



Selected Portfolio Position Review: 10-30-19

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).*

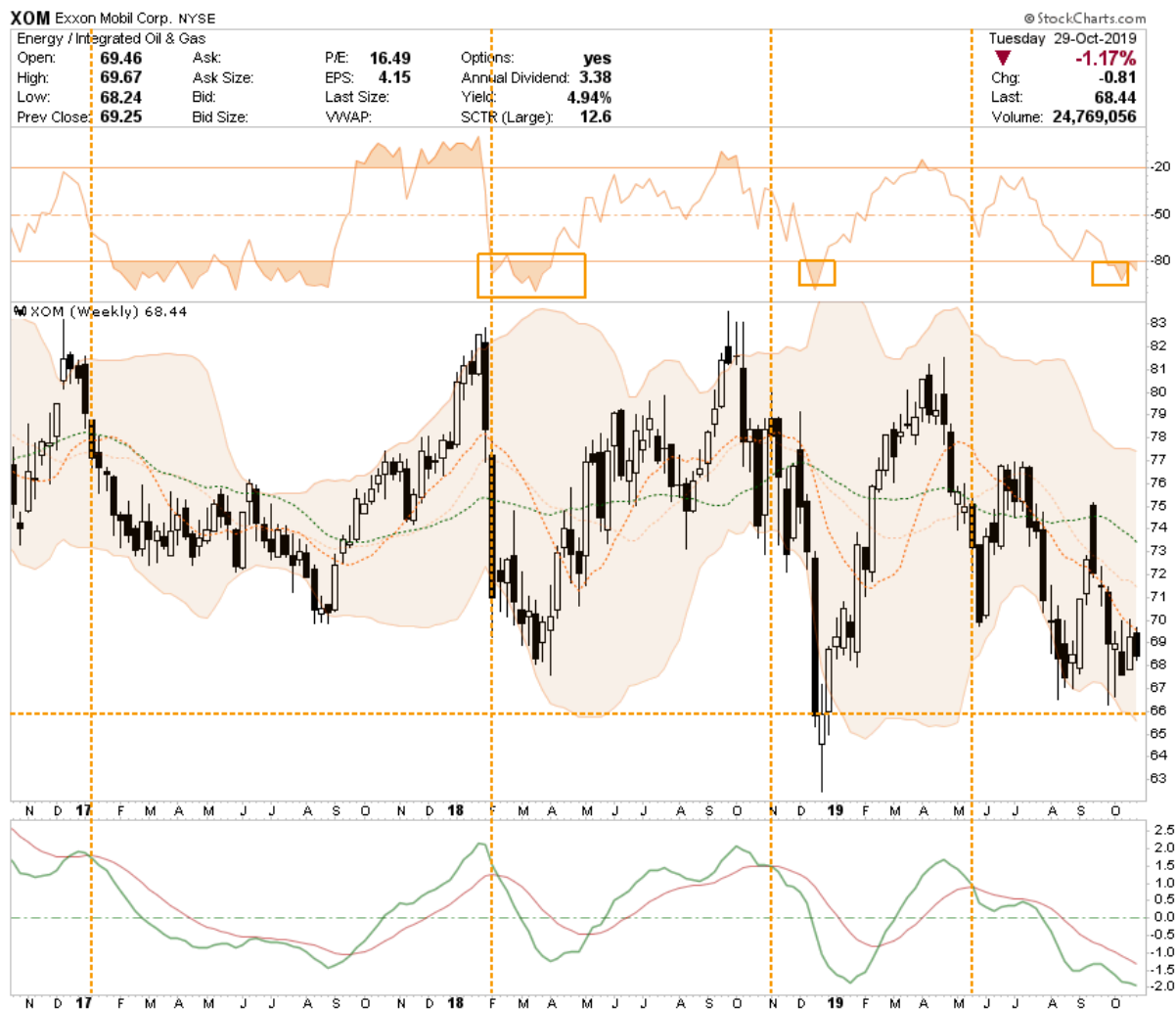
When the price of a position is at the top of the deviation range, overbought and on a buy signal it is generally a good time to take profits. When that positioning is reversed it is often a good time to look to add to a winning position or looking for an opportunity to exit a losing position.



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.

As we are in the process of adjusting portfolio exposures, we will review our recent portfolio additions and the things we are either watching or looking to add or reduce.

