



***In this 10-08-21 issue of "Is The Great 'Bear Market' Of 2021 Finally Over.?"***

- ***Is The "Great Bear Market" Finally Over?***
- ***Debt Ceiling Resolution Is Only Temporary***
- ***Odds Are We've Seen The Highs For The Year***
- ***Portfolio Positioning***
- ***Sector & Market Analysis***
- ***401k Plan Manager***

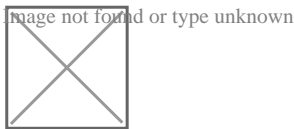
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## **Is The Great "Bear Market" Finally Over?**

In [last week's newsletter](#), we stated:

***"It is worth noting there are two primary support levels for the S&P. The previous July lows (red dashed line) and the 200-dma. Any meaningful decline occurring in October will most likely be an excellent buying opportunity particularly when the MACD buy signal gets triggered.***

***The rally back above the 100-dma on Friday was strong and sets up a retest of the 50-dma. If the market can cross that barrier we will trigger the seasonal MACD buy signal suggesting the bull market remains intact for now."***

*Chart updated through Friday*

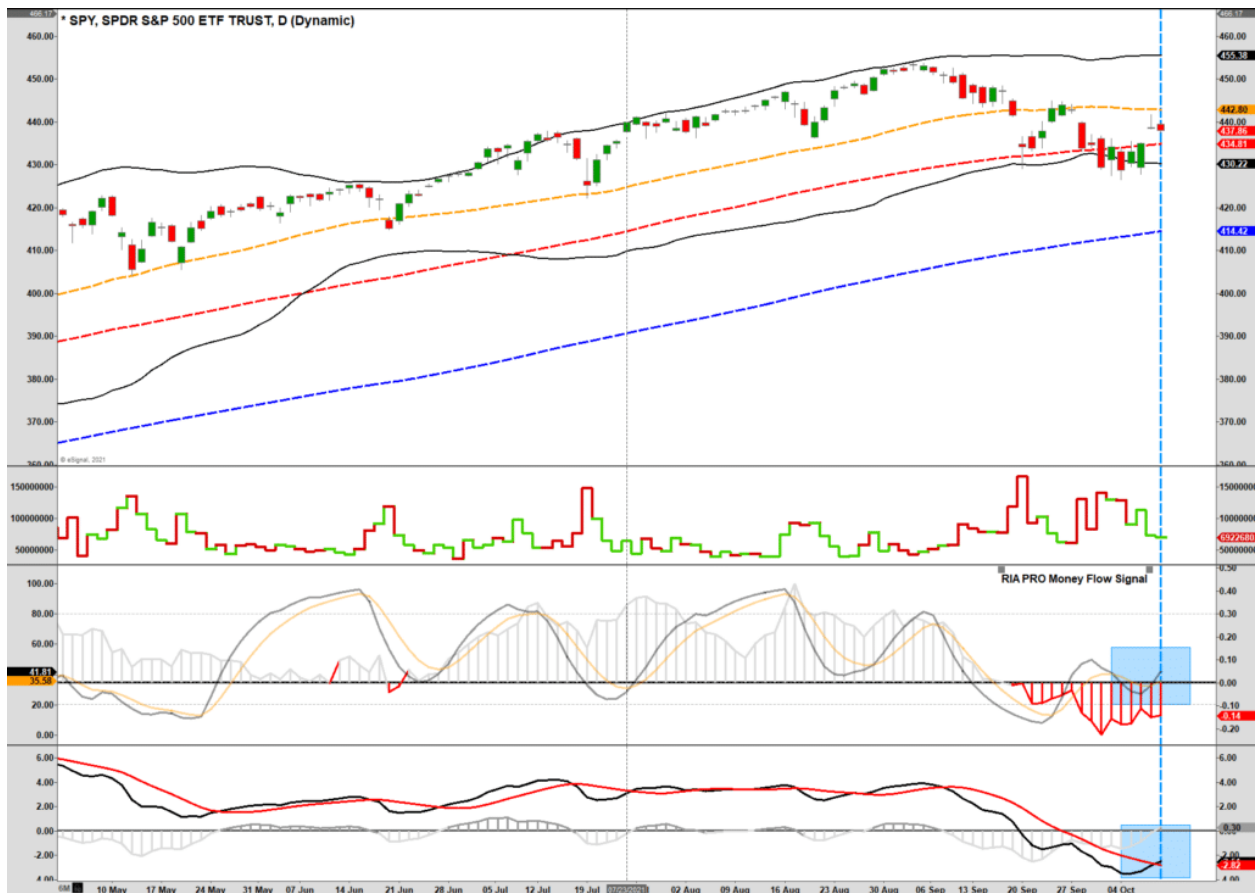


Notably, the very short-term moving average convergence divergence (MACD) indicator (*lower panel*) did trigger this past week. With markets not yet back to extremely overbought territory, and sentiment still very negative, the bulls are trying to reclaim the 50-dma.

**Our seasonal MACD indicator (*next to the bottom panel*) also triggered, but just barely. We need to see some follow-through buying action next week.**

### Money Flow Buy Signal Also Positive

The [RIAPRO](#) Money Flow indicator also triggered a buy signal, becoming more robust support for a short-term rally this past week.



So, do all these signals mean the **"Great Bear Market Of 2021"** is behind us?

After a harrowing 5% decline, sentiment is now highly negative, supporting a counter-trend rally in the markets. Thus, we **think there is a tradeable opportunity between now and the end of the year**. But, as we will discuss below, significant headwinds continue to accrue, suggesting higher volatility in the future.

I want to reiterate our conclusion from last week:

***"If you didn't like the recent decline, you have too much risk in your portfolio. We suggest using any rally to the 50-dma next week to reduce risk and rebalance your portfolio accordingly.***

*While the end of the year tends to be stronger, there is no guarantee such will be the case. Once the market proves it is back on a bullish trend, you can always increase exposures as needed. If it fails, you won't get forced into selling."*

That advice remains apropos this week as well. The biggest mistake investors make is allowing emotion to dominate their investment decision-making process. Such is why *"buy and hold"* investing is appealing during a bull market because it removes decisions from portfolio management.

However, as we discussed this past week in [\*\*"The Best Way To Invest."\*\*](#)

***?Buy and hold? strategies are the ?best way? to invest until they aren?t."***



## The Debt Ceiling Non-Crisis

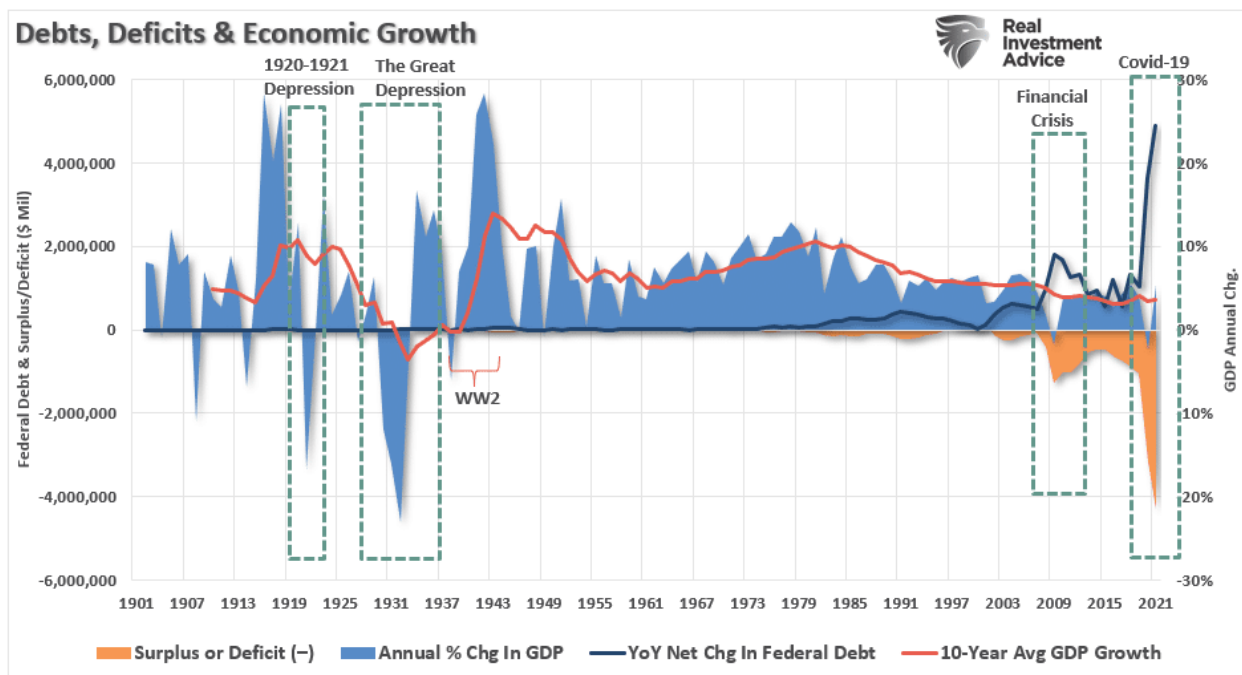
As discussed in the ["Debt Ceiling Non-Crisis,"](#) the hyperbole surrounding the debt limit was on full display, culminating with this tweet from Bernie Sanders:

<https://twitter.com/SenSanders/status/1442872469954514945?s=20>

While "Ole' Bernie" is trying to coerce his counterparts to raise the debt limit, his statement is full of misinformation to scare individuals. As noted in our article:

*"In 1980, that all changed, and seven administrations and four decades later, Government debt surged, deficits exploded, and the debt ceiling rose 78 times. (49 times under Republicans and 29 times under Democrats.)"*

