



## Selected Portfolio Position Review: 03-27-19

Each week we produce a chart book of 10 of the current positions we have in our equity portfolio. Specifically, we are looking at the positions which warrant attention, or are providing an opportunity, or need to be sold.

While the portfolios are designed to have longer-term holding periods, we understand that things do not always go the way we plan. This monitoring process keeps us focused on capital preservation and long-term returns.

### HOW TO READ THE CHARTS

There are four primary components to each chart:

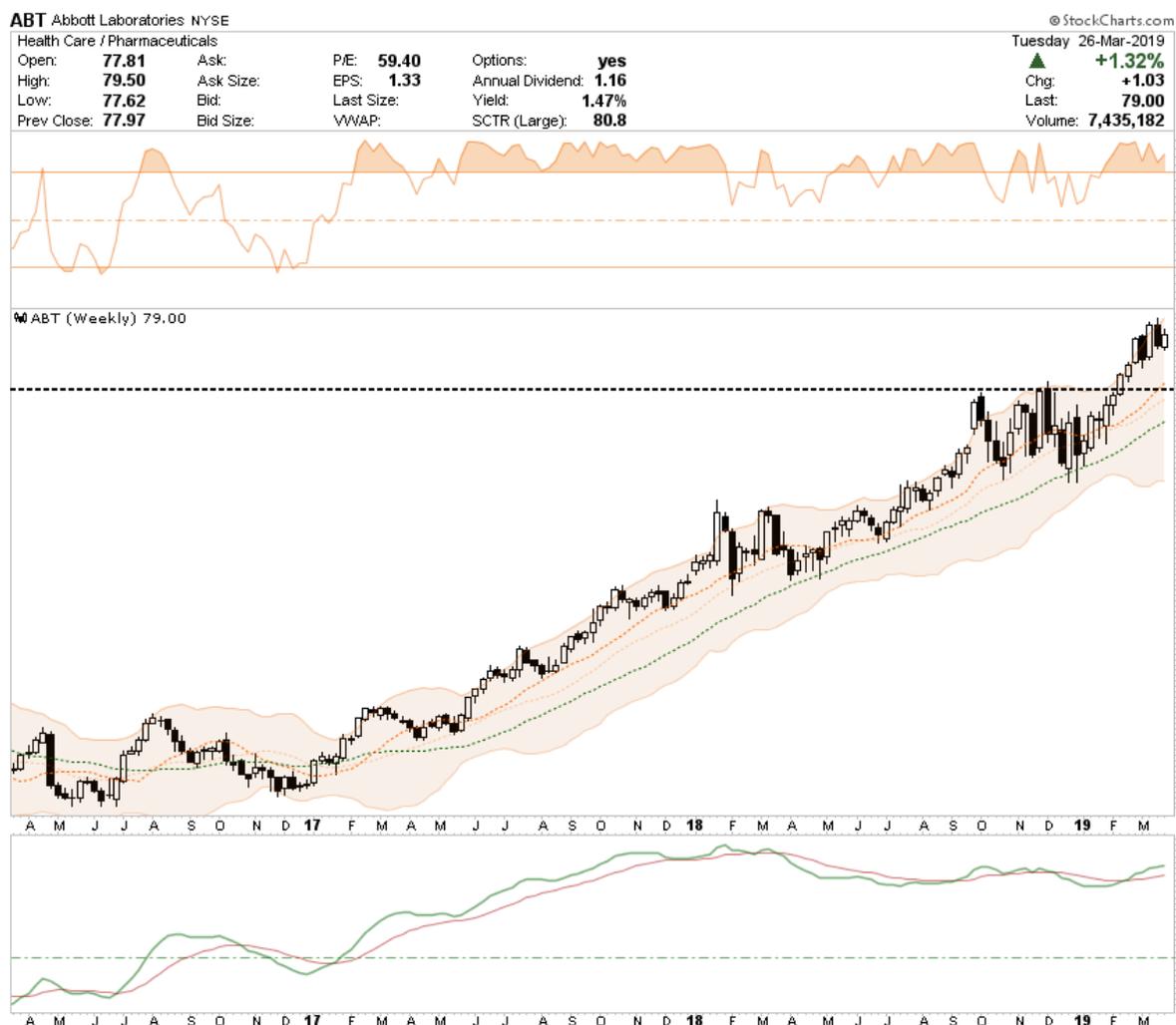
- *The price chart is contained within the shaded area which represents 2-standard deviations above and below the short-term moving average.*
- *The Over Bought/Over Sold indicator is in orange at the top.*
- *The Support/Resistance line (green) is the longer-term moving average which also acts as a trailing stop in many cases.*
- *The Buy / Sell is triggered when the green line is above the red line (Buy) or vice-versa (Sell).*

