

OLLI Investment Forum

Buy/Sell List – for week ending 5/30/20

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6/3/20

Buying/Selling: What are you doing?

- Interested in hearing your thinking.
- Holding firm?
- Value, income, growth shopping?
- Individual stocks: buying/selling/rebalancing?
- Taking losses, trimming gains, redeploying capital?
- Sectors: diversifying, balancing?
- Funds/Index/ETFs/Passive/Managed?
- Accumulating cash?
- Waiting for the “right” entry points?

Buying/Selling/Thinking-About

- We're all here to learn from one another
- Please share your investment-related sources:
 - Which newsletters, subscriptions, journals, etc.
- Feel free to talk about your recent Buy/Sell pick(s)
- Feel free to submit a simple slide or two to “spotlight” your pick(s)
- Propose a “pick of the week” we can examine in an upcoming Forum
- Caveat: always perform your own due diligence on anything you hear in the Forum

Fundamentals vs. Technicals

- Forum interest in looking further at fundamentals where and when appropriate.
- Fundamental analysis: a method of evaluating securities by attempting to measure intrinsic value of a stock. (*“Price is what you pay, value is what you get.”*)
 - Fundamentals domain: everything from overall economy and industry conditions to financial condition and corporate management.
 - Earnings, sales, expenses, assets, debt, liabilities, etc. are all important to fundamental analysis.
- Technical analysis: differs from fundamentals in that a stock’s price and volume are the only significant data used and studied.
 - The core assumption is that all known fundamentals are factored into the price, thus there is no need to pay close attention to them.
 - Technicians use stock charts to identify patterns and trends that suggest what a stock may do in the future.
- Both methods are used for researching and forecasting future trends in stock prices.
- Like any investment strategy or philosophy, both have their advocates and adversaries.

Fundamentals

- Many to choose from, many opinions on which are most important
- Market Capitalization (Small, Mid, Large, Mega)
- Profitable, at a fair value (PE Ratio)
- Sales, Revenues, Profits, Margins
 - Over the longer term, it's difficult for a business to produce attractive returns for investors if it isn't growing its sales and revenues.
- Earnings Growth Rate/Projections
- Free Cash Flow, Total Assets
- Ownership (Funds/Institutions/Insiders)
- Candidate for Buyout or M&A
- Dividends and Dividend Growth History
 - Dividend Grower stocks outperformed the market and achieved this with less volatility (i.e. higher returns with lower risk)
- Payout Ratios (Earnings, Free Cash Flow)
- Debt (Net debt-to-capital ratio, net debt-to-EBITDA ratio)
- Many more . . .

