

THE PENN WEALTH REPORT

VOLUME 6/ ISSUE 1 25 March 2018

THE STATE OF GLOBAL SHIPPING

4
NEW
STRATEGY
POSITIONS

TAX REFORM
WHAT DOES IT MEAN
TO YOUR POCKETBOOK?

COVER CONTAINERSHIP AWAITING LOADING IN DOCK. THERE ARE APPROXIMATELY 400 LINER SERVICES IN THE WORLD MAKING AROUND 9,000 PORT CALLS PER WEEK.



06

04 *Photo of the Week*
SpaceX Falcon 9 first stage landing

05 *The Week in Charts*
Top news of the week.

06 *Tax Reform!*
The first overhaul to the US tax code in thirty years has been codified, so what does that mean to your wallet?

08 *The State of Global Shipping*
After investors got burned during the global downturn, this industry is now rife with opportunity—but beware!

10 *The Problem with Johnson Controls*
Under-performance of this industrial conglomerate and a number of other headwinds made us reevaluate our position.



08

12 *T. Boone Pickens' Inspired Fund*
The NYSE Pickens Oil Response ETF is one of the more fascinating new funds we've seen lately.

Under the Radar

- 13 *Four Undervalued Gems*
- 1 Diana Shipping
 - 2 Ultra Clean Holdings
 - 3 Nordic American Tankers
 - 4 Signet Jewelers

Trading Desk

14 *New Holdings in Four Strategies*
Our buys and sells over the period, along with other select analyst comments.

The Penn Strategies

- 20 *Strategic Income Portfolio*
- 22 *Dynamic Growth Strategy*
- 24 *Global Leaders Club*
- 26 *Intrepid Trading Platform*
- 28 *New Frontier Fund*



12

WEEKLY BUSINESS REPORT

- 16 Bitcoin futures begin trading on the Chicago Board Options Exchange

As Comcast drops bid, Disney will end up with Fox assets, minus Fox News

Air Force taps Lockheed Martin to produce autonomous cruise missiles
- 17 US quashes China's Ant Financial bid to takeover Dallas-based MoneyGram

The Howard Hughes Corp unveils its new luxury living tower in Honolulu

Disney-controlled Hulu had a blowout 2017

The end of the cashier?
- 18 US slams Germany over allowance of new Russian natural gas line

The IEA confirms it: US shale producers are OPEC's biggest threat
- 19 Venezuela's one saving grace, oil production, falls to a 28-year low

GE announces a \$6.2 billion insurance write-off, then dropped the bomb

Top Quotes of the Week

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PHOTO OF THE WEEK

SpaceX Falcon 9 first stage landing...



Photo Courtesy: SpaceX

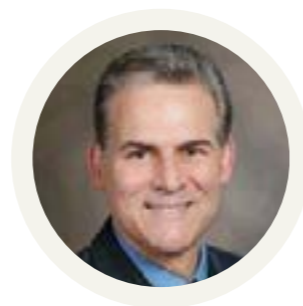
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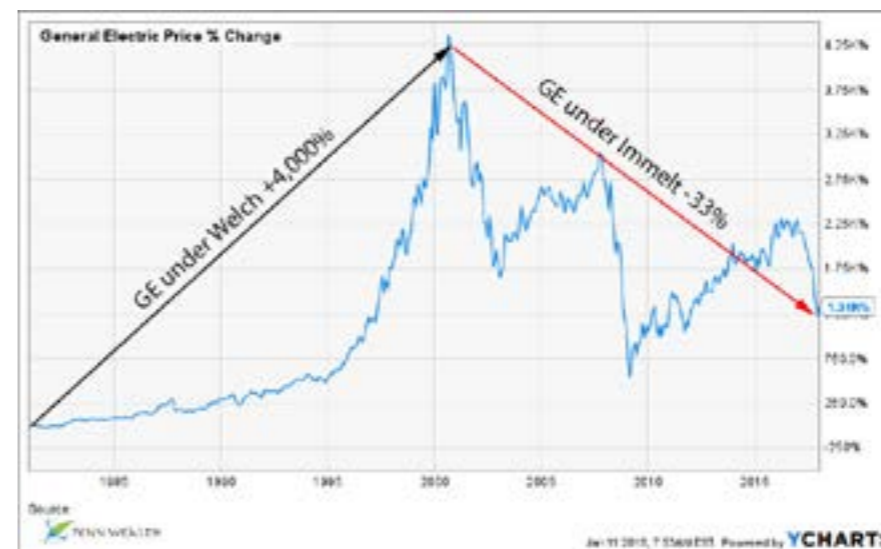
Michael S. Hazell
editor in chief

THE WEEK IN CHARTS

CHARTS TELL THE STORY. HERE ARE SOME OF OUR FAVORITES FROM RECENT DAYS. FOR THE TOP BUSINESS AND ECONOMICS STORIES OF THE WEEK, VISIT PENN...AFTER HOURS AT WWW.PENNECONOMICS.COM.

Oil's great resurgence

Oil futures have risen from about \$43.75 per barrel six months ago to \$64.47 as of the 23rd of January. That's a 47% gain in half-a-year. Normally, we would take a position in one of our two go-to short oil ETFs at this price, but experience tells us we may not be at the ceiling just yet. Yes, higher prices help OPEC and Russia, but they also help US producers, which is a good thing. Sadly, there go prices at the pump.

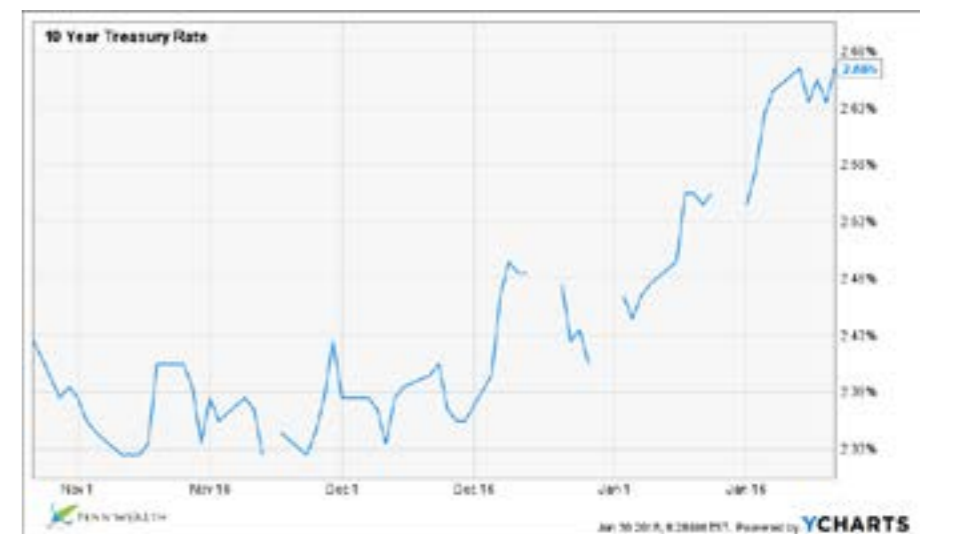


Does leadership matter?

While they play nice in public view, there is an ongoing feud between the two former CEOs of industrial giant General Electric. The legendary Jack Welch regrets grooming his replacement, Jeffrey Immelt, and Immelt thinks that Welch left him a lumbering giant whose best days were behind it. Whose right? All metrics support Welch. The only question now is whether or not the company can return to greatness—and whether or not John Flannery is the right person to head the turnaround effort. (We say no.)

Rate worries spook market

The stock market finally took a little breather early in the week, but it wasn't due to geopolitical concerns or earnings. It had everything to do with fears that the Fed will raise interest rates quicker than earlier anticipated due to the robust US economy. The 10 year Treasury rate reflects this concern.



Taxation

Tax Reform!

The first comprehensive overhaul of the tax code in 30 years has been codified—so what does that mean for your wallet?

It was a long-fought battle—one which detractors had predicted (and hoped) would never bear any meaningful fruit. But all of the naysayers and critics, with their own personal agendas, have been defeated. On Friday the 22nd of December, the president signed the early Christmas gift, giving Americans—across the economic spectrum—a massive tax cut, the likes of which has not been seen in over three decades.

Will the new tax law really lower my taxes?

There were a litany of false narratives written about the tax reform bill, and too many Americans still take what they read in the papers and see on TV as gospel. Here are a few examples of the bunk we heard in the weeks leading up to the plan's passage:

- "The tax plan only helps the rich"
- "My mortgage interest deduction is gone"
- "I can no longer deduct my student loans"
- "I can't deduct my state taxes any longer"
- "I can't deduct my medical expenses"
- "The child tax credit is gone"
- "The real estate market will be decimated"

These statements run the gamut between misleading and outright false. So, let's take a deeper dive and see what the new bill really does, and separate fact from fiction.

Your tax return on a postcard?

Ever since former Congressman Dick Armey of Texas famously waved around his tax postcard in the mid-90s, an ultra-simple tax return has been the dream of everyday Americans, and the nightmare scenario for tax preparers and tax lawyers across the country. Most never believed that day would actually come, considering the power of the lobbyist groups fighting for the status quo. However, when Americans sit down in early 2019 to begin preparing their 2018 taxes, something very close to this dream will become reality for about 75% of all taxpayers.

How, exactly, does the new tax law achieve this level of simplicity? It certainly wasn't done by the reduction of tax brackets. President Trump wanted the current seven brackets truncated down to just three, while the US House wrote four brackets into their tax bill. In the end, however, the US Senate demanded that the number of brackets remain the same. What did change, however, was the rates for each, and the near-doubling of the standard deduction.

Under previous law, a married family filing jointly had an automatic standard deduction of \$13,000. The new standard deduction is nearly doubled, to \$24,000. This means that millions of taxpayers who itemized deductions in the past will not need to under the new law unless they can dig up over \$24,000 in write-offs. Nearly 50 million households (roughly 30% of all filers) itemized their taxes under the old law; expect that number to be greatly reduced with the new standard deduction.

The new rates for each bracket

The number of brackets may have stayed the same, but the rates in each did not. Without getting into the mundane details and specific adjusted gross income cutoffs, the 12% bracket is reduced to 10%, the 15% bracket is reduced to 12%, the 25% bracket is reduced to 22%, and the 28% bracket is reduced to 24%. The 24% tax bracket takes us all the way up, now, to \$315,000 of adjusted gross income (from \$237,950 under the old 28% rate), so it becomes abundantly clear that nearly every taxpayer is going to make out better under the new plan. And remember, the standard deduction for a married couple filing jointly was raised to \$24,000. Even if you make more than \$600,000 per year your tax rate (above that amount) is still reduced—from 39.6% to 37%.

