2019

TOP PICKS REPORT

The Best Stock Ideas for the Coming Year

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Welcome to the Top Picks 2019: Over 100 Investment Ideas for the New Year

Kim Githler
MoneyShow

Each year for more than three decades, our editorial team has surveyed the nation's leading newsletter advisors and investment experts asking for their favorite stocks for the year ahead.

This year's report—Top Picks 2019—features over 100 investment ideas for the new year.

You can also read the Top Picks each day in our daily free newsletter, **Top Pros Top Picks**.

The advisors who participate in this report are among the nation's most respected and knowledgeable investment experts. Each has a time-tested reputation for in-depth research, integrity and a track record of long-term investment success. Most of these advisors have been participating in these reports for many years; indeed, many have participated for decades!

The Top Picks report includes a variety of fast-growing stocks with high potential as well as conservative dividend-paying stocks and blue chips chosen for safe and steady returns.

This year's report features ideas that range from out-of-favor value plays and turnarounds to growth stocks on the leading edge of healthcare and technology. The report also features under-the-radar small caps to some of the world's best known and iconic names.

Our goal at MoneyShow is to provide you with a well-rounded and diverse shopping list of investment ideas for you to consider as you build your personal long-term portfolios.

We caution that the recommendations presented in this report should be viewed as a starting place for your own research. The market's increased volatility in recent months makes this advice more important than ever.

Any stock you buy should match your own investment strategy and time horizon — and fit your personal levels of risk tolerance. Thank you for being a part of the MoneyShow family. We wish you the very best for investment success in 2019 and hope you enjoy our annual Top Picks report.

Abbott Laboratories (ABT)

Jim Woods
Fast Money Alert

If the 2018 market proved anything it is that you need to own stocks with an earnings backbone. That's because like the cream, great companies with strong earnings and strong products pipelines tend to quickly rise to the top. One such company is medical device maker ***Abbott Laboratories*** *(ABT), suggests* ***Jim Woods****, editor of* ***Fast Money Alert****.*

The diversified medical device maker, whose products include blood glucose monitoring kits, nutritional healthcare products, diagnostic products and equipment, has seen strong EPS growth that's put it in the top quartile of all publicly traded companies (growth over the past two quarters and past several years).

That growth has been recognized by the fast money in 2018, as ABT's 2018 gain of nearly 27% puts it in the top 6% of price performers over the past year (it also pays a 1.8% dividend yield for even more upside).

One personal note here, I am about to get some firsthand knowledge of one very interesting new Abbot product called DRG therapy. This surgically implanted electronic stimulation device is used for chronic pain management (in my case injuries from years of martial arts, bodybuilding and military training).

The device delivers pain relief to a reported 74.2% of patients who suffer from complex regional pain syndrome, or CRPS. Hopefully, I will be in that near three-quarters of patients with those positive results.

For Wall Street, the upside in Abbott has allowed it to trade well above its 200-day moving average in 2018. And despite the volatility we witnessed in most stocks during Q4, the shares ended the year back above its short-term, 50-day moving average at a time when most stocks were tanking.

I suspect the stock is just getting started, and in 2019, I think this healthcare standout is a good way to ease the 2018 portfolio pain. *Disclosure: At the time of this writing, Jim Woods was long ABT in his Fast Money Alert advisory service.*

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AbbVie Inc. (ABBV)

Tom Hutchinson
Cabot Dividend Investor

*The population is aging at warp speed. A combination of longer lives and lower fertility rates have made the US and global populations older than ever before, forecasts **Tom Hutchinson**, a leading income expert and editor of **Cabot Dividend Investor**.*

About a third of the US population is already over 50, and they won't be getting any younger. In fact, the fastest growing segment of the population is 65 and older as an average of 10,000 baby boomers turn 65 every single day.

What does this mean? It means you're likely to get stuck behind drivers who pull out onto the middle of the road and become stumped. But it also means that healthcare will be a booming growth industry, as older people simply require a lot more of it. That's a beautiful thing because the sector is already defensive and adding the growth quotient makes it irresistible.

There's a lot of ways to play healthcare. You can invest in everything from high-flying biotechnology companies to the more stodgy big pharmaceutical companies. I like a company that combines both — the stability and high dividend yield of big pharma and the rapid growth of biotechnology.

AbbVie (ABBV) is a US-based biopharmaceutical company specializing in cutting edge small molecule drugs. The company was spun off from pharmaceutical giant **Abbott Labs** (ABT) in 2013, but has already eclipsed its former parent company in size and is now the eighth largest drug company in the world.

Since the stock's IPO on December 21, 2012 it has provided a phenomenal average annual return of 20%. An initial $10,000 investment would now be worth over $31,000, with dividends reinvested. The dividend has more than doubled since 2014 and ABBV now yields a big fat 5%.

The rapid growth has been achieved from its blockbuster biologic auto immune drug Humira, which is the world's number one drug by far with annual sales of over $20 billion. Humira accounts for over 50% of sales and faces increasing competition that will erode market share. However, AbbVie has a spectacular pipeline of new drugs that should more than offset the slippage.

According to market research firm EvaluatePharma, Abbvie has the second most valuable clinical pipeline across all of biopharma. It has 20 new products slated for launch by 2020 and 15 drugs and treatments that are already currently already in phase 3, the last step before the approval process.

Earnings over the next five years are expected to be even better than the last five. With a yield of 5.0%, the stock has a spectacular track record and offers more growth and a higher dividend than any other big drug company.

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AbbVie (ABBV)

Ben Reynolds
Sure Retirement

AbbVie *(ABBV) is one of the world's largest biopharmaceutical companies based on its market cap of well over $100 billion and sales of more than $30 billion annually, asserts* ***Ben Reynolds****, editor of* ***Sure Retirement****.*

AbbVie was created in 2013 when it was spun-off from **Abbott Laboratories** (ABT). The company has grown its adjusted earnings-per-share each year since it was spun off. From fiscal 2013 through fiscal 2017 adjusted earnings-per-share have compounded at a strong 15.6% rate.

While AbbVie's business results have been excellent, the market has not fully appreciated the stock. AbbVie generates nearly 60% of its revenue from the drug Humira.

Humira has already begun to fall off the 'patent cliff', but results have been much better than previously thought. In fact, Humira sales are still growing as AbbVie both vigorously defends its patent position and continues to find new use cases for Humira.

AbbVie's management is doing more than defending and growing Humira. The company has invested heavily in its new product pipeline, spending between $4 billion and $5 billion a year on research and development in fiscal 2015 through fiscal 2017. The company is also engaging heavily in share repurchases.

To that end, AbbVie recently announced a $5 billion increase to its share repurchase plan, which amounts to around 3.8% of AbbVie's current market cap.

The company's management clearly believes the stock is undervalued right now and has the means to engage in significant share repurchases. In addition to share repurchases, AbbVie also returns around 45% of earnings to shareholders via dividend payments.

The pessimism surrounding AbbVie has pushed its dividend yield to around 5%. The company's combination of a high yield, low valuation, and solid growth prospects makes AbbVie a strong choice for any investor looking for current income, income growth, and exposure to the pharmaceutical industry.

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Achillian Pharmaceuticals (ACHN)

Bill Mathews
The Cheap Investor

*The biotechnology sector really got hammered in 2018. In December the markets took many quality small cap biotechs down to historic low prices, observes **Bill Mathews**, small cap expert and editor of **The Cheap Investor**.*

One of those stocks is **Achillian Pharmaceuticals** (ACHN), a biopharmaceutical company that discovers, develops, and commercializes small molecule drug therapies for immune system disorders in the United States.

Its lead drug candidate includes ACH-4471, an inhibitor of factor D that is in Phase II clinical trials for patients with paroxysmal nocturnal hemoglobinuria and C3 glomerulopathy.

The company is also developing ACH-5228, a factor D inhibitor that is in Phase I clinical trial; ACH-5548, a factor D inhibitor; and other factor D inhibitors.

It has license agreements with GCA Therapeutics, Ltd. and Ora, Inc., as well as a collaboration arrangement with Janssen Pharmaceuticals Inc. to develop and commercialize drug candidates for the treatment of chronic hepatitis C virus.

We like ACHN because the company has several products in FDA Trials, collaboration agreements with pharmaceutical companies and a large amount of cash. As of the end of its latest quarter, ACHN has $283 million ($2.05 a share) in cash.

The company expects its burn rate to be about $63-65 million for the year, and at that current rate, it should have cash for about four years. ACHN has a book value of $2.02 and no debt.

The stock has huge institutional ownership, with149 institutions owning 79% of the float. Its two largest shareholders, Blackrock and Vanguard, each own about 12 million shares. We think positive FDA news could move the stock price up to the $3-5 level.

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Air Lease (AL)

Doug Gerlach
Investor Advisory Service

***Air Lease** (AL) is a perennially cheap stock despite an incredible management team and a history of steady growth, explains growth stock expert **Doug Gerlach**, editor of **Investor Advisory Service**.*

Air Lease Corp. was formed in February, 2010 by Steven Udvar-Házy, the man who created industry-giant International Lease Finance Corp. (ILFC) 45 years ago. We believe that Udvar-Házy understands the aircraft leasing industry better than anyone else.

Right behind him is John Plueger, ILFC's former Chief Operating Officer. Udvar-Házy is Executive Chairman of Air Lease and Plueger is its Chief Executive Officer. Nine of Air Lease's ten executives come from ILFC. The entire company has about 90 employees.

Aircraft leasing companies buy planes, then lease them out to airlines around the world. Why would airlines lease rather than buy? It's about return on capital, the desire to maintain a good balance sheet, and access to aircraft which must be ordered years in advance.

Just 5% of Air Lease's planes (measured by book value) are in the U.S. and Canada. About 44% are in Asia/Pacific (18% in China), 31% in Europe, 7% in Latin America, and 13% in the Middle East and Africa. Air Lease customers include Southwest Airlines, United Airlines, British Airways, KLM, and Korean Air.

As of June 30, Air Lease owned 115 Airbus planes and 155 Boeing aircraft. The company has orders for 391 additional aircraft. Included in its order book are 109 planes scheduled for delivery before the end of 2019.

There are a number of risks faced by aircraft lessors. One is the risk that off-lease aircraft lose much of their residual value. And with high debt levels, aircraft lessors also face considerable interest rate risk. There is also the risk of aircraft accidents or financial difficulties of a particular airline.

Meanwhile, a rising global middle class should continue to drive demand for air travel, which has been rising 6%-7% a year. Fuel savings, noise restrictions, and comfort should also become factors pushing for modernization of airline fleets. We believe that Air Lease is the best positioned lessor with the newest fleet, the lowest overhead, the lowest cost of funds in the industry, and the best management team.

Based on its order book and aircraft sales plans, we believe that Air Lease can grow its sales by 14% and profits by 16% annually over the next five years, resulting in EPS as high as $8.70. If a high P/E of 12 applies, the stock price could approach 105.

Note that its P/E ratio has been declining. The growth and value are so compelling that the stock offers good upside even if our projections turn out to be too optimistic. The potential annual return is almost 24% including a modest 0.9% dividend yield.

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Albemarle Corp. (ALB)

Bill Selesky
Argus Research

Albemarle Corp. *(ALB) develops and markets engineered specialty chemicals worldwide. The company focuses on the production of lithium compounds for use in lithium batteries, notes analyst* ***Bill Selesky*** *with* ***Argus Research****, a leading independent Wall Street Research firm.*

Fiscal 2017 revenue totaled $3.07 billion. The current environment is extremely positive, based on strong global demand for lithium-ion batteries used in consumer electronics and automobiles. Lithium demand continues to exceed expectations and is expected to remain strong for the foreseeable future.

Lithium producers are seeking to acquire additional mines in anticipation of increasing demand. Pricing remains strong based on solid demand trends and weak capacity growth. On size and scale, ALB operates 31 facilities worldwide. Some 80% of projected 2021 demand has already been secured by customer contracts.

Albemarle's long-term goal is to ramp up lithium production by expanding existing mines and pursuing joint ventures and acquisitions. This should lead to substantially higher-than-average profit growth.

Albemarle focuses on shareholder returns through both dividend increases and stock buybacks. The company raised its dividend by 5% in February 2018 and has increased its dividend for 24 straight years.

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Algonquin Power & Utilities (AQN)

Vivian Lewis
Global Investing

***Algonquin Power & Utilities** (AQN) is beloved by Canadian analysts because of a border hop side-effect: earnings in greenbacks as well as loonies, suggests international expert **Vivian Lewis**, editor of **Global Investing**.*

Canada has long been more green-minded than the USA. Algonquin is a play on renewables; it's shares are listed both in Toronto and on the Big Board. Its business and even its name also straddle the border. It is our top pick for 2019 for those seeking a solid income earner.

Algonquin is serious about its Liberty Utilities program adding over US$5.3 billion from its organic capital to its regulated electric generation business. But the lure for me is its Liberty Power non-regulated renewables line with a power generation capacity of 957 megaWatts.

This represents about 20% of total capacity. Eventually there will be $7.5 billion of new investments in 2019-2023 so $2.2 billion will be for renewables. Algonquin forecasts the new businesses will produce a compound annual [earnings] growth rate of 10%. The most recent addition to this was the purchase of New Brunswick gas, the first Algonquin Canada gas distribution business.

Its plans don't stop at North America. The company is growing its renewables business also in Latin America, for example with the ATN3 transmission system being built in Chile and Peru, and other renewable and water projects still to come.

As a 50% partner with Abengoa SA of Seville, Spain, in the operation of **Atlantica Yield** (AY), Algonquin gets to manage sustainable global water and energy businesses which Abengoa builds. Atlantica Yield, spun off by Abengoa, is a British private firm co-generating electricity and steam from natural gas, solar, and wind plants, plus other green operations.

The new entity is called AAGES and has its own management. Alqonquin provides the finance and Abengoa the project development and execution. It declared for FY 2017-8 a 12.82 cents (US)/share dividend to be paid Jan. 15, 2019 to shareholders of record Dec. 31. (Canadians get their dividend in loonies.)

AAGES projects currently include a desalination plant in Ghana, a solar-thermal power plant in Israel, a desalination plant in Qingdao, China.

Atlantica Yield shelved its plans to borrow from the bond market when Algonquin increased its stake buying another 16.5% from Abengoa in November which has not yet closed. These moves make Algonquin a North American leader in renewable power from hydro, thermal, wind, and solar, water distribution, and waste-water collection.

Algonquin has $9 billion (US) of total assets in natural gas, water, power generation, electricty transmission and utility distribution. There is more in the pipeline. AQN has a high p/e ratio because of deals in process, 29.75x. It yields 4.72% in dividends and the company expects CAGR to rise 10% over the next 5 years. Here's a chance to earn green from green!

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Altria (MO)

Ben Reynolds
Sure Dividend

***Altria** (MO) is one of the largest tobacco corporations in the world — and our top speculative idea for 2019. Marlboro is Altria's most dominant brand; it controls more than 40% of the cigarette market in the United States, notes **Ben Reynolds**, editor of **Sure Dividend**.*

Altria operates inside the United States, with its 'sister company' **Philip Morris International** (PM) owning the Marlboro brand (and others) outside the United States.

In addition to Marlboro, Altria controls several other cigarette brands, and sells other related 'sin' products like chewing tobacco, cigars, and wine. Well-known brands the company owns are Skoal, Copenhagen, and Ste. Michelle wine. Altria also has a 10% investment stake in global beer giant **Anheuser Busch Inbev** (BUD).

Sentiment surrounding Altria has turned decidedly negative as can be observed by the stock's price declines in 2018. Falling smoking rates and potential FDA restrictions on e-cigarette flavors and menthol cigarettes are reasons for the negative sentiment.

Altria has been aware of declining smoking rates for some time. The company is investing heavily in its non-combustible 'reduced risk' products. Altria also recently invested $1.8 billion into cannabis company Cronos Group to buy a 45% stake in the company.

And while cigarette volume is declining, Altria has been able to mitigate the effects of lower smoking rates by raising prices on cigarettes. The results on the bottom line are clear – Altria has grown its adjusted earnings-per-share each year since 2011.

The company's success in the face of a declining market is due to intelligent capital allocation. Altria has positioned itself for growth in reduced risk tobacco products and has growth potential in the marijuana market in the United States over the long run if laws continue to change in the United States.

Moreover, Altria has reduced its share count every year since 2010 and pays out the bulk of its profits as dividends. The result is a shareholder friendly profit machine with a high dividend yield of around 6%.

The pessimism surrounding Altria has made the stock cheap relative to its historical valuation over the last decade — a time when smoking rates were declining just as they are now. The stocks high yield and exciting long-term growth prospects give investors good reason to hold and wait for the stock price to recover.

Subscribe to Ben Reynolds' Sure Dividend here...

AMC Networks (AMCX)

John Reese
Validea

***John Reese**, editor of **Validea**, selects stocks for his portfolio based on the long-standing strategies of some of the market's most legendary investors. For his more conservative idea for 2019, he looks to a TV broadcasting firm.*

AMC Networks (AMCX) is the broadcast entertainment company that brought us *The Walking Dead* and *Breaking Bad*. It also owns and operates WEtv and BBC America.

AMC Networks has a market cap of $3.1 billion dollars and I would describe the investment as a mid-cap play that isn't necessarily conservative, but which should be a lot less volatile than a small-cap stock.

The company scores high on my Joel Greenblatt model, which uses a simple quantitative approach to finding stocks. Greenblatt's simple "magic formula" was outlined in the 2005 bestseller, *The Little Book That Beats The Market*, and focuses on a firm's return on capital and earnings yield.

In the case of AMC Networks, those numbers are 39.8% and 14.2%, respectively. To put some perspective on that, the S&P 500 currently provides an earnings yield of right around 5.1%.

In the latest reported quarter, AMC Networks beat earnings expectations even though it has seen a number of downward revisions lately. Nevertheless, with the stock trading almost 22% off of its 52-week high there could be plenty of upside potential in the shares.

The Greenblatt model we use adheres to one of his (again) simple constructs. That is that companies with high returns on capital likely are in that position because they have some special advantage over their competition. That's what makes AMC Networks look attractive going into 2019.

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Americold Realty Trust (COLD)

Tony Daltorio
Growth Stock Advisor

*Led by the millennial generation's love of online shopping, research suggests that 70% of U.S. consumers will shop for at least part of their groceries through the internet in the next seven years, suggests **Tony Daltorio**, editor of Investors Alley's **Growth Stock Advisor**.*

FMI/Nielsen reports that 3% of grocery sales took place online in 2017. But that number is forecast to soar to 13% ($100 billion) by 2024. With consumers embracing online grocery shopping, demand for cold storage facilities for storing frozen goods is rising.

That is forecast to lead to a need for greater U.S. cold storage space by perhaps in excess of 35 million square feet, according to research from the industrial real estate firm CBRE. This number may turn out to be a lot higher when you consider the steady rise in the number of consumers dining out goes hand in hand with additional demand for fresh produce, meat, poultry and fish.

That in turn also increases the need for refrigerated warehouses in cities across the U.S. Couple that with the demographic shift to more urban locations and the ever-increasing U.S. population, and the need for more cold storage buildings becomes obvious.

A specialty REIT focused on this sector is **Americold Realty Trust** (COLD), which successfully completed its $834 million IPO in January 2018. The stock is our top pick for conservative investors in 2019.

The company is the largest global and U.S.-based real estate investment trust focused on the ownership, operation, development and acquisition of temperature-controlled warehouses. It has a 23% market share in the United States and a 4.2% market share worldwide. About 82% of its revenues come from the U.S.

The company owns and operates 156 temperature-controlled warehouses, with approximately 928 million refrigerated cubic feet of storage, in the United States, Australia, New Zealand, Canada and Argentina, and owns a minority interest in a joint venture in China, serving more than 2,400 customers worldwide.

I want to emphasize again the uniqueness of its business. Americold owns temperature-controlled, mission critical infrastructure and leases it to more than 2,400 different food manufacturers and grocers.

Given the uniqueness of these assets, the company also provides the customary services necessary to properly preserve their goods and facilitate the movement from the point of manufacture through the supply chain to the point of consumer acquisition.

Here's an important stat to ponder: 96% of all the frozen food that you find in the grocery store comes through some company like Americold. The food manufacturers don't do this themselves, nor do they invest in that infrastructure; it's left to specialists like Americold.

I expect Americold to even build on its lead as number one in the sector. That will be good news for investors because of the growth the refrigerated warehouse sector is experiencing. That makes Americold a great stock, offering both growth and income.

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Antero Midstream (AMGP)

Tim Plaehn
The Dividend Hunter

*My aggressive stock pick for 2019 is **Antero Midstream GP LP** (AMGP); this is an energy midstream services company in transition, notes **Tim Plaehn**, income specialist and editor of **The Dividend Hunter**.*

The company came to market with a May 2017 IPO. The assets at that time were general partner incentive distribution rights — IDRs — for an ownership interest in high growth, midstream MLP, **Antero Midstream Partners** (AM).

The MLP was sponsored and controlled by Marcellus natural gas producer **Antero Resources** (NAR). Complicated, multi-publicly traded entity structures were the vogue in the energy sector until energy commodity prices and energy sector stock prices crashed in 2015-2016.

Over the last two years (2017-2018) the MLP sector, related infrastructure stocks, and their sponsor companies have announced simplification events to hopefully make the resulting business structures and forecast results more appealing to investors.

On October 10, 2018 the Antero companies announced a simplification transaction that will close in the first quarter or 2019. The transaction involves AMGP acquiring all the AM units, and then changing its name to Antero Midstream and using the AM stock symbol.

For now, call the resulting company new AM. The effect of the transaction will be to turn the current Antero Midstream Partners into a C-Corp and the elimination of the IDRs paid to the general manager. This means starting in 2019, the current AMGP, which derives its revenue from the IDR payments will change into a high dividend growth midstream services provider. This discussion is about the soon-to-be Antero Midstream Corporation — new AM.

Antero Midstream will be a roughly $10 billion market cap energy midstream company focused on natural gas gathering and compression for Antero Resources in the Marcellus and Utica Shale plays. The company also provides wellhead water services (fresh water delivery and waste water takeaway) and owns one take away natural gas pipeline. Currently about 65% of EBITDA is from gathering and compression, with the remaining 35% from water services.

The growth of AM revenues depends on production growth from Antero Resources. Antero is the largest natural gas liquids — NGLs — producer in the U.S., across all energy production areas. The exploration and production company hold the largest core, liquids rich inventory of production sites in Appalachia.

Of the undrilled locations in the region, Antero has rights to 40% of the total. Production growth from Antero Resources is forecast to generate 50% compounding annual gathering and processing volume growth through 2021.

This growth in throughput will fuel cash flow and distribution growth for Antero Midstream. The company projects 27% annual distribution growth through 2021. The midpoint of dividend guidance for new AM in 2019 is $1.24 per share. The AMGP Q3 dividend annualized is $0.576 per share.

With a mid-teen share price at the end of 2018 the market isn't close to factoring in the higher dividends for 2019 and the future dividend growth prospects. AMGP evolving into the new AM is one of my highest conviction total return prospects for the next three years. To keep the yield at the current 4%, AMGP at the end of 2018 must double in 2019.

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Apollo Global Management, LLC (APO)

Crista Huff
Cabot Undervalued Stocks Advisor

***Apollo Global Management, LLC** (APO) — with a yield of 8.0% — is my top investment idea of 2019 for income-oriented investors, explains **Crista Huff**, editor of **Cabot Undervalued Stocks Advisor**.*

Apollo Global is an alternative investment company. Apollo's assets under management (AUM) total $270 billion, broken down as follows: credit (68%), private equity (27%) and real estate (5%).

APO is a mid-cap stock with a market capitalization of $4.9 billion. The most recent four quarterly dividend payouts totaled $1.93. At a recent price of 24, the current yield is 8%. What's more, the stock traded as high as 35.5 in October, so there's 48% capital gain potential for new investors if the stock rebounds to 2018 highs.

As the share price suffered during the recent market downturn, the current dividend yield rose, making the prospect of owning APO shares more compelling for both individual and institutional investors.

In late December, Tiger Global Management reported a purchase of 1.1 million APO shares at an approximate cost of $26 million. APO is a great choice for income investors and growth stock investors.

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Apple (AAPL)

Todd Shaver
Bull Market Report

*Is **Apple** (AAPL) a growth stock or a value stock? Let's take a look at the values. Cash and investments equal about $60 per share, about 33% of the current market value of the company. Take out that cash and it leaves a value of only 9 times 2018 earnings, asserts **John Freund**, contributing editor to **Todd Shaver's Bull Market Report**.*

This is quite cheap for a company that employs the smartest people in the world working to find new products for all of us to buy. And note that Apple has the largest market cap in the world, running neck and neck with **Amazon** (AMZN) and **Microsoft** (MSFT).

The stock is now yielding 1.6%. Add to that, Apple is currently paying out $3 billion to shareholders every quarter through dividends but making closer to $13 billion. Do you think management might be thinking about raising the dividend again? We sure do. There is plenty of cushion.

Those only doing light homework on the topic start clamoring here that Apple's gross margin is eroding, and investors should run from the stock. However, those who keep digging, find that the services trend is going to offset all the bad mentioned above.

Outside of quarter-to-quarter volatility, the improvement in the services mix will drive higher gross margins for the company overall. As a result, total corporate gross margin should be retained in a range of 40% or slightly higher. Concerns over gross margin pressure are overstated!

