Selected Portfolio Position Review: 1-08-2020

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:

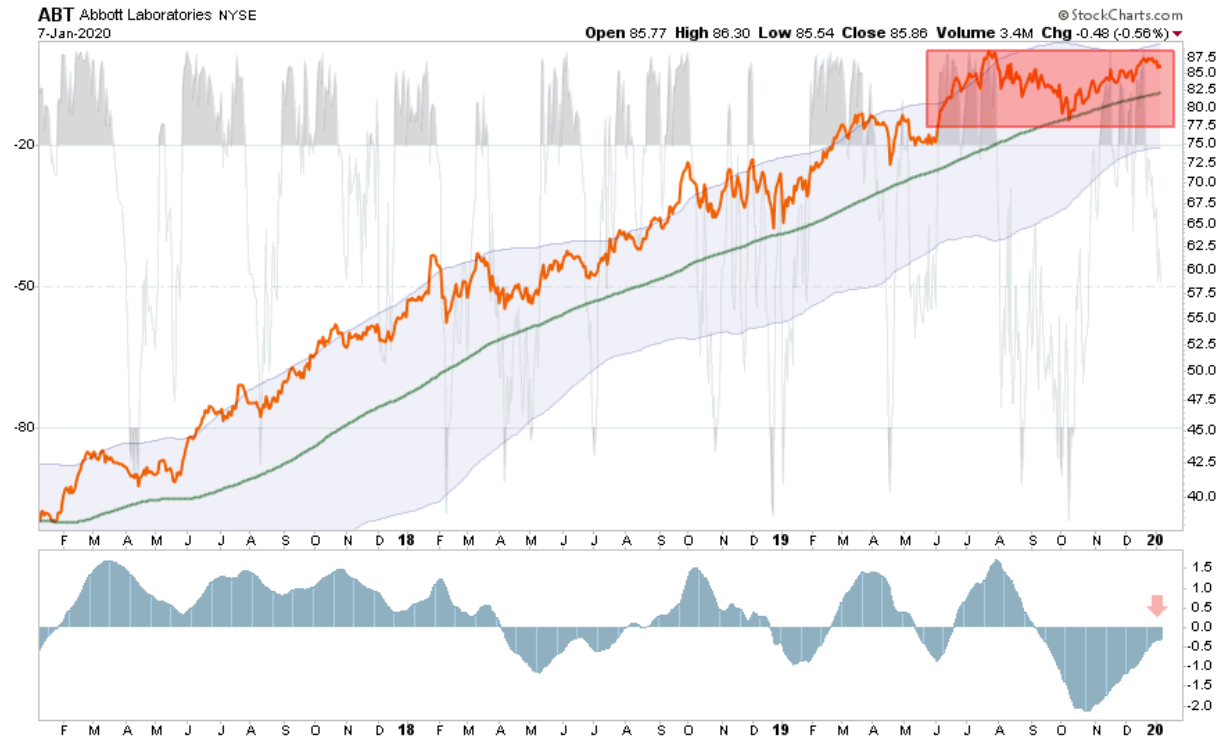
- *The price chart is contained within the shaded area which represents 2-standard deviations above and below the short-term moving average.*
- *The Over Bought/Over Sold indicator is in orange at the top.*
- *The Support/Resistance line (green) is the longer-term moving average which also acts as a 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.

