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2024

TOP PICKS REPORT

THE 90+ BEST STOCK IDEAS

FOR THE COMING YEAR

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MoneyShow's 2024 Top Picks: 90+ Best Investment Ideas for the Coming Year

Mike Larson
Editor-in-Chief
MoneyShow

Welcome to MoneyShow's 2024 Top Picks: 90+ Best Investment Ideas for the Coming Year from the Nation's Leading Advisors

Welcome to the unveiling of our gala **MoneyShow Top Picks 2024** report! Every year for the last few decades, we've polled our top contributing analysts, strategists, and newsletter editors to get their favorite investment recommendations for the year ahead. The goal? To get you and your portfolio primed for maximum profits over the ensuing 12 months.

This year's report includes 91 recommendations from 53 separate contributors. They are among the nation's most respected and knowledgeable investment experts—individuals with time-tested reputations for in-depth research and integrity, as well as track records of long-term investment success.

Many have been participating in our annual reports for years. Some—like **Roger Conrad**, **Mary Anne and Pamela Aden**, plus top-tier analysts from Eagle Publishing, Cabot Wealth, Investors Daily, and Argus Research—have joined us for decades.

If you've been reading our ***Top Pros' Top Picks*** email newsletters in 2023, you know we've also brought several NEW experts into the fold in the past year. Some of them are contributing to this report for the first time, including **Berna Barshay**, **Matthew Carr**, and **Compounding Quality**. We also have other participants, like **Brien Lundin** and **Adam Johnson**, who are re-joining the roster after a hiatus.

Before discussing the picks for 2024, I should give a special "shout out" to our top-performing recommendations for 2023...and the experts who submitted them. Earning top honors was **Matthew Timpane**, editor at Schaeffer's Investment Research. His **MongoDB** (MDB) recommendation rallied roughly 115% on the year.

Todd Shaver, editor of *Bull Market Report*, had the second-best performing recommendation. It was **Shopify** (SHOP), with a gain of 97%. And **Bryan Perry**, editor of *Micro-Cap Stock Trader*, had the third-best. That was **Rocket Companies** (RKT), with a rise of 87%.

That said, our Top Picks project should not be looked upon as an investment "contest." Unlike a true portfolio, the collection of recommendations isn't designed with your personal investment goals or risk tolerances in mind. Nor are the positions actively managed or adjusted throughout the year by a professional money manager.

Instead, our goal is to give you insightful and actionable investment ideas which you can put to work as you see fit. We also encourage you to sign up for the free and/or reasonably priced subscriptions our contributors offer using the links you'll find in this report. That way, you can stay on top of the experts' evolving views and their latest "buy" and "sell" recommendations.

With that said, what trends stand out in this year's Top Picks edition?

* Technology stocks were big winners in 2023, with the widely held, mega-capitalization "Magnificent Seven" companies dominating the market. It isn't much of a surprise, then, that our experts recommended more tech-sector names than names in any other group. Many believe tech will have another banner year.

* Healthcare stocks are also a popular play this year, despite that sector's underperformance over the past 12 months. You'll find a mix of more speculative biotechnology stocks and more defensive, yield-oriented picks in this report.

* With the economic and interest rate backdrop changing along with the calendar, our experts are looking to help you capitalize. Several recommended Real Estate Investment Trust (REITs) and precious metals stocks and ETFs. They feel that the former are too cheap to pass up if the Federal Reserve is going to start cutting rates. Meanwhile, the latter could play catch up as the dollar slumps.

* After an enormous rally and a subsequent collapse in the past few years, many cryptocurrencies and related equities turned in a strong performance in 2023. A handful of our experts explain why that could continue in 2024—and share their favorite ways to profit.

In sum, this year's report gives you a broad mix of conservative income stocks...more speculative, but potentially more rewarding, growth stocks...ETF recommendations that target commodities, cryptocurrencies, and fixed income...and much more.

I'm confident these 91 recommendations from 53 separate MoneyShow contributors will help you get your portfolio on the right track in 2024! Enjoy them with our compliments—and we wish you the very best for investment success in the year ahead.

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Academy Sports and Outdoors (ASO)

Berna Barshay
Consumer/Culture/Commerce by HedgeFundGirl

***Academy Sports and Outdoors** (ASO) is a sporting goods retailer that sells a wide variety of athletic apparel and footwear for both individuals and team sports, sports equipment, as well as a broad array of products that support the outdoor lifestyle, writes **Berna Barshay**, editor of **Consumer/Culture/Commerce by HedgeFundGirl**.*

Products include everything from equipment for fishing and hunting to outdoor grills, coolers, and camping equipment. If you live in Texas or surrounding states, you probably know Academy—it's an institution in the region.

The pandemic led to a surge in interest in outdoor sports and activities, and Academy was a large beneficiary during that time period, seeing its earnings per share ("EPS") double from calendar 2020 to calendar 2022 (like many retailers, Academy's fiscal year ends in January).

But unlike many companies that went through a pandemic boom, Academy has enjoyed a soft landing post-pandemic. Earnings this year are expected to be down just 10% off the 2022 peak, and next year, earnings should again reach the peak 2022 level of $7.70.

Moreover, in an era when most proven retail concepts have been fully exploited already, Academy's management plans to open 120-140 stores over the next five years. That represents a roughly 50% growth opportunity over the current 275 store base.

Academy's wide breadth of product as well as its on-point merchandising that emphasizes everyday value while also offering curated opportunities to upgrade into premium products is the right positioning for success and to compete with its larger primary competitor, **Dick's Sporting Goods** (DKS).

DKS has greatly narrowed its focus in recent years and pulled back from many of the outdoor leisure categories where Academy excels. Academy currently outperforms Dick's on key metrics like sales per square foot and EBITDA (earnings before interest, taxes, depreciation, and amortization) per store.

Academy's management team has also shown incredible financial discipline since the company went public in 2021. In just over two years, management has bought back approximately 14 million shares of stock, reducing the float by around 15%. Management capitalized on the pandemic opportunity by streamlining operations and increasing margins in a way that generated a ton of cash which they used to aggressively buy back shares.

By returning excess cash to shareholders through buybacks while at the same time prudently allocating capital to self-fund mindful store growth, Academy has managed to maximize short-term EPS growth without sacrificing long-term growth from expanding the business.

Academy is a stock with great growth ahead, yet it trades at a value price. At the recent trading price of $61, ASO shares changed hands at less than nine times the expected earnings of $7 for the fiscal year ending January 2024. Taking into account the company's expected future growth, the stock looks even cheaper.

Advanced Micro Devices (AMD)

Michael Proffe
Proffe's Trend Portfolio

(Sponsored Content) ***Advanced Micro Devices*** *(AMD) is back to its all-time highs again after Artificial Intelligence (AI) sparked a massive tech-driven market rally during 2023. In the past eight years, AMD has gained 4,800%. And the exciting thing is, it's just starting a new growth phase, observes* ***Michael Proffe****, founder and editor of* ***Proffe's Trend Portfolio****.*

The fact is, new uses of tech have been driving the market for decades now. A decade-plus of low-growth, easy money meant more interest in stocks than bonds and that money helped fuel the current tech revolution we're in. Electric vehicles, cryptocurrencies, virtual reality, cable cutting, 5G, social media, and the list goes on. That's why I remain so bullish on AMD in 2024.

First, I want to remind readers, I focus on MegaTrends. That means I'm a long-term investor. I have no desire to try to outcompete professional traders that make a very good living heading into Wall Street or other financial centers around the world every day, trading for industry and financial institutions.

I look for the stocks that have managed to dominate, if not rule, the MegaTrends that underlie the market's short-term reactions and define the best qualities in long-term growth on the upside and first-choice safety stocks on the downside.

AMD is the perfect example.

This chipmaker launched in 1969. It's not only a forefather of the modern microchip industry, it remains a key innovator. As a matter of fact, founder Jerry Sanders' colleagues at Fairchild at the time were Robert Noyce, inventor of the integrated circuit, and Gordon Moore, founder of **Intel** (INTC) and author of Moore's Law.

What's more, as an established global player, it has the size and production capacity—as well as the quality controls—to deliver massive amounts of cutting-edge chips to any device or component maker in the world.

Few other chipmakers can say that. Competitors like Intel have missed the pivot yet again and are continually trying to play catch up. Companies like **Amazon** (AMZN), **Apple** (AAPL), and **Alphabet** (GOOG) are also now building their own chips to power their data centers, AI products, and cloud computing services.

But through it all AMD has remained a stiff competitor. And now it's gunning for **NVIDIA** (NVDA), the top AI chipmaker (and most new tech for that matter).

AMD is planning on launching a chip that will be a direct competitor to NVDA's AI processor. And as a growing No. 2 in AI, that will mean rising revenue growth in that sector and rising market share.

On Wall Street, those are two very important numbers. They will command increasingly large premiums as AMD expands not only into NVDA's customers, but also into the rapidly expanding AI marketplace.

For example, Forbes Business Insights projects AI's compounded annual growth rate (CAGR) to 21.6% through 2030.

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AeroVironment Inc. (AVAV)

Jim Woods
The Deep Woods

Geopolitical conflict is always present in this dangerous world. But the ongoing conflict in Ukraine and the late-2023 resumption of heavy fighting in Israel has brought to everyone's attention the need for robust war-fighting tools and technologies of the sort made by defense contractors. One company poised to perform well due to the need for enhanced global security is ***AeroVironment*** *(AVAV), counsels* ***Jim Woods****, editor of* ***The Deep Woods****.*

Missile systems, guidance systems, drones, etc., are going to be in even more demand due to these situations, and due to an ever-present threat of mankind's embrace of war. Yet the reality here is that while "war is hell" for the participants, civilians, and for the world, it's also a boon for defense companies.

AeroVironment supplies unmanned aircraft systems, tactical missile systems, high-altitude pseudo-satellites, and other related services to government agencies within the United States Department of Defense as well as the United States allied international governments.

The company says that its systems can help with security, surveillance, or sensing, and provide "eyes in the sky" without needing an actual person, or driver, in the sky. So, the "NewsQ" (my term for news that can materially affect a stock) of a company making a product that will be needed to fight future wars is bullish for AVAV.

So, too, are the fundamentals. For example, as of late 2023, AVAV was in the top 16% of all public companies in terms of earnings per share (EPS) growth over the past several years. And in terms of share price performance, the stock's near-51% gain over the past 12 months (through mid-December) put it in the elite top 8% of all stocks on a relative price strength basis.

Interestingly, on Dec. 5, the company reported strong earnings and raised its full-year guidance, although that guidance was slightly below consensus views. That news prompted some selling in AVAV shares that was just enough to make it look wildly attractive.

Investors with a taste for battle should consider AVAV, as mankind's penchant for conflict isn't going away anytime soon. So, while we should pray for peace, we also should prepare our portfolios for war with AeroVironment.

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2024 CALENDAR OF EVENTS

JANUARY

VE **Your 2024 Portfolio Playbook Virtual Expo**
January 16-18, 2024 | Accredited

FEBRUARY

M **The MoneyShow/TradersEXPO Las Vegas**
February 21-23, 2024
Las Vegas, NV
Paris Las Vegas

MARCH

VE **Income-Generating Strategies Virtual Expo**
March 5-6, 2024 | Accredited

VE **Powerful Investing & Trading Strategies Virtual Expo**
March 19-21, 2024 | Markets

CS **The 41st Forbes Cruise for Investors**
March 22 - April 5, 2024
Regent Seven Seas Navigator
Bali-Bangkok

APRIL

IMS **Investment Masters Symposium Miami**
April 10-12, 2024
Miami, FL
Hyatt Regency Miami

VE **The MoneyShow Canada Virtual Expo**
April 16-17, 2024 | Canada

MAY

IMS **The Investment Masters Symposium Silicon Valley**
May 7-9, 2024
Burlingame, CA
Hyatt Regency Burlingame

JUNE

VE **Mid-Year Portfolio Review Virtual Expo**
June 18-20, 2024 | Accredited

CS **The 42nd Forbes Cruise for Investors**
June 9-21, 2024 | Regent Seven Seas Splendor | Roundtrip London

AUGUST

IMS **The Investment Masters Symposium Las Vegas**
August 1-3, 2024 | Las Vegas, NV
Paris Las Vegas

CS **The Young America's Foundation Cruise**
August 31 - September 15, 2024
Regent Seven Seas Voyager | Venice-Lisbon

SEPTEMBER

M **The MoneyShow Toronto**
September 13-14, 2024
Toronto, ON, Canada
Metro Toronto Convention Centre

VE **Income, Growth, and Value Virtual Expo**
September 17-19, 2024 | Accredited

OCTOBER

M **The MoneyShow/TradersEXPO Orlando**
October 17-19, 2024 | Orlando, FL
Omni Orlando Resort at ChampionsGate

NOVEMBER

VE **Alternative Investing Virtual Expo**
November 5-6, 2024 | Accredited

FA **Inside Alternatives & Asset Allocation Virtual Expo**
November 7, 2024 | Wealth Management

DECEMBER

IMS **The Investment Masters Symposium**
December 5-7, 2024 | Sarasota, FL
Hyatt Regency Sarasota

Agnico Eagle Mines (AEM)

Clif Droke
Cabot Top Ten Trader

*One of the best-quality players in the gold arena is **Agnico Eagle Mines** (AEM). It is our top pick for 2024 and our favorite mining stock for leveraging what we view as a gold demand boom in the coming years, advises **Clif Droke**, contributor to **Cabot Top Ten Trader**.*

The company is a senior Canadian producer with a pipeline of high-quality exploration and development projects in the US, Canada, Mexico, and Columbia.

Key to Agnico's long-term growth plans is the firm's 100% owned Canadian Malartic mine, which is being transformed from Canada's second-largest operating gold mine to its largest underground mine, with 15 million ounces of resources being added since 2019.

Another major contributor to Agnico's expansion efforts is the open-pit Meadowbank complex in Canada. It has seen a 15% year-on-year increase in gold production in the first nine months of this year along with record haulage of underground ore in Q3—plus efforts to extend the mine's life by several years.

Agnico has described overall production across its mine portfolio as "robust" in recent quarters, with gold production coming in above the mid-point of annual guidance and cost performance remaining "solid."

Payable gold production in the latest quarter was over 850,000 ounces at production costs per ounce of $893. All-in sustaining costs (a key metric) were $1,210 per ounce—well under the recent gold price of ~$2,100 and leaving Agnico in a strong position to benefit from additional gold price increases.

The firm is entering the new year in a flexible financial position with $355 million in cash and over $1 billion in available liquidity. That should help Agnico's expansion plans going forward along with dividend payments (a 2.9% yield in late 2023).

Wall Street sees earnings growth 11% this year, which is likely to prove too conservative given the likelihood of higher gold prices.

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Alamos Gold (AGI)

Omar Ayales
Gold Charts R Us

US dollar weakness is likely to spill into 2024, becoming a bullish catalyst for foreign currencies and a bullish catalyst for commodities broadly. For my speculative recommendation, I'm recommending ***Alamos Gold*** *(AGI), writes* ***Omar Ayales****, editor of* ***Gold Charts R Us****.*

Some of the assets that are poised to outperform most others are precious metals, particularly gold and silver. Both gold and silver are not only commodities with industrial applications (particularly silver), but they're also currencies, too (particularly gold).

Consider that central banks globally bought gold during 2023 at a record pace. That will likely flow into 2024 as global fragmenting intensifies.

AGI is a Canadian mid-tier gold producer with solid mining operations in Ontario, Canada and Mexico. AGI has developed an efficient business model, allowing it to produce gold at some of the lowest costs in the industry. Look for AGI to thrive as gold's rise picks up steam.

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Alexandria Real Estate Equities (ARE)

Adam Johnson
Bullseye Brief

***Alexandria Real Estate Equities** (ARE) is the largest and longest-tenured owner/developer of specialized AAA commercial space focused exclusively on meeting the unique needs of the life sciences sector. For investors, this translates into a compelling combination of high cash flow, stable dividend income, and consistent earnings growth, advises **Adam Johnson**, editor of **Bullseye Brief**.*

From fully-wired, high-tech workspaces to customized laboratories housing billions of cutting-edge equipment across corporate campuses, Alexandria owns 74M square feet (SF) in North America and has 6M additional SF under development. Future commitments already in planning total another 17M SF and provide significant runway for growth.

The company's uniquely focused business model ensures a high-quality tenant base, resulting in higher occupancy, longer leases, stronger cash flow, and industry-leading capital appreciation. Notably, as of late 2023, occupancy was 96% and lease renewals were being signed at 6% increases, both of which provided ample support for the 4.5% dividend yield.

Ironically, shares recently traded at a 25% discount to long-term valuation on the assumption all commercial real estate is doomed by higher rates and work-from-home demographics. I disagree, and I think the current valuation anomaly will correct as stability returns to the market.

Buying Alexandria now provides a rare opportunity to acquire an investment-grade company at a near-distressed valuation.

Alphabet (GOOGL)

Berna Barshay
Consumer/Culture/Commerce by HedgeFundGirl

Sometimes it's better to just keep it simple. As the great Warren Buffett famously said, "It's far better to buy a wonderful company at a fair price than a fair company at a wonderful price." ***Alphabet*** *(GOOGL), parent of Google, YouTube, Android, and a growing cloud computing business, is very much a wonderful company at a fair price, notes* ***Berna Barshay****, editor of* ***Consumer/Culture/Commerce by HedgeFundGirl****.*

Much has been made about the outperformance of the Magnificent Seven in 2023—consisting of Alphabet, along with big tech peers **Amazon** (AMZN), **Apple** (AAPL), **Meta Platforms** (META), **Microsoft** (MSFT), **Nvidia** (NVDA), and **Tesla** (TSLA). The group was collectively up 75% in 2023 as of mid-December, driven by the nearly 250% move in Nvidia and 186% move in Meta.

Alphabet was up a relatively tame 54% in comparison, the "laggard" of the group (although that performance is obviously nothing to sneeze about). With this dramatic price appreciation in 2023, these seven stocks now comprise 30% of the market cap of the S&P 500.

Such outperformance and the resultant index domination has spawned a plethora of think pieces suggesting that the move in these stocks is done and that investors will look to rotate elsewhere in 2024. This may prove true for some members of the Magnificent Seven, but I think treating them like a monolith is a mistake.

Consider that the individual members of the Magnificent Seven sport vastly different valuations. While Tesla—arguably the constituent with the smallest competitive moat and most competition in the group—recently sported a P/E ratio over 80 and ecommerce and cloud giant Amazon sported a P/E just under 60, Alphabet traded at just under 24 times 2023 expected earnings.

Sure, that was a premium to the overall S&P 500 index, which traded at 21.5 P/E on this year's earnings. But it was an extremely modest premium when you consider Alphabet's superior growth outlook, margins, and financial strength versus the average for the S&P 500.

Alphabet is expected to grow its earnings 50% faster than the S&P 500 next year, and its extremely high operating margin is roughly double that of the S&P 500. Alphabet also has $120 billion of cash and equivalents sitting on its balance sheet—which give it outstanding financial stability and the flexibility to keep buying back stock, which helps propel EPS growth.

In fact, if you adjusted its stock price to back out its cash holdings, Alphabet trades in line with the S&P 500 *despite having a much higher profit margin and an incredibly deep competitive moat*, particularly in the core search business where Alphabet still sources the majority of its earnings.

Paraphrasing Buffett, with Google, you are getting an exceptional company at a decidedly average price. Don't let the noise about the Magnificent Seven distract you from what should be a really easy investment decision.

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Alpine Income Property Trust (PINE)

Marty Fridson
Forbes/Fridson Income Securities

***Alpine Income Property Trust** (PINE) is a retail Real Estate Investment Trust (REIT) that invests in owning and operating a portfolio of single-tenant, net leased commercial income properties. Lessees are largely high-quality public tenants, explains **Marty Fridson**, editor of **Forbes/Fridson Income Securities**.*

The REIT's tenants include the likes of Walmart, Lowes, Home Depot, Dick's Sporting Goods, CVS, Walgreens, Dollar General, Best Buy, Tractor Supply, Darden Restaurants, 7-Eleven, and Advance Auto Parts. PINE's portfolio is well diversified geographically, spread over 138 properties in 103 markets in 35 states as of 9/30/23.

The company continues to improve the credit quality of its tenant exposure; as of 9/30/23, 64% of tenants were investment grade, up from 49% a year earlier. On that date, occupancy stood at 99.1%, with strong prospects for remaining at a high level.

Specifically, occupancy costs for PINE's portfolio tenants are materially below market rents, reflecting the inflationary pressure on building and land costs. This implies a high likelihood that tenants will exercise their renewal options at expiration.

On the financial side, PINE has a well-staggered debt maturity schedule, with $100 million due in 2026, $100 million in 2027, and $49 million in 2028. On 9/30/23, outstanding debt was down 7% from a year earlier.

The company has also grown its quarterly dividend by 37.5% since the beginning of 2020. PINE recently traded at $17.20 and an indicated yield of 6.4%. Distributions are taxed as ordinary income. We consider this common stock suitable for medium-risk tax-deferred portfolios.

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Altimmune (ALT)

Todd Shaver
Bull Market Report

Altimmune *(ALT) stands as a beacon of hope in the ever-evolving landscape of obesity treatment. This biotech company, with its impressive financial strength, innovative approach, and promising pipeline, is poised to disrupt the multi-billion-dollar market for weight-loss solutions, maintains* ***Todd Shaver****, editor of* ***Bull Market Report****.*

Altimmune's financial position sets it apart. Unlike many competitors, the company boasts a healthy cash balance and zero debt. This financial stability provides the freedom to pursue innovative research and development without the constraints of debt obligations. This unburdened financial state fuels the company's bold vision for revolutionizing obesity treatment.