Three lies: kids, drugs, and education

One of the complaints we heard about the new tax law was that the coveted child tax credit was going away. Simply not true. Not only is the child tax credit still in the new law, it has actually expanded to \$2,000 per qualifying child, with the income credit phase-out increased to \$400,000 for joint filers.

"I can no longer deduct my medical expenses." Wrong. Not only was the deduction not eliminated, it was actually expanded for two years. Under previous tax law, medical expenses must exceed 10% of adjusted gross income (AGI) to qualify for a write-off. Under the new law, that threshold will be reduced to 7.5% for the 2017 and 2018 tax years, and then return to 10% in 2019. The AARP's predictable and stale whining about the new law is vacuous.

"I can no longer deduct my student loan interest on my taxes." Nope. Former students paying off their seemingly-endless student loan debt will still be able to deduct the first \$2,500 of interest, just as under previous law. What's more, parents saving for their kids' education are about to get a nice treat with changes to the laws surrounding 529 college savings plans.

Until now, parents or grandparents have been able to save up quite a bit of money for a child's college education in a 529, with the money growing tax free and even pulled out (for qualified college purposes) and spent tax free. But what about all of the parents who pay dearly for their child to attend a private primary or secondary school? Not only weren't 529 plan funds eligible, parents couldn't even deduct the tuition on their taxes—despite the fact that they pay (through state, local, and property taxes) for the public education system.

Under the new law, owners can use their savings in a 529 plan to pay for the beneficiary's private school at any level

RIGHT Rates under the new tax law have gone down, while the income thresholds have gone up

New Rate	For income levels over...	Old Rate	For income levels over...
10%	\$0	10%	\$0
12%	\$19,050	15%	\$19,050
22%	\$77,400	25%	\$77,400
24%	\$165,000	28%	\$156,150
32%	\$315,000	33%	\$237,950
35%	\$400,000	35%	\$424,950
37%	\$600,000	39.60%	\$480,050

of education. That truly is an enormous change. Now, if we could somehow get school vouchers written into law, the education system in America would truly undergo a radical change for the better. The teachers' union will fight to the death against that change.

One final note on education. There was fear-mongering surrounding grad school students who receive tuition assistance for teaching classes. One headline screamed "Graduate student tax bills climbing by 400%." The proposed change to these tuition waivers (making the tuition taxable as income) had no chance of making it into the final bill, so the fear-mongering was just that.

The marriage penalty is gone

Under the old tax laws, two single people living together and filing separate taxes would pay less than a married couple filing jointly, but with the exact same income as the two single filers. Under the new law, the "married filing jointly" income thresholds are exactly double the single thresholds, negating this thoughtless penalty.

Capital gains taxes remain mostly the same

There were some ugly ideas for the new tax plan either floating around in congress, or in the minds of fear-mongering journalists. One dealt with the way capital gains on investments are taxed. In the end, however, little changed: short-term capital gains

on investments held less than one year before being sold will still be taxed at the investor's ordinary income rate. Taxes on long-term gains will be taxed at 0%, 15% (overwhelmingly most Americans), or 20%, depending on the taxpayer's level of earned income.

The mortgage interest deduction

Talk about hyperbole. We were watching CNBC one day in early November, when the red-faced CEO of the National Association of Home Builders (NAHB) proclaimed, "This (tax bill) will cause a recession!" Huh? Clients were calling in upset because they would no longer be able to deduct their home mortgage interest. Not so fast.

There were changes to the mortgage interest deduction, but unless you are Jay-Z or Beyonce (yawn), with a \$43 million mortgage on your new digs, odds are astronomically good that you won't be affected.

If you have an outstanding home mortgage loan of \$500,000 or less, you will still be able to deduct 100% of your mortgage interest on your taxes. But, suppose you are

a member of the elite, and have a \$1 million mortgage, here's what happens: you will still be able to deduct the interest from the first \$500,000 of your loan, but not the interest from any amount over that half-a-million. A housing recession? Really? (Interesting observation here: According to the press, the tax cuts were only for the wealthy. So, how come it seems like the rich are the only ones getting hammered?)

SALT in the wound for big earners in high-tax states

It's bad enough that high-tax states like California, New York, and New Jersey charge their denizens a confiscatory tax rate, but now high-earners will also have limits placed on what they can deduct from their federal taxes. Under the new law, these individuals will only be able to deduct the first \$10,000 of state, local, and property taxes on their itemized federal return. Until now, that amount has been unlimited. On the bright side, the law virtually eliminates the alternative minimum tax, which should help the muni bond market.

The corporate tax rate

With respect to America's competitive standing in the global business community, we saved the best for last. Of all the developed nations, the US had the most onerous tax rate on the planet. The 35% corporate tax rate not only dissuaded international companies from setting up shop in the US (hiring US workers), it encouraged US companies to set up their headquarters overseas, build new plants outside of this country, and keep cash earned globally outside the reach of Uncle Sam. It was a joke, with our global competitors laughing all the way to the bank. American enterprise rejoice, those days are gone.

The new 21% corporate tax rate had, quite literally, an immediate effect. Companies began announcing worker bonuses, pay increases, increased 401(k) matches, and a massive repatriation of cash held overseas. If you forget all the other goodies in the new tax law, this one component will have a positive effect on the US economy for years to come.

Highlights of the Tax Reform Law

The corporate tax rate drops from 35% to 21%

Both bracket rates and income thresholds have become more favorable (see chart)

The standard deduction for married couples filing jointly will nearly double, to \$24,000.

The child tax credit has been expanded, with a higher deduction amount and a higher income phaseout threshold.

Medical deductions and student loan interest deductions remain intact. Furthermore, parents can now use 529 plans to pay for primary and secondary education costs.

Mortgage interest deduction remains intact, through first \$500,000 of home loan.

The "marriage penalty," for all intents and purposes, has been eliminated.

Big earners in high-tax states will feel the pinch with reduced state/local tax deduction

Long- and short-term capital gains rates remain largely untouched

The "death tax" exemption will be initially doubled, then the tax will be eliminated

Maritime

The State of Global Shipping

After investors got burned during the global downturn, this industry is now rife with opportunity—but be careful

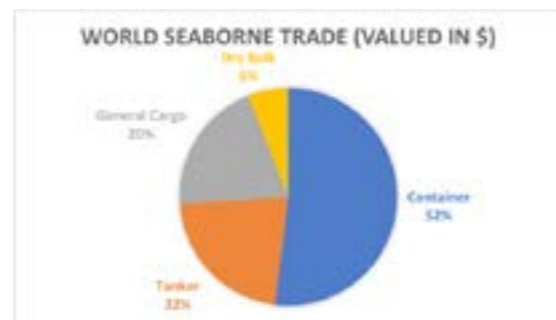
What do you think of when you hear the words “global economy?” We know that the world is more interconnected than ever, and we certainly hear a lot about America’s trade deficit with countries like China and Japan. But, did you ever stop and think about exactly how all of those goods make their way from the producing country to the consuming country?

The roots of shipping goods by sea can be traced back to the 3rd century BC, when Phoenician traders realized they could vastly expand their markets by loading their grain-filled bags, wooden crates, and barrels of cargo on ships, moving them by water rather than across mountainous, rocky terrain. This process, known as break-bulk shipping, remained largely unchanged for thousands of years, until the mid-20th century.

In 1956, modern container shipping was born. In that year, US trucking entrepreneur Malcom P. McLean, who had already purchased a steamship company for experiment, stacked 58 large metal containers on a ship for transport from New Jersey to Houston. He envisioned containers going from mode-to-mode, trucks to ships to trains, without the need to unpack the goods. The industry was revolutionized. Purpose-built ships were designed and manufactured, and shipping costs plummeted by over 75%. The shipping lines we know today, such as A.P. Moller-Maersk and China Ocean Shipping (COSCO), came into being thanks to McLean’s innovative mind.

Today, over \$4 trillion worth of goods is transported annually by one of five main methods (on the purpose-built ships):

- Container ships transport toys, TVs, clothing, meat, computers, and other “hard” goods.
- Dry bulk shippers move grain, coal, iron ore, cement, sugar, salt, and sand.
- Liquid bulk shippers transport crude oil, petrol, fuel oil, liquefied natural gas (LNG), vegetable oils, and even wine!
- Break-bulk ships still move items difficult to aggregate.



Over \$4 trillion worth of goods annually is transported across the seas

- Ro-ro ships are designed to carry wheeled cargo, such as cars, trucks, buses, and construction equipment which can be rolled-on and rolled off (hence, the name ro-ro).

With so much demand, why did shipping crash?

While there is an enormous demand for the shipment of all types of goods, especially with the US export of LNG coming online and the growing rate of global growth, let’s not forget the virtual seizing-up of the global economy in 2008 and 2009 due to the banking crisis. Until that point, China was given an unsustainable growth multiple, and the other side of the supply/demand equation took off.

As shippers got more greedy and their “fear of missing out” grew, they were more willing to buy into the double-digit Chinese growth story, adding an enormous number of ships to their respective fleets. What none of them saw coming was the great slowdown in the emerging markets, which were so heavily reliant on the financial institutions in the developed world. A shipping glut quickly formed, driving many shippers to the edge (or over the edge) of insolvency.

This great downturn in the industry spooked investors who had thought the sky was the limit for publicly-traded industry players. After the steep losses, they became quite gun-shy.

Fear and opportunity

The fear that comes after getting burned can open up tremendous opportunities for investors with fortitude and vision. On 20 March 2009, massive US banking firm Bank of America^{BAC} was selling for \$2.53 per share, down from \$38 per share the previous October—just five months prior. Average investors didn’t want anything to do with the stock. Could it have dropped further? Sure. But it was clear at that point that the US government was not going to let it fail. Astute investors swooped in and drove the price up to \$15 per share just two months later.

Today we look at the carnage that is the publicly-traded shipping industry. Like banking back in 2008/09, we know some companies may fail, but we also know the industry isn’t going away; quite the opposite. So, the trick is in becoming somewhat of an oracle: putting yourself 30,000 feet up, looking down at a timeline of the industry—past, present, and future.

