NATE'S NOTES

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Winning Ideas for the Individual Investor

Nine mile skid on a ten mile ride,
Hot as a pistol but cool inside...

- from *He's Gone* (Hunter/Garcia)

Inside this issue

	Since Last Issue	Year To Date	Since Inception (10/31/97)
Model	-2.6%	+12.3%	+1,942.9%
Aggressive	-11.7%	+37.4%	+4,808.6%
DJIA	-2.5%	+10.4%	+246.3%
NASD	-2.1%	+17.8%	+390.4%

A monthly publication by Nate Pile www.NatesNotes.com Issue 292 May 17, 2019

Patience... Patients... (then more and more patients...)

Though I have to admit I am not am not terribly thrilled by the fact that the markets have taken a sharp turn for the worse in the two weeks or so since the Inter-Issue Commentary came out, I also have to admit that a) I have been waiting for an honest-to-goodness pullback so we could see how the market handles it (and we're about to find out), and b) all five of the indices I use to gauge the health of the overall market (see "Eyebrow Levels" table) are still flashing "bull market" signals for us; consequently, I am not making many changes to the newsletter's Portfolios this month (see below for commentary on the rationale behind the ones I am making).

Last MannKind Update For Awhile (thanks for your patience!)

As promised, I am using this month's issue to take a look at where things stand with regards to script counts for Afrezza (among other things) in order to make a plan for our position going forward, and, as you will see while working your way through the commentary below, barring the release of some game-changing news in the months and quarters ahead, I am optimistic that this will be the last issue in which I will need to spend time "dissecting" the MannKind situation (beyond the usual "company write-up" each month, of course) as part of helping subscribers navigate what has truly been the most exceptional story I have ever seen play out in my 30+ years of following the biotech sector!

That being said, while there are plenty of facets (and sub-facets!) of the story that could be explored during a "check-in" like this, due to space constraints (one last time, knock on wood!), I have narrowed the list down to the handful of topics that I feel are most relevant, and, in order to cover as much ground as possible, I am also going to share thoughts in a slightly more bullet-pointed fashion than usual as part of getting the train back on the tracks in one fell swoop when it comes treating MannKind as a typical stock in the newsletter rather than the atypical one that it has become over the past few years (see "Social Media..." below).

Script Counts – Though the numbers that everyone is watching on social media have a fair amount of uncertainty and "fuzziness" associated with them thanks to the manner in which the data is gathered, as long as the companies gathering the data keep their

Nate's Latest Stock Recommendations (as of 5/17/19)

	Company	Symbol	Originally Rec'd. @	Closing Price	Strong Buy ≤	Buy ≤	New Orders^ (Aggressive Portfolio in parentheses)	First Buys
CORE STOCKS	Apple	AAPL	$0.97	$189.00	$175*	$200*		✔
CORE STOCKS	Celgene	CELG	$0.44	$95.42	$90	$98	Buy 100 (300)	✔
CORE STOCKS	Illumina	ILMN	$17.92	$307.63	$290*	$320*		✔
CORE STOCKS	MannKind	MNKD	$42.55	$1.27	$5	$10	Buy 10,000 / (Sell 100,000)	✔
CORE STOCKS	NVIDIA Corp.	NVDA	$4.49	$156.53	$150*	$175*		✔
CORE STOCKS	Tekla Life Sciences Investors	HQL	$21.17	$16.28	$14*	$17*	Sell 251.8 (672.8)	✔
CORE STOCKS	Walt Disney Co.	DIS	$13.00	$135.04	$125	$140	Buy 100 (250)	✔
	AS Ranger Equity Bear	HDGE	$10.56	$6.63	$7	$9		
	Catasys	CATS	$10.51	$18.88	$14*	$22*	Buy 1,000 (5,000)	✔
	Cirrus Logic	CRUS	$38.39	$42.20	$36*	$42*		
	Cleveland-Cliffs	CLF	$11.15	$10.02	$9	$12		
	Electronic Arts	EA	$17.01	$97.26	$94	$105	Buy 50	✔
	First Solar	FSLR	$60.91	$58.38	$55	$65	Buy 100	✔
	Luminex	LMNX	$19.58	$21.00	$19*	$24*	Sell 550 (2,000)	
	NXP Semiconductors	NXPI	$24.26	$95.13	$85*	$95*		
	PowerShares DB Ag.	DBA	$36.90	$15.92	--	$18		
	PowerShares DB Cmdties.	DBC	$35.30	$15.90	--	$17		
	Qorvo	QRVO	$8.29	$63.93	$60*	$66*		
	Skyworks Solutions	SWKS	$29.63	$70.41	$65*	$75*		
	SPDR Gold Trust ETF	GLD	$93.39	$120.65	--	$125*		✔

*changes since last issue ^we will use closing prices 5/20/19 for all transactions algorithms and data collection methods constant, these numbers can still be useful for spotting trends, as well as for giving observers a "scale" of some sort against which to measure progress… and, though the numbers that have been reported over the past several weeks are admittedly coming in at the very low-end of the range I was hoping to see them in by the time the May issue went to press, the bottom line is that, at least as measured by the stick given to us by the reporting agencies, Afrezza is now consistently generating $1 million per week in revenues (a dollar amount that was still taking the company a month to achieve less than 24 months ago).

