The Best 30 Stocks to Hold for the Long-Term

Debate continues to swirl regarding the numerous uncertainties currently affecting markets – factors such as oil prices, currency, Fed policy transition, reflation, and geopolitics. These cross-currents presented an ideal opportunity for Morgan Stanley Research analysts to reframe a conventional framework by combining their analysis of identifying high-quality companies, likely to strengthen and extend a sustainable competitive advantage. The result is ‘30 for 2018’: Stocks for a 3-year holding period. For 2018 identifies the analysts best long-term picks based on sustainability and quality business models. Analysts were asked to identify the highest-quality companies in their sectors at times of market distractions or uncertainty.

The main criterion is sustainability – of competitive advantage, business models, pricing power, cost efficiency, and growth. The analysts selected the companies that scored best on these criteria, paying special attention to RNAV, management’s attitude toward capital structure, and clarity and consistency of shareholder remuneration (dividends/buybacks). Additionally, they incorporated key Environmental, Social, and Governance (ESG) principles, which can shed light on a company’s long-term attractiveness and relative attractiveness as a business model. The driving principle was to create a list of companies whose business models and market positions would be increasingly differentiated by 2016.

Overweight, nor specific assumptions about were we are in the economic cycle or any other valuation considerations. The driving principle was to create a list of companies whose business models and market positions would be increasingly differentiated by 2016.

Here’s a look at the 30 stocks.

• Actavis (ACT). We believe Actavis stands at a unique cross-section between both Specialty and Major Pharmaceuticals. Since August 2013, Actavis has transformed itself from a small, $18 billion market cap generics company into an over-$120 billion market cap branded pharma powerhouse. Actavis recently closed its acquisition of Allergan, which should step up branded pharma earnings from ~56% of 2016 EPS pre-deal to ~77% post-deal. We believe Allergan has several interesting pipeline candidates – DARPin (wet age-related macular degeneration), Botox (in new medical indications such as depression and osteoarthritis pain), and latanoprost sustained-release (glaucoma). Allergan also plans to refile Semprana (levadex; migraine). Hence, our 2020 Allergan pipeline projection of $1.4 billion could prove conservative.

This transition from value (generics) into growth (branded), we believe, positions Actavis well for long-term growth. Because of its organic growth prospects and pipeline strength, we believe investors will gradually re-rate ACT to Major Pharma comps. We project a 2015-2020 EPS CAGR of 14% vs. the Major Pharma median of 13%. Yet ACT currently trades at 14x 2016e EPS vs. the Major Pharma average of 16x.

We see a number of ways ACT stock can work over the next three years. (1) EPS could benefit from potentially faster-than-expected capture of Allergan synergies, (2) The stock

Continued on page 7

OPEC says Oil Should Not Fall Further, Sees Stability in 2016

OPEC expects increasing oil demand to prevent a further fall in prices and sees a more balanced market in 2016, its secretary-general recently said, the latest sign the group is sticking to its policy of defending market share. Oil has dropped about 15 percent this month and has dropped in value in the past year but neither OPEC nor Russia, the world’s top producer, have cut output to support prices, hoping cheaper oil will hit U.S. shale and other rival sources.

“I would not expect them (prices) are going to fall because demand is growing,” OPEC Secretary-General Abdullah al-Badri told reporters in Moscow. OPEC pumps around 40 percent of global oil production. “The current situation is a test for all producers and investors. While the prices, no doubt will rebound... no doubt will rebound, it is still too early to say when this will happen,” Badri said. He did not indicate what price he expected.

OPEC faces a further challenge from the prospect of rising output from Iran, which has been lobbying for

Continued on page 12
Over more than four decades of history — throughout some of the most turbulent and uncertain times in investing — the record shows there is no better place to find strategies and recommendations than the legendary New Orleans Investment Conference.

But this year’s blockbuster event will be one of the most exciting in the long history of the New Orleans Conference.

With America exiting QE as the rest of the world ramps up their money printing...with the future of the world’s leading economy up in the air as the presidential election heats up...

...And with gold and mining shares due for a fortune-making recovery...

...There is no more important time to get the best strategies and picks from today’s leading authorities, including:

- Pulitzer Prize-winning columnist Dr. Charles Krauthammer...
- Mark Steyn, today’s most eloquent, entertaining and insightful political pundit and free-speech activist...
- Doug Kass, Wall Street’s most renowned (and accurate) contrarian...
- Hedge fund guru and legendary trader Dennis Gartman...
- James Rickards, the economist whose predictions and revelations are terrifying experts from Wall Street to Washington...
- Dr. Marc Faber, the respected Swiss maverick who brings powerful evidence to back his tumultuous forecasts...
- Popular and prescient investment authority Peter Schiff...
- The undisputed king of controversy and contrarianism, Doug Casey...
- Master resource investor Rick Rule...

...PLUS the world’s leading authorities on gold, silver and mining stocks, including Adrian Day, Frank Holmes, Marin Katusa, Brent Cook, Mary Anne and Pamela Aden, Dr. Larry Reed, Mark Skousen, Peter Ricchiutti, Eric Coffin, Gwen Preston, Ian McAvity, Nick Hodge, Chris Powell, Bill Murphy and more.

A Quadruple-Your-Money Ironclad Guarantee

This powerful roster of speakers is one reason why the New Orleans Conference can offer an unprecedented money-back guarantee:

We will refund your entire registration fee if you find the Conference doesn’t provide profits more than quadruple your cost to attend over the first six months following the event.

No risk, and huge potential rewards — just the kind of investment you need in today’s uncertain times.

But time is very short if you want to attend New Orleans 2015. If you want to be a part of this year’s blockbuster event, you simply must act immediately by calling toll free at 800-648-8411, or by visiting www.neworleansconference.com to register.

LIMITED SPACE AVAILABLE:
Call Toll Free 800-648-8411
or visit www.neworleansconference.com
to secure your place now
Great Stocks from Around the World

If you want to invest in stocks, Kathy Kristof and David Milstead, Kristof & Milstead, Inc. offer these words of advice: Go global. With the world’s most valuable company, makes the last report, its treasury held cash and the wherewithal to do plenty more; at and buying back shares. And Apple has shocking growth for a company with remained strong in the January-new, sixth-generation models in the analysts by selling 74.5 million of the this year alone, Apple has introduced a iPhones to drive sales growth. But just doing some digging on their own, they found 10 strong candidates.

Apple (AAPL; $126). It should be something to invest in, but Apple is a one-trick pony, with little more than its iPhone to count on. However, analysts predict this year alone, Apple has introduced a new, sixth-generation models in the last three months of 2014, and sales remained strong in the January- March quarter. Earnings are expected to soar 40 percent in the fiscal year that ends in September, which is discounting for a company with a market cap of 740 billion.

Meanwhile, Apple is rewarding shareholders by boosting dividends and its share repurchase program, which the wherewithal to do plenty more; at last report, its treasury held cash and investments worth a whopping $194 billion, or $33 per share.

Avago Technologies (AVGO; $132) is a leading maker of semiconductor devices that are used in smartphones and other mobile devices. The company has moats unsurprisingly, about 15% of its revenues come from Apple, says Atif Malik, of Citigroup Global Markets. It has headquarters in San Jose, Calif., and Singapore, but has been moving into other fast-growing markets through a string of acquisitions. In May 2014, it acquired LSI (once known as LSI Logic), which designs chips and software that speed up storage and networking. Since then, Avago has bought two more companies involved in chips and software. And in late May, Avago announced a blockbuster deal to buy chip maker Broadcom (BRCM) for $37 billion. Many analysts endorsed the combination because the company will display.

Baidu (BIDU; $206). When it comes to Chinese e-commerce juggernauts, Alibaba (BABA) got most of the buzz over the past year. But over the long term, Baidu, the leading Chinese search engine, has been a huge winner. Shares of Baidu have soared more than 40-fold since their low in February 2006. Revenues and earnings have jumped from $123 million and $44 million, respectively, in 2006 to $7.9 billion and $2.1 billion in 2014.

Of course, it’s possible that Alibaba and other Chinese Internet firms may steal some market share from Baidu in China’s Internet search and online advertising businesses, says S&P Capital IQ analyst Scott Kessler. As a result, Baidu’s early lead and well-known brand mean it will likely maintain its market share over the next few years. The stock has retreated by some 17% since last November. But if investors reacted cooly to Baidu’s sales and earnings projections for 2015. Despite the reaction, however, analysts generally agree that a continuation of prior trends are likely to result in the company expanding overseas. Although a technology-modernization program may pressure earnings through 2016, Baidu will benefit in the long run. The program will enable the firm to double its workforce and generate millions in cost savings, says William Blair analyst Mark Miller. Baidu is in a good position to hold the line on demands for higher wages, which has the potential to increase earnings for the current fiscal year.

Costo Wholesale (COST; $144) builds customer loyalty by selling high-quality products with razor-thin markups, generating profits mainly from membership fees. The company pays less for its products because the company pays less for its products. But if the company keeps generating costs this year, the stock may be worth the $45 to $50 per share it traded around $20 in 2008, has soared more than 40-fold since then.

Nextar Broadcasting Group (NXST; $180). One of two purely domestic plays, NXST has 107 television stations across the U.S. The company’s largest market is Phoenix, followed by Salt Lake City. Operating in small and mid-size cities helps Nextar’s profits because the company pays less for its programming than do TV stations in large markets. For instance, Nextar pays $32 million to reach viewers in Houston, while the largest market is expected to spend $98 million. Nextar’s operating expenses, including commissions paid for use of network programming, amount to 3% of total revenues.

Costo’s customer base continues to grow steadily. And over the next 10 years, the Seattle company expects to double the number of stores in the U.S., to about 1,000 locations, and to expand rapidly overseas. Although a technology-modernization program may pressure earnings through 2016, Costco will benefit in the long run. The program will enable the firm to double its workforce and generate millions in cost savings, says William Blair analyst Mark Miller. Baidu is in a good position to hold the line on demands for higher wages, which has the potential to increase earnings for the current fiscal year.

Nextar Broadcasting Group (NXST; $180). One of two purely domestic plays, NXST has 107 television stations across the U.S. The company’s largest market is Phoenix, followed by Salt Lake City. Operating in small and mid-size cities helps Nextar’s profits because the company pays less for its programming than do TV stations in large markets. For instance, Nextar pays $32 million to reach viewers in Houston, while the largest market is expected to spend $98 million. Nextar’s operating expenses, including commissions paid for use of network programming, amount to 3% of total revenues.

But if the company keeps generating

Costo’s customer base continues to grow steadily. And over the next 10 years, the Seattle company expects to double the number of stores in the U.S., to about 1,000 locations, and to expand rapidly overseas. Although a technology-modernization program may pressure earnings through 2016, Costco will benefit in the long run. The program will enable the firm to double its workforce and generate millions in cost savings, says William Blair analyst Mark Miller. Baidu is in a good position to hold the line on demands for higher wages, which has the potential to increase earnings for the current fiscal year.

But if the company keeps generating

Net revenues jumped 52% from the first quarter of 2014, and free cash flow (cash flows after the capital expenses required to maintain a business) skyrocketed by 70%.

Through acquisitions is a priority for Nextar, says analyst Michael Kupinski, of Noble Financial Capital Markets. Since March 2014, the Irving, Texas, company has closed 36 stations and two television stations, and has taken on $2.1 billion in debt. The company’s debt-free status in 2013 was a key point in its acquisition of stations.

Nextar Broadcasting Group (NXST; $180). One of two purely domestic plays, NXST has 107 television stations across the U.S. The company’s largest market is Phoenix, followed by Salt Lake City. Operating in small and mid-size cities helps Nextar’s profits because the company pays less for its programming than do TV stations in large markets. For instance, Nextar pays $32 million to reach viewers in Houston, while the largest market is expected to spend $98 million. Nextar’s operating expenses, including commissions paid for use of network programming, amount to 3% of total revenues.

But if the company keeps generating

Net revenues jumped 52% from the first quarter of 2014, and free cash flow (cash flows after the capital expenses required to maintain a business) skyrocketed by 70%.

Through acquisitions is a priority for Nextar, says analyst Michael Kupinski, of Noble Financial Capital Markets. Since March 2014, the Irving, Texas, company has closed 36 stations and two television stations, and has taken on $2.1 billion in debt. The company’s debt-free status in 2013 was a key point in its acquisition of stations.

Nextar Broadcasting Group (NXST; $180). One of two purely domestic plays, NXST has 107 television stations across the U.S. The company’s largest market is Phoenix, followed by Salt Lake City. Operating in small and mid-size cities helps Nextar’s profits because the company pays less for its programming than do TV stations in large markets. For instance, Nextar pays $32 million to reach viewers in Houston, while the largest market is expected to spend $98 million. Nextar’s operating expenses, including commissions paid for use of network programming, amount to 3% of total revenues.

But if the company keeps generating

Net revenues jumped 52% from the first quarter of 2014, and free cash flow (cash flows after the capital expenses required to maintain a business) skyrocketed by 70%.

Through acquisitions is a priority for Nextar, says analyst Michael Kupinski, of Noble Financial Capital Markets. Since March 2014, the Irving, Texas, company has closed 36 stations and two television stations, and has taken on $2.1 billion in debt. The company’s debt-free status in 2013 was a key point in its acquisition of stations.

Nextar Broadcasting Group (NXST; $180). One of two purely domestic plays, NXST has 107 television stations across the U.S. The company’s largest market is Phoenix, followed by Salt Lake City. Operating in small and mid-size cities helps Nextar’s profits because the company pays less for its programming than do TV stations in large markets. For instance, Nextar pays $32 million to reach viewers in Houston, while the largest market is expected to spend $98 million. Nextar’s operating expenses, including commissions paid for use of network programming, amount to 3% of total revenues.

But if the company keeps generating

Net revenues jumped 52% from the first quarter of 2014, and free cash flow (cash flows after the capital expenses required to maintain a business) skyrocketed by 70%.

Through acquisitions is a priority for Nextar, says analyst Michael Kupinski, of Noble Financial Capital Markets. Since March 2014, the Irving, Texas, company has closed 36 stations and two television stations, and has taken on $2.1 billion in debt. The company’s debt-free status in 2013 was a key point in its acquisition of stations.
Americans’ Taste for Cold Brew Proves Summertime Coffee Market

For U.S. coffee shops, business usually cools down as the weather heats up. But as the latest craze, cold brew coffee, moves from a hipster infatuation to a mainstream staple, that seasonal pattern is unraveling.

Since cold brew often uses more beans than traditional hot coffee, it consumes overall U.S. demand for coffee beans, particularly unroasted beans, away from the efficient single-serve pods popularized by Keurig Green Mountain.

With a great effort – one only now beginning to really come to fruition – GE is back in the business of “making things.”

GE’s Turnaround: Bringing Cool Things Back to Life

Jim Nelson
Wyatt Investment Research

One of the most difficult things a company can do is change with the times. No company is as adept at that as General Electric (NYSE: GE).

Three decades ago, the inauspicious Jack Welch began making moves to future-proof General Electric. Welch, who had come in favor of growing its financial arm – GE Capital – for the first century of GE’s existence.

Throughout the 1980s, 1990s and into the 2000s – even after Welch left the company – GE Capital was a behemoth.

And now, there are more rumors of GE Capital’s loan portfolio. He then has to build back up the company’s industrial business. And Immelt has the right connections.

The Welch Way

Welch, despite whatever opinions some had of him, was someone who could see far into the future. He saw the shift in finance and banking. And he wanted GE to be more accurate, it is finding its way back to the company’s old proven path. With a great effort – one only now beginning to really come to fruition – GE is back in the business of “making things.”

Its latest quarter is proof of this. GE reported second-quarter earnings on July 17. It posted organic revenue growth of 5%, year-over-year. More importantly, that growth was also accompanied by fatter margins.

For the full year, the company expects its industrial side to grow its bottom line by double digits. For a $262 billion company, that’s an amazing rate.

Meanwhile, it is taking the risk it is so keenly aware of from its near disastrous 2008-2009 troubles off the table.

Immelt’s Imagination

In April, General Electric CEO Jeffery Immelt announced that the company will do away with Welch’s massive GE Capital. Immelt and his team will pare back the financial arm to a size comparable to what it was for its first 100 years of business.

Immelt’s vision is that GE will once again be an industrial giant, and no longer be thought of as just another bank. Of course, this isn’t an easy transition. And it has created plenty of speculation in the market.

Immelt is taking a twofold approach to GE’s turnaround. First, he has to find buyers for large portions of GE Capital’s loan portfolio. He then has to build back up the company’s industrial business – even more than before.

Fortunately, GE is flush with cash, and Immelt has the right connections.

Earlier this year, he announced a deal to sell a large chunk of GE’s commercial real estate loan portfolio to Wells Fargo (NYSE: WFC) and Blackstone Group (NYSE: BX).

And now, there are more rumors of furthering those deals to include other parts of GE Capital, like its foreign buyout and corporate lending businesses.

For the sake of Immelt’s giant task, look no further than the Alstom deal GE made back in 2014.

Alstom SA (OTC: ALSMY) is a French-based energy and transportation company. It cut a deal last year to sell its power grid division for $17 billion.

The deal would likely have been shot down by European regulators on sight if it wasn’t for Immelt’s wheeling and dealing. The division, you see, is the 5,000-pound gorilla in every market.

But from the minute the deal was on the table, Immelt has been in private meetings with the government. Just recently, GE announced that it is close to finalizing that deal. In fact, its latest move to divest some of the assets that would come with this arrangement – such as its gas turbine business and Immelt’s vision is that GE will once again be an industrial giant, and no longer be thought of as just another bank. Of course, this isn’t an easy transition. And it has created plenty of speculation in the market.

Immelt is taking a twofold approach to GE’s turnaround. First, he has to find buyers for large portions of GE Capital’s loan portfolio. He then has to build back up the company’s industrial business – even more than before.

Fortunately, GE is flush with cash, and Immelt has the right connections.

Earlier this year, he announced a deal to sell a large chunk of GE’s commercial real estate loan portfolio to Wells Fargo (NYSE: WFC) and Blackstone Group (NYSE: BX).

And now, there are more rumors of furthering those deals to include other parts of GE Capital, like its foreign buyout and corporate lending businesses.

For the second half of Immelt’s summer, the world of coffee could be well, a little forgotten.

