

When to Sell

– *Toughest Investment Decision*

10/24/2023

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When to Sell

1. You need the money
2. Diversification/Rebalance
3. Stock has declining fundamentals;
not meeting your expectations
4. Significant long-term bad news
5. Stock is overvalued
6. Improve portfolio future potential return

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1. You Need the Money

- ▶ *Personal:* College, Home, Land, World Cruise, Boat, Computer, Living Expenses, etc.
- ▶ *Club:* A Member Withdrawal

The tougher decision might be....

WHAT to Sell

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2. Diversification / Rebalance

- Stock as % of Portfolio
- Sector
- Company Size
- Growth Rate

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2. Diversification & Rebalance

- Stock as % of Portfolio

Source: SSGPlus Portfolio Summary Report

Ticker	Company	Price Date	Price	Shares	Total Value	% of Portfolio	Current PE	Buy Below	Sell Above	US/DS	% Tot Ret	Rec
MSFT	Microsoft	10/17/2023	332.06	272.1	90,353.53	33.1	34.3	287.90	437.40	1.5	10.1	Hold
COST	Costco Wholesale	10/17/2023	574.34	56.4	32,392.78	11.9	40.6	473.80	628.50	0.7	5.0	Hold
SYK	Stryker	10/17/2023	268.81	102.3	27,499.26	10.1	38.0	222.20	312.50	1.0	6.8	Hold
MCD	McDonald's	10/17/2023	251.14	88.1	22,125.43	8.1	23.1	227.50	291.00	1.3	7.5	Hold
JNJ	Johnson & Johnson	10/17/2023	156.09	132.9	20,744.36	7.6	31.6	118.90	149.20	0.2	3.0	Sell
TGT	Target	10/17/2023	112.56	158.9	17,885.78	6.6	15.5	105.50	156.30	2.1	12.2	Hold
SBUX	Starbucks	10/17/2023	94.18	158.9	14,965.20	5.5	28.7	99.30	166.60	3.7	17.4	Buy
CAT	Caterpillar	10/17/2023	272.65	51.6	14,068.74	5.2	17.0	204.00	258.50	0.1	3.7	Sell
MDT	Medtronic	10/17/2023	72.81	118.9	8,657.11	3.2	26.9	75.20	95.50	4.2	9.3	Buy
GIS	General Mills	10/17/2023	62.98	134.6	8,477.11	3.1	15.4	62.10	79.80	2.6	9.7	Hold
AFL	Aflac	10/17/2023	81.40	77.2	6,284.09	2.3	10.9	73.00	91.60	1.1	6.3	Hold
VZ	Verizon Communicatio	10/17/2023	31.51	119.6	3,768.66	1.4	6.3	35.40	56.30	5.4	20.3	Buy
CTSH	Cognizant Tech Solns	10/17/2023	67.17	50.0	3,358.50	1.2	15.7	68.70	98.00	3.5	10.9	Buy
KO	Coca-Cola	10/17/2023	54.07	45.6	2,467.20	0.9	22.3	54.70	74.00	3.3	11.4	Buy

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2. Diversification & Rebalance - *Stock as % of Portfolio*

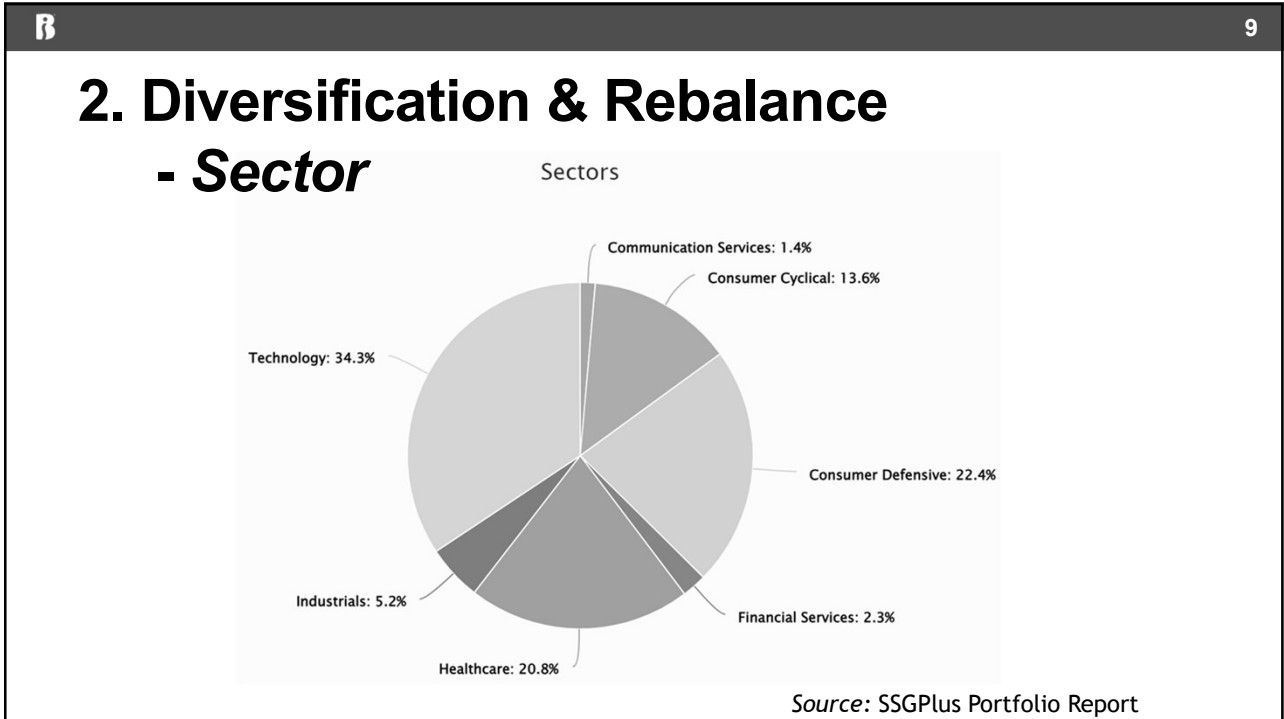
- The ideal is equal weight. (100 divided by # of stocks)
 - $100 \div 14 = 7.1\%$
- A Reasonable range is for each stock is .5 to 1.5 times equal weight
 - Smallest Holding Threshold = $.5 \times 7.1\% = 3.55\%$
 - Largest Holding Threshold = $1.5 \times 7.1\% = 10.65\%$
- 12 members; Reasonable Range **3.55 – 10.65%**
 - Smallest Holdings: AFL (2.3%), VZ (1.4%), CTSB (1.2%), KO (.9%)
 - Largest Holding: MSFT (33.1%)

