

Bull and Bear Portfolio Update: 5.18.18

Model Guidance: Close Your Positions

I want you to close out your longs and shorts in the short-term Bull-Bear Portfolio model. Through last night's close, the model is up 2.80% (total return) compared to a gain of 1.30% for the Dow (assumes \$60K in capital)—a strong return for a portfolio that takes 40% less stock market risk than the Dow as a whole. And a nice boost to a balanced portfolio that may be feeling some temporary drag from rising interest rates.

With a nice profit in the bank, it is time to move on from this round of the short-term bull-bear portfolio and come back when conditions are more favorable.

I will have more on bull-bear investing and many more compelling enhancements to *Young's World Money Forecast* over coming weeks and months.

Symbol	Description	L / S	Initial Investment	Starting Price	Qty L/S	Prior Day Close	Current Price	Current Value	% Chg. Day	% Chg. Inception
AAPL US	Apple Inc	Long	10,000.00	165.70	60.34	187.00	187.00	11,283.49	0.00	12.83
CSCO US	Cisco Systems Inc	Long	10,000.00	44.10	226.81	43.50	43.50	9,857.11	0.00	-1.43
HD US	Home Depot Inc	Long	10,000.00	177.00	56.49	185.30	185.30	10,470.03	0.00	4.70
INTC US	Intel Corp	Long	10,000.00	51.50	194.06	54.80	54.20	10,523.97	-1.06	5.24
JPM US	Jpmorgan Chase & Co	Long	10,000.00	111.50	89.71	113.00	113.00	10,133.67	0.00	1.34
TRV US	Travelers Cos Inc/The	Long	10,000.00	136.80	73.08	130.70	130.70	9,552.76	0.00	-4.47
UNH US	Unitedhealth Group Inc	Long	10,000.00	235.10	42.54	243.00	243.00	10,336.08	0.00	3.36
UTX US	United Technologies Corp	Long	10,000.00	123.10	81.25	124.60	124.60	10,124.31	0.00	1.24

Symbol	Description	L / S	Initial Investment	Starting Price	Qty L/S	Prior Day Close	Current Price	Current Value	% Chg. Day	% Chg. Inception
WMT US	Walmart Inc	Long	10,000.00	87.00	114.97	84.50	84.20	9,683.84	-0.31	-3.16
VZ US	Verizon Communications Inc	Long	10,000.00	47.90	208.77	47.90	47.90	9,989.56	0.00	-0.10
KO US	Coca-Cola Co/The	Short	-8,000.00	43.70	-182.90	42.30	42.30	-7,736.63	0.00	3.40
CVX US	Chevron Corp	Short	-8,000.00	122.30	-65.41	129.50	129.50	-8,467.66	0.00	-5.52
DWDP US	Dowdupont Inc	Short	-8,000.00	66.04	-121.14	68.16	68.16	-8,256.81	0.00	-3.11
MRK US	Merck & Co. Inc.	Short	-8,000.00	58.83	-135.99	59.07	59.07	-8,032.64	0.00	-0.41
IBM US	Intl Business Machines Corp	Short	-8,000.00	144.90	-55.21	144.50	144.50	-7,977.92	0.00	0.28
	Longs		100,000.00					101,955.00	-0.14	1.95
	Shorts		-40,000.00					-40,471.66	0.00	-1.17

Bull and Bear Portfolio Update 5.11.18



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Featured Company: Verizon Communications Inc. (NYSE: VZ)

Like all telephone companies in America, Verizon's history starts back in July of 1877 when Alexander Graham Bell formed the Bell Telephone Company. Soon Bell telephone systems were popping up in all the major cities in America, which were linked by Bell's long distance calling operation. By 1910 the federal government stepped in to regulate what was fast becoming a monopoly on long-distance telephone services.

By 1944 the Bell system of telephone companies, controlled by parent company AT&T, owned all the local phone companies in every major city in America. In 1974, the monopoly's power would spark a fight between AT&T and the Department of Justice, eventually forcing the parent company to sell the 22 local phone companies in the Bell system. In 1996 the FCC deregulated local markets, allowing competition and setting the stage for what would become Verizon.