After all, it's more about services and less about the hardware business every passing year. Software is an annuity-annuity-driven revenue model with robust margins and reliable cash flow. Wall Street pays a premium for that model, which is why Microsoft supports double Apple's earnings multiple (21X versus 11X) despite roughly the same growth profile.

Consumer electronics, on the other hand, is always a race to the bottom no matter how elite your brand or how tightly you've integrated your retail channel and support into the product development process.

Every groundbreaking device ultimately matures and prices drop, taking margins down for the ride. Until we see one of Apple's new gadgets become a craze, the service side is where the heat is here. In the meantime, the stock remains our favorite conservative idea for 2019.

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Arista Networks Inc. (ANET)

Jim Kelleher
Argus Research

Arista Networks *(ANET) is bringing networking into the age of the cloud. Cloud networking brings efficiency and scale benefits to legacy networking environments, explains* ***Argus Research*** *analyst* ***Jim Kelleher****.*

Arista's CloudVision campus for unified wireless & wired leverages its acquisition of Mojo Networks. In our view, Arista has a huge untapped potential with telcos, ISPs, and cloud titans.

In August, Cisco and Arista ended their patent infringement battle. Arista paid Cisco $400 million in cash, ending a cash drain and the uncertainty of litigation.

Revenue and EPS are growing faster than the company's share price. In 3Q18, revenue rose 28% from the prior year and non-GAAP EPS rose 31%. Management's 4Q18 guidance calls for roughly 30% revenue and EPS growth. Its full-year forecast calls for EPS growth of 39%.

Valuations are attractive. The stock has retraced with the Technology sector and the overall market, even as analysts continue to raise their EPS estimates.

The shares are trading at a two-year forward relative P/E of 1.65, close to the five-year average of 1.60; the PEG ratio of 1.47 is below the average of 2.0 for peers. Year-end weakness in the stock has provided an attractive entry point. Our 12-month target price is $320.

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AstraZeneca PLC (AZN)

John Eade
Argus Research

*Based in the UK, **AstraZeneca PLC** (AZN) focuses on treatments for respiratory, autoimmune, and metabolic conditions, as well as on cardiology, neurology, and oncology drugs, explains **John Eade**, analyst with the leading independent research firm, **Argus Research**.*

While most companies in the Big Pharma group have moved beyond the patent cliff phase and are beginning to grow, AstraZeneca has lagged, as it faces pricing pressure and generic threats to its former blockbusters Nexium (for ulcers) and Crestor (for high cholesterol).

Management is taking steps to address these challenges by cutting costs and assembling a strong new drug pipeline, including a promising checkpoint inhibitor, Imfinzi, to treat various cancers.

Imfinzi has now been approved as a first-line treatment for lung cancer in the EU, in addition to the U.S., and as a treatment for bladder cancer. It is also being submitted as a treatment for early-stage lung cancer.

There's more in the pipeline. EU and Japanese regulatory decisions are expected on Forxiga for type-1 diabetes in 2H19. Lezepelumab, a treatment for severe asthma, has received a breakthrough therapy designation from the FDA.

There is a solid combination of growth & income. We expect AstraZeneca's pipeline and management's focus on cost-cutting to return the company to growth in 2019. The yield of 3.4% is above the Big Pharma industry average. Our12-month target price is $46.

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At Home (HOME)

Tom Bishop
BI Research

At Home *(HOME) is a home décor superstore which offers 50,000 on-trend home products to fit any budget or style; there are 168 stores open and they expect to open 31 stores in all this year, explains* ***Tom Bishop****, small cap specialist and editor of* ***BI Research****.*

At Home hit an air pocket in the wake of the release of Q3 earnings (on December 6th). The company posted a 25% increase in revenues to $267 million beating the consensus by a couple million and adjusted EPS of $0.18 was up 157%, also beating expectations by $0.03. However, management also gave some cautionary notes on some headwinds in Q4.

However, an upside EPS surprise of $0.03 vs. the consensus allowed it to continue to guide to its earlier $1.28-$1.31 for the full year (FY1/19). I should note here that management tends to guide conservatively, having beaten estimates by 20%, 3%, 15% and 43% in the past 4 quarters.

While the company deferred on giving guidance on the year ahead (FY1/20) until its year end conference call in March, it did note that the new Pennsylvania distribution center (its second in Washington, DC) would weigh on Q4 due to $4 million of one-time start-up expenses.

While some investors took this all in and hit the exit button — tanking the stock to $20 in two days — on 12/10, two directors bellied up to the deep discount table and scarfed down 20,400 shares between them at around $21. And one of them also purchased 10,000 shares at $26.50 in late October.

On 12/10 the CFO also bought 4,993 shares at $20.28, and on 12/11 the CEO exercised an option to buy 20,000 shares at $9.73 and did notturn right around a sell them (as is often the case). And on 12/13 another director bought 22,500 shares at $21.13 ($475k). And then one more insider stepped up to the plate on 12/26 and helped himself to 3,875 shares at $17.20.

Whether all the pain has been lashed out, I can't say. But all this insider buying is certainly encouraging. So on the basis of HOME's deep discount and the huge insider buying, the shares are a buy for longer term aggressive investors.

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AT&T (T)

Ben Reynolds
Sure Retirement

***AT&T** (T) stands apart from its rivals due to its impressive dividend history. AT&T has increased its dividend for 35 consecutive years, showing the ability to grow in a wide range of economic environments (including recessions), observes dividend expert **Ben Reynolds**, editor of **Sure Retirement**.*

In addition to a long history of dividend growth, AT&T also has an exceptionally high dividend yield that has been north of 6.5% recently. This yield is historically high for AT&T.

The company's average dividend yield in 2009 – the worst year of the Great Recession when stock prices collapsed — was 6.4%. AT&T is trading at bargain prices today, despite its long history of success and stable cash flows.

The reason for AT&T's low stock price and corresponding high yield is concerns over the company's large acquisitions of both DirecTV and Time Warner. These acquisitions have leveraged AT&T's balance sheet. The company's debt-to-EBITDA ratio will be around 2.8x at the end of fiscal 2018.

Management is prioritizing debt reductions. The company expects to reduce its debt-to-EBITDA ratio down to 2.5x by the end of fiscal 2019.

AT&T expects tremendous free cash flows (operating income less capital expenditures) of $26 billion in fiscal 2019 against an interest expense of approximately $8.5 billion and dividends in the range of $14 to $15 billion. This leaves billions in additional cash flows to pay down debt.

While the market is penalizing AT&T for debt incurred from its recent acquisitions, it has failed to recognize the increased cash flow and growth potential of AT&T resulting from the same acquisitions.

Synergies from the TimeWarner acquisition are expected to reach $2.5 billion annually by 2021, with $1.5 billion of that being cost reductions. The TimeWarner acquisition significantly boosts AT&T's content creation ability.

The company is well positioned to grow earnings-per-share and dividends for years to come. Pessimism and resulting low share prices and high yields make now an opportune time to invest in AT&T for the long run.

Subscribe to Ben Reynolds' Sure Retirement here...

Automatic Data Processing (ADP)

Harry Domash
Dividend Detective

***Automatic Data Processing** (ADP) is said to be the largest U.S.-based supplier of payroll processing, benefits management, tax reporting and related data processing services to mid-sized companies, notes **Harry Domash**, income specialist and editor of **Dividend Detective**.*

ADP also offers Professional Employer Organization (PEO) services, which provides Human Resources (HR) services such as payroll tax filing, human resources guidance, retirement planning, health benefits administration, etc.

With 13 of the 19 analysts that are following it rating ADP at "hold," which often really means "sell," ADP is a contrarian play.

One reason for analysts' sour outlook was that ADP, founded in 1949, had been slow to update its software to reflect current industry practices, hurting its competitive position. However, ADP has gone a long way towards resolving those issues, including making a couple of key acquisitions. It also recently acquired an international provider of payroll management services, considerably extending its global reach.

Thanks to those efforts, ADP has beat analyst earnings forecasts in each of its last four quarters. For instance, for its most recent quarter ending in September, earnings came in at $1.20 per share, $0.09 above forecasts, and up 28 percent over year-ago. ADP also raised nest year's EPS and revenue guidance.

ADP, currently paying dividends equating to a 2.4 percent yield, has a strong dividend growth track record. It announced an 11 percent raise in December 2017, followed by a 10 percent hike in June 2018, and then a 14 percent raise in November. To put all of that into perspective, ADP's $0.79 per share December dividend was 25 percent above its year-ago payout.

All else equal, positive EPS surprises combined with higher future guidance (beat & raise) typically pushes share prices up. Consequently, thanks to its recent track record of consistent EPS surprises, even after the market sell-off, ADP's still returned 12 percent (including dividends) for 2018.

The good news is that analysts are only forecasting 7 percent EPS growth for 2019, leaving plenty of room for further upside surprises. The stock made shareholders happy in 2018 and could continue its winning ways this year.

Subscribe to Dividend Detective here...

Azure Power (AZRE)

Vivian Lewis
Global Investing

*Given its 300 sunny days per year, India is ideally situated for solar power and the largest solar utility company operating there is our speculative pick, explains **Vivian Lewis**, and international specialist focused on ADRs and editor of **Global Investing**.*

Setting up in business in India itself is sufficiently daunting that my corporate choice, **Azure Power** (AZRE), is incorporated in Mauritius. It was the first renewable energy company to list in 2016 when it did its initial public offering in October, raising $161 million.

The stock is our top 2019 speculation for growth. The founder and CEO since 2008 is a Silicon Valley professional of Indian heritage, Inderpreet Singh Wadhwa. His father Harkanwal is a director and chief operating officer. Most of the other brass are outsiders.

Azure Power is an integrated project developer which offers guaranteed long-term electricity prices, whatever happens in to oil. It bids for government supported sites like railway station rooftops with a very sharp pencil thanks to a decade of experience and over 3 dozen plants.

It also tapped the "green bond" market with success in 2017 and again this year with many of the same lenders. It builds solar parks. Its solar tariffs are close to grid parity in many areas. It aims to generate 5 gigaWatts by the end of 2020.

Azure Power uses an Indian fiscal year (to March 31) and in its Q2 this year sales rose 22% to INR 2,225.7 billion rupees and operating income rose 20% to INR 1,210.2 billionn rupees. Adjusted EBITDA hit INR 1,807.7 billion ($25 million), up 21% from Q2 2017-8.

The net loss was INR 297.6 billion vs a loss in the prior Q2 of INR 1,240.5 billion. The loss per share was 11 rupees vs a loss of 42 a year before. Azure makes solar power generating facilities but it doesn't yet make money. Moreover, India charges income tax at about 20% which adds to losses.

By the end of this FY, Azure expects to put an additional 1300-1400 megaWatts (mW) of power generation in service and get revenues of $143-151 million from new projects, about INR 1,023 to 1,032 billion rupees—assuming the currency doesn't fall further. It is close to break-even and may cross over into profit later next year.

Its cost per mW of new solar power in the first half fell to INR 44.3 million ($610,000) and the project cost per mW was INR 50.78 million ($700,000) thanks to cheaper modules and better skills in placing them.

From the start, the younger Mr Wadhwa knew how to open international and New Delhi financial taps for solar plants: the International Finance Corp. (the market arm of the World Bank); German, Canadian, Quebec, and French development banks; Foundation Capital of Menlo Park; India's Helion Ventures Fund; Indian Railways; and government bodies in 23 states including Rajasthan, Punjab, and Gujarat.

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B&G Foods (BGS)

John Dobosz
Forbes Dividend Investor

John Dobosz *is a growth and income expert; the editor of the industry leading advisory publications,* ***Forbes Dividend Investor*** *and* ***Forbes Premium Income Report****, looks at a favorite idea for 2019—a leading food purveyor.*

Parsippany, N.J.-based **B&G Foods** (BGS) makes, sells and distributes shelf-stable and frozen foods in the U.S., Canada and Puerto Rico, taking its moniker from Joseph Bloch and Julius Guggenheimer, two pickle merchants in New York City from the early twentieth century.

B&G's modern incarnation as a food conglomerate dates back to 1996. It owns more than 50 brands, including Cream of Wheat, Green Giant, Le Sueur, Ortega, and SnackWell's.

Earnings before interest, taxes, depreciation and amortization has been on the rise for the past three quarters, and the company generated EBITDA of $3.91 per share over the past year to support to $1.90 in annual dividends.

Meanwhile, shares of B&G Foods continues to trade at substantially lower valuations relative to the past five years.

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B2GOLD (BTG)

Omar Ayales
Gold Charts R Us

*Gold bottomed in December 2015 and momentum has been shifting to the upside since then, with gold's overall direction being up. But a multi-year resistance at $1365 has been very strong suggesting the mega trend in gold has not yet shifted to bullish, suggests **Omar Ayales**, commodity expert and editor of **Gold Charts R Us**.*

Interestingly, 2018 was a very telling year given the fueling of deflationary concerns over trade skirmishes between the U.S. and China. Remember, deflationary fear is what pushed gold into a bear market back in 2013.

However, gold held above $1200 as buyers flocked in whenever this level was tested thereby showing strong support. Today, deflationary concerns over trade wars are subsiding and the worst seems to have been priced into gold, resources and other assets leaving the upside as the most viable direction for the gold universe.

Not only that, a plethora of political and geopolitical uncertainties is also supportive of higher gold. Gold is poised to test its key resistance level at $1365 as 2019 gets underway. A break above this level could shift gold's mega trend to the upside with handsome upside potential.

But although gold itself is a great investment for 2019, I prefer to invest in the gold mines. They tend to move up with gold. Moreover, they're grossly undervalued compared to gold and thereby offer the best upside potential.

One of the companies we like the most is **B2GOLD** (BTG). It's a mid-tier company that's quickly becoming one of the largest producers. It has great management, great assets and it's one of the gold mines with a healthy balance sheet, sitting on a bunch of cash.

Technically, the stock is just breaking above a sideways consolidation band showing upside potential. We bought near $2.60 during the consolidation (and riskier) phase. However, buying below $2.85 is a great opportunity. Our upside target for the first quarter of 2019 is $3.25, an approximate 20% increase.

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Banco Santander (SAN)

Carl Delfeld
Cabot Emerging Markets Investor

*My recommendation is a diversified global bank that just happens to be based in Spain, **Carl Delfeld**, a long-standing global investing expert who has just taken over as editor of **Cabot Emerging Markets Investor**.*

Spain has had its banking issues with a property bubble akin to our own debacle but now that the the cleanup process is done, banks will be in better shape to provide loans and help stimulate the economy.

This is why forward-looking markets are driving European stocks upward outperforming U.S. stocks. Another reason that Europe may very well outperform America is that the European Central Bank (ECB) has signaled that it will keep rates steady for at least 12 months.

A conservative way to play these trends is through a proxy for an economic recovery, Europe's largest bank, **Banco Santander** (SAN).

Over the last decade, this Spanish bank has struggled a bit even as it has expanded its capital base and is a global bank in growth markets similar to HSBC.

It sure seems to me quite a bargain. The stock is down 33% in the last year and is trading at only 65% of book value.

Since 2010, it has averaged a price to book value ratio of 2.4 over the past decade. The stock could more than double from here to around $8 as it returns to its historical average.

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Brookfield Renewable Partners L.P. (BEP)

Roger Conrad
Conrad's Utility Investor

*Pulled down by volatile oil prices, the Canadian dollar is now worth just 72 US cents, its lowest level since early 2016. The currency's decline has pulled down the US dollar value of best in class Canadian stocks, explains **Roger Conrad**, editor of **Conrad's Utility Investor**.*

That includes contract power producer **Brookfield Renewable Partners LP** (BEP), our top conservative idea for the coming year.

The silver lining is another prime opportunity for conservative investors to lock in this company's roughly 7.5 percent yield, which is reliably growing 5 to 8 percent a year. Brookfield's stable growth is built on very solid, long-term foundations. That's a major plus heading into uncertain 2019.

The company's 17 gigawatts of power generating capacity and 8 GW development pipeline is almost entirely contracted to utilities and government entities. All of the facilities are among the least cost sources for their respective regions.

All of it is hydro, wind or solar, meaning current and future environmental concerns are minimal. And while output can vary with weather conditions, facilities also have long track records for reliability.

Second, Brookfield has a very strong financial position on its own with a BBB+ credit rating. And it has a very supportive general partner and 31 percent owner in A- rated **Brookfield Asset Management** (BAM). That backing has enabled Partners to make large acquisitions, while waiting on favorable capital markets to complete financing.

A case in point is the acquisition by family of 65.34 percent of yieldco **TerraForm Power** (TERP), which in turn allowed the latter to buy the former Saeta Yield. That deal will lift Brookfield's funds from operations by 10 percent going forward.

Nor is the company a serial acquirer. Following the TerraForm deal and several other expansion moves such as European solar expansion, management announced CAD850 million in asset sales. That's the latest installment of its "asset recycling program" to take advantage of global appetite for renewable energy facilities.

Those sales limit Brookfield's need to access what have become hostile capital markets entering 2019. So will more than $700 million in guidance operating free cash flow after capital spending, an amount sufficient to cover rising dividends by nearly a 2-to-1 margin.

Brookfield Renewable is priced in Canadian dollars, though dividends are paid in US dollars. But improved oil prices should help currency become an upside driver in 2019, in addition to the high dividend and reliable dividend growth. Note the company now sends a K-1 at tax time, a possible inconvenience to taxable accounts more than offset by tax advantages. Buy up to $35.

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Cardinal Health (CAH)

Ben Reynolds
Sure Dividend

***Cardinal Health** (CAH) is one of 3 large pharmaceutical distributors in the United States that together account for more than 90% of the pharmaceutical distribution market share, explains **Ben Reynolds**, income expert and editor of **Sure Dividend**.*

What makes Cardinal Health stand apart from its competitors **AmerisourceBergen** (ABC) and **McKesson** (MCK) is its extraordinary dividend history. Cardinal Health is a Dividend Aristocrat — an S&P 500 stock with 25+ years of rising dividends — thanks to its 32 consecutive years of dividend increases.

While Cardinal Health has a long history of growth as shown by its excellent dividend history, the company has struggled in recent years along with the entire pharmaceutical distribution industry. Cardinal Health generated earnings-per-share of $5.24 in fiscal 2016, versus $5.00 in fiscal 2018. The company expects earnings-per-share to barely grow in fiscal 2019.

Weakness in the pharmaceutical industry is a result largely of declining margins. Margins are declining due to several reasons:

- Pricing pressure from competitors
- Social and political pressure from distributor's role in the opioid epidemic
- Hints that **Amazon** (AMZN) could enter the industry

All of these factors have weighed on margins and the stock prices of pharmaceutical distributors. But with pessimism comes low valuations — and opportunity.

Cardinal Health appears deeply undervalued. The company's stock price reached a high of over $90 back in 2015. It traded under $50 in December of 2018, while earnings-per-share are 14% higher in fiscal 2018 versus fiscal 2015.

Cardinal Health's management has taken advantage of low share prices by engaging in significant share repurchases. The company reduced its share count by 2.5% in fiscal 2018. And the rate of share repurchases has increased since.

We don't expect Cardinal Health to return to the double-digit earnings-per-share growth rates that it has generated in the past. But we do expect earnings-per-share growth to stabilize after fiscal 2019 and return to growth of around 5% annually driven by a combination of share repurchases and organic growth.

This growth combined with the company's high dividend yield of around 4% gives investors expected total returns of approximately 9% annually at Cardinal Health before valuation multiple gains.

With Cardinal Health being deeply undervalued, we expect significantly higher returns for shareholders when the current negative environment for pharmaceutical distributors improves. In the meantime, investors will benefit from Cardinal Health's high dividend and share repurchases.

Subscribe to Ben Reynolds' Sure Dividend here...

Cardinal Resources (Toronto: CDV) (OTC: CRDNF)

Ralph Aldis
U.S. Global Investors

Cardinal Resources *(Toronto: CDV) (OTC: CRDNF) has properties that are located in Ghana, West Africa, notes* ***Ralph Aldis****, resource sector specialist and portfolio manager for* ***U.S. Global Investors****.*

Their main focus is the Namdini project with a resource of 7 million ounces at 1.1 g/t gold. Being at the development stage, many of these companies like Cardinal are flying below the radar.

Investors are just beginning to think that maybe 2019 will be a good year for the gold market — much like 2016 when the Fed let off the gas pedal a bit at the end of 2015.

Some of the major gold companies are cranking out 3 to 4 million ounces a year, so finding a new 7 million ounce deposit to exploit, which has a market capitalization of about $113 million, is nearly a steal.

With market capitalization of about $16 per ounce in the ground and at 1.1 g/t of gold per ton ($44 of value per ton of rock), that is enough of a spread to cover capital to build out the mine and make a profit.

Newmont Mining (NEM) should be looking at this as a possible acquisition since they already have two mines in Ghana – it wouldn't be such a stretch. Cardinal Resources has the ounces and land packages that could interest any major gold producer.

Learn more about U.S. Global Investors here...

Catasys (CATS)

Nate Pile
Nate's Notes

For more speculative investors, one of my favorite stocks in our newsletter portfolio as 2019 gets underway is ***Catasys*** *(CATS), explains* ***Nate Pile****, a growth stocks expert editor of* ***Nate's Notes****.*

This up-and-coming company has developed a proprietary data analysis platform that it combines with predictive modeling techniques to identify individuals in a healthcare plan who suffer from chronic conditions, but, because they may not be receiving the support they need.

When these individuals do not successfully manage their underlying conditions, they can end up also costing the plan a great deal of money on other "secondary" items like ambulance transports and visits to the ER that can be prevented (or minimized) with even a small increase in the amount of support that is provided to the patient.

Once individuals in a plan have been identified as good candidates for success, Catasys' OnTrak program kicks in and a 52-week intensive outpatient program begins in which the patients are engaged and provided with nurses (or other appropriately qualified "coaches," depending on the underlying situation).

Sometimes this is done in person, and sometimes via video conferencing (or perhaps both), and this coach proactively works with the patient to gain better control of their underlying condition (which, in turn, leads to fewer "secondary" events in the patient's life).

And, while this field is admittedly heating up in a hurry as more and more health records become digitized (and the data therefore becomes "mine-able"), Catasys is one of the companies that is enjoying "first to market" status.

Prrovided that can continue to deliver the sorts of results they have been delivering thus far, they ought to be able to stay ahead of the competition for the foreseeable future. Catasys is a strong buy under $10 and a buy under $15.

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CGI Group (GIB)

Gordon Pape
Internet Wealth Builder

*It's been a strange and unnerving 12 months, filled with plot twists worthy of a Shakespearean tragedy, cautions **Gordon Pape**, a Canada-based investment expert and editor of **Internet Wealth Builder**.*

Back in early January, who would have believed that Canada would be deemed a strategic risk to the U.S. and have tariffs slapped on our steel and aluminum exports? Who foresaw Canadian oil prices falling to record lows, deepening the recession in Alberta?

How could we have predicted the economic and political fallout that we're now experiencing after the arrest of a Chinese business executive in Vancouver at the request of the U.S.? And the list goes on and on. It has truly been a bizarre year! Unhappily, 2019 isn't looking a lot better.

Meanwhile, our top pick for more aggressive investors is **CGI Group** (GIB). Montreal-based CGI is the fifth largest independent information technology and business process services firm in the world.

It employs about 74,000 professionals in offices and delivery centers across the Americas, Europe, and the Asia Pacific region. The stock dropped a little during the December correction and looks attractive at the current price. The balance sheet is solid.

At 2018 fiscal year-end, the company had $184.1 million in cash and $1.3 billion in unused credit facilities. This is an international company with excellent upside potential.

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Charles Schwab Corp. (SCHW)

Stephen Biggar
Argus Research

Charles Schwab Corp. *(SCHW) has gained market share by challenging industry pricing standards with many low- or no-cost offerings, including its popular proprietary ETFs, observes* ***Stephen Biggar*** *of* ***Argus Research****, a leading independent research firm on Wall Street.*

The firm has optimized the spread earned on client cash sweep balances through bulk transfers from money market funds to its Schwab Bank.

We expect higher short-term interest rates to drive continued growth in net interest revenue. Based on our expectations for 20% EPS growth in 2019, we view the shares as undervalued at less than 15-times our 2019 EPS estimate.

Schwab has the largest number of active brokerage accounts in the industry, and we believe has managed competition well in recent years as per-trade commissions have fallen rapidly. It offers considerable value for its current commission pricing, including research, idea generation and other services, which are unlikely to be part of JPM's free offering.

We note that trading accounted for only 7% of Schwab's total revenues in the first nine months of 2018, with asset management and net interest revenues by far the larger contributors, with per-trade commissions declining for many years.

We expect Schwab to post above-peer-average growth thanks to its innovative products and continued market share gains.

Overall, Schwab has grown core net assets by more than $100 billion in each of the last six years, with a well above-average $233 billion in 2017. It also continues to take cost-conscious clients from other financial services providers.

Given the substantial overcapacity in the financial services industry, management expects market share gains to be a primary growth driver and believes that the ability to build relationships and offer quality advice will be key determinants of success.

We rate the financial strength of Schwab as "High", the highest rating on our five-point scale. Charles R. Schwab has been chairman of the company since its inception in 1986. Mr. Schwab owns 141 million shares of stock valued at about $7.5 billion. Our 12-month target price is $69 per share.

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Cheniere Energy (LNG)

Tony Daltorio
Growth Stock Confidential

*When it comes to commodities, despite the trade war, China is the country you must focus on. Meanwhile, the Chinese are (finally) serious about curbing the rampant pollution in their country, observes **Tony Daltorio**, editor of **Growth Stock Confidential**.*

That has led to China markedly cutting back on the use of coal for both power and heating purposes. As a substitute for coal, China is placing a major emphasis on natural gas.

