



Selected Portfolio Position Review: 08-28-19

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.

The general theme of this week's portfolio position review is to look at our positions which have been underperforming as of late, and are at risk of violating stop-loss levels. We have taken profits in many of our positions and are now looking to raise a bit more cash to hedge against market volatility and a re-accelerating "trade war."

HCA - HCA Healthcare, Inc

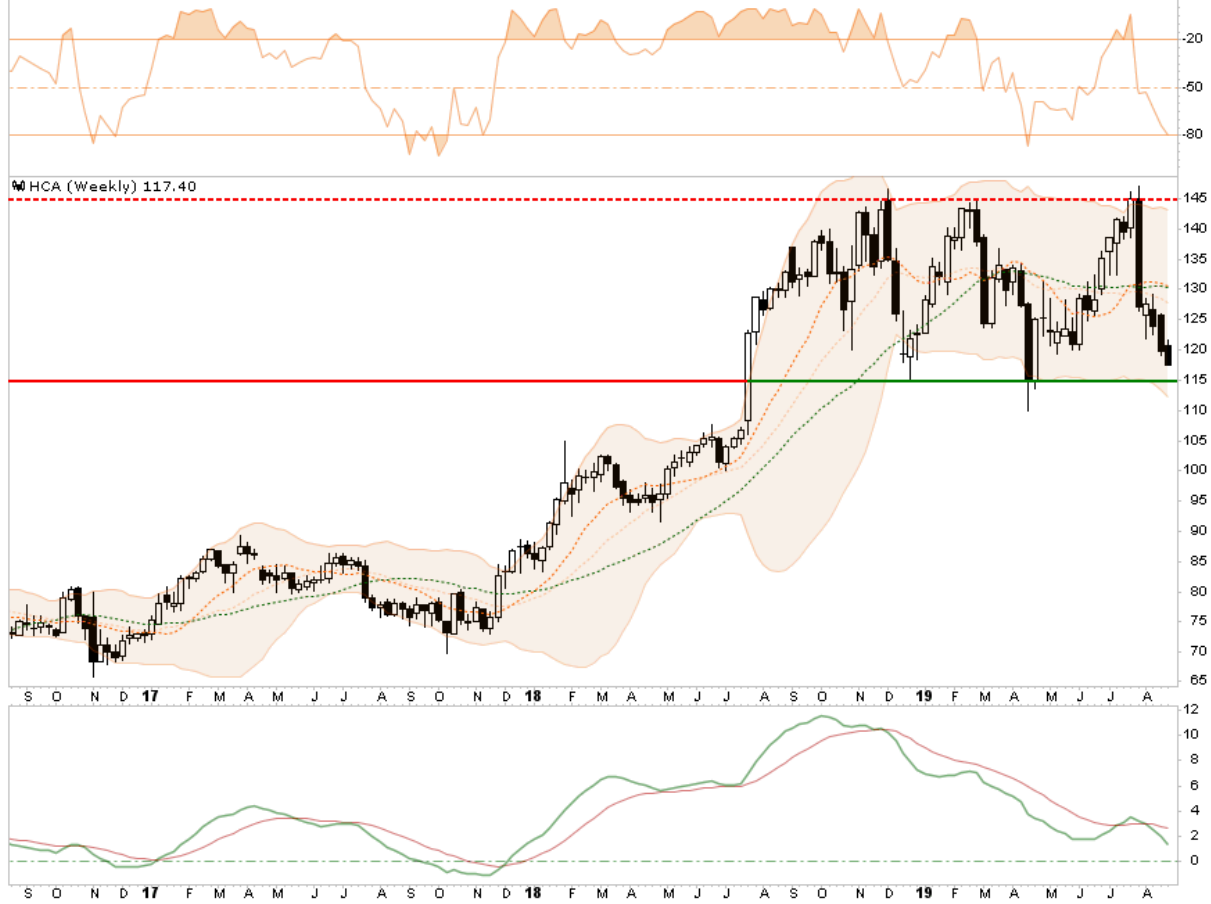
HCA HCA Healthcare, Inc. NYSE

Health Care / Health Care Providers

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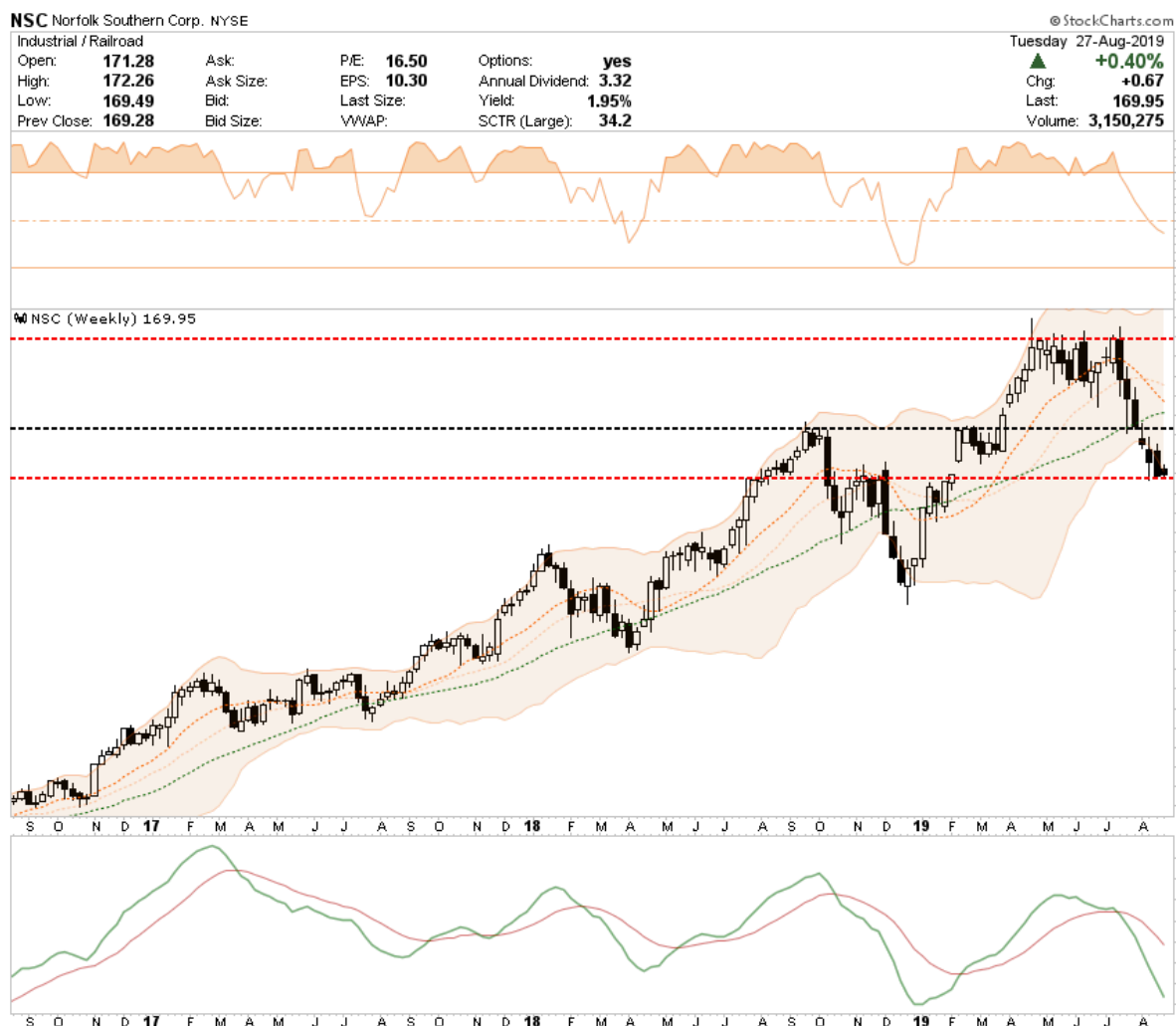
| | | | |
|---------------------------|-----------|-------------------|-----------------------------|
| Open: 120.71 | Ask: | P/E: 11.30 | Options: yes |
| High: 121.62 | Ask Size: | EPS: 10.39 | Annual Dividend: 1.5 |
| Low: 117.40 | Bid: | Last Size: | Yield: 1.28% |
| Prev Close: 119.78 | Bid Size: | VWAP: | SCTR (Large): 22.6 |

