



## Chaos Everywhere

Everywhere I look these days, there's chaos. There's chaos in Afghanistan of course. There's chaos at the southern border. There's chaos in big cities. There's chaos in schools. There's chaos in the workplace with millions of unfilled jobs. There's chaos among renters and landlords. There's chaos among consumer prices.

Whoa! That's a lot of chaos! Did I miss something?!

The Afghanistan situation is especially tragic.

The former Secretary of Defense, Robert Gates, was right when he said Joe Biden has been on the wrong side of every major foreign policy decision for the last 47 years! He's right (by the way, Gates served under both Republican and Democrat administrations).

Furthermore, Barack Obama and Osama Bin Laden agreed on one thing. If Joe Biden was ever in charge, he'd screw things up. Bin Laden specifically instructed his operatives not to harm Biden if they had a chance. Bin Laden wanted Biden in charge. He knew it would be a disaster in the making.

Joe Biden is will go down as having bungled the Afghanistan situation big-time. It will live on in history forever. I suspect there will be no redemption for Biden. It will define his presidency. It's a toxic presidency to be sure.

While Joe Biden assured Americans and the world there would be no Saigon moment, for me the image below is what will be seared into my consciousness for the rest of my days.



Joe Biden was right. It's not Saigon. It's much worse.

There's another stunning series of events that has occurred too. First, Biden gets up and says a bunch of stuff that is either misinformed or an outright lie. For example, the administration said for days no one was stuck in Afghanistan that wanted to get out. Then there's plenty of stories published in real-time of people being stuck such as a group of school kids and their families from San Diego.

Right after Biden says a bunch of gibberish, he's entirely contradicted by his own generals, press secretary (who has been caught flat footed a few times), and other officials at the Pentagon.

When does *that* ever happen?

The Vice President is toxic too. She stated she was the last one in the room when the withdrawal decisions were made. Kamala Harris owns this debacle too.

The worst part of all of this is that both Biden and Harris laugh when confronted with legitimate questions about the crisis in Afghanistan. What's so funny?

Actually, there's something worse than the laughing. The U.S. purportedly gave a list of people to the Taliban that helped the Americans. This is the height of incompetence.

We have a duty to get Americans out of harm's way. We have a moral obligation to protect those that help us.

Biden has failed on both fronts.

The following image is the defining picture of Biden's presidency that will also forever be seared into my consciousness.



He's a broken, old, senile, man. It's not his fault he's senile. It happens to millions of people. However, those millions of people are not the Commander in Chief.

Sadly, this man is being used.

That makes me wonder what's really going on here. I am not a conspiracy theorist. I do not read conspiracy websites. I do not watch conspiracy videos. I'm not a Trump fanboy.

I do use critical thinking skills I have developed over a lifetime.

If you've read my book *Unbounded Wealth*, you know that I hardly watch the news at all. These days, I only watch the news because I write this newsletter. The news also has zero impact on my investing philosophy.

Our allies have been sandbagged. Our security has been compromised. Threats to other areas of the world such as Taiwan have increased.

It appears to me this was all done on purpose.

The Democrats have a bad look when Nancy Pelosi tweets about Women's Rights Day and Bernie Sanders talks about the \$3.5 trillion spending bill and his plan to travel to Republican strongholds to sell the idea on the very same day that at least 13 Americans were killed. What about women's rights in Afghanistan?

How tone deaf is it to try to sell a massive spending package when Americans are dying from a botched operation?

I suspect this was a political calculation because most Americans wanted out of Afghanistan. We did not have a big presence though. We had about 2,500 troops which kept the whole country together. We've had nearly 30,000 troops in South Korea for 70 years. What was the rush to run for the exits?

Afghanistan is not a topic that was top of mind for most people. Foreign policy rarely is the focus of major elections. That might not be the case this time around.

It will be interesting to see what impact the Afghanistan debacle has on the domestic agenda. The Afghanistan disaster may have no impact at all. The Democrats are certainly acting that way.

However, the number one job of politicians is to get re-elected. A couple of issues ago, I predicted that Joe Biden would be a lame duck just nine months into his term because after the \$5 trillion spending bills are voted on, people in his own party will turn their back on him to run in the mid-term elections.

Maybe the \$5 trillion still gets through. Maybe not.

The country is turning its back on Biden. So is the media. Until now, the toughest question Biden had to answer was whether he had chocolate or vanilla ice cream for his mid-day snack. Now, the coverage on CNN is decidedly negative. Let's be clear, CNN is not a news organization. It's State Media. Biden is in big trouble for now.

What impact has all this chaos had on the markets?

