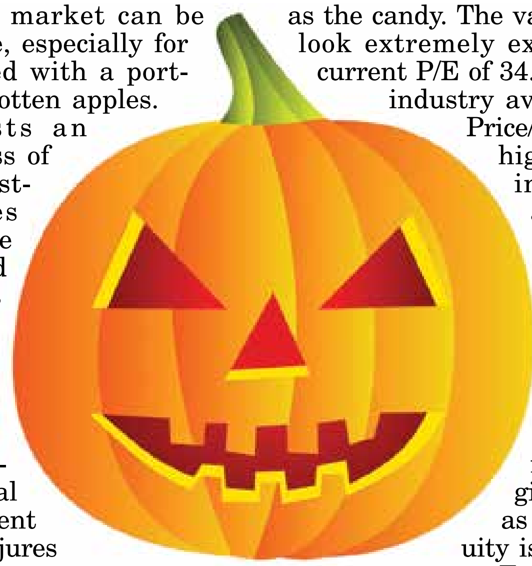
Bull & Bear's

MONETARY DIGEST

Fourth Quarter 2017 VOL. 15 NO. 11

Halloween Stocks: Scary Sells, Timely Treats, Haunting Holds



The stock market can be a scary place, especially for those plagued with a portfolio full of rotten apples. There exists an endless abyss of frightful investment stories and even the most seasoned stock traders have a financial skeleton or two in the closet. With Halloween looming, seasoned financial strategist, Brent M. Wilsey conjures up this creepy category of holiday-related stocks to see which have one foot in the grave, and which are likely to deliver a treat (1 buy, 1 hold, 5 sells).

The Hershey Company (HSY): *SELL* – With brand names like Reese's, Jolly Rancher, Kit Kat, and Twizzlers to name a few, there is no denying Hershey is a sweet company.

The problem is the investment opportunity does not look as sweet as the candy. The valuation ratios look extremely expensive. The current P/E of 34.2 is above the industry average of 24.4; Price/Sales of 3.0 is higher than the industry average of 1.2; and Price/Cash Flow of 24.7 is also above the industry average of 14.0. The company does not have a material tangible book value as much of its equity is in intangible assets. Even when looking at the total equity the numbers are not satisfying. The current Price/Book Value of 26.6 is more than I like to pay for the equity of a company. Investors do receive a decent dividend of 2.45%, but the company uses 76.5% of earnings to pay out that dividend. This does not leave much room for the company to invest in the business and expand its dividend.

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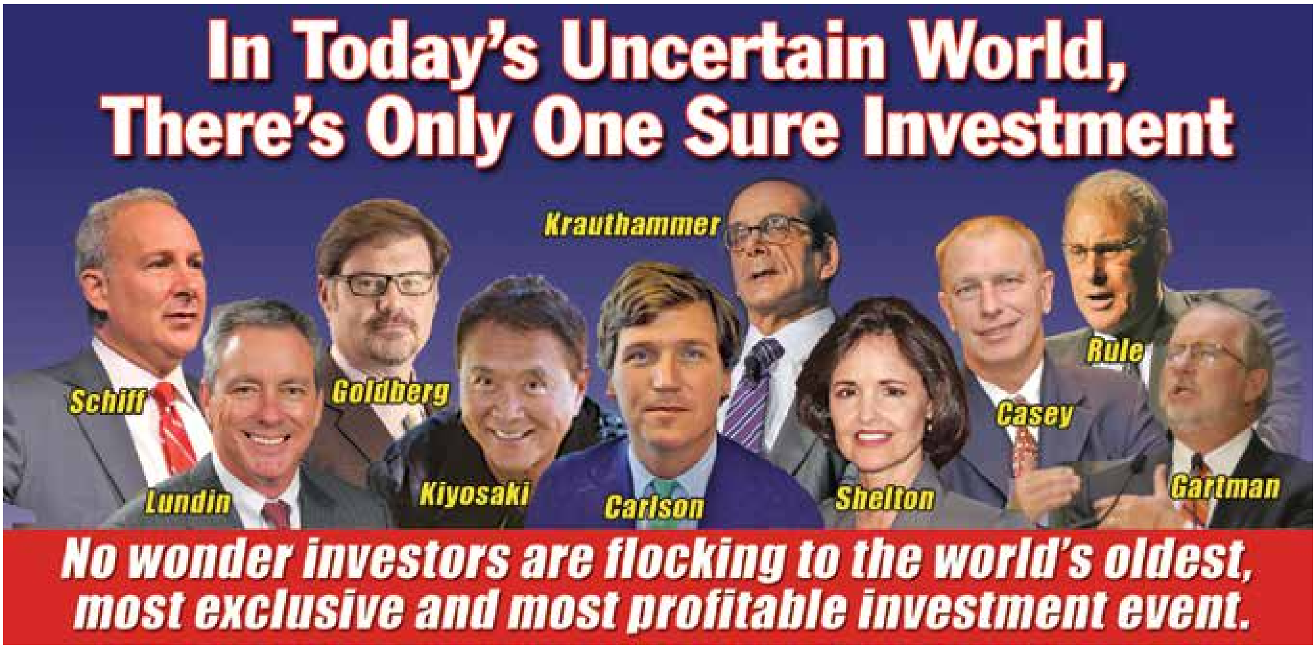

For well over four decades — through some of the most turbulent and dangerous times in investing — the record shows there is no better place to find profits and safety than the legendary New Orleans Investment Conference.

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With central banks trying to tighten monetary policy while economic growth remains fragile and stock markets are at record highs, we can expect the investment landscape to turn completely upside down over the months ahead.

In the meantime — despite bouts of weakness — gold, silver and mining stocks have emerged from a multi-year bear market and are beginning to spin out remarkable profits to investors

Everyone knows that the combination of a hot metals market and the New Orleans Conference is a recipe for life-changing profits.

That's why this year's New Orleans Conference is gathering many of the world's top experts in geopolitics, economics and the resource markets, including:

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- Pulitzer-Prize-winning commentator **Charles Krauthammer**

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A $1 Million Goal for Retirement

John C. Ogg
247wallst.com

Investment advisers tell you that you might need more than $1 million in assets to be able to enjoy retirement. Life's ongoing costs are many – insurance, medicine, food, transportation, bills, vacations, and entertainment – and the ability to pay for all these expenses can be difficult when you have limited income from Social Security and retirement funds.

It is essential for savers to consider their retirement plans long before they get into their 50s or 60s. Those who start saving in their 20s and 30s will have a huge jump over those thinking about how to save when they are 10 or 15 years away from retiring. Using a traditional IRA (individual retirement account), Roth IRA, SEP-IRA, or 401(k) plan is a must for those who want a comfortable retirement.

If you have not saved much and are in the years approaching retirement, there are still actions you can take to make your golden years golden. It's never too late to start saving, and traditional retirement vehicles are a great place to start.

Using traditional retirement plans is the most common wealth builder for those seeking a secure retirement. A combination of that, plus extra work, considering your other retirement options, avoiding some easy mistakes, and investing on the side can all get you that $1 million goal for your retirement.

1. Social Security Payments. The good news is you likely already saved something toward your retirement by contributing to Social Security. The vast majority of non-retirees have no clue what their social security payments will be. Fortunately, there is a Social Security calculator https://www.ssa.gov/oact/quickcalc/ that shows you how much you will earn in your retirement years, whether the government says your full retirement age is 65 or 67.

2. Traditional Retirement Plans. Whether it's a simple IRA, a Roth IRA, or a 401(k) plan, these are all retirement vehicles for the American worker. Taxes are deferred until retirees begin to withdraw from these accounts, so this money – including the withheld taxes – can grow until then. This allows for workers to save more than $10,000 per year in many cases, and some employers match contributions.

Saving $5,000 to $10,000 a year without taxes, and then seeing that magnified by employer matching funds and compounding of dividends and interest can add up even if you are in your 50s. Everyone is a consumer, but the less you spend that you don't have to spend gives you more money to put toward savings. All of those savings can help fund your retirement plans from IRAs to 401(k) plans.