Trends

The global GDP continues to heat up, and that is certainly good news with respect to the shipment of goods and fuel. Despite trade war talks emanating from D.C., we believe this is simply posturing to get better trade deals for the US. In other words, while others are selling, we tend to buy.

For example, when “the NAFTA railroad,” Kansas City Southern^{KSU}, was getting hammered over discussions of scrapping NAFTA, we were buying. Now, as false narratives of global trade wars circulate the news rooms like flies, dry bulk shippers are getting hit (rolled steel and aluminum are shipped by this method). This is despite the fact that the demand for coal and iron ore is increasing once again. Freight rates have also been increasing in tandem with demand.

We are bullish on commodities right now, and higher prices in that sector would be another good sign for the industry. Shippers can raise their spot and time-charter prices when bulk suppliers can receive more for their goods.

\$400 million Greek carrier **Diana Shipping** (DSX \$3-\$4-\$6), for example, just negotiated a \$12,200 per day gross charter rate with Glencore Agriculture, a major Dutch-based supplier of farming commodities, for its Panamax dry bulk vessel the m/v Calipso. The Calipso had previously been chartered to another company at a gross charter rate of \$9,900 per day. In other words, the new contract represents a 23% rate hike for Diana. Diana has a fleet

of 50 dry bulk vessels of various sizes, with a combined carrying capacity of 5.8 million dry weight tons.

Crude prices, LNG, and M&A

On the 20th of December last year, crude shipper Gener8 Maritime (GNRT \$4-\$6-\$7) was selling for \$4.27 per share. The next day, Gener8 and Antwerp, Belgium-based Euronav NV (EURN \$7-\$9-\$10) announced their intention to merge, creating the top independent large crude tanker operator. GNRT spiked to \$6.94 per share—a 62% spike—within two weeks. Still, the company’s market cap is just \$500 million, making it a great potential takeover target.

The two trends of increased merger activity and rising oil costs/demand should grease the skids for improved shipper metrics. Remember that, in addition to crude, liquefied natural gas (LNG) is also shipped aboard these vessels, and the US has a president committed to exporting both of these energy sources. This marks, despite the rhetoric of previous presidents, the first time that the United States has been a real exporter of energy, and this is not going to happen via undersea pipelines (which are prohibitively costly and inefficient).

While there may be some dispute over which country has the world’s largest natural gas reserves, there is no doubt that America has the most advanced system of extracting those reserves in place right now, and is fully committed to production.

Russian President Vladimir Putin has used his natural gas company, Gazprom, as a tool to keep Eastern Europe at his mercy. Recall that a 2008 dispute between Russia and Ukraine led the former to cut off gas supplies to Eastern Europe. This threat re-emerged following the Russian annexation of Crimea.

Russia currently still supplies half of Europe’s natural gas needs via pipeline, but President Trump recently told a cheering crowd in Poland that help is on the way, via LNG-carrying ships coming from US ports. In fact, LNG bunkering facilities are being built at breakneck speed at ports around the world to handle these shipments. These specialized facilities are required to convert natural gas to liquid by cooling the gas to around -260° F, then to convert back to gas through a process known as regasification.

Fundamentals and chief players

Before mentioning any specific names we like, investors should understand that most of the major players in this industry are currently operating in the red after a protracted downturn. In other words, buying individual names in this segment is not for the faint of heart.

One way to diversify away risk would be to buy a basket of shipping stocks. Hands-down, the best option for this basket would be the Guggenheim Shipping ETF, with the appropriate symbol **SEA** (\$11-\$11-\$13). Not only does it have a current dividend yield of 5.41% (as of the time of this writing), it holds 25 major players across the purpose-built ship spectrum. Top holdings include A.P. Moller Maersk, Golar LNG, COSCO Shipping, Seaspans, and Frontline. While the current price of SEA is floating around \$11 per share, it was trading for \$23 per share before the most recent downturn.

Previously-mentioned Diana Shipping is one of our favorite dry-bulk players, and has a high degree of analyst coverage (at least they are willing to make a rating on the firm, which gives some comfort). **DSX** is currently trading for \$3.74 per share, down

from the \$8 to \$12 range it traded in over the 2009-2016 period. We place the fair value of the stock at around \$8 per share.

Frontline (FRO \$4-\$5-\$7) is a \$770 million liquid bulk shipper which also diversifies

into the dry bulk arena. Frontline’s stock price surged about 18% last week after receiving a “buy” rating from DNB Markets. The analyst house also upgraded the overall industry to a “buy” for the first time since spring of 2016.

So, what moves have we made? We do believe the industry is in the nascent stages of a cyclical comeback. Despite the inherent risks discussed, we added **SEA** to the [Dynamic Growth Portfolio](#) as a satellite (smaller) position, buying at \$11.03/share. Within the higher-risk [Intrepid Trading Platform](#), we picked up Nordic American Tankers (**NAT** \$2-\$2-\$9) at \$2.10/share.

Please note that we monitor these positions constantly, and review each client’s risk tolerance before investing. As always, consult your financial professional before adding a position. Happy sailing!



Photo Courtesy: A.P. Moller Maersk

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Engineering & Construction

Johnson Controls, PLC

We still believe in the growth narrative at JCI, but performance and tax reform put it on the watch list

WHILE TAX REFORM IN THE US WILL HELP A LOT OF AMERICAN FIRMS, THOSE WHICH HAVE ALREADY “INVERTED” FOR TAX PURPOSES ARE GOING TO LOSE THIS COMPETITIVE ADVANTAGE.

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Opportunity cost: the loss of potential gain from other alternatives when one alternative is chosen.

Take a look at the graph on the following page, showing the one-year return of Penn Global Leaders Club member Johnson Controls compared to the performance of its benchmark index, the S&P 500. It underperformed to the tune of roughly 30%. For a 12-month timespan, that is pretty lousy. (That being said, it could have been worse: GE investors watched as that stock underperformed the benchmark by more than 60%!) This disparity between JCI and the S&P, among other factors, has led us to reevaluate our position.

With an improving economic outlook, both domestically and globally, we are overweighting the engineering and construction industry. While we are doubtful that President Trump will get the \$1 trillion public/private infrastructure investment he wants, infrastructure spending will, we believe, absolutely go up substantially over the next several years. And we believe JCI will be a beneficiary.

Additionally, we like the automotive segment going forward, and JCI is the world's leading provider of automotive batteries—producing 152 million per year. However, the company's start-stop enabling AGM (advanced glass mat) batteries aren't used in the burgeoning electric vehicle world, which is advancing more quickly than most realize.*

Global headwinds

Tax reform in the United States will help a lot of US companies; not so much those US companies which have already moved their headquarters overseas to take advantage of a lower corporate rate. One of the catalysts for JCI's acquisition of Tyco back in 2016 was the fact that Tyco already had its headquarters

in Ireland, which allowed Johnson Controls to trigger a “tax inversion.” Both Democratic nominees for the White House slammed the deal on the 2016 campaign trail. Not that the acquisition was a bad one, but with tax reform now a reality in the US, it is fair to say that the \$16.5 billion Johnson paid for Tyco was too much, as the tax advantage the company would have gained over US-based competitors is essentially gone.

The rising cost of commodities is another headwind JCI will be facing in 2018. We are now calling for a mini-boom in commodity prices this year, which will raise the cost of the steel, aluminum, copper, and other metals needed for the firm's building efficiency division. Not to mention the impact of rising fuel costs on the manufacturing process.

The operating margin—what is left over after paying the costs of production—is relatively slim for JCI. Compare the company's 10.54% margin to GE's 12.58%, Emerson Electric's (EMR) 17.36%, and 3M's (MMM) 24.73%.

No doubt about it—Johnson Controls has underperformed expectations since the Tyco merger. Based on the sub-par performance and the other headwinds mentioned, we are placing a stop-limit on JCI at \$38.50/\$32, and will reevaluate the company once again in late spring—assuming the stop hasn't hit.

***HOW TO POTENTIALLY TAKE ADVANTAGE OF THE NEED FOR EV BATTERIES**

Investors interested in battery production for electric vehicles should look at FMC Corp (FMC) and Tesla (TSLA, think gigafactory). For the lithium needed in the batteries, look at North Carolina's Albermarle Corp (ALB), a leading supplier.

Symbol: JCI
 Class: Large Cap Core
 Sector: Industrials
 Industry: Eng/Construction
 Current Price*: 39.80
 1-Year Return: -9.25%

*Purchased at \$40.74



Johnson Controls, PLC is a \$35 billion industrial company which operates in three diverse areas: its building efficiency division produces and services HVAC systems, its fire and security products division was formed when it acquired TYCO in 2016, and its power solution division makes vehicle batteries for the auto industry. JCI came into being in the mid 1880s when professor Warren S. Johnson from the State Normal School in Wisconsin received a patent for the first electrical room thermostat. The company, which became Johnson Controls in 1974, is now headquartered in Ireland for tax purposes.

Suitable for the
Global Leaders Club



Photo Courtesy: Johnson Controls

- ▲ The new JCI Glas Smart Thermostat
- ▼ JCI grossly underperformed S&P 500 last year



See disclaimers on the back cover of The Report. This is not a solicitation to invest. Always consult your financial professional before making an investment.



Energy Commodities

Legendary Oilman T. Boone Pickens Inspires a New Fund

The NYSE Pickens Oil Response ETF is one of the more fascinating new funds we've seen in some time

Admittedly, we love ETFs. Not only do they now cover virtually every nook and cranny of the investment universe, they can even be designed to emulate a certain investment philosophy, or even the process of a specific investor.

Take one of the most recent entrants to the market: the NYSE Pickens Oil Response ETF, symbol BOON. The fund's goal is to get inside the mind of T. Boone Pickens, the 89-year-old famed oilman and industry expert. Put another way, Pickens is the fund personified.

While his hedge fund may be retired, Pickens' philosophy is thoroughly imbued throughout the fund. Not only will BOON seek out quality companies engaged in the exploration and production of energy, it will also invest in companies otherwise tied to the US energy renaissance—including large industrial consumers.

Here's the thinking behind the fund: when oil prices are rising, upstream, midstream, and downstream oil and gas companies should benefit. But, with the advent of the US energy renaissance, a large array of manufacturing firms and utilities, which rely on cheap fuel for profits, should benefit when costs come down. BOON invests in both the supply and the demand side of the equation, so investors can take part in the sector, but hedge against global price declines.