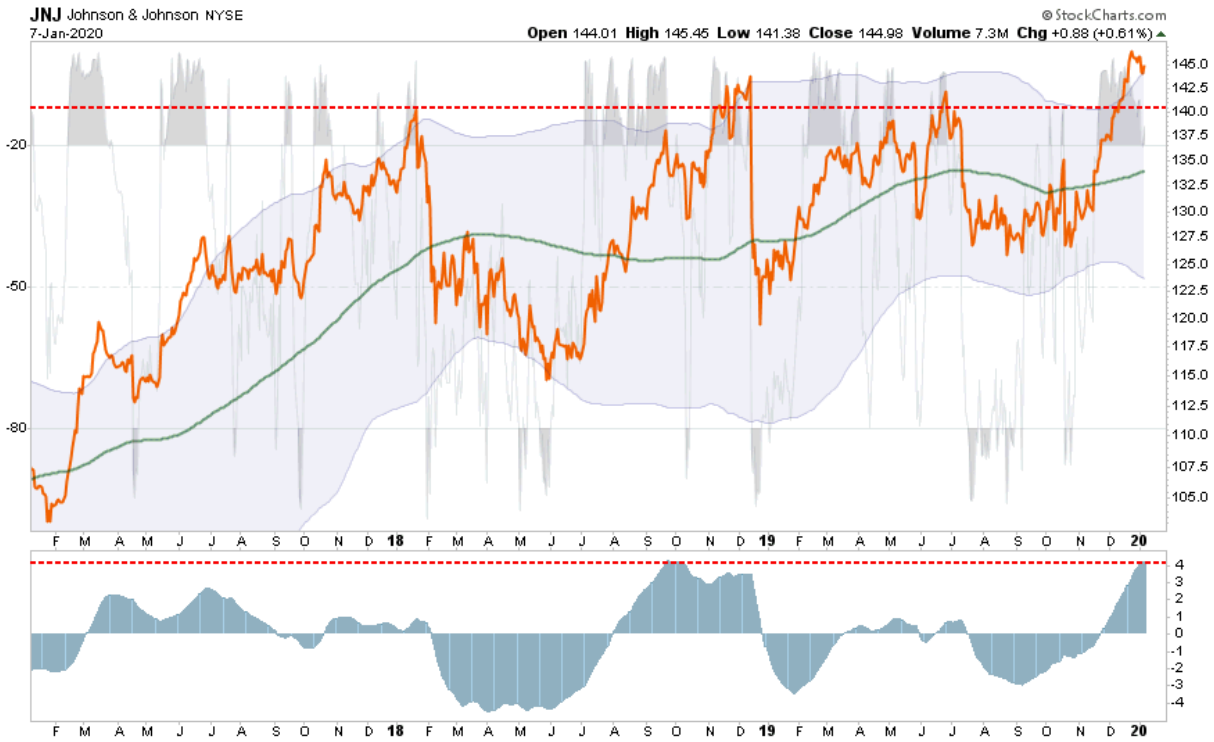
ABT - Abbott Laboratories



- *We bought ABT in early 2019, and have taken profits twice along the way.*

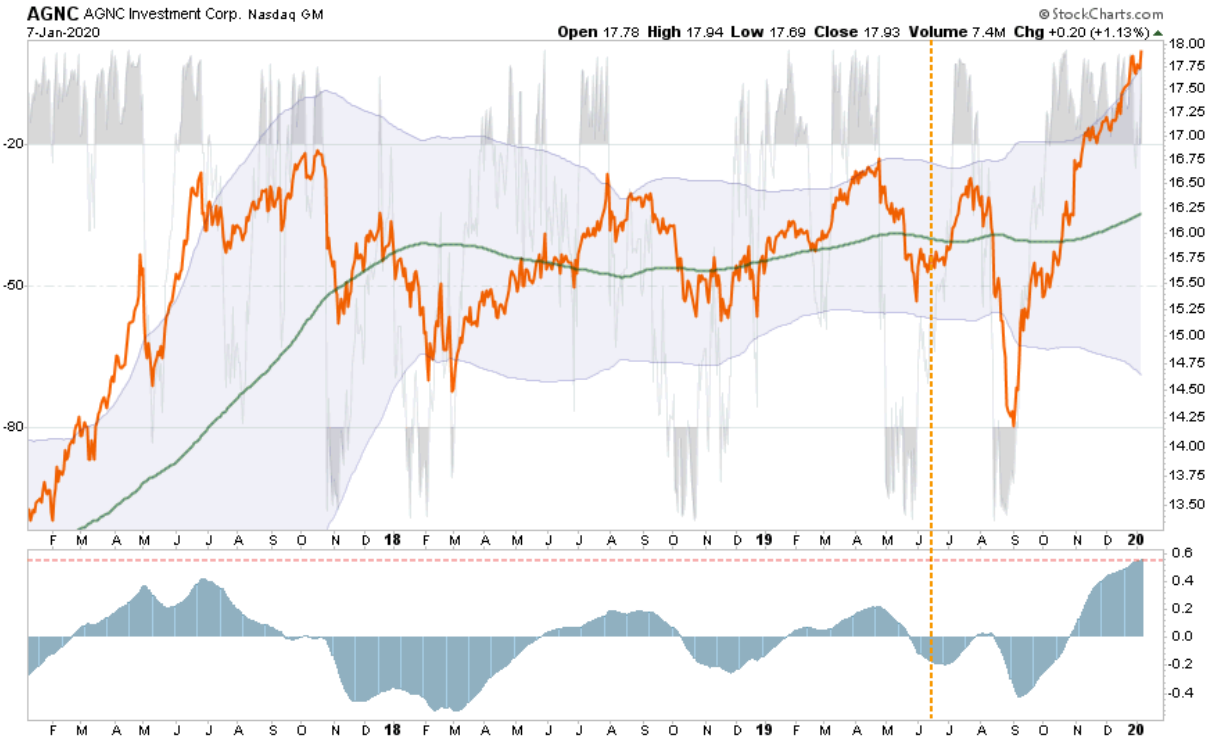
- *ABT has been on a deep "sell signal" for a while and is close to reversing that signal while have maintained a fairly tight consolidation range over the last 6-months.*
- *We are maintaining our current stop level, and will look to add to our holding between on a pullback to 82.50.*
- *Stop is set at $77.50*

