



Selected Portfolio Position Review: 10-02-19

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, we will now review some of positions in our Equity Portfolio which are either a concern, an opportunity, or are doing something interesting.

I have been asked many questions lately about how to add positions that we currently own into the Equity Portfolio. The following 10-stocks are exhibiting traits which will allow additions to portfolios provided the specified criteria are met.

ABT - Abbott Laboratories

ABT Abbott Laboratories NYSE

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Health Care / Pharmaceuticals

Tuesday 1-Oct-2019

Open: **82.19** Ask: P/E: **50.21** Options: **yes**
 High: **84.77** Ask Size: EPS: **1.63** Annual Dividend: **1.24**
 Low: **81.76** Bid: Last Size: Yield: **1.52%**
 Prev Close: **81.84** Bid Size: VWAP: SCTR (Large): **45.1**

Chg: **+0.00%**
 Last: **81.84**
 Volume: **9,038,460**



- After taking profits out of the position twice previously, ABT has finally begun to correct back to trendline and important support.
- ABT is currently on a "sell signal" and is working off the overbought condition.
- Buy 1/2 position at a target buy price of \$80.
- Place a stop on the initial position at \$77.50
- Buy the second 1/2 position at \$85.
- Place a stop on the whole position at \$80.

BA - Boeing Corp.

