Selected Portfolio Position Review: 09-18-19

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.

VXX - IPath Series VIX Short-Term Futures



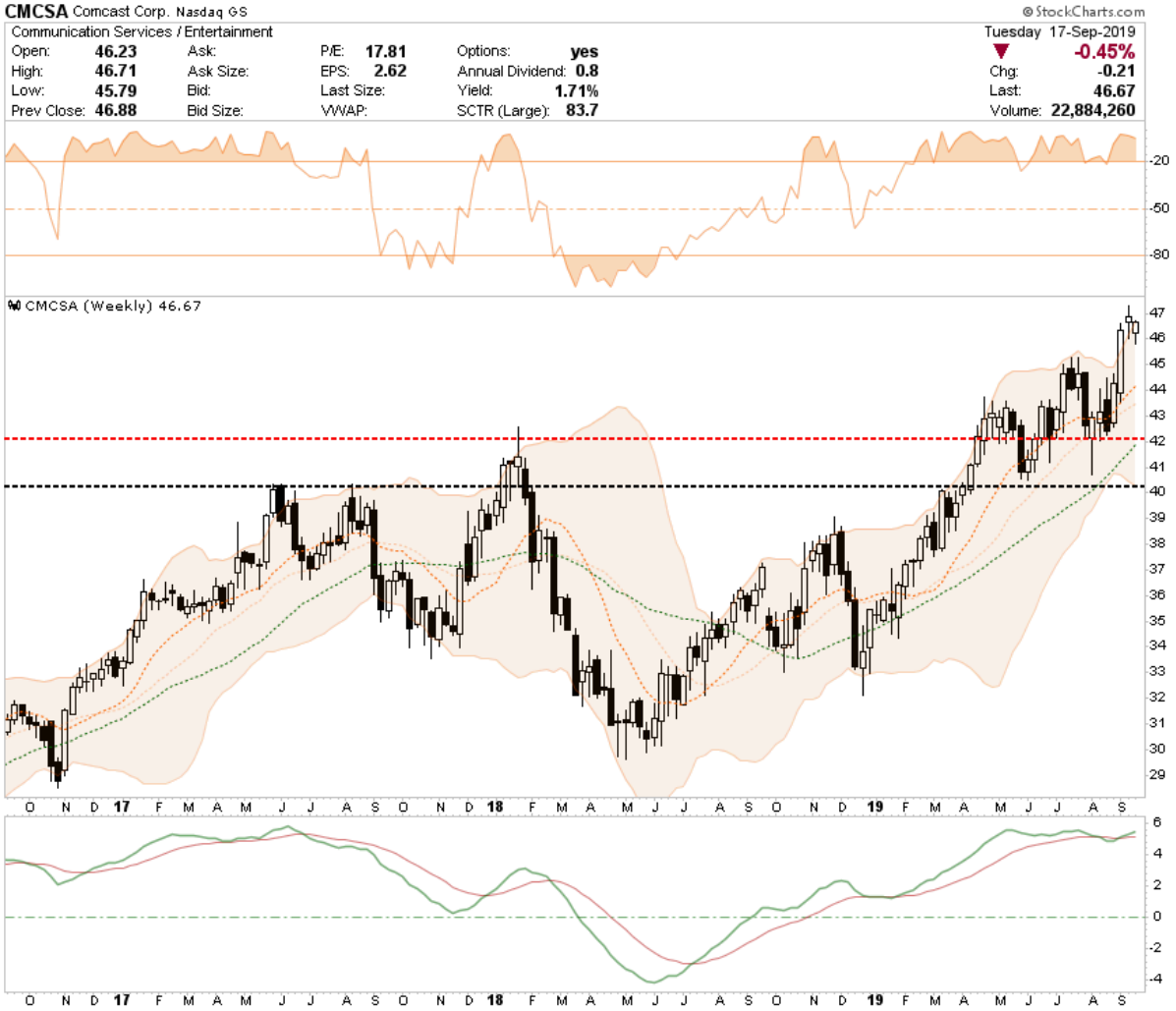
- *We added a starter position of VXX to portfolios yesterday to hedge against a pickup in volatility. We are likely a bit early, and volatility will likely drift lower in the days ahead, but as noted by the red box, volatility is extremely suppressed.*
- *We have a stop set at $22 where we will re-evaluate our holding relative to market action and overall overbought conditions.*
- *We will update our position as we continue to build into it.*