3. Stocks, Bonds, or Cash. If you are investing in 401(k) or IRA plans, you usually control how that money gets allocated among stocks, bonds, and cash. Stocks have traditionally had the highest return and the highest risk; bonds offer steady returns and lower risk; and cash brings comfort but no returns. Choosing all bond investments in your 20s won't provide enough growth over the next 40 years to generate a large enough retirement nest egg.

Investing in all stocks and taking too much risk in your 50s and 60s can crush a retirement portfolio if a market correction occurs in your final years before retiring. Cash never falls in value nominally, but it rarely outperforms inflation.

The general advice from financial experts is not to invest retirement funds too conservatively in your 20s to 40s, and not to invest too aggressively if you have already amassed a large retirement nest egg or if you are in your 50s and 60s.

4. Keep Working. Many people reach the traditional retirement age of 65 and keep working, some even into their 80s. Maybe they saved for retirement and work to keep busy, or maybe they need extra funds to live. Either way, working while in retirement provides extra income. The golden years are not cheap, and even if you don't want to work 40-hour weeks you might want to work several days a week. There are opportunities as a consultant, a mentor, or even as a contract worker for companies that will want your skills from your working experience.

5. Understand the IRS Catch-Up Rules. The government understands that many people don't save enough and early enough for retirement. The Internal Revenue Service has rules for catch-up contributions, www.irs.gov, for 401(k) and IRA plans starting at age 50. These rules allow workers 50 years old and older to add more than the statutory limits ($18,000 for 401(k) in 2017) to ramp up their retirement savings in the 10 to 15 years ahead of the traditional retirement age. This, along with any employer match on statutory limits per year, can help the under-saved catch up for their retirement years.

6. Take Advantage of Compounding Interest. Warren Buffett and other investors have preached that the compounding

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Halloween Stocks: Scary Sells, Timely Treats, Haunting Holds

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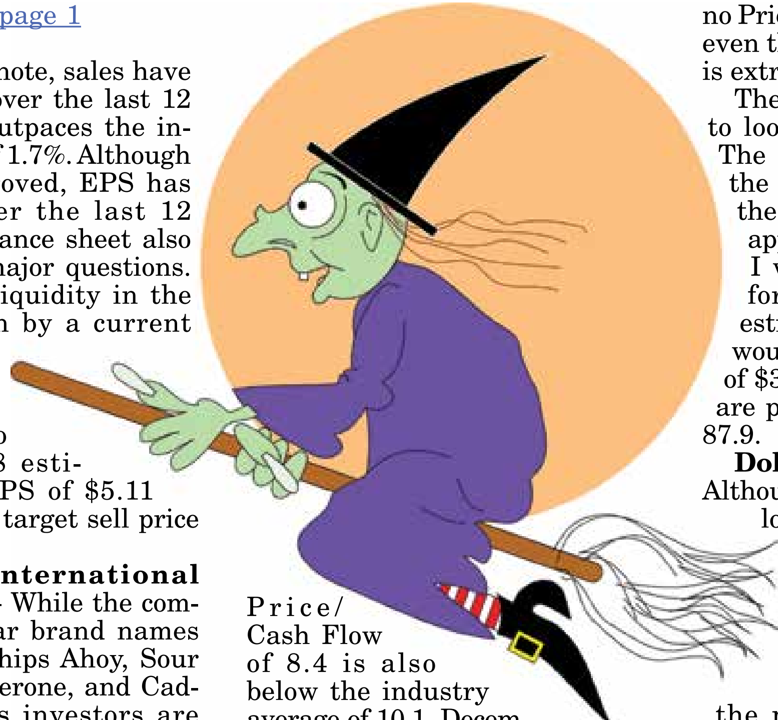

On a positive note, sales have grown by 2.5% over the last 12 months which outpaces the industry average of 1.7%. Although sales have improved, EPS has fallen 8.3% over the last 12 months. The balance sheet also presents some major questions. While there is liquidity in the company proven by a current ratio of 1.1; debt/equity of 347.5% is a huge concern.

Looking out to December 2018 estimated GAAP EPS of $5.11 would give me a target sell price of $84.32.

Mondelez International (MDLZ): *SELL* – While the company has popular brand names such as Oreo, Chips Ahoy, Sour Patch Kids, Toblerone, and Cadbury; it appears investors are overpaying for those brands.

The current P/E of 35.5 is well above the industry average of 24.4; Price/Sales of 2.4 is double the industry average of 1.2; and Price/Cash Flow of 26.2 is also well above the industry average of 14.0. The company has manageable debt/equity of 73.0%, but liquidity is a major concern as the current ratio is 0.53 and the quick ratio is just 0.35. There are also some questions surrounding the company's growth as sales have declined 5.2% over the last 12 months and EPS has declined 75.4% during the same time frame.

The company must have witnessed a major write off within the last 12 months, which would be an important factor for investors to understand. If I look out to December 2018, estimated GAAP EPS of $2.24 would give me a target sell price of $36.96.

Party City Corporation (PRTY): *SELL* – Party City provides some positive valuation measures. The current P/E of 14.7 is lower than the industry average of 20.5; Price/Sales of 0.7 is below the industry average of 0.8; and Price/Cash Flow of 8.4 is also below the industry average of 10.1. December 2018 estimated GAAP EPS of $1.34 would generate a forward P/E multiple of 10.5. This is a good value for those future earnings, but there are some major questions with the balance sheet. There is currently no tangible book value and the company has a debt equity of 165.3%. These figures do not provide me comfort and lead to my sell rating on PRTY.

Netflix Inc. (NFLX): *SELL* Netflix has created a lot of excitement around subscriber growth which has sent the stock higher. Sales have also grown 33.6% over the last 12 months and EPS has risen 153.5% during the same time frame. While these growth numbers are strong, many investors were burned during the tech bust because they did not look how the value of the business they were buying. If I look at the valuation ratios I see investors are overpaying for many aspects of the business.

The current P/E of 219.75 is well above the industry average of 25.7 and Price/Sales of 7.6 is more than three times the industry average of 2.3. There is currently no Price/Tangible Book value, but even the Price/Book Value of 24.9 is extremely expensive.

The balance sheet is beginning to look somewhat troublesome. The current ratio of 1.3 shows the company has liquidity, but the debt/equity of 155.4% has approached a higher level than I would like to see. Looking forward to December 2018, estimated GAAP EPS of $2.04 would give me a target sell price of $33.66. This shows investors are paying for a forward P/E of 87.9.

Dollar General (DG): *HOLD* – Although Dollar General provides low cost items, that has not stopped the company from growing. Over the last 12 months sales have increased 8.4% and EPS has increased 3.6% during the same time frame. For the most part, the valuation ratios appear to be favorable.

The current P/E of 17.9 is well below an industry average of 202.0; Price/Sales of 0.9 is half the industry average of 1.8; and Price/Cash Flow of 13.4 is favorable compared to the industry average of 22.1. The company has a nice balance sheet as the current ratio of 1.4 provides liquidity and total debt/equity is just 54%.

Looking out to January 2019 estimated GAAP EPS of $5.02 would give me a target sell price of $82.83.

Dollar Tree (DLTR): *SELL* – Although DLTR sells low cost items it has been able to generate a strong profit margin of 4.4%. This has helped produce a nice ROE of 17.3. The company has also seen decent growth over the last 12 months as sales have increased by 4.0% and EPS has risen 29.9%. The valuation ratios also look favorable compared to the industry average.

The current P/E of 21.7 is below the industry average of 202.0; Price/Sales of 0.9 is half the industry average of 1.8; and

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When Will the Bull Market End?

By Anne Kates Smith
Kiplinger's Personal Finance

Bull markets don't die of old age alone. Something has to kill them. And the surest weapon is a looming recession.

"The next bear market will start when the market anticipates the next recession – and turns out to be correct," says market strategist Ed Yardeni, of Yardeni Research. Now, if we only knew when the next recession would begin. Well, Yardeni has a date in mind: March 2019. He bases his determination on the average number of months the economy has continued to expand after it has reached its previous peak. Counting from November 2013, when the level of economic activity finally surpassed its 2007 prerecession apex, Yardeni arrives at March 2019, with the caveat that the date is not an official forecast.