BA Boeing Co. NYSE

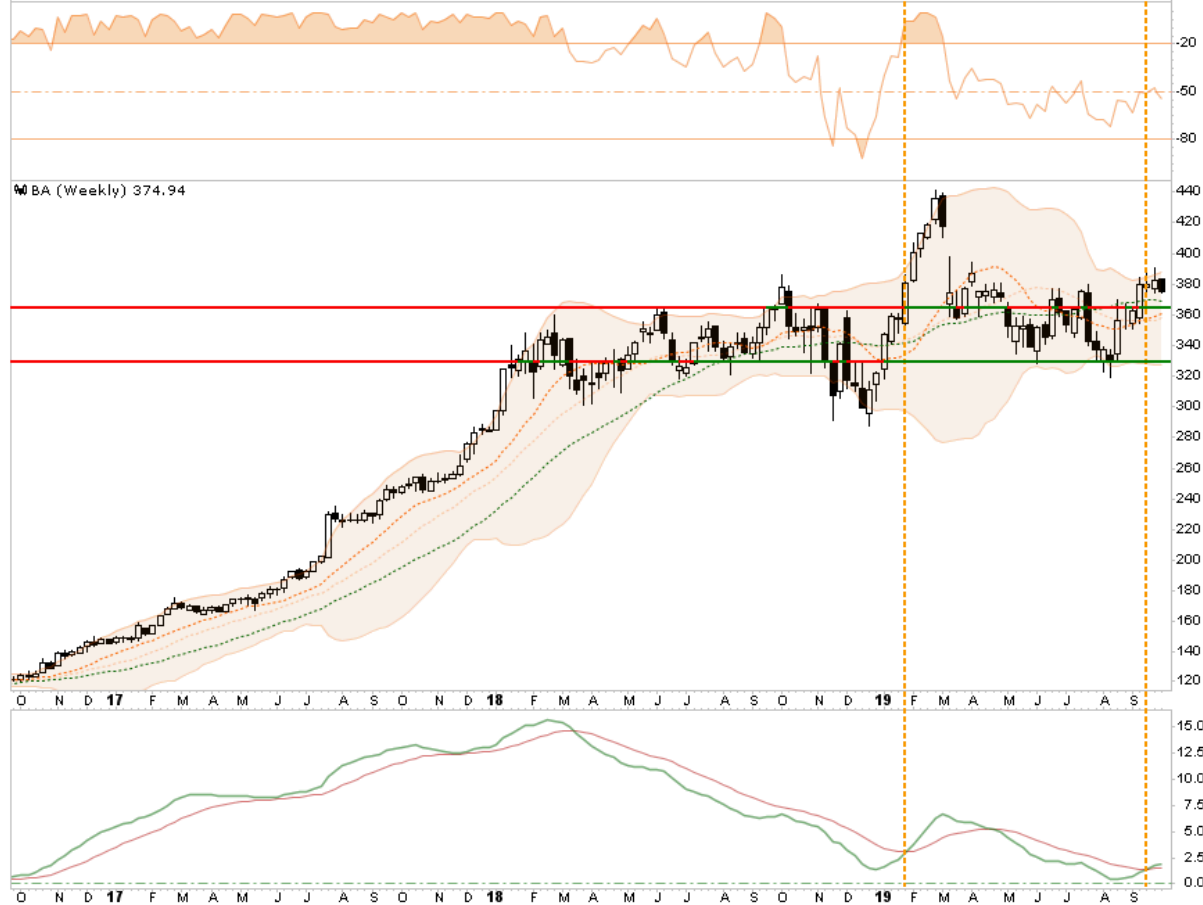
Industrial / Aerospace

Open: 383.00	Ask:	P/E: 43.90	Options: yes
High: 383.77	Ask Size:	EPS: 8.54	Annual Dividend: 7.875
Low: 374.63	Bid:	Last Size:	Yield: 2.10%
Prev Close: 382.86	Bid Size:	VWAP:	SCTR (Large): 51.8

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Tuesday 1-Oct-2019

▼ **-2.07%**
 Chg: **-7.92**
 Last: **374.94**
 Volume: **6,149,551**



- As noted last week,
 - "We bought 1/2 position in BA right after the 737MAX crash occurred. Since then BA has continued to consolidate and build a strong base of support. The recent breakout of the consolidation is very encouraging and with a triggering of the buy signal we are going to look to add to our position."
- We did add to the position last week.
- Positions can be added at current levels down to \$350
- Stop is at \$330.

DUK - Duke Energy Corp.

DUK Duke Energy Corp. NYSE

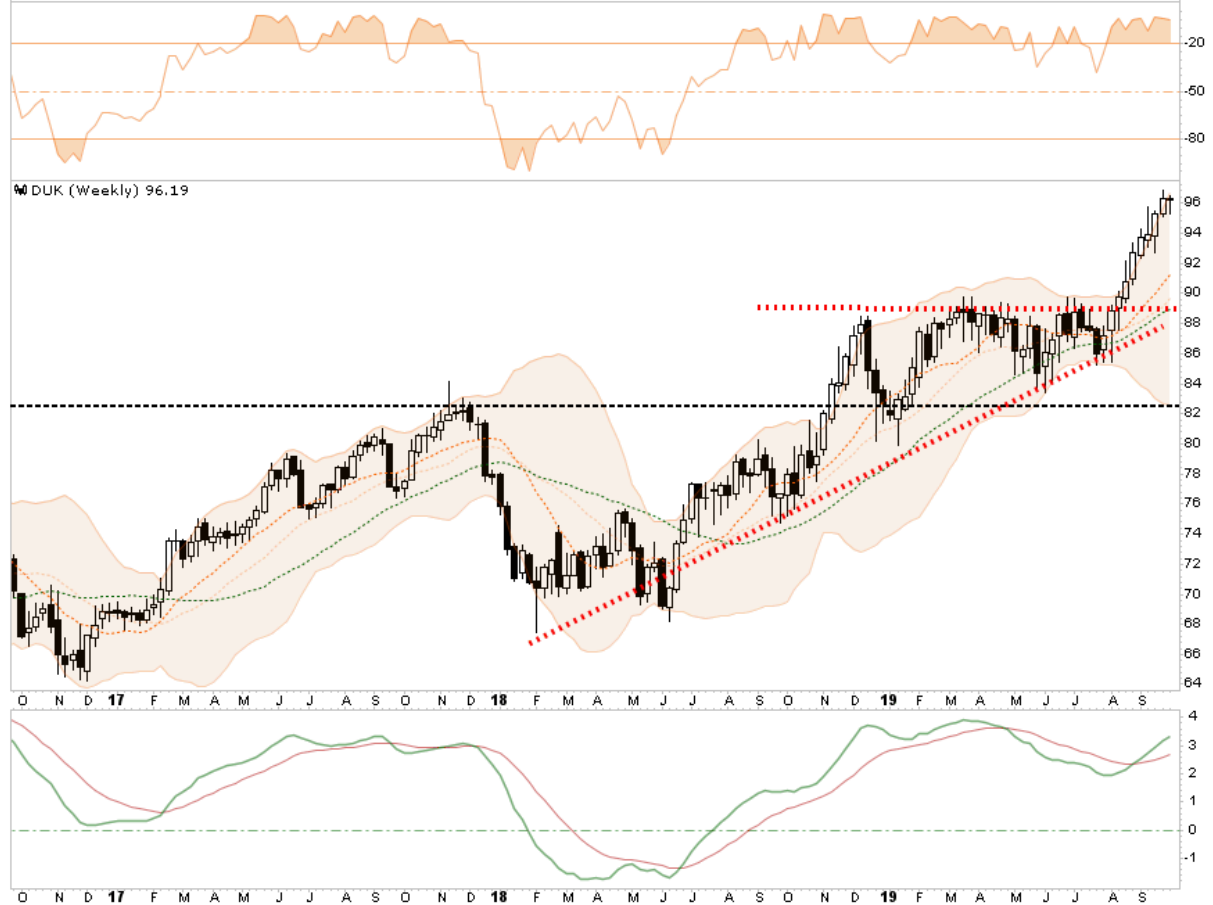
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Utilities / Multiutilities

