



David Sharek's Growth Stock Newsletter

Searching for Tomorrow's Stock Market Winners Today



December 15, 2016

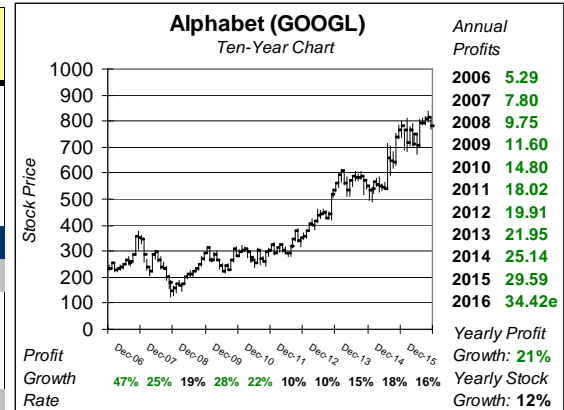
My Top Ten Conservative Stocks for 2017

The past two years have been dominated by value stocks. In 2015 investors fled to Utilities, Food & Necessities for safety and dividend yield (as bond rates were low). 2016 saw a surge in Banks and Energy, as investors anticipate a better economy.

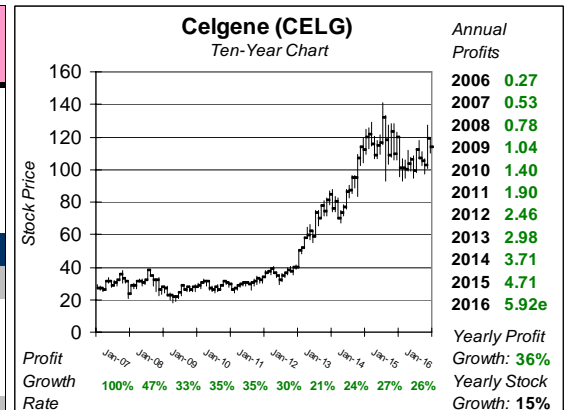
What's been left behind in all this is growth. Often, big sector moves occur when you least expect them. Bank stocks soaring after the elections. I didn't see that coming. But after a +25% move higher the move may have been played out. For a while anyway.

But in the end stock growth correlates to profit growth, and higher profit growth stocks have lagged the last two years. These ten stocks have an average *Estimated Long-Term Growth Rate* of 15%. Yet some haven't gone up in a year. Perhaps they catch up in 2017?

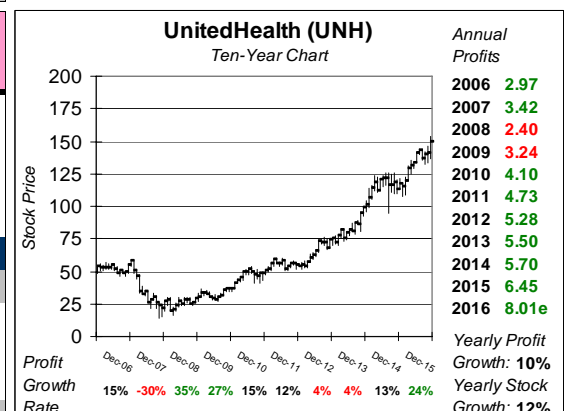
1		Alphabet (GOOGL)			Sector: Technology	
Google has been growing in the high-teens for a while and has never had a down year in profits since it went public. Normally, the stock market would give a stock of this quality a higher valuation, say a P/E around 25. But GOOGL doesn't pay a dividend so its been shunned. Profits have grown faster than the stock the last decade, these figures should be closer. GOOGL hasn't moved much in 2016.						
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%



2		Celgene (CELG)			Sector: Healthcare	
Due to political reasons, drug stocks have had a tough year. And now Trump wants to lower drug prices. But to come up with these new drugs, you have to research. And companies like Celgene put 40-50% of sales into R&D. Either way, CELG has a bunch of drugs going into Phase III trials and has an <i>Est. LTG</i> of 23% a year – yet only a 16 P/E. The P/E was 25 in 2014 & 2015.						
Fair Value						
Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	5.92	x	19	=	\$113	
2017 Est	7.03	x	20	=	141	24%
2018 Est	8.64	x	20	=	173	52%



3		UnitedHealth (UNH)			Sector: Healthcare	
UnitedHealth has been amazing this year and business is expected to be strong with the company dumping Obamacare in 2016. UnitedHealth also owns Optum, a health services company. Optum used to work with the government or companies using UnitedHealth as their health insurer, and now Optum taking deals from its competition (Caremark). Thus UNH growing profits in the teens.						
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%



