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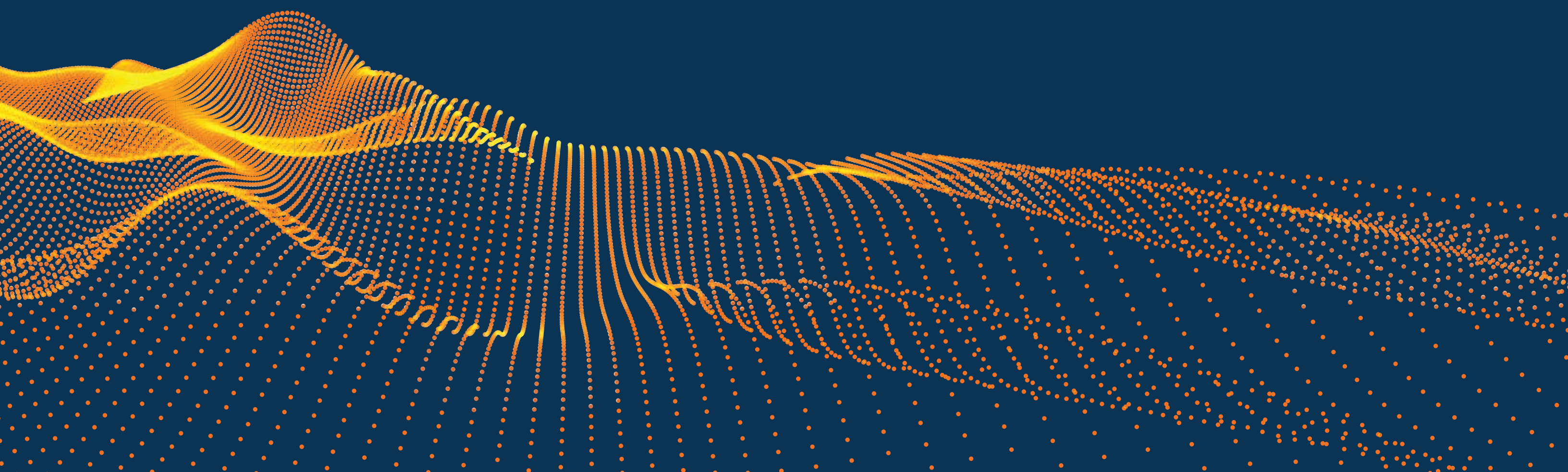
Top Picks

Mid-Year Update



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Our Top Picks at Mid-Year: A Message from Kim Githler

Kim Githler
MoneyShow

Each year in January, our editorial team surveys the nation's leading newsletter experts asking for their favorite investment ideas for the year ahead. We've been conducting these annual surveys for over 30 years.

Now as we approach mid-year, we're proud to report that the advisors participating in MoneyShow's 2021 report have done exceedingly well — strongly outperforming the market averages.

Indeed, as of June 16th, the average gain of all 122 stocks in the Top Picks report was 21% — more than double the 10% year-to-date gain for the Nasdaq and roughly 75% better than the 12.4% gain for the Dow Industrial average and the 13.8% gain for the S&P 500.

Our goal in the MoneyShow's Top Picks 2021 report 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. Our mid-year, updates report will keep you on top of the best performing ideas.

The advisors and analysts 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 years; indeed, many have participated for decades!

Although we are always pleased when an advisor's investment ideas prove to be market outperformers, we nevertheless emphasize that this is not a contest. Any stock you buy should match your own investment strategy and time horizon—and fit your personal risk-tolerance level.

The recommendations presented in this report should be viewed as a starting place for your own research. These top picks are a snapshot in time—and a stock that is a "strong-buy" today can become a "sell" based on changing fundamental or technical developments.

We also encourage our readers to consider buying subscriptions to newsletters if you are following an advisor's suggestion. That way you will be kept apprised of their changing views on any given recommendation.

Thank you for being a part of the MoneyShow family. We wish you the very best for continued investment success.

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Alphabet (GOOGL)

Chuck Carlson
DRIP Investor

***Alphabet** (GOOGL) — our Top Pick for 2021 — has far outpaced the broad market so far this year, rising 41%, observes **Chuck Carlson**, editor of **DRIP Investor**.*

The performance is especially impressive when you consider the performance of other technology/Internet stocks this year. Helping to fuel the gains is Alphabet's position as a "value" growth stock.

In other words, the company has continued to put up very strong earnings and revenue growth, yet the stock's valuation — these shares trade at just 27 times their 2021 earnings estimate — is fairly moderate versus the rest of the tech/Internet sector.

The company has obliterated consensus earnings estimates in recent quarters, and earnings estimates have risen sharply in the last 60 days. Earnings should get a strong boost in the second half of the year with the reopening of travel in the U.S. and abroad.

Indeed, travel accounts for some 10% of Alphabet's search revenue, so a rebound in travel will help move the needle on search revenues. Providing a kicker to long-term prospects is the firm's growing cloud-services business.

The reasons I chose Alphabet as a 2021 favorite — strong operating momentum, reasonable valuation, the ability to generate positive earnings surprises — still hold for the remainder of this year. I expect these shares to continue to outpace the broad market and rank them a strong "buy" for any portfolio.

Please note Alphabet offers a direct-purchase plan whereby any investor may buy shares directly. Minimum initial investment is just $25 in the plan, making the stock accessible to virtually any investor.

For further information on Alphabet's direct-purchase plan, visit the transfer agent, Computershare, at www. computershare.com.

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Alphabet (GOOGL)

Joseph Bonner
Argus Research

*We see **Alphabet** (GOOGL) as one of the tech industry's leaders, along with **Facebook** (FB), **Apple** (AAPL), **Amazon** (AMZN), and **Microsoft** (MSFT), notes **Joseph Bonner**, an analyst with **Argus Research**.*

These companies have come to dominate new developments in mobile, public cloud, and big data analytics, as well as emerging areas such as artificial intelligence and virtual/augmented reality.

Alphabet — which has risen 41% so far in 2021 — reported 1Q results on April 27; revenue topped the consensus by $3 billion and GAAP EPS beat the consensus by $3.07. Alphabet provides no actual guidance, so large variances from consensus should not be a surprise.

Obviously, the company had a very easy comparison with the COVID-19-affected 1Q20, but the absolute revenue number was right in line with 4Q20 and 4Q19. Alphabet has not seen such strong revenue growth since 4Q12, and has generally grown revenue at 20% +/ – rate over the last few years.

We are raising our 2021 GAAP EPS estimate to $86.11 from $67.78 and our 2022 forecast to $97.42 from $83.12. Alphabet does not issue guidance. Our estimates imply 30%. EPS growth on average over the next two years. Our long-term earnings growth rate forecast is 17%.

Search advertising, whether on Google sites or through its third-party Google Network (on desktop or mobile), remains the crucial revenue driver, even as other businesses, like YouTube, Google Play and Google Cloud (the so-called 'second wave') have ramped up to multi-billion businesses in their own right.

Aside from advertising, Google is looking to apply its deep research into artificial intelligence across the company's platforms and applications. Its three primary 'bets' for the immediate future are YouTube, the Google Cloud Platform (GCP), and hardware.

Our financial strength rating on Alphabet is "High", which is our highest rating. The company's credit ratings are in the high A's, high-quality investment grade, with stable outlooks.

The company does not pay a dividend. Alphabet repurchased $8.5 billion of its stock in 1Q21 after buying back $18.4 billion in 2020 and $31.1 billion in 2019. The share count has fallen about 1.5% in the last 12 months.

Google appears committed to resuming large share repurchases, and, with both $137 billion in cash on the balance sheet and $50.7 billion in trailing 12-month free cash flow, certainly has the liquidity to do so.

The Department of Justice antitrust complaint against the company and related regulatory actions, including possible legislation, are perhaps the most serious threat to Alphabet. State attorneys general piled on with their own federal antitrust suits in December 2020.

We think these antitrust cases are serious, though it will probably take years for them to play out and they may be difficult to prove in court. New legislation, while a threat, may also face difficulty in a divided U.S. Congress.

The company faces headline risks over these lawsuits and investor uncertainty over regulatory outcomes may create an overhang for GOOGL shares. Of course, the company faces possible sanctions if the outcomes are unfavorable.

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Alphabet's recovery from the 2Q20 COVID-19-induced advertising slump has been remarkable. We see continued momentum in 1H21 as e-commerce and digital advertising have burgeoned with stay-at-home consumers flocking to the Internet for shopping and entertainment.

We believe that the shares remain attractively valued given the company's rapidly expanding businesses. Alphabet's trailing EV/EBITDA multiple of 23.5 is below the peer median of 24.6.

The forward EV/EBITDA multiple of 16.5 is 2% below the peer average, compared to an average discount of 14% over the past two years. We are maintaining our "buy" rating on GOOGL and raising our target price to $2800.

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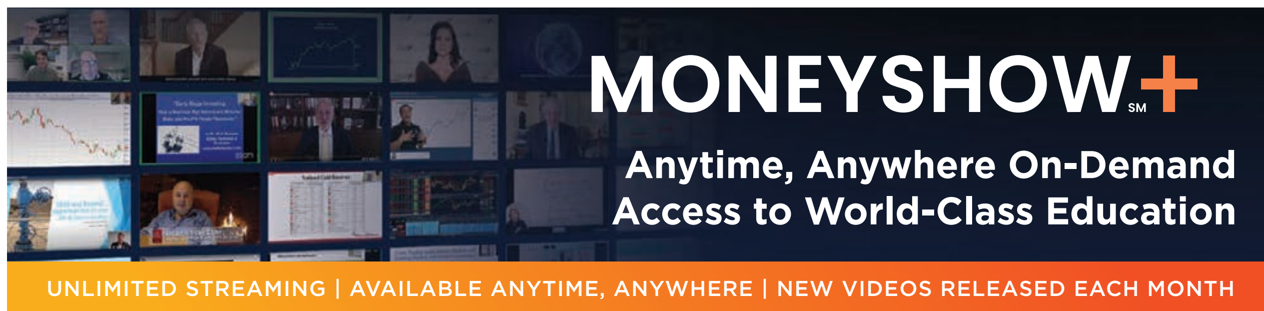

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Anavex Life Sciences (AVXL)

Tom Bishop
BI Research

***Tom Bishop** specializes in uncovering under-the-radar opportunities in small cap stocks. His Top Pick for 2021, **Anavex** (AVXL), is up almost 400% so far this year, making this the #1 performing stock out of 122 investment ideas in our 2021 Top Picks report. Here's a mid-year update on the stock from the editor of **BI Research**.*

Anavex's lead compound Anavex 2-73 (A2-73, oral) is in clinical trials for Alzheimer's disease (just finished over-enrollment of a phase 2b/3, 450-patient, 48-week clinical trial after very encouraging long term results from the phase 2a trial, see graphic below); Parkinson's disease dementia (just finished a successful Phase 2 trial, also supportive for Alzheimer's, with more data due out shortly); and Rett syndrome (for which it has three Rett trials in various stages with encouraging clinical data so far, and more due out shortly).

Encouragingly, A2-73 with its upstream Sigma-1 receptor activation approach (rather than anti-amyloid plaque approach that has failed so often) has consistently demonstrated positive and statistically significant results across this wide range of neurological diseases, which indicates that the oral drug appears to work and is clearly able to cross the blood/brain barrier.

"Data suggests [and numerous articles in medical journals confirm, for example see the Anavex press release dated 6/14] that activation of SIGMAR1 results in the restoration of complete housekeeping function within the body and is pivotal to restoring neural cell homeostasis and promoting neuroplasticity."

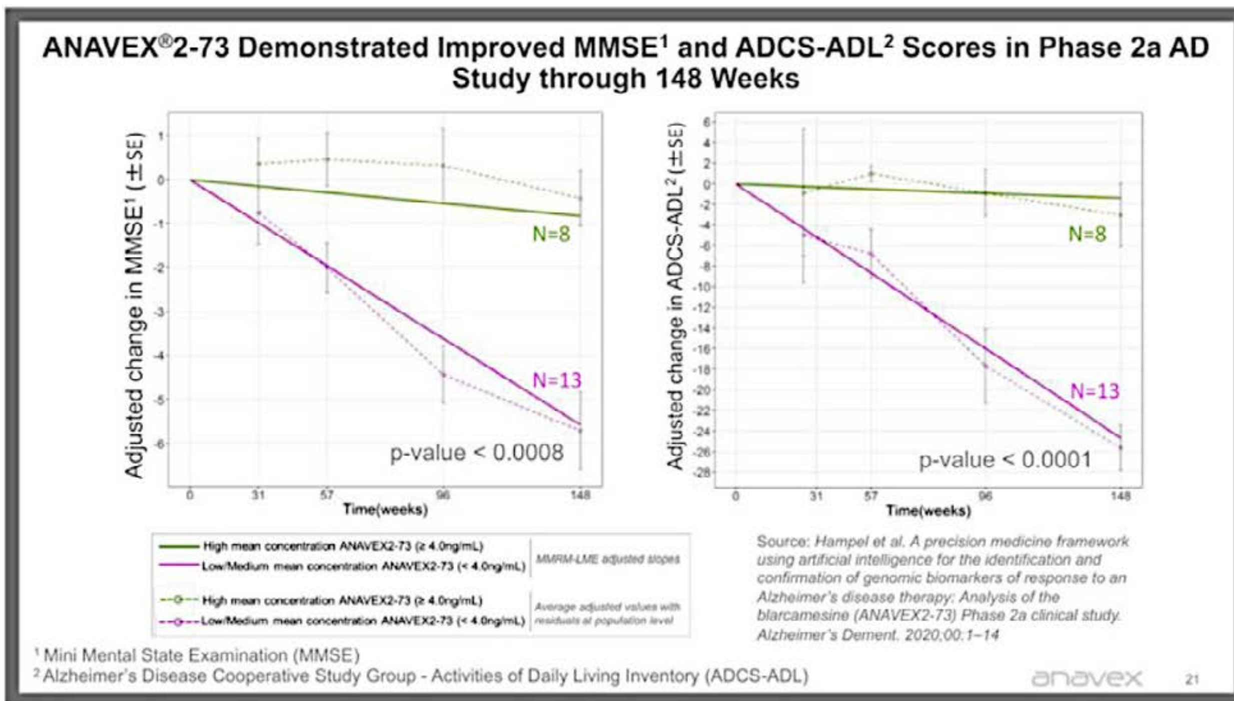
In other words, Sigma-1 works further upstream from the problem and can be likened to the brain's janitor, which in his later years gets lazy and doesn't clean up the amyloid plaque and such that can clog the brain. It's called autophagy — "the body's way of cleaning out damaged cells, in order to regenerate newer, healthier cells."

Anavex 2-73 activates the janitor to get out there and keep up with his house cleaning. In addition, through genomic analysis the Company has identified a biomarker that 80% of people have which when present increases the efficacy of A2-73 vs. the other 20%.

While Rett may get to the finish line first due to shorter trial periods, Alzheimer's is the most exciting indication based on the magnitude of this unmet medical need and the data so far.

For just one example, from the extended phase 2a trial based on patients on the high dose of A2-73, that have continued to take the drug for at least three years, they saw almost no decline in MMSE and ADL scores, while those on the lower dose (which essentially acted as a placebo because it hardly worked at that dosage) saw the decline in scores that Alzheimer's patients typically see (the red line).