Altimmune's flagship product, pemvidutide, represents a groundbreaking development in the fight against obesity. This novel GLP-1/glucagon dual receptor agonist offers a unique approach to weight management. Unlike traditional obesity drugs, pemvidutide targets both GLP-1 and glucagon receptors, mimicking the complementary effects of diet and exercise on weight loss. This dual action has the potential to significantly enhance the efficacy of current treatments.

Clinical trials of pemvidutide have yielded promising results. In a recent Phase 2b study, patients receiving the drug experienced an average weight loss of 16%, with some individuals losing as much as 32 pounds. These results are comparable to those achieved with leading GLP-1 drugs like Novo Nordisk's Wegovy, highlighting the potential of pemvidutide as a competitive and effective weight-loss solution.

Altimmune's ambition extends beyond pemvidutide. The company is actively developing a pipeline of innovative therapies targeting not only obesity but also other metabolic diseases like non-alcoholic steatohepatitis (NASH). This diversification of its portfolio ensures that Altimmune remains at the forefront of the metabolic disease treatment landscape.

The company recently had a market cap of $370 million, with $140 million in cash, no debt, and a burn rate of about $20 million a quarter. Roughly 80% of the stock is held by institutions. We fully expect a buyout offer from a large pharmaceutical company sometime in 2024.

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Apollo Global (APO)

Stephen Biggar
Argus Research

*Our BUY rating on **Apollo Global Management** (APO) reflects the company's strong position among alternative asset managers and ability to generate cash in a wide variety of market environments, notes **Stephen Biggar**, analyst at **Argus Research**.*

While the outlook for monetization activity of investments has been challenging, we see strong growth in fee—and spread-related assets as a long-term driver for APO stock, and believe that the outlook for monetizations will improve in 2024 given recently improved market valuations.

The company's early 2022 acquisition of Athene also provides several avenues for growth, particularly as a higher interest rate environment sparks greater activity in fixed-income investments, which are the majority of Apollo's assets.

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Arcos Dorados Holdings Inc. (ARCO)

Nancy Zambell
Cabot Money Club

***Arcos Dorados Holdings** (ARCO) is the largest independent **McDonald's** (MCD) franchisee in the world and the largest quick-service restaurant chain in Latin America and the Caribbean. The company has the exclusive right to own, operate, and grant franchises of McDonald's restaurants in 20 countries and territories in Latin America and the Caribbean, shares **Nancy Zambell**, editor of **Cabot Money Club**.*

Those countries include Argentina, Aruba, Brazil, Chile, Colombia, Costa Rica, Curacao, Ecuador, French Guiana, Guadeloupe, Martinique, Mexico, Panama, Peru, Puerto Rico, Trinidad and Tobago, Uruguay, the US Virgin Islands of St. Croix and St. Thomas, and Venezuela.

Latin America has a growing middle class, which is leading to higher incomes and better access to credit. In this expanding environment, ARCO and its sub-franchisees own and operate 2,300 Latin American McDonald's restaurants, employing more than 95,000 people.

Arco handily beat analysts' earnings estimates in its third quarter, reporting EPS of 30 cents, considerably more than the consensus estimate of 20 cents, as well as 2022's third quarter earnings of 23 cents per share. ARCO's revenues rose 21.7%, year-over-year, to $1,115 million, also walloping Wall Street's forecasts of $1,076 million.

Analysts expect ARCO to see EPS growth around 18.8% this year, higher than the industry average of 17.9%. And I won't be surprised if that number expands, as consensus estimates have been rising for the past few months, more than 9% in a recent 30-day period.

Trading wise, Arcos Dorados boasted a PEG ratio of 1.17 in late 2023, compared with 2.23 for the industry. Its P/E ratio was just 14.19.

The shares are ranked "Strong Buy" by the analysts covering the company. Just 41.8% of its shares were owned by institutional investors, which means any big purchases could further boost the company's share price.

ARCO recently had a market cap of $2.57 billion, and only 130.66 shares outstanding. I consider the shares a bargain at this price.

Learn more about Cabot Money Club here...

Arista Networks (ANET)

James Kelleher
Argus Research

Arista Networks *(ANET), our top pick in Technology-Communications Networks, is a leading supplier of cloud networking solutions for Internet companies, cloud service providers, and next-generation data centers, says* ***James Kelleher****, senior analyst at* ***Argus Research****.*

After 100%-plus growth in cloud titan spending in 2022, Arista initially expected this category to slow in 2023.The arrival of generative AIs such as ChatGPT and Bard, however, has led to accelerating growth in cloud-based data center networking in support of large language models (LLMs).

As the leader in enterprise and data center cloud networking, Arista is uniquely positioned to benefit from this unfolding opportunity. Having navigated the supply-chain crisis, Arista is now successfully managing through macroeconomic weakness, customer caution, cost inflation, and lingering supply issues.

Arista is now seeing strength in most customer verticals, including cloud titans and enterprise data center clients. Arista has supplemented its focus on cloud, carrier, and large-enterprise customers with products for the campus and mainstream switching market, which is now evolving to a distributed workplace environment.

The company early in 2023 offered its first WAN routing solution, which further expands the available TAM. The company is financially strong and cash is growing rapidly. Arista in our view appears positioned for sustained annual revenue and EPS growth in 2024 and beyond.

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Athene Holding Preferred Series E (ATH-PE)

Marty Fridson
Forbes/Fridson Income Securities

*The **Athene Holding, Ltd. 7.750% Fixed Rate-Reset, Series E, Non-Cumulative Perpetual Preferred** (ATH-PE) has investment grade ratings (Moody's Baa3, S&P BBB). The company's senior unsecured debt is rated Baa1/BBB+. In the current environment, we are more comfortable with an issue of this insurance company than with issues of regional banks, which are very prominent in the preferred stock universe, writes **Marty Fridson**, editor of **Forbes/Fridson Income Securities**.*

The issue is not immune from the risk of illiquidity that could cause its price to drop off temporarily if the economy and financial markets falter in 2024, but its dividends should not be in jeopardy of suspension. ATH-E's dividends are qualified, meaning that they are taxed at a 15% or 20% rate, depending on the holder's bracket.

We consider the issue suitable for low—to medium-risk taxable portfolios. Athene Holding Ltd. is a major specialty insurer, focusing on retirement services, with $237 billion in total assets. It has been owned by Apollo Global Management (Apollo) since January 1, 2022.

Athene issues, reinsures, and acquires savings products for individuals' and institutions' retirement needs. The company offers annuities backed by the financial strength of its Single-A-rated rated operating subsidiaries. Business operations are managed across multiple distribution channels, including Retail, Pension Group Annuities, Acquisitions and Block Reinsurance.

The company's 7.750% fixed rate-reset preferred is redeemable on or after December 30, 2027 at par (25), plus declared and unpaid dividends. If the preferred is not called in its entirety, the dividend resets to the five-year US Treasury rate plus 3.962%.

Financial flexibility is solid, evidenced by low financial leverage and strong fixed charge coverage. This preferred is qualified, with dividends taxed at the 15%-20% rate. This security is suitable for low—to medium-risk taxable portfolios. The CUSIP is 04686J507.

Aya Gold & Silver (AYA.CA)

Peter Krauth
Silver Stock Investor

As we start 2024, many of the extremely bullish drivers for gold are the same for its cousin, silver. On Dec. 1, 2023, gold hit a new all-time high of USD$2,071 after three previous attempts in 2020, early 2022, and again in early 2023. Now it seems the fourth time's the charm—making ***Aya Gold & Silver*** *(AYA.CA) attractive, outlines* ***Peter Krauth****, editor of* ***Silver Stock Investor****.*

So, what's driving precious metals? The two main drivers have been an anticipated end to Federal Reserve rate hikes and a renewed US dollar bear move. As inflation continues to fall and unemployment continues to rise, the Fed's interest rate hikes are having the intended effect of slowing economic growth.

Naturally, high rates compete with precious metals as low-risk bonds pay attractive returns. By the same token, as the market starts to price in eventual rate cuts in 2024, likely on the back of a recession, then a weakening US dollar makes sense. With precious metals priced in dollars, it takes more dollars when they are weak to buy an ounce of silver or gold, hence their rising prices.

In addition to this, central banks have become net buyers of gold after the 2008 global financial crisis. In 2022, they bought a record 1,000 tons of gold and are expected to surpass that level once again for 2023. All of this is very bullish for precious metals.

Aya is a silver miner operating in the Kingdom of Morocco, with one of the world's largest high-grade, pure silver mines. Its Zgounder mine currently produces about 1.8Moz of silver annually. However, the opportunity is highlighted by its current mine expansion program.

Zgounder will ramp up production in Q2 2024, quadrupling annual output to 8Moz silver at an all-in, life-of-mine sustaining cost of just $9.58/oz. This expansion boasts a 48% IRR and a payback of just 1.7 years.

In addition, Aya is exploring and expanding resources at Zgounder as well at its Boumadine polymetallic project, which itself has an IRR of 56% and NPV of $575 million.

Aya is also aggressively acquiring additional highly prospective projects located along the prolific Anti-Atlas Mountain range. In this rising silver price environment, Aya is poised to become a veritable cash machine, making it a true bargain at current prices.

Baxter International (BAX)

Tom Hayes
Hedge Fund Tips

***Baxter International** (BAX) has four divisions: Medical Products & Therapies, Healthcare Systems & Technologies, Pharmaceuticals, and Kidney Care. The stock aggressively sold off ~65% due to supply chain issues, Hillrom impairment, and most recently, on fears that GLP-1 anti-obesity drugs will impact medical device suppliers. That seems overblown, says **Tom Hayes**, editor of **Hedge Fund Tips**.*

The stock's average historic P/E is around 19x. It was recently trading at 12x 2024 profits. Revenue guidance is +4%-5% prospectively.

Meanwhile, margins are improving sequentially across all segments. It doubled Free Cash Flow YTD on a year-over-year basis. And it's a double-digit compounder over decades (ROIC).

Baxter also has several catalysts for recovery. They include the company's sale of BioPharma Solutions for $4.25B, with the proceeds being used to pay down debt (something that reduces interest expense by $180M). BAX is also spinning off its Kidney Care business to shareholders. Doing that with the firm's slowest-growing segment should allow the parent company to get re-rated for faster growth and a higher multiple prospectively.

Additional product launches and operating efficiency expectations should also help the stock. I think it can work its way up to $60+ over the next 12-18 months.

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BlackRock (BLK)

John Dobosz
Forbes Dividend Investor

Just about any of the most-famous billionaire investors will tell you not to think of investing as buying stocks but buying businesses. My top name for 2024 is ***BlackRock*** *(BLK), the asset management firm founded in 1988 and based in New York, advises* ***John Dobosz****, editor of* ***Forbes Dividend Investor****.*

The benefit of buying shares in a variety of companies is that it allows you to access the financial returns associated with a business without needing to possess the means of production or coming up with the required capital to build such an enterprise yourself. This allows talented people to focus on what they do best, which in turn promotes deeper degrees of expertise and ultimately higher profits.

BLK has grown over the past 35 years to become the world's largest asset management company, with $8.6 trillion in total assets under management at the end of 2022. Headed up by famed one-time billionaire Larry Fink as chairman and CEO, BlackRock provides investment management, risk management, and advisory services for institutional and retail clients around the world.

Last year, 81% of $17.9 billion in total revenue came from BlackRock's advisory business. Two-thirds of revenue derives from North America, and 30% from Europe. One of the big trends that BlackRock has capitalized on is the growing popularity of exchange-traded funds. In 2009, it acquired the iShares collection of ETFs from Barclays.

Wall Street expects BlackRock's revenue to grow 7.4% to $19.1 billion in 2024, with earnings up 2.4% to $37.68 per share. Free cash flow over the past month totaled $25.05 per share. At the current quarterly rate of $5 per share, dividends total 53% of expected earnings and 80% of free cash flow.

Here's some comforting history if you're worried about your dividends keeping up with inflation: Since it paid its first dividend of $0.20 in 2003, BlackRock has hiked the quarterly payout 17.5% annually over the past two decades.

It's a notable sign of respect if you're in the investment business and you attract enough interest from peers that they invest in your company. Ken Fisher's Fisher Asset Management has been accumulating shares since 2021 and now owns a $1.97 billion stake. Israel Englander's Millennium Management has boosted its ownership in BlackRock steadily over the past year, and owned 305,000 shares worth $277 million as of the fourth quarter of 2023.

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BP Plc (BP)

Kelley Wright
Investment Quality Trends

***BP Plc** (BP) is an oil and gas supermajor that operates across exploration and production, refining, distribution, marketing, electricity generation, and trading. BP is also one of the world's largest companies by revenue and profits in any industry, explains **Kelley Wright**, editor of **Investment Quality Trends**.*

Listed on the London Stock Exchange, BP is a FTSE 100 index constituent. It also trades in the US. It is a company in transition as it has a "decarbonization" strategy with a focus on renewables, bioenergy, carbon capture and storage technologies, hydrogen, electric vehicle charging, and a target of net zero emissions by 2050.

This does not mean the company has abandoned hydrocarbons, however. BP projects EBITDA of $46-49 billion in FY2025, unchanged vs. previously announced targets; and a hydrocarbons EBITDA of $41-44 billion and group EBITDA of $53-58 billion by FY2030. That was $2 billion higher versus previous targets, driven mostly by hydrocarbons.

BP expects capex of $14-18 billion per year between 2024 and 2030, capacity for a 4% annual dividend increase with oil at $60/barrel, and capacity for $4 billion of share buybacks per year at $60/barrel.

In short, BP is integrating green energy into its hydrocarbon business. Based on its historically repetitive dividend yield boundaries, BP is solidly in our Undervalued area. The Return on Invested Capital is 14%, and the Free Cash Flow Yield is 12%.

The stock was trading in the $34-$35 range in late 2023, significantly below its Economic Book Value of $179 per share. Including its 4.7% dividend yield, BP is a strong growth and income option for any portfolio.

Subscribe to Investment Quality Trends here...

Brookfield Infrastructure (BIP)

Aaron Dunn
KeyStone Financial

Brookfield Infrastructure Partners *(BIP) is a global infrastructure company with a portfolio of high-quality, long-life assets that generate stable cash flows and support a stream of growing income distributions to investors. BIP is what we consider to be a core income and growth investment, notes* ***Aaron Dunn****, senior equity analyst at* ***KeyStone Financial****.*

The company has a tremendous long-term track record of growing its cash flow and delivering tremendous value to its investors. BIP has a 14-year history of consistently increasing its income distributions on an annual basis. Over the past 10 years, the distribution has grown at an average compound rate of 8%, nearly doubling from US$0.69 in 2013 to US$1.53 in 2023.

It's not easy to find a fundamentally strong investment that offers stable cash flows, growth, and income. BIP defines itself as a "grow-utility" which combines the stability of a utility with the upside of a growing company. The company's portfolio includes essential assets such as ports, railroads, energy infrastructure, and data centers.

Approximately 90% of the company's revenue is based on long-term contracts or regulatory rates of return and 70% is indexed to inflation, both of which help to insulate the company from adverse economic events. Despite the stable nature of the business, the company's internal investments and acquisitions have resulted in cash flow (FFO—funds from operations) per unit more than doubling over the past decade from US$1.31 in 2013 to approximately US$2.95 in 2023.

Looking forward, BIP is well positioned for future growth. The company completed significant asset sales and acquisitions during 2023. The outlook for 2024 is strong and management believes that the current environment provides exceptional opportunities to make investments at returns well above the target rates.

BIP has also been very active in expanding its data center business and has identified this market as providing solid growth opportunities as well as an avenue to participate in key trends such as AI and cloud computing. The company is targeting 12%+ growth in FFO per unit annually over the next one to three years.

BIP's stock price has experienced significant volatility over the past year, which has moved the valuation and income yield to attractive levels. We believe the company is well positioned to generate significant shareholder value over the next three-plus years.

BYD Co. Ltd. (BYDDY)

Chris Preston
Cabot Wealth Network

Short for "Build Your Dreams," ***BYD Co. Ltd.*** *(BYDDY) BYD has quickly become China's version of* ***Tesla*** *(TSLA). In March 2022, the company stopped making combustion engine vehicles to go full electric, or at least mostly electric. It now produces both battery electric vehicles (BEVs) and hybrids, writes* ***Chris Preston*** *of* ***Cabot Wealth Network****.*

The shift in focus paid immediate dividends in a country that loves the electric vehicle: BYD's revenues leapt to $63.1 billion in 2022 from $33.5 billion in 2021 and $22.7 billion in 2020. In 2023, BYD has grown revenues by double digits every quarter, and is likely to exceed its stated goal of selling more than three million electric vehicles.

What makes BYD unique is the wide array of price points on its vehicles. The company just released the "Seagull," the cheapest electric vehicle in existence at a starting price of a mere $10,200 (or 73,000 yuan). It also makes the most expensive mass-produced car in China, the Yangwang U8, an off-road hybrid that costs $159,000.

BYD's "something for everybody" identity—with cars for consumers of all income ranges—has Elon Musk spooked. It's a big reason why Musk and Tesla have repeatedly slashed prices on some of their top models (Model 3 and Y) this year. The goal is to better compete with BYD not only in China—where BYD is far and away the largest automaker—but also globally, as BYD is just scratching the surface of its worldwide expansion.

Notably, BYD does not yet sell cars in the US, and likely won't for some time in part due to current frigid relations between the US and China. But even without an American presence, BYD sold roughly the same number of BEVs worldwide in the third quarter of 2023 as Tesla (431,603 to Tesla's 435,059), and could top Tesla as the global electric vehicle leader soon.

And yet, BYD stock has been a bit "meh." Plus, the stock's tendency for fits and starts has been maddening, with investors seemingly selling off after every big move, including an 18% faceplant in the second half of November 2023.

All the ups and downs should dissipate once China's recovery picks up steam, and there are signs that it is after its GDP growth (4.9%) exceeded expectations (4.4%) in the third quarter. US investors will likely be more willing to take on the "risk" of snatching up shares of a Chinese EV stock. And with that stock recently trading at less than 15 times forward earnings estimates—and exactly a third off its 2022 highs—this is an ideal time to buy.

Learn more about Cabot Wealth Network here...

Caesarstone Ltd. (CSTE)

Benj Gallander
Contra the Heard

Caesarstone Ltd. *(CSTE) has seen its stock price drop by about half over the past year, but we feel a major turnaround is in store. This corporation manufactures and markets engineered quartz and other countertop surfaces in numerous countries. You have likely eaten off one of their tabletops (as I do virtually every day), highlights* ***Benj Gallander****, president of* ***Contra the Heard****.*

This enterprise is a global leader in its space and has been profitable every year since going public in 2012, except for the last two years. The corporation is conservatively operated and trades at less than half its book value. It pays dividends when annual earnings per share are greater than $0.10. Insiders are well aligned with investors as they own more than 40% of the company.

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.

There was a big revenue drop in the third quarter of 2023, to $142.4 million from $180.7 million in the prior year. The lower volumes were primarily impacted by global economic headwinds that resulted in diminished demand.

Gross margin in the third quarter of 2023 was 19.1% compared to 23% in the prior year. Adjusted gross margin in the third quarter was 19.8% compared to 23.1% in the prior year. The decrease in gross margin resulted from lower revenues and increased manufacturing unit costs due to lower fixed cost absorption mainly related to lower capacity utilization. This was partially offset by lower shipping costs and the benefits of an improved production footprint.

The operating loss in the quarter was $2 million compared to operating income of $3.2 million in the prior year. The decrease mainly reflects the reduced gross margin.

The corporate dividend policy is very distinct. Fifty percent of net income on a year-to-date basis will be paid, unless this is less than $0.10 a share, in which case nothing is given. That makes for a spotty payout and there will not be one from the most recent quarter. Yes, another reason to discourage potential investors and cause some people to sell.

Geopolitical risk is also an important factor with the firm. It is headquartered in Israel, where it has one of its three 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.

But this stock used to trade 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 eminently reasonable.

Cameco (CCJ)

Sean Brodrick
Resource Trader

If they were asked to name conservative investments, most investors wouldn't pick uranium. After all, the energy metal has been under pressure for years. But I'm here to tell you that profiting from select uranium stocks over the next few years is like shooting fish in a barrel: It's hard to miss. One of my favorite names is ***Cameco*** *([CCJ]), explains* ***Sean Brodrick****, editor of* ***[Resource Trader]****.*

The fundamentals are easy. Big stockpiles depressed the price of uranium for years. So, no one built new mines; it was too cheap to mine profitably. But stockpiles got used up. The price has been soaring. The price of uranium was at a 15-year high recently, and it's just getting started. Supply is *tight*.

What's more, the US and the European Union are both working on laws to cut or halt imports of Russian uranium and uranium enrichment services, due to that country's ongoing war in Ukraine.

Russia provides about 10% of the world's uranium and 35% of its enriched uranium fuel. When combined with other major uranium-producing countries like Kazakhstan and Uzbekistan, which are in Russia's sphere of influence, this means more than 60% of the world's uranium supply is controlled by Russia and its clients.

On the demand side, each 1,000-megawatt reactor uses about 27 metric tonnes of uranium per year; triple that to start up a new reactor. There are about 407 nuclear power plants currently operating, 60 new atomic plants being built, and another 110 planned.

Let's add in that, at the recent COP28 climate summit in Dubai, 22 countries pledged to TRIPLE their nuclear power capacity by 2050. Now, it's a race for uranium supply.

That brings us to CCJ. The company is the biggest uranium miner in the Western world. Most of its operations are in Canada's Athabasca Basin. Its flagship assets are Cigar Lake, with 84.4 million pounds in uranium reserves, and McArthur Lake, with 275 million pounds. The company also operates the Inkai mine in Kazakhstan with Kazatomprom.

Cameco is signing more delivery contracts, and at higher prices. The company's long-term commitments require an average annual delivery of 29 million pounds of uranium over the next five years. Compare that to the 26 million pounds reported at the end of March.

