



Selected Portfolio Position Review: 11-20-19

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).*

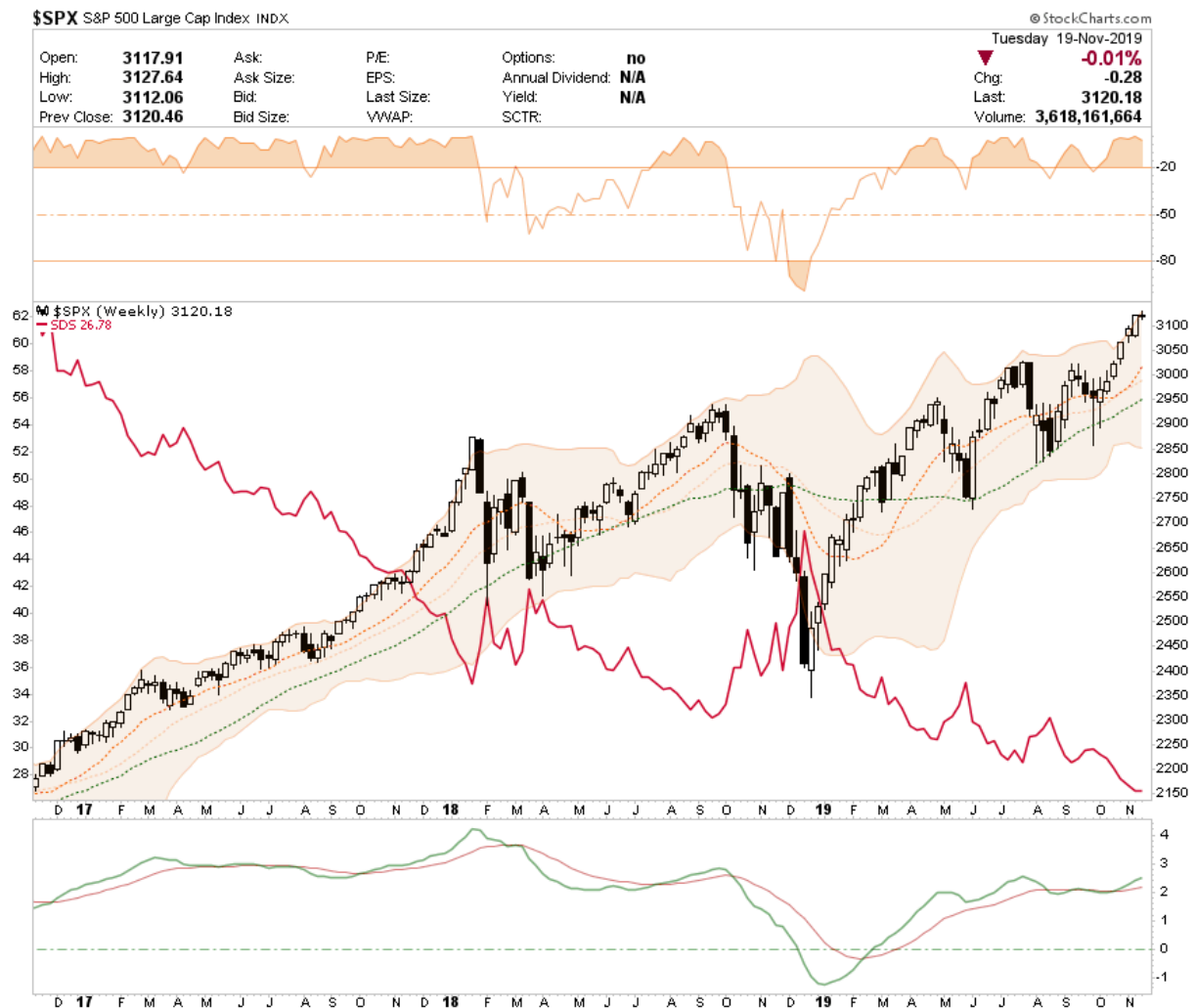
When the price of a position is at the top of the deviation range, overbought and on a buy signal it is generally a good time to take profits. When that positioning is reversed it is often a good time to look to add to a winning position or looking for an opportunity to exit a losing position.



