2022 TOP PICKS REPORT

The 100 Best Stock Ideas for the Coming Year

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Welcome to the Top Picks 2022: Over 100 Investment Ideas for the New Year

Kim Githler
MoneyShow

Welcome to the **Top Picks 2022** report. Every January for 38 years, our editorial team has surveyed the nation's leading newsletter advisors and investment experts asking for their favorite investments for the year ahead. This year's report includes 118 ideas for the new year.

The newsletter advisors and financial industry analysts who participate in these annual reports 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; in fact, many have participated for decades!

We are always happy when an advisor's ideas lead to outsized gains for our readers. Special recognition goes out to Jim Woods, Tom Bishop and Bruce Kaser — whose 2021 picks each rose over 200%. Updates to their picks and other top performers appear through out our new report.

Nevertheless — as we emphasize to advisors when they are invited to participate in this project — this is not a contest; rather it should be viewed as a diversified shopping list of ideas for investors as we enter the new year.

Most importantly, 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. Indeed, as we saw in 2021, economic developments and the global impact of the pandemic significantly changed advisor views on certain stock and fund holdings during the course of the year.

As such, 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.

You can also keep up to date on the changing opinions and recommendations of the leading newsletter advisors by signing up for our **free daily newsletter**, **Top Pros' Top Picks**.

Looking at this year's report, we have many exciting ideas for you to consider — ranging from fast-growing stocks with high potential to conservative dividend-paying stocks chosen steady returns.

* *Healthcare has always been a favorite sector of the advisors in these report — but this year, we see a noted shift to niche-oriented plays such as genetics and biotechnology.*
* *Resources have always been popular; this year, in addition to gold and silver ideas, we see numerous mining picks beyond precious metals.*
* *Energy remains popular this year, but we note that the advisors did not choose large cap, global energy firms. Instead, this year's picks focused more on energy infrastructure and renewables.*
* *In past years, large banks have been in vogue; this year, the focus has trended more towards fintech and financial services. For those seeking income, REITs are very popular in this year's report.*
* *Specialized technology plays are widely featured as 2022 favorites; interestingly, most of this year's tech plays are companies that help make other industries more efficient.*
* *For the first time in memory, transportation is a favorite sector for the coming year. Leading in popularity is electric vehicle ideas — ranging from auto production to ancillary resource and technology plays on the EV space.*

We would stress that any stock you buy should match your own investment strategy and time horizon — and fit your personal risk-tolerance level. The recommendations are a starting place for your own research. Overall, our goal 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 2022.

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A10 Networks (ATEN)

Jeffrey Hirsch
Stock Trader's Almanac

*My Top Picks for 2022 come from our mid-cap "Best Months" stock basket; we issued our "Best Months" Seasonal MACD Buy Signal on October 8, 2021, recalls **Jeffrey Hirsch**, seasonal timing specialist and editor of **Stock Trader's Almanac**.*

With large cap stocks dominating the market for much of this bull run we focused on the lower end of the market capitalization spectrum. Small caps ranged from $50 million to $1billion in market cap with mid-caps in the $1 to 5 billion range. My two top picks for 2022 come from this mid-cap group.

We screen for reasonably solid valuations, revenue and earnings growth and relatively low price-to-sales and price-to-earnings ratios. Then we look for positive price and volume action as well as other constructive technical and chart pattern indications. Finally, we lean towards stocks flying under Wall Street's radar with a below average number of analysts following them.

A10 Networks (ATEN) was added to our newsletter portfolio on October 15 at $13.30. The company is leading provider of secure cloud application services and solutions for on-premises, multi-cloud and edge-cloud environments at hyperscale.

ATEN enables service providers and enterprises to deliver business-critical applications that are secure and efficient for multi-cloud transformation and 5G readiness. Their products and services help future-proof infrastructures so their customers can provide the most secure and available digital experience.

Their portfolio of state-of-the-art solutions optimize, accelerate, and secure applications and networks for enterprises, service providers, and government organizations. Growing both organically with existing clients and adding new business ATEN exhibits a strong balance sheet and solid growth potential.

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A Look Back at 2021's Top Performers

Jeffrey Hirsch offers an update on his Top Picks for 2021:

Avid Technology (AVID) was up 122% in 2021, but the digital media pioneer was closed out of our newsletter portfolio on August 4, a 132% in the portfolio. Peripheral vascular disease treatment and solution provider **LeMaitre Vascular** (LMAT) remains in our portfolio up 33% since it was added to our list and up 28% in 2021."

Abbott Laboratories (ABT)

Mike Larson
Safe Money Report

***Abbott Laboratories** (ABT) — which is rated "A-" by our Weiss Ratings system — is a top conservative idea for 2022, suggests **Mike Larson**, editor of **Safe Money Report**.*

Abbott is a Chicago-based company that offers medical testing, medical devices, pharmaceuticals, nutritional products and related services. You may be familiar with its Similac baby formula and Pedialyte beverages. It also makes FreeStyle Libre glucose monitoring systems, Gallant implantable heart defibrillators and Influvac flu vaccines.

Abbott has also been at the forefront of the fight against COVID-19. But unlike vaccine providers such as **Moderna** (MRNA) and **Pfizer** (PFE), Abbott has been a leader in the rapid COVID-19 testing arena.

Its ID NOW molecular test and the BinaxNOW antigen test allow for faster diagnoses than other tests that require lab work. They were invaluable during the multiple pandemic waves seen since early 2020, and they'll continue to be in high demand going forward.

That's because employers, schools, sports leagues, governments and others are looking to get more workers back in the office and back on the field. Rapid testing will help that.

And again, Abbott isn't a one-trick pony. That's why third-quarter 2021 sales jumped more than 23% year over year to $10.9 billion. Moreover, driven by solid performance in all four business segments, adjusted earnings surged almost 43% to $1.40 per share.

Abbott paid a dividend of 45 cents per share per quarter as of late 2021. That was good for a yield of about 1.4% at its stock price back then. It was also up a hefty 26% from a year earlier.

Add in the fact that ABT has earned a "Buy" grade from our Weiss Ratings system since February 2018, and you can see why it's at the top of my list of more conservative stocks to invest in for 2022.

Subscribe to Weiss Ratings' Safe Money Report here...

ABM Industries (ABM)

Ben Reynolds
Sure Dividend's Top 10 Dividend Elite

ABM Industries *(ABM) — a favorite conservative investment idea for 2022 — fits squarely in the 'boring, slow-changing business' category, suggests* ***Ben Reynolds****, editor of* ***Sure Dividend's Top 10 Dividend Elite****.*

The company provides 'facility solutions' including: janitorial services, facilities engineering, parking management, landscaping and grounds management, mechanical and electrical services, and vehicle maintenance.

The company was founded in 1909 and currently trades with a $2.75 billion market cap. Notably, the company is a Dividend King based on its 53 years of consecutive dividend increases.

ABM has generated solid business results in fiscal 2021 (the company's fiscal year ends October 31st). Adjusted earnings-per-share came in at $3.58, above the high end of management's guidance. For fiscal 2022, ABM's management's midpoint guidance is for adjusted earnings-per-share of $3.43.

Guidance is lower in fiscal 2022 versus the prior year due to an expected decline in COVID-19 disinfecting work. With that said, the company's long-term growth rate over the last decade compounded at around 5% annually. And they managed to grow adjusted earnings-per-share every year from fiscal 2014 through fiscal 2021. While this may change in fiscal 2022, it still speaks to the company's stability.

We believe ABM's earnings-per-share will continue to compound at a rate of around 5% over the next several years, in-line with performance over the last decade.

Using expected adjusted earnings-per-share of $3.43 for fiscal 2022, ABM Industries is trading for a price-to-earnings ratio of 12.1. The company's average price-to-earnings ratio over the last decade is around 17.5. It's not unreasonable to expect the company to return to its historical average price-to-earnings ratio. If this were to happen, shareholders would realize 44% upside.

ABM stock currently trades with a 1.8% dividend yield. While this yield is certainly not high, it is above the S&P 500's dividend yield of 1.3%. And with a payout ratio of just 22% of expected fiscal 2022 adjusted earnings-per-share and 53 years of consecutive dividend increases, future dividend growth is very likely.

ABM is a compelling selection for a conservative dividend growth style investment. The starting yield could be higher, but the company's safety and potential valuation upside more than make up for the middling dividend yield.

Subscribe to Sure Dividend's Top 10 Dividend Elite here...

A Look Back at 2021's Top Performers

Last year, **Ben Reynolds** chose **Home Depot** (HD) as his Top Pick for 2021. The stock rose 56% over the past year. Here's his latest update on the company:

Through the first 9 months of fiscal 2021 (the most recent results for the company) versus 2020, revenue is up 15.6% and diluted earnings-per-share are up 32.7%. With strong business momentum, we see continued growth ahead for Home Depot.

While Home Depot should continue to post strong business results, the share price has grown even faster than

the underlying business. As a result, we see Home Depot as somewhat overvalued currently. Our fair value target is $341 for this high quality dividend growth stock, while shares are currently trading at $415. This is why Home Depot isn't one of my top picks for 2022 as well.

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Advanced Drainage Systems (WMS)

Brendan Coffey
SX Greentech Advisor

*Water related stocks have been among the most consistent performers of the past couple of years, observes **Brendan Coffey**, CFTe, editor and analyst of **SX Greentech Advisor**.*

Advanced Drainage Systems (WMS) — a favorite income-oriented idea for 2022 — offers the relatively stable profile of water stocks with a growth rate more akin to its greentech cousins in solar and wind.

The Ohio company is one of the largest U.S. makers of conveyance, storage and treatment vessels for stormwater and wastewater — think pipes, leachfield infrastructure and other specialty equipment used by property developers, municipalities and farmers for controlling water.

Advanced Drainage does business with a particularly eco-friendly twist, too — it is the second largest recycler of plastic in the nation, using more than 500 million pounds of recycled plastic polymer to form its products.

Recycled feedstock makes its products less carbon- and energy-intensive than they would be otherwise, and better environmentally than competing concrete and metal products. Plastic's lightness also makes Advanced Drainage's pipes and tanks cheaper and easier to transport and install, saving customers money.

The company says durability is unmatched. More than 90% of sales take place in the U.S. which means Advance Drainage benefits from the continuing strength of the economy especially in commercial and residential development. The $55 billion earmarked for water projects in the Biden infrastructure bill provides further tailwinds.

For years, Advanced Drainage benefitted from its focus on recycled feedstock since it costs less than virgin plastic and has less price volatilty. Now that other companies are seeing the ESG benefits to using recycled plastics, supply is getting tighter.

In December, the company took a huge step to locking in supply by buying Jet Polymer Recycling, one of the largest plastic recycling firms in Georgia and Alabama and the key supplier of polymer to Advanced Drainage's septic tank business.

All told, Advance Drainage Systems should see sales rise more than 20% this year to about $2.6 billion with earnings per share of 94 cents. Since the business went public in 2014 it has paid a dividend every quarter, most recently sending along 11 cents a share to investors, providing a nice combination of income and growth.

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Michael Turner, President
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2. Verify Your Stock is in the Same Trend
3. Determine Your Exit Strategy
4. Monitor and Adjust

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This is the Best Way to Profit in 2022

The stock market just finished a phenomenal 2021 with the S&P 500 gaining almost 27%! Of course, 2020's star performer, the Ark Innovation ETF (ARKK) was down more than -23.5% for the year. ARKK was one of the most ballyhooed picks in "Best of 2021" articles throughout the financial media. It's just natural, people think that the current market conditions will continue forever.

Now for the hard part, what's going to happen tomorrow? Next month? All of 2022? What stocks will be winners? What winners will turn into losers?

We know there are a lot of potential headwinds in 2022. What's an investor to do? Just guess and hope for a good outcome? No! There's a better way.

The best way to profit is the way it's always been. It doesn't matter if the bull market continues or if a new bear market appears. It's a 4-step process that everyone can do, but 99% of investors don't. Here are the steps:

1. *Identify the market trend*
2. *Verify your stock is trending in the same direction as the market*
3. *Determine your exit strategy*
4. *Monitor and adjust*

The first 2 steps are easy, it's the next 2 steps that cause many investors to fail.

Step 3 – Determine your exit strategy. Successful investors always know what their exit strategy should be. I know in advance of making any trade what the right exit strategy should be by calculating what the risk is in each stock.

Here's a quick question…. Do you know your exit strategy for every stock you own? If not, you're setting yourself up for potentially large losses.

It's this discipline to be able to sell successfully that can separate you from most investors. Selling is hard, and it can be quite emotional. Sticking to the predetermined sell strategy lets me avoid the emotional ups and downs of investing and selling.

That brings us to Step 4 – Monitor and Adjust. I measure the stock market every week and adjust the exit strategies on each stock my clients and I own. This also requires additional discipline to update the exit strategies each week, but it's necessary for success.

Applying these 4 Steps gives you the best opportunity to profit in both bull and bear markets. It's not easy or something you can do in 5 minutes. Serious investors know that prepping each week is important to be successful. Take the time to develop your own methodology. These 4 Steps can help you get started.

This is the process I use to manage my clients' monies. If you don't want to do this yourself, you can hire me to do it. Click here and I'll have a team member get in touch with you to learn more about your situation.

One more thing, you can also click on the link and get access to my client newsletter that comes out each week. You'll see the Total Market Index each week and other charts I produce for my clients. There's no charge to sign up and we won't call you if you don't want. Just scroll to the bottom of the page and enter your information.

Wishing you much success in 2022!

Mike Turner

Agnico Eagle Mines (AEM)

Adrian Day
Global Analyst

Agnico Eagle Mines Ltd. *(AEM) has long been regarded as one of the better quality of the major miners, with consistently solid management, strong balance sheet, and low political risk profile, observes* ***Adrian Day****, money manager and editor of* ***Global Analyst****.*

It is ranked as the eighth-largest gold mining company in the world by production. Once a merger with **Kirkland Lake Gold** (KL) is complete — anticipated during the first quarter now that both sets of shareholders have given their approval — Agnico will be the third-largest in the world, after **Newmont** (NEM) and **Barrick** (GOLD).

Agnico said the purpose of the merger was to make a better company, with a focus on making money on a per-share basis. Although there are expected to be synergies, more than $800 million over next five years, these savings are not the driving force of the merger.

Unlike some major mining companies, CEO Ammar Al-Joundi describes Agnico less as a global company than one with a group of specific, focused regions, Ontario, Quebec and Nunavit in Canada, Mexico and Finland. Kirkland will boost Ontario and Quebec and add Australia, another top-tier mining jurisdiction.

It believes in building in regions over time, not looking at one specific mine. The combined company will see 75% of its production from Canada and most of the rest from Australia and Finland, giving it the best political risk profile of the majors by a long way.

Agnico, of all the majors, has long had a focus on exploration, including joint ventures with, and investments, in juniors. This year it is spending $160 million, more than any other year in its 60-year history, which includes on its pipeline, on brownfield projects, and also on grassroots exploration.

Nunavit and Finland are the two regions getting the bulk of spending this year. Kirkland and Agnico are the only two companies to have increased reserves and production (per-share basis) over last 10 years through investment in exploration.

The merger will catapult Agnico up the ranks of leading producers. Its market cap and production will still be a long way from the top two, with production little more than half of #1 Newmont, but it is not fanciful to talk of "the big three". Agnico is certainly less well-known in the U.S. than its larger peers, but this merger provides an opportunity for it to increase awareness.

It will have an appeal to generalist investors because of its quality: cash flow, balance sheet, political risk profile, and track record. It will have the lowest "all-in sustaining costs" of the big three, and of other larger miners, except only for Russia's Polyus which is unlikely to appeal to U.S. generalist investors.

Agnico trades at a premium to the sector, justified because of the company's overall excellence. The stock is down from highs around $80 a year ago. It is a buy, not in expectations that it will necessarily be the best-performing gold stock in the next few years, but one with the surest upside and with the least downside.

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Albemarle Corp. (ALB)

Jim Woods
Successful Investing

*Industry analysts expect the total number of battery-powered electric vehicles to go from 6.8 million in 2020 to some 230 million by the end of the decade — which, incredibly, is only eight years away, observes **Jim Woods**, editor of **Successful Investing**.*

The Boston Consulting Group projects EV sales to rise from 12% of the global market in 2020 to 47% in 2025. Now, in addition to more charging stations, the explosion of EVs around the world have one other thing in common — the batteries that power them all rely on lithium.

Yes, this is the same lithium that's in those lithium batteries powering your flashlights and portable electric gadgets. Yet unlike your little AA batteries, EV batteries require a whole lot of this mineral to function, and the leading company that literally unearths that lithium is **Albemarle Corp.** (ALB).

In fact, ALB is the world's largest lithium producer, as it gets the lithium from its salt brine deposits in Chile and the U.S. and its hard rock joint venture mines in Australia. Albemarle also happens to be one of the leading producers of bromine, a key component used in flame retardants.

Given the robust outlook for lithium demand in the years to come due to the anticipated burgeoning demand for electric vehicle batteries, ALB is in a perfect position to continue profiting mightily. Wall Street knows this already, as do intelligent investors.

We know this because ALB shares powered to a 60.3% total return in 2021. Looking back at ALB with a longer lens, we see the shares are up some 217.2% over the past three years. That is stellar, long-term performance driven by strong demand from an EV industry that really is still in its youth.

For those investors looking for a long-term hold that can take advantage of an undeniable consumer trend toward electric vehicles, Albemarle Corp. is one to embrace.

Subscribe to Successful Investing here...

A Look Back at 2021's Top Performers

Jim Woods picked the #1 performing stock in last year's Top Picks 2021 report — cryptocurrency trading firm **Voyager Digital Ltd.** (VYGVF). Here, he updates that idea.

Shares of the digital trading platform operator surged some 250% in 2021, as the company rode the emerging wave of cryptocurrency buying during the year. Interestingly, the big gains in VYGVF came mostly in the first quarter, as the stock went from $3.90 at the end of 2020 all the way to a high of $29.00 by Apr. 5, 2021.

The stock actually trended lower from there, but because of that massive spike in the first three months of the year, VYGVF was able to maintain much of its triple-digit percentage gains on the year.

Now, how did I know VYGVF would be a big winner in 2021? Well, I didn't know, because the virtue of modesty informs us all that the future is unknowable. Yet what I did know is that Voyager Digital offers customers interested in buying cryptocurrencies what I think is the best platform out there for accomplishing this mission.

And I also knew that consumers were hot for Bitcoin, Ethereum and the scores of other digital currencies on the market today. So, do a little logical connecting of the dots and you come to the wisely modest conclusion that

VYGVF was a great way to profit from the circumstance.

As for the current status of VYGVF, if you bought the stock last year based on my thesis and are still sitting on that 200%-plus win, there is nothing wrong with taking profits here to start off the new year.

Having said that, if you are just discovering VYGVF, then I don't think it's too late to add this one to the portion of your portfolio dedicated to the more speculative stocks—the ones capable of delivering yet another triple-digit percentage win. After all, who amongst us thinks cryptocurrencies aren't here to stay? Enough said.

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Aldebaran Resources (ADBRF)

Gerardo Del Real
Junior Resource Monthly

Aldebaran Resources Inc. *(Vancouver: ALDE)(OTC: ADBRF) is a recently formed and well-funded Canadian exploration company led by the former management of Antares Minerals Inc. and current management of* ***Regulus Resources*** *(Vancouver: REG),* ***Gerardo Del Real****, editor of* ***Junior Resource Monthly****.*

The team includes John E. Black, Dr. Kevin B. Heather, and Mark Wayne. They have a proven track record with Antares, drilling out the giant Haquira Cu-Mo-Au deposit in Peru, which they sold to **First Quantum Minerals** (Toronto: FM) in 2010 for approximately C$650 million. The team is looking to duplicate that success with Regulus, and then complete the trifecta with Aldebaran.

Aldebaran has acquired the Argentina projects previously owned by Regulus. It's also party to a joint venture and option agreement with **Sibanye-Stillwater** (SBSW), whereby Aldebaran can earn up to an 80% interest in the Altar copper gold project located in Argentina.

The company has approximately 99.6 million shares outstanding — 109 million fully-diluted — and a market cap of approximately C$56 million.

Aldebaran's major shareholder, Route One Investment Company LP, has invested US$30 million to meet Aldebaran's financing obligations — more than the company's current market cap. The company's flagship project is the Altar project in San Juan, Argentina.

Aldebaran has entered into a joint venture and option agreement with Sibanye Stillwater to earn up to an 80% interest in the Altar project. To earn an initial 60% interest, Aldebaran made an upfront cash payment of US$15 million to Sibanye-Stillwater, which was paid upon closing.

The company issued 19.9% of the shares of Aldebaran to Sibanye-Stillwater. Aldebaran's commitment is to fund the next US$30 million of expenditures on the Altar project over five years (including 2018 drilling that was conducted between February and May 2018) with a minimum of US$3 million each year.

Aldebaran has the right to earn an additional 20% interest in the Altar project by spending an additional US$25 million over a three-year period following Aldebaran's acquisition of the initial 60% interest.

The project has a massive resource that includes 4.32 million ounces of gold in the Measured & Indicated categories and another 400k ounces in the inferred category.

It also boasts 11.4 billion pounds of copper in the M&I categories and another 1.8 billion pounds in the inferred category. That's nearly 13.2 billion pounds of copper and over nearly 5 million ounces of gold across all categories. Market cap is sub C$90 million.

The company has over 118,000 meters of drill core, which it has processed and re-logged. It also recently processed and updated the geological model and worked in mapping, geochemistry, and geophysics. The company now has four rigs turning to extend those high-grade zones and test new targets.

News flow from drilling and better visibility in a copper-gold bull market will lead to a significant re-rating that will send the shares much higher.

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Alphabet (GOOGL)

Joseph Bonner
Argus Research

*Last year, analyst **Joseph Bonner** — an analyst with **Argus Research** — chose **Alphabet** (GOOGL) as his top idea for the year; the shares rose 70 last year; Argus Research analyst again selects the stock as his 2022 Top Pick.*

Alphabet is one of the big tech companies that continually innovates in mobile, public cloud, and big data analytics, as well as emerging areas such as artificial intelligence, virtual/augmented reality and even quantum computing.

Alphabet's Google division dominates the digital advertising market, a market that continues to experience strong secular growth.

While Alphabet has often been criticized as a Johnny one note for its dependence on digital advertising, the powerful ramp-up in digital advertising as economies have reopened, combined with Google's dominant position, has certainly been a financial plus that shows little sign of weakening.

Although autonomous vehicle technology is at too early a stage for mass consumer adoption, Alphabet is further along in the testing phase than any of its competitors.

With success, growth, and size come anti-trust concerns in the U.S. and globally. We think that the current antitrust cases are serious, though it will probably take years for them to play out, and they may be difficult to prove in court.

Alphabet's recovery from the 2Q20 COVID-19-induced advertising slump has been remarkable. We see continued momentum in the coming quarters as e-commerce and digital advertising have burgeoned with economic recovery. GOOGL shares appear attractively valued given the company's rapidly expanding businesses. Our 12-month target price is $3,100.

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Alphabet (GOOGL)

Rich Moroney
Dow Theory Forecasts

***Alphabet** (GOOGL) stock has surged more than 250% since we added it to our Focus List in August 2016, nearly doubling the S&P 1500 Index's total return, recalls **Rich Moroney**, editor of **Dow Theory Forecasts**.*

We see a long runway for more gains ahead, given Alphabet's strong position in digital advertising; we recommend the stock as a favorite investment for the coming year.

During the pandemic, Alphabet, **Meta Platforms** (FB) and **Amazon** (AMZN) expanded their dominance in the advertising industry and now combine for more than half of all ad spending outside of China, versus 40% in 2019, estimates industry researcher GroupM.

Online ads account for about 64% of total advertising, says GroupM, up from 52% in 2019. Digital ads are projected to grow 31% in 2021. Total ad spending is forecasted to rise 10% next year, with spending on social-media ads expected to outpace TV commercials for the first time.

Alphabet is planning to launch a new smartwatch next year, possibly in the spring, intended to compete with the Apple Watch, according to online reports. The device will likely draw on technology inherited with Alphabet's acquisition of Fitbit, a wearable-health-device company purchased in January 2021.

Alphabet has a long history of adapting to change without losing its edge. Just about all of its legal and regulatory challenges revolve around the fact that it has created digital platforms that have grown ubiquitous enough to afford the company massive negotiating leverage. That leverage has paid off in the form of incredible growth.

Google is gaining share in the cloud and investing billions in such initiatives as machine learning, quantum computing, self-driving vehicles, and drones — businesses with the potential to open up huge new markets.

Alphabet's Waymo business partnered with Zeekr, a premium electric-mobility brand based in China. Zeekr will make electric vehicles at a facility in Sweden that could help Alphabet expand its driverless-taxi service. Waymo launched its autonomous ride-hailing service in Phoenix last year — the only such service available in the U.S.

Analysts are increasingly bullish on Alphabet's 2022 prospects, with the consensus projecting 5% profit growth on 17% higher sales. The stock will never be confused for being cheap. But its P/E ratio for estimated 2022 profits drops to 24 from 26 after backing out net cash of $167 per share. Alphabet is a Focus List Buy and a Long-Term Buy.

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A Look Back to 2021's Top Performers

Last year, **Rich Moroney** picked two favorite ideas, and both were exceptionally strong performers. Here he updates those stocks:

Applied Materials (AMAT) rose 82% last year. The supplier to the semiconductor industry remains a top pick for 12-month and long-term gains. The consensus calls for profit growth of 19% in fiscal 2022 ending October and 7% in fiscal 2023, reflecting a slowdown from post-pandemic growth rates but continued strong demand as chipmakers attempt to satisfy product shortfalls by expanding capacity.

MYR Group (MYRG) rose 88% last year. The company, which provide electrical construction services, remains on our Best Buy List. While it no longer ranks as my favorite name in my small cap advisory service **Upside**, I still think it has another 15% to 20% of upside potential.

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American Tower (AMT)

Brett Owens
Contrarian Outlook

*With fast internet speeds and 5G becoming inalienable American rights, **American Tower** (AMT) is our backdoor growth play, suggests **Brett Owens**, editor of **Contrarian Outlook**.*

The company — a growth-oriented favorite for the coming year — is a landlord for mobile phone traffic, collecting rents via its 170,000 towers from carriers such as **AT&T** (T) and **Verizon** (VZ). The more videos we watch from our phones, the busier the "roads" that AMT provides become. We can think of the firm as a toll bridge.

This company is a "pick and shovel" on broadband. The phrase "pick n' shovel" dates back to the gold rush of the 1840s, when hordes flocked to California to get rich mining for the metal.

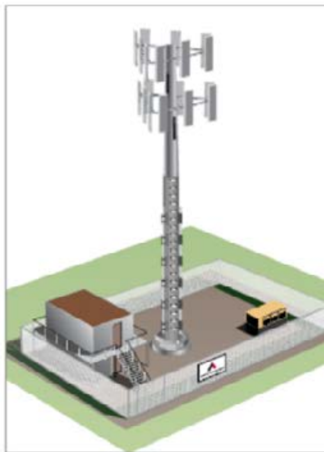
The guys who made the real money didn't actually mine anything. They were the entrepreneurs who sold the "picks and shovels" as well as booze, "entertainment" and lodging to the hapless speculators.

We're not peddling booze. Instead, we're investing in the cell phone towers that AMT owns. This is a capital-intensive operation that provides the firm with a wide business moat. It also scales quite nicely.

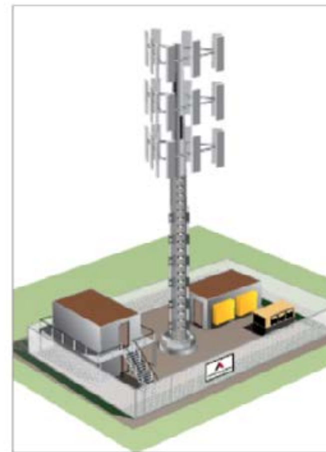
Once AMT builds one tower, it can easily support an additional tenant or two. Check out the illustration below — it's as simple as bolting some additional equipment on.

One Tenant

Two Tenants



Three Tenants



Source: American Tower

The return on investment (ROI) that AMT generates from a "one tenant tower" is just 3%. However, this jumps with each additional tenant, with ROI increasing to 13% for two tenants and an awesome 24% for three tenants!

Plus, this landlord is expanding its empire into data centers. AMT is acquiring **CoreSite Realty** (COR), a best-in-breed data center REIT. This is an intriguing extension for AMT as it plays "5G Monopoly."

AMT is structured as a REIT (real estate investment trust), which means it pays out the majority of its profits to investors directly as dividends.

We've owned the stock in our Hidden Yields portfolio (my service dedicated to dividend growth) since late 2018

and have enjoyed 87% total returns. Our profits are largely thanks to the fact that AMT raises its dividend every single quarter.

The stock's forward yield is listed at a modest 1.9%, but don't be lulled to sleep. This dividend growing is growing by 15% annually — and this payout keeps pulling its stock price higher and higher.

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American Tower (AMT)

Joe Duarte
In the Money Options

*In uncertain markets, it pays off to look for stable companies with the potential for growth, notes **Joe Duarte**, technical specialist and editor of **In the Money Options**.*

And if the Federal Reserve makes good on its promise to raise interest rates three times in 2022 after its tapering of QE runs its course, **American Tower Corp.** (AMT) — our favorite idea for the coming year — will certainly fit the bill.

This phone tower and mobile infrastructure real estate leader is worth owning both on the basis of its dividend yield as well its long term potential.

In addition, below the surface, AMT is a rare REIT; one with potential growth based on its business niche; it provides the land for mobile carriers to place their towers — generating income from large, deep pocketed corporate clients.

And business looks to be in excellent shape, all around the world. In the most recent earnings call, AMT noted the following future expectations:

- Extended multi-year growth based on accelerated expenditures by all carriers in the U.S. as the 5G rollout continues
- A more rapid growth rate in the near term in Europe where 5G is set to hit a growth spurt
- Expanding presence in emerging markets as mobile phone use increases rapidly and there is insufficient infrastructure to service the growing demand
- Aggressive network capacity expansion by all carriers around the world leading to company building as many tower sites in the next two years as it has built in the last five years

While those metrics may seem impressive, AMT's management is expecting that as cloud use emerges, their tower sites will increasingly become, not just radio transmission signal sites, but also mobile computing stations able to improve cloud based operations for carriers. And as this develops, it will increase AMT's revenue and earnings potential.

All in all, with a 5% dividend yield, it may be worth being patient here; even if this stock just marks time for a while. This is especially prescient with the Fed threatening to derail the bull market. *(Disclosure: Joe Duarte owns shares of AMT as of this writing.)*

Subscribe to In the Money Options here...

American Woodwork (AMWD)

Paul Price
TheStreet's Real Money Pro

*Some of the most profitable stock buys are those with temporary bad news that is likely to get much better before long. The negative press induces people into selling at low prices, often just before they rebound sharply, explains **Paul Price**, editor of **TheStreet's Real Money Pro**.*

That is almost certainly the case right now with **American Woodmark** (AMWD). The firm manufactures kitchen cabinets and bathroom vanities for both new construction and the remodeling crowd.

Business is booming as evidenced by all-time high revenues. What is the bad news then? Last year's lumber price spike caused a severe pinch to profit margins as already ordered merchandise had locked in price points which were set before raw material costs escalated.

AMWD's large backlog worked against it for that reason. Quarterly results suffered starting with fiscal Q4 of 2021 (ended April 30, 2021) and have got worse over the next two quarters. Management has already instituted a series of price increase but it takes time for them work through to the bottom line.

FY 2021 is going to show significant downward EPS for that reason. Good news is now on the horizon. Management expects the end of January quarter to show some benefits of the early price hikes.

When fiscal Q4 results are released next spring that source alone is projected to add $50 million to revenues. That amount is quite large considering AMWD has less than 17 million shares outstanding.

Over the next 18-months all-time record results appear well within reach, with further progress to follow. Smart traders should be positioning now while the shares are close to their lowest levels since shortly after the covid-panic of 2020.

Stocks like these typically bottom out well before their earnings trough. If you wait for the "good news" you will almost certainly have missed the chance to buy really cheap.

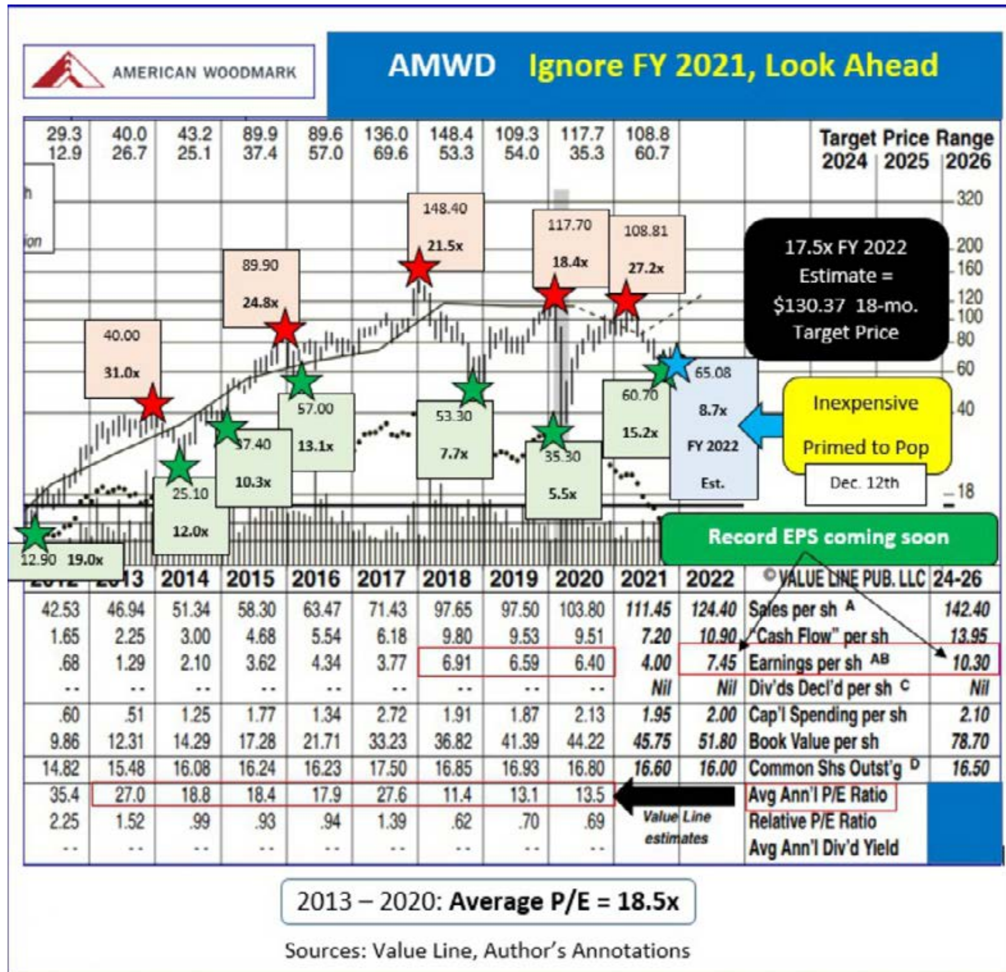
American Woodmark is a volatile name. Since 2014's nadir there have been four significant rallies and four major set-backs. The declines averaged (-53.7%) over less than six months. That includes the one-month, 70% shock which occurred during the covid-panic.

