

Bull & Bear's

# MONETARY DIGEST

April 2021 VOL. 16 NO. 4

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### Gold: A Rising Tide Lifts All Boats



Gold's bull market remains intact on expectations that the US dollar is a suspect currency because of the size of US deficits and escalating debt load, states John R. Ing, President & CEO, Maison Placements Canada Inc. He continues to expect \$2,200 an ounce as gold's next target. Buy/Sell/Hold recommendations on major gold companies.

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## How Green are your Bonds?

If you really want to make an environmental impact with your investment dollars, buy green bonds. These securities fund projects that help the environment, delivering measurable outcomes without sacrificing returns you might earn from traditional bonds, notes Nellie S. Huang, Kiplinger's *Personal Finance*.

And they are growing like wildflowers. Last year, the global market for green bonds – a fixed-income sector that's just over 10 years old – surpassed the \$1 trillion mark, putting it on par with the U.S. high-yield corporate debt market, says Vishal Khanduja, manager of Calvert Green Bond. This year, the green bond market could top \$2 trillion.

Who's issuing these bonds? Corporations, municipalities and even governments.

Report cards count. In the green bond world, impact reporting is key. Investors want to know precisely how their dollars are improving the environment, says William Sokol,



director of exchange-traded fund product management at VanEck. "It's about how those dollars are being used."

But picking individual bonds on your own can be problematic. For starters, there can be some confusion as to a bond's particular shade of green. *Green bonds* by definition make positive environmental impacts. *Social bonds*, often lumped with green bonds, have community-oriented goals, such as affordable housing. And *sustainable bonds* provide both social and environmental benefits.

But it's best not to get too caught up with the labels because there's

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# **The Bull & Bear FINANCIAL REPORT**



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# Gold: A Rising Tide Lifts All Boats

Gold is a casualty of the tug-a-war between the Fed and the markets, states John R. Ing, President & CEO, Maison Placements Canada Inc. The sharp spike in rates have firmed the greenback, causing a correction in gold, which has fallen from the record high at \$2,000. Also, the rallying markets and the vaccine rollout has deflated some of gold's "safe-haven" characteristics. However, seasonal demand from large consuming countries like China and India will put a floor under the price as China continues to buy more gold than it produces, says Ing.

Also supporting higher prices are real yields, which remain negative despite the uptick in rates. Ing believes gold's bull market remains intact on expectations that the US dollar is a suspect currency because of the size of US deficits and escalating debt load. He continues to expect \$2,200 an ounce as gold's next target. Gold remains a barometer of investor anxiety of which there is much ahead.

## Inflation Is Dead, The Obituaries Are Premature

Since the nineties, inflation has been non-existent but three decades later, rising inflation warnings are being ignored as in the fable of the "Boy Who Cried Wolf", who repeatedly cried wolf because he was bored, but when a wolf actually showed up, the villagers ignored him and the sheep were lost. Today the warnings of inflation, because of massive deficits and levels of debt are being ignored, just as markets believed in the 60s that a surge in inflation was impossible. The conditions are ripe for a comeback. They were wrong then, and today. History teaches us otherwise. In the late sixties, the Fed accommodated deficit spending to fight the Vietnam War and finance President Lyndon Johnson's "Great Society". Within two years, the direct consequence of the 'guns and butter' decision led to higher government spending, deficits and inflation. Gold went from \$32 to a peak of \$875 an ounce in 1980 or a 2,634 percent gain.



Inflation is already here and the warning signs are everywhere, in booming markets, art prices collectibles and currencies. In stealth-like fashion, inflation has moved closer to the targeted 2 percent, fuelled largely by the massive stimulus packages which represented a whopping 15 percent of America's GDP. Markets too are dynamic, recording successive highs. Add in a new round of \$1,400 stimulus checks and rising import costs due to a weaker dollar, you have the toxic combination of the cost-push inflation of the late 60s and early 70s, when double digit inflation required double digit interest rates and a recession to stop near hyperinflation.

Yet, despite the threat of higher rates, the Fed is reluctant to end the cheap money stance because of the 2013 market collapse when a hawkish Ben Bernanke tightened in a "taper tantrum", that erased 30% of the gains in a month. Not wanting to repeat Bernanke's taper tantrum, the Fed has downplayed the concerns and will tolerate an overshoot of the targeted 2%, notwithstanding that the combination of ultra-low rates and overheated markets elevates systemic risk and quashes the price discovery of other assets. The problem is that we declared the patient dead from the symptoms, not the causes. Inflation is very much alive.

If the supply of Kobe beef were as plentiful as bushels of wheat, the price of Kobe beef would be lower given the relationship to

supply and demand. Likewise, if the supply of money increases too fast, goods will cost more as money buys less. For much of the 20th century and part of this century, the quantity of money was fixed to gold. That changed in two stages with the latest in 1971 when President Nixon severed the link to gold, flooding the world with dollars. The money gates were opened. Since then, not surprisingly the purchasing power of the dollar has declined 90 percent while gold peaked at \$2,000 an ounce. The money explosion isn't over.

Commodities are a lead indicator of inflation. In addition, hopes for a vaccine-driven global economic recovery juiced by the record amounts of fiscal stimulus have, in our opinion, laid the foundations for the first leg of a supercycle similar to 2000s or seventies. Hopes for a structural bull market in commodities were boosted by China's early recovery from the pandemic and unprecedented spending by global governments.

Looking beyond the memes and mania, the other signs of a Fed-enabled frothy market is the herds' switch from GamesStop to bigger game, commodities. Silver was the first choice when over one billion ounces of silver traded in one day. However, commodities were already in an upswing fueled by pent-up consumer, supply bottlenecks and industrial demand for raw materials and China's voracious appetite.

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# Gold: A Rising Tide Lifts All Boats

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Steel prices are at the highest level in more than a decade on the back of a rebound in Chinese demand. Copper has risen 40 percent as the shift to the green economy accelerates. Trump's trade war with China forced commodities like soybeans higher, doubling in price in the last year. Crude oil has jumped 75 percent since November due to OPEC production cuts. Food prices have increased every month since May. It would appear that trees can grow to the sky. We believe there is a secular change happening. The longer the Fed resists putting its foot on the monetary brakes, the closer we get to an out-of-control inflation or even hyperinflation.

## Recommendations

Commodities are lead indicators of inflation. Most are priced in dollars and the recent slide in the dollar has made them cheaper in other currencies, further boosting demand. Meantime, years of lower prices have forced the shutdown of capacity and curbs in spending, holding back supplies. The oil industry is a good example where low shale oil prices curbed production and capex spending.

In essence the avalanche of central bank and fiscal stimuli have created a series of bubbles, overflowing into other markets like commodities where agricultural, industrial, and energy bubbles have reached their highest levels since 2013. Although the boom-like conditions raises hopes of the biggest economic boom in a generation, America's economy is on a slippery slope and self-destructive path. The stimulus package and war on Covid was not paid by higher taxes or bond sales to the public but by debt that has tripled in 12 years and, there is more to come. Money supply has skyrocketed and the profligate spending only widened the wealth gap, undermining the US dollar role as the world's reserve currency.

Gold is a casualty of the tug-a-war between the

Fed and the markets. The sharp spike in rates have firmed the greenback, causing a correction in gold, which has fallen almost 18 percent from the record high at \$2,000. Also, the rallying markets and the vaccine rollout has deflated some of gold's "safe-haven" characteristics. However, seasonal demand from large consuming countries like China and India will put a floor under the price as China continues to buy more gold than it produces. Also supporting higher prices are real yields, which remain negative despite the uptick in rates. We believe gold's bull market remains intact on expectations that the US dollar is a suspect currency because of the size of US deficits and escalating debt load. We continue to expect \$2,200 an ounce as gold's next target. Gold remains a barometer of investor anxiety of which there is much ahead.