JNJ - Johnson & Johnson



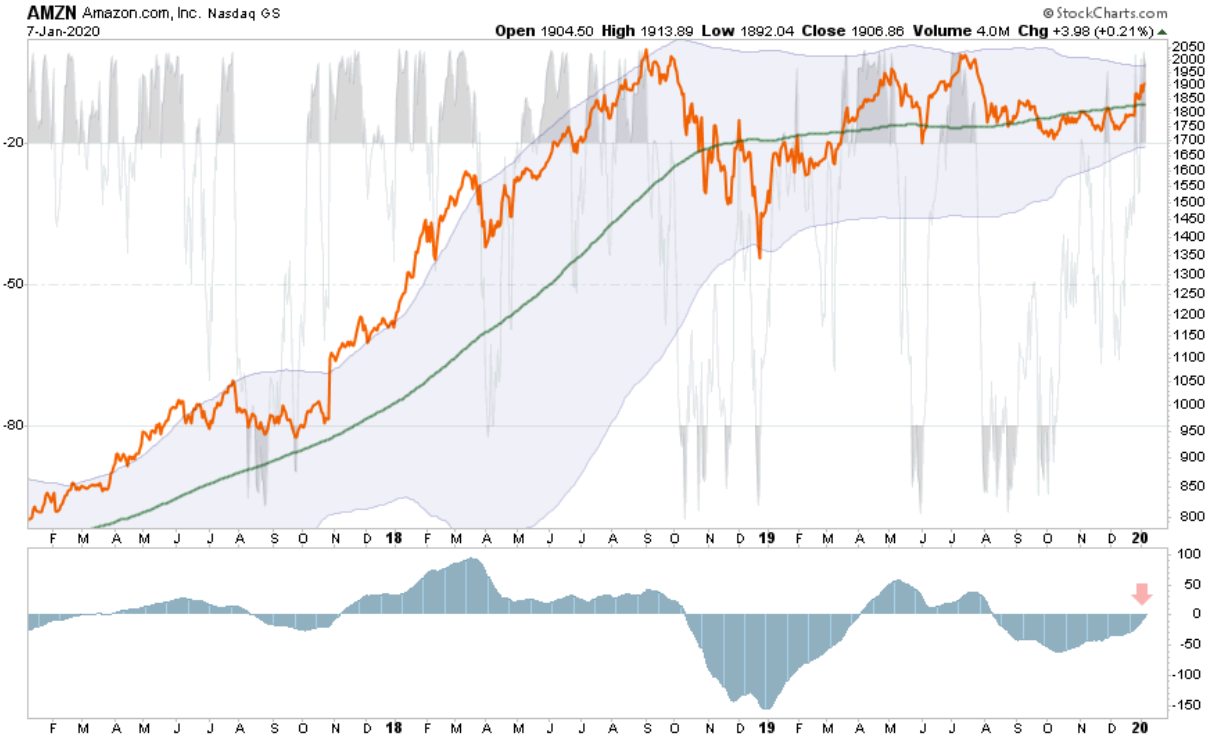
- *We bought JNJ when it was out of favor with the market over their "talc" lawsuit issues.*
- *With the bulk of the those issues behind them, the stock has rebounded sharply. We are going to take profits in the position as it is now EXTREMELY overbought and more than 2-standard deviations above the 200-dma.*
- *We are moving our stop up to $132.50*