When the price of a position is at the top of the deviation range, overbought and on a buy signal it is generally a good time to take profits. When that positioning is reversed it is often a good time to look to add to a winning position or looking for an opportunity to exit a losing position.



With this basic tutorial let's get to the sector analysis.

## ABT - Abbott Laboratories



- *ABT is currently overbought after breaking out to all-time highs.*
- *Currently on a buy signal, we would like to see either a pullback or some additional consolidation to add to the position.*
- *The overall trend remains very positive, but we are a bit concerned about earnings season coming up so we will be watching action closely.*
- *Stop-loss set at \$73*

## **AEP - American Electric Power**

AEP American Elec Pwr Co., Inc. NYSE

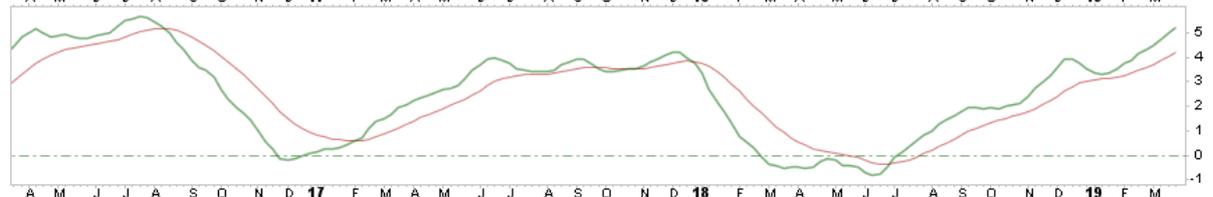
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Utilities / Conventional Electricity

Tuesday 26-Mar-2019

Open: <b>85.26</b>	Ask:	P/E: <b>22.08</b>	Options: <b>yes</b>
High: <b>86.00</b>	Ask Size:	EPS: <b>3.89</b>	Annual Dividend: <b>2.58</b>
Low: <b>84.91</b>	Bid:	Last Size: <b>3.00%</b>	Yield: <b>3.00%</b>
Prev Close: <b>85.14</b>	Bid Size:	VWAP:	SCTR (Large): <b>95.3</b>

▲ <b>+0.99%</b>
Chg: <b>+0.84</b>
Last: <b>85.98</b>
Volume: <b>4,516,451</b>



- Utilities have run away in the market as of late and fundamentally the sector is extremely expensive.
- We are going to take profits in the next couple of days in the position and look for a pullback to some level of support to add back to our holdings.
- We are increasingly concerned that a traditionally defensive sector of the market will not provide "safety" during the next decline.
- Stop is moved up to \$78
  - Holding 1/2 position currently
  - Looking for opportunity to increase