The next generation of gold mines will have to cope with lower grades, more hostile jurisdictions and tougher environmental restrictions such that the long lead times between "pick to pour" will mean supplies won't be available until the end of the decade. The industry did not replace reserves last year. Meantime, the industry is awash in cash so M&A activity is one of the cheaper ways to boost depleting reserves since it is cheaper to buy ounces on Bay Street than to go out exploring. We believe M&A activity will gather momentum with miners needing to replace declining reserves, particularly since the average market cap per ounce at in-situ reserves is less than \$500 an ounce. IAMGold's acquisition of Monarch, Agnico's buyout of Hope Bay, Evolution's bid for Battle North, Red Lake Mining, Kinross' purchase of Peak Gold and Newmont's \$400 million bid for GT Gold, suggest that the game of musical chairs has only just begun as the industry gobbles up cheap reserves on Bay Street. Gold companies will attract even the value players because of their low P/E multiples and above average dividend payments.

We thus continue to favour the senior producers

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like **Barrick** and **Agnico Eagle**. We also like growth oriented **B2Gold** and **Lundin Gold**. We believe **Eldorado** and **Kirkland Lake**, **Centerra** and **Centamin** will be among the likely participants in M&A game of musical chairs. Developers like **McEwen Gold** and **Osisko** are cashed up, poised to bring on new production. New players like **Victoria Gold** and **Equinox Gold** should be looked at now that the teething problems are behind them.

- **Agnico Eagle Mines Ltd.** (AEM) – Agnico's latest results were ahead of expectations, producing 500,000 ounces in the quarter generating \$1.2 billion of cash flow for the year. Agnico will produce 2 million ounces this year, an 18 percent improvement over last year. However, the next few years out, Canadian Malartic's Odyssey, and Amaruq in Nunavut will boost output by 300,000 ounces which some found lower than projected. Agnico's reserves were boosted by 12 percent to 24 million ounces due to 3.3 million ounces from Hammond Reef. As for Hope Bay, they are starting anew because Hope Bay was a sinkhole for money due to a poorly developed processing plant and plans. A new mine plan is required. Reserves are there but Hope Bay has become another one of Agnico's development projects.

Meantime, Agnico will spend \$160 million on exploration and \$800 million on capex. At Kittila in Finland, the expansion will boost average tonnage to 2 million tonnes per year despite a delay with shaft sinking. At the Canadian Malartic joint venture, about \$30 million will be spent on drilling, largely at East Gouldie as that mine switches from an open pit to the largest underground operation in Canada. Agnico has abundant free cash flow, great execution capabilities and an array of development projects. *The pullback in the shares presents an attractive buy opportunity.*

- **B2Gold Corp.** (BTO) – B2gold reported net income of \$672 million for the year, benefitting from a trio of low-cost operations. B2Gold had a record year producing one million ounces from Fekola (623,000 ounces), Masbate (205,000 ounces) and Otjikoto (168,000 ounces) in Namibia at an AISC of \$926 an ounce. B2Gold's next producer will be the Columbian Gramalote joint venture, which could produce 400,000 ounces with half attributable to B2Gold. Construction could begin this year and a feasibility study is expected in April. After expanding Fekola to 7.5 Mtpa from 6 Mtpa and adding to the fleet, the company is looking to mine nearby satellite deposits, Cardinal and Anaconda which is only 20 kilometres away. B2Gold has almost half a billion of cash and is net debt free. AISC is an industry low of \$900 at

ounce and the company plans to spend \$66 million on exploration. *We like the shares here.*

- **Barrick Gold Corp.** (ABX) – The world's second largest producer has become a cash machine and upped its shareholder payouts by declaring a return of capital of \$750 million, from the sale of \$1.5 billion of noncore assets. Barrick reaffirmed guidance at 4.7 million ounces at an AISC of \$1,000 per ounce. Barrick also sold Lagunas Norte in Peru for \$81 million, removing closure liabilities as part of its sale of non-core assets. Left out of this guidance is PNG's Porgera mine, which is locked in a dispute with the government over the renewal of its mining lease. History shows that the government's desire to kill the golden goose always ends in a give and take, but mines do not stay idle for too long. With \$3.4 billion of free cash flow, Barrick's cash hoard is about \$5.2 billion and net debt position is zero, a far cry from the \$13 billion of debt in 2013. This year, Barrick should generate another \$4 billion of cash with a healthy contribution from Bully in Tanzania. *We like the shares down here.*

- **Centerra Gold Inc.** (CG) – Centerra will produce between 700,000 – 800,000 ounces this year but lower grades from flagship Kumtor in the Kyrgyz Republic will boost AISC to \$1,000 an ounce (due to sequencing). Newly commissioned Oksut in Turkey will produce 100,000 ounces. Mount Milligan in BC should produce between 180,000 – 200,000 ounces and 70 million pounds of copper, with the water problems behind them. Cash flow is expected between \$750 and \$800 million with Oksut generating \$100 million of free cash flow. Centerra's new life of mine (LOM) plan for Kumtor increases reserves from 3 million ounces to 6 million ounces, extending that mine's life from 5 years to 11 years. Centerra has a debt-free balance sheet with \$545 million of cash so share buybacks or dividend hikes are possible. *Hold.*

- **Eldorado Gold Corp.** (ELD) – Mid-tier Eldorado maintained its guidance this year between 430,000 – 460,000 ounces at AISC of \$1,000 an ounce. Eldorado boosted reserves at Lamaque in Quebec adding 800,000 ounces of gold at 9.5 g/t from Ormaque, which could be mined in the latter part of this year. Eldorado acquired QMX in Quebec, a tuck-in acquisition. After protracted negotiations, Eldorado entered into an agreement with the Greek government for development of Skouries, Olympias and Stratoni, which could finally surface hidden value after two decades of talks. The deal needs to be ratified by the Greek Parliament but allows resumption of Skouries development. *We like the shares for the hidden Greek value.*

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## Stocks to Watch

### THE LANCZ LETTER

2400 N. Reynolds Rd., Toledo, OH 43615.

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### Rising interest rates, inflation and taxes

Alan Lancz: "Investors have had a perfect storm of positives to fuel stocks higher and that is something that will be hard to sustain. It started with the vaccine news in early November, add in TINA (There Is No Alternative) with interest rates near historic lows, combined with a hot IPO and SPAC market, and it is no wonder that stocks continue to hit new all-time highs throughout most of the first quarter of 2021.

The latest \$1.9T stimulus package only adds fuel to the pent-up demand (after a year of lockdowns) picture that was going to be the next catalyst for even higher valuations. It is starting to feel like 1999 when an ever increasing number of people became involved in stocks, not so much with a long-term strategy or analysis, but rather solely investing based on how much money was made in the latest SPAC, IPO, or meme stock like GameStop. We have seen these episodes of the "greater fool theory" many times before. The bidding up of certain investments to higher and higher levels can work, as long as there is someone out there willing to pay an even higher price. The key is understanding the risk one is taking, and most importantly, never be the last one holding the bag.

Even areas that have underperformed for over a decade have soared over the last 4-5 months since the initial vaccine news. So whether it is energy at over \$70 a barrel or Bitcoin over \$60,000, valuations have definitely gotten ahead of themselves.

When you consider the cost of all this stimulus and the added drag from increased regulation and taxes, it is better to reduce higher risk exposure as prices rise here.

*LanczGlobal* expected financials to do well in a rising interest rate environment, along with energy this year, with all parts of financials rising after significant underperformance in 2020. Natural gas prices were the only fossil fuel up last year with the others all significantly down before the surge into 2021.

Being in the right areas of each sector is just as important in regards to the new leading sectors as it was in the prior leaders over the past decade."