Tuesday 27-Aug-2019

▼ **-1.99%**Chg: **-2.38**Last: **117.40**Volume: **2,193,896**

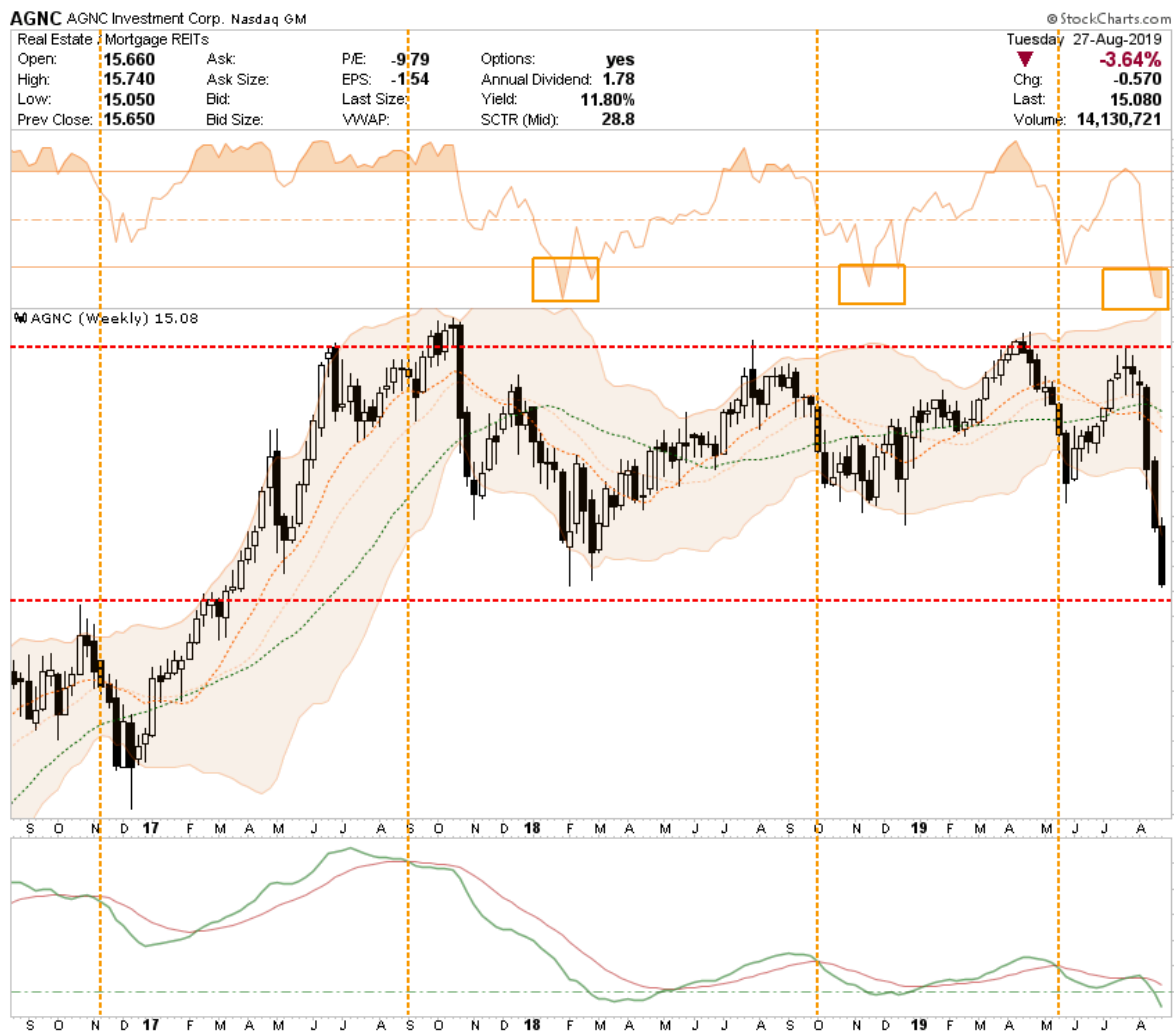
- *Healthcare has been under attack as of late and HCA has traded back down towards our stop-loss levels.*
- *HCA is currently deeply oversold and on a very "washed out" sell signal. We are looking for a rally to liquidate 1/2 of the position for now.*
- *Stop loss for the whole position is set at \$115..*

