



# David Sharek's Growth Stock Newsletter

Searching for Tomorrow's Stock Market Winners Today

January 21, 2019

## My Top Ten Growth Stocks for 2019



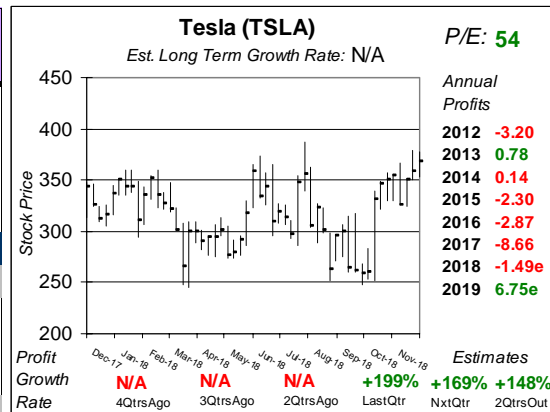
The Bear Market of 2018 took many stocks down 20% or more during October – December. Although this hurt 2018 returns (my Growth Portfolio was up 20% going into Q4 and ended the year at –4%) lower prices have now given us a once-in-a-decade opportunity to buy stocks at bargain prices.

Although our first thought might be to stay safe during a Bear Market, it's often the riskier stocks that hold the most upside, as growth stocks tend to go down faster in a Bear Market, but do up more when the next Bull Market begins.

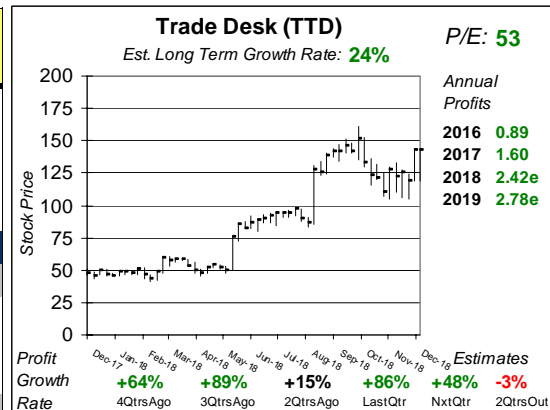
Going into 2019, I see opportunity in software stocks that make business more efficient and retailers that utilize the Internet to grow rapidly.

The charts in this newsletter are one-year charts, as of 2018 Q4, and show qtrly profit growth along the bottom/left, with *Estimates* for the next 2 qtrs bottom/right. Enjoy.

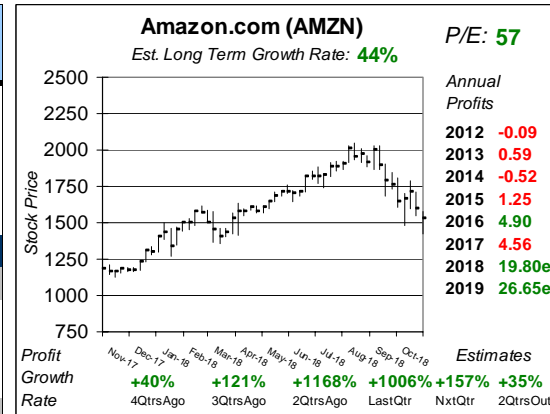
1	Tesla (TSLA)	Sector: Energy/Commodities
<p>Tesla could lead the next Bull Market as it has amped its production from 2000 cars per week to more than 7000 — and can even do better. Tesla's cheaper Model 3 is expected to hit Europe and China in the coming months, and later in the year its expected to open a China factory, which would slash Chinese tariffs and transportation costs. But what I really like is everyone hates the stock now.</p>		
Fair Value		
Year	Profits	x P/E = Price Upside/Downside
This Qtr	-1.49	x N/A = \$368
2019 Est	6.75	x 80 = 540 47%
2020 Est	11.10	x 80 = 888 142%



2	Trade Desk (TTD)	Sector: Technology
<p>Advertising is going programmatic — marketing to who matters — and The Trade Desk is a software program which allows ad executives to manage all ad campaigns digitally in one place. TTD has \$0.5 billion in sales in a \$700 billion ad market, and ad execs love that this company is unbiased, unlike Google and Facebook which want all your ad dollars. This little company could get big.</p>		
Fair Value		
Year	Profits	x P/E = Price Upside/Downside
This Qtr	2.42	x 59 = \$143
2019 Est	2.78	x 70 = 195 36%
2020 Est	3.41	x 70 = 239 67%



