



Happy Fourth!

Happy Fourth of July holiday!

Each Fourth, I am reminded that I live in the best country in the world.

I've been to *a lot* of places.

The U.S. isn't perfect. Politics is divisive.

But it's not even close. I feel so fortunate.

Besides, if you don't like it here, you can always move to North Korea!

Enjoy the holiday!

Following up on the performance theme from last week, I wanted to provide some long-term performance data for the *Forensic Accounting Stock Tracker (FAST)* model that is part of your subscription.

The updated FAST Model for July 2023 is in the last section of this issue.

The reasoning behind the creation of FAST is detailed in the user guide that came with your subscription. Check it out.

After developing FAST, I started my own company. That was April 2010.

I've included the performance history since that date because that's when it became available for public use.

My original clients were institutions.

And I was very fortunate to land some big ones. In addition, FAST catapulted my business off the ground.

Within days, I had landed my first client for \$80,000. A few days later, my second client came on board for \$72,000. The third followed quickly after that for \$300,000. And I signed a few others in the \$25,000 range (different prices for different versions and service levels).

You get the top and bottom 50 rated stocks for the price of this newsletter.

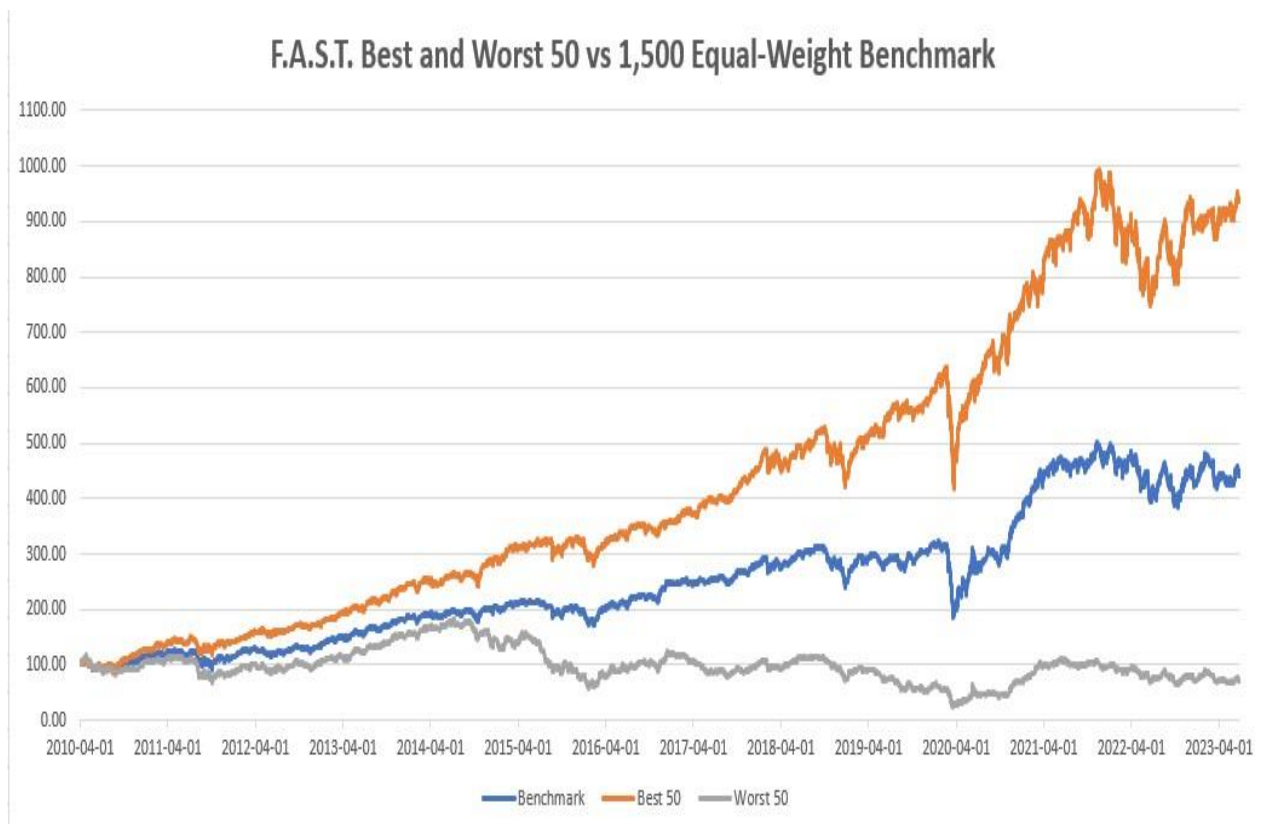
My sincere wish is that you use the Model. It's not here as an afterthought or add-on.

