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2023 TOP PICKS REPORT

THE **100+ BEST STOCK IDEAS** FOR THE COMING YEAR

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Welcome to MoneyShow's 2023 Top Picks: 100+ Investment Ideas from the Nation's Leading Advisors

Mike Larson
MoneyShow

Kim Githler
MoneyShow

Welcome to the unveiling of our MoneyShow Top Picks 2023 report. Every year for nearly four decades, our editorial team has surveyed the nation's leading newsletter advisors and stock market experts asking for their favorite investments for the year ahead. This year's report includes 116 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 - such as Chuck Carlson, Rich Moroney, Roger Conrad, Gordon Pape and Mary Anne and Pamela Aden, as well as the top-tier analysts from Eagle Publishing, Cabot Wealth, Investors Daily, and Argus Research - have participated for decades!

We are also glad to welcome several first-time participants to this year's report - Tim Melvin, Josh Arnold and Philip MacKellar, as well as the editorial teams from MAP Signals and The Profit Sector - and John Devine from US News & World Report.

We are always happy when an advisor's ideas lead to outsized gains for our readers. Special recognition goes out to John McCamant and Gerardo Del Real - whose 2022 picks each rose over 150%, bucking the trend in an otherwise very difficult year.

Nevertheless - as we emphasize to advisors when they are invited to participate in this annual 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 new developments. Indeed, in 2022, rising interest rates, geopolitical turmoil from Ukraine to Taiwan, and the lingering global impact of Covid-19 caused significant changes to advisors' views 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 recommendation. That way, you will be kept apprised of their changing views. 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 114 exciting ideas for you to consider - ranging from fast-growing stocks with high-risk, high-reward potential to conservative dividend-payers chosen for safe and steady returns.

* Healthcare has always been a favorite sector of the advisors in these reports. But that's especially true this year. Almost one-in-five recommendations come from the broad healthcare sector, ranging from biotechnology and medical devices to pharmacies, healthcare REITs, and health insurers.

* Energy was among the most popular topics last year - and also the top-performing sector of 2022. It is once again a favorite sector, with a dozen recommendations chosen primarily from the energy infrastructure and renewables space.

* Resources have always been popular, too. This year, we see numerous Top Picks that are miners of gold, silver, lithium and uranium. Our contributors also like several ETFs that offer exposure to these markets.

* With the rise in interest rates over the course of the past year, advisors have shifted their attention away from traditional banks and toward more specialized finance plays. That includes private equity firms and beaten-down

mortgage and real estate names.

* Despite just experiencing a brutal year for technology (or BECAUSE of it), the advisors in this year's report have uncovered 15 stocks in the sector that they believe now offer compelling value.

* Surprisingly, the out-of-favor retail space earned 10 Top Picks this year, while manufacturing and telecom each ranked as the favorites among several advisors.

Finally, we would stress that any stock you buy should match your own investment strategy and time horizon - and fit your personal risk-tolerance level. These 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 2023.

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3M (MMM)

Ben Reynolds
Sure Dividend

***3M** (MMM) is an iconic industrials sector business that was founded in 1902 and has paid rising dividends for an incredible 64 consecutive years; this large cap company currently has a market cap of more than $68 billion, explains **Ben Reynolds**, editor of **Sure Dividend**.*

While 3M has a long history of success, it's currently facing a legal battle surrounding claims that nearly 300,000 earplugs provided to U.S. combat troops by 3M subsidiary Aearo Technologies were defective. On July 26th, 2022, 3M announced that Aearo Technologies had filed for bankruptcy.

But unfortunately for 3M, on August 26th, 2022, 3M announced that the court decided Aearo's bankruptcy would not protect 3M from earplug litigation. On October 13th, 2022, a federal appeals court agreed to hear 3M's appeal related to the lower court's ruling.

The largest corporate settlement in history outside of the 'Big Tobacco' settlement is BP's $20 billion settlement (paid out over 15-18 years) for the Gulf of Mexico oil spill disaster. And ~75% of that settlement is tax deductible. This should be viewed as an absolute worst-case scenario for 3M, with the actual settlement likely to be much less (it looks more similar to cases that came in for $2 billion to $3 billion in my non-legal-expert view).

For comparison, the company's after-tax profit has been more than $4 billion every year from 2012 through 2021. While it's impossible to know the full extent of the damages this court battle will result in for 3M, I don't believe the company is at risk of insolvency from this — nor do I believe the long-growing dividend is at risk.

And as for current earnings power, 3M's 3rd quarter 2022 earnings release showed adjusted earnings-per-share guidance for fiscal 2022 of $10.10 to $10.35. For comparison, the company generated adjusted earnings per share of $6.32 in fiscal 2012 (10 years ago), peak adjusted earnings-per-share of $10.46 in 2018, and $10.12 in adjusted earnings-per-share last year (fiscal 2021).

The company's stock trades for a price-to-earnings ratio of just 12.2 using fiscal 2023 guidance midpoint expected adjusted earnings-per-share of $10.22. The company has regularly traded for a price-to-earnings ratio of ~20 historically. We believe a fair price-to-earnings ratio for 3M is ~17, implying ~40% upside from current prices.

In addition to the low price-to-earnings ratio, 3M stock also offers investors a high dividend yield of 4.8%. And the dividend is likely to grow in the future based on the company's long streak of rising dividends.

We expect moderate growth of ~5% annually for 3M. This growth coupled with the company's low valuation and high yield makes 3M a compelling choice for investors interested in buying into a high-quality business with a shareholder friendly management at a discount price.

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OUR TRACK RECORD*

26 Exited Deals

25.6% Annualized Cash-on-Cash Returns

22.7% Average LP IRR

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VALUE-ADD FUND 3

TARGET RETURNS*

Cash-On Cash Returns (Avg including sale)
13.0% to 20.0%

Cash-On Cash Returns (Avg excluding sale)
6.0% to 8.0%

Equity Multiple (Net)
1.45 to 2.0x

Levered IRR (Net)
13% to 18%

NOI Growth
32%

*Based on 5-year hold for Class B Limited Partner Investment. Target returns represent ranges for base case, downside, and upside scenarios.

LEARN MORE:

Acadia Realty Trust (AKR)

Nikolaos Sismanis
Top 10 REITs

With ownership interests in 202 properties held through its core portfolio and fund investments, ***Acadia Realty Trust*** *(AKR) is a diversified retail REIT despite its relatively small capitalization of around $1.47 billion, notes* ***Nikolaos Sismanis****, editor of* ***Top 10 REITs.***

We like Acadia Realty Trust for various reasons, but the most prominent ones include the following:

1. The company's proven ability to generate robust results during uncertain economic periods
2. Its high yield and well-covered dividend
3. The stock's attractive valuation

Regarding its results, Acadia Realty Trust's performance has stood out over the past few years, despite retail properties in general having a hard time. Prior to the pandemic, REITs in the space suffered as e-commerce was gradually gaining ground over retail, while during the pandemic, retail properties were brutally affected by prolonged lockdowns.

Nevertheless, Acadia managed to generate robust cash flows during this period. For context, from 2016 to 2021, Acadia's FFO/share hovered between $1.25 and $1.44, despite the wild swings that the industry experienced.

Year-to-date, Acadia's portfolio of retail properties has remained highly occupied, setting the stage for the company to end the year on a high note. Specifically, for FY2022, management expects FFO/share to land between $1.28 and $1.30. At the midpoint, an FFO/share of $1.29 implies a year-over-year of 3.2%, which is a rather solid result given the ongoing macro headwinds.

Moving forward, we expect Acadia's performance to remain vibrant due to the company featuring some great characteristics. Firstly, Acadia features what is widely considered a "safe haven" component in retail properties-exposure to necessities.

Specifically, roughly half of its suburban shopping centers are grocery-anchored, while 40% of its annual base rent pertains to essential retailers. Hence, foot traffic is significantly less correlated to consumers' purchase power than your average retail REIT, which can be a great advantage if inflation keeps hurting discretionary spending in 2023.

Additionally, Acadia's main tenants comprise high-quality, credit-worthy retailers with transparent financials, including **Target** (TGT), **Walgreens** (WBA), **TJX Companies** (TJX), and **Lululemon** (LULU), amongst others, which are not going to fail to meet their rental obligations.

Further, Acadia' has some noteworthy growth prospects, including rental hikes embedded in its leases and an expansion pipeline exceeding $50 million.

As far as Acadia's dividend goes, at an annualized rate of $0.72, it remains well-covered based on this year's FFO/share projections. It also implies a yield of 4.9% at the stock's current price levels. The yield is somewhat substantial and should increase the predictability of investors' total return prospects.

The 4.9% dividend yield, combined with our view that shares are trading at a modest discount, should provide investors with an above-average margin of safety as well. The stock is currently trading at a P/FFO of roughly 11.4X.

This could imply the possibility of valuation tailwinds as well, considering we find shares fairly priced at a P/FFO of around 13.5 on a medium-term basis. All points considered, we believe Acadia is well-positioned to serve conservative, income-oriented investors quite adequately moving forward.

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Aehr Test Systems (AEHR)

Brit Ryle
The Profit Sector

*As an analyst, writer and stock picker for the last 25 years, this is my third significant bear market. I've seen plenty of investors and colleagues get burned trying to bottom fish or otherwise time the lows of a bear market, cautions **Brit Ryle**, editor of **The Profit Sector**.*

It is so easy to see a stock that's down 50% and think, "Oh, that's a bargain." Of course you know what happens next. Don't worry, I've done it, too. And that's why I want to tell you that there is only one kind of stock that can be successfully bought during a bear market — the stock of a company that is demonstrating breakout earnings.

Most companies barely grow during bear markets. Only a precious few companies can manage to post significant growth during a bear market. And my favorite stock for 2023 is among the precious few.

Aehr Test Systems (AEHR) makes test systems that make sure semiconductors work like they are supposed to before they are shipped out of the factory. It's a critical and underappreciated aspect of the semiconductor fabrication process.

Aehr is of particular interest because they make test systems for silicon carbide (SiC) chips, which are much different than regular silicon chips. For one, because silicon carbide chips are harder to make, the failure rate is higher. And so the testing process is more rigorous.

And two, because silicon carbide chips can operate at much higher temperatures (up to 200 degrees celsius), they are the go-to chip for the entire electric vehicle (EV) market. Demand for silicon carbide chips is off the charts, expected to grow at a ~150% clip a year for the next 5 years, at least.

So, test equipment for silicon carbide chips is growing at an explosive rate, too. Which is why, delivered back on October 7, Aehr Systems' third quarter earnings report was a barnburner. The company brought in $10.7 million in revenue for the third quarter, 88% better than the prior year. Analysts were expecting $8.5 million in revenue.

Earnings per share came in at $0.05 vs expectations of $0.01. That is simply a massive, massive beat. And the stock rallied 23% on October 8th, a day the Dow was pounded lower by over 500 points.

In a press release, the CEO said the company had $19.5 million in bookings. Those bookings had come during the just-ended third quarter. That's new business, and Aehr will certainly fill those orders during its next few quarters.

But get this: Despite the massive earnings beat last quarter, and that $19.5 million in new orders, the company did not raise its earnings guidance for the full year. That means that more earnings beats are coming over the next few quarters. Aehr shares are going a lot higher. I have a one year price target of $45.

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2023 CALENDAR OF EVENTS

JANUARY

Your 2023 Portfolio Playbook Virtual Expo
January 17-19, 2023 | Markets

Passive Income Virtual Expo
January 24-26, 2023 | Accredited

FEBRUARY

Investing & Trading Strategies Virtual Expo
February 7-9, 2023 | Strategies

The Accredited Investors Symposium
February 19-21, 2023 | Brooklyn, New York
New York Marriott at Brooklyn Bridge

MARCH

The Inflation Survival Virtual Expo
March 7-9, 2023 | Accredited

Income Strategies Virtual Expo
March 21-23, 2023 | Markets

Inside Alternatives Virtual Event
March 29-30, 2023 | Wealth Management

APRIL

Money, Markets, & Monetary Policy Virtual Expo
April 11-13, 2023 | Markets

The MoneyShow Las Vegas
April 24-26, 2023 | Las Vegas, Nevada
Paris Las Vegas

MAY

Alternative Investing Virtual Expo
May 2-4, 2023 | Accredited

The MoneyShow Virtual Expo
May 16-18, 2023 | Canada

JUNE

Inside Retirement Virtual Event
June 14-15, 2023 | Wealth Management

Mid-Year Portfolio Review Virtual Expo
June 27-29, 2023 | Markets

JULY

Tangible Assets Virtual Expo
July 11-13, 2023 | Accredited

The TradersEXPO Virtual Expo
July 25-27, 2023 | Trading

AUGUST

The Accredited Investors Symposium
August 8-10, 2023 | Las Vegas, Nevada
Paris Las Vegas

The MoneyShow Virtual Expo
August 22-24, 2023 | Markets

SEPTEMBER

The MoneyShow Toronto
September 8-9, 2023 | Toronto, ON,
Canada Metro Toronto Convention Centre

The Accredited Investors Virtual Expo
September 12-14, 2023 | Accredited

Investing & Trading Strategies Virtual Expo
September 26-28, 2023 | Strategies

OCTOBER

Invest in Women Virtual Event
October 4-5, 2023 | Wealth Management

The Accredited Investors Virtual Expo
October 10-12, 2023 | Accredited

The MoneyShow Orlando
October 29-31, 2023 | Orlando, Florida
Omni Orlando Resort at ChampionsGate

NOVEMBER

The Accredited Investors Virtual Expo
November 14-16, 2023 | Accredited

The World of ETF Investing Virtual Expo
November 28-30, 2023 | Canada

DECEMBER

The Accredited Investors Virtual Expo
December 5-7, 2023 | Accredited

Agnico Eagle Mines (AEM)

Gavin Graham
Internet Wealth Builder

***Agnico Eagle Mines** (AEM) is the largest listed Canadian gold producer; it produced 2.33 million oz. of gold in the nine months to 30th September, 2022 following the takeover of Kirkland Lake Gold in February 2022, observes **Gavin Graham**, contributing editor to **Internet Wealth Builder**.*

Agnico's portfolio of eleven mines are located in mining friendly jurisdictions, with eight in Canada, including 50% of the giant Canadian Malarctic mine, La Ronde and Macassa mines in Quebec and Amaruq and Meliadine in Nunavut, and one each in Finland, Mexico and Australia.

The takeover of Kirkland brought the company control of the Fosterville mine in Australia and the Detour Lake and Macassa mines in Canada.

The company reported net income of $465.2 million ($1.08 per share) for the first nine months of 2022, with cash generated of $1,716.1 million and forecast cash costs per oz. and all in sustaining costs per oz. near the top end of the range of $725-775 and $1,000-1,050 respectively for the whole year.

In May 2022, South Africa based miner **Gold Fields** (GFI) made an offer to buy Yamana Gold, which owned the other 50% of the Canadian Malarctic mine as well as mines in Argentina, Chile and Brazil.

In November, Agnico and **Pan American Silver** (PAAS) combined to make a better offer for Yamana, with Agnico paying $1 billion in cash and issuing just over 36 million shares for Yamana's Canadian mines, while Pan American Silver acquired Yamana's South American mines.

Production at the Odyssey project at Canadian Malarctic is expected to begin soon and ramp up through 2023 and 2024, which is estimated to have 1.5 million oz. in the indicated capacity and 6 million oz. in the inferred category in the East Gouldie deposit, while Wasamac is expected to have a ten year lifespan with average 169,000 oz. p.a. production, though Yamana has estimated that the mine life could extend to fifteen years.

Agnico has grown from one operating mine fifteen years ago to becoming one of the three largest gold miners in North America by market capitalization and production. The stock is down 20% from its all-time high reached earlier this year in April and only up 25% over the last five years despite more than doubling its gold production.

Agnico is attractively valued and also yields more than 3%, making it a "Buy" and a great way to play increasing production as well as a likely rise in the gold price, given the persistence of higher inflation.

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Alaunos (TCRT)

John McCamant
The Medical Technology Stock Letter

Alaunos *(TCRT) — my top speculative pick for 2023 — is a true next generation CAR-T cell therapy company focused on treating solid tumors, explains* ***John McCamant****, biotechnology specialist and editor of* ***The Medical Technology Stock Letter****.*

The technology incorporates T-cell receptor (TCR) therapies based on its proprietary, non-viral Sleeping Beauty gene transfer technology and its TCR library targeting shared tumor-specific hotspot mutations in key oncogenic genes including KRAS, TP53 and EGFR which are prevalent in solid tumors.

Sleeping beauty is a proprietary non-viral delivery system that allows for repeat dosing and improved manufacturing efficiencies compared to using viruses for cell therapy. The company has a clinical and strategic collaboration with the National Cancer Institute and one of the world's leading immune oncologist, Dr. Steven Rosenberg.

To date, TCRT is the only public company to have successfully dosed human solid tumor patients with CAR-T therapy demonstrating sustained proof-of-concept with Patient #1 who had a partial response and at 24 weeks approximately 30% of all T-cells were TCR-T cells.

CAR-T therapies for cancer have the potential to offer a potential "cure" for patients with success to date only being achieved in much easier to target liquid/blood tumors. CAR-T therapy for solid tumors is a huge unmet medical need, and in our view, TCRT is a leader in the cutting edge space.

The company continues to make progress on both the clinical and manufacturing fronts which should result in more patients being treated faster in 2023.

In our view, proof-of-concept has been established with Patient #1 who had a partial response and at 24 weeks approximately 30% of all T-cells were TCR-T cells. We expect TCRT to increase patient enrollment in 2023 as they continue to improve the manufacturing process and widen their net to screen more eligible patients.

In our view, TCRT is the leader in developing CAR-T treatments for solid tumors and POC has been established with Patient #1 who had a partial response and at 24 weeks approximately 30% of all T-cells were TCR-T cells. The company is poised to become the leader in delivering cutting edge CAR-T therapy for solid tumors in 2023. TCRT is a BUY under 5 with a TARGET PRICE of 12.

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Alphabet (GOOG)

Joe Cotton
Cotton's Technically Speaking

Alphabet, Inc. *(GOOG) — my Top Pick for 2023 — is one of the FANG stocks, which are among the largest in the world. And until recently, they were among the most popular and best performing American technology companies, asserts* ***Joe Cotton****, editor of* ***Cotton's Technically Speaking****.*

Alphabet's household-name products and platforms are sold in the United States, Europe, the Middle East, Africa, the Asia-Pacific, Canada and Latin America. The Google Services segment offers products and services such as Android, Chrome, Gmail, Google Maps, YouTube, etc.

The Google Cloud segment offers infrastructure, platform, and other services; Google Workspace that include cloud-based collaboration tools for enterprises, such as Gmail, Docs, Drive, Calendar and Meet; and other services for enterprise customers.

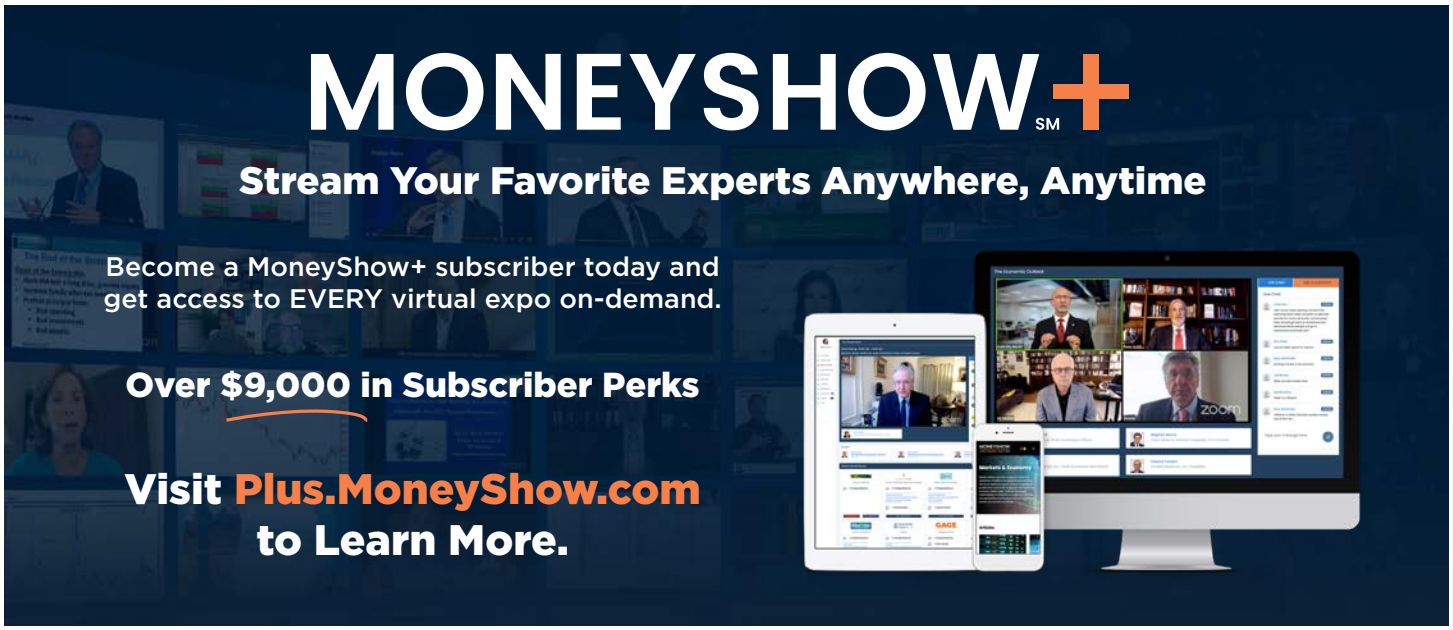
We think the stock is a bargain at a recent price of near $90. Alphabet tripled from its low of $50 in early 2020 to $150 in October of 2021. It then corrected 44% from that high to a low of $83.45, set on November 3, 2022.

The company earned $4.85 per share in the last 12 months, and the current selling price represents a price-to-earnings Ratio of only 19.62, which is historically very low.

There is a slight chance that the stock will test its 2022 November low of $83.45, and possibly go even lower, but we don't think so. We believe that the stock has already made its final bottom.

In any event, we would be buying. And to ensure that we are getting great prices, we would be using our "normal buying strategy," which is to buy 40% of a particular stock initially, and then buy 30% more on each 20% decline from your original purchase price.

Subscribe to Cotton's Technically Speaking here...



Amazon (AMZN)

Matthew Timpane
Schaeffer's Investment Research

As we head into the new year, Big Tech firms have shifted into large layoffs to deal with rising costs; one of the bigger names that brought attention to the layoff trend is e-tailer ***Amazon*** *(AMZN), a Top Pick for 2023, observes* ***Matthew Timpane****, editor at* ***Schaeffer's Investment Research****.*

Following a long downtrend, Amazon stock has recently found stable support near its 2019 lows in the high $80 range. The security is also holding the -50% year-to-date level, which presents a discount opportunity for AMZN buyers, especially as the company stands as a top member of the cloud services industry.

Inflation has hit Jeff Bezos' mega-cap name especially hard due to currency headwinds, with the U.S. dollar rising as the company's European revenues fell. In addition, the expansion of operating expenses has weighed on Amazon shares. In simpler terms, any incoming inflation relief in the near future could boost profits substantially.

The company is also slashing capital expenditures (CapEx) to increase the free cash flow (CF) and enhance profitability in the second half of 2022. This may continue into 2023, and given a higher CF/CapEx ratio, could fund the acquisition of new, longer-term assets.

In fact, the stock's price/sales ratio is declining, and nearing 1.66. When the ratio sat near this level in the past, which was from 2014 to 2015, it laid out a tremendous buying opportunity in the long-term.

Even further, despite a looming recession, the company said it's expecting a +10% revenue increase in 2022. A broader look shows the tech giant's Amazon Web Services (AWS) model is expected to grow 27% year-over-year, over the next five years.

It also does not come as a surprise that the security is a market leader in e-commerce and cloud infrastructure (as mentioned above), by 37.8% and 34%, respectively. In other words, this leadership pushes AMZN above and beyond any incoming competition.

Moving into technical analysis, our Schaeffer's Volatility Scorecard (SVS) is a lagging indicator that measures a stock's realized volatility against the volatility expectations priced into that equity's options over the past year. Schaeffer's Investment Research's goal is to find which stocks have been the best — and worst — for premium buyers.

The SVS can be a very useful tool for premium sellers too, as "the worst" for a premium buyer can be construed as "the best" for a premium seller. Currently, Amazon stock sports an SVS of 88 out of a possible 100, indicating the security tends to outperform said expectations — a boon for buyers.

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Anavex (AVXL)

Tom Bishop
BI Research

***Anavex** (AVXL), is a biopharmaceutical company dedicated to the development of novel drug candidates to treat central nervous system diseases with very encouraging results so far in Alzheimer's, Parkinson's and Rett Syndrome, suggests **Tom Bishop**, editor of **BI Research**.*

The big news for Anavex was the release of the preliminary data from the 508 patient, placebo controlled, double-blind, 48-week, Phase 2b/3 ANAVEX 2-73 (blarcamesine or A2-73) Alzheimer's trial which tested 3 equal cohorts with placebo, 30 mg or 50 mg oral doses.

First I need to point out two very important things:

1) There was a delay in getting the data from one of the trial sites that resulted in the company only getting the data from the third party statistical analysis company just 1 day before it was on the schedule to present at the CTAD Alzheimer's conference. This therefore limited what the company could accurately report at that time.

2) Some of the best results from an earlier trial were for the 50 mg. cohort, while the 30 mg barely worked. However, ALL of the analysis presented recently was for the *combined* 30+50 mg patients as a single cohort, diluting the efficacy results.

Therefore, results yet to come should be even better once the company reports on the 50 mg cohort by itself. The primary endpoints were the reduction in the decline of cognition (ADAS-COG) and activities of daily living (ADCS-ADL) at 48 weeks.

On this the company said, "The Anavex 2-73 (blarcamesine) study met the primary and key secondary endpoints showing statistically significant reduction of clinical decline in global cognitive and functional scales in a clinical study of patients with early Alzheimer's disease." (MMSE baseline scores 20-28).

And more to the point: "Treatment with ANAVEX®2-73 statistically significantly reduced cognitive decline, measured with ADAS-Cog, compared to placebo at end of treatment by *45%* (p=0.033)."

This is the most significant and directly on point outcome released so far for this trial given this was considerably better than Biogen/Eisai's *27%* slowing of cognitive decline recently reported for lecanemab.

Nonetheless lecanemab's meager result caused those two companies to increase $20 billion in market cap overnight. Most observers believe this Phase 3 result paves the way for likely FDA approval. However, Anavex's drug beat lecanemab by a wide margin (a 45% slowing vs. 27%) in its Phase2b/3 trial.

But here's the thing ... Biogen's drug requires IV infusion therapy *and* periodic MRIs to check for brain swelling and bleeding (two nasty side effects of lecanemab), while A2-73 is a *pill* and doesn't require periodic MRI's, a *huge* advantage even ignoring that A2-73 worked *better*.

While the data already released was superior to lecanemab, once the 50 mg alone cohort data comes out the results should be considerably better than for the combined group. So I think the data so far was encouraging, but the *best* news is yet to come — and the stock remains a favorite for 2023.

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Faris Sleem
The Bowser Report

***ARC Document Solutions** (ARC) is a digital printing company that also offers document related services in the United States, explains **Faris Sleem**, a specialist in low-priced stocks and editor of **The Bowser Report**.*

It provides print services, cloud-based document management software, and other digital hosting services. The company has competitive advantages in both industries, digital printing and document-related services in the United States. ARC is a growth and value investment opportunity due to its steady revenue growth and track record of creating value for shareholders.

Although yearly revenue has dropped since 2018, the company's underlying value has increased. This is due to a financial turnaround in which the company cut expenses, created realistic financial milestones, and started paying a dividend. As a result, EPS has consistently trended higher and trailing 12-month net income is $11.5 million. EPS for the nine months ended September 30, 2022 was $0.21, up 40% from $0.15 in the prior year period.

While most of this can be attributed to its 2019 strategy execution, the company is also expanding its customer base and improving its marketing efforts. Gross margin improved to 33.9% in the third quarter, up 3% from 32.8% in the prior year period. The numbers speak for themselves and ARC is clearly capturing more market share while building value for shareholders.

ARC currently trades below its book value of $3.57 per share and is undervalued relative to its competitors. Its P/E ratio of 9.8 indicates gradual earnings growth and that value investors can get a better bang for their buck.

As long as earnings growth maintains, its book value is likely to increase hand-in-hand. It is also worth noting that this is partially due to its insider and institutional ownership of 15% and 50%, respectively. Insiders were actively buying shares in 2021, but transaction volume has decreased in 2022.

Lastly, the most appealing aspect of investing in ARC is its dividend. The stock pays a quarterly cash dividend of $0.05, which represents a yield of 7%.

Quarterly dividend payments returned during the financial turnaround in 2019 and began at $0.01. Since revenue growth is slower than it was prior to 2018, this makes ARC primarily a value stock, as the dividend yield is sizable in comparison to the rest of the industry.

Therefore, the cheaper ARC shares get, the more its overall appeal increases. In conclusion, ARC is a great investment opportunity below $3 per share for value investors and the benefits of its financial turnaround should reward investors in the years to come.

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ARK Innovation ETF (ARKK)

Steve Reitmeister
Reitmeister Total Return

*I am still quite bearish on the short term outlook expecting stocks to find a bottom between 2,800 to 3,200 in the first half of 2023, suggests **Steve Reitmeister**, editor of **Reitmeister Total Return**.*

But then things become glorious for the start of a new bull market. And going all the way back to 1900, the average first year gain for new bull markets is +46.2%.

It would be easy to simply consider a small cap ETF fund. Indeed that would do quite well as the bull market resumes. Gladly, we can do a notch better than that. Which is why **ARK Innovation ETF** (ARKK) is a favorite investment for 2023.

Right now, Cathie Wood's fund is the laughing stock of the investing world as it has fallen over 60% in 2022. Yes, that is about three times worse than the S&P 500.

The reason is simple. She is focused on the highest growth stocks that also carry the highest beta. That is glorious when the bull is running...and an absolute death sentence when the bear comes to town.

Here again, we are talking about a great investment idea for 2023 — and buying it as the new bull market emerges. So if the average one year return for the S&P 500 during a new bull is 46.2%, then it would not surprise me to see ARKK double that return without any leverage.

Now check out the top 5 holdings to appreciate how far these stocks have fallen of late — and thus how much they will likely bounce when the bull is ready to run:

Tesla (TSLA)
Roku (ROKU)
Teladoc Health (TDOC)
Block (SQ)
Zoom Video (ZM)

*Aye, but here is the rub...*If you buy too early, and the market is still racing lower, you will have tremendous losses on your hands. So I caution against just blindly buying it without some consideration for determining market bottom.

