



David Sharek's Growth Stock Newsletter

Searching for Tomorrow's Stock Market Winners Today

July 12, 2019

Sharek's Take on the FinTech Stocks

Two years ago this month, I wrote about the new era of financial transactions in my [Growth Stock Newsletter](#). The ability to move money via your tablet or cell phone and the companies that were leading this new financial revolution called FinTech, or Financial Technology.

Today we take another look at these stocks — most of which have done quite well. From heavyweights **Visa (V)** and **MasterCard (MA)** to young growing companies like **PayPal (PYPL)** and

Global Payments (GPN).

Here's the stocks highlighted in July 2017's [Growth Stock Newsletter](#) and their performance since then:

PYPL	\$58 to \$120	+107%
GPN	\$91 to \$162	+78%
MA	\$127 to \$278	+119%
V	\$97 to \$180	+86%
BABA	\$151 to \$170	+13%
TCEHY	\$37 to \$45	+22%

So is it too late to buy? Let's get Sharek's take on what some of these stocks look like now:



Current Holding — PayPal (PYPL)

PayPal's (PYPL) investors are loving the company's Venmo app, which lets people transfer money to their friends for free or pay for things at retailers. Retailers get charged a 3% processing fee. Sending to friends is free.

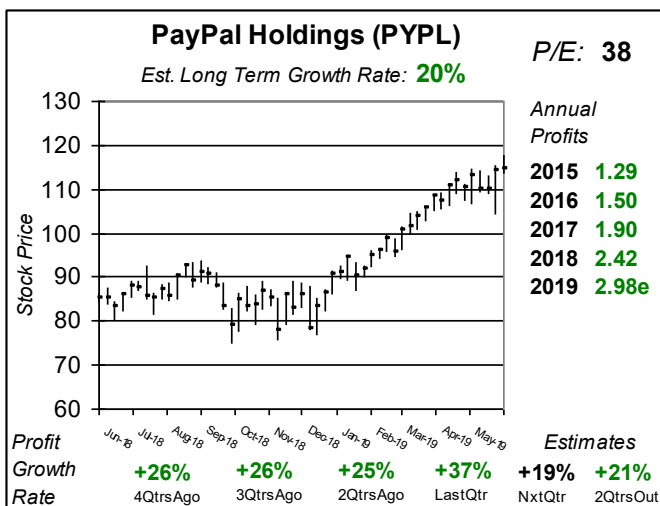
Last qtr PYPL whipped analyst profit estimates of 19% profit growth and delivered 37%.

Profits beat estimates handily, thus business is good. Thus, I feel this stock will continue to be a stock market leader.

To the right is a one-year chart of PYPL with qtrly profit growth rates along the bottom, as well as *Estimates* for the next 2 qtrs. PYPL is part of my [Growth Stock Portfolio](#).

Fair Value

Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	2.98	x	38	=	\$115	
2019 Est	2.98	x	38	=	113	-1%
2020 Est	3.51	x	38	=	133	16%



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.

Although his clients were diversified in different things, the 2000 stock market crash still hurt his investors. This left David leery of Wall Street recommendations as well as mutual funds. Sharek decided to find a better way. He

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](#).

During his first five years as a portfolio manager (2003–2007) Sharek's [Growth Portfolio](#) averaged a return of 24%, 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.

Through June 2019, Sharek's [Growth Portfolio](#) has grown an average of 13% a year, compared to 9% for the S&P 500 (since 2003).

\$100,000 invested in the [Growth Portfolio](#) at inception would have grown to \$421,561 vs \$334,359 in the S&P 500.

David's posted four years of +40% returns in his 16 year career.





Current Holding – Global Payments (GPN)

Global Payments (GPN) began as a provider of technology for merchants to take your payments. Then from 2013 to today the company transformed into a well-rounded force in the credit card business.

