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Welcome to the Top Picks 2021: Over 100 Investment Ideas for the New Year

Kim Githler
MoneyShow

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

This year's report—Top Picks 2021—features over 100 investment ideas for the new year.

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!

The Top Picks report includes a variety of fast-growing stocks with high potential, as well as conservative dividend-paying stocks and iconic blue chips chosen for safe and steady returns. The defense sector, industrial outfits, consumer stocks, and financial firms are well represented on this year's list of favorites.

We also notice a decided trend to smaller-cap issues and numerous lesser-known stocks that many would consider under-the-radar. And, as always, there are compelling growth stocks on the leading edge of science and technology. This year we see a significant number of biotechnology and specialty healthcare ideas. And gold—a favorite sector in last year's report—returns again as a favored sector among these advisors.

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.

Our goal in this report—MoneyShow's Top Picks 2021—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.

Thank you for being a part of the MoneyShow family. We hope you enjoy our annual Top Picks report and wish you the very best for investment success in 2021.

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3M Company (MMM)

Prakash Kolli
Dividend Power

*My second top pick in the Industrial sector is **3M Company** (MMM). This is one the leading industrial companies in the U.S. and world, asserts **Prakash Kolli**, income specialist and editor of **Dividend Power**.*

3M has consolidated its segments to Safety & Industrial (35% of revenue) — which makes tapes, adhesives, abrasives, and personal safety equipment; Healthcare (23% of revenue) — which makes medical and surgical products; Transportation & Electronics (30% of revenue); and Consumer (16% of revenue) — which makes office supplies, home improvement items, and consumer health care.

3M has many well-known brands including Post-its, Scotch, Filtrete, Tegaderm, ACE, Scotchgard, Scotch-Brite, Command, and Nexcare.

3M has struggled since about 2018 due to a variety of issues including the U.S. and China trade war, tariffs, and a slowdown in China's automotive market.

The company was also adversely affected during the initial stages of the pandemic due to local government restrictions and extended shutdowns of industries, manufacturing plants and offices, closure of dental offices, and low volumes of elective surgeries.

However, COVID-19 headwinds abated in the third quarter as global economies restarted. Major end markets including automotive, electronics, and health care recovered rapidly driven be pent up demand and stimulus. COVID-19 is still driving sales of personal safety equipment and N95 respirators.

As a supplier to many other manufacturers 3M often feels the effects of a slowdown early. But this means that 3M is well positioned to benefit when global economies rebound. More stimulus, especially in the U.S., and the approval and distribution of vaccines are positive for global economies that should benefit 3M.

The company has been improving capital allocation and use of debt. This is after a period of time when debt grew to fuel share repurchases and also the $6.7 billion acquisition of Acelity. Net debt peaked at $18,848 million at end of Q1 2020 with a leverage ratio over 2.1X. Net debt declined to $15,889 million at end of Q3 2020 with a leverage ratio of 1.6X.

3M is one of only nine companies to have paid a growing dividend for 60+ years. The company has paid a dividend for over 100+ years without interruption. The current payout ratio is about 69%, which near my target threshold of 70%, but this is based of reduced earnings during the pandemic.

On a negative note, lawsuits related to PFAS are an overhang on the company. 3M phased these chemical out of its products starting in the early-2000s. The exact cost of the lawsuits is unknown but will likely be a few billion dollars.

The stock is fairly valued trading at a price-to-earnings ratio of about 20.5X compared to 20.9X over the trailing 5-years but again this is based on earnings impacted by the pandemic. The current yield is about 3.4% and higher than the average over the past 5-years. I view the stock as a long-term buy.

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AbbVie (ABBV)

Bob Ciura
Sure Retirement

***AbbVie** (ABBV) is a pharmaceutical giant that was spun off from **Abbott Laboratories** (ABT) in 2013. This has clearly worked to the benefit of shareholders, as AbbVie stock has more than tripled since being spun off, observes **Bob Ciura**, income expert and editor of **Sure Retirement**.*

Today, AbbVie is a diversified pharmaceutical manufacturer. Its flagship product is Humira, which is the world's top-selling drug. Humira is now facing biosimilar competition in Europe and will lose patent exclusivity in the U.S. in 2023.

Fortunately, AbbVie has prepared for this outcome by investing heavily in new products, both internally and through acquisitions, to replenish its drug pipeline.

This has succeeded in providing AbbVie with continued growth. In the 2020 third quarter, AbbVie reported $12.9 billion in revenue, up 52% year-over-year thanks in large part to the $63 billion acquisition of Allergan, maker of Botox and many other successful products.

Separately, new products have boosted growth such as Imbruvica, which reported 9% sales growth last quarter. Earnings-per-share rose 21% from the previous year's quarter.

Even with the coronavirus pandemic, 2020 is set to be another strong year for AbbVie, as the company expects full-year adjusted earnings-per-share in a range of $10.47 to $10.49. We expect 3% annual earnings-per-share growth moving forward.

AbbVie qualifies as a Dividend Aristocrat due to its history under former parent company Abbott, which is also a Dividend Aristocrat. AbbVie has continued to raise its dividend since the spin off, including a hefty 10% raise in October.

AbbVie shares currently yield 5%. The combination of EPS growth and dividends along with a small boost from an expanding valuation multiple are expected to deliver total returns above 9% per year.

(Disclosure: The author is long ABBV.)

Advanced Energy Industries (AEIS)

Richard Moroney
Upside Stocks

Advanced Energy Industries *(AEIS) earns our "Best Buy" rating and is a capital-gains favorite for 2021, notes* ***Richard Moroney****, editor of the small and mid-cap focused newsletter,* ***Upside Stocks****.*

Advanced Energy supplies precision-power products that transform raw electrical power from utilities into highly controlled and usable power for the semiconductor equipment, datacenter, networking, industrial, and medical markets.

Both 5G networks and artificial intelligence are driving growth across the company's markets. Advanced Energy aims to grow earnings at more than twice the pace of revenue. By 2023, management sees earnings per share reaching $7.50 (implying annualized growth of 14%) on revenue of $1.65 billion (5%).

For 2021, the consensus projects relatively conservative profit growth of 9%, leaving room for upside. The shares trade at 17 times estimated 2021 earnings, below the median of 20 for S&P 1500 Index technology stocks.

Backing up management's confidence, the company in December initiated a quarterly dividend of $0.10 per share, starting in the March quarter. The dividend will consume just 10% of free cash flow and 9% of earnings, and Advanced Energy suggested there's ample room for growth in coming years.

Advanced Energy has earmarked 15% of free cash flow for share repurchases, with the remainder going toward acquisitions, debt repayment, and reinvestment in the business. Advanced Energy is a Best Buy.

Airbnb (ABNB)

Hilary Kramer
GameChangers

***Airbnb** (ABNB) — an aggressive idea for 2021 — waited years to go public, and I think the timing was perfect, asserts growth stock expert **Hilary Kramer**, editor of **GameChangers**.*

The pandemic set growth back a year, giving post-IPO shareholders a chance to capture more of the company's robust expansion.

As far as I can tell, lockdowns didn't change travelers' habits or preferences one bit. If anything, people seem to be gravitating away from hotels faster than ever toward low-contact short-term home rentals . . . and that's not even factoring in the potential for a post-lockdown vacation boom.

Management took huge steps to contain out-of-control costs going into the company's Wall Street launch, resulting in healthy $500 million in "adjusted" EBITDA for the debut quarter. Is that the same as old-fashioned profit? No way.

But in what's currently a blue-hot IPO market, it proves that ABNB can make money as long as people keep listing houses. Residential real estate indicators tell me we're on pretty firm footing here.

Subscribe to GameChangers here...

Hilary Kramer: MoneyShow's Top Stock Picker from 2020

*Congratulations to Hilary Kramer, whose Top Stock pick from 2020 rose 209%, making it the best performing stock in last year's report. Here, the growth stock expert offers an update on **Chewy** (CHWY), her favorite investment idea from last year.*

Ironically enough, I loved **Chewy** (CHWY) before the pandemic was even a rumor and now that it's been characterized as a "COVID stock" I love it even more.

People were already buying pet food online and having it shipped to their doors because these bags and cans get heavy and nobody wants to run out. And unlike **Amazon** (AMZN), which has been dithering for years about getting serious about pet products, there's huge word of mouth here.

The lockdowns only accelerated the growth curve by a few months, nudging the company closer to ultimate sustainable profitability. People burned by the dot-com frenzy laughed at this company. They're not laughing now. My subscribers were here under $30. They're cheering.

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Algonquin Power & Utilities (AQN)

Robert Rapier
Investing Daily's Utility Forecaster

*Canada-based **Algonquin Power & Utilities Corporation** (AQN) is a diversified international generation, transmission, and distribution utility with approximately $11 billion of total assets, explains **Robert Rapier**, editor of Investing Daily's **Utility Forecaster**.*

Through its two business groups, Liberty Utilities and Liberty Power, AQN provides rate-regulated natural gas, water, and electricity generation, transmission and distribution utility services to over 1 million customers in the United States and Canada.

Rate-regulated utilities account for 65% of the company's business, but the company also has a substantial renewable portfolio.

Long-term contracted wind, solar, and hydroelectric generating facilities representing over 2 gigawatts (GW) of installed capacity and more than 1.4 GW of incremental renewable energy capacity under construction.

Despite a down year for utilities, Algonquin Power was one of the Top 5 performing electric utilities in 2020. The company has a lot in common with last year's top-performing electric utility, **NextEra Energy** (NEE).

The companies have similar business lines, but AQN has a lower forward price-to-earnings ratio (23.3 versus 32.5) and a higher dividend yield (3.7% versus 1.7%).

The stock has outperformed the S&P 500 over the past five years by an annual average of 3.7%. I added Algonquin Power to our portfolio at *Utility Forecaster* during last year's March meltdown, and it rewarded us with a 48.7% return by the end of the year.

AQN is a consensus Buy from analysts, who estimate long-term earnings growth of 7.8%. AQN is a suitable company for income investors, with a modest 5-year beta of 0.4 and the company is well-suited to benefit from the continued transition to greener power sources.

Because Algonquin Power is a Canadian company, it does withhold taxes on dividends paid to U.S. citizens at a 15% rate. However, U.S. investors are exempt from this withholding if the shares are held in an IRA or 401k.

Meanwhile, my Top Pick from last year — **Enviva Partners** (EVA) — returned 22% in 2020. I have recommended Enviva since its IPO as a nice income pick in the green energy sector. Enviva is an MLP, and substantially outperformed its fossil fuel peers in 2020.

Despite the Covid-19 pandemic, Enviva saw its sales expand by another 32% in 2020. Over the past five years, sales have grown at an average annual rate of 18.5%, while EBITDA has grown at just under 30% per year.

Enviva remains well positioned to benefit as the world continues to address carbon emissions. That, combined with a yield of 6.3%, makes it an ideal pick for investors seeking sustainable income.

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Alphabet (GOOGL)

Chuck Carlson
DRIP Investor

***Alphabet** (GOOGL), the parent company of Google, has been in the news lately, but for all the wrong reasons. Indeed, it seems that politicians and regulators both in the U.S. and abroad have their sights set on the company, asserts **Chuck Carlson**, editor of **DRIP Investor**.*

Claims of anticompetitive behavior and threats of breaking up the company are no doubt scaring off some investors. Do not be among the frightened.

True, Alphabet could end up paying fines to resolve the charges. And I suppose there is the possibility that the firm could eventually be broken up, though I think the risk of that happening is quite small.

Besides, breaking up Alphabet into smaller pieces might actually lead to a windfall for shareholders (more on that in a moment). Investor focus should be on the company's fundamentals, and those remain strong.

Alphabet is a money machine, which is probably why politicians have put a bullseye on the company. Indeed, I may be cynical, but I believe a lot of the attacks have less to do with legitimate concerns over anticompetitive behavior and more the opportunity to use Alphabet as an ATM machine, spitting out billion-dollar fees to state and federal coffers.

I do not expect the aggressive rhetoric to lead to significant changes in how Alphabet does business. Rather, I see Alphabet, at some point in the distant future, parting with some of its cash.

The good news is that Alphabet has plenty of cash — around $132 billion as of the end of the third quarter — and generates prodigious amounts of cash each quarter. Thus, the firm is well equipped to pay whatever fines are assessed.

And if a breakup would become a reality, I would expect Alphabet's pieces to be worth more than the whole. Indeed, the company's YouTube unit could be worth $300 billion or more as standalone company, according to one Wall Street firm.

And Google Cloud could be worth more than $225 billion. Thus, when you start adding up the pieces, it is pretty easy to get a total value eclipsing the company's current market capitalization of $1.17 trillion.

Alphabet has not let the headlines detract from its ability to make money. Per-share profits in the third quarter of $16.40 easily beat the consensus earnings estimate of $11.20. Revenue of $46.1 billion crushed the estimate of $42.8 billion. The company should post solid top – and bottom-line numbers in 2021.

I would expect Alphabet to experience some volatility in 2021 as a result of the attacks on the company, but I would regard any pullbacks as opportunities to build a position in these shares. I own the stock and view it as a capital-gains favorite for 2021.

Please note Alphabet offers a direct-purchase plan as part of Computershare's online-only DirectStock program. The plan helps bring the high per-share stock price into more bite-size pieces for small investors — minimum initial investment is just $25 in the DirectStock plan.

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Alphabet (GOOGL)

Joseph Bonner
Argus Research

***Alphabet** (GOOGL), formerly called Google, maintains the largest online index of websites accessible through automated search technology and generates revenue through online advertising, cloud services, and hardware, explains **Joseph Bonner**, CFA, of **Argus Research**.*

We see Alphabet as one of the tech industry's leaders, along with **Facebook** (FB), **Apple** (AAPL), **Amazon** (AMZN), and **Microsoft** (MSFT); 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 also owns YouTube, the web-based video site, and has expanded into mobile telephony with its Android smartphone operating system. About 54% of Alphabet's revenue is generated outside the United States.

The Department of Justice antitrust complaint against the company — filed on October 20, 2020 — had been hanging over GOOGL shares for many months, so the actual filing was not much of a surprise. State attorneys general piled on with their own federal anti-trust suits in December.

We think these anti-trust cases are serious, though it will probably take years for them to play out and they may be difficult to prove in court. The company faces headline risks over the lawsuits in the near term and possible sanctions if the litigation goes against it.

Although COVID-19 is impacting Alphabet's advertising business in the near term, and the depth and duration of the pandemic are unclear, there are very few businesses with the resources and reach of Alphabet.

The company has the financial resources to weather the storm and may come out even stronger after the crisis recedes. Alphabet has been cutting costs in the crisis, though the company will continue to invest in core drivers like Search, Machine Learning, and Google Cloud. GOOGL shares appear attractively valued given the company's rapidly expanding businesses.

We believe that the shares remain attractively valued given the company's rapidly expanding businesses. Alphabet's lagging EV/EBITDA multiple of 21 is below the peer median of 24.5. The forward EV/EBITDA multiple of 13.1 is 10% below the peer average, compared to an average premium of 4% over the past two years.

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America Electric Power Units (AEPPL)

Marty Fridson
Forbes/Fridson Income Securities Investor

American Electric Power Co. *(AEP) ranks among the nation's largest electric energy companies, observes* ***Marty Fridson****, a leading dividend specialist and editor of* ***Forbes/Fridson Income Securities Investor****.*

The company services approximately 5.5 million customers across 200,000 square miles, covering Ohio. Michigan, Indiana, Kentucky, Tennessee, Virginia, West Virginia, Arkansas, Louisiana, Texas, and Oklahoma.

The **American Electric Power 6.125% Equity Units** (AEPPL) consist of a purchase contract and a 1/20 undivided beneficial ownership interest in $1,000 principal amount of AEP's 1.30% junior subordinated debentures due 2025.

The debentures are subject to reset and remarketing between May 11, 2023 and July 27, 2023. (*See prospectus for details*). The purchase contract requires the holder to purchase for $50.00 a variable number of AEP common, paying the holder an annual contract adjustment rate of 4.825%.

The stock purchase settlement rate is 0.5003 AEP common shares per unit if AEP common is equal to or greater than $99.95, and 0.6003 AEP common shares if the common is equal to or less than $83.29.

For market prices between the aforementioned values, the settlement rate will be $50.00 divided by the common market value. Holders may settle the stock purchase contract at any time for 0.5003 AEP common shares for each purchase contract.

AEP reported solid 3Q 2020 adjusted net earnings of $722.3 million or $1.47 per share, edging out analysts' $1.46 estimates.

Results benefited from improved operating efficiencies and a federal tax benefit from the CARES Act. Dividends from this issue are not qualified and are taxed as ordinary income. AEP's convertible preferred is suitable for low – to medium-risk, tax-deferred portfolios. Buy up to $57 for a 5.37% current yield.

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Anally Capital (NLY)

Rida Morwa
High Dividend Opportunities

One of the most intriguing mortgage assets to own today is "agency mortgage-backed securities" — a unique asset that removes the risk of the underlying borrowers defaulting on the mortgages, explains ***Rida Morwa****, editor of* ***High Dividend Opportunities****.*

Banks that originate mortgages are not interested in waiting for decades to get their capital back — they want to originate more mortgages to new customers.

So when an individual gets a mortgage, as long as the loan qualifies, the loan is quickly sold to "Government Sponsored Enterprises" (or GSEs) Fannie Mae or Freddie Mac.

Those agencies then repackage the mortgages into MBS and sell them to investors who are willing to sit back and collect the interest payments — hence the term "agency MBS."

In order to ensure investor demand, the GSEs include a principal guarantee. If the borrower defaults, the GSE will buy back the mortgage for the amount of principal still owed. This creates an asset where investors can receive mortgage interest with very minimal credit risk. Whether the borrower defaults or not, the investor is getting the principal.

So regardless of the credit ratings of the underlying borrowers, agency MBS always is AAA rated. Agency MBS is known as one of the most conservative investments outside of US Treasuries.

Agency mREITs like **Annaly Capital** (NLY) provide investors an opportunity to take advantage of this very strong asset class. Annaly borrows a significant amount of debt on their agency portfolio. Since agency MBS has very little credit risk, lenders are willing to lend a substantial portion of the buying price.

It's not uncommon for mREITs to use leverage at 8-10x equity on agency MBS. As a result of utilizing so much leverage, the primary determinant of profitability of agency mREITs is the spread between the interest they pay and the interest they receive.

This spread already was improving in Q4 2019 thanks the declining interest rates, but it was kicked into overdrive in Q2 of 2020 as a result of the Federal Reserve dropping their target rate to 0.00%-0.25%.

The bottom line is that NLY make much more money when interest rates are stable or declining and does poorly when interest rates are rising. So timing is key. You need to know what you are buying into!

As investors, we can collect a +11% yield today, and for the next few years the interest rate environment is ideal for NLY's strategy. A high yield with dividend growth ahead? Yes, it's possible and its name is NLY!

Subscribe to High Dividend Opportunities here...

Anavex Life Sciences (AVXL)

Tom Bishop
BI Research

***Anavex Life Sciences** (AVXL), which is working on a number of central nervous system (CNS) diseases, more than doubled in 2020 on more good trial results in Parkinson's Disease Dementia (PDD) and Rett syndrome, notes **Tom Bishop**, growth stock expert and editor of **BI Research**.*

Meanwhile, its Phase 2b/3 Alzheimer's trial is nearing full enrollment, and recently reported Phase 2 PDD success on dementia was encouraging in this regard. In fact, the PDD trial results were accepted and presented at an Alzheimer's conference.

Clinical trial results to date for Anavex 2-73 (oral) in *all* of these diseases have been consistently very positive. For example, in a Phase 2a Alzheimer's trial those given the high dose of Anavex 2-73 saw very minimal decline in scores on the mini mental state exam and activities of daily living after 148 weeks as compared to a considerable (normal) decline in those on the low dose.

Nothing on the market today can come even close to this. $10 billion is a reasonable estimate for sales of an Alzheimer's drug that *actually works* (nothing on the market really does so far).

And if the shares traded at just 1-2 times revenues (low for this industry), that would be a market cap of $10-$20 billion, not counting success with Rett or PDD. And even using 50% more shares than are outstanding today, that works out to $100 to $200 a share.

Of course, the company would be taken over long before that if the later stage trials continue as successfully as they have to date. So, the company just has to continue to table data in late stage trials that is comparable to that reported so far.

Also, noteworthy, the Michael J. Fox Foundation (for Parkinson's) has recently agreed to provide funding of $1 million for an imaging-focused Parkinson's Disease trial of Anavex 2-73 (previously the MJF Foundation sponsored a preclinical trial with encouraging results.).

The impact on Parkinson's Disease symptoms from the Parkinson's Disease Dementia trail are also pending. Lot's of potential here.

Appian Corporation (APPN)

Bernie Schaeffer
Schaeffer's Investment Research

Appian *(APPN) known for its "low-code" software development tools — scored a top-line beat back in November, explains* ***Bernie Schaeffer****, technical expert, options specialist and senior editor at* ***Schaeffer Investment Research****.*

This acted as a catalyst for a multi-stage rally over the course of that month. The shares peaked at $215 on November 27, well over triple the $62 low that APPN tagged near the end of last October.

The share price then underwent a sharp correction into mid-December before consolidating primarily in the $150's into year-end.

Daily Chart of **APPN** since January 2020

Chart courtesy of TradingView.com

As we enter the new year, wide and deep share technical support in the $145-$155 area suggests that further pullbacks will be truncated as they enter that area, even as APPN's chart remains bullishly aligned for renewed acceleration to the upside.

In addition, analyst and speculator sentiment remains tepid and behind the curve. The consensus 12-month price target at $85 barely exceeds half of APPN's 2020 closing price and total put open interest accumulated by options players now exceeds that of call options by 33%.

Most critically, a swing toward a more actively bullish posture by these two constituencies would, as the year progresses, call into play untapped demand for the shares.

We see an advance by APPN in 2021 back to the November 2020 all-time highs as being well within reach for this burgeoning enterprise software leader.

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Applied Materials (AMAT)

Jim Kelleher
Argus Research

Applied Materials *(AMAT) produces semiconductor fabrication equipment, including products used in deposition, etching, ion implantation, metrology, wafer inspection and mask-makings, notes* ***Jim Kelleher****, CFA, of* ***Argus Research****.*

The global pandemic is acting as an accelerator for key technology inflections that were already underway. Work – and learn-at-home, e-commerce, and explosive growth in streaming and social media are driving investments in cloud data centers and communications infrastructure. Companies are hardening their business-continuity capacity, further driving technology demand.

The emerging workloads supporting these trends require domain-specific approaches, new system architectures, and new types of semiconductor devices.

Leading-edge node transitions are driving demand. These include 3D for memory, logic and other areas; the 5G revolution; and ongoing die shrinks that enable customers to pack more power into tinier and more power thrifty devices.

The company has increased its offer price and extended the time to deal close for Kokusai Electric Corp. AMAT has now agreed to pay $3.5 billion for Kokusai, compared with the original mutually agreed-upon price of $2.2 billion. The higher bid price, according to Applied, reflects higher valuations for participants in the semiconductor capital equipment industry.

The two parties have also agreed to a new closing deadline of 3/19/21. At the time of the original announcement in July 2019, deal terms allowed for three extensions, and this would be the third. We see the third extension as a final effort to receive a regulatory sign-off from China.

The addition of Kokusai would provide AMAT with high-productivity batch-processing systems and other technology, would add key customers, and would expand AMAT's regional reach. Even at the higher bid, the deal price is reasonable. At this point, geopolitics alone stands in the way of deal close.

On a stand-alone basis, AMAT is the revenue and market share leader in the semiconductor capital equipment space. As the global economy begins to recover from the pandemic during calendar 2021, digital transformation of companies, industries, and global economies should continue to drive demand.

AMAT trades at a discount to peers on absolute and relative P/E, price/sales, and EV/EBITDA; peer indicated value is in the low $100's range, on the rise and above current prices. Our discounted free cash flow analysis suggests a value in the $150s, in a rising trend and well above current prices.

Our blended valuation estimate is now in the $130 area, in a now steadily rising trend. Including the current dividend yield of about 1.1%, appreciation to our 12-month target price of $110 (raised from $90) implies a risk-adjusted total return greater than our forecast return for the broad market and is thus consistent with a "buy" rating.

Applied Materials (AMAT)

Richard Moroney
Dow Theory Forecasts

*Semiconductor-equipment maker **Applied Materials** (AMAT) has participated in its industry run-up, returning 57% over the last three months, explains **Richard Moroney**, growth stock expert and editor of **Dow Theory Forecasts**.*

Demand for the equipment needed to make semiconductors remained robust throughout the pandemic, as manufacturers played the long game and kept on producing when possible, rather than idling factories.

The company makes a wide variety of semiconductor equipment and also provides software and services, a growing unit that now generates more than one-fourth of company revenue.

The equipment maker offers the widest product range in the industry, with equipment designed for etching, deposition, inspecting, testing, and other specialty tasks. Applied Materials' solid recent results reflect the decisions of many large chipmakers to maintain their production cycles despite the coronavirus.

CEO Gary Dickerson said the pandemic has accelerated the ongoing move toward digital business across a wide swath of end markets, a trend he has long cited as a reason for optimism.

Applied Materials remains reasonably valued at 16 times expected earnings for the next fiscal year, 12% below its industry median. We know the semiconductor boom won't last forever, and we're probably closer to the end than the beginning.

But given the likely economic recovery over the next year, we think Applied Materials can beat market projections for earnings growth of 9% this year and 6% in fiscal 2022 ending August. Admittedly, these shares can be volatile, and we'll keep a close watch on them.

Arrowhead Pharmaceutical (ARWR)

Genia Turanova
Moneyflow Trader

*My top biotech pick for 2021 is **Arrowhead Pharmaceutical** (ARWR), which operates in one of the most exciting areas of modern medicine — one with numerous potential applications longer-term, notes **Genia Turanova**, editor of **Moneyflow Trader**.*

Not to be confused with gene editing and gene therapy, gene silencing controls the flow of genetic information, and creates a "turn-off switch" for harmful genes before they're able to create proteins that damage the host.

With the growing possibility of simply deactivating our unwanted genes, the implications for our health are enormous. Gene silencing is already studied as a potential treatment for viral infections, cardiovascular diseases, cancer, endocrine disorders, and more.

No wonder the 2006 Nobel Prize went to two American biologists, Andrew Fire and Craig Mello, for their 1998 discovery of the RNA interference (RNAi) mechanism, or gene silencing, in living cells. (RNA, or ribonucleic acid, is the part of the gene responsible for protein synthesis.)

Arrowhead's RNAi gene silencing technique can target and shut down specific genes that cause certain disease. Armed with this technology, ARWR targets all diseases that could be helped by its technology. Unlike many similar-sized biotechs, it's not focused solely on rare diseases (or small markets).

Biotechs are risky because there's always a possibility something could go wrong — or that the original thesis or technology doesn't live up to its early promise. Even if a company's approach works, most biotechs are years — if not decades — away from making money off their inventions.

This risk isn't as pronounced for Arrowhead because the company already has 13 drug candidates based on its gene silencing technology and its Targeted RNAi Molecule (TRiM) platform. Going forward, this ambitious biotech plans to introduce three new drug candidates into clinical studies every year.

The main focus is currently on liver diseases — but ARWR also has one drug candidate for cancer and three potential drugs for the lungs (including one that targets COVID and future pulmonary-borne pathogens). ARWR is one of the brightest stars in the mid-cap biotech universe.

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AT&T (T)

Ben Reynolds
Sure Dividend

***AT&T** (T) is the second largest telecommunications business in the U.S. based on its $205 billion market cap; only rival **Verizon** (VZ) is larger, with a $244 billion market cap, explains **Ben Reynolds**, editor of **Sure Dividend**.*

AT&T has the higher sales of the two, with $172.9 billion in sales over the last 12 months versus $128.4 billion for Verizon. Scale is a critical competitive advantage in the telecommunications industry.