It's part of your subscription to give you an edge over the Wall Street mafia.

I no longer work with institutions. I would rather have my eye poked out with a dull spoon (this would be very painful and underscores my point).

However, if you are an institutional subscriber to this newsletter, no harm, no foul, it's all yours!

Besides being fortunate to live in the U.S., I am lucky to be able to do whatever I want and not have to do anything I don't want to do. And so, I have developed a powerful model and decided to make a portion of it available to individual investors (that's you!). It makes my life easier.



The orange line represents the performance of the top 50. The grey line represents the performance of the bottom 50. The blue line represents the average stock's performance among 1,500 stocks that account for about 98% of the liquidity of the U.S. stock market.

Let's look at the numbers:

	Total Return	Annualized Return	Max Drawdown	Sharpe	Std Dev	Beta
Bench	341.52%	11.87%	-42.90%	0.61	19.24%	1.17
Worst 50	-27.81%	-2.43%	-86.17%	0.05	36.35%	1.81
Best 50	836.17%	18.41%	-34.66%	1.09	15.57%	0.94
Best - Worst (excess)	863.98%	20.84%	51.51%	1.04	-20.78%	-0.87

The compounded annual return of the top 50 stocks is 18.41% compared with a loss of 2.43% annually for the bottom 50 and a gain of 11.87% for the benchmark.

You should be able to wallpaper your wall with stock tickers, throw a dart, and make 11.87% compounded annually by investing in the average stock.

While 18.41% annual returns of the top-rated stocks in FAST do not sound sexy and won't sell a bunch of newsletters, it can make you rich.

Through the power of compounding, you're up 836.17% versus 341.52% for the benchmark.

All other metrics in the top 50 outperformed the worst 50 and the benchmark.

Lower standard deviation.

Lower drawdowns.

Higher risk-adjusted return (Sharpe Ratio).

Lower beta.

Markets change, but human nature never does.

Skullduggerous management teams will continue to pull the wool over investors' eyes.

FAST will continue to catch those aggressive managers with their hands in the cookie jar.

Meanwhile, FAST will avoid fads and business models built on a house of cards.

Q&A

I received a question from a subscriber called Scott, and it made me think that if he has these questions, you might too.

So, the questions and answers are below.

It may help reinforce how to use the information in this newsletter.

As a reminder, I will answer all questions that come through customer service.

I cannot give personal financial advice though.

However, anything else is fair game. Questions, comments, and snide remarks are always welcome!

Question: Thank you for your continued help and insight; I have been with you since Day 1 at Dent. I appreciate the "extras" you have added with 50x Fortunes and the Simple Retirement System. However, I want to ensure I am applying these systems correctly. A brief explanation of an upcoming issue would be helpful since I don't see any "General Guidance" on the website. My understanding is these are moves made once a month in the first issue and buy what your system says at that time. Thank you again.

Answer: Thanks for your email, and sorry for the confusion. Yes, those strategies trade monthly. There's no advantage to trading in a shorter period, such as weekly. The returns are lower, and the risk is higher. Monthly is the optimal period to trade. I know people tend to want lots of "action," but I want more money in my retirement account, and I trade these too, so I'll take higher returns, less risk, and a bit less trading. I will highlight this in the next monthly issue to clarify it. Thanks again!

Question: Thank you again, and since you're going to address it (thank you!), additionally, I forgot to ask if the *Risk-O-Meter* should be taken into account...sometimes the strategy has a buy, but the *Risk-O-Meter* is orange, for example...and your commentary speaks of elevated risks in the market/market overbought, etc. So, do we follow these signals without considering the *Risk-O-Meter*? Thank you.

Answer: I use the *Risk-O-Meter* for my taxable account. In my taxable accounts, it's mostly a one-way street. I'm looking to invest for a long time but pick my spots when risks are low, market sentiment is negative, and the market is oversold.

We have not succeeded in creating a metric to measure "oversold" and "overbought," so I will often reference data from other providers.

If you look at the performance chart of the micro-cap strategy, you'll see a grey line. That's the performance if you're in the system when the *Risk-O-Meter* is green and out when it's red.

