All Good Things End

For folks that gave *Unbounded Wealth* a trial and then canceled, next week will be the last free *Risk-O-Meter*. First, I wanted to thank you for providing me with an opportunity to serve you. Each week, I do my best to find compelling charts or provide insights you may not find anywhere else.

I wish everyone the best in their future, especially on their journey to financial freedom!

For subscribers, nothing will change.

Now onto this week's issue…

My big prediction last year was that by April of 2022, we could see a significant slowdown in the economy and even deflation.

My theory has been that consumers would just be exhausted from higher prices, particularly in energy, and stop discretionary spending.

In addition, COVID freebies would be spent, and there would be no more handouts from Congress.

We have the first-quarter GDP number in, and it's a stinker. The economy contracted 1.4%. That figure missed expectations by a mile.

The New York Times tried to point out underlying strength in the numbers, but that is propaganda. Pure state media.

The economy stinks.

The problem with journalists, economists, and Wall Street strategists is that they don't live in the real world.

A knucklehead journalist from *Bloomberg* recently suggested people making less than $300,000 a year ride the bus to work and eat lentils instead of meat.

Have you ever eaten lentils?

Worst. Farts. Ever.

Brutal.

The worst part of the GDP figure is that it only factors in a portion of the invasion of Ukraine and virtually none of the rising interest rate environment.

Things may only get worse.

We are likely already in a recession.

We may also be in a bear market. Last Thursday, the market rallied very strongly. There was zero follow-through on Friday. There was massive selling pressure.

This is not a good sign.

There are likely margin calls. A hedge fund or two has probably blown up.

Earnings results stink. Amazon dropped a bomb. Amazon's results say a lot about what's on the mind of consumers. Mostly it's worrying.

GE coughed up a hairball. It turns out that GE doesn't bring good things to life anymore.

The *Risk-O-Meter* is back in the "red zone." Caution is warranted.

The market is oversold. However, it cannot hold a bounce. Scary.

We may have some big rallies. Big rallies occur in bear markets. Here's what we went through in 2007-2009.

There were several massive rallies.

These rallies have a habit of lulling investors into complacency.

Then the market turns back down and whacks investors in the head.

It feels like we are at the start of a similar cycle.

We won't know until after the fact.

However, risks are elevated, and we should be cautious!

