

## David Sharek's Growth Stock Newsletter

Searching for Tomorrow's Stock Market Winners Today

#### May 7, 2018

### **Retail is Looking Strong this Spring**

One of the hottest sectors in the stock market is retail — with clothing sales and home renovations leading the way.

With people tending to Netflix and chill at home, renovating living environments is on the list of big projects households make. Thus, **Home Depot (HD)** and flooring company **Floor & Décor (FND)** are thriving.

And with many malls having vacancies, off-price clothing stores like Ross Stores (ROST) and TJX (TJX) are taking market share.

These stores also have lasting power. Yesterday, I saw a set of boxer shorts at TJ Maxx that were half the price of the same set at Amazon.

Speaking of store closings, Toys R Us's pain is good for **Five Below (FIVE)** as well as **Ollie's Discount Stores (OLLI)**.

Some of these retail stocks are actually safe investments. Home Depot, TJX and Ross Stores have high safety ratings and make enough cash coming in they buyback their own stock.

# Retail is Looking Strong this Spring



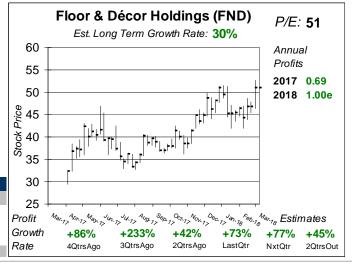
**David Sharek's Growth Stock Newsletter** 

### **Current Holding — Floor & Décor (FND)**

Floor & Décor (FND) is a hard surface flooring retailer that really has the best growth opportunity of any retail stock I'm aware of. Founded in 2000, F&D offers the flooring industry's broadest assortment of tile, wood, laminate and stone flooring in huge 70,000 sq ft warehouse formats, compared to home improvement centers

which dedicate just 3000 to 5000 ft to hard surface flooring. As of fiscal year end 2016 the company had just 69 stores in operation, and expanded that into 83 warehouse stores in 2017. Management plans on having 100 stores by the end of 2018 and with a potential of 400 nationwide, there's great growth opportunity here.

Fair Value						
Year	Profits	Х	P/E	=	Price	Upside/Downside
This Qtr	1.00	Х	51	=	\$51	
2018 Est	1.00	Х	55	=	55	8%
2019 Est	1.28	Х	55	=	70	38%





## **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 another 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 (since inception in 2003).



lio 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.



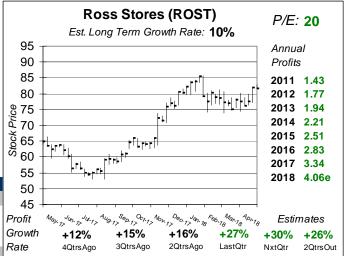


### **Current Holding — Ross Stores (ROST)**

Ross Stores (ROST) is on a serious roll right now. The stock's gone from \$55 to \$85 during the past six months, and with profits expected to climb 22% this year ROST has fuel to move even higher. But the big news is success isn't new to Ross, as the company is build to last, with management that (1) opens new locations (2) buys back stock and

(3) pays a dividend. The company has repurchased stock as planned every year since 1993 and upped the dividend each year since its inception in 1994. The stock has an Est. LTG of 10% a year in addition to a 1% yield, and possesses a P/E of 20. I feel with profits expected to grow greater than 20% this year, ROST can earn a 26 P/E.

Fair Value						
Year	Profits	Х	P/E	=	Price	Upside/Downside
This Qtr	4.06	Х	20	=	\$82	
2018 Est	4.06	Х	26	=	106	29%
2019 Est	4.49	Х	26	=	117	43%

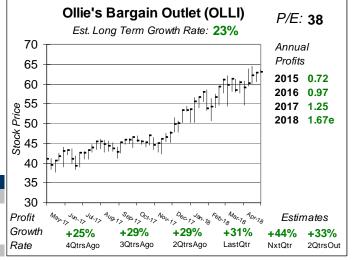


## **Current Holding — Ollie's Bargain Outlet (OLLI)**

ers a treasure-hunt shopping experience in offering closeout products bought at a discount and then selling them for 20-70% off retail and still making a healthy 15% pre-tax profit. as founded in 1982 in Pennsylvania but didn't go public until July 2015 (at \$16 a share). Since 2011 the company has gone

Ollie's Bargain Outlet (OLLI) deliv- from 100 stores to 268 and has a total opportunity of 950 in the US. Management anticipates opening 36 to 38 stores in 2018. The company has never lost money on a single store. This is a solid investment for growth oriented investors, the only knock is the stock isn't at a discount price like the items in its stores are.

