



“Passive Income” Implosion

One of the biggest fallacies in the retirement / savings / investing space is that owning income property is "passive" income.

There is nothing passive about renting out a property, whether it's a long-term rental or an Airbnb situation.

I have done both.

It's work.

Nevertheless, the income property market has soured due to the 10-Year Treasury yield converging with the Cap Rate on income properties (the Cap Rate is the expected rate of return on real estate investment property).



The chart above shows that the 10-Year Treasury has surged while the Cap Rate has fallen from about 5.8% to 4.6%.

The result?

It's not worth owning an income property.

Investor real estate purchases have fallen 45% this year.

It's simply a better investment to own 10-Year Treasuries.

Now, *that's* passive.

In past issues, I have discussed how trillions of dollars in debt will roll over in commercial real estate over the next few years.

That's going to be an ugly experience.

Now, the demand for investment property has imploded.

Is the next shoe to drop the stock market?

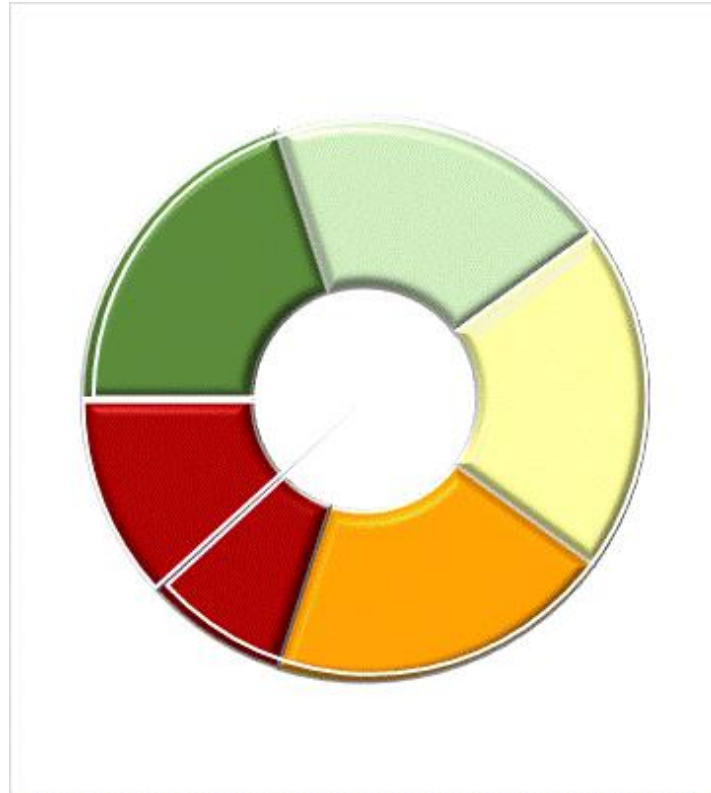
Here, the forward earnings yield on the S&P 500 is only 0.24% above the 10-Year Treasury yield.

That's a lot of risk for 0.24%!

