



Selected Portfolio Position Review: 11-13-19

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).*

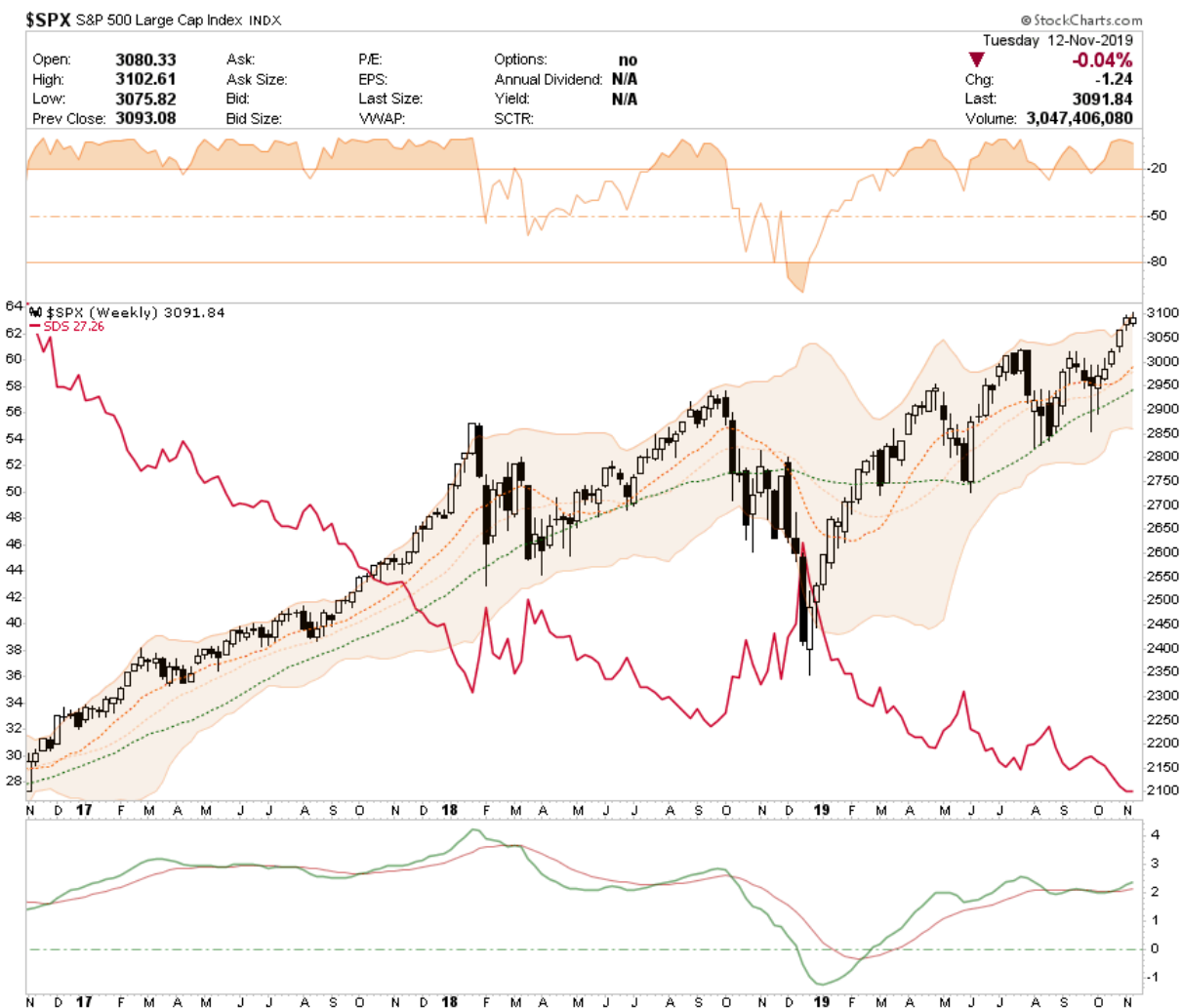
When the price of a position is at the top of the deviation range, overbought and on a buy signal it is generally a good time to take profits. When that positioning is reversed it is often a good time to look to add to a winning position or looking for an opportunity to exit a losing position.



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.