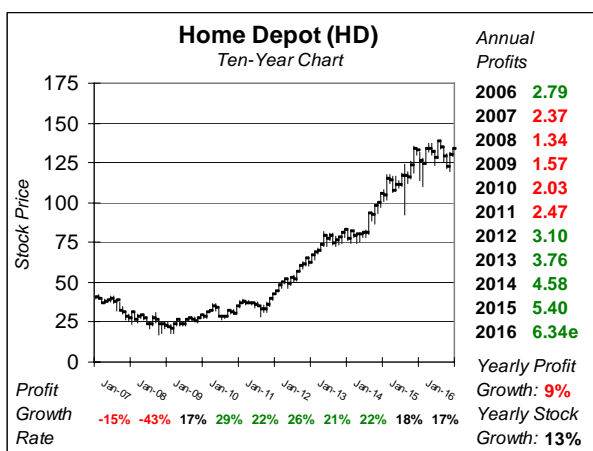
David started his career as a Financial Consultant at A.G. Edwards & Sons in 1999, investing clients in mutual funds, stocks, bonds & annuities. The 2000 stock market crash crushed his investors and left David leery of Wall Street & mutual funds. Sharek became a student of stocks, and discovered the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

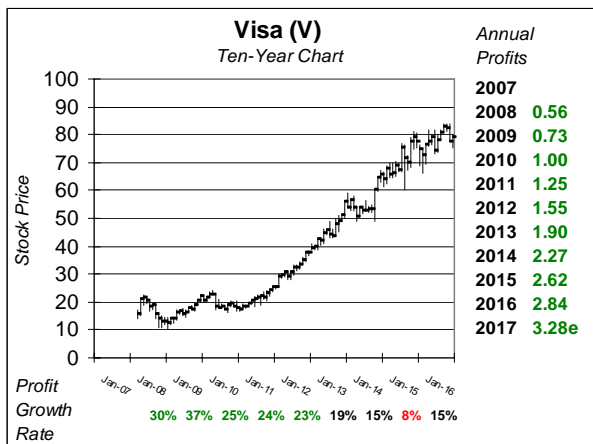
In 2008 David Sharek founded DavidSharek.com a stock research website and money management firm. Another stock market crash took the **Growth Portfolio** down 58% that year, and by 2013 client accounts hit new highs. From his office in Midtown Manhattan David Sharek does his own stock research and manages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

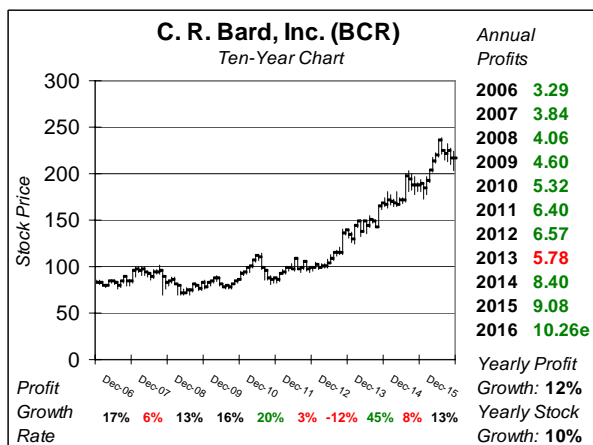
4	Home Depot (HD)	Sector: Retail & Travel				
<p>Home Depot has been under the radar from investors since 2007/2008 when profits and the stock went down in the recession. People just give up, then stocks rebound. That's what happened here. HD has an <i>Est. LTG</i> of 14% per year plus pays a 2% yield. And it now sells for 19x 2017 earnings. I feel the P/E should be 22 and with Trump in the White House we might see better economic times – and that means building and fixing up homes.</p>						
Fair Value						
Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	6.34	x	21	=	133	
2017 Est	7.16	x	22	=	158	18%
2018 Est	8.09	x	22	=	178	33%



5	Visa (V)	Sector: Financial				
<p>Visa is another stock that hasn't moved much in the past year, and I feel has some catching up to do. V has an <i>Est. LTG</i> of 16% per year plus pays a 1% dividend. Since the stock is safe and profits have grown every year, the market has given Visa a median P/E of 26 the past four years. Now? Investors have gravitated to higher yielding stocks and more recently banks. But there aren't many banks with <i>Est. LTGs</i> of more than 10% per year.</p>						
Fair Value						
Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	3.28	x	24	=	\$79	
2017 Est	3.28	x	27	=	89	12%
2018 Est	3.82	x	27	=	103	30%



