



David Sharek's Growth Stock Newsletter

Searching for Tomorrow's Stock Market Winners Today

March 9, 2018

Five New Hot Stocks For 2018

The stock market of today is a great place to find new up-and-coming companies making waves in the new economy.

2018 is turning out to be very similar to 2017 in that the hot stocks are primarily in software, including popular apps, and financial technology.

This month I focus on five new hot stocks that investors might not be aware of.

In business, companies are utilizing advanced software to run

their businesses. **Upland Software (UPLD)** and **ServiceNow (NOW)** are young leaders in this space.

People are utilizing their phone for news and purchases more than ever. That's good news for **Grubhub (GRUB)** and **Twitter (TWTR)**, which both had profits that exceeded estimates last qtr.

Lastly, **Square (SQ)** could become the answer for businesses to accept crypto-currencies like Bitcoin. But even without that, SQ stock is riding high.

Five NEW
Hot Stocks
For 2018

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New Addition – Upland Software (UPLD)

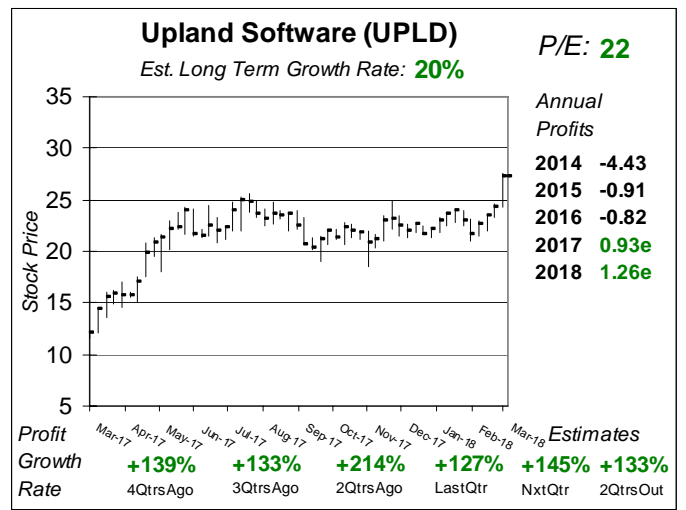
Upland Software (UPLD), is a provider of cloud-based work management software to more than 2500 clients and over 250,000 users. This company reminds me of Workday, or Salesforce and both of those stocks have very high P/Es.

If I put a *Fair Value* of 45x on 2018 earnings estimates I get a

Fair Value of \$\$57 a share for UPLD – more than double the current price. But the most interesting thing is this stock broke out on high volume this past Monday.

I added UPLD to the **Growth Portfolio** and **Aggressive Growth Portfolio** this week. I think it has a lot of upside.

Fair Value						
Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	0.93	x	29	=	\$27	
2018 Est	1.26	x	45	=	57	108%
2019 Est	1.28	x	45	=	58	111%



About David Sharek

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 **Growth 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%.

In 2008 David Sharek founded Sharek's Stock Portfolios. But an-

other stock market crash took the **Growth Portfolio** down 58% that year. Still, by 2013 client accounts hit new highs.

Today, David continues to do his own stock research and manages portfolios on a fee basis from his offices in Midtown Manhattan.

Sharek's **Growth Portfolio** has grown an average of 13% a year, compared to 9% for the S&P 500.

\$100,000 invested in the **Growth Portfolio** at inception would have made a profit of almost \$250,000 vs. just over \$200,000 in the S&P.

David's posted four years of +40% returns in his 15 year career. You can reach him directly at +1 917 657 8126 or email him at david@davidsharek.com.



Stock Research

Use Our Online Stock Research

If you like stock market news and read stock research, visit schoolofhardstocks.com for:

- Stock Market News
- get Sharek's Take
- read Research Reports
- see Stocks on the Radar
- download David Sharek's Growth Stock Newsletter each month

Here are some recent stock research reports:

Frank's Red Hot is Making McCormick a Hot Stock

Frank's Red Hot (MKC) 2017's acquisition of Reckitt, which owned French's and Frank's Red Hot is helping boost McCormick's (MKC) profits and sales.