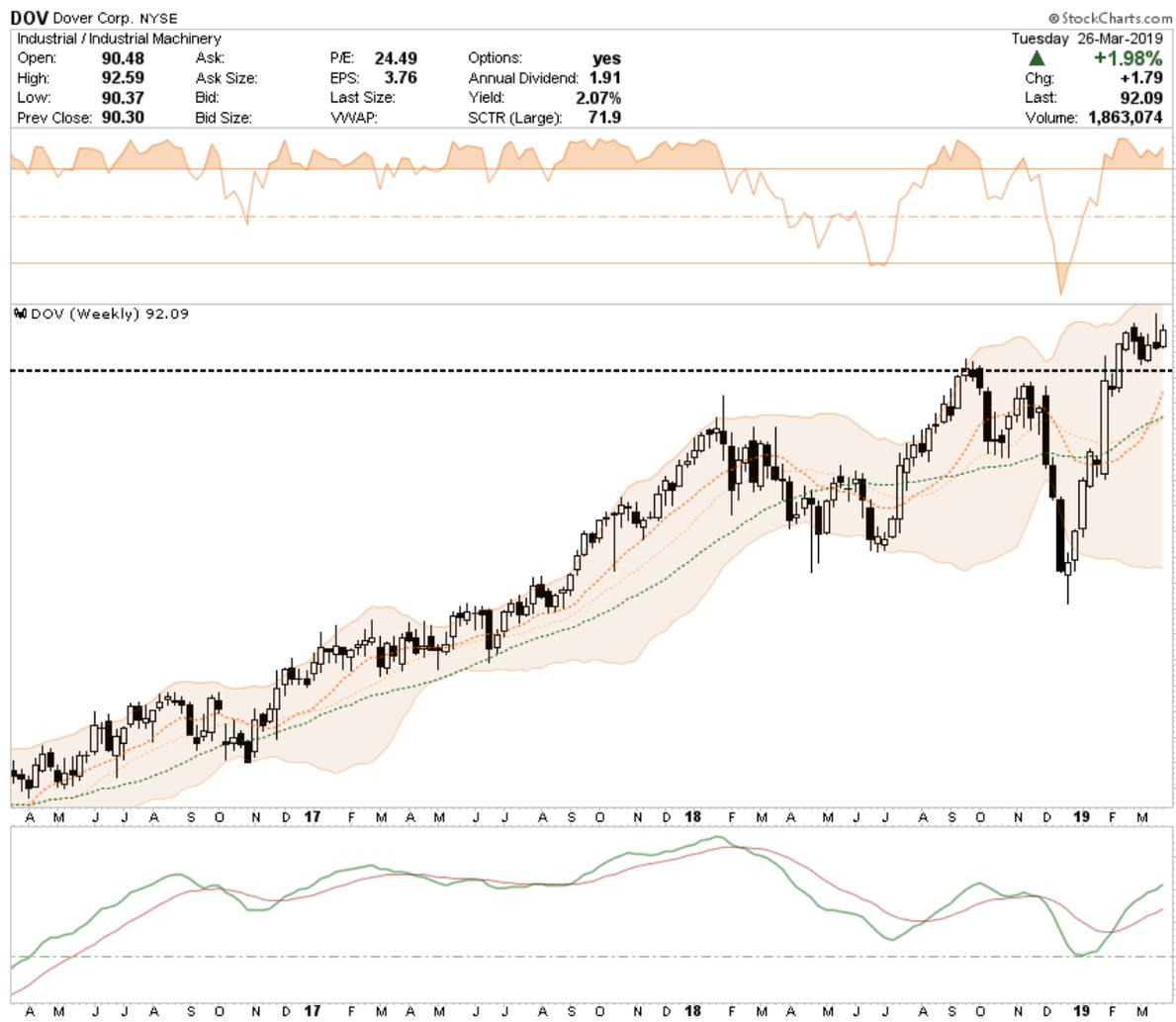
## BA - Boeing



- As noted, we bought 1/2 position in Boeing (BA) following the initial announcement of the 737 MAX crash in Ethiopia.
- While the position hasn't done much for us yet, the sell-off continues to hold support at previous highs and the 200-dma. The process of building a potential base will take some time as the "news" filters out.
- Fundamentals remain strong and this event will pass. The only big concern, which we think is a very low probability at this point, is mass cancellations of 737 orders. Such would also clip about 0.8% off of GDP.
- While we are going to give BA some leeway for now, it is not an open ended. If a more negative scenario begins to play out we will sell the position and come back to it later.
- Stop remains at \$340 Holding 1/2 position currently

