In this 09-17-21 issue of "'Investors Fail To BTFD As They Await Fed Taper."

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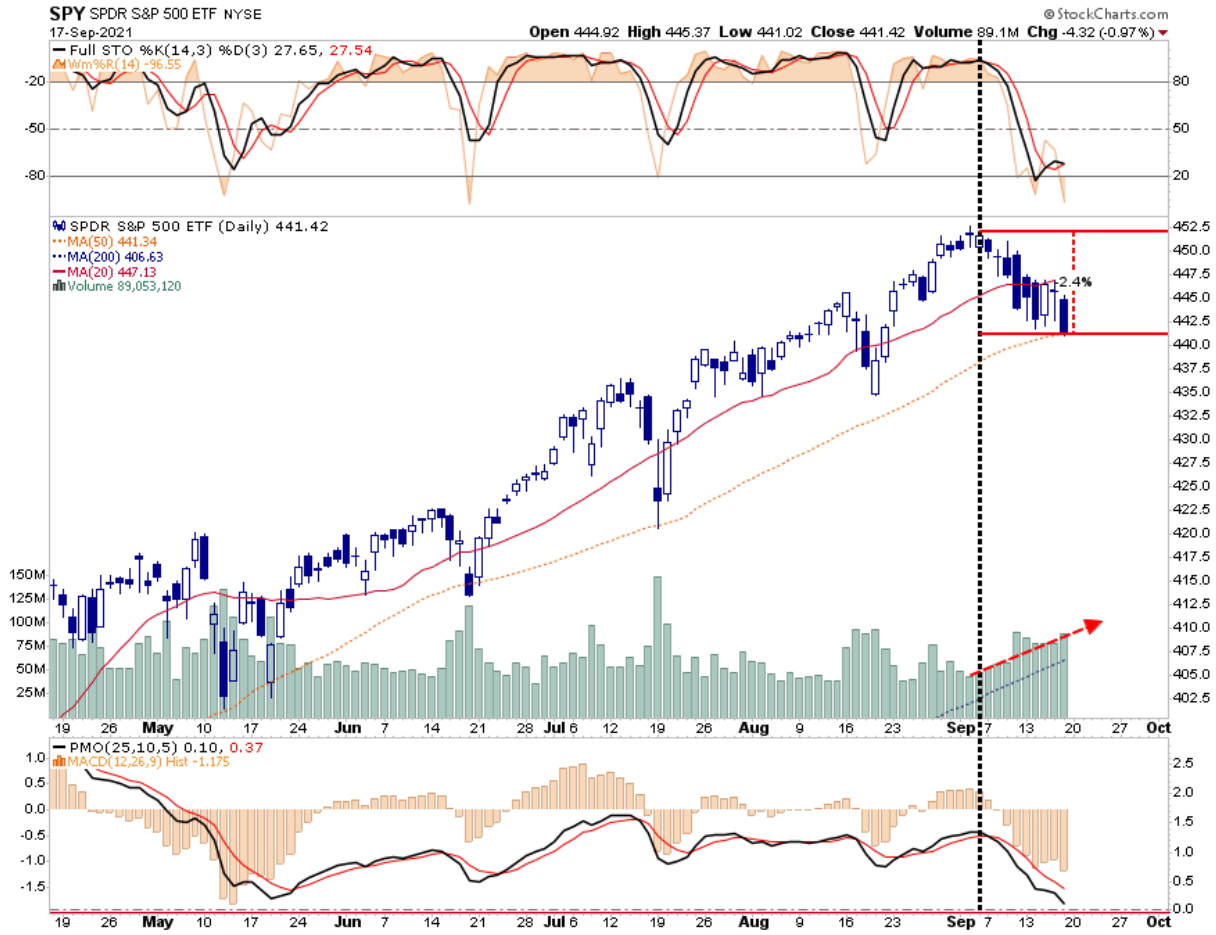
Market Starts A Correction Right On Cue

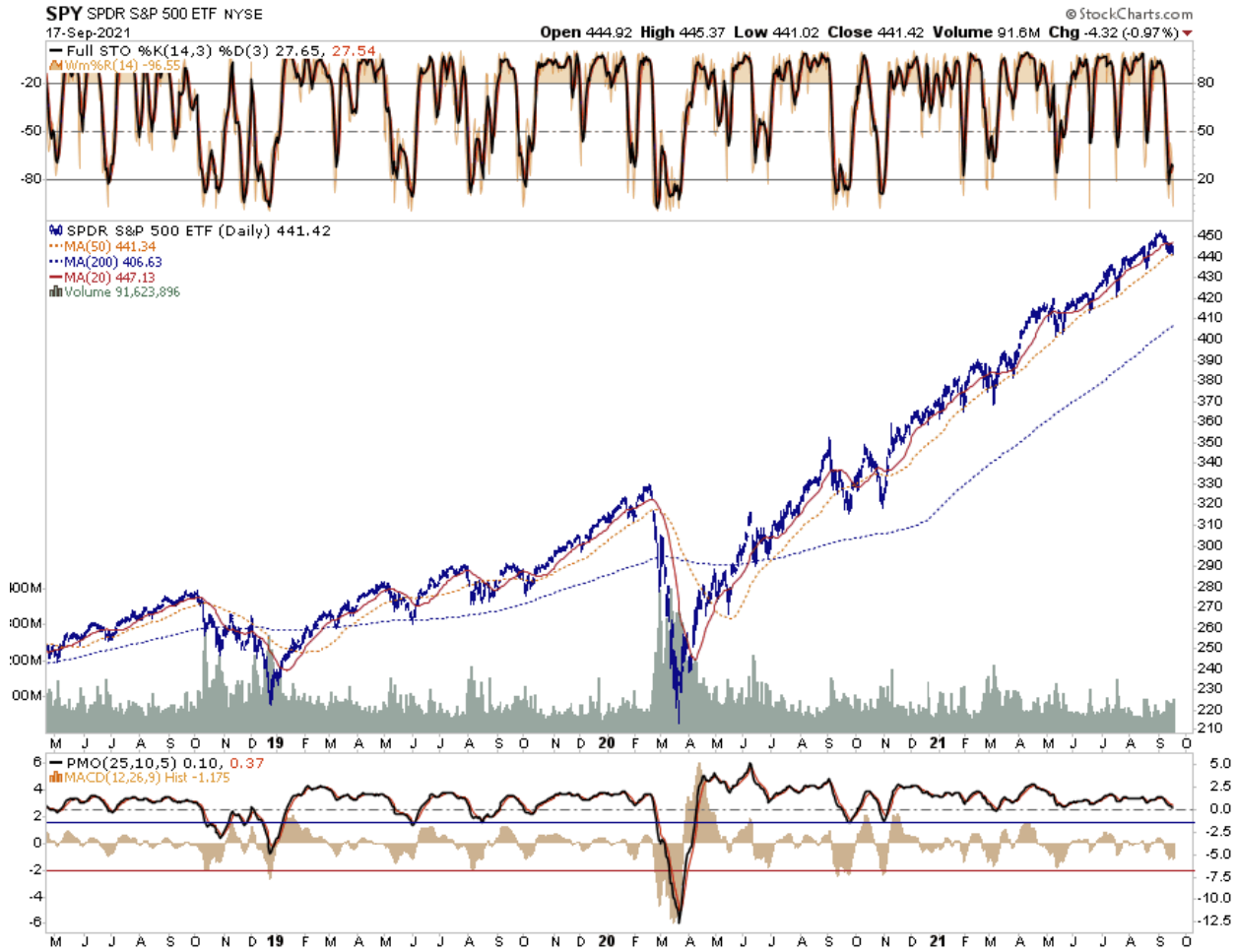
As ***noted last week:***

> *"**That correction started on Monday with the week ending in 5-straight down days which is the worse slide since February.***
>
> *However, while that sounds terrible, the total decline for the week was just **-1.69%**. Yes, that?s it, less than 2%. **While CNBC probably ran their ?Markets In Turmoil? segment, traders huddled over candles and incense chanting incantations at the Fed for more accommodation.**"*

The hope, of course, was that retail investors would step in to *"Buy The Dip,"* as they have done repeatedly this year, at the 50-dma. But, interestingly, such was not the case with the market finishing the week down, as shown below.



If you back the time frame up a bit, you kind of need to squint to see the correction.



Perspective is always important.

Waiting On The Fed

We can attribute the weakness on Friday to *"quadruple witching,"* where every type of option *(stock index futures, stock index options, stock options, and single stock futures)* all expired simultaneously.

However, history is also not on the market?s side, with the S&P 500 averaging a 0.4% decline for September, the worst of any month, according to the Stock Trader?s Almanac. Friday, in particular, began a historically weak period for stocks as those September losses typically come in the back half of the month.

Also, the markets are a bit nervous about the Fed's meeting next week with an announcement of *"tapering"* asset purchases expected.

While all that sounds terrible, the total decline for the last two weeks is just **-2.4%**. Yes, that's it, just 2.4%. As noted, it looks much worse on a short-term chart due to the low volatility advance this year.

As noted last week, the sell-off to the 50-dma was not a surprise.

> ***"With sell signals in place, volume rising, and breadth weak, a retest of the 50-dma early next week will not be a surprise.*** *The question will be whether traders show up again, as they have done every other time over the last 6-months to 'buy the dip.'*

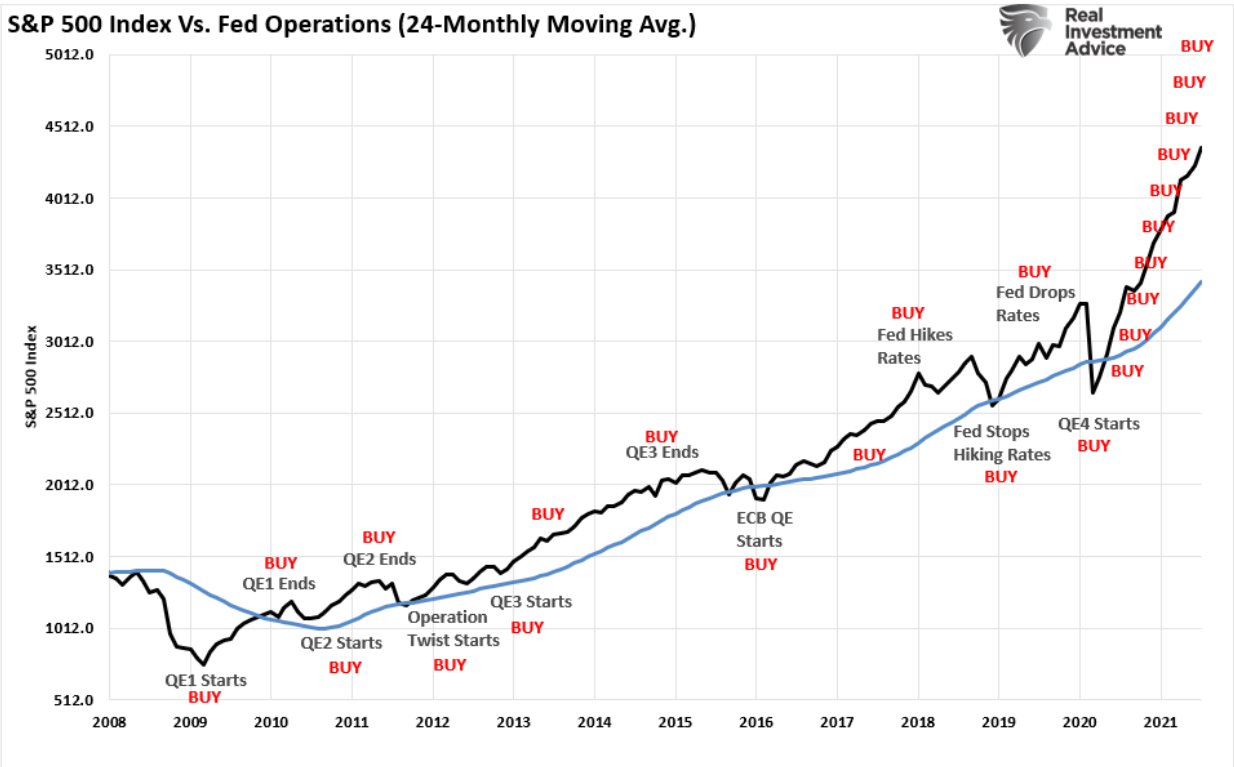
As shown, the market remains well confined to its rising trend with support sitting at the 50-dma. Volatility did pick up late last week as volume spiked suggesting more selling pressure on Monday.

