



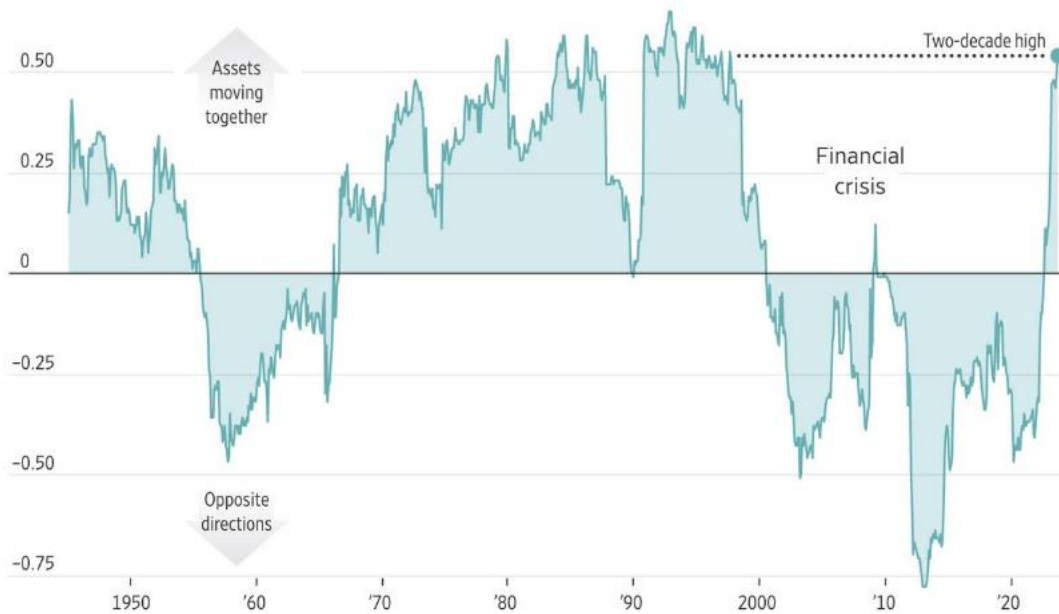
60/40 Stinker...

The 60/40 (60% stocks / 40% bonds) portfolio has been a disaster for investors in recent years.

An entire industry has been built around the 60/40 portfolio, and trillions of dollars are managed in the strategy.

Correlations between the assets in the strategy just hit a 20-year high. That's the opposite of what you want.

Correlation of returns for the S&P 500 and long-term Treasury bonds



Note: Three-year rolling correlation, monthly price changes.
Source: Standpoint Asset Management

As a contrarian, I suspect that the 60/40 portfolio will have a bit of new life because strategies such as this revert to the mean to some extent.

However, U.S. debt is under a negative rating, and legendary investors such as Leon Cooperman say that stocks won't hit new highs for a generation.

With so much money invested into the strategy, the potential for a massive retirement crisis is real.

The 60/40 portfolio is a silly construct.

There is nothing special about it.

It worked well because baby boomers had their peak savings years coincide with a massive rally in bonds.

The biggest rally ever.

That's over.

The low returns and high drawdowns of the 60/40 portfolio is why I developed the *Simple Retirement System*. I look at the market trend, sentiment, bond market action, and volatility.

Then, I ask the question of whether those components suggest the odds favor taking risks or not.

Then, I analyze the trend in each component and choose the best-performing asset class among major asset classes.

It takes five minutes a month to manage my retirement.

Historical testing crushes the market and the 60/40 portfolio with much less risk.

Through October, the strategy is up 19.74% for the year versus 5.7% for the global 60/40 benchmark and 14.9% for the S&P 500.

Since its inception, the strategy is up 12.23% versus a loss of 11.1% for the 60/40 benchmark and a 6.01% loss for the S&P 500.