Two of the previously regulated Bell system companies, Nynex and Bell Atlantic, merged in 1999, and then joined with Vodafone in 2000 to create a wireless telephone service they named Verizon Wireless. Only months later, Bell Atlantic merged with GTE Corp, expanding its wireless footprint across the country. The merged companies took on the name Verizon, creating the major telecommunications business that survives today.

Since then, Verizon introduced America's first 3G network in 2002, started building a fiber optic internet system known as FiOS in 2004, deployed America's first large scale 4G LTE network in 2010, became the first service provider to deploy 100Gbps technology to parts of its network in 2011, and then

quickly doubled that in 2013 with the rollout of 200G speeds.

In 2014 Verizon made what may have been its most important acquisition ever by buying Vodafone's 45% interest in Verizon Wireless. With Vodafone out of the joint venture, Verizon gained full control of America's largest wireless company.

Today Verizon is continuing to work on its network by rolling out 5G wireless technology. Verizon describes the benefits of the 5G system as "about 50 times the throughput of current 4G LTE, latency in the single milliseconds, and the ability to handle exponentially more Internet-connected devices to accommodate the expected explosion of the Internet of Everything." The 5G systems will be so fast it won't just connect smartphones to the Internet, it will even compete with cable-based home broadband systems to connect TVs, desktop computers, streaming devices and all other connected machines. In 2018, Verizon plans on rolling out residential broadband services using 5G in three to five markets in America.

Verizon and its predecessors have paid investors dividends each year since 1984. The company is also a Mergent dividend achiever that has been raising its dividend each year for 12 consecutive years. Verizon shares yield 4.85% today.

Bull and Bear Portfolio Update 5.4.2018



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Featured Company:Walmart (NYSE: WMT)

In July of 1962, Sam Walton opened the first Walmart in Rogers, Arkansas. After growing rapidly through the 1960s, Walmart went public in 1970, and Walton took his strategy of “the lowest prices anytime, anywhere,” national. In 1980, Walmart reached \$1 billion in annual sales for the first time, faster than any company before it. By that time, the store had 276 locations and employed 21,000 associates. In 1983 the company opened its first Sam’s Club location in Midwest City, Oklahoma. In 1988, Walmart opened its first “Supercenter,” combining a full-scale supermarket with its general merchandise store for shopper convenience.

In the 1990s Walmart began its quest to go global. The first step was opening a Sam’s Club in Mexico City via a joint venture with the Mexican retail company Cifra. By 1993, only 23 years

after its first \$1 billion year, Walmart recorded its first \$1-billion-week of sales. Walmart would continue to expand globally in the 90s, opening stores near and abroad in places like Canada and China.

By 2000, Walmart had 3,989 stores and had created its first online shopping experience, Walmart.com. In 2002 Walmart topped the Fortune 500 for the first time. By 2009 Walmart had reached \$400 billion in annual sales.

Over the last eight years Walmart has made large expansions in India, South Africa and online. In China, Walmart purchased all of Yihaodian, an e-commerce business it had partially owned. During 2016, Walmart bought Jet.com, an American e-commerce website. Walmart also created a strategic alliance with JD.com, one of China's largest e-commerce retailers. Recent news reports have said Walmart is attempting to buy India's largest e-commerce business, Flipkart. The retailer's directors have agreed to the deal, but it hasn't been fully approved yet. Successful completion of the deal would give Walmart an advantage in the Indian market.

Today Walmart employs 2.3 million people in 28 countries. The company runs more than 11,700 stores and serves nearly 270 million customers each week. A recent initiative has expanded online grocery pickup to over 1,100 stores in the U.S., and will add another 1,000 in 2018, as well as locations in Canada, Mexico, and China. To better compete with online retailer Amazon.com, Walmart has also added free 2-day shipping to Walmart.com. Walmart has been paying its shareholders a dividend every year since 1973, and has been increasing those dividends every year for 41 years. Over the last ten years the average dividend growth rate at Walmart has been 11.56%. Shares yield 2.37% today.

Bull and Bear Portfolio Update

4.27.2018



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Featured Company: Intel Corporation (NASDAQ:INTC)

In 1968, the year *2001: A Space Odyssey* was released, mankind was looking to the stars and the future of technology. The Apollo space program was heating up in preparation for the moon landing the year after. Computers were being made smaller and more powerful in order to the meet the demands of the space program and other advanced technological undertakings.