The cool temperature and lack of movement, however, mean not as much flavor is available. Cold brew coffee is made by steeping fresh ground coffee in cold water for between 12 and 24 hours, while traditional iced coffee is made by cooling hot-brewed coffee and serving it over ice.

The popularity growth of this stronger, smoother, more refreshing and lacks caffeine – was responsible for the company's business. And investment vehicle the market.

GE Capital’s loan portfolio. He then has to build back up the company’s industrial business – even more than before.

Fortunately, GE is flush with cash, and Immelt has the right connections.

Earlier this year, he announced a deal to sell a large chunk of GE’s commercial real estate loan portfolio to Wells Fargo (NYSE: WFC) and Blackstone Group (NYSE: BX).

And now, there are more rumors of furthering those deals to include other parts of GE Capital, like its foreign buyout and corporate lending businesses.

For the second half of Immelt’s summer, the world of coffee could be well, a little forgotten.

The cool temperature and lack of movement, however, mean not as much flavor is available. Cold brew coffee is made by steeping fresh ground coffee in cold water for between 12 and 24 hours, while traditional iced coffee is made by cooling hot-brewed coffee and serving it over ice.

The popularity growth of this stronger, smoother, more refreshing and lacks caffeine – was responsible for the company's business. And investment vehicle the market.
This offer is valid for new or existing Fidelity customers. In order to receive the commission-free trades, you must designate an existing eligible account or open and fund a new eligible account with net new assets. Deposits of $50,000 to $99,999 of net new assets will receive 60 commission-free trades for one year. Deposits of $100,000 of net new assets or more will receive commission-free trades for one year, up to a maximum of 100 trades. Commission-free trades must be designated to the one account receiving the qualifying assets and are limited to only online domestic equity trades, and do not include options. No cash compensation will be given for any unused commission-free trades; unused trades expire worthless. Offer is nontransferable, limited to one per individual per rolling 12 months and may not be combined with other offers. Fidelity reserves the right to modify these terms and conditions or terminate this offer at any time. Other terms and conditions, or eligibility criteria, may apply.

Sell orders are subject to an activity assessment fee (of between $0.01 to $0.03 per $1,000 of principal).

The Equity Summary Score is provided for informational purposes only, does not constitute advice or guidance, and is not an endorsement or recommendation for any particular security or trading strategy. The Equity Summary Score is provided by StarMine, an independent company not affiliated with Fidelity Investments. For more information and details, go to Fidelity.com.

Investing involves risk, including risk of loss.

†Kiplinger’s magazine, December 2014. Results based on ratings in the following categories: total commissions, investment choices, tools, research, Web site, mobile, and advisory services. Criteria not equally weighted. In 2014, Fidelity tied for #1 with Charles Schwab which ranked 13 leading discount brokers. In 2011, Fidelity tied with TD Ameritrade which ranked 14 discount brokers, was #1 in November 2008 which ranked 13 discount brokers, and tied for #1 with Muriel Siebert in 2007 which ranked 10 discount brokers.

System availability and response times may be subject to market conditions.
The Market Butcher is Sharpening His Knives

By Thomas Henning

The One-World-Order (the Order) is imploding from the internal rot of debt. When the debt defaults, the local banks, being the controlling tool of the Order, will be gutted. When the banks get gutted, the Order gets gutted. End of the One-World-Order.

The bond market has broken down, the Razbucknic has flashed sell signals, gold is trying to bottom, needing an upside breakout, and the stock market has failed in a five-week topping pattern, having recently compounded a Dow’s Theory bearish non-confirmation.

The bond market has waved out and has broken down. Study the Monthly 30-Year Rate chart and remember rates move inversely to bonds. Bonds go down, rates go up.

The favored wave count suggests a complete down cycle. A move up to the upper trendlines would confirm this. The monthly internals have also broken down, moving up rates up.

Da boyz have been trying to hold up the bond market and keep rates down. The bond breakdown and rate upmove strongly suggests that da boyz have lost control.

The bond breakdown undermines balance sheets of literally all financial institutions, most of which are highly leveraged, this leverage compounded by an overload upleg with deviation moving up rates.

The Razbucknic has broken down as anticipated in my last few articles. The favored wave count suggests that the three wave primary rally that started in mid-2011 is done. This rally is a corrective upmove within the larger bear cycle that started in 2001.

Do note the failed internals on the Weekly Raz chart. The monthly studies have also given early sell signals in the form of a Stokcs and Trix breakdown.

There is an alternate wave tea leaf count suggesting that another upleg could evolve. Given the market action, I tend to doubt it, but if it evolves, it should not be sustainable upward, as the internals will undoubtedly move into heavy bearish divergences.

Ultra-near term, the Daily studies are oversold, so an upside pause to digest the recent downmove should come as no surprise.

Remember that the Razbucknic is only a measurement of the relative stink of worthless printing press fiat garbage. It will be interesting to watch the various currency actions when the gold breaks out as the central bank pirates try to salvage their Ponzi scheme.

The metals complex is in a cyclic bull market that started in 2001. The downmove since 2011 is a primary correction within the bull cycle.

Indicators are bullish on a Daily, Weekly, Monthly basis and I can recite the shape of their bullishness ad nauseum.

This overall bullish picture is encouraged by the major moving averages which are turning friendly – only friendly.

The bulls need a breakout to validate this picture. At present, the April highs have been marginally exceeded. That’s okay, but only okay.

To keep perspective, the bulls are looking for a primary move up after a primary correction. The metals complex has been pressured downward by da boyz. Given this downside manipulated pressure, it is important to look for a move upward to be major.

Given that perspective, primary major signals would put the bulls in full control. Closes above the January highs are needed: XAU 84, Gold 1310, Silver 1855. Lower level bull signals may be firmed up but at this point are only tentative but worth defining: XAU 78, Gold 1233, Silver 1778.

Remember that the big money will be made with the primary upleg, not with riding around with the smaller intermediate machinations that are only used to define the end of the primary correction and the beginning of the next primary upleg.

Interestingly, on May 22nd, the COT numbers released were horrendously bearish. This suggests another downleg in the offing. However, the downleg, if it evolves, would be loaded with every bullish divergence known to mankind and would put the aforementioned lower bull levels (XAU 78, Gold 1233, Silver 1778) as bull signal points.

As an aside, does the extreme level of the bearish shorting by da boyz to cap the upleg that ended on May 18th suggest that they needed that level of shorting to cap extreme demand and that this could be a sign that they are finally losing control of the metals markets?

The stock market is in the terminal stage of a bull cycle that started in August, 1982. The last primary upleg within that bull cycle started in 2009. What is being set up is a cyclic bear market lasting about a decade.

Near term, the market has been in a frustrating sideways move for the last six months as internals such as High/Low studies, Pos/Neg Vol and Quantified Advance/Decline studies have suggested distribution.

As the recent new Dow high was scored, the internals failed to confirm on a compounded basis. The Advance/Decline Breadth, while recently bullish, is flirting with a divergence too. This is only the tip of the internal technical iceberg. This is technical cancer.

Study the comparative Weekly Dow/Transport chart. Note the upper trendlines that denote a new Dow high that was not confirmed by the Transports. This bear alert was recently compounded as the Transports again failed to confirm the recent Dow high in mid-May. Frustating.

Closes below the lower levels as denoted by the lower trendlines would constitute a Dow's Theory change of trend, specifically Dow 17,570, Transports 4480, and given the larger wave count, these closes would suggest the start of a cyclic bear market which harmonizes with the debt implosion.

In sum, the bonds are busted. The Raz has broken down with a possible, but improbable, remaining upleg. Gold needs a breakout to start a cyclic bull market with a possible punch downward setting up the lower bull signal points. The stock market is topping with internal rot and compounded Dow's Theory bearish divergences.

A break below critical lows would strongly suggest the start of a cyclic bear market.

Given the signals, a total financial implosion is in the offing.

The One-World-Order hustle that started in 1913 with the founding of the Fed has succeeded. The world's economies have been stripped of assets and overwhelmed with impossible-to-pay debt. The debt is imploding, and the banks needed to control the Order holding that debt are finished.

In addition, as I have said before, the territorial imperative, which is intrinsic to the human condition, has arisen in the form of the gold flow to Asia, and Vlad is giving the West the one-finger salute. Da boyz have created the mid-East situation, and that is falling apart too, as the territorial imperative has hit that region.

The One-World-Order institutions are a century old and are set up to function within the parameters of the Order. When these century-old institutions become gutted due to debt implosion, the Order will be gutted.
Lingo Media: Canadian Penny Stock to Watch

Great Stocks from Around the World

Continued from page 3

sites. The widely lauded deal gives Periclese a foothold in China and solidifies its hold on the international travel market, which accounts for 88% of its revenue. Sales are up 25%.

Priceline shares suffered through an uncharacteristically poor 2014, during which the company lost market share, and they now trade at 14% below their all-time high. A key reason for the weakness was investor concern about the strong dollar’s impact on Priceline’s results. In fact, first-quarter results were tepid: Earnings climbed only 4% from the same period in 2014. And analysts see margins being pressured for years, as Priceline’s growth relies on raw-materials costs and a new partnership to sell paint in Lowe’s home improvement stores.

Another boost comes from overseas acquisitions. After going on a deal-making frenzy at the end of 2013 and early 2014, Sherwin-Williams now owns subsidiaries or licensing agreements to sell its products in 50 countries outside the U.S. That helped boost sales in its international segment by 12% in 2014. The strong dollar pinch results, but only a bit; it trimmed the company’s sales by 1% in 2014, according to the company, and in the first quarter of 2015, the company expects sales to rise by high-single-digit percentages and earnings to reach about 14% per share, which would represent a 28% increase from last year. Sherwin-Williams has raised its dividend in each of the past 56 years (including a 22% boost in 2015).

• Tata Motors (TTM; $35) is the leading automaker in India, the world’s second-most-populous country. Tata’s premium luxury brand, Jaguar and Land Rover, which it purchased from Ford in 2008. Those premium brands have boosted Tata’s sales and profit margins beyond what it could record with its own brand on its home turf. The JLR segment, as Tata calls its Jaguar and Land Rover businesses, is in outstanding form. Last year, it grew by a 17% gain in Land Rover sales, U.S. sales in April exceeded those in April 2014 by 15%. Sales of Tata commercial and personal vehicles in India, by contrast, gained 5% in April compared with the year before. JLR sales accounted for 43% of Tata’s total vehicle sales in 2014.

A slowdown in India’s growth rate (from 8% in 2011 to roughly 5% annually from 2012) brought Tata’s domestic business, as cash-strapped consumers bought motorcy- clues instead of cars. But things are turning around. Kiplinger expects growth to gain momentum, and the company is in strong shape for the future. For example, the company, to help roll the platform out, made two other acquisitions. Then, to improve the platform and user interface, Lingo inked a strategic alliance with a seller that specializes in language learning technology. The proprietary software and content, now available, enables users in any country to use diversified content to learn English.

• Sherwin-Williams (SHW; $208) is the game show of North America. It isn’t synonymous with paint, but it comes pretty close.

Da boyz, who have been brain- washed with Keynesian bull manure, will be incapable of comprehending what is going on and will not adapt. The recent aforementioned COT num- bers tell us that they are playing the same old game. They know no other.

The recent bond and rate bust tells us that the market butcher is sharpening his knives. A Dow’s Theory stock market bust and gold breakout would prove to be a very good buy because gold is still in full force.

The author’s Note: Thomas Henning, the “Curmudgeon” was raised on Chicago’s South Side. After attending grad school at the University of Chicago, he started in the brokerage business in 1983 and later became a director for the CPTC commodity trading adviser. Henning is an avowed Canadian其间 financial newspaper. David Miseule is a freelance writer who writes for “Vox,” a markets and investing column for The Globe and Mail, the national newspaper of Canada. Readers can view some of their columns at Golbank.com.

OPEC says Oil Should Not Fall Further, Sees Stability in 2016

Continued from page 3

While some OPEC delegates have expressed concern over the recent fall in prices, Badri said he had received no request for an extraordinary OPEC meeting before the regular scheduled gathering in December — which Russia would be ready to attend if invited.

Russia and OPEC have a history of bumping. The group have haggled Moscow a number of times to join in a market-balancing supply cut. Moscow has always cooperated and refused to do so as recently as June.

Withstanding the Drop

So far, Russia has withstood low prices, maintaining oil output at a post-Soviet high of 10.71 million bpd as a weak ruble offsets some of its losses.

Saudi Arabia, the world’s top oil exporter and largest producer in OPEC (and one of the world’s largest), ramped up its crude production to a record in June.

Russian majors’ upstream cash flow break-evens are among the lowest in the world at less than $60 per barrel. Costs are largely ruble-denominated and among the lowest in the world,” Valentina Kretschnam, a research director at Wood Mackenzie, said in a recent report.

The Russian state has lost half of its value since last year due to weak oil and Western sanctions imposed against Russia over its role in the Ukraine crisis.

In a joint statement, Russia and OPEC said they will work to help the market to become more balanced and stable next year. It was a position based on expectations that China and the developing world will increase their oil consumption.

“Despite current uncertainties, signs of a more balanced market in 2016 may provide much desired stability to the oil market in the longer term,” the statement said.

Novak said in a statement: “We, Russia and OPEC members, being responsible participants on the global oil market, should conduct our policy based on the fact understanding of its (global oil market) key factors and characteristics. Here we are pursuing the common goals of keeping the market in a balanced and stable state.”

Recurring Revenue Key to Canadian Small-Cap Stock’s Growth

Not only is the 149-year-old company a markets and investing column for Kiplinger’s Personal Finance magazine. David David of Canada who specializes in Canadian learning in 2013, a big chunk was

Kiplinger.com. So, yes, there’s money to be made

But the company realized it could serve a much bigger market through

And by the way, the stock is where it was.

Kiplinger expects

In fact, first-quarter results were tepid: Earnings climbed only 4% from the same period in 2014. And analysts see margins being pressured for years, as Priceline’s growth relies on raw-materials costs and a new partnership to sell paint in Lowe’s home improvement stores.

Another boost comes from overseas acquisitions. After going on a deal-making frenzy at the end of 2013 and early 2014, Sherwin-Williams now owns subsidiaries or licensing agreements to sell its products in 50 countries outside the U.S. That helped boost sales in its international segment by 12% in 2014. The strong dollar pinch results, but only a bit; it trimmed the company’s sales by 1% in 2014, according to the company, and in the first quarter of 2015, the company expects sales to rise by high-single-digit percentages and earnings to reach about 14% per share, which would represent a 28% increase from last year. Sherwin-Williams has raised its dividend in each of the past 56 years (including a 22% boost in 2015).

• Tata Motors (TTM; $35) is the leading automaker in India, the world’s second-most-populous country. Tata’s premium luxury brand, Jaguar and Land Rover, which it purchased from Ford in 2008. Those premium brands have boosted Tata’s sales and profit margins beyond what it could record with its own brand on its home turf. The JLR segment, as Tata calls its Jaguar and Land Rover businesses, is in outstanding form. Last year, it grew by a 17% gain in Land Rover sales, U.S. sales in April exceeded those in April 2014 by 15%. Sales of Tata commercial and personal vehicles in India, by contrast, gained 5% in April compared with the year before. JLR sales accounted for 43% of Tata’s total vehicle sales in 2014.

A slowdown in India’s growth rate (from 8% in 2011 to roughly 5% annually from 2012) brought Tata’s domestic business, as cash-strapped consumers bought motorcy- clues instead of cars. But things are turning around. Kiplinger expects growth to gain momentum, and the company is in strong shape for the future. For example, the company, to help roll the platform out, made two other acquisitions. Then, to improve the platform and user interface, Lingo inked a strategic alliance with a seller that specializes in language learning technology. The proprietary software and content, now available, enables users in any country to use diversified content to learn English.

• Sherwin-Williams (SHW; $208) is the game show of North America. It isn’t synonymous with paint, but it comes pretty close.

Da boyz, who have been brain- washed with Keynesian bull manure, will be incapable of comprehending what is going on and will not adapt. The recent aforementioned COT num- bers tell us that they are playing the same old game. They know no other.

The recent bond and rate bust tells us that the market butcher is sharpening his knives. A Dow’s Theory stock market bust and gold breakout would prove to be a very good buy because gold is still in full force.

The author’s Note: Thomas Henning, the “Curmudgeon” was raised on Chicago’s South Side. After attending grad school at the University of Chicago, he started in the brokerage business in 1983 and later became a director for the CPTC commodity trading adviser. Henning is an avowed Canadian其间 financial newspaper. David Miseule is a freelance writer who writes for “Vox,” a markets and investing column for The Globe and Mail, the national newspaper of Canada. Readers can view some of their columns at Golbank.com.

OPEC says Oil Should Not Fall Further, Sees Stability in 2016

Continued from page 3

While some OPEC delegates have expressed concern over the recent fall in prices, Badri said he had received no request for an extraordinary OPEC meeting before the regular scheduled gathering in December — which Russia would be ready to attend if invited.

Russia and OPEC have a history of bumping. The group have haggled Moscow a number of times to join in a market-balancing supply cut. Moscow has always cooperated and refused to do so as recently as June.

Withstanding the Drop

So far, Russia has withstood low prices, maintaining oil output at a post-Soviet high of 10.71 million bpd as a weak ruble offsets some of its losses.

Saudi Arabia, the world’s top oil exporter and largest producer in OPEC (and one of the world’s largest), ramped up its crude production to a record in June.

Russian majors’ upstream cash flow break-evens are among the lowest in the world at less than $60 per barrel. Costs are largely ruble-denominated and among the lowest in the world,” Valentina Kretschnam, a research director at Wood Mackenzie, said in a recent report.

The Russian state has lost half of its value since last year due to weak oil and Western sanctions imposed against Russia over its role in the Ukraine crisis.

In a joint statement, Russia and OPEC said they will work to help the market to become more balanced and stable next year. It was a position based on expectations that China and the developing world will increase their oil consumption.

“Despite current uncertainties, signs of a more balanced market in 2016 may provide much desired stability to the oil market in the longer term,” the statement said.

Novak said in a statement: “We, Russia and OPEC members, being responsible participants on the global oil market, should conduct our policy based on the fact understanding of its (global oil market) key factors and characteristics. Here we are pursuing the common goals of keeping the market in a balanced and stable state.”

