



Stop Watching | Start Living

Our Mission

To enthusiastically provide dynamic tools, research, and services within the financial community by empowering institutions and individuals to redefine what financial freedom really means.

Introduction

In this issue of State of the Bands™ The Millennial Dream, Baked Alaska, and will the current Federal reserve interest rate go any lower. This report concludes with a brief introduction of our Tops, Sideways and Bottoms Indicator and one unique strategy it uses to help lock in profits



The Housing Market

Since march of 2009: US housing ETF's have seen over a 300% increase in value and Interest rates on mortgages are at an all time low, but all that glitters is not gold!

As the price of housing has increased, the American dream is slipping further away for many Millennials. In fact, according to the Affordable Housing Database, only 22% of Americans can afford to buy a home within the US; placing the United States near the very bottom of the pile for developed countries with citizens who own their own homes.

Fun Fact: 95.2% of Romanian citizens own their homes outright.

With housing interest rates so low, large banks are attempting to entice Millennials into buying their dream homes on credit, but the dangers in doing this is what happens if the housing market corrects 10% or 20%? While the housing market would still be up over 280%; this could leave many new home owners upside down on their new mortgages and holding the bag for at least 5-10 years as they attempt to break even.

Meanwhile, many of the savvier investors who may have caught the bottom of the previous housing correction are eagerly selling their properties to lock in profits. This is also creating a buyers market because so many houses are for sale; which in turn should force the price of homes to fall since so many are available. Remember when buying, buy low, sell high, and always negotiate often.



The Real Estate Sector

While the residential housing market is taking a breather other real estate investment trusts are heating up. With summer in full swing, and baby boomers thinking about retirement, a new bull market is emerging for both real estate and travel. However, will technology get in the way? There are several apps for that, but will they be convenient and easy to use?



REIT & Travel Equities w/ Dividends

KRG - Kite Realty Group: 8.1%

SNH - Senior Housing Properties: 9.5%

ANH - Anworth Mortgage: 11.4%

CDR - Cedar Realty Group: 7.63%

BPY - Brookfield Property Partners: 6.9%

INN - Summit Hotel Properties: 6.29%

LYFT - Lyft Inc: No Dividend

UBER - Uber Technology Inc: No Dividend

AirBnB is a space sharing service and app. Individuals with an Airbnb account can list their space and provide more unique and personal accommodations than traditional hotels. Likewise, Homeowners who want to earn a little extra cash each week can rent out their space as well as use the same service to book spaces anywhere else in the world. This service is disrupting conventional travel and creating huge revenue streams for retirees across the globe. And for those who do not want to leave town, AirBnB provides compensation to individuals who may want to help make an “experience” for everyone visiting. So when will they IPO?

IRS Section 409A Valuation - Independent Fair Market Value Appraisals

While a company is private, a lot of foundation must be laid in order to go public. A large part of the going public process is discovering how much the company is actually worth. An IRS Section 409A Valuation is an independent appraisal of the fair market value of a private company's common stock that determines the "strike price" for that company's equity.



If a company is planning to offer options contracts on their common stock they will need a 409A valuation.

Currently, AirBnB has a 38 billion dollar valuation; which calculates to a potential \$120.00 per share. If the company does decide to follow through with an IPO this calendar year, expect to pay a pretty penny.

In Alaska, 2.4 million acres of wildfire have burned through July unimpeded. In Russia, within the province of Siberia, more than 7 million acres have burned. Greenland has also seen several wildfires in July, but the largest threat to Greenland is a heatwave that has leaped from Europe to the Arctic country, causing 197 billion tons of ice melt in July alone. Fun fact: Iceland was named Iceland because it was discovered in the winter, but can reach temperatures up to 86 degrees Fahrenheit. Greenland was named Greenland because Viking were attempting to attract more Vikings to help settle the land, but temperatures there can get as low as 0 degrees Fahrenheit.



Firefighting Equipment Stocks w/ Dividends

VMI - Valmont Industries: 0.375 / share
 LNN - Lindsey Corporation: 0.31 / share
 AWR- American State Water: 0.305 / share
 UTX - United Technology Corp: 0.735 / share
 TGI - Triumph Group: 0.16 / share
 GD - General Dynamics Corp: 4.08 / share

ESG / SRI Investing w/ Dividends

VDE - Vanguard Energy ETF: 0.687 / share
 ABBV - AbbVie Inc. : 1.07 / share
 RGR - Sturm & Ruger Co: 0.56 / share

ESG/SRI Investing

Socially Responsible Investing is not just a fad. As new investors enter the market, what they decide to invest in is becoming more and more important. They are seeking companies that produce environmentally responsible and renewable products. Below is a list of criteria that would eliminate companies from the “Environmental and Social Governance” acceptable elite.