AGNC - Agency Mortgage REIT



- *We bought 2 positions to benefit from a steepening of the 10-2 yield curve which has indeed come to pass.*
- *Since we are at full weight in AGNC, and only 1/2 weight in NLY, we are going to take profits in AGNC and reduce the position slightly as it is grossly extended and deviated from its long-term mean.*
- *We are maintaining our stop at $14 as we will add back to the position following some corrective action.*

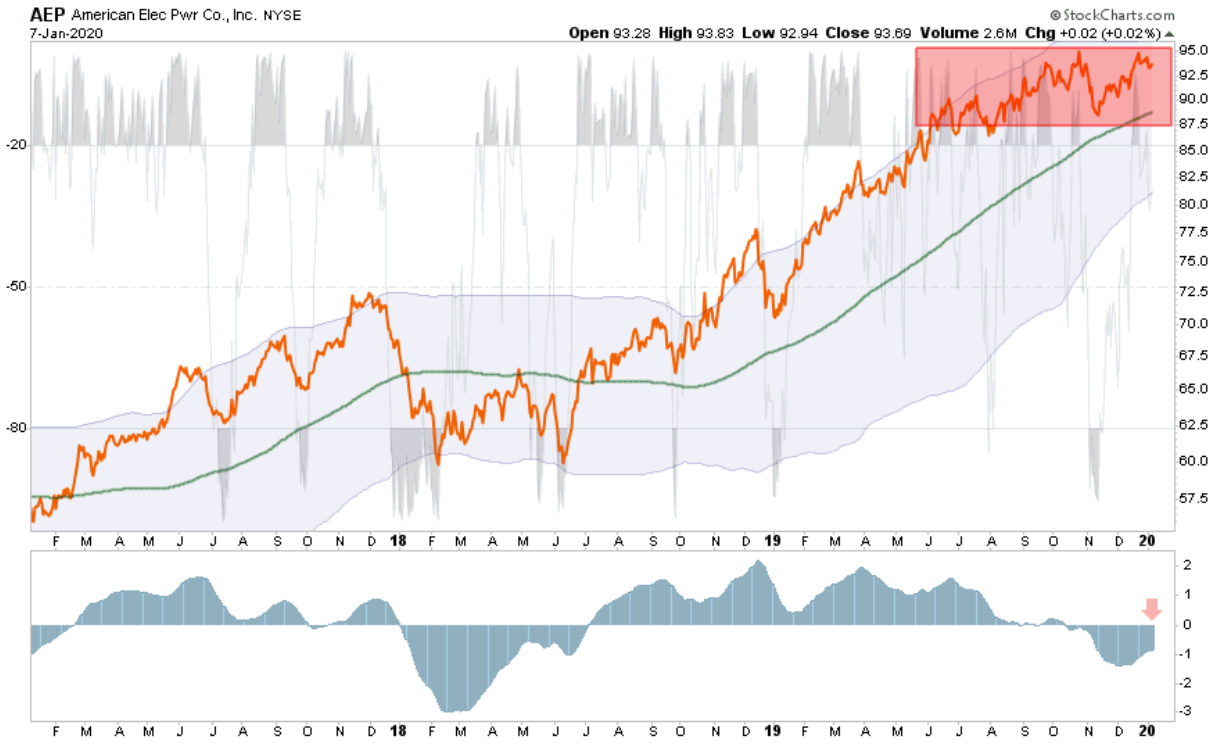
AMZN - Amazon.com, Inc.



- *We bought AMZN in 2019 heading into the winter shopping season.*

- *While the stock has risen, it remains on a sell signal currently, but is close to reversing to a buy.*
- *AMZN is overbought short-term but a correction that holds the 200-dma will allow us to add to our position.*
- *Stop is set at $1700*

AEP - American Electric Power Co.