With the market very oversold, a counter-trend bounce next week will not be a surprise. However, if the market fails to hold the 50-dma, the risk of a more substantial correction is likely.

Longer-term market risk remains exceptionally high.

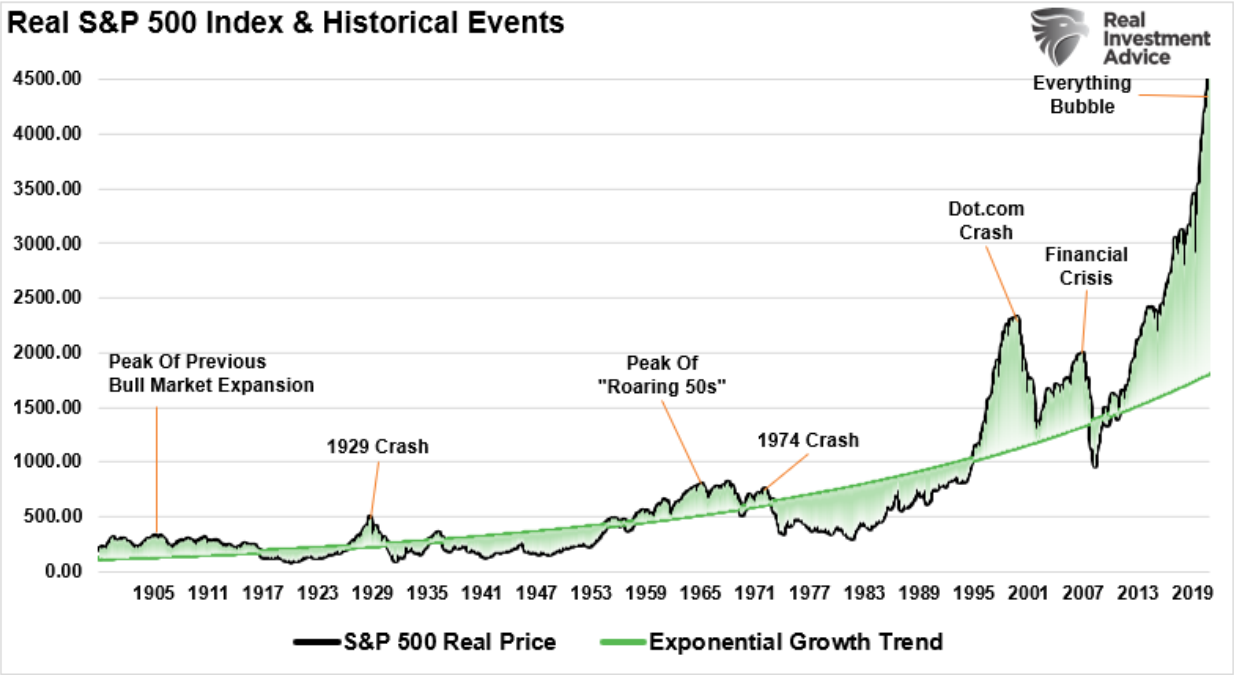
It's Always Time To Buy Stocks

When looking at long periods of market history, the current market stands out as an apparent anomaly. Many younger investors in the markets today are unaware of the *"melt-up"* in prices and the Fed's naivety of the laws of physics. **After more than a decade of rising prices, accelerating markets seem entirely normal, detached from underlying fundamentals.** During these periods, investors create new acronyms like "*TINA"* and "*BTFD*" to rationalize accelerating prices.



However, a more extended look at price history suggests the current market environment is anything but ordinary. More importantly, the ***"moral hazard"*** created by the Federal Reserve's continuous bailouts have put individual investors at significant risk.

In the short term, like the chart above, prices don't seem that extraordinarily stretched. However, this is because the chart lacks context from a historical perspective. Once we look at the market from 1900 to the present, a different picture emerges compared to its exponential long-term growth trend**.**



Usually, I would present a long-term chart like this using a log-scale which reduces the impact of large numbers on the whole. However, in this instance, such is not appropriate as we examine the historical deviations from the underlying growth trend.

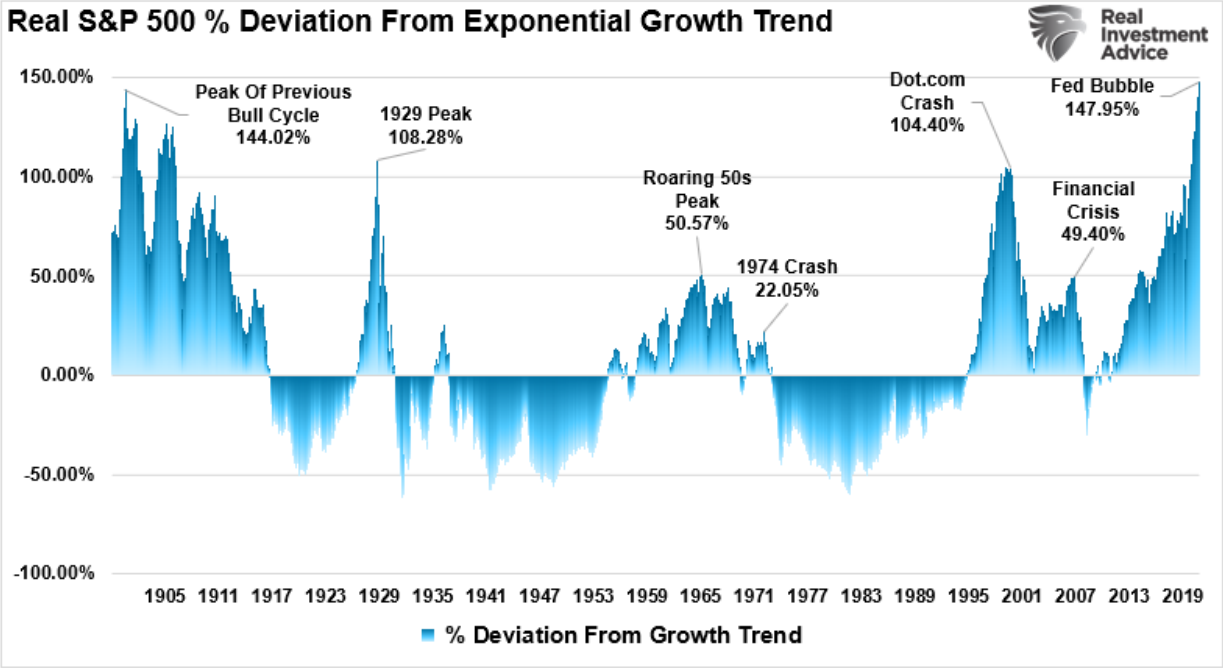
What you should take away from the chart above is apparent. **Investing capital when prices are exceedingly above the underlying growth trend repeatedly had poor outcomes.** Investing capital at peak deviations led to very long periods of ZERO returns on capital. ***(Interestingly, as the Fed became active in the markets, the periods of zero returns got cut in half.)***

[dmc]

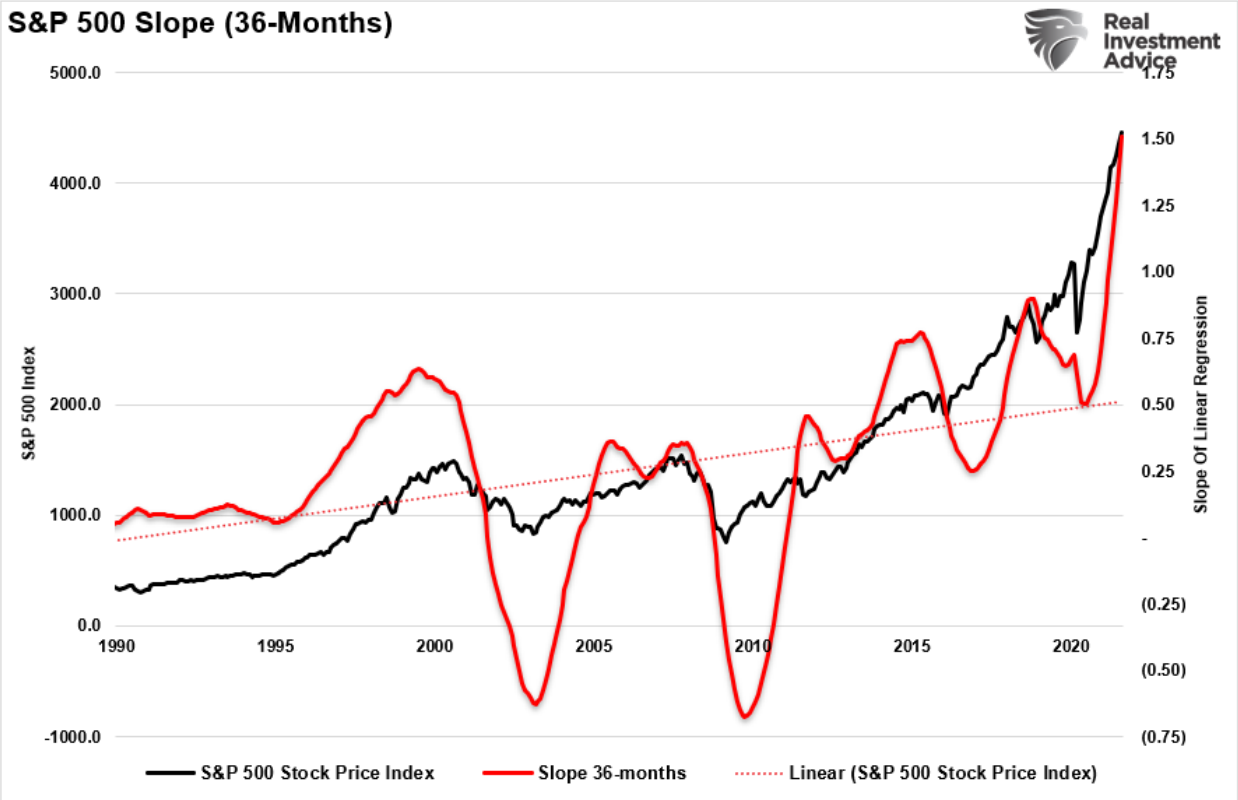
The Slope Of Hope

Sir Issac Newton discovered the relationship between the motion of the moon and the motion of a body falling freely on Earth. His dynamical and gravitational theories established the modern quantitative science of gravitation. Moreover, Newton realized that this force could be, at long range, the same as the force with which Earth pulls objects on its surface downward.