So this is an evolving story that needs a vigilant watch on all the key indicators like employment, earnings, inflation, Fed rates and price action. That is the only way to determine when it may be time to enact this ARKK trade — which will probably be sometime in early 2023.

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Artero Resources (AR)

Omar Ayales
Gold Charts R Us

*Geopolitical division — given Russia's invasion of Ukraine and rising tensions in the South China Sea — continue to fuel demand/supply imbalances; as such, price volatility and shocks to global commerce could remain in 2023, cautions **Omar Ayales**, editor of **Gold Charts R Us**.*

The invasion has pushed Europeans and allies to take a strong stance against Russia, including a boycott to Russian energy. The imbalances are likely to continue fueling energy and resources overall higher. It could become the catalyst to the ongoing commodity super cycle.

Moreover, consider current prices in energy have been with weak demand from emerging markets, particularly China that is only now providing guidelines to re-open its economy after a stern Zero Covid policy.

In addition the Biden administration is also talking about filling up strategic oil reserves and OPEC+ plus has a supply cut in place. As these situations develop, particularly the re-opening of the Chinese economy, we could see a supply-demand crunch that could send energy prices soaring in 2023.

But it's not only crude oil; it's energy across the board — including natural gas — as international organizations continue to push towards cleaner sources of energy and the world seemingly breaks into economic and political blocs.

The push for green energy can gain momentum as western allies look to reduce reliance on foreign energy providers that are not politically aligned, most of which are producers of oil and other fossil fuels.

For growth-oriented stocks I recommend **Artero Resources** (AR), a fast growing natural gas provider operating in the Appalachian Basin.

Energy sources like natural gas are likely to become more popular within western countries as new technology is allowing global authorities to rebranded them into environmentally safe energy sources that can help achieve a green economy that is less reliant on fossil fuels.

The U.S. will continue being a strong provider of liquified natural gas to Europe, particularly as sanctions and a cold war against Russia and another against China remains. A strong relationship with Europe could help the U.S. sells lots of gas which will benefit local producers.

Given the stronger dollar and global uncertainty regarding geo-political events, it is important to stay with companies that operate in jurisdictions you feel better in. I tend to like North American jurisdictions. They imply a higher cost, but reduces political risk dramatically.

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AT&T (T)

Roger Conrad
Conrad's Utility Investor

Owning ***AT&T Inc*** *(T) — a Top Pick for aggressive investors — has been an exercise in patience since the retirement of visionary CEO Ed Whitacre, who combined wireline and wireless franchises of four "Baby Bells" and several regional service providers, suggests* ***Roger Conrad****, editor of* ***Conrad's Utility Investor****.*

Whitacre's successors spectacularly failed to convert what was then America's leading communications network company into a multi-media giant — buying the former Time Warner at virtually the same time Rupert Murdoch was fleecing **Disney** (DIS) with the $70 billion plus sale of another studio.

Current CEO John Stankey and his team have been returning AT&T to its telecom roots. They started with some tough medicine — halving the dividend and completing the disappointing spinoff of **Warner Brothers Discovery** (WBD), followed by two successive first half reductions in 2022 earnings guidance.

But now investors have reason to be hopeful again. Management raised the mid-point of its 2022 earnings guidance range following strong Q3 earnings. It affirmed its $14 billion free cash flow target for the year, a level that would cover dividends with $4 billion plus to spare. And despite inflation pressures and tough competition, the company expects to do much better in 2023, projecting $17 billion in free cash flow.

5G wireless has so far failed to give US communications companies much of a revenue and earnings bump. That's because the American consumer has been unwilling to pay meaningfully more for what's been sold as basically 4G on steroids, at a time when inflation has stretched budgets. And companies have stepped up efforts to lure customers from competitors, squeezing margins further.

I expect 5G to ultimately become a more robust driver of growth for AT&T and its primary rivals **T-Mobile US** (TMUS) and **Verizon Communications** (VZ). The company already has over 100 million Internet of Things connections, including one million automobiles. And its 5G and converged fiber broadband offerings continue to meet with success.

AT&T also posted faster wireless and fiber broadband customer growth in Q3 than from the first half of the year, indicating its marketing efforts are finding some success. And successful cost cutting and debt reduction are boosting margins as well.

Even after the Warner spinoff, AT&T's debt burden is still around $153 billion, making further reduction a priority. About 8.5 percent of its obligations are at variable rate, meaning the cost rises with interest rates. And there's $14.58 billion in maturing debt through the end of 2024 as well as $21 billion in projected 2023 CAPEX to finance.

The company's ability to self-fund its CAPEX and dividends with cash to spare for debt reduction, however, means risk is actually a good deal less than it appears. And by paying off maturing debt through 2024, the company will extinguish nearly half its variable rate obligations.

My expectation is AT&T will surprise investors with a low to mid-single digit percentage dividend increase next year. But even the current yield of nearly 6 percent is attractive. And at just 7.7 times expected next 12 months earnings, investor expectations are quite low and therefore easy to beat.

I'm also encouraged by the recent wave of insider buying, which stands in contrast to the split decision in the analyst community. *Bloomberg Intelligence* reports 16 buys, 16 holds and 2 sells among research houses it tracks.

With risk of a recession and further stock market downside looming large, it may be some months before AT&T shares show meaningful gains. But I'm comfortable rating the stock a buy for very patient value seekers at a price of $20 or lower.

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AutoZone (AZO)

Taylor Conrad
Argus Research

AutoZone *(AZO) — a Top Pick for 2023 — is a leading retailer and distributor of automotive replacement parts and accessories. It has 6,943 stores and offers national brand and private-label products, notes* ***Taylor Conrad****, an analyst with* ***Argus Research****.*

According to management, more than 50% of the sales mix is private label. The margins on these private-label products are higher than on branded products because AZO is able to benefit from direct sourcing.

The auto parts sector generally benefits from an older fleet of American cars, which need more repairs. More than 80% of the U.S. auto fleet is more than four years old, with an average age of 11.9 years, according to data from the Auto Care Factbook.

The Commercial segment — which provides commercial credit and delivers parts to repair shops, dealers, service stations, and public sector accounts — represents a significant growth opportunity for AZO, which estimates that it has about 4% of this market.

Management is taking steps to increase commercial sales, including adding new 'mega-hub' locations that offer a greater assortment of parts. We see opportunities for further growth as the average age of vehicles increases and the company gains market share in the commercial segment.

The company's earnings have rebounded from their pandemic lows, and have now topped Street expectations for the past ten quarters. AZO recently reported fiscal 1Q23 results that topped consensus expectations. On the fundamentals, the shares trade at 17-times our FY24 EPS forecast, in line with the peer average.

From a technical standpoint, apart from the pandemic selloff, the shares have been in a long-term bullish pattern of higher highs and higher lows dating back to April 2018. We believe this well-managed company is positioned for further growth and are maintaining our "buy" rating. Our revised target price is $2775.

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Axonics Modulation Technologies (AXNX)

Joe Duarte
In the Money Options

Axonics Modulation Technologies *(AXNX) is a small medical technology company with a big future, suggests* ***Joe Duarte****, editor of* ***In the Money Options****.*

The $3.4 billion market cap medical equipment company focuses on the treatment of bladder and bowel incontinence. Sure enough, this is not glamorous stuff. I certainly hear related complaints about these issues in my medical practice on a regular basis. But it is a real health problem, which is finally getting a viable solution.

Consider the fact that according to a 2014 CDC study, 51% of non-institutionalized persons over age 65 in the U.S. had some sort of bowel or bladder incontinence episode. Many develop chronic problems which can lead to frequent infections and worsening of underlying illnesses.

Moreover, the condition is more common in women than men. And it affects its sufferers both physically and psychologically. The same study estimates that the market for incontinence related products maybe as large as $19.5 billion annually.

This includes all the products required to treat or manage the condition as well as the related losses of productivity and miscellaneous costs which may be associated with the condition.

Perhaps the most important fact to consider is that as the population ages and chronic conditions such as diabetes increase, so does the incidence of incontinence.

The company has a two-pronged strategy — with two products which are making a huge difference to incontinence sufferers. One is its sacral stimulator — an electronic implant which sends impulses to the nerves that control muscle tone and regulates the bladder's ability to contract — thus reducing incontinence. The technology is not the same, but is conceptually similar to that of a cardiac pacemaker.

The other is an implantable permanent gel that is placed into the wall of the urethra and adds bulk to the weakened muscles and thus reduces or prevents leakage. Sales of both continue to grow steadily. The company is currently not profitable, but does have sufficient cash on its balance sheet. *(For disclosure, Joe Duarte own shares in AXNX.)*

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Baker Hughes (BKR)

Harry Domash
Dividend Detective

Like many other energy stocks, 2022 was a good year for ***Baker Hughes*** *(BKR); as of December 13, including dividends, its shares returned 24% year-to-date vs. the S&P 500's 16% loss, asserts* ***Harry Domash****, income specialist and editor of* ***Dividend Detective****.*

Baker Hughes's oilfield services include onshore and offshore exploration, drilling and maintenance services; the firm also produces exploration and drilling equipment and provides services and equipment for downstream operations including transportation and refining.

Many analysts are expecting a market downturn in 2023 — probably including the energy sector. Nevertheless, there are several reasons to believe that Baker Hughes's winning streak could continue.

1) Big oil is finally getting the message big time: carbon dioxide emissions must be reduced. Baker Hughes, already a major services and equipment supplier, intends to become the leading supplier of carbon reduction equipment and systems.

It has already made several acquisitions to help it achieve that goal. For instance Baker recently agreed to acquire the Power Generation division of BRUSH Group, an established equipment manufacturer that specializes in electric power generation and management for the industrial and energy sectors.

2) Baker is expanding its presence in Asia by opening a new oilfield services chemicals manufacturing facility in Singapore, enabling manufacturing optimization and faster delivery of fit-for-purpose chemical solutions.

3) Baker has embarked on a multi-faceted program to increase profit margins and increase cash flow. Consequently, for next year, analysts are forecasting EPS to total $1.66 per share, up 79% vs. 2022.

4) Baker Hughes has just been added to the Nasdaq-100 Index (December 19), thereby increasing demand from ETFs and mutual funds tracking that index.

On the dividend front, Baker recently raised its quarterly payout by 6% to $0.19 per share, which recently equated to a 2.8% dividend yield.

As is the case for most energy stocks, Baker Hughes share price will react to crude oil price changes. But, thanks to its focus on providing technologies for cutting carbon dioxide emissions, long-term, Baker Hughes is likely to outperform most oil industry stocks.

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Bank of America 4.00% Pfd. (BML-L)

Marty Fridson
Fridson/Forbes Income Securities Investor

***Marty Fridson** is leading expert on dividend strategies and the editor of **Fridson/Forbes Income Securities Investor**; for a top pick for 2023, he looks to a preferred issue with floating rates.*

Bank of America Corp. (BAC) is a leading worldwide financial institution, providing Commercial and Retail Banking, Corporate & Investment Banking, and Asset and Wealth Management.

Our recommendation — **Bank of America Corp. 4.00% Floored Floating Rate Non-Cumulative Preferred** (BML-L) **—** recently had an indicated yield around 5%. It's rated investment grade at Baa3/BBB- with positive outlooks from both Moody's and Standard & Poor's.

This 4.00% preferred issue has a floored, floating-rate structure. With LIBOR completely phasing out after June 30, 2023, the dividend rate will remain floored at 4.00% indefinitely.

The issue is callable on any dividend payment date at par plus declared and unpaid dividends. But it's unlikely to be redeemed at par anytime in the near future, as the structure provides BAC cheap regulatory capital.

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Barrick Gold (GOLD)

Adrian Day
Global Analyst

***Barrick Gold** (GOLD) — our Top Pick for conservative investors in 2023 — is the second-largest gold mining company in the world, and arguably the best positioned for long-term growth, suggests **Adrian Day**, a leading resource sector expert and editor of **Global Analyst**.*

The modern Barrick was formed from the merger four years ago with Africa-focused Randgold, bringing with it the latter's founder Dr. Mark Bristow who serves as Barrick's CEO and the face of the company. Bristow is a dynamo who has worked to streamline the lumbering company, improve mine operations, reduce costs and cut debt, as well as fix a series of legacy problems in countries from the Congo to Papua New Guinea.

Although production has decline from 5.4 million ounces in the first year of the combined company to 4.4 million last, this has been part of a deliberate program to sell non-core assets and focus on profitability.

The most impressive achievement since Bristow took over is in the company's balance sheet. From $6.3 billion in net at the time of the merger, Barrick is now net cash positive and is steadily paying off its remaining long-term debt. This year is has bought back 1% of its shares outstanding, and together with its industry-beating dividend, has returned $1.2 billion to shareholders. The current yield is over 4%.

In addition to core mines in Nevada, Barrick has multiple large-scale organic opportunities including an extension at its Pueblo Viejo mine in the Dominican Republic; the restart of Porgera in Papua New Guinea; and a new multi-generational copper mine in Pakistan. It has been a very disciplined player in the M&A space.

The biggest knock on Barrick is its political risk profile, arguably higher risk than its largest competitor, Newmont (NEM), and other large miners. One might argue that Barrick mitigates the risk through diversification; but it is also true that the company has demonstrated a solid ability to work with local jurisdictions, acting in a fair manner that revolves ultimately to the benefit of the company.

And the stock is undervalued, trading at 18 times earnings, at 1.2 times book, and at a price-to-free cash flow multiple of only 12. This is a lower valuation with the other large miners, and low relative to its own history. Indeed, other than the last quarter of 2015, this is virtually the lowest multiple in 20 years. When interest returns to the sector, Barrick with be a beneficiary.

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Black Stone Minerals LP (BSM)

Jason Bodner
MAPSignals

*My Top Pick for an income investment comes right from the our quantitative research process. Each day our systems sweep through more than 6,000 US stocks and ADRs to identify the best in show, suggests **Jason Bodner**, co-founder and editor at **MAPSignals**.*

This is done by isolating stocks with superior fundamentals being bought by what our algos believe are large professional investors. The process has reliably identified many top performing stocks year after year.

With a lot of focus typically placed on large cap stocks for income through dividends, I am finding opportunity in a small cap company. **Black Stone Minerals LP** (BSM) is an interesting potential income investment. BSM is a finance company, but really an energy company at heart.

Black Stone is an oil and natural gas exploration company that focuses its operations in the Louisiana-Mississippi Salt Basins, Western Gulf, Permian Basin, Palo Duro Basin, East Texas Basin, Anadarko Basin, Appalachian Basin, Arkoma Basin, Bend Arch-Fort Worth, and Southwestern Wyoming.

But unlike traditional oil and gas companies, BSM invests in a portfolio of energy companies. That's why it technically classifies as a financial company. But the portfolio holdings are exclusive to energy.

This portfolio approach allows BSM to diversify its holdings and keep costs down to a minimum. This is why BSM, as of this writing, yields over 10% and does so with low debt. The stock has a forward P/E ratio of 8.4 times earnings.

BSM has solid fundamentals such as 1-year sales growth of 70.5%, 3-year sales growth of 4.5%,1-year earnings growth of 31.4%,and a profit margin of 36%. It has double-digit positive estimated 1 year sales and earnings growth too.

As far as unusual buying goes, BSM has seen inflows in an unusual way all year long — a tell tale sign of institutional demand supporting stocks.

Finance companies, specifically Asset Management and Financial Advisory Services have been seeing unusual buying according to my research lately. BSM has appeared on the MAPsignals top 20 report 11 times since July of 2014. It has great fundamentals, visible institutional support, and a high MAP Score of 74.1 in December of 2022.

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Blackstone Group (BX)

Stephen Biggar
Argus Research

***Blackstone Group** (BX) — my Top Pick for 2023 — is one of the world's leading managers of alternative assets, including private equity, real estate, hedge funds, credit-oriented funds, and closed-end mutual funds, notes analyst **Stephen Biggar**, at **Argus Research**, a leading independent Wall Street research firm.*

We believe that Blackstone has strong long-term underlying earnings potential, particularly from growth in fee-based asset under management, which should benefit from more fund vehicles becoming fee-eligible. The company also has a record $182 billion in dry powder, allowing it to take advantage of current market dislocations to purchase assets at a discount.

Despite a weaker market backdrop, Blackstone had a strong $45 billion of fundraising in 3Q, which we believe speaks to the considerable capabilities and brand name of the franchise. In recent years, Blackstone has rapidly grown its fee-earning assets under management. The company sees considerable growth in real estate, private equity, infrastructure, tactical opportunities, and credit assets. Over the long term, management expects fee-related earnings to account for about 65% of the total.

We believe this is an important catalyst for the shares, as it reduces variability in earnings and raises prospects for consistently higher distributions. New avenues for growth include infrastructure investments (where Blackstone has made considerable fundraising efforts) as well as businesses such as insurance, life sciences, and technology.

We believe that Blackstone has strong long-term underlying earnings potential, especially from fee-related earnings. Blackstone had $360 billion of perpetual capital at the end of 3Q, up 83% from the prior year, mostly in real estate and credit & insurance, enabling it to make long-term decisions and not sell at inappropriate times.

An investment in Blackstone carries substantial risks. Investors must be comfortable with the opaque and complex nature of the alternative asset manager business model. Blackstone's funds can have hidden dangers that investors cannot anticipate in advance. In short, investors in Blackstone are betting that the company's outstanding investment track record will continue in the future.

We believe that BX remains a best-in-class manager of alternative assets, as demonstrated by its return on investment metrics, monetization performance, distribution history, and ability to attract global capital. BX currently trades at 16.6-times our 2022 distributable earnings estimate and at 15.8-times our 2023 estimate.

Given the company's operating margins in the high 40s, 5.1% yield (based on our forward-four-quarter distribution estimate), and expanding base of fee-earning assets, we believe that the shares merit a higher valuation.

We also expect the conversion to corporate status to continue to expand ownership and increase liquidity, further improving valuation multiples. Our target price of $115 implies a multiple of 21-times our PE estimate for 2023.

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Blue Owl Capital (OWL)

Harry Domash
Dividend Detective

*The term "alternative assets" applies to non-publicly traded assets such as privately-held companies, venture capital, real estate and commodities, explains **Harry Domash**, income specialist and editor of **Dividend Detective**.*

Blue Owl Capital *(OWL)* was formed via a December 2020 merger of two alternative asset investors, Owl Rock Capital Group and Dyal Capital Partners.

After its May 2021 IPO, Blue Owl then acquired two more alternative asset managers, Oak Street Capital in October 2021 and Ascentium Group in December 2021. Although a combined corporation, the original four companies still operate more or less independently.

Blue Owl is in fast growth mode. September quarter AUM (assets under management) which totaled $132 billion, were up 87% vs. year-ago. Revenues soared 107% to $371 million. I've found that, share prices track annual earnings per share (EPS) closer than any other single factor.

For next year, analysts are forecasting 30% EPS growth, powered by a 34% jump in revenues. Why such spectacular growth? According to a recent analyst report, over 80% of Blue Owl's assets under management can be classified as "permanent capital." What's that? Permanent capital does not have to be paid back at any predetermined date, if at all.

Shareholders can only withdraw their investment by selling their shares to someone else. That's the best kind of cash to have. Why? Blue Owl doesn't have to be continuously procuring new cash to replace cash coming due to be repaid. For comparison, only about 20% of Blackstone's net asset value qualifies as permanent.

Blue Owl paid its first quarterly dividend, $0.04 per share, in August 2021. Since then, it has raised its quarterly payout by $0.01/per share in most quarters. Its most recent payout, $0.12 per share in November, was 33% above year-ago.

According to analysts, that trend will continue. They're expecting quarterly dividends to average $0.15 per share next year and $0.18 in 2024. To put those numbers in perspective, that's around 25% dividend growth next year and 20% dividend growth in 2024.

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Bravo Mining (BRVO)

Gerardo del Real
Junior Resource Monthly

Bravo Mining *(TSX-V: BRVO) (OTC: BRVMF) is a Brazilian company with 100% ownership of the advanced Luanga 3PGE+Au+Ni project — a project with true Tier One potential, notes* ***Gerardo del Real****, a leading specialist in mining stocks and editor of* ***Junior Mining Monthly****.*

This company — which sat dormant for years under the **Vale** (VALE) banner — has one of the best undeveloped platinum group elements-gold-nickel projects in the world. One I've been waiting on and one that will be worth the wait.

The project boasts a suite of metals that are all — and will continue to be — in high demand: palladium, platinum, rhodium, nickel, and gold.

Luanga is located in the world-class Carajás Mineral Province, Brazil. Carajas mineral province has a 15.25% effective corporate tax rate. Access and infrastructure are excellent.

However, it's the people that make me confident this has 10x potential. The company is led by Executive Chairman and founder Luis Mauricio F. Azevedo. Mr. Azevedo is a Brazilian national based in Brazil, fluent in English, and is a lawyer with over 25 years of dealing with the Brazilian mining cycle.

He also has a history of acquiring assets on very shareholder-friendly terms and then developing, permitting, and monetizing those assets. Mr. Azevedo was formerly the founder and executive director of Avanco, which sold to Oz minerals for A$418 million.

Joining Mr. Azevedo is non-executive lead director Dr. Nicole Adshead-Bell, an Australian/Canadian national who is a rarity in the mining space, a highly intelligent geologist with over 25 years experience in the mining sector and she has a moral compass to match the impressive list of credentials.

I also have to mention that Stephen Quin, most recently President of Midas Gold, is also a non-executive director. I am a big fan of Stephen and the way he goes about his business. I'm also a big fan of his involvement with Chalice Mining recently where he served as a Director.

Chalice's Julimar project is a very compelling analogue to the Luanga project. Luanga has a historic resource of 5.7 million ounces of palladium-platinum-gold and 344 million pounds of nickel. That resource comes as a result of 252 holes or approximately 52,000 meters of drilling. Compare that to Chalice's project, which boasts 10 million ounces and 1.2 billion pounds of nickel compiled from 520 holes or 137,000 meters of drilling.

Chalice has a market cap of US$2.25 billion. Bravo has a current market cap of C$166 million. The company has approximately 72 million shares outstanding. It is not unreasonable to assume that Luanga could rival or surpass Chalice's multibillion-dollar project in terms of size and eventually market cap. That's the opportunity.

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Editor's note: Gerardo Del Real's Top Pick for 2022 was Patriot Battery Metals (TSX-V: PMET) (OTC: PMETF), which rose more than 150% over the past year. The advisor now explains, "The premise was a simple one. Lithium was red hot, the world is pivoting towards cleaner energy that will require massive amounts of lithium and there simply won't be enough supply to meet demand for several years. Enter Patriot. The company has a world-class lithium district that has the potential to transform the company into an important multi-billion dollar player in the lithium space — and I still consider it a top pick."

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Brookfield Renewable Energy (BEPC)

Tim Melvin
The 20% Letter

*My conservative Top Pick for 2023 is **Brookfield Renewable Energy Corporation** (BEPC) — one of the best publicly traded renewable energy portfolios you can buy, suggests **Tim Melvin**, editor of **The 20% Letter**.*

While it is no secret that I think fossil fuels will be part of the energy picture for much longer than the pundits and politicians are telling you, I am not unaware that renewables will be the fastest-growing segment of the market.

The parent company, **Brookfield Asset Management** (BAM), has been in the energy business for a long time and is determined to be a leader in all aspects of the industry, including renewable. Originally, the Brookfield portfolio was primarily hydro plants. As the company began to focus on adding solar and wind projects, hydro declined to about 50% of the portfolio.

Brookfield has made it clear it intends to be involved in all aspects of the renewable energy business. So far, in 2022, the company has invested $12.8 billion in carbon capture, distributed generation, nuclear, battery storage, and transition investments.

Brookfield also just signed an agreement to buy Scout Energy for $1 billion. This allows it to add more than 800 megawatts of operating wind assets and a pipeline of more than 22,000 megawatts of wind, solar, and storage projects across 24 states, including almost 2,500 megawatts of under-construction and advanced-stage projects to the asset portfolio.

In October, Brookfield combined with uranium producer **Cameco** (CCJ) in a strategic partnership with Cameco to acquire Westinghouse Electric, one of the world's largest nuclear services businesses. Brookfield management believes, as I do, that nuclear is critical to reaching net-zero carbon emissions.

While fearmongering keeps the greenies from embracing nuclear so far, history shows it to be one of the safest, greatest energy sources in existence. Brookfield currently produces 24 gigawatts (each gigawatt is enough to power about 750,000 homes) and has a development pipeline of more than 100 gigawatts.

Brookfield is targeting 12% to 15% annualized returns and is committed to a high level of dividend growth. Right now, the shares are yielding just over 4%. The best way to invest in Brookfield is to buy a little now, then reinvest the dividend and add to your position on every big down day. This is an asset collection you can own for decades.

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Caesarstone (CSTE)

Benj Gallander
Contra the Heard

*Want a stock that is a global leader in its space, been profitable every year since going public in 2012, is conservatively operated and trades at less than half the book value? asks **Benj Gallander**, a value-oriented, contrarian investor and editor of **Contra the Heard**.*

Throw in the occasional dividend, and know that insiders are well vested, owning almost 50% of the enterprise. If so, **Caesarstone** (CSTE) — our more conservative Top Pick for 2023 — might be for you.

This Israel-based corporation manufactures and markets engineered quartz and other surfaces in numerous countries throughout the world. You have likely eaten off one of their tabletops (as I do virtually every day).

In the United States, the market share for quartz countertops jumped from 5% to 20% since 2010. In Canada, they possess 28% of the market, up from 9% since 2010.

The stock got dinged on the recent quarterly results. Sales jumped 10.6% and look even better at 14.9% on a constant currency basis. Key to the increase was higher prices, partially fueled by that old bugaboo, inflation. Operating expenses rose slightly to 21.3%, on higher shipping and raw materials cost.

And for those concerned about cash, cash and cash equivalents are a robust $66.2 million. Perhaps the most discouraging thing for investors was the slight loss of $0.5 million, a definitive downdraft from the profit of $5.9 million in the quarter a year ago.

That said, the stock sunk about 20% when the numbers were reported and has trended lower since. Consensus analyst estimates was calling for a quarterly EPS of $0.27, but instead the company reported -$0.02. Talk about a swing and a miss!

Looking ahead, the outlook likely discouraged some potential investors. Revenue guidance fell from $710 - $725 million to $690-$700 million, but some of this is expected to be caused by foreign exchange rates. At the same time, slowing housing starts and a renovation slowdown will hurt the company.

The corporate dividend policy is very distinct. It will pay up to 50% of net income on a year-to-date basis, but if this is less than $0.10 a share, nothing is given. That means a spotty payout and there will not be one from the most recent quarter. Yes, this is another reason to discourage potential investors and cause some people to sell.

Geopolitical risk is also a factor here with the firm headquartered in Israel, where it has two of its four manufacturing facilities. Persistent tension and regular armed conflict in the region seem to have been going on forever and there does not seem to be an end in sight.

This stock traded north of $71 seven years ago. Five years ago, it was almost $40. From this angle, it appears to have the ability to regain form with lots of upside. A stock price north of $30 seems imminently reasonable.

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Cassava Sciences (SAVA)

Joe Cotton
Cotton's Technically Speaking

***Cassava Sciences** (SAVA) is a high risk, high reward clinical biotech company; its flagship drug candidate is Simufilam — an Alzheimer's drug — currently in Phase 3 trials, explains **Joe Cotton**, editor of **Cotton's Technically Speaking**.*

What makes this stock so interesting is that Simufilam appears to improve cognition in Alzheimer's patients, not just slow the progression of the disease. That's a really big deal. If it gets approved, it could easily become a multi-billion dollar drug.

We have been following the stock for some time and on October 6, 2020 we gave it a Buy Rating at $9.32. Within 10 months it reached $140 intraday, a gain of 1400%. If Simufilam gets approved, the stock could go a lot higher. But keep in mind that this is a one-drug company, and the stock could go down to $1.00 if it fails to get the drug approved.

In August of 2021, a law firm representing admitted short sellers submitted a Citizen Petition to the U.S. Food and Drug Administration requesting that Cassava's clinical trials of Simufilam be stopped, alleging, among other things, data manipulation in scientific articles authored by Cassava scientists, including a 2005 *Neuroscience* article.

As a result, the stock plummeted from $120 to $40. *Neuroscience* re-examined the original data for the article and in December of 2021 stated that they found no evidence to support claims of data manipulation.

The claims, although apparently false, have cast a shadow over the stock for some time. But now, the stock is acting well and we expect it to continue strongly on an upward path. Here are catalysts for a continued upmove:

1) The company has a relatively small amount of shares outstanding — only 41.74 million shares, and a Float of only 37.69 million shares. The stock moved up $1.58 on volume of only 1.8 million shares on 12/8/22.

2) Furthermore there are 9.33 million shares short, equal to 24.66% of the Float, as of November 15, 2022 per Yahoo! Finance. That is a very large figure, making the stock a prime candidate for a short squeeze, which we believe has just begun.

3) The company has enrolled approximately 650 patients in two Phase 3 studies and plans to enroll a total of 1,750 patients with mild-to-moderate Alzheimer's disease in the 2 studies of Simufilam. The results of its ongoing Phase 3 clinical program are expected to come out in mid-2024.

4) The company announced completion of drug administration in an open-label study of Simufilam for approximately 200 patients designed to evaluate long-term drug safely and to measure cognitive changes over 12 months. The results may be announced approximately year end 2022.

5) Insiders apparently think Simufilam works, because two Directors spent their hard earned cash buying the stock in August of 2022. Director Richard Barry bought 36,159 shares @ $23.79 for a cost of $860,223. And Director Sanford Robinson bought 100,000 shares @ $20.69 for a total of $2,069,000. When the directors of a company are buying their company's stock it's a big plus that inspires confidence. We like the stock.

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Catalyst Pharmaceuticals (CPRX)

Luke Downey
MAPSignals

For a growth-oriented choice for the coming year, I'm going with under-the-radar company, ***Catalyst Pharmaceuticals*** *(CPRX), suggests* ***Luke Downey****, co-founder and editor of* ***MAPSignals****.*

This is a stock that was highlighted to me via the quantitative process at MAPsignals. Each day our systems comb through thousands of equities and rank them via three important criteria: fundamentals, technicals, and institutional support. Let's unpack those 3 for CPRX.

Catalyst is a biopharmaceutical firm that develops therapies for rare debilitating, chronic neuromuscular and neurological diseases like Lambert-Eaton myasthenic syndrome (LEMS) and congenital myasthenic syndromes (CMS) and others. The company is smaller in size with a market cap of just under $2 billion.

The fundamental picture is strong with sales expected to grow 18% to $248 million in 2023. Additionally, EPS is slated to grow to 87 cents per share next year, giving this fast grower a forward PE of 18.4. The firm has over $250mm in cash and only $3.6 million in long-term debt.

The technical picture has been one of its strengths in 2022 with shares gaining 136%. It's been one of the best performers in a very challenging macro environment.