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### VALUE LINE INVESTMENT SURVEY

551 Fifth Ave., FL 3, New York, NY 10176.

Weekly, 1 year, \$598. [www.ValueLine.com](http://www.ValueLine.com).

### Merck: 18-month projection: Possible breakout and best the overall market

*The Value Line Investment Survey*, published a new report on **Merck & Co. (MRK)**. The New Jersey-

headquartered pharmaceuticals behemoth employs more than 74,000 individuals and has a market capitalization of about \$195 billion. The equity has been a component of the Dow Jones Industrial Average since 1979.

"The company is in the process of spinning off its Women's Health business, which is expected to be completed in the second quarter. The split also includes the Dow component's legacy brands and biosimilar products. The new publicly traded company will be called Organon. The move should allow Merck to focus on better performing areas of its business – most notably oncology, vaccines, hospital products, and animal health – and ought to lead to over \$1.5 billion in operating efficiencies by 2024. The spinoff is not the only change in the offing at Merck, as long-time chief executive officer Kenneth Frazier is stepping down in June after a nearly three decade tenure with the company. He will be replaced by the current CFO Robert Davis.

Merck's near-term outlook is promising. The company is targeting double-digit advances in both sales and adjusted earnings for 2021. The top- and bottom-line gains will likely be driven by its blockbuster oncology drug Keytruda, which remains one of the most coveted assets in the industry. For 2022, we are introducing our sales and earnings estimates at \$55.5 billion and \$7.25 a share, respectively.

As for the stock, our proprietary projection of its price movement over the next 18 months indicates it may break out of its trading range and best the overall market. Merck's stellar finances and above-average dividend will also appeal to conservative investors. Prospects for regular growth in the payout add to the upside.

**Editor's Note:** *The Value Line Investment Survey* covers approximately 1,700 of the most actively traded stocks in more than 90 industries, representing about 90% of the total U.S. stock market capitalization. The proprietary Ranking System makes it simple to tell whether or not a particular stock is a worthwhile investment. Value Line offers a broad array of investment research services. To find the *Value Line Investment Survey* package that's right for you visit [www.valueline.com](http://www.valueline.com).

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### AbbVie: A highly focused research-driven Biopharmaceutical company

Doug Gerlach: "**AbbVie** (NYSE: ABBV) is a global biopharmaceutical company specializing in inflammatory diseases, blood cancers, and aesthetic medicine. It sells the world's most valuable drug by revenue, Humira, indicated for a variety of inflammatory/autoimmune conditions. Its second-leading contributor is Imbruvica for lymphomas, which it markets in partnership with Johnson & Johnson.

Last year AbbVie bought Allergan whose biologic, Botox, is best known for cosmetic uses. Half of Botox's revenue comes from the medical setting,

mainly for treating movement disorders. AbbVie also participates in eye care, women's health, hepatitis C (HCV), and other markets.

When AbbVie spun out of Abbott Labs in 2013 its prospects did not appear especially bright. It controlled the blockbuster Humira and little else. Luckily enough, it did not need anything else. Humira has been a "pipeline in a drug," winning a steady stream of new approvals for various autoimmune conditions. Combined with steady price increases, Humira has single-handedly turned AbbVie into one of the world's most successful drug companies, as AbbVie has reinvested Humira cash flows into various partnerships, such as its Imbruvica deal with Johnson & Johnson.

The company's leading position in the massive immunology market has come under pressure from biosimilars, the term for generic biologic drugs, Humira faces U.S. biosimilar competition in 2023, but the franchise was bolstered recently when Gilead encountered a surprise setback for its JAK-1 inhibitor filgotinib Humira. This drug was slated to compete directly with AbbVie's Rinvoq, which will now go largely unopposed as the leading next-generation treatment in the all-important U.S. immunology market. Gilead expects to return with a newer generation of JAK inhibitors, but it will take years to get a filgotinib replacement to the market.

If not for this setback to a potential competitor we probably would not be interested in AbbVie's long-term prospects. The path forward still will not be quite as smooth as what we normally expect from IAS companies. Due to the pending loss of exclusivity for Humira, 2023 is expected to be a down year for the company's revenue and profits.

While many pharmaceutical companies consider drug development a core competency, AbbVie has demonstrated a strong preference for paying up to acquire de-risked assets. The \$63 billion acquisition of Allergan, first announced in mid-2019, raised investors' eyebrows due to valuation and earned a protracted antitrust review from the Federal Trade Commission.

The merger was completed in mid-2020 with AbbVie agreeing to divest some niche drugs. The big prize for AbbVie was Botox, a neurotoxin whose ever-expanding label in the medical setting, along with its bulletproof brand name in the aesthetic setting, make it a uniquely valuable asset. The aesthetic portfolio also includes Juvéderm fillers, CoolSculpting fat reduction, Natrelle breast implants, and AlloDerm for tissue reconstruction. AbbVie's evolution from immunology to aesthetics is probably not the path anybody would have foreseen back in 2013.

With a dividend yield equal to just under half its free cash flow and net debt of nearly \$80 billion, AbbVie's profits are largely spoken for. The Allergan deal necessitated the issuance of more than 200 million new shares. Further acquisitions would have to be financed with a heavier component of share issuance. We would be surprised if the company found a target attractive enough to dilute its own equity for.

We have often substituted free cash flow (FCF) per share for earnings per share when evaluating pharmaceutical companies in the past, and we are doing it again with AbbVie. Neither measure is perfect, but free cash flow has the advantage of being more consistent. The FCF multiples pharmaceutical companies command tend to be quite low. Do not make apples-to-oranges comparisons against P/E ratios because this would cause AbbVie's stock to look cheaper than it really is.

We model 8% compound growth, with a P/FCF range of 9.1 to 14.1. Our forecast low price is 78, the product of the low end of the multiple range and FCF of 8.61 per share. Our high price is 208, the product of a 14.1 multiple on FCF per share of \$14.75. The upside/downside ratio is 4.1 to 1."

**Editor's Note:** *The Investor Advisory Service* (IAS) was named to the *Hulbert Investment Newsletter Honor Roll* for the eleventh consecutive year. IAS has outperformed the market over the last 10- and 20-year periods, making it the best stock newsletter for consistent long-term stock market performance.

Each issue of *Investor Advisory Service* features three in-depth profiles of recommended companies each month, updates on previous recommendations, timely economic commentary, and more. Get a 35% discount on the subscription price. For details, visit [www.investoradvisoryservice.com](http://www.investoradvisoryservice.com).



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### Lockheed Martin: Stable earnings and an outstanding dividend growth record

Responding to a subscriber question: "What four stocks in the Declining Trends would you buy immediately if they fell within 10% of Undervalue?" Kelley Wright, managing editor, said: **Allstate** (ALL); **Jack Henry** (JKHY); **Lincoln Electric Holdings** (LECO); and **Lockheed Martin** (LMT). Here is Wright's overview of Lockheed Martin.

"**Lockheed Martin Corporation** (LMT) is the world's largest developer and producer of Defense, security, and intelligence products, primarily serving U.S. and allied militaries and other government agencies.

U.S. Defense spending has shown limited or no correlation to economic growth, budget deficits, debt, or political parties in power. U.S. Defense spending is generally only reduced following culmination of major military engagements.

Currently there is no such drawdown catalyst for U.S. Defense spending on the horizon, leading to a forecast of 4% - 5% annual growth in Defense spending over the next five years. Given its leading market position, LMT should significantly outpace this growth rate.

Being the lead contractor on many high priority Defense programs gives LMT an advantage in terms of competitive position vs. peers, as well as in stability of its earnings. Major Defense contract awards require a strong history of successful advanced technology development, safety performance, and on-time and within budget deliveries.

Few companies have the valuable decades of experience on key DoD programs that LMT has established, giving it a leg up for future contract bidding over most competitors.

