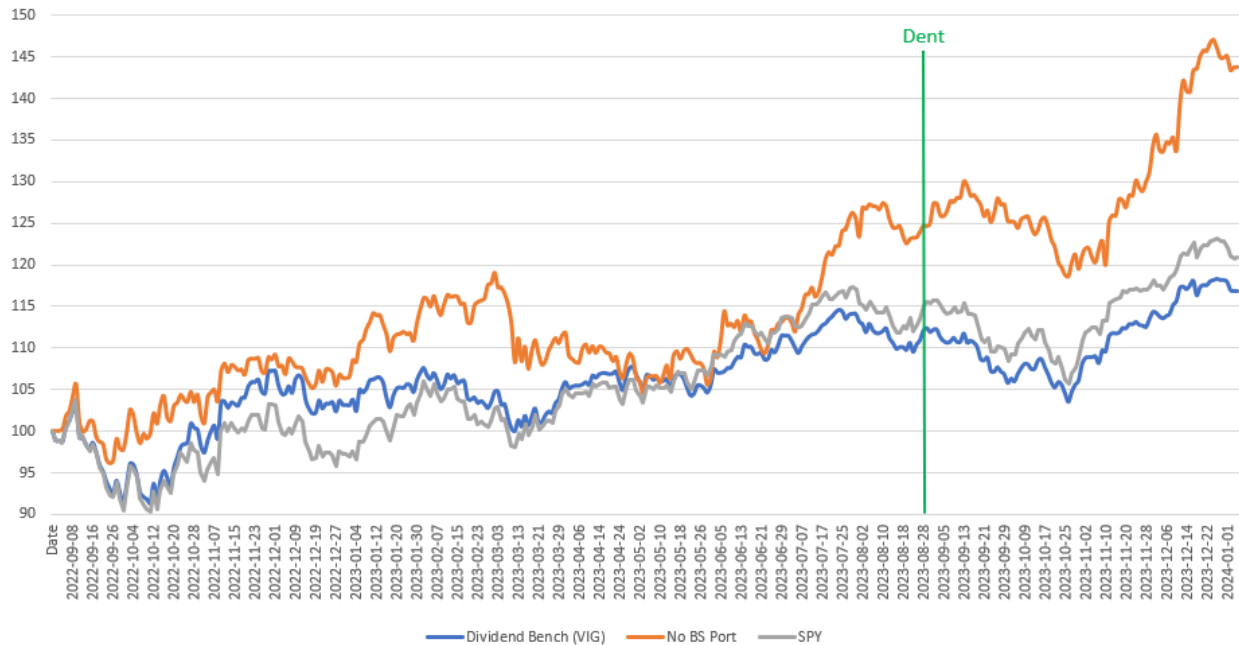


January 8, 2024

The **NO BS** Growth and Income Portfolio

By John Del Vecchio



New Trades this week: No new trades

Current Portfolio January 8, 2024

Ticker	Name	Return	Days Held	Sector
AVT	Avnet, Inc.	-1.51%	116	Technology
CGEAF	Cogeco Communications, Inc.	-5.35%	144	Telecommunications
CIVB	Civista Bancshares, Inc.	21.26%	60	Finance
FISI	Financial Institutions, Inc.	32.89%	53	Finance
HVT	Haverty Furniture Cos., Inc.	35.56%	235	Consumer Cyclical
MCEM	The Monarch Cement Co.	10.69%	116	Non-Energy Materials
PSX	Phillips 66	43.93%	242	Energy
THFF	First Financial Corp. (Indiana)	25.12%	220	Finance
VLO	Valero Energy Corp.	-0.15%	81	Energy
WEYS	Weyco Group, Inc.	23.53%	53	Consumer Cyclical



Playing Blackjack

I hope everyone's year is off to a great start!