Recurring Revenue Key to Canadian Small-Cap Stock’s Growth

Not only is the 149-year-old company a markets and investing column for Kiplinger’s Personal Finance magazine. David David of Canada who specializes in Canadian learning in 2013, a big chunk was
**Soligenix: Diversified product Portfolio spanning Biotherapeutics and Vaccines/BioDefense**

Konrad Kuhn: “Soligenix, Inc. (OTCQB: SNGX) is a late-stage biopharmaceutical company developing products that address unmet medical needs in the U.S. Among its biopharmaceuticals is Soligenix’s SGX301 (synthetic hypericin) for the treatment of cutaneous T-cell lymphoma (CTCL) and SNGX343 for patients with the condition of Crohn’s disease. SNGX343 has been clear through the FDA and is currently in Phase 3 clinical trials ahead of its veterinary and human potential for use in companion animals.”


---

**Editor's Note:** The KonLin Letter is consistently rated as one of the nation’s top 10 low-priced stock newsletters. It specializes in low priced stocks under $10. This unique service recommends 5 low-priced stock selections each month including Incidences of diagnosed cervical cancer. This is the introduction and has been associated with the majority of human papillomavirus (HPV) vaccine. HPV is the vaccination of data demonstrating (using ThermoVax™ technology) storage. Also, SNGX announced this month the public phase of 2011-2016. SNGX’s biodefense vaccine candidates include a recombinant subunit vaccine called RIVaX™ designed to protect against the lethal effects of inhaled anthrax. SNGX’s vaccine has demonstrated statistically significant survival results in lethal anthrax exposure and positive Phase 1 clinical trial results demonstrating that the vaccine is safe and induces antibodies against ricin. In addition, Velotrax™ is a subunit vaccine for use against anthrax exposure, OrbeShield™ is an oral therapeutic for the treatment of GI acute radiation syndrome (GI ARS) and SGX943/ SGX101 is for the treatment of meliodosis. Currently, this segment is supported with up to $57 mil. in non- dilutive grants and other awards from the National Institution of Allergy and Infectious Diseases (NIAID). SNGX’s vaccines incorporate the use of its proprietary heat stabilization platform technology known as ThermoVax™.

Revenues for FY14 rose 118% to $7.0 mil., with a net loss of $0.32 per share. Revenue for Q1’15 was $0.8 mil. compared to a net loss of $2.1 mil. in Q1’14. The low price per share or (0.17) for the same period in the prior year. As of the end of Mar.’15, SNGX’s cash position was $5 mil. With 26,174,375 shares outstanding (as of May 8, 15), of which 38% is closed held. Meanwhile, the stock has a major breakout in Feb. and since Mar., we’ve been recommending to Add/Buy below $2. The stock recently kissed its 30-Wk. MA, reversed north reclaiming both its 200-Day and 50-Day MAs and had an explosive upsurge through a bullish fan formation. It’s now working its way back down to the 1.90-2.00 supertrend price channel. First target is $4.44, then $4.94.

In addition, SNGX recently announced collaboration with The Turnaround Letter which will help to develop a heat-stable subunit Ebola vaccine for worldwide distribution that does not require cold storage. SNGX’s drug program in Canada involves the facilitation of data demonstrating (using ThermoVax™ technology) a heat stable vaccine formulation of a human papillomavirus (HPV) vaccine. HPV is the most commonly found sexually transmitted infection and has been associated with the majority of incidences of diagnosed cervical cancer. This is the first application of ThermoVax™ SNGX’s proprietary thermal stabilization platform technology in the commercial vaccine indication. Ultimate target 8-9.

For further information on Soligenix, Inc. visit www.soligenix.com.

---

**How it Works**

Upon reaching an agreement with a bank or merchant, the two sign a contract. Planet Payment’s typical contracts have an initial term of three to five years, which provide a stable customer base. PLPM regards such agreements as the most important part of its business. This segment includes its flagship solutions: Pay In Commercial Services (35% of 2014 sales).

**Multi-Currency Processing Services**

The company’s multi-currency processing services segment represents the majority of PLPM’s revenue. This segment includes its flagship solutions: Pay In Commercial Services (35% of 2014 sales). Planet Payment operates through two primary business segments: multi-currency processing services (65% of 2014 sales) and payment processing services (35% of 2014 sales).

**Multi-Currency Processing Services**

The company’s multi-currency processing services segment represents the majority of PLPM’s revenue. This segment includes its flagship solutions: Pay In Commercial Services (35% of 2014 sales).

**Multi-Currency Processing Services**

The company’s multi-currency processing services segment represents the majority of PLPM’s revenue. This segment includes its flagship solutions: Pay In Commercial Services (35% of 2014 sales).

**Multi-Currency Processing Services**

The company’s multi-currency processing services segment represents the majority of PLPM’s revenue. This segment includes its flagship solutions: Pay In Commercial Services (35% of 2014 sales).

**Multi-Currency Processing Services**

The company’s multi-currency processing services segment represents the majority of PLPM’s revenue. This segment includes its flagship solutions: Pay In Commercial Services (35% of 2014 sales).

**Multi-Currency Processing Services**

The company’s multi-currency processing services segment represents the majority of PLPM’s revenue. This segment includes its flagship solutions: Pay In Commercial Services (35% of 2014 sales).
Westwood Holdings: Strong growth, highly profitable operations, a high dividend yield. Buy

Ingrid Hendershot, B. A. CIP, Hendershot Investments Group (NYSE: WHG) provides investment management services to institutional investors, private wealth clients and high-net-worth individuals. With $21.7 billion in assets under management (as of March 31, 2015), the firm offers a range of investment strategies through its Full-Service Partnerships (MLPs), Multi-Asset, Global and Emerging Markets equities and Global Convertible securities portfolios.

Strong Growth

For more than two decades, Westwood's disciplined and risk-conscious approach has delivered solid performance. The company's retired founder, Susan M. Byrne, instilled a value-oriented approach at the firm focused on achieving risk-adjusted returns by investing in companies generating high levels of free cash flow with strong balance sheets and improving returns on equity. This investment approach is designed to create capital appreciation during favorable periods and provide superior real returns during down markets.

Despite a challenging stock market environment, Westwood has outperformed the market over the last five years. Sales have compounded at a 20% annual rate with net income growing even faster at a 26% compounded annual growth rate (CAGR) over the last five years. Assets under management (AUM) have steadily grown from $12.5 billion at the end of 2010 to a record $21.7 billion at the end of March 2015. Over the last five years, Westwood has enjoyed net asset inflows into its various investment strategies, including its private wealth accounts. The company has increased diversification in AUM by investment strategy, with five strategies individually exceeding $1 billion in AUM. The Westwood Global and Emerging Markets team has surpassed $4.5 billion in AUM, less than three years after launching its fund.

High Dividend Yield

Westwood's holdings are highly profitable with net profit margins averaging 20% during the last five years. The business also generates high levels of free cash flow as capital expenditures are minimal. Last year, free cash flow increased 27% to $651 million.

As of 3/31/15, Westwood boasted a cash-rich, debt-free balance sheet. After adjusting for net worth, the company had $823 million, or $83 per share. Approximately $23 million of the cash was used to complete the acquisition of Woodway subsequent to the quarter end.

Westwood returns significant cash to shareholders through a dividend policy that has paid a dividend every year since the company was founded in 1993. The company's dividend yield represents a 23% earnings growth. Another new dividend increase was announced by the company last week, increasing the dividend by 25% to $0.25 per share, providing more than a 6% dividend yield based on the current stock price.

High Insider Ownership

Equity-based compensation is a critical part of the company's compensation program that attracts and retains talented individuals and aligns employees' interests with clients and shareholders. Westwood also offers its management and Convertible Securities investment team with an average of 14.2% of the company's total assets under management (AUM). With every employee an owner of the company, Westwood returns significant cash to shareholders through their ownership in the company.

Valuation Analysis

The formula regulating ITC's return is seen as less subject to political risk than for other utilities. The company's high dividend provides constant earnings growth. Management is expecting operating EPS growth of 15%-15% annually through 2018. Nearly all of this will be from what management terms "highly probable" capital investments of $3.4 billion. We used a 10% growth rate as our assumption in order to be a little more conservative. While this rate is down a bit from last year's forecast, we believe earnings growth could well exceed current projections once all of $9 billion in ITC's capital investments are completed in 2016. You'll hear more about this on the Stock Study that our projection trails analysts' projections for the next few fiscal years, leaving room on the upside.

Management's latest guidance regarding dividend growth is for 15% for the year. The company's goal for dividend growth is 10% to 15%, which would result in a payout ratio in the mid-to-high single digits. Besides regulation, the other main risk is that interest rates could increase, though history shows otherwise. Management is highly capable and experienced.

Quality Analysis

The overall upturn in management performance remain positive. Pre-tax profit on sales was 38.5% in 2014, higher than the five-year average of 35.8%. The company grew free cash flow 27% and ROE 27%.

Return on equity was 14.9% last year, compared to 13% in 2013. Over the five-year period, Westwood's ROE has fallen slightly from the level in 2013. Remember, ROE is limited by regulation.

The company's P/E might seem high, but the stock likely deserves a higher valuation because of the dividend yield. The company's highly competitive position also merits reflection in the P/E. As a result the average P/E of 20.2 over the last five years is higher than the five-year low of 14.8, but lower than the five-year high of 26.4. The P/E doesn't seem exorbitant.

The annual analysis over the past five years has been steady, ranging between 22 and 27. We assume an average high P/E of 23.9 for the next five years. Compared to the last five, we expect the multiple to increase to 28.4.

The low P/E has averaged 16.5 over the past five years. We used the average of 16.5 over the past five years as an estimate of the five-year low EPS of $1.67 (the trailing-12-months figure), the forecasted low price is $27.90.

There is a trend of increasing free cash flow and potentially higher revenue growth, leading us to expect the company to benefit from a rising valuation outlook. We believe the company's current valuation is undervalued compared to its long-term growth potential.

Westwood is a leading utility company with strong growth, highly profitable operations, strong free cash flow and a dividend yield and high insider ownership. Buy.

Editor's Note: Hendershot Investments Inc. is a money management firm whose goal is to both build and preserve its clients' wealth. To that end, we invest in high-quality, well-managed companies at reasonable valuations and hold them for the long term. For more information on the money management services they provide, call (703) 361-6130 or visit the website at www.hendershotinvestments.com.

ITC Holdings: Offers some powerful growth opportunities

Douglas Gerlach: "We initially discussed electric utilities, but the company's new earnings per share (EPS) growth of 2.0% based in Novi, Mich., in the October 2014 issue. In the write-up we discussed how ITC is facing a ruling that could severely decrease the utility's allowable return on equity.

In the company's second-quarter earnings call, company management said ITC has written to the Federal Energy Regulatory Commission (FERC) to provide decisions in 2016. In the meantime, ITC has taken reserves for potential refunds. Though there are always some potential reserves, for the past few years we feel these risks are mainly accounted for in the stock price. ITC has been reducing its shares outstanding toward the lower end of its 52-week range, probably also a function of expectations of rising interest rates that will benefit the company.

Second-quarter results indicate that the company continues to perform at a high level, however. Revenues were up 4.5% to $275.1 million, while EPS grew 3.7% to $0.46. So, also, experienced management such as ITC's often strives for balance between near-term and long-term earnings. We believe ITC's growth story remains intact and that the company will benefit from the utility's lowering of its capital investment requirements for 2015 as a result of the potential for refund.

Utilities have been growing at earnings at 4% annually over the past decade. ITC, however, saw nearly 16% earnings growth. ITC, which began operations in 2005, manages the transmission of electricity mainly in the Midwest and that has helped ITC to develop the competitive advantage because building a competing infrastructure would be quite expensive, and regulations that control new transmission lines would be difficult unless there's a pressing need. (This doesn't mean the company wants this to happen, either.)

ITC should have plenty of opportunities for growth for years to come. The country's infrastructure is in need of investment, underinvestment estimates that projected systems needs require at least $120 billion of investment per decade through 2030.

Analyst Ratings

The formula regulating ITC's return is seen as less subject to political risk than for other utilities. The company's high dividend provides constant earnings growth. Management is expecting operating EPS growth of 15%-15% annually through 2018. Nearly all of this will be from what management terms "highly probable" capital investments of $3.4 billion. We used a 10% growth rate as our assumption in order to be a little more conservative. While this rate is down a bit from last year's forecast, we believe earnings growth could well exceed current projections once all of $9 billion in ITC's capital investments are completed in 2016. You'll hear more about this on the Stock Study that our projection trails analysts' projections for the next few fiscal years, leaving room on the upside.

Management's latest guidance regarding dividend growth is for 15% for the year. The company's goal for dividend growth is 10% to 15%, which would result in a payout ratio in the mid-to-high single digits. Besides regulation, the other main risk is that interest rates could increase, though history shows otherwise. Management is highly capable and experienced.

Quality Analysis

The overall upturn in management performance remain positive. Pre-tax profit on sales was 38.5% in 2014, higher than the five-year average of 35.8%. The company grew free cash flow 27% and ROE 27%.

Return on equity was 14.9% last year, compared to 13% in 2013. Over the five-year period, Westwood's ROE has fallen slightly from the level in 2013. Remember, ROE is limited by regulation.

The company's P/E might seem high, but the stock likely deserves a higher valuation because of the dividend yield. The company's highly competitive position also merits reflection in the P/E. As a result the average P/E of 20.2 over the last five years is higher than the five-year low of 14.8, but lower than the five-year high of 26.4. The P/E doesn't seem exorbitant.

The annual analysis over the past five years has been steady, ranging between 22 and 27. We assume an average high P/E of 23.9 for the next five years. Compared to the last five, we expect the multiple to increase to 28.4.

The low P/E has averaged 16.5 over the past five years. We used the average of 16.5 over the past five years as an estimate of the five-year low EPS of $1.67 (the trailing-12-months figure), the forecasted low price is $27.90.

There is a trend of increasing free cash flow and potentially higher revenue growth, leading us to expect the company to benefit from a rising valuation outlook. We believe the company's current valuation is undervalued compared to its long-term growth potential.

Westwood is a leading utility company with strong growth, highly profitable operations, strong free cash flow and a dividend yield and high insider ownership. Buy.
Boeing: Recent Addition

Thomas Bishop: “Gentherm (THRM) is a global developer and marketer of thermal management technologies for a broad range of heating, cooling and temperature control applications, primarily for the automotive industry. But Gentherm has some advantages in an industry where size matters. It is a single isle market. Investors should closely watch growth area for BA is to regain its leadership in the single isle market. Airbus A320Neo is being won by Airbus. While BA started out leading on order values were higher ($232 bil vs $174 bil), the assumption is the global economy will expand by about 1.5% over the global GDP growth rate. If the strength is also demonstrated in its strong free cash flow, then the investment in BA makes sense. Management has been generating profits in excess of its cost of capital. BA has a weighted average cost of capital of 7.5% and a 3-year average return on invested capital of 24.3%, generating a consistent net 17% return on capital for long-term investors. This strategy also demonstrates the firm’s strong free cash flow of $6.1 billion a year average since Dec 2011. The underlying commercial aircraft business is expected to earn about 5% of pretax income, which is about 1.5% over the global GDP growth rate. If the assumption stock in a stock in a company that buys back a significant number of its own shares. For 50 years, buyback stocks have outperformed the market — sometimes spectacularly so.

The Buyback Letter was recently named to The Hulbert Financial Digest 2015 Investment Newsletter Honor Roll for the sixth year in a row. There were only 12 newsletters that made the Honor Roll for 2015. The Buyback Letter ranked 1st in both average 381.52% outperformance over the 162.77% that Hulbert monitors made it to the honor roll. To be in this select group, a newsletter must create his exclusive Buyback Strategy. Fried’s enviable track record:

Earnings per share are estimated to be $8.02 this year and $8.29 next. The stock is well liked by street analyst, but their target prices range from $138 to $180. Based on a current price of $142, wells Fargo could be considered by some to be fully valued. The PEG ratio of 1.25 and a consistently growing base of business, instituting a stock buyback program. The Buyback Letter should provide adequate long term returns. Boeing is an intriguing mix of technology, aerospace, and industrial segments.**************

prices. Before you consider any buyback as a reason to buy shares yourself, do the following...

Wait for the company to actually start buying back shares. Sometimes a company will announce a buyback program that doesn’t actually buy back any shares. This issue of a buyback program doesn’t follow through, often because the business ends up not doing as well as had been expected. And with an announcement of a buyback, you might think of the company as having more cash on hand, which means that you should reevaluate whether to invest.

3. Decide whether the buybacks will actually reduce total shares outstanding. This isn’t as easy as it first sounds. Buyback programs, communications-equipment supplier Qualcomm has spent more than $13 billion in buybacks over the past five years, but the number of shares outstanding only increased by 2% because the company has issued nearly 100 million new shares to management. To reduce total shares outstanding, buybacks should be large enough to reduce outstanding shares by at least that much.

Do your own research. Just the fact that a company is buying back shares doesn’t make the stock a bargain or mean that the company has strong growth prospects. It may be buying back shares as a way to please shareholders and attract investors. And sometimes a company chooses to buy shares that turn out to be overpriced. Research the company thoroughly to find out what it is doing with its stock’s valuation in relation to the company’s outlook.


---

New products are in the final stages of development with “state-of-the-art technological solutions for modern security problems. It is important to consider that settings can be altered without interrupting traffic flow while effectively detecting threat objects (guns, knives, bombs) using advanced software algorithms. The sensors are not a factor, but the whole presentation is demeaning. The paced lip sync must move through the device is also a factor.

Now meet VSYM’s scanner! - ViewScan uses an advanced signal processing.The sensors understand when there is a threat or just a coin! Their product not only verifies a single multiple threat, but also via video pin points the actual location. The scanner can also handle a much faster stream of patrons walking into a secured area.

A patron walks through the scanner and a data package is formed including a snapshot Image of the person, Date and time, threshold settings can be adjusted when needed. The sensors understands when an advanced magnetic sensors with on-board digital signal processing. The sensors recognizes when a magnet could be on the body of a person, Date and time, threshold settings can also be adjusted when needed.


