

The ‘Sleeping Soundly Portfolio’ had solid year

The \$120,000, 12-stock equally dollar weighted portfolio was designed to have both lower volatility and total returns (capital appreciation plus non-reinvested dividends) that are in line but may slightly lag the S&P 500 when it rises but perhaps outperform when it falls significantly.

The Rational Investor

Robert Stepleman Investors should be thrilled when they review their fourth quarter’s brokerage statements as their U.S. equity portfolios could be ahead over 20%, almost as much as the S& P 500’s 28.6% return (including reinvested dividends).

My more conservative 'Sleeping Soundly Portfolio' did quite well but didn’t match the S& P 500.

The \$120,000, 12-stock equally dollar weighted portfolio was designed to have both lower volatility and total returns (capital appreciation plus non-reinvested dividends) that are in line but may slightly lag the S& P 500 when it rises but perhaps outperform when it falls significantly.

This doesn’t mean when the stock market declines the portfolio won’t decline, only that it may not decline as much.

I track this portfolio on a quarterly basis with no reinvestment of dividends and no voluntary changes. The stocks were 'purchased' at their 2020 closing prices. Caveat: Investors should do their due diligence before selecting any security.

The portfolio has a 2021 return of 23.1% to \$147,716.

This includes \$3,181 of non-reinvested dividends.

While it didn’t match the large-capitalization S& P 500, it was in line with the more representative and diversified Wilshire 5000.

The portfolio:

Automatic Data Processing (ADP) provides business outsourcing services. Its 2020 closing price was \$176.20 and its fourth quarter’s was \$246.58. Its indicated dividend is \$3.72.

Amgen (AMGN) is a biotechnology company. Its 2020 closing price was \$229.92 and its fourth quarter’s was \$224.97. Its indicated dividend is \$7.04.

Clorox (CLX) manufactures consumer and professional products. Its 2020 closing price was \$201.92 and its fourth quarter’s was \$174.36. It’s indicated dividend is \$4.64.

CVS Health (CVS) broadly provides health services. Its 2020 closing price was \$68.30 and its fourth quarter’s was \$103.16. Its indicated dividend is \$2.00.

Fastenal (FAST) is a provider of fasteners and tools. Its 2020 closing price was \$48.83 and its fourth quarter’s was \$64.06. Its indicated dividend is \$1.12.

Home Depot (HD) sells building materials and home improvement products. Its 2020 closing price was \$265.62 and its fourth quarter’s was \$415.01. Its indicated dividend is \$6.60.

Johnson & Johnson (JNJ) develops manufactures and sells health care products. Its 2020 closing price was \$156.40 and its fourth quarter’s was \$171.07. Its indicated dividend is \$4.24.

Medifast (MED) is a health and wellness company. Its 2020 closing price was \$196.34 and its fourth quarter’s was \$209.43. Its indicated dividend is \$5.68.

Packaging Corporation of America (PKG) makes container products. Its 2020 closing price was \$137.91 and its fourth quarter’s was \$136.15. Its indicated dividend is \$4.00.

Snap-On (SNA) manufactures and sells tools. Its 2020 closing price was \$171.14 and its fourth quarter’s was \$215.38. It’s indicated dividend is \$4.92.

Texas Instruments (TXN) designs and manufactures semiconductors. Its 2020 closing price was \$164.13 and its fourth quarter’s was \$188.47. Its indicated dividend is \$4.08.

United Parcel Services (UPS) is a logistics and package delivery company. Its 2020 closing price was \$168.40 and its fourth quarter’s was \$214.34. Its indicated dividend is \$4.08.

(Disclosure: My family owns CVS, FAST, TXN.)

All data and forecasts are for illustrative purposes only and not an inducement to buy or sell any security. Past performance is not indicative of future results. If you have a financial issue that you would like to see discussed in this column or have other comments or questions, Robert Stepleman can be reached c/o Dow Wealth Management, 8205 Nature’s Way, Lakewood Ranch, FL 34202 or at rsstepl@tampabay.rr.com. He offers advisory services through Bolton Global Asset Management, an SEC-registered investment adviser and is associated Dow Wealth Management, LLC.