Finally, the institutional support narrative is there. The MAPsignals process seeks to identify stocks trading in an unusual manner, indicative of Big Money buying. CPRX has been one of the highest-ranking stocks in our data since August 2022 when the stock was trading at just over $10. As of this writing the stock sits at $16.

Here's why I like Catalyst for a bet. Each week our algorithms rank 20 stocks with the highest scores for fundamentals alongside institutional support. CPRX made that list 9 times in 5 short months, indicating investors are betting on upside in this name.

Based on the strong revenue and earnings outlook, solid cash balance, low debt, and institutional support, this company is poised for more upside in 2023.

Subscribe to MAPsignals here.

Catalyst Pharmaceuticals (CPRX)

Tyler Laundon

Cabot-Small Cap Confidential

***Catalyst Pharmaceuticals** (CPRX) is a small-cap biopharma company focused on in-licensing, developing and commercializing novel medicines to treat rare diseases. It has a market cap of just under $2 billion, notes **Tyler Laundon**, editor of **Cabot-Small Cap Confidential**.*

While the company came public in 2006, current growth is a result of a collaboration struck with **BioMarin** (BMRN) in 2012 when Catalyst obtained the North American rights to amifampridine. At the time amifampridine was being developed to treat Lambert-Eaton Myasthenic Syndrome (LEMS), a neuromuscular disorder that often causes severe and progressive muscle weakness and fatigue.

LEMS occurs when the immune system disrupts communication between nerves and muscles and disrupts the release of an important chemical called acetylcholine (ACh). Lacking proper release of ACh muscles don't fully function. LEMS impacts about 3,000 people in the U.S. and many more worldwide.

In 2018, Catalyst obtained FDA approval for amifampridine tablets (commercial name is Firdapse) for adults with LEMS. Commercial launch was early 2019 and is now available for adults. A pediatric label expansion is now in a Phase 3 trial. Canada has approved the treatment for adults and expansion efforts in Japan are underway.

Catalyst is also on the prowl for assets to spur more growth. In 2021, the company began evaluating drug candidates beyond neuromuscular diseases in an effort to diversify its revenue base. Management has said it will seek to acquire companies and acquire or in-license drug products in development.

On that note, in July 2022 Catalyst acquired the rights to Ruzurgi from Jacobus Pharma. This acquisition settled an on ongoing patent dispute and helped remove an overhang from CPRX stock.

Then on December 19 Catalyst announced the acquisition of the rights to FYCOMPA from Eisai. This drug is approved for epilepsy, should generate $136 million in the 12 months ending March 31, 2023 and should add to Catalyst's earnings. The $160 million acquisition also includes an option to evaluate and potentially acquire an additional epilepsy drug from Eisai.

Clearly, Catalyst management is thinking of building a bigger company. In Q3 the company added $35 million to its balance sheet to end the quarter with $256 million in cash. Revenue grew by 59% to $57.2 million. EPS was $0.26 (+86%).

Analysts expect revenue growth of around 49% ($210 million) in 2022 and growth of 20% ($250 million) in 2023. Expected EPS is $0.73 (+33%) this year and $0.88 (+19%) in 2023. The stock is a speculative Top Pick for the coming year.

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Catalyst Pharmaceutical (CPRX)

Jim Woods
Successful Investing

*When you're looking for companies with the potential to deliver big gains over the course of a year, you need to find ones that have a lot of bullish catalysts, suggests **Jim Woods**, growth stock expert and editor of **Successful Investing**.*

Even better, is when the word "catalyst" is literally part of that company's name — and that company is **Catalyst Pharmaceuticals Inc.** (CPRX).

CPRX is a biopharmaceutical company that focuses on developing and commercializing innovative therapies for people with rare, debilitating, and chronic neuromuscular and neurological diseases. It offers Firdapse, a proprietary form of amifampridine phosphate, used in the treatment of patients with Lambert-Eaton myasthenic syndrome.

Shares of CPRX were one of the market's most successful stock stories in 2022. That's because they delivered investors a year-to-date gain of over 136% (through Dec. 16). And while it's true that this stellar return might be hard to beat in 2023, there is no reason why we can't see a continuation of the big gains in CPRX again in the year to come.

I say that, because over the past two years the shares are up 318%, a remarkable run higher that shows a track record of professional money moving in for alpha on the back of catalyst that is, well, Catalyst.

Interestingly, despite the big run higher in CPRX in recent years, many analysts think the stock is still undervalued. While it trades at a P/E ratio of just over 26, that's well below many stocks in this space, and it's well below the average in the biotech segment, which depending on the sub-segment can be as high as a P/E of 45.

More importantly, CPRX is a biopharma company with amazing earnings growth. Over the past three years, the company's products have roared in with an annual EPS growth rate of 54%. That metric, along with strong quarterly earnings leading up to this writing, puts CPRX in the top 1% of all stocks in terms of earnings per share growth.

So, if you want a proven track record of alpha in a biopharma company making big profits, and likely to continue making those big profits in 2023, then you must put this "Catalyst" on your 2023 Top Picks list.

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Celsius Holdings (CELH)

John Gardner
Blackhawk Wealth Advisors' Market Insights

*If you want a growth stock that delivers energy, it's **Celsius** (CELH), which competes with Red Bull and **Monster Beverage** (MNST) in the energy/performance drink market, asserts **John Gardner**, money manager and editor of **Blackhawk Wealth Advisors' Market Insights**.*

CELH is on an impressive growth streak, fueled by both a rise in health trends and a new distribution deal with **PepsiCo** (PEP). Celsius makes caffeinated, sparkling beverages and pre- and post-workout supplements in a variety of flavors. Celsius claims its drinks and powder supplements boost metabolism while burning fat and calories.

Celsius could disrupt the longtime energy drink duopoly as it continues to gain market share and favor on Wall Street. Monster and Red Bull still dominate the energy drinks market. They claim 39% and 37% of the U.S. market in 2021, respectively, according to research data.

Celsius now has a 4.9% market share. This is expected to double by 2025. Mutual fund ownership of CELH stock has more than doubled in the last two years. No wonder the Street likes it; CELH has been a stellar growth stock since its 2017 IPO. The stock has soared from just over $4 to an early December all-time high of nearly $120.

That great growth is in part a function of exceptional revenue acceleration. The company's sales catapulted to $133.4 million in the first quarter of 2022 from $6 million during the same period in 2017. For its most recent third quarter, Celsius reported $188.2 million in sales, up 98% year-over-year.

Positive growth trends are likely to continue for both Celsius and the energy drink market in general. The global energy drink market is forecasted to reach $85 billion by 2025 with a compound annual growth rate of 7%, according to industry expert analysis. That's well above this year's global market value of $69 billion.

For Celsius, the main driver to capture more market share will be its distribution agreement with PepsiCo. Pepsi invested $550 million for an 8.5% stake in Celsius in August, making it the long-term distributor of Celsius products.

The deal helps Celsius gain scale, accelerate its market share momentum, and augment its international strategy. It's already paying off for Celsius. As of 3Q22, its U.S. store count exceeded 174,000 locations nationally, up 54% from 2021. Pepsi's pipeline opens opportunities in 126 international markets long-term.

Strong revenue growth for Celsius goes beyond retail stores. Celsius is now the second-largest online seller within Amazon's energy drink category with an 18.5% share, greater than Red Bull's 12% share.

Monster still leads with a 26.2% share. Celsius' Amazon sales hit $42.9 million through the third quarter, doubling those revenues from this time last year. That represents about 9% of the $475.6 million in its total sales for the first nine months of 2022.

Any investor would be ecstatic if Celsius' investment return was anywhere near Monster Beverage's over the past 20 years. Monster Beverage's stock has soared a whopping 115,065% over last 20 years. Energize your growth stock portfolio with CELH.

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Centene (CNC)

John Staszak
Argus Research

***Centene** (CNC) — a Top Pick for 2023 — is an international healthcare company; the firm offers services to government-sponsored and commercial healthcare providers, notes **John Staszak**, an analyst with **Argus Research**.*

Centene — based in St. Louis —has an emphasis on underinsured and uninsured individuals. The company is the largest Medicaid managed care organization in the U.S. and a leading provider of insurance under the Affordable Care Act.

The company has grown primarily through the acquisition of other health plans and services, including Magellan Health Care for $2.2 billion in January 2022, and Medicare insurer WellCare for $19.6 billion in January 2020.

Management now projects EPS of $5.65-$5.75, up from a prior $5.60-$5.75. This is the fourth time this year that management has raised guidance. Reflecting recent contract wins in North Carolina, management's guidance, and positive earnings surprises in five of the past six quarters, we are keeping our EPS estimates at $6.00 for 2022 and $6.80 for 2023. Our long-term earnings growth rate estimate is 15%.

We think that CNC shares are attractively valued at recent prices, above the midpoint of their 52-week range of $61-$99. On a technical basis, the shares have been in a long-term bullish pattern of higher highs and higher lows that dates to September 2019, though they have fallen sharply with the market since mid-August.

On a fundamental basis, the shares are trading at about 12.7-times our 2023 EPS estimate, near the midpoint of the historical range of 10-16. Compared to the peer group, the shares are trading at below-average multiples, which we think is unwarranted given the company's strong growth prospects. We are maintaining our "buy" rating and raising our target price to $99.

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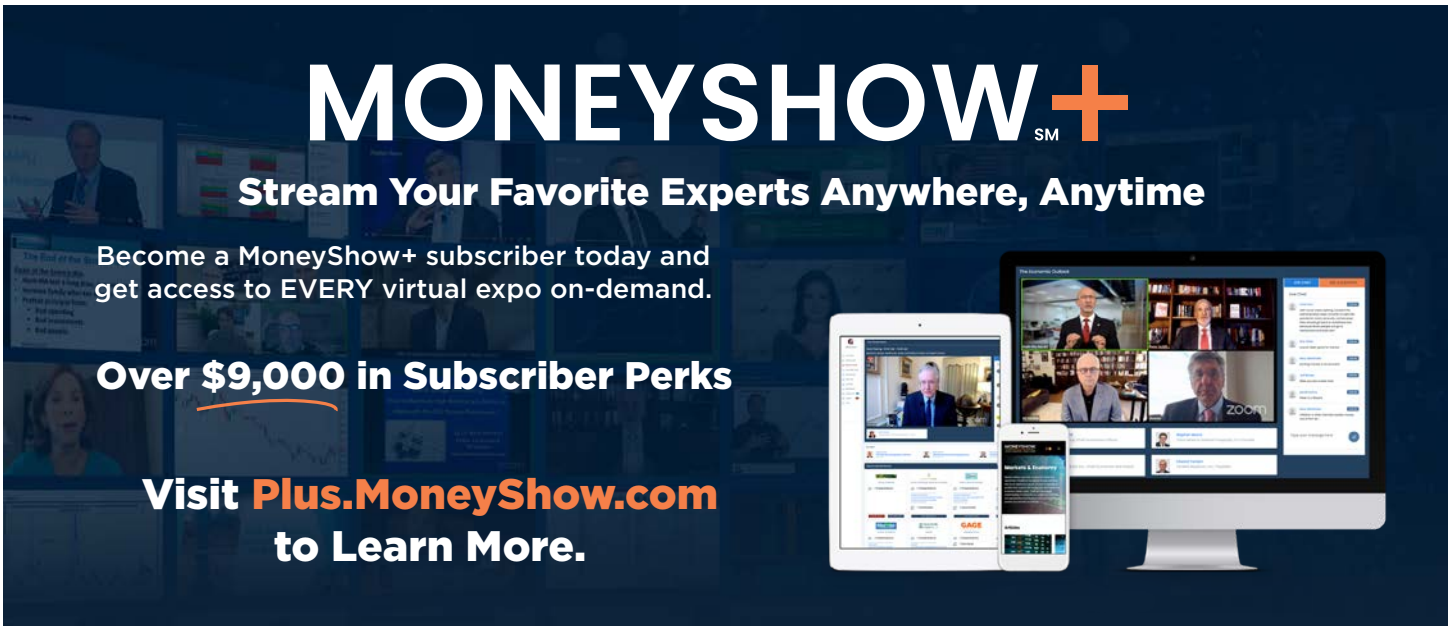

Cisco Systems (CSCO)

Ingrid Hendershot
Hendershot Investments

***Cisco Systems** (CSCO) — the world's largest provider of high-performance computer networking equipment — designs and sells a broad range of technologies that power the Internet, notes **Ingrid Hendershot**, money manager and editor of **Hendershot Investments**.*

Cisco Systems was founded in 1984 by a group of computer scientists at Stanford University. Since inception, Cisco has shaped the future of the Internet and has become the worldwide market leader in networking with sales topping $51.5 billion in fiscal 2022.

Amid robust competition and a rapidly changing technological landscape, Cisco is transforming its offerings to meet the evolving needs of its clients. This transformation, which is progressing well, includes shifting the business from selling network switches and routers to more software and subscriptions. During the first quarter of fiscal 2023, 43% of Cisco's revenue was derived from recurring software and services.

Cisco's strong free cash flow has enabled it to provide generous cash returns to shareholders while making investments to capitalize on long-term megatrends like hybrid cloud and work, security, the Internet of Things, high-speed ethernet, 5G, and WiFi 6. In fiscal 2022, Cisco generated $12.8 billion in free cash flow, representing more than 100% of reported earnings, a sign of high-quality earnings.

During the past five years, Cisco has repurchased nearly $52 billion of its shares, thereby reducing its share count by 11%, while investing nearly $13 billion in acquisitions to fuel growth. In fiscal 2022, the company increased its dividend for the 11th consecutive year and remains committed to returning at least 50% of free cash flow to shareholders annually even as it transforms the business.

Deducting its copious cash from its stock market capitalization, Cisco trades at an attractive valuation of just over fifteen times trailing earnings with a generous 3.2% dividend yield. Long-term investors should seek to network with Cisco Systems, a high quality market leader with strong free cash flows, a substantial share repurchase program and an attractive dividend yield.

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Citigroup (C)

John Divine
US News & World Report

***Citigroup** (C) — a Top Pick for conservative investors for 2023 — is a sprawling, $85 billion multinational bank with both retail and commercial banking arms, observes **John Divine**, senior financial markets editor at **US News & World Report**.*

Originally founded in 1812, the bank has more than a 200-year corporate history, having stood the test of time through good times and bad over the centuries.

While not the most exciting or unique business in the world, Citigroup does present a unique value proposition at current levels, making it a steal heading into 2023.

During the absolute nadir of the 2020 pandemic-fueled market plunge, practically every publicly traded stock was trading at a major discount to its intrinsic value. March 23, 2020 was the lowest close for US stock market indexes and for many of their respective constituents.

Since that time, the unprecedented uncertainty has had a chance to subside, and many of the largest U.S. banks trade at substantially higher levels than they did during the depths of the pandemic. **JP Morgan Chase** (JPM) is up 65% from its lowest pandemic close, **Bank of America** (BAC) has rallied 78%, and **Goldman Sachs** (GS) has gone meteoric, adding 155%.

Citigroup's return, however, is nothing to write home about, with the stock up a pedestrian 24% in the nearly three years since that March 23, 2020 closing low.

These years of underappreciation have resulted in a rock-bottom valuation that's simply too exaggerated to ignore: Shares trade hands for 6.4 times expected 2023 earnings. The stock is priced at less than half its book value, while the price-to-book ratios for JPM, BAC and GS all range between 1 and 1.5.

Income investors will also find something to like with Citigroup shares, which pay a 4.7% dividend yield and have a payout ratio of less than 30%. Such a low payout ratio, a percentage of earnings a company uses to pay its dividend, shows that its payout isn't just impressive, it's sustainable.

With legendary investor Warren Buffett showing a vote of confidence in Citigroup as **Berkshire Hathaway** (BRK.A) began snapping up shares in 2022, investors are also in good company when buying this megabank. As an added bonus, it's even likely you'll get in at a better price than the Oracle of Omaha himself, given Citigroup fell with the rest of the market throughout 2022.

There's simply no reason for Citigroup to be trading for less than half its book value. And as Buffett has often proven, Mr. Market will come to his senses sooner or later.

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Citigroup (C)

Bruce Kaser
Cabot Undervalued Stocks Advisor

***Citigroup** (C) is one of the world's largest banks, with over $2.4 trillion in assets. Its weak compliance and risk-management culture led to Citi's disastrous and humiliating experience in the 2009 global financial crisis, which required an enormous government bailout recalls **Bruce Kaser**, editor of **Cabot Undervalued Stocks Advisor**.*

The successor CEO, Michael Corbat, navigated the bank through the post-crisis period to a position of reasonable stability. Unfinished, though, is the project to restore Citi to a highly profitable banking company, which is the task of relatively new CEO Jane Fraser.

Fraser, an impressive 17-year company veteran with leadership and turnaround experience in nearly every segment of the bank (she is light in investment banking but has experience as an investment banker), is focusing on Cit's strengths in Wealth and Commercial Banking, as well as credit cards, while offloading low-value operations. Her task also includes cleaning up regulatory and compliance issues, upgrading the tech infrastructure, tightening and focusing its culture, and cutting expenses.

To an extent perhaps unmatched in the industry, Citi has operations across the globe. Global reach works best in capital markets activities like commercial and investment banking (Citi is performing well in these) but tends not to work well in local market activities like consumer banking (where Citi is struggling).

Fraser has offloaded 13 consumer units including those in Australia and South Korea with its business in Mexico in active negotiations. These divestitures should boost capital levels while reducing expenses. Wealth management, which has both global and local features, is a good business for Citi, where it is well-positioned in several attractive regions including Asia.

As it sits today, Citi is in reasonably strong condition. Capital (at 12.2% CET1 ratio) is sturdy and comparable to its major peers. Credit quality is healthy as are its credit reserves. Like all major banks, Citi is struggling with slow loan growth and narrow net interest margins.

Trading at 55% of tangible book value (compared to Wells Fargo at 120% and Bank of America at 150%) and 6.5x estimated 2023 earnings, Citi shares are among the cheapest in the banking sector — a major attraction as expectations are low. As the bank grinds along with its turnaround, the valuation should improve. Investors enjoy a 4.7% dividend yield.

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Cohen & Steers REIT and Preferred and Income (RNP)

Rida Morwa
High Dividend Opportunities

Cohen & Steers REIT and Preferred and Income Fund *(RNP) is our Top Pick for more conservative income-minded investors in 2023, declares* ***Rida Morwa****, income expert and founding partner of* ***High Dividend Opportunities****.*

Cohen & Steers REIT and Preferred and Income Fund is a REIT-focused closed-end fund (CEF) managed by Cohen & Steers. Unlike other REIT-oriented CEFs, this fund carries zero leverage.

Why is this important? CEFs are forced to balance covering their distributions and the cost of their leverage. With rising interest rates and higher inflationary pressures persisting, many highly leveraged CEFs are being forced to cut their distributions and no longer pay as high income to their holders. RNP avoids this altogether.

Furthermore, RNP had the rare issue of making too much money in 2022 and having to pay out a hefty special dividend of over $1 per share. How was this the case? Well, it is in part due to its lack of leverage, RNP doesn't have higher expenses like other funds. The other half of the equation is the quality of its holdings. RNP invests 50/50 in REIT common shares and preferred securities.

Rents are rising at the fastest rate we've seen in decades, thanks to inflation. REITs are seeing the benefits of inflation immediately, while the negative impact of higher interest rates won't have a material impact on earnings for another 4+ years. Even then, it is a "maybe" impact, as it is very likely that sometime in the next few years, the Fed might cut rates again.

Preferred shares have also seen headwinds from rising interest rates. As "fixed-income" style investments, their prices have fallen with interest rates — though they still produce the same amount of income.

Put them together, and you have a great place to earn a solid income while having the potential for significant capital gains when the Fed pivots back to being dovish. We don't need to predict when that will happen. We can just kick back, relax and collect our dividends, knowing that sooner or later, it will happen.

RNP is paying a strong 7% yield in monthly payments to your account. The split REIT and preferred focus allows investors to enjoy income from stable sources while we wait for the Federal Reserve to turn dovish and start cutting rates down the road.

Many of your life's bills come monthly, I love to have income arrive monthly as well. What's not to love about this high-yield fund with a growing dividend that arrives monthly and is directly tied to an asset class that is about to have another record year?

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Covenant Logistics Group (CVLG)

Justin Carbonneau
Validea

*When sourcing investment ideas, we utilize an investment system that replicates the strategies of great investors and other time-tested approaches through a set of computerized strategies, explains **Justin Carbonneau**, editor of **Validea**.*

From Warren Buffett to Peter Lynch to Ben Graham, great investors have shared their investing knowledge and wisdom and our expertise is uncovering these investment strategies and extracting the precise fundamentals used to construct each one.

We run close to two dozen approaches that range from deep value, value and quality, growth-at-a-reasonable price, growth and momentum.

Our models rank and score all stocks that trade in the U.S. on a daily basis and we tend to favor stocks that pass multiple models simultaneously because this gives us confidence that there are dozens, if not hundreds, of financial and valuation data points being assessed all at one time.

Covenant Logistics (CVLG) — my Top Pick for aggressive investors — is a logistics and trucking company with a strong 35-year business history.

Started by a husband-and-wife team in 1986, the company prides itself on its unique values-based corporate culture. It's not just the culture and operations that standout — the fundamentals do as well.

The stock scores 80% or by eight of our guru models, including the growth-at-a-reasonable price strategy outlined by Peter Lynch. One of the key variables in Lynch's approach was the "PEG" ratio, which is the Price-to-Earnings ratio (5.2) divided by the long-term earnings growth rate (40%).

The PEG for Covenant is a very attractive 0.13 at the current time. It's not just the valuation either — the company boasts a return-on-equity of over 32%, has relatively low levels of debt, and has seen its stock outperform the vast majority of others over the past year.

The combination of value, growth, quality and momentum make the shares of this transportation company highly attractive. With a market cap of a little over $500M this is a smaller firm but one that gives investors a good opportunity to produce solid returns by investing in a well-run and growing business.

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CVS Health (CVS)

Chuck Carlson
DRIP Investor

*Healthcare related stocks typically provide a bit of a shelter during rocky market periods, suggests **Chuck Carlson**, dividend reinvestment specialist and editor of **DRIP Investor**.*

One stock that provides an interesting play in the healthcare space is **CVS Health** (CVS). Most investors know CVS by its drugstores. But CVS is also a major pharmacy benefits manager (CVS Caremark) and a major insurer (Aetna).

What also will surprise most investors is the size of CVS — the firm will do roughly $325 billion in revenue in 2023. CVS provides health-care services through a variety of channels and over 300,000 employees, including more than 40,000 physicians, pharmacists, nurses, and nurse practitioners. The company's segments include:

Pharmacy services — CVS operates more than 9,900 retail stores along with mail pharmacy and specialty pharmacy services.

Health and wellness services — CVS operates MinuteClinic and HealthHub locations, providing a variety of long-term care, infusion services, care management, and wellness and preventative services.

Health plans — Via its Aetna unit, CVS offers Medicaid and Medicare plans, as well as health plans for both commercial and specialty insurance needs.

Virtual care services — The company's virtual care solutions include telehealth services and digital tools.

Prescription drug coverage — CVS operates one of the largest pharmacy benefit management companies in the U.S.

Despite the company's massive size, CVS should still grow the top and bottom lines in 2023, and mid-to-high single digit growth is likely for the long term.

CVS, yielding 2.1%, offers a good total-return play for investors. After a number of years of no dividend growth, the dividend was boosted 10% in early 2022. Downside risk for the stock should be limited to the mid-$80s. I expect the stock to test its 52-week high of $111 over the next 12 months.

Please note CVS offers a direct-purchase plan whereby any investor may buy the first share and every share directly from the company. Shares may also be purchased via any brokerage firm.

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Deere & Co. (DE)

John Eade
Argus Research

Deere & Co. *(DE) — a Top Pick for 2023 — develops and delivers global equipment and technology solutions for production-scale growers, mid-size and small growers as well as turf customers, notes* ***John Eade****, an analyst with* ***Argus Research****.*

The company — founded in 1837 — manufactures and distributes a broad range of backhoe loaders, crawler dozers and loaders, four-wheel-drive loaders, excavators, motor graders, articulated dump trucks, and landscape loaders; it also finances purchases and leases of Deere equipment.

As a global manufacturing company, Deere is affected by worldwide trends in trade policies, exchange rates and commodity prices. However, Deere management understands, and does a good job of managing the factors it can control, such as pricing and costs.

Sales and earnings are benefiting in the current environment from relatively high commodity prices; volumes are picking up. Meanwhile, Deere management has taken steps to reduce costs, and is targeting all-time high margins. A new CEO and CFO have been appointed recently, and both are from Deere's innovative Precision Ag group.

We see continued solid earnings power in the quarters ahead, as new management innovates to improve products and the company's customers carry out the essential work of promoting food security. In our view, the shares offer value despite a recent strong performance.

DE shares have outperformed over the past quarter, gaining 19% while the S&P 500 has fallen 3%. Over the past year, the shares have also outperformed the market with a 26% gain compared to a 15% decline for the S&P 500.

We think that DE shares are attractively valued at current prices near $438, at the high end of the 52-week range of $283-$448. From a technical perspective, DE shares have been in a bullish pattern of higher highs and higher lows dating back to July.

On a fundamental basis, the shares appear favorably valued by historical standards and relative to peers. The shares are trading at 14-times our FY23 EPS estimate, compared to a 20-year historical average range of 10-24. Compared to the Industrial peer group, DE shares trade at below-average P/E and above-average price/sales ratios. We see solid earnings power in the quarters ahead as management takes steps to boost margins.

In our view, the shares continue to offer value. We think that DE shares are a suitable core Industrial holding in diversified portfolios. Our price target is now $475.

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Dell (DELL)

Jim Kelleher
Argus Research

***Dell** (DELL) — a Top Pick for 2023 — was born in a dorm room at the University of Texas by Michael S. Dell, who remains chairman and CEO, notes **Jim Kelleher**, an analyst with **Argus Research**, a leading independent Wall Street research firm.*

Dell has followed its own path in the technology hardware space. The company took a PC business and layered on enterprise infrastructure assets including servers, storage, and networking. In recent years, Dell's ability to leverage strength in one core competency in order to support the other has resulted in a balanced performance. In the current era of PC unit weakness, Dell's strategy certainly appears timely.

The company went private in 2013 in order to acquire the world's biggest storage company, EMC, and run operations without being beholden to shareholders. And it sold the inexpensively acquired VMware at a significant premium to purchase price in order to retire a big slug of EMC acquisition-related debt. As of fiscal 3Q23, debt is at its lowest level since fiscal 2015, prior to its acquisition of EMC.

Over time, financially leaner Dell aims to unlock value in its Client Solutions and Infrastructure Solutions businesses. Notwithstanding current challenges related to inflation and potential economic slowing, Dell intends to leverage long-term revenue growth in the 3%-4% range into annual growth of 6%-plus in non-GAAP EPS through fiscal 2026.

Dell's historical valuation is complicated by the fact that DELL shares resumed trading at the end of 2018 after the company went private in 2013. We note that Dell remained a profitable business through its private period. Additionally, distribution of the special dividend of VMWare shares reduced the DELL share price in half.

The stock trades at 5.5-times our FY23 non-GAAP EPS estimate and at 5.0-times our FY24 non-GAAP projection. The two-year average forward P/E of 5.3 is below the historical P/E (FY18-FY22) of 8.3.

DELL is deeply discounted in relation to multiples for the S&P 500, trading at a relative P/E of 0.31 on a two-year forward basis, compared to an historical relative P/E of 0.42. Historical comparables value is in the mid-$60s, rising and above current prices.

Dell is trading at discounts to peers on absolute and relative P/E, price/sales, and EV/EBITDA. Our peer calculated value for DELL has jumped above $100, rising given its positive fundamentals and some moderation in the tech selloff. On a discounted free cash flow basis, which assumes stronger cash flow as Dell pays down debt, we calculate a terminal value of $245, in a rising trend.

In all, our blended valuation for DELL is above $200 and in a rising trend despite the tech selloff. Appreciation to our 12-month target price of $70 implies a total potential return, on a risk-adjusted basis, in excess of our forecast market return and is thus consistent with a "buy" rating.

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Direxion Small Cap Bull 3X ETF (TNA)

Steve Reitmeister
Reitmeister Total Return

As I write about my favorite pick for 2023, I am still quite bearish on the short term outlook; I expect stocks to find a bottom between 2,800 to 3,200 in the first half of 2023, suggests ***Steve Reitmeister****, editor of* ***Reitmeister Total Return****.*

But then things become glorious for the bulls. Because from that darkest hour stocks will rise with gusto. We are truly talking about the "*phoenix rising from the ashes*" which is how all new bull markets begin. In fact, going all the way back to 1900, the average first year gain for new bull markets is +46.2%.

Now consider that small caps generally rise 20% more than large caps in the **S&P 500** (SPY). Further, consider that using 3X leverage in this small cap ETF could easily lead to first year returns north of 100%.

Now you understand why I am pounding the table on buying this 3X ETF focused on small cap stocks for 2023. I am referring to **Direxion Small Cap Bull 3X ETF** (TNA).

This sounds great except for one thing....*WHEN do you buy it?* If you buy too early, and the market is still racing lower, you will have tremendous losses on your hands. So I caution against just blindly buying it without some consideration for determining market bottom.

So this is an evolving story that needs vigilant watch on all the key indicators like employment, earnings, inflation, Fed rates and price action. That is the only way to determine when it may be time to enact this TNA trade.

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Dominion Energy (D)

Roger Conrad
Conrad's Utility Investor

***Dominion Energy** (D) — a Top Pick for conservative investors — raised the mid-point of projected 2022 earnings, after reporting Q3 at the top end of its guidance range, notes **Roger Conrad**, utility sector expert and editor of **Conrad's Utility Investor**.*

However, the announcement of a "top to bottom" strategic review of the business and withdrawal of long-term earnings guidance understandably spooked investors.

Memories of the abrupt 2020 sale of its midstream energy business and one-third reduction in the dividend are still fresh. And the result was a mass shift of Wall Street recommendations from buy to hold, with the share price plunging by more than -20 percent year to date, including dividends paid.

In this case, however, the most likely outcome is asset sales that actually unlock shareholder value. The three most likely candidates are Dominion's remaining 50 percent stake in the Cove Point LNG export terminal in Maryland, the unregulated Millstone nuclear plant in Connecticut and the renewable natural gas development assets.

All have gained considerable M&A value because of rising natural gas priced. So selling proceeds should enable considerable reduction of debt. But together they account for less than 10 percent of Dominion's earnings, meaning dividends will remain comfortably funded, even before interest cost savings from debt reduction and rate base growth from elevated utility CAPEX.

Dominion will also need to win Virginia regulators' approval for a settlement agreement regarding costs of its 2.6 gigawatt offshore wind project. The key signatory of that deal is Attorney General Jason Miyares, odds on favorite to be the Republican nominee for governor in 2025.