Yes, I was hoping to see it inching up closer to the $1.2-$1.4 million range by this point in time, but ***$1 million per week was my "must see" number… and since we've been getting it, I see no reason to change our outlook at this point in time.***

That being said, the August issue will likely be the next time I plan on using space in the newsletter to take anything more than just a cursory look at the script counts as a metric against which to consider lightening up our position, and you are encouraged to keep this in mind as you evaluate your own plans for the stock – if you are comfortable waiting until then for me to check-in again on the matter, you probably own "the right amount" of stock; however, if the idea of having to wait until August for me to revisit the topic seems crazy (or uncomfortable) to you, it may mean that you own more stock that you can sleep with comfortably at night, and though the decision will ultimately be yours to make, I would encourage you to at least think about selling a portion of your position and moving it into some of the other stocks that are firing on all cylinders but seem have fewer headwinds blowing against them at this stage of the game (Catasys is another company that may be gearing up to see exponential growth over the next 36 months and may be worth a look, for example).

Social Media, Financing, Dilution, etc. – As time has gone by and other bulls have given up on the stock, it seems that I have, for better or worse, become "the last man standing" on the bullish side of the ring, and, as a result, whenever new bearish articles get written, folks in growing numbers have been turning to me to see what I have to say… and since my number one goal has always been to help my subscribers feel as comfortable as possible about investing in the stocks I have recommended to them, I have been willing to utilize space in my newsletter to provide an alternative point of view to what has become a never-ending onslaught of negative articles about the stock and its prospects over the past several years.

For example, as those of you who have been in the stock for awhile now know all too well, ever since MannKind got the rights to Afrezza back from Sanofi in early 2016, folks with a negative bias regarding the story have been writing articles warning investors that "if the company runs out of money, it will be bad for shareholders!" (as if this is a problem unique to MannKind, eh?) without ever pointing out that the odds of such a thing happening for a company in MannKind's situation were/are actually quite small…

…and while it would not surprise me at all to see those bloggers who either don't know better or are intentionally trying to create fear, uncertainty, and doubt ("FUD," if you're new to social media) around the story continue writing such articles until the company finally turns profitable, this is another topic that I am done taking up space to discuss – perhaps there was a chance the company would have declared bankruptcy as part of a "clearing the decks" process when Castagna took over, but that isn't the route he took, and now that the relationship with Deerfield is about to enter a new chapter, I believe the odds of MannKind declaring bankruptcy are even lower than they were last summer (and, if you recall, I was pointing out they were already "extremely low" a year ago).

Of course, the second half of the warning from these bloggers is also always some variation of "and the only way the company will avoid running out of money is if they sell more shares" (i.e. "dilute" the stock)… and, while there is no denying the fact that "dilution is dilution," as you have also heard me say many times over the years, there is a big difference between dilution when it comes to a retail apparel company trying to boost sales and dilution when it comes to a biotech company on the verge of finding success with its lead product (especially if its lead product happens to have blockbuster potential in the categories in which it competes).

The simple reason for this is that while "one more round of financing" isn't likely to result in much of an increase in sales for a cool line of hawaiian shirts (you just can't increase global demand for a line of cool shirt prints 50-fold with "a few tens of million dollars more in advertising," for example), such a "small" sum of money can (and often does!) prove to be the final catalyst required to help a new drug finally hit critical mass and grow from almost nothing to a billion dollars (or more!) in sales in a very short period of time.

Nate Pile

And, as a side note (since I get asked about it often often), after spending the first ten years of my career thinking I was adding value by building financial models for the up-and-coming biotech companies I followed at the time… only to discover time and time again that once a company's lead product finally hit critical mass, not just my models, but the the models of just about all the other analysts as well, no longer worked (i.e. the companies would start to beat our estimates by wide margins quarter after quarter, and all the models had to be re-calibrated for a whole new set of assumptions that took into account the new realities around the drug and its new rate of acceptance in the marketplace)… I finally came to accept the fact that it is this unique "transformative growth phase" of biotech stocks that makes them such poor candidates for traditional financial modeling.

Summarizing this section, ***I do not believe the company will run out of money, and I do not believe you need to be as worried about dilution as some would like you to be****… but if either of these possibilities concern you, you are naturally encouraged to sell enough stock that you are no longer worried about them.

