

Profitable INVESTING Tips

Stock Market Investing Tips, Techniques, and Resources



What Investments Do You Want to Own Next Year?

When you follow stocks in the news there is an element of breathless melodrama. Nellie has been kidnapped and is tied to the train tracks. The train is coming. Will the hero get there in time? One moment the answer is yes and the next moment it is no. If you fall for the melodrama of stock reporting you are caught in a gut wrenching never-never land of worry about next month, next week or even tomorrow. A healthy alternative is to pick investments based on a longer term view. What investments do you want to own next year and for years to come? *Business Insider* writes about recommendations from Morgan Stanley for **stocks to own in 2018**. These are based expected performance over at least the next two years. Here are the first dozen on their list.

- *Alexion Pharmaceuticals (AXLN), Current price: \$126, Target price: \$141*
- *Bank of America (BAC), Current price: \$24, Target price: \$26*
- *Cisco Systems, Current price: \$31, Target price: \$39*
- *Citigroup, Current price: \$67, Target price: \$73*
- *Constellation Brands (STZ), Current price: \$197, Target price: \$218*
- *HP Inc. (HPQ), Current price: \$18, Target price: \$23*
- *Jack in the Box Inc. (JACK), Current price: \$96, Target price: \$126*
- *Johnson Controls (JCI), Current price: \$44, Target price: \$51*
- *Schlumberger (SLB), Current price: \$67, Target price: \$90*
- *T-Mobile (TMUS), Current price: \$61, Target price: \$72*
- *Viacom (VIAB), Current price: \$35, Target price: \$48*
- *DXC Technology (DXC), Current price: \$78, Target price: \$85*

Read the article for the rest of list. Last year's list came in with an 11.38% return which was one percent less than the S&P 500. The point is to pick solid investments which follow Buffett's rules of investing one and two, both of which are not to lose money. How can you pick stocks that are likely to at least hold their value and more likely appreciate with perhaps a dividend thrown in? Pick stocks where you know how the company makes money and will continue to do so into the longer term future. And learn to do the intrinsic stock value calculation to pick stocks to buy, hold or sell.

Does It Have a Viable Business Plan?

When a new technology emerges it can cause spectacular profits. And when the next technology comes along the first can be relegated to the dust bin of history. A famous

example of a business plan that died due to changes in technology is Eastman Kodak. They invented the personal camera and were the king of film until digital came along and demolished their business plan. Understanding how a company makes money and how it will continue to do so is critical to knowing what investments you want to own next year and beyond.

Intrinsic Value

To know what investments you want to own next year you need to pick companies where you have a clear idea about their future cash flow. Then you can calculate **intrinsic stock value**. The end goal is to determine the relative Graham value which is the intrinsic value divided by the current stock price. When the value is greater than one the stock will likely hold its value or go up in price. Thus it is a buy or hold. If the opposite is the case this is not stock that you want to be owning next year.

Educational Resources

**Click the links below to get your
FREE training materials.**

Free Weekly Investing Webinars

Don't miss these free training events!

<http://www.profitableinvestingtips.com/free-webinar>

Forex Conspiracy Report

Read every word of this report!

<http://www.forexconspiracyreport.com>

Get 12 Free Japanese Candlestick Videos

Includes training for all 12 major candlestick signals.

<http://www.candlestickforums.com>

Disclaimer: Trading and investing involves significant financial risk and is not suitable for everyone. No content on this document should be considered as financial, trading, or investing advice. All information is intended for educational purposes only.