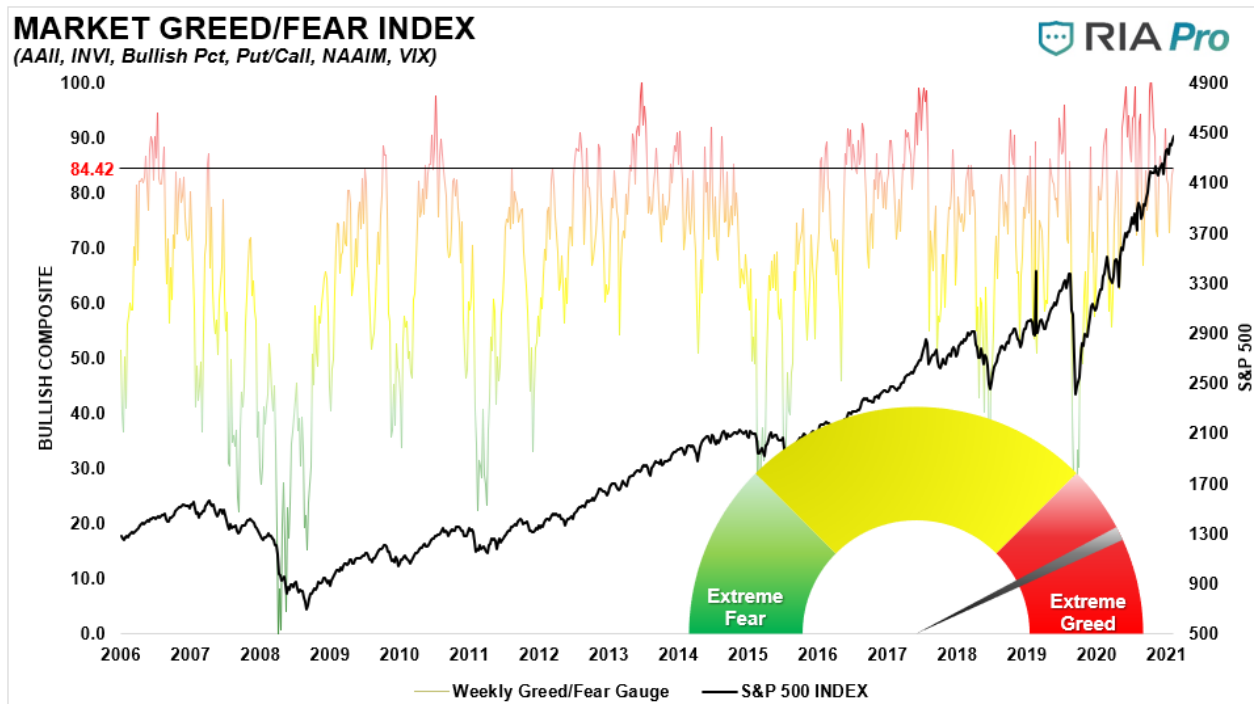




## Portfolio Positioning "Fear / Greed" Gauge

The "Fear/Greed" gauge is how individual and professional investors are "positioning" themselves in the market based on their equity exposure. From a contrarian position, the higher the allocation to equities, to more likely the market is closer to a correction than not. The gauge uses weekly closing data.