**as a first-hand example, though Celgene's success clearly does not guarantee MannKind's, please keep in mind that subscribers who got involved with Celgene when it was first recommended in the newsletter in 1995 went on see their initial shares diluted by half… and then those shares were diluted by half again as more time went by (i.e. the original shares eventually only controlled one-fourth of what they used to!)… but despite ("because of," really) all of the dilution along the way, I'm sure that everyone who has enjoyed the run from 44 cents back then to today's closing price of $95.42 is quite content with the gains they finally experienced once thalidomide finally caught on with the medical community – dilution really is par for the course (and perhaps even a requirement?) when it comes to biotech stocks that are on the path to greatness, so please be wary of anyone who tries to convince you otherwise (especially since I am done rehashing this debate, both in the newsletter and online as well).*

Management – As discussed before, as time has gone by and ***Afrezza has proven itself to be everything we hoped it would be*** when we first go involved with the story back in 2009 (i.e. it has turned from an "unknown" into a "known" variable), "management" has essentially become the last remaining piece of uncertainty surrounding the story; unfortunately (and especially given where we are at in the story), I think it is still far too early to know one way or

New To The Newsletter?

Here are a few guidelines to help you get started:

- Decide how much of your overall portfolio you'd like to allocate to the ideas in *Nate's Notes*... and then plan on investing it in roughly equal amounts each month over a period of several months.
- Make your initial purchases based on the "first buys" that are check-marked in the table on the front page of the newsletter (note that you do not have to buy all of them each month!), as well as in the commentary found in the company write-ups.
- Try to invest slightly more money in "core stocks" vs. "non-core stocks" (60%-40%, respectively, is a reasonable ratio to aim for when first starting out).

You can read more on this topic in the May 2013 issue of the newsletter online.

the other whether the folks calling the shots will find success… and, as is always the case with any investment, all we can do is make a decision about whether or not we think management has a reasonable game plan and then adjust our portfolios accordingly.

For the time being, I am very much looking forward to seeing what happens with scripts over the next six months, as well as finding out what (if anything) might change once the company's final payment to Deerfield has been made in July (a turn of events that will almost certainly give MannKind a much greater degree of flexibility on many fronts), and so, again, this is another topic that I am going sign-off on for awhile by saying that, ***at least for now, I do not see enough evidence to conclude that what's been going on behind the scenes since Castagna took over as CEO is not going to lead to fruition…*** but, again, if you feel otherwise, you are encouraged to reallocate some of your MannKind into other positions when it seems appropriate to you do so (and, yes, I will be happy to reflect on the topic of "management" again when the August issue rolls around, if needed).

Short Interest – Though your guess is as good as mine as to who would choose to still be short the stock at these prices (and why), what we do know is that if it is essentially the same group of short sellers that has been behind the relentless shorting of stock over the years (i.e. they have been "averaging down" every step of the way), they ought to have an average cost basis of somewhere in the $2.50-$4 range at this stage of the game (for reference, our Model and Aggressive Portfolios are in the stock at an average price of $2.48 and $2.76, respectively, by taking the other side of that trade on an almost monthly basis for years now), and, if this is the case, the price at which the short position will collectively start to lose money (and, as part of that process, perhaps start thinking about covering) is most likely somewhere in that range as well.

On the other hand, if a lot of the "original" shorts in the stock have actually turned their paper profits into real profits over the past few years by handing the short position off to other less-sophisticated short sellers (this, by the way, is an alternative explanation that "works" to explain why there is a never ending supply of negative press for the stock – it's not so much to scare out retail longs as it is to suck in new retail shorts so that the big fish can cash out… and, of course, in reality, it is probably a bit of both), it means that the point at which the position will collectively turn unprofitable (and, in doing so, start triggering margin calls for a far less sophisticated group of investors) is perhaps even lower.

In either case, even if you decide that you are going to completely exit your MannKind position, ***I want to encourage you to move that money into other long positions rather than trying to short MannKind at current prices***, as it has become one of the most overcrowded (and least attractive from a risk-reward basis – see commentary below) trades I've ever seen develop in the sector.

Outlook – If there is one thing that time has taught me more than anything else when it comes to the stock market, it is that you don't buy biotech companies (especially ones still in the early stages of commercializing their first drug) based on their current sales, next quarter's sales, or even next year's sales… you buy them for where you think they will be 5–10 years from now if your assessment of their potential turns out to be correct (and the bigger the difference between today's valuation and the potential valuation "down the road a ways," the more attractive the opportunity); ***if MNKD were trading at a $2 billion market cap, it might be trickier to know what to do with our position, but with a market cap of less than $250 million (a circumstance brought on by a very zealous band of short sellers who will eventually need to unwind their positions, mind you), it is not difficult at all to realize there is far more upside potential than downside risk in the stock at current prices*** (and, to be honest, not a lot will have to go right in the environment of anger, frustration, and fear that has been created around the stock these days in order for that potential to start being unlocked).

Though the next six months may prove me wrong, based on what I am seeing and hearing, it appears to me that Afrezza has almost certainly achieved enough critical mass on the awareness front that it is not going to go away… and this means that the biggest question mark for us as investors is whether it will remain an asset that is 100% controlled by MannKind, "shared" by MannKind (via partnership and/or licensing agreements), or sold outright to another entity.