Notably, there is a clear "gravitational pull" of prices to the exponential growth trend line. Thus, without fail, when prices have deviated well above the trend line, there was an eventual reversion below the trend.



Even on a short-term basis, 1990-present, the current advance also stands out. The chart below shows the slope of the linear regression of the market. Historically, markets trade above and below that linear trend. However, currently, the slope is surging higher.



It is important to note that these are all monthly data points. As such, change will come slowly. **The problem for investors is that when a *"warning"* doesn't immediately devolve into a correction, it gets assumed the warning is wrong.**

Therefore, it is essential to be aware of the excesses that currently exist in the financial markets. At some point, something will happen, and a change in *"psychology"* will occur. **When the algorithms eventually switch from *"BTFD" to "STFR" (Sell The ****ing Rally),* it will be too late for most to avoid capital destruction.**

For now, BTFD remains alive and well, as long as the Fed *"put"* remains.

But is that about to change? Maybe not.

In Case You Missed It

#MacroView: Deficit Deniers & 40-Years Of Economic Erosion

Written by Lance Roberts | Sep 17, 2021

After 40-years of economic erosion, deficit deniers remain. The belief debt and deficits "don't matter" is only supported by the fact the U.S. economy hasn't become Weimer, Germany.

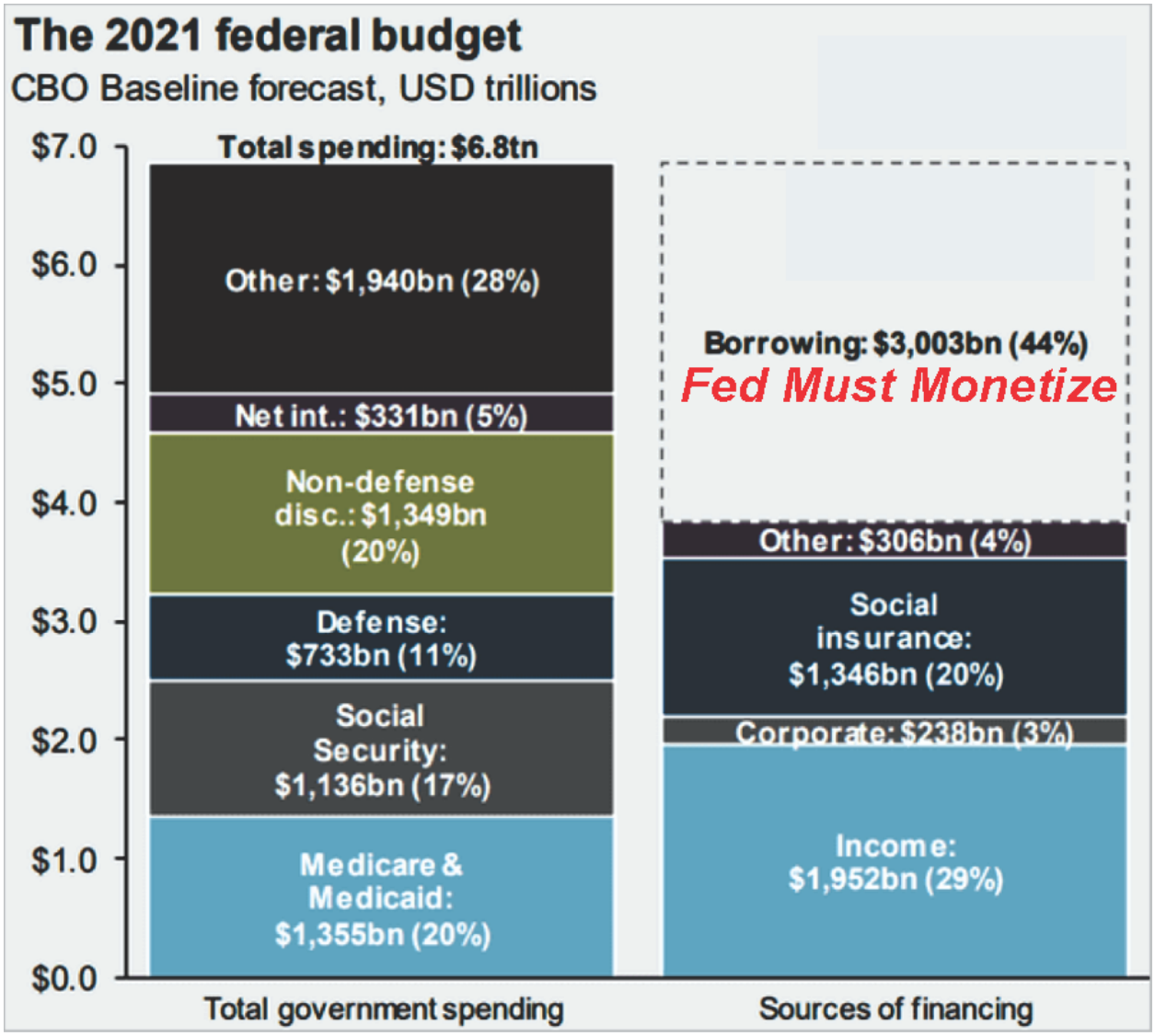
> Read More

A Reason The Fed Can't Taper...Yet

While the market expects the Fed to announce "*taper*" plans next week, there is one reason they might stall.

> *"As repo expert Scott Skyrm said, 'for the past several years, Congress always reached a compromise before the possibility of a 'technical default' creeped into the markets.* ***This year, as we get closer to the 'drop dead date' (which hasn't yet been determined) the markets will start pricing in distortions.***
>
> *Mitch McConnell, Senate Minority Leader, repeated to Secretary Yellen what he has said publicly since July: 'This is a unified Democrat government, engaging in a partisan reckless tax and spending spree. They will have to raise the debt ceiling on their own and they have the tools to do it."* - Zerohedge

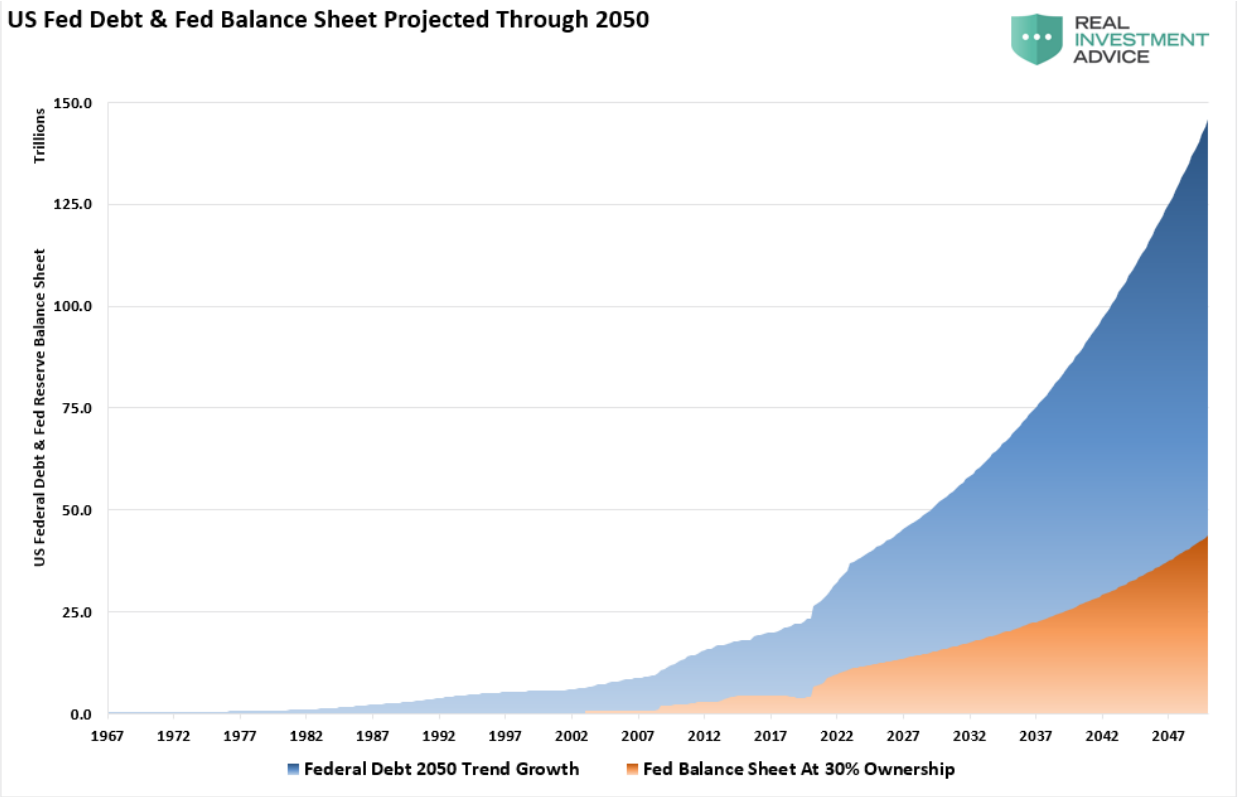
As we discussed previously, the current mandatory spending of the Government consumes more than 100% of existing tax revenues. **Therefore, all discretionary spending plus additional programs such as *?infrastructure?* and *?human infrastructure?* comes from debt issuance.**



As shown, the 2021 budget will push the current deficit towards $4-Trillion requiring the Federal Reserve to monetize at least ***$1 Trillion of that issuance per our previous analysis.*** We discussed this previously, but there is a critical point.

The scale and scope of government spending expansion in the last year are unprecedented. Because Uncle Sam doesn?t have the money, lots of it went on the government?s credit card. The deficit and debt skyrocketed. But this is only the beginning. ***The Biden administration recently proposed a $6 trillion budget for fiscal 2022, two-thirds of which would be borrowed.? ?*** *Reason*

The CBO (Congressional Budget Office) recently produced its long-term debt projection through 2050, ensuring poor economic returns. I reconstructed a chart from Deutsche Bank showing the US Federal Debt and Federal Reserve balance sheet. The chart uses the CBO projections through 2050.



For The Democrats It's *"Reconciliation Or Bust!"*

The problem for the Democratically controlled Congress is they can not issue a *"Continuing Resolution"* solely to lift the debt ceiling. Such would entail passing a resolution that takes last year's base budget spending and adding 8% to it.

While doing so would immediately solve the funding problem for the Government, it would force Congress to abandon the *"reconciliation process"* for passing their massive socialistic, debt-driven agenda. For the Democrats, who only hold slim majority control, their spending plans depend on the reconciliation process. The process is a budgetary procedure to align the House and Senate on spending bills and only requires a majority vote. (51%).