This is a Great Time to Board the J&J Train

Johnson & Johnson (JNJ) is more than 10% off its highs. And with profits growing strong, I feel this is a great time to get mom and pop aboard the J&J train.

S&P Global Keeps Beating the Street

S&P Global (SPGI) keeps beating the street as SPGI's CFO said the "trend of assets moving into passive investments shows no signs of letting up."

I Don't Understand the Love Investors Have for Nike

Nike (NKE) just had profits decline the past 2 qtrs. But that hasn't hurt the stock as its jumped from the low-\$50s to the high-\$60s since last Fall.

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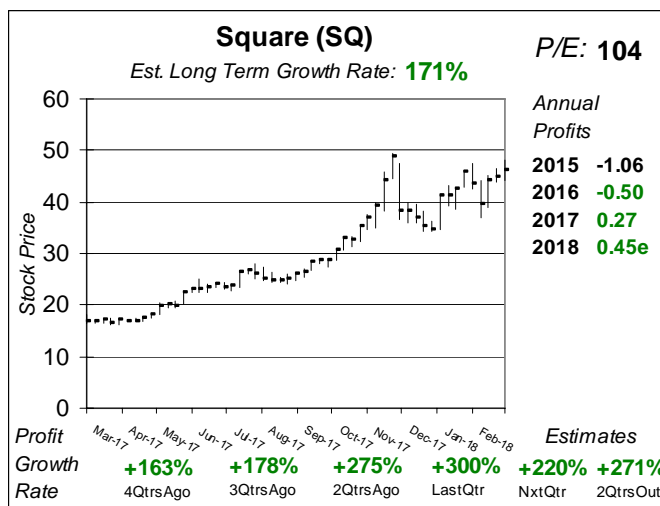
New Addition – Square (SQ)

Square (SQ) is a payment processor that pioneered credit card processor for mobile payments. Square is evolving into an Internet money transfer leader.

SQ broke out this week on high volume after the company CEO Jack Dorsey made remarks about Bitcoin, and mentioned Square has a team learning the technology. Investors took that as a hint

that Square might someday facilitate orders being paid for using Bitcoin. SQ stock jumped on the news. And with triple-digit profit growth this stock has the momentum to move higher. But, with a P/E over 100, investors have to be careful.

I purchased SQ in the **Growth Portfolio**, but it will be a small position at this time.



Fair Value

Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	0.45	x	104	=	\$47	
2018 Est	0.45	x	75	=	45	-4%
2019 Est	0.75	x	75	=	75	61%

Stocks on the Radar – Grubhub (GRUB)

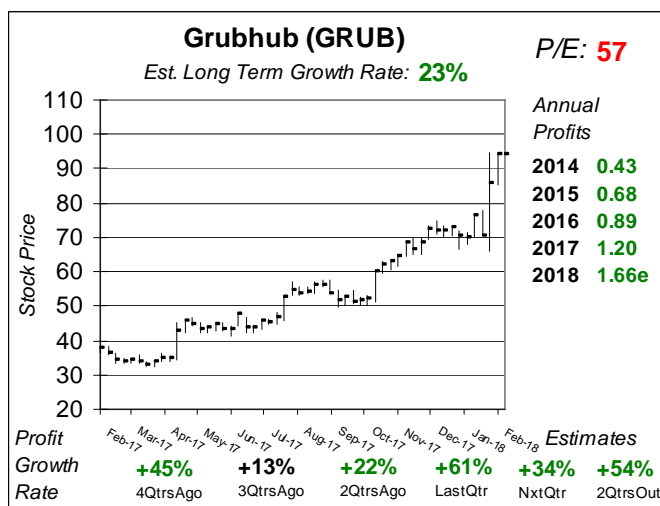
Grubhub (GRUB) has more than 75,000 restaurants on its app in more than 1100 U.S. cities serving 10 million customers. The company has grown both organically and via acquisitions.