The U.S. telecom industry is comprised primarily of three large companies: AT&T, Verizon, and **T-Mobile** (TMUS). The cost of building a network large enough to compete with these industry giants is enormous. This gives AT&T (and its two large competitors) a durable competitive advantage.

The company's durable competitive advantage — and shareholder friendliness — is on display with its long dividend history. AT&T has increased its dividend payments for 36 consecutive years.

While AT&T has a durable competitive advantage and has proven it prioritizes rewarding shareholders with rising dividends, the company is not growing quickly. Adjusted earnings-per-share have compounded at 5.1% annually from fiscal 2010 through fiscal 2019.

This level of growth is ahead of inflation and gives the company room to continue increasing dividends, but growth is not the main reason to own AT&T stock. The company's high dividend yield of 7.2% will likely return more than underlying business growth for shareholders.

It's rare to find a quality security with such a high yield in today's generally overvalued market. And, the company's high yield is well covered. AT&T is paying out just 64% of expected fiscal 2020 adjusted earnings-per-share of $3.25.

We believe AT&T to be undervalued. The company's stock is currently trading for a price-to-earnings ratio of only 8.8 times our 2020 adjusted earnings-per-share estimate. For comparison, the company's price-to-earnings ratio over the last decade is 12.6.

With a high yield and an undervalued stock, AT&T makes a promising investment. The company is likely to continue paying its big dividend even during a recession, so investors are likely to be 'paid to wait' for the company's valuation multiple to rise to historical averages.

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Avangrid (AGR)

Roger Conrad

Conrad's Utility Investor

***Avangrid** (AGR) hasn't raised its dividend since July 2018. Not surprisingly, its returns have since lagged the Dow Jones Utility Average, notes **Roger Conrad**, editor of the industry-leading advisor service, **Conrad's Utility Investor**.*

Two major developments promise a favorable reversal of fortune. The first is Avangrid's takeover bid for New Mexico/Texas-based electric utility **PNM Resources** (PNM).

The second is the likely lifting of regulatory hurdles delaying plans to construct and operate extensive offshore wind power facilities off the US Atlantic Coast, starting in New England.

The $4.3 billion Avangrid and its 81.63 percent-owner and parent **Iberdrola SA** (Spain: IBE) (OTC: IBDRY) are paying for PNM is a hefty premium.

Nonetheless, terms are still strongly accretive to their earnings, with increased scale offering cost savings and ability to accelerate PNM's transition to renewable energy. And faster decarbonization will be a key selling point for New Mexico, likely the toughest hurdle to a Q4 close.

Buying PNM also diversifies Avangrid's regulated US utility operations outside of the Northeast, reducing regulatory risk as well as seasonality of earnings.

And it gives the company a larger pool of regulated cash flows to balance the ongoing growth of its contract renewables business. The latest addition is a 306-megawatt capacity contracted wind facility in New Mexico set for startup late Q4.

The company also won approval recently from the U.S. Army Corps of Engineers to build a $950 million power line to bring 1,200 MW of hydropower from Quebec to Maine.

But it's been considerably less fortunate dealing with the Bureau of Ocean Energy Management, which continues to delay permits for the company's Vineyard Project off the coast of Massachusetts.

Other permits are pending for a commercially secured project in Connecticut and soon will be in New York, where Avangrid has bid to build one gigawatt of capacity.

The bet is Biden's Bureau of Ocean Energy Management would be considerably more accommodating. And approval of any of these offshore wind projects is a potential game changer for company profits and dividend growth. Buy Avangrid up to $52.

Subscribe to Conrad's Utility Investor here...

Avid Technology (AVID) and LeMaitre Vascular (LMAT)

Jeffrey Hirsch
Stock Trader's Almanac

*My top picks for 2021 come out of the small-cap portion of our annual "Best Months" Stock Basket, explains **Jeffrey Hirsch**, a seasonal timing expert and editor of **Stock Trader's Almanac**.*

Following our "Best Months" Seasonal MACD Buy Signal on November 5, 2020 we ran our fundamental screens and published our picks on November 12.

Avid Technology (AVID) was added to our newsletter portfolio on November 13, 2020 at 10.69. **LeMaitre Vascular** (LMAT) was also added to our newsletter portfolio on November 13, 2020 at 37.29. Neither is considered as a conservative idea.

The Covid-19 induced shutdown and bear market last year did influence and skew traditional metrics like PE and price-to-sales ratio as many companies experienced sharp drops in Q2 results and brisk rebounds in Q3.

We narrowed down the universe of nearly 8,000 U.S. traded stocks for those with a measurable market cap and decent liquidity. Then we winnowed the list down to only those stocks with relatively low price-to-sales and price-to-earnings ratios with a few exceptions.

From there we searched for stocks that appeared to fare well in Q2 and Q3 based upon sales and earnings. A special nod was given to stocks with a below average number of analysts following them.

Avid Tech is at the forefront of the digital media revolution and boosts a stable of industry leading software solutions and partnerships. As the economy began to recover 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.

LeMaitre Vascular took a bit of a sales hit 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 continues to grow by expanding the reach of existing products and developing and acquiring other specialty vascular product concerns.

Meanwhile, our Top Pick for 2020 were rare and rheumatic disease medicine maker **Horizon Therapeutics** (HRZN) — up 102% last year — and semiconductor firm **Qorvo** (QRVO) — up 43%.

Both came through our fundamental stock's screens in October 2019 with flying colors. Then they made it on to our 2019 "Best Months" Stock basket. Both were sold from our newsletter tracking portfolio in 2020.

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B2Gold (BTG)

Mark Skousen
Forecasts & Strategies

***B2Gold** (BTG) is a Vancouver-based mining company with properties in Africa and the Philippines; the stock was also my Top Pick in 2020 and it rose 40% last year, notes **Mark Skousen**, editor of **Forecasts & Strategies**.*

The fundamentals are extremely strong, with profit margins of nearly 40% that help to maximize its cash flows. B2Gold has generated $365 million in cash. Long-term debt is small at only $49 million.

B2Gold is the highest-yielding gold mining stock in the industry, yielding nearly 3% — and likely to increase. It expects to produce 1 million ounces of gold in 2020, and should do even better in 2021. Despite a selloff after the election, the fundamentals are still strong.

Revenues, earnings and dividends have all risen sharply in the past year and should have positive results when it reports in February. In my mind, B2Gold is deeply undervalued, selling for less than 10 times earnings.

There is political risk with its largest mine in Mali, Africa (there was a coup last year), but so far it's been manageable, largely because the government is part owner. The stock was up 40% last year but could do even better this year.

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Banco Santander (SAN)

Benj Gallander
Contra the Heard

*Ana Botin, the Group Executive "Chairman" of **Banco Santander** (SAN) was exceptionally pleased with the recent quarterly results, reports **Benj Gallander**, editor of **Contra the Heard**.*

She stated, "The recovery of our business is progressing well, and the third quarter was significantly stronger than the second. Revenues increased 18 percent in constant euros as activity returned close to pre-pandemic levels, loan loss provisions fell 14 percent and we continued to reduce costs ahead of plan."

In addition, she is confident that a return to dividends is in the cards in 2021. The corporation had paid them for years, but European banks were restricted in 2020 because of havoc caused by COVID-19. Resuming the payout would be enchanting, and likely boost the stock price handily.

While a fast return to the level of $0.16 a quarter like in 2014 is unreasonable, a reintroduction on a quarterly basis of a penny or three seems realistic.

The "Santander Way" appears to be working, even with pandemic knocks. The corporate values of "Simple, Personal, Fair" are not particularly novel, and stating them is of course far differently than living them. But the bottom line is black as it almost always is and that is a very yummy thing.

SAN primarily operates in 10 countries. It is the largest bank in Spain and #3 in Brazil. While contributions come from Argentina, Chile, Mexico, Poland, Portugal, the UK, and the United States. Our contrarian logic suggests that the idea of "too big to fail" definitely exists here.

The enterprise has its hand in a multitude of pies. Besides banking it offers insurance, payroll management, financial advisory services, rents retail properties and much more. Currently it operates almost 12,000 branches but plans are in the works to close about 1,000. That will likely lead to some write-downs.

The initial sell target of $8.24 is far less than the $20+ where this entity used to trade. The book value resides just south of $7.00. It would not surprise to see the stock price gain momentum quickly, as it is on the radar screens of many analysts and traders.

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Barrick Gold (GOLD)

Adrian Day
Global Analyst

Barrick Gold *(GOLD) is the world's second largest gold producer. It has been transformed since it merged with Randgold and the latter's Dr. Mark Bristow took over as CEO, asserts* ***Adrian Day****, money manager and editor of* ***Global Analyst****.*

Today, it is not only one of the largest gold miners, but one of the best and one of the most undervalued. Bristow is a dynamo. In his less than two years at the helm, Bristow dramatically cut the company's debt; cut costs including slashing the bloated Toronto corporate headquarters and made mine operations more efficient.

He has also visited every one of the company's operations around the world; resolved political problems in Tanzania and Papua New Guinea; and achieved the decades-old goal of combining Barrick's and Newmont's Nevada operations, cutting duplicative overhead.

The result is a company focused on "profitable ounces" instead of growth, with a strong balance sheet. Barrick always had world-class assets, including gold and copper assets in 13 countries primarily in North and South America, the Caribbean, and Africa.

It has several development projects in the same jurisdictions, with 71 million ounces of gold reserves. Barrick uses the conservative $1,500 an ounce to determine reserves.

Production of both gold and copper has increased, both this year and last. With a meaningful decline in capital expenditures of about 30% over the next four years, Barrick is forecasting modestly rising production around the 5 million ounce-equivalent level, with more than half of that coming from mines in North America.

All-in sustaining costs are in the mid $900s, down from over $1,000 an ounce. With lower costs and higher gold prices, Barrick's margin has expanded from $694 in the second quarter to $940 in the third quarter.

One of the most significant improvements has been in the balance sheet, with net debt down to around $1 billion, and around $4 billion in cash. The company is in its best financial shape in well over a decade. In 2012, the company had almost $12 billion of net debt.

The biggest change is in the culture. The stock has responded to Mark Bristow's leadership moving from lows in the $10 range in late 2018.

It is trading at a price-to-cash flow multiple under 9 times, and free cash flow multiple of 15 times. It is trading just under 1.8 times book. These multiples are lower than most other major gold miners.

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Barrick Gold (GOLD)

Clif Droke
Cabot Wealth

*Several key events — including virus-related shutdowns, monetary stimulus and a resultant weak U.S. dollar — have conspired to put gold and silver on track for another solid year of gains, suggests **Clif Droke**, editor of **Cabot Wealth Network**.*

We think **Barrick Gold** (GOLD), the world's second-largest gold mining company, is well positioned to benefit from a continuation of gold's long-term bull market and will be a big winner in 2021.

The metal's improving fortunes allowed the company to deliver 125% per-share earnings in 2020, while revenue (up 28% for the year) has been trending higher since 2018.

What's more, higher gold prices have also made growth through M&As attractive for miners once again, with Barrick merging with Randgold Resources in 2019.

It further combined its Nevada mining assets with Newmont Mining to create the joint venture company Nevada Gold Mines, the world's largest production complex.

Barrick forecasts all-in sustaining costs (a key metric for miners) at around $966 per ounce as of Q3, well below current prices, and giving the firm plenty of room to take on additional projects. Consequently, analysts are predicting even more top – and bottom-line growth in 2021.

The company is disposing of non-core assets, rapidly paring its long-term debt and has announced a 10-year plan to become the world's most valued bullion company. All told, Barrick has every reason to be optimistic about its future.

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Berkeley Lights (BLI)

Tyler Laundon
Cabot Early Opportunities

Berkeley Lights *(BLI) is arguably the most attractive pure-play company in the cell-based product market. The company's technology can measure tens of thousands of single cells in parallel, explains* ***Tyler Laundon****, editor of* ***Cabot Early Opportunities****.*

That means it can find the best cell out of millions and do so quickly. Moreover, Berkeley's platform enables functional characterization quickly without killing cells. That means it helps users save the best cells for downstream development.

In contrast, competing solutions often work slower and with high cell death rates. That crushes the ROI of the biopharma company using those solutions.

This is why biopharma companies, CROs and CDMOs are increasingly turning to Berkeley Lights. Its platform helps them do everything they need to find therapeutic candidates faster and cheaper, often shaving three to five months off the process, boosting yields and reducing manufacturing costs. It's a win-win-win.

The company has three automation systems — Beacon launched in 2016, Lightning launched in 2019 and Culture Station just launched in January. Berkeley also sells workflow and automation software, and offers a portfolio of consumables (chips, reagents, etc.).

Berkeley has also adapted its antibody discovery workflow to allow the recovery of neutralizing antibodies from Covid-19 patients, which helps researchers discover therapies.

In Q3 2020 management said it sold eight systems for $12.4 million, twice what it sold in Q2. CROs and CDMOs bought half of them. The addition of new workflows and assays in the quarter aided in sales of at least six of those systems. Two more workflows are being added in 2021, which should keep system sales flowing.

Adding in recurring revenue ($3.7 million) from consumables and partnership revenue ($2.1 million) Berkeley delivered quarterly revenue of $18.2 million, up 16%.

While not a huge revenue base today — estimated 2020 revenue is just $60 million, up 6% over 2019 — Berkeley's growth should take off as it places more systems in the market and starts to generate more significant recurring revenue from subscriptions and consumables. Looking into 2021 revenue could jump by 50% to $90 million and adjusted EPS loss could be cut by 25% to – $0.78.

BLI came public at $22 on July 17, 2020 and soared 198% its first day. Since then, the stock has traded in a wide range — moves of 15% to 20% within a week or two are not uncommon. But the trend is up and BLI has recently made a series of higher highs and higher lows.

With a market cap near $6 billion, a high valuation and a relatively recent IPO Berkeley Lights isn't without risk; indeed, the stock is a more aggressive pick for the coming year. But the many merits make a stake in this company attractive for risk-tolerant investors. Adjust your position size based on your own risk profile.

BlackBerry (BB)

Jim Pearce
Investing Daily's Personal Finance

*You remember **Blackberry** (BB), don't you? Fifteen years ago, the ubiquitous black smartphone was all the rage. That all changed in 2007 when **Apple** (AAPL) introduced its iPhone, recalls **Jim Pearce**, editor of Investing Daily's flagship newsletter, **Personal Finance**.*

The iPhone featured apps that a Blackberry did not have. Within a few years, Blackberry sales fell as Apple quickly gained market share.

You may be surprised to learn that Blackberry is still around. In fact, it still makes a smartphone. But that's not why the company was in the news recently.

On December 1, the company announced that it signed a deal with the Amazon Web Services (AWS) division of **Amazon** (AMZN). This transaction has nothing to do with smartphones. Instead, Blackberry will develop software used in cloud-connected vehicles using Amazon's cloud services.

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. That makes Blackberry the perfect "ambush stock" for 2021.

Its last set of quarterly results came in better than expected. The company reported non-GAAP (generally accepted accounting principles) earnings per share of 11 cents on a basic/diluted basis. However, on a GAAP basis Blackberry reported a loss of 4 cents per share.

For that reason, the trading algorithms that evaluate stocks still view the company as a black hole into which money goes and nothing comes out.

After running up above $8 the day of the announcement, shares of Blackberry receded back below $7. At that price, the company is valued at roughly six times trailing non-GAAP earnings. That's cheap for a stock that just entered into a partnership with the second most valuable publicly traded company in the world.

In fact, all of Blackberry's multiples are misleading given how much its operating metrics could improve over the next twelve months. That's because sale revenue could soar next year. In addition to the deal with Amazon, Blackberry is launching a new smartphone in 2021.

This new Android phone is specifically designed to maximize the benefits of 5G technologies in the United States and Europe. The phone will be manufactured in India by OnwardMobility, a privately held company that is aggressively pursuing the 5G market.

India's national 5G network is expected to be completed in a few years. When that day comes, Blackberry's phone will become available to a market of more than one billion consumers. Blackberry stock is so cheap that it does not have to appreciate much to make a big profit.

That approach worked for me last year when I recommended **Corning** (GLW) while it was priced below $30. Last month, it traded above $38 for a 27% gain. I think it could do even better in 2021.

Broadcom (AVGO)

Tom Hutchinson
Cabot Dividend Investor

***Broadcom** (AVGO) is global infrastructure technology leader and an industry Goliath with $24 billion in annual net revenues, explains dividend expert **Tom Hutchinson**, editor of **Cabot Dividend Investor**.*

It's an icon of the technology revolution with roots that trace back over 50 years to the old Bell Labs. The company has many category leading products in semiconductors and infrastructure software solutions.

The company essentially provides crucial equipment that enables technology to function as we know it today. It provides components that enable networks to operate together and communicate with each other, from the service provider all the way to the end user and device.

All that may sound complicated. But there are two simple reasons for buying the stock. One, it is benefitting from the current environment as more businesses move online and into cloud-based applications. Two, it will get a huge benefit from the 5G rollout in the short and near term.

In the latest quarter, wireless revenue soared 43%, primarily because of the launch of the new 5G phones from **Apple** (AAPL), which require more filters and other networking technology. That boost should continue in the quarters ahead.

Longer term, Broadcom will see greater demand as its chips will be an enabling technology behind powerful emerging trends like the internet of things, self-driving cars and artificial intelligence.

Analysts are expecting revenue growth of 10% and earnings growth of 17% for 2021. That's strong growth for a stock that sells at less than 17 times forward earnings.

The company is also approaching a huge technological expansion from 5G in the years ahead. Keep in mind that an investment in this stock produced a total return better than 1,900% over the last 10 years.

Then there's the dividend. It's a huge benefit to have a growth technology company that also pays a dividend. It's like having a super model girlfriend that cooks too. At the current price, AVGO pays a 3.3% yield. That's solid, but the growth potential of the dividend is the remarkable thing.

Over the past five years, AVGO grew the payout by a staggering compound annual growth rate (CAGR) of 49%. The annual dividend grew from $1.94 in 2015 to $14.40 at the current rate. The company has room for future growth as the payout is still only about 48% in free cash flow.

Demand for products in cellular connectivity, networking and data centers is sharply on the rise and should continue to grow for some time.

Broadcom is one of the best in the business at providing the products that enable such things. More and more devices will need to connect to the internet and interact with each other as new 5G technology launches technological innovation and the digital economy to another level.

The timing seems great for AVGO, and the price is still reasonable. When the pandemic eventually fades away, 5G is likely to be a big story in the market. And Broadcom is a primary beneficiary. The stock is a great way for more conservative investors to play in the technology sandbox while getting a growing dividend.

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Celldex Therapeutics (CLDX)

Jay Silverman
The Medical Technology Stock Letter

Celldex Therapeutics *(CLDX) has developed CDX-0159, an anti-C-KIT antibody that has blockbuster potential in various mast cell diseases, explains biotech expert* ***Jay Silverman****, contributing editor to* ***The Medical Technology Stock Letter****.*

CDX-0159 is a humanized monoclonal antibody that specifically binds the receptor tyrosine kinase KIT (also called stem cell factor or SCF) 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. KIT signaling controls the differentiation, tissue recruitment, survival and activity of mast cells.

In certain inflammatory and allergic diseases, such as chronic urticaria, mast cell activation plays a central role in the onset and progression of the disease. KIT inhibition is involved in the potential treatment of various multi-billion acute and chronic conditions.

With a market cap of ~$700 million and ~$200 million in cash, in our view, CLDX is extremely undervalued based on the potential of CDX-0159 alone. When compared with the a $7+ billion market cap for **Allakos** (ALLK) — another mast cell targeted company — it appears even more undervalued to us.

After releasing highly positive initial clinical data resulting in significant mast cell depletion and a clean safety, two Phase 1 trials in urticaria (rash/hives) were initiated in the fall. These clinical trials are relatively quick to perform as trials go and data are released. Data from the first study is due by March 2021.

We recommend shares of CLDX. Several new top-tier biotech investors seem to agree as they have begun to accumulate positions. Lastly, as a wholly owned asset, we also think that CLDX is an attractive takeover candidate. CLDX is a "buy" under $20 with a target price of $30.

Meanwhile, **Myovant** (MYOV) was my Top Pick last year and the stock gained 78%. The firm's GNRH-antagonist relogilix delivered positive results in every clinical trial in 2020. Subsequently, the drug received its first FDA approval in December for treating advanced prostate cancer.

At the very end of the year, MYOV formed a major partnership with global powerhouse **Pfizer** (PFE) to jointly develop and commercialize ORGOVYX (the brand name of relugolix) and relugolix in advanced prostate cancer woman's health.

Additional approvals are expected in 2021 for treating uterine fibroids and endometriosis. The combination of a split of the economics, a large cash infusion (no equity/dilution), PFE's global infrastructure and the competitive advantages of relugolix on its own, the forecasts for Myovant are much greater now.

Chakana Copper (CHKKF)

Gerardo Del Real
Resource Stock Digest

***Chakana Copper** (Vancouver: PERU) (CHKKF) is a Canada-based minerals exploration company currently advancing the Soledad copper-gold-silver project near Aija, in the Ancash region of the highly prolific Cordillera Negra mountain range of Peru, notes **Gerardo Del Real**, editor of **Resource Stock Digest**.*

Chakana is led by CEO David Kelley an economic geologist and exploration geochemist with more than 25 years of international exploration experience throughout the Americas, Central Asia and Australasia.

David Kelley was responsible for developing the exploration program at Las Bambas for MMG as the General Manager Exploration – Americas. Prior to this he worked for Oz Minerals, Zinifex, Newmont, WMC, BHP, Westmont Mining and Gold Standard.

Soledad is located approximately 260 km north-northwest of Lima and 35 km south of Barrick's Pierina mine. Soledad has been explored by previous operators that explored it for its porphyry potential.

Unlike prior operators Chakana is taking a unique approach and is focused on testing the breccia pipe potential to determine if they host economic mineralization.

The Soledad Project consists of high-grade gold-copper-silver mineralization hosted in tourmaline breccia pipes. A total of 33,062 meters of drilling has been completed to-date, testing nine (9) of twenty-three (23) confirmed breccia pipes with more than 92 total targets.

Results from the most recent drill program have been spectacular and include 10.7meters of 7.25 g/t Au, 10.2% Cu, and 163.5 g/t Ag (24.99 g/t Au-eq) from 32.4 meters.

I expect higher gold, copper and silver prices in 2021 and Chakana provides excellent exposure to those commodities.

Meanwhile, my two Top Picks from last year — **Midas Gold** (Vancouver: MAX) (MDRPF) and **Hannan Metals** (Vancouver: HAN) (HANNF) — closed the year up 91% and 94%, respectively. Though each performed extraordinarily well, the best days are still ahead for each company.

I expect Hannan to continue to develop multiple targets prospective for copper-silver discoveries and expect those targets to yield significant discoveries for years to come.

Midas Gold meanwhile just refreshed its board of directors at John Paulson & Co. request and the move indicates that Midas Gold is a clear takeout target that is now in play.

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ChampionX (CHX)

Richard Howe
Stock Spin-Off Investing

*Since reporting strong earnings in late October, **ChampionX** (CHX) has been on fire. Luckily, the stock still looks cheap and its chart is a thing of beauty, asserts **Richard Howe**, editor of **Stock Spin-Off Investing**.*

ChampionX was formed when **Ecolab** (ECL) spun off its energy business and subsequently merged it with Apergy, itself a 2018 spin-off of **Dover** (DOV).

The appealing aspect of ChampionX is that the company is profitable throughout the cycle. In its most recent quarter, it generated $98MM of free cash flow ($392MM annualized). Not bad for a company with a $3.4BN market cap.

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 has already achieved $72MM of synergies and recently increased its synergy target from $75MM to $125MM. Assuming 70% of those synergies flow through to free cash flow (FCF), normalized free cash flow should increase to $449.5MM.

Prior to the merger, Apergy traded at 20x free cash flow. I believe the quality of the company has improved since the merger with ChampionX has been completed (ChampionX was more focused on production — more defensive — than Apergy).

But just assuming a 15x multiple on $449.5MM of free cash flow, and the stock will trade at $34, implying ~100% upside.

It’s important to note that the past few years haven’t been great in the energy industry. 2014 was the last boom year and at that time, revenue would have been 42% higher than in 2019.

In this scenario, free cash flow would be even higher and who knows what multiple investors would pay. But you don’t need to assume a “boom” environment to buy the stock. Even assuming status quo, I expect ChampionX to re-rate sharply higher. I see 100% upside in 2021 and beyond.

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Charles Schwab Corporation (SCHW)

Bernie Schaeffer
Schaeffer's Investment Research

***Charles Schwab Corporation** (SCHW) is my favorite bank stock for the coming year, notes **Bernie Schaeffer**, an industry leading expert on sentiment, technicals and options — and editor of **Schaeffer's Investment Research**.*

Charles Schwab completed the acquisition of discount brokerage rival TD Ameritrade on October 6. Yet, it was not until early in November that investors had developed a heightened appreciation for the major potential upside for the company.

As a result of this giant acquisition, as the shares appreciated by about 30% from November 4 into year's end 2020. But it was the nature, rather than the magnitude of this rally, that attracted us to the stock as a potential "break-away" stock for 2021.

Daily Chart of SCHW Since December 2019
With 20-Day and 50-Day Moving Averages

Chart courtesy of TradingView

First, the advance was founded in the very strong business metrics the firm has reported since absorbing TD Ameritrade.

Highlights from the November 2020 activity report (released in mid-December) included 1) net new client assets gained 168% from November 2019, and 2) new brokerage account openings for November surged year-over-year from 127,000 to 430,000.

Second, the granular daily price action underlying this year-end rally was characterized by a very bullish technical pattern, in which all pullbacks were contained at the sharply rising 10-day or 20-day moving averages.

In addition, this rally plowed through the resistance in the $50 area that had characterized SCHW's price action since the fourth quarter of 2018.

With the "new" SCHW now on the threshold of $100 billion in market capitalization, the May 2018 all-time high at $60 is already within sights — with additional upside potential to the $70 area as the year progresses.

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Check Point Software Technologies (CHKP)

Ingrid Hendershot
Hendershot Investments

Check Point Software Technologies *(CHKP) is a pure-play cybersecurity vendor; it's CEO, Gil Shwed, is known as the inventor of the modern firewall, asserts* ***Ingrid Hendershot, editor of Hendershot Investments****.*

With over 73 patents, Check Point's groundbreaking technology remains the gold standard for network security. In 2017, the company introduced Check Point Infinity, the first consolidated security solution across networks, clouds, endpoints and mobile platforms.

With the 2018 acquisition of Dome9, Check Point enhanced its platform by adding security and compliance solutions for multi-cloud deployments.

Check Point Software generated solid growth during the past five years with revenue and EPS compounding at 5% and 10% annual rates, respectively.

Check Point's highly profitable operations consistently deliver net profit margins exceeding 40% and returns on shareholders' equity hovering around 20%. The security subscription portion of the business is very profitable, with 33% of total revenue now coming from security subscriptions.

Check Point Software has a safe and secure balance sheet with no long-term debt. Check Point has operated debt-free for over a decade.

With minimal capital expenditure needs, Check Point Software generates strong free cash flows which have exceeded $1 billion annually over the last three years.

Check Point Software has made providing solutions for COVID-19 related attacks a top priority for fiscal 2021. Since business lockdowns occurred, there has been a significant escalation in cyber threats.

With 81% of enterprises adopting mass remote working and 74% planning to enable remote work permanently, this offers a great opportunity for Check Point. The company is positioned to gain and retain customers which need to deliver secure remote connectivity on a massive scale for their employees.

Check Point Software Technologies checks all of our boxes for a high quality, long-term investment given the firm's innovative leadership, highly profitable growth, secure balance sheet and strong cash flows, while providing essential services for global businesses.