*"As Congress lifts the debt ceiling for the 79th time, the runaway spending and deficit increases continue to accelerate. The consequence of increasing debts and deficits is evident in the declining economic growth rates over the past 40-years."*

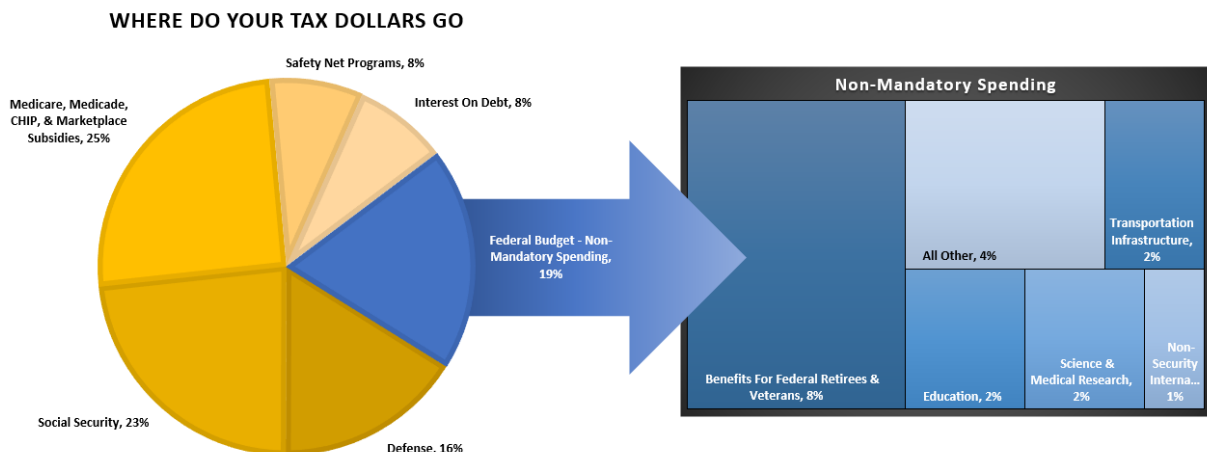


**In other words, this isn't about paying bills from the Trump Administration, but also every President before him back to Ronald Reagan.** For each year that we amass more enormous debts and deficits, the interest payments increase along with the growing burden of "mandatory spending."

The problem today, as discussed in the ["Insecurity Of Social Security,"](#)

***?In the fiscal year 2019, the Federal Government spent \$4.4 trillion, amounting to 21 percent of the nation's gross domestic product (GDP). Of that \$4.4 trillion,***

federal revenues financed only \$3.5 trillion. **The remaining \$984 billion came from debt issuance.** As the chart below shows, three major areas of spending make up most of the budget.?



**In 2019, 75% of all expenditures went to social welfare and interest on the debt. Those payments required \$3.3 Trillion of the \$3.5 Trillion (or 95%) of the total revenue collected. Given the decline in economic activity during 2020, those numbers become markedly worse. For the first time in U.S. history, the Federal Government will have to issue debt to cover the mandatory spending.?**

## Only A Temporary Fix

Think about that for a moment. In 2021, we will spend more on our "mandatory spending" than "revenue" will cover. Such means the Government will continue to go further into debt every year just to run the country. On top of the required spending, our politicians now want to add another \$5 trillion in debt for "infrastructure."

See the problem here.

The "debt ceiling" was always a "non-crisis." It was just political brinksmanship playing out on national television. The resolution, as expected, came last week with Senate Minority Leader, Mitch McConnell, proposing a debt limit ceiling lift to \$29 trillion. Such will fund the government through December.

## Democrats, Republicans agree to short-term debt limit increase

Proposal would allow more time to work out longer-term solution; Democrats remain wary of reconciliation

?Senate leaders reached a bipartisan agreement Wednesday to defuse the impending debt limit crisis by allowing for a short-term increase in the statutory borrowing cap while lawmakers negotiate a longer-term solution.

Democrats said they would agree to an offer from Minority Leader Mitch McConnell that would pave the way for an increase in the debt limit into December. But the two parties

*still disagreed on any long-term strategy.? ? Roll Call*

While raising the debt ceiling may look like a victory for the Democrats, it may not be.

*?While raising the debt ceiling just once is proving to be a challenge, **the only thing worse would be having to vote to raise it twice***

*?From a political perspective, **the only thing less attractive than voting to raise the debt limit to \$31 trillion is voting to raise it to \$29 trillion and then voting a second time to raise it to \$31 trillion?? ? ZeroHedge***

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## In Case You Missed It



### Why We Aren't Repeating The Roaring 20's Analog

Written by Lance Roberts | Oct 8, 2021

No. We are not repeating the "Roaring 20's" analog. Ben Carlson had a recent post...

[> Read More](#)

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## Odds Increasing We've Seen The Highs For This Year

There are reasons to be optimistic as we head into the seasonally strong period of the year. However, while the seasonal and technical backdrop is improving short term, we should not dismiss the numerous headwinds.

- **Valuations remain elevated.**
- **Inflation is proving to be stickier than expected.**
- **The Fed will likely move forward with *?tapering?* their balance sheet purchases in November.**
- **Economic growth continues to wane.**
- **Corporate profit margins will shrink due to inflationary pressures.**
- **Earnings estimates will get downwardly revised keeping valuations elevated.**
- **Liquidity continues to contract on a global scale**
- **Consumer confidence continues to slide.**

While none of these independently suggest a significant correction is imminent, they will limit the market's advance making new highs less attainable. Furthermore, given the "debt crisis" will return in December, the risk of volatility remains elevated.

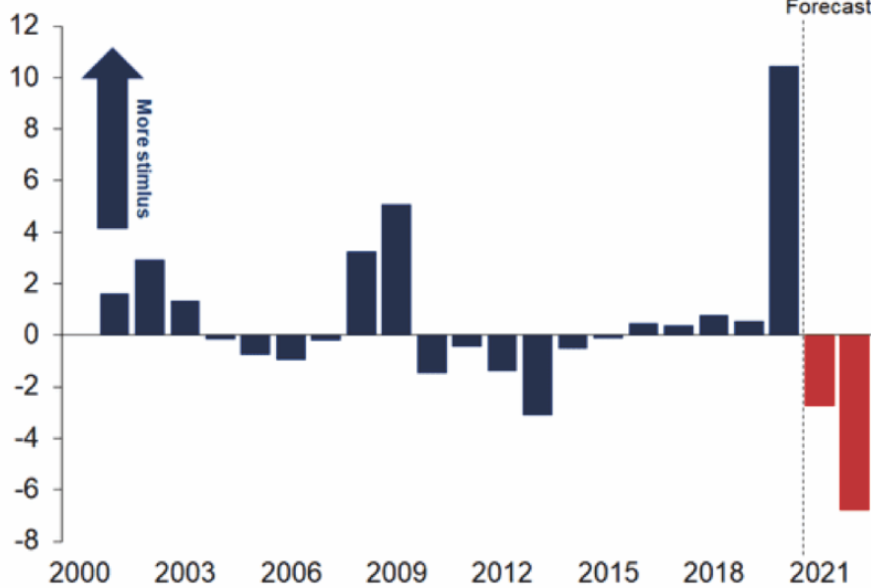
Much of the mainstream media overlooks the rapid decline in liquidity that supported the market over the last year. While the "human infrastructure" bill will provide some support, the difference is the spending is spread out over 10-years versus the "checks to households" in 2020.



**Figure 9: From a strong fiscal impulse, to a significant fiscal drag**

**US: Fiscal impulse**

Change in federal structural balance, ppt of potential output



Source : Oxford Economics/Haver Analytics

Furthermore, that liquidity drain is rapidly deteriorating the outlook for economic growth. Here is the latest report from the [Atlanta Federal Reserve](#):

*"The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the third quarter of 2021 is **1.3 percent** on October 5, **down from 2.3 percent** on **October 1.**"*

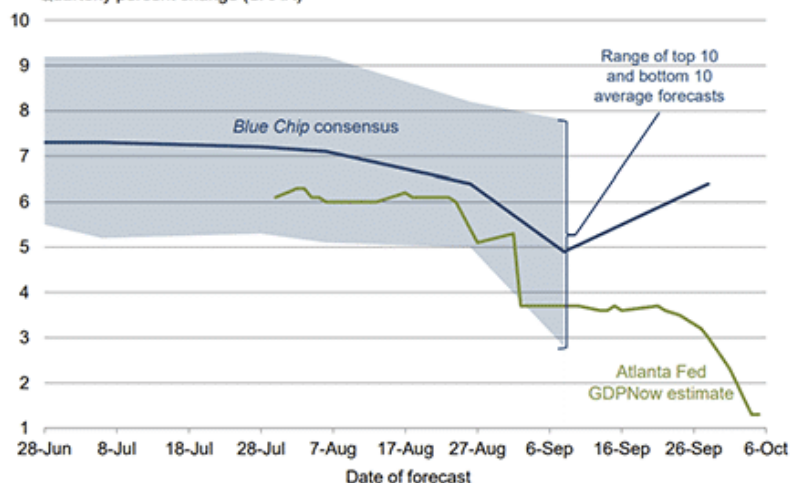


**GDPNow**

GDPNow is not an official forecast of the Atlanta Fed. Rather, it is best viewed as a running estimate of real GDP growth based on available economic data for the current measured quarter. There are no subjective adjustments made to GDPNow—the estimate is based solely on the mathematical results of the model.