Fair Value						
Year	Profits	Х	P/E	=	Price	Upside/Downside
This Qtr	1.67	Х	38	=	\$63	
2018 Est	1.67	Х	38	=	63	1%
2019 Est	1.97	Х	38	=	75	19%

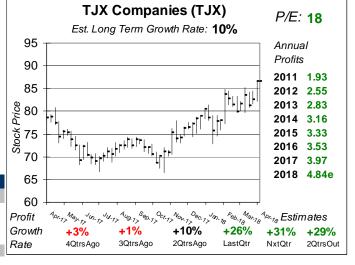


## **Current Holding — TJX Stores (TJX)**

TJX (TJX) is a powerhouse, with 1000 buyers in 10 countries around the world buying from 17,000 vendors in over 100 countries. In 2017 it opened its 4000th store and sees an opportunity to have 5500 stores. TJX brands include T.J. Maxx, Homegoods, Marshalls and Sierra Trading Post. The stock's been an All-Time winner as its soared from

\$0.10 in 1980 to \$87 now. TJX makes more than \$3 billion a year in cash and spends more than half on stock buybacks. This is a safe stock with a 2% yield. Store growth of 5% in addition to mid-single digit same store sales and a solid stock buyback program make it possible for TJX to grow profits around 10% to 12% a year long-term.

Fair Value						
Year	Profits	Х	P/E	=	Price	Upside/Downside
This Qtr	4.84	Х	18	=	\$87	
2018 Est	4.84	Х	23	=	111	29%
2019 Est	5.31	Х	23	=	122	41%

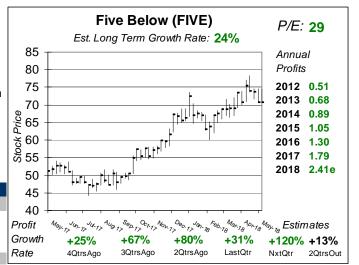


### **Current Holding — Five Below (FIVE)**

Five Below (FIVE) is one of the best retail stocks there is and now the closing of Toys R Us stores could help boost results further than projected. Five Below is a dollar-store concept for kids and teens that sells merchandise such as toys, games, party items, sports gear, clothes, candy & electronics for between \$1 and \$5 each. During the past

four years, Five Below has grown its store count at a rate of 20% per year from 366 to 437, 522 and 625. Management had a long-term goal of 2000 stores nationwide, and now thinks it can have 2500 stores nationwide. Five Below believes it can grow sales and profits 20% a year through 2020. I think this is a 30% grower.

Fair Value	!					
Year	Profits	Х	P/E	=	Price	Upside/Downside
This Qtr	2.41	Х	29	=	\$71	
2018 Est	2.41	Х	35	=	84	19%
2019 Est	2.93	Х	35	=	103	45%

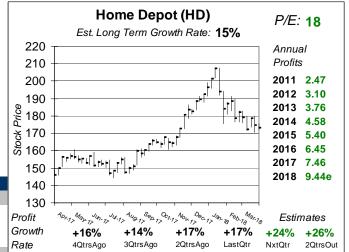


## **Current Holding — Home Depot (HD)**

Home Depot (HD) may be big, but sales. Home Depot is getting is still growing strong. During the past two years, HD has grown it's number of stores from 2274 to 2284. That's not much. Still, profits increased from \$5.40 to \$7.46. This company is taking mid single-digit sales growth and getting mid-teens profit growth out of it - with almost all the sales year in addition to a juicy 2% growth coming from same store

more out of its stores via big ticket sales (those above \$900), which increased 10% last gtr and account for 22% of overall sales. This stock is safe, reasonably priced with an 18 P/E, and comes with an Estimated Long-Term Growth Rate of 15% per yield.

<b>Fair Value</b>						
Year	Profits	Х	P/E	=	Price	Upside/Downside
This Qtr	9.44	Х	18	=	173	
2018 Est	9.44	Х	24	=	227	31%
2019 Est	10.19	Х	24	=	245	42%



# **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%.

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

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

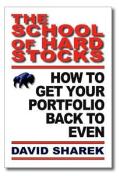
In January 2008 David wrote a postscript to the book and had The School of Hard Stocks published through Amazon.com and Barnes & Noble. In the postscript he wrote to hold Apple (AAPL), Baidu.com (BIDU), Google (GOOG) Intuitive Surgical

(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.

amazon.com. **Buy it Now** 

**Buy it Now** 

BARNES&NOBLE



Any information provided in this letter has been prepared from sources believed to be reliable, but is not guaranteed by SchoolofHardStocks.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 construe 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. SchoolofHardStocks.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.

#### **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.

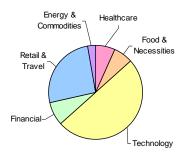
Account types include individual accounts, joint accounts and IRAs.

Clients can log online and view their accounts at anytime.



#### **Sector Key**

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





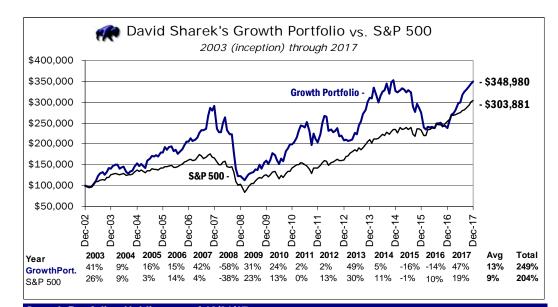
#### **Shareks Stock Portfolios**

230 East 30th St, Suite 15G New York, NY 10016 +1 917 657 8126



#### **School of Hard Stocks**

99 Madison, 5th Floor New York, NY 10037 +1 917 657 8126



Security name	Ticker	Portfolio	Est	Yield	Est.	Price	2018	Upside/
		Percent	LTG		Total		Fair	Downside
					Return		Value	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		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%