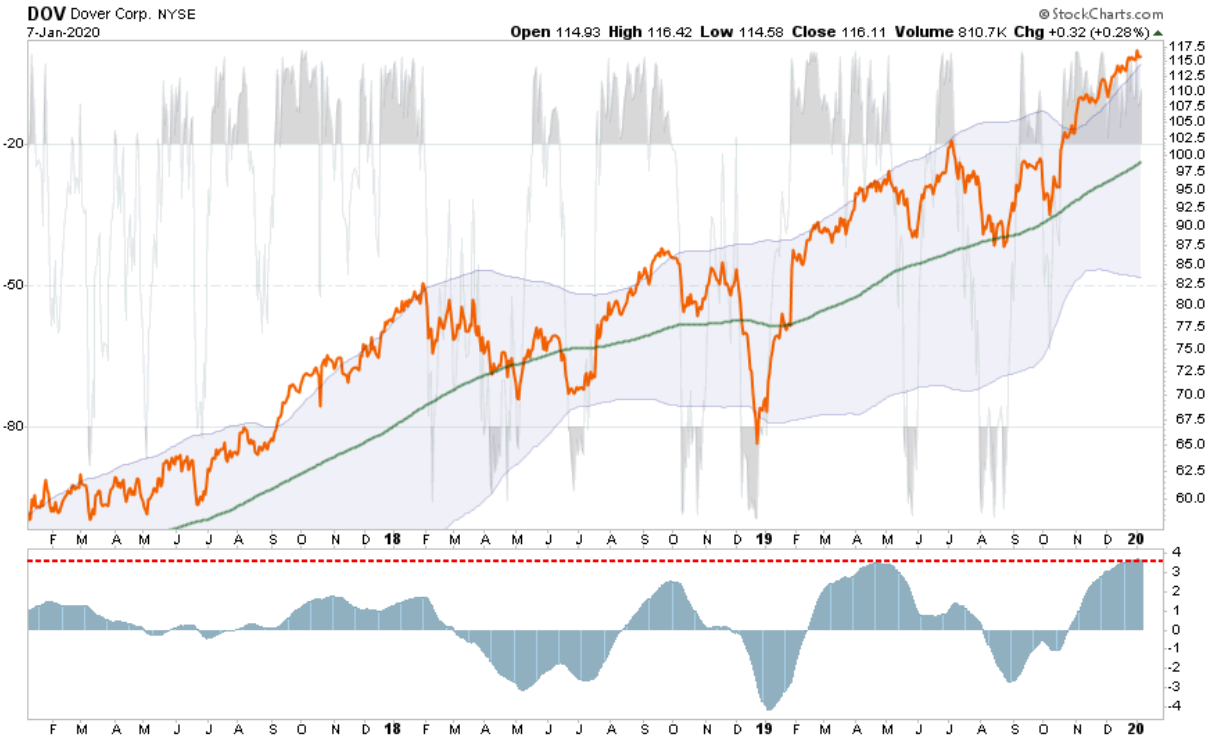
- *AEP has remained a strong performer for us, and we like Utilities heading into 2020.*
- *AEP has been on a sell-signal for quite some time, and has held both the bullish trend and support levels.*
- *We are watching for a reversal of the sell signal for an opportunity to increase our exposure accordingly which would be coincident with a decline in interest rates.*
- *Stop is set at $87.50*

IAU - Gold



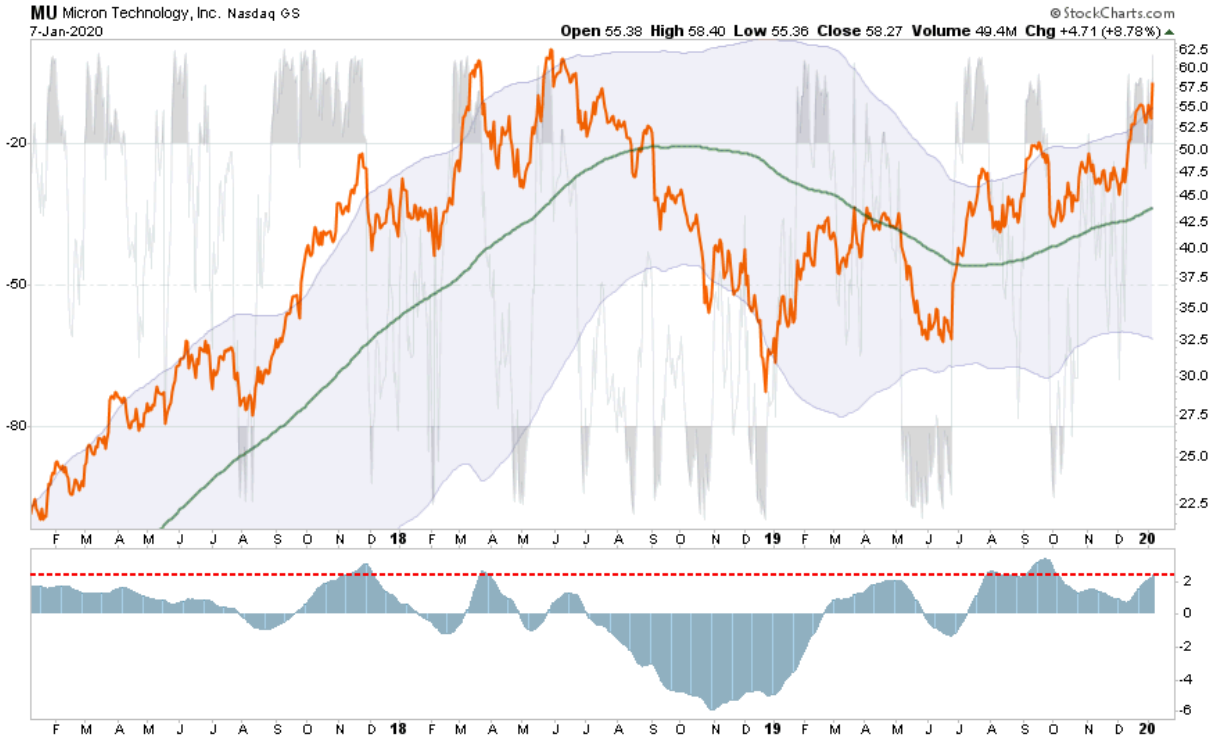
- *We sold 1/2 of IAU near the peak in gold prices (as it was 2-standard deviations above the 200-dma) to bring in profits and protect our position.*
- *When then added back to IAU in early December.*
- *IAU has broken out to new highs and while overbought on a short-term basis it is close to registering a buy signal.*
- *We are looking to overweight our position in Gold given the right setup which is likely approaching soon.*
- *Stop is currently set at $13.6.*

