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:

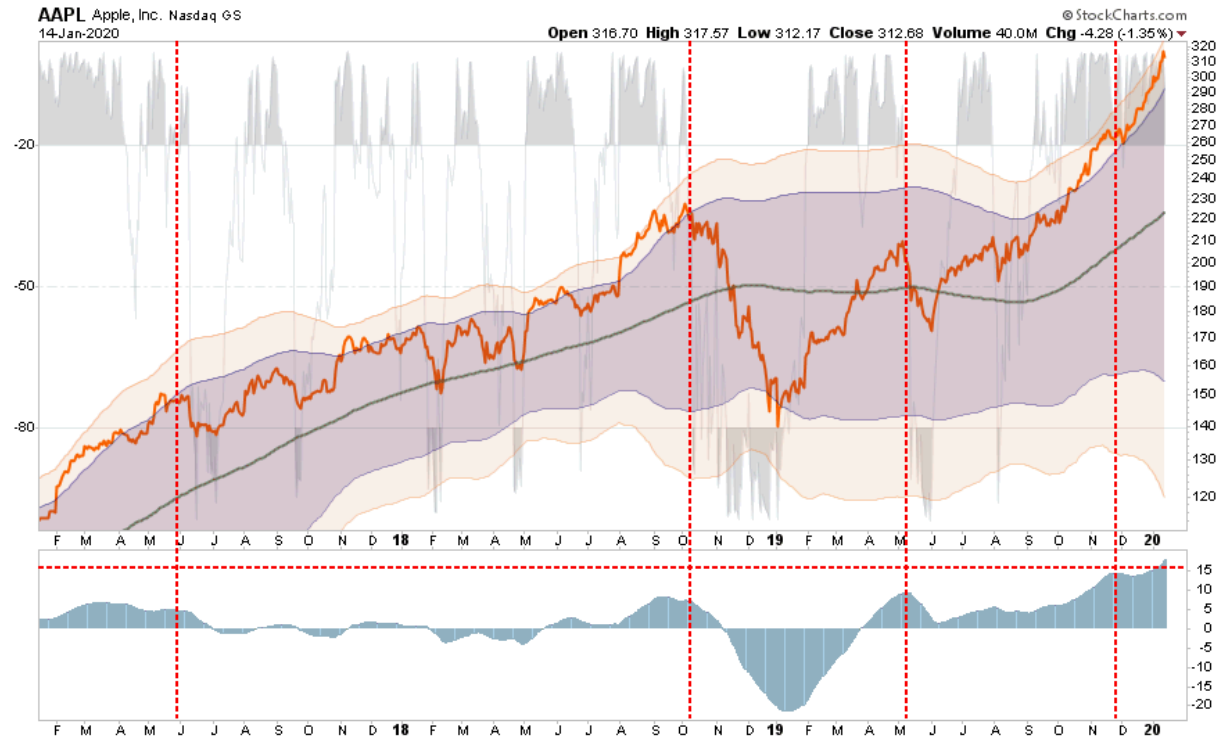
- *The price chart is contained within the shaded area which represents 2-standard deviations above and below the short-term moving average.*
- *The Over Bought/Over Sold indicator is in orange at the top.*
- *The Support/Resistance line (green) is the longer-term moving average which also acts as a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