But if the economic cycle lasts an average amount of time and if the stock market sticks to historical patterns – both big ifs – then investors should look for a market top around August of next year. But how will you know when the next recession is coming? Sam Stovall, chief strategist at investment research firm CFRA, looks at four indicators. Every recession since 1960 has been preceded by a year-over-year decline in housing starts, says Stovall.

Consumer sentiment is another signpost. Before a recession kicks in, you'll typically see an average decline of 9 percent in the University of Michigan's monthly sentiment index compared with the same month the previous year, says Stovall.

A drop in the Conference Board's Leading Economic Index over a six-month period means trouble, too. In the first half of 2017, the index climbed 2.6 percent.

Finally, when yields on 10-year Treasury bonds dip below yields on one-year notes, look out, says Stovall. As of July 31, the 10-year Treasury outyielded one-year Treasuries by 1.1 percentage points. Stovall's conclusion: No recession is in sight.

Before you fixate on the twin risks of recession and a bear market, ponder a third risk: exiting a bull market too early. The payoff in the final year of a bull market is historically generous, with returns, including dividends, averaging 25 percent in the final 12 months and 16 percent in the final six months.

Nonetheless, investors have every right to ratchet up the caution level at this stage of the game. Make sure your portfolio reflects your stage in life and your risk tolerance. And whatever you do, make sure your portfolio is where you want it to be before you go on summer vacation next year.

Editor's Note: Anne Kates Smith is a senior editor at Kiplinger's Personal Finance magazine, www.Kiplinger.com.

Halloween Stocks

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ˇPrice/Cash Flow of 13.0 is also below the industry average of 13.0. The company has nice liquidity as there is a current ratio of 1.83. I would like to see debt/equity a little lower as it now stands at 100.2%.

Looking to January 2019 estimated GAAP EPS of $5.10 would give me a target sell price of $84.15.

Big Lots, Inc. (BIG): *BUY* – Big Lots provides consumers value products and investors strong valuation ratios. The current P/E of 13.3 is favorable compared to the industry average of 20.5. Price/Sales of 0.4 is below the industry average of 0.8. Price/Tangible book value of 3.7 looks appealing compared to an industry average of 9.9. Price/Cash Flow of 7.5 is also less expensive than the industry average of 10.1. The company pays a small dividend of 1.95%, but only uses 24.6% of earnings to pay out that dividend. This could provide the company with the flexibility to increase the dividend over the coming years.

Sales have been relatively flat over the last 12 months, but EPS has risen 20.8%. Investors should understand how the company was able to grow its earnings without sales growth. The balance sheet also looks very strong as there is a current ratio of 1.6 and debt/equity is just 38.7%.

Looking forward to January 2019, estimated GAAP EPS of $4.51 would give me a target sell price of $74.42.

Editor's Note: Brent M. Wilsey is a highly regarded registered investment advisor and a seasoned financial strategist with over 40 years of experience in the field. Wilsey is President of the San Diego-based Wilsey Asset Management (nearly $200 million AOM) – offering long-term investment guidance to both individual investors and corporations. Wilsey frequently serves as a guest commentator on numerous national and local broadcast television and radio talk shows. To view investment services provided by Wilsey Asset Management visit www.wilseyassetmanagement.com.

Stocks to Watch

THE KONLIN LETTER
5 Water Rd., Rocky Point, NY 11778.
1 year, 12 issues, $95. www.konlin.com.

Kopin: Wearable technology

A long-time favorite of editor Konrad Kuhn is **Kopin Corporation** (Nasdaq: KOPN), a leading developer and provider of innovative wearable technologies and solutions for integration into head-worn computing and display systems to military, industrial and consumer customers.

"KOPN's technology portfolio includes component technologies that can be integrated to create products and a proprietary headset system which uses voice as the primary user interface and, through the use of wireless technologies, can contact other user devices in close proximity or information from the Cloud. The ergonomically designed smart components consist of ultra-small displays, backlights, ASICs (application specific integrated circuits), and optical lenses as KOPN is the world's leader in micro-displays. Also KOPN anticipates offering its proprietary "Whisper Chip™" that effectively handles speech recognition in any type of environment regardless of ambient noise, and is well suited for a wide variety of consumer applications and products in the emerging wearable and IoT markets.

KOPN continued to make strong progress in Q1'17 as they shifted their focus from development to commercialization of their optics, displays and system technology for virtual reality (VR) and augmented reality (AR). KOPN's partnership with Goertek, the leading manufacturer of wearable systems globally, has completed its $24.6 mil. investment in KOPN's common stock, and is on track to produce three headsets by year-end. KOPN's SOLOS™ wearable design for cyclists is an AR headset (look and size of athletic sunglasses) incorporating optics technology that can access the internet and provide a heads-up see through digital image showing various metrics such as speed, distance, cadence, heart rate, elevation, calories and maps. The rider is also able to make and receive phone calls. KOPN's Kickstarter preliminary campaign has been very positive and it is now working with Goertek on the next generation of SOLOS™ to advance the capabilities of the cycling vision, as well as adjusting the configuration to target other fitness applications such as running.

Revenue for FY'16 declined to $22.6 mil., with a loss of $(0.36) per share vs. $(0.23) for the prior year. Revenue for Q1'17 declined to $4.4 mil., with a loss of $(0.12) per share vs. $(0.11) for the same period in the prior year. KOPN is well-positioned as the VR and AR markets begin to accelerate, as countries are shifting into two of their higher resolution displays, with expectations of revenues recovering and growing starting Q2'17. KOPN maintains an exceptionally strong balance sheet, with no debt, $67.7 mil. in cash and marketable securities, and of the 75,195,363 shares outstanding (as of May 5,'17), 9.1% are held by insiders and 5% owners, with 65% held by institutions. During the past 12 mos., we have recommended to A/B to positions, and last month recommended adding to positions again, especially in the area of 3.30-3.40 as KOPN's proprietary components and technology are protected by more than 300 global patents and patents pending.

Recently, the stock kissed its Nov.'16 uptrend line, reversed north, reclaimed its 50-Day Ma and recently broke above overhead resistance at the 4.07 level of a bullish ascending triangle. The stock needs to close above 4.99 but has been in a short-term downtrend as we write, and if it falls through Nov.'s uptrend line, we would A/B in the support area of 3.70-3.40 for another buying opportunity. KOPN's military business is on track, as the premier new F-35 Joint Strike fighter jet program, with KOPN the sole provider of displays for the pilots AR helmet, is ramping up on schedule. In addition, KOPN, with Hitachi Maxell, developed SiMax™, a revolutionary Li-ion battery based on nano-particles of silicon oxide in the anode for use in wearable products. SiMax™ completed certification last year and KOPN is reviewing various commercialization strategies. Ultimate target is 8.00-8.50."

Editor's Note: *The KonLin Letter* specializes in *low price stocks* under $10, with emphasis on emerging growth and special situations poised for explosive price appreciation. Each issue features 5 low-priced stock selections and a review of 30-35 different small caps while monitoring a broad range of technical indicators for the best possible Market Timing Advice. For more information visit www.konlin.com.

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DOW THEORY FORECASTS
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1 year, 52 issues, $279. www.dowtheory.com.

Citizens: Best of a strong bunch

Richard Moroney: "As a group, banks look like appealing investments. Regional banks in the S&P 1500 Index average Quadrix Overall scores of 74 and Value scores of 69. They've managed growth of 13% in sales and 21% in per-share profits over the last year and improved their return on equity by an average of nearly 0.5%.

Not bad. But even when choosing from within the top industries, why settle for average? **Citizens Financial Group** (CFG; $37), a Focus List Buy and Long-Term Buy, is far from ordinary. In the 12 months ended June, Citizens managed profit growth of 34% and fattened its return on equity by 1.5%, three times the industry average. Citizens earns an Overall score of 99 and a Value score of 87, along with ranks above 90 in both of our sector-specific scores.

Despite its superior profit growth – driven by strong demand for loans, increased profitability on those loans, and higher deposits – Citizens trades at 13 times expected 2017 profits, 19% below the industry average.

Citizens Stands Out

While weakness in U.S. banks' loan growth has been well-publicized, Citizens isn't having those problems. In the first half of 2017, Citizens delivered 7% growth in average loans, with strength in both retail and commercial.

