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Each month he analyzes and provides buy, sell and hold recommendations for hundreds of mutual funds and ETFs in three newsletters: The Investor Guide to Fidelity Funds, The ETF Investor Guide and The Investor Guide to Vanguard Funds.

Matthew is also the Founder and Chief Investment Officer of MDS Wealth Advisors, a Registered Investment Advisor that provides personalized investment solutions.

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Market Perspective: Bonds Rewarding Conservative Investors

The largest technology stocks helped float the Nasdaq to an increase of 0.57 percent last month, while worries about the banking system amid rising rates helped sink the Russell 2000 Index 2.57 percent. The 10-year Treasury yield was poised for a major bullish breakout or an important double top heading into September, but it's left trades in limbo by chopping sideways. At the same time, energy and inflation-related ETFs have surged in momentum, with some energy sector indexes climbing to new all-time highs. The market is contemplating whether inflation is really finished, with crude oil up nearly 40 percent since June, but the market is still being led by tech stocks. Economic growth looks solid for the quarter, with all three Federal Reserve banks that have forecasting models boosting their estimates.

If the top-10 Nasdaq stocks were their own index, they would already be at a new all-time high this year. Meanwhile, the Russell 2000 Index is still 25 percent below its 2021 high and only about 8 percent above its 2022 low. The difference comes mainly from a combination of three factors. First, investors historically view smaller-cap stocks as riskier and therefore sell them during periods of higher volatility. Second, many investors are funneling cash on autopilot, most of it into passive market-capitalization-weighted funds such as the S&P 500 Index. Third, the largest stocks are currently in the technology sector, helping boost indexes with hefty tech exposure such as the Nasdaq.

At some point, investors will buy bonds because the yields will be too enticing, but that point may not have been reached yet. Money is flowing into bonds, but not enough to offset sellers and newly issued bonds. The 10-year Treasury yield sits at 4.3 percent, but a breakout might carry it to 5.5 percent or 6.0 percent. A strict economic analysis argues bonds are well overdue for a rally given the slide in inflation

readings and various data points such as the low manufacturing PMIs in key export economies such as China and Germany. Bonds are heavily shorted in the futures market as well. If bonds rally, a massive short squeeze could propel bonds and significantly lower yields.

While signs of a slowing economy grow, the current readings still haven't registered a meaningful slowdown. The St. Louis Federal Reserve's model predicts 1.71 percent growth as of September 15. The New York Fed's model projects 2.3 percent growth. The Atlanta Fed's GDPNow model projected 4.9 percent as of September 19. That came after the reported drop in August housing starts, indicating the overall economy remains on solid footing.

Earnings season will be underway shortly. The consensus predicts a 0.2 percent increase in quarterly earnings. That's up slightly from the initial forecast of 0.0 percent growth when the quarter started. Analysts predict eight of the 11 S&P 500 sectors will beat the index's earnings, led by a 32.5 percent increase in communications services profits and 21.0 percent in consumer discretionary. Analysts see double-digit declines in healthcare, materials and energy.

This year has been an inversion of 2022, with consumer discretionary, technology and communication services all up at least 30 percent. The next best return is the 7 percent rise in energy. If we go back two years though, there is only one clear winner among the sectors: energy. SPDR Energy (XLE) has risen 77 percent, or about 81 percentage points more than SPDR S&P 500 (SPY), which slipped 4 percent. SPDR Industrials (XLI) gained about 1 percent, and SPDR Technology (XLK) is down slightly. Communication Services (XLC), Consumer Discretionary (XLY) and Real Estate (XLRE) are down 12 percent, 14 percent and 26 percent, respectively.

What did investors get for their tech exposure? High volatility. A 40 percent decline and a 40 percent rally in many cases. For investors with long time horizons, these types of seesaw moves

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Market Perspective: Bonds Rewarding Conservative Investors *(continued)*

won't dent returns, assuming stocks rise in price. Since many tech stocks pay no dividends, investors see compounding work against them as higher inflation and higher interest rates translate into lost purchasing power and lost interest income.

Even without a bear market, high volatility can damage portfolio returns. Withdrawing principal at market lows will substantially accelerate a portfolio's drawdown. We're simplifying this by ignoring inflation, but if a retiree seeks a 4 percent withdrawal rate from a portfolio, they could satisfy that with the 4.3 percent yield from 10-year Treasury bonds. Corporate bonds yield more than 5 percent. High-yield and floating-rate funds offer yields near double digits.

The rebound in tech and growth stocks the past year shows many investors aren't interested in those fixed returns from bonds. They expect ever-rising stock prices will outperform bonds. For much of the past decade, they had little choice. Most bonds outside of high-yield

barely covered inflation. If bond yields remain elevated or move higher, then eventually stocks will have to compete by offering higher yields. Since higher rates will weigh on earnings, it'll mainly be achieved via lower or stagnant prices.

High-quality corporate bonds, the types of companies that are in the S&P 500 Index, currently yield more than 5 percent. According to the latest data from Yardeni, the earnings yield on the S&P 500 Index (the price-to-earnings ratio inverted) is 4.62 percent. Typically, this type of positive spread hasn't been a trading signal. In 1997, the spread turned positive and kept rising into the 2000 market top. In 2008, the spread jumped as earnings tumbled on stocks during the recession. When the spread has turned positive, it has usually signaled a long period of weak performance from stocks is coming down the road, if not a bear market, if for no other reason than some investors will start swapping equity exposure for bonds.