Subsequent rallies averaged gains that far exceeded the percentage drops. Typical rebounds averaged 186.9% and lasted much longer in duration than the declines, at almost 14-months from start to finish. AMWD's recent low represented a 44.2% decline from its April 2021 peak of $108.81. The damage has already taken place, setting up the shares for their next solid rebound.

What is AMWD really worth once those improving quarterly results start rolling in? In the eight year period from 2013 through 2020 the stock commanded an average multiple of 18.5-times. All four of the stock's non-covid related "should have sold moments (red-starred below) saw AMWD top out between 21.5x to 31.0x earnings.

Assume just a 17.5 multiple on FY 2022's estimate and you come up with an eighteen month target price north of $130. That is almost exactly 100% above AMWD's current quote. In my world doubling in a year and half is quite an acceptable rate of return.

That goal is far from an upper limit. Note that AMWD peaked between $108 and $148 during each of the last five years including 2021. None of those periods saw EPS reach what is now projected for FY 2022.



[illegible]	13	2014	2015	2016	2017	2018	2019	2020	2021	2022	© VALUE LINE PUB. LLC	24-26
42.53	46.94	51.34	58.30	63.47	71.43	97.65	97.50	103.80	111.45	124.40	Sales per sh A	142.40
1.65	2.25	3.00	4.68	5.54	6.18	9.80	9.53	9.51	7.20	10.90	"Cash Flow" per sh	13.95
.68	1.29	2.10	3.62	4.34	3.77	6.91	6.59	6.40	4.00	7.45	Earnings per sh AB	10.30
--	--	--	--	--	--	--	--	--	Nil	Nil	Div'ds Decl'd per sh C	Nil
.60	.51	1.25	1.77	1.34	2.72	1.91	1.87	2.13	1.95	2.00	Cap'l Spending per sh	2.10
9.86	12.31	14.29	17.28	21.71	33.23	36.82	41.39	44.22	45.75	51.80	Book Value per sh	78.70
14.82	15.48	16.08	16.24	16.23	17.50	16.85	16.93	16.80	16.60	16.00	Common Shs Outst'g D	16.50
35.4	27.0	18.8	18.4	17.9	27.6	11.4	13.1	13.5			Avg Ann'l P/E Ratio	
2.25	1.52	.99	.93	.94	1.39	.62	.70	.69			Relative P/E Ratio	
--	--	--	--	--	--	--	--	--			Avg Ann'l Div'd Yield	

Sources: Value Line, Author's Annotations

Independent research from Morningstar labels the shares as neutral pending better results. They do indicate AMWD's present-day fair value as $97.50, though. Simply returning to that modest goal would deliver almost 50% from AMWD's Dec. 12, 2021 price.

Value Line sees EPS surging to $10.30 not later than 2024 – 2026, supporting a 3 to 5 year target price range of $130 - $200. I agree with that general assessment, but don't believe it will take that long to reach it.

Option writers can play AMWD via sales of naked puts out to July 15, 2022. Almost nobody believes that AMWD has much, if any downside left. There are simply few people willing to bet on a further downturn over the coming eight months. That is borne out by the tiny 1.74% short interest in the stock itself.

If you agree with my take on American Woodmark you certainly should not be deterred in selling some puts. The sell-off since last spring has set reward to risk on AMWD around its best level since the covid-crisis bottom. Buy some shares, sell some puts or consider doing both.

(Disclosure: Paul Price is long AMWD shares, short AMWD options and AMWD is currently one of his largest personal dollar holdings.)

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Ares Capital (ARCC)

Adrian Day
Global Analyst

***Ares Capital** (ARCC) is the largest, and one of the most conservative of the Business Development Companies (BDCs), which lend money to small and medium sized companies, and, like REITs, pass through most of their net income to shareholders, notes **Adrian Day**, editor of **Global Analyst**.*

It continues to do well, recently reporting its second-highest earnings quarter in his history and a record quarter for originations. Loans on non-accrual remain less than 3%, at cost, almost back to pre-covid levels.

The company reports an increase in queries for loans, particularly from larger companies who see the advantages of private loans (as opposed to bank loans) in speedier and more certain closing as well as flexibility on conditions. Ares, being the largest BDC, is gaining share because of its size.

The company continues to have significant spill-over income, currently equivalent to about three quarters worth of dividends. Though this does not have to be distributed, it will likely lead to a special distribution as it has paid in previous years.

Even without these occasional special distributions, and despite very strong stock performance, the yield remains high, at 7.8%, and is now fully covered from net income once again after a brief and minor “miss” during the depths of Covid-19.

The risk would be a long, severe recession which would affect the ability of its portfolio companies to service their debt. Given that Ares sailed through the covid lockdown period — and given the profile of the companies to which it lends (lightly leveraged and non-cyclical businesses) — and given the cushion of spill-over income, we think this is a modest risk. It might affect the stock price but would be unlikely to affect the dividend.

A stock market decline would also affect the valuations on its private companies and its ability to sell companies at today’s high prices. Meanwhile, the balance sheet is very strong with a large cash reserve and total liquidity of over $7 billion. Ares is a solid holding for income-oriented investors. If you do not own the shares, you can buy for the above-average yield.

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Ares Management (ARES)

Mike Larson
Safe Money Report

***Ares Management Corp.** (ARES) — which is rated "B" by our proprietary Weiss Ratings system — is one of my favorite high-yielding investment management plays; it is a top pick for more speculative investors, suggests **Mike Larson**, editor of **Safe Money Report**.*

Unlike some of the larger asset managers, Ares focuses on "alternative" endeavors. It runs credit funds that help small- and mid-sized companies finance their operations, operates private equity funds to invest in growing firms, and manages capital earmarked for real estate investment.

The firm managed $282 billion as of late 2021. Adjusted net income roughly doubled to $84.7 million, or 45 cents per share, from year-ago levels in the third quarter of 2021. Revenue climbed 53% to $448.3 million.

Strong demand from investors looking to invest in private markets drove the results. Indeed, solid performance and a 57% surge in assets under management boosted management fees and related income by more than 50% YOY.

Now let's talk yield. Ares Management paid out 47 cents per share in quarterly dividends as of late 2021. That was up more than 17% from a year earlier. It also worked out to an indicated yield of just over 2.3%.

That's one reason why ARES graduated to the "Buy" Ratings tier in early 2021 after earning mostly "Hold" Ratings in 2020. It makes yet another solid, somewhat more speculative pick for 2022.

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Arista Networks (ANET)

Timothy Lutts
Cabot Stock of the Week

For aggressive investors, the technology industry has long offered the most exciting opportunities for rapid growth, as the world's appetite for data transfer storage and analysis continues to grow, notes ***Timothy Lutts****, editor of* ***Cabot Stock of the Week****.*

Recent years have seen the cloud take center stage and **Arista Networks** (ANET) is a play on that, as its equipment works at the edge of the cloud. Arista has always been a leader in this space, with multilayer network switches and software-driven networking solutions for cloud data centers and other (usually big) computing environments.

In the third quarter, Arista boasted eye-opening sales growth and deft supply chain management along with an enticing buyback program. The company reported estimate-beating revenue of $749 million, up 24% from the prior year and up 6% sequentially, with per-share earnings of $2.96 beating the consensus by 23 cents.

Despite facing "acute" supply chain challenges in Q3, Arista's gross profit margin was a solid 65%, within the firm's long-term estimated range thanks to healthy higher-margin software and services sales. Arista's efforts in expanding its reach beyond large cloud data centers are bearing fruit, as its campus (smaller enterprise) business is expected to double to $200 million in 2021 and double again next year.

Management expressed confidence in the outlook by increasing its share repurchase program by $1 billion (worth 2.5% of the current market cap), as well as announcing a four-for-one stock split.

More important, Arista thinks the best is yet to come. Management sees 2022's sales growth accelerating to 30% (up from 25%-ish this year), well above analysts' expectations, and revenue expanding at a 15% compound annual rate in the next five years (reaching annual revenue of $5 billion by 2025) based on exploding demand from cloud computing customers.

As for the stock — which has been public since 2013 — the earnings report in early November sparked a big gap up, and the stock has been consolidating that gain since, building a base for the next advance. Aggressive investors can buy here.

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NI 43-101 compliant uranium resource
•
Controlling A New Uranium District
•
Preliminary Economic Assessment complete
•
Heathy Treasury
•
Comprehensive drilling program and engineer studies underway

Blue Sky Uranium Corp. (TSX.V: BSK) is a leader in uranium discovery in Argentina. The Company's objective is to deliver exceptional returns to shareholders by rapidly advancing a portfolio of uranium-vanadium projects into low-cost producers, while respecting the environment, the communities, and the cultures in all the areas in which we work. The Company's flagship Amarillo Grande Project was an in-house discovery of a new district that hosts the largest NI 43-101 uranium resource in the country with an initial Preliminary Economic Assessment.

Artisan Partners Asset Management (APAM)

Doug Gerlach
Investor Advisory Service

Artisan Partners Asset Management *(APAM) manages mutual funds and separately-managed portfolios of securities; its employs nine autonomous investment teams, explains* ***Doug Gerlach****, editor of* ***Investor Advisory Service****.*

The teams are given the flexibility to develop their own processes with the mandate to deliver excellent investment returns to clients. We are attracted to the stock for three primary reasons:

- First, the company pays an 8.6% dividend approximating 80% of cash flow, so it is almost like shareholders are partners in the business.
- Second, it is developing a focus on market niches to help insulate it from fee pressure and trends toward passive management.
- Third, the valuation appears compelling at a trailing P/E only slightly above its typical low P/E.

Teams are located in New York, Chicago, San Francisco, Denver, and Milwaukee. Each team can manage more than one "product" within its discipline.

Some teams are fairly generic like "Growth" (33% of assets under management or "AUM") or "U.S. Value" (5% of AUM). Other mainstream teams include "Global Equity" (20%), "International Value" (15%), and "Global Value" (14%).

Even in these common categories, products span the capitalization spectrum rather than focusing merely on large cap companies. The remaining 13% of AUM consists of rapidly-growing opportunities in credit markets, emerging markets, and thematic investing.

All of its fund teams have outperformed their benchmarks since the inception of their strategies. 43% of its mutual funds carry a five-star rating by Morningstar. Its only fund rated two stars still beat its benchmark over the past one, three, five, and ten years.

Almost all of Artisan's AUM consists of equities, with about half in non-U.S. securities. Its global focus, along with 13% exposure to less common categories, offer the potential for some relief from constant fee pressures facing most active asset managers. Assets are split pretty evenly between institutional accounts and its mutual funds. Its largest institutional account comprises 7% of total AUM.

Employees own 14% of Artisan shares and are party to a shareholder agreement requiring shares to be voted as a block on matters put to a shareholder vote. Employees are allowed to sell up to 15% of their holdings each year or $250,000 worth of stock, whichever is greater. Employees may also own shares in subsidiaries, primarily Artisan Partners Holdings LP, the primary operating subsidiary of publicly-traded Artisan Partners Asset Management which owns 80% of the LP.

From time to time APAM has offered additional shares for sale, the proceeds of which have generally been used to retire minority holdings of the LP, thereby increasing APAM's share of the partnership's earnings.

Many employees receive stock-based compensation and/or incentive pay that is invested in one or more of the company's investment strategies. 4% of annual revenue is targeted toward incentive awards. The cost of Artisan's incentive compensation program is significant and seems to absorb what would otherwise constitute expense leverage at other investment firms. Employees are effectively partners in the company alongside shareholders but without having their own capital at risk.

Under its Dividend Policy, the company pays out 80% of quarterly free cash flow as dividends to shareholders. It considers special annual dividends if the remaining cash is not required for growth initiatives or general corporate uses.

Artisan Partners' incentive compensation program and its focus on differentiated corners of the investment market have paid off with strong investment performance for clients and dividends plus growth for shareholders. However, lack of meaningful earnings retention reduces growth opportunities.

If its long-term revenue growth of 6% continues, we expect only modest leverage due to incentive compensation expenses. EPS growth of 8% per year could lead to $7.30 in five years. A return to its typical high P/E of 14.0 could result in a doubling of its share price plus substantial dividends. The potential total annual return exceeds 23%.

We estimate a downside risk of 33% in the event of an EPS decline of greater than 30% from recent levels during a modest bear market. The downside is softened by a trailing P/E of 9.1 that only slightly exceeds its typical low P/E of 8.9.

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AutoZone (AZO)

Jimmy Mengel
The Crow's Nest

*Here is a solid way to play the automotive industry, and it isn't buying stock in car companies themselves, suggests **Jimmy Mengel**, editor of **The Crow's Nest**.*

I'm a big fan of picks-and-shovels plays that tend to weather storms better than the final product itself. I'm talking about auto parts. Personal consumption of auto parts reached an all-time high of $50 billion in June of last year.

With the availability of coronavirus vaccines and traffic coming back to pre-COVID levels globally, auto parts stocks are only going to grow. Especially with the record number of used cars that have been sold over the past year.

AutoZone Inc. (AZO) is the nation's leading retailer and a leading distributor of automotive replacement parts and accessories with more than 6,000 stores in U.S., Puerto Rico, Mexico, and Brazil. Each store carries an extensive line for cars, sport utility vehicles, vans, and light trucks, including new and remanufactured hard parts, maintenance items, and accessories.

AutoZone has an exceptional growth record. It has also proved extremely resilient to the pandemic, as it has posted record earnings in each of the last two years.

Over the last decade the stock has rallied 390%, crushing the S&P 500 (up 269%). It's up 46% over the past year and is expected to keep growing. In the first 36 weeks of fiscal 2021, which ended in August 2021, AutoZone grew its revenues and its earnings per share by 20% and 46%, respectively, to new all-time highs.

It has also had an aggressive stock buyback programs that should help the company's EPS grow in the future. AutoZone authorized a buyback of an additional $1.5 billion of common stock, and has done so to the tune of $27 billion over the past decade.

The company also has a P/E ratio around 18, which is better than the 20-plus average for most stocks of its kind. We're adding AutoZone as a defensive play to the long-term portfolio.

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Banco Santander (SAN)

Benj Gallander
Contra the Heard

After being a profit spinner seemingly forever, ***Banco Santander*** *(SAN) — a favorite conservative idea for 2022 — lost €9 billion in the first nine months last year when the bank made a large write-down of goodwill and deferred tax assets, notes* ***Benj Gallander****, editor of* ***Contra the Heard****.*

This year was a return to old form with net income of €5.8 billion in the first nine months of 2021, the best numbers since 2009. The logic of buying Spain's biggest bank was similar to that when we purchased shares of **Bank of America** (BAC) at $6.76.

Our feeling was that it was "too big to fail" and if it had collapsed it would have been a major blow to the country's psyche and economy. The BAC bet paid off in spades as it was sold as high as $38.79, with dividends to boot.

Banco Santander also pays a dividend, but it is only one-quarter of what it used to be. Increases are likely in the cards. The corporation's goal is shareholder renumeration of about 40 percent of the group's underlying profit, with some in dividends and the rest in share buybacks.

Besides Spain, SAN operates in 15 other countries, some in which it has major girth. It is looking to expand in the United States and also Mexico right now along with some other nations.

We trust that anyone hired will not be botched like the deal to employ Andrea Orcel as CEO, also known as the "Lionel Messi of banking." Upon realizing how much the deal would cost, the enterprise withdrew the offer and Orcel sued winning $76 million. The bank will likely appeal. Lawyers are rubbing their hands. Why does this not sound financially expedient?

Another headwind facing a stock price increase is the growth in share count. At just north of 17 billion, it is not quite double a decade ago. That will also slow dividend growth.

Despite these negatives, Banco Santander is a very important player in both the Spanish and global financial arenas. It was recently named "Bank of the Year in the Americas," by *Banker Magazine*.

Ultimately, we feel that SAN has plenty of room to shine, between both capital gains and dividend growth. The bank was purchased in 2020 at $2.05 for the Contra portfolio with an initial sell target of $8.24. Previously it traded above $20 per share.

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Barrick Gold (GOLD)

Bruce Kaser
Cabot Undervalued Stocks Advisor

Barrick Gold *(GOLD), based in Toronto, is one of the world's largest and highest quality gold mining companies, explains* ***Bruce Kaser****, editor of* ***Cabot Undervalued Stocks Advisor****.*

About 50% of its production comes from North America, with the balance from Africa/Middle East (32%) and Latin America/Asia Pacific (18%). The shares are out of favor as investors have lost interest in commodity gold and, to a lesser extent, due to concerns that the company will be unable to meet its production targets, may make a major acquisition or have one or more of its mines expropriated by local governments.

We are more optimistic about the company's prospects and find its shares significantly undervalued. A major turning point in the company's fundamentals was Barrick's acquisition of Randgold at the start of 2019, whose CEO, the highly regarded Mark Bristow, became the new head of Barrick.

Bristow brings deep experience in improving mine operational efficiency as well as a track record of success in assuaging local governments that otherwise might be more aggressive in claiming large cuts of the company's in-country mines.

His deal-making prowess led to a new joint venture with Newmont that combined their Nevada mines into a single, more efficient operation. If Barrick were to make any acquisitions, we believe they would be of modest size and priced at reasonable valuations, given shareholder pressure to allocate its capital efficiently.

Barrick remains on-track to meet its annual production guidance. Its longer term production plan calls for modest growth with reasonable capital spending, such that it should continue to generate considerable free cash flow at current gold prices.

Central to our interest is that Barrick will continue to return much of its free cash flow to shareholders through dividends and share repurchases. In 2021, the company's regular and special dividends generated a 4% dividend yield. Barrick has repaid much of its debt in recent years, such that it now carries cash balances that nearly fully offset its debt.

In addition to the value created through its generous free cash flow, Barrick shares offer optionality — if the unusual economic, monetary and fiscal conditions drive up the price of gold, Barrick's shares will rise with it.

Given their attractive valuation, the shares don't need this second (optionality) point to work — it offers extra upside. We have a $27 price target, based on 7.5x estimated steady-state EBITDA and a modest premium to our $25/share estimated net asset value.

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A Look Back at 2021's Top Performers

Bruce Kaser chose two excellent performers last, including one that gained over 200%. Here, he offers updates on his Top Picks for 2021.

We first recommended **Signet Jewelers Ltd.** (SIG) in September 2019. Under Gina Drosos — who became CEO in August 2017 — the company not only adeptly navigated the pandemic, it has also moved into the vanguard of

jewelry merchandising, retailing and e-commerce. The credit issues were fully resolved, the balance sheet is now "fortress-like" and Signet is generating strong free cash flow.

The stock — which we chose as our Top Pick for 2021 — gained 211% last year. We moved the shares to a Sell in early November of 2021 at just over $104 as the risk/return trade-off became unfavorable, for a 505% total return since the position's inception.

If its fundamental strength continues, Signet could see its shares continue to surge. With its $4.6 billion market value and strong balance sheet, a private equity company could easily acquire Signet, likely at a high premium. As such, we suggested that shareholders consider keeping a stub position that could participate in any further price gains.

Wells Fargo & Company (WFC) — our conservative Top Pick for 2021 — rose 63% last year. In mid-2020, when we initially recommended WFC shares, investors were worried about potentially sharply higher credit losses due to the pandemic-driven economic shutdown. We were encouraged by the efforts of new CEO Charles Scharf to aggressively restructure the bank's operations.

Through 2021, the bank's credit losses remained remarkably low while CEO Scharf continued to execute on his turnaround strategy. Like all banks, Wells is struggling with low interest rates and limited loan growth as well as the regulator-imposed cap on its asset size. But the better financial results led to rising confidence in the bank's future, driving the shares higher for the year.

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Best Buy (BBY)

Steve Reitmeister
Reitmeister Total Return

*You likely already know about **Best Buy** (BBY); there is probably a store is within 10 minutes of your home. Unfortunately the following thought may be rolling through your mind "Hey isn't Amazon hurting their business?" asks **Steve Reitmeister**, editor of **Reitmeister Total Return**.*

That was a fair question 5+ years ago. Gladly management has answered that question spectacularly by making fundamental changes that have led to consistent growth and shareholder returns. In fact, they have not had an earnings miss in over 5 years which puts their management team on the Honor Roll.

The funny thing is that these shares were soaring earlier in Q4 of 2021 going from $103 to $140 into earnings. However, investors decided to take some profits off the table. And next came the Omicron scare that hit all brick and mortar retailers hard. Next thing you know shares are pressing under $100 as we close the doors on 2021.

Yes, that is insane. But gladly it provides a stellar opportunity to snap up these quality shares. This sell off leaves Best Buy with a PE under 10 when the S&P stands at 24X earnings. Thus it's not surprising that the average Wall Street target price is $140. Even better, some top analysts see $150 to $175 as a more likely destination for shares.

So far we have checked the box for growth and value. Now let's talk about income. BBY sports an attractive 2.8% dividend yield. Yes, there are companies with much higher yields, but I would say that could be dangerous choice in 2022.

Why? That's because the Fed has made clear that they intend to fight inflation in the coming year with a more aggressive taper for their massive monthly bond buying program. That will likely be followed by 3 rate hikes in 2022.

As they say, "Don't Fight the Fed". In this case they are telling you loud and clear that bond rates will move higher. And when that happens bond funds will lose money breaking a nearly 40 trend of bond funds enjoying gains as rates headed lower and lower and lower.

However, bond funds will not be the only investment punished. So too will high dividend yield stocks where there is not enough earnings growth to attract new investors to purchase shares.

This means that if you are going to venture into the income camp in 2022, then you absolutely need to make it a growth and income pick like BBY. Now you can appreciate that these shares offer a trifecta of goodness: growth, value and ample income.

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Blink Charging (BLNK)

Jim Woods
Successful Investing

*Elon Musk is the richest man in the world, yet he wasn't even close to that status when I interviewed him in 2008, before his electric vehicle juggernaut **Tesla Motors** (TSLA) was even public, recalls **Jim Woods**, editor of **Successful Investing**.*

Yet I can still remember Musk's intense certitude regarding the future of electric vehicles (EVs), because as he correctly told me even back then, the technology that propels EVs is just flat-out superior to that of the internal combustion engine.

Of course, for the past century our transportation networks have been built on servicing the internal combustion engine, and those networks have served society immensely well.

Yet because of pioneers such as Musk, and because of the increasingly widespread global adoption of a great idea whose time has come, i.e. the embrace of electric vehicles, the world is in need of an updated transportation network designed to "fuel" the battery-powered vehicles of the now — and of the future.

Enter **Blink Charging Co.** (BLNK), which is the owner, operator, and provider of electric vehicle charging services. The company offers both residential and commercial EV charging equipment, enabling EV drivers to easily recharge at various location types. Its principal line of products and services are the Blink EV charging network and EV charging equipment, and EV-related services.

What I like about BLNK is that it serves the growing demand for more ubiquitous charging stations for EVs. Consider that in 2020, there were some 6.8 million EVs worldwide. Yet by the end of the decade, the number of EVs is estimated to climb as high as 230 million.

Moreover, The Boston Consulting Group projects EV sales to rise from 12% of the global market in 2020 to 47% in 2025.

Now, according to industry analysts, the expected mass adoption of EVs means the EV infrastructure must also blossom, and that means surging demand for EV charging stations of the sort made by BLNK.

Another thing I like about BLNK is its interesting business model. You see, instead of just simply selling charging stations the way oil companies sell gas pumps to station owners, BLNK offers what it calls a "FLEX" model.

The FLEX model gives commercial property owners the ability to host EV charging stations at not only zero cost to install, but also to make money doing so.

The FLEX plan is actually quite simple. Blink builds and installs the chargers at no cost to the property owner, and then Blink shares the EV charging revenue it gets from EV customers with the property owners.

This is a classic case of a "win-win" in business, and one that I suspect can lead to a lot of revenue in the years to come.

From July 2020 to the end of 2021, BLNK shares have surged some 468%. And while the EV segment of the market is by its nature volatile and speculative, it's also potentially very rewarding for investors that can stomach the high-valuation turbulence. So, if you are looking for a "stock of the future" capable of delivery electric gains,

then check out Blink Charging.

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A Look Back at 2021's Top Performers

Jim Woods selected the #1 performing stock in last year's Top Picks 2021 report — cryptocurrency trading firm **Voyager Digital Ltd.** (VYGVF). Here, he updates that idea.

Shares of the digital trading platform operator surged some 250% in 2021, as the company rode the emerging wave of cryptocurrency buying during the year. Interestingly, the big gains in VYGVF came mostly in the first quarter, as the stock went from $3.90 at the end of 2020 all the way to a high of $29.00 by Apr. 5, 2021.

The stock actually trended lower from there, but because of that massive spike in the first three months of the year, VYGVF was able to maintain much of its triple-digit percentage gains on the year.

Now, how did I know VYGVF would be a big winner in 2021? Well, I didn't know, because the virtue of modesty informs us all that the future is unknowable. Yet what I did know is that Voyager Digital offers customers interested in buying cryptocurrencies what I think is the best platform out there for accomplishing this mission.

And I also knew that consumers were hot for Bitcoin, Ethereum and the scores of other digital currencies on the market today. So, do a little logical connecting of the dots and you come to the wisely modest conclusion that VYGVF was a great way to profit from the circumstance.

As for the current status of VYGVF, if you bought the stock last year based on my thesis and are still sitting on that 200%-plus win, there is nothing wrong with taking profits here to start off the new year.

Having said that, if you are just discovering VYGVF, then I don't think it's too late to add this one to the portion of your portfolio dedicated to the more speculative stocks—the ones capable of delivering yet another triple-digit percentage win. After all, who amongst us thinks cryptocurrencies aren't here to stay? Enough said.

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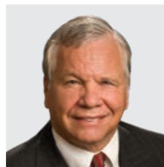
Bluebird Bio (BLUE)

Joseph Cotton
Cotton's Technically Speaking



Bluebird Bio, Inc. *(BLUE) — our Top Pick for 2022 — is a clinical stage biotechnology company specializing in gene therapies for severe genetic disease and cancer, notes* ***Joseph Cotton****, editor of* ***Cotton's Technically Speaking****.*

The company recently had two Biologics License Applications accepted for priority review by the FDA: 1) Beti-cel for b-thalassemia, and 2) Eli-cel for Cerebral Adrenoleukodystrophy.

The company also has a gene therapy candidate, lovo-cel, for sickle cell disease in a phase ½ clinical trial that has shown promising results, including stable production of gene therapy-derived anti-sickling hemoglobin and continued complete resolution of severe VOEs up to 36 months.

Patient-reported data on health-related quality of life (HRQoL) complemented clinical findings, and were the strongest HRQoL improvements in any sickle cell gene therapy program.

In December, the FDA placed its clinical program for lovo-cel gene therapy on partial clinical hold for patients under the age of 18. Enrollment and dosing for patients 18 and older in the clinical studies were not affected. For full disclosure, we have bought the stock and expect it to double within 6 months.

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Blue Owl Capital (OWL)

Tim Plaehn
The Dividend Hunter

***Blue Owl Capital, Inc.** (OWL) started trading on the NYSE last May; it was formed with the combination of Owl Rock Capital Group, Dyal Capital Partners, and Altimar Acquisition Corporation, explains income specialist **Tim Plaehn**, editor of **The Dividend Hunter**.*

Altimar was a special purpose acquisition corporation (SPAC) that provided the shell company under which Owl Rock Capital and Dyal Capital combined to become a publicly traded corporation quickly. Dyal Capital invests in minority stakes in private equity companies.

The name Owl Rock may be familiar. Owl Rock Capital Group manages **Owl Rock Capital Corp.** (ORCC), a publicly traded business development company (BDC). I like the name change to reduce the confusion between the money management company and the BDC. Besides managing publicly traded ORCC, Owl Rock Capital Group operates several private BDCs.

The combined company sports a $12 billion market cap. A recent presentation shows a total of $70 billion of assets under management. The third-quarter earnings presentation highlighted the company's forecast of 46% annualized earnings growth for 2021 through 2023.

Blue Owl has big dividend plans. The company expects to have a 60% to 90% payout ratio. From the post-merger presentations, management stated that they seek to grow earnings and dividends by more than 18% compounded annually through 2023. It appears that by the end of the third quarter, those projections had more than doubled.
The company declared a third-quarter dividend of $0.09 per share, which gives a current yield of 2.4%.

The OWL share price has been volatile since the May 2021 SPAC merger. As of this writing shares trade near the midpoint of the $12 to $18 trading range for the last seven months. The question is whether OWL can live up to its projections. It's a brand-new investment management company with only one quarter as a publicly traded stock under its belt.

As of the end of 2021, Blue Owl appears on pace to meet those growth goals. In October, the company agreed to purchase Chicago-based Oak Street Real Estate Capital for $950 million. In December, the company acquired Ascentium Group Limited to establish its physical presence in Hong Kong, strengthening its presence in the Asia-Pacific region.

The investing public has not yet become aware of Blue Owl Capital, which is on its way to becoming a powerhouse asset manager. Don't be surprised if OWL posts a 100% total return in 2022.

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Bristol-Myers Squibb (BMY)

Bob Ciura
Sure Dividend

With the S&P 500 Index at a record high to end 2021, investors have to look harder to find undervalued dividend stocks. However, the healthcare sector has many blue-chip dividend payers trading at reasonable valuations, explains ***Bob Cirua****, contributing editor to* ***Sure Dividend***.

Bristol-Myers Squibb (BMY) is a reliable dividend stock with a safe payout under any economic conditions. The stock has a hefty current yield of 3.5%. BMY also appears to be significantly undervalued, given its long-term growth potential. These qualities make BMY a top pick for income investors.

Bristol-Myers Squibb is one of the world's largest pharmaceutical companies. It manufactures cardiovascular and anti-cancer therapeutics, with annual revenues of about $42 billion.

The company's financial results have been impressive over the course of the year. In the 2021 third quarter, Bristol-Myers reported 10% revenue growth on a year-over-year basis. Adjusted earnings-per-share grew 23% from the same quarter last year.

The biggest growth catalyst for healthcare stocks such as Bristol-Myers is the aging U.S. population, which should provide a long-term growth tailwind. Healthcare is also a highly recession-resistant sector, which makes BMY stock a top pick for risk-averse investors.

Bristol-Myers should capitalize on the positive long-term growth catalyst because of its strong pipeline. Revlimid continued to be a strong performer for the company with 11% revenue growth, while Eliquis, sales grew 15% in the third quarter.

The company has over 50 early stage assets in its product pipeline. According to management, BMY believes its new product portfolio has the potential to generate over $25 billion in annual revenue.

BMY expects to grow revenue in the low single-digits each year through 2025. We expect future earnings-per-share to grow at a similar rate as the revenue growth rate. This should provide enough growth to allow the company to continue investing in its growth pipeline.

In the meantime, the company continues to reward shareholders with significant cash returns. In December, BMY raised its dividend by 10% and also approved a $15 billion share buyback. The buyback authorization represents more than 10% of the stock's current market cap, implying a significant boost to EPS growth.

With a 3.5% dividend yield and a P/E ratio below 9, we believe BMY is a deep-value dividend stock. In our estimation, the combination of future earnings-per-share growth, dividends, and an expanding P/E multiple could fuel annual returns above 15% per year. This makes BMY stock a top pick for 2022. *(Disclosure: Bob Ciura is long BMY.)*

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Canoo (GOEV)

Keith Fitz-Gerald
Five with Fitz

*The biggest, most consistent, and secure path to profits is deceptively simple: find and buy the world's best companies, ideally when they've been kicked to the curb or are controversial, suggests **Keith Fitz-Gerald**, editor of **Five with Fitz**.*

Canoo Inc. (GOEV) shares are dirt cheap and completely off the radar for most investors because **Tesla** (TSLA) and **Rivian** (RIVN) get most of the press.

Management has been a case of musical chairs since formation, but recent news suggests that's settling down.

Investor Tony Aquila took over as CEO in 2020 and has wasted no time in making his influence felt. Aquila nixed plans with Hyundai while also shifting the company's focus from individual EV sales to commercial fleet operations and small business.

More recently, Aquila moved the headquarters from Torrance, CA to Bentonville, Arkansas. That really caught my attention because you-know-who is centered there. As of press time, there's no deal with **Walmart** (WMT) for fleet vehicles but I must believe that the super-savvy Aquila is working an angle to make that a reality.

Walmart has made no bones about being able to end-run **Amazon** (AMZN). Having a multi-platform vehicle like Canoo at its fingertips could be just the thing it needs to build an efficient, eco-friendly fleet.

Admittedly, I am concerned about the possibility of a dilutive offering but not by much. Like many smaller growing companies, Canoo will gobble cash as it accelerates and hopefully works its way into a much larger valuation.