CHCT - Community Healthcare Trust



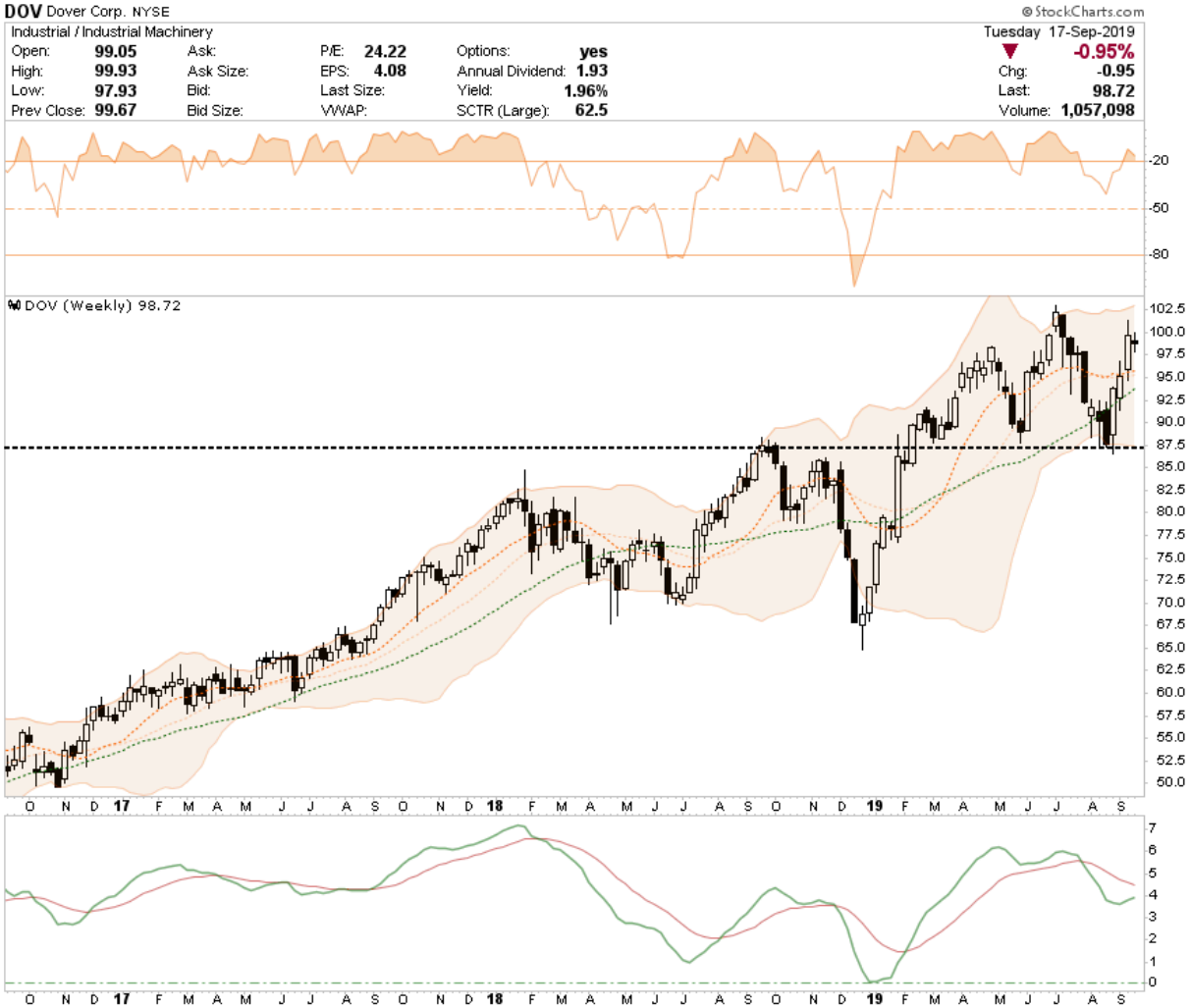
- *We added CHCT earlier this year and it has turned into one of our best performers.*
- *It is so overbought we can not conceivably add to the position currently, however, we have taken profits previously.*
- *It is close to a "sell signal" so we are hopeful we will get a pullback to support between $38 and $40 to add to the position.*
- *Stop is moved up to $37.*