LMT's lead position on high priority Defense

programs for the U.S. and its allies also gives it stable earnings regardless of what is happening with the economy or Defense budget negotiations.

The company has an outstanding dividend growth record of at least a 10% annual dividend increase for the trailing twelve years."

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### Gene Inger's DAILY BRIEFING

3615 Conroy Rd., Ste. 617, Orlando, FL 32839. \$159/Quarterly. [www.IngerLetter.com](http://www.IngerLetter.com)

### A 'hybrid' market persists

Gene Inger: "A 'hybrid' market persists – as rebalancing has been quite evidenced as the big techs generally declined; and infrastructure / smokestack stocks generally bore the heavy lifting. This can and will rotate in the opposite direction; while on a very near-term basis you could see some concurrent lifting.

The market is still holding on, while it remains very expensive in many ways and the shakeouts in some FANG and other stocks, surprising too many analysts, are reminders of the extended level reached in the year from our identifying ('The Inger Bottom') for the S&P. We can attain even higher levels, but expecting that now is a bit too much.

In sum: a bit higher is probable barring exogenous events; while April and for that matter May can be erratic and in a sense shaky. There will be a paucity of fresh money coming into the market; hence some of the bifurcated action."

**Editor's Note:** *The Inger Letter*, has evolved over the decades into a daily emailed stock market analysis by Gene Inger.

The *Daily Briefing*, focuses on S&P technical market prospect and is distributed nightly and typically includes one or two videos as well as charts and analysis.

*MarketCast* is emailed several times during the market day to investors and traders more attuned to intraday equity index swings. In addition to S&P trading guidelines, intraday action of the Dow, Dollar, Euro, treasuries, Oil, Gold, and other indexes and a few prominent stocks are analyzed.

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### Markets holding up but economic stresses continue to increase

Sean Christian: "We are seeing the greatest underlying economic stress since before the 2008 crash. And yet, the markets are ignoring it. Perhaps the hope for Covid relief remains strong enough to keep hope alive despite the clear evidence of inflation and rising interest rates. More likely, however, is that we are witnessing the final "sugar high" of trillions in stimulus. There is no question that stocks are overvalued based on current and expected near-term earnings. The only hope to justify these valuations would require continuing low interest rates and rapid economic growth.

The reality is that we are facing huge headwinds to growth even coming out of the pandemic. For one, the Biden team seems committed to a progressive agenda that will hurt, not help growth. Yes, there may be a big infrastructure package. But how will we pay for it? Higher taxes and increased debt. The taxes will drag on the economy and the debt will exacerbate the rise in interest rates. Add to that the new regulations that will slow activity and you can begin to grasp the potential drag.

The investing environment has changed. We are no longer in the steady but muted growth, low rate environment of the Obama years. Neither are we in the high-growth, low regulation, low tax Trump era. We are now priced for the best of all worlds but with policies and an environment that should prove very painful for the stock market overall.

The bottom line is that stocks are already expensive and there are emerging threats both foreign and domestic. We remain *very* concerned. Stay *cautious*.

### Portfolio Update: Copper

Our last copper report was in October of 2020, which was optimistic based on an upbeat Chinese manufacturing report. [Ed Note: Copper makes up 1.9% of the total portfolio. Holdings include FCX, SCCO, OZMLF]. Then, copper dropped to a YTD low in early February, blaming it on weak China manufacturing data and the virus, followed by a surge rally as the metal soared to a nine-year high amid tight supplies and bullish sentiment toward base metals.

Richard Adkerson, returning as CEO of **Freeport-McMoRan** (NYSE: FCX) (Richard is one of the longest tenured executives in the copper industry) recently said that "FCX was set to approve expansions at several of its U.S. copper mines to capitalize on surging demand." Copper prices have climbed above \$4/lb. and FCX has more than doubled in the past four months, up almost 700% from 52-week lows. Also, the company has reinstated its dividend at \$0.30 per share.

Our cost basis is \$25.50. Of the 21 analysts who follow the stock, 81% rate it as a "Buy" or "Strong Buy," 19% rate it as a "Hold." **Southern Copper** (NYSE: SCCO) we hold at a cost of \$14.37, now \$68 and **OZ Minerals** (OZMLF) looks good based on present prices."

\*\*\*\*\*

### NATE'S NOTES

P.O. Box 667, Healdsburg, CA 95448.

1 year, 12 issues, \$289.

[www.NotWallStreet.com](http://www.NotWallStreet.com).

### Disney: "Just ride" for now

Nate Pile: "**Walt Disney** (DIS) is showing some great relative strength here, and though the stock is more than due for a pullback after the great run it has made, it is typically better to buy momentum than to sell it.

While I do very much believe that Disney is going to emerge from the pandemic in much better shape than when it started (thanks to the "forced re-focusing" of the company), I have to admit that I am also starting to feel a little anxious that the stock may be getting ahead of itself; however, we have already locked in some profits, and I am comfortable our position "just ride" for now. DIS is a strong buy under \$175 and buy under \$200."



P.O. Box 917179, Longwood, FL 32791

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# 30 Smart Websites to Use Instead of Wikipedia

Wikipedia is perhaps the most popular reference site online, with millions of high quality articles available on virtually any topic. However, there are limits to what Wikipedia can offer. Here are 30 Wikipedia alternatives you can use to find information, research a paper, get quick answers, and much more.

**1. The American Presidency Project** – The American Presidency Project is a project out of the University of California Santa Barbara. If you want to know something about American presidents, it's here: over 140,711 documents all free available to the public.

<http://www.presidency.ucsb.edu/>

**2. The Old Farmer's Almanac** – The Farmer's Almanac has been around in different forms since 1792, and today's online version is even more useful. You can use the Almanac to look up tide tables, planting charts, recipes, forecasts, moon rises, and everyday advice.

[www.almanac.com](http://www.almanac.com)

**3. Encyclopedia Smithsonian** – This is the definitive collection of everything the Smithsonian Museum has to offer. Search over 2 million records with images, video and sound files, electronic journals and other resources from the Smithsonian's museums, archives & libraries.

<http://www.si.edu/encyclopedia>

**4. Open Library** – Open Library is an Internet Archive project aimed at compiling one Web page for every book ever published. They have amassed over 20 million records, all of which are freely accessible.

<https://openlibrary.org/>

**5. NOLO Legal Dictionary** – Stumped on a legal term? You can find the definition in plain English at the NOLO Legal Dictionary, a free resource that provides easy to understand information on hundreds of commonly used legal words and phrases.

<http://www.nolo.com/dictionary>

**6. Merck Medical Library** – Search through comprehensive medical database at the Merck Medical Library, an exhaustive index of medical information culled from the Merck series of health resources for both medical professionals and laymen. Authored by hundreds of top medical experts.

<http://www.merckmanuals.com/professional>

## 7. Library Spot

Library Spot is a reference utopia. You can browse a list of libraries online, newspapers, poetry, archives, maps, current events, dictionaries...you name it, you



can probably find it at Library Spot.

<http://www.libraryspot.com/>

**8. Historical Text Archive** – Thousands of historical articles, links, and ebooks on historical topics ranging from Africa to World War II.

<http://historicaltextarchive.com/>

**9. MedlinePlus** – From the US National Library of Medicine, the world's largest medical library, and the National Institutes of Health. It brings you information about diseases, conditions, and wellness issues in a language you can understand. Extensive information on prescription and nonprescription drugs, links to thousands of clinical trials. Updated daily.

<https://medlineplus.gov/>

**10. Library of Congress Online Catalog** – The [Library of Congress](http://www.loc.gov), one of the largest American cultural repositories, has placed their incredible collection of records online via the Library of Congress Online Catalog. According to the Library records, there are over 18 million documents here, including books, serials, computer files, manuscripts, cartographic materials, music, sound recordings, and visual materials.