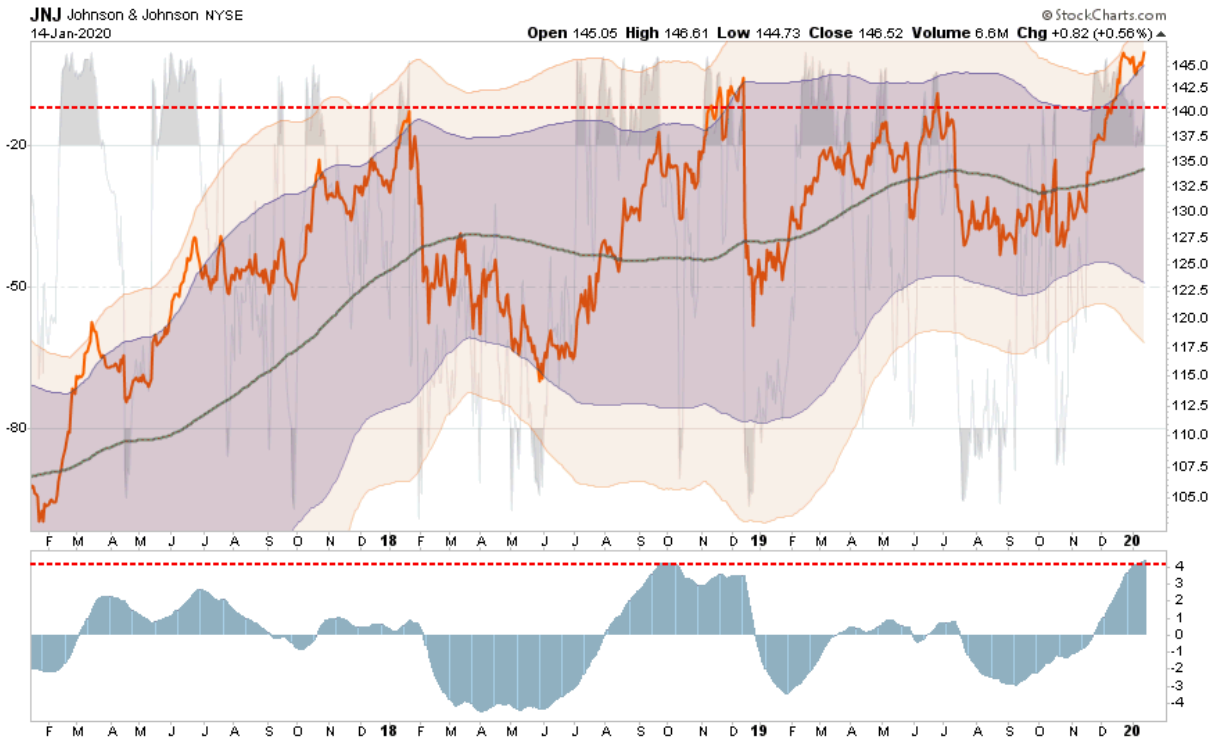
With this basic tutorial, we will now review some of positions in our Equity Portfolio which are either a concern, an opportunity, or are doing something interesting.

AAPL - Apple, Inc.



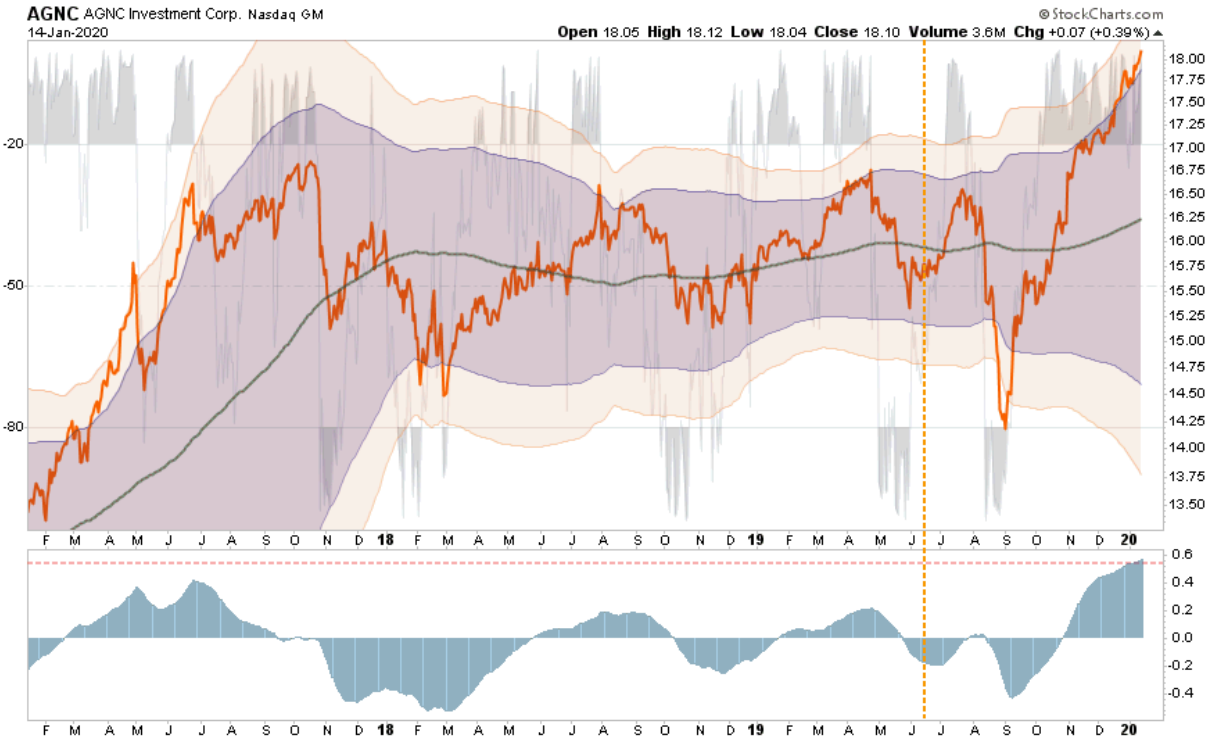
- *There is a common denominator to all of the charts this week, which is they are at or above 3-standard deviations of the 200-dma. These extreme extensions tend not to last long and generally result in a 3-5% corrective process, or more.*
- *We sold a small bit of AAPL last week to take profits and reduce our weighting to roughly a 1/2 position in the portfolio. We will look to reweight the position between $220-230.*
- *Besides the large deviation in price, the buy signal and the overbought condition are also at extremes.*
- *Stop is set at $260 for profits, and $220 for whole position.*