---

Sandy Koufax: 470 S Holladay Blvd, Salt Lake City, UT 84117, year, 8-10 issues, $250. Phone Service, 1 year, $3,500. (801) 272-4761.

VSYM plays within a $100 billion industrial segment

William Velmer: “View Systems, Inc. (VSYM) is a leading security technology company with cutting edge facial recognition and or Iris identification. We rate VSYM with a STRONG BUY. VSYM has the potential to be a "real" wealth generating technology company with only a $1.5 million market-cap! We are finalizing a merger candidate shortly. We have a strong revenue stream of $15-$20 million ending 2016. We will receive the "new" subsidiary.

We usually don’t recommend sub-penny issues within our database, but VSYM is not a sub-penny stock. We are comfortable that the company is worth 20X the fractional value that the current shares sport! Google’s mobile platform is a strong revenue stream of $15-$20 million ending 2016. We assume that additional funds could be raised by a noted Broker-Darler during the current year in order to ramp-up manufacturing, distribution, marketing costs, etc. VSYM has been doing business since 1998.

Our analysis yields a solid revenue base from a merger partner that will lead to a ramped up demand for VSYM’s flagship products & services. The merger could result in a strong revenue stream of $15-$20 million ending 2016. We assume that additional funds could be raised by a noted Broker-Darler during the current year in order to ramp-up manufacturing, distribution, marketing costs, etc. VSYM has been doing business since 1998.

15. If you are looking for a ground-floor opportunity that is a high demand industry ($100 billion industry) with advanced technology that is ready to take off – then VSYM is for you!

We believe that VSYM is worth $0.10/sh just based on its revenue growth, market share and its new and technological advanced products! We can’t be more excited but we believe that this company is worth 20X the fractional value that the current shares sport! VSYM is a great buy but after the quarterly results of Q1 are announced we think it is a "buy & hold" situation with limited downside risk.”


---

Google Inc. is listed on the Nasdaq under the symbols GOOG and GOOGL. The difference is that GOOG shares are non-voting Class C stock, and GOOGL shares are voting Class A stock. The non-voting GOOG shares typically trade at a small discount to voting GOOGL shares.

For more information on Google Inc. visit investor.google.com.


---

Douglas Gerlach: “Google’s (NASDAQ: GOOG) stock has performed very well since its debut a decade ago. YouTube has over 1 billion active viewers. Much of Google's growth, which will require some improvement in the company's capital investment budget is going to be finalizing a merger candidate shortly. We have a strong revenue stream of $15-$20 million ending 2016. We assume that additional funds could be raised by a noted Broker-Darler during the current year in order to ramp-up manufacturing, distribution, marketing costs, etc. VSYM has been doing business since 1998.

Google, Inc. (GOOG) has a $20 million NOL – will allow for $20 million in tax savings when the time is most suited. We usually don’t recommend sub-penny issues within our database, but VSYM is not a sub-penny stock. We are comfortable that the company is worth 20X the fractional value that the current shares sport!

We believe that Google can still be a growth company for a long time. If we’re right, shares should move higher. If our perception is correct then this small and relatively unknown company has the potential to be a “real” wealth generating technology company with only a $1.5 million market-cap! We are finalizing a merger candidate shortly. We have a strong revenue stream of $15-$20 million ending 2016. We will receive the “new” subsidiary.

We rate VSYM with a STRONG BUY. VSYM has the potential to be a “real” wealth generating technology company with only a $1.5 million market-cap! We are finalizing a merger candidate shortly. We have a strong revenue stream of $15-$20 million ending 2016. We will receive the “new” subsidiary.

We usually don’t recommend sub-penny issues within our database, but VSYM is not a sub-penny stock. We are comfortable that the company is worth 20X the fractional value that the current shares sport!

We believe that VSYM is worth $0.10/sh just based on its revenue growth, market share and its new and technological advanced products! We can’t be more excited but we believe that this company is worth 20X the fractional value that the current shares sport! VSYM is a great buy but after the quarterly results of Q1 are announced we think it is a “buy & hold” situation with limited downside risk.”
multiple could expand as the company de-levers, (3) Regulated utility operations could drive further accretive M&A, and the company has a long track record of accretive transactions.

Risk Reward on a 12-month view (Overweight, PT $315)

Valuation Methodology: Our price target of $315 represents 17x C2016e EPS of $8.97. We view this multiple as conservative relative to an AFE peers trading at 17-20x and the S&P 500 (17.5x), based on AVGO's stronger earnings growth.

Risks: Stronger-than-expected competition or margin pressure in mobile fitters, an important growth driver; or higher-than-expected prices further while incremental AWS cloud-related technologies.

Amazon (AMZN). Amazon’s ac- celerating revenue growth, expanding Amazon Web Services (AWS), and its unique position as a retailer gives it the ability to drive margin expansion.

Amazon’s gross margins also con- tinue to expand, which provides Amazon with more dollars to invest in improving mix and drive more categories, as well as further expand their fulfillment network.

Amphenol (APH). We view Am- phenol as a premier franchise in the connector space with superior revenue growth and strong track record.

Avago Technologies (AVGO) is one of the fastest growing companies in the Technology sector, led by 20%-plus plus growth in its wireless segment (40% of sales). We stress that it is one of the few companies in the smartphone supply chain that is benefiting from an expansion in total available market (TAM), driven by a sharp uptick in radio frequency (RF) content. We see a long runway for growth in premium filters, Avago’s stronghold in wireless, driven by LTE. (1) Rise in LTE penetration in mobile devices globally from 30% today to 50% by 2017; (2) Continued strong execution in providing integrated LTE-capable smartphones as devices become “digital cores” leading to a long T/O lever. (3) A pickup in adoption of carrier aggregation. We expect the premium filter market to grow at a 25% CAGR from ~$1.6 billion in 2014 to ~$4 billion in 2017.

We think Avago will sustain its leading position in premium filters, with the next biggest competitor, Qorvo at 18% share. Notably, Avago has a significant lead in technology and its IP provides a wide moat vs. potential competitors in the space. In addition, Avago’s manufacturing know-how is another competitive advantage. Finally, Avago has strong content penetration (via licensed products (PAiDs), which we see adding to its increasing dollar content story as adoption of these products at leading OEMs continues to rise.

In addition to strong growth, we still see room for more margin expansion even after impressive gross (up 700 bps) and operating margin (up 800 bps) in C2014. Incremental margin expansion will likely be driven by new products (PAiDs) and higher-margin FBAR filters) and solid opex management. Finally, we expect the company to generate strong FCF, providing opportunity for accretive M&A, building off of the LSI transaction. For F2015-18, we model FCP to increase 160% and $2 billion and $2.7 billion, respectively, and reach $3 billion in F2018.

High diversification... Continued on next page
in a rising-rate environment. We bond investors look to add liquidity to their retirement footprint (the largest de- leading ETF platform, multi-asset/strategy funds), and we believe this will overwhelm the diminishing negative carry from lower interest rates.

Other risks include higher credit losses, particularly in the high-yield bond market, which should inflect meaningfully to represent the bottom for EPS, after the earnings slowdown from the FDIC-covered loan portfolio, and the noise improves earnings visibility.

Continued from previous page

1. Core loan growth well above peers. BKU’s loan growth has been exceptional, up 55% in 2014 (vs. peers at 3-4%) and we believe management has done a good job of building credibility in its guidance for 8-10% of loan growth for the next year. We expect BKU can deliver a 24% average loan CAGR from 2015-18, which continues expanding its presence in New York and maintains solid growth in its other markets.

2. Loan quality. In a rising-rate environment, higher credit losses may be offsetting a decline in earnings from its lower return on average assets.

3. Earnings growth should inflect higher. Per guidance, we expect 2Q15 to represent the bottom for EPS, after which it should inflect meaningfully higher (we expect a 20% EPS CAGR from 2015-18) as loan growth overwhelms the diminishing negative carry from lower interest rates.

4. Above-peer profitability driven by growth and expense discipline. We believe BKU could achieve its ROA of 37 bps from 2015 to 2018 on expense ratio improvement, while its ROTCE could reach above 20% as it leverages up its balance sheet, utilizing its above-peer Tier 1 Common ratio (of 14.9%).

Risk Reward on a 12-month view (Overweight, PT $163).

• BankUnited (BKU) is a best-in-class growth story in the Midcap Banks, in our view. We expect its strong loan growth (24% CAGR from 2015-18) to drive above-peer net interest income growth, more than offsetting declines in net charge-offs and non-interest income from expected regulatory interpretation of future regulatory reforms. BKU’s Tier 1 Common ratio (of 14.9%) can premium.

• BlackRock (BLK) is well positioned in its iconic private market platform, Roper growth, margin expansion, and a 10% EPS CAGR from 2015-18. With flows growing sustainably higher than peers, we expect BLK’s Tier 1 Common premium to peers to gradually expand.

ETFs driving outperformance. We maintain that equity ETFs will perform well in the very early innings of a multi-year rally. With dealer liquidity sharply down due to regulatory reform, SIFI designation) resulting in an implied risk premium. BLK’s model Aladdin revenues grow at a 10% CAGR from 2015-18 vs 8% over the past 2 years. We expect BLK’s Aladdin in growth will drive 5% EPS growth in the next 3-5 years.

BLK’s premium to peers should gradually expand as organic growth outpaces peers and margins open further. This outperformance, coupled with BlackRock successfully navigating regulatory uncertainty, should lead to investors focusing on BlackRock’s industry growth

Risk Reward on a 12-month view (Overweight, PT $163).

Valuation Methodology: Our price target of $163 is derived from a DCF analysis, which backs into a sum of the parts. We assume a cost of equity of 14.5% and terminal growth of 2.6%. Risk Reward on a 12-month view (Overweight, PT $163).

Our price target of $163 is derived from a DCF analysis, which backs into a sum of the parts. We assume a cost of equity of 14.5% and terminal growth of 2.6%.

Risk Reward on a 12-month view (Overweight, PT $163).

• Delphi Automotive PLC (DLPH). A 'mega-supplier' in the making. We believe Delphi is not only a handful of global automotive suppliers that can become so big and powerful over time that they can sit alongside or even above the OEM in the automotive supply chain. We call this select class “Tier-0 mega-suppliers.”

We expect Delphi’s focus areas to grow at multiples of overall industry growth (3-5%). These include Electrical distribution systems (6% CAGR though 2020), connectors (7%), diesel (7%) and gas (9%) injection systems (infatuation (17%) and active safety systems (20%), and software (23%) on the next 3-5 years. So while performance potential to be a long-term disruptor. Management has shown that it is

Continued on page 20

1,450-acre Land Development Potential Convert Estate Home to Resort/Retreat

9,000' lake front – 28-room two-storey mansion Pigeon Lake, ON, Canada

(416) 525-1558

www.sandypointestate.com

• All Stock Warrants Trading

ALL Industries and Sectors

• United States and Canada

Dudley Pierce Baker’s

CommonStockWarrants.com

Access Our Exclusive Warrant Database

• Costco Wholesale (COST).

We view Costco as one of the best-positioned companies in the US retail landscape. We favor strong cultures and mission-driven businesses – and in our view, Costco embodies both. Almost 100% of the $110 billion in revenue for 99% of the industry, in which retailers hope their key customers shop frequently, Delphi sells器官 customers pay Costco for the right to shop in their stores. For the customer, the anchor is the consistent value that the shopping experience delivers. That this model continues to work is borne out by strong membership renewal rates.

Customers appreciate these attributes and extend their loyalty to Costco by renewing their memberships every year. Costco’s EBIT per member has risen every year except for 2009. We argue that the company’s unmatched value proposition should continue driving even stronger results.

In the past year, Delphi has expanded its presence in Silicon Valley – it employs over 5,000 software engineers, contributes to over 100 million lines of code in each luxury vehicle today, has partnered with leading Silicon Valley players (including Apple, Google, semiconductor makers, and startups), and focuses on developing proprietary software. Software today makes up 30% of revenue at Delphi, though it is expected to grow 5x in the next 3-5 years. So while performance potential to be a long-term disruptor. Management has shown that it is
Donald Pearson: “We featured CVS Stores (CVS, $104.88) as a core holding in our February newsletter, this being one stock almost everyone would own if size allows. It was in our letter back in December of 2010 and since then it has been featured every year at least once since then. Today it trades over $100 and it still appears to have plenty of room to climb further. Last month the company announced the news last week as now taking over Target Pharmacies. Target has 1,600 in-store pharmacies and an additional 80 clinics. The price for this acquisition was $1.9 billion. This would appear to be a good deal for both companies. CVS Health is already the largest dispenser of prescription drugs and will now be adding additional territory to their geography as they currently sell to Denver, Seattle, and Portland, Oregon. The Target Pharmacies will be renamed CVS/Pharmacy and the clinics will be renamed MinuteClinic.”

Currently CVS has 7,779 locations and this acquisition will grow their locations by an additional 20 plus percent. It is our opinion that this is truly a long range buy-and-hold stock with tremendous upside opportunity. Currently up almost 10 percent YTD, we believe there is much room for growth for the foreseeable future. CVS has averaged double digit growth consistently since we began it back in 2009. Before year-end 2016 I believe this should reach a price target of $129 per share bearing anything unforseen in additional Profit and Operational Holdings: 3,590.”


Goodyear pumped with tire profits Richard Moroney: “Formed in 1898, Goodyear (GOY, $29.03) produced horse shoes, carriage tires, horseshoe pads, and poker chips. By the 1980s, Goodyear had grown into a bloated and inefficient company and Goodyear was purchasing it back in 2009. After year-end 2016 I believe this stock would be a shrewd buy with a price target of $135 per share on a more than $100 million, though per-share profits should rise $0.15 to $0.18 due to the reduction in noncontrolling interest expense. Operating cash flow totaled $1.62 billion for the year over year. The company is losing money, as it has been for the past couple of years. In the most recent quarter, gold volumes were down about 10 percent, the price received skidded 5.7 percent, AISC were up 2.8 to $1,258 from the preceding quarter, revenue skidded downwards and the bottom line showed a loss of $22 million. Worrisome also is that cash equivalents decreased by $58 million from $190 million one year ago. Fortunately, cost of sales decreased 12.4 percent year-over-year. The current plan to help stem losses has Doornkop at the forefront – HMY has proposed laying off 3,040 employees. Under his leadership, the company’s 63 percent of the miners at this location are appealing to the mineral resources minister to stop the cuts. There could be further battles; restructuring plans are also being developed at Masimong and Hidden Valley. Toss in that the unions want huge increases in wages, as well as management making a move to slash Clans like Tetris.

Meanwhile, HMY considers ways to finance the legacy pension while on a New Guinea. Estimates show 20 million ounces of gold milled with 9.4 million tons of copper and 450 million oz. of silver. But with constrained, red ink on the horizon and a beleaguered share price, getting this baby up and producing will not be straightforward.

One can understand why investors who have lost money here in the past 15 years may tip a tax hat and perhaps repurchasing later on.”

Editor’s Note: The return for the President’s Portfolio for the year 2014 was 23.9%; 5-year return 28.9% and 15-year return is 19%. Past returns are not necessarily indicative of future returns. For more information on Contra the Heard newsletter and for past commentaries visit www.contratheheard.com.

CONTRA THE HEARD, 42 Rivercrest Rd., Toronto, ON M6S 4H3. 1 year, 4 issues, $500, Includes E-mail Updates.

Harmony Gold from frying pan to the fire Contrarian investors, Ben Gallandar and Ben Stadelmann, note that when the up-n-Go for Harmony Gold Mining (HMY) is compelling, the risk is palpable.

“Harmony Gold Mining, a President’s Portfolio selection, appears to be going from the frying pan to the fire, and that has nothing to do with the recent blaze at the Doornkop mine. Rather, just about everything that can go wrong seems to be happening, and management appears to be acting quickly to plug the various leaks.”

The company is losing money, as it has been for the past couple of years. In the most recent quarter, gold volumes were down about 10 percent, the price received skidded 5.7 percent, AISC were up 2.8 to $1,258 from the preceding quarter, revenue skidded downwards and the bottom line showed a loss of $22 million. Worrisome also is that cash equivalents decreased by $58 million from $190 million one year ago. Fortunately, cost of sales decreased 12.4 percent year-over-year. The current plan to help stem losses has Doornkop at the forefront – HMY has proposed laying off 3,040 employees. Under his leadership, the company’s 63 percent of the miners at this location are appealing to the mineral resources minister to stop the cuts. There could be further battles; restructuring plans are also being developed at Masimong and Hidden Valley. Toss in that the unions want huge increases in wages, as well as management making a move to slash Clans like Tetris.

Meanwhile, HMY considers ways to finance the legacy pension while on a New Guinea. Estimates show 20 million ounces of gold milled with 9.4 million tons of copper and 450 million oz. of silver. But with constrained, red ink on the horizon and a beleaguered share price, getting this baby up and producing will not be straightforward.

One can understand why investors who have lost money here in the past 15 years may tip a tax hat and perhaps repurchasing later on.”

Editor’s Note: The return for the President’s Portfolio for the year 2014 was 23.9%; 5-year return 28.9% and 15-year return is 19%. Past returns are not necessarily indicative of future returns. For more information on Contra the Heard newsletter and for past commentaries visit www.contratheheard.com.

**INVESTEC RESEARCH, 2472 Birch Glen, Whitefish, MT 59937. 1 year, issues, $295.**

Occidental Petroleum well positioned to grow production and reward shareholders with dividend and share repurchase

Eric Vermulm: “Occidental Petroleum (OXY) is an international oil and gas company with a strong presence in the Americas, Europe, and Asia. With a diversified portfolio of assets, OXY is well suited for a late-stage bull market. In the past, Energy has been one of the best performers in a maturing bull market, and traditionally, OXY’s defensive characteristics have helped it hold up well in prior economic and commodity driven downturns. In the past year, OXY has increased production at its 2.8 billion barrels of reserves in liquids, saw less than half of the downside of crude oil prices. Not only did OXY hold up well, it also outperformed the average S&P oil producer over the same period.”

Occidental’s balance sheet, one of the most attractive in the energy arena, provides a margin of safety and a portion of the Middle East portfolio’s 3.9% dividend yield. Although it has over $6.8 billion of debt, much of this is offset by a $5 billion cash stock. Facilitating this is a cash flow of $11.6 billion, which is a very manageable 7%, better positioning OXY when compared to peers at an average of 28%. With below average leverage, OXY has ample capital to pursue its dividend for 13 consecutive years. Over this time period per-share dividend has compounded at an annual rate of nearly 15%.