Production is being accelerated to Q4 2022 but a deal with Walmart could easily move that timetable forward still further. And, of course, send shares soaring. Getting ahead of that possibility is super appealing!

Action to Take: Buy under $10 a share and "hold on for dear life" because the ride could be bumpy but ultimately super profitable with a speculative choice like this one! *(Disclosure: Keith Fitz-Gerald owns and trades shares of Canoo as do members of his family.)*

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Caterpillar (CAT)

Jim Pearce
Investing Daily's Personal Finance

The companies that should benefit the most from the macroeconomic trends that will be driving stock market performance in 2022 derive most of their income from infrastructure, commodities, and banking (financials), explains ***Jim Pearce****, chief investment strategist of Investing Daily's flagship newsletter,* ***Personal Finance****.*

It stands to reason that my Top Pick for 2022 is involved in all three of those sector. That company is heavy equipment manufacturer **Caterpillar** (CAT), which divides its sales operations into three sector segments: Construction Industries, Resource Industries, and Energy & Transportation.

Its Construction Industries segment should be a direct beneficiary of the recently enacted $1 trillion infrastructure spending bill. During the third quarter of 2021, Construction Industries was Caterpillar's biggest revenue generator at $5.3 billion in total sales.

Caterpillar's Energy & Transportation segment contributed $5.1 billion in sales, with Resource Industries (mining) chipping in another $2.4 billion.

To a certain degree, the transportation half of that segment should also benefit from infrastructure spending, although federal spending on the type of railroad and marine terminal projects that benefit Caterpillar may not materialize right away.

Lesser known is Caterpillar's Financial Products division, which provides loans and leases for the equipment it sells. It contributed only $762 million in sales and $173 million in profit during the third quarter, but I believe both of those numbers could increase substantially in 2022.

A lot of construction companies will need to upgrade their production capabilities to compete for the most desirable infrastructure projects that will be awarded over the next four years, and obtaining financing from Caterpillar will be the quickest way to do that.

In addition to the big hike in infrastructure spending, Caterpillar sells to other industries that could see an influx of money that should result in higher sales revenue and wider operating margins for the company.

Rising commodity prices, especially for industrial metals, would directly benefit Caterpillar's Resource Industries segment.

The doubling of oil prices during the past year will induce many drillers to reopen capped wells and explore for new reserves, thereby increasing demand for Caterpillar's energy construction products.

Thus far, the full extent of that upside potential is not reflected in Caterpillar's share price. After reaching an all-time high above $246 in early June, CAT gradually receded over the summer and fell below $200 by late September.

Since then, it has traded in a narrow range is poised to breakout to the upside. At a share price of $200, CAT is valued at less than 22 times trailing earnings compared to a multiple of 29 for the S&P 500 Index.

Under normal conditions, an industrial company such as Caterpillar should trade at a discount to the overall market. But these are not normal conditions, and in 2022 Caterpillar could post sales and earnings growth

numbers far better than the index average if the macroeconomic trends cited above remain in place.

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A Look Back at 2021's Top Performers

Last year, **Jim Pearce** chose **Blackberry** (BB) as his Top Pick; the stock rose 48% in 2021. Here's his latest update:

During its latest quarter, cybersecurity revenue accounted for roughly 70% of BlackBerry's total revenue. Another 23% came from IoT (Internet of Things) sales with only 7% derived from licensing agreements including its smartphone technology.

BlackBerry tends to fly below the radar of Wall Street. Only 7 of the 16 analysts that follow the company have provided estimates for the company's sales and earnings in 2022. That lack of interest in BlackBerry creates a temporary buying opportunity. It may take a few more quarters of improving performance for the company to get Wall Street's attention, but until then BlackBerry remains a buy up $16.

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CBRE Clarion Real Estate Income Fund (IGR)

Marty Fridson
Fridson/Forbes Income Securities Investor

CBRE Clarion Real Estate Income Fund *(IGR) — a closed-end fund — offers an indicated yield of 6.13%. Its current price of $9.79 represents a 6.50% discount to net asset value and is 18% below our fair value estimate of $12.00, notes* ***Marty Fridson****, editor of* ***Fridson/Forbes Income Securities Investor****.*

CBRE Clarion Real Estate Income Fund's investment objective is high current income, with capital appreciation as a secondary objective. The fund invests at least 80% of total assets in income-producing real estate securities. IGR can invest up to 25% of its assets in preferred shares of global real estate companies.

The fund is well diversified geographically and by property sector. As of 10/31/21, real estate sector diversification was led by Residential (16.55%), Industrial (15.28%), Retail (13.82%), Diversified (9.89%), Self-Storage (9.84%), and Towers (9.51%).

IGR's top five holdings at 10/31/21, all common stocks, were American Tower (7.46%), Simon Property (6.52%), ProLogis (5.49%), Duke Realty (4.86%), and Crown Castle International (4.41%).

Distributions have accounted for 50%-75% of return of capital over the last three years, although that mix may change. This investment is suitable for low- to medium-risk portfolios.

Exchange: NYSE. Pay cycle: Monthly. Expense Ratio: 1.53%. Leverage Ratio 19.64%. CUSIP: 44982G104. Website: (www.cbreclarion.com)

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Celldex Therapeutics (CLDX)

Jay Silverman
The Medical Technology Stock Letter

*In our 2021 Top Picks report, **Jay Silverman** — a leading biotech sector analyst and contributing editor to **The Medical Technology Stock Letter** — chose **Celldex Therapeutics** (CLDX), which rose 100% last year. He again selects the stock as a Top Pick for 2022.*

Based upon its novel mast cell monoclonal antibody CDX-0159, Celldex is a favorite biotech stock pick for 2022. With exceptional Phase I/II data in chronic inducible urticaria (CindU or hives) — a 100% response rate and a clean safety profile, Celldex will deliver additional key clinical results from that study beginning in Q1:22 and another key trial in H1:22/early summer in chronic spontaneous urticaria (CSU).

An increasing number of studies are proving that mast cells are the dominant player in a variety of allergic and inflammatory conditions, including truly blockbuster conditions like asthma, allergies, arthritis. In addition to urticaria trials, which are delivered intravenously — studies are underway with a subcutaneous (SC) version that would lead to even wider at-home use. A SC pilot study is due in early 2022 as well.

Celldex also has an R&D pipeline based on humanized antibody technology (huMab) developed at Medarex, which was acquired by **Bristol-Myers Squibb** (BMY) in 2009, and subsequently developed Ovdipo and Yervoy for metastatic melanoma. As a wholly owned compound, Celldex is an ideal takeover candidate as several drugs are the market are being developed for urticaria but none with the mechanism and data as impressive at CDX-0159.

With the enormous potential of various mast cell blockbuster conditions, in our view, CDX-0159 has the potential to one day compete with or exceed the sales of Dupixent ($4 billion in 2020), a treatment from **Sanofi** (SNY) and **Regeneron** (REGN). CLDX is a "buy" under $55 with a target price of $85.

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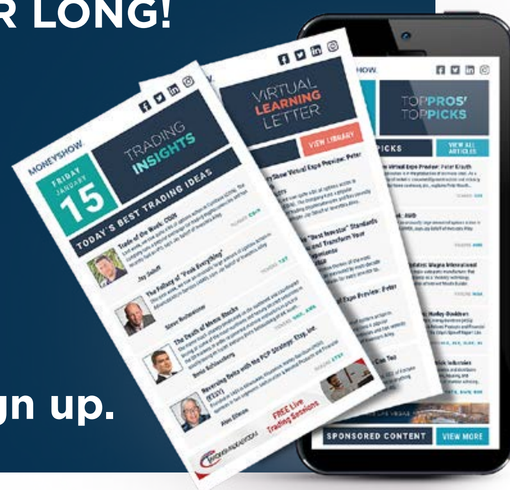

Change Healthcare (CHNG)

John Buckingham
The Prudent Speculator

*Spun off from **McKesson** (MCK) in 2020, **Change Healthcare** (CHNG) is the leading independent provider of health care IT services, suggests **John Buckingham**, a value-focused money manager and editor of **The Prudent Speculator**.*

The company offers software and analytics solutions in support of provider network management, payments and other administrative healthcare functions that aim to enhance clinical decision-making and improve quality of care.

A year ago, Change announced that it would combine with Optum, a tech-focused division of **UnitedHealth** (UNH), in a transaction whereby CHNG holders would receive $25.75 per share in cash.

Facing an intense lobby from the American Hospital Association (AHA), parties to the deal have delayed the transaction more than once, most recently pushing the deadline to April 5, 2022, and promising the Department of Justice no deal would happen before February 22nd.

We continue to think the antitrust risks are appropriately discounted, given a greater than 20% spread between the market and merger prices, while fiscal 2022 and 2023 consensus EPS estimates yield inexpensive respective forward P/E ratios of 14 and 13. Deal or no deal, we like CHNG.

A sizable short-term return is available if the union is consummated and a strong competitive position exists if not, with the AHA saying, "The types of services offered by OptumInsight and Change are a must have for health care providers to navigate byzantine insurance reimbursement and ensure accurate and timely payment."

Subscribe to The Prudent Speculator here...

A Look Back at 2021's Top Performers

John Buckingham offers an update on his Top Pick for 2021, healthcare and pharmacy stock C**VS Health** (CVS), which gained 49% over the year:

Shares of CVS Health closed out 2021 with a bang, thanks in large part to a favorable response to the health care giant's Investor Day. Management bumped its 2021 EPS estimate to at least $8.00 and illustrated its plan to achieve double-digit EPS growth by 2024.

Although the competitive landscape isn't getting any less challenging and there seemingly is always a regulatory cloud in the operational sky, we think there is plenty of runway ahead to improve access to care using CVS's integrated health care delivery model.

We appreciate that scale benefits from the Aetna acquisition are starting to show through, with cost savings allowing the company to raise its quarterly dividend for the first time since 2017 to $0.55 per share. While shares had a great 2021 (up nearly 55% on a total-return basis) we continue to find them attractive, trading for just 13.3 times next 12-month adjusted earnings estimates and yielding 2.1% after a recent dividend increase.

Charles Schwab (SCHW)

Nate Pile
Little River Investment Guide

*As a more conservative Top Pick for investors looking for a nice blend of growth and income, I am going with a "household name" – **Charles Schwab** (SCHW), suggests **Nate Pile**, editor of **Little River Investment Guide**.*

Thanks to various trends that have been underway in the financial industry for a while (along with a management team that has been astute enough to position the company to take advantage of them), Schwab's stock has been climbing in exactly the sort of slow-but-steady manner I most like to see.

To be sure, there are other smaller brokerage firms with trading platforms that may be more attractive to certain niche groups of traders, but, in my humble opinion, Schwab's line-up of products and services is one strongest and broadest in the industry.

And given the company's size and leadership position in the sector, I expect its ability to attract additional clients (and their capital) to only continue growing in the years ahead.

As someone who got his start in the stock market by reading a number of Peter Lynch's books on investing, my optimism for the stock is further enhanced by the fact that I a satisfied Schwab customer, and that I have also had many of my subscribers over the years tell me that they, too, are quite pleased with their experiences at Schwab.

While there is always a chance that something will change behind the scenes at the company to ruin the peace of mind that comes from these observations, it is always easiest (and often smartest) to invest in situations — as Peter Lynch suggests — that one has had positive first-hand experiences with.

Though its dividend payout is smaller than many other stocks I like — currently "just" $0.72 per year — I believe the stock has a great risk-reward ratio at current prices and provides some nice potential for growth in the years ahead. SCHW is a buy under $90.

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Charles Schwab (SCHW)

Bernie Schaeffer
Option Advisor

***Bernie Schaeffer** — founder and CEO of **Schaeffer's Investment Research** — returns to **Charles Schwab** (SCHW), which was his Top Pick in 2021 and is again his favorite for 2022 after rising over 60% in the past year.*

Schwab was my top pick for the year at the start of 2021. In my June 2021 update I stated that I saw the potential for a 10% pullback to the $68-$69 area (from the peak earlier that month at $76).

But I expected more in the way of all-time high action from SCHW in the second half of this year, with my first upside target in the $80-area (at which point the company would be sporting a market capitalization of about $150 billion).

SCHW shares proceeded to put in a low just below $66 in July, before marching steadily higher all the way to a peak at $86.43 on 12/28/21 — and closing out the year at $84.10.

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

And so with SCHW recently reporting a surge in total client assets of 23% from November 2020 to November 2021 (with the 2020 figure already inclusive of the big pop in assets from the TD Ameritrade merger), I now:

1) Reiterate my belief that it's still early days for the investor/investment boom we began to experience over this past year, and

2) Set an upside target for SCHW shares of $100-$110 for 2022 (which could result in a surge in its market capitalization to the $200 billion mark and beyond).

Moving from the fundamental side to the technical, a new "Buy" signal has just been generated from SCHW's 20-day Relative Momentum Index on its rally above the 70 mark (see second panel in chart below).

And finally — on the sentiment front — we note that less than 1% of total open interest in SCHW options is currently at strike prices higher than the 90 level (source: CBOE's Trade Alert).

However, if SCHW shares continue to press higher as we expect, the result could be a deluge of new opening positions in SCHW call options at strikes of 100, 110 and higher — which could in itself create a surge in share buying in 2022 as option sellers look to hedge their big upside exposure.

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CytomX Therapeutics (CTMX)

Hilary Kramer
GameChangers

CytomX Therapeutics *(CTMX) wasn't alone in having a miserable 2021 — nearly 80% of the biotech stocks on my screen lost ground last year as Wall Street struggled to digest dozens of new names chasing blockbuster targets, suggests* ***Hilary Kramer****, growth stock expert and editor of* ***GameChangers****.*

But after shedding 36% of its market cap, CTMX trades at an 18% discount to cash and equivalents, with minimal debt to weigh on the balance sheet. Investors can buy the stock and get the clinical pipeline for free. And having reviewed the science and the FDA calendar, I suspect CTMX is a bargain down here below $5.

While preliminary Phase II results on a head-and-neck squamous cell cancer trial weren't spectacular, the drug did a whole lot better getting advanced forms of lung cancer under control, comparing well to rival therapies and blowing conventional chemo away.

That single indication in isolation would be a company maker — with data coming on esophageal cancer and lymphoma as well as a breast cancer drug deep into its own Phase II trial.

There's a reason **Bristol-Myers Squibb** (BMY) keeps pouring cash into these programs. The giants see the potential of adding CTMX antibodies to existing oncology "cocktails." Now it's time Wall Street adds the stock back to the core biotech portfolio.

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A Look Back at 2021's Top Performers

Hilary Kramer selected two winners as her Top Picks last year; here she reviews those recommendations:

Sally Beauty Holdings (SBH) benefited from the market's pivot back to "old economy" stocks, hitting my $18 target with upside to spare. Cosmetics are a notoriously recession-resistant category and as the pandemic finally recedes the sales trend looks stronger than ever. I'm looking for 35% earnings growth in 2022, which makes SBH a steal at barely 10X current EPS.

Airbnb (ABNB) did well in its post-IPO year but Wall Street's flight from rich valuations has left the stock far from its ATH of $207. Here's the thing: ABNB is still early in its transition from expansion at any cost to feeding the bottom line. Nobody was weighing the earnings multiples a year ago and I doubt they're doing it now. The Fed is neither friend nor foe here. When the market figures that out, this will be a $200 stock again . . . and more.

Design Therapeutics (DSGN)

Michael Brush
Brush Up on Stocks

*A lot of investors always make the same mistake with initial public offerings (IPOs). They get caught up in the media buzz and buy on the first day, cautions **Michael Brush**, a specialist in insider trading and editor of **Brush Up on Stocks**.*

This is a bad move because most IPOs — even wildly successful companies like **Facebook** (FB) — turn into "busted IPOs" sooner or later, meaning they trade below their offering price. That's the time to buy.

Consider the biotech name **Design Therapeutics** (DSGN). It came public in March, 2021 at $20 and traded up to $40-$50 range right away. It got a lot of attention because it's in the popular genomic medicine space.

By July-November it was a decidedly busted IPO — trading well below $20 for months. That was the time to pick it up. I suggested Design Therapeutics in my stock letter on October 20, 2021 at $14.25. By the end of the year, we were up 50%. But the stock is still a buy because key catalysts have not even kicked in yet, and it checks the boxes in the biotech model I use in my stock letter. Let's take a look, starting with a little background.

The company has a proprietary platform that helps it design therapeutic candidates for inherited diseases driven a specific type of DNA problem called nucleotide repeat expansion, which creates lots of excess repeats in mutant genes. This is the underlying cause of more than 40 debilitating diseases impacting millions of people.

The company's proposed fix: Targeted chimeras (GeneTACs). GeneTACs bind to genetic repeat sequences and tweak gene expression to improve cellular health. Currently, there are no therapies that address the cause of any nucleotide repeat expansion diseases.

Design Therapeutics will take a big step toward changing that when it launches trials on a therapy for one called Friedreich ataxia in the first half of 2022. That will be a big catalyst. Next, the company is working to expand its pipeline into other therapies that handle unmet medical needs like Huntington disease, spinobulbar muscular atrophy, familial amyotrophic lateral sclerosis, frontotemporal dementia, and Fragile X syndrome.

The company may also post updates on its early research on a therapy for another genetic disorder called myotonic dystrophy type-1 (DM1). And we may learn of strategic collaborations which will bring in funds, provide outside verification of the GeneTAC platform, and draw investor attention if a big pharma name is involved.

Finally, improved biotech will help this stock. I believe biotech sentiment can pick up (it can't get much worse) driven by M&A news, and the retreat of Covid-19 as an issue as less virulent variants like Omicron continue to dominate. Covid-19 has hurt biotech because it trimmed with sales travel.

It's also hindered enrollment in trials because of patient reluctance to go into hospitals and testing sites for experimental therapies. As these issues fade, it should create more investor interest in promising biotech names like Design Therapeutics.

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Diamondback Energy (FANG)

Mike Cintolo
Cabot Top Ten Trader

*I'm a growth investor, but I'm also a student of the market, and I continue to think that energy stocks — which had been out of favor for many years and only got going in November 2020 — are in the midst of a longer-term uptrend, notes **Mike Cintolo**, editor of **Cabot Top Ten Trader**.*

Part of that is sentiment; indeed, who is overweight energy stocks these days? But a lot has to do with a sea change in the industry: Out is the debt-financed, drill-at-all-costs expansion, and in is flat-ish production, cost controls and massive free cash flow.

There are many names that look decent, but one I think will do well next year even in a modest energy environment is **Diamondback Energy** (FANG), whose Q3 results were amazing.

Free cash flow (cash flow less all CapEx) totaled $4 per share (~4% of the stock price), another dividend hike was announced (its third of the year; yield now 2.0%) and further debt reduction ($1.3 billion worth since March; no debt maturities for three years) occurred as output came in a bit above expectations.

But all of that pales in comparison to what's possible in 2022 and beyond — the top brass believes it can keep output level with relatively tame CapEx (its breakeven oil price around $32!), and that should lead to ridiculous results, with nearly $13 of free cash flow per share even if oil averages $60 per barrel and natural gas averaged $3, and a ridiculous $19 per share if oil averages $80.

And shareholders will see half of whatever the total is paid back in dividends and share buybacks (with the rest slashing debt even further). Translation: Even if oil energy prices have hiccups, Diamondback is likely to pay out a few percent in dividends and buy back a few percent of the company, starting in Q4.

Just as impressive to me is how FANG (and others) have held up during the latest market decline — even as oil prices have fallen 16% and natural gas is down 30%, this stock and its peers are down far less than that.

And that's the key: While the dividends are nice, what I'm betting on is a gradual change in investor perception by big buyers who are willing to build positions in these names (especially on dips), hiking the valuations as the boom-bust history of the industry is in the past. FANG certainly looks like one of the winners of the movement and I think 2022 will be fruitful.

Subscribe to Cabot Top Ten Trader here...

Digital Realty Trust (DLR)

Frank Holmes
US Global Investors' Frank Talk

*As Executive Chairman of **HIVE Blockchain Technologies** (HIVE), the first publicly listed cryptocurrency miner, I believe in the digital asset space and have witnessed it gain in popularity over the last several years, explains **Frank Holmes**, who is also the CEO and CIO of **U.S. Global Investors**.*

I think conservative investors should consider putting their money into blockchain technologies that support digital currencies, as well as infrastructure companies, and one way to do this is through **Digital Realty Trust** (DLR).

DLR invests in data centers and technology-related real estate. The company has a yield that is growing and it is capitalizing on the mega trend in data center build outs to fulfill 5G and streaming architect. The stock is a conservative idea for the coming year.

For a more speculative pick for 2022, I would add that in October, both U.S. Global Investors and HIVE Blockchain Technologies, announced their strategic investment in the NFT business, via **Network Media Group, Inc.** (Vancouver: NTE) (OTC: NETWF).

Network Media Group recently announced that it intends to create and distribute non-fungible tokens (NFTs), utilizing content and relationships built from its library of premium films as well as from upcoming projects, valued global partnerships and third-party intellectual property.

Subscribe to U.S. Global Investors' Frank Talk here...

A Look Back at 2021's Top Performers

Frank Holmes chose **Ivanhoe Mines** (IVN) as his Top Pick for 2021; the stock is up 50% over the past year. Here, he offers this update:

After much anticipation, the U.S. House approved a bipartisan $1.2 trillion infrastructure package in November. Due to an increased demand for infrastructure needs now, I see a potential boom in commodity prices.

I am still looking at companies that produce the minerals that we believe will benefit the most from higher construction spending, and this includes copper producers like Ivanhoe Mines, which is the number one holding in our **Global Resources Fund** (PSPFX).

Energy Select SPDR ETF (XLE)

Bob Carlson
Retirement Watch

Energy stocks had a strong finish to 2021, and most of the factors that propelled those gains continue in 2022; inflation is likely to remain high for much of 2022 and perhaps longer, observes ***Bob Carlson****, editor of* ***Retirement Watch****.*

Energy stocks traditionally are a good inflation hedge. In addition, capital investments in the energy sector lagged the last few years. Capital investments aren't going to surge enough to increase supply anytime.

In fact, some governments are discouraging or prohibiting additional investments in traditional energy sources, and many banks and other capital sources reduced their exposure to the sector as part of their environmental policies. The result is demand is likely to exceed supply for a while, absent a recession.

Many energy companies, especially the shale oil producers, have made clear that they will be more shareholder friendly going forward. Instead of investing heavily to maximize production, they will focus more on being profitable and ensuring shareholders have cash distributions and stock price appreciation.

Another factor favoring energy investments is that the dollar is likely to decline in 2022 against many other currencies. Oil and most other energy sources are priced in U.S. dollars. A decline in the dollar should increase the prices of oil and other forms of energy.

There are 21 stocks in the energy sector of the S&P 500. At the end of 2021, those stocks had a combined market value of about $1 trillion. That's about a third of **Apple's** (AAPL) $3 trillion market value and a little more than the 2021 increase in AAPL's market capitalization.

Invest in energy through the **Energy Select SPDR ETF** (XLE), which is our top conservative investment idea for the coming year. The fund gained more than 53% in 2021, but that only brought the price back to where it was in late 2019. The 21 stocks in the ETF still have a lot of appreciation left.

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Energy Transfer LP (ET)

Roger Conrad
Conrad's Utility Investor

*Stocks that return more than 40% one year usually have a tough time repeating such a strong performance the next. One likely exception for 2022 is **Energy Transfer LP** (ET), a major owner of North American pipelines and other energy infrastructure, notes **Roger Conrad**, editor of **Conrad's Utility Investor**.*

Shares returned about 43 percent in 2021, as the company proved its resilience by generating some $5.5 billion in free cash flow after capital spending and dividends to pay down debt. That was despite generally tepid system volumes and lower returns on expiring contracts, as North American oil and gas producers used free cash flow to pay off debt rather than ramp up output.

Upside catalyst number one for Energy Transfer shares in 2022 is at least a modest recovery in the company's system volumes. At this point, most producers still appear to favor directing free cash flow to further debt reduction, higher dividends, stock buybacks and even alternative energy investments. But their lack of investment coupled with recovering demand is the formula for continued higher prices.

And we believe that will eventually induce even the more conservative to turn up the taps a bit this year, in turn heating up investor sentiment for midstream stocks that have so far in this energy cycle badly lagged producers.

Even if higher volumes take longer to materialize than we expect, Energy Transfer is set to realize considerable upside from last year's acquisition of the former Enable Midstream Partners. Management has cited $100 million in annual cost synergies likely to be realized over the next year or so. Those savings are expected to expand even as volumes recover to fill already constructed capacity.

The Enable merger is a big reason management has forecast a return to dividend growth and stock buybacks this year, in addition to aggressive debt reduction. A payout boost would be off a very safe yield of nearly 7 percent that distributable cash flow currently covers by better than a 3-to-1 margin and free cash flow after CAPEX covers better than 4-to-1.

Energy Transfer is likely to face more regulatory scrutiny the next few years, now that President Biden has locked in Democrats' 3-2 Federal Energy Regulatory Commission majority.

The company already faces high profile fines and may have to pay $410 million to **Williams Companies** (WMB) for a scuttled 2016 merger attempt. But it also looks like the government will find a way to keep the company's Dakota Access Pipeline open. And plugging methane leaks per federal edict should ultimately improve efficiency.

I expect to see the stock make an early 2022 assault on last year's mid-June high of $11.55 per share, followed by a return to pre-pandemic levels in the low teens. Energy Transfer is a buy up to $15.

Subscribe to Conrad's Utility Investor here...

A Look Back at 2021's Top Performers

Roger Conrad selected **FirstEnergy Corp.** (FE) as his Top Pick for 2021; here's his update on the utility stock, which rose 38% last year.

A year ago, multi-state electric utility First Energy was the center of a bribery scandal, accused of paying Ohio

legislators to pass nuclear power subsidies benefitting its former unit **Energy Harbor** (ENGH). Those issues now appear settled, including the criminal investigation by the US Department of Justice.

The company has greatly strengthened governance. And it's on the verge of regaining investment grade credit ratings from Fitch and Moody's, thanks to the sale of a 19.9 percent stake in its high voltage electricity transmission unit and a special $1 billion equity issue. The result was a more than 40 percent return for First Energy stock in 2021.

I expect more modest gains in 2022. But there are still potential upside catalysts with shares relatively inexpensive at less than 17 times expected next 12 months earnings, including a return to dividend growth. Facing considerably less risk than a year ago, FirstEnergy is a buy at $40 or lower.

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Enterprise Products Partners (EPD)

Robert Rapier
Investing Daily's Utility Forecaster

***Enterprise Products Partners** (EPD) is one of the largest publicly traded midstream (i.e., pipeline and storage) companies in the world. It is also the largest master limited partnership (MLP) and one of the largest energy companies by market cap, observes **Robert Rapier**, editor of Investing Daily's **Utility Forecaster**.*

EPD operates as a holding company, which engages in the production and trade of natural gas and petrochemicals. The company has about 50,000 miles of natural gas, NGL, crude oil, refined products, and petrochemical pipelines.

The company's operations are concentrated in Texas, but its pipelines spread across the U.S. The company's pipelines are connected to about 90% of all refineries East of the Rockies. In addition to its pipelines, EPD's operations include:

- 260 million barrels (MMBbls) of natural gas liquids (NGL), petrochemical, refined products, and crude oil, and 14 billion cubic feet (Bcf) of natural gas storage capacity;
- 19 natural gas processing facilities; 25 fractionators; 11 condensate distillation facilities; propane dehydrogenation (PDH) facility;
- Export Facilities: 19 deep-water docks handling NGLs, polymer grade propylene (PGP), crude oil & refined products.

EPD's diversification has helped it withstand the cyclical natural of the oil and gas business. EPD launched its initial public offering (IPO) in 1998, so it has operating during the oil price crash of 2008, the natural gas price slump that began in 2010, the oil price crash that began in 2014, and the COVID-induced oil price crash of 2020. Throughout that turmoil, EPD raised its distribution every year, and covered it conservatively with existing cash flow.

Additional Important Factors

However, I want to mention two factors. First, it is an MLP. As such, it trades in units instead of shares. I am not going to do an overview here of MLPs, but I want to note that they are structured differently than a corporation.

When you get a distribution, it will be mostly classified as a "Return of capital." This is a return of a portion of your original investment that is not considered income or capital gains from the investment. However, a return of capital reduces your adjusted cost basis.

Once the adjusted cost basis has been reduced to zero, any subsequent return will be taxable as a capital gain. That means that your tax burden from an MLP like EPD is low relative to dividends you may receive from corporations. For my latest distribution, 100% was a return of capital, and therefore nontaxable. At least, until my cost basis has been reduced, or I sell my investment.

The other factor I want to highlight is that even though EPD's business remained stable through the turmoil of recent years, volatility in the energy markets impacted EPD's unit price — completely unjustly in my opinion given the underlying fundamentals. But the net result is that EPD is more volatile than the S&P 500.

However, at a current tax-advantaged yield of 8.4% — and I want to reiterate that this is conservatively covered with cash flow — it's a great addition to an income portfolio. EPD is a "Buy" up to $28.

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Essential Utilities (WTRG)

Brian Hicks
Angel Publishing

*Mark Twain once said, "Whiskey is for drinking, and water is for fighting over", observes **Brian Hicks**, the president and founding member of **Angel Publishing**. Here, Hicks — along with junior market analyst **Zachary Rosen** — offer a favorite idea for 2022.*

People go to war over water in places like Kenya, Pakistan, South Africa. But not in the United States — except when they do.

In 2001, the government cut outflows from the Klamath Basin along the California-Oregon border. Farmers attacked the canal gates with blowtorches. In 2018, another cutoff brought encampments of farmers and threats of violence. Last summer, it all happened over again. The cycle repeats, faster and faster. Soon it'll be coming for us everywhere.

We're accustomed to getting cheap, clean water right from our taps. So we don't think about water very much, especially as an investment.

But as an investment, water has been one of the best-performing asset classes ever. In fact, our water investment for 2022 — **Essential Utilities** (WTRG) — has a total return of nearly 20,000% since going public in 1982.

Gold, for instance, has doubled in value in that same period. Gold is the ultimate safe haven, right? Well we think water is the ultimate safe haven and natural resource. As you read this, several U.S. states are currently in court battling access to water. And it won't end. Ever.

Quenching our thirst is a fraught process. We need millions of miles of pipes, countless treatment plants, and the water sources themselves. All of it is precarious.

Look at Flint, Michigan, supplying its residents with toxic water. Look at the Colorado River, nearly dried up after twenty years of drought. Look at California, consumed by fire.

We need an estimated $1 trillion to update and maintain our water infrastructure, an expenditure we're not likely to see anytime soon. Combine this with a 30% decrease in precipitation over the next fifty years and the future of water looks very insecure. That is why we advise investing in Essential Utilities, one of the best performing water utilities company in the country.

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ETF Sprott Physical Gold Trust (PHYS)

Omar Ayales
Gold Charts R Us

*For my conservative Top Pick for the coming year, I'm buying gold through the **ETF Sprott Physical Gold Trust** (PHYS), reports **Omar Ayales**, resource sector specialist and editor of **Gold Charts R Us**.*

The global economy continues to muddle thru Covid-19. Most countries are still recovering from the most severe economic lockdowns in 2020 due to Covid-19; many extended lockdowns thru 2021 and to this day.

And it's largely in part due to people on a mass scale becoming conscious of their own vulnerability. This new consciousness is also fueling changes in the work force. People are making lifestyle choices that are very different from recent years.

Working at least part-time from home is a new must for many job seekers. The increased job openings and record quit rates are pushing employers and businesses to adapt to new tendencies.

This mega shift in social awareness is creating supply chain bottlenecks; these shocks are pushing commodity prices higher. The increases in costs are already seeping into consumer prices. Time will tell how long consumers will tolerate rising prices; and thus, how long can prices remain at higher levels.

The continued rise in inflation is also likely given the debasement of currencies globally; it has been happening for years but was been aggravated during the Covid-19 crisis. Out of the U.S. billions of dollars, have been given to people to spend.

The conditions are very favorable for risk-off assets, particularly gold, U.S. treasuries and the U.S. dollar, as well as other safe havens like utilities and solid dividend earners.

Gold, in particular, reached a bottom in March 2021 and has been up-trending since. It has a key resistance at $1925; and if this level is broken, gold could continue rising, initially to the August 2020 highs near $2100.

Last year my conservative recommendation were gold and silver. Over the past year, gold has fallen about 5% and silver a 10%. Interestingly, just after we had announced our recommendation, during the month of March, gold and U.S. treasuries bottomed and have since been on the rise, or at least forming a strong base and support level.

As an added idea, in addition to recommending gold through Sprott Physical Gold, I would also recommend that conservative investors own silver through the **Sprott Physical Silver ETF** (PSLV).

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A Look Back at 2021's Top Performers

Last year, **Omar Ayales** chose **Ivanhoe Mines** (Toronto: IVN) as his Top Pick for 2021. Here's his latest update on the company:

Last year my recommendation was Ivanhoe Mines. The rose nearly 50% from the beginning of January 2021 to the end of December 2021 and could remain strong moving forward. I continue to hold positions in the shares.

FleetCor Technologies (FLT)

John Persinos
Investing Daily

*Forget the cherished myths promulgated by country and western songs — there's little freedom of the road for truck drivers these days, notes **John Persinos**, editorial director at **Investing Daily**.*

Drivers with commercial trucking fleets spend their time behind the wheel under strict management from corporate headquarters, with almost every movement planned and monitored to make that trip as cost-effective as possible.

A crucial logistical tool is the fleet card, sometimes called a fuel card, used to pay for gasoline, diesel, and other fuels at gas stations. Fleet cards also are used to pay for vehicle maintenance and expenses.

This transportation trend is a long-term boon for **FleetCor Technologies** (FLT), the world's leading provider of fleet cards and related payment processes for companies and government entities in 21 countries throughout North America, Latin America, Europe, and Australasia.

FleetCor's flagship product is a special purpose business charge card for the commercial fuel industry. About 90% of the company's revenue derives from the sale of these cards. Fleet cards eliminate the need for cash carrying, increasing the safety of drivers. The elimination of cash also helps prevent fraudulent transactions at a fleet owner or manager's expense.