DOV - Dover Corp.



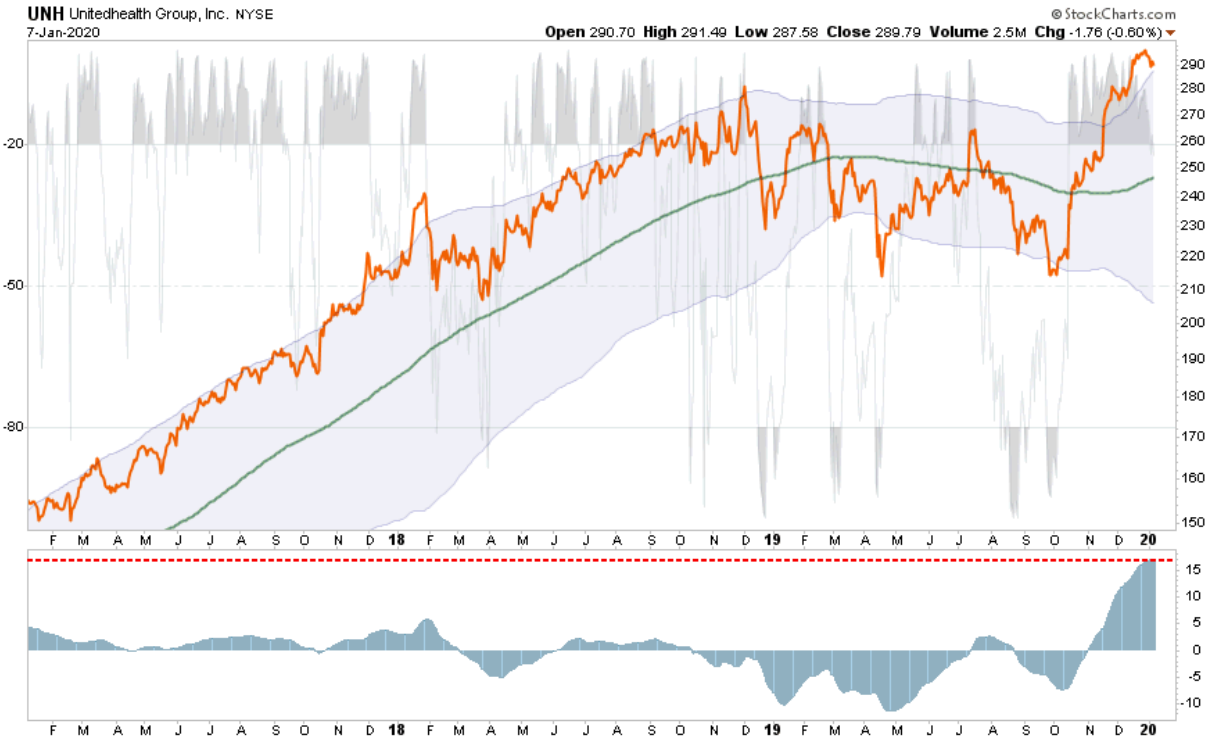
- *DOV has been a great performer for the portfolio particularly as the "trade war" has gotten resolved.*
- *DOV is exceedingly overbought and the buy signal extremely extended. A correction is inevitable.*
- *We have taken profits previously, but we will take additional profits very soon.*
- *Stop loss moved up to $100*