The all-of-a-sudden big increase in natural gas demand has had almost immediate effects, particularly on the market for liquefied natural gas.

China's LNG imports jumped 46% in 2017 to 38.1 million metric tons. This was the first time that imports of LNG exceeded gas imports delivered by pipeline, according to data from the country's customs agency. China has overtaken South Korea to become the world's second-biggest importer of LNG and it is expected to surpass even Japan by the end of the next decade.

In other words, this change in China's energy mix is a long-term change. The International Energy Agency forecasts China's natural gas demand will rise upward of 4% a year through 2040, boosting LNG prices over the long-term.

Despite the trade war, this bodes well for the number one exporter of LNG from the U.S. — **Cheniere Energy** (LNG). It had the first U.S. LNG export terminal, which has been in operation since early 2016. As of October 31, 2018, more than 475 cumulative LNG cargoes have been exported from its SPL Project, with deliveries to 29 countries and regions worldwide.

Chiniere's first mover advantage in China is evident with the signing of a major long-term contract with a major Chinese firm. Cheniere had been selling LNG cargoes on a spot basis to China since 2016.

Last November, it signed an $11 billion memorandum of understanding for long-term LNG sales with China National Petroleum Corporation (CNPC), which is the parent of **PetroChina** (PTR).

And now that deal has come to fruition; CNPC will purchase about 1.2 million metric tons of LNG annually with a large portion of the purchases starting in 2023. The contract runs through 2043 and will be linked to the Henry Hub U.S. natural gas benchmark as well as having a fixed component.

This is the first ever long-term contract to supply China with U.S. liquified natural gas! This will be a long, profitable relationship between Cheniere and China. In my view, Cheniere — a conservative idea for 2019 — is a buy on any weakness from trade war worries.

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Chevron (CVX)

Zach Jonson
Stack Financial Management

*Our 2019 market view remains cautious as continued pressures from a macro-economic standpoint weight on an already tenuous technical landscape. Based on these views, we feel a "safety-first" oriented approach with a focus on high-quality, well-managed companies is the best way to move forward in the new year, notes **Zach Jonson**, senior portfolio manager for **Stack Financial Management**.*

Chevron (CVX) — our top value-oriented pick for 2019 — is one of the worlds largest integrated energy companies with exploration, production, and refining operations that span the globe. The company has its hands in all aspects of the energy life cycle including upstream, midstream, and downstream/chemical operations which gives them the ability to navigate the ever-changing commodity environment.

Chevron's high-quality assets allow for strong profit growth and free cash flow generation in a wide range of oil price environments, making them an ideal holding for 2019.

The collapse in oil prices that took place from the latter part of 2014 until early 2016 forced companies within the Energy sector to recapitalize and focus on balance sheet improvement. Chevron's scale and efficiency allowed them to weather the storm better than most as they were able to maintain a consistent dividend payout throughout the cycle.

In fact, in January of 2018, Chevron raised its quarterly dividend by 4% to $1.12, marking 30 straight years of annual dividend payout increases. As oil prices rebounded, Chevron's management team remained steadfast outlining a plan that focused on dividend growth, balance sheet strength, and the utilization of surplus cash for repurchases.

As we stand today, Chevron is on track to produce multiple years of positive Free Cash Flow driven by recently completed major capital projects. The completion of these projects allows Chevron to reduce capital spending over the next few years while still maintaining the ability to ramp up production.

From a valuation standpoint, shares are trading at 12.9 times 2019 EPS estimates which is well below the 10-year average of approximately 15 times. From a cash flow standpoint, Chevron provides investors a forward FCF Yield in excess of 6%, which coupled with a 3.9% dividend yield, offers investors ample return to offset possible oil price volatility.

In a sector dominated by highly cyclical investment opportunities, CVX is a true high-quality story. The company is a well-managed, cash-oriented firm that offers strong production growth when most peers are struggling to lower costs. Chevron offers investors the ability to maintain exposure to the volatile energy sector while still maintaining a "safety-first" mentality.

(Note: Clients and individuals associated with Stack Financial Management hold positions in, and may from time to time make purchases or sales of, this security.)

Learn more about Stack Financial Management...

Children's Place (PLCE)

Hilary Kramer
GameChangers

*With headline growth shifting out of "neutral," **Children's Place** (PLCE) — a conservative, value-oriented idea for 2019 — is extremely attractive here at a 43% discount from its 52-week high, observes growth stock specialist **Hilary Kramer**, editor of **GameChangers**.*

The negative growth story is overdone: the clothing retailing chain isn't faltering so much as shifting the merchandise mix down market to capture share from bankrupt rival Gymboree.

Exploiting that opportunity requires sacrificing 1% of margin in the immediate term but I still see revenue ramping 4%-5% a year to balance the trend. I expect year-over-year earnings growth to recover before 2Q19. After that, consensus looks a little low once those shoppers are lured away.

We're looking at 12X forward earnings as it is, so it doesn't take a lot of added sales or margin reflation to make that proposition a classic buy.

I'm looking at the online operation to feed that growth. After all, children's apparel is a tricky business to move online because shoppers want to see the clothes and in many cases have the kids try them on.

Bringing an online component into the brick-and-mortar retail presence makes a lot more sense. At that point, it's less about diverting market share from other outlets and more about smart inventory management that ensures that every shopper gets access to every piece of merchandise — in the physical cart if possible, delivered if not.

In the near term, the should at least test $130 once the market mood recovers. The yield isn't huge (2%) but it's enough to keep shareholders motivated for even better things ahead.

And it can definitely do great things once management proves the new business model. When a competitor fumbles, smart players invest resources to score points. That's what's happening now and it's why I see PLCE continuing its track record for delivering strong returns on assets.

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Ciena (CIEN)

Mike Cintolo
Cabot Growth Investor

***Ciena Corporation** (CIEN) is a well-managed networker, and compared to its peers, and actually well diversified, too, with its hands in many fast-growing cookie jars, explains **Mike Cintolo**, editor of **Cabot Growth Investor**.*

While the details of its products can give you an ice cream headache, the big idea is simpler — after many years of investments, Ciena is a leading provider of solutions to a variety of lucrative end markets, including webscale data center, 5G, fiber deep (putting fiber closer to users to deliver a better experience, which is key for over-the-top services and cord cutters), mobile and Internet of Things, with consistently growing market share.

And with growth in these markets picking up and Ciena executing flawlessly, the firm's best days are ahead of it—sales and earnings growth have begun to accelerate, and the quarterly report from early December easily topped expectations.

Just as important to us given networking stocks' on-again, off-again history, Ciena has a solid long-term outlook — the company upped its three-year growth outlook to 7%-ish revenue growth and 20% earnings growth.

This is up from 15% previously — though Wall Street is guessing the company is being conservative per usual; analysts see the firm's earnings up 35% this fiscal year (which just started in November) and another 25% next year.

Ciena appears to be a top play in a new leading theme (5G and webscale infrastructure) during the next market upturn. As for the stock, it actually broke out of a three-year launching pad in September and has held up (and even poked to higher highs) during the market's implosion—a great sign the weak hands are already out.

Subscribe to Mike Cintolo's Cabot Top Ten Trader here...

Citigroup (C)

Jason Clark
The Prudent Speculator

***Citigroup** (C) is a leading global financial institution with approximately 200 million customer accounts and does business in more than 160 countries and jurisdictions, notes **Jason Clark**, a value investing specialist and contributing editor to **The Prudent Speculator**.*

Citi provides consumers, corporations, governments and institutions with a broad range of financial products and services, including consumer banking and credit, corporate and investment banking, securities brokerage, transaction services and wealth management.

While Citi had a strong 2017, shares were off more than 30% in 2018, despite rising interest rates and increasing profits.

Even though the company faces some operational headwinds in different segments of its business, we continue to see a more focused and recapitalized Citigroup as prepared to reward investors over the long-term.

Additionally, we like that Citi has good leverage towards a still solid U.S. economy, while also having the potential to show outsized benefits versus its peers from growth in Asia, Latin America and other emerging economies. Further, it seems the bank is still on its way to achieving its low-50s efficiency-ratio target by 2020.

Citigroup shares trade at 70% of book value per share and less than 7 times NTM adjusted EPS forecasts, all while offering a dividend yield of 3.6%, while the bank continues to consistently buy back its stock.

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The Clorox Co. (CLX)

Mike Larson
Safe Money Report

*As a result of a big shift in Fed policy, we're going to see a lot more volatility in 2019, more than we have in many years, cautions growth and income expert **Mike Larson**, editor of **Safe Money Report**.*

For investors, that means you have to play defense, not offense. Out go stocks in sectors like financials, transports, industrials, technology and materials. In go consumer staples, utilities, and select REITs.

You should also carry much higher levels of cash. And, if you're comfortable using them, hedge against downside risk by trading inverse ETFs.

As for traditional investments, one less-volatile, decent-yielding company in a more stable sector worth considering is **The Clorox Co.** (CLX).

I'm sure you know the Clorox brand name, and many of this company's products — from bleach to counter wipes to toilet bowl cleansers. What you may not know is that it pays a 96-cents-per-share quarterly dividend. That was good for a market-beating 2.4% dividend yield recently.

You may also not know Clorox has raised that dividend at a 6.6% annual rate in the last half-decade. And you may not be aware that CLX was upgraded back to "buy" territory in August by our Weiss Ratings system.

What else do I like about the stock? It's in the defensive consumer staples industry, exactly the kind of sector that's still worth targeting even in a more challenging market. It just reaffirmed its full-year sales forecast.

And despite reporting slight margin pressures from higher manufacturing and commodity costs in the most recent quarter, the stock quickly reversed early losses that day. It then kept on going and hit fresh all-time highs.

Subscribe to Mike Larson's Safe Money Report here...

CMS Energy Corp. (CMS)

Jacob Kilstein
Argus Research

*The electric utility business at **CMS Energy Corp.** (CMS) provides a stable earnings stream supported by continued capital investment, notes **Argus Research** analyst **Jacob Kilstein**.*

Over the last fifteen years, EPS has grown at an above-peer average rate of 7%. Management continues to project annual EPS growth of 6%-8% — better than the average of 5%-7% for most utilities.

The company benefits from a favorable location in Michigan, with a rising population, a high proportion of skilled labor, a business-friendly regulatory environment, and relatively low exposure to severe weather events.

We believe that the company's consistent, above-average growth more than offsets concerns about the stock's high valuation or the negative impact of rising interest rates.

The shares trade at 20.5-times our 2019 EPS forecast, above the peer median of 18.8 for electric and gas utilities with fully regulated operations.

Our $56 target implies a P/E of 22.4, which we feel is appropriate given the company's consistent above-average performance. Our 12-month target price is $56 per share.

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Comcast (CMCSA)

Chuck Carlson
DRIP Investor

*I remain a fan of media plays, and **Comcast** (CMCSA) should be among the group's leaders in 2019, suggests **Chuck Carlson**, a specialist on dividend investment plans and editor of **DRIP Investor**.*

Comcast has two primary businesses, Comcast Cable and NBCUniversal. Comcast Cable is one of the nation's largest video, high-speed internet, and phone providers to residential and business customers under the XFINITY brand.

NBCUniversal operates news, entertainment and sports cable networks, the NBC and Telemundo broadcast networks, television production operations, television station groups, Universal Pictures, and Universal Parks and Resorts.

One of Wall Street's concerns with Comcast has been the cord-cutting by people who are leaving cable and moving to over-the-top online streaming services to receive their media.

The firm's various operations — cable, Internet services, theme parks, and broadcasting and film entertainment — continue to generate lots of cash flow.

The firm has been putting that cash flow to work in terms of boosting its dividend and making acquisitions, the most recent being U.K. broadcaster Sky. The addition of Sky gives Comcast a huge overseas footprint and ample opportunities to monetize its assets.

Trading at less than 12 times 2019 earnings estimates and yielding over 2%, the stock represents an attractive play in the market. I own these shares and expect them to be a solid performer in 2019.

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Cummins (CMI)

Doug Gerlach
Investor Advisory Service

***Cummins** (CMI) designs, manufactures, and distributes engines and related components for use in heavy-duty and medium-duty trucks, buses, construction and mining equipment, and standby power generation, explains **Doug Gerlach**, editor of **Investor Advisory Service**.*

Over nearly a century, the company has earned a reputation as a leading engine manufacturer, known for the reliability and superior quality of its products. Cummins has been a beneficiary of coordinated global growth and a strong truck market. Just over half of the company's sales come from the U.S.

Over the past decade Cummins has benefitted from rising fuel-efficiency standards and emissions reduction regulations, which have served as a tailwind.

As a cyclical company, Cummins is dependent upon economic growth for near-term results, though the company has definite long-term growth characteristics. Given the recent strength, there is some question as to where we are in the important North American heavy-duty truck cycle.

These concerns are mitigated in part by the current backlog, which is the highest in 20 years and gives good visibility through 2019. Furthermore, management emphasizes that demand continues to be strong and broad-based globally across most of its on-highway and off-highway markets.

Warranty issues have been a nagging problem for the company, and management has worked to address these. In the second quarter, the company took a $181 million charge to address the performance of a faulty emissions control system in certain on-highway engines produced between 2010 and 2015.

Management targets warranty costs of 2% of sales over the longer term versus the 3.1% it reported in 2017 and 2.4% guidance for 2018. The increased focus on quality appears to be reflected in the performance of more recently launched engines.

Material costs and tariffs are also a concern and a key reason why the stock is down approximately 25% from highs reached earlier this year. Cummins recently highlighted an expectation of approximately a $200 million annual headwind, split 50%-50% between materials costs and tariffs.

The company reiterated its full year guidance for sales growth of 15%-17%. Management also reduced its expectation for tariff-related expenses for this year to $80 million, down from a previous estimate of $100 million.

For 2019, the company now expects tariff-related costs of $250 million, which is $50 million higher than previous projections. Cummins expects to offset the majority of the tariff costs through pricing and improvements in its supply chain.

Accounting for the cyclicality of the business, we look to more muted growth over the next five years, targeting 7% sales growth and 10% EPS growth. Five years of 10% growth could result in EPS as high as $22.00.

The cyclical nature of the business makes it necessary to adjust historical P/E ratios. We estimate an appropriate high P/E to be 15.0x, which suggests a potential high price of $330 and a possible annual total return of 23.2% from the recent price of $130.

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Denbury Resources (DNR)

Omar Ayales
Gold Charts R Us

*Resources overall had a tough 2018. Interestingly, it was at a time when the U.S. was living a strong economic boom, asserts **Omar Ayales**, commodity sector expert and editor of **Gold Charts R Us**.*

Crude oil had held its own, but pressures for lower oil and the fear of slacking demand, has pushed crude to extreme low levels.

Interestingly, crude is testing $40, a mega multi-decade support level. It slipped below that level only once back in early 2016. A decline that preceded a rise that would see crude more than double in price during the following two years.

As the global economic recovery continues, and sovereigns around the world work toward balancing budgets or at the very least, getting their fiscal situations back on a healthy path, $40 is increasingly looking like a key support level once again.

We're also bullish on crude and have a price target of $60 for the first quarter of 2019, nearly a 40% increase from today's prices. Energy shares have been harder hit, and they're extremely bombed out, especially when compared to crude oil itself.

Moreover, the energy boom in the U.S. is poised to continue as the U.S. has become a net exporter of crude oil for the first time ever.

Denbury Resources (DNR) is a resource company with 97% of its business derived from the production of crude oil and its derivatives. It was trading above $6 just a few months ago and has fallen sharply with crude oil's decline. It's now below $2.

Any pick up in the price of crude will surely push DNR back to more normal valuation levels. Our price target for the stock during the first quarter of the year is $2.75-$3.

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Diodes (DIOD)

Richard Moroney
Upside

***Diodes** (DIOD) dates back to 1959, growing from a regional semiconductor-trading company to an integrated global manufacturer serving the electronics, industrial, and communications markets, suggests **Richard Moroney** in his small cap oriented advisory service, **Upside**.*

The company operates 21 global locations, selling more than 25,000 products to an expansive customer base. Despite operating in a highly cyclical industry, Diodes has delivered 26 consecutive years of profitability. Sales, which topped $1 billion in 2017, have grown 10% annually over the last 10 years.

The company said per-share earnings soared 51% to $0.68 in the September quarter, surpassing the consensus by $0.05. Revenue rose 13% to $321 million and was in line with expectations. Gross profit margin increased more than two percentage points to 35.9%.

In regard to tariffs, Diodes says all the products it imports to the U.S. from China "are going to be ultimately affected." Management anticipates a $1.1 million quarterly cost from the first round of tariffs, and an additional $2.5 million from tariffs yet to go into effect. "But we plan to pass these tariff charges on to our customers."

The stock's trailing P/E ratio of 15 stands near its lowest level since 2011 and well below its industry average of 20. Meanwhile, companies lowering their debt levels are improving their balance sheets, which could in turn reduce future borrowing costs.

More important, debt repayment implies operations are generating excess cash, which down the road may be distributed to shareholders. Diodes has cut total debt by at least 12% over the past 12 months. The stock, earning a Value score of 81, is rated a "Best Buy".

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Energy Fuels (UUUU)

Gerardo Del Real
Junior Mining Monthly

*Uranium is coming out of a brutal bear market and anyone whose been involved in the space for any amount of time will tell you that uranium bear markets lead to violent bull markets, suggests **Gerardo Del Real**, a specialist in resource stocks and editor of **Junior Mining Monthly**.*

I believe we're in the first inning of what will result in a historic uranium bull market. One of the best ways to gain exposure to a better uranium market is by finding companies that can produce at a low-cost, are cashed up and have a track record of success.

Energy Fuels (UUUU) provides three distinct advantages.

1) It's the #1 uranium producer in the U.S.
2) It's the only vanadium producer in the U.S.
3) Its assets are low-cost and scaleable.

Uranium is poised to benefit from the electrification of everything. Global electricity demand is forecast to grow approximately 50% over the next two decades and I believe that to be a conservative estimate.

Japan has nearly 10% of the world's reactors but restarts have been slow and most are still not operating. China — the commodity elephant in the room — only generates 4% of its power from nuclear but has a target of 20% non-fossil fuel by 2030. That's a lot of new reactors and pent-up demand will underpin prices for at least a decade.

Vanadium is used in steel, titanium and other alloys. It is also a strategic mineral for defense applications. Energy Fuels not only provides exposure to both uranium and vanadium but is well financed with over $50 million in working capital. Expect a big year from uranium and expect Energy Fuels to deliver big gains to shareholders.

Subscribe to Gerardo Del Real's Junior Mining Monthly here...

EVIO (EVIO)

Jason Williams
The Wealth Advisory

*I'm extremely bullish on cannabis, in case you couldn't tell. This is the birth of an industry that is set to grow to epic proportions. We're talking tens, maybe even hundreds, of billions of dollars a year, asserts **Jason Williams**, editor of **The Wealth Advisory**.*

And we've got the opportunity to invest in the future leaders of that industry on the ground floor. So, you shouldn't be surprised that my speculative pick for 2019 is also a cannabis stock. But don't go thinking this is just some company that grows or sells marijuana. It's far more important to the industry than only being a producer.

This year, many U.S. states and the entire country of Canada passed laws that require the testing of legal cannabis before it can be sold to dispensaries. All the cannabis, all the oils, all the edibles — everything has to be tested for pesticides and other various chemicals before it can make it onto store shelves.

And few companies were ready for this move. Most producers already had things like tetrahydrocannabinol (THC) and cannabidiol (CBD) levels tested so they could display it on their packages. And flowers were given visual inspections for bugs and mold. But nothing this stringent had been in place.

So, the industry was caught unprepared. And for a while, shelves were almost bare in some states as producers and the few labs that are out there rushed to get everything tested to meet the new standards.

But there was one company that saw the industry growing and knew regulations would soon get around to what was in the products being sold. So, its management set out to become the largest cannabis-testing company in the country. And it's well on its way to accomplishing its goal.

EVIO (EVIO) is the largest publicly traded cannabis tester. And it's battling for the top spot overall. It hasn't seen the kind of interest that the Canadian companies have. It hasn't even seen the kind of interest that most U.S. companies have. But that's because the growers are the focus right now. Nobody is looking at the pick-and-shovel plays that keep the industry running. Not yet, at least.

But once investors start looking for parts of the industry that aren't already saturated with cash, testing labs will be one of the first places they go. And EVIO is the best investment in that part of the cannabis market. Its balance sheet is a little beat-up right now because of the cost of such rapid expansion.

But management plans to use proceeds from its operational labs in the U.S. and Canada to pay down debt and expand further. This could be the year that cannabis becomes fully legal in the U.S. Established American companies will dominate the global market after that. So, getting invested now would set you up for massive profits down the road.

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Evrim Resources (EVM)

Adrian Day
Global Analyst

*For those comfortable with the inherent risks of a micro-cap stock, resource sector expert **Adrian Day** — editor of **Global Analyst** — looks to **Evrim Resources** (Toronto: EVM) as his top speculative idea for 2019.*

Evrim Resources (Toronto: EVM) is a gold exploration company that employs the "prospect-generator" model. The means the company does early exploration, generating projects, and then seeks to bring in a partner to spend the big bucks in exchange for a majority of the project.

The advantage of this model is that bring in partners, the company avoids the major disadvantage of the typical exploration company, namely heavy and ongoing dilution in issuing new shares just to keep going. In the event of failure, the prospect generator can live to fight another day. For the investor, it's like owning parts of several lottery tickets rather than all of just one.

Thus, Evrim has joint ventures on several projects with several different companies, including Newmont (which owns 19.9% of Evrim), Yamana and some juniors. There is active or near-term drilling on three different properties. And the company has a pipeline of other projects it could option out.

The buying opportunity comes to us courtesy of a nervous market that grossly overreacted to some disappointing drill results on the Cuale project in early December. It's a long story; there was great anticipation about the drilling and many investors had bought shares ahead of the results.

We don't need to go into too much detail since we are interested in the company and its business plan rather than any one project. But the weak results and stock tumble came as tax-loss selling seasons go underway, adding to the pressure of the stock.

Cuale is by no means dead, though the market is acting as though it is. Extraordinary high-grade trench results, plus reasonable gold and copper grades in drilling—just not rich enough nor frequent enough nor deep enough to satisfy expectations — nonetheless provide reasonable justification for continuing work on the project.

But without any consideration for Cuale, the current price discounts other assets in the company. The market cap is now C$26 million. Evrim has cash of about C$11 million, plus a royalty on Ermitano, which I estimate has a value of up to $30 million.

Even at a discount, the royalty and the cash together are more than the market cap of the entire company. The numerous joint ventures and earn-ins, including some with drilling underway, come free. If Cuale had never entered the picture, we would be buying Evrim at this price.

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ExxonMobil (XOM)

Kelley Wright
Investment Quality Trends

Crude oil, and by extension oil companies, were taken out and shot last year. Nevertheless one of my top picks for the coming year is ***ExxonMobil*** *(XOM), suggests* ***Kelley Wright****, dividend expert and editor of* ***Investment Quality Trends****.*

Okay, so ExxonMobil is a massive company that isn't very nimble, which makes sense when you're talking about the equivalent of an aircraft carrier.

What ExxonMobil is though is competent and manages their vast assets with an eye always toward the future. I don't see a recession on the horizon, let alone a depression, which ExxonMobil is priced at currently.

Economies sometime take a pause, which is normal and healthy. Also, unless there is some viable economic alternative to fossil fuel coming I'm not aware of, the world will continue to run on energy.

ExxonMobil's historically repetitive high-yield is 3.0%, which at the current cash dividend of $3.28 is realized at $109 per share. Trading recently at just over $69 per share with a dividend yield of 4.75%, the stock is an outstanding long-term value.

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First Solar Inc. (FSLR)

David Coleman
Argus Research

First Solar *(FSLR) designs, manufactures and markets thin-film semiconductor photovoltaic (PV) cells and modules that convert sunlight into electricity, observes* ***David Coleman****, analyst and quantitative portfolio strategist with the leading independent research firm,* ***Argus Research****.*

By using a very thin coating of semiconductor material over a glass sheet, the company is able to produce PV modules at a much lower cost than firms using traditional wafer technology. Fiscal 2017 revenue totaled $2.94 billion.

The current solar industry environment is attractive given declining manufacturing costs, the increased efficiency of PV cells, and the recent pullback in industry share prices.

Solar photovoltaic (PV), a solid-state technology, is emerging as the most viable of the alternative energy solutions, overcoming the limitations presented by mechanical-dependent alternatives such as wind power and solar.

As companies continue to invest in R&D and become more efficient, we think that solar will become more competitive with traditional power generation.

The company has an industry-leading financial profile with a solid balance sheet. We rate its financial strength as Medium.

The total debt/cap ratio of 2.6% is meaningfully below the peer average. The company had cash of $2.7 billion and available credit of $136.6 million at the end of the most recent quarter. Our 12-month target price is $60.

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First US Bancshares (FUSB)

Benj Gallander
Contra the Heard

First US Bancshares *(FUSB), our favorite conservative idea for 2019, is expanding with the takeover of The Peoples Bank, moving it beyond Alabama into Tennessee and Virginia, suggests* ***Benj Gallander****, editor of* ***Contra the Heard****.*

CEO/President James F. House stated, "We have now added a talented banking team and an excellent customer base in the Knoxville, Tennessee and southwest Virginia areas."