CMCSA - Comcast Corp.



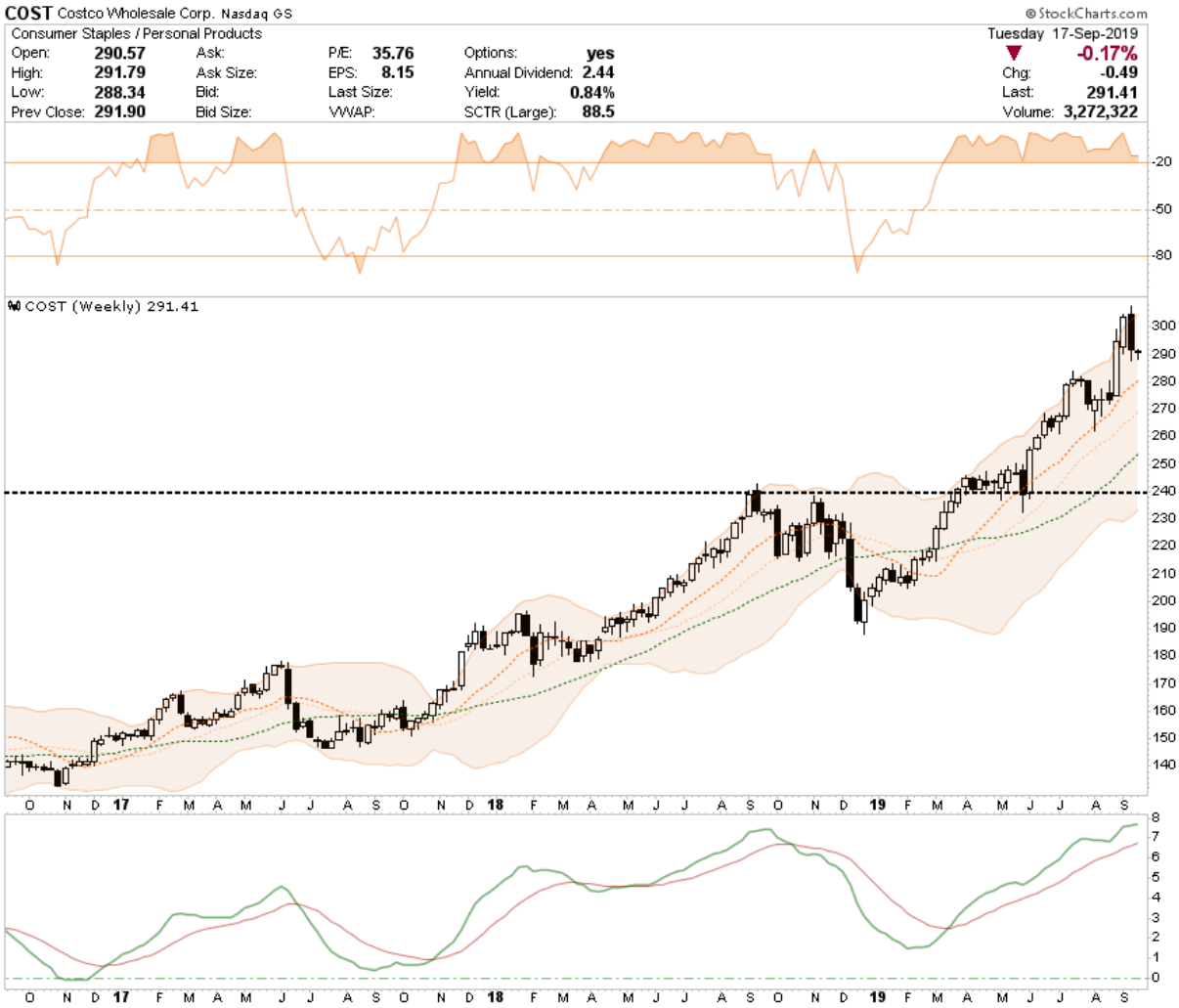
- *CMCSA recently broke out to a new high and continues to perform well since adding it to the portfolio.*
- *It has reversed its previous "sell signal" and the new highs are unconstrained at this point.*
- *We will look to see where the next pullback builds a base which is where we will look to add to our holding and move stop levels up to.*
- *Stop loss is at $42*

