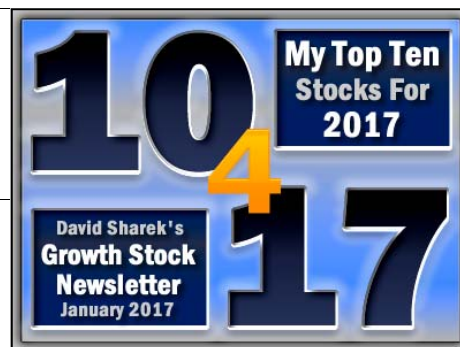




David Sharek's Growth Stock Newsletter

Searching for Tomorrow's Stock Market Winners Today



January 13, 2016

My Top Ten Growth Stocks for 2017

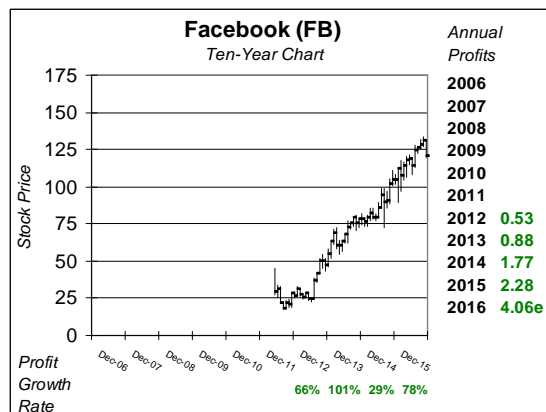
Low interest rates have taken the air right out of growth stocks the past two years, as investors put their money into high yielding conservative stocks.

In some cases, value stocks have gone so high they could remain around these levels for the next cou-

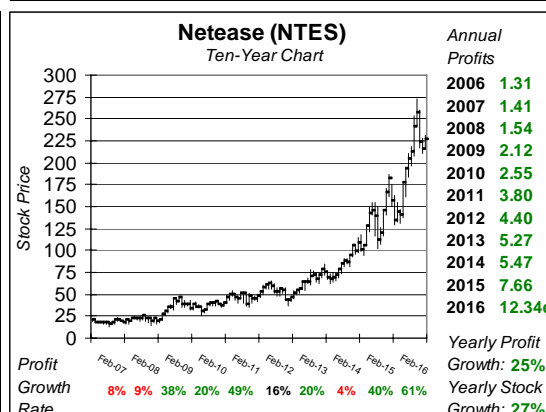
ple of years. For instance, **3M (MMM)** had a median P/E of 14 during 2008, 2009, 2010, 2011 and 2012. Now MMM has a P/E of 21 – yet is expected to grow profits just 8% in 2016. The yield of 3% attracted income investors, but now MMM is overvalued.

Interest rates are now rising, and that could mean a flow of money out of conservative stocks. It could mean good news for growth stocks, which have some catching up to do – Technology in particular. My Top Ten for 2017 is heavy on Tech, and China too.

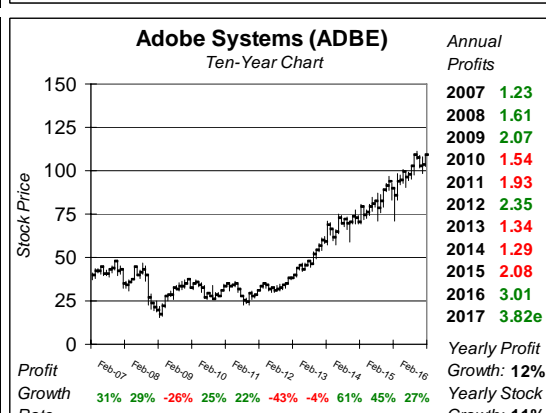
1	Facebook (FB)	Sector: Technology				
Facebook's profits are expected to climb 78% in 2016, yet the stock was up only 10% for the year. Right now FB sells for 23x 2017's profit est, and I feel it should be 40x. Also, 2017's profit est. has risen from \$3.15 to \$4.06 the last 4 qtrs, and with 4 qtrs to go maybe FB can make \$6 (40 x \$6 = \$240). FB also owns Instagram & WhatsApp – more opportunity for additional ads.						
Fair Value						
Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	4.06	x	30	=	\$121	
2017 Est	5.19	x	40	=	208	72%
2018 Est	6.55	x	40	=	262	117%



