



Selected Portfolio Position Review: 11-06-19

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.

This week we are reviewing our recent portfolio changes, in case you missed last week's alerts, and other potential changes on our list.

XOM - Exxon Mobil



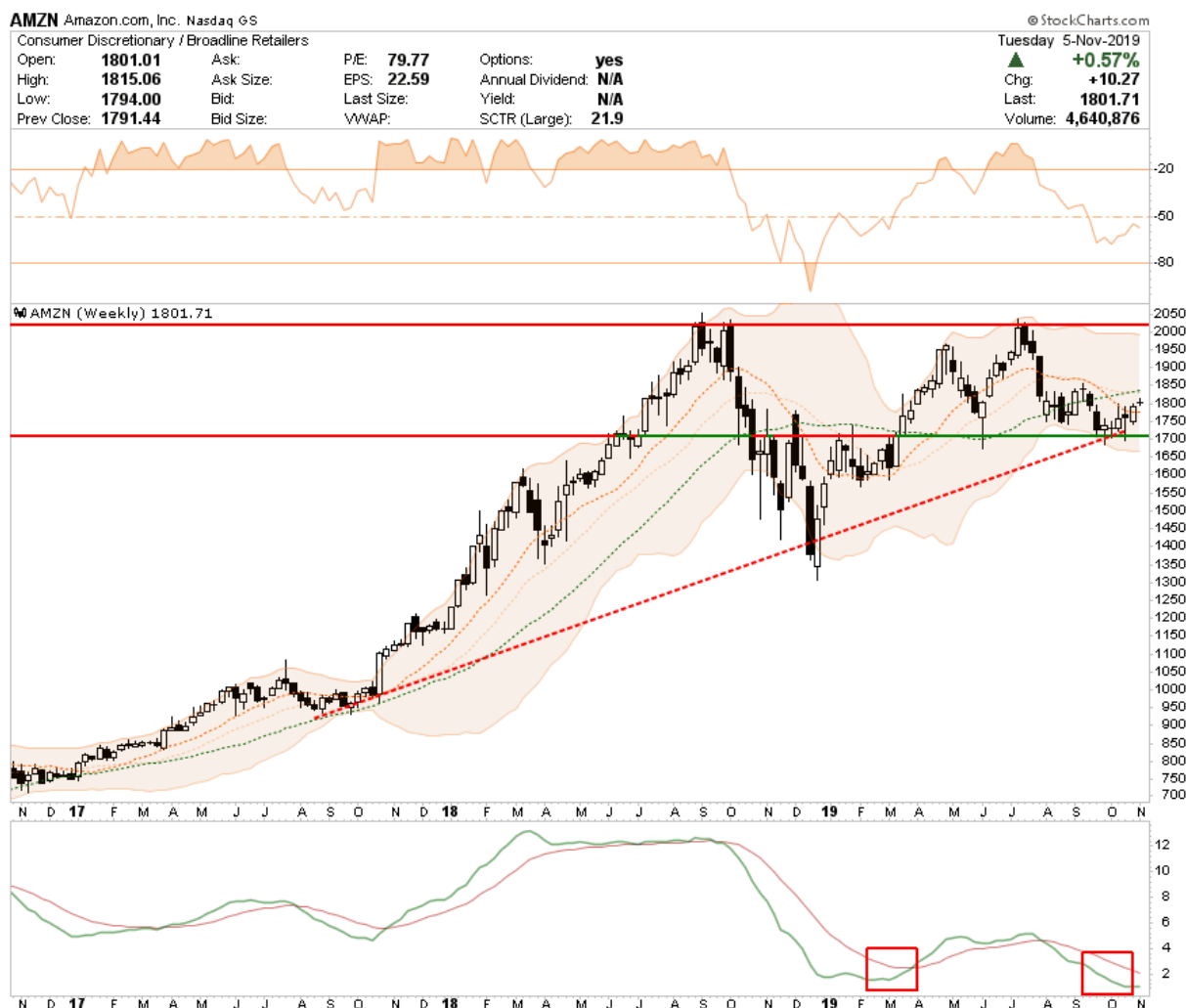
- As of two weeks ago, XOM was deeply oversold, and the energy sector was deeply out of favor. That is a setup for a rotation very often. With a 5% dividend yield we can afford to wait for a turn.
- We added to our existing position last week. Total return so far since the addition is 5.18% as of the close yesterday.
- 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.
- The position can still be bought on pullbacks during market corrections.
- Stop is set at \$66