Such was a point made by Bloomberg:

> "***The expansive $3.5 trillion package*** *entails much of Biden?s first-year agenda and includes a mix of tax increases on the wealthy and corporations, as well as greater spending in areas including child care, health care, and climate change.*

> *With Republicans unified in opposition,* ***Democrats are pushing it through the Senate using a process called reconciliation that lets them skirt a GOP filibuster. But with the slimmest of majorities in both chambers, Democrats will have to be unified in support.***
>
> ***The differences among Democrats*** *manifested themselves as the House panels finished their work. The Ways and Means Committee deferred action on raising the limit on the* ***state and local tax deductions, or SALT,*** *and a sweeping proposal to regulate drug prices failed to win approval in the Energy and Commerce Committee. It will be up to party leaders to decide whether those provisions can be inserted later in the process and still muster the votes needed to pass the final bill.*"

Caught In Their Own Trap

If the Democrats pass a continuing resolution to raise the debt ceiling and fund the Government without including the $3.5 trillion *"human infrastructure"* bill, then the spending bill would require a 60-vote margin to pass. Given that no Republicans will support the spending bill, a failure to include it in the budget process is a *"death knell."*

> *?In reconciliation, we?re going to all come together to get something big done and it will be our intention to have every part of the Biden plan in a big and robust way.* ***We?re going to work very hard to have unity, because without unity we?re not going to get anything.?*** *- Senator Chuck Schumer, Senate Majority Leader*

In other words, the Democrat's own *"greed"* to shove their agenda down the throats of the American people, rather than working on a bipartisan solution *(the way Congress is supposed to work),* now has them trapped into a *"do or die"* situation.

Given the Democrats recognize this problem, they are unlikely to pass a *"C.R."* anytime soon. Such will force the Treasury to use *"emergency measures"* to fund mandatory spending. **If that is indeed the case, the Fed will not be able to *?taper?* their balance sheet purchases unless they are willing to risk a surge in interest rates, a collapse in economic growth, and a deflationary spiral.**

Things are likely to start getting interesting.

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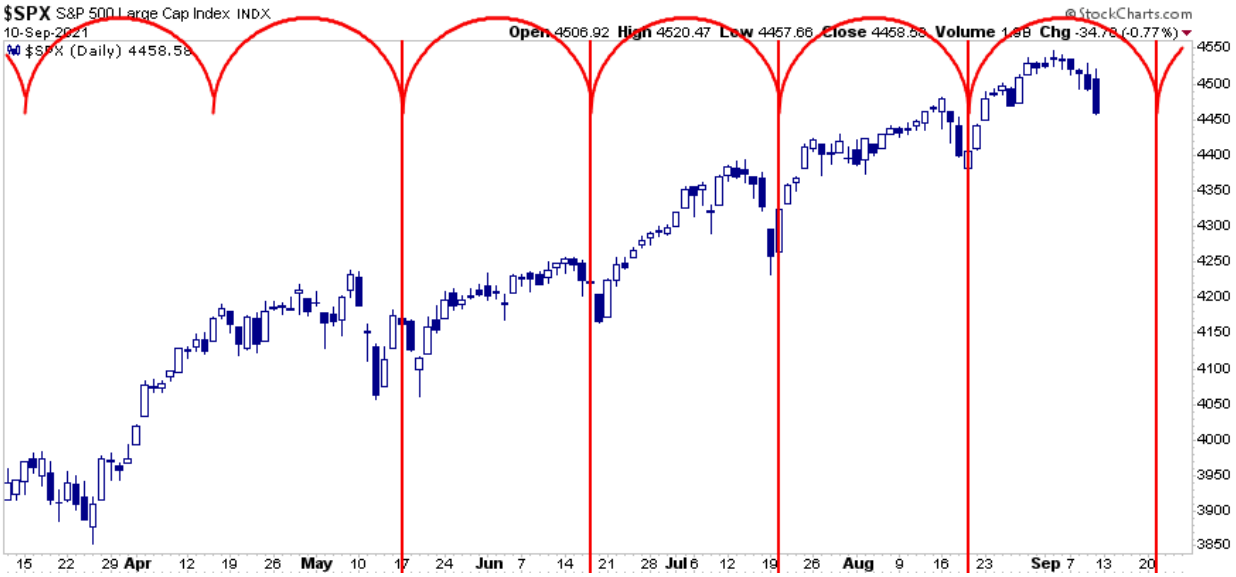
Portfolio Update

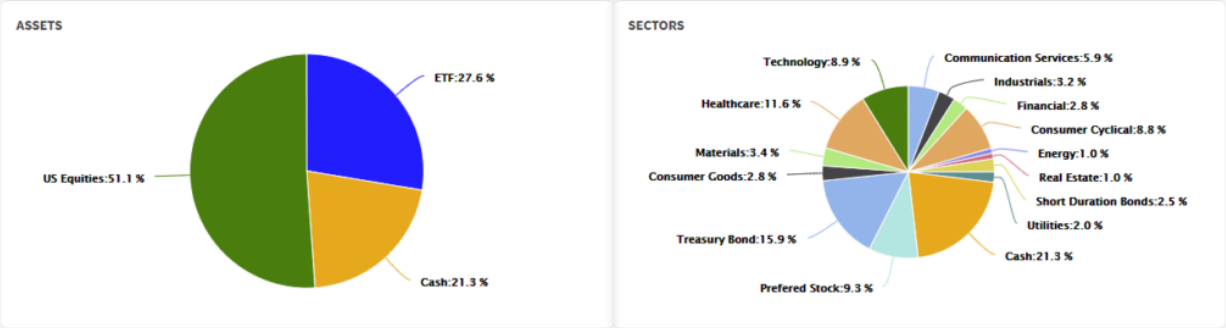
The expected correction back to the 50-dma occurred right on schedule. As noted in our ***daily market commentary:***

> *The graph below shows the incredible regularity of the market over the last four months.* ***As shown, every 20 days the S&P 500 tends to decline for a few days, bottom, and then rally back to prior highs.***



So the only question is whether this time will be different?

We have no idea what will happen next week, given the Fed's announcement. Therefore, we are maintaining our current allocations. **As noted last week, equity allocations remain underweight, bond duration remains close to our benchmark, and cash remains roughly 10% of our equity allocations.**



While there currently seems to be *"no risk"* to taking on excessive *"risk,"* this overconfidence in our abilities always leads investors to make overwhelming bad decisions in their portfolio.

Let me close this week with a quote from ***Howard Marks of Oaktree Capital Management:***

> "*Information and knowledge are two different things. We can have a lot of information without much knowledge, and we can have a lot of knowledge without much wisdom.* ***In fact, sometimes too much data keeps us from seeing the big picture; we can ?miss the forest for the trees.?***
>
> ***It?s extremely important to know history, but the trouble is that the big events in financial history occur only once every few generations.*** *In the investment environment, memory and the resultant prudence regularly do battle with greed,* ***and greed tends to win out.***
>
> ***Prudence is particularly dismissed when risky investments have paid off for a span of years****. John Kenneth Galbraith wrote that the outstanding characteristics of financial markets are shortness of memory and ignorance of history.*"

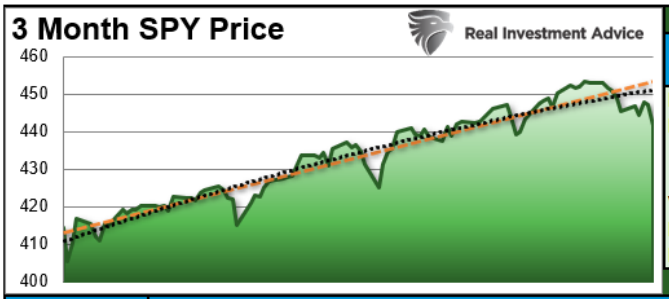
Have a great weekend.

By Lance Roberts, CIO

Market & Sector Analysis

Analysis & Stock Screens Exclusively For RIAPro Members

S&P 500 Tear Sheet



SPY RISK INFO

Item	T 2-Yr	T 1-Yr.	YTD	% Diff YTD/T1-YR
Price Return	46.68%	31.43%	18.06%	(42.54%)
Max Drawdown	(35.63%)	(8.88%)	(5.65%)	(36.28%)
Sharpe	0.94	2.56	2.27	(0.11)
Sortino	1.00	3.41	3.17	(0.07)
Volatility	25.02	13.81	12.43	(0.10)
Daily VaR-5%	(13.84)	11.13	7.82	(0.30)
Mnthly VaR-5%	(3.29)	17.50	22.84	0.31

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%	1.50%	1.26%	(19.61%)	2.14%	1.20%	(41.39%)	4.33%
P/E Ratio	18.85	24.22	25.15	3.70%	2735%	1606%	(8.0%)	56.63%
P/S Ratio	3.73	4.38	5.02	12.81%	5.12	3.16	(2.04%)	59.03%
P/B Ratio	4.90	5.85	6.92	15.48%	6.85	4.18	1.00%	65.69%
ROE	21.96%	20.39%	26.14%	21.99%	26.14%	17.67%	0.00%	47.97%
ROA	4.31%	3.86%	4.68%	17.57%	4.68%	3.51%	0.00%	33.24%

S&P 500 Market Cap Analysis

Item	12-M Ago	Current	% Chg
Shares	2,883.4	2,800.3	(2.88%)
Sales	68,732	74,466	8.34%
SPS	23.8	26.6	11.56%
Earnings	10,526	13,646	29.64%
EPS TTM	4.1	5.3	28.89%
Dividend	1.6	1.6	4.67%