<https://catalog.loc.gov/>

**11. Encyclopedia Mythica** – Over 7000 articles related to anything mythology: Greek, Roman, Norse, Celtic, Native American, and more. The mythology sections are divided into geographical regions, so you can search via country, plus, there are special gallery sections: heroes, genealogical information, and more.

<http://www.pantheon.org/>

[Continued on next page](#)

# Websites to Use

[Continued from previous page](#)

**12. OneLook** – OneLook is a [meta search](#) dictionary engine, indexing over 1000 different dictionaries at the time of this writing. You can use OneLook not only for simple definitions, but also for related words, related concepts, phrases that contain a certain word, translations, and more.  
<http://www.onelook.com/>

**13. Edmunds.com** – If you want to research an auto, Edmunds is the place to do it. You can find information here on both new and used cars, car reviews, industry news, auto shows, local car dealerships, glossary of terms, and savvy auto advice.  
[www.edmunds.com](http://www.edmunds.com)

**14. Webopedia** – If you need to know about a computer or technology related term, you can find it at Webopedia.  
<http://www.webopedia.com/>

**15. CIA World Factbook** – Anything you want to know about nearly any country or region in the world, you'll be able to find it at the CIA World Factbook. This amazing resource offers you information on the history, people, government, economy, geography, communications, transportation, military, and transnational issues for 267 different countries, along

with maps, flags, and country comparisons.  
<https://www.cia.gov/the-world-factbook/>

**16. FindLaw** – Need to know about a legal issue? You can use FindLaw to do some initial research on anything legal-related, as well as find a lawyer in your local area and interact with the FindLaw legal community.  
<http://www.findlaw.com/>

**17. FactCheck** – FactCheck, a project of the Annenberg Public Policy Center, monitors accuracy in the US political process by diligently fact-checking everything that prominent political figures say and do.  
<http://www.factcheck.org/>

**18. Sports Reference** – Anything you want to know about sports - stats, box scores, game logs, playoffs - you can find it at Sports Reference. This site offers detailed information for fans of baseball, basketball, football, hockey, and the Olympic Games.  
<http://www.sports-reference.com/>

**19. The Purdue Online Writing Lab (OWL)** – If you need help with writing, you'll find it here. Style guides, grammar, mechanics, ESL resources, and much more.  
<https://owl.english.purdue.edu/>

**20. PubChem** – Need to know something about chemicals, compounds, substances, or bioassays? You can find it at PubChem, a comprehensive database from the National Center for Biotechnology Information.  
<http://pubchem.ncbi.nlm.nih.gov/>

[Continued on page 12](#)

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[www.CommonStockWarrants.com](http://www.CommonStockWarrants.com)

# Websites to Use

[Continued from page 11](#)

**21. PDR Health** – PDR Health is a production of the Physician's Desk Reference. You can use PDR Health to look up information about prescriptions, herbal medicines, and user-friendly health and wellness.  
<http://www.pdr.net/browse-by-consumer-monograph-name/>

**22. Calculator.net** – Focus is to provide fast, comprehensive, convenient, free online calculators in a plethora of areas. Over 200 calculators to help you “do the math” quickly in areas such as finance, fitness, health, math, password generator, conversion, and even a love calculator.  
<https://www.calculator.net>

**23. Lexicool** – If you need to translate something, you'll be able to do it with Lexicool. Over 8000 dictionaries and glossaries here in 70 languages. It is a resource intended for translators, linguists, language students and all those interested in foreign languages.  
<http://www.lexicool.com/>

**24. BookFinder** – BookFinder is a search engine for new, used, rare, out-of-print, and textbooks. Over 150 million books are available here. Compare book prices, including shipping, from over 100,000 booksellers worldwide. If you want to find something somewhat obscure, this is the place.  
<http://www.bookfinder.com/>

**24. Rules of Thumb** – The goal of Rules of Thumb is to find every rule of thumb, aka unwritten codes for how we do something, and gather them in one gigantic database. As of this writing, there are nearly 5000 different rules of thumb in 155 categories ranging from Advertising to Wine. Basically, if you want to

get a feel for a subject, or get a ballpark figure for a complicated process or topic, Rules of Thumb is a good place to start.  
<http://rulesofthumb.org/>

**25. BBC News Country Profiles** – View full country profiles from all over the world; in addition to basic stats, the BBC also provides audio and video clips from their archives.  
[http://news.bbc.co.uk/2/hi/country\\_profiles/default.stm](http://news.bbc.co.uk/2/hi/country_profiles/default.stm)

**26. Forvo** – Need help on how to pronounce a word – in virtually any language? Try Forvo, the largest pronunciation guide currently online, with hundreds of thousands of words and pronunciations in over 200 different languages.  
<http://forvo.com/>

**27. WorldMapper** – WorldMapper is a collection of hundreds of world maps, each focusing on a particular topic. For example, you can find maps on land area, disease, religion, income, and more.  
<http://www.worldmapper.org/>

**29. Our Documents** – At Our Documents, you can explore 100 milestone documents of American history, i.e., the Declaration of Independence, the Constitution, the Bill of Rights, and many more.  
<http://www.ourdocuments.gov/>

**30. The Library of Congress** – The Library of Congress is literally the largest library in the world, with millions of books, recordings, photographs, maps and manuscripts in its collections freely available to the public (you might have noticed that the Library of Congress Online Catalog has already been included in this list; the Library of Congress home page is the hub of ALL the content that the Library has to offer).  
<https://www.loc.gov/>

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### Consider popping PepsiCo into your portfolio

Ingrid Hendershot: “**PepsiCo** (PEP) products are enjoyed by consumers more than one billion times a day in more than 200 countries and territories around the world. PepsiCo generated more than \$70 billion in net revenue in 2020, driven by a complementary food and beverage portfolio that includes Frito-Lay, Gatorade, Pepsi-Cola, Quaker, Tropicana and SodaStream. PepsiCo’s product portfolio includes a wide range of enjoyable foods and beverages, including 23 brands that generate more than \$1 billion each in estimated annual retail sales.

#### Strong Brands

In the late 1800’s Caleb Bradham, a North Carolina pharmacist, created *Pepsi-Cola*. Several decades later in the 1930s, *Fritos* brand corn chips and *Lay’s* brand potato chips started appearing in chip bowls. In 1965, the two firms completed a tasty merger adding salty snack foods to Pepsi’s growing beverage business. Today, PepsiCo’s revenues top \$70 billion with snacks accounting for 55% of sales and beverages 45% of revenues.

Hundreds of other great brands have since been launched and acquired. PepsiCo’s product portfolio today consists of a panoply of strong brands which appeal to consumers of all ages. Twenty-three of PepsiCo’s brands each generate retail sales of more than a billion dollars annually.

As consumer tastes shift toward healthier foods and beverages, PepsiCo has responded with baked snacks with lower fat content.

#### 2020 Results

PepsiCo announced fourth quarter revenues popped 9% higher to \$22.5 billion with net income up 5% to \$1.8 billion and EPS up 6% to \$1.33. PepsiCo ended the year on a strong note with the global beverage business having accelerated while the global snacks and food business remained resilient. For the full year 2020, revenues rose 5% to \$70.4 billion with net income down 3% to \$7.1 billion and EPS down 2% to \$5.12 reflecting increased COVID-19 related costs. In 2020, return on shareholders’ equity expanded to a tantalizing 52.9%.

#### Bubbly Cash Flow

Free cash flow increased a bubbly 18% to \$6.4 billion during the year with the company paying \$5.5 billion in dividends and repurchasing \$2 billion of its common stock.

Capital allocation strategies remain unchanged for the long term. PepsiCo’s priority is first to reinvest in its business to drive growth and productivity – then to pay its growing dividend and strengthen its portfolio with bolt-on mergers and acquisitions – followed by share repurchases while maintaining access to debt capital markets at attractive rates.