**NOTE:** The Fear/Greed Index measures risk from 0-100. It is a rarity that it reaches levels above 90. The current reading is 84.42 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 -	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	445.31	(0.57)	0.80	5.61	15.64	30.65	432.88	410.30	440.40	0.99	451.41	429.39	3%	9%	BULLISH
XLB	SPDR-MATLS SELS	83.78	(2.52)	1.70	(9.60)	(4.40)	4.72	83.93	80.37	84.02	1.05	87.00	81.04	0%	4%	BULLISH
XLC	SPDR-COMM SV SS	82.73	0.01	(1.73)	(0.61)	(2.89)	5.53	81.04	75.98	82.40	0.99	85.28	79.52	2%	9%	BULLISH
XLE	SPDR-EGY SELS	45.89	(6.58)	(6.22)	(17.72)	(28.98)	(3.28)	51.79	48.92	49.39	1.76	51.49	47.29	-11%	-6%	BULLISH
XLFI	SPDR-FINL SELS	37.69	(1.74)	3.14	(6.40)	(3.84)	24.39	37.11	34.79	36.52	1.19	37.87	35.17	2%	8%	BULLISH
XLK	SPDR-TECH SELS	155.74	1.05	(0.01)	6.92	5.13	1.40	147.89	139.50	153.40	1.03	158.82	147.98	5%	12%	BULLISH
XLJ	SPDR-INDU SELS	102.63	(1.69)	(1.75)	(7.98)	(5.81)	3.80	103.25	98.14	103.36	1.19	107.17	99.55	-1%	5%	BULLISH
XLP	SPDR-CONS STPL	72.76	0.91	1.10	(2.86)	(3.19)	(17.49)	70.79	68.58	71.51	0.63	73.75	69.27	3%	6%	BULLISH
XLRE	SPDR-RE SELS	47.00	1.12	0.75	3.03	11.93	0.27	45.41	41.42	46.38	0.69	47.86	44.90	3%	13%	BULLISH
XLU	SPDR-UTIL SELS	69.93	2.39	5.62	1.71	1.53	(12.96)	65.74	64.28	65.97	0.36	67.86	64.08	6%	9%	BULLISH
XLV	SPDR-HLTH CR	136.11	2.38	2.72	4.51	4.79	(3.23)	128.11	121.50	132.15	0.77	136.47	127.83	6%	12%	BULLISH
XLV	SPDR-CONS DISCR	177.62	(1.60)	(3.89)	(2.85)	(2.38)	(9.14)	177.61	172.30	180.43	1.13	186.99	173.87	0%	3%	BULLISH
XTN	SPDR-SP TRANSP	83.38	(2.35)	(0.20)	(13.89)	(15.97)	11.38	85.58	82.62	82.96	1.38	86.18	79.74	-3%	0%	BULLISH
SDY	SPDR-SP DIV ETF	123.99	(0.65)	0.39	(6.74)	(7.80)	(0.77)	123.77	118.67	123.12	0.91	127.32	118.92	0%	4%	BULLISH
RSP	INVS-SP5 EQ ETF	163.37	(0.69)	0.28	(4.12)	(3.75)	9.74	151.59	143.75	152.68	1.12	158.20	147.16	1%	7%	BULLISH
SLY	SPDR-SP6 SC	93.97	(1.57)	(0.49)	(9.41)	(14.16)	17.01	96.29	93.49	95.33	1.25	98.91	91.75	-2%	1%	BULLISH
MDY	SPDR-SP MC 400	488.06	(1.45)	(0.54)	(7.56)	(9.05)	9.39	491.35	478.33	492.40	1.19	510.55	474.25	-1%	2%	BULLISH
EEM	ISHARS-EMG MKT	49.50	(3.74)	(6.54)	(15.40)	(23.69)	(18.86)	53.57	54.01	51.60	0.79	53.30	49.90	-8%	-8%	BEARISH
EFA	ISHARS-EAFE	79.45	(1.85)	(0.51)	(7.32)	(9.19)	(7.32)	79.96	77.74	79.49	0.83	82.14	76.84	-1%	2%	BULLISH
IAU	ISHARS-GOLD TR	33.92	0.71	(1.88)	(12.06)	(10.82)	(38.87)	34.60	34.38	34.56	0.08	35.45	33.67	-2%	-1%	BULLISH
GDV	VANECK-GOLD MNR	30.85	(5.44)	(7.74)	(27.35)	(18.57)	(55.20)	35.11	34.97	34.92	0.69	36.03	33.81	-12%	-12%	BULLISH
UUP	INVS-DB US\$ BU	25.12	1.61	(0.24)	(1.90)	(14.23)	(30.89)	24.69	24.59	24.77	(0.11)	25.36	24.18	2%	2%	BULLISH
BOND	PIMCO-TOT RETRN	111.78	0.82	(0.80)	(4.28)	(14.33)	(31.47)	111.11	111.05	111.93	0.08	114.82	109.04	1%	1%	BULLISH
TLT	ISHARS-20+YTB	150.55	1.91	0.58	3.14	(7.26)	(40.06)	145.22	144.01	149.52	(0.25)	152.89	146.15	4%	5%	BULLISH