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.

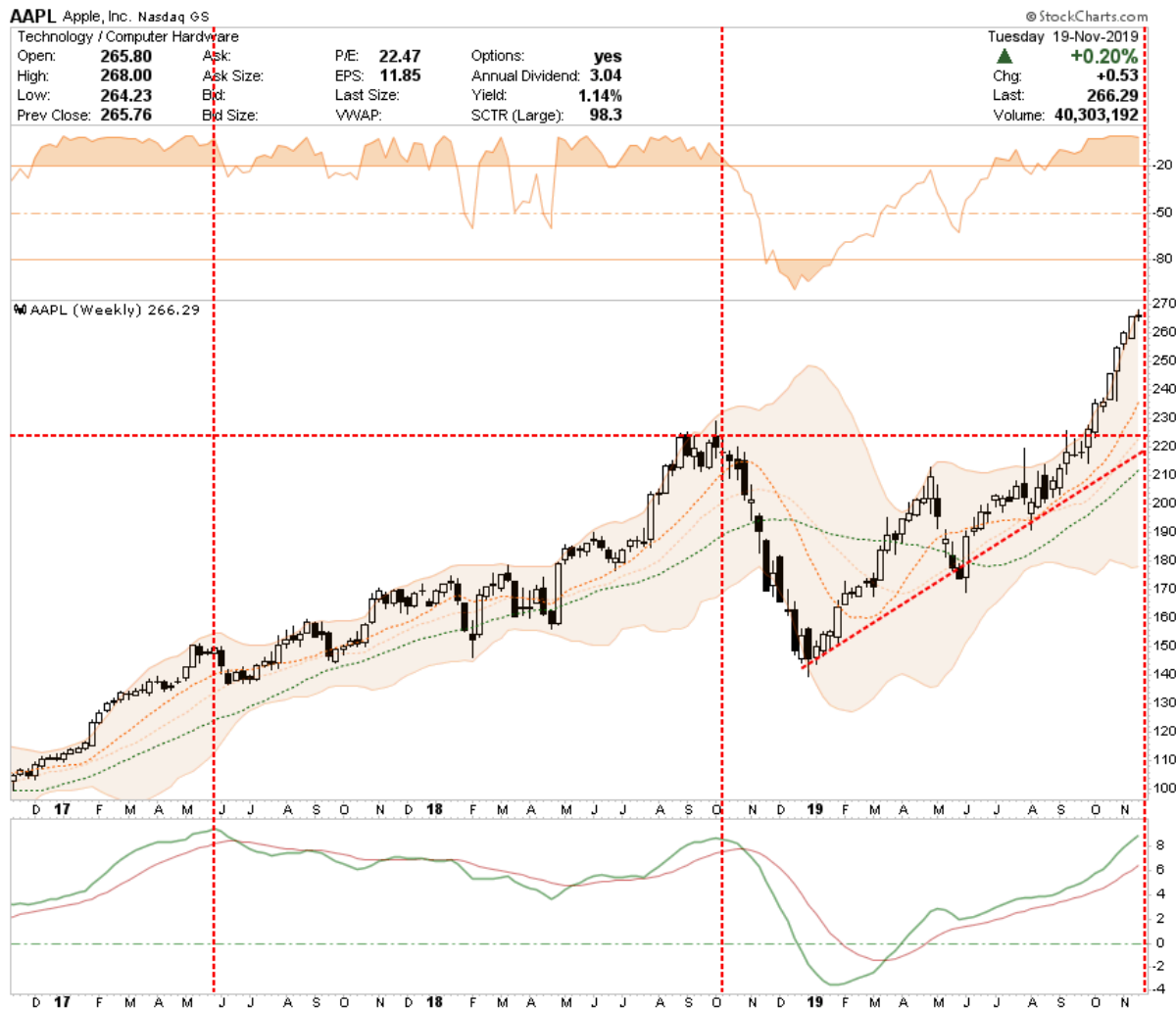
This week we are reviewing positions which may require some additional attention soon, either trimming, adding, or removing, plus recent additions.