NSC - Norfolk Southern



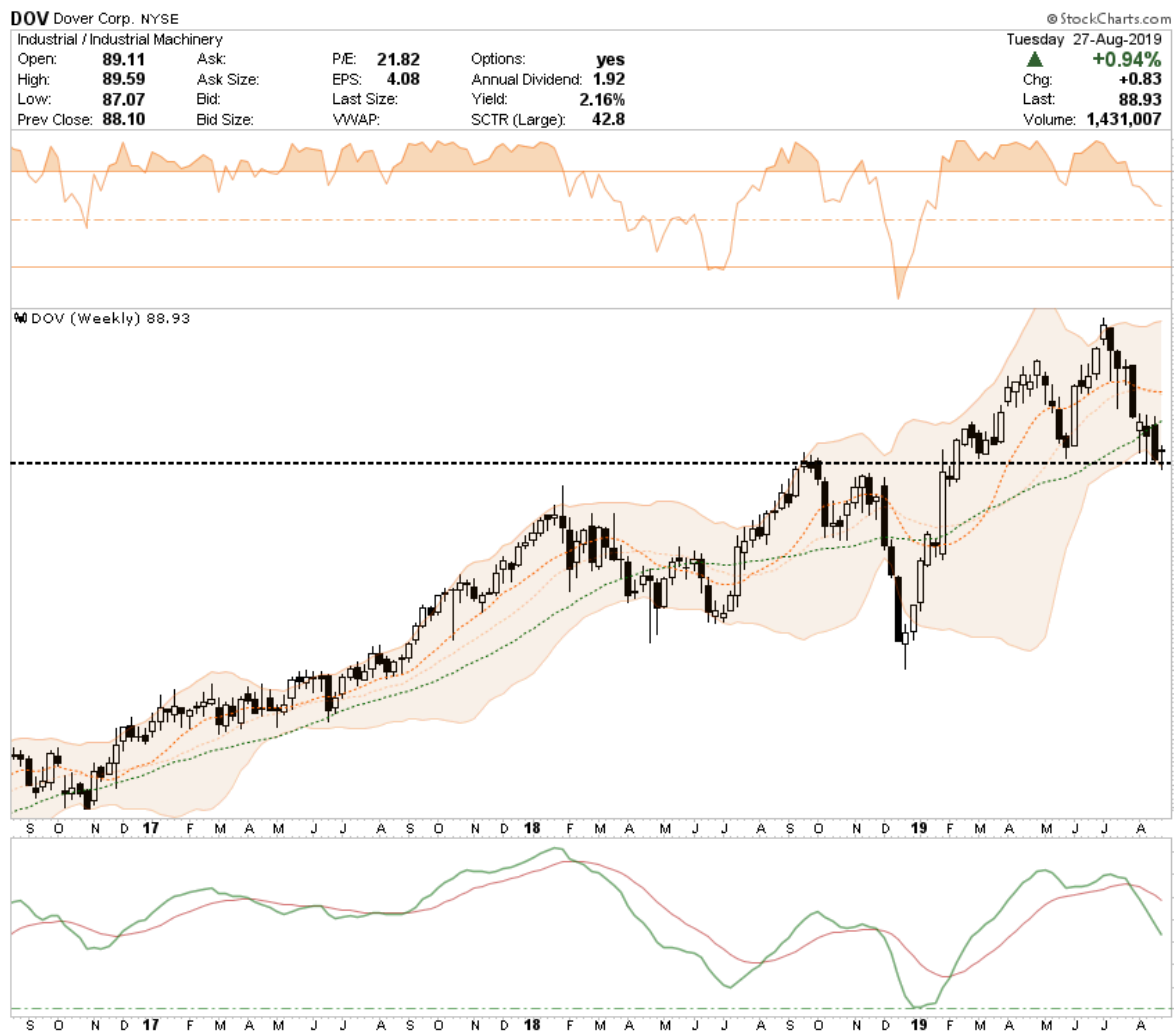
- We have taken profits on NSC a couple of times and are now underweight our position in the portfolio.
- The correction to support was anticipated and with the buy signal getting oversold, we are looking for an opportunity to increase our exposure if support holds.
- However, we will honor our stop-loss on the remainder of the position which we are moving up to \$165.