He added, "We believe that this expansion will provide significant opportunity for future growth, particularly with respect to commercial lending in the vibrant Knoxville market. As we complete the integration of our organizations and move beyond the nonrecurring acquisition expenses, the acquisition should quickly begin to bring improved efficiency and earnings growth."

House has been the CEO since 2011. He has been in the industry for over 35 years and one can garner that he has seen it all. For investors, that adds a level of confidence, as too often, bankers tend to lose their way.

In 2014, the bank recommenced a dividend of a penny a quarter, after a three-year hiatus. Now it is up to two cents. Prior to the financial crisis, it was $0.27 a quarter. Given that the share count has remained flat, further increases are likely in the cards.

The stock seems cheap. Book value is $12.31, about one-third more than the trading price. The capitalization ratios are excellent with Tier 1 capital and Tier 1 risk-based capital ratios each 12.28 percent. Its total capital ratio is 13.20 percent, and its Tier 1 leverage ratio is 8.78 percent. Insiders own about 5.6 percent.

Interest rates likely have some upside push left. That should help the banking sector and benefit the bank. First U.S. Bancshares used to trade at much higher levels. It would not surprise to see this one move back to the $25 level. And it could provide a good tuck-in takeover for a larger player that wants to expand.

Subscribe to Benj Gallander's Contra the Heard here...

Fortis Inc. (FTS)

Gordon Pape
Internet Wealth Builder

*If the wind-down to 2018 was any indication, the New Year may be one that sees investors in survival mode. That makes utilities, which were hit hard by interest rate hikes in 2018, a good choice, suggests **Gordon Pape**, a Canada-based investment expert and editor of **Internet Wealth Builder**.*

The pace of rate increases should slow, and investors will be more interested in stable companies with limited downside and good yields.

My choice for conservative investors for 2019 is **Fortis Inc**. (FTS), a Canadian-based electricity and gas producer/distributor. It has total assets of about $50 billion. The corporation's 8,500 employees serve utility customers in five Canadian provinces, nine U.S. states, and three Caribbean countries.

The company is investing heavily in new projects, with $1.5 billion spent in the first six months of the year and another $1.7 billion expected in the second half.

The stock pays $0.425 per month ($1.70 per year) to yield 4% at the current price. The company has raised its dividend every year for more than 40 years, with the next hike expected in the fall.

This is not an exciting company, but it is sound, has a strong U.S. position in Florida and New Mexico, and has a 45-year history of annual dividend increases. It won't make you a bundle, but you'll sleep well at night.

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General Electric (GE)

Jim Powell
Global Changes & Opportunities Report

*Many of the world's finest companies are trading at prices that we have not seen for several years. I urge investors to take advantage of these opportunities while they last, suggests **Jim Powell**, editor of **Global Changes & Opportunities Report**.*

For investors who are willing to accept higher risk, my top pick for aggressive investors for 2019 is **General Electric** (GE). This is one of the worst-performing blue-chip stocks that we have seen in many years.

From a $31.60 high in November 2017, the stock is now selling for just $7.26 — a stomach-churning 77.0% plunge. Most of the slide was due to a series of poor business choices by the company's former management. The stock market correction took GE down even further.

It is possible that GE will go lower. If so, I doubt that any additional decline will be very large. On the contrary, I believe the odds favor a turnaround for this 126-year-old company that has been shutting down or selling underperforming operations, showing poor managers the door, and refocusing its efforts on businesses where it remains competitive.

The most encouraging development at GE is its new CEO, Lawrence Culp, is dragging the company back from the mistakes of his predecessors. The turnaround will not happen quickly and probably not smoothly.

However, I feel strongly that long-term investors who take positions in GE at today's low price will be very happy they did. It won't be the first time that this 126-year old company stumbled badly, and was pronounced dead by Wall Street analysts, and then recovered.

In closing, I will say once again that the very best use of a stock market correction is to buy blue chips that are selling at bargain prices. That's even more true when taking a position in a company like General Electric that was stumbling before the correction pushed its price even lower.

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General Electric and Janus Henderson (GE) (JNS)

Bruce Kaser
The Turnaround Letter

*For conservative investors in 2019, my top idea is **Janus Henderson** (JNS); for more risk-oriented investors, my top pick is **General Electric** (GE), explains **Bruce Kaser**, editor of **The Turnaround Letter**.*

JanusHenderson is a $378 billion (assets) investment manager. The shares have been weighed down by concerns over asset outflows from weak mutual fund performance combined with clients' growing preference for ETFs, of which Janus offers very few.

Its 2017 merger of equals didn't go as smoothly as expected. However, Dick Weil, who led Janus' prior turnaround, is now the sole CEO, and we believe he will bring improvements to the combined company. Most compelling is Janus' valuation, at a very modest 6.8x earnings and 3.7x EBITDA.

The company is generating considerable free cash flow and its cash balance is greater than its outstanding debt. Its 7.4% dividend yield looks sustainable.

Following General Electric's jaw-dropping fall from the pinnacle of Corporate America, GE is a chastened company determined to work its way back from the brink.

Its highly-capable new CEO is rapidly taking remedial action: it filed to IPO its healthcare unit, is divesting many of its other operations and ownership stakes including Baker Hughes, announced a split-up of its struggling Power unit, replaced another board member, and is replacing its long-time independent auditor.

While there are still many uncertainties and risks ahead, the company appears to be finally moving in the right direction. Its heavily sold stock appears to reflect all but a worst-case scenario.

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Genomic Health (GHDX)

Tony Daltorio
Growth Stock Advisor

*Cancer has long been a scourge of humankind and treatments and/or cures have always been iffy because every cancer, like every person, is different, observes **Tony Daltorio**, editor of Investors Alley's **Growth Stock Advisor**.*

When cancer occurs, small changes in the genetic letters can change what a genomic word or sentence means. A changed letter can cause the cell to make a protein that doesn't allow the cell to function properly. Such proteins can make cancer cells grow quickly and cause damage to neighboring cells. By studying the cancer genome, scientists can discover what letter changes are causing a cell to become cancerous.

With a better understanding of the genetic mutations, doctors will then be able to provide cancer treatment therapies that specifically target changes in the cancer's genomic profile. Information on the genomics of a patient's unique cancer will let doctors better determine the appropriate course of treatment — in effect, precision cancer treatment focusing on a person's individual cancer.

These even more targeted assessments study the DNA profile of the patient's cancer, searching for genetic abnormalities that can be matched to a particular drug therapy that may not have otherwise been considered.

Dr. Maurie Markman, President of Medicine and Science at Cancer Treatment Centers of America, said of advanced genomic testing. "This is an incredibly powerful, positive force in medical care. We were in the Dark Ages before this."

That bring us to **Genomic Health** (GHDX), our top pick for aggressive investing in the coming year. With its Oncotype IQ Genomic Intelligence Platform, the company is a pioneer in the translation of clinical and genomic big data into actionable results for treatment planning for cancer patients.

A study published in the *The New England Journal of Medicine* found that many women with early-stage invasive breast cancer could safely forgo chemotherapy, if they score in the mid-range or lower for risk that their cancer will recur, as measured by Genomic Health's Oncotype DX.

The results of the study — the largest breast cancer treatment trial to date — were presented at the annual meeting of the American Society of Clinical Oncology in Chicago, where doctors hailed the results as "practice changing". Translation: it will spare a lot of unnecessary chemotherapy in women with breast cancer. Now doctors can tell 70% of their patients that they don't need to agonize over whether to get chemo or not.

The Oncotype DX test costs $4,600 and is typically reimbursed by insurance, according to Genomic Health. The market opportunity is still there with currently only about 60% of U.S. patients who could potentially benefit from it are taking the gene test.

Genomic Health is more than a 'one-trick pony'. It is also a leader in testing for prostate cancer in men with its Oncotype DX test that takes a sample from a prostate biopsy and analyzes 17 genes in it to estimate how aggressive a cancer may be. And the company continues to expand its range of tests, making Genomic Health a buy in this new exciting field of medicine.

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Gladstone Investment (GAIN)

Adrian Day
Global Analyst

***Gladstone Investment** (GAIN) is a Business Development Company — or BDC — that lends money to small businesses and pays out virtually all of its net income as a dividend, suggests **Adrian Day**, editor of **Global Analyst**.*

Gladstone is a little different from most other BDCs in that it also invests in equity in these private companies, with a goal of 70% debt/30% equity. It pays its monthly dividend from the interest on the debt, with gains generated by equity paying bonus semi-annual dividends.

Like most of the BDCs, Gladstone fell sharply in December on concerns that the Federal Reserve would continue to increase interest rates. To a large extent, the concern about higher rates is misplaced.

For most BDCs, including Gladstone, the vast majority of its loans carry floating rates, while its own debt is most fixed rate. Thus, rising rates actually widen the gap between interest cost and interest income and are arguably beneficial for BDCs, at least early on in a tightening cycle.

The bigger concern is if rising rates push the economy into a recession, when some portfolio companies may have difficulty repaying their loans. Even more than a recession, a credit crisis, such as occurred in 2008, is a more serious threat.

Such an event does not appear imminent at this time. And moreover, companies like Gladstone, that were hurt in 2008, have taken steps to secure long-term or permanent funding—such as preferred stock—that cannot be withdrawn in a credit crisis.

Gladstone's NAV has increased consistently in recent quarters. From the beginning of 2016, it has increased from $9.25 per share to $12.29 per share, significantly above the current stock price.

Net Investment Income (NII), the number on which dividends are based, can fluctuate wildly from quarter to quarter for a range of reasons—a new transaction closes, or a loan is sold. There are also accounting peculiarities that can affect the number.

Most important is that not only has the NAV consistently increased and the non-accrual rate remains fairly stable, but the company has repeatedly increased its regular distribution rate, four times from the beginning of 2017, including in the latest quarter.

The regular monthly dividend equates to a very attractive yield of 8.76%. But in addition, the company pays twice-annual supplemental dividend, which have recently equated to almost another two months' worth of regular dividends.

If you include these distributions, your current yield on today's stock price if 9.99%. It should be emphasized that the amount and indeed whether there is a supplemental payment at all does depend on performance of the portfolio in the recent quarter.

The company emphasized that the adjusted NII exceeds all distributions "by a significant margin". This confidence was also emphasized with strong inside buying after the latest quarter results were announced.

So a better than 9% yield on a stock selling at a 25% discount to its NAV make Gladstone a compelling buy for long-term income-oriented investors.

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Global Brass and Copper Holdings (BRSS)

Jeffrey Hirsch
Stock Trader's Almanac

*Copper has a tendency to make a major seasonal bottom in December and then a tendency to post major seasonal peaks in April or May, explains seasonal timing expert **Jeffrey Hirsch**, editor of **Stock Trader's Almanac**.*

This pattern could be due to the buildup of inventories by miners and manufacturers as the construction season begins in late-winter to early-spring. Auto makers are also preparing for the new car model year that often begins in mid- to late-summer.

One way we like to gain exposure to copper and its seasonally strong period is through the highly correlated stocks of companies that mine and produce copper.

Global Brass and Copper Holdings (BRSS) is our favorite small cap stock that is highly correlated to copper. Copper's rout in 2018 caught up with the company, but it has held up better than other stocks in the copper arena because of its use of recycled materials and the value-added nature of their products.

Plus it pays a 1.4% dividend. This company primarily operates in the U.S. as a converter, fabricator and processor of copper and brass products.

Global brass is not a mining company; they are essentially a recycler that produces sheet, strip, foil, rod, tube and similar products from processed scrap, used copper cathodes and other refined metal sources. Although based in the U.S., the company also has some operations in China, Japan, United Kingdom and Germany.

With copper appearing to set its perennial seasonal low in December and Global Brass and Copper's solid business, they are well positioned to drive growth organically as well as through acquisitions. The stock is recommended for risk-oriented investors.

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Great Bear Resources (GBR)

Gerardo Del Real
Junior Mining Monthly

*2018 will be remembered as the year that commodities bottomed and among the many I expect to have a positive 2019, gold and uranium will be standouts, asserts **Gerardo Del Real**, resource sector specialist and editor of **Junior Mining Monthly**.*

Gold and the associated juniors have seen share prices decimated. I believe one of the few bright spots in 2018 — **Great Bear Resources** (Toronto: GBR) (OTC: GTBDF) — will also shine in 2019.

Great Bear Resources is a "Discovery Group" company (John Robins group) advancing one of the most exciting recent discoveries in the junior space, the Dixie project in Red Lake, Ontario.

Shares in the company caught fire after drill hole DHZ-004 retuned 44.47 g/t gold over 7.00 meters on August 22, 2018. That hole has led many to speculate that the Dixie project could be a company maker. The results led to a $10 million financing, of which nearly $6 million was taken down by Rob McEwen.

Great Bear has commenced a 30,000-meter drill program that will consist of approximately 150 drill holes and will continue through 2019.

The program will continue to drill test the Dixie Limb Zone ("DLZ"), including its various sub-zones such as the Hinge Zone and South Limb Zones. Step-out drilling will also test additional targets along the 10-kilometer strike length of the DLZ.

Share structure is solid with approximately 35 million shares outstanding and 46 million fully diluted. Expect some great results, expect plenty of news flow and in a rising gold market expect Great Bear to shine bright.

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Green Dot (GDOT)

Timothy Lutts
Cabot Stock of the Week

Green Dot *(GDOT) is a little-known bank holding company with a great story and an amazingly broad reach. In fact, the company believes it has the most widely distributed financial services and banking franchise in the U.S., asserts* ***Timothy Lutts****, chief analyst and editor of* ***Cabot Stock of the Week****.*

The company works behind the scenes in most cases, but that's been enough to produce an enviable track record of growth in recent years.

It has both a product and a platform business. On the product side, Green Dot has a slew of offerings, though its core products are simple things like bank accounts, checking accounts, prepaid (and reloadable) debit cards and credit cards with a slew of perks.

The firm's distribution network for its various products is amazingly large, with more than 100,000 brick and mortar locations selling its cards.

The platform business, which it refers to as banking-as-a-service, allows partners to develop their own banking and financial offerings for their customers. Apple Pay Cash runs on Green Dot's platform, as do Walmart's MoneyCard and Intuit's Turbo card,

All told, Green Dot makes money from transaction fees, recurring monthly account fees, interchange fees and interest income. And all four areas have been growing steadily as the company expands its partnership and reach.

Revenue growth has averaged 22% over the past four quarters (revenues were $230 million in the 3rd quarter), while earnings growth has averaged 50%. Analysts are looking for 13% earnings growth next year, but that almost certainly is too conservative.

As for the stock, it's been in an uptrend over the past three years, but as we approach the end of 2018, it's 20% off its high, presenting you with a nice buying opportunity.

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Home Depot (HD)

Chris Graja
Argus Research

*There is 24% upside to our price target for **Home Depot Inc.** (HD). We believe that the 17% pullback from its September high provides a favorable entry point, suggests analyst **Chris Graja** with **Argus Research**, a leading independent Wall Street Research firm.*

The company has raised its dividend at a 22% compound annual rate over the past five years. It also recently raised its target payout ratio to 55% from 50%. The current yield is an attractive 2.3%.

Fundamentals remain strong. HD has raised its operating margin by more than 400 basis points over the last five years. In fiscal 3Q19, EPS rose 36% from the prior year and topped the consensus forecast.

Comp sales at U.S. stores rose 5.4% in 3Q19, on top of 7.7% growth in 3Q18. Online sales rose 28% in 3Q19. Overall economic growth is a more important sales driver for Home Depot than housing activity.

HD is shareholder friendly. The trailing four-quarter return on invested capital was 42.2% in 3Q, up an impressive 970 basis points from the prior year. The ROIC exceeded the cost of capital by 33 percentage points.

The company repurchased $5.5 billion of its stock in the first three quarters of FY19 and has repurchased approximately $80 billion since 2002. Our 12-month target price is $220 per share. This implies a multiple of 22-times our forward-four-quarter EPS estimate.

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IAMGOLD Corporation (IAG)

Alan Newman
Crosscurrents

*Our favorite speculative play for several years has been **IAMGOLD Corporation** (IAG), a gold exploration and mining company with mines in North American, South America and in West Africa, suggests **Alan Newman**, market strategist and editor of **Crosscurrents**.*

The company's headquarters are in Toronto, Canada and the firm has interests in at least ten operations that we are aware of, including copper and silver. The shares traded as high as $23.88 in September 2011, in concert with the peak in bullion prices over $1900 per ounce.

Since our long-term forecast places gold eventually as high as $3000 to $3500 per ounce, we believe IAMGOLD has the potential to trade above the 2011 highs, possibly well beyond. Although we consider the shares to be speculative, valuations appear to be reasonable.

The shares currently trade at roughly a 1.5 price to sales ratio and the forward price to earnings ratio is about 26. Total cash per share is $1.53 while total debt per shares is $0.89.

IAMGOLD rallied from similar levels in March 2017, almost doubling to as high as $7.22 in September 2017, despite bullion rising only modestly by 3%, thus there is potential for investors and speculators to drive interest regardless of the action in the precious metal.

However, there have been some hiccups along the way. Most recently, IAMGOLD traded as low as $2.85 last November and has rallied since but likely faces some resistance above $4 per share.

We have some reservations about management, but our long-term forecast for gold bullion alone should be capable of driving the stock's value over the long term.

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Illinois Tool Works (ITW)

Jimmy Mengel
The Crow's Nest

***Illinois Tool Works** (ITW) manufactures and sells industrial products and equipment worldwide; the stock is my top pick for investors seeking a safe investment idea, explains **Jimmy Mengel**, editor of **The Crow's Nest**.*

Illinois Tool Works operates through seven segments:

• Automotive OEM
• Food equipment
• Test and measurement and electronics
• Welding
• Polymers and fluids
• Construction products
• Specialty products

The company was founded in 1912 by Byron L. Smith. He put out an ad in the *Economist*, looking to provide capital to a "high class business (manufacturing preferred) in or near Chicago." He turned down several initial offers, waiting for the right proposal. And when a group of inventors with an idea to improve gear grinding came along, ITW was born.

It's now one of the best-performing dividend stocks of the last century. It's flourished through wars and recessions and has expanded its businesses around the world.

The company is not only a dividend aristocrat; it's also a dividend king. This means that it's had over 50 years of consecutive dividend increases. Here are some more details on this dividend king:

• In 2011, Illinois Tool Works had more than 20,000 unexpired patents and pending patent applications worldwide, including 2,900 U.S. patents and 1,116 pending U.S. applications. The company typically ranks in the top 100 of patent issuers in the U.S.

• The company ranked 414 on the Forbes Global 2,000.

• It sports a solid dividend of 2% and a five-year dividend growth rate of 15.5%.

If you invested $10,000 in 1998 and reinvestment the dividends, you'd be looking at around $58,000 today.

The company lost around 20% over the last year, which makes for an attractive long-term dividend position heading into the new year.

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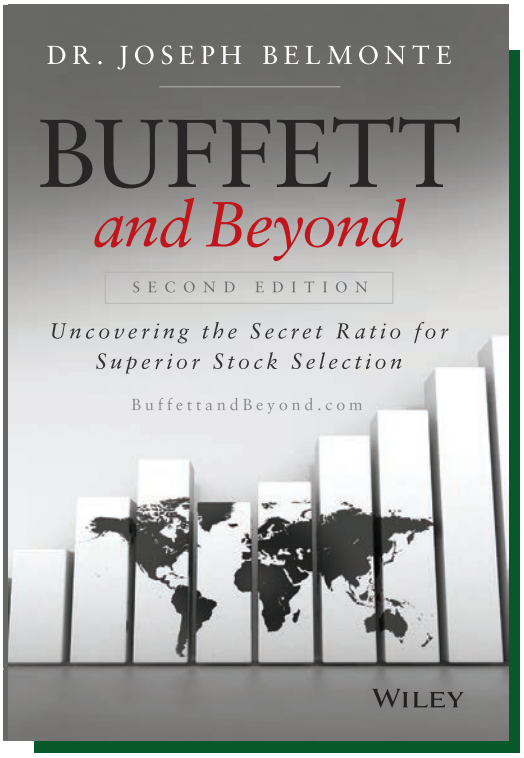

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Innovative Industrial Properties (IIPR)

Tony Daltorio
Growth Stock Confidential

*It's called a number of names — pot, marijuana, cannabis — and it is now legal for medicinal use by prescription in 33 states and for recreational use in 10 states, asserts **Tony Daltorio**, editor of **Growth Stock Confidential**.*

And that number is likely to climb as the number of Americans that favor its legalization climbed over 60% for the first time ever recently, with a remarkable 94% supporting medical uses for marijuana.

As recently as 2013, legally sanctioned medical marijuana was worth only about $1.5 billion in sales. However, according to the research firm ArcView Group, sales of legal cannabis in North America are expected to grow from just $6.8 billion in 2016 to $24.5 billion in 2021. That is a very impressive 28% compound annual growth rate (CAGR).

The number may even be higher thanks to research being done currently. There are at least 160 cannabinoids and as many as 500 terpenes and flavonoids in the cannabis plant, all of which can be separated out and then mixed and matched. In fact, one Israeli researcher has synthesized 22 different versions of THC (Tetrahydrocannabinol) to treat specific neurological conditions.

A specialty REIT focused on this sector is **Innovative Industrial Properties** (IIPR). It has or will acquire and manage specialized industrial properties leased to state-licensed operators for their regulated, medical marijuana facilities.

It intends to acquire these properties through sale-leaseback transactions as well as third-party purchases. It is the only publicly traded REIT that invests in pot-related properties.

The company leases its properties on a triple-net lease basis, where the tenant is responsible for all aspects of and costs associated to the property and its operation during the lease term, including maintenance, taxes and insurance.

The REIT structure is perfect since it allows a third-party to own the real estate and lease the property back to the operator with a long-term agreement in a tax-efficient manner.

This is an important point to remember — the rates at which these sale and leaseback transactions for the cannabis industry are financed far exceeds the rates typically available in other industries. Therefore, REITs focused on cannabis are able to earn high rates of return.

The progress this company has made since its December 2016 IPO is remarkable. It has added additional properties bringing the total to 10 with 952,000 square feet of rentable space, which was 100% leased with a weighted-average remaining lease term of 14.7 years.

The company is already generating total revenues of roughly $4 million quarterly, representing an increase of more than 150% over the past year! Its adjusted funds from operations ("AFFO") has soared more than 250% from the prior year.

Innovative Industrial has turned into a consistent dividend payer and has raised the quarterly dividend from $0.15 to $0.25 cents to now $0.35 cents. I expect this trend of rising payments to continue as the company continues to grow.

Bottom line: the marijuana industry is one that is 'growing like a weed' and that makes the stock a buy. Innovative Industrial is our top pick for aggressive investors in the coming year.

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Innovative Industrial Properties (IIPR)

Timothy Lutts
Cabot Marijuana Investor

Timothy Lutts *— a leading growth stock expert — is the chief analyst and editor of the speciality newsletter advisory,* ***Cabot Marijuana Investor****. Here's his top pick in the cannabis sector.*

I**nnovative Industrial Properties** (IIPR) is a real estate investment trust (REIT) dedicated to the cannabis industry — which is the fastest-growing industry in the U.S.

The stocks in the cannabis industry are notoriously volatile, in part because they're often low-priced and thinly traded, but IIPR is far less volatile, while still holding the promise of great growth.

The company has eleven properties in nine states (Arizona, Colorado, Illinois, Maryland, Massachusetts, Michigan, Minnesota, New York and Pennsylvania), totaling more than a million rentable square feet. All properties are currently leased with a weighted-average remaining lease term of approximately 14.7 years.

Dividends are paid quarterly, and currently yield 2.8%. Analysts are projecting earnings of $0.76 per share in 2018 and then $1.97 per share in 2019. And the stock is currently on a normal correction, having pulled back 24% from its November high.

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Innovative Industrial Properties (IIPR)

Jason Williams
The Wealth Advisory

*The past year saw the legal cannabis market explode. Canadian cannabis stocks were the hot investment of 2018. And they went on a ridiculous ride, observes growth stock expert **Jason Williams**, editor of **The Wealth Advisory**.*

Many went from their initial price offerings (IPOs) to $20 billion companies within a few weeks, and back down to the ground over the following months. So, it might seem odd that my "conservative" pick for 2019 is in the same industry. But it'll all make sense when you hear what this company is doing and where.

Canadian cannabis is last year's news. The U.S. is where the real money will be made in the future. Our industry is expected to reach $10 billion this year. And according to *Marijuana Business Daily*, it could get as high as $22 billion by 2022.

And it's still illegal in the U.S. But over 30 states now allow medical marijuana use and seven states plus Washington, D.C., allow recreational use. And that will likely increase in 2019.

But there will be a lot of volatility out there. And there will be rallies fueled by speculation just like there were with the Canadian companies. So, you need an investment that's immune to those kinds of wild swings but will still profit every time another state votes "yes."

Innovative Industrial Properties (IIPR) is that kind of investment. It's a real estate investment trust that owns marijuana cultivation and processing facilities and rents them to cannabis operations. The leases are triple net, which means that IIPR's tenants pay all the bills, all the taxes, make the repairs, and pay rent to Innovative Industrial. That's not a bad deal.

The stock is up by more than 100% since last year. It's one of the best-performing cannabis stocks out there, now that the high-flying growers are coming back to earth. Plus, because it's a REIT, it has to pay at least 90% of its pretax profits to investors. It's like you're getting paid every time someone gets high.