MU - Micron Technologies



- Previously, we noted that MU had 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 9, we like the valuation, and MU has now established a positive trend and held support.
- There is some tough resistance at \$50, and we are watching that carefully.
- We added a full position to the portfolio last week on expectations of a push higher. Return is 9.86% since the addition and we will increase size above \$50. The position can still be added on pullbacks.
- Stop is moved up to \$42.50.

AMZN - Amazon.com



- We added a position in AMZN for the end of year shopping season. We got a little worried following the earnings announcement, but revenue growth remained solid.
- AMZN tends to perform better during the shopping season, and with the very oversold condition, the risk/reward is descent for now.
- Performance so far has been lackluster with the position only up 1.5% since our addition.
- The long-term trend remains positive and a move above \$1850 should clear the way to old highs. A position can still be added.
- Stop loss is set at \$1700

ABBV - Abbvie Corp.

ABBV AbbVie Inc. NYSE

Health Care / Biotechnology

Open: **82.95** Ask: P/E: **37.53** Options: **yes**
 High: **83.40** Ask Size: EPS: **2.18** Annual Dividend: **4.28**
 Low: **81.47** Bid: Last Size: Yield: **5.23%**
 Prev Close: **81.75** Bid Size: VWAP: SCTR (Large): **73.2**

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Tuesday 5-Nov-2019

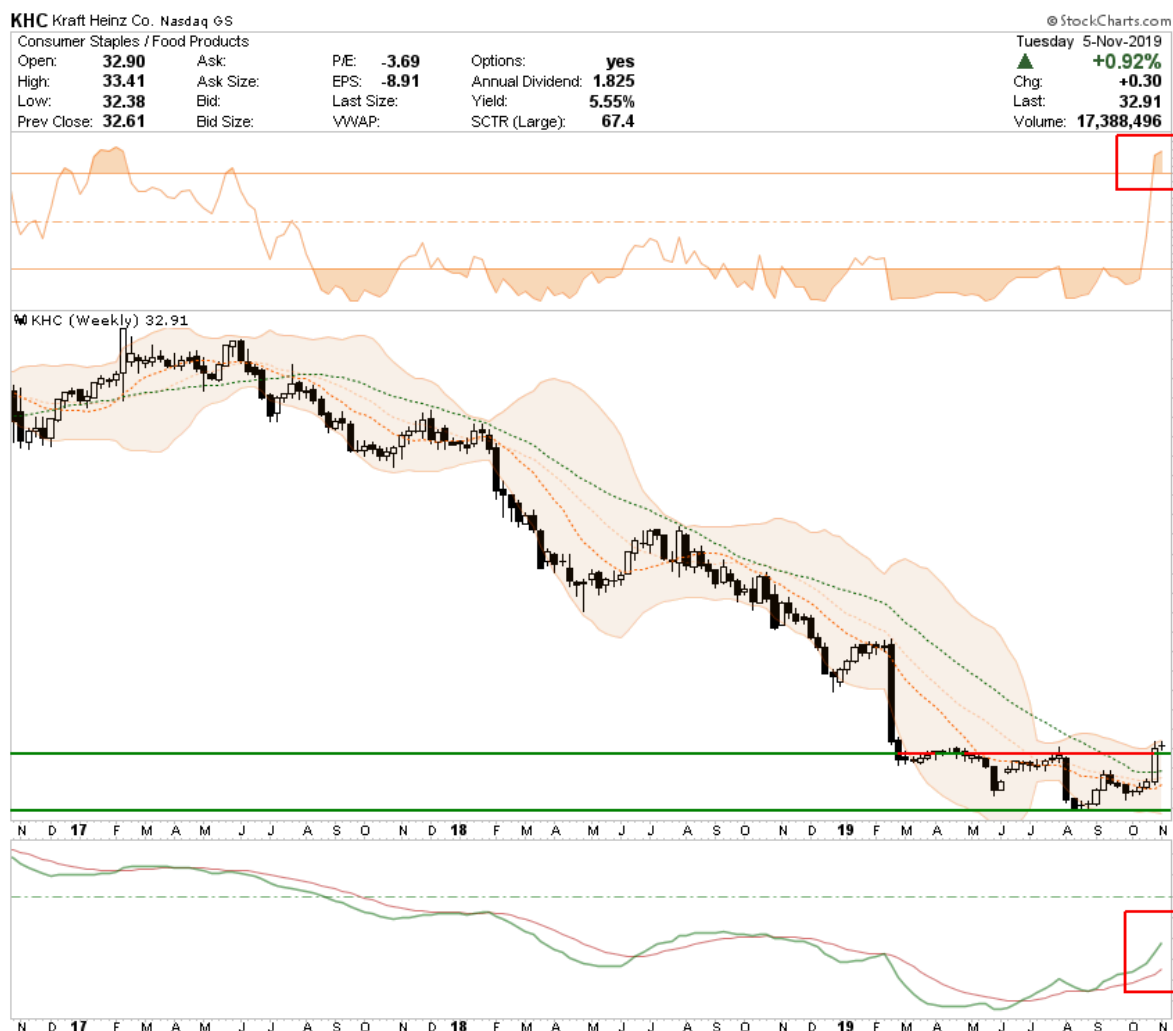
▲ +0.11%

Chg: +0.09

Last: **81.84**Volume: **16,411,643**

- *ABBV had a massive correction and was 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. Return so far has been modest at 4.63% but we like the position longer-term.*
- *Use pullbacks to add holdings.*