6	C. R. Bard (BCR)	Sector: Healthcare				
<p>C.R. Bard was founded in 1907 and its first product relieved urinary discomfort. Today Bard makes stents, catheters and other items used in cardiology, radiology and anesthesiology. Staff hospitals use daily. The company acquires little companies than brings them in to do line extensions. It also expands into emerging markets. This is a safe stock with an <i>Est. LTG</i> of 12% per year plus a 1% yield. Analysts see 12% profit growth the next 4 qtrs too.</p>						
Fair Value						
Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	10.26	x	21	=	\$216	
2017 Est	11.40	x	21	=	239	11%
2018 Est	12.66	x	21	=	266	23%



Any information provided in this letter has been prepared from sources believed to be reliable, but is not guaranteed by DavidSharek.com and/or Shareks, LLC and is not a complete summary or statement of all available data necessary for making an investment decision. In addition, such information may be condensed or contain calculated data which should be verified by the recipient. Any information provided is for informational purposes only and does not constitute a recommendation. To the extent that financial projections are contained herein, such projections are dependent on the occurrence of future events, which cannot be assured; therefore, the actual results achieved during the projection period, if applicable, may vary from the projections. DavidSharek.com and its employees may own options, rights or warrants to purchase any of the securities mentioned in this letter. Any review, retransmission, dissemination or use of, or taking action in reliance upon this information by persons or entities other than the intended recipient is prohibited. If you received this letter in error, please contact the sender immediately and disregard.

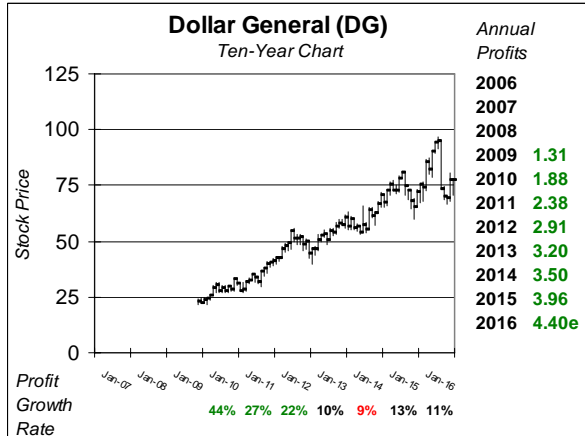


7 Dollar General (DG) Sector: Retail & Travel

Dollar General was riding high in mid-2016 producing double-digit profit growth by opening new stores, putting more refrigerators in existing locations, and buying back stock. Since 2008 DG has increased its cooler count 50% and a basket with food does 50% more sales than one without. But lower food prices are hurting sales and profits right now. Still, management has a long-term goal of 11%-17% total annual shareholder returns.

Fair Value

Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	4.40	x	18	=	\$77	
2017 Est	4.71	x	18	=	85	10%
2018 Est	5.24	x	18	=	94	22%

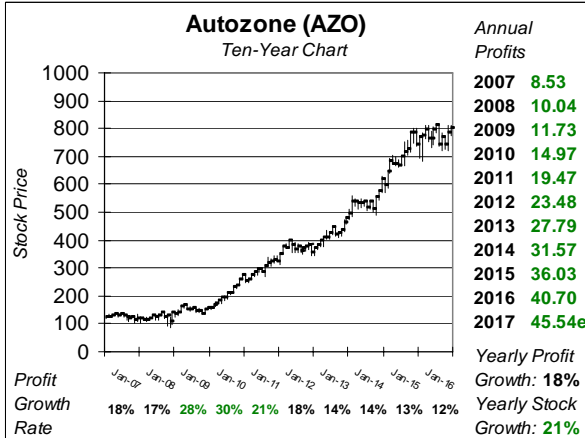


8 AutoZone (AZO) Sector: Food & Necessities

AutoZone isn't big on dividends. In fact AZO doesn't pay one. Instead management buys back buckets of stock, which increases EPS. From 1998 to 2014 management reduced AZO's share count from 160 million to 30 million. Buybacks helped profits grow 13% last qtr on just a 4% rise in sales. Since coming public in 1991 this stock has gone from \$7 to \$800, but notice AZO hasn't done much in more than a year. Will 2017 be a catch up year?

Fair Value

Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	45.54	x	18	=	\$803	
2017 Est	45.54	x	19	=	865	8%
2018 Est	50.53	x	19	=	960	20%

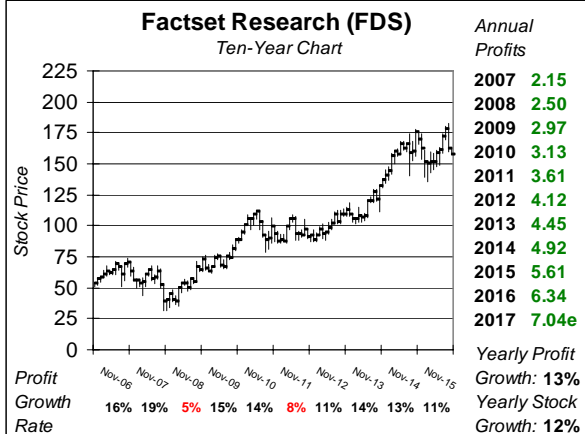


9 Factset Research (FDS) Sector: Financial

Factset Research provides financial data and analytics to hedge funds, investment managers, investment bankers, wealth managers and private equity firms. Data includes company data, market data, news and research on a subscription basis. FDS was founded in 1978 and has grown profits every year since it went public in 1996. With a good stock market FDS could raise prices 10% per year which could translate into mid-teens profit growth.

