



Selected Portfolio Position Review: 10-23-19

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.

PORTFOLIO UPDATE: Last week, we took profits in our defensive positions as it appears a rotation back to offense is underway. Today, we are covering our 4-new buys and 4-potential adds as both rebalance our equity weights and slightly increase exposure into the end of the year.

XOM - Exxon Mobil (Buy)



- As discussed last week, we previously sold 1/2 of our position in XOM in April.
- With XOM deeply oversold, and the energy sector deeply out of favor, there is actual value in the position. With a 5% dividend yield we can afford to wait for a turn.
- We are still carrying a stop-loss on the position if our thesis doesn't work out, but if there is a rally into the end of the year, we should see Energy pick up performance.
- We added 1/2 position taking the total position to full weight.
- Stop is set at \$66

MU - Micron Technologies (Buy)

MU Micron Technology, Inc. Nasdaq GS

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Technology / Semiconductors

Open: **43.96** Ask: P/E: **8.16** Options: **yes**
 High: **45.70** Ask Size: EPS: **5.47** Annual Dividend: **N/A**
 Low: **43.92** Bid: Last Size: Yield: **N/A**
 Prev Close: **43.47** Bid Size: VWAP: SCTR (Large): **39.0**

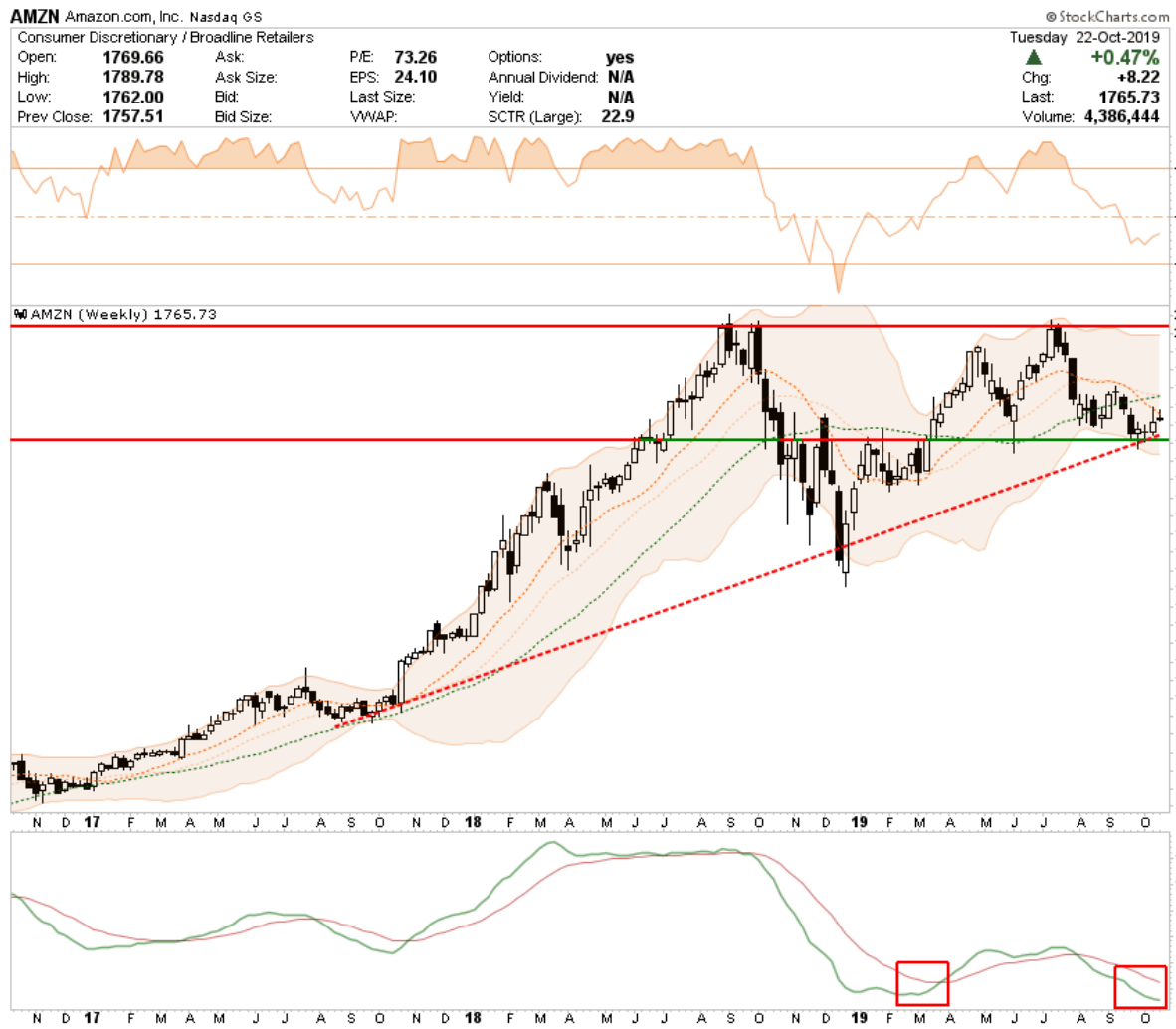
Tuesday 22-Oct-2019

▲ **+2.74%**
 Chg: **+1.19**
 Last: **44.66**
 Volume: **29,579,920**



- MU has improved in performance, and a removal of tariffs will likely clear the way for a move higher in semi-conductors.
- With a P/E of 8, we like the valuation, and MU has now established a positive trend and held support.
- There is some tough resistance at \$50, so we will be watching carefully and add to the position on a breakout.
- We added a full position.
- Stop is set at \$37.50.

AMZN - Amazon.com (Buy)