JNJ - Johnson & Johnson



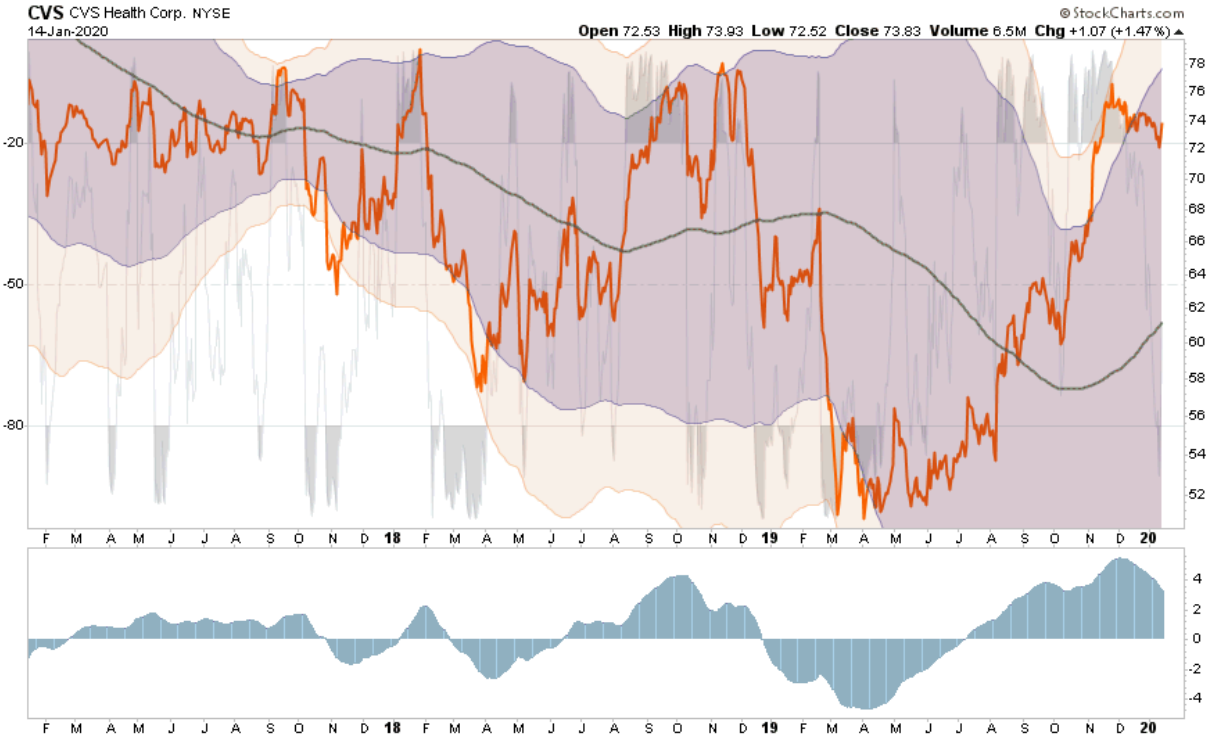
- *We bought JNJ when it was out of favor with the market over their "talc" lawsuit issues.*
- *With the bulk of the those issues behind them, the stock has rebounded sharply.*
- *As noted last week, we took profits in the position. At 3-standard deviations, combined with extreme overbought conditions and buy signal, a correction is likely.*
- *We will look to buy the position back to weight on a correction that holds our stop level.*
- *We are moving our stop up to $135.00*