DOV - Dover Corp.



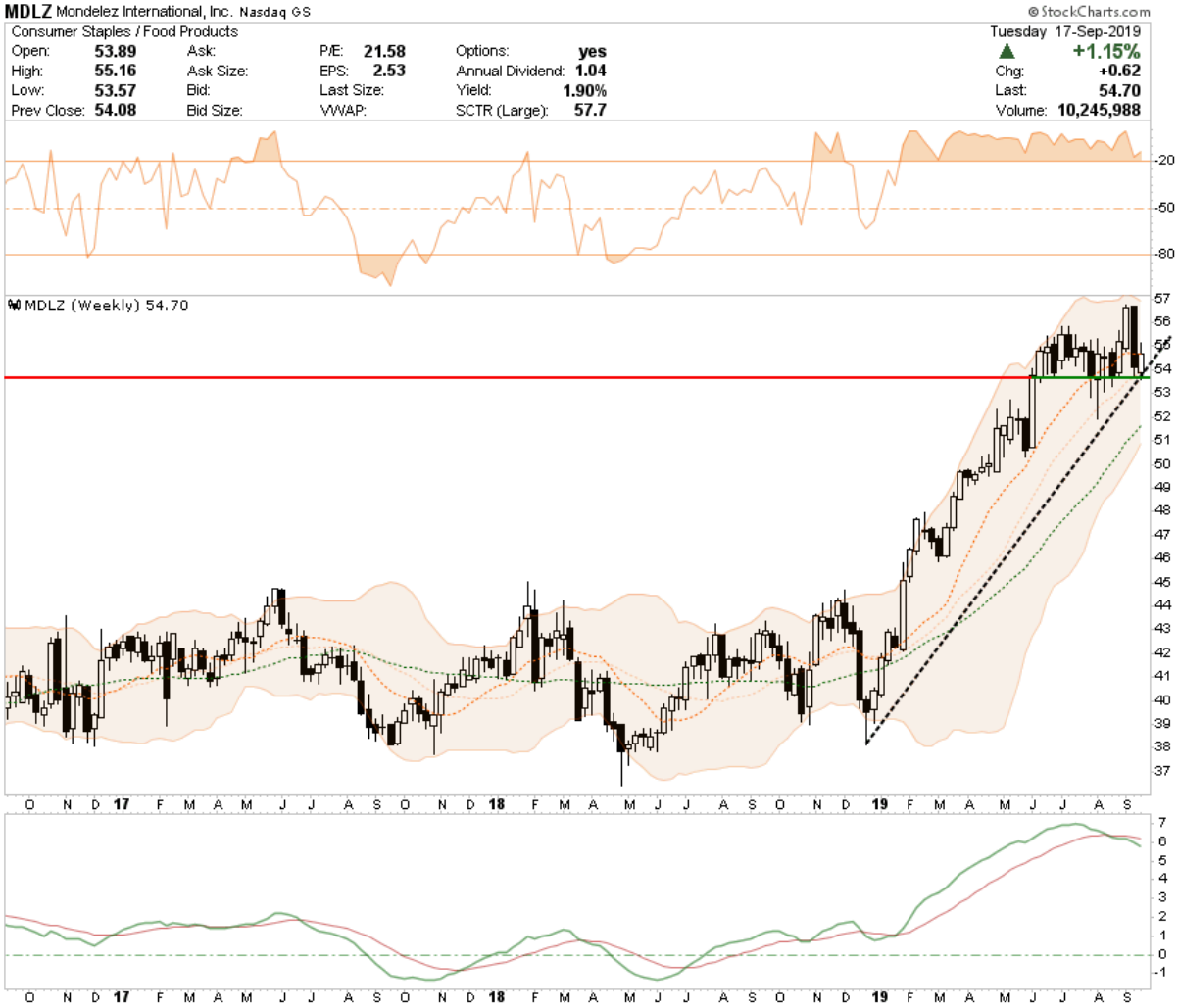
- *As noted last week, after almost getting stopped out, DOV has turned up from support. DOV is currently on a sell signal, but we are now looking for an entry point to add to our existing holdings after taking profits previously.*
- *The stock is back to overbought currently as industrials have surged on hopes of a trade deal with China in October.*
- *We are looking for the sell-signal to reverse to set up a move to new highs.*
- *Stop loss is moved up to support at $87.50*