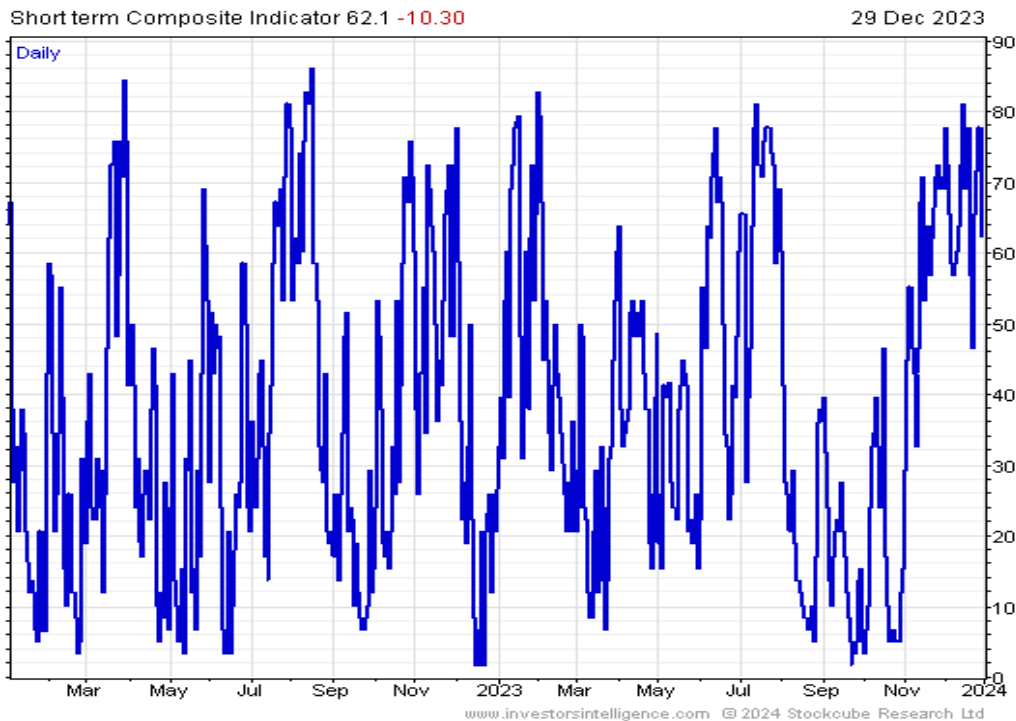
I made no new year's resolutions this year.

After 48 years I figure I should be locked in an know what I should, and shouldn't be doing.

So far, so good in 2024.

After a massive run in the last two months of the year, the market entered 2024 in the nosebleed section of the overbought / oversold spectrum.

Take a look at the *Short-Term Composite*, from *Investors Intelligence*.



The *Short-Term Composite* measures dozens of technical factors.

At *extremes*, I find it incredibly useful.

It's purely objective.

No feelings permitted.

As you can see, the indicator ended the year at 62.1.

But, that's down 10 points from the prior day (many stocks were weak on the last day of the year).

More importantly, the index topped 80 in this most recent run.

In 2023 we did a study. When the *Short-Term Composite* exceeds 70, stocks returns are negative.

That's right.

Negative.

Now, that's statistically speaking.

While anything can happen in the future, if you eyeball the chart you can easily see that at some point after hitting 70, the index swings around and gets crushed, finding itself below 10 (very oversold).

At 70, the odds are not in your favor to be adding to stocks.

It's like the game of blackjack.

Let's say your two cards are a King and a Queen.

You have 20.

On 20 you must stay.

The dealer is showing an Ace.

Now, the dealer could have a picture card as his hole card and pull blackjack.

You lose.

However, if you have 20 every time and stay and the dealer has an Ace every time, *you will win over time* (the dealer isn't going to have a picture card every time).

While you may lose a hand here or there, you must play the percentages correctly so that over time you come out ahead.

Same with stocks.

The *Short-Term Composite* hit 80.

That's tough to do!

The stock market kept going up.

Then the market went up some more.

However...

Over time all of those gains will be given back and then some.

The odds don't favor being aggressive when the indicator exceeds 70 regardless of what happens from there.

Blackjack.

Stock market.

Same thing.

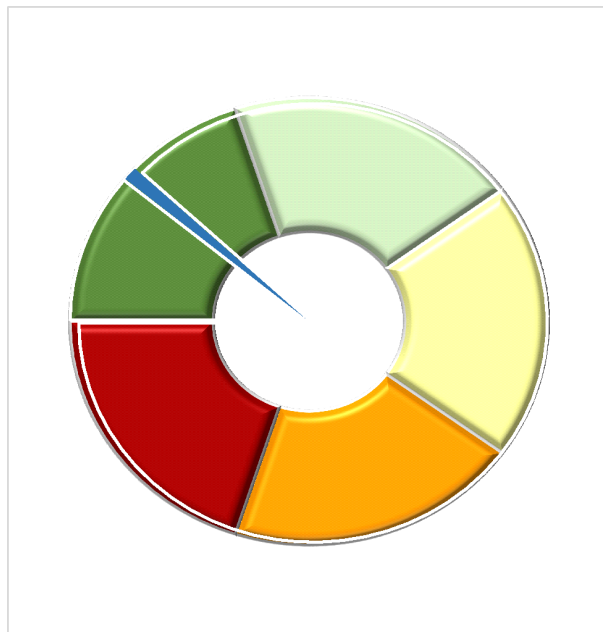
The Risk-O-Meter stays in the “green zone” this week. I’m still an aggressive buyer of small-cap stocks when the market gets oversold.

Interestingly we can into this year on a piping hot market while we entered 2023 deeply oversold.

That turned out to be a great trade.

Take it as they come.

You just never know.



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