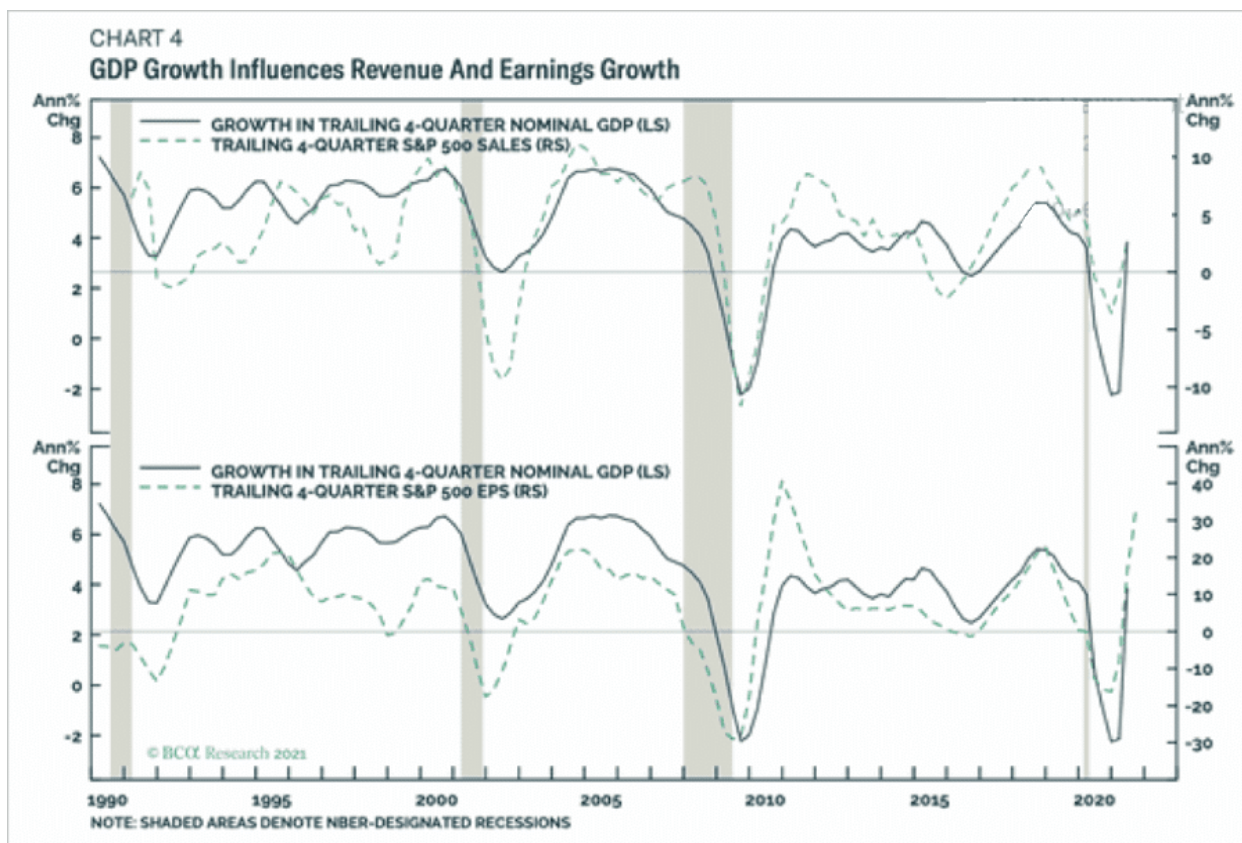
In particular, it **does not capture the impact of COVID-19 and social mobility** beyond their impact on GDP source data and relevant economic reports that have already been released. It does not anticipate their impact on forthcoming economic reports beyond the standard internal dynamics of the model.

**Evolution of Atlanta Fed GDPNow real GDP estimate for 2021: Q3**  
Quarterly percent change (SAAR)




Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts  
Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.

As BCA Research shows, as we head into the last quarter of the year and 2022, the slower economic growth rates will coincide with corporations' weaker revenue and earnings growth.



As noted, with valuations already elevated, a reversal in earnings growth will likely limit a stronger advance.



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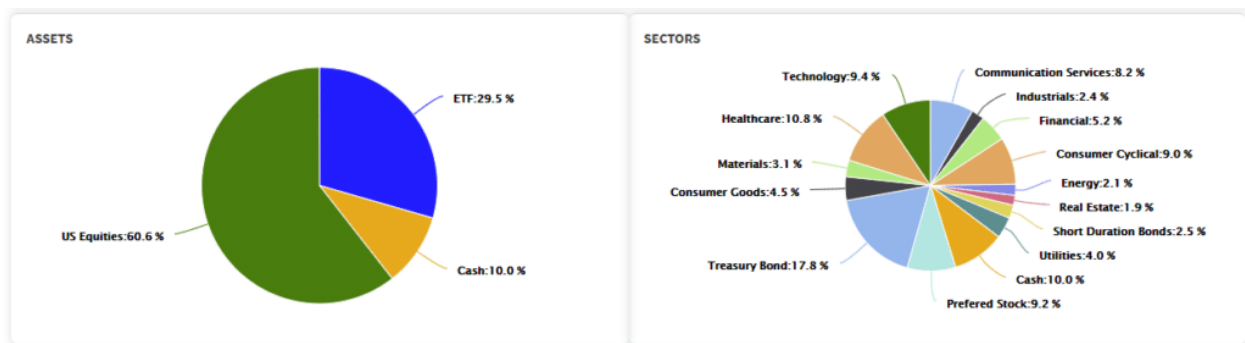
## Portfolio Update

We [discussed last week](#) that after taking profits in August and raising cash, we slowly started adding back into our equity holdings. **The recent spike in bond yields also allowed us to increase the duration of our bond portfolio this week.**

We continued that process early this week, adding additional exposures and rebalancing portfolio risk by reducing laggards.

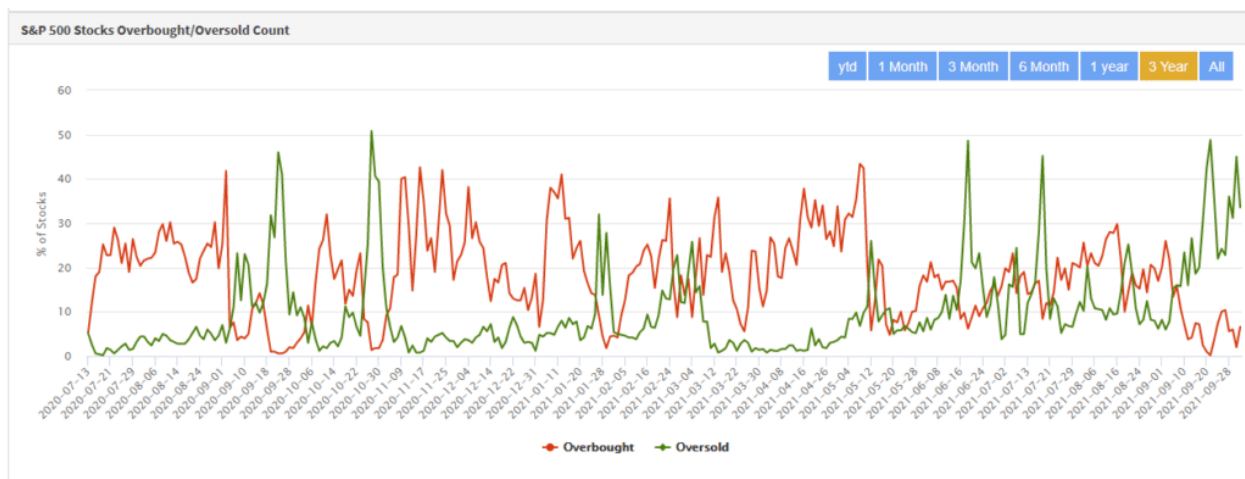
**We are now at target weight in our equities, slightly overweight in cash, and our duration is somewhat shorter than our benchmark.** As noted above, while we are looking for a market recovery through year-end, we are keeping a slightly cautious positioning bias to our models. **If we are wrong** and the market breaks vital support levels, **we will reverse our positioning.**





For now, we are giving the market the benefit of the doubt. However, we are keeping our positioning on a very short leash. With valuations still elevated, the technical deterioration of the market remains a primary concern. Such was a point we made in our [Daily Market Commentary](#) this week:

On [RIAPRO](#), we provide the sentiment and technical measures we follow. The number of oversold stocks is back towards extremes, which supports the idea of a short-term rally.?



?However, the overall *breadth* and *participation* of the market remains highly bearish. Thus, to avoid a deeper correction, breadth must improve.?



We are watching these technical measures very closely as they will dictate our next course of action.

Have a great weekend.