2	Netease (NTES)	Sector: Technology				
Netease has China's largest email service, the top news app on Apple's operating system, and one of China's most popular web portals in 163.com. But online games is where the money is, and Netease has the largest gaming platform in China. NTES has also been a fabulous stock, with profits up every year this decade. Netease has a P/E of just 16 (2017 est) and I think it should be 25.						
Fair Value						
Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	12.34	x	18	=	227	
2017 Est	14.60	x	25	=	365	61%
2018 Est	16.78	x	25	=	420	85%



3	Adobe Systems (ADBE)	Sector: Technology				
Digital video will become the #1 thing people do in their spare time, and Adobe's Digital Media division (including Photoshop) is what movie makers and ad people to make pictures & videos. Also, Adobe's Marketing Cloud which helps you do everything for your digital marketing campaign. Years ago, ADBE moved to a subscription model, now sales & profits grow steadily (so has the stock).						
Fair Value						
Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	3.82	x	28	=	\$109	
2017 Est	3.82	x	35	=	134	23%
2018 Est	4.79	x	35	=	168	54%



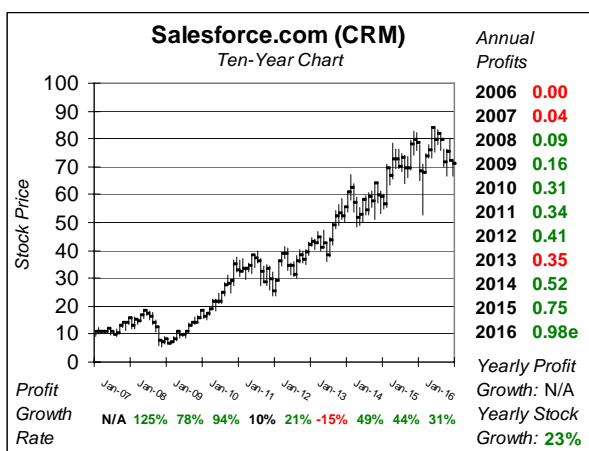
David started his career as a Financial Consultant at A.G. Edwards & Sons in 1999, investing clients in mutual funds, stocks, bonds & annuities. The 2000 stock market crash crushed his investors and left David leery of Wall Street & mutual funds. Sharek became a student of stocks, and discovered the best stocks had the highest profit growth.

In 2002 David accepted a position of Vice President—Investments at Wunderlich Securities and developed his **Growth Stock Portfolio**. Sharek's portfolio averaged a return of 24% his first five years as a portfolio manager (2003-2007), more than double the market's (S&P 500) average of 11%. David soon got client portfolios back to even.

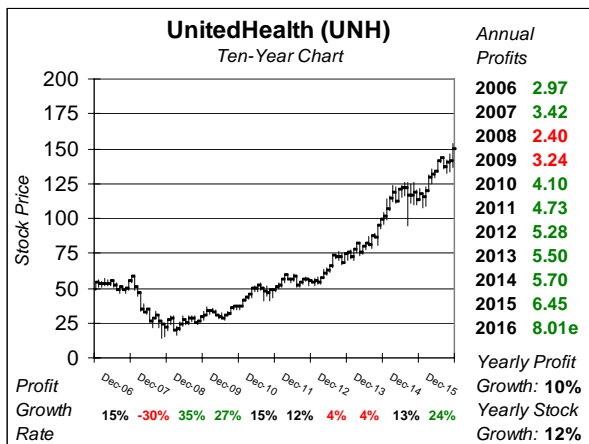
In 2008 David Sharek founded DavidSharek.com a stock research website and money management firm. Another stock market crash took the **Growth Portfolio** down 58% that year, and by 2013 client accounts hit new highs. From his office in Midtown Manhattan David Sharek does his own stock research and manages portfolios on a fee basis.

Through 2015, the **Growth Portfolio** has grown an average of 13% a year, compared to the market's average of 8% (2003-2015). \$100,000 invested at inception would have made a profit of \$175,093 vs. a \$132,313 profit in the S&P 500. Sharek's posted three years of greater than 40% returns in 12 years as a stock portfolio manager. David launched his **Conservative Growth Portfolio** on 12/31/15.