BNDX	VANGD-TTL INT B	58.00	0.67	(0.47)	(3.73)	(14.17)	(30.73)	57.42	57.47	57.91	0.03	59.38	56.44	1%	1%	BEARISH
HYG	ISHARS-IBX HYCB	87.29	0.37	(1.55)	(5.49)	(14.87)	(27.64)	87.55	87.26	87.84	0.37	90.36	85.32	0%	0%	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
AVY	Avery Dennison	218.28	7.00	3.83	1.25	24.72	9.00
DE	Deere & Co	351.43	20.15	9.08	1.02	20.36	9.00
DOV	Dover Corp	172.70	11.50	-0.94	1.15	24.60	9.00
IDXX	Idexx Labs Inc	682.14	19.92	11.36	0.00	81.30	9.00
PAYX	Paychex Inc	115.42	8.00	7.44	2.29	37.97	9.00
WAT	Waters Corp	402.25	9.39	2.76	0.00	37.59	9.00
AAP	Advance Auto Pt	209.68	14.02	1.39	1.91	19.17	8.00
ADI	Analog Devices	166.64	12.25	11.10	1.66	27.14	8.00
AMD	Adv Micro Dev	104.65	44.60	22.18	0.00	56.57	8.00
DHR	Danaher Corp	321.54	18.00	4.66	0.26	36.62	8.00
GPC	Genuine Parts	123.82	9.17	3.61	2.63	19.38	8.00
HCA	Hca Holdings	249.34	11.10	5.70	0.77	17.13	8.00
IPG	Interpublic Grp	36.45	11.54	5.46	2.96	14.35	8.00
IT	Gartner Inc -A	302.40	13.50	13.17	0.00	44.87	8.00
KLAC	Kla Corp	319.97	14.03	17.67	1.31	21.99	8.00
MCO	Moody's Corp	376.42	10.00	10.11	0.66	31.68	8.00
MSFT	Microsoft Corp	304.36	11.09	15.85	0.74	38.19	8.00
MXIM	Maxim Intg Pdts	101.65	10.00	0.79	0.00	31.97	8.00
NXPI	Nxp Semiconduct	205.00	10.00	-0.89	1.10	26.05	8.00
QRVO	Qorvo Inc	181.56	12.72	6.56	0.00	17.49	8.00
SNA	Snap-On Inc	219.53	9.54	1.46	2.24	15.27	8.00
TSCO	Tractor Supply	198.11	9.68	11.79	1.05	24.76	8.00
TXN	Texas Instrs	184.97	9.33	1.59	2.21	25.80	8.00
WMT	Walmart Inc	151.45	5.50	3.18	1.45	24.43	8.00
WRB	Berkley (Wr) Cp	76.38	9.00	1.80	0.68	20.00	8.00
WST	West Pharm Svc	449.51	28.41	9.85	0.15	64.22	8.00
AAPL	Apple Inc	148.19	12.67	8.26	0.59	29.00	7.00
ACN	Accenture Plc	332.65	10.00	6.63	1.06	40.08	7.00
APH	Amphenol Corp-A	74.47	12.58	8.72	0.78	33.25	7.00
BRK.B	Berkshire Hth-B	285.27	7.00	2.37	0.00	27.33	7.00
CBRE	Cbre Group Inc	92.66	11.00	18.03	0.00	21.06	7.00
CDNS	Cadence Design	156.67	11.68	10.29	0.00	60.72	7.00
DG	Dollar General	234.78	11.31	10.53	0.72	21.60	7.00
EXR	Extra Space Stg	177.56	8.60	8.24	2.25	29.94	7.00
FLT	Fleetcor Tech	257.83	15.04	6.65	0.00	22.92	7.00
MMC	Marsh & McLennan	155.13	12.52	7.49	1.38	26.98	7.00
ORLY	O Reilly Auto	606.41	14.15	8.04	0.00	21.77	7.00
RSG	Republic Svcs	122.10	10.05	1.92	1.39	30.37	7.00
UHS	Univl Hlth Svcs	153.39	6.52	4.42	0.52	12.11	7.00
AZO	Autozone Inc	1640.76	11.41	5.29	0.00	18.04	6.00
GRMN	Garmin Ltd	170.43	6.80	9.55	1.57	27.62	6.00
ISRG	Intuitive Surg	1043.82	9.67	14.45	0.00	78.01	6.00
KR	Kroger Co	46.94	8.46	2.90	1.79	13.65	6.00
MCHP	Microchip Tech	144.84	16.93	14.60	1.21	23.21	6.00
PAYC	Paycom Software	469.42	25.00	26.62	0.00	162.99	6.00
UNP	Union Pac Corp	223.71	10.00	-0.43	1.91	24.61	6.00
ANTM	Anthem Inc	377.99	13.04	9.35	1.20	18.19	5.00
IEX	Ilex Corp	221.29	12.00	3.11	0.98	37.57	5.00
KMX	Carmax Gp (Cc)	124.76	17.31	6.07	0.00	17.55	5.00
PTC	Ptc Inc	128.29	23.15	8.10	0.00	52.58	5.00