Rising interest rates and supply chain pressures are increasing offshore wind costs. The Attorney General has been a skeptic of the project, so this agreement should greatly reduce political risks. And Dominion expects to have locked in more than 90 percent of project costs by early next year.

I don't expect the stock make much headway until the company resets its long-term earnings growth guidance, not likely before Q4 earnings in early February. But the discounted valuation and yield of just under 5 percent are pricing in very low expectations that won't be hard to beat. Buy at $65 or less.

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Doximity (DOCS)

Jason Bodner
MAPSignals

*My Top Pick for a more pure growth investment comes right from the our quantitative research process; each day our systems sweep through more than 6,000 US stocks and ADRs to identify the best in show, suggests **Jason Bodner**, co-founder and editor at **MAPSignals**.*

The process has reliably identified many top performing stocks year after year. The data history goes back to 1990 with stunning results using the same weekly process.

Doximity (DOCS) is interesting in that it melds two sectors: healthcare and tech. It is technically in the Healthcare sector and in the Healthcare Administrative Support Services industry, however Doximity operates an online platform for medical professionals.

Its cloud-based software has the ability to enable users to collaborate with their colleagues, coordinate patient care, conduct virtual patient visits, stay up to date with the latest medical news and research, and manage their careers.

The company was founded by Shari Buck, Konstantin Guericke, Nate Gross, and Jeffrey A. Tangney on April 16, 2010 and is headquartered in San Francisco, CA. It is a small cap company with terrific growth prospects.

Health records continually move to digitized versions as opposed to old paper files. The same is true for care and collaboration. Health is generally a recession resistant industry as sick people need care regardless of the economy.

DOCS has solid fundamentals such as 1-year sales growth of 66.0%, 3-year sales growth of 59.9%,1-year earnings growth of 18.0%, 3-year earnings growth of 797.2%, and a profit margin of 39%. It has double-digit positive estimated 1 year sales and earnings growth too.

Buy signals for DOCS were very prominent in 2021 — but that abruptly ended as the market shifted away from growth as it became unfavorable. But with it's outstanding fundamentals, and recent buying support, there are strong odds for Doximity to see a resurgence in share price for 2023.

Additionally, the MAP Top 20 report is a list of the 20 strongest stocks getting bought in an unusual way. These stocks have historically market-beating returns over our 32 + year data history. We can see that DOCS just made a new entry into the top 20.

Healthcare companies, specifically Healthcare Administrative Support Services have been seeing unusual buy signals in our research lately. DOCS has appeared on my top 20 report 11 times since July of 2014. It has great fundamentals, visible institutional support, and a high Map Score Score of 70.7 as of December 2022.

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Dutch Bros (BROS)

John Divine
US News & World Report

***Dutch Bros** (BROS) is, simply put, a coffee chain. But don't be fooled by its deceptively basic business — it is also a rapidly expanding growth stock with a current valuation of around $5 billion, suggests **John Divine**, senior financial markets editor at **US News & World Report**.*

At present, Dutch Bros is a regional operator, with locations primarily in the West and Southwest. Founded in 1992 and headquartered in Grant Pass, Oregon, the company — a top speculative, growth-oriented pick for 2023 — currently has 641 locations in 14 states. But its ambitious expansion is changing those dynamics quickly.

In its Q3 2022 earnings report, the company announced that it had opened 103 new stores over the last year, which works out to location growth of 19.1% — a meteoric pace for any kind of retail operation, and nearly 7 times the 2.8% store count growth from industry leader **Starbucks** (SBUX) in the same period. Revenue, too, is growing like a weed, surging 53% year over year in the third quarter.

Importantly, it's not as if the business simply expects growth over the next year or two: BROS sees a footprint of 4,000 U.S. locations in its future, or more than 6 times the current number of stores.

It's fair to say that this caffeinated company is still in the very early innings of its corporate life cycle, with virtually every state east of Texas representing opportunity (Tennessee is the only state east of the Mississippi with Dutch Bros locations at the moment).

Of course, BROS stock probably isn't a top choice for value investors: The stock trades for about 86 times expected 2023 earnings of 35 cents per share. That said, investors should be willing to pay up for extremely high growth in a time where rising interest rates, inflation and recession fears have greatly diminished the prospects for many of yesteryear's best growth stocks.

And whereas many high-growth stocks tend to have trouble turning a profit at this point in their life cycle, Dutch Bros' expected 35 cents per share in earnings in 2023 is a 67% jump from the 21 cents per share analysts expect to see when 2022's full-year results finally roll in.

Qualitatively, Dutch Bros is also interesting for its differentiation with drive-thru-compatible stores, which tend to have a much smaller footprint than more traditional coffee shops where you might sit and attempt to write that screenplay you've been going on about.

BROS — which also stands out for its colorful, sweet drink options that have proven popular among Gen Z and millennial patrons and on social media — has adopted a strategy of heavily pursuing company-owned stores instead of franchised locations.

While this costs more upfront money, the company can reap the long-term rewards of higher overall profits and a much higher revenue base. Rapid expansion, margin improvement and long-term same-store sales growth make BROS a standout growth stock in 2023 and beyond.

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Dynacor (Toronto: DNG)

Ryan Irvine
KeyStone Financial

Dynacor *(Toronto: DNG) is a cash-rich, profitable dividend-growing industrial gold ore processor headquartered in Montreal, Canada, notes* ***Ryan Irvine****, founder of* ***KeyStone Financial****.*

The company currently operates primarily in Peru where it purchases its ore from government-registered producers in various regions of the country and then processes it at its wholly owned milling facility to produce gold and silver (primarily gold), which is sold internationally at market prices.

Dynacor, with a market cap of $CAD103, has a very simple business model — profitability largely depends on two factors:

* A margin between the price of ore purchased and the market price of gold — the higher the margin the better

* Throughput (the amount of ore processed) — the higher throughput the better

A higher gold pricing environment encourages more small-scale mining which grows Dynacor's ore supply and creates profitable growth. Fluctuations in terms of margins in the quarter can occur if the price of gold is trending up (positive for margins) or trending down (negative for margins) — but this tends to average out with the fluctuations in gold prices through a given year.

In a sector (gold) that is ripe with a high degree of variability in terms of cash flow, owing to its unique model, the company boasts 11 consecutive years of profitability. Since its dividend was introduced in 2018 the company has aggressively grown its dividend — every year more than doubling since 2019.

The payout ratio remains conservative at ~ 25% and in late December the company once again increased its dividend by 20% to $0.12 annually for a current yield of 4.5%.

The company also holds a very strong balance sheet with $31.04 million (CAD$42.17 million) or $1.09 per share (net cash is 42% of market cap) with no debt. The strong cash position should allow Dynacor to self-fund growth plans with no dilution.

Dynacor's growth & diversification strategy includes building or acquiring at least 3 additional ore processing plants operating around the world. The company's existing plant which was just expanded had annualized sales of ~US$200 million in 2021.

An additional plant is planned in northern Peru where higher grades are available and Dynacor presently receives little ore from this region. The news could come in this regard in the first 3 months of 2023. Management also has a joint venture in West Africa (Senegal) and in another South American country, the company has one plant in the due diligence phase.

Geopolitical risk is high and Dynacor is best suited for investors with a higher tolerance for risk. Fundamentally, the stock trades at 5.98 times EPS and ~3.50 ex-cash ($1.09 in cash per share) which should more than compensate for the risk. By applying an EPS multiple of 7 times our 2023 earnings and adding back year-end cash fair value is in the range of $4.25.

Learn more about Keystone Financial here...

Energy Transfer LP (ET)

Michael Brush
Brush Up on Stocks

*I use insider buying as a starting point to find promising names, and this seems to work particularly well with energy companies, observes **Michael Brush**, editor of **Brush Up on Stocks**.*

But what's really odd about the energy sector now is that insiders keep buying shares of their companies, even though the sector was up over 62% in 2022. What's going on? Two factors explain this.

First, oil will trade up 16% on average next year and spike up over 25%, says Francisco Blanch, the Bank of America head of global commodities and derivatives research. This would be bullish for energy stocks.

Second, energy stocks are still arguably cheap. Large cap exploration and production companies trade at 3.7 times EBITDA. Historically they traded between four and six times, says Ben Cook, who manages the **Hennessy Energy Transition Investor Fund** (HNRGX).

Energy stocks make up 5% of the S&P 500. That's well below the 8% average over the past ten years. This suggests more money can flow into the space, driving energy stocks higher.

Some of the biggest insider buying is happening in the limited partnership below. It's a play on the war in Ukraine, since it will be supplying natural gas to Europe at some point, displacing European dependance on Russia.

Energy Transfer LP (ET) has a distribution yield of 8.5% and a market cap of $38.7 billion. This midstream energy transport limited partnership benefits from increased natural gas demand in the U.S. and abroad. It made a big acquisition in the third quarter of 2022 which built out its energy transport network and contributed to the 59% gain in net income to $1 billion.

It also benefits from rising energy prices in the U.S. since this means it can charge more for the use of its pipelines. It also offers a nice distribution yield, for income investors.

Energy Transport has a Lake Charles liquid natural gas (LNG) plant in the works that may get cleared to go for construction during the first several months of 2023. This will make Energy Transfer a play on the huge discrepancy between natural gas prices in the U.S. and LNG prices in Europe and Asia. The company has already signed six long-term sale and purchase agreements.

Board chair Kelcy Warren bought $73 million worth up to $12.39 in the last several months of 2023. The insider here is worth following for two reasons. First, Warren has been in the energy business for around four decades, and he made over $1 billion in the space. He knows the sector well.

Second, he is the co-founder of Energy Transfer. Academic studies show that founder-run companies often outperform. In my experience, founder purchases of their own companies are a particularly good signal.

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Enphase Energy (ENPH)

Louis Navellier
Navellier Growth

Enphase Energy, Inc. *(ENPH) designs, develops, manufactures, and sells home energy solutions for the solar photovoltaic industry in the U.S. and internationally, notes* ***Louis Navellier****, editor of* ***Navellier Growth****.*

Enphase is the premier company if you want to install solar panels and a powerwall. The company sells a semiconductor-based microinverter, which converts energy at the individual solar module level, and combines with its proprietary networking and software technologies to provide energy monitoring and control services.

The company ironically boomed in California, because its users could set their Enphase Energy system to sell excess electricity from their powerwalls back to the electric grid, to make it look like they were not home in an attempt to try to avoid California's 13.3% state income tax. Enphase Energy is now a major firm helping utilities install commercial solar facilities and battery backup systems.

California and Hawaii dominate the company's business, but Enphase Energy is quickly expanding throughout the U.S. and internationally. Since the Biden Administration is pushing solar energy and battery backup systems, Enphase Energy's business outlook remains bright.

The company's third quarter revenue rose 19.7% to $634.7 million compared to $530.2 million in the same quarter a year ago. During the same period the company's earnings rose 48.1% to $114.8 million or 80 cents per share compared to $77 million or 54 cents per share. Excluding extraordinary items, Enphase Energy's operating earnings were $1.25 per share.

The analyst community was expecting revenue of $617 million and operating earnings of 77 cents per share, so the company posted a 2.9% revenue surprise and a 62.3% earnings surprise! The stock is a good buy.

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Envela Corp. (ELA)

Ryan Irvine
KeyStone Financial

Envela Corp. *(ELA) — with a market cap of $135 million — is a unique business that is based on the recycling or reselling of products, also known as "re-commerce," explains* ***Ryan Irvine****, founder of* ***KeyStone Financial****.*

Envela has two segments, DGSE, which is business to consumer, and ECHG, which is business to business. The DGSE segment encompasses Envela's gold, silver, bullion, jewelry, watch, and luxury item purchasing, reselling, and refurbishing business.

Envela has created a significant turnaround over the past 5-years by focusing on its core competencies and operating almost exclusively within the more profitable and less risky segments of its markets. Impressively, management has taken EPS from $0.02 in 2018 to an expected $0.49 in 2022.

While the company tax losses will run off in early 2023 (tax rate ex. 21%), making for tough reported earnings comparables through 2023 (against untaxed earnings in 2022), if management continues to execute, we expect revenue and operating earnings growth in the range of 15%-20% at minimum in 2023 and moving into 2024 where reported earnings should accelerate meaningfully once again.

Given the fact the company is trading with a rather modest multiple of just under 10 times the 2023 expected EPS, it appears an opportune time to begin accumulating Envela's shares over the next year.

While the business is not without risk, it holds a higher-than-average degree of recession resistance which is also a bonus in the current environment. The management team appears focused on continuing its very disciplined and measured approach to growth by acquisition.

While the company will continue to be active, management will only make acquisitions that are both immediate and long-term accretive to earnings on a per-share basis. If the acquisition does not check those boxes, Envela will not move forward just to create top-line or revenue growth. Long term, we appreciate this discipline and shareholders should welcome the approach.

As Envela continues to scale and begins to communicate better to the market, it can trade at the higher comp group multiples as investor awareness builds and fundamentals improve.

At present, trading at ~10 times the expected 2023 EPS, with a solid growth path ahead of the business looking 2-3 years forward, the stock appears to be in an attractive range for risk-tolerant clients to begin purchasing position looking at a minimum of 2-3 years holding period. We see a mid-term buying range of $4.75-$5.35. Be patient and place limit orders in that range over the next 3-6 months.

Learn more about KeyStone Financial here...

Equinor (EQNR)

Justin Carbonneau
Validea

When sourcing investment ideas, we utilize an investment system that replicates the strategies of great investors and other time-tested approaches through a set of computerized strategies, explains ***Justin Carbonneau****, editor of* ***Validea****.*

From Warren Buffett to Peter Lynch to Ben Graham, great investors have shared their investing knowledge and wisdom and our expertise is uncovering these investment strategies and extracting the precise fundamentals used to construct each one.

The more of our strategies that score a stock highly, the better the stock looks from a fundamental standpoint. As of this writing, there are less than 20 stocks in the market that score over 80% from at least eight of our fundamental models.

Equinor (EQNR) a Norwegian state-owned multinational energy company is our Top Pick for conservative investors for the coming year. Energy stocks have gone from being the market's redheaded stepchild to one of investors' top choices in 2022.

Energy, and specifically the price of oil, is impacted by the macro related dynamics happening around the world, which can make investing in energy plays somewhat difficult and is why investors should look for conservative equity plays in the energy patch. Equinor ASA fits the bill.

While the majority of the firm is owned by the government of Norway, a little over 30% trades in the public markets. At the time of this writing, 9 of our models rate the stock 80% or better based on the fundamentals.

One of the models that rates the stock 100% is a conservative stock model that looks for low volatility stocks with high net payout yields (dividend + buy back yield) and strong price momentum. The stock's "12 minus 1 month return" is 35%, ranking it in the 7th percentile in our database, and its net payout yield is 5%, ranking it in the top 17% of our database.

The combination of those two criteria gives the stock a final rank in the top 2% of all stocks in our system. The stock carries a 4% dividend, so you get a nice stream of cash coming in, and the shares trade at multiples well below that broader market at the current time.

With a market cap of over $118 billion, this stock offers investors a good way to play the strength in energy. And with backing of the government of Norway you can feel safe this company will be around and in business for a long time.

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Equinor (EQNR)

Tony Daltorio
Investors Alley

*By now, we have all become familiar with Europe's woes regarding natural gas and its dependency on Russian gas supplies, observes **Tony Daltorio**, contributing editor at **Investors Alley**.*

But do you know what company is the second-biggest provider of natural gas to Europe, behind only Russia's Gazprom? It is Norway's **Equinor** (EQNR), which provides more than 20% of Europe's gas.

Equinor — my Top Pick for conservative investors for the coming year — is majority-owned by the Norwegian government. The company has ramped up production of gas in Norway by 18%, to record levels, in order to help meet European demand following the withdrawal of vast volumes of Russian gas.

And here's another big plus: currently, shares in European energy majors are trading at less than half the value of their US rivals, when measured as a multiple of their expected profits over the next year.

Equinor produces more than two million barrels a day of oil and its equivalent, split evenly between oil and gas. Two-thirds of its output comes from its prolific Norwegian offshore fields. European gas is about a third of Equinor's total output. Most of this is sold on the spot market, benefiting from current relatively high gas prices.

Unlike some of its peers, Equinor plans to grow oil and gas production through 2026, at about a 2% compound annual growth rate. A quick look at Equinor's financials reveals that, despite the growth in renewables (like offshore wind), oil and gas will remain the cash flow and earnings driver for the foreseeable future.

Its strategy focuses on investing in its highest-quality assets while divesting smaller, non-core assets. New oil and gas projects coming online by 2030 break even at less than $35 per barrel, and payback comes in less than 2.5 years on average, according to the company.

Another company characteristic that I love is that Equinor has no net debt, giving it one of the best balance sheets among the major energy companies. And there is lots of room for dividend growth (current yield 4.66%).

In July, Equinor said it would return an additional $3 billion to shareholders. Then in October, it said it would raise its special quarterly dividend by $0.20 to $0.70 per share for the third quarter. This came after it achieved record adjusted pre-tax earnings of $24.3 billion in the third quarter of 2022, up from $9.8 billion a year earlier.

Equinor's base dividend is low relative to its peers, and the company plans to increase it in the coming years. The special dividends, announced for 2022, should become the norm given Equinor's healthy balance sheet. Add all these factors up and Equinor is a buy on any drop in its stock price. Its current price in the mid-$30s a share is a good entry point.

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Esperion (ESPR)

Jay Silverman
The Medical Technology Stock Letter

***Esperion** (ESPR) is a de-risked biotech company in the cardiovascular sector with its lead drug, bempedoic acid (BA) — branded NEXLETOL — already FDA approved to reduce LDL cholesterol, explains **Jay Silverman**, an analyst with **The Medical Technology Stock Letter**.*

It is a safe and effective alternative to statins and reduces LDL in patients on its own and in those that are statin-intolerant, an enormous market that comprises about 10% of all statin-eligible patients (roughly 20 million people worldwide).

In December, ESPR delivered positive, statistically significant top-line clinical data (at least a 15% improvement in MACE-4) from it's flagship Phase IV study — Cholesterol Lowering via Bempedoic acid, an ACL-Inhibiting Regimen — the CLEAR Outcomes trial.

The company announced that the trial met its primary endpoint, demonstrating statistically significant risk reduction in MACE-4 (Major Averse Cardiovascular Events) in patients treated with 180 mg/day NEXLETOL compared to placebo.

The company will file for an expanded FDA shortly that will lead to a greatly expanded label (plus widespread insurance coverage) to include these great lifesaving results. Importantly, the CLEAR comprehensive trial data will be presented at the American College of Cardiology (ACC) Annual Scientific Sessions March 4, 2023.

CLEAR Cardiovascular Outcomes Trial CLEAR Outcomes is a Phase 3, event-driven, randomized, multi-center, double-blind, placebo-controlled trial designed to evaluate whether treatment with bempedoic acid (BA) reduces the risk of cardiovascular events (death, heart attack or stroke) in patients with or who are at high risk for cardiovascular disease with documented statin intolerance and elevated LDL-cholesterol levels.

The study included over 14,000 patients at over 1,200 sites in 32 countries. The CLEAT CVOT trial positive results are a watershed de-risking event for Esperion.

The American College of Cardiology conference in March will be a very important meeting as the company now has a very attractive de-risked drug/drug combo that provides a significant LDL lowering/death benefit that is a wholly owned asset that is un-partnered in the U.S.

Having a CVOT label will lead to significantly higher sales potentials and potential partners can either offer attractive royalties or just buy the company out right in what we believe could end up being a near-term bidding war. ESPR is a "buy" under $10 with a target price of $25.

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Fidelity Select Utilities (FSUTX)

Brian Kelly
MoneyLetter

Uncertainty is plentiful in today's financial world, as investors try to sort out a reasonably strong economy, historically high inflation, war in Ukraine, and aggressive Federal Reserve monetary policy, asserts ***Brian Kelly****, editor of* ***MoneyLetter****.*

Unfortunately, the increased uncertainty has resulted in above-normal volatility in the stock and bond markets this year. Price pressure on mutual funds and ETFs of almost every type has necessitated a close review of all our positions. We have identified an opportunity among our Specialty holdings to help improve performance going forward.

For conservative investors (or those looking for a conservative sleeve) we are establishing a position in utilities. Utilities funds are used as a defensive investment, providing a combination of capital appreciation and dividend yield with a lesser risk profile than a typical growth or value domestic stock fund.

Dividends from utility companies often outyield other fixed-income investments, and utilities tend to be very resistant to economic cycles. This is because demand for utilities does not change much compared with most other industries, even in economic hard times.

We sold some of our balanced fund positions in all three of our Conservative model portfolios to fund the Utility position. Removing balanced funds makes some sense on its own merits, as we can replicate those funds' allocations with our own commitments to stock and bond funds.

Fidelity Select Utilities (FSUTX) is considerably less risky than the market, showing a beta of 0.69 (11/30/22). This reflects the steady demand that we described above. Of course, changes in government regulations, fuel prices, the cost of financing, natural resource conservation, and more could affect the attractiveness of the underlying stocks.

The fund held approximately 72% in electric utilities as of October 31, the most recent data available. It held less than one percent in oil & gas storage and transportation. Here are the top five holdings: **NextEra Energy** (NEE), **Southern Company** (SO), **Constellation Energy** (CEG), **Sempra Energy** (SRE) and **Exelon Corp.** (EXC).

Fidelity Select Utilities — a large cap value fund — has had a 2022 YTD return (through 12/7/22) of 5.1%. In comparison, the **Vanguard 500 Index ETF** (VOO) had a YTD loss of 16.3%. The fund's 10-year annualized return is 11.3%.

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FS KKR Capital Corp. (FSK)

Hilary Kramer
GameChangers

*If 2022 scared you off growth stories, feel free to park your funds in **FS KKR Capital Corp.** (FSK), which makes a lot of money in the here and now — lending to mid-stage companies, explains **Hilary Kramer**, editor of **GameChangers**.*

This is not "private equity". This is private credit, where money goes into another company and then comes out again with interest. I fell in love with FSK a few years ago at $17. Since then, it's paid $5 in dividends, handing us a steady 15% annualized yield without once making me worry about either the share price or the cash flow.

I see no indication that the yield is at risk. For one thing, the overwhelming majority of the company's customers are already profitable. This isn't venture capital where management makes an educated bet on an unproved business model and hopes it pays off.

These aren't all-or-nothing transactions. It's usually more about raising incremental funds to take the business to the next level — which means the odds of default, bankruptcy or other failure are fairly remote.

That's been true across the business cycle. The overwhelming majority (99.2%) of FSK customers pay their bills. Even if the economy freezes over, the majority of these loans are senior secured obligations, backed with real assets and given special treatment when things go wrong.

Management does its homework and will lend a hand to help underperforming portfolio companies turn their stories around. And management loves the current rate environment, finding opportunities on the yield curve that make it easier to make money on the spread. Most of the loans carry floating rates. Financing fees are climbing.

While the long-term future is never certain, the past decade has demonstrated that FSK will probably find a way to maintain at least a double-digit yield for at least the next year or two.

Lock it in now and don't worry about that piece of your portfolio for the foreseeable future. As for the long-term exit, book value of $25 gives the stock plenty of upside when we finally get tired of those quarterly checks.

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General Motors (GM)

Jim Pearce
Investing Daily's Personal Finance

I must admit, I was a bit surprised when my Personal Finance Pro stock screener flagged ***General Motors*** *(GM) as being undervalued, asserts* ***Jim Pearce****, editor of Investing Daily's* ***Personal Finance****.*

The stock — my top conservative pick for 2023 — has never traded at a high multiple to sales or earnings, which is currently the case. But after taking a closer look at its recent operating metrics and guidance for 2023, I am convinced that it could appreciate significantly.

At the start of 2022, GM was trading above $60 less than two years after bottoming below $20 in the wake of the coronavirus pandemic. But once the Fed started raising interest rates to combat inflation, the automobile sector fell hard since most new car purchases are made with borrowed money.

However, that has not dampened demand for automobiles. In fact, total vehicle sales in the United States have increased nearly 20% since May to reach their highest level since January. That may be why General Motors raised its guidance for 2022 and stated that it "expects its rapidly growing portfolio of electric vehicles will be solidly profitable in 2025 in North America."

Of course, no discussion of the electric vehicle (EV) market is complete without mentioning **Tesla** (TSLA), which finds itself in the unusual position of being on the outs with Wall Street these days. That may be due in part to the increasingly erratic behavior of its founder and CEO, Elon Musk, who is currently consumed with his recent acquisition of **Twitter** (TWTR).

Despite losing more than half its value over the past year, TSLA is still priced at more than 33 times forward earnings compared to a multiple of less than 7 for GM. Of course, the comparison is not entirely fair since Tesla only makes EVs while they only comprise a small fraction of GM's total revenue.

If the company's guidance for EV sales proves true, then GM should earn higher multiples to sale and profits from Wall Street. This isn't the type of stock that is going double overnight, but it is the type of stock that could catch Wall Street by surprise.

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Hanesbrands (HBI)

Tim Melvin
The 20% Letter

*My aggressive Top Pick for 2023 is **Hanesbrands** (HBI); the company has faced some headwinds from the coronavirus and inflation, but at its core, this is a fantastic company with leading market shares in several countries around the world, states **Tim Melvin**, editor of **The 20% Letter**.*

Hanesbrands gets 70% of its revenue from innerwear and owns some of the best-known underwear and bra brands worldwide, including household names like Hanes, Maidenform, Polo Ralph Lauren, Playtex, Wonderbra, and Maidenform. Hanes also owns Champion, a leading sports clothing and sweatshirt company.

Unlike most of its competitors, Hanesbrands manufactures most of its products in factories it owns outright or has under long-term exclusive contracts. Of the two billion garments it sells annually, 70% are manufactured in-house.

Hanes also owns Champion, a leading sports clothing and sweatshirt company. Sweatshirts and hoodies are becoming more than just athletic apparel, and "athleisure" is expected to be a growth market once we get through the current global economic conditions.

The stock is trading at just 6.5 times earnings and $0.35 on the dollar of sales. That is too cheap for a portfolio of brands that dominate their markets.

Hanes shares have now fallen to a level that is currently yielding more than 9%. The company is earning its dividend and should continue to do so. While there has been talk on the internet about cutting or eliminating the dividend to preserve cash, I do not see any need to do so.

In addition to paying a dividend, Hanes has been generating more than enough cash over the past year to run the business, pay down debt, and buy back stock. If management were to cut the payout, I'd view the resulting sell-off as an excellent point to double down.

Hanesbrands is worth several multiples of its current stock price. If the balance sheet were not already leveraged, this company would have been scooped up by a private equity firm a long time ago.

The company dominates its markets with products we all use and replace all the time. As a result, the company has been generous about returning cash to its shareholders over the years. Patient, aggressive investors should see a return of multiples of their original investment, not just percentages.

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Huron Consulting (HURN)

Tyler Laundon
Cabot-Small Cap Confidential

***Huron Consulting** (HURN) is a professional services company focused on helping clients develop sound business models, streamline operations, embrace digital transformation and navigate constant change, explains **Tyler Laundon**, editor of **Cabot-Small Cap Confidential**.*

The company — a conservative Top Pick for 2023 — was founded in 2002 and came public in 2004. It is based in Chicago and has additional locations in the US, Canada, India, Singapore and Switzerland.

Huron has a market cap of around $1.5 billion and is on pace to grow revenue by nearly 20% to $1.1 billion in 2022. EPS should be up 27% to $3.31. Management plans to return 25% to 50% of free cash flow to shareholders. Looking to 2023, the current consensus is for revenue to grow 10% to $1.21 billion and EPS to grow 20% to $3.98.

As with other successful consulting firms, technology, data, analytics and people are the heart of Huron's business. The company can't succeed if it hasn't hired and developed industry-specific talent required to help other organizations achieve their goals. The company ended Q3 with 4,571 revenue-generating professionals, up 23% over a year ago.

Its biggest market segments are Healthcare and Education, which represented 42% and 26% of 2021 revenue, respectively. The remaining 32% of revenue came from what Huron now calls its Commercial segment, which includes energy and utilities, financial services, industrials and manufacturing, and public sector markets.

Examples of clients include health systems, hospitals, universities, research institutions, banks, asset managers, insurance and private equity firms, oil and gas and utilities companies and the federal government.

The company has recently begun to focus more on its strength of providing digital services, such as helping customers transition to cloud-based tech and analytic solutions.

In fact, it has begun reporting revenue specifically related to Digital, and has been building out partnerships with major enterprise software companies in this area, including **Oracle** (ORCL), **Salesforce** (CRM), **Workday** (WDAY), **Amazon** (AMZN), **Informatica** (INFA) and **SAP** (SAP), among others.

Huron company serves nearly 2,000 clients around the world. Its 10 largest clients accounted for just under 20% of 2021 revenue. It's not the sexiest stock out there. But it's a great business. And it's growing revenue and earnings at double-digit rates.

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Hussman Strategic Growth (HSGFX)

Bob Carlson
Retirement Watch

Hussman Strategic Growth *(HSGFX) — an open-end mutual fund — is a Top Pick for 2023 for conservative investors, explains* ***Bob Carlson****, editor of* ***Retirement Watch****.*

This fund pursues two investment strategies. In the first strategy the fund owns a portfolio of stocks. It usually owns around 270 stocks in fairly equal amounts. Usually no stock is more than 2% of the fund and most of its holdings are around 1% of the fund each.

The stocks are selected using metrics developed by manager John Hussman that seek to identify growing companies selling at attractive prices. Most of the stocks are core holdings the fund plans to hold for the long term. Hussman says that over the life of the fund the stock picks have a higher total return than the S&P 500.

In the second strategy the fund uses futures and options to either leverage the portfolio in anticipation of positive market returns or hedge the portfolio against a potential market decline. Two factors are examined to determine the futures and options positions.

The first factor is market valuations, which is a long-term factor. Hussman looks at a series of valuation measures and assesses the likely return for the S&P 500 over the next 10 years.

The second factor is a set of data that measure what Hussman calls market internals. These measures are designed to assess generally whether investors as a whole or in a speculative mode, a risk-adverse mode, or something in between. These measures are shorter-term.

The valuation measures have been bearish for some time, causing the fund to be hedged against a market decline much of the time. But when the market internals turn positive, the hedges can be reduced or eliminated for a while though the valuation measures might be negative.

HSGFX had a return of more than 16% in 2022. The combination of strategies should protect investors from a bear market and even profit from it in 2023. But investors in this fund also might profit if the bear market ends and the market internals turn positive.