XOM - Exxon Mobil (Bought)



- As discussed last week, 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. The position can still be bought.
- Stop is set at \$66

MU - Micron Technologies (Bought)



- *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, and we are watching that carefully.*
- *We added a full position to the portfolio on expectations of a push higher. The position can still be added at currently levels.*
- *Stop is moved up to \$42.50.*

AMZN - Amazon.com (Bought)



- 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.
- The long-term trend remains positive and a move above \$1850 should clear the way to old highs. A position can still be added.
- We added a full position.
- Stop loss is set at \$1700

ABBV - Abbvie Corp. (Bought)

ABBV AbbVie Inc. NYSE

Health Care / Biotechnology

Open: **76.67** Ask: P/E: **28.85** Options: **yes**
 High: **78.74** Ask Size: EPS: **2.72** Annual Dividend: **4.28**
 Low: **76.49** Bid: Last Size: Yield: **5.45%**
 Prev Close: **76.53** Bid Size: VWAP: SCTR (Large): **61.5**

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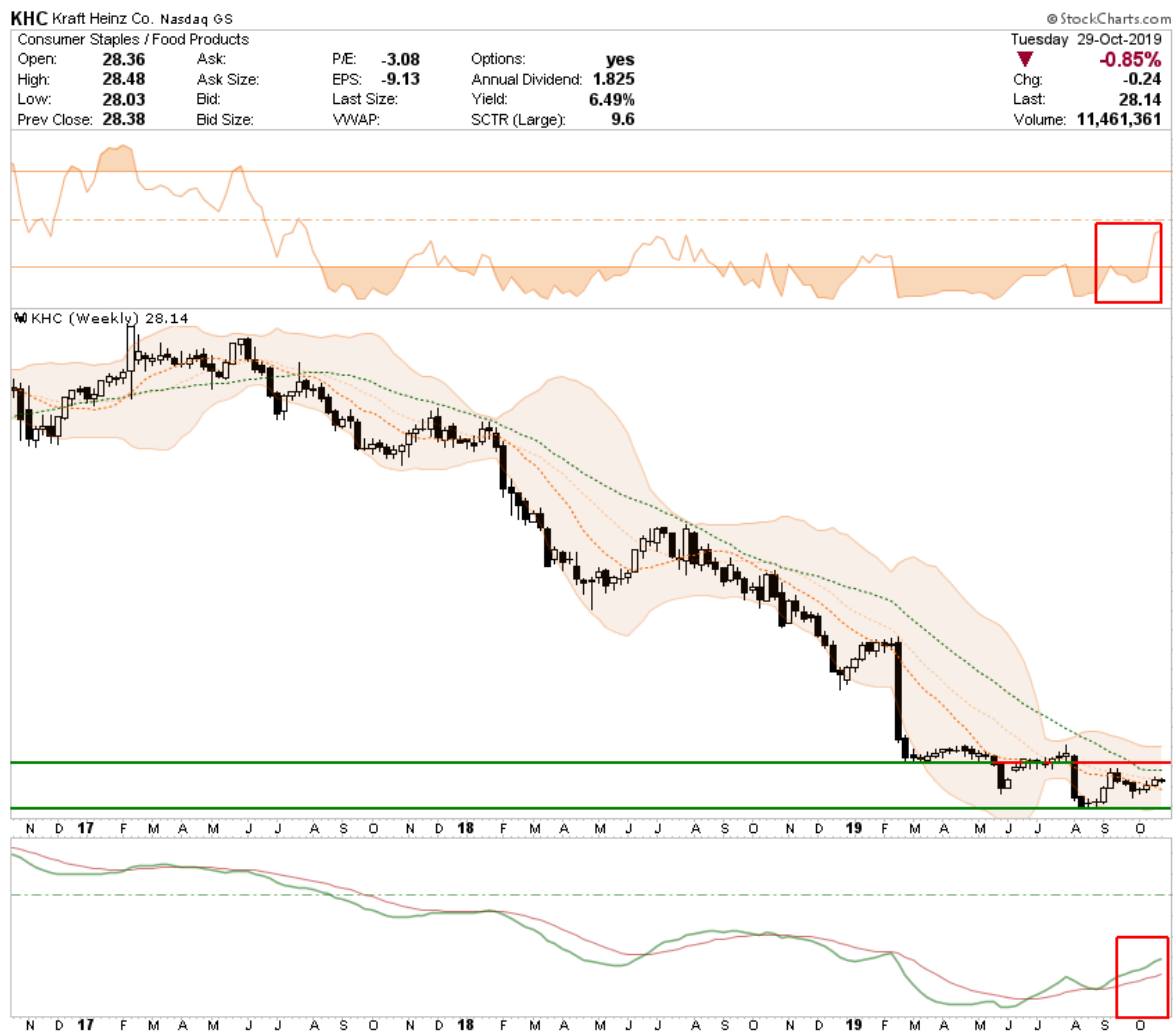
Tuesday 29-Oct-2019

