



Selected Portfolio Position Review: 10-16-19

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: Yesterday we took profits in our defensive positions as it appears a rotation back to offense is underway. Today we are going to cover the 8-sells and the 2-potential buys currently under consideration. We will update accordingly.

AEP - American Electric Power (Take Profits)

AEP American Elec Pwr Co., Inc. NYSE

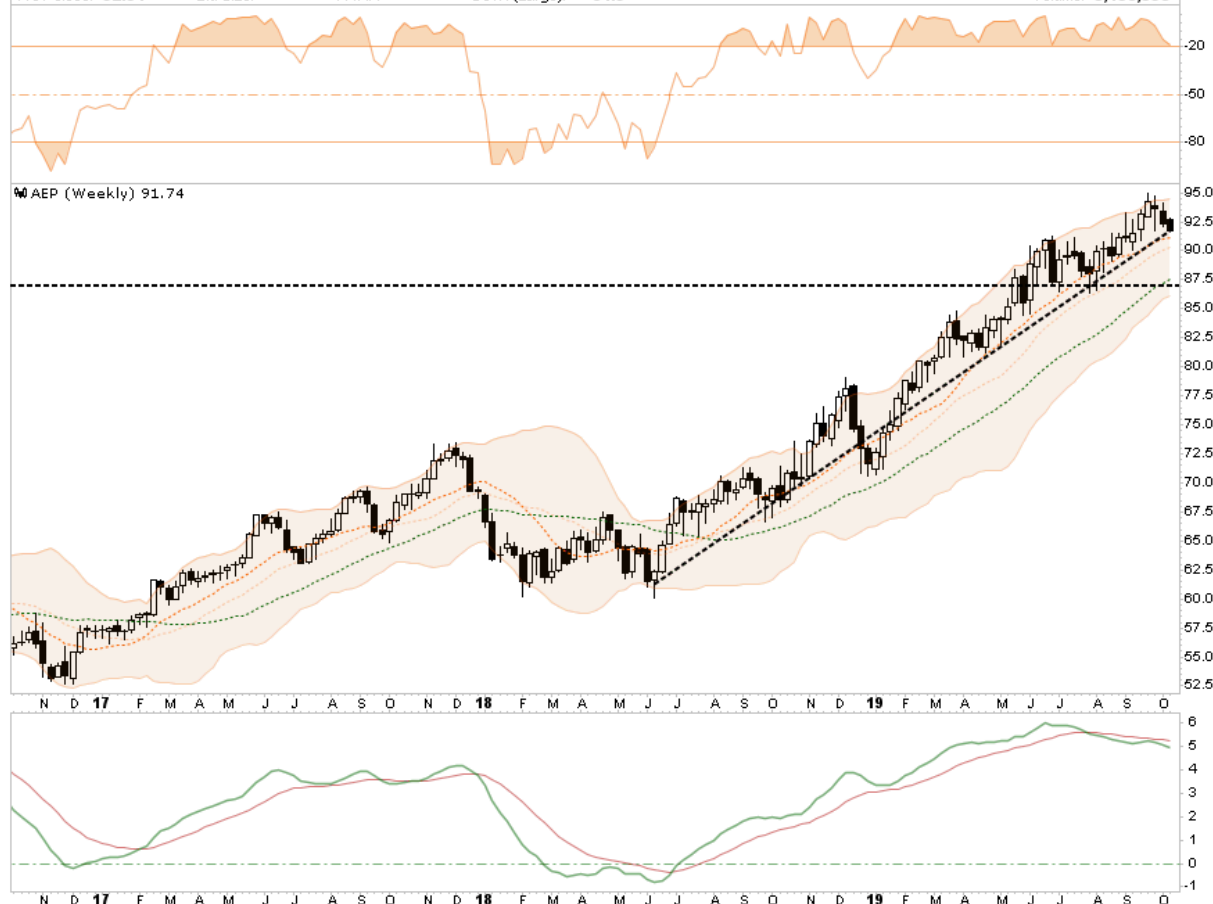
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Utilities / Conventional Electricity