Headquartered in Atlanta, Georgia, FleetCor has a market capitalization of $18.1 billion and is the dominant firm in its field. In addition to fleet cards, the company sells a wide variety of customized fleet and lodging payment programs, as well as cards to buy fuel and lodging at participating locations.

The company also provides equipment that prevents unauthorized transactions involving sea-going vessels, locomotives, and mining and agricultural machinery.

Big Brother of the Big Rigs

Fleet cards enable managers to choose only the data they need and get it delivered to them quickly in any medium, typically the Internet. FleetCor also moved into the GPS monitoring of mobile workers, a practice that perhaps irks those under surveillance (as well as civil libertarians) but provides huge efficiencies for clients.

When integrated with fleet cards, these devices track virtually every movement of drivers and other personnel—anytime, anywhere—to curtail fraud, unauthorized activity and theft.

Tracking and analytical tools for card users are becoming more powerful and flexible, as risk management and cyber fraud detection move to the forefront of concerns for the trucking industry. Fleet cards allow fleet owners/managers to receive 24/7, real-time reports and establish purchase controls, allowing comprehensive management of all business related expenses.

Managers can request fleet card billing systems that generate highly detailed fuel receipts for drivers that specify filling station name city and state; truck number, license and mileage; driver's license number; price per gallon and number of gallons bought; and time and date. FleetCor is in the best position to benefit from this growing use of mobile payments and highly granular monitoring.

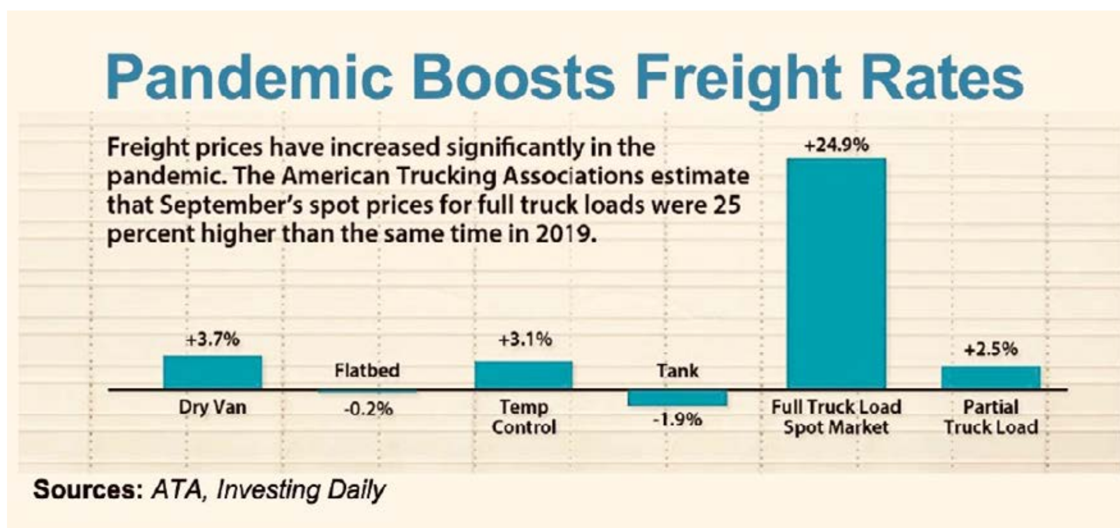
Leading Indicator

FleetCor also will benefit from the trucking industry's resurgence this year and into 2022, as overall economic

activity improves in key markets such as North America. Supply chain disruptions caused by the coronavirus pandemic are lifting the fortunes of the transportation sector, as companies scramble to move goods through bottlenecks.

Once COVID fades, economic growth will continue boosting the transportation sector. The trucking industry is a leading indicator for the overall economy. As economic growth accelerates, customers start to ship more goods in expectation of stronger business conditions.

Trucks move roughly 72.5% of the nation's freight by weight. The trade group American Trucking Associations (ATA) predicts that trucking volumes will rebound, rising 4.9% next year and then growing 3.2% per year on average through 2026. Overall freight revenues in 2020 totaled $879 billion, a number that's expected to reach $1.435 trillion in 2031. Freight rates are picking up as well (see chart).



FleetCor also is developing new technologies to take advantage of the coming boom in self-driving trucks that are enabled with artificial intelligence. The company expects full-year earnings per share in the range of $13 to $13.10, with revenue in the range of $2.79 billion to $2.81 billion.

The average analyst expectation is for the share price to reach about $300 in 12 months, for an implied gain of about 35%. And yet, the stock's 12-month forward price-to-earnings ratio is only 14.6. Hitch a ride with FleetCor, for both value and growth.

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FlexShopper (FPAY)

Faris Sleem
The Bowser Report

FlexShopper *(FPAY) is a financial technology company that enables consumers utilizing its e-commerce marketplace to shop for brand name electronics, home furnishings and other durable goods on a lease-to-own (LTO) basis, explains* ***Faris Sleem****, a low-priced stock specialist and editor of* ***The Bowser Report****.*

It effects these transactions by first approving consumers through its proprietary, risk analytics-powered underwriting model; then collecting money from consumers under an LTO purchase agreement and funding the LTO transactions by paying merchants for their goods. FPAY offers its products through the FlexShopper website and holds several registered patents and patent applications on aspects of its LTO system.

LTO transactions outside of brick and mortar stores created the virtual LTO (vLTO) market and plenty of opportunity to go along with it. Customers that use FlexShopper for vLTO offerings make weekly payments debited via automatic ACH and can save money with attractive early payoff options.

These products range from electronics to furniture and that just barely scratches the surface of the various offerings in the $25 billion vLTO market. FPAY is currently the only omni-channel LTP provider.

This means that the company facilitates both sides of LTO purchases. This allows consumers to have immediate purchasing power or to save the sale if they don't qualify for traditional credit. It also encourages repeat customers for FPAY and lower overall costs.

Strong consumer demand and organic growth have driven revenue higher over the past few years. By expanding its offerings and range of customers, FPAY has made FlexShopper a reputable brand.

This branding and higher repeat customers makes us confident that the company will maintain revenue growth. The company recently announced that net revenues and fees for 3QFY21 were $30.9 million, up 25% from $24.6 million in the same period last year.

Net income and EBITDA also saw substantial increases and repeat customer trends continued to be favorable. The expansion in gross margins and improved bottom-line results are significant and should boost the company's book value in the long haul.

FPAY is a growth stock with a solid business model and confident insiders. It is a Top Pick for 2022 with the caveat that this is a high risk investment idea.

Insiders have purchased 983,902 shares over the past year and have a history of heavy accumulation. This is clearly a vote of confidence in the company and its potential to keep dominating the LTO market. Although it is overvalued, the growth stock offers a unique long-term investment opportunity at its current share price.

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Ford (F)

Jon Markman
Strategic Advantage

***Ford Motor** (F) — a Top Pick for the coming year — is a business redo with huge implications. Under Jim Farley, chief executive officer, the Dearborn, Mich.-based automaker is finally embracing electric vehicles, explains **Jon Markman**, editor of **Strategic Advantage**.*

Ford began electrifying the F-150 in early 2020. Called Lightning, the truck is supposed to launch in 2022 and in every way, it will be a giant step up from its internal combustion cousin.

The Lightning will have more cabin and cargo space, better towing capacity, acceleration and contractor friendly attributes like 11 120-volt electrical outlets. It means never again having to carry a generator to job sites.

However, the big story at Ford has been Mach-E. Inspired by the Mustang, the SUV has been a hit everywhere it has launched. In May Mach-E outsold **Tesla** (TSLA) in Norway, and that is saying something.

Like Tesla, the Mach-E is a blazer, racing from a standstill to 60 mph in only 3.5 seconds. Unlike Tesla, Mach-E is a visual stunner. The SUV takes it head-turning good looks from the famed pony car. And the vehicle is sold out everywhere. Dealers that manage to get supply are selling Mach-Es for a hefty $12,000 premium over the list price.

Farley says that Ford will increase production for the Mach-E to 200,000 units per year by 2023. He also claims, according to an *Automotive News* story, that by the end of 2023 the company will reach overall EV production of 600,000 units.

While analysts worry about semiconductor shortages and the global supply chain, Ford is changing from a legacy automaker to an EV company. Shareholders will benefit from all of the new valuation metrics this transition entails. Production increases, even from small baselines will lead to higher prices. The same is true for new battery agreements, executive hires away from Tesla, and EV model reveals.

Ford shareholders are on the verge of getting the same investor love that launched **Lucid** (LCID) and **Rivian** (RIVN) to nosebleed levels. It's a completely new way to value the business.

Lucid will produce on 20,000 EVs in 2022 and 50,000 in 2023, according a report at Reuters. Its market capitalization is $63 billion. Despite this, executives have found no shortage of willing investors. The company raised $1.75 billion in November with the sale of convertible senior notes.

The market capitalization at Rivian, an electric truck maker backed by **Amazon** (AMZN), is even more audacious. The Irvine, Calif.-based company has no current sales, although preorders for its pastel colored trucks have now reached 55,400. The market cap is $103 billion.

At only $88 billion Ford is a bargain. Shares currently trade at 11x forward earnings and 0.7x sales. As the company makes the transition to EVs by 2023 the stock should trade at 2.0x sales. The math implies a near triple from current levels.

The coming year is going to be all about getting back to normal. For businesses this will mean stable supply chains. Investors should pay attention to the companies that adapted during the global pandemic and remade their models. Ford is ready to fit into a new valuation. During the course of this year I expect a big rally for the stock.

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Ford Motor Co. (F)

Alan Newman
Crosscurrents

*We are as excited as the next person about developments in the electric vehicle (EV) market, asserts **Alan Newman**, a marketing timing specialist and editor of **Crosscurrents**.*

I have owned or leased several hybrids and EVs in the last few years and believe very strongly that within 15 years, it will be very difficult, if not impossible, to buy a new gasoline powered vehicle. The future belongs to EVs.

Unfortunately for investors, the excitement level is pitched so high, the field is rife with EV companies laughably overvalued by the market. We hasten to point out **Rivian Automotive** (RVIN), which some weeks back was valued by the market at $150 billion, almost as much as **Ford** (F) and **General Motors** (GM) combined, while not yet having sold a single vehicle.

We believe speculators are missing the mark by ignoring conventional automakers, who are already manufacturing EVs and in fact, have experience dating back several years. In the case of Ford Motor Co., their experience goes back a full decade, commencing production of the Ford Focus electric in December 2011.

By 2023, Ford intends to produce 600,000 EVs annually, and has announced plans for a giant new electric truck (here's looking at you, Rivian) and three new battery gigafactories. This growth would make Ford the second largest producer with a stated objective to be the world's largest manufacturer of EVs.

Ford has already introduced four models of its perennially popular Mustang, starting at $43,895, competitive with **Tesla** (TSLA). In fact, you can build-and-price an EV Mustang today online but there is a 20 week wait.

Frankly, the full immersion of Ford into the EV market is quite exciting, and we believe their experience is highly undervalued asset by the stock market.

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Ford Motor Company (F)

Kirk Spano
Fundamental Trends Investment Letter

My top electric vehicle (EV) stock for 2022 is "oldie, but goodie" ***Ford Motor*** *(F), suggests* ***Kirk Spano****, editor of* ***Fundamental Trends Investment Letter*** *and a Registered Investment Advisor with Bluemound Asset Management, LLC.*

We first invested in Ford stock at single digit prices, after I attended the 2020 Consumer Electronics Show, where I saw the Mustang Mach E and the company's robots. Though Ford is not just a car company anymore.

I believe that Ford will become a larger producer of EVs than **Tesla** (TSLA). Why? They have a built-in fan base. Millions of loyal customers will buy the Mach E over a Model Y, and an F-150 Lightning over a cybertruck. I'm waiting for an electric Ford Explorer which will debut in 2 or 3 years.

Meanwhile, there's a lot more to Ford. Its "4th Industrial Revolution" technology is on the front edge of making Ford a high-end manufacturing powerhouse. Evidence that they were able to pivot to making ventilators in 3 weeks during the Covid pandemic. This exciting aspect of Ford is completely unrecognized by investors and most analysts.

The company is also sitting on a huge portfolio of valuable real estate. Again, investors and analysts are not valuing this part of the company properly. Frankly, they are not valuing it at all in the share price.

With supply chains for various high-end manufacturing moving back to America, Ford's real estate is becoming more valuable in general. But there is more to the story. ICE vehicles take less manufacturing space. So, Ford's real estate can be transformed into other uses. Certainly, some will be sold to generate cash.

Another opportunity for Ford's real estate is to use their Industrial Revolution tech for joint ventures and new manufacturing opportunities. Think of this as maximizing the return on floor space of a store. I don't know what deals are coming, but their tech too valuable for there not to be more deals soon.

Ford has been improving their balance sheet for several years, including finding more favorable debt conditions, including pushing two-thirds of maturities out long-term. A benefit is they have been able to spend on massive capex for the EV transition without raising debt the past four years.

The company now sits on a cash pile of $46 billion which equates to $11 per share. That was enough to reinstate their dividend for 2022 and extinguish more high yielding debt. I expect Ford to start buying back significant amounts of shares by mid-decade. Frankly, Ford is becoming a shareholder yield dream.

Market conditions, Covid and execution risks can certainly send shares down short-term. I would view any dip in Ford shares as an opportunity to increase holdings or scale in if you don't own any.

Millennials have taken an interest in the stock, which is very important for future share price. I have a 3- to 5-year price target on Ford of $100 based on a future market cap of around $400 billion and 3.9 billion shares outstanding.

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Fuel Cell Energy (FCEL)

Brendan Coffey
SX Greentech Advisor

FuelCell Energy *(FCEL) — a favorite growth pick for the coming year — has been around for more than 50 years and is one of the pioneers of commercial development of fuel cells, the battery-like generators of hydrogen-based electricity, explains* ***Brendan Coffey****, CFTe, editor and analyst of* ***SX Greentech Advisor****.*

It's one of about half a dozen public fuel cell makers that have been subject to a love-hate relationship in the market. Recently traders have bid down FCEL shares along with its peers as greentech growth stocks spent the past year blowing off steam.

The coming year is likely to see a new embrace of renewable energy growth shares like FCEL. That's because hydrogen is a logical format for storing excess renewable energy generation as well as anchoring microgrids and backup power systems for utilities.

FuelCell just completed a 7.4MW project for the Long Island Power Authority and is finishing up a similarly sized power plant for a U.S. Navy sub base, part of the Pentagon's plans to make bases more resilient under climate change.

The year ahead holds great promise: FuelCell just closed a dispute with a Korean marketing partner, **Posco** (PKX), that results in $60 million fuel cells orders this year while unleashing FuelCell Energy to market itself in Asia, which it hadn't been able to do. In Korea alone, the potential is huge: the government wants more than 15GW of fuel cell capacity and 1,200 fueling stations for a hydrogen vehicle push in coming years.

FuelCell's flavor of hydrogen cells are well-suited to transitional type hydrogen generation the market sees the most of these days, with natural gas or biogas used to manufacture hydrogen. Sales should hit more than $140 million this year, from $80 million in 2021. The company also has a $1.3 billion contracted backlog on power generation and service deals.

A potential game changer is in R&D too: FuelCell and **ExxonMobil** (XOM) believe with a few tweaks its fuel cells can be made to capture power plant carbon emissions in a manner vastly more efficient — both in price and power capacity — than other methods available today. A decision on undertaking a larger test project in the Netherlands will come by the third quarter.

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General Motors (GM)

Bill Selesky
Argus Research

General Motors *(GM), one of the world's largest automakers, traces its roots back to 1908; the firm continues to diversify its business as it expands into electric and autonomous vehicles, observes* ***Bill Selesky****, an analyst with* ***Argus Research****.*

The company has one of the most diversified portfolios within the Automotive OEM sector and has multiple ways, in our view, to enhance shareholders value through electric vehicles (EVs), legacy vehicles (Internal Combustion Engines), and Autonomy.

Additionally, General Motors also has leading North American margins, generates strong free cash flow, and has a robust balance sheet.

Furthermore, we believe that near-term difficulties with semiconductor shortages, supply-chain disruptions, and commodity price inflation are all manageable circumstances that GM will be able to address. With demand remaining strong, a new earnings growth cycle should begin to take hold starting in 1H22 as we see it.

We also believe that investors have undervalued the company's strength in traditional internal combustion vehicles, as well as its Chinese JV, Ultium battery, and financial services businesses.

Upcoming EV launches are on track, with the HUMMER EV released during the fall of 2021 and the Cadillac LYRIQ expected in the first half of 2022. We believe these launches will serve as positive events for the company.

Prior to the pandemic, General Motors had paid a quarterly dividend of $0.38 per share, or $1.52 annually, for a yield of approximately 4.4%. However, the company suspended the dividend on April 27, 2020. We now expect the dividend to be reinstated in late 2022. Our 12-month target price is $66.

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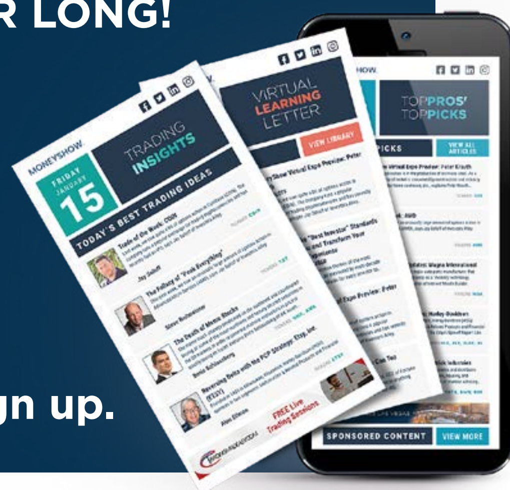

Glacier Bancorp (GBCI)

Doug Gerlach
SmallCap Informer

*With the prospect of inflation running hotter than it has in many years, how should stock investors react? Traditionally, many assets that are best-suited for income and capital preservation goals perform better in times of inflation, notes **Doug Gerlach**, editor of **SmallCap Informer**.*

Banks and insurance companies tend to benefit from the rising interest rates that accompany inflation. Regional banks in particular (those that still make money on the business of banking instead of by charging fees) can see their profitability increase as rates increase.

Well-managed banks that have been able to churn out profits in low interest rate environments will be breathing a sigh of relief as rates rise and their margins can expand. Our latest featured recommendation is **Glacier Bancorp** (GBCI), which currently operates 17 different community-focused bank divisions in 255 locations across Montana, Idaho, Utah, Washington, Wyoming, Colorado, Arizona, and Nevada.

The hybrid community bank/regional bank model allows the bank to maintain personal customer relationships with individuals, small to medium-sized businesses, and community organizations, but backed with the financial resources of large holding company. Commercial real estate makes up the lion's share of its loan portfolio at 61%, and other commercial loans add up to 23%.

Its latest purchase — its 24th — was Altabancorp, the largest community bank headquartered in Utah with $3.5 billion in assets. Glacier targets the region of the U.S. that includes the Rocky Mountains to the western Great Plains, from Canada to Mexico.

Management believes that its company footprint covers some of the best growth markets in the country and expects to continue to acquire community banks in the region.

Since 2012, Glacier has grown revenues at an average annual rate of 11.4% and EPS at an average 11.3%. During the same period, total assets grew at an average 10.4% a year during the period.

We project future revenues and EPS growth at 9.0% and 11.0% a year, respectively. There could be another one or two quarters where strong results in 2020 may cause negative comparisons, but the company's long-term prospects appear very strong.

Overall, Glacier Bancorp is one of the best-capitalized and healthiest banks in its peer group. Total deposit costs are much more stable than its peer group, and it has access to $14.6 billion in liquidity including its borrowing capacity, unpledged securities, cash on hand, and brokered deposits.

Glacier Bancorp could reach a high of $103 in five years based on the historic average high P/E of 21.9 and $4.74 in EPS. On the downside, the average low P/E of 15.3 times trailing 12-month EPS of $3.33 equate to a low price of $51. An annualized 16.1% annual return is thus achievable, including an average yield of 2.2%.

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GoodRx (GDRX)

Matthew Timpane
Schaeffer's Investment Research

***GoodRx** (GDRX) is a misunderstood company that presents a great risk-to-reward opportunity for 2022, explains technical expert **Matthew Timpane**, editor at **Schaeffer's Investment Research**.*

Since its initial public offering (IPO), the company has been expanding its platform from being a discount prescription provider to providing a well-rounded digital healthcare platform.

GoodRx has largely been punished for this expansion, as capital expenditures increased +105.8% this past quarter, which ate into the earnings as it saw a decrease from 17.6% to -9.3% in net profit margins. I don't see this as a bad thing, however, as they are expanding their total addressable market by this move.

On top of that, maybe investors forget that most of GoodRx's current top-line growth is converted into gross margins, which is currently around 94%. In other words, they are using their cash flow to expand strategically.

With this expansion, we're also seeing growth in GoodRx's premium Gold service, with subscriber growth at 68% year-over-year (YoY) to $1.13 million and revenue from this segment growing at a clip of 111% YoY. Premium services should continue to drive growth as the platform expands, as it already provides additional discounts on medications and the ability to ship the subscription to your home.

From a technical perspective, GoodRx stock is below all major moving averages, which is something I typically don't want to see. However, it is set up in a weekly falling wedge pattern and trying to bounce at its IPO price level.

Additionally, the half-high mark, which is currently around $30, is just below. The half-high level also resides at the big earnings beat date from August 2020 where price surged, so it could be formidable support. Regarding sentiment, short-interest is at an outstanding 21.01% of its outstanding float, which makes it ripe for a massive, short-covering rally in 2022.

Analysts also remain mixed on the stock with four sporting a "strong buy," eight a "buy," five a "hold," and one a "sell," with a consensus 12-month price target of $45.59. This gives us plenty of room for upgrades in 2022.

While I may hold off on buying options right here until I receive a signal to get aggressive, the equity's Schaeffer's Volatility Index (SVI) of 56% ranks in the 10th percentile of its range, meaning options have not priced lower 90% of the time over the past year.

Couple that with our Schaeffer's Volatility Scorecard (SVS) reading of 82 (out of 100), which tells us if we do get a signal to get aggressive, we have a high likely hood of outperforming the expected implied move in the stock price.

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A Look Back at 2021's Top Performers

Matthew Timpane selected two big winners as his Top Picks last year; her he reviews those recommendations:

Software stock **Datadog** (DDOG) came in with an 80% return on the year. I originally DDOG's 20-week moving average and short squeeze potential. But what really drove the shares was the shift among the brokerage bunch.

Last January, 10 of 18 brokerages held a tepid "hold" stance.

Now, only four rate DDOG a "hold" or "strong sell." Looking at the stock's chart, you can see notable post-earnings bull gaps of 8.3%, 15.3%, and 11.1% following the last three earnings reports that triggered the analyst adjustments. Yet a t the same time, short interest is on the rise again, and a healthy 5% of DDOG's total available float is sold short.

Medical device maker **Fulgent Genetics** (FLGT) started 2021 trading at $54.28 and ended at $100.59 good for a 93% year-to-date gain because of a revenue boost wrought from the company's NGS (Next-Generation Sequencing) surveillance.

This technology is used to track coronavirus mutations that are integral to vaccine management. It's sobering to say that such technology is still prevalent — and perhaps more dire — a year after the original pick. The stock nestled into triple-digit territory to start December after Fulgent confirmed the omicron variant was detectable with their RT-PCR test.

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Graham Holdings (GHC)

Bob Carlson
Retirement Watch

***Amazon** (AMZN) founder Jeff Bezos bought The Washington Post a few years ago, and investors don't realize there's a good opportunity in the other businesses that used to be owned by The Washington Post Co., suggests **Bob Carlson**, editor of **Retirement Watch**.*

The remaining holding company now is known as **Graham Holdings** (GHC) and is run by descendants of The Washington Post's founding family, the Grahams.

The family had long-term ties to Warren Buffett and learned a lot about investing from him. GHC reflects a lot of that and is in many ways an attempt to duplicate what Buffett did with **Berkshire-Hathway** (BRK.B): building a conglomerate of unrelated, high-quality businesses.

Graham Holdings — a top speculative pick for the year ahead — owns a group of local network-affiliated television stations in Houston, Orlando, and Detroit that are profitable and could be spun off to shareholders' benefit.

It's also big in online education, owning test preparation company Kaplan, online university Purdue Global (a joint venture with Purdue University), and an international online education business. It also owns local car dealerships, healthcare companies, manufacturers, and other assorted businesses.

In late 2021 the company sold at a low valuation by any measure. Investors don't know much about GHC, because it keeps a low profile on Wall Street. It has a lot of cash, low debt, and even an overfunded pension plan. The stock price is below its July 2019 high despite growing earnings and increases in the values of its holdings.

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Innovative Industrial Properties (IIPR)

Bob Ciura
Sure Passive Income Newsletter

We typically recommend income investors purchase blue-chip dividend stocks, with long histories of paying dividends and growing their dividend payouts., explains ***Bob Ciura****, editor of* ***Sure Passive Income Newsletter****.*

However, we also acknowledge the high potential returns of dividend growth stocks. While dividend growth stocks can be riskier than steady blue chip dividend payers, they can also outperform with dividends and share price appreciation.

For example, **Innovative Industrial Properties** (IIPR) operates as a real estate investment trust, or REIT, in the cannabis industry. Cannabis remains illegal on the federal level, which brings an elevated risk profile for IIPR.

However, the rapid growth of the cannabis industry has provided Innovative Industrial with impressive growth, and shareholders with excellent returns.

The stock has delivered year-to-date returns above 40% including dividends. With the U.S. cannabis industry still in its infancy, there remains huge potential for IIPR to keep growing.

In the third quarter, revenues and normalized AFFO per share increased 57% and 34%, respectively. As of the past November, 100% of the company's properties were leased with a weighted-average remaining lease term of approximately 16.7 years.

Innovative Industrial has consistently raised its quarterly dividend quarter-over-quarter over the past few quarters. The latest dividend increase to $1.50 represented a 7% quarter-over-quarter increase and a 28% increase from the same quarterly payout in the previous year.

There is plenty of growth up ahead for the REIT. As medical cannabis legalization continues across the U.S., the company keeps growing through acquisitions of new properties. As of December 14th, IIPR owned 103 properties located in 19 states, representing a total of approximately 7.7 million rentable square feet.

With access to public markets, we believe IIPR has a significant competitive advantage as its management can issue debt and equity much cheaper than its few private competitors.

IIPR also proved to be highly resilient during the coronavirus pandemic. Despite the headwinds the pandemic caused across multiple industries including real estate, the company was barely impacted, continuing its proven acquisition-based growth model.

Operating in the cannabis industry inevitably brings a higher level of risk. Still, its average lease duration of 16.7 years is very attractive among REITs of any sort. IIPR has a low dividend yield of 2.4% compared to other REITs, but the stock more than makes up for a low yield, with impressive dividend growth and excellent capital appreciation.

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Innovative Industrial Properties (IIPR)

Nate Pile
Little River Investment Guide

Innovative Industrial Properties *(IIPR) was one of my Top Picks last year; the stock rose 48% over the past year and I am going to stick with the shares as a Top Pick again in 2022, says* ***Nate Pile****, editor of* ***Little River Investment Guide****.*

Innovative Industrial Properties is a real estate investment trust (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.

The stock remains a favorite investment idea thanks to not only the momentum of the stock over the past twelve months, but the momentum of the company itself as well.

Though the stock is up nicely through 2021, the premise behind our investment in the REIT remains the same — all signs continue to point to the idea that cannabis will eventually be legalized at the federal level.

And while it remains to be seen just how large the industry will eventually become before finally reaching equilibrium in various markets around the country, the size of its real estate footprint is almost certainly only going to grow as time goes by.

Given the company's past performance, I believe Innovative Industrial Properties' momentum and management's expertise in the sector makes it extremely well-positioned to cash in on the trend as more and more entrepreneurs attempt to get into the cannabis game.

While there will undoubtedly be ebbs and flows in the cannabis business cycle along the way, I believe the odds are good that the company will continue to manage its properties in a prudent and profitable way (and certainly as well as or better than other smaller players who may be attempting to ride its coattails) as time goes by.

Innovative Industrial Properties currently pays a quarterly dividend that works out to $6.00 per year, and the stock is considered a buy under $275.

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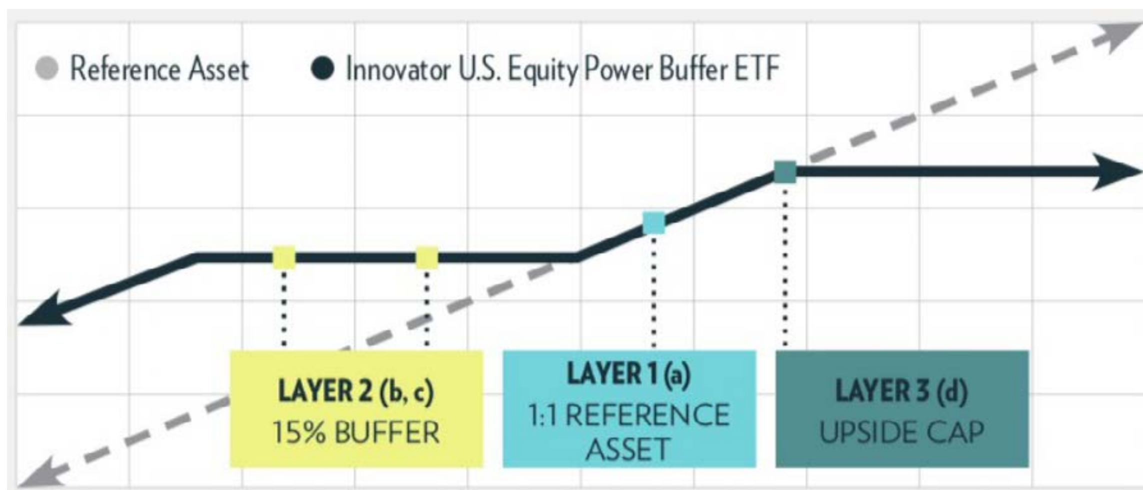
Innovator U.S. Equity Power Buffer ETF (PJAN)

David Dierking
TheStreet's ETF Focus

*Since the beginning of 2019, the S&P 500 has almost exactly doubled in value. That even includes the COVID recession, which saw the index drop more than 30% in just more than a month, but also ushered in the loosest monetary conditions in history, explains **David Dierking**, editor of TheStreet's **ETF Focus**.*

Investors have gotten awfully used to those conditions driving risk asset prices higher, but the gravy train is about to come to an end. As the Fed begins tightening policy conditions, investors should consider playing defense instead of offense in 2022.

That's why I think buffer ETFs, such as the **Innovator U.S. Equity Power Buffer ETF** (PJAN), should be in the investor playbook. These funds hold a customized basket of FLEX options with varying strike prices and the same expiration of approximately one year. This structure allows the fund a buffer against a predetermined level of downside in exchange for a cap on the index's upside.



Source: Innovator

PJAN is indexed to the S&P 500 (although Innovator also offers buffer ETFs tied to the Nasdaq 100, Russell 2000, developed and emerging markets) and currently offers a buffer on the first 15% of losses with a cap on returns of 9.75% over the outcome period.

Innovator's Buffer and Ultra Buffer series of ETFs offer different levels of protection (in general, a larger downside buffer comes with a lower return cap), but the Power Buffer's range feels like a good option to balance upside and downside.

There is a catch though. Investors need to hold the ETF from the first day of the outcome period to the last in order to experience the expected return. Investing in the middle of the period (PJAN, for example, runs from January 1st to December 31st) is certainly allowed, but the returns you experience may be different.

Innovator has you covered beyond the January 1st date. The issuer now offers buffer ETFs for every month of the year (PFEB, for example, runs from February 1st to January 31st), so you can literally invest at almost any time.

The last couple of years have been all about risk maximization. I think the focus of 2022 should be on risk mitigation. There are two ways to outperform over time — beating a benchmark on upside or losing less than the benchmark on the downside.

Buffer ETFs, such as PJAN, should be a great way to protect your portfolio in the event of a more serious market correction, while offering the upside potential of equities in case the markets continue to push higher.

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Intellia Therapeutics (NTLA)

John Persinos
Investing Daily

*I want to bring your attention to what is, in my opinion, "The Next Big Thing." This technology — which is behind my Top Pick for aggressive investors in 2022 — involves one of the most profound wonders of nature: the code of life embedded within human DNA, notes **John Persinos**, editorial director of **Investing Daily**.*

Intellia Therapeutics (NTLA) is by far the best way to profitably leverage the accelerating trend of creating new drugs by editing genes. But first, let's take a quick trip through the wonders of gene editing.

Silicon Valley's titans transformed the economy, financial markets and society. They started out as tech geeks of modest means, but now they're gazillionaires who move markets and bask in social adulation. The pandemic made these information technology pioneers even richer, as people increasingly rely on their innovative products and services to work and play at home.

Well, make way for the new heroes of innovation: the biologists, chemists, and other scientists who are forging new medicines from gene-editing "toolkits." This is the new frontier of science.

The race for a Covid-19 vaccine, which produced effective treatments with astonishing speed, underscores the life-and-death role of med-tech. New techniques for gene editing are coming to the fore that promise upheavals on a par, or perhaps even greater, then those wrought by social media, e-commerce or personal computing.

Biotech firms are editing DNA to treat and prevent diseases such as Alzheimer's, Huntington's, Parkinson's, multiple sclerosis, sickle cell anemia, a wide range of cancers — just about any scourge you can think of.

In 2020, the Nobel Prize in Chemistry went to Jennifer Doudna and Emmanuelle Charpentier, for their advances in genome editing. (The "genome" is the entirety of a living organism's hereditary information.)

Doudna and Charpentier created a revolutionary gene editing tool called CRISPR, an acronym for clustered regularly interspaced short palindromic repeats. Let's put aside the jargon. Here's what you need to know: CRISPR is the hottest area in biotech research today.