It's an individual choice. You could be out entirely when it's red, ignore it, partially hedge, and use options.

It can be challenging to trade in and out of microcap stocks. So, you may want to leave the *Risk-O-Meter* out of it.

We created this to measure risk in a broad sense. Not market-timing because, again, I'm using it for my taxable account, which I'm not selling (I think I've sold one holding in my taxable account in years).

The portfolio you see each week that says, "Here is the current portfolio," does not consider the *Risk-O-Meter*. But again, the grey line on the performance chart does so that you can see what it's doing.

The Risk-O-Meter

The *Risk-O-Meter* remains in the "green zone." The market is neither overbought nor oversold. However, there's still too much bullish sentiment for my taste.

While the *Risk-O-Meter* is a quantitative model, I use it subjectively in my taxable account.

I view my taxable account as a one-way street. I buy for the long term with no intention of selling.

Therefore, if the market goes up or down, my account concerning my existing positions will follow.

With new cash, though, I prefer to wait for oversold and pessimistic markets when risks are low, as measured by the *Risk-O-Meter*.

In addition to too much greed, I'm concerned about the risk/reward ratios in the market.

These concerns have me sitting on my hands now.

Let me share two charts with you.



The chart above shows that the yields among equities, corporate bonds, and cash have converged.

Ideally, you want a massive spread between equities and cash, like we saw in 2013-14 and again in 2020 when COVID hit.

We are now in uncharted territory. There's no incentive to own stocks here versus cash based on yields compared with the last ten years.

As Warren Buffet once said, ***“If you've been playing poker for half an hour and you still don't know who the patsy is, you're the patsy.”***

Folks buying the riskiest assets right now are patsies.

The following chart is another way of looking at a similar issue.



The forward earnings yield on the S&P 500 is barely above the 10-year treasury yield. Again, there needs to be more incentive to own stocks. The risk/reward ratios are out of whack.

One other factoid is that corporate buybacks are plummeting. Last week, corporate buyback activity plunged to a 34-month low.

Buybacks have been ***the key driver*** of equity returns since 2009.

Higher interest rates are catching up with the financial engineering of buying back stock to boost earnings per share in the face of waning demand for weaker companies.

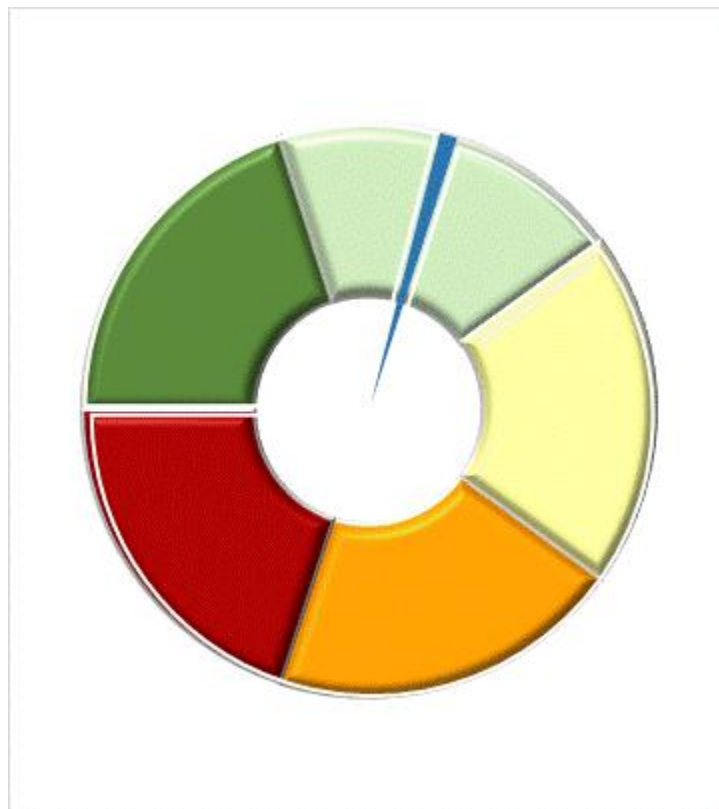
Even though corporate buying power is evaporating, that doesn't mean the market will crash.

In addition, the quantitative strategies in this newsletter are unaffected.

The purpose of following quantitative strategies is to follow them.