Here are a few more nuggets of good news from

Citizens:

• Return on equity (ROE) has been trending steadily higher for the last two years, reflecting both consistent growth in loans and deposits and increased profitability. Net interest margin, the spread between what Citizens charges for loans and what it pays out on deposits, rose to 2.97% in the June quarter from 2.86% in the same period a year earlier. The average regional bank saw less than half as much margin expansion.

• Average deposits rose 14% in the June quarter, a strong follow-up to the March quarter's 17% growth. Such growth bolsters Citizens' capital levels and liquidity – and has reduced the loans-to-deposit ratio to 97% from 99% at the end of 2016.

• Citizens' average loan yield rose to 3.8% in the June quarter, up from 3.7% in the March quarter and 3.5% in the June 2016 quarter. This improvement stems from both higher interest rates and a change in the business mix to favor assets with better risk-adjusted returns.

• Credit quality continues to improve. Nonpaying loans accounted for just 0.94% of total loans in the June quarter, down from 0.97% in the March quarter and 1.01% in the June 2016 quarter. Charge-offs for bad loans are on the decline.

• As of the end of June, Citizens said a 1% increase in interest rates would boost its revenue nearly 4%, well above the industry average of 2%. Few banks are in a better position to benefit from even a modest upward shift in the yield curve.

More Growth Expected

Citizens has topped the profit consensus in six straight quarters, and the 2017 consensus has increased 3% over the last 60 days. Analysts expect growth of 8% in revenue and 28% in per-share profits this year.

For more information on Citizens Financial Group visit www.investor.citizensbank.com."

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LOOKING FORWARD

Published for clients of Friess Associates, LLC and shareholders of AMG Managers Brandywine Funds
P.O. Box 576, Jackson, WY 83001
www.friess.com

Global Payments: Profiting from increased forms of electronic payment

We live at a time when the value of a purchase goes beyond the exchange of currency for a good or service. When a sale takes place today, data get stored and analyzed, turning transactions into intelligence that can be used to manage inventory, hire staff or otherwise adjust a business based on the behavior of its customers. Global Payments benefits as merchants increasingly use integrated solutions at the point of sale.

Global Payments Inc. (NYSE: GPN) acts as a middle man between credit cards and transaction networks. The company offers a comprehensive suite of payment processing and technology solutions to businesses and financial institutions. Its technology is used at the point of sale in restaurant, hospitality, dental, education and other settings. Management's guidance, which incorporates the acquisition of competitor Heartland Payment Systems, forecasts 2017 revenue at $3.4 billion.

While Global Payments can be sensitive to overall consumer spending habits, the company's recent results demonstrate its ability to capitalize on the secular trends toward greater use of electronic payment forms and smarter point-of-sale systems. March-quarter earnings grew 33 percent, topping the consensus estimate. The company credited double-digit organic growth across its markets worldwide.

Your team met with Chief Financial Officer Cameron Brady to discuss the company's progress in integrating the Heartland acquisition, among other topics. The combined company increased its sales force 10 percent since the deal closed in April 2016 and continued to make steady progress toward revenue synergies. Thus far, cross-selling opportunities for integrated solutions are a positive influence on operating margins.

Based on the consensus estimate, Wall Street expects Global Payments to finish 2017 with 23 percent earnings growth."

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THE PERSONAL CAPITALIST

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TD Ameritrade is the best managed discount broker

Sean Christian: "**TD Ameritrade** (AMTD) reported monthly metrics for August on September 12th, an average of 504,000 client trades per day, up19% from a year earlier and own 2% from July 2017. Also, as of August 31st, AMTD reported $909.45 billion in total client assets, up 19% from August 2016 and up 1% from July 2017.

Finally, TD received approval on September 13th from the Federal Reserve to move forward with their planned acquisition of Scottrade. This continues to position this firm as a leader in the brokerage space and combine two of America's largest discount brokers. We continue to like this company feeling it is the best managed and most efficiently run of all the discount brokers."

THE TURNAROUND LETTER.
1212 Hancock St., Ste. LL-15, Quincy, MA 02169
Monthly, 1 year, $195. www.TurnaroundLetter.com.

Future is bright for Peabody

George Putnam, III recommends purchase of **Peabody Energy Corp.** (NYSE: BTU).

"Peabody Energy is the world's largest publicly-traded coal company. Last year, it sold nearly 188 million tons of thermal (used for producing electricity) and metallurgical (used for producing steel) coal to customers in 25 countries across five continents. It operates 23 mines located in Wyoming, Colorado, Arizona, New Mexico, Illinois and Indiana in the U.S. and in Queensland and New South Wales in Australia. Following the collapse of coal prices, Peabody filed for bankruptcy in 2016 and emerged a year later in April 2017.

Peabody Energy, like its coal producing peers, is among the most out-of-favor companies in the market today. Investors still shake their heads when recalling its bankruptcy, which was driven by the drop in coal prices and its over-levered balance sheet, including debt from its $5.1 billion acquisition of Australia's Macarthur Coal near the top of the coal market in 2011. Its electric utility customers are moving away from coal toward natural gas, leaving coal with about a 30% share of U.S. electricity production, down from about 50% a decade ago. The general public considers coal users to be irresponsible contributors to global warming. And regulators haven't done the industry any favors in years. With the shares trading at 3.5x EBITDA, most mainstream investors clearly have little interest in buying a pariah like Peabody. Moreover, the post-bankruptcy stock has been weak because many former creditors who received the stock in exchange for their debt are trying to unload it, and there have been relatively few buyers to date.

Analysis: Peabody's outlook is much more favorable than the market's view. First, its trip through bankruptcy sharply reduced its debt and other liabilities by over $6 billion. Peabody currently carries only $1.8 billion in debt, partly offset by about $1.1 billion in cash and another $562 million in restricted cash that it is working to unlock. Peabody is now solidly profitable, producing $146 million in operating profits and $319 million in adjusted EBITDA in the June quarter. The bankruptcy provided the company with about $4 billion in tax loss carryforwards, so that it won't be paying much in U.S. taxes for several years. A new leadership team and board of directors is focusing on reducing Peabody's already low cost structure, improving its mine quality, repaying debt and returning capital to shareholders. The company recently authorized a $500 million share buyback program and will evaluate initiating a regular dividend.

Domestic demand for thermal coal appears to have stabilized, particularly as lower mining costs have made coal competitive with natural gas at its current levels. Global demand for thermal coal continues to grow, providing export opportunities for the company. Global steel production, which requires high-quality metallurgical coal, remains healthy. Peabody's regulatory burden is unlikely to increase under the Trump administration, and management is working to present a considerably more environmentally-friendly face to the public.

While Peabody's business still has challenges, and coal prices can be volatile and unpredictable, it is today a well-capitalized and profitable company with good assets and capable leadership, trading at a very attractive valuation. We think Peabody's future is bright.

We recommend the *purchase* of shares of Peabody up to 42."

Disclosure Note: Accounts managed by an Affiliate of the Publisher (*The Turnaround Letter*) own Peabody common and preferred stock and debt.

Editor's Note: Edited by George Putnam, III for over 30 years, *The Turnaround Letter,* a monthly newsletter, focuses on "troubled" companies poised for a rebound, www.TurnaroundLetter.com.

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Three sure winners

Roger Conrad: "A trio of utilities stands to benefit from Energy Secretary Perry's proposed plan. Better still, these companies can thrive even if these changes to wholesale-electricity markets don't come to fruition.

Dominion Energy (NYSE: D) controls about 11 percent of US nuclear power capacity operating in deregulated markets, while **Entergy Corp** (NYSE: ETR) operates about 19 percent of the fleet and **Exelon Corp** (NYSE: EXC) owns a whopping 42 percent.

Stiff competition, primarily from inexpensive natural gas, has weighed heavily on the profitability of these power plants, with the collapse in wholesale-electricity prices more than offsetting efforts to cut costs and improve operating efficiency.

Companies have turned to state governments to help keep these nuclear power plants running; for example, Exelon's lobbying efforts have convinced Illinois and New York to implement zero- emission credits that reward these reactors for not emitting any carbon dioxide.

