

December 2025

The Working Profit Investment Letter - UPDATE

Happy Holidays!

The Letter is off to a fine start and we start here with a housekeeping item:

Rylie has created a hot-link where you can click and then download the entire Letter as a PDF. It runs over 20 pages so that may be helpful for you.

We've now got dozens of subscribers and people are reacting very favorably. We need to get to 'low hundreds' of subscribers to get to positive cash flow and so, sustainable effort. Meanwhile, I'm supporting the balance sheet until we get there.

While the Letter is copyrighted material, December's edition will be available to the public at no cost, HAPPY HOLIDAYS, feel free to share the link below with friends so they can readily access the Investment Letter. If they like it they can easily subscribe. We consciously kept the price low (as Letters go) to enable subscriptions. Word of mouth and subscriber endorsement is the best marketing, as you know.

We've got some positive movement now on some of our ideas and this month, have some news ones to consider.

We greatly appreciate your support and be assured of our every effort to create, for us all...Working Profit.

Tony/Rylie

<https://workingprofit.com/investment-letter/>

December 2025

Important News on Target

Target was an Investment Idea of the Month in October. Subscribers can go back into the Archives and read my detailed investment thesis on Target. Target is currently 5% of my trading account. On the news below, I intend to increase my position to 7%, making it my third largest position.

On Friday, the Financial Times cited “people familiar with the matter” (anonymous sources) for their exclusive report that Toms Capital had built a ‘significant’ stake in Target. Toms is an activist investor, with several successful efforts to create shareholder value. They are secretive and had no comment. Other wires picked up the FT story but did not independently validate. FT is a credible source but there has been no official confirmation from Toms or Target.

The stock ran up \$6 and settled up \$3 on the move. The Wall Street parlance is that Target is now “in play.” I assume Toms sees the same deep value I saw in the stock...but we do not have official confirmation. I’m hopeful we’ll realize profit here much more rapidly than I had estimated, but even if not, the stock is cheap and for me a long term hold until the value gap is closed.

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A Big Theme for 2026?

“Investors are starting to sniff out the beginning of an improvement in cyclical areas of the economy. You want to be positioned for finding names that are going to see an incremental benefit to their earnings picture in the next year as we expect cyclical data to improve and lead to value outperformance in 2026 for the first time in a long time” said Michael Kantrowitz, chief investment strategist and head of portfolio strategy at Piper Sandler.

You know, I was playing golf with a friend who has professional money management and a large diversified portfolio. *“You know what was my best performing stock in 2025? Caterpillar...like 60%.”*

I've seen this many times over the years. When investors have wrung out the towel on Growth, they get high wire vertigo and so, maybe IBM instead of Broadcom, or Honeywell instead of Lumentum? They shift, keeping money at risk but as a perceived lower risk.

Where do you go? Financials, Industrials, sellers of non-essential consumer products. You know, the kind of stuff I like to buy. 70 economists were interviewed by Bloomberg recently, they believe 2% economic growth in 2026. Nothing to write home about, but certainly steady enough to move the Value side of the market. New trend?

A Goldman Sachs basket of cyclical stocks has climbed 9.3% over the last month. That advance is twice as fast as the broader market, with the S&P 500 Index rising just 4.2%.

The rotation feels as though its begun.

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Apple Vision Pro? What's That?

CEO Tim Cook Straps On Apple Vision Pro To Enjoy Alternate Reality In Which People Buy Apple Vision Pro

TECH · Apr 25, 2024 · BabylonBee.com

[Click here](#) to view this article with reduced ads. 



This really isn't about the glasses as much as about media hyperventilation and sometimes forecasts. Analyst Dan Ives is a frequent traveler on the Internet and on the tube and generally features very picturesque and colorful language. But here is a good example of why, when I say I don't spend any time watching the tube for investment ideas, I really mean it.

I want you to pretend you were reading all of this below in 2023. And the question, what would you have done about it?

Dan Ives commented extensively on the Apple Vision Pro at launch. When Apple announced it at WWDC in June 2023, he was notably bullish, describing it as "almost an iPhone moment" *Yahoo Finance* in terms of its long-term potential.

His key points at announcement included:

He saw it as a "historical moment" representing Apple's first real push into AI *Yahoo Finance*

Called it a "revolutionary product" *CBC* even though he expected only 150,000 units sold in the first year

Forecast future versions would have form factors resembling sunglasses *Yahoo Finance*

When the Vision Pro actually launched in February 2024, Ives upgraded his forecasts. He increased his sales estimate from 460,000 to over 600,000 units for 2024 and expected over one million units in 2025. He maintained his "Outperform"

rating and viewed it as the foundation for Apple building out a generative AI-driven app ecosystem with thousands of use cases across health, fitness, sports content, and other areas.

Ives characterized customer appeal as "surprising" given the \$3,500 price point and saw it as a potential "game changer" for Apple's long-term strategy.

According to research firm IDC, Apple stopped production of the Vision Pro Glasses in 2025.

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Investment Technique: TALKING YOUR BOOK

“Your social personality is at stake.”

