



David Sharek's Growth Stock Newsletter

Searching for Tomorrow's Stock Market Winners Today

December 21, 2018

Buy the Financials

I feel now is the time to buy the Financials.

This week, Nearly 60% of Financials fell to a 52-week low, 5th-most out of all days since 1990.

In addition, out of 7,300 trading days since 1990, Wednesday's percentage of new lows among financial stocks is larger than 7,296 of them. (source: Senti-mentrader)

So, Financial stocks are terrible. Which makes this the time to buy. The stocks are down and

valuations are cheap.

With business booming and unemployment low, any recession forthcoming (2020?) would be slight.

And most stocks are down 20% to 25% already. We've already had a Bear Market. At this point even if there is a recession most if not all the bad news is already priced in.

When the market does rally again, Tech stocks and Financials should lead the way.



Current Holding – JP Morgan (JPM)

JP Morgan (JPM) is growing quite nicely now, and good growth is expected to continue into 2019, as analysts expect profits to rise 9%.

JPM's profits are expected to climb 29%, 14%, 13% and 7% the next 4 qtrs, which is not bad. And it's beaten estimates every qtr during the past three years,

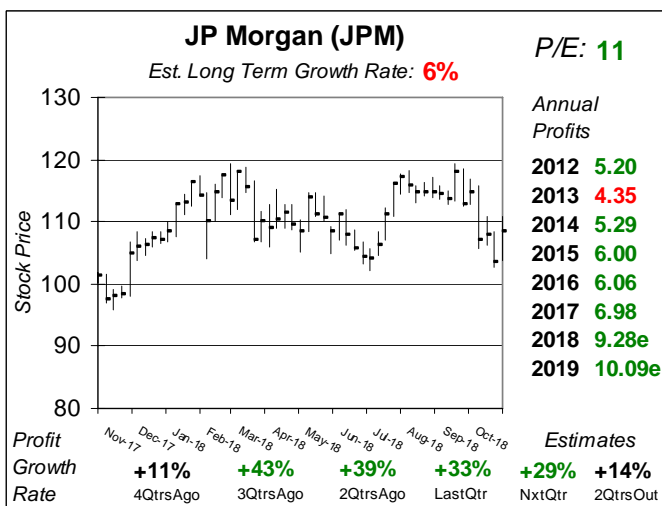
so perhaps profits will grow faster than we think.

This one-year chart was done on 11/4 when JPM was \$108. Now the stock is \$96, making the P/E just 9.5. So cheap.

JPMorgan also pays a dividend yield of 3%. The stock is part of the **Conservative Growth Portfolio**.

Fair Value

Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	9.28	x	12	=	\$108	
2019 Est	10.09	x	13	=	131	21%
2020 Est	10.99	x	13	=	143	32%



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 14% a year,

compared to 9% for the S&P 500 (since inception in 2003).

\$100,000 invested in the **Growth Portfolio** at inception would have made a profit of more than \$300,000 vs. just over \$200,000 in the S&P.

David's posted four years of +40% returns in his 15 year career.





Current Holding – SS&C Technologies (SSNC)

SS&C Technologies (SSNC) isn't really a Financial company, but it does work in the field.

SS&C owns financial software that money managers and analysts use to manage portfolios. The company is big on making acquisitions to spur growth, including Citi Alternative Investor Services and Wells Fargo Fund Services.