As for inflation, it is rising in part because

of higher food, energy and home prices. That said, food and energy are volatile. Crude is one of the last commodities to slide when inflation reverses. Home prices did make a new all-time high in July, but the pattern remains similar to the one in 2006 and 2007. Home prices are likely very near their peak. With affordability lower than it was at the peak of the 2000s bubble, prices could decline by 10 to 20 percent in the coming years, mitigated by any rate cuts or exacerbated by any further rate hikes.

While the U.S. continues chugging along with solid growth in the face of pockets of weakness, the European and East Asian economies are struggling. The core manufacturing economies of Germany and China are both showing signs of recession. The European Commission predicts Germany will enter recession this year. China is opaque with its data, but there's certainly a slowdown going on. Some areas such as foreign direct investment continued rising year-

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Model Portfolio Updates

The Nasdaq increased 0.57 percent in the past month, the S&P 500 Index 0.28 percent and the MSCI EAFE 0.16 percent. The Dow Jones Industrial Average decreased 0.94 percent and the Russell 2000 Index 2.57 percent.

The Nasdaq has risen 30.97 percent in 2023, the S&P 500 Index 15.91 percent, the MSCI EAFE 8.45 percent, the Russell 2000 Index 4.87 percent and the Dow Jones Industrial Average 4.44 percent.

We made one change to the Model Portfolios this month.

In the ETF Bear Market Portfolio, we sold AGFiQ U.S. Anti-Beta (BTAL) and purchased Innovator U.S. Equity Power Buffer (PSEP) with the proceeds. Please note that you can purchase the October offering of this fund at the beginning of the new buffer period.

The **ETF Aggressive Sector Portfolio** decreased 1.05 percent last month. The portfolio has gained 1.03 percent this year. SPDR Financial (XLF) grew 1.81 percent. iShares MSCI Min Vol USA (USMV) added 0.36 percent.

The **ETF Straight Growth Portfolio** slipped 0.39 percent. It is up 5.14 percent in 2023. iShares MSCI Min Vol USA (USMV) gained 0.36 percent. Fidelity Stocks for Inflation (FCPI) contracted 0.09 percent.

The **ETF Balanced Growth Portfolio** added 0.16 percent in the past month. The portfolio has risen 9.32 percent this year. Invesco Senior Loan (BKLN) rallied 1.86 percent. iShares iBoxx High Yield Corporate Bond (HYG) advanced 0.55 percent.

The **ETF Conservative Income Portfolio** expanded 0.04 percent in the past month. It has gained 7.43 percent in 2023. iShares iBoxx High Yield Corporate Bond (HYG) added 0.55 percent. Pimco Enhanced Short

Maturity (MINT) grew 0.52 percent.

The **ETF Global Portfolio** increased 0.91 percent last month. The portfolio has risen 9.90 percent this year. Invesco International Dividend Achievers (PID) rose 3.40 percent. iShares S&P Global 100 (IOO) climbed 1.24 percent.

The **ETF Aggressive Value Portfolio** dipped 1.69 percent in the past month. It is down 1.97 percent this year. iShares MSCI Min Vol USA (USMV) rallied 0.36 percent. AGFiQ U.S. Anti-Beta (BTAL) gained 0.10 percent

The **ETF Bear Market Portfolio** decreased 0.22 percent last month. It is down 9.63 percent in 2023. Pimco Enhanced Short Maturity (MINT) climbed 0.52 percent. AGFiQ U.S. Anti-Beta (BTAL) expanded 0.10 percent.

Model Portfolios

(Data provided as of 9/15/23)

ETF AGGRESSIVE SECTOR PORTFOLIO

Ticker	Name	Price	Shares	Allocation	1-Month	YTD	Value
FHLC	Fidelity MSCI Healthcare	62.16	889.83	14.64%	-2.53%	-1.77%	\$55,311.82
USMV	iShares MSCI Min Vol USA	74.84	1391.82	27.58%	0.36%	4.68%	\$104,163.64
IYK	iShares US Consumer Staples	195.71	390.22	20.22%	-1.78%	-2.55%	\$76,370.11
XLF	Financial Select Sect SPDR	34.83	1170.50	10.79%	1.81%	2.80%	\$40,768.64
VIS	Vanguard Industrials	201.44	501.90	26.77%	-2.20%	11.04%	\$101,101.80
TOTAL				100.00%	-1.05%	1.03%	\$377,716.01

ETF STRAIGHT GROWTH PORTFOLIO

Ticker	Name	Price	Shares	Allocation	1-Month	YTD	Value
USMV	iShares MSCI Min Vol USA	74.84	1146.72	24.71%	0.36%	4.68%	\$85,820.21
VIG	Vanguard Div Appreciation	161.24	800.91	37.18%	-0.44%	7.23%	\$129,138.04
RPV	Invesco S&P 500 Value	76.43	849.65	18.70%	-1.58%	-0.68%	\$64,939.08
FCPI	Fidelity Stocks For Inflation	32.83	2052.91	19.41%	-0.09%	7.80%	\$67,395.26
TOTAL				100.00%	-0.39%	5.14%	\$347,292.59