PepsiCo recently announced a 5% increase in the dividend payment to an annualized \$4.30 per

share, which represents the 49th consecutive year of dividend increases. The current dividend yields a yummy 3.2%. The company is not planning any large merger and acquisition activity or significant share repurchases in 2021 as management focuses on debt repayment for recent acquisitions.

#### Earnings Outlook for 2021

For 2021, PepsiCo expects a mid single-digit increase in organic revenue growth and a high single-digit increase in core constant currency EPS growth. Management assumes that vaccination efforts will accelerate during the year leading to gradual improvement in consumer mobility to venues that sell PepsiCo products. At the same time, PepsiCo expects to sustain greater e-commerce activity due to continued remote work arrangements.

PepsiCo’s long-term target for organic sales growth is 4%-6%. Operating margins are expected to expand 20 to 30 basis points each year thanks to further automation and digitalization. This should lead to high single-digit core constant currency earnings per share growth over time.

Long-term investors should consider popping PepsiCo into their portfolio. PepsiCo is a HI-quality company with multiple strong billion dollar brands, bubbly cash flows, high profitability and a long-term track record of delivering sustainable sales, earnings and dividend growth. Buy.”

**Editor’s Note:** Ingrid Hendershot is President and CEO of Hendershot Investments, Inc. The money-management firm offers personalized investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and corporations or other business entities. For more information on the services offered by Hendershot Investments visit [www.hendershotinvestments.com](http://www.hendershotinvestments.com).

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### WEC Energy Best in class and cheap again

Roger Conrad: "Since 1999, utility stocks have finished higher 7 years when interest rates have risen and never lower. In fact, three worst performances by far were during years of falling rates: 2008, 2002 and 2001.

That hasn't prevented reflexive selling of utilities in the face of the 70 percent increase in benchmark 10-year Treasury yields. The silver lining is we have another great opportunity to buy the best in class like Conservative Holding **WEC Energy** (NYSE WEC).

WEC serves 4.5 million electricity and natural gas distribution customers in Wisconsin (70 percent revenue), Illinois (15 percent), Michigan and Minnesota. It owns 60 percent of the American Transmission Company (ATC), operating the upper Midwest US power transmission grid. And this month, its contract renewable energy business bought 90 percent of a 190-megawatt Kansas wind project, which will supply Facebook when it enters service in Q4.

WEC expects regulated decarbonization efforts to drive 7 percent annual rate base growth through 2025 in business friendly Wisconsin. CAPEX plans feature \$1.8 billion in infrastructure upgrades and 1.8 gigawatts of new renewable energy capacity, including the state's first solar (200 MW) and battery storage (100 MW) project scheduled for service in early 2023.

WEC plans to reduce overall CO2 emissions 70 percent by 2030, with \$1 billion in savings for customers. That's an efficiency formula management has consistently executed, cutting operating and maintenance costs by 3 percent in 2020 while targeting an additional 2 to 3 percent cut reduction for 2021. And utilities will also get a boost from solid and consistent 1 percent yearly customer growth.

WEC's ability to routinely hit exceptionally narrow earnings guidance continues to merit a premium valuation for shares. Last year's \$3.79 per share, for example, actually beat the high end of the company's initial pre-pandemic guidance range.

Risks to 2021 projections of \$3.99 to \$4.03 per share include the lingering pandemic, potential inability to execute cost reductions and potential regulatory setbacks. Fortunately, none are likely this year. And the only real surprises so far have favorable, namely federal extension of wind and solar tax credits to speed utility decarbonization. *Trading more than 5 percent below my highest recommended*

*entry point of 90, WEC is a great buy for even the most conservative investors."*

**Editor's Note:** Roger Conrad has provided in-depth analysis of the utility sector to individual and institutional investors for more than 20 years. *Conrad's Utility Investor* delivers high-quality analysis and rational assessment of the best dividend-paying utilities, MLPs and dividend-paying Canadian energy names. For more information and a **FREE** sample issue of *Conrad's Utility Investor*, visit [www.ConradsUtilityInvestor.com](http://www.ConradsUtilityInvestor.com).

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### BI RESEARCH

P.O. Box 133, Redding, CT 06875.

Published every 6 weeks, \$120.

[www.biresearch.com](http://www.biresearch.com).

### The Anavex Life Sciences story...

Thomas Bishop: "The events of early February have served to shine an enduring spotlight on **Anavex Life Sciences** (AVXL). It is no secret that the Reddit crowd recently jumped on AVXL with 116 times normal volume and drove it as high as \$28 for one brief moment before coming back down to earth. But whereas the stock was trading at \$6 at the time of our last issue (when I picked Anavex as my *Favorite for 2021...* and said if the story doesn't excite you enough to buy some shares, check your pulse), the new "down to earth" for now seems to be the \$12 - \$13 area.

Even during the recent market correction, the shares held their ground, so far. Amidst all the frantic trading, that has since subsided, the story behind Anavex, largely ignored for years, seems to finally have gotten broader exposure.

So I thought this would be a good time to put the full Anavex story out there. Anavex is a biopharmaceutical company focused on the development of novel drug candidates to treat central nervous system disorders. Most notably the Company has already consistently reported compelling clinical data on Alzheimer's, Parkinson's disease dementia, and Rett syndrome. Its lead candidate is Anavex 2-73 (A2-73) which is an orally available compound (with an excellent safety profile) that activates the sigma-1 receptor in the brain which has been determined to be key to restoring homeostasis to a disbiotic brain (as compared to the failed amyloid/tau approach)."

*TipRanks.com* reports all 4 analysts following Anavex rate give AVXL a "Buy" rating. Based on 4 analysts offering 12 month price targets for Anavex Life Sciences in the last 3 months. The average price target is \$20.25 with a high forecast of \$25.00 and a low forecast of \$17.00.

**Editor's Note:** To read the Anavex write-up in *BI Research* and a partial sample issue [Click Here](#).

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[www.thebowserreport.com](http://www.thebowserreport.com).

### Information Analysis offers a unique growth investment opportunity

Thomas Rice's recent *Company of the Month* is **Information Analysis Inc.** (IAlC) develops and maintains information technology systems and modernizing client information systems for government and commercial organizations in the United States. The company provides web-based and mobile device solutions, including electronic forms conversions for various agencies of the federal government, data analytics and legacy software migration and modernization. The company also sells third-party software products and provides maintenance services.

#### Outlook and Risks

The most obvious risk associated with IAlC is its overvaluation. Small caps and growth stocks have been on fire. This strength in combination with IAlC reaching major financial milestones made the stock shoot up in 2020. However, financial outlook is even better than it was a year ago and the company has not lost momentum. If you are worried about overpaying for shares, you can wait for a lower entry point or use a smaller position size.

Financial outlook for IAlC is promising as management projects net income between \$1.1 and \$1.2 million for 2021. The aspect that excites us most about the company's potential is not profitability, but growth via government and non-government contracts. IAlC has the ability to provide large scale services for high-growth fields, so any major non-government contract would cause income to soar.

Despite the clear overvaluation, IAlC could also be a buyout candidate down the road. Its financial stability and high revenue growth rate make it an appealing buyout opportunity in an industry with an abundance of mergers and acquisitions. Its fundamentals and business outlook are similar to that of WidePoint Corp. (WYY) which has been able to capture more market share and reward shareholders since our recommendation.

#### Conclusion

IAlC is riskier than our average recommendation but offers a unique growth investment opportunity. The stock's volatility and outperformance might be off-putting, but it also has all the characteristics of an early-stage market leader. While we would like to see the elimination of debt and higher institutional

ownership, IAlC still has a rock-solid fundamental foundation. Financial outlook is stronger than ever, and the recent leadership changes have set the company up for even more success."

**Editor's Note:** This is an edited version of the *Company of the Month Information Analysis Inc.* prepared by *The Bowser Report*.