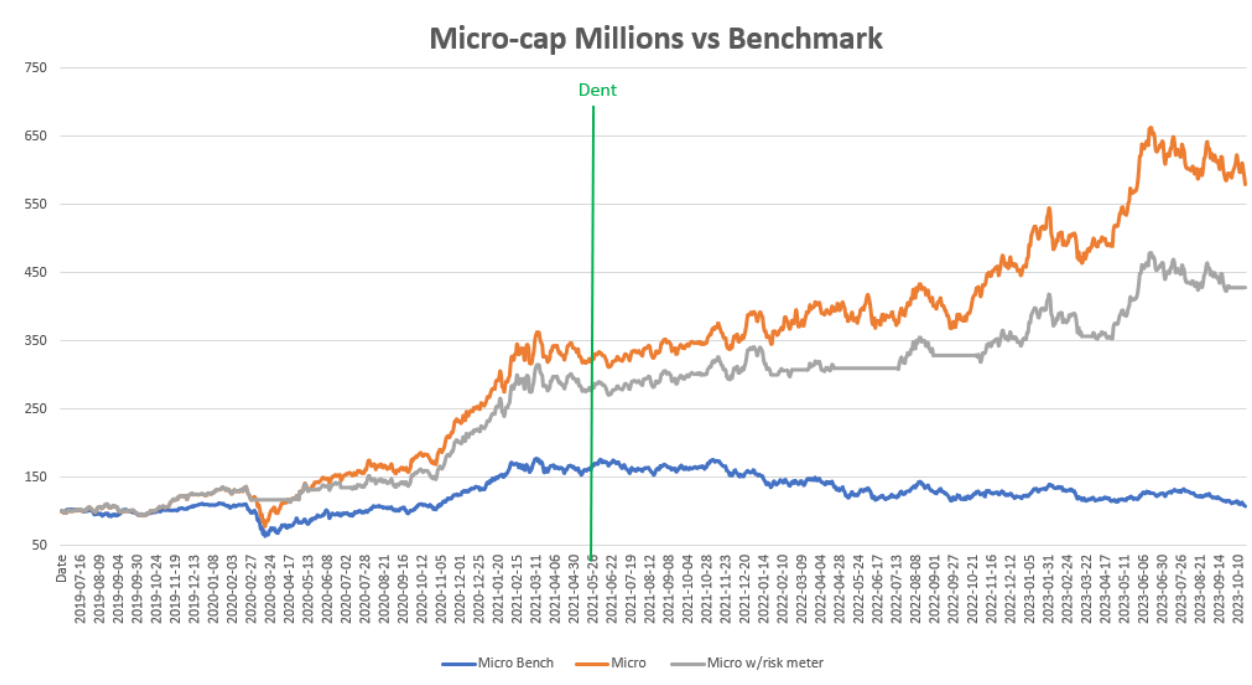


The Risk-O-Meter

The Risk-O-Meter remains in the "red zone," so I continue to sit on my hands.



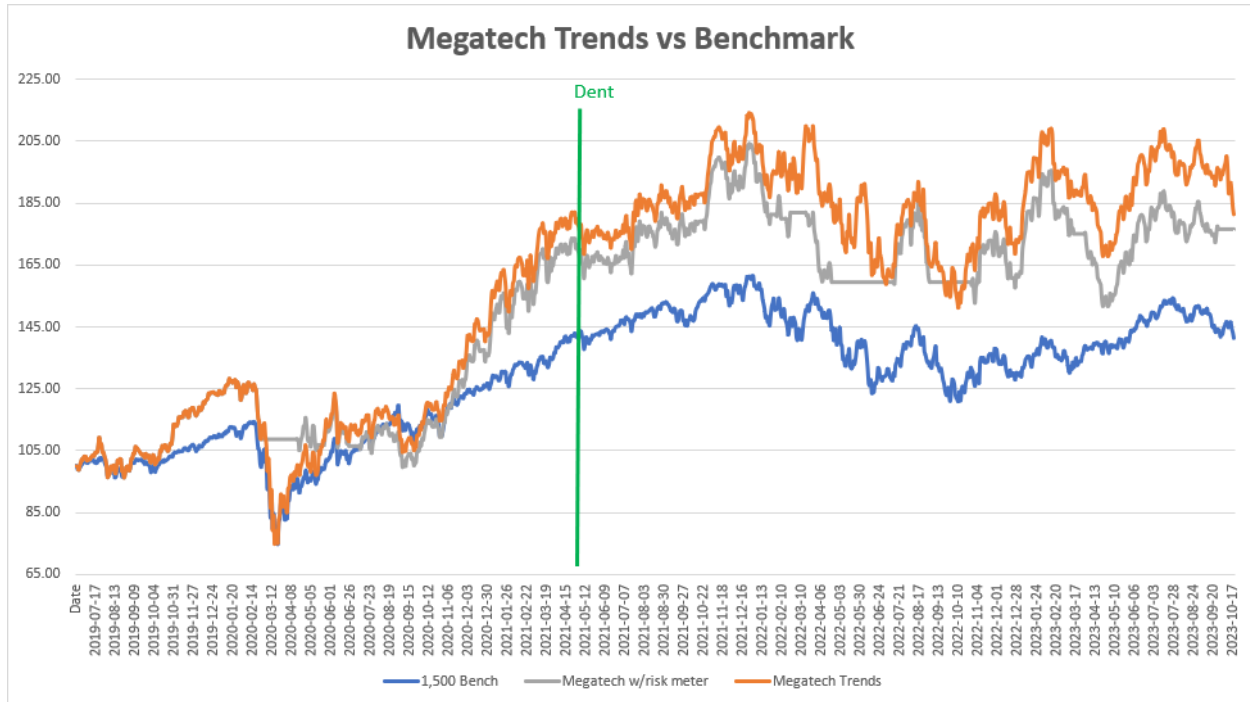
Micro-Cap Millions



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

Ticker	Name	Return	Days Held	Sector
CXDO	Crexendo, Inc.	-17.65%	32	Technology
DPSI	DecisionPoint Systems, Inc.	-1.96%	53	Technology
DTST	Data Storage Corp.	8.21%	60	Technology
FEIM	Frequency Electronics, Inc.	6.42%	4	Technology
GILT	Gilat Satellite Networks Ltd.	9.80%	158	Technology
ISDR	Issuer Direct Corp.	-19.41%	70	Technology
ITRN	Ituran Location & Control Ltd.	10.00%	137	Telecommunications
SMLR	Semler Scientific, Inc.	15.84%	60	Healthcare
SPOK	Spok Holdings, Inc.	53.44%	235	Telecommunications
UTMD	Utah Medical Products, Inc.	-6.79%	235	Healthcare