- As discussed last week, we are adding a position in AMZN for the end of year shopping season.
- AMZN tends to perform better during the shopping season, and with the very oversold condition, the risk/reward is descent for now.
- The long-term trend remains positive and a move above \$1850 should clear the way to old highs.
- We added a full position.
- Stop loss is set at \$1700

ABBV - Abbvie Corp. (Buy)

ABBV AbbVie Inc. NYSE

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Health Care / Biotechnology

Open: **76.88** Ask: P/E: **28.63** Options: **yes**
 High: **78.66** Ask Size: EPS: **2.72** Annual Dividend: **4.28**
 Low: **75.85** Bid: Last Size: Yield: **5.50%**
 Prev Close: **76.46** Bid Size: VWAP: SCTR (Large): **65.5**

Tuesday 22-Oct-2019

▲ **+1.84%**Chg: **-1.41**Last: **77.87**Volume: **14,176,635**

- *ABBV has had a massive correction and is deeply oversold.*
- *With a buy signal recently triggered and breaking above resistance and the downtrend line from the old highs, we have added 1/2 position.*
- *We will scale into ABBV on opportunity and in the meantime we like the 5% yield on the position to pay us while we wait.*
- *Stop loss is set at \$65*

KHC - Kraft Heinz (Add)



- Last week we talked about our speculative turnaround story in KHC.
- With a 6% yield, and the stock turning higher, we are liking the position more.
- This is a speculative trade set up with a tight stop at recent lows.
- We have not added a position as of yet.

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NSC - Norfolk Southern (Add)

NSC Norfolk Southern Corp. NYSE

Industrial / Railroad

Open: **182.99**

Ask:

P/E: **18.35**

Options: **yes**

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Tuesday 22-Oct-2019

High: **189.24**

Ask Size:

EPS: **10.30**

Annual Dividend: **3.46**

▲ **+3.88%**

Low: **182.99**

Bid:

Last Size:

Yield: **1.83%**

Chg: **+7.05**

Prev Close: **181.91**

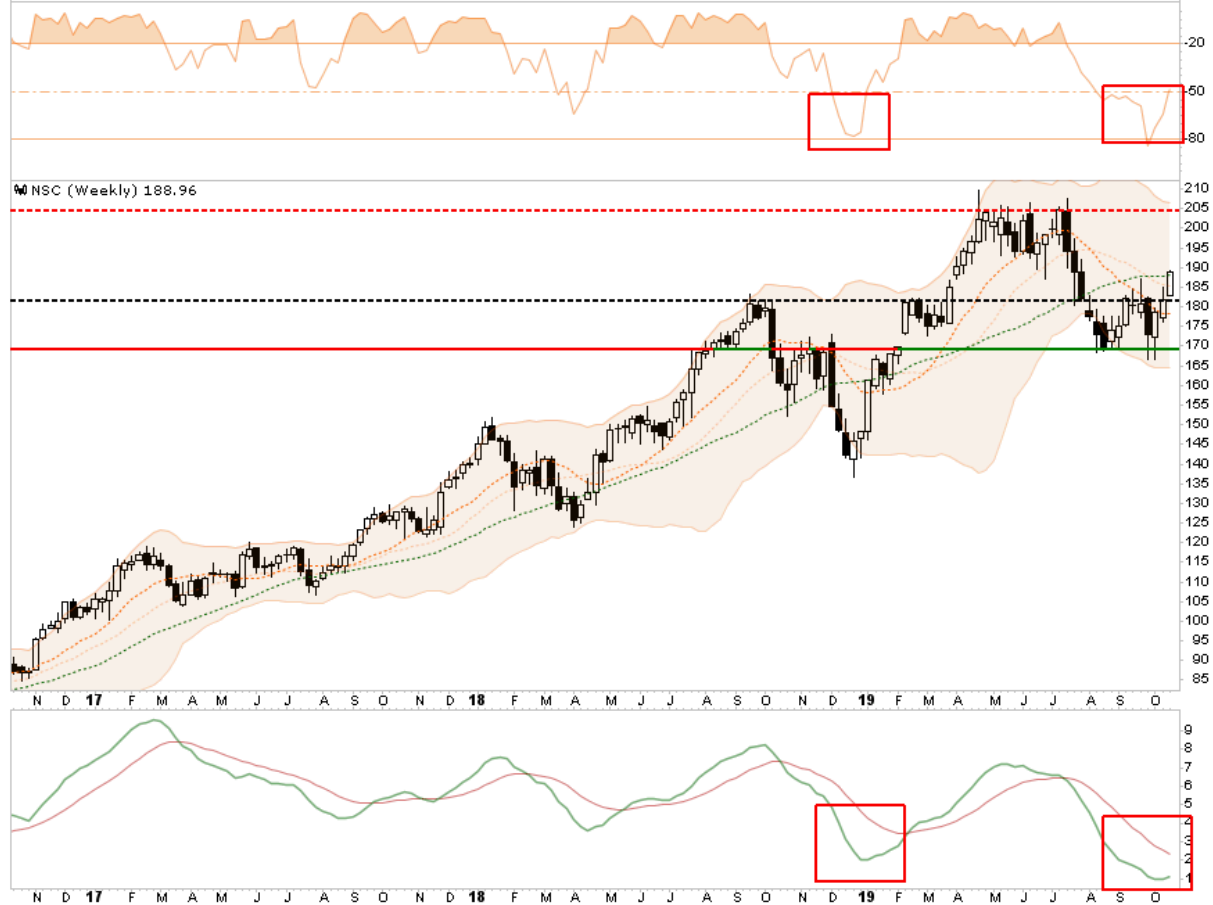
Bid Size:

VWAP:

SCTR (Large): **43.2**

Last: **188.96**

Volume: **4,322,670**



- NSC has been a volatile but good performer for us. We have taken profits previously, but now the stock is just extremely oversold.
- The resolution of the trade war should help improve the prospects for NSC which transport a lot of commodities and manufactured materials.
- We would like to see the buy signal registered and the stock move above moving average resistance before we add to the holdings.
- Stop loss remains at \$170

HCA - HCA Healthcare (Add)