But a graph is worth a thousand words (note that the p-values are extraordinarily significant, where <=0.05 is considered significant by the FDA).



There is plenty of anecdotal evidence as well — an artist who was able to return to painting, a guy who was able to play golf again, the pianist who resumed playing and the grumpy couch potato who started playing with his grandkids again and even went into a TV station to give a very lucid and even humorous interview. And at the end of the day, these are the real life results you really want to see.

An estimated 5.8 million Americans (and 50 million worldwide) currently suffer with Alzheimer's disease which along with other dementias cost our nation an estimated $305 billion in 2020. Alzheimer's is the third leading cause of death in the U.S. behind heart disease and cancer and the only one of the top 6 diseases in the U.S. where the death rate has risen, rather than declined.

As demonstrated by the instant $20 billion increase in the market cap of Biogen on the FDA's controversial approval of its Alzheimer's monthly infusion therapy drug on 6/7 (for which efficacy was so poor that most doubted the FDA would even approve it), a drug that works on Alzheimer's is clearly a holy grail of medicine.

This also demonstrated how desperate patients, and ergo the FDA, were to get anything approved that might help these patients after nothing new was approved in almost 20 years. This approval was actually good news for Anavex because it indicates a lowering of the bar for approval.

And based on data so far investors believe A2-73 will be able to show much greater efficacy in any event, plus … A2-73 is an oral drug, so patients would likely flock to it, leaving Biogen's monthly infusion therapy … a buggy whip.

As positive statistically significant data continues to come in from the various trials this year, the shares have almost quadrupled so far in 2021 to around $20. However, if $10 billion is a reasonable estimate for annual sales for an Alzheimer's drug that actually works, and Anavex were to just trade at a very low 2 times sales (and Biogen's recent $20 billion surge bears this out), and even assuming the share count rises another 42% to 100 million, this would equate to an AVXL share price of $200.

While more about the trial results can be found in a report we issued dated 3/10 (a link is at the bottom of our home page), one of my favorite more-anecdotal quotes is from an investigator involved in the ongoing Alzheimer's trial who said simply, "It's just so exciting to be part of a Alzheimer's trial and to see what we are seeing in these patients."

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You see, Alzheimer's patient scores only go in one direction (worse), but clearly they were seeing patients showing improvement or at least holding the line and that hasn't happened in other Alzheimer's trials.

That much they can tell without breaking the code. The company has a record $75 million in the bank, which along with inputs from parties financially helping to finance these trials, could last this frugal company for nearly 3 years.

Meanwhile, the CEO recently commented that Anavex is resisting any partnering interest and has retained 100% until it can demonstrate that A2-73 works and get fair value for its shareholders. Then I think big pharma is quite likely to swoop in.

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Applied Materials (AMAT)

Jim Kelleher
Argus Research

***Applied Materials** (AMAT) — which has risen 56% so far this year — delivered fiscal 2Q21 revenue and adjusted EPS that were well ahead of consensus expectations, explains **Jim Kelleher**, an analyst with **Argus Research**.*

Both sales and EPS rose in the double digits as AMAT's semiconductor solutions business continued to grow faster than the overall semiconductor industry.

AMAT is seeing broad-based strength across its semiconductor operations. Amid accelerating growth, driven by secular transitions such as cloud and AI, and given the cyclical driver of the semiconductor shortage, CEO Gary Dickerson expressed confidence that AMAT would outperform its markets.

Applied Materials had an eventful quarter in which it introduced new products. These include the AIx platform, or Actionable Insight Accelerator, which provides engineers with real-time visibility into chip processes; and the Enlight Optical Wafer inspection system, an AI-enabled optics solution that efficiently captures yield data for each wafer.

In mid-March, AMAT announced a 9% hike in its quarterly dividend to $0.24 per share, or $0.96 annually. The current yield is about 0.7%.

On a stand-alone basis, AMAT is the revenue and market share leader in the semiconductor capital equipment space. As the global economy recovers from the pandemic, the digital transformation of companies, industries, and global economies should continue to drive WFE equipment demand.

Applied also expects demand for display fabrication equipment to recover, fueled by OLED and large-screen TVs. With a record number of machines to maintain, AMAT's global services business is also growing rapidly.

Going forward, AMAT's confidence in future outperformance is based on the company's positioning in key niches of the WFE market. These include CMP, epi, thermal, and implant, all expected to grow 50% or more in 2021.

With Moore's Law and 2D scaling being overtaken by technology advances, the industry has transitioned to a new playbook to drive power, performance, area cost, and time-to-market (PPACt). AMAT created its ICAPS business to focus on serving IoT, communications, automotive, power, and sensors — all areas vital to the PPACt playbook.

AMAT brings key strengths to the PPACt transition, including a broad portfolio of technologies; the ability to combine and adapt its portfolio to meet customer needs; and a proprietary suite of solutions that facilitates faster time-to-market.

Applied Materials offered a well-above-consensus outlook for 3Q21 that signals a third consecutive $5 billion-plus revenue quarter, and potentially its first $6 billion quarter. AMAT appears attractive on prospects for long-term top-line growth and margin expansion, as well as on valuation. We are reiterating our "buy" rating and our 12-month target price of $155.

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Applied Materials (AMAT)

Richard Moroney
Dow Theory Forecasts

*Semiconductor-equipment maker **Applied Materials** (AMAT) sits at the center of the global economy's digital transformation, where even an activity as simple as pouring concrete for a new highway can require semiconductor-powered devices, notes **Richard Moroney**, editor of **Dow Theory Forecasts**.*

The stock — my Top Pick for 2021 — has risen 56% so far this year. Driving demand further is the trend that everything from smartphones to servers to cars requires more semiconductor content than their predecessors.

For the April quarter, earnings per share surged 74% to $1.63 excluding special items, topping the consensus of $0.12. Revenue, up 41% to $5.58 billion, also exceeded the consensus.

Both gross profit margin and operating profit margin expanded to their highest levels since at least 1993. Cash from operations jumped 87%, the fourth straight quarter of double-digit growth. Free cash flow more than doubled to $781 million.

For the July quarter, management expects adjusted per-share profits of $1.70 to $1.82, good for growth of 60% to 72%. Revenue is projected to range from $5.72 billion to $6.12 billion, up 30% to 39%. At the time of the announcement, consensus estimates called for earnings per share of $1.55 and revenue of $5.52 billion.

In February, management had expected the semiconductor-equipment market to reach $70 billion to $73 billion in 2021, implying growth of about 14% to 19% But with demand strengthening further, Applied Materials now sees the market reaching $77 billion to $79 billion, suggesting 26% to 29% growth.

Recall, the semiconductor-equipment market expanded 19% to $61.2 billion last year, while Applied Materials grew 23% to take roughly a 20.5% share. Applied Materials expects to significantly outgrow the market in 2021.

With semiconductor supply shortages expected to persist through the first half of 2022, the semiconductor-equipment market looks positioned to keep growing next year.

Insisting that secular trends are creating sustainable demand, Applied Materials says the semiconductor industry's upswing remains in the early innings and should continue over the next decade.

After a strong start to 2021, Applied Materials shares dipped — part of a broad sell-off within the technology sector. The stock soon reversed course, rebounding to trade within 5% of its record high. We see room for the stock to run higher, and AMAT remains a Focus List Buy and a Long-Term Buy.

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Avangrid (AGR)

Roger Conrad
Conrad's Utility Investor

Six months ago, I recommended then-lagging electric utility and renewable energy producer ***Avangrid Inc.*** *(AGR) in anticipation of two major favorable developments, recalls* ***Roger Conrad****, editor of* ***Conrad's Utility Investor****.*

The first was US government approval of the then-stalled Vineyard offshore wind facility; the second was a successful close of the company's proposed merger with **PNM Resources** (PNM).

Since then, the Biden Administration has granted final regulatory approval to start construction on the 800-megawatt capacity facility. More important, it's provided a roadmap for companies like Avangrid to move ahead quickly with other projects in coming years.

As for the PNM acquisition, the company has secured all needed regulatory approvals except in New Mexico. Officials are now reviewing a settlement supported by the state's governor and attorney general. And approval appears to be on track for the second half of 2021.

The result has been solid gains since for shares of Avangrid, which is the US arm of its 81.63 percent owner **Iberdrola SA** (Spain: IBE) (IBDRY). And the best should be yet to come, as added scale in both the regulated US utility business and offshore wind generation drive further efficiencies and growth.

Access to low cost capital is essential. And aggressive expansion plans the next few years will likely limit dividend increases, at least until the PNM merger closes. But to date management has had no problems issuing new equity or debt at preferential rates, raising roughly $4 billion in a private placement to Iberdrola and a subsidiary of the Qatar Investment Authority in May.

The shares currently appear to be fully priced at a valuation of a little less than 25 times next 12 months expected earnings. But this year's good news does earn Avangrid a boost in my highest recommended entry point to 55 for conservative growth and income investors.

The stock is also a strong candidate to benefit from a revival of market interest in renewable energy stocks, many of which have sold off since January.

Subscribe to Conrad's Utility Investor here...

Avid Technology (AVID)

Jeffrey Hirsch
Stock Trader's Almanac

*Just before the market had its historic November to remember — with the small cap rally that pushed the Russell 2000 index of small cap stocks up a record breaking 18.3% — **Avid Technology** (AVID) rose to the top of our fundamental and technical screens, explains **Jeffrey Hirsch**, seasonal timing expert and editor of **Stock Trader's Almanac**.*

Avid was added to our newsletter portfolio on November 13, 2020 at $10.69 following our Following our "Best Months" Seasonal MACD Buy Signal on November 5, 2020. The stock had exhibited relatively low price-to-sales and price-to-earnings ratios while their sales and earnings numbers fared well in Q2 and Q3.

Avid Tech is at the forefront of the digital media revolution and boasts a stable of industry leading software solutions and partnerships. When the economy recovered from the Covid-19 downturn folks ramped up digital media production and publishing and Avid revenue and paid subscriptions picked up.

Avid's open and efficient media platform and comprehensive tools are being used to create, produce, distribute and monetize feature films, television, music recordings and live events.

We sold half our AVID position in the newsletter portfolio on February 4 when the stock doubled from our entry price in keeping with our standard rule of selling half on a double, which allows you to take your initial investment off the table and let your winnings ride.

AVID Q1 revenues and earnings beat estimates as it has for the past several quarters by about 40% and 4% respectively on a 78.2% year-over-year subscription revenue growth and net increase of approximately 28,000 paid subscriptions during the quarter.

They have teamed up with Dolby on a joint training course agreement to bring the first Pro Tools® Dolby Atmos training course and certification to market and with Remote Picture Labs, a leading provider of remote editing solutions for the Hollywood film and television industry, a virtual film and television post production solution that allows editors, assistant editors and producers to collaborate from anywhere. And AVID presented at J.P. Morgan 49th Annual Global Technology, Media and Communications Conference in May.

As we are two months into the "Worst Six Months" for stocks (May-October) and on the cusp of the Worst Four Months (July-October) the stock is now on HOLD. That is a true HOLD. If you own, we do not suggest selling.

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Banco Santander (SAN)

Benj Gallander
Contra the Heard

*Madrid-based **Banco Santander** (SAN) is Spain's largest bank; the stock has risen 38% so far in 2021, notes **Benj Gallander**, a specialist in out-of-favor stocks and editor of **Contra the Heard**.*

In addition to its operations in Spain, it is the third largest in Brazil, along with operations in Argentina, Chile, Mexico, Poland, Portugal, the UK, and the United States.

The company has a long, rich history, having been started in 1856 and was profitable year after year until the last annum, when it took the largest loan loss provision of any bank in Europe to the tune of 1.6 billion Euros.

Meanwhile, the corporation rebounded to a profit in the first quarter of this year with black ink of $1.94 billion, exceeding analysts' expectations. Chairman Ana Botin forecasts that even better results are in store.

Last year, in-line with the European Central Bank's recommendation, SAN eliminated the dividend. But with the wonderful earnings and the relaxation of the ECB regulations given the economic recovery, a payout has been reestablished.

One would think that it will continue to grow as the corporate goal is to restore a payout of 40-50 percent of the underlying profit. As it increases, there is an excellent chance that the share price will also jump, perhaps to our Initial Sell Target of $8.24. That is well below the $20+ where it traded a number of years ago.

Santander is much more than just a retail bank. The company also provides cash, asset, wealth management, and private banking services. In addition, it is involved in corporate banking, treasury, risk hedging, foreign trade, and investment banking activities.

Throw onto that insurance, payroll management, financial advisory services, renting retail properties and more. It features over 11,000 branches although those are being pared back and there will be some write-downs associated with this process that will dent the bottom line. Overall though, we expect the black ink to continue.

In many ways this bank reminds us of **Bank of America** (BAC), which we bought at $6.76. Both of them are major players in their markets, and from our perspective in the "too big to fail" category. We finished unloading the BAC position at $38.79 for a 474 percent gain. It has continued to go up since.

At the *Contra the Heard Investment Letter*, we are happy to hold this stock and look forward to additional capital appreciation. Toss in a dividend and the returns could be luscious. It has already vaulted about 38 percent this year and has done about a double since it joined the portfolio at $2.05 last year.

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BlackBerry (BB)

Jim Pearce
Investing Daily's Personal Finance

At the beginning of this year, I recommended Canadian engineering firm ***BlackBerry*** *(BB) as "the perfect ambush stock for 2021," explains* ***Jim Pearce****, editor of Investing Daily's* ***Personal Finance****.*

As I said then, "Blackberry has been down in the dumps so long that most people have forgotten about it. The company is headquartered in Canada and has a market cap of less than $5 billion so it doesn't get much love from Wall Street." So far, that prediction is paying off as the stock is up 115% so far in 2021.

Despite that big jump, I still think BlackBerry has a lot more upside potential in it. The company is poised to benefit from two of the biggest growth drivers of the global economy over the next several years: electric vehicle and cybersecurity.

Late last year, BlackBerry announced that it signed a deal with the Amazon Web Services division of **Amazon** (AMZN) to develop software used in cloud-connected vehicles hosted on Amazon's cloud.

That product, known as BlackBerry IVY, is described by the company as "a scalable, cloud-connected software platform that will allow automakers to provide a consistent and secure way to read vehicle sensor data, normalize, it, and create actionable insights from that data both locally in the vehicle and in the cloud."

That data is extremely useful to electric vehicle (EV) manufacturers. In May, Chinese EV carmaker WM Motor announced that it has chosen BlackBerry as its partner to provide the software for its new W6 SUV model.

According to BlackBerry, "The W6 is China's first mass-produced vehicle that can autonomously perform specific parking maneuvers." In addition, WM Motor intends to expand the vehicle's capacity to include autonomous driving functionality.

The growth projections for the electric vehicle markets are astonishing. According to the International Energy Agency (IEA), "In the first quarter of 2021, global electric car sales rose by around 140% compared to the same period in 2020, driven by sales in China of around 500,000 vehicles and in Europe of around 450,000. US sales more than doubled relative to the first quarter of 2020, albeit from a much lower base."

It is the much lower base in the United States that could be BlackBerry's salvation. Industry experts predict that EV sales will increase nearly fivefold over the next five years, and that estimate was made before President Biden earmarked $174 billion in his infrastructure spending plan specifically for the EV industry.

The precise details of the financial arrangement between BlackBerry and Amazon were not divulged. Presumably, the terms heavily favor Amazon. Regardless, even a modest percentage of income from this arrangement could have an outsized impact on BlackBerry's revenue stream for years to come.