That, from my first branch manager, the guy who hired me into the business (to whom I will be forever grateful). Chester was a kind of Casey Stengel character, an old school trader from Brooklyn who could always be counted on for a Stengel-like comment. Back in the day, we had no training schools. You got the books to pass the Series 7 licensing exam and once in, your education came from hob nobbing with the brokers in the office, reading on your own and for me, listening to Chester Stein.

His comment was in response to my consternation over a stock I had picked for clients that was not doing well (remember, this was 1981 or so). I was on an emotional roller coaster and just didn’t know what to do about that. I felt guilt at my clients’ losses. While the stock was down 50%, the allocation was small so the overall effect was not debilitating but clearly called into question my judgement. I felt I had let my clients down.

Of course, these are normal growing pains for a professional. And if you don’t take these things personally, at least early on, your inability to feel the pain of the client loss points to troubles down the road for you.

And what was between my ears was confusion.

What he was saying was to pull out of my mind my personal issues. Whether a bad pick would hurt my business, cost me clients, lower my standing among my colleagues and the public. Take out of the decision process the things that really were of no consequence to the actual decision to be made...buy/hold/sell. All of that was independent of my personal issues.

What was important was to focus on the stock itself and look with a clear and cold eye at it and make the call. But that was quite impossible as long as I was in that mélange of doubt and personal malaise. Because my decision might be overly influenced by killing off my own pain, not what was purely good for the client.

Now we live in an age where chat rooms are widely used. Indeed, as we saw in the meme frenzy that erupted around Gamestop, they can be very powerful forces...investors ganging up on a name and pushing the issue. Personally, I have no issues with that. I think people should be free to invest as they see fit, and if some believe that the social interaction with others helps them, by all means.

But just to say, that ultimately, I do not believe it does.

In addition, we have the inevitable chatter among people about their stocks. What they own and why they like it or whatever. As a professional, you might

assume that people ping on me for my opinion, they want to hear how I feel about something. Well, here is how that goes.

First, when markets were doing really well, and people found out what I did, some would ask my opinion about the market. This was especially so at the bar in any hotel/club/restaurant/party. It substitutes for talking about the weather with the added glow people have when their profits are expanding.

Now I have a rule about all of that. My clients paid me for my opinions and I felt it was not a particularly respectful thing to then turn around and give that away for free. But you're stuck, right? You don't want to be a jerk, but you really don't want to answer the question either. So, I would always say something that really imparted no opinion at all.

“Well, it's a difficult situation and I think bears close watching. Just very uncertain.”

Now you would think that would close the door on it (take the hint, buddy) but most often what you get is this:

“Hunh. I guess. But let me tell you what I think...”

That is, the question wasn't really posed to generate an opinion they would consider deeply and then perhaps act on. It was really just their way of saying they were really excited about how well they were doing and they wanted people to hear about it. Because inevitably, the response tended toward a kind of how-smart-am-I story about some stock they picked and owned, with always a dash of self-depreciation. “But it could go south tomorrow! Hee-hee-hee.” So, the ask was merely the prologue to their monologue.

When the market was really lousy, the narrative changed. Same question (generally, what did I think about the market). But this time, I had a listener on my hands. That is, they were presumably taking losses that concerned them (their facial expression said that) and they needed some hand holding. But my response changed in that situation.

“Well, if anything you want to be sure you're controlling your risk.”

Actually you need to control your risk before the risk emerges, but that would get into a kind of tsk-tsk-tsk admonition and I always reminded myself that my clients were paying the tab for my breezy conversations at the bar. But it was good advice (I do have a conscience) but not specific and into the sauce of what I/we were doing at the time.

You see, this all points to a destabilization of rational and cogent investment analysis. Once you begin to feel the need to tell people about how you're doing, or what you have, your emotions have shouldered their way into your thought process to a significant enough extent they will skew your judgment. And emotions in play are not a positive for judgement.

More, if you talk about whatever is in your investment portfolio, your social personality is at stake. Let's say I see you at the bar and I'm a friend and you tell me how well you're doing with XYZ. Worse, you advise that I could "do worse" than to buy it. Later on, you learn that I did! Initially flattered and happy to share the wealth!

Two weeks later, XYZ has suddenly dropped 10% on some product issue and I nervously ask you what to do about it. Now you, yourself, you want to sell the stock. But being an honest person with a well-developed guilt complex, you're suddenly stuck. If you already sold it, then what about your friend who you just told to buy it? If you're ready to sell it, are you ready to tell him to do the same and memorialize a 10% loss?

Quite suddenly, you've added your relationship to him, and his portfolio onto the rest of the things you have to consider. It is my best guess that you're not going to lie to him (say, sell and not tell him) and your most probable course of action will thereby be to hold onto the position. Your instincts were to sell, but you've just sabotaged yourself.

We'll round the bases next month and complete the thought about talking your book. How to handle all of that.

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Crypto, Ah Me....

Here you go:

NEWS > CURRENCIES

Cathie Wood says bitcoin could go as high as \$3.8 million

Phil Rosen Mar 22, 2024, 2:48 PM EDT

Share | Save

Here you go:



So, at \$87,000 currently, I guess there is some wood to chop to get there? What in the world? I mean seriously?