*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](http://www.TheBowserReport.com).

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## THE MORGAN REPORT

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[www.themorganreport.com](http://www.themorganreport.com).

### Q2 Outlook: Stocks lower Silver and Gold higher

David Morgan "Our view as we enter the second quarter of 2021 is that by the third quarter of this year, we expect the stock markets to be lower, silver to be over \$30 and probably in the \$35 area, and gold to have firmed and be pressing toward \$1850 or so. Bull markets can be tough because the "wall of worry" needs to be scaled and just when investors are confident they have positioned themselves properly and the future is bright, the market corrects and stays at a level that seems to invalidate the bull market just long enough for the weak holders to sell out. Stay the course. We are in the last phase of this shift from the great stock and bond casino to the commodity sector, with food, energy, and metals leading the way."

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[www.GuidingMastInvestments.com](http://www.GuidingMastInvestments.com).

### Lowe's gets more lovin'

George Fisher: "Wells Fargo (WFC) raised the **Lowe's** (LOW) price target on Lowe's to \$210 from \$200 and keeps an Overweight rating on the shares. Wells Fargo expects to see continued share price upside via category tailwinds, government stimulus benefits, improving sentiment, and attractive valuations.

Citi (C) initiated coverage of Lowe's with a Buy rating and \$195 price target. Citi said the company is a "near-term winner" from stimulus, with long-term share gains and margin expansion that are "very compelling."



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### "D Decline in final stretch

Mary Anne and Pamela Aden "Gold had taken a back seat over the last 8 months, losing 23% but the weakness is nearing an end. In fact, the gold universe is in a good value area.

Platinum has been holding up the strongest, along with **Franco Nevada** and **Newmont Mining**. We continue to recommend keeping your positions, and buy new ones during this weakness.

The chart below shows the gold price fell to its mega support the 23 month moving average, while the indicator has fallen to the D lows which means the downside is limited. Once gold rises and stays above \$1750, and especially above \$1780, gold will be already in an upcoming A rise. "A" rises tend to be moderate and are more of a rebound rise from the D decline.



Silver has finally broken down from the higher level. It's vulnerable ST below \$25, and with \$22.50 being the strong support level.

The HUI gold shares index is firm by staying above 250, and it'd be strong above 285.

Copper is quietly taking a breather. It's losing some steam and a further downward correction is most likely. Some resource stocks are already correcting but the natural resource group is strong and it has room to decline further in a correction."

*The Aden Forecast* specializes in all major markets with special emphasis on the precious metals, currencies, and natural resource markets. [www.adenforecast.com](http://www.adenforecast.com).

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## INVESTTECH RESEARCH

625 Wisconsin Ave., Whitefish, MT 59937.

Monthly, 1 year, \$295. [www.investtech.com](http://www.investtech.com).

### 5 Rules for a Safety-First Strategy

James Stack: "We are adhering to our own prudent "safety-first" strategy, instead of following media headlines, market hype, or Federal Reserve reassurances.

In the long run, we are undoubtedly leaving some profits on the table with our 80% invested allocation and defensive avoidance of mega-cap momentum stocks.

However, our attention remains focused on portfolio protection and keeping a close eye on potential warning flags as we traverse what we anticipate will be a challenging year ahead.

As you invest your portfolio with a mind for preserving assets in this environment, here are some tips to help you manage risk:

- **Remain focused on fundamentals** – Quality is important. If selecting stocks, look for strong balance sheets, superior profitability, manageable debt levels, and reliable cash flow.

- **Avoid the hype and headlines** – If you don't understand what an investment is or how a company makes money, don't buy it.

- **Valuation matters!** – Seek stocks that are trading within range of their historical valuations. Growth is fine, but growth at a reasonable price.

- **Use equal weighting for portfolio protection** – Rebalance and take profits from winners to avoid the overvalued mega-cap stocks. Additionally, check mutual fund and ETF holdings to ensure assets aren't excessively concentrated in a small number of risky stocks.

- **Maintain a comfortable "cash" cushion** – This is your safety net and ensures your ability to sleep at night. More importantly, it guarantees you'll have dry powder available when the next low-risk buying opportunity arrives.

If this is a speculative bubble, no one knows how long it could last, and in our experience, what you aren't invested in can be even more important than what you are invested in.

By avoiding what we believe to be the riskiest and most overvalued areas of the market, we can confidently and carefully capture more upside with our 80% invested allocation. We are more than willing to leave the hottest investments to the speculators as we seek better values and more even distribution in the market."

## THE BUYBACK LETTER

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### 5 Buyback Holdings

David Fried is the editor and publisher of *The Buyback Letter*, the only investment newsletter devoted to finding opportunities among companies that repurchase their own stock. His asset management firm – Fried Asset Management, Inc. – offers separate investor advisory and money management services which use the “Buyback Strategy” principles.

The Buyback Letter Premium Edition is a focused, high-octane strategy for experienced investors only, with a single 5-stock portfolio that changes each month. It is designed to take advantage of the hottest buyback stocks available. Subscribers get a monthly e-mail hotline with buy, sell and hold instructions, and access to charts tracking portfolio value.

As of April 1 holdings were DVA, BIIB, CHTR, DISCA and FTNT.

**DaVita, Inc.** (NYSE: DVA) engages in the provision of medical care services. It operates through the following two segments: US Dialysis and Related Lab Services, and Other-Ancillary Services and Strategic Initiatives.

**Biogen, Inc.** (Nasdaq: BIIB) is a biopharmaceutical company, which engages in discovering, developing, and delivering therapies for neurological and neurodegenerative diseases. It offers TECFIDERA, VUMERITY, AVONEX, PLEGRIDY, TYSABRI, and FAMPYRA for the treatment of multiple sclerosis; SPINRAZA for the treatment of spinal muscular atrophy; and FUMADERM for the treatment of severe plaque psoriasis.

**Charter Communications, Inc.** (Nasdaq: CHTR) engages in the provision of broadband communications services. Its services include Spectrum TV, Spectrum Internet, and Spectrum Voice. The firm offers business-to-business Internet access, data networking, business telephone, video and music entertainment services, and wireless backhaul.

**Discovery, Inc.** (Nasdaq: DISCA) is a media company, which engages in the provision of content across distribution platforms and digital distribution arrangements. It operates through the following segments: U.S. Networks and International Networks.

**Fortinet, Inc.** (Nasdaq: FTNT) provides cybersecurity solutions to variety of business, such as enterprises, communication service providers and small businesses.

**Editor's Note:** As of 3/31/2021, *Fried's Buyback Premium Portfolio* is beating the S&P 500 by over 218% since its inception (August 2, 2000)! This portfolio is up 394.65% since inception (August 2, 2000) vs. a gain of 176.28% in the S&P 500 over the same time frame. To subscribe or to receive a FREE 30-Day Trial, call 310-459-9196 or visit [www.BuyBackLetter.com](http://www.BuyBackLetter.com).

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##### Economic Outlook '21

An end to the recession is not yet official, but growth is convincingly on the upswing. For 2021, analysts forecast growth of 2.2%, with strategists even more optimistic. The biggest gains expected in cyclical sectors that do well when the economy does.

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##### Tread Carefully in a Hot IPO Market

IPOs are hot again. A new wave of young companies, many that have yet to post a profit, are selling stock to the public for the first time. And the reception from investors has been bullish.

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##### 12 Hot Upcoming IPOs to Watch For in 2021

The most exciting initial public offerings expected in 2021 range from a crypto exchange to an Amazon-backed EV play to a popular grocery-delivery app.

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##### Bull & Bear's Digest of Investment Newsletters

Buy/Sell advice from the world's top-performing newsletters. Investment and market-timing experts give their Top Stock Picks, Trading Strategies and Market Trends.