Source: Cameco

Most of those are fixed-price contracts. That means those contracts won't benefit from rising uranium prices. However, Cameco is also signing more market-priced contracts. Those contracts offer exposure to rising uranium prices.

Recently, Cameco acquired a 49% stake in Westinghouse Electric Company, one of the leading nuclear reactor manufacturers. The remaining 51% is owned by **Brookfield Renewable Partners** (BEP). The deal transformed Cameco into a fully integrated uranium producer.

Cameco recently raised its earnings forecast. And yet, the price of uranium is probably going much higher. Cameco's earnings ramp-up is really something. But man, you ain't seen nothin' yet.

Subscribe to Resource Trader here...

Celldex Therapeutics (CLDX)

John McCamant
The Medical Technology Stock Letter

Celldex Therapeutics *(CLDX) is one of our top picks for 2024. The recently reported 208-patient trial with the first-ever subcutaneous (SC) version of CLDX's barzo in CSU confirmed that it is the Best-In-Class compound with the fastest onset and most durable efficacy in mast cell blocking, writes* ***John McCamant****, editor of* ***The Medical Technology Stock Letter****.*

All three doses had high statistical significance, ($p<0.0001$), improvement at 12 weeks. A $p<0.05$ is statistically significant and the barzoSC data hit the ball out of the park.

As its clinical profile continues to come to fruition, barzo is by far the leader in mast cell inhibition; hence the superior data. More details of the Celldex CSU trial will be at AAAAI in February 2024. But with its own recent and very successful clinical trial data combined with the clinical and regulatory setbacks for three potential competitors in just the past month or so, barzolvolimab's position as the Best-In-Class compound is becoming even more evident than ever.

After the positive data release (in both CSU and PN), Celldex raised approximately $230 million in a follow-on offering (as its typical of most post-good-data biotechs). It now has about $450 million in cash.

Lastly, CLDX remains to us one of the more attractive takeover candidates in the sector. Recently, Abbvie was in the process of buying Immunogen for $10 billion and Cerevel for $8.7 billion. We believe CLDX with barzo can command a similar valuation.

In sum, with very good data and the financing behind it, we strongly recommend taking advantage of the pullback in CLDX shares to initiate and/or add to positions.

Centrus Energy (LEU)

Eoin Treacy
Fuller Treacy Money

The planning process of building new nuclear power plants is lengthy and drives up costs. That's one of the primary reasons so few get built in the US. The conservatism of nuclear regulators also slowed down the rollout of new technologies. That is now changing, which is why I am recommending ***Centrus Energy*** *(LEU), notes* ***Eoin Treacy****, editor of* ***Fuller Treacy Money****.*

People tend to get emotional about nuclear energy. Those who worry about it point to the long-term issue of nuclear waste storage. The small number of high-profile accidents also continue to make headlines.

Germany's politicians closed all their nuclear power plants in response to the Fukushima accident in Japan. That was despite the fact Germany is not in an active seismic area.

But those who are in favor of nuclear energy point to its long-term reliability as a provider of base load power. That means it can be dialed up and down at will to meet demand. That's not possible with intermittent supply like wind and solar. They need alternative backups to smooth out the delivery of electricity.

In December 2023, China put the first Generation IV nuclear reactor into service. On the same day, the US regulator granted permission for the first new design of a reactor since the 1970s. The defining characteristic of Generation IV reactors is they cannot melt down.

They are also easier to construct. In fact, they are built in factories and trucked to their destination. The reactors in use today all must constructed in place because they are so large.

These new kinds of reactors use higher concentrations of uranium. They need new kinds of fuel. As a result, the market for high assay low enriched uranium (HALEU) fuel is set to boom over the next decade.

At present, Russia supplies 24% of all the nuclear fuel used by the US. A bill is currently moving through Congress which would ban imports of fuel. We need to find new suppliers.

Centrus opened a new HALEU manufacturing plant in Ohio. It made its first delivery to the Department of Defense in November 2023.

The shares hit an initial peak in late 2021 and were recently ranging below $60. The shares are on the cusp of breaking out to the upside. Enthusiasm around the new enrichment plant and the potential for new demand are driving the move.

Nuclear fuel has been dependent on global cooperation since the end of the Cold War. That era is now over. Rising geopolitical tensions mean we need a new independent fuel cycle. Centrus is at the center of that trend.

Charles Schwab (SCHW)

Nate Pile
Nate's Notes

Charles Schwab's *(SCHW) stock got crushed last March as part of the across-the-board selloff we saw in regional bank stocks. While the stock has managed to rally nicely off the lows set during that turbulent time period, I believe it is still being undervalued by the market, opines* ***Nate Pile****, editor of* ***Nate's Notes****.*

To be sure, Schwab is most definitely a "financial services" company that offers some of the same services one might find at a regional bank. However, the reality is that it is NOT a regional bank, and yet its stock was (and, to a certain extent, is still being) punished by the market as if it is one.

Whenever I see these sorts of situations where perhaps "a baby has been thrown out with the bathwater," so to speak, it often means there is substantial upside for investors who are willing to put their emotions aside and look at the long-term picture instead.

While it is quite possible the stock could trade down in sympathy with the regional banks if investors start to worry about that sector again, this is another situation where I especially like the risk-reward ratio we are currently being given. Provided one is disciplined about scaling-in to a position over time, SCHW is considered a strong buy under $62 and a buy under $70.

Subscribe to Nate's Notes here...

Chord Energy Corporation (CHRD)

Crista Huff
Freedom Capital Management

*As we embark on our investment journey into 2024, I'm quite disenchanted with US stocks, largely because there are some serious recessionary red flags waving frantically at us. But I do like a small-cap stock in the energy sector, in part because it didn't just have a huge run-up in November-December 2023 with most other names. It's called **Chord Energy** (CHRD), writes **Crista Huff**, portfolio manager at **Freedom Capital Management**.*

As a bonus, it's got a big dividend yield! The Houston-based company was formed in July 2022 upon the successful merger of Whiting Petroleum Corporation and Oasis Petroleum Inc. Chord Energy's focus is on the exploration and production of crude oil, natural gas, and natural gas liquids in the Williston Basin, which overlaps a few states and territories in the US and Canada, including North Dakota and Saskatchewan.

CHRD could easily appeal to growth, value, and/or income investors. The stock's hefty price is matched by Wall Street's hefty 2024 earnings per share (EPS) consensus expectation of $26.69. The result is a single-digit price/earnings ratio. The company's long-term debt-to-capitalization ratio is incredibly low at 8%.

The company regularly returns cash to shareholders. In 2023, the variable quarterly dividends totaled $11.88, resulting in a yield of about 7.2%. There's also a $750 million share repurchase authorization in place.

These are fantastic fundamentals, but you don't have to take my word for it. Almost every Wall Street analyst who covers Chord Energy gives the stock an Outperform or Buy rating.

Follow Crista Huff here...

CNH Industrial (CNHI)

Bruce Kaser
Cabot Value Investor

***CNH Industrial** (CNHI) is a major producer of agriculture (80% of sales) and construction (20% of sales) equipment. Its shares have slid from their peak and now trade essentially unchanged over the past 20 years, making them look attractive, explains **Bruce Kaser**, editor of **Cabot Turnaround Letter**.*

Many investors see an average cyclical company at the cusp of a downturn, with a complicated history and share structure. But we see a high-quality and financially strong company that is improving its business prospects while simplifying itself, yet its shares are trading at a highly discounted price.

CNH owns high-quality brands that include Case IH and New Holland. The company is highly profitable, with earnings expected to be $2.1 billion in 2024. Free cash flow for its Industrial operations will be about $1 billion.

The Industrial segment balance sheet carries $3.7 billion in cash compared to its $4.6 billion in debt. CNH's financial segment, whose only business is providing financing for end-customers and dealers of its equipment, is conservatively capitalized (9.7% equity ratio) and generates a 12%-13% return on equity.

The company's complicated history includes one-time ownership by Fiat, the Italian manufacturing conglomerate, along with being combined with the Iveco truck, bus, and engines business. However, this murkiness is being cleaned up, notably by the separation from Iveco in 2021. That leaves only farm and construction equipment along with the in-house financing business.

A legacy of its Fiat days, CHN's shares currently trade in Milan and New York. This dual-exchange complexity is now being removed. CNH is de-listing its shares from Milan and transitioning all of its share trading to the New York Stock Exchange, effective in early 2024.

Near-term, this transition is likely weighing on the share price as Milan traders unwind their positions, so CNH is implementing a $1 billion share buy-back program, with a completion date of March 31. For perspective, the $1 billion would repurchase about 7% of the company's shares.

Relatively new CEO Scott Wine, who previously led **Polaris** (PII) to success, is implementing efficiency programs totaling about $800 million (nearly 4% of revenues) to make CNH more profitable at all points in the cycle. Removing the legacy inefficiencies from its Iveco era is a key component of these programs.

The company's shares recently traded at 6.1x per-share earnings. This compares to 12x for Deere and Caterpillar and 7x for Agco. On an EBITDA basis, assuming only book value for the financial segment, CNH's shares trade at 4.2x EV/EBITDA—also a sizeable discount to its peers.

The shares offer an attractive 3.7% dividend yield that looks well-supported by cash flow and the balance sheet.

Corby Spirit and Wine (CSW.CA)

Benj Gallander
Contra the Heard

Corby Spirit and Wine *(CSW.CA) is a Canadian manufacturer, marketer, and importer of spirits and wines. In June 2023, the conservative management there did something uncharacteristic by acquiring a 90% stake in privately held Ace Beverage Group for $148.5 million. The odds are decent that shareholders will ultimately be rewarded, writes* ***Benj Gallander****, president of* ***Contra the Heard****.*

The remaining 10 per cent will be held by Ace's founders. The deal was funded from cash on hand plus $120 million from Corby's parent, Pernod Ricard.

Ace Beverage, launched in 2013, is in the "ready-to-drink" segment of the alcohol industry. Its brands include Ace Hill, Cabana Coast, Cottage Springs, Good Vines, and Liberty Village. Ace has achieved a sales CAGR of 37% from 2020 to 2022, currently holds an 11.8% share of the RTD market in Ontario, Canada, but does not have much presence outside that province.

From Corby's perspective, this deal will diversify and boost revenues. The spirits subsegment has grown at roughly 2% annually over the past five years, while RTD has surged by 20%. The name of the game is to capitalize on this RTD trend, increase Ace's presence in Ontario, and expand in the rest of Canada.

Corby also argued that Ace is asset-light, has low capex, and produces high returns on equity. CSW expects the takeover to goose its revenue by 35% and be highly accretive to EPS a year out. That bodes well for continued dividend payouts, which yielded 6% at the end of the second quarter.

So, those are the goals, the schemes, and the dreams, but as with many mergers, investors should ask, "How much does it cost?" The purchase price of $148.5 million is 2.7 times Ace's annual sales of $56 million; Corby recently traded at about 2.5 times. Ace's enterprise value, at 2.9 times sales, is also higher than Corby's 2.2.

Moreover, the debt load will jump from basically nothing to 1.8 times net debt to adjusted EBITDA. This debt load is not crazy, and Corby is supported by Pernod Ricard, but it is something to watch. My take is that Corby is paying for growth through this transformative acquisition and is taking on debt (and risk) to do so.

Corby's latest quarter was eventful. Revenue grew by 43% and adjusted earnings from operations 36%. Odds are that people will continue to drink to celebrate and drown sorrows. That bodes well for this enterprise.

Corning (GLW)

Michael Murphy
New World Investor

***Corning** (GLW) is a 172-year-old technology company. Best known for their optical fiber and Gorilla Glass for smartphones, they also make the glass for flat panel displays used in computers and large-screen TVs. They also have growing businesses in emissions control filters, auto glass, laboratory products, and pharmaceutical packaging, explains **Michael Murphy**, editor of **New World Investor**.*

Many of those areas are consumer products where revenues could flatten or decline in a recession. Revenues were $11.3 billion in 2020. They increased 24.6% in 2021 to $14.1 billion but essentially flatlined in 2022 at $14.2 billion. I think they slipped to about $13.6 billion in 2023 and will only grow slightly to $13.9 billion this year.

But management has done an excellent job of controlling costs and protecting the balance sheet. They reported $2.09 per share in 2022. I think they did about $1.70 in 2023 and should hit close to $2 a share this year. They have the ability to grow revenues 30% as their markets recover with minimal additional expenses. That translates to a likely earnings explosion in 2025 and 2026.

Meanwhile, GLW recently had nearly a 4% dividend yield and an aggressive stock buyback program. The company is managed for the benefit of the shareholders and can be a cornerstone holding in the conservative part of your portfolio.

Crocs (CROX)

Tyler Laundon
Cabot Small-Cap Confidential

***Crocs** (CROX) is a Colorado-based footwear company that was founded in 2002 and has two well-known brands, Crocs and HEYDUDE. Analyst projections are conservative. But Crocs could do a lot better. If it does, the stock could be off to the races, shares **Tyler Laundon**, editor of **Cabot Small-Cap Confidential**.*

The HEYDUDE brand hasn't been around as long as the Crocs brand. HEYDUDE was founded in 2008 in Italy and acquired in 2022 by Crocs to the tune of $2.5 billion in cash and stock. Its best-known models are the "Wendy" and "Wally".

CROX stock fell by more than 50% in the months after the deal was announced. It has since come back. But taking 12 months to get back to "even" after a major acquisition isn't exactly what CROX shareholders were looking for.

Granted, 2022 was a terrible year for many growth stocks and not all of it is Crocs' management's fault. But some pain was surely self-inflicted. The stock likely suffered because of a variety of sales, marketing, and distribution challenges when the HEYDUDE brand was rolled out. Profit margins took a serious hit as wholesale accounts were flooded with inventory.

There are still some HEYDUDE shoes for sale on **Amazon** (AMZN)—put there by liquidators—selling for about half of what they sell for on heydude.com. Not great, but also a known issue that management said is in the final innings of being corrected. That's (mostly) in the past (hopefully).

Looking forward, it bears noting that Crocs is the fourth-largest footwear brand in North America. While the company has debuted a variety of models over the years, the classic clog still drives around 80% of brand sales, and the Crocs brand drives just over 75% of company sales (i.e. HEYDUDE drives about 25%).

There's a lot of potential to grow in China (100% growth in Q2 and 90% in Q3) where social media is helping to move the needle. There are also a variety of marketing collaborations putting the brand front and center among various buyer groups.

There is, of course, some risk that operational issues could persist, or that retailers and consumers just won't gravitate toward the HEYDUDE brand. That's why this is a potential recovery play. Looking forward, it's likely total company revenue growth in 2023 will be about 10% ($3.93 billion) while EPS growth will be about 7% ($11.67).

In 2024, estimates are conservative (remember, recovery story). Analysts are looking for revenue growth of 4.5% ($4.1 billion) and EPS of $12.17 (+4.3%).

CTO Realty Growth (CTO)

Tim Melvin
The 20% Letter

*Real estate has been one of my favorite sectors for most of my more-than-three-decade career. One of my favorites names for 2024 is **CTO Realty Growth** (CTO). It owns a portfolio of high-quality retail properties in markets with high population growth and above-average income levels, writes **Tim Melvin**, editor of **The 20% Letter**.*

Over the years, I have met thousands of wealthy individuals from all walks of life, and 90% of them (at least) have invested in real estate besides their primary (and secondary) residences. Although technology is giving it a run for the money, real estate has still created more millionaires than any other asset class.

CTO Realty owns 23 properties concentrated in the southeastern and southwestern United States. These areas have attracted significant population growth since the early days of the pandemic, and the surge of people moving to the Sunbelt regions shows no signs of slowing. It also owns a significant interest in and manages **Alpine Income Property Trust** (PINE), a publicly traded REIT that owns net lease retail properties in the United States.

CTO's properties are open-air shopping centers featuring anchor tenants, such as grocery stores that are internet-resistant and essential to daily living. Anchors include upscale grocers like Publix, Whole Foods, and Sprouts Markets. Tenants also include high-performing stores like Best Buy, Academy Sports, Barnes and Noble, and entertainment and dining locations.

The properties owned by Alpine Income are single-tenant properties, including companies like Walmart, Dollar General, Walgreens, CVS, 7/11, and Dicks Sporting Goods.

CTO Realty Growth shares are undervalued at their recent price. The shares trade at a single-digit multiple of funds from operations and yielded over 9.5%.

Given the high quality of the properties and the demographics of the locations it serves, I expect CTO Realty Growth to be a compounding machine that delivers a combination of cash dividends and capital appreciation for a long time.

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Cullen/Frost Bankers (CFR)

Sam Stovall
CFRA Research

Good years tend to follow great years, and 2024 should be no exception. History offers an elevated level of optimism for the upcoming year, based on a variety of fundamental, technical, and historical precedents. ***Cullen/ Frost Bankers*** *(CFR) is a "Strong Buy," notes* ***Sam Stovall****, chief investment strategist at* ***CFRA Research****.*

Positive market factors include the end of the Fed's rate-tightening cycle, double-digit EPS growth expectations, first-term presidential election patterns, and second-year bull market returns, all within the context of a US economy that continues to avoid recession.

With the prospects for lower interest rates in 2024, we see financials and smaller-cap stocks finally joining the party. With that in mind, CFR is an income-oriented, high-quality regional bank to consider. It specializes in commercial/ commercial real estate lending in metropolitan areas within Texas, and offers banking, trust and investment management, and insurance services.

Our Strong Buy recommendation reflects our view that CFR is one of the best-positioned banks in today's higher-for-longer rate environment. Unlike other banks that have been forced to play defense following the collapse of Silicon Valley Bank, CFR is growing its loan book as it takes advantage of its attractive client demographics (100% of CFR's deposits are in the fast-growing Texas area).

Additionally, we see CFR as uniquely positioned to manage deposit outflows and funding pressures as the bank maintains a loan-to-deposit ratio of just 43% vs. peers' 85%. This stronger ratio will likely allow CFR to maintain above-average loan growth without the cost of significant net interest margin deterioration.

CFR recently paid a dividend yield in excess of 3%, while maintaining a payout ratio that is below 40%. The stock also carries an above-average S&P Earnings & Dividend Quality Ranking of A.

Datadog (DDOG)

John Gardner
Blackhawk Wealth Advisors' Market Insights

Scrambling to support remote work and tap cloud-computing resources during the coronavirus lockdown, companies depended on IT departments to come to the rescue. The rescue dog was ***Datadog*** *(DDOG). Companies benefited then, and are now, by relying on Datadog's tools to monitor software applications and networks, writes* ***John Gardner****, founder and principal of* ***Blackhawk Wealth Advisors' Market Insights****.*

Datadog stock has prospered through the pandemic and beyond. The company's IPO was in September of 2019. Its stock has gained over 225% since the offering, outpacing the near 81% increase in the S&P 500 over the same time.

Since 2010, Datadog's mission has been to displace larger legacy vendors with a cloud-based monitoring and analytics platform. The company's strong and consistent fundamentals demonstrate its mission is being accomplished. Datadog's three-year earnings compounding annual growth rate (CAGR) is 104%. Its three-year sales CAGR is 60%.

Datadog is now in the right place and time to cash in on artificial intelligence (AI), too. Datadog recently said only about 2.5% of its annual recurring revenue is derived from generative AI companies using its cloud monitoring tools to keep their services up and running. However, the company says its generative AI customer base is growing rapidly.

Datadog stock offers investors great growth potential at a timely entry price, but not without volatility. As with most tech stocks over the last two years, there have been huge price swings with Datadog stock. It swooned in 2022, declining over 58%. In 2023, through early December, it soared over 60%.

DDOG holds the #1 rank in its peer industry group of 127—Computer Software/Enterprise. I recommend this best-of-class stock a BUY.

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Dominion Energy (D)

Roger Conrad
Conrad's Utility Investor

*In late 2022, **Dominion Energy** (D) announced a "top-to-bottom" strategic review. Management's objective: To tackle three headwinds that were rapidly approaching hurricane force. The results of its efforts are now bearing fruit, writes **Roger Conrad**, editor of **Conrad's Utility Investor**.*

Most important was ensuring the cost of its Coastal Virginia Offshore Wind (CVOW) project wouldn't balloon as it has for other now-cancelled US projects. Second, the utility had to reach an accommodation with a restive Republican majority in the state legislature that was determined to roll back Democrats' signature renewable energy law it was already complying with. And third, management had to cut parent-level and floating-rate debt with interest rates soaring.

Investors have consistently assumed the worst outcome from the review, and the stock price halved before hitting bottom in early October. But it's now increasingly clear results will be considerably more benign than expected, if not outright bullish.

The company took an expected earnings hit from the utility regulation compromise reached with Virginia lawmakers. But the deal also ensures the path of investment, with the company reaching a favorable settlement in its first rate review under the Republicans' net law. And the state voted for divided government and therefore regulatory stability in November.

Dominion has now locked in 92% of CVOW construction costs, while cutting the cost of the project to \$77 per megawatt hour from previous guidance of \$80 to \$90. And in the coming weeks, management is expected to announce a financial partner in the project on favorable terms.

Proceeds from a successful CVOW partial ownership sale—combined with \$3.5 billion realized from the now-closed sale of the Cove Point LNG export facility and \$14 billion for divesting natural gas distribution utilities to **Enbridge** (ENB)—will boost earnings by 50 cents per share from annual interest savings alone. That's enough to leave Dominion's dividend intact, with a long-term growth rate of at least 4% to 6%.

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Duolingo (DUOL)

Mike Cintolo
Cabot Growth Investor

***Duolingo** (DUOL) has a great, unique growth story that is only getting bigger, and the consistent string of better-than-expected results has the stock hitting all-time highs, writes **Mike Cintolo**, editor of **Cabot Growth Investor**.*

To review, Duolingo is far and away the top-grossing education app out there, with a fun, game-like system that has goals and rewards along the way. There are more people learning certain languages on the app, in fact, than there are native speakers of those languages.