Research and Analysis Resources

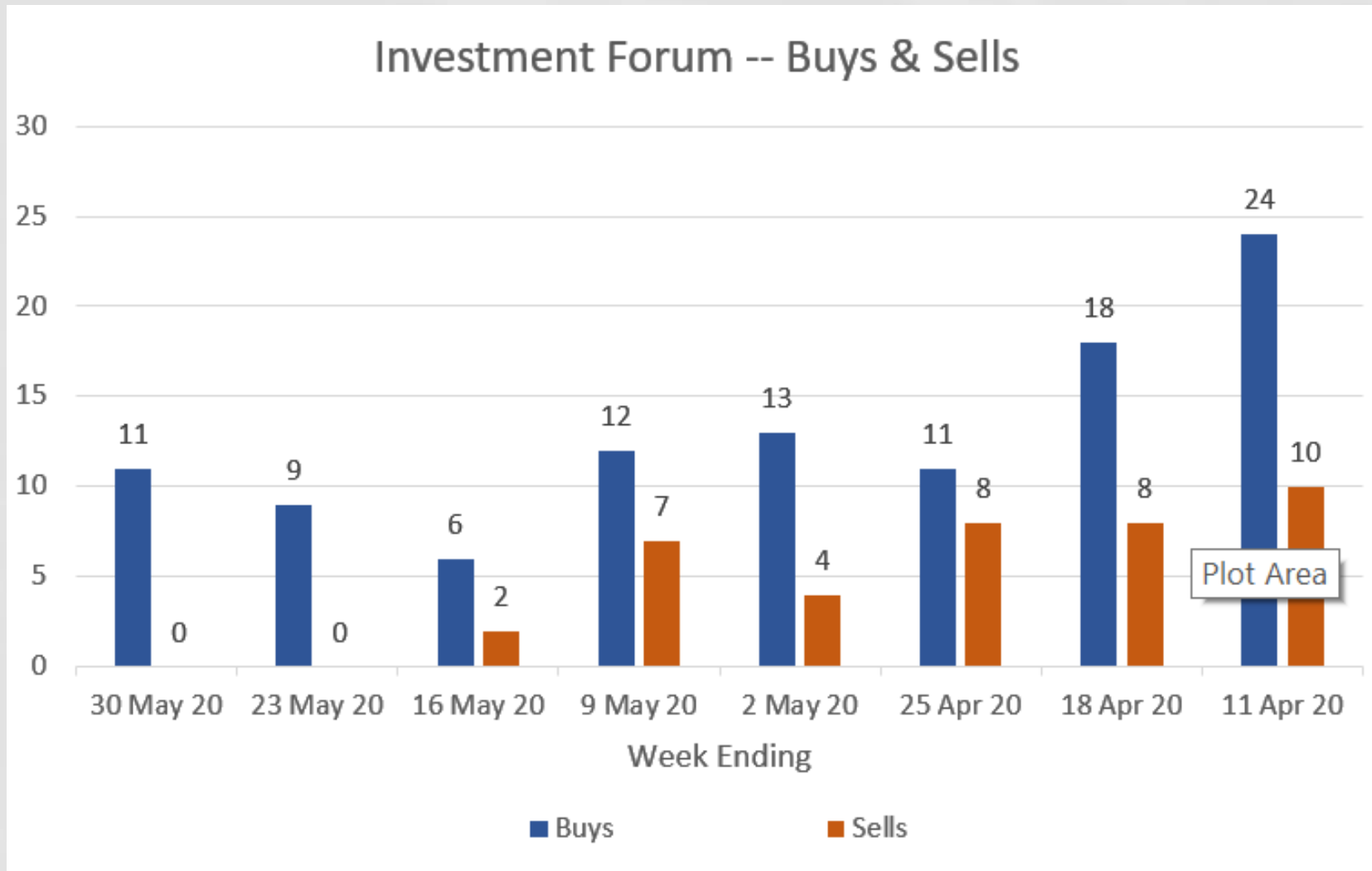
- Brokerages: Schwab*, Fidelity, Vanguard
- Morningstar* (via your public library, free)
- FINVIZ* (new, free)
- Simply Safe Dividends*
- CFRA*
- Value Line
- Motley Fool
- Argus
- Ned Davis
- Zack's

*Commonly used at Forum

FINVIZ (Financial Visualizations)

- Free web-based tool, should be in every investor's toolkit.
 - <https://finviz.com/>
- Today: quick walk-through of menus, features, and Help info.
- Simple screening example – using three fundamentals:
 - $PE < S\&P\ 500\ PE^*$
 - Dividend Yield $>$ S&P 500 Yield* and growth
(* find these at <https://www.multpl.com/s-p-500-pe-ratio>)
 - Payout Ratio $<$ 60% (div/share divided by earnings/share)
 - 60% is considered a healthy payout ratio, with room to grow dividends in the future
 - Once a stock is identified, its PE is compared to its industry competitors (apples-to-apples)
- Use of FinViz to examine a typical value or blend B/S list stock.
- Future: use of FinViz to identify high-risk, high-growth stocks.

Buys and Sells



Buy and Sell list – week ending 5/30/20

BUYS	SELLS	
Raytheon Technologies (RTX)	(None)	
ViacomCBS (VIAC)		
Veeva Systems (VEEV)		
CRISPR Therapeutics (CRSP)		
ARK Genomic Revolution ETF (ARKG)		
Pfizer (PFE)		
Merck (MRK)		
Marathon Petroleum (MPC)	THINKING ABOUT	
Avalon Bay (AVB)	(None)	
Chevron (CVX)		
Federal Express (FDX)		
	*[+] Add to position	[-] Trim position

Timely News: (Pfizer 6/2/20)



Pfizer is starting a biotech hedge fund

Pfizer, the world's largest drug company, is going to try its hand at picking biotech stocks.

