



Portfolio Trade Alert - May 16, 2024

Trade Alert - Equity Model

On [May 10th](#), we added a position in National Fuel Gas (NFG) to play in the electricity generation space. To wit:

"Over the last couple of weeks, we have been slowly migrating a portion of the portfolio to benefit from the coming need for energy infrastructure to support the electricity demand required by the U.S. for artificial intelligence, electric cars, and increased computer usage. That demand increase, on top of the already massive base of power consumption used daily, will require increased power production."

However, when we bought the position, we encountered a liquidity problem trying to add a 1% holding to our portfolios. There was insufficient volume to execute our block trade without significantly moving the price. This presents a dual problem. First, we can not increase the position size in the future as intended. Secondly, if, for some reason, the price reverses and we want to sell, liquidating the position can become problematic.

Therefore, we are selling NFG today and replacing it with a similar company, Oneok (OKE), which also carries a 4.72% yield. This is a one-for-one swap in the portfolio, providing us with the liquidity needed to build the position soon and exit safely when needed.

With the latest retail sales data, we are also reducing our discretionary holdings as the consumer seems to be slowing down faster than many expected. We are closing the position in Genuine Auto Parts (GPC) with a slight loss that we will offset in our previous gains taken in the portfolio before the recent market correction.

Equity Model

- *Sell 100% of National Fuel Gas (NFG)*
- *Sell 100% of Genuine Auto Parts (GPC)*
- *Initiate a 1% of the portfolio position in Oneok (OKE)*

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