Of course, as discussed in previous issues, all of these outcomes will likely count as "wins" for all but the most bitter and stubborn of shareholders, and so, provided you have taken care to only own as many shares as you can truly sleep with comfortably at night, you are encouraged to remain patient with your position while we wait to see what the next six months bring.

That being said, please note that while I am buying the stock in the Model this month, I am also selling a little less than 5% of our intentionally very large position in the Aggressive Portfolio and moving that money into the likes of Catasys and Disney in order to help drive home the point that ***it really is ok to sell some of your MannKind (if you choose to) and move it into other ideas!***

"Eyebrow Levels"

(used to help us gauge the overall health of the market*)

Index	Current	One Eyebrow	Two Eyebrows
DJIA	25,764	24,350	23,000
Nasdaq	7,816	7,250	6,500
S&P 500	2,860	2,675	2,500
BTK	4,488	4,200	3,900
SOX	1,402	1,175	1,025

**As long as all five indices are trading above their "one eyebrow" levels, it is a sign that the current uptrend is still intact; however, if the indices start to dip below those levels, it will cause me to raise an eyebrow and wonder if the trend may be coming to an end... and if both eyebrows go up, it will mean that things are deteriorating in a hurry (if you see eyebrow levels being broken, start looking for a "Special Alert" from me in your email box).*

N A T E ' S   N O T E S

AdvisorShares Ranger Equity Bear • HDGE

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Net Assets (millions)
$10.56	$6.63	$8.99	$6.37	ETF	$179.0

Though it is clearly a case of the market wagging HDGE and not the other way around (so we can't read too much into it), the huge surge in volume we have seen in HDGE over the past few weeks would definitely count as a "bullish" clue if it was an actual stock that we were hoping to go long with… and though it is still far too early to declare that a new uptrend is getting underway, I believe there is some value to be gained by keeping an eye on this "short ETF" even if you do not own any. And, speaking of which, I want to remind you that this ETF is in the newsletter solely for the most aggressive traders among my subscriber base, and most of you do NOT need to own it. **HDGE is a strong buy under $7 and a buy under $9.**

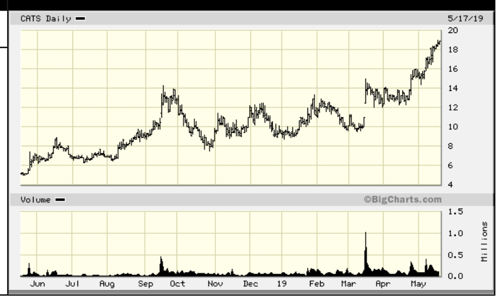
Apple • AAPL

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$0.97	$189.00	$233.47	$142.00	5,068.8	$958,003.2

As you can see in the chart to the left, though Apple's stock initially responded quite nicely to the company's earning report at the end of April, thanks in part, no doubt, to the saber rattling that is going on between the U.S. and China, I am afraid that the stock has done nothing but slide since then. For its second fiscal quarter, Apple reported revenues of $58.0 billion and net income of $2.2 billion, or $2.46 per share, as compared to revenues of $61.1 billion and net incomes of $2.3 billion, or $2.73 per share, in the same period a year ago. Though the stock may fall further if the market remains weak, I remain comfortable with the compan y's long-term prospects, and **AAPL is now a strong buy under $175 and a buy under $200.**

Catasys • CATS

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$10.51	$18.88	$18.98	$4.97	15.9	$300.2



As you can see in the chart to the right, Catasys' stock appears to breaking out nicely to the upside in response continued progress with the company's business model, as well as a great earnings call by management a little over a week ago. For its first quarter, Catasys reported revenues of $6.8 million and a net loss of $2.9 million, or $0.18 per share, as compared to revenues of $1.9 million and a net loss of $4.2 million, or $0.27 per share, in last year's first quarter. The company appears poised to begin adding clients at an accelerating clip, and though I am very optimistic about the future, I want to caution you to not "chase" the stock – "small purchases regularly"! **CATS is now a strong buy under $14 and a buy under $22.**

Celgene • CELG

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$0.44	$95.42	$97.07	$58.59	808.7	$77,166.2

Not surprisingly, Celgene's has continued to creep higher in anticipation of the company's merger with Bristol-Myers Squibb (BMY – $46.85) later this year, though, as you can see if you do some quick math in your head, the stock is still trading at a slight discount to the "true" (but always varying, based on the price of BMY… and ignoring the "wild card" of the CRVs associated with the deal) value of the transaction. Though there is probably not a lot of near-term upside in the stock, as you'll see below, given the weakness we have been seeing in LMNX and HQL lately, I am moving a bit of that "biotech money" into Celgene as a "safe haven" play ahead of the merger. **CELG is a strong buy under $90 and a buy under $98.**

