



Selected Portfolio Position Review: 07-31-19

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).*

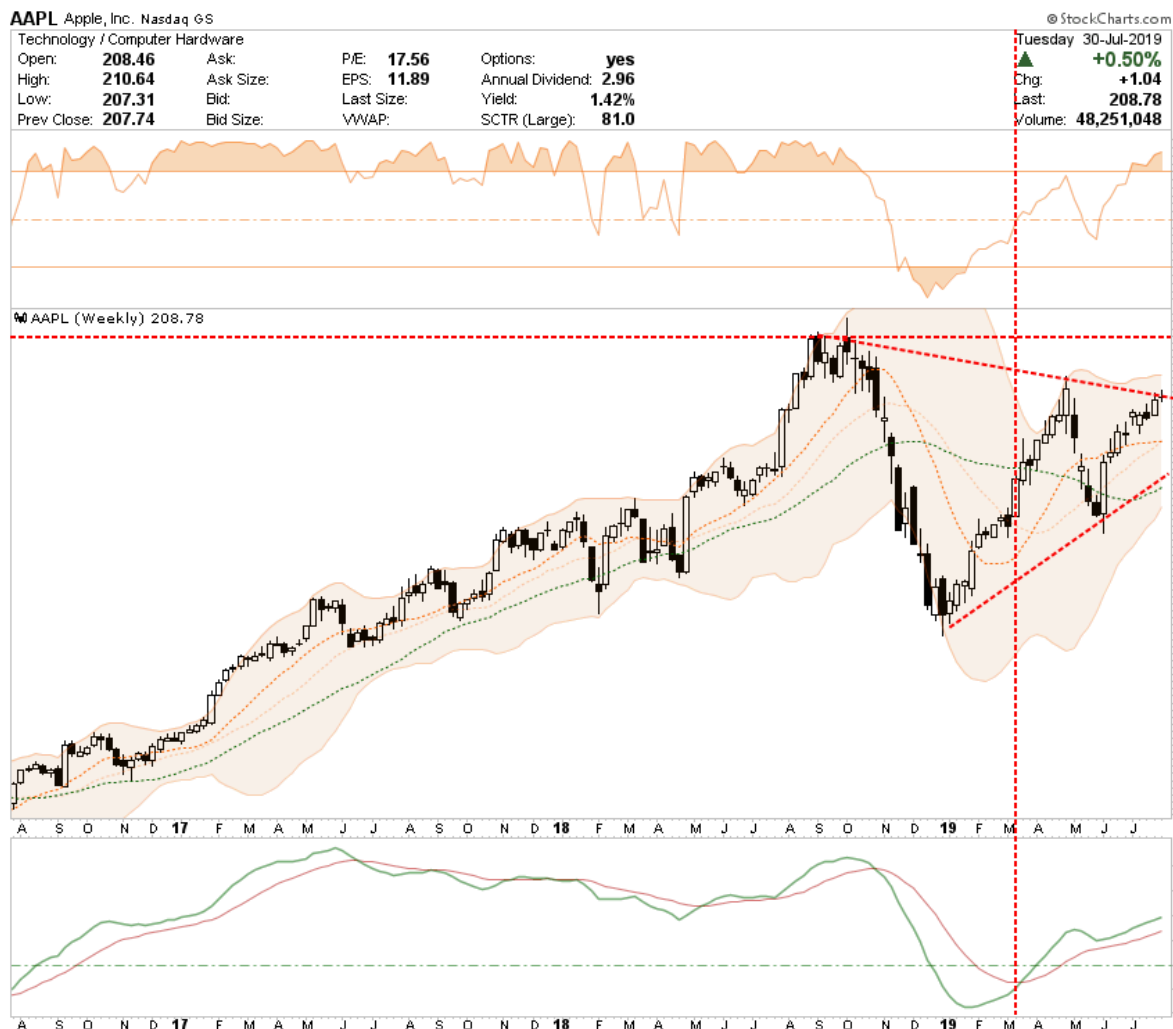
When the price of a position is at the top of the deviation range, overbought and on a buy signal it is generally a good time to take profits. When that positioning is reversed it is often a good time to look to add to a winning position or looking for an opportunity to exit a losing position.



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

N

AAPL - Apple, Inc.