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International Business Machines (IBM)

John Buckingham
The Prudent Speculator

IBM *(IBM) is a leading provider of enterprise solutions, offering a broad portfolio of IT hardware, business and IT services, and a full suite of software solutions, notes* ***John Buckingham****, a leading value-oriented money manager and editor to* ***The Prudent Speculator****.*

As the Info Tech sector has exploded, IBM has struggled to keep up. Under the leadership of Ginni Rometty, the company created a set of 'Strategic Imperatives,' which were to be the guiding light for IBM's future.

While these have grown from zero to half of the company's trailing 12-month revenue in a few years, the company's aversion to big mergers and late arrival to the data center 'dance' put it in an unenviable position.

We think that the recently announced $34 billion purchase of Red Hat, a provider of open source software, offers hope that IBM may finally have turned to a new chapter, though a hefty price is being paid.

Red Hat's OpenShift software runs on private clouds (owned by one company) or public clouds (like AWS or Microsoft Azure), and could finally let Watson, IBM's learning engine, grow nearer to its potential.

Assuming it can close the acquisition and overcome the integration risks, we believe IBM will be better able to keep up with its cloud computing peers.

IBM estimates that the global cloud is only 20% built out, so there is plenty of growth potential, yet its stock trades for just 8 times earnings, both trailing and forward, and yields 5.5%.

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International Business Machines (IBM)

Kelley Wright
Investment Quality Trends

*Alright, so **International Business Machines** (IBM) isn't sexy when compared to other tech stocks. Boo-hoo, jests **Kelley Wright**, dividend expert and editor of **Investment Quality Trends**.*

What IBM is though is experienced with reinventing themselves and have done so more times over the last century than any other company we follow and I can think of. Yes, that's century as in one hundred years.

Remember too that IBM has resources, vast resources, to draw from and leverage. Watson is an ongoing project that has had some wins and losses but is evolving. The purchase of Red Cloud also strengthens IBM in cloud technology, which had been lacking.

All the above aside, IBM is making money, which anyone who really wants to know can discover by looking at their economic internals: Return on Invested Capital (ROIC) = 9%. Free Cash Flow Yield (FCFY) = 7%.

An added bonus is the Street has IBM priced as if their forward profitability will come in at a 40% discount from their long-term average.

Someone hasn't done their math very well. IBM's historically repetitive high-yield is 4.0%, which based on the current cash dividend of $6.28 is realized at $157 per share. Trading recently at $115 per share IBM shares are an Undervalued bargain.

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Ionis Pharmaceuticals (IONS)

John McCamant
The Medical Technology Stock Letter

***Ionis Pharmaceuticals** (IONS) is my top pick as a conservative biotech recommendation in 2019; the company represents a unique blend with an exciting and broad pipeline of drug development candidates balanced by revenue generation from approved drugs, observes **John McCamant**, editor of **The Medical Technology Stock Letter**.*

The revenue stream lead by Spinraza royalties helps stabilize the stock price by providing a valuation floor and the pipeline provides for significant upside on positive results or major partnerships. IONS also owns 75% of **Akcea Therapeutics** (AKCA) which was spun out to focus on commercial opportunities and maximize shareholder value by retaining more of the economics.

Their huge pipeline of over 30 drug development candidates has allowed the company to strike numerous partnerships with elite biotech and pharma companies while also retaining full rights to many drug candidates.

Potential catalysts for IONS in 2019 include both better than expected revenue from newly approved drugs (Tegsedi or Waylivra) or positive clinical data from their broad pipeline. IONS is also a prime takeover candidate with a broad antisense technology platform backed by dominant IP that would fit nicely into most Bio Bio or Pharma Cos.

IONS' recent analyst day provided an excellent opportunity for the company to show off their impressive pipeline of over 30 drug development candidates. In our view, their continued progress with both their neurology drug development candidates and the next generation LICA platform which will use significantly less drug (log orders) to achieve its affect than the previous generation technology was clearly on display.

Importantly, LICA offers significantly improved safety for systemically delivered drug candidates opening up huge opportunities for IONS. To date, IONS one blockbuster drug Spinraza which is delivered intrathecally (spinal tap) avoiding any potential systemic side effects. Overall, we remain impressed by the breadth of the pipeline.

We are also impressed with the company's ability to execute on multiple fronts as there are at least 10 programs set to enter pivotal trials over the next two years. Four of these should occur in 2019 including neuro products IONIS-HTTRx in Huntington's disease (HD) and IONIS-SOD1Rx in ALS and LICA drug candidates for TTR amyloidosis and Lp(a).

Roche Holdings (RHHBY) is the company's development partner for IONIS-HTT and the partners have guided for the initiation of two important clinical trials in HD patients late by early 2019. The first will be a natural history trial to measure the correlation between mHTT protein and clinical measures of HD in 100 symptomatic HD patients.

IONS recently announced after a positive interim analysis of the Phase I/II trial of intrathecal IONIS-SOD1Rx (BIIB067) in patients with amyotrophic lateral sclerosis (ALS), **Biogen** (BIIB) has exercised its option to license and develop the drug. This announcement is a significant positive for IONS as it both validates IONS' technology platform and improves their near-term pipeline.

Biogen is no stranger to IONS as they have already developed one blockbuster drug together in Spinraza that is delivered intrathecally avoiding any potential systemic side effects. The partners will advance IONIS-SODRx into pivotal Phase III development later in 2019 as the Phase I/II data was just released.

In our view, 2019 will be a big year for IONS with a slew of upcoming potential catalysts. The list of potential catalysts for IONS next year includes both better than expected revenue from newly approved drugs (Tegsedi or Waylivra) or positive clinical data from their broad pipeline.

IONS is also a prime takeover candidate with a broad antisense technology platform backed by dominant IP that would fit nicely into most Bio or Pharma Cos. Lastly, by starting so many pivotal clinical trials in 2019 the company is in position for a string of pivotal readouts over the next few years that should completely transform the company into a biotech powerhouse.

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Match Group (MTCH)

Jim Woods
Bullseye Stock Trader

Match Group *(MTCH), the online dating site company and our top aggressive idea for 2019, has been one of the best stocks to own over the past couple of years, and that's because its earnings power has been so strong, notes* ***Jim Woods****, editor of* ***Bullseye Stock Trader****.*

The company operates high-profile dating sites such as its namesake Match, Tinder, Plenty Of Fish, Meetic, Ok Cupid, Pairs, Twoo, and OurTime.

I don't know about you, but in my age category (late-40s to early 50s) there's a huge growing population of couples recently divorced. In fact, most of my friends are going on dates for the first time in years, and many of them have found dating partners via Match.com.

The result of MTCH's operations have been EPS growth (both current and over the past several years) that's in the top 3% of all publicly traded companies.

On the share price front, MTCH's approximate 30% gain in 2018 put it in the top 10% of all publicly traded companies. And because stocks that show positive momentum on strong earnings tend to continue showing positive momentum, I think MTCH will continue riding higher in 2019.

Of course, MTCH was volatile in 2018. Yet that just makes it one of the many stocks that showed hyper-volatility during a most-volatile year. Moreover, MTCH's surge off of the November lows shows a stock poised to continue trending higher in 2019.

And, consider this … after the crazy year that was 2018, what we all could use is a hot date (or at least a hot stock date). That's why I will be logging on to Match Group shares in 2019. *Disclosure: At the time of this writing, Jim Woods was long MTCH in his Bullseye Stock Trader advisory service.*

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Lockheed Martin (LMT)

John Eade
Argus Research

Lockheed Martin *(LMT) is a defense prime contractor with key businesses in Aeronautics (F-35, F-16, F-22 programs), mission systems (cybersecurity and surveillance) and missiles, suggests* ***John Eade****, analyst with the leading independent research firm,* ***Argus Research****.*

With a Republican in the White House, the outlook for defense spending has brightened and is a far cry from the days of sequestration.

Congress recently easily passed a $717 billion defense spending package for FY19. In addition, President Trump is urging U.S. allies to beef up their defense spending.

The company has a record of double-digit dividend hikes, including a 10% increase in September 2018. The double-digit hike underscores LMT's financial strength, strong focus on shareholder returns, and positive growth outlook.

Lockheed is a well-managed company with a long record of market outperformance. Management consistently sets conservative guidance and raises its outlook as the year progresses. Returns have topped the industry ETF IYJ over trailing one-year and five-year periods.

The shares are attractively valued compared to the historical record. They are trading 18% below their all-time high amid trade and tariff concerns.

The projected 2019 P/E of 17 is toward the low end of historical range of 15-24. The dividend yield of 3.0% is at high end of the industry range, signaling value. Our 12-month target price is $385 per share.

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McCormick & Company (MKC)

Jeffrey Hirsch
Stock Trader's Almanac

McCormick & Company *(MKC) was added to our defensive portfolio on June 2018 and has weathered the recent selloff considerable well, observes* ***Jeffrey Hirsch****, editor of* ***Stock Trader's Almanac****.*

The stock was still up 31% at yearend 2018 from our June entry point. This "boring" old company in the spice and flavor market came through our fundamental and technical screens last year with flying colors and then proceeded to report better than expected quarterly results that triggered the rally in its shares.

MKC also boasts a modest, yet steadily increasing dividend. The company has increased its dividend payments for 31 consecutive years. It has a dividend yield of 1.6%.

McCormick is a global leader in manufacturing, marketing and distribution of spices, seasoning mixes, condiments, and host of other flavor products to the food industry under such well-known brand names as: McCormick, French, Lawry's, Club House, Frank's RedHot, Gourmet Garden, Zatarain's, Stubb's, Thai Kitchen, and Simply Asia.

McCormick & Company — a top pick for investors in the coming year — is solid long-term conservative growth and income investment.

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McCormick & Company (MKC)

Jim Powell
Global Changes & Opportunities Report

*As my top pick for 2019 I have a conservative stock for you to consider — **McCormick & Company** (MKC), the world's leading provider of spices, suggests **Jim Powell**, editor of **Global Changes & Opportunities Report**.*

The company also offers a wide variety of herbs, seasonings, and many blended flavorings. Brands include McCormick, French, Lawry's, Club House, Frank's RedHot, and Gourmet Garden – to name only a few.

A big part of McCormick's business is providing custom-blended flavorings to food industry customers who use them in their distinctive products.

Many popular processed foods contain McCormick's products. Often the same products can be sold in different markets where people have different taste preferences, simply by altering the flavorings.

In recent years McCormick also started to produce several regional and ethnic foods, such as Zatarain's, Stubb's, Thai Kitchen, and Simply Asia.

Several foods are also produced for companies that sell them as private label products. McCormick's products are sold throughout the world. They are even shipped to US science stations in Antarctica.

McCormick is what I call a wallflower company. Nearly everyone — including most individual investors – uses its products but have little knowledge of the company that produces them — even though it has been in business since 1889 (one of America's oldest.)

However, McCormick is a favorite of institutional investors that have been buying the stock for over a century. It would be difficult to find a pension fund, insurance company portfolio, or college endowment fund that doesn't include McCormick. I think McCormick is a great choice for risk-averse long-term investors.

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MDU Resources (MDU)

Roger Conrad
Conrad's Utility Investor

*Few are forecasting much cooperation between the president and now-Democrat controlled House of Representatives in the New Year; but if America's warring political parties do come together on anything, odds are good it will be on infrastructure, notes **Roger Conrad**, editor **Conrad's Utility Investor**.*

That would be great news for **MDU Resources** (MDU), an aggressive holding in our model portfolio. The company is two businesses in one.

The 8-state regulated electric and natural gas utility network secures the BBB+ rated balance sheet and a safe 3.5 percent dividend, which consistently increases at an inflation-beating rate. The company's construction materials and services arm is national and already enjoys robust growth from rising state and local spending on roads, bridges and other basic infrastructure.

The utilities operate in one of the most economically vibrant areas of the country in the Dakotas and upper Rocky Mountain states, including the Bakken shale oil and natural gas basin.

Overall customer growth is expected to average at least 1 to 2 through 2023, fueling 6 percent annual increases in rate base backed by favorable regulation. And after exiting the fossil fuels business in recent years, the company is emerging as a renewable energy leader as well, with the Thunder Spirit Wind Farm now adding to earnings.

Management reports the company's construction services backlog surged 34 percent over the last 12 months, while construction materials increased by 58 percent.

And the company has reduced much of the cyclicality of the business by expanding its customer list to include the hospitality, gaming, high tech, education and healthcare industries, in addition to the US military and essential services businesses such as power, gas and communications.

A tightening capital market is a major concern for many capital intensive businesses heading into 2019. MDU, however, has just $69 million of maturing debt through 2026, giving it flexibility to make strategic acquisitions as rivals flounder. It's also a potential takeover target in its own right, with a market cap of less than $5 billion and trading at less than 15 times expected 12 months earnings. Buy MDU Resources up to $27.

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The Medicines Company (MDCO)

John McCamant
The Medical Technology Stock Letter

*2018 was a difficult year for **The Medicines Company** (MDCO) with the stock languishing as biotech investors looked elsewhere; in our view, 2019 will be a turnaround year, making this our top speculative pick, asserts biotech specialist **John McCamant**, editor of **The Medical Technology Stock Letter**.*

Our confidence is boosted by the company's activist Board of Directors led by M&A specialist Alex Denner who recently pressed long-time CEO Clive Meanwell to step aside.

Meanwell is staying with MDCO, for he was both the architect and the founder of the company. His many accomplishments include acquiring inclisiran from **Alnylam Pharmaceuticals** (ALNY) on the cheap and orchestrating the design of the ORION clinical program.

With the trials on auto-pilot and expecting to begin releasing Phase III data by Q3:19, the Board is taking the steps to remove anything that investors might perceive as an obstacle to delivering the value of this extremely attractive compound, a potential inexpensive virtual "high cholesterol vaccine."

Over the years, Meanwell developed a love-hate relationship with the Street. Hence, the announcement to replace him was not entirely surprising to us — someone has to take the blame for the consistently weak stock price, even though it is hardly Meanwell's fault. The new CEO Mark Timney is a healthcare leader with over 25 years of industry experience in multi-national Big Pharma companies.

The other overhang in investors' eyes was the need for additional financing before the first of the ORION registration studies comes due. Hence, right after the CEO change, the Company announced that it is raising $150 million via a convertible debt offering.

In our view, the two major overhangs for the stock have been removed and The Medicines Co. still remains an incredibly undervalued risk-reward, setting the stage for a rebound in 2019.

Lastly, the company remains a prime takeover candidate with a fully owned late-stage asset, inclisiran, which is a second generation RNAI-based PCSK9 inhibitor that has demonstrated 50+% reductions in LDL which has the potential to significantly undercut the first generation monoclonal antibodies that have been selling poorly due to their high price.

In addition to providing a significant price advantage that should open up the market, inclisiran will have very high patient compliance as it could be administered as infrequently as once every six months making it a virtual "high cholesterol vaccine".

Denner's strong Board presence significantly increases the odds of a takeout as he has been very successful at biotech acquisitions in the recent past. The Medicines Co. is a buy under $40 with a target price of $65.

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Menē (MENE)

Frank Holmes
Frank Talk

*You might not yet have heard the name **Menē** (Vancouver: MENE), but you could soon enough, especially if you're in the market for fine jewelry, explains **Frank Holmes**, CEO & chief investment officer of U.S. Global Investors and editor of **Frank Talk**.*

Founded in 2017 by Roy Sebag, co-founder of gold financial services firm Goldmoney, and Diana Widmaier-Picasso, granddaughter of — you guessed it —Pablo Picasso, Menē's mission is to disrupt the gold jewelry market by selling directly to the consumer and pricing its merchandise fairly and transparently.

Unlike traditional sellers like **Tiffany & Co.** (TIF) and Cartier, which sometimes have high premiums, Menē prices its jewelry based on the changing value of gold.

It then charges a 15 percent to 20 percent design and production fee on top of that. What also sets the company apart is that its jewelry—from earrings to necklaces, bracelets to charms—is made of 24-karat gold or platinum. No alloys, no insets of diamonds or other stones.

That's done to help the pieces retain their value over time. Here at U.S. Global Investors, we believe gold is money and a timeless investment. Menē, which takes its name from the Aramaic word for "money," has clearly run with that idea, going so far as to trademark the phrase "investment jewelry."

It's a business model that seems to have resonated with consumers and investors alike. In its first 10 months of operation, Menē did as much as $7 million in sales in more than 53 countries, as of October 2018.

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Midland Capital Holdings (MCPH)

Doug Hughes
BankNewsletter

*Our top 2019 pick for more conservative investors is **Midland Capital Holding** (MCPH), which is a Chicago-based bank with over $100 million in assets, explains **Doug Hughes**, editor of **Bank Newsletter**, which specializes in small cap regional bank stocks.*

Midland Capital is run by two brothers and they own over 50% of the stock and they both are in their mid-sixties, so we simply think a sale is near. They have been with the bank for over 40 years.

The bank pays a small cash dividend; they never took TARP money, so it is as solid as they come. And they don't make any stupid loans. While they should be growing faster, they are playing it safe and earnings could double with another nearby bank taking them out very soon.

With their real estate, the book value is rock-solid at around $39 a share. The stock is now trading at 33% under book. This is a rare find in today's world, with many banks getting beaten down. In my view, the stock is worth at least $42 in a takeover — or 60% more than recent prices.

The bank is always making money — even with the CEO's pay high relative to other smaller banks. This leaves a lot of fat to cut.

The bank has been around for over 100 years. In my opinion, this stock is as safe as it gets near a market top. Load up under $28 today; from there, we see limited downside risk.

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Miller Industries (MLR)

John Reese
Validea

*For his model portfolio, **John Reese**, editor of **Validea**, selects stocks based on the long-standing strategies of some of the market's most legendary investors. For his more aggressive idea for 2019, he looks to an low-tech transportation sector play.*

Miller Industries (MLR) is a small cap-stock (about $300 in market capitalization) that makes tow-trucks and much of the ancillary equipment necessary to get a car out of a ditch. If you've ever had a flat tire and called the auto club, then you've seen their products.

Miller Industries scores high on my model based on the investment approach of the quintessential quant, James O'Shaughnessy. In simplest terms, O'Shaughnessy's model is a marriage of a growth strategy and a value methodology.

In his 1996 book *What Works On Wall Street*, he termed this marriage the "United Cornerstone". The United Cornerstone approach seeks to produce the highest rate of return possible for the lowest amount of risk.

It seeks to identify stocks with three important characteristics: persistent earnings growth; a low Price-to-Sale Ratio (or PSR); and, high relative strength. Miller Industries passes on each screen.

The firm's long-term earnings growth rate stands at an impressive 21.7% and its PSR is a miniscule 0.40. Recently, Miller Industries has produced solid outperformance relative to the broader market and passes on one of the most important points O'Shaughnessy discusses in his book.

He looks for high relative strength because "winners keep winning and losers keep losing." As of this writing, Miller Industries relative strength stands at a firm 74.

In its most recent annual report Miller Industries discussed having a strong backlog of demand. At the end of 2018 the company completed the expansion of its factories in Tennessee to address that backlog, which suggests to me that their history of persistent earnings growth may well continue throughout 2019.

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Molson Coors (TAP)

John Dobosz
Forbes Dividend Investor

John Dobosz *is a leading growth and income expert; here, the editor of the industry advisory publications,* ***Forbes Dividend Investor*** *and* ***Forbes Premium Income Report****, assesses a favorite idea for the coming year—a play on the brewing sector.*

Denver, Colorado-based **Molson Coors Brewing** (TAP) was formed in the 2005 merger of Coors Brewing Co. and Canada's Molson.

It also owns the Miller Brewing company through its wholly-owned MillerCoors subsidiary, the second-largest seller of beer in North America, trailing only **Anheuser-Busch Inbev** (BUD). Analysts expect 2018 revenue of $10.97 billion, down 0.3% from 2017.

Molson Coors has grown EBITDA 26.8% annually over the past five years, while the company trades at discounts to five-year average valuations on nearly every metric you can measure.

Molson Coors and its predecessor organizations have been paying dividends for more than 30 years. Annual dividends of $1.64 are not a stretch. Molson Coors produced free cash flow per share of $8.07 over the past 12 months.

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Motorola Solutions (MSI)

Harry Domash
Dividend Detective

*Split off from Motorola Inc. in 2011, **Motorola Solutions** (MSI) provides communications services to government and police agencies, large enterprises, and wireless infrastructure service providers, explains **Harry Domash**, editor of **Dividend Detective**.*

Its products include two-way radios, and other voice and data communications products and systems. However, as is the case for so many other sectors, public safety communications systems requirements are rapidly evolving.

Instead of operating stand-alone communications systems, the federal government will soon require public safety agencies to be interconnected via its FirstNet broadband network, and Motorola Solutions intends to be a major player.

To help implement its strategy to become the leading emergency systems software provider, Motorola acquired Airwave, a U.K.-based systems supplier in 2016, and video surveillance and analytics provider Avigilon in 2018.

Motorola has already made significant progress in that transformation. Essentially recording zero revenue growth from its 2011 spinoff through 2016, Motorola's recorded 13 percent year-over-year revenue growth in its September 2018 quarter. Earnings for that quarter came in at $1.94 per share, $0.22 above analyst forecasts and up 27 percent from September 2017. MSI also raised its December quarter forecasts.

But those growth numbers could even get better. Here's why. Taking a closer look at September's revenue numbers, sales of traditional products such a mobile radios and video surveillance cameras rose 10 percent to $1.3 billion, but communication software and networks sales soared 22 percent to $570 million. Thus, the overall revenue growth rate will likely increase as communications becomes a bigger piece of the pie.

Motorola is currently paying a 1.9 percent dividend yield and has been growing its payout at least 10 percent annually. Despite the down market, Motorola Solutions shareholders enjoyed a 26 percent total return (share price appreciation pus dividends) in 2018. Analysts are only forecasting 7 percent EPS growth for 2019, so there's plenty of upside potential here.

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Newell Brands and Midstates Petroleum (NWL) (MPO)

George Putnam
The Turnaround Letter

*My top pick for 2019 is consumer products firm **Newell Brands** (NWL); as a more speculative idea, my pick for this year is **Midstates Petroleum** (MPO), suggests **George Putnam**, editor of **The Turnaround Letter**.*

Newell Brands is a collection of well-known consumer brands — including Rubbermaid food storage and home organization products — that is undergoing a complete overhaul.

Under the capable watch of activist investor Starboard Value, which has overseen impressive changes at companies like **Darden Restaurants** (DRI) and **Advance Auto Parts**(AAP), Newell is divesting 35% of its operations over the next year or so while it improves the margins and cash flow from the remaining businesses.

Cash proceeds are already paying down part of its $9.6 billion in debt and will eventually retire up to 40% of its shares, while management plans to maintain its healthy dividend. With its turnaround well-underway, we think Newell — our top pick for conservative investors — should have a strong 2019 performance.

Midstates Petroleum is a small-cap oil and gas producer recently emerged from bankruptcy and now has a nearly debt-free balance sheet. Its board members collectively represent over 38% of the company shares.

The tight-fisted new leadership has pared spending to the point where it is approaching break-even free cash flow. The company's hedges offer it some protection from the recent drop in oil prices.

As a potential buyer of oil fields, low oil prices should reduce the prices Midstates might pay for future acquisitions. Currently trading at 2x EBITDA, Midstates looks poised for a strong rebound in the coming year.

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Newmont Mining Corporation (NEM)

Alan Newman
Crosscurrents

*We have favored gold stocks since 9/11, when we declared the start of a "Super" bull market for bullion and associated mining shares, explains market timing strategist **Alan Newman**, editor of **Crosscurrents**.*

Newmont Mining (NEM) is one of the largest miners. They acquire, develop and explore for gold, silver and copper. Operations and assets are in the United States, Australia, Peru, Ghana and Suriname.

Proven and probable gold reserves as of February 2018 were 68.5 million ounces, worth $85.6 billion at the current price of bullion, which also works out to over $160 of reserves per share.

Newmont Mining traded as high as $81.90 in 1987, only weeks before the Crash of '87 and traded as high as $72.42 when bullion hit a peak over $1900 per oz. in 2011. We believe those levels will again be achievable if our long-term forecast of $3000 to $3500 per oz. bullion proves correct.

While this might not seem a very big deal for investors buying shares at current levels, Newmont Mining is capable of paying huge dividends and indeed, actively pursued a higher dividend policy when bullion was racing towards the 2011 peak.

Newmont is huge; their aggregate land amount to approximately 23,000 square miles, which would rank as the 119th largest country in the world, not all that far from the entirety of Ireland. The shares have been in a modest uptrend since the mid-September 2018 low of $29.32.

Based entirely on our long-term forecast for bullion, Newmont Mining represents a very fair value for those who need to position themselves in the gold sector.

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Nvidia Corp. (NVDA)

Jim Kelleher
Argus Research

***Nvidia** (NVDA) is a leader in the age of GPU computing; the company's graphics processing technology is a great fit for AI, robotics, and autonomous driving applications, explains **Jim Kelleher**, analyst with **Argus Research**, a leading independent Wall Street research firm.*

There are multiple paths to growth. Gaming (53% revenue); Turing GeForce cards have introduced RTX raytracing technology (lifelike light & shadow). Data center (25% of revenue, growing 60%); the Turing-based T4 Cloud GPU is experiencing the fastest adoption of any server GPU.

The company's data center business is supplying all "Super Seven" cloud titans. Auto is showing mid-teens growth, and about to explode with Pascal DRIVE Level 5. NVidia's lean infrastructure and fast growth equate to explosive growth in cash flow.

After the "FANG 10" selloff, NVDA shares have become much more attractive. The stock is trading at 21-times two-year forward EPS, below the historical average multiple of 24.