Without looking at any of the 81 holdings in the fund, what do you think the top

position would be? Maybe an Exxon Mobil (XOM) or a Royal Dutch Shell (RYDBF)? Or what about an Apache (APA) or Halliburton (HAL)? Nope. The largest holding in the fund is the Southern Copper Company—a commodities play!

But let's back up just a bit. This is not going to be a "typical" actively managed ETF. In fact, each of the 81 stocks in the NYSE Pickens index is given an equal-weighted 1.2346%, adding up 100%. Holdings are objectively identified from market segments which have a high correlation to changes in the price of ICE Brent Crude.

As for the fund's parameters, the base universe consists of the top 1,000 US equities by market cap, with \$2 billion being the floor. These stocks are then analyzed for their correlation to ICE Brent Crude over select periods of time. Those which fall in the top 4 deciles of each time-frame are selected for membership.

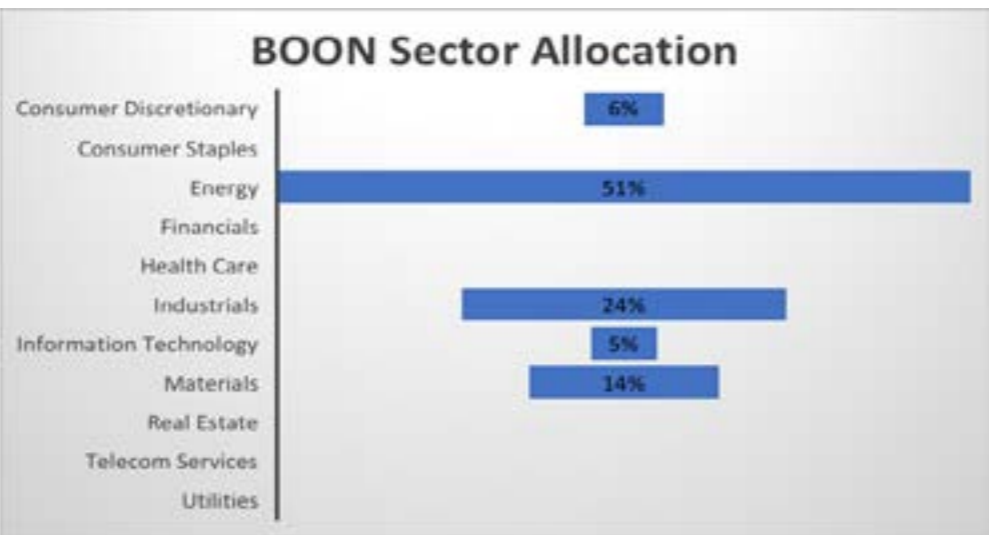
A strategic review of the portfolio is completed each December, and equal-weighted adjustments are performed each March, June, and September. This means that Southern Copper won't be the lead holding for long.

The Pickens Plan

This new ETF was conceived out of *The Pickens Plan*, announced back in 2008 and touted as "one man's crusade to achieve American energy independence." Few could have foreseen that crusade achieving its mission within just a decade, especially considering the fact that this has been a stated national goal since the 1972 oil crisis, but it did.

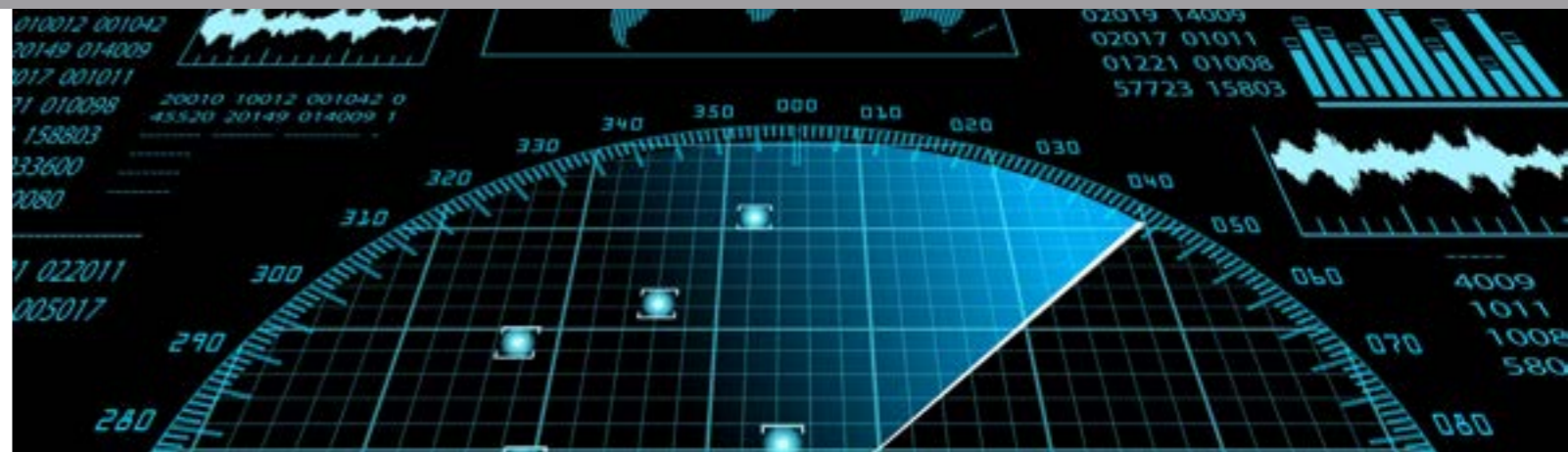
While the US still imports energy (due largely to a lack of refinery capacity), we also now export various forms of the commodity. The energy sector employs over 6 million US workers, and that number continues to grow thanks to a resurgence in coal, advancements in natural gas extraction methods, and the nascent renewable resources industry.

About six months ago we turned bullish on energy, overweighting the sector. While we own specific companies within the various Penn platforms, our search for a unique energy ETF as a satellite position within the [Penn Dynamic Growth Strategy](#) led us to this new vehicle. We purchased BOON within the DGS on 07 Mar 2018 at \$24.93 per unit.



Despite its correlation to the price of crude, BOON is intriguingly diversified among the sectors

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UNDER THE RADAR

Four companies being ignored—or missed—by the financial press

1 Diana Shipping, Inc.
Industrials: Maritime

Diana Shipping, Inc. (DSX \$3-\$4-\$6) is an Athens, Greece-based maritime shipping company. When you think of commodities traveling from their source to their destination e.g. iron ore from Australia to China, think Diana Shipping. The company is a cyclical play on the state of the global economy, and the demand for commodities. Diana owns a fleet of 50 dry bulk vessels with a combined carrying capacity of 5.8 million dwt (deadweight tonnage), and carries a market cap of just \$469 million, giving it tremendous room to grow. The enterprise value of Diana Shipping is \$1.054 billion, which means a potential buyer would need to shell out at least double what Diana's market cap would indicate, making it an expensive acquisition for one of the larger industry players.

2 Ultra Clean Holdings
Semiconductor Equip.

(Update: We sold UCTT at \$25.95 after it spiked for a 20% short-term gain) We added Ultra Clean Holdings, Inc. (UCTT \$9-\$22-\$35) to the New Frontier Fund at \$21.61 per share for a number of different reasons. First, the California-based semiconductor equipment company is in a red-hot industry, but it should escape the "just dumped by Apple" headline threat held over the heads of direct semiconductor manufacturers (it makes the equipment, not the chips). Secondly, UCTT has a small-cap profile—the market cap is just \$780 million—and appears poised for explosive growth. Finally, the company has a strong management team and carries an actual P/E (yes, it turns a profit) of just 12.37—about half that of the industry. On 03 Jan 2018, the company will be added to the S&P SmallCap 600 Index.

3 Nordic American Tankers
Industrials: Maritime

Nordic American Tankers (NAT \$2-\$2-\$9) is a liquid bulk shipper which operates double-hull, purpose-built vessels worldwide. The Bermuda-based company has a fleet of 33 Suezmax crude tankers—the largest such fleet in the world. The company recently issued a rather upbeat Q4 earnings report, with expectations for a turnaround in the second half of 2018. Nordic American's TCE (time charter equivalent) for Q4 was \$13,800 per day per ship, compared to a TCE of \$10,600 in Q3. NAT's fleet has an aggregate cargo capacity of 33 million barrels of crude, meaning they are well positioned to take advantage of increased demand and higher oil prices. This past January, China's crude imports rose by a whopping 20%, which is a good sign for the liquid bulk segment of the industry.

4 Signet Jewelers
Luxury Goods

After plummeting nearly 20% on a 5.2% drop in same-store sales and mediocre 2019 guidance, Signet Jewelers (SIG \$39-\$39-\$78) hit a new 52-week low. With its industry leadership position and paltry 8 p/e, we believe investors dramatically overreacted during the sell-off. The company truly is a jewelry powerhouse, owning such iconic brands as Zales, Kay, and Jared, not to mention a number of regional, UK, and Canadian brands. Despite having just a \$2.4 billion market cap, SIG is the largest specialty player in the industry. Annual revenues have been steadily growing for the past decade, from \$3.6 billion in 2008 to \$6.4 billion in 2017, and earnings have remained in the black.



Trading Desk

“ONE OF THE MOST KNOWLEDGEABLE PLAYERS IN THE SPACE, T. BOONE PICKENS, IS BACKING THE FUND, WHICH HAS THE APPROPRIATE SYMBOL ‘BOON’”

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PENN: OPEN UCTT IN NEW FRONTIER
We added semiconductor equipment maker Ultra Clean Holdings, Inc. to the New Frontier Fund at \$21.61 per share. This \$780 million small-cap gem carries a P/E of just 12—about half that of the industry. See further details of the firm in the *Under the Radar* section of the Report.

PENN: TAKE PROFITS ON NKE
Based on the crazy gyrations in the stock price over the past year, and since the stock had reached our price target, we took our 24% gain on footwear-maker Nike (NKE \$50-\$65-\$65). We did this on the trading day of the earnings report (after hours) because, quite often, even good news causes an immediate drop in the share price.

PENN: CLOSE GT IN INTREPID
Two factors made us sell the Goodyear Tire we picked up almost precisely two months ago: it hit our initial price target, and we are beginning to get nervous about the competitive atmosphere within the rubber and tire industry. We will never hesitate to take a short-term, double-digit gain off the table and wait to re-deploy the proceeds somewhere else.

