

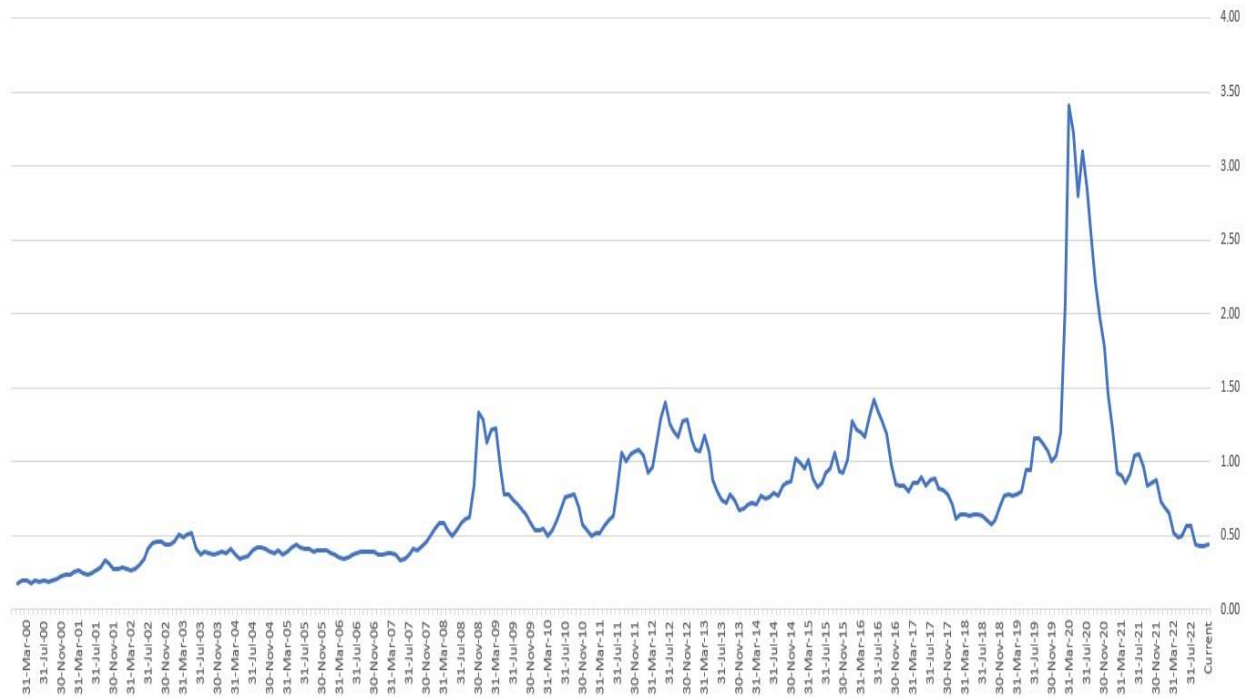


No Meat on the Bone

The dividend yield on the S&P 500 relative to the 10-Year yield has imploded to levels that often coincide with mediocre stock returns.

That's terrible news for the stock market. Dividends are a key driver of stock returns. They're the meat on the bone. Right now, there's no meat on the bone.

SP 500 Div Yield to 10 Year T-Bill



The market is vulnerable to a significant downward move until the yield on the S&P starts to become modestly attractive again.

How low could we go?

Below 3,000. That gets us back to a 2% yield.