Dominion Energy and Entergy Corp rate a buy up to $77. Exelon Corp is a buy up to $38. All three would welcome subsidies in wholesale-electricity markets, but the failure of this proposal wouldn't make or break their growth stories.

Calpine Corp (NYSE: CPN), Dynegy (NYSE: DYN), NRG Energy (NYSE: NRG) and other merchant generators with outsized exposure to fossil fuel-fired power plants have contested this market behavior as unfair. Zero-emission credits have worsened their pain by enabling money-losing nuclear power plants to keep running. Thus far, these rules have survived every court challenge and likely will remain in place.

Entergy took advantage of New York instituting zero-emissions credits to sell its Fitzpatrick nuclear power plant in upstate New York to Exelon. The company also plans to shut down merchant plants in Massachusetts, Michigan and New York by early in the next decade as part of its strategy to focus on its regulated franchises.

Although Perry's proposal probably wouldn't prompt Entergy to deviate from this strategy, subsidies would provide this long-struggling division with a welcome bump in cash flow.

Dominion Energy has lobbied for regulators to approve zero- emission credits in Pennsylvania, while Exelon has led this push in Connecticut. These efforts haven't panned out thus far, but the Dept of Energy's proposal would make these failures a moot point and stem their losses in the merchant-power market."

Editor's Note: *Conrad's Utility Investor* delivers high-quality analysis and rational assessment of the best dividend-paying utilities, MLPs and dividend-paying Canadian energy names, www.ConradsUtilityInvestor.com.

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Alphabet – Double-Digit Growth

Ingrid Hendershot, president, Hendershot Investments, recently changed her quarterly rating of Alphabet from Hold to Buy.

"Alphabet reported second quarter revenues rose 21%, or 23% on a constant currency basis, to $26 billion with net income and EPS each declining 28% to $3.5 billion and $5.01, respectively.

These results reflect a $2.7 billion fine by the European Commission related to Google's display and ranking of shopping search results infringing on European competition law. Excluding the substantial fine, net income and EPS would have risen about 28% during the quarter thanks to strong underlying worldwide growth in mobile search and YouTube.

Revenue growth was broad-based on a geographic basis with strong double-digit growth generated in all major geographic regions. Aggregate paid clicks increased 52% with the aggregate cost per click declining 23% due to the shift to mobile search. Other Bets revenues rose 34% during the quarter to $248 million driven by Nest, Fiber and Verily with the operating loss narrowing to $772 million. Headcount increased 14% over the prior year period to 75,606 Googlers as the company continues to invest in the cloud, YouTube and home hardware.

Alphabet recently entered a partnership with WalMart so that WalMart products can be purchased through voice with the Assistant on Google Home or on the Google Express website or app. Free cash flow increased 5% during the first half of the year to $12 billion with Alphabet ending the quarter with $95 billion of cash and investments on its fortress balance sheet with 61% of the cash held outside of the U.S. During the first half, Alphabet repurchased $3.7 billion of its own shares. Management is optimistic that artificial intelligence will solve complex problems in medicine and science and sees tremendous growth in Google cloud. Buy."

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Apple: Odds favor a move to the upside

Nate Pile believes the odds still favor a move to the upside for **Apple** (AAPL) between now and the end of the year.

"Not only is the company continuing to manage its core business with a fairly high degree of success, it appears that we may be on the verge of finally seeing the Apple Watch come into its own, especially as a tool for managing one's health as more and more apps become available on that front.

AAPL is a strong buy under $150 and a buy under $170."

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The Old Farmers Almanac forecast suggests buying natural gas

George Fisher: "Colder winters, especially in the southern plains, and mountain regions, drives up demand and prices for natural gas used for heating.

The *Old Farmer's Almanac* weather just published its forecast for the winter 2017-2018. Since 1792, the Old Farmer's Almanac has been publishing their forecasts for the weather. Over the past 225 years, the Old Farmer's Almanac claims it's predictions are about 80% accurate. In 2008, the University of Illinois published a 5-yr study which claims 52.5% accuracy.

The Almanac states, "We derive our weather forecasts from a secret formula that was devised by the founder of this Almanac, Robert B. Thomas, in 1792." Thomas based his predictions on sunspots and magnetic storms on the sun, the almanac notes, and over the years the formula has been enhanced with "state of the art technology and modern scientific calculations."

Investors should watch the natural gas injections rate for the next 6 weeks. Lower injections into storage will drive prices higher as inground inventory will most likely be lower at the start of the heating season than either last year or its 5-yr average.

According to a 2013 paper published in scholarly journal Weather, Climate, and Society, just 18% of farmers use a farmer's almanac when planning their crops.

In its bicentennial edition, the Almanac stated, "neither we nor anyone else has as yet gained sufficient insight into the mysteries of the universe to predict weather with anything resembling total accuracy."

Regardless if you believe the *Old Farmer's Almanac* predictions, favorable natural gas demand increases from LNG exports, higher power generation needs, and a colder winter, coupled with lower storage inventory levels, should amply reward gas investors.

We recommend owning **National Fuel Gas** (NFG), **Dorchester Minerals** (DMLP), and **Dominion Energy Midstream** (DM). Three interesting energy names worthy of research are **Cross Timbers Trust** (CRT), **Gulfport** (GPOR), and gas driller **Mammoth Services** (TUSK)."

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National Holdings: A value and growth investment thriving in multiple fields

Thomas Rice: "**National Holdings** (Nasdaq: NHLD) offers retail brokerage services, including the purchase and sale of stocks, options, bonds, mutual funds, annuities and various other securities for individual, corporate and institutional clients. It also trades securities that include making markets in micro and small-cap Nasdaq and other exchange-listed stocks. NHLD even provides investment banking and asset management advisory services to retail clients. The company is a subsidiary of FBIO Acquisitions Inc. and is headquartered in New York, NY.

Financial Stability

National Holdings is an undervalued stock with a strong financial foundation. The company currently has total cash $24,698,000, which compared to its market capitalization of $34,826,000, is a large sum of cash for such a small company. This large amount equates to $2.23 per share in cash, just under NHLD's current price per share of $2.80. This adds liquidity and minimizes risk, providing a more appealing long-term investment opportunity.

NHLD currently has an assets-to-liabilities ratio of 2.25:1 Cash represents about 40% of its total assets; a large portion of the company's assets are liquid. Total liabilities have been reduced by 17% over the past six months and total assets have increased 5%.

NHLD has done an outstanding job of growing. Over the past 5 years, NHLD has also managed to grow while becoming more profitable. Fiscal 2016's net loss due to lower sales and greater SG&A expense was not a good representation of the 5-year sales growth rate of 59%.

Valuation

Most of our recommendations are either value or growth investments. National Holdings not only possesses underlying value, but also tremendous growth.

NHLD has a book value of $2.80, which has grown 35% from $2.07 in 2016. This short-term value increase has been the result of a 166% increase in investment banking revenues. Although expenses are growing with the company's growth rate, it isn't alarming due to the strong balance sheet.

This value creation usually attracts long-term investors as the current price-to-book ration is 1.0:1. With share price dropping below $2.80 many times within the past few months, there have been buying opportunities for value investors.

Most analysts would see this as a fairly-valued stock. However, the market price has just been chasing the book value over the past few years. If its book value keeps growing, the stock price is set to increase rapidly and outperform the markets year-over-year.

One risk is that the expectations of NHLD are getting higher, and a lack of continued growth may dissatisfy current holders, leading to a sell off.

Ownership

Insiders hold about 22% of the shares outstanding, but there has not been a lot of insider activity over the past year. RMB Capital Management holds a substantial number of shares (1.3 million), while others hold 108,000 or less. Notably, RMB Capital has increased its position size by 41.99% since its initial purchase.

Moving forward, it would be ideal for more institutional investors to discover the stock. With arguments to be made for NHLD's value and growth prospects, it would provide a safe investment opportunity for smart money. Currently, total institutions own 1,441,488 shares, or ~12% of the shares outstanding.