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2. Diversification / Rebalance - What to do about Imbalance?

- Large Holdings
 - Sell ALL if significantly overvalued – PROFIT is not a dirty word.
 - Sell a portion if not significantly overvalued.
 - Don't add to that position
- Small Holdings
 - Understand why a small holding – spinoff, building position, significant stock price decline (quality issues?)
 - Sell ALL if not a quality stock.
 - Add to the position if a quality stock.

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2. Diversification & Rebalance - Same Industry

SELL ONE? -- Keep the BEST!

Discount Stores

- Target – 6.6%
- ☆ • Costco – 11.9%



Medical Devices

- Medtronic – 3.2%
- ☆ • Stryker – 10.1%



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2. Diversification & Rebalance -Size Diversification by Revenue

Sample Club: 100% in Large

Small (25%): <\$1 billion in Sales
 Medium (50%): \$1 billion to \$10 billion in Sales
 Large (25%): > \$10 billion in Sales

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2. Diversification & Rebalance - Growth Diversification - myI CLUB

Puget Sound Model Investment Club

EPS Growth Rate Diversification Chart

Company	Expected Growth Rate
V	9.3%
FAST	11.8%
WAL	13%
OLED	7.1%
MIDD	11.2%
TREX	5.6%
META	10.8%
MSFT	11.3%
UNH	10.6%
SBUX	9.4%

Company Size Diversification Chart
(Excludes Cash)

Company	Percentage
OLED	7.0%
META	10.8%
MSFT	11.2%
UNH	10.5%
V	9.3%
SBUX	9.4%
TREX	5.5%
WAL	13.0%
MIDD	11.6%
FAST	11.7%

- Small (< \$1 Billion in sales) expected growth rate > 12%
- Medium expected growth rate between 7% - 12%
- Large (> \$10 B in sales) expected growth rate between 5% - 7%

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2. Diversification & Rebalance

- Sample Portfolio Observations

Ticker	Company Name	Diversification
AFL	Aflac	Small %
CAT	Caterpillar	
KO	Coca-Cola	Small %
CTSH	Cognizant Tech Solns	Small %
COST	Costco Wholesale	
GIS	General Mills	
JNJ	Johnson & Johnson	
MCD	McDonald's	Lower Quality than SBUX and lower Potential Return
MDT	Medtronic	Lower Quality than SYK - Same Industry
MSFT	Microsoft	Large %; Sell 1/2 Holdings
SBUX	Starbucks	
SYK	Stryker	
TGT	Target	
VZ	Verizon Communicatio	Small %

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3. Declining Fundamentals/ Not Meeting Your Expectations

- *Perhaps Most Important Reason to Sell*
- Remember generally EPS follows Sales, Price follows EPS

Tools

- PERT Report
- Stock Selection Guide – SSG
- Quarterly Trend (aka PERT-A)

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3. Declining Fundamentals - PERT Report