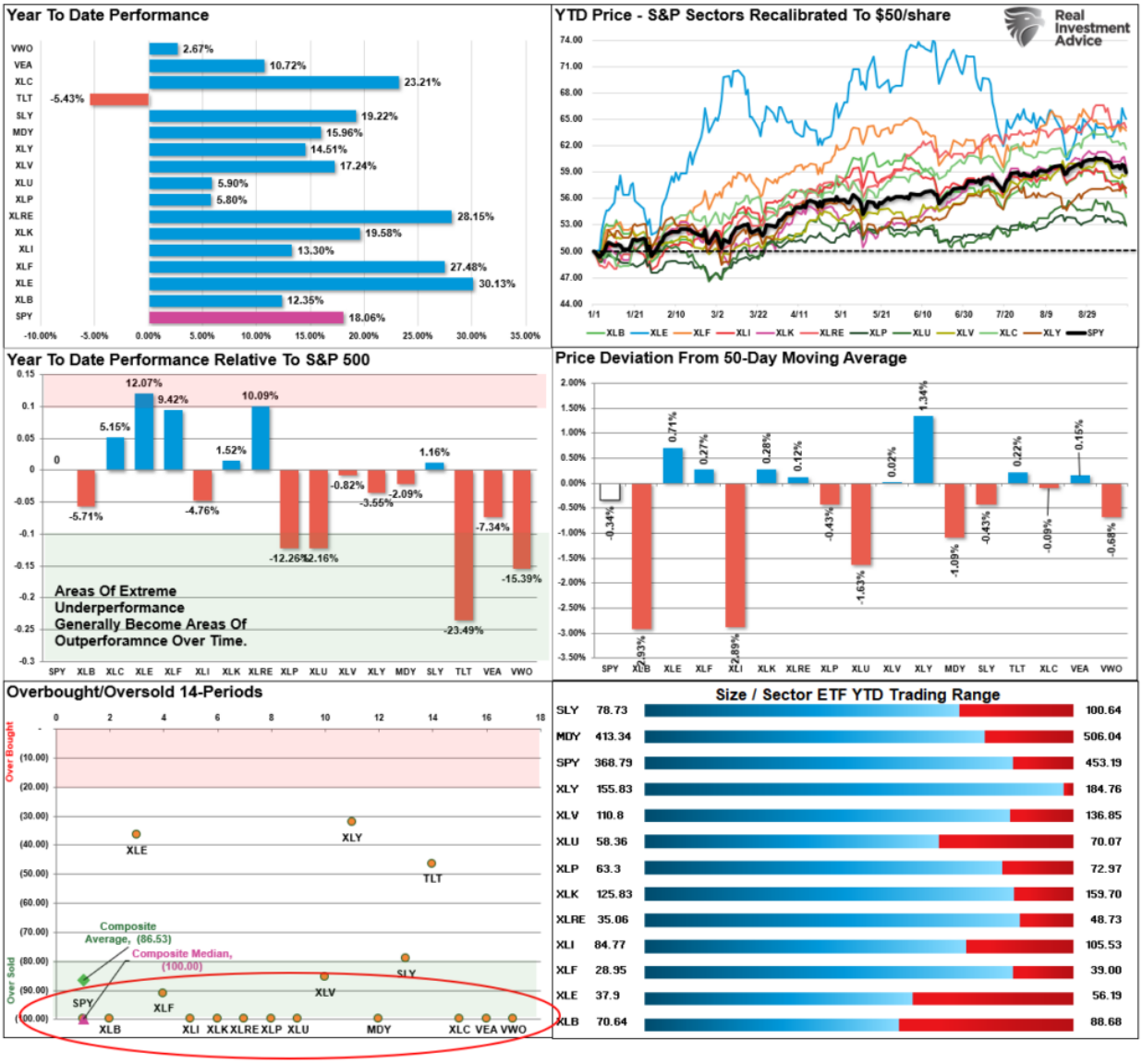
S&P 500 Asset Allocation

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	46.70%	2.52%	1.89	40.63	123.62	(302.30)	(67.1%)	4.3%	4.5%	2.45%	3.54	12.60
Materials	22.19%	2.52%	1.19	20.35	27.12	14.16	(25.0%)	14.3%	1.9%	4.85%	5.57	16.61
Industrials	24.89%	8.07%	1.19	36.35	54.23	14.69	(33.0%)	13.0%	1.4%	2.73%	5.99	21.73
Discretionary	28.57%	12.04%	1.35	41.67	60.06	20.97	(30.6%)	30.8%	0.6%	2.39%	6.20	31.25
Staples	11.78%	5.74%	0.64	22.14	23.01	17.65	(3.8%)	30.8%	2.5%	4.51%	4.59	21.08
Health Care	25.22%	13.29%	0.77	19.38	19.72	15.28	(1.7%)	31.3%	1.5%	5.17%	8.14	17.92
Financials	49.39%	11.08%	1.33	13.73	18.48	10.52	(25.7%)	11.4%	1.7%	7.27%	6.75	14.45
Technology	37.80%	28.07%	1.07	32.11	32.82	16.65	(2.2%)	72.4%	0.8%	3.08%	6.03	28.06
Telecom	52.65%	11.45%	0.96	26.49	28.18	17.61	(6.0%)	17.7%	0.5%	3.73%	9.43	22.85
Utilities	11.04%	2.50%	0.42	20.20	22.09	16.35	(8.5%)	10.7%	3.2%	4.89%	3.47	19.90
Real Estate	30.19%	2.62%	0.95	25.14	25.68	17.12	(2.1%)	8.1%	2.4%	3.96%	4.68	24.08

Momentum Analysis

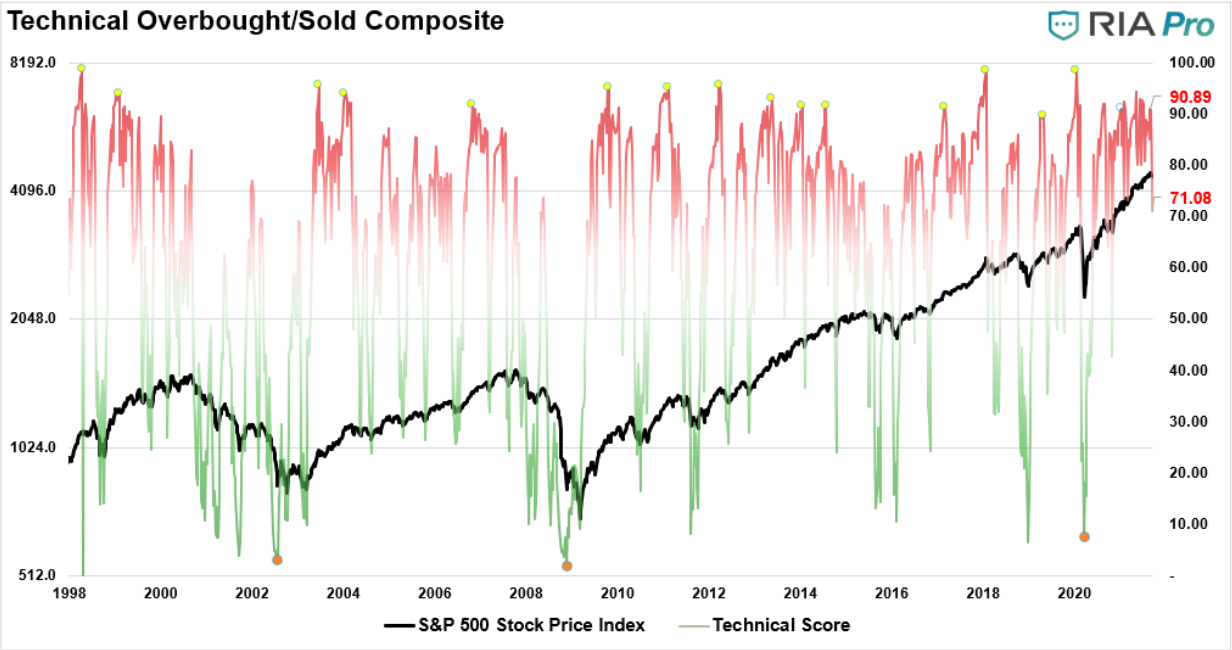
Item	Price	ROC 50-Days	50-DMA	# Days Since Cross	% Dev 50-Day	200-DMA	# Days Since Cross	% Dev 200-Day	% Dev 50-200 DMA	% From 52-W High	% From 52-W Low	Buy/Sell
Large Cap	441.40	1.35%	443.07	50	(0.38%)	410.72	275	7.47%	7.88%	(2.79%)	38.02%	Buy
Mid Cap	486.96	(1.23%)	492.31	3	(1.09%)	475.48	256	2.42%	3.54%	(4.07%)	51.34%	Buy
Small Cap	94.83	(1.83%)	95.21	16	(0.40%)	93.03	253	1.94%	2.35%	(6.05%)	63.78%	Buy

Performance Analysis



Technical Composite

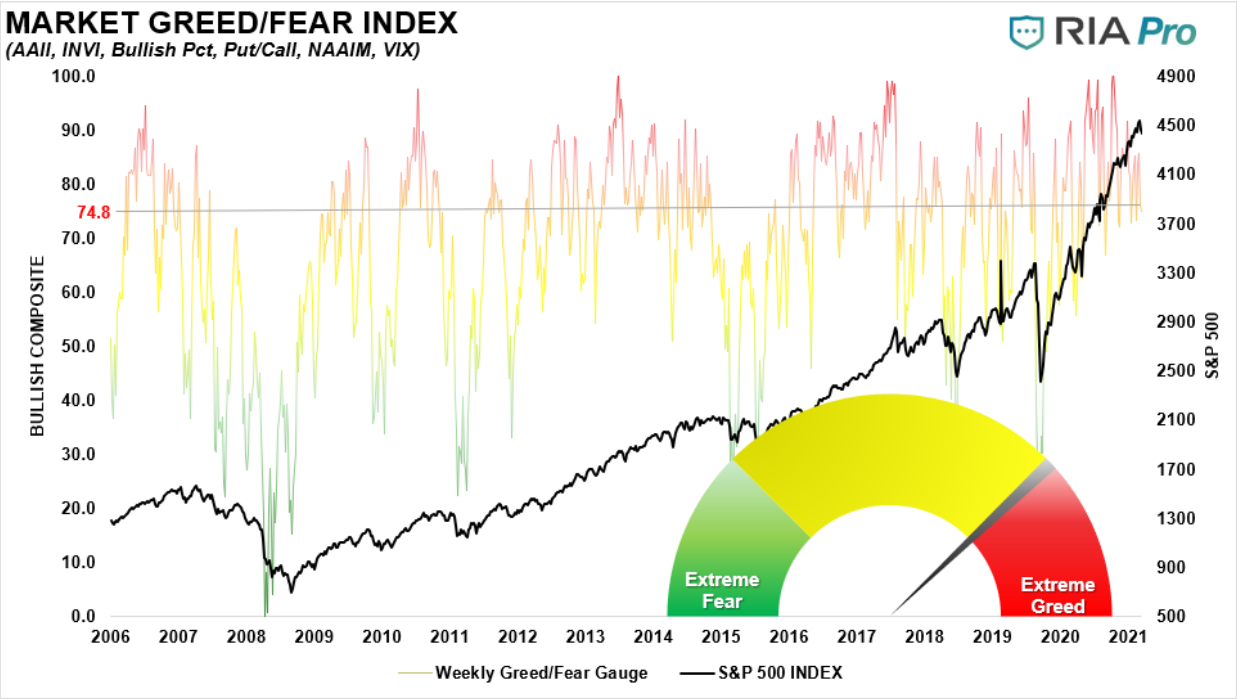
The technical overbought/sold gauge comprises several price indicators (RSI, Williams %R, etc.), measured using "weekly" closing price data. Readings above "80" are considered overbought, and below "20" are oversold. ***The current reading is 71.08 out of a possible 100.***