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

Ticker	Company	Current Price	Price/ Book	ROE 5 Yr Avg	Div Yield	Score
GSBD	Goldman Sac Bdc	18.86	1.18	11.49	9.54	9
LOMA	Loma Negra Cia	7.31	1.43	20.61	3.48	9
CAG	Conagra Brands	33.73	1.88	18.31	3.71	8
CATY	Cathay Genl Bcp	39.18	1.25	11.21	3.16	8
CMTV	Commnty Bcp Vt	19.78	1.34	13.02	4.45	8
ETRN	Equitrans Midst	8.20	0.97	14.90	7.32	8
HUN	Huntsman Corp	24.32	1.39	19.23	3.08	8
SAFT	Safety Ins Grp	82.79	1.35	11.56	4.35	8
SJM	Smucker Jm	131.28	1.77	12.29	3.02	8
UBCP	Utd Bancorp -Oh	14.65	1.23	10.50	3.96	8
WSBF	Waterstone Finl	20.05	1.17	10.38	3.99	8
AGNC	Agnc Investment	16.09	0.92	13.02	8.95	7
BTG	B2Gold Corp	3.67	1.41	10.82	4.36	7
CAC	Camden Ntl Corp	46.71	1.28	11.63	3.08	7
CGBD	Tcg Bdc Inc	13.87	0.86	10.48	9.23	7
FFBC	First Fin Bc-Oh	23.38	0.99	10.08	3.93	7
FLIC	First Long Is	21.32	1.21	10.80	3.56	7
FLMN	Falcon Minerals	4.38	1.72	45.19	9.13	7
FNLC	First Bancp Inc	29.77	1.40	11.91	4.30	7
IBCP	Indep Bk Mich	20.75	1.13	12.51	4.05	7
MBWM	Mercantile Bank	31.70	1.11	10.23	3.66	7
MPB	Mid Penn Bancp	26.62	0.89	10.19	3.01	7
MTB	M&T Bank Corp	135.70	1.13	11.24	3.24	7
NHTC	Natural Hlth Tr	6.43	1.16	29.61	12.44	7
NL	NI Inds Inc	6.28	0.85	12.15	3.82	7
NLY	Annaly Cap Mgmt	8.53	1.02	12.12	10.32	7
NRIM	Northrim Bcp	39.89	1.04	10.80	3.71	7
PFG	Principal Finl	65.03	1.07	11.82	3.75	7
SNV	Synovus Finl Cp	42.36	1.32	11.85	3.12	7
TRP	Tc Energy Corp	45.80	1.92	13.25	6.29	7
TRTN	Triton Intl Ltd	51.94	1.61	13.46	4.39	7
TWO	Two Harbors Inv	6.36	1.12	11.60	10.69	7
USB	Us Bancorp	55.68	1.73	13.99	3.02	7
UVE	Univl Insur Hld	14.01	0.91	17.31	4.57	7
WAYN	Wayne Svgs Bcsh	26.05	1.23	10.51	3.22	7
WBA	Walgreens Bai	48.30	1.85	19.73	3.95	7
WBS	Webster Finl Cp	48.70	1.39	10.90	3.29	7
WTBA	West Bancorp	29.28	1.97	14.99	3.28	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	351.43	20.15	9.08	1.02	20.36	9.00
IDXX	Idexx Labs Inc	682.14	19.92	11.36	-	81.30	9.00
DOV	Dover Corp	172.70	11.50	(0.94)	1.15	24.60	9.00
AMD	Adv Micro Dev	104.65	44.60	22.18	-	56.57	8.00
WST	West Pharm Svc	449.51	28.41	9.85	0.15	64.22	8.00
DHR	Danaher Corp	321.54	18.00	4.66	0.26	36.62	8.00
KLAC	Kla Corp	319.97	14.03	17.67	1.31	21.99	8.00
AAP	Advance Auto Pt	209.68	14.02	1.39	1.91	19.17	8.00
IT	Gartner Inc -A	302.40	13.50	13.17	-	44.87	8.00
QRVO	Qorvo Inc	181.56	12.72	6.56	-	17.49	8.00
ADI	Analog Devices	166.64	12.25	11.10	1.66	27.14	8.00
IPG	Interpublic Grp	36.45	11.54	5.46	2.96	14.35	8.00
HCA	Hca Holdings	249.34	11.10	5.70	0.77	17.13	8.00
MSFT	Microsoft Corp	304.36	11.09	15.85	0.74	38.19	8.00