- *Stop loss is set at \$65*

KHC - Kraft Heinz



- Two weeks ago we talked about our speculative turnaround story in KHC. We still think that is the case and we added a "trading position" to the portfolio on October 30th.
- Earnings came in a bit better than expected which popped the position above important overhead resistance. Return so far since our add is 16.90%.
- With a 6% yield, and the stock turning higher, we are liking the position, BUT it is now extremely overbought short-term.
- Wait for a correction that doesn't break support to add holdings.
- This remains a very speculative trade.
- Stop has been moved up to \$30.

MDLZ - Mondelez (Sold)

MDLZ Mondelez International, Inc. Nasdaq GS

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Consumer Staples / Food Products

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Open: **52.09** Ask: P/E: **19.14** Options: **yes**
 High: **52.22** Ask Size: EPS: **2.70** Annual Dividend: **1.065**
 Low: **51.42** Bid: Last Size: **2.06%** Yield:
 Prev Close: **52.03** Bid Size: VWAP: SCTR (Large): **16.0**

Chg: **-0.63%**
 Last: **51.70**
 Volume: **11,757,189**



- We noted last week that Mondelez had broken support but is holding its longer-term moving average.
- We had taken profits in the position previously, but we decided to go ahead and cut the position from the portfolio last week.
- That move paid off well, as the position has continued to erode.
- Position has been sold.

WELL - Welltower, Inc. (Sold 1/2)

WELL Welltower Inc. NYSE

Real Estate / Specialty REITs

Open: 89.39	Ask:	P/E: 102.33	Options: yes
High: 89.39	Ask Size:	EPS: 0.84	Annual Dividend: 3.48
Low: 84.03	Bid:	Last Size:	Yield: 4.07%
Prev Close: 90.03	Bid Size:	VWAP:	SCTR (Large): 38.0