The New York pharma giant has set aside up to \$500 million that it will invest in publicly traded companies with drugs in the clinic.

Pfizer would take non-controlling stakes, and there'd be no strings attached. The program, called the Pfizer Breakthrough Growth Initiative, would give companies access to the company's scientists, clinicians, and manufacturing experts, if they want it.

The plan is to invest between \$30 million and \$100 million in each company, Pfizer said. And once the \$500 million is spent, Pfizer will evaluate whether it wants to stay in the investing business.

FYI: BERKSHIRE HATHAWAY PORTFOLIO

Holdings are as of March 31, 2020 as reported in Berkshire Hathaway's 13F filing on May 15, 2020, and other filings.

	Symbol	Holdings	Mkt. price	Value	Stake
American Airlines Group Inc	AAL	0	\$10.50	\$0	0.0%
Apple Inc.	AAPL	250,866,566	\$317.94	\$79,760,515,994	5.8%
Amazon.com, Inc.	AMZN	533,300	\$2,442.37	\$1,302,515,921	0.1%
American Express Company	AXP	151,610,700	\$95.07	\$14,413,629,249	18.8%
Axalta Coating Systems Ltd	AXTA	24,070,000	\$23.11	\$556,257,700	10.2%
Bank of America Corp	BAC	947,760,000	\$24.12	\$22,859,971,200	10.9%
Biogen Inc	BIIB	643,022	\$307.09	\$197,465,626	0.4%
Bank of New York Mellon Corp	BK	88,130,897	\$37.17	\$3,275,825,441	10.0%
Charter Communications Inc	CHTR	5,426,609	\$544.00	\$2,952,075,296	2.6%
Costco Wholesale Corporation	COST	4,333,363	\$308.47	\$1,336,712,485	1.0%
Delta Air Lines, Inc.	DAL	0	\$25.21	\$0	0.0%
Davita Inc	DVA	38,095,570	\$80.96	\$3,084,217,347	31.3%
Globe Life Inc	GL	6,353,727	\$77.02	\$489,364,054	6.0%
General Motors Company	GM	74,681,000	\$25.88	\$1,932,744,280	5.2%
Goldman Sachs Group Inc	GS	1,920,180	\$196.49	\$377,296,168	0.6%
Johnson & Johnson	JNJ	327,100	\$148.75	\$48,656,125	0.0%
JPMorgan Chase & Co.	JPM	57,714,433	\$97.31	\$5,616,191,475	1.9%
Kraft Heinz Co	KHC	325,634,818	\$30.47	\$9,922,092,904	26.7%
Coca-Cola Co	KO	400,000,000	\$46.68	\$18,672,000,000	9.3%
Kroger Co	KR	18,940,079	\$32.62	\$617,825,377	2.4%
Liberty Global PLC Class A	LBTYA	19,791,000	\$21.24	\$420,360,840	10.9%
Liberty Global PLC Class C	LBTYK	7,346,968	\$20.63	\$151,567,950	1.8%
Liberty Latin America Ltd Class A	LILA	2,630,792	\$9.97	\$26,228,996	5.2%
Liberty Latin America Ltd Class C	LILAK	1,284,020	\$9.60	\$12,326,592	1.0%
Liberty Sirius XM Group Series A	LSXMA	14,860,360	\$36.50	\$542,403,140	14.7%
Liberty Sirius XM Group Series C	LSXMK	32,867,935	\$36.47	\$1,198,693,589	16.2%

FYI: BERKSHIRE HATHAWAY PORTFOLIO

Holdings are as of March 31, 2020 as reported in Berkshire Hathaway's 13F filing on May 15, 2020, and other filings.