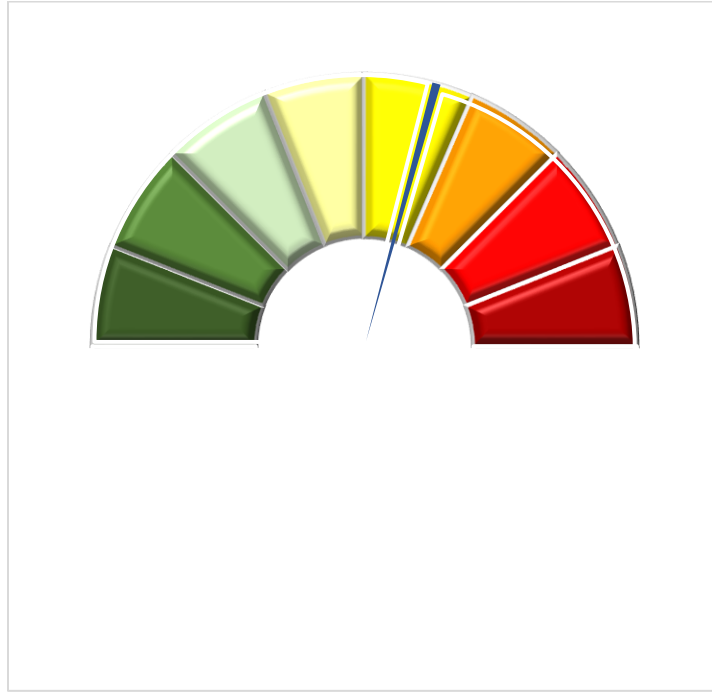
Not much!

The *Risk-O-Meter* remains on a buy signal. Actually, risks eased off a bit last week. The only screaming sell signal in the model is from the credit risk component. Credit risk is important since credit markets tend to be better at identifying big risks than the stock market. However, the *Risk-O-Meter* remains on a buy for now.

In addition, the USD has held up well. I have talked before about how the performance of the Dollar is what matters most. It keeps the whole enchilada wrapped together. When there's a major crisis and the Dollar sinks, we need to have a very serious and

focused conversation on what to do with our hard-earned capital. We are not there yet. Keep an eye on the Dollar though. I will too.

It's a heartbreaking situation. May God have mercy on everyone's souls who has been affected by this travesty.



Best,

A handwritten signature in black ink, appearing to be the name 'John'.

John

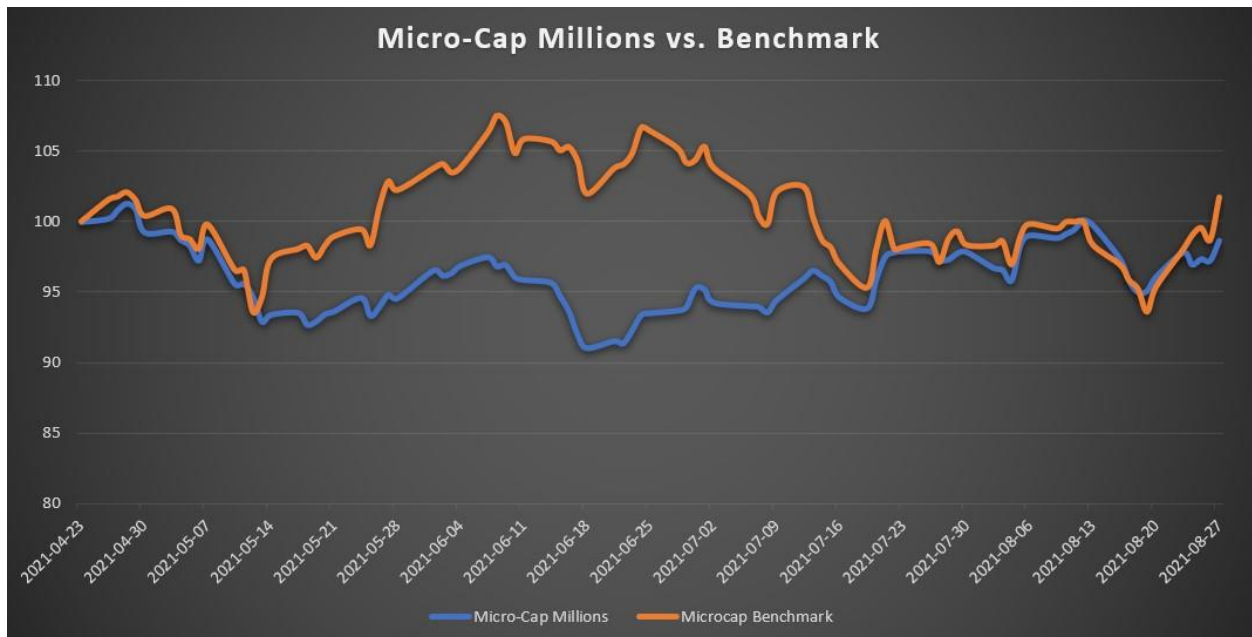
# Micro-Cap Millions

**There no new trades this week in the micro-cap strategy.** Small and mid-cap stocks both had strong rallies this past week. This helped the performance of both strategies.

The market was deeply oversold going into the week. The crisis in Afghanistan had no impact on the market as I mentioned in the introduction to this week’s newsletter.

The market will follow liquidity. The liquidity situation is still favorable. The Federal Reserve can jawbone all they want that they’re going to pull back liquidity but I will believe it when it actually happens.