ETF BALANCED GROWTH PORTFOLIO

Ticker	Name	Price	Shares	Allocation	1-Month	YTD	Value
VIG	Vanguard Div Appreciation	161.24	420.85	30.70%	-0.44%	7.23%	\$67,858.42
HYG	iShares High Yield Bond	74.64	435.98	14.72%	0.55%	5.44%	\$32,541.36
MINT	PIMCO Short Maturity	99.89	390.56	17.65%	0.52%	4.47%	\$39,012.77
BKLN	Invesco Senior Loan	21.27	1763.87	16.98%	1.86%	9.64%	\$37,517.49
MOAT	Morningstar Wide Moat	78.47	561.81	19.95%	-0.90%	20.89%	\$44,085.20
TOTAL				100.00%	0.16%	9.32%	\$221,015.24

ETF CONSERVATIVE INCOME PORTFOLIO

Ticker	Name	Price	Shares	Allocation	1-Month	YTD	Value
USMV	iShares MSCI Min Vol USA	74.84	445.05	16.16%	0.36%	4.68%	\$33,307.43
HYG	iShares High Yield Bond	74.64	537.89	19.48%	0.55%	5.44%	\$40,148.43
VIG	Vanguard Div Appreciation	161.24	131.57	10.29%	-0.44%	7.23%	\$21,214.09
MINT	PIMCO Short Maturity	99.89	297.29	14.41%	0.52%	4.47%	\$29,696.61
SPIB	SPDR Intm Term Corp Bond	31.70	1269.77	19.53%	0.15%	2.09%	\$40,251.84
MOAT	Morningstar Wide Moat	78.47	529.19	20.14%	-0.90%	20.89%	\$41,525.43
TOTAL				100.00%	0.04%	7.43%	\$206,143.82

ETF GLOBAL PORTFOLIO

Ticker	Name	Price	Shares	Allocation	1-Month	YTD	Value
IXJ	iShares Global Healthcare	84.82	203.55	8.73%	-1.78%	0.70%	\$17,264.72
BNDX	Vanguard Intl Bond	48.27	746.28	18.22%	0.39%	2.98%	\$36,022.85
PID	Invesco Int'l Divid Ach.	17.92	1031.16	9.35%	3.40%	9.26%	\$18,478.41
IOO	iShares S&P Global 100	76.03	782.88	30.11%	1.24%	19.95%	\$59,522.32
IHDG	WTree Intl Hedged Div	39.93	746.01	15.07%	1.11%	13.55%	\$29,788.21
VWO	Vanguard Emerging Markets	40.54	903.32	18.52%	0.82%	4.64%	\$36,620.53
TOTAL				100.00%	0.91%	9.90%	\$197,697.04

ETF AGGRESSIVE VALUE PORTFOLIO

Ticker	Name	Price	Shares	Allocation	1-Month	YTD	Value
IHF	iShares US Health Providers	247.34	130.82	14.93%	-4.22%	-7.37%	\$32,357.46
XPH	SPDR S&P Pharma	42.44	1058.69	20.73%	-2.23%	4.24%	\$44,930.74
TLT	iShares 20+ Year Treasury	92.96	324.09	13.90%	-1.41%	-4.62%	\$30,127.52
IYK	iShares US Consumer Staples	195.71	271.21	24.50%	-1.78%	-2.55%	\$53,078.98
USMV	iShares MSCI Min Vol USA	74.84	294.48	10.17%	0.36%	4.68%	\$22,038.81
BTAL	AGFIQ U.S. Anti-Beta	19.22	1777.27	15.76%	0.10%	0.10%	\$34,159.20
TOTAL				100.00%	-1.69%	-1.97%	\$216,692.72

ETF BEAR MARKET PORTFOLIO

Ticker	Name	Price	Shares	Allocation	1-Month	YTD	Value
MINT	PIMCO Short Maturity	99.89	209.30	22.85%	0.52%	4.47%	\$20,906.76
TLT	iShares 20+ Year Treasury	92.96	177.39	18.02%	-1.41%	-4.62%	\$16,489.88
PSEP	Innovator Power Buffer Sept	33.09	1117.23	40.41%	n/a	n/a	\$36,969.30
PSQ	ProShares Short QQQ	10.67	1605.51	18.72%	-0.65%	-26.01%	\$17,130.78
TOTAL				100.00%	-0.22%	-9.63%	\$91,496.72

Data & Rankings

(Data provided as of 9/15/23)