The Nobel-winning work of these two women has triggered a wave of venture capital funding for bioengineering start-ups involved in CRISPR. Indeed, these techniques were applied in 2020 and 2021 in the concerted global effort to find COVID vaccines.

Several gene-editing tools already were in existence, but CRISPR is the most cost-effective and precise. CRISPR guides molecular scissors to a targeted section of DNA, to disable or repair a gene, or to insert a new molecule where the scissors have made a cut. Think of CRISPR as a genetic-engineering "cruise missile."

Doudna went on to co-found Intellia, which was incorporated in 2014 and is headquartered near the Massachusetts Institute of Technology (MIT) campus in Cambridge, Massachusetts. The company started as a venture capital-backed startup and launched its initial public offering on May 6, 2016.

Currently sporting a market cap of $9.4 billion, Intellia currently has license and collaboration agreements with **Novartis** (NVS) and **Regeneron Pharmaceuticals** (REGN). Intellia uses the CRISPR system to develop new treatments.

The company's in vivo (taking place in a living organism) product development programs include NTLA-2001, which is in Phase 1 clinical trial for the treatment of transthyretin amyloidosis (a neurodegenerative disease) and

NTLA-2002 for the treatment of hereditary angioedema (which causes severe under-the-skin swelling), as well as liver-focused programs comprising hemophilia (blood-clotting disorders).

Intellia's ex vivo (outside of a living body) programs include NTLA-5001 for the treatment of acute leukemia; and proprietary programs focused on developing engineered cell therapies to treat various oncological and autoimmune disorders.

NTLA doesn't have an approved drug...yet. But when it comes to CRISPR, the company is the best "pure play" you can find. With $529 million in cash on hand (most recent quarter) and staffed with some of the best scientific minds in the world, Intellia has the wherewithal to continue its groundbreaking research.

The company's partnerships with Big Pharma also add safety and a modicum of revenue ($41.4 million over the trailing 12-months) as it develops its future drug pipelines.

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International Money Express (IMXI)

Doug Gerlach
SmallCap Informer

*Significant populations of the world live their day-to-day lives without access to traditional banking and instead rely on commercial services to pay bills, cash checks, and send funds to family members, often internationally, notes **Doug Gerlach**, editor of **SmallCap Informer**.*

International Money Express (IMXI) is a leading provider of money transfer services that allow users to send funds to, from, and within the United States, Latin America, Mexico, Africa, Central and South America, and the Caribbean.

Its services include a suite of financial processing solutions and payment services; online payment options; pre-paid debit cards; and direct deposit payroll cards.

It provides services through a network of more than 100,000 payer locations in third-party owned and operated retail stores, banks, and agents, and also through its company-operated stores, website, and mobile application. Many locations also provide check-cashing services, money orders, and bill payment services for local phone, cellular, cable, electric, gas, and water companies.

Though plausibly considered a FinTech business, the physical presence offered by Intermex is key to its success with its user base. Unlike other digital payment solutions like Square/CashApp or Paypal, Intermex's customers require the ability to convert and transfer currency and paper checks. Its key competitor in the western hemisphere is Western Union via its Vigo subsidiary.

Since 2015, revenues have grown at an annualized 23.8% rate, reaching $357.2 million in fiscal 2020. After striking out 2017 (a stub year) and 2018 (in which higher service fees held net income back), EPS achieved annualized 36.7% growth in the same timeframe.

In the company's third quarter ended September 30, 2021, Intermex saw revenue increase 26.3% to $120.7 million, while EPS increased 16.0% to $0.29. Total transactions grew 23.4% from Q3 2020 and the company reports that it reached a record market share of 21.8% in its core markets.

Intermex's agent base increased 13% over Q3 2020, with most agents added in California West. This agent growth helped deliver 19% increase in unique customers in the period. Guidance was raised when Q3 results were released.

For the full fiscal year 2021, management now expects revenue of $450-$455 million and net income of $44-45 million. At the low end of these ranges, year-over-year revenue growth would be 26.0% and net income growth would be 30.2%. EPS growth would then come in at $1.12 or better, representing 27% growth over FY 2020.

Intermex's strong cash generation is allowing the company to invest more quickly in new growth products such as reloadable cards, including pre-paid debit and direct deposit payroll cards.

We maintain our expectations for Intermex to deliver future revenue growth of 14.0% a year and EPS growth of 16.0% on average through 2025. Pre-tax profit margins stood at 8.0% in 2015 and reached 13.0% in 2020. PTP margins in the first three quarters of 2020 were 13.5% or higher.

Reaching higher operating efficiency is a goal of management, and continued margin improvement should drive increased profitability. Free cash flow growth is strong, as the business throws off plenty of cash. Long-term debt is declining, and the company reports it remains in compliance with all debt covenants.

From its current P/E of 14.1, we see the company able to support a high P/E of 17.0, which would indicate a future high price of $39. On the downside, a retreat to a low P/E of 11.0 would suggest a low price of $12. The reward/risk ratio using these prices is 6.9-to-1, with an annualized 20.4% total return possible.

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Invesco DB Commodity Index Tracking Fund (DBC)

Clif Droke
Sector Xpress Gold & Metals Advisor

*With inflation likely to persist in 2021, many analysts believe that commodities should generally outperform in the coming year — a sentiment that I echo, notes **Clif Droke**, editor of **Sector Xpress Gold & Metals Advisor**.*

Based on that premise, my top pick for 2022 is the **Invesco DB Commodity Index Tracking Fund** (DBC), an actively traded index ETF which is based on several major commodity futures contracts ranging from metals (including gold, silver and copper) to grains (including corn, wheat and soybeans) to energy products (including oil and natural gas).

Food prices in particular have been in the spotlight in recent months, with overall meat prices in in the U.S. in late 2021 up 21% from a year ago. Underscoring the extent of food price inflation, the Bureau of Labor Statistics noted that its food at home index posted its largest 12-month increase in nearly 14 years!

Consequently, a combination of strong global demand for ag commodities, exceptionally volatile weather in many food growing regions around the globe and rising input costs (i.e. fuel and fertilizer) should contribute to rising prices in the ag sector in 2022.

Additionally, crude oil prices are expected to remain elevated in the coming year, and for that reason, I expect DBC — which is heavily skewed toward the energy sector — to be one of the top performers in the new year.

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K92 Mining (KNT)

Ralph Aldis
U.S. Global Investors

*Conservative M&A may be on the wane with the Kinross takeout of Great Bear, potentially on a scarcity of large assets mindset, observes **Ralph Aldis**, portfolio manager, at **U.S. Global Investors**.*

Our top pick for more conservative investors in 2022 is **K92 Mining Inc.** (Toronto: KNT). There are only a handful of Tier 1 assets that could produce more than 300k ounces per year for more than 10 years that are still in the hands of single asset companies.

Michael Gray, Agentis Capital, picked up coverage in November and expects explosive resource growth through the drill bit for the resource base, with the company poised for +10 years of production growth — with an unparalleled six-year 24% production growth to 2027.

A strong relationship with the Papua New Guinea government is in place with K92 becoming a taxpayer after only two years upon declaring commercial production.

The company's relationship with the local indigenous people in the Kaintanu region has been excellent as John Lewins, CEO, brought in an anthropologist to develop a deep understanding of the Kainantu region, clan structure and community values, so cultural awareness is a key value of the company.

K92's management team, led by John Lewins, is one that you can trust to do the right work and he is one of the few CEOs that spends considerable time on site every month and has a significant amount of personal stock ownership in the company.

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

Krispy Kreme (DNUT)

Michael Brush
Brush Up on Stocks

Krispy Kreme (DNUT) has been popular for 83 years, but it only recently hit the market again as a public company. You should take advantage of this and buy the stock as a play on an iconic brand, a powerful growth model, and the consumers' ongoing love of sweets, suggests **Michael Brush**, editor of **Brush Up on Stocks**.

The company describes its doughnut line as an "affordable indulgence," particularly its original glazed doughnut which it says offers a "melt-in-your-mouth experience." It also has a cookie line called Insomnia, developed in a college dorm room in 2003.

Yes, sweets get a bad name. But let's be honest, people still love them. Krispy Kreme posted a compound annual revenue growth rate of 19% over 2016 to 2020. During the same time, what it calls "points of access" increased 45% to 8,275 from 5,720 (its own stores, and its display cases in retailers etc.).

The company has a plausible roadmap for growth, in my view.

1) It has plenty of room to grow in several key U.S. markets where it is underrepresented, such as New York, Chicago, Boston and Minneapolis. It also thinks it has a lot of room to grow in China, Brazil, and parts of Western Europe. Not all U.S. products export well, but Krispy Kreme has a track record of successfully entering foreign markets in the Philippines, South Africa, Guatemala and Saudi Arabia.

2) Next, Krispy Kreme wants to keep expanding into the third-party retail channel by expanding its partnerships with retail outlets. Here, the company is acting on two fronts.

* It has a "delivered fresh daily" operation. Krispy Kreme deploys branded, in-store display cases in grocery and convenience stores. The prominent placement "creates a greater degree of impulse purchasing and ensures that Krispy Kreme remains top-of-mind," says the company.

* It will continue to roll out its Branded Sweet Treat Line's products. It already offers nine different shelf-stable packaged products, including Doughnut Bites and Mini Crullers. It wants to introduce more products linked to seasonal events, and big cultural events.

3) It has room to grow its e-commerce and delivery business, via "click and collect" or home delivery.

We just got evidence this growth plan is working. Krispy Kreme posted 18% year-over-year sales growth in the third quarter, and it expanded global "points of access" by 46% to more than 10,000. Then on December 20 it reiterated its 2021 projection for 23% sales growth, tightening up the low end of growth guidance to 22% from 19%.

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Kronos Worldwide (KRO)

Sean Brodrick
Wealth Megatrends

*I target three things in my monthly newsletter: massive economic and financial trends, stocks that have a "moat" or advantage over competitors and especially, stocks that are dividend raisers, notes **Sean Brodrick**, editor of **Wealth Megatrends**.*

History shows that dividend raisers generally outperform those that don't raise dividends. And it's just easier to invest with a megatrend on your side. **Kronos Worldwide** (KRO) checks all these boxes.

The company supplies titanium dioxide (also known as "titania" and by its chemical symbol, TiO2) to chemical coating companies. Hold up — what's titanium dioxide? Well, it has the highest refractive index of any material known to man.

The refractive index is how much a material stops light. TiO2 is one of the whitest materials on Earth. And, when ground into a fine powder, tritanium dioxide transforms into a pigment that provides maximum whiteness and opacity. Titanium dioxide pigments are used in paints and coatings, plastics, paper, building materials, cosmetics, pharmaceuticals, foods and many other commercial products.

So, TiO2 coatings have strong industrial applications for improving the efficiency of concrete, ceramics, floor coverings, roofing materials, etc. That means Kronos Worldwide stands to reap rewards from this increase in infrastructure investment.

Pricing Discipline

Here's a fun fact: 70% of the world's titanium dioxide is controlled by seven companies, and Kronos is one of them. Recently, there seems to be a quiet "gentlemen's agreement" among the big seven to focus on value and margin stabilization.

Newfound pricing discipline will help Kronos and the others balance volume and prices to maximize cash flow. So, while Kronos may not "own the moat," it's on the right side of the moat.

President Biden has also consistently called for the expansion of renewable energy technology, and the renewables megatrend is still in its early stages. Titanium dioxide coatings pair well with renewable energy infrastructure because they make renewables cheaper to produce, remove pollution and reduce waste.

Titanium dioxide lowers the cost of generating solar energy via dye-sensitized solar cells. Heck, it has a million uses. In fact, Mexico uses titanium oxide coatings for the front of its hospitals to cut down air pollution.

Kronos Worldwide is also a reliable dividend payer, recently yielding 4.8%. It next goes ex-dividend at the beginning of March. What's more, that dividend is projected to rise 1.8% per year for the next three years.

Turnaround Time

Kronos saw its earnings decline in 2020 (thanks, pandemic), but things are turning around in a hurry. Kronos' earnings per share grew 345% in the third quarter compared to a year earlier and are projected to grow 166% in the fourth quarter.

Driving this is a resurgent economy. Looking forward, Goldman Sachs expects 2022 GDP growth of 3.8%. Bank of America is projecting 4%. Other big firms are in this same area. And while nobody has a crystal ball, that's a darned good environment for economic growth and corporate profit growth. Add in higher government spending and this is a great time to invest in Kronos.

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Kulicke & Soffa (KLIC)

Steve Reitmeister
Reitmeister Total Return

*The demand for semiconductors is soaring. That's not a surprise as our lives have become more and more reliant on electronic devices. That's at the very heart of the "Internet of Things" movement, explains **Steve Reitmeister**, editor of **Reitmeister Total Return**.*

This is a "good news, bad news" scenario because the surge in demand has led to shortages for semiconductors in many places. The most notable of which is **General Motors** (GM) and **Ford** (F) talking about revenue being billions lower this year because they can't get enough chips to go into cars.

What is the natural solution to a chip shortage? Build more chips. And in particular, build out the capacity for manufacturing more semiconductors given about two decades of underinvestment in the industry.

The biggest winners will be semiconductor equipment companies which is why I see nothing but upside for **Kulicke & Soffa** (KLIC) in the year ahead.

Their most recent earnings announcement makes that point abundantly clear as estimates are flying higher for this year and next. Analysts were already high on KLIC before its latest report. Now they are downright effervescent. Not just because of the clear growth story unfolding, but also a shocking value story as well.

Right now, the average stock is trading for 24X next year's earnings, whereas KLIC is not even at 11 times next year's earnings. This is also why Wall Street analysts are pounding the table with an array of fair value target prices between $78 and $100.

Our POWR Ratings concurs with this notion as KLIC is in the top 8% of all stocks for Value. The exceptional grades for KLIC don't end there as it is also top 6% for Momentum and top 3% for Growth. And let's not forget that their industry as a whole is A rated. This means we are looking at one of the best stocks in one of the best industries.

This stock would wow most investors on the tech growth story alone. However, when you layer on top that it is also one of the best value plays around then you understand why it is such an easy choice to outperform in the year ahead.

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Lucid Group (LCID)

Bryan Perry
Hi-Tech Trader

Lucid Group *(LCID) is moving into being a real contender for a top spot in the luxury electric vehicle (EV) market. Lucid Group estimates that it will produce 500,000 vehicles by 2030, suggests* ***Bryan Perry****, editor of* ***Hi-Tech Trader****.*

The company has clearly demonstrated the engineering expertise to produce a world-class luxury EV. Having its Air Dream win the 2022 *MotorTrend* Car of the Year award was just the start of the company's move towards a very bright future.

The company's Air Dream edition boasts the longest mileage range of any electric vehicle (502 miles), nearly 100 more than Telsa's most expensive Model S.

Like **Tesla** (TSLA), the company is employing a top luxury model that will be followed by models that will eventually seek to garner the $25,000-$30,000 price range in the years ahead. For now, it's about branding the name and delivering on the more than 20,000 backorders the company is sitting on. Its assembly plants are located in Arizona.

Sales for 2021 were only $88,000, as the very first deliveries were being shipped at year-end. For 2022, though, Wall Street is forecasting sales to explode by 2,275% to $2.1 billion. The company just completed a $2 billion convertible bond offering that was oversubscribed by institutions – it is always a good sign that big money wants the convertible debt.

The stock traded as high as $64.86 back in May following the initial public offering (IPO). It spent the next several months consolidating, made another big move in late November by releasing the number of reservations and deposits for the Air Dream and has since pulled back to a key area of technical support at $37. The stock looks poised to begin 2022 in a bullish pattern.

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Macerich (MAC)

Paul Price
TheStreet's Real Money Pro

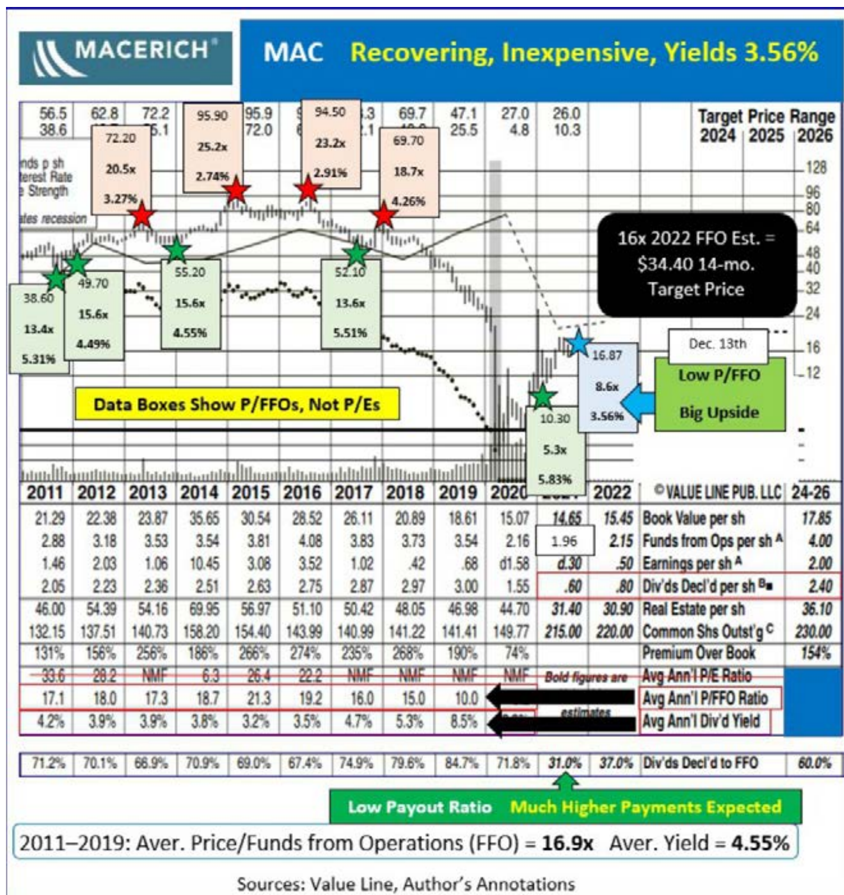
*When high end mall operator **Macerich Co.** (MAC) reported earnings in November the news was all good. Funds from operations (FFO) — the preferred metric in evaluating REITs — came in above estimate; so did revenues, which were up 14.2% versus 2020, notes **Paul Price**, editor of **TheStreet's Real Money Pro**.*

Few industries were as battered by Covid-19 than shopping malls after government imposed shut-downs and then strict covid-protocols kept customer visits restrained.

After sitting at home during that stretch people were more than ready to go back to the malls. My own trips to local shopping malls saw very few available parking spaces and crowds that were similar, or better, than were seen before March of 2020.

Macerich — a REIT — was hit especially hard as it was forced to issue equity at less than favorable prices last year to ensure balance sheet stability when cash flow dried up. Business is much improved since then and the shares had recovered from an absurdly low $4.80 panic bottom to about $17 on Dec. 13, 2021.

What is MAC really worth? In the nine pre-covid years from 2013 through 2019 MAC's average P/FFO ran about 16.9x. Its typical yield was around 4.55% during those years.



MAC's average payout ratio (dividends as a percentage of FFO) revolved around 70%. Management prudently cut the dividend during the shutdown period to 15-cents quarterly from 50-cents. That rate is now likely to start climbing again as 2021's payout ratio is now just 30.6% of 2021's FFO.

Value Line thinks it will rise to 80-cents annually next year and to $2.40 per share not later than 2026. That factor alone should entice a lot of buying in our currently low interest world. Assume just a 16 P/FFO on next year's estimated FFO and a $34.40 goal by early 2023 seems quite possible. Add in dividend payments and there's a great chance of garnering well over 100% in total return over the coming 14-months or so.

Yahoo Finance is not (yet) as bullish on MAC as I am. Even so, its year-ahead price target of $21.02 would deliver 28% in total return without an implied dividend increase. Their goal is ultra conservative in my book as it assumes MAC will only command 9.8-times projected 2022 FFO, rather than its typical 16.9x.

Independent research from Morningstar is much more in harmony with my view. They rate MAC as a 4-star, BUY. Morningstar deigns to provide 12-month target prices. It does, however, let us know what they think is present-day fair value for each stock they cover. For Macerich, that figure is $30.

Simply rebounding back to the modest target would deliver 77.5% upside plus dividends. Note, too MAC traded as high as $26 last January and was $22.88 only five weeks ago.

Improvement in fundamentals, a bump in the dividend rate and just a bit of better investor sentiment could make this high-yielding stock a big winner before too long. Option savvy traders with long time horizons can pocket outstanding put premiums on MAC's Jan. 19, 2024 puts. My recommendation is to buy some MAC shares, sell some LEAP puts or consider doing both.

(Disclosure: Paul Price is long MAC shares, and short MAC options.)

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Madrigal Pharmaceuticals (MDGL)

John McCamant
The Medical Technology Stock Letter

Madrigal Pharmaceuticals *(MDGL) is poised to deliver positive Phase III data in 2022 for resmetirom, its best-in-class NASH (nonalcoholic steatohepatitis) compound, notes* ***John McCamant****, a leading biotech sector analyst and contributing editor to* ***The Medical Technology Stock Letter****.*

The company remains on track to complete the double-blind portion of the Phase III non-invasive imaging and biomarker study, MAESTRO-NAFLD-1, and report topline data in early 2022. The Phase III data will measure the reduction in imaging and biomarker measures of NASH, as well as the lowering of LDL-cholesterol and other atherogenic lipids.

Resmetirom has huge potential due to its excellent efficacy at reducing both NASH/NAFLD and the underlying cause of NASH high LDL/atherogenic lipids, accompanied by outstanding safety and oral delivery. There are no current treatments approved for NASH/NAFLD and an efficacious and safe pill like resmetirom has the potential, in our view, to dominate the sector and become a multi-billion drug.

The upcoming data will not just be watched by investors, Big Pharma/Big Bio will also be watching closely as MDGL is a fully-owned, de-risked asset that would make an excellent M&A target for the big pharmaceutical companies.

MDGL is about to release dominant Phase III/registration data for resmetirom and based on the excellent Phase II results and the drug candidate's novel mechanism of action — we expect the data to positive. The recent data presented at AASLD both de-risks the Phase III data and also points out the potential for resmetirom to be not just the first but also the best-in-class drug for NASH and NAFLD.

The use of non-invasive imaging is huge for the potential launch and uptake as liver biopsies are painful/ expensive and avoiding their use will help transform the diagnosis of both NASH and NAFLD, and significantly increase the target patient populations.

To this end, MDGL recently partnered with Fatty Liver Foundation (FLF), a patient advocacy group, to raise awareness around the NASH/NAFLD treatment paradigm along with importance of non-invasive tests for patient identification and diagnosis

In our view, MDGL is poised to deliver positive Phase III data which will serve as major stock catalyst and also lead to a premium takeover candidate in 2022. MDGL is a "buy" under $200 with a target price of $275.

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MannKind (MNKD)

Nate Pile
Nate's Notes

***MannKind** (MNKD) has been my Top Pick for several years; the shares rose 38% in 2021 and the stock is once again my Top Pick for the coming year, asserts **Nate Pile**, editor of **Nate's Notes**.*

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

More and more diabetics are starting to use continuous glucose monitors (CGMs) to monitor their blood sugar levels in real time these days, and, not surprisingly, once they have this ability to track their numbers in real time, they are naturally starting to want an insulin that also works in real time.

For those not familiar with the diabetes space, the "old school" injectable insulins that Afrezza is on its way to replacing can take 45 minutes or longer to start working, whereas Afrezza starts to control blood sugar levels within just a few minutes of entering the body.

And as those of you who do have some experience with the space can relate, it can be quite frustrating (as well as unhealthy) to watch blood sugar levels continue rising long after the uptrend has been detected and an attempt has been made to control it with any of the slower acting insulins.

In addition (and perhaps even more importantly as a product differentiator), Afrezza also leaves the body more quickly than the traditional injectables. Patients using Afrezza have been reporting fewer incidents of hypoglycemia (low blood sugar), a condition that can be fatal if not addressed quickly enough, while using the product.

Of course, the "magic" behind Afrezza's superiority is the fact that the insulin is delivered to the body using a proprietary drug delivery system called Technosphere.

Though MannKind has retained full rights to Afrezza, it has started licensing this technology to other companies as well, with Tyvaso DPI (an inhalable version of treprostinil used to treat pulmonary arterial hypertension and pulmonary hypertension associated with interstitial lung disease) likely to be approved and on the market sometime later this year.

If approved, Tyvaso DPI will be sold by MannKind's partner on the project, **United Therapeutics** (UTHR), and in addition to doing the manufacturing for United Therapeutics in the same facility that is currently producing Afrezza, MannKind will also receive royalties on sales of the product.

Along with Tyvaso DPI, MannKind has also licensed the platform to a private company, Receptor Life Sciences, which is developing pharmaceutical grade cannabinoid products for the treatment of a number of different conditions.

Provided these products continue to progress though the clinical process and eventually hit the market, MannKind will be receiving milestone payments along the way, as well as royalties on sales once they start. MNKD is considered a strong buy under $5 and a buy under $10.

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Marvell Technology Group (MRVL)

Carl Delfeld
Cabot Explorer

***Marvell Technology Group** (MRVL) is a lesser-known stock that has been on my radar for some time; it is a semiconductor, 5G, and software idea, explains **Carl Delfeld**, growth stock specialist and editor of **Cabot Explorer**.*

The best play on 5G may be smart devices — i.e., the "Internet of Things". This is the name for all the web-enabled devices that collect, send and act on data using sensors, processors and other hardware to talk to each other.

5G is much more than just a faster internet. With data rates more than 100X that of 4G technology, it will have a major impact on many industries and services from robotics to artificial intelligence, self-driving cars and, of course, smartphones.

Marvell designs, develops and sells a wide variety of semiconductor products that are at the core of 5G-capable networks, processors and devices as they partner with and transition to 5G.

The company's embedded processors and products are cutting-edge and already generating multibillion-dollar annual sales. The company's reputation as a player in this 5G space was made as it revolutionized the digital storage industry by moving data at speeds way beyond expectations.

New markets are emerging in which Marvell has a first-mover advantage such as virtual reality, drones, data integration and consumer and industrial robotics. These are all huge markets, giving Marvell a long runway of growth.

With seven out of the top 10 automotive original equipment manufacturers (OEMs) purchasing Marvell chips, the company is set for a solid growth trajectory in this market.

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McCoy Global (MCB)

Benj Gallander
Contra the Heard

*Founded in 1914, Edmonton, Alberta-based **McCoy Global Inc.** (Toronto: MCB) operates in the oil and gas sector and focuses on maximizing well bore integrity and data collection so customers can make swift decisions with the best information, explains **Benj Gallander**, editor of **Contra the Heard**.*

McCoy — a favorite growth-oriented idea for 2022 — was badly hurt by Covid-19. The first quarter of 2021 saw sales shrink by 35 percent and cash flow turn slightly negative. Compounding this, the backlog dropped and the loss doubled, albeit it was still a minor league $200,000.

The debt load looked worse on a relative basis than it was at $9.4 million, but that was because of cratering revenues. In the most recent quarter, a turnaround was in evidence, in conjunction with the increase in oil and gas price. Revenues jumped 62 percent to $9.9 million, bookings were up 54 percent.

McCoy's management has persevered through oil and gas gyrations before. Jim Rakievich has been president and chief executive officer since 2002. The chair, Christopher Seaver, has been on the board for more than a decade. He is also experienced with selling companies, as he was president and chief executive officer of Hydril Co. when it was sold in 2007.

And this is part of the kicker for our interest in this outfit, as management has formed a committee to evaluate strategic options. While joint ventures and partnerships are possibilities, our assessment is that the preferred alternative is to sell the enterprise.

Management feels the business would be a good catch especially since it is now commercializing the automation of tubular running services, which include casing and tubing installation. This could increase demand as the technology should lower the cost of labour for drillers ready to modernize.

Behind the scenes, insiders are exceedingly motivated to receive a high price for the corporation as they own almost 50 percent of the 27.8 million shares outstanding.

One problem for investors looking to buy McCoy is that it trades an average of about 22,000 shares a day. Given the lowly share price, it makes it difficult for many people to acquire a meaningful position unless they're patient. The stock traded at greater volumes in the fall of 2013 when the price was above $7. Oh, those halcyon days.

The initial sell target on McCoy is $2.24. However, if a takeover occurs in the near future, it will almost assuredly be well below that mark. A buck would be a significant premium from the current trading price, albeit less than the book value of $1.26. Given how much insiders own and how well they know the company, the bid could even come from management.

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MeaTech 3D (MITC)

Brian Hicks
Angel Publishing

Last month, a team of scientists 3D printed something revolutionary, reports ***Brian Hicks****, the president and founding member of* ***Angel Publishing****. Here, Hicks — along with junior market analyst* ***Zachary Rosen*** *— review a favorite speculative idea for 2022.*

It wasn't a toy, or a vase, or a bike frame. It was a steak. It was 3.67 ounces of real, animal tissue, fat and muscle sewn together like a work of art. The largest 3D printed steak ever. And nothing had to die.

Meat and dairy production accounts for about an eighth of greenhouse gas emissions. This is only going to get worse as the newly minted (and growing) global middle class demands a more Western diet. Meat consumption is expected to increase 14% by 2030 and between 35% and 67% by 2050.

Traditional animal meat is highly resource intensive when compared to vegetable protein sources like beans or peas:

* Beef produces between ten and fifty times more CO2 for the same amount of protein.
* Beef requires almost six times more water.
* Beef requires between three and twenty-two times more land.

While the numbers aren't as stark for chicken, pork, and diary, big differences persist. But growing meat in a lab — where chemical processes can spur cell division and produce protein with infinitely less water, space, and energy, and without any antibiotics or misery — could soon offer a bone-in-ribeye cheaper and with less ethical hassle than any that came from the butchers.

That's why we recommend purchasing stock in the Israeli company that printed that record breaking steak – **MeaTech 3D** (MITC).

MeaTech places animal stem cells in bioreactors where they can grow exponentially, differentiate, and then be turned into bio-inks for printing. With an initial public offering earlier this year, MeaTech is the leader in this newborn industry and the only lab-grown meat company publicly traded in the US.

Such an investment is risky. MeaTech 3D is still working on patenting and scaling up its technology. However, we believe in the immense potential for growth in this space.

The meat industry, as it is, has to change. We believe MeaTech 3D is the company to change it. And with an $840 billion dollar global meat sector, that change could be very profitable indeed.

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Medical Properties Trust (MPW)

Brett Owens
Contrarian Outlook

Medical Properties Trust *(MPW) is an ideal income-producing stock to own as the Federal Reserve pauses its money printing, notes growth and income expert* **Brett Owens***, editor of* ***Contrarian Outlook***.

The shares yield 4.8% and have the potential to return up to 9.8% per year. In a market that is likely to be a “hot mess,” MPW should be a popular destination during flights to safety.

Years ago, easy financing didn’t exist for hospitals. If someone wanted to build a hospital, their only option was a traditional corporate loan package. This was a big headache because it forced the hospital to lock up all of its asset value as collateral.

Ed Aldag founded MPW in 2002 to tackle this problem. He and his team developed finance offerings for hospitals as a low-cost and flexible alternative. It worked — Aldag’s company would become the largest investor in hospital real estate in the U.S.

Now MPW doesn’t run hospitals. It invests in them. The company provides capital to the operators, particularly proven ones. In turn, they use the money to improve their facilities, upgrade their technology, hire more staff, and expand their complex.

MPW’s portfolio is made up of 444 properties that are run by 54 different operators. These locations are spread across 32 states and nine countries. The largest facility accounts for just 2.6% of the firm’s overall portfolio.

Operators like partnering with Ed’s team because they get to keep running the show. MPW, in turn, earns a return on its investment capital.

And we like partnering with Ed because he pays generous dividends. MPW is structured as a real estate investment trust (REIT), which gives the company a tax-advantaged status assuming it meets one requirement: It pays most of its profits to shareholders.

MPW is special because its ever-rising dividend acts as a “magnet” that pulls its share price higher. As I mentioned, the stock pays 4.8% today, but that isn’t the end of MPW’s total return story.

Over time, MPW’s stock price rises with its dividend. Thanks to 4% to 5% yearly payout increases, we have an additional 4% to 5% of price upside “baked in.” Which means we can expect to earn 8.8% to 9.8% per year from MPW. Aldag guided the company expertly to the “other side” of 2020. It’s the perfect stock for a potentially terrible 2022.

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Medtronic (MDT)

Prakash Kolli
Dividend Power

***Medtronic** (MDT) is my top pick in medical devices; it is the largest medical technology company globally, with $30.1 billion in sales in fiscal 2021 (~50% US and ~50% international), notes **Prakash Kolli**, editor of **Dividend Power**.*

Medtronic has four main business areas: Cardiovascular ($10.8 billion in sales), Medical Surgery ($8.7 billion in sales), Neuroscience ($8.2 billion in sales), and Diabetes ($2.4 billion in sales).

The company has struggled during the COVID-19 pandemic. The pandemic interrupted the long-term growth of elective procedures as patients stayed away from hospitals fearing the risk of infection, and hospitals diverted resources.

In addition, the company has struggled with product approval delays and recalls. Furthermore, Medtronic received an FDA warning letter on its headquarters for the diabetes business, which may take two to three years to resolve.

Despite the near-term challenges, Medtronic is positioned for future growth. The company spends more than $2.5 billion annually on R&D to build its extensive patent portfolio and conduct clinical trials for FDA approval.

Medtronic had 200 product approvals in 2020, more than 190 approvals in 2021, and a robust pipeline for 2022. In addition, the company has invested in 40+ early stage companies with potential for future acquisitions.

The company spent $2.1 billion in fiscal 2021 on acquisitions to bolster its pipeline. Furthermore, Medtronic's scale, R&D, and manufacturing capabilities make it difficult for new entrants to gain traction. As a result, management thinks it can deliver 5%+ revenue growth and 8%+ earnings per share growth over the long term.

Medtronic has paid a growing dividend for 44 years and is a Dividend Aristocrat. The dividend growth rate is around 10.2% in the past decade and 9.6% in the trailing 5-years. The forward dividend yield is ~2.42% above the 5-year average and the S&P 500's average.