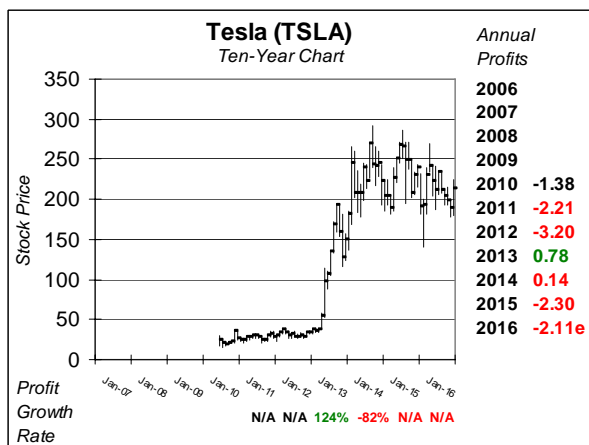
4	Salesforce.com (CRM)	Sector: Technology				
<p>Salesforce is expected to grow profits 31% in 2016 (CRM hasn't reported yet), and the stock declined 15% last year. Salesforce has the most advanced software for sales teams, with all the data on the cloud. It also focuses on YOUR individual industry needs. For example, I can get Salesforce to store my client stock holdings & returns over time, schedule sales call reminders, and send emails. CRM has a high P/E, it always does.</p>						
Fair Value						
Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	0.98	x	73	=	\$71	
2017 Est	1.28	x	73	=	93	31%
2018 Est	1.66	x	73	=	121	70%



5	UnitedHealth (UNH)	Sector: Healthcare				
<p>UnitedHealth has been profiting from two things. First, it got rid of Obamacare last year, which was losing the company money (\$0.35 a share in 2016). Second, its health benefits services company Optum is taking deals away from the competition, such as Caremark. UNH is a very safe stock, with an Est. LTG of 15% + a 2% yield and clean annual reports. If Trump gets lower drug prices, that could mean even higher profits for UNH.</p>						
Fair Value						
Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	8.01	x	19	=	\$149	
2017 Est	9.14	x	19	=	174	16%
2018 Est	10.19	x	19	=	194	30%



6	Tesla (TSLA)	Sector: Technology				
<p>Since going public in 2010, Tesla's stock had risen 40%, 7%, 19%, 344%, 48% and 8% before 2016's -11% drop. But this year might mean another leg-higher for the electric car manufacturer, which is set to produce & begin to deliver its \$35,000 Model 3 in 2017. Although Tesla's sales are growing briskly, profits aren't as it spends to grow like Amazon/Netflix. These Fair Values below are messed up because of no profits, just buy-and-hold TSLA.</p>						
Fair Value						
Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	-2.11	x	-101	=	\$214	
2017 Est	-0.65	x	75	=	N/A	N/A
2018 Est	1.34	x	75	=	101	-53%



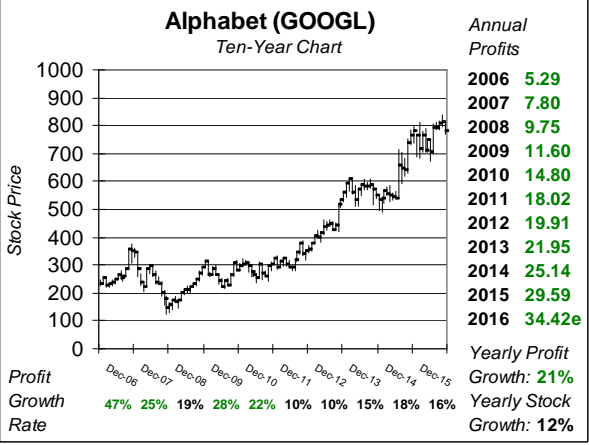
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7 Alphabet (GOOGL) Sector: Technology

Alphabet has an Est. LTG of 19% per year, with a P/E of 19 on 2017' estimate. But I feel the P/E should be 25 as this stock has a high degree of certainty & consistency because its grown profits each year since it went public. In 2016 GOOGL stock rose 2% yet its profits are expected to climb 16% for the year. Time to catch up? YouTube provides vast growth opportunity for the future.