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 took profits in AGNC as recommended last week.*
- *We are maintaining our stop at $14 as we will add back to the position following some corrective action.*

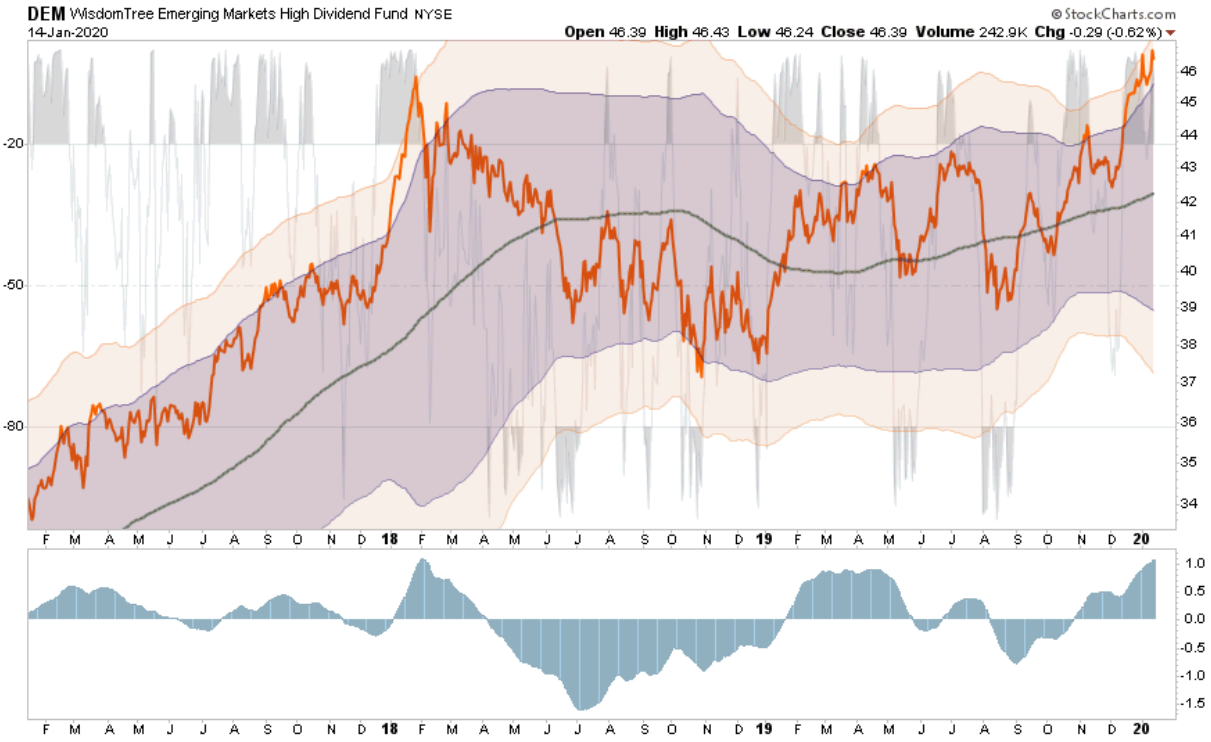
CVS - CVS Health Corp.