Coca-Cola (KO)

Chris Graja
Argus Research

***Coca-Cola** (KO), based in Atlanta, is a leading producer of soda, juices and juice drinks, and ready-to-drink teas and coffees. Sales in 2019 were $37 billion, notes **Chris Graja**, CFA, of **Argus Research**.*

The company distributes its products in more than 200 countries. Core brands include Coca-Cola, Diet Coke, Sprite, Fanta, Coca-Cola Zero, Vitaminwater, PowerAde, and Minute Maid.

Management has recognized that it needs to diversify revenue away from sugary soda and we expect it to make progress toward this goal.

The company eliminated more than 600 "zombie," or unproductive, products in 2019 and worked to reposition the business through changes in core products, pack sizes and serving sizes, as well as through deals like the recent acquisition of coffee company Costa.

The company's innovation has also improved, and we expect additional progress in making the portfolio of brands less bloated and more profitable.

To be sure, even high-quality consumer companies are not immune to disruption from COVID-19. Coke has seen a significant decline in sales of beverages through restaurants, amusement parks, sporting events and schools.

Volumes at grocery stores have risen, but not enough to make up the difference with so many "away-from-home" locations closed or operating with limited take-out service.

We expect Coke to be a stronger company when the pandemic fades. We expect the combination of more focused marketing and a more profitable brand portfolio to boost earnings and the share price as the away-from-home business rebounds.

KO has now increased its dividend for 58 consecutive years with a quarterly dividend increase to $0.41. Dividend payments totaled $1.56 per share in 2018. In February of 2019, KO raised its quarterly payout by 2.6% to $0.40 per share.

Dividends totaled $1.60 in 2019 and $1.64 in 2020. The dividend yield is about 3.15%. We are maintaining our "buy" rating on Coca-Cola Co. with a price target of $58 per share.

Colgate-Palmolive (CL) and Innovative Industrial (IIPR)

Nate Pile
The Little River Investment Letter

***Nate Pile** is a long-standing expert on small cap growth stocks. However, for those seeking exposure to growth plus income, he launched a new service last summer — **The Little River Investment Guide**.*

Two stocks in our model portfolio that I believe are worthy of "Top Pick" status as 2021 gets underway are a "new era" company, **Innovative Industrial Properties** (IIPR), and one that is definitely "old school" — but doing quite well in the 21st century — **Colgate-Palmolive** (CL).

Innovative Industrial is a REIT based in San Diego, CA, that is focused on the acquisition, ownership, and management of specialized properties leased to state-licensed operators of regulated medical-use cannabis facilities around the country.

Though we are not there yet, I think the handwriting is on the wall that cannabis will eventually be legalized at the federal level, and, while it remains to be seen just how big the overall cannabis industry will eventually become, the size of its real estate footprint is almost certainly only going to grow as time goes by.

I believe Innovative Industrial Properties is extremely well-positioned to cash in on the trend. The stock currently pays a quarterly dividend that works out to $4.96 per year, and IIPR is considered a buy under $185.

At the other end of the "era" spectrum is Colgate-Palmolive, a company that has been around for quite awhile now; indeed, it was founded in 1806!

The company provides all kinds of consumer products (mostly related to health and personal care, as well as pet nutrition) to customers around the world under a variety of brand names that it has either developed or acquired over the years.

Though it is a very old company, it has done a great job of keeping up with both the times and technology, and this is being reflected in the stock price (which is essentially sitting at an all-time high as of the time this is being written).

No, there is nothing glamorous about what the company sells, but it is a solid company paying a nice dividend (current yield is just over 2%) while it helps to keep folks around the world clean and healthy (and their pets well-fed).

To be sure, there is a lot of uncertainty about where the global economy will be heading next, but I believe Colgate-Palmolive will navigate whatever comes along just fine. CL is a buy under $90.

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Crown Castle International (CCI)

John Dobosz
Forbes Dividend Investor

*Not a day passes that I don't scour the market for opportunities in stocks and equity options in search of the best current buys; the stocks I find have safe and generous yields, usually averaging 4.5%, asserts **John Dobosz**, editor of **Forbes Dividend Investor**.*

Houston, Tex.-based **Crown Castle International** (CCI) — currently yielding 3.3% — is a real estate investment trust that specializes in communications infrastructure.

The company provides services to wireless carriers through 40,000 cell towers, 70,000 small cell nodes, and 80,000 miles of fiber. The towers segment accounts for 70% of the company's $5.8 billion in annual revenue.

Funds from operations (FFO), the most relevant performance metric for REITs, are expected to rise 8.8% to $6.08 per share this year, and to grow 10.5% in 2021. FFO grew 5.2% last year.

In the most recent quarterly report on October 21, funds from operations exceeded forecasts while revenue was lighter than expected. Management upped profit guidance for the year ahead, and declared a quarterly dividend of $1.33 per share, a 10.8% hike from $1.20 per share last quarter.

At least one insider is bullish: J. Landis "Lanny" Martin, who sits on Crown Castle's board of directors, gobbled up almost $1.3 million worth of CCI at $161.19 per share. Raymond James recently raised its price target on CCI to $172 per share.

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, notes **John Buckingham, value-oriented money manager and editor of The Prudent Speculator**.*

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

Shares spiked in the first few weeks of November after another expectation-beating quarter but gave back some of those gains when Amazon announced a major foray into the pharmacy business with online prescription fulfillment.

Of course, online is nothing new and **Amazon** (AMZN) still can't deliver controlled medications, while for the time being, it will take 2 to 4 days to get prescriptions, so people needing to start medications immediately following a doctor visit would still most likely go straight to a brick-and – mortar pharmacy.

Further, CVS will be actively involved in COVID-19 vaccinations and will continue to transform the way health care is delivered via its walk-in Minute Clinics.

True, the competitive landscape is challenging, the regulatory environment presents questions, and the opioid litigation is ongoing.

Nevertheless, we continue to like that CVS Health is a free-cash-flow generating behemoth with a diversified business model. Shares trade for a very low 10 times next 12 month's adjusted earnings estimate and yield 3.0%.

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Datadog (DDOG)

Matthew Timpane
Schaeffer's Investment Research

*Software stock **Datadog** (DDOG) recently broke out of a weekly flag pattern after quickly dipping below — and then regaining — its 20-week moving average, notes **Matthew Timpane**, technical expert and editor at **Schaeffer's Investment Research**.*

This trendline was strong support during the broad-market selloff in September and could prove to be a springboard once again in 2021. With year-over-year revenue growth at roughly 62.5% and the company free cash flow positive already, there is reason to believe Datadog stock has room to run.

Digging deeper into a 2021 outlook for Datadog, the company's management team raised guidance by 5% during its third-quarter earnings report, ahead of the release of Wall Street's expectations, which we can likely see as a theme in 2021.

The lowered 2021 growth outlook is largely from expectations that budgets will be conservative for customers' IT spend. Still, as we move out of pandemic mode, we can expect budgets to open up, allowing DDOG to beat earnings expectations and raise guidance consistently.

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A short squeeze could keep the wind at DDOG's back. The stock continued to rise in the face of short interest increasing toward all-time high levels.

A healthy 7.8% of DDOG's total available float is sold short, and at the stock's average pace of trading, it would take more than three days for shorts to buy back their bearish bets. A shift in analyst sentiment is overdue as well. Of the 18 brokerages covering DDOG, 11 maintain a tepid "hold" stance.

Meanwhile, DDOG premium is affordably priced, which could draw more buyers to the table. This is according to the security's SVI of 52%, which sits in the lowest annual percentile, which means options traders are pricing in relatively low volatility expectations at the moment.

Plus, the equity's Schaeffer's Volatility Scorecard (SVS) sits at 84 (out of 100), meaning the stock has greatly exceeded option traders' volatility expectations during the past year.

Defiance Next Gen Connectivity ETF (FIVG)

John Persinos
Investing Daily

Defiance Next Gen Connectivity ETF *(FIVG) seeks to track the total return performance, before fees and expenses, of the Bluestar 5G Communications Index, explains* ***John Persinos****, editorial director at* ***Investing Daily****.*

This ETF uses a passive management approach to track the total return performance of the index. It is the first exchange-traded fund focused on global companies whose products or services address the development of 5G networking and communication technologies.

5G is the fifth-generation technology standard for broadband cellular networks, which cellular phone companies began deploying worldwide in 2019. As its name implies, 5G is the successor to the 4G networks which provide connectivity to most current cellphones.

The companies developing and leveraging 5G wireless are huge money-making opportunities. 5G technology will provide faster and higher capacity transmissions to carry the massive amounts of data that will be generated by the Internet of Things (IoT).

5G will facilitate IoT by allowing several interconnected electronic devices and machines to communicate with each other instantaneously at ultra-fast speeds.

IoT devices exchange information with each other via a central server, without a human being as intermediary. They use sensors to communicate actionable data, such as fuel levels, inventory capacities or room temperatures, through a wired or wireless network to a software application.

FIVG is the best-of-breed benchmark for 5G, providing a pure-play investment into the leaders of this wireless revolution. FIVG takes a multi-cap approach, focusing on growth-oriented firms involved in research, development and commercialization of new infrastructure that supports connective technology.

The fund's biggest holding (6.85% of assets) is chipmaker **Qualcomm** (QCOM). Qualcomm will be one of the biggest beneficiaries of 5G growth. The company owns intellectual property tied to code division multiple access (CDMA), a vital technology that underpins all 4G and 5G standards.

The fund's other top holdings are in the 5G vanguard as well. FIVG's number eight holding is **Verizon** (VZ), at 2.85% of assets. Verizon is pushing forward with improving its telecom business, developing 5G technology and expanding its fiber optics network. The profits you see as an early 5G investor could be exponentially greater than they were for any Internet-era company.

5G's inexorable momentum spells opportunity for the shareholders of the chipmakers, telecoms, systems builders, and device makers that benefit from lightning quick connectivity. These 5G players are well represented in FIVG's portfolio.

Experts estimate that 5G will eventually add $3.5 trillion to the U.S. economy. Smart homes, smart cars, smart offices — the dreams of science fiction are becoming daily reality.

That's what makes 5G-related companies particularly appealing: an investment in 5G is an investment in the future. 5G plays should be resistant to economic ups and downs and headline risk.

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When the pandemic eventually wanes, consumers will be clamoring more than ever for these conveniences in their personal and professional lives. 5G makes work-at-home devices run faster and better. I expect the start of a secular bull market in 2021, fertile ground for FIVG to outperform.

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Deluxe Corporation (DLX)

Taesik Yoon
Forbes Investor

*It should go without saying that a market that continues to grow frothier can eventually turn investors off (as they consider it to be too expensive). But it can also have them looking outside those stocks that have already rallied strongly for better bargains, suggests **Taesik Yoon**, CFA and editor of **Forbes Investor**.*

Value stocks had lagged behind up until the last couple of months. More importantly, should corporate profits overall deliver the kind of recovery now implicit in the market's premium valuation, I believe it's small-cap value stocks that stand to continue benefiting the most in terms of upside.

And as they comprise the majority of the current recommendations in the *Forbes Investor*, I think the same is true for our portfolio as well. This has me optimistic in our ability to outperform in the new year.

Deluxe Corporation (DLX) — with a market cap of $1.22 billion and a dividend yield of 4.1% — has seen its stock greatly underperform in 2020.

The shares are currently trading at a ridiculously low forward P/E of just over 6 times its consensus earnings expectations for 2021 (of $4.69 per share) as a result of it.

And while the provider of checks and other business solutions 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 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.

More importantly, with this order activity likely to have DLX exiting 2020 with a strong backlog of business, I'm optimistic the company's operational outperformance will continue in the new year and finally have its stock moving meaningfully higher.

Ecolab (ECL)

David Coleman
Argus Research

***Ecolab** (ECL) is a leader in water, hygiene, and energy technology and services. The company delivers comprehensive solutions to promote safe food and maintain clean environments, explains **David Coleman**, of **Argus Research**, a leading independent Wall Street research firm.*

The firm's solutions also optimize water and energy use, and improve operational efficiency for customers in the food, healthcare, energy, hospitality, and industrial sectors.

In our view, the company has prospects for above-average revenue and earnings growth over the long term, though current estimates have been revised lower due to economic uncertainty. On the other side of the pandemic, we expect Ecolab's water treatment, sanitation, and healthcare cleaning services to be in strong demand.

The company continues to tweak its portfolio of businesses to optimize growth, and management has divested a lower-margin segment, which should boost profitability in 2021-2022. Ecolab has a clean balance sheet and an impressive history of dividend payments and growth.

The shares are a suitable core holding from the Materials group in a diversified portfolio. Non-fundamental selloffs often represent good buying opportunities for this diversified company.

We think that ECL shares are attractively valued at current prices near $225. Ecolab shares have traded between $124 and $231 over the past 52 weeks and are currently at the high end of the range.

From a technical standpoint, prior to the pandemic, the shares had been in a bullish pattern of higher highs and higher lows that dated from February 2016. Since the pandemic, the positive pattern has re-emerged.

On the fundamentals, the shares are trading at 42-times our 2021 EPS forecast, compared to a five-year annual average range of 20-45. They are also trading at a trailing price/book multiple of 6.8, above the midpoint of the historical range of 3.0-7.5; and at a price/sales multiple of 4.4, at the high end of the historical range of 1.6-4.4.

Our dividend discount model, factoring in the latest dividend hike, renders a fair value near $275 per share. Blending our approaches, and discounting multiples to reflect the current market uncertainty, we maintain our "buy" rating and arrive at a revised price target of $250.

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Enterprise Products Partners (EPD)

Bob Ciura
Sure Retirement

Income investors have long sought out Master Limited Partnerships because of their high yields. Many MLPs yield 5% or more, which is especially attractive in an environment of historically low interest rates, notes ***Bob Ciura, income expert and editor of Sure Retirement****.*

But investors should not simply buy the highest-yielding securities; chasing extreme high-yielders is often a recipe for disaster. Many stocks with abnormally high yields above 10% are in dubious financial position, and some end up cutting their dividends.

The MLP space has seen many companies cutting or suspending their distributions over the course of 2020. But **Enterprise Products Partners** (EPD) has not only maintained its hefty distribution, currently yielding 8.8%, it has increased its distribution for 21 consecutive years.

One big reason for this is due to the company's leading network of assets. Enterprise Products Partners' assets include approximately 50,000 miles of pipelines, 260 million barrels of storage capacity for Natural Gas Liquids (NGL), crude oil, and other refined products; and 14 billion cubic feet of natural gas storage capacity.

Enterprise Products Partners also has a strong balance sheet including a relatively high credit rating of BBB+, which helps keep interest expense lower than many MLPs with weaker credit ratings.

These qualities have helped Enterprise Products Partners hold up well in 2020, even with the coronavirus pandemic. Another factor helping to keep cash flow afloat is the company's significant cost reductions.

In 2021 and 2022, Enterprise Products sees growth capital expenditures of $1.6 billion and $800 million, respectively, compared with $2.9 billion expected to be spent in 2020.

As a result, declines have been manageable this year. Over the first three quarters of 2020 combined, adjusted EBITDA and distributable cash flow declined 1.6% and 4.3%, respectively.

With a distribution coverage ratio of 1.7x in the third quarter, Enterprise Products Partners' distribution appears highly secure, particularly if the U.S. economy recovers in 2021 and beyond.

The combination of DCF growth and distributions will offset an expected decline in the valuation multiple, to produce total returns above 13% per year moving forward.

Erdene Resource Development (ERD)

Brien Lundin
Gold Newsletter

Erdene Resource Development *(Toronto: ERD) (ERDCF) is essentially the one-stop-shop for mineral exploration in Mongolia, notes* ***Brien Lundin****, junior mining expert and editor of* ***Gold Newsletter****.*

With a long and deep history in this mineral-rich country, they'll benefit from the next wave of exploration and development that will happen as this bull market evolves.

Most importantly, they already control one of the world's highest-grade open-pit projects — the Khundii Gold Project, with over 500,000 ounces in measured and indicated resources grading 3.16 g/t gold, plus an additional 100,000 ounces of inferred resources at 3.68 g/t gold — and a clear path to much greater resources.

Erdene could have Khundii in production by the end of this year, after which they'll have about $30 million in annual free cash flow to exploit and expand their many targets and opportunities in the country.

As I mentioned already, the Bayan Khundii deposit, which will host the initial open-pit mining operation for Khundii, boasts a life-of-mine head grade of 3.16 g/t, or more than three times the average grade of the world's open pit mines.

The project has a low capex of just $59 million and an impressive internal rate of return of 42%. Better still, if you want leverage to rising gold prices, this project offers it in spades. At a gold price of $2,000/ounce, that IRR rises to a remarkable 93%.

This is all well and good but, as we all know, many development stories go into a period of little news flow, with what news there is being somewhat boring to investors.

The key here in terms of timing is that Erdene has been conducting a large, 18,000-meter exploration drilling program on nearby and outlying targets on its property licenses, and the results have been consistently returning high-grade hits. We'll continue to get drill results, and potentially market-moving ones, throughout the year as the mine construction progresses.

So, we have the best of both worlds with Erdene — a severely undervalued development story with the kicker of exceptional exploration upside in the near and medium terms.

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Esperion Therapeutics (ESPR)

Jay Silverman
The Medical Technology Stock Letter

After a frustrating 2020, ***Esperion Therapeutics*** *(ESPR) is poised for a strong 2021; the firm's new COO, Sheldon Koenig has the "right stuff," asserts biotech expert* ***Jay Silverman*** *of* ***The Medical Technology Stock Letter****.*

We cannot think of a company that had worse luck. It successfully navigated two cardiovascular drugs, NEXLETOL (bempedoic acid) and NEXLIZET (bempedoic acid and ezetimibe), through the FDA approval process and then saw the launch of the new drugs flounder in the teeth of the COVID-19 pandemic as their sales force was unable to make person-to-person sales calls for most of last year.

The worm appears to have finally turned for Esperion as the recent buyout by **AstraZeneca** (AZN) of **Alexion Pharmaceuticals** (ALXN) has presented the company with a top free agent with significant experience selling three different cardiovascular drugs at **Merck** (MRK), **Sanofi** (SNY), and Portola.

Esperion recently pounced and hired Sheldon Koenig, a proven leader in the cardiovascular market, as Chief Operating Officer.

Koenig is an accomplished leader in the cardiovascular space and brings over 25 years of leadership roles to ESPR having worked at Merck with Zetia (ezetimbe), Sanofi and their PCSK9 inhibitor Praluent, and Portola selling Andrexxa before Alexion. Importantly, Koenig is intimate with ezetimbe, the second drug in ESPR's combo tablet NEXLIZET.

Two other trends are working in the Esperion's favor as we enter 2021. The first is European partner, Daichi Sankyo, has begun to gain traction selling both the drugs in Europe. The primary reason is their sales team has previous relationships with prescribers selling other Daichi Snakyo drugs, enabling them to launch to ESPR's drugs.

The second factor is the expansion of M&A in the biotech-pharma world with ESPR being a prime target with two approved drugs and an underperforming stock price.

There are only so many companies with completely de-risked assets like ESPR with their two FDA approved drugs and full U.S. rights also adds to their economic appeal as the U.S. represents over half of the world's pharmaceutical sales.

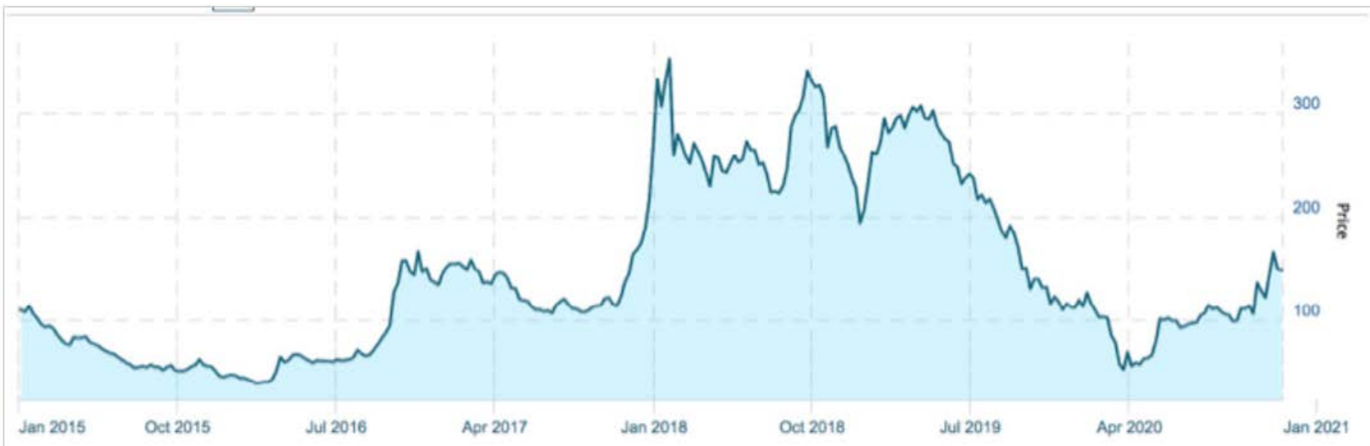
In our view, Esperion Therapeutics has excellent management, and, with their new COO, the company is poised for a strong 2021.

ETFMG Alternative Harvest ETF (MJ)

Chris Preston
Cabot Wealth

*I'm extremely bullish on the entire marijuana sector in 2021. And the best way to gain access to that sector is via the **ETFMG Alternative Harvest ETF** (MJ), asserts **Chris Preston**, editor of **Cabot Wealth**.*

Marijuana stocks peaked way back in January 2018. They then spent the better part of two years nose-diving — the North American Marijuana Index lost roughly 85% of its value during those two years, as this six-year chart shows.



Notice the recovery since the March 2020 bottom? Marijuana stocks have nearly tripled in the last nine months. And while many other growth sectors have risen fast since the February/March 2020 coronavirus market crash, cannabis stocks are advancing faster than most—and yet are still trading at less than half their peak values from three years ago.

Did momentum in the cannabis sector slow down during these last three years? No! Retail sales of medical and recreational cannabis in the U.S. are expected to top $15 billion in 2020 (results not out yet), which would be a 40% improvement from 2019 and a 50% improvement from 2018.

In the next four years, legal marijuana sales in the U.S. are expected to triple. And those estimates came before Arizona, Montana, New Jersey and South Dakota all voted to legalize marijuana in November.

In other words, momentum in the legal marijuana industry never waned in the last three years. Now, it's clearly accelerating. And as the pandemic and accompanying social distancing and lockdowns rage on, people will be consuming more cannabis products in the coming year, not less. All of that bodes well for marijuana stocks.

I could give you one or two cannabis stocks with good charts and call it a day. But why not buy an ETF that tracks the price of all the best marijuana stocks?

With marijuana ETFs, you take on less risk than if you try and pick one or two marijuana stocks. Because the industry is still in its adolescence, individual companies can be unpredictable and, as a result, volatile. If you pick the wrong cannabis stock, it can do damage to your portfolio.

However, by picking a basket of marijuana stocks, at a time when the group as a whole is priced nearly 60% below its peak from three years ago despite the prospect of tripling sales by 2024, you're betting on the

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marijuana sector as a whole, not just one stock.

And the Alternative Harvest ETF — the first marijuana ETF in the U.S., and the largest — gives you the safest, most reliable access to this exploding industry. It's up 59% since the March 2020 bottom, and 27% in the two months since the election — and yet was still down in 2020.

I'm betting it won't be down again in 2021. Having cooled off a bit in the last month on the heels of a major run-up in November, this a great entry point into what I believe will be the hottest industry this year – and beyond.

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Facebook (FB)

Doug Gerlach
Investor Advisory Service

The global COVID-19 pandemic hit businesses hard in 2020, and ***Facebook*** *(FB) was no exception. However, the pandemic has accelerated trends that are set to benefit Facebook in the years ahead, suggests* ***Doug Gerlach****, editor of* ***Investor Advisory Service****.*

Online advertising has grown into a big business. According to the IAB Internet Advertising Revenue Report of May 2020, an industry survey conducted by PricewaterhouseCoopers, internet ad spending in the U.S. was $124.6 billion for the full year 2019, up 16% over 2018.

The lion's share of this new growth has been made possible by mobile, which now accounts for 70% of ad spending. The increasing share of mobile has further benefited social media advertising, which grew 23%, 75% faster than the rate of search, the dominant ad format of **Alphabet** (GOOGL).

Facebook outgrew the social media category in 2019, registering a sales advance of 27%. However, advertisers cut spending significantly in response to lower economic activity in the first half of 2020 and sales grew only 11% in the second quarter.

Third quarter growth has rebounded to 22% as global economies reopened and many brick-and-mortar retailers moved their selling activity online. The company reports it saw broad growth across large vertical sectors including eCommerce, retail, and consumer packaged goods.

The Facebook app has become ubiquitous worldwide. At the end of the third quarter 2020, Facebook had monthly active users of 2.74 billion, a staggering 35% of the world's total population of roughly 7.8 billion. We expect user growth to slow but to remain positive in the years ahead.

The company has also been busy building and integrating Instagram (photo and video sharing), Messenger and WhatsApp (instant online communications), and Oculus (virtual reality) with Facebook.

Integrating these applications is a sound strategy as users can more easily utilize the strengths of each seamlessly while Facebook can provide advertisers with common ad tools to target customers regardless of application.

Facebook has several avenues to increase sales even while user growth slows. There is considerable room to grow Facebook (the application) average revenue per user (ARPU), both domestically and abroad. Facebook's ubiquity supports additional services.

The pandemic has accelerated the growth of e-commerce as a share of U.S. retail sales. Over 200 million businesses are now using the firm's free tools to create virtual storefronts and communicate with their customers.

Shopping on Facebook applications creates the opportunity for higher priced advertising and is a natural way for the firm to introduce a payments product that can generate fee revenue.

Analysts project annual earnings growth of 20%. We are more conservative and forecast 17%. Five years of 17% earnings growth and a high P/E of 33.5 could generate a stock price as high as $644, representing 18.7% annualized returns.

Fanuc (FANUY)

Carl Delfeld
Cabot Global Stocks Explorer

Headquartered in the shadow of Mount Fuji, ***Fanuc*** *(FANUY) is the world's leading manufacturer of computerized numerical control (CNC) devices that are used in machine tools and also serve as the "brains" of industrial robots, explains* ***Carl Delfeld****, editor of* ***Cabot Global Stocks Explorer****.*

Fanuc — whose name is an acronym for Fuji Automatic Numerical Control — has been a world leader in robotics since the early 1970s. It was founded as a wholly owned subsidiary of Fujitsu in 1955 after that electronics giant decided to enter the factory automation business.

Fanuc offers investors a pristine balance sheet with zero debt and a whopping $7 billion in cash. Profit margins are impressive.

Fanuc should benefit from robust demand from developed markets as well as China as its manufacturing wages continue to increase and manufacturers look to robots to increase productivity. In addition, the Japanese market is in a strong uptrend going into 2021.

Industrial robot manufacturer Shanghai-Fanuc Robotics Co. Ltd. has a plant in Shanghai's Baoshan district. Fanuc claims to be the only company that uses robots to make robots. Demand for its industrial robots is strong even in emerging markets such as China due to higher labor and manufacturing costs.

Much of the company's sales are channeled through GE Fanuc, a 50-50 automated machinery joint venture with **General Electric** (GE). Fanuc does most of its manufacturing in Japan. Fanuc is building a new factory near Tokyo to double its domestic output capacity of machine tools to produce parts of smartphones.

As for Fanuc's stock, it's also in a nice uptrend. With its conservative management, quality balance sheet, and penchant for maintaining high margin and quality products makes it a fine conservative core holding.

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First Energy (FE)

Roger Conrad
Conrad's Utility Investor

*Regulation is the straw in my Quality Grade system that most often stirs the drink. And when the result is an increasingly volatile mixture, it's usually best for investors to stand clear, asserts utility sector expert **Roger Conrad**, editor of **Conrad's Utility Investor**.*

In the case of **FirstEnergy** (FE), however, investor worries stemming from an Ohio bribery scandal have run well ahead of actual developments.

Now selling for less than 11 times next 12 months earnings, the stock reflects a highly unlikely worst case on the political front, and utterly ignores the utility's still solid economic underpinnings.