By Lance Roberts, CIO

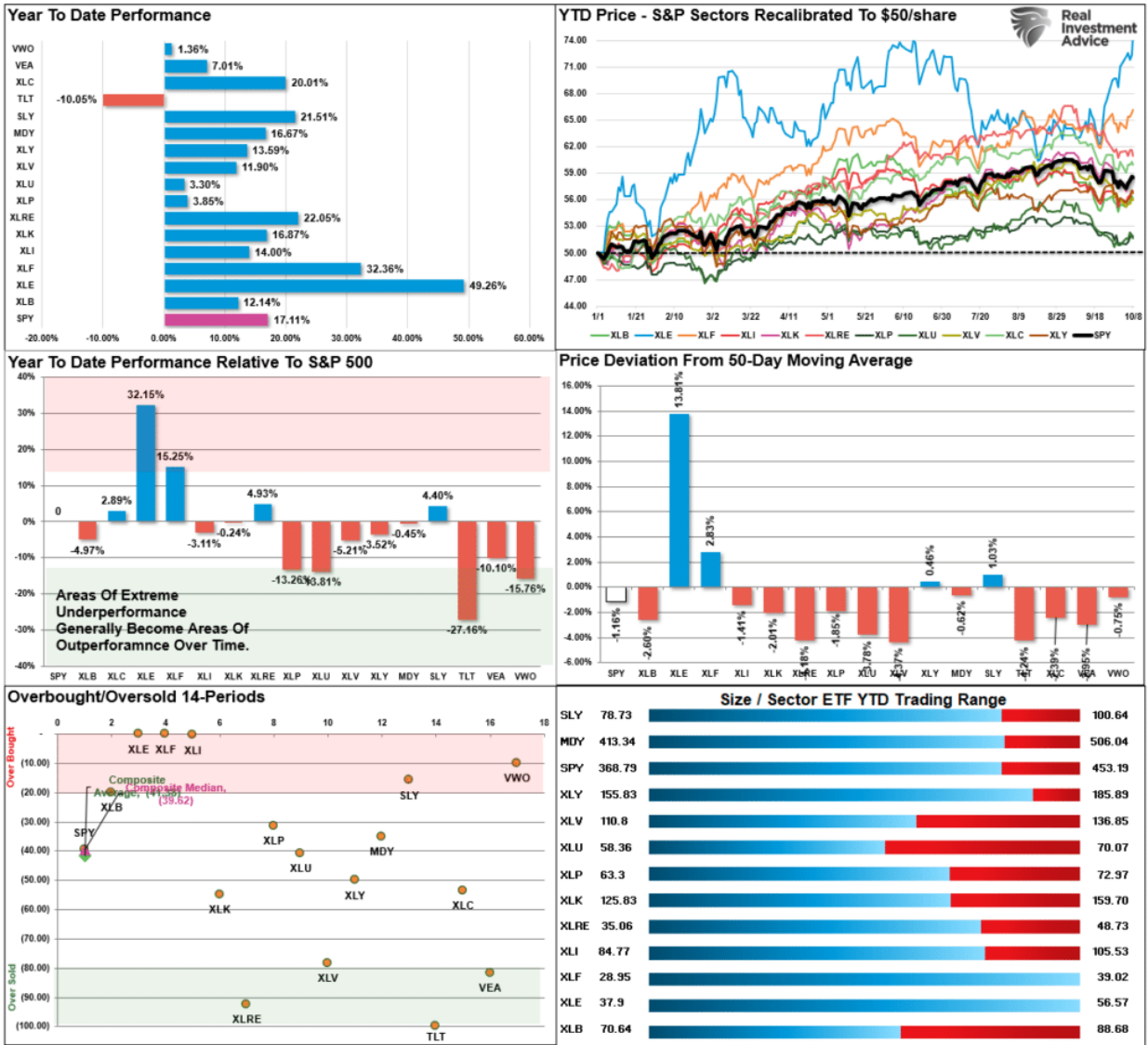
## Market & Sector Analysis

Analysis & Stock Screens Exclusively For RIAPro Members

### S&P 500 Tear Sheet

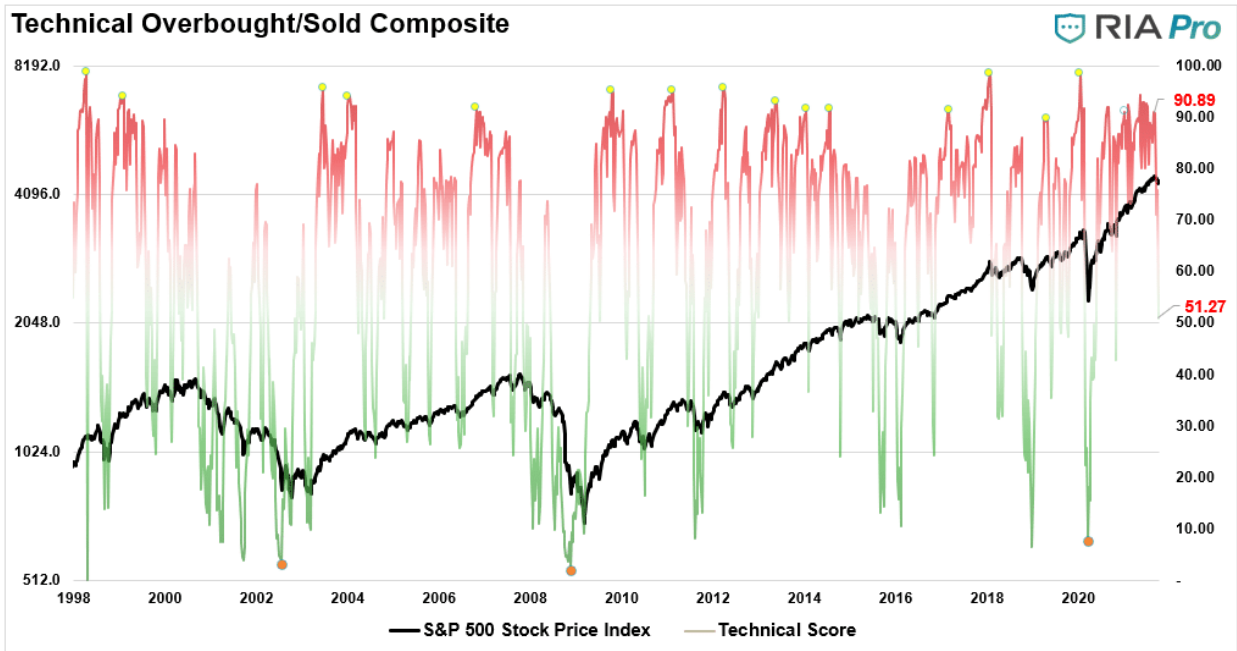
3 Month SPY Price									SPY RISK INFO				
Item	2 years ago	1 year ago	Current	1 Yr % Change	5 Year High	5 year Low	% From High	% From Low	Item	T 2-Yr	T 1-Yr.	YTD	% Diff YTD/T1-YR
									Price Return	51.76%	27.37%	17.11%	(37.47%)
Dividend Yield	1.84%	1.55%	1.28%	(21.26%)	2.14%	1.20%	(40.37%)	6.18%	Max Drawdown	(35.63%)	(8.88%)	(6.10%)	(31.29%)
P/E Ratio	18.22	24.85	24.92	0.29%	2903%	1643%	(14.2%)	51.63%	Sharpe	0.99	2.36	1.91	(0.19)
P/S Ratio	3.72	4.21	4.97	15.27%	5.13	3.16	(3.06%)	57.36%	Sortino	1.08	3.16	2.63	(0.17)
P/B Ratio	4.95	5.52	6.85	19.44%	7.07	4.18	(3.11%)	64.04%	Volatility	25.06	13.48	12.82	(0.05)
ROE	21.78%	19.98%	26.15%	23.58%	26.15%	17.68%	0.00%	47.93%	Daily VaR-5%	(12.00)	9.27	3.48	(0.62)
ROA	4.28%	3.71%	4.68%	20.70%	4.68%	3.51%	0.00%	33.22%	Mnthly VaR-5%	(9.71)	2.60	5.03	0.94
S&P 500 Market Cap Analysis													
Item	12-M Ago	Current	% Chg	Item	12-M Ago	Current	% Chg						
Shares	2,884.5	2,799.9	(2.93%)	Sales	68,757	74,456	8.29%						
SPS	23.8	26.6	11.56%	Earnings	10,531	13,647	29.58%						
EPS TTM	4.1	5.3	28.91%	Dividend	1.5	1.7	8.74%						
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	84.66%	2.86%	1.81	46.98	120.90	(330.04)	(61.1%)	4.3%	3.8%	2.17%	3.70	13.34	
Materials	23.51%	2.49%	1.19	20.41	27.12	14.16	(24.7%)	14.3%	1.9%	4.86%	5.58	15.38	
Industrials	24.32%	8.13%	1.20	36.65	54.23	14.69	(32.4%)	13.0%	1.4%	2.73%	6.04	20.24	
Discretionary	22.10%	12.25%	1.32	41.16	60.06	20.97	(31.5%)	30.8%	0.6%	2.41%	6.25	30.20	
Staples	7.45%	5.74%	0.65	21.74	23.01	17.65	(5.5%)	30.8%	2.5%	4.59%	4.63	19.94	
Health Care	15.81%	12.95%	0.77	18.25	19.73	15.29	(7.5%)	31.3%	1.6%	5.45%	8.24	16.76	
Financials	52.87%	11.56%	1.28	14.36	18.52	10.58	(22.5%)	11.4%	1.7%	7.00%	6.71	14.21	
Technology	29.39%	27.59%	1.08	31.53	32.88	16.66	(4.1%)	72.4%	0.8%	3.15%	6.04	26.39	
Telecom	48.23%	11.32%	0.96	26.00	28.26	17.65	(8.0%)	17.7%	0.5%	3.83%	9.41	21.25	
Utilities	1.70%	2.49%	0.44	19.87	22.09	16.35	(10.0%)	10.7%	3.2%	5.00%	3.49	18.50	
Real Estate	19.43%	2.58%	0.96	23.65	25.68	17.12	(7.9%)	8.1%	2.5%	4.19%	4.63	22.31	
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-DMA	% From 52-W High	% From 52-W Low	Buy/Sell	
Large Cap	437.86	(0.15%)	443.09	12	(1.18%)	415.67	275	5.34%	6.60%	(3.57%)	35.73%	Buy	
Mid Cap	489.90	(0.51%)	492.96	10	(0.62%)	480.68	271	1.92%	2.55%	(3.49%)	43.33%	Buy	
Small Cap	96.65	1.38%	95.67	6	1.03%	94.26	13	2.54%	1.50%	(4.25%)	56.67%	Buy	

