



Say it Ain't So, Joe!

That was my first thought when I saw the news that Joe Manchin finally relented and supported a slimmed-down version of Build Back Better.

Except it's no longer called "Build Back Better." The bill is called the Inflation Reduction Act of 2022. Of course, it will do nothing to temper inflation. But the name makes for good marketing heading into a critical mid-term election.

The bill also gives Joe Biden a much-needed win. In addition, Chuck Schumer finally got something done.

I think these huge spending bills are boondoggles. So, initially, I was discouraged that the government is adding more fuel to the inflation fire. I highly doubt that the deficit will be reduced either. Government numbers used to justify legislation are *heavily* massaged.

The 15% minimum corporate tax sounds nice, but corporations have sophisticated tax strategies. Amazon's tax rate has been historically low because the company reinvested into its business. Amazon also paid stock options which earned a tax deduction. Meanwhile, Jeff Bezos made an average salary. His wealth came from the increased value of the stock. He proved that earnings don't matter if you can dominate your market, crowd out your competitors, and increase the stock price through total domination.

Big companies are not just going to hand over 15%. In addition, whatever portion of the new tax eats up any profit margin, it will be passed on to consumers, resulting in lower wages or layoffs.

A lot of this bill on the surface is smoke and mirrors.

However, it looks like Joe Manchin pulled off a major coup.

First, he outsmarted Mitch McConnell, who threatened to hold up a CHIPS microchip competitive bill if Democrats used reconciliation to pass a version of Build Back Better.

Moments after that bill passed, Manchin announced his agreement with Schumer. Republicans were caught off guard (Democrats too).

Then Manchin outmaneuvered all of the climate change activists within his party.

Here's the juicy part of what Manchin negotiated.

The bill cuts the renewable energy tax credit by 80%. It moves the credit to existing nuclear plants. Meanwhile, wind and solar development are prohibited on federal property, including water, unless oil or gas leases have been issued.

The bill provides billions of dollars in incentives to build renewables here in the U.S. instead of overseas.

The tax credits expire in 2024. All future credits must be energy neutral.

The bill excludes credits in areas that would be needed to expand renewables.

Finally, Manchin secured a vote for oil and gas permitting, which would help him in his state of West Virginia.

This will have a negligible effect on emissions which is why much of this green energy stuff is a scam. It's a wealth transfer designed to make a few people rich and increase control over the population.

The bill might not even pass even with Manchin's support.

Kyrsten Sinema of Arizona is against a tax increase on carried interest. Carried interest allows asset managers to pay 23.8% in taxes instead of 37%.

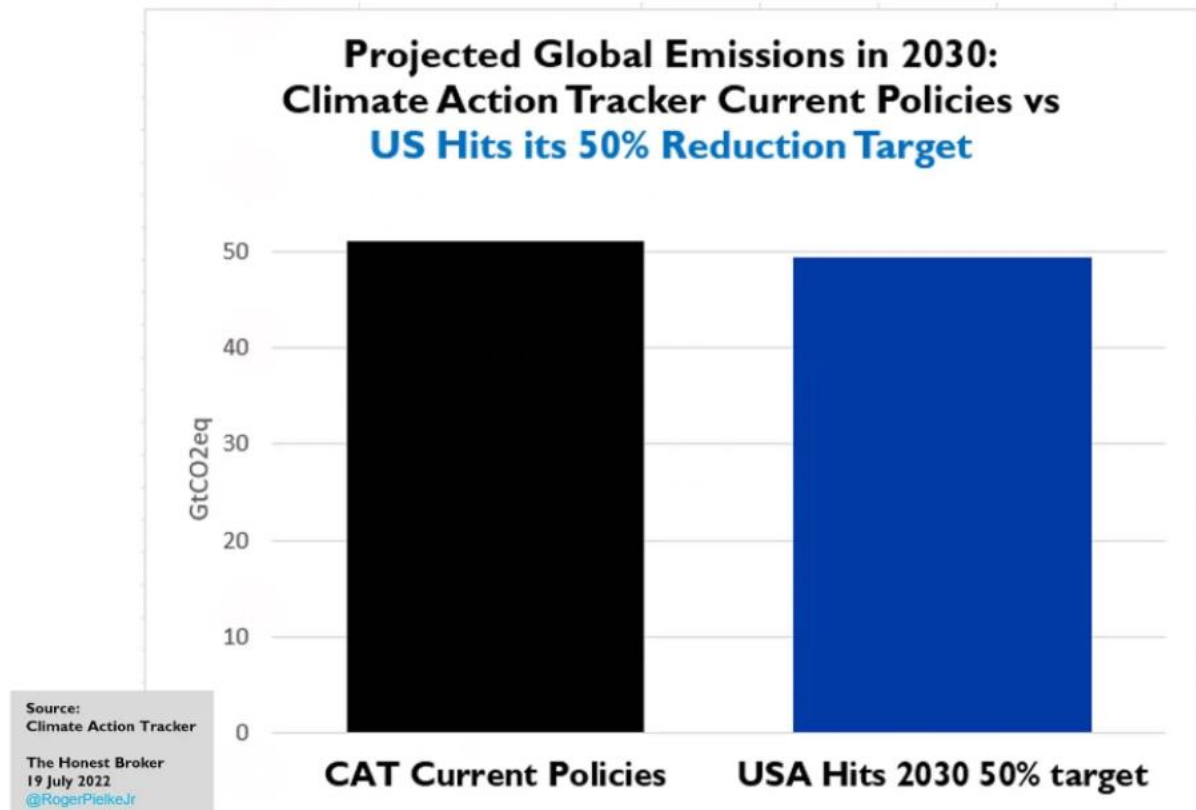
This tax is only expected to bring in \$14 billion over ten years.