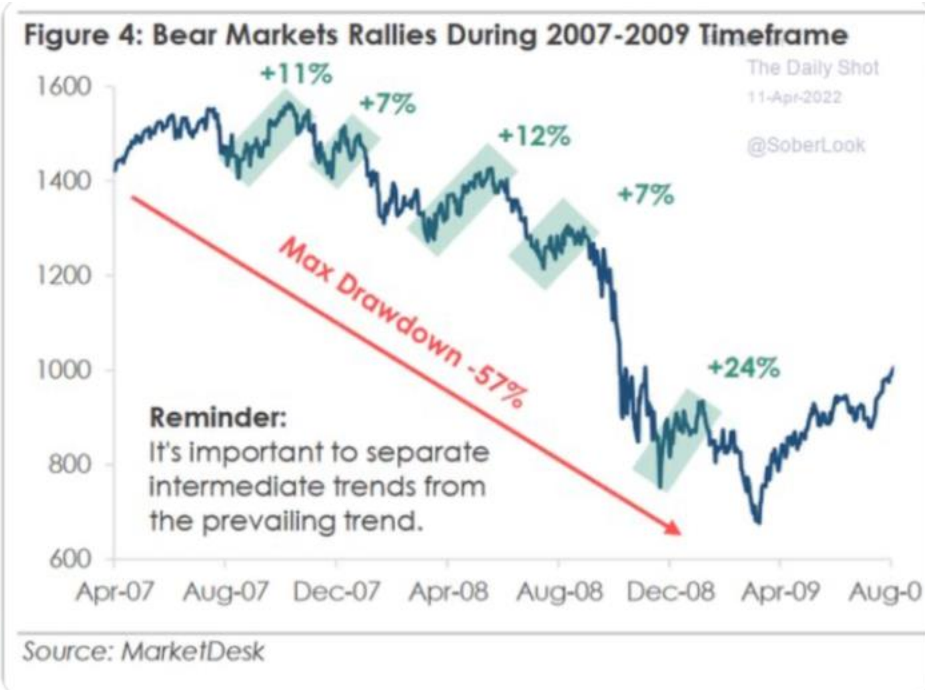
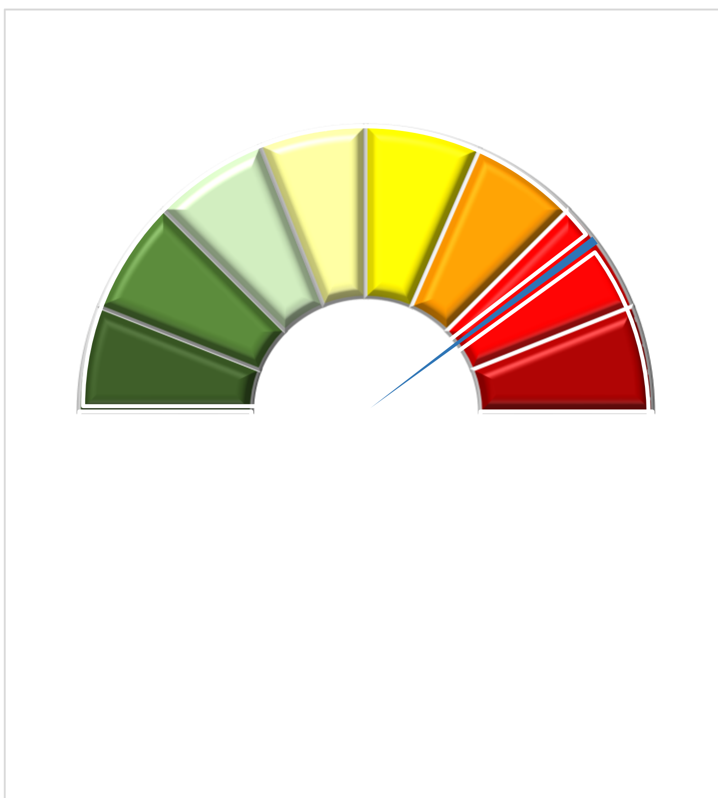


Figure 4: Bear Markets Rallies During 2007-2009 Timeframe
The Daily Shot
11-Apr-2022
@SoberLook
+11%
+7%
+12%
+7%
+24%
Max Drawdown -57%
Reminder:
It's important to separate intermediate trends from the prevailing trend.
1600
1400
1200
1000
800
600
Apr-07
Aug-07
Dec-07
Apr-08
Aug-08
Dec-08
Apr-09
Aug-0
Source: MarketDesk



Investable Risk-O-Meter

Recently, I did a lot of research seeking to improve the *Investable Risk-O-Meter*.

This was for selfish reasons. I have allocated multiples of six figures to the strategy and plan to continue to do so. I have been slow to go "all in," which has helped returns.

The strategy is down 9.8% year-to-date. I'm down about 2.5%. Not because I'm smart.

I've just been easing my way into the strategy.

The S&P 500 is down 13.0% while the 60/40 Global Benchmark is off 12.1%.

My research efforts yielded nothing new. Nada!

As it turns out, my initial thoughts back when I was taking a shower and came up with this idea were best.

Higher returns.

Lower risk.

Shorter periods of drawdown.

Higher risk/reward ratios.

Initially, I was very down because I had spent <u>***a lot***</u> of time on this. However, I now realize that it was a solid learning experience.

In the end, using major markets and following trends works best. You can go crazy thinking there's an edge in gold, foreign bonds, currencies, and emerging markets.

Simple works best.

Over time, you're getting three times the return of the market and seven times the return of a standard 60/40 benchmark with roughly one-quarter of the risk!