NOMURA: RAISE WYNN PRICE TARGET
Analysts at Nomura Instinet reiterated their buy rating on gambling house WYNN (our favorite industry player, by the way) and raised the company's price target from \$176 to \$195. WYNN blew past that target within minutes of the report's release.

PENN: TAKE PROFITS ON EMBRAER
We were prepared to hold Brazilian aircraft maker Embraer (ERJ) for the long haul, but the rumor that Boeing was going to takeover the

company—and the subsequent 25% jump in share price—made us take our profits off the table. 25%, by the way, was also our short-term gain on the position, which was being held in the [Intrepid Trading Platform](#).

PENN: OPEN SIG IN INTREPID
We have played industry-leading jewelry company Signet as a trading stock with great success in the past. We understand when to buy...and when to sell. We believe investors overreacted to the company's Q4 earnings report and guidance, and picked up the shares at \$40 within the Intrepid Trading Platform.

PENN: OPEN NWL IN INTREPID
We opened a position in iconic Tupperware maker Newell Brands (Rubbermaid) after learning of Carl Icahn's new stake in the company. With a 9.92% p/e, a 3.58% dividend yield, and shares sitting down 50% from their 52-week high, the trade was calling our name.

PENN: OPEN TOT IN GLOBAL LEADERS
International energy giant Total (TOT) had a really good year. With a revenue increase of 17% in 2017 and strong earnings increases over each of the past three years, we believe this company is a worthy addition to the Penn Global Leaders Club. The 5% dividend doesn't hurt, either. We purchased the position at \$56.37 per share, with an initial price target of \$70.

PENN: OPEN BOON IN DGS
T. Boone Pickens has backed a fascinating new energy ETF with a lot of promise. BOON opened at \$25 per unit, zeros in on energy and other companies which move in sync with the price of crude. It even includes such commodity holdings as Southern Copper. We opened as satellite in the DGS at \$24.93/share.

Brazilian aircraft-maker Embraer spiked 25% after rumors of a Boeing takeover.



Footwear-maker Nike hit our price target and we took our profits before earnings report.



We purchased Goodyear Tire at a low and sold at a near-term high.



We've played Signet as a trading stock with great success in the past; we expect the same with this trade.



Weekly Business Report

Domestic and International Headlines

CURRENCY TRADING/FOREX

BITCOIN FUTURES BEGIN TRADING ON THE CHICAGO BOARD OPTIONS EXCHANGE

It has been a crazy ride this year for the world's first major digital currency known as bitcoin. The NYSE Bitcoin Index is up in the ballpark of 1,500% this year, and the currency began futures trading on the CBOE on Monday the 11th of December.

After crashing the CBOE's system Sunday night, bitcoin futures opened up around 15% on their first morning of trading. CBOE's rival exchange, the CME Group, plans to launch its own bitcoin futures operation next week. While bitcoin junkies are proclaiming these futures markets are giving credibility to the currency, doubters believe this will simply open up new avenues for hackers to flood the scene. They point to Mt. Gox, formerly one of the largest bitcoin exchanges. The organization collapsed three years ago after being digitally robbed (the only real way one can with this medium) of over \$470 million worth of bitcoin.

Here's another arrow in the quiver of detractors: the new exchanges will open up the possibility to short bitcoin for the first time. Until now it was a long-only game. This will certainly change the dynamic for traders.

Want to actually own some bitcoins yourself? It's relatively easy. Simply open the app store on your smartphone and search "bitcoin." You will find a number of bitcoin wallets which you can tie to your bank account to purchase the digital currency.



The Bitcoin craze got completely out of control beginning in late spring of 2017

MEDIA & ENTERTAINMENT

AS COMCAST DROPS BID, DISNEY WILL END UP WITH FOX ASSETS, MINUS FOX NEWS

Perhaps Rupert Murdoch's Twenty-First Century Fox (FOX \$24-\$33-\$34) needed to merge with a bigger player sooner or later to remain relevant in an rapidly-changing industry, but Comcast (CMCSA) certainly wasn't the answer. The NBC parent announced that it would no longer pursue the acquisition of Fox, leaving a deal with \$157 billion Walt Disney (DIS \$96-\$107-\$116) all but certain.

From Disney's standpoint, the deal is genius, as it will make the company Hollywood's heaviest hitter, cherry-picking such assets as 20th Century Fox studios, the Fox broadcast network, hundreds of television channels around the world, and a large percentage of Britain's Sky Plc TV. It will give the company the ability to broadcast directly to the consumer, avoiding the money-sucking middleman. The merger will create a powerful new threat to streaming giant Netflix (NFLX), a company which has already lost its rights to the Disney archives.

As for Fox, a major catalyst for the deal has been the ascendancy of the two Murdoch trust fund babies, James and Lachlan. With the largely stock-funded deal, the two will become major shareholders of Disney, and James will probably be offered a lofty position at the firm. As for the Fox Entertainment Group and Fox News, which the boys have shunned in the past, these assets will be spun off and, perhaps, even taken private.

AEROSPACE & DEFENSE

AIR FORCE TAPS LOCKHEED MARTIN TO PRODUCE AUTONOMOUS CRUISE MISSILES

Aerospace giant Lockheed Martin (LMT \$247-\$318-\$324) has been awarded a \$110 million contract from the Air Force Research Laboratory (AFRL) to develop a prototype subsonic cruise missile known as "Gray Wolf." The autonomous missiles would be part of a next-generation network designed to decimate an enemy's integrated air defense system.

To be considered successful (and become eligible for actual Air Force orders for the weapon), the long-range cruise missile must be able to "survive" its way through a sophisticated environment of radar, communications sites, and surface-to-air missiles before impacting its pre-designated target.

The Gray Wolf's preferred launch system will probably be Air Force bombers, such as the B-1 Lancer and B-2 Spirit. Other Air Force strike systems are being developed by Kratos Defense & Security Systems (KTOS), and privately held Dynetics and General Atomics.



Lockheed JASSM; Photo Courtesy: Lockheed Martin

RAYTHEON'S PATRIOT MISSILE SYSTEM SHINES IN SAUDI INCIDENT

Saudi air defense forces successfully intercepted and destroyed a rebel missile in the capital city of Riyadh using a Raytheon (RTN \$141-\$187-\$192)—built missile from one of its ground-based Patriot batteries.

The incoming projectile, which was destroyed seconds before it would have slammed into a royal palace, was probably an Iranian Volcano 2-H medium-range ballistic missile. The Islamic Houthi movement, based in Yemen, claimed responsibility for the launch.

Raytheon, a member of the [Penn Global Leaders Club](#), is up 31.34% year-to-date.

BUSINESS & PROFESSIONAL SERVICES

US QUASHES CHINA'S ANT FINANCIAL'S BID TO TAKEOVER DALLAS-BASED MONEYGRAM

And the saga continues. Nearly a year ago, [we reported on the duel between](#) China's Ant Financial and Kansas-based Euronet (EFT \$71-\$85-\$101) for control over money transfer services company MoneyGram International (MGI \$11-\$12-\$18). Ultimately, despite being a Chinese firm in a more protectionist environment in the US, we figured that the \$75 billion Ant would get its way. Not so fast. The Committee on Foreign Investment in the US (CFIUS) just torpedoed the deal, sending MGI's share price down to \$12.40.

For those who doubted the president's US-centric view, the recent Samsung ruling and this decision should make it clear that he meant what he said. Because of Jack Ma's close relationship with President Trump (Ma controls Ant, the former Alibaba subsidiary), many believed the deal would ultimately be approved.

There is often a fine line between protectionism and protecting US interests, however, and we applaud this decision. In its denial, CFIUS cited US national security concerns. Considering the amount of highly-sensitive personal data controlled by MoneyGram, and China's overt and covert efforts to hack every US system it can, why *shouldn't* the deal have been shot down? After all, \$44.5 billion, US-based Euronet initially outbid Ant for control of the company (though Ant subsequently offered \$1.2 billion, or \$18 per share, for MGI).

So, now that their main competitor is gone, what will be Euronet's next move? The company said it still sees a "compelling commercial logic" to the deal, but added that there is no guarantee any new offer will be made.

From an investment standpoint, this is a tricky issue. With MGI down near its 52-week low, it would probably be a great investment if a new deal is made. If EFT simply walks away, however, MoneyGram's stock will continue to languish.

Investors tend to believe, based on the share price of Euronet, that the two US companies will eventually merge. EFT was up about 4% immediately following the CFIUS decision.



INTERNET RETAIL

IS AMAZON REALLY GOING TO GO AFTER RETAILER TARGET NEXT?

Well respected industry analyst and venture capitalist Gene Munster made a bold prediction this week: after digesting the purchase of Whole Foods, internet giant Amazon (AMZN \$754-\$1,204-\$1,213) will set its sights on retailer Target (TGT \$49-\$67-\$74).

While the Whole Foods purchase certainly makes this potential takeover a little more probable, we still don't see it happening. Yes, Amazon wants to move into fashion retail like it did (or is doing) into food retail, but gobbling up a \$37 billion, somewhat questionable retailer may not be the best solution. Why not pick up a mere \$8 billion company, like Macy's (M) or Nordstrom (JWN) instead?

Not that Target's clientele wouldn't be a good fit for Amazon, and they are certainly in the target demographics; but, if it does happen, we believe it will more of a sign that Wal-Mart's (WMT) recent online success has gotten into Jeff Bezos's head.

REAL ESTATE MANAGEMENT & DEVELOPMENT

THE HOWARD HUGHES CORP UNVEILS ITS NEW LUXURY LIVING TOWER IN HONOLULU

Architectural Digest called the Howard Hughes Corp's (HHC \$105-\$127-\$133) Ward Village in Honolulu the "best-planned community in the U.S." Now, the 60-acre luxury paradise is about to get a new addition: the 751 "home" A'ali'i luxury tower.

The tower, touted as a "turnkey luxury living solution," will have resort-style amenities, top-line appliances, and a stunning ocean and mountain view. A'ali'i (the name of a native flower, by the way) will join four other Hughes-built towers, and is slated for completion around 2020.

Ultimately, the Ward Village community will consist of over 4,500 residences and one million square feet of retail space—all within walking distance. Want to reserve your new digs? Visit the company [here](#).