- Our portfolio is heavy healthcare on the thesis of a massive need for healthcare in the future as baby-boomers retire.
- HCA continues to hold solid support and is now deeply oversold.
- We should see a rotation into Healthcare as part of the year-end rally, so we are looking to increase our stake.
- We are looking for a buy signal to be triggered with a break above moving average resistance.
- Stop-loss remains at \$115

UTX - United Technologies (Add)

UTX United Technologies Corp. NYSE

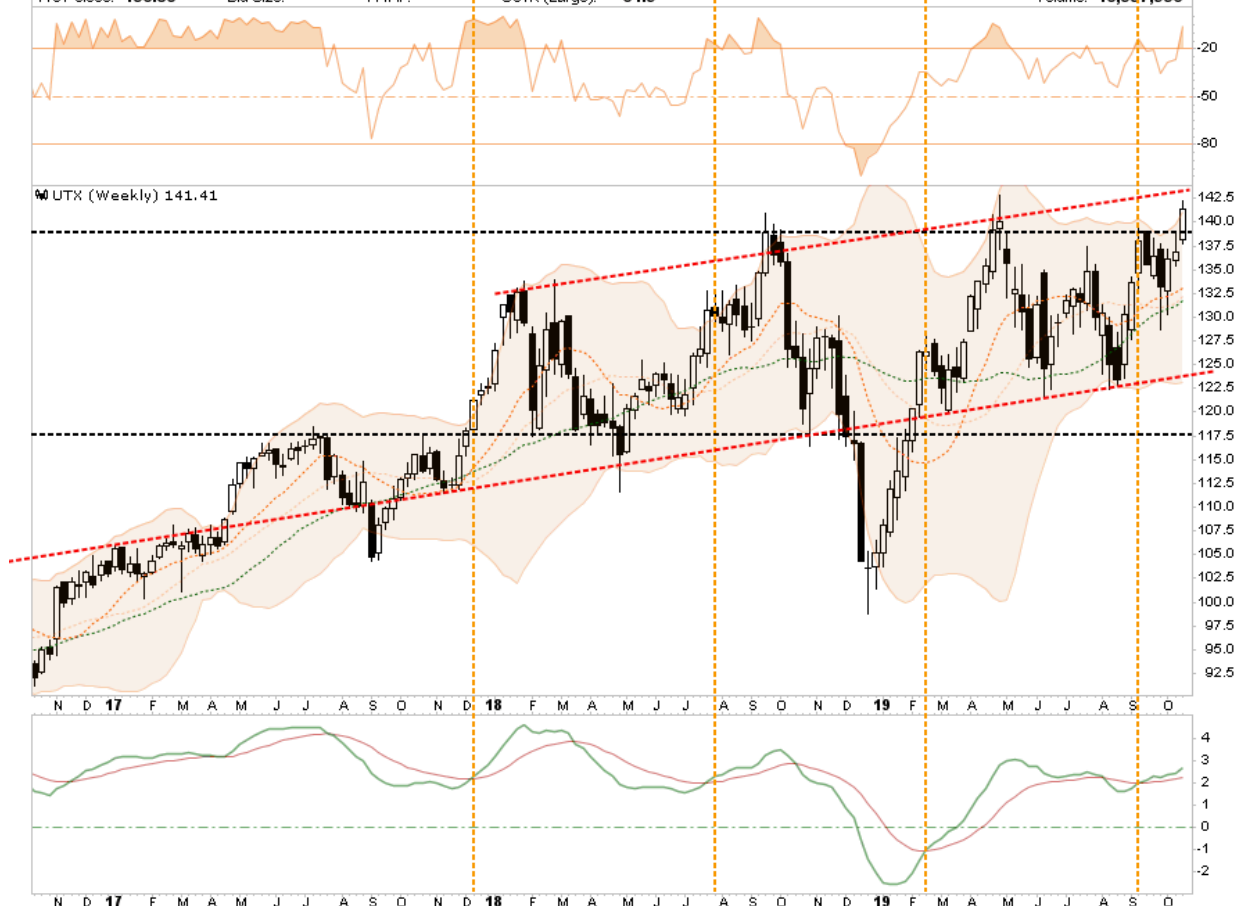
Industrial / Aerospace

Open: **138.17** Ask: P/E: **23.07**
 High: **142.24** Ask Size: EPS: **6.13**
 Low: **137.74** Bid: Last Size: **2.94**
 Prev Close: **136.80** Bid Size: VWAP: SCTR (Large): **64.9**