SDS - Proshares Ultra-Short S&P 500



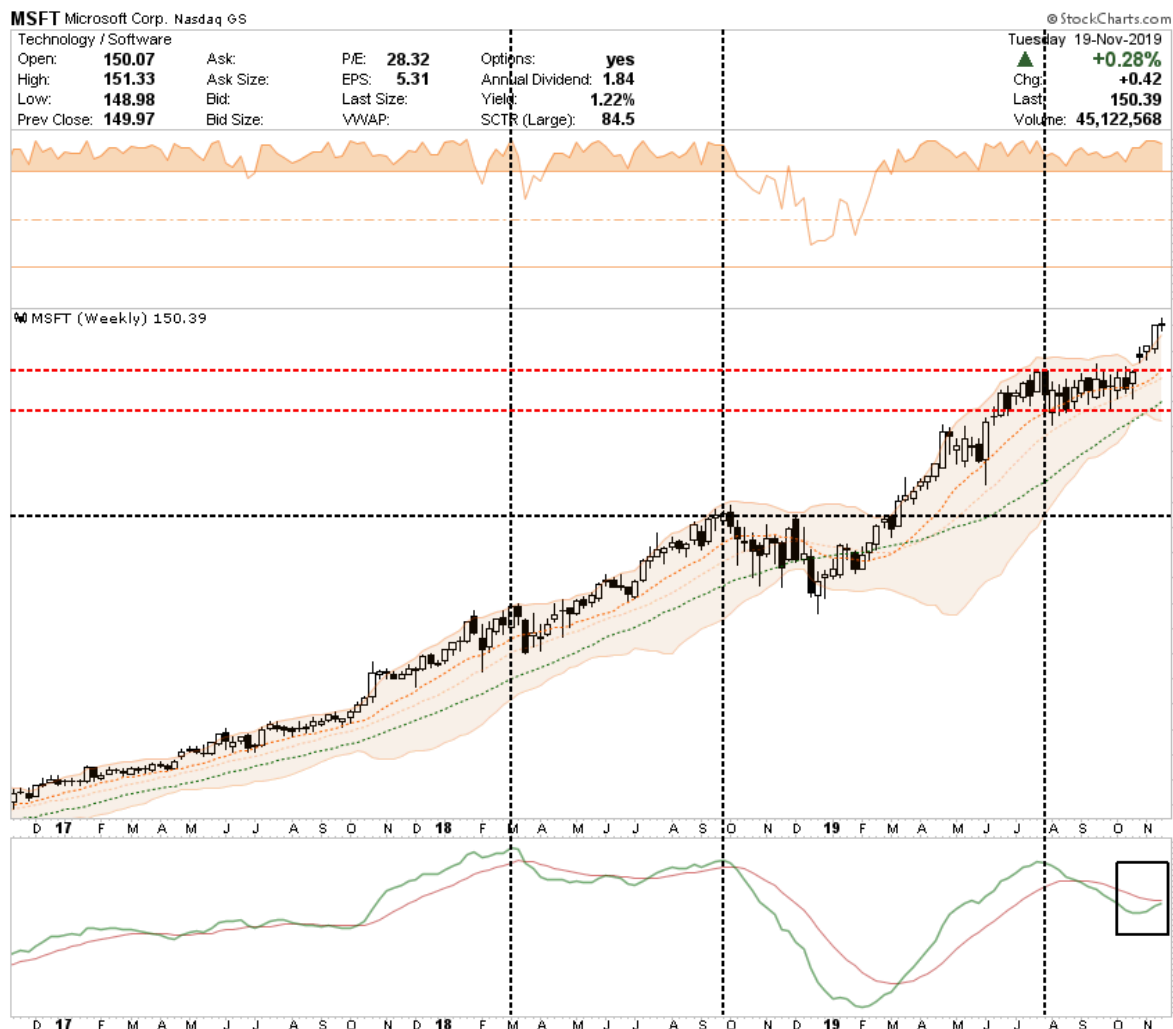
- In last Tuesday's "technically speaking" post, we discussed all the various measures of "overbought and extended" conditions which currently exist in the market.
- That has not changed this week.
- As noted previously, we have taken profits and rebalanced risks in portfolios over the course of the last several months, we have a lot of equity exposure vulnerable to a short-term correction.
- We previously 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.
- While we are currently down about 2% in the position, that is okay because our defensive and bond positioning have been offsetting the drag. As an example: Yesterday the equity portfolio was up +.02% while the S&P 500 was down -.06%
- We still expect a 2-5% decline 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

AAPL - Apple, Inc.