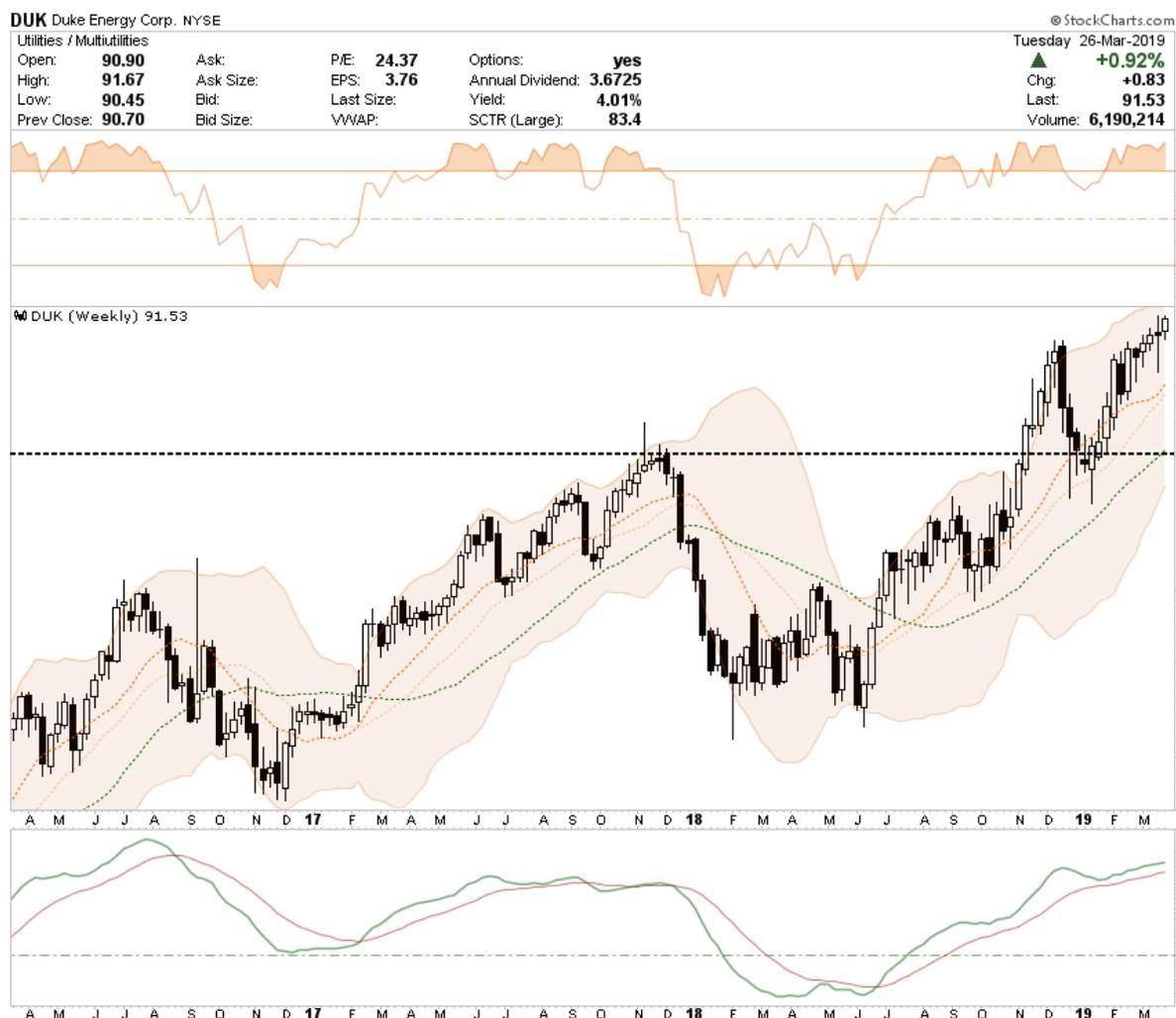
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## DOV - Dover Corp.



- *DOV has been a strong performer for us since adding it to the portfolio in anticipation of a trade resolution with China.*
- *We are looking to add to the position on either further consolidation or a successful retest of the old highs.*
- *Stop is moved up to \$85*

## **DUK - Duke Energy**



- Like AEP, our defensive Utility holdings have continued to pay off. The recent pullback and test of old highs was extremely bullish and since then DUK has broken out again to all-time highs.
- We continue to hold our position and will likely take profits in it this week.
- Stop-loss is moved up to \$84