Manchin is firm. This tax must be included.

The other stumbling block is that many politicians in blue states with high taxes want to restore the state and local tax deduction (SALT). This is a deduction on property, sales, and state income taxes.

About 96% of the benefit would go to the top 1%. Funny how politicians want to increase taxes on everyone else and are furious that the SALT is capped at \$10,000, which benefits people living in million-dollar homes.

As a result, the bill may not garner support from northeast Democrats. We shall see.



The stock market has had a strong rally.

The rally has all the signs of a classic bear market rally.

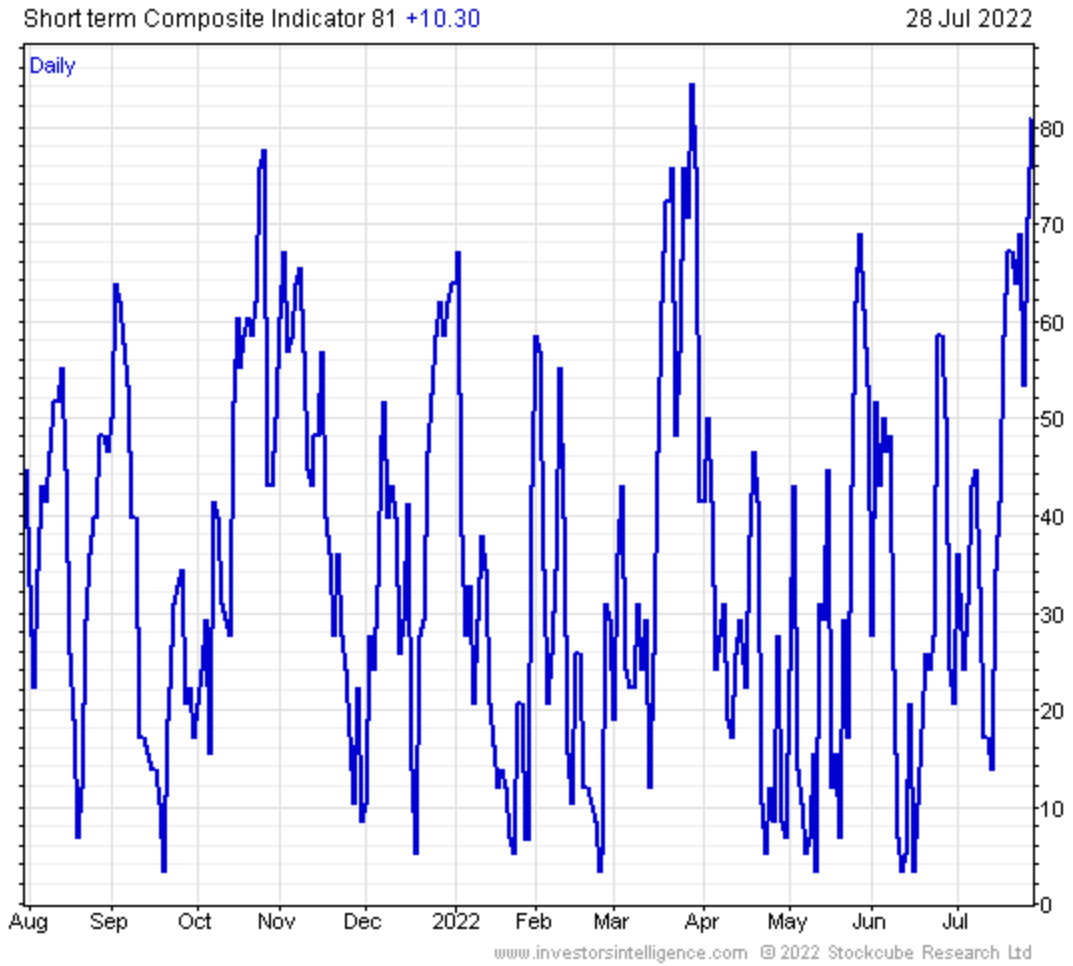
The *Short-Term Composite*, an indicator I have shared before by *Investors Intelligence*, is very overbought.