- We bought AAPL in January of this year and now have a 40% gain in the position. We took profits in May before the decline, but the breakout to new highs has been parabolic.
- AAPL and MSFT have made up 38% of the entire S&P 500 gain this year. The top 15 largest S&P 500 companies have also made up 38% of the advance leaving just 24% of the lift to the remain 485 stocks. This is a very narrow advance and is symptomatic of a late stage bull market cycle.
- We are probably going to take profits again by the end of the year but for now we will just keep raising our stop level.
- Stop set at \$220

MSFT - Microsoft Corp.



- As noted above, MSFT is one of the 2-horseman leading the market higher as money is hiding in the biggest large cap technology companies.
- The difference between MSFT and AAPL, is that MSFT has just recently broken out of a consolidation and is about to trigger a buy signal.
- MSFT is extremely extended and overbought currently, so this is not a good entry point for the stock.
- Be patient as we will likely see a correction back to the previous breakout level which must hold.
- Stop loss is set at \$132.50

ABBV - AbbVie, Inc.



- We had been watching ABBV for a while before adding it to the portfolio. We love the healthcare space because of the aging demographic.
- Since adding it to the portfolio, it has surged 14%. We need a pullback to add to our holdings and while ABBV is on a buy signal it is very overbought.
- We are looking for a pullback to the 50-dma which has now crossed above the 200-dma.
- Stop loss is set at \$70