Symbol	Name	NAV	Rank	Advice	% Return (3 and 5 Years Annualized)					Yield %	Beta 3 Year	SD 3 Year	Expense Ratio	
					YTD	1 Month	3 Month	1 Year	3 Year					5 Year
LARGE CAP GROWTH														
FTC	First Trust Large Cap Gr AlphaDEX® ETF	99.88	91	Hold	9.71	0.60	0.45	8.12	6.70	7.76	0.61	1.04	19.78	0.59
ILCG	iShares Morningstar Growth ETF	62.10	88	Hold	28.03	0.93	0.55	18.52	5.41	11.57	0.78	1.13	21.47	0.04
IUSG	iShares Core US Growth	98.26	86	Hold	21.20	0.81	1.35	13.53	7.72	10.97	1.27	1.10	20.34	0.04
IWV	iShares S&P 500 Growth	70.90	85	Hold	21.83	0.87	1.36	13.62	7.50	11.15	1.13	1.10	20.51	0.18
IWF	iShares Russell 1000 Growth	276.58	88	Hold	29.58	1.09	0.97	21.64	9.12	13.18	0.75	1.11	20.73	0.19
MGK	Vanguard Mega Cap Growth ETF	236.70	88	Buy	37.92	1.38	1.06	24.78	8.79	14.03	0.52	1.16	22.31	0.07
MTUM	iShares Edge MSCI USA Momentum Fctr ETF	143.99	84	Hold	-0.34	-0.63	0.48	4.81	0.57	5.40	2.05	0.90	18.47	0.15
ONEQ	Fidelity Nasdaq Composite Tr Stk ETF	53.88	89	Hold	32.26	0.88	-0.05	20.02	8.18	12.59	0.55	1.13	21.57	0.21
PWB	Invesco Dynamic Large Cap Growth ETF	70.21	90	Hold	17.80	-0.24	0.53	15.16	4.62	8.36	0.21	1.05	19.52	0.56
QQEW	First Trust NASDAQ-100 Equal Wtd ETF	106.75	91	Hold	20.64	0.13	-0.57	18.29	7.82	11.57	0.68	1.06	19.74	0.58
QQQ	Invesco QQQ ETF	370.81	92	Hold	39.66	1.20	0.29	28.29	10.61	15.86	0.52	1.16	22.55	0.20
QQQM	Invesco NASDAQ 100 ETF	152.50	92	Hold	39.71	1.14	0.28	28.36						0.15
QQXT	First Trust NASDAQ-100 ex-Tech Sect ETF	83.95	91	Hold	10.50	-1.06	-0.18	12.55	7.56	10.30	0.97	0.96	17.94	0.60
RPG	Invesco S&P 500® Pure Growth ETF	30.86	79	Hold	2.69	-0.92	2.27	-1.38	3.42	5.78	1.43	1.14	22.34	0.35
SCHG	Schwab US Large-Cap Growth	75.42	89	Hold	36.09	1.28	1.20	24.51	10.03	13.88	0.45	1.13	21.77	0.04
SPYG	SPDR® S&P 500 Growth ETF	61.42	86	Hold	22.00	0.94	1.42	13.79	7.67	11.32	1.15	1.10	20.50	0.04
VFMO	Vanguard US Momentum Factor ETF	116.80	91	Strong Buy	2.99	-2.05	-2.56	3.74	8.87	7.26	0.71	0.94	19.37	0.13
VUG	Vanguard Growth ETF	283.46	87	Buy	33.45	1.13	0.79	21.68	8.07	13.01	0.58	1.15	21.89	0.04
LARGE CAP BLEND														
BMVP	Invesco Bloomberg MVP Multi-factor ETF	38.11	79	Hold	10.35	-2.42	0.12	14.00	7.49	2.50	0.69	0.98	18.79	0.29
DGRO	iShares Core Dividend Growth	51.62	96	Strong Buy	4.42	-0.44	0.33	9.38	10.83	9.23	2.57	0.87	16.45	0.08
DGRW	WisdomTree U.S. Quality Div Growth	65.87	97	Strong Buy	10.35	-0.66	-0.21	16.50	11.85	10.59	1.81	0.84	15.80	0.28
DSI	iShares MSCI KLD 400 Social	84.93	85	Hold	19.00	0.82	0.82	18.13	10.66	11.28	1.30	1.03	18.51	0.25
EPS	WisdomTree Earnings 500 ETF	47.42	95	Buy	15.11	0.62	1.81	15.39	11.58	9.74	1.79	0.98	17.54	0.08
EQWL	Invesco Russell Top 200 Eq Weight	82.26	96	Strong Buy	11.09	0.09	0.80	14.65	12.59	10.32	2.13	0.98	17.98	0.25
FDRR	Fidelity® Dividend ETF for Rising Rates	41.22	93	Strong Buy	6.05	-0.14	-0.21	9.48	10.69	8.30	2.92	0.91	16.99	0.29
FEX	First Trust Large Cap Core AlphaDEX® ETF	83.95	92	Buy	5.56	0.05	0.96	7.62	10.85	7.34	1.45	0.98	18.30	0.59
FNDB	Schwab Fundamental US Broad Market	57.16	92	Buy	9.68	-0.02	1.36	12.82	15.73	9.94	1.94	0.97	18.41	0.25
FNDX	Schwab Fundamental US Large Company	58.11	92	Buy	9.81	0.17	1.42	13.27	15.75	10.29	1.97	0.96	18.19	0.25