The firm also uses a "freemium" model, with many using the app for free (it has a total of 83.1 million monthly active users, up 47% from a year ago), with ads bringing in some revenue for the firm. However, the driver here is subscriptions, with more and more users choosing to pay up for added features.

Paid subscribers (5.8 million total, up 60% from a year ago) are growing nicely, with subscription revenue up 47% from the year before. The firm also does a small business in selling virtual goods on the app, as well as providing an English Learning Test for many institutions and academies.

Growth here has been both rapid and consistent, and with so many free users on the platform, converting a few percent of them will keep the arrow pointed up for a long time to come. That's the main story. But we think a big part of the excitement in the fourth quarter of 2023 came from Duolingo's launch of music and math courses on its app, which obviously opens up entire new revenue opportunities.

To be clear, management doesn't expect material contributions from those areas for a while as it tests what works. But given the success it has proven to have in languages, Wall Street is discounting the company succeeding in those (and maybe other) new areas down the road.

As for the stock, it started to really get off its duff in March. But the next few months were very choppy, with three separate 20% corrections. The Q3 report brought a massive breakout to all-time highs though. We think shares can do very well assuming the market shakes off its bearish vibes from the past two years.

Easterly Government Properties (DEA)

Nikolaos Sismanis
The Sure Passive Income Newsletter

*The real estate sector underperformed in 2023, with Real Estate Investment Trusts (REITs) being hammered hard as rising rates suppressed their profitability and their overall growth prospects. One of our favorite REITs, **Easterly Government Properties** (DEA), saw its share price fall by more than 14%—but moving into 2024, we believe it presents a beneficial setup for the stock to outperform, writes **Nikolaos Sismanis**, analyst at **The Sure Passive Income Newsletter**.*

We believe this is due to two factors: 1) The company's unique qualities during an uncertain market environment and 2) The company's 8.6% recent dividend yield, which should significantly contribute to returns and drive upside once the Fed starts cutting rates.

Regarding Easterly Government's qualities, this REIT is like no other, as it specializes in providing mission-critical properties to various US government agencies. Boasting a robust portfolio of 89 operational properties across the United States, the company's primary lessees include prestigious entities such as the Federal Bureau of Investigation (FBI), the US Department of Veterans Affairs (VA), the Defense Health Agency (DHA), the Environmental Protection Agency (EPA), and the US Citizenship & Immigration Services (USCIS).

What truly sets Easterly Government apart is the staggering assurance its tenant base provides to investors—the full faith and credit of the US government firmly secure an overwhelming 98.5% of its annualized lease income. This makes for a fantastic moat, with the unwavering support of Uncle Sam serving as the key differentiator from typical REITs, like commercial, industrial, or residential ones.

The fact the company has consistently posted a near-100% occupancy ratio since its IPO exemplifies resilience. The mission-critical nature of its properties is further highlighted by the agencies' preference for long-term leases, resulting in an impressive weighted average remaining lease term of 10.4 years. This combination of full occupancy and multi-year lease structures not only enhances predictability but also contributes to the consistent coverage of the company's high-yielding dividend.

Speaking of which, Easterly Government's 8.6% recent yield is sufficiently supported by its underlying FFO generation. We expect the company will achieve FFO/share of $1.16, adequately covering the annual dividend rate of $1.06. Besides the substantial tangible returns provided by the dividend, we believe its high yield is likely to drive increased investor interest in the stock once the Fed starts cutting rates in 2024. This could translate to significant share price gains as the market will likely re-rate the stock.

e.l.f. Beauty, Inc. (ELF)

Louis Navellier
Navellier & Associates

e.l.f. Beauty, Inc. *(ELF) provides cosmetic and skin care products under the e.l.f. Cosmetics, e.l.f. Skin, Well People, and Keys Soulcare brand names worldwide. The company offers eye, lip, face, face, paw, and skin care products, explains* ***Louis Navellier****, founder and chairman of* ***Navellier & Associates****.*

It sells its products through national and international retailers and direct-to-consumer channels, which include e-commerce platforms in the US, and internationally primarily through distributors. e.l.f Beauty recently announced that its sales in its latest quarter surged 76.2% to $215.5 million, compared to $122.3 million in the same quarter a year ago.

During the same period, the company's earnings rose 176.2% to $33.3 million, or 58 cents per share, compared to $11.7 million, or 21 cents per share. Excluding extraordinary items, e.l.f. Beauty's operating earnings were 82 cents per share.

The analyst community was expecting sales of $197.1 million and operating earnings of 53 cents per share. So, the company posted a 9.3% sales surprise and a 54.7% earnings surprise.

The stock remains a good buy.

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Enghouse Systems Ltd. (ENGH)

Ryan Irvine
KeyStone Financial

Enghouse Systems *(ENGH.CA) is an enterprise software company that acquires and manages software for several vertical markets. It separates its operations into two business units: Interactive Management Group (IMG) and Asset Management Group (AMG), writes* ***Ryan Irvine****, founder of* ***KeyStone Financial****.*

IMG focuses on communication software and services for contact centers. AMG provides software and services for the management of complex network infrastructure in the telecommunications, utilities, transportation, and oil & gas sectors.

Enghouse has completed 51 acquisitions since 2002, which have helped to expand the company's revenue more than 31x from $14 million in FY 2002 to $454 million in FY 2023. But 2020 through 2022 was a difficult time for Enghouse to execute on its growth-by-acquisition strategy.

The enterprise software market which the company acquires within had been bid up to historic multiples. Enghouse, which is very disciplined in its fundamental approach to acquisitions, was unable to find value in its traditional pool of candidate companies. As such, growth declined.

Broadly, the environment began to shift in 2022 as turbulent global markets, rising interest rates, and high inflation led to a decline in valuations among the company's target acquisition candidates. Moving into 2024, the environment now favors Enghouse's capital compounding acquisition strategy.

With net cash near all-time highs at $226 million ($4.09/share) and solid free cash flow expected in 2024, the company has the financial strength to execute. We estimate capital deployed at a >20% IRR on acquisitions could ramp from the $56 million in FY 2023 to in excess of $115 million annually by FY 2025.

From a valuation perspective, Enghouse trades at a significant discount to both its peers and its own historical multiples. On a NTM P/E basis, Enghouse is trading at 15.1x, below Canadian consolidator peers at 33.2x. Enghouse's discount to peers is 55%, whereas Enghouse has averaged 13% below peers over the last five years.

Enghouse's discount to peers reflects its lack of recent acquisitions, negative organic growth, and smaller size. While the organic growth remains an issue, it appears poised to lessen and the acquisition environment has improved.

The company has averaged 14.4x NTM EV/ EBITDA and 27.7x NTM P/E over the last five years. Enghouse's current NTM EV/EBITDA valuation is 21% below this range and current NTM P/E valuation is 46% below this range.

Our current fair value on Enghouse is $44 based on 14x FY 24e EV/EBITDA and ~25x (adding back net cash) FY 2024 EPS estimate.

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EQB Inc. (EQB)

Aaron Dunn
KeyStone Financial

EQB Inc. *(EQB.CA), operating primarily through its subsidiary Equitable Bank, is a growth-oriented, mid-size Canadian bank that differentiates itself with a tech-driven approach to banking and a focus on niche markets, explains* ***Aaron Dunn****, senior equity analyst at* ***KeyStone Financial****.*

The company's recent financial performance underscores its robust growth trajectory. In the fourth quarter of 2023, EQB reported record performance, with a 54% year-over-year increase in adjusted EPS (earnings per share), driven by higher net interest margin, increased assets, and acquisitions. Guidance for 2024 implies continued growth with EPS expected to be in the range of $11.75 to $12.25 per share.

EQB's strategy has been twofold: Targeting niche markets and emphasizing technological innovation. By focusing on segments such as immigrants, entrepreneurs, and self-employed individuals, EQB has tapped into a customer base that possesses high creditworthiness but is often overlooked by larger banks. The bank applies a specialized credit approval process to manage risk and provide service to high-value customers.

EQB is also a technology-driven organization and has set an ambitious goal to become Canada's first 100% cloud-only bank by 2026. This strategy provides significant cost efficiency, faster adaptability to market changes, and an enhanced customer experience. EQB partners with a fintech company to offer innovative products and currently manages up to 30 tech releases per month, aiming to increase this number to 100 by 2026.

Financially, EQB presents an attractive proposition. The company trades at a PE valuation of seven times its expected 2024 earnings. The valuation compares favourably to peers, when considering its superior growth profile and overall fundamentals. With a strong capital position, an industry-leading efficiency ratio, and a robust growth trajectory, EQB is a potential choice for investors looking for growth and value in the banking sector.

EQB is well-positioned to achieve its ambitious five-year target of growing EPS by 15% and dividends by 20% to 25% annually to 2027. The stock remains our top pick in the Canadian banking sector.

Eversource Energy (ES)

Prakash Kolli
Dividend Power

Last year was unfriendly to the utility sector. It had a negative return and was the worst-performing group. Investors chose safer US Treasuries instead of higher-yielding stocks. But in 2024, the sector looks attractive, and ***Eversource Energy*** *(ES) is my top pick for income-oriented investors, outlines* ***Prakash Kolli****, editor of* ***Dividend Power****.*

The company has grown into the largest regulated utility in New England through M&A, investment, and expansion in renewable energies. The firm acquired NStar's Massachusetts utilities in 2012, Aquarion in 2017, and Columbia Gas in 2020, expanding its footprint.

Also, the utility is upgrading its transmission and distribution capabilities, increasing efficiency, improving customer service, reducing emissions, and lowering costs. Lastly, Eversource is spending billions to generate 1,758 megawatts of offshore wind power in a joint venture.

As a result, earnings per share have grown at 6% on average in the past decade. It should continue with the upward trend because the firm estimates 50% rate base growth, which should translate to higher earnings. Further, Eversource is diversified across electricity, natural gas, and water, giving it potential acquisition targets in its home territory for future expansion.

That said, the firm faces regulatory risk. Unfriendly state regulators or changes can impact rates of return and profitability. They could also limit future expansion opportunities.

In addition, Eversource has used debt to pursue acquisitions. Net debt has climbed from $14,534 million in 2017 to $26,021 million in the last twelve months. One consequence is higher interest expense, especially because rates have surged.

Still, the credit rating agencies grade Eversource an A-/Baa1, a lower to upper-medium rating. And despite the risks, Eversource presents income-oriented investors with a favorable risk-to-reward profile. The firm has scale and a monopoly in its operating area with consistent demand.

The utility also had a 4.3% dividend yield recently, one supported by a reasonable payout ratio of approximately 62%. In addition, the stock achieved Dividend Champion status with 25 years of increases. The growth rate is around 6% annually. The last increase was in January 2023, and investors should expect another one in early 2024.

Like most utilities, Eversource's share price has declined because of climbing interest rates. Consequently, the forward P/E ratio was recently 14.5X, well below the range of the past five and ten years. Eversource is a long-term buy.

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enCore Energy Corp. (EU)

Gerardo del Real
Junior Resource Monthly

*This year's conservative pick is in a sector that just hit a 16-year high and one that I see primed to continue surging to new all-time highs, uranium. The company is **enCore Energy** (EU), the newest uranium producer in the United States, says **Gerardo del Real**, editor of **Junior Resource Monthly**.*

enCore solely utilizes In-Situ Recovery ("ISR") for uranium extraction, a well-known and proven technology co-developed by the leaders at enCore Energy. The technology leads to lower quartile costs and the assets could not be in a better jurisdiction.

The timing is perfect. In-Situ Recovery extracts uranium in a non-invasive process using natural groundwater and oxygen, coupled with a proven ion exchange process, to recover the uranium.

Uranium production commenced at enCore's licensed and past-producing South Texas Rosita Central Processing Plant (CPP) in November 2023 and at its licensed and past-producing South Texas Alta Mesa CPP in 2024.

Future projects in enCore's production pipeline include the Dewey-Burdock project in South Dakota and the Gas Hills project in Wyoming, along with significant uranium resource endowments in New Mexico providing long-term opportunities.

With geopolitical uncertainty continuing to be a major factor, the strategically located assets are a big plus. That's especially true when combined with becoming the newest US uranium producer at a time that the US is looking to bolster uranium reserves and establish an independent critical metals supply chain. They make enCore a great speculation for 2024.

Add to that a raging hot uranium sector and you have the perfect storm for new all-time highs in 2024.

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Exscientia Plc (EXAI)

Carl Delfeld
Cabot Explorer

Founded in 2012 and based in Oxford, England, ***Exscientia Plc*** *(EXAI) is using Artificial Intelligence (AI) to develop new medicines and is attracting high-quality partners. It has a rapidly growing pipeline of more than 25 projects in motion with the goal of drug discovery in areas such as ovarian and hematological (blood) cancer, notes* ***Carl Delfeld****, editor of* ***Cabot Explorer****.*

You have probably heard more than you wanted to about the incredible potential of AI. AI enables computers, robots, and other devices to think like humans but far faster and more powerfully. Some refer to AI as "inhuman intelligence" or machine learning.

The potential of AI can be applied to many industries, but perhaps the most exciting is the field of medicine. Exscientia has the first AI platform clinically validated to improve treatment outcomes for cancer patients and the world's first AI-designed drugs to enter clinical trials.

In total, the company has stated it has eight drugs that are either in trials or likely to be in clinical trials soon. It also has expanding facilities at Oxford Science Park, a new laboratory in Oxfordshire, and a medical center in Vienna, Austria.

They have received grants from the Gates Foundation, as well as equity ownership by that foundation (about 1.3%). Many of Exscientia's shareholders, in fact, are still the early venture investors from before they went public a little two years ago (including Softbank, which owns about 5%).

EXAI was recently trading way off its high in an uptrend at $5.20. It went public at $22 a share so the company has about $500 million in cash on the books—a big number for a company with a market capitalization of just $725 million.

Finally, keep in mind that this is an attractive speculative stock which may have a bumpy ride. It is a young company that is not, and will not, be profitable for a while.

Expedia (EXPE)

Mike Cintolo
Cabot Growth Investor

*Logic is often overrated in the stock market, which looks ahead and moves up and down at least as much because of psychology and investor perception as cold, hard facts. **Expedia Group** (EXPE) is a good example of that, explains **Mike Cintolo**, editor of **Cabot Growth Investor**.*

The firm is one of (if not the) largest travel firms out there, operating many popular sites (including Expedia.com, Hotels.com, VRBO, Orbitz, Travelocity and many others). Anyone who has traveled at all in the past couple of years knows it's been boom times, with flights and hotels full (and prices up).

Indeed, Expedia's bottom line has recovered in a big way since the pandemic and should notch a new high near $8.50 per share soon. Free cash flow should come in even larger, likely around $15 per share for 2023.

That's thanks to industry-wide conditions, yes, but also some company-specific offerings. They include a rapidly growing business-to-business platform (with revenue up 26% in Q3, that segment made up one quarter of the total)

The company also has a unified loyalty offering. It's dubbed OneKey and it allows people to earn and spend rewards on/with any of Expedia's brands. All brands have now been migrated to a similar-looking app, which means the benefits of a couple of years of hard work should boost things even more going ahead. Analysts see earnings up another 26% in 2024 to $10.66 per share.

Despite all that, the stock has been completely waterlogged. It fell more than 60% from peak to trough in 2022. Then even as results have cranked ahead, shares were sitting in the low 90s in late 2023, well within the long bottoming pattern the stock carved out for more than a year.

But since the Q3 report, the stock has been starting to change character. EXPE gapped up 19% on the report and has rallied further since then. Clearly, this is a turnaround-type situation. Top-line growth is likely to run in the single digits while EBITDA expands in the low/mid-double digits.

But our bigger-picture thought is that EXPE can follow a pattern we've seen a lot in recent years: A stock or sector sees earnings explode, often because of some pandemic follow-on effects. Then after a run, the sellers arrive as investors expect earnings to fall back to Earth. Instead, earnings keep moving up, eventually leading to another big upleg as investor perception changes.

That seems to be in the cards here, with the cheap valuation, big bottom, and, now, real accumulation all offering encouragement. The fact that the top brass hasn't been shy about buying back stock (share count down 8.7% from a year ago; new $5 billion repurchase announced) helps the cause, too.

Franco-Nevada (FNV)

Adrian Day
Global Analyst

Franco-Nevada *(FNV) is the world's largest precious metals royalty company, a solid company now on sale, notes* ***Adrian Day****, editor of* ***Global Analyst****.*

Royalty and streaming companies (hereinafter royalty companies) provide capital to mining companies in return for a share of future production. The upfront capital may provide development or construction capital, finance an acquisition, or could help repair a broken balance sheet.

Often the stream is part of a package, along with equity and debt. With gold equity markets low and interest rates high, streams are a very competitive form of financing at this time.

Royalty companies have significant benefits over mining companies. First, they are not responsible for higher costs or fixing things that go wrong, as they often do in the mining business. It could be rising costs, higher taxes, or even damage at the mine.

Second, because of this business model, the G&A tends to be very low and relatively fixed, resulting in high margins, which can be as high as 90%.

Despite these advantages, royalty companies generally participate in the mine upside. And there is plenty of leverage from royalties on non-producing properties that move towards production, without the royalty company spending an additional penny.

Franco-Nevada, a $20 billion company, was the first of the gold royalty companies and is best in class. It has revenue from over 100 assets, while it holds royalties or streams on over 300 non-producing projects, some in the development phase, many of which will eventually start generating revenue.

Unlike some other companies, Franco has diversified into oil and gas for about 17% of its revenues, as well as iron ore, at about 4%. Gold represents about 65% of total revenues.

The company is a free-cash-flow generating machine, with a rock-solid balance sheet. Currently, there is over $1.2 billion in cash and no debt, with another $1 billion available from an undrawn credit facility.

The opportunity now comes as a result of the closure of the mine on which Franco has its largest stream (representing 16% of its Net Asset Value). Panama ordered the mine closed after a contract dispute. We suspect the dispute will be resolved when a new government comes into office in May, and in the worst case, there will be an award from international arbitration.

In the meantime, Franco recently lost 22% of its value, well offsetting the full value of the stream, and at a time when other peer companies have appreciated 10% or more.

Warren Buffett, using a baseball analogy, says investing is like baseball without any strike outs. You should stand at bat waiting for the perfect pitch. For years, Franco—my favorite gold company—has been expensive. Now you have your opportunity to load up on this high-quality gold company.

Global X Artificial Intelligence & Technology ETF (AIQ)

Jim Woods
The Deep Woods

*Artificial intelligence (AI) was all the rage in 2023 as both hardware and software developers raced to introduce new consumer-oriented platforms in this field. This AI race will have multiple winners, and most of the biggest winners will likely be found in one specialized exchange-traded fund (ETF) that is the easiest and best way to own AI—the **Global X Artificial Intelligence & Technology ETF** (AIQ), suggests **Jim Woods**, editor of **The Deep Woods**.*

Companies such as **Nvidia** (NVDA), **Microsoft** (MSFT), **Amazon** (AMZN), **Meta Platforms** (META) and **Alphabet** (GOOGL), among multiple others, provided a significant alpha-generating dynamic for investors thanks to AI optimism in 2023.

I am of the opinion that AI is still in its nascent stages, not only in terms of the technology's role in society, but also in terms of its upside potential for investors. AIQ seeks to invest in companies that stand to benefit from the further development and utilization of artificial intelligence technology in their products and services, as well as in companies that provide hardware facilitating the use of AI for the analysis of big data.

AIQ is based on the Indxx Artificial Intelligence & Big Data Index, which aggregates more than 80 stocks with minimum market cap and daily trading liquidity filters. The index methodology is constructed with a market-cap weighting emphasis, but no single holding is allowed to make up more than 3% of the portfolio at each rebalancing schedule. This means that capital is more evenly spread over a larger portion of the basket rather than a few mega-cap stocks dominating the playing field.

One attractive aspect of the AIQ portfolio is that you get exposure to every segment of the artificial intelligence value chain—chipmakers, cloud stocks, big data aggregators, software developers, industrial heavyweights, and database providers. All of these are key components in the infrastructure necessary to effectively grow this field.

Through the first 11-plus months of 2023, AIQ produced a total return of nearly 50% while the S&P 500 returned about 21%. Achieving far more than double the domestic equity benchmark returns is a difficult feat in any year. But if I'm correct in my assessment that 2023 is just the start of the big AI move higher, then AIQ is a must own.

If you are looking for well-rounded, complete, yet more conservative exposure to the next massive wealth-building technology, then take a look at AIQ.

Grayscale Bitcoin Trust (GBTC)

Paul Dykewicz
StockInvestor.com

Grayscale Bitcoin Trust *(GBTC) is an open-ended trust launched and managed by the world's biggest crypto asset manager, Grayscale Investments, LLC, to offer access to Bitcoin. GBTC invests through derivatives such as futures, swaps, and other Commodity Futures Trading Commission (CFTC)-regulated products, outlines* ***Paul Dykewicz****, editor of* ***StockInvestor.com****.*

The company aims for aggressive growth, while GBTC tracks the performance of the TradeBlock XBX Index. As for trading liquidity, GBTC dominates other Bitcoin-focused funds and exchange-traded products (ETPs).

If Dec. 15 were the last day of 2023, Bitcoin would have finished the year up almost 155%, marking the cryptocurrency's best gain since 2020, when it soared 305%, according to Frank Holmes, CEO and chief investment officer of **US Global Investors** (GROW).

I see three key reasons cryptocurrency values should increase during the next year. One is the likelihood that the Securities and Exchange Commission (SEC) will approve the launch of exchange-traded funds to allow trading of cryptocurrencies like Bitcoin on the spot market. A second reason is a possible recession or a weakened economy in 2024 that may increase cryptocurrency values as an alternative to traditional assets. A third reason is that when Bitcoin launched in 2009, its supply was designed to be limited to no more than 21 million coins.