3	Amazon.com (AMZN)	Sector: Retail & Travel
<p>Amazon is rolling in the profits! The company made a profit of \$5 in 2017 and last year it was expected to make \$8 in 2018. Now it looks like AMZN will make more than \$20 in 2018. Wow! So what does that mean for 2019? Perhaps \$40? Then \$60 in 2020? Maybe \$80? The last time AMZN's P/E was below 100 was two years ago when it was \$755. It then proceeded to rise ~50% the next year.</p>		
Fair Value		
Year	Profits	x P/E = Price Upside/Downside
This Qtr	19.80	x 77 = 1523
2019 Est	26.65	x 100 = 2665 75%
2020 Est	39.34	x 100 = 3934 158%





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.

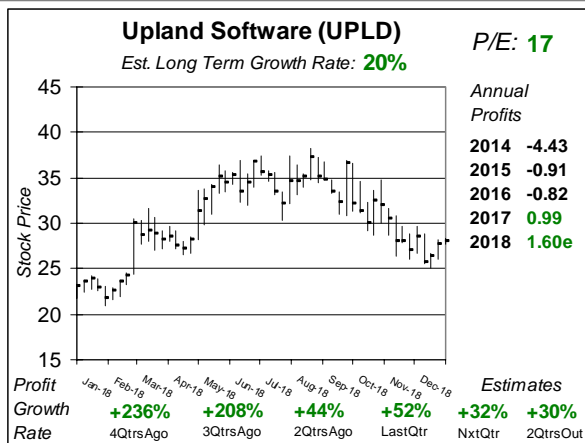
Sharek's **Growth Portfolio** has grown an average of 12% a year, compared to 9% for the S&P 500.

\$100,000 invested at inception would have made a profit \$235,000 vs. \$185,000 in the S&P.

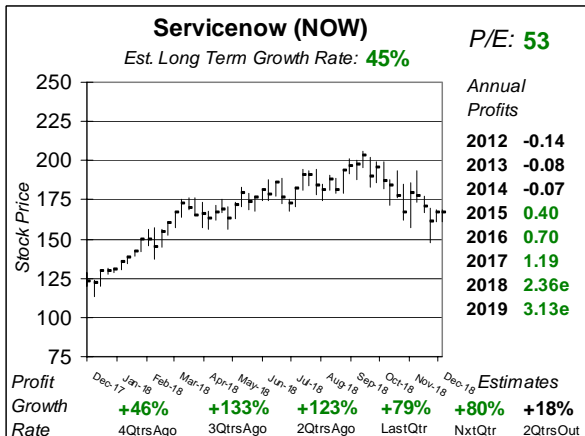
David's posted four years of +40% returns in his 15 year career.



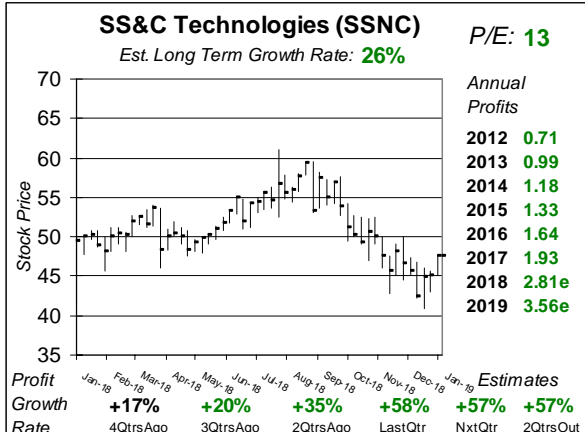
4	Upland Software (UPLD)	Sector: Technology
I wanted to put Salesforce (CRM) in this list, but bumped it out for Upland Software, which also offers software that help businesses automate. What's nice about UPLD is the P/E is just 17, compared to CRM's 45. Now Upland is a small player in this space, but profits are growing strong and the company is buying up other small companies, which then add to profits. Software stocks got hit hard in the Bear Market, and should come roaring back.		
Fair Value		
Year	Profits	x P/E = Price Upside/Downside
This Qtr	1.60	x 17 = \$28
2018 Est	1.98	x 30 = 59 112%
2019 Est	1.97	x 30 = 59 111%