	Symbol	Holdings	Mkt. price	Value	Stake
Southwest Airlines Co	LUV	0	\$32.10	\$0	0.0%
Mastercard Inc	MA	4,934,756	\$300.89	\$1,484,818,733	0.5%
Moody's Corporation	MCO	24,669,778	\$267.41	\$6,596,945,335	13.2%
MONDELEZ INTERNATIONAL INC Common Stock	MDLZ	578,000	\$52.12	\$30,125,360	0.0%
M&T Bank Corporation	MTB	5,382,040	\$105.66	\$568,666,346	4.2%
Occidental Petroleum Corporation	OXY	36,207,184	\$12.95	\$468,883,033	4.0%
Procter & Gamble Co	PG	315,400	\$115.92	\$36,561,168	0.0%
PNC Financial Services Group Inc	PNC	9,197,984	\$114.04	\$1,048,938,095	2.2%
Restoration Hardware Holdings, Inc common stock	RH	1,708,348	\$216.89	\$370,523,598	8.9%
Restaurant Brands International Inc	QSR	8,438,225	\$54.56	\$460,389,556	1.6%
Sirius XM Holdings Inc	SIRI	132,418,729	\$5.82	\$770,677,003	3.0%
SPDR S&P 500 ETF Trust	SPY	39,400	\$304.32	\$11,990,208	0.0%
StoneCo Ltd	STNE	14,166,748	\$31.68	\$448,802,577	5.1%
Store Capital Corp	STOR	18,621,674	\$19.34	\$360,143,175	7.6%
Suncor Energy Inc.	SU	14,949,031	\$17.12	\$255,927,411	1.0%
Synchrony Financial	SYF	20,128,000	\$20.37	\$410,007,360	3.4%
Teva Pharmaceutical Industries Ltd	TEVA	42,789,295	\$12.53	\$536,149,866	3.9%
United Airlines Holdings Inc	UAL	0	\$28.04	\$0	0.0%
United Parcel Service, Inc.	UPS	59,400	\$99.71	\$5,922,774	0.0%
U.S. Bancorp	USB	149,590,275	\$35.56	\$5,319,430,179	9.9%
Visa Inc	V	10,562,460	\$195.24	\$2,062,214,690	0.5%
VANGUARD IX FUN/S&P 500 ETF SHS NEW	VOO	43,000	\$279.75	\$12,029,250	0.0%
Verisign, Inc.	VRSN	12,815,613	\$219.01	\$2,806,747,403	11.1%
Wells Fargo & Co	WFC	345,688,918	\$26.47	\$9,150,385,659	8.4%
TOTAL		3,329,126,697		\$202,983,216,530	

Buy and Sell list – week ending 5/23/20

BUYS	SELLS	
Aurora Cannabis Inc. (ACB)		
Sundial Growers Inc. (SNDL)		
Raytheon Technologies Corp. (RTX) [+]		
Bank of America Corp. (BAC) [+]		
Twilio Inc. (TWLO)		
Five9 Inc. (FIVN)		
Alteryx Inc. (AYX)		
Crispr Therapeutics AG (CRSP)	THINKING ABOUT	
Iron Mountain Inc. (IRM) [+]	Merck & Co. (MRK)	
	CVS Health Corp. (CVS)	
	Cardinal Health Inc. (CAH)	
	*[+] Add to position	[-] Trim position

Buy and Sell list – week ending 5/16/20

BUYS	SELLS	
Taiwan Semiconductor Mfg. Co. ADR (TSM)	Apple Inc. (AAPL) [-]	
Baker Hughes Co. (BKR)	Check Point Software Technology (CHKP)	
Raytheon Technology Corp. (RTX) [+]		
PPL Corp (PPL) [+]		
IBM Corp (IBM) [+]		
Coca Cola (KO) [+]		
	*[+] Add to position	[-] Trim position

Buy and Sell list – week ending 5/9/20

BUYS	SELLS
Pfizer (PFE)	Vanguard Small-Cap ETF (VB)
Livongo Health (LVGO)	Vanguard Real Estate ETF (VNQ)
Invesco QQQ (QQQ)	Alaska Airlines (ALK)
Coca Cola (KO) [+]	Southwest Airlines (LUV)
Raytheon Technologies (RTX) [+]	SPDR Bloomberg Barclays High-Yield ETF (JNK)
Wells Fargo (WFC) [+]	Vanguard High-Yield Corp Bond Fund (VWEHX)
3M Corp. (MMM)	Simon Property Group (SPG)
Merck & Co. (MRK)	THINKING ABOUT
Volshares Large Cap ETF (VSLR)	Snap-On (SNA)
Alibaba (BABA)	Merck & Co. (MRK)
Adobe (ADBE)	
Public Storage (PSA)	
	*[+] Add to position [-] Trim position