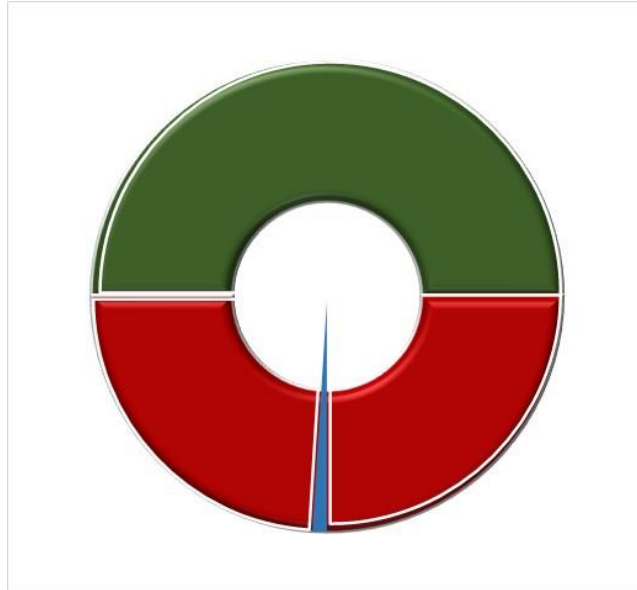
Through thick and thin.

However, I would rather avoid putting new cash to work in my taxable account.



50X Fortunes

The Model remains in "risk off" mode for this month and in cash. As I noted last week, sitting in cash is boring. However, I am okay with being up 10%, waiting for the next big trade. Year-to-date, the strategy is up 9.90%. The benchmark is up 9.3%







Simple Retirement System

There are no trades this month.

The portfolio remains unchanged and riding the trend in the Nasdaq.

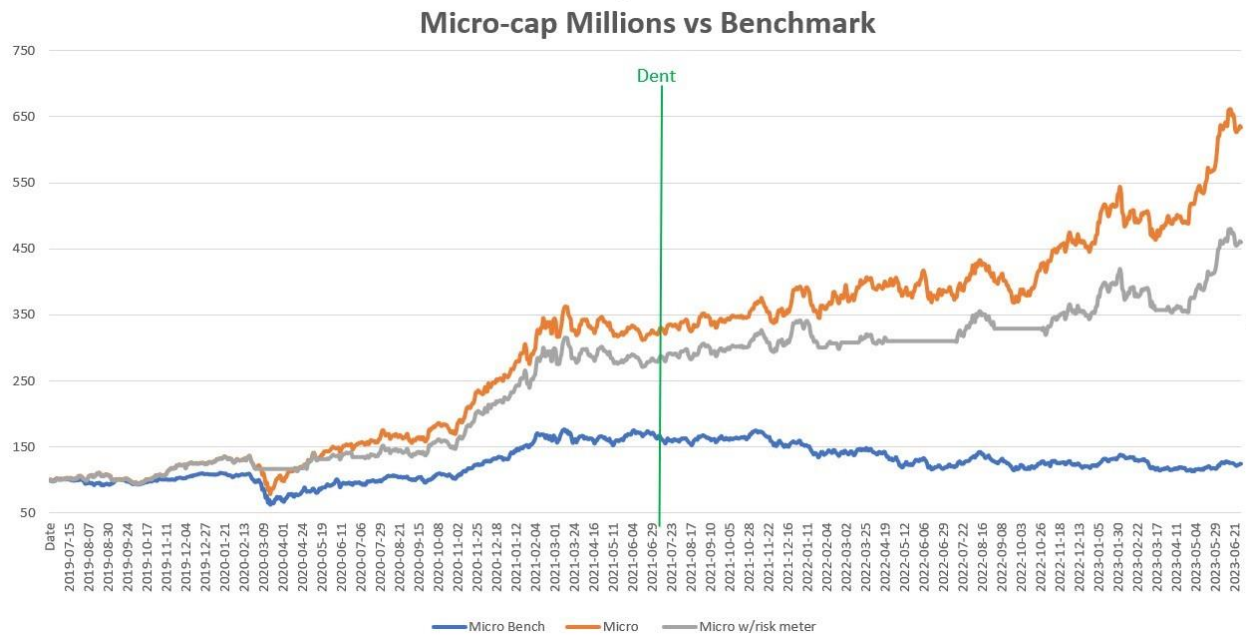
The trend is your friend until the end when it bends.