5	Servicenow (NOW)	Sector: Technology
Staying in the software space, one name you might not be familiar with is Servicenow, which operates customer service software. What's nice about this company is not only does it service businesses, it also caters to government agencies. That's a huge opportunity — worldwide. Notice along the right that profits are growing fast. This stock also didn't drop much during the Bear Market, which means it could be a leader in the next Bull Market.		
Fair Value		
Year	Profits	x P/E = Price Upside/Downside
This Qtr	2.36	x 71 = \$167
2019 Est	3.13	x 75 = 235 40%
2020 Est	4.21	x 75 = 316 89%



6	SS&C Technologies (SSNC)	Sector: Financial
SS&C Technologies provides fund administration, trading, record keeping, and performance measurement software for hedge fund managers, money managers and asset management firms. SS&C is the biggest alternative-fund administrator, the world's biggest private-equity fund administrator, as well as the largest provider of financial software. It grows through acquisitions, which are helping to grow profits. A 13 P/E makes this stock a bargain.		
Fair Value		
Year	Profits	x P/E = Price Upside/Downside
This Qtr	2.81	x 17 = \$48
2019 Est	3.56	x 20 = 71 50%
2020 Est	4.04	x 20 = 81 70%



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**Palo Alto Networks (PANW)****Sector:**  
**Technology**

In late 2018 there were fears we could be headed into a recession in 2019/2020. If that's the case (I don't think it is) then we should be in stocks that aren't affected by the economy much. I believe Palo Alto Networks is the best cyber-security company. And cyber-security is something you don't cut back on in a recession. Profits are also expected to grow rapidly into 2019.

**Fair Value**

Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	5.17	x	36	=	\$184	
2019 Est	5.17	x	45	=	233	26%
2020 Est	6.20	x	45	=	279	51%

**Palo Alto Networks (PANW)**Est. Long Term Growth Rate: **26%**P/E: **36**

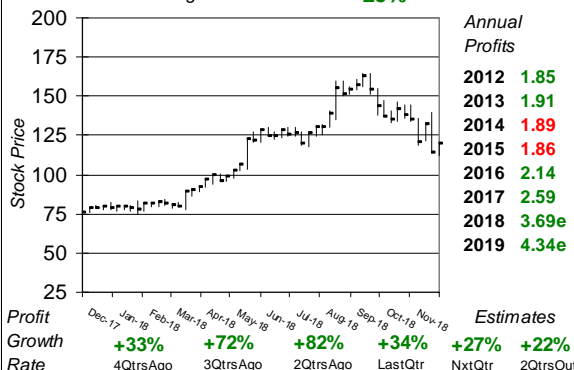
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**Lululemon Athletica (LULU)****Sector:**  
**Retail & Travel**

Lululemon might be the best retailer right now. It delivered 34% profit growth last qtr on 21% sales growth as same store sales increased an astounding 18%. The company delivered 76% growth in e-commerce sales. E-commerce is now 1/4 of all revenue and is a more profitable business for LULU. The company had 61% growth in Asia, and 50% in Europe/Middle East/Africa last qtr. Wow.

**Fair Value**

Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	3.69	x	33	=	\$120	
2019 Est	4.34	x	35	=	152	27%
2020 Est	5.17	x	35	=	181	51%

**Lululemon Athletica (LULU)**Est. Long Term Growth Rate: **25%**P/E: **28**

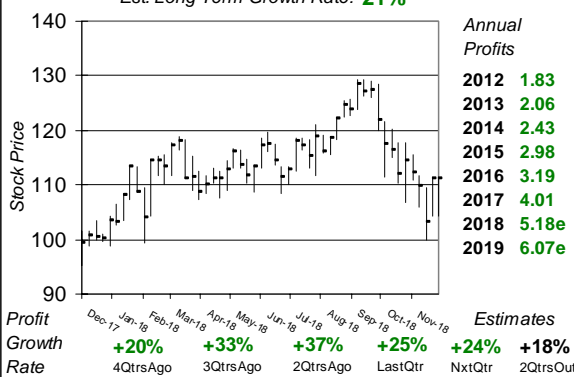
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**Global Payments (GPN)****Sector:**  
**Financial**

Global Payments enables merchants to accept credit cards, electronic payments, check and digital based payments at the point of sale, including mobile payments, gift cards and loyalty programs. Recently, GPN acquired software companies in the physician practice and restaurant industries that utilize credit cards. Now it makes money off card payments and software as well.