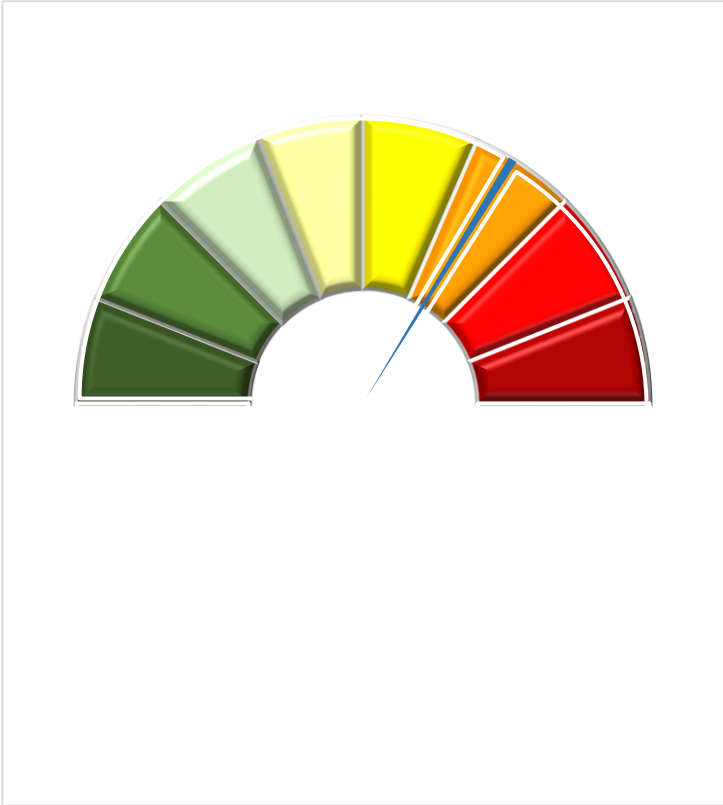
To use a technical phrase, it's "super-duper overbought."

The indicator measures dozens of short-term and intermediate-term technical factors. At 81, the market is close to the most overbought it has been in a year.

While markets can remain overbought for a period, the odds do not favor being aggressive at these levels.





There's no reason to get too excited.