Earlier this year, FirstEnergy paid a steep price of $1.1 billion cash and $2 billion in lost claims to enable former power generation unit **Energy Harbor** (ENGH) to exit its two-year bankruptcy. But it was the last legal hurdle to being a pure play regulated transmission and distribution utility, on track for 5 to 7 percent annual earnings growth from rate based investment.

FirstEnergy's Q3 results showcased its resilient business model, with operating earnings per share surging 10.5 percent and management affirming full-year guidance of $2.40 to $2.60. The company also met operating cost targets and affirmed its policy of low single digit annual dividend increases.

The bear case is this strength will melt under increased scrutiny from Ohio regulators following the resignation of the Chairman of the Public Utilities Commission, including a possible end to revenue decoupling that's shielding earnings from the pandemic's worst effects. And the uncertainty led all three major credit raters to cut FirstEnergy to junk status.

What raters' drastic moves haven't done is meaningfully increase the company's cost of debt capital, as 30-year bonds still yield only around 3.5 percent to maturity. One reason: Ohio is only 25 percent of distribution operations' rate base, roughly the same as Pennsylvania.

That means it contributes only about 16 percent of total earnings power, since federally regulated transmission makes up a third. And the Buckeye state's pull diminishes going forward, with transmission rate base growth projected at 10 percent versus 4 percent for distribution.

Bottom line: FirstEnergy can weather a toxic relationship with Ohio a lot longer than the state. That makes compromise far more likely than any company-breaking punishment. FirstEnergy is a buy under $32.

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Ford Motor Company (F)

Jim Powell
Global Changes & Opportunities Report

*One way to help protect your investments from a potential roller coaster ride in 2021, is to focus on high quality companies that have already taken a tumble and are working their way back up, asserts growth and value expert **Jim Powell**, editor of **Global Changes & Opportunities Report**.*

One such fallen angel is **Ford Motor Company** (F); the automaker is continuing to lay the groundwork for what I think will be a history-making industrial remake — and a long-term recovery.

Except for the Mustang and the Bronco, the company's iconic — but not very profitable — passenger cars are gone. In their place is the Ford line of trucks including the F-250 — the best selling model in the world. An electric F-250 is also on the way.

By the end of the year Ford will also introduce the Mustang Mach-E, an all electric car that will compete with the Tesla Model Y. From the leaked data that I've seen of the Mach-E, it should be very popular.

Also by the end of the year, Ford will launch an updated line of its iconic Bronco SUVs that will compete with Jeeps made by Fiat Chrysler.

At the same time, Ford is forming strategic alliances with **Volkswagen** (VWAGY), **Rivan** (an IPO coming this year) and Mahindra (an India-based firm with a global reach) to make a variety of electric vehicles for international markets.

The appeal of Ford is its transition from making traditional fossil fuel cars and trucks to producing all-electric and hybrid vehicles designed for today's needs — and those of the future. The stock is already on the move, but a great deal more gains should be on the way.

Fulgent Genetics (FLGT)

Matthew Timpane
Schaeffer's Investment Research

*California-based medical device maker **Fulgent Genetics** (FLGT) specializes in clinical diagnostic genetic sequencing, and was at the forefront of the coronavirus pandemic thanks to its RT-PCR COVID-19 test, notes **Matthew Timpane**, technical expert and editor at **Schaeffer's Investment Research**.*

While hopefully the pandemic is firmly put in the rearview mirror for 2021, FLGT should still be on your radar as your prep your investing strategy for the next year and beyond.

After spending the last four months in a consolidating pattern, Fulgent Genetics stock looks ready to break out from an ascending triangle to fresh all-time highs.

FLGT's recent pullbacks were contained by its 40-day moving average, while breathers back to the 20-week moving average also presented numerous buying opportunities throughout 2020.

Yes, the equity ended the year up a sizable 301%, but the company's conservative balance sheet still makes it undervalued compared to its peers in the medical device industry.

Weekly Chart of **FLGT** since January 2020 with **40-Week** Moving Average

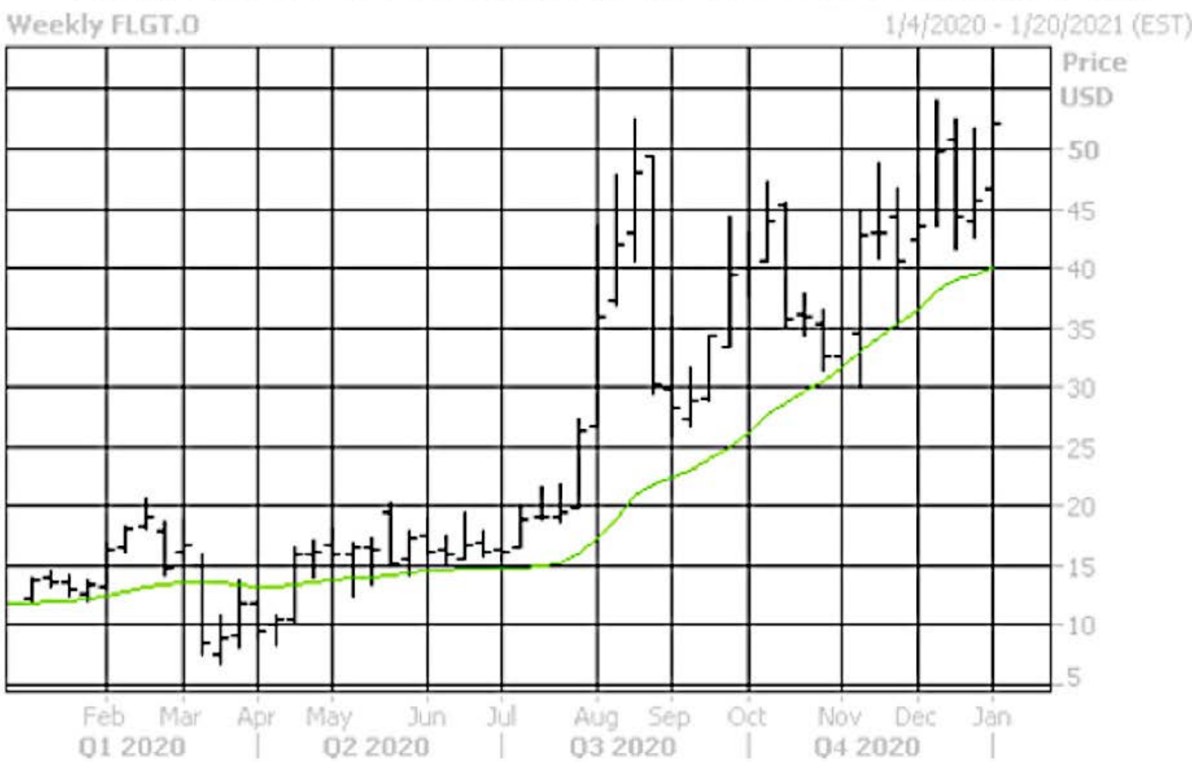

Chart courtesy of Thomson Reuters Eikon

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Tailwinds on the charts could come from an exodus of short-sellers. Short interest is down 12.3% in the most recent reporting period, rolling over from all-time high levels.

However, a healthy 23.1% of FLGT's total available float is still sold short, an ample amount of buying power that could hit the market and fuel an unwind.

There's a lot more to unpack regarding FLGT and COVID-19 testing. Many analysts regard Fulgent's kits as temporary with multiple vaccines on the way.

Yet even amid an efficient vaccine rollout – and we're a ways from that – COVID-19 testing will likely remain a key component of healthcare for the next few years. It might be sobering to come, but pandemics are rarely neatly eradicated within a year.

Fulgent is well-equipped to handle the volume though. It's expected to outpace rival **Co-Diagnostics** (CODX) by up to 30% in total revenues in 2020, and was able to scale its test and up the headcount growth, while still inching margins up by 8%. These are encouraging numbers that could directly impact FLGT's trajectory on the charts.

Beyond COVID-19, genetic testing is here to stay. Fulgent's core genetics testing division grew by 52%, far exceeding sector peers **InVitae** (NVTA), **Illumina** (ILMN), and **Natera** (NTRA).

This means that even if the coronavirus pandemic becomes quickly under control, FLGT can still hang its hat on core genetic testing.

Fulgent offers 18,000 genetic tests — thousands more than the competition — and considering medical panels collectively screen for around 5,700 genetic conditions; it's not unreasonable to suggest FLGT stock could benefit if the company continues to cement its position at the forefront of genetics testing.

General Electric (GE)

Jim Powell
Global Changes & Opportunities Report

I think 2021 will be much more challenging for investors than 2020. Not only do we have the aftermath of the Covid-19 epidemic and its costly lockdowns to deal with, our deeply divided society and gridlocked government are likely to continue, cautions ***Jim Powell****, editor of* ***Global Changes & Opportunities Report****.*

One blue chip fallen angel that I believe will perform very well in 2021 is **General Electric** (GE) — which also was my top choice last year. The stock is up 48.5% since my recommendation in 2019 and I think GE will continue to do well in 2021.

GE's CEO, Larry Culp, continues to eliminate underperforming operations and redirect the company's resources towards those that are working. All four of GE's industrial businesses are doing well and should continue to do so in 2021.

Aviation (primarily GE's powerful and efficient jet engines) should do especially well as people throughout the developed world start to travel again. GE Power should also have a good year as the global economy begins to recover 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. GE Health Care is unlikely to see the strong bounce that I expect for the company's other operations – but another year of steady growth will generate more cash and profits.

On October 28, 2020 GE surprised investors with a rebound in profits and cash flow. The company's turnaround plan is clearly working. GE's recovery will not happen quickly and probably not smoothly.

However, I feel strongly that long-term investors who take positions in GE at today's price will be very happy they did. It won't be the first time that this 126-year-old company stumbled badly and then worked its way back up.

Gilead Sciences (GILD)

Keith Fitz-Gerald
One Bar Ahead

Gilead Sciences *(GILD) is under severe pressure and many investors don't think it'll ever come back which is almost always an excellent contrarian buying signal, explains* ***Keith Fitz-Gerald*** *— principal of the Fitz-Gerald Group and editor of* ***One Bar Ahead****, a digital magazine exclusively for individual investors and traders.*

The company popped nearly a year ago last March when Covid-19 broke and, in doing so, set a new 52-week high of $85.97 based on investor expectations associated with Remdesivir. Since then, Gilead's been scrapping along at bottom of the barrel prices.

I think the stock could easily return to $85 a share within the next 12-24 months and top $100+ for a double in 36 months. Like so many stocks I am evaluating at the moment, this company has a lot going for it that the markets do not recognize immediately but will.

Gilead is what I call a "virus+" investment. Consider:

• Gilead has a massive oncology portfolio including Yescarta and Tecartus which may produce $2+ billion in sales with additional treatments and approvals on tap in 2021. That's in addition to what could be a $10 billion oncology portfolio a decade from now if company data proves out like I think it will.

• The company's HIV treatment is the industry's leading choice and, despite a Federal HHS lawsuit, a significant revenue driver with sales of $20+ billion.

• Gilead spent $27 billion acquiring five significant choices in 2020 including Forty Seven, Pionyr Immunotherapeutics, Tizona Therapeutics, Immunomedics and Myr GmbH that should provide a powerful launching point for entirely new drug channels.

• All of this comes at a time when Gilead's scientists are learning a lot from the Covid-19 fight that can potentially be applied to the company's entire portfolio.

• Yield is a healthy 4.79% as of this writing and an appealing choice for income starved investors at a time when rates will remain low for the foreseeable future.

• The PEG ratio is a very appealing 0.42 which suggests extraordinary value for expected growth.

Action to Take: Gilead could fall further if investors stay focused on Covid-19 vaccines but that's a tremendous opening in the scheme of things to my way of thinking. Cancer isn't going away any time soon. Anything under $60 is a serious bargain in the offering with the right perspective and time frame.

Options-savvy investors seeking an even more aggressive opening could consider selling cash secured puts as an alternative in the $50 – $55 range. *(Disclosures: Keith owns, and trades shares of Gilead as do members of his family.)*

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Grayscale Bitcoin Trust (GBTC)

Mark Skousen
Forecasts & Strategies

Grayscale Bitcoin Trust *(GBTC) is a great speculative stock that invests in Bitcoin and other cryptocurrencies, explains* ***Mark Skousen****, growth stock expert and editor of* ***Forecasts & Strategies****.*

Based in New York, Grayscale is the world's largest digital currency manager. It offers exposure to Bitcoin, Bitcoin Cash, Ethereum, Ethereum Classic, Horizen, Litecoin, Stellar Lumens, XRP and Zcash.

Bitcoin and other digital currencies are viewed as an alternative to gold as an inflation and crisis hedge. Consumer are still not using Bitcoin for retail purchases, largely due to its volatility.

But that could change now that two huge consumer-payment companies, **PayPal** (PYPL) and **Square** (SQ), have added it to its payment system. Bitcoin has also drawn institutional interest because of its technological innovation.

JPMorgan (JPM) recently stated, "We have always believed in the potential of blockchain technology and support cryptocurrencies as long as they are properly controlled and regulated."

Blockchain is an integral part of the digital currency world. It has great promise in data storage and has particular application to record keeping in financial markets, real estate (eliminating the need for title insurance) and even politics (eliminating voting fraud).

The famed commodity trader Paul Tutor Jones, Wall Street legend Bill Miller and hedge fund billionaire Stan Druckenmiller are fans. The stock was up sharply last year, and is undoubtedly selling at a premium, so expect lots of volatility along the way.

Harley Davidson (HOG)

Jim Osman
Special Situations Lite

*Last October, the new CEO at **Harley Davidson** (HOG) — Mr. Jochem Zeitz (who took office last February, 2020) — disclosed the firm's strategic plan to exit from unprofitable markets between 2021 and 2025; the stock rallied 22% that day, notes **Jim Osman**, founder of The Edge Consulting Group and editor of **Special Situations Lite**.*

Harley Davidson is poised for a successful turnaround; it has already exited from 39 low volume and low profitability markets — while focusing on the remaining 36 high potential markets.

The firm is targeting sustained profitability. That means improved pricing (eliminate discounting) of the HOG motorcycles, a sharpening focus on the most profitable Stock Keeping units (SKU's) and reducing inventory levels.

We believe this re-positioning (named The Rewire and The Hardwire) has potential to generate around $800 million to $1 billion of free cash flow (FCF) yearly starting from FY21E.

This cash flow will help reduce HOG's high net debt load of $6.0 billion (at 7x at FY21E EBITDA) towards comfortable levels of $ 3billion to $4 billion in next 2 to 3 years.

In addition, the management is exploring a partial sale or spinoff opportunity for its eBicycles business while entirely focusing on Motorcycles business. We see this as a positive move which has the potential to raise capital for HOG for its debt repayment.

Potential Upside: The Edge view is that HOG's brand heritage and quality will play an important role in this transformation. Having said this, we remain positive on HOG's transformation efforts and suggest investors to get involved as we have a bull case with potential upside of 32.5% from current levels.

Medium-Term View (2 to 3 years): We believe HOG can revisit $60 levels as seen in 2017. For that, HOG needs to considerably reduce its net leverage below 3.0x (below net debt of $3 billion) from current 7.0x (at a net debt of $6 billion).

The internal cash flow accretion ($800 million to $1 billion FCF from FY21E) as well as potential sell or spinoff of its eBicycles business will help HOG stock price to regain its past glory.

The Home Depot (HD)

Ben Reynolds
Sure Passive Income

Home Depot *(HD) 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 $289 billion, notes* ***Ben Reynolds****, editor of* ***Sure Passive Income****.*

Home Depot's impressive growth history is evidence of a durable competitive advantage. The company has size and scale in its industry. It can pressure suppliers for the best prices and give customers reasonable prices.

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.

In fact, Home Depot saw revenues surge 23.2% in its most recent quarter versus the same quarter last year. Earnings-per-share grew 25.7% over the same time period. The company also saw incredible digital growth of approximately 80% last quarter versus the same quarter a year ago.

Overall, we expect Home Depot to compound its earnings-per-share at around 9% annually moving forward. This is actually well below annualized adjusted earnings-per-share growth of 17.7% from fiscal 2015 through 2019. Our earnings-per-share growth estimate could easily prove to be too conservative.

Home Depot stock currently offers investors a 2.2% dividend yield. While this yield isn't high, it is extremely likely to grow over time. Home Depot has a payout ratio of just 51% using our expected adjusted earnings-per-share of $11.70 for fiscal 2020. Additionally, the company has increased its dividend for 11 consecutive years.

We believe Home Depot to be a long-term buy and hold for investors looking for rising passive income over time. The company's 11-year dividend increase streak coupled with its reasonable payout ratio and strong growth performance — even during a difficult period — is compelling evidence that the dividend will rise considerably over time.

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IAC/InterActiveCorp (IAC)

Jim Osman
Spin-Off Report Lite

*Leveraging again on in its legacy of producing successful spinoffs from its coterie, **IAC/ InterActiveCorp** (IAC) announced yet another spinoff of its full stake Youtube rival — video software company, Vimeo, explains **Jim Osman**, founder of The Edge Consulting Group and editor of **Spin-Off Report Lite**.*

IAC announced the Board's spinoff plans on Dec 22, 2020. Now, IAC plans to hold a stockholder meeting in Q1 2021 for approval of the spinoff, which, if approved, is expected to be effected in Q2 2021.

This would be the 11th spinoff to be emerging from IAC and its predecessor and it would be a tax-free all share distribution. The transaction would majorly be a reclassification of IAC shares, with IAC stockholders receiving a proportionate amount of Vimeo stock.

IAC is known for implementing successful spins from its kitty, with its latest split — **Match Group Inc.** (MTCH) gaining around 41% since its separation from IAC on July 1st, 2020 — with both IAC and MTCH outperforming the broader S&P500 index by ~55% and ~21%, respectively since separation.

The major benefit seen from the separation is a creation of a "Pure Play" video software company, primed to benefit from the increased appetite for daily online video consumption, which was amplified with majority of world's population locked inside their home due to worldwide Covid-19 induced lockdown.

A surge in demand in 2020 driven by the COVID pandemic, had led to Vimeo registering 1.5m paying subscribers, including more than 3,500 enterprise customers including Amazon, Starbucks, Deloitte, Rite Aid and Siemens.

According to IAC's Q3 2020 earnings announcement, Vimeo was profitable in Q3 and grew overall revenue 44% YoY. For 9M 2020, Vimeo revenues were $199.4m, up 41% YoY.

Separation provides Vimeo with access to raise capital more effectively with an aim to invest further in products, technologies, enterprise sales and international expansion and allow it to pursue strategically value enhancing acquisitions. Further details will be made available in upcoming filings.

We see IAC would continue on its path of successfully and profitably Spinning off further assets such as its majority stake in **ANGI Home Services, Inc.** (ANGI) and wholly owned businesses like Dotdash, Turo, and others, further making IAC an attractive investment avenue.

Furthermore, the doubling of an insider position in August 2020 by Director Michael Eisner, has yielded him a return of more than 51% since his addition, which assures of increased confidence the upper echelon holds in the company.

Potential Upside: IAC continues to unwind its conglomerate discount and we favor this as a longer-term hold and a staple in anyone's portfolio with multiple value creation down the line in terms of spinoffs.

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Innovative Industrial Properties (IIPR)

Timothy Lutts
Cabot Marijuana Investor

*Based on the recent action of the red-hot cannabis sector, it's easy to conclude that there are no bargains in marijuana stocks today, asserts **Timothy Lutts**, cannabis sector specialist and editor of **Cabot Marijuana Investor**.*

The North American Marijuana Index is up 305% from its March, 2020 low, while the average stock in my portfolio is up more than 400%. Of course, that was a deep pit they had to climb out of, but even relative to January of last year, these stocks have been strong.

Even if they're not cheap, however, there are still stocks that are not overbought, and that have great potential to grow as this dynamic young sector evolves, and one of them is my choice for 2021.

Innovative Industrial Properties (IIPR) is the leading landlord for the medical marijuana industry in the U.S., with 64 properties in 16 states, totaling 5.2 million square feet, that are 99.3% leased using triple-net leases.

Operating as a real estate investment trust (REIT), the company enables its tenants to use their capital to grow, and then distributes at least 90% of its taxable income to shareholders through quarterly dividends.

Today, that amounts to an annual yield of 2.7%. But we're not in it for the yield, though that does provide some stability to the stock. We're in it for the growth.

In fact, I've had the stock in my portfolio in Cabot Marijuana Investor since late 2017 and we've seen good gains by the stock every year. A couple of smaller competitors emerged, but Innovative is still king of the hill.

*(Editor's note: Last year, Timothy Lutts chose **Turning Point Brands** (TPB) as his top pick and the shares rose 56% in 2020. The advisor now says, "I still have it. I have not sold a bit."*

iShares Silver (SLV) and SPDR Gold (GLD)

Mary Anne and Pamela Aden
The Aden Forecasts

As we embark on a new year, let's hope it'll be better than last year. We think it will. Even though debt has been soaring and interest rates are near zero, easy money has continued to flow, explains Mary Anne and Pamela Aden, editors of the industry-leading advisory, The Aden Forecast.

This has been an ideal environment for gold, silver and the gold universe, especially combined with a weaker U.S. dollar and its status as a safe haven.

That was certainly the case in 2020. Silver was the top performer surging 48%, while gold rose 25% and the two gold share ETFs we recommended last year — **VanEck Vectors Gold Miners** (GDX) and **VanEck Vectors Junior Gold Miners** (GDXJ) — gained 23% and 28%, respectively.

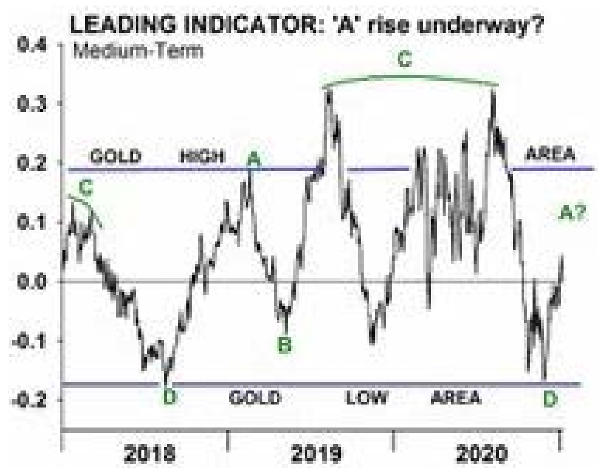
And it looks like this year will be similar, if not better. The major trends for the metals sector remain up. The same applies to the natural resource sector.

They're set to rise much further and, the fundamental reasons backing this up remain solid. This is also being reinforced by the new Administration which will likely continue these easy money policies to help boost the economy.

That's why our top picks for the year ahead are gold and silver and our top picks for the coming year are **Gold Trust SPDR** (GLD) and **Silver Trust iShares** (SLV).

We also continue to recommend the gold miners ETFs — GDX and GDXJ. These ETFs should all outperform the other markets as these major trends continue on their upward path.

Gold, silver and gold shares have been rising since end-November. Gold jumped up to its mid-September highs, and it looks like an A rise has started; see the chart below.



Note the indicator is rising from the lows, and if gold can now stay above $1880, it could rise to possibly test the August highs.

Keep in mind, A rises tend to be moderate, so if a new record high is reached in this move, gold will be exceptionally strong!

Under a normal situation, it's unlikely to reach a new high this time around. Silver seems to be leading if it stays above $25.50. It too could test the highs near $30. Gold and silver shares are doing well, especially the silver shares.

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Ivanhoe Mines (IVN)

Omar Ayales
Gold Charts R Us

***Ivanhoe Mines** (Toronto: IVN) (OTC: IVPAF) is a Canadian company with solid management and developing operations in Central Africa, explains resources sector specialist **Omar Ayales**, editor of **Gold Charts R Us**.*

The company's Kamoa-Kakula Project is nearly complete and scheduled to commence operations during the third quarter of 2021. Once it becomes fully operational, it will be one of the largest copper mines in the world.

2020 will go down in history for many things, most notably the panic Covid-19 unleashed, pushing governments to lockdown economies and keep people at home to protect against the unknown.

Borders were shut and global commerce came to a grinding halt. Entire industries were at the brink of disappearing, many businesses didn't make it. The ones that did had to adapt to new realities and safety requirements.

For many of those, it wasn't without help from government. The Federal Reserve and the U.S. government (and most parts of the world) have been supporting business, by keeping easy policies that are giving investors' confidence. It's setting the stage for a stronger recovery (no doubt at the expense of the U.S. dollar).

Recent development regarding the approval and distribution of vaccines with high efficiency could help people build up their confidence and overcome their fear of the virus.

Speculation of the upside potential is pushing the major stock averages up; the Dow Industrial and the Transportation averages recently triggered a bullish Dow Theory re-confirmation. Most other indices are at or near all-time highs! Confidence in the resilience of business in the U.S. is high.

Moreover, there's an expectation that total demand for goods and services will unavoidably return to pre-pandemic levels — and as the economic recovery picks up steam, so will demand for copper (and resources).

Copper already rose to new multi-year highs recently. The breakout is very bullish confirming a secular bull market. A rise to the all-time highs near $4.50 is now likely.

Consider increasing exposure to copper thru Ivanhoe Mines. I also have exposure thru **EMX Royalty** (EMX), **BHP Group** (BHP) and others with great upside potential.

Meanwhile, my Top Pick recommendation for last year was **Silvercorp Metals** (SVM), a company that reached a high during the August peak in the gold universe allowing 50% returns. Since profit taking and a pull back, we've bought back the position and remain bullish. SVM was up 20% in 2020.

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Preferred Coin Exchange

Own The Story

Privacy

- The rare coin market is self regulated, allowing transactions to remain completley private
- With increased cyber-security threats on financial accounts investors are placing a premium on privacy
- Collectible coins are being used as an insurance policy outside of the banking system in case of an emergency

Portability

- Building world class rare coin sets that are portable if you need to leave your home in an emergency
- Many of our clients are condensing their massive collections down to just a handful of high performing coins
- Other assets and collectibles can require significant maintenance or storage costs that eat into net profits

The Best Kept Secret in Collectible Coins

Enter the Panda...

Ivanhoe Mines (IVN)

Frank Holmes
U.S. Global Investor’s Frank Talk

*For years now, **Ivanhoe Mines** (Toronto: IVN) has been one of my favorite natural resource stocks, and it’s my top pick for 2021, explains **Frank Holme**s, CEO or U.S. Global Investors and editor of **Frank Talk**.*

The company traded up a little over 61% last year as investors anticipated the start of production at its tier-one Kamora-Kakula Copper Project in the Democratic Republic of the Congo (DRC).

The project has the potential to become the world’s second-largest copper mining complex, with annual output projected to be 800,000 metric tonnes a year.

We’re now only six months away from scheduled initial production at Kakula, but already Ivanhoe has begun underground development. The company reported stockpiling some 269,000 tonnes of high-grade copper ore.

It’s impossible to overstate how exciting the news is. As many of you know, a new mine of this scale and quality doesn’t come online too often these days.

The copper grade at Kakula is ultra-high at 6.6 percent over the first five years of production, a grade “that is an order of magnitude higher than the majority of the world’s other major copper mines,” according to Ivanhoe founder and co-chairman Robert Friedland.

Sure to please ESG investors, operations at the complex will be powered by clean, renewable hydropower, allowing the company to achieve its goal of becoming the world’s “greenest” copper miner.

Production at the mine will continue to ramp up in phases until full processing capacity is reached sometime between 2028 and 2030.

This makes Ivanhoe a true long-term play on copper, a metal that should only increase in importance as the “electrification of everything” trend accelerates. With Kakula set to begin production, I believe Ivanhoe is very well-positioned to ride the wave higher.