See, you can put any price on anything that has no intrinsic value and justify your target. Like, “If everyone with a US brokerage account buys \$10,000...then you get to \$124,000,000.” Or some such thing.

Personally, if I had put out that \$3.8M forecast, I would be A) Monumentally embarrassed at my loopy investment thought process and B) Find myself bonusing Rylie out of my pocket to make up for all the “Cancel My Subscription” emails we’d be dealing with. Me, I’m fretting you could lose \$5 on Union Pacific.

OK, so here’s my take on Bitcoin and crypto. Nothing new here, I’ve felt this way forever. As a result, I never made any money in crypto, and I haven’t thereby lost any either. No book here to talk.

Crypto has always struck me as a nothing burger. Like potato chips, empty calories. Nothing there. It sits on a computer chip. So, it’s always a hoot for me when crypto sponsors use this to represent Bitcoin:



I mean, what the hell, why not just buy gold, not some pretend thing?

You see there is no ‘there’ there with crypto. It’s a concept. No one really understands how it comes into being, although I’ve come close to understanding. But if I struggle, what about the average investor? Do they understand what they’re getting?

I think they do, actually. They’re getting a lottery ticket that pays off if people buy Bitcoin (or whatever). It’s a pure supply/demand thing, no other way to value it. It’s a pure Fear/Greed valuation. It’s a solution in search of a problem. Honestly, when you own it, what do you really have?

History is clear: Eras featuring easy money speculation birth easy money speculations. Easy come and go, remember.

It’s always fun when I read articles pretending to analyze it, you know, with support and resistance levels and targets and so forth. Hooey. No one knows because no one knows what the demand will be. The supply is pretty well known, but the demand wild card is quite simply unknowable. So don’t give me a target on Bitcoin. You don’t know what it will be. It’s just a guess.

I read an article where two “analysts” went to great lengths to show why a \$1,000,000 price was essentially inevitable. Only in the fine print did you find out they were in the employ of a cryptocurrency PR firm...

I can tell you when it’s rising, the number of articles on it rises as well, and after it craters/crashes, there is another flurry of articles and then it all kind of goes silent because of the pain and the unwillingness of former bulls to step up and risk the second cream pie in the face.

I’m not even discussing the smaller brothers and sisters. Some of the Trump stuff has cratered 95%, for example.

But I do believe in stablecoins. A stablecoin is a cryptocurrency backed by a real currency. Thus, a US Dollar stablecoin or a Eurodollar stablecoin or a Yuan Stablecoin. But it is backed by a real currency and so can be converted, and you know exactly what it is worth. Stablecoins do solve for what I call the “friction” problem in financial transactions. You don’t need intermediaries in the middle, taking your stuff and converting it to another realm and charging some fee to do so. So, it solves a real issue.

But there are no real fans of stablecoins. You know why? You’re ahead of me here...there’s no real money in waving the flag. No real spread, no fees, no this nor that. And the underlying supporting it is actually pretty boring, so no speculative juices flow.

Stablecoin also presents something the central banks can embrace. They won’t lose control over their currencies with a currency backed stablecoin. They could by making crypto currencies legal tender.

So, my forecast for Bitcoin and crypto is simple: It will move where it will because demand will ramp or disappear. It is pretty much unanalyzable (if that’s a word). People go for it to catch the comet, no other reason that I can see. You could buy 4% or so as an uncorrelated asset class, sure. Just know that it can be uncorrelated to profits in addition to uncorrelated to stocks or whatever.

Buyer and seller beware. In my quiet moments, I wonder if I need that kind of excitement. Asked and answered.

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Investment Idea of the Month...RPD

Rapid7

Symbol RPD \$15.30

Here is something that could experience a move within a month or so... timely. I guess they call things like this 'quick hits.' Maybe help offset BP in my account which could take 200 years to work out?

There is a tendency with this kind of idea to load the boat, but I wouldn't do so. I would take a position and if so, be willing to lose 10% on it if events don't come to pass in a positive way.

Here's the story:

Rapid7 is a cybersecurity company that provides security analytics and automation solutions to help organizations manage cyber risk.

Jana Partners is active here. Note the January date below which is important. I'm presenting below the investment thesis.

You could have paid \$62 for it in early 2024.

JANA Partners has been pushing for a sale of the company and exploring other options to boost the stock price. The activist campaign has been ongoing since mid-2024.

Key Developments:

- JANA increased its stake to a 13% economic voting interest in September 2024
- JANA is working with Cannae Holdings (led by billionaire Bill Foley) with the proposal for Cannae to team up with a private equity firm to purchase Rapid7
- Reuters reported in October that Rapid7 was exploring options with investment bankers after attracting acquisition interest from buyout firms including Advent, Bain Capital, and EQT

Settlement Reached:

In March 2025, Rapid7 reached a settlement with JANA, adding three board members: former Forescout CEO Wael Mohamed, former Imperva CFO Michael Burns, and JANA Director Kevin Galligan. The board expanded from 8 to 11 members, and **JANA agreed to keep its ownership stake below 15% until January 2026.**

JANA's Criticisms:

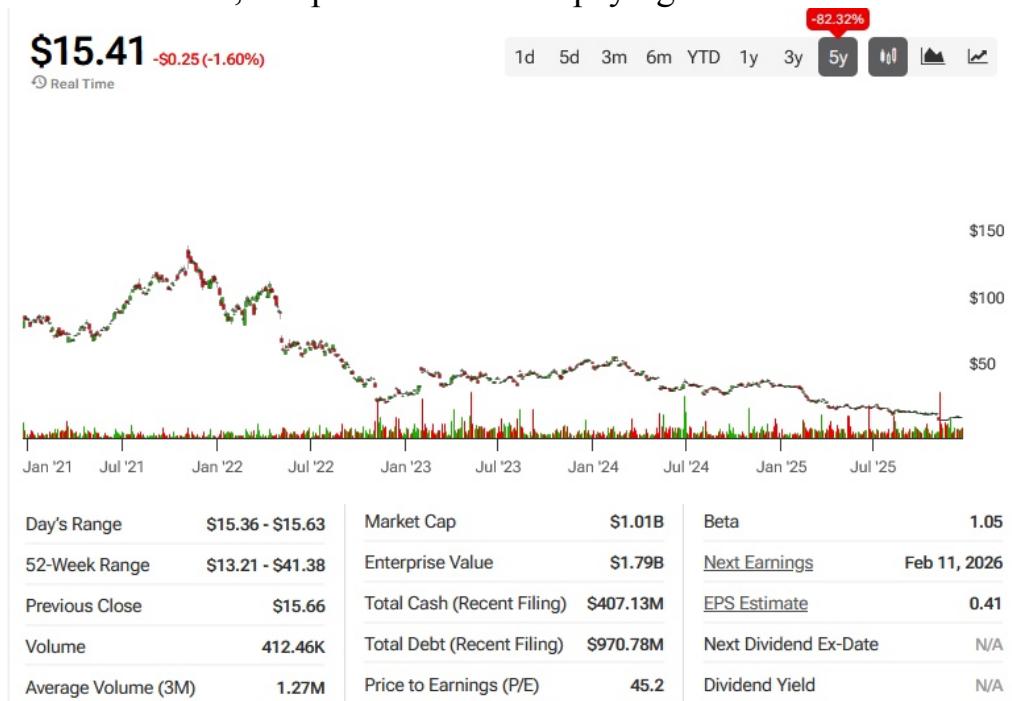
JANA cited issues with operational execution, forecasting, investor communication, corporate governance, board composition, and worker retention as reasons the stock is undervalued.

The stock remains deeply depressed, down 80% from its November 2021 all-time high of \$138.40, making it a continued focus for potential M&A activity. JANA has a strong track record with similar campaigns at New Relic and Zendesk, both of which were taken private.

So, it is simple. The standstill expires next month. If JANA chooses to increase its stake it would signal investors that another campaign to realize value might be next. If not, then it is at best/worst dead money. If they announce they are reducing their stake, then the downside becomes operative.

I've taken a 3% position in my trading account...enough to move the overall needle a bit if this works out, not so much to damage the P&L if it doesn't.

Here is the chart, I hope we're not overpaying?



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Investment Idea of the Month CSX

CSX...\$36.48

American railroads are in an era of consolidation. Witness the UNP/NSC merger. As you know, we're involved in UNP.

So here is another idea in the same realm and more, this one has pressure at work to effect an “event” in the stock.

Stock hasn't done much over the past five years:



That under performance activated the activists and as they say on Wall Street, the stock is now “in play.” In September, the CEO was taken out and replaced. The stock today is trading at essentially the same price as then, so there is no ‘event’ premium wrapped into the stock price. I’ve copied below an article from the Associated Press that does a good job of laying everything out.

I guess the question is what other company is available for a merger. There are only six operating in the United States (of any size and scale) so its slim pickings. BNSF is a Buffett company, they’ve said they’re not interested and my guess is at the very least, they’re occupied with the Buffett torch passing going on.

Canadian Pacific Kansas City Limited (CP) has similarly said they are not interested. UNP and NSC are involved in their own merger. Canadian National (CN) is available, but I'm not sure the political atmosphere works there...you can imagine some Trump invective about a Canadian company stepping into that one.

So what we are probably left with is a workout to improve profitability. Given the lack of valuation inflation in the stock and given the clear mandate with a new CEO, this is a workout position, but to me attractive. I'm not sure there is very much downside in it.

In my own account, I took a 1% position via the January 2027 \$30 call options. In notional terms, that would be 6% of the account value. So I'm risking 1% to see what happens here.

<https://apnews.com/article/csx-railroad-ceo-hinrichs-angel-198366c5f25c40d0c46de7fdcbe7bc53>

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Our Experience With Big Media

Rylie and I found ourselves in conversation with a well-known, major American financial news and market trading company. Their website has several hundred thousand subscribers. Think Yahoo Finance for context, but it wasn't Yahoo Finance.

They were interested in having me write a periodic piece for them on investment/markets, and we were interested in the obvious exposure that would give to Working Profit. A symbiotic and mutually beneficial relationship.

Not to keep you in suspense, we decided to turn pass. But in that refusal, a lesson in how financial media works and why you have to be vigilant about your consumption of the output you seen and read.