ILCB	iShares Morningstar U.S. Equity ETF	61.32	94	Buy	17.30	0.43	0.84	15.53	8.95	9.69	1.57	1.01	17.96	0.03
ITOT	iShares Core S&P Total US Stock Mkt	98.11	92	Hold	16.51	0.30	0.80	14.57	10.21	9.81	1.58	1.02	18.11	0.03
IVV	iShares Core S&P 500	447.05	95	Buy	17.21	0.38	0.87	15.95	11.06	10.77	1.58	1.00	17.75	0.03
IWB	iShares Russell 1000	244.71	94	Buy	17.00	0.44	0.94	15.07	10.37	10.31	1.44	1.01	17.97	0.15
IWL	iShares Russell Top 200	107.76	94	Buy	20.59	1.02	1.45	18.17	10.88	11.59	1.41	1.00	17.91	0.15
IWV	iShares Russell 3000	255.02	93	Buy	16.29	0.28	0.75	14.25	10.15	9.75	1.40	1.01	18.04	0.20
IYY	iShares Dow Jones US	108.67	92	Hold	17.01	0.44	0.91	14.94	10.19	10.00	1.38	1.01	18.00	0.20
MGC	Vanguard Mega Cap ETF	158.13	92	Buy	20.29	0.95	1.40	18.11	10.74	11.34	1.40	1.01	17.91	0.07
MOAT	VanEck Mstar Wide Moat ETF	78.47	98	Strong Buy	20.89	-0.90	-2.11	21.99	13.44	12.51	0.89	1.03	19.45	0.46
OEF	iShares S&P 100	209.33	95	Buy	23.54	0.95	1.32	20.06	11.34	11.91	1.36	1.01	18.06	0.20
PBP	Invesco S&P 500 BuyWrite ETF	21.92	87	Hold	9.62	-0.27	-0.43	10.73	7.51	2.83	1.13	0.57	11.30	0.49
PFM	Invesco Dividend Achievers™ ETF	37.92	96	Strong Buy	4.85	-0.45	-0.17	10.54	9.26	8.71	1.83	0.82	15.58	0.53
PKW	Invesco Buyback Achievers ETF	92.23	93	Buy	8.51	-0.75	4.68	15.68	15.65	10.10	1.20	1.06	20.83	0.62
POWA	Invesco Bloomberg Pricing Power ETF	67.29	79	Hold	1.18	-1.57	-1.75	5.28	7.93	7.42	1.64	0.83	15.84	0.40
RESP	WisdomTree U.S. ESG ETF	45.79	84	Hold	12.27	-0.42	0.31	11.20	9.00	8.19	1.31	0.97	17.26	0.28
RSP	Invesco S&P 500® Equal Weight ETF	147.58	93	Buy	5.46	-1.12	-0.49	7.21	11.83	8.49	1.78	1.00	18.80	0.40
SCHB	Schwab US Broad Market ETF	51.86	92	Hold	16.61	0.33	0.81	14.65	10.28	9.88	1.48	1.01	18.09	0.03
SCHD	Schwab US Dividend Equity ETF	73.63	96	Strong Buy	-0.79	0.08	1.30	7.22	12.74	10.25	3.67	0.82	16.91	0.06
SCHX	Schwab US Large-Cap	52.64	94	Buy	17.47	0.57	1.02	15.57	10.44	10.52	1.48	1.01	17.98	0.03
SPHQ	Invesco S&P 500 High Quality ETF	51.55	96	Strong Buy	18.13	0.90	3.04	21.94	11.51	11.50	1.58	0.94	17.19	0.15
SPLG	SPDR Portfolio Large Cap	52.30	95	Buy	17.19	0.38	0.91	15.94	11.08	10.82	1.49	1.00	17.75	0.02
SPMD	SPDR Portfolio Mid Cap	45.10	90	Buy	6.98	-2.17	-0.50	8.27	12.36	5.81	1.58	1.04	20.26	0.03
SPTM	SPDR Portfolio Total Stock Market	54.61	94	Buy	16.39	0.28	0.91	15.35	11.25	10.37	1.50	1.00	17.81	0.03
SPY	SPDR® S&P 500 ETF	443.37	95	Buy	17.23	0.47	0.91	15.94	11.03	10.74	1.41	1.00	17.72	0.09
SUSA	iShares MSCI USA ESG Select	93.61	92	Hold	14.46	-0.01	0.29	14.52	9.27	10.93	1.51	1.04	18.51	0.25
VFQY	Vanguard US Quality Factor ETF	114.67	91	Buy	10.26	-0.98	1.59	13.44	12.30	7.31	1.51	1.02	19.24	0.13
VIG	Vanguard Dividend Appreciation ETF	161.24	95	Strong Buy	7.23	-0.44	0.25	12.48	9.40	9.82	1.82	0.87	16.19	0.06
VTI	Vanguard Total Stock Market ETF	221.03	91	Buy	16.52	0.30	0.81	14.46	10.21	9.86	1.56	1.01	18.06	0.03
VV	Vanguard Large-Cap ETF	203.75	91	Buy	17.86	0.56	1.04	15.93	10.34	10.64	1.45	1.01	17.94	0.04
XLG	Invesco Russell Top 50® Mega Cap ETF	35.37	95	Buy	28.93	1.23	1.48	22.58	11.37	12.76	1.04	1.02	18.76	0.20
LARGE CAP VALUE														
AIVL	WisdomTree US AI Enhanced Value	92.93	83	Hold	2.35	-0.82	0.56	6.27	8.91	3.43	2.75	0.86	17.25	0.38