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Tuesday 5-Nov-2019

▼ **-4.98%**Chg: **-4.48**Last: **85.55**Volume: **5,135,562**

- We have recently talked about the rotation from ?defense? back to ?offense? as QE gained traction in the market. That is occurring so we have reduce WELL from 1.5% of the portfolio to 0.75%.
- We still like the position longer-term and will look to add back to holdings at lower levels.
- As such we are looking at continuing to modify our positioning accordingly.
- Stop loss has been adjusted to \$82.50

YUM - Yum Brands (Sold)

YUM Yum! Brands Inc. NYSE

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Consumer Discretionary / Restaurants & Bars

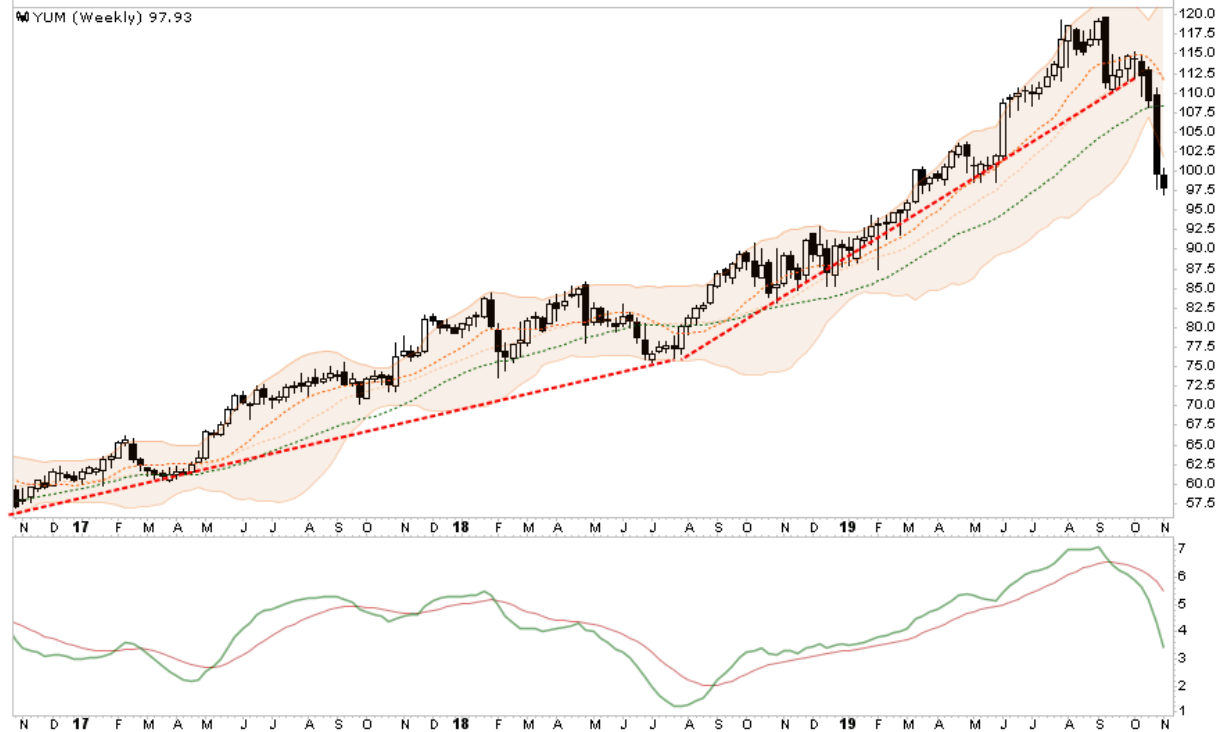
Tuesday 5-Nov-2019

Open: **99.50** Ask: P/E: **27.20** Options: **yes**
 High: **100.42** Ask Size: EPS: **3.60** Annual Dividend: **1.62**
 Low: **96.93** Bid: Last Size: **1.65%** Yield:
 Prev Close: **99.65** Bid Size: VWAP: SCTR (Large): **4.2**