FLT	Fleetcor Tech	257.83	15.04	6.65	-	22.92	7.00
ORLY	O Reilly Auto	606.41	14.15	8.04	-	21.77	7.00
AAPL	Apple Inc	148.19	12.67	8.26	0.59	29.00	7.00
APH	Amphenol Corp-A	74.47	12.58	8.72	0.78	33.25	7.00
MMC	Marsh & McLennan	155.13	12.52	7.49	1.38	26.98	7.00
CDNS	Cadence Design	156.67	11.68	10.29	-	60.72	7.00
DG	Dollar General	234.78	11.31	10.53	0.72	21.60	7.00
CBRE	Cbre Group Inc	92.66	11.00	18.03	-	21.06	7.00
PAYC	Paycom Software	469.42	25.00	26.62	-	162.99	6.00
MCHP	Microchip Tech	144.84	16.93	14.60	1.21	23.21	6.00
AZO	Autozone Inc	1,640.76	11.41	5.29	-	18.04	6.00
PTC	Ptc Inc	128.29	23.15	8.10	-	52.58	5.00
RHI	Robt Half Intl	102.07	19.50	1.10	1.49	26.72	5.00
KMX	Carmax Gp (Cc)	124.76	17.31	6.07	-	17.55	5.00
ANTM	Anthem Inc	377.99	13.04	9.35	1.20	18.19	5.00
IEX	Idex Corp	221.29	12.00	3.11	0.98	37.57	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	682.14	19.92	11.36	-	4.10	9
PAYX	Paychex Inc	115.42	8.00	7.44	2.29	4.28	9
MANH	Manhattan Asoc	158.45	#N/A	0.40	-	#N/A	8
MCO	Moodys Corp	376.42	10.00	10.11	0.66	3.19	8
MSFT	Microsoft Corp	304.36	11.09	15.85	0.74	3.19	8
MXIM	Maxim Intg Pdts	101.65	10.00	0.79	-	2.75	8
STAA	Staar Surgical	129.71	#N/A	21.32	-	#N/A	8
TXN	Texas Instrs	184.97	9.33	1.59	2.21	2.52	8
WST	West Pharm Svc	449.51	28.41	9.85	0.15	1.98	8
AZPN	Aspen Tech Inc	126.81	7.33	9.14	-	3.85	7
CDNS	Cadence Design	156.67	11.68	10.29	-	5.33	7
EXR	Extra Space Stg	177.56	8.60	8.24	2.25	3.14	7
LSI	Life Storage	121.34	3.63	7.03	2.44	6.93	7
CPRT	Copart Inc	139.98	#N/A	14.92	-	#N/A	6
ISRG	Intuitive Surg	1,043.82	9.67	14.45	-	7.69	6
PAYC	Paycom Software	469.42	25.00	26.62	-	6.05	6
REG	Regency Ctrs Cp	64.87	9.48	10.70	3.67	1.85	6
RGEN	Repligen	262.69	#N/A	38.99	-	#N/A	6
TECH	Bio-Techne Cp	479.45	21.00	11.42	0.27	3.32	6
CGNX	Cognex Corp	84.98	#N/A	9.35	0.28	#N/A	5
JYNT	Joint Corp/The	89.43	#N/A	32.25	-	#N/A	5
MRNA	Moderna Inc	382.98	29.15	344.64	-	0.45	5
PSA	Public Storage	324.28	6.62	3.47	2.47	3.99	5
QLYS	Qualys Inc	109.70	#N/A	16.53	-	#N/A	5
SPSC	Sps Commerce	124.27	#N/A	13.13	-	#N/A	5
VICR	Vicor Corp	120.79	#N/A	9.89	-	#N/A	5
CELH	Celsius Holding	65.99	#N/A	54.65	-	#N/A	4
FRT	Fed Rlty Inv	116.06	7.37	1.67	3.65	3.05	4
HSKA	Heska Corp	266.97	#N/A	9.52	-	#N/A	4
MSEX	Middlesex Water	107.79	#N/A	1.67	1.01	#N/A	4
MSTR	Microstrategy	716.56	#N/A	(1.33)	-	#N/A	4
REXR	Rexford Ind Rty	61.56	10.35	27.74	1.56	3.87	4
TTGT	Techtarget	73.09	#N/A	11.14	-	#N/A	4
TYL	Tyler Tech Inc	472.68	#N/A	11.49	-	#N/A	4
EPRT	Essential Pptys	30.74	11.64	28.12	3.25	1.99	3
EQR	Equity Resident	82.51	3.73	1.42	2.92	7.68	3
MASI	Masimo Corp	282.00	#N/A	12.40	-	#N/A	3