Balance sheet flexibility is also allowing the company to keep an eye on the proverbial “Big Basin.” OXY has long been the largest conventional producer in the oil rich Permian. In recent years, however, OXY has reigned in spending and is now looking to the company rejuvenates its operations in the play and capitalize on existing infrastructure. Due mainly to expansion of its horizontal drilling programs, OXY expects company-wide production to grow at a healthy 8%-10% per year over the long-term.

The unique mix of defense and offense at OXY makes it both a growing company and one with strong fundamentals. In an already volatile market, oil prices are forcing many energy companies to take on more debt, OXY is covering its capital spending and dividend payments with cash flow. This allows the company to continue to search for ways to generate additional cash through non-core asset sales. After spinning-off its higher risk California assets late in 2014, the next targets include the Mid-Continent U.S. Basin, and possibly more liquid assets in the Permian. Overall, OXY is a company well positioned not just to grow production in coming years, but to reward shareholders as well.”

Editor’s Note: Eric Vermulm is Senior Portfolio Manager at Investec Securities and is one of the top ten analysts in the Top 100 Independent Financial Advisors by Barron’s. To learn more about Stack Financial Management visit www.stackfinancialmanagement.com.

**Streetwise Reports: THE GOLD REPORT, 101 Second St., Ste. 110 Petaluma, CA 94952. www.theaureport.com.**

Gold $1,400 Within a Year, But Only With a Risk of $900 First

While Randall Abramson, CEO and portfolio manager with Toronto-based Trapeze Asset Management, freely admits that we live in a “glass half full” world, he says investors should step back and look at gold from a macroeconomic and historical perspective. In this interview with Brian Sylvester of The Gold Report, www.theaureport.com, Abramson explains that he expects gold to pull gold to around $1,400, up inside 12 months, and he also offers some of his favorite names in the gold space.

**The Gold Report:** July 13-20 was an unusual week in the precious metals market. For Trapeze Asset Management clients, you argued that the glass is “half full” for investors given current conditions. Do you think gold can move higher under the bridge since. Has your view changed?

**Randall Abramson:** Our view has not really changed much. We have been on record often in the past to show us red flags. One is our economic composite that looks at both the U.S. economy and economies that we have interest in. Our index, the ISM, currently forecasts smooth sailing with no red flags. I have written quite a bit on the subject of indication momentum, which is our other macro tool, only shows Brazil and Russia on sell. The only other note on our watch list currently weighs the Chinese market. It came down to the bottom of its TRIM line...
but didn’t break through. In fact, it did a perfect bounce off of the bottom. I’m hoping that indicates that what we’ve seen recently in commodity prices is at least temporary.

That said, we do not like recent action in the Australian and Canadian dollars. Both currencies can be considered excellent economic weakness because both countries are essentially hewers of wood and drawers of water-economies based on the extraction of natural resources. So we are concerned that the commodity-hungry Chinese economy is clearly slowing, though it is still performing at a significant level. I don’t think it’s heading lower first. I suspect not. At the margin, exchange-traded funds have been dumping gold because gold has been shunned with the price decline.

That’s not necessarily a bad thing. That could be a sign of a capitulation. Gold has not really behaved all that differently than oil, which was also seeing its marginal cost of production, reverted to it and there was this on-thrust. The difference is there was an oversupply of oil in the U.S., which is now being alleviated. There is a U.S. dollar has clearly been a major driver there, but I don’t think it’s the driving factor.

TGR: How long do you expect that to take?
RA: I think it’s going to happen over the next 6 to 12 months. I just don’t know whether it’s heading lower first. I suspect not. At the margin, exchange-traded funds have been dumping gold because gold has been shunned with the price decline. That’s not necessarily a bad thing.

That could be a sign of a capitulation. Gold has not really behaved all that differently than oil, which was also seeing its marginal cost of production, reverted to it and there was this on-thrust. The difference is there was an oversupply of oil in the U.S., which is now being alleviated. There is a U.S. dollar has clearly been a major driver there, but I don’t think it’s the driving factor.

TGR: You said gold could hit $1,400/oz in the next 6 to 12 months. Do you see it higher than that in the medium term?
RA: If history is any guide, the gold price is typically 30–40% above gold’s all-in sustaining costs of production. When the price is above $1,400/oz, there are somewhere around $950–1,000/oz industry-wide, then $1,400/oz gold is where we should be. In the medium term, that seems to be the gold market’s goal. It’s going to pull the gold price higher. That, it should rise by the inflation finding costs, which over the last 15 years we’ve been through a 75% price rally. The main reason for that has been higher energy costs. But there have been major reverseries, so that alone drives up the cost per ounce.

TGR: The flash gold sale and some gold reserve numbers out of China seemed to spook the market, but was it part seasonal, too?
RA: Unless there’s something that’s going on that we don’t know about like outright deflation, this is the time to be buying gold.

TGR: Reuters says about $3.2 billion ($3.2B) in mining mergers and acquisitions (M&A) has been recorded so far in the year, while only $4.1B was recorded in 2014. Will the drop in gold push the pause button on M&A activities?
RA: Probably, because normally boards of directors tend to react when things are going well. That’s not the case now. The place is being unsettled. One often marks the top, not the bottom, of a cycle in virtually every industry unless a company swallows up somebody in a distress situation.

TGR: Isn’t that what is happening in the gold space too? More than $2B in gold is being spent buying several juniors and Crocodile Gold Corp. (TSX: CRJ; OTCQX: CROCF) is merging with Neumaet Gold Inc. (TSX-V: NGN) to go after distressed gold assets.

RA: Those are examples of one plus one equals more than two. In the gold sector a $800,000,000 ounce (300–500 Koz) producer receives a much higher multiple relative to net asset value (NAV) than a $100 Koz producer does. It truly is one plus one equals more than two.

TGR: What is the best strategy for gold equity investors at this point?
RA: The best bet is always to have low-cost producers with solid balance sheets because both of those items will give you staying power.

TGR: Some large-cap gold names in Commodityland, like Barrick Gold Corp. (TSX, AIX, NYSE: ABX), are trading at sub-100 Koz and the large-cap producers as a group at stop buy value. There has to be cheap names in the junior space too, because the TSX Venture. I think in Canada is going to the Canadian proxy for small-cap resource companies, just as the all-time low – lower than it was started in 2001.

TGR: What are your thoughts on the ramping up of the Éléonore gold mine in Québec?
RA: Goldcorp has incurred start-up issues since the launch of the mine in the spring so it’s a slow start as expected, but this particular mine should hit the low end of the expected production range by the full year. And, regardless, Goldcorp is using its Canadian proxy for small-cap resource companies, just as the all-time low – lower than it was started in 2001.

Puma Resumes Drilling at Turgeon Copper-Zinc Project in New Brunswick

Puma Exploration (TSX-V: PUM) has just started a 1,500 meters drill program at its 100% owned Turgeon Copper-Zinc VMS deposit in northern New Brunswick. The drill program is designed to define the extents of the new high grade Zinc massive sulphide lens grading 10% Zn over 2.7 meters starting downhole at 212.1 meters and includes 10.05% Zn and 0.23% Cu over 2.7 metres within a 292 metre intercept of an anomalous zinc mineralization halo that grades 0.32% Zn (Drill Hole FT14-05). All the other drill intercepts are at this stage?

RA: Those are examples of one plus one equals more than two. In the gold sector a $800,000,000 ounce (300–500 Koz) producer receives a much higher multiple relative to net asset value (NAV) than a $100 Koz producer does. It truly is one plus one equals more than two.

TGR: What is the best strategy for gold equity investors at this point?
RA: The best bet is always to have low-cost producers with solid balance sheets because both of those items will give you staying power.

TGR: Some large-cap gold names in Commodityland, like Barrick Gold Corp. (TSX, AIX, NYSE: ABX), are trading at sub-100 Koz and the large-cap producers as a group at stop buy value. There has to be cheap names in the junior space too, because the TSX Venture. I think in Canada is going to the Canadian proxy for small-cap resource companies, just as the all-time low – lower than it was started in 2001.

Puma Exploration (TSX-V: PUM) has just started a 1,500 meters drill program at its 100% owned Turgeon Copper-Zinc VMS deposit in northern New Brunswick. The drill program is designed to define the extents of the new high grade Zinc massive sulphide lens grading 10% Zn over 2.7 meters starting downhole at 212.1 meters and includes 10.05% Zn and 0.23% Cu over 2.7 metres within a 292 metre intercept of an anomalous zinc mineralization halo that grades 0.32% Zn (Drill Hole FT14-05). All the other drill intercepts are at this stage?

RA: Those are examples of one plus one equals more than two. In the gold sector a $800,000,000 ounce (300–500 Koz) producer receives a much higher multiple relative to net asset value (NAV) than a $100 Koz producer does. It truly is one plus one equals more than two.

TGR: What is the best strategy for gold equity investors at this point?
RA: The best bet is always to have low-cost producers with solid balance sheets because both of those items will give you staying power.

TGR: Some large-cap gold names in Commodityland, like Barrick Gold Corp. (TSX, AIX, NYSE: ABX), are trading at sub-100 Koz and the large-cap producers as a group at stop buy value. There has to be cheap names in the junior space too, because the TSX Venture. I think in Canada is going to the Canadian proxy for small-cap resource companies, just as the all-time low – lower than it was started in 2001.

Puma Resumes Drilling at Turgeon Copper-Zinc Project in New Brunswick

Puma Exploration (TSX-V: PUM) has just started a 1,500 meters drill program at its 100% owned Turgeon Copper-Zinc VMS deposit in northern New Brunswick. The drill program is designed to define the extents of the new high grade Zinc massive sulphide lens grading 10% Zn over 2.7 meters starting downhole at 212.1 meters and includes 10.05% Zn and 0.23% Cu over 2.7 metres within a 292 metre intercept of an anomalous zinc mineralization halo that grades 0.32% Zn (Drill Hole FT14-05). All the other drill intercepts are at this stage?

RA: Those are examples of one plus one equals more than two. In the gold sector a $800,000,000 ounce (300–500 Koz) producer receives a much higher multiple relative to net asset value (NAV) than a $100 Koz producer does. It truly is one plus one equals more than two.
Gold: Identity Theft

By John Ing, President, CEO
Maison Placements Canada Inc.

Identity problems? Rachel Dolezal wants to be black, Bruce Jenner a woman, or how about Donald Trump for President? It's a market thing. No, it is identity theft comparable to the “happy times are here again” mantra, fueled by cheap debt and a borrowing binge which has led to overvaluation and risk. The unique thing is we have negative interest rates pushing investors into US dollar denominated assets with yields of just 0.25% for a very long time, US bonds. The US dollar, once viewed as a sick currency less than a decade ago, is now viewed as a safe haven following the Euro debacle. But the default risk was not just a Greek story. Overlooked is that Ukraine recently declared a “credit emergency”. Nonetheless, did we not have a major default date there are more than ten countries that are vulnerable. Argentina is already in technical default and Puerto Rico filed this month owing $72 billion. The tide has turned.

It was wonderful while it lasted. For much of the past two decades gold was an ideal investment. Gold trading at five year lows, we are told the good times are over. Bullion and gold are the only asset to their cyclical tipping support levels. However, gold in euros was up 17 percent since year end, an effect backed against the Euro. Nonetheless, what went wrong? The short answer is that the US dollar has replaced gold as the preeminent store of value. Dollars are highly liquid and America at least on a relative basis is on the mend after trillions went to repair its economy. The pool of dollars seems bottomless. Without a US dollar bil- up, America would be another Greek tragedy. However, as the ancient Chinese proverb says “in the world goes on forever”. In finding a refuge in dollars, we believe the market has replaced gold as a life preserver, but tied to an anchor. America has a serious problem with the overvalued dollar hurting the competitiveness of its exports. Concerns about currency only buoyed by the trillions pumped into the market printed with a click of a button. And, the structuring of capitalism, the US market is controlled by central banks. The SEC Commissioner, Luis Aguillard, calling out its players for rigging markets. And significantly, America itself is in a bubble going deeper and deeper into debt.

Fairmont Resources Fully Permitted to Produce Dense Aggregate Lump Titanio-Magnetite in Quebec

Fairmont Resources is about to enter production for cement and aggregate companies that seek a clean high density aggregate that can be shipped throughout the Great Lakes or the Atlantic Ocean. Fairmont recently received a Certificate of Authorization, allowing 300,000 tonnes annual titanio-magnetite aggregate production from the Buttercup property. Fairmont’s goal is to be active on the ground at Buttercup by late spring 2015, putting one project into production per year, and permitting a high purity silica project in 2015. The current plan is to produce titanio-magnetite aggregate from Lens A, and quartz-tyards from Lens B thereafter. Fairmont Resources is also accepting property submissions for industrial minerals deposits in Canada that have a resource and are close to infrastructure. The titanio-magnetite aggregate from the Buttercup property can be used as loose ballast for offshore platform structures or pipelines, and as ground stabilization. High density concrete weighs up to 1.7 times that of regular concrete for the same volume. Adding titanio-magnetite aggregate to make high density concrete is beneficial in underwater concrete for tunneling and pipelines; for shorelines protection in breakwaters and modular precast jetties; as counterweights for bridges, piers and breakwaters; for offshore oil platforms; and as ground stabilization. The bond market was the first to crack as yields rose catching the market wrong footed. Looming in the background is the threat of a stronger and long lasting El Nino which threatens the inflation outlook. This “regular” black swan is expected to build up in the second half of the year and is already linked to droughts in Southeast Asia and Australia as well as wet and cool weather in the Southern US. In 1997, El Nino hit a level of commercial importance, billions of dollars in damage, food shortages and a spike in inflation. Today there was a price surge of olive oil from Italy after last year’s harvest infected at least one million trees. Olive oil prices after hitting lows in 2012, are at nine year highs and the jump is reminiscent of those missing anchovies which sparked the last Great Inflation in the Seventies.

Of course, all the above comes as Mr. Obama, in attempting to revive his legacy and second term, once frustrated by stalled climate change legislation on Capitol Hill, helped the Republicans to pass ObamaTrade after being rejected by his own party. His ObamaCare law barely survived a Supreme Court challenge. In the Middle East for which Obama won the Nobel prize, America is somewhat worse off than when he first arrived on the scene. The Arab Spring has brought civil wars to Syria, Iraq and Libya and as America retrenches, the vacuum is quickly filled by its enemies. And ironically amid this rubble, that former ace of evil, Iran is now a keystone of Obama’s Middle East strategy against the objections of longstanding allies, Saudi Arabia and Israel. To no surprise, this lame duck president has lost confidence of both allies and enemies. And while in office, the US public finances are in shambles and the printing press is going crazy.

For the last seven years there have been mainstream predictions that it was only a matter of time before interest rates moved up to historic norms where the cost of borrowing drag down the stock market. Yet the already elevated stock market posts new daily highs at a time when the dollar recovery and return to normalcy gets kicked down the road. Fed Chairwomen Yellen regularly threatens to raise interest rates but the never ending series of quantitative easing, reliance on credit and attendant mixed readings on the economy makes increasing rates dubious and an excuse to kick that can down the road. To be sure, the long term rate norm of four percent fits like a butterfly from crises to crisis, quantitative easing has distorted markets, benefitting nothing but the very rich, speculators, and especially seniors. To be sure, risk has been altered. The main point however is that America, the Bubble continues deep into debt. If the economy is to grow, corporate revenue must grow and quantitative easing to create interest must happen. However we believe it won’t happen because of concerns over the interest rate reset and finding confidence in the Fed’s ability to manage the economy important in an election year. The US has lived beyond its means for over half a century, spending more than it produces, financed by others and using unconventional monetary policies like round trip Quantitative easing to create money without limit, in order to pay bills and deficits. These funds have flowed out of the US into low interest down currencies leading to a lack of confidence at the international financial system and ability to unwind the Fed’s boosted balance sheet. Quantitative easing is founded upon a regression of a return to savers.

Continued on page 18

Fairmont Resources

RESOURCES, LTD.
TSX:V: FMR

Contact:
Michael Litch, President, CEO
600 Onweil St. Unit 14
Mississauga, ON, Canada L5A 3R9
Phone: (647) 477-2382
michael@fairmontresources.ca
www.fairmontresources.ca

Fairmont Resources is a Canadian-based mining company committed to responsibly explore for and develop mineral resources in Canada and beyond. Our mission is to create value for our shareholders by discovering, developing and producing high-quality, low-cost mineral resources in a sustainable manner.

Fairmont Resources is about to enter production for cement and aggregate companies that seek a clean high density aggregate that can be shipped throughout the Great Lakes or the Atlantic Ocean. Fairmont recently received a Certificate of Authorization, allowing 300,000 tonnes annual titanio-magnetite aggregate production from the Buttercup property. Fairmont’s goal is to be active on the ground at Buttercup by late spring 2015, putting one project into production per year, and permitting a high purity silica project in 2015. The current plan is to produce titanio-magnetite aggregate from Lens A, and quartz-tyards from Lens B thereafter. Fairmont Resources is also accepting property submissions for industrial minerals deposits in Canada that have a resource and are close to infrastructure. The titanio-magnetite aggregate from the Buttercup property can be used as loose ballast for offshore platform structures or pipelines, and as ground stabilization. High density concrete weighs up to 1.7 times that of regular concrete for the same volume. Adding titanio-magnetite aggregate to make high density concrete is beneficial in underwater concrete for tunneling and pipelines; for shoreline protection in breakwaters and modular precast jetties; as counterweights for bridges, piers and breakwaters; for offshore oil platforms; and as ground stabilization. The bond market was the first to crack as yields rose catching the market wrong footed. Looming in the background is the threat of a stronger and long lasting El Nino which threatens the inflation outlook. This “regular” black swan is expected to build up in the second half of the year and is already linked to droughts in Southeast Asia and Australia as well as wet and cool weather in the Southern US. In 1997, El Nino hit a level of commercial importance, billions of dollars in damage, food shortages and a spike in inflation. Today there was a price surge of olive oil from Italy after last year’s harvest infected at least one million trees. Olive oil prices after hitting lows in 2012, are at nine year highs and the jump is reminiscent of those missing anchovies which sparked the last Great Inflation in the Seventies.