COST - Costco Wholesale



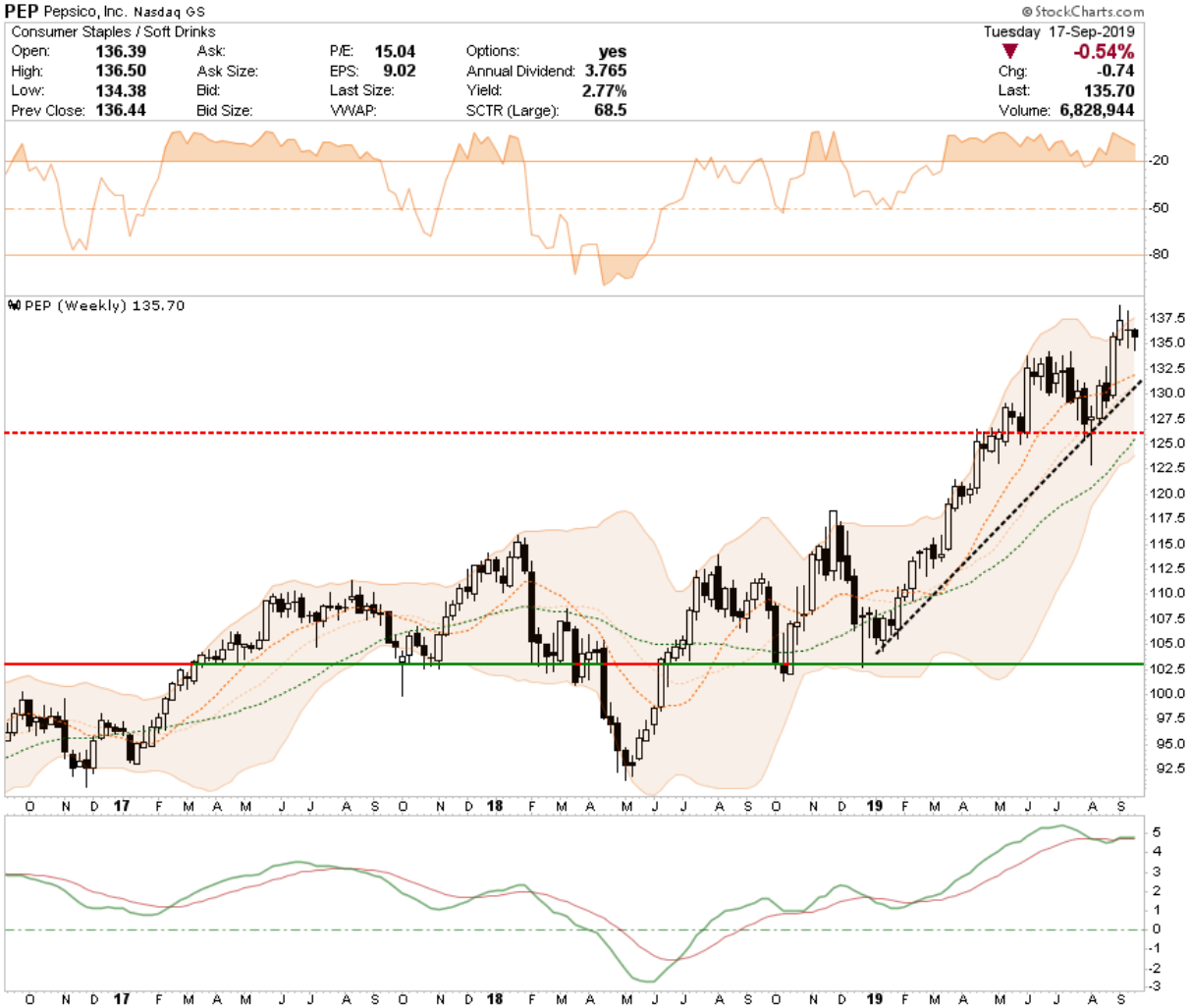
- *COST has had a big run in recent months and is extremely overbought.*
- *Currently the position is pulling back from a rather extreme extension so support needs to hold around $280.*
- *If support holds we can look to add to our current holding after taking profits previously.*
- *Stop-loss moved up to $250*