Company Name	Div	Yield	Est EPS Next 12 Mo	EPS			Sales			Pre-Tax Profit			TTM EPS			Proj PE	Price	Proj RV	Proj 5Yr P/E Ratios			Est EPS Growth	PEG Ratio	U/D Ratio	% Total Return
				Qtr End	\$	% Chg	Mill \$	% Chg	Mill \$	% Chg	Mill \$	% Chg	Mill \$	% Chg	Hi				Avg	Low					
Aflac	1.68	2.1	7.54	06/23	2.71	25.5%	5173.0	-3.3%	1825.0	7.3%	35.3%	7.49	13.0%	10.8	81.40	100.4	13.0	10.8	8.5	0.7	15.4	1.1	6.3		
Caterpillar	5.20	1.9	16.21	06/23	5.67	81.2%	17318.0	21.6%	3652.0	74.2%	21.1%	16.07	28.6%	16.8	272.65	120.1	17.0	14.0	11.0	0.9	18.7	0.1	3.7		
Coca-Cola	1.84	3.4	2.53	06/23	0.59	34.1%	11972.0	5.7%	2880.0	26.1%	24.1%	2.43	10.0%	21.4	54.07	83.7	28.0	22.5	23.0	4.2	5.1	3.3	11.4		
Cognizant Tech Solns	1.16	1.7	4.53	06/23	0.91	-18.0%	4886.0	-0.4%	5284.0	-22.9%	12.0%	4.29	-0.5%	14.8	67.17	84.7	20.0	17.0	15.0	5.6	2.6	3.5	10.9		
Costco Wholesale	4.08	0.7	14.80	08/23	4.86	15.7%	78939.0		2963.0	17.8%	3.8%	14.16	7.8%	38.8	574.34	114.2	40.0	31.0	4.5	8.6	0.7	5.0			
General Mills	2.36	3.7	4.19	08/23	1.14	-15.6%	4904.0		4487.0										2.3	6.5	2.6	9.7			
Johnson & Johnson	4.76	3.0	5.11	06/23	1.96	8.9%	25530.0	6.3%	6762.0	15.8%	26.5%	4.94	28.1%	4.76	104.4	14.2%	3.87	14.2%	3.87	3.5	8.7	0.2	3.0		
McDonald's	6.68	2.7	11.25	06/23	3.15	96.9%	6497.5	13.6%	2816.7	99.9%	24.6%	8.12	33.9%	6.2	31.51	56.6	12.5	11.0	9.5	1.3	4.8	5.4	20.3		
Medtronic	2.76	3.8	2.80	07/23	0.59	-15.7%	7702.0	-4.9%	1072.0	394.0%	4.3%	7.28	-17.3%	24.5	94.18	94.2	32.0	26.0	20.0	17.2	1.4	3.7	17.4		
Microsoft	3.00	0.9	10.65	06/23	2.69	20.6%	56189.0	8.3%	24727.0	20.7%	44.0%	9.69	0.5%	31.2	332.06	113.4	33.0	27.0	9.9	3.1	1.5	10.1			
Starbucks	2.28	2.4	3.84	06/23	0.99	25.3%	9168.3	12.5%	1464.3	22.8%	16.0%	3.28	-7.6%	24.5	94.18	94.2	32.0	26.0	20.0	17.2	1.4	3.7	17.4		
Stryker	3.00	1.1	7.63	06/23	1.93	12.2%	4996.0	11.2%	899.0	24.9%	18.0%	7.08	30.4%	35.3	268.81	108.5	40.0	32.5	25.0	7.7	4.6	1.0	6.8		
Target	4.40	3.9	7.29	07/23	1.80	361.5%	24773.0	-4.9%	1072.0	394.0%	4.3%	7.28	-17.3%	15.4	112.56	103.0	19.0	15.0	11.0	0.1	154.5	0.8	6.4		
Verizon Communicatio	2.66	8.4	5.07	06/23	1.10	-11.3%	32596.0	-3.5%	6112.0	-10.9%	18.8%	5.00	0.2%	6.2	31.51	56.6	12.5	11.0	9.5	1.3	4.8	5.4	20.3		

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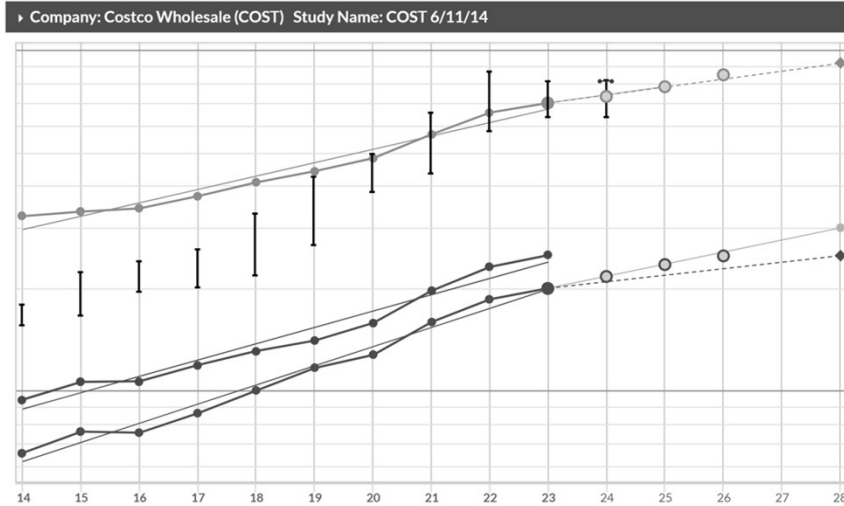
3. Declining Fundamentals - PERT Report

- Remember anything in Pink is flagged for investigation.
- Sort by TTM EPS % Change
- Next step dig into SSG and News.