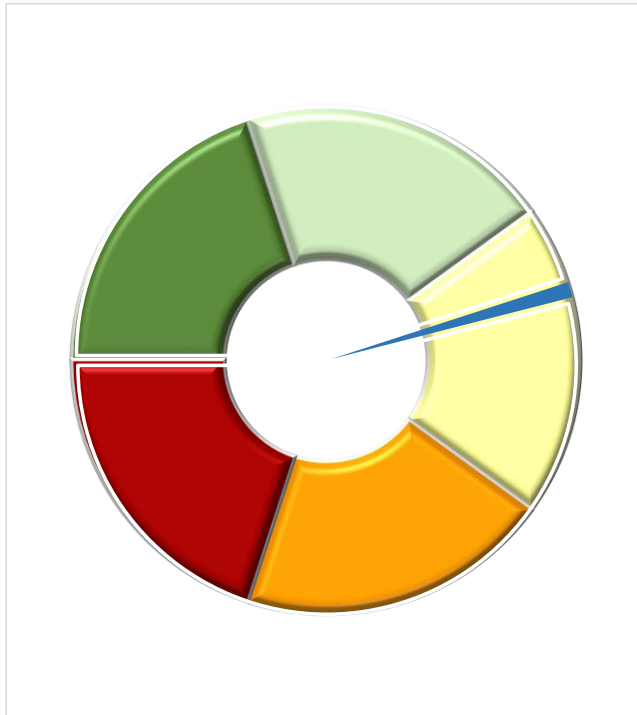
I have no plans to change and will stick with it through thick and thin because I know it works over time. Best of all, you get access to this strategy each month and you can see for yourself how I manage my retirement.

The Risk-O-Meter

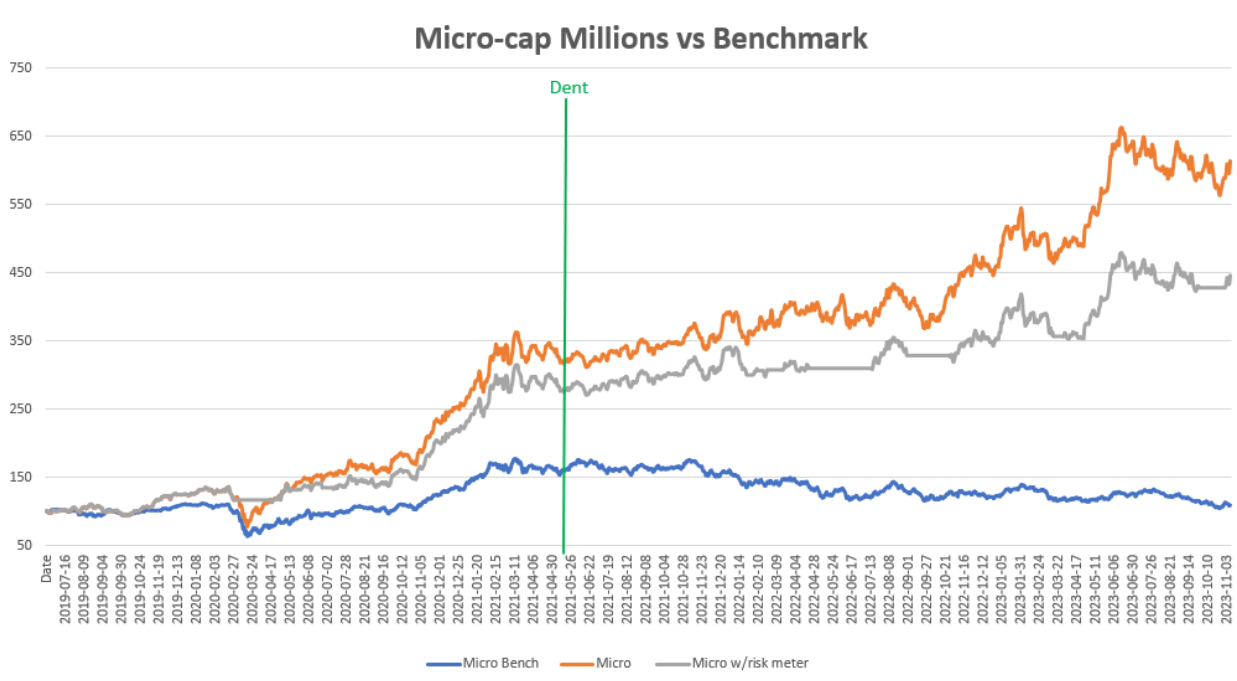
No change this week.

Still neutral.

I still favor small-cap stocks in my taxable account.



Micro-Cap Millions



There are three trades this week.