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JetBlue Airlines (JBLU)

Bruce Kaser
Cabot Undervalued Stocks Advisor

Started in 1999 at New York's JFK Airport, ***JetBlue Airlines*** *(JBLU) is a low-cost airline, and a speculative favorite for the coming year, explains* ***Bruce Kaser****, editor of* ***Cabot Undervalued Stocks Advisor****.*

The company has grown to now serve nearly 100 destinations in the United States, the Caribbean and Latin America. It is only about a third the size of **Southwest Airlines** (LUV) and about a fifth the size of legacy carriers like **United Airlines** (UAL), **American Airlines** (AAL) and **Delta Air Lines** (DAL).

JetBlue's low fares and high customer service ratings have built strong brand loyalty. Low costs, including its point-to-point route structure, have helped JetBlue produce high margins, particularly relative to the legacy carriers. Its TrueBlue mileage awards program, which sells miles to credit card issuers, is a recurring source of profits.

While the pandemic has sent the airline industry into a near-term depression, we believe consumers (and eventually business travelers) will return to flying.

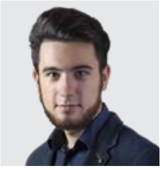
Good news on Covid vaccines, the continued economic recovery, and pent-up demand are already starting to bring back passengers. To help reduce its $6 million/day cash burn, JetBlue is aggressively cutting its costs and benefitting from significantly lower fuel prices compared to a year ago.

Its cash balance of $3.6 billion, bolstered by a recent equity raise, gives JetBlue plenty of time to recover. The company's $4.8 billion in debt is elevated but reasonable.

While JBLU shares carry higher risks, their discounted valuation of 13.7x estimated (post-pandemic) 2022 earnings and the strong potential for a post-pandemic travel recovery make this discount airliner's shares attractive.

JPMorgan (JPM)

Nikolaos Sismanis
13F Smart Money



***JPMorgan** (JPM) is a top pick for 2021. 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, and we believe that this will continue to be the case, suggests **Nikolaos Sismanis**, editor of **13F Smart Money**.*

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.

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 "modern" players. For context, over the past four quarters, JPM has processed $1.5 trillion in gross transaction volume.

Despite having an AAA balance sheet and exposure to growth, though its fintech segment mentioned, for example, the stock is currently trading a relatively attractive valuation.

Based on analyst expectations, shares are trading at a forward P/E of 13.5. In our view, this multiple is remarkably attractive for such a quality company as JPM, which in addition, offers best-in-class capital returns.

JPMorgan features a 5-year DPS (dividend-per-share) CAGR (compound annual growth rate) of 16.17%, while management has bought back and retired around 21% of its stock over the past decade.

We believe that JPM's aggressive capital returns should only sustain shares high, but even encourage a valuation expansion, as investors rush to capture its future gains.

Earlier in the year, the Fed had limited banks' buybacks in order to ensure that adequate liquidity is maintained. The Fed's stress tests that were being conducted over the past few weeks came out encouraging, lifting most of its previously imposed restrictions.

The minute after the Fed's announcement was released JPM published a new monster buyback program of $30 billion, which represents nearly 8% of its current market cap.

Not only should this boost the company's EPS massively over the next couple of years, but such a bold figure further highlights JPM's financial resiliency and healthy balance sheet.

JPMorgan is not only a top pick of ours moving into 2021. World-class hedge fund Knighthead Capital, for instance, holds the stock as its 4th largest holding amongst its $5.6 billion of discretionary assets under management.

K92 Mining (KNT)

Ralph Aldis
U.S. Global Investor

After a drought in mergers and acquisitions (M&A) in metals and mining, I think we're likely to see some dealmaking in 2021 and 2022, states ***Ralph Aldis****, portfolio manager and resources sector expert at* ***U.S.Global Investors****.*

The senior mining companies have talked a good game and done a lot of bluffing in saying they don't need anybody else. But didn't **Agnico-Eagle** (AEM) just blink? And now **TMAC Resources** (Toronto: TMR) is gone? The hunt is on.

I think the juniors that have active mining operations could be among the first assets to be considered for purchase. My whole valuation system is based on the resource statements, and often when I update my models, it's fewer tonnes and lower grade.

You can see the resource statements deteriorating year after year at many of the established companies. Occasionally, you'll get some better numbers, but that's how you can tell if a company is doing really good research and development, if that resource statement is showing improvement year after year.

Using resource statements to value companies is more of a real option replicating portfolio approach. Similar assets trade alike.

There may be risks adjustments: for example, a mine loses its social license, or a company may trade at a premium due to management skill, but you know what the underlying asset is worth.

One name that I think still has a lot of unrecognized value is **K92 Mining Inc.** (Toronto: KNT). Yes, the stock did well last year, but I can still see at least probably another 60% to 70% gain to reach fair market value based on current resources. I think K92 is going to be one of the world-class ore bodies.

Its management team is one you can trust. John Lewins, the CEO, goes to the site every month and spends weeks there. He's not some detached guy in Vancouver living a lifestyle. I think K92 still has a lot left in it.

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

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Kirkland Lake Gold (KL)

Doug Gerlach
SmallCap Informer

*In times of economic struggle and social upheaval, investors often become more interested in precious metals, especially gold, suggests **Doug Gerlach**, editor of **SmallCap Informer**.*

Long-term, growth-oriented investors often don't pay much attention to gold-related investments since it can be hard to understand the cyclical nature of the industry and how it relates to global economies.

With a level of turmoil that never seems to end both here in the U.S. and abroad, it's a good time for investors to consider adding some exposure to gold. Gold miners with the ability to make a profit fairly consistently are rare to come by, but our top pick in this area is **Kirkland Lake Gold Ltd.** (KL).

Kirkland Lake Gold is located in Canada and currently operating three mines, one in Victoria, Australia, and two in Ontario, Canada.

Since 2010, revenues at Kirkland Lake Gold have risen an average of 32.4% a year, while EPS growth has averaged 57.9% annually. From 2016 to 2019, Kirkland Lake Gold's production more than tripled from 313.7 Kozs to 974.6 thousand Kozs, while their all-in sustaining costs (AISC) per ounce fell from $930 to $564.

Strong production growth and low unit costs are the formula for long-term success. For the full-year 2020, Kirkland Lake Gold expects AISC/ounce sold to be $790 – $810 and total production to be 1,350-1400 Kozs.

We project revenues to grow at 12.0% a year through 2024, with EPS gaining a bit more through margin expansion and growing 14.0% annually. This is roughly in line with analysts' expectations for the next two fiscal years.

In fiscal 2019, Kirkland Lake Gold saw pre-tax profits reach a decade-high 57.8%, considerably better than most of its peers. The company had cash on hand as of June 30, 2020, of $537.4 million with no debt, again superior to many gold mining companies. The company's dividend has been regularly increased since it was initiated in 2017.

Kirkland Lake Gold's stock currently trades just below its adjusted average P/E of 14.7. If the P/E reaches 20.1, the average high P/E of the last four years, the stock could reach $110. Including a dividend, currently yielding 1.8%, the stock could deliver an annualized 21.9% return through the next five years.

Kirkland Lake Gold (KL)

Vivian Lewis
Global Investing

*One stock I would consider a "best idea" for the coming year is also a way to beat inflation with gold. My pick is **Kirkland Lake Gold** (KL), a Canadian mid-cap trading on the New York exchange, suggests international investing expert **Vivian Lewis**, editor of **Global Investing**.*

The company just signed a strategic alliance with the largest gold major, **Newmont Goldcorp** (NEM) — itself formed by a recent merger with Barrick — to work together to resume mining for the yellow metal at the open pit Holt Mine which Kirkland resumed excavating early in 2019 under a new royalty agreement.

Kirkland Lake then suspended its work in July 2020 over Covid-19 risks to miners, which clobbered its stock. The duo will also work on reviving Newmont properties near Timmins, Ontario.

The main reason I am buying KL, which trades under that some ticker on both the NYSE and in Toronto, is that it recently upped its quarterly dividend to 18.75 US cents from 12.5¢ (50%) — something it would not have done without some good reason, like finding more gold in these very old Canadian mines.

The money was raised by KL selling shares of *Novo Resources Corp.* and warrants on its own shares early in December. The warrants, not registered or sold to US shareholders, allow the holders to buy new KL shares at $2.80 per share in 2021, giving the miner proceeds of $71 million — which will fund a lot of digging.

KL still retains 4% of Novo, vs. the 12.1% it owned before the last sale. It now doesn't have to inform shareholders of any future Novo sales under Canadian law because it owns less than 10%.

Kirkland tries to be good to shareholders, even non-Canadians who don't get a tax break or the right to buy warrants. It has actively bought back its shares for about $618 million (US) and paid dividends of $2.71 per shares through the first 3 quarters of last year.

Note that in addition to aged mines in Ontario, it also owns open pit Detour Lake and Macassa in Ontario. Kirkland also has a mine in Victoria, Australia.

Before the Covid shutdown it earned $2.06 per share, 42% up from prior year and free cash flow topped $500 million, and up 92% from 2019, thanks in part to Australian tax breaks. The company has zero debt, which is unusual for a gold miner.

Lockheed Martin (LMT)

Prakash Kolli
Dividend Power

***Lockheed Martin** (LMT) is my top pick in aerospace & defense. The company is the world's largest aerospace & defense contractor based on revenue, notes income specialist **Prakash Kolli**, editor of **Dividend Power**.*

About 60% of the company's revenues comes from the U.S. Department of Defense, with other U.S. government agencies contributing roughly 10% and international clients making up the remainder.

The company consists of four segments: Aeronautics (~40% sales) — which produces military aircraft; Rotary and Mission Systems (~26% sales) — which houses combat ships, naval electronics and helicopters; Missiles and Fire Control (~16% sales); and Space Systems (~17% sales) — which produces satellites.

Lockheed Martin is benefitting from robust demand from the F-35 Joint Strike Fighter. The F-35 is arguably the world's most advanced stealth fighter. The U.S. DoD plans to buy 2,456 F-35s for the Air Force, Navy, and Marines through 2044.

The total count is higher as allied nations are also purchasing the aircraft. With a flyaway cost of about $80+ million depending on the variant and the possibility of modernization and sustainment revenue, the stealth fighter will drive revenue and sales growth for many years to come.

The demand for Lockheed Martin's products extends to beyond the F-35. The total backlog is at a record of over ~$150 billion. Other platforms include the F-16, F-22, C-130, Seahawk, Blackhawk, missiles, satellites, and naval electronics. Lockheed Martin recently announced the acquisition of **Aerojet Rocketdyne** (AJRD) to reinforce its market leadership in space and hypersonics.

Lockheed Martin has been generating strong revenue and earnings growth. The company has beaten estimates for the past six quarters. In the past five years earnings growth has averaged about 14% annually.

Dividends are growing at nearly 10% per year over the past decade. Lockheed Martin has raised the dividend for 18 consecutive years. The current payout ratio is about 42% leaving room for future increases.

On negative note the company's outlook for 2021 was weaker than expected but is still expecting growth of about 3%. That said, initial guidance may be low. Lockheed raised guidance in 2020 from lower initial guidance.

The stock is undervalued trading at a price-to-earnings ratio of about 14.5X compared to 16.5X over the past decade. The current yield is about 2.9% and higher than its 5-year trailing average. I view the stock as a long-term buy.

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Madison Square Garden Entertainment (MSGE)

Jim Osman

Special Situations Lite

Madison Square Garden Entertainment Corp. *(MSGE) — recently around $102 — is trading at a considerable 35% discount to its net asset based valuation of $3.9 billion, explains* ***Jim Osman****, founder of The Edge Consulting Group and editor of* ***Special Situations Lite****.*

As the unlock seems to be progressing well, the comeback of sports becomes inevitable in the next year as we expect Madison Square Garden and other venues to resume operations in the next 3 to 5 months.

Currently, MSGE's market cap stands at $2.5 billion. Considering its net cash balance of $1 billion (as of Sept 30, 2020), the market seems to be assigning only $1.5 billion in valuation to MSGE's Iconic assets.

These include Madison Square Garden (12 acres of land worth $1.2 billion), Air Rights (worth $348 million), Christmas Spectacular (valued at $300 million), and Tao Group's 77.5% stake valued at $335 million, etc.

Hence, even after applying a 25% discount to its asset-based valuation, we arrive at one-year base case target price of $119.66 per share, a potential upside potential of 16.7% from current levels

The Sphere is a modern venue in creation. In the same vein as Madison Square Garden Arena is the Mecca for basketball as a venue, James Dolan is designing the first-of-its-kind fully immersive experiences on a grand scale in the form of a $1.66 billion investment, 18,000 seated venue in the heart of Las Vegas.

Located next to the Venetian Resort, The Sphere is now expected to start operations in the late 2023 (Till September 30, 2020, the MSGE has spent a total of $556m on construction of The Sphere).

Potential Upside: The bullish case is a target price of $144.59 (at 10% discount to its NAV), suggesting upside potential of 41.1%.

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Magna International (MGA)

Gordon Pape
Internet Wealth Builder

*You'd think by the way **Tesla** (TSLA) took off in 2020 that everyone was buying an electric car. Of course, they're not — but the market share of electric vehicles is gradually increasing, explains Canada-based stock expert **Gordon Pape**, editor of **Internet Wealth Builder**.*

According to Allied Market Research, the global electric vehicle market was valued at $162.34 billion in 2019. It is projected to reach $802.81 billion by 2027, registering a compound annual growth rate of 22.6%.

Magna International (MGA) (Toronto: MG) — which is already a giant in the auto parts industry — is consolidating its footprint in the EV space. The company recently announced a $1 billion joint venture deal with South Korea's LG Electronics.

The joint venture will be called LG Magna e-Powertrain and will manufacture e-motors, inverters and onboard chargers. LG's CEO called it "a growth opportunity with enormous potential". Magna's stock shot up almost $6 in New York after the news was announced.

The shares finished 2020 with a gain of 30%. But I think there is much more to come in 2021 and beyond. This stock was originally selected for my *Internet Wealth Builder* newsletter by contributing editor **Glenn Rogers**.

Meanwhile, **Descartes Systems Group** (DSGX) (Toronto: DSG), a Top Pick from last year, gained 37%. Descartes specializes in business software designed to facilitate logistics, financial controls, inventory, customs clearance, and freight tracking.

Customers include transportation firms, manufacturers, distributors, retailers, customs brokers, and government agencies. I made this selection before the pandemic.

When it hit, the demand for the company's services increased significantly as new border regulations were introduced and on-line purchasing increased. Third-quarter results showed nine-month revenue up 6% from the same period in 2019. Earnings per share were ahead 32% year-over-year. The stock gained 37% in 2020.

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MannKind (MNKD)

Nate Pile
Nate's Notes

MannKind *(MNKD) was chosen by* ***Nate Pile*** *— editor of* ***Nate's Notes*** *— as his Top Pick last year, and the stock gained 143%. The advisor continues to recommend the stock as his ongoing favorite idea for 2021.*

MannKind a small biopharmaceutical company with cutting-edge technology for delivering drugs directly through the lungs.

Its lead product is Afrezza, an FDA-approved form of inhalable mealtime insulin that is much faster acting than other insulins and has shown itself to be superior in virtually every way to all of the injectable mealtime insulins currently on the market for people with type 1 and type 2 diabetes.

Though it has proven to be a slow and challenging process to migrate diabetics from their old ways of managing to diabetes to something new, the company is finally building some nice momentum on this front.

The trend is being helped along in no small part by the fact that as more and more diabetics start using continuous glucose monitors (CGMs) to track their blood sugars in real time, they naturally start to also want an insulin that essentially works in real time – something none of the injectables can do, but Afrezza does with ease once patients have learned how to use it.

Along with Afrezza (which MannKind has retained full rights to), the company has also licensed its Technosphere drug delivery technology to other companies for other drugs, and the most of exciting of these deals at the moment is one with **United Therapeutics** (UTHR).

United Therapeutics is developing an improved version of treprostinil, a drug that is used to treat pulmonary arterial hypertension, as well as pulmonary hypertension associated with interstitial lung disease. MannKind will receive royalties on this product if/when United receives approval to begin selling it (the drug will be given a priority review by the FDA this year).

MannKind has also licensed the Technosphere technology to Receptor Life Sciences, a private company that is developing pharmaceutical grade drugs in the cannabinoid space (MannKind will receive royalties on sales here as well).

The company is also working to put a number of other existing drugs onto its Technosphere platform (which tends to speed up onset and improve efficacy for drugs usually taken in pill form, for example) — and these products will then either brought forward by the company itself or licensed/partnered out to others who may be interested in taking them through the regulatory and commercialization process.

After being crushed by a massive wave of short-selling over the past couple of years, short interest was more than cut in half during 2020 — and though still "oversized," short interest is continuing to shrink as the stock continues to rise. MNKD is a strong buy under $5 and a buy under $10.

ManpowerGroup (MAN)

John Buckingham
The Prudent Speculator

***ManpowerGroup** (MAN) is a premier global staffing firm with broad reach and extensive job networks, explains **John Buckingham**, a leading value-oriented money manager 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.

ManpowerGroup offers varied services such as temporary staffing, permanent placement, workforce training and outplacement.

The shares have dipped this year, as jobs were cut and staffing levels were reduced due to the pandemic-driven recession, with earnings for 2020 expected to be about half of 2019's figure.

While some industries may not see a strong recovery next year, we think that record personal savings rates and itchiness to resume a semblance of normal life will offer a demand boost, leading to a stronger global economy and a hiring bounce.

We continue to like ManpowerGroup's broad geographic footprint, wide range of offerings, good expense management and solid balance sheet.

The employment market has varied in strength by region and business, but we think MAN offers solutions that work in a variety of environments. Meanwhile, the stock yields 2.6%.

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Medexus Pharma (MPD)

Richard Howe
Cabot Micro-Cap Insider

*The reason that I love investing in micro caps so much is because you can find growth companies trading at value prices, asserts **Richard Howe**, editor of **Cabot Micro-Cap Insider**.*

To buy a fast-growing large-cap stock, you have to pay up. Instead of paying 15x earnings, you have to pay 30x earnings, or if it's a tech company, 30x sales.

In the micro-cap world, it's possible to find tiny companies growing at 40% per year trading at just 10x earnings. Let me introduce you to **Medexus Pharma** (Vancouver: MPD) (MEDXF).

Medexus Pharma is a Canadian specialty pharma company that is growing at a rapid clip. Its drugs treat chronic conditions and as a result its business had limited headwinds from COVID-19.

In March 2020, it completed a transformative acquisition of a drug call XINITY, which treats hemophilia.

The transaction was transformative because Medexus got to acquire all the gross profits that the drug generates but only had to hire a few additional employees to support it. As a result, Medexus instantly transformed from a break-even company to a wildly profitable one.

Revenue is growing at 44% per year and the company is on pace to generate $8 million of free cash flow. As such, the stock is trading at 11.6x free cash flow, an incredibly cheap valuation for a rapidly growing company. On an EV/Revenue basis, MEDXF trades at 1.1x while slower-growing peers trade at 3.6x.

When cheap, fast-growing micro caps can get discovered by larger institutional investors, and it's very easy to get multi-baggers. If Medexus traded in line with peers, it would be a $15 stock, implying almost 200% upside from its current price.

MercadoLibre (MELI)

Jim Woods
Intelligence Report

*I am a huge fan of Big Tech, not just for the money that those stocks have made me and my subscribers, but also because this is where the innovation, technological prowess and unrivaled Silicon Valley brain power reside, asserts **Jim Woods**, editor of **Intelligence Report**.*

Moreover, this is where the big earnings growth resides. Of course, technologic savvy, innovation and big brain power aren't just found in Silicon Valley and other U.S. tech hotbeds. Sometimes, the tech is south of the border, and sometimes it's in South America.

Let me ask you this: How would you like to own **Amazon** (AMZN), **Etsy** (ETSY), **PayPal** (PYPL), and **eBay** (EBAY) all in one stock — and in a stock that's outpaced 95% of all other stocks in the market with a gain of some 193% in 2020? That's what you get with Latin American e-commerce giant **MercadoLibre, Inc.** (MELI).

This company is sometimes called the "Amazon of Latin America," because it's that region's leading e-commerce platform. MELI operates in 18 countries spanning from the company's home base in Argentina to Mexico.

This company is part online marketplace, part fintech and part e-commerce retailer. You see, in addition to being a storefront for Latin American retailers, it also sells its own items. Plus, it provides the payment facilitation to get the transactions done.

All of this adds up to a stock with multiple bullish "NewsQ," i.e., a term I developed to describe the confluence of news-related and secular-trend related tailwinds pushing a stock forward. One strong bit of positive NewsQ here is the demographic tailwind of a rapidly growing Latin American middle class.

In November, MercadoLibre posted its most-recent earnings results, which the company said came in at 28 cents per share in Q3, a metric that easily beat estimates for earnings per share (EPS) of just 8 cents.

Moreover, the top line also was impressive, with revenue in the quarter up some 85% year over year. Look for more of this kind of strong fundamental performance in 2021 — and look for more market-crushing gains in MELI shares.

Meanwhile, my Top Pick from last year was human resources software firm **Paycom Software** (PAYC). The stock was up a very robust 71% in 2020, which was remarkable given the constrictive COVID climate and the squeeze it put on so many businesses. The success of Paycom shows the resilience of a great enterprise with an outstanding product that adds to it customers' bottom lines.

Merck & Co. (MRK)

Jim Osman
Spin-Off Report Lite

***Merck** (MRK) will join **Pfizer** (PFE) and **GlaxoSmithKline** (GSK) to spinoff its off patent drugs portfolio (FY20 revenues of $6.5 billion) into a separate company by 2Q FY21, explains **Jim Osman**, founder of The Edge Consulting Group and editor of **Spin-Off Report Lite**.*

The spinoff will focus on Women Health, Legacy brands and biosimilar drugs while, the "Remain-co" (Merck, ex-spinoff) will chase the growth in Oncology, Vaccines, Hospital and Animal Health.

MRK announced the spinoff on Feb 5th, 2020; in March, it announced that Organon & Co. will be the name of the new company to be created through the intended spinoff of its women's health, trusted legacy brands and biosimilars businesses.

On Oct 27, 2020, it confirmed that the Splitting process is progressing as per the schedule and the Spinoff would be affected as declared earlier in the 2nd quarter of 2021.

With the spinoff, MRK would be reducing its Human Health manufacturing footprint by ~25% and the number of Human Health products it manufactures and markets by ~50%.

This trimmed version of business leaves it lean for providing a focused operational approach to its growth products and could achieve growth faster with significant operating margin expansion opportunity.

Though the spinoff would lead to a slight decline in initial operating margins, owing to one-time separation costs, MRK targets to save $1.5 billion in operating efficiencies by 2024, as it culls its manufacturing and distribution footprint. MRK is targeting an adjusted operating margin of above 40% from the current mid-30% range.

Organon, the spin-off, would be focusing on women's health portfolio, led by Nexplanon (etonogestrel implant) franchise and its contraceptive and fertility businesses.

Nexplanon (a birth control implant) exhibited a growth of 14% in FY19 and is the global leader in implantable long-acting reversible contraceptive with U.S. patent protection through 2027. Organon's appointed CEO, Kevin Ali, believes Nexplanon is well on the road to become their first $1 billion women's health product.

Biosimilars is another area Organon's management is banging on, with three of its currently marketed products gaining heavy traction in the market and garnered revenues of around $250 million in FY19.

Organon continues to hire industry veterans to steer the ship, with the latest entrants in the top echelon being Matthew Walsh joining as CFO; Rachel Stahler as CIO. Both come from Allergan, which was recently acquired by **AbbVie** (ABBV). Walsh worked as an executive vice president and CFO in Allergan's while Stahler was CIO.

As part of the separation deal, MRK assumes to receive $8 billion-$9 billion through a special tax-free dividend from Organon on separation. These funds would be utilized for business development or share repurchases, with further clarity to be announced around the spinoff date.

Potential Upside: Currently based on consensus price targets, at a base case, Merck has upside of 30% with a price target of $107.

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Midland Exploration (MD)

Adrian Day
Global Analyst

***Midland Exploration** (Toronto: MD) is on a roll, the company if not the stock, adding properties, advancing projects, and concluding new partnerships, suggests **Adrian Day**, commodity sector expert and editor of **Global Analyst**.*

This divergence between what the company and the stock have been doing will eventually be reconciled and presents a great buying opportunity.

Prime among its recent new partnerships is a deal with **BHP Group** (BHP). Following the purchase of 5% of the shares in the junior, the companies have now signed a multi-million strategic alliance to look for nickel, copper and cobalt in the Nunavik territory in northern Quebec.

BHP will pay for initial exploration costs in return for the right to option, on commercial terms, any properties that look attractive. Given the need for all three metals for growing electrification of both vehicles and energy sources, this is an exciting partnership with the world's largest mining company.

Earlier in the year, Midland completed two joint ventures with Probe and Wallbridge, two aggressive juniors, and we suspect there are more in the works as Midland emphasizes its prospect-generation/joint-venture roots.

In addition to new transactions, the company has been busy with the drill bit as well as earlier stage exploration work, completing several programs in the Abitibi region, on the Detour Lake belt and the Cadillac Break. This includes in joint ventures and on 100% owned properties.

In addition, Midland has continued to pick up new property, including land south of the Wallbridge joint property, where it has already identified some new targets. Midland has been building a significant property portfolio in the Detour Belt, with seven properties east of the prolific Detour Mine.

Midland is well funded, with about C$12 million in the treasury. With strong management, an active season ahead, and a deep pipeline, Midland offers multiple opportunities for discovery.

The company has been extremely active recently, activity not yet reflected in the stock price which has simply been treading water. Take this opportunity to buy one of the top exploration companies now, before the stock price catches up.

Monster (MNST) & Starbucks (SBUX)

Joe Duarte
In the Money Options

*Late 2020 Nielsen data showed that energy drink consumption rose 10.6% on a year over year basis — suggesting that as the COVID pandemic rolled through daily life, the public was finding a need for caffeine, notes **Joe Duarte**, technical expert and editor of **In the Money Options**.*

As a result, it makes sense to compare two of the major publicly traded players in the caffeine industry and see what their prospects might be in a rapidly changing world.

First, **Starbucks** (SBUX) — which I own as of this writing — and I have featured with some frequency, continues to attract money flows, which is why its stock was recently near its 52-week high.

Moreover, management's late year announcement showed a bullish multi-year guidance while also showcasing a steady improving in current sales and short-term outlook had a positive effect on the shares.

However, there is an interesting dynamic emerging as analysts are questioning whether energy drinks will be taking market share from traditional coffee. And that's where **Monster** (MNST), which I also own as of this writing, comes into play.

MNST reported an 11.1% gain in currency adjusted year over year sales in its last 2020 quarterly report, but essentially flat gross profits, which was used as an excuse to sell the shares post earnings report.

Yet, as investors read through the earnings report, they learned that MNST's sales are steadily rising, with its Reign brand growing at a nearly 19% clip. Moreover, sales of its coffee shot Java Monster 300 brand were up over 20% compared to the similar Starbucks Energy which were up 17.6%.

Technically, MNST may have the upper hand in the short term as its Accumulation Distribution (ADI) and On Balance Volume (OBV) are in a bit better shape than those for SBUX.

Nevertheless, both stocks remain in an uptrend, which means that for now the caffeine wars seem to be more about consumer preference for the jolt they receive from their preferred brand.

Certainly, it is plausible to consider that we may be seeing a change of preference for getting a lift from coffee to energy drinks, but it seems as if the whole thing smells more of marketing than fact.

So, is MNST taking market share from SBUX? Or are we comparing apples to oranges? For now, it seems as if the "caffeine wars" dynamic is worth looking at. The bottom line is that both stocks remain in uptrends and that for now they both seem worth owning.

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Montage Gold Corp. (MAU)

Brien Lundin
Gold Newsletter

Led by the former Red Back Mining team that sold out to ***Kinross Gold*** *(KGC) in 2010 for US$7 billion,* ***Montage Gold Corp.*** *(Vancouver: MAU) is a bet on a successful management group's next act, suggests notes* ***Brien Lundin****, a leading expert in the junior mining sector and editor of* ***Gold Newsletter****.*

It's also a bet on an exceptional deposit, a 1.538-million-ounce inferred resource on the Morondo gold project in Cote d'Ivoire. And here's the deal: That resource is set to grow — perhaps coming close to doubling — in the near future.