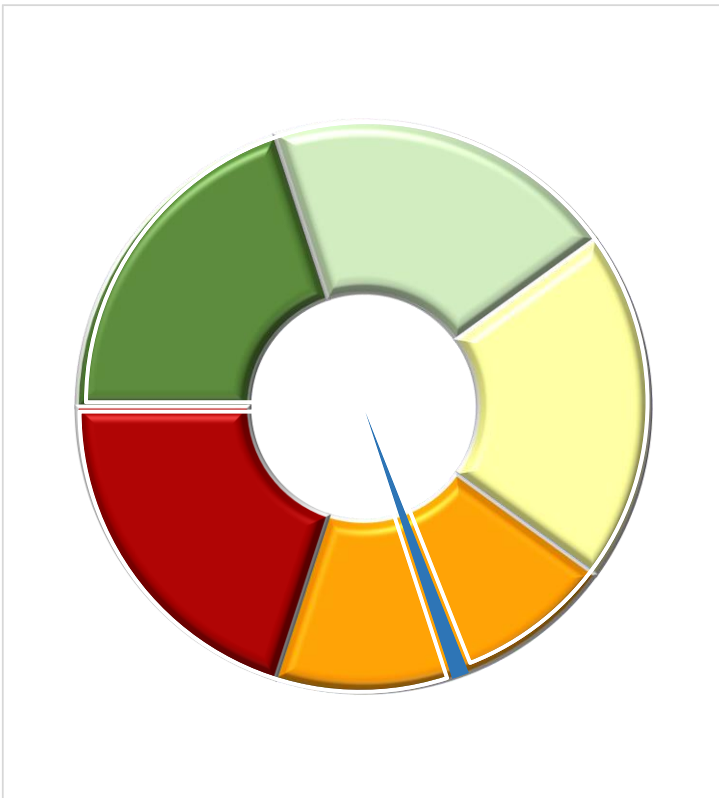
I'll take that every time.

This month I will plow more into the strategy to take advantage of the drawdown.

Here is this month's portfolio:

Component	Position	Position Size	Risk ON or OFF
Market Trend	Cash	25.0%	OFF
Sentiment	Cash	25.0%	OFF
Volatilty	IEF	22.5%	OFF
Levered Volatility	UST	2.5%	OFF
Credit Risk	SPY	22.5%	ON
Levered Credit Risk	QLD	2.5%	ON

There are no trades this month. I am hoping to have a performance chart sooner than later. I'm working on a solution!



In addition to the *Investable Risk-O-Meter*, I have been trading a levered ETF portfolio. It is not for the faint of heart. An incredible 2021 has turned into a crappy 2022. Add leverage to crappiness, and you get ***very*** crappy.

However, over the last ten years, the returns have exceeded 1,000% (1,008.5%, to be exact).

I have invested a small amount of money into the strategy to test it out. In a typical year, there will be 50% swings up and down.

I don't want to stay awake at night, so I would only invest what I am willing to accept a total loss on.

The strategy is down in 2022, not because it doesn't work. Practically, *everything* is down in 2022.

There have been no trends. That's why it's down.

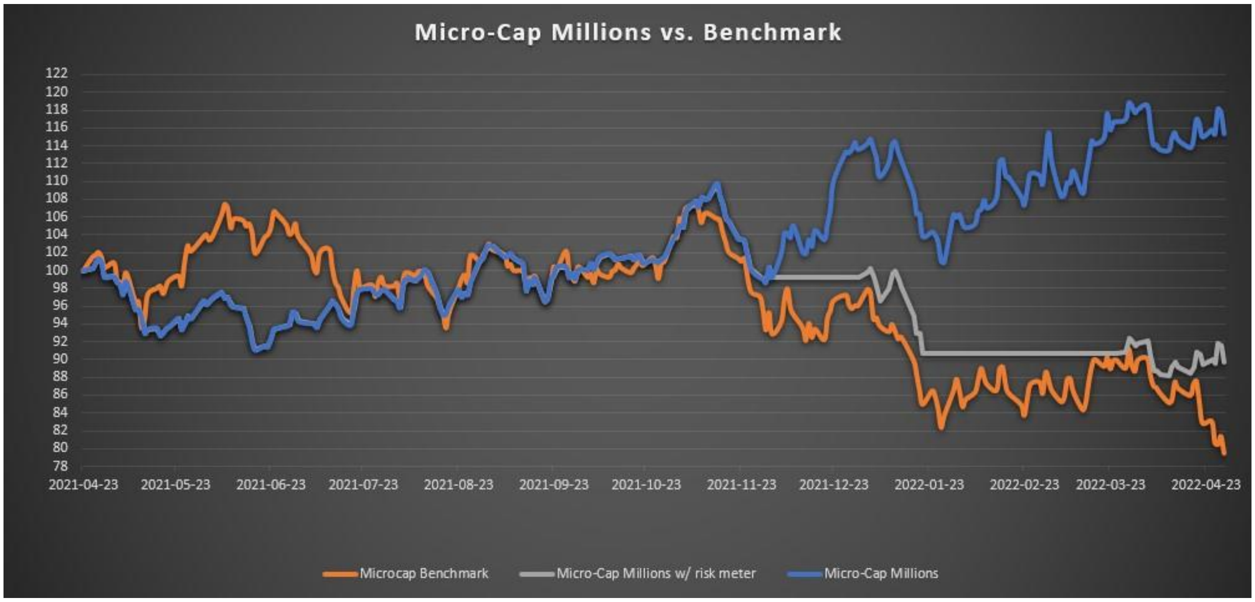
I will use the drawdown and my experience trading the strategy to beef up my investment in the coming weeks.