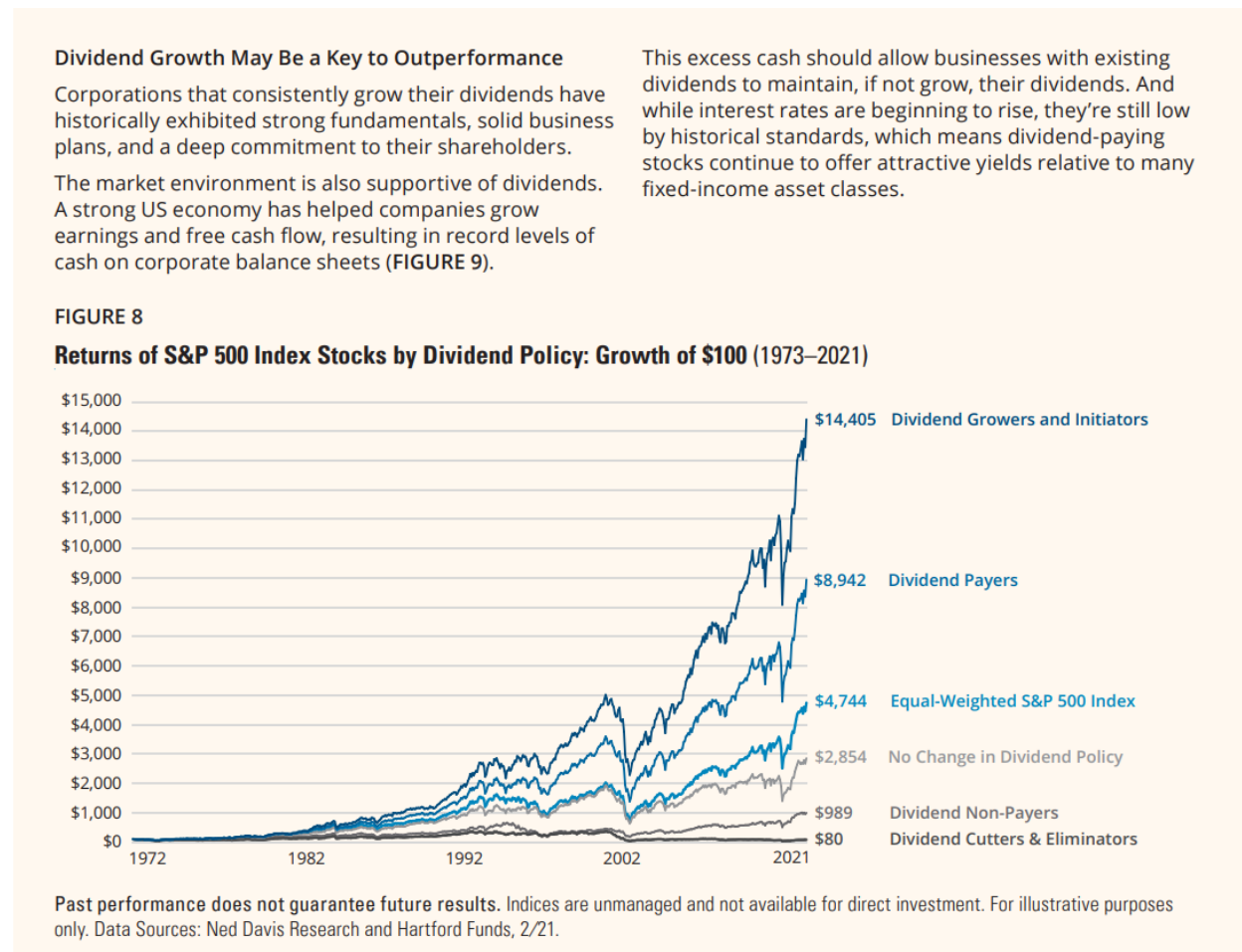
Likely below 2,800. Since markets often overshoot in both directions, 2,400-2,500 is also not out of the question. That's a 2.5% yield.

Check out this short research paper from Hartford Funds discussing the power of dividends.

<https://www.hartfordfunds.com/dam/en/docs/pub/whitepapers/WP106.pdf>

The following chart from the paper offers a compelling distinction of performance by dividend policy.

Companies that grow and initiate dividends vastly outperform those with any other policy. Dividend cutters are ground to dust.



With competition for yield from other areas of the market, the S&P 500 will need to correct sharply for the dividend yield to return to intermediate-term averages and become remotely attractive again.

When that happens, there will be a fantastic opportunity to scoop up stock in companies with solid dividend policies.