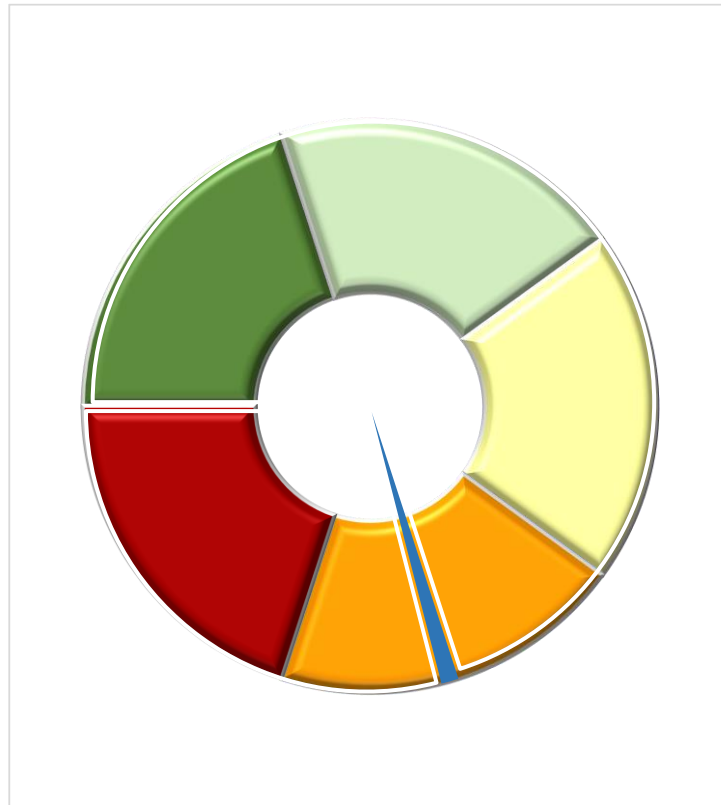




Investable Risk-O-Meter

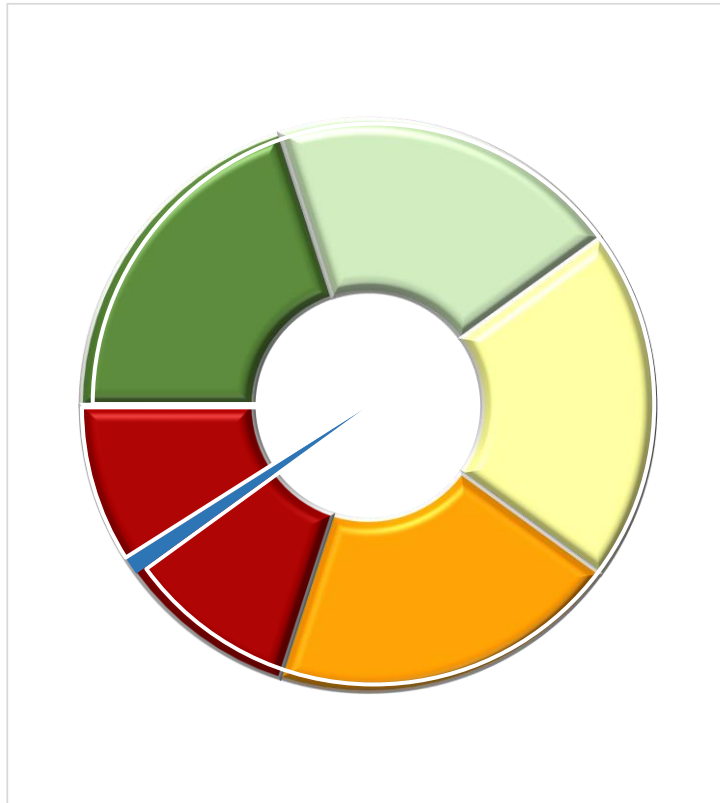
Once again there are no trades this month. The market is exceptionally overbought. Caution is warranted.