I will share my research with you before the next monthly issue of this newsletter.

Stay tuned!

Micro-Cap Millions

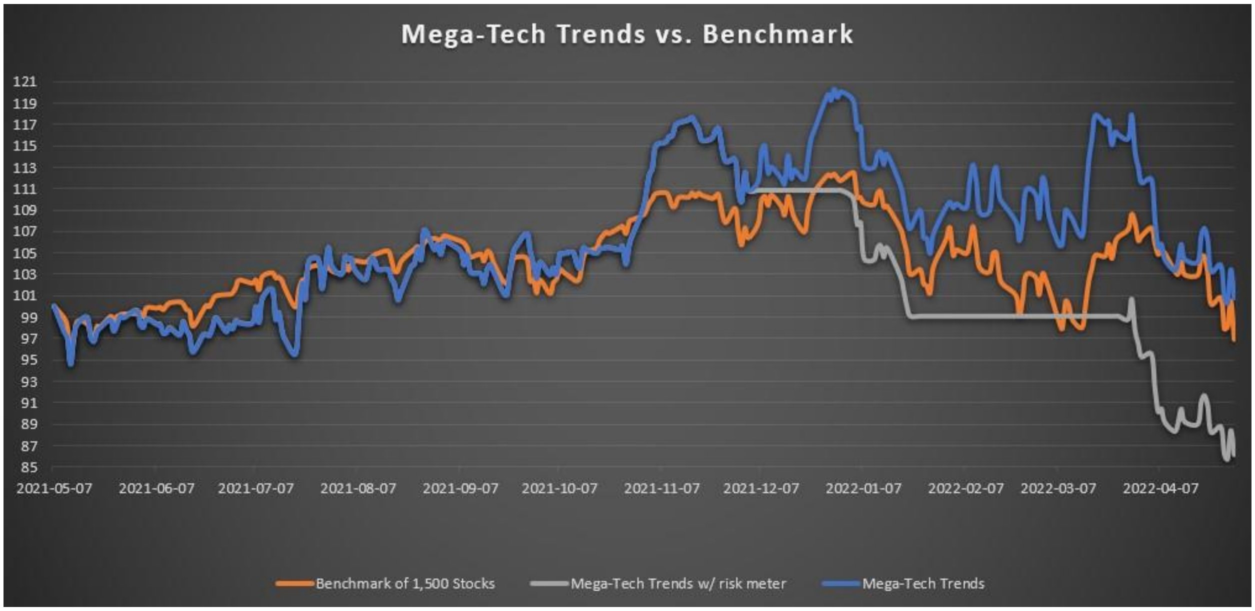
The markets remain very oversold. However, there's been no follow-through on bounces. This is very concerning. Caution is warranted! That said, the micro-cap strategy has continued its stellar performance.