## Performance Analysis



## Technical Composite

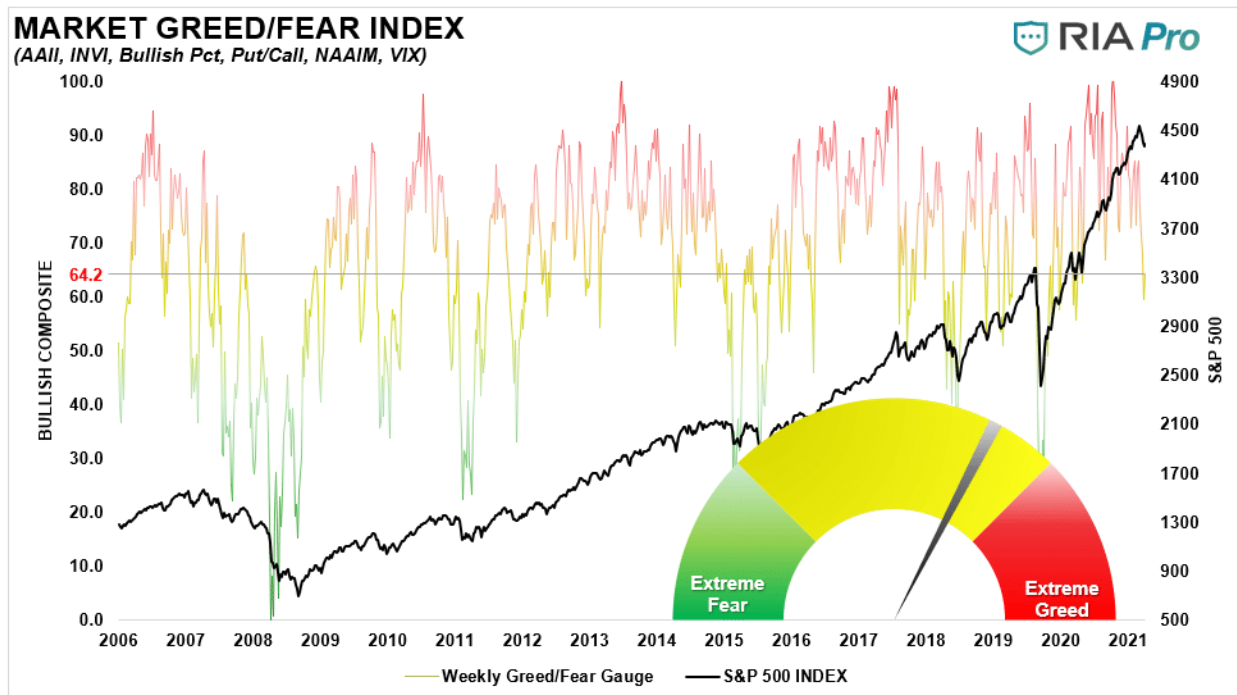
The technical overbought/sold gauge comprises several price indicators (RSI, Williams %R, etc.), measured using "weekly" closing price data. Readings above "80" are considered overbought, and below "20" are oversold. **The current reading is 51.27 out of a possible 100.**



## 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 current reading is 64.2 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 END	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	PRICE	BETA	HIGH	LOW	Short M/A	Long M/A	SIGNAL
IYV	ISHARS-SP500	429.82	0.84	(1.77)	-1.47	5.59	26.32	443.45	423.54	420.82	0.99	441.59	420.05	-1%	4%	BULLISH
XLB	SPDR-MATLS SELS	81.18	0.17	(1.60)	(1.35)	(7.18)	(4.27)	83.03	82.22	79.11	1.06	81.93	76.29	-2%	-1%	BULLISH
XLC	SPDR-COMM SV SLS	80.98	(1.43)	(2.12)	(1.32)	0.83	7.90	82.75	79.03	80.11	1.00	82.91	77.31	-2%	2%	BULLISH
XLE	SPDR-EGY SELS	96.67	4.23	20.14	14.74	13.90	57.40	49.69	50.71	52.09	1.66	54.26	49.92	14%	12%	BEARISH
XLF	SPDR-FINL SELS	39.02	1.44	5.60	6.56	5.19	28.33	37.61	36.37	37.53	1.17	38.91	36.16	-4%	7%	BULLISH
XLK	SPDR-TECH SELS	151.96	(0.58)	(1.21)	(0.36)	1.29	0.12	154.45	144.40	149.32	1.04	154.61	144.03	-2%	5%	BULLISH
XLJ	SPDR-INDU SELS	100.95	0.94	0.78	(2.41)	(5.69)	(1.25)	102.48	100.88	97.84	1.19	101.45	94.23	-1%	0%	BULLISH
XLP	SPDR-CONS STPL	70.05	0.65	(0.78)	(2.86)	(4.40)	(19.77)	71.27	69.66	68.84	0.63	71.00	66.88	-2%	1%	BULLISH
XLRE	SPDR-RE SELS	44.62	(1.53)	(2.99)	(4.95)	0.54	(5.50)	46.48	43.45	44.45	0.70	45.87	43.03	-4%	3%	BULLISH
XLU	SPDR-UTIL SELS	64.77	0.55	(3.61)	(3.73)	(7.81)	(24.29)	66.93	65.21	63.88	0.39	65.72	62.04	-3%	-1%	BULLISH
XLV	SPDR-HLTH CR	126.94	(1.15)	(2.92)	(2.77)	(2.46)	(9.18)	132.08	124.88	127.30	0.77	131.46	123.14	-4%	2%	BULLISH
XTN	SPDR-CONS DISCR	182.63	0.17	1.62	1.13	(2.29)	(7.26)	181.71	175.56	179.45	1.11	185.93	172.97	1%	4%	BULLISH
XTN	SPDR-SP TRANSP	88.56	(0.84)	5.62	7.80	(5.40)	16.88	85.19	86.36	86.52	1.34	89.84	83.20	4%	3%	BEARISH
SDY	SPDR-SP DIV ETF	120.52	0.60	1.16	(2.76)	(6.90)	(2.85)	122.24	121.38	117.55	0.91	121.56	113.54	-1%	-1%	BULLISH
RSP	INV5-SP5 EQ ETF	153.10	(0.01)	1.18	1.07	(1.61)	8.48	153.24	148.58	149.82	1.11	155.23	144.41	0%	3%	BULLISH
SLY	SPDR-SP6 SC	96.65	(0.70)	4.00	3.31	(4.51)	20.29	95.30	95.55	94.74	1.23	98.28	91.20	1%	1%	BEARISH
MDY	SPDR-SP MC 400	489.90	(0.59)	1.73	1.32	(7.15)	8.33	491.17	487.31	480.88	1.17	498.55	463.21	0%	1%	BULLISH
EEM	ISHARS-EMG MKT	50.82	0.13	(1.41)	(6.83)	(12.07)	(16.44)	51.73	53.35	50.38	0.79	52.04	48.72	-2%	-5%	BEARISH
EFA	ISHARS-EAFE	77.98	(1.12)	(2.15)	(1.90)	(6.47)	(7.60)	79.92	78.90	78.01	0.83	80.61	75.41	-2%	-1%	BULLISH
IAU	ISHARS-GOLD TR	33.42	(1.05)	(0.05)	(4.54)	(6.28)	(35.58)	34.02	34.07	33.41	0.10	34.28	32.54	-2%	-2%	BEARISH
GDX	VANECK-GOLD MNR	30.67	3.73	(0.87)	(11.05)	(20.04)	(51.12)	32.20	34.05	29.47	0.89	30.41	28.53	-9%	-10%	BEARISH
UUP	INV5-DB USS BU	25.27	(0.89)	3.38	(0.10)	(1.74)	(25.91)	24.96	24.72	25.31	(0.12)	25.91	24.71	1%	2%	BULLISH
BOND	PIMCO-TOT RETRN	109.82	(1.63)	0.25	(3.03)	(5.81)	(28.02)	111.42	110.77	110.55	0.09	113.41	107.69	-1%	-1%	BULLISH
TLT	ISHARS-20+YTB	141.88	(3.23)	(2.62)	(5.74)	(3.75)	(37.70)	148.24	143.06	144.32	(0.23)	147.50	141.04	-4%	-1%	BULLISH
BNXD	VANGD-TTL INT B	56.66	(1.47)	0.27	(3.13)	(6.00)	(29.04)	57.59	57.29	56.96	0.04	58.40	55.52	-2%	-1%	BULLISH
HYG	ISHARS-IBX HYCB	86.76	(1.59)	0.55	(2.55)	(5.78)	(24.18)	87.63	87.35	87.49	0.37	90.00	84.98	-1%	-1%	BULLISH



