



Confusion

Last week I received a great question from a subscriber called Allen and I thought that if he was confused, others might be too.

So, I wanted to answer the question and provide some clarification.

Question: I find it confusing that you spend the issue warning of a coming meltdown, but the *Risk-O-Meter* remains in the green.

Granted, we don't know when, but the swing will be from overbought to oversold – but maybe slowly.

Nonetheless, shouldn't the *Risk-O-Meter* be yellow, indicating caution?

Answer: Hi, and thanks for your great question!

Sorry for the confusion...

The *Risk-O-Meter* is entirely formulaic.

I use it subjectively.

My taxable account is somewhat subjective.

I am investing long-term, ideally to buy and never sell. Therefore, I am trying to pick my spots to allocate fresh capital.

Currently, the *Risk-O-Meter* is in the "green zone"; however, the market is ridiculously overbought. I included a chart in the newsletter issue that measures the oversold/overbought nature of the market, measuring about three dozen indicators.

Unfortunately, we have been unable to develop our own reliable indicator of overbought/oversold.

It's not for a lack of trying or skill.

I have access to a world-class programmer.

He's terrific at translating ideas into code.

If he didn't live in the boonies deep into the Canadian countryside, he'd be making millions of dollars a year working for a top-tier hedge fund.

Fortunately, he has no plans to move!

Developing our proprietary overbought/oversold indicator is one of the few challenges we have yet to conquer.

Back to the *Risk-O-Meter*...when it's green, and the market is oversold, then I buy.

For example, I bought aggressively Dec 2022 / Jan 2023 when the market was deeply oversold, and there were periods where risk was low.

Same during the COVID smash.

2-4 times a year, there are very juicy situations where I can buy aggressively with low risk.

We are not in one of those times.

Best,

John

I can see how the topic last week was confusing. That got me thinking about something I have been noodling over for the past few weeks.

If I had presented the topic on video, it would have been clear, and there would be no confusion.

Next week I plan to talk about the "wall of worry" the market is climbing and the obvious trigger that threatens to bring the house down.

Stay tuned!

That will give me a couple of weeks to continue to let thoughts about my future plans marinate in my mind and I'll discuss those more fully then.

The Risk-O-Meter

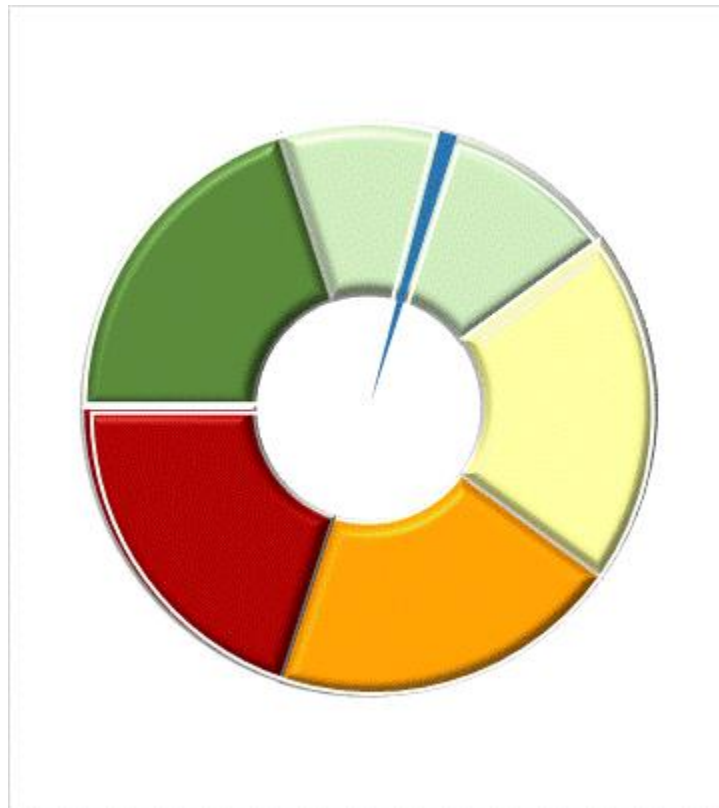
Still in the "green zone."