Grayscale filed a registration statement on Form S-3 with the SEC on Oct. 19 to register shares of GBTC for listing on NYSE Arca under the same ticker. The shares would be issued on an ongoing basis, upon approval. That followed the DC Circuit Court of Appeals' August 2023 ruling in Grayscale's favor of the company's lawsuit challenging the SEC's decision to deny conversion of GBTC to an ETF.

The Court ruled in favor of Grayscale, stating the investment firm "presented substantial evidence" that its plan is similar, across the relevant regulatory factors, to two bitcoin futures ETPs that the SEC approved for listing. In the absence of a "coherent explanation," the unlike regulatory treatment of similar products was ruled unlawful, and the court vacated the SEC's order.

Even though cryptocurrencies are difficult to value through traditional methods taught in business schools, BofA Global Research wrote in 2021 that Bitcoin is "the fuel" that keeps the decentralized cryptocurrency system moving. New coins must be issued constantly to "clear and settle" transactions on the blockchain, the investment firm noted.

Grayscale Ethereum Trust (ETHE)

Nilus Mattive
Safe Money Report

*A lot of people thought I was crazy for adding a cryptocurrency allocation to a safety-oriented portfolio. But as I explained at the time, adding more types of assets—including a highly volatile cryptocurrency like Bitcoin—actually makes a portfolio safer overall. And it didn't take long for the market to prove me right. Now, I recommend the **Grayscale Ethereum Trust** (ETHE), explains **Nilus Mattive**, editor of **Safe Money Report**.*

As the banking crisis got underway, investors flocked to Bitcoin because it's a truly alternative way to store and transfer money outside the traditional financial system. By July, Safe Money readers were already taking half profits with a quick 44% gain.

Then, in October, I told them to switch the rest of their Bitcoin allocation into a related investment—the **Grayscale Bitcoin Trust** (GBTC). In plain English, the trust buys and holds Bitcoin on behalf of its investors. And its shares can be bought and sold during market hours through regular brokerage accounts.

Sounds just like a spot ETF, right? Sort of. The difference is that this type of trust doesn't have a market mechanism for truing up the difference in its net asset value (NAV)—i.e. the value of the Bitcoin it holds—with the current market price for the shares in its fund.

During its early years, when it was the only widely available way to buy and hold Bitcoin in traditional accounts, investors were actually willing to pay big PREMIUMS over the trust's NAV. More recently, the trust has been trading at a substantial DISCOUNT to the underlying value of its holdings—roughly 19% at the time of my original recommendation.

Now that the SEC is looking to approve a true spot Bitcoin ETF in 2024, GBTC has rallied strongly. I think ETHE could do the same going forward. It's constructed in the same way as GBTC, and has also been trading at a discount to its NAV.

Plus, Ethereum is the other blue-chip cryptocurrency—essentially digital oil to Bitcoin's digital gold. Reason: ETH is not primarily used as a medium of exchange or a store of value. It's more like the gas and energy that many crypto-based ecosystems need to operate—things like non-fungible tokens (NFTs), decentralized finance (DeFi), and the next version of the Internet, commonly called Web3.

I believe adoption rates will likely be the biggest driver of cryptocurrency prices going forward—especially when you're talking about Bitcoin and Ethereum. Right now, somewhere between 10% and 15% of the population owns some type of cryptocurrency.

Based on how other technologies have been adopted in the past, I would say it's highly likely that we will see the curve accelerate toward 85% before this decade is over.

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Goodyear Tire & Rubber Company (GT)

Bruce Kaser
Cabot Turnaround Letter

*My initial thesis for an investment in **Goodyear Tire & Rubber Company** (GT) was for an opportunistic purchase of an average company whose shares have fallen sharply out-of-favor. Since then, activist investor Elliott Management has taken a 10% stake in the company with the goal of pressing the board to revitalize Goodyear, explains **Bruce Kaser**, editor of **Cabot Turnaround Letter**.*

As a result of the subsequent strategic review, the company will replace its long-running CEO, divest as many as three businesses, and streamline its remaining operations to double the profit margin to 10%. Demand for new and replacement tires should continue to be relatively stable, while pricing will likely remain strong enough to offset rising input costs.

Goodyear has excessive debt, but a key priority for the improved free cash flow is to sharply reduce this burden. One intangible is the Goodyear name—one of the world's most widely recognized and respected consumer brands. All-in, this turnaround offers significant promise for shareholders.

Subscribe to Cabot Turnaround Letter here...

i-80 Gold (IAUX)

Brien Lundin
Gold Newsletter

i-80 Gold *(IAUX) offers investors a pure-play Nevada gold production, development, and exploration story. The company's goal is to become a mid-tier producer—specifically the second-largest gold miner in the US with 400,000 ounces of annual production—by leveraging its one mine in production and three projects in development, notes* ***Brien Lundin****, editor of* ***Gold Newsletter****.*

The company is well on its way toward achieving that goal. It boasts a large and growing gold and silver resource base in Nevada, which is widely regarded as the best mining jurisdiction in the world. The current resource totals are 6.465 million ounces of gold and 104.3 million ounces of silver in the measured and indicated categories, along with another 8.148 million ounces of gold and 76.4 million ounces of silver in the inferred resource category.

Those resources are growing through exploration on the company's Granite Creek Mine (the highest-grade open pit project in North America), the Ruby Hill Mine (one of Nevada's largest deposits) and the Cove Mine (featuring a very high grade underground deposit). A key advantage for i-80 is its Lone Tree Mine, which will process ore from Granite Creek, Ruby Hill, and Cove, and which features an autoclave to allow processing of refractory ore.

i-80 is an aggressive explorer and has been delivering ultra-high-grade hits on a regular basis. As just one example, recently reported results from the South Pacific zone on the Granite Creek project included 37.7 g/t gold over 7.6 meters, 31.1 g/t gold over 21.9 meters, 27.3 g/t gold over 4.0 meters, and 28.7 g/t gold over 16.5 meters.

With consistent results like these and with one of the most capable and proven management teams in the mining industry, no smart investor will bet against i-80 achieving its lofty goals. In fact, with a share price currently less than half of its 52-week high and with the gold price beginning to take off, smart investors will be betting on this rapidly growing producer.

Subscribe to Gold Newsletter here...

Intercontinental Exchange (ICE)

Prakash Kolli
Dividend Power

*My top pick this year for growth-oriented investors is **Intercontinental Exchange** (ICE). After a series of acquisitions, the firm is a leader in exchanges, fixed-income services, and mortgage solutions. Few other companies can compete in all three, says **Prakash Kolli**, editor of **Dividend Power**.*

Even though the share price gained in 2023, it likely has more runway because the impact of high-interest rates has depressed mortgage demand. Intercontinental Exchange owns the New York Stock Exchange (NYSE), operates a derivatives exchange, owns electronic marketplaces for futures and energy contracts, and owns a soft commodity exchange.

It also offers pricing, market data, risk management, and trading support. It recently moved into mortgage technology by acquiring Ellie Mae in 2020 and Black Knight in 2023. All the platforms are growing and have excellent long-term outlooks.

Total revenue was around $7,292 million in calendar year 2022 and about $7,555 million in the last twelve months. We expect revenue and earnings to rise in 2023 as the company extracts efficiencies from its mortgage technology acquisitions.

Moreover, while demand is low, lower anticipated interest rates in 2024 may drive higher volumes. Although we do not expect more purchases in the near term because of high net debt and leverage, the exchanges and fixed-income segments should increase volumes organically.

The firm comes with some risk because acquisitions to build the mortgage business have caused debt and leverage to balloon. The leverage ratio is now 4.8X, and interest coverage is low at 5.2X. Also, rates are higher, causing interest expenses to rise. That said, the company did reduce debt after the Ellie Mae acquisition. As a result, we expect debt to decline over the next few years.

The corporation rewards shareholders through stock buybacks and growing dividends. It first paid a dividend in 2013 and increased it annually, attaining Dividend Contender status. The trailing growth rate has been in the double-digits, and the modest payout ratio of approximately 29% suggests more increases to come. However, the yield was still low at around 1.4% recently.

Intercontinental Exchange was recently trading at an earnings multiple of 21.7X, which seems high. But it is at the lower end of the 5-year and 10-year ranges. Hence, it is inexpensive on a relative basis. Investors are getting a well-run firm that will likely grow for years to come based on its existing portfolio of businesses.

iShares 20+ Year Treasury Bond ETF (TLT)

Nilus Mattive
Safe Money Report

*Diversification is one of the big themes I've been exploring in the Safe Money Report—not just diversification in terms of sectors and industries but across different asset classes. I recommend an allocation to the **iShares 20+ Year Treasury Bond ETF** (TLT) for 2024, writes **Nilus Mattive**, editor of **Safe Money Report**.*

That is especially true when I look at a stock market that is nearing all-time highs in terms of valuation measures like the Buffett indicator—i.e. the total value of publicly-traded stocks divided by total US gross domestic product (GDP).

US Treasuries have been experiencing their biggest crash in history. Does that mean we can't see more downside? Or that the market will rebound quickly? Absolutely not.

At the same time, I believe the brunt of the selloff is behind us already. Moreover, if the Fed ends up breaking something, that could spark quite a rally in longer-dated Treasuries as investors pile back into safe-haven assets. A combination of falling stock prices AND rate hikes would be like rocket fuel.

So the way I see it, now is a good time to dip your toe into that water with TLT. As the name suggests, this fund holds a mix of very long-term Treasuries...precisely the ones that have been hardest hit over the last several years.

Take a look at this five-year chart of TLT and consider three different scenarios...

In scenario #1, long-term Treasuries simply return to the levels we saw throughout much of 2023. It alone implies roughly 16% in capital appreciation from the TLT's late-2023 levels. Factor in ongoing income from the fund and you're at roughly 20% inside of a year from some of the highest-rated government bonds in the world.

Under scenario #2, long-term Treasuries return to the general area we saw them at during "normal" times over the last five years. On the TLT, that would be a return to at least the 134 level—a 47% jump from recent prices. With bond income, you could be looking at a 50%+ return...again, from US Treasury bonds.

Meanwhile, scenario #3 is what I consider the "blue sky" situation—representing the best possible outcome for this particular investment. However, it's based on a very realistic possibility—a major catastrophe that requires the Fed to go straight back to its near-zero interest rate policies in a hurry.

There's no telling what the catalyst would be this time around. It could be another self-created asset bubble collapse and financial crisis, a bigger geopolitical crisis, or a million other possibilities. But it would represent a capital gain of at least 81% from recent prices...85% or more in total returns.

Subscribe to Safe Money Report here...

Joby Aviation (JOBY)

Adam Johnson
Bullseye Brief

Joby Aviation *(JOBY) will quickly become the "Uber of the Skies" as a builder and operator of the world's most advanced, electric-powered heli-taxis poised to transform short-haul travel, writes* ***Adam Johnson****, editor of* ***Bullseye Brief****.*

Joby grew out of the $6.5B SPAC created by LinkedIn Co-founder Reed Hoffman and Zynga Founder Mark Pincus. It is the world's first Electric Vertical Takeoff and Landing (eVTOL) manufacturer to receive FAA certification and US Air Force airworthiness. It's also the first company to deliver a working eVTOL to the Air Force for actual mission testing.

Joby aims to launch commercial service by 2024/5, operating short-haul flights priced similarly to UberX and with the energy efficiency of a Tesla...while cutting travel time by 75% for the typical 25-mile trip. Joby will build and operate its own fleet, initially ferrying travelers between airports and large urban centers like Los Angeles and New York.

Management guidance of $2B in revenue by 2025/6 pegs valuation at 1.3x EV/Sales. This is cheap compared to 3.5x for other transformative companies at similarly early stages of their evolution (First Solar, Square, Tesla, Uber). Notably, these companies have traded as high as 11x on average.

Toyota, Delta, and Intel are all equity partners, collectively owning over 20% of the company. ARKK Founder Cathie Wood initiated a position mid-2023. To quote lead investor Reed Hoffman, "My ideal investing is stuff that looks crazy now and in 3-5 years is obvious."

I believe we will say the same of Joby.

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Johnson & Johnson (JNJ)

Larry Cheung
Letters from Larry

***Johnson & Johnson** (JNJ), a globally recognized leader in healthcare, presents a compelling value investment proposition due to its diversified presence across major healthcare industries. As the world's largest and most diverse healthcare firm, JNJ's operations span pharmaceuticals, medical devices, and consumer healthcare products, counsels **Larry Cheung**, founder of **Letters from Larry**.*

The pharmaceutical division, contributing close to 50% of total revenue, boasts several industry-leading drugs in areas like immunology and oncology. The medical device group, accounting for almost a third of the company's sales, maintains controlling positions in several areas, including orthopedics. Additionally, JNJ's consumer division, though slated for partial divestment, has traditionally rounded out its robust product lineup.

JNJ's strong R&D efforts are a critical pillar of its long-term growth strategy. The company has a track record of launching new blockbuster drugs and is committed to increasing the number of meaningful drugs in late-stage development to support long-term growth.

This focus on innovation is evident in its pharmaceutical segment, where recent launches are expected to mitigate upcoming patent expirations. JNJ's R&D spending is substantial, with over 20% of sales in the drug business allocated to this area, showcasing the company's commitment to maintaining a competitive edge through innovation.

The company's wide economic moat is another key strength. This moat is underpinned by JNJ's intellectual property in the drug group, high switching costs in the device segment, and strong brand power in the consumer group.

JNJ's extensive salesforce, and its role as a desirable partner for smaller biotech firms, further reinforce this competitive advantage. The diversity of JNJ's operations, along with its no single product dominance within each segment, contributes to its resilience against market fluctuations and competitive pressures.

Financially, JNJ is on solid ground. The company reported healthy organic growth in its MedTech division and an optimistic outlook for 2024, reflecting its operational strength and resilience. Furthermore, the company's management, under the leadership of CEO Joaquin Duato, suggests strategic continuity and focus on diverse product lines, promising steady growth. The company has a sound balance sheet, a reasonable investment track record, and solid shareholder distributions.

JNJ does face some challenges, including legal issues such as talcum powder and opioid litigation, potential slower growth due to biosimilar competition, and risks associated with large-scale investments in technology like robotic-assisted surgery.

Despite these headwinds, JNJ's diversified portfolio, robust R&D pipeline, and strong financials, combined with its wide economic moat, position it well for sustained value creation in the healthcare sector. This makes Johnson & Johnson a solid value investment, offering stability and potential for continued growth in the dynamic healthcare industry.

LPG Ltd. (LPG)

Louis Navellier
Navellier & Associates

Dorian LPG Ltd. *(LPG) engages in the transportation of liquefied petroleum gas (LPG) through its LPG tankers worldwide. It owns and operates twenty-five very large gas carriers (VLGCs), and is a good dividend-paying stock, maintains* **Louis Navellier***, founder and chairman of* ***Navellier & Associates****.*

The company recently announced its latest quarterly revenue rose 90.4% to $144.7 million compared to $76 million in the same quarter a year ago. During the same period, Dorian LPG's operating earnings rose 330.2% to $1.85 per share compared to 43 cents per share.

The analyst community was expecting revenue of $134.3 million and operating earnings of $1.73 per share, so the company posted a 7.2% revenue surprise and a 6.9% earnings surprise. Dorian LPG recently featured a 10.7% annual dividend yield.

Subscribe to Navellier & Associates commentary here...

Main Street Capital (MAIN)

Tim Plaehn
The Dividend Hunter

I regularly review a large number of high-yield stocks. I try to dig out the details that separate a high-quality company from one that has the potential to truly whack investor wealth. That's why ***Main Street Capital*** *(MAIN) is my conservative pick for 2024, explains* ***Tim Plaehn****, editor of* ***The Dividend Hunter****.*

I often talk about how tremendous value can be found in the dark corners of the stock market, where the investing public doesn't understand how these undiscovered nuggets of dividend-paying companies operate. But sometimes I realize I need to go back and discuss a stock that should be a core holding for almost every stock market investor. And MAIN may just be the best income stock that exists.

The increase in interest rates dictated by the Fed over the last year has been very good for the profitability of business development companies (BDCs). And MAIN is really quite different from the rest of the BDC crowd.

Since its 2007 IPO, MAIN has tripled the total return average of its BDC peers. The company has an unmatched record of dividend growth. MAIN pays monthly dividends. Plus, the company historically has paid quarterly supplemental dividends.

The company provides "one-stop" capital solutions (private debt and private equity capital) to lower middle market companies and debt capital to middle market companies. Main Street's lower middle market (LMM) companies generally have annual revenues between $10 million and $150 million, while Main Street's middle market debt investments are made in businesses that are generally larger in size.

The company's mix of lower middle market client, middle market client, and private loans mix provides a combination of net interest income to support MAIN's very excellent history of dividend payments. Plus, MAIN holds an industry leading position in cost efficiency, with an Operating Expense to Assets Ratio of 1.4%.

This three-tier investment portfolio is what sets MAIN apart from the rest of the BDC crowd, and what makes it an income stock for all seasons.

The result has been a BDC that has generated both regular dividend growth for investors and special dividends to pay out capital gains. As an additional bonus, MAIN pays monthly dividends, smoothing out the cash flow into your brokerage account. MAIN should be a core holding for any income-focused investor.

Subscribe to The Dividend Hunter here...

MannKind (MNKD)

Nate Pile
Nate's Notes

*I am once again making **MannKind** (MNKD) my Top Pick for the coming year. The company's lead product is Afrezza, an inhalable form of insulin for both Type 1 and Type 2 diabetics, writes **Nate Pile**, editor of **Nate's Notes**.*

While it has taken longer for the drug to gain the sort of traction I believe it will eventually achieve—and that many optimists had hoped it would—doctors and insurance companies alike are slowly but surely coming around to recognizing the benefits the product has over the "old school" insulins that currently dominate the market.

Towards this end, there are a number of clinical trials currently underway that have the potential to finally tip the needle (no pun intended) when it comes to demonstrating the superiority of the product. Provided the trials deliver the results I believe they will, I think the odds are good that doctors, insurance companies, and patients will all accelerate their acceptance of the product.

In addition, though MannKind currently retains all rights to the product, it would not surprise me at all if the company decides to license the product (or perhaps even sell it altogether) to a larger pharmaceutical company. The trials would have to be robust enough to justify such an investment, with the overseas market being an obvious direction for such a partner to take things if they chose to go that route.

Along with Afrezza, the company also has a second product on the market (indirectly) via a licensing agreement with their partner **United Therapeutics** (UTHR). MannKind gets paid "costs plus a mark-up" to manufacture a drug called Tyvaso DPI (inhalable treprostinil) for United Therapeutics, and also receives a 10% royalty on all sales of the drug.

While it remains to be seen whether the trends currently in place will continue through 2024, Tyvaso DPI is currently showing signs of eventually becoming a "blockbuster" for United Therapeutics. Provided things play out in the manner I believe they will, not only will MannKind benefit greatly from the growing revenue stream associated with the product, but its success will also help provide additional validation (and raise awareness) of the underlying drug delivery platform (called Technosphere).

To be sure, 2023 was a rough year for biotech in general. But after following the sector for more than 35 years, I believe things are shaping up nicely for the sector to have a strong 2024. Given how many pieces of the puzzle are finally falling into place for MannKind, I believe the stock has one of the best risk-reward ratios of all the stocks in the sector.

Subscribe to Nate's Notes here...

Marathon Digital (MARA)

Matthew Carr
Tipping Point Profits

There's one word sure to get eyerolls: Bitcoin. You either love it or believe cryptocurrency is an untenable house of cards. But I'll show you, regardless of your feelings, like many other currencies or commodities, Bitcoin enjoys a very predictable, boom-and-bust cycle. ***Marathon Digital Holdings*** *(MARA) is a vehicle for profiting, writes* ***Matthew Carr****, editor of Tipping Point Profits.*

If you want to rake in some serious gains in the year ahead, this is the cycle you need to know. Because it sets us up for the most predictable moonshot of 2024.

You see, Bitcoin moves in a four-year cycle. This revolves around what's known as "reward halving"—the most pivotal event for the crypto's blockchain.

For the uninitiated, what makes Bitcoin (and other cryptos) unique is it's designed to have a finite supply. There are only 21 million BTC. In the simplest of terms, crypto miners use high-powered computers to add blocks of transaction data to the Bitcoin blockchain. Once a miner completes a new block—and provides proof of their work—they earn a reward. That reward is Bitcoin.

However, the Bitcoin creators wanted to ensure that it would increase in value. So, they built in synthetic price inflation. After every 210,000 blocks are mined, the Bitcoin reward is chopped in half. And this happens roughly every four years.

The result is Bitcoin is harder to mine and the available new supply is reduced. The result? The price of the cryptocurrency surges. But here's the deal: The next reward-halving is still a few months away. What we saw unfold in 2023 should be merely the warm-up to its next launch higher.

This table shows the annual returns for Bitcoin since 2012...

It's my gift to you. Copy it...Keep it...Update it...Use it to make better decisions about trading Bitcoin and other cryptocurrencies today, tomorrow, and in the future. In the table, we see years of explosive gains and years of red. And if you're an observant person, you've likely already noticed something very important: They take place four years apart.

So, what's happening here? First, our three Bitcoin reward halvings took place on:

• November 28, 2012

• July 9, 2016

• May 11, 2020

Year	Bitcoin Return
2012	187%
2013	5870%
2014	-61%
2015	35%
2016	124%
2017	1338%
2018	-73%
2019	94%
2020	302%
2021	60%
2022	-64%
2023 YTD (Dec 11)	153%

Those years are marked in dark blue. And we can see in each of those years, Bitcoin's price rose triple-digits. But that reward-halving momentum carries over into the next year (the years in lighter blue). That's because there's a supply shock, prices jump, and it ignites FOMO from investors who want their ship to be part of the rising tide.

Our next halving is in 2024. Now, you can own Bitcoin itself, or an ETF, such as the **Grayscale Bitcoin Trust** (GBTC). But my favorite is crypto miner MARA. Moves here are more exaggerated than crypto. In fact, during the last reward-halving, shares surged 9,000%!