Montage is well funded, to the tune of C$32 million in working capital, which the company is putting to good use right now. Five drill rigs are well along a 50,000-meter resource expansion drilling program, with a new inferred resource estimate due early this year.

That will be followed up by an initial preliminary economic assessment planned for the first quarter, an indicated resource estimate in the second quarter, and a feasibility study by the end of the year.

It's a lightning-speed development plan that should see the company significantly revalued by the end of the year, possibly by a multiple if they hit all their goals.And this is a team that usually hits their goals.

With a significant resource update — one that could shock the market — due in the very near future, Montage Gold Corp. is a recommendation with both great potential and urgency.

My two top picks for 2020, **Integra Resources** (ITR.V) and **Millrock Resources** (MRO.V) finished the year up 63% and 29%, respectively. Not bad, but there could be much better returns ahead.

Integra continues to expand and develop its large DeLamar project in Idaho, where it has already outlined over four million ounces of gold with compelling economics. Look for the company to continue to make big news in 2021.

Millrock, on the other hand, had a disappointing year in some respects, despite its share-price gains from our recommended price. However, there's much more drilling to come this year on 64North, and success could dramatically advance the company's market value.

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Mueller Water Products (MWA)

Genia Turanova
Unlimited Income

*My favorite infrastructure stock for 2021 is **Mueller Water Products** (MWA). Based in Atlanta, GA, the firm provides essential repair and replacement products and services to water-focused businesses all across the country, asserts dividend expert **Genia Turanova**, editor of **Unlimited Income**.*

Its products are needed for a variety of applications, from municipal water and wastewater facilities to new residential construction to utilities.

It's a well-diversified company: About two-thirds of the revenue comes from municipalities, about a quarter from new construction, and the rest, just under 10%, from the water needs of natural gas utilities.

Given that most of MWA's revenue comes from various municipalities, you'd think the company is vulnerable to growing COVID-related municipal budget pressures.

Richer, less financially stressed municipalities will certainly improve MWA's future outlook. But a variety of potential government policies will bolster MWA's business in the short-term.

These policies range from more stimulus spending to cities and states, to higher Federal budget infrastructure outlays, to adding more munis to the Fed's list of bonds (debt) to buy.

Plus, low interest rates are already helping, as new municipal bond issuance demands lower yields than it did just a year ago.

MWA is optimistic about municipal spending for 2021. The company is also well positioned to benefit from utility repair and replacement projects—about two-thirds of its net sales is related to these activities. In the latest quarter, MWA saw some delays in new projects, but no cancellations.

Meanwhile, residential construction is booming. MWA expects growth in the residential construction end market to help offset anticipated challenges in the project-related portion of the municipal end market.

The stock yields 1.8% (while the S&P 500 yields only 1.6%) and trades at less than 23 times (23x) 2021 expected earnings. This is much cheaper than the market's 26.7x. I think it's just a matter of time before the market wakes up to the strong water-industry positioning of MWA and to its relatively cheap valuation.

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MYR Group (MYRG)

Richard Moroney
Upside Stocks

***MYR Group** (MYRG) enters 2021 in strong shape and is a capital-gains favorite for the year ahead, suggests **Richard Moroney** in his small to mid-cap oriented advisory service, **Upside Stocks**.*

A provider of specialty electrical construction services, MYR has not suffered any significant project cancellations from the coronavirus pandemic, though there have been a few delays.

Additionally, MYRG says its primary construction markets — health care, transportation, data centers, warehousing, and renewable energy — appear less vulnerable to economic downturn.

Healthcare construction is expected to be one of few pockets of the economy to avoid the recession, with the American Institute of Architects forecasting 2% growth in 2020 and 3% growth in 2021. Warehouse construction is another area holding up well, given soaring demand for e-commerce during the pandemic.

MYR's backlog has set a record in each of the past six quarters, reaching $1.72 billion at the end of September, or 0.78 of trailing 12-month sales. Analyst estimates for 2021 are marching higher but still look modest, with the consensus calling for earnings per share to climb 5% on revenue growth of 3%.

The shares trade at 19 times trailing earnings, below the median of 23 for S&P 1500 Index industrials stocks. MYR Group is rated a Best Buy.

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Nano One Materials Corp. (NNO)

Ralph Aldis
U.S. Global Investors

*We think **Nano One Materials Corp.** (Vancouver: NNO) is in a unique position with regard to the battery cathodes for electric cars, explains **Ralph Aldis**, analyst and resources sector expert at **U.S.Global Investors**.*

The company recently completed the high temperature charging and discharging stress testing on this for its new battery, a major milestone. The battery operates at 4.7 volts, which is 25% higher than any other conventional battery cell.

That means you can go farther and pack greater energy density into it, making it a big deal. I think Nano One is one of those companies that you probably still want to be sticking to despite recent gains. It's going to be a big winner in the longer term.

Nano One just entered into a cathode evaluation agreement with a U.S.-based multinational auto manufacturer. It also has partnerships with **Volkswagen** (VWAGY), Saint-Gobain, Pulead and an unnamed Asian cathode manufacturer that supplies products to an Asian auto original equipment manufacturer (OEM).

This company has presence in the market, now across three continents, a good patent portfolio, and a team that understands capital markets.

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

New Residential Investment (NRZ)

Tim Plaehn
The Dividend Hunter

***New Residential Investment Corp.** (NRZ) — an aggressive stock for 2021 — is a finance real estate investment trust (REIT) that faced near-collapse during the early days of the pandemic-fueled economic crisis, explains **Tim Plaehn**, editor of **The Dividend Hunter**.*

Due to disruptions in the financial markets during the 2020 first quarter, New Residential sold off $28 billion in investment assets, reducing the portfolio by 61%. The sales were made to preserve book value, which still took a 34% hit—down to $10.71 at the end of the 2020 first quarter.

To preserve cash, the company slashed the dividend by 90% to $0.05 per share paid in May 2020. The previous $0.50-per-share dividend had been paid since the last increase in June 2017.

From core earnings of $0.61 per share for the 2019 fourth quarter, New Residential was in survival mode by the end of the 2020 first quarter. After selling off most of its investment portfolio by the end of the first quarter, New Residential went quickly to work to rebuild the company's book value and core earnings.

In June, New Residential doubled its common stock dividend to $0.10 per share. For the second quarter, core earnings came in at $140.2 million, or $0.34 per share, and the book value was $10.77. Cash on hand of $1.077 billion at quarter-end was up from $360 million at the end of the first quarter.

At that point, the company was again looking for investment opportunities. For the second quarter, the fledgling mortgage origination and servicing business generated $205 million of pre-tax income.

In September, the common shares dividend was again increased five cents to $0.15 per share. You can see where the New Residential board is going with its dividend recovery plans. For the third quarter, core earnings were $131.6 million, or $0.31 per share. Book value increased to $10.86.

Of greater interest was the massive increase in origination and servicing profits. Origination posted a pre-tax income of $312.3 million, up 72% compared to the second quarter. Servicing pre-tax profits of $30.3 million were up 24% quarter over quarter.

To recap, coming out of the 2020 first quarter coronavirus related market crash, New Residential has been slowly rebuilding its investment portfolio.

Still, at the same time, it has profited greatly from the surge in home buying and mortgage refinancing. New Residential jumped into the mortgage origination business in September 2019 when it acquired Ditech Holding Corp. The move into mortgages with the newly named NewRez was perfect timing.

While the New Residential share price has marched steadily higher from the spring lows, there remains tremendous upside for investors.

It is possible, even likely, that the company will in 2021 spin-off NewRez as a separate company. If that happens, expect an investment in New Residential at the start of 2021 to be doubled by the end of the year.

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New Residential (NRZ) and Zoom Video (ZM)

Todd Shaver
BullMarket

*Last year, **Todd Shaver** selected **Shopify** (SHOP) as his favorite stock; the shares rose 185% in 2020. Now, the editor of **BullMarket** offers an aggressive and conservative favorite for 2021.*

While we aren't counting on Shopify to do as well as it did last year, these monster rallies have what it takes to keep rewarding shareholders for extended periods.

Just look at our top pick in 2019: **Apple** (AAPL) blew everything else away and then did a literal victory lap in 2020. We loved the stock four years ago at $72.

Now that electronic commerce is shifting into racing gear, the rest of the world is figuring out that Shopify is the **Amazon** (AMZN) of the future at 1/10 the market cap.

Turning to our new Top Picks, the archetypal "work from home" miracle stock — **Zoom Video Communications** (ZM) — surged from $75 to $560 once it became clear that the pandemic would force millions of people to find new ways to hold meetings when the offices were shut down.

Now that the initial froth has receded, it's time for ZM to really get to work. Video meetings are not going away. They were already becoming prevalent before the pandemic and all the lockdowns did was accelerate adoption.

The latest figures we've seen have 300 million people in Zoom meetings every day. And since enterprise users sign up for full-year subscriptions, that vast audience is now largely locked in for months to come.

Not everyone is going back to the office. Revenue doubled in 2018 and 2019, taking the company to profitability while conserving $1.9 billion in cash.

This is the Word or PowerPoint for a new generation. We wouldn't be surprised to see **Microsoft** (MSFT) buy Zoom out to incorporate it into the Office suite, but we're more eager to see where the stock can go on its own.

Our top conservative investment for the new year is **New Residential Investment Corp.** (NRZ). I chose this stock purely because it has so much potential and is so deeply discounted now.

CEO Michael Nierenberg insists that book value on the company's mortgage portfolio is at least $16 per share and could easily hit $19 under the right conditions. Here below $10, you're getting those assets along with the operating cash flow stream for free.

Cash flow remains strong enough under current market conditions for the quarterly dividend to rebound to $0.20 per share. The worst is over, and we expect additional payout hikes as the credit markets continue to heal.

By the end of the year, someone who establishes an NRZ position at $10 could be earning a 15% yield in perpetuity. Even now, 8% is worth locking in. We could talk about this company forever.

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Newtek Business Services (NEWT)

Rida Morwa
High Dividend Opportunities

Newtek Business Services *(NEWT) is a stock with a double-digit yield, high insider ownership, and pandemic resistance, asserts income expert* ***Rida Morwa****, editor of* ***High Dividend Opportunities****.*

This is a business development company with income coming from participation in the SBA 7a program, where it makes money selling off the SBA loans it originates and then servicing them.

NEWT has a closer than average relationship with their borrowers and is able to cross-market various services. This is why they were able to take advantage of the PPP program as they could quickly identify borrowers who qualified needed the loans and already had the trust of the borrower.

Small Business Administration loans (SBA Loans) are a big driver of profits. NEWT originates SBA loans, then sells the 70%-75% portion of the loan that's SBA guaranteed for an immediate premium that ranges from 106% to 120% of the face value of the loan.

It uses the unguaranteed portion as backing for a bond issue that it then sells to investors. NEWT then gets paid a fee for collecting the payments on the SBA loans. This provides a very reliable flow of cash to Newtek both in quick cash up front and reliable payments afterward.

This year, with COVID-19, NEWT saw new SBA loan activity slow down as they suspended originations until June. Fortunately, a similar opportunity cropped up that NEWT took full advantage of.

The PPP program has been great for NEWT. It came along just when the flow from regular SBA loans was drying up. The best part is that the PPP loans are 100% guaranteed, with the loans generally designed to be forgiven.

NEWT did a better job taking advantage of this program than any of their peers and it led to outperformance in Q2 and Q3. The latest stimulus $9 billion stimulus bill includes some $284 million in PPP funding allowing qualified businesses to take out a second loan.

That's great news for the company; NEWT will see profits soar from the program a second time even as their core business is recovering. We fully expect much more PPP funding in the year 2021.

Insiders own approximately 1.5 million NEWT shares out of a total of 21.8 million or 6.87%. This is fairly high and helps to align management with shareholder interest.

This year CEO Barry Sloane has added some 15,500 shares to bring his total to 1,055,094 shares. Combined, management has added just over 24,000 shares of NEWT. By investing today, you can lock in a yield of more than 11% and enjoy riding along with NEWTs growth.

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NextEra Energy (NEE)

Timothy Lutts
Cabot Stock of the Week

*Our selection of **NextEra Energy** (NEE) is partially defensive; I think that after 2020's strong finish, a substantial market correction — or worse — is likely, explains **Timothy Lutts**, editor of **Cabot Stock of the Week**.*

This recommendation is also partially offensive, in that I think this sector has some very good growth coming in the years ahead.

The sector, of course, is electric utilities; NextEra is the largest in the U.S., with Florida Power & Light its largest division.

The company has a firm growth trend in place today (average annual revenue growth over the past five years was 3%), but I expect that to accelerate in the years ahead as demand from the electric vehicle market grows; Elon Musk thinks demand for electricity could double!

And as costs fall — NextEra Energy is big into renewable energy, where scale is bringing costs down — profits should mushroom!

Valuation is a little high now based on the past five years' average, but technically the stock's uptrend is solid, though given a choice, I'd wait for a pullback to the 50-day moving average.

Subscribe to Cabot Stock of the Week here...

Nine Meters Biopharma (NMTR)

Adam Johnson
Bullseye Brief

Nine Meters Biopharma *(NMTR) is a biotechnology company focusing on patients with gastrointestinal (GI) issues for which no treatments currently exist. The pipeline includes two drug candidates, one for Celiac disease and one for short bowel syndrome, suggests* ***Adam Johnson****, editor of* ***Bullseye Brief****.*

Celiac disease is an autoimmune functional GI disease characterized by an inflammatory response to dietary gluten, causing abdominal pain and gas that are often severe and life-altering.

Short bowel syndrome is a life-altering, life-threatening orphan disease caused by a significant shortening of the gastrointestinal tract. It leads to impaired nutrient absorption, diarrhea and metabolic complications.

The first drug candidate, oral larazotide, represents the only Phase III therapeutic in development for Celiac disease, with interim analysis expected in the second half of 2021.

Larazotide prevents the gluten breakdown product gliadin from entering systemic circulation and propagating an inflammatory response. Nine Meters aims to introduce larazotide as an adjunctive therapy in celiac disease to restore physiology, minimizing symptoms in tandem with a gluten-free diet.

The second drug candidate is a long-acting, injectable NM-002 is specifically designed to address the gastric effects in short bowel syndrome patients by slowing digestive transit time.

NM-002 uses a proprietary technology to extend the half-life of the GLP-1 peptide, allowing for once – to twice-per-month dosing, which considerably increases convenience for patients and caregivers.

Each of these treatments has demonstrated strong initial success and may prove effective for additional indications beyond the current trials.

The critical Phase III trial for Celiac will produce data in early 2021, while the drug candidate for SBS has received orphan drug status from the FDA and accelerated Phase II trials began in September.

Notably, the recent recapitalization was spear-headed by well-known biotech specialist OrbiMed Advisors, which retains a seat on the board.

Nuance (NUAN)

Tyler Laundon
Cabot Small-Cap Confidential

***Nuance** (NUAN) is a story about a software company that has finally begun to find its groove after more than a decade of wallowing in the mud. The company was an early pioneer in voice recognition technologies, explains **Tyler Laundon**, editor of **Cabot Small-Cap Confidential**.*

Today, Nuance develops conversational AI solutions that can understand, analyze and respond to human language. The stock's current strong performance follows a 2019 reorganization that has made Nuance a leaner and meaner AI and machine learning company.

The transition focused on five things; (1) spin-off of the auto business, (2) sell the imaging business, (3) wind down mobile consumer solutions, (4) cost saving initiatives and (5) debt paydown and/or share repurchases.

Nuance is completely focused on its two strongest markets – Healthcare Solutions and Enterprise Solutions – as well as migrating to the cloud, new product development and international expansion.

The Healthcare segment includes clinical speech and language understanding solutions, which help clinicians, radiologists and care teams accurately capture clinical information. Intelligence solutions can improve decision-making across the continuum of care.

Examples of everyday use cases include collecting patient records, processing reimbursements and sharing previous procedure notes. Demand is driven by compliance risk, financial pressures, risk of clinician burnout and the pursuit of better experiences for patients.

The best-known solution in this market is Dragon Medical Cloud, which is used by over 550,000 physicians daily and accounts for roughly 86% of segment revenue. Roughly 90% of hospitals and 80% of radiologists rely on Nuance Healthcare solutions daily.

The Enterprise segment offers intelligent engagement solutions that help companies communicate with customers. As in the Healthcare segment, these solutions are grounded in speech and language understanding, but they're deployed across voice, mobile, web and messaging channels.

A prime example is a targeted text message regarding a new product offering for an existing customer, followed by automated customer care guidance to help the individual purchase the new product.

Nuance's Enterprise solutions are used by 85% of the Fortune 100, including 19 of the top 20 financial organizations and the top 10 telecommunications providers outside of China.

Recently, management has struck a positive tone as business in hospitals is improving, Dragon Medical is now over 60% migrated to the cloud, and management sees a successful rollout of new solutions, including Dragon Ambient Experience (DAX), an ambient clinical intelligence solution.

Look for revenue to be down around 8% this year (remember the spin out and pandemic are big 2020 headwinds) then expand 7% in 2021 and accelerate toward 10% growth thereafter.

Nuance is profitable now and should deliver adjusted EPS of around $0.76 this year, then grow profits slightly faster than revenue. The company has a market cap of just over $12 billion.

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The stock — a more conservative pick for 2021 —has been trading since 1995 but spent most of the last eight years trading in the 11 to 18 range. The trend began to improve when the reorganization was announced in 2019.

The 2020 market crash hurt, but NUAN jumped back to its pre-pandemic high of $23.5 in June. Since then, it's been blazing higher, showcasing a pattern of higher lows and higher highs.

Ontrak (OTRK)

Nate Pile
Nate's Notes

Ontrak *(OTRK) is a Top Pick for 2021 — and while many readers might not recognize the name, the company was my Top Pick in 2019 when it was still known as Catasys (and trading in the $10 range), asserts* ***Nate Pile****, editor of* ***Nate's Notes****.*

Ontrak has developed a proprietary data analysis platform that it combines with predictive analytics and then utilizes with its customers in the insurance industry.

The goal is to identify individuals in healthcare plans who suffer from chronic conditions, but, because they may not be receiving the support, they need to successfully manage these underlying conditions, they end up also costing the plan a great deal of money on other "secondary" items.

These additional costs are items like ambulance transports and visits to the ER that can be prevented (or minimized) with even a small increase in the amount of support that is provided to the patient.

After identifying which members of a plan are likely to be the best candidates for success, Ontrak's program (which happens to also be called Ontrak, hence the company's decision to change its name) kicks in.

At that point, a 52-week intensive outpatient program begins in which the patients are engaged and provided with nurses (or other appropriately qualified "coaches," depending on the underlying situation), sometimes in person, sometimes via video conferencing (or perhaps both).

This "coach" proactively works with the patient to gain better control of their underlying condition (which, in turn, leads to fewer "secondary" events in the patient's life).

And, though it is hardly the reason one should consider investing in the stock, the company was, in many ways, "in the right place at the right time" during 2020, as it was one of the companies in the healthcare space that already had an infrastructure in place to do "telemedicine," and thus, it showed up on a lot of investors radar screens for the first time.

That being said, I believe the company is still in its the early stages of growth. OTRK is a strong buy on pullbacks under $45 and a buy under $70.

Palantir (PLTR)

Keith Fitz-Gerald
One Bar Ahead

*The premise behind **Palantir** (PLTR) is super simple — digitalization is the single largest investment opportunity in mankind's history and there's only one company that's written the big data engine needed to process it, explains **Keith Fitz-Gerald** is principal of the Fitz-Gerald Group and editor of **One Bar Ahead**, a digital magazine exclusively for individual investors and traders.*

Palantir is controversial and, according to some, overvalued. There was concerted short attack after shares rose 362.1% following the company's trading debut via a direct listing on September 30, 2020 at $7.25 to a post-IPO high of $33.50.

I think the fact that several analysts including Credit Suisse and Morgan Stanley are poo-hooing Palantir is great because they're scaring the "quick and weak" money out.

Billionaire George Soros is on record saying he regrets investing and intends to sell shares because he doesn't like the company's business practices which is, presumably, a dig at Palantir's involvement in national defense. All of this paves the way for higher prices.

I believe Palantir is a $50 stock a few years from now and I also believe that Wall Street is very quietly using the pullback to accumulate shares, but that data is not yet available to confirm my supposition as of this writing.

Stocks like Palantir have a funny way of proving their detractors wrong over time. Consider:

• The company's software is the de facto operating system for the entire United States and Allied Defense Network as well as the infrastructure backbone for the United States healthcare system.

• Palantir is a key player in the fight against Covid-19 and vaccine distribution.

• Revenues are on track for 40%-50%+ growth year over year. Average revenue per client is rising at 35%-40% annually. Gross margin is rising and may remain 70%+ in 2021.

• Government business growth may track 65%+ this year as defense spending accelerates.

• Palantir is 17 years old which means that fears about its destiny under a Biden Administration are likely overblown because the company has already done business with prior administrations.

• Profitability is likely a lot closer than people think.

Action to Take: Back up the truck if you can get Palantir under $15-$20. Nibble in between $20 – $30. You've got time because the short-sellers and naysayers have not let go yet. But they will as the company edges towards profitability.

More aggressive investors may want to consider selling cash secured puts to gain an even lower "buy in" but the danger is that the stock may never drop once the scared money leaves so anybody pursuing this course could wind up empty handed. *(Disclosures: Keith owns and trades shares of both Palantir as do members of his family.)*

Palo Alto Networks (PANW)

Joseph Bonner
Argus Research

***Palo Alto Networks** (PANW) provides integrated internet security solutions; its unique value proposition rests on its enterprise-grade integrated security platform, explains **Joseph Bonner**, CFA, with **Argus Research**, a leading independent Wall Street Research firm.*

This platform features a next-generation firewall with attached and unattached add-on subscription services that provide highly automated prevention of known and unknown cyber threats.

We see Palo Alto's ability to protect itself and its own customers against the "SolarStorm" attack through its advanced cyber-security platform as a powerful differentiator and rapid response to the crisis as responsible management.

"SolarStorm" should, one more time, put advanced cyber-security protection at the top of the CIO priority list for both enterprises and government entities.

Palo Alto sees opportunities in helping customers secure and protect endpoints in the new distributed work-from-home environment. Management will continue to invest in its rapidly growing next-generation security solutions and its sales force to drive adoption.

The company has enhanced its strategic position though both a robust R&D cycle and a series of tuck-in acquisitions and has created an enterprise cybersecurity platform that addresses cloud protected and distributed security, automation, artificial intelligence, and IoT.

Palo Alto is working with all four of the largest enterprise cloud service providers, Amazon Web Services, Microsoft Azure, Alibaba Cloud, and Google Cloud Platform, to provide client data security in a shared security model.

As more IT workloads shift to the cloud over time, cloud security is likely to remain a critical growth vector. We view Palo Alto as a leader in a very competitive and fragmented enterprise network security industry and believe that management has recognized and taken advantage of emerging industry trends.

Despite pandemic-related uncertainty, Palo Alto has raised its FY21 guidance as clients continue to invest in IT security. Our FY21 non-GAAP EPS estimate is $5.83 and our FY22 forecast is $6.86. Our FY21 estimate is above management's upwardly revised guidance range of $5.70-$5.80 and the consensus of $5.75.

We note that PANW often exceeds its guidance and consensus. Our estimates imply average EPS growth of 19% over the next two years, equal to our long-term earnings growth rate forecast.

The forward enterprise value/EBITDA multiple of 32 is 55% above the peer average, above the average premium of 28% over the past two years. We are maintaining our "buy" rating on PANW and raising our target price to $410.

Pan American Silver (PAAS)

Sean Brodrick
Wealth Megatrends

*The world has already hit peak silver production, and silver has been too cheap for too long to spur much silver exploration, asserts **Sean Brodrick**, editor of **Wealth Megatrends**.*

Meanwhile, the global economy is shifting into higher gear coming out of the Covid pandemic. Why does this matter for silver? Industrial applications account for roughly 60% of the global silver consumption. For example, silver is vital to the building of efficient solar panels.

Consider buffing up your silver holdings with **Pan American Silver Corp.** (PAAS), which is based in Canada but operates in the U.S. and Latin America.

The company has nine producing mines and digs up silver, gold, zinc, lead and copper. And it has a total reserve base of 550 million ounces of silver and 5.2 million ounces of gold.

Covid-19 slapped this stock around in 2020 like it did to most miners. Two of Pan American's mines in Peru had to suspend operations for most of the third quarter due to the pandemic and its metal production dipped. Nonetheless, the company posted net earnings growth of 73%.

Meanwhile, the company bought Tahoe Resources for $1 billion in 2019, with the main prize being the troubled Escobal silver mine in Guatemala. That could be one of the biggest primary silver mines in the world, if they can ever solve local troubles.

The previous operator, Tahoe, lost a court case and had to shut down. Pan American is confident they will be able to get approval to restart mining operations. Helping that view is that a new pro-mining President was elected in Guatemala at the beginning of last year.

The company reports full-year results on Feb. 19. It is projected to earn 89 cents a share for 2020, up 45% over last year. In 2021, earnings are forecast to rise 191%. Pan American pays a dividend of 7 cents a share and goes ex-dividend on Feb. 26. That dividend is projected to rise 15% per year for the next three years.

So, we've got growth, a potential massive silver mine coming online, silver and gold and rising dividends. Buy this stock on any dip; it should be much higher a year from now.

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Patrick Industries (PATK)

Doug Gerlach
Investor Advisory Service

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

The company's largest exposure is to the RV market, which accounts for approximately 60% of sales. Patrick sells to manufacturers of RVs everything from appliances, to HVAC systems, to fuel tanks.

Its second largest market, marine, is approximately 15% of sales, and has grown rapidly in recent years, helped by acquisitions.

The company's products are targeted primarily at the recreational powerboat market. The RV and marine businesses address what Patrick labels its "leisure lifestyle" markets, which are benefitting from positive secular trends.

During the pandemic, its leisure lifestyle markets have held up reasonably well as individuals have sought out safe outdoor recreational activities.

Shipments of wholesale RV units are expected to be up mid-single digits in 2020 with even stronger retail demand. This has led to lean RV dealer inventories that are anticipated to serve as a tailwind in coming years. Patrick expects double-digit growth in RV wholesale shipments in 2021.

On the marine side, retail shipments are expected to be up low-double digits in 2020. Lean marine dealer inventories are also expected to lead to channel replenishment over the coming year.

Also supporting marine growth in coming years is the elevated average age of boats currently in service, which is expected to lead to an increase in boat retirements and replacements.

The remaining 25% of sales come from the housing and industrial end markets. Manufactured housing accounts for approximately 15% of sales, where Patrick offers products ranging from countertops to siding, drywall, and plumbing products.

The industrial market makes up the remainder of sales and is split between residential housing and commercial and institutional fixtures. Constrained housing supply at affordable price points and low mortgage rates provide a favorable backdrop for these end markets as well.

Patrick has driven topline growth via a combination of organic growth and strategic acquisitions. Over the last five years, sales on average have advanced at a 20% pace annually, as acquisitions and increasing market share have allowed Patrick to outpace the growth in its respective markets.

Patrick has historically directed its free cash flow to acquisitions, spending on average approximately $200 million per year in the past five years. Patrick requires acquisitions to be EPS accretive by the first full year after ownership.

These acquisitions are intended to diversify its end markets as well as to expand geographic reach, customer relationships, and product offerings. Since 2015 its RV content per unit has grown from $1,789 to $3,086. Even more impressive content gains over this timeframe have been seen in both marine and manufactured housing.

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Despite the pandemic, the company spent $125 million total on nine acquisitions through the first three quarters of 2020. More M&A can be expected in the near-term as well, as management cited a "very strong" acquisition pipeline on its recent earnings call.