- *We bought CVS in mid-last year and the reversal in price has led to a terrific add. We like this position long-term and are watching the correction process closely.*

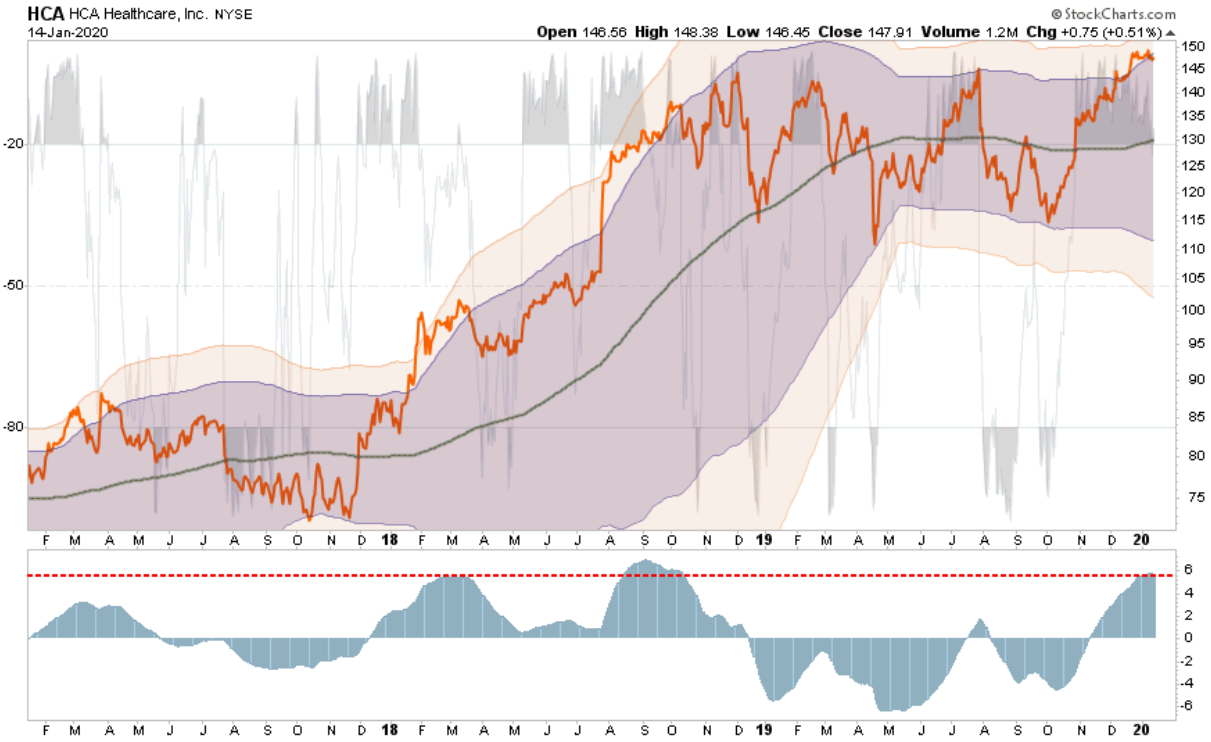
- *With the buy signal being reduced and support holding around $72, we would like to see the overbought condition fully reverse and give us an entry point between $64 and $66.*
- *Be patient for now, and we will update the position accordingly.*
- *Stop is set at $62*