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Impinj (PI)

Mike Cintolo
Cabot Top Ten Trader

***Impinj** (PI) is put in the chip stock basket, but the real theme here surrounds the Internet of Things (IoT), explains **Mike Cintolo**, growth stock expert and editor of **Cabot Top Ten Trader**.*

The firm's offerings allow businesses of various shapes and sizes to connect basically everything (potentially trillions of items) to the cloud. The benefits here are potentially huge, ranging from inventory and fulfillment visibility, loss prevention for checkouts at retailers, far more efficient supply chain operations and much more.

The firm is best known for its radio identification endpoint ICs (it dubs them RAIN), which cost just pennies, are battery free, can work without a line of sight, and can be read at rapid speed (1,000 items per second at 10 meters). Impinj also offers readers, gateways and software, including a new Authenticity platform that can authenticate everyday items (counterfeiting is a huge issue globally).

All in all, the firm says it's the leader across all its product lines, having sold well north of 60 billion endpoint ICs and plenty of its other offerings, too. Supply has been an issue here, but we're not sure that's a bad thing — according to management, demand for its endpoint ICs has run at least 50% higher than what Impinj can supply for six straight quarters, and the firm sees some easing of supply restraints coming up.

And even before that happens, business is picking up, with endpoint IC revenue (which makes up three quarters of the total) hitting its fourth straight quarterly record in Q3, rising 19% from the prior quarter, with another sequential increase expected in Q4.

The overall numbers are just as impressive: Sales growth is accelerating (17%, 27% and 51% the past three quarters), while earnings took off in Q3 (34 cents a share, up from a loss a year ago and double estimates), with analysts looking for another big bottom-line gain (up 40%) in 2023.

Now, there are some customer concentration issues here (it sells to OEMs, and a couple of them make up nearly half of revenue), which, combined with supply worries, does raise the risk of some major potholes. That said, the top brass is on record saying demand should remain strong into 2023, and Wall Street sees great things ahead.

PI made a huge comeback in the summer, pulled back reasonably into the fall and then exploded higher on earnings in late October — and, impressively, has held those gains and even nosed to new highs since then. Pullbacks will come, of course, but I'm thinking PI looks like a fresh leader should the market get its act together.

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InMode (INMD)

Jimmy Mengel
The Profit Sector

*It's no secret that we humans can be a vain bunch. We want to turn back the hands of time as we age. That's why elective cosmetic surgery has surged past pre-pandemic levels, notes **Jimmy Mengel**, editor of **The Profit Sector**.*

Almost 30% of clinics have noted that their business has doubled since 2019. A major motivation for the rise is what is called the "Zoom Effect". People — especially women between 31 and 45 — have become incredibly self conscious on those virtual meetings that have replaced the day-to-day, in person ones.

The key difference? You are staring at your own face for hours on end. Yikes — every wrinkle, pimple and imperfection you've ever had is literally staring you in the face.

One objection to plastic surgery is that *going under the knife* sounds scary, is painful and carries some dangerous side effects. However, one company is seeking to change that with the least invasive procedures currently available.

Israel-based **InMode Ltd.** (INMD) is a leading global provider of innovative medical technologies. Instead of using invasive elective surgeries, the company develops, manufactures, and markets platforms that harness novel radio-frequency (RF) based technology.

In essence, a doctor will use a wand that is connected to a machine that creates radio waves. They will pass the wand over your body to apply those radio waves to your skin — safely and rather painlessly. These deep "subdermal" radio-frequencies are used to do everything from facelifts, eye tightening and remodeling tissue and fat. No knives required.

InMode has just posted record quarterly revenue and just signed actress, model and influencer Eva Longoria as its global brand ambassador to grow the company overseas. As the population ages and the trend of cosmetic surgery continues, InMode is in a great position for 2023 and beyond.

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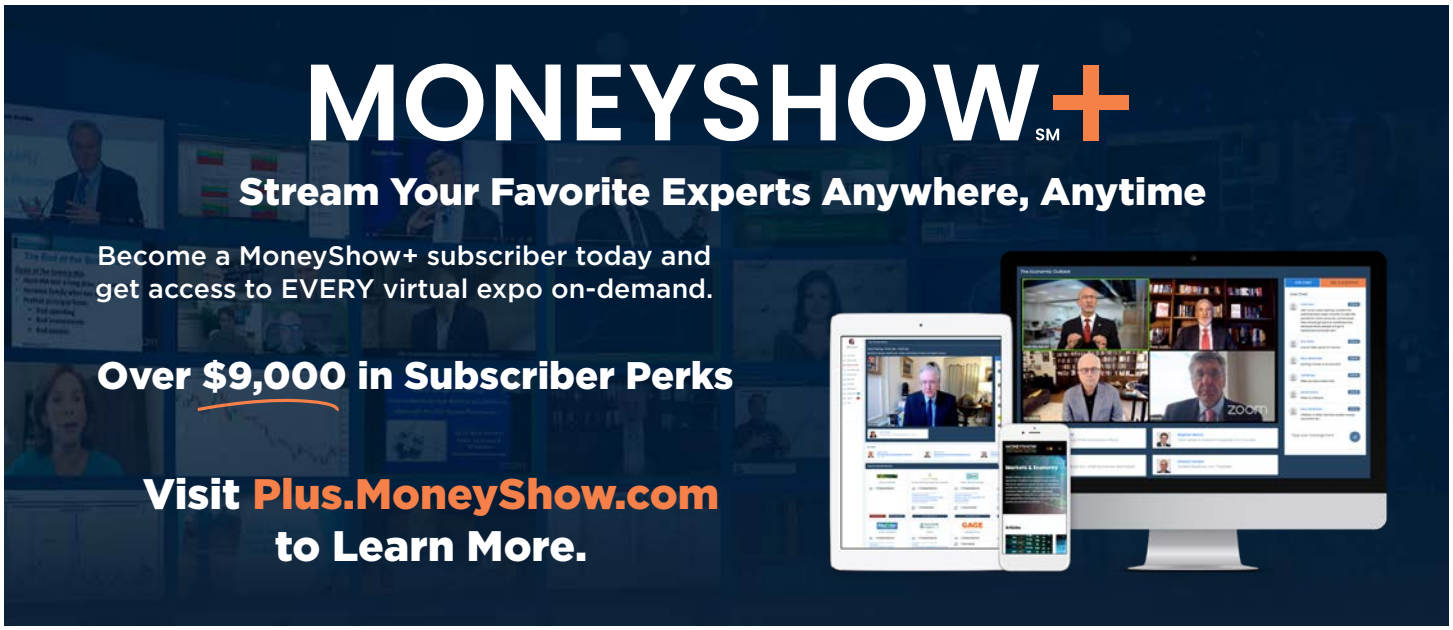

Innovative Industrial Properties (IIPR)

Nikolaos Sismanis
Top 10 REITs

*Having the fortunate status of being the only publicly traded pure cannabis REIT in the U.S. has led **Innovative Industrial Properties** (IIPR) to deliver stunning returns and portfolio growth since its IPO in 2016, explains **Nikolaos Sismanis**, editor of **Top 10 REITs**.*

Having the fortunate status of being the only publicly traded pure cannabis REIT in the U.S. has led **Innovative Industrial Properties** (IIPR) to deliver stunning returns and portfolio growth since its IPO in 2016.

While shares have declined roughly 56% year-to-date, the stock has still returned a jaw-dropping 600% over the past six years. The heavy pressure the stock has been under lately is due to concerns over the cannabis industry slowing down amid saturation, as well as a lack of trust in the company's tenants, many of which are currently recording losses.

Nevertheless, Innovative Industrial's performance has consistently shown no bumps. It remains one of the fastest-growing REITs in the world, with its acquisitions being consistently accretive on a per-share basis.

Last year, Innovative Industrial acquired 37 properties, while six more properties have been acquired year-to-date. To illustrate how accretive these acquisitions are, Innovative Industrial's AFFO/share should land close to $7.73 for fiscal 2022, implying year-over-year growth of 22.5% despite the additional share issuances utilized to fund these acquisitions.

The figure is utterly impressive, considering that Innovative Industrial's acquisition spree has slowed down significantly while the cannabis industry is presently facing headwinds due to its commodity-like characteristics and a surplus of producers.

With Innovative Industrial enjoying tremendous AFFO/share growth, the company has been raising its dividend at a swift pace, often sequentially. Its most recent dividend hike was by 2.9% to a quarterly rate of $1.80. However, the 2.9% hike compares to the prior dividend rate. Year-over-year, the dividend actually grew by 20%, in line with the REIT's strong AFFO/share expansion trajectory.

We particularly like Innovative Industrial's dividend prospects because the combination of rapid dividend increases and the violent share price decline has resulted in the stock's dividend yield currently standing at a substantial 6.4%.

This is a hefty dividend yield, which is quite strange to see, given that both AFFO/share and dividends-per-share are likely to keep growing in double-digits over the medium term. It certainly implies an attractive buying opportunity in our book.

Of course, there are some risks to consider, and Mr. Market's skeptical view regarding the company's tenants should be taken into account. For instance, in Q3, the company did not collect contractual rents totaling $5.7 million from two tenants whose financial conditions deteriorated.

However, this is the first such incident to happen, as Innovative Industrial had only posted 100% rental collections prior. Further, the company did withhold approximately $2.6 million from these tenants' security deposits, largely mitigating this hit. And even with that, its revenues and AFFO/share grew by 31.6% and 24.6%, respectively.

Overall, we believe that Innovative Industrial Properties stock is the perfect vehicle to play the cannabis boom relatively safely. Instead of speculating which cannabis producer will dominate the market in the long run, you can profit off of what all of these producers need, which is specialized property.

Accordingly, the sector's blossoming can be taken advantage of while benefiting from the rock-solid rental revenues Innovative Industrial Properties generates and the growing dividends it pays out.

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

David Dierking
TheStreet's ETF Focus

If there's one thing the markets taught us in 2022, it's that low probability events, such as stocks and bonds both falling at least 20% at the same time, occasionally become the reality, suggests ***David Dierking****, exchange-traded fund specialist and editor of TheStreet's* ***ETF Focus****.*

The days of putting your money in a half dozen mega-cap growth names and beating the market appear to be over. Investors will need to be more strategic in how they deploy their capital in 2023 and, for the first time in a while, risk mitigation should be a primary consideration. You should be thinking about downside protection as much as upside potential.

With tight monetary conditions likely to last throughout most, if not all, of 2023 and global recessionary risks rising, I like the **Innovator U.S. Equity Power Buffer ETF** (PJAN) as a great option for managing portfolio risk and protecting against losses, while offering the opportunity to still capture returns should stocks rally.

The Innovator buffer ETFs hold a customized basket of FLEX options with varying strike prices and the same expiration date approximately one year in the future.

The ETFs are structured in a way that if they are held for the entire "outcome period" (one year in the case PJAN), it allows the fund a buffer against a predetermined level of downside in exchange for a cap on the index's upside.

PJAN is tied to the S&P 500 and is designed to provide protection against the first 15% of losses experienced by the index over the outcome period.

One of the downsides of buffer ETFs in the past has been their relatively modest upside caps. In 2022, the cap for PJAN was about 9%. That's not bad, but it does open up the possibility of leaving a lot of gains on the table if stocks have a good year.

That looks like it'll change in 2023. The last three monthly Power Buffer ETFs from Innovator are offering caps between 18% and 20%, more than double the upside capture potential from a year ago.

Quite simply, buffer ETFs have become one of the best deals in the financial markets today and means investors can win the trade no matter what happens to the S&P 500 in 2023. If stocks fall, you're protected against the first 15% of losses.

If stocks go up, you capture gains all the way up to what's likely to be an 18% to 20% cap on gains. It's an excellent option for risk-minded investors. PJAN may not be the sexiest pick for the coming year, but it may do the best job of offering investors what they need most.

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Intel Corp. (INTC)

Joe Duarte
In the Money Options

*The shares of down-and-out semiconductor manufacturer **Intel Corp.** (INTC) are worth a look these days, with the caveat that it may take some time to realize significant profits on the trade, suggests **Joe Duarte**, editor of **In the Money Options**.*

Intel is washed up. It's got nothing going for it. Why would anyone want to own it? When analysts that kept "Buy" ratings on this company as the shares tanked over the last couple of years are now jumping over each other issuing "Sell" recommendations, it's a good sign.

That's known as capitulation and it usually means that a long-term bottom may have been established. It's music to my contrarian ears. When nobody wants a stock, it's usually time to buy.

Certainly, management has made a mess of things for a while now, having relied on past glories tied to PC chips for too long while the world was moving on to electric vehicles, servers, data centers and mobile and networking infrastructure — while others who saw these trends earlier have made the most of it.

To be fair, Intel did make some moves toward those segments. But as the share price and their results over the recent past show, they weren't very successful. But where there's doom and gloom this thick, there is usually opportunity.

One of the things I like in a company that has made mistakes, is when it admits them and starts to right the ship. And Intel's spinoff of its **Mobileye** (MBLY) division recently for $17 billion is a step in the right direction.

Mobileye was supposed to put Intel in a great position to enter the electric vehicle market. The company paid around $15 billion for what was a prized possession at the time. Unfortunately, it was a bad bet for Intel and they were lucky to spin a portion of MBLY off for $17 billion.

Intel still has a significant position in Mobileye, but the fact that they got their money back and then some with a partial sale of the EV tech company is a sign that management is starting to wake up and that the ship is turning around.

Meanwhile, Intel is starting to move back toward its core strength, making semiconductor chips, with a portion of its business moving toward becoming a contract manufacturer for other chip makers. That's smart as it will increase cash flow. It's also moving operations back to the U.S. with new factories in Ohio and Arizona.

Moreover, even though its earnings and revenues are reduced from years past, Intel managed to beat its expectations in the last quarter with $0.59 per share earnings vs. $0.32 expected, while revenues also beat expectations with $15.34 billion in the bank vs. $15.25 expected.

I have no illusions about a quick turnaround, but the company's $10 billion, three-year cost reduction plan, along with a diversification of is product line and its new factories in the U.S. is likely to eventually help the bottom line.

Expect some layoffs and a slow and steady withdrawal from China, where the company overweighed its focus for too long. Finally, the nearly 5% dividend yield, which is still better than most money market funds, will help with being patient.

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Intuit (INTU)

Prakash Kolli
Dividend Power

*My Top Pick for 2023 for a more growth-oriented idea is **Intuit** (INTU); the company has a strong mix of businesses and platforms that few other companies can replicate, suggests **Prakash Kolli**, editor of **Dividend Power**.*

However, the stock price is down about 39% year-to-date on recession fears. That said, Intuit beat Q1 2023 revenue and earnings per share estimates. Despite a weakened outlook for 2023 because of Credit Karma, Intuit is a market leader with a solid long-term view because of its unique platforms.

Intuit is the company behind the TurboTax software. It also owns Quickbooks. Both are market-leading businesses. TurboTax has high retention rates, while QuickBooks has an estimated 80% market share of small business accounting. Intuit has used its market leadership to acquire and expand into new platforms.

The company bought Credit Karma in late 2020 and followed that up with MailChimp in late 2021. Total revenue was around $12 billion in the fiscal year 2022 and about $13 billion in the last twelve months.

Besides recession fears, Intuit has an overhang because it may lose customers to free tax-filing options with the U.S. Internal Revenue Service. However, the number of users of free services is relatively small.

Moreover, Intuit is now more exposed to higher interest rates and a slowing economy through its Credit Karma business. Hence, during economic slowdowns, consumers may not need as many credit cards, loans, insurance, or other personal finance products.

Intuit is focused on growth. It is in the unique position of offering small businesses and self-employed tax, accounting, and marketing software platforms. Although a recession may hinder growth, long-term demand should be resilient.

Furthermore, Intuit seeks to grow through B2B bill payments and bill pay functionality. The firm is even exploring offering its platforms to third parties, such as other enterprises.

Surprisingly, Intuit is a dividend growth stock with a Dividend Contender Status. The growth rate is in the teens, but the dividend yield is low at ~0.81%. The stellar payout ratio of around 25% provides confidence about future increases and dividend safety.

Intuit is rarely undervalued, often trading at a P/E ratio of 30X to 40X. But now, it is relatively cheap, with an earnings multiple of 28X. Investors are getting a market leader that will likely grow at a solid clip over the long term.

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iShares 20+ Year Treasury Bond ETF (TLT)

Bob Carlson
Retirement Watch

*Bonds had a bad year in 2022. It was the worst year ever for bonds, according to some measures, explains **Bob Carlson**, a leading specialist in retirement investment strategies and editor of **Retirement Watch**.*

When interest rates rise, bonds lose value. The longer the term of the bond, the more it loses. **iShares 20+ Year Treasury Bond** (TLT) — a Top Pick for more aggressive investors — lost more than 26% as of December 10, and it was down much more before a rally in November and early December.

But when interest rates decline, bond values increase. Long term bonds rise the most in value when rates fall. I expect interest rates to peak in the first half of 2023.

It's likely the Federal Reserve will stop tightening monetary policy by then. Economic growth should be declining, and so should inflation. Late in 2023 the Fed might turn to an easier monetary policy and begin reducing interest rates.

Market interest rates should fall before the Fed begins its easing policy. In this environment, long-term treasury bonds should generate significant capital gains by the end of 2023. In the meantime, investors will capture the yield on the bonds.

The main risk is that inflation doesn't decline fast enough. In that case, the Fed will maintain its tighter monetary policy longer and delay the switch to an easier monetary policy.

Another risk is that the Fed begins cutting interest rates before inflation is close to its target rate. The Fed might do that if inflation becomes stuck around 4% but the economy is in a recession.

The Fed might be unable to resist giving into complaints that its policy is too tight and causing too much economic pain. If that happens, we'll be in for a period of stagflation during which bond prices will fluctuate a lot but are likely to have negative returns much of the time.

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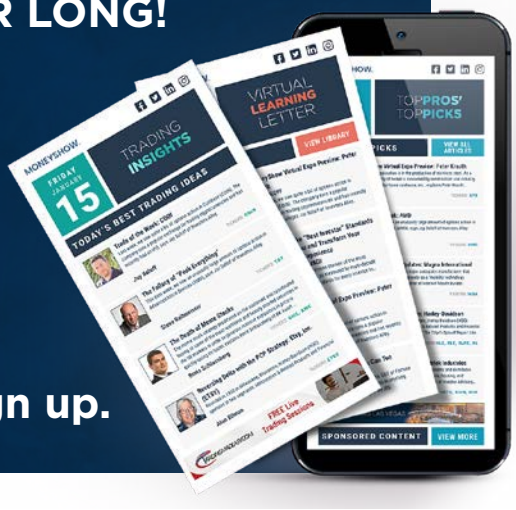

iShares 20+ Year Treasury Bond ETF (TLT)

David Dierking
TheStreet's ETF Focus

*In 2022, investors were forced to deal with one of the worst market environments in history — both stocks and bonds experienced bear markets at the exact same time, recalls **David Dierking**, exchange-traded fund specialist and editor of TheStreet's **ETF Focus**.*

Treasuries are supposed to be a safe haven when stocks decline. Instead, they were posting larger losses than the S&P 500. Investors had almost nowhere to turn for protection.

Fortunately, the environment has changed over the past two months. Treasuries have been responding less to the actions of the Fed and more to global recession risks. Stocks and bonds are returning to their traditional inversely correlated relationship. In short, Treasuries are behaving like a safe haven again.

That being said, I believe Treasuries offer a real opportunity in 2023. The global economy is already slowing and will likely continue to do so throughout the year. The Fed has given every indication that it will keep monetary conditions tight to control inflation, even at the risk of entering the US into a deep recession in the process.

That's exactly the kind of environment that could lead to big gains for Treasuries as investors take risk off the table. The home run swing would be the **iShares 20+ Year Treasury Bond ETF** (TLT).

With a duration of 18 years, it would be best positioned to deliver big share price gains should interest rates continue retreating in 2023, a reasonable assumption if recession risks keep growing.

Long-term Treasuries were a tough sell a couple years ago when yields were 1% or less and there was little share price appreciation potential to be had. With long-term rates around 4% today, I can see the potential for a 20% total return if rates keep declining throughout the year.

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iShares Silver Trust (SLV)

Mary Anne and Pamela Aden
The Aden Forecast

*Our Top Pick for speculative investors in the year ahead is silver, suggests **Mary Anne** and **Pamela Aden**, editors at **The Aden Forecast**.*

The positives going for the metals markets are far greater than those for the other markets, including stocks, bonds, currencies, cryptos and more. These are several reasons for this and following are the ones we feel are most important.

At the top of the list is inflation and the Fed. The Fed is determined to bring inflation down. And despite the recent softening in the inflation numbers, it's set to stay high in the months ahead.

This means the Fed will keep interest rates high, and this in turn will keep downward pressure on stocks and bonds. In fact, based on various reliable indicators, the stock market is bearish and it's set to fall further in 2023. This will make precious metals a more attractive option.

Silver has been weaker than gold this year. But this is changing and it actually looks like silver is going to outperform gold. The gold-to-silver ratio reached a major high area in 2020 causing the indicator to flash an expensive gold price versus silver.

The ratio has since declined, and it has lots of room to decline further, which favors silver. And indeed, silver is shooting up, along with gold and copper. This is great for silver to have gold and copper rising at the same time.

Technically, silver is breaking above its 65 week moving average. This means if silver can now stay above this average at $22, it'll remain very strong. The leading indicator is on the rise with room to rise further before it reaches a high area.

The bottom line is, silver is a buy and hold investment. An easy way to buy silver is via the **iShares Silver Trust** (SLV), an exchange-traded fund for silver. Buying silver is your best speculative bet for 2023 — and that's our top recommendation. We think you'll be glad you did.

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Lockheed Martin (LMT)

Tony Sagami
Weiss Ratings

Defense contractors are cash machines and are some of the most reliably profitable companies in the world — and my top defense stock recommendation is ***Lockheed Martin*** *(LMT), observes* ***Tony Sagami****, editor of* ***Weiss Ratings****.*

Lockheed produces a wide array of military weapons, and dominates the global military aircraft space with its F-35 fleet. It manufactures a wide menu of combat fighters, satellites, warships, helicopters, and missiles.

Over the last 12 months, Lockheed Martin pulled in $64.1 billion of revenues and $9.1 billion of profits. Meanwhile, the 2023 defense budget was increased by $37 billion to $773 billion. How much of that increase will find its way into Lockheed Martin's wallet? Lots!

The centerpiece of Lockheed's business is the F-35 Fighter, the most sophisticated military fighter ever built and generated 27% of its revenues in 2021. The F-35 is a license to print money. Roughly 2,500 of the F-35s are on backorder and at the current price of $161 million each, so we're talking about a mountain of money.

The stock is trading for a reasonable 14.2 times earnings, 1.7 times sales, and has $1.8 billion of cash in the bank. The company is also aggressively buying back its stock. The current $6 billion share repurchase program could retire more than 6% of its outstanding shares.

Lockheed currently pays a $11.20 annual dividend, which works out to a 3% dividend yield, but if history is any guide, you can expect that dividend to increase like clockwork. The company has increased its dividend for the last 20 years in a row.

Those dividend increases have not come at the expense of growth, either. The $11.20 dividend represents a 50% dividend payout ratio, so Lockheed Martin keeps plenty of cash to fuel growth and acquisitions.

From a geopolitical point of view, it does feel like world is becoming a more dangerous place. The war in Ukraine is impacting all of Europe, China is becoming increasingly aggressive towards Taiwan, and Afghanistan is in turmoil after the U.S. exit 15 months ago. The reason to own Lockheed Martin is not to benefit from war, but that its high-tech defense is the key to preventing war.

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Lockheed Martin (LMT)

Jim Woods
Successful Investing

*In the martial arts, there are hundreds of strikes, holds, throws, takedowns, and other attacks designed to incapacitate an opponent. Yet for every offensive maneuver, there's a defensive technique designed to nullify it, explains **Jim Woods**, editor of **Successful Investing**.*

In 2022, the bears attacked investors largely with the sharp claws provided by Federal Reserve. And while monetary is likely to get more normal in 2023, we are still looking at the potential for rising inflation and a big slowdown in economic growth (if not outright recession).

So, when the market is under attack like this, where do we look for stocks that provide a defense? Well, the answer is, actually, in defense. By defense, I am referring here to big defense contractors — and one of my top 2023 selections — **Lockheed Martin Corp.** (LMT).

LMT is the world's largest defense contractor, and as such it has dominated the Western market for high-end fighter aircraft since the F-35 program was awarded in 2001. Lockheed's largest segment is aeronautics, with segments including rotary and mission systems, missiles and fire control and space systems.

In December 2022, the United States was in the process of finalizing plans to provide Ukraine with Patriot missile-defense systems in its war against Russia, and this could be a big revenue driver for LMT. That's because while the Patriot system is built by **Raytheon Technologies** (RTX), the missiles it fires are made by Lockheed.

Think of the Patriot deal as what I call bullish "NewsQ," i.e. news that can move a stock higher, and news that can help drive LMT shares higher in 2023. Yet what I like about LMT is not just the bullish NewsQ, but also its earnings growth and its 2022 share price performance.

On the earnings front, the company's recent quarterly and annual earnings per share growth rates are in the top quintile of all companies, and I expect this metric to rise into next year. On the share price performance front, LMT's year-to-date gain of 35.5% (through Dec. 16) was good enough to vault it into the top 6% of all companies in terms of relative price strength.

Finally, what this year has shown via the Russia/Ukraine war is that the world is still a very dangerous place, and one where conventional warfare in Europe could very well be a reality. As a result, governments must get ready, and that means they need LMT.

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LPL Financial Holdings (LPLA)

Luke Downey
MAPSignals

*As markets remain under pressure, **LPL Financial Holdings** (LPLA) could be a winner in 2023. This is a stock that was highlighted to me via our quantitative process, explains **Luke Downey**, co-founder and editor at **MAPSignals**.*

Each day our systems comb through thousands of equities and rank them via three important criteria: fundamentals, technicals, and institutional support. Let's unpack those 3 for LPLA.

LPL is one of the largest wealth manager platforms in the US. They provide advisors the technology, research and more to grow their asset management practices. The company sports a $16.5 billion market cap.

The fundamental picture is strong with sales expected to grow nearly 15% to $9.86 billion in 2023. The firm's EPS is expected to grow to $18.97 per share next year, giving them a forward PE of 10.9. The firm also packs a small dividend, yielding .5%.

The technical picture has been one of outperformance in 2022 with shares gaining 29%. In challenging macro environments, investors can put more focus on their retirement planning.

Lastly, the institutional support is there. The MAPsignals process seeks to identify stocks trading in an unusual manner, indicative of Big Money buying. LPLA has been one of the highest-ranking stocks in our data since February 2022 when the stock was trading at just over $188. As of this writing the stock sits at $206.94.

Here's why I like LPLA for continued upside. Each week our algorithms rank 20 stocks with the highest scores for fundamentals alongside institutional support.

LPLA made that list 10 times since February, indicating investors are betting on upside in this name. Based on the strong revenue and earnings outlook and institutional support, I believe this company is poised for more upside in 2023.

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Madrigal Pharmaceuticals (MDGL)

John McCamant
The Medical Technology Stock Letter

***Madrigal Pharmaceuticals** (MDGL) has pitched a "perfect game" with their pristine MAESTRO-NASH Phase III trial for resmetirom hitting both primary, FDA agreed upon endpoints, asserts **John McCamant**, biotech expert and editor of **The Medical Technology Stock Letter**.*

The stock — which was my Top Pick for 2022 — jumped sharply on these recently announced results, boosting the stock's year-to-date gain to over 200%. Despite these gains, I still consider the stock a conservative Top Pick for 2023.

The FDA had agreed that even hitting one primary endpoint would lead to approval. They hit both. This is first ever positive Phase III trial for Non-Alcoholic SteatoHepatitis — a liver disease known as NASH — and is a watershed event for both NASH patients and MDGL.

The company also had great Phase III MAESTRO-NAFLD data for resmetirom in early 2022. With two positive Phase III trials in the bank, MAESTRO-NASH & MAESTRO-NAFLD, resmetirom is poised to become a multi-billion dollar drug as a once-a-day pill to treat both NAFLD and all stages of NASH.

In our view, the drug is a true best-in-class compound with both outstanding safety and efficacy all in an easy to take daily pill. The company is expected to file for FDA approval in early H2:23.

We expect a premium buyout for the company given that resmetirom is both wholly-owned and completely de-risked. There are two additional reasons that MDGL will be acquired; the Baker Bros. who are major stock owners and just saw another of their stocks, Horizon acquired in a bidding war by **Amgen** (AMGN).

With this pristine data from two Phase III trials, MAESTRO-NASH & MAESTRO-NAFLD, we continue to recommend buying MDGL — with its with best-in-class drug — even at this new level. MDGL is now a "buy" under $300 (our previous buy level was $200) with a target price of $400 (our previous target was $275).

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MannKind (MNKD)

Nate Pile
Nate's Notes

*Due to my long-term approach to investing, my Top Pick for speculative investors for the coming year is **MannKind** (MNKD) — a stock I have chosen as a Top Pick for the past several years, recalls **Nate Pile**, editor of **Nate's Notes**.*

MannKind currently retains all rights to its lead product, Afrezza — an inhalable form of insulin for both Type 1 and Type 2 diabetics; the company is continuing to make inroads in these markets against "the big three" insulin makers.

MannKind now has a second product on the market as well via a licensing agreement with its partner on the project, **United Therapeutics** (UTHR). This product (Tyvaso DPI) has only been on the market for a few months, but it is already showing signs of becoming a blockbuster for United Therapeutics.

Not only does MannKind get paid to produce the product (plus a small mark-up) for United Therapeutics, it also receives a royalty on all sales of the product as well.

In addition to these two products, MannKind also recently acquired V-Go, a small company that already has a presence in the diabetes space, and along with it providing a bit of bump on the revenue front, the company is also capitalizing on the acquisition as a way to help get its sales reps in front of more doctors.

Along with the above, a private company called Receptor Life Sciences has licensed the company's Technosphere drug delivery system to develop cannabinoid products for epilepsy and anxiety.

While the products being developed by Receptor Life are still several years away coming to market, they represent the potential for additional milestone payments and royalties as they work their way through the clinical trials process (and, knock on wood, commercialization at the end of said process).

Finally, now that the company has cleaned up the financial mess it found itself in after a relationship with **Sanofi** (SNY) turned sour several years ago, it is starting to develop its own pipeline of new products utilizing Technosphere, and these products will have the potential to either be partnered/licensed as time goes by, or perhaps held by the company all the way to commercialization as well.

To be sure, the stock is not the same screaming bargain today that it was for all those years when it was trading in the low $1s, but given all that is going on with the company these days, I believe there is still plenty of room to run before the stock will finally be back at something that more closely resembles fair value.

In addition, given just how far the emotional pendulum often swings when it comes to up-and-coming biotech stocks, history suggests that as the stock continues to climb, it will likely end up overshooting "fair value" by an equally large margin on the upside.