Company Name	Div	Yield	Est EPS Next 12 Mo	EPS			Sales			Pre-Tax Profit			TTM EPS		
				Qtr End	\$	% Chg	Mill \$	% Chg	Mill \$	% Chg	Mill \$	% Chg	Mill \$	% Chg	
Medtronic	2.76	3.8	2.80	07/23	0.59	-15.7%	7702.0	4.5%	1196.0	14.6%	15.5%	2.71	30.0%		
Johnson & Johnson	4.76	3.0	5.11	06/23	1.96	8.9%	25530.0	6.3%	6762.0	15.8%	26.5%	4.94	28.1%		
Target	4.40	3.9	7.29	07/23	1.80	361.5%	24773.0	-4.9%	1072.0	394.0%	4.3%	7.28	17.3%		
General Mills	2.36	3.7	4.19	08/23	1.14	-15.6%	4904.0	4.0%	830.0	-18.6%	16.9%	4.10	13.7%		
Starbucks	2.28	2.4	3.84	06/23	0.99	25.3%	9168.3	12.5%	1464.3	22.8%	16.0%	3.28	-7.6%		
Cognizant Tech Solns	1.16	1.7	4.53	06/23	0.91	-18.0%	4886.0	-0.4%	587.0	-22.9%	12.0%	4.29	-0.5%		
Verizon Communicatio	2.66	8.4	5.07	06/23	1.10	-11.3%	32596.0	-3.5%	6112.0	-10.9%	18.8%	5.00	0.2%		
Microsoft	3.00	0.9	10.65	06/23	2.69	20.6%	56189.0	8.3%	24727.0	20.7%	44.0%	9.69	0.5%		
Costco Wholesale	4.08	0.7	14.80	08/23	4.86	15.7%	78939.0	9.5%	2963.0	17.8%	3.8%	14.16	7.8%		
Coca-Cola	1.84	3.4	2.53	06/23	0.59	34.1%	11972.0	5.7%	2880.0	26.1%	24.1%	2.43	10.0%		
Aflac	1.68	2.1	7.54	06/23	2.71	25.5%	5173.0	-3.3%	1825.0	7.3%	35.3%	7.49	13.0%		
Caterpillar	5.20	1.9	16.21	06/23	5.67	81.2%	17318.0	21.6%	3652.0	74.2%	21.1%	16.07	28.6%		
Stryker	3.00	1.1	7.63	06/23	1.93	12.2%	4996.0	11.2%	899.0	24.9%	18.0%	7.08	30.4%		
McDonald's	6.68	2.7	11.25	06/23	3.15	96.9%	6497.5	13.6%	2816.7	99.9%	24.6%	8.12	33.9%		

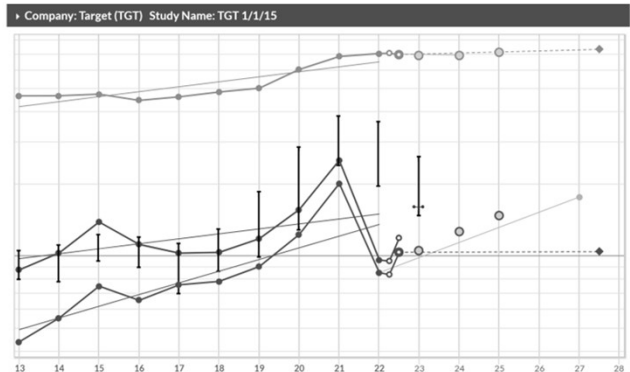
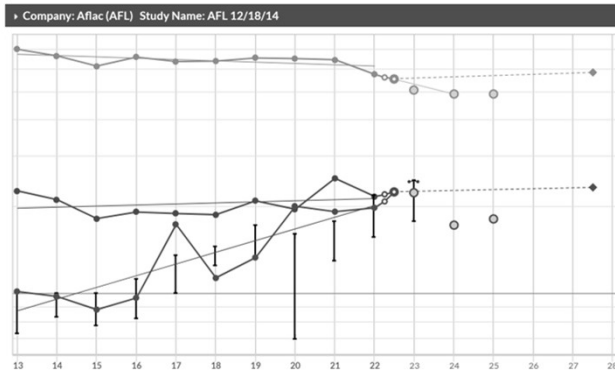
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Stock Selection Guide: Key tool to evaluate fundamentals and valuation