## Portfolio / Client Update

I know. It's boring.

Let me restate what I wrote last week.

*"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."*

We suspect that eventually, the markets are going to get a rather rude awakening. However, such has not been the case this year as every dip continues to get bought.

With volumes very light, breadth weak, and investors unwilling to sell due to the "fear of missing out," our fear is a reversion to the 200-dma could come very swiftly.

### **The biggest problem for investors remains the lack of liquidity.**

At current prices, there are still willing buyers every time a seller shows up. With no one wanting to "miss out," buyers far outweigh sellers. However, at some point, if an event occurs which changes investor "psychology," there will be NO buyers at current prices when the masses want to sell.

Such will lead to a huge price gap between where sellers want to sell (current prices) and where buyers are WILLING to buy (much lower prices.) That "air pocket" will lead to very swift declines in prices, much as we saw in March 2020.

We are slowly preparing for such a potential event by reducing equities, raising cash, lengthening the bond portfolio duration, and reducing overall "beta" volatility. However, we are doing this while we are delicately balancing risk-aversion and generating returns needed to meet your financial goals.

It is the definition of walking a "razor's edge."

If you have any questions, please don't hesitate to ask us.

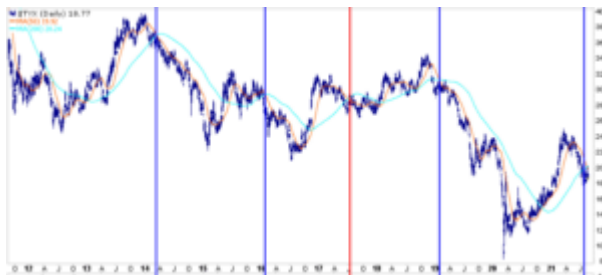
## **Portfolio Changes**

During the past week, we made minor changes to portfolios. In addition, we post all trades in real-time at [RIAPRO.NET](http://RIAPRO.NET).

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

*"This morning we added 1% TLT and 2.5% IEF to both models. We sold GSY down to 2.5% to make room. Our WAVG duration is now 4.5 versus 5.9 for our benchmark. Such is due to today's commentary:" - 08/20/21*

*"The graph below is 30-year UST yields with its 50 and 200 dma's. The vertical lines highlight the last five times, 30 year yields have witnessed its 50 dma falling below its 200 dma, also known as a ?death cross.? In 3 of the last 4 death cross instances yields fell appreciably and reached record lows. The only time they didn't was in 2017 (red vertical line). At that time yields consolidated to negate the death cross. As shown, on Monday 30-year yields witnessed a death cross."*