AGNC - AGNC Investment Corp.



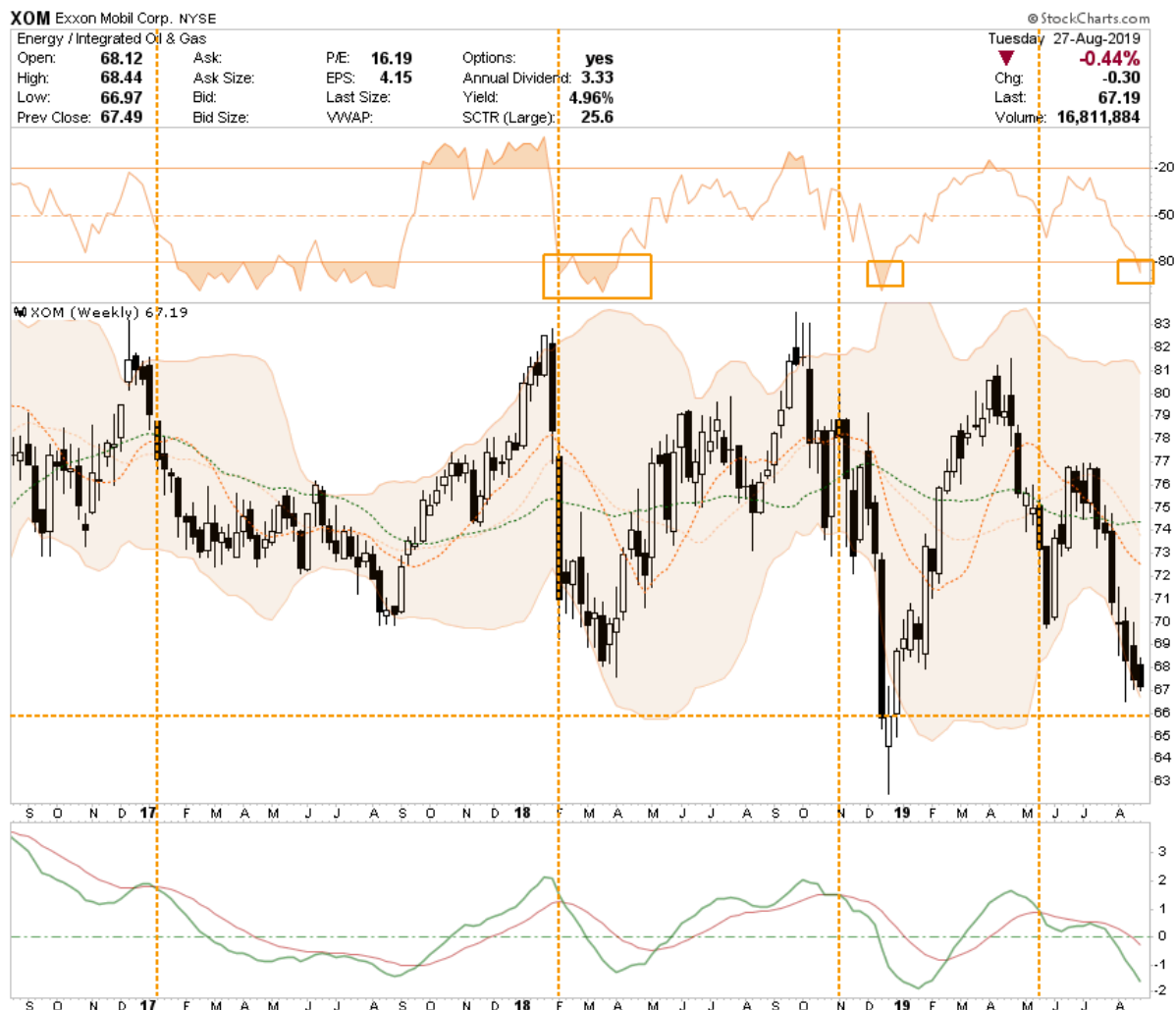
- AGNC is one of two of our "bullish steepener" trades which due to the makeup of their assets should perform better as the yield curve steepens. We added to our position recently
- AGNC is deeply oversold on both a price basis as well as the "sell signal."
- With an 11% yield we can afford to give this position some time to work out.