NSC - Norfolk Southern

NSC Norfolk Southern Corp. NYSE

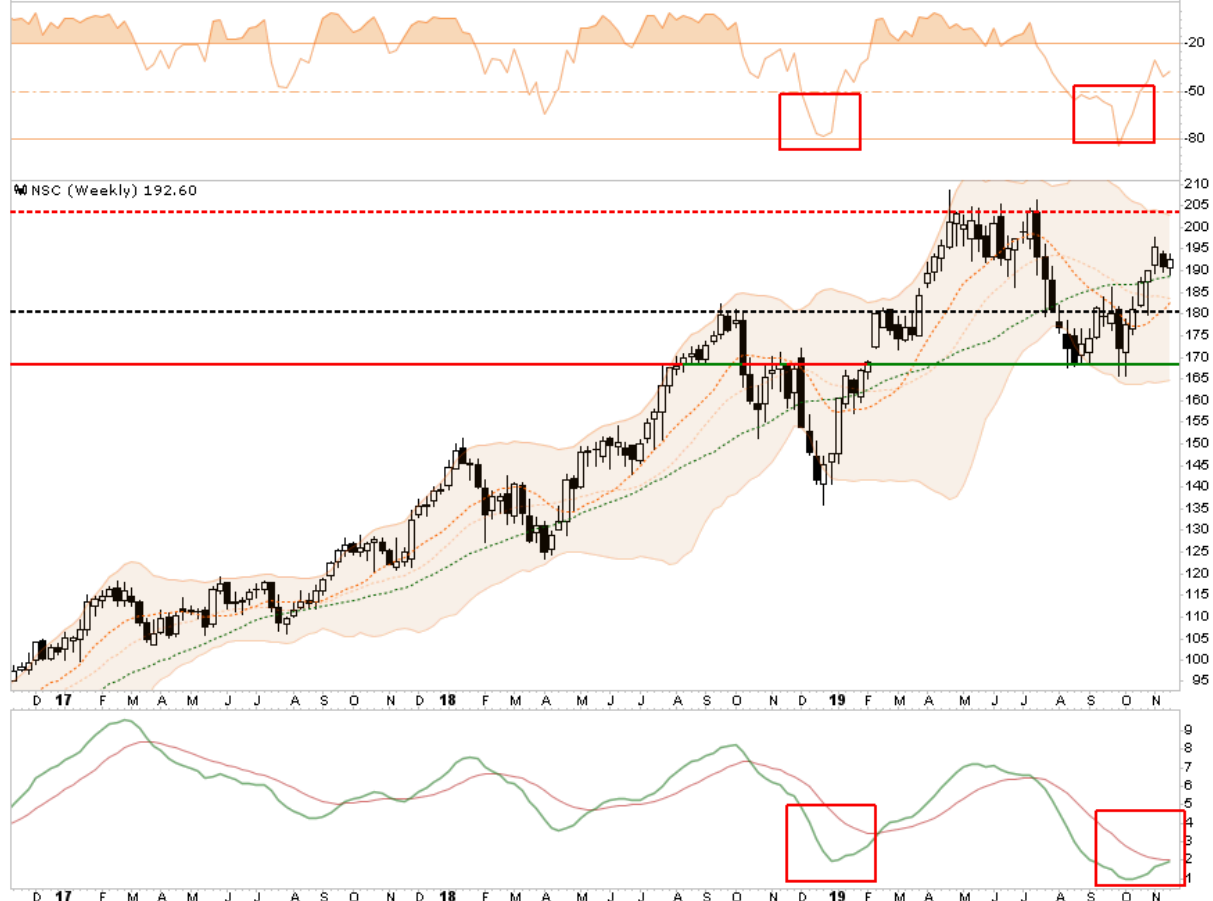
Industrial / Railroad

Open: **190.56** Ask: P/E: **18.76** Options: **yes**
 High: **194.00** Ask Size: EPS: **10.27** Annual Dividend: **3.6**