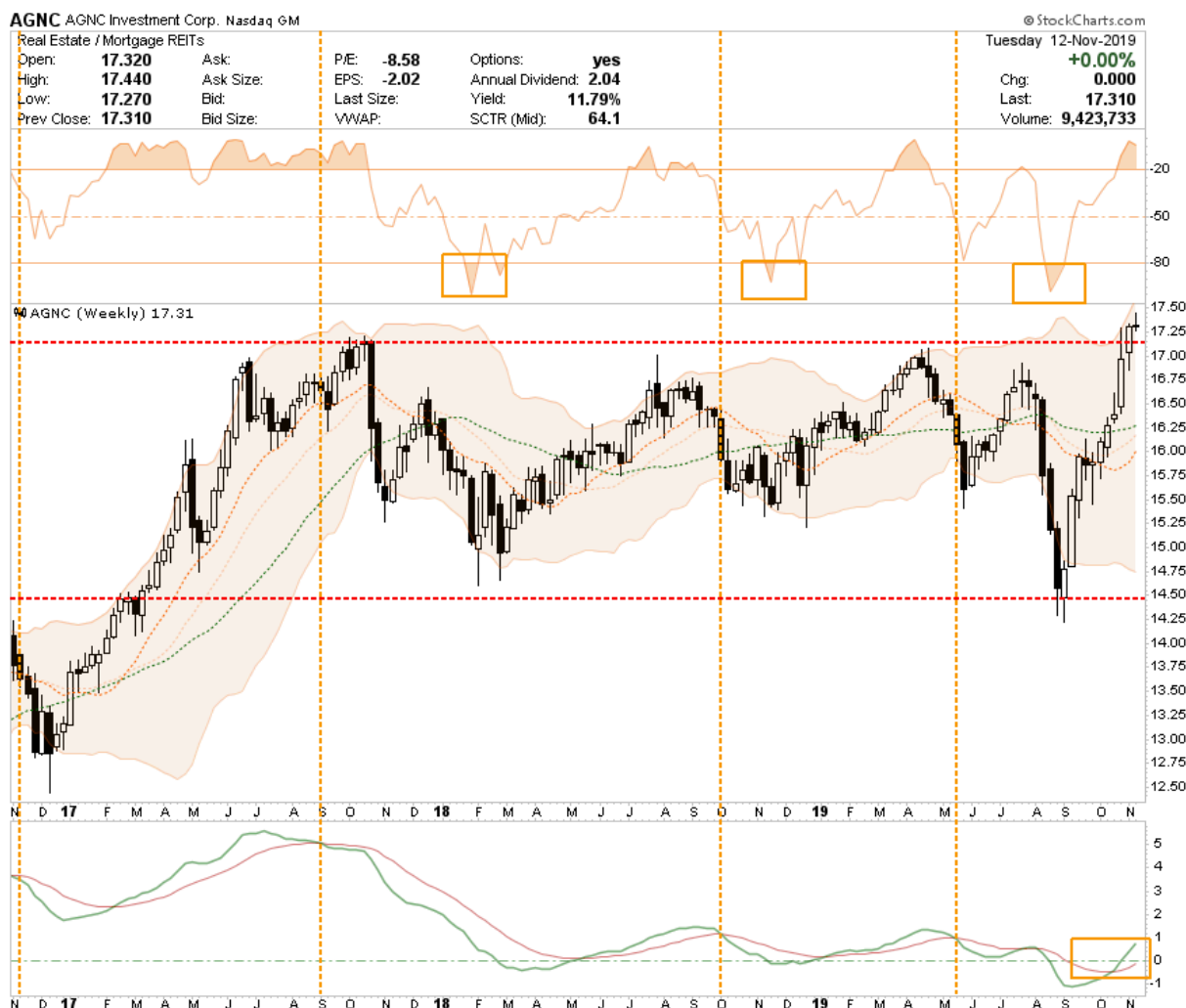
This week we are reviewing positions which may require some additional attention soon, either trimming, adding, or removing, plus recent additions.