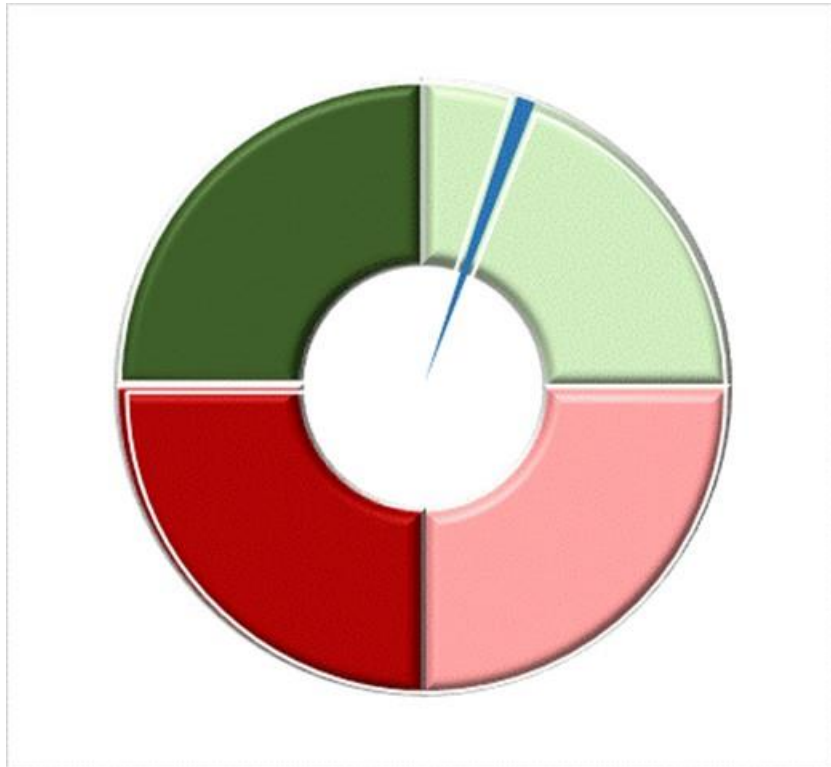
The *Forensic Accounting Stock Tracker (FAST)* model that comes with this newsletter each month is an excellent place to search for fresh ideas.

One of the components of FAST is shareholder yield. I analyze dividends and buybacks in the context of clean accounting. In testing and in real-time, these stocks handily outperform the indexes.

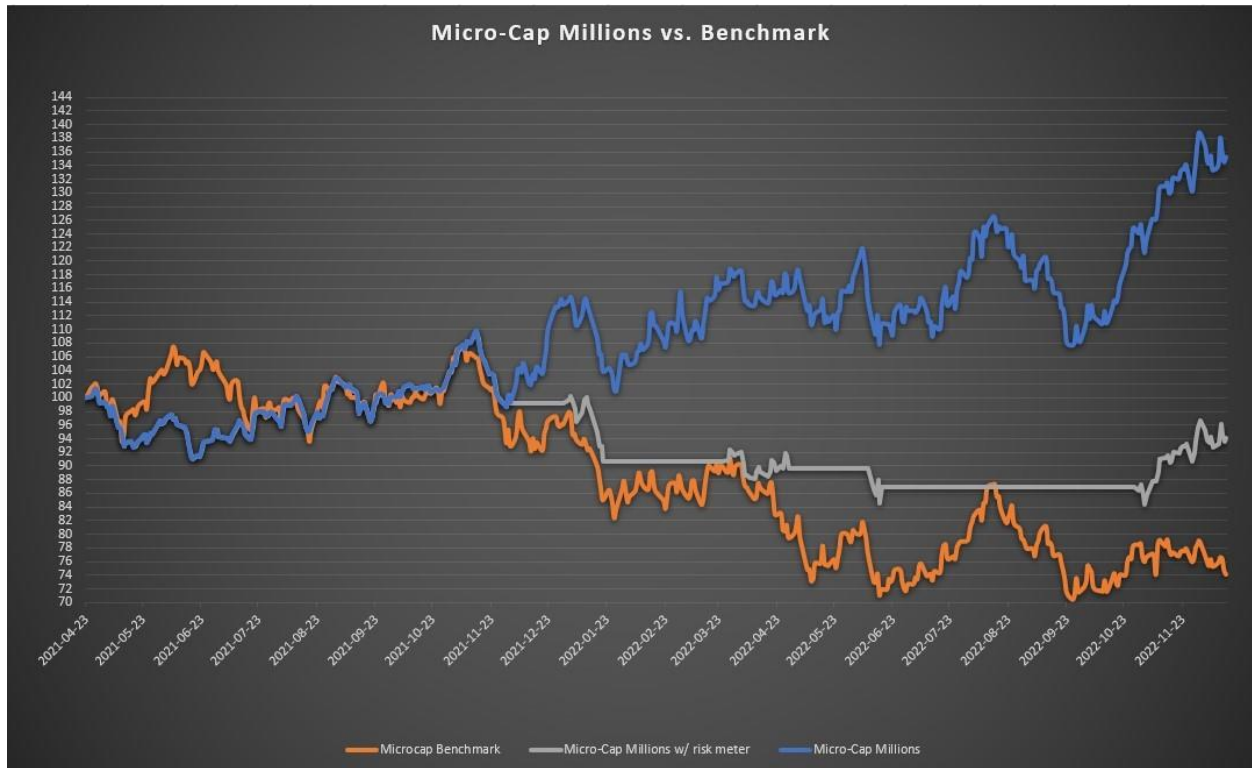
The *Risk-O-Meter* is still in the green zone. As I have warned, the market has been very overbought. Thursday and Friday last week was ugly. Lots of stocks were spanked, and the volume of selling was aggressive.