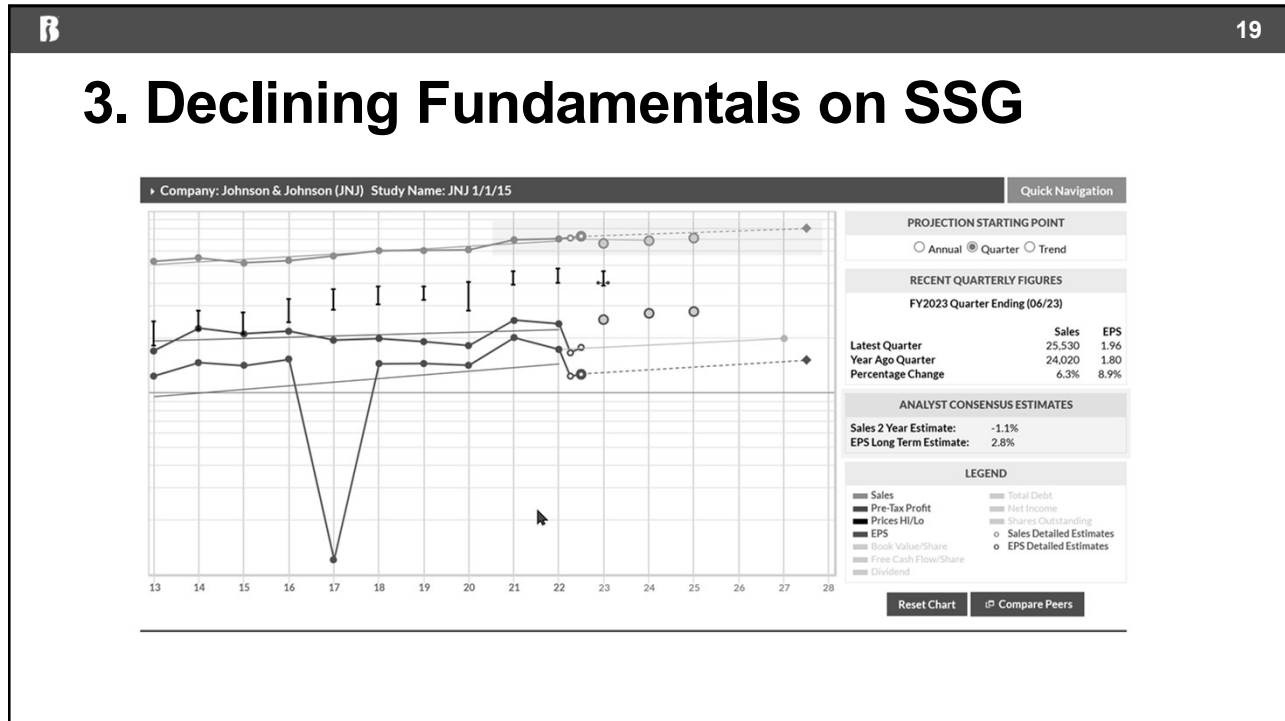


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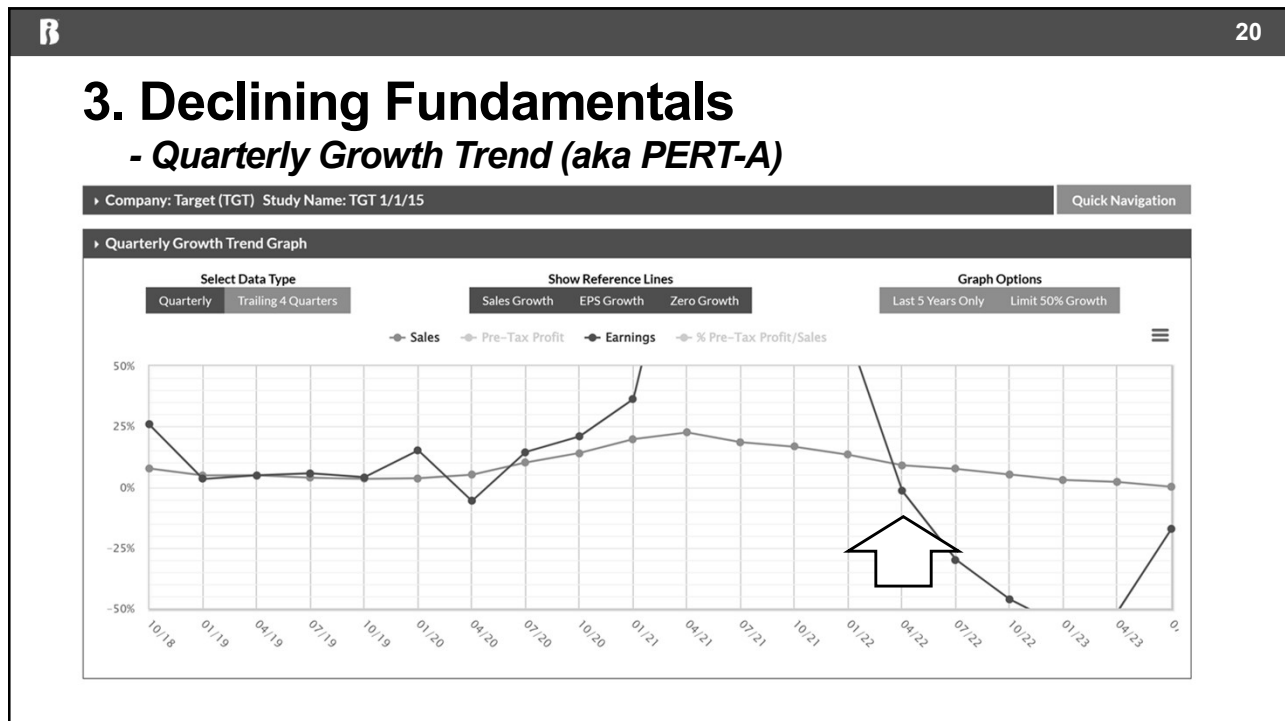
3. Declining Fundamentals on SSG



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3. Declining Fundamentals on SSG - Summary of Sample Report