Fair Value						
Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	34.42	x	23	=	781	
2017 Est	41.02	x	25	=	1026	31%
2018 Est	47.91	x	25	=	1198	53%

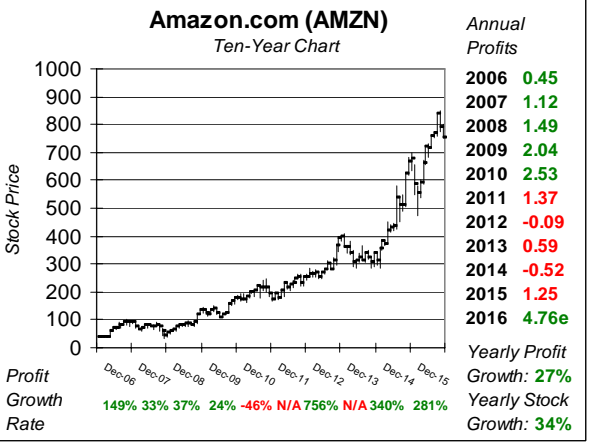


2015 was horrible year for my Top Ten list. Healthcare stocks really hurt me, and I feel the Technology names didn't go up as much as they should have. 2017's Top Ten list has an average upside to Fair Value of 36%, up from 2016's 30% (I omitted TSLA which is just reaching profitability).

8 Amazon.com (AMZN) Sector: Retail & Travel

AMZN's profitability is rising due to Amazon Web Services. Profits are expected to climb 281% in 2016, yet AMZN stock only went up 11% for the year (sigh). Now AMZN has a grocery store concept without checkouts & this week announced a credit card with 5% cash back to Prime members. Profits are estimated to climb from \$1 in 2015 to \$5 in 2016, \$9 in 2017, \$15 in 2018 and \$23 in 2019.

Fair Value						
Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	4.76	x	159	=	\$755	
2017 Est	9.01	x	75	=	676	-11%
2018 Est	16.00	x	75	=	1200	59%



Upside to 2018's Fair Values is 75%. I do wish to stress these are just guesstimates, and investors shouldn't bet on this happening.

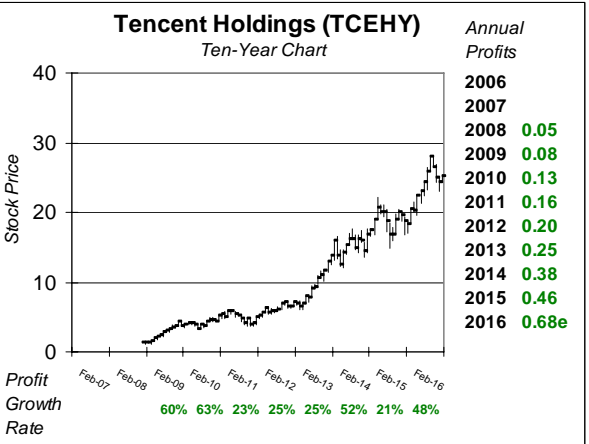
2016 Top Ten Results

Facebook (FB)	+10%
Celgene (CELG)	-3%
Restor. Hardware (RH)	-61%
Envision Hlth (EVHC)	-17%
Regeneron (REGN)	-32%
Stamps.com (STMP)	+4%
Acadia Health (ACHC)	-47%
UltimateSoftware (ULTI)	-7%
BfloWildWings (BWLD)	-3%
Adobe (ADBE)	+10%
Average	-15%
S&P 500	+10%

9 Tencent Holdings (TCEHY) Sector: Technology

Another Chinese stock that's under the radar of most investors & stockbrokers is Tencent, which is China's largest and most used Internet service portal. Brands include WeChat, an Asian form of WhatsApp. Also, TCEHY and NTES control 3/4 of China's mobile game market. The stock has a high Est. LTG of 32% a year with a P/E of 37. I really like the steady rise the stock has had in its history.