## RISK RANGE REPORT



## 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	127.88	19.35	9.14	0.75	20.73	9.00
AVGO	Broadcom Inc	493.92	15.00	12.40	2.92	20.95	9.00
DGX	Quest Diagnostc	143.50	26.52	5.30	1.73	9.12	9.00
PAYX	Paychex Inc	118.64	7.50	7.31	2.23	35.95	9.00
ADBE	Adobe Systems	578.96	19.06	21.93	0.00	56.37	8.00
ADI	Analog Devices	166.98	9.67	9.40	1.65	27.19	8.00
DE	Deere & Co	344.09	21.19	8.92	1.22	19.94	8.00
DHR	Danaher Corp	302.61	13.65	4.66	0.28	34.47	8.00
DVA	Davita Inc	114.47	13.39	-6.53	0.00	13.96	8.00
ETSY	Etsy Inc	216.52	19.67	46.57	0.00	62.58	8.00
HCA	Hca Holdings	242.28	11.10	5.70	0.79	16.64	8.00
IPG	Interpublic Grp	37.72	11.54	5.46	2.86	14.85	8.00
IQV	Iqvia Holdings	243.82	15.69	11.74	0.00	32.55	8.00
KEYS	Keysight Tech	163.23	11.51	11.13	0.00	29.41	8.00
MSFT	Microsoft Corp	294.85	11.09	15.85	0.76	36.99	8.00
ODFL	Old Dominion Fl	293.72	22.73	8.39	0.27	40.07	8.00
PG	Procter & Gambel	142.32	6.68	3.25	2.44	25.15	8.00
SWK	Stanley B&D Inc	177.61	12.19	6.67	1.78	14.34	8.00
TSCO	Tractor Supply	198.00	9.19	11.79	1.05	24.75	8.00
TXN	Texas Instrs	195.31	9.33	1.59	2.09	27.24	8.00
VRSK	Verisk Analytic	206.74	10.19	8.76	0.56	41.43	8.00
WMT	Walmart Inc	139.24	5.50	3.36	1.58	22.46	8.00
WST	West Pharm Svc	417.72	27.26	9.85	0.16	59.67	8.00
A	Agilent Tech	155.32	13.00	7.11	0.50	37.79	7.00
ADM	Archer Daniels	63.02	8.22	2.09	2.35	13.07	7.00
APH	Amphenol Corp-A	75.60	12.58	8.72	0.77	33.75	7.00
BRK.B	Berkshire Hth-B	282.95	7.00	2.37	0.00	27.10	7.00
CBRE	Cbre Group Inc	98.64	11.00	18.03	0.00	22.42	7.00
CTAS	Cintas Corp	400.80	9.70	7.02	0.95	37.92	7.00
EXR	Extra Space Stg	172.43	8.30	8.24	2.90	29.08	7.00
MMC	Marsh & McLennan	156.60	12.52	7.49	1.37	27.24	7.00
ORLY	O Reilly Auto	611.82	14.15	8.04	0.00	21.96	7.00
RSG	Republic Svcs	125.05	10.62	1.92	1.47	31.11	7.00
TRMB	Trimble Inc	82.90	10.00	8.20	0.00	37.01	7.00
URI	Utd Rentals Inc	352.43	15.43	11.43	0.00	19.00	7.00
COST	Costco Whole Cp	452.87	8.56	9.98	0.70	40.87	6.00
CRL	Charles Rvr Lab	416.57	14.00	15.88	0.00	42.25	6.00
FB	Facebook Inc-A	329.22	22.58	32.66	0.00	24.39	6.00
GPN	Global Payments	159.87	18.69	21.02	0.63	22.71	6.00
ISRG	Intuitive Surg	338.34	9.50	14.45	0.00	75.86	6.00
J	Jacobs Engin Gr	134.85	13.15	7.11	0.62	21.27	6.00
MPWR	Monolithic Pwr	472.20	25.00	21.13	0.51	114.33	6.00
MSI	Motorola Solutn	236.85	9.00	6.54	1.20	28.81	6.00
NOC	Northrop Grummn	382.70	8.98	11.21	1.64	15.03	6.00
NVDA	Nvidia Corp	210.75	19.54	21.67	0.08	72.18	6.00
PAYC	Paycom Software	511.69	25.00	26.62	0.00	177.67	6.00
AZO	Autozone Inc	1683.73	11.41	6.06	0.00	17.59	5.00
DPZ	Dominos Pizza	482.71	12.00	13.15	0.78	39.99	5.00
FAST	Fastenal	52.72	9.00	9.09	2.12	34.91	5.00
FISV	Fiserv Inc	109.26	15.16	29.99	0.00	21.68	5.00
IEX	Idex Corp	213.83	12.00	3.11	1.01	36.30	5.00
MA	Mastercard Inc	353.91	21.65	10.28	0.50	51.07	5.00
PLD	Prologis Inc	129.38	7.34	14.63	1.95	33.78	5.00
V	Visa Inc-A	230.55	19.30	8.10	0.56	42.62	5.00
ZTS	Zoetis Inc	199.01	13.83	8.64	0.50	44.62	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	18.49	1.15	11.47	9.73	9
LOMA	Loma Negra Cia	6.81	1.33	20.61	3.73	9
ASX	Ase Tech Hldg	7.14	1.72	11.60	3.05	8
BABB	Bab Inc	0.80	1.98	14.73	5.00	8
CAG	Conagra Brands	34.22	1.90	17.78	3.65	8
ETRN	Equitrans Midst	10.70	1.27	14.90	5.61	8
SAFT	Safety Ins Grp	81.11	1.32	11.67	4.44	8
UBCP	Utd Bancorp -Oh	15.16	1.30	10.61	3.89	8
WSBF	Waterstone Finl	20.45	1.20	10.64	3.91	8
AGNC	Agnc Investment	16.02	0.92	13.17	8.99	7
BTG	B2Gold Corp	3.65	1.40	11.05	4.38	7
CFFI	C&F Finl Cp	53.11	0.97	11.24	3.01	7
CGBD	Tcg Bdc Inc	13.36	0.83	10.56	9.58	7
CMTV	Commnty Bcp Vt	19.36	1.30	13.31	4.55	7
CPF	Central Pac Fin	26.40	1.35	10.04	3.64	7
CZFS	Citizens Fin Sv	61.61	1.19	12.63	3.05	7
FFBC	First Fin Bc-Oh	23.99	1.03	10.07	3.83	7
FLIC	First Long Is	20.86	1.19	10.82	3.84	7
FNLC	First Bancp Inc	29.84	1.40	12.01	4.29	7
HPE	Hewlett Pkd Ent	14.77	1.13	10.34	3.25	7
IBCP	Indep Bk Mich	21.99	1.21	12.69	3.82	7
MBWM	Mercantile Bank	33.83	1.19	10.30	3.55	7
NHTC	Natural Hlth Tr	7.15	1.29	26.23	11.19	7
NL	NI Inds Inc	6.57	0.89	12.78	3.65	7
NLY	Annaly Cap Mgmt	8.47	1.01	12.19	10.39	7
NRIM	Northrim Bcp	44.51	1.16	10.89	3.41	7
PFG	Principal Finl	67.97	1.12	11.80	3.71	7
TRTN	Triton Intl Ltd	53.56	1.66	13.96	4.26	7
TWO	Two Harbors Inv	6.49	1.00	11.75	10.48	7
UGI	Ugi Corp	44.40	1.89	11.88	3.11	7
UVE	Univl Insur Hld	13.56	0.88	16.41	4.72	7
WAYN	Wayne Svgs Bcsh	26.25	1.21	10.73	3.20	7
WBA	Walgreens Bai	47.85	1.83	19.91	3.99	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
DGX	Quest Diagnostc	143.50	26.52	5.30	1.73	9.12	9.00
AMAT	Appld Matls Inc	127.88	19.35	9.14	0.75	20.73	9.00
AVGO	Broadcom Inc	493.92	15.00	12.40	2.92	20.95	9.00
WST	West Pharm Svc	417.72	27.26	9.85	0.16	59.67	8.00
ODFL	Old Dominion Fl	293.72	22.73	8.39	0.27	40.07	8.00
DE	Deere & Co	344.09	21.19	8.92	1.22	19.94	8.00
ETSY	Etsy Inc	216.52	19.67	46.57	-	62.58	8.00
ADBE	Adobe Systems	578.96	19.06	21.93	-	56.37	8.00
IQV	Iqvia Holdings	243.82	15.69	11.74	-	32.55	8.00
DHR	Danaher Corp	302.61	13.65	4.66	0.28	34.47	8.00
DVA	Davita Inc	114.47	13.39	(6.53)	-	13.96	8.00
SWK	Stanley B&D Inc	177.61	12.19	6.67	1.78	14.34	8.00
URI	Utd Rentals Inc	352.43	15.43	11.43	-	19.00	7.00
ORLY	O Reilly Auto	611.82	14.15	8.04	-	21.96	7.00
A	Agilent Tech	155.32	13.00	7.11	0.50	37.79	7.00
APH	Amphenol Corp-A	75.60	12.58	8.72	0.77	33.75	7.00
MMC	Marsh & McLennan	156.60	12.52	7.49	1.37	27.24	7.00
MPWR	Monolithic Pwr	472.20	25.00	21.13	0.51	114.33	6.00
PAYC	Paycom Software	511.69	25.00	26.62	-	177.67	6.00
FB	Facebook Inc-A	329.22	22.58	32.66	-	24.39	6.00
NVDA	Nvidia Corp	210.75	19.54	21.67	0.08	72.18	6.00
GPN	Global Payments	159.87	18.69	21.02	0.63	22.71	6.00
CRL	Charles Rvr Lab	416.57	14.00	15.88	-	42.25	6.00
J	Jacobs Engin Gr	134.85	13.15	7.11	0.62	21.27	6.00
MA	Mastercard Inc	353.91	21.65	10.28	0.50	51.07	5.00
V	Visa Inc-A	230.55	19.30	8.10	0.56	42.62	5.00
FISV	Fiserv Inc	109.26	15.16	29.99	-	21.68	5.00
ZTS	Zoetis Inc	199.01	13.83	8.64	0.50	44.62	5.00
DPZ	Dominos Pizza	482.71	12.00	13.15	0.78	39.99	5.00
UNH	Unitedhealth Gp	404.70	13.28	8.83	1.43	25.23	4.00

