



David Sharek's Growth Stock Newsletter

Searching for Tomorrow's Stock Market Winners Today

June 17, 2019

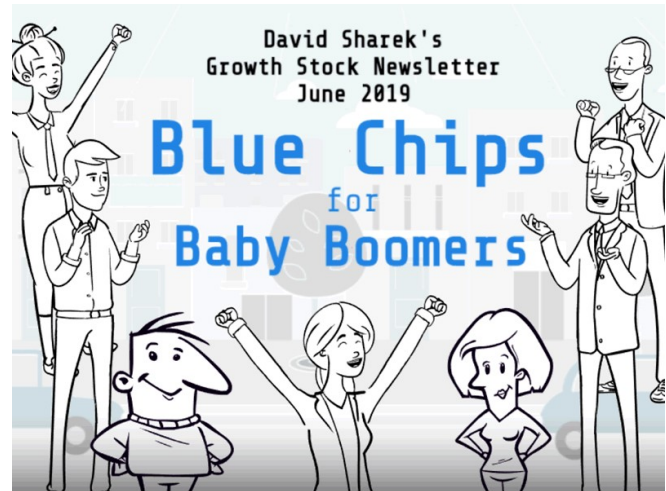
Blue Chip Stocks for Baby Boomers

If you were born between 1946 and 1964, you're a Baby Boomer and you're looking to not only grow your money, but do so in a responsible manner. Another market crash could set you back too much. And you may want to take some income off of a 401k rollover or IRA now in the coming years.

What many Baby Boomers aren't aware of is there are many safer stocks that have also grown at double-digit rates. That's more than 10% a year in safe stocks.

I focus on growth stocks, but have learned that some conservative stocks have outperformed the stock market long term. Of course past performance is no indication of future gain, so you need to do your homework (or have someone do it for you).

Here's a handful of some Blue Chips I favor, ones that are good values that have decent upside to their *Fair Values*. For the fun list of stocks in my **Conservative Growth Portfolio**, subscribe at schoolofhardstocks.com.



Current Holding – UnitedHealth (UNH)

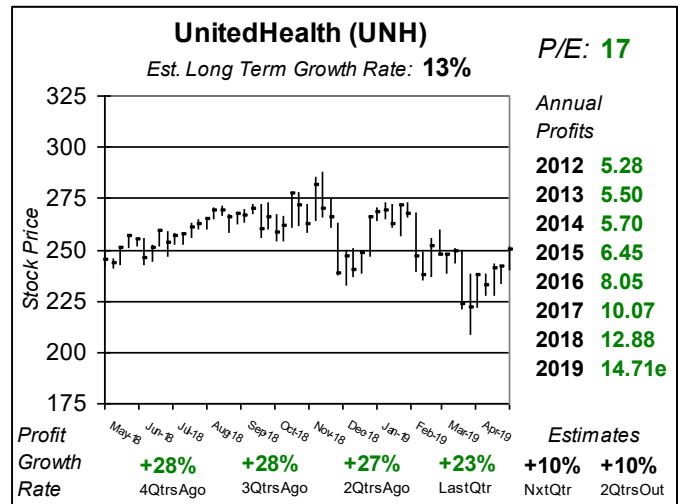
Shares of **UnitedHealth (UNH)** came down on political concerns, as it seems both Democrats and Republicans want to cut (or slow the growth) of healthcare costs.

To the right is a one-year chart of UNH with qtrly profit growth below the chart. Profits had been growing faster than 20% a qtr as

the Trump tax breaks were boosting profits. Now profit growth should be more normalized. Analysts expect 13% profit growth long term (*Est. LTG*). The stock also yields close to 2%.

I feel this stock is worth 21x earnings, and that gives this safe stock good upside this year and next.

Fair Value						
Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	14.63	x	18	=	\$267	
2019 Est	14.63	x	21	=	307	15%
2020 Est	16.61	x	21	=	349	31%



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 12% a year,

compared to 8% 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 \$235,000 vs. just over \$185,000 in the S&P.