- AAPL was trading up 4.26% after the bell yesterday on revenue forecasts that topped estimates.
- After selling 20% of our stake at the May peak, this will finally push AAPL back to old highs and out of the consolidation range its been stuck in all year.
- We will look to add back into our position opportunistically, but AAPL is way to overbought currently.
- Stop loss is adjusted to \$200

HCA - HCA HealthCare, Inc.



- HCA recently tested and failed at previous highs but is currently holding support.
- A buy signal has recently been triggered which should give support the HCA for now.
- Hold current positions for now.
- Stop-loss is adjusted to \$130

PPL - PPL Corp.

PPL PPL Corp. NYSE

Utilities / Conventional Electricity

Open: **30.44** Ask: P/E: **11.61** Options: **yes**
High: **30.49** Ask Size: EPS: **2.56** Annual Dividend: **1.645**
Low: **29.58** Bid: Last Size: Yield: **5.53%**
Prev Close: **30.32** Bid Size: VWAP: SCTR (Large): **20.9**

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Tuesday 30-Jul-2019

Chg: **-1.98%**
Last: **29.72**
Volume: **7,993,691**



- PPL remains our "problem child" position. Despite other utility companies performing much better, PPL has just been unable to catch a bid.
- PPL is on a sell signal currently and is working off its overbought condition.
- We are holding current positions with stops moved up to recent support.
- Stop loss is at \$29.50

NLY - Annaly Capital Management

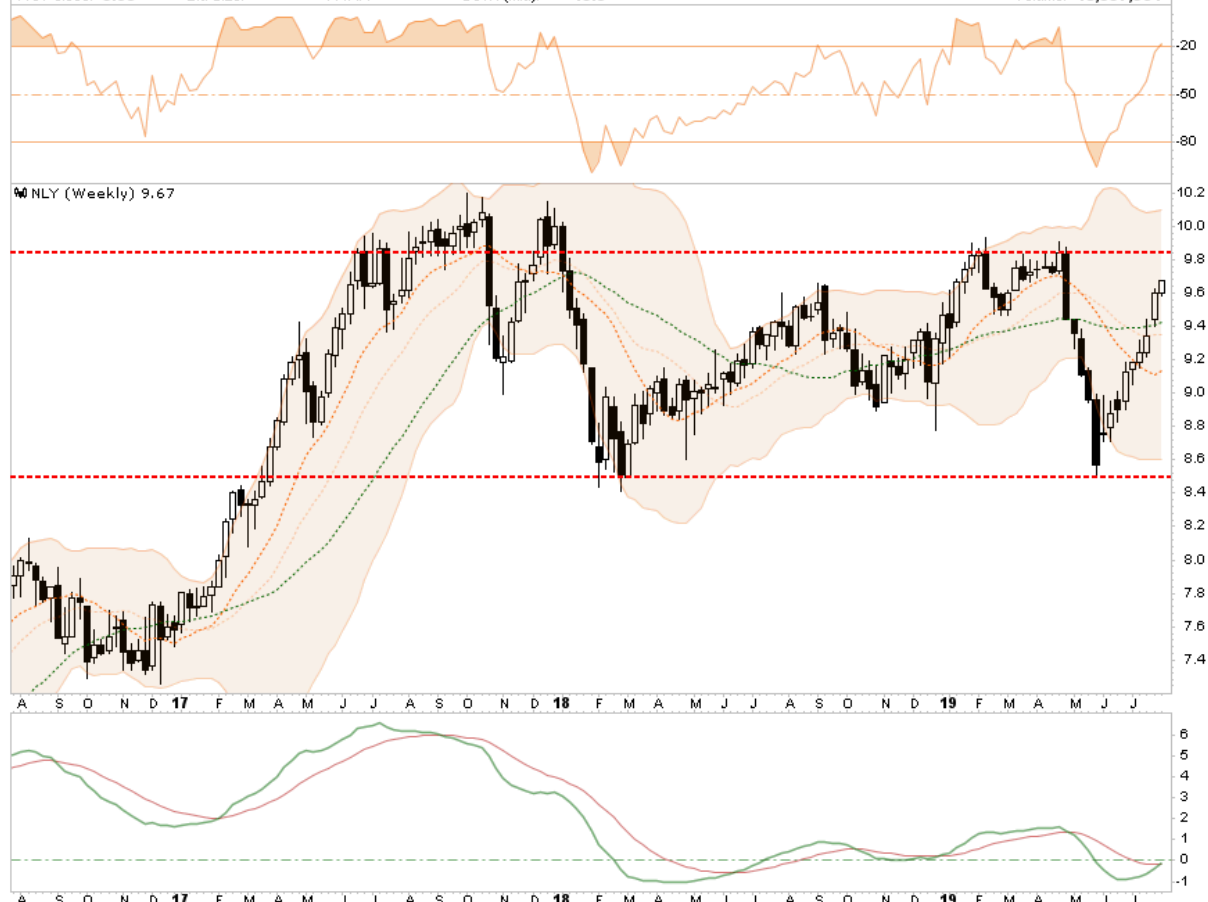
NLY Annaly Capital Management, Inc. NYSE