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

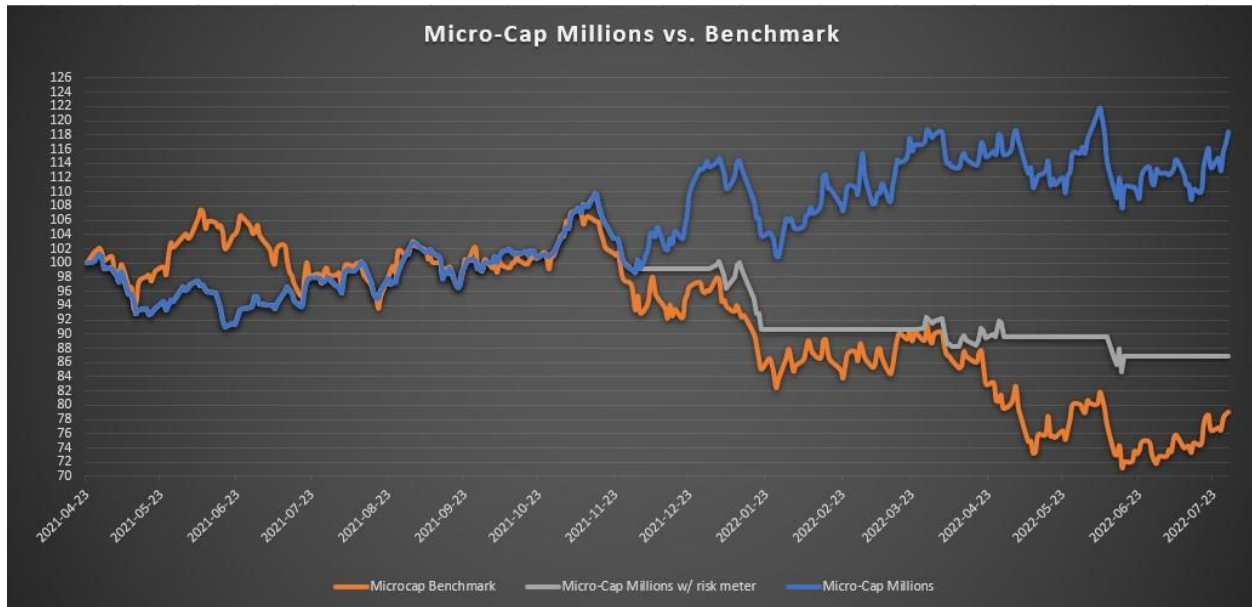


Levered ETF Model

The levered ETF model remains 100% in cash.



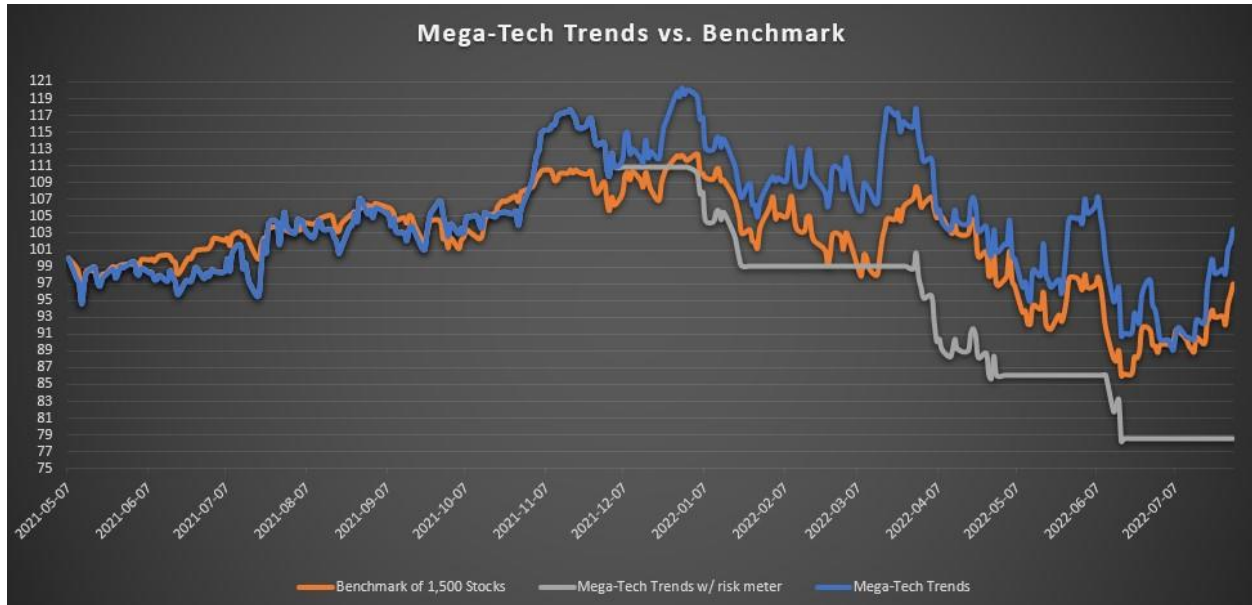
Micro-Cap Millions



No trades this week. Here is the current portfolio:

| Ticker | Name | Return | Days Held | Sector |
|--------|----------------------------|---------|-----------|------------|
| ALPN | Alpine Immune Sciences Inc | -11.67% | 11 | Healthcare |
| ASRT | Assertio Holdings Inc | 23.95% | 32 | Healthcare |
| CCRD | CoreCard Corporation | 5.87% | 11 | Technology |
| CTG | Computer Task Group Inc | -3.11% | 53 | Technology |
| HCKT | Hackett Group Inc (The) | -1.32% | 130 | Technology |
| IRMD | iRadimed Corp | 14.81% | 11 | Healthcare |
| PERI | Perion Network Ltd | 5.88% | 11 | Technology |
| SCSC | ScanSource Inc | -17.71% | 60 | Technology |
| SRTS | Sensus Healthcare Inc | 13.85% | 11 | Healthcare |
| WSTG | Wayside Technology Group | -16.00% | 67 | Technology |

Mega-Tech Trends



There is one trade this week.