That same year, two men named Bob Noyce and Gordon Moore founded Intel. The company's first product would be produced in 1969. It

was the 3101 Schottky bipolar random access memory (RAM). The team would also break ground by introducing the world's first metal oxide semiconductor static RAM, the 1101. By 1970 Intel had upended the entire industry by introducing the 1103 DRAM, a new standard in computer memory technology.

Intel's hits would keep on coming. In 1974 the company introduced the first general-purpose microprocessor. In 1975 Intel processors were shipped on one of the first PCs, the Altair 8800. In 1981, computing giant IBM would select Intel's processors for its line of PCs. In 1992 Intel became the world's largest semiconductor supplier. Through the 1990s Intel would introduce and continuously improve its Pentium line of processors. In 2006 Intel introduced the world to the first quad-core processor for desktop computers.

Today Intel is transforming its business from a focus on PCs to a focus on the cloud and smart devices. Patrick Moorhead summarized [Intel's new strategy](#) well at *Forbes*, writing:

Intel has been on the move for the past few years driving an incredible amount of change. Once focused exclusively on X86 processors for PCs and servers five years ago, the company has branched out into what it calls "data-centric" which takes datacenter and adds automotive via a MobilEye acquisition, FPGAs via an Altera acquisition, machine learning training via a Nervana and Movidius acquisition and diving head-first into 5G and networking. With that, the company has embraced heterogeneous computing where it is more agnostic about what compute unit does a specific workload, be it CPU, GPU, FPGA, programmable and non-programmable ASIC. Lots of change.

Now, after a strong first quarter Intel has raised its revenue target for 2018 by \$2.5 billion. Intel's data-centric businesses accounted for 49% of the company's revenue, an all-time high. Intel CFO Bob Swan explained "Compared to the first-quarter

expectations we set in January, revenue was higher, operating margins were stronger and EPS was better. Our data-centric strategy is accelerating Intel's transformation, and we're raising our earnings and cash flow expectations for the year."

Short-term Bull-Bear Model: Round II



I am introducing a second round of my Short-term Bull Bear Model this week. The first version of my Short-term Bull-Bear portfolio ran for about six weeks from mid-September until the end of November. The portfolio performed well. You can check out the archives [here](#). And if you are not familiar with the strategy, [go here to learn more](#).

Round II of my Short-term bull-bear portfolio will include 10 long positions and 5 short positions. I am advising a 60% net long portfolio, so by example you will want to buy \$10,000 worth

of each of the long positions and sell short \$8,000 of each of the shorts. Both the long and short stocks are selected from the Dow Jones Industrial Average. If the Dow advances over the period in which my 15-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.

Keep in mind, short-term is the operative word in the strategy. Long and short positions may be counter to a long-term value-based investment program. Holding periods are shorter and turnover will likely be higher than for a long-term strategy. There is also a need to offset market and sector risk with short positions and long positions.

The 10 names I want you to take long positions in include:

1. Apple
2. Cisco
3. Home Depot
4. Intel
5. JP Morgan
6. Travelers
7. United Health
8. United Technologies
9. WalMart
10. Verizon

The five shorts are:

1. Coca-Cola
2. Chevron
3. DowDupont
4. Merck
5. IBM

Bull and Bear Portfolio Update

11.29.2017



Model Guidance: I want you to close out both the long and short positions on the Short-term Bull & Bear Portfolio at the open today. Based on yesterday's close if you initially invested \$90,000 in the nine long positions in the model you have made close to \$9,000 in only two months. A \$30,000 investment in the three short positions has lost only about \$2,200. The net gain on my Short-term Bull & Bear Portfolio is \$6,742, or a 7.5% gain assuming \$90,000 in starting capital. You've done better than the Dow with less stock market risk.

The Short-term Bull & Bear Portfolio was the first feature of my new digital-only *Young's World Money Forecast*. There will be much more to come in 2018.

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Bull and Bear Portfolio Update

11.22.2017



DICK YOUNG'S SHORT-TERM BULL & BEAR PORTFOLIO

About two months in, how is my Short-term bull-bear model performing?

I couldn't be happier. The bull-bear model has made almost 8.8% on the longs and lost only 6.4% on the shorts.

If you started with \$90,000 in capital and invested \$10,000 in each of the long positions and sold short \$10,000 of the three short positions, you are sitting on a gain of 6.4% in only two months. The Dow is up 5.6% over the same time-period.