Symbol	Name	NAV	Rank	Advice	% Return (3 and 5 Years Annualized)					Yield %	Beta 3 Year	SD 3 Year	Expense Ratio	
					YTD	1 Month	3 Month	1 Year	3 Year					5 Year
CURRENCY														
CEW	WisdomTree Emerging Currency Strat ETF	17.57	62	Sell	4.34	0.64	-1.64	8.99	0.38	0.60	4.37	0.66	7.62	0.55
CYB	WisdomTree Chinese Yuan Strategy ETF	24.22	73	Sell	-3.20	1.12	-1.17	-1.24	0.03	1.30	4.64	18.88	5.76	0.45
FXA	CurrencyShares® Australian Dollar ETF	63.69	59	Sell	-4.84	-0.29	-6.31	-3.30	-4.13	-2.02		16.90	10.79	0.40
FXB	CurrencyShares® British Pound Ster ETF	119.20	47	Sell	4.56	-2.13	-2.27	10.41	-0.78	-0.79		15.05	8.31	0.40
FXC	CurrencyShares® Canadian Dollar ETF	72.36	61	Sell	1.59	0.04	-1.71	-0.35	-0.45	-0.31		14.21	6.31	0.40
FXE	CurrencyShares® Euro ETF	98.42	43	Sell	0.57	-2.08	-2.16	7.73	-3.78	-2.25		12.35	7.79	0.40
FXF	CurrencyShares® Swiss Franc ETF	99.16	71	Sell	2.75	-2.11	-0.74	6.67	-0.51	0.50		6.47	8.04	0.40
FXY	CurrencyShares® Japanese Yen ETF	62.83	50	Sell	-11.63	-1.71	-5.31	-3.59	-11.19	-5.94		21.96	9.75	0.40
UDN	Invesco DB US Dollar Bearish ETF	18.49	36	Sell	-0.05	-1.91	-2.38	6.21	-4.05	-2.38		13.21	7.34	0.75
USDU	WisdomTree Bloomberg USD Bullish ETF	27.30	89	Hold	4.80	1.79	4.56	0.78	4.08	2.88	4.71	-11.87	6.40	0.50
UUP	Invesco DB US Dollar Bullish ETF	29.42	89	Buy	5.79	2.58	4.70	0.95	5.69	3.98		-12.02	7.11	0.75
INVERSE & LEVERAGED														
BOIL	ProShares Ultra Bloomberg Natural Gas	54.55			-84.66	-20.54	-13.41	-96.68	-59.49	-59.65		5.11	143.63	1.24
DDM	ProShares Ultra Dow30	67.92			6.32	-1.93	0.19	19.76	12.93	7.56		1.84	35.60	0.95
DGP	Invesco DB Gold Double Long ETN	39.30			5.56	2.24	-4.88	24.77	-6.78	14.05		0.33	27.77	0.75
DGZ	Invesco DB Gold Short ETN	10.38			-0.48	0.78	4.85	-6.68	1.45	-7.25		-0.16	13.79	0.75
DIG	ProShares Ultra Oil & Gas	44.64			5.04	9.16	28.53	19.46	90.25	-0.47		2.10	70.47	0.95
DOG	ProShares Short Dow30	32.55			-0.74	1.47	1.09	-7.24	-8.60	-9.39		-0.89	17.00	0.95
DUG	ProShares UltraShort Oil & Gas	10.22			-16.05	-8.91	-23.68	-35.19	-65.66	-41.85		-1.92	62.58	0.95
DXD	ProShares UltraShort Dow30	40.24			-5.60	2.21	0.55	-19.30	-19.16	-22.24		-1.75	33.43	0.95
DZZ	Invesco DB Gold Double Short ETN	2.61			-5.79	-0.95	6.24	-19.72	1.25	-16.94		-0.33	27.63	0.75
EEV	ProShares UltraShort MSCI Emerging Mkts	21.85			-5.60	-0.79	11.00	-10.22	-3.77	-14.13		-1.31	35.62	0.95
EFU	ProShares UltraShort MSCI EAFE	9.85			-15.92	-0.91	7.43	-30.65	-15.78	-15.71		-1.81	36.02	0.95
EFZ	ProShares Short MSCI EAFE	18.50			-5.98	-0.08	4.70	-13.48	-6.56	-6.05		-0.90	18.07	0.95
EUM	ProShares Short MSCI Emerging Markets	14.97			-0.70	0.20	6.23	-1.92	0.33	-4.51		-0.65	17.89	0.95
EUO	ProShares UltraShort Euro	30.84			4.72	5.24	6.95	-8.00	8.75	5.87		-21.21	14.94	0.98
EWV	ProShares UltraShort MSCI Japan	13.09			-24.61	-8.41	3.68	-33.54	-12.36	-13.19		-1.37	31.58	0.95
FXP	ProShares UltraShort FTSE China 50	33.51			-4.86	0.06	10.20	-21.71	-5.83	-14.24		-0.56	61.62	0.95
INDL	Direxion Daily India Bull 3X ETF	50.23			10.43	8.33	7.83	-1.38	16.16	-8.14		1.11	31.10	1.26
MVV	ProShares Ultra MidCap400	50.54			6.57	-5.20	-3.27	5.15	16.65	2.22		2.10	41.11	0.95
MZZ	ProShares UltraShort MidCap400	15.09			-10.54	5.09	2.75	-15.69	-27.91	-24.24		-2.00	39.07	0.95
PSQ	ProShares Short QQQ	10.67			-26.01	-0.65	1.34	-20.34	-12.94	-17.73		-1.16	22.16	0.95
PST	ProShares UltraShort 7-10 Year Treasury	24.01			9.41	1.98	10.74	15.41	17.20	1.56		-2.38	14.90	0.95
QID	ProShares UltraShort QQQ	13.26			-48.23	-1.92	0.66	-42.21	-29.26	-37.44		-2.30	44.11	0.95
QLD	ProShares Ultra QQQ	63.56			81.39	1.45	-1.79	46.50	11.34	21.02		2.32	45.18	0.95
REK	ProShares Short Real Estate	20.65			2.89	0.83	3.96	9.12	-4.12	-6.96		-1.00	19.90	0.95
RWM	ProShares Short Russell2000	23.60			-2.49	3.19	3.73	-0.13	-10.33	-7.97		-1.02	21.49	0.95
RXL	ProShares Ultra Health Care	86.72			-8.28	-5.77	-1.04	0.81	10.21	9.40		1.36	29.74	0.95
SAA	ProShares Ultra SmallCap600	20.73			0.04	-6.26	-4.84	-1.23	15.89	-4.20		2.11	44.84	0.95
SBB	ProShares Short SmallCap600	18.30			-0.15	4.04	3.58	-1.85	-13.55	-8.58		-1.02	21.41	0.95
SCO	ProShares UltraShort Bloomberg Crude Oil	16.28			-31.74	-17.74	-37.41	-38.50	-64.37	-44.52		-2.57	52.83	0.95
SDOW	ProShares UltraPro Short Dow30	23.79			-10.14	3.30	0.45	-30.56	-30.16	-36.29		-2.59	49.34	0.96
SDS	ProShares UltraShort S&P500	34.85			-22.91	0.11	1.06	-23.09	-23.13	-26.24		-1.95	34.78	0.90
SEF	ProShares Short Financials	12.52			-2.27	-0.95	-2.04	-3.82	-12.04	-10.15		-1.01	20.42	0.95
SH	ProShares Short S&P500	14.08			-10.38	0.43	1.24	-9.30	-10.54	-11.69		-0.99	17.51	0.89
SJB	ProShares Short High Yield	18.37			-1.91	0.00	0.48	-3.04	-1.86	-3.34		-1.09	8.93	0.95
SKF	ProShares UltraShort Financials	17.52			-8.77	-2.42	-5.54	-13.96	-41.41	-34.51		-1.90	48.19	0.95
SMN	ProShares UltraShort Basic Materials	9.27			-12.02	-0.20	0.68	-29.08	-28.88	-28.47		-2.22	46.90	0.95
SRS	ProShares UltraShort Real Estate	18.12			0.58	1.23	5.61	8.80	-12.61	-19.00		-2.00	39.76	0.95
SRTY	ProShares UltraPro Short Russell2000	43.19			-19.16	8.19	7.12	-20.56	-65.11	-55.72		-2.84	77.41	0.95
SSO	ProShares Ultra S&P500	57.63			29.65	0.14	-0.16	22.60	15.50	13.12		2.01	35.61	0.89
TBT	ProShares UltraShort 20+ Year Treasury	35.91			13.11	3.43	22.46	27.87	33.39	0.27		-4.28	28.59	0.89
TWM	ProShares UltraShort Russell2000	14.67			-10.47	5.62	5.57	-9.22	-24.89	-22.22		-2.02	42.21	0.95
TYO	Direxion Daily 7-10 Yr Trs Bear 3X ETF	14.61			11.02	2.67	15.08	19.01	24.31	0.13		-3.61	22.58	1.07
UDOW	ProShares UltraPro Dow30	59.78			6.23	-3.25	-0.62	23.91	15.09	3.17		2.79	54.36	0.96
URE	ProShares Ultra Real Estate	54.18			-6.12	-1.31	-5.33	-20.90	-2.24	-3.35		1.99	39.79	0.95
USD	ProShares Ultra Semiconductors	39.64			139.37	-3.18	-8.73	128.48	29.84	29.55		2.89	68.22	0.95
UWM	ProShares Ultra Russell2000	32.52			4.43	-5.52	-6.04	-5.85	5.79	-5.38		2.12	45.14	0.95
UYG	ProShares Ultra Financials	47.86			5.44	2.77	5.96	4.70	15.98	3.15		2.07	41.96	0.96
UYM	ProShares Ultra Basic Materials	22.98			7.92	-0.32	-1.11	21.55	15.02	6.83		2.27	47.09	0.95
XPP	ProShares Ultra FTSE China 50	17.78			-17.06	-1.88	-16.24	-21.90	-33.69	-21.70		0.67	67.18	0.95
YCS	ProShares UltraShort Yen	73.07			36.41	4.33	14.35	14.45	27.28	14.02		-42.16	20.27	0.98
YINN	Direxion Daily FTSE China Bull 3X	31.43			-31.19	-3.68	-26.05	-41.29	-53.36	-40.07		1.09	104.48	1.46

