Martin's Ultimate Portfolio

MUP-192

Trade Recap and Portfolio Review

by Mandeep Rai and Wayne Burritt on June 3, 2016 at 4:10 pm EST (2016-06-03)

On Tuesday, we gave you the heads-up on a new trade we were going to make.

And on Wednesday, we followed through and bought shares in **Urban Edge Properties** (**UE**). We allocated 2% of our original $100K portfolio to the Urban Edge trade.

We were able to buy the stock at $26.92, $.40 below our limit price of $27.32. And based on a recent price of $27.42, our Urban Edge position is already in profit territory.

Your purchase price may be a bit different depending on when you were able to buy your shares.

If you weren't able to make this trade, it's not too late to do so. Hop on it when you can.

✔ In our last issue we gave you the nuts and bolts behind the Urban Edge trade, including the company's robust real estate portfolio, strong fundamentals, and excellent yield.

All told, an outstanding addition to our portfolio.

The addition of Urban Edge now puts our holdings in approximate equal weights between long and short positions.

And that's just the way we want to keep it for now.

A Needed Tweak to Our Model

You may have noticed that our Urban Edge trade carried a Weiss Rating of B. After some exhaustive back-testing, we found that if we tweaked our model to include Weiss Ratings "Buy" rated stocks (B- and higher), we can deliver greater profit potential while still picking stocks that are safe investments: Lower risk for the same amount of return.

We also found that by virtue of their extreme high rating, our previous universe of just A+ rated stocks tended to be dangerously close to being fully valued. In other words, they had already made their big upside moves.

- With this new tweak, our model now gives us a better chance at buying stocks whose big moves are still down the road.

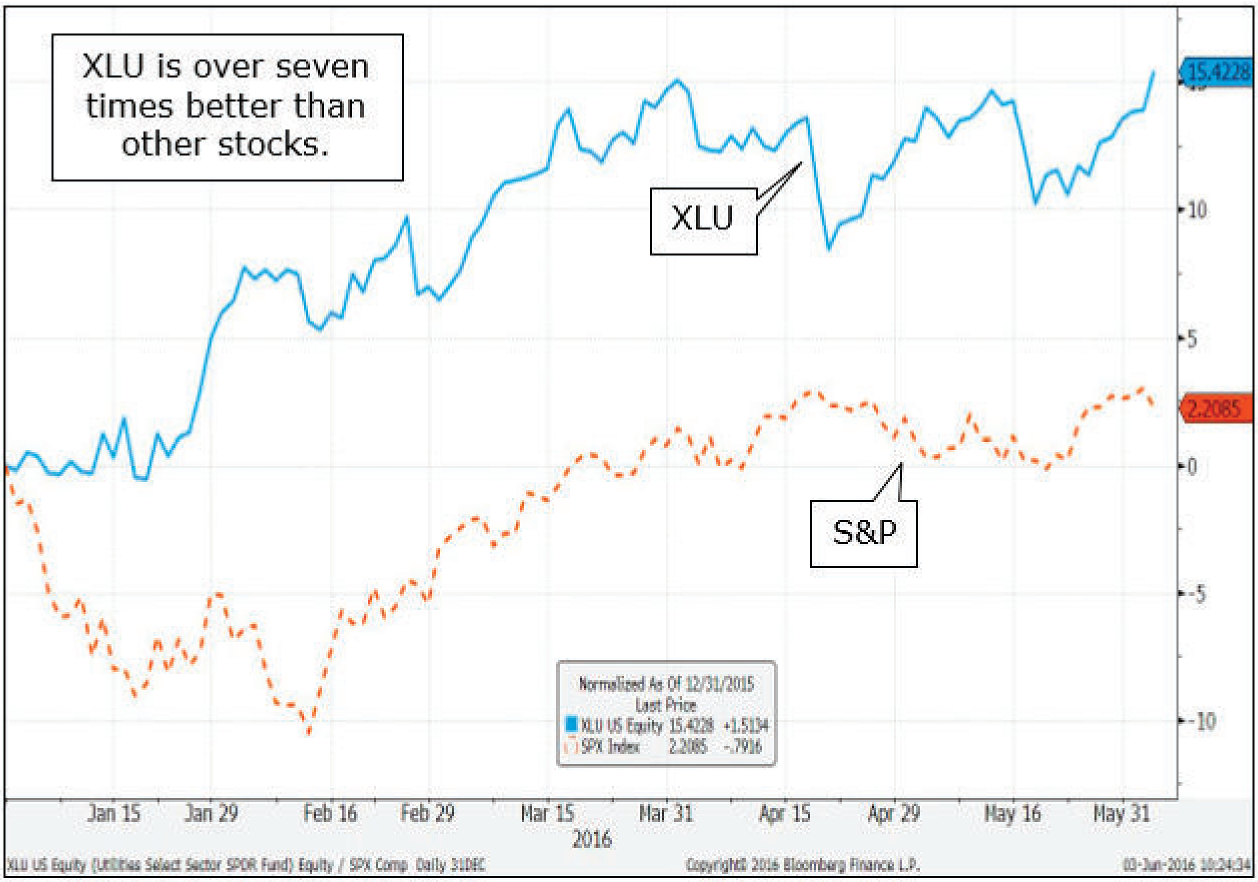
But changing our model is nothing new. We've done it in the past when it recommended stocks that were highly rated, but were way too volatile. We've also changed it when we wanted more trading volume than the model was giving us.