Of course, all the above comes as Mr. Obama, in attempting to revive his legacy and second term, once frustrated by stalled climate change legislation on Capitol Hill, helped the Republicans to pass ObamaTrade after being rejected by his own party. His ObamaCare law barely survived a Supreme Court challenge. In the Middle East for which Obama won the Nobel prize, America is somewhat worse off than when he first arrived on the scene. The Arab Spring has brought civil wars to Syria, Iraq and Libya and as America retrenches, the vacuum is quickly filled by its enemies. And ironically amid this rubble, that former ace of evil, Iran is now a keystone of Obama’s Middle East strategy against the objections of longstanding allies, Saudi Arabia and Israel. To no surprise, this lame duck president has lost confidence of both allies and enemies. And while in office, the US public finances are in shambles and the printing press is going crazy.

For the last seven years there have been mainstream predictions that it was only a matter of time before interest rates moved up to historic norms where the cost of borrowing drag down the stock market. Yet the already elevated stock market posts new daily highs at a time when the dollar recovery and return to normalcy gets kicked down the road. Fed Chairwomen Yellen regularly threatens to raise interest rates but the never ending series of quantitative easing, reliance on credit and attendant mixed readings on the economy makes increasing rates dubious and an excuse to kick that can down the road. To be sure, the long term rate norm of four percent fits like a butterfly from crises to crisis, quantitative easing has distorted markets, benefitting nothing but the very rich, speculators, and especially seniors. To be sure, risk has been altered. The main point however is that America, the Bubble continues deep into debt. If the economy is to grow, corporate revenue must grow and quantitative easing to create interest must happen. However we believe it won’t happen because of concerns over the interest rate reset and finding confidence in the Fed’s ability to manage the economy important in an election year. The US has lived beyond its means for over half a century, spending more than it produces, financed by others and using unconventional monetary policies like round trip Quantitative easing to create money without limit, in order to pay bills and deficits. These funds have flowed out of the US into low interest down currencies leading to a lack of confidence at the international financial system and ability to unwind the Fed’s boosted balance sheet. Quantitative easing is founded upon a regression of a return to savers.
Atna Resources Ltd. (TSX: ATN; OTCQB: ATNAF) – which operates the Pinson Underground gold mine near Winnemucca, Nevada and the Briggs gold mine located in Inyo County, California – recently reported financial and operating results for the second quarter that ended June 30, 2015.

**Strong Operating Results Fueled by Increased Sales of Gold Ounces**

Gold ounces sold by Pinson Underground increased 75% over first quarter of 2015 and 166% over Q4 2014 as operations continued to ramp-up. The mining rate is expected to increase in future quarters as the mine accesses new ore zones and develops additional mining faces.

Specifically, 9,115 ounces of gold were sold in the second quarter, 13% more than in Q1 2015, at an average price of $1,203 per ounce, 2% less than in Q1 2015. Ounces sold were principally affected by Pinson Underground ramp-up and Briggs ramping-down. In the first half 2015 Atna sold 17,199 ounces of gold.

As a result of those gold sales, Briggs generated $0.8 million in operating cash flow, while the Pinson Underground mine generated $1.0 million.

Gold ounces sold by Briggs decreased 8% relative to Q1 2015, due principally to reduced mining from the Main North Pit.

The consolidated average cash cost per ounce sold by Atna was $1,111, an increase of 4% over prior quarter, principally as the Pinson Underground mine incurred high levels of expensed development costs while increasing production. The consolidated average all-in sustaining cost (AISC) was $1,322 per ounce, an increase of 4% over the prior quarter.

A total of six second quarter ore shipments shipped averaged an estimated grade of 0.402 ounces per ton, containing approximately 5,320 gold ounces versus 7,977 ore tons containing 3,043 ounces in the first quarter.

Estimated gold recovery for ore sold in the quarter was about 94.5%, of which Atna was paid for 73.9 percent of the recovered gold value. Since the re-start of Pinson, a total of 29,070 tons of ore at a grade of approximately 0.389 ounces per ton have been shipped.

**Financial Results Show Positive Movement Toward Improved Operating Performance, Enhanced Shareholder Value**

During Q2 2015, operating cash flow reached $0.6 million, while cash and receivables totaled $2.2 million.

Atna reported that revenues increased marginally to $10.9 million, relative to revenues of $10.8 million in Q2 2014.

Financing activities used $0.9 million primarily to repay principal on notes and to finance leases. An additional $0.3 million was invested in mine development at Pinson Underground.

The company reported a net loss of $9.4 million ($0.04) per weighted average share, including: a $3.0 million inventory write-down, $0.7 million impairment of Briggs assets, principally the Main North Pit that was depleted in July, 2015. The second quarter of 2015 proved to be a positive step towards our goal of improving operating performance and returning value to shareholders in this difficult gold price environment,” said Atna CEO and President James Hesketh. The cessation of mining at Briggs will allow us to recover approximately 17,000 ounces of in-process gold inventory at an incremental cost estimated in the range of $250 to $300 per ounce.”

“At Pinson Underground we are developing new ore zones that will give access to high-grade working areas and allow us to increase production. We anticipate that these two factors will significantly reduce our blended operating costs for the second half of 2015,” he said.

**Production Rampup at Pinson Proceeding According to Plan**

Atna Resources restarted mining operations at its high grade Pinson underground gold mine in Nevada in June of 2014 and the mine is expected to reach its full production by the second half of 2015. Atna is expecting to produce 55,000 to 65,000 ounces of gold in 2015, with 30,000 to 35,000 ounces being contributed from Pinson and the remainder from its Briggs open pit mine in California.

“The ramp-up of operations is progressing according to plan and productivity improvements are being seen in all aspects of the operation,” Hesketh said.

The production ramp-up target is to achieve over 12,000 ounces per quarter production rate by year-end 2015. Operating time at the mine was increased to a 24-hour, seven day per week schedule in June, and crew sizes will be increased as additional working faces are developed. Assay lab operations at Pinson are now supporting daily production requirements. Underground reverse circulation drilling is being conducted on a routine basis on the mine in support of stope design and economic analysis.

During the quarter, 25 holes totaling 3,630 feet were completed in the Otto, Ogee, and Adams Peak zones. Work in the Otto resulted in the definition of gold mineralization in the central and southern portions of the ore zone and provided infill drilling in areas currently defined as indicated and inferred resources to upgrade the zone for immediate mining. UGRC drilling in the Ogee zone further defined the second long-hole stope for engineering design as well as confirmed a sparsely drilled area along the eastern margin of the minable reserves. Drilling in the Adams Peak zone returned strong grades over minable thicknesses in an area previously considered to be beyond the economic limits of mineralization. Further drilling will be required to fully evaluate the southern end of the Adams Peak zone of mineralization.
Continued from page 16

2015 Is The New 2007

So, America finds itself in a bubble. As it goes deeper and deeper into debt, Wall Street is greedily building its own Wall of Shame. Investors, looking back at the dot-com bubble in 1999, are now buying in to Wall Street’s promises of higher returns, higher yields, and higher prices. The market has become a bubble, and the potential for a crash is real.

In 1999, the dot-com bubble was a result of an excessive amount of money being pumped into the market. This was due to the availability of cheap and easily accessible credit. The same is true today. The Federal Reserve has been printing money at an unprecedented rate, creating a泡沫 of assets that is unsustainable in the long term.

Back to the Past

The Fed’s balance sheet has grown from $1.5 trillion to $4.4 trillion since the financial crisis of 2008. This has resulted in an unprecedented amount of debt being held by the Federal Reserve. The Fed’s balance sheet now makes up 25 percent of America’s GDP, which is the highest in the world. This level of debt is unsustainable in the long term and will lead to a financial crisis.

The Fed is trying to avoid this by raising interest rates, but this will only lead to a recession. The Fed’s policy of quantitative easing has inflated asset prices and created a泡沫 economy. This泡沫 is unsustainable and will eventually lead to a financial crisis.

The Fed is also facing a problem with its bond purchases. The Fed has been purchasing $85 billion worth of bonds each month, but this has not been enough to prevent a financial crisis. The Fed needs to increase its bond purchases to $100 billion per month to prevent a financial crisis.

In summary, America is in a financial crisis and needs to take action to prevent a financial crisis. The Fed needs to increase its bond purchases to $100 billion per month, and the government needs to reduce its deficit by cutting spending and increasing taxes.

Gold: Identity Theft

An "Old School" Solution

The lessons of the past are clear:纸币 currency systems have their limits. In 2008, we learned Wall Street’s alchemy was found to be worthless as it did not have the power to create wealth. The Fed cannot create wealth out of thin air. And in the past seven years we learnt that central banks cannot be trusted to protect the value of paper money.

The real question is how to choose an exit elegantly. Like then, we are afraid to exit. We are afraid to build up the Fed’s balance sheet. Today, with the Fed’s balance sheet back in the 1920s when the US dollar was a fiat currency, we are at risk of losing parity with the dollar.

The Fed has been printing money at an unprecedented rate, but this has not been enough to prevent a financial crisis. The Fed needs to increase its bond purchases to $100 billion per month to prevent a financial crisis.

The Fed is also facing a problem with its bond purchases. The Fed has been purchasing $85 billion worth of bonds each month, but this has not been enough to prevent a financial crisis. The Fed needs to increase its bond purchases to $100 billion per month to prevent a financial crisis.

The Fed is also facing a problem with its bond purchases. The Fed has been purchasing $85 billion worth of bonds each month, but this has not been enough to prevent a financial crisis. The Fed needs to increase its bond purchases to $100 billion per month to prevent a financial crisis.

The Fed is also facing a problem with its bond purchases. The Fed has been purchasing $85 billion worth of bonds each month, but this has not been enough to prevent a financial crisis. The Fed needs to increase its bond purchases to $100 billion per month to prevent a financial crisis.

The Fed is also facing a problem with its bond purchases. The Fed has been purchasing $85 billion worth of bonds each month, but this has not been enough to prevent a financial crisis. The Fed needs to increase its bond purchases to $100 billion per month to prevent a financial crisis.

The Fed is also facing a problem with its bond purchases. The Fed has been purchasing $85 billion worth of bonds each month, but this has not been enough to prevent a financial crisis. The Fed needs to increase its bond purchases to $100 billion per month to prevent a financial crisis.

The Fed is also facing a problem with its bond purchases. The Fed has been purchasing $85 billion worth of bonds each month, but this has not been enough to prevent a financial crisis. The Fed needs to increase its bond purchases to $100 billion per month to prevent a financial crisis.

The Fed is also facing a problem with its bond purchases. The Fed has been purchasing $85 billion worth of bonds each month, but this has not been enough to prevent a financial crisis. The Fed needs to increase its bond purchases to $100 billion per month to prevent a financial crisis.

The Fed is also facing a problem with its bond purchases. The Fed has been purchasing $85 billion worth of bonds each month, but this has not been enough to prevent a financial crisis. The Fed needs to increase its bond purchases to $100 billion per month to prevent a financial crisis.
need for a new reserve currency. We continue to believe that the US dollar will provide a better return and protection than the current fad, cheap treasury bills of the instruments that run the printing presses.

Recommendations; Obituaries Are Premature

Despite 4,000 years of history as a阴性货币, gold continues to surprise on its ability to adapt and thrive due in part to the resurgence of the physical gold market. A number of derivative banks who previously were found guilty of manipulating everything from oil prices, aluminum, corn, to rates to currencies to widely used benchmarks. We believe this massive manipulation of the gold market has not ended and as those participants have been forced to come out of the open following the recent tightening of the printing press of some of those big banks. Nonetheless gold fundamentals remain intact. In fact, gold in euros was up 10 percent providing a safe haven during the Greek debacle. Gold continues to be a major factor, pushing for the internationalisation of the reserve systems and has fallen with gold at just under $1,200. Russia too remains a big buyer of gold joining some nineteen central banks in buying gold last year. In the meantime, the supply of gold has remained constant as the current price gold price approximates the cost of production. Fewer new deposits will be developed in the future, particularly few years due to the low gold price and constrained US production at decade old lows.

On the technical side, gold is extremely overbought. Still, gold is an economic asset that is driven by “rank” speculation rather than reality. It is often the case that gold will go through a correction and fail to hold $1140 an ounce, but it has, and may, indeed continue to continue well on the way to many more “rounds” of above the $1,200 an ounce level. Importantly the price of gold has seen some nice run-ups, particularly when economic implosions such as Greece surfaces. The price of gold is often sticky, particularly when economic impulses. The price of gold is often sticky, particularly when economic impulses. The price of gold is often sticky, particularly when economic impulses. The price of gold is often sticky, particularly when economic impulses. The price of gold is often sticky, particularly when economic impulses. The price of gold is often sticky, particularly when economic impulses. The price of gold is often sticky, particularly when economic impulses. The price of gold is often sticky, particularly when economic impulses.

Detour Gold Corp. (DGC) has regained investor confidence as both its mining and milling rates improve. Detour is developing the 100 percent owned Detour Lake Gold Project in northern Ontario and will produce almost 500,000 ounces making it the largest gold producer in Canada. With over a twenty year mine life and 15 million ounces of reserves, Detour has a long life despite having about 25 percent of its property producing at gold $1,000 an ounce, and with plans to spend another billion current. Currently, Eldorado Lake has around 700,000 ounces at an AISC plus $1,000 an ounce. Eldorado is reviving the mine plan that includes Block A, which could further expand for the cost of $200 million. In the short term, short term investments are at $116 million with $35 million facility. We like the shares here.

Eldorado Gold Corp. (ELD) Global player Eldorado shares have been hit by concerns over Greece as it struggles to meet the $3 billion target to divestment of non-core assets continues. We believe this massive divestment will likely result in higher AISC. Lynn Lake too will have an all-in cost at more than $1,200 an ounce. Importantly the strong growth drivers and the ability to execute with no surprises. The weak gold price does not help Eldorado, but the global players have a vote. The weakness of the US dollar, aided by a handful of banks that previously had their shares of gold, will hurt its performance. We continue to believe gold will provide a return and protection than the current fad, cheap treasury bills of the instruments that run the printing presses.

FREE ONLINE SUBSCRIPTION The Resource Investor Newsletter

Bull & Bear

Learn what the world’s most successful investment experts and analysts are recommending…

Goldcorp Inc. (G) will produce 20 percent more ounces this year at an AISC level of $1,000 an ounce. However Goldcorp will spend over $1.3 billion this year while a deteriorating palladium price has caused its shares to underperform in part due to concerns about an elevated capital intensive project. In addition, Goldcorp’s balance sheet is strong and its newly issued share capital is diluted with the current low gold price. Nonetheless Goldcorp remains a major company with a strong balance sheet and a multitude of projects to diversify its asset base.

Eldorado Gold Corp. (EDR) has a short life but the combined entity is the formation of Goldcorp and Eldorado. Oban has a stellar balance sheet and a multitude of development projects. To be sure, this new kid on the block should be followed.

Alamos Gold Inc. (AGI) has successes in the precious metal business, but like the shares here. Currently, Eldorado’s Jinfeng mine is producing 150,000 ounces at a cash cost of $700 an ounce. Eldorado recently brought on line its new Skouries mine in northern Greece, which is expected to produce 515,000 ounces this year with a 3.28 g/t head grade. Barrick’s four core assets in Nevada and the Andes are considered flagship assets which seem to have regained investor confidence as both its mining and milling rates improve. Barrick’s five core assets in Nevada and the Andes are considered flagship assets which seem to have regained investor confidence as both its mining and milling rates improve. Barrick’s five core assets in Nevada and the Andes are considered flagship assets which seem to have regained investor confidence as both its mining and milling rates improve. The Resource Investor.com

Bull & Bear Article

John Ing is President, CEO and the founder of B2Gold Corp. B2Gold Corp (BGL) has succeeded in the precious metal business, but like the shares here. Currently, Eldorado’s Jinfeng mine is producing 150,000 ounces at a cash cost of $700 an ounce. Eldorado recently brought on line its new Skouries mine in northern Greece, which is expected to produce 515,000 ounces this year with a 3.28 g/t head grade. Barrick’s four core assets in Nevada and the Andes are considered flagship assets which seem to have regained investor confidence as both its mining and milling rates improve. Barrick’s five core assets in Nevada and the Andes are considered flagship assets which seem to have regained investor confidence as both its mining and milling rates improve. Barrick’s five core assets in Nevada and the Andes are considered flagship assets which seem to have regained investor confidence as both its mining and milling rates improve.
able and willing to stay on a path that delivers near-term earnings improvement while keeping an eye on long term growth through technology disruption. Delphi thus displays all characteristics of a “Tier-0 supplier,” which fortify our conviction that it can achieve revenue growth CAGR of 8% through 2017 vs. industry growth of 3%; operating margin should increase from 1.6% in 2017 with a focus on improving net realization and better controlling SG&A. This would be close to best-in-class; and potential for upside surprise if it can close on some pipelines at a double-digit rate in aggregate in travel retail, which we expect to be favorable for the next 10 years. We reiterate our Buy rating and $56.50 target price.

Risk Reward on a 12-month view
(Equal-weight, PT $56.50).

Valuation Methodology: We estimate HCA’s cost of equity as 11% and a 10% risk-free rate. We estimate its long-term growth rate as 1.5%.

Valuation: EBITDA: £803 million, with a 12% margin. Revenue: £1,118 million, with a 17% margin. EBITDA Margin: 15%.

Income Statement

Balance Sheet

Cash: £358 million. Debt: £3,797 million. EPS: £1.03. P/E: 18.2x. P/S: 0.9x. P/B: 0.8x. P/FCF: 2.0x.

Hilton Worldwide

Aiming to grow from 45% to 50% per year, we believe the company will outperform the broader lodging market. We calculate a terminal value of £3.7 billion, for an implied upside of 36%.

Risk Reward on a 12-month view
(Equal-weight, PT $89).

Valuation Methodology: We calculate our $89 price target by applying a 3-5x EBITDA multiple to our 2016 base case EBITDA forecast. The multiple is based on the 10-year industry average and is a +10% premium to the current 5 group average. Historically HCA has traded at a premium to the group in part on its market leading scale and volume growth.

Risks: State or federal government intervention on the lodging industry. Utilization could turn negative. Benefits from health reform delayed or limited. Labor and utility costs increasing. Weak economic environment.

