Portfolio Trade Alert - October 27, 2022

Trade Alert For Equity Model Only

During our portfolio management process, we regularly look for mispriced opportunities relative to earnings or underlying value.

If I told you about a company that:

- Generates $33 billion annual in INCOME
- Has net REVENUE of 119.41 Billion
- An Operating Margin of 33.4%
- A Profit Margin of 28.2%
- And trades at 10x valuation

That is a company you would want to buy every day.

Yesterday, as we trimmed our exposure in both Microsoft and Google, we were looking for an opportunity to maintain our underweight exposure to technology, given the current market advance that we have repeatedly been discussing as of late. We evaluated Facebook (META), and after a 70% decline in the stock price, we concluded that it was an opportunity where the price had accounted for potentially weak earnings.

The earnings report came in as expected, and immediately the stock traded 10% higher, which is what we thought would happen.

Unfortunately, Mark Zuckerberg then spoke, and the rest, as they say, is history. His unyielding bet on the MetaVerse, which will likely be a long-term winner for Meta, led to a decline in the stock price today as investors were looking for a reduction in spending as ad revenue weakened.&#2013266080; The decline in ad revenue is a reversion to normal ad spending after two years of excess spending as cryptocurrency, and stock trading ad spending boomed. Ad spending should now normalize and begin to grow again over the next couple of years.

Sometimes the best-laid plans don?t work as anticipated. And such is why we do it in very small steps when we take an initial position.

Yesterday, we took a very small tactical position for earnings. The position took out our stop loss level, so it was sold for the tax loss against the Amazon trade we made earlier this year.

Equity Model

- *Sell 100% of Facebook (META)*