The recent shutdown of the Colonial Pipeline and subsequent gas shortages illustrate the need for strong endpoint protection security against hackers.

To that end, BlackBerry offers a suite of cybersecurity solutions under the "BlackBerry Spark" brand name that integrates custom apps, internal systems, and regulatory procedures into a unified endpoint management process to prevent intruders from finding seems to exploit for access to sensitive data.

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Cybersecurity is a huge market and it is growing fast. According to Quince Market Insights, “The global cybersecurity market size was estimated to be USD 163.5 billion in 2020 and is projected to register a CAGR (compound annual growth rate) of 12.5% to reach USD 418.3 billion by 2028. The North America market is poised to capture a larger share in the global market for cybersecurity.”

Of course, not all of that global market potential will be accessible to BlackBerry. The company conservatively estimates that its total addressable market (TAM) in cybersecurity is $30 billion this year and $44 billion in 2025.

At the same time, it expects the TAM for its internet of things (IoT) business to expand from $15 billion this year to $45 billion in 2025. That means BlackBerry is expecting the size of the TAMs for its two biggest product categories to nearly double over the next four years.

BlackBerry reported a net loss last year while it was restructuring its balance sheet to support its IoT and cybersecurity initiatives. In April, the company announced that it has reorganized its management team to support its primary business units, which will begin reporting results separately to make it easier for analysts to track their progress.

Those investments should start paying off soon, at which point Wall Street may start paying more attention to the company’s promising future. That day may arrive as early as June 24, when BlackBerry releases its fiscal 2022 Q1 results (ending May 31) along with any guidance for the remainder of the year. I recommend buying BlackBerry up to $16.

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Celldex Therapeutics (CLDX)

Jay Silverman
The Medical Technology Stock Letter

Celldex Therapeutics *(CLDX) remains one of our Top Picks for 2021 with the company delivering value creating data updates so far this year, explains* ***Jay Silverman****, a leading biotech expert and contributing editor to* ***The Medical Technology Stock Letter****.*

The company's lead drug development candidate is CDX-0159, a humanized monoclonal antibody that specifically binds the receptor tyrosine kinase (KIT) with high specificity and potently inhibits its activity.

KIT is expressed in a variety of cells, including mast cells, which mediate inflammatory responses such as hypersensitivity and allergic reactions. In many inflammatory and allergic diseases, such as chronic urticaria, mast cell activation plays a central role in the onset and progression of the disease.

CLDX recently announced their next data event will be Phase Ib data for CDX-0159 in chronic inducible urticaria (CIndU) which will be featured in a late-breaking presentation at the upcoming European Academy of Allergy and Clinical Immunology (EAACI) conference in July.

CLDX also recently presented data at the American Society of Clinical Oncology (ASCO) meeting for CDX-527, a bi-specific antibody which targets both PD-L1 x CD27 with a single antibody. The data showed that in solid tumors refractory to standard-of-care therapy both T-cell and NK-cell activation was observed.

PD-L1 drugs like Keytruda are multi-billion dollar treatments but are only effective in 30% of cancer patients. CDX-527 has potential to address the 70% patients who don't respond to Keytruda by turning back on the immune system which the cancer itself has ingeniously suppressed to prevent detection.

The stock has risen 53% so far this year. Given the company's broad progress in 2021 we have raised our "buy" to $30 (from $20) and our target price to $40 (from $30).

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ChampionX (CHX)

Richard Howe
Stock Spin-Off Investing

***ChampionX** (CHX) — a Top Pick for 2021 — was formed when **Ecolab** (ECL) spun off its energy business and subsequently merged it with **Apergy** (APY), itself a 2018 spin-off of **Dover** (DOV), notes **Rich Howe**, editor of **Stock Spin-Off Investing**.*

The appealing aspect of ChampionX is that the company is profitable throughout the cycle. In fact, it has a counter cyclical component to it as free cash flow increases during weak periods as cash flow is released from working capital.

ChampionX generates ~88% of its revenue from production, or wells that have already been driven. A very small portion of revenue is driven by new wells being drilled. This focus on production enables the company to generate revenue and profits even when industry capex shrinks.

The company just reported a great quarter and the stock has rallied sharply. The most important factor for me is free cash flow, and the company generated $115MM in the quarter (adjusting for acquisition related expenses) or $460MM on an annualized basis.

Even with the run up — the stock is now up 78% for the year-to-date — ChampionX is still only trading at 9.2x free cash flow. Pre-merger with ChampionX, Apergy traded at ~20x free cash flow.

Not sure if we get all the way back, but I think there's more upside to the stock. The chart looks great as well. My updated price target is $45, implying significant upside ahead.

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Charles Schwab Corporation (SCHW)

Bernie Schaeffer
Schaeffer's Investment Research

***Bernie Schaeffer** — editor of **Schaeffer's Investment Research** — has been a leading authority in stock, options and trading education for 40 years. Here, he updates his 2021 Top Pick, **Charles Schwab** (SCHW), which has gained 40% so far this year.*

With SCHW trading in the low-50's as 2020 had drawn to a close, I concluded my comments in this space as follows: "The May 2018 all-time high at $60 is already within sights — with additional upside potential to the $70 area as the year progresses."

My bullish assessment has proven too conservative, as the shares soon embarked upon a "take no prisoners" rally which peaked in early June just above $76.

While our equity analysis and price projections are deeply founded in technical and sentiment analysis, we believe the fact that SCHW added 3.2 million new brokerage account in Q1 2021 — more new accounts than all of 2020 — added fuel to the already bullish technicals.

We suggest that the retail investor boom is just getting started, and in this regard, we turn back the clock and note another price peak in SCHW — this one at $49.26 in April 1999, back in the days of the so-called "dot-com boom" — a stock trading craze that never approached the level of individual investor market participation that we now routinely experience.

True to this year's form, the pullback by SCHW since the June peak has been quite modest. And while we do see the potential for a 10% pullback from the highs to the $68-$69 area (further buttressed by support at the steadily rising 50-day and 80-day moving averages), we expect more in the way of all-time high action from SCHW in the second half.

Our first upside target is in the $80-area, at which point SCHW would be sporting a market capitalization of about $150 billion and a year-to-date gain of 50%.

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Crown Castle International (CCI)

John Dobosz
Forbes Dividend Investor

***Crown Castle International** (CCI) is still sending favorable signals, notes **John Dobosz**, an industry-leading growth and income investing expert — and editor of **Forbes Dividend Investor**.*

Shares of cell phone tower and data center REIT Crown Castle have returned 27% since their October 2020 addition to the Forbes Dividend Investor portfolio.

The stock is not the screaming value that it was last fall, but it does retain its appeal as a best-in-class company that delivers reliable dividend growth and consistent increases in sales and profits.

Quarterly dividends at their current rate of $1.33 per share have grown at a compound annual rate of 14.3% over the past decade, while funds from operations have chugged higher at a 13% annual pace.

Crown Castle grabbed a big piece of business from Verizon in the first half of 2021, and funds from operations grew 20% year-over-year in the most recent quarter. Revenue this year is expected to grow 7.5% to $6.28 billion.

The ongoing rollout of 5G wireless service is a significant tailwind for CCI and its two primary competitors in the tower business: **American Tower** (AMT) and **SBA Communications** (SBAC).

Crown Castle has outperformed its rivals in market performance, with a 24% year-to-date total return through June 16, compared to AMT's 19% and 13% for SBAC.

Crown Castle has taken advantage of the stock's strength and the favorable business environment to raise additional capital on advantageous terms by issuing both equity and debt. The most recent transaction was the issue of $750 million in 2.50% senior notes due 2031.

In early June, CCI shares closed at an all-time high of $198.91. The stock is still attractive for long-term investors at current prices near $193. Waiting for a pullback to the 50-day moving average of $185 would get you into the stock at a yield just shy of 2.9%.

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CVS Health (CVS)

John Buckingham
The Prudent Speculator

CVS Health *(CVS) operates one of the largest domestic retail pharmacy networks and is a leading pharmacy benefits manager, observes* ***John Buckingham****, editor of* ***The Prudent Speculator****.*

The company also serves millions of people through traditional, voluntary, and consumer-directed health insurance products and related services (via its Aetna biz).

We chose CVS as a Top Pick at the start of the year. The shares have since risen 22%. Our rationale for our recommendation of CVS remains unchanged.

Despite concerns about the regulatory environment, ongoing opioid litigation, and the competitive landscape, including the potential of **Amazon** (AMZN) to enter the prescription game, the diversified healthcare player was then trading for a very inexpensive multiple of earnings, despite consistently beating EPS estimates, while also providing a generous dividend payout.

The company was also offering COVID-19 vaccinations that drove additional folks into its stores and management reported that its retail locations administered 23 million COVID tests and 17 million vaccines in Q1, no doubt contributing to another terrific quarter.

With Q1 adjusted earnings per share coming in at $2.04, versus expectations of $1.71, and revenue also topping estimates, we retain our enthusiasm for CVS. We continue to believe that the company is a free-cash-flow generating behemoth with strong potential to evolve its business to a broader health care delivery model.

The company's updated EPS guidance now stands at $7.56 to $7.68 (previously it was between $7.39 and $7.55), while cash flow from operations guidance stands at $12.0 billion to $12.5 billion.

We think CVS shares are underappreciated as they trade for around 11 times NTM adjusted earnings estimates and yield 2.3%. Our target price for CVS has been boosted to $121 and we continue to rate the stock as a "Buy."

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Deluxe Corporation (DLX)

Taesik Yoon
Forbes Investor

Deluxe Corporation *(DLX) has risen 59% so far this year; the company is a provider of trusted technology-enabled solutions to millions of small businesses and over 4,000 financial institutions comprised of banks, credit unions and other financial services companies in the U.S. and Canada, explains* ***Taesik Yoon****, editor of* ***Forbes Investor****.*

Its extensive range of products and services encompass everything from website development and hosting, email marketing, social media, search engine optimization, payroll services and customized checks and forms for small businesses, to industry-leading programs in data analytics, customer acquisition and treasury management, fraud prevention, and checks for financial institutions.

The stock looked very attractive entering the year, having greatly underperformed in 2020 and trading at a ridiculously low forward P/E of just over 6 times its consensus earnings expectations for this year of $4.96 per share at the time.

And while DLX was hit much harder by COVID-19 due to its significant exposure to the small and mid-sized business market — which really took it on the chin during the pandemic-driven lockdowns—and the amount of leverage the company employs, DLX has done a fantastic job of managing through this major economic headwind.

This is clear from the much better-than-expected post-pandemic profit performance and free cash flow production that it has turned in, as well as the significant amount of new business won during this span.

And with this order activity likely to have DLX exiting 2020 with a strong backlog of business, I was optimistic that the company's operational outperformance would continue in the new year and finally have its stock moving meaningfully higher. With the stock up 60% so far this year, I'd say that's clearly been the case.

Yet even with this surge, DLX's stock trades at a forward P/E in the single digits. This despite the fact that its post-pandemic operating performance has continued to impress.

In fact, its start to 2021 was so good that the company preannounced Q1 adjusted earnings that were well above what analysts were expecting in April and then came in comfortably above even this level when it formally reported these quarterly results the following month.

The recent acquisition of First American Payment Systems adds a highly profitable business that doubles the size of DLX's own Payments segment and derives nearly all its revenues from recurring sources, positioning the company to enter the attractive merchant services market as a scaled player.

This accelerates its goal of becoming a leading payments technology firm, and I expect it to continue delivering favorable operating results good enough to drive its shares meaningfully higher in the back half of the year as well. Thus, I continue to see DLX as one of the better bargains in the market today.

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Draftkings (DKNG)

Robert Carlson
Retirement Watch

***Draftkings (DKNG)** was our Top Pick for 2021; the stock—which has risen 19% so far this year—is the premiere online sports betting web site, notes **Bob Carlson, editor of Retirement Watch**.*

In addition, the company is increasing its offerings of online casino games (iGaming) to supplement its mobile sports betting business.

The company was attractive for a purchase in early 2021. The stock declined in late 2020 though the business was doing well. In addition, several states in the U.S. were working toward legalizing or liberalizing gambling, providing substantial potential new markets for the firm.

Events in the first half of 2021 justify buying DKNG in early 2021, and the case for holding the stock or making new purchases is strong.

In the first quarter of 2021, DKNG's revenue increased 175% and was well above consensus analysts' estimates. The company's unique paying customers increased by 114% over 12 months to 1.5 million monthly.

More importantly, the company says that is has had success cross-selling its customers. Sports betting customers are being attracted to the iGames, and iGames customers are engaging with sports betting.

Several states liberalized their online gambling and gaming laws, and DKNG says it has had successful launches of its operations in new states in the first quarter.

The company raised its estimates of full-year revenue. Draftkings has shown it has the ability to attract new customers to both its sports betting and casino games offerings, retain a high percentage of customers, and attract customers in one segment to the other segment of its offerings.

In addition, legal gambling is likely to expand to additional states, providing new markets and opportunities for the company.

While many companies would like a portion of the growing online betting and gambling markets, DKNG has unique advantages. It has established a strong brand and has proprietary technology that give it a strong market shares.

Despite still generating losses on operations, the company has the financial resources to continue funding growth and attracting more customers. I recommend purchases of DKNG.

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Enterprise Products Partners (EPD)

Bob Ciura
Sure Retirement

*Units of midstream energy giant **Enterprise Products Partners LP** (EPD) have performed well in 2021, with a total return of 31.5% (including distributions) year-to-date through June 9th, reports **Bob Ciura**, contributing editor to **Sure Retirement**.*

It has significantly outperformed the broader market in this time—the **SPDR S&P 500 ETF** (SPY) has delivered a year-to-date total return of 13.3%.

Despite the impressive performance, EPD remains a buy. EPD still has a high yield of 7.3%, while the units remain reasonably priced. EPD continues to be a major winner from the pandemic reopening and economic recovery.

Enterprise Products is an energy infrastructure company. It operates midstream assets such as pipelines and storage terminals. Its assets include 50,000 miles of pipeline, as well as 260 million barrels of NGL, petrochemical, refined products, and crude oil storage capacity. Additionally, it has 14 billion cubic feet of natural gas storage capacity.

The initial reason behind recommending EPD was its high-quality business model, industry leading balance sheet, long-term growth potential, and high yield. These factors all remain in place today, which is why we reiterate our buy recommendation for income investors.

EPD continues to perform well as the energy sector recovers along with the broader economy. EPD's distributable cash flow increased 12% in the first quarter, while the company had a distribution coverage ratio of 1.7 which indicates a highly secure distribution.

The company generated $2 billion of operating cash flow in the first quarter, along with $1.3 billion in free cash flow. EPD ranks among the top MLPs in terms of distribution safety.

In addition to a very high coverage ratio, EPD has a high credit rating of BBB+ from Standard & Poor's, which is rare for an MLP.

It also has a modest weighted average cost of debt of 4.4%, having taken full advantage of low interest rates over the past several years. This allows the company to raise capital at attractive rates, which is crucial to its ability to invest in growth.

In that regard, EPD ended the first quarter with $3.4 billion of major capital projects under construction. The company expects to invest $1.6 billion in growth capital expenditures in 2021. We expect the company to grow its annual distributable cash flow by ~3% per year over the next five years.