As a result, investors are encouraged to be patient about taking profits if/when they see the stock starting to climb. As has been the case for a number of years now, MNKD is considered a very strong buy under $5 and a buy under $10.

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Marathon Oil (MRO)

Sean Brodrick
Weiss Ratings

*Energy was the best performing sector in 2021, and again in 2022. And the sector is set up for a great year to come, asserts **Sean Brodrick**, senior editor of **Weiss Ratings**.*

One important reason why is that China is reopening after a long series of lockdowns due to its strict zero-Covid policies. Also, the U.S. Strategic Petroleum Reserve was a seller of oil throughout 2022 — a whopping 180 million barrels. Now, though, the SPR is about to switch from a seller to a buyer.

Also, dire warnings that demand was about to fall off never materialized. Meanwhile, if the Fed becomes less aggressive about raising interest rates, then that could cushion any economic downturn, boosting oil demand.

What it boils down to is the fundamentals haven't really changed much, and both oil and oil & gas stocks sold off hard recently. That makes them buying opportunities.

You could ride this oil bull with ETFs. But the bigger returns will be in individual stocks. I have such an opportunity for you — **Marathon Oil Corp.** (MRO).

Marathon is an independent oil & gas company that works in the oil rich areas of the U.S. — the Eagle Ford in Texas, the Bakken in North Dakota, the STACK and SCOOP in Oklahoma and the Permian in New Mexico – as well as Equatorial Guinea. Its production is roughly balanced with a 50-50 split between oil and natural gas.

Importantly, I'm not recommending Marathon just because it delivered a massive earnings beat in Q3. Yes, earnings per share more than quintupled as revenues jumped 55%. But all well-run oil companies are beating earnings now.

Earnings will go lower in the next quarterly report, simply because oil and gas prices are lower. Then I expect oil prices will head higher again, boosting Marathon's bottom line.

More interesting to me is what Marathon did with that $1.3 billion in free cash flow it raked in during Q3. It did three things: 1) Bought back a lot of its own shares; 2) Raised its dividend; and 3) Bought more assets in the Eagle Ford.

The purchase of $3 billion worth of assets from Ensign Natural Resources — announced November 2 — will double the size of Marathon's position in the Eagle Ford, an oil- and gas-rich basin.

This will raise its production when many oil and gas producers are seeing production trend lower. And Marathon expects those new wells alone will increase its free cash flow by 15%. That sounds like another dividend raise coming to me.

Meanwhile, the Fibonacci retracement lines — which are used by many technical analysts — show that Marathon is bouncing from support. This raises the odds of the stock's success. And if I'm wrong, you're paid a nice — and rising — dividend to wait.

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Medical Properties Trust (MPW)

Rida Morwa
High Dividend Opportunities

***Medical Properties Trust** (MPW) is a property REIT that specializes in owning leading medical facilities and hospitals to healthcare providers, observes **Rida Morwa**, income expert and founding partner of **High Dividend Opportunities**.*

Medical Properties Trust had an awful 2022, being the focus of short reports and heavily shorted, and you wouldn't be wrong to feel like investors thought there was an outbreak in healthy living. Sadly this was not the case. The REIT has continued to own and lease a large number of hospitals which provide essential services to their communities.

So why is MPW a Top Pick for 2023? We expect that the shares will climb meaningfully through 2023. Medical Properties has fallen 46% in 2022 meaning to recover to prior levels, it would need to climb over 90%. That's a ton of upside potential.

So why do we think it has the ability to do so in 2023? MPW's earnings and price action have become completely dislocated from each other. Its funds from operations per share has risen in 2022, and is at the highest levels its ever been — not a sign of a failing REIT at all.

Its no secret that hospitals struggled financially in 2020 and 2021, with elective surgeries canceled, the massive impact of COVID-19 on operation profits, and labor shortages. The government stepped in and pre-paid many expenses for hospitals which were required to be paid back in 2022. This placed a significant strain on many hospital operators, causing some to slide into bankruptcy.

MPW's rent payments have not stopped, and their largest revenue source — Steward — has successfully repaid the government and isn't at a risk of bankruptcy any longer. Its revenue has a clear pathway to continue to grow, as does its dividend. MPW has raised its dividend 9 years in a row and shows no sign of stopping.

So in 2023, you should be holding Medical Properties Trust for its massive recovery potential and income generation. 2022 was a dismal year for MPW, setting up 2023 to be an epic comeback story.

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Microsoft (MSFT)

Ingrid Hendershot
Hendershot Investments

*Founded in 1975, **Microsoft** (MSFT) helped launch the first great wave of information technology transformation by providing the operating software that made the PC revolution possible, explains **Ingrid Hendershot**, value-oriented money manager and editor of **Hendershot Investments**.*

Microsoft parlayed its lead in PC operating systems into application software with the development of Word, Excel, Outlook and Powerpoint. Microsoft successfully entered the database software market with Access and SQL Server products.

Throughout its history, Microsoft has achieved success by taking a long-term approach and investing heavily in new and compelling products to enhance user productivity and experiences.

As a result, Microsoft now boasts leadership positions in gaming with Xbox, Internet search with Bing, collaboration with Teams, client relationship management software (CRM) with Dynamics 365, social media with LinkedIn and hardware with Surface branded devices.

In 2012, Microsoft's leadership pivoted to the cloud with heavy investments in Azure; this franchise provides the launchpad for growth in secular trends including machine learning, business intelligence and Internet of Things, that promise to be as big, if not bigger, than previous waves of technological transformation and change.

During the past five years, Microsoft has clicked on profitable growth with revenues compounding 16% annually and EPS increasing at a 46% annual pace. During the past five years, Microsoft has booted up an exceptional 36.6% average return on shareholders' equity with after-tax profit margins expanding and averaging north of 30%.

Microsoft generates exceptional cash flow with the company producing more than $65.0 billion in free cash flow during fiscal 2022. Microsoft returned nearly $49.0 billion to shareholders through net stock buybacks of $30.9 billion and dividends of $18.1 billion.

The company recently increased its dividend 10% to $2.72 annually. While the stock currently yields a modest 1.1%, the payout ratio of less than 30% provides plenty of room for future growth.

Overall, Microsoft — a Top Pick for 2023 — is a high-quality market leader with a history of profitable growth and exceptional cash flows with substantial cash returned to investors through growing dividends and share buybacks.

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MN8 Energy IPO (MNX)

Adam English
The Profit Sector

The company I'm watching in 2023 can't even be invested in yet; ***MN8 Energy*** *(MNX) filed for a NYSE listing under the symbol MNX in September 2022 after Goldman Sachs Asset Management created it in 2017, notes* ***Adam English****, editor at* ***The Profit Sector****.*

It seems like ages ago, but the first wave of renewable energy — with its hype, share dilution, bureaucratic delays, and obscene cap-ex costs — is long over. Dare I even mention the specter of SolarCity?

I have nothing against fossil fuels, but the energy sector will be in wealth extraction mode in 2023. Chasing that trend would be "a day late and a dollar short" — or a year late and a whole lot more short.

What do I like about MN8? A big part is that it may offer a relatively clean slate. There shouldn't be the kind of legacy cost averaging, debt, or subpar returns on investment baked in.

Plus I think these kinds of solar and battery storage projects can move forward if they're clearly going to be profitable — regardless of fringe politics. Many have in the last decade, even without subsidies. I think people really don't care where power comes from, outside of NIMBY issues, as long it is cheap.

What I don't like is that we don't get a peek at MN8's books yet. I want to see reasonable debt levels, debt rotation and low interest rates, and the IPO fueling growth potential instead of an underwriter cash-out opportunity.

IPOs really aren't a place for retail investors, though. A couple months in, I plan on taking a good hard look at the company with at least a time frame of several years. As long as there are signs it can scale revenue with operating costs, it doesn't sacrifice P&L ratios, and there are no obvious red flags, I'll be intrigued.

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Mobileye (MBLY)

Hilary Kramer
GameChangers

*It's a target-rich environment for vulture investors with close to 1,800 stocks on my screen down 50% or more as we close out the year, observes **Hilary Kramer**, growth stock expert and editor of **GameChangers**.*

All you need to rack up a big score is a little vision and a lot of confidence that a few of these fallen angels can fly even a fraction of that height again.

But while I can talk old favorites like **Chewy** (CHWY), down 25%; **Airbnb** (ABNB), down 52%; and **Bill** (BILL), down 55%, all day, the real breakout of 2023 might turn out to be **Mobileye** (MBLY), which is already on the move and has practically an unlimited runway.

The key to this stock is simple: **Intel** (INTC) paid $15 billion for Mobileye back in 2017, spent another $11 billion incubating its autonomous vehicle sensor technology and then let it go in October at a valuation just under $17 billion.

Retail investors wouldn't have accepted a negative ROI — but Intel can afford to sacrifice an immediate windfall exit in pursuit of a rich longer-term outcome months or even years down the road.

The deal was deliberately priced so low that Wall Street worried that desperation was a factor. However, MBLY has gotten enough traction to make me think rumors that the deal would originally go out at $50 billion were more prophetic than anything else.

One day soon, this company will truly be worth that much — and then Intel can book a triple-digit exit with ease. After all, Mobileye hasn't spent the last five years asleep. When it got taken out, the business was only generating around $500 million a year. Sales have practically quadrupled, which implies a substantially larger valuation.

As electronic "eye" sensors become standard in the automotive industry, there's at least another double coming on the top line before the decade runs out. This technology is rapidly becoming ubiquitous. I wouldn't be surprised if MBLY gets bought out again.

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MongoDB (MDB)

Matthew Timpane
Schaeffer's Investment Research

*Software concern **MongoDB** (MDB) — a Top Pick for 2023 — saw a revenue increase of 61% year-over-year from its Atlas database, observes **Matthew Timpane**, editor at **Schaeffer's Investment Research**.*

The fully managed platform is a sought-after cloud database model that ensures customers don't have to worry about upgrading or setting up new storage, as it will automatically scale.

The company also utilizes a consumption model for pricing, and consumption just saw an uptick. However, consumption remains well below historical levels and could be poised for a rebound if deep recessionary concerns are overblown.

A slew of key partnerships are also boosting the cloud concern, specifically with big names Amazon Web Services (AWS), Microsoft Azure, and Google Cloud. These partnerships should be a great benefit for growth in database and cloud integrations for MongoDB.

Some chart support could be coming into play for the shares, specifically the 2019 and 2020 $150 horizontal level of resistance. The stock is trying to approach and hold the $10 billion market cap level, while also finding a floor near $144 — six times its initial public offering (IPO) price.

Revenue for the company is expected to grow +28% in 2023, with a price/sales ratio of 9.03, which hasn't been seen since 2018. An increase in revenue growth is also expected in the coming year.

In terms of technical analysis, brokerage firms are split, with a handful still sporting tepid "hold" or worse ratings. This not only leaves the tech name open to bull notes, but also perceptible to tailwinds, should any Fed updates or positive economic news come to light.

Short interest, meanwhile, rose 15.6% during the most recent reporting period and now accounts for just under 7% of the stock's total available float. At MDB's average pace of daily trading, it would take short sellers almost two days to buy back their bearish bets.

There also looks to be significant put open interest at the 185- and 200-strikes, which could prove supportive after the stock's recent huge post-earnings bull run.

Lastly, our Schaeffer's Volatility Scorecard (SVS) is a lagging indicator that measures a stock's realized volatility against the volatility expectations priced into that stock's options over the past year. Schaeffer's Investment Research's goal is to find which stocks have been the best — and worst — for premium buyers.

The Schaeffer's Volatility Scorecard can be a very useful tool for premium sellers too, as "the worst" for a premium buyer can be construed as "the best" for a premium seller. Currently, MDB sports an SVS of 94 (out of 100), indicating the stock tends to outperform said expectations — a boon for options buyers.

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National Storage Affiliates Trust (NSA)

Tim Plaehn
The Dividend Hunter

*The real estate investment trust (REIT) sector has been hammered in 2022; the **Real Estate Select Sector SPDR ETF** (XLRE) was down 27.5% year-to-date as of early December, recalls **Tim Plaehn**, income specialist and editor of **The Dividend Hunter**.*

When a sector as fundamentally solid as commercial real estate goes into bear market territory, it's time to invest in the best companies out of the group.

National Storage Affiliates Trust (NSA) — my conservative Top Pick for 2023 — owns and operates 1,100 self-storage facilities located in 42 states and Puerto Rico. Self-storage, which has proven to be recession resistant, has historically been the best-performing REIT sub-sector.

National Storage employs what it calls its PRO (Participating Regional Operators) strategy to grow the business. PROs are self-storage owners that have contributed their properties in exchange for shares of NSA. The PROs continue to operate the self-storage businesses they have built.

Over the last year, the NSA share price dropped by 40%. Here is how the business fared for the 12 months through the 2022 third quarter:

* 10.7% same-store revenue growth

* 12.1% same-store net operating income growth

* 26.3% core FFO per share growth

* 34% growth of the dividend rate

There has been a severe dislocation between the National Storage's free cash flow and dividend growth compared to the share price. As a result, the NSA yield has increased from 2.3% a year ago to a current 5.75%.

Historically, the investment yields around 4%, and National Storage grows its dividend by 10% to 15% annually. To get back to a 4% yield, the NSA share price needs to go to $55, before adding in for any dividend increases.

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Needham Small Cap Growth Retail (NESGX)

Rosario "Sal" Salamone
MoneyLetter

*When thinking about growth stocks many investors think of **Apple** (AAPL), **Amazon** (AMZN), **Microsoft** (MSFT), **Google** (GOOGL), or other large, well-known companies. Smaller or up-and-coming growth companies often get overlooked, observes **Rosario "Sal" Salamone**, director of research and contributing editor of **MoneyLetter**.*

These smaller companies are riskier because they typically are not yet earning a net profit and/or it is much more difficult to forecast their cash flow for the next 3-5 years.

But that increased risk should not automatically disqualify small caps as a choice as we enter 2023. Yes, growth stocks have taken their lumps in 2022. But small cap growth stocks tend to lead market recoveries and once we get the much-desired Fed pivot it could be off to the races for some of these funds. Here is one idea for you to participate:

Needham Small Cap Growth Retail (NESGX) focuses on investing in stocks of smaller growth companies that the fund believes are trading at a discount to their underlying value. In addition, these companies should have a catalyst in place that will eliminate this discount through an acceleration of revenues and earnings over the next year or more.

Needham describes a company as small if it has a market capitalization of less than $5 billion (the fund will continue to hold it if the company crosses over this threshold). From here, they want companies they believe are emerging as market leaders and are backed by strong and incentivized management teams.

What does an emerging market leader look like? According to Needham, these companies have disruptive products and services; a coherent, well-thought-out strategy; and strong growth potential.

The fund will hold higher levels of cash during certain periods while searching for these appropriate investments. Worth mentioning, and a feature of this fund that differentiates it from many of its peers, is that Needham will utilize shorting techniques to dampen volatility.

This leads to a portfolio, as you would expect, with the technology sector carrying a sizable weight. As of 9/30/22, the leading industry weights within the portfolio are: Information Technology (68%), Cash (20%), Health Care (8%), Materials (2%), and Industrials (2%). Despite a tough year in 2022, Needham Small Cap Growth Retail has proven to be a strong performer over a longer review period.

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Neurocrine Bio (NBIX)

Mike Cintolo
Cabot Top Ten Trader

*Biotechs have been in a three-steps-forward, two-steps-back uptrend since early summer, and **Neurocrine Biosciences** (NBIX) continues to look like a leader in the space, both technically and fundamentally, suggests growth stock specialist **Mike Cintolo**, editor of **Cabot Top Ten Trader**.*

The story here is all about Ingrezza, which is a treatment for a rare side effect of antipsychotic drugs that causes involuntary movements in the face and body that obviously have a negative psychological impact (being self-conscious) and sometimes can become permanent without treatment.

While rare, the drug is a big seller, with an expected $1.4 billion of revenue this year, up 30%-ish from last year, and more important, management sees a ton of opportunity just in its core area, with more than a half million undiagnosed patients in the U.S. alone (it thinks only 15% are both diagnosed and on treatment), so the potential is there for Ingrezza sales to easily more than double over time.

Neurocrine also has another niche product likely to hit the market soon — it's applied for approval of valbenazine (likely approval early next year), which treats another disease that causes involuntary movements (side effect of Huntington's) that affects maybe 25,000 people.

Those two should keep the numbers kiting higher, with analysts seeing the top line rising 20% next year while earnings reach nearly $4 per share — all while the firm's excellent pipeline (12 mid- to late-stage programs in trials; a key Phase II readout for a child epilepsy treatment due by year-end, with two more Phase II results in other drugs next year) continues to progress.

The stock actually broke out in the summer, held the breakout level during the market's autumn plunge and has kicked into gear as the market has bounced. We think the stage is set for medicals and biotechs to help lead the next advance and NBIX looks like one of the top dogs in that group.

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New Fortress Energy (NFE)

Bryan Perry
Cash Machine

New Fortress Energy Inc. *(NFE) is a powerful investment proposition for 2023 in the burgeoning liquified natural gas (LNG) sector, explains* ***Bryan Perry****, growth and income expert and editor of* ***Cash Machine****.*

LNG is the preferred source of fossil fuel over coal-fired and nuclear power sources within countries that have to import energy, China being the largest LNG importer in the world.

New Fortress operates as an integrated gas-to-power infrastructure company that provides energy and development services to end-users worldwide. The company operates in two segments, Terminals and Infrastructure, and Ships.

The Terminals and Infrastructure segment engages in natural gas procurement and liquefaction; the Ships segment offers floating storage and regasification units and LNG carriers which are leased to customers under long-term or spot arrangements. New Fortress has operations in Miami as well as Jamaica, Brazil, Mexico, Puerto Rico and Brazil.

The company is aggressively acquiring assets and established new bases of operations to accommodate the growing demand for LNG in Europe and Asia. Revenues for 2023 are forecast to increase by 52% to $3.95 billion with estimates as high as $5.0 billion. Earnings are set to jump by 229% to $5.66 per share from $1.72.

The NFE story got a further catalyst when on December 13, the company announced an aggressive dividend policy that is set to pay out 40% of free cash flow in 2023 in the form of dividends.

NFE management stated it expects the company to generate more than $11 billion of additional liquidity over the next three years, which it plans to use primarily to facilitate accretive investments, including investments in floating LNG facilities and downstream capital expenditures, and to pay significant dividends to shareholders. The company will pay out a $3.00 dividend in January to initiate the new dividend policy that will vary from quarter to quarter.

With the stock trading around $46 as of this writing, the forward earnings imply the shares are trading with a P/E of about 9X, which is very cheap on valuation basis relative to the stellar forecasted revenue and earnings growth. Only 5 analysts cover the company, and it's my view that when more research firms get behind this compelling LNG story, the stock will propel higher.

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Nokia Corporation (NOK)

Bruce Kaser
Cabot Turnaround Letter

Nokia *(NOK) is one of the world's primary providers of telecom equipment and is a Top Pick for conservative investors in the coming year, explains* ***Bruce Kaser****, editor of* ***Cabot Turnaround Letter****.*

Based in Finland, the company struggled with disappointing new product initiatives including mobile phones, a lack of a major telecom upgrade cycle, a wrong-way bet on semiconductor technology, and weak leadership.

Its €15.6 billion acquisition of Alcatel-Lucent in 2016 has been a disappointment as well. Current worries include the intensely competitive environment, particularly in radio access networks, a core component in telecom systems. Nokia shares have gone nowhere in the past ten years.

New leadership, however, is refocusing and rebuilding Nokia. Pekka Lundmark helped develop Nokia's business in the 1990s, then gained valuable business and leadership experience from impressive roles at other major companies until rejoining Nokia as CEO in late 2020. Under Lundmark, the company has corrected its semiconductor mistake, reinvigorated its sales efforts, streamlined its profit structure and is investing heavily in new product development that is lifting its market share trajectory.

These improvements are showing up in the company's financial results. Sales growth hit 6% ex-currency and earnings per share rose 25% in the most recent quarter. The operating profit margin dipped, but this was due to a timing issue with high margin patent contracts. Nokia remains on-track to maintain and build upon its already-improved margins, even as it ramps up its technology spending.

Global telecom service providers continue to ramp their spending for the rollout of 5G technology. India has been widely cited as a large and upcoming new market. Due to security concerns, China's Huawei is being sidelined, leaving more market share opportunities for western companies like Nokia. While the industry is highly competitive, Nokia is increasingly capable of maintaining its position, at a minimum.

Free cash flow is strong, allowing the company to now hold €4.7 billion in cash above its debt balance. With its new financial flexibility, Nokia has restored its dividend and is about half way through its €600 million share repurchase program.

The share valuation at 4.8x estimated 2023 EBITDA, is unchallenging. All-in, this under-appreciated company offers an attractive turnaround opportunity for 2023.

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ON Semiconductor (ON)

Rich Moroney
Dow Theory Forecasts

*Our Focus List stocks — our top recommendations — span the spectrum from growth to value. One stock from this list — **ON Semiconductor** (ON) — stands out as favorite for capital gains over the next 12 to 18 months, asserts **Rich Moroney**, editor of **Dow Theory Forecasts**.*

While both supply and demand issues have rendered the outlook for semiconductor stocks murkier in recent months, our top tech selection has remained above the fray.

ON Semiconductor delivered a total return of 19% over the last six months and 7% over the last 12 months, among the best in an industry averaging negative returns.

The shares have held up in part because of ON's operating momentum (sales up 27% over the last 12 months and 13% annually over the last three years and per-share profits up 132% and 44%, respectively). But of more import is ON's positioning for the future.

The consensus calls for per-share profits to increase 16% in the December quarter, fall 14% in 2023, then bounce back to 11% growth in 2024. We see upside to the 2023 target and have confidence in future growth mostly because ON has snagged seats at the growthiest tables among semiconductor end markets.

According to the research aggregator Statista, 37% of the world's revenue share of semiconductors went into computing products in 2020 and 32% into communications products.

Those numbers are projected to fall to 34% and 29%, respectively, in 2022, while automobiles account for 14% of revenue share, up from 8% in 2020. ON's focus on automotive, industrial, and consumer end markets positions the company for industry-beating growth.

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Orange Telecom (ORAN)

Philip MacKellar

Orange Telecom *(ORAN) is a French telecommunications provider and a Top Pick for income investors in 2023, suggests* ***Philip MacKellar****, contributing editor to* ***Contra the Heard****.*

The stock's price fell in 2022. The company was impacted by slowing economic activity in Europe, valuation compression among telecoms, and a strong US Dollar which dragged the NYSE-listed ADR (American Depositary Receipt) lower.

Despite the lackluster performance, the dividend yield has compensated for the downdraft and the company is well positioned heading into 2023.

Its French business is complemented by operations in Spain, Poland, other European countries, and nations throughout the Middle East and Africa. It also provides cybersecurity, cloud storage, and even banking services. The shares are listed in New York under the symbol ORAN and in Paris under the symbol ORA.

As of mid-December 2022, the yield was approximately 7.5% and the trailing-twelve-month payout ratio was 49%. This represents an attractive income-oriented opportunity for investors, and the payout has the potential to be increased as well. A dividend increase is not our base case for this stock, but a 7.5% dividend from one of Europe's largest telecommunication providers is nothing to scoff at regardless.

In addition to the distribution, it is possible owners will see capital appreciation in 2023, as the corporation's valuations are currently low and could move higher. Moreover, global equity markets are coming off a bad year, the economic situation in Europe could stabilize, and the Euro could continue to rebound versus the US Dollar.

The stock could get a final boost if it is able to turn around its underperforming Spanish division. This market is very competitive, which has hurt Orange's business there. To remedy the situation, Orange and MásMóvil have signed an agreement to combine their operations in this country.

The transaction is based on an enterprise value of €18.6 billion — €7.8 billion for Orange and €10.9 billion for MásMóvil. Though the merger is subject to approval from antitrust authorities and is not expected until the second half of 2023, passage of the deal would cut the number of competitors in Spain from four to three and help Orange in the process.

Orange's outlook is strong, but there are two caveats here for income-oriented investors. First, the distribution is not paid out monthly or even quarterly, which could be an issue for those needing regular payments, and second, there are ADR fees associated with the dividend. These cautions aside, Orange represents an excellent income-oriented opportunity for 2023.

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Organon & Co. (OGN)

Jim Osman
The Edge Spinoff Report Lite

Organon & Co. *(OGN) is the June 2021 spinoff of the women's health, biosimilar and legacy drugs businesses from parent company* ***Merck & Co.*** *(MRK), explains* ***Jim Osman****, a leading specialist in spinoffs and the editor of* ***The Edge Spinoff Report Lite****.*

Founded in 1923 in the Netherlands, OGN made insulin as its first product. It was later merged into what became the Amesterdam-based **Akzo Nobel** (AKZA) in 1969, later acquired by Schering-Plough in 2007, then bought and folded into Merck in 2009.

We initiated research on OGN during the process of its spinoff from Merck in June 2021. In September 2021, a new director Ma Fatima "Fama" de Vera Francisco had bought shares on the open market at around $34, indicating her confidence in the stock.

As well as serving on OGN's board, she is also the CEO of the Baby & Feminine Care segment at **Procter & Gamble** (PG), further reinforcing her expertise in the space. This was on top of Congressman Michael McCaul (R-TX) buying OGN shares on June 21, 2021, and his own strong track record of previous buys.

By January 2022, we continued to see long-term value creation opportunities at the company in addition to the previously mentioned insider buying, including strong earnings performances, an ongoing dividend policy, and the acquisition of Forendo Pharma, which boosts OGN's portfolio of products to combat endometriosis and PCOS.

We booked profits in OGN from our Model Portfolio position in February 2022 following its Q4FY21 and FY21 earnings report at the $36 level.

However, we continue to see OGN as the best women's health play — with comfortable net debt, continued dividend payments at $0.28 a share (a 4% annual yield), and the reacquired rights to **Bayer's** (BAYRY) contraceptive product rights in China.

The stock currently trades about 18% below its spinoff price, and at the current price looks to be sufficiently at value-buy levels. We recommend long-term investors "enter/hold" OGN with a base case target price of $38.70 (+40% potential upside from current market price).

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Paccar (PCAR)

Neil Macneale
2-for-1 Stock Split Newsletter

*2022 has been quite the year. Lots of disruptions and changes — war in Ukraine, political sturm und drang, extreme weather, recovery from Covid, and significant upheavals in the economy, to name a few, observes **Neil Macneale**, editor of **2-for-1 Stock Split Newsletter**.*

It's no wonder the markets have been in the dumps and will finish the year well south of last December's close. Final numbers will be tallied soon, but it's certain the major indexes will all have negative percentage changes well into the double digits.

The Wilshire Total Market Full Cap Index, which includes reinvested dividends, is down -17.1% for the year so far, so it is with some pleasure that I report the 2 for 1 Index is down only -11.6% for 2022. That is well ahead of our usual annual outperformance of 2 to 3%.

There is only one split announcement to analyze for December. That would be the 3 for 2 split declared by **Paccar Inc.** (PCAR) on 12/6/22. The 2 for 1 Index contained PCAR once before, from 1997 to 2000. It was not a big winner then but it did finish its three years solidly in positive territory.

PCAR manufactures big trucks and truck components and sells them around the world. Think Peterbilt and Kenworth. Valuation numbers are good, with a P/E of 13.8 and price-to-book ratio of 2.8. The company is profitable with earnings averaging a year-over-year increase of over 29% for the last five years. PCAR is less volatile than the overall market.

The question before us is this — does PCAR earn a place in the Index just because it's the only recent split or does it get a pass because it's not a perfect candidate? The answer is, PACR is not a perfect candidate, but it's a very good candidate.

Our proprietary 2-for-1 ranking algorithm gives PCAR a winning score, confirming it deserves to be in the 2 for 1 Index. A modest but secure regular dividend of 1% is often boosted by a year-end special dividend. (Note, a special dividend of $2.80/share was payable on 1/5/23.)

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Pan American Silver (PAAS)

Peter Krauth
Silver Stock Investor

*The setup in silver is as compelling as I have ever seen it, suggests **Peter Krauth**, a resource sector expert and editor of **Silver Stock Investor**.*

Silver is a superb inflation hedge, but it's also crucial to the green energy transition. Silver's biggest industrial application is solar panels, which require 12% of annual silver supply. But it's also irreplaceable in EVs, electronics, and medicine.

With all this in mind, I think **Pan American Silver** (PAAS) is an ideal way to play the huge upside in silver with relatively limited risk. Founded in 1994 by mining legend Ross Beaty, Pan American Silver is the world's second largest primary silver mining company. It boasts a total 28 years of operations across Latin America and Canada.

Current production comes in at 19 million silver ounces annually, in addition to other metals like gold, zinc, lead and copper, with gold revenues about twice the silver revenues.

Together with **Agnico Eagle Mines** (AEM), Pan American is buying Yamana Gold. Agnico will keep Yamana's Canadian assets, while Pan American will keep Yamana's Latin American mines. These should all be profitable mines, and increase annual silver production by about 63% and gold production by about 104%.

There's also the La Colorada Skarn project in Mexico, a major discovery adjacent to its largest silver producing mine, La Colorada. La Colorada Skarn contains about 227 million silver ounces in all resource categories, and is likely the company's next source of silver growth.

I believe the market is also overlooking an important asset: Escobal in Guatemala, acquired when PAAS bought Tahoe Resources. With high grades and over 380 million silver ounces (in all categories), Ecobal is truly one of the world's best silver mines.

This previously operating mine is currently proceeding through a consultation phase aimed at reopening with all stakeholders involved. Once operating, Escobal alone could double annual silver production for Pan American. The company also owns important shares of several royalty and development companies and projects offering tremendous upside potential.

In a rising silver price environment, which I expect, cash flow from Pan American's four silver mines would soar, making the current valuation much too low. And higher silver prices would likely help move Escobal towards production a lot faster, boosting profits even more. That makes PAAS a great way to play higher silver prices, while getting an attractive 2.4% dividend in the meantime.

Subscribe to Silver Stock Investor here...

Pason Systems (Toronto: PSI)

Gavin Graham
Internet Wealth Builder

Pason Systems Inc. *(Toronto: PSI) is a Calgary based oil services company, which provides specialized data management systems for the oil drilling industry, explains* ***Gavin Graham****, contributing editor to* ***Internet Wealth Builder****.*

The company describes itself as providing the Internet of Things for the oil drilling industry, and it also has a small but rapidly growing information management system for solar farms. With a market capitalization of $1.2 billion it is a mid-sized stock with decent liquidity, trading over 100,000 shares most days.

Pason reported revenues up 60% in the third quarter ended 30th September 2022 to $95.2 million, generating $46.2 million in adjusted Earnings Before Interest, Tax, Depreciation & Amortization (EBITDA), representing a gross margin of 50%, and net income of $34.2 million ($0.42 per share) compared to net income of $13.1 million ($0.16) in the corresponding quarter last year.