We see the same pattern from Bitcoin again and again and again. Maybe you ignored 2012...2016...and 2020. Do you want to ignore 2024?

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Marvell Technologies (MRVL)

Sam Stovall
CFRA Research

Marvell Technology *(MRVL) is a fabless semiconductor company based in Bermuda. It is a global provider of silicon solutions for data storage, communications, and consumer markets, explains* ***Sam Stovall****, chief investment strategist at* ***CFRA Research****.*

Our Strong Buy reflects our outlook for improving trends in the coming quarters and AI opportunities (+20% long-term EPS growth rate). We see AI-related sales rising to an annual run rate of +$800M by FY 24 end ($200M in FY 23), with significant upside thereafter, led by demand for its network connectivity and custom ASIC offerings as adoption for generative AI/LLMs grows.

Although we are disappointed by protracted weakness in the storage arena, we think orders rebound by mid-CY 24 and remain bullish on MRVL's pipeline through FY 25. We view MRVL as the least exposed semi company to the consumer after smart acquisitions/asset sales, positioning it to benefit from secular prospects tied to key infrastructure plays.

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Medpace Holdings (MEDP)

CQ
Compounding Quality

Before a new drug can be commercialized, it often must undergo extensive pre-clinical and clinical testing and regulatory review to verify safety and efficacy. These pre-clinical tests are often very expensive and can take a lot of time. That's why a lot of small to midsized biotech companies rely upon Contract Research Organizations, or CROs, like ***Medpace Holdings*** *(MEDP) to execute these clinical tests, writes* ***CQ****, editor of* ***Compounding Quality****.*

It's important to highlight that Medpace itself is not a biotechnology company. It helps biotechnology companies in executing their clinical tests, providing them with reliable cash flows. In general, Medpace completes clinical tests up to 30% faster compared to those managed in-house.

Just like Kelly Partners Group, Medpace is still in the hands of its founder. August Troendle founded the company in 1992, is still the CEO today, and owns 24.7% of the company. As Troendle is already 67 years old and his stake is worth roughly $1.8 billion, he's not running the business for the money. He genuinely loves what he does.

To quote Warren Buffett: "Some of our key managers are independently wealthy. They work because they love what they do and relish the thrill of outstanding performance. They unfailingly think like owners. It are the best kind of managers we can wish for."

Subscribe to Compounding Quality here…

New Fortress Energy (NFE)

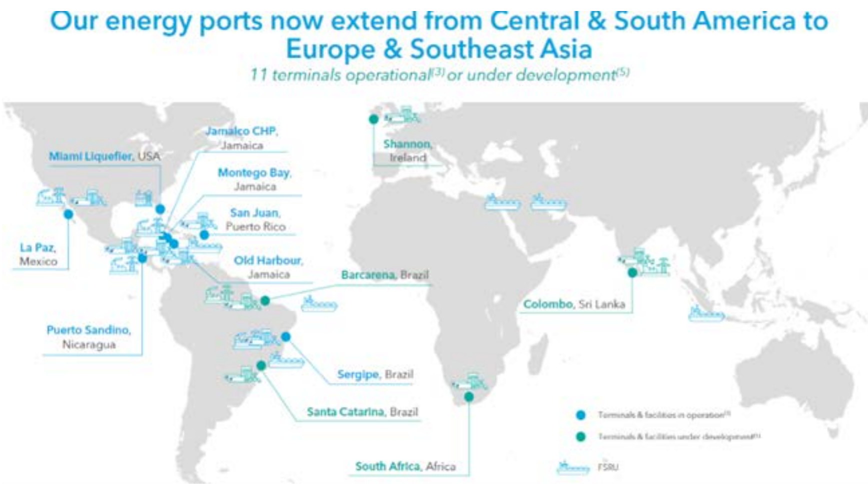
Tim Plaehn
The Dividend Hunter

*Ongoing global events have me convinced that liquified natural gas (LNG) could be the world's most important energy source for years—possibly decades—to come. That's why for a more aggressive play for 2024, I've chosen **New Fortress Energy** (NFE), notes **Tim Plaehn**, editor of **The Dividend Hunter**.*

The LNG infrastructure system allows the cost-effective transport of clean-burning natural gas from regions of plentiful supply to more populous countries with limited energy sources. NFE is positioned to benefit as a rapidly growing company focused on developing and operating downstream LNG infrastructure assets, including LNG regassification and power generation.

New Fortress Energy operates primarily as a seller of natural gas, delivered to its global network of LNG gasification terminals. At the end of 2021, New Fortress Energy had 11 regasification terminals, up from five a year earlier. Now, the company shows 14 facilities either operating or under development. Gas transport ships totaled 20, up from five.

These assets provide LNG midstream and downstream services. New Fortress Energy will soon complete the cycle with its first LNG upstream investment. New Fortress Energy operates on long-term contracts to deliver LNG-based natural gas to customers served by the transport and terminals network. The contracts make New Fortress the exclusive gas supplier to its contracted customers.



On March 31, 2022, the company filed to build its second Fast LNG offshore plant, off the coast of Louisiana. Later, a third FLNG project was added off the coast of Mexico.

The company has invested a lot of capital over the last few years to get to the point where the company is now very profitable, and additional capital investment will grow those profits.

Long-term LNG supply contracts provide a stable revenue base. The Fast LNG facilities will produce low-cost LNG to supply those contracts and can ramp up production to take advantage of price spikes. All in all, New Fortress Energy is poised to continue to grow as LNG becomes the dominant form of global energy.

Subscribe to The Dividend Hunter here...

Nexstar Media Group (NXST)

Doug Gerlach
Dividend Informer

Nexstar Media Group *(NXST) is a leading diversified media company that produces and distributes local and national news, sports, and entertainment content across its television and digital platforms, including more than 300,000 hours of programming produced annually by its business units, highlights* ***Doug Gerlach****, editor of* ***Dividend Informer****.*

It owns America's largest local broadcast group comprised of top network affiliates. Nexstar's national television properties include The CW, NewsNation, and a 31.3% ownership stake in TV Food Network.

Nexstar Media Group is also the largest owner of local television stations in the US. The company owns, operates, programs, or provides services to 200 television stations reaching 212 million people covering approximately 68% of US television households. The company's station portfolio is primarily comprised of network affiliates of ABC, CBS, Fox, NBC, and The CW.

These network relationships give the company the exclusive right to broadcast primetime network content in its markets in exchange for affiliation fees. The networks retain the right to sell most of the advertising time during network broadcasts, though Nexstar is typically allocated some slots as well.

In addition to network content, Nexstar's stations air programs the company produces itself, such as local news, as well as syndicated programs its stations acquire. The company receives the advertising revenue from non-network programming.

Nexstar's business model is focused on free cash flow generation, allowing for generous capital return to shareholders. Free cash flow faced headwinds in 2023 because it was an off-cycle year for political advertising and the company was absorbing costs related to its acquisition of majority control of The CW.

However, Nexstar should remain a substantial cash generator. The company has guided to average annual free cash flow of approximately $1.05-$1.15 billion over the 2023/2024 political cycle versus a current market capitalization of under $5 billion.

The company's strong cash generation has afforded it plenty of flexibility in capital return. Over the past twelve months, Nexstar generated over $1 billion in free cash flow. During that time, the company reduced its share count by more than 10%. Historically the company has been an aggressive repurchaser of its own shares, reducing its share count by more than 25% since the end of 2019.

Current dividend payments account for just under $200 million annually, resulting in a healthy 3.7% dividend yield recently. Debt reduction has also been a part of the company's playbook, though its current net debt/EBITDA is 3.4x, at the low end of its target leverage range of mid-to-high 3x.

Nvidia (NVDA)

James Kelleher
Argus Research

***Nvidia** (NVDA), our top pick in Technology-Semiconductors, has long been well-known among technology investors but burst into new prominence as the key supplier of the CPU-based computing architecture behind ChatGPT. As the key supplier of "picks and shovels" in the generative AI gold rush, Nvidia has seen its revenue and profit soar, explains **James Kelleher**, senior analyst at **Argus Research**.*

Nvidia's blockbuster GPU Technology Conference (GTC) in March 2023 cemented the company's leadership in the fast-developing world of generative AI. At GTC 2023 and subsequent events, Nvidia introduced multiple new and updated product iterations.

The newly launched the DGX H200 is its fastest AI supercomputer ever. These products and solutions span hardware (GPUs, CPUs, clusters, and supercomputers); multiple new software products and inference platforms; acceleration libraries; and new cloud services and AI foundations.

Based on the company's amazing traction in AI, Nvidia is rapidly becoming the global number-one semiconductor company by revenue, after barely making the top 10 two years ago. NVDA is one the "Magnificent Seven" of AI beneficiaries that collectively comprise over 25% of S&P 500 market capitalization.

We recommend establishing or adding to positions in this preeminent vehicle for participation in the AI economy. We believe that most technology investors should own NVDA in the age of deep learning, AI, and GPU-driven applications acceleration levels.

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Oil States International (OIS)

Tim Melvin
The 20% Letter

I have been a fossil fuel energy bull for several years, and I expect to continue to be one for a long time. As a result of what should be robust drilling activity and a continued expansion of offshore drilling around the world, shares of ***Oil States International*** *(OIS) appear to be undervalued at the recent price, argues* ***Tim Melvin****, editor of* ***The 20% Letter****.*

OIS provides equipment used to drill for oil onshore and offshore. A little over half of the business is supplying equipment to the offshore oil and gas industry, with the remaining business being focused on well services and downhole technology offerings. Oil States International currently holds over 177 patents on oil services technologies and has more than 30 patents pending.

OIS is a major player in drilling services in the continental United States as well as the Gulf of Mexico. The current environment for oil and gas drilling projects is strong. As long as this remains the case, the demand for the products and services Oil States International provides will grow.

The company is also taking steps towards being a player in the energy transition process. Its services can be used in offshore wind generation and subsea mining of rare earth metals.

The global population will continue increasing, and this will drive increased energy demand. As much as I like renewable energy, we are decades away from reaching a point where it will be the dominant global energy source.

Markets have been overlooking smaller oil services companies, and this company is no exception. The shares were recently trading at less than tangible book value and less than $0.60 on the dollar of sales. Although few analysts cover the company, those that do expect to see earnings more than double in 2024.

It is worth noting that Oil States International has posted a positive earnings surprise in the last four quarters, so analysts are underestimating the company. The balance sheet is solid, they have plenty of cash, and cash flows should increase again in 2024.

I see little risk of any serious financial difficulties for this company, no matter what happens to oil prices in the short term. The fair value of the stock is somewhere around $12.50 a share.

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ONE Gas (OGS)

Nikolaos Sismanis
The Sure Passive Income Newsletter

*In 2023, the utilities sector faced significant turbulence, driven by the upsurge in interest rates. But we believe **ONE Gas** (OGS), a utility stock that we have held in high regard, is poised to outperform in 2024, says **Nikolaos Sismanis**, analyst at **The Sure Passive Income Newsletter**.*

This is due to the company featuring one of the most predictable earnings and dividend growth outlooks we have encountered in our research universe. To understand why ONE Gas can predict its earnings and dividends for multiple years, let's look at what makes its business so predictable.

Firstly, ONE Gas has a strong position in the market. It has an extensive network that delivers natural gas to about 2.3 million customers through 65,000 miles of pipelines. This makes it the largest natural gas distributor in Kansas and Oklahoma and the third-largest in Texas. It has a big market share of 72%, 88%, and 13% in these states, giving it a strong advantage.

In addition to its market dominance, ONE Gas operates within a regulatory framework where state authorities determine distribution rates. These regulatory bodies play a crucial role in ensuring that utility companies such as ONE Gas can make a reasonable profit on their capital investments.

This predictable rate-setting process has, in turn, empowered ONE Gas's management to share very precise forecasts for its medium-term net income and dividend growth. Accordingly, management expects base rate increases to be between 7% and 9% through 2027.

Alongside an expanding customer base, stable natural gas consumption trends, fixed CAPEX needs, and strategic share capital dilution, management expects earnings per share to grow between 4% and 6% per annum over the same period.

The ability to forecast such a specific earnings-per-share growth trajectory provides management with the confidence to present an equally attractive dividend growth outlook. As a result, they anticipate dividend hikes to range from 4% to 6%, in line with their earnings per share outlook.

With the reliable foresight offered by ONE Gas' forecasts and shares recently offering a respectable dividend yield of 4.6%—an all-time high level—we anticipate a significant surge in investor interest in the stock in 2024, particularly as interest rates are expected to ease.

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Oracle (ORCL)

Larry Cheung
Letters from Larry

***Oracle** (ORCL) is a leader in on-premises relational database technologies and enterprise resource planning (ERP) software. With its strong customer base and technological expertise, Oracle aims to capitalize on cloud opportunities and strategic partnerships, like with Microsoft, to bolster its position against giants like Amazon, suggests **Larry Cheung**, founder of **Letters from Larry**.*

Oracle is navigating a pivotal transition period as it shifts focus towards cloud-based solutions. And this transition, while challenging, is crucial for maintaining its competitiveness against dominant cloud players.

Oracle's reaffirmed FY26 targets, including $65 billion in revenue and a >10% EPS CAGR, indicate a strategy focused on cloud growth and operational efficiency. Its strengths include a substantial installed customer base and a reputation for high-quality database technologies, integral to many enterprises.

The migration of these existing customers to Oracle Cloud Infrastructure (OCI) presents a significant growth opportunity, supported by Oracle's pricing advantages in the cloud market and strategic partnerships, such as with Microsoft. Significant switching costs associated with its database and software solutions provide Oracle with some competitive advantage.

From a valuation perspective, Oracle recently traded at a P/E of 17x based on BofA's CY25 earnings estimates. This premium valuation to peers is likely justified due to potential revenue acceleration and sustainability of EPS growth.

Oracle's strategy for achieving a 45% operating margin by 2026 is underpinned by four key areas, each contributing to its margin expansion potential.

Firstly, Cloud Margin Expansion is central to Oracle's strategy, where the company expects to benefit from economies of scale in its data centers. As these data centers grow and reach higher utilization rates, fixed costs will be spread over a larger revenue base, leading to lower per-unit costs. This scalability in the cloud sector is crucial, allowing Oracle to amortize customer acquisition costs over an expanding customer base and utilize its infrastructure more efficiently, thereby expanding margins.

The second area focuses on driving efficiencies in Sales and R&D. Streamlining operations in these departments and adopting cost-effective practices will reduce overhead costs and improve operational efficiency.

The third area, Leverage From Scale, involves the use of AI, analytics, and other technologies to automate processes and reduce manual labor, leading to significant cost savings and operational efficiencies.

Lastly, the Cerner Margin Improvement strategy is pivotal. Oracle plans to transform Cerner from a services-based organization to one focused on intellectual property (IP). This shift is expected to increase Cerner's operating margins from the low—to mid-30s to levels closer to Oracle's overall business margins in the coming years, contributing significantly to Oracle's overall margin expansion.

These combined efforts reflect Oracle's comprehensive approach to enhancing profitability through operational optimization and strategic investments. In sum, Oracle, amidst its crucial transition to cloud-based solutions, is poised for growth and operational efficiency.

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PagSeguro Digital (PAGS)

Eoin Treacy
Fuller Treacy Money

Every year brings new opportunities. One of my recommendations for 2024 is ***PagSeguro Digital*** *(PAGS), a Brazilian fintech company that trades on US markets. It has a one-stop app for everything you need money for. That includes deposits, purchases, and lending, explains* ***Eoin Treacy****, editor of* ***Fuller Treacy Money****.*

The Banco Central do Brasil was among the most aggressive in hiking short-term interest rates. It took the short-term rate from a low of 2% in early 2021 to a peak of 13.75% by August 2022. Then it held the rate steady for a year.

The central bank later waited to cut rates until it had clear evidence inflation was falling back to acceptable levels. Since August, it has reduced them by 2%—and it expects inflation to be at pre-pandemic levels by the end of 2023.

I believe Brazil is a good model for what we can expect from the US Federal Reserve. After a multi-month pause, the Fed is now talking about cutting rates by 0.75% in 2024. Inflation is moderating here, too. In fact, the bond market is rapidly pricing in the potential the Fed will cut rates by more than 0.75%.

In short, central banks all over the world are turning from raising rates to cutting them. That will help to support new consumer demand and risk-taking behavior. That's a recipe for a recovery in the most interest rate sensitive parts of the market.

Raising rates by 11.75% had a serious knock-on effect for the most interest rate sensitive part of the Brazilian stock market. The fintech sector took a heavier beating than most. The rising cost of credit hit margins hard.

PagSeguro collapsed and has only just begun to recover. As rates come down, demand for credit should recover and so will retail transactions.

The shares have been forming a base for over a year. That's the foundation that supports new uptrends. They're now on the cusp of breaking higher. In sum, PagSeguro represents a clear growth opportunity at an attractive price. It has ample scope to stage an impressive recovery in 2024.

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Patriot Battery Metals (PMET.CA)

Gerardo del Real
Junior Resource Monthly

My speculative pick this year is ***Patriot Battery Metals*** *(PMET.CA) The lithium sector has spent the past seven to nine months consolidating lower. That has provided an opportunity to initiate or add to what I believe will be the single most significant discovery in years—and maybe ever, advises* ***Gerardo del Real****, editor of* ***Junior Resource Monthly****.*

PMET is a hard-rock lithium exploration company focused on advancing its district-scale, 100%-owned Corvette Property located in the Eeyou Istchee James Bay region of Quebec, Canada, and proximal to regional road and powerline infrastructure.

The Corvette Property hosts the CV5 Spodumene Pegmatite with a maiden inferred mineral resource estimate of 109.2 Mt at 1.42% Li_2O and 160 ppm Ta_2O_5 (at a cut-off of 0.40% Li_2O). It ranks as the largest lithium pegmatite resource in the Americas based on contained LCE, and one of the top 10 largest lithium pegmatite resources in the world.

Additionally, the Corvette Property hosts multiple other spodumene pegmatite clusters that remain to be drill tested, as well as more than 20 km of prospective trend that remain to be assessed. There is growing speculation that the CV's may be all connected across a 50km trend.

The company is fully funded with C$133M of cash and a strategic investment from Albemarle to execute exploration and technical studies. It also boasts a proven management team with a track record of delivering mining projects globally.

There are over a hundred assays pending that will be reported in early 2024. The 2024 exploration program is planned to ramp up to ten drill rigs as well as an expansion to the core shack and processing area to handle the larger volumes of core expected and minimize future backlog.

The objectives of the 2024 winter drill program will be multi-pronged and focus on:

1.) Infill drilling of the CV5 Pegmatite to support an upgrade in resource confidence from the inferred category to the indicated category

2.) Continued delineation of the CV13 Pegmatite, and

3.) Potential continued drill exploration at the CV9 Pegmatite and the approximate 80 m wide blowout of the dyke at shallow depth.

The company is also a top takeout target.

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Petrobras (PBR)

Paul Dykewicz
StockInvestor.com

***Petrobras** (PBR) is one of Latin America's largest publicly traded companies as well as a major global oil producer based in Brazil. The company's recent dividend yield of more than 20% gives it potent appeal as a recommendation for 2024. Mostly state-owned, Petrobras also offers strong growth potential as it expands its deep-water exploration and production, writes **Paul Dykewicz**, editor of **StockInvestor.com**.*

Foreign stocks can face currency rate risk, but Fed Chairman Jerome Powell recently signaled that the US central bank likely will cut rates in 2024.

That would follow Brazil's central bank cutting its benchmark interest rate by 50 basis points on Dec. 13 for the fourth time in a row—and its plan to trim at the same pace beyond its January meeting. With both central banks planning to cut rates in 2024 and inflation rates now falling in each country, risk of excessive currency rate fluctuation between the US dollar and Brazil's real seems modest.

Another plus is that Fitch Ratings affirmed Brazil's long-term foreign-currency issuer rating at "BB" on Dec. 15, with a stable outlook. It noted President Luiz Inacio Lula da Silva's first year of his third term in office has showed "broad policy pragmatism." The Fitch report on Brazil added that the current ratings were supported by the country's "large and diverse economy, high per-capita income, and deep domestic markets and a large cash cushion."

Earlier in 2023, S&P raised Brazil's outlook rating in 2023 to "positive" from "stable," affirming its "BB-minus" rating. Under Lula's leadership, Brazil's government is pursuing revenue-enhancing measures, despite demands by the president's Workers Party and policy conflicts with the country's Congress that have slowed progress on certain goals.

Petrobras's fossil-fuel-friendly growth plans face less political pressure from environmentalists than many other oil countries. As a result, the company should be able to help meet long-term crude oil demand as it expands its fossil fuel operations aggressively during the next five years.

High-income expert Bryan Perry, who heads the *Cash Machine* investment newsletter that I edit, introduced me to the hefty dividend yield of Petrobras and the fact the stock is still posed for further strong payouts and share price gains in 2024.

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Polaris (PII)

Ben Reynolds
Sure Dividend

Polaris *(PII) is not the type of company you'd expect would be able to pay reliable and consistent dividends over the long run. The company operates in the highly cyclical motorcycle, ATV, and snowmobile industries. And yet, Polaris has managed to increase its dividend payments for an impressive 28 consecutive years, highlights* ***Ben Reynolds****, editor of* ***Sure Dividend****.*

This is a period that spans both the Great Recession of 2009 and the 2020 COVID-19 pandemic. Just as impressive, *the company has been profitable every year since it went public in 1987*. This level of profitability in a highly cyclical industry is very unusual.

Polaris' price-to-earnings ratio does not reflect its history of success. The company's stock was recently trading hands for just 9.1 times our expected fiscal 2023 earnings per share of $9.78. This low price-to-earnings ratio would make sense for a mediocre business, but that isn't Polaris.