One of the most attractive aspects of EPD is the high distribution, currently yielding 7.3%. By contrast, the S&P 500 Index average dividend yield is just 1.4% right now. Not only does EPD provide a very high yield, but it also raises the distribution on a regular basis. EPD has increased its dividend for 22 consecutive years.

Units are still reasonably priced, even with a strong rally to begin 2021. Based on expected DCF-per-unit of $2.96 for 2021, units of EPD trade at a price-to-DCF ratio of 8.4.

Though our fair value estimate is currently 8.0, implying the units are slightly overvalued right now, EPD will still generate satisfactory returns through its high yield and future growth. Overall, we expect annual returns above 9% per year for EPD.

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ETFMG Alternative Harvest ETF (MJ)

Chris Preston
Cabot Wealth

*My premise for selecting the **ETFMG Alternative Harvest ETF** (MJ) as my Top Pick for 2021 was simple: I was extremely bullish on marijuana stocks this year, explains **Chris Preston**, editor of **Cabot Wealth**.*

Despite an encouraging upturn the last nine months of 2020, the North American Marijuana Index was still trading at less than half its January 2018 apex. And momentum in the cannabis industry hadn't slowed down a bit — far from it, in fact.

Retail sales of medical and recreational cannabis in the U.S. topped $17.5 billion in 2020, a 46% improvement from 2019, and are expected to reach $46 billion by 2025, according to the 2021 Marijuana Business Factbook.

With a new state legalizing marijuana use in some form seemingly every month (Alabama was the latest to do so, legalizing medical cannabis use last month), those projections may turn out to be modest. With that accelerating growth as the backdrop, marijuana stocks have continued their recovery.

The MJ fund is up 43% year to date even after a precipitous drop-off from as high as $33 a share in early February (it's now down to $20). The fund has been building a solid-looking and increasingly-tightening base between $19 and $23 for more than three months.

This bodes well for another strong upwards breakout in the second of the year. From a fundamental and technical perspective, marijuana stocks look quite strong. At this point, there appears to be no stopping the trend toward full legalization in the U.S.

Thus, I'm just as bullish on the Alternative Harvest ETF now as I was entering the year — even after a 43% rise. With the fund trading at exactly half its 2018 peak and the climate for marijuana sales improving almost daily, this looks like a prime buying opportunity. That 43% run-up could look rather modest a year from now.

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Facebook (FB)

Doug Gerlach
Investor Advisory Service

Facebook *(FB) is the well-known online media giant; the stock — our Top Pick for 2021 — has risen 23% so far this year, notes* ***Doug Gerlach****, editor of* ***Investor Advisory Service****.*

Our assessment of the company's prospects as 2021 began were based on an understanding that the COVID-19 pandemic accelerated trends that were already in place and driving Facebook's business.

As 2020 ended, it was clear that Facebook would continue to benefit from shifts in consumer and business behavior that the year delivered. Indeed, the stock has risen 24% since the start of the year.

After suffering a slowdown mid-2020, Facebook accelerated growth by utilizing its substantial reach to help small businesses pivot to eCommerce.

Sales for Q4 2020 grew 33% as the company benefited from the demand for small businesses to reach online customers, despite some slowdown in Daily Active Users (DAUs) for Facebook and its "Family" of applications (Facebook, Instagram, and WhatsApp) in the U.S. and Canada as restrictions began to be lifted. Still, expense leverage and a lower tax rate help push EPS up 52%.

Heading into 2021, analysts' expectations for Facebook were relatively modest, given concerns about privacy issues due to newest operating system release from **Apple** (AAPL), the path of economic activity due to COVID-19 and government actions related to through anti-trust lawsuits or regulation.

Still, this set up a real possibility that the company could easily beat the consensus estimates based on 2020's tailwinds.

In Q1 2021, Facebook's sales grew 48% on the back of a 30% increase in the price per ad. Users continue to join Facebook's various platforms, and eCommerce gainesd traction from small and medium businesses that found themselves needing a way to reach and sell to customers without a physical presence.

The company restrained its SG&A expenses in the quarter, supporting EPS growth of 93% year-over-year (partly due to an easy comparison to a weaker Q1 2020).

The growth story isn't over. In its Q1 release, management said that it expects moderate to flat sales growth in Q2 compared to the first quarter, implying a year-over-year increase of at least 40%. Meanwhile, analysts are projecting roughly $13.00 of EPS for full year 2021, a mid-20's P/E ratio.

We maintain our projection that Facebook will see EPS growth of 17% a year on average over the next five years, and currently consider Facebook a buy up to $349.

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First Energy (FE)

Roger Conrad
Conrad's Utility Investor

Six months ago, I recommended multi-state electric utility ***FirstEnergy Corp.*** *(FE) as a buy at $32 per share or lower; I also selected the stock as my Top Pick for 2021* ***and the shares are up 32% so far this year****, notes* ***Roger Conrad****, editor of* ***Conrad's Utility Investor****.*

My principal rationale was investor worries about fallout from the Ohio bribery scandal had run well ahead of reality. Despite the explosive headlines, I believed the stakes were too high for the state and the utility not to eventually reach an accommodation. And once bribery scandal risk faded, I expected the stock to close its then-wide valuation gap with the rest of the utility sector.

As it's turned out, the company has managed to lower the temperature in the bribery case, including entering talks with the U.S. Attorney's office for a potential settlement. It's also posted Q1 2021 earnings at the high end of expectations and remained on track to reach target 5 to 7 percent annual growth for the year.

Those developments have helped lift FirstEnergy stock from a valuation of less than 11 times expected next 12 months earnings to more than 15 times. Shares have also arguably been helped by the interest of activist investor Carl Icahn, who now holds a 3.5 percent ownership interest and has two seats on the company board.

I expect FirstEnergy earnings to continue improving this year and as the scandal is resolved to ultimately fuel a return to dividend growth.

Other potential upside catalysts for the stock the rest of the year include a possible sale of minority ownership stakes in certain regulated utility units. There's also the possibility of merging with another electricity distribution focused utility such as **Exelon Corp.** (EXC). I'd be a buyer on a dip to $35 or lower.

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Ford Motor Company (F)

Jim Powell
Global Changes & Opportunities Report

Ford Motor Company *(F) — a fallen angel that has been a long-standing recommendation in our model portfolio — was our Top Pick at the start of the year; the stock has since risen 75%, notes* ***Jim Powell****, international investing expert and editor of* ***Global Changes & Opportunities Report****.*

Over the years I have received excellent returns from blue chip companies that ran into trouble for one reason or another — and their stocks dropped sharply in price.

If the companies were well-funded, and had long histories of riding the economic rapids, I expected they would make whatever changes were necessary to recover and go onto new highs. And that's what almost always happened.

Ford is a classic example of a company that found itself with aging products that its customers no longer wanted. Rather than work on the problem piecemeal, Ford decided to start over almost from scratch.

Ford's first decision was to stop producing the passenger cars that few people wanted. Only two such vehicles were still selling well: the iconic Mustang and the Bronco. Even those cars were revamped for modern needs.

At the same time, Ford decided to place its future on the success of its popular — and very profitable — pickup trucks. Particular emphasis was placed on the F-150 and the F-250 — the most popular trucks in the world. As with the Mustang and the Bronco, Ford's pickup trucks were reengineered to better serve the needs of today's drivers.

Ford also decided to phase out fossil fuel engines for most of its vehicles and make them all-electric. The company's first electric vehicle was the Mustang Mach-E that was introduced last year. The car is receiving good reviews and is selling well. In fact, there is a backlog of Mustang orders waiting to be filled.

The company's popular F-150 pickup truck is also being converted to all electric drive. The F-150 "Lightening" is ready for mass production and should be available to customers in March 2022.

So far, over 100,000 orders have been placed for the Lightening — many from fleets that are under a great deal of pressure to reduce their carbon emissions.

Longer term, Ford plans to spend $8 billion to make all its products electric powered. Ford's target is 40% of its fleet by 2030. Much of the money will be spent developing batteries that will give its vehicles greater range. I think Ford will continue to deliver good profits to investors for several years.

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Fulgent Genetics (FLGT)

Matthew Timpane, CMT
Schaeffer's Investment Research

*Medical device maker **Fulgent Genetics** (FLGT) has received quite the revenue boost from NGS (Next-Generation Sequencing) surveillance, which is used to track coronavirus mutations that are integral to vaccine management, notes technical expert **Matthew Timpane, CMT** of **Schaeffer's Investment Research**.*

Covid-19 testing is bound to continue as new variants of the SARS – CoV – 2 strain continue to emerge. It's a sobering thought, but herd immunity is a long way out, so testing will continue albeit at a lower rate. And despite recent international expansion, many countries still don't have Covid-19 under control.

Fulgent Genetics will continue to be a heavyweight in the field thanks to its status as a low-cost provider, and the hope is that the success in Covid-19 testing should carry over to other genetic and disease-specific testing segments of the business.

One storyline to watch: with a market cap of only $2.44 billion, Fulgent Genetics could be a takeover target for larger companies.

The fundamental backdrop of Fulgent paints an optimistic picture. Over $1 Billion in cash reserves is expected by the end of the year – a veritable war chest thanks to Covid-19 testing.

So, another storyline to watch for the second half of 20c21: how will the company deploy it? It's also reasonable to expect Fulgent's revenue growth to taper off from the extreme levels its enjoyed the last year. Yet, 2022 projections are still at nearly 97%, so there's reason to believe this is not just a flash in the pan.

On the charts, Fulgent Genetics stock fleshed out a bottom after pulling back to its 200-day and 40-week moving averages. The shares recently broke out of a large symmetrical triangle pattern, hinting at a continuation to the upside.

At one point up 252% by February, a pullback should have been expected, as profit-takers stepped in on such a quick run-up. But now up 44% year-to-date, this presents a unique buying opportunity to get long or add to your position and trade against the aforementioned trendlines, with that uptrend a convenient stop level. And with a forward-year price/earnings ratio at 6.68, FLGT becomes an intriguing target as a value trade.

Short interest has rolled over from its mid-April peak, and with 30% of FLGT's total available float sold short, a contrarian would look at this setup as a potential for a tidy short squeeze.

Despite the recent volatility, FLGT options are reasonably priced at the moment, too per the stock's Schaeffer's Volatility Index (SVI) of 68%, which stands higher than just 6% of all other readings in its annual range. This implies that options players are pricing in relatively low volatility expectations.

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General Electric (GE)

Jim Powell
Global Changes & Opportunities Report

***General Electric** (GE) — a fallen angel that has been a long-standing recommendation in our model portfolio — was our Top Pick at the start of the year; the stock has since risen 29%, notes **Jim Powell**, international investing expert and editor of **Global Changes & Opportunities Report**.*

GE is a classic example of what can happen to a company that strays too far from its roots. During the heady years in the early 2000s of booming real estate prices and financial deal making, the company jumped in with both feet.

When those opportunities collapsed during the Great Recession of 2007 to 2009, GE was left with huge losses. At the same time, the contracting economy damaged the company's industrial operations. During the Great Recession, even the company's core businesses struggled to remain afloat.

In April 2018, GE installed Larry Culp as their new CEO to turn the company around. Since then Mr. Culp has been ruthlessly eliminating underperforming operations and redirecting the company's resources to its most successful operations. Under Mr. Culp's leadership, all four of GE's principal businesses have been bouncing back.

Aviation (primarily GE's powerful and efficient jet engines) should do especially well as people throughout the world start to travel again. The company just received FAA certification for its promising new GE9X engine — the most powerful and efficient in its class. The new engine should find many buyers in the highly competitive airline industry where fuel savings boost profits.

GE Power should also have a good year as the global economy recovers from the Covid-19 recession — and so does the demand for electricity.

GE Renewable Energy should do even better as solar and wind power make significant advances this year. Green power should also benefit from additional government incentives that are included in President Biden's infrastructure programs.

GE Health Care may not see the strong bounce that I expect from the company's other operations — but another year of steady growth should generate more cash and profits.

I think 2021 will be an important turnaround year for GE. It will take another two or three years to complete. Along the way, GE should generate additional profits for investors.

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Harley Davidson (HOG)

Jim Osman
Special Situations Lite

Founded in 1903 in Milwaukee, Wisconsin, ***Harley-Davidson*** *(HOG) operates in two segments: Motorcycles & Related Products and Financial Services, observes* ***Jim Osman****, editor of The Edge's* ***Spinoff Report Lite****.*

The former segment designs, manufactures and sells at wholesale on-road Harley-Davidson motorcycles as well as parts, accessories, merchandise, and related services. The latter segment provides wholesale and retail financing and insurance-related programs to HD dealers and their retail consumers.

Original Thesis: We initiated research on HOG in September 2020 due to Chairman, CEO & President Jochen Zeitz buying shares on the open market shortly after taking office (Feb 2020).

He made two purchases in May 2020, once on May 8 (97,850 shares at $21.26, totaling just over $2m) and again on May 13 (51,020 shares at $19.52, totaling just shy of $1m and representing a 51% increase to his holdings).

These were his first purchases of HOG stock, and he made another purchase on August 12 – this time buying 71,450 shares at $27.86 (again spending about $2m, representing a further 47% increase to his holdings) at a significantly higher level than his previous buys.

Developments: As of April 2021, HOG beat expectations in Q1FY21 compared to a soft Q4FY20. Clearly, the company's strategic focus on and exit from 39 low-volume and low-profitability markets as part of The Rewire and The Hardwire restructuring initiatives (2021-2025) is working seamlessly. HOG streamlined its US dealer networks and now has volume growth of 30% in North America compared to Q1FY20. We expect this growth to continue, driving HOG's revenues in the near – to medium-term.

HOG expects motorcycle revenue growth of 30% to 35% (compared to 20% to 25% in prior guidance) and operating margins between 7% to 9% (compared to the prior 5% to 7%) in FY21E.

However, the unfavorable EU ruling (EU accounts for 10% of total motorcycles sold by volume in Q1FY21), with the potential for HOG's motorcycles in the region receiving a tariff of 56% up from the current 6%, putting its overall operating margins back to the 5% to 7% range.

We believe the EU decision is unprecedentedly high, and HOG has launched an immediate challenge. We believe there is a high chance the EU decision will be overturned just like 2 years ago when the EU put 30% tariffs on HOG motorcycles and the company won a BOI ruling that allowed them to keep the tariff at 6%.

Additionally, HOG is actively focusing on e-bikes where we see a Spinoff or partial sale opportunity for its eBicycles business in the long-term. We see this move has the potential to raise capital for HOG to go toward debt repayment.

Also, in the last quarter, HOG unveiled an employee stock program similar to PE player KKR & Co. for its 4,500 employees, aligning all employee compensation to stock performance. This initiative is the first of its kind for any automaker in the world, and a major positive for company culture.

Recommendation: The stock, selected as our Top Pick at the start of 2021, is up 31% year-to-date. HOG is a strong buy at current levels with +31% upside on a Bull case scenario.

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The Home Depot (HD)

Ben Reynolds
Sure Passive Income

***Home Depot** (HD) — which has risen 18% so far in 2021 — was founded more than 40 years ago back in 1978. Since that time it has grown into the leading home improvement retailer in the U.S. based on its market cap of $328 billion, notes **Ben Reynolds**, editor of **Sure Passive Income**.*

Home Depot's impressive growth history is evidence of a durable competitive advantage. The companies rival **Lowe's** (LOW) has a market cap of $134 billion for comparison.