Component	Position	Position Size	Risk ON or OFF	
Market Trend	QQQ	25.0%	RISK ON	
Sentiment	QQQ	25.0%	RISK ON	
Volatility	QQQ	25.0%	RISK ON	
Credit Risk	QQQ	25.0%	RISK ON	

Year-to-date, the strategy is up 12.9% compared to 9.3% for the global benchmark and 16.8% for the S&P 500.

Since inception, the strategy is up 12.6% compared to an 8.1% loss for the global benchmark and 4.3% loss for the S&P 500.

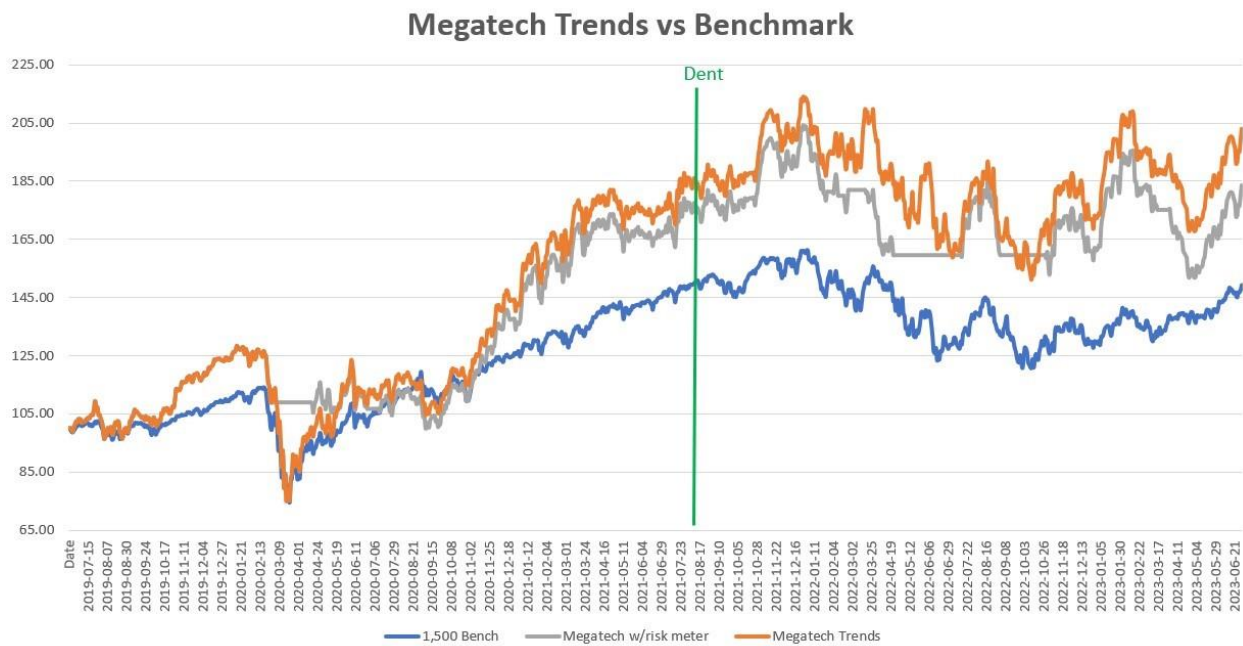
Micro-Cap Millions



There are no trades this week. Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
ALOT	AstroNova, Inc.	-5.54%	18	Technology
BELFB	Bel Fuse, Inc.	105.66%	312	Technology
CINT	CI&T, Inc. (Brazil)	-2.49%	4	Technology
ELTK	Eltek Ltd.	47.53%	39	Technology
GILT	Gilat Satellite Networks Ltd.	13.07%	46	Technology
ITRN	Ituran Location & Control Ltd.	-0.26%	25	Telecommunications
OOMA	Ooma, Inc.	15.69%	31	Technology
SPOK	Spok Holdings, Inc.	42.90%	123	Telecommunications
TCMD	Tactile Systems Technology, Inc.	25.97%	31	Healthcare
UTMD	Utah Medical Products, Inc.	6.95%	123	Healthcare

Mega-Tech Trends



There are two trades this week.

