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