Buy Jabil, Inc. (NYSE: JBL)

There is no sell because this brings the portfolio back up to ten stocks.

Here is the current portfolio:

| Ticker | Name | Return | Days Held | Sector |
|--------|----------------------------------|---------|-----------|------------|
| ACLS | Axcelis Technologies Inc. | 25.14% | 11 | Technology |
| ARLO | Arlo Technologies Inc | 12.00% | 11 | Technology |
| CDW | CDW Corp | 13.31% | 67 | Technology |
| JBL | Jabil Inc | 0.00% | new | Technology |
| LFUS | Littelfuse Inc | 5.24% | 74 | Technology |
| NTCT | NetScout Systems Inc | 2.42% | 32 | Technology |
| PBH | Prestige Consumer Healthcare Inc | 3.25% | 4 | Healthcare |
| PLAB | Photronics Inc | 39.48% | 137 | Technology |
| SCSC | ScanSource Inc | -17.38% | 53 | Technology |
| SNX | TD SYNNEX Corporation | 8.95% | 11 | Technology |

Large-Cap Leaders



There are two trades this week.

Buy Advanced Micro Devices (Nasdaq: AMD) and NXP Semiconductors (Nasdaq: NXPI)

Sell Cognizant Technology (Nasdaq: CTSH) and Cadence Design Systems (Nasdaq: CDNS)

Here is the current portfolio:

| Ticker | Name | Return | Days Held | Sector |
|--------|----------------------------|--------|-----------|------------|
| ADI | Analog Devices Inc | 2.63% | 60 | Technology |
| AMD | Advanced Micro Devices Inc | 0.00% | new | Technology |
| APH | Amphenol Corp | -2.07% | 172 | Technology |
| AVGO | Broadcom Inc | 7.39% | 39 | Technology |
| CDW | CDW Corp | 6.39% | 81 | Technology |
| CRM | SALESFORCE INC | 9.94% | 11 | Technology |
| FTNT | Fortinet Inc | 0.88% | 32 | Technology |
| IT | Gartner Inc | 3.90% | 74 | Technology |
| KLAC | KLA Corp | 21.05% | 18 | Technology |
| NXPI | NXP Semiconductors NV | 0.00% | new | Technology |

The Forensic Accounting Stock Tracker™ (FAST)

Below are the top and bottom 50 stocks in the FAST Model for [August 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: strong earnings quality, reasonable valuations, and expectations that could lead to upward revisions in the coming quarters.

There is one change in the presentation of the model this month. The bottom 50 stocks are ranked by their actual rank (1447-1496) instead of 1-50 because the 50th stock was the lowest-ranked stock in the model, but some subscribers found that confusing with the 1-50 rank.