MEDIA & ENTERTAINMENT

DISNEY-CONTROLLED HULU HAD A BLOWOUT 2017, ADDING 40% TO SUBSCRIBER BASE

Direct-to-consumer streaming company Hulu isn't publicly-traded, but investors can now take advantage of its explosive growth by picking up some Walt Disney (DIS \$96-\$110-\$116) stock. That's because Hulu, which had been controlled by equal stakes between



A'ali'i Tower; Photo Courtesy: The Howard Hughes Corp

Disney, Fox, and Comcast, came over to the House of Mouse when Disney bought most of the assets of 21st Century Fox last month.

Hulu added 5 million new subscribers last year, bringing the total subscriber base to over 17 million. That, in turn, means that the streaming company's total audience size is now over 50 million. Hulu's advertising revenue topped \$1 billion in 2017, and its original content programming won 10 Emmy Awards last September.

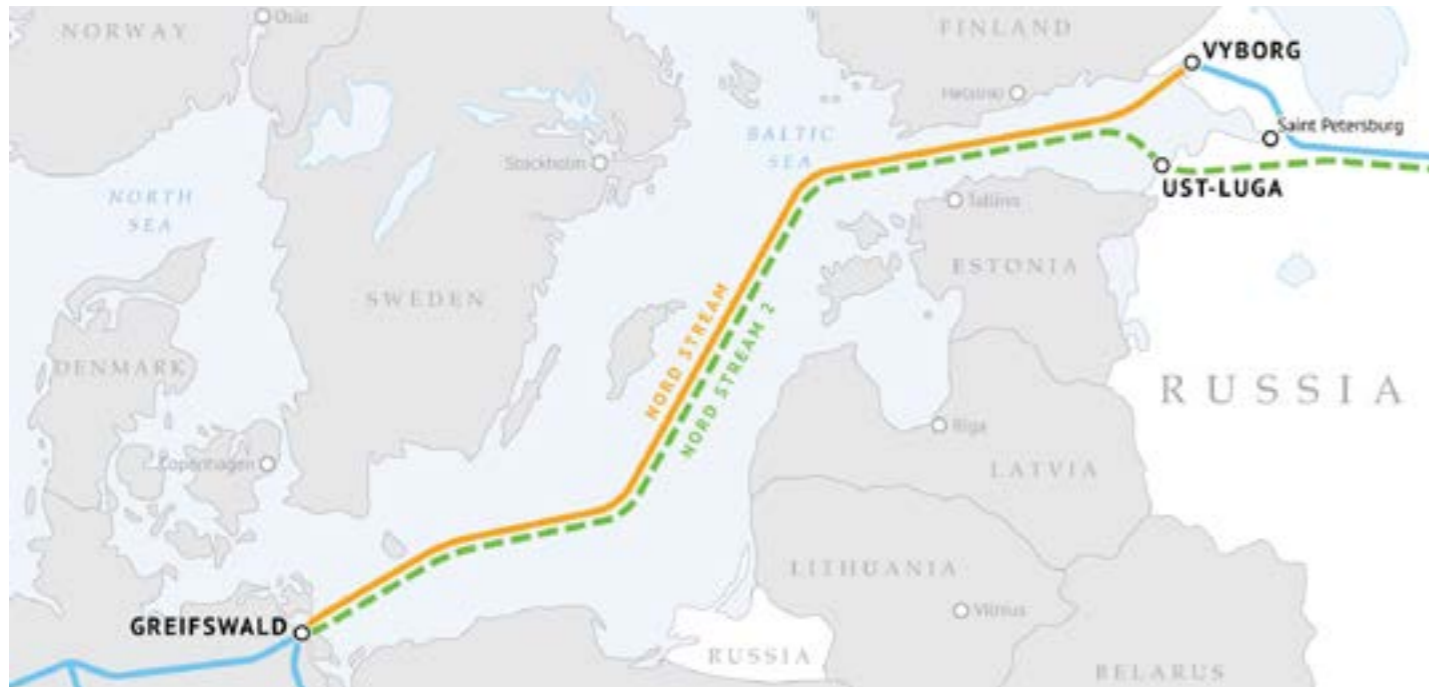
Many pundits thought Disney should have purchased streaming giant Netflix (NFLX) years ago. They are taking a different path to domination, however. The company already announced it was pulling its programming from Netflix; now that it owns competitor Hulu, almost all Disney content will be accessible only on a platform owned by the company. Brilliant management. (Disney is a member of the [Penn Global Leaders Club](#).)

FOOD & STAPLES RETAILING

THE END OF THE CASHIER?

Food and retail superstores Walmart (WMT) and Kroger (KR) are about to roll out technology that will transform the way we shop. Specifically, it will end the days of trying to find the shortest checkout lane and then fumbling through gossip rags as we wait to pay for our goods.

Walmart is calling it "Scan & Go," while Kroger's platform is named "Scan, Bag, Go," but the two have the same objective: allow shoppers to scan items as they place them in their cart, and then pay with the simple tap on a smartphone app. The technology now exists to complete such transactions, as Amazon (AMZN) has proven. WMT and KR will begin rolling out the systems at hundreds of locations this year.



The Nord Stream 2 belies the EU's stated strategy of reducing its dependence on Russian natural gas. Photo courtesy: Gazprom

EUROPE

US SLAMS GERMANY OVER ALLOWANCE OF NEW RUSSIAN NATURAL GAS PIPELINE

Several facts are certain with respect to Russia and Europe. Vladimir Putin's Achilles heel is the ability to sell Russian energy at the highest possible price—his military buildup plans live or die on energy revenue. Russia wants to either control Ukraine or destroy its economy. Putin will use energy as leverage to break European support for anti-Russian forces in the Baltic region. It is under this backdrop that a storm is brewing over a new natural gas pipeline known as Nord Stream 2.

Right now, the fledgling democracy in Ukraine receives (or is due) roughly \$3 billion per year in transit payments for the nearly one-half of all gas flowing from Russia to Europe. To put that amount in perspective, it is just shy of Ukraine's annual defense budget. A new, 760-mile-long gas pipeline known as Nord Stream 2 would bypass Ukraine by traversing the Baltic Sea and entering Germany directly. Construction of this pipeline would fly in the face of Europe's commitment to Ukraine and existing EU sanctions on the developer of Nord Stream 2, Russia's Gazprom.

As of right now, only one European country (not counting Russia) supports the construction of this pipeline, which could be ready in 2019: Germany. And Germany risks alienating its closest allies and angering developing Eastern European countries like Poland and Slovakia by its continued support.

The chief US State Department official for the region, A. Wess Mitchell, had some harsh words for Germany's support of the project, expressing hope that a new coalition

government (with a very weakened Merkel) would scrap the plans. Mitchell also praised Denmark for passing a law blocking pipelines from traversing its waters which are deemed a threat to the country's security. Proponents of Nord Stream 2 argue that Denmark cannot stop the project, as it previously allowed the original Nord Stream pipeline to be built.

Strategically, Nord Stream 2 would double Russia's export capacity to Europe at a time when the European Commission is looking to diversify away Putin's power over the continent's energy needs (Russia now supplies one-third of all gas used in Europe). This also comes at a time when the United States is finally exporting liquefied natural gas to the continent.

In the end, it will probably be Merkel's weakened position in Germany that dooms the project. The chancellor has been forced to form a coalition with a number of disparate political groups, including the Greens, which vehemently oppose the pipeline on environmental grounds. Green Party leaders have stated that Germany must not use a new pipeline as a crutch to slow the adoption of renewable resources, especially as Germany completely phases out its use of nuclear power.

Merkel's disastrous showing in the 24 September national elections may end up being the best strategic gift Europe has received in years from a security standpoint—and Putin's worst nightmare.



ENERGY COMMODITIES

THE IEA CONFIRMS IT: US SHALE PRODUCERS ARE OPEC'S BIGGEST THREAT

The Paris-based (i.e. not a US shell) International Energy Agency has confirmed what we, as Americans, had hoped was true: the US energy renaissance, specifically shale production, will continue to be a nightmare for OPEC.

Ever since the Yom Kippur War in 1973, it has been the goal of (nearly) every US administration to make America an energy-independent nation. Today, we can truly say that goal has been achieved.

In its latest monthly report, the IEA stated that the re-ramping up of US shale production will make OPEC "not quite so happy" in 2018. The agency sees an increase of 1.6 million barrels per day in 2018 by non-OPEC nations, completely undermining the organization's plan to raise oil prices by cutting their members' production levels. This follows their failed attempt to push US shale producers to the brink of extinction by increasing production in 2016. Sweet revenge.

For a taste of what hell OPEC put the US consumer through in the early 1970s, members can click the link to read the story of The First Great American Oil Crisis.



US gas lines in the early 1970s

LATIN AMERICA

VENEZUELA'S ONE SAVING GRACE, OIL PRODUCTION, FALLS TO A 28-YEAR LOW

Looking at the failed socialist state that is Venezuela, if you had to pick one probable lifeline for that country what would it be? Most people would answer "oil revenues" without giving it much thought. After all, what is the country selling the rest of the world besides crude? (In fact, 95% of export revenues come from crude.)

Incredibly, and incredibly depressing for the poor souls living under the iron socialist fist of the simpleton Nicolas Maduro, the country's one trump card is collapsing at a stunning rate. Oil production fell 11% in the one-month period between November and December alone. For all of 2017, production is down by nearly one-third—to 1.6 million barrels per day. To put that in perspective, US crude production currently sits at around 10 million barrels per day.

Venezuela's state-run oil company blames "sabotage and terrorism" for the steep output decline, yet offers no proof. In reality, complete mismanagement and a government structure in total chaos is the cause.

There will be national elections held in Venezuela later this year. After some degree of literal national starvation, the Venezuelan people must take charge and force Maduro and his socialist ilk from power. Sadly, there is zero chance he would let that happen through an election which he ultimately controls.

INDUSTRIAL CONGLOMERATES

GE ANNOUNCED A \$6.2 BILLION INSURANCE WRITE-OFF, THEN DROPPED THE BOMB

Why an industrial conglomerate got into the insurance business in the first place belies logic; it is reminiscent of defunct Enron getting into industries which had nothing to do with energy, just before its massive implosion. Nonetheless, General Electric (GE \$17-\$18-\$31) did, and is now paying the price. The company announced it would eat an \$11 billion charge in the fourth-quarter, \$6.2 billion of which from a reevaluation of its long-term care insurance business. That news was enough to make their stock drop about 3%, but the real news came when CEO John Flannery made it clear the company would be broken up soon.