▲ **+2.53%**
 Chg: **+1.94**
 Last: **78.47**
 Volume: **13,504,341**



- *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.*
- *A 1/2 position can still be added.*
- *Stop loss is set at \$65*

KHC - Kraft Heinz (Add)



- Last week we talked about our speculative turnaround story in KHC. We still think that is the case and we will add a "trading position" to the portfolio.
- 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.

NSC - Norfolk Southern (Add)

NSC Norfolk Southern Corp. NYSE

Industrial / Railroad

Open: **188.38**

Ask:

P/E: **18.02**

Options: **yes**

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Tuesday 29-Oct-2019

High: **190.68**

Ask Size:

EPS: **10.27**

Annual Dividend: **3.46**

▼ **-1.71%**

Low: **184.94**

Bid:

Last Size:

Yield: **1.87%**

Chg: **-3.21**

Prev Close: **188.25**

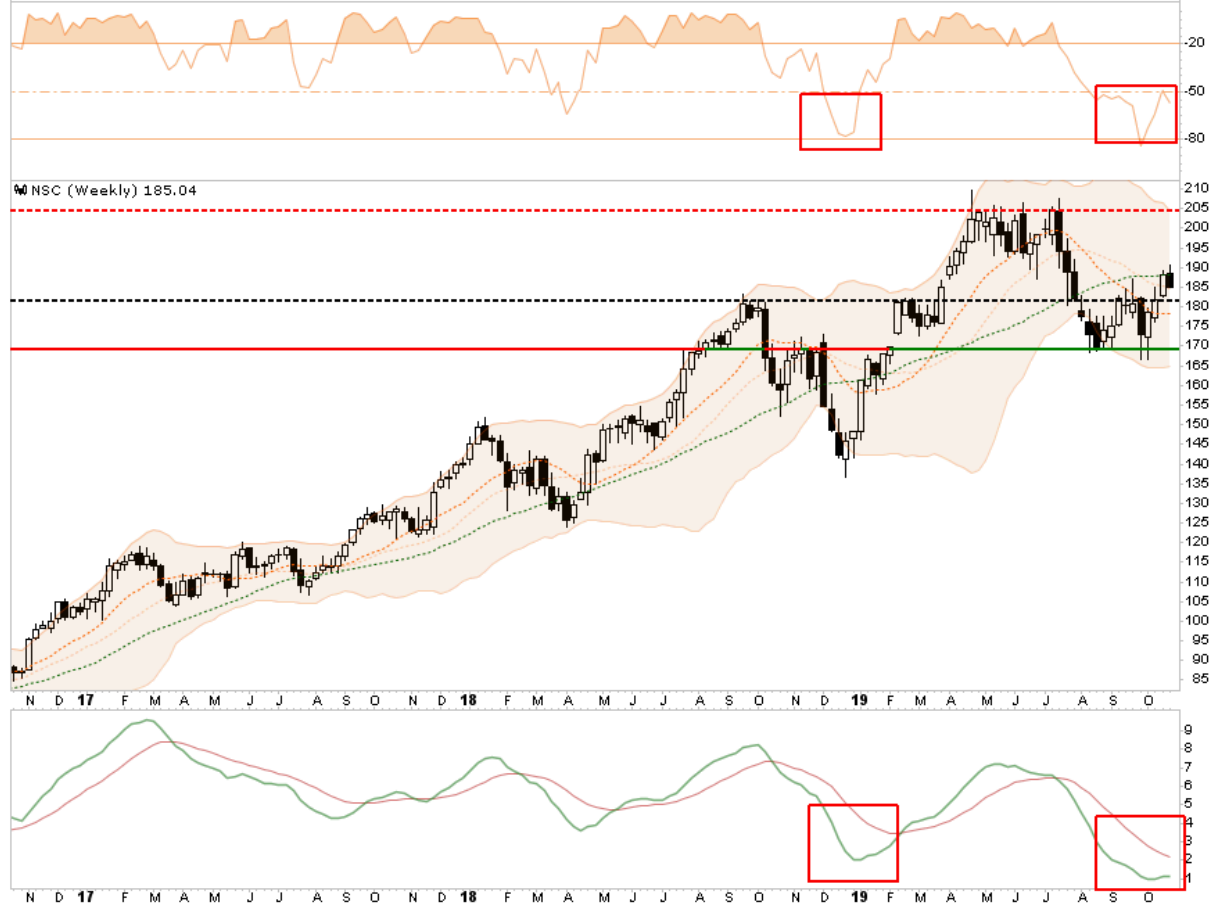
Bid Size:

VWAP:

SCTR (Large): **27.3**

Last: **185.04**

Volume: **3,240,701**



- 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

MDLZ - Mondelez (Under Review)

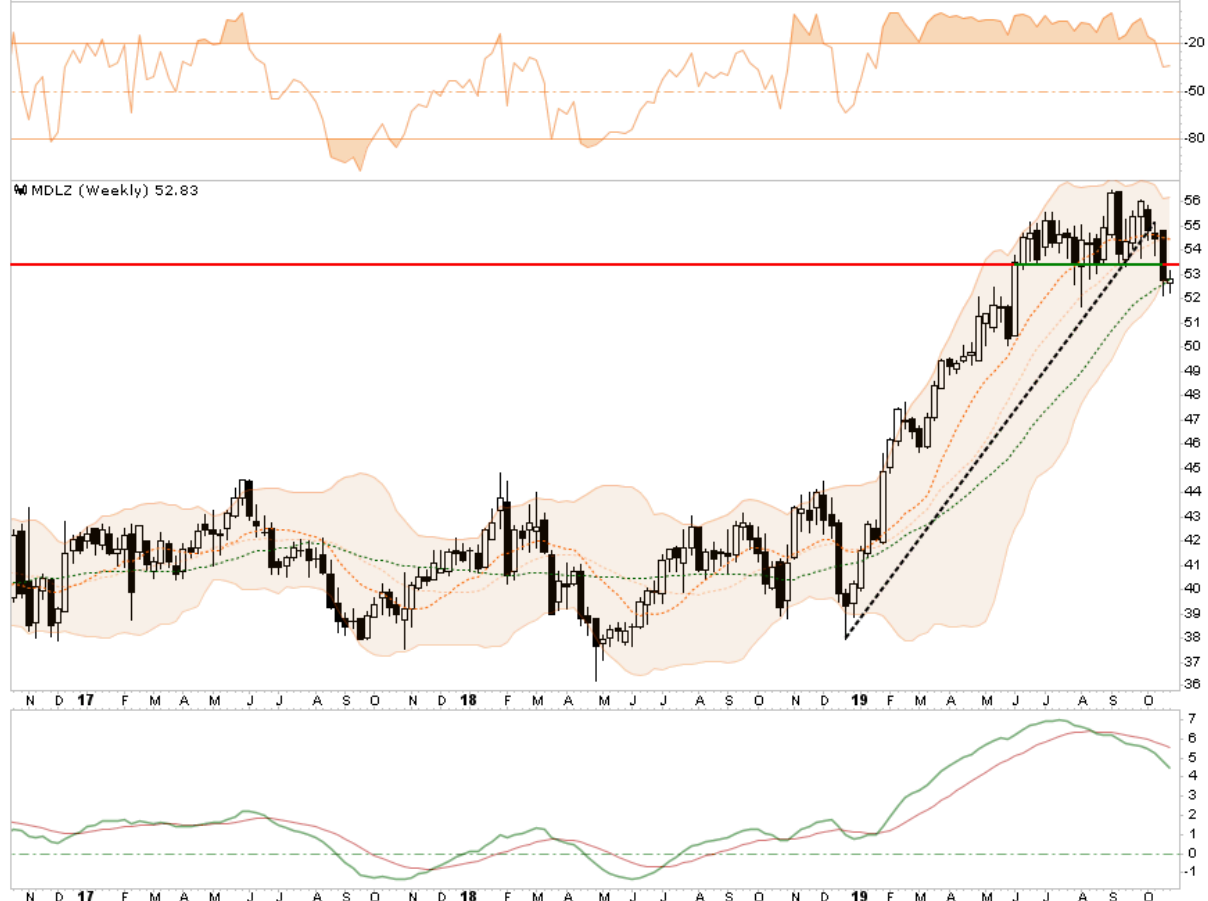
MDLZ Mondelez International, Inc. Nasdaq GS

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Consumer Staples / Food Products