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





Current Holding – Johnson & Johnson (JNJ)

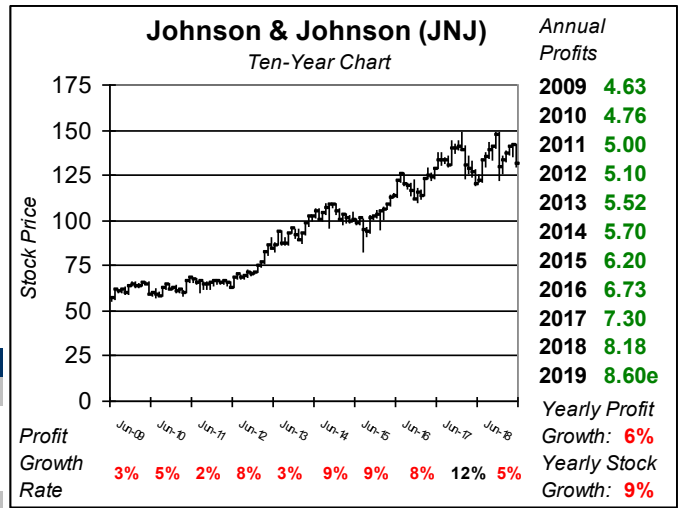
Johnson & Johnson (JNJ) is one of those Blue Chip stocks that can be held by families for decades or perhaps generations. To show the long-term view of JNJ I put the ten-year chart to the right. Below the chart is annual profit growth.

All the charts in this report are as of this qtr (2019 Q2 for us). These were done on 5/31 when JNJ was

\$131. Today the stock is \$139.

J&J is down because of legal issues. The company is being sued for not warning of the addictive side effects of opioid (pain killers).

I think JNJ will get past this. It's delivered profit growth every year since 1984 and raised the dividend every year since 1963. JNJ's Est. LTG is 6% and the yield is 3%.



Fair Value						
Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	8.60	x	15	=	\$131	
2019 Est	8.60	x	17	=	146	12%
2020 Est	9.15	x	17	=	156	19%

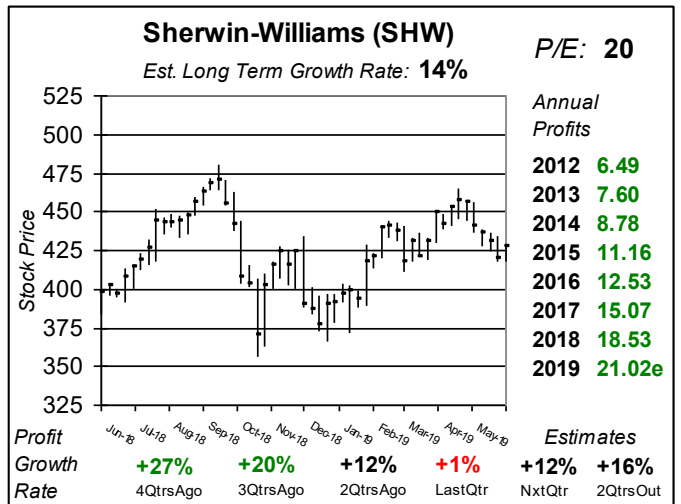
Current Holding – Sherwin-Williams (SHW)

Sherwin-Williams (SHW) has been in business for 150 years, but even at this age is growing strong. Note growth was weak last qtr because the company had a great qtr in the year-ago period (fine).

Founded in 1886, Sherwin-Williams has the #1 brand in paint (Sherwin-Williams), stain (Minwax), spray pain (Krylon),

auto paint (Dupli-Color) and water sealer (Thompson's). SHW has a marvelous end-to-end supply chain, with around 100 manufacturing sites and distribution centers, 400 trucks and close to 5000 company-operated stores.

I think this stock is timely as low interest rates are good for real estate – and the economy.