What would that look like? More than likely, a breakup means three separately-traded stocks for GE's three main business lines: power, aviation, and healthcare. The breakup would also mean the company would divest itself of other units, such as GE Capital, oil & gas, and lighting. Shedding the extraneous business lines makes sense, but GE will never again be the giant it once was. It didn't need to be this way. More evidence of the critical importance of strong leadership.

Quotes of the Week



Humor

"I like work; it fascinates me. I can sit and stare at it for hours"

—Jerome K. Jerome



Passion

"I dream of painting and then I paint my dream."

—Vincent van Gogh



Perspective

"The mind is of its own place and in itself, can make a Heaven of Hell, a Hell of Heaven."

—John Milton



Penn Strategic Income Portfolio

Penn Strategic Income Portfolio (sorted by classification)

Asset Class	Classification	Sym	Yield	Name	52 Wk Low	Price	52 Wk High	1-yr return	Duration
Allocation	Convertibles	CWB	3.80%	SPDR® Blmbg Barclays Convert Secs ETF	\$44.75	\$52.48	\$52.67	19.62%	N/A
Taxable Bond	Corporate Bond	LQD	3.16%	iShares iBoxx \$ Invmt Grade Corp Bd ETF	\$115.55	\$121.19	\$121.81	7.35%	8.43
Worldwide Bond	Emerging Markets Bond	PCY	4.95%	PowerShares Emerging Markets Sov Dbt ETF	\$27.71	\$29.38	\$30.23	10.40%	N/A
Alternatives	Financials	BX	7.33%	Blackstone Group	\$25.57	\$31.67	\$35.09	30.72%	N/A
Corporate Bond - High Yield	High Yield Bond	HYT	8.08%	BlackRock Corp High Yield	\$10.37	\$11.03	\$11.47	15.46%	N/A
Government Bond - Treasury	Intermediate Government	GOVT	1.49%	iShares US Treasury Bond ETF	\$24.72	\$25.19	\$25.60	2.15%	6.08
Income	Intermediate-Term Bond	BOND	3.21%	PIMCO Active Bond ETF	\$103.02	\$106.51	\$107.65	5.57%	5.61
Growth and Income	Intermediate-Term Bond	TOTL	2.96%	SPDR® DoubleLine Total Return Tact ETF	\$48.14	\$48.89	\$49.66	3.28%	4.30
Multisector Bond	Multisector Bond	GBOSX	4.78%	JP Morgan Global Bond Opportunities Fund	\$9.95	\$10.30	\$10.32	6.06%	N/A
Income	Multisector Bond	NFLT	4.28%	Virtus Newfleet Multi-Sect Uncons Bd ETF	\$25.00	\$25.73	\$26.10	6.80%	N/A
Corporate Bond - High Yield	Nontraditional Bond	HYIH	5.48%	Xtrackers Hi Yld Cor Bd Intst Rt Hdg ETF	\$22.82	\$23.20	\$23.98	6.18%	N/A
Corporate Bond - High Yield	Nontraditional Bond	HYZD	5.03%	WisdomTree Interest Rt Hdg Hi Yld Bd ETF	\$22.99	\$24.10	\$26.10	8.60%	-0.06
Corporate Bond - General	Nontraditional Bond	IGIH	3.21%	Xtrackers Inv Grd Bd Intst Rt Hdg ETF	\$23.79	\$24.32	\$24.76	5.50%	N/A
Growth and Income	Preferred Stock	PFF	6.09%	iShares US Preferred Stock ETF	\$36.77	\$38.64	\$39.31	9.28%	4.87
Specialty - Real Estate	REIT	KIM	5.74%	Kimco Realty	\$17.02	\$18.80	\$26.63	-24.10%	N/A
Specialty - Real Estate	REIT	ADC	3.98%	Agree Realty	\$43.12	\$50.19	\$51.50	18.47%	N/A
Specialty - Real Estate	REIT	O	4.46%	Realty Income	\$52.85	\$56.39	\$63.60	4.98%	N/A
Specialty - Real Estate	REIT	VNQ	4.64%	Vanguard REIT ETF	\$78.76	\$84.95	\$86.16	11.79%	N/A
Growth and Income	Short-Term Bond	CSJ	1.61%	iShares 1-3 Year Credit Bond ETF	\$104.50	\$104.87	\$105.61	1.69%	1.98
Equities	Telecom	T	5.63%	AT&T	\$32.55	\$34.81	\$43.03	-5.56%	N/A
Worldwide Bond	World Bond	TPINX	2.68%	Templeton Global Bond A	\$11.46	\$12.10	\$12.55	7.67%	-0.34



Penn Dynamic Growth Strategy

Penn Dynamic Growth Strategy (sorted by specialty)

Specialty	Symbol	Name	Function	Style	52 wk Low	Price	52 wk High	1-year Return	RSI	Notes
Aerospace & Defense	ITA	iShares US Aerospace & Defense ETF	Satellite	Industry	\$140.20	\$182.59	\$184.60	27.33%	54	
All-Cap Value	RDIV	Oppenheimer Ultra Dividend Revenue ETF	Satellite	Strategy	\$32.12	\$35.03	\$35.66	7.34%	62	
Commodities	DBC	PowerShares DB Commodity Tracking ETF	Satellite	Sector	\$13.69	\$16.32	\$16.55	9.33%	63	only in IRA accts to avoid K-1 filing
Consumer Staples	XLP	Consumer Staples Select Sector SPDR® ETF	Satellite	Sector	\$49.98	\$54.98	\$57.36	9.88%	59	
Currency Hedged Emerging Mkts	HEEM	iShares Currency Hedged MSCI Em Mkts ETF	Satellite	International	\$20.74	\$26.85	\$27.36	27.36%	51	
Cybersecurity	CIBR	First Trust NASDAQ Cybersecurity ETF	Satellite	Thematic	\$19.29	\$22.75	\$22.78	12.01%	66	
Foreign Large Blend	ESGD	iShares MSCI EAFE ESG Optimized ETF	Core	International	\$54.09	\$67.65	\$68.07	26.76%	58	
Health Care	VHT	Vanguard Health Care ETF	Satellite	Industry	\$123.53	\$153.02	\$156.54	20.74%	53	
Inflation Protected	TIP	iShares TIPS Bond ETF	Satellite	Fixed Income	\$110.90	\$114.19	\$115.46	2.63%	54	
Intermediate-Term Taxable	BOND	PIMCO Active Bond ETF	Core	Fixed Income	\$103.02	\$106.66	\$107.65	5.73%	55	
Large-Cap Blend	PKW	PowerShares Buyback Achievers ETF	Satellite	Market Cap	\$50.11	\$56.24	\$57.02	10.82%	49	
Large-Cap Growth	RPG	Guggenheim S&P 500® Pure Growth ETF	Core	Market Cap	\$81.89	\$105.71	\$105.60	24.99%	64	
Large-Cap Value-Low Vol	SPLV	PowerShares S&P 500 Low Volatility ETF	Core	Strategy	\$40.25	\$47.66	\$47.39	18.15%	62	Low volatility strategy
Mid-Cap Blend	NFO	Guggenheim Insider Sentiment ETF	Satellite	Market Cap	\$48.87	\$62.08	\$62.24	26.88%	75	
Mid-Cap Growth	IWP	iShares Russell Mid-Cap Growth ETF	Core	Market Cap	\$96.20	\$119.05	\$118.95	21.15%	66	
Mid-Cap Value	VOE	Vanguard Mid-Cap Value ETF	Core	Market Cap	\$96.33	\$108.40	\$108.06	12.69%	61	
Momentum	MTUM	iShares Edge MSCI USA Momentum Fctr ETF	Satellite	Strategy	\$73.90	\$102.42	\$102.12	35.30%	63	
Robotics & AI	BOTZ	Global X Robotics & Artifcl Intlgnct ETF	Satellite	Thematic	\$14.69	\$24.70	\$24.97	63.32%	71	
Semiconductor	XSD	SPDR® S&P Semiconductor ETF	Satellite	Industry	\$51.95	\$73.77	\$74.91	32.67%	62	
Small Cap Growth	IJT	iShares S&P Small-Cap 600 Growth ETF	Core	Market Cap	\$143.99	\$169.84	\$170.29	14.98%	62	
Technology	XLK	Technology Select Sector SPDR® ETF	Satellite	Sector	\$46.37	\$64.72	\$64.59	36.52%	71	
Utilities	XLU	Utilities Select Sector SPDR® ETF	Satellite	Sector	\$46.04	\$56.45	\$57.23	22.95%	60	



Penn Global Leaders Club

Penn Global Leaders Club (sorted by sector/industry)