Tuesday 15-Oct-2019

Open: **92.71** Ask: P/E: **22.97** Options: **yes**
 High: **92.85** Ask Size: EPS: **3.99** Annual Dividend: **2.68**
 Low: **91.67** Bid: Last Size: **2.92%** Yield:
 Prev Close: **92.34** Bid Size: VWAP: SCTR (Large): **64.9**

Chg: **-0.65%**
 Last: **91.74**
 Volume: **3,150,598**



- As noted last week, after taking profits out of the position previously, we reduced our position to 1% of the portfolio. Utilities have been a clear winner this year, and we are likely in for a correction or consolidation. We will look for an opportunity to add back to our holdings at later date.
- With AEP currently on a "sell signal," and overbought, prudent risk management required profit taking.
- Stop is moved lower to \$77.50.

CHCT - Community HealthCare Trust (Take Profits)

CHCT Community Healthcare Trust, Inc. NYSE

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Real Estate / Specialty REITs

Tuesday 15-Oct-2019

Open: **45.20** Ask: P/E: **339.82** Options: **no**
 High: **45.44** Ask Size: EPS: **0.13** Annual Dividend: **1.635**
 Low: **44.48** Bid: Last Size: Yield: **3.66%**
 Prev Close: **45.15** Bid Size: VWAP: SCTR (Small): **92.3**

Chg: **-0.43**
 Last: **44.72**
 Volume: **146,039**



CHCT (Weekly) 44.72



- Like Utilities, Real estate has been one of the leading sectors this year, and in particular over the last several months.
- As noted last week, CHCT is extremely overbought and extended, so we took some profits out of our position for now and will look for an opportunistic entry point later on.
- Stop is moved lower to \$36.

DUK - Duke Energy (Take Profits)

DUK Duke Energy Corp. NYSE

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Utilities / Multiutilities

Tuesday 15-Oct-2019

Open: 96.16	Ask:	P/E: 20.97	Options: yes
High: 96.16	Ask Size:	EPS: 4.53	Annual Dividend: 3.7275
Low: 94.66	Bid:	Last Size:	Yield: 3.92%
Prev Close: 95.97	Bid Size:	VWAP:	SCTR (Large): 65.3

▼ **-1.01%**
Chg: **-0.97**
Last: **95.00**
Volume: **4,397,979**



- Another Utility with a big gain.
- Taking profits to capture the run and allow for some portfolio rebalancing.
- Will look to add back to the position on a retest of the previous breakout that holds.
- Stop loss is moved up to \$88

GDX - VanEck Gold Miners (Take Profits)

Open: **27.04** Ask: P/E: Options: **yes**
 High: **27.29** Ask Size: EPS: Annual Dividend: **0.105**
 Low: **26.18** Bid: Last Size: Yield: **0.40%**
 Prev Close: **26.97** Bid Size: VWAP: SCTR (ETF): **92.4**

Tuesday 15-Oct-2019
-2.89%
 Chg: **-0.78**
 Last: **26.19**
 Volume: **96,961,952**



- After buying gold and gold miners earlier this year, we are reducing our holdings and taking profits with the break of support yesterday.
- We still like these positions on a longer-term basis, but with a sell signal approaching we are taking profits and reducing our holdings for now. We will add back on a successful retest of support that reduces the overbought conditions.
- Stop loss is moved down to support at \$23

IAU - iShares Gold Trust (Take Profits)

IAU iShares Gold Trust NYSE

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Open: 14.260	Ask:	P/E: -12.77	Options: yes	Tuesday 15-Oct-2019
High: 14.290	Ask Size:	EPS: -1.11	Annual Dividend: N/A	▼ -0.21%
Low: 14.130	Bid:	Last Size:	Yield: N/A	Chg: -0.030
Prev Close: 14.210	Bid Size:	VWAP:	SCTR (ETF): 97.2	Last: 14.180
				Volume: 24,143,304