Still overbought.

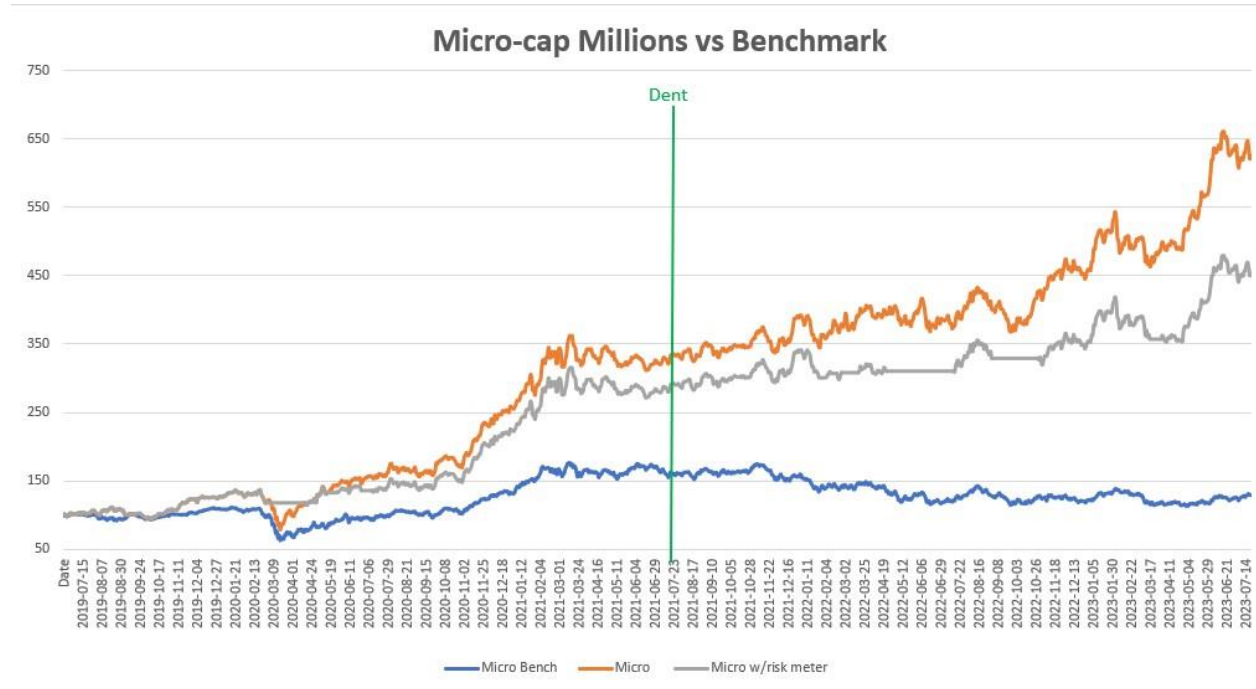
Still sitting on my hands in my taxable account.

There have been no changes to the markets.

However, I will consider adding to my positions *when* we get a healthy hit in the market and risks are favorable.