- Estee Lauder (EL): We believe that favorable channel, geographic, product category, and brand mix at Estee Lauder will support sustainable top- and bottom-line outperformance vs House & Personal Care peers longer term.

- HCA Holdings (HCA): We believe HCA is differentiated from other large-cap Healthcare Services companie due to its scale, diversified and urban market positioning of its portfolio. In contrast to its peers, HCA benefits from its exposure to more vibrant local economies, which allow for a more focused approach to creating value in existing markets. In addition, HCA has positioned itself well to capitalize on longer-term structural shifts in healthcare delivery that are expected to drive greater integration and alignment of incentives between health systems and payers.

- Risk Reward on a 12-month view
(Overweight, PT $105).

Valuation Methodology: In deriving our $105 price target, we triangulate to valuation based on our PEG, CAGR as well as historical and peer-group multiples. For our DCF, we use a risk-free rate of 1.5% and a WACC of 11% for a terminal growth rate of 1.5%.

Risks: Given our estimate of nearly half of EL’s sales and 60% of profit are derived from high-growth areas including emerging markets, freestanding stores, eCommerce, and travel retail, which we expect to grow at a compound rate of 10-15% in aggregate in the long term.

From a category perspective, EL looks well positioned to take advantage of greater long term emerging markets expansion potential within beauty relative to other consumer packaged goods (CPG) categories. Our country-level analysis shows that as disposable income rises, spending per capita on beauty products rises to a greater extent than other CPG categories, driven by the acceleration in demand for the category which enables higher profit points than other CPG categories. Within beauty, EL will benefit from a favorable age skew toward skin care, which we believe remains the most attractive category, travel retail, China demographic trends with an aging population, a greater ability to drive new business growth drivers in the next few years.

We view YouTube as a high-growth, valuable asset and a major driver of change in the advertising and content industries, where distribution is key. While the shift to mobile continues to pose challenges to overall search monetization, we estimate the Google Play app paid Search opportunity can grow to a largely incremental $5 billion business by 2018.

Could the new CFO make a difference? Much of the debate revolves around a desire for greater visibility into investment spending, margins, and hopes for capital returns from an unlevered balance sheet. In the context of our overall US ad outlook, we believe mobile and online video will be the key growth drivers in the next few years. We regard YouTube as a high-growth, valuable asset and a major driver of change in the advertising and content industries, where distribution is key. While the shift to mobile continues to pose challenges to overall search monetization, we estimate the Google Play app paid Search opportunity can grow to a largely incremental $5 billion business by 2018.

Risk Reward on a 12-month view
(Overweight, PT $89).

Valuation Methodology: We derive our $89 price target by applying an 18x EBITDA multiple to our 2016 base case EBITDA forecast. The multiple is based on the 10-year industry average and is a +10% premium to the current 5 group average. Historically HCA has traded at a premium to the group in part on its market leading scale and volume growth.

- Hilton Worldwide (HLT): We maintain that the US lodging industry is earlier in the cycle than many believe and see the potential to outperform in 2016.

- Risk Reward on a 12-month view
(Overweight, PT $95).

Valuation Methodology: We estimate EBITDA of 2016 to be $565 million, a modest discount to current trading but in line with our DCF-driven fair market value (which employs a WACC of 9.7% and a long-term growth assumption of 2.5%).

Risks: Deterioration in ad market, particularly as vast majority of revenue driven by advertising; Elevated costs and dilution from additional restricted stock grants; Resolution of the EU anti-trust probe, which employs a WACC of 9.7% and a long-term growth assumption of 2.5%.

Estee Lauder

A “mega supplier” with software at the core of each business. Technical over-performance is a product of what we believe we can manageably absorb.

Risk Reward on a 12-month view
(Overweight, PT $105).

Valuation Methodology: In deriving our $105 price target, we triangulate to valuation based on our PEG, CAGR as well as historical and peer-group multiples. For our DCF, we use a risk-free rate of 1.5% and a WACC of 11% for a terminal growth rate of 1.5%.

Risks: Much of the debate revolves around a desire for greater visibility into investment spending, margins, and hopes for capital returns from an unlevered balance sheet. In the context of our overall US ad outlook, we believe mobile and online video will be the key growth drivers in the next few years.

We regard YouTube as a high-growth, valuable asset and a major driver of change in the advertising and content industries, where distribution is key. While the shift to mobile continues to pose challenges to overall search monetization, we estimate the Google Play app paid Search opportunity can grow to a largely incremental $5 billion business by 2018.
Honeywell International (HON): We see potential for 25% ROIC and 10x EBITDA exit to HON’s 1-year median valuation.

Mid-teens total return should keep on execution, this scenario of implied plan midpoint implies a year-end 2017 2018 (with $1 bn estimated accretion), execute on the $10 bn M&A target by M&A capacity, so if management does $10-11 bn over 2016/18, we estimate. Will start returning surplus capital to of $1-2 bn by year-end, we believe HON regions (as it harvests investments leverage visibility in high-growth payback (~$400 mn in the funnel), We see further upside going forward expected to contribute a top-line tail-Maturity Model Integration- driven expansion at Performance Materials from catalysts and Fluorines capacity and over $1 billion incremental sales Commercial Aerospace (4-6%), rising turbo base upgrade opportunities at Com-

JPMorgan Chase & Co. (JPM): We believe JPM will outperform peers over the next 3 years as share gains, expense management, and higher capital returns, and we have increased our 10% EPS CAGR outlook, which we view as conservative. We see over $5 in EPS power in 2015/16, primarily from mortgage and credit unwind, yet unpiloted. We believe LB is operated better today than before. We believe the $3bn-5bn acquisition potential: Victoria’s Secret currently holds more than market share, which we expect to increase slowly over time. We also forecast LB’s “20/20” growth to be largely for Victoria’s specifically PINK, sport, and swim. We believe PINK alone represents a $2+ billion opportunity, $1bn+ billion today in North America. Sport also remains a significant potential from full-price and low-price. We believe that 1,049 have any Sport merchandise currently and overall a 12% CAGR from $200-250 million today. We also see opportunity for $1+ billion in Canada currently a $500 million business (stores and e-commerce).

JPM: Our price target of $89 based on a WACC of 8.8% and 3% perpetual growth rate terminal value 1X EV EBITDA, DCF, and we expect this to be a declining trend as it emerges. We believe JPM will outperform peers in terms of share repurchases and increased full price selling. The operating margin has already started to rise from a low 60% in 2016, and we forecast a 19% EBIT margin for 2017.

Risk on a 12-month view (Overweight, $86). Valuation Methodology: Our price target assumes a 2x multiple on our $4.20 2016 EPS outlook; the $200/220 for LB’s superior growth potential relative to a 30-35% EBIT rate over time, significantly better than most. We continue to expect LB to achieve a mix shift toward international and over $1 billion international revenue to flow through at a 30-35% EBIT rate over time, driven by its current portfolio. International contributed 1.1% of F2014’s +3.6% revenue growth, 2.3% in F2015, and 3.7% in F2016. We expect LB to be the most profitable class of drugs for LB’s superior growth potential in the near term. LB’s 2015/16 operating margin (11% vs. peers 10%) is consistent with our F2016 EPS estimate of $5.40.

Risks: New competition in intimate apparel; Concepts like aerie and Soma that are emerging. We continue to expect these budding investments to drive incremental revenue or cost save accelerating margin expansion. LinkedUniversal’s management team has high visibility on its revenue (60%+ from SaaS, recurring streams) and has shown an ability to increase investment spending and still deliver upside to expectations. We don’t see that changing anytime soon.

LinkedUniversal’s management team has high visibility on its revenue (60%+ from SaaS, recurring streams) and has shown an ability to increase investment spending and still deliver upside to expectations. We don’t see that changing anytime soon.

McKesson (MCK) is well positioned to nearly double earnings over the next 5 years as it continues to build scale in the US and global pharmaceutical distribution markets. We believe MCK is well positioned to benefit from the high-growth specialty market.

McKesson is the largest phar-

momaceutical company in the US market, accounting for an estimated ~38% market share. Over the next three years, we continue to grow its market share in generics through an increased focus on distributors in the US market – through expansion of current customer contracts, notably Walgreens and Tar-

et, as traditional retailers look to dis-

Continued on page 22
These are the Best 30 Stocks to Hold for the Long-Term

Continued on page 21

less from potential consolidation, which we estimate could be as much as ~5% dilutive to earnings power longer term.

Risk Warning on a 12-month view (Overweight, PT $24)

Valuation Methodology: Our $24 price target is based on a target multiple of 16x applied to our 2026 EPS estimates of $4.43, in line with ABE and CAH and Morgan Stanley’s Strategy team’s target multiple for the S&P 500.

Risks: Celesio synergies fail to materialize, generic sourcing benefits fail to materialize; customer losses due to M&A. Analyst: Rick Goldwyer.

• Medtronic (MDT) Our thesis on Medtronic is predicated on three key items: (1) Structural cost advantages; (2) a more balanced revenue mix; and (3) higher returns to shareholders, and greater consistency of results.

In our view, Medtronic’s unmatched product breadth and business scale create a competitive advantage as MedTech customers drive toward bundling. The transformational acquisition of Covidien has helped to create a platform for execution on all three items. Multiple senior management changes have occurred, and we believe these may not be widely understood by the Street. Recent results demonstrate higher returns to shareholders, and greater consistency of results.

We believe Medtronic is well positioned digitally in each of its businesses. Technology and analytics in each of these businesses could be a boon for Medtronic as consumers opt to be more active and demonstrate higher returns to shareholders.

Risk Warning on a 12-month view (Overweight, PT $105)

Valuation Methodology: We derive our $105 price target by applying a multiple of 20x to our mid-2021 EPS estimate of $5.27. The multiple reflects a focus on innovation, has driven customer enthusiasm and growth in key emerging technologies such as Free, Flyknit, Roshe and others should drive a substantial percentage of company growth. Through 2018, we forecast companywide annual sales growth company in excess of 7%, also have ongoing tailwinds. As the company becomes increasingly international (from 58% of 2017 to 70% in 2021), we believe that this growth can be more profitably driven.

Palo Alto Networks (PANW) offers a compelling value proposition in the security market. We believe that PANW’s growth rate through 2020 as it takes shares in the $18 billion network and endpoint security market will be in the high teens. The company’s ability to derive value creation from other security leaders in the past; (2) Palo Alto is an effective fast follower, and a number of other security leaders that (1) Palo Alto Networks is addressing a larger total addressable market (TAM) and (3) the company’s ability to drive conversion and improving efficiencies.

With a technologic lead and large market opportunity, we believe PANW can continue to grow in excess of 30% annually. However, improved sales productivity, new product launches, and ramping installed base should enable PANW to reach its near-term margin targets of 22-25% exiting FY2016 vs. ~12% in FY2015.

Long term, we see operating margins improving, which should allow for ongoing capital expenditures, ramping installed base should enable PANW to reach its near-term margin targets of 22-25% exiting FY2016 vs. ~12% in FY2015.

Other catalysts could boost Nike’s growth, but we believe Nike will continue to take share in the 2016 Olympics in Brazil and 2018 World Cup in Russia and Russia and Russia’s growth in particularly Brazil.

We believe Nike is well positioned digitally in each of its businesses. Technology and analytics in each of these businesses could be a boon for Nike as consumers opt to be more active and demonstrate higher returns to shareholders.

Risk Warning on a 12-month view (Overweight, PT $158)

Valuation Methodology: Our $158 price target is based on a ~4% FCF yield on our 2015e FCF of ~$4.40/ share, reflecting a 20x multiple on 2016e EPS.

We apply a multiple of 20.8x to our 2016e EPS estimate of $2.34, and a $158 price target is 20x 2020e FCF, (Overweight, PT $158).

The company has also initiated a $9 billion share repurchase plan, which we forecast to drive ~1% average annual EPS growth through 2016. We are also positive on Schlumberger’s attractive growth pipeline is based on high-visibility projects that seem to be well-positioned in the current bidding environment for large offshore projects.

Risk Warning on a 12-month view (Overweight, PT $215)

Valuation Methodology: Our $215 price target is based on a ~4% FCF yield on our 2015e FCF of ~$4.40/ share, reflecting a 20x multiple on 2016e EPS.

We apply a multiple of 20.8x to our 2016e EPS estimate of $2.34, and a $158 price target is 20x 2020e FCF, (Overweight, PT $158).

We believe that Schlumberger’s strong balance sheet, as well as the increased adoption of its new technologies like Broadband, enables it to offer customers new solutions with up-front funding in exchange for production upside.

In our view, Schlumberger should consider that (1) can deliver technology, (2) has an integrated offering, and (3) reduces the greater risk alongside the oil company, in exchange for production driven upside.

Schlumberger’s technology leadership, project operating, integrated offering, and the ability to play directly into the changing paradigm of the oil company.

The company has also initiated a major push to improve product reliability, drive down costs and also reduce inventory and support costs. These attributes are clearly visible, with Schlumberger’s target to cut margins, return, and cash flow generation, and drive down FCF-yield valuation.

We further believe that Schlumberger’s strong balance sheet, as well as the increased adoption of its new technologies like Broadband, enables it to offer customers new solutions with up-front funding in exchange for production upside.

In our view, Schlumberger should consider that (1) can deliver technology, (2) has an integrated offering, and (3) reduces the greater risk alongside the oil company, in exchange for production driven upside.

In our view, Schlumberger should consider that (1) can deliver technology, (2) has an integrated offering, and (3) reduces the greater risk alongside the oil company, in exchange for production driven upside.
Andrews. that calls the US housing recovery inputs are several steps removed from 2020, on our forecasts. 2015 at an 8.0% cost of equity; this Base Case 2020e $23.69 per share FCF (Overweight, PT $320). tions with big box retailers and other platform represents an additional dif- what your friend paid versus what you lack of awareness on the part of the has historically been characterized by market in which Sherwin operates are often family-run businesses, and tend to be less sophisticated operators, counterparts. Independent dealers locations, as the company grows largely likely to outsource paint jobs to pros. Starbucks represents ~85% of Sherwin’s Paint Store sales, is growing in excess of the business, driven in part by an aging customer base and Sherwin will continue to siphon share. The contractor serviced architectural market in which Sherwin operates has been benefiting from a labor shortage and robust levels of pricing power. This is due to the low representation of paint as a percent of the total revenue of a contractor job (generally 10-15%), the lack of awareness on the part of the end-consumer of the price of the under- lying product, and the lack of com- parability of one job to another (i.e., what your friend paid versus what you paid). Sherwin’s company-owned store platform represents an additional differ- entiating factor of pricing power, whereby it is able to bypass negotia- tions with big box retailers and other independent dealers. Risk Reward on a 12-month view (Overview, PT $130).

Valuation Methodology: Our $130 price target is based on applying the regulated utility by applying the current S&P 500 multiple and our 2017 Utility EPS. We value Census using an MLP approach, use market value in lieu of book value, and use 1.5x Enterprise Incentive Distribution Rights (IDR) premium.

Risks:
1. Cameron LNG export approvals are not received or delayed; (2) FERC rate resolution on transmission; (3) Lack of access to gas, and renewables businesses. Anal- yst: Stephen Byrd.

* Sherwin-Williams (SHW), We believe Sherwin-Williams is likely to continue enjoying the benefits of an accelerating US architectural paint market. The company has a significant advantage in the market: it is the professional contractor, aggressive store expansion, and unique capability to offer one-stop shopping for both professional and holistic service to the nation’s largest paint consumers. (Overweight, PT $320).

Risks: (1) Cyclicality in business is strong, and is aided by food product expansion and mobile/delivery rollout. The dominant foodservice company (Domino’s Pizza has seen consistent 5-8% same-store sales growth (SSG) over the past four years) is worth noting. (2) Higher green coffee costs and likely to continue for some time. Analyst: Benjamin Swinburne.

* Starbucks (SBUX). We believe Starbucks represents a best-in-class secular growth story, with significant potential for revenue growth and margin expansion over the long-term. After learning from mistakes in 2008/09, Starbucks has demonstrated earnings growth through EPS growth over the past five years and is poised to continue at 15-20%, one of the highest growth rates in the foodservice industry. (Overweight, PT $53).

Risks: (1) Cameron LNG export approval is not received or delayed; (2) FERC rate resolution on transmission; (3) Lack of access to gas, and renewables businesses. Analyst: Stephen Byrd.

* Walt Disney (DIS). Strong multi- year content outlook, rooted in past investment in streaming. Over the last few years, Disney’s M&A strategy has primarily focused on acquiring content (rather than distribution assets), spending $13 billion on acquisitions in the last few years (Pixar, Marvel, and Lucasfilm). Disney is now earning returns on this capital investment, especially as its suites of properties anchoring a robust film slate (e.g. Avengers, Star Wars). We project that 2020 will be a year of declining Frozen-related revenue, income, and EPS. We would not a good repeat in FY21 (we now estimate 9% EPS growth, $5.0 billion in revenue)

Risks: Macroeconomic weakness would negatively affect DIS, par- ticularly the company’s strong, fast- growing cord-cutting market. In any case, the company faces multiple challenges, including uncertainty in the Disney+ subscription business and the potential for a subscription fee increase.

* Workday (WDAY). We believe Workday is well-positioned to benefit from the shift of IT dollars away from legacy solutions to modern SaaS software-as-a-service (SaaS) applica- tions. The company’s early success has been driven by a focus on a few key areas: (1) Employee Capital Management Software, which helps companies manage their healthcare benefits. (2) Cloud assets ($1 billion in revenue this year with ample room for further growth. How- ever, we also see potential for newer product areas like Financial/ERP and Data/Analytics to become meaningful revenue drivers in the coming years, quintupling Workday’s addressable market opportunity to over $50 billion and providing potential for multiple EPS growth.

Continued from page 23.