Fund Spotlight: Finding Yield in Bond ETFs

For most of the past decade, investors had few choices for income. If they wanted yield, they had to take on more risk. If they wanted higher yield, they had to take on a lot of risk, and the compensation for that wasn't great. With the 10-year Treasury yield back in a normal range, investors finally have a choice again. Those who want income without credit risk have U.S. government bonds, and those who are willing to take on a little risk have high-quality government securities. At the other end of the spectrum, investors who want higher-risk strategies can again buy junk-rated debt at double-digit interest rates.

In general, investors will get more yield when they increase credit risk or duration. Shorter duration and lower credit risk will generally pay lower yields.

Government bonds are called risk free because the odds of being repaid in the country's own currency is near 100 percent, but they do have inflation risk. That said, unless an investor is weighing the purchase of inflation-protected bonds, inflation will hit all financial assets equally in the sense of purchasing power lost. To the extent higher inflation results in higher interest rates, long-term bonds and equities with characteristics of long-term bonds (such as growth stocks) will suffer more, while short-term bonds will be less impacted.

CONSERVATIVE AND INCOME INVESTORS

For the first time in years, conservative and income investors can find decent yield from money market funds, CDs and high-quality corporate bonds. iShares iBoxx \$ Investment Grade Corporate Bond (LQD) currently has a 30-day SEC yield of 5.65 percent. Pimco Enhanced Short Maturity (MINT) yields 5.54 percent, and iShares 3-7 Year Treasury Bond (IEF) yields 4.36 percent.