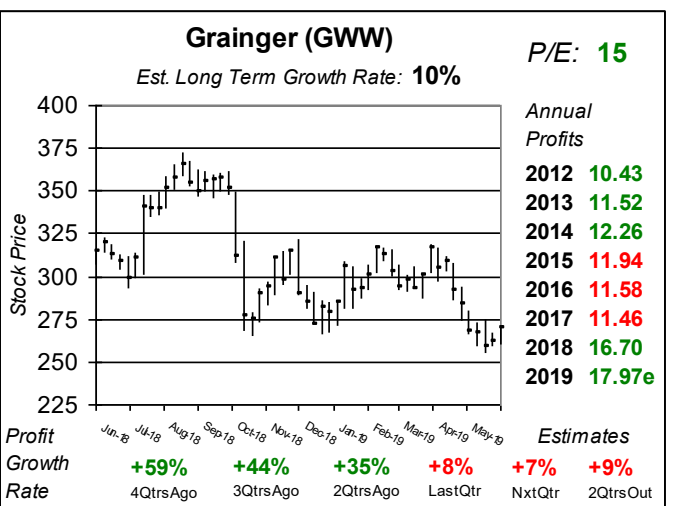
Fair Value						
Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	21.02	x	20	=	\$427	
2019 Est	21.02	x	21	=	441	3%
2020 Est	24.26	x	21	=	509	19%

Current Holding – Grainger (GWW)

Grainger (GWW) is the leading supplier of maintenance supplies in North America. It sells motors, power transmission products, test instruments, lab supplies, power tools, outdoor equipment, as well as janitorial supplies.

Management said business was choppy last qtr due to uncertainty around tariffs, the government shutdown & inclement weather.

GWW is a safe Blue Chip stock that is part of S&P's Dividend Aristocrats, as it's increased the dividend every year since 1972. This is a solid core holding with a 10% Est. LTG and a yield of 2%. Management buys back stock, purchases other supply stores, and invests in technology to spur Internet sales. GWW is a good deal if you like to buy-low.



Fair Value						
Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	17.97	x	15	=	269	
2018 Est	17.97	x	18	=	323	20%
2019 Est	19.59	x	18	=	353	31%



Current Holding – Altria (MO)

Altria Group (MO), the parent company of Philip Morris USA, took stakes in cannabis company Cronos and e-cigarette company Juul Labs last December. These new markets give Altria growth opportunity at a time where traditional cigarette sales are in a slow decline.

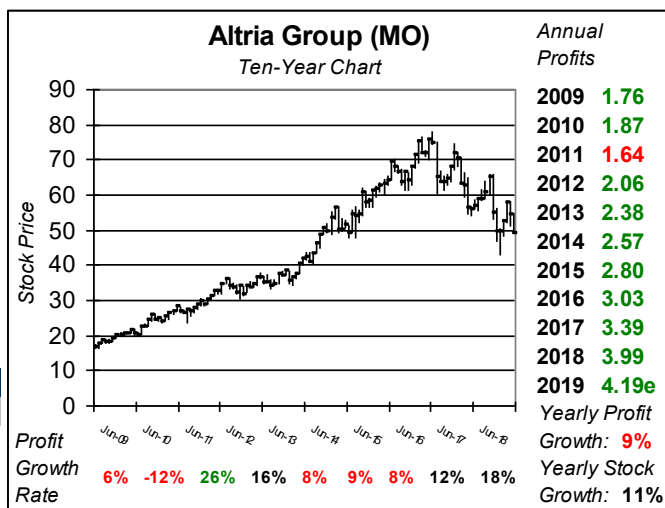
Juul had sales of \$1 billion in 2018, up from \$200 million in

2017, and Altria management estimates e-vapor volume grew approximately 40% year-over-year. It also thinks Juul controls 40% of the e-cigarette market. Altria also thinks the cannabis market can grow from \$40 billion to \$250 billion in ten years.

MO stock has an Est. LTG of 6% per year in addition to a fat dividend yield of 6%.

Fair Value

Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	8.60	x	15	=	\$131	
2019 Est	8.60	x	17	=	146	12%
2020 Est	9.15	x	17	=	156	19%



Current Holding – Illinois Tool Works (ITW)

A bevy of issues are plaguing Illinois Tool Works (ITW) right now. Currency translation and a slightly higher tax rate are nipping profits. And declines in auto production are hurting the company's auto parts division.

Founded more than 100 years ago, ITW is a diversified industrial manufacturer with 7 business segments: Auto Original Equipment, Food & Equipment, Testing & Measurement and Electronics, Specialty Products, Polymers & Fluids, Construction Products, and Welding.

