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Bryan, Ronald and Michael Sadoff

This report provides insight into the decision making process that supports the company's time tested investment strategy.

For more information please check us out at www.sadoffinvestments.com

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Additional Fiscal Spending Is Necessary

Covid will continue to act as an overall economic depressant until vaccines become available, hopefully this spring or summer.

Nevertheless key business sectors like housing, auto sales (up 3.6%), retail sales (up 1.9% in September for the 5th straight month) and durable goods orders have shown impressive results. Most important, both housing and autos are doing well. The chart below shows the price improvement for used cars.

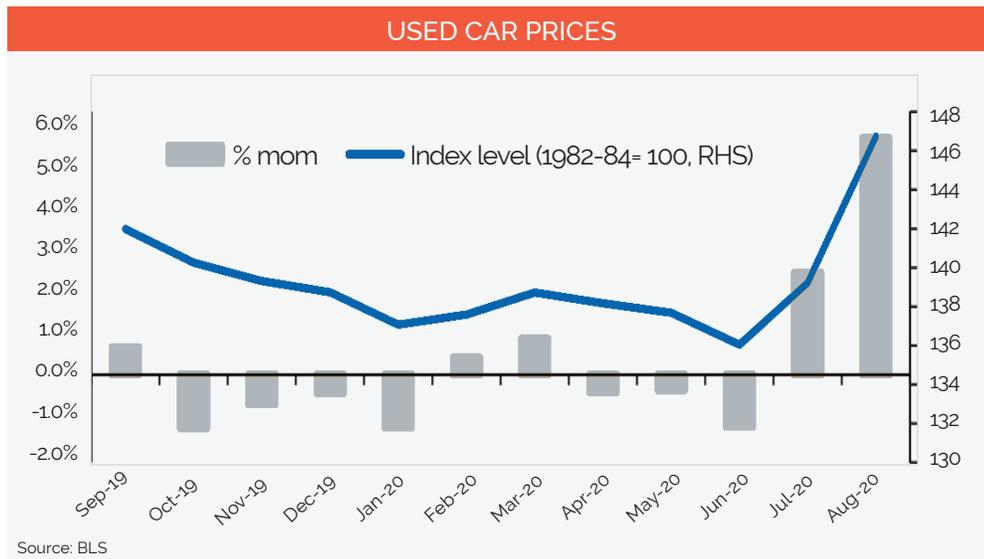


Chart courtesy of Bank of America Securities



For descriptions of the "environments" listed above, please visit us on the web at www.sadoffinvestments.com/disclosures

However, these overall impressive gains for the economy soon may moderate unless more government aid is forthcoming.

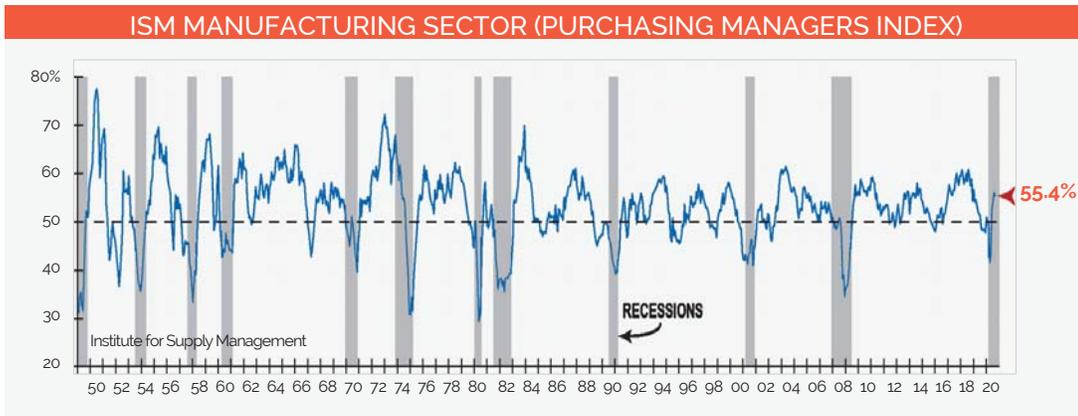


Chart courtesy of InvesTech Research



Chart courtesy of InvesTech Research

Federal Reserve Chair Jerome Powell recently warned

of a weak U.S. recovery without additional, sufficient government aid to jobless Americans and small businesses. He summarized “the recovery will be stronger and move faster if monetary and fiscal policy continue to work side by side to provide support to the economy until it is clearly out of the woods.”

Continued Stock Market Technical Strength

Our stock market outlook remains quite bullish as our environments (monetary, psychological and technical) remain very favorable and our economic/business cycle environment is steadily improving.

For the stock market, quite often strength begets strength. The table below shows the historical performance (since 1929) for the S&P 500 after 6 month gains greater than 30%. There have been 11 such periods where the S&P gained more than 30% within 6 months.

Over the next six months the S&P gained an additional 10.2% (mean average) and 1 year later the S&P gained 14.8% (mean average). The last 6 month 30% plus performance suggests this uptrend will extend for another year.