Tuesday 1-Oct-2019

Open: 96.25	Ask:	P/E: 21.24	Options: yes
High: 96.49	Ask Size:	EPS: 4.53	Annual Dividend: 3.7275
Low: 95.25	Bid:	Last Size:	Yield: 3.88%
Prev Close: 96.26	Bid Size:	VWAP:	SCTR (Large): 80.1

Chg: -0.07%
Last: 96.19
Volume: 4,571,468



- We took profits in DUK previously, but just recently, after a fairly long consolidation, DUK broke out and has been on a tear.
- DUK is overbought, but the buy signal has only recently turned back up.
- Buy any correction that reduces the price back into the low 90's but maintains above the previous breakout level at \$90
- Stop loss is moved up to \$88

DOV - Dover Corp.

DOV Dover Corp., NYSE

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Industrial / Industrial Machinery

Open: **100.29**

Ask:

P/E: **23.62**

Options: **yes**

Tuesday 1-Oct-2019

High: **100.61**

Ask Size:

EPS: **4.08**

Annual Dividend: **1.93**

▼ **-3.85%**

Low: **95.92**

Bid:

Last Size:

Yield: **2.00%**

Chg: **-3.86**

Prev Close: **100.13**

Bid Size:

VWAP:

SCTR (Large): **51.6**

Last: **96.27**

Volume: **1,383,324**



- *DOV has been consolidating its previous advance over the course of this year.*
- *If a "trade deal" gets done we could well see this position move higher.*
- *Wait for the "buy signal" to be registered before adding a position.*
- *Buy level is \$95-97.50*
- *Stop loss is moved up to support at \$87.50*

NSC - Norfolk Southern Corp.

NSC Norfolk Southern Corp. NYSE

Industrial / Railroad

Open: **182.04**

Ask:

P/E: **16.99**

Options: **yes**

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Tuesday 1-Oct-2019

▼ **-3.26%**

High: **182.65**

Ask Size:

EPS: **10.30**

Annual Dividend: **3.46**

Chg: **-5.89**

Low: **174.31**

Bid:

Last Size:

Yield: **1.98%**

Last: **174.98**

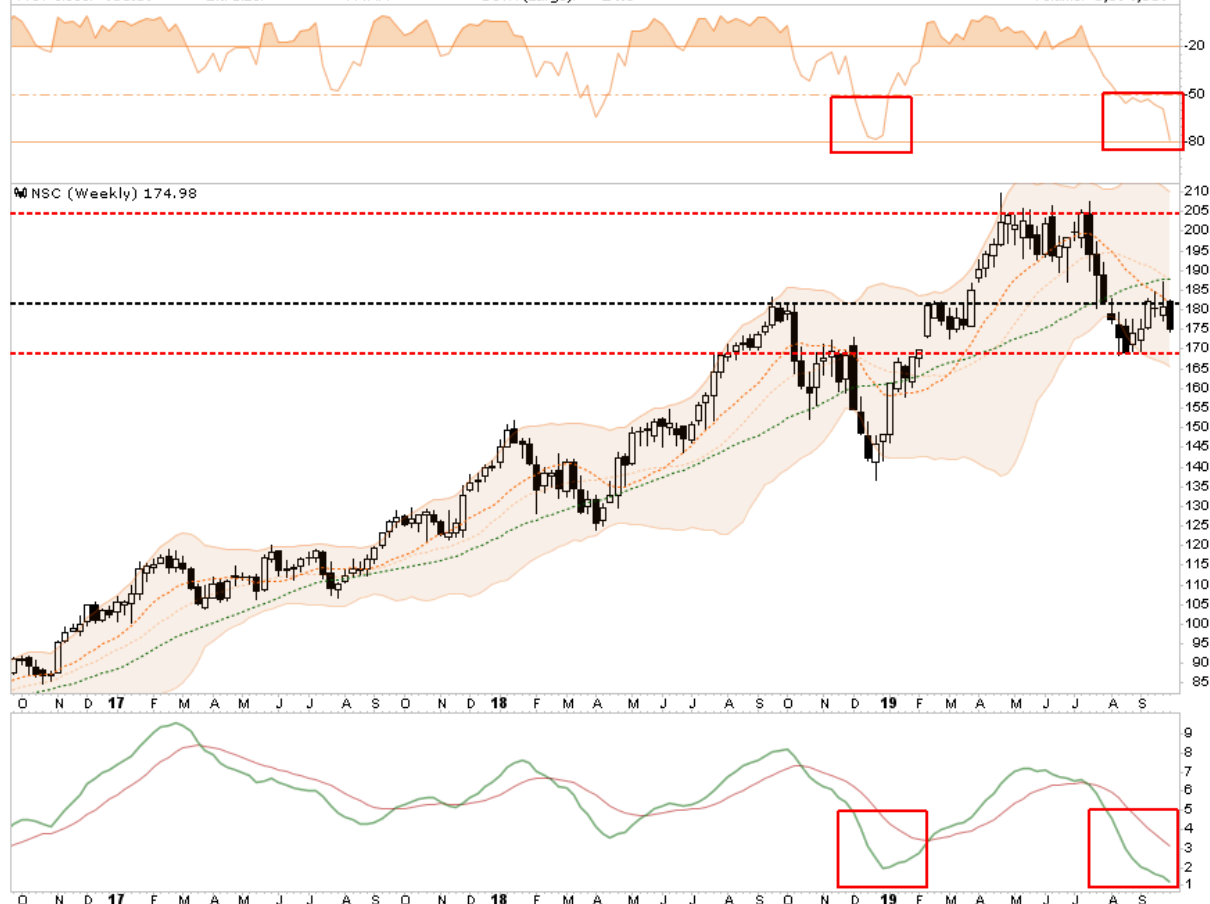
Prev Close: **180.87**

Bid Size:

VWAP:

SCTR (Large): **24.0**

Volume: **3,574,057**



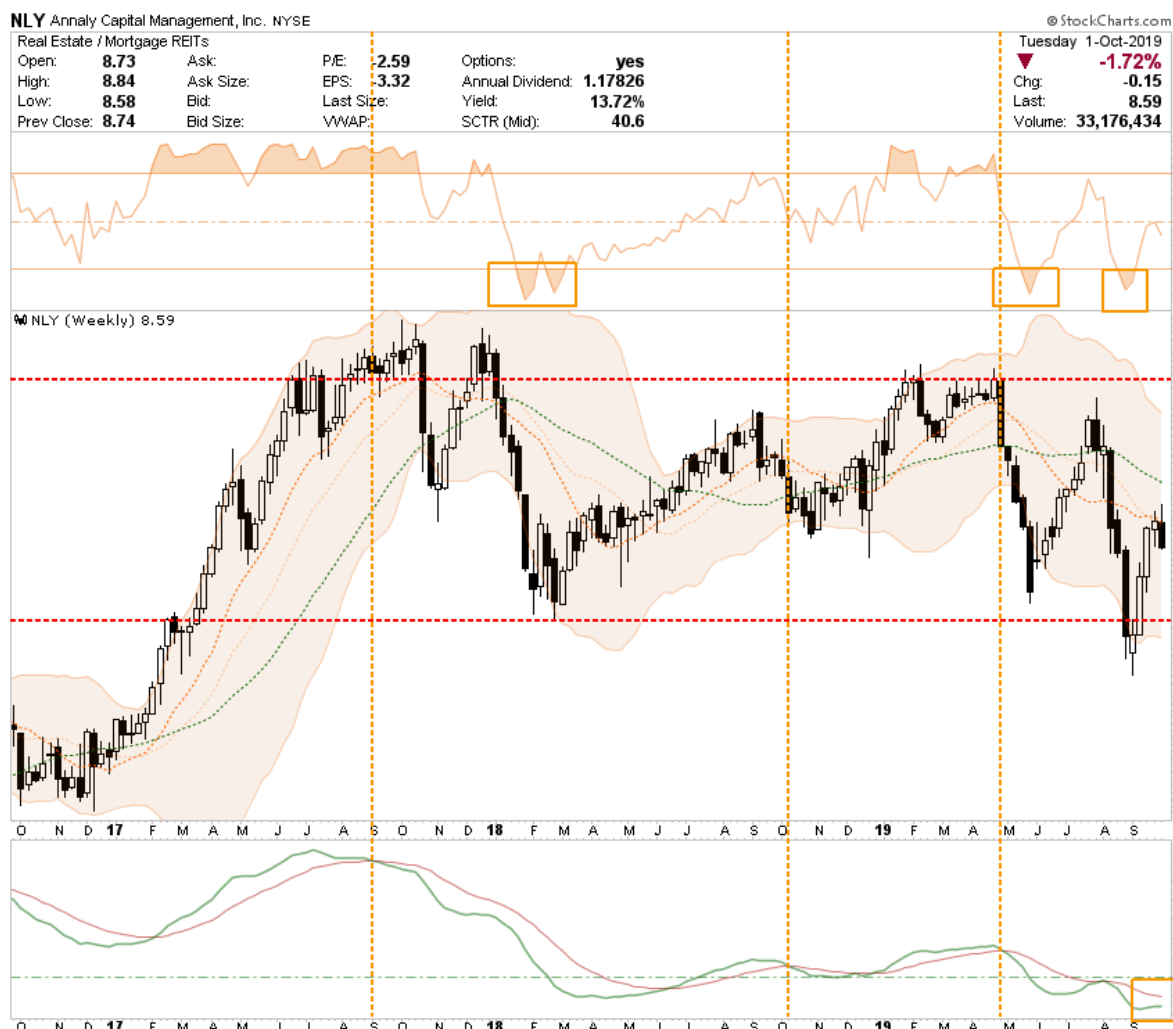
- NSC has been a great performer and after taking profits, we have been looking for an entry opportunity. We are now getting there.
- NSC is oversold and the "sell signal" is deeply oversold with NSC holding support following the recent sell-off.
- This is an ideal setup to add to our holdings and we would like to see the "sell signal" begin to close the gap to confirm our entry point. A little more patience here.
- Stop-loss moved up to \$170