## GDX - VanEck Vector Gold Miners

**GDX** VanEck Vectors Gold Miners ETF NYSE

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Open: <b>22.87</b>	Ask:	P/E:	Options: <b>yes</b>
High: <b>23.38</b>	Ask Size:	EPS:	Annual Dividend: <b>0.105</b>
Low: <b>22.85</b>	Bid:	Last Size:	Yield: <b>0.45%</b>
Prev Close: <b>22.78</b>	Bid Size:	VWAP:	SCTR (ETF): <b>99.5</b>

Tuesday 26-Mar-2019  
 ▲ **+2.50%**  
 Chg: **+0.57**  
 Last: **23.35**  
 Volume: **99,208,368**



- We initially bought GDX as a play on expected changes to Fed policy which has now come to fruition. We have since also added IAU as the potential risk of a recession continues to rise.
- The recent retest of support at the 50-dma with a breakout above recent highs is a bullish sign.
- However, we are tightening up stops to protect our profits.
- Stop is at \$22

**JPM - J.P. Morgan Chase & Co.**

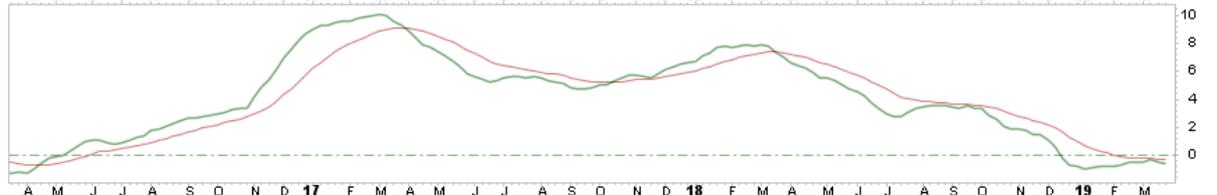
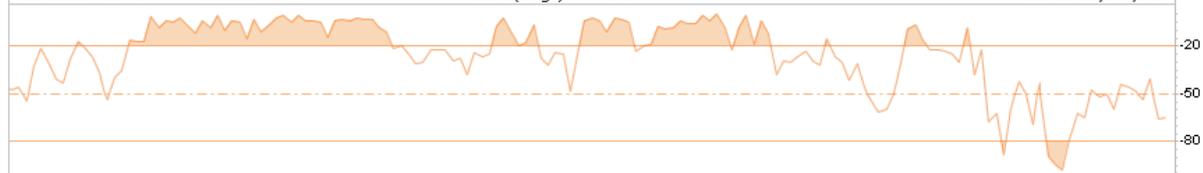
JPM J.P. Morgan Chase & Co. NYSE

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Financial / Banks

Open: <b>99.59</b>	Ask:	P/E: <b>11.12</b>	Options: <b>yes</b>
High: <b>100.57</b>	Ask Size:	EPS: <b>8.98</b>	Annual Dividend: <b>2.72</b>
Low: <b>98.09</b>	Bid:	Last Size:	Yield: <b>2.72%</b>
Prev Close: <b>99.76</b>	Bid Size:	VWAP:	SCTR (Large): <b>19.5</b>

Tuesday 26-Mar-2019	▲ <b>+0.16%</b>
Chg: <b>+0.16</b>	
Last: <b>99.92</b>	
Volume: <b>36,975,916</b>	



- Sometimes trades don't work out as planned which is why we keep fairly tight initial stops.
- The reversal of the Fed's policy crushed the yield-curve and hence the banks whose profits are tied to the short-end of the curve.
- While we like JPM's balance sheet, price action is poor currently and the "buy signal" did not get triggered as we expected when we added the position previously.
- With JPM sitting on support, we are going to give it a bit of room over the next couple of days to see what happens. However, we aren't giving it much room.
- Stop-loss moved up to \$97.50

## MDLZ - Mondelez International, Inc.

MDLZ Mondelez International, Inc. Nasdaq GS

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Consumer Staples / Food Products

Open: <b>49.05</b>	Ask:	P/E: <b>29.62</b>	Options: <b>yes</b>
High: <b>50.05</b>	Ask Size:	EPS: <b>1.68</b>	Annual Dividend: <b>0.96</b>
Low: <b>49.04</b>	Bid:	Last Size:	Yield: <b>1.93%</b>
Prev Close: <b>49.13</b>	Bid Size:	VWAP:	SCTR (Large): <b>90.3</b>