MDLZ - Mondelez International



- *MDLZ after a huge run has been building a base around support.*
- *With a "sell signal" in place we are reluctant to add to our holdings currently. But given the current support of prices, we are reluctant to sell now as well.*
- *We have taken profits previously, so we are simply moving our stop levels up for now and watching support.*
- *Stop loss is moved up to $53*

PEP - Pepsico Inc.



- *PEP recently broke out to all-time highs as the bid for Staples has continued unabated.*
- *PEP is very overbought and flirting with a "sell signal," so there is currently no rush to add exposure at the moment.*
- *A pullback that works off the overbought condition and holds support will provide a better entry point to add to our holdings.*
- *Stop-loss is set at $125*

UNH - UnitedHealth Group



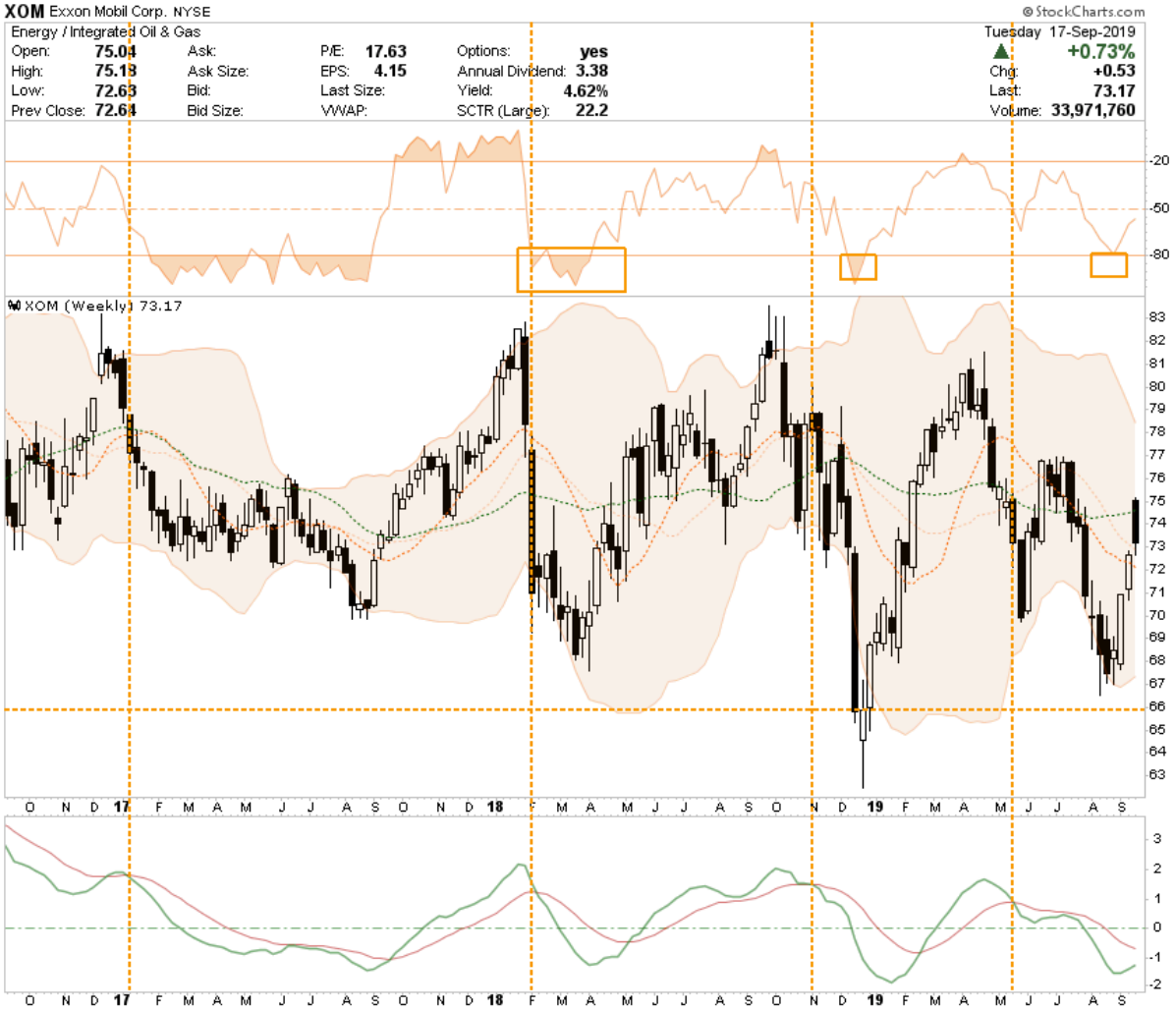
- *UNH has continued to struggle in downtrend as of late but has failed to violate our stop levels.*
- *Given the position is extremely oversold we are being patient to allow our thesis of sector rotation to come to favor.*
- *We are looking to add to these positions opportunistically as performance improves.*
- *Stop-loss is set at $220*

UTX - United Technologies



- *UTX, along with BA, have had very nice rallies over the last couple of weeks.*
- *With UTX triggering a "buy signal" we are bullish on the position for now but need a breakout to new highs to confirm our thesis.*
- *If that occurs we will look to add opportunistically to our position.*
- *Stop loss remains at $122.50*

XOM - Exxon Mobil



- *Interestingly, XOM was moving higher ahead of the Saudi oil production strikes.*
- *However, yesterday, the gains were reversed as it is realized the disruption will likely not last long.*
- *XOM is extremely oversold and the pickup in performance is encouraging.*
- *I had noted a couple of weeks ago that XOM was deeply oversold and we were looking to add to the position. A pullback that establishes a higher low will provide that opportunity to add back to our position.*
- *We are looking for our "buy signal" to turn higher and some further price action which gives us more confidence in adding back to our holding after selling 1/2 the position earlier this year.*
- *Stop loss remains at $67*