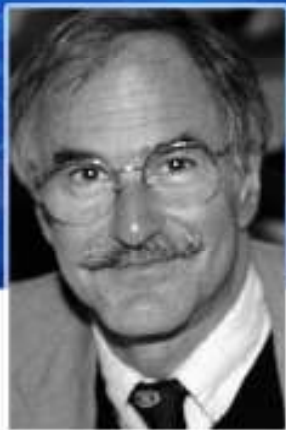


The PAD System Report



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Special Bulletin March 12, 2020

S+P 500 2481 DJ 21201

STOCKS GET CHEAPER



The stock market dropped so fast today that we are stepping up to buy more stock tomorrow. (March 13) We estimate that the VL MAP is now around 120%, which is the highest in many years. This does not mean that the bear market is over! As a reminder, we hit 185% in the last bear. But by committing to two more stocks we will reduce cash reserves to about 55%, meaning we will still have a lot to spend if the market does move lower. Since the pandemic will only get worse, and the US and world economies face a potential recession this year, we could be months from the bottom. But our plan is to spread out our buying out over the next six months, with the timing and size of our purchases dependent on market movement and our estimate of VL MAP.

Our choices to add are **Akamai** (AKAM) and **Amgen** (AMGN). Akamai is a world leader in cyber security, protecting websites and data

centers from the legions of bad guys out there. Large businesses cannot do without this protection. For example, all of the 25 largest banks in the US use Akamai. Earnings are in a sharp uptrend, and should grow over 15% per year over the next 3-5 years. The stock is a “2” for year-ahead performance, and has financial strength of “A,” which is very good. 3-5 year appreciation potential is 120-175, which will help raise our portfolio MAP. This potential should be raised substantially in the next VL review in April.

Amgen is a drug company with a solid portfolio, good pipeline, and an R+D budget of 18% of sales. Although only a “3” for year-ahead performance, the stock is “1” for safety, which is a comfort in a bear market. The company also has a financial strength rating of A++, the highest category, and price growth persistence of “85,” which is very strong. The generous dividend yield of 3.6% means the current price of 182 puts the stock very close to the 19% purchase rule.

Both stocks will get a full review within the next two months. All of our new stocks also give our portfolio a modest amount of additional diversification.

RECOMMENDATION: The Model Portfolio will buy 400 shares of Akamai (AKAM), and 200 shares of Amgen (AMGN) at market at

tomorrow's (March 13) open. Continue to hold cash reserves of at least 55%. (3/12/2020 11:00 PM PT)

PORTFOLIO STRATEGY: The weighted average of our year-ahead performance ranks is 1.77 (outstanding) and our weighted-average

safety ranking of 2.10 is far better than the Value Line median of 3.0. Our portfolio MAP, at 63%, is still low, but today's decline and the addition of SAIC (at 66, the opening price) have raised it. Our new purchases will raise it further.

WWW.PADSYSTEMREPORT.COM: subscribers can renew online, and check the status of their subscription. Subscribers also have access to back issues, the current issue in PDF format, and the PAD Portfolio Excel spreadsheet, which summarizes short-term rankings, 3-5 year appreciation potentials for all PAD portfolio stocks, and measures of the Portfolio-weighted overall ranking for year-ahead performance, safety, and MAP.

Note: New subscribers baffled by the details of the PAD System should purchase a copy of Daniel Seiver's *Outsmarting Wall Street* (3rd edition, Probus/McGraw Hill, 1994). This book contains a full discussion of the PAD System and all of its rules. Although out of print, it is regularly available on Amazon.com. The **Google ebook version is now available for \$9.95 on our website.** A number of public libraries still have copies of the physical book.