Ticker	Company Name	Diversification	Declining Fundamentals
AFL	Aflac	Small %	Negative Sales Growth
CAT	Catepillar		Flat EPS Growth
KO	Coca-Cola	Small %	
CTSH	Coginzant Tech Solns	Small %	Sales Slowing
COST	Costco Wholesale		
GIS	General Mills		2% Future Sales Growth
JNJ	Johnson & Johnson		2-yr Analyst Sales Growth is 1.1%
MCD	McDonald's	Lower Quality than SBUX and lower Potential Return	
MDT	Medtronic	Lower Quality than SYK - Same Industry	My projections less than 5% for future Sales and Growth
MSFT	Microsoft	Large %; Sell 1/2 Holdings	
SBUX	Starbucks		
SYK	Stryker		
TGT	Target		Flat sales growth last year; future continues flat
VZ	Verizon Communicatio	Small %	Flat sales growth last year; future continues flat sales growth. My projections less than 5% for both Sales & EPS

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4. Significant Long-term Bad News (2014)

- Microsoft News – Good or Bad?
- Satya Nadella – New CEO – Enterprise Guy
- Success at integrating Nokia handset purchase?
- Decline of PC sales
- Windows 8/Surface/Phone not successful

Bulls Say

- We expect the already strong commercial software business to continue gaining share in a growing market.
- Microsoft's devices and services reorganization provides a more cohesive strategy to deliver services in world changing to cloud and mobility from PC and server.
- The Azure platform is developing into a significant growth driver alongside the company's other cash cows.

Bears Say

- The Windows OS business is declining due to a variety of factors including alternative devices, alternative operating systems, and the mix shift toward lower-priced, lower-margin emerging-market sales.
- The decline of the Windows OS business has begun the decoupling of the primary components of the Windows ecosystem as consumers gain comfort with alternative products.
- The push into devices will weigh on Microsoft's revenue growth and margins.

Source: Morningstar

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MSFT

2017

Bulls Say

- Microsoft has solidified its position as the number-two public cloud vendor with its Azure platform, which should provide substantial growth for several years.
- Windows 10 is the most rapidly adopted operating system Microsoft has released to date.
- Microsoft's newfound willingness to embrace third-party and open-source developer tools should help keep existing application developers on the Microsoft ecosystem, while attracting new ones.

Bears Say

- The Windows OS will likely continue to decline as alternatives flood the market and end users increasingly use a wider array of devices.
- Amazon maintains a commanding lead over Microsoft in the public cloud space, and any slip-ups could place Azure further behind the eight ball as Google and others nip at the firm's heels.
- Microsoft's hardware business will remain considerably cyclical and will generally serve as a drag on margins for the foreseeable future.

2023

Bulls Say Dan Romanoff, CPA, Senior Equity Analyst, 26 Jul 2023

- ▶ Public cloud is widely considered to be the future of enterprise computing, and Azure is a leading service that benefits the evolution to first to hybrid environments, and then ultimately to public cloud environments.
- ▶ Microsoft 365 continues to benefit from upselling into higher-priced stock-keeping units as customers are willing to pay up for better security and Teams Phone, which should continue over the next several years.
- ▶ Microsoft has monopoly like positions in various areas (OS, Office) that serve as cash cows to help drive Azure growth.

Bears Say Dan Romanoff, CPA, Senior Equity Analyst, 26 Jul 2023

- ▶ Momentum is slowing in the ongoing shift to subscriptions, particularly in Office, which is generally considered a mature product.
- ▶ Microsoft lacks a meaningful mobile presence.
- ▶ Microsoft is not the top player in its key sources of growth, notably Azure and Dynamics.

Source: Morningstar

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4. Significant Long-term Bad News

Ticker	Company Name	Diversification	Declining Fundamentals	Significant Bad News
AFL	Aflac	Small %	Negative Sales Growth	
CAT	Catpillar		Flat EPS Growth	
KO	Coca-Cola	Small %		
CTSH	Coginzant Tech Solns	Small %	Sales Slowing	
COST	Costco Wholesale			
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MCD	McDonald's	Lower Quality than SBUX and lower Potential Return		
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5. Overvalued

- Taking profits is a good thing
- If you “love” the company, you can always buy it back again at a lower price. Consider selling at least a portion.
- Tax consequences

Tools

- PERT Report
- SSG signals:
 - High Current P/E (Relative Value: >150%)
 - Upside/Downside Ratio < 1.0
 - Low Potential Return (< 5%)
- Value Line – The “Value Line” and Projected Total Return box

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5. Overvalued – PERT Report

- Be sure SSG prices are updated before running report.
- Yellow highlights flagging valuation metrics to take a look at.
- Consider sorting by % Total Return.