Portfolio Positioning "Fear / Greed" Gauge

Our "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 c*urrent reading is 74.8 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		MONTH END	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	LONG WMA	PRICE	BETA	HIGH	LOW	Short M/A	Long M/A	SIGNAL
IVV	ISHARS-SP500	444.73	(0.63)	(0.13)	3.80	10.61	33.42	441.74	418.88	453.71	0.99	465.05	442.37	1%	6%	BULLISH
XLB	SPDR-MATLS SELS	81.33	(2.56)	(2.79)	(4.78)	(8.29)	(9.66)	83.45	81.54	85.61	1.05	88.65	82.57	-3%	0%	BULLISH
XLC	SPDR-COMM SV SS	83.14	(0.70)	0.63	(0.71)	0.87	8.12	82.74	78.07	85.62	0.99	88.61	82.63	0%	6%	BULLISH
XLE	SPDR-EGY SELS	49.32	3.83	7.60	(14.68)	(12.58)	13.33	50.04	49.80	48.40	1.75	50.46	46.34	-1%	-1%	BULLISH
XLF	SPDR-FINL SELS	37.58	0.63	(0.16)	(2.04)	(1.59)	18.85	37.26	35.70	38.40	1.20	39.82	36.98	1%	5%	BULLISH
XLK	SPDR-TECH SELS	155.48	(0.11)	(0.04)	3.26	4.15	5.70	153.41	142.83	158.86	1.03	164.47	153.25	1%	5%	BULLISH
XLI	SPDR-INDU SELS	100.33	(0.97)	(2.11)	(5.78)	(9.04)	(6.06)	103.09	99.85	104.51	1.19	108.36	100.66	-3%	0%	BULLISH
XLP	SPDR-CONS STPL	71.36	(0.10)	(1.79)	(1.39)	(5.64)	(21.37)	71.22	69.27	72.26	0.63	74.52	70.00	0%	3%	BULLISH
XLRE	SPDR-RE SELS	46.85	0.63	(0.19)	1.03	6.17	(1.82)	46.36	42.77	47.68	0.69	49.20	46.16	1%	10%	BULLISH
XLU	SPDR-UTIL SELS	66.40	(2.37)	(4.92)	(0.02)	(6.82)	(19.95)	66.74	65.04	68.54	0.36	70.50	66.58	-1%	2%	BULLISH
XLV	SPDR-HLTH CR	133.00	0.49	(2.15)	2.01	3.66	(7.40)	131.60	123.75	135.21	0.76	139.62	130.80	1%	7%	BULLISH
XLY	SPDR-CONS DISCR	184.11	1.29	3.78	(0.33)	(1.94)	(5.46)	180.99	174.44	183.65	1.13	190.32	176.98	2%	6%	BULLISH
XTN	SPDR-SP TRANSPT	85.85	1.30	3.09	(4.47)	(13.45)	8.37	84.66	85.16	85.91	1.38	89.24	82.58	1%	1%	BEARISH
SDY	SPDR-SP DIV ETF	118.88	(1.33)	(3.99)	(7.43)	(10.49)	(7.19)	123.05	120.47	124.73	0.91	128.98	120.48	-3%	-1%	BULLISH
RSP	INVS-SP5 EQ ETF	153.04	(0.00)	(0.09)	(2.55)	(3.65)	5.95	152.94	146.76	156.30	1.12	161.95	150.65	0%	4%	BULLISH
SLY	SPDR-SP6 SC	94.83	0.93	1.05	(7.74)	(11.05)	19.51	95.65	94.93	97.31	1.25	100.96	93.66	-1%	0%	BULLISH
MDY	SPDR-SP MC 400	486.96	(0.01)	(0.10)	(5.70)	(9.64)	9.82	491.90	483.70	502.28	1.18	520.79	483.77	-1%	1%	BULLISH
EEM	ISHARS-EMG MKT	51.37	(1.51)	3.91	(11.24)	(15.23)	(18.03)	52.68	53.83	52.41	0.79	54.13	50.69	-2%	-5%	BEARISH
EFA	ISHARS-EAFE	80.50	(0.19)	1.45	(3.15)	(5.87)	(9.82)	80.03	78.52	80.64	0.83	83.33	77.95	1%	3%	BULLISH
IAU	ISHARS-GOLD TR	33.34	(1.43)	(1.58)	(5.40)	(9.33)	(43.89)	34.15	34.21	34.53	0.08	35.42	33.64	-2%	-3%	BEARISH
GDX	VANECK-GOLD MNR	30.58	(2.29)	(0.74)	(14.80)	(19.60)	(59.48)	33.21	34.48	32.60	0.66	33.63	31.57	-8%	-11%	BEARISH
UUP	INVS-DB US$ BU	25.02	1.23	(0.27)	(2.47)	(10.57)	(33.77)	24.87	24.65	24.89	(0.11)	25.48	24.30	1%	1%	BULLISH
BOND	PIMCO-TOT RETRN	111.42	0.55	(0.19)	(3.09)	(8.92)	(34.32)	111.46	110.92	111.67	0.08	114.55	108.79	0%	0%	BULLISH
TLT	ISHARS-20+YTB	149.17	1.15	(0.79)	1.24	(2.13)	(42.22)	147.93	143.46	148.83	(0.25)	152.18	145.48	1%	4%	BULLISH
BNDX	VANGD-TTL INT B	57.34	0.31	(1.01)	(3.12)	(10.27)	(34.75)	57.61	57.38	57.62	0.03	59.08	56.16	0%	0%	BULLISH
HYG	ISHARS-IBX HYCB	88.00	0.82	0.94	(3.72)	(9.54)	(29.01)	87.73	87.34	88.09	0.37	90.62	85.56	0%	1%	BULLISH

RIA Pro **RISK RANGE REPORT** Real Investment Advice

Weekly Stock Screens

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

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

S&P 500 Growth Screen

Ticker	Company	Current Price	Next 3-5 Yr Est EPS Gr rate	5 yr Hist Sales Gr	Div Yield	P/E using 12 mo EPS	Score
AMAT	Appld Matls Inc	144.09	19.35	9.14	0.67	23.35	9.00
DOV	Dover Corp	164.25	11.50	-0.94	1.22	23.40	9.00
IDXX	Idexx Labs Inc	663.45	19.92	11.36	0.00	79.08	9.00
WAT	Waters Corp	399.73	9.39	2.76	0.00	37.36	9.00
AMD	Adv Micro Dev	106.22	44.60	22.18	0.00	57.42	8.00
DE	Deere & Co	355.33	21.19	8.92	1.01	20.59	8.00
DHR	Danaher Corp	324.00	13.65	4.66	0.26	36.90	8.00
GPC	Genuine Parts	124.19	9.17	3.61	2.63	19.43	8.00
HCA	Hca Holdings	261.64	11.10	5.70	0.73	17.97	8.00
IPG	Interpublic Grp	37.07	11.54	5.46	2.91	14.59	8.00
IT	Gartner Inc -A	315.93	13.50	13.17	0.00	46.87	8.00
KEYS	Keysight Tech	179.78	11.51	11.13	0.00	32.39	8.00
KLAC	Kla Corp	372.02	14.03	17.67	1.13	25.57	8.00
MCO	Moodys Corp	380.33	10.00	10.11	0.65	32.01	8.00
MSFT	Microsoft Corp	305.22	11.09	15.85	0.73	38.30	8.00
NXPI	Nxp Semiconduct	213.03	10.00	-0.89	1.06	27.07	8.00
QRVO	Qorvo Inc	180.31	12.72	6.56	0.00	17.37	8.00
SNA	Snap-On Inc	219.46	9.54	1.46	2.24	15.26	8.00
WMT	Walmart Inc	145.03	5.50	3.36	1.52	23.39	8.00
WRB	Berkley (Wr) Cp	72.17	9.00	1.80	0.72	18.89	8.00
WST	West Pharm Svc	454.47	27.26	9.85	0.15	64.92	8.00
AAPL	Apple Inc	148.79	12.50	8.26	0.59	29.12	7.00
APH	Amphenol Corp-A	76.47	12.58	8.72	0.76	34.14	7.00
BRK.B	Berkshire Hth-B	277.51	7.00	2.37	0.00	26.58	7.00
CBRE	Cbre Group Inc	97.29	11.00	18.03	0.00	22.11	7.00
CDNS	Cadence Design	167.61	11.68	10.29	0.00	64.96	7.00
EXR	Extra Space Stg	182.94	8.43	8.24	2.73	30.85	7.00
FLT	Fleetcor Tech	261.38	15.04	6.65	0.00	23.23	7.00
MMC	Marsh &Mclennan	158.22	12.52	7.49	1.35	27.52	7.00
ORLY	O Reilly Auto	606.88	14.15	8.04	0.00	21.78	7.00
RSG	Republic Svcs	124.05	10.62	1.92	1.37	30.86	7.00
AJG	Gallagher Arthu	149.80	10.57	6.21	1.28	29.09	6.00
AZO	Autozone Inc	1607.42	11.41	5.29	0.00	17.67	6.00
COST	Costco Whole Cp	463.31	9.29	9.52	0.68	44.94	6.00
CVX	Chevron Corp	97.32	5.00	-3.04	5.51	35.91	6.00
GRMN	Garmin Ltd	168.62	6.80	9.55	1.59	27.33	6.00
ISRG	Intuitive Surg	1034.01	9.67	14.45	0.00	77.28	6.00
KR	Kroger Co	40.87	8.91	2.86	2.06	11.64	6.00
MCHP	Microchip Tech	163.11	18.09	14.60	1.07	26.14	6.00
NVDA	Nvidia Corp	222.42	17.65	21.67	0.07	76.17	6.00
PAYC	Paycom Software	482.00	25.00	26.62	0.00	167.36	6.00
UNP	Union Pac Corp	203.44	10.00	-0.43	2.10	22.38	6.00
IEX	Idex Corp	218.37	12.00	3.11	0.99	37.08	5.00
KMX	Carmax Gp (Cc)	139.69	17.31	6.07	0.00	19.65	5.00
PTC	Ptc Inc	125.50	23.15	8.10	0.00	51.43	5.00
RHI	Robt Half Intl	102.95	19.50	1.10	1.48	26.95	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	7.24	1.41	20.61	3.51	9
BABB	Bab Inc	0.75	1.86	14.73	5.33	8
CAG	Conagra Brands	33.43	1.86	17.78	3.74	8
CATY	Cathay Genl Bcp	39.86	1.29	11.21	3.11	8
ETRN	Equitrans Midst	9.71	1.15	14.90	6.18	8
SAFT	Safety Ins Grp	76.94	1.25	11.56	4.68	8
UBCP	Utd Bancorp -Oh	15.01	1.29	10.50	3.93	8
WSBF	Waterstone Finl	19.89	1.16	10.38	4.02	8
AGNC	Agnc Investment	15.96	0.91	13.02	9.02	7
BACHY	Bank China Ltd	8.91	0.31	10.44	7.17	7
BTG	B2Gold Corp	3.67	1.41	10.82	4.36	7
CAC	Camden Ntl Corp	45.57	1.25	11.63	3.16	7
CFFI	C&F Finl Cp	53.03	0.97	11.14	3.02	7
CGBD	Tcg Bdc Inc	13.61	0.85	10.48	9.40	7
CMTV	Commnty Bcp Vt	19.96	1.34	13.16	4.41	7
CZFS	Citizens Fin Sv	62.00	1.20	12.48	3.03	7
FFBC	First Fin Bc-Oh	22.20	0.95	10.08	4.14	7
FLIC	First Long Is	19.72	1.13	10.80	3.85	7
FLMN	Falcon Minerals	4.61	1.81	45.19	13.02	7
FNLC	First Bancp Inc	27.49	1.29	11.91	4.66	7
HPE	Hewlett Pkd Ent	13.66	1.05	10.34	3.51	7
IBCP	Indep Bk Mich	20.11	1.11	12.51	4.18	7
MBWM	Mercantile Bank	29.51	1.04	10.23	4.07	7
MPB	Mid Penn Bancp	26.13	0.87	10.19	3.06	7
MTB	M&T Bank Corp	137.51	1.14	11.24	3.20	7
NBTB	Nbt Bancorp Inc	33.57	1.19	10.04	3.34	7
NHTC	Natural Hlth Tr	6.91	1.24	29.61	11.58	7
NL	Nl Inds Inc	6.43	0.88	12.15	3.73	7
NLY	Annaly Cap Mgmt	8.67	1.03	12.12	10.15	7
NRIM	Northrim Bcp	40.01	1.05	10.80	3.80	7
PFG	Principal Finl	65.74	1.08	11.82	3.83	7
SNV	Synovus Finl Cp	40.22	1.27	11.85	3.28	7
TRTN	Triton Intl Ltd	51.83	1.61	13.46	4.40	7
TWO	Two Harbors Inv	6.48	1.00	11.60	10.49	7
UGI	Ugi Corp	43.46	1.85	11.77	3.18	7
UVE	Univl Insur Hld	12.88	0.84	17.31	4.97	7
WAYN	Wayne Svgs Bcsh	26.22	1.21	10.51	3.20	7
WBA	Walgreens Bai	49.94	1.91	19.91	3.82	7
WBS	Webster Finl Cp	49.07	1.40	10.90	3.26	7
WTBA	West Bancorp	29.49	1.98	14.99	3.26	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
IDXX	Idexx Labs Inc	663.45	19.92	11.36	-	79.08	9.00
AMAT	Appld Matls Inc	144.09	19.35	9.14	0.67	23.35	9.00
DOV	Dover Corp	164.25	11.50	(0.94)	1.22	23.40	9.00
AMD	Adv Micro Dev	106.22	44.60	22.18	-	57.42	8.00
WST	West Pharm Svc	454.47	27.26	9.85	0.15	64.92	8.00
DE	Deere & Co	355.33	21.19	8.92	1.01	20.59	8.00
KLAC	Kla Corp	372.02	14.03	17.67	1.13	25.57	8.00
DHR	Danaher Corp	324.00	13.65	4.66	0.26	36.90	8.00
IT	Gartner Inc -A	315.93	13.50	13.17	-	46.87	8.00
QRVO	Qorvo Inc	180.31	12.72	6.56	-	17.37	8.00
IPG	Interpublic Grp	37.07	11.54	5.46	2.91	14.59	8.00
KEYS	Keysight Tech	179.78	11.51	11.13	-	32.39	8.00
HCA	Hca Holdings	261.64	11.10	5.70	0.73	17.97	8.00
MSFT	Microsoft Corp	305.22	11.09	15.85	0.73	38.30	8.00
FLT	Fleetcor Tech	261.38	15.04	6.65	-	23.23	7.00
ORLY	O Reilly Auto	606.88	14.15	8.04	-	21.78	7.00
APH	Amphenol Corp-A	76.47	12.58	8.72	0.76	34.14	7.00
MMC	Marsh &Mclennan	158.22	12.52	7.49	1.35	27.52	7.00
AAPL	Apple Inc	148.79	12.50	8.26	0.59	29.12	7.00
CDNS	Cadence Design	167.61	11.68	10.29	-	64.96	7.00
CBRE	Cbre Group Inc	97.29	11.00	18.03	-	22.11	7.00
RSG	Republic Svcs	124.05	10.62	1.92	1.37	30.86	7.00
PAYC	Paycom Software	482.00	25.00	26.62	-	167.36	6.00
MCHP	Microchip Tech	163.11	18.09	14.60	1.07	26.14	6.00
NVDA	Nvidia Corp	222.42	17.65	21.67	0.07	76.17	6.00
AZO	Autozone Inc	1,607.42	11.41	5.29	-	17.67	6.00
PTC	Ptc Inc	125.50	23.15	8.10	-	51.43	5.00
RHI	Robt Half Intl	102.95	19.50	1.10	1.48	26.95	5.00
KMX	Carmax Gp (Cc)	139.69	17.31	6.07	-	19.65	5.00
IEX	Idex Corp	218.37	12.00	3.11	0.99	37.08	5.00