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DOV - Dover Corp.



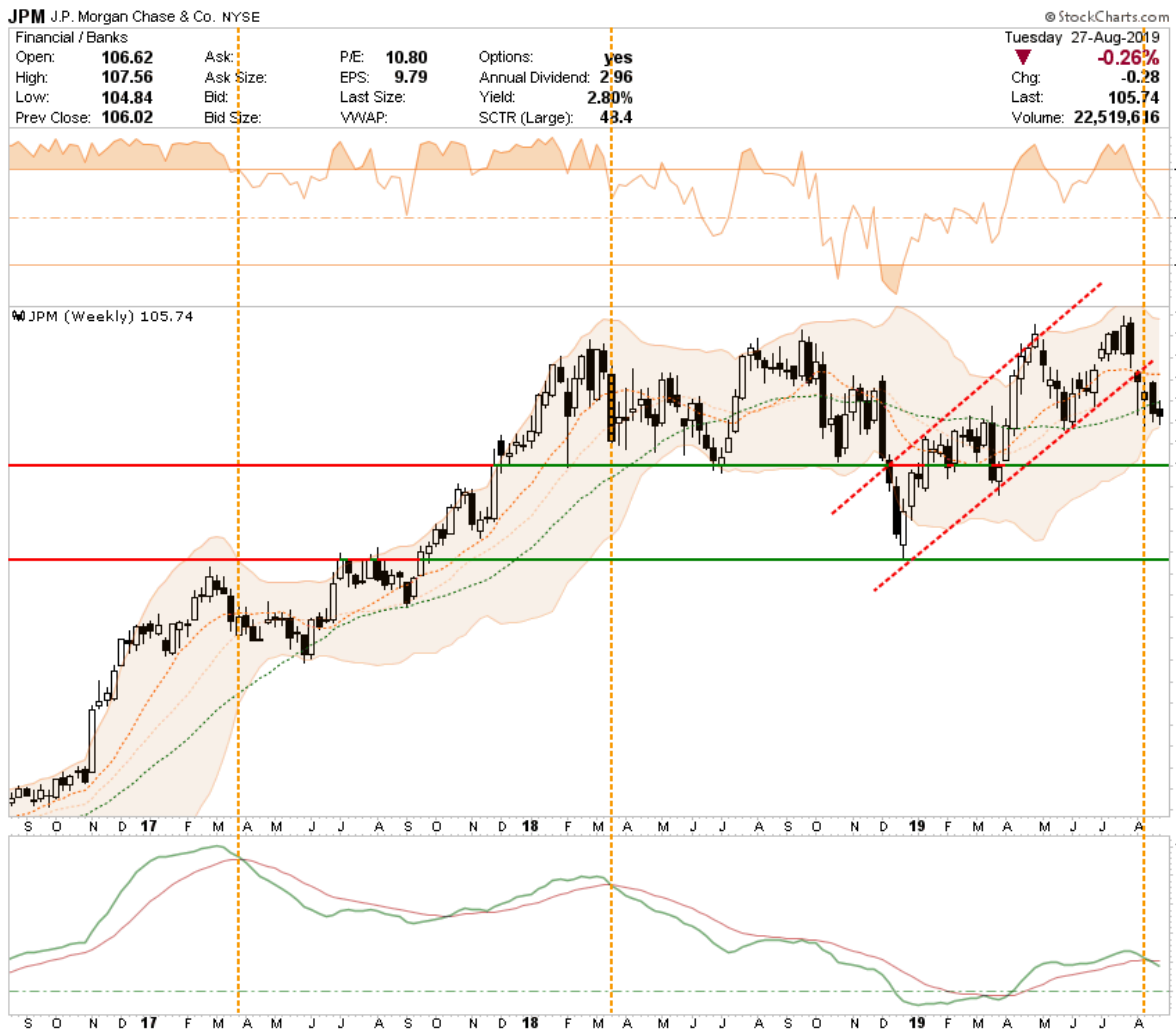
- We have taken profits in DOV a couple of times, and are underweight the holding.
- However, the "trade war" is hurting the position and we are looking to sell the position on any rally or on a violation of support.
- Stop loss is set at \$85