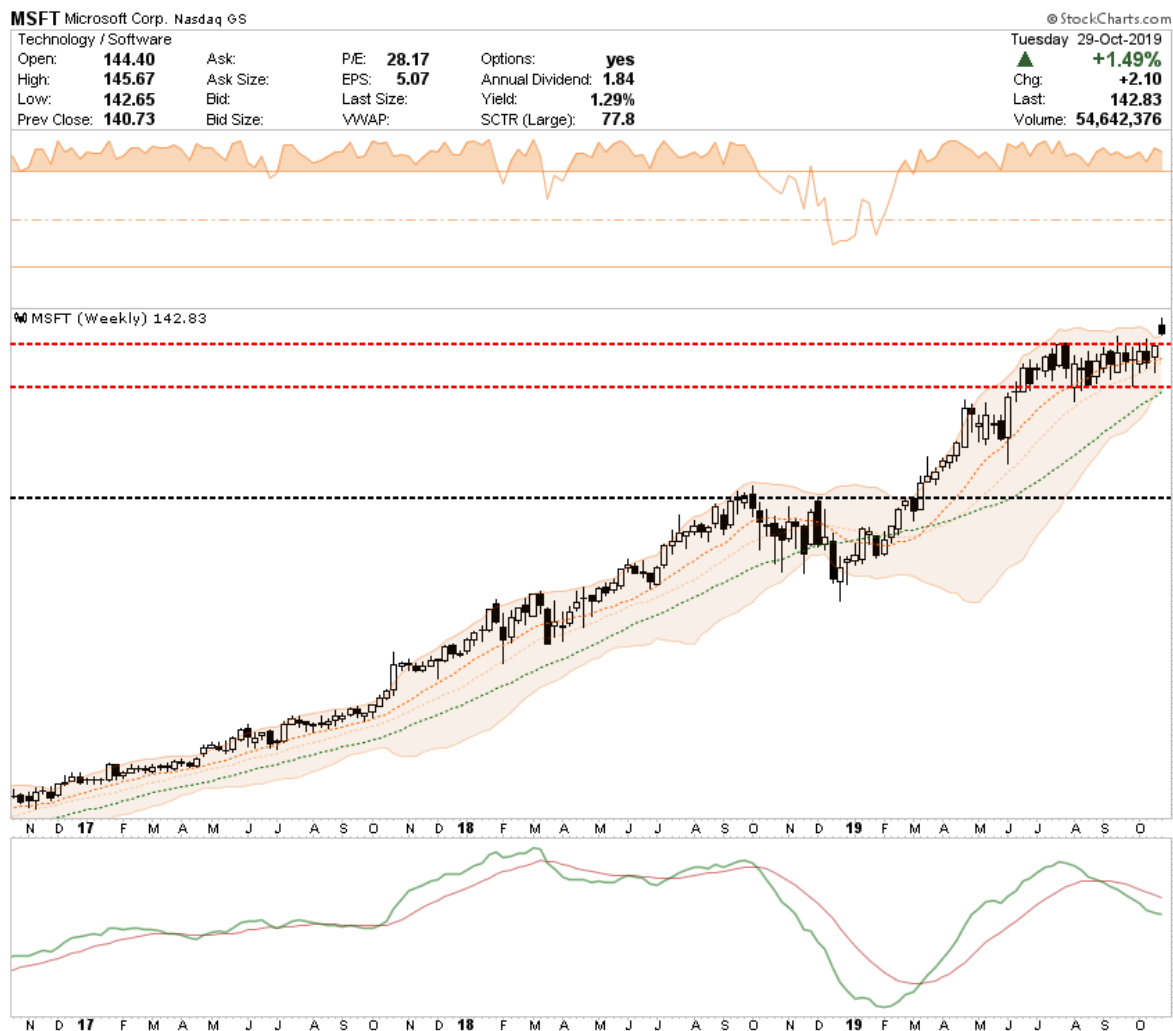
Open: **52.65** Ask: P/E: **20.84** Options: **yes**
 High: **53.13** Ask Size: EPS: **2.53** Annual Dividend: **1.065**
 Low: **52.24** Bid: Last Size: **2.02%** Yield:
 Prev Close: **52.77** Bid Size: VWAP: SCTR (Large): **31.7**

Tuesday 29-Oct-2019
 ▲ **+0.11%**
 Chg: **+0.06**
 Last: **52.83**
 Volume: **15,646,777**



- *Mondelez has broken initial support but is holding its longer-term moving average.*
- *We have taken profits in the position previously, so we can be a little patient here.*
- *If performance doesn't pick up, or if moving average support is broken, we will cut the position down to capture gains.*
- *Stop-loss remains at \$52*