ITW gets a top rating for safety, and has grown its dividend each year since 1964. With the company dealing with issues the Est. LTG is just 4% a year, but this figure was 12% last year and I consider this to be a 10% grower. The yields is close to 3%.

To the right is the stock's Profit History Table. ITW's profits and its stock have grown at 15% per year the past decade. History has shown me profit growth is often similar to stock growth over the long-term.

Profit History							
Year	Profits	x	P/E	=	MedPrice	Dividend	Yield
2009	\$1.93	x	20	=	\$38	\$1.24	3.3%
2010	2.89	x	16	=	47	1.27	2.7%
2011	3.77	x	13	=	49	1.38	2.8%
2012	4.06	x	12	=	49	1.48	3.0%
2013	3.63	x	20	=	72	1.60	2.2%
2014	4.67	x	19	=	87	2.00	2.3%
2015	5.13	x	17	=	89	2.07	2.3%
2016	5.64	x	18	=	104	2.40	2.3%
2017	6.59	x	22	=	145	2.86	2.0%
2018	7.60	x	19	=	145	3.56	2.5%

Fair Value						
					Upside/Downside	TotRetrn
This Qtr	\$7.92	x	18	=	\$145	
2019 Est	7.92	x	19	=	150	4%
2020 Est	8.46	x	19	=	161	11%



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

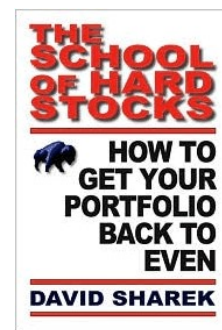
portfolios 42% and beat the market (S&P 500) by 39%.

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 school-ofhardstocks.com.

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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.

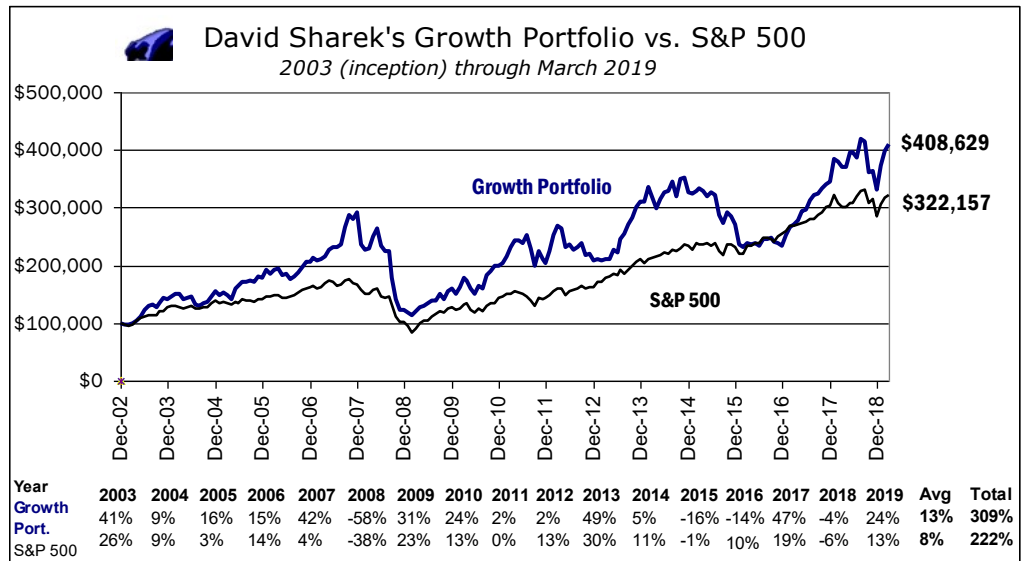
Watch your account

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

Security

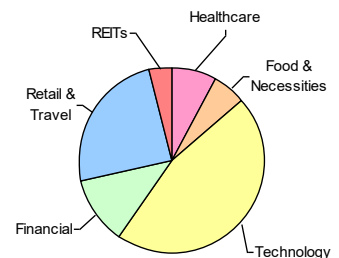
Shareks, LLC is registered with the State of New York as an investment advisor (RIA).

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	GPN	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 & Décor 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%
	Total		100%	27%	0%	27%

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



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