Buy and Sell list – week ending 5/2/20

BUYS	SELLS	
MiMedx Group (MDXG)	McDonalds (MCD)	
Moderna (MRNA)	Disney (DIS)	
Abbott (ABT)	Iron Mountain Corp. (IRM)	
Atlassian Corp (TEAM)	Enterprise Products Partners L.P. (EPD) [-]	
Alteryx (AYX)	THINKING ABOUT	
Schwab Short-Term Treasury ETF (SCHO)	Royal Dutch Shell (RDSB) [sell]	
MSC Industrial Direct (MSM) [+]	United Parcel Service (UPS)	
Microsoft (MSFT)	Cardinal Health (CAH)	
P.A.M. Transportation Services (PTSI)	Snap-on Inc. (SNA)	
World Wrestling Entertainment (WWE)	IBM (IBM)	
Ameren Corporation (AEE)	W.P. Carey (WPC)	
American Electric Power Co. (AEP) [+]	Merck (MRK)	
FirstEnergy Corp (FE)		
TSP G Fund (short-term U.S. Treasury) to C Fund (stock index)	*[+] Add to position	[-] Trim position

Buy and Sell list – week ending 4/25/20

BUYS	SELLS
Constellation Brands (STZ)	Otis Worldwide (OTIS)
VanEck Vectors Vid Game and eSports ETF (ESPO)	Carrier Global (CARR)
Schwab US Dividend Equity ETF (SCHD)	Wells Fargo (WFC)
Raytheon Technologies (RTX) [+]	HSBC Holdings (HSBC)
IBM (IBM) [+]	Target (TGT)
STORE Capital (STOR) [+]	Steel Dynamics (STLD)
Coca Cola (KO) [+]	iShares Edge MSCI Min Volatility EAFE ETF (EFAV)
Canon (CAJ)	CVS (CVS)
Gilead Sciences (GILD)	
Roche Holdings (RHHBY)	
United Parcel Service (UPS)	
	*[+] Add to position [-] Trim position

Buy and Sell list – week ending 4/18/20

BUYS	BUYS
MiMedx Group (MDXG)	Shopify (SHOP)
Luckin Coffee ADR (LK)	The Trade Desk (TTD)
McDonalds (MCD)	Okta (OKTA)
Huntington Bancshares (HBAN)	Five9 (FIVN)
Gilead (GILD)	Roku (ROKU)
CVS (CVS) [+]	
PPL Corp (PPL) [+]	
AT&T (T) [+]	
Ares Capital Corp (ARCC) [+]	
STORE Capital Corp (STOR)	
Coca Cola (KO) [+]	
Regions Financial (RF) [+]	
Wells Fargo Corp (WFC) [+]	*[+] Add to position [-] Trim position

Buy and Sell list – week ending 4/18/20

SELLS	SELLS
Canadian Imperial Bank (CM)	
HealthEquity (HQY)	
Adobe (ADBE)	
Boeing (BA)	
PNC Bank (PNC)	
Truist Bank (TFC)	THINKING ABOUT
British Petroleum (BP)	NetApp (NTAP)
Ishares Core S&P Small Cap (IJR)	Raytheon Technologies Corp (RTX)
	Cardinal Health (CAH)
	*[+] Add to position [-] Trim position