**Fair Value**

Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	5.06	x	21	=	\$111	
2018 Est	5.06	x	26	=	\$158	42%
2019 Est	5.87	x	26	=	\$184	65%

**Global Payments (GPN)**Est. Long Term Growth Rate: **21%**P/E: **18**

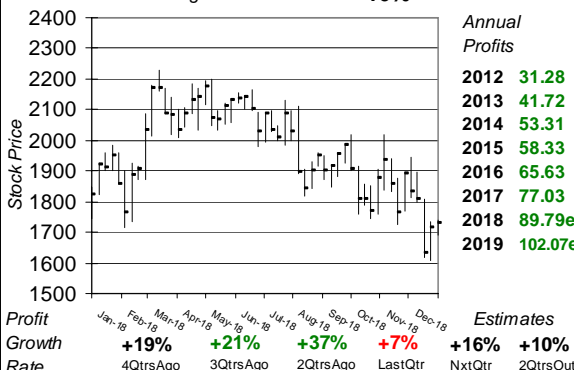
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**Booking Holdings (BKNG)****Sector:**  
**Retail & Travel**

Booking, formerly Priceline, was one of the best stocks of our lives as it traveled from the \$20s in 2006 to the \$2000s in 2018. PCLN didn't get the respect it deserved back-then as it was a regular 40% grower that had a P/E in the 20s. Today the stock is well-known, yet still sells at a discount. This company has an Est. LTG of 16% a year and a P/E of just 17. The P/E should be 22.

**Fair Value**

Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	89.79	x	19	=	1730	
2019 Est	102.07	x	22	=	2246	30%
2020 Est	116.25	x	22	=	2558	48%

**Booking Holdings (BKNG)**Est. Long Term Growth Rate: **16%**P/E: **17**

2018's Top Ten list got hammered by the abundance of Chinese stocks, which declined an average of 34% for the year. But, Chinese stocks carried my managed portfolios higher in 2017, so I can't complain.

Overall, my Top Ten list has gained 17% per year historically, vs the S&P 500's 10% return during that time. But this isn't to be taken seriously as I often pick the stocks after the year has begun.

**2018 Top Ten Results**

Weibo (WB)	-44%
Alibaba (BABA)	-21%
Facebook (FB)	-26%
YY (YY)	-47%
Adobe (ADBE)	+29%
TenCent (TCEHY)	-24%
Workday (WDAY)	+57%
PayPal (PYPL)	+14%
Sherwin-Williams (SHW)	-4%
Domino's (DPZ)	+31%
Average	-3%
S&P 500	-6%

**Top Ten Track Record**

Year	David Sharek	S&P 500
2010	+38%	+13%
2011	+2%	0%
2012	+19%	+13%
2013	+57%	+30%
2014	-9%	+11%
2015	0%	-1%
2016	-15%	+10%
2017	+66%	+19%
2018	-3%	-6%
Average	+17%	+10%

**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.

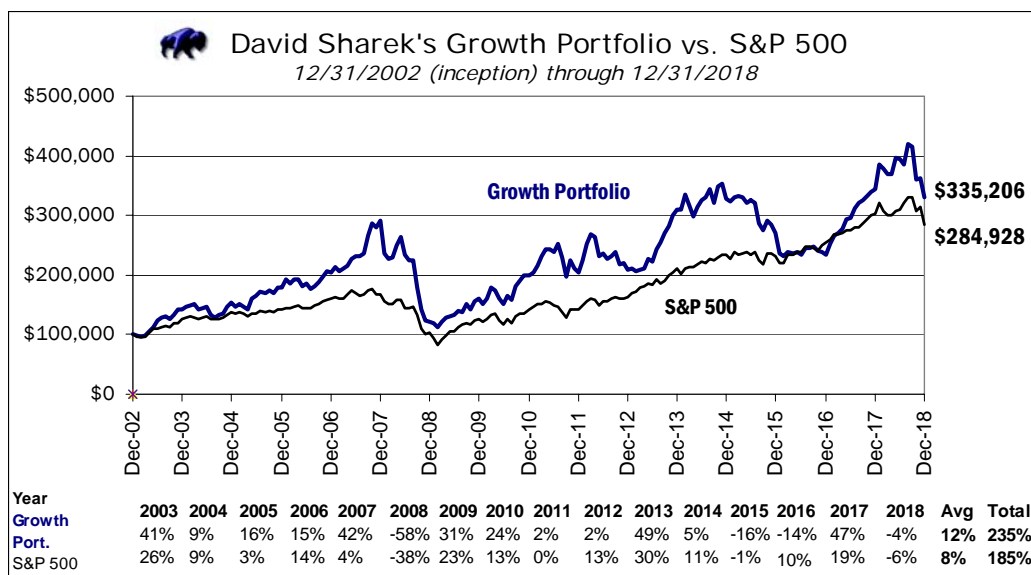
**Watch your account**

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

**Security**

Shareks, LLC is registered with the State of New York as an investment advisor (RIA).