 Low: **189.10** Bid: Last Size: Yield: **1.87%**
 Prev Close: **191.07** Bid Size: VWAP: SCTR (Large): **33.1**

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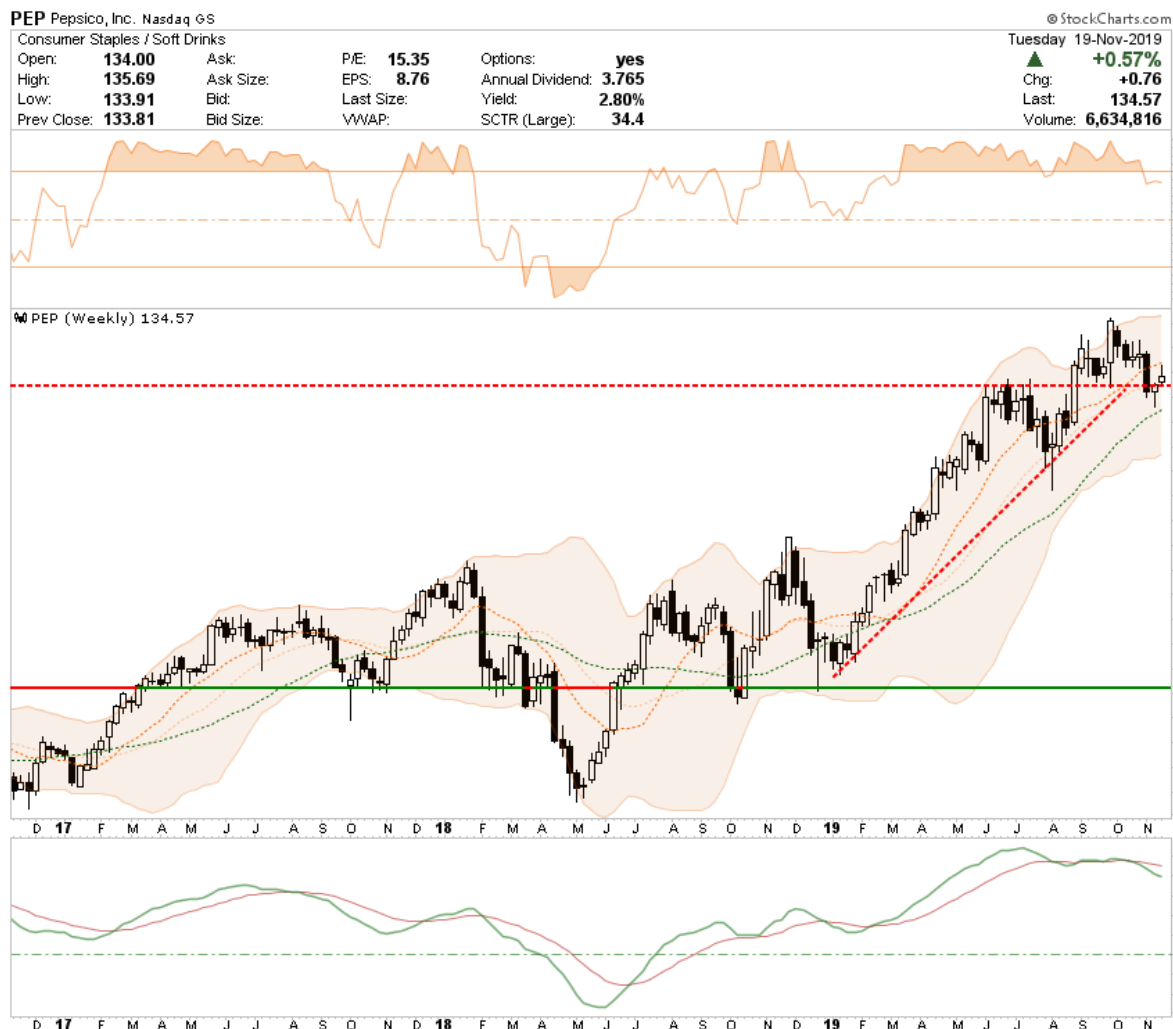
Tuesday 19-Nov-2019