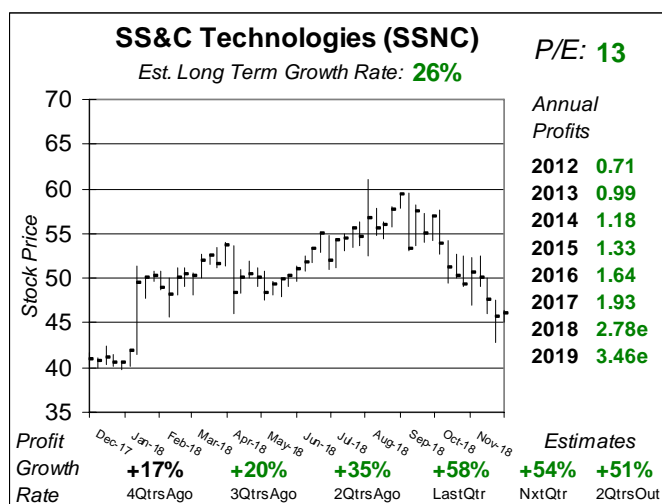
Acquisitions are boosting profit growth big time, but the stock is still caught in this downdraft.

It's rare to see a company growing profits 50% while having a P/E of just 13 (well 12 now as the stock's \$42 today).

SSNC has huge upside to my 2019 Fair Value. The stock is part of the **Growth Portfolio**.

Fair Value

Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	2.78	x	17	=	\$46	
2019 Est	3.46	x	23	=	80	73%
2020 Est	3.95	x	23	=	91	97%



Current Holding – MasterCard (MA)

MasterCard (MA) has a beautiful ten-year chart, doesn't it? Such an amazing investment. People like to invest in index funds, but there's a lot of safer stocks like this delivering double-digit returns.

MasterCard is having a banner year, but some of this growth (41% expected in 2018) is from

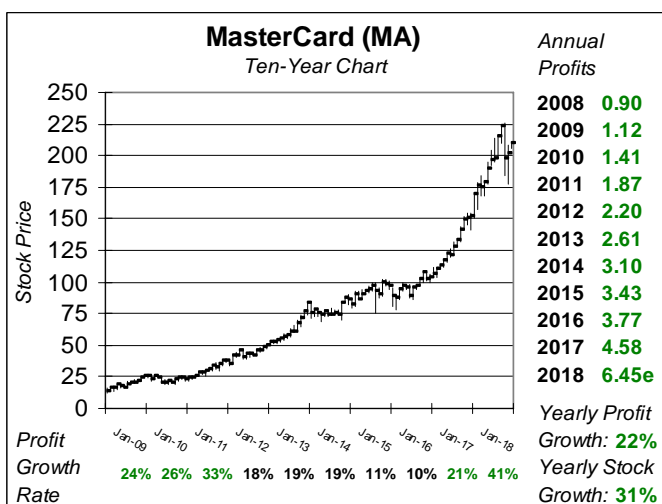
tax law changes that boosted profits. Profits are still expected to climb 17% in 2019.

MA is a safe stock, has grown more than 15% a year, pays a dividend, and buys back stock. This is a cream of the crop stock, in my opinion.

MA is part of the **Growth Portfolio** and **Conservative Portfolio**.

Fair Value

Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	6.45	x	33	=	\$210	
2019 Est	7.54	x	32	=	241	15%
2020 Est	8.89	x	32	=	284	36%



Current Holding – Global Payments (GPN)

Global Payments (GPN) is a payment processor and much more. The company is using its profits to acquire software companies that utilize credit cards to make purchases.

GPN recently acquired ACTIVE Networks, which does events like team sports, IRONMAN and Spartan, AdvancedMD, a provider of

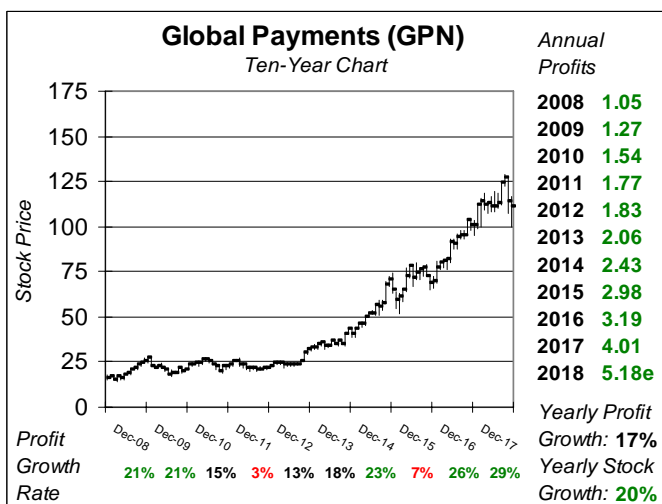
medical software, and SICOM, which makes software for quick service restaurants.