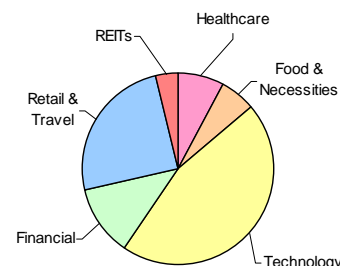
Accounts are kept safe at brokers such as TD Ameritrade and Interactive Brokers and are insured by SIPC.

**Growth Portfolio - Holdings as of 12/31/18**

Security name	Ticker	Portfolio Percent	Est LTG	Yield	Est. Total Return
1 Tesla	TSLA	3.9%	35%	0%	35%
2 TenCent	TCEHY	3.7%	18%	0%	18%
3 Amazon	AMZN	3.7%	44%	0%	44%
4 Adobe Systems	ADBE	3.6%	23%	0%	23%
5 ServiceNow	NOW	3.5%	45%	0%	45%
6 Salesforce.com	CRM	3.4%	32%	0%	32%
7 Weibo	WB	3.4%	33%	0%	33%
8 The Trade Desk	TTD	2.9%	24%	0%	24%
9 Microsoft	MSFT	2.8%	14%	2%	16%
10 Domino's Pizza	DPZ	2.7%	21%	1%	22%
11 UnitedHealth	UNH	2.7%	16%	2%	18%
12 Global Payments	GP	2.7%	21%	0%	21%
13 Lululemon	LULU	2.6%	25%	0%	25%
14 Palo Alto Networks	PANW	2.5%	26%	0%	26%
15 Five Below	FIVE	2.4%	29%	0%	29%
16 Workday	WDAY	2.4%	39%	0%	39%
17 PayPal	PYPL	2.4%	20%	0%	20%
18 Netflix	NFLX	2.4%	62%	0%	62%
19 Paycom Software	PAYC	2.1%	22%	0%	22%
20 Alphabet	GOOGL	2.1%	15%	0%	15%
21 Sherwin-Williams	SHW	2.1%	17%	1%	18%
22 Ollie's Bargain Outlet	OLLI	2.0%	25%	0%	25%
23 Alibaba	BABA	2.0%	28%	0%	28%
24 Square	SQ	2.0%	52%	0%	52%
25 Booking Holdings	BKNG	2.0%	16%	0%	16%
26 MasterCard	MA	1.9%	23%	1%	24%
27 Upland Software	UPLD	1.8%	20%	0%	20%
28 Veeva Systems	VEEV	1.8%	21%	0%	21%
29 NVIDIA	NVDA	1.8%	12%	2%	14%
30 Ultimate Software	ULTI	1.8%	23%	0%	23%
31 Grubhub	GRUB	1.8%	27%	0%	27%
32 Ulta Salon	ULTA	1.7%	19%	0%	19%
33 Illumina	ILMN	1.7%	22%	0%	22%
34 Constellation Brands	STZ	1.7%	12%	1%	13%
35 Visa	V	1.6%	18%	1%	19%
36 Home Depot	HD	1.6%	14%	2%	16%
37 Apple	AAPL	1.6%	13%	2%	15%
38 Twitter	TWTR	1.6%	43%	2%	45%
39 SS&C Technologies	SSNC	1.6%	26%	1%	27%
40 Align Technology	ALGN	1.5%	24%	0%	24%
41 Huazhu Group	HTHT	1.5%	25%	1%	26%
42 HubSpot	HUBS	1.5%	74%	0%	74%
43 Baozun	BZUN	1.3%	51%	0%	51%
44 Facebook	FB	1.1%	18%	0%	18%
45 Floor & Decor Holdings	FND	1.1%	29%	0%	29%
46 Funko	FNKO	1.0%	N/A	0%	N/A
47 PetIQ	PETQ	0.2%	25%	0%	25%
Cash		-1.4%			0%
<b>Total</b>		<b>100%</b>	<b>27%</b>	<b>0%</b>	<b>27%</b>

**Sector Key**

Healthcare	8%
Food & Necessities	6%
Technology	46%
Financial	12%
Retail & Travel	25%
Energy & Commodities	4%



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