The two-year forward relative P/E of 1.45 is close to the five-year average of 1.47; the PEG ratio of 1.0 is below the peer average of 2.0.

Our discounted free cash flow model (DFCF) points to a value in the low $300s, in a rising trend. Our blended valuation analysis — historical comparables, peer group, DFCF — supports values well above current levels. Our 12-month target price is $250.

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Ollie's Bargain Outlet Holdings (OLLI)

Doug Gerlach
SmallCap Informer

*With the recent market pullback, shares of growing retailer **Ollie's Bargain Outlet** (OLLI) are priced for a solid return in 2019. The firm was founded in 1982 in Harrisburg, Penn. Since then, the company has expanded to more than 300 stores in the eastern U.S., observes **Doug Gerlach**, editor of **SmallCap Informer**.*

The stores sell an assortment of merchandise: housewares, food, bed and bath, books, floor coverings, electronics, and toys. The chain's slogan is "Good Stuff Cheap," and stores offer a "treasure-hunt shopping experience" where customers never know exactly what they might find.

Much of Ollie's shelves contain close-out merchandise acquired from other retail stores that have shut down. Recent closures of Toys-R-Us and Sears are the kinds of opportunities that Ollie's likes to take advantage of, taking on large inventories all at once.

Ollie's offers a loyalty program for customers, "Ollie's Army," which provides incentives, discounts, and brand awareness. Members spend 40% more than non-members per shopping trip, and accounting for more than 70% of sales in fiscal 2017.

While many retail companies are considered cyclical, the discount stores industry is considered defensive. Customers often flock to discount retailers during tough economic times, preferring to shop where their dollars go further.

Since 2013, Ollie's has grown revenues at a practically straight-lined 18.7%. EPS have grown at a 41.5% annualized pace since 2014 on the strength of continuous margin improvement. Ollie's claims that the U.S. can support 950 stores, and their two existing distribution centers can support up to 400 stores.

The real estate pipeline for Ollie's is robust given the disruptions caused in the retail sector by e-commerce, giving the company access to many prime locations given up by other stores. Indeed, the company recently purchased of 12 former Toys "R" Us properties.

We believe Ollie's will continue to grow revenues at least 20% annually on average over the next five years, with margin expansion fueling EPS growth of 25% a year. Cash flow is good and the balance sheet looks healthy.

Ollie's current trailing P/E is 28. Capping our future high P/E at 25 may be too conservative, but a high price of $180 is possible. On the downside, we see risk to $55. The reward/risk ratio is 11:1 from the high to the low price, with a 22.5% projected total annualized rate of return.

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Oppenheimer (OPY)

Doug Hughes
BankNewsletter

*Our number one pick for growth investors in 2019 will be once again **Oppenheimer** (OPY)—for the third year in a row; that should say something in itself, asserts small cap bank stock specialist **Doug Hughes**, editor of **Bank Newsletter**.*

This financial powerhouse is small, yet earnings are a small fortune, particularly as short-term interest rates go up. They should earn well over $4.50 a share in 2019 so trading at $26 does not make any sense. Their tangible book value is over $28 a share now and they pay a nice 2% cash dividend.

Insiders own over 30% of the stock, and they have a 5% stock buyback in place still, which I am sure they will use if the stock goes much lower than the $25 range.

While is has come up nicely from the $15 area over the past year, the stock has just pulled back from the low thirties, giving anyone who missed it the first time another chance to load up.

This is a well know name for solid research and a mispriced stock that trades plenty (over 100,000 shares a day), so a nice position can be bought anytime, without moving the stock.

The firm makes tons of money on their interest rate swap income, almost like minting money in today's world. They also make a ton on mergers, trading, commissions and bonus fees if their funds do well.

Simply cheap and ripe for a takeover with being so small and having this solid interest income stream for the forseeable future, someone will pay at least $42 a share for them next year.

With the CEO at 72, he will let go this time before we get a crash or downturn in rates; now is the time to sell. Make this a top holding today, with maybe 5% downside risk and 60% upside potential.

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PayPal Holdings (PYPL)

Stephen Biggar
Argus Research

PayPal *(PYPL), which was spun off from* ***eBay*** *(EBAY) in July 2015, is taking advantage of the changing payments landscape, and we believe that several trends favor the company's growth, explains* ***Stephen Biggar*** *of* ***Argus Research****, a leading independent research firm on Wall Street.*

At its 2018 Investor Day on May 24, management said that the company had an addressable market of more than 3.6 billion internet users and had the goal of serving 1 billion of these users on its platform.

These include greater adoption of mobile devices for payments, and the technological integration of different payment types and channels. With 254 million active accounts, PayPal is a leader in innovative payment mechanisms and has strong brand recognition.

Unlike **MasterCard** (MA) and **Visa** (V), PayPal's network enables account holders to both pay and be paid for merchandise or services.

PayPal is accepted at more than 75 of the top 100 retailers in the U.S., and we expect even greater penetration in the next year. Total payment volume rose 24% to $143.0 billion in 3Q18, and the number of payment transactions rose 27% to 2.5 billion.

In our view, the company has several competitive advantages as it seeks to grow payment volumes. These include a strong international presence, with 100 million non-U.S. users in more than 200 countries.

The company also provides merchants with end-to-end payment authorization and settlement capabilities, as well as instant access to funds.

We expect the favorable cyclical backdrop of strong growth in employment and consumer spending to benefit payment processing volumes.

We also look for PayPal to benefit from the long-term secular shift from cash/checks to digital payments for convenience, safety and rewards programs, as well as from the rapid growth of e-commerce.

The company's unique business model allows individuals to both pay and be paid for goods and services. PYPL appears favorably valued relative to peers based on our expectations for 20% EPS growth. Our 12-month target price is $100.

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Quarterhill (QTRH)

Benj Gallander
Contra the Heard

Quarterhill *(QTRH), our Top Pick for growth stock investors in 2019, operates in two areas. The enterprise focuses on the internet of things and has been acquiring technology companies, explains* ***Benj Gallander****, editor of* ***Contra the Heard****.*

The bread and butter though has been licensing patented technologies and engaging in lawsuits when companies are violating those patents.

Quarterhill won a lawsuit against **Apple** (AAPL) for $145 million. Apple is appealing and under normal circumstances if the process goes the distance, it could take about 18 months. It is possible that a settlement will be reached, eliminating the need for further legal activity.

Meanwhile, the corporation is engaged in another 40 lawsuits or so. It does license technology to over 350 companies. Recent licensing deals have been with **Cisco** (CSCO), Doro, Etron, Brother, MediaTek, Panasonic, Ricoh and ESMT.

Quarterhill continues to be on the prowl for acquisitions. With almost $60 million in the kitty and a minimal debt load of about $6 million, one or two are expected in 2019.

In our long conversation with the relatively new CEO Doug Parker, he made it clear that he is seeking deals that would be immediately accretive. In his previous position as a Senior VP of Open Text Corporation, he was a key driver in the takeover or businesses with revenues of around $2.5 billion.

One particular reason that the firms that Parker chases appreciate him is that he leaves decision-making authority largely in the hands of the management of the obtained firms.

Doug Parker feels that gives Quarterhill a good skill set and makes for a functional corporate family. It is akin to Buffett's methodology at **Berkshire Hathaway** (BRK.B). The stock currently trades at around $1.00 USD. It is our feeling that it could become a $5.00 stock. Back in its heyday it traded well above that level.

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Ramaco (METC)

Tom Bishop
BI Research

*With investors having already taken delivery of stockings full of coal from Santa in 2018, they are apparently not in the mood for any more. But that's what my recommendation for 2019 produces, explains **Tom Bishop**, a small cap expert and editor of **BI Research**.*

However, we are not talking about the much maligned thermal coal being replaced by natural gas in power plants. Instead **Ramaco** (METC) — my favorite aggressive pick for 2019 — produces the harder (coking) coal used in making steel, where demand is just fine. In fact spot pricing is very strong.

Last year the company was a relative newbie on the block and was signing contracts for $78 a ton on average for delivery in 2018. And even at that price, prior to a structural problem in early November that effected a key conveyor into its Elk Creek coal prep (washing) plant, temporarily shutting down shipping from Elk Creek, estimates for 2018 were around $0.90, growing to $1.95 next year.

This strong growth was based on an increase in production and especially a $34 increase (about 43%) in the average contracted price for coal in 2019 — and the stock was trading around $8 to $9 a share. The company expected it would take about 2 months to get the conveyor work-around completed and cleaning and shipping operations back to normal.

Though the company said that the coal held back during this 2-month shutdown of shipping at the end of 2018 (about 200,000 tons or 10% of production) will now ship in 2019 instead (adding to 2019 prospects), for good measure analysts not only dropped their Q4 estimate, they dropped the estimate for 2019 as well, from $1.95 to $1.70 (which has since inched back to $1.79).

Perhaps this was in case repairs slip into January. But hey, whether it's $1.79 or $1.95 or something north of that, investors have slashed the stock price to $4.60 — despite the temporariness of this problem — and that's less than 3 times 2019 earnings.

Of course, this was compounded by a brutal correction in the stock market during Q4, especially here in December, which then combined with yearend tax loss selling. But that has just added to the opportunity here.

Once management announces that Elk Creek is up and shipping again (expected at any time) and tax loss selling winds down, I expect METC shares should make a strong recovery.

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Repligen (RGEN)

Tyler Laundon
Cabot Small-Cap Confidential

***Repligen** (RGEN) is a pure-play supplier of bioprocessing technologies. It is a market leader in proteins (over 95% market share), where it has a near monopoly, explains **Tyler Laundon**, editor of **Cabot Small-Cap Confidential**.*

Meanwhile, the company is coming on strong in both chromatography and filtration, which are both growing at over 20% in 2018. These solutions help customers overcome capacity, cost, quality and time pressures. It has a market cap of $2.3 billion.

Repligen is as much a partner as a supplier to its customers given the heavily regulated nature of bioprocessing and the strategic importance its products play in the drug approval and manufacturing process.

Customers are large biopharmaceutical companies and contract manufacturing organizations, including GE Healthcare and MilliporeSigma. Repligen also does business with life science companies, diagnostic companies and laboratory researchers. This 60/40 mix of clinical and commercial exposure gives Repligen a relatively stable, long-term growth profile.

Repligen has grown revenue at an average annual rate of 31% for the past three years and EPS at an average pace of 38%. In 2017, revenue jumped 35% to $141 million while EPS soared 43% to $0.70. Through the first three quarters of 2018 revenue is up 43% while EPS is up $0.02 to $0.52.

Management updated 2018 revenue guidance above consensus ($188 million) to a range of $191 million to $194 million (implying 35% to 37% growth) and adjusted EPS above consensus ($0.71) to a range of $0.71 to $0.75. Repligen ended Q3 with $190 million in cash and equivalents, implying plenty of room for more M&A activity.

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Roku (ROKU)

Todd Shaver
Bull Market Report

Looking at the Nasdaq wreckage, the question isn't which mid-cap tech stock is growing faster than its current valuation implies but which one has the most room to rebound. We're going with ***Roku*** *(ROKU), which we view as the gatekeeper to the streaming resolution, suggests* ***John Freund****, contributing editor to* ***Todd Shaver's Bull Market Report****.*

We believe that the company's ongoing shift from hardware to services will turn the stock around. The Roku devices have evolved give consumers a low-cost entry into one of the fastest-growing advertising ecosystems around, effectively replacing commercial television for the "cord cutting" audience.

Start with the operating system, which is being packaged on more and more smart TVs from third-party manufacturers. Since 2014, the company has gone from a standing start to seeing its technology incorporated into 25% of all smart TVs now on the market. **Amazon** (AMZN) can't fight that. Nobody else can even try.

Notice that Roku-enabled TVs naturally replace sales of the Roku device. That's part of the overall strategy. After all, devices come and go, but once your technology is embedded in the screen itself, your commercial presence is literally hardwired into the living room.

As management notes, 10% of all U.S. households no longer subscribe to even basic cable television service even though those households still have an average of three TVs apiece. Replacing the traditional cable box and getting onto future generations of the TV itself is the future.

Millennials are now the biggest demographic group. Many are unreachable to conventional advertisers — except via the Roku interface, which streams the company's authorized messaging to the screen.

With $70 billion in TV advertising at stake, Roku can grow its share of the overall media universe as fast as it can sell devices to households who've already cut the cable "cord" and now need to find a way to push new shows to their living room screens.

Watch the platform revenue numbers Roku reports. That's advertising, embedded software and content fees, and it's already close to 60% of the business, ramping up 75% a year. Gross margin on that side is above 70%, as close to pure profit as it gets even in Silicon Valley. The company could practically stop selling the Roku device altogether and it would barely make a dent in the bottom line.

Purely based on the platform business, we expect Roku to be sustainably profitably within the next year, assuming of course that no Silicon Valley giant hungry for a deeper streaming video presence takes it out at a rich acquisition price. Of course a lot can happen in a year, but if the company gets to that stage shareholders can write their own long-term ticket. This can easily be an $80 stock.

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Sangamo Therapeutics (SGMO)

Jay Silverman
The Medical Technology Stock Letter

***Sangamo Therapeutics** (SGMO) is the leader in gene editing, and an unappreciated leader in gene therapy as well; with many value drivers coming in 2019, the stock is our top speculative pick for the coming year, explains **Jay Silverman**, analyst with **The Medical Technology Stock Letter**.*

The company has more in vivo gene editing studies underway than the entire gene editing universe combined, including the CRSPR companies.

A year ago in the first in vivo gene editing study in history, SGMO began treating adults with MPSII with SB-913. Management has always noted that once safety and efficacy was shown in the initial adult participants, it would discuss the results with the FDA and Safety Monitoring Committee (SMC) in order to allow younger patients to be given the novel gene editing treatment.

On the Q3:18 quarterly call, the company announced that adolescents aged 12-17 would begin to be enrolled. Less than 3 weeks later, SGMO has posted an update saying that children as young as 5 year olds are now being enrolled.

This is a clear signal that the regulators are in agreement on the company's program, as permanently editing the genes of a child has potential risks involved — and the agency believes that the initial responses warrant taking such risks.

Moreover, if gene editing occurs at an early age, many of the neurological and physical symptoms of MPSII could be stopped well before the condition advances.

The clean safety of SGMO's ZFN technology stands alone in the revolutionary world of gene editing, especially compared with potential off-target toxicities of other technologies (e.g., CRSPR, etc.).

When SGMO announced initial positive results in August, the stock dropped sharply because while delivering significant drops in GAG, they could not measure IDS levels with the available assay used at the time.

Since, then the company has been working on developing a new test to measure IDS levels that appear to be gobbled up by organs (e.g., liver) as soon as they are produced. Measurable IDS enzyme levels appear to be the gating factor in gaining the Street's appreciation of this revolutionary and positive study.

In 2019, SGMO will emerge as the leader in gene editing as positive clinical data will validate both the platform and management's ability to execute. In addition to clinical catalysts, there is strong potential for more collaborations (e.g., CNS/Immunology).

The stock is a favorite of ours for 2019 as either on its own and/or compared with other gene editing stocks, in our view, Sangamo is undervalued. The stock is a buy under $30 with a target price of $40.

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Sleep Number (SNBR)

Crista Huff
Cabot Undervalued Stocks Advisor

Sleep Number *(SNBR) — my top growth pick for 2019 — is the leader in sleep innovation, and a designer, manufacturer, marketer, retailer and servicer of a line of Sleep Number beds, bases and bedding accessories, explains* ***Crista Huff****, editor of* ***Cabot Undervalued Stocks Advisor****.*

Revenue has increased consistently from $960 million in 2013 to an expectation of $1.6 billion in 2019. Wall street projects EPS to increase 23.5% and 30.4% in 2018 and 2019. The 2019 P/E is 13.2.

Sleep Number is aggressively reducing its basic outstanding share count, which has fallen 37.7% since year-end 2013, from 54.9 million shares to 34.2 million shares as of September 30, 2018.

The company is targeting continued earnings growth, 8%-10% revenue growth, and additional share repurchases in 2019.

Sleep Number is a micro-cap stock in the consumer cyclical sector, with a market capitalization of $1.1 billion. Micro-cap stocks are volatile, sometimes going months without any solid news for investors.

The stock traded out of sync with the broader stock market in 2018, performing better in the fourth quarter than it had in the summer. Investors can expect the stock to continue its current trading pattern between $31 and $40 before advancing further.

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Smith & Nephew plc (SNN)

Nancy Zambell
Wall Street's Best Investments

*With so much political and global uncertainty, it doesn't look like this market volatility is going to cease anytime soon. And since the stock market is the best place to build a retirement portfolio overtime, it's important to keep safety — as well as growth — in mind, suggests **Nancy Zambell**, editor of **Wall Street's Best Investments**.*

With that thought, I'm focused on finding pockets of the market that hold good opportunities for each of these investment goals. And one strategy that may be worth a look is adding some low-beta stocks to your portfolio.

The definition of beta is simple — it compares the volatility, or systemic risk, of a stock to the volatility of the market. In other words, it measures a stock's response to market swings. If a stock has a beta of 1, that means the price of that stock generally moves with the market.

Less than 1 means the stock is less volatile than the market. And more than 1 means it's more volatile than the market. A beta of 1 indicates that the security's price will move with the market.

A beta of less than 1 means that the security will be less volatile than the market. A beta of greater than 1 indicates that the security's price will be more volatile than the market.

And it's important to know that beta is a measure of systematic or market risk and doesn't tell us anything about the specific risk of the company itself. That's why it's essential to use the measure as just one parameter in your overall stock analysis.

With that in mind, I ran a list of low-beta stocks, then put them through my analytic process to see which ones also exhibited the other important characteristics of a good long-term stock: growing earnings, good cash flow, reasonable debt, and investor and analyst interest.

One of my favorite results of that study is **Smith & Nephew plc** (SNN). It operates in the best-performing sector of the S&P 500 last year — Healthcare, which returned an average gain of 4.7%.

The company makes medical devices — primarily for hips and knees — and sells them in more than 100 countries around the world.

Some of its products include sports medicine joint repair products, arthroscopic enabling technologies such as high definition cameras, digital image capture, scopes, light sources, and monitors to assist with surgery, radio frequency, electromechanical and mechanical tissue resection devices, and hand instruments for removing damaged tissue.

Additionally, the company offers internal and external devices used in the stabilization of severe fractures and deformity correction procedures; robotics-assisted surgery, knee implant products; and hip implant products for the reconstruction of hip joints. SNN also provides advanced wound care products for the treatment and prevention of acute and chronic wounds.

For its third quarter, Smith & Nephew reported sales of $1,169 million, up 2% on a reported and 3% on an underlying basis. Its underlying revenue growth in the U.S. was 4%, and 10% in Emerging Markets. The company saw excellent growth in its Reconstruction, Sports Medicine Joint Repair and Advanced Wound Devices.

The company has paid dividends since 1937 and has a current annual yield of 1.50%. Technically and fundamentally, the shares look excellent, with bullish rankings from the company's 15 analysts. Buy now for appreciation and steady dividend cash flow.

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SPDR Gold and Gold Miners ETF

Mary Anne & Pamela Aden
The Aden Forecast

*Investors are shell-shocked, and with reason; the stock market plunged in its worst December since the Great Depression! This fueled uncertainty, concern and outright panic, observes **Mary Anne & Pamela Aden**, resource experts and co-editors of **The Aden Forecast**.*

Most stocks were caught up in this massive decline, which is not unusual once a bear market is underway. Even though some will argue that a bear market has yet to get started because several of the major stock indexes haven't dropped 20%, we disagree.

First of all, this 20% rule was a random decision made up in recent years. It became popular and now it's supposed to define when a bear market is, or is not, in force.

The Dow Theory, however, has been around for about 100 years and it's been very reliable in identifying bull and bear markets. It triggered a bear market confirmation on December 10 and stocks have dropped sharply since then. And despite recent volatility, the bear remains in the driver's seat.

But why? We know the global economy, the trade war, and rising interest rates have been spooking the stock market. But toward the end of December, problems out of Washington also helped fuel the bear. This was not the case before and it marks a turning point.

The main reason why is because these problems are likely going to continue into the new year. And if they do, it's going to keep stock investors on edge and nervous, which simply isn't a good environment for stocks.

In our view, investors should go for the gold. At times like this, investors turn to gold and it's been on the rise. If the bear market in stocks continues, and it looks like it will, gold will keep rising as well. And it may prove to be the best investment in 2019.

An easy way to take advantage of this gold upmove is to buy a gold exchange-traded fund — **SPDR Gold Trust** (GLD). It's also interesting to note that when gold rises, gold shares historically tend to outperform gold. So buying a small position in the **VanEck Vectors Gold Miners ETF** (GDX) is a higher risk buy.

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Sproutly (SPR)

Jimmy Mengel
The Crow's Nest

Sproutly *(CSX: SPR) — a high risk idea that is traded on the Canadian securities exchange — aims to be a vertically integrated cannabis consumer products company, suggests* ***Jimmy Mengel****, editor of* ***The Crow's Nest****.*

The company is bringing together pharma-grade cultivation, secured distribution solutions, and advanced technologies to redefine the cannabis industry.

They have patents pending for water-soluble cannabis ingredients. Currently companies use butane or CO2 to scorch the cannabis pant in order to extract oil for smoking, edibles and other products.

Oil is not soluble and is difficult to properly infuse into edible products. Our bodies simply don't process them quickly or efficiently. Water, on the other hand, is much easier and cleaner for such uses.

Sproutly is on the cutting edge of beverage based cannabis technology. Cannabis beverage sales quietly raked in over $35 million last year. That's only including legal states like California, Colorado, Oregon, and Washington. We've seen double-digit growth over the past three years. As more states legalize marijuana, these numbers are going to go crazy.

But perhaps the most important part for investors is that big beverage companies are already placing their bets and planning massive buyouts of small companies. We've already seen that when **Constellation Brands** (STZ) — which sells Corona and Modelo beer, Svedka vodka, and other big brands, ponied up around $191 million for a 9.9% stake in **Canopy Growth Corp.** (CGC).

Sproutly could be a prime buy-out target for large companies looking into the next wave of marijuana profits, especially in the booming cannabis beverage market. **Coca-Cola** (KO) and **PepsiCo** (PEP) and both actively searching for cannabis stocks, and I believe Sproutly is one of the best under-the-radar options for such a merger.

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Starbucks (SBUX)

Mike Larson
Safe Money Report

*For investors that are comfortable with a bit more risk, consider snapping up a few shares of **Starbucks** (SBUX) as a corporate turnaround play, explains **Mike Larson**, editor of **Safe Money Report**.*

This is looking increasingly like a new bear market. It's not 100% confirmed, at least technically speaking. But as I like to say, if it looks like a bear, smells like a bear, and acts like a bear, what else could it be?

That doesn't mean we won't be able to find any profit opportunities. There are also going to be stocks that buck the trend because they offer the right combination of defensiveness, dividend yield, and lower volatility.

With that in mind, there is one opportunity worth targeting — **Starbucks** (SBUX). The coffee chain operator struggled for most of the past couple years. But its shares soared 12% on Nov. 2, 2018 — the biggest one-day gain since 2009.

The catalyst was SBUX's fiscal fourth-quarter earnings report. It showed comparable sales growth of 4% in the Americas region, improved loyalty program growth, a rebound in Chinese sales, spending reductions and other positive metrics.

Throw in Starbucks' market-beating dividend yield of 2.1%, its solid Weiss "buy" Rating and the fact my two teenage daughters seem to spend half their lives and most of their money there — and you have the makings of a very interesting long-term investment.

If you can get an entry price around $60, that would be ideal. But be sure to buckle up. Markets are going to be in for a bumpy ride this year.

Subscribe to Mike Larson's Safe Money Report here...

Starbucks (SBUX)

Chris Preston
Cabot Wealth Network

*Coffee drinkers don't care about market corrections. Perhaps that's why **Starbucks** (SBUX) has come through the worst market correction in a decade not only unscathed, but in a better position (+10%) than it was when the downslide started in October, suggests **Chris Preston**, vice-president of content at **Cabot Wealth Network**.*

For a stock to not just tread water but thrive over the last three months bodes well for its prospects as the market recovers. And that's why Starbucks stock looks so attractive right now.

A big fiscal fourth-quarter earnings report in early November sent the stock gapping up from $58 to $68 in a week thanks to much-better-than-expected same-store sales, spurred in part by the recently introduced late-afternoon "happy hour" deals. While it has since pulled back to as low as $60, it remains comfortably above its 200-day moving average.

Where does the stock go from here? It's already recovered nicely from its early-December pullback, and looks buyable below month-long resistance at $67. Any push above that level, especially if the market offers a tailwind instead of a headwind, and the stock could zoom past record highs.

Beyond that, the fundamentals look good — the stock trades at a reasonable price-to-earnings ratio of 20 even after the recent run-up, and analysts anticipate 9.5% EPS growth and 5.6% sales growth in 2019.

Add in the positives in the chart, with both moving averages on the rise since late August, and there's a lot to like about Starbucks heading into the new year. Starbucks might be just the wake-up call your portfolio needs after a three-month slumber!

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Starwood Property Trust (STWD)

Tim Plaehn
The Dividend Hunter

*My favorite conservative stock pick for the coming year is **Starwood Property Trust, Inc.** (STWD), a finance REIT whose primary business is the origination of commercial property mortgages, asserts income specialist **Tim Plaehn**, editor of **The Dividend Hunter**.*

As one of the largest players in the field, Starwood Property trust focuses on making large loans with specialized terms. This gives them a competitive advantage over banks and smaller commercial finance REITs.