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STRONG 6-MONTH RALLIES HAVE LED TO MORE GAINS, ON AVERAGE

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6 MONTH
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S&P 500 Performance After 6-Month Gains Greater than 30%				
Date	Previous 6-Months % Change	Subsequent Performance		
		6-Month % Change	12-Month % Change	
1/31/29	32.5	12.2	-11.5	
11/30/32	46.5	47.2	50.8	
5/31/33	47.2	2.5	-0.3	
9/30/35	36.8	28.7	38.1	
9/30/38	44.0	-10.3	6.4	
3/31/43	30.9	4.3	3.8	
3/31/75	31.2	0.6	23.3	
1/31/83	35.7	11.9	12.5	
3/31/86	31.2	-3.2	22.1	
8/31/09	38.8	8.2	2.8	
9/30/20	30.1	??	??	
All Cases				
Mean	37.5	10.2	14.8	
Median	36.3	6.3	9.4	
% Positive	100.0	80.0	80.0	
All Periods Mean	3.9	3.9	8.1	
Post WW II				
Mean	34.2	4.4	15.2	
Median	33.4	4.4	17.3	
% Positive	100.0	75.0	100.0	
All Periods Mean	4.2	4.2	8.5	

Source: S&P Dow Jones Indices

Chart courtesy of Ned Davis Research

In early October, two time-tested breadth thrust indicators turned positive.

Ned Davis Research tracks a proprietary all stock index and its advance decline line. When the number of advancing stocks exceed the number of declining stocks by 1.9 to 1 over a 10 day period a buy signal is indicated. On October 5, this indicator turned bullish. Of the 50 prior signals - the S&P 500 has had a positive return on year later 49 times and a negative return only once (a loss of just 5.6%). One year later the S&P 500 was negative only once with a loss of just 5.6%. The S&P 500 gained 16.6% on average one year later. Below is a table showing the average results about 3 months, 6 months and 1 year after prior signals.

STATISTICS FOR 1.9 TO 1 BREADTH THRUST INDICATOR

Summary Item	63 Days	126 Days	252 Days
Mean	5.12	10.08	16.64
Median	6.97	10.36	17.43
Number Up	40	43	49
Number Down	11	7	1
All Periods Mean	2.12	4.27	8.76

Chart courtesy of Ned Davis Research

Another breadth indicator turned positive on October 7. The Zweig Thrust indicator tracks the 10 day advances over 10 day advances plus decliners. When that indicator turns up from below 40% to above 61.5% within 10 days - the indicator is deemed a buy signal. This indicator turns positive when poor breadth over 10 days turns positive within 10 days.

This is the 34th time since 1981 that this indicator has turned positive with an average gain in the S&P 500 one year later of 15%. Only twice has the S&P 500 declined over the next year - with losses of only 1% and 3%.

Below is a table showing the average results about 3 months, 6 months and 1 year after prior signals.

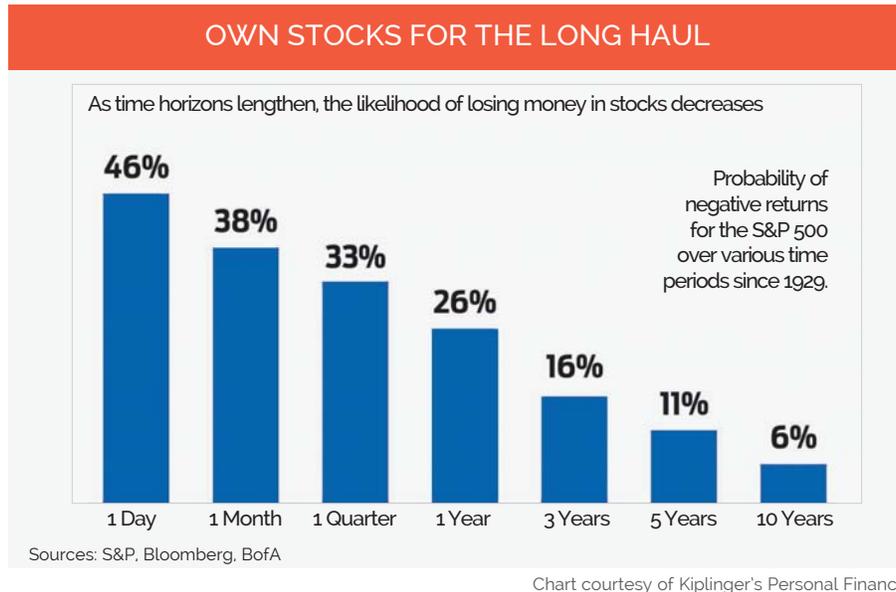
STATISTICS FOR ZWEIG THRUST INDICATOR

Summary Item	63 Days	126 Days	253 Days
Mean	5.33	10.83	15.06
Median	5.67	10.63	13.82
Number Up	24	27	30
Number Down	9	5	2
All Periods Mean	2.35	4.71	9.80

Chart courtesy of Ned Davis Research

These powerful readings forecast continued stock market strength into next year. Very, very positive.

The following table is quite interesting. It concludes that the longer an investment horizon, the less risk for stock market investing.



The risk is significantly reduced if one's time factor is 5-10 years. And this risk is further reduced when most of our 4 environments are favorable. Currently the dividend yield for the S&P 500 (1.7%) is higher than the yield for 10-year Treasuries (0.7%). Another factor making stocks more attractive.



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