Cirrus Logic • CRUS

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$38.39	$42.20	$50.12	$31.25	60.4	$2,548.9

Yipes! As you can see in the chart to the right, after spending the past few months gradually working its way higher in exactly the sort of slow-but-steady fashion we like to see, Cirrus' stock (along with many other chip stocks) suddenly reversed course and now appears to be in free fall in response to the shifting winds on the trade war front (surprise, surprise). As you know, we have been very underweighted in pretty much all of our chip positions for awhile now, and though I may be tempted to start buying them more aggressively if they are able to find some solid support by the time next month's issue goes to press, for now I'd rather buy other stocks that are acting better. **CRUS is a strong buy under $36 and a buy under $42.**

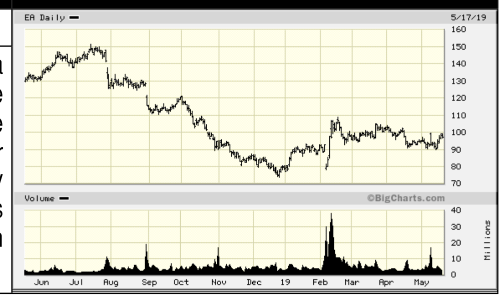
Cleveland-Cliffs • CLF

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$11.15	$10.02	$13.10	$7.40	301.3	$3,019.0

While it remains to be seen where the stock will head next, I would love to see it simply trade sideways for another several weeks, as it appears that there is some nice consolidation happening here in the $10-range… and, as you've heard me say before, the longer a stock trades sideways before it finally breaks out, the more powerful the move ends up being as time goes by. For the company's first quarter, Cleveland-Cliffs reported revenues of $157.0 million and a net loss of $22.1 million, or $0.08 per share, as compared to revenues of $180.0 million and a net loss of $84.3 million, or $0.29 per share) in the same period a year ago. With a reminder that there is no rush, **CLF is strong buy under $9 and a buy under $12.**

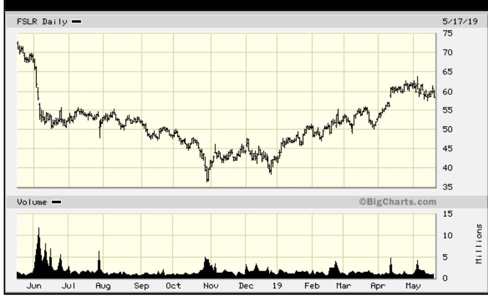
Electronic Arts • EA

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$17.01	$97.26	$151.26	$73.91	313.0	$30,442.4



And, speaking of bases, though the tumble the stock took in the second half of 2018 was a painful one, indeed, I am very pleased to report that EA's stock has now spent the past five months trading in a manner that is exactly what we would hope to see falling such a massive decline… and though we still don't know whether the next big move will be to the upside or the downside, I am encouraged by what we are seeing. For its fiscal 2019, EA recently reported revenues of $4.95 billion and net income of $1.0 billion, or $3.33 per share, as compared to revenues of $5.15 billion and net income of $1.0 billion, or $3.34 per share, in fiscal 2018. Also with patience, **EA is a strong buy under $94 and a buy under $105.**

First Solar • FSLR



Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$60.91	$58.38	$71.87	$36.51	106.3	$6,205.8

Yep – First Solar's stocks is also showing some surprisingly good relative strength these days, especially given all the action on the trade war front! For the company's first quarter, First Solar reported revenues of $532 million and a net loss of $67.6 million, or $0.64 per share, as compared to revenues of $691.2 million and net income of $52.1 million, or $0.49 per share, in last year's first quarter. Though both Portfolios already have sizable positions in the stock, I am adding a few more shares to the Model this month in response to the good relative strength (but am not buying any in the Aggressive so as to not increase our margin debit at this point in time). **FSLR remains a strong buy under $55 and a buy under $65.**

Illumina • ILMN

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$17.92	$307.63	$372.61	$261.61	147.8	$45,467.7

Though Illumina's stock is admittedly down sharply from where it was when last month's issue went to press, as you can see in the chart to the right, it is another stock that appears to be undergoing "consolidation" when looked at on a longer-term basis, and, as you can probably guess, I will be thrilled if the stock can spend another two or three months bouncing back and forth between $290 and $330 to help set the stage for the next run to the upside. For its first quarter, Illumina reported revenues of $667 million and net income of $233 million, or $1.57 per share, as compared to revenues of $628 million and net income of $208 million, or $1.41 per share, a year ago. **ILMN is now a strong buy under $290 and a buy under $320.**

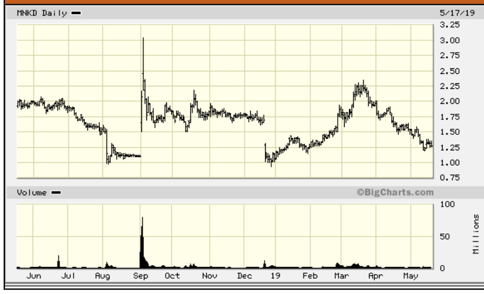
Luminex • LMNX

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$19.58	$21.00	$35.37	$20.40	44.2	$928.2