The basic problem many media companies have, in regard to market commentaries, is the experience of the writing staff. It is very typical to have a relatively inexperienced writer, perhaps 5 or so years of engagement, writing opinion pieces and penning investment advice.

So, someone like me offers a slot to buttress the average years of experience in markets. Some multi-decade gravitas.

Now I will tell you that the contract itself was problematic to us. Essentially, they would own anything I wrote. Yet, we were saddled with any liabilities for it. You get it...someone sues over something and they point to me and put it on me to defend. More, when you cede ownership you also cede control over your image and brand. Just not where we wanted to be. But even if the legalities lined up, here was the basic issue.

I told the editor in charge (very nice person actually) that I tended to have a more measured and value-oriented view of investment. That, as an example, if a reader wanted to get involved in quantum computing, IBM would be my choice. And the editor said, "People want to hear about Nvidia, you know." And I said, "That's just not my thing but you already have people willing to write about that."

So, it became clear that eyeball counts were the thing (can't blame them, that drives advertising rates). And in my imagination, I had the feeling that at some point, I was going to run into some corporate thing that might try to wag our dog for content. Just didn't feel comfortable.

I mean, we want to make a profit, but we also have the rent paid each month so we can be a bit fussy about what we do. And for sure, what we do want to do is stay true to our colors and do what we do best.

The only eyeball count I'm currently concerned about is when Rylie rolls hers in response to some goofy idea I have.

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Thoughts Worth Mentioning

Ideas In the Mix

Here, various items that are on my mind, positions that perhaps don't command a full treatment, all to give you some sense of my thought process and perhaps some things you might consider for yourself.

Last month we mentioned several in Thoughts Worth Mentioning so we'll start with an update on whatever is worth commenting on since last month. First, a simple scorecard:

Thoughts Worth Mentioning

Issue	Symbol	Stock	Price	Today	Change	% Change
October 2025	BIIB	Biogen	\$148.00	\$176.28	\$ 28.28	19.1%
October 2025	BILL	BILL	\$ 47.88	\$ 55.09	\$ 7.21	15.1%
October 2026	IBM	IBM	\$314.00	\$303.74	(\$10.26)	-3.3%
November 2025	COO	Cooper Companies	\$ 71.70	\$ 82.82	\$ 11.12	15.5%
December 2025	RPD	Rapid7	\$ 15.26	\$ 15.26	\$ -	0.0%

Investment Ideas of the Month

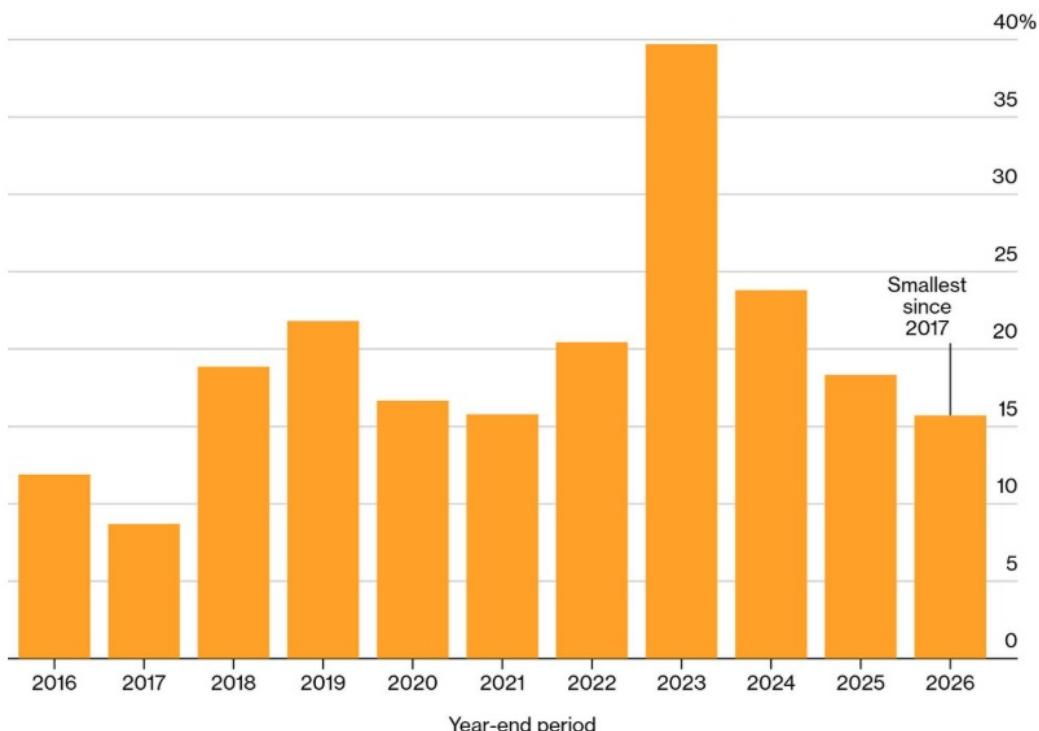
Issue	Symbol	Stock	Price	Today	Change	% Change
October 2025	UNP	Union Pacific	\$ 215.45	\$ 234.72	\$ 19.27	8.9%
October 2025	TGT	Target	\$ 94.14	\$ 96.30	\$ 2.16	2.3%
November 2025	BP	British Petroleum	\$ 36.50	\$ 34.31	(\$ 2.19)	-6.0%
November 2025	HON	Honeywell	\$ 199.90	\$ 196.25	(\$ 3.65)	-1.8%

The Contrarian in me is itchy. There is a consensus and while it provides money for the bull move, unanimity is hardly something to seek in your investment analysis. Just be aware of this.