The company has size and scale in its industry. It can pressure suppliers for the best prices and give customers reasonable price. Only competitor Lowe's is of a somewhat similar size — although Home Depot is now around 1.5 time the size of Lowes based on revenue.

Recessions have not been a major concern for Home Depot, including the COVID-19 related economic downturn. People spending more time at home has led to greater sales for the home retailer, as more attention is paid to home projects that need completion.

The strength of Home Depot and its dominant position within the home improvement retail industry are partially why we recommended Home Depot for 2021.

We also liked the company's strong expected growth ahead — we projected 9% annualized growth. And the stock's 2.2% dividend yield at the time and reasonable payout ratio meant a bit above market average yields coupled with a high likelihood of continued dividend increases.

Home Depot has seen more positive news since our recommendation at the beginning of 2021. Home Depot realized revenue growth of 25.1% and earnings-per-share growth of 16.2% year-over-year in its Q4 2020 earnings release on February 23rd.

Q1 2021 results, which were released on May 18th, came in strong as well. Revenue and earnings-per-share increased 32.7% and 85.6%, respectively, year-over-year. And then two days later, Home Depot announced a new $20 billion share repurchase authorization, which is 6.1% of the company's market cap at current prices.

Home Depot continues to build its business and shareholder wealth. On the positive side, we continue to appreciate the company's growth prospects, and expect 9% annualized growth ahead. This may well prove to be too conservative. And, the company's stock has a 2.1% dividend yield, which is higher than the S&P 500's dividend yield of 1.4%.

On the downside, we view Home Depot as a bit overvalued at current prices. Our fair value estimate for the stock is $288. As a result, we view Home Depot as a quality long-term hold today. It would be a compelling buy for us if it were to fall below our fair value estimate.

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IAC/InterActiveCorp (IAC)

Jim Osman
Spin-Off Report Lite

*Led by media mogul Barry Diller, **IAC/InterActiveCorp.** (IAC) operates as a holding company for stakes in several major media and internet companies, including HomeAdvisor and Dictionary, explains **Jim Osman**, editor of The Edge's **Spinoff Report Lite**.*

The company operates in four main segments: HomeAdvisor, Video (Electus, CollegeHumor, Notional, IAC Films and Daily Burn), Applications (Consumer, Apalon and Slimware) and Publishing (Premium Brands and Ask & Other).

In the past two years alone, the company has Spun off its stake in **Match Group, Inc.** (MTCH) and the entirety of **Vimeo Holdings** (VMEO).

Original Thesis: We have long been positive on the value creation strategies employed by Barry Diller and IAC, specifically the incubation of nascent companies and Spinning them off onto the market when they're able to stand independently. Diller has a long history of outperformance through these Spinoffs, and MTCH and VMEO are only the most recent examples (with many more in the years to come).

Developments: The separation of VMEO falls in line with Barry Diller and the management's long history of separating businesses once they have achieved appropriate scale and maturity.

With $2.7 billion of net cash, this Spinoff helps IAC to now focus on building the scale of its remaining businesses and improve their respective alignments. Post-Spin, IAC will operate via:

(i) its 84.1% ownership in **ANGI Homeservices** (ANGI), a NASDAQ listed internet services company creating a digital marketplace for home services

(ii) Dotdash, a digital media company with a portfolio of digital publishing brands

(iii) Search, which consists of Ask Media Group (a collection of websites providing search services) and

(iv) Emerging & Other, which consists of Care.com (the leading online destination in search for caregivers, tutoring, pet care, etc. — acquired in Feb 2020), NurseFly (a platform to connect healthcare professionals with job opportunities – acquired on June 26, 2019) Mosaic Group (leading developer and provider of global subscription mobile applications), Bluecrew (technology driven staffing platform exclusively for flexible W-2 work), The Daily Beast and IAC Films. IAC is also holds a 12% interest in MGM Resorts International (MGM).

IAC is the largest shareholder (previously investing $250m in 2019, with the right to increase its ownership over time) in a car rental company called Turo, where private car owners can list their vehicles for rent or referred to as the "Airbnb for cars."

With IAC's CEO (Joey Levin) currently on the board of Turo and after having their first-ever profitable quarter through spending cuts during the pandemic, Turo is now eyeing to list on the market in 2021.

Recommendation: The stock, selected as our Top Pick at the start of 2021, is up 26% year-to-date. For new medium/long-term investors, we recommend holding IAC for +54% Base case upside. New investors should enter IAC for further mid-term catalysts ahead.

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JetBlue Airlines (JBLU)

Bruce Kaser
Cabot Undervalued Stocks Advisor

JetBlue Airlines *(JBLU) is a low-cost airline. Started in 1999, the company serves nearly 100 destinations in the United States, the Caribbean and Latin America, notes* ***Bruce Kaser****, editor of* ***Cabot Undervalued Stocks Advisor****.*

JetBlue's revenue of $8.1 billion in 2019 makes it a niche flyer compared to the much larger $45 billion in revenues for major legacy carriers and about $22 billion for Southwest Airlines.

Its low fares and high customer service ratings have built strong brand loyalty, while its low costs have helped JetBlue produce high margins. Its TrueBlue mileage awards program, which sells miles to credit card issuers, is a recurring source of profits.

Our original thesis on JetBlue played out. With widespread vaccinations in the U.S., consumers (and eventually business travelers) are returning to flying. Recent first-quarter results were encouraging. Revenue fell 61% from a year ago yet is ramping gradually toward more normal levels.

Impressive capacity and cost reductions are allowing the company to minimize its cash burn, while timely capital-raising has preserved the company's financial flexibility albeit at the cost of some dilution. Once customer demand in 2022 fully recovers, JetBlue should produce larger profits than in 2019 due to its now-lower cost structure.

We recently sold our position in JetBlue with a healthy profit. Our decision was based partly on valuation and partly on fundamentals. The share price surpassed our initial target and was approaching our newer, higher target.

Fundamentally, two new discount airlines are launching this year, and major airlines are becoming more aggressive, raising the specter of new price wars and a collapse of pricing discipline. Also, fuel costs have risen this year along with oil prices, creating a profit margin headwind for 20-25% of its cost structure.

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JPMorgan (JPM)

Nikolaos Sismanis
13F Smart Money

*We consider **JPMorgan Chase & Co.** (JPM) a top pick moving further into 2021; since we highlighted the stock as our Top Pick for the year, it has returned nearly 30%, more than double the S&P 500, notes **Nick Sismanis**, contributing editor to **Sure Dividend**.*

Led by its world-famous CEO Jamie Dimon, JPMorgan has been by far the best performer amongst its big-bank peers over the past years financially, and we believe that this will continue to be the case.

The company's traditional wholesale banking segment remains the best in the country, while its new investments into fintech should eventually pay off big time.

Companies like **Square** (SQ) and **PayPal** (PYPL) had an amazing 2020 and entry into 2021. As the fintech market keeps on expanding, JPM should be able to leverage its huge customer base and economies of scale to compete actively with the "modern" players.

For context, JPM has processed $1.5 trillion in gross transaction volume against Square's and PayPal's $109 billion and $858 billion last year, respectively. Thus, despite having a AAA balance sheet and exposure to growth through its fintech segment, as mentioned, the stock continuous to trade at a relatively attractive valuation.

In terms of its recent performance, JPMorgan reported first-quarter earnings back in April, with results beating expectations on its top and bottom line. The company saw strong global investment banking fees and equity market revenue, both of which accrued from strength in global equity markets.

Revenue was up 14.3% year-over-year, rising to $32.3 billion, while EPS skyrocketed to a new all-time high of $4.51. Based on analyst expectations, shares are trading at a forward P/E of 12.5. In our view, this multiple is remarkably attractive for such a quality company as JPMorgan, which in addition, offers best-in-class capital returns.

The business features a 5-year DPS (dividend-per-share) CAGR (compound annual growth rate) of 15.13%, while management has bought back and retired around 23% of its stock over the past decade. We believe that JPM's aggressive capital returns should not only sustain shares high but even encourage a valuation expansion, as investors rush to capture its future gains.

During Q1, JPMorgan repurchased around $4.8 billion worth of stock, suggesting an annualized "buyback yield" of around 3.9% at its current run rate. Combined with the stock's dividend yield of around 21%, current investors enjoy both rich capital returns and a great margin of safety considering low valuation multiple.

JPMorgan is not a top pick of ours alone. World-class hedge fund Viking Global Investors holds the stock as its 6th largest holding amongst its $36.3 billion of discretionary assets under management.

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Le Maitre Vascular (LMAT)

Jeffrey Hirsch
The Stock Trader's Almanac and *Almanac Investor*

Following our "Best Months" Seasonal MACD Buy Signal on November 5, 2020 we ran our screens and ***LeMaitre Vascular (LMAT)*** *was added to our portfolio at $37.29, recalls* ***Jeffrey Hirsch, seasonal timing expert and editor of Stock Trader's Almanac.***

Covid-19 and the shortest bear market on record last year triggered sharp drops in Q2 results and rapid rebounds in Q3.

This stock exhibited relatively low price-to-sales and price-to-earnings ratios while their sales and earnings numbers fared well in Q2 and Q3. The shares also remained under Wall Street's radar with only a few analysts following the stock.

LeMaitre Vascular took a bit of a sales hit in in Q2 2020 as the Covid-19 lockdown halted most non-emergency medical procedures and elective surgeries.

But this small, yet leading global provider and innovator of peripheral vascular disease treatments and solutions barely skipped a beat and continued to grow by expanding the reach of existing products and developing and acquiring other specialty vascular product concerns.

LMAT's Q1 results also impressed Wall Street with a revenue increase of 17% and EPS up a stellar 83%, plus they held their dividend steady at $0.11/share.

In May the firm received CE marks under the European Medical Devices Directive for the following five products: XenoSure Biologic Patches, AlboGraft Polyester Vascular Grafts, Pruitt Carotid Shunts, Flexcel Carotid Shunts and AnastoClip Closure Systems.

LMAT has been busy courting The Street over the past six months as well, presenting at nine investor conferences:

- SVB Leerink's 10th Annual Global Healthcare Conference
- Barclays Global Healthcare Conference
- 33rd Annual Roth Conference
- Oppenheimer 31st Annual Healthcare Conference
- Needham Virtual Healthcare Conference
- 7th Annual Truist Securities Life Sciences Summit
- UBS Global Healthcare Virtual Conference
- Jefferies Virtual Healthcare Conference
- Goldman Sachs 42nd Annual Virtual Global Healthcare Conference

As we are two months into the "Worst Six Months" for stocks (May-October) and on the cusp of the Worst Four Months (July-October) the stock is now on HOLD. That is a true HOLD. If you own, we do not suggest selling.

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Magna International (MGA)

Gordon Pape
Internet Wealth Builder

***Magna International** (MGA) is a major auto parts manufacturer that prefers to describe itself more grandly as a "mobility technology company," notes **Gordon Pape**, editor of **Internet Wealth Builder**.*

It's been in business for more than 60 years and has 158,000 employees. Its global network includes 347 manufacturing operations and 84 product development, engineering and sales centers spanning 28 countries. It's home office is in Ontario, Canada.

Magna's stock gained 30% in 2020 — and is up 38% year to date in 2021 — but I believed there was a lot more to come because of the moves it has been making to consolidate its position in EV space, including a $1 billion joint venture deal with South Korea's LG Electronics. It will be called LG Magna e-Powertrain and will manufacture e-motors, inverters and onboard chargers.

The company also has a major presence in China's EV market. Magna's plant in Jiangxi began production of eDrive gearboxes in 2018 that featured high efficiency, best-in-class power density, excellent noise, vibration and harshness performance, and a complete torque range from 200Nm to 530Nm.

It recently passed a major milestone, with the production of its 100,000th eDrive gearbox. They are used in various car models from sedans to SUVs for several Chinese automakers including NIO and Xpeng.

And that's just scratching the surface. Magna recently announced it will develop a modular electric vehicle with Israeli start-up REE Automotive. The company will be the exclusive builder of the Fisker Ocean SUV in Europe. It plans to expand its manufacturing facilities in North America. In short, it's a dynamic company with a growing footprint in the rapidly expanding EV sector.

The company recently reported an 18% increase in first quarter sales, to $10.2 billion. Adjusted diluted earnings per share came in at $1.86, up 116% from the same period in 2020. We continue to rate Magna International as a "buy". The stock was originally recommended by contributing editor Glenn Rogers.

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MannKind (MNKD)

Nate Pile
Nate's Notes

***MannKind** (MNKD) is probably best known at this point in time for Afrezza, its inhalable form of mealtime insulin; the stock was my Top Pick for 2021 and the shares are up 35% year to date, explains **Nate Pile**, editor of **Nate's Notes**.*

Afrezza offers a number of significant advantages over other mealtime insulins for both Type 1 and Type 2 diabetics.

Meanwhile, the company has been getting a lot of attention lately thanks to the fact that **United Therapeutics** (UTHR) has filed a New Drug Application (NDA) with the FDA for Tyvaso DPI.

This is a new version of an existing drug for the treatment of pulmonary arterial hypertension (PAH) and pulmonary hypertension associated with interstitial lung disease (PH-ILD) that has been made significantly better thanks to MannKind's Technosphere drug delivery technology.

No, this new drug will not be approved until later this year (assuming the FDA gives it a favorable review, of course), but the acceptance of the NDA is a big deal.

This not only further validates the value of the Technosphere platform, but also represents the potential for a nice royalty stream (plus manufacturing revenue) for MannKind (again, assuming the drug is eventually approved — something that can never be taken for granted when it comes to the FDA).

Along with United Therapeutics, a private company called Receptor Life Sciences has also licensed Technsophere as part of its plans to develop and commercialize FDA-approved CBD products in the cannabinoid space, and as these partners continue to make progress and find success using the platform, I believe the list of licensees will only continue to grow.

Not only has the stock been acting well lately in response to the progress these partners have been making, it should also be noted that the company recently raised a little over $200 million in a convertible debt offering, and it has been signing deals with other small biotech companies at an accelerating clip over the past few months as part of its efforts to beef up its pipeline in the area of orphan lung diseases.

Though it is smaller than it was at its peak, there is still a sizable short interest in the stock, and I believe this "built-in buy order" will help move the stock higher as folks stuck on that side of the trade continue to close out their positions as time goes by. MNKD remains a very strong buy under $5 and a buy under $10.

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ManpowerGroup (MAN)

John Buckingham
The Prudent Speculator

***Manpower Group** (MAN) is a premier global staffing firm with broad reach and extensive job networks; the stock was a Top Pick at the start of the year and has risen 37% since, notes **John Buckingham**, money manager, value investor and editor of **The Prudent Speculator**.*

The potency of its job placement business has helped the company branch out into all aspects of human resources and position itself as a strategic partner for a host of multinational and local firms.

No doubt, the pandemic made for a difficult 2020 for companies in Manpower's line of work as jobs were cut and staffing levels were reduced, but as MAN provides services such as temporary staffing, permanent placement, workforce training and outplacement, the future looked bright with so much labor in transition.

And, as occurred following the Great Financial Crisis and the deep recession that resulted, we believed that MAN shares were poised to rebound as a return toward normalcy, thanks to the vaccines, would lead to a significant boost for its services, given a much stronger global economy and the resultant hiring bounce.

Happily, business improved much quicker than even our optimistic view had envisioned, as the company turned in Q1 profits of $1.11 per share, blowing away the consensus analyst projection of $0.67. Revenue and gross profit returned to growth year over year, increasing 1% on a constant currency basis while operating margins improved 120 basis points.