Company Name	Proj RV	Proj 5Yr P/E Ratios			Est EPS Growth	PEG Ratio	U/D Ratio	% Total Return	Est 5 Years	
		Hi	Avg	Low					Low Price	High Price
Verizon Communicatio	56.6	12.5	11.0	9.5	1.3	4.8	5.4	20.3	25.0	66
Starbucks	94.2	32.0	26.0	20.0	17.2	1.4	3.7	17.4	65.6	200
Coca-Cola	83.7	28.0	25.5	23.0	4.2	5.1	3.3	11.4	45.0	83
Cognizant Tech Solns	84.7	20.0	17.5	15.0	5.6	2.6	3.5	10.9	54.1	112
Microsoft	113.4	33.0	27.5	22.0	9.9	3.1	1.5	10.1	213.2	512
General Mills	96.9	18.0	15.5	13.0	2.3	6.5	2.6	9.7	53.3	88
Medtronic	91.2	33.0	28.5	24.0	3.4	7.6	4.2	9.3	65.0	105
McDonald's	103.8	25.0	21.5	18.0	3.5	6.4	1.3	7.5	195.7	322
Stryker	108.5	40.0	32.5	25.0	7.7	4.6	1.0	6.8	177.0	357
Target	103.0	19.0	15.0	11.0	0.1	154.5	0.8	6.4	80.1	139
Aflac	100.4	13.0	10.8	8.5	0.7	15.4	1.5	6.3	63.7	100
Costco Wholesale	114.2	40.0	34.0	28.0	4.5	8.6	0.7	5.0	396.5	705
Caterpillar	120.1	17.0	14.0	11.0	0.9	18.7	0.5	3.7	176.8	285
Johnson & Johnson	124.6	28.0	24.5	21.0	3.5	8.7	0.8	3.0	103.7	164

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5. Overvalued

Potential Gain vs Loss

SSG Results Summary

Zone:	.2 U/D Acceptable?	SELL
Upside Downside Ratio:	0.2 To 1	
Total Return (High P/E):	3.0%	
Projected Return (Avg. P/E):	0.6%	
Buy price to satisfy US/DS of 3 to 1 and 15% total return:	88.9	
Buy Below price based on zoning selection:	118.9	
Closing Price (10/17/23):	156.09	

JNJ

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5. Overpriced? – Value Line

MICROSOFT NDQ-MSFT

RECENT PRICE **345.11** P/E RATIO **34.9** (Trailing: 36.9 Median: 21.0) RELATIVE P/E RATIO **1.94** DIV'D YLD **0.8%** **VALUE LINE**

TIMELINESS **2** Raised 5/26/23
SAFETY **1** Raised 5/26/06
TECHNICAL **1** Raised 7/21/23
BETA .90 (1.00 = Market)

18-Month Target Price Range
Low-High Midpoint (% to Mid)
\$265-\$517 \$391 (15%)

2026-28 PROJECTIONS		
Price	Gain	Ann'l Total Return
High 390	(+15%)	4%
Low 320	(-5%)	-1%

Institutional Decisions

3Q2022	4Q2022	1Q2023
to Buy 2202	2170	2096
to Sell 1855	2100	2143
High (000)520694753230615418977		

The Value Line

% TOT. RETURN 6/23		
THIS STOCK	VL ARITH+	INDEX
1 yr.	33.9	16.5
3 yr.	72.0	58.6
5 yr.	264.3	48.6

- Is the Projected Range of -1 to 4% Annual Return acceptable?
- Historically, the Low Projection is the mostly likely outcome.
- When the black dot is floating above the Value Line it is an indicator of overvalue

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5. Overvalued

Ticker	Company Name	Diversification	Declining Fundamentals	Significant Bad News	Overvalued
AFL	Aflac	Small %	Negative Sales Growth		
CAT	Caterpillar		Flat EPS Growth		SELL Range
KO	Coca-Cola	Small %			
CTSH	Cognizant Tech Solns	Small %	Sales Slowing		
COST	Costco Wholesale				
GIS	General Mills		2% Future Sales Growth		
JNJ	Johnson & Johnson		2-yr Analyst Sales Growth 1%	Talc asbestos litigation	SELL range
MCD	McDonald's	Lower Quality than SBUX and lower Potential Return			
MDT	Medtronic	Lower Quality than SYK - Same Industry	My projections less than 5% for future Sales and Growth		
MSFT	Microsoft	Large %; Sell 1/2 Holdings			Value line has lower return forecast; current price above "Value Line"
SBUX	Starbucks				
SYK	Stryker				
TGT	Target		Flat sales growth last year; future continues flat		
VZ	Verizon Communicatio	Small %	Flat sales growth last year; future continues flat sales growth. My projections less than 5% for both Sales & EPS		

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6. Improve Portfolio Potential Future Return

- Look for the lowest potential returns and consider replacements.