Herd Mentality

Wall Street's 2026 stock forecasts are unanimously bullish and clustered

■ Gap between highest and lowest year-end S&P 500 target



What happened in 2018? Market down 4%+ but the 4Q move was a negative 14%. This whole consensus thing is tempering my risk taking, so you know.

BILL \$55.10

Symbol BILL

Stock is now 'in play' with activists active. \$47.88 when I first mentioned it, up 15% since. As a result, I increased my position by 60% and it's now 6% of my trading account. I check news frequently on it. I will stay at 6% exposure until the situation resolves, one way or the other. If you do not yet own the stock, I would not buy it at this juncture. The increase has shifted the risk-reward relationship.

IBM

Symbol IBM \$304

Stock really hasn't moved a lot, just waffling back and forth. No real news of major import. My second largest position, 7% of my trading account.

Target

Symbol TGT \$96.35

October investment of the month. Now I believe my fourth largest position, 5% of my trading account.

First, a valuation summary, showing that this stock really is cheap relative to its history:

Price has fallen 65% since 2021, thus pushing its valuation metrics ever lower. Its P/Sales ratio down to 0.4x versus a five-year average of nearly 0.7x. The P/E ratio is 11 compared to a long-term average of 16. And the P/Book ratio is currently 2.7 compared to a five-year average of 5.2. Target's roughly 5% dividend yield is near the highest levels in its history. Target's stock looks cheap.

New CEO takes the helm in February but clearly he is not waiting...we just got this which validates to me the company is moving off the dime and IMO, headed in the right direction. This is fun:

<https://finance.yahoo.com/news/target-opens-target-soho-design-110100302.html>

Biogen

Symbol BIIB \$176

Continued slow and steady movement forward on their drug pipeline and development, up nearly 20% since recommended.

Leqembi (lecanemab) - Alzheimer's Disease

Skyclarys - Friedreich's Ataxia

Zurzuvae - Postpartum Depression

The company is positioning these new drugs to offset declining revenues from older MS products facing biosimilar competition. 8% of my trading account at notional values (the actual strike price of the call options I'm long assuming they are exercised). Actual cash outlay at cost of 2% of account value.

Careful! Stocks like this are prone to serious volatility on good or bad news on drug development. It's why with biotech or similar high vol stocks, I prefer to buy long-dated call options instead of the stock, although here, I have both. The Jan 2027 series look OK, pick your strike.

Union Pacific UNP \$234

Has now been steadily moving higher, up 10% since my first mention of it in October. It should continue jaggedly higher over the next 12 months as we move to the NSC/UNP merger and consolidation. And then after that, hopefully comes several quarters of cost cutting and so forth to give a steady tailwind. UNP announced the filing of their merger application with regulators last week, totaling 9000 or so pages. Stock got a lift on that...things are moving along.

In sum, a stock I believe I'll own for a long time. If you are options inclined, the 20 delta 60-90 day calls are reasonable choices for covered call selling although right now, the stock has some upward momentum so beware of a call write too close to the price.

Cooper Company Symbol COO \$82.74

I first mentioned the stock at \$72, so up 15% since then. As result of the pressure being applied by (now three) activist shareholders, I tripled my position to nearly 7%...top three holding. As in BILL, this should be monitored as an active situation. Stock ran all the way up to \$90 on activist news, then backed down to the current price. As a result, I do believe there is upside room for the stock, although if you take a position, maybe not load up the boat. Again, risk/reward shifts once these things move higher.

BP and HON

BP has a new CEO and announced another division divestiture. Both stocks continue to be "show me" stocks among investors, but the thesis on both remain the same.

New thoughts worth mentioning

Johnson and Johnson

Symbol: JNJ \$206.50

This is a stock I've owned, on and off, for most of my life. From time to time, it disappoints, but those disappointments are managed and the stock moves forward. The 10-year chart is instructive:



Dividends increase over time:

JNJ Annual Dividends (2015-2024)

- **2024:** \$4.91 (4 quarterly payments of \$1.19, \$1.24, \$1.24, \$1.24)
- **2023:** \$4.76 (4 quarterly payments of \$1.13, \$1.19, \$1.19, \$1.19)
- **2022:** \$4.52 (4 quarterly payments of \$1.06, \$1.13, \$1.13, \$1.13)
- **2021:** \$4.24 (4 quarterly payments of \$1.01, \$1.06, \$1.06, \$1.06)
- **2020:** \$4.04
- **2019:** \$3.80
- **2018:** \$3.54
- **2017:** \$3.32
- **2016:** \$3.15
- **2015:** \$2.95

I think we all need some positions that are more or less permanent. Not that anything is not for sale, but in tough markets, stocks like this provide a comforting anchor and tend to perform relatively better. At its core, the business at JNJ is managed very well.