The relatively low payout ratio of approximately 50% leaves room for future increases. Moreover, the low payout ratio and the A stable / A3 stable investment grade credit ratings provide confidence for dividend safety.

Medtronic's stock price was on a downtrend since late-August 2021 and is now trading just above the 52-week lows. The stock is fairly valued, trading at a price-to-earnings (P/E) ratio of about 18.3X after being overvalued for the past few years.

However, earnings estimates may be low if elective surgeries return to typical growth rates and the company can deliver on its long-term goals. Investors should note that Medtronic is an Irish company for tax purposes. I view the stock as a long-term buy.

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Merchants Bancorp Series C Perpetual (MBINN)

Marty Fridson
Fridson/Forbes Income Securities Investor

*It's not easy in today's low-interest-rate environment to find preferreds that offer attractive yields and good value. This one has current yield of 5.71%. At the current price of $26.25 it is meaningfully below our Fair Value estimate of $26.80, suggests **Marty Fridson**, editor of **Fridson/Forbes Income Securities Investor**.*

Merchants Bancorp (MBIN) is a community bank holding company and the parent of Merchants Bank of Indiana. As of 06/30/21 MBIN had approximately $10.0 billion in total assets.

The company operates multiple lines of business that include multi-family lending, healthcare facility financing, mortgage warehouse financing, retail and correspondent residential mortgage banking, agricultural lending, and traditional community banking services.

Merchants Bancorp; 6.00% Fixed Rate, Non-Cumulative, Series C Perpetual (MBINN) is callable on 04/01/26, or any dividend payment date thereafter, at par plus any declared and unpaid dividends.

Profitability and financial strength have been on the upswing at Merchants Bancorp. In 3Q 2021, return on assets increased to 2.26% from 1.90% in the year-earlier period. Total debt/earnings before interest and taxes declined to 2.59x from 7.99x.

Exchange: NASDAQ. Annual Cash Dividend: $1.50. Pay Cycle: Quarterly. CUSIP: 58844R702.
Website: (www.merchantsbankofindiana.com).

MBIN's preferred dividends are qualified and taxed at the 15%-20% rate. This investment is suitable for medium-risk taxable portfolios.

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MIND C.T.I. (MNDO)

Faris Sleem
The Bowser Report

***MIND C.T.I. Ltd.** (MNDO) designs, develops, and operates real-time and off-line convergent billing and customer care software solutions worldwide, explains low-priced stock expert **Faris Sleem**, editor of **The Bowser Report**.*

Its products support various services, such as voice, data, and content services in a single platform. Its solutions also include a workflow engine to support the implementation of business processes and an integral point of sale solution that covers all sales processes.

MNDO is not your average small cap stock. It has strong fundamentals and pays an amazing dividend. The stock offers a dividend yield of 8%.

Typically, high dividend yields are accompanied by lackluster financial results and diminishing growth. However, MNDO recently announced that quarterly revenues grew to $7 million in 3QFY21, which was up 18% from $5.9 million in the same period last year. Additionally, operating income and net income were both up year-over-year.

The company has a track record of maintaining profitability, even when industry outlook worsened during the global pandemic. Both revenue and gross profit trended to new highs in 2021, which in turn boosted bottom-line results.

The stock has substantial institutional ownership of 17%, with its largest shareholder being Morgan Stanley. There are 24 institutional investors and the top 2 holders account for 12% of the shares outstanding. Additionally, it is worth noting that insiders do not trade the stock frequently. Large insider and institutional ownership is rare for a small stock, but is reassuring for long-term investors.

Regardless of its substantial ownership and fantastic dividend, the fundamentals are evidence of the company's success. Assets outweigh liabilities 5:1 and there is minimal debt. Its cash position grew to $16.1 million in the recent quarter and cash flows slightly improved year-over-year. Its current ratio of 3.4 is double that of its competitors and represents minimal liquidity risk.

In conclusion, MNDO is a great dividend stock for long-term investors that has a proven history of consistently rewarding shareholders. We consider this a lower-risk investment idea for the coming year.

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Myovant (MYOV)

Jay Silverman
The Medical Technology Stock Letter

With the launch of its leading GNRH blocking pill — Orgovyx (relugolix) — heading to a best-in-class prostate cancer drug, ***Myovant*** *(MYOV) is a top pick for 2022, asserts* ***Jay Silverman****, leading biotech sector analyst and contributing editor of* ***The Medical Technology Stock Letter****.*

The latest quarter report of $18 million in sales were up almost 80% Q/Q (and despite the COVID spike limiting in person physician calls), and the drug is now annualizing at over a $100 million run rate.

The drug's oral bioavailability versus injectable GNRH drugs will continue to add new patients but just as importantly convert existing prostate cancer patients to take a once-daily pill versus shots for Lupron which generated roughly $800 million in 2020.

Myovant's second drug, Myfembree is also based upon relugolix, but is indicated for female conditions. It was approved last year for treating pain with uterine fibroids. The larger market of endometriosis is awaiting approval in U.S. and Europe.

MYOV stock was under pressure in 2021 when Pfizer, its U.S. marketing partner for Orgovyx and Myfembree, declined an option for select non-U.S. marketing rights. However, the decision was not due to drug but PFE's internal strategic focus.

Myovant expects to sign another partnership for this geographic area sometime before the expected mid-year European approval. In our view, the deal will be both financially and strategically value-added. Potential suitors in our view are other leading injectable GNRH players such as Abbvie, Takeda or Astellas.

Not to mention, its majority owned partner Sumitovant has been rolling in its assets and Myovant is the last one that it has not acquired. In November 2020, it bought Urovant — another "vant" it had a majority ownership of — at a 96% premium to its stock price.

With over $650 million in cash, Myovant is well funded to maximize the development of relugolix with or without a new partner. The stock's weakness since PFE declined its option, we believe, has created an attractive buying opportunity for 2022.

With a de-risked and already FDA approved, soon to be best-in-class drug in Orogvyx, and up-and-comer with various competitive advantages in Myfembree, plus a long list of value-enhancing catalysts, we recommend MYOV. Lastly, for reasons above we believe Myovant represents a potential biotech takeover for 2022. MYOV is a "buy" under $30 with a target price of $45.

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Nano One Materials (NANO)

Ralph Aldis
U.S. Global Investors

*I think **Nano One Materials Corp. (Toronto: NANO)** is in a unique position with regard to battery cathodes as America scales up for the electric vehicle (EV) transition, suggests **Ralph Aldis, portfolio manager, at U.S. Global Investors**.*

In late September, Nano One announced it had completed a 2019 cathode development project with a Global Automotive Company, and it has now entered a new Memorandum of Understanding to focus on low cost, cobalt-free, manganese rich LNMO batteries for performance testing and economic feasibility for EV integration.

Since that date, Nano One has been seeing talent join its team and appears to be scaling up to a brighter future with a hire to lead its cathode commercialization and a new VP of External Affairs.

In addition, two new strategic advisors Dr. Yuan Gao, Vice Chairman of the board of Pulead Technology, and Frank F. Fannon, former U.S. Secretary of State for Energy Resources, have recently joined Nano One.

Management, the Board, and Nano One's strategic advisors seem to be confident in the company's future. Overall, the stock is a top pick for speculative growth.

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

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Newmont Mining (NEM)

Alan Newman
Crosscurrents

***Newmont Mining** (NEM) announced a dividend increase from $0.25 to $0.40 per share in October of 2020 and again increased the dividend in February, 2021 — to $0.55 per share, points out **Alan Newman**, editor of **Crosscurrents**.*

The company's policy is to return 40 to 60 percent of incremental attributable free cash flow to shareholders that is generated above a $1,200 per ounce gold price. The company's base annual dividend remains $1 per share and is sustainable at a level of $1,200 per ounce for gold.

Gold closed 2021 at a level of $1,830 per ounce and the last time gold closed a month under $1,200 was back in September of 2018. Despite occasional and inevitable zig zags, gold has consistently traded above $1,200 for over a decade and remains in a long term uptrend, which augurs well for Newmont shareholders.

We have been long term bulls on the yellow metal, calling for a super bull market beginning on 9/11, over twenty years ago. We have seen no reason to temper our views, despite the relative outperformance of speculative "momentum" stocks in the last few years and from the apparent competition of cryptocurrencies.

Newmont's current yield is 3.55%. Dividends for the S&P 500 have generally contracted over the years and now average a mere 1.24%, only a few ticks from the all time record low of 1.11% in August 2000. The historic median for S&P 500 dividends is 4.25%. Attaining that level would require a severe bear market.

Given that the S&P 500 are vastly overvalued by historical measures such as a price earnings (P/E) ratio more than double the historic median, a severe bear market cannot be ruled out. Cryptocurrencies generally do not pay any dividends at all.

For disclosure, I own NEM and the shares have been a perennial favorite of mine for many years. For long term holders, we believe Newmont Mining makes a lot of sense.

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NexGen Energy (NXE)

Omar Ayales
Gold Charts R Us

NexGen Energy *(NXE) is my top speculative pick for the coming year, suggests* ***Omar Ayales****, a resource sector specialist and the editor of* ***Gold Charts R Us****.*

The world's growing need for low cost, high efficient energy coupled with a growing push towards using cleaner energy is giving uranium and uranium producers a big boost upward.

The world's growing need for energy is not going to change anytime soon. If anything, it will increase exponentially. And although the world's reliance on oil and coal is not going anywhere anytime soon, it's possible new sources of energy such as uranium and natural gas will continue to eat at oil and coal's market share.

Interestingly, the United Nations recently added uranium as a clean energy source paving the way for governments around the world to use it as a low cost, high efficient and 'green' energy source.

It shouldn't be a surprise that China is currently building dozens of nuclear reactors as the source of energy for new demand and growth.

NexGen Energy is well funded Canadian company engaged in the exploration and production of uranium in in Saskatchewan's uranium rich Athabasca Basin, a world leading source of high grade uranium.

NEX has already had a great run in 2021. It rose 146% from January 1st to the peak last November. It has since pulled back 30% from the highs, giving back about 50% of the gains since the beginning of the year.

However, the uranium revolution is likely to continue and could continue pushing solid producers upward. For full disclosure, I personally own positions in NXE.

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A Look Back at 2021's Top Performers

Last year, **Omar Ayales** chose **Ivanhoe Mines** (Toronto: IVN) as his Top Pick for 2021. Here's his latest update on the company:

Last year my recommendation was Ivanhoe Mines. The rose nearly 50% from the beginning of January 2021 to the end of December 2021 and could remain strong moving forward. I continue to hold positions in the shares.

Nike (NKE)

Jon Markman
Strategic Advantage

*2022 is going to be the year everything returns to normal, yet investors are going to discover that everything has changed; big companies that you thought you knew have been completely remade, for the benefit of shareholders, suggests **Jon Markman**, editor of **Strategic Advantage**.*

During the course of this year I expect a big rally for **Nike** (NKE) — the athletic shoe and apparel company that has become synonymous with athletic champions. From Michael Jordan and Tiger Woods to Cristiano Ronaldo, the Portuguese soccer super star, Nike executives have paid top dollar to associate the business with winners.

That strategy has made the brand extremely valuable. Research from Brand Finance found last April that Nike was the number one-rated apparel brand in the world in 2021. The Beaverton, Ore.-based company retains that title for a seventh consecutive year.

Brand awareness has allowed Nike to rejigger its business model. The global pandemic and digital transformation revealed a new business vector for Nike, and it is a game-changer. Executives quickly discovered that consumers were more than happy to buy their products online, sight unseen.

Typically, Nike would have to share part of the retail price with **Foot Locker** (FL), **Target** (TGT) or any of the tens of thousands of retailers that carry its footwear and apparel. Switching a good part of that trade online removes the middleman. Nike gets the entire retail price, and that fat margins that come along with the sale. It means much larger profits and free cashflow.

Following the fourth quarter financial results in May, CFO Matt Friend said he expected that moving more of the overall business toward a direct-to-consumer model could push profit margins into the middle 40% range.

Shares have been mired in a trading range since then. Analysts are worried about the global supply chain and bottlenecks in Southeast Asia. That is short term thinking. Supply constraints will ease, yet Nike's business model is being changed forever, to the benefit of shareholders.

The stock trades at 35.5x forward earnings and 5.7x sales. This is within the historic valuation yet the business is fundamentally changing. Margins are risings and cashflow is growing briskly.

Based on margin expansion, I expect Nike shares to jump to the $275 level over the next 18 months, a gain of 63% from current levels. Nike is ready to fit into a new valuation.

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Nokia (NOK)

Bruce Kaser
Cabot Turnaround Letter

***Nokia** (NOK) — our top conservative idea for 2022 — has struggled for years to remain competitive in its core market of selling equipment to telecom network operators, suggests **Bruce Kaser**, editor of **Cabot Turnaround Letter**.*

Its early choice of using field programmable chips, as opposed to factory programmed chips, set back its 5G efforts by years. The result: weak revenues, thin margins, a bloated and misdirected expense base, and a leveraged balance sheet.

However, the arrival of new CEO Pekka Lundmark (March 2020) has brought the company back into the game. His strategy to invest heavily in research and development has restored Nokia's technology competitiveness, which has helped the company return to positive revenue growth.

Better products and better spending control have boosted profit margins to 11%, attaining Lundmark's targeted range of 10-13%. Nokia is generating sizable free cash flow and now has €4.3 billion more cash than debt. Lundmark is eliminating bad business practices like its selling of its receivables — a low-quality and expensive way to generate cash flow.

We anticipate that Nokia will restore its dividend and announce a share buyback program in 2022. Despite its progress and the likely continued ramp-up of 5G spending, investors continue to give Nokia little credit.

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A Look Back at 2021's Top Performers

Bruce Kaser picked two excellent performers last year, including one that gained over 200%. Here, he offers updates on his Top Picks for 2021.

We first recommended **Signet Jewelers Ltd.** (SIG) in September 2019. Under Gina Drosos — who became CEO in August 2017 — the company not only adeptly navigated the pandemic, it has also moved into the vanguard of jewelry merchandising, retailing and e-commerce. The credit issues were fully resolved, the balance sheet is now "fortress-like" and Signet is generating strong free cash flow.

The stock — which we chose as our Top Pick for 2021 — gained 211% last year. We moved the shares to a Sell in early November of 2021 at just over $104 as the risk/return trade-off became unfavorable, for a 505% total return since the position's inception.

If its fundamental strength continues, Signet could see its shares continue to surge. With its $4.6 billion market value and strong balance sheet, a private equity company could easily acquire Signet, likely at a high premium. As such, we suggested that shareholders consider keeping a stub position that could participate in any further price gains.

Wells Fargo & Company (WFC) — our conservative Top Pick for 2021 — rose 63% last year. In mid-2020, when we initially recommended WFC shares, investors were worried about potentially sharply higher credit losses due to the pandemic-driven economic shutdown. We were encouraged by the efforts of new CEO Charles Scharf to aggressively restructure the bank's operations.

Through 2021, the bank's credit losses remained remarkably low while CEO Scharf continued to execute on his turnaround strategy. Like all banks, Wells is struggling with low interest rates and limited loan growth as well as the regulator-imposed cap on its asset size. But the better financial results led to rising confidence in the bank's future, driving the shares higher for the year.

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NRG Energy (NRG)

Robert Rapier
Investing Daily's Utility Forecaster

***NRG Energy** (NRG) — a favorite speculative idea for the coming year — operates as an integrated power company in the United States. It operates throughout Texas (69% of 2020 revenues), East (26%), and West (5%), asserts **Robert Rapier**, editor of Investing Daily's **Utility Forecaster**.*

NRG is involved in producing, selling, and delivering electricity and related products and services to 3.6 million residential, industrial, and commercial consumers. It generates electricity using natural gas, coal, oil, solar, nuclear, and battery storage.

In addition, NRG trades in electric power, natural gas, and related commodities; environmental products; weather products; and financial products, including forwards, futures, options, and swaps.

As of December 31, 2020, NRG owns a power generation portfolio with approximately 23,000 megawatts of capacity at 33 plants. NRG Energy, Inc. was founded in 1989, and following the recent completion of NRG's $3.6 billion acquisition of Direct Energy the company headquarters are being relocated from Princeton, New Jersey to Houston, Texas.

Currently, the company derives its power primarily from natural gas (43% of its portfolio) and coal (34%). Nuclear power makes up another 5%, but the company's renewable generation lags many of its peers. However, since Texas is a fossil fuel-friendly state, and that is where most of its business is located, NRG is unlikely to face any punitive renewable portfolio standards.

NRG is a bit riskier than conventional regulated electric utilities, in that it has substantial exposure to wholesale energy markets. This provides more potential long-term upside for the company, but at the risk that sometimes the markets will turn against them.

That happened in the first quarter of 2021 when Winter Storm Uri swept across Texas. In the aftermath NRG reported that it expected a 2021 pretax loss of $975 million largely because of the storm, and cash flow impact of $350 million to $550 million. In response to this announcement, the markets rapidly shaved 17% of value ($1.7 billion in market value) from NRG shares.

But the company bounced back quickly and soared to new all-time highs in the summer, as investors concluded the incident won't have a lingering impact on the company's fortunes.

The Consensus Is Bullish

Analysts are bullish on the company. According to FactSet, 58% of the analysts covering NRG have a Buy rating on the company. No analysts have a Sell rating on the company. NRG's Equity Summary Score — which is a consolidated view of the ratings from several independent research providers at Fidelity – is "Very Bullish." NRG is the highest-rated utility in Fidelity's database.

The S&P Global Market Intelligence (GMI) Valuation is an independent rating that evaluates each company against its peers in several categories, including cash flow and book value metrics. The GMI rating for NRG is 97, which is a rating of "Very Undervalued."

NRG is a solid company that appears deeply undervalued. It should be a good addition for investors who put a higher premium on growth than income. Its 3.1% yield is better than its peer group average, but the upside potential is one of the highest in the group. NRG Energy is a Buy up to $45.

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Nvidia Corporation (NVDA)

Carl Delfeld
Cabot Explorer

*As we head into a new year **Nvidia Corporation** (NVDA) — a leading technology play — stands out as the best growth and momentum idea, suggests **Carl Delfeld**, editor of **Cabot Explorer**.*

Nvidia is a well-known semiconductor stock that had a great year in 2021 but, importantly, broadened its product line and revenue source beyond gaming.

Nvidia is the premier designer of discrete graphics processing units that elevate the experience on computing platforms. Its chips serve a number of end markets, including premium PCs for gaming, data centers, and increasingly automotive infotainment systems.

Nvidia has broadened its focus from traditional PC graphics applications such as gaming to more complex growth opportunities, including artificial intelligence and autonomous driving, which leverage the high-performance capabilities of the firm's graphics processing units. Nvidia's lead in these areas has given it a bit of a moat to beat back competitors.

The company just recently announced the availability of Nvidia Omniverse software and revealed new Omniverse features for digital artists and designers. "This is the future of 3D content creation and how virtual worlds will be built," commented Jeff Fisher, Nvidia senior vice president of consumer products.

In addition, for the emerging autonomous car market, Nvidia announced new users of its Nvidia Drive platform. It said electric-vehicle makers such as Volvo-backed Polestar and Chinese firms such as Nio, Xpeng and Li Auto are incorporating its Drive Hyperion platform.

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Omnicom Group (OMC)

Kelley Wright
Investment Quality Trends

***Omnicom Group, Inc.** (OMC) is a global advertising and marketing services company, and one of the world's largest corporate communications companies, explains **Kelley Wright**, dividend investing expert and editor of **Investment Quality Trends**.*

The company has quite a reach, serving more than 5,000 clients in over 100 countries. Operationally, OMC is three independent global agency networks: the BBDO Worldwide Network; the DDB Worldwide Network; and the TBWA Worldwide Network. Each agency network has its own clients, and the networks compete against each other in the same markets.

Under the hood as we call it, OMC has strong cash flow with Return on Invested Capital and Free Cash Flow Yield of 14.70% and 12.30% respectively.

The stock also sports the IQ Trends "G" designation for outstanding dividend growth of at least a 10% annual increase over the last 12 years. Why the market has this stock priced as if there will be no profit growth is astounding.

Historically, Omnicom Group is Undervalued at a dividend yield of 3.60%, which based on the current dividend of $2.80 equates to $78 per share. Trading recently around $73 per share, the stock offers excellent good value.

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ONEOK (OKE)

Tim Plaehn
The Dividend Hunter

***ONEOK** (OKE) is an energy infrastructure company strictly focused on natural gas and NGLs; I see it as the highest quality company and stock in the energy midstream sector, asserts **Tim Plaehn**, income expert and editor of **The Dividend Hunter**.*

Until the middle of 2017, ONEOK — my top conservative idea for 2022 — primarily owned the general partner interests in its controlled MLP, ONEOK Partners LP. The companies operated like a traditional energy infrastructure setup, with the MLP owning the bulk of the assets.

The energy commodity bear market of 2015-2016 forced many MLP companies to find ways to reduce expenses. Quite a few have gone through "simplification" processes, where either the MLP or the general partner absorbed the assets and partnership rights of the other.

The ONEOK companies elected to merge the MLP into the corporate general partner. The merger was completed on June 30, 2017. I have analyzed many of these simplification events, and the ONEOK move has been one of the most successful from an investor's point of view.

ONEOK is a classic dividend growth stock. From 2000 through 2020, the OKE dividend grew by a 14% annual compound growth rate. Dividend growth, plus an attractive dividend yield, provides one of the most reliable paths to great long-term total returns.

However, throughout the pandemic, ONEOK stopped increasing the dividend. The company went from a payout boost every quarter to no dividend increases since January 2020. That being said, unlike many midstream companies, ONEOK did not cut its dividend in the early days of the pandemic.

ONEOK results and profits have grown over the last two years. For 2020, EBITDA increased over 2019 by 6%, to $2.724 billion. In early 2021, the company forecasted 2021 EBITDA of $3.05 billion. Now, as we get ready to close out 2021, the full-year guidance has climbed to $3.325 billion to $3.425 billion. The midpoint provides 24% profit growth over 2020.

Think about that. ONEOK EBITDA grew by 30% through the pandemic, and the company has not increased the dividend for the two years. I am confident the company will return to a dividend growth profile in 2022, possibly with a substantial dividend increase when the next payout is declared in January.

OKE currently yields 6.4%. Couple that yield with significant dividend growth in 2022, and you have a stock set up for great total returns next year.

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Onto Innovation (ONTO)

Rich Moroney
Upside

Onto Innovation *(ONTO) has more than doubled over the past 12 months, yet its Quadrix Value score has stayed in a tight range, observes* ***Rich Moroney****, editor of the small cap oriented advisory service,* ***Upside****.*

Its Overall rating of 90 means that the stock scores better than about 90% of the nearly 5,000 companies in our Quadrix ratings system. Its Quality ranking is 87 based on its long-term growth record and returns on assets, equity and investment.

Onto Innovation grew earnings per share 107% for the 12 months ended September, with sales up 38% and operating cash flow more than doubling. Onto generated $148 million in free cash flow over the past 12 months, up from $60 million for the year-earlier period.

The expansion of 5G networks and cloud computing is boosting demand for Onto's products and services, which help semiconductor companies improve quality, performance, and reliability.

Analysts are increasingly bullish on Onto's growth prospects, with earnings per share projected to rise 21% in 2022 on 14% higher revenue. The stock trades at 22 times estimated 2022 earnings, above the median of 19 for semiconductor stocks in the S&P 1500 Index.

Backing out net cash of $9 per share lowers Onto Innovation's year-ahead price-to-earnings ratio to 20. The stock is rated as a "Best Buy".

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A Look Back to 2021's Top Performers

Last year, **Rich Moroney** picked two favorite ideas, and both were exceptionally strong performers. Here he updates those stocks:

Applied Materials (AMAT) rose 82% last year. The supplier to the semiconductor industry remains a top pick for 12-month and long-term gains. The consensus calls for profit growth of 19% in fiscal 2022 ending October and 7% in fiscal 2023, reflecting a slowdown from post-pandemic growth rates but continued strong demand as chipmakers attempt to satisfy product shortfalls by expanding capacity.

MYR Group (MYRG) rose 88% last year. The company, which provide electrical construction services, remains on our Best Buy List. While it no longer ranks as my favorite name in my small cap advisory service Upside, I still think it has another 15% to 20% of upside potential.

Oxford Lane Capital (OXLC)

Rida Morwa
High Dividend Opportunities

***Oxford Lane Capital** (OXLC) is our Top Pick for more conservative income-minded investors in 2022; it carries a yield of +10% and is an income investor's dream, declares **Rida Morwa**, income expert and founding partner of **High Dividend Opportunities**.*

OXLC is a Collateralized Loan Obligation, CLO, closed-end fund. This means two important things for income investors right out of the gate. The first is that as a CEF Oxford Lane must pay us 90% of its taxable earnings. Secondly, it invests in a type of assets that we cannot buy on our own.

CLOs are a bundle of loans that payout interest in a waterfall pattern to "tranche" holders. These loans are senior and secured, which means they rate first in the event of a default and are secured by all the assets in the company, providing a high degree of safety.

Furthermore, they are loans to large middle-market companies, like **American Airlines Group** (AAL), or **Lumen Technologies** (LUMN).

So why do we love Oxford Lane for income?

1. OXLC is a bet on the continuous boom of the U.S. economy. We believe that the U.S. economy is a great shape, with consumers, corporations and banks sitting on a bubble of liquidity. This creates an ideal environment for capital investment and economic growth.
2. The stock yields +10%, and it is a monthly payer.
3. CLOs are about to have another banner year for performance. CLOs survived the Great Financial Crisis, posting strongly positive returns (unlike CDOs or MBS). They also saw record-low defaults in both 2020 and 2021, alongside record originations. Oxford Lane has exposure to 165 different CLOs, all generating them attractive income.
4. The company has been fast growing, fully covering their monthly distribution. It has already announced hiking its distribution effective January 2022.
5. We expect the potential for another distribution increase as Oxford Lane has multiple investments set to pay them new income as 2022 progresses.
6. The stock is very cheap at the current prices. Today, it's still one of the best opportunities in the market.

When it comes to a strong income investment, there are two-sides to the coin. Earnings is one, which Oxford Lane has done exceptionally well as growing larger. The other side is expenses. Oxford Lane is actively reducing their cost of capital by replacing higher rate debt with lower rate debt.

Oxford Lane in 2021 replaced a term preferred security with another yielding 150 basis points lower. This instant savings allows more of the valuable CLO income to fall to the bottom line and into our pockets with the newly raised monthly dividends.

Many of your life's bills come monthly, I love to have income arrive monthly as well. We love this high yielder with a growing dividend that is paid monthly and is directly tied to an asset class that is about to have another record year.

The stock at the current price is very much undervalued and offers a unique buying opportunity. This could be

one of your biggest winners in your high yield portfolio!

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A Look Back at 2021's Top Performers

Last year, **Rida Morwa**, editor of **High Yield Opportunities**, chose **NEWTEK** (NEWT) as his Top Pick for 2021. Here's his latest update on the company:

NEWT's upside is not the entire story. The stock went up by 49%, but you need to add the dividend paid during the year to get an accurate performance. The dividend yield on NEWT was at 10% at the time of our recommendation, and NEWT managed to hike it during the year. The total returns were actually 65% (which is 49% plus 16%)

The Business Development Company lends and invest in small and medium size U.S. businesses. Investing in NEWT was effectively a bet on the recovery of the U.S. economy. I follow my belief that one should never bet against America, and NEWT plays a big role in keeping it going!

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Pacira BioSciences (PCRX)

Jeffrey Hirsch
Stock Trader's Almanac

*My Top Picks for 2022 come from our mid-cap "Best Months" stock basket; we issued our "Best Months" Seasonal MACD Buy Signal on October 8, 2021, recalls **Jeffrey Hirsch**, seasonal timing specialist and editor of **Stock Trader's Almanac**.*

With large cap stocks dominating the market for much of this bull run we focused on the lower end of the market capitalization spectrum. Small caps ranged from $50 million to $1billion in market cap with mid-caps in the $1 to 5 billion range. My top picks for 2022 come from this mid-cap group.

We screen for reasonably solid valuations, revenue and earnings growth and relatively low price-to-sales and price-to-earnings ratios. Then we look for positive price and volume action as well as other constructive technical and chart pattern indications. Finally, we lean towards stocks flying under Wall Street's radar with a below average number of analysts following them.

Pacira BioSciences (PCRX) was added to our newsletter portfolio on October 18 at $52.89. The company is the leading provider of non-opioid pain management and regenerative health solutions.

The firm is also developing innovative interventions to address debilitating conditions involving the sympathetic nervous system, such as cardiac electrical storm, chronic pain, and spasticity.

Pacira has three commercial-stage non-opioid treatments: EXPAREL®, a long-acting, local analgesia currently approved for postsurgical pain management; ZILRETTA®, an extended-release, intra-articular, injection indicated for the management of osteoarthritis knee pain, and iovera, a novel, handheld device for delivering immediate, long-acting, drug-free pain control using precise, controlled doses of cold temperature to a targeted nerve.

The company is actively expanding its portfolio with acquisition and boasts a solid balance sheet with strong growth and relatively reasonable valuations for a drug company.

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A Look Back at 2021's Top Performers

Jeffrey Hirsch offers an update on his Top Picks for 2021:

Avid Technology (AVID) was up 122% in 2021, but the digital media pioneer was closed out of our newsletter portfolio on August 4, a 132% in the portfolio. Peripheral vascular disease treatment and solution provider **LeMaitre Vascular** (LMAT) remains in our portfolio up 33% since it was added to our list and up 28% in 2021.

Pan American Silver (PAAS)

Sean Brodrick
Wealth Megatrends

I like gold and silver miners for a good reason: Most traders and investors hate gold and silver right now. And bull markets in metals tend to brew in the well of despair, asserts ***Sean Brodrick****, editor of* ***[Wealth Megatrends](#)****.*

You can't blame investors. Gold suffered its worst year in six years in 2021. The price of gold fell nearly 4% in U.S. dollars. Importantly, gold failed to capitalize on red-hot inflation.

So why like precious metals now? The list includes tightening global supply and demand, a dearth of new discoveries, and a growing middle class in Asia, where people have a cultural affinity for gold. And history tells us something about central bank tightening cycles.

We're in one now — the Federal Reserve is telegraphing three rate hikes in 2022. Did you know that in the last tightening cycle, between 2015 and 2019, the U.S. central bank raised interest rates nine times, yet gold prices rallied nearly 35%? In the previous tightening cycle, between 2004 and 2005, the Fed raised rates 17 times and gold prices rallied 70%.

The fact is, select gold and silver stocks look dirt-cheap when compared to many puffed-up Wall Street favorites. Let me introduce you to one of those better metals stocks now.

Pan American Silver (PAAS) is based in Canada and operates throughout Latin America. It has nine producing mines and digs up silver, gold, zinc, lead and copper. It has a total reserve base of 529 million ounces of silver and 4.2 million ounces of gold. The company has become more of a gold producer (by revenue) than a silver producer.

The pandemic slapped this stock around like it did most miners. But the company is roaring back and its revenues jumped 53.2% in the third quarter to a new record. And it did that when silver was knocked down (but not out). Earnings took a hit thanks to rising costs. But three catalysts for growth could transform this company and send the stock higher. They are:

La Colorada in Mexico — It's a new discovery and CEO Michael Steinmann called the results from drill holes at La Colorada "astonishing." Results include a 77-meter interval containing 119 grams per ton silver, 7.7% lead and 13.62% zinc.

Escobal in Guatemala — This is a large silver mine which Pan American acquired from Tahoe. It's rich in silver, and also contains gold, lead and zinc. Escobal was the world's third largest silver mine. It halted production in 2017 due to local opposition; Pan American is working through the courts to restart.

Navidad in Argentina — This is an undeveloped silver deposit with 632.3 million ounces of silver. Local opposition has also seen this project delayed, but this could work out, too.

There's no denying that Pan American has some local trouble. But either Escobal or Navidad could get the go-ahead this year. And that would light a booster rocket under this stock. In the meantime, you're paid to wait. Pan American Silver recently sported a dividend yield of 1.8%. That dividend is projected to grow 19.49% per year for the next three years.

Looking forward, Pan American's earnings are projected to rise 108% this year. To be sure, a lot depends on the prices of gold and silver. But both metals are positioned to cycle higher. So, we've got growth, potentially massive mines either coming online or advancing, and it's a dividend raiser.

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Park Hotels (PK)

Jason Williams
Wealth Daily

For a favorite speculative pick for 2022, I want to focus on a stock I think would be a perfect fit for those of you looking to build up a nest egg that will provide income when you need it, suggests ***Jason Williams****, managing editor for* ***Wealth Daily****.*

It's a little speculative because of current conditions, but it's almost guaranteed to perk back up and deliver solid gains and steady payouts for decades to come. It's **Park Hotels & Resorts** (PK), and it's a real estate investment trust. I know what you're thinking. REITs aren't speculative. But this one kind of is.

It's a hotel owner and people are having some trouble traveling be it due to fear of infection, government restrictions, or just canceled flights. That's leading to some trouble with its tenant operators. And that also led it to suspend its dividend payment back in early 2020.

But the management team has been busy cleaning up the balance sheet and strengthening the company's financial position ever since the pandemic struck. They've refinanced debt at lower levels with longer times to maturity. They've sold off underperforming assets.

Now, the company's months away from hitting a breakeven point. After that, it won't be long before those dividends are reinstated. And if they come back where they left off (which is a good bet), they'll deliver a double-digit yield to investors who buy at current levels (around $20).

Shares could also easily get back to pre-pandemic levels in the mid-$30's. That's good for a 75% gain from here and could only be the start. Park has a quality portfolio of luxury resorts in desirable locations.

It's pretty much a sure thing people will want to stay at its hotels when they're ready to get back out there again. So a $40 share price (100% upside from recent levels) isn't out of the question at all. Plus, with those steady payments (once they come back), you'll be adding more than 10% a year in dividends, too.