Now Global Payments is merging with another payment processor, Total System Services (TSS), to

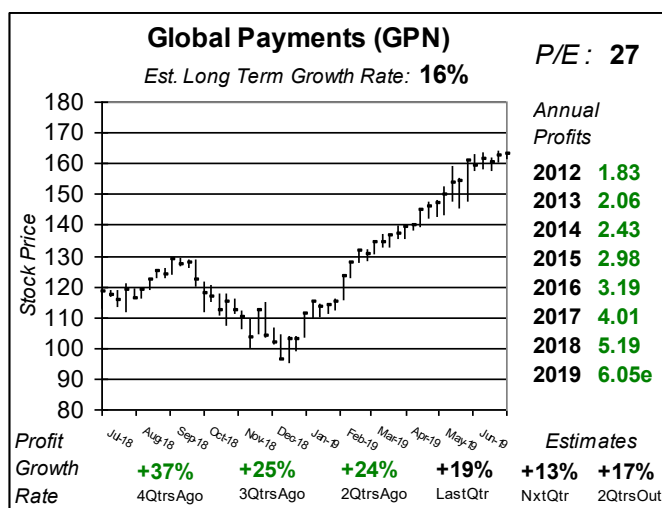
become a bigger player in the payment processing space.

TSS will double GPN's annual revenue from \$4 billion to \$8 billion, putting it closer to MasterCard's \$17 billion, PayPal's \$18 billion and Visa's \$23 billion.

GPN isn't a household name yet, and is under the radar. The stock is part of my [Growth Portfolio](#).

Fair Value

Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	5.06	x	27	=	\$163	
2018 Est	5.06	x	29	=	\$175	8%
2019 Est	5.87	x	29	=	\$204	25%



Current Holding – Visa (V)

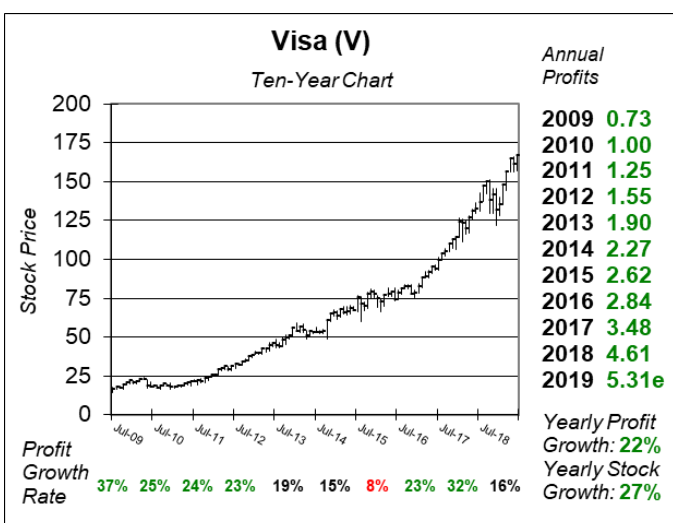
Visa (V) has been hitting All-Time highs as financial transaction stocks are hot. This sector can continue to move higher as the companies have a perfect blend of certainty (people use credit/debit cards every day), consistency (stable revenue growth allows profits to grow year-after-year) and growth opportunity (easier methods of transferring).

"The global opportunity to digitize cash and check is enormous" said Visa CEO in an earnings call 10 qtrs ago.

To the right is a ten-year chart of Visa. The stock has an *Estimated Long Term Growth Rate* of 16% per year and is held in both my [Growth Portfolio](#) and [Conservative Growth Portfolio](#).

Fair Value

Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	5.37	x	31	=	\$167	
2019 Est	5.37	x	32	=	172	3%
2020 Est	6.21	x	32	=	199	19%



Current Holding – MasterCard (MA)

Like Visa, worldwide economic growth is helping **MasterCard (MA)** deliver double-digit volume and transaction growth, and that's keeping the stock on a smooth ride.

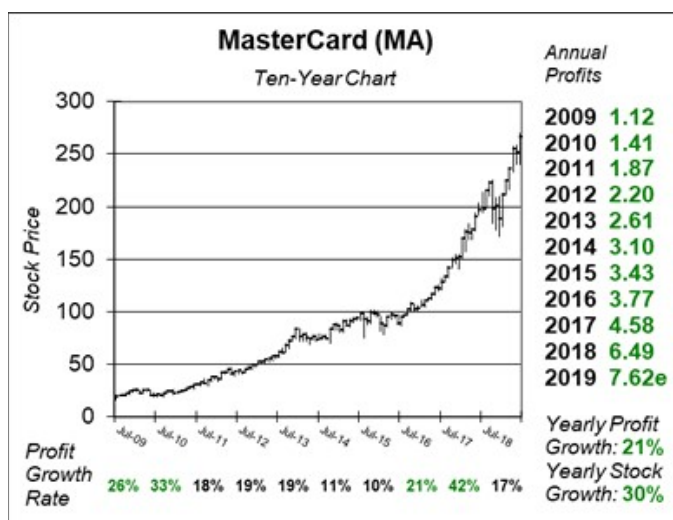
MasterCard is a quality Blue Chip stock has been growing its profits (and its stock) faster than 20% a year for the last decade, with

record profits every year since the company went public in 2006. MA has an *Estimated Long Term Growth Rate* of 18% a year (which is great for a safe stock).