If the *Risk-O-Meter* remains in the green zone and the market is oversold, I'll add positions to my taxable account.

My primary focus is emerging markets. Emerging markets have lagged so badly for years that the out-performance will be staggering when they shine again. I also like small-cap stocks and equal-weighted Nasdaq indexes.



Micro-Cap Millions



There is one trade this week.

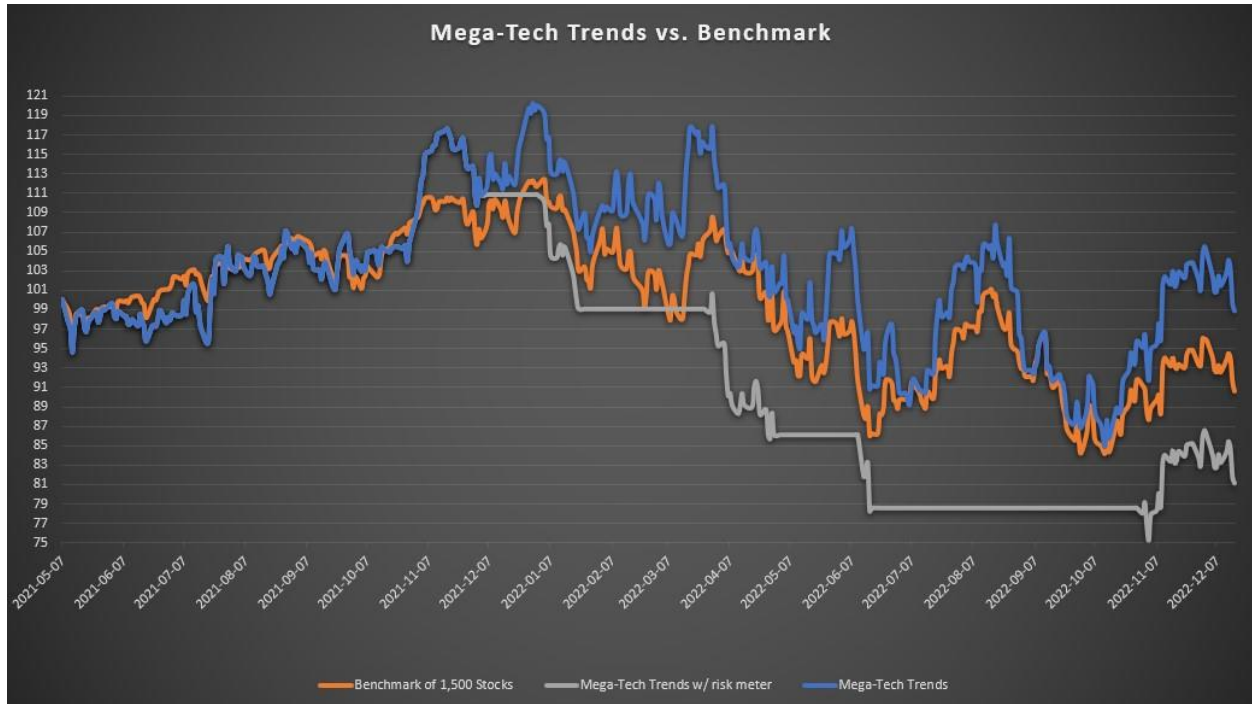
Buy Kamada Ltd. (Nasdaq: KMDA)