We made the tweaks to the model then and they worked. And we expect that to happen with this latest adjustment.

Don't forget: The Weiss Stock Ratings are constantly changing and updating. So, in order to continue to balance potential profit opportunities with caution and safety, we have to change along with them. And tweaking our model is the best way to accomplish that.

Now to our portfolio …

We dug into the recent performance of the **Utilities Select Sector SPDR ETF** (**XLU**) — which has open gains — and we were delighted with what we found …



Since the beginning of the year, XLU is up 15.4% while the S&P 500 — a good proxy for the broader U.S. stock market — is up 2.2%.

In other words, the XLU is beating the stock market by a factor of *seven.*

And the XLU is doing so *without* taking on a ton of risk. In fact, with a beta of just .22, XLU is less than one-quarter as volatile as most other stocks.

The icing on the cake: XLU pays out $1.47 in annual dividends. That translates to a dividend yield of 2.98%, better than just about any other benchmark out there.

Speaking of positions with open profits …

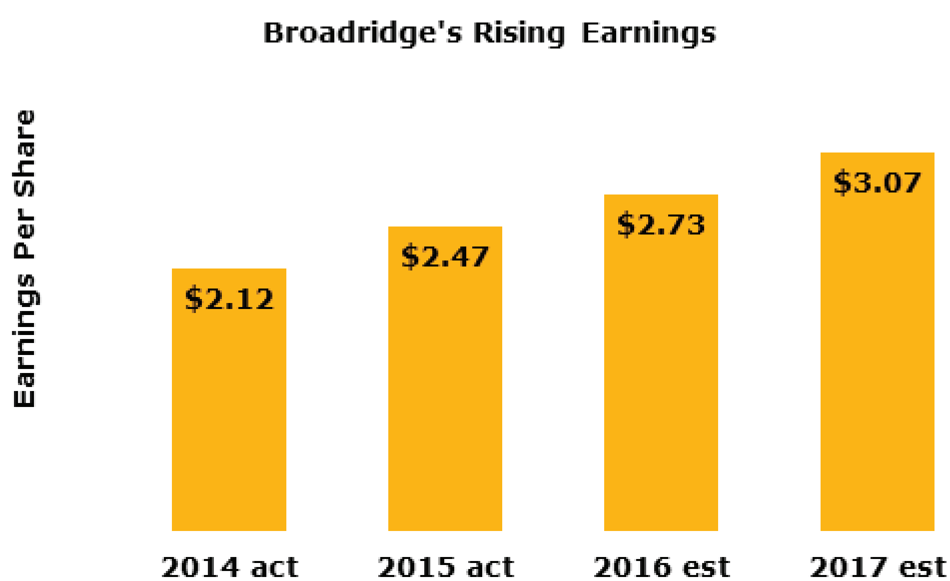
The chart of our **SPDR Dow Jones REIT ETF** (RWR) is poised to move higher …

RWR broke through resistance at $92 during March. Then, it made a beeline for $95. After consolidating, it broke-out above $95 and made another beeline for $98.

The shares then made a healthy move: They pulled back to support at $91. We now think they'll make another beeline for $95 and then right through to $98.

Above that, we're looking for $100, $105, and higher.

Our **Broadridge Financial (BR)** position has open profits. And when we dug deeper into their long-term earnings outlook, we were convinced those open profits were just the beginning …



As you can see, Broadridge booked earnings-per-share (EPS) of $2.12 in 2014 and $2.47 in 2015, both solid numbers.

➔ But that's just the beginning: Analysts are calling for Broadridge to boost EPS to $2.73 in 2016 and $3.07 in 2017.