Ugh – there's no denying that the chart to the left is clearly showing a stock that is "under pressure," and while I continue to find the stock attractive on a longer-term basis, I will be the first to admit that if the stock doesn't find some traction soon, it could be headed back to the teens in a hurry (and, consequently, I am moving a small portion of our position into the "sure thing" Celgene this month as a precaution). For its first quarter, Luminex reported revenues of $82.4 million and net income of just under $3 million, or $0.07 per share, as compared to revenues of $82.7 million and net income of $13.4 million, or $0.30 per share, in last year's first quarter. **LMNX is now considered a strong buy under $19 and a buy under $24.**

MannKind Corp. • MNKD

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$42.55	$1.27	$3.04	$0.94	187.4	$238.0



Though it remains to be seen how much mileage (beyond the obvious 500, of course!) MannKind might get out of its sponsorship of Conor Daly in next weekend's Indy 500, I hope you will tune-in to watch – not only will it be exciting if Conor can make a race of it, there may or may not be "human interest" stories shown during the race, and if he happens to be featured, it will be a nice bonus for us! As mentioned above, I want to encourage you to do whatever you need to do in order to feel comfortable with your MannKind position as a long-term investment (again, Catasys may be a nice alternative for "speculative" money), and then sit back and enjoy the ride. **MNKD remains a strong buy under $5 and a buy under $10.**

NVIDIA Corp • NVDA

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$4.49	$156.53	$292.76	$124.46	627.0	$98,147.4

Given all that is going on in the world, both in terms of trade wars and the natural ebb and flow of spending on digital infrastructure, it should come as no surprise that NVIDIA's stock has been under considerable pressure for the past several weeks… and though it would be great to see the stock hold above $160 and then start working its way higher again, until we actually see that happen, I am content being patient about making new purchases. For its first quarter of 2020, NVIDIA reported revenues of $2.2 billion and net income of $394 million, or $0.64 per share, as compared to revenues of $3.2 billion and net income of $1.2 billion, or $1.98 per share, last year. **NVDA is now a strong buy under $150 and a buy under $175.**

NXP Semiconductors • NXPI

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$24.26	$95.13	$122.24	$67.62	287.7	$27,368.9

As you can see in the chart to the left, though NXP's stock has pulled back a bit in recent weeks, it is actually the only chart of a chip stock in the newsletter that doesn't look somewhere between "not encouraging" and "downright dreadful" on a short-term basis this month! For the first quarter, NXP reported revenues of just under $2.1 billion and a net loss of $21 million, or $0.07 per share, as compared to revenues of just under $2.3 billion and net income of $58 million, or $0.17 per share, in the same period last year. I am intentionally making very few changes to the Portfolios this month, but if you are anxious to buy a chip stock, NXP is worth a look. **NXPI is now a strong buy under $85 and a buy under $95.**

PowerShares DB Agriculture • DBA

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Net Assets (millions)
$36.90	$15.92	$19.42	$15.42	ETF	$663.4

As prices for agricultural commodities have continued to fall in response to the latest round of tit-for-tat negotiating tactics that are going on between the U.S. and China, it should come as no surprise that shares of these ETF have also continued to tumble. And, while it is true that prices could spike higher from here if a trade agreement is finally reached, all signs are currently pointing towards the situation lasting long enough that it will likely become an early "topic of discussion" as the 2020 election cycle starts to pick up steam later this year, so you are encouraged to resist any temptations you may be feeling to try and play this from a contrarian standpoint – there are *(continued under "DBC" below)* **DBA is a buy under $18.**

PowerShares DB Commodities • DBC

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Net Assets (millions)
$35.30	$15.90	$18.65	$14.32	ETF	$2,500.0

(continuing from "DBA" above) just too many other opportunities available right now, and, as you can see in the Portfolios table on page 8 of the "pretty" version of the newsletter,* DBA is intentionally one of the smallest positions in the Portfolios these days. For now, the inflation pressures I have been expecting to see still haven't shown up… and so there is no rush to buy either of these ETFs (*or in the downloadable spreadsheet available on the same page of the website that you download the main issue from… and please note that, unlike the static version of the table in the newsletter, this spreadsheet also shows "portfolio %" for those of you looking for an easy way to get that information each month!) **DBC is a buy under $17.**

Qorvo • QRVO

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$8.29	$63.93	$86.50	$54.74	129.5	$8,278.9