BULL & BEAR  Page 23

Continued on page 25
Bull & Bear’s
Web Watch

American Gold Exchange, Inc.
Your Reliable Hard Asset Advisor
Gold, Platinum, Silver, Rare Coins
www.amergold.com

The Bowser Report
Your Source for Penny Stock Info
...there for the small investor since 1976
www.thebowserreport.com

Fairmont Resources.ca
Fully Permitted for Dense Aggregate Production in Quebec
www.FairmontResources.ca

The Morgan Report
Money, Metals & Mining
Silver Analysis & Research
www.silver-investor.com

SilverCrest Mines Inc.
Low Cost Producer Targeting 4.0-4.4 Million Silver Equivalent Ounces in 2015
www.SilverCrestMines.com

J. Taylor’s MININGSTOCKS.COM
Gold, Energy & Tech Stocks
J. Taylor’s Gold, Energy & Tech Stocks is Published Weekly
www.JTaylorsGold.com

Weiss Educational Services
Preserve Your Wealth with Mike Burnick!
30-Minute Guide to Growing and Preserving Your Wealth
www.weisseducation.com

Gold Stock News
Top Gold Stock Picks, Live Charts, News, Area Plays
GoldStockNews.com

Bull & Bear’s Financial Report
THE MOST DIVERSIFIED DIGEST OF INVESTMENT NEWSLETTERS ONLINE & IN PRINT
www.TheBullandBear.com

Increase Traffic To Your Web Site!!
The Bull & Bear Financial Report has created a highly effective print and online advertising program aimed at increasing traffic to your website and building your Email list with accredited investors. Our enhanced banners can deliver the much needed exposure your company’s website is looking for. Your website banner will appear in ALL of our publications:

The Bull & Bear Financial Report
Monetary Digest • Tech Stock Digest
Gold Stock News • The Resource Investor
Your banner will appear on our website pages with direct links to your website. Our information-rich newsletters, Monetary Digest, Tech Stock Report, Gold Stock News and The Bull & Bear’s Resource Investor will feature enhanced banners enabling active, accredited investors to have direct access to your website. By participating in The Bull & Bear’s Web Sites for Investors program you will also have exposure to the savvy investors attending the many investment seminars we exhibit at.

For more information call Valerie Waters at...
1-800-336-BULL
Canadian Penny Stocks

Continued from page 7

partnered with a top-tier software development team.

As the company has also enlarged its editorial crew to include people with the skills necessary to develop content, as we would expect quickly to the needs of its clients.

In addition, to help develop its products, Lange boasts relationships with external contractors.

And rather than having permanent offices in each country in which it does business, the company gives its clients incentives to sell its products.

For a small-cap stock like Lingo, flexibility is key in keeping costs down, while continuing to deliver the services clients want.

It also gives it the necessary pricing advantage to keep the company out in front of bigger rivals in the same sector.

Indeed, with its software and services, Lingo can generate very high margins, putting it in a position to grow earnings rapidly as it adds new clients.

Moreover, by being nimble, the company has the advantage of continuous innovation, which is key content and technology that’s growing rapidly.

For its first quarter, Lingo reported revenue of $651,630 — a 176 per cent increase from the corresponding quarter of last year.

The company also swung to a net profit of $225,430 from a net loss of $522,870 for the similar period in 2014.

In Lingo, saw comprehension income swing to a positive $146,600 from a negative $191,570.

Stronger Numbers Likely for this Small-Cap Growth Stock

But because its legacy publishing business fuels seasonal strength in the second and fourth quarters, margin could see even stronger numbers for the rest of 2015.

With 30 million shares outstanding, Lingo’s market value is only about $7 million.

Lingo’s priority is not only to win new contracts that will fuel revenue, operating cash flow and cash flow, but to pay off debt and finish the year with a clean balance sheet.

In the meantime, the company remains profitable. And its business model is endgame; it has spent the past five years on sales well as one that should fuel rapid growth.

For speculative investors, small-cap growth stocks with low debt, but high profit margins, tend to offer handsome returns.

Indeed, with Lingo’s peers now trading at multiples of nearly 14 times, there’s obviously plenty of upside potential to keep Lingo on your list of Canadian penny stocks to watch.

Source: Investor’s Digest of Canada, 133 Richmond St. W., Toronto, ON M5H 1S9.

One of the many featured sections of this new quarterly information system, “Morning Call!” where readers get buy, sell and hold advice plus earnings estimate on more than 1,000 Canadian companies from leading analysts across Canada. For a six month, annual subscription, $69.95 plus GST. For more information, visit www.adviceforinvestors.com.

Continued from page 23

Canadian stocks

RA: Dyancor Gold Mines Ltd. (TSX: DNG) is another one that we continue to own. It’s predominantly a miller rather than a miner in Peru, though it does have the Timpampa gold project, so there that it continues to develop, which could add tremendous value. In the meantime, the company is trading, we cash in on about 25% of its current earnings power. I use earnings power because this month the company is expanding the production capacity at its mill. Dyancor’s earnings power should go up even further from its new plant, which will have double the capacity of the existing one and ultimately be much lower cost. Its earnings power could be about $0.40 a share this time next year or higher. And it is still in the early stages of production and it has at least 1 million ounces and potentially more.

RA: Is dyancor considered a reputable brand among the gold miners in Peru?

RA: Is dyancor certainly trusted in the community.

RA: With the growing number of contract miners in Peru, you are finding for milling ore a threat to the Dyancor business model?

RA: I don’t think that many more mills have entered the gold milling business. That is the perception because there are two or three companies that are now listed, but I think more capacity has left the space than entered it. It’s just not as visible because the capacity that’s vanished was from players who’d been there for a number of years and are now uncompetitive with new regulations set by the Peruvian government. In fact, that’s why Dyancor’s performance has improved so much in the last few months; it has been stepping up the ounces that were previously going to other mills.

TGR: We are in the dog days of gold’s summer of discontent. What would you say to the remaining investors in the space?

RA: Unless we’re into something different this time — we’ve seen the cycle before — I would caution, because I can’t think of anything else that would cause everything in Commodityland, not just gold, to suddenly start trading below their respective average costs of production — then we should be seeing the lows right here. It does not appear that we are in a global recession. Au contraire, there are signs of a global acceleration after the mid-cycle slowdown we’d been through and it’s translating to higher prices on the U.S. dollar.

August is typically a good month for gold and the U.S. dollar appears set to peak given that it’s overvalued, and it is historically a good bet that the Federal Reserve probably would prefer a weaker U.S. dollar.

The average global all-in sustaining costs to produce gold are already low and, at about $60 per ounce, should support the low in the price of a commodity. We are at or slightly below that mark. If the dollar becomes even more and more weak, there, perhaps that leads to a little more inflation and allows the supply and demand equation to rule the day.

TGR: Thank you for your insights, Randall.

Editor’s Note: Randall Abramson, CFA, is CEO and Portfolio Manager of Trapeze Asset Management Inc., a firm he co-founded in 1999 shortly after founding its affiliated broker-dealer, Trapeze Capital Corp. Abramson was named one of Canada’s Stock Market Superstars in both Thompson’s “Stock Market Superstars: Secrets of Canada’s Top Investors” and MarketWatch’s “The World’s Top Traders” in 2005. His separately managed accounts are long/short and long only, and have earned an average annual return of 10 per cent over the trajectory of his company’s Global Insight model.

Bull & Bear’s Chief Research Officer, Tripp Umbel invites investors to sign up by visiting their free e-newsletter at www.thearoundreport.com. Recent interviews with industry analysts and commentators, can be viewed at www.thearoundreport.com.

INVESTOR RELATIONS PROGRAMS

The Bull & Bear has several cost-effective Investor Relations Programs for publicly traded companies. Our innovative, high-impact print and online campaign includes:

• Print • Internet Exposure • Targeted E-mail • E-Newsletters • Investment Seminars • Stock Broker/Share Holder Mailings

Bull & Bear’s IR programs target millions of active investors. Call for details.

800-338-3677

www.TheBullandBear.com
**BULL & BEAR CLASSIFIED**

**CLASSIFIED AD FORM**

Mail To: Bull & Bear, P.O. Box 917179, Longwood, FL 32791

Classified advertisements are accepted at the discretion of the publisher. The publisher is under no liability for failure from any cause to insert any advertisement.

Count each abbreviation, initial, single figure or group of figures or letters as one word.

Count each number of words as one word.

**PLEASE PRINT CLEARLY**

**ENCLOSE CASH** — All classified ads are cash, check or money order with ad.

**CANCELLING ADS** — Please advise address.

**CHANGING ADS** — Include remittance for additional advertisement.

**FREE CLASSIFIED ADS!**

Pursue a classified ad in the print version of the Bull & Bear Financial Report and receive a no-cost digital ad on the Bull & Bear’s high-impact Website www.TheBullandBear.com. The FREE Online classified ad will appear for the duration of the print ad.

Don’t Delay! Use the Classified Ad Form on this page to place your classified ad in a publication that gets results.

Mail your Classified Ad Form to:

Bull & Bear, P.O. Box 917179, Longwood, FL 32791

or Fax the Order Form to (407) 682-6170

Trade Small Caps

All Oil & Gas exchanges, NASDAQ, OTCBB, Pink Sheets. Also market making, Bull 144s, and Form 212’s Small cap stocks, since 1999 INRA/SPIC.

Penn Trade Division

Penn & Company

Main Office: 301A, Member FINRA/SPIC

Serving investors for 80 years from North Idaho’s Silver Valley

U.S. RARE GOLD AND SILVER COINS. P.O. Box 15, Eva, TN 38333.


WORLD GOLD COINS at AN硬CS’55 certified and guaranteed. Request free printed list or visit our website: www.steinbergs.com.

THE GOLDSHOW.COM

The Resource Investor Newsletter

TheResourceInvestor.com

For more information, call (407) 682-6170.

---

**CLASSIFICATIONS:**
Advisory Services, Books/Publications, Commodities, Business Opportunities, Investments, Moneymaking Opportunities, Real Estate, Stamps/Coin, Miscellaneous.

**CLASSIFICATION DESIRED:** No. of words.

**Number of Words**

| 1-15 | 15.00 |
| 16-20 | 20.00 |
| 21-25 | 25.00 |
| 26-30 | 30.00 |
| 31-35 | 35.00 |
| 36-40 | 40.00 |
| 41-45 | 45.00 |
| 46-50 | 50.00 |

**$1.00 per word in excess of 50 words**

---

**FREE CLASSIFIED ADS!**


Don’t Delay! Use the Classified Ad Form on this page to place your classified ad in a publication that gets results.

Mail your Classified Ad Form to:

Bull & Bear, P.O. Box 917179, Longwood, FL 32791

or Fax the Order Form to (407) 682-6170

---

**FREE ONLINE SUBSCRIPTION**

The Resource Investor Newsletter

Learn what the world’s most successful investment experts and analysts are recommending...

GOLD / SILVER STOCKS • URANIUM BASE METALS • OIL & GAS STOCKS • GLOBAL MINING TRENDS

Limited Offer: Take advantage of our FREE online subscription.
Read what the seasoned financial advisors are recommending for publicly traded companies, resource stocks, mutual funds, bonds, currencies, real estate, tax shelters, options, and personal finance.

Wouldn’t you like to be able to consult with the world’s top financial advisors when making your investment decisions? Wouldn’t you like to have the advantage of their investment ideas and money-making strategies?

You can, in essence do just that by subscribing to the Bull & Bear Financial Report.

Every issue of the Bull & Bear Financial Report offers solid investment insight by leading investment advisory newsletter editors and portfolio managers.

Get specific, clear Buy, Sell and Hold advice from the top-performing market timers around the world. The world’s sharpest market watchers give their Stock of the Month picks, Hot Stocks, and Domestic and International Stock Market Forecasts. Discover which companies have the best potential to become tomorrow’s winners. Advice on what the insiders are buying and selling.

Top analysts and portfolio managers give their views on the resource sector. Discover the hidden “gems” long before the general investing public. Gold, silver, platinum, palladium, and base metals. Renowned experts in the oil and gas areas keep you informed on which sectors to watch and which companies are ready to make their big move–up or down.

Top mutual fund newsletter editors keep you informed on the “hot” sectors and the mutual funds that are outperforming the market averages.

Also, each issue of the Bull & Bear Financial Report features the most diversified and largest digest of investment advisory newsletters being published today! Comprehensive excerpts from the world’s most widely read and respected investment advisory newsletters.

You also get simplified tax slashing ideas, trading strategies, comprehensive coverage on resource stocks and precious metals. Literally, hundreds of money making suggestions in each issue.

What does this incredible publication cost? Only $44 for 12 issues or $69 for 24 issues. Simply, the best value for your money on the market today by far.

BONUS OFFER:
Subscribe to the Bull & Bear Financial Report for 12 issues at $44 and receive a FREE three issue digital subscription to the Monetary Digest – the “Super Digest” of investment advisory newsletters.

SPECIAL BONUS OFFER:
Now for an even better offer. Subscribe to the Bull and Bear Financial Report for 24 issues at $69 and receive a FREE a full one-year digital subscription to the Monetary Digest – a $98 value.

The Monetary Digest contains solid investment advice from the nation’s best performing market timers. Top Stock Picks and Market Forecasts from renowned analysts. We scan over 400 investment publications and alert you the most important and potentially most profitable ideas.

The Monetary Digest is an indispensable tool for any investor, and it’s yours FREE with a subscription to the Bull and Bear Financial Report.


Subscribe and we think you’ll agree, that the Bull and Bear Financial Report is the best investment service for the money. Your subscription also entitles you to FREE access to the Bull and Bear’s information-rich website, www.TheBullandBear.com, featuring the largest digest of investment newsletters on the Web today.

Subscribe today! Don’t delay! Clip the coupon below or call 1-800-336-BULL.
Torex Gold Resources Inc. is building its first gold mine, defining its second one, and looking for more of its 100%Morelos Gold Property, located in southwest Mexico, in the heart of the prolific Guerrero Gold Belt.

Once the first mine, El Limon Guajes, now about 80% complete, is in full production, it will be amongst the largest and lowest cost gold mines in the world. Fully permitted and fully financed, this mine will produce in excess of 350,000 oz/year for ten years at a cash cost of $504/oz which makes it one of the richest and lowest cost gold mines in the world. All this is possible due to its high grade, at 2.79 g/t, its simplicity and the existing infrastructure in the area. Its second mine, Media Luna, located only 5 km away from El Limon Guajes, was discovered in 2012. It has an inferred resource of 5.8 million ounces of gold equivalent, contained in only 30% of the magnetic anomalies targeted.

Engineering is advancing at Media Luna with scoping work into a preliminary economic assessment expected to be completed by Q3/2015. Torex soon will be actively exploring for its third mine. With the help of a Ztem survey completed last year and geophysics, new targets have been developed to look for the roots of this structurally controlled system.

Torex on Track for First Gold Pour by Year End

“With construction currently 80% complete, and with mining ahead of schedule with over one million tonnes of ore in stock pile, we are well on track for our first gold pour by the end of this year,” said Torex President and CEO Fred Stanford.

Engineering and procurement were effectively completed by mid-summer. A workforce of over 3000 is rapidly turning engineering and material into a productive asset.

“The processing buildings have been erected and the major pieces of equipment have been placed within the buildings,” Stanford said. “From a construction perspective the focus has now shifted to connecting the pieces of equipment with pipes and wires. From an operations perspective the focus is squarely on hiring and training the workforce and in preparing for commissioning and ramp up. Specialists have been contracted to guide the commissioning process and the hiring of a skilled workforce has been aided by the recent closure of processing capacity elsewhere in the country. The site and nearby communities have been quiet from a security perspective and significant progress is being achieved in the preparations for the village relocation.”

Second Quarter Results Show Substantial Progress at El Limon Project

Construction at the Guajes primary crusher was substantially complete at the end of Q2 2015 and commissioning has been started in July with ore being crushed and conveyed to the live stockpile.

Mining of the Guajes and North Nose pits is ahead of schedule, with approximately 650,000 tonnes of Guajes ore and 400,000 tonnes of North Nose ore stockpiled as of June 30, 2015.

Construction of the processing plant and associated infrastructure was advanced on all fronts during the second quarter of 2015. A notable infrastructure milestone was the connection to the national electricity grid, which was achieved just after the quarter ended.

The development of commissioning plans, training material, and operating and maintenance procedures were all advanced during the quarter. In preparation for a start of the processing plant in the fourth quarter of 2015, hiring and training of the processing plant workforce has started so that people are available to learn from the processing plant commissioning. Most of the mining workforce is already in place.

Work on the infrastructure to get the El Limón pit ready for pre-production waste stripping is advancing ahead of schedule and preparation for installation of the Rope Conveyor by Doppelmayr Transport Technology GmbH begun.

The construction for resettlement of the La Fundición village is substantially complete and resettlement is expected to be completed in the third quarter of 2015. Resettlement of the Real Del Limón village is expected to be completed in the fourth quarter of 2015.

The ELG project cost is expected to cost $800 million (excluding capitalized interest costs and fees). As at June 30, 2015, $527 million has been spent on development of the ELG Mine. To date, Torex has drawn $235 million from its $375 million 8-year senior secured project finance facility.

ELG Mine Plan Prelude to Development of the Media Luna Project

Torex’s updated mine plan for the El Limón-Guajes Mine will include as part of the company’s preparation of the Media Luna Project PEA, in order to ensure that the technical report for the Morelos Gold Property is current and complete.

Torex announced a positive PEA for the Media Luna Project in July, as well as a new NI 43-101 inferred mineral resource estimate of 7.2 million gold equivalent ounces, including 3.98 million ounces of gold, at a cut-off grade of 2 g/t gold equivalent.

Results of a 10,300-metre diamond drill program to the north west of the current Media Luna resource area, completed during Q2 2015, were included in the updated inferred resource estimate for the Media Luna Project.

A 2,000 metre in-fill drilling program in the El Limón East area, completed in June, is within the El Limón resource. This program will provide additional geological information to assist mine planning at El Limón.

“The PEA is preliminary in nature, and is based on inferred mineral resources that are considered too speculative geologically to have economic implications applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA will be realized,” said Stanford.

Investment Considerations

Torex is a growth-oriented, Canadian-based resource company engaged in the exploration and development of its 100% owned Morelos Gold Property, an area of 29,000 hectares in the highly prospective Guerrero Gold Belt located 180 kilometers southwest of Mexico City. Torex intends to identify a pipeline of future economic deposits within its property, which remains 75% unexplored.

Since its inception almost five years ago, the Torex seasoned management team, lead by Fred Stanford, has been consistently delivering on milestones and they expect to continue this trend as they enter the final stages of construction of their first mine, which continues on time and on budget.