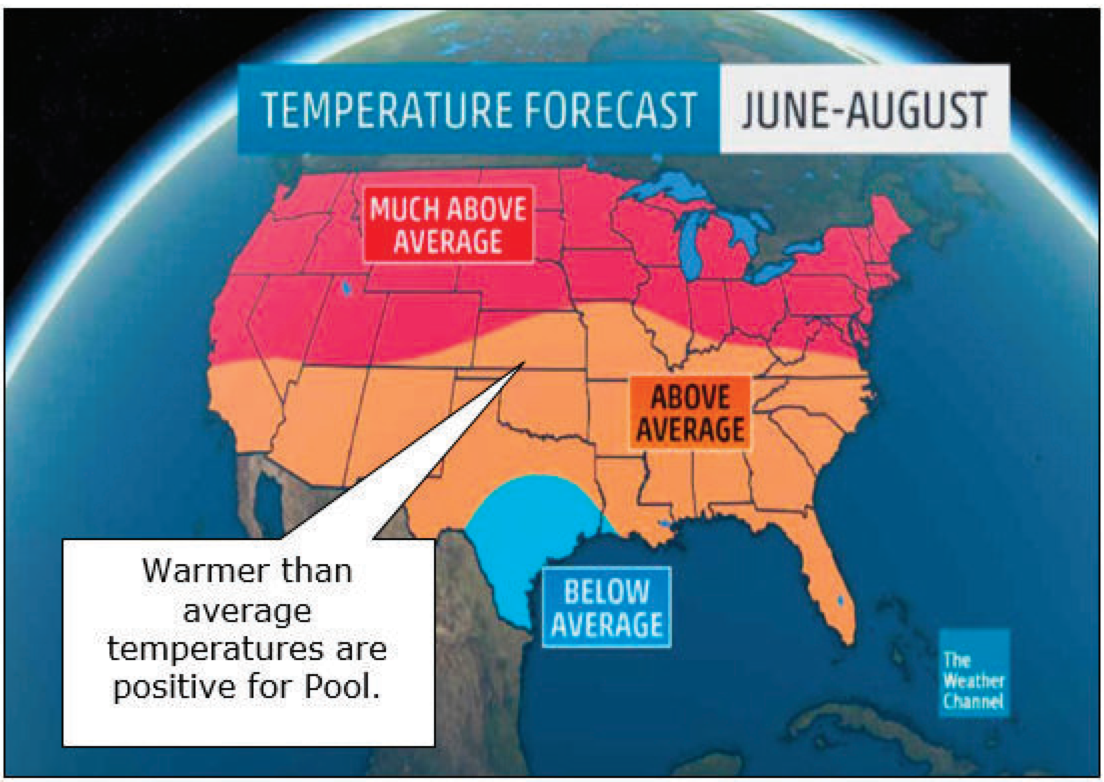
In fact, over the three-year span from 2014 to 2017, Broadridge's profits should increase by a staggering 45%. That's a heck of a growth rate and bodes well for share growth down the road.

Our **Pool Corp. (POOL)** position is in open gain territory. And with the warmer months upon us, the company's outlook is bright indeed.

In fact, according to the company's SEC filings, hot and dry conditions are direct drivers of increased purchases of pool chemicals, pool supplies, above ground pools, and irrigation products.

But that's not all.

According to the latest atmospheric data from The Weather Company, *well-above average temperatures* are expected this summer for just about everywhere in the U.S., the major market for Pool's products …



According to Dr. Todd Crawford, chief meteorologist at The Weather Company's Energy division …

- "There is a historically large amount of background global warmth around that will likely skew all temperatures towards the warmer side for the next few months, as the impact of El Niño works its way through the system; thus it will be generally difficult to forecast widespread or significant below-normal temperatures through the summer at least."

With temperatures expected to rise above normal, the outlook for Pool's shares is solid.

Good luck and God bless!

Mandeep and Wayne

Martin Weiss, Founding Editor

Martin's Ultimate Portfolio
Click on the security name for our in-depth report.
Click on the symbol for our Weiss Ratings report.
(Not always available on all investments)
Existing Portfolio
If you don't own them, follow the instructions below.

Stocks: Security Name	Symbol	Recommendation	Allocation
Pool Corp.	**POOL**	Buy Limit: $91.63	2%
Urban Edge Properties	**UE**	Buy Limit: $27.32	2%
Atmos Energy	**ATO**	HOLD	2%
Broadridge Financial Solutions, Inc. (BR)	**BR**	Buy Limit: $61.32	2%
ETFs: Security Name			
ProShares Short S&P500	**SH**	HOLD	6%
ProShares UltraShort QQQ	**QID**	HOLD	2%
ProShares Short MSCI EAFE	**EFZ**	Buy Limit – $34.50	4%
Utilities Select Sector SPDR ETF	**XLU**	Hold – Place Stop Loss at $44.69	2%
iShares US Telecommunications	**IYZ**	Buy Limit – $31.88	2%
SPDR Dow Jones REIT ETF	**RWR**	Buy Limit – $95	2%

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