XOM - Exxon Mobil



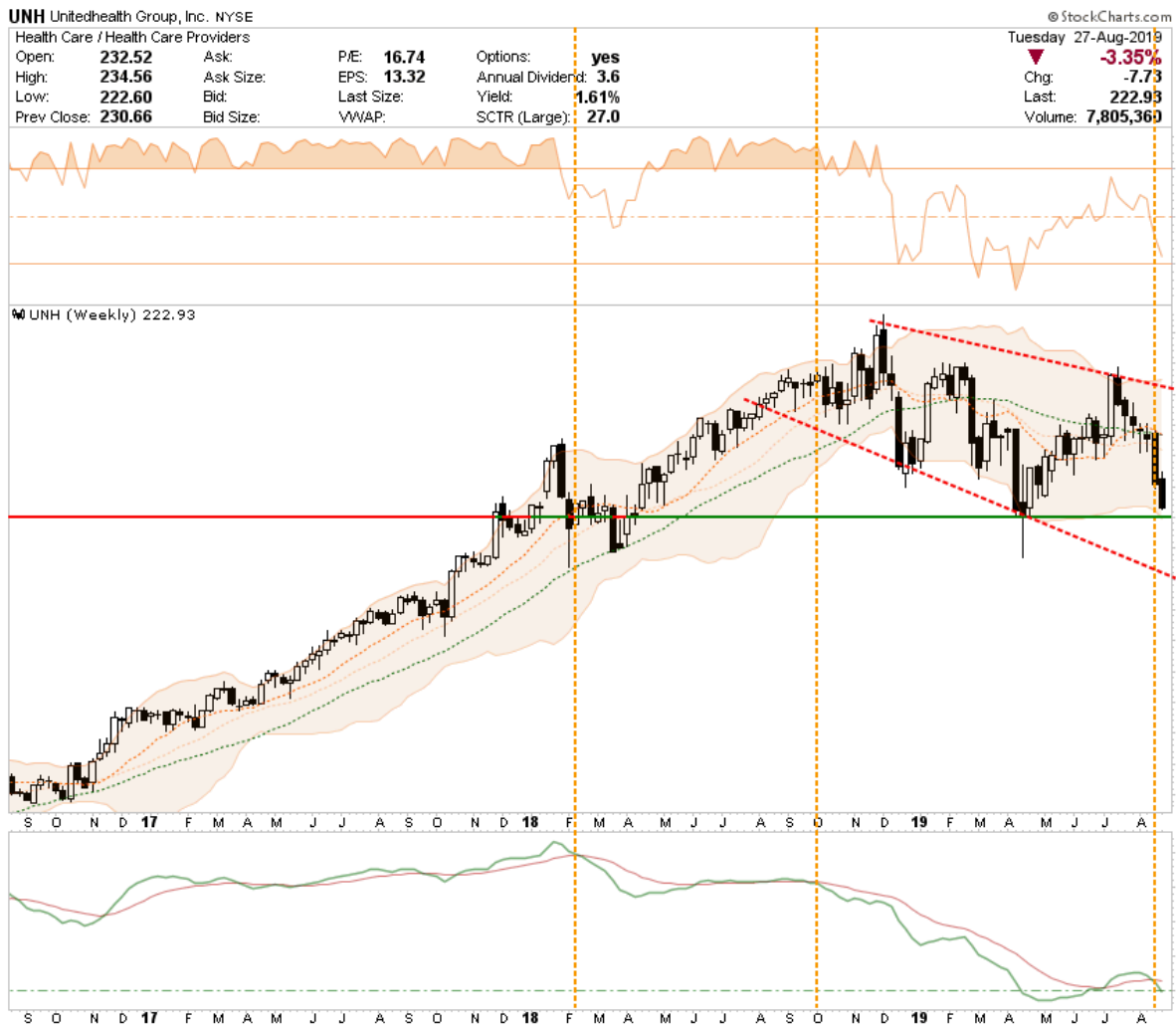
- *XOM has been in a long-term downtrend of lower highs and lows.*
- *We previously bought XOM and sold 1/2 of the position for back in May of this year.*
- *With XOM deeply oversold, we are looking for a rally to \$72-73 to sell the remainder of the position.*
- *Stop-loss moved up to \$65*

JPM - J P Morgan Chase & Co.