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Patriot Battery Metals (RGDCF)

Gerardo Del Real
Junior Resource Monthly

Patriot Battery Metals *(Canadian: PMET)(OTC: RGDCF) is a mineral exploration company focused on the acquisition and development of mineral projects containing battery, base, and precious metals, explains* ***Gerardo Del Real****, small cap mining specialist and editor of* ***Junior Resource Monthly****.*

It's also on to what I believe is a significant lithium discovery in Quebec. Its primary asset is the Corvette-FCI Property in Quebec, which hosts numerous occurrences of copper, lithium, and high-grade gold. In addition, the company holds several other properties that are prospective for lithium, copper, and gold.

Management

The company is led by CEO Adrain Lamoureux and President Blair Way, who I've known for over a decade. Blair has over 30 years of management experience within the resources and construction industry throughout Australasia, Canada, the United States, and Europe.

He has experience in a wide range of commodities including gold, copper, nickel, zinc, magnesium, graphite, cobalt, and lithium.

Vice President of Exploration Darren Smith and CFO Dusan Berka join an experienced management team with years of success in the resource and venture capital markets.

Share Structure

The company currently has 34.1 million shares outstanding and just over 67 million fully diluted. Shares are currently trading at C$0.46/US$0.36, giving Patriot Battery Metals a paltry market cap of just C$15.6 million/ US$12.2 million and C$30.8million/US$24 million fully diluted.

Blair and the team didn't sign on to run a C$20-30 million company and I suspect that the company will soon trade at many multiples of today's share price. Many multiples.

Flagship

Patriot's flagship is the Corvette-FCI Property in Quebec, which hosts numerous occurrences of copper, lithium, and high-grade gold.

The Corvette-FCI Property consists of 172 wholly-owned claims (Corvette) and a further 111 claims (FCI East and FCI West) held under Option Agreement from O3 Mining Inc. for up to a 75% interest, for a combined total of 14,496 hectares forming one contiguous claim block.

In addition to the flagship, Patriot also owns a portfolio of very prospective properties that include the Freeman Creek gold property in Idaho, which has seen only limited work.

Discovery

The combination of metals present, the excellent jurisdiction, and tiny market cap were all appealing qualities.

The fact that the money was going into a drill program to test for copper-gold and lithium is why I helped finance the company. But the news on November 29, 2021, is why I have selected this as our Top Pick for speculators.

On the very first hole, Patriot hit 0.93% Li_2O and 114 ppm Ta_2O_5 over 146.8 m (from 26.0 to 172.8 m). Blair Way, company President and Director, comments: "We are thrilled by these assay results from our first drill hole at

the CV5 Pegmatite. The results have greatly exceeded our expectations and confirm we have identified a lithium pegmatite of considerable size and grade potential."

It's only one hole but there are likely at least 20 such pegmatites on the property. Overall, there is a lot of runway and a ton of potential in a red hot sector for 2022.

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Perion Network (PERI)

Bryan Perry
Hi-Tech Trader

***Perion Network Ltd.** (PERI) is poised to outperform in 2022. Based in Israel, Perion delivers advertising solutions to brands, agencies and publishers in North America, Europe and elsewhere around the world, suggests **Bryan Perry**, editor of **Hi-Tech Trader**.*

It provides Wildfire, a content monetization platform, search monetization solutions, actionable performance monitoring platform and a cross-channel social software as a service platform that lifts return on money spent on ads.

The company offer solutions in analytics for marketing campaigns on artificial intelligence (AI)-driven platforms that help define and optimize how content is created in order to have the highest level of impact on targeted consumers and business. Perion also markets tools to manage content on websites and for publishers that build websites.

Perion posted Q3 earnings per share (EPS) of $0.40. which beat estimates by $0.12 on revenue of $121.02 million (+45.1% year/year) that beat by $12.06 million. The company raised guidance for the fourth quarter and the full year.

In 2022, management expects to generate revenues of $455 million to $465 million (consensus: $438.29 million) and adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) of $59 million to $61 million, vs. prior guidance of $415 million to $430 million and $50 million to $51 million, respectively.

Following a $100 million secondary stock offering on Dec. 8, shares of PERI are trading at $23. This is well off the recent high of $33, which was the product of a reaction to the standout earnings report. The stock is a fundamental and technical buy.

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PerkinElmer (PKI)

Chuck Carlson
DRIP Investor

I like when Wall Street underestimates companies. It sets those companies up to beat expectations. ***PerkinElmer*** *(PKI) is one such company, observes* ***Chuck Carlson****, dividend reinvestment specialist and editor of* ***DRIP Investor****.*

Wall Street is forecasting a significant decline in profits and revenues for this leading testing and diagnostics company in 2022, as demand for the company's Covid-related services is expected to wind down significantly.

However, given the recent surge in Covid, as well as PerkinElmer's penchant for beating Wall Street estimates, I think PerkinElmer stock will hold up just fine in 2022.

A big plus is the transformation of the firm's business portfolio. The company has made some nine acquisitions over the last year or so, including the company's largest deal in history, BioLegend, a leading provider of life sciences antibodies and reagents. PerkinElmer estimates the acquisitions have greatly expanded its total addressable market.

Fiscal 2023 should be an especially strong year, as PerkinElmer estimates that the assimilation of its many acquisitions and improved growth profile of its new markets will produce organic revenue growth in the high single digits.

I think the stock will outperform the market in 2022 and beyond and recommend purchases. Please note PerkinElmer offers a direct-purchase plan whereby any investor may buy the first share and every share directly from the company. Minimum initial investment is $250. The company's transfer agent is Computershare (computershare.com).

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Pfizer (PFE)

Gordon Pape
Internet Wealth Builder

*Everyone knows about **Pfizer** (PFE) these days; it was the first company — along with partner **BioNTech** (BNTX) — to have a COVID vaccine approved for general use, recalls **Gordon Pape**, editor of **Internet Wealth Builder**.*

Their vaccine has proven to be highly effective with minimal side effects and now Pfizer has developed an anti-viral oral drug to combat the coronavirus that recently received FDA emergency approval.

The share price is finally starting to reflect the fact this is not just another staid old big pharma company. After bumping along below $40 for most of the past five years, the price began moving up sharply in November and recently touched an all-time high. But it is still trading at a reasonable p/e ratio of 16.5.

On Dec. 22, Pfizer announced it had received approval from the FDA for the emergency use of its anti-viral pill, Paxlovid, for COVID patients with mild to moderate symptoms.

The decision was based on test results that showed an 89% reduction in the risk of COVID-19-related hospitalization or death from any cause in adults treated with the medication within three days of symptoms appearing. No deaths occurred in the treatment group compared to nine deaths in the placebo group by Day 28.

Pfizer is increasing its quarterly cash dividend by 2.6% to $0.40 for the first-quarter 2022 dividend, payable March 4. This will be the 333rd consecutive quarterly dividend paid by the company. However, because of the rise in the share price, the yield is down to 2.8%, even with the latest increase.

Pfizer is the hottest name in pharmaceuticals right now. Demand for its vaccines will continue to grow at least through 2022 and perhaps beyond as it's becoming increasingly apparent that annual boosters will be needed, just as with the flu shot. Its new drug, Paxlovid, will probably be the first of a new line of anti-viral medications.

While we've seen a significant price increase, I think there's another 30-40% upside potential over the next year, with limited downside risk. Pfizer is my conservative pick for 2022.

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PLx Pharma (PLXP)

John McCamant
The Medical Technology Stock Letter

*We are making **PLx Pharma** (PLXP) a Top Pick for 2022 after the initial strong launch for Vazolore, the first and only FDA approved, liquid-filled aspirin capsule with a unique mechanism of action that avoids gastric distress, suggests **John McCamant**, biotech specialist and editor to **The Medical Technology Stock Letter**.*

Vazolore is off to a very good start with initial sales revenue exceeding expectations despite a difficult COVID-19 environment. The company's continued targeted marketing efforts are expected to yield sequential sales growth.

A recent survey indicated that 68% of cardiologists are receptive to switching to and/or initiating use of Vazalore based on superior efficacy and ability to prevent gastrointestinal issues compared to other aspirins.

In our view, Vazalore has the potential to take a nice portion of the $10 billion aspirin market and even grow the market by itself. Additional upside for the stock lies in Vazalore's potential to be a pipeline in a pill and PLxGuard's potential to become a multi-drug delivery platform.

PLXP's Vazalore is the first and only FDA approved, liquid-filled aspirin capsule with a unique mechanism of lipid encapsulated delivery called PLxGuard. The drug is a highly differentiated formulation with proven advantages over current offerings on both safety and efficacy parameters including achievement of 99% platelet inhibition significantly faster than standard-of-care enteric coated (EC) aspirin.

We believe Vazalore has significant potential in platelet inhibition with nearly twice as many patients achieving a complete antiplatelet effect compared to EC aspirin. In our view, PLXP is de-risked with an approved product and a strong initial launch of Vazalore. The drug has "super aspirin" potential in platelet inhibition, pain relief, and as an anti-inflammatory drug.

We are recommending PLXP based on a combination of Vazalore's market potential and management's demonstrated track record. Additional upside for the stock lies in Vazalore's potential to be a pipeline in a pill and PLxGuard's potential to become a multi-drug delivery platform.

Potential upcoming catalysts include rising quarterly sales compared with very low Wall Street estimates that may be consistently beat, pipeline updates (Ibuprofen in Phase I), and new candidates added to pipeline. PLXP is a "buy" under $22 with a target price of $35.

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PolyMet Mining (PLM)

Neil Macneale
2-for-1 Stock Split Newsletter

*Our world is changing — and one of the biggest changes is our switch from fossil fuels to renewables in all the many ways we power our transportation, our factories, our homes and our lives, asserts **Neil Macneale**, editor of **2-for-1 Stock Split Newsletter**.*

One of the side effects of this change will be an adjustment in the mix of natural resources we will need to make the energy conversion a reality.

To build the millions of electric motors, charging stations, etc., that will be coming, a dependable and greatly expanded supply of copper will be right at the top of the list of natural resources needed in the very near future. Toronto-based **PolyMet Mining** (PLM) is perfectly positioned to take advantage of this explosion in the demand for copper.

PolyMet — a favorite speculation for the coming year — is a mine development company that owns 100% of the NorthMet Project, the first large-scale project to have received permits within the Duluth Complex in northeastern Minnesota, one of the world's major, undeveloped mining regions.

NorthMet has significant proven and probable reserves of copper, nickel and palladium — metals vital to infrastructure improvements and global carbon reduction efforts — in addition to marketable reserves of cobalt, platinum and gold.

When operational, NorthMet will become one of the leading producers of nickel, palladium and cobalt in the U.S., providing a much needed, responsibly mined source of these critical and essential metals. Located in the Mesabi Iron Range, the project will provide economic diversity while utilizing the region's established supplier network and skilled workforce.

PLM is currently near the bottom of its 12-month trading range. A few permitting issues remain, making this, undeniably, a very speculative stock. However, in my opinion, pressure to increase responsible domestic production of copper, both from the market and from Washington, will soon push Polymet into production and profitability.

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Qualcomm (QCOM)

Jim Kelleher
Argus Research

*We believe **Qualcomm** (QCOM) is uniquely positioned to benefit as 5G goes mainstream, which is one of our key themes for 2022, states **Jim Kelleher**, an analyst with leading independent research firm, **Argus Research**.*

In a highly positive FY21, Qualcomm benefited from multi-year licensing agreements and Snapdragon processor sales to major Asian handset makers, as well as continued momentum with **Apple** (AAPL).

Although Apple may in time seek to use its own 5G modems to displace Qualcomm chips, that change is not imminent. And while chip sales to Apple are meaningful, the licensing agreement with Apple in our view is the more important revenue and profit contributor.

Qualcomm — which has been in near-constant litigation in the two decades we have followed the company — has put all or most legal issues behind and can focus on leading the 5G market in a multi-year rollout.

We expect 5G to be a huge market driver and profitable revenue opportunity for Qualcomm, which brings existing market strengths into a maturing 5G device market. The broad ramp-up of 5G handsets that began late in 2020 should continue to gather momentum into calendar 2022 and beyond.

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A Look Back at 2021's Top Performers

Jim Kelleher chose **Applied Materials** (AMAT) as his Top Pick for 2021. Here's his update on the stock — which rose 85% last year.

Applied Materials semiconductor solutions business in fiscal 2021 grew faster than the overall semiconductor industry. And order backlog rose to a record $11 billion, signaling that demand will remain robust long after supply aligns with demand. As digital transformation of the economy continues to drive strong secular demand for semiconductors, AMAT is seeing broad-based strength across its semiconductor operations.

Accelerating growth is being driven by secular transitions such as cloud and AI. Our blended valuation estimate is in the $220s, in a now steadily rising trend. Including the current dividend yield of about 0.7%, appreciation to our 12-month target price of $190 (raised from $155) implies a risk-adjusted total return greater than our forecast return for the broad market and is thus consistent with a “buy” rating.

Ramaco Resources (METC)

Tom Bishop
BI Research

*I think 2022 will be tougher going for the stock market than 2021; however, for the year ahead I think **Ramaco** (METC) has a lot of things going for it, explains small cap expert **Tom Bishop**, editor of **BI Research**.*

First off it is a miner of metallurgical coal used in making steel. Car production is currently down due to the chip shortage and a recovery there should further bolster steel prices which are not far from their recent record high prices. The infrastructure bill also will help.

Meanwhile the price of met coal has recently surged along with steel prices to as high as $400 a ton at the peak. The company produced and sold 2.3 to 2.4 million tons in 2021 and is forecasting a 32% increase in 2022 to ~3.1 million tons. It has already locked in pricing on 1.67 million tons at $196/ton, fob mine — and this is double the price it locked in for 2021 amidst a dismal market at the time prices for 2021 were locked in (fall 2020) due to COVID.

Meanwhile, analysts have made a very conservative assumption for the remaining 48% of production assuming an average price of $169/ton, given prices are still way over $300 now (and have been to $415).

Admittedly coal is a commodity and prices can fluctuate depending on what is going on, but I think prices will remain relatively high over the mid-term, and are currently sky high. So prices are likely to ease off some over time. But to $169 average for 2022 on the amount not locked in? Seems a bit harsh to me.

Meanwhile the company has plans to double production to 4.5 - 5 million tons over the next few years. And due to the high price or met coal it is likely to be able to easily fund this out of cash flow from operations.

Analysts currently project EPS growing from $0.94 in 2021 to $5.18 in 2022 even despite their conservative assumptions on pricing of the coal not locked in for 2022.That'll generate a lot of cash flow for expanding capacity. Sign of the times — the company just initiated a dividend of about 2%. There's a lot to like here for a stock currently trading around $13 and a forward PE of 2.5.

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A Look Back at 2021's Top Performers

Last year, **Tom Bishop** chose **Anavex** (AVXL) as his Top Pick for 2021. The stock rose 235% over the past year. Here's his latest update on the company:

After very encouraging results in a small Phase 2 study, Anavex's A2-73 Phase 2b/3 study in 500+ Alzheimer's patients was fully enrolled this spring and accordingly data from this 48-week study is due in H2 2022. The company is currently awaiting data from its second Phase 2 study in adults with Rett Syndrome at a higher dose.

The first Rett study reported surprisingly positive data given it was given to adults (with more entrenched disease) and the low dosage used in the initial study for safety reasons. The disease is so debilitating that many do not reach adulthood. A third Rett study in adolescents (the main target) is under way and due to read out in H2 2022.

Anavex is also proceeding with Parkinson's disease and Parkinson's disease dementia, with encouraging results so far and Anavex is planning its next phase trial. The consistency with which its lead compound A2-73 has

reported encouragingly positive results in *all* of its studies so far gives added reason for optimism here, though these diseases are notoriously hard to crack.

Approval of a drug from **Biogen** (BGEN) — which barely worked — sets a low bar for Alzheimer's, which is a huge $10 billion market opportunity for a drug that actually works. I still maintain my "Buy" on the shares for newcomers that can accept the risks involved here.

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Renaissance IPO ETF (IPO)

Kate Stalter
Cabot ETF Strategist

*Emerging growth stocks, as an asset class, underperformed high-growth tech in 2021. As such, I'm putting the "worst to first" strategy to work with my Top Pick for 2022, explains **Kate Statler**, editor of the newly launched advisory service, **Cabot ETF Strategist**.*

Renaissance IPO ETF (IPO) tracks the largest, most liquid, newly-listed U.S. IPOs. It faced some tough year-over-year comparisons in 2021, after more than doubling in price in 2020.

Last year, many of the portfolio's stay-at-home-friendly components, such as **Zoom Video** (ZM), **Crowdstrike** (CRWD) and **Cloudflare** (NET) were well-positioned for big gains. In 2021, it was down 10% as exuberance for some of those holdings waned.

The fact that many of these newly listed companies are not yet widely held allows for some potential asymmetry that savvy investors could benefit from.

The portfolio has a tilt toward large- and mid-cap stocks, so that limits volatility inherent in smaller companies, which could help smooth returns.

Here's where the "worst to first" concept comes in: Because so many of the recent growth IPOs, such as the three mentioned above, are currently correcting, there appears to be an opportunity for investors to scoop up shares at a lower valuation. That's especially true of recent IPOs with growing revenue, growing earnings or a combination of the two.

While many of these stocks have been volatile this year, these fundamentally strong companies will likely remain on institutions' radar, which lends itself to an optimistic medium-term view. If you're looking to get into newer companies in the early stages of multi-year run-ups, this ETF can be a way to express that investing viewpoint.

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Sabre Corp. (SABR)

Gordon Pape
Internet Wealth Builder

The best formula for finding potential outperformers is to look for quality companies that have been badly beaten down by events beyond their control. ***Sabre*** *(SABR) qualifies, big time, asserts* ***Gordon Pape****, editor of* ***Internet Wealth Builder****.*

Sabre is a software for services firm that powers the back end of many travel-related companies. These include airlines, airports, car rental companies, cruise lines, hotels, search engines, and online travel agencies.

Sabre's software is indispensable to its clients. It's a huge market, with the industry generating over $8 trillion annually when things are normal — which, of course, they have not been for two years.

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

All this is invisible to the public but essential to making sure the travel experience runs smoothly. So, when you phone or go online to book a hotel room you are likely using the Sabre central reservation system. Beyond the reservation platform, the company provides software that manages inventory, guest profiles, staffing, and payment systems.

The second area is centered around the airlines and travel agencies. Sabre provides the technology for mobile devices and all other platforms people use in their daily lives. This provides clients with data rich solutions, which are essential to remain relevant in a competitive marketplace like travel. If you use companies like Bookings.com and Expedia, they're both built on the Sabre platform.

Prior to the pandemic, the company's stock was trading north of $27 but it got crushed when travel suddenly ground to a stop, trading as low as $8 in March 2020. It then rallied when it appeared the vaccines had the coronavirus in retreat, only to be flattened again with the onset of omicron. As I write, its trading near its 52-week low, at around $8.50.

At some point, hopefully in 2022, the coronavirus will fade away, as happened with the Spanish flu a century ago. Tourism will return, airports will be jammed, cruise ships will be full, and Sabre's stock will soar once again. I think you're looking at upside of 100%+ here, but it will take time and patience.

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Sachem Capital (SACH)

Rida Morwa
High Dividend Opportunities

***Sachem Capital** (SACH) is mortgage REIT that specializes in originating real estate backed loans to commercial clients and house "flippers", observes **Rida Morwa**, income expert and founding partner of **High Dividend Opportunities**.*

Sachem Capital is a newer REIT that went public in 2017 and has rapidly grown. The stock — our Top Pick for more speculative growth — carries a gigantic yield of 8.2%.

Their key focus has primarily been on residential fix and flip properties with loans bearing interest rates of over 10% and durations of 1-3 years. SACH has strong conservative roots in its loan origination practices keeping loan-to-value levels below 70%.

So why is Sachem a top pick for 2022?

- First SACH is a bet on the housing boom in the United States.
- It invests in some of the best geographic location where real estate prices are soaring.
- The company has a proven ability for enormous growth. We expect over 25% share price growth and several dividends hikes too.
- SACH has inked a new credit line with Wells Fargo for 1.5% and a master repurchase agreement for 4%, cutting their cost of capital by over 50%. Furthermore, they have been very active in replacing their higher-cost baby bonds with lower-rate ones.
- All of this translates to more income falling to their bottom line.
- As a REIT, Sachem must payout 90% of their taxable revenue, the other 10% can go back to raise their book value per share. Sachem has also effectively grown this each quarter before their newly reduce cost of capital.

Housing stocks for new homes in the US are severely below demand. Older homes are being rapidly fixed and resold to buyers looking to own a piece of the American dream. Most of these companies do not want the long delays tied to the loan process of major financial institutions, this is where SACH fills a niche need.

Furthermore, SACH has exposure to Connecticut, Florida and Texas — all places with strong population growth or limited room to build new homes. There has been no lack of demand for SACH's loans, and their high dividend yield attracts investors to bid up their share price, as their earnings and therefore dividend grows so too will their share price continue to rise.

Sachem returned 49% in 2021 in share price value gain alone, smashing the market indexes, and we expect over 50% returns in the next two years strongly outperforming the market.

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A Look Back at 2021's Top Performers

Last year, **Rida Morwa**, editor of **High Yield Opportunities**, chose **NEWTEK** (NEWT) as his Top Pick for 2021. Here's his latest update on the company:

NEWT's upside is not the entire story. The stock went up by 49%, but you need to add the dividend paid

during the year to get an accurate performance. The dividend yield on NEWT was at 10% at the time of our recommendation, and NEWT managed to hike it during the year. The total returns were actually 65% (which is 49% plus 16%)

The Business Development Company lends and invest in small and medium size U.S. businesses. Investing in NEWT was effectively a bet on the recovery of the U.S. economy. I follow my belief that one should never bet against America, and NEWT plays a big role in keeping it going!

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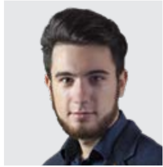
SFL Corporation Ltd. (SFL)

Nikolaos Sismanis
The Sure Analysis Research Database



*2021 was a fantastic year for dry bulk carriers and containerships. One company that we expect will adequately reward investors next year is **SFL Corporation** (SFL) which offers direct exposure to the marine industry, suggests **Nikolaos Sismanis**, contributing editor to **The Sure Analysis Research Database**.*

The company's primary businesses include transporting crude oil and oil products, dry bulk and containerized cargos, as well as offshore drilling activities. It owns 16 oil tankers, 22 dry bulk carriers, 35 container vessels, six car carriers, one jack-up drilling rig, two ultra-deepwater drilling units, two chemical tankers, and two oil product tankers.

We like SFL because while the company has a sizable exposure to time charters that provide more stable cash flows, it also has plenty of exposure in the spot market, which should boost its performance during favorable market conditions.

SFL Corp.'s performance has been somewhat volatile in the past, while the company was forced to cut its dividend during the pandemic. That said, the company seems to be now very well-positioned to deliver to shareholders.

The company has successfully committed close to $850 million towards accretive investments so far this year, whose benefits already appear in the bottom line. Moving towards 2022, dry bulk rates remain healthy, which along with the SFL's acquisitions and resilient contracted backlog, should also help grow profitability.

Its recent dividend hike by 20% to a quarterly rate of $0.18 should reassure investors that this is indeed the case. SFL yields a sizable 8.9% at the stock's current levels, while the payout ratio should stand at around 75% based on our earnings projections for the year.

We believe that the company is set to grow its earnings at a modest rate in the medium term and potentially further grow the dividend in the coming years. Powered by its hefty dividends and the prospects for humble but respectable growth ahead, we believe that SFL is quite likely to outperform in 2022.

Due to the majority of investors' total returns set to be sourced through the dividend, the overall predictability of SFL's investment case is rather strong as well.

While we think the dividend's coverage is quite adequate, however, investors should mind SFL long-term debt/equity ratio, which currently stands at 221%. That said, SFL has been deleveraging amid frequent debt repayments over the past few years, which should strengthen the balance sheet as we advance and reduce risk in that regard.

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Snowflake (SNOW)

Mike Cintolo
Cabot Growth Investor

Snowflake *(SNOW) is a relatively new issue (public for 14 months) with a massive valuation ($101 billion market cap equals 50 times next year's revenue estimates) that's had a big run since May, asserts* ***Mike Cintolo****, editor of* ***Cabot Growth Investor****.*

Growth (and especially technology) stocks had been a hot mess toward year-end, and thus, you'd think this stock would be circling the drain — but it's not. Instead, it is holding up relatively well thanks to what appears to be a one-of-a-kind story: The firm has what looks to be a breakthrough when it comes to data storage, sharing and usage across big organizations.

Right now, so much of a firm's ever-growing amount of data is split up and hard for some to access, and that's doubly true when using data from vendors or partners, with data having to be extracted, "cleaned" and then loaded — creating these "data pipelines" is hard, costly and even if they work, are inefficient.

But Snowflake makes it all seamless, with an architecture and access controls that allows the right people, departments and clients to see the data they need when they want; data is live and can be queried at any time, with no need for scrubbing, security or uploading. (There's even a database marketplace within the platform, with more than 100 data sets able to be accessed by Snowflake customers.)

To me, the big idea here is that Snowflake has created something that's not just a better mousetrap, but has extremely powerful network effects (the more that use it, the more valuable the platform will be) — and when you throw in the firm's consumption-based business model (the more data you store/share/use, the more you pay), it means growth should be rapid for many, many years as multi-national firms sign up and expand their usage.

Indeed, the numbers here are hard to beat: Snowflake has had many quarters in a row of triple-digit revenue growth (one of the best stock picking criteria in our system), while remaining performance obligations (all the money under contract due to eventually be received) were up 94% in Q3, while total customer (5,416, up 52%) and seven-figure customer (148, up 128%) growth has been great.

The stock approached its old post-IPO highs before getting dented with the market, but my bet is that its latest correction will result in a fresh new launching pad; SNOW has all the makings of a stock that institutional investors will pine after.

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Starbucks (SBUX)

Keith Fitz-Gerald
Five with Fitz

*I like to find and buy the world's best companies, ideally when they've been kicked to the curb and otherwise left behind; this is often a deceptively simple and secure path to profits, says **Keith Fitz-Gerald**, growth stock expert and editor of **Five with Fitz**.*

I think **Starbucks Corporation** (SBUX) could be one of the great sleepers this year for a few reasons. First, omicron or not, people around the world have had it with being cooped up. Many want to go out and they want a little luxury when they do. Paying $6 to $8 for flavored water goes a long way towards making that a reality.

Second, Starbucks excels at growth. Not surprisingly, that's where management intends to take things in 2022. Margins will suffer given supply chain problems or so goes conventional wisdom but that's a ruse best left to other investors who can't see past the limits of their own thinking.

Some 70%-75% of growth will come from newly opened international locations where margin pressures are less severe. Further, Starbucks margins on ready-made-products including those sold to Keurig fans and via Costco may be 50% or higher. Growing those business segments will further boost profits.

Starbucks has raised dividends for 11 consecutive years which means that the company is arguably a "blue-chip" in disguise. Not the growth player most people think it is.

Third, Starbucks knows how to attract and keep customers better than almost any other company on the planet. Most Starbucks buyers are repeat customers. Management has prioritized customer reward and loyalty programs and that's reflected by 24.8 million card-carrying, coffee guzzling, pastry munching folks who account for more than 50% of all money spent in Starbucks stores.

At the same time, management estimated last month that holiday spending could result in another $3 billion added to gift cards but I think the real figure could be $4-$5 billion by Q1 2022 which is significant considering that 10% may never get spent!

Banks wish they had it this good. Customers deposit in cash but withdraw in coffee. My target is $140 within the next 12-24 months.

Action to Take: Buy under $110 and on additional weakness. Anything under $100 is a steal like it was last February but the markets may not present that opportunity again. *(Disclosure: Keith Fitz-Gerald owns and trades shares of both Starbucks as do members of his family.)*

Subscribe to Five with Fitz here...

Stem Inc. (STEM)

Todd Shaver
Bull Market Report

One of the leading contenders in the energy storage space, ***Stem Inc.*** *(STEM) remains largely unknown, having spent a decade as a private holding before tiptoeing onto Wall Street via SPAC last April, explains* ***Todd Shaver****, growth stock specialist and editor of* ***Bull Market Report****.*

We don't mind the stealth. The company's moment has finally arrived. Stem — a Top Pick for more aggressive investors — offers proprietary AI-enabled software that it sells bundled with third-party hardware to provide what amounts to "battery as a service" to renewable power generation projects and other industrial customers.

The software is the key to efficiency, effectively creating a smarter internal grid that supports increasingly crucial applications like electric vehicle fleet charging and managing solar-powered big box stores.

With over 950 deployments so far (including 40 leading utilities), every new deployment deepens the competitive moat and tightens STEM's grip on its market.

Word of mouth is spreading: While this is still an emerging enterprise, bookings currently run above a respectable $100 million a quarter and at this growth rate breakeven could come by the end of the year.

At that point, the world belongs to STEM...provided it doesn't get bought out. With global battery storage capacity expected to rise 25 times by 2030 as $1.2 trillion in potential investments in integrated storage systems comes online, this company has massive secular tailwinds behind it. If you're looking for a green opportunity, STEM has the potential to become something truly special.

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SunPower (SPWR)

Kirk Spano
Fundamental Trends Investment Letter

My top alternative energy stock for 2022 is ***SunPower*** *(SPWR), a financially well-backed company, asserts* ***Kirk Spano****, editor of* ***Fundamental Trends Investment Letter*** *and a Registered Investment Advisor with Bluemound Asset Management, LLC.*

We first invested in SunPower stock at single digit prices as they shifted their approach from manufacturing to Distributed Generation of solar energy. The first step in our investment process is to identify secular trends.

The clean energy transition is in full effect! The EIA is reporting that over 90% of new electricity generation in America is now from renewable sources. They expect over 60% of that to be from solar in coming years as it takes the lead from wind. The International Energy Agency is reporting similar with 50% growth rates.

SunPower, which is majority owned by **TotalEnergies** (TTE) — one of the oil supermajors — sees a 10x plus total addressable market opportunity. I believe they are being conservative.

SunPower focuses on the residential and commercial solar, battery and energy management business. They are no longer commoditized panel manufacturers.

In the medium and long-term, residential solar is a great growth generator for SunPower. Their partnership with **Enphase** (ENPH) makes them a leader here. In the short-term, the numbers are growing with 14.3K new customers in Q3 2021 with 58k in the pipeline including multi-family.

The residential play will take time to develop as more new constructions install solar, particularly in California. Investors should not expect massive installations on existing homes though, especially in cities, as site lines, structures and financial resources will only support a portion of that market.

In the short-term, the light commercial space is a massive opportunity. It is rapidly expanding and SunPower has a growing backlog of business. The simplest way to think about this market, in an era of tax incentives and an ability to lower energy costs, companies with buildings that have flat roofs or parking lots are a huge market.

The company has also been selected for the DOE's grid services demonstration project. I expect that SunPower's penetration into microgrids will be significant. Think industrial parks. Energy management and distribution at below utility scale is poised to grow rapidly in coming years as the grid decentralizes. Another step in our process is to analyze government policy.

Clearly, SunPower is on the right side of government policy, just like many other industries. Tax incentives to move towards solar and clean energy are large and long-term. I believe we might see more laws requiring certain buildings to include solar and energy management systems, like California.

Fundamentally, the company is slightly profitable and that is improving as EBITDA improves alongside the company's growth and declining cost structure with scale. SunPower is on the verge of free cash flow generation.

Delays brought on by Covid and some collection issues have held back broader profitability, but that should remedy soon. Cash on the balance sheet is over $500 million providing security against volatility. Analysts have been revising estimates upwards. These are the catalysts that investors should look for to generate true alpha.

Market conditions, Covid and execution risks can certainly send shares down short-term. I would view any dip in SunPower shares as an opportunity to increase holdings or scale in if you don't own any. Millennials have taken

an interest in the stock, which is very important for future share price.

I have a 3–5-year price target on SunPower of $125 based on a future market cap of around $25 billion and 200 million shares outstanding.

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Toyota (TM)

Neil Macneale
2-for-1 Stock Split Newsletter

*The worldwide transition from internal combustion engine powered to electrically powered vehicles is well underway, suggests **Neil Macneale**, editor of **2-for-1 Stock Split Newsletter**.*

Toyota Motor Corp. (TM) — a favorite conservative idea for 2022 — has recently announced it is raising its investment in electric vehicles and doubling the number of electric vehicle (EV) models it plans to release by 2030, a bold move that could positively affect its green credentials in the long term.

Toyota said it aims to sell 3.5 million EVs a year globally by 2030, as part of its plan to build momentum in its push to reduce carbon emissions. Toyota also said it would launch 30 new EV models globally by 2030.

With this announcement, the world's second largest car manufacturer — by sales — doubles its number of new planned EV models. The previous plan proposed 15 models by 2025.

It should be remembered that Toyota came out with the Prius hybrid over 20 years ago; long before the auto industry even paid lip service to becoming more environmentally responsible.

The Prius broke new ground in the engineering of hybrid drive trains and is an example of the cutting-edge technology Toyota brings to the table. Beyond hybrids, plug-ins, and all-electrics, Toyota already has a jump on the industry in the development of hydrogen powered fuel cells to eventually replace the batteries in our electric vehicles.

Toyota is the world's second largest car company after **Volkswagen** (VWAGY). Toyota Motors announced a 5-for-1 split in Japan back in May, 2021. TM has solid numbers — good price-to-earnings and price-to-book ratios, a dependable 3.5% dividend, and a very low Beta.

Compared to **Ford** (F) and **General Motors** (GM), Toyota has a stronger balance sheet, is more profitable, and is less volatile. Toyota has almost all the characteristics I look for in our 2 for 1 Index stocks.

TM trades on the NYSE utilizing the mechanism of American Depositary Receipts (ADRs). Mellon Bank of New York handles the ADRs for Toyota and put out an announcement on 9/3/21 that it was adjusting its ratio of TM common stock from 1 ADR to 2 ordinary shares to 1 ADR to 10 ordinary shares.