Polaris has compounded its earnings per share at 7.6% annually from 2013 through fiscal 2022. The company is expecting a small decline in earnings per share in fiscal 2023, but the long-term trend for the company has been positive.

And management is using recent weakness to repurchase shares thanks to the company's strong cash flows. The company has repurchased $286 million in shares over the last 12 months. For comparison, the company's current market cap is ~$5 billion, so Polaris has repurchased more than 5% of its market cap over the last 12 months. The company still has ~$204 million remaining on its current share repurchase program.

In addition to share repurchases, Polaris stock recently offered a 2.9% dividend yield. This solid yield combined with share repurchases means the company's management is returning more than 8% annually to shareholders through share repurchases and dividends.

A healthy capital return program bodes well for shareholders. If Polaris returns to growth—which is highly likely to occur in the next few years given the company's favorable long-term record—then shareholders stand to do even better.

A return to growth will likely mean the price-to-earnings ratio revises upward. And of course growth means higher earnings, and therefore, even more money to return to shareholders.

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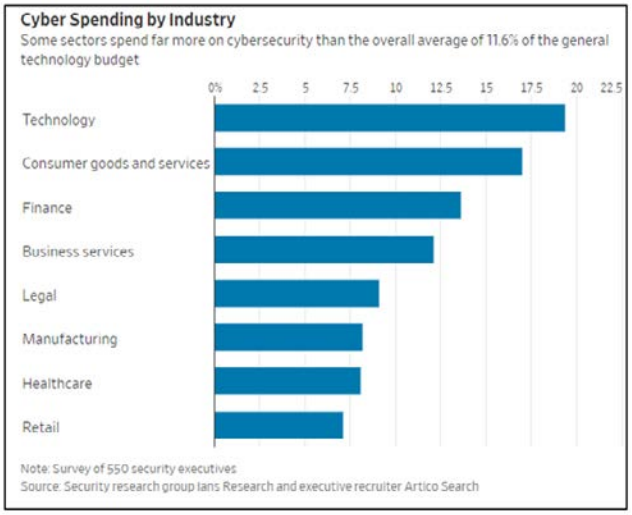
Qualys (QLYS)

Sean Brodrick
Supercycle Investor

*I recommend you buy **Qualys** (QLYS), a cloud-based cybersecurity firm. It delivers IT, cybersecurity, and compliance through the cloud to clients using a number of different apps, advises **Sean Brodrick**, editor of **Supercycle Investor**.*

Qualys offers cloud security subscriptions to over 10,000 customers worldwide, including more than half of the Fortune Global 500 companies. It's leveraging AI, too. It has a market cap of $7 billion and a Weiss Rating of B.

Wall Street spends a lot of time worrying about a potential recession. Thanks to that fear, companies cut back on hiring and other spending. However, cybersecurity remains strong, though growing at a steadier rather than a quicker pace.



The average cybersecurity budget grew 6% in 2023, according to a recent study. That's down from the double-digit increase we saw last year, but still up. And some industries spend *a lot* more.

Technology companies spend 19.4% of their budgets on cybersecurity, while consumer goods and services companies spend 17%.

And there is plenty of evidence that spending on cybersecurity will accelerate across the board. General spending on cybersecurity will increase to $215 billion next year, according to projections from consulting firm Gartner. That would be up 14.3% from $188 billion this year.

Qualys' most popular offering is its Vulnerability Management, Detection, and Response (VMDR) cloud app. In simple terms, the VMDR app provides diagnostics for a company's IT assets. It lets companies inventory their IT assets, hardware and software, allowing them to classify what's crucial. Qualys continuously monitors these crucial assets for vulnerabilities, fixing exploitable issues while tackling cyberthreats.

Qualys makes money through subscriptions, which gives it predictable revenue. The company has a net profit margin just under 23%, the highest in its group. And its free cash flow margin is 35%.

The company has total debt of $32 million and cash of $208.7 million. So, it could pay off its debt if it wanted to. But it's probably earning more interest on that cash than the interest it pays on its debt, so there's no hurry on that.

In November 2023, Qualys reported Q3 earnings of $1.51 per share—much better than estimates of $1.13 per share. At the same time, revenue of $142 million also beat forecasts. Earnings are projected to rise 23% this year.

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Realty Income (O)

John Dobosz
Forbes Dividend Investor

*Shares of Real Estate Investment Trusts (REITs) are ideal securities for income-oriented investors, and really for anyone interested in generating long-term total return from dividends and capital appreciation potential. One of my favorites is **Realty Income** (O), a REIT with a spotless history of dividend growth and exceptionally rich recent yield, reports **John Dobosz**, editor of **Forbes Dividend Investor**.*

San Diego, Calif.-based Realty Income owns 13,100 retail, industrial, and agricultural properties leased to 1,300 tenants in 85 separate industries, allowing Realty Income to generate stable cash flow and deliver consistent monthly dividends. The current property portfolio includes high-quality real estate in all 50 states, as well as Puerto Rico, the United Kingdom, Spain, Italy, and Ireland.

Realty Income has paid steadily rising dividends over its entire 54-year operating history, and dividend growth has outpaced inflation by a comfortable margin. Realty Income has hiked its dividend 5.3% annually over the past 10 years, and 4.7% annually since its initial public offering in 1994. Dividends of $3.07 per year are comfortably supported by $4.22 in free cash flow per share over the past 12 months.

Realty Income's revenue has grown 21.5% annually over the past 10 years and is seen rising 18% to $3.9 billion in 2023. Funds from operations are expected to increase 2% to $4.12 per share. At 13.5 times FFO, Realty Income trades 25% below its five-year average price/FFO multiple of 18.1. Debt is manageable at 63% of equity.

The value of Realty Income was compelling enough for Israel Englander's Millennium Management to establish a new position of 1.28 million shares at a cost of $60.92 per share in the second quarter of 2023. Jim Simons of Renaissance Technologies bought 378,000 shares during the same period at similar prices. With smaller stakes, Clifford Asness of AQR owns 97,000 shares, and Ray Dalio's Bridgewater holds 90,000 shares.

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ResMed (RMD)

Doug Gerlach
Investor Advisory Service

***ResMed** (RMD) is the market leader in continuous positive airway pressure (CPAP) machines, which improve the quality of sleep for apnea patients. Sleep apnea is much more than annoying, loud snoring. It is the fundamental inability to get enough oxygen during sleep. ResMed sells machines and facemasks to treat it, along with software solutions to track patients' biometric data, writes **Doug Gerlach**, editor of **Investor Advisory Service**.*

Sleep apnea correlates with both weight and age. Its prevalence in the underlying population has increased, along with awareness of the condition. ResMed has enjoyed a steadily growing market throughout its history, and investors have often paid sky-high valuations for its seemingly bulletproof growth profile. The P/E has often been in the 40s, a level normally reserved for hypergrowth companies, not consistent, low-double-digit growers.

In 2021, competitor Philips Respironics was forced to recall its CPAP devices due to the risk of insulation coming loose and entering patients' lungs. Philips' time out of the market has driven demand for ResMed's devices. There has been a small negative effect on mask sales, but the overall impact has been positive for ResMed.

Sentiment has turned much more negative recently. For starters, competitor Philips is on a long road to returning to the market and might need to discount its products to win back market share. This would potentially be negative for ResMed's unit sales and its gross margins.

Meanwhile, investors are suddenly looking for losers in what they imagine will be a slimmer future, thanks to a new generation of weight loss drugs such as Ozempic and Wegovy. This concern feels a little fanciful and may present an opportunity to "buy low" when the popular narrative creates a window of opportunity.

Efforts to grow outside of the core CPAP machine and mask market have been only moderately successful. ResMed acquired a small stable of software and data analysis companies to track patient outcomes and treat sleep disorders more holistically.

Segment growth tends to hover in the high-single digits, which is respectable but hardly looks like the up-and-coming growth engine that the company probably envisioned. Relatively cheap wearable devices have come to perform some of the functions that ResMed planned to provide.

Still, the growth bona fides are solid. Gross margins hover around 55%. Revenue has grown in the mid—to high-teens, mostly organic, along with earnings leverage. Free cash flow is fairly solid, although the balance sheet has recently accumulated notable increases in inventory and accounts receivable which have analysts asking pointed questions about earnings quality.

We model 12% EPS growth, a big discount compared to published consensus estimates of 20%. Our growth rate could produce earnings of $10.86 in five years. Attaching a capped high P/E of 30, the upside price is $326, or a 16.1% annualized rate of total return through 2028.

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RioCan (REI.UN)

Philip MacKellar
Contra the Heard

***RioCan Real Estate Investment Trust** (REI.UN) had a difficult 2023 and has yet to recover to its pre-pandemic valuations. But income-seeking investors who are also looking for potential capital appreciation and dividend growth may wish to take a closer look at the REIT, suggests **Philip MacKellar**, editor of **Contra the Heard**.*

The REIT specializes in building and managing large retail, residential, and mixed-use buildings in Canada's six major urban centres. Over time, it has focused its efforts on Toronto, especially along the city's rapid transit corridors where people work, shop, and live.

The REIT pays a monthly distribution of $0.09 per unit versus $0.12 prior to Covid-19. That was good for a yield around 6% in late 2023. It is possible management increases this payout in the year ahead, and the units could rebound in price after falling roughly 15% in the last year.

The REIT's valuation remains well below where it was pre-pandemic, yet the business has recovered. Moreover, the development pipeline is impressive and well-financed, the organization has a buyback in place for up to 10% of the float, and the executive team has a clear strategy through 2027.

Regarding the macro environment, Canada added 1,055,110 people to its population in 2022, according to Stats Canada. Immigration accounted for 95.9% of this sum, while natural change made up the rest. In 2022, 219,942 homes were completed and the average household size was 2.5 people per home. This means the nation built enough housing for only 549,855 of these new Canadian residents.

Except for 2020 when immigration dropped, underbuilding has been a regular feature for years, and has contributed to a housing shortage. This has created many socio-economic issues for people along the age and income spectrum, but it provides strong macro tailwinds for RioCan.

It drives high rents, low vacancy rates, and generates pent-up demand for housing, while amplifying retail demand as new residents seek out places to shop, socialize, and find entertainment. These trends play into RioCan's strategy.

This said, the thesis is not without risks. The government may change its immigration policy, which could impact demand for RioCan's product offering. Moreover, the debt load is higher now than it has been in the past.

Many key metrics, including the interest coverage ratio, total debt to total assets, and debt to adjusted EBITDA are all on the high side. The expectation was that the executive team would rein in the debt load following the pandemic, but so far that has not transpired.

Though RioCan has better financials than many peers, they are not strong. If a recession occurs, RioCan will be less able to exploit opportunities than they have been in the past and may feel the pinch as consumers' belts tighten.

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Roper Technologies (ROP)

John Eade
Argus Research

***Roper Technologies** (ROP) is a well-managed company with a long record of market outperformance and dividend growth, explains **John Eade**, president of **Argus Research**.*

We think the company—which designs software-as-a-service solutions for a variety of end markets, including healthcare, education, transportation, government, water, and energy—is well positioned for the post-pandemic future as its products enable work-from-home, environmental testing, and electronic surveillance.

Management has a history of establishing reasonable financial targets and raising them as the year rolls along. Our estimates for the next two years call for double-digit EPS growth, driven by a combination of mid-single-digit top-line growth, margin improvement, and share buybacks.

In November, the Board raised Roper's quarterly payout by 10% to $0.75 per share, or $3 annually. This marked the 31st straight year in which the company had raised its dividend.

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ProShares Short Russell2000 (RWM)

Crista Huff
Freedom Capital Management

*The number of bankruptcy filings have already reached their previous peak from the 2008 financial crisis, and subprime auto loans are experiencing alarming delinquency rates. More than any time in the last 15 years, people are struggling to pay their bills. Maybe you're overtly bearish, or you just want to be ready when the stock market begins an unmistakable decline. In that case, consider **ProShares Short Russell2000** (RWM), suggests **Crista Huff**, portfolio manager at **Freedom Capital Management**.*

Think about it: The most inflated of the 21 line items in the November Consumer Price Index (CPI) were housing and transportation, up 6.5% and 10.1% respectively in the last 12 months. These are expenses that affect just about everyone!

If people can't pay their bills because of higher costs, they certainly can't be buying cars and refrigerators and **Apple** (AAPL) products. Yes, yes, some of the people we know are doing fine financially. But a higher and higher percentage of them are not doing well at all.

That means they'll be spending less money at **Target** (TGT) and **RH** (RH). Consequently, corporations will be reporting lower quarterly revenues than in recent years, which goes hand-in-hand with lower earnings per share. Can a record-high stock market be expected to continue climbing when corporate sales and profits are falling? I think not.

That brings me to RWM. It is an inverse ETF that profits when the Russell 2000 Index falls. More specifically, RWM "seeks daily investment results, before fees and expenses, that correspond to the inverse (-1x) of the daily performance of the Russell 2000 Index."

The Russell 2000 Index is made up of the 2,000 smallest stocks within the Russell 3000 Index. It's helpful to know that small-cap stocks usually act as a harbinger of near-term market direction. In other words, they lead stocks down during market corrections and they lead stocks up during market recoveries.

Since small-cap stocks tend to be more volatile than mid—and large-cap stocks, tread lightly in this niche investment arena. RWM is a good choice for risk-tolerant investors who like the idea of hedging their portfolio against a prolonged market decline, or more aggressively aim to profit from a market decline.

Follow Crista Huff here...

Scotts Miracle Gro (SMG)

Bob Ciura
Sure Dividend

After peaking at nearly $250 per share in 2021, ***Scotts Miracle-Gro Co.*** *(SMG) shares recently fell all the way to $61. The company has been punished by rising inflation, which has eroded profitability. However, value and income investors may want to take a closer look at this dividend stock now, suggests* ***Bob Ciura****, contributing editor at* ***Sure Dividend****.*

SMG is one of the world's leading marketers of branded consumer lawn and garden as well as hydroponic and indoor growing products. The company offers fertilizers, grass seed products, spreaders, outdoor cleaners, and many lawn-related weed, pest, and disease control products.

On Nov. 1, Scotts Miracle-Gro reported its Q4 2023 and full-year results for the period ending September 30, with numbers remaining rather underwhelming. The company recorded sales of $374.5 million during the quarter, a 24.1% decline compared to Q4 2022. The drop primarily stemmed from a 35% sales decline in the Hawthorne division, further compounded by a 3% decline in the sales at the US Consumer division. The decline in Hawthorne's sales reflected the continued challenges in the hydroponic industry.

The company is currently being pressured by higher commodity prices, which have led to a significant margin decline despite multiple pricing actions. Moving into fiscal 2024, management expects an improvement in the company's growth margin combined with tight control of SG&A, which should result in an operating income margin between 10.5% and 11%.

Analysts expect SMG's earnings to rebound to $3.95 for fiscal 2026. This future earnings growth could meaningfully boost shareholder returns. The company's future growth lies mostly in the industry's organic growth, potential acquisitions, and the snowballing cannabis industry, which utilizes much of its products.

Moving forward, we expect the company to focus on executing its Springboard strategy to cut costs and get the business back on track for profitable growth. Starting off of a low base for fiscal 2024, we expect earnings per share growth of 16%, estimating the company will gradually regain its lost ground.

In the meantime, SMG recently had a high dividend yield of 4.3%. Scotts Miracle-Gro's dividend should remain covered despite the recent challenges.

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Sonoco Products (SON)

Bob Ciura
Sure Dividend

*Income investors looking for a high-quality dividend stock should consider **Sonoco Products** (SON). The company provides packaging, industrial products, and supply chain services to its customers, which include companies in the appliances, electronics, beverage, construction, and food industries, advises **Bob Ciura**, contributing editor at **Sure Dividend**.*

The company generates more than $7 billion in annual sales. Sonoco Products is now composed of two segments, Consumer Packaging and Industrial Packaging, with remaining businesses listed as “all other”.

On Oct. 31, SON reported third-quarter results for the period ending Oct. 1. For the quarter, revenue decreased 9.5% to $1.7 billion. Adjusted earnings per share of $1.46 compared unfavorably to $1.60 in the prior year, but this was $0.18 more than expected. For the quarter, Consumer Packaging revenues were down by 9% to $938 million due to lower volumes and prices.

Sonoco Products provided an updated outlook for 2023 as well, with the company now expecting adjusted earnings per share of $5.25 to $5.40 for the year. This means the company will remain highly profitable, even though growth has slowed, which allows SON to continue to increase its dividend.

On April 19, Sonoco Products raised its quarterly dividend 4.1% to $0.51, extending the company’s dividend growth streak to 41 consecutive years. The company has grown earnings per share at a rate of 12.2% since 2013.

A key competitive advantage for Sonoco Products is that the company is usually able to pass along rising raw material and transportation costs to its customers. Ability to pass along costs is an advantage as this shows that the company’s offerings are in demand.

Also helping grow the top and bottom lines is Sonoco Products’ history of acquisitions. The Ball Metalpack, Conitex, and Can Packaging acquisitions are prime examples of growing through acquisitions.

We maintain our expected growth rate of 5% due to the high base from which earnings are starting. Sonoco Products also has a very reasonable dividend payout ratio of just over 38% based off our expectations for 2023. In fact, we project that dividend growth can continue for years to come.

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SPDR Gold Shares ETF (GLD)

Mary Anne and Pamela Aden
The Aden Forecast

*With interest rates likely coming down in 2024, it's going to boost many of the markets. The two sectors we like best are the metals-related markets and the stock market. All things concerned, our top pick is physical gold and/or the **SPDR Gold Shares ETF** (GLD), say **Mary Anne and Pamela Aden**, editors of **The Aden Forecast**.*

There are many reasons why gold is set to head higher in 2024. On the fundamental side, demand is surging and central banks alone are buying the most gold since 1967. The ever-growing, unprecedented debt load, concern about the global financial system, wars, and overall uncertainty are all very bullish for gold because it is the ultimate safe haven.

Gold has actually been in a bull market rise since 2015 and it recently hit new bull market highs. This, as well as its other technical indicators, are all pointing to growing momentum and surging prices ahead.

This means silver, and gold and silver shares, will move up, too. Good luck. Increasingly, it looks like it's going to be a good year for investors, and we wish you the best.

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Sprott Physical Gold Trust (PHYS)

Omar Ayales
Gold Charts R Us

*The US dollar index continued to slide in 2023, becoming supportive of global currencies and commodities broadly. Dollar weakness could extend into 2024, supporting the ongoing 'everything' rise. I recommend buying the **Sprott Physical Gold Trust** (PHYS), explains **Omar Ayales**, editor of **Gold Charts R Us**.*

The recent shift in monetary policy from the Federal Reserve is putting a ceiling on long term interest rates moving forward, with the next likely direction to the downside. The shift in policy also places pressure on the US dollar index, which had been moving higher together with interest rates since May 2021.

However, it's not yet clear from the economic data that the inflation genie has been put back into its bottle, particularly because the structural shifts the world went through post Covid-19 remain and are here to stay.

Global fragmenting continues. The world is moving in a direction where there are two or more world orders. In many ways, it's going back to the 80s at the peak of the Cold War. Concepts like friend-shoring and near-shoring are becoming commonplace for sovereigns across the globe. It's not a coincidence central banks have been buying gold at a record pace.

In the US, recent data confirms a strong labor market with low unemployment and rising employment participation. It's showing inflation remains persistent, even though it has come down from its peak. The shift in policy direction is poised to rattle animal spirits and fuel inflation expectations higher.

Although the Fed likely believes the 'job is done' with respect to the rate hike cycle, it's still too early to tell without any real economic data supporting the shift in stance. Higher inflation combined with a lower rate outlook could bring lower real rates (meaning the rate of interest less the rate of inflation), or even negative real rates.

The economic condition would be very bullish for gold as it tends to outperform safe havens, particularly US Treasuries, when real rates are near zero or negative.

If anything, conditions and fundamentals that led to gold's bullish up move in 2023 remain and are even more evident than they were last year. This tells me the rise in gold is here to stay and could continue to develop further. It will be one of the best ways to counter US dollar weakness.

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Taiwan Semiconductor Manufacturing (TSM)

Matthew Timpane
Schaeffer's Investment Research

*Chipmaker **Taiwan Semiconductor Manufacturing** (TSM) recently reclaimed the round $100 level, along with its 20-month moving average. Reclamations of the latter favor that the stock price will be higher by the end of 2024, as tests have proven to be buying opportunities in the past, says **Matthew Timpane**, editor at **Schaeffer's Investment Research**.*

The TSM/SPY ratio also crossed above its 200-day moving average, and if this trend holds and turns higher, TSM has shown a history of running longer-term. Seasonally, TSM enters a bullish period for price action to start the year, and in the last three election years, the stock has appreciated by 25% or more.

A dominant player in Artificial Intelligence (AI), it shouldn't be undervalued due to geopolitics, as there are signs that US and China tensions are cooling. A weaker dollar could be a positive going forward if three interest rate cuts materialize like they're expected to in 2024.

Furthermore, TSM's valuation has moderated substantially since it's huge run in 2021. The price to sales ratio was recently 7.64 and below its five-year average of 8.49 even as the company is entering a long-term growth opportunity built on AI, 5G, EVs, and High-Performance Computing.

Moreover, there is potential for expansion of Intel wafer outsourcing due to high demand. Expectations are also that smartphone demand will stabilize, plus PC server growth will resume due to AI demand. These fundamental drivers boost expected revenue growth to 19.5% and EPS growth to 20.9% for 2024.

There has been significant put open interest buildup residing at $95 that could be traded against alongside a stack down to $80, potential support in the event of a significant selloff. On top of that, we saw large option traders target the out-of-the-money June 2024 $115-strike aggressively as we headed into the new year. That indicates they expect to see another big year from the world's largest semiconductor foundry.