SDS - Proshares Ultra-Short S&P 500



- In Tuesday's "technically speaking" post, we discussed all the various measures of "overbought and extended" conditions which currently exist in the market.
- While we have taken profits and rebalanced risks in portfolios over the course of the last several months, we have a lot of equity exposure vulnerable to a short-term correction.
- This is why we added 5% of a 2x leveraged S&P 500 index which gives us an effective 10% equity hedge in portfolios against a short-term decline.
- We don't expect a big correction, just 2-5% to work off some of the current overbought and extended condition. Currently the S&P is trading more than 2-std deviations above the 50-dma.
- Stop is set at \$26ish

AGNC - AGNC Investment Corp.



- We previously discussed adding TWO positions to the portfolio to hedge our BOND holdings against a period of rising rates and a steeper yield curve.
- AGNC and NLY are those two positions which benefit from a steeper curve because of their mortgage related holdings and duration gap used to fund the mortgages.
- With a 10% plus yield, we have been happy to patiently wait for the curve to steepen and just collect the dividend. However, with the curve now steepening we are seeing the positive net benefit.
- Once the curve reaches what we believe will be its apex, we will take profits and reduce our holdings somewhat.

AEP - American Electric Power

AEP American Elec Pwr Co., Inc. NYSE

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Utilities / Conventional Electricity

Tuesday 12-Nov-2019

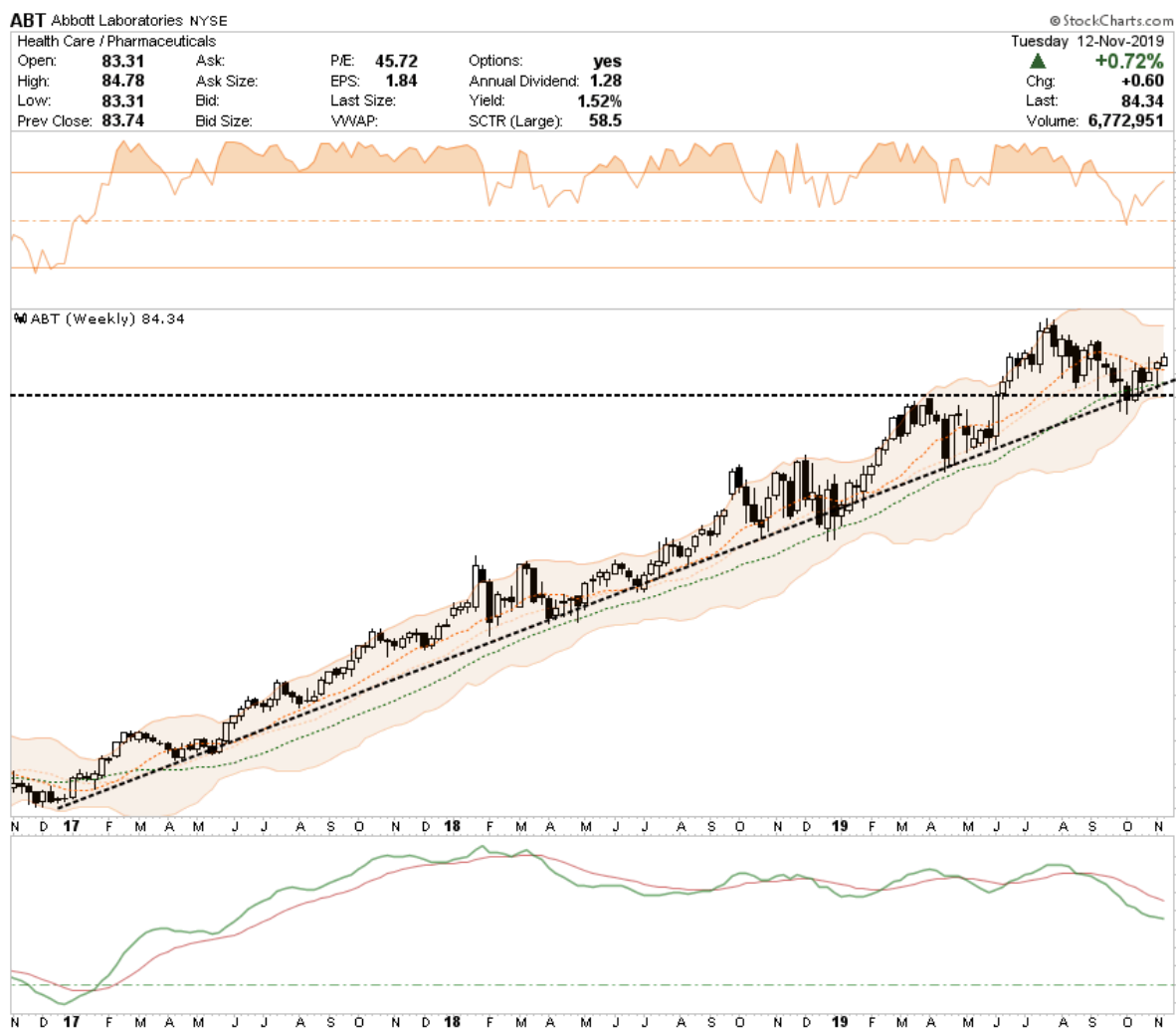
Open: 89.25	Ask:	P/E: 20.56	Options: yes
High: 89.43	Ask Size:	EPS: 4.30	Annual Dividend: 2.71
Low: 88.17	Bid:	Last Size: 3.06%	Yield: 3.06%
Prev Close: 89.07	Bid Size:	VWAP:	SCTR (Large): 29.9