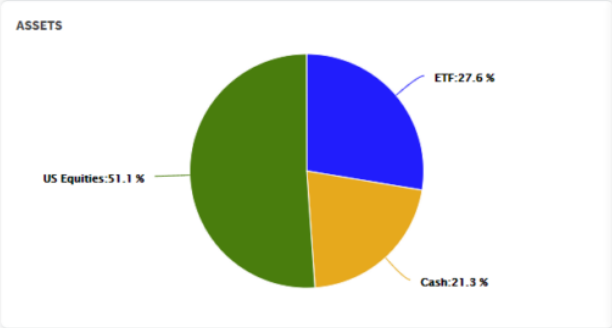
Aggressive Growth Strategy

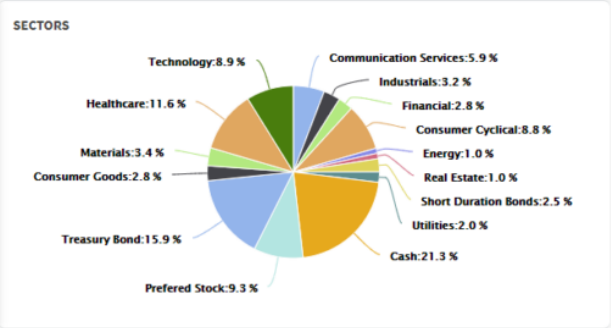
Ticker	Company	Current Price	Next 3-5 Yr Est EPS Gr rate	5 yr Hist Sales Gr	Div Yield	P/E F1/ LT EPS Gr	Score
IDXX	Idexx Labs Inc	663.45	19.92	11.36	-	3.99	9
MANH	Manhattan Asoc	159.68	#N/A	0.40	-	#N/A	8
MCO	Moodys Corp	380.33	10.00	10.11	0.65	3.21	8
MSFT	Microsoft Corp	305.22	11.09	15.85	0.73	3.20	8
STAA	Staar Surgical	144.16	#N/A	21.32	-	#N/A	8
WST	West Pharm Svc	454.47	27.26	9.85	0.15	2.03	8
AZPN	Aspen Tech Inc	128.17	7.33	9.14	-	3.89	7
CDNS	Cadence Design	167.61	11.68	10.29	-	5.70	7
EXR	Extra Space Stg	182.94	8.43	8.24	2.73	3.30	7
LSI	Life Storage	123.66	3.63	7.03	2.39	7.06	7
NSA	Natl Storage	57.35	10.99	20.89	2.86	2.43	7
CPRT	Copart Inc	152.27	#N/A	14.92	-	#N/A	6
ISRG	Intuitive Surg	1,034.01	9.67	14.45	-	7.62	6
NVDA	Nvidia Corp	222.42	17.65	21.67	0.07	3.53	6
PAYC	Paycom Software	482.00	25.00	26.62	-	6.11	6
POWI	Power Intgratio	109.31	#N/A	6.04	0.48	#N/A	6
REG	Regency Ctrs Cp	69.26	9.48	10.70	3.44	1.96	6
RGEN	Repligen	299.88	#N/A	38.99	-	#N/A	6
CGNX	Cognex Corp	90.95	#N/A	9.35	0.26	#N/A	5
JYNT	Joint Corp/The	106.70	#N/A	32.25	-	#N/A	5
MRNA	Moderna Inc	440.65	29.15	344.64	-	0.52	5
PSA	Public Storage	317.39	6.67	3.47	2.52	3.85	5
QLYS	Qualys Inc	119.36	#N/A	16.53	-	#N/A	5
SPSC	Sps Commerce	149.25	#N/A	13.13	-	#N/A	5
VICR	Vicor Corp	129.15	#N/A	9.89	-	#N/A	5
CELH	Celsius Holding	96.24	#N/A	54.65	-	#N/A	4
CPT	Camden Ppty Tr	150.55	1.76	4.90	2.21	16.20	4
FRT	Fed Rlty Inv	120.62	7.37	1.67	3.52	3.18	4
HSKA	Heska Corp	254.35	#N/A	9.52	-	#N/A	4
MSEX	Middlesex Water	107.11	#N/A	1.67	1.02	#N/A	4
MSTR	Microstrategy	633.00	#N/A	(1.33)	-	#N/A	4
PGNY	Progyny Inc	61.07	#N/A	#N/A	-	#N/A	4
PLMR	Palomar Holdngs	86.24	#N/A	52.37	-	#N/A	4
REXR	Rexford Ind Rty	60.33	10.35	27.74	1.59	3.77	4
TTGT	Techtarget	88.12	#N/A	11.14	-	#N/A	4
TYL	Tyler Tech Inc	467.76	#N/A	11.49	-	#N/A	4
EPRT	Essential Pptys	30.43	10.80	28.12	3.29	2.13	3
EQR	Equity Resident	81.78	3.73	1.42	2.95	7.57	3

Portfolio / Client Update

After a near 2% market crash, the *"BTFD"* crowd failed to appear. The good news is that the portfolio models withstood the massive selloff with minor damage. (I know, I am a little sarcastic, but *if you have been watching CNBC, you would think someone lit the world ablaze.)*

There were no changes to our current model allocations last week. As discussed previously, we continue to manage risk exposures to reduce volatility while still participating with the market's advance. **The stock selection remains key to carrying an overweight cash position and still outperforming our benchmark index.**





To repeat from last week:

> *"**The continuing deterioration of market internals continues to suggest a rising risk profile to the markets.** Such is why we continue to remain cautious in our allocation models."*

That did not change from the previous week.

It is hard to write informative updates in low volatility and complacent markets. It has been much like *"watching paint dry."* However, such does NOT mean that we are not paying close attention to your money and investment goals. On the contrary, we take that job very seriously.

For now, there seems to be minimal risk in a market that continues to creep higher. Unfortunately, however, we will not always get to enjoy such low volatility markets, so enjoy them while you can.

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 *****

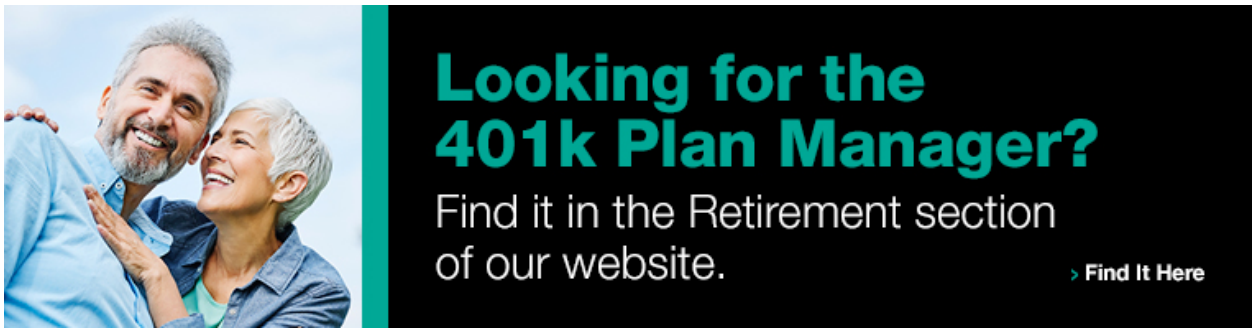
No Trades Last Week

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.