Fair Value						
Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	0.68	x	37	=	\$25	
2017 Est	0.88	x	38	=	33	33%
2018 Est	1.11	x	38	=	42	67%



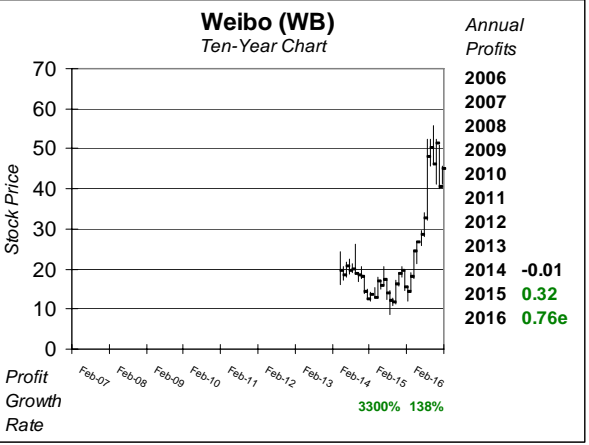
Top Ten Track Record

Year	Top Ten	S&P 500
2009	+22%	+23%
2010	+38%	+13%
2011	+2%	0%
2012	+19%	+13%
2013	+57%	+30%
2014	-9%	+11%
2015	0%	-1%
2016	-15%	+10%
Average	+14%	+10%

10 Weibo (WB) Sector: Technology

Weibo is China's version of Twitter, but Weibo grows profits. Alibaba owns around 1/3rd of WB, and advertises with them too. WB sports an impressive Est. LTG of 83% a year, and is expected to grow profits an average of 94% the next 4 qtrs. The stock sells for 36x 2017 earnings, but had a P/E of 60 during 2016. China's Internet stocks remind me of America's in the '90s.

Fair Value						
Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	0.76	x	59	=	\$45	
2017 Est	1.26	x	60	=	76	69%
2018 Est	1.82	x	60	=	109	144%



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Let us manage your stock portfolio

David Sharek manages brokerage accounts and IRAs of \$50,000 or more on a fee-basis. Returns shown here are after fees.

You own the stocks

David manages each account individually — this isn't a mutual fund — you own the stocks. Your account is in your name and is not commingled with other clients.

Fee-based account management

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Watch your account

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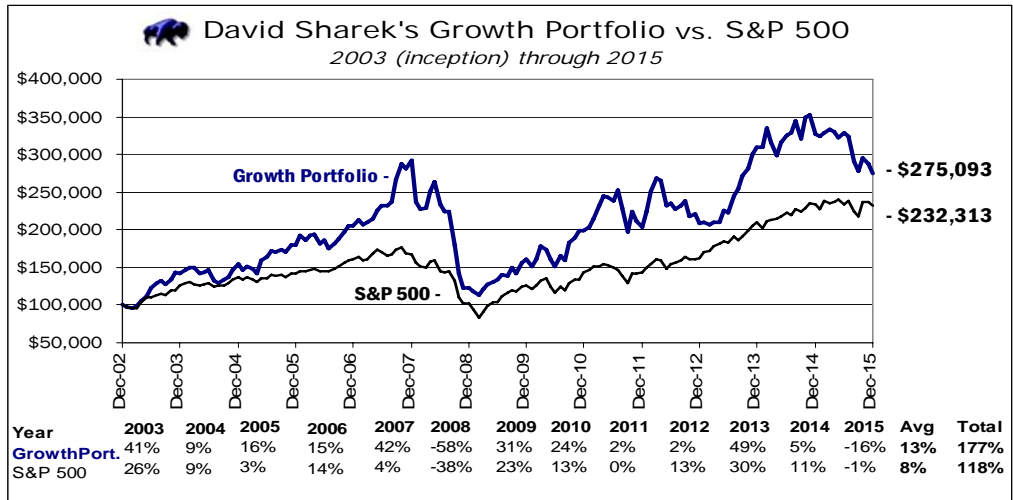


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Sector Key

Healthcare
Food & Necessities
Technology
Financial
Retail & Travel
Energy & Commodities