▼ **-0.64%**
Chg: **-0.57**
Last: **88.50**
Volume: **3,654,277**



- *Utilities were very strong performers early in the year, and we have repeatedly stated they were do for some profit taking (which we did) due to the extreme overbought condition.*
- *That correction is in process and there is likely more downside to go while we rate for interest rates to hit our target of 2.2 to 2.3%.*
- *In the meantime we will collect the 3% yield and look to add back to our portfolios when we get the next buy signal.*
- *Stop loss is set at \$85*

ABT - Abbott Laboratories



- *ABT continues to hold its uptrend and healthcare stocks continue to perform despite the "risk on" rotation that has been occurring in the market.*
- *This was a bet we made earlier this year when we overweighted healthcare stocks in the portfolio.*
- *Despite the current "sell signal" - ABT continues to hold its long-running bullish trend.*
- *While we have taken profits, we are still mindful of market risk.*
- *Stop loss is set at \$80.*

CHCT - Community Healthcare Trust

CHCT Community Healthcare Trust, Inc. NYSE

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Real Estate / Specialty REITs

Tuesday 12-Nov-2019

Open: 45.60	Ask:	P/E: 293.12	Options: no
High: 46.67	Ask Size:	EPS: 0.16	Annual Dividend: 1.635
Low: 45.35	Bid:	Last Size: 3.59%	Yield: 3.59%
Prev Close: 45.18	Bid Size:	VWAP:	SCTR (Small): 79.4