MU - Micron Technology



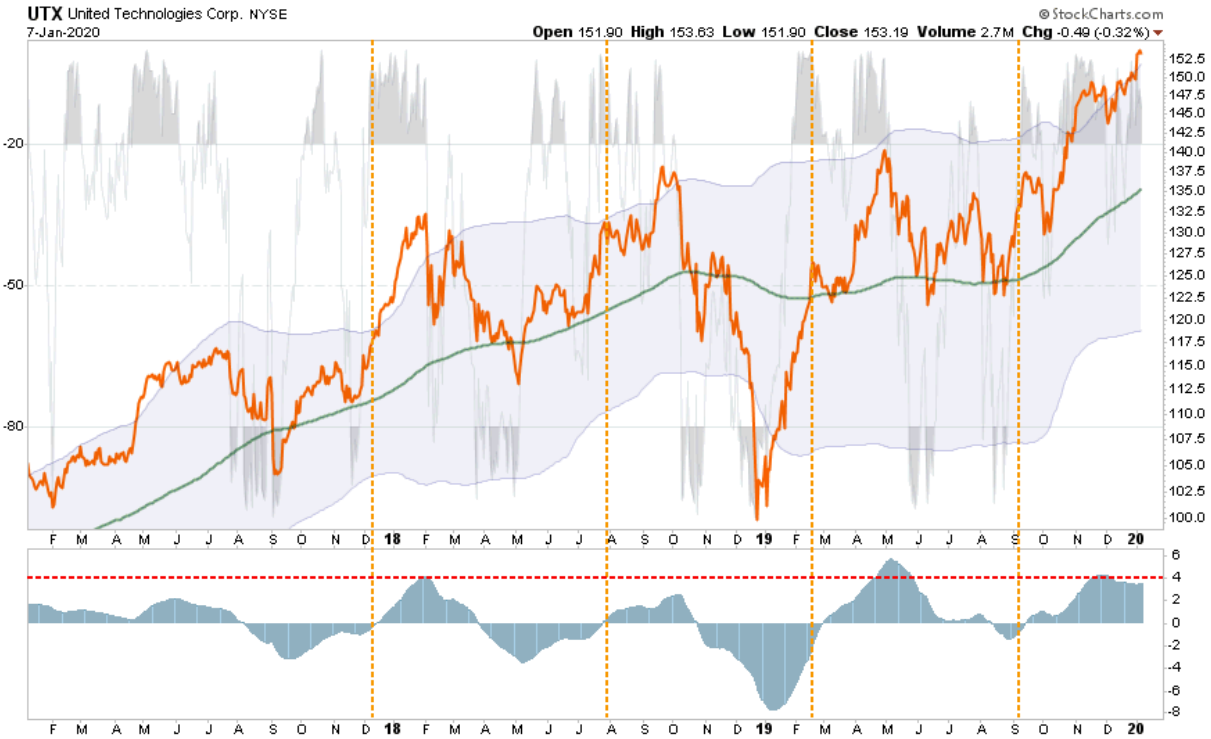
- *MU was an add for us in 2019. We had bought it previously but got stopped out, however, our second entry has performed much better.*
- *MU is now exceedingly overbought with an extended buy signal*
- *We are looking to take some profits and rebalance our risk in the position for a pullback in the next month or two.*
- *Stop-loss moved up to $45*

UNH - United Healthcare



- *UNH has surged higher in recent months after struggling with "Medicare for all" from Democratic candidates last year.*
- *We love this position and will continue to hold it, however, the position is SO extremely extended we are going to reduce our overweight holding to portfolio weight.*
- *Stop loss moved up to $250*

UTX - United Technology



- *UTX has shot higher in recent days as conflict rose with Iran.*
- *UTX, like many other of our positions, is now extremely overbought and extended above the 200-dma.*

- *We will look to reduce our position slightly and take in some profits for now and look to add back to UTX at a lower price.*
- *Stop loss is moved up to 137.50*