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Real Estate / Mortgage REITs

Open: **9.60** Ask: P/E: **-6.10** Options: **yes**
 High: **9.67** Ask Size: EPS: **-1.59** Annual Dividend: **0.9**
 Low: **9.58** Bid: Last Size: Yield: **9.31%**
 Prev Close: **9.60** Bid Size: VWAP: SCTR (Mid): **49.0**

Tuesday 30-Jul-2019
 ▲ **+0.73%**
 Chg: **+0.07**
 Last: **9.67**
 Volume: **18,397,964**



- We recently added two "agency REIT" positions to the portfolio to take advantage of a steepening yield curve as the economy slows. These have worked out well so far, but are too overbought to add to our holdings currently.
- With buy signals approaching look for a pullback to support along the 50-dma to add the second half of the position.
- Stop loss remains at \$8.40

AGNC - AGNC Investment Corp.

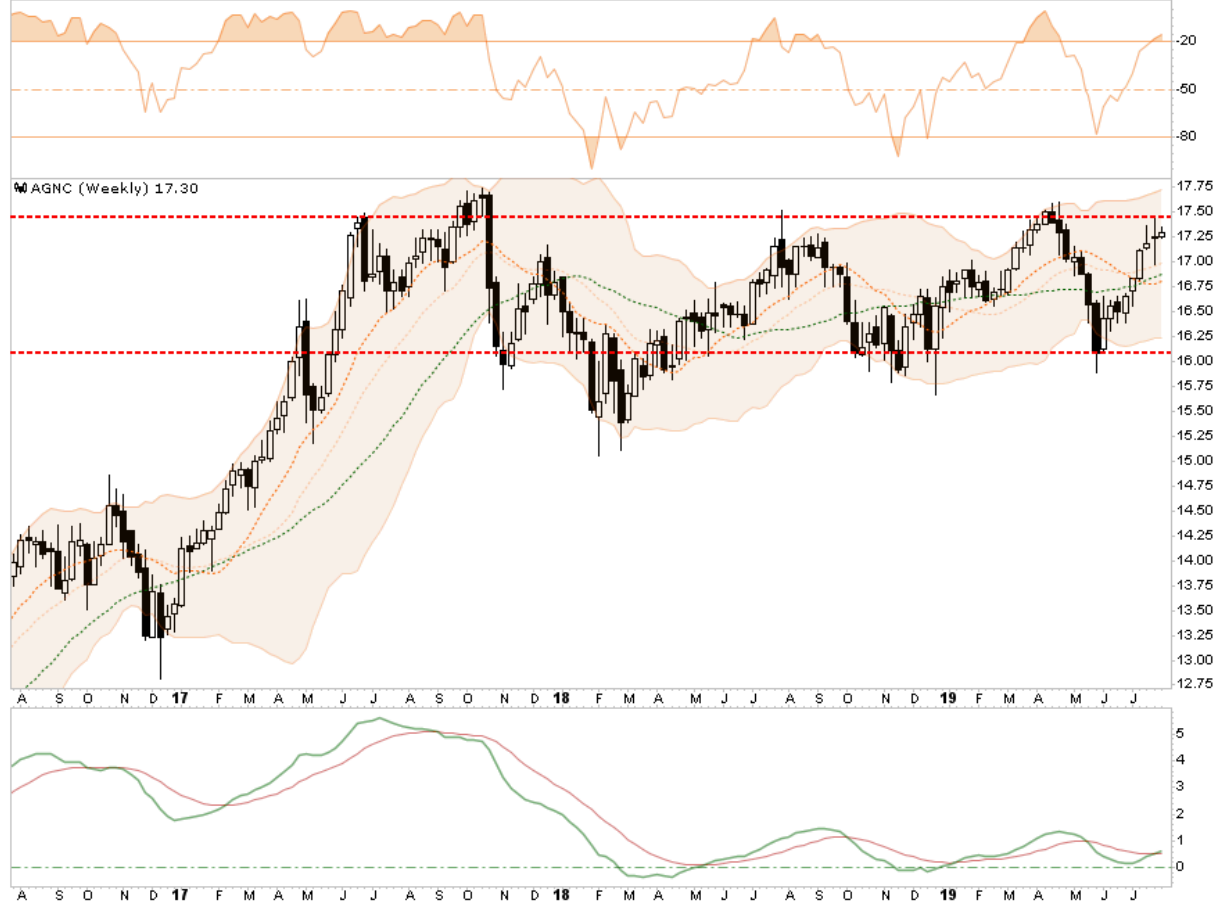
AGNC AGNC Investment Corp. Nasdaq GM

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Real Estate / Mortgage REITs