GPN stock is \$97 today, and my 2019 Fair Value is \$132. The ten-year chart is to the right.

Global Payments has been in the **Growth Portfolio** for years, and I just added it to the **Aggressive Growth Portfolio**.

Fair Value

Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	5.06	x	22	=	\$112	
2018 Est	5.06	x	26	=	132	18%
2019 Est	5.87	x	26	=	153	37%



Current Holding – Visa (V)

Visa (V) is very similar to MasterCard as an investment. In fact, the two companies are almost identical in terms of growth rates and valuations.

To the right is a profit history table of V. This table is a great example of how simple it is to uncover stock market winners if you do your homework. Note here that V has grown profits every year during the last decade. The stock is up around 10x what it was ten years ago. It would be difficult to get a ten-fold gain trading stocks.

Like MasterCard, Visa is a safe stock, has grown faster than 15% a year, pays a dividend and management buys back stock.

Visa stock is currently \$125, giving it substantial upside when we look out to 2019 (and 2020 as well).

MA is \$178, down from \$210 when that chart was done earlier this month.

V is part of the **Conservative Growth Portfolio** and **Growth Portfolio**.

Profit History							
Year	Profits	x	P/E	=	MedPrice	Dividend	Yield
2009	\$0.73	x	23	=	\$16	\$0.11	0.7%
2010	1.00	x	20	=	20	0.13	0.6%
2011	1.25	x	17	=	21	0.17	0.8%
2012	1.55	x	20	=	31	0.25	0.8%
2013	1.90	x	25	=	47	0.35	0.7%
2014	2.27	x	26	=	58	0.42	0.7%
2015	2.62	x	27	=	71	0.50	0.7%
2016	2.84	x	26	=	75	0.59	0.8%
2017	3.48	x	26	=	90	0.66	0.7%
2018	4.61	x	27	=	123	0.88	0.7%

Fair Value							
					Upside/Downside		TotRetrn
This Qtr	\$5.33	x	27	=	\$145		
2019 Est	5.33	x	32	=	171	18%	18%
2020 Est	6.20	x	32	=	198	37%	38%

Current Holding – PayPal Holdings (PYPL)

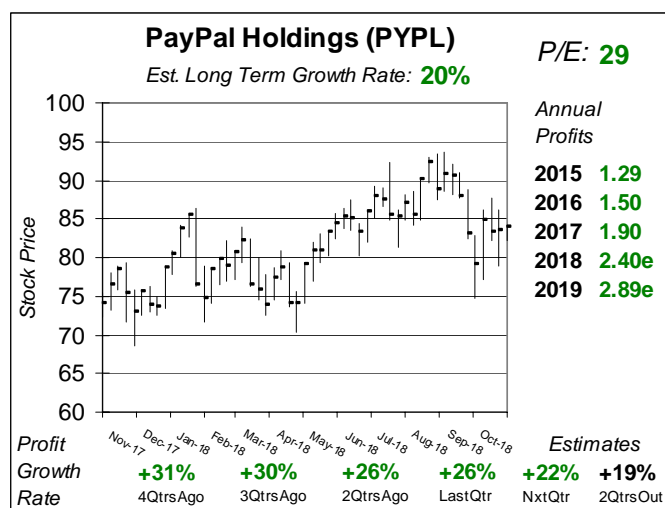
PayPal (PYPL) has a great catalyst in its Venmo app which allows people to use their phone to transfer money.