Over the last several years, the company has diversified its business, branching into commercial mortgage servicing, acquiring real equity properties with long term revenue stability, and recently a portfolio of energy project finance debt. This diversification will allow Starwood Property Trust to thrive and continue to pay the big dividend in any financial environment.

In the commercial loan business, over 95% of the commercial mortgage portfolio has adjustable interest rates. This means that as the Fed increases interest rates, Starwood's net income per share will grow. This REIT provides an excellent hedge against rising rates.

In recent years, the company has acquired what is now the largest commercial mortgage servicing firm. That arm of the business handles servicing, foreclosure workouts (for fees) and the packaging of smaller commercial mortgages into mortgage backed securities. This business segment would see the fees increase exponentially in the event of a recession where commercial property owners were forced to let go back to the lenders.

In addition to the finance side of the company, Starwood has acquired selected real properties, including apartments, regular office buildings, and medical office campuses. According to STWD's CEO, "All of the wholly-owned assets in this segment continues to perform well with blended cash-on-cash yields increasing to 11.4% and weighted average occupancy remain steady at 98%."

The property segment provides assets with long-life revenue streams to offset the shorter-term rollover schedule of the commercial mortgage portfolio. Real assets also add depreciation to the income statement, shielding cash flow.

In mid-2018 the company acquired a $2.5 billion energy finance business from General Electric. The loan book is non-recourse to Starwood Property Trust. Starwood Capital, the private equity manager of STWD, already had energy finance experts in house. This business segment has significant potential for growth.

This diversification of business segments by Starwood Property Trust is what separates this commercial finance REIT from its more narrowly focused peers. STWD has paid a $0.48 per share quarterly dividend since the 2014 first quarter. My investment expectation is that the dividend is secure, and I want to earn the 8.5% to 8.8% dividend year-after-year.

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Target (TGT)

Chris Quigley
The Prudent Speculator

*General merchandise discount store chain **Target** (TGT) earned $1.09 per share in fiscal Q3 2019 (vs. $1.12 est.) and had sales of $17.6 billion (vs. $17.7 billion estimate), notes **Chris Quigley**, a value investor and contributing editor to **The Prudent Speculator**.*

Shares have gotten crushed since September, pulled down by broad market declines despite Target's success with remodeled and small-footprint stores.

CEO Brian Cornell remarked, "On top of comparable sales, new stores contributed more than 0.5 percentage point to our third quarter sales growth. This growth is being driven by new small format locations that were opening in dense urban settings and near college campuses across the country. We refer to these stores as small, because of their square footage, but they really punch above their weight because of their high sales productivity...we see the benefit of all the strategic initiatives we're pursuing, including our remodel program, efforts to rejuvenate our portfolio of own and exclusive brands and the rollout of new fulfillment options focused on delivering ease and convenience."

While the company has not yet offered fiscal 2020 financial guidance, the company reaffirmed the EPS guidance range of $5.30 to $5.50 for fiscal 2019 (Fourth quarter results announcement is tentatively scheduled for March 5th).

The retailer returned $800 million to shareholders in the quarter via share repurchases and dividends; and expects to continue to make elevated levels of capital expenditures.

While we expect there to be no shortage of competitive and geopolitical headwinds in the future, we think that Target's strong balance sheet, small stores and large investments in its multi-channel sales network should help solidify its foundation for the future.

We think Target shares are highly discounted, trading for just 11.5 times forward earnings and offer a quarterly dividend of $0.64 per share, resulting in a solid yield of 3.9%.

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Tekla Life Sciences Investors (HQL)

Nate Pile
Nate's Notes

*For more conservative investors, my top income pick for the coming year is **Tekla Life Sciences Investors** (HQL), a closed-end fund, explains **Nate Pile**, editor of **Nate's Notes** and a specialist in healthcare and biotechnology stocks.*

This closed-end fund invests in a variety of publicly traded and privately-held companies doing work in the life sciences sector. It was formerly known as The Hambrecht & Quist Life Sciences Fund — hence the "disconnect" between the ticker symbol and the fund's name.

Though investors can probably get more bang for their buck owning individual biotech stocks, we believe HQL represents a great alternative for investors who want to be involved with the sector but would rather avoid some of the volatility that comes with investing in the space.

The fund has a policy of paying out 2% of its net assets quarterly, which makes for a very attractive "get paid while you wait" situation, and we encourage folks to take this payout in the form of additional stock (the default) rather than ask for cash.

Though its holdings naturally vary as time goes by, it often includes many of the individual names that we recommend. HQL is a strong buy under $14 and a buy under $18.

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Tesla (TSLA)

Todd Shaver
Bull Market Report

Tesla *(TSLA) is disrupting the world of renewable energy and electric powered vehicles. That's a noble cause and hopefully it will save the world from global warming, asserts* ***Todd Shaver****, editor of* ***Bull Market Report****.*

These are some of the core values that drive the vision. But there is so much more about this company and its future. Just like Steve Jobs, Tesla creates beautiful products using revolutionary technology that make an instant connection with their audience.

There is a unique combination of talents in the mindset of Elon Musk. On one hand, he is a global thinker on the scale of great visionaries like Richard Branson. On the other, his products are created with extreme attention to the most minuscule detail in design and engineering. That's pure Steve Jobs.

For the third quarter of 2018 the company reported a huge profit of $310 million. This was a shock to Wall Street and the stock promptly rallied from $260 to $340 in less than three weeks. It appears that the company will not have to raise additional capital through stock sales or borrowing. The Street loved it.

We have driven a Tesla, and it is the best car we have ever seen. And most people that own one feel the same way. Revenues last quarter were $6.82 billion, up from $2.98 billion the year before.

They are producing 6000 Model 3's a week now, and demand appears to remain through the roof as they have almost $1 billion in customer deposits.

The founder, Elon Musk, has calmed down and has mostly shut down his Twitter account, and just recently added Larry Ellison to the board of directors. A new age has arisen with this company and we wouldn't be surprised to see a 4-digit stock price in the next few years.

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Texas Instruments (TXN)

Joe Duarte
In the Money Options

***Texas Instruments** (TXN) is a leading producer of embedded and analog semiconductors and an excellent all-purpose stock for volatile markets; it is a fortress of solid fundamentals in a troubled high-tech sector, asserts **Joe Duarte**, growth stock expert and editor of **In the Money Options**.*

And if 2019 is anything like the last quarter of 2018 long term investors are likely to be rewarded for their patience and their foresight when they own shares of this company.

From a macro standpoint, the semiconductor space is forecast to slow over 2019 and perhaps 2020, in what is expected to be a cyclical correction after a multiyear expansion since 2015.

It is also reasonable to assume that most technology stocks will be similarly affected by the general state of the sector given the interdependence of the sector especially the general dynamics of order flows and operational relationships.

So what sets this company apart from the crowd? Strong management, a wide book of system, its forward planning structure, obsessive attention to detail in its operations, factory operation, and a fountain of free cash flow (FCF), the money left over after expenses.

Indeed, FCF is the central metric for this company which reported a 40% growth rate in FCF with a $5.9 billion cache over the trailing twelve-month period reported in Q3 2018. Specifically, FCF is a pool of cash for the company to distribute to its investors via dividends and stock buybacks.

The latter is especially important because the firm has an $18 billion buyback program in place, and recently increased its dividend by 24% ($3.08 per year — 3.26% yield), its 15th straight year of dividend growth.

Texas Instruments has a pristine balance sheet with $5.11 billion in cash on its balance sheet and $5.1 billion in debt, which is averaging a 2.77% coupon rate. The company continues to grow its revenues and is expected to remain earnings positive for the foreseeable future.

Moreover, it's concentrating its efforts in automotive and industrial semiconductors where the potential for robotics and artificial intelligence continues to expand and should continue to do for the extended term.

As a result, I believe the stock is the best positioned company in its branch of technology, with a strong book of business, sound management and a strong balance sheet. The bottom line is that when it's all said and done, Texas Instruments should still be standing and poised to grow its business. Buy above $90. (*For full disclosure, Joe Duarte owns shares of Texas Instruments as of this writing.)*

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TPI Composites (TPIC)

Doug Gerlach
SmallCap Informer

*Alternative energy production remains a growing industry both in the U.S. and worldwide. One potential investment candidate in the wind power segment is **TPI Composites** (TPIC), explains **Doug Gerlach**, editor of **SmallCap Informer**.*

TPI Composites is the largest U.S.-based independent manufacturer of composite wind blades. It manufactures and sells these and related molding and assembly systems to original equipment manufacturers (OEMs) in the wind turbine industry, enabling these companies to outsource the manufacturing of some of their blades.

The company operates in the United States, Asia, Mexico, Europe, the Middle East, and Africa, with facilities strategically located to serve large and growing wind markets in a cost-effective manner. It also provides composite solutions for the transportation industry, including the manufacture of bodies for electric vehicles and airplanes.

Consultant firm Bloomberg New Energy Finance estimates that $10 trillion will be invested in new power generation capacity through 2040 and of this, 72% will be renewables and $3.3 trillion will be wind. TPI claims 13% of the global market share of wind blade production in this expanding market.

TPI Composites' global presence may help the company as wind generation is growing faster in emerging markets around the world than in mature markets.

There are huge barriers to entering the wind blade production market for other companies, as blades are typically 60-70 meters long, larger than the wing span of a 787, with tolerances measured in millimeters. TPI owns patents and technology that are difficult to replicate.

Since 2013, TPI has grown revenues at an annualized rate of 46%. EPS since 2015 have grown at an annualized 107%. For fiscal 2017, ended December 31, 2017, the company reported sales of $930.3 million and EPS of $1.25.

The company has long-term supply agreements that the company says should provide up to $5.5B in visible revenue through 2023. After four years of 45% annual revenue growth, TPI is labeling 2018 as an investment year. For the third quarter ended September 30, 2018, revenues were up 4.8% to $255.0 million, but EPS fell 55% to $0.26. Both of these figures exceeded consensus estimates.

On the surface, the results might seem lackluster, but investors who dig down can find plenty of reason for optimism. The company reported $19.0 million in expenses related to startup costs in new plants in Turkey, Mexico and Iowa; the startup costs related to a new customer in Taicang, China; and costs of $2.4 million related to six lines in transition during the quarter.

We are modeling 18% annualized growth of revenues and earnings through 2022. An EPS growth rate of 18% will support a high P/E ratio of 25, which in turn implies a high price of $71.50 can be reached within five years.

Based on 2019 EPS of $1.30 (the midpoint of guidance), the stock is selling at a forward P/E of around 19, which could well turn out to be a bargain valuation with projected annual total returns through 2022 of 24.5%.

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Twilio (TWLO)

Mike Cintolo
Cabot Growth Investor

*If a company big or small wants to automate and simplify communications to customers, clients or coworkers, **Twilio** (TWLO) and its well-rounded, customizable and relatively easy-to-use communications platform is fast becoming the go-to choice, explains growth stock expert **Mike Cintolo**, editor of **Cabot Top Ten Trader**.*

Coca Cola Enterprises uses Twilio to rapidly dispatch service technicians, Airbnb uses it to automatically text rental hosts information of potential guests, including dates and the price of a stay, and the Red Cross of Chicago automatically sends texts to volunteers in an area with pertinent info about a disaster.

Meanwhile, Trulia uses Twilio to power its click-to-call app so potential buyers can hook up with an agent right quick; EMC uses the platform to quickly send texts to employees when an IT service goes down.

And Twilio's newer Flex offering (cloud-based, flexible call center application) has already signed up some big customers such as Lyft, and its new Pay app allows developers to process payments over the phone without reading a card number to a rep.

Just about any business can use Twilio's communications platform for text, voice, video, chats and messaging apps. And thanks to the company's proposed acquisition of Sendgrid (likely to be completed in early 2019), the platform will now include the email capabilities.

And the firm's recently launched Flex product offers clients a cloud-based customizable contact center functions. It also has a new PAY service that allows developers to process payments over the phone without reading numbers to a customer service rep.

The firm exited September with 61,153 active customers (up 32% from a year ago), but it's getting more big clients (it inked Fortune 500 financial services and medical testing outfits in Q3), helping revenue per customer rise 27%. All told, revenue growth is accelerating in a big way and earnings have leapt into the black.

Fundamentally, we see Twilio as something of an emerging blue chip—a name that institutional investors will build positions in for many quarters to come. And, on that note, we're encouraged that the stock has been one of the most resilient during the market's fourth quarter maelstrom.

Subscribe to Mike Cintolo's Cabot Growth Investor here...

Twilio (TWLO)

Bryan Perry
Cash Machine

*More than two million developers around the world have used **Twilio** (TWLO) to unlock the magic of communications to improve the human interaction experience, explains growth stock expert **Bryan Perry**, editor of **Cash Machine**.*

Twilio has democratized communications channels like voice, text, chat and video by virtualizing the world's telecommunications infrastructure through Application Programming Interfaces, or APIs, that are simple enough for any developer to use, yet robust enough to power the world's most demanding applications.

By making communications a part of every software developer's toolkit, Twilio is enabling innovators across every industry, from emerging leaders to the world's largest organizations, to reinvent how companies engage with their customers.

High-profile clients include Airbnb, Intuit, Salesforce, Uber, Twitter, eBay, Sony, Yelp, Hulu, Trulia, Dell, EMC, VMware and Lyft. The company now boasts 61,150 customers.

Twilio stock vaulted to new highs on the heels of very robust third-quarter 2018 results, in which quarterly revenue had climbed 68% year over year to $169 million, translating to adjusted earnings of $0.07 per share.

The results blew past estimates while the company guided strongly higher for Q4 2018. Additionally, the company received FTC approval on its $2 billion acquisition of SendGrid in October that will be immediately accretive to earnings.

The stock pulled back off of the post-earnings high of $100.47 with the market's correction and trades in the low $80's where I want to get involved. Let's get long in Twilio for 2019!

Subscribe to Bryan Perry's Cash Machine here...

Twilio (TWLO)

Todd Shaver
Bull Market Report

Twilio *(TWLO) is the leading cloud communications platform in the world. The company had 61,000 Active Customer Accounts as of September 30, 2018, compared to 46,000 in the year ago period, explains* ***Todd Shaver****, editor of* ***Bull Market Report****.*

Revenue for the past three years were $167 million, $277 million and $400 million (2017). We expect $640 million for 2018.

Revenue of $170 million for the third quarter of 2018 was up 68% from the third quarter of 2017. We see them hitting a run-rate of $1 billion when they report results for the full year in January.

Millions of developers around the world have used Twilio to unlock the magic of communications to improve any human experience.

Twilio has democratized communications channels like voice, text, chat, and video by virtualizing the world's telecommunications infrastructure through APIs that are simple enough for any developer to use, yet robust enough to power the world's most demanding applications.

By making communications a part of every software developer's toolkit, Twilio is enabling innovators across every industry — from emerging leaders to the world's largest organizations — to reinvent how companies engage with their customers. Twilio is our top pick for 2019.

Subscribe to Bull Market Report here...

Twilio (TWLO)

Matthew Timpane
Schaeffer's Investment Research

*Even with a macroeconomic outlook that seems less certain than the past few years, I'm still particularly bullish on the enterprise software services sector that specifically focuses on helping small- to medium-sized businesses as a whole, suggests **Matthew Timpane**, senior market strategist for **Schaeffer's Investment Research**.*

While I love many high-growth names such as **Okta** (OKTA), **MongoDB** (MDB), and **Zendesk**(ZEN), I'm particularly bullish on a mid-growth name that has a great technical, fundamental, and sentiment setup — **Twilio** (TWLO), which I believe could prosper in 2019 as it diversifies its customer base away from Uber, which was once 25% of its revenue.

In terms of innovation, Twilio has been busy. In 2018, the company launched general availability of Twilio Flex Roadmap, and pushed Twilio Pay, Autopilot, and Super-Sim out to public beta. Plus, the firm made strategic acquisitions of Ytica and SendGrid.

TWLO is estimated to grow revenues by 28% in 2019, with a robust 54% earnings per share (EPS) growth. While they are no longer considered "high-growth," per se, this EPS increase will be driven by a greater reduction in expense growth.

In a previous enterprise value (EV)/sales multiple contraction during 2014, mid-growth companies contracted 28% on average, while mid-growth multiples contracted by 31% in October 2018 alone. By comparison, both high-growth and slow-growth contracted by less than their respective 2014 levels.

Twilio's EV/sales multiple contracted to 8.38 during the October volatility, and is expected to grow to 10.07 over the next 12 months. That's still far below 14.85 over the last 12 months, which provides a better valuation for investors even at a higher stock price.

From a technical perspective, Twilio shares have rallied more than 250% year-to-date in 2018, as of this writing. However, I anticipate we could still easily see 50% to 100% share price growth next year as the company continues to expand.

TWLO is trading slightly below $90, which is six times its June 2016 initial public offering price (IPO) of $15. The shares are in an ascending triangle pattern with resistance around $97, and major support at $65.

Currently, the equity's 14-day Relative Strength Index (RSI) is around 50, which could be an area for TWLO to find a near-term bottom, as we so often see in strong, market-leading stocks. Despite the impressive price performance and high-level growth potential for TWLO, there's a significant amount of skepticism priced into the shares.

More than 14% of the equity's float is sold short, and that short-to-float ratio has increased over the past two reporting periods, even as the share price has appreciated amid broader-market turmoil. Likewise, the Schaeffer's put/call open interest ratio (SOIR) of 1.31 arrives in the 98th annual percentile, indicating short-term traders have rarely been more heavily tilted toward puts over calls on TWLO.

While I expect TWLO to continue to be volatile in 2019, especially with the potential macro conditions that have investors spooked, I expect that dips can be bought until the stock violates a larger trend, like breaking major support at that $65 level.

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Ulta Beauty (ULTA)

Ingrid Hendershot
Hendershot Investments

Ulta Beauty *(ULTA) — my top growth-oriented idea for 2019 — is the largest beauty retailer in America with 1,124 convenient locations in 48 states offering salon services for hair, nails, skin and eyebrows plus more than 20,000 products from over 500 beauty brands, notes* ***Ingrid Hendershot****, value-oriented money manager and editor of* ***Hendershot Investments****.*

During the past five years, Ulta Beauty has generated stunning, profitable growth with sales compounding 22% annually and EPS growing at a 30% annual clip. Ulta Beauty's same store sales growth exceeded 11% during the past five years, well outpacing its brick and mortar peers.

After-tax profit margins have steadily expanded from 7.6% in fiscal 2014 to 9.4% in fiscal 2018. The company added nearly 400 stores during the past five years while expanding its retail sales per square foot from $407 to $548.

Ulta Beauty maintains an alluring balance sheet with no long-term debt thanks to its strong cash flow generation with free cash flow having grown more than six-fold over the last five years to $339 million last year.

Management has been using the cash to buy back shares at attractive valuations. Ulta Beauty issued comparable sales and earnings per share targets for fiscal 2019, 2020 and 2021. The company expects to achieve comparable sales growth in the range of 5% to 7%, and grow earnings per share in the mid to high teens percentage range as they expect to achieve modest operating margin expansion each year.

Ulta's U.S. store target is 1,500 to 1,700 stores with the company planning to open 80 stores in 2019, 75 stores in 2020 and 70 stores in 2021. Investors shopping for attractive long-term returns should consider Ulta Beauty is a high-quality market leader, with profitable growth, a strong balance sheet and lovely cash flows.

Subscribe to Hendershot Investments here...

Ultimate Software (ULTI)

Hilary Kramer
GameChangers

***Ultimate Software** (ULTI) — our top pick for aggressive growth — his is a pure play on the outsourcing of traditional corporate culture as redundant functions converge in the computing cloud, suggests **Hilary Kramer**, a leading growth stock expert and editor of **GameChangers**.*

We're looking at human resources as a service here. ULTI manages the entire employee relationship from recruiting through orientation all the way to retirement.

The "land and expand" expansion model should be familiar from what we know works in the cloud: start with a basic or even free service level to open an account, then sell additional functionality once customers embrace the platform.

Land the enterprise, then expand. ULTI starts with the basic accounting-driven package, giving customers a state-of-the-art payroll and benefits program.

From there, what's truly extraordinary is the analytics tools that ultimately add up to staffing-oriented artificial intelligence. An enterprise running the full suite can track all human resources to plan ahead, reduce waste and even make long-range hiring decisions on the go.

The basic program competes with existing payroll solutions in terms of price. The advanced features are sold on a monthly per-employee subscription basis, so when you're looking at truly large organizations the recurring revenue adds up fast.

Applebee's is a representative customer operating at this level: 10,000 employees, complex just-in-time staffing and payroll needs, rapid growth through acquisitions. The system scales with the customer. They're overjoyed.

ULTI is also growing fast through acquisitions of its own as it consolidates scattered standalone applications into a single platform. The goal is to offer customers everything adjacent to the traditional human resources function, starving competitors and providing ammunition for the "expand" side of the sales conversation.

Sum up all the parts and ULTI is growing extremely fast. Revenue doubled between 2013 and 2017 and is still ramping up around 20% a year for the foreseeable future. Here at a $1 billion run rate, the company is in the sweet spot of scale, with earnings gains generally tracking at or above revenue.

As long as management resists the urge to roll up competitors in 2019, we could see every $1 added to the top line turn into $0.25 in profit. I'm tentatively looking for $10 EPS here by 2021, at which point the current valuation will be a little modest relative to growth. This will be a $300 stock unless a bigger rival takes it out first.

Subscribe to Hilary Kramer's GameChangers here...

United Parcel Service (UPS)

Ingrid Hendershot
Hendershot Investments

United Parcel Service *(UPS) is a global leader in logistics, offering a broad range of solutions including transporting packages and freight, facilitating international trade, and deploying advanced technology to more efficiently manage the world of business, explains* ***Ingrid Hendershot****, value-oriented money manager and editor of* ***Hendershot Investments****.*

Headquartered in Atlanta, UPS serves more than 220 countries and territories worldwide. UPS has a flexible capital allocation strategy which allows the company to reinvest in its business, make dividends a priority and take a balanced approach to share repurchases.

Long-term investors should package up UPS for their portfolio. Since going public in 1999, UPS has parceled out brown boxes of free cash flow to shareholders via dividends and share buybacks which have totaled more than $73 billion.

UPS increased its dividend 10% in 2018 to an annual rate of $3.64 per share with the dividend currently yielding an attractive 3.7%. UPS has either increased or maintained its dividend every year for nearly 50 years.

During the next few years, UPS plans to annually invest $6.5 billion to $7 billion, about 10% of revenues, in new technology, aircraft and automated capacity, taking advantage of the 100% deductibility permitted for capital investments under the new tax law.

At the same time, UPS expects to continue to increase its dividend and plans to repurchase $1 billion of its shares in 2018. Management reaffirmed 2018 adjusted EPS in a range of $7.03-$7.37, which represents high double-digit growth.

Operating cost reductions between 2018 and 2022 should result in an incremental increase to adjusted earnings per share in the range of $1.00 to $1.20 by 2022.

UPS — my top pick for conservative investors in 2019 — is a high-quality, highly profitable market leader with strong cash flows, an attractive dividend and a solid outlook for growth.

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Walgreens Boots (WBA)

Chuck Carlson
DRIP Investor

***Walgreens Boots** (WBA) has fallen in recent trading to a point that makes these shares especially attractive for 2019, asserts dividend reinvestment specialist **Chuck Carlson**, editor of the industry-leading **DRIP Investor**.*

While international business is a bit on the sluggish side — hence the reason for the recent selloff — I like the company's domestic business and the opportunities its drugstore and health-care-related businesses offer.

The company — a recent addition to the Dow Jones Industrial Average — has beaten consensus earnings estimates in each of the last seven quarters, and I think the earnings beats will continue in 2019.

It's no secret that **Amazon** (AMZN) has been aggressively entering markets over the last few years, much to the chagrin of legacy players in those markets. One recent market the firm has spotlighted are healthcare. Amazon recently announced it is acquiring PillPack, which presorts medications and ships them to customers' homes in 49 states.

While the "Amazon effect" will likely loom over these shares, I think it is a mistake to automatically dump stocks because Amazon is threatening to become a bigger player in their markets. Walgreens is a formidable competitor in its respective spaces, and I suspect the stock will mount comebacks over time.

We have seen such comebacks in legacy players in certain industries that Amazon has entered, including retail and grocery stores. Investors looking for value in quality blue chips should take advantage of the weakness in Walgreens buy these shares.

The stock trades at just 10 times 2019 consensus earnings estimate, so there is plenty of value to be had in the stock. And the dividend yield of 2.5% provides a nice kicker to total-return potential.

Be aware that Walgreens offers a direct-purchase plan whereby any investor may buy the initial shares directly from the company. I have been a long-time owner of Walgreens and see these shares outperforming the broad market in 2019.

Subscribe to DRIP Investor here...

Walmart (WMT)

Joe Laszewski
Stack Financial Management

Walmart, Inc. *(WMT) — our top growth pick for 2019 — is the world's largest retail and wholesale business; while it is best-known for being a low-cost provider of consumer goods, they have also made some critical shifts to capitalize on their position in the marketplace, by utilizing their robust distribution network in the grocery business,* ***Joe Laszewski****, senior portfolio manager for* ***Stack Financial Management****.*

Walmart has been winning at grocery by leveraging their scale and logistical expertise to offer better stock levels and fresher perishables, along with new innovations like online ordering, in-store pickup, and in-home delivery. More importantly, the Company's firm foundation in grocery helps to drive foot traffic into stores, where customers ultimately purchase higher-margin items.