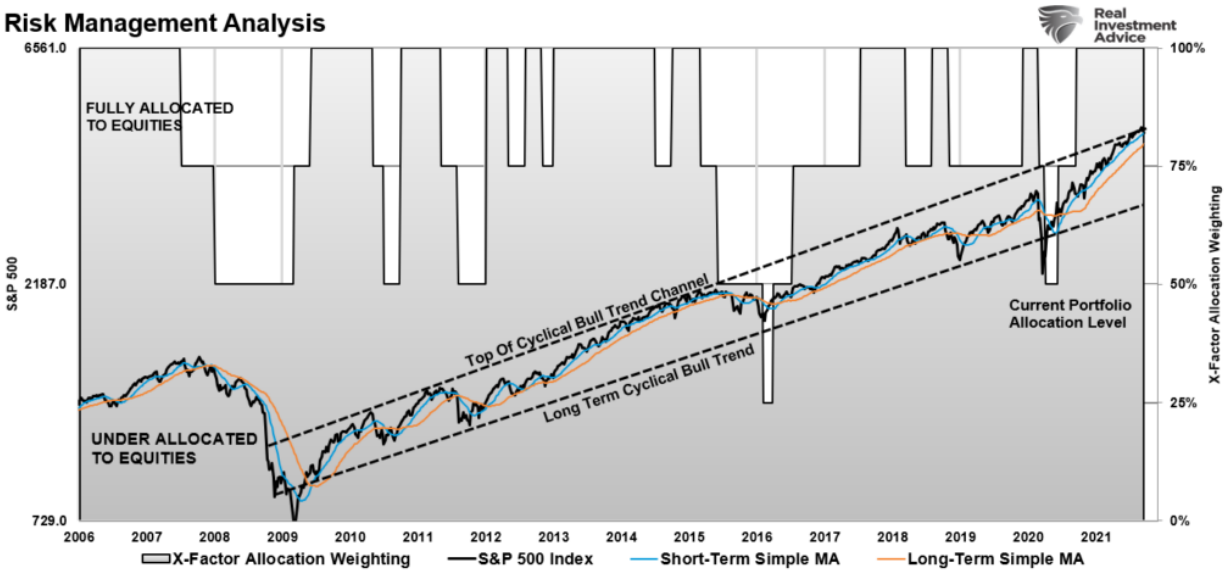
Lance Roberts, *CIO*

THE REAL 401k PLAN MANAGER

A Conservative Strategy For Long-Term Investors



Attention: In the next couple of weeks, the 401k plan manager will no longer appear in the newsletter. However, the *link to the website* will remain for your convenience. Be sure to bookmark it in your browser.



Commentary

Last week was more of the same. While the market action was a bit sloppier, the market decline barely encompassed 2%. Such is not a correction we can consider *"buying into."*

As noted last week:

> *"The one thing to watch for is a violation of the 50-dma, which will most likely indicate we are starting a bit larger correction between 5-10%. Given the Fed looks to be aggressively moving towards tapering their balance sheet purchases, we may have*

seen the peak in the market for now. However, the bullish bias remains very strong, so it is still too early to get overly defensive."

That remains the case this week. Continue to take some actions to reduce portfolio risk accordingly. Continue moving all new contributions to either money market or stable value funds for now. Rebalance your equities and bonds back to weightings as equities are now out of tolerance. Remain clear of international and small-cap stocks that continue to underperform,

There is no need to be aggressive here. We will have the opportunity eventually to do so, but it remains a seller's market for now.

Model Descriptions

1. Understand your allocation options:

CORE STRATEGY

The core strategy consists of holdings that are based on market fundamentals, valuations, and long-term market trends. These are holding that should be considered "long-term" investments and should primarily track the benchmark index over time. The turnover of the portfolio should be extremely low with the exception of rebalancing periods due to market gyrations.

TACTICAL STRATEGY

The tactical strategy consists of holdings which based on the short- to intermediate-term trends of the market. As macro-economic, monetary and fiscal policy, and investor psychology impacts markets, the holdings in the tactical strategy will shift to take advantage of market rotations. Importantly, this portion of the portfolio can move to all cash if needed to reduce risk in the event of a market downturn.

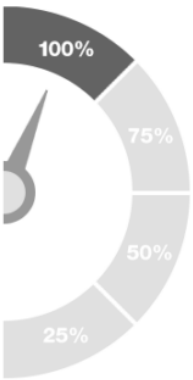
FIXED INCOME

The fixed income strategy is designed to both take advantage of changes in interest rate and inflation expectations, but also deliver a lower degree of volatility to the overall portfolio. The primary focus of the fixed-income portfolio is to protect capital, generate income, and lower overall portfolio volatility.

Choose The Model That FIts Your Goals

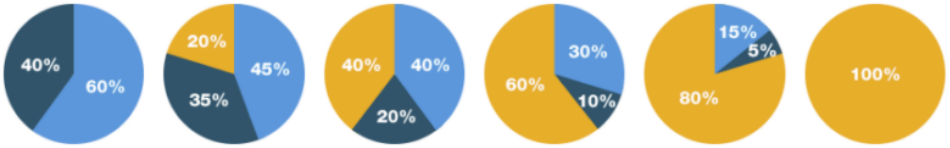
2. Choose the financial strategy that best fits your retirement goals and let RIA do all the work for you:

Current Target



Risky — Conservative

Aggressive Growth	Growth	Balanced	Conservative	Ultra Conservative	Fixed Income Only
100% Stocks 0% Bonds	80% Stocks 20% Bonds	60% Stocks 40% Bonds	40% Stocks 60% Bonds	20% Stocks 80% Bonds	0% Stocks 100% Bonds



Aggressive Growth	Growth	Balanced	Conservative	Ultra Conservative	Fixed Income Only
A portfolio that is 100% exposed to stocks for investors seeking to obtain "benformance". This portfolio is most suitable for younger investors with a long-term time horizon to retirement.	For investors still wating more growth from their portfolio, but with a slightly lower risk profile the addition of fixed income lowers overall volatility. This portfolio is suitable for investors with a 10-20 year time horizon to retirement.	Investors seeking a more conservative approach that will track a balanced index may find the balanced. With lower volatility, but with a growth component, the portfolio is suitable for investors 10-15 years to retirement.	For those approaching retirement and are more (<10 years) concerned about capital preservation over growth the conservative model may be useful. with a lower exposure to stocks, volatility is reduced and shold protect portfolios against potential market drawdowns.	For investors rapidly approaching retirement, where funds will be rolled out of company retirement plans, an ultra-conservative model may be useful in ensuring capital protection. Useful for individuals within 24-months of retirement.	For individuals within 12-months of retirement, an all fixed income portfolio may be appropriate to protect capital before the roll-over process. If your window to retirement is longer than 12-months, the Ultra-Conservative model may be more appropriate.

Model Allocations

Asset Class						
CORE STRATEGY						
Large Cap Blend (Ex. S&P 500 Index)	25	20	20	15	5	
Large Cap Growth	10	5				
Large Cap Value			5			
Large Cap Dividend			5	10	10	
Mid Cap Growth	10	5				
Mid Cap Value			5	5		
Small Cap Blend	15	15	5			
TACTICAL STRATEGY						
International Growth	5	5	5			
International Value			5	5		
International Blend	5	5				
Emerging Markets	10	5				
Real Estate	10	10	10	5	5	
Commodities	10	10				
FIXED INCOME						
Short Term Core			5	10	20	35
Intermedia Core		10	15	30	30	30
Global Fixed			10	10	15	10
High Yield Bond		10	5			
Inflation Protected			5	10	15	25
CASH						
Retirement Reserves/Stable Value						
5 Year Standard Deviation	15.8	13.1	9.8	6	4.4	3
5 Year Annual Return	16.7	13.8	10.7	7.9	5.8	3.4
5 Year Maximun Drawdown	-34.3	-30.2	-24.5	-16.7	-11.2	-8.2

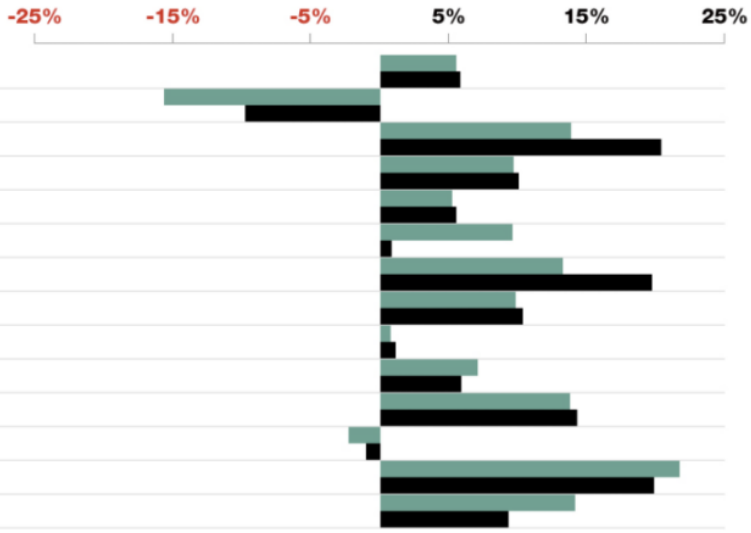
If you need help after reading the alert, do not hesitate to **contact me**.

Or, let us manage it for you automatically.

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.

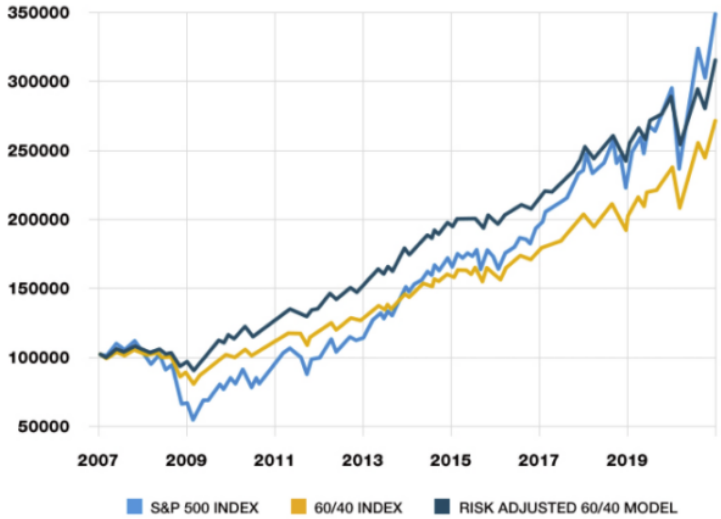
Year	60/40 Benchmark Return	60/40 Model Return
2007	6.16%	6.29%
2008	-16.73%	-9.79%
2009	14.14%	20.13%
2010	10.19%	10.34%
2011	5.11%	5.74%
2012	9.33%	1.00%
2013	13.94%	19.02%
2014	10.04%	10.92%
2015	0.88%	1.67%
2016	7.77%	6.30%
2017	14.12%	14.71%
2018	-2.71%	-1.33%
2019	22.41%	19.77%
2020	14.58%	8.60%



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

60/40 Benchmark vs Risk Adjusted 60/40 Allocation



Have a great week!