▲ +0.89%
Chg: +0.40
Last: 45.58
Volume: 319,414

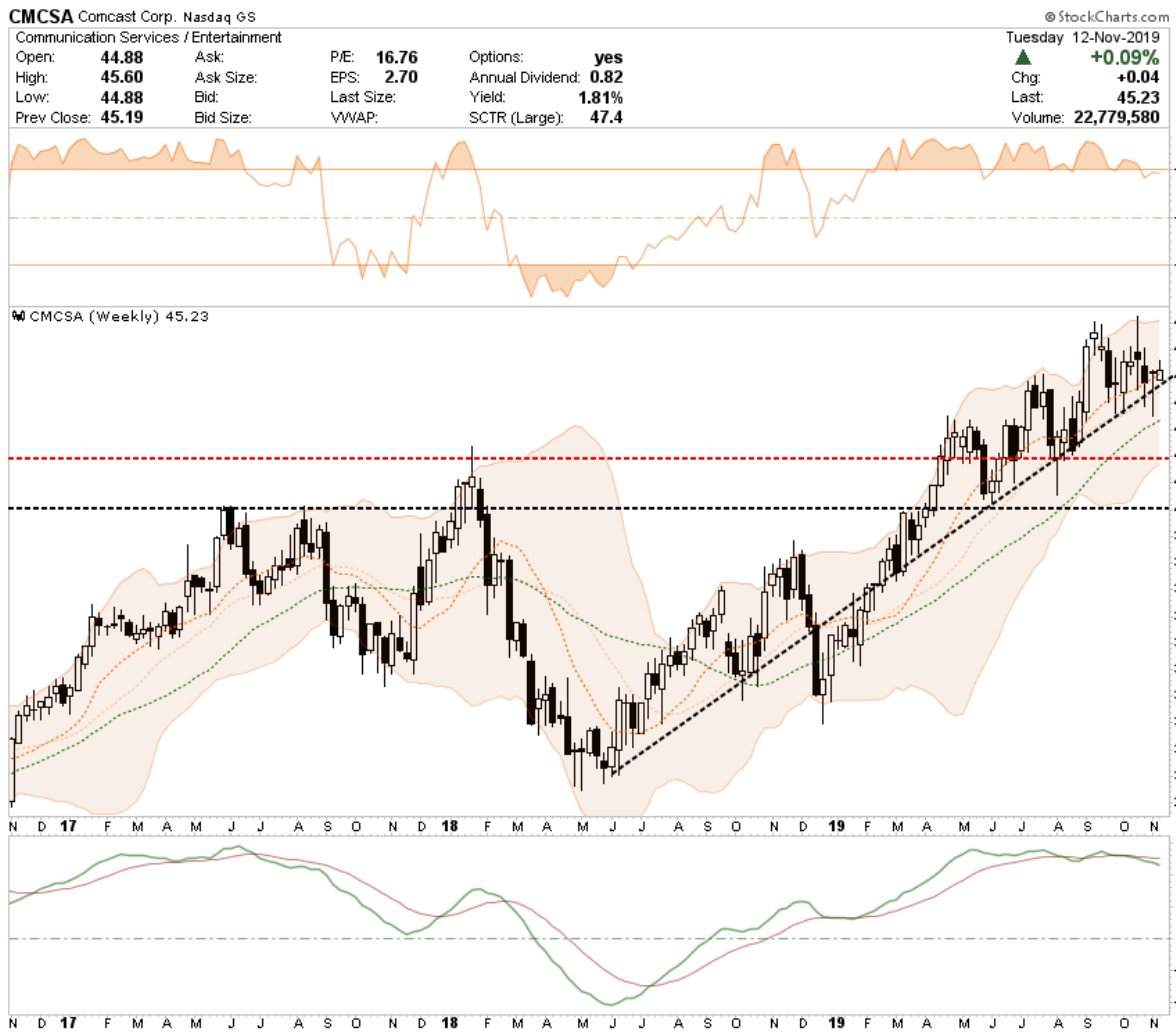


CHCT (Weekly) 45.58



- Since REITs are interest rate sensitive, it isn't surprising to see a fairly sharp pullback in the sector.
- This sell-off is not unexpected and something we have discussed previously when we took profits in the position.
- CHCT is holding its bullish trendline currently, but is close to a sell signal.
- We are watching the position closely for an opportunity to add back to our holdings at a cheaper price. We like the 3.5% yield for portfolios so we can afford to be a little patient, but not negligent.
- Stop has been moved up to \$42

CMCSA - Comcast Corp.



- *Comcast has been a very good performer since adding it to the portfolio in January.*
- *Have have taken profits in the position previously, but are watching the current uptrend and support levels to see if further action will need to be taken.*
- *With a sell signal registered we could see further pressure on the position.*
- *Stop is currently set at \$42*

DUK - Duke Energy Corp.