Of its geographical segments, Southern Europe (MAN's largest territory, commanding 44% of revenue) showed the most improvement with revenue from Italy rising 12.5%.

Management also continued to focus on speeding collections, improving the time between billing and collecting for payment by 3.7 days versus the same period last year.

We continue to think that MAN's broad geographic footprint, wide range of offerings and shifts to recruitment outsourcing will provide a ramp as business conditions continue to improve, and as organizations move to retrain existing employees for the changing landscape as well as hire new ones.

Shares are still attractively priced, given respective EPS estimates of $6.25, $7.97 and $10.32 this year, next year and in 2023. The stock also boast a 2.0% dividend yield and our target price has been raised to $143. We continue to rate MAN as a "Buy."

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Medexus Pharma (MPD)

Richard Howe
Cabot Micro-Cap Insider

Medexus Pharmaceuticals *(Vancouver: MDP) (OTC: MEDXF) — a Top Pick for 2021 — is the rare company that is cheap on its current financials today but has an incredible runway of growth ahead, suggests* ***Rich Howe****, editor of* ***Stock Spin-Off Investing****.*

Medexus is a specialty pharma company focused on rheumatology, auto-immune disease, specialty oncology, allergy and pediatric diseases.

The company focuses on buying and licensing existing drugs. This is an interesting strategy because much of the risk of regulatory approval has been removed. Molecules that are acquired or licensed are well known and often have been launched in other territories. This significantly limits commercial risk.

I first learned of Medexus Pharma when it bought a drug called IXINITY from **Aptevo Therapeutics** (APVO). I had followed Aptevo closely for years and thought Aptevo was significantly undervalued mainly because it had a drug for hemophilia called IXINITY that was growing like crazy.

The beauty of the IXINITY acquisition is that Medexus acquired a drug for an upfront payment of $30 million that was/is growing at 40% annually and generating $14.0 million of gross profit on an annualized basis.

In February 2021, Medexus announced another very important deal. It entered into a licensing agreement with medac Gesellschaft für klinische Spezialpräparate m.b.H. (“medac”).

Medac has granted Medexus the right to sell treosulfan in the United State in exchange for a $5MM upfront payment, $45MM in regulatory milestone payments, and $40MM in sales based milestone payments.

Treosulfan is given to acute myeloid leukemia (“AML”) and myelodysplastic syndrome (“MDS”) patients prior to stem cell transplantation. Management believes its current drug portfolio (including Treosulfan) has peak sales potential of $350MM to $400MM CAD.

Assuming the company can trade at 3x this revenue estimate (the company will execute additional licensing deals so I expect revenue to ultimately grow even higher) in line with slower-growing peers, MEDXF would trade at ~24 per share, implying significant upside from here.

The stock has started to perk up after languishing for a couple months. It remains our highest conviction idea.

Medexus is my largest personal holding. Buy under $8.

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Mueller Water Products (MWA)

Genia Turanova
Unlimited Income

*When all is said and done, the final infrastructure bill may not look very much like the early Biden administration proposals, notes **Genia Turanova**, dividend investing expert and editor of Curzio Research's **Unlimited Income**.*

The original bill proposal has some $110 billion dedicated to water infrastructure... such as lead pipe elimination and modernization of the country's drinking water and wastewater systems.

If even a small portion of these funds are utilized for pipe improvements, it would do wonders for improving the aging water infrastructure in the U.S.

Many water companies, including **Mueller Water** (MWA), which provides repair and replacement products and services to water utilities, will benefit.

Originally, I recommended this overlooked company as a somewhat contrarian play. In December 2020, with the economy still reeling from COVID-related shutdowns, the budget outlook for cities and municipalities was still questionable.

Today, we're beating back COVID, and many government policies bolster local finances. Although it will inevitably take time for the final bill to be approved and for the money to reach municipalities, MWA is in a great position to grow.

Every city needs fire hydrants (where MWA is an undisputed leader), pipes, and valves for repairs and new projects.

And with the booming housing market, water-infrastructure demand from new construction — the sector where MWA generates more than a quarter (25-30%) of its business — is also on the rise.

Mueller Water expects strong growth in the residential construction market to continue for the rest of the year. This will offset (and more) any temporary delays in municipal projects caused by the pandemic.

As a result, the company has nearly doubled its projections for 2021. It now expects 8%-10% sales growth for 2021 (vs. earlier guidance of 4%-6%).

There is one new risk with MWA's business: inflation. Higher cost of raw materials like copper is a potential threat to the bottom line.

But the company is so well-positioned in its areas of expertise, it should have no trouble passing these cost increases on to its customers. This is why I'm keeping my "buy" recommendation on Mueller Water.

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MYR Group (MYRG)

Richard Moroney
Upside Stocks

MYR Group *(MYRG) — our Top Pick for 2021 — has risen 55% so far this year, notes* ***Richard Moroney****, editor of* ***Dow Theory Forecasts****.*

The stock has rallied more than 25% since April 28, when it reported impressive March-quarter results. Per-share earnings reached $1.17, up 98% and above the consensus of $0.62. Revenue increased 14% and outstripped expectations by 11%.

A key player in the electrical-construction industry, the company has attracted a customer base that includes utilities, independent power producers, and industrial and transmission companies.

The migration by utilities toward renewable energy should be a significant source of growth for MYR. By 2050, the U.S. Energy Information Administration expects the share of renewables in the U.S. electricity generation mix to double to 42%.

MYR Group said its order backlog increased 7% to $1.64 billion. The company has surpassed earnings estimates in seven consecutive quarters, with an average surprise of 58%.

The shares look timely in our Quadrix rating system, scoring 84 or higher for Momentum, Earnings Estimates, and Performance. On the earnings call, the CEO said the company is seeing encouraging bidding activity across its markets, including solar energy storage.

Despite labor shortages, improved productivity and higher profit margins should help sustain earnings momentum. For 2021, Wall Street expects per-share profits of $4.47, up 28%. Three months ago, the consensus was $3.36. Revenue is expected to increase 7%.

While MYR shares could pull back in a market pullback, we think the stock is capable of gaining another 20% over the next 12 months. MYR is rated as a Best Buy.

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Newtek Business Services (NEWT)

Rida Morwa
High Dividend Opportunities

***Newtek Business Services** (NEWT) remains one of our favorite Business Development Companies (BDCs); despite recent weakness, the stock is still up 84% so far in 2021, notess **Rida Morwa**, editor of **High Dividend Opportunities**.*

There are many misperceptions about NEWT because their business model is different from most BDCs. Generally, BDCs make debt investments and then hold them to maturity. NEWT primarily profits from the origination of loans, which are then sold, with NEWT maintaining only a small portion.

Newtek is currently the largest non-bank lender licensed by the SBA under the federal Section 7(a) loan program by annual origination volume. These are loans made to help small businesses by the Small Business Administration. In addition, 70%-75% of the loan is guaranteed by the SBA.

Much of NEWT's NAV is tied up in a series of companies that provide services to small businesses. Where BDCs typically have only a very small equity position in their portfolio companies, NEWT owns a controlling stake in several of theirs.

Instead of solely being "portfolio companies", these businesses serve as operating subsidiaries of NEWT, designed to provide leads for the lending business. In other words, they are an active part of NEWT, as opposed to passive equity investments we see with most BDCs.

The result is that the NAV that some rely on for valuing BDCs is not a reliable method to value NEWT. Instead, the best way to value NEWT is by the cash flow that it can produce for itself and distribute to shareholders through dividends. By that measure, NEWT is very cheap.

Unlike many other BDCs, NEWT will vary its dividend quarter to quarter to match their taxable income. So when NEWT pays their dividend, you know it is always covered by taxable income.

In short, NEWT is paying precisely the perfect dividend because they wait until after they have earned the income to decide what the dividend will be. As a result, they are never overpaying, and they are never underpaying.

The best part is that insiders own about 7% of the company. That, combined with their dividend policy of paying out 100% of taxable income, means that management is extremely well aligned with investors.

The best way to value NEWT is by the income it is capable of producing. This year, NEWT will produce $3.00 to $3.30 per share in dividend income for investors. This means that NEWT's yield over the next 12 months will likely be more than 8.7%.

When we consider the growth outlook for NEWT, that is just a starting point, as we can expect NEWT's portfolio companies to continue growing. When NEWT drops, we are ecstatic to be buying the dip!

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Nine Meters Biopharma (NMTR)

Adam Johnson
Bullseye Brief

***Nine Meters Biopharma** (NMTR) is a biotechnology company focusing on patients with gastrointestinal issues for which no treatments currently exist, explains **Adam Johnson**, growth stock expert and editor of **Bullseye Brief**.*

The pipeline includes two drug candidates: Larazotide for Celiac disease, characterized by extreme gluten intolerance affecting one percent of the population — and Vurolenatide for short bowl syndrome (SBS), a condition where the patients cannot absorb sufficient nutrients due to partial removal of the gut.

Catalysts for 2021 include:

- Phase III topline data for larazotide (3Q/4Q).
- Phase IIb initial readout mid-summer for vurolenatide, with final data in Q4.
- Phase III follow-on trial for vurolenatide concurrent with an FDA new drug application in Q4 or early 2022.
- Separately, Italian authorities are overseeing an exploratory Phase I trial using larazotide as a tight junction regulatory for Covid patients experiencing decreased lung function.

Several executives purchased $450k worth of stock in April, and a secondary offering of $32M in December was oversubscribed — led by well-known biotech specialist OrbiMed Advisors, which retains a seat on the board.

Meanwhile, the company owns 100% of the global rights to its drug candidates; in addition, Nine Meters Biopharma possesses 150 related patents worldwide.

My target of $11 reflects a very conservative 2x multiple on 2025 sales estimates of $2.2B discounted back to the present at 5%, should both drug candidates receive FDA approval.

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Nuance (NUAN)

Tyler Laundon
Cabot Small-Cap Confidential

***Nuance** (NUAN) was an early pioneer in voice recognition technologies and has gone through numerous phases in its evolutionary path, notes **Tyler Laundon**, editor of **Cabot Small-Cap Confidential**.*

Today, Nuance — which is up 26% so far in 2021 — develops conversational artificial intelligence (AI) solutions that can understand, analyze and respond to human language. It has a market cap of $15.7 billion.

In recent years management has focused on growing within Nuance's two strongest markets — Healthcare Solutions and Enterprise Solutions — as well as migrating to the cloud, new product development and international expansion.

Looking forward, Nuance is entering the next big phase of its evolution as it prepares to become part of **Microsoft** (MSFT). Microsoft announced the acquisition back in April. It was attracted to Nuance because the acquisition will help Microsoft build out Microsoft Cloud for Healthcare solutions.

More specifically, Microsoft can leverage existing healthcare integrations and develop new AI capabilities using existing data on Azure. Management sees a doubling of its healthcare addressable market (to $500 billion) by bringing Nuance into the fold.

For investors, news of the buyout was welcome. NUAN was trading near $45.50 prior to the announcement, then shot up over 30% to an all-time high of $54 on the news. The stock recently added a few more points because the deal just passed antitrust approval. NUAN now trades just below $55.

Current NUAN investors should hold their shares only if they wish to own stock in MSFT, which should be a core holding in every investor's portfolio. For new investors, there is no reason to buy NUAN. It makes more sense simply to buy MSFT directly.

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Patrick Industries (PATK)

Doug Gerlach
Investor Advisory Service

***Patrick Industries** (PATK) manufactures components and distributes materials for the recreational vehicle (RV), marine, housing, and industrial markets, explains **Doug Gerlach**, editor of **Investor Advisory Service**.*

The company's largest exposure is in the RV market, which accounts for approximately 60% of sales. Products in this segment include appliances, HVAC systems, and fuel tanks, to name just a few.

Its second largest market, marine, is approximately 15% of sales. This segment has grown rapidly in recent years, helped by acquisitions and products are targeted primarily at the recreational powerboat market. The balance of revenues comes from building materials.

In 2020, the "leisure lifestyle" markets served by Patrick Industries benefitted greatly from positive secular trends driven by the COVID-19 pandemic. It was clear at the beginning of 2021 that these trends were likely to continue past the expected resolution of (at least) the most immediate effects of the pandemic.

In addition, Patrick's success in 2020 allowed the company to continue with its M&A activities, closing on nine acquisitions in the first nine months of the year. Management indicated that its acquisition pipeline was full of other possible purchases which will boost results down the road.

These trends continued in the fourth quarter of fiscal 2020 and first quarter of 2021. In Q4, revenues grew 41% (32% after removing the impact of acquisitions). EPS increased more than 90%, driven by both the strength of sales in the leisure lifestyle markets and margin expansion.

Management offered an upbeat outlook for 2021, and though some of the sales will be due to inventory restocking, the company expects to outpace wholesale shipments in the RV segment by 3%-5%.

In Q1, Patrick reported total revenue growth of 44% and organic growth of 34% over Q1 2020. RV and marine sales continued to be strong, accounting for 75% of revenues. Again this quarter, margin leverage helped boost operating EPS by 74% and GAAP EPS by 124% over the year-ago quarter.

Management reported strong retail demand in its leisure lifestyle markets; this strength, coupled with lower dealer inventories, points to meaningful continued growth which is expected to carry into 2022. The company now sees wholesale RV and marine unit shipments this year up at least 25% and retail sales up low – to mid-single digits in each segment.

One risk factor to watch is any constraint in the supply chain, but management notes that the industry has done a good job thus far of managing challenges in this area.

We maintain our long-term EPS growth rate estimate of 15% and believe that a 20% annualized total return is possible from the stock's current price around $89.

But this is a robust price driven by Patrick Industries' strong fundamental performance in the last two quarters, so we rate the stock a hold. To balance out the possible risk levels from the potential reward, our maximum suggested buy price is $76.

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Raytheon Technologies (RTX)

Joe Laszewski
Stack Financial Management

***Raytheon Technologies** (RTX) is an aerospace and defense company that provides advanced systems and services for commercial, military, and government customers worldwide, explains **Joe Laszewski**, CFA, CPA and senior portfolio manager at **Stack Financial Management**.*

The company formed in 2020 through the combination of Raytheon Company and the United Technologies Corp.'s aerospace businesses.

With four business segments — Collins Aerospace Systems, Pratt & Whitney, Raytheon Intelligence & Space, and Raytheon Missiles & Defense — RTX delivers industry-leading solutions in avionics, aircraft engine design and manufacturing, cybersecurity, and hypersonic missile systems.

Raytheon Technologies combines the backbone of a high-quality defense contractor with a more cyclical commercial aerospace business – creating an appealing combination of both defensive structure and cyclical upside.

Commercial aerospace was severely challenged by the COVID-19 pandemic, and at the beginning of 2021 we saw substantial upside potential in RTX shares in the event of a faster than expected return to normalcy in the industry.

We believed that RTX was well-positioned to capitalize on this opportunity, as its Pratt & Whitney segment was able to increase market share by more than 10% during 2020 due to its superior balance sheet and ample cash position.

Although commercial aerospace is still not expected to fully recover until 2023, the successful rollout of COVID-19 vaccines set off a leisure travel boom much sooner than anticipated.

This resulted in a substantial increase in Raytheon's long-term growth estimates from – 7% at the beginning of the year to +21% today. There could be further upside revisions for RTX and the commercial aerospace industry if the demand environment for leisure travel continues and business travel begins to recover.

