

Bull and Bear Portfolio

Update: 9.29.17



Model Guidance: No Changes for the Week

My short-term Bull & Bear Portfolio consists of 9 equally-weighted long positions and 3 equally-weighted short positions. Both the long and short stocks are selected from the Dow Jones Industrial Average. If the Dow advances over the period in which my 12-Dow stock portfolio is open, the model will make money with the stocks that advance and will lose money with the stocks that decline. And the opposite will prevail for the short stocks. Each week, I will review the model portfolio for potential changes. If no changes are required, I'll simply post no changes for the week. You can read more about my Bull & Bear Portfolio [here](#).

Description	Long / Short	Initial Investment	Starting Price	Qty L/S	Prior Day Close	Current Price	Current Value	% Chg. Day	% Chg. Inception
3M Co	Long	10,000.00	213.80	46.80	209.60	209.30	9,789.48	-0.14%	-2.11%
Caterpillar Inc	Long	10,000.00	123.80	80.80	125.20	124.70	10,070.26	-0.42%	0.70%
Chevron Corp	Long	10,000.00	115.20	86.80	117.60	117.20	10,173.36	-0.37%	1.73%
Home Depot Inc	Long	10,000.00	157.80	63.40	162.40	163.40	10,355.81	0.66%	3.56%
Intel Corp	Long	10,000.00	37.00	270.30	37.80	38.00	10,274.32	0.49%	2.74%
Johnson & Johnson	Long	10,000.00	135.40	73.90	129.50	129.70	9,578.74	0.16%	-4.21%
Microsoft Corp	Long	10,000.00	75.20	133.00	73.90	74.30	9,884.91	0.58%	-1.15%
UnitedHealth Group Inc	Long	10,000.00	198.20	50.50	196.10	194.60	9,818.36	-0.77%	-1.82%
Visa Inc	Long	10,000.00	104.80	95.40	104.60	104.90	10,007.15	0.31%	0.07%
Boeing Co/The	Short	-10,000.00	253.10	0.00	254.30	253.80	-10,028.84	0.19%	-0.29%
Goldman Sachs Group Inc	Short	-10,000.00	227.50	0.00	235.50	236.80	-10,405.66	-0.56%	-3.90%
Nike Inc	Short	-10,000.00	53.50	0.00	52.60	51.80	-9,685.05	1.60%	3.25%
Longs		90,000.00					89,952.39	0.06%	-0.05%
Shorts		-30,000.00					-30,119.55	0.38%	-0.40%

Click to enlarge.

Featured Company: Microsoft (NASDAQ: MSFT)

Back in 1975 two young men, Bill Gates and Paul Allen, founded a company they named Mircosoft. That year the two made their first sale to MITS Computer. The company purchased a PC programming language called BASIC. In 1981 Microsoft was incorporated, and IBM adopted its 16-bit operating system for its first personal computer. In 1985 Microsoft would introduce Windows 1.0. The operating system was the first in a family of operating systems that would expand in usage across most of the computers in the world. In 1990 Microsoft became the first PC software firm to generate over \$1 billion in sales in a single year.

In tandem with its ubiquitous operating system, Microsoft has developed and acquired a number of software programs that have come to be known collectively as Office. The Microsoft Office Suite of programs, including Word, Excel, PowerPoint and others, is found on almost every computer used for real work. Office has been a powerhouse performer for Microsoft. When misadventures like the Zune mp3 player let shareholders down, Office held steady.

Now Microsoft is integrating Office into its next big endeavor, the Cloud. Microsoft's cloud systems, led by its Azure application platform, is one of the fastest growing parts of the

company. The cloud is the future, and Microsoft is a leader. With more companies adopting cloud services to increase their efficiency and redundancy, Microsoft is once again sitting at the leading edge of a technological plate shifting. Unlike many other tech companies though, Microsoft has developed a strong dividend record. MSFT shares have paid dividends since 2003, and have increased them each year for the last 12 years. Over the last five years dividends have grown at an annualized rate of 14.3%.

