

## October 2017 Update

There was lots of activity this month – and a decisive change in strategy for this portfolio.

I think the recovery in the American economy is real, tax changes will cement this, and this is how the portfolio is being positioned. Moreover, I believe that there are several leading retail names that have been beat up beyond recognition, and as a result I made the following sells in order to free up cash:

- 4,300 CMRE sold for \$26,653.26
- 6,000 TNP sold for \$28,622.93

Including the existing cash, this gave me \$55,718.19 to work with.

The following purchases were made:

- 1,300 AMC@\$13.59
- 850 BBY@\$21.18
- FL 600@\$31.60
- Remaining cash: \$1,054.19

Let me discuss the selections, one by one.

AMC Entertainment Holdings (AMC) is one of the biggest owners of movie chains, with significant market share in both the United States and Europe. When it was purchased – and I think it's a very Strong Buy anywhere below \$16 per share – the yield was 5.75%. I believe that within the next year it will provide a yield of 3%, and this would represent a price of \$26.67, at which point I'm closing the position.

BBBY, Bed, Bath and Beyond is also a leader in its space and earlier this year was a \$40 stock. The "reason" – I believe – why the market has soured so quickly on it is because revenues are flat, and more of the revenues are being generated on-line. However, this is what I think is the optimal model for the foreseeable future, and my price target before the end of 2018 is \$35.

FL, Foot Locker, is also the leader in its market. It is also, I believe, a victim of the belief that on-line will supplant bricks-and-mortar. At its

current level, it is yielding 4% and trading at 7 times earnings. This is at least a \$50 stock and there could even be upside from there within the next two years.

To summarize the positions in the portfolio:

- 3,300 SNR @\$8.94
- 2,000 TEVA @\$13.925
- 1,300 AMC @\$13.90
- 850 BBY @\$20.30
- 600 FL @\$30.44
- \$1,054.19 Cash

The total portfolio value is \$111,965.19 and the annualized return after 25 months is 5.57%.