Here, remember our over riding goal is to help you grow your net worth and JNJ is exactly the type of exposure that helps do that. It's had a good run recently, you could wait for the stock to back down. I think with JNJ, a good strategy is to simply wait for a downdraft in the stock and add to your position from time to time. Meanwhile, the latest analyst call offers upside potential, although the consensus call is "fairly valued."

[Johnson & Johnson price target raised to \\$230 from \\$209 at RBC Capital](#)

JNJ

07:37

RBC Capital raised the firm's price target on Johnson & Johnson to \$230 from \$209 and keeps an Outperform rating on the shares after hosting an investor visit to the company's headquarters. Among the firm's positive takeaways is that JNJ's core MedTech business is poised to deliver mid-high single digit sales growth against a backdrop of positive healthcare utilization as the company has been focused on portfolio optimization and disciplined R&D spending on innovations, the analyst tells investors in a research note. The company's Immunology business is also on solid footing despite Stelara loss of exclusivity, the firm added.

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Tariff Mayhem

Just for fun, this was a Bloomberg summary of one week of trading last Spring during the tariff kerfuffle. Honestly, did anyone really know how it was going to work out?

Tariff Reversal Sparks Cross-Asset Volatility

Stocks, rates, gold, oil and crypto swung wildly this week

Monday	S&P 500 falls 0.2%, edging closer to a bear market threshold. Treasury yields across all maturities rise, reversing an early day plunge. VIX hits the 60-mark intraday. Traders see four Fed rate cuts this year. Dollar rises; gold slips.
Tuesday	S&P 500 sinks 1.6%, flirting with bear market territory. The day sees nearly unprecedented volume on US equity markets, with some 23 billion shares changing hands. Long-term Treasury yields soar. Dollar, oil and Bitcoin fall.
Wednesday	S&P 500 rockets 9.5%, most since the global financial crisis, while Nasdaq 100 surges 12%. A record 30 billion shares worth \$1.5 trillion change hands. Two-year US yields briefly spike past 4%. Traders pare Fed cut bets. Goldman Sachs rescinds its US recession forecast.
Thursday	S&P 500 slides 3.5% as euphoria fizzles. Dollar sees worst day since 2022. A solid US sale of 30-year Treasuries fails to ignite a rally. Oil falls, gold rises.
Friday	S&P 500 jumps nearly 2% for its best weekly rally since 2023. US 30-year yields drop though still remain up by 45 basis points since last Friday. Dollar falls while euro and Bitcoin rise.

Source: Bloomberg

Bloomberg

Working Profit Investment Letter Update

Investment Ideas of the Month

Issue	Symbol	Stock	Price	Today	Change	% Change
October 2025	UNP	Union Pacific	\$ 215.45	\$ 228.29	\$ 12.84	6.0%
October 2025	TGT	Target	\$ 94.14	\$ 106.72	\$ 12.58	13.4%
November 2025	BP	British Petroleum	\$ 36.50	\$ 33.57	\$ (2.93)	-8.0%
November 2025	HON	Honeywell	\$ 199.90	\$ 203.50	\$ 3.60	1.8%
December 2025	RPD	Rapid7	\$ 15.44	\$ 14.14	\$ (1.30)	-8.4%
December 2025	CSX	CSX Corp	\$ 36.62	\$ 35.43	\$ (1.20)	-3.3%

Thoughts Worth Mentioning

Issue	Symbol	Stock	Price	Today	Change	% Change
October 2025	BIBB	Biogen	\$ 148.00	\$ 184.64	\$ 36.64	24.8%
October 2025	BILL	BILL	\$ 47.88	\$ 54.72	\$ 6.84	14.3%
October 2026	IBM	IBM	\$ 314.00	\$ 299.21	\$ (14.79)	-4.7%
November 2025	COO	Cooper Companies	\$ 71.70	\$ 84.05	\$ 12.35	17.2%
December 2025	RPD	Rapid7	\$ 15.40	\$ 14.14	\$ (1.26)	-8.2%
December 2025	JNJ	Johnson & Johnson	\$ 208.50	\$ 208.09	\$ (0.41)	-0.2%

We'll now begin to add market comments throughout the month, in addition to the monthly letter. These will be random in nature. I'll write something when I think there is something worth writing about... mostly centered around the equities we've covered and in which we hold positions.

If something important happens I'll comment, if I don't you can assume the stock is just trading on noise.

Last week, BILL dropped nearly 10%. No news. It was a general sell-off of the enterprise software segment. Noise. It has recovered all of that:



I've never been one for market forecasting...I think that's something of a waste of time. Focus is on what we can control...the stocks we have, how much we have, when to buy and sell.

As a simple example, there have been no meaningful news items on any of the stocks we're in (BIIB excepted). Just a lot of new year Jell-O where people buy or sell in what is mostly repositioning. But from our perspective, just market noise.