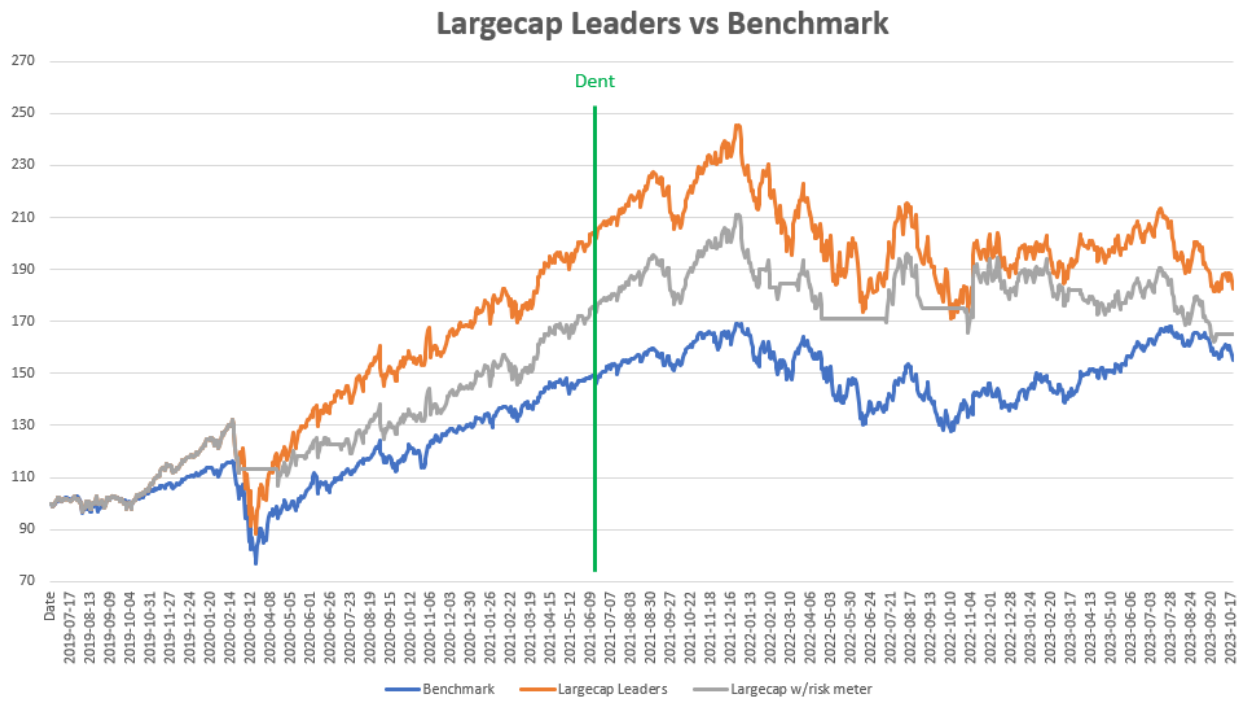
Mega-Tech Trends



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

Ticker	Name	Return	Days Held	Sector
ANIP	ANI Pharmaceuticals, Inc.	11.45%	84	Healthcare
CIEN	Ciena Corp.	-6.95%	14	Technology
CSGS	CSG Systems International, Inc.	-6.61%	45	Telecommunications
FN	Fabrinet	-8.55%	14	Technology
ICHR	Ichor Holdings Ltd.	-12.17%	4	Technology
PLUS	ePlus, Inc.	27.22%	143	Technology
PLXS	Plexus Corp.	-1.56%	39	Technology
RAMP	LiveRamp Holdings, Inc.	-1.16%	4	Technology
TRMB	Trimble, Inc.	-2.85%	25	Technology
XRX	Xerox Holdings Corp.	-3.98%	4	Technology

Large Cap Leaders



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

Ticker	Name	Return	Days Held	Sector
ADBE	Adobe, Inc.	11.48%	102	Technology
AMGN	Amgen, Inc.	4.15%	25	Healthcare
ANET	Arista Networks, Inc.	6.39%	70	Technology
BSX	Boston Scientific Corp.	-0.28%	60	Healthcare
CMCSA	Comcast Corp.	-2.17%	4	Telecommunications
GOOGL	Alphabet, Inc.	-1.28%	4	Technology
MSFT	Microsoft Corp.	3.05%	25	Technology
MSI	Motorola Solutions, Inc.	1.29%	60	Technology
SNPS	Synopsys, Inc.	-1.19%	14	Technology
TRMB	Trimble, Inc.	-2.85%	25	Technology

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