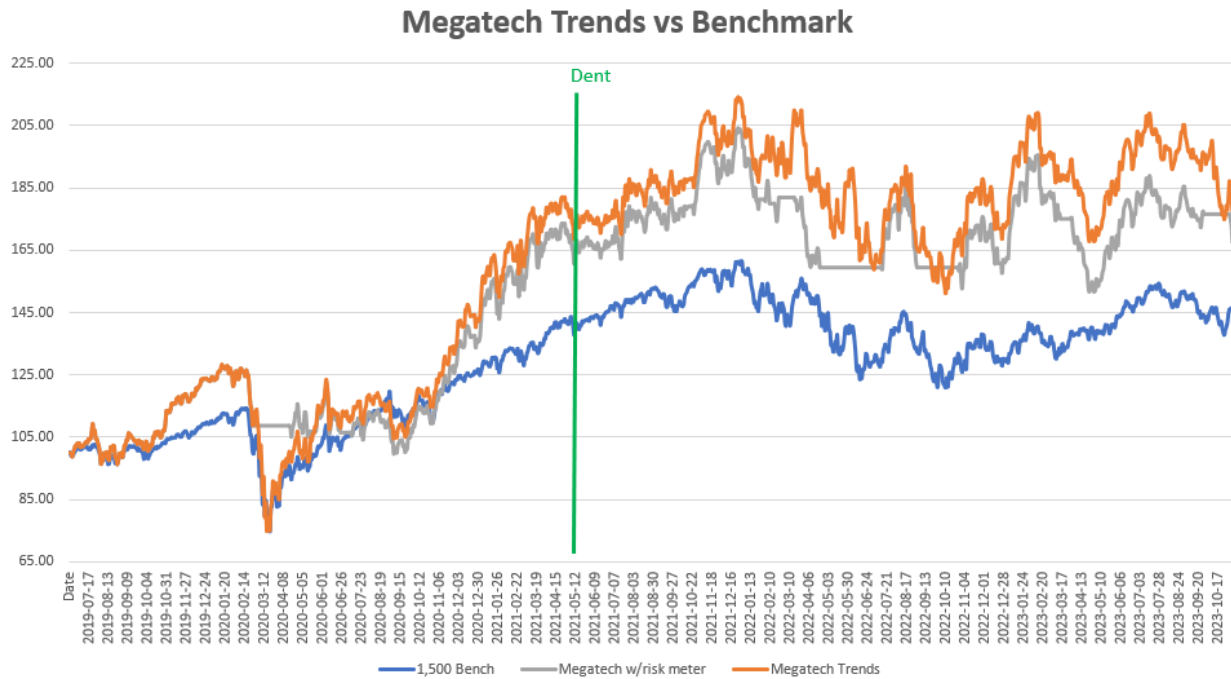
Buy eGain Corp. (Nasdaq: EGAN), MiX Telematics (NYSE: MIXT), Materialise NV (Nasdaq: MTLs)

Sell Crexendo (Nasdaq: CXDO), Issuer Direct (NYSE: ISDR), and Semler Scientific (Nasdaq: SMLR)

Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
DPSI	DecisionPoint Systems, Inc.	-2.14%	74	Technology
DSP	Viant Technology, Inc.	12.92%	11	Technology
DTST	Data Storage Corp.	11.57%	81	Technology
EGAN	eGain Corp.	0.00%	NEW	Technology
FEIM	Frequency Electronics, Inc.	7.12%	25	Technology
GILT	Gilat Satellite Networks Ltd.	9.26%	179	Technology
ITRN	Ituran Location & Control Ltd.	4.87%	158	Telecommunications
MIXT	MiX Telematics Ltd.	0.00%	NEW	Technology
MTLS	Materialise NV	0.00%	NEW	Technology
UUU	Universal Security Instruments, Inc.	33.15%	11	Technology

Mega-Tech Trends



There is one trade this week.