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 | 0 | AZO | AutoZone Inc | A+ | A | A+ | A | A |
| 2 | 9 | DRI | Darden Restaurants Inc | A+ | A- | A | B+ | A- |
| 3 | 5 | ELV | Elevance Health Inc | A+ | B- | A | A | A+ |
| 4 | -1 | IT | Gartner Inc | A+ | A- | B | A | A |
| 5 | 25 | JBL | Jabil Inc | A+ | A- | B | A- | A+ |
| 6 | 4 | SCI | Service Corp International | A+ | B+ | A- | A | B+ |
| 7 | 5 | ORLY | O'Reilly Automotive Inc | A+ | B+ | A+ | B | A- |
| 8 | -3 | SANM | Sanmina Corp | A+ | A | B+ | A- | A- |
| 9 | 53 | FBP | First BanCorp (Puerto Rico) | A+ | A | B | A+ | B+ |
| 10 | 8 | CI | Cigna Corp | A+ | A- | A | B | A- |
| 11 | -9 | KLAC | KLA Corp | A+ | B | A | A- | A- |
| 12 | 29 | UNH | Unitedhealth Group Inc | A+ | C | A+ | A- | A+ |
| 13 | -7 | ULTA | Ulta Beauty Inc | A+ | B+ | A | A+ | B- |
| 14 | 1 | MSI | Motorola Solutions Inc | A+ | B- | A | B+ | A+ |
| 15 | 102 | TSCO | Tractor Supply Co | A+ | B | B | A- | A |
| 16 | 206 | CNXC | Concentrix Corp | A+ | C+ | B+ | A | A+ |
| 17 | 3 | ADP | Automatic Data Processing Inc | A+ | B- | A- | A | A |
| 18 | 6 | LHX | L3Harris Technologies Inc | A+ | A- | B | B+ | A- |
| 19 | -2 | FTNT | Fortinet Inc | A+ | B | B- | A+ | A |
| 20 | 63 | HSY | Hershey Co (The) | A+ | C | A+ | A | A |
| 21 | 0 | LKQ | LKQ Corporation | A+ | A- | B+ | A | B |
| 22 | -13 | AVGO | Broadcom Inc | A+ | B | B | A- | A |
| 23 | 15 | CDW | CDW Corp | A+ | B+ | B | B | A+ |
| 24 | 4 | OFG | OFG Bancorp | A+ | A | D+ | A+ | A |
| 25 | 4 | GPC | Genuine Parts Co | A+ | B- | A | B+ | B+ |
| 26 | 195 | CR | Crane Holdings Co | A+ | B+ | B- | B+ | A |
| 27 | 39 | WAB | Westinghouse Air Brake Technologies Corp | A+ | B | A- | B | A- |
| 28 | -2 | KEYS | Keysight Technologies Inc | A+ | B | A | C+ | A+ |
| 29 | 115 | STZ | Constellation Brands Inc | A+ | B | A- | B | B+ |
| 30 | 165 | ACLS | Axcelis Technologies Inc. | A+ | B- | B | B+ | A |
| 31 | 68 | AMN | AMN Healthcare Services Inc. | A+ | B | B | A+ | B- |
| 32 | 53 | PFS | Provident Financial Services Inc. | A+ | B- | B | A | A |
| 33 | 28 | RSG | Republic Services Inc. | A+ | C | A | B+ | A |
| 34 | 260 | MMC | Marsh & McLennan Companies Inc | A+ | B- | B+ | B+ | A- |
| 35 | 5 | ABBV | AbbVie Inc | A+ | C- | A | A | B+ |
| 36 | 33 | TTEK | Tetra Tech Inc | A+ | C+ | A | B | A- |
| 37 | 141 | PAYX | Paychex Inc. | A+ | D+ | A | A | A |
| 38 | 4 | PWR | Quanta Services Inc. | A+ | D+ | A | A+ | B+ |
| 39 | 11 | PG | Procter & Gamble Co (The) | A+ | B- | A | C | A+ |
| 40 | -36 | NXPI | NXP Semiconductors NV | A+ | A- | A+ | D+ | A |
| 41 | 27 | CSGS | CSG Systems International Inc. | A+ | B- | B- | B+ | A+ |
| 42 | 29 | CVS | CVS Health Corp | A+ | C | B | A- | A+ |
| 43 | -10 | RTX | Raytheon Technologies Corp | A+ | B- | B | A | B+ |
| 44 | -13 | WAT | Waters Corp | A+ | B- | A | B- | B+ |
| 45 | -22 | EXLS | ExlService Holdings Inc | A+ | B- | B | A+ | B |
| 46 | -33 | CTAS | Cintas Corp | A+ | B | A | C+ | A- |
| 47 | 41 | NOC | Northrop Grumman Corp | A+ | B | C+ | A- | A |
| 48 | -2 | PLAB | Photronics Inc | A+ | C+ | C+ | A+ | A |
| 49 | -33 | AFL | AFLAC Inc | A+ | B+ | A- | A- | C |
| 50 | 152 | DGX | Quest Diagnostics Inc | A+ | B+ | A- | B- | B |