At the time of our initial recommendation Raytheon shares traded well below their median price-to-cash-flow multiple of the past decade. RTX shares still have attractive upside based on forward cash flows, and cost cuts and merger synergies should help drive shareholder returns as the demand environment continues to recover.

In the meantime, RTX offers a solid dividend yield of 2.3% and a strong balance sheet backed by relatively durable cash flows and earnings growth on the defense side of the business.

We continue to hold our position in RTX as an investment in the ongoing economic recovery and our belief that investors are underestimating the demand for both leisure and business air travel. While there is less downside priced into RTX shares today than at the beginning of the year, cash flow generation continues to impress, and RTX remains a compelling cyclical value opportunity moving forward.

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Sabre Corporation (SABR)

Gordon Pape
Internet Wealth Builder

***Sabre Corp.** (SABR) is a software for services firm that powers the back end of many travel related companies; the stock has risen 24% so far this year, notes **Gordon Pape**, editor of **Internet Wealth Builder**.*

The firm's services include airlines, airports, car rental companies, cruise lines, hotels, search engines, and online travel agencies. These are essential services, which has made it indispensable to its clients. It's a huge addressable market, with the industry generating over $8 trillion annually when things are normal.

Located in Texas, the company has a number of business platforms and two main business groups. The hospitality group provides technology for over 40,000 hotels and resorts in 160 countries. The platform allows these clients to optimize revenue and improve the guest experience.

All this is invisible to the public but essential to making sure the travel experience runs smoothly. So, when you phone or go online to book a hotel room you are likely using the Sabre central reservation system.

Beyond the reservation platform, the company provides software that manages inventory, guest profiles, staffing, and payment systems.

The second area is centered around the airlines and travel agencies. Sabre provides the technology for mobile devices and all other platforms people use in their daily lives.

This provides clients with data rich solutions, which are essential to remain relevant in a competitive marketplace like travel. If you use companies like Bookings.com and Expedia, they're both built on the Sabre platform.

Prior to the pandemic, the company's stock was trading north of $27 but it got crushed when travel suddenly ground to a stop, trading as low as $8 in March 2020.

Now, with an increasingly large percentage of the population fully vaccinated, travel is making a huge comeback. Airports were jammed over the Memorial Day weekend and will be so again over the July 4 holiday. Cruises should resume shortly.

Sabre's stock has been slowly recovering, but not as quickly as I expected. It should continue to rise however, and I expect it to be back in the $20 range by year-end. It's still a buy. The stock was originally recommended by contributing editor Glenn Rogers.

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Signet Jewelers (SIG)

Bruce Kaser
Cabot Undervalued Stocks Advisor

***Signet Jewelers** (SIG) is the world's largest retailer of diamond jewelry and the largest specialty jewelry retailer in the U.S., U.K. and Canada; the shares have risen 172% since the start of the year, notes **Bruce Kaser**, editor of **Cabot Turnaround Letter**.*

With sales of more than $6 billion, the company operates 2,800 stores, including Kay Jewelers, Zales, Jared and others. Under its previous leadership, Signet suffered large losses in its in-house credit operations after using easy credit terms to boost sales, neglected to update its merchandising and marketing, had an ineffective e-commerce strategy and tolerated a toxic culture.

New leadership is making impressive progress in reversing all of these problems as it overhauls every aspect of the company. With the turnaround, Signet is becoming much more relevant, profitable and valuable.

The turnaround is working exceptionally well as the leadership has aggressively overhauled the company's entire business, helped in part by generous government stimulus checks and tax refunds flowing to customers and a post-pandemic surge in weddings.

The most recent quarter produced profits that were sharply higher than estimates and the company raised its full-year profit guidance by nearly 50%.

The CEO leading the turnaround has focused on the basics: expand the company's marketing to reach current and potential new customers, offer products that customers want, and make the buying process easy.

One intangible is that Signet's digital/social media upgrade may be polishing up some of the reputational tarnish of its mall-based stores, such that new customers in prime, higher-income demographic groups are now comfortable with buying from the company.

Signet's profits and balance sheet are robust. The share valuation remains depressed despite the price run-up. We continue to like SIG shares.

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Simon Property Group (SPG)

Tim Plaehn
The Dividend Hunter

*At the start of 2021, I recommended **Simon Property Group** (SPG) as my Top Pick for 2021, recalls **Tim Plaehn**, income specialist and editor of **The Dividend Hunter**.*

At that time, the rate of Covid-19 infections and deaths had not quite peaked. Many investors believed that brick-and-mortar retailing would go the way of the dinosaurs and that e-commerce would be the primary product selling channel.

During the pandemic-triggered market crash in 2020, SPG dropped from around $150 per share to less than $50. It opened in 2021 at $82 per share. Year-to-date, the shares are up 62%. In addition, the company has paid two $1.30 per share dividends.

I remain positive about SPG for at least the rest of 2021. For the 2020 fourth quarter, Simon reported funds from operations (FFO) of $2.17 per share. At that time, full-year 2021 guidance was FFO of $9.50 to $9.75.

With the 2021 first-quarter results announced in May, quarterly FFO came in at $2.48 per share, and the full-year guidance increased by a nickel. However, the $2.48 annualized adds up to more than the high-end of the guidance.

The SPG dividend was at $2.10 per share before the pandemic. The company has paid the $1.30 dividend for four consecutive quarters. With quarterly FFO running at $2.50 per share, I expect the company will soon resume a dividend growth profile. Hopefully, with a significant increase from the $1.30 level.

Through the crisis, Simon made a number of strategic acquisitions, including buying the Taubman Group of premium malls. I expect this premium mall REIT to exit 2021 in stronger financial shape than before the pandemic.

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SPDR S&P Aerospace & Defense ETF (XAR)

John Persinos
Investing Daily

If you're looking for a "Biden play", look no further than aerospace/defense — and my Top Pick for the year, ***SPDR S&P Aerospace & Defense ETF*** *(XAR)," notes* ***John Persinos****, editorial director at* ***Investing Daily****.*

International conflict is likely to increase this year, as Russia, China, North Korea and other antagonists of America test the resolve of the fledgling Biden administration. When the world becomes more dangerous, defense contractors get more money.

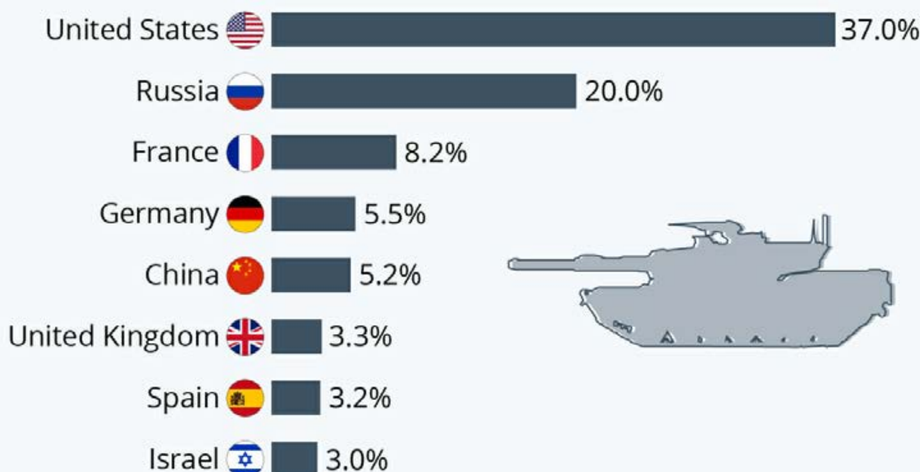
President Biden has put President Vladimir Putin on notice, warning the Russian strongman that he will pay the consequences for human rights abuses, cyberattacks, and meddling in American elections.

The intensifying Russo-American rivalry will be a driver of defense spending, this year and beyond. Welcome to Cold War II.

According to the latest data from the Stockholm International Peace Research Institute, the U.S. remains the world's largest arms exporter. From 2016 to 2020, the U.S. accounted for 37% of global arms sales, versus 32% from 2011 to 2015. See the following chart:

U.S. Still Accounts For The Bulk Of Global Arms Exports

Share of global arms exports from 2016 to 2020 by country



Source: Stockholm International Peace Research Institute

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During the five-year period ending in 2020, the U.S. supplied arms to 96 countries, 47% of which were in the Middle East. Saudi Arabia was the biggest customer. Meanwhile, the White House has proposed increases in the U.S defense budget.

The best way to profit from these trends is through the benchmark SPDR S&P Aerospace & Defense ETF). With net assets of $1.3 billion, the XAR exchange-traded fund has been consistently beating the **SPDR S&P 500 ETF Trust** (SPY).

XAR has generated a gain of 17% year to date and 55.4% over the past 12 months, compared to 13% and 43.5%, respectively, for the SPY (as of market close June11).

XAR's holdings are major aerospace/defense players with entrenched ties to Pentagon brass. These military contractors also enjoy abundant overseas sales to American allies.

We face an entire decade of booming military expenditures in the U.S. and around the world. These vast sums will end up in the coffers of XAR's holdings...and in the portfolios of XAR's shareholders.

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The Travelers Companies (TRV)

Ben Reynolds
Sure Passive Income

The Travelers Companies *(TRV) traces its origin back to 1864; it offers a wide array of commercial, personal, and property insurance. The stock has a market cap of $39 billion and generates annual sales of $32 billion, notes* ***Ben Reynolds****, editor of* ***Sure Passive Income****.*

We recommended Traveler's as a top pick for 2021 because the company has a long history of dividend increases, regularly and significantly repurchases shares, and has solid growth prospects. The company has reduced its share count by 4.7% a year on average from fiscal 2011 through fiscal 2020.

At the time of our initial recommendation, Traveler's stock had a 2.5% dividend yield to go along with expected growth of around 8% annually. A reasonable dividend coupled with strong share repurchases gave Traveler's a high shareholder yield.

And solid growth combined with a dividend yield above the S&P 500's made Traveler's a compelling choice for long-term buy and hold dividend investors.

Over the last 6 months, we've slightly lowered our annualized growth estimate for Traveler's from around 8% annually to 6.0% annually as the company's growth has slowed somewhat since our first writeup. Traveler's also announced its 16th consecutive annual dividend increase — a 3.5% bump.

One catalyst we see for Traveler's moving forward is potentially rising interest rates. With inflation increasing, it's becoming more likely that interest rates rise to counteract inflation. If this occurs, the company will likely generate greater investment income as it will be able to invest its float into higher yielding securities.

The company's shares have increased in value since the beginning of the year, and are trading above our fair value estimate of ~$130/share. The stock will likely continue rewarding investors with dividend increases for years ahead, and potentially rising interest rates could provide a tailwind for earnings. As a result, we view Traveler's as a hold at current prices.

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Trivago N.V. (TRVG)

Nancy Zambell
Wall Street's Best Investments

*I chose **Trivago N.V.** (TRVG) was my Top Pick for 2021 at the start of the year. At that time, the shares were trading at $2.15; today, they are up 80%, notes **Nancy Zambell**, editor of **Financial Freedom Daily**.*

Trivago was a post-pandemic play. With signs that COVID-19 was slowly making its way out of the world, it made sense to believe that all the things we couldn't do during the coronavirus plague — like eating out and traveling — would gear up immediately once the pandemic eased. And that is exactly what has happened.

The World Travel & Tourism Council reported that, in 2020, the sector lost nearly $4.5 trillion and 62 million jobs. And airlines alone lost $126 billion. But that is in the past. According to ustravel.org, "nearly nine in 10 American travelers have plans to travel in the next six months."

The dregs of the pandemic continued to weigh on Trivago's results in the first quarter, with revenues down 73%. However, the company is much more optimistic about the second half of the year.

Already, Trivago has seen qualified referrals in the U.S. rise from 30% of 2019 levels in January to 70% in April. The company reported that while international travel is still weak—due to lockdowns—trips to beach and local destinations were increasing.

During the pandemic, Trivago also took steps to shore up its bottom line, reducing employee costs by about 7 million euros in the first quarter, and also cutting non-marketing costs by 37%.

As well, it worked on some product innovations, including changing its pay from partners in its bidding auctions to bookings rather than clicks. And the company improved user interaction with its travel platform.

Lastly, Trivago bought weekend.com, which is now being used for its trivago Weekend, a product that offers recommendations for local destinations.

For the second quarter, Wall Street expects Trivago to post revenues of $85.9 million, with a loss of $0.03 per share. In 2022, it's expected that the company will return to profitability. I look for the shares to keep edging up; my price target is $4.50.

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U.S. Bancorp (USB)

Bruce Kaser
Cabot Undervalued Stocks Advisor

U.S. Bancorp *(USB) is one of the country's largest banks, with a focus on business and consumer lending as well as payment services and wealth management, notes* ***Bruce Kaser****, editor of* ***Cabot Undervalued Stocks Advisor****.*

Unlike its larger peers, it has essentially no investment banking or trading operations. When we purchased USB shares, they were out of favor as investors worried about a potential surge in credit losses due to the pandemic as well as weak earnings due to the low-interest-rate environment.

Our thesis on USB shares played out. Loan losses have remained small, such that the bank is now gradually releasing some of its vast credit reserves. Strong profits have helped add to its already-robust capital. The bank recently commenced a new $3 billion share buyback program.

We recently sold our USB shares at a healthy profit, partly on valuation and partly on fundamentals. The shares had reached our price target, which was set at about 2.4x tangible book value.

This is a premium valuation for any bank, even for one as high quality as U.S. Bancorp. The 12.8x earnings multiple was also full enough to support our exit. Further fundamental gains are likely to be steady but slow.

Credit and operating costs have little room for improvement. While an increase in interest rates would boost profits, the bank's bloated deposit base won't likely be matched by faster lending (common among all banks), weighing on its net interest margin.

The bank remains exceptionally well managed, has attractive payments, investment management and other services businesses and a dividend yield (2.8%) that is modestly above market. But, we saw the overall risk/return trade-off as unfavorable.

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Vaxart (VXRT)

John McCamant
The Medical Technology Stock Letter

***Vaxart** (VXRT) is a leader in developing an oral vaccine for COVID-19 that would make it significantly easier to vaccinate the world, notes biotech sector expert **John McCamant**, editor of **The Medical Technology Stock Letter**.*

Could an oral vaccine be the Holy Grail in fighting a pandemic? A pill can be stored at room temperature, no freezer/refrigeration required, given anywhere, no syringe/nurse required, provides mucosal immunity, stops virus before entering bloodstream.

The company's unique vaccine pill should garner both corporate and government partnerships around the world as the easy to manufacture, off the shelf oral vaccine addresses many of the shortcomings of 1st generation vaccines.

VXRT's Phase II trial of VXA-CoV2-1, encoding both the S and the N proteins, is expected to start mid-year. Manufacturing of vaccines is currently underway at the company's manufacturing partner, and their own GMP facility.

VXRT is also evaluating additional manufacturing partners both in the U.S. and abroad as we experience unprecedented global demand for both vaccine manufacturing and the raw materials.

Phase I/II studies of two S-only vaccine constructs targeting different variants are planned to begin in 3Q 2021. Boosting studies with previously vaccinated or infected subjects are also planned for 2H 2021. Trials in India and Latin America are expected to initiate in 2021.

In our view, the company's oral vaccine technology will be needed to combat COVID-19 and its variants in the coming years.