While these funds are similar, they all present unique exposure. First is MINT,

which has a low duration. This fund will not offer much upside if interest rates decline, but it also won't face much downside if rates drop.

Corporate bonds offer a similar yield, but they will rise and fall in price inversely with interest rates. Investors will see the yield on a fund such as LQD drop if interest rates fall, but that'll be somewhat offset by a rising price for the fund. Conversely, if bond yields rise, the yield on the fund will partially offset losses in the price. If bond yields rise about 1 percent, we'd expect LQD would lose about 8 percent. If that took place over the course of about 18 months, interest payments would offset most of the losses.

Finally, there are government bonds. An important feature today is the inverted treasury yield curve. Investors in a fund such as IEI can obtain a higher yield than an investor in the iShares 7-10 Year Treasury Bond (IEF) despite IEI having a lower duration. The yield curve inversion results from investors expecting lower rates in the future. They're willing to accept a lower yield because they believe that over the coming years, yields will fall. Since falling yields could accompany a recession, that makes government bonds more attractive because they have no credit risk.

There are many funds in between, but these are good starting points for conservative income investors looking for core bond exposure. MINT is the best choice for investors worried about rising rates, LQD for investors who expect "higher for longer" and an economy that avoids a deep recession, and IEI for investors who do fear recession and think rates and inflation will tumble as a result.

AGGRESSIVE INCOME

More aggressive yields are available from high-yield bonds. iShares iBoxx \$ High Yield Corporate Bond (HYG) currently has a 30-day SEC yield of 8.11 percent. High-yield bonds fluctuate with credit risk far more than inflation and rate risk. Over the past year, HYG slipped about 7 percent compared to 9

percent for IEI, which has a similar duration. As long as the economy stays out of recession, HYG will hold its value. The yield is also high enough at this point that the risk from rising rates is muted. It would take an interest rate increase of about 2 percent in the next year to erase the fund's yield. As long as investors don't expect runaway interest rates or a serious recession, the fund should offer a solid yield.

Floating-rate ETFs, such as Virtus Seix Senior Loan (SEIX) and Invesco Senior Loan (BKLN), which offer yields of 9.47 percent and 8.55 percent, respectively, push further out into credit risk, but they have duration that approaches zero, similar to MINT in this respect. Their yield will rise and fall with market interest rates. The big risk with these funds is a jump in credit risk. They can be more volatile in a deep recession. Another risk, not as dangerous, is their yields will fall if interest rates start falling. In that case, loss of principal should be limited, but investors banking on high interest payments would have been better off with HYG's slightly lower 8 percent.

Unlike in the past, both of these assets pay substantial yields that cover some of their default risk. HYG fell 14 percent in the credit recession that hit in 2015 and into early 2016. Investors with a holding period of about 2 years would make up those losses from dividends before considering any rebound in the fund. BKLN was down a much milder 7 percent in 2015. Outside of a serious recession, investors in floating-rate funds are well compensated for their risk.

OUTLOOK

Although the economy shows some signs of a slowdown, GDP numbers have become stronger, not weaker. Inflation is cooling, but rising crude oil will keep CPI readings high. Speculators are betting on rate cuts but not until the middle of 2024. For now, the market expects rates will remain high as the

(continued on page 16)

Fund Spotlight: Finding Yield in Bond ETFs *(continued)*

Federal Reserve waits for inflation to fall enough to warrant rate cuts. Corporate and high-yield bonds remain attractive in this environment. This is the most likely scenario.

Crude oil spiked into mid-September, and bond yields are trading near their 52-week lows. It's possible a breakout in crude and interest rates will follow, and that could well be the domino needed for tipping the economy into recession. Crude oil is often a late-cycle bull market. Recall it peaked in June 2008 well after that year's recession was underway. Investors should lock in high rates in that scenario, assuming there are no reasons for expecting still higher yields, such as a sudden reversal in the U.S. dollar. For longer-term investors, high-quality corporate bonds should hold up well in a recession. An intermediate fund, such as IEI or IEF, would offer decent total return prospects between the yield and capital gains. The odds of this scenario are lower but rising. If there is economic deterioration, active investors should consider hedging equity exposure and income investors should look at locking in higher rates.

If a spike in rates isn't limited, a fund such as TBF might be the only fixed-income fund that would do well. Rising rates would sink government and high-quality bonds, while a recession would likely ensue as well, sinking the high-yield funds too.

For higher rates within a strong economy, high-yield and floating-rate funds offer excellent risk-reward. They're already yielding near double digits. A modest rise in rates that doesn't lead to recession would push these funds out to around 10 to 12 percent yields.

Market Perspective: Bonds Rewarding Conservative Investors *(continued)*

over-year during 2008 but are now showing year-on-year declines. We can also see the slowdown in foreign data such as South Korea exports to China, down 20 percent from a year ago in August. Copper is flat on year in part because of weak Chinese demand.

This month we examine several bond ETFs, where opportunities are plenty. Very conservative investors can get solid income from money market and short-term bond funds. All investors can also lower portfolio risk, without sacrificing return, by finding the right bond exposure. More aggressive investors can boost portfolio yield, while longer-term bonds offer speculators and traders potential capital gains should yields fall.

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