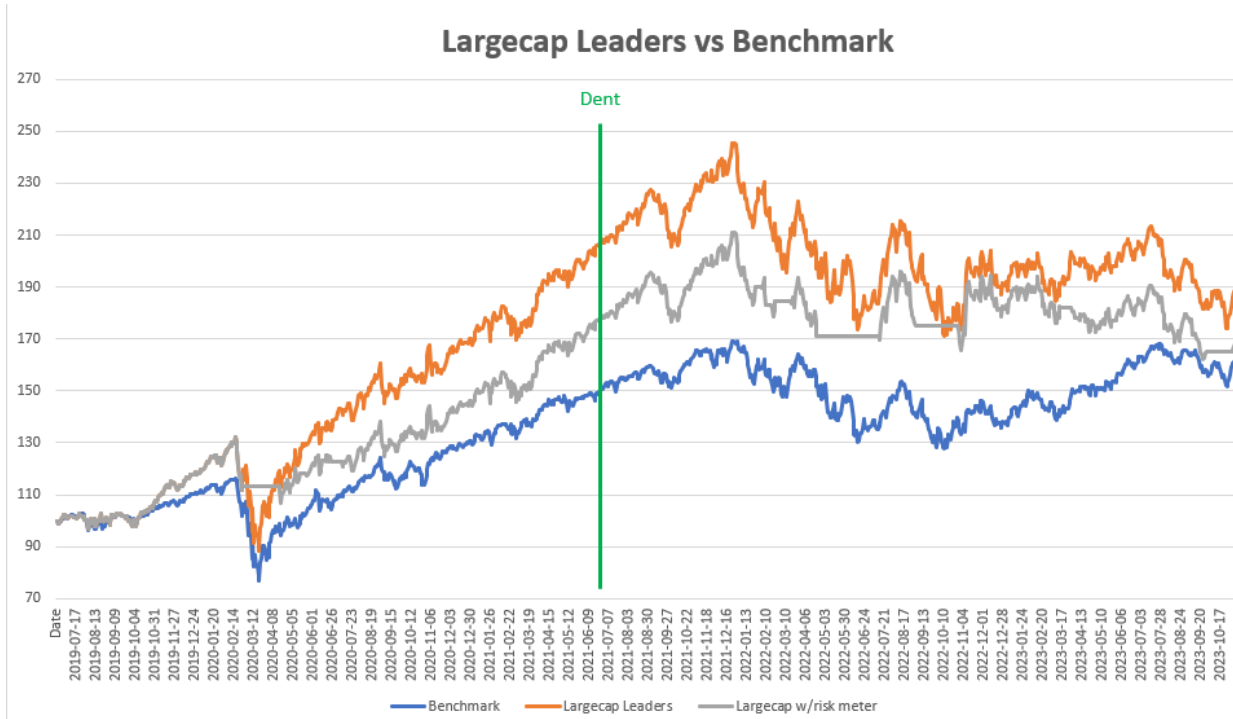
Buy CDW Corp. (Nasdaq: CDW)

Sell Ichor Holdings (Nasdaq: ICHR)

Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
ANIP	ANI Pharmaceuticals, Inc.	1.20%	105	Healthcare
BHE	Benchmark Electronics, Inc.	-0.78%	4	Technology
CALX	Calix, Inc.	-1.24%	4	Technology
CDW	CDW Corp.	0.00%	NEW	Technology
CNXN	PC Connection, Inc.	-1.39%	4	Technology
DFIN	Donnelley Financial Solutions, Inc.	-0.80%	4	Technology
INTC	Intel Corp.	9.34%	11	Technology
PLUS	ePlus, Inc.	19.57%	164	Technology
RAMP	LiveRamp Holdings, Inc.	17.95%	25	Technology
XRX	Xerox Holdings Corp.	-6.64%	25	Technology

Large Cap Leaders



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

Ticker	Name	Return	Days Held	Sector
ADBE	Adobe, Inc.	23.07%	123	Technology
AMAT	Applied Materials, Inc.	14.76%	11	Technology
ANET	Arista Networks, Inc.	-2.66%	4	Technology
APH	Amphenol Corp.	9.20%	11	Technology
EA	Electronic Arts, Inc.	2.46%	4	Technology
MSFT	Microsoft Corp.	16.61%	46	Technology
NOW	ServiceNow, Inc.	14.58%	11	Technology
ROP	Roper Technologies, Inc.	8.74%	11	Technology
SNPS	Synopsys, Inc.	9.63%	35	Technology
TEL	TE Connectivity Ltd.	9.64%	11	Technology

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