Sector	Industry	Symbol	Company	1-Yr Low	Price	1-Yr High	Mkt Cap (\$M)	Rev TTM (\$M)	Prft Mgn TTM	Free \$ Flow TTM (\$M)	PE Ratio
Basic Materials	Chemicals	EMN	Eastman Chemical	\$73.52	\$91.14	94.96	\$13,100	9,375	10.76%	\$712	13
Consumer Cyclical	Apparel Manufacturing	PVH	PVH	\$84.53	\$135.47	136.84	\$10,489	8,411	4.96%	\$449	26
Consumer Cyclical	Auto Manufacturers	F	Ford Motor	\$10.47	\$12.10	13.27	\$48,065	154,104	2.86%	\$10,673	11
Consumer Cyclical	Footwear & Accessories	NKE	Nike	\$50.06	\$59.32	60.53	\$96,782	34,359	11.47%	\$2,329	25
Consumer Cyclical	Home Furnishings & Fixtures	FBHS	Fortune Brands Home	\$53.15	\$64.68	68.82	\$9,818	5,202	8.62%	\$484	23
Consumer Cyclical	Home Improvement Stores	HD	Home Depot	\$128.68	\$172.33	173.10	\$201,238	99,228	8.66%	\$9,775	24
Consumer Cyclical	Restaurants	MCD	McDonald's	\$117.71	\$169.11	170.92	\$134,812	23,509	24.19%	\$3,372	24
Consumer Cyclical	Rubber & Plastics	GT	Goodyear Tire & Rubber	\$28.81	\$30.67	37.20	\$7,555	15,047	6.67%	\$92	8
Consumer Cyclical	Specialty Retail	AAP	Advance Auto Parts	\$78.81	\$89.23	177.83	\$6,594	9,420	3.75%	\$259	19
Consumer Defensive	Discount Stores	DG	Dollar General	\$65.97	\$86.28	88.13	\$23,577	22,767	5.38%	\$991	20
Consumer Defensive	Discount Stores	WMT	Wal-Mart Stores	\$65.28	\$96.62	100.13	\$288,623	495,012	2.31%	\$18,878	26
Consumer Defensive	Grocery Stores	KR	Kroger	\$19.69	\$22.98	36.44	\$20,441	118,050	1.32%	\$1,390	14
Consumer Defensive	Packaged Foods	GIS	General Mills	\$49.65	\$53.65	64.06	\$30,491	15,481	10.68%	\$1,886	19
Energy	Oil & Gas E&P	COP	ConocoPhillips	\$42.27	\$50.47	54.22	\$60,338	31,102	-7.94%	\$1,966	N/A
Energy	Oil & Gas Integrated	CVX	Chevron	\$102.55	\$116.51	120.89	\$221,296	135,603	4.79%	\$4,376	34
Energy	Oil & Gas Integrated	XOM	Exxon Mobil	\$76.05	\$81.42	93.22	\$344,985	253,344	5.14%	\$15,263	27
Financial Services	Banks - Global	RY	Royal Bank of Canada	\$64.82	\$79.63	80.98	\$115,697	29,532	28.46%	\$30,584	14
Financial Services	Credit Services	V	Visa	\$75.17	\$111.97	112.91	\$254,038	18,358	36.49%	\$8,501	40
Healthcare	Biotechnology	AMGN	Amgen	\$138.83	\$170.12	191.10	\$123,492	23,012	35.54%	\$10,428	15
Healthcare	Biotechnology	CELG	Celgene	\$94.55	\$104.50	147.17	\$82,275	12,495	27.36%	\$4,528	25
Healthcare	Biotechnology	GILD	Gilead Sciences	\$63.76	\$72.46	86.27	\$94,652	27,478	42.22%	\$11,767	8
Healthcare	Drug Manufacturers - Major	BMJ	Bristol-Myers Squibb	\$46.01	\$61.43	66.10	\$100,542	20,570	20.56%	\$4,221	24
Healthcare	Drug Manufacturers - Major	JNJ	Johnson & Johnson	\$109.32	\$138.01	144.35	\$370,767	74,361	21.28%	\$18,472	24
Healthcare	Drug Manufacturers - Major	SNY	Sanofi	\$38.45	\$46.10	50.65	\$116,000	40,249	24.62%	N/A	12
Healthcare	Medical Devices	ABT	Abbott Laboratories	\$37.38	\$56.13	56.69	\$97,700	25,134	8.37%	\$3,991	44
Healthcare	Medical Instruments & Supplies	BAX	Baxter International	\$43.13	\$64.12	65.70	\$34,935	10,432	9.88%	\$1,426	34
Healthcare	Medical Instruments & Supplies	STE	STERIS	\$64.37	\$88.48	93.39	\$7,525	2,570	5.59%	\$279	53
Industrials	Aerospace & Defense	BA	Boeing	\$148.32	\$265.88	267.62	\$158,352	91,310	7.33%	\$11,238	24
Industrials	Aerospace & Defense	RTN	Raytheon	\$137.70	\$186.06	190.25	\$53,788	24,789	8.69%	\$1,657	25
Industrials	Aerospace & Defense	UTX	United Technologies	\$106.85	\$116.91	124.79	\$93,361	58,816	8.79%	\$2,662	18
Industrials	Airlines	UAL	United Continental Holdings	\$56.51	\$59.43	83.04	\$17,606	37,350	5.22%	N/A	9
Industrials	Business Equipment	KNL	Knoll	\$16.57	\$20.77	28.40	\$1,025	1,110	6.21%	\$24	15
Industrials	Diversified Industrials	HON	Honeywell International	\$112.17	\$149.66	150.43	\$114,014	39,676	12.85%	\$4,877	23
Industrials	Engineering & Construction	JCI	Johnson Controls	\$34.51	\$36.91	46.17	\$34,158	30,172	5.34%	-\$1,331	N/A
Industrials	Railroads	UNP	Union Pacific	\$100.10	\$118.25	119.71	\$93,083	20,958	21.84%	\$4,176	21
Technology	Electronic Components	GLW	Corning	\$23.48	\$31.85	32.33	\$27,679	9,955	24.98%	\$966	14
Technology	Electronics Distribution	AVT	Avnet	\$35.67	\$40.16	51.50	\$4,856	17,983	2.86%	-\$609	10
Technology	Semiconductors	INTC	Intel	\$33.23	\$44.75	47.30	\$209,430	62,082	22.31%	\$11,780	16
Technology	Software - Infrastructure	CA	CA	\$30.01	\$32.63	36.54	\$13,657	4,078	17.83%	\$1,180	19



Penn Intrepid Trading Platform

Penn Intrepid Trading Platform (sorted by company name)

Symbol	Company	Industry	52 wk Low	Price	52 wk High	Mkt Cap (\$M)	Rev TTM (\$M)	Profit Mgn TTM	FCF TTM (\$M)	PE
ABMD	Abiomed	Medical Devices	\$103.53	\$199.74	\$200.00	\$8,832	\$505	18.27%	\$93	98
ADC	Agree Realty	REIT - Retail	\$43.12	\$50.19	\$51.50	\$1,466	\$110	49.26%	-\$267	25
AOBC	American Outdoor Brands	Aerospace & Defense	\$12.87	\$13.28	\$24.60	\$717	\$825	10.96%	\$24	8
BBY	Best Buy Co	Specialty Retail	\$41.67	\$57.00	\$63.32	\$17,054	\$40,270	3.09%	\$1,727	14
DKS	Dick's Sporting Goods	Specialty Retail	\$23.88	\$27.86	\$62.80	\$2,992	\$8,410	3.54%	\$190	10
ERJ	Embraer	Aerospace & Defense	\$17.58	\$19.39	\$24.95	\$3,553	\$6,134	6.63%	-\$487	9
GMED	Globus Medical	Medical Devices	\$21.26	\$37.08	\$38.04	\$3,574	\$612	17.54%	\$113	34
HF	HFF	Real Estate Services	\$25.79	\$45.72	\$46.45	\$1,764	\$580	15.21%	\$103	20
INCR	INC Research Holdings	Diagnostics & Research	\$33.60	\$37.05	\$61.10	\$3,866	\$2,001	-4.29%	\$81	neg
LGND	Ligand Pharmaceuticals	Biotechnology	\$95.08	\$133.71	\$149.31	\$2,822	\$129	12.76%	\$83	194
ORBK	Orbotech	Scientific & Technical Instruments	\$28.01	\$56.28	\$56.44	\$2,701	\$859	11.89%	\$69	27
PLAB	Photronics	Semiconductor Equipment & Materials	\$7.55	\$9.45	\$12.10	\$651	\$437	2.97%	\$60	50
LUV	Southwest Airlines	Airlines	\$44.70	\$55.14	\$64.39	\$32,719	\$20,973	10.12%	\$1,646	16
LUV	Southwest Airlines	Airlines	\$44.70	\$55.14	\$64.39	\$32,719	\$20,973	10.12%	\$1,646	16
SYMC	Symantec	Software - Application	\$23.34	\$28.56	\$34.20	\$17,707	\$4,571	-5.29%	\$779	neg
TEVA	Teva Pharmaceutical Indus	Drug Manufacturers - Specialty & Generic	\$10.85	\$13.70	\$38.49	\$13,919	\$23,418	-24.35%	\$2,813	neg
TRN	Trinity Industries	Railroads	\$25.01	\$34.04	\$35.97	\$5,167	\$3,860	6.00%	\$87	23



Penn New Frontier Fund

Penn New Frontier Fund (sorted by industry)

Symbol	Company	Price	Mkt Cap (\$M)	Rev TTM (\$M)	Profit Mgn TTM	Free \$ Flow TTM (\$M)	PE Ratio	Industry
AJRD	Aerojet Rocketdyne Hldgs	\$30.42	\$2,285	1,881	3.24%	\$108	36	Aerospace & Defense
OA	Orbital ATK	\$132.45	\$7,641	4,688	6.68%	\$350	24	Aerospace & Defense
BIIB	Biogen	\$308.97	\$65,340	11,839	29.44%	\$2,699	19	Biotechnology
LGND	Ligand Pharmaceuticals	\$133.71	\$2,822	129	12.76%	\$83	194	Biotechnology
NKTR	Nektar Therapeutics	\$52.59	\$8,281	250	-42.08%	-\$62	N/A	Biotechnology
VRTX	Vertex Pharmaceuticals	\$146.55	\$37,063	2,296	8.53%	\$531	188	Biotechnology
TEVA	Teva Pharmaceutical Indus	\$13.70	\$13,919	23,418	-24.35%	\$2,813	N/A	Drug Manufacturers - Specialty & Generic
GLW	Corning	\$31.85	\$27,679	9,955	24.98%	\$966	14	Electronic Components
ARW	Arrow Electronics	\$78.87	\$6,938	25,622	2.00%	\$29	14	Electronics Distribution
CTSH	Cognizant Tech Solns	\$72.27	\$42,639	14,444	13.42%	\$1,860	22	Information Technology Services
EPAM	EPAM Systems	\$106.78	\$5,639	1,365	9.41%	\$151	45	Information Technology Services
ORBK	Orbotech	\$56.28	\$2,701	859	11.89%	\$69	27	Scientific & Technical Instruments
PLAB	Photronics	\$9.45	\$651	437	2.97%	\$60	50	Semiconductor Equipment & Materials
AVGO	Broadcom	\$282.38	\$115,205	16,928	3.12%	\$4,915	252	Semiconductors
HIMX	Himax Technologies	\$13.06	\$2,248	708	1.25%	\$42	237	Semiconductors
CVLT	CommVault Systems	\$54.90	\$2,536	673	0.28%	\$78	1,405	Software - Application
FTNT	Fortinet	\$41.91	\$7,288	1,441	5.93%	\$399	87	Software - Application
SYMC	Symantec	\$28.56	\$17,707	4,571	-5.29%	\$779	N/A	Software - Application

Penn Wealth Publishing



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