DEM - Emerging Markets High Dividend Fund



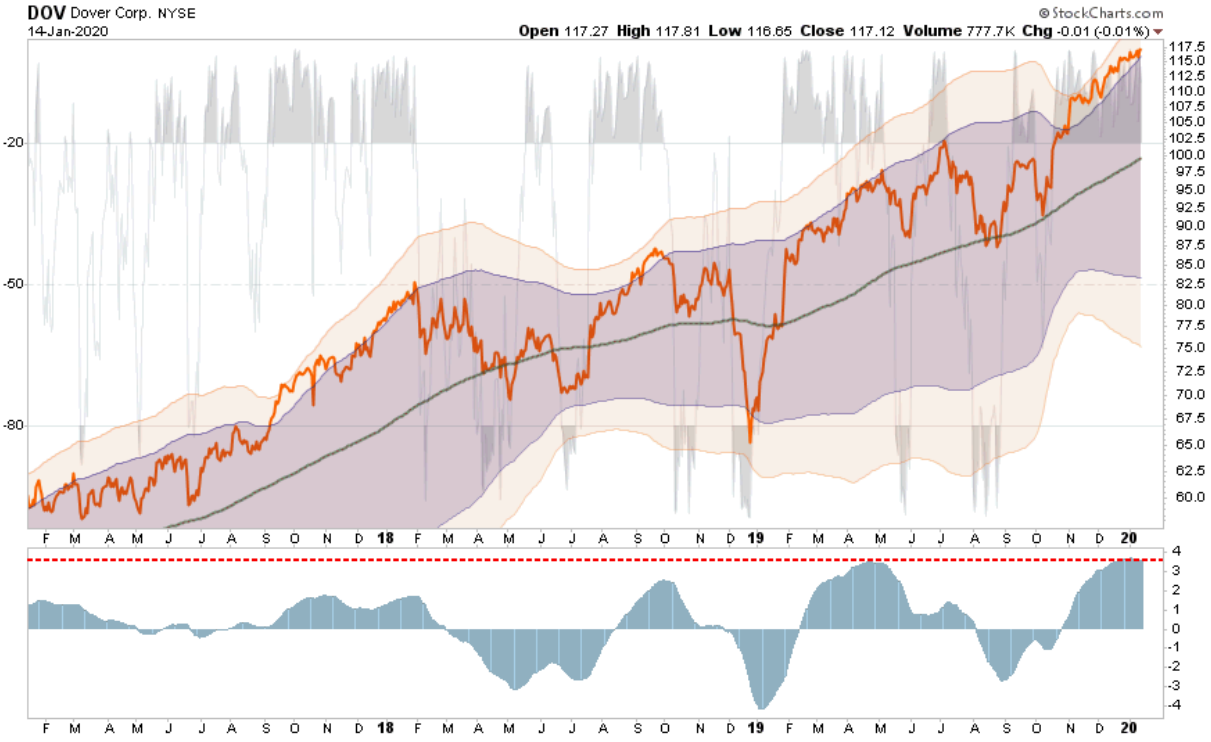
- *We added a small position in international exposure with the weakening of the U.S. Dollar. While we are slightly positive in the position currently, it is extremely overbought and will correct with the overall market.*
- *Importantly, DEM needs to remain above the 200-dma and work off the overbought condition before adding further weight to the sector or position.*
- *Since this was a "trading position" to begin with, we are maintaining a fairly tight "discretionary stop," but our "full stop" remains the 200-dma currently.*
- *Stop is set at $42.*

HCA - HCA Healthcare



- *We reduced our position in HCA from overweight following the sharp rally to 3-standard deviation territory.*
- *We will look to add back into our holding on a pullback that doesn't violate our stop level and reduced the massive overbought condition and or completely reverse the buy signal.*
- *Hold remaining positions for now but move stops up to the 200-dma.*
- *Stop is set at $130.*

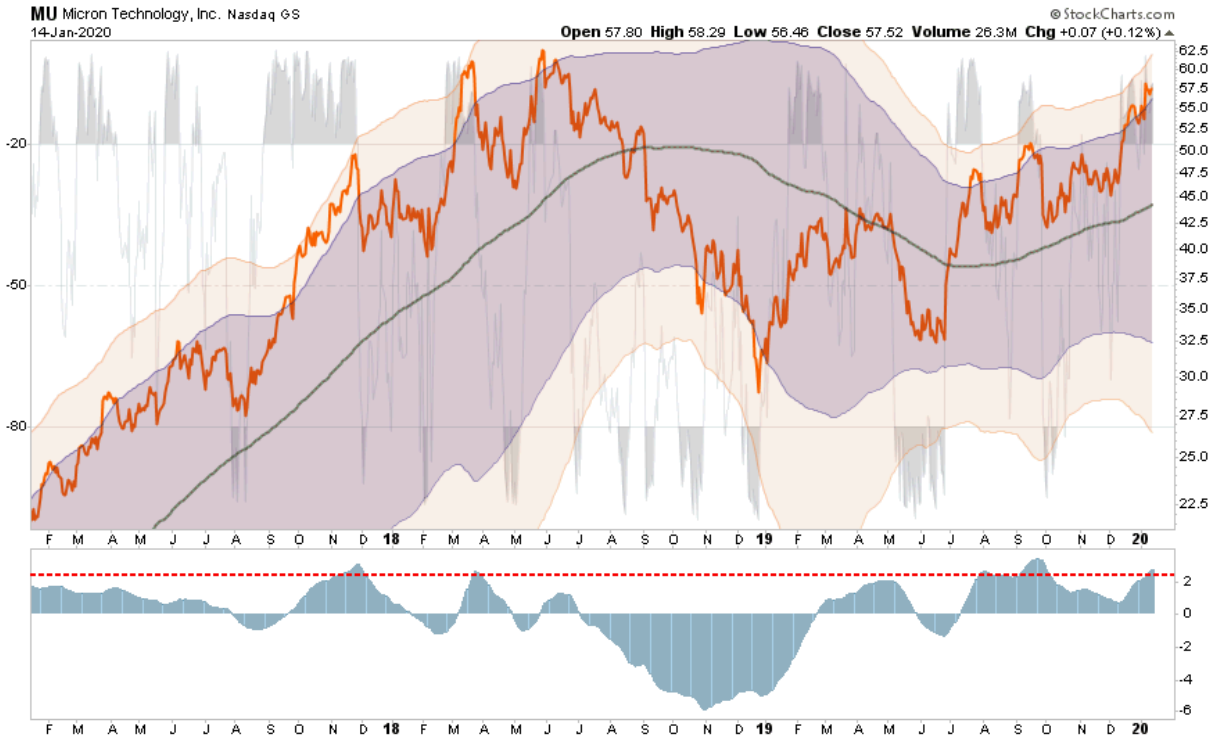
DOV - Dover Corp.