Bull and Bear Portfolio Update: 9.22.17



Model Guidance: No Changes for the Week

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Industrial Average. If the Dow advances over the period in which my 12-Dow stock portfolio is open, the model will make money with the stocks that advance and will lose money with the stocks that decline. And the opposite will prevail for the short stocks. Each week, I will review the model portfolio for potential changes. If no changes are required, I'll simply post no changes for the week. You can read more about my Bull & Bear Portfolio [here](#).

Description	Long / Short	Initial Investment	Starting Price	Qty L/S	Prior Day Close	Current Price	Current Value	% Chg. Day	% Chg. Inception
3M Co	Long	10,000.00	213.80	46.78	210.51	210.44	9,845.00	-0.03%	-1.55%
Caterpillar Inc	Long	10,000.00	123.80	80.76	124.85	124.79	10,078.00	-0.05%	0.78%
Chevron Corp	Long	10,000.00	115.20	86.81	116.37	116.47	10,111.00	0.09%	1.11%
Home Depot Inc	Long	10,000.00	157.80	63.37	158.68	159.19	10,087.00	0.32%	0.87%
Intel Corp	Long	10,000.00	37.00	270.27	37.07	37.20	10,054.00	0.35%	0.54%
Johnson & Johnson	Long	10,000.00	135.40	73.87	133.22	131.75	9,732.00	-1.10%	-2.68%
Microsoft Corp	Long	10,000.00	75.20	133.05	74.94	74.21	9,874.00	-0.97%	-1.26%
UnitedHealth Group Inc	Long	10,000.00	198.20	50.46	195.75	195.21	9,850.00	-0.28%	-1.50%
Visa Inc	Long	10,000.00	104.80	95.39	104.97	105.31	10,046.00	0.32%	0.46%
Boeing Co/The	Short	-10,000.00	253.10	-39.51	255.46	256.04	-10,117.00	0.23%	-1.16%
Goldman Sachs Group Inc	Short	-10,000.00	227.50	-43.95	229.79	231.29	-10,165.00	0.65%	-1.63%
Nike Inc	Short	-10,000.00	53.50	-186.92	53.56	53.19	-9,942.00	-0.69%	0.58%
Longs		90,000.00					89,676.00	-0.15%	-0.36%
Shorts		-30,000.00					-30,224.00	-0.07%	-0.74%

Featured Company: Visa Inc., (NYSE: V)

In 1958 Bank of America launched the first consumer credit card for middle-class Americans and small to medium-sized merchants. The business grew rapidly, going international in 1974 and adding a debit card in 1975. In 1976 the Bank Americard became Visa. In 1995 Visa co-created EMV which allowed interoperability between all chip-enabled cards and terminals. In 2001 Visa surpassed 1 billion cards issued. In 2007, a restructuring of Visa's global network was begun, creating Visa Inc. In 2008 Visa went public on the New York Stock Exchange.

Today Visa operates the world's largest consumer-payment system, with nearly 2.5 billion credit and other payment cards in circulation across more than 200 countries. Visa is the #1 player in the electronic payments industry, with a market share of nearly 60%. Visa connects and clears transactions between banks and merchants. The company's vast network creates high

barriers to entry and a durable competitive advantage.

Visa sports a dividend yield of only 0.66%, but the company is a dividend growth powerhouse. Over the last five years, Visa has compounded its dividend at a rate of almost 26%. Not surprisingly, the total return on Visa shares over the same period is also 26%.

Visa's growth is closely tied to that of the global economy, but the company also benefits from the ongoing transition to electronic payments. Cash still accounts for 85% of the world's transactions and 40% of transactions in the United States. The shift to electronic payments has a long way to go. That means more potential market share for Visa to gain as it expands its business further around the globe.

Dick Young's Short Term Bull & Bear Portfolio (STBB)

One Man's Opinion

Let's see if STBB is for you.



You're basically bullish on the stock market, and you have a nice chunk of cash handy that you hate to see withering away in your bank, earning squat.

You are going out of the country on an extended business trip, and you have no time to futz with your portfolio. Well, you and I are in the same boat. So I decided to share my most recent STBB short-term portfolio concept with followers to my reinvigorated *Young's World Money Forecast*, first launched in 1978. *Young's World Money Forecast* never died. It simply went on a 40-year vacation.