To the right is a ten-year chart of MasterCard. MA is a great buy-and-hold stock and is part of the [Growth Portfolio](#) and [Conservative Growth Portfolio](#).

Fair Value

Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	7.62	x	35	=	\$266	
2019 Est	7.62	x	35	=	267	0%
2020 Est	8.99	x	35	=	315	18%



Current Holding – Square (SQ)

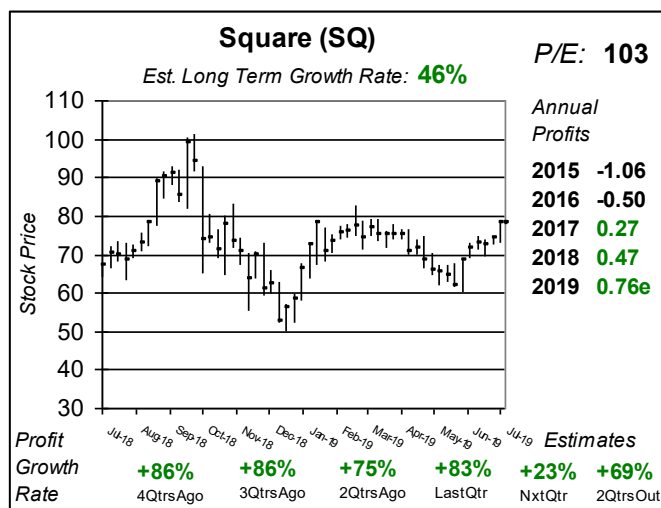
Electronic payment processor **Square (SQ)** pioneered credit card processing for mobile payments, then expanded its reach to bring new technologies and business lines to retailers around the world, such as Square terminals at checkout, a Square Card for merchants to spend their money right away, and Capital which provides loans to business-

es. The company also has Weebly, which allows anyone to build an online store, as well as Caviar a food delivery service.

SQ was \$25 two years ago and jumped to \$100 in 16 months before digesting its gains. This month it broke out again. Square is in the **Growth Portfolio** and **Aggressive Growth Portfolio**.

Fair Value

Year	Profits	x	P/E	=	Price	Upside/Downside
This Qtr	0.76	x	103	=	\$78	
2019 Est	0.76	x	100	=	76	-3%
2020 Est	1.12	x	100	=	112	44%



**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.

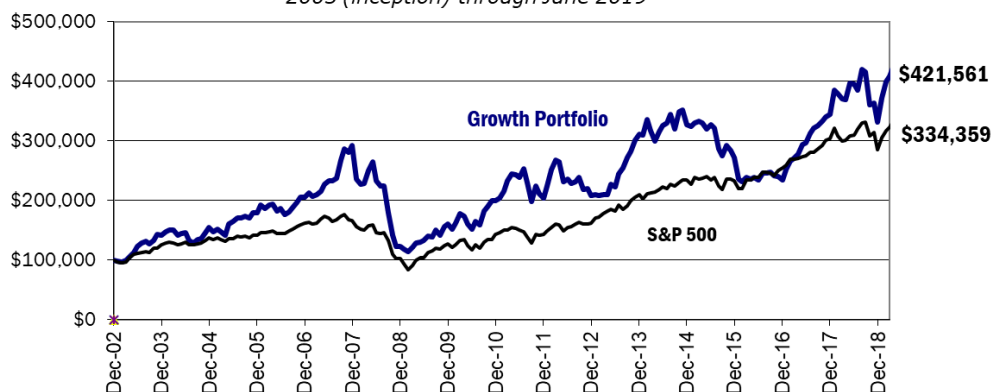
Security

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.

**Ameritrade****Interactive Brokers****David Sharek's Growth Portfolio vs. S&P 500**

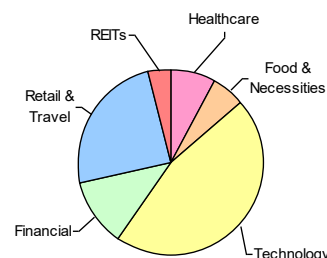
2003 (inception) through June 2019

**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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