So six of one, half dozen of the other, right?

Not exactly, a 6.4% return in the bull-bear portfolio was achieved with only two-thirds of the stock market exposure of a long-only portfolio. You are making more by taking less stock market risk. If the long portfolio and the short portfolio would have matched the performance of the Dow, the bull-bear model would have been up 3.83% or two-thirds of the Dow's 5.6% return. See the correlation? Two-thirds market exposure would have resulted in about two-thirds of the return.

But the bull-bear model is doing much better than that. What's driving the performance? Caterpillar, Microsoft, and Intel are all big winners. All three are up double digits on the back of

stronger than expected earnings. Intel is the standout with a return of more than 21%.

Model Guidance: No Changes for the Week

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INTC US	Intel Corp	Long	10,000.00	51.50	194.06	54.80	54.20	10,523.97	-1.06	5.24
JPM US	Jpmorgan Chase & Co	Long	10,000.00	111.50	89.71	113.00	113.00	10,133.67	0.00	1.34
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VZ US	Verizon Communications Inc	Long	10,000.00	47.90	208.77	47.90	47.90	9,989.56	0.00	-0.10
KO US	Coca-Cola Co/The	Short	-8,000.00	43.70	-182.90	42.30	42.30	-7,736.63	0.00	3.40
CVX US	Chevron Corp	Short	-8,000.00	122.30	-65.41	129.50	129.50	-8,467.66	0.00	-5.52

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DWDP US	Dowdupont Inc	Short	-8,000.00	66.04	-121.14	68.16	68.16	-8,256.81	0.00	-3.11
MRK US	Merck & Co. Inc.	Short	-8,000.00	58.83	-135.99	59.07	59.07	-8,032.64	0.00	-0.41
IBM US	Intl Business Machines Corp	Short	-8,000.00	144.90	-55.21	144.50	144.50	-7,977.92	0.00	0.28
	Longs		100,000.00					101,955.00	-0.14	1.95
	Shorts		-40,000.00					-40,471.66	0.00	-1.17

Featured Company: Intel Corporation (NASDAQ:INTC)

In 1968, the year *2001: A Space Odyssey* was released, mankind was looking to the stars and the future of technology. The Apollo space program was heating up in preparation for the moon landing the year after. Computers were being made smaller and more powerful in order to the meet the demands of the space program and other advanced technological undertakings.

That same year, two men named Bob Noyce and Gordon Moore founded Intel. The company's first product would be produced in 1969. It was the 3101 Schottky bipolar random access memory (RAM). The team would also break ground by introducing the world's first metal oxide semiconductor static RAM, the 1101. By 1970 Intel had upended the entire industry by introducing the 1103 DRAM, a new standard in computer memory technology.

Intel's hits would keep on coming. In 1974 the company introduced the first general-purpose microprocessor. In 1975 Intel processors were shipped on one of the first PCs, the Altair 8800. In 1981, computing giant IBM would select Intel's processors for its line of PCs. In 1992 Intel became the world's largest semiconductor supplier. Through the 1990s Intel would introduce and continuously improve its Pentium line of processors. In 2006 Intel introduced the world to the first quad-core processor for desktop computers.

Today Intel is transforming its business from a focus on PCs to

a focus on the cloud and smart devices. Intel is pushing forward cloud technology with its innovations like the Intel Optane. The product is the first to combine memory and storage, making the cloud faster and more efficient.

Bull and Bear Portfolio Update 11.17.2017



Model Guidance: No Changes for the Week

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Featured Company: General Electric (NYSE:GE)

America's Most Venerable Blue-Chip No Longer

GE, America's most venerable blue-chip industrial company, and the Dow's oldest constituent, had what may be the company's

worst week on record this week. For only the second time since the Great Depression, GE announced a dividend cut. The 50% dividend cut was announced in conjunction with a restructuring program delivered by new CEO Jim Flannery on Monday.

Sadly, the dividend cut wasn't the worst of the news. The restructuring program that Flannery hyped up for months fell flat with Wall Street. GE shares plunged during the presentation. After months of buildup, investors were looking for something spectacular, but Flannery delivered a plan for basic blocking and tackling that he could have announced the first week he took over as CEO.