- Along with GDX we also reduced IAU for all the same reasons.
- A sell signal is approaching along with major overbought condition.
- Taking some profits now, so we can add back into the position at potentially lower levels in the future.
- Stop-loss moved down to \$13

PG - Proctor & Gamble (Take Profits)

PG Procter & Gamble Co. NYSE

Consumer Staples / Personal Products

Open: **121.62** Ask: P/E: **86.18** Options: **yes**
 High: **121.62** Ask Size: EPS: **1.36** Annual Dividend: **2.9262**
 Low: **116.70** Bid: Last Size: Yield: **2.50%**
 Prev Close: **121.09** Bid Size: VWAP: SCTR (Large): **58.5**

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Tuesday 15-Oct-2019
 ▼ **-3.21%**
 Chg: **-3.89**
 Last: **117.20**
 Volume: **18,441,228**



- As noted last week:
 - "PG has been on a seemingly unstoppable advance. With a consumer staple conglomerate trading at 88x earnings, we have to take profits and reduce our valuation risk."
- We did exactly that for the same reason.
- We will look to buy back into our position at lower levels.
- Stop loss is moved down to \$105

VMC - Vulcan Materials (Take Profits)

VMC Vulcan Materials Co. NYSE

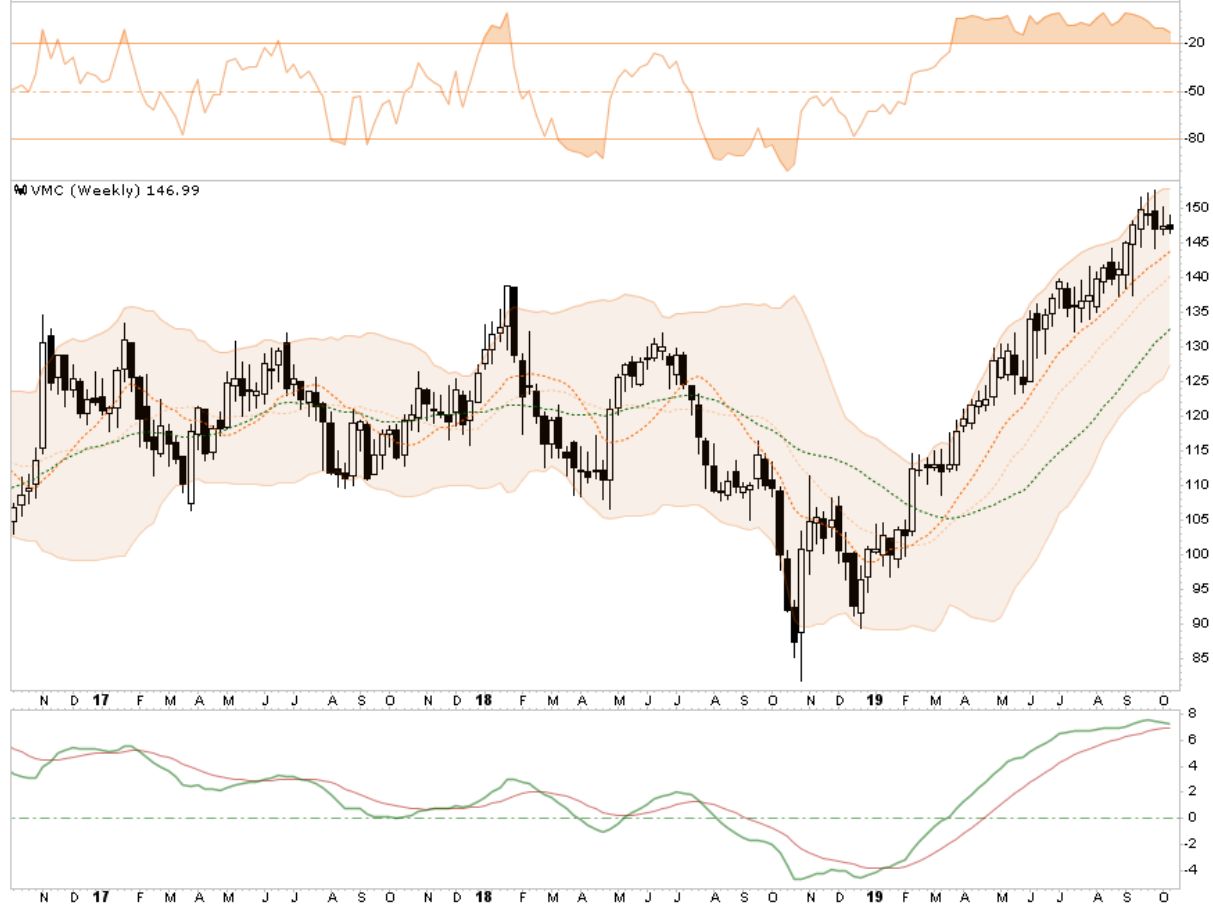
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Industrial / Building Materials