No trades this week. Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
BTN	Ballantyne Strong Inc	-2.87%	18	Technology
CPHC	Canterbury Park Holding Corp	50.73%	18	Consumer Services
CYBE	CyberOptics Corp	17.84%	18	Technology
HCKT	Hackett Group Inc (The)	10.54%	39	Technology
HSII	Heidrick & Struggles International Inc	-14.45%	263	Business Services
HSON	Hudson Global Inc	12.41%	66	Business Services
ISDR	Issuer Direct Corp	-13.80%	39	Technology
NTIP	Network-1 Technologies Inc	-9.23%	151	Technology
SGA	Saga Communications Inc.	1.61%	263	Consumer Services
WTT	Wireless Telecom Group Inc.	-20.88%	130	Technology

Mega-Tech Trends



There are two trades this week:

Buy Fabrinet (NYSE: FN) and Merit Medical Systems, Inc. (Nasdaq: MMSI)

Sell AMN Healthcare Services (NYSE: AMN) and Marcus Corp. (NYSE: MCS)

Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
ACLS	Axcelis Technologies Inc.	8.77%	234	Technology
CNXC	Concentrix Corp	-17.52%	88	Technology
CNXN	PC Connection Inc	-6.09%	14	Technology
FN	Fabrinet	0.00%	NEW	Technology
FORR	Forrester Research Inc	-0.11%	14	Business Services
HOLX	Hologic Inc	-2.11%	165	Healthcare
JBL	Jabil Inc	-7.91%	39	Technology
KFY	Korn Ferry	-16.01%	130	Business Services
MMSI	Merit Medical Systems Inc	0.00%	NEW	Healthcare
PLAB	Photronics Inc	-12.19%	46	Technology

Large-Cap Leaders

The bloodbath in large technology stocks continues.

There are two trades this week.

Buy Humana, Inc. (NYSE: HUM) and KLA Corp. (Nasdaq: KLAC)

Sell Microsoft (Nasdaq: MSFT) and Paychex, Inc. (Nasdaq: PAYX)

Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
ABT	Abbott Laboratories	-5.13%	4	Healthcare
ADI	Analog Devices Inc	-1.57%	53	Technology
ANET	Arista Networks Inc	-6.42%	60	Technology
APH	Amphenol Corp	-9.22%	81	Technology
AVGO	Broadcom Inc	-4.06%	46	Technology
CDNS	Cadence Design Systems Inc	-2.48%	53	Technology
HUM	Humana Inc.	0.00%	NEW	Healthcare
KLAC	KLA Corp	0.00%	NEW	Technology
MU	Micron Technology Inc.	-14.13%	39	Technology
STE	Steris Plc	-0.88%	66	Healthcare

The Forensic Accounting Stock Tracker™ (FAST)

Below are the top and bottom 50 stocks in the FAST Model for May 2022. The Model is updated monthly.

How to Use FAST™

There are several ways to use FAST™ in your investing process.

Among them:

• Individual stock selection -- FAST™ can help you analyze individual stocks and narrow your investment opportunities to the highest earnings quality equities.

• Options Trades – FAST™ is built around identifying companies with the highest opportunities or risks to generate earnings results that exceed or fall short of investor expectations. Stocks tend to have more volatility around earnings releases. Using options on high/low ranked FAST stocks may improve returns or hedging opportunities by betting on stocks that may exceed or fall short of analysts' and investors' expectations.

• Building an Entire Portfolio – While FAST™ ranks stocks in order of earnings quality, there may ultimately be little difference between the #1 and #22 ranked stock, for example. Buying an entire basket of the top 25 or 50 stocks may provide a diversified portfolio with similar underlying characteristics, namely strong earnings quality, reasonable valuations, and expectations that could lead to upward revisions in the coming quarters.