Tuesday 26-Mar-2019

▲ **+1.34%**

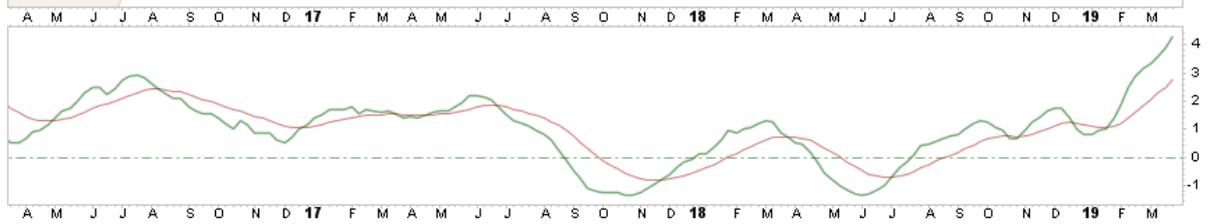
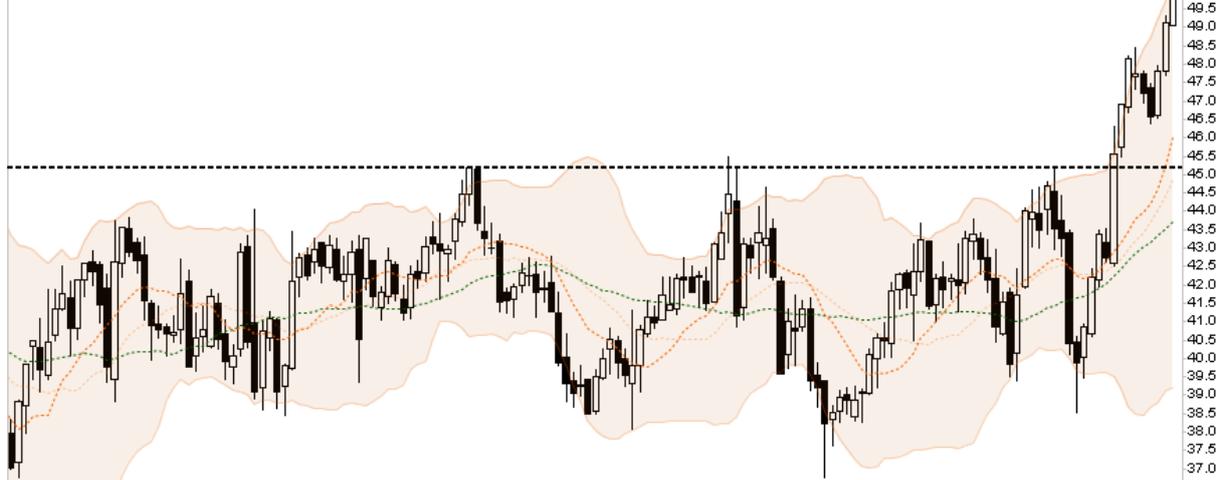
Chg: **+0.66**

Last: **49.79**

Volume: **12,442,644**



MDLZ (Weekly) 49.79



- We initially bought MDLZ as we liked the fundamentals of the company and it was at its lower end of the trading range. However, that is not the case any longer.
- The near vertical advance has gotten way ahead of itself and we are going to take profits this week and rebalance the position a bit.
- We will add back into the position when it pulls back to earth a bit.
- *Stop-loss is moved up to \$46.50*

## MU - Micron Technology



- *We bought MU just prior to earnings which gave us an initial 10% pop in the position. However, it was only 1/2 position so the pullback to support is opportunistic.*
- *It is too early to add to the position yet, but with a buy signal in place and the 50-dma close to crossing above the 200-dma, the position remains interesting.*
- *We will watch and see what happens.*
- *Stop loss is currently at \$37.50*

## PEP - Pepsico, Inc.



- *After a bit of a rough start with our addition of PEP, our thesis of consumer staples continues to perform well.*
- *With the recent break above all-time highs we will look for a bit of a consolidation or pullback to add to our holdings.*
- *Stop-loss is moved up to \$115*