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 |
| 1443 | 19 | ANIK | Anika Therapeutics Inc | D- | D- | D+ | F | D- |
| 1444 | -37 | VSAT | ViaSat Inc. | F | D+ | D- | D- | D- |
| 1445 | 18 | AAL | American Airlines Group Inc | F | D+ | D- | D- | D- |
| 1446 | 0 | BGS | B&G Foods Inc | F | D- | D | D- | D- |
| 1447 | 17 | MNRO | Monro Inc | F | D- | D | D- | D- |
| 1448 | 25 | XNCR | Xencor Inc | F | D- | D+ | D- | D- |
| 1449 | -24 | HBI | Hanesbrands Inc | F | C- | D | D- | D- |
| 1450 | 10 | SHAK | Shake Shack Inc | F | D | D | D- | D- |
| 1451 | 8 | HA | Hawaiian Holdings Inc | F | D+ | F | D- | D- |
| 1452 | -64 | HSC | Harsco Corp | F | D+ | F | D- | D- |
| 1453 | -74 | BFH | Bread Financial Holdings Inc | F | D+ | F | D- | D- |
| 1454 | 11 | WBD | Warner Bros. Discovery Inc | F | D+ | D- | F | F |
| 1455 | -1 | CAMP | CalAmp Corp | F | D- | D | D- | D- |
| 1456 | 10 | OSUR | OraSure Technologies Inc | F | C- | D- | F | D- |
| 1457 | 15 | CARA | Cara Therapeutics Inc | F | D- | D+ | D- | D- |
| 1458 | -17 | UAL | United Airlines Holdings Inc | F | D+ | F | D- | F |
| 1459 | -2 | NYMT | New York Mortgage Trust Inc | F | D- | D- | D | D- |
| 1460 | -15 | RILY | B. Riley Financial Inc | F | F | F | C+ | F |
| 1461 | -11 | RUN | Sunrun Inc | F | D- | D | D- | F |
| 1462 | 15 | FF | FutureFuel Corp | F | D- | D- | D- | D- |
| 1463 | -12 | WW | WW International Inc | F | D- | D- | D- | D- |
| 1464 | 5 | TG | Tredegar Corp | F | D+ | D- | D- | D- |
| 1465 | 20 | LPSN | LivePerson Inc | F | D- | D- | D- | D- |
| 1466 | -73 | SAM | Boston Beer Co Inc. (The) | F | D- | D | F | F |
| 1467 | 3 | VNO | Vornado Realty Trust | F | D- | D- | D- | D- |
| 1468 | 14 | SKYW | SkyWest Inc | F | D- | D- | D- | D- |
| 1469 | -8 | MAC | Macerich Co (The) | F | F | D- | D | F |
| 1470 | 14 | SLQT | SelectQuote Inc | F | D- | D- | D- | D- |
| 1471 | -3 | LYLT | Loyalty Ventures Inc | F | D+ | F | D | D- |
| 1472 | 16 | JRVR | James River Group Holdings Ltd | F | F | D- | D- | D |
| 1473 | 10 | TWO | Two Harbors Investment Corp | F | F | D- | D- | D- |
| 1474 | 7 | RCL | Royal Caribbean Group | F | F | D- | D- | D- |
| 1475 | 3 | NEO | Neogenomics Inc | F | F | D- | F | D- |
| 1476 | 10 | ITOS | iTeos Therapeutics Inc | F | D- | D- | D- | D- |
| 1477 | -3 | DBD | Diebold Nixdorf Inc | F | D+ | F | D- | D- |
| 1478 | -23 | HOUS | Anywhere Real Estate Inc | F | D- | D- | D | D- |
| 1479 | 0 | HPP | Hudson Pacific Properties Inc | F | F | D- | D- | D- |
| 1480 | 10 | NKTR | Nektar Therapeutics | F | D- | D | F | F |
| 1481 | -39 | RWT | Redwood Trust Inc. | F | D- | F | D | D- |
| 1482 | -2 | CCL | Carnival Corporation & Plc | F | D- | F | D- | F |
| 1483 | -7 | TRIP | TripAdvisor Inc | F | D- | D- | D- | F |
| 1484 | 3 | ALGT | Allegiant Travel Co | F | F | D- | D- | D- |
| 1485 | 6 | NCLH | Norwegian Cruise Line Holdings Ltd | F | F | D- | D- | D- |
| 1486 | 6 | TDS | Telephone and Data Systems Inc | F | F | F | D- | D- |
| 1487 | 2 | PMT | PennyMac Mortgage Investment Trust | F | F | F | D- | D- |
| 1488 | 7 | JBLU | JetBlue Airways Corp | F | D- | F | D- | D- |
| 1489 | 4 | IVR | Invesco Mortgage Capital Inc | F | F | F | F | D- |
| 1490 | 4 | VIR | Vir Biotechnology Inc | F | D- | F | D- | F |
| 1491 | 6 | CHRS | Coherus BioSciences Inc | F | D- | D- | D- | F |
| 1492 | 4 | EHTH | eHealth Inc | F | F | F | D- | D- |

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