YWMF and I are now back at it. My goal is to encourage serious investors to start thinking carefully about their money and who they can work with over the next couple of decades to steer the family financial ship of state. YWMF is the perfect medium for me to share with you what I think is going on in the world. My opinions are just that, so do your homework and make your own conclusions. I am pleased to be able to offer advice during your learning process, but at the end of the day, you need to be your own boss.

As head of global investment strategy for RIA Richard C. Young & Co. Ltd., I hope you will give the name Dick Young some worthy

consideration in the years ahead.

OK then, we are off and running.

My guiding principle is to include only stocks from the Dow Jones Industrial Average. Why? Because it's like I am a DJIA insider. I've been in this business since what feels like the day ol' Charles Dow thought this Dow thing up. Slightly kidding, of course, but you get the picture.

Here's the basic deal. YWMF is all about the Dow—dedicated, you might say, to the Dow. I do not advise buying non-dividend-paying stocks to our clients, ever.

Did you know that every stock in the Dow pays a dividend? Or that long-term dividend-paying stocks offer better and more consistent returns than non-dividend-paying stocks? Serious investors, like I presume you are, simply sleep better, take less risk, and generally avoid the neck-snapping bear market volatility that is the bedmate of non-dividend-paying portfolios. No thanks to non-dividend-paying stocks, not tomorrow, not ever. We are long-term dividend and compounding disciples.

To reemphasize: My STBB portfolio includes only Dow dividend payers. I have followed the Dow, along with the leading and coincident economic indicators, for nearly five decades. I examine the monthly economic indicators under a figurative microscope to tenths of one percent. Back in the really old days, I forecasted both the leaders and the coincidents down to tenths of one percent each month. As you can see, my association with the Dow and the economic indicators is long and intense.

I emphasize my cutting-edge research with the economic indicators because you, as an investor with a high investment acuity and a long track record of success, are perfectly cognizant of the direct hand-and-glove association between the

economy and the stock market. Trust me, as the stock market goes, so goes the Dow, but with far less bone-crunching volatility and much improved results thanks to dividend cash flow.

So what's the play?

My complete playing field will include Dow stocks—longs/shorts.

If the Dow advances over the period in which my long/short Dow stock portfolio is open, the model will make money with the stocks that advance and will lose money with the stocks that decline. And the opposite will prevail for the short stocks.

If instead the Dow declines? My model will take profits in the shorted Dow stocks, and stay with the long Dow stocks until they recover and show a profit. Each of these stocks is a dividend-paying blue chip likely to increase its dividend in the year ahead. Based strictly on investing criteria, there is not a reason or a rush to sell the long positions.

In the end, everything equal, a pleasing experience in a low-risk environment figures to be the outcome.

Each week, I will review the model portfolio for potential changes. If no changes are required, I'll simply post No Changes for the week. At some point I'll close out the model portfolio, which I will note promptly on my new STBB strategy site page. No two-week delay as there is with the snail-mail print newsletter era. We are now in the digital age. And you will have me on your side every day of every week. I am spending full time researching for our family investment firm's clients and spending no time producing intelligence for the masses.

Debbie and I are off to Paris/Burgundy. Make it a good week.

Warm regards,

DICK

Richard C. Young

These 9 Dow Stocks are Offering You a Bribe, Take It



There are 9 Dow stocks currently paying 3% *or more*. (See *which stocks I'm talking about in my new "[Dow Lab](#)"*) Not one of these top 2017 cash flow winners for shareholders is in the top 12 Dow stock price performers for the year.

What we are looking at in 2017 is a "follow the leader" momentum based market move completely untethered from the long term anchor of dependable cash flow for shareholders.

I cannot think of a more dangerous signal for serious money.

As of Sept 2017, all investors should be concentrating on companies that bribe today's stockholders with a yield of more than 3% and the promise of a higher dividend in 2017 than in 2016.