We also believe the recent rapid advancement of COVID-19 vaccines and their huge impact illustrate the potential for VXRT's other vaccine candidates, including Noravirus and the seasonal flu all of which could be combined into one pill.

Vaxart — which has risen 24% since the start of the year — is a currently rated a "buy" under $15 with a target price of $30 per share.

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Virgin Galactic Holdings (SPCE)

Bryan Perry
Hi-Tech Trader

Virgin Galactic Holdings *(SPCE) has been one of the most intriguing stocks of 2021. I selected the stock as my Top Pick for 2021 and the shares have risen over 50% so far this year, asserts* ***Bryan Perry****, editor of* ***Cash Machine****.*

Coming into the year with huge expectations of launching commercial sub-orbital space flights, the company was beset with several technical problems that kept delaying the maiden launch.

After soaring to $62 in early February, shares of SPCE hurled lower toward 2020 lows on headlines of repeat launch delays.

Finally, on May 23, the company completed its first successful test of its manned shuttle, considered a major milestone in the sector, and the stock rocketed higher after sticking a historic landing. SPCE execs reported after the test flight they would begin testing for commercial passenger flights next year.

With the stock being one of the most heavily shorted names, the Reddit crowd took notice and rallied the Wall Street Bets trading mob to fuel its most recent rally back up to $36 from $16 in a ferocious short-squeeze where trading volume exploded.

As of June 15, it was reported that Virgin Galactic remains one of the most shorted stocks with close to 28% of the float on loan following a 117% run up.

The shorts are betting heavily that Jeff Bezos's Blue Origin and Elon Musk's Space X will offer much more of a true space tour experience and leave Virgin Galactic investors holding space dust.

I guess the market will never run out of traders and investors that want to play with fire and I've never met a professional short-seller who owns a yacht.

Virgin Galactic isn't targeting the same market as Blue Origin and Space X. Instead they are going after the science community for microgravity experimentation, space-based research, astronaut training and some retail experiential.

Earlier this month, Virgin Galactic reported it will send a researcher on a dedicated flight to conduct experiments and test new healthcare technologies as part of a collaboration with the International Institute for Astronautical Sciences.

Once the market differentiates what Virgin Galactic's business model is from that where a race to colonize Mars by Bezos and Musk is the primary goal, then not only will the market take the company more seriously for its merits and goals, the shorts might have to deploy a heat shield when the stock finally does come back to Earth.

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Voyager Digital Ltd. (VYGVF)

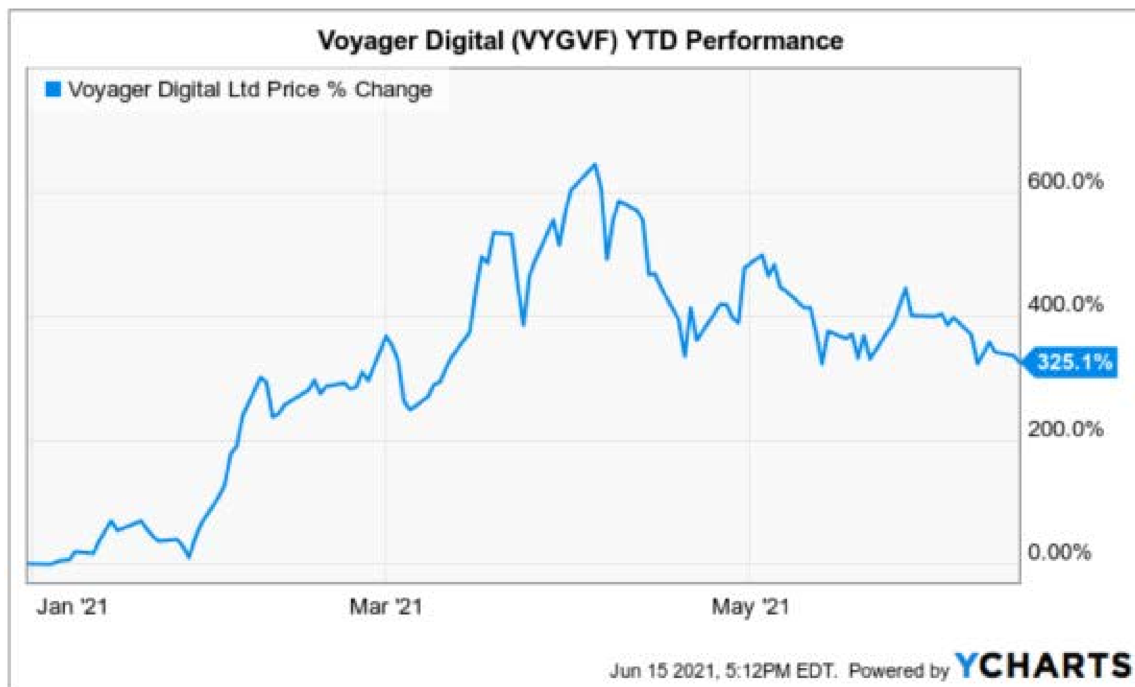
Jim Woods
Bullseye Stock Trader

*As we approach mid-year, the #2 performer in MoneyShow's 2021 Top Picks report is Eagle Financial Publishing's **Jim Woods**. In January, the editor of **Bullesye Stock Trader**, he chose **Voyager Digital Ltd.** (VYGVF); the stock is now up over 300%.*

What a difference a year makes. Twelve months ago, stocks had basically opened up the throttle on their accelerated surge after the COVID-19 crisis infected the entire global economy. Yet in a testament to just how resilient markets can be, consider that one year ago the S&P 500 was about 40% lower than it is today.

Of course, not all stocks are created equal, and that's certainly true of stocks in the red-hot cryptocurrency space. Indeed, the fast-money heat that's driven the cryptocurrency space has resulted in the surge of one of the best-performing stocks so far this year, cryptocurrency brokerage firm is Voyager Digital.

With a little less than half of the year in the books, this MoneyShow 2021 Top Pick has far outpaced even my admittedly exuberant expectations. As of June 15, VYGVF shares have taken investors on a fantastic year-to-date voyage higher of more than 325%!



Ironically, that stellar performance actually represents a pullback from its April peak, which saw shares up over 600% year to date.

Now, as you are surely aware, cryptocurrencies such as Bitcoin, Ethereum, XRP, Cardano, Dogecoin, Polkadot and the many others have been volatile assets this year.

There was a huge spike higher in their value from the beginning of the year through mid-April, but since then there's been some understandable profit taking in the space.

That's certainly been the case for VYGVF, and that makes sense. I mean, if you're a trader and you are up 600% in four months, wouldn't you be inclined to take some profits off the table too, especially as the wider selloff in cryptocurrencies took shape?

In my Bullseye Stock Trader advisory service, we've traded in and out of Voyager twice, banking big, triple-digit percentage gains along the way. And the best part is we still have a position in the stock despite its recent pullback.

Moreover, I suspect that once the crypto dust settles and the profit takers, and the late-to-market weak holders, cease their aggressive selling, Voyager will be ready to take off again.

And, judging by the price action midway through June, we may already have reached that dust-settling point — or in this case, that stardust-settling point that could launch this fantastic Voyager much, much higher.

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Walgreens Boots Alliance (WBA)

Chuck Carlson
DRIP Investor

Walgreens Boots Alliance *(WBA), which was a Top Pick for the year — has enjoyed a nice rally in the first half of 2021 — rising 34% and handily outperforming the S&P 500 Index, observes* ***Chuck Carlson****, dividend reinvestment expert and editor of* ***DRIP Investor****.*

The stock is benefiting from a number of factors:

- The market's improved support for value stocks has been a plus. Walgreens, trading at less than 12 times its 2021 earnings estimate of $4.66 per share, is in the value camp even after its nice run so far in 2021. I think the market's pivot toward value stocks has legs, which bodes well for Walgreens for the remainder of the year.
- Walgreens has beaten earnings estimates in the last two quarters. Walgreens has been putting together better earnings performance, which has helped drive support for the stock.
- Dividend stocks have been behaving better. Walgreens, which has raised its dividend for 45 consecutive years, is benefiting from a rebound in dividend payers.

Going into 2021, I liked Walgreens for its modest valuation. I also liked the stock for its "mean reversion" opportunity. Indeed, Walgreens had been a dreadful performer for much of the last two years, so some mean reversion was likely in 2021.

Given the strong snap back in Walgreens stock in the first half of the year, I don't expect the second half of the year to be as strong.

Competition continues to heat up in the pharmacy area, which could provide a headwind. Still, yielding well over 3%, Walgreens should outperform the broad market in the second half of 2021. The stock remains a "buy" for growth-and-income investors.

Please note Walgreens offers a direct-purchase plan whereby any investor may buy shares directly, the first share and every share. Minimum initial investment is just $250.

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Walgreens Boots Alliance (WBA)

Ben Reynolds
Sure Dividend

Walgreens Boots Alliance *(WBA) is the second largest publicly traded pharmaceutical retailer based on its $48 billion market cap; only rival* ***CVS Health*** *(CVS) is larger, explains* ***Ben Reynolds****, editor of* ***Sure Dividend****.*

Walgreens is a Dividend Aristocrat thanks to its 45 consecutive years of dividend increases. The company has put together solid adjusted earnings-per-share growth of 6.7% annually from fiscal 2011 through fiscal 2020.

We recommended Walgreens at the beginning of 2021 because of its low valuation and high yield. The company's stock was trading for a low price-to-earnings ratio of around 8 based on our expected adjusted earnings-per-share for fiscal 2021 of $4.98.

For comparison, the company's historical average price-to-earnings ratio over the last decade is around 15. The stock's low valuation pushed its dividend yield up.

At the time of our write-up for our initial 2021 recommendation, Walgreens stock had a dividend yield of 4.7%. And the dividend was well covered, with a payout ratio of under 40% using expected 2021 adjusted earnings-per-share.

Walgreens stock has performed very well so far in 2021, generating total returns of 41.2% so far this year (through 6/11/21), versus 13.9% for the **S&P 500 ETF** (SPY). The company has had several noteworthy developments through the first 6 months of 2021.

First, on January 7th, the company announced Q1 2021 earnings. Revenue grew 5.7% versus the same quarter a year ago. Adjusted earnings-per-share declined 11.2%, largely due to the impact of COVID-19. Walgreens also announced it will be accelerating its VillageMD investment to support the opening of 600 to 700 Village Medical primary care clinics at Walgreens over the next 4 years.

In the same press release, Walgreens also announced that AmerisourceBergen (ABC) would acquire the majority of Walgreen's Alliance Healthcare business for ~$6.5 billion. Walgreens announced that this deal closed on June 2nd. The company used proceeds to eliminate $3.3 billion in debt from its balance sheet. The remainder of the proceeds will be used for investment and growth purposes.

Walgreens made a big change to its management team on March 15th. Rosalind Brewer succeeded previous CEO Stefano Pessina. Then, on March 31st, Walgreens announced its Q2 2021 earnings.

Sales from continuing operations increased 4.6%, while adjusted earnings-per-share from continuing operations declined 10.1%. Management raised guidance for the year to mid-to-high single digit growth for adjusted earnings-per-share for both continued and total operations.

Walgreens shares have increased significantly since the beginning of the year. This has brought the stock to a price-to-earnings ratio of 11.1 using our new expected fiscal 2021 adjusted earnings-per-share of $5.00.

This is still far below the company's 10 year historical average price-to-earnings ratio, but better reflects the company's struggles over the last few years — adjusted earnings — per-share peaked at $6.02 in 2018.

As the share price has increased, the stock's dividend yield has come down as well. It's now at a still relatively high 3.4%. We don't believe Walgreens stock to be the value play it was at the beginning of the year.

But it is still a quality dividend growth stock trading with a 3%+ yield and a relatively low price-to-earnings ratio. And the company will likely continue increasing its dividend in the future. As a result, we rate Walgreens as hold for at current prices.

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Wells Fargo & Company (WFC)

Bruce Kaser
Cabot Undervalued Stocks Advisor

***Wells Fargo & Co.** (WFC) is one of the nation's largest banks; the stock, one of our Top Picks for 2021, has risen over 50% since the start of the year, notes **Bruce Kaser**, editor of **Cabot Turnaround Letter**.*

Under its previously weak leadership, the company never fully recovered from the 2009 financial crisis and its loose compliance culture led to a fake accounts scandal and other reputation-tarnishing problems.

Also, like all banks, it is struggling with low interest rates and limited loan growth, although the much-feared pandemic-related loan losses no longer look likely.

An additional constraint is a regulator-imposed cap on Wells Fargo's asset size. Under new and highly-credible CEO Charles Scharf, the former head of Bank of New York Mellon and a former protégé of JPMorgan's Jamie Dimon, the bank is aggressively restructuring its operations, cost structure and regulatory compliance.

We continue to see early indications of a tighter compliance culture, better strategic focus and more

efficient operations. Scharf is reorganizing the bank's segments to boost transparency and push accountability deeper into the business.

He is also offloading unproductive businesses including Asset Management, Corporate Trust Services, student lending and rail car leasing. Expenses appear to be restrained.

The bank is upgrading its automation and digitization of its activities while closing branches and tightening its risk controls – all of which should reduce its costs over time.

First-quarter results were encouraging. However, like all banks, lending volumes remain weak, which will weigh on the net interest margin. Capital markets revenues should remain reasonably robust.

Wells Fargo's capital strength is healthy and improving, such that the bank recently purchased $600 million of its shares. Wells looks capable of increasing its dividend next year. We remain only modestly positive on WFC shares, as much of the turnaround has already been discounted by the 1.3x tangible book value multiple.

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WestRock (WRK)

Zach Jonson
Stack Financial Management

***WestRock** (WRK) is a multinational provider of paper and packaging solutions for consumer and industrial markets, explains **Zach Jonson**, CFA and Chief Investment Officer at **Stack Financial Management**.*

The company operates in two main segments: corrugated packaging and consumer packaging. Corrugated packaging and containers provide solutions to a wide array of customers to protect, ship, store, and display products.

The consumer packaging segment broadens outside of the pure corrugated box market and provides other types of specialty solutions such as beverage carriers, express mail envelopes, and premium folding cartons.

WRK resulted from the combination of MeadWestvaco & RockTenn in July 2015. Since that time, WestRock has focused on becoming a fiber-based paper and packing leader through various acquisitions and divestitures.

WestRock has the #1 or #2 position in numerous paper and packaging markets. This has allowed them to better weather the pandemic downturn and placed them in a position of strength for the corresponding rebound. Additionally, WRK has been a beneficiary of the shift towards e-commerce and the use of home delivery packaging services.

The first half of 2021 saw continued strength in e-commerce channels accompanied with a reemergence of other key markets, such as food and healthcare, as consumers began to return to more normal daily lives.

This transition helped improve Westrock's sales mix by shifting to higher margin packaging and quick service restaurants. The company dealt with a ransomware attack which caused production and shipping volumes to fall by approximately 85,000 tons compared to what was originally planned.

This shortfall was quickly closed as systems were restored, but the net effect reduced adjusted EPS by $0.23 in the second quarter of 2021. However, WRK exhibited the strength of their management team, navigated this challenging environment, and produced solid returns for investors.

We continue to hold our position in WRK as key markets benefit from the ongoing economic recovery. Higher margin segments of the business should experience additional gains contributing to both top and bottom-line growth. Additionally, the transition to more sustainable packaging solutions has only just begun presenting numerous opportunities over the second half of 2021 and into the future.

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