GRUB beat analyst estimates of 35% profit growth last qtr when it delivered 61% growth. And also inked a deal to be the app/

delivery service for KFC/Taco Bell.

Unfortunately, this stock is too high to buy right now, as its more than double what it was a year ago. Also, the P/E of 57 is high. Thus, Grubhub is on the radar.

I should have already had it in the **Growth Portfolio** but I obviously didn't anticipate the Yum!



Fair Value

Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	1.66	x	57	=	\$94	
2018 Est	1.66	x	50	=	83	-12%
2019 Est	2.18	x	50	=	109	15%



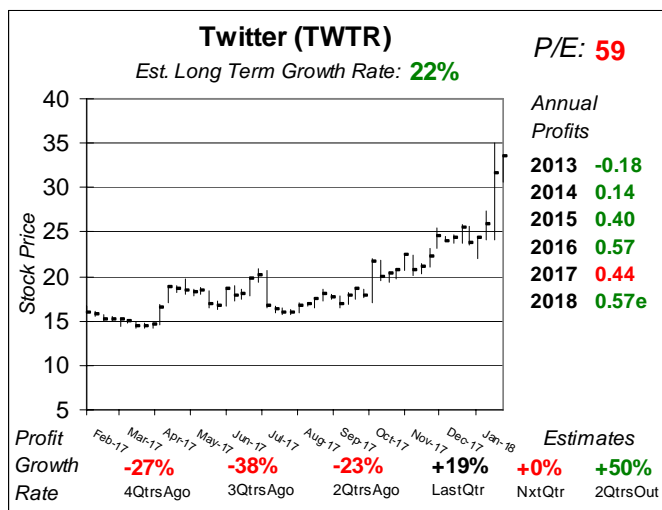
Stocks on the Radar – Twitter (TWTR)

Twitter (TWTR) is a hot stock, believe it or not. But looking at the stock now, it looks extended on the chart, and has a P/E of 59.

Twitter is now the top news source app in my opinion, as Facebook (FB) is moving away from news in its feeds. That's a plus for Twitter.

Last qtr was a great one for TWTR as it had was expected to have profits decline year-over-year and instead had profits up 19%. But the negative is the stock is too high to buy in my opinion.

It seems TWTR has righted the ship, but I need to let the stock settle down before buying in. TWTR is on my radar



Fair Value						
Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	0.57	x	59	=	\$33	
2018 Est	0.57	x	45	=	26	-23%
2019 Est	0.67	x	45	=	30	-10%

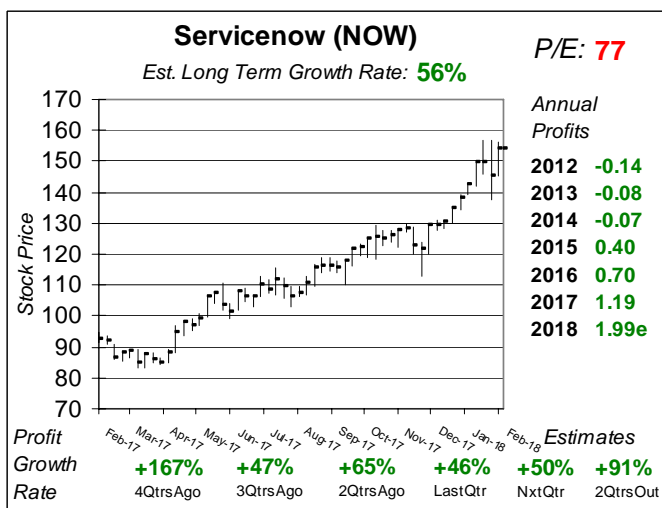
Current Holding – ServiceNow (NOW)

ServiceNow (NOW) NOW is one of the fastest growing software stocks to own, and reminds me a lot of Salesforce.com (CRM) and Workday (WDAY), but the recent surge in the stock price has zapped much of the upside I envisioned for 2018.

its expected to climb close to 70% this year the stock is hot. A little too hot. NOW is extended in the charts, and with a P/E of 77 I feel investors would be better off waiting to make any additional purchases.