The company's focus on grocery has helped them not only steal market share from traditional supermarket chains, but it also helps to insulate them from challenges facing many retailers that are losing revenue to online competition.

The company recognizes how e-commerce has changed the marketplace and has also made several strategic acquisitions, the largest of which include Jet.com and Flipkart, to bolster its digital profile. Online sales growth is slated to come in around +40% in fiscal 2018, yet e-commerce is a significant opportunity to grow the top line, as it accounts for less than 5% of total revenue.

With stakes in China and India, Walmart is one of the few retailers positioned to participate in the world's largest and fastest-growing economies. These initiatives are working, as evidenced by U.S. comp sales growth recently posting the strongest 6-month period in over a decade.

From a valuation standpoint, Walmart trades at a trailing 12-month price/sales ratio of 0.5, which is in-line with long-term historical averages. However, the Walmart of tomorrow will not look like the Walmart of today. The earnings and margin strain in the near-term, caused by dedicated investment in digital and logistics, will be met with accelerated revenue growth to drive share price appreciation.

In today's market environment, Walmart offers the valuable stability and defensive characteristics that one would expect of a well-established Consumer Staple. However, the company has the scale, capital assets, and logistical expertise that virtually no one else has, giving them an opportunity to grow revenue in today's highly competitive retail landscape.

With a continued focus on remaining a low-cost leader, while also improving the shopping experience, WMT carries wide appeal to both the baby boomer and millennial consumers. Although Walmart is unlikely to quickly dethrone Amazon, the retailer is finding ways to leverage what they do best and take market share.

(*Note: Clients and individuals associated with Stack Financial Management hold positions in, and may from time to time make purchases or sales of, this security.)*

Learn more about Stack Financial Management...

Wesdome Gold Mines Ltd. (Toronto: WDO)

Ralph Aldis
U.S. Global Investors

*Right now, **Wesdome Gold Mines** (Toronto: WDO) is probably, in my opinion, the most likely company to get taken out in the gold space in 2019, suggests **Ralph Aldis**, a resource sector specialist and a portfolio manager for **U.S. Global Investors**.*

They have two operating mines at the Eagle River Complex in Ontario that share a central mill. It also has the Kiena Complex in Quebec that is basically being redeveloped.

There have been some great drill holes at the mines there, and in some cases, multi-ounce per ton. The mine is starting to shape up to be a real gem and if it restarts it will be a big catalyst.

The gentleman running Wesdome, CEO Duncan Middlemiss, is doing a great job. People I know were throwing term sheets at him all this past year to see if he wanted to raise some money.

But Duncan recognized that he didn't need to raise any money. Instead, he's been putting money in the bank by producing gold at a profit and has continued to execute and put out good drill results.

I think this is one of these companies similar to where Alamos Gold went and bought Richmont Mines Inc. or when you had SSR Mining buy Claude Resources. Wesdome is geographically situated in a very safe jurisdiction and has a lot of prospectivity.

Investors probably could do well to buy and hold onto it for a while. The management team there and the board of directors, led by Charles Page, are very much involved in trying to make Wesdome a success story.

Learn more about U.S. Global Investors here...

Wheaton Precious Metals (WPM)

Frank Holmes
Frank Talk

*Investors find royalty and streaming companies such as **Wheaton Precious Metals** (WPM) attractive for a number of reasons, not least of which is that they have exposure to commodity prices but face few of the risks associated with operating a mine, explains **Frank Holmes**, CEO & chief investment officer of U.S. Global Investors and editor of **Frank Talk**.*

Developing a mine property to start producing gold or other precious metals is an expensive, often time-consuming process. Infrastructure needs to be built out, permits applied for, laborers hired and more.

A royalty company serves as a specialized financier that helps fund exploration and production projects for cash-strapped mining companies. In return, it receives royalties on whatever the project produces, or rights to a "stream," an agreed-upon amount of gold, silver or other precious metal.

With operating costs mounting and metals still at relatively low prices, royalty and streaming companies have become an essential source of financing for junior and undercapitalized miners.

Royalty companies also hold a more diversified portfolio of mines and other assets than producers, since acquiring new streams doesn't require any additional overhead. This helps mitigate concentration risk in the event that one of the properties stops producing for one reason or another.

With only around 30 employees, Wheaton Precious Metals has one of the highest sales-per-employee rates in the world. According to FactSet data, the company generates over $23 million per employee per year.

More recently, Wheaton announced that it had finally settled its ongoing tax dispute with the Canadian Revenue Agency (CRA) over international transactions between 2005 and 2010.

Subscribe to Frank Holmes's Frank Talk here...

Zebra Technologies (ZBRA)

Richard Moroney
Dow Theory Forecasts

*We like to see companies working to improve themselves by increasing efficiency and launching new products. We also like to see companies supported by compelling secular trends that keep the top line rising, explains **Richard Moroney**, growth stock expert and editor of **Dow Theory Forecasts**.*

Zebra Technologies (ZBRA) appeals to us on both fronts. Named because of the stripes on its bar codes, Zebra controlled at least 40% of the markets for bar-code printing and business mobile computing in 2017.

Zebra's products allow customers to assess the location and condition of their assets, then determine whether they need to be replaced, fixed, or moved.

The company calls this process enterprise asset intelligence, tracking and directing equipment in factories, workers in the warehouse, patients in hospitals, and inventory moving through the supply chain, in addition to the more traditional shoppers in the store.

In recent quarters, Android mobile computers, wearable devices, and mobile printers have seen strong demand. Going forward, Zebra expects big things from new radio frequency identification (RFID) and bioptic scanner products. The move toward cloud computing, mobility, and the connectivity of consumer products should keep driving growth.

Its products are all about improving customers' efficiency with their assets, so it seems only fitting that the company is at the same time growing more efficient.

Zebra grew its free cash flow more than 30% over the past 12 months. Free cash flow is the fuel companies use to help support debt repayment, dividend growth, stock buybacks, and acquisitions. The stock is a long-term buy.

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Brit Ryle
The Wealth Advisory

Brit Ryle's Top 10 Dividend Reinvestment Stocks for 2019

*An investor recently asked us if we could help him get a solid dividend portfolio set up to kick off the new year. And we were more than happy to help, asserts growth and income expert **Brit Ryle**, editor of **The Wealth Advisory**.*

Dividends are a big part of our strategy here at The Wealth Advisory. And reinvesting them is the most important part of that aspect. It's something that we do with our own accounts. And it's something that we insist everyone who takes our advice do, as well.

That's because it's the best way to make your nest egg grow. It's compound interest to the extreme. Say you own a $100 stock that goes up by 5% in a year. Your holding would now be worth $105.

But say the stock pays a modest dividend of $1 per year, too. So, you started with $100. Your capital gain got you an extra $5, and the dividend got you $1 more. That's a 6% gain! Doesn't sound like much but it adds up. I mean, six is 20% bigger than five.

Now, consider if you reinvest that dividend. We'll need to have a few more shares here. But the math is the same. You own 100 shares of the $100 stock ($10,000). Capital appreciation on each share is $5. The dividend is $1. But you got 100 dividend payments. So, you've got enough to buy another share of the stock, if you add $5 of your own cash to make the math easier.

So, this year, your original 100 shares are worth a total of $10,500, and you've got an extra share worth $105 that you didn't really pay for. And you'll get an extra dollar from it this year. You've got overall holdings worth $10,605. That's a 6.05% gain. And over time, it'll add up in a big way.

So, when we got the request to make a list of our favorite stocks for dividend reinvestment, we were elated to oblige.

And without further ado, here in no particular order are our Top 10 Dividend Reinvestment Stocks for 2019.

1. **Realty Income** (O)

The monthly dividend company is coming up on its 600th consecutive dividend. And it recently gave investors their 92nd consecutive quarterly dividend hike. Plus, it offers a dividend reinvestment program (DRIP). So, you can put those monthly payments right back to work in buying more stock. And you can avoid paying broker fees on those new shares.

2. **Bank of America** (BAC)

Bank of America has proven us right time and time again. We got massive stock gains as it shook off the dust from the mortgage crisis. And we've seen our dividend grow from a measly $0.01 to $0.12 per quarter. We don't expect the same kind of stock price growth, but we're betting on that dividend increasing. Make sure to take advantage of BAC's DRIP option, as well.

3. **Innovative Industrial Properties** (IIPR)

Innovative Industrial Properties is one of our favorite investments for obvious reasons. It's given us blockbuster gains over the year that we've been invested. But it's also steadily grown the dividend, too. And we see that continuing. Cannabis will be bigger than alcohol and tobacco. And IIPR is the landlord to the cannabis industry. Revenues will keep growing. And the company has to pay at least 90% of pretax income to investors. You can reinvest your payments through a DRIP like BAC and Realty Income, too.

Brit Ryle
The Wealth Advisory

4. **CoreSite Realty** (COR)

CoreSite, our "internet royalties" play, is just at the beginning of its growth. The need for data storage and easy access will only grow as the world becomes more interconnected. 5G adaptation will speed up the process. CoreSite keeps boosting its payment and offers a DRIP so you can keep that money working hard. We see more stock gains and many more dividend hikes coming.

5. **Prologis** (PLD)

Prologis is one of the biggest players in its field. And it's still growing. Mostly, that's through acquisition. But it's also building new facilities specifically designed for customers like Amazon. Online retailers need three times the industrial space as traditional ones. That means as online retail keeps growing, so will the need for Prologis' expertise.

6. **STAG Industrial** (STAG)

Like its bigger sister Prologis, STAG is in the perfect place to profit from the explosive expansion of online retail. STAG is still small and maneuverable. So, it can adapt to new customer needs faster than players like Prologis. And its focus on large-scale clientele makes it a perfect fit for companies like Amazon and Walmart. Plus, thanks to its small size, we can expect faster stock growth than with bigger industrial REITs. And that size also makes it a tasty takeover target.

7. **Uniti Group** (UNIT)

Uniti Group has been one of our favorite stocks since it was still Communication Sales & Leasing. And nothing has changed except its name. Uniti is the owner of top-quality assets. And thanks to well-planned acquisitions, it's no longer reliant on its former parent for all its revenue. The coming adoption of 5G wireless should also bode well for Uniti. Fiber networks are the perfect places to mount 5G antennas. And Uniti owns lots of fiber.

8. **Cisco Systems** (CSCO)

Cisco didn't give us all the money we'd thought it would this year. But it did give a lot. We got a dividend hike to start the year. And management announced a $25 billion repurchase plan in February to celebrate tax savings. But the company still has over $42 billion in cash on hand. That means you can expect another dividend increase in 2019. Cisco has a DRIP like all the others on this list. So, I strongly recommend you take advantage.

9. **Walgreens Boots Alliance** (WBA)

Walgreens has boosted its quarterly dividend payment by 289% over the past decade. And it's hiked that payment every year for almost a half a century. The company is expanding wisely by adding Rite Aid stores to its stable at a discounted price. And it's also branching out into other health-care markets. Plus, in the face of some continued market weakness, consumer staple stocks like pharmacies tend to outperform the rest of the market. Look for another pay increase in 2019. And get into the DRIP to make sure those growing cash payments go straight to work.

10. **Omega Healthcare Investors** (OHI)

I know that I've pretty much named all our REITs in this list, but they're all such great investments. They're growing dividends. And they're growing in share prices, too. However, Omega is in a class by itself. It's in an industry that will only continue to grow as people continue to age. And even though it might get hit some in a correction — or God forbid, a recession — it'll hold up better than most stocks. People don't stop getting health care because the economy is bad. This is both a great way to grow your profits and the perfect plan for protecting them, as well. Plus, if you don't need the income right now, you can put it right back to work with a DRIP.

CFRA Research

2019 Predictions from CFRA Research's The Outlook

With 2018 at a close, we highlight an economy that measured by any metric is rolling along nicely, thanks in part to a tax bill signed early in the year. We also note a year of wild and volatile swings in the markets, ongoing tariff and trade-war gamesmanship and Brexit in full disarray. Where are we headed in 2019? Here are select predictions from ***CFRA Research*** *equity analysts in the annual forecast issue of our research newsletter,* ***The Outlook****.*

Angelo Zino

We project the smartphone industry to witness unit shipments that are flat to slightly down in 2019. This would follow our expectation for a 1% decline in 2018, as we think the declining units primarily reflects the ongoing trend of consumers holding onto their phones longer.

Wearables shipments growth will likely be 10% to 15% in 2019, by our estimates. We expect demand to be driven by the ongoing adoption of untethered devices into the market, a shift towards health care offerings and ongoing improvements in the underlying sensors. We also see greater adoption in general, as most consumers remain unaware about the prospects for wearables.

Our top recommended hardware stocks, which we see outperforming major market indices in 2019 are **Apple** (AAPL) and **Fitbit** (FIT).

Despite uncertainties surrounding unit shipments from Apple's iPhone business, we think the company will continue to benefit from the shift to higher priced devices, release of new product offerings and, most importantly, robust growth within the services business.

Fitbit is our top speculative pick as we forecast the company will benefit from the ongoing shift towards higherpriced smart wearables, expansion into new product categories, and the potential to return to sustainable profitability in the second half of 2018. We note Fitbit's strong brand as well as a healthy balance sheet, making it a viable takeover candidate.

Ken Leon

We do not see a housing crash even with home pricing near or above the 2006 peak levels. The housing market has low inventory, fewer speculative new homes in homebuilding communities, low household debt and a conservative lending environment from the U.S. banking industry. The S&P CoreLogic Case-Shiller Indices continues to show near 5.0% to 5.5% price gains as evidenced by the September 2018

Home Depot (HD) and **Lowe's** (LOW) stand to be direct beneficiaries of U.S. housing trends. Annual sales for U.S. home improvement retailers have grown by nearly 41% from $265.2 billion at the bottom of the Great Recession to $373.6 billion at year-end 2017.

The Home Improvement Research Institute (HIRI) estimates total annual sales of home improvement retailers to be $391.2 billion, up 4.7% at year-end 2018 and $409.2 billion, up 4.6%, at the end of 2019. HIRI has done studies of the major life stages of households that indicates Millennials and Generation X groups are completing more projects than their older counterparts. Most common house projects are painting, new appliances, bathroom and kitchen remodeling.

The rise of new smart home systems should boost home improvement spending. Home improvement retailers like Home Depot and Lowe's should benefit from consumers buying smart systems or embedded smart home features in a thermostat, refrigerator or alarm systems.

Home monitoring and security would be devices for, among other things, connected door locks, cameras, moisture sensors near furnaces or humidifiers and door bells.

Another area of new market opportunity is connected lighting in a smart home solution. We think integrating varied smart devices to a central hub for home interoperability ties into home improvement with sales experts and installation services available to customers

Scott Kessler

In the consumer discretionary sector, we see continuing healthy revenue growth for **Alibaba** (BABA) in FY 19 and FY 20, even though the company modestly reduced its current year outlook last month, given Chinese economic uncertainties. We note efforts to expand outside China as well as gains led by e-commerce and cloud computing.

We see a 2019 recovery for the S&P 500's Home Entertainment stocks — **Activision Blizzard** (ATVI), **Electronic Arts** (EA) and **Take-Two Interactive** (TTWO) — reflecting positive shifts to digital and mobile, and new game introductions from late 2018 well into 2019. Those stocks fell 27%, 25% and 9.1% YTD through December 7 (vs. the S&P 500's small drop of 1.0%).

We point to Call of Duty: Black Ops 4 (Activision Blizzard) and Red Dead Redemption 2 (Take-Two) in the fall of 2018 as well as Anthem (Electronic Arts) and Jedi: Fallen Order (Electronic Arts) in 2019.

We expect **Facebook** (FB) to remain the focus of considerable scrutiny from and criticism by governments and regulators around the world. Although we expect related domestic legislation to be proposed and maybe even passed, we don't see major 2019 changes to U.S. law negatively impacting the company in a material way.

We've been expecting **Alphabet** (GOOGL) and Facebook to release more information about YouTube and Instagram. We think 2019 will be the year Alphabet provides more details about YouTube. In particular, we would like to see revenues, EBITDA and earnings.

Tuna Amobi

Amazon (AMZN) will become further entrenched as the premier U.S. e-commerce destination amid continued strong growth in its Prime membership. 2019 will mark a tipping point as Amazon likely surpasses half of U.S. ecommerce sales, and Its Prime membership base should mark another major milestone in 2019, after reaching 100 million earlier in 2018.

Netflix (NFLX) will attain a solid run rate of at least 23 million net additions of international streaming subscribers. It should comfortably surpass 100 million of paid streaming subscribers in international markets, more than tripling over the four years since the company completed its full global launch in early 2016.

Comcast (CMCS.A) and/or **AT&T's** (T) Warner Media will take steps to exit their minority stakes in Hulu. Disney (DIS) will then further consolidate its majority control of Hulu as a key component of its direct-to-consumer strategy — ahead of a 2019 second-half launch of its branded direct-to-consumer offerings.

Camilla Yanushevsky

We expect retail sales to increase 4% in 2019. In August, the National Retail Federation lifted its 2018 retail sales growth forecast (excluding automobiles, gasoline stations and restaurants) to at least 4.5%, from 3.8% to 4.4%, citing gains in disposable income and record-high household worth (in line with our previous forecast of 5%). We expect interest rate hikes to modestly reduce disposable income and slightly pressure retail sales growth to 4% in 2019.

CFRA

CFRA Research

We think **GameStop** (GME) will be bought out. The specialty retailer confirmed on June 19 that it was in preliminary negotiations with unnamed third parties regarding a potential transaction. The sale of Spring Mobile for $700 million will likely free up resources to reduce GME's outstanding debt and increases its allure as an LBO candidate.

Garrett Nelson

We think U.S. automotive equities will post better performance in 2019. Underpinning this forecast is the fact that many of the concerns that have weighed so heavily on the group have recently been resolved, which we think sets the stage for a relief rally in 2019. Stock selection will be paramount, and we prefer names with secular growth trends that are largely independent of the macroeconomic backdrop -- such as **Tesla** (TSLA).

We predict TSLA's Model 3 will become the bestselling U.S. passenger car by the end of 2019. In Q3, we predict that monthly Model 3 sales will surpass the Toyota (TM) Camry, Honda (HMC) Civic, Toyota Corolla and Honda Accord (which currently rank #1-4, respectively, in total U.S. sales), as deliveries ramp and sales of the top four vehicles continue to decline.

While admittedly a longshot prediction and a combination that has been speculated for years, we think there is a remote possibility Apple will buy Tesla in 2019. While the acquisition would be highly uncharacteristic for Apple, which has historically avoided large deals (largest-ever acquisition was the $3 billion Beats purchase in 2014), we think the company may be entering a phase where it needs to make a bold move given saturation in the smartphone industry and a need to diversify its portfolio (over 60% of revenue is from iPhones).

Stewart Glickman and Paige Marcus

WTI crude oil prices will recover from 2018 post-Iran sanctions, but fall short of 2018 pre-Iran sanctions. Based on estimates from PIRA Energy, we see WTI averaging $62/barrel in 2019, above recent levels, but below the pre-sanctions level.

Refiners will enjoy the largest EPS gains of any Energy sub-industry in 2019. Among the four major U.S. refiners in our coverage, we see **Valero** (VLO) earnings up 48% in 2019, followed by **HollyFrontier** (HFC) (+24%), and **Phillips 66** (PSX) (up 8%, but PSX has a bigger midstream presence along with its refining operations).

The fourth refiner, **Marathon Petroleum** (MPC), will see EPS growth of 47%, driven in part by its late 2018 accretive acquisition of the former Andeavor.

The Bakken Shale will overtake the Eagle Ford Shale for the #2 shale oil producer behind the kingpin Permian Basin. The U.S. Energy Information Administration (EIA) notes that November 2018 crude oil volume from the Bakken Shale in North Dakota (1.36 mmb/d) is slightly behind that of South Texas' Eagle Ford Shale's 1.42 mmb/d, although a far cry from West Texas' Permian Basin (3.63 mmb/d). This could benefit large Bakken producers such as **Continental Resources** (CLR) and **Hess Corporation** (HES).

Brad Thomas
Forbes Real Estate Investor

Ten "Sleep Well at Night" REITs

*Real estate investment trust expert **Brad Thomas** — editor of the industry-leading **Forbes Real Estate Investor** — covers over 200 REITs and for this special report has compiled a list of his 10 best SWANs — or "sleep well at night" — ideas to own in 2019.*

For me, as a commercial real estate analyst, a SWAN is a publicly traded REIT stock — with strong dividends and growing dividends; a company with a unique position in the marketplace; with a "moat" around their business "castle" to help fend off attacks and intruders; with a strong balance sheet; a company that operates with integrity, and does what they say, and cleans up any missteps, quickly and decisively.

By law, factors that qualify a company as a REIT include the requirement to have the bulk of its assets and income connected to real estate investments and distributing at least 90 percent of its taxable income to shareholders, annually, in the form of dividends.

I like that requirement. And it has me on the continual quest to pick great companies that deliver those stable and predictable dividends quarterly (and sometimes monthly), and then, hopefully buy them when they're on sale (as a value investor), and therefore, yes, "sleep well at night."

I've scanned more than 200 publicly-traded REITs... and crafted my list of the 10 Best "Sleep Well At Night" REITs to Own in 2019 (of course, don't just take my word on it – do your due diligence, including their impressive dividend reliability, growth, and current yields):

Ventas, Inc. (VTR) is a diversified healthcare REIT with an excellent portfolio mix of around 1,200 assets in the U.S., Canada, and United Kingdom, in nearly every healthcare sub-sector, with only modest (1%) exposure to skilled nursing. The company has a fortress balance sheet, including a war chest of liquidity — nearly $3 billion - and worthy of a credit upgrade (from BBB+ to A-).

Kimco Realty (KIM) is a shopping center REIT of 450 properties across 78 million square feet of leasable space, primarily in the top 20 U.S. markets, which provide 80% of ABR (annual base rent), and those markets project a population growth of 6.3 million within the next 5 years. Kimco also owns 9.74% of private grocer, Albertsons which expects over $1 billion in free cash flow over the coming year and could help support a 2019 IPO.

W.P. Carey (WPC) has been in business over 45 years and is one of the largest owners of net lease properties, ranking among the top 25 REITs in the MSCI US REIT Index, with an enterprise value of approximately $17 billion in "mission critical" commercial real estate, totaling 1,186 properties, over approximately 133 million square feet. Assets are primarily in the U.S., with 30% exposure in Northern and Western Europe; and well-diversified by tenant, property type, geographic location and tenant industry.

Tanger Outlets (SKT), headquartered in Greensboro, North Carolina, operates and owns (or has an ownership interest in) 44 upscale outlet shopping centers in 22 states coast to coast, and in Canada, over approximately 15.3 million square feet, leased to over 3,100 stores (more than 530 different brand name companies, and no department stores). Tanger has over 37 years of experience in the outlet industry, with annual traffic of more than 189 million shoppers.

American Campus (ACC) is the largest owner, manager and developer of high-quality student housing communities in the U.S. At the end of Q3-18, the company owned or managed 202 properties with approximately 131,900 beds, and with this year's sale of EdR (formerly Education Realty Trust) to privately-held Greystar, ACC is the only publicly-traded "pure play" campus housing REIT.

Brad Thomas
Forbes Real Estate Investor

Public Storage (PSA) built its first self-storage facility in 1972 and today operates thousands of unique and diverse company-owned locations in the U.S. and Europe, totaling more than 142 million net rentable square feet of real estate - among the largest landlords in the world. The size and scope of PSA's operations enable the company to achieve high operating margins and low administrative costs relative to revenues.

Physicians Realty Trust (DOC) focuses on the Medical Office Buildings (or MOB) healthcare sector, with a Q3-18 portfolio of $4.3 billion worth of 250 healthcare properties across 30 states, comprising approximately 13.5 million square feet, and about 96.0% leased. Eight of DOC's top ten tenants have an investment grade rating; and nearly 90% of the company's portfolio is located on campus with a hospital or other healthcare facility... or strategically located and affiliated with a hospital or other healthcare facility.

STAG Industrial (STAG) — which stands for "Single Tenant Acquisition Group" — targets industrial properties, with 381 free-standing buildings in 37 states, with approximately 75.4 million in rentable square feet. Operating in secondary (Class B) markets, STAG enjoys low capital expenditures and lower tenant improvement costs. In December, the company received an investment grade rating from Moody's (Baa3/Stable outlook), and maintains an investment grade rating from Fitch (BBB/Stable). STAG delivers a monthly dividend.

Simon Property Group (SPG) owns, develops, and manages premier shopping, dining, entertainment and mixed-use destinations with a best-in-class tenant roster at 207 properties in 37 states and Puerto Rico, along with ownership interests in 19 outlets in Japan, South Korea, Canada, Malaysia, and Mexico; and eight properties in Europe, plus one in Canada. Simon's debt ratings are among the best unsecured debt ratings in the REIT industry, which underscores its balance sheet strength; current liquidity is $7 billion.

CyrusOne (CONE) specializes in enterprise-class, carrier-neutral data center properties, providing "mission-critical" data center facilities that protect and ensure continued operation of IT infrastructure for approximately 1,000 customers, including more than 200 Fortune 1000 companies, via more than 45 data centers worldwide. Revenue backlog at Q3-18 end was $89 million, setting up the company for continued strong growth into the new year (with analyst estimates of 10% in 2019 and 2020), and supporting its dividend growth record, going forward.

(For full disclosure, Brad Thomas is long SPG, VTR, SKT, ACC, DOC, STAG, WPC, CONE, and KIM.)

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