Portfolio Trade Alert - February 21, 2024

Trade Alert - Equity Model

Last night, Palo Alto Networks posted strong earnings but weak guidance, leading to a sharp 25% selloff this morning at the open. Like NVDA and AMD, this stock is poised in the Artificial intelligence space where prices have run far ahead of reality. As such, even though earnings were strong, that detachment from underlying fundamentals can lead to very sharp price reversions. Such brings us to today's trades in the Equity Model.

We have wanted to add Palo Alto (PANW) to our portfolio for a while but have been unable to get a decent entry point where the stock is oversold. Therefore, we are using today's selloff as an opportunity to add a very small position to the portfolio. As the position stabilizes and finds support, we will increase sizing and reduce our cost basis.

However, the selloff in PANW is a stark reminder of what can happen with earnings, and after the bell today, Nvidia is reporting. While earnings and revenue will be strong, forward guidance is a risk. Therefore, we are reducing our holdings in both AMD and NVDA before the announcement to hedge some risk after a big runup in these two holdings. We are also trimming Diamond Back Energy (FANG) and taking profits as it has become disconnected from the rest of the drillers. We will look to add back to these positions opportunistically at better prices.

Equity Model

- *Reduce AMD (AMD) and NVIDIA (NVDA) to 2% and 1.5% of the portfolio, respectively.*
- *Reduce Diamond Back Energy (FANG) to 1% of the portfolio.*
- *Initiate a starter 0.75% position of Palo Alto Networks (PANW) in the portfolio.*

Want These Alerts Via TEXT?

To receive trade information via text, click on your user name in the upper right corner of the website. **Then click My Account and the title SMS Notification Preferences.**

NOTE: **You must add your country code in front of your number.** The U.S. code is 1.

Please let us know if you have any problems.