ServiceNow has an excellent Est. LTG of 52% a year and with prof-

ServiceNow is a stock in the Growth Portfolio. I feel someday CRM or WDAY will acquire it.



Fair Value						
Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	1.99	x	77	=	\$154	
2018 Est	1.99	x	75	=	149	-3%
2019 Est	2.94	x	75	=	221	43%



Stock Education

During 2003-2006 David wrote the portfolio management blueprint, *The School of Hard Stocks*, and executed the plan. During those four years he used this strategy to compile a compounded return of 100.57%.

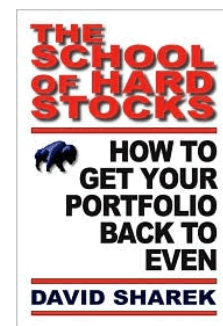
portfolios 42% and beat the market (S&P 500) by 39%.

Completed at the end of 2006, Sharek used *The School of Hard Stocks* in 2007 to grow stock

In January 2008 David wrote a postscript to the book and had *The School of Hard Stocks* published through Amazon.com and Barnes & Noble. In the postscript he wrote to hold Apple (AAPL), Baidu.com (BIDU), Google (GOOG) Intuitive Surgical

(ISRG), Priceline.com (PCLN) and Research in Motion (RIMM). Five of those six stocks continue to be stock market leaders and are in his portfolios today. Read more and look inside at schoolofhardstocks.com.

Buy it Now Buy it Now



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Portfolio Management

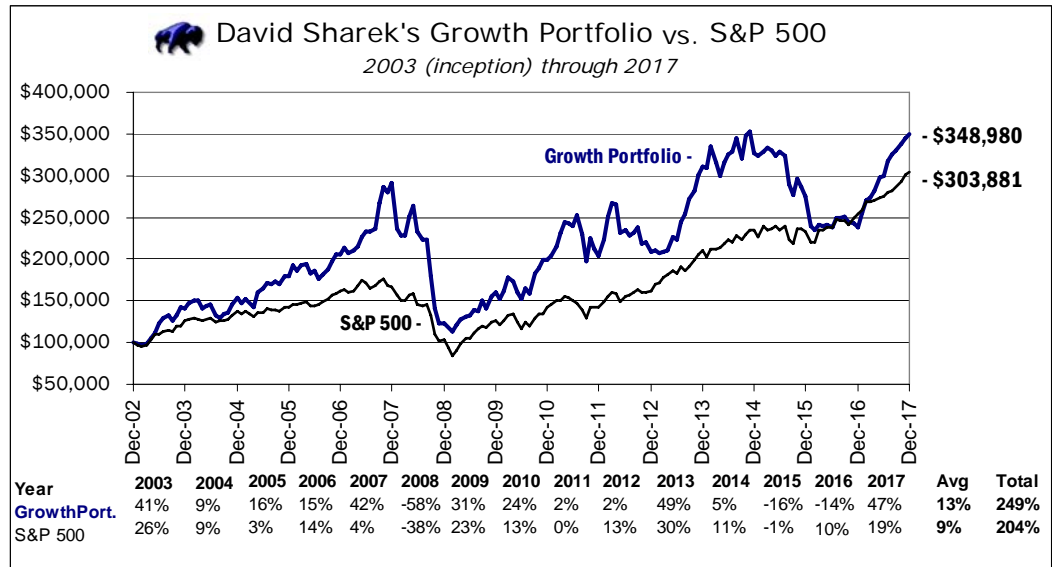
Let us manage your stock portfolio

David Sharek manages brokerage accounts and IRAs on a fee-basis. Returns shown here are after fees. Minimum account size: \$100,000.

David Sharek personally manages each stock portfolio individually.

Account types include individual accounts, joint accounts and IRAs.

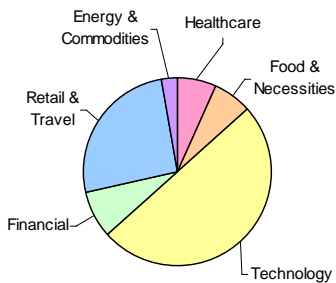
Clients can log online and view their accounts at any time.