Payments to friends are at no charge, and PYPL bills retailers 3% to utilize the service (like a credit card). This makes it easy for a group of people to all go to dinner and pay electronically.

PYPL is growing faster than MA and V, but don't have the safety rating the big boys have.

PayPal stock is \$80 today, it was \$84 on 11/5 when these charts were made. So this stock is hanging in there in this wicked Bear Market, and could lead the next rally. PYPL is in the **Growth Portfolio**.

Fair Value						
Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	2.40	x	35	=	\$84	
2019 Est	2.89	x	35	=	101	20%
2020 Est	3.49	x	35	=	122	45%



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

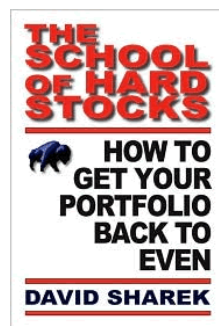
portfolios 42% and beat the market (S&P 500) by 39%.

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 (GOOGL) Intuitive Surgi-

cal (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 amazon.com

Buy it Now [BARNES&NOBLE BOOKSELLERS](http://BARNES&NOBLEBOOKSELLERS)



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 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. 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

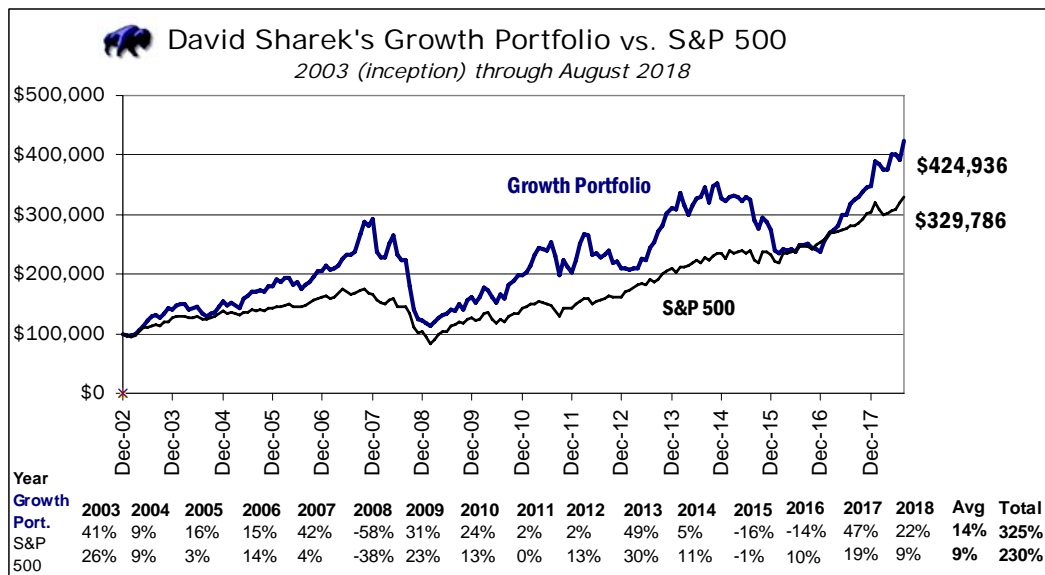
Let us manage your stock portfolio

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.

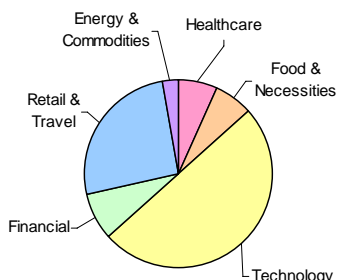
Account types include individual accounts, joint accounts and IRAs.

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



Sector Key

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



Sharek's Stock Portfolios
230 East 30th St, Suite 15G
New York, NY 10016
+1 917 657 8126



School of Hard Stocks
99 Madison Ave, 5th Floor
New York, NY 10037
+1 646 430 5641
info@davidsharek.com

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%