He told shareholders, GE will focus on three primary areas moving forward, Power (in need of help), Aviation (today's crown jewel), and Health. GE will look to exit its remaining businesses.

Young Research has followed GE for decades and advised it on and off in *Intelligence Report*. GE has most often been a reliable dividend payer, with a rock-solid balance sheet, and a solid record of making regular annual dividend increases. The company did cut its dividend during the financial crisis as its finance arm had to tap government liquidity programs, but that looked like a one-off. Dividend growth resumed soon after the crisis passed.

GE has always had strong franchises, and it has been a market leader in the industries it has participated in. The company was one of *Fortune's* most admired companies for years and it was once viewed as America's best run big company. GE's managers were sought after to fill CEO roles, its management training program was the envy of corporate America, and it received high marks for efficiency and profitability.

GE still has strong franchises, but under the leadership of former CEO Jeff Immelt, GE's reputation has suffered immensely

and so has its stock price. Immelt was a disaster. He waited too long to exit the financial business, then sold near the bottom and entered the oil business near the industry's top, only to participate in the oil downturn. You couldn't have done worse if you tried. Immelt also allowed expenses to inflate, and cash flow to dwindle, which led to the mess GE finds itself in today.

Flannery's promise to maintain the dividend and his hype of the analyst meeting were obviously mistakes, but his back to basics plan for the company is a move in the right direction. GE needs to get simpler and more profitable. Unfortunately, that doesn't happen overnight and Flannery's plan isn't without risk.

Turnarounds take time and often don't go as smoothly as management or shareholders would like. For conservative investors and those in or nearing retirement, GE's dividend cut and now significant execution risk are disqualifying. Predictability, reliability, dividend growth, and low-risk are what we look for in dividend stocks, and GE offers none of the above today.

Bull and Bear Portfolio Update 11.9.2017



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Featured Company: UnitedHealth Group (NYSE:UNH)

In 1974 a group of doctors and health professionals founded Charter Med to provide health coverage. In 1977 United Healthcare Corporation was born to reorganize Charter Med. Its founder, Richard Burke started the business with the goal of helping people live healthier lives. Burke was assisted by Dr. Paul Ellwood, a “health policy guru” who coined the term “health maintenance organization.” UnitedHealthcare would go on to introduce the first network-based health plans for seniors, and to create EverCare, a care coordination program for people in nursing homes. Later the company would develop modern pharmacy benefits management and develop many other innovations in the industry.

Each year in over 125 countries, UnitedHealth processes over 750 billion digital transactions. In the United States alone

UnitedHealth provides its customers access to over 1 million healthcare professionals, at about 6,000 hospitals and healthcare facilities. That includes 4 out of every 5 hospitals in America. UnitedHealth's millions of customers have access to more than 67,000 pharmacies.

According to the U.N., "The global share of older people (aged 60 years or over) increased from 9.2 per cent in 1990 to 11.7 per cent in 2013 and will continue to grow as a proportion of the world population, reaching 21.1 per cent by 2050. Globally, the number of older persons is expected to more than double from 841 million people in 2013 to more than 2 billion in 2050."

As the world ages, it demands more medical care and UnitedHealth Group provides access to that care. The company has paid dividends since 1990 and shares yield 1.42% today.