MSFT - Microsoft Corp. (Add)



- *MSFT has been a great performer for us and after several months of consolidation the breakout to the upside gives us an opportunity to add to our holdings.*
- *We would like to see a successful test of the breakout to confirm a move higher before adding to our holdings.*
- *Stop loss moved up to \$132.50*

PFE - Pfizer, Inc. (Watch List)

PFE Pfizer, Inc. NYSE

Health Care / Pharmaceuticals

Open: **36.86** Ask: P/E: **17.45** Options: **yes**
 High: **38.76** Ask Size: EPS: **2.19** Annual Dividend: **1.42**
 Low: **36.82** Bid: Yield: **3.72%**
 Prev Close: **36.77** Bid Size: VWAP: SCTR (Large): **32.5**

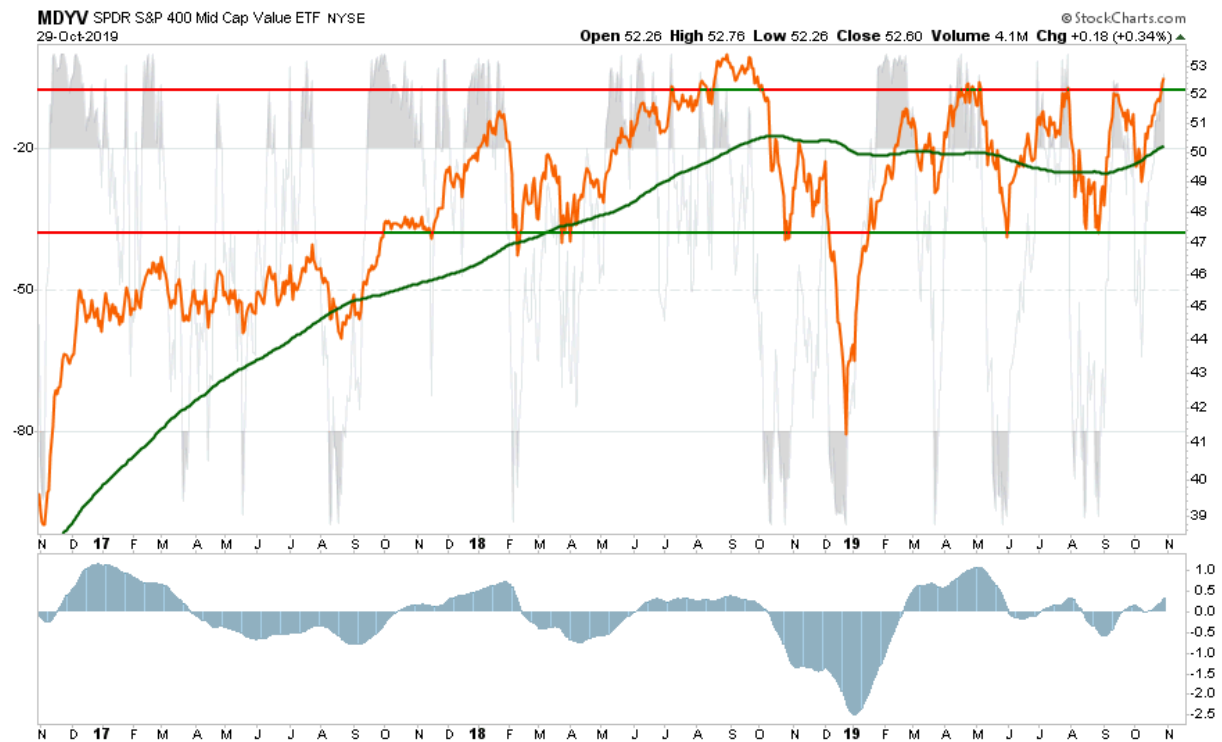
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Tuesday 29-Oct-2019
 ▲ **+3.92%**
 Chg: **+1.44**
 Last: **38.21**
 Volume: **54,894,808**



- *PFE has been moved to our watch list following improved earnings. With a dividend yield of over 3%, the fundamentals are compelling along with a deep oversold condition.*
- *We would like to see the buy signal trigger to add to our holdings.*
- *We have added a LOT of yield to the portfolio this year to increase our total return. PFE plays into the allocation.*
- *Stop loss will be set at \$34*

MDYV - Mid-Cap Value (Add)



- As noted in our report on QE programs last week, 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 \$49