Given the cyclical nature of its business, Patrick has been mindful in managing its debt levels. Net leverage today does not appear excessive at 2.2x EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization). The company targets a leverage ratio between 2.00-2.25x.

We anticipate the company will grow earnings 15% annually over the next five years. This implies EPS of $7.74. Applying a high P/E of 17.8, we get a potential high price of $138, an annualized 15.4% return from the current price of $68.35.

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Pinterest (PINS)

Mike Cintolo
Cabot Top Ten Trader

*The big story with **Pinterest** (PINS) is its one-of-a-kind story that features picture and video boards of ideas and products, explains **Mike Cintolo**, editor of **Cabot Top Ten Trader**.*

Facebook (FB) and **Twitter** (TWTR) are the go-to social media players in real life, but in the stock market, there's been a shift. Indeed, while those two will still get a huge portion of ad dollars, more and more money is shifting to newer platforms that allow advertisers to get in front of a consumer at a different stage of the process.

Pinterest is a site where people go to get ideas (everything from ideas to arrange a new home office to new recipes to gift ideas) on what they want, as opposed to hitting a site (Amazon, etc.) where they already know what they want and are looking for the best price.

The movement of ad dollars to Pinterest's site (along with improved search and marketing tools) is now showing in the results—sales boomed 58% in Q3 while earnings were well into the black, and analysts see 30%-plus growth for many quarters to come.

As for the stock, PINS built a year-long IPO base, broke out in September, and has acted well since then. Near-term potholes aside, it's likely PINS has just started a major advance as it joins the market's group of new leadership. We're more than willing to give the stock plenty of room to maneuver.

Big picture, if things fall into place, we think the stock's initial breakout from a big post-IPO base in September and its one-of-a-kind, idea-generating e-commerce website will make this a must-own stock among institutional investors.

Precigen (PGEN)

John McCamant
The Medical Technology Stock Letter

The most advanced clinical programs at ***Precigen*** *(PGEN) — known as PRGN-3005 UltraCAR-T and PRGN-3006 UltraCAR-T — have both delivered proof of concept data in cancer patients recently, asserts biotech sector expert* ***John McCamant****, editor of* ***The Medical Technology Stock Letter****.*

The company has developed an innovative & revolutionary UltraCAR-T platform. Precigen's most advanced clinical programs — PRGN-3005 UltraCAR-T, PRGN-3006 UltraCAR-T — have both delivered proof of concept data in cancer patients recently.

The UltraCAR-T platform is fundamentally differentiated from the competition and we believe will disrupt the cancer CAR-T treatment landscape by increasing patient access through rapid manufacturing, lower manufacturing-related costs, and improved outcomes using advanced technologies for precise tumor targeting and control of the immune system.

The key driver of improved UltraCAR-T performance is the expression of membrane-bound interleukin-15, or mbIL15 which allows for much less expensive in-house manufacturing of CAR-T therapies.

IL-15 is a master regulator cytokine that promotes T-cell activation and expansion as well as survival of memory T cells to enhance anti-tumor response.

Expression of mbIL15 is shown to enhance in vivo expansion in the presence of tumor antigens and prevent UltraCAR-T cell exhaustion leading to longer persistence and an enduring anti-tumor response that outlasts conventional CAR-T cells.

ActoBio, a wholly owned subsidiary of Precigen, announced new data for the Phase 1b monotherapy and Phase 2a combination study of the ongoing Phase 1b/2a clinical study investigating AG019 ActoBiotics for the treatment of early-onset Type 1 Diabetes (T1D). While early in development, AG019 has the potential to be a game changer for T1D.

With three programs in human clinical trials the company is poised for significant news flow in 2021. The UltraCAR-T program is coming along incredibly well and is demonstrating that PGEN can manufacture CAR-Ts overnight in the hospital to significantly reduce expenses.

We are also more than excited to see the preliminary anti-tumor activity with ULTRA-CAR-T as CAR-Ts have a tendency to work right away or not at all.

Precigen has emerged as one of our favorite stocks, and in our view is still largely ignored by institutions, and we expect a very strong 2021. The stock is a "buy" under $12 with a target price of $24 per share.

Progenity (PROG)

Adam Johnson
Bullseye Brief

***Progenity** (PROG) is a diagnostic testing company focused primarily on women's health, explains **Adam Johnson**, growth stock expert and editor of **Bullseye Brief**.*

The shares IPO'd in June at $15 and now trade mid-single digits, a victim of the Covid ripple effect that brought elective procedures, doctor visits and even pregnancy rates to a screeching halt.

The company provides a number of genetic screening tests for fetuses and prospective parents, but its most valuable asset enables early detection of a life-threatening condition called preeclampsia which impacts 200,000 pregnancies each year… at a total cost of $9B to the US healthcare system.

Preeclampsia is a pregnancy complication appearing at 20 weeks which is characterized by high blood pressure, often resulting in damage to the mother's liver and kidneys, as well as insufficient oxygen transfer through the placenta to the infant.

Once diagnosed, doctors have a number of treatment tools at their disposal, but early detection of preeclampsia is the real challenge. Progenity harnesses AI to give doctors plenty of warning in advance. No other company can match Progenity's predictive algorithms.

Separately, Progenity is developing two diagnostic tools for the gastro-intestinal tract. One is a retrievable capsule which gathers data to facilitate testing for multiple disorders, including cancer. The other is a unique drug dispensary system. Both provide additional potential upside.

At the current valuation, the stock discounts only the existing genetic screening business, which creates an attractive entry point for new investors.

Quarterhill (QTRH)

Benj Gallander
Contra the Heard

Quarterhill *(Toronto: QTRH) (QTRHF) was incorporated in 1992 and is based in Canada; one of its two primary areas of focus is licensing patents in numerous sectors via their WiLAN subsidiary, explains* ***Benj Gallander****, editor of* ***Contra the Heard****.*

The second, through International Road Dynamics (IRD), concentrates on solving transportation problems.

The enterprise has been progressing quickly of late. In early October, Quarterhill upped guidance for Q3 2020. Revenue was bumped to a range of $80 to $87 million, and expected adjusted EBITDA was to be between $32 and $36 million. Strong results from both the patent licensing subsidiary and International Road Dynamics prompted the move.

The final numbers ultimately beat the high end of the estimates. Revenue was $88 million and adjusted EBITDA was $39 million, about a quadruple from last year.

This strength was driven by a record quarter at IRD and the best quarter in three years for WiLAN. Net income was a sexy $24.5 million, while cash and equivalents were a healthy $129.7 million. With a puny amount of debt, Quarterhill's balance sheet seems as solid as Alberta's Rockies.

There were some other ripples of activity in the third quarter. Quarterhill has a new CFO named John Rim (no relation to the former Blackberry). WiLAN signed new licensing agreements — notably with Intel, Konica Minolta, and IBM. And at IRD new orders were penned with the State of New York, Ukraine, and Paraguay. Now there is a threesome!

QRTH also completed a substantial issuer bid, buying and canceling 2.7 million shares, after which a further ask got underway to buy up to 11.3 million public shares. In Q3, 1.6 million shares were bought at an average price of $1.89. That good ol' dividend of $0.0125 was also declared but it seems high time to raise it. Or at least pass us a special dividend payout. Still, that is much better than GICs these days.

It is obvious that Quarterhill is poised and loaded up to "consider a broad set of M&A opportunities." They recently spent about $6 million to take over Sensor Line GmbH, which will become a part of IRD. This outfit makes fibre optic traffic sensors for rail and road.

Over the last two years, Quarterhill's share price has been on a slow and gentle trend upward. There could be a jump when there is a conclusion in their lawsuit with **Apple** (AAPL).

In the latest thrust and parry, the Cupertino, California multi trillion-dollar enterprise appealed (not pealed an apple) the final judgment of $108.9 million on July 15, and Quarterhill filed a cross appeal on July 28. Legal ho-hum, but QTRH is guaranteed to win a minimum of $10 million. If the market is still shining when the final decision comes, it could provide a strong tailwind.

Our feeling is that Quarterhill has an excellent chance to do a double from the current stock price. This would still leave it far below the level of $9.00 plus where it traded in the past.

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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, notes **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. 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.

Defense currently accounts for approximately 60% of total revenues, and RTX achieved a record order backlog last quarter. Conversely, the aerospace business accounts for 40% of total revenues today.

While commercial aerospace has been severely challenged by the COVID-19 pandemic, this has also created an attractive long-term opportunity, and RTX's Pratt & Whitney segment was able to increase market share by more than 10% this year due to its superior balance sheet and ample cash position.

Although the commercial aerospace business is not expected to fully recover until 2023, the successful rollout of multiple COVID-19 vaccines could begin to significantly revive commercial demand by the second half of 2021.

Raytheon shares trade well below their median price-to-cash-flow multiple of the past decade and have substantial upside should we see a faster return to normalcy in the commercial aerospace industry.

Even in a slow recovery scenario, RTX shares have attractive upside based on forward cash flows, and a focus on cost cuts and merger synergies should help drive shareholder returns while the demand environment recovers.

In the meantime, RTX offers a solid dividend yield of 2.7% and a strong balance sheet backed by relatively durable cash flows and earnings growth on the Defense side of the business.

At Stack Financial Management, we analyze stocks using four key factors: Value, Growth, Quality, and Technical. Utilizing these four components, we create a proprietary score which ranks stocks on a relative basis. RTX ranks high today primarily due to its strong value characteristics.

There is still a lot of downside priced into RTX. However, cash flow generation continues to impress, and the company's ability to cut costs, resume share buybacks, and benefit from further economic reopening in 2021 makes RTX a compelling Value opportunity moving forward.

Learn more about Stack Financial Management here...

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Regeneron (RGEN)

Ingrid Hendershot
Hendershot Investments

***Regeneron** (RGEN) is a leading biotechnology company; its science-driven approach has resulted in eight FDA-approved drugs and more than 20 product candidates in clinical development, explains **Ingrid Hendershot**, a lvalue-focused money manager and editor of **Hendershot Investments**.*

Sales of Regeneron's lead drug, EYLEA, approved to treat age-related macular degeneration and diabetic edema, have grown at double-digit rates for seven years without a single price increase. In 2019, EYLEA generated net product sales in the U.S. of $4.6 billion.

Global sales of Dupixent, a first-in-class treatment option for several Type 2 inflammatory diseases, jumped 151% to $2.3 billion in 2019 with numerous new indications for the drug on the horizon.

In 2019, the firm's PD-1 inhibitor Libtayo, launched just a year earlier, became the standard of care for advanced cutaneous squamous cell carcinoma, generating global net product sales of $194 million.

Its COVID-19 antibody drug was authorized on Nov. 22 by the FDA to treat patients 12 years of age and older—including people over 65, who are not hospitalized but are at high risk of the disease increasing in severity.

Regeneron generated healthy growth during the past five years with revenues compounding at an 18% annual rate as net income and EPS grew at a high 35% annual pace.

The company routinely reinvests 30% of revenues in R&D, compared to the industry average of about 20%. Its profitable operations consistently deliver double-digit net profit margins and returns on shareholder equity exceeding 20%.

Long-term investors seeking a profitable prescription should consider Regeneron, a high-quality innovator with profitable growth and a healthy balance sheet with nearly $6 billion in cash and marketable securities.

Regulus Resources (RGLSF)

Gerardo Del Real
Resource Stock Digest

***Regulus Resources** (Vancouver: REG) (RGLSF) is a Canadian exploration company formed in December 2010 under the directorship of the former management of Antares Minerals, explains **Gerardo Del Real**, editor of **Resource Stock Digest**.*

The same Antares that was sold to **First Quantum Minerals** (Toronto: FM) for approximately C$650 million, primarily for the giant Haquira Cu-Mo-Au deposit in Peru.

The team is top notch. Regulus is led by CEO John Black. John is an economic geologist with more than 30 years of exploration experience in the Americas, Central Asia, the SW Pacific, and Eastern Europe/ Western Asia.

Regulus has approximately 101.8 million shares outstanding and a market cap of approximately C$101.8 million. The 100% owned Flagship AntaKori Copper-Gold Project is located approximately 600 km north of Lima and 50 km northwest of the city of Cajamarca, on the world-class Miocene Au-Cu-Ag belt of northern Peru.

The Antakori copper-gold-silver project boasts 5 billion pounds of copper (across all categories), 4.5 million ounces of gold (across all categories and 128 million ounces of silver (across all categories). The resource is high-grade near surface and has a very low strip ratio.

The best way to command a significant premium is to pressure potential suitors by optimizing what's already there and by demonstrating that the longer it takes for a potential suitor to make a competitive offer, the more copper-gold-silver the company is likely to find.

The macro backdrop for Regulus — with $2,000 gold, $3.60/lb. copper and $27 silver — is as good as it's ever been. The company provides excellent leverage to higher prices, but even if prices just stay at current levels, Regulus should be trading at multiples of today's prices.

There are numerous catalysts that will force a re-rating of shares including a resource estimate planned for 2021 which is expected to lead to a phase 3 drill program and then a pivot towards a Pre-feasibility project.

Make no mistake, Regulus is a clear takeout target and I believe AntaKori is taken out at a significant premium sooner rather than later.

Meanwhile, my two Top Picks from last year — **Midas Gold** (Vancouver: MAX) (MDRPF) and **Hannan Metals** (Vancouver: HAN) (HANNF) — closed the year up 91% and 94%, respectively. Though each performed extraordinarily well, the best days are still ahead for each company.

I expect Hannan to continue to develop multiple targets prospective for copper-silver discoveries and expect those targets to yield significant discoveries for years to come. Midas Gold meanwhile just refreshed its board of directors at John Paulson & Co. request and the move indicates that Midas Gold is a clear takeout target that is now in play.

Sally Beauty (SBH)

Hilary Kramer
Value Authority

***Sally Beauty Holdings** (SBH) — a conservative idea for the coming year — has come a long way back from its pandemic shock, explains **Hilary Kramer**, editor of **Value Authority**.*

However, there's still plenty of value to capture as the beauty products market looks toward a post-lockdown world and new brands rise to fill the gap faltering competitors like **Coty** (COTY) and **Revlon** (REV) leave in their wake.

Management spent the year fortifying the balance sheet. Now it's time to dazzle the world. Revenue has stabilized thanks to what amounts to curbside pickup programs that ultimately build momentum for true direct-to-consumer online sales.

While it might take another year to get all the numbers back on trend, I'm heartened by the way my earnings models for 2021 have started calling out for revision to the upside.

There's huge value here at barely 10X last year's depressed EPS. And if you shunned the stock while growth decelerated, how do you feel now that it's looking at 50% re-expansion in the coming year? There's no intrinsic reason this isn't already an $18 stock.

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Hilary Kramer: MoneyShow's Top Stock Picker from 2020

*Congratulations to Hilary Kramer, whose Top Stock pick from 2020 rose 209%, making it the best performing stock in last year's report. Here, the growth stock expert offers an update on **Chewy** (CHWY), her favorite investment idea from last year.*

Ironically enough, I loved Chewy before the pandemic was even a rumor and now that it's been characterized as a "COVID stock" I love it even more.

People were already buying pet food online and having it shipped to their doors because these bags and cans get heavy and nobody wants to run out. And unlike **Amazon** (AMZN), which has been dithering for years about getting serious about pet products, there's huge word of mouth here.

The lockdowns only accelerated the growth curve by a few months, nudging the company closer to ultimate sustainable profitability. People burned by the dot-com frenzy laughed at this company. They're not laughing now. My subscribers were here under $30. They're cheering.

Sabre Corporation (SABR)

Gordon Pape
Internet Wealth Builder

The best time to buy a quality company is when it has been badly beaten up. ***Sabre Corporation*** *(SABR) qualifies, explains* ***Gordon Pape****, editor of* ***Internet Wealth Builder****.*

The company is the backbone of the travel and hospitality business. If you choose to book a flight, a cruise, a hotel room, or a tour, the chances are your reservation is processed by Sabre's systems. Of course, these days few people are booking anything, and Sabre's stock price suffered accordingly.

The stock fell as low as $3.30 in the March meltdown. It has recovered some ground since but it still trading at about half the price of its 52-week high.

The travel and hospitality industry should begin to recover in the second half of this year as the vaccination program rolls out. As it does, Sabre's price will climb.

This stock could potentially gain 50%-75% over the next 12 months. I would also note that this stock was originally selected for my *Internet Wealth Builder* newsletter by contributing editor **Glenn Rogers**.

Meanwhile, a Top Pick from last year, **Brookfield Renewable Partners** (BEP) (Toronto BEP.UN), operates one of the world's largest publicly traded renewable power platforms. Its portfolio consists of approximately 19,400 MW of capacity and 5,318 generating facilities in North America, South America, Europe and Asia.

Most of its assets are hydro-electric but its also into wind and solar power. Last year was lousy for oil and gas companies but green energy stocks did well. Brookfield rewarded its unitholders with a distribution increase, a profitable spin-off, and a 3-2 share split. The units finished the year up 73%.

SelectQuote (SLQT)

Bryan Perry
Hi-Tech Trader

SelectQuote *(SLQT) pioneered the direct-to-consumer model of providing unbiased comparisons from multiple, highly rated insurance companies. This allows consumers to choose the policy and terms that best meet their unique needs, notes* ***Bryan Perry****, editor of* ***Quick Income Trader****.*

Two foundational pillars underpin SelectQuote's success: a force of more than 1,000 highly trained and skilled agents who provide consultative needs analysis for every consumer, and proprietary technology that sources, scores and directs high-quality sales leads.

The company has three core business lines: SelectQuote Senior, SelectQuote Life and SelectQuote Auto and Home. SelectQuote Senior, the largest and fastest-growing business, serves the needs of a demographic that sees 10,000 people turn 65 each day.

It provides a range of Medicare Advantage and Medicare Supplement plans from 15 leading, nationally recognized carriers, as well as prescription drug plans, dental, vision and hearing plans.

SelectQuote has posted two consecutive quarters that featured better-than-forecast results, increased its revenues by 90.5% in the third quarter to $124 million and set itself for a move back towards its 2020 high of $29. The stock currently trades at $22.25.

Meanwhile, my top conservative idea from last year was **Walt Disney Co.** (DIS), which rose 26% in 2020. The stock is enjoying strong tailwinds that support a higher stock price for 2021.

Although the Disney Plus streaming business dominated the headlines in 2020, it's the return of the theme park business in 2021 that will likely be the big news as pent-up demand should produce record attendance later this year.

The stock probably has another 10%-15% upside where valuation for the stock would be on the high side where booking some profits might prove timely. Longer-term, the stock is a solid hold.

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Signet Jewelers (SIG)

Bruce Kaser
Cabot Undervalued Stocks Advisor

*Under its previous leadership, easy credit terms boosted sales but led to large losses in the in-house credit operations at **Signet Jewelers** (SIG), explains **Bruce Kaser**, editor of **Cabot Turnaround Letter**.*

That leadership also neglected to update the company's merchandising and marketing, had an ineffective e-commerce strategy and had tolerated a toxic culture.

With capable new leadership since late 2017, Signet is now making impressive progress in reversing all of these problems.

Even with the pandemic, third-quarter same store sales rose 15% as positive physical same store sales were bolstered by surging (+71%) online sales. Adjusted operating profits were $47 million compared to a $29 million loss a year ago.

The company appears to be in sync with what its customers want while operating with much greater efficiency. Signet's previously onerous debt burden is now arguably too low.

With the shares trading at only 10x forward earnings, the market hasn't yet recognized that Signet's turnaround has further to go. I consider the stock to be a conservative favorite for the coming year.

Simon Property Group (SPG)

Tim Plaehn
The Dividend Hunter

*With a $32 billion market cap, **Simon Property Group** (SPG) is a top-five REIT by size — and is my top conservative investment idea for 2021, asserts **Tim Plaehn**, editor of **The Dividend Hunter**.*

As the owner of enclosed shopping malls and premium outlet malls, Simon was battered by the coronavirus pandemic and related economic shutdown. In March 2020, the company closed all of its U.S.-based properties. To preserve cash, The SPG dividend was reduced from an $8.40 annual rate to $6.00 paid in 2020.

In reaction to the coronavirus pandemic, Simon Property Group became aggressive to ensure it would survive and thrive in the post-covid world. Here is a list of moves and acquisitions made in 2020:

• As of May 11, Simon had reopened 77 properties. By the end of June, 199 of the company's 204 U.S. properties had reopened.

• In February 2020, Simon put together the acquisition of fast fashion retailer Forever 21. Simon and Authentic Brands Group each own 37.5%, and **Brookfield Property Partners** (BPY) owns the balance. Buying name-brand retailers out of bankruptcy will allow Simon to keep stores occupied and help manage the brands back to profitability.

• Simon Property Group's purchase of Taubman Centers closed in the final week of 2020. Taubman owns 26 super-regional shopping centers in the U.S. and Asia. Before the pandemic, Taubman had generated roughly $3.60 per share in annual funds from operations.

Overall, I expect Simon Property Group to be a leading beneficiary of a reopening economy, with vaccinated shoppers ready to hit the malls again.

During 2020, Simon focused on strengthening its retailer relationships, including taking equity stakes in several that faced bankruptcies. As in-person shopping results, Simon will benefit from both full occupancy rental payments and share in some tenants' profits.

For full-year 2020, SPG will report an FFO of about $9.00 per share. This amount will be down 25% from 2019, but that puts the company in a great position to grow the dividend as the FFO returns to normalized levels.

As we advance, I expect SPG to return to its status as one of those excellent dividend growth companies, with a 6% yield and double-digit annual dividend growth. In a few years, buying SPG for $80 per share will look like the post-pandemic deal of the decade.

SolarEdge (SEDG)

Robert Rapier
Investing Daily's Utility Forecaster

*As a long-term investor, I admit I am not a big fan of making an annual stock pick. Far too often I have been too early with a stock pick, only to see it sink before it soared, notes **Robert Rapier**, editor of **Investing Daily's Utility Forecaster**.*

In the past five years, I have recommended two companies in the solar sector to *Investing Daily* subscribers. The first was **SolarEdge** (SEDG) in 2015. I then recommended **Daqo New Energy Corp.** (DQ) in 2018. Both were companies that I expected to outperform the market over the next 5-10 years.

Both picks typify the kind of volatility you can expect in aggressive stock picks. I recommended SolarEdge at around $20 a share. It subsequently fell to $12 a share, and I took a lot of criticism for the pick.

Many investors sold it and it closed the year down, but I believed the company was sound and the solar sector would continue to soar. The company eventually reversed direction.

It recently closed at $356 a share. That is nearly a 1,700% gain in five years, but investors that bought when I recommended it (which I did myself) first endured a 40% loss.

Investors that bought Daqo at the time of the recommendation experienced a 40% gain in just a couple of months, before the Sino-American trade war and subsequent solar tariffs sent the share price reeling. At its lows, the share price was down 50% from my recommendation.

But I always tell people that they need to differentiate between investor psychology and long-term fundamentals. Fundamentals win out in the end, but it's hard to be patient. So far, Daqo (as SolarEdge did before it) has proven out the merits of patience — now up 711% in under three years.

I believe both these companies have room to run. However, there is the potential for a correction, and there are more risks with Chinese high-purity polysilicon manufacturer Daqo than with solar inverter manufacturer SolarEdge.

SolarEdge has seen its sales grow at an average rate of 61% over the past five years. Long-term growth is forecast to be 25% annually. However, shares could pull back at some point this year. There is one way to guard against that.

SolarEdge offers large premiums on its call options. Since this is a pick for all of 2021, let us look at the call option that expires January 21, 2022. That call with a strike price of $360 has a premium of $91, which reduces your net outlay to $265 if you use a buy-write strategy.

A year from now, if SolarEdge stock price is still where it is today, you have a return of 34%. If shares are called away it is slightly better at 36%.

It is true that you give up any upside beyond that — and there could be substantial upside. But barring a deep dive in the share price, this is a strategy that can give a potentially nice return while protecting against those timing issues I discussed above.

SPDR S&P Aerospace & Defense ETF (XAR)

John Persinos
Investing Daily

*The **SPDR S&P Aerospace & Defense ETF** (XAR) is considered the benchmark for the aerospace & defense industry, which is one of the hottest sectors you can find right now, explains **John Persinos**, editorial director at **Investing Daily**.*

The exchange-traded fund's top holdings represent a "who's who" of major defense contractors, all of which are poised for a multi-year boom. Because Pentagon spending tends to be recession and inflation resistant, XAR is a defensive growth play that also serves double-duty as a hedge.

The surest way to make money over the long term is to tap megatrends with momentum, and ever-bigger defense budgets are a fact of existence that will probably never go away, even under the new Democratic administration of Joe Biden.

Military spending also is vital for national economies and job creation, which makes the defense sector an even more attractive investment proposition.

XAR's portfolio boasts defense companies that are perennial recipients of Pentagon largesse. **Lockheed Martin** (LMT) is the largest defense contractor in the world. Lockheed manufactures a host of military aerospace products for the Pentagon and international clients.

Lockheed's cash cow is the advanced F-35 Joint Strike Fighter, the most advanced combat jet fighter ever built. More than 2,443 of the planes are on order and about 65 already have been built, at a cost of $84 billion.

Lockheed also makes the F-16, which is the world's most sought-after combat jet. Countries currently lining up for more F-16s include Turkey, Taiwan and Indonesia, among others.

Boeing (BA) manufactures the fighter jets and drones that enjoy consistent demand from the Pentagon and foreign nations. Boeing confers diversification through its commercial division. In addition to stalwarts such as the 737 and 747, Boeing continues to win big orders for its Dreamliner. I expect this ETF to thrive in 2021 and beyond.

Sprott Physical Silver Trust ETF (PSLV)

Omar Ayales
Gold Charts R Us

I recommend buying silver through the ***Sprott Physical Silver Trust ETV*** *(PSLV), an exchange-traded fund, suggests resources sector specialist* ***Omar Ayales****, editor of* ***Gold Charts R Us****.*

As central bankers and governments around the globe continue to debase currency through fiscal and monetary stimulus, gold will remain a natural hedge.

Consider gold declined 15% from the August peak to the November low. A healthy correction within the secular bull market. But support above $1700 is strong and the downside seems over-extended, at least in the foreseeable future. Demand for gold is poised to stay strong as a hedge against U.S. dollar weakness.

One of most relevant macro-economic events in 2020 was the combination of the breakdown of the U.S. dollar and strength fueling copper (and resources).

Price action in both asset classes suggest inflationary pressures could rise in 2021. Some of those reasons could be U.S. dollar weakness and a brewing global economic recovery from the lockdowns in March 2020.

This allows growing demand in both precious metals and resources. An occurrence that historically has been specifically bullish for silver.

Keep in mind, silver is a precious metal that moves with gold during financial uncertainty acting as a hedge against currency debasement, among other things. Silver is also a highly used industrial metal with growing demand from a recovering global economy, making it an ideal asset in your portfolio.

In 2020, silver's rise broke above key resistance near $20 confirming its own secular bull market. Silver has pulled back from the highs and it's showing strong support above the previous resistance at $20.

Consider increasing exposure within your portfolio. It will allow you to counter loss of purchase power in any cash position and will also allow you to ride the global economic recovery rally. I also have exposure through silver miners such **Hecla Mining** (HL), **Silvercorp Metals** (SVM), among others.

Meanwhile, my conservative recommendation in last year's Top Picks report was keeping cash positions diversified in British Pound Sterling which appreciated 4% while the U.S. dollar lost 7% in the same time frame, allowing savings in purchasing power equal to 11% in the currency exchange for our cash position.

I continue to own pound sterling as part of my cash holdings and included midway 2020 the Australian dollar to diversify further away from U.S. dollar weakness.