Sell EDAP TMS SA (Nasdaq: EDAP)

Here is the current portfolio:

| Ticker | Name | Return | Days Held | Sector |
|-------------|----------------------------------|--------------|------------|-------------------|
| BELFB | Bel Fuse, Inc. | 22.03% | 116 | Technology |
| HCKT | The Hackett Group, Inc. | -5.41% | 270 | Technology |
| IRMD | iRadimed Corp. | -0.66% | 39 | Healthcare |
| IVAC | Intevac, Inc. | 22.06% | 39 | Technology |
| KMDA | Kamada Ltd. | 0.00% | new | Healthcare |
| KNSA | Kiniksa Pharmaceuticals Ltd. | 14.21% | 39 | Healthcare |
| PERI | Perion Network Ltd. | 45.39% | 151 | Technology |
| SMLR | Semler Scientific, Inc. | 19.68% | 39 | Healthcare |
| TCMD | Tactile Systems Technology, Inc. | 30.23% | 32 | Healthcare |
| VYGR | Voyager Therapeutics, Inc. | 8.01% | 32 | Healthcare |

Mega-Tech Trends



There are three trades this week.

Buy Axcelis Technologies, Inc. (Nasdaq: ACLS), Ichor Holdings, Inc. (Nasdaq: ICHR), and TTM Technologies, Inc. (Nasdaq: TTMI)

Sell Cirrus Logics, Inc. (Nasdaq: CRUS), Sanmina Corp (Nasdaq: SANM), and LiveRamp Holdings, Inc. (NYSE: RAMP)

Here is the current portfolio:

| Ticker | Name | Return | Days Held | Sector |
|--------|----------------------------------|---------|-----------|------------|
| ACLS | Axcelis Technologies, Inc. | 0.00% | new | Technology |
| AEIS | Advanced Energy Industries, Inc. | 7.04% | 39 | Technology |
| ARLO | Arlo Technologies, Inc. | -16.75% | 18 | Technology |
| BDC | Belden, Inc. | -1.67% | 39 | Technology |
| BHE | Benchmark Electronics, Inc. | -2.31% | 46 | Technology |
| CDW | CDW Corp. | 13.36% | 81 | Technology |
| ICHR | Ichor Holdings Ltd. | 0.00% | new | Technology |
| JBL | Jabil, Inc. | 16.40% | 137 | Technology |
| PLAB | Photronics, Inc. | 10.95% | 67 | Technology |
| TTMI | TTM Technologies, Inc. | 0.00% | new | Technology |

Large Cap Leaders



No trades this week. Here is the current portfolio:

| Ticker | Name | Return | Days Held | Sector |
|--------|-----------------------------|--------|-----------|------------|
| ADI | Analog Devices, Inc. | -0.16% | 18 | Technology |
| APH | Amphenol Corp. | -1.40% | 312 | Technology |
| CDW | CDW Corp. | 6.12% | 88 | Technology |
| CSCO | Cisco Systems, Inc. | -3.80% | 11 | Technology |
| EPAM | EPAM Systems, Inc. | -7.48% | 32 | Technology |
| FTNT | Fortinet, Inc. | 10.23% | 39 | Technology |
| KEYS | Keysight Technologies, Inc. | -1.57% | 18 | Technology |
| KLAC | KLA Corp. | 19.92% | 46 | Technology |
| MRK | Merck & Co., Inc. | 0.39% | 4 | Healthcare |
| SNPS | Synopsys, Inc. | -9.33% | 116 | Technology |

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