Environmental Criteria:

- ◇ <10% of Revenue can have coal as a sources.
- ◇ <5% of Revenue can be nuclear source
- ◇ <5% of Revenue produced from Agriculture biotechnology
- ◇ Any major recent or ongoing controversies related to environmental issues.

Social Criteria:

- ◇ Any major recent or ongoing human rights controversies, such as supply chain abuses, suppression of freedom of expression, or an unsafe work place.



- ◇ Companies with >5% revenues, not including retail sales, derived from:
 - ◇ Firearms
 - ◇ Tobacco
 - ◇ Gaming
 - ◇ Pornography

Governance:

- ◇ Companies involved in major recent or ongoing corporate governance controversies.

Honey Bees - An Endangered Species?

Last winter nearly 40% percent of the “kept” bee population in America died. Honey Bees are responsible for pollinating over 170 billion dollars worth of crops each year. Without this army of diligent workers, many fruits and vegetables we enjoy today would not exist. Over the past 15 years, bee colonies have been disappearing in what is known as the "colony collapse disorder," according to National Geographic.

The key contributor to the decline of the “kept” bee population is the varroa mite, a parasite that invades hives and spreads diseases. Other contributing factors to the rapid decline is incidental exposure to pesticides, and a poorly managed eco-system when they are being shipped around the country during the winter and early spring months. So, this year, expect to see higher prices in the produce section.



Farms and Fruit w/ Dividends

BG - Bunge Ltd: 2.00 / share

CALM - Cal-Maine Foods: 1.09 / share

ANDE - The Anderson's Inc: 0.68 / share

LMNR - Limoneira Co Com: 0.30 / share



The Federal Reserve Cut Interest Rates but why?

The Federal Reserve lowers their interest rate to encourage the people to spend more by making it cheaper to borrow money. Rates on credit cards and home equity lines of credit track the fed funds rate closely and also provides more spending power for Americans. There are some big pros for those borrowing money or needing to borrow money to refinance their home. Individuals can also use this rate cut to move balances from one card to a new card at a lower interest rate.

However, the cons for this move are also equally as harsh for those who tend to save for a rainy day. Banks will follow suit and ratchet down their interest rates on CD's and savings accounts. Which, consequently, will entice savers to look for more lucrative returns in either the stock w/ dividends, and bond market with higher rates of return. But, if another rate cut occurs, the market may experience a sharp down turn as expectations point towards a new recession.

So the pink elephant in the room is how low can the interest rate go before it is too good to be true?



ETFS w/ Dividends

MLPX - MLP & Energy Fund ETF: 4.95%

LVHI - Low Volatility / High Dividend: 5-6%

KBWD - Invesco High Dividend: 10.42%

The Federal Reserve Cut Interest Rates but why? Continued...

On January 9th 2009 the Federal Reserve's interest rate was at an astounding 0.08%. So while everyone else was panicking savvier investors were buying as much as possible of anything they could get their hands on knowing that an opportunity this low was too good to ignore. Since that date the S&P 500 has risen over 437%



It has also been over ten years since this bull market began. Will this bullish trend continue another 6 years or will investors grow impatient and begin to lock in 10 years worth of profits. Only time will tell...

Market Tops, Sideways and Bottoms

A **Market Top** is the **highest** price for a security or index over a given period of time. For example, if a stock has been on a bullish trend for a long time and later begins to decline, the **market top** is the **highest** price during its bull **market**.

A **Market Bottom** is reached during a prolonged bear **market**, when a **market** is dropping more or less continuously for a long time, investors often question when the **market** will find a **bottom**, which means that they wish to know when the **market** will begin to rise again, or at least stabilize.

A **sideways market** is seen when prices of investments remain within a tight range for any period. The stock or equity does not make higher highs or a breakout above the previous highest price.



Buy The Dip / Bounce refers to **purchasing** a stock or equity after it has BRIEFLY declined in price. **Buying the dip** can be very risky because there is no indication that the brief decline will not continue.

Buy The Rumor, Sell the News is a belief that stock prices move in anticipation of rumors and rebound when profit taking occurs after the actual **news** is released. This strategy is usually effective for many investor who intend to take profit on their stocks as soon as the actual **news** is announced to the public; usually right before.

Arbitrage Trade Analytics TSB™ Indicator

When The TSB Indicator Changes to a value of 1 an uptrend is beginning. Inversely, when the TSB Indicator changes to -1 a down trend is in progress.



All other times the trend is undecided and therefore considered **sideways**. Consider taking profits when seeing the TSB indicator changing from 1 to 0 or from -1 to 0.

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Effective as of February 4, 2019