One unique aspect of NHLD's ownership situation is its strategic relationship with *Fortress Biotech* (FBIO). FBIO made a tender offer of $3.25 per share for a majority stake in NHLD, resulting in 54% ownership of the company's shares FBIO has a huge amount of cash to invest in biotech companies.

FBIO's CEO, Michael A. Mullen, co-founded and ran multiple successful biotech companies such as *TG Therapeutics* (TGTX) and *Keryx Biopharmaceuticals* (KERX). Mullen, along with four other designees from FBIO, sits on the NHLD board of directors. Overall, the agreement with FBIO resulted in improved finances and more experience on the board.

Risks

The main risk is National Holding's 5-year warrants (NHLDW) that were issued in January of 2017 at an exercise price of $3.25 per share. This is a short-term risk, but the possible dilution and increased volatility could slow the stock down.

The other risk is that financial companies suffer during any major economic recession. Since NHLD is a financial services company, it would hypothetically take a larger hit as the number of individuals opening accounts and investing money would drop dramatically.

Lastly, National Holdings has stated it would not pay a dividend because it would rather invest in itself or a new revenue channel to maintain an edge in the financial sector. This is a good sign for the company long-term, but has likely dried up some buying pressure as dividend investors have shied away.

Outlook

Outlook for the financial sector is bullish due to the recent rate hikes and forecasts over the next two years. However, the outlook for NHLD and FBIO specifically is exciting. NHLD has been growing its investment banking subsidiary and network of financial advisors over the past year. This type of growth might be concerning to investors who question its sustainability, but NHLD does not have any long-term debt and its strong balance sheet makes it unlikely to take any on down the road.

Many subscribers have inquired about biotechnology stocks. With the FBIO agreement, subscribers now get some exposure to the biotechnology industry without the usual instability and higher risk. FBIO is up over 100% from its 52-week low and is still sitting just under its 52-week high.

Since FBIO has an impressive financial foundation and plenty of bullish price movement, this exposure through NHLD is a great long-term investment opportunity.

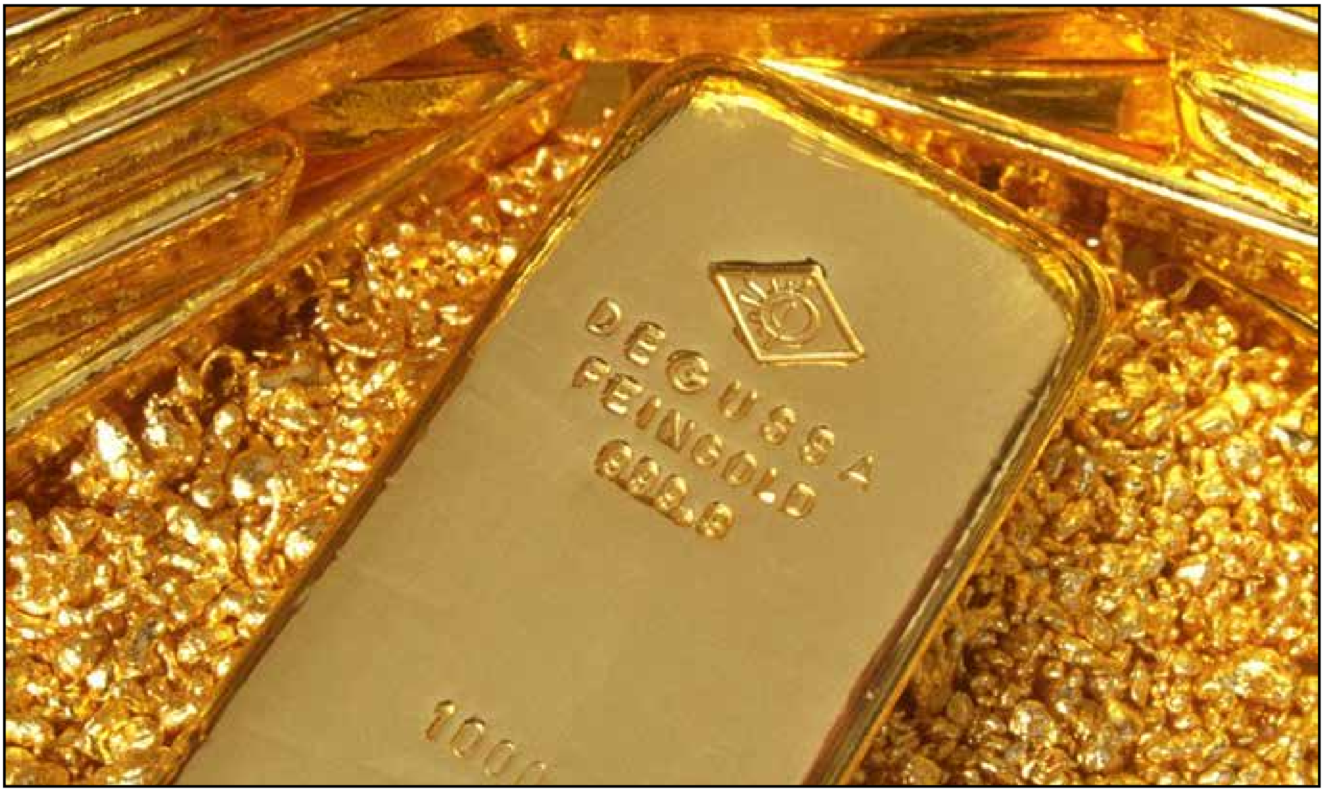
Conclusion

National Holdings is both a value and growth investment that is thriving in multiple fields. Although the numerous revenue channels minimize risk of slowing growth, the potential dilution is worrisome. However, the new board members and strong financial foundation are setting up NHLD for success. As long as the financial growth and outlook remain constant, this investment opportunity should continue to outperform its competitors.

For more information on National Holdings visit www.nhldcorp.com."

Editor's Note: *The Bowser Report* specializes in researching, recommending and following up on profitable, growing companies that trade for $3 or less per share. For more information visit www.TheBowserReport.com.

Metals Focus Sees Gold Hitting $1,400 average in 2018



Metals Focus has released the publication of *Precious Metals Investment Focus 2017/2018*, its flagship annual report on investment in gold, silver, platinum and palladium. The report features comprehensive historical statistics and a forecast for 2017/2018. The following outlines the publication's key findings.

Limited Growth in Precious Metals Investment in 2017

Overall, the global macroeconomic and geopolitical backdrop has been supportive for gold and the wider precious metals complex in 2017. Monetary policy has remained accommodative across all major currencies, with real and in many cases even nominal short term interest rates having been negative. This year has also seen a flurry of geopolitical tensions.

In spite of this backdrop, precious metals investment and hence prices have been mixed. Other than palladium, which has benefited from its strong fundamentals, price performance for the sector may have disappointed. "Behind this middling performance lies a reticence by professional investors to move into gold." According to Neil Meader, Research & Consultancy Manager at Metals Focus, "this relates to the lack of immediate triggers for material price upside in the short to medium term." Although investors clearly appreciate that tail-risks abound, the probability of each event is seen as low. As important is the continued strength of equity markets, making investors mindful of the opportunity cost of exiting that field too early.

Gold: Metals Focus expects the global macroeconomic environment to remain generally favourable for gold investment and hence prices for the rest of 2017 and well into 2018.

"Of course, the prospect of one further rate hike in December this year, two to three more in 2018 and the start of balance sheet normalisation by the Fed poses headwinds for the metal." Neil commented "but the speed at which monetary authorities move towards 'normal' monetary policies will continue to be slow and probably no faster than markets are currently pricing in."

Meanwhile, Metals Focus forecast that negative rates will persist across other key currencies, importantly including the euro, even taking into account the growing likelihood of the ECB starting to tighten policy in the near future. The consultancy also warns that the future performance of the US economy is likely to fall short of expectations. The likelihood of geopolitical risks erupting should also help. Neil added, "as the opportunity cost of investing in gold remains relatively low, we believe that institutional investors will once again be convinced by the positives."

In contrast, the scope for a rise in the gold price stemming

Continued on next page

Continued from previous page

from developments in the physical markets seems far less compelling. Total supply, for instance, is forecast to rise marginally, as firming prices encourage a modest rise in recycling. On the demand side, jewellery offtake is expected to bottom out this year, before recording its first annual gain in five years in 2018. However, overall volumes will remain relatively low by historical standards. As a result, the market is expected to remain in a sizeable surplus next year, although these excess supplies should be easily absorbed by institutional investors.