Power Rankings

Growth Portfolio						Conservative Portfolio					
	Ticker	Security name	Est	Yield	Est		Ticker	Security name	Est	Yield	Est
			LTG		Total				LTG		Total
					Return						Return
1	FB	Facebook	35%		35%	1	FB	Facebook	35%	0%	35%
2	NTES	Netease	27%		27%	2	GOOGL	Google	19%	0%	19%
3	ADBE	Adobe Systems	31%		31%	3	UNH	United Health	15%	2%	17%
4	CRM	Salesforce.com	30%		30%	4	HD	Home Depot	14%	2%	16%
5	UNH	UnitedHealth	15%	2%	17%	5	CELG	Celgene	23%	0%	23%
6	TSLA	Tesla	35%		35%	6	V	Visa	16%	1%	17%
7	GOOGL	Google	19%		19%	7	ORLY	O'Reilly Automotive	15%	0%	15%
8	AMZN	Amazon.com	42%		42%	8	SBUX	Starbucks	16%	2%	20%
9	TCEHY	Tencent	30%		30%	9	FDS	Factset Research	10%	2%	12%
10	WBA	Weibo	76%		76%	10	AMGN	Amgen	8%	2%	10%
11	MNST	Monster Beverage	22%		22%	11	AZO	Autozone, Inc.	12%	0%	12%
12	ULTI	Ultimate Software	23%		23%	12	ESRX	Express Scripts	15%	0%	15%
13	CELG	Celgene	23%		23%	13	DG	Dollar General	11%	2%	13%
14	HD	Home Depot	14%	2%	16%	14	SHW	Sherwin-Williams	10%	1%	11%
15	PCLN	Priceline.com	16%		16%	15	BCR	C.R. Bard	12%	1%	13%
16	BABA	Alibaba	27%		27%	16	MA	MasterCard	15%	1%	16%
17	V	Visa	16%	1%	17%	17	TD	TD Bank	6%	4%	10%
18	SBUX	Starbucks	16%	2%	20%	18	MSFT	Microsoft	10%	2%	12%
19	PANW	Palo Alto Networks	42%		42%	19	COST	Costco Wholesale	10%	1%	11%
20	NFLX	Netflix	74%		74%	20	BDX	Becton, Dickinson	13%	2%	15%
21	GPN	Global Payments	23%		23%	21	WBA	Walgreen's	12%	2%	14%
22	LKQ	LKQ Corp	27%		27%	22	JNJ	Johnson & Johnson	7%	3%	10%
23	PAYC	Paycom Software	49%		49%	23	TSCO	Tractor Supply	12%	1%	13%
24	HOMB	Home BancShares	17%	1%	18%	24	RAI	Reynolds American	11%	3%	14%
25	FIVE	Five Below	24%		24%	25	SYK	Stryker	10%	1%	11%
26	DG	Dollar General	11%	1%	12%	26	CVS	CVS Caremark	15%	1%	16%
27	ORLY	O'Reilly Automotive	15%		15%	27	DIS	Disney	10%	1%	11%
28	ESRX	Express Scripts	13%		13%	28	ECL	Ecolab	12%	1%	13%
29	BWLD	Buffalo Wild Wings	22%		22%	29	MKC	McCormick	9%	2%	11%
30	SSNC	SS&C Technologies	20%	2%	22%	30	HRL	Hormel Foods	10%	2%	12%
31	STMP	Stamps.com	18%		18%			Average	13%	1%	15%
32	ICLR	ICON	17%		17%	Stocks on the Radar					
33	CYNO	CynoSure	20%		20%	31	JPM	JPMorgan Chase	5%	2%	7%
34	WBA	Walgreen's	13%	2%	15%	32	MCD	McDonald's	10%	3%	13%
		Average	27%		27%	33	NKE	Nike	13%	1%	14%
Stocks on the Radar						34	FISV	Fiserv	13%	0%	13%
35	BFAM	Bright Horizons	18%		18%	35	MD	Mednax	15%	0%	15%
36	ULTA	Ulta Salon	21%		21%	36	ROST	Ross Stores	12%	1%	13%
37	STZ	Constellation Brands	17%	1%	18%	37	TJC	TJX Companies	11%	1%	12%
38	MA	MasterCard	15%	1%	16%	38	ITW	Illinois Tool Works	8%	2%	10%
39	OLLI	Ollie's Bargain Outlet	19%		19%	39	MTB	M&T Bank	5%	2%	7%
40	UA	Under Armour	20%		20%	40	MMM	3M	8%	3%	11%