Options: **yes**
 Annual Dividend: **2.94**
 Yield: **2.08%**
 SCTR (Large): **64.9**

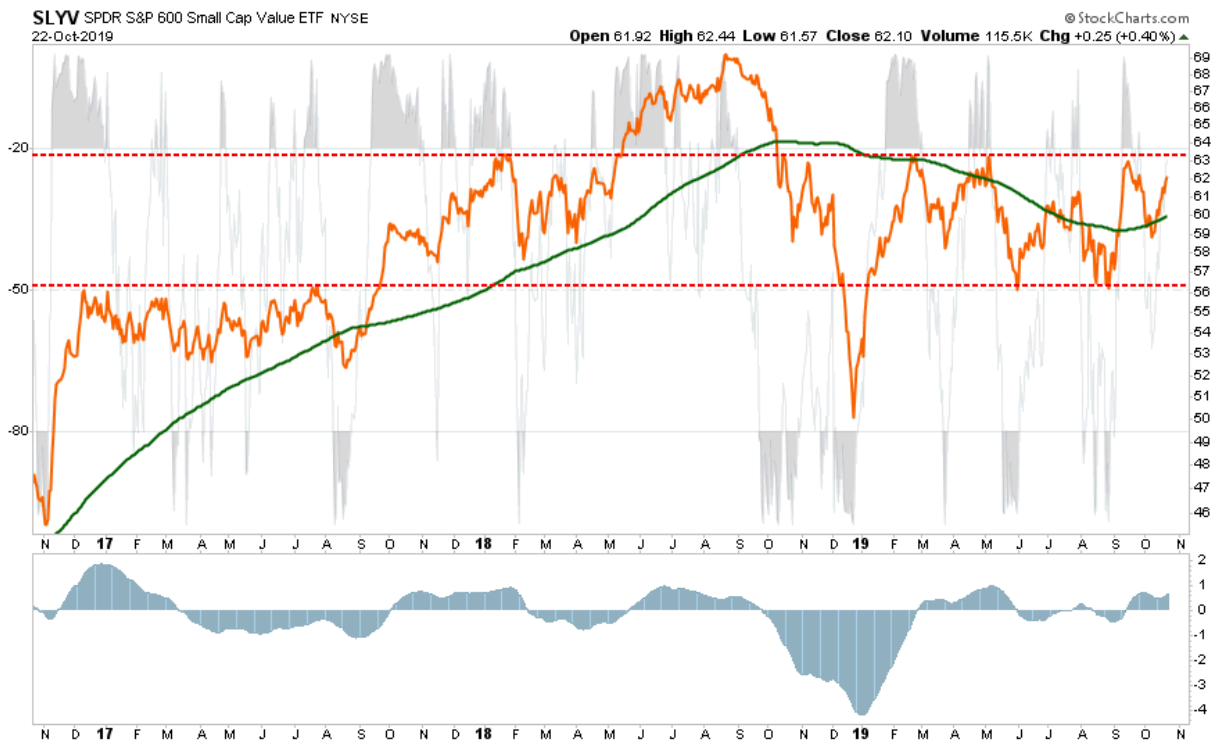
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Tuesday 22-Oct-2019
 ▲ **+3.37%**
 Chg: **+4.61**
 Last: **141.41**
 Volume: **10,397,936**