Ternium (TX)

Tyler Crowe
Misfit Alpha

Ternium SA *(TX) is Latin America's largest flat-rolled steel producer and the third-largest producer in the Western Hemisphere. Some 80% of its 13.8 million tons of steel sales are in Mexico, Brazil, and the US. The stock trades for a deep discount and could benefit from global nearshoring efforts, opines* ***Tyler Crowe****, author of* ***Misfit Alpha****.*

I get it. An elevator pitch of "Check out this Argentinian-based steelmaker" will likely make some of you spit your coffee in disbelief. But bear with me because I think this is worth your time.

Ternium is a fully integrated steel company and Latin America's largest producer of flat-rolled steel. If we include US foundries, Ternium ranks #3 in the Western Hemisphere behind **Nucor** (NUE) and **Cleveland-Cliffs** (CLF). Even though the company is based in Argentina (technically headquartered in Luxembourg), more than 50% of its sales are in Mexico, which is expected to grow substantially in the coming years.

The crown jewel in Ternium assets is its industrial center in Nuevo Leon, Mexico. The facility produces 4.4 million tons of hot-rolled products, 1.7 million tons of cold-rolled products, 860,000 tons of hot-dipped galvanized products, and 140,000 tons of pre-painted products. The company has also announced two separate expansion projects that will invest $3.2 billion in iron ore reduction, raw steelmaking, and expanding its cold-rolling and hot-dipped galvanizing capacity.

This significant expansion comes as Mexico is becoming one of the direct beneficiaries of the trend toward nearshoring supply chains and manufacturing capability, specifically in Nuevo Leon. The Mexican state has become a major automotive manufacturing hub for Mercedes Benz, Kia, Pratt & Whitney, Caterpillar, and John Deere. **Tesla's** (TSLA) planned expansion in Mexico is expected to happen in Nuevo Leon, too. Ternium's expansion is a big bet that industrial and automotive manufacturing will continue to thrive in Mexico's manufacturing hub.

Ternium is making these investments from a position of financial strength. As of late 2023, the company's debt-to-capital ratio was 12.6%, with a net cash position of $1.86 billion.

Steelmaking is a notoriously cyclical business and shouldn't trade for high valuations. Also, Ternium's ownership structure is a little odd. Roughly 75% of its outstanding shares are owned by the founding Rocca family via its ownership of Technit and **Tenaris SA** (TS).

Even by steelmaking and strange ownership standards, Ternium's stock looks dirt cheap. The stock recently traded for 0.6 times tangible book value and its net cash position was $9.53 per share, about 25% of the stock price.

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TransMedics (TMDX)

Tyler Laundon
Cabot Small-Cap Confidential

***TransMedics Group** (TMDX) is a small-cap MedTech company addressing the unmet market need for more and healthier organs for transplantation, specifically in the heart, lung, and liver markets. It's not a stock for the faint of heart (no pun intended). But the reward versus risk profile is very attractive, counsels **Tyler Laundon**, editor of **Cabot Small-Cap Confidential**.*

The company's revolutionary technology is called the Organ Care System (OCS). OCS replaces a very old standard of care, cold storage, that is too static to meet the dynamic needs of today's organ transplant market.

The elevator pitch is that the OCS does a better job at preserving organ quality, assessing organ viability prior to transplant, boosting organ utilization and slashing transplant costs. The OCS is also the foundation of TransMedics' National OCS Program (NOP), a turnkey solution for transplant enters that provides outsourced organ retrieval and OCS organ management.

The goal of the NOP is to streamline delivery of donor organs from anywhere in the US to a transplant center. TransMedics is also seeking to streamline the delivery of organs across the country by integrating an aviation business it recently acquired. This means the company would not only have more control over logistics, but also be able to capture some of the high fees paid to charter flight operators for organ delivery.

Some of these shorter flights generate $25-$30K in revenue, whereas longer ones could provide up to $100K. Since the aviation business is so new, management hasn't yet issued guidance on revenue and profit margins. But they have said the focus is on growing revenue and margins in the business and that they're expanding the fleet and staffing to achieve those goals.

In Q3 2023, aviation added just over $2 million in revenue. The company has nine planes, with plans to scale to 20 by the second half of 2024 (to cover the entire US). That's just the beginning, too. There is also potential to expand internationally, especially to Europe, once reimbursement is secured.

Analysts currently see TransMedics growing 2023 revenue by 145% to around $229 million and delivering an adjusted per-share loss of –$0.93. Looking out into 2024, current consensus points toward revenue growth of 45% ($331 million) and adjusted EPS improvement of 45%, to –$0.51.

If history is any guide, the company will do better. And that will keep TMDX moving higher.

Unity Software (U)

Matthew Timpane
Schaeffer's Investment Research

Unity Software *(U) is a best-of-breed, content-creation engine for video game development, with key partnerships that include Microsoft, Apple, Nintendo, and Sony. Unity Software has seen its fundamentals stabilize thanks to conservative 2024 guidance. That sets the company up for potential upwardly revised forecasts in future earnings reports, writes* ***Matthew Timpane****, editor at* ***Schaeffer's Investment Research****.*

A surprise in advertising dollars across its mobile platform could shock Wall Street bears if the consumer remains strong throughout 2024.

Meanwhile, the stock recently crossed above its 80-week moving average, which capped gains back in September. Now back above its 20—and 52-week moving averages as well, these averages are curling to support recent price action. There are possible price retracement targets sitting significantly above that present a compelling risk/reward setup. U's IPO price is $52, the $85-$95 zone is a massive support/resistance level, and a 50% Fibonacci retracement from highs to lows would sit at $115.

An unwinding of pessimism could trigger tailwinds. The stock's 12-month consensus price target is a 17% premium to its late-2023 perch, which could force analysts to revise their targets in 2024. Short interest was a healthy 9.5% of U's total available float, with the majority of these bearish bets added when the stock was below $40. A breakout from this base could trigger a massive short-covering rally in 2024.

In the options pits, there are large put levels at the 25—and 30-strikes to trade against all year. The good news for premium buyers: The stock's Schaeffer's Volatility Index (SVI) of 53% sits in just the 11th annual percentile, revealing low volatility expectations are being priced into near-term contracts.

Plus, the stock has consistently rewarded premium buyers over the past year, per its Schaeffer's Volatility Scorecard (SVS) reading of 72 out of a possible 100. This shows the equity has tended to make larger-than-expected moves on the chart, compared to what the options market has priced in.

Ulta Beauty (ULTA)

CQ
Compounding Quality

***Ulta Beauty** (ULTA) is a "Quality Cannibal Stock." It's the largest specialty beauty retailer in the United States, known for its wide range of beauty products and services. The company offers more than 25,000 products from more than 600 beauty brands, says **CQ**, editor of **Compounding Quality**.*

Ulta Beauty has 1,300 stores and is aiming for 1,500-1,700 stores in the long term. Ulta's competitive advantage is mainly based on its loyalty program 'Ultamate Rewards'. Roughly 25% of all US women are Ultamate Members and loyalty members account for 95% of the company's revenue.

The market for beauty products should grow at a CAGR of 5% until 2030 and Ulta Beauty has a market share of 9% in the American beauty product industry. The main risks for the company are that Sephora (part of LVMH) is Ulta's main competitor, and that Estée Lauder and L'Oréal are two very important suppliers for the company.

Ulta Beauty has a very conservative balance sheet as the company has always expanded nationally without using debt. In addition to this, the company doesn't need a lot of capital to operate as we estimate that CAPEX/Sales will be equal to 3.6% over the next few years.

Management has great capital allocation skills focusing on organic growth and share repurchases. Its ROIC has averaged 20.6% over the past five years. Ulta Beauty will use 85%-90% of its free cash flow to buy back shares. When it keeps doing this over the next decade, it might buy back up to 50% of its outstanding shares. The company doesn't pay a dividend.

Ulta Beauty operates at a profit margin of roughly 10% on average and doesn't use a lot of Stock-Based Compensation to reward management or employees. The company has grown its revenue at a CAGR of 17.6% over the past 15 years.

It's important to highlight that the strong growth phase is (probably) over for the company. It is estimated that the company will grow its sales at a CAGR of 6% over the next decade. This growth doesn't seem very attractive at first sight. But when you consider the fact that Ulta Beauty could buy up to 50% of its outstanding shares over the next decade, and its low valuation levels, you can see how investors may end up with very satisfying results.

Ulta Beauty currently trades at one of the cheapest valuation levels the company has traded at over the past decade. A reverse DCF indicates that the company should be able to grow its free cash flow by 6.5% over the next decade to return 10% per year to shareholders. We think this estimate from the market is too conservative.

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United Rentals (URI)

John Eade
Argus Research

***United Rentals** (URI) shares have consistently outperformed the market and the Industrial sector over trailing 3-month, 1-year, and five-year periods. We expect this trend to continue, advises **John Eade**, president of **Argus Research**.*

United Rentals is the largest rental equipment company in the world. We are comfortable with this well-managed company's ability to navigate the high-inflation economic environment, as well as with its adoption of new technology that will help it to grow in a post-COVID world.

Management has a clear strategy to compound shareholder value by balancing growth, margins, returns, free cash flow, and prudent capital allocation. The company is well-positioned for strong multiyear demand from public and private investment in infrastructure and industrial manufacturing.

In a sign of confidence for the future, the board instituted a quarterly dividend in 2023. The company also has a share buyback program.

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Verizon Communications (VZ)

John Gardner
Blackhawk Wealth Advisors' Market Insights

***Verizon Communications** (VZ) is a telecom giant with a stock that often attracts income-oriented investors, thanks to its dividend. Going back 10 years, the company's stock has given investors a 22.2% raise, as its dividend increased from $2.14 per share per year in 2014 to $2.64 in 2023, comments **John Gardner**, founder and principal of **Blackhawk Wealth Advisors' Market Insights**.*

Verizon's recent dividend yield was 7%. For perspective, that is significantly higher than the recent yield of 1.5% for the S&P 500.

Verizon's dividend yield is also higher than the company's 10-year bond (maturing 5/9/2033), which currently yields 5.17%. Verizon has paid out a dividend every year since 1984. Over that 39-year period, Verizon's dividend has increased from $0.80 to $2.64.

Here's another noteworthy fact for this income generator: Over the last 10 years, Verizon has paid investors $24.07 per share in dividends. Its stock price was about $30 per share in January of 2014. So, investors have nearly received their initial investment back (80%) in stock dividends.

An income-oriented investor should always make a diligent choice between stocks for dividends versus bonds for interest. This is only if corporate investment securities are suitable. In the case of Verizon, an income investor will likely gain a significantly higher total return from the company's stock over its bonds.

Not only is the current stock dividend higher than the current bond interest (considering the current 10-year Verizon bond), but the stock also has price appreciation potential the bond does not have (if held to maturity).

The company's recent earnings topped Wall Street estimates. Wireless subscriber additions topped expectations. Verizon is focusing on generating growth in service revenue, free cash flow, and earnings.

The company's consumer wireless business has yet to get a material revenue lift from 5G smartphone users, but that is likely to occur. Verizon added 384,000 5G broadband subscribers, about the same as in the June quarter.

Verizon's 5G network now is available to 200 million people in the US and is growing. It expects 5G business services using private network links to gain momentum in 2024. And, of course, there's AI. Verizon says it plans to use artificial intelligence technology to improve customer service and lower operating expenses. This income stock offers potential growth, too.

V.F. Corp. (VFC)

Tom Hayes
Hedge Fund Tips

*Shares of **V.F. Corp.** (VFC) fell 85% from their pre-pandemic levels. But the producer of apparel and footwear under the North Face, Vans, Timberland, Supreme, and Dickies brands is taking several steps that should help it turn things around, claims **Tom Hayes**, editor of **Hedge Fund Tips**.*

Think about this: Bracken Darrell is the new CEO. He took over Logitech in 2013 when it was down 82%. Then the stock went from $5 to $133 over next eight years (a 26-Bagger). A $5M investment would become $133M. He is a turnaround specialist.

Darrell just booked a "kitchen sink" quarter. The idea? Take all the losses at once, release all the bad news, cut the dividend, and lower expectations so that everything moving forward is GOOD news. The company actually beat on the top-line and came within shooting distance on the bottom line, while cutting the dividend 70% and pulling guidance.

As for results, North Face sales were recently up 19% year-over-year. International sales overall were up 10%, with China up 8%. Vans sales dropped 21%, but the company has a new Vans president. VFC is also using its successful EU platform for US business. Plus, it's deleveraging by cutting costs and selling its "packs" business (Eastpak, JanSport, Kipling).

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Viking Therapeutics (VKTX)

John McCamant
The Medical Technology Stock Letter

Viking Therapeutics *(VKTX) is developing VK2735, a GLP-1/GIP dual agonist, for treatment of obesity. VK2735 is in Phase II as a weekly subQ injection and Phase I as an oral form with new proof-of-concept data expected in 1Q 2024, explains* ***John McCamant****, editor of* ***The Medical Technology Stock Letter****.*

Roche is buying a VKTX competitor, privately held Carmot Therapeutics, for $2.7 billion in cash and up to $400 million in potential milestone payments. Carmot's pipeline includes CT-388, a sub-q dual GLP-1/GIP agonist for obesity.

VK2735 has a very competitive efficacy/safety profile compared with CT-388 and also includes an oral formulation. Next up are the two catalysts for VKTX in 1H24, with data from the Phase II VENTURE study of subQ '2735 in obese patients in 1H24 as well as data from the oral formulation of '2735 in 1Q24.

We continue to believe the weight loss profile for '2735 will get better with further follow up and look forward to data from the Phase II VENTURE study in 1H24 and data from the Phase I oral formulation study of '2735 in 1Q24. In our view, VKTX is still significantly undervalued and could easily be worth more than the $2.7 billion Roche just paid for Carmot.

The potential impact of anti-obesity medicines (AOMs) on conditions and indications goes way beyond overweight/obesity, too. Patients with cardiovascular disease (CVD), chronic kidney disease (CKD), heart failure with preserved ejection fraction (HFpEF), nonalcoholic steatohepatitis (NASH), peripheral arterial disease (PAD), obstructive sleep apnea (OSA), osteoarthritis (OA), and even Alzheimer's disease (AD) will all benefit from weight loss. In our view, obesity is over a $100 billion opportunity and VK2735 has a shot on goal at being best-in-class.

Vizsla Silver (VZLA)

Brien Lundin
Gold Newsletter

Vizsla Silver *(VZLA), as the name implies, is a silver exploration company. But don't make the mistake of thinking this is any ordinary silver play. The company is steadily building a world-class silver resource in terms of not only size but grade, maintains* ***Brien Lundin****, editor of* ***Gold Newsletter****.*

Vizsla's 100%-owned Panuco project, located in Sinaloa, Mexico, spans 9,500 hectares and includes 35 kilometers of past workings. Although still a relatively young company, it is pursuing aggressive efforts utilizing as many as eight drill rigs and has already completed over 250,000 meters of drilling.

The result is 104.7 million ounces of indicated silver-equivalent resource (at an average silver-equivalent grade of 437 g/t), plus another 114.1 million ounces of inferred silver-equivalent resource (at an average silver-equivalent grade of 491 g/t).

In short, the resource is large and high grade. And even better: It's poised to grow much larger, with those resources representing less than 10% of the known vein strike on the property (and with new veins still being discovered).

One of the recent discoveries is the Copala structure, a vein system so large and rich that it already contributes about half of the total Panuco indicated resource. The average grade of the silver drilled so far at Copala is over 500 g/t silver-equivalent, and the resources are building so rapidly here because the average width of the veins is 10 meters.

So far, mineralization at Copala has been traced over 1.67 kilometers and 400 meters down dip, and remains open in all directions. What's truly exciting from an exploration standpoint is the potential for more discoveries like Copala. While still expanding the known veins, Vizsla continues to aggressively explore for more, with three drill rigs devoted to the exploration effort.

The results being consistently achieved by the drills promise to deliver eye-popping numbers for the next resource estimate, expected in the first half of 2024. Not long after that, the company expects to produce a preliminary economic assessment. Considering the shallow, high-grade, and thick mineralization, the economics for Panuco should sing.

There's a powerful argument for much higher gold prices over the coming months. Silver naturally leverages gold, silver equities leverage silver, and junior silver exploration companies provide even more leverage on top of all of that. Vizsla offers all of this, plus the relatively lower-risk of a proven, large-scale silver resource.

And one gets all of that in a company that's still trading near the lower end of its 52-week range. With appeal for both value investors and exploration speculators, Vizsla is the one-stop-shop silver play.

Walgreens Boots Alliance (WBA)

Ben Reynolds
Sure Dividend

Walgreens Boots Alliance *(WBA) is one of the largest pharmacies in the world. The company boasts more than 13,000 stores in the US, Europe, and Latin America. It also generates more than $130 billion in annual revenue, and has increased its dividend for 47 consecutive years. While the above statistics paint the picture of a 'boring' mature dividend growth stock, Walgreens actually has exciting upside valuation potential, explains* ***Ben Reynolds****, editor of* ***Sure Dividend****.*

That's because its stock price has gone from a high of $97 in 2015 to around $21 in December 2023. In short, some good news for Walgreens could send the stock *much* higher.

There's a reason Walgreens' share price has declined significantly over the last eight years. The company has struggled to grow. Adjusted earnings per share peaked in its fiscal 2018 at $6.02. Adjusted earnings per share have declined since to $3.98 in fiscal 2023. And we expect adjusted earnings per share of $3.35 in fiscal 2024.

In addition to declining earnings, Walgreens has also faced scrutiny and litigation surrounding the opioid epidemic. This has certainly weighed on the share price as well.

All of the negativity surrounding Walgreens is what, paradoxically, makes it such an interesting investment today. We expect adjusted earnings per share of $3.35 in fiscal 2024. This more than covers the current $1.97 per share dividend.

And at recent share price levels, this dividend translates into a dividend yield *of more than 9%*. This extremely high dividend yield means investors get 'paid to wait' for any sort of good news at Walgreens, which could materially increase the share price.

Walgreens recently traded for a price-to-earnings ratio of less than 6.5 times expected fiscal 2024 adjusted earnings per share. If the company were to return to a modest price-to-earnings ratio of 10, that would imply more than 50% upside from recent prices.

One potential catalyst in place for Walgreens is the appointment of the company's new CEO, Tim Wentworth. Mr. Wentworth became Walgreens' CEO on Oct. 23. He was most recently the founding CEO of Evernorth, **Cigna Group's** (CI) health services organization. He replaces Roz Brewer, who became Walgreens' CEO in 2021 and stepped down after two disappointing years for the company.

Westamerica Bancorporation (WABC)

Kelley Wright
Investment Quality Trends

Bank stocks, you may have noticed, weren't exactly in favor in 2023. Which begs the question of why look at a bank at all? My answer is when a bank doesn't act like a typical bank, but more like an asset allocator, which ***Westamerica Bancorporation*** *(WABC) is exceptionally good at, highlights* ***Kelley Wright****, editor of* ***Investment Quality Trends****.*

WABC does make loans, sort of. Loans only make up 15% of earning assets, however, and only to borrowers that have pristine credit and can borrow from anywhere they choose. WABC's preference is to gather deposits that they outsource and diversify credit risk by investing in a portfolio of mortgage-backed, government-backed, municipal, corporate, and collateralized debt securities.

WABC has an almost next-to-nothing cost funding base (seriously, like 0.08%), as most of its deposits are from local businesses, and with about half of its deposit base comprised of non-interest-bearing deposits. These business operating accounts are harder-to-move accounts where customers do not really expect to earn much interest.

Due to its large securities portfolio, WABC will benefit as interest rates decline, which will add a growth component to its bottom line. Based on its historically repetitive dividend yield boundaries, WABC is Undervalued by IQ Trends standards.

The Return on Invested Capital is 18%, and the Free Cash Flow Yield is 5%. Trading recently in the $53 area, which is significantly below its Economic Book Value of $88 per share, along with a dividend yield of 3.31%, WABC is a high-quality option in a still beaten down sector that offers substantial upside potential.

W.P. Carey (WPC)

Roger Conrad
Conrad's Utility Investor

In November, ***W.P. Carey*** *(WPC) spun off the vast majority of its office properties as* ***Net Lease Office Property*** *(NLOP). Now for the first time, the* ***Real Estate Investment Trust*** *(REIT) is focused squarely on its fastest-growing, build-to-suit properties worldwide, the largest chunk of which are industrial and logistics facilities, counsels* ***Roger Conrad****, editor of* ***Conrad's Utility Investor****.*

It's also shed of office properties, which are still going through a major retrenchment as tenants look for ways to cut down on rents and accommodate more at-home working.

Management has set a preliminary 2024 adjusted FFO guidance range of $4.60 to $4.80 per share. That reflects the NLOP spinoff, as well as the planned sale of its remaining office properties.

The REIT will start out paying approximately 86 cents a share per quarter. That's a payout ratio of about 73% based on the 2024 guidance range mid-point, and compares to a long-term target ratio in the "low—to mid-70% range."

The new payout ratio will enable Carey to fund a target of $1.5 billion in annual investment without heavy reliance on capital markets to raise funds. That, in turn, will allow the company to greatly increase dividend growth from the sub-1% rate of the past few years. Rather, the REIT will be able to offer "peer level" annual increases in the mid-single digit percentages, off a current yield of 5%-plus.

Carey's current property portfolio is 1,413 net leased "operationally critical" properties covering 171 million square feet globally, in addition to 86 self-storage properties. Prospective targets will be single-tenant, industrial, warehouse, and retail properties. The balance sheet is strong, with Moody's Baa1 (stable outlook) and S&P's BBB+ (stable) ratings among the highest for any REIT.

Carey shares currently sell at a deep discount to their price at the beginning of 2023. That reflects across-the-board weakness in REITs, the low dividend growth rate, and this autumn's uncertainty about the office property spinoff.

None of those should be meaningful headwinds in 2024. And I expect Carey to make new highs in the next couple years.

Subscribe to Conrad's Utility Investor here...