## Aggressive Growth Strategy

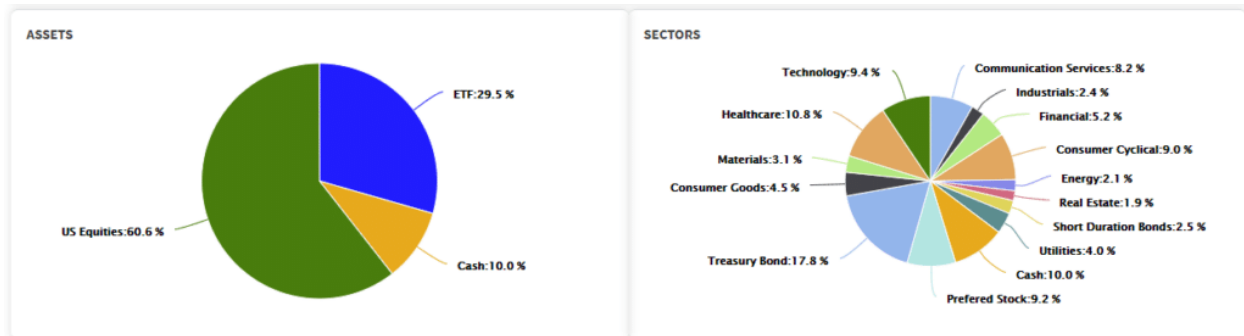
Ticker	Company	Current Price	Next 3-5 Yr Est EPS Gr rate	5 yr Hist Sales Gr	Div Yield	P/E F1/ LT EPS Gr	Score
PAYX	Paychex Inc	118.64	7.50	7.31	2.23	4.56	9
ADBE	Adobe Systems	578.96	19.06	21.93	-	2.89	8
ETSY	Etsy Inc	216.52	19.67	46.57	-	3.73	8
INFO	Ihs Markit Ltd	119.77	#N/A	9.52	0.67	#N/A	8
MSFT	Microsoft Corp	294.85	11.09	15.85	0.76	3.07	8
STAA	Staar Surgical	121.02	#N/A	21.32	-	#N/A	8
TSLA	Tesla Inc	793.61	37.50	44.93	-	6.03	8
TXN	Texas Instrs	195.31	9.33	1.59	2.09	2.64	8
VRSK	Verisk Analytic	206.74	10.19	8.76	0.56	3.93	8
WST	West Pharm Svc	417.72	27.26	9.85	0.16	1.86	8
AZPN	Aspen Tech Inc	137.64	7.33	9.14	-	4.18	7
EXR	Extra Space Stg	172.43	8.30	8.24	2.90	3.16	7
LSI	Life Storage	118.43	3.63	7.03	2.50	6.75	7
CPRT	Copart Inc	140.88	#N/A	14.92	-	#N/A	6
EGP	Eastgroup Pptys	175.63	6.65	9.67	2.05	4.47	6
IBKR	Interactive Brk	70.61	#N/A	15.50	0.57	#N/A	6
IRT	Indep Realty Tr	21.07	2.00	9.02	2.28	13.17	6
ISRG	Intuitive Surg	338.34	9.50	14.45	-	7.90	6
MLAB	Mesa Labs Inc	309.37	#N/A	9.17	0.21	#N/A	6
MPWR	Monolithic Pwr	472.20	25.00	21.13	0.51	3.92	6
NVDA	Nvidia Corp	210.75	19.54	21.67	0.08	3.09	6
PAYC	Paycom Software	511.69	25.00	26.62	-	6.46	6
PSB	Ps Business Pks	165.75	#N/A	2.04	2.53	#N/A	6
REG	Regency Ctrs Cp	69.94	9.48	10.70	3.40	1.95	6
SBAC	Sba Comm Corp	337.90	#N/A	6.85	0.69	#N/A	6
CGNX	Cognex Corp	80.95	#N/A	9.35	0.30	#N/A	5
DXCM	Dexcom Inc	539.19	15.29	37.13	-	14.31	5
MA	Mastercard Inc	353.91	21.65	10.28	0.50	2.02	5
PLD	Prologis Inc	129.38	7.34	14.63	1.95	4.33	5
PSA	Public Storage	301.53	6.74	3.47	2.65	3.62	5
QLYS	Qualys Inc	112.67	#N/A	16.53	-	#N/A	5
V	Visa Inc-A	230.55	19.30	8.10	0.56	1.67	5
ZTS	Zoetis Inc	199.01	13.83	8.64	0.50	3.17	5
CELH	Celsius Holding	97.62	#N/A	54.64	-	#N/A	4
CPT	Camden Ppty Tr	152.10	2.34	4.90	2.18	12.33	4
FRT	Fed Rlty Inv	121.71	7.47	1.67	3.52	3.17	4
LXP	Lexington Ppty	13.79	#N/A	(5.84)	3.12	#N/A	4
NOW	Servicenow Inc	637.92	28.18	33.92	-	16.47	4
REXR	Rexford Ind Rty	58.34	#N/A	27.74	1.65	#N/A	4
XNCR	Xencor Inc	36.72	#N/A	20.55	-	#N/A	4
CRM	Salesforce.Com	274.58	16.75	26.40	-	7.64	3
EQR	Equity Resident	83.63	3.73	1.42	2.88	7.70	3
NNN	Natl Retail Ppt	44.60	3.60	5.75	4.75	4.26	3
O	Realty Income	67.82	4.36	10.70	4.18	4.35	3

## Portfolio / Client Update

The markets finally appeared to have bottomed this week as the debt ceiling debate got resolved until December. But, while the pressure was relieved somewhat, there is still risk heading into the end of the year.

Nonetheless, our job is to make money when we can while maintaining our discipline of risk controls. As noted below, we made a couple of minor additions to our portfolios this week and reduced areas that broke through technical supports and our stop levels.

**We are now at target weight in our equities, slightly overweight in cash, and our duration is somewhat shorter than our benchmark.** As noted above, while we are looking for a market recovery through year-end, we are keeping a slightly cautious positioning bias to our models. **If we are wrong** and the market breaks vital support levels, **we will reverse our positioning.**



We continue to be mindful of the risk exposure the portfolio has currently, but we are also entering into the seasonally strong period of the year. With a much-needed correction now behind us, we don't want to get too conservative just yet, particularly as global money flows remain exceptionally strong currently. Furthermore, as we head into Q3 earnings season, corporations are now on a "buyback spree" that supports stocks.

We continue to monitor our portfolios closely. However, if you have any questions, do not hesitate to contact 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% to COST and PG. We also bought a new 1% position in WM. WM allows us to increase exposure to industrials without taking on China's risk, as many industrials have." - 10-07-21*

### Equity Model

- Add 1% to COST bringing the total weight to 2.5% of the portfolio.
- Adding 1% to PG bringing the total weight to 2% of the portfolio.
- Initiating a 1% position in WM.

*"We just reduced our exposure in both portfolios slightly in part because of recent volatility and what we view as a poor risk/reward skew.*

*In the Equity model, we sold the entire position in UPS. It broke through key technical support and is trading poorly. FDX recently had poor earnings and UPS will likely follow suit when they report on October 26<sup>th</sup>. We also sold the entire stake of IYT in the ETF model as well.*

*We also cut JNJ to 1.5% from 2.5%. It has also broken through key technical support, but we like the fundamental story longer-term. We will look for an opportunity to add back into the position once it strengthens technically." - 10-06-21*



## Equity Model

- Sell 100% of UPS
- Reduce JNJ from 2.5% to 1.5% of the portfolio.

## ETF Model

- Sell 100% of IYT

*"We added 1% of XLP to the sector model. It is turning up on a buy signal from a very oversold condition. The inflationary impulse is likely to fade or at least take a break, arguing for sectors like staples, technology, and healthcare should begin to perform better." - 10-08-21*

## ETF Model

- Add 1% of the portfolio to XLP increasing weight to 5% of the portfolio.

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*

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# THE REAL 401k PLAN MANAGER

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

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## Looking for the 401k Plan Manager?