### **Equity & ETF Portfolios:**

- Reduce GSY to 2.5% of the portfolio
- Increase TLT by 1% of the portfolio.
- Initiate a 2.5% position in IEF

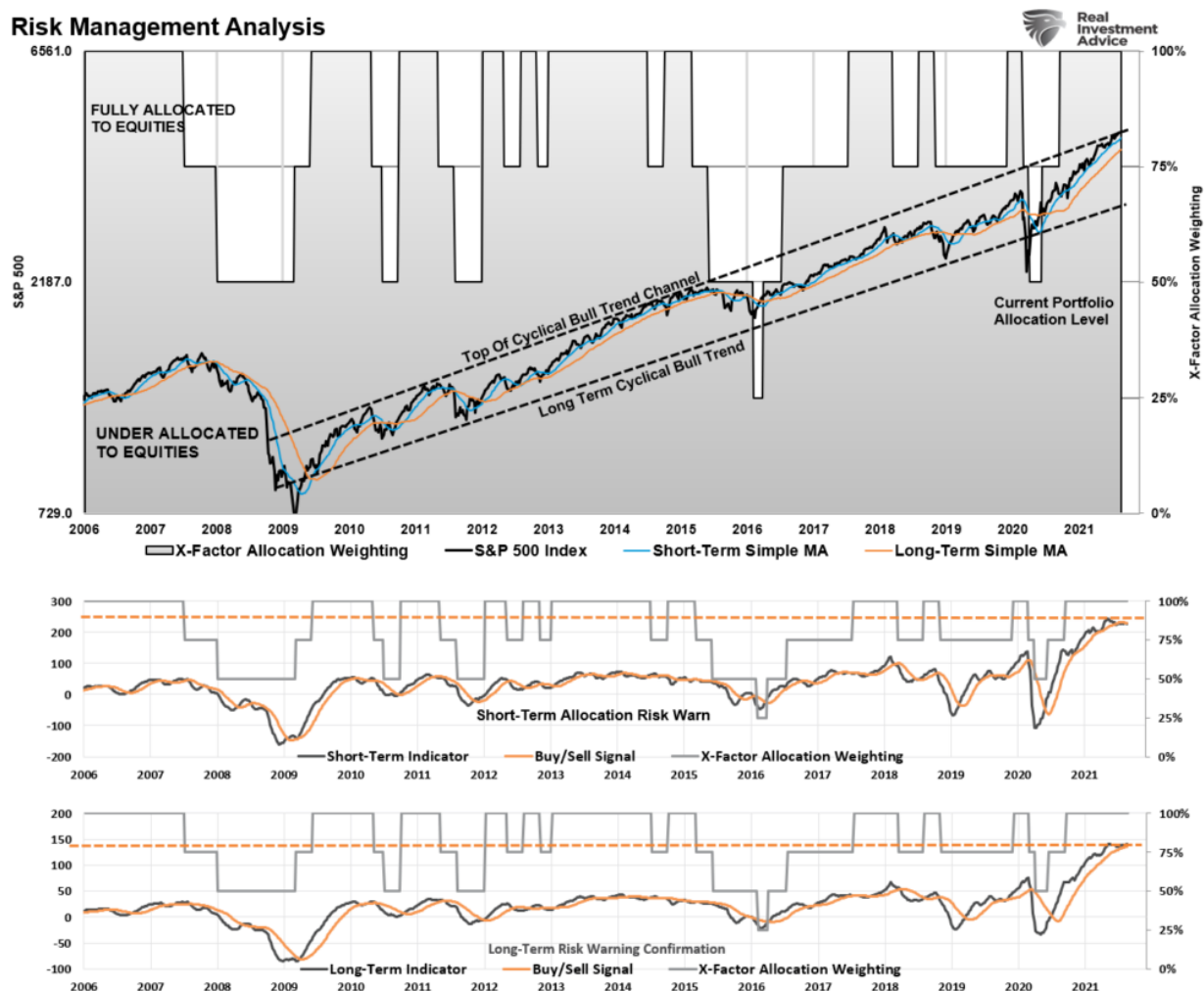
As always, our short-term concern remains the protection of your portfolio. Accordingly, we remain focused on the differentials between underlying fundamentals and market over-valuations.