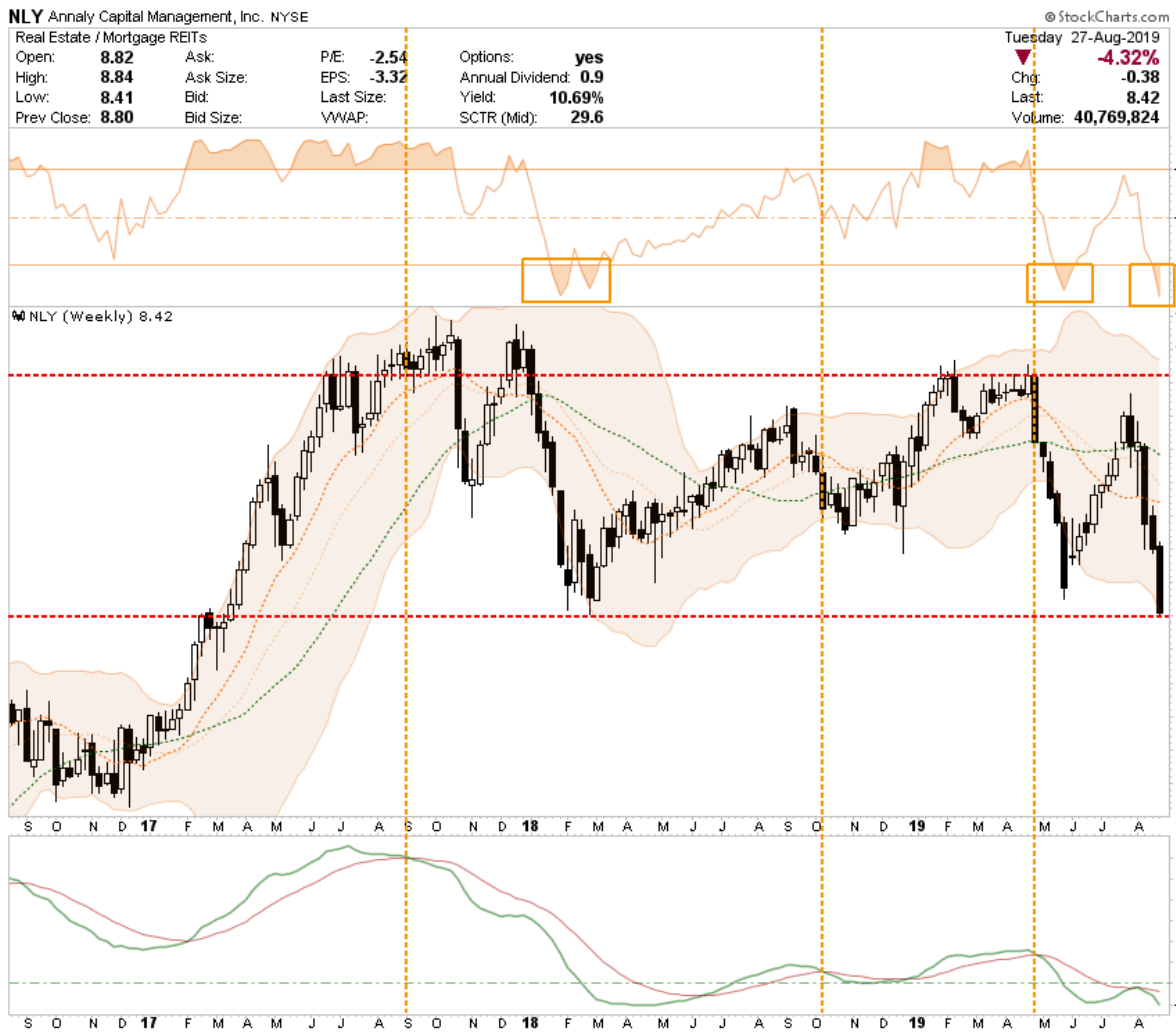
- *JPM is on a sell signal and is not deeply oversold as of yet.*
- *With the Fed cutting rates, and the yield curve inverted, such is not a great environment for money-center banks.*
- *We will sell the position on an opportunistic rally.*
- *Stop loss is moved up to \$105*