Buy and Sell list – week ending 4/11/20

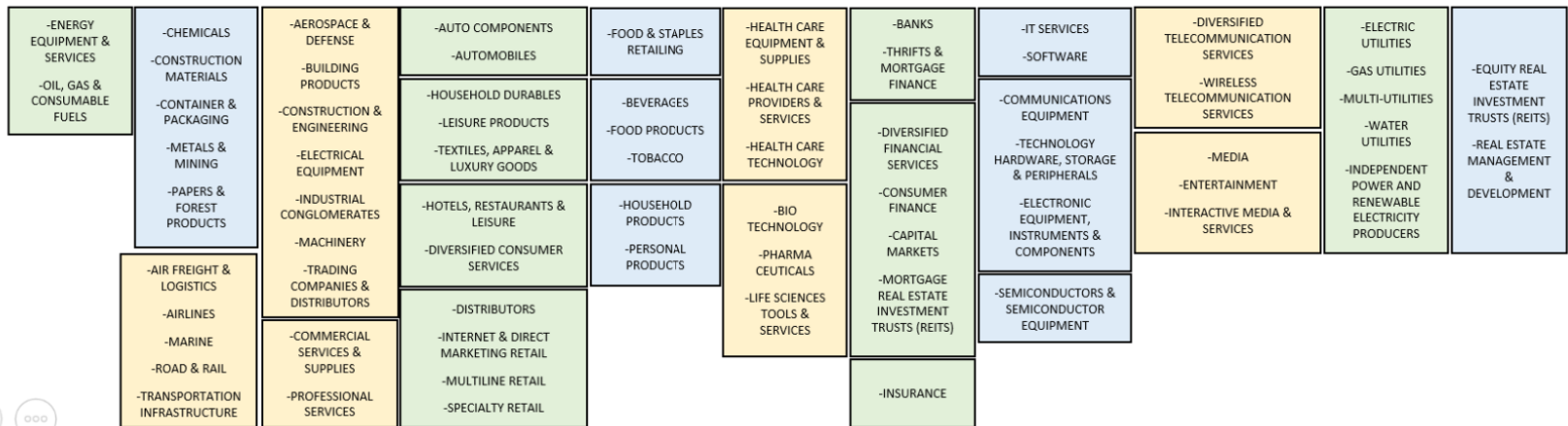
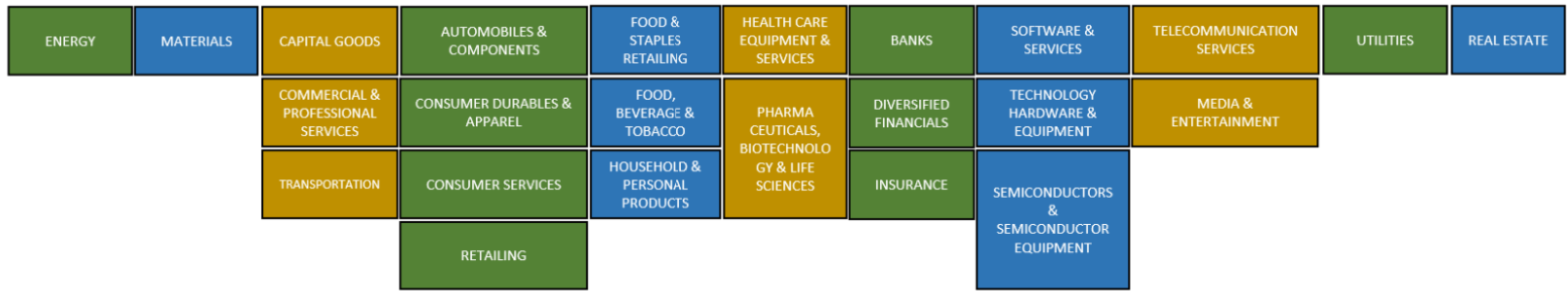
BUYS	BUYS
Vanguard Total Int'l Stock Fund ETF (VXUS)	Brookfield Asset Management (BAM)
CVS (CVS)	Houlihan Lokey (Investment Bank) (HLI)
Lam Research (LRCX) [+]	CVR Energy (CVI)
Zillow (Z) [+] (Class C; no voting rights)	Treasury Long Term ETF (TLT)
Zillow Group (ZG) [+] (Class A; voting rights)	Vanguard S&P 500 ETF (VOO)
Alphabet (GOOG) [+] (Class C; no voting rights)	Energy Transfer LP (ET)
Alphabet, Inc. (GOOGL) [+] (Class A; voting rights)	MGM Resorts (MGM)
AT&T (T) [+]	Canadian Solar (CSIQ)
Wells Fargo (WFC) [+]	Marriott Vacations (VAC)
Genuine Parts Corp. (GPC)	Facebook (FB)
Therevance Biopharma (TBPH)	Microsoft (MSFT)
Ishares Emerging Markets ETF (EMB)	
Vanguard REIT ETF (VNQ)	*[+] Add to position [-] Trim position