DUK Duke Energy Corp. NYSE

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Utilities / Multiutilities

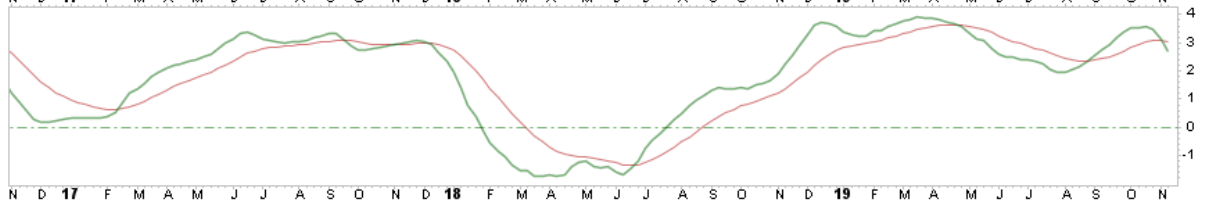
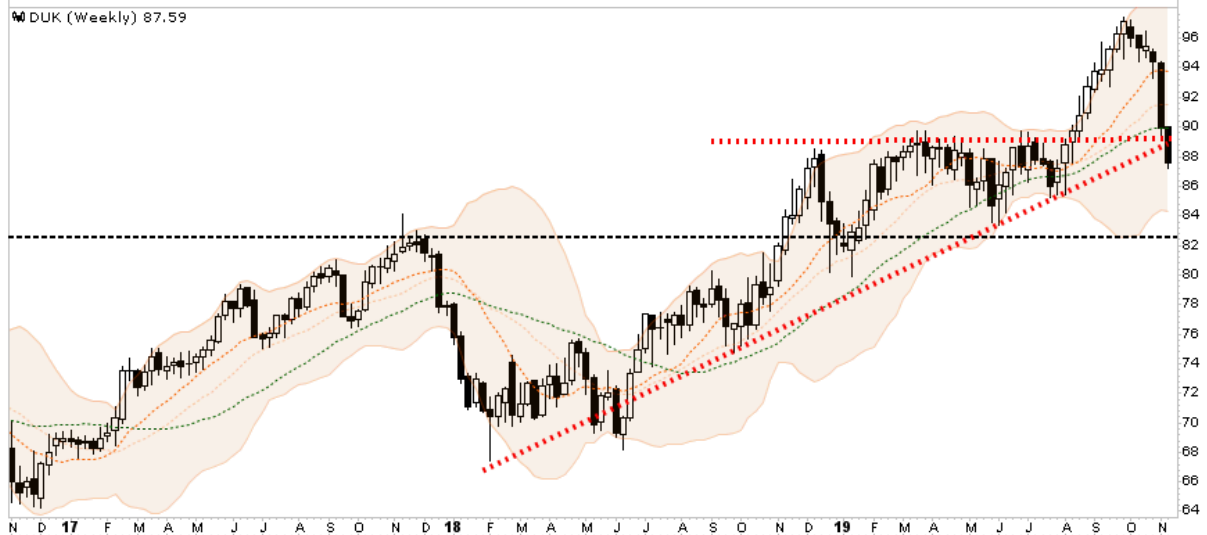
Tuesday 12-Nov-2019

Open: 89.98	Ask:	P/E: 19.34	Options: yes
High: 90.00	Ask Size:	EPS: 4.53	Annual Dividend: 3.7275
Low: 87.23	Bid:	Last Size: 4.26%	Yield: 4.26%
Prev Close: 89.95	Bid Size:	VWAP:	SCTR (Large): 13.2