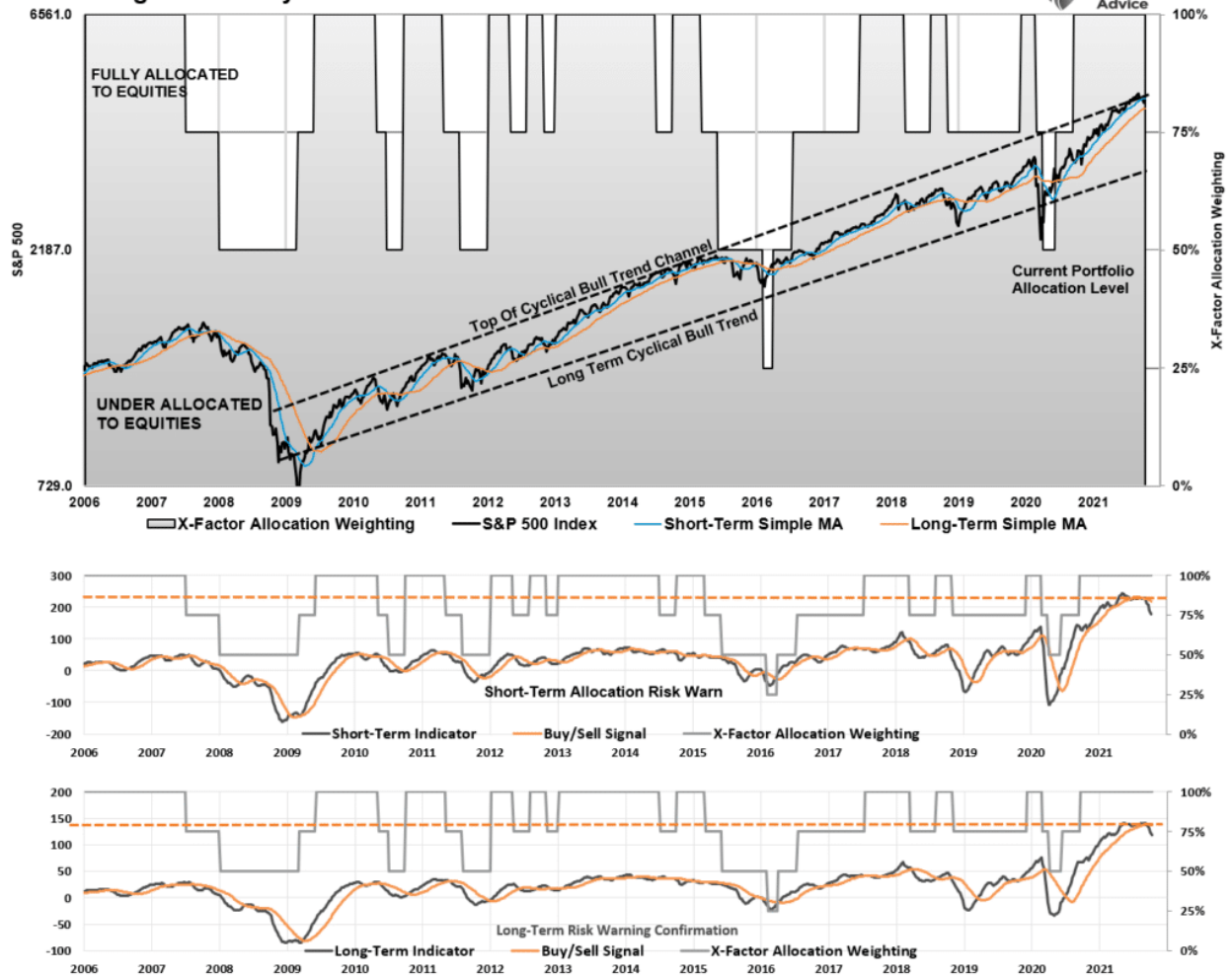
Find it in the Retirement section  
of our website.

[Find It Here](#)

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

## Risk Management Analysis



## Commentary

This past week, the markets finally bounced solidly off of support and above the 100-dma. With the markets approaching the "seasonally strong" period of the year, we are looking for our MACD signals to confirm our current positioning. As noted in this week's newsletter, we may have seen the highs for this year, and 2022 may well see an increase in volatility.

As noted last week:

*"With the correction complete, and markets very oversold short-term, portfolio allocations can remain at current levels. **Cash that accumulated over the past few weeks can now get deployed to allocations.** Also, rebalance your bonds back to weightings after the recent rise in rates."*

That remains the case again this week. Importantly, continue to remain overweight large-cap domestic stocks and vastly underweight international, emerging markets, small and mid-capitalization stocks. Inflationary pressures will hit those areas the hardest in the future.

There is no need to be aggressive here. There is likely not a lot of upside between now and the end of the year.

## 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 holdings 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**

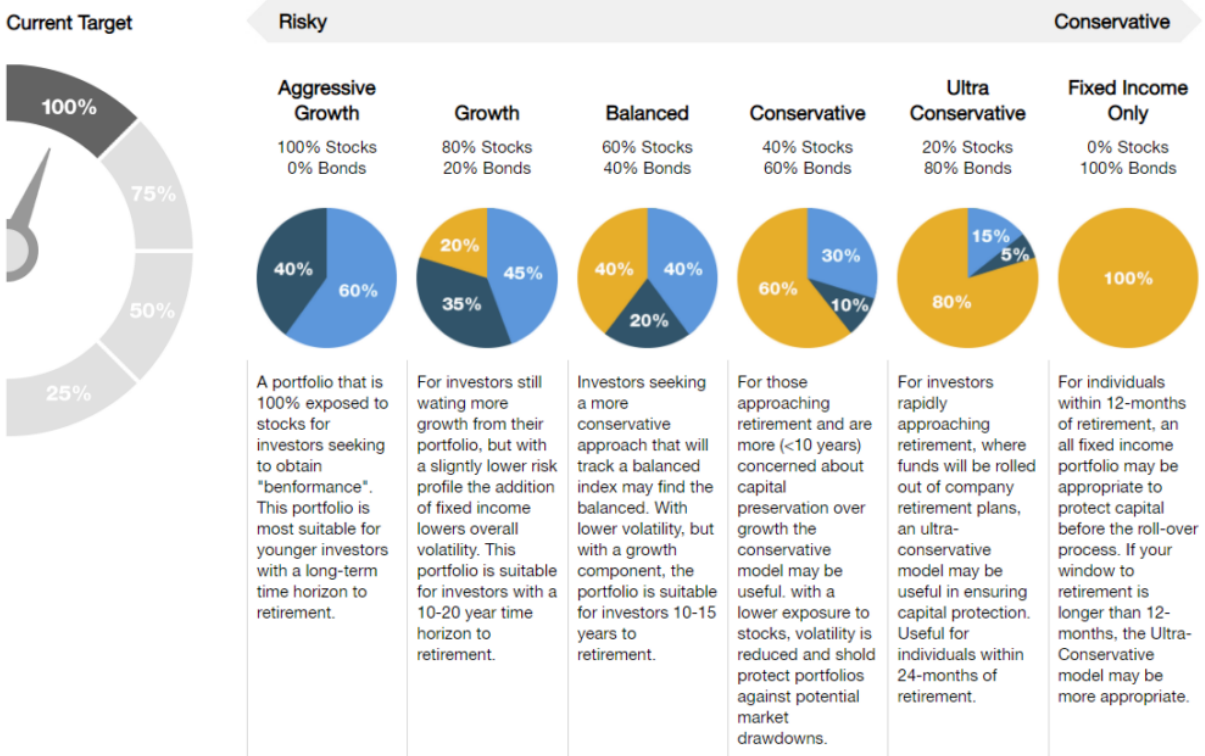
The tactical strategy consists of holdings which based on the short- to intermediate-term trends of the market. As macro-economic, monetary and fiscal policy, and investor psychology impacts markets, the holdings in the tactical strategy will shift to take advantage of market rotations. Importantly, 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:



**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 Maximum 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.**



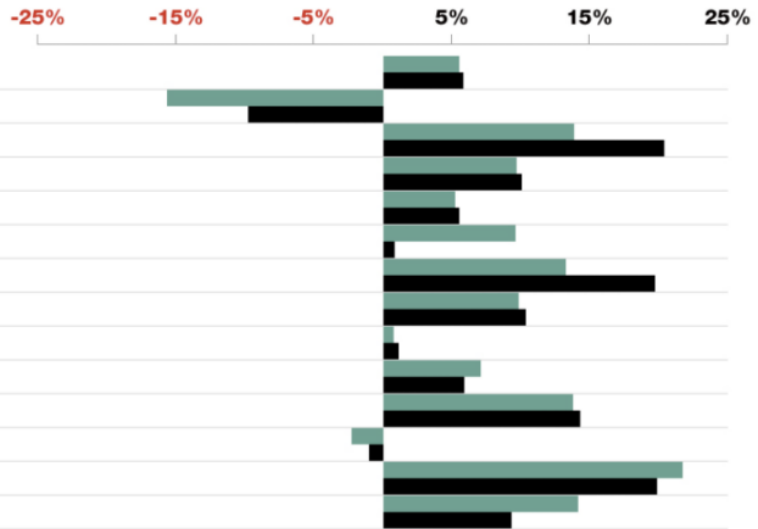
Tired of trying to self-manage your 401k plan?  
Let **RIA Advisors** do it for you.

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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.*

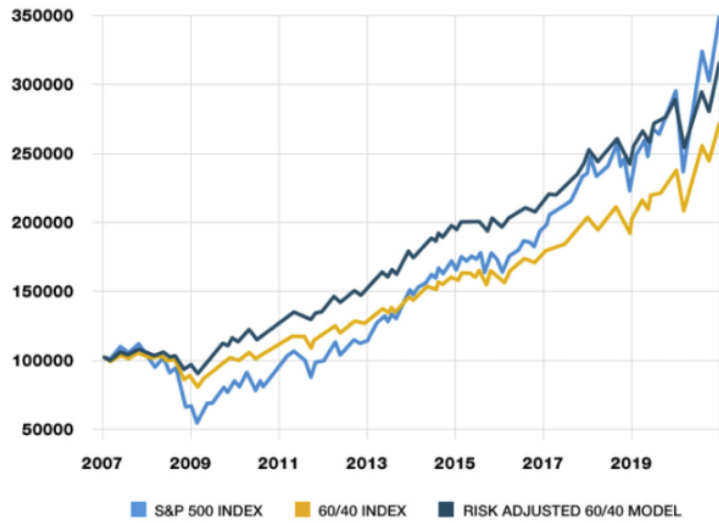
Year	60/40 Benchmark Return	60/40 Model Return
2007	6.16%	6.29%
2008	-16.73%	-9.79%
2009	14.14%	20.13%
2010	10.19%	10.34%
2011	5.11%	5.74%
2012	9.33%	1.00%
2013	13.94%	19.02%
2014	10.04%	10.92%
2015	0.88%	1.67%
2016	7.77%	6.30%
2017	14.12%	14.71%
2018	-2.71%	-1.33%
2019	22.41%	19.77%
2020	14.58%	8.60%



### 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!