Chg: **-1.73%**
 Last: **97.93**
 Volume: **5,474,014**



WYUM (Weekly) 97.93



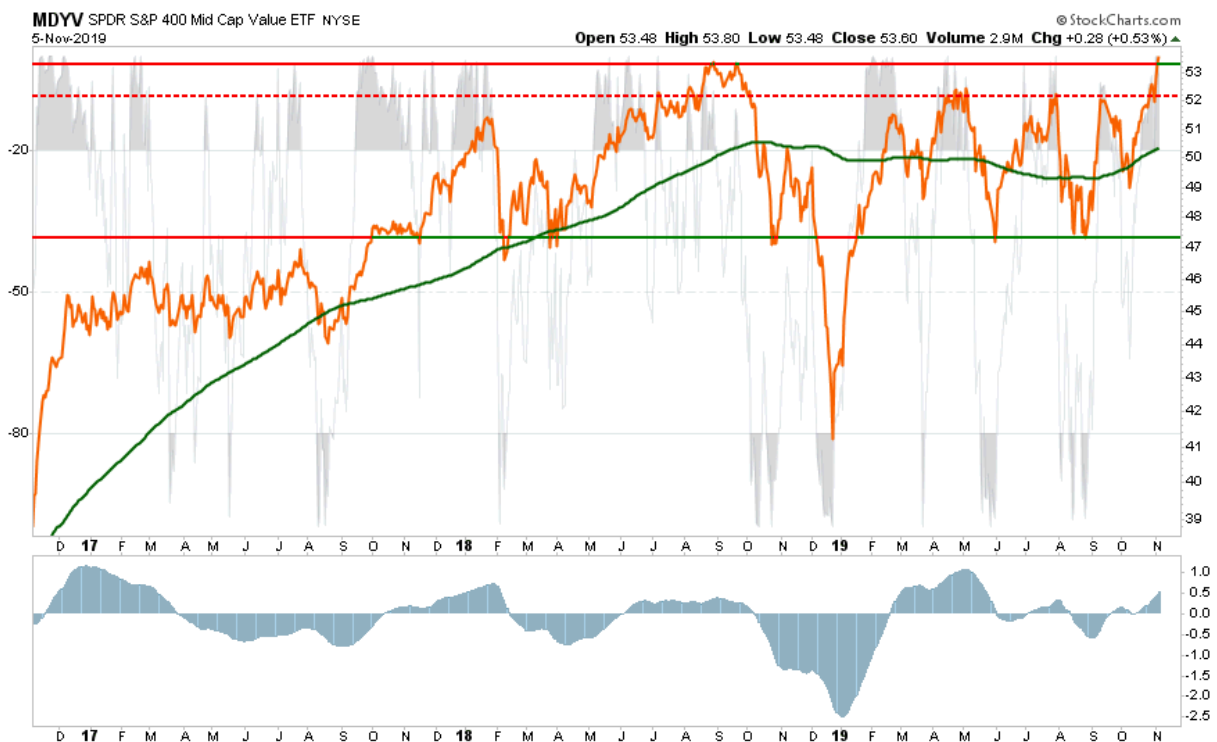
- Like MDLZ, YUM has come under pressure and earnings are weakening.
- We made the decision to SELL the entire position last week.
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EEM - Emerging Markets (Watch List)



- As noted in yesterday's major market commentary, EEM continues to underperform but is improving..
- However, as noted last week, QE4 is bleeding into EEM if a performance chase begins for year-end positioning.
- The current spurt higher is trying to break above resistance, but EEM is back to extremely overbought. So be patient on adding a position until we confirm the breakout is sustainable.
- The sell signal reversed to a buy last week, so with the breakout, there is potential for EEM.
- We are looking to add some exposure on any weakness and scale into our holding opportunistically.
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MDYV - Mid-Cap Value (Watch List)



- As noted in our [report on QE programs previously](#), small and mid-cap value are benefactors of increased liquidity.
- With the breakout of consolidation we are getting the entry opportunity we are looking for. The index is extremely overbought so a bit of a rest that holds the breakout will confirm a better entry point.
- We will 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 \$50