Forensic Accounting Stock Tracker
"CSI For Your Stock Portfolio"

Rank	Rank Change	Ticker	Stock Name	Overall Rank	Buybacks	Earnings Quality	Momentum	Sentiment
Column1	Column2	Column3	Column4	Column5	Column6	Column7	Column8	Column9
1	16	CTAS	Cintas Corp	A+	B+	A+	B+	A+
2	20	UNP	Union Pacific Corp	A+	A-	A+	B	A-
3	33	ANET	Arista Networks Inc	A+	C+	A+	A+	A
4	2	BHLB	Berkshire Hills Bancorp Inc	A+	A-	A	A+	B-
5	-4	FBP	First BanCorp (Puerto Rico)	A+	A	B	B+	A
6	-4	ORLY	O'Reilly Automotive Inc	A+	A-	A	B-	A
7	60	CSX	CSX Corp	A+	B+	A+	B-	A-
8	5	JCI	Johnson Controls International Plc	A+	B	B+	A-	A
9	18	ACM	AECOM	A+	A-	B-	A	A
10	61	NSC	Norfolk Southern Corp	A+	A-	A	B-	A-
11	-7	OFG	OFG Bancorp	A+	A	B-	B	A
12	4	ANTM	Anthem Inc	A+	B-	A+	B	A
13	24	AVGO	Broadcom Inc	A+	B-	B	A	A+
14	-5	DFS	Discover Financial Services	A+	A	B	A-	B+
15	35	MTD	Mettler-Toledo International Inc	A+	B	A	B	A-
16	45	WST	West Pharmaceutical Services Inc.	A+	C	A	A	A
17	174	BKU	BankUnited Inc	A+	A	B+	A-	B-
18	110	WFC	Wells Fargo & Co	A+	A	B-	A	B+
19	-5	GD	General Dynamics Corp	A+	B	B+	B	A+
20	-9	SXI	Standex International Corp	A+	B	A	B	A+
21	36	KLAC	KLA Corp	A+	B	B+	B+	A-
22	13	TSCO	Tractor Supply Co	A+	B+	B-	A	A
23	1	AMAT	Applied Materials Inc	A+	A-	B-	A-	B+
24	1	AAPL	Apple Inc	A+	B	A	A-	B-
25	-10	NVT	nVent Electric plc	A+	B-	A-	B	A
26	6	SEE	Sealed Air Corp	A+	B+	C+	A	A
27	15	ACN	Accenture PLC	A+	B-	A	B-	A
28	10	EMR	Emerson Electric Co.	A+	B-	A-	B+	A
29	0	IDXX	IDEXX Laboratories Inc	A+	B-	A+	B-	A
30	30	CACI	CACI International Inc	A+	A	B+	C+	A
31	-5	INTU	Intuit Inc.	A+	B-	A+	B-	A+
32	13	ACLS	Axcelis Technologies Inc.	A+	B	B	A	A-
33	21	FTNT	Fortinet Inc	A+	B-	B	A+	A-
34	29	IT	Gartner Inc	A+	A	B	A	B-
35	5	ODFL	Old Dominion Freight Line Inc	A+	B-	A	A-	B
36	-26	CATY	Cathay General Bancorp	A+	A-	A-	B	B
37	-6	NXPI	NXP Semiconductors NV	A+	A	A-	B-	B
38	11	VRTV	Veritiv Corp	A+	A-	D+	A	A+
39	53	NTAP	NetApp Inc	A+	B-	B	A-	B+
40	-12	GPC	Genuine Parts Co	A+	B	A	B-	A
41	-8	MANH	Manhattan Associates Inc	A+	B-	A	B-	A
42	42	UNH	Unitedhealth Group Inc	A+	C+	A-	B	A+
43	5	CDNS	Cadence Design Systems Inc	A+	B-	A	B-	A+
44	24	KEYS	Keysight Technologies Inc	A+	B	A	C+	A
45	27	JBL	Jabil Inc	A+	A-	C-	B+	A+
46	13	MSFT	Microsoft Corp	A+	B-	A-	B	A
47	44	HWM	Howmet Aerospace Inc	A+	B	C+	A	A
48	57	ORCL	Oracle Corp	A+	A	B	C+	A-
49	47	AIZ	Assurant Inc.	A+	A	B-	B	B
50	-38	CNXC	Concentrix Corp	A+	C	B-	A	A+

FAST™

Forensic Accounting Stock Tracker
"CSI For Your Stock Portfolio"