▲ **+0.80%**
 Chg: **+1.53**
 Last: **192.60**
 Volume: **2,429,667**



- We have previously taken profits in NSC but have been looking for an entry point to add back to the position. We may be getting close to that point.
- NSC held important support at \$170 and turned up with the onset of QE-4.
- With a buy signal fast approaching, and still not overbought, a reasonable entry point is approaching.
- With the market overbought in total, if the market pulls back, so to will NSC. We would like to use a temporary respite to add to our holdings.
- For now we are holding our current position and moving the stop up.
- Stop has been moved up to \$180

PEP - PepsiCo, Inc.



- *PEP has corrected here recently and triggered a sell signal from a fairly high level.*
- *The good news is that PEP continues to hold support.*
- *We 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 \$130*

UTX - United Technologies

UTX United Technologies Corp. NYSE

Industrial / Aerospace

Open: **149.11**
 High: **149.65**
 Low: **148.35**
 Prev Close: **149.36**

Ask: **25.07**
 Ask Size: **5.92**
 Bid: **1.98%**
 Bid Size: **72.6**

Options: **yes**
 Annual Dividend: **2.94**
 Yield: **1.98%**
 SCTR (Large): **72.6**

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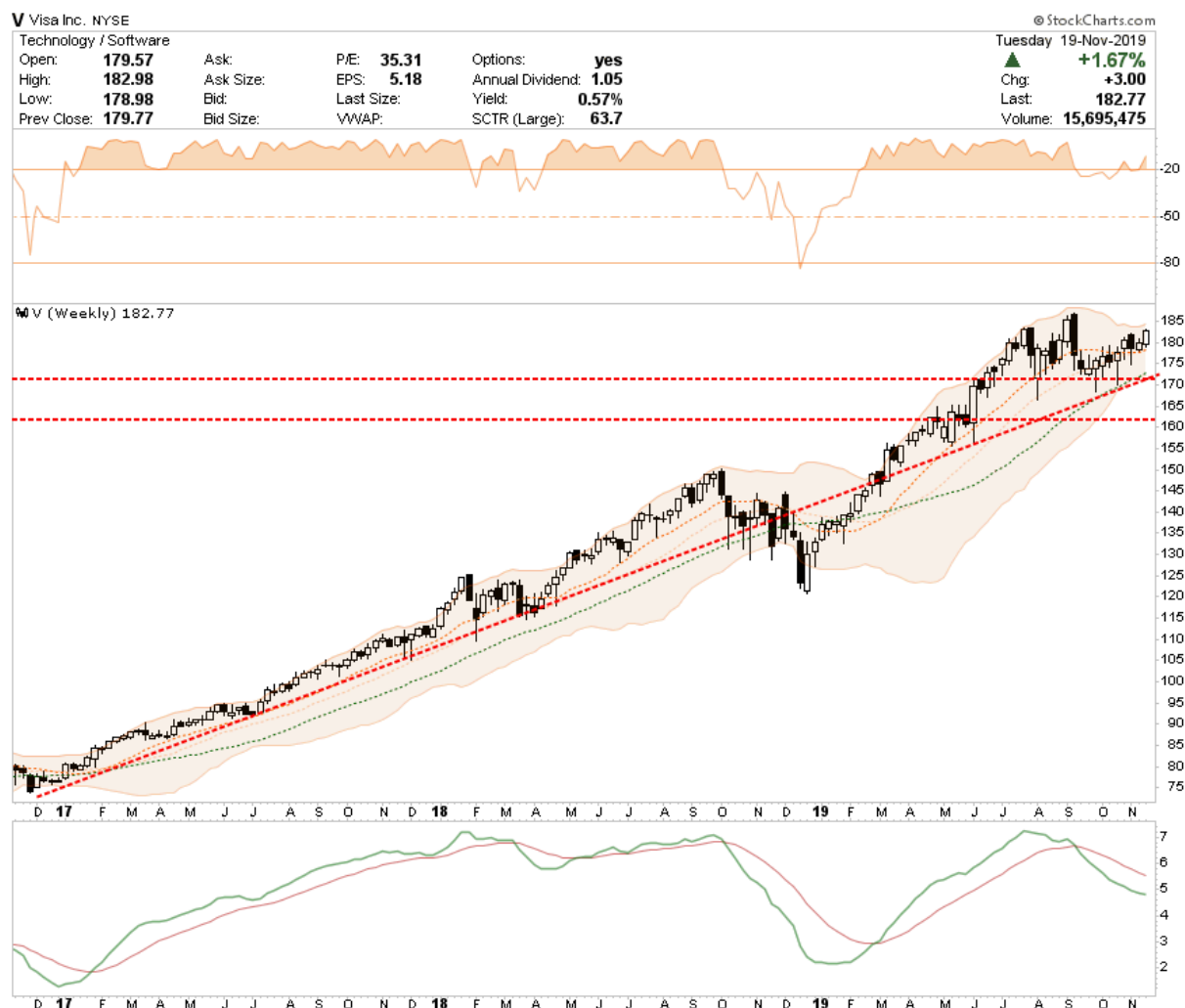
Tuesday 19-Nov-2019

▼ **-0.66%**
 Chg: **-0.99**
 Last: **148.37**
 Volume: **4,685,131**



- UTX has just taken off (no pun intended) following the breakout above the uptrend line.
- With the stock very overbought, we will just hold our position for now and look for a pullback that holds the breakout to make any additions. We are at full weighting on the stock currently.
- For now we will move our stop up on the position as a whole.
- Stop loss has been adjusted to \$132.50

V - Visa, Inc.