UNH - United Health Care



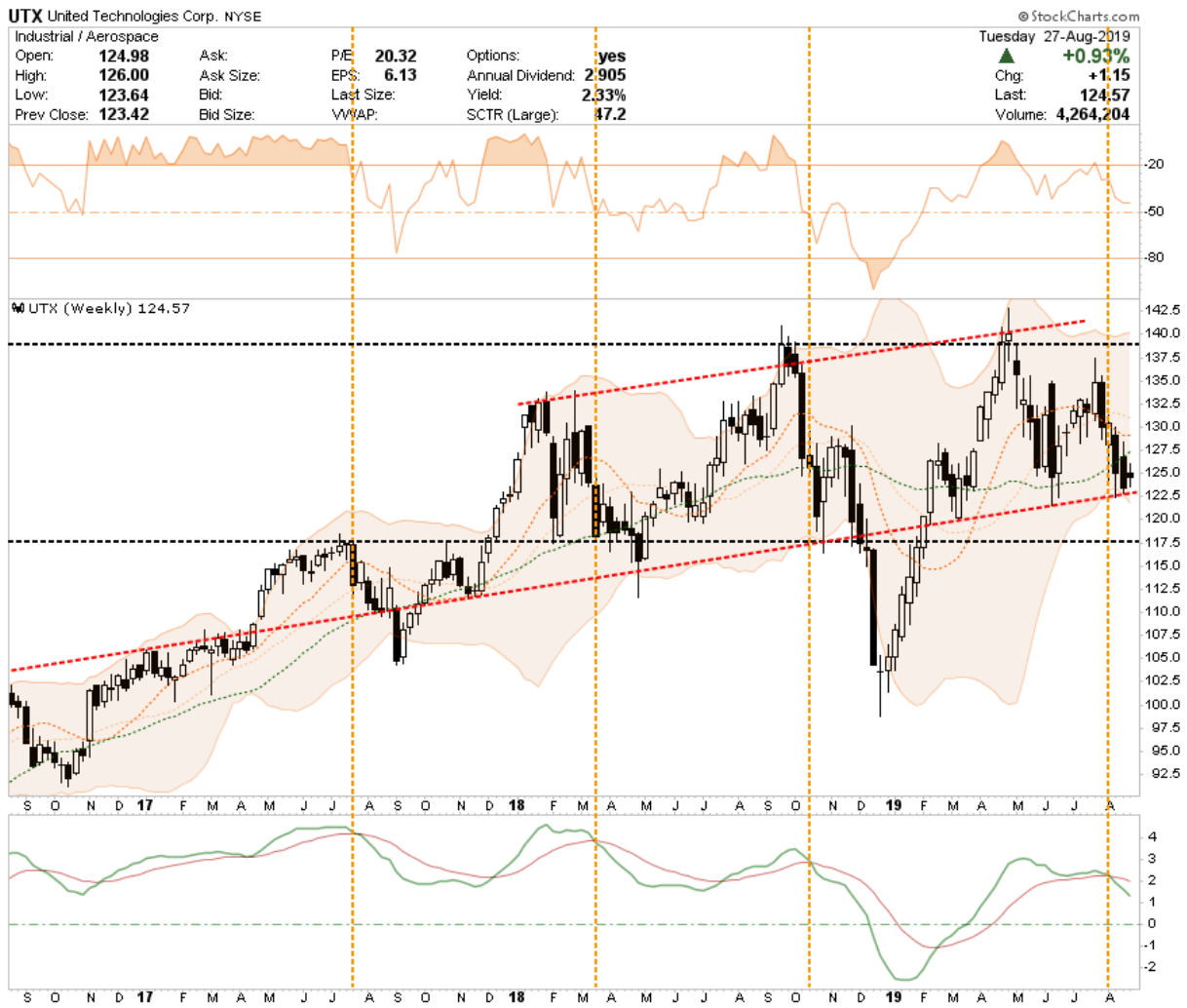
- While we still like our healthcare stocks longer-term, they are currently dragging on the portfolio overall.
- UNH is sitting on support but confined to a broader downtrend it has not been able to break out of.
- Currently on a sell signal, there is a risk of break below our \$220 stop.
- We are looking to sell the position for now to raise some cash and will move UNH back to our watch list for repurchase later.
- Stop-loss is set at \$220

NLY - Annaly Capital Management



- *NLY is the second "bullish steepener" play discussed above with AGNC.*
- *Like AGNC, NLY has broken down recently and is sitting on support.*
- *We only own 1/2 position currently, and with NLY deeply oversold and on a very washed out sell signal we are on watch to add to the position if performance begins to improve.*
- *Both NLY and AGNC make up a thesis trade on an un-inversion of the yield curve. So we are scaling into the positions accordingly.*
- *Stop-loss is set at \$8*

UTX - United Technologies Corp.



- *UTX is in a longer-term uptrend but has been range bound for a while.*
- *UTX is on a sell signal but is not oversold. A break of support at \$122.50 will lead us to sell 1/2 of the position currently.*
- *We are moving the stop-loss for the rest of the position up to \$117.50*
- *Stop loss is moved up to \$117.50*

VZ - Verizon Communications



- *VZ is performing okay, but is on a pretty extended sell signal and not oversold as of yet.*
- *Currently sitting on support, we will sell 1/2 the position if it breaks below \$55*
- *The stop-loss for the remainder of the position is moved up to \$51*