Rank	Rank Change	Ticker	Stock Name	Overall Rank	Buybacks	Earnings Quality	Momentum	Sentiment
Column1	Column2	Column3	Column4	Column5	Column6	Column7	Column8	Column9
1	-15	BOOM	DMC Global Inc	D-	F	D+	D-	D
2	-123	LCII	LCI Industries	F	D+	D-	D-	D-
3	5	MAC	Macerich Co (The)	F	F	D-	C+	F
4	24	VNO	Vornado Realty Trust	F	D-	D-	C	F
5	-20	BGS	B&G Foods Inc	F	D-	D	D-	D
6	13	SBRA	Sabra Health Care REIT Inc	F	F	D-	D+	F
7	18	TWO	Two Harbors Investment Corp	F	F	D-	C-	D-
8	-32	CMTL	Comtech Telecommunications Corp.	F	F	D	D-	D
9	-4	POWL	Powell Industries Inc	F	D+	D-	F	D-
10	2	OHI	Omega Healthcare Investors Inc.	F	D-	D	D	F
11	-40	SHAK	Shake Shack Inc	F	D-	D	D-	F
12	-6	BJRI	BJ's Restaurants Inc	F	D-	D-	D-	D
13	9	RCL	Royal Caribbean Group	F	D-	D-	C	D-
14	-7	ENTA	Enanta Pharmaceuticals Inc	F	D-	D	D-	D-
15	2	CCL	Carnival Corporation & Plc	F	D-	D-	D	F
16	2	JWN	Nordstrom Inc.	F	D-	D-	D	D-
17	-1	HR	Healthcare Realty Trust Inc	F	D-	D+	D-	D-
18	2	ETRN	Equitrans Midstream Corp	F	D+	D-	D-	F
19	-16	WYNN	Wynn Resorts Ltd	F	D-	D+	D-	D-
20	18	IVR	Invesco Mortgage Capital Inc	F	F	F	D-	D+
21	-6	SHEN	Shenandoah Telecommunications Co	F	D+	F	F	D-
22	-1467	WBD	Warner Bros. Discovery Inc	F	D+	D-	D-	F
23	-13	ITOS	iTeos Therapeutics Inc	F	D-	F	D	D-
24	-65	CNSL	Consolidated Communications Holdings Inc	F	F	D-	D-	D+
25	5	NEO	Neogenomics Inc	F	F	D	D-	D-
26	13	WW	WW International Inc	F	D-	D-	D-	D-
27	-13	RGNX	REGENXBIO Inc	F	F	D+	D-	D-
28	-27	CRSR	Corsair Gaming Inc	F	D-	D-	D-	D-
29	-2	TRIP	TripAdvisor Inc	F	D-	D-	D-	F
30	-6	ITRI	Itron Inc	F	F	D	F	D-
31	-8	XNCR	Xencor Inc	F	D-	D	F	D-
32	-11	ALGT	Allegiant Travel Co	F	F	D-	D	D-
33	-7	ANIK	Anika Therapeutics Inc	F	D-	D-	D-	D-
34	1	PARA	Paramount Global	F	F	D-	D	D-
35	-4	HA	Hawaiian Holdings Inc	F	D-	D-	D-	F
36	4	ENDP	Endo International plc	F	D-	F	D-	D-
37	-24	ANIP	ANI Pharmaceuticals Inc	F	F	D-	D-	D-
38	-9	UGI	UGI Corp	F	D-	F	D-	D-
39	-3	AAL	American Airlines Group Inc	F	D-	F	D-	D-
40	-7	SKYW	SkyWest Inc	F	D-	F	D-	D-
41	-7	PARR	Par Pacific Holdings Inc	F	D-	F	D-	D-
42	1	SLQT	SelectQuote Inc	F	D-	F	D-	D-
43	-6	CARA	Cara Therapeutics Inc	F	D-	D-	F	D-
44	-12	NKTR	Nektar Therapeutics	F	D-	D-	F	F
45	-4	QURE	UniQure NV	F	D-	D-	F	D-
46	-4	CHRS	Coherus BioSciences Inc	F	D-	D-	F	D-
47	-1	JRVR	James River Group Holdings Ltd	F	F	F	F	D-
48	-1493	VIR	Vir Biotechnology Inc	F	D-	F	D-	F
49	-5	TDS	Telephone and Data Systems Inc	F	F	F	D-	D-
50	-3	EHTH	eHealth Inc	F	F	F	F	D-

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