Tuesday 15-Oct-2019

Open: **147.52** Ask: P/E: **34.77** Options: **yes**
 High: **149.04** Ask Size: EPS: **4.23** Annual Dividend: **1.21**
 Low: **146.48** Bid: Last Size: Yield: **0.82%**
 Prev Close: **147.44** Bid Size: VWAP: SCTR (Large): **85.7**

▼ **-0.31%**
 Chg: **-0.45**
 Last: **146.99**
 Volume: **1,811,895**



- VMC has been a strong performer but I am a little worried about industrial exposure with the "tariffs" still weighing on the sector.
- We have taken profits and reduced our holdings for now.
- With a sell signal approaching and currently overbought, reducing risk as we head into earnings season makes sense.
- We like the company longer-term, but we need a bigger correction to add to our position.
- Stop-loss is moved down to \$125

YUM - Yum Brands (Take Profits)

YUM Yum! Brands Inc. NYSE

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Consumer Discretionary / Restaurants & Bars

Tuesday 15-Oct-2019

Open: **114.01** Ask: P/E: **26.58** Options: **yes**
 High: **114.75** Ask Size: EPS: **4.19** Annual Dividend: **1.62**
 Low: **110.55** Bid: Last Size: **1.46%** Yield:
 Prev Close: **114.45** Bid Size: VWAP: SCTR (Large): **56.5**

Chg: **-2.75%**
 Last: **111.30**
 Volume: **2,783,504**



- *YUM moved from an uptrend in 2018 to an accelerated uptrend in 2019. As noted last week:*
 - *"YUM is grossly overbought and has recently triggered a sell signal."*
- *We took profits and reduced the position for now to protect our gains.*
- *We will look to add back to the position at lower levels.*
- *Stop loss is moved down to \$100*

XOM - Exxon Mobil Corp. (BUY)



- Back in April of this year we sold 50% of our holdings in XOM and have been waiting for the right opportunity to add back to our position. We are getting there.
- Energy shares actually have some value in them, and XOM is trading at a very long-term set of bottoms.
- With the stock deeply oversold and on a very deep "sell signal," there is a greatly reduced risk of adding back to our position opportunistically.
- With a 5% yield, we can afford to hold the position with a wider stop-loss.
- We will update our holdings when we add to the position.
- Stop loss is at \$63

UNH - United Healthcare (BUY)



- *UNH has struggled as of late but is deeply oversold on many levels.*
- *With the recent earnings announcement and improved guidance we will add to our position opportunistically.*
- *Stop loss is remains at \$210*

Other positions on our BUY/ADD list under evaluation currently:

- *ABBV - AbbVie, Inc.*
- *MU - Micron Technologies*
- *AMZN - Amazon*
- *GOOG - Google*
- *FB - Facebook*
- *JPM - JP Morgan*
- *NSC - Norfolk Southern*
- *JNJ - Johnson & Johnson*