In other words, traders in Japan would see a 5 for 1 split of TM's shares, while traders in the USA would see no change at all in the price or number of ADRs in their account. It was probably for this reason that little to no attention was paid to Toyota's 5 to 1 split in the USA.

However, the motivation for TM's board of directors to split the shares in Japan would be the same as that for any American board of directors. The signal provided by the split in Japan, and the lack of a market reaction, leads us to believe the market is not fully appreciative of the probable outperformance of TM over the next few years.

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TreeHouse Foods (THS)

Bruce Kaser
Cabot Turnaround Letter

***TreeHouse Foods** (THS) — which operates in the private label food business — is my top speculative idea for the coming year, notes **Bruce Kaser**, editor of **Cabot Turnaround Letter**.*

As a major contract producer of private label foods, TreeHouse has struggled with poor execution and elevated debt resulting from its acquisition-driven strategy. While the private label food industry has continued to grow, TreeHouse's results have continued to sag.

Efforts starting in 2016 to improve its inefficient operations, including divestitures and the replacement of the original CEO in March 2018, have proven only modestly effective.

The shares are 60% below the 2016 peak, and now trade only modestly above the 2005 spin-off price. Nevertheless, the company remains profitable and generates reasonable free cash flow.

While third quarter results were dreary, as expected, demand for TreeHouse's products is ahead of its production ability, and consumers appear to be incrementally shifting back to the lower-priced store brands that TreeHouse produces. Also, the margin squeeze from higher costs will increasingly be offset by better pricing.

Critical to our thesis, respected activist investor JANA Partners has steadily built a stake, now at 9.2%, and holds two board seats. Their standstill agreement expired on December 15, so it is likely that JANA will step-up its pressure to either sell the company or change its strategy and leadership. Trading at only 9.6x estimated 2022 EBITDA, the shares offer considerable upside.

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A Look Back at 2021's Top Performers

Bruce Kaser chose two excellent performers last year, including one that gained over 200%. Here, he offers updates on his Top Picks for 2021.

We first recommended **Signet Jewelers Ltd.** (SIG) in September 2019. Under Gina Drosos — who became CEO in August 2017 — the company not only adeptly navigated the pandemic, it has also moved into the vanguard of jewelry merchandising, retailing and e-commerce. The credit issues were fully resolved, the balance sheet is now "fortress-like" and Signet is generating strong free cash flow.

The stock — which we chose as our Top Pick for 2021 — gained 211% last year. We moved the shares to a Sell in early November of 2021 at just over $104 as the risk/return trade-off became unfavorable, for a 505% total return since the position's inception.

If its fundamental strength continues, Signet could see its shares continue to surge. With its $4.6 billion market value and strong balance sheet, a private equity company could easily acquire Signet, likely at a high premium. As such, we suggested that shareholders consider keeping a stub position that could participate in any further price gains.

Wells Fargo & Company (WFC) — our conservative Top Pick for 2021 — rose 63% last year. In mid-2020, when we initially recommended WFC shares, investors were worried about potentially sharply higher credit losses due to the pandemic-driven economic shutdown. We were encouraged by the efforts of new CEO Charles Scharf to aggressively restructure the bank's operations.

Through 2021, the bank's credit losses remained remarkably low while CEO Scharf continued to execute on his turnaround strategy. Like all banks, Wells is struggling with low interest rates and limited loan growth as well as the regulator-imposed cap on its asset size. But the better financial results led to rising confidence in the bank's future, driving the shares higher for the year.

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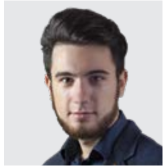
Triton International (TRTN)

Nikolaos Sismanis
The Sure Analysis Research Database



*The transportation hurdles and supply chain crisis created by the ongoing COVID-19 pandemic combined with boosted e-commerce sales growth and the appetite for faster deliveries contributed to chartering and spot rates surging, explains **Nikolaos Sismanis**, contributing editor to **The Sure Analysis Research Database**.*

Despite signs of a potential improvement through 2022, rates still hover 500% higher than their historical average, meaning that companies in the space are literally printing cash. However, the industry can be very cyclical in the long term. Hence, one of our top picks is **Triton International** (TRTN).

The company is a "picks and shovels" play in the booming containership space that is not only benefiting from the ongoing landscape but also featuring qualities that protect investors' from the industry's uncertainty factor.

Triton International is the world's largest lessor of intermodal containers. Triton's total fleet consists of 4.2 million containers and chassis, representing 7.1 million twenty-foot equivalent units. The company has been able to post quite stable revenues, and consequently, earnings-per-share over the years.

With demand exceeding supply, the company's average remaining duration on the containers ordered in 2021 is 13 years, extending the remaining term lease on its total portfolio to 59 months. Due to the majority of its leases (over 70%) being under long-term contracts, the company's financials are essentially guaranteed to remain resilient even under a potentially challenging trading environment in the medium term.

Triton has been growing its dividend annually since its merger in 2016, and the latest dividend increase by 14% was certainly impressive. Further, management has been executing very beneficial stock repurchases, boosting investors' total returns, especially whenever shares have traded at a discount. Triton has purchased over 14.5 million common shares since the inception of its buyback in August 2018, reducing its share count by around 17.4% during this period.

Based on our expectations for the company to post FY2021 adjusted EPS of around $9.00, Triton stock's P/E stands at around 6.55 at its current price. Hence, we don't just find the stock very attractively priced, but the ongoing stock repurchases should further meaningfully reduce Triton's share count at the stock's present levels.

Combining the possibility for a reasonable valuation expansion, Triton's 4.41% dividend yield, and stock buybacks, as well as our expectations for solid earnings and dividend per share growth, we believe that the stock is quite likely to outperform in 2022.

We also believe the company is well-positioned to deliver double-digit returns in the medium term on an annualized basis. Due to Triton's fantastic cash flow visibility in the coming years and discounted valuation, investors are also subject to a noteworthy margin of safety regarding Triton's overall investment case too.

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Unitil Corp. (UTL)

Kelley Wright
Investment Quality Trends

*Yes Virginia, **Unitil Corp.** (UTL) is a utility holding company serving New Hampshire, Massachusetts and Maine, notes **Kelley Wright**, blue chip investing expert and editor of the dividend-oriented advisory service, **Investment Quality Trends**.*

What? The Dow Jones Utility average is overvalued on a dividend yield basis and the utilities have had one hell of a run. Yeah, I get all that, but the numbers don't lie.

When you look at the chasm between economic earnings of over $60 per share and reported earnings of $3.30 per share, guess what? The market is vastly underpricing this stock.

At IQ Trends we divide our universe of stocks into four categories. Undervalued is the historically repetitive area of low-price/high-yield and our traditional buy area.

A stock enters a Rising Trend when it has moved 10% above Undervalued and is traditionally our hold area, although we will occasionally dip into this area, such as with UTL, when we think it is a compelling buy.

Historically, UTL is Undervalued at a dividend yield of 4.40%, which based on the current dividend of $1.52 equates to around $35 per share. Trading recently in the mid-$40's the stock is technically in what we call a Rising Trend, and per our methods we wouldn't pay over $38.50, but this is one instance where we think you will be just fine.

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Unity Software (U)

Jason Williams
Wealth Daily

*I'm going a little speculative with my conservative pick for 2022; it's really more volatile than speculative, though, so I feel like it's still a good fit, suggests **Jason Williams**, managing editor for **Wealth Daily**.*

The metaverse — in some form or another — is coming. It may seem like a fantasy now, but so did the internet and social media. And so did personal computers back in the 1980s. So did smartphones a decade or so back.

Literally every new technology seems like something out of science fiction when it first appears in the mainstream conversation. But here you are reading an article on the internet that I shared on my social media account. And we're both doing it from personal computers or smartphones.

What I'm getting at is that just because something seems far-fetched doesn't ever mean it won't become a reality. And as an investor, you can't ignore new technology trends just because they seem foreign to you. Otherwise you miss out on those life-changing gains.

So we're paying close attention to the developments around the metaverse and we're investing accordingly. But some of our best gains in the past have come from "pick-and-shovel" plays.

So, my conservative pick is a company that's not trying to create a metaverse of its own, but instead is providing the technology everyone else needs to develop theirs. It's new to the stock market after executing a merger with a special purpose acquisition company in 2020. And it's called **Unity Software** (U).

Unity is a powerhouse that's already used by thousands of developers to create games, animation, even movies. Its big revenue driver is what's known as a "creation engine." Aside from video game development, that engine is used in big Hollywood productions to reduce costs and production times.

It allows producers to shoot and edit digital special effects in real time. That reduces costs drastically and also cuts down on the amount of time it takes to shoot a whole series or feature film from a matter of months to a matter of days.

And it's already led Unity to a massive $40 billion market cap. But I'm convinced that's only the beginning. As the metaverse continues to develop and gain adoption, Unity Software could become a $1 trillion company. But that's going to be a long process and it's going to lead to volatility in the shares.

So that's what makes Unity a little "speculative" in my opinion. It's pretty much guaranteed to be a bumpy ride to the top. But it's size and long list of impressive customers makes it more conservative and a good fit for my 2022 top pick.

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Unity Software (U)

John Gardner
Blackhawk Wealth Advisors' Market Insight

Think metaverse; the opportunity is monetizing interactive, real-time 3D content (RT3D). ***Unity Software*** *(U) enables RT3D and is the metaverse stock to own, explains* ***John Gardner****, editor of* ***Blackhawk Wealth Advisors' Market Insights****.*

Unity Software is the world's leading platform for creating and operating interactive, real-time 3D (RT3D) content. Creators, ranging from video game developers to artists, filmmakers, and others, use Unity to make their imaginations come to life.

Unity's platform provides a comprehensive set of software solutions to create, run and monetize interactive, real-time 2D and 3D content for mobile phones, tablets, PCs, consoles, and augmented and virtual reality devices.

In November 2021, Unity acquired Weta Digital, the premier creator and innovator of visual effects and animation. Weta Digital's technology made it possible to produce high-quality, award-winning movies like *Avatar, Game of Thrones, Lord of the Rings, Planet of the Apes,* and more.

The merger will allow Unity to empower the growing number of game developers, artists, and potentially millions of consumer creators with highly sophisticated content creation tools and a cloud-based Software as a Service subscription model.

Unity believes its technology could provide a foundation for the coming metaverse. I believe Unity is a timely stock to own in the current investment universe.

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Upstart (UPST)

Todd Shaver
Bull Market Report

After its IPO almost exactly a year ago, ***Upstart*** *(UPST) rallied 1900% to an all-time high of $401 in October. Having fallen to around $120, it feels like many people on Wall Street have given it up for dead. That's the kind of opportunity we like to capture, suggests* ***Todd Shaver****, editor of* ***Bull Market Report****.*

Yes, Upstart — a relatively conservative favorite for 2022 — clearly got a little ahead of itself in an environment where the Fed made sure everyone had free money to burn. But the company is more than a figment of the COVID era. It was expanding fast before the lockdowns and we doubt the pandemic really accelerated its disruptive trajectory.

If anything, revenue capture in key consumer finance segments like auto loans might have actually slowed down in the viral shocks. Either way, UPST is now booking more revenue in a single quarter than it did in the entirety of fiscal 2020 and turns about 25% of it into good old EBITDA.

The number of banks using its technology rippled in the past year. So did revenue and profit. Given that growth rate and those margins, we don't consider the stock expensive at all, even in a non-zero-rate world. Neither did backers like Mark Cuban, Eric Schmidt, Vinod Khosla and Marc Benioff.

The secret weapon here is completely automated loan approval driven by Big Data, effectively starting the process where conventional credit scores give up. FICO beware! We're hearing that many banks are abandoning the old score-driven process entirely.

With massive predictive datasets getting more accurate all the time, an expansive business model and economies of scale starting to kick in, UPST has a bright future ahead.

The company has a clean balance sheet with $1 billion in cash to cover $720 million in debt and a small but fast-growing customer base of banks that love the technology. UPST isn't going away. And when Wall Street is ready to embrace disruption again, we'll be here waiting for the next run to $400 and beyond.

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Verano Holdings (VRNOF)

Timothy Lutts
Cabot Marijuana Investor

Verano Holdings *(VRNOF) is the fifth-largest of the vertically integrated multi-state operators in the cannabis business in the U.S., notes* ***Timothy Lutts****, editor of* ***Cabot Marijuana Investor****.*

The stock — a favorite idea for aggressive investors — is also the only one of the five that was still growing at triple-digit rates in the third quarter of 2021; revenues were $207 million, up 106% from the year before.

The company is also notable for having stronger adjusted EBITDA margins than its competitors, thanks to careful vertical integration, which provides the ability to self-fund expansion, unencumbered by the sale leasebacks so many competitors use — often with **Innovative Industrial Properties** (IIPR), my conservative Top Pick for 2021 that is still doing well.

And, Verano is notable for being the youngest stock among the top five (it only came public in April), so there are a lot of potential buyers who will discover the stock once the sector turns up again.

Headquartered in Chicago, Verano has 93 retail locations in 15 states (with over 100 more planned) as well as 12 cultivation and production facilities.

The company's main brands are Verano (flower, pre-rolls, vapes and concentrates), Encore (gummies, hard candies, mints and chocolates), Avexia (the company's medicinal brand, blending THC and CBD to alleviate pain and discomfort), Zen Leaf (retail dispensaries) and MÜV (medical dispensaries).

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Verizon (VZ)

Prakash Kolli
Dividend Power

U.S. telecom company ***Verizon*** *(VZ) is a Top Pick for 2022, especially for those seeking income; its mobile network is the largest wireless carrier in the United States, with about 121 million subscribers, explains* ***Prakash Kolli****, editor of* ***Dividend Power****.*

Verizon's cellular network serves over 91 million post-paid, 4 million prepaid, and 25 million data customers. Additionally, the company recently acquired Tracfone, adding another 20 million prepaid customers.

Verizon also owns the FiOS fiber network and has about 25 million fixed-line connections in the Northeast US. Verizon has an online media group from the acquisitions of AOL and Yahoo, which it may sell. Total revenue was $128,292 million in 2020 and $134,238 million in the last 12 months.

The company has performed relatively well during COVID-19 since consumers and businesses still require cellular and broadband services. In addition, demand from the work and play from home trend is still elevated, and more companies are moving to a hybrid work model. This change should keep demand for cellular and broadband services higher.

However, Verizon is one of the companies with a negative return (-7.0%) year-to-date in the Dow 30. The company faces increasing competition from cable companies trying to sell cellular service in limited areas and a refocused **AT&T** (T).

Notably, cable companies are now bidding at C-band spectrum auctions. Competition is also intense in broadband, where Verizon's FiOS service overlaps with cable companies.

One risk is Verizon's debt position was relatively conservative but is rising due to spectrum purchases. As a result, total debt has increased to ~$179 billion, and net debt is ~$168.8 billion. However, interest coverage is still about 8.9X, and the leverage ratio is 3.0X.

Despite the challenges, Verizon is positioned for growth. The company is rolling out its 5G offerings, including the faster mmWave technology called the 5G Ultra Wideband. Additionally, the company plans to roll out its C-band service after buying spectrum. In addition, Verizon is launching a fixed-wireless service that combines its fiber and latest wireless service.

Verizon's dividend is secure with a payout ratio of about 48%. The stock is yielding approximately 4.9%, higher than the average in the past 5-years, making it attractive to investors seeking income. Verizon is undervalued, trading at a price-to-earnings ratio of ~9.7X versus an average of about 13X in the past decade. Investors are getting a deal, and I view the stock as a long-term buy.

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Viatris (VTRS)

Ben Reynolds
Sure Dividend

***Viatris** (VTRS) — a growth-oriented idea for 2022 — is a relatively new health care company. It was formed in November of 2020 in a merger between Mylan and Pfizer's Upjohn business unit, explains **Ben Reynolds**, editor of **Sure Dividend**.*

The company is currently trading with a $16 billion market cap. Viatris operates in 3 business segments: Brands, Complex Gx & Biosimilars, and Generics. The Brands segment markets the company's well-known products, which include Viagra and Dymista.

The company reported Q3 2021 earnings on November 8th, 2021. Viatris' management issued full fiscal 2021 guidance of (all numbers at the midpoint of guidance):

• $17.8 Billion in revenues
• $6.4 Billion in adjusted EBITDA
• $2.5 Billion in free cash flow

We expect adjusted earnings-per-share of $3.80 in full fiscal 2021. This means that Viatris is currently trading for very low valuation multiples of (all valuation numbers below use expected fiscal 2021 numbers):

• 0.9x Revenue
• 2.5x Adjusted EBITDA
• 6.4x Free cash flow
• 3.6x Adjusted earnings-per-share

Viatris looks incredibly cheap based on its valuation multiples. This may be due to unwarranted selling pressure that often occurs with spin-offs.

Another potential reason for the company's modest valuation is likely its high level of debt. Viatris currently has $19.9 billion in long-term debt on its books. But the company is actively deleveraging; long-term debt was $22.4 billion at year end 2020.

The company's management has proactively repaid $1.9 billion in long-term debt so far in fiscal 2021 and plans to repay $6.5 billion by 2023. The company's aggressive deleveraging is made possible by its strong free cash flows.

Viatris looks very interesting from a total return perspective. The downward pressure on the security will likely be reduced as the company continues to deleverage. We believe Viatris will command a significantly higher price-to-earnings ratio over time.

A fair value price-to-earnings ratio of 7.0 is a conservative target. This implies 95% upside from current prices. And, Viatris pays a quarterly dividend of $0.11/share. This dividend is well covered by cash flows and gives shareholders a healthy 3.2% dividend yield at the current depressed share price.

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A Look Back at 2021's Top Performers

Last year, **Ben Reynolds** chose **Home Depot** (HD) as his Top Pick for 2021. The stock rose 56% over the past

year. Here's his latest update on the company:

Through the first 9 months of fiscal 2021 (the most recent results for the company) versus 2020, revenue is up 15.6% and diluted earnings-per-share are up 32.7%. With strong business momentum, we see continued growth ahead for Home Depot.

While Home Depot should continue to post strong business results, the share price has grown even faster than the underlying business. As a result, we see Home Depot as somewhat overvalued currently. Our fair value target is $341 for this high quality dividend growth stock, while shares are currently trading at $415. This is why Home Depot isn't one of my top picks for 2022 as well.

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Visa (V)

Ingrid Hendershot
Hendershot Investments

***Visa** (V) is a favorite investment idea for the coming year, suggests **Ingrid Hendershot**, a value-oriented, "Buffet-style" money manager and the editor of **Hendershot Investments**.*

The company's journey began in 1958, the year Bank of America launched the nation's first consumer credit card program. International expansion followed in 1974 and, in 1975, Visa issued the first debit card.

In 2007, regional businesses around the world were merged to form Visa, Inc. — a name chosen because it sounds the same in all languages. In 2008, Visa went public in one of the largest initial public offerings (IPOs) in history.

Today, Visa facilitates digital payments across more than 200 countries processing 164.7 billion transactions in fiscal 2021. Visa cards issued top 3.7 billion, including 1.16 billion credit cards and 2.56 billion debit cards.

Visa generates revenue by facilitating transactions through its four-party payment "railway" which includes Visa, the card-issuing financial institution or credential-issuing fintech, the merchant and the merchant's bank.

Visa collects minute slices of each transaction as fees through services, data processing and international transaction revenues. During the fiscal year ended 9/30/2021, most of Visa's revenue was generated through these three streams.

As the payment industry continues to evolve, Visa faces challenges from both disruption and regulatory risks, including anti-trust actions, government mandated fee caps and creation of alternative payment networks by governments and central banks. Visa also faces pressure from large merchants like **Amazon** (AMZN) to reduce fees.

However, given Visa's dominant global position with its payment network infrastructure and sizable cost advantages, its trusted and reliable brand and management's focus on innovation through self-disruption, Visa will likely continue to lead and benefit from the strong secular trend toward digital payments.

Visa generated healthy growth during the past five years with revenues compounding at a 7% annual rate as net income grew at a 16% annual pace and EPS increased at a 19% clip.

The highly scalable nature of Visa's payment infrastructure along with its inherent cost advantages enable the firm to consistently deliver net profit margins hovering around 50% and returns on shareholder equity exceeding 30%. For fiscal 2021, Visa's revenue increased 10% to $24.1 billion with net income charging ahead 13% to $12.3 billion and EPS up 15% to $5.63.

Visa maintains a strong balance sheet thanks to the company's excellent free cash flow generation that has compounded at a 14% annual rate during the past five years. This enables the company to invest in the business, return cash to shareholders and acquire new, potentially disruptive platforms.

During fiscal 2021, Visa returned $11.5 billion to shareholders through dividends of $2.8 billion and share repurchases of $8.7 billion at an average cost per share of $219.34.

Building on its history of increasing dividends annually since its IPO, Visa recently announced a 17% dividend increase to $1.50 per share. In June, Visa agreed to the $2.2 billion acquisition of Tink, a leading open banking platform in Europe that enables banks and fintechs to develop data-driven financial services and person-to-person transfers.

Visa also plans to acquire Currencycloud, a global platform that enables banks and fintechs to provide currency exchange solutions for cross-border transactions. Investors seeking to bank long-term returns should consider stuffing their wallets with shares of Visa, a high-quality global leader with profitable growth and robust cash flows.

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Visa (V)

Timothy Lutts
Cabot Stock of the Week

***Visa** (V) — a conservative pick for 2022 — was hit hard in October after the company released a disappointing quarterly report, recalls **Timothy Lutts**, editor of **Cabot Stock of the Week**.*

The stock was then hit again in November after **Amazon** (AMZN) announced it would stop accepting Visa credit cards issued in the U.K. starting in late January 2022. By the start of December, this one-two punch had knocked the stock down 25% from its high — and that was bargain basement territory for one of the largest payments companies in the world.

To be clear, Visa does not issue credit cards; banks do that — and assume the risk. Visa simply processes transactions, and takes a cut, just like a middleman in any business. But in the global payments industry, true competitors are few and far between. Visa is here to stay. And the stock yields 0.7% too!

On the positive side of the ledger is one huge trend, the trend toward cashless digital transactions. This trend, of course, is well advanced in developed countries; Visa provides services in more than 200 countries and in over 160 currencies. But in developing countries, there is still huge progress to be made, and there's no question Visa will be there.

On the negative side, this is competition building from cashless payments technologies — including cryptocurrencies — that bypass the traditional networks developed by Visa, but such competition is still very small, and I have little doubt that when management thinks it's worth their trouble, they will delve into this area as well.

The numbers look fine. In the latest quarter, revenue was $6.6 billion, up 29% from the prior year and up 7% from the prior quarter, while earnings per share hit $1.62, up 45% from the prior year and up 9% from the prior year. Going forward, the average analyst sees earnings growing 19.3% next year and 17.7% over the next five years. This is a very predictable stock (with the exception of the occasional shock like the two the stock recently received).

But that's made the stock a bargain, so this is your opportunity.

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Walt Disney (DIS)

Chuck Carlson
DRIP Investor

For 2022, my top contrarian pick in the Dow Industrials is ***Walt Disney*** *(DIS). The stock was the worst-performing stock in the Dow in 2021, observes* ***Chuck Carlson****, dividend reinvestment specialist and editor of* ***DRIP Investor****.*

Disney has been hurt by a litany of problems:

- Wall Street has soured on these shares a bit due to a slowdown in growth in the company's streaming business.
- Media and entertainment stocks have been out of favor on Wall Street, as investors seem concerned about the lingering impact of Covid on operations.
- Wall Street seems underwhelmed by the company's relatively new CEO, Bob Chapek. In fact, rumors are starting to surface that Robert Iger, the former CEO, could be coming back to run the company. Admittedly, I am skeptical that you'll see such a move, but the fact that these rumors are being floated indicates that folks aren't sold on Chapek.

To be sure, while the last year has been a bit unfriendly to investors, Disney still has a lot in its favor, such as strong brands and an enviable ability to monetize its various content and entertainment assets. Theme parks and resorts are clearly on a recovery path that should continue in 2022.

And the company's filmed entertainment business should strengthen as more people return to the theaters. And the company's streaming business, which was bound to see a growth slowdown after its supercharged start, represents a significant growth avenue for the long term.

Taken all together, Disney still offers a lot to like for investors who are willing to look past some of the near-term headwinds. I think the stock is set up for a nice rebound in 2022 and regard it as a high-quality contrarian pick.

Please note Disney offers a direct-purchase plan whereby any investor may buy the first share and every share directly from the company. Minimum initial investment is $200. The firm will waive the minimum if an investor agrees to automatic investment via electronic debit of a bank account of at least $50. The plan administrator is Computershare (www.computershare.com).

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Wheaton Precious Metals (WPM)

Peter Krauth
Silver Stock Investor

*It's rare to find one stock that has it all. Well, here's one that has size, safety, yield and growth: **Wheaton Precious Metals** (WPM), asserts **Peter Krauth**, editor of **Silver Stock Investor**.*

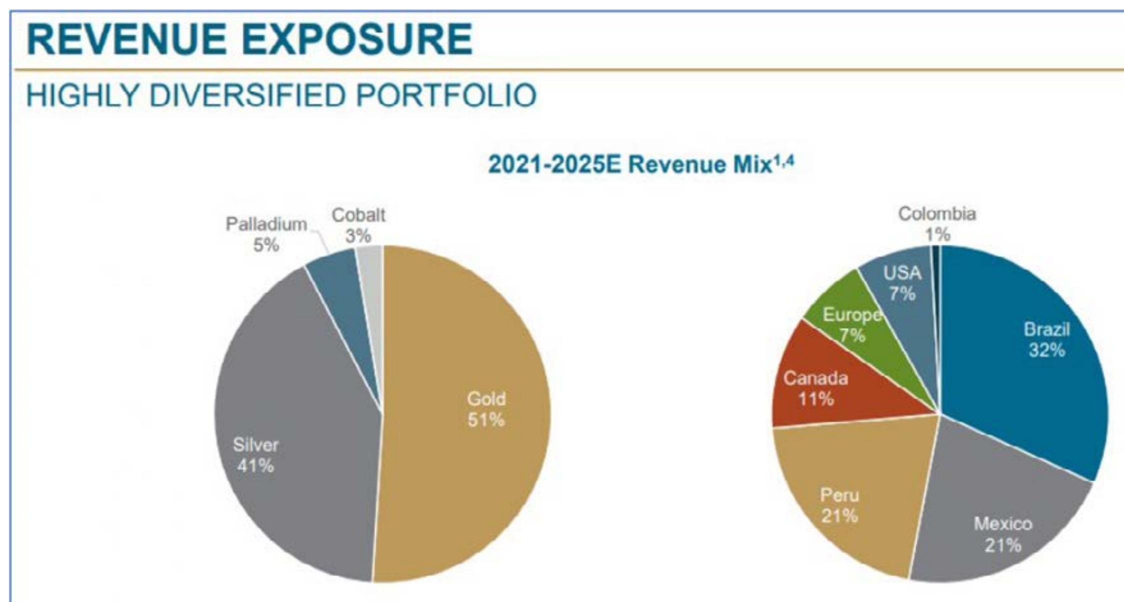
With a market cap of USD $19 billion, Wheaton Precious Metals is the second largest precious metals royalty and streaming company in the world. Royalty and streaming companies provide funding for mining projects. In return, they receive a portion of the miner's revenue or metal output at a discount from the spot price.

This business is so efficient, the largest gold royalty/streaming companies boast revenues per employee of over $20 million annually in 2020. By comparison, **Newmont** (NEM) and **Barrick** (GOLD), the two largest gold producers, generated "just" $634,000 and $692,000 per employee. This is likely the most lucrative business model ever.

In my view, exposure to precious metals is essential over the next several years. With inflation at 40-year highs and interest rates near historic lows, you will lose 5% yearly on a ten-year U.S. Treasury bond paying just 1.8%.

This is the ideal environment for gold and silver to outperform stocks and bonds. But silver is also an industrial metal that's irreplaceable in many applications. With the global shift to green energy and electrification, silver's demand from solar panels, electric vehicles, wind power and high-tech electronics is soaring, while supply can't keep pace.

In 2020, silver represented 36% of WPM's revenues, while gold was 60% and palladium 4%. At slightly more than one third, WPM has the highest silver revenue profile among streaming and royalty companies. But silver will grow to 41% of revenue over the next 5 years, while geopolitical diversification remains strong.



Source: Wheaton Precious Metals company reports

Based on reserves and resources, Wheaton has over 40 years of mine life remaining. Ninety percent of production is from assets in the lower half of the cost curve. Cash operating margins are 75%.

Higher gold and silver prices will expand those margins even further. A 50% increase in commodity prices will generate a 65% increase in cash flows. The current 1.45% dividend yield is very sustainable, and I believe likely to grow. Management increased it by 30% last March.

Despite Wheaton's size, production will also grow. That's because existing streams will increase their output, which directly boosts Wheaton's production.

In addition, management is still finding new significant growth opportunities. In 2021, the company added two silver, four gold, and one new platinum stream. Wheaton is a "must own" stock for every portfolio, and I think it could well return north of 30% gains in 2022 before dividends. It's one that I will be watching very closely.

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Williams-Sonoma (WSM)

Chris Graja
Argus Research

*The performance of **Williams-Sonoma** (WSM) during the COVID-19 crisis increases our confidence in management's ability to drive sales with innovative products, improve operating efficiency, and generate cash, notes **Chris Graja**, an analyst with **Argus Research**.*

Williams-Sonoma is a leading specialty retailer of products for the home. The San Francisco-based company operates 614 retail stores under the Williams-Sonoma, Pottery Barn, Pottery Barn Kids, PBteen, West Elm and Rejuvenation nameplates.

While significant economic uncertainty remains, we believe that the COVID-19 crisis has caused investors to differentiate between companies like WSM, with business models that are well positioned for the future, and those that face significant challenges.

We are evaluating an increase in our financial strength recommendation to Medium-High, which would be the same level as **Costco** (COST), **Walmart** (WMT), **Colgate** (CL), and **Target** (TGT).

Our five-year earnings growth rate is 9%. There are several reasons that we expect WSM to keep growing. Most notable is that CEO Laura Alber and the company's designers have shown that they can maintain their rare knack for building brands and product lines from scratch.

CFO Julie Whalen said recently that she expected the company to benefit from a strong housing market, the permanent adoption of "hybrid work," the shift to online shopping, and the interest of younger investors in companies like WSM with strong corporate values and a focus on sustainability.

The company is selling unique merchandise and has excellent tools for analyzing e-commerce and developing marketing plans. It also has an improving supply chain and delivery network, and a good balance of physical stores and e-commerce.

Over the last five years, WSM has raised the dividend at a compound annual rate of 10.6%. WSM has raised the dividend three times during the pandemic and announced two new share-repurchase plans. The indicated dividend yield is approximately 1.7%. Our 12-month target price is $250.

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Zoetis (ZTS)

Tony Daltorio
Market Mavens

*One of my favorite long-term macroeconomic plays is the worldwide growth of the pet care industry, suggests **Tony Daltorio**, long-term growth stock expert and editor of Investor Alley's **Market Mavens**.*

The sector was already growing rapidly, but the coronavirus pandemic has only accelerated its growth. There was, for example, a 13% year-over-year net increase in dog adoptions in 2020, based on consolidated shelter data and American Kennel Club records.

The entire pet care industry was one of the few sectors that experienced growth in 2020, and it continued to show promise in 2021.

One of the major trends — especially among millennials and Gen Z — is the humanization of pet care, driving demand for similar levels of quality of care for animals as for people. This has created a push for things like human-grade pet food and greater options in veterinary care.

The leading global animal medicine company is **Zoetis** (ZTS), a 2013 spinoff from **Pfizer** (PFE). Zoetis is building on more than 65 years of experience of delivering quality animal medicines, vaccines, and diagnostic products, complemented by biodevices, genetic tests, and precision livestock farming.

The company has about 300 product lines, which it sells in more than 100 countries. These include five specific categories: anti-infectives, vaccines, parasiticides, medicated feed additives, and other pharmaceuticals. Zoetis' annual revenue in 2020 was $6.7 billion, with 55% of the total coming from domestic pets and 44% from farm animals.

Zoetis was definitely a pandemic winner. The pet-therapy side of its business experienced double-digit operational growth through 2020.

Perhaps Zoetis's biggest advantage is that the company is free to develop therapeutics based on unmet animal needs. There are sizable opportunities related to unmet animal needs that Zoetis can pioneer. For example, after it was unveiled in 2014, Apoquel quickly grabbed 47% of the market for the treatment of atopic dermatitis in dogs.

Apoquel is often paired with another Zoetis drug — an injectable medication called Cytopoint, which also uses monoclonal antibodies (mAB therapy) — to produce fewer side effects. Cytopoint gives dogs afflicted atopic dermatitis as much as eight weeks of relief. It's the first such therapy approved by both the FDA and the European Union.

There was also the successful launch of Simparica Trio, a flea-and-tick treatment for dogs, which really boosted Zoetis' bottom line.

Keep in mind that, although patents are not essential for maintaining a product in the animal health industry, at least 20% of the company's revenue comes from products protected by patents. This allows Zoetis to charge a premium price and protect itself from competition.

Finally, as Zoetis has moved into biologic therapeutics for pets, the difficulty and cost involved with creating competitive biosimilars will limit competition — even after any patents have expired.

Zoetis is the undisputed leader in the global animal health industry. It has set itself apart based on its impressive

innovation that shows up across its product portfolio, including a number of drugs for specific pet ailments, such as separation anxiety. The company has also expanded its presence into virtually every type of animal-related health market, such as aquaculture and pet diagnostics.

Zoetis' stock keeps moving to record highs. And, the company did recently announce a $3.5 billion share-repurchase plan. That will follow an existing $2 billion buyback program that was announced about three years ago and is expected to be completed next year.

The Zoetis board also approved a nice, 30% increase in its quarterly dividend. The yield is still tiny—0.56%—but the message it sends is what's important.

I expect Zoetis to grow faster than the industry and maintain above-average margins due to its scale and its shift toward the faster-growing companion animal segment. The stock is a buy at $230 a share or below.

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