North American operations generated revenues of $75.2 million, up 63% from 2021, and revenue per industry day of $871 was an all-time record. International revenues of $15.8 million were up 52%, and solar revenues of $11.4 million rose 23%.

For the nine months ended 30th September, revenues were up 67% to $240.6 million, adjusted EBITDA more than doubled to $110.6 million, and net income more than tripled to $71.4 million ($0.87) from $22.7 million ($0.27).

The company generated $66.8 million of free cash flow in the nine months after capital expenditures of $18.1 million, reflecting catch up of some of the deferred expenditures during the Covid-19 inspired downturn in 2020-21, and expected to spend $30 million for 2022 as a whole.

Pason has no debt and cash on the balance sheet of $206 million, up $30% from $158 million at the end of 2021. CEO Jon Faber noted that revenue in the third quarter was the highest since the first quarter of 2015 and adjusted EBITDA the highest since the fourth quarter of 2014, just before the Saudi inspired collapse in oil prices.

Meanwhile, North American rig counts were back to the level of the first quarter of 2020, the last before the onset of Covid-19. Reflecting the improved conditions, Pason has recently raised its quarterly dividend by 50% from $0.08 to $0.12, equivalent to a 3% yield.

Pason has survived the most severe downturn in the drilling industry in forty years thanks to its rock solid balance sheet and control of costs including reducing capital expenditures by 75% to less than $10 million in 2021.

Now that the industry is recovering strongly, its operational leverage is delivering dramatic increases in adjusted EBITDA and earnings, but although the share is up 56% over the last year, against a decline of 15% for the S&P500 and 5% for the S&P/TSX, it is still down 10% from its price five years ago.

Selling at less than 16 times its last twelve months' earnings and with a rising dividend, it is an attractively valued play on increased activity in the drilling sector.

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Plains All American Pipeline (PAA)

Marty Fridson
Fridson/Forbes Income Securities Investor

***Marty Fridson** is a dividend investment specialist and editor of **Fridson/Forbes Income Securities Investor**; he looks to **Plains All American Pipeline** (PAA) as a Top Pick for the coming year.*

Plains All American has investment grade ratings (Baa3/BBB-), raised from Ba1 by Moody's a little over a year ago. That upgrade reflected a reduction in debt leverage that's expected to continue in 2023.

PAA is a master limited partnership that owns and operates midstream energy infrastructure and provides logistics services for crude oil, natural gas liquids, and natural gas. Its indicated yield has recently been in the 7% range.

Distributable cash flow at the end of Q3 was strong, covering the common distribution by 2.65 times. In 3Q 2022 PAA reported adjusted net income of $280.0 million, up 35% from a year ago on increased gathering volume and higher energy prices.

This issue is suitable for low- to medium-risk taxable portfolios. Note, as a tax accounting matter, that his MLP issues a K-1 to investors. Buy at $16.50 or lower for a 5.27% annualized yield.

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Planet 13 Holdings (PLNHF)

John Persinos
Investing Daily

Planet 13 Holdings *(PLNHF) is a cannabis-related business that's poised to exploit the increasing expansion of state-legal marijuana markets, explains* ***John Persinos****, editorial director of* ***Investing Daily****.*

In the US, the medical use of cannabis has been legalized in 39 states and the District of Columbia. The recreational (aka, adult-use) of cannabis has been approved in DC and 21 states. Additional states are poised to join the legalization list. New state and local legal markets equal more customers, greater profits — and higher share prices for cannabis equities.

The company's name sounds like a low-budget sci-fi flick, but don't let that fool you. Planet 13 is positioning itself to be the Walt Disney of pot. I'm sure comparing a marijuana company to Disney may seem a little odd, until you understand exactly what it's up to.

Everything this smart player does, from growing its own product to processing it, then ultimately selling it in slick, high-end superstores — including the two largest dispensaries in the world, that feature massive interactive digital displays and photo-worthy features like tricked-out VW buses — is about controlling the seven marijuana brands it has developed and people's experience with them.

Founded in 2002, Planet 13 runs the largest cannabis dispensary in the world, the massive THC and CBD cannabis product superstore/entertainment complex Planet 13 Las Vegas, as well as the largest dispensary in California.

Planet 13 currently runs dispensary locations across all of California and Nevada, with an expanding market in Florida and Illinois. Planet 13 Holdings is a vertically integrated leader in the cannabis industry, handling cultivation, processing, and dispensing through high-end stores that feature a strong entertainment element as well as wholesale offerings.

Planet 13 is known for its experiential locations that emphasize the in-store experience as a source of entertainment in and of itself, in addition to the quality, experience, and branding of the actual products.

The company's market cap is $237.8 million. That's small enough to offer exponential growth, but not so small to set off red flags. The company has nearly $53 million cash on hand, with a manageable debt-to-equity rating of 11.35 (most recent quarter).

The average analyst estimate is for Planet 13 to rack up year-over-year earnings growth of 250% in the next quarter, 140% for full-year 2022, and a whopping 850% in full-year 2023. The Wall Street consensus is for the stock to gain at least 600% over the next 12 months.

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Precigen (PGEN)

Jay Silverman
The Medical Technology Stock Letter

Precigen *(PGEN) is a novel biotech company with a broad R&D pipeline focused on immuno-oncolgoy, autoimmune and infectious diseases, explains* ***Jay Silverman****, an analyst with* ***The Medical Technology Stock Letter****.*

The company's ULTRA-CAR-T technology has the advantages of non-viral multi-gene delivery, overnight manufacturing process, higher antigen-specific expansion and in vivo persistence, with an integrated kill switch.

The lead compounds under development are all in clinical trials with positive data recently and/or about to be presented in 2023 Recent data was presented at ASH (December) for PRGN-3006 UltraCAR-T® in acute myeloid leukemia (AML).

In late-stage, terminal patients, there was a 27% objective response rate with patients receiving one dose in an ongoing Phase 1b study. Dose expansion is underway at the Mayo Clinic in Rochester, Minnesota, with multi-center expansion and technology transfer and site activation activities underway at multiple new centers.

PRGN-2012 — Enrollment is complete in Phase 1 study of PRGN-2012 AdenoVerseTM Immunotherapy in recurrent respiratory papillomatosis (RRP); the data will be presented in January 2023 and it is expected to show at least a 40% response rate in these patients.

Recurrent respiratory papillomatosis (RRP) is a disease characterized by recurrent wart-like growths on the surface of the vocal cords or tissue around the vocal cords. A Phase 2 study has been initiated and is rapidly progressing.

Most important, based on the positing upcoming results and the fact that there is no other treatment for these patients other than repeated surgeries (tens or hundreds per patient), we believe the Company will be able to gain an accelerated FDA path for PRGN-2012.

PRGN-3005 — Enrollment is complete in the Phase I trial of PRGN-3005 UltraCAR-T in advanced ovarian cancer; enrollment complete at Dose Level 3 with lymphodepletion in the IV arm; early data from the initial very late-stage patients, objective responses have been observed. PRGN-3005 UltraCAR-T is manufactured using a decentralized, overnight manufacturing process and administered patients the next day.

PRGN-2009 — Enrollment complete in combination arm of Phase 1 study of PRGN-2009 AdenoVerse Immunotherapy in human papillomavirus (HPV)- associated cancers. PRGN-2009 leverages Precigen's UltraVector® and AdenoVerse™ platforms to optimize HPV antigen design and delivery using a gorilla adenovector with a large payload capacity and the ability for repeat administration.

We believe encouraging data on any of the four programs above will lead to at least one large corporate partnership this year. Since it owns its technology outright, we also believe Precigen is a very attractive takeover candidate, in particular at the current, depressed market valuation.

2023 will be a transformative year for the company with further clinical and corporate progress in the broad R&D pipeline. Precigen is a "buy" under $8 with a target price of $18.

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Quarterhill (QTRH)

Benj Gallander
Contra the Heard

*Is a recession in the wind, or perhaps a gale? Where can an investor hide? Though lots of pundits are offering solutions, it is very difficult to do, asserts **Benj Gallander**, editor of **Contra the Heard**.*

One thought is to look for a sector where projects tend to be long-term in nature, and therefore, less prone to cyclical effects, according to the CEO of **Quarterhill** (Toronto: QTRH), a small Canadian tech company, which does much of its business in the U.S. Intelligent transportation systems (ITS).

The company provides products and services, such as red light and speed enforcement systems, automated truck weighing stations, toll road systems and equipment, traffic management and safety systems. It does appear that the opportunities are there, especially now that Congress has passed Biden's Infrastructure Investment and Jobs Act.

Quarterhill is a smallish company, with a market cap under $200 million. This enterprise is in the process of transforming itself. It has a legacy business of patent licensing called WiLAN that provides lumpy cash flow and is undergoing a strategic review, meaning it is for sale.

Management wants to simplify and focus on its intelligent transportation segment. At the same time, Quarterhill is in the early innings of an M&A strategy with ITS. In 2021, around $160 million was spent on three acquisitions.

The scale of the change should make investors pause before taking the plunge. One important aspect is Quarterhill's management, where there has been some churning, which makes the outfit's future direction less certain.

In May, they appointed a new CEO for Wi-Lan, a new CFO for Quarterhill and a new board member — the third this year. In December of 2021, Bret Kidd, the head of the newly acquired business, Electronic Transaction Consultants (ETC), replaced the QRTH CEO of a year and a half. His first test is going to be the WiLAN licensing unit.

If sold at a decent valuation, it could spur a rally in the stock. What helped pave the way for a possible deal was the resolution of the patent dispute with **Apple** (AAPL). It dated back to 2014 and the Cupertino Goliath appealed the final judgment of $108.9 million. In March, it was concluded with no mention of the term — which is unusual.

In Q3, Quarterhill saw operational improvement in the ITS business, with sequential revenue growth of 8 per cent from Q2. The ITS backlog is robust at $770 million. In the past 12 months, $235 million in new business was garnered.

The company has a good balance sheet with cash at $76 million and working capital over $110 million. The price tag for ETC was $150 million, half paid in debt. They signed a $57.5 million bought deal offering convertible debentures with a coupon of 6 percent, a conversion price of $3.80 and a maturity date of 2026.

It looked pricey at the time, but considering the spike in interest rates, it is almost a bargain. In Q3, another $20.8 million of the obligation was repaid, making a total reduction of $35.3 million this year. Senior debt is now $30.2 million at quarter end, down a distance from $62 million last year.

Our initial sell target is $4.84. While waiting and hoping patiently for this outcome, a dividend that is better than 3 per cent is being collected. Being paid to be patient is almost always a good thing.

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Qurate Retail 8.0% Pfd Stock (QRTEP)

Tim Plaehn
The Dividend Hunter

***Qurate Retail** (QRTEA) operates the retail brands QVC, HSN, Zulily, Ballard Designs, Frontgate, Garnet Hill, and Grandin Road, explains **Tim Plaehn**, income specialist and editor of **The Dividend Hunter**.*

Over the last year, the Qurate brands have suffered primarily due to supply chain issues, as the company struggled to source the best-selling items for the QVC and HSN shopping networks. Earnings have declined, and the common stock share price is down 75% over the last year.

Qurate has made significant new leadership hires and restructured its supply chain with a solid plan to return to profitable growth.

My Top Pick for aggressive investors in 2023 is **Qurate Retail, Inc. 8.0% Fixed Rate Cumulative Redeemable Preferred** (QRTEP). These shares have a par value of $100 per share and pay a $2.00 quarterly dividend. From the September 2020 IPO until January 2022, QRTEP traded close to $100.

As we moved into 2022, rising interest rates pushed preferred stock values down — the **iShares Preferred and Income Securities ETF** (PFF), a widely tracked preferred shares fund often used as a sort of index for preferreds, is down 19% this year.

I also believe that investors and traders did not differentiate between QRTEA, the common shares, and QRTEP, the preferred shares. As a result, the QRTEP share price dropped from $103 in January to around $40 at the end of the year.

Now we get to the good stuff:

* QRTEP continues to pay its $2.00 quarterly dividend as preferred stock, giving the shares a current yield of 20%.

* QRTEP has a mandatory redemption of $100 per share no later than March 15, 2031.

If Qurate does not go bankrupt, QRTEP has a locked-in return of $100 in eight years, plus $64 per share in dividends over those years. A $40 investment now will return $164 per share during that period. The math works out to an 18% compound annual return which you will earn, or your investment will go to zero. I like the odds.

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Rithm Capital 7% Pfd. D (RITM-PRED)

Todd Shaver
Bull Market Report

*While we wait for our more speculative favorites to cycle back in favor, we remain focused on opportunities to lock in 9% to 11% yields that effectively do the work of the S&P 500 in a normal year, suggests **Todd Shaver**, editor of **Bull Market Report**.*

Our favorite income idea is a little off most investors' radar — **Rithm Capital 7% Fixed Rate Reset Cumulative Preferred D** (RITM-PRED). Our longtime readers know **Rithm Capital** (RITM) better by its old name, New Residential Investment Corp. — which took management of its massive portfolio of mortgage servicing rights away from Fortress Investment Group in June and decided a fresh corporate brand was required.

These securities are a kind of derivative that separates the actual home loan obligation from the associated administration fees. Suffice to say that they're worth money and generate income. In RITM's case, the rights on $544 billion in housing debt translate into about $9 billion on the balance sheet and about $1.6 billion a year in revenue.

As long as those mortgages aren't refinanced or paid off early, that's a pretty good annuity for management to pass back to shareholders, and a wave of refinancings is not exactly a threat in this economic environment. Add in interest income and a few other factors and there's easily $3.5 billion coming into this company every year, of which $0.25 to $0.30 is reliably available for dividends.

What we like about the Preferred D shares is that the dividend was fixed at 7% at par value and now amounts to more like 9.5% for investors who lock it in now. If interest rates drop and make that dividend onerous, you can bet RITM will buy the shares back when its callback comes around in 2026. The liquidation price is set at $25, implying a 32% capital gain here at $18.42.

Remember, 2026 is now only three years away, which makes 32% a pretty good reward for three years of patiently generating 9.5% annualized income in the meantime. Sooner or later, management will liquidate these shares and their fixed dividend. It will happen, which makes RITM Preferred D as good a bet on the future as it gets.

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Rocket Companies Inc. (RKT)

Bryan Perry
Micro-Cap Stock Trader

Rocket Companies Inc. *(RKT) — formerly Quicken Loans — is under steady accumulation by CEO Jay Farmer and other directors and officers, observes* ***Bryan Perry****, editor of the specialized advisory service,* ***Micro-Cap Stock Trader****.*

Rocket is the largest mortgage lender in the United States, having underwritten $342 billion in mortgages so far in 2022. Shares of Rocket have been crushed as the Fed has aggressively raised interest rates, which have translated into the average 30-year mortgage now being quoted at 6.67% on a national basis. New home and existing home sales have been pressured as a result of the Fed orchestrating a policy designed to bring housing prices down.

Revenue for Rocket is forecast to decline by 31% in 2023 to $4.2 billion and fully explains why the stock has tumbled from its all-time high of $43; the stock bottomed out at $6 in November, 2022, and with the first signs of the Fed looking to moderate the pace of future rate hikes by the end of the first quarter, it and other mortgage-related stocks should catch a bullish bid that leads to outperformance in 2023.

But back to the business of insider activity, CEO Jay Farner has purchased a total of $10.38 million since mid-September of $10.38 million — and that's just in the past two and a half months.

As of November 25, 2022, Jay Farner owns 5,778,507 shares of RKT with a value of $45 million. When I see this kind of aggressive accumulation in a stock by its CEO, he is exhibiting an extremely high level of confidence in the company's business model.

The market cap of Rocket Companies is about $941 million, which is more than the typical micro-cap stock, but I wanted to have a pure play on a Fed pivot in a stock that could easily double or triple when the market turns bullish on the sector. And quite frankly, bullish sentiment is just now showing up with the recent price action in shares of RKT.

The stock was trading at $16 a year ago when the Fed began to tighten. Being we are nearing the end tightening cycle; the market will anticipate mortgage rates coming down and home buying and selling activity picking back up.

Investors should get in front of this transition, follow the lead of a CEO who is buying his company's stock hand over fist and look for a powerful rebound in the share price in the months ahead.

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Shopify (SHOP)

Todd Shaver
Bull Market Report

*When you have "bull" in your brand name you need to be able to trust great companies to prevail through the market's mood cycle; that's how we feel about **Shopify** (SHOP), asserts **Todd Shaver**, growth stock expert and editor of **Bull Market Report**.*

We loved the stock at the pre-split equivalent of $7 five years ago and remained loyal on its more recent plunge from around $170. The disruptive power that drives SHOP has not evaporated in the intervening year.

Revenue has increased 22% since this was a $170 stock and a rising slice of that sales mix is coming from recurring and reliable subscriptions and other fees, liberating the company from the stress that comes when merchants on the platform need to push more product before SHOP shareholders see results.

We welcome this evolution. And in our view, it's going to accelerate the previously elusive moment when management chooses to stop pouring money into marketing and embraces sustainable profitability.

That decision can come at any time. When it does, critics will finally need to stop talking about SHOP as another fragile upstart and treat the company as what it is — the most exciting thing in e-commerce since **Amazon** (AMZN) changed the world decades ago, and a worthy alternative to what Jeff Bezos' baby is doing now.

A decade from now, SHOP will be the platform of choice for everyone who isn't **Walmart** (WMT) or Amazon and still wants to sell products online. That's the entirety of retail. It's going to be huge.

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Sociedad Quimica Y Minera De Chile S.A. (SQM)

Louis Navellier
Navellier Growth

Sociedad Quimica Y Minera De Chile S.A. *(SQM) produces and distributes specialty plant nutrients, iodine and its derivatives, lithium and its derivatives, potassium chloride and sulfate, industrial chemicals, and other products and services, explains notes* ***Louis Navellier****, editor of* ***Navellier Growth****.*

SQM is the second largest lithium producer in the world. The company also mines potassium and iodine, which is used for fertilizer and medical applications, respectively.

Lithium mining requires over 20 evaporation ponds and almost two years to extract for ancient seabeds. As a result, it is very hard to boost lithium production without setting up new facilities that require extensive environment permits.

One of the problems with evaporation ponds is that the toxic metals being extracted can be deadly to migrating birds, which is why there is only one lithium mine in Nevada, despite lots of dried up inland seas in California, Nevada and Utah that contain lithium.

As a result, Sociedad Quimica Y Minera De Chile is poised to dominate lithium mining for the foreseeable future and profit from the boom in electric vehicles.

The company announced that its third quarter sales rose 347.1% to $2.958 billion compared to $661.6 million in the same quarter a year ago. During the same period, SQM's earnings surged 940.5% to $1.1 billion or $3.85 per share compared to $106.1 million or 37 cents per share.

The analyst community was expecting earnings of $3.10 per share, so the company posted a 24.2% earnings surprise. The stock has an 8.44% annual dividend yield and is a good buy.

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Sociedad Quimica Y Minera (SQM)

John Gardner
Blackhawk Wealth Advisors' Market Insights

Sociedad Quimica Y Minera *(SQM) is our top income-oriented pick for 2023, explains* ***John Gardner****, money manager and editor of* ***Blackhawk Wealth Advisors' Market Insights****.*

The global company is an investment in the lowest-cost lithium deposit in the world, specialty fertilizer blends used in high-value crops such as fruits and vegetables globally, and the world's largest producer of iodine, used largely in healthcare and pharmaceuticals.

Headquartered in Santigo, Chile, SQM was formed in 1968 after a merger of companies with beginnings going back to a Guggenheim operation that started in 1926. SQM began trading on the NYSE as an ADR in 1995. It has offices in 20 countries and operates in 110 countries.

The chemical and mining company has a consistent history of increasing dividend payments since 1994 when is distributed $0.05 per share. Shareholders have received $5.96 thus far in 2022. That current dividend equates to about a 6% yield.

This stock has been a dividend payor with the benefits of capital appreciation as the world's hunger for basic food and appetite for electric vehicles remains high. SQM's food and fertilizer products can help combat the global food crisis, while the company's lithium supply will be in strong demand to satisfy EV battery needs for decades to come.

SQM has significantly outperformed the SP 500 both short and long-term. With a current market cap of over $27 billion, SQM has solid institutional investor support. Nearly 520 mutual funds own shares today, an increase from 356 funds a year ago.

Although the stock has been under heavy accumulation this year and has a bullish current technical set-up, it is more volatile than most cyclicals. As a materials company, SQM's stock price will be sensitive to the underlying price movement of the commodities it produces. Don't let short-term price swings shake you out of a proven long-term income and growth stock. Invest for the current income and hold for the capital gains.

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SPDR Gold Trust (GLD)

Mary Anne and Pamela Aden
The Aden Forecast

*Our Top Pick for the year ahead is the **SPDR Gold Trust** (GLD); the positives going for gold are far greater than those for the other markets, including stocks, bonds, currencies, cryptos and more, suggests **Mary Anne** and **Pamela Aden**, editors at **The Aden Forecast**.*

These are several reasons we expect strength in gold. At the top of the list is inflation and the Federal Reserve. The Fed is determined to bring inflation down, and despite the recent softening in the inflation numbers, it's set to stay high in the months ahead.

This means the Fed will keep interest rates high, and this in turn will keep downward pressure on stocks and bonds. In fact, based on various reliable indicators, the stock market is bearish and it's set to fall further in 2023. This will make gold a more attractive option.

At the same time, the US dollar is set to decline. And since gold and the dollar tend to move in opposite directions, a weaker dollar will drive more investors to the tried and true safe haven, which is gold.

Remember, gold has a 5,000 year track record as a store of value. The world's central banks know this and that's why they've been buying gold at the fastest rate since the 1960s. They've been diversifying away from US dollars and increasingly opting for gold. This has been one big factor driving up the growing demand for gold.

It's also important to remember that gold has been rising in its current upmove since 2015. The rise has been slow and steady and it's been consistent. Again, based on various indicators, gold is poised to "take off" in the month ahead. In other words, gold is set for a strong upmove, which is likely to rise to a new all-time record highs.

An easy way to buy gold is via the SPDR Gold Trust — an exchange traded fund for gold. Buying gold is our top recommendation for 2023. We think you'll be glad you did.

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Sprott Physical Gold Trust (PHYS)

Omar Ayales
Gold Charts R Us

*Geopolitical tensions with Russia over Ukraine, fiscal policy and restrictions post Covid-19 and the current path of monetary policy have contributed to a stronger US dollar in 2022, asserts **Omar Ayales**, resource sector specialist and editor of **Gold Charts R Us**.*

Consider to date, the US dollar index has risen 8% (even after a 10% pullback from recent highs) while the S&P 500 and the transports declined 18% and counting. Global currencies except gold have fallen way below anyone's wildest dreams. Gold however, held its own. It's ending the year very similar to where it started — showing resilience.

Gold's strength is notable, particularly since resources across the board also fell sharply, as many fell double digits like Dr. Copper, which is down 11% year-to-date. US dollar strength, together with resilience in gold, suggests demand in 2022 was driven mainly by safe haven demand.

Interestingly, dollar strength overshadowed gold and most everything else largely in part due to hawkish monetary policy from the Federal Reserve and persistent inflationary pressures that have proven to be the strongest in decades.

However, more recent economic data is already showing inflation is moderating and could be set on a downward path that could eventually reach the targets set by monetary authorities. It's pushed the Federal Open Markets Committee (FOMC) to curb the path of rate hikes for the first time this year.

Moreover, guidance provided for the rest of the year is supportive of moderation in inflation, at least to the point where it gives monetary authorities the support they were looking for to shift away from the aggressive policy and guidance being used.

Policy moderation could lead to US dollar strength moderation, too, since the dollar has been moving together with interest rates this year. Strength moderation in the dollar could become a strong catalyst for gold relative to most other currencies globally, particularly since geopolitical tensions remain.

Increasing tensions in the South China Sea between U.S. and China shows potential disruptions for markets and economies could remain. The breaking up of the post-world war era global order could also give gold a new purpose as an arbiter for international settlements among global economic blocs.

Last year, I also picked gold as my top conservative investment and it has proven to be a great one, as it has fallen the least of most asset classes compared to the U.S. dollar index. But now with monetary policy moderation and ongoing global tensions, gold is poised to take the edge over the dollar once again. For conservative investors, I'm recommending **Sprott Physical Gold Trust** (PHYS).

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SSR Mining (SSRM)

Philip MacKellar

SSR Mining *(SSRM) is a Top Pick for 2023 that falls into the speculative and growth-oriented camps, explains* ***Philip MacKellar****, contributing editor to* ***Contra the Heard****.*

SSR Mining had a terrible 2022: in June a cyanide leak occurred at its flagship Çöpler Mine in Türkiye, prompting the country's Ministry of Environment to halt production.

This rare operational, but material, mishap crushed the organization's third quarter production results, generated an uncharacteristic net profit loss, and forced management to reduce its full year outlook. Finally, in late September, SSR was given the green light to restart operations.

While this was certainly an unwelcome event, the operating team was proactive and used the downtime to conduct site maintenance that would have resulted in idle time later in the year. Moreover, the projection for next year looks promising, and gold — which has been flat this year — is returning to form as the US dollar gives back some previous gains.

Supporting SSRM's thesis is a solid balance sheet, a history of strong revenue growth, and even a modest dividend. It has one of the longest mine life cycles in the industry, and a handful of low-cost assets scattered across Türkiye, Canada, the US, and Argentina.

These operating mines have upside development opportunities and exploration potential too. SSR's executive team is attempting to make the most of these development and exploration sites by consolidating its land base with the acquisitions of Taiga Gold in Canada and Lidya Mining's stake in Çöpler.

In 2017, I was fortunate enough to be invited to Çöpler and to see the development firsthand; the scale of what they achieved is truly impressive. Though staff certainly erred with the cyanide spill in June, this is the first significant operational misstep I can recall since we became interested in the name nearly a decade ago.

The company also has a strong operating team, having completed the Çöpler development project on time and under budget years ago. These underlying strengths, plus restarting operations at Çöpler and gold's potential to rally, should bode well for SSRM owners in 2023.

This outlook has risks along with it too, however, which is why SSRM is my speculative pick for 2023. Gold, for example, may not pan out as I am projecting. Türkiye, where the Çöpler mine is based, faces many economic and socio-political challenges, and insiders (the people most in the know) have been net sellers of stock over the past year. But if the stars align, SSR could shine in 2023.

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Stanley Black & Decker (SWK)

Bob Ciura
Top 10 Dividend Elite

*Income investors looking for a dividend growth stock trading at a discount should consider **Stanley Black & Decker** (SWK), suggests **Bob Ciura**, editor of **Top 10 Dividend Elite**.*

First, the company has a long history of reliable dividend hikes. Stanley Black & Decker has increased its dividend for 55 consecutive years, qualifying it for the exclusive list of Dividend Kings. And, because the share price has declined over 50% year-to-date, shares now yield 4%. This represents a 10-year high dividend yield for Stanley Black & Decker.

At the same time, the steep decline in share price this year has created a notable discount for this quality company. Analysts currently expect SWK to generate 2023 earnings-per-share of $4.52, equaling a forward price-to-earnings ratio of 18x.

Of course, there is a reason for SWK's declining stock price and valuation. The company has been hit hard by rising inflation and slowing global economic growth. This has taken a steep toll on the company's profits, although revenue continues to grow at a strong rate.

On October 27th, Stanley Black & Decker announced third quarter results. Revenue grew 9% to $4.1 billion, topping estimates by $120 million. However, adjusted earnings-per-share of $0.76 compared very unfavorably to $2.77 in the prior year period.

Adjusted gross margin contracted 760 basis points to 24.7%, as higher prices were more than offset by higher commodity inflation and lower volume. Stanley Black & Decker's key competitive advantage is that its products are well-known and respected by customers. This was why the company has been able to increase prices in certain product categories over the years and not see a decline in sales.

Fortunately, the company has a plan to combat inflation and improve profitability. Stanley Black & Decker has engaged a global cost-cutting program that delivered $65 million in pre-tax savings during the quarter. The company's goal is to reduce expenses by $1 billion by the end of 2023 and by $2 billion within three years.

In the meantime, Stanley Black & Decker remains more than profitable enough to maintain its dividend, and continue to raise the dividend each year. The 2022 payout ratio of ~73% makes it likely that dividends will continue rising even through a serious economic downturn. Stanley Black & Decker is a Dividend King with a dividend yield at a 10-year high and an attractive valuation.

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T-Mobile (TMUS)

Jospeh Bonner
Argus Research

T-Mobile *(TMUS), the wireless telephone carrier, is a Top Pick for 2023, notes* ***Jospeh Bonner****, an analyst with* ***Argus Research****, a leading independent Wall Street research firm.*

We cannot overstate the strategic importance of T-Mobile's April 2020 Sprint acquisition. In addition to a broad customer base, Sprint supplied T-Mobile with a trove of mid-band spectrum that has allowed it to rapidly build out its next-generation 5G mobile wireless network, thus gaining a competitive advantage over **Verizon** (VZ) and **AT&T** (T).

Although 5G is a small part of the wireless industry, it promises to be the next growth driver for the industry and for T-Mobile in particular. Management has highlighted third-party assessments stating that T-Mobile had the best 5G coverage and the fastest download speeds.

The appeal of T-Mobile's service plan innovations to wireless customers has been amply demonstrated by its robust subscriber addition metrics. While T-Mobile has successfully captured the wireless consumer market, its next assaults will be on wireless business customers, and on residential cable and internet service with its 5G home internet fixed wireless broadband service.

Management has targeted a 20% market share in wireless business services by 2025 and claims to have the fastest-growing broadband internet service in the U.S.

We think that T-Mobile remains the best positioned of the national carriers to take market share. Its unlimited-service business model and low-cost operating structure are oriented to appeal to price-sensitive consumers. T-Mobile has always aimed at the value-oriented segment of the market.

The success of the company's service plan innovations has been evident in its robust subscriber acquisition metrics and in the efforts of competitors to copy various plan features, the latest being Verizon's 'Disney Plus on us' promotion.

Apart from 5G service, T-Mobile is looking to grow by increasing its U.S. small market penetration though a network buildout into rural areas, adding in-home fixed wireless broadband access to its mobile wireless service package, and expanding into wireless business services, long the bastion of Verizon and AT&T.

TMUS shares are up 31% year-to-date versus a 19% capital decline for the S&P, and an 11% decline for the S&P Telecom Services Industry Group index. TMUS is far outpacing the capital returns of its top competitors (negative 27% for Verizon and flat for AT&T). We are maintaining our "buy" rating on T-Mobile and raising our target price to $175.

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Taiwan Semiconductor (TSM)

Tony Daltorio
Investors Alley

*President Biden recently attended a move-in event in Arizona for **Taiwan Semiconductor** (TSM) — signaling the installation of essential equipment has begun at the company's new plant, explains **Tony Daltorio**, contributing editor at **Investors Alley**.*

With a $40 billion total investment, the plant is slated to begin making advanced chips as early as the end of 2023. **Apple** (AAPL) will be the most important first customer when it begins production, with **Nvidia** (NVDA) likely to follow suit.