Open: 17.250	Ask:	P/E: 1647.62	Options: yes
High: 17.350	Ask Size:	EPS: 0.01	Annual Dividend: 2.14
Low: 17.240	Bid:	Last Size:	Yield: 12.37%
Prev Close: 17.250	Bid Size:	VWAP:	SCTR (Mid): 48.0

Tuesday 30-Jul-2019
 ▲ **+0.29%**
 Chg: **+0.050**
 Last: **17.300**
 Volume: **6,599,412**



- As noted with NLY above, AGNC was added along with NLY.
- With AGNC triggering a buy signal, we will look for an opportunity to add our 2nd half of the position. Ideally, this would be on a breakout of this long consolidation range AGNC has been confined in.
- We are holding our positions currently.
- Stop is being adjusted to \$16

BA - Boeing

BA Boeing Co. NYSE

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Industrial / Aerospace

Open: **344.99**

Ask:

P/E: **40.69**Options: **yes**

Tuesday 30-Jul-2019

High: **347.49**

Ask Size:

EPS: **8.54**Annual Dividend: **7.53**▲ **+0.71%**Low: **336.56**

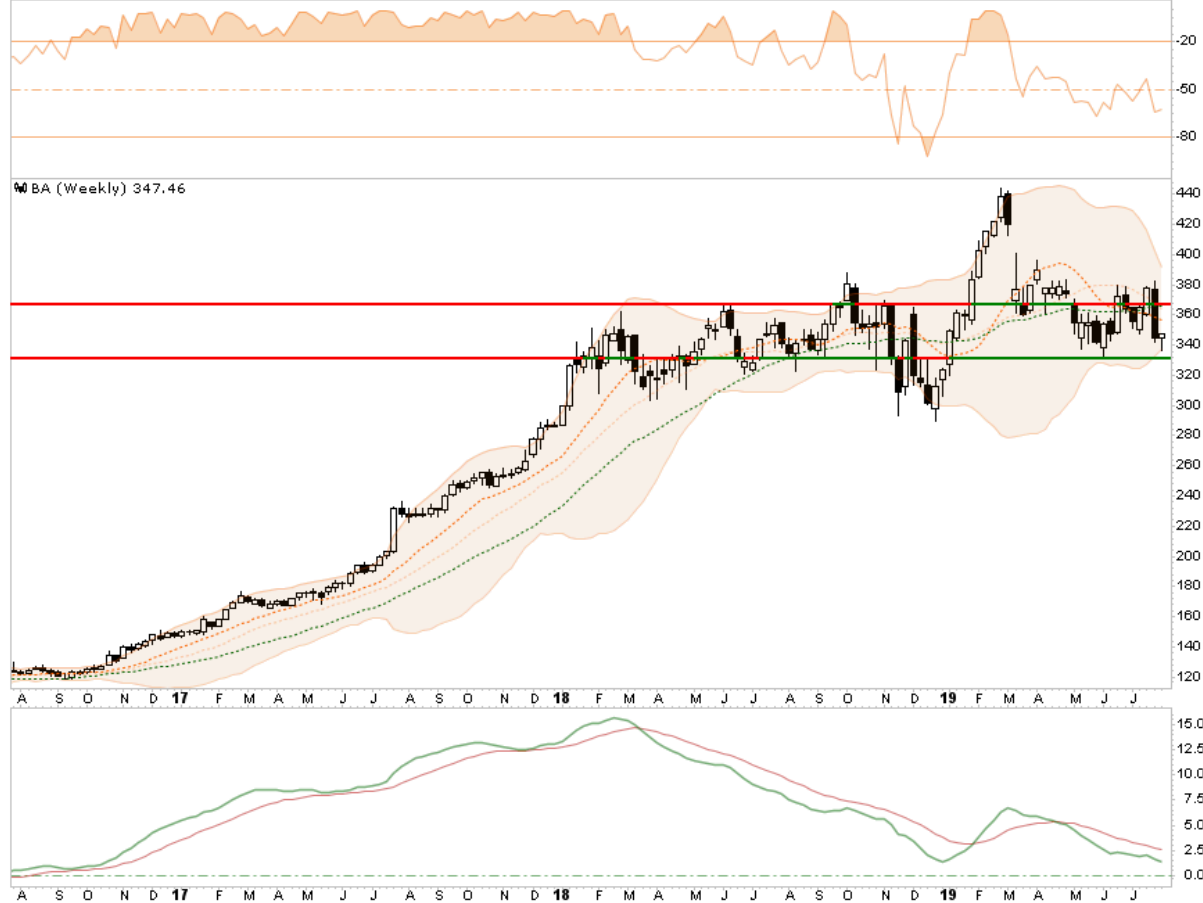
Bid:

Last Size:

Yield: **2.17%**Chg: **+2.46**Prev Close: **345.00**

Bid Size:

VWAP:

SCTR (Large): **11.4**Last: **347.46**Volume: **8,608,299**

- The good news is that the "bad news" is now out. BA reported a sharp earnings decline, and the majority of the bad news on the 737MAX incident is now behind us.
- We originally bought 1/2 of our position immediately following the 737 MAX crash and have maintained our holding during this consolidation period. We will look to add the second half to our holding on a break above \$370.
- Stop is now moved up to support at \$320

PG - Proctor & Gamble Co.

PG Procter & Gamble Co. NYSE

Consumer Staples / Personal Products

Open: **114.73**

Ask:

P/E: **28.66**

Options:

yes

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Tuesday 30-Jul-2019

High: **121.76**

Ask Size:

EPS: **4.20**Annual Dividend: **2.8975**▲ **+4.95%**Low: **114.62**

Bid:

Last Size:

Yield: **2.41%**Chg: **+5.68**Prev Close: **114.73**

Bid Size:

VWAP:

SCTR (Large): **94.6**Last: **120.41**Volume: **26,457,702**

- We recently took profits in PG but with strong earnings PG sprinted higher by almost 4% yesterday.
- We have taken profits twice now in PG and the stock is extremely extended and overbought. We will likely take profits again here soon to position us for a bigger pullback that we can buy into.
- Stop is moved up to \$110

JNJ - Johnson & Johnson

JNJ Johnson & Johnson NYSE

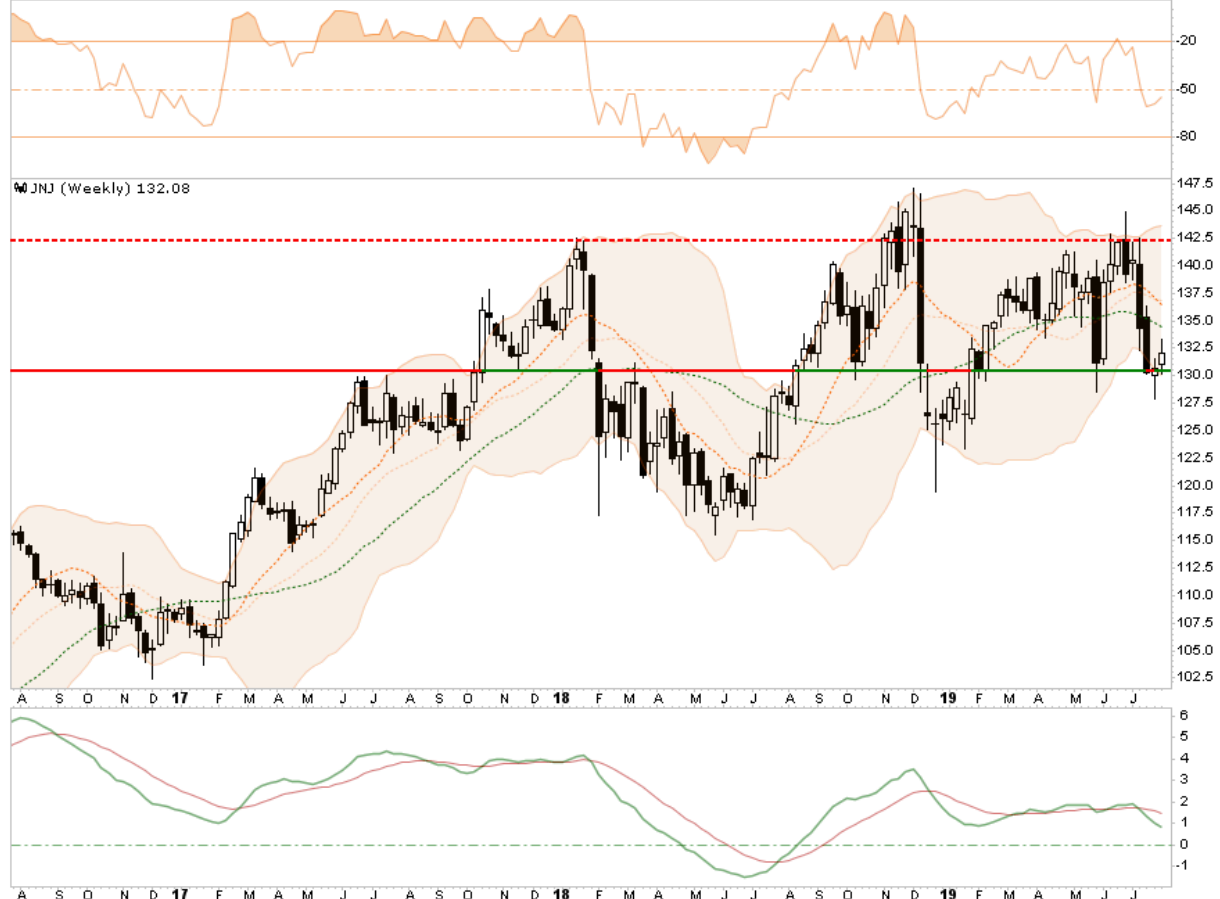
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Health Care / Pharmaceuticals