Dividends are Vital. The Reason Why Is Compound Interest

Why are dividends important? Because they allow the power of compound interest to work for you. I was speaking with a client yesterday who is in the process of helping his children establish Roth IRAs. I told him it's amazing how just getting in the game can do wonders for one's financial well-being: Imagine what this will look like in 50-years. Remember, just the process of starting an investment puts you or a loved one light years ahead of those bogged down and doing nothing at all.

Take a look below at the power of compound interest. An investor who makes eight annual contributions starting at age 25 and then makes no more will end up at age 64 with \$227,390 at an assumed growth rate of 9%. Meanwhile, another investor who skips those eight contributions early in life and begins investing later at 33 and makes annual contributions each year until age 64 will end up with only \$214,560 that year (assuming the same 9% growth rate). That's the power of compounding.

Originally posted March 24, 2017.

THE POWER OF COMPOUND INTEREST

Get A Head Start To Retirement!

Assumed growth rate of 9%.

HYPOTHETICAL INVESTOR #1			HYPOTHETICAL INVESTOR #2		
AGE	ANNUAL CONTRIBUTION	YEAR-END ACCOUNT BALANCE	AGE	ANNUAL CONTRIBUTION	YEAR-END ACCOUNT BALANCE
25	\$1,200	\$1,308	25	\$0	\$0
26	\$1,200	\$2,734	26	\$0	\$0
27	\$1,200	\$4,288	27	\$0	\$0
28	\$1,200	\$5,982	28	\$0	\$0
29	\$1,200	\$7,828	29	\$0	\$0
30	\$1,200	\$9,841	30	\$0	\$0
31	\$1,200	\$12,034	31	\$0	\$0
32	\$1,200	\$14,425	32	\$0	\$0
33	\$0	\$15,724	33	\$1200	\$1,308
34	\$0	\$17,139	34	\$1200	\$2,734
35	\$0	\$18,681	35	\$1200	\$4,288
36	\$0	\$20,362	36	\$1200	\$5,982
37	\$0	\$22,195	37	\$1200	\$7,828
38	\$0	\$24,193	38	\$1200	\$9,841
39	\$0	\$26,370	39	\$1200	\$12,034
40	\$0	\$28,743	40	\$1200	\$14,425
41	\$0	\$31,330	41	\$1200	\$17,032
42	\$0	\$34,150	42	\$1200	\$19,872
43	\$0	\$37,223	43	\$1200	\$22,969
44	\$0	\$40,573	44	\$1200	\$26,344
45	\$0	\$44,225	45	\$1200	\$30,023
46	\$0	\$48,205	46	\$1200	\$34,033
47	\$0	\$52,544	47	\$1200	\$38,404
48	\$0	\$57,273	48	\$1200	\$43,168
49	\$0	\$62,427	49	\$1200	\$48,362
50	\$0	\$68,046	50	\$1200	\$54,022
51	\$0	\$74,170	51	\$1200	\$60,192
52	\$0	\$80,845	52	\$1200	\$66,917
53	\$0	\$88,121	53	\$1200	\$74,248
54	\$0	\$96,052	54	\$1200	\$82,238
55	\$0	\$104,697	55	\$1200	\$90,948
56	\$0	\$114,119	56	\$1200	\$100,441
57	\$0	\$124,390	57	\$1200	\$110,789
58	\$0	\$135,585	58	\$1200	\$122,068
59	\$0	\$147,788	59	\$1200	\$134,362
60	\$0	\$161,089	60	\$1200	\$147,762
61	\$0	\$175,587	61	\$1200	\$162,369
62	\$0	\$191,389	62	\$1200	\$178,290
63	\$0	\$208,615	63	\$1200	\$195,644
64	\$0	\$227,390	64	\$1200	\$214,560
TOTAL CONTRIBUTIONS:		\$ 9,600	TOTAL CONTRIBUTIONS:		\$ 38,400
TOTAL EARNINGS:		\$ 217,790	TOTAL EARNINGS:		\$ 176,160
FINAL ACCOUNT BALANCE:		\$ 227,390	FINAL ACCOUNT BALANCE:		\$ 214,560