Also very interested in this development was Warren Buffett, who recently bought $4.1 billion of TSM ADRs through **Berkshire Hathaway** (BRK.A), according to a November 14 filing. The purchase made it the tenth-biggest position in the Berkshire portfolio.

There is a certain logic to Buffett's TSM purchase and to his earlier $130 billion investment in Apple stock. After all, it is Taiwan Semiconductor that makes most of the advanced chips that go into Apple's products like the iPhone.

As with Buffett's investment in Apple, TSM looked cheap on a price/earnings ratio. In TSM's case, the P/E is 12, thanks to the more than 40% drop in the stock year-to-date before the news broke of the purchase by Berkshire. And like Apple, Taiwan Semi has been growing fast and is highly profitable, despite being in a capital-intensive industry.

Taiwan Semiconductor has a trait that Buffett always looks for in companies he buys — a wide economic "moat." The company has a virtual monopoly on manufacturing the fastest computer chips, being the world's largest contract manufacturer of advanced processor chips.

There are long-term economic tailwinds — the growth of AI, the Internet of Things, and high-performance computing applications — blowing in Taiwan Semiconductor's favor that will likely last for decades. There is also the company's strong relationships with leaders in multiple subsectors: Apple in mobile chips, Nvidia in graphic processors, and **Xilinx** (XLNX) in reprogrammable chips.

TSM has increased its revenue at a five-year compound annual rate of 17%, has a five-year average return on capital of 16%, and has operating margins of more than 50%.

It has had consistent excess return on invested capital and return on equity figures, both averaging more than 20% for the past decade. As of January 2022, the company hiked its return on equity target to 25% from 20%, in view of the aforementioned long-term drivers.

In the past, Buffett has said his favorite holding period is "forever." This will apply to his purchase of TSM stock; he will likely regard near-term profit weakness as a blip that can be ridden out because of the company's large cash buffer. Indeed, at the end of the third quarter, TSM had a cash pile of $50.13 billion, an increase of 41% year-over-year. TSM is a buy anywhere around $80.

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TechPrecision Corp. (TPCS)

Faris Sleem
The Bowser Report

TechPrecision *(TPCS) — a growth-oriented idea for 2023 — manufactures and sells precision, fabricated, and machine metal structural components in the United States, asserts* ***Faris Sleem****, a specialist in low-priced stocks and editor of* ***The Bowser Report****.*

It operates through two segments, Ranor and Stadco. Its Ranor subsidiary services its customer base with well-engineered, cost-effective solutions to meet their large-scale manufacturing challenges. Stadco supplies flight-critical components for commercial and military programs.

The company is rebuilding its Stadco segment, while its Ranor segment had net sales of $4.9 million and gross profit of $2 million in the second quarter. Its investments in the Ranor segment are already paying off and we believe management will be able to do the same for its Stadco segment.

TPCS quarterly revenue grew 78% yoy to $8.5 million, and it has total backlog of $49.4 million. This backlog is expected to be delivered over the next 1-3 fiscal years with improved gross margins. The substantial backlog in combination with its sizable investments in Stadco make TPCS a long-term investment with high reward.

In addition to its high potential, the company has a strong fundamental foundation. Assets outweigh liabilities 1.7:1 and it has working capital of $3.3 million. While total debt currently outweighs its cash on hand, the company has a history of delivering positive cash flows.

As for its competitive advantage, its products speak for themselves. Stadco has been stable and growing since 1941, serving domestic and international clients. Ranor won Supplier of the Year for Virginia Payload Modules by BAE Systems and the segment has bounced back tremendously in recent years.

We believe that as long as Ranor continues to grow profits and invests efficiently at Stadco, TPCS could go as high as $3 in the long haul.

Additionally, management has expressed interest in uplisting to the Nasdaq, which could improve visibility and liquidity for the stock. Overall, TPCS has healthy financials, high revenue growth, and the potential to create value for long-term shareholders.

The stock is down 13% over the past year despite growing revenues and profits.

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Tekla Life Sciences (HQL)

Nate Pile
Nate's Notes

*In the same way that the biopharma sector led the overall market lower in early 2022, biotech is already emerging as one of the sectors that is likely to lead the market higher as 2023 gets underway, suggests **Nate Pile**, editor of **Nate's Notes**.*

My more conservative Top Pick for 2023 is one that I have recommend in the past — **Tekla Life Sciences** (HQL). As its name suggests, this closed-end fund invests in a variety of publicly traded and private companies doing work in the life sciences sector (and biotechnology, in particular).

The fund's top five holdings (as of the end of September) are names that many investors are probably already familiar with **Gilead Sciences** (GILD), **Amgen** (AMGN), **Vertex** (VRTX), **Regeneron** (REGN), and one that is also a long-time holding in *Nate's Notes*, **Illumina** (ILMN).

Along with these industry leaders, the fund also holds positions in a number of smaller development-stage companies as well, including a number of private companies.

And while it is true that investors can probably get more bang for their buck by owning individual stocks in the sector, there is something to be said for being able to gain quite a bit of diversification in the sector with a single purchase, especially if one is more risk-averse and does not want to experience the high levels of volatility that are often associated with investing in biotech stocks.

Along with the instant diversification that comes with owning shares of the fund, Tekla Life Sciences also has a policy of paying out 2% of its net assets every quarter, so investors also "get paid to wait" — a rarity when it comes to investing in biotech.

Though the default is for the distribution to be paid in new shares (and we always take new shares rather than cash in the newsletter's portfolios), investors have the option of asking for cash instead — just contact your broker to change the default setting for your account. HQL is considered a strong buy under $14 and a buy under $18.

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Texas Pacific Land (TPL)

Michael Brush
Brush Up on Stocks

*Energy names should continue to do well in 2023, despite the 60% gains they posted in 2022. That's what energy company insiders are telling us, explains **Michael Brush**, editor of **Brush Up on Stocks**.*

Over the past few months, I've seen attractive insider buying at a dozen or more energy stocks. I use the insider signal as a starting point to find promising names for my newsletter, and it works especially well in energy.

A good example is **Texas Pacific Land** (TPL). As of December 2022, this one was up 360% since I suggested it in my stock letter in August, 2020. But it still looks like a buy. Not only does a smart insider continue to accumulate, but underlying energy sector fundamentals support the business.

Brent oil will trade up to $100 per barrel on average next year and spike up over 25% to $110, says Francisco Blanch, the Bank of America head of global commodities and derivatives research. Here are five factors that will support oil prices and energy stocks in 2023.

1. China will reopen, as zero Covid policies are eased. Reopening would boost China's oil demand by 5%.

2. The Fed will pivot in early 2023, backing off on rate hikes. This will be bullish for the global economy, which will post 2.4% GDP growth in 2023, says Blanch.

3. Producers have scarce capacity because they have underinvested in development for years.

4. Inventories are low. OECD petroleum stocks were at 3.96 billion barrels at the end of 2022. That's the lowest level for this time of year since at least 1986. "It is not going to take a lot to have oil prices go up," says Blanch.

5. The U.S. won't come to the rescue. In the past, U.S. shale companies have been the swing producers when oil prices spiked. Not anymore. They are sticking to their financial discipline and returning cash to shareholders. The rising costs equipment and labor also present challenges.

Meanwhile, smart insiders particularly like Texas Pacific Land, which has a market cap of $20 billion. Texas Pacific owns a lot land in the Permian Basin in western Texas. The Permian is an incredibly rich energy basin. The company owns all this land because it was originally a land trust in 1888 set up to take over large land holdings from the Texas and Pacific Railway Company.

This stock has been quite strong, but it still has a long way to go for three reasons, says James Davolos of the **Kinetics Market Opportunities** (KMKNX) and **Kinetics Paradigm** (WWNPX) funds. Both funds have huge positions in this name, but they continue to buy.

First, its energy assets are 100% leased, but so far only 7% has been developed. Second, investors are undervaluing the company's revenue from royalties on development rights leased to companies like **Occidental Petroleum** (OXY), **ConocoPhillips** (COP) and **Chevron** (CVX), according to Davolos.

Third, Texas Land Pacific has other potential revenue streams that are underappreciated. Water on the land will be sold for use in fracking. The land can also be used for cell towers, access roads, and solar and wind farms.

Davolos' Kinetics funds are smart insiders in my book because they started buying this name in the $10 to $40 range during 2002-2012. It was recently a $2,600 stock and the funds were still adding to their huge positions.

Continued buying on strength, as opposed to selling into strength, is one of the key factors contributing to a strong insider buy signal, according to how I analyze insider buys to find the best purchases to consider.

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The TJX Companies (TJX)

Gordon Pape
Internet Wealth Builder

*Bet on one thing: 2023 will be the year of the bargain hunters. With inflation still at uncomfortably high levels, shoppers will seek to stretch their dollars as far as possible, explains **Gordon Pape**, editor of **Internet Wealth Builder**.*

That's good news for discount stores, including **TJX Companies** (TJX). Its name may not be well known but its flagship stores are: HomeSense, Marshalls, and Winners. I'll bet a buck that someone in your family has shopped in at least one of them.

All in all, the company has more than 4,700 stores and is ranked at number 75 in the 2022 Fortune 500 companies' listings. The U.S. and Canada are obviously the biggest markets, but the company also operates in the UK, Ireland, Germany, Poland, Austria, the Netherlands, and Australia.

All are stable countries, although the international diversity means TJX can be subject to currency fluctuations. The company has been in business for 45 years.

Financially, the company is very strong. Sales last year were $48.5 billion, which was up $7 billion from the last pre-Covid year, 2019. It also delivered the highest sales and net income in the company's history. TJX generated $3.1 billion in operating cash flow and ended the year with $6.2 billion worth of cash on its balance sheet, so it's in a very comfortable position regardless of what the economy does.

The company recently reported third quarter results and although sales were only slightly up, the pretax profit margin rose to 11.2%. Both profit margin and adjusted earnings per share were above plan. The company returned $843 million to shareholders in the quarter through share repurchases and dividends.

I don't see this as a double-your-money stock, but it has the potential to generate a modest capital gain in the 15% range and pays a decent dividend.

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The York Water Company (YORW)

Nancy Zambell
Cabot Stock of the Month

*Just for fun, I recently searched for stocks that had fallen 10% or more from their 52-week highs, thinking that some of them may have declined due to market factors that didn't reflect the company's potential, asserts **Nancy Zambell**, editor of **Cabot Stock of the Month**.*

Unbelievably, I came up with a total of 7,015 stocks out of my database of 8,377 stocks! I narrowed my search again, looking for companies with positive institutional transactions, positive insider transactions, and technical and analyst ratings of Strong Buy. The result: 6 names, which I then winnowed down to what I think is the best one for 2023.

The company is a utility, **The York Water Company** (YORW). York Water will be 207 years old in 2023 — the oldest water business in the U.S. The company was founded by local businessmen who were worried about fire protection,

Although 71% of the Earth's surface is covered in water, only half a percent is drinkable. And with a global population of more than 8 billion (and growing!), water is a 'hot' commodity.

York impounds, purifies, and distributes drinking water, serving customers in the fixtures and furniture, electrical machinery, food products, paper, ordnance units, textile products, air conditioning systems, laundry detergents, barbells, and motorcycle industries 51 municipalities within three counties in south-central Pennsylvania.

The company posted Q3 EPS of $0.40, topping analysts' estimates by $0.02. Revenue rose 9%, to $15.81 million, also beating analyst's estimates by $0.81 million. In the last four quarters, York Water has met analysts' earnings estimates once and beaten them the remaining three periods.

Institutions own abut 48% of the outstanding shares of York Water, and hedge funds have recently increased their ownership of the stock. York pays a dividend yield of 1.79%, and the company has the longest record of consecutive dividends since 1816.

For a steady company with an essential product, growing earnings, and a consistent dividend, York Water should be on your shopping list for 2023.

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Tourmaline Oil (Toronto: TOU)

Gordon Pape
Internet Wealth Builder

The Toronto Stock Exchange fared better than any of the U.S. indexes in 2022 due primarily to the strength of the energy sector, more specifically fossil fuel companies; these companies may be headed for dinosaur land in the not-too-distant future, but right now they're what's keeping many portfolios afloat, asserts ***Gordon Pape****, editor of* ***Internet Wealth Builder****.*

Calgary-based **Tourmaline Oil** (Toronto: TOU) is a relatively new, well-managed business that emerged as the country's top natural gas producer after Encana pulled up stakes and moved to the U.S., changing its name to **Ovintiv** (OVV) in the process. The company maintains operations in three core areas in Western Canada: Alberta Deep Basin, Peace River area, and the Montney formation.

Third quarter results were impressive. Revenue was up 44% year-over-year to C$1.7 billion. Cash flow was ahead 38% to just over C$1 billion. Net earnings shot up to over C$2 billion (C$6.11 per share) from C$361 million ($1.10 a share) the year before. No wonder the directors were comfortable declaring a special quarterly dividend of C$2 a share.

As of the close on Dec. 16, Tourmaline stock was up 74.2% for the year. But that doesn't include dividends. Along with its regular quarterly dividend (which was increased to C$0.25 with the December payment) the company paid out four special dividends this year for a total of C$7.90. Investors who owned the stock at the start of the year, when it was trading at C$40.84, ended with a total return of 93%.

Will that continue in 2023? Given the global natural gas shortage, created by Russia's invasion of Ukraine and the subsequent sanctions, there's every reason to believe it will. I don't expect as big a move in Tourmaline's stock price, but the company is shareholder friendly when it comes to profits so look for more special dividends in the year ahead and a total return in the 40% range.

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Unilever PLC (UL)

John Persinos
Investing Daily

*One of the best "defensive growth" havens is consumer staples, and a particularly attractive stock in this sector is the diversified giant **Unilever PLC** (UL), suggests **John Persinos**, editorial director of **Investing Daily**.*

With a market cap of $128 billion, Unilever offers healthy growth and income, and it's a bargain to boot. European-based stocks present future investment opportunities, especially consumer staples companies with rosters of international brands.

The STOXX Europe 600 has been making a comeback in recent months, as investors expect the global economy, the European Union in particular, to begin recovering sometime in the first half of 2023.

Despite headwinds such as inflation and tightening interest rates, jobs growth and consumer spending have shown resilience in the U.S. and Europe. The Russia-Ukraine war is a drag on the Continent's growth but major European democracies are weathering the energy crisis better than feared. Global inflation also is starting to peak.

With headquarters in London, Unilever wields a portfolio of ubiquitous household labels that are sold in more than 170 countries throughout Africa, Asia, Latin America, the Middle East, North America, and Western Europe.

The company's stable of everyday items encompasses an enormous range of categories, including dressings and spreads, ice cream and beverages, personal care, and home care. The company straddles both the consumer staples and consumer discretionary sectors, with an emphasis on staples.

Unilever's brands include blockbuster sellers such as Hellmann's mayonnaise, Lipton tea, Knorr soups, Lux and Dove soaps, Ben & Jerry's, Klondike, Slim Fast, Popsicle, Ragú, and Sure and Degree antiperspirants.

The company continues to push its iconic products into emerging markets, where increasingly affluent middle class consumers associate Unilever products with the good life in the West. Coveted brands and cost efficiencies, combined with steadfast consumer spending, put Unilever in a strong position for 2023.

This boom in the global middle class will translate into a huge increase in spending for basic consumer items that most North Americans and Europeans take for granted. Unilever is playing pied piper to this fledgling (and increasingly status conscious) middle class.

As of this writing on December 16, Unilever's 12-month forward price-to-earnings ratio (FPER) stands at 17.5, which is a bargain compared to the FPER of 21.2 for the consumer staples sector, and the FPER of 19.3 for the S&P 500. Based on the analyst consensus, UL's earnings per share over the next three years is projected to grow 26.25%.

Now sporting a hefty dividend yield of 3.50%, Unilever is appealing to income and growth investors alike. The company has weathered the pandemic and it's positioned to thrive when current global headwinds dissipate.

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Uranium Energy (UEC)

Gerardo del Real
Junior Resource Monthly

*In the 14 years I've been investing in the resource space I've never seen such bullish fundamentals for uranium, suggests **Gerardo del Real**, editor of **Junior Resource Monthly**.*

Uranium Energy Corp. (UEC) — a Top Pick for more conservative investors in 2023 — is the fastest-growing supplier of fuel for the green energy transition to a low-carbon future.

It is the largest, diversified North American-focused uranium company, advancing the next generation of low-cost, environmentally friendly In-Situ Recovery (ISR) mining uranium projects in the United States and high-grade conventional projects in Canada.

The company has two production-ready ISR hub and spoke platforms in South Texas and Wyoming, anchored by fully licensed and operational central processing plants. UEC also has seven U.S. ISR uranium projects with all their major permits in place.

Additionally, the company has diversified uranium holdings including:

(1) one of the largest physical uranium portfolios of U.S. warehoused U3O8;

(2) a major equity stake in Uranium Royalty Corp., the only royalty company in the sector; and

(3) a pipeline of resource-stage uranium projects.

The company's operations are managed by professionals with decades of hands-on experience in the key facets of uranium exploration, development, and mining.

The company has no debt and $173 million of cash and liquid assets. In addition it employs a differentiated profile on the 100% unhedged strategy, but almost the third or fourth largest resource base in the world right now for any uranium company.

2023 will be a breakout year for uranium and uranium equities. Geopolitical events coupled with the nest supply/demand fundamentals I've ever seen should propel best in class companies like UEC to new all-time highs making investors that position correctly a lot of money.

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Editor's note: Gerardo Del Real's Top Pick for 2022 was Patriot Battery Metals (TSX-V: PMET) (OTC: PMETF), which rose more than 150% over the past year. The advisor now explains, "The premise was a simple one. Lithium was red hot, the world is pivoting towards cleaner energy that will require massive amounts of lithium and there simply won't be enough supply to meet demand for several years. Enter Patriot. The company has a world-class lithium district that has the potential to transform the company into an important multi-billion dollar player in the lithium space — and I still consider it a top pick."

Verizon (VZ)

Prakash Kolli
Dividend Power

***Verizon Communications** (VZ) is my Top Pick for income-oriented investors in 2023. The firm is struggling with retail cellular subscriber growth because of slower data speeds. Consequently, investors have punished the stock, observes **Prakash Kolli**, editor of **Dividend Power**.*

The stock price is down nearly 25% in 2022, placing it in a bear market and performing worse than the S&P 500 Index. But the company is working to reverse subscriber trends.

Today, Verizon is one of the three largest American telecommunications companies. Verizon has about 120 million wireless connections, including 91 million postpaid, four million prepaid customers, and around 25 million data devices. In addition, Verizon has about 6.7 million FiOS and other connections.

The company also has approximately 25 million fixed-line telecom connections. The company sold its AOL and Yahoo businesses in 2021. Total revenue was around $133 billion in the fiscal year 2021 and about $135 billion in the last twelve months.

One of the main issues affecting retail cellular subscriber growth is slow data speeds. The company offers 5G, but the speeds are slower than those offered by **T-Mobile** (TMUS) or **AT&T** (T). In addition, AT&T has divested its content offering and is more focused on providing services. Additional competition is present from cable companies offering cellular service.

Another risk is that Verizon's balance sheet debt grew because of C-band spectrum purchases. That said, debt is trending down. The credit rating agencies give Verizon a BBB+/Baa1 lower-medium investment grade rating.

Although Verizon has near-term challenges, long-term it is positioned for growth. The company is rolling out its 5G offerings, including the faster mmWave technology called the 5G Ultra Wideband and the C-band. This should speed up data downloads and uploads and expand geographic coverage to better match its two primary competitors, reversing subscriber losses.

In the time being, Verizon sports a 7%+ dividend yield backed by a relatively conservative payout ratio of approximately 47%. In addition, Verizon is a Dividend Contender, having raised the dividend for 18 consecutive years.

Verizon is a deal now. It is valued at a P/E ratio of ~7.2X, compared to a range of about 12X to 15X in the past decade. As a result, investors are getting an undervalued stock, a yield almost at a decade high, and consistent dividend growth.

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Vertex Pharmaceuticals (VRTX)

Rich Moroney
Dow Theory Forecasts

*Consensus forecasts call for very low or slightly negative U.S. economic growth in the first half of 2023, with some improvement in the second half of the year, observes **Rich Moroney**, editor of **Dow Theory Forecasts**.*

A slow-growing U.S. economy is vulnerable to downside shocks, especially with the global economy expected to struggle. That's one reason we approach the new year with more caution than usual.

Nevertheless, we still have favorites for year-ahead gains, such as **Vertex Pharmaceuticals** (VRTX) — the latest addition to our Focus List, which represents our current top recommendations.

The biotech firm's biggest product, Trikafta, treats most of the 83,000 cystic fibrosis patients in North America, Europe, and Australia. Trikafta accounts for 86% of Vertex's product sales, yet management still sees greater heights ahead.

The company continues to seek approval for Trikafta to treat different types of cystic fibrosis patients. Helped by its efforts to drive other countries to reimburse for treatment, Vertex says the drug could potentially treat 90% of cystic fibrosis sufferers throughout the world.

Admittedly, relying on one product for so much revenue adds risk to the stock. But Trikafta enjoys a first-mover advantage and currently faces limited competition in the cystic fibrosis market.

Vertex has managed seven consecutive years with at least 22% sales growth, and operating profits rose at least 24% in each of the five years since the company became profitable.

We think Trikafta still has room to grow. In addition, the company is advancing treatments for other ailments, including a genetic disease called alpha-1 antitrypsin deficiency and sickle cell disease. Drugs in development don't always pan out, but this pipeline looks promising.

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V.F. Corporation (VFC)

Josh Arnold
Sure Retirement Newsletter

V.F. Corporation *(VFC) is an apparel, footwear, and accessories company that was founded in 1899. V.F. has built a highly desirable portfolio of consumer-facing brands, explains* ***Josh Arnold****, contributing editor to* ***Sure Retirement Newsletter****.*

Its brands span the full spectrum of price points in a variety of categories and include Vans, Supreme, JanSport, Dickies, Timberland, and more. Through these brands, V.F. sells a wide assortment of activewear, work apparel, luggage and backpacks, and more through its global distribution network.

V.F. shares have had a very rough 2022 and the stock has a market cap of just over $10 billion. V.F. is also a Dividend King, having raised its payout for 50 consecutive years, putting it in elite company on that measure. We see 10% earnings-per-share growth annually looking forward, which is one reason why V.F. is my top dividend stock pick for 2023.

The company's shares have declined at least in part this year due to the fear of a recession, which generally leads to slower consumer spending. However, V.F. has stood the test of time and weathered many recessions in past decades. It is my belief that V.F. will come out of this recession as strong as ever, as it generally has in the past.

The stock is yielding an incredible 7.7% today, which is not only extremely high by any measure, but especially considering the company is a Dividend King. There have been very few times when an investor could own a stock with such a favorable combination of yield and dividend longevity. V.F. has generally yielded between 2% and 3% for the past decade, so its yield today is extraordinary.

One caveat is that the payout ratio for this year is likely to be around 100%, as the company's earnings have fallen on higher inventory levels, slower consumer spending, and promotional activity. However, these characteristics have always proven transitory in past recessions, and I see this year as the trough for earnings.

In addition, management is highly likely to defend the dividend through means other than earnings — if that becomes necessary — in order to keep the dividend increase streak alive. Given these factors, I do not believe a dividend cut is on the horizon, despite the high current payout ratio.

V.F. Corp's valuation is also extremely attractive, as shares trade for just over 13 times this year's earnings estimate. Shares have generally traded in excess of 20 times earnings in recent years, and we see fair value at 19 times earnings. That implies the possibility of a 7%+ tailwind to total returns to shareholders from the valuation alone, as the stock should trade closer to fair value once recession fears have passed.

Overall, we believe V.F. Corp could offer total returns of around 22% annually to shareholders, and given its unique combination of current yield, low valuation, and dividend longevity, it is my top dividend stock pick for 2023.

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Vontier Corp. (VNT)

Jim Osman
The Edge Spinoff Report Lite

Vontier Corp. *(VNT) is an industrial technology company focused on critical technical equipment, components, software and services for manufacturing, repair and servicing in the mobility infrastructure industry globally, explains* ***Jim Osman****, a "spinoff" specialist and editor of* ***The Edge Spinoff Report Lite****.*

As a leader in automated fuel dispensing machines in the US — investing in electric vehicle charging stations for future growth and having superior margins versus its peers — we believe that Vontier is being mispriced.

Fortive Corp. (FTV), a spinoff from **Danaher Corp.** (DHR) in July 2016, went on to perform its own separation of VNT on October 9, 2020. At the time of its spinoff, VNT operated as a leader in automated fuel dispensing machines in the US, with an industry-leading EBITDA margin profile of 22.3% compared to the peer average of 15.9% in FY21E.

VNT's stock is down -41% from its listing price and is now trading 26 months since the spinoff (outside the 2-year tax-free mark). Most recently, management hired Anshooman Aga as CFO, succeeding David Naemura.

Looking at Mr. Aga's 20-year experience, he was the CFO of **Harsco Corp.** (HSC) from August 2021 through August 2022 and also the CFO at Cubic Corp. in 2017. At Cubic, he was instrumental in the sale to Veritas Capital and Evergreen Coast Capital Corp. for $3 billion. Mr. Aga's presence at Vontier could spell a sale might be in the works.

An additional catalyst for VNT is the spate of insider buying in early November 2022, including CFO Mr. Aga (two purchases at $17.50 and $18.50), President/CEO Mark Morelli (bought at $17.42), Chief Legal & Admin Officer Kathryn Rowen (bought at $17.44), and Director Christopher Klein (bought at $18.77).

Recommendation: Considering its undervalued state and potential for a sale (given the new CFO's track record), we recommend investors buy VNT at current levels to capture potential upside.

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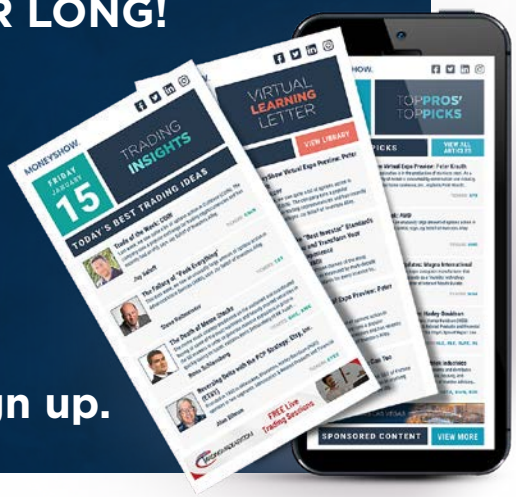

Walgreens Boots (WBA)

Chuck Carlson
DRIP Investor

*I think dividend payers will outperform in 2023. I also think healthcare-related stocks will outperform in 2023, suggests **Chuck Carlson**, dividend reinvestment specialist and editor of **DRIP Investor**.*

One attractive dividend payer within the healthcare space with big rebound potential in 2023 is **Walgreens Boots** (WBA). Admittedly, Walgreens has not exactly been a stellar stock in recent years, including a subpar performance in 2022. However, I think things might be changing for the better for the company:

* Healthcare related stocks should show above-average relative strength in 2023, which works to the advantage of Walgreens. Indeed, the company's transformation into a major health-care services provider seems to be gaining traction.

The company has been expanding here via acquisitions, including the recent majority share acquisition of CareCentrix. CareCentrix is a leading independent platform that coordinates care to the home for health plans, patients, and providers. The deal accelerates Walgreens' capabilities in delivering health care across a spectrum of settings, including primary care, specialty pharmacy care, post-acute care, and home care.

* The firm is removing a major uncertainty concerning its lingering opioid litigation with the recent proposed settlement of $4.95 billion to be paid over a 15-year period.

* A potential positive catalyst would be the sale of its Boots United Kingdom business. The firm has contemplated a sale of this unit in the past, and those talks could be revived with more accommodating debt markets.

* The stock's current dividend yield of 4.7% is especially tasty, and I expect dividend payers to outperform the broad market in 2023.

To be sure, I've been a long-time owner of Walgreens and have been fooled before by the stock. But the stock appears to be discounting a lot of bad news and should be able to beat expectations. For investors looking for a rebound candidate in a segment (dividend-paying healthcare stocks) that should do well in 2023, Walgreens fits the bill.

Please note that Walgreens Boots offer a direct-purchase plan whereby any investor may buy the first share and every share directly from the company. Shares may also be purchased via any brokerage firm.

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Warner Bros. Discovery (WBD)

Ben Reynolds
Sure Dividend

***Warner Bros. Discovery** (WBD) is a large entertainment industry business with a market cap of ~$26 billion; the stock is a top speculative pick for the coming year, explains **Ben Reynolds**, editor of **Sure Dividend**.*

The company in its current iteration was created on April 8th, 2022, when **AT&T** (T) spun-off its WarnerMedia operations, which combined with Discovery's operations to form Warner Bros. Discovery. It owns a host of well-known entertainment brands, including: HBO, Discovery, Warner Bros., HGTV, CNN, TNT, TBS, DC, Cartoon Network, New Line Cinema, and many more.

Warner Bros. Discovery's stock has not performed well since the new company formed. The stock price has declined from over $40 per share to under $11 per share at the time of this writing.

The company has failed to immediately generate the synergies and cash flows that were expected when it was created. In addition, Warner Bros. Discovery is settled with a large debt load. The company had net debt of $47.9 billion at the end of its third fiscal quarter in 2022.

But even with the large debt load and relatively poor performance 'out of the gate', there's a lot to like about Warner Bros. Discovery. First, the company is aggressively paying down debt. The company has already paid down $6 billion in debt through September 2022. Future debt paydowns are likely.

Warner Bros. Discovery also has the ability to continue to pay down its debt thanks to its strong free cash flows. The company expects to generate $3 billion in free cash flow in fiscal 2022. And that number is expected to rise to $4 billion to $6 billion in 2023 as the company realizes synergies from its combined operations and streamlining decisions (which include cutting CNN+).

With a market cap of ~$26 billion, Warner Bros. Discovery is trading for just ~8.7x its expected fiscal 2022 free cash flow. For comparison, I believe a price-to-free-cash-flow ratio of ~15 is reasonable for a company with high quality brands like Warner Bros. Discovery.

On the downside, the company does have excessive debt, but that is manageable and declining. The company appears inexpensive today based on cash flows. But it really stands out for the long-term investor. Warner Bros. Discovery expected $5 billion in free cash flow in fiscal 2023 based on the midpoint of its guidance. It's trading for just 5.2 times its expected fiscal 2023 free cash flows.

In my view, this is far too low. If the company traded for just a 10x multiple of free cash flow by the end of 2023, this would imply a $50 billion valuation, nearly double the company's $26 billion market cap.

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