Fair Value

Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	7.04	x	22	=	\$157	
2017 Est	7.04	x	25	=	176	12%
2018 Est	7.75	x	25	=	194	23%

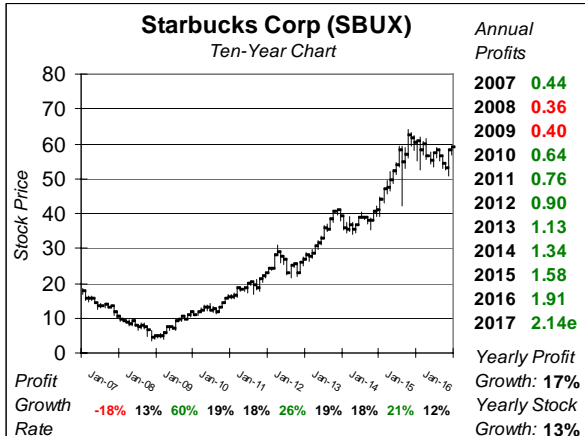


10 Starbucks (SBUX) Sector: Retail & Travel

Starbucks is a retail stock that is often richly valued. SBUX often grows profits in the high-teens yet carries a P/E of around 30 (whew). The trick with this stock is to buy it on a dip – which I did earlier this year. Now SBUX is up a little bit, but since its fiscal year end is September 30th the stock could head towards my 2018 Fair Value in late 2017. SBUX has an Est. LTG of 16% and the yield is close to 2% – that's good growth for a conservative stock.

Fair Value

Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	2.14	x	27	=	\$59	
2017 Est	2.14	x	28	=	60	2%
2018 Est	2.47	x	28	=	69	18%





Portfolio Management

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

We grow when you grow. Shareks, LLC bills client accounts 0.50 to 0.75% per quarter (2-3% per year). Fees may be tax deductible. Also, clients are charged commissions by their brokerage firm when trades are made, usually \$1 to \$7 per trade.

Watch your account

Clients can log online and view their accounts at anytime.

Security

Shareks, LLC is registered with the State of New York as an investment advisor (RIA). Accounts are kept safe at brokers such as Scottrade and Interactive Brokers



Shareks Stock Portfolios
230 East 30th St. Suite 15G
New York, NY 10016

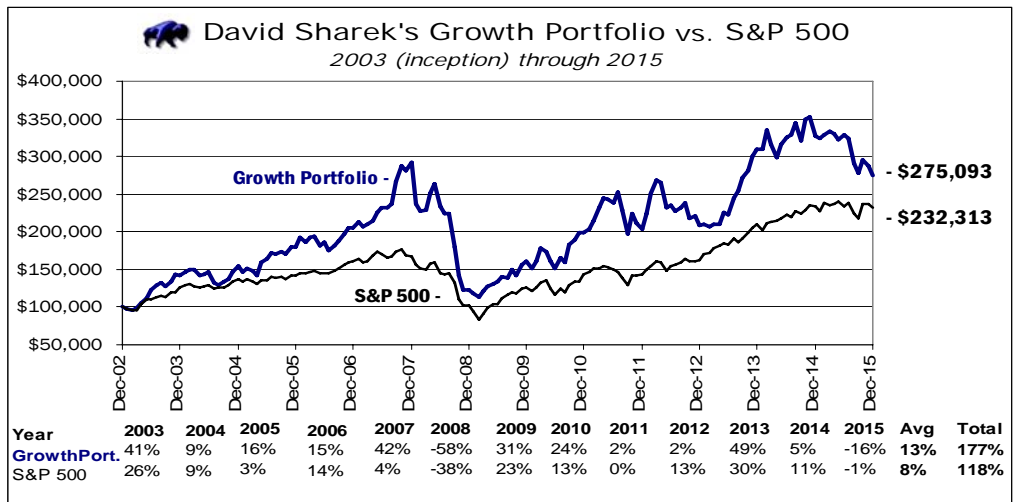


School of Hard Stocks
555 Fifth Ave. 14th Floor
New York, NY 10037

917.657.8126 info@davidsharek.com

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