JNJ - Johnson and Johnson



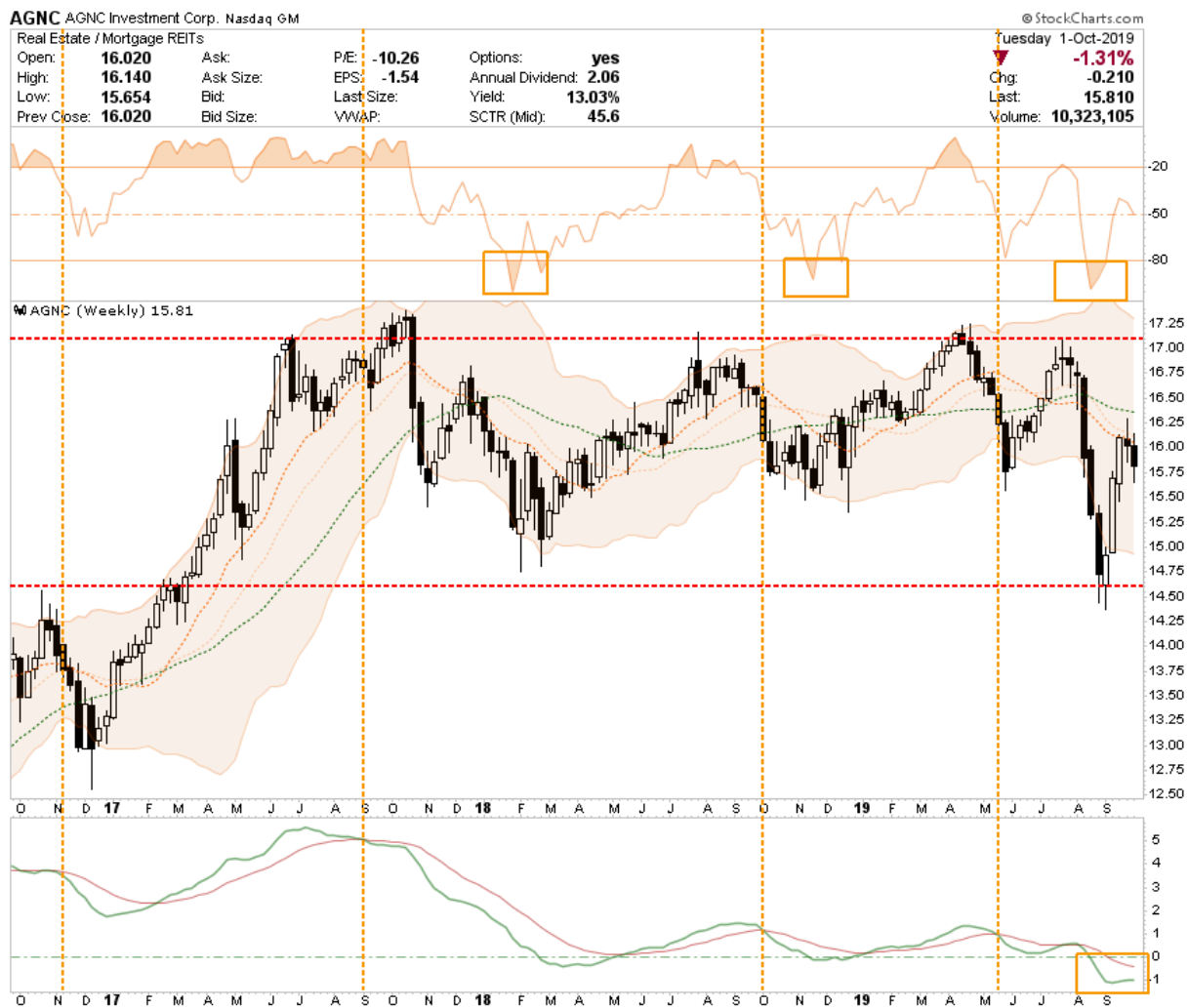
- We previously added to our position in JNJ at these lower levels and over the last couple of weeks the stock has begun to turn up.
- The stock is on a deeply oversold sell signal, so it will likely take little to get the stock moving higher soon. Fundamentals remain very solid and the position held the longer-term uptrend line.
- Buy at current levels.
- Stop loss is moved up to \$125

NLY - Annaly Capital Management



- As noted previously, we added to "yield curve steepener" positions to our portfolios. NLY and AGNC are constructed in a manner that benefit from a steeper yield curve.
- The recent flattening in the yield curve and inversion, pulled the positions lower but held our stop-loss levels and are now deeply oversold.
- We are looking for the right setup to continue building out these positions which also carry a hefty yield of 10%+.
- We will add to our holdings as soon as we see a triggering of the "buy signal."
- Stop-loss is set at \$7.40

AGNC - AGNC Investment Corp.



- Same as above, AGNC is the second position in our "steepener" duo.
- We are looking to add to these positions opportunistically as the yield curve steepens.
- Due to the rather large yields we are using wider stop-losses on both positions. We are looking for the "buy signal" to turn positive.
- Stop-loss is set at \$13.00

HCA - HCA HealthCare



- *HCA has been under pressure due to concerns of Democratic candidates proposals for "Medicare for all." Despite their promises, this is a "pipe dream" at best.*
- *The correction remains in process and a sell signal has been triggered but that signal is deeply oversold.*
- *Buy 1/2 position at current levels.*
- *Look for a reversal to a "buy signal" to add the second 1/2 of your position. This is not unusual for the stock so we are now looking for V to hold support to add back into our position.*
- *Stop loss is at \$115*

VZ - Verizon Communications



- VZ has been in a long-term consolidation and just recently broke out and triggered a deeply oversold buy signal.
- Buy a position between \$59-60
- Stop loss remains at \$57