- *DOV has been a great performer for the portfolio particularly as the "trade war" has gotten resolved.*

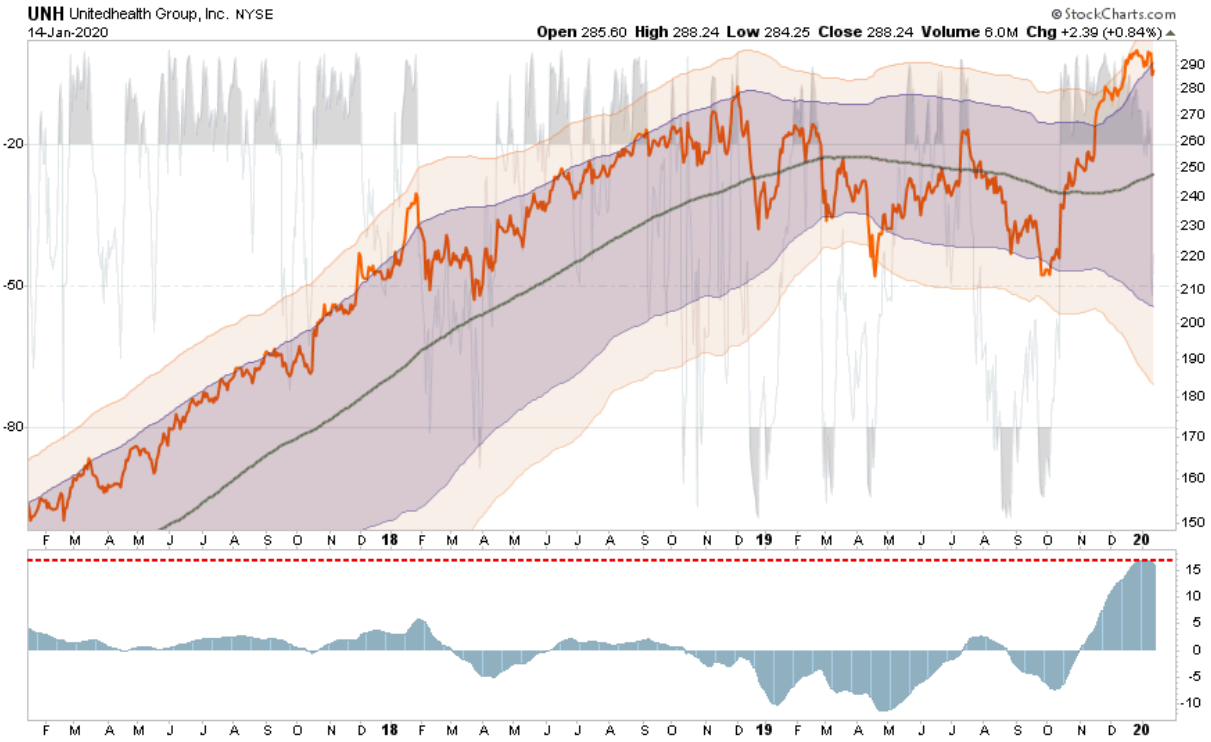
- *DOV is exceedingly overbought (Yes, 3-standard deviations) and the buy signal extremely extended. A correction is inevitable.*
- *We have taken profits previously, but we take additional profits soon.*
- *Stop loss moved up to $100*