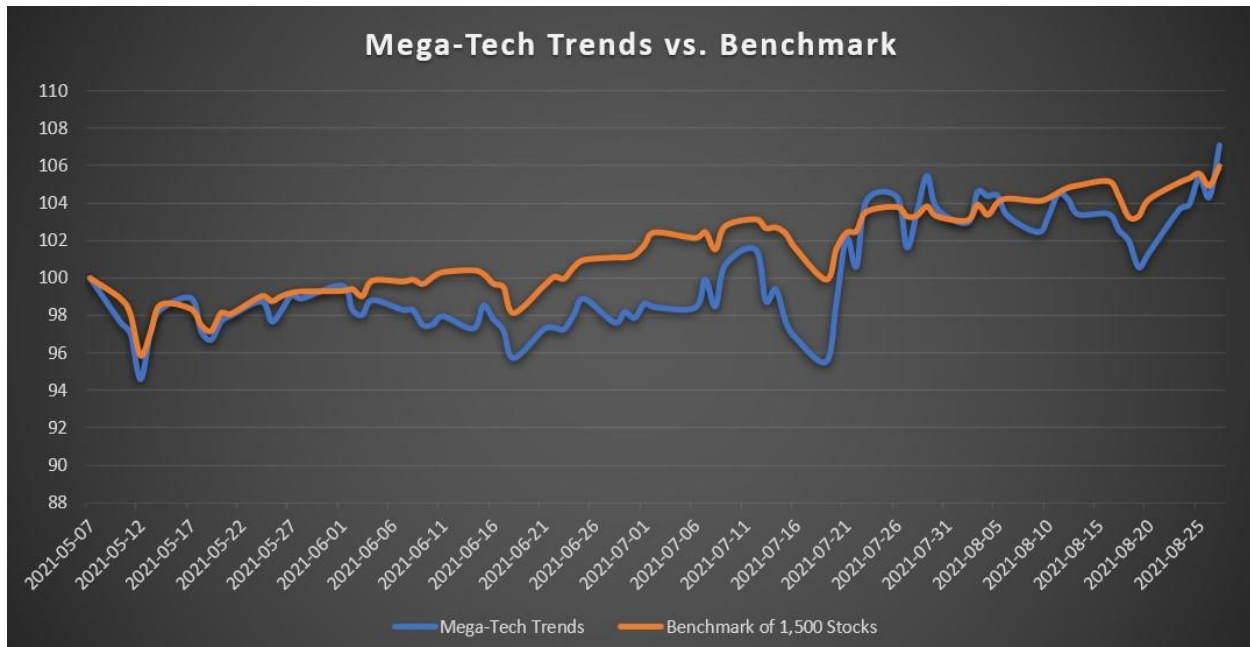
Until then, when the market gets oversold, small and mid-size stocks are set up for huge rallies on the rebounds. This will benefit the performance of the strategies in this newsletter.



BBSI	Barrett Business Services, Inc.
EVC	Entravision Communications Corp.
FEIM	Frequency Electronics, Inc.
HSII	Heidrick and Struggles International, Inc.
IHC	Independence Holding Company
MNDO	MIND CTI Ltd.
NAII	Natural Alternatives International, Inc.
SGA	Saga Communications
PCOM	Points International Ltd.
TSQ	Town Square Media

# Mega-Tech Trends

Here is the performance chart for *Mega-Tech Trends*. Performance was even stronger among this group than with micro-cap stocks and has surged ahead of the benchmark this past week.



There's one new trade in the strategy this week. Here is the current portfolio:

ADTN	ADTRAN, Inc.
BDC	Belden, Inc.
BYD	Boyd Gaming Corp.
CCRN	Cross Country Healthcare, Inc.
DFIN	Donnelley Financial Solutions, Inc.
FORR	Forrester Research, Inc.
IT	Gartner, Inc.
KFY	Korn Ferry
LFUS	Littlefuse, Inc.
WDC	Western Digital

**Buy Cross Country Healthcare, Inc. (Ticker: CCRN)**

**Sell Heidrick and Struggles International, Inc. (Ticker: HSII)**

**Note that HSII is in the micro-cap strategy and still a holding. You'd only sell the portion allocated to the *Mega-Tech Trends* strategy.**

Cross Country Healthcare has had an impressive run in its stock this year. In addition, the trend has been very smooth without many nasty pullbacks. It's formed a small cup and handle pattern since late June that indicates that the stock could breakout to new highs from here. Clearly the model is predicting more good things to come for the stock.

Cross Country is focused on healthcare staffing. As we all know, there are workplace shortages *everywhere*. During a pandemic that seemingly doesn't want to end, there is huge demand for healthcare workers.

It's no surprise the stock is on fire as the fundamentals are all moving in the right direction. Revenue growth has accelerated to the fastest pace in over 15 years. Operating and net profit margins have posted a huge surge over the past couple of quarters.

The balance sheet is in good shape and the quality of earnings is respectable. The company generates solid cash flow and is in a nice position to fund its operations.



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