Bull and Bear Portfolio Update

11.3.2017



DICK YOUNG'S SHORT-TERM BULL & BEAR PORTFOLIO

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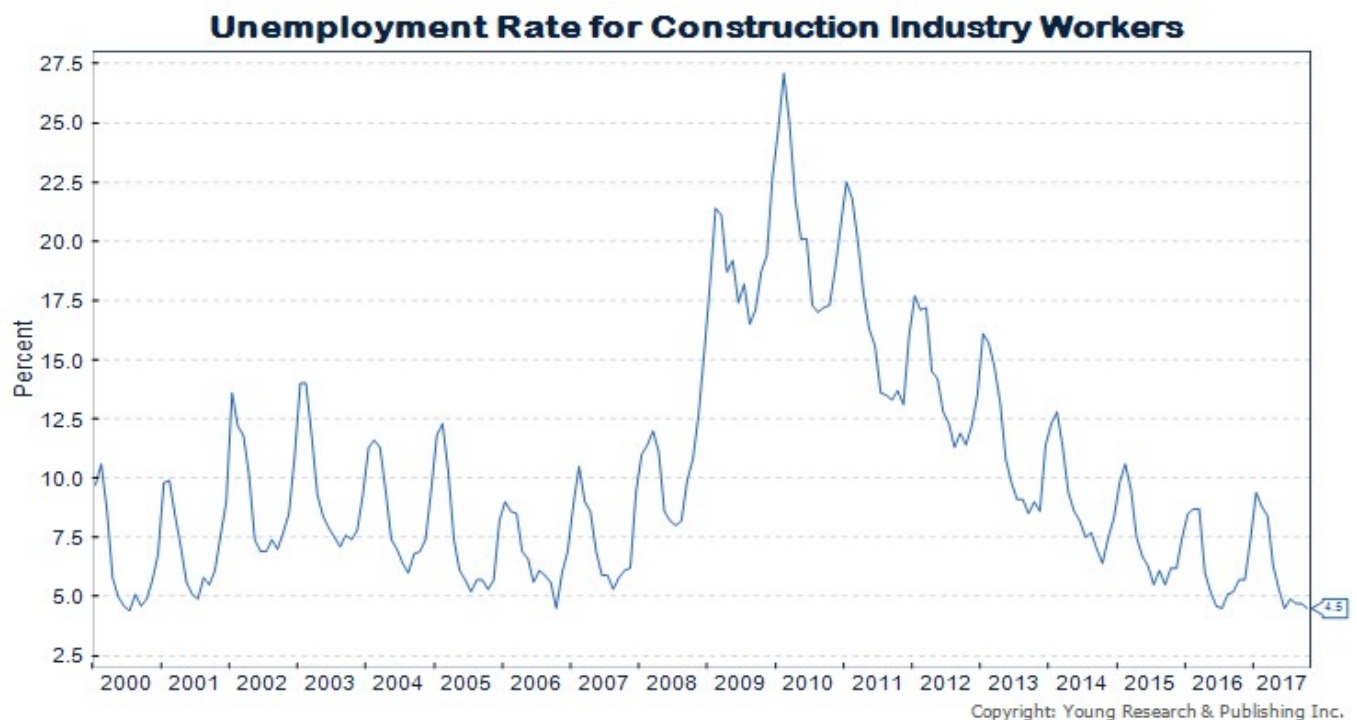
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Featured Company: Home Depot (NYSE:HD)

After Hurricanes Harvey and Irma pounded Texas and Florida with devastating wind and rain, there has been a frenzy of construction to rebuild and replace all that was lost. Estimates are that \$200 billion worth of damage was done. Crews are busy all around Key West where Debbie and I live, and in and around Naples where my family run investment advisory firm, [Richard C. Young & Co., Ltd.](#) has its office. In Houston, residents are hoping to recover from Harvey, which affected as much as 14.2 percent of the city's housing. If there can be a silver lining, it is that unemployment among construction workers, many of them out of work or underemployed since the financial crisis began, is at record lows.

In October, unemployment for construction workers matched its lowest recorded level for that month, 4.5%. Over 6.93 million

Americans were employed in construction jobs, the highest of any time outside the height of the building boom from May 2004 to November 2008.



The recovery in the construction industry really took off in late 2011 when housing starts finally broke out of the depressed range they had found themselves in after the bust. In November of 2011, starts broke through 700k a month and never looked back. In September 2017, there were 1.127 million starts.

Standing ready to supply the rebuilding effort are companies like Home Depot. Back in 1978, the same year I began writing the first iteration of *Young's World Money Forecast*, Bernie Marcus and Arthur Blank were sitting in a coffee shop in Los Angeles laying out their plans for a superstore that would not only sell customers tools and hardware, but even teach the customers how to use them.

By 1979, with help from investors, their vision—The Home Depot—was born in Atlanta, Georgia. The first store was a 60,000 square foot warehouse with more items for sale than any other hardware store. The model was a hit. Today The Home Depot is the

world's largest home improvement retailer. Stores are now usually around 105,000 square feet in size, and there are more than 2,200 locations across North America.

I added Home Depot as a long position in my initial [Short-Term Bull & Bear Portfolio](#). The company has been paying a dividend since 1987. Home Depot has never cut its dividend, but it did leave the payout flat for two years during the depths of the housing market bust. Since then, HD has been quickly raising its dividend each year, with a 29% boost in 2017.