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Starbucks (SBUX)

Nikolaos Sismanis
13F Smart Money

*Who would have thought that a COVID-19-sensitive company like **Starbucks** (SBUX) would end the year with its stock at all-time highs, despite plummeting by around 40% during March's selloff? asks **Nikolaos Sismanis**, editor of **13F Smart Money**.*

The iconic Seattle-based coffee franchise was quick to adopt and excellently manage the ongoing pandemic. Its high-quality management characteristics are well-known, as the company has been treating its shareholders well for a long time.

In fact, over the past decade, the stock has returned CAGR (compound annual growth rate) returns of 22.88%. In a few days, we are about to enter a new decade, and we believe that Starbucks will continue to be an outperformer and once again deliver market-beating returns.

Firstly, the company's brand value is beyond impressive. When the company posted its Q3 fiscal results (Q2 calendar) during the midst of the pandemic, its revenues had dropped by a terrifying 40%. Yet, even during a time of global panic, its store count increase by 2%, indicating strong franchisor demand.

In its most recent results, not only had the company made a quick recovery to just a 10% revenue decline, but its stores continued to increase, currently to an all-time high of 32,660 locations.

Once the economy normalizes, we expect Starbucks ' revenues to snowball due to its new store count. Not only should stores fill with happy customers, but over the past few quarters, the company has taken advantage of its ongoing pandemic to scale its digital order experience.

The percentage of mobile orders made using the Starbucks app has increased over the year from 17% of total sales in Q1 to 18% in Q2, 22% in Q3, and 24% in Q4.

Do we sound too optimistic? Well, don't take it from us, but Starbucks' very own management team , which recently reaffirmed its 2021 guidance towards a full recovery, and sees 10% to 12% EPS growth moving towards 2023 to 2024.

Considering the fact that the company almost always beats its guidance, investors are likely to enjoy an even more significant double-digit EPS growth. But wait, there is more!

To reassure investors of its optimistic outlook and reward them with tangible capital returns, in late September, the company bumped its quarterly dividend by 10% to $0.45.

Based on the latest outlook, the stock is trading around 30 times its 2022 EPS in terms of its valuation. While this may not be the most attractive multiple of all time, especially for a forward year, Starbucks' consistent shareholder value creation, AAA management, and top-tier capital return programs are more than enough to justify it.

As a reminder, since 2005, the company has retired more than 1/4 of its total shares outstanding. Hence, we remain bullish on Starbucks and consider it a top 2021 pick.

Legendary investor Bill Ackman likely shares similar views, holding around 1% of the whole company through his hedge fund, Pershing Square, which holds around $7.7 billion in its public-equity holdings.

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Stifel Financial Pfd. C (SF-C)

Marty Fridson
Forbes/Fridson Income Securities Investor

Stifel Financial Corp. *(SF) is a St. Louis-based, global wealth management and investment banking company, notes dividend investing expert* ***Marty Fridson****, editor of* ***Forbes/Fridson Income Securities Investor****.*

The firm's diversified financial services are offered through its primary broker-dealer subsidiary, Stifel, Nicolaus & Company, a full-service investment banking and brokerage institution.

The company provides its financial services across the retail sector, as well as to institutions and corporations. Acquisitions have played a major role in SF's growth.

In the period from 2010 onward these have included Thomas Weisel Partners Group, Inc, resulting in the creation of one of the largest U.S. equity research platforms; Stone & Youngberg LLC, a specialist in municipal finance and fixed income securities; and the U.S. investment management unit of Barclays.

Our recommendation is for the **Stifel Financial Corp.; 6.125% Fixed Rate, Non-Cumulative Perpetual** (SF-C). The issue has a par value of $25.00 and a call date of 06/15/25 at $25.00.

This 6.125% preferred issue may be redeemed on June 15, 2025, or anytime thereafter, at par plus any declared but unpaid dividends. It has an annual cash dividend of $1.53125, for a current indicated yield of 5.52%.

SF reported 3Q 2020 adjusted net income of $120.5 million or $1.59 per share, exceeding analysts' $1.33 estimates. Third quarter net revenue rose 7.5% to $883.3 million, reflecting increased client activity.

Bottom line results rebounded from early 2020 on the back of much improved market conditions, leading to considerable higher asset prices.

In December SF increased its estimate 4Q 2020 operating net revenue from a range of $870-$920 million to $940-$970 million. We expect operating revenue and net results to maintain traction in 2021, as the economy continues its steady improvement.

Dividends on this preferred stock are qualified and taxed at the 15%-20% rate. This investment is suitable for medium-risk, taxable portfolios. Buy up to $27.90 for a 5.49% current yield and a 3.35% yield to call.

Superior Group of Companies (SGC)

Doug Gerlach
SmallCap Informer

Perennially underfollowed by Wall Street, ***Superior Group of Companies*** *(SGC) is a unique mashup of three complementary businesses that help their customers with branding, explains* ***Doug Gerlach****, editor of* ***SmallCap Informer****.*

While the company's uniform and call center divisions were held back in 2020, its promotional product segment flourished by pivoting to offering branded personal protective equipment (PPE) solutions to businesses looking to establish a presence in the COVID-19 pandemic.

Despite the company's record 2020 results, Superior Group's stock remains undervalued. With economic recovery ramping back up in 2021, we expect to see the company's call center and uniform businesses bouncing back, while the promotional products division provides a strong base for continued growth.

The Superior Uniform Group division manufactures and markets employee uniforms, image apparel, medical scrubs, and patient apparel. More than six million Americans wear Superior Group apparel each day, and roughly 80% of its customer base is considered "Essential Workwear." This unit's business is quite economically defensive.

The Superior BPO Solutions segment provides call center and BPO solutions to a variety of customers through The Office Gurus, delivering 8% of fiscal 2019 revenues. This business pivoted to a work-from-home model as the COVID-19 pandemic arrived and returned to full-force pre-pandemic operating levels in June 2020.

The company launched its WonderWink line of "commercial laundry-friendly" fashion medical scrubs in the third quarter of 2020. Management has tagged this new product line a "game changer" and says interest from current customers is very high.

As Superior Group implements more and more warehouse automation and consolidation and expands its low-cost production capabilities, margins should improve significantly.

A $100 million warehouse automation upgrade underway in its 220,000-square feet Eudora, Arkansas, semi-robotic distribution center will speed fulfillment and increase efficiency. Superior Group management has targeted 8-9% operating margins by 2024 for its consolidated business.

Return on equity has been generally stable as well, ranging from 13.3% to 15.0% in the past five years (excluding the 2019 down year). Superior Group's debt is higher than we desire, but the company's ample free cash has been directed towards paying down its borrowings.

The company has a record of paying dividends since 1977 and the current yield is 1.7%. The company suspended one quarterly dividend in 2020 but resumed the dividend as the year progressed and issued a special dividend to make up for the missed payment.

With our EPS forecast of $3.84 for fiscal 2025 and an average high P/E of 20, the stock could reach $78 or dip down to $18. Based on the current price of $23, Superior Group could deliver an annualized return of 28% over the next five years including dividends.

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The Travelers Companies (TRV)

Ben Reynolds
Sure Passive Income

***The Travelers Companies** (TRV) traces its origin back to 1864 when two businessmen founded the company in Connecticut, observes **Ben Reynolds**, editor of the recently-launched advisory service, **Sure Passive Income**.*

Travelers offers a wide array of commercial, personal, and property insurance. The company trades for a market capitalization of $35 billion and generates annual sales of $32 billion.

The company's management has increased the dividend for 15 consecutive years. This long streak of rising dividends is evidence of a durable competitive advantage. Travelers' main competitive advantages are its scale and its brand, both of which have been built over the past 156 years.

The company is likely to continue increasing its dividend as it has a payout ratio of just 39% of expected fiscal 2020 adjusted earnings-per-share of $8.70. Travelers stock currently has a 2.5% dividend yield, which is in excess of the S&P 500's current dividend yield of 1.6%.

While the dividend has been increasing over time, the company has also rewarded shareholders with sizeable share repurchases over time. Travelers has reduced its share count at a 5.6% annualized rate from fiscal 2010 through fiscal 2019.

As an insurance company, income from investments is important for Travelers. Low investment yields have hurt the bottom line. But, if interest rates rise, the company will likely generate greater investment income as it will be able to invest its float into higher yielding securities.

Overall, we expect Travelers to grow its earnings-per-share at around 8% annually over the next five years. This growth will come primarily from higher underwritten premium growth, better margins, and its well-funded buyback program. With that said, catastrophic losses in any one year could damper growth temporarily.

We believe Travelers will continue to reward shareholders with solid growth and rising dividends over time. The company's proven business model has stood the test of time, which makes Travelers a favorable buy and long-term hold option for investors looking for rising passive income.

Trivago N.V. (TRVG)

Nancy Zambell
Wall Street's Best Investments

*My top pick for 2021 is **Trivago N.V.** (TRVG), a Germany-based platform that allows travelers to search for hotels and accommodations, notes **Nancy Zambell**, editor of **Wall Street's Best Investments**.*

The firm's platform lets users find the least expensive options on more than 100 websites, including **Expedia** (EXPE), **Booking** (BKNG), Priceline, Trip, VRBO, and **Airbnb** (ABNB).

The company's website also includes articles featuring weekend and romantic getaways, as well as family vacations — features recently added for those travelers who want to get away, but don't have a specific destination in mind.

Trivago's platform is available through 54 localized websites and apps in 32 languages, and offers access to some 5.0 million hotels and other types of accommodations around the world.

As you might imagine, revenues and earnings in 2020 were crushed by the coronavirus pandemic, but the good news is that the availability of vaccines should get the economy rolling again by mid-year (hopefully!), which will radically change the path of the travel industry's — and Trivago's fortunes.

In fact, analysts expect the company's earnings to grow by 98.8% in 2022 and at an annual rate of 33.44% over the next five years.

Despite the precipitous drop in revenues last year, Trivago managed to post a positive EBITDA in the third quarter, as most of its expenses come from marketing, which, of course, has been a non-starter during the pandemic.

The company also trimmed fixed costs, eliminating its regional offices. That should put it in a good place as the pent-up demand for travel explodes following mass vaccinations.

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TSS, Inc. (TSSI)

Faris Sleem
The Bowser Report

***TSS, Inc.** (TSSI) is a single source provider of mission-critical planning, design, system integration, and deployment of data centers facilities and information infrastructure, suggests small cap expert **Faris Sleem**, editor of **The Bowser Report**.*

TSS specializes in customizable end-to-end solutions powered by industry experts and innovative services. Both earnings and revenues have soared over the past year, yet its market value has decreased.

In its most recent quarter, the company reported revenue growth of 397% as well as a big jump in net income. Because of its rapid growth and undervaluation, the stock is trading at just 20% of its annual sales.

Insiders currently hold 43% of the outstanding shares and have purchased 780,000 shares over the past year. Additionally, institutional investors account for 10% of the outstanding shares, which is rare for a stock trading at such low price.

The major insider ownership is even more reassuring considering management's track record. Both CEO Anthony Angelini and CFO John Penver have over 25 years of experience in their respective fields.

Angelini last served as CEO of Zomax, Inc., a Nasdaq-listed company in the business process outsourcing industry. Zomax was recognized by Fortune and Forbes as one of the fastest growing small companies.

Overall, TSSI is undervalued and has outstanding leadership. As long as insiders and institutional investors continue to accumulate, market value should start to normalize. The consistent sales growth alone makes it a bargain at its current price and we expect big things down the road.

Altigen Communications (ATGN) — our Top Pick from 2020 — rose 70% last year. The company is a leading Microsoft Cloud Solutions. Although the stock has doubled within the past year, its integration with Microsoft Teams makes ATGN a potential high growth investment opportunity.

Altigen has reported consistent top and bottom-line growth as the market for cloud solutions continues to skyrocket. The surge in demand for cloud services is not temporary and the industry is expected to grow at a CAGR of 24%. The stock is still within buying range as long as it maintains sustainable growth and captures more market share.

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Uber (UBER)

Mike Cintolo
Cabot Growth Investor

***Uber** (UBER) has revolutionized the lives of millions of city dwellers, but its first year as a public company didn't go so well, as its overhyped IPO, a mountain of red ink and, of course, the onset of the pandemic crushed the firm's Rides business, explains **Mike Cintolo**, editor of **Cabot Growth Investor**.*

However, that's one of the reasons we like the stock in 2021 — even during Q2's horror show, the Rides business was cash flow profitable, and now the recovery is underway. Indeed, in Q3, Rides-related bookings nearly doubled from the prior quarter, and as the pandemic lessens, that figure is sure to spike.

But the real growth driver these days is Uber's Delivery segment — Uber Eats — as there's been a secular change in the willingness of people to use delivery services, be it for take-out, groceries or even prescription medications.

Bookings in this area are accelerating and growing at triple-digit rates, and the firm's recent acquisition of Postmates only extends the firm's reach. There's no question Uber is the leader in both name recognition and size when it comes to Rides and Delivery, both of which should grow nicely in the quarters ahead.

Analysts see cash flow getting to breakeven next year while revenues soar 42%, and both could prove conservative if worldwide economies really take off. And the stock market likes that — UBER broke out of a year-long post-IPO base in early November, kicking off what we think will be a long period of outperformance.

While there are always potential potholes in any story, it appears little is standing the way of a huge next few quarters for Uber: The combination of the vaccines and yet another stimulus package should goose the economy next year (helping the Rides segment), while the acquisition of Postmates and secular trends should keep the Delivery business humming. If you don't own any, you can buy UBER here.

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U.S. Bancorp (USB)

Bruce Kaser
Cabot Undervalued Stocks Advisor

U.S. Bancorp *(USB) — a conservative Top Pick for 2021 — is one of the country's largest banks, with a focus on business and consumer lending as well as payment services and wealth management, states* ***Bruce Kaser****, editor of* ***Cabot Undervalued Stocks Advisor****.*

Unlike its larger peers, it has essentially no investment banking or trading operations. Like many banks, U.S. Bancorp is out of favor, as investors worry about a potential surge in credit losses due to the pandemic.

Its third-quarter non-performing assets were 30% larger than a year ago and credit problems may increase further should federal income support and stimulus funding be removed.

Further weighing on shares is the profit-draining low interest rate environment, particularly as the Fed's guidance points to low rates for a long time.

However, U.S. Bancorp is one of the best-run banks in the country. Long known for conservative lending, its non-performing assets are only 0.41% of its total assets, lower than most peers and only modestly higher than a year ago.

The bank has set aside reserves for bad loans equal to 2.61% of total loans — a remarkably high amount and equal to 6.3x its non-performing assets. Unlike the prior cycle, home mortgage lending today is a source of strength.

U.S. Bancorp's capital ratio remains robust, particularly given its sizable credit reserves. Importantly, the bank maintains a tight cost control culture. A new $3 billion share buyback program will start this month.

We see little further profit pressure from low interest rates. Any increase in rates could boost profits. USB shares trade at a reasonable 12.1x estimated 2022 earnings and offer a rock-solid 3.4% dividend yield.

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, suggests **John McCamant**, an industry leading biotechnology expert and editor of **The Medical Technology Stock Letter**.*

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.

VXRT is poised to deliver Phase 1/II data shortly for VXA-CoV2-1 which upon success will position it as a leader in the second wave of COVID-19 vaccines.

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.

In addition, Vaxart is on Operation Warp Speed's radar and is currently conducting a non-human primate study.

In our view, positive Phase I/II data will serve as a major catalyst for VXRT in 2021. The stock is a "buy" under $15 with a target price of $30 per share.

Meanwhile, our Top Pick last year was **Sangamo Therapeutics** (SGMO), which rose 86%. The stock recently hit a 52-week high, with its hemophilia A gene therapy with partner **Pfizer** (PFE), sympathy with the very strong CRSPR stocks and the potential for M&A.

In 2021, we expect updates from their gene therapy and gene editing platforms in hemophilia A, sickle cell, CAR-T and Fabry disease to create value. SGMO is a "buy" under $20 with a target price of $30 a share.

Virgin Galactic Holdings (SPCE)

Bryan Perry
Hi-Tech Trader

***Virgin Galactic Holdings** (SPCE) started trading in late 2017 and is co-founded by Sir Richard Branson, suggests **Bryan Perry**, growth stock expert and editor of **Hi-Tech Trader**.*

The company is a vertically integrated aerospace and space travel company, pioneering human spaceflight for private individuals and researchers, as well as a manufacturer of advanced air and space vehicles. It is developing a spaceflight system designed to offer customers a unique and transformative experience.

SPCE provided an update following its recent test flight on December 12, 2020 that came up short of expectations. During the test flight, the rocket motor did not fire due to the ignition sequence not completing and therefore not achieving its objective of reaching outer space.

Following this event, the pilots conducted a safe landing and return, as planned, to Spaceport America, New Mexico. The company is preparing further test flights for early 2021.

Shares of SPCE were trading at $35 just prior to the December 12 test flight and have since retreated to $25 where they trade today. The technical pattern is just now showing signs for reversing higher where I want to get involved.

My top speculative idea last year was **Guardant Health** (GH), which rose 65%. The stock is trading to new all-time highs as the market for liquid biopsy testing continues to receive growth adoption by cancer treatment centers.

Historically, the presence of cancer has been confirmed via tissue biopsy and examined under a microscope. One in five tissue biopsies fails to provide sufficient material for analysis.

Liquid biopsy overcomes this drawback by virtue of using blood samples, is virtually painless, is easily administered, considerably less expensive and highly accurate on one blood draw. 2020 revenues grew by 32% and 2021 revenues are forecast to grow by 36% to $390 million. I'm looking for further gains.

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Voyager Digital Ltd. (VYGVF)

Jim Woods
Bullseye Stock Trader

*One of the biggest trends of 2020 also is a trend that I suspect is likely to continue into 2021, and that is the stunning rise and growing acceptance of cryptocurrencies such as Bitcoin, suggests **Jim Woods**, growth stock expert and editor of Bullseye Stock Trader.*

Now, I am a fan of Bitcoin in theory, as well as the blockchain digital technology that it operates on. Yet investing in actual Bitcoins or in a Bitcoin ETF can be extremely volatile. But I am a stock picker at heart, and that means I like to buy into companies that are benefitting from a specific trend.

Another way to put this is I like to buy the so-called "picks and shovels" plays, meaning that instead of investing in gold during the gold rush, I would have invested in the companies making and selling the picks and shovels used to dig for that gold.

In the cryptocurrency space, there aren't many picks-and-shovels plays. However, there is one very good stock that fits that bill, and it is **Voyager Digital Ltd.** (VYGVF).

Voyager operates a digital platform that enables users to buy and sell digital assets (cryptocurrencies) across multiple exchanges in one account primarily in the United States and Canada. The company is considered an agency broker, which is basically a platform that is trying to get the best price on a security for their clients.

Other cryptocurrency exchanges want to fulfill a customer's order on their platform, but Voyager will scan through a list of 10 to 12 exchanges looking to fill your order at the best price.

Interestingly, a lot of these exchanges are not available to the average North American retail trader, as most of the largest crypto exchanges are based in Asia and Europe and do not allow North America retail investors to trade on their exchanges.

In return for the better trade execution, Voyager gets paid, and they take a portion of that spread they have found on the purchase. On average, Voyager makes 65 basis points on each trade. This operation accounts for about 70% of the company's revenue. The other 30% of revenue comes from security lending.

On January 5, the company announced that it expects Q4 2020 revenue to reach $3.5 million. That's a 75% increase from the third quarter, and a whopping 3,877% from the fourth quarter of 2019.

Voyager also said that its December revenue run rate was over $20 million, compared to $200,000 in December 2019 (run rate is estimated revenue extrapolated from available figures).

The company also said that its assets have continued to grow, increasing over three times from the September quarter to over $265 million in early January.

"As widespread adoption of cryptocurrency grew in the latter part of 2020, we have seen 2021 get off to a quick start and we are well-positioned to continue our extraordinary growth through 2021 and beyond," said Stephen Ehrlich, co-founder and CEO of Voyager.

Ehrlich is a big player in the online/digital brokerage business, as he was a former executive at E*TRADE and at Lightspeed Financial. This is another thing to like about Voyager, as its executive team is filled with big hitters from the online brokerage, investment, and technology sectors.

Of course, the best thing about Voyager is the share price performance, which in 2020 was an incredible gain of 1,650%! This is the kind of big upside we can participate in with this cryptocurrency trading platform company — one that I consider the very best picks-and-shovels play on this exhilarating sector.

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Walgreens Boots Alliance (WBA)

Chuck Carlson
DRIP Investor

*My "Dow Underdogs" contrarian investment strategy, an approach discussed in my book, **Winning with the Dow's Losers**, focuses on the worst-performing stocks in the Dow Jones Industrial Average in a given 12-month period, explains **Chuck Carlson**, editor of **DRIP Investor**.*

While no investment approach works in every market, betting on these "Dow Underdogs" to rebound after a period of underperformance has a pretty good track record over the long term. (*For more information on this strategy, along with a long-term performance record, visit the web site at www.dowunderdogs.com*).

Going into 2021, one of the top Dow Underdogs is **Walgreens Boots Alliance** (WBA). Walgreens is especially notable as a Dow Underdog given that it was the worst-performing Dow stock in 2019 and posted another dreadful performance in 2020, down more than 30%.

However, there are reasons to be optimistic for 2021. The company's per-share profits and revenues beat estimates in the most recent quarter. Business should get a lift from the company's participation in providing the coronavirus vaccines.

The company's per-share profits and revenues should grow in 2021. The stock's dividend yield of 4.6% is more than double the yield on the S&P 500 and should provide some downside support to these shares.

Admittedly, given Walgreens terrible performance in 2019, I would have expected 2020 to be a better year. However, I think the stock is set up nicely for big "mean reversion" in 2021. Trading at just eight times its 2021 earnings estimate of $4.80 per share, the stock is plenty cheap.

I own the stock and believe it offers one of the better contrarian plays for 2021. Please note Walgreens offers a direct-purchase plan whereby any investor may buy the first share and every share directly. Minimum initial investment is $250.

Walgreens Boots Alliance (WBA)

Ben Reynolds
Sure Dividend

***Walgreens Boots Alliance** (WBA) is the second largest publicly traded pharmaceutical retailer based on its $34 billion market cap; only rival **CVS Health** (CVS) is larger, observes **Ben Reynolds**, growth and income expert and editor of **Sure Dividend**.*

There's much to like about Walgreens as an investment today. The company's management is especially shareholder friendly.

Walgreens has increased its dividend for 45 consecutive years, which makes it a Dividend Aristocrat. And the company has reduced its share count by 4.2% annually from fiscal 2015 through fiscal 2020.

As an established blue-chip stock, Walgreens isn't going to grow its sales or earnings rapidly. With that said, Walgreens has grown its adjusted earnings-per-share at a solid but unspectacular rate of 6.7% annually from fiscal 2011 through fiscal 2020.

The company has struggled to grow recently due to pricing pressure and COVID-19. We believe the company will return to growth and generate adjusted earnings-per-share growth of around 5% annually over the next five years.

Where Walgreens stock really stands out as a promising investment is its low valuation and high yield. The company's stock is trading for a price-to-earnings ratio of just 8.0 based on our expected fiscal 2021 adjusted earnings-per-share of $4.98.

The company's historical average price-to-earnings ratio over the last decade is around 15. We believe Walgreens to be trading at a steep discount to fair value at current prices.

Walgreens stock currently offers investors a high 4.7% dividend yield. The company's dividend is well covered, coming in at under 40% of expected 2021 adjusted earnings-per-share.

This low payout ratio combined with the company's long history of dividend increases makes it likely that the company's management elects to continue rising dividends going forward.

Walgreens is offering investors an opportunity to lock in a high yield at current prices. In addition, it's likely the company will continue to reward shareholders with dividend increases.

And with a historically low price-to-earnings ratio, Walgreens stock offers the potential for capital gains if the valuation multiple returns to anywhere near its historical average.

WCM Focused (WCMRX) and Draftkings (DKNG)

Bob Carlson
Retirement Watch

*You don't need me to tell you that 2020 was a wild year with many changes and surprises. While the details will be different, expect more of the same in 2021, notes **Bob Carlson**, editor of **Retirement Watch**.*

WCM Focused International Growth (WCMRX) is a top pick for conservative investors in the coming year. This open-end mutual fund invests in a small number of stocks of which the managers consider to be great growth companies around the globe.

The fund seeks to identify growing companies that seem likely to be able to maintain that growth for years. The average holding period for stocks in the fund is about five years.

Investors need to plan for the probability that investment returns in the coming years are likely to be lower than they've been in some time, maybe ever.

That's because interest rates are at historic lows. Returns of stocks and other investments are based on the risk-free rate of return, which is the yield on short-term treasury debt. Over time, returns on stocks and other investments can exceed the risk-free return by only so much.

Only a few pockets of the investment universe are extremely high valuations or in bubble territory. But the strong returns stocks and a few other investments had the last few years aren't sustainable indefinitely.

The fund has been among the top performers in its category since its inception and is likely to continue the above-average performance.

An aggressive pick for the coming year is **Draftkings** (DKNG): It's one of the leaders in online sports betting. Sports betting is rapidly shifting online. Draftikings will benefit.

The company and the whole sports betting sector took a hit in 2020 as most major sports were canceled or limited.

More major sports events should be held in 2021 as the vaccines are rolled out, increasing interest in gambling. In addition, a number of states are permitting sports gambling for the first time. There's a good prospect that New York will do so in the near future.

Despite strong returns for much of 2020, the stock took a steep drop in the second half and should be poised for a recovery in 2021.

Wells Fargo & Company (WFC)

Bruce Kaser
Cabot Undervalued Stocks Advisor

Wells Fargo & Company *(WFC) is a valuable and diversified major bank with extensive retail and commercial banking, mortgage lending, credit card and investment management operations, asserts* ***Bruce Kaser****, editor of* ***Cabot Turnaround Letter****.*

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

Also, like all banks, it is currently struggling with low interest rates and the potential for high credit losses from the pandemic-weakened economy. An additional constraint is a regulator-imposed cap on Wells Fargo's asset size.

Yet, now led by highly credible CEO Charles Scharf — the former head of **Bank of New York Mellon** (BK) and a former protégé of JPMorgan's Jamie Dimon — the bank's operations and leadership are undergoing a complete overhaul.

We are starting to see early indications of a tighter compliance culture, better strategic focus and more efficient operations. Scharf has indicated that cost-cutting could reach $10 billion.

Combined, these improvements should produce significantly higher earnings. Meanwhile, Wells Fargo's capital level and credit reserves are robust.

Wells Fargo's unusually low valuation, at only one times tangible book value and 9.9x estimated 2022 earnings, combined with its turnaround progress, make this a worthy stock and a speculative favorite for 2021.

WestRock (WRK)

Zach Jonson
Stack Financial Management

***WestRock** (WRK) is a multinational provider of paper and packaging solutions for consumer and industrial markets. The company operates in two main segments: corrugated packaging and consumer packaging, explains **Zach Jonson**, CFA and Chief Investment Officer at **Stack Financial Management**.*

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 solutions such as beverage carriers, express mail envelopes, and premium folding cartons.

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. While growth rates in this segment are anticipated to slow after the economy returns to normal, WRK has a diverse end customer base that will see a pick-up in demand as other industries recover.

Sustainable packaging is becoming more important to both customers and investors alike. Since 2018, WRK has increased their annual run rate of sales by $100 million by replacing plastic in a variety of products.

For example, a few years ago many companies like Amazon and Walmart shifted towards plastic-lined envelopes for the shipment of small items.

In response, WestRock created a line of paperboard-based plastic alternatives that utilize more recycled material. This is one of many examples of how WRK's focus on sustainable and innovative packaging solutions presents them with numerous growth opportunities in the future.

At Stack Financial Management, we analyze stocks using four key factors: Value, Growth, Quality, and Technical Strength. Utilizing these four components, we create a proprietary score which ranks stocks on a relative basis.

WestRock ranks high due to its attractive value characteristics, forward growth prospects, and recent technical strength. As a beneficiary of the long-term shift towards e-commerce and the use of home delivery packaging services, WestRock is well positioned to provide investors with strong returns as the economy continues to recover over the course of 2021.

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