*Lance Roberts, CIO*

## THE REAL 401k PLAN MANAGER

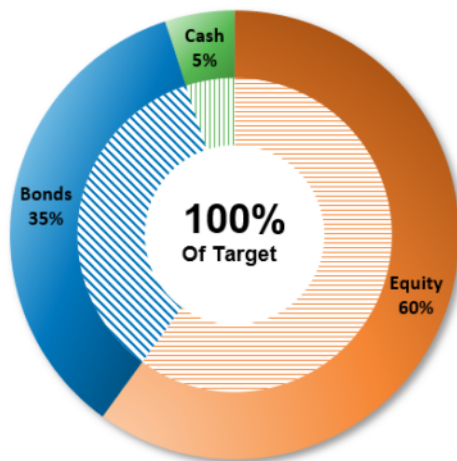
### *A Conservative Strategy For Long-Term Investors*

#### Risk Management Analysis





### Current Portfolio Weighting



### Current 401k Allocation Model

<b>5.00%</b>	<b>Cash + All Future Contributions</b> <i>Primary concern is the protection of investment capital</i> Examples: Stable Value, Money Market, Retirement Reserves
<b>35.00%</b>	<b>Fixed Income (Bonds)</b> <i>Bond Funds reflect the direction of interest rates</i> Examples: Short Duration, Total Return and Real Return Funds
<b>60.00%</b>	<b>Equity (Stocks)</b> <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 finally corrected this past week by a mere 2% before "buy the dippers" showed up on hopes the Fed will NOT taper QE any time soon.

However, with inflation rising, and employment and jobless claims improving, there is sufficient pressure on the Fed to taper sooner than later. The risk is certainly present.

Nonetheless, the bullish exuberance continues and investors currently "Fear missing out," more than fearing a correction. Given the length of time since the market has had a 5-10% correction, the risk is certainly rising. There WILL eventually be a correction to the 200-dma, the only question is the catalyst and the timing.

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.**



Take control of your retirement today with



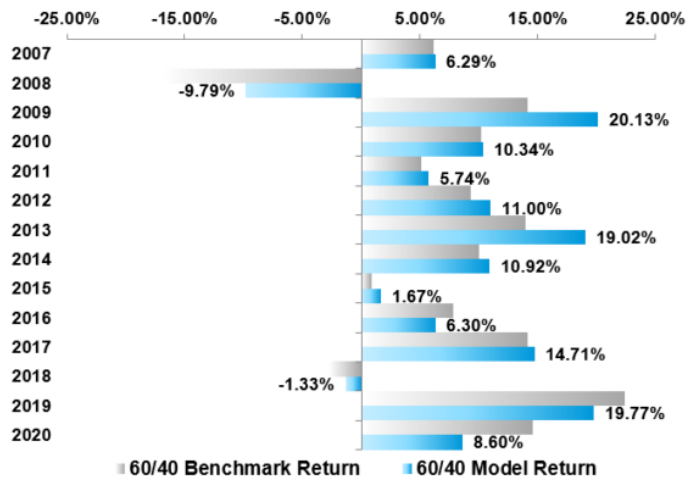
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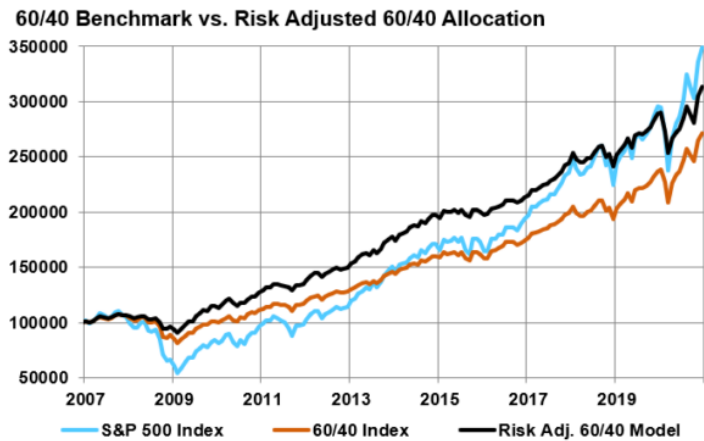
## 401k Model Performance Analysis

*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!