MU - Micron Technology



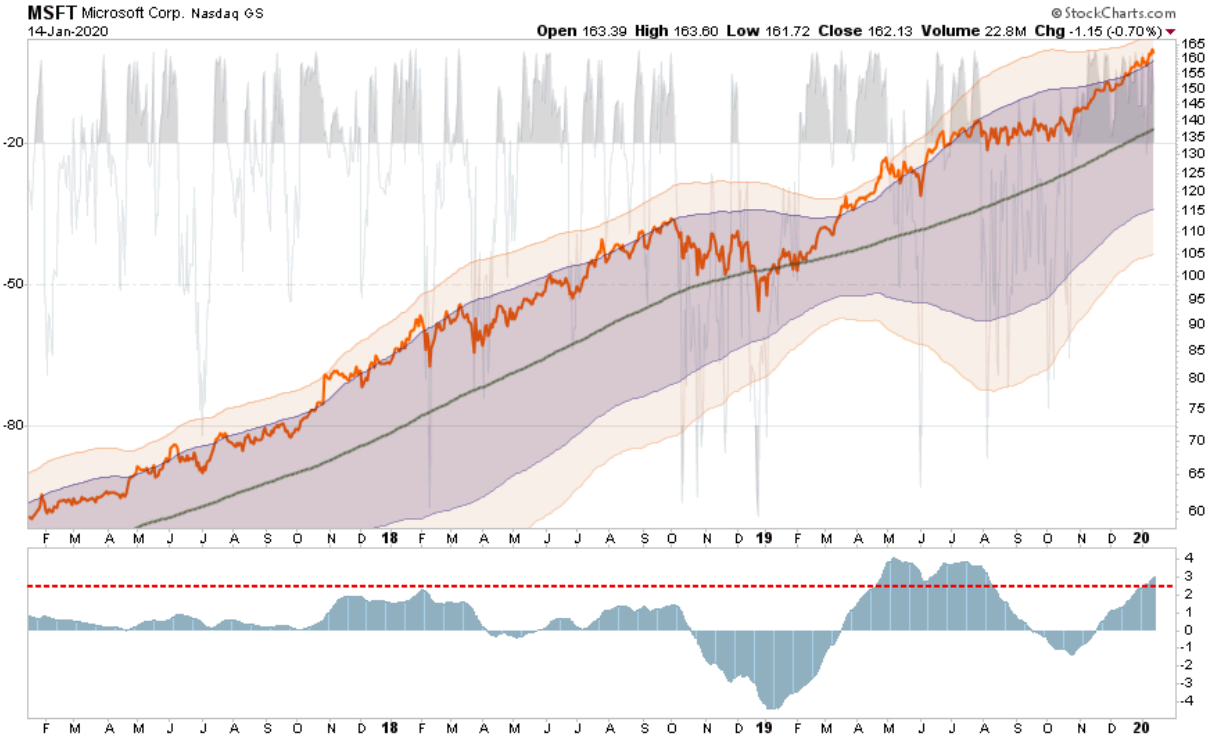
- *MU was an add for us in 2019. We had bought it previously but got stopped out, however, our second entry has performed much better.*
- *MU is now exceedingly overbought with an extended buy signal and deviation in price.*
- *As noted last week, we have taken profits and reduced our weighting slightly. A pullback that holds support and doesn't violate our stop can be used to reweight the position.*
- *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. (Along with the rest of our Healthcare stocks)*
- *We love this position and will continue to hold it, however, the position is SO extremely extended we took profits as noted last week.*
- *We will add back on a correction that holds support, and doesn't violate our stop levels.*
- *Stop loss moved up to $250*

MSFT - Microsoft



- *MSFT has been grinding higher as money is chasing AAPL and MSFT now. It's a SoftApple market!*

- *MSFT, like many other of our positions, is now extremely overbought and extended above the 200-dma.*
- *We reduced our position slightly to take in some profits for now, however, we will look to add back to MSFT at a lower price.*
- *Stop loss is moved up to $140*