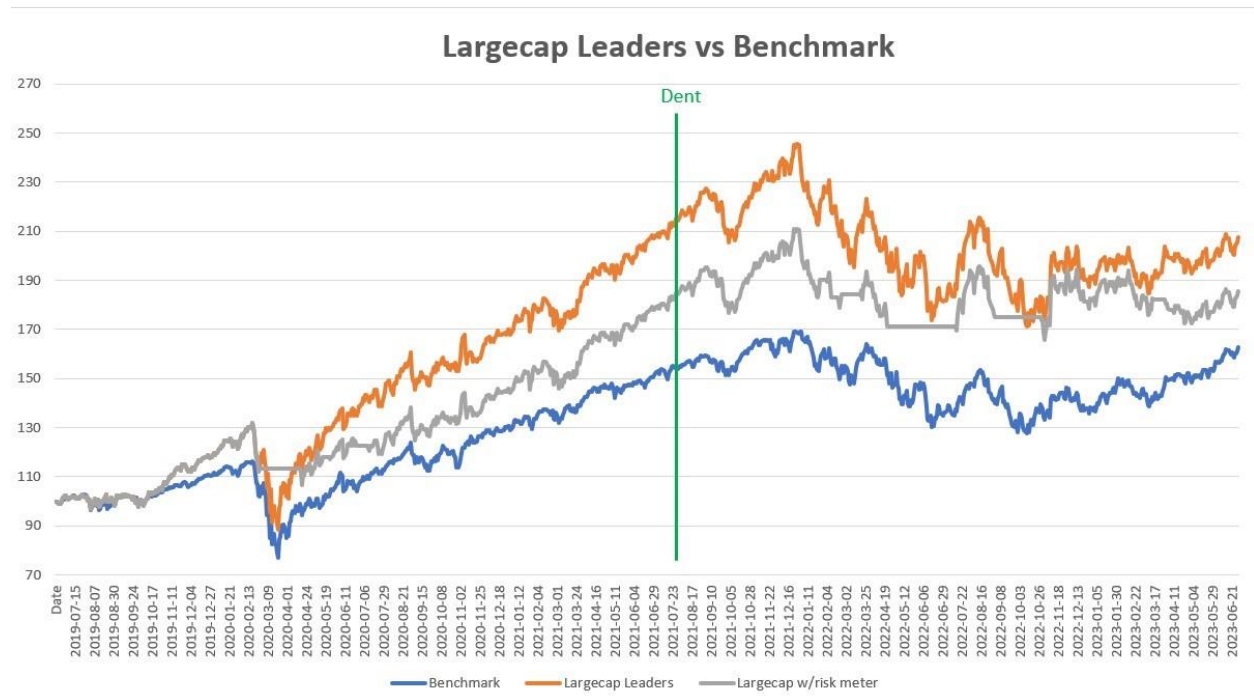
Buy Digi International, Inc. (Nasdaq: DIGI) and Extreme Networks, Inc. (Nasdaq: EXTR)

Sell Cohu, Inc. (Nasdaq: COHU) and Hewlett Packard Enterprise Co. (NYSE: HPE)

Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
ALRM	Alarm.com Holdings, Inc.	2.64%	39	Technology
BDC	Belden, Inc.	18.20%	53	Technology
DGII	Digi International, Inc.	0.00%	new	Technology
DIOD	Diodes, Inc.	4.82%	109	Technology
EXTR	Extreme Networks, Inc.	0.00%	new	Technology
JNPR	Juniper Networks, Inc.	3.78%	18	Technology
LFUS	Littelfuse, Inc.	10.71%	53	Technology
PLUS	ePlus, Inc.	12.76%	31	Technology
PLXS	Plexus Corp.	5.32%	31	Technology
SGH	SMART Global Holdings, Inc.	26.46%	25	Technology

Large Cap Leaders



There are no trades this week. Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
AKAM	Akamai Technologies, Inc.	1.40%	4	Technology
ALGN	Align Technology, Inc.	8.71%	60	Healthcare
AMAT	Applied Materials, Inc.	7.36%	25	Technology
ANSS	ANSYS, Inc.	3.36%	4	Technology
BSX	Boston Scientific Corp.	3.78%	60	Healthcare
CRM	Salesforce, Inc.	21.99%	109	Technology
FTNT	Fortinet, Inc.	17.03%	53	Technology
HPE	Hewlett Packard Enterprise Co.	-4.38%	10	Technology
KEYS	Keysight Technologies, Inc.	3.60%	31	Technology
SYK	Stryker Corp.	3.65%	10	Healthcare

The Forensic Accounting Stock Tracker™ (FAST)

Below are the top and bottom 50 stocks in the FAST Model for **July 2023**. 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 stocks, 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.