Example, UNP dropped \$10 yesterday. The only news was that competitors are objecting to the merger. Of course they're objecting to the merger. They claim the filing with the government is incomplete and lacks some meaningful information. The filing is 7,000 pages long. I'm buying some more today via **January 2027 \$210** call options.

BIIB continues to make progress in their new drug pipeline. China approved LEQEMBI (lecanemab) for Biogen in January 2024 as a treatment for mild cognitive impairment due to Alzheimer's disease and mild AD dementia. Additionally, in December 2025, LEQEMBI was included in China's Commercial Insurance Innovative Drug List which should help expand patient access. But that's all just within the trajectory of our expectations so not really meaningful. Small steps will accumulate. BP dropped on an analyst downgrade...more noise.

One comment on gold/silver. Big move is probably over for now. And for Bitcoin, it just doesn't have any legs. And the move from the AI-centric market continues with investors it seems just realizing there are 493 other stocks in the S&P 500. They will find the water is just fine.

Best...Tony

Introducing the WPIL Penny Pharma Portfolio

The last upgrade for this cycle in the Investment Letter.
We established the WPIL Penny Pharma Portfolio.

THE WPIL PENNY PHARMA PORTFOLIO

Ticker	Name	Price	Analysts	Analysts
			Price	Target Upside
IMUX	Immunic	\$0.66	\$4.67	604.69%
ACRV	Acrivon Therapeutics, Inc.	\$1.93	\$13.50	599.48%
RVPH	Reviva Pharmaceuticals Holdings	\$0.37	\$2.50	583.06%
ALLO	Allogene Therapeutics	\$1.49	\$7.33	391.95%
MGX	Metagenomi, Inc.	\$1.77	\$8.67	389.83%
TARA	Protara Therapeutics	\$5.61	\$25.60	356.33%
AUTL	Autolus Therapeutics	\$1.91	\$8.00	318.85%
IVVD	Invivid	\$2.51	\$10.00	298.41%
AKBA	Akebia Therapeutics	\$1.49	\$5.67	280.54%
ATAI	ATAI Life Sciences	\$3.97	\$13.83	248.36%
GUTS	Fractyl Health, Inc.	\$2.10	\$7.00	233.33%
OBIO	Orchestra BioMed Holdings	\$4.84	\$15.33	216.74%
ENGN	enGene Holdings	\$8.50	\$26.83	215.65%
GANX	Gain Therapeutics	\$2.44	\$7.67	214.34%
MGTX	Meiragtx Holdings	\$7.28	\$22.60	210.44%
CMPX	Compass Therapeutics	\$5.17	\$16.00	209.48%
IMRX	Immuneering	\$4.73	\$14.50	206.55%

I have been working on a screen with a few simple parameters:
The stock must be trading at less than \$10 per share.
The stock must be involved in the healthcare industry.
The consensus rating among Wall Street analysts is Strong Buy, with multiple analyst ratings.

The consensus price target on the stock is at least a 200% gain and can be as much as 600%. This means that \$1 invested at a 200% gain is \$3 and at 600%, \$7.

I have established the portfolio in my own account and will share my live account with readers as we move forward. What you see above are the initial positions.

What are our goals here?

Consistent with our general philosophy, we want to provide an education on various market strategies and techniques. No better way to do that than to enter into a live, ongoing 'demonstration' which you can replicate in your own portfolios, should you wish to do so. Basically, you can mimic my trading. As such, you'll get to see the good, the bad and the ugly without any gloss or spin. You can also use my screen as a potential list of stocks to buy and then do your own research on the individual names, see if there is something there you like.

I'll be updating the portfolio monthly in the regular Letter but also, will have interim comments should one of the stocks experience a large move, in either direction.

Second, the education here is all about cheap, speculative stocks, some of which trade for pennies. Penny stock trading has historically been a minefield of losses with hype and cynical come-ons ("We made 10000% on XYZ!") to encourage subscriptions or attendance at paid workshops. Moreover, many of the commentators are not well-experienced and so tend to fade as they fail.

More, serious professionals do not generally follow cheap speculative stocks (I didn't when I was working as a portfolio manager), so you don't get a great deal of thoughtful information. But I'm no longer working for clients so I'm free of that complication.

Third, we recognize that not everyone has the capital to load up on the usual stocks we recommend. A \$250 stock requires \$25,000 for 100 shares and we would like to see if we can engage in something everyone can participate in.

There is a way to handle these stocks. The very high risk each one of them poses. The answers lie in portfolio construction and how you handle your risk, so we'll be all about teaching that as part of our work. How to size the portfolio itself in your overall allocation and then, how to size each stock and how to trade them.

And then, we're reminded that the name of the company is Working Profit and so, nothing like some working profit on these stocks to make this fun.

I just offer the expected caveats. In this kind of portfolio, one should expect most of the positions to lose money. Some will flame out entirely (many are biotech or single drug live or die companies). Some will be dead money. What we want to see is enough diversification so that we can get one or two or three successful positions carrying the entire return. That's a key...diversification. Give ourselves a lot of swings at the plate.

So, you need to be willing to lose money on these stocks and if you don't handle losses well, probably not for you.

We'll have a complete Penny Pharma update in the January letter, which will be out in a couple of weeks.