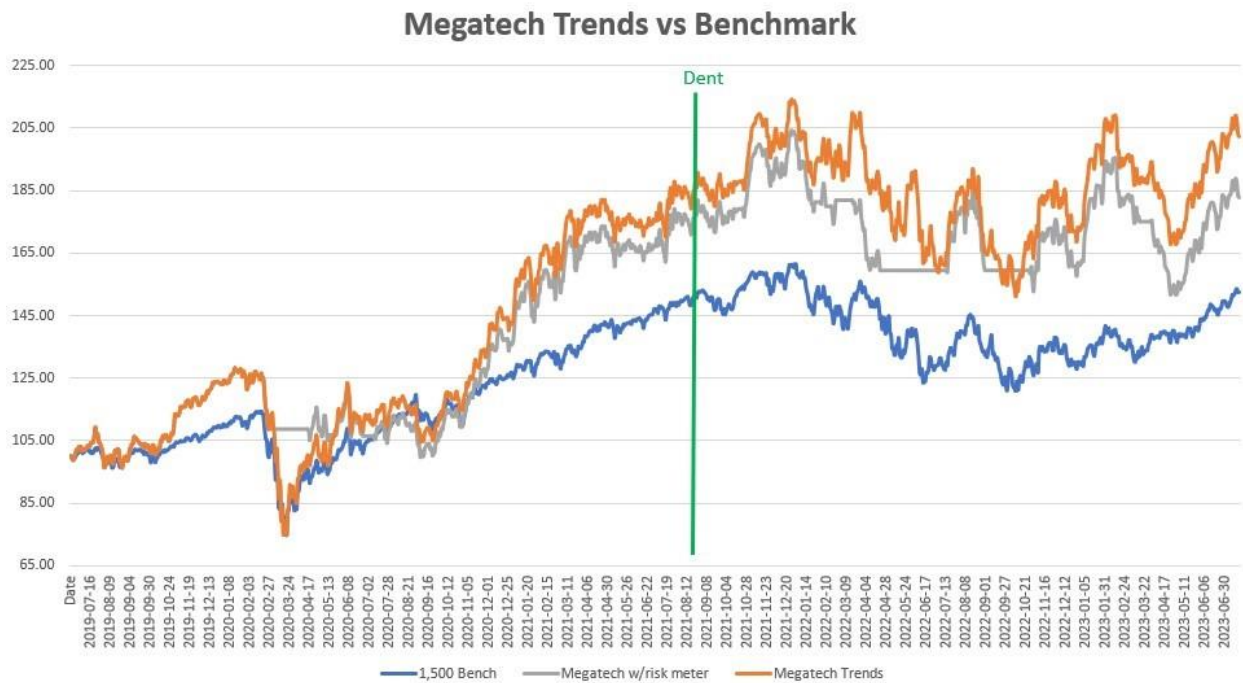
Micro-Cap Millions



No trades this week. Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
ALOT	AstroNova, Inc.	-7.43%	32	Technology
BELFB	Bel Fuse, Inc.	107.67%	326	Technology
CINT	CI&T, Inc. (Brazil)	0.16%	18	Technology
ELTK	Eltek Ltd.	57.15%	53	Technology
GILT	Gilat Satellite Networks Ltd.	17.24%	60	Technology
ITRN	Ituran Location & Control Ltd.	0.43%	39	Telecommunications
OOMA	Ooma, Inc.	14.84%	45	Technology
SPOK	Spok Holdings, Inc.	16.67%	137	Telecommunications
TCMD	Tactile Systems Technology, Inc.	25.72%	45	Healthcare
UTMD	Utah Medical Products, Inc.	13.32%	137	Healthcare

Mega-Tech Trends



There are two “sell” trades and one “buy” this week. As a result, there are currently eight stocks in the portfolio.