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 needed clarification 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	ORLY	O'Reilly Automotive, Inc.	A+	A-	A+	A+	A+
2	3	AZO	AutoZone, Inc.	A+	A	A	A+	A
3	-1	LOPE	Grand Canyon Education, Inc.	A+	A	A	A	A+
4	0	PRI	Primerica, Inc.	A+	B+	A+	A	A
5	-2	LMT	Lockheed Martin Corp.	A+	B+	A-	A	A
6	5	VRSN	VeriSign, Inc.	A+	B+	A+	B	A+
7	24	VRSK	Verisk Analytics, Inc.	A+	A	A	B	B
8	1	GIS	General Mills, Inc.	A+	B-	A-	A+	A
9	-3	ULTA	Ulta Beauty, Inc.	A+	B+	A	A+	B
10	-3	HCA	HCA Healthcare, Inc.	A+	A-	B+	B	A
11	1	TWNK	Hostess Brands, Inc.	A+	B	B	A+	A-
12	-4	ABC	AmerisourceBergen Corp.	A+	B	A-	A	B+
13	9	KLAC	KLA Corp.	A+	A-	A-	B	B+
14	12	MANH	Manhattan Associates, Inc.	A+	B-	A+	B+	A
15	4	CTAS	Cintas Corp.	A+	C	A+	B+	A
16	17	ADI	Analog Devices, Inc.	A+	B	A	B-	A
17	-7	CDNS	Cadence Design Systems, Inc.	A+	C	A+	A	A-
18	-18	FI	Fiserv, Inc.	A+	B+	B	B	A
19	69	AVGO	Broadcom Inc.	A+	B-	A	B+	A-
20	-3	LIN	Linde Plc	A+	B-	A	B	B+
21	27	DCI	Donaldson Co., Inc.	A+	C+	A	B+	A
22	2	EXLS	ExlService Holdings, Inc.	A+	C+	B	A	A-
23	68	JBL	Jabil, Inc.	A+	B+	C+	B+	A+
24	4	EME	EMCOR Group, Inc.	A+	A-	C-	A	A
25	-7	CMG	Chipotle Mexican Grill, Inc.	A+	C+	A	A	B+
26	168	SCHL	Scholastic Corp.	A+	A-	B-	A-	B+
27	59	MSFT	Microsoft Corp.	A+	C-	A+	B	A+
28	73	STZ	Constellation Brands, Inc.	A+	B	A-	C+	A
29	23	SNPS	Synopsys, Inc.	A+	C+	B	A	A
30	-14	PG	Procter & Gamble Co.	A+	B-	A	B-	A+
31	-4	HSY	The Hershey Co.	A+	C-	A+	A+	B
32	22	ABBV	AbbVie, Inc.	A+	C-	B+	A	A
33	12	AAPL	Apple, Inc.	A+	B	A+	B	B
34	150	RS	Reliance Steel & Aluminum Co.	A+	B	B-	A	B
35	-21	TJX	The TJX Cos., Inc.	A+	B-	A-	B+	A-
36	-4	ISRG	Intuitive Surgical, Inc.	A+	B-	A+	B-	B+
37	96	ROCK	Gibraltar Industries, Inc.	A+	B+	A	C	A-
38	35	SXI	Standex International Corp.	A+	C+	B	A	B+
39	-19	MTD	Mettler-Toledo International, Inc.	A+	B	B+	B-	A
40	-17	MA	Mastercard, Inc.	A+	B-	A-	B-	A-
41	-4	MEDP	Medpace Holdings, Inc.	A+	A	B+	B	C+
42	16	FICO	Fair Isaac Corp.	A+	B-	A-	A+	C+
43	138	DLTR	Dollar Tree, Inc.	A+	B-	B	A+	B
44	-8	ADP	Automatic Data Processing, Inc.	A+	C	A+	B-	A
45	-11	LLY	Eli Lilly & Co.	A+	D+	A+	A+	B
46	-11	MCK	McKesson Corp.	A+	A-	D	A+	A-
47	-32	MNST	Monster Beverage Corp.	A+	C	A	A	B-
48	95	PRGS	Progress Software Corp.	A+	B-	B-	A	A-
49	-7	MDLZ	Mondelez International, Inc.	A+	C+	A-	A-	B
50	-7	ROST	Ross Stores, Inc.	A+	B-	B+	B-	A