Ticker	Company	Price Date	Price	Shares	Total Value	% of Portfolio	Current PE	Buy Below	Sell Above	US/DS	% Total Return	Rec
VZ	Verizon Communicatio	10/17/2023	31.51	119.6	3,768.60	1.4	6.3	35.40	56.30	5.4	20.3	Buy
SBUX	Starbucks	10/17/2023	94.18	158.9	14,965.20	5.5	28.7	99.30	166.60	3.7	17.4	Buy
KO	Coca-Cola	10/17/2023	54.07	45.6	2,467.21	0.9	22.3	54.70	74.00	3.3	11.4	Buy
CTSH	Cognizant Tech Solns	10/17/2023	67.17	50.0	3,358.50	1.2	15.7	68.70	98.00	3.5	10.9	Buy
MSFT	Microsoft	10/17/2023	332.06	272.1	90,353.53	33.1	34.3	287.90	437.40	1.5	10.1	Hold
GIS	General Mills	10/17/2023	62.98	134.6	8,477.11	3.1	15.4	62.10	79.80	2.6	9.7	Hold
MDT	Medtronic	10/17/2023	72.81	118.9	8,657.11	3.2	26.9	75.20	95.50	4.2	9.3	Buy
MCD	McDonald's	10/17/2023	251.14	88.1	22,125.43	8.1	23.1	227.50	291.00	1.3	7.5	Hold
SYK	Stryker	10/17/2023	268.81	102.3	27,499.26	10.1	38.0	222.20	312.50	1.0	6.8	Hold
TGT	Target	10/17/2023	112.56	158.9	17,885.78	6.6	15.5	94.80	124.30	0.8	6.4	Hold
AFL	Aflac	10/17/2023	81.40	77.2	6,284.08	2.3	10.9	73.00	91.60	1.1	6.3	Hold
COST	Costco Wholesale	10/17/2023	574.34	56.4	32,392.78	11.9	40.6	473.80	628.50	0.7	5.0	Hold
CAT	Caterpillar	10/17/2023	272.65	51.6	14,068.74	5.2	17.0	204.00	258.50	0.1	3.7	Sell
JNJ	Johnson & Johnson	10/17/2023	156.09	132.9	20,744.36	7.6	31.6	118.90	149.20	0.2	3.0	Sell

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- Portfolio Summary Report includes Dollar-Weighted Averages
- Consider selling holdings with a Total Return below the portfolio average
- (And replace with something with a higher return.)

Portfolio Summary Report

Projected Total Return: 13.8%

Reward/Risk Ratio: -10.5:1

Total Value: \$21,103.93

Projected EPS Growth: 9.8%

Current P/E Ratio: 28.8

Relative Value: 103.9%

Ticker	Company	% Port	Price Date	Price	Curr PE	Rel Val	Tot Ret	Rwd Rsk	Buy Blw	Sell Abv	Rec
WAL	Western Alliance Bancorporation <small>(Al Valencia, 10/16/2023)</small>	12.6	10/12/2023	45.47	5.5	58.1%	23.1	7.3	56.60	99.90	Buy
MIDD	Middleby Cp <small>(Linda Glein, 10/21/2023)</small>	10.8	10/20/2023	115.68	13.9	72.2%	19.5	-135.8	158.00	240.30	Buy
V	VISA Inc <small>(Paul Westman, 10/19/2023)</small>	12.4	10/19/2023	233.07	29.6	91.6%	19.0	11.0	289.20	457.80	Buy
SBUX	Starbucks Corp <small>(Shauneeen Danielson, 10/19/2023)</small>	9.1	10/18/2023	93.75	28.6	96.2%	18.1	4.0	100.80	170.30	Buy
UNH	UnitedHealth Group Inc <small>(Al Valencia, 10/13/2023)</small>	10.2	10/12/2023	525.54	23.5	111.5%	14.1	2.8	517.90	816.00	Hold
TREX	Trex Company <small>(Weston Crawford, 9/16/2023)</small>	5.4	9/15/2023	64.91	49.5	147.3%	12.0	1.4	50.20	92.90	Hold
MSFT	Microsoft Corp <small>(Carol Theine, 10/13/2023)</small>	10.9	10/12/2023	331.16	34.2	121.3%	11.4	1.9	299.90	463.60	Hold
OLED	Universal Display Corp <small>(Weston Crawford, 9/16/2023)</small>	6.8	9/15/2023	157.89	36.3	73.2%	9.8	1.3	130.30	208.10	Hold
FAST	Fastenal Co <small>(Kiera Ojo, 10/16/2023)</small>	11.4	10/12/2023	60.22	30.6	116.2%	7.4	0.9	50.60	68.90	Hold
META	Meta Platforms Inc <small>(Linda Glein, 10/21/2023)</small>	10.4	10/20/2023	308.60	36.0	151.8%	3.8	0.3	153.90	298.80	Sell

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6. Improve Portfolio Potential Future Return

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AFL	Aflac	Small %	Negative Sales Growth			6.3%
CAT	Catepillar		Flat EPS Growth		SELL Range	3.7%
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COST	Costco Wholesale					5.0%
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Approach to Selling in Sample Portfolio?

- Start with declining fundamentals and/or lower returns.
- As you reinvest those funds, keep diversification in mind.
- Diversification lower priority for reason to sell.

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- Yellow is highest priority to sell; then orange.
- Wait on MSFT to see how you reinvest other funds.

Bad Reasons for Not Selling

- Emotional or psychological attachment.
- You hate to take a loss.
- You hate to admit to a mistake in the purchase.
- Remember the "Rule of 5"...of 5 stocks you purchase, it's likely that:
 - 1 will outperform
 - 3 do about as expected
 - 1 will underperform

When to Sell

1. You need the money
2. Diversification/Rebalance
3. Stock has declining fundamentals; not meeting your expectations
4. Significant long-term bad news
5. Stock is overvalued
6. Improve portfolio future potential return

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Question and Comments

When to Sell
-Toughest Investment Decision

Carol Theine

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