Open: **131.00** Ask: P/E: **21.89** Options: **yes**
 High: **133.31** Ask Size: EPS: **6.03** Annual Dividend: **3.65**
 Low: **130.21** Bid: Last Size: **2.76%** Yield: **2.76%**
 Prev Close: **130.73** Bid Size: VWAP: SCTR (Large): **22.6**

Tuesday 30-Jul-2019

▲ **+1.03%**
 Chg: **+1.35**
 Last: **132.08**
 Volume: **13,217,438**



- A slight miss on earnings and concerns over the "talco powder" legal suits have weighed on JNJ as of late. We think most of the risks are now priced into the company.
- If \$130 continues to hold we will look to add to our position.
- For now, we are waiting and watching with tighter stops.
- Stop is being adjusted to \$127.50

PEP - PepsiCo, Inc.

PEP PepsiCo, Inc. Nasdaq GS

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Consumer Staples / Soft Drinks

Tuesday 30-Jul-2019

Open: **131.50** Ask: P/E: **14.73** Options: **yes**
 High: **132.08** Ask Size: EPS: **8.86** Annual Dividend: **3.7375**
 Low: **130.23** Bid: Last Size: **2.86%** Yield: **2.86%**
 Prev Close: **131.22** Bid Size: VWAP: SCTR (Large): **56.9**

Chg: **-0.74**
 Last: **130.48**
 Volume: **7,850,578**



- PEP has been selling off a bit following a very strong run. This is something we have discussed previously.
- *PEP is close to a sell signal from a high level so a further pullback is likely.*
- *After taking profits we are holding our position and look for an opportunity to add to our holdings along previous support at \$120.*
- *Stop is being adjusted to \$117.50*

UNH - United Healthcare Group

UNH Unitedhealth Group, Inc. NYSE

Health Care / Health Care Providers

Open: **252.84**

Ask:

P/E: **19.79**Options: **yes**

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Tuesday 30-Jul-2019

High: **255.30**

Ask Size:

EPS: **12.88**Annual Dividend: **3.6**▲ **+0.79%**Low: **250.47**

Bid:

Last Size:

Yield: **1.41%**Chg: **+1.99**Prev Close: **252.94**

Bid Size:

VWAP:

SCTR (Large): **27.3**Last: **254.93**Volume: **3,858,012**

- *UNH broke out of its downtrend and has now triggered a "buy" signal.*
- *We are looking to add to our holding and increase our exposure if support holds at the downtrend.*
- *Hold current positions and look for UNH to bounce off the downtrend and confirm the breakout.*
- *Stop is being adjusted to \$230*