Interactive Brokers

Sector Key

Healthcare	7%
Food & Necessities	7%
Technology	52%
Financial	8%
Retail & Travel	27%
Energy & Commodities	3%



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Growth Portfolio - Holdings as of 12/31/17

Security name	Ticker	Portfolio Percent	Est LTG	Yield	Est. Total Return	Price	2018 Fair Value	Upside/Downside to FV
1 Alibaba	BABA	7.4%	33%	0%	33%	\$172	\$270	57%
2 Facebook	FB	7.1%	27%	0%	27%	\$176	\$245	39%
3 Weibo	WB	6.5%	66%	0%	66%	\$103	\$177	71%
4 Tencent	TCEHY	6.5%	40%	0%	40%	\$52	\$61	17%
5 YY	YY	5.1%	30%	0%	30%	\$113	\$179	58%
6 Adobe Systems	ADBE	4.9%	23%	0%	23%	\$175	\$223	27%
7 PayPal	PYPL	3.4%	21%	0%	21%	\$74	\$91	24%
8 UnitedHealth	UNH	3.2%	15%	1%	16%	\$220	\$238	8%
9 Amazon	AMZN	3.2%	20%	0%	20%	\$1,169	\$1,004	-14%
10 Salesforce.com	CRM	3.0%	25%	0%	25%	\$102	\$130	27%
11 Tesla	TSLA	2.9%	35%	0%	35%	\$311	\$378	21%
12 Constellation Brands	STZ	2.9%	17%	1%	18%	\$229	\$222	-3%
13 Ollie's Bargain Outlet	OLLI	2.8%	19%	2%	21%	\$53	\$50	-6%
14 New Oriental Education	EDU	2.7%	32%	0%	32%	\$94	\$109	16%
15 Apple	AAPL	2.6%	11%	2%	13%	\$169	\$206	22%
16 Global Payments	GPN	2.6%	19%	0%	19%	\$100	\$122	22%
17 Domino's Pizza	DPZ	2.5%	19%	1%	20%	\$189	\$207	10%
18 Netflix	NFLX	2.5%	61%	0%	61%	\$192	\$181	-6%
19 Workday	WDAY	2.4%	108%	0%	108%	\$102	\$145	43%
20 Five Below	FIVE	2.4%	22%	0%	22%	\$66	\$63	-5%
21 Visa	V	2.3%	17%	1%	18%	\$114	\$114	0%
22 Paycom Software	PAYC	2.3%	28%	0%	28%	\$80	\$92	15%
23 Home Depot	HD	2.3%	13%	2%	15%	\$190	\$191	1%
24 Netease	NTES	2.2%	13%	0%	13%	\$345	\$300	-13%
25 Alphabet	GOOGL	2.1%	21%	0%	21%	\$1,053	\$1,247	18%
26 Baozun	BZUN	2.0%	69%	0%	69%	\$32	\$46	46%
27 Celgene	CELG	2.0%	21%	1%	22%	\$104	\$155	49%
28 JD.com	JD	2.0%	140%	0%	140%	\$41	\$65	57%
29 Priceline	PCLN	1.9%	16%	0%	16%	\$1,738	\$2,078	20%
30 SS&C Technologies	SSNC	1.9%	14%	1%	15%	\$40	\$49	21%
31 Ulta Salon	ULTA	1.9%	18%	0%	18%	\$224	\$266	19%
32 Regeneron	REGN	1.7%	18%	0%	18%	\$376	\$582	55%
33 Baidu	BIDU	1.7%	26%	0%	26%	\$234	\$305	30%
34 Monster Beverage	MNST	1.6%	20%	0%	20%	\$63	\$51	-19%
35 Starbucks	SBUX	1.5%	15%	2%	17%	\$57	\$59	3%
36 The Trade Desk	TTD	1.5%	35%	0%	35%	\$46	\$54	18%
Cash		-7.4%						
Total		100.0%	31%	0%	32%			21%