Gold prices are forecast to rise 10% y/y to an average of $1,400 in 2018, as low interest rates and disappointment about U.S. equities encourage investment in gold.

Silver: Metals Focus expect silver to benefit from a recovery in investor interest in gold. "Given the relatively light additions to investor positions so far, this should leave scope for healthy gains next year." Neil added "the fact that the size of the silver market is smaller and less liquid than gold will amplify the impact of speculative interest on the price."

Nevertheless, the consultancy warns that support from supply/demand developments will remain weak. For the third year in a row, the silver market is expected to remain in a fundamental surplus in 2018. The main disappointment remains physical investment, the key culprit for the silver market moving into a major surplus over 2016-17. Even though demand for bars and coins is expected to recover in 2018, this is against a low base, as weakness in the US and India persists.

Silver will be lifted by gold, with the 2018 average forecast to rise by 18% y/y. Analysts are looking for a $20.60 average price for the year.

Platinum: Given platinum's correlation with gold, Metals Focus expects the white metal to record a healthy price recovery through to 2018. "Even though platinum's poor fundamentals are weighing on investor confidence, much should already be factored into current prices, although their negative impact could easily reappear looking further out," Neil added.

Despite some 50% of the South African platinum industry being loss making during 2016, the consultancy doubts this will translate into steep production cuts in the foreseeable future. On the demand side, autocatalyst offtake is expected to disappoint, as a result of diesel's declining market share of European sales. Meanwhile, jewellery is unlikely to benefit much from soft prices, and retail investment is expected to continue easing. Against this backdrop, the platinum market is expected to see a growing surplus over 2017-18.

Platinum will also enjoy positive spillovers from gold, rising to $1,090 (+12% y/y) in 2018.

Palladium: The strength in the palladium price has been nothing short of impressive this year. This reflects improvements in palladium's already favourable fundamentals, rising confidence in pro-cyclical assets following Trump's election win and fading memories of painful losses in palladium in 2014-15. More importantly, although above-ground inventories are still sizeable, they have been falling since 2012.

Going forward, Metals Focus warns that there is a good chance that sentiment towards risky assets will weaken, which will inevitably affect palladium. Over the same time, the consultancy believes that the scale of such liquidations should be limited. The price is anticipated to pick up again before trading above $1,000 during 2018. This renewed rally is largely premised on further gains in palladium autocatalyst offtake. On the supply side, the total is expected to rise, but not by enough to outweigh forecast gains in fabrication demand.

Palladium's rally is expected to slow, but a new record annual average of $880 is forecast for next year.

Editor's Note: Metals Focus is one of the world's leading precious metals consultancies. They specialize in research into the global gold, silver, platinum and palladium markets. For more information on the 90+ pages Metals Focus' annual *Precious Metals Investment Focus* publication visit www.MetalsFocus.com.

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The Priceline Group: Increasing market share and acquisitions could push growth into the mid-teens

Douglas Gerlach: "We recommended **The Priceline Group** (Nasdaq: PCLN) a year ago when shares were at 1,417. The stock had been on a tear since then, hitting its 52-week high in early August before the market learned of weaker second-half 2017 guidance. This pullback has created another opportunity to give these shares a look.

The Priceline Group operates booking websites for the hospitality industry. Its industry is sometimes abbreviated as OTA for Online Travel Agent, although this designation is somewhat obsolete and simplistic. The Priceline Group's properties include the world's biggest hotel booking website Booking.com, as well as Priceline.com, Kayak.com, Agoda.com, Rentalcars.com, and restaurant booking service OpenTable. It also owns a $2.2 billion stake in the Chinese travel company Ctrip.

It's easy for U.S. investors to underestimate The Priceline Group. While its namesake property Priceline.com is one of the weaker major players in the highlycompetitive U.S. market, The Priceline Group earns most of its revenue and profit overseas. In 2016, 84% of gross profit came from international operations, mostly Booking.com. The company is especially strong in cross-border travel, which is growing faster than domestic travel. Its service is more valuable in markets where the hospitality industry is highly fragmented, which particularly tends to be the case in Europe. The U.S. market, in contrast, is dominated by chains and hotel groups that have better marketing resources and more bargaining power.

Sales growth has averaged about 25% annually over the past ten years. That growth rate is coming down partly due to the company's now-enormous size and reach. While it accounts for only a mid-single digit percentage of global travel bookings, its platform supports a much higher fraction of bookable properties. That means Priceline must do more than just add more hotel partners to keep growing.

The difficulty of continuing to grow on such a large base of business was evident in third quarter guidance. Gross bookings are expected to grow 9%-14% in constant currency, well below last year's 26%. Performance marketing costs, largely fees paid to Google and other search engines to direct customers to Priceline properties, are also pressuring the bottom line. The firm expects GAAP EPS of $31.70-$33.40, up 9%- 15%. Priceline didn't provide guidance for the fourth quarter but expects this more moderate growth rate to continue, as last year's quarter saw a gross bookings increase of 28%.

The news isn't all bad for the firm's outlook. Over the next year, the weak dollar will add several percentage points to sales and earnings growth. In the long-term, three drivers of revenue increases will be global GDP growth, the increasing popularity of travel, and increasing penetration of do-it-yourself travel planning services. Those tailwinds combined should allow for upper-single digit growth. Continuing to take market share and acquisitions could push growth into the mid-teens. On the competitive front, Expedia is a very strong player in the U.S. Overseas, competition tends to be more regional, with no single competitor boasting a worldwide network the way Priceline does. Vacation rental sites like Airbnb have created a new category that Priceline has been aggressively pursuing.

The stock's trailing P/E is about 28 right now. This seems fair to us given the company's leading market position and the potential to expand profit margins due to scale even as revenue growth slows. However, investors need to realize that stocks with slowing growth rates typically face some P/E compression as well, meaning that investors might not be willing to pay a high-twenties P/E a few years from now.

Five years of 15% earnings growth and a future high P/E of 29.6 could generate a stock price as high as 3,924. We use a low price of 1,219, the product of trailing twelve-month EPS of 65.91 and a low P/E of 18.5. The upside/downside ratio is 3.3 to 1.

For more information on The Priceline Group visit www.priceline.com."

Editor's Note: Douglas Gerlach is editor of *Investor Advisory Service,* rated one of the nation's top-performing stock investment newsletters by the *Hulbert Financial Digest*. Each month subscribers receive 3 stock recommendations; in-depth profiles of recommended companies; economic and market trends, and what they mean to you, in plain English plus Updates. For a *free* online sample issue and a *Special Subscription Offer* visit www.InvestorAdvisoryService.com.

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APOG: Priced for investors who can see the potential over the next few years

Editor Doug Gerlach initiated coverage on two new small companies, **Apogee Enterprises** (Nasdaq: APOG) and **FleetCor Technologies** (NYSE: FLT). Here is Gerlach's commentary on Apogee Enterprises:

"A drop-off in earnings can be a sign of weakness. But often the weakness is only temporary, and the resultant price decline provides opportunities for investors who can look past the near-term future. In our view, Apogee Enterprises is priced for investors who can see the potential offered by the company over the next few years instead of the next few months.

Apogee Enterprises, Inc. operates in two segments. In its Architectural Framing Systems segment, the company designs and develops glass and metal products for enclosing commercial buildings. These often serve as the "skin" of skyscrapers and other major structures. Within this segment, the company also operates a number of businesses that make architectural glass, aluminum window systems, storefronts, and curtainwalls. While aesthetically attractive, these systems can also reduce energy consumption and protect against hurricanes and windstorms. This business makes up 90% of Apogee's revenues.

Apogee's Large-Scale Optical segment consists of Tru Vue, a manufacturer of glass and acrylic framing and display applications used by museums and in custom framing. The company says that it is the leader in value-added picture framing glass in the U.S.