Buy and Sell list – week ending 4/11/20

SELLS	THINKING ABOUT
Ford (F)	
Coca Cola (KO)	
JP Morgan (JPM)	
Loews (L)	
Oracle (ORCL)	
Westwood Holdings Group (WHG)	
Exxon Mobil (XOM)	
Royal Dutch Shell (RDS.B)	
Borg Warner (BWA)	
Tanger (SKT)	

Spreading Across The Sectors

Global Industry Classification Standard (GICS)



Misc . . .

(One) Sell Strategy: Income Trade-off

“Benner Theorem”

“Track prices, and sell when price gains exceed expected dividend returns for your personal time horizon.”

***Ludwig Benner
OLLI Investment Forum***

Secular Growth

- Secular growth *trends* neither seasonal nor cyclical.
- Remain consistent over time.
- Secular stocks tend to maintain static trajectory regardless of current economic trends.
- Secular market is the market's overarching *trend* or direction for *five years or more*.
- Look at *trends*, especially over and after down markets versus the longer-term.
- Company in a secular *uptrend* is an indicator that it has experienced an extended period of rising prices and rising profits.

Credo for Dividend Investors

- **Eliminate market stress**
- **Focus on the value**
- **Focus on the income**
- **Focus on the history**
- **Focus on the safety**

Credo for Dividend Investors (cont.)

- **Buy above average companies . . .**
 - at below average valuations, that
 - have a record of annual dividend growth, and
 - pay shareholders above average dividend yields.
- **Reinvest your dividends . . .**
 - but not necessarily in stocks that paid them, since
 - you're always on the lookout for . . . (see above)
- **Beware the “falling knife”**
- **Be more patient than the average investor, but**
- **Pull the trigger and don't procrastinate!**

Quick Ratio

A measure of how well a company can meet its short-term financial liabilities. (Also known as the acid-test ratio.)

$$\frac{(\text{Cash} + \text{Marketable Securities} + \text{Accounts Receivable})}{\text{Current Liabilities}}$$

A common alternative quick ratio formula is:

$$\frac{(\text{Current assets} - \text{Inventory})}{\text{Current Liabilities}}$$

A common rule of thumb is that companies with a quick ratio of greater than 1.0 are sufficiently able to meet their short-term liabilities.

Dividend Metrics to Know

TABLE 1

Measures Used to Evaluate Dividend Stocks

Pillar I: Growth Trends

Profit Margin Ratios

Gross profit margin = $(\text{sales} - \text{cost of goods sold}) \div \text{sales}$

Operating profit margin = $[\text{sales} - \text{cost of goods sold} - \text{selling, general \& administrative (SG\&A) costs}] \div \text{sales}$

Net profit margin = $\text{net income after taxes} \div \text{sales}$

Pillar II: Financial Strength/Quality

Leverage (Debt) Ratios

Debt-to-assets ratio = $\text{total liabilities} \div \text{total assets}$

Debt-to-equity ratio = $\text{long-term debt} \div \text{total shareholder's equity}$

Debt-to-total-capital ratio = $\text{long-term debt} \div (\text{long-term debt} + \text{shareholder's equity})$

Interest coverage ratio = $\text{earnings before interest and taxes} \div \text{interest expense}$

Cash Flow

Free cash flow = $\text{cash from operations} - \text{capital expenditures (capex)}$

Payout Ratios

Earnings payout ratio = $\text{dividends per share} \div \text{earnings per share}$

Free-cash-flow payout ratio = $\text{dividends per share} \div \text{free cash flow per share}$

Pillar III: Valuation

Relative dividend yield = $\text{annual indicated dividend per share} \div \text{current price per share}$

Trailing price-earnings ratio = $\text{current price per share} \div \text{earnings per share for recent four quarters}$

Source: AAI Journal, August 2019. "Three Pillars of Successful Dividend Investing"