▼ -2.62%
Chg: -2.36
Last: 87.59
Volume: 8,695,199



DUK (Weekly) 87.59



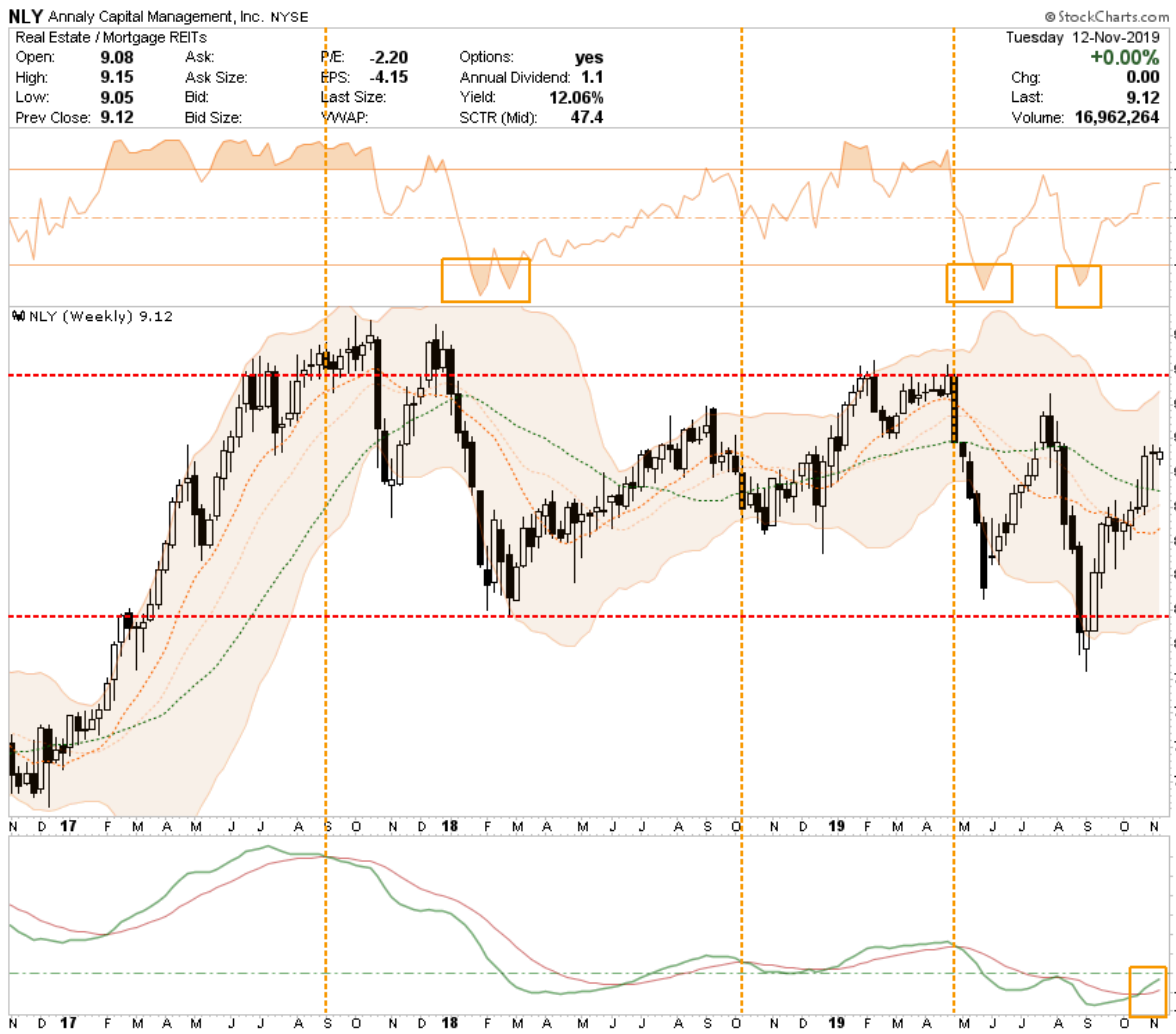
- As noted above, Utilities have been under pressure with the rise in rates.
- We have taken profits in DUK which gives us some room to be patient for a point to add back to the share while we collect a 4% dividend. (Notice that many of our positions have healthy yields which is a key factor to our purchase decisions.)
- DUK has broken support, which is concerning so we will see if it can find support and hold in the short-term. Otherwise we will reconsider our holdings.
- Again, we still like the position longer-term and will look to add back to holdings at lower levels.
- Stop loss has been adjusted to \$82.50

JNJ - Johnson & Johnson



- Along with our healthcare holdings we have been building a position in JNJ for some time now following their legal troubles.
- The fundamentals are solid, and carries a near 3% yield.
- JNJ continues to trudge along its bullish trend support line, and is very close to registering a buy signal. We will consider adding further to our holdings when the stock begins to perform as expected.
- Stop loss remains at \$125

NLY - Annaly Capital Management



- As noted above NLY is the pair-trade to AGNC for our yield curve "steeper position."
- We are only carrying 1/2 weight in NLY and will look to bring it to full weight very soon but need a pullback in interest rates first.
- Again, with a 10%+ yield we will be patient on this holding.
- The sell signal reversed to a buy which is more encouraging.
- Stop-loss remains at \$8.0

UNH - United Healthcare

UNH Unitedhealth Group, Inc. NYSE

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Health Care / Health Care Providers

Tuesday 12-Nov-2019

Open: 255.05

Ask:

P/E: 18.56

Options: yes

▼ -0.67%

High: 256.46

Ask Size:

EPS: 13.75

Annual Dividend: 3.96

Chg: -1.72

Low: 253.33

Bid:

Last Size:

Yield: 1.55%

Last: 255.25

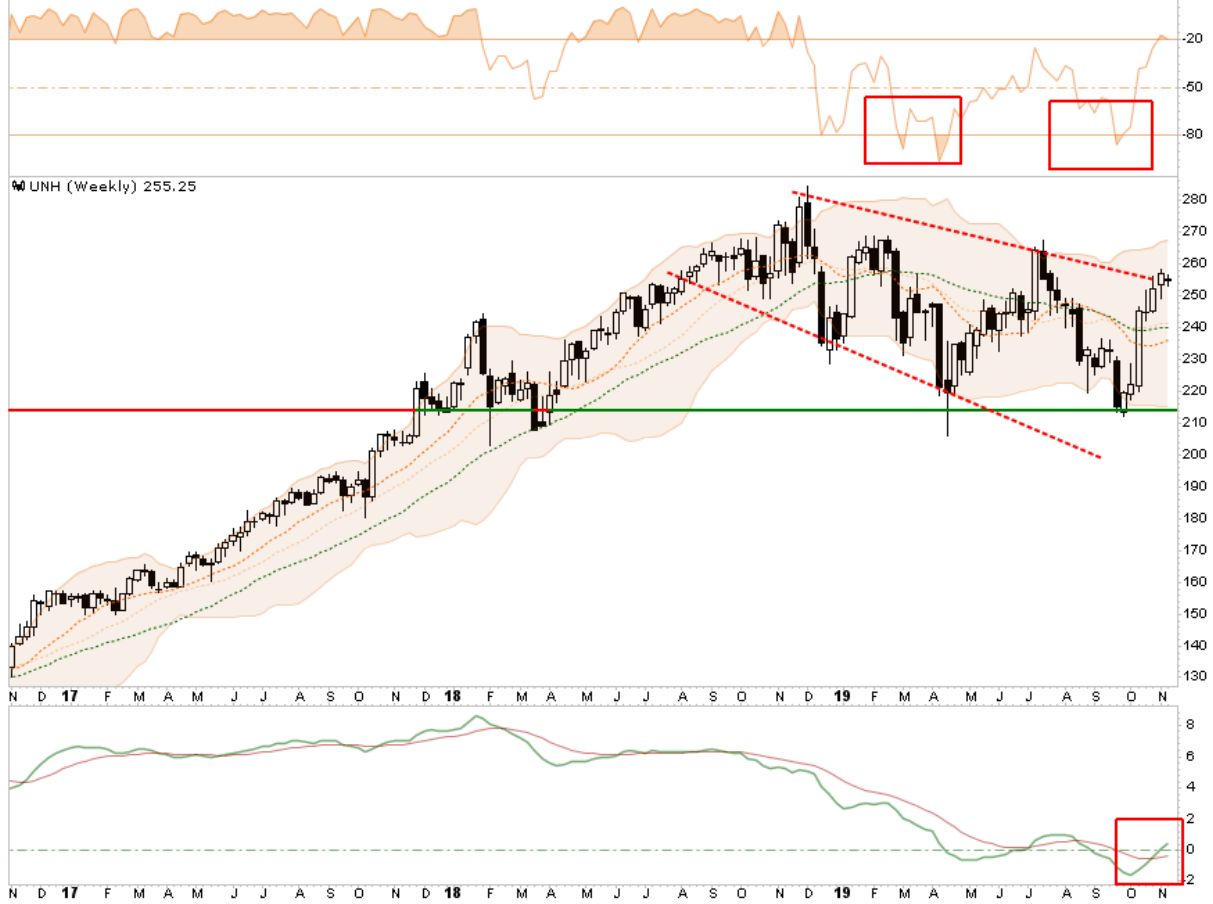
Prev Close: 256.97

Bid Size:

VWAP:

SCTR (Large): 61.1

Volume: 3,564,909



- UNH has had a tough run since the beginning of the year, but we like the positioning within the Healthcare segment and the fundamentals.
- That patience may finally be paying off as UNH is now testing the top of its bearish trend and has just registered a buy signal.
- Look for a break above resistance to see the position test old highs.
- Stop loss remains at \$210