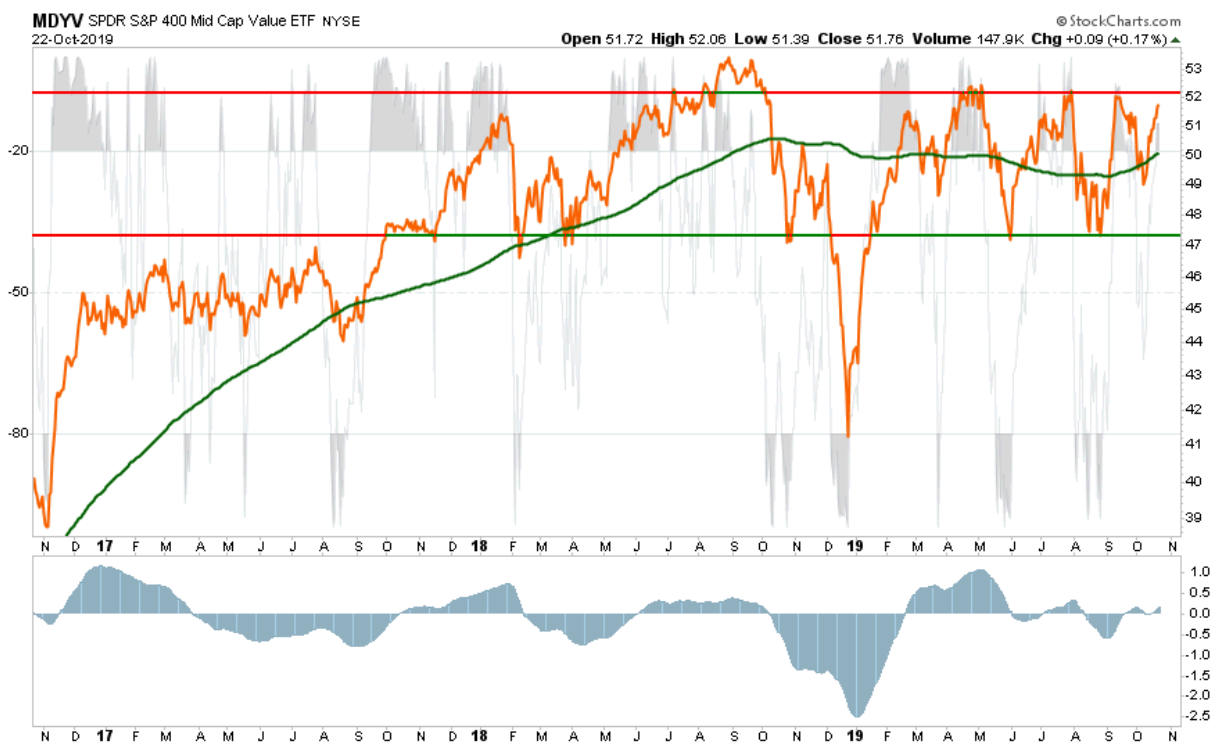
- UTX has recently broken out to all-time highs and fundamentals remain solid.
- The recently triggering of the "buy signal" suggests more room to move higher.
- We would like to see the breakout confirmed with a successful retest before adding to our position.
- Stop loss remains at \$125

SLYV - Small Cap Value (Add)



- Tomorrow, Michael Lebowitz will release a RIA Pro report on "How To Invest IN QE."
- What the report shows is that Small and Mid-Cap stocks tend to be the biggest beneficiaries of the Fed's QE program as speculation enters the market.
- Therefore, we are looking to add exposure in Small-Cap Value particularly as the 200-day moving average has turned up.
- We will likely load 1/2 position initially and add the second 1/2 on a break above resistance of the previous tops in this consolidation range.
- Stop loss will be set at \$59

MDYV - Mid-Cap Value (Add)



- The same reasoning goes for Mid-Cap Value stocks as above.

- *We will take the same approach and load 1/2 of the position initially and add the second 1/2 on a breakout above previous highs.*
- *Stop loss will be set at \$49*