In June 2017, Apogee completed an acquisition of EFCO, an architectural framing company with a track record of growth, a presence in less-cyclical smaller U.S. projects, and particular strength in educational buildings. EFCO is expected to be accretive to Fiscal 2018 EBITDA and add more than $200 million in revenues in that year.

The company has 19 manufacturing locations in the U.S. and nine international locations in Canada, Brazil, and Europe. Headquartered in Minneapolis, Minn., Apogee Enterprises currently has approximately 7,100 employees.

Growth Analysis

Apogee has traditionally been a cyclical company, but management is working to achieve earnings stability regardless of economic conditions. They are looking to diversify and grow through new geographies, introducing new products, and expanding to new markets. Opportunities to retrofit buildings (to take advantage of energy savings and breathe new life into older structures) is also a growth area for the company. Management sees sustainable growth in the U.S. non-residential market through at least 2020.

Since 2007, the company has grown revenues at an annual average rate of 3%; but in the period since 2012, revenues have grown 12.4% annually. EPS have grown an impressive 47% a year since 2012, while the longer term have averaged 21.1% including the loss-year of fiscal 2010 during the recession. For the second quarter ended September 2, 2017, revenues of $343.9 million were up 24% vs. the prior-year period. EPS were down 22%, however, to $0.60; adjusted EPS were down 3% to $0.75. This followed a weak first quarter, but Apogee management expects a "strong" second half of the year with double-digit revenue growth and triple-digit basis-point operating margin improvement, based on bidding, order pipeline, and backlog booked for the year.

Apogee provides full-year fiscal 2018 outlook for revenue growth of 24% to 26%, EPS of $3.05 to $3.25, and adjusted EPS of $3.40 to $3.60. Analysts are looking for average annual growth of revenues of 19.5% in the next two fiscal years.

We project EPS and revenues growth of 14% annually through 2021, though we do expect some choppiness in results along the way.

Quality Analysis

By business line, Apogee's operating margins have been steadily increasing in the last half-decade in all but the Large-Scale Optical Segment where it already enjoys very high margins. The company's pre-tax profit margins reached a decade-high 11.0% in fiscal 2016.

Returns on equity have also been increasing steadily to a superb 21.0% in 2016. Debt-to-equity has usually been in the 5.0%-7.0% range, but increased in 2016 as the company took advantage of acquisition opportunities. Debt at the end of the second quarter was $257.8 million, including $192 million incurred for the acquisition of EFCO.

Strong free cash flow can support the company's continued growth as well as dividends. The payout ratio in 2016 was 17.3% and the highest yield was 1.5%.

Valuation Analysis

With EPS reaching $5.72 in fiscal 2021, a projected high P/E of 22 would support a high price of $126. On the downside, the low end of Apogee's fiscal 2018 guidance (shown on our graph as the 2017 year) is $3.40. Our low P/E ratio of 11.0 is lower than the lowest P/E of the last five years and provides support for a downside price of $37.40.

From the recent price of $46, the upside/downside ratio is 9.4:1 and a projected annual total return is 23.5% including an average annual yield of 1.1%.

The company pays a dividend with a current yield of 1.2%. www.apog.com.

Editor's Note: Each monthly issue of the *Small Cap Informer* features two or more small-cap stock profiles. Each stock write-up includes an overview of the company's business, and analyses of the growth prospects, key quality metrics, and valuation assessment. For more information on *Small Cap Informer* and a Special Offer visit www.smallcapinformer.com.

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Customer service is the highest priority and value is their watchword. That's why AGE is recommended by Dr. Steve Sjuggerud's Daily Wealth, Peter Schiff of Euro Pacific Capital, and Mary Anne and Pamela Aden of The Aden Forecast as a trusted source for classic coins and bullion.

Gold & Silver Specials: AGE's Specials represent some of the best values currently available in U.S. gold coins, world gold coins, and bulk precious metals. New Specials are added whenever great opportunities arise. Be sure to check the Coin Collector Grab Bag for a diverse array of interesting and inexpensive coins and coins for any collection.

Visit the American Gold Exchange website for the AGE Daily Gold Update, Bullion Charts, U.S. Gold Coin Price Charts, Live Gold News and more, www.amergold.com.

A $1 Million Goal for Retirement

Continued from page 3

effect of interest, www.money-chimp.com, and gains over time is unrivaled by any other investing metric. Compound interest is the interest you earn each year that is added to your principal, so that the balance doesn't merely grow, it grows at an increasing rate. Earning 6% on a $100,000 investment returns $6,000 per year, or $120,000 over 20 years. If, however, the amount gained each year is added to the principal ($106,000 after the first year), the 6% return is applied to a larger sum each year and growth is compounded. After 20 years, such an investment would be worth over $320,000.

7. Never Touch Your Nest Egg. Many 401(k) and IRA investors make the mistake of raiding their retirement funds before retirement. This can jeopardize retirement plans. Sometimes there are medical emergencies; sometimes families have personal emergencies; and sometimes families just want to spend the money on remodeling the kitchen or a new car. Don't dip into your 401(k) and IRA funds ahead of time unless there are no other choices. You will have to pay interest if you borrow against those funds. And if you take the money out of the plan entirely, you will have to pay taxes on the funds you take out.

8. Avoid Fees. Take two similar index funds that are tracking the Standard & Poor's 500 Index. If one fund has a 1% management fee and one has a 0.2% management fee, that is a 0.8 percentage point difference cheating your retirement funds out of your money. Now, most true index funds are competing to have the lowest fund fees, and this is a win for 401(k), IRA, and other retirement investors.

9. Don't Time the Markets. Most 401(k) and IRA investors will not be successful timing the markets – investing at a low and divesting at a high. In fact, it may be the "time in the market" rather than "timing the market" that generates the most long-term gains for retirement investing. You can put money into the market and move into cash with every ebb and flow of the market, but your 401(k) and IRA isn't going to grow that much if you are in cash or short-term bond funds on the few days a year that the Dow rises 200 points or more. Imagine if you were among those who sold out of stock funds in 2009 and only got back into stocks in 2017 after you felt safe. You missed 200% growth, as well as the compounding effect on the way up.

10. Invest Beyond Statutory Limits. Just because your IRA or 401(k) plans may have annual limits, with employer matching funds or not, there is no reason you cannot build up a nest egg that isn't just in retirement funds. You can buy stocks, ETFs, bonds, mutual funds, or anything that is expected to make money outside of retirement accounts. You will have to pay taxes on capital gains, dividends from stocks, interest from bonds, and the like, but this is a sure way to accumulate wealth on top of your traditional 401(k) and IRA retirement plans.

Editor's Note: John C. Ogg is Editor-In-Chief & Chairman of 24/7 Wall St., LLC a Delaware corporation which runs a financial news and opinion company with content delivered over the Internet. The company's articles are republished by many of the largest news sites and portals. The company publishes over 30 articles per day. To view the wide array of articles visit www.247wallst.com.

5 Keys to Disaster Planning For Individuals

Disaster planning is usually associated with businesses. But individuals need to prepare for worst-case scenarios, as well. Unfortunately, the topic can seem a little overwhelming. To help simplify matters, here are five keys to disaster planning that everyone should consider:

1. Insurance. Start with your homeowners' coverage. Make sure your policy covers flood, wind and other damage possible in your region and that its dollar amount is adequate to cover replacement costs. Also review your life and disability insurance.

2. Asset documentation. Create a list of your bank accounts, titles, deeds, mortgages, home equity loans, investments and tax records. Inventory physical assets not only in writing (including brand names and model and serial numbers), but also by photographing or videoing them.

3. Document storage. Keep copies of financial and personal documents somewhere other than your home, such as a safe deposit box or the distant home of a trusted friend or relative. Also consider "cloud computing" – storing digital files with a secure Web-based provider.

4. Cash. You may not receive insurance money right away. A good rule of thumb is to set aside three to six months' worth of living expenses in a savings or money market account. Also maintain a cash reserve in your home in a durable, fireproof safe.

5. An emergency plan. Establish a family emergency plan that includes evacuation routes, methods of getting in touch and a safe place to meet. Because a disaster might require you to stay in your home, stock a supply kit with water, nonperishable food, batteries and a first aid kit.

Source: HHCBR, a CPA firm, www.hhcbr.com.