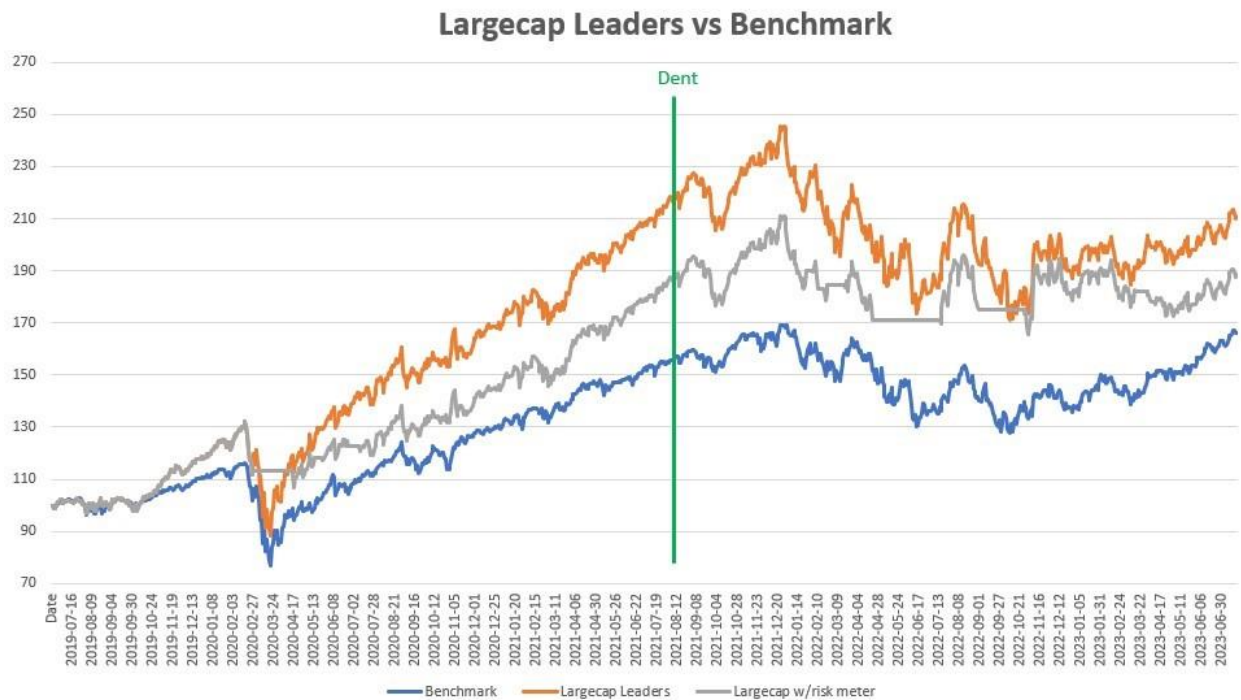
Buy Belden, Inc. (NYSE: BDC)

Sell Extreme Networks, Inc. (Nasdaq: EXTR) and EPAM Systems, Inc. (NYSE: EPAM)

Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
ALRM	Alarm.com Holdings, Inc.	4.27%	60	Technology
BDC	Belden, Inc.	0.00%	NEW	Technology
CALX	Calix, Inc.	-5.67%	11	Technology
DIOD	Diodes, Inc.	3.38%	130	Technology
LFUS	Littelfuse, Inc.	13.24%	74	Technology
OSIS	OSI Systems, Inc.	1.52%	4	Technology
PLAB	Photronics, Inc.	-2.01%	4	Technology
PLUS	ePlus, Inc.	19.37%	52	Technology

Large Cap Leaders



There are two trades this week.

Buy Fortinet, Inc. (Nasdaq: FTNT) and Netflix, Inc. (Nasdaq: NFLX)

Sell Align Technology, Inc. (Nasdaq: ALGN) and Oracle Corp. (NYSE: ORCL)

Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
ADBE	Adobe, Inc.	7.20%	11	Technology
BSX	Boston Scientific Corp.	2.00%	81	Healthcare
CRM	Salesforce, Inc.	31.69%	130	Technology
FTNT	Fortinet, Inc.	0.00%	NEW	Technology
KEYS	Keysight Technologies, Inc.	4.14%	52	Technology
NFLX	Netflix, Inc.	0.00%	NEW	Technology
PANW	Palo Alto Networks, Inc.	1.06%	4	Technology
SPGI	S&P Global, Inc.	7.64%	11	Technology
SYK	Stryker Corp.	0.42%	31	Healthcare
ZBH	Zimmer Biomet Holdings, Inc.	0.97%	11	Healthcare

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