Unfortunately, as you can see in the chart to the right, not only has Qorvo's stock taken a turn for the worse over the past couple of weeks, it has entered free fall in response to what is going on with the trade wars these days… and though you may be tempted to step in and buy the likes of Qorvo or Skyworks in hopes of seeing an equally dramatic rebound (certainly a possibility), I would rather see you exercise as much patience as possible, as this could be "just the beginning" if the trade wars really do end up becoming a topic for presidential candidates to chime-in on later this year and into next year. With the reminder that "patience is a virtue," **QRVO is now considered a strong buy under $60 and a buy under $66.**

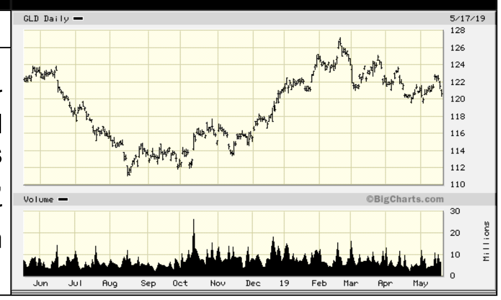
Skyworks Solutions • SWKS

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$29.63	$70.41	$104.20	$60.12	174.6	$12,293.6

As you can see in the chart to the left, everything that was just said about Qorvo's stock can also be said about Skyworks', and you are encouraged to be equally as patient about being too aggressive when it comes to buying the stock under these circumstances. For the quarter ended March 29, Skyworks reported revenues of $810.4 million and net income of $214.0 million, or $1.23 per share, as compared to revenues of $913.4 million and net incomes of $276.0 million, or $1.50 per share, in the same period a year ago. Until we get more clarity about where things might be headed on the trade war front (and/or the stock finds its footing and starts heading higher again), **SWKS is a strong buy under $65 and a buy under $75.**

SPDR Gold Trust • GLD

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Net Assets (millions)
$93.39	$120.65	$127.21	$111.06	ETF	$36,370.0



Though the price of gold fell sharply this past week, the longer-term uptrend is still intact… and with more rather then less uncertainty on the global stage almost certainly headed our way, I continue to believe it is worth holding a fair amount of gold in our Portfolios (as you will see if you download the spreadsheet mentioned under DBA above, GLD currently represents 7.7% of the Model and 10.6% of the Aggressive), and if you do not yet have a position in gold, you are encouraged to think about starting one (with a plan to buy small lots on a regular basis as time goes by rather taking down one large position all at once, of course!)… and, in fact, GLD is flagged as a "first buy" for new subscribers. **GLD is now a buy under $125.**

Tekla Life Sciences Investors • HQL

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$21.17	$16.28	$20.68	$13.95	20.1	$327.6

As is the case with Luminex's stock this month, it is hard to argue with the idea that there is a clear downward bias starting to develop on the chart, and though I continue to like the fund on a long-term basis as a way for investors who want to be in biotech but don't like the idea of owning shares of individual biotech companies to participate in the growth of the sector, I am selling a few shares here as well and moving the money into Celgene (i.e. I am redeploying back into another biotech situation). As always, I will be keeping a close eye on HQL's performance, as it can be a useful (even if somewhat minor) indicator of how investors are looking at biotech stocks in general. **HQL is a strong buy under $14 and buy under $17.**

Walt Disney • DIS

Originally Rec'd.	Current Price	52-Wk High	52-Wk Low	Shares Out (millions)	Market Cap (millions)
$13.00	$135.04	$142.37	$98.81	1,530.0	$206,611.2

Along with Catasys', Disney's stock is also tracing out an extremely bullish chart pattern these days, and though the trend could change at any time, you are encouraged to think about adding a few shares to your portfolio is you are still underweighted in the stock, as history suggests that this breakout could lead to a very substantial run to the upside thanks to the very extended consolidation phase the stock went through. For its second quarter, Disney reported revenues of $14.9 billion and net income of $5.5 billion, or $3.53 per share, as compared to revenues of $14.5 billion and net income of $2.9 billion, or $1.95 per share, in the same period a year ago. **DIS remains a strong buy under $125 and a buy under $140.**

Top Picks (for new money this month)

All else being equal (i.e. you already own "pretty much everything" in the newsletter), my top picks for you this month are:

Catasys (CATS) – Catasys' stock is once again tracing out the most bullish looking chart pattern of all the stocks in the newsletter, and though it can be emotionally challenging to buy stocks that are hitting new highs on a regular basis, these are often the very sorts of situations that are supposed to be bought (especially when they are being bought in small lots on a regular basis… which, of course, is exactly what we try to do in the newsletter!).

MannKind (MNKD) – As discussed elsewhere in this month's issue, I continue to believe there is a huge disconnect between the company's current market cap and the true value of its assets… and given how the pieces are lining up, it may not be much longer before that gap *finally* starts to disappear.

Walt Disney (DIS) – A great chart pattern being traced out here as well, with the "bonus" being that not only is Disney firing on all cylinders as a company these days, its stock has held up very well despite its obvious exposure to a potential slowdown in the global economy (i.e. there seem to be a lot of buyers in the market these days!).