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
1447	-69	BGS	B&G Foods, Inc.	D-	F	D	D-	D
1448	-9	DEI	Douglas Emmett, Inc.	F	C-	D-	F	D-
1449	0	RPT	RPT Realty	F	D-	D-	D	D-
1450	15	ADTN	ADTRAN Holdings, Inc.	F	D-	D	D-	D-
1451	4	KALU	Kaiser Aluminum Corp.	F	D	D-	D-	F
1452	17	SAFE	Safehold, Inc.	F	D	F	D-	D-
1453	28	HZO	MarineMax, Inc.	F	D-	F	D-	D+
1454	-60	VFC	VF Corp.	F	D	D-	F	D-
1455	-50	DAN	Dana, Inc.	F	D	D-	D-	D-
1456	3	HMST	HomeStreet, Inc.	F	D	D-	D-	D-
1457	-146	FHN	First Horizon Corp. (Tennessee)	F	D-	D-	D	D-
1458	-11	ONL	Orion Office REIT, Inc.	F	D+	D-	F	D-
1459	11	PETS	PetMed Express, Inc.	F	D	D-	D-	D-
1460	3	MODV	ModivCare, Inc.	F	D-	D-	D-	D-
1461	27	LUV	Southwest Airlines Co.	F	D-	D-	D-	D
1462	5	HBI	Hanesbrands, Inc.	F	D	D-	F	D-
1463	-119	FYBR	Frontier Communications Parent, Inc.	F	D	D-	D-	D-
1464	-8	TRIP	TripAdvisor, Inc.	F	D	D-	D-	D-
1465	-1	NLY	Annaly Capital Management, Inc.	F	F	D-	D-	D
1466	-31	ENTA	Enanta Pharmaceuticals, Inc.	F	D-	D-	D	D-
1467	-29	SWX	Southwest Gas Holdings, Inc.	F	F	D-	D	D-
1468	-2	CWK	Cushman & Wakefield Plc	F	D+	F	D-	D-
1469	-130	IVR	Invesco Mortgage Capital, Inc.	F	D-	D-	D	F
1470	-24	BDN	Brandywine Realty Trust	F	D	D-	F	D-
1471	13	PACW	PacWest Bancorp	F	F	D	D-	F
1472	-87	NRG	NRG Energy, Inc.	F	D-	F	D+	F
1473	-2	TREE	LendingTree, Inc.	F	D	D-	F	D-
1474	8	CMP	Compass Minerals International, Inc.	F	F	D-	D-	D-
1475	-85	BIG	Big Lots, Inc.	F	C-	F	F	F
1476	-4	UNIT	Uniti Group, Inc.	F	D-	F	F	D
1477	3	TNDM	Tandem Diabetes Care, Inc.	F	D-	D-	D-	D-
1478	0	AKR	Acadia Realty Trust	F	D-	D-	D-	D-
1479	4	MAC	Macerich Co.	F	D-	D-	D-	F
1480	-5	EHAB	Enhabit, Inc.	F	F	D	D-	D-
1481	4	IRBT	iRobot Corp.	F	D-	D-	D-	D-
1482	-31	RUN	SunRun, Inc.	F	D-	D-	D-	D-
1483	6	HA	Hawaiian Holdings, Inc.	F	D	F	F	D-
1484	-102	PARA	Paramount Global	F	D	D-	F	F
1485	2	TWO	Two Harbors Investment Corp.	F	F	D-	D-	D-
1486	4	VNO	Vornado Realty Trust	F	D-	D-	F	F
1487	4	RWT	Redwood Trust, Inc.	F	D-	D-	D-	F
1488	9	KREF	KKR Real Estate Finance Trust, Inc.	F	D-	F	D-	D-
1489	10	LNC	Lincoln National Corp.	F	F	F	F	D-
1490	4	JBLU	JetBlue Airways Corp.	F	D-	F	F	D-
1491	4	BFH	Bread Financial Holdings, Inc.	F	D-	F	D-	D-
1492	1	KEY	KeyCorp	F	F	F	D-	D-
1493	-195	ZUMZ	Zumiez, Inc.	F	D-	D-	D-	F
1494	-122	SMTC	Semtech Corp.	F	D-	D-	F	D-
1495	1	DISH	DISH Network Corp.	F	D-	D-	F	F
1496	2	LPSN	LivePerson, Inc.	F	D-	F	D-	D-

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