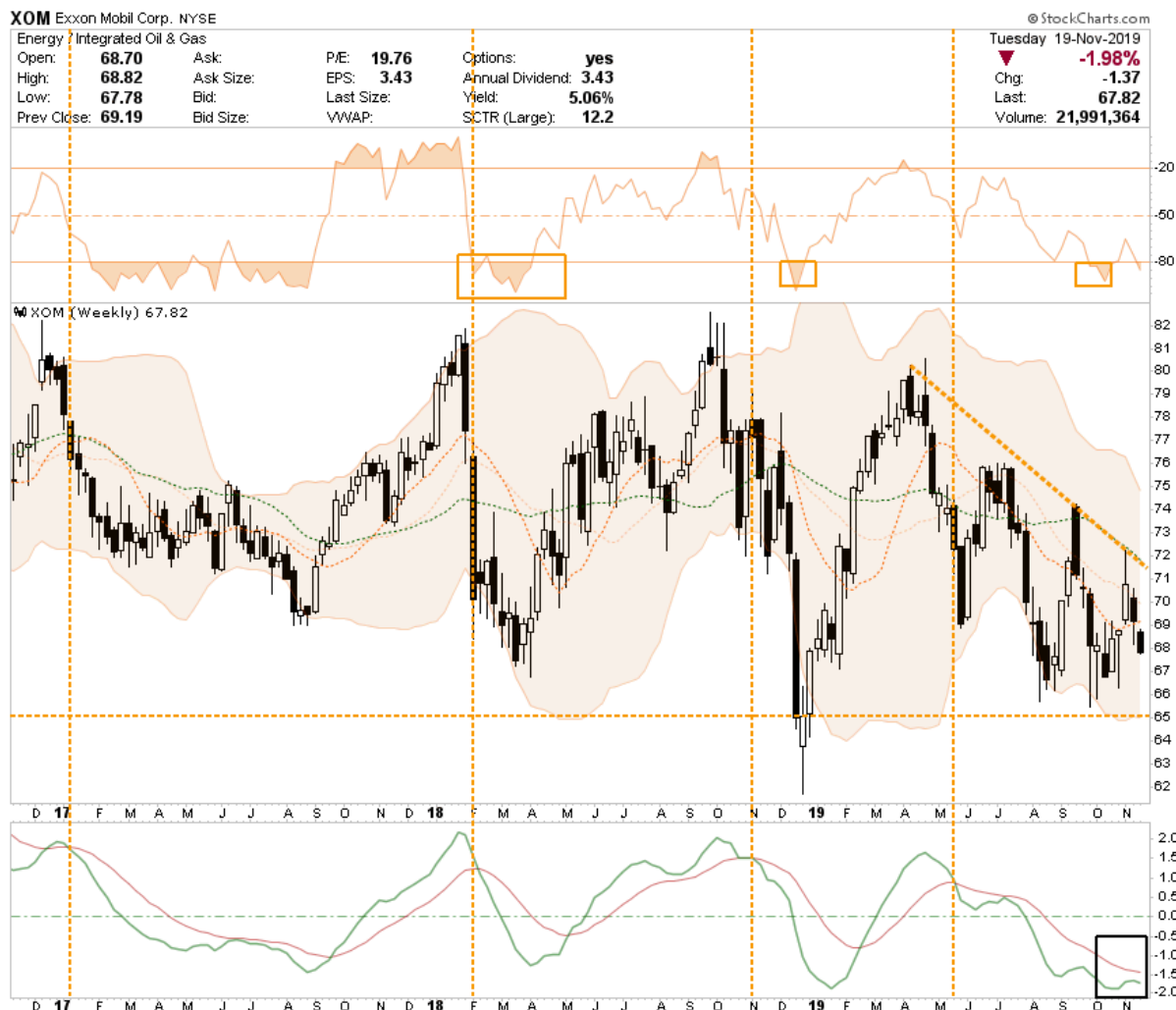
- V has just continued to plod along its uptrend line from the last couple of years.
- We have take profits previously, and with the stock on a sell-signal we will remain with our holdings currently with a watch on support levels.
- We are moving our stop up to protect our gains.
- Stop loss moved up to \$170

VZ - Verizon Communications



- VZ broke above its consolidation range and triggered a buy signal. Currently, VZ has been correcting the breakout extension and is close to triggering a sell signal.
- We will look to add to our holdings if VZ can hold the breakout level during its correction process.
- We are moving our stop up on the whole position.
- Stop-loss moved up to \$57

XOM - Exxon Mobil Corp.



- The beating on energy has continued as of late as oil prices remain very range bound due to a stronger dollar.
- We recently bought back 1/2 of our position in XOM after selling and taking profits earlier this year.
- The downtrend remains intact but XOM is deeply oversold. We are maintaining our position and current stop levels for now.
- Stop loss remains at \$66