Outstanding Orders

For the reasons discussed above and below, the Model (Aggressive) Portfolio will **sell** 550 (2,000) Luminex, (100,000) MannKind, and 251.8 (672.8) Tekla Life Sciences and will **purchase** 1,000 (5,000) Catasys, 100 (300) Celgene, 50 Electronic Arts, 100 First Solar, 10,000 MannKind, and 100 (250) Walt Disney. We will use the closing prices on Monday, May 20th, for all transactions.

Nate Pile, Editor

POSITION	PORTFOLIO #1: MODEL				PORTFOLIO #2: AGGRESSIVE			
Company	Shares owned	Total Cost	Today's Value	Total % Change	Shares owned	Total Cost	Today's Value	Total % Change
AS Ranger Equity Bear	3,000	$31,271	$19,890	-36.4%	10,000	$103,263	$66,300	-35.8%
Apple	400	$36,887	$75,600	+105.0%	1,200	$81,930	$226,800	+176.8%
Catasys	11,000	$127,766	$207,680	+62.5%	65,000	$743,968	$1,227,200	+65.0%
Celgene	800	$75,444	$76,336	+1.2%	3,000	$282,981	$286,260	+1.2%
Cirrus Logic	600	$24,929	$25,320	+1.6%	2,500	$97,249	$105,500	+8.5%
Cleveland-Cliffs	8,500	$76,758	$85,170	+11.0%	35,000	$317,104	$350,700	+10.6%
Electronic Arts	500	$32,920	$48,630	+47.7%	2,500	$150,359	$243,150	+61.7%
First Solar	1,400	$69,616	$81,732	+17.4%	5,500	$282,138	$321,090	+13.8%
Illumina	350	$54,388	$107,671	+98.0%	1,000	$144,782	$307,630	+112.5%
Luminex	3,750	$76,509	$78,750	+2.9%	18,000	$359,116	$378,000	+5.3%
MannKind	160,000	$397,036	$203,200	-48.8%	2,100,000	$5,797,523	$2,667,000	-54.0%
NVIDIA Corp.	325	$14,104	$50,872	+260.7%	1,200	$20,371	$187,836	+822.1%
NXP Semiconductors	300	$23,658	$28,539	+20.6%	800	$52,806	$76,104	+44.1%
PowerShares DB Ag.	1,750	$37,400	$27,860	-25.5%	4,000	$86,916	$63,680	-26.7%
PowerShares DB Cmdties.	3,000	$48,428	$47,700	-1.5%	7,000	$116,538	$111,300	-4.5%
Qorvo	700	$42,798	$44,751	+4.6%	3,000	$152,725	$191,790	+25.6%
Skyworks Solutions	250	$20,381	$17,603	-13.6%	1,000	$74,241	$70,410	-5.2%
SPDR Gold Trust ETF	1,250	$150,351	$150,813	+0.3%	7,400	$895,793	$892,810	-0.3%
Tekla Life Sciences Investors	2,751.8	$22,840	$44,799	+96.1%	9,172.8	$79,070	$149,333	+88.9%
Walt Disney Co.	1,000	$87,592	$135,040	+54.2%	3,750	$316,920	$506,400	+59.8%
		Stocks:	$1,557,955			Stocks:	$8,429,293	
		Cash (Debit):	$409,718			Cash (Debit):	($3,518,021)	
		Total Value:	**$1,967,673**	**+1,867.7%**		**Total Value:**	**$4,911,272**	**+4,811.3%**

The Model and Aggressive Portfolios are designed to hypothetically track the results of our recommendations over time. The Model Portfolio was started with $100K in February 1995. The Aggressive Portfolio was started with $100K in October 1997 and is designed for investors with a shorter time horizon and higher tolerance for risk (due to regular use of margin). For the purposes of tracking performance, a commission of 1% is charged on all stock transactions. All realized gains (and any dividends paid on existing positions) are reinvested in their respective Portfolios. As is standard in the newsletter industry, due to the variability of tax rates and margin rates depending on an individual's situation, no effort is made to factor either of them into the returns reported.

Orders Filled 4/15/19 (Aggressive Portfolio in parentheses)
Bought 50 AAPL @ $199.23
Bought 1,000 (5,000) CATS @ $13.25
Bought 100 (250) CELG @ $95.10
Bought 250 CRUS @ $44.73
Bought 150 (600) EA @ $97.85
Bought 300 (900) FSLR @ $60.23
Bought 25 ILMN @ $335.12
Bought 450 (2,000) LMNX @ $23.64
Bought 10,000 (100,000) MNKD @ $1.62
Bought 50 NVDA @ $184.70
Bought 100 NXPI @ $99.23
Bought 200 QRVO @ $76.39
Bought 125 SWKS @ $90.28
Bought 50 (100) GLD @ $121.60
Bought 75 DIS @ $132.04
credited $425 ($1,750) from CLF dividend 4/15/19
credited $308 ($924) from AAPL dividend 5/16/19