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##### Pickup in Inflation Will Fuel Interest in Gold

John Ing, President, Inflation Placements Canada, believes the inevitable pickup in inflation will fuel interest in gold, a classic inflation hedge. Ing expects gold equities to outperform the markets as gold's rise shows that investors are nervous and buyers like China and the industry themselves need to replace depleting reserves. Buy/Sell advice for Agricola-Eagle, B2Gold, Barrick, Centamin, Centerra Gold, Eldorado Gold, Kirkland Lake Gold, Lundin Gold, Newmont and Yamana Gold.

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## GOLD: The Mother of all Opportunities

Envision if you will a man with a bright red face ... at first glance you might think he is in excellent health, glowing even ... and on the other hand, it might suggest he has a fever ... two completely opposite interpretations from the same facts ... so to decide, you fall back on context. The same might be said of financial markets. Inflation can signal a robust economy or it could also signal trouble. The same might be said of bond yields, observes Ross Norman, CEO, *Metals Daily*.

On the face of it (pun intended), gold's decline seems to be because it has held a long-term inverse binary relationship with declining bond yields (with a correlation

co-efficiency of over 93%) and the recent rally in the 10 year rate has prompted 120 tonnes of ETF selling by Western institutions YTD (or 3.6% of total holdings) ... but maybe markets are mis-reading events. Bonds are falling and yields are rising because the market foresees inflation. The data is yet to catch up with the narrative and gold is being punished. In short, maybe they are on the wrong end of the deal.

But of course it's not all about bonds. The dollar has been on a rampage with the USDIX at the highest for nearly a year. Late last year you would have struggled to find a dollar bull and so universal

*Continued on page 19*



#### INSIDE...

##### Top Resource Stock Picks for 2021

Commodities about to make historic moves say top-ranked analysts, money managers and leading newsletter advisors. Top Picks for Mining Stocks, Industrial Materials & Energy, Met Coal, Natural Gas, Lithium, Diamonds, Gold and Silver stocks.

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##### Commodities Outlook 2021

Highly-rated Hedge Fund analyst says commodities like Uranium and Gold are underappreciated and says growing demand will push up prices.

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##### Commodity Prices: Supercycle or Regular Upturn?

Commodity markets may be about to embark on another supercycle according to research by top investment banks.

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##### Institutional Investment Outlook

500 professional investors surveyed by Natixis forecast the sectors they expect to outperform in 2021. Downloadable Report.

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##### Platinum to Outperform other Precious Metals

Platinum prices have the largest upside potential in precious metals this year, forecasts ABN AMRO. Reasons: Strong Chinese economy, recovery in the industrial sector, higher consumer demand for cars, stringent car emission regulation results, and fuel technology for cars. Demand to outpace supply.

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## Precious Metals Forecast 2021:

Gold, Silver, PGMs, Iridium and Rhodium Potential Remains for New Highs

Most precious metals will continue their recent uptrend, according to Heraeus Precious Metals, the world's largest precious metals processor. Gold is expected to reach new record highs and silver will likely outperform gold again this year. The platinum group metals, which are heavily dependent on the automotive industry, are likely to remain at a high level with continuing strong fluctuations. Some metals, such as iridium and rhodium, are likely to reach new highs. Here is the Heraeus Precious Metals Forecast for 2021:



The euro strengthened by 5% against the dollar last year – that looks overdone. Central bank actions do not favour the euro over the dollar. Both the Federal Reserve and the ECB are expanding their balance sheets at the same rate. The US economy appears to be in a stronger position than the Eurozone and the very loose financial conditions in the US relative to the Eurozone could easily tighten which would favour the dollar.

Gold and silver will continue to offer a safe haven from economic uncertainty and the massive ongoing central bank asset purchases and increases in government spending. Inflation expectations have risen, the yield curve is steepening and real interest rates are firmly negative, all of which are supportive of further price gains. With industrial demand improving and continued investor interest, silver's outperformance of gold is expected to continue.

*Continued on page 3*

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### Cruising Is Back -- Here's My Buy

Joseph Shaefer: "When I talk about "the cruise industry" as investment possibilities, I do not mean merely the publicly-traded giants available on US markets, but those public and private firms elsewhere in the world, the independent travel companies that profit from booking cruises, the provisioners that keep them well-supplied, the ship-builders hard at work even today to bring more than 100 new cruise ships to completion in the next couple years, and so much else.

"The cruise industry" encompasses even more. Think about it... each of the 216 current ocean cruise ships, the more than 100 being built, and all the river cruise ships built and being built must first employ shipbuilders building ships with complex plumbing, heating, cooling and ventilation systems. They must have the latest in maritime propulsion systems, navigation equipment, waste-water purification plants, waste recycling facilities, and desalination. Yes, right on board, your fresh-water shower was likely sea water yesterday and so much more.

Now that a barebones ship is delivered, it takes plumbers, cabinet makers, carpet layers and scores of other specialty trades to decorate and furnish more than 400,000 staterooms, set up the myriad kitchens and restaurants, card rooms, libraries, theaters and other entertainment venues.

Once built and fitted out, the ongoing expenses of locomotion, of provisioning, and of regular maintenance, not to mention the travel agencies, tour operators, bus and rail companies, and the some 800-plus ports visited around the world, make the cruise industry a massive outsized contributor to the national and global economy.

Vast numbers of jobs exist because of this need. According to Statista, in 2020 just over 100 million jobs were lost globally in the travel and tourism sub-sector of the consumer discretionary sector. If even 10% of those jobs return in the next few months, and just 50% in the coming full year, that would mean 10 million to 50 million jobs regained globally. The cruise industry alone, benefitting rehired ship employees, fitters, ports, and all the jobs described above will be a large chunk of those re-employed.

I believe all cruise lines' cash flow will grow by leaps and bounds. A cruise-hungry public has already booked deep into 2023. As that cash flow rights many ships, I imagine we will see more consolidation, as well as some private companies that decide it would be better to have the large cash cushion that public ownership provides.

The biggest of the big is **Carnival Corporation & plc** (CCL NYSE and LSE [London]). There are also separate shares of essentially the same company traded on the LSE and available in the US via an

ADS, symbol CUK). Carnival is the only company in the world to be included in both the S&P 500 index in the US and the FTSE 250 index in the UK.

Around 30,000,000 people cruised during 2019, the year before Covid restrictions. Cruising is a very big business. Many of these people are chomping at the bit to get cruising again.

It is entirely possible that cruise lines will go from their worst two years in 2020-2021 to their best two from 2022-2023.

While the share prices have increased a good deal, they are still down 50-70% from their previous highs. I believe these firms represent good entry prices as long as you have a long-term outlook.

### What I Am Buying

I am buying just one stock right now. I sold 400 CCL from our Investors Edge® subscribers' portfolio for a \$2300 profit in January. As noted above, there is no difference in voting rights, debt carried, dividends paid, or revenue reported between CCL and its UK shares – which trade as an ADS in the US under the ticker CUK.

Based upon investor sentiment, however, these two often carry different prices. CUK might be above CCL one month and below it the next. Right now it is below CCL.

Most observers seem to focus only on CCL/CUK's terrifying cash burn of \$600 million per month in 2021 thus far, and the company's taking on of more debt to weather this storm, will doom the company's shares to its current or a lesser price.

I disagree. No, the company is not likely to be profitable this year. But with each passing month I believe their cash burn will decline. Much of their debt can be refinanced at lesser rates once lenders realize the company is losing less each month with profitability on the horizon. (Also, they do not have significant debt to pay off until 2023.)

My reason for taking this renewed position now? People want to cruise. People are ready to cruise. As soon as restrictions are lifted, people are going to cruise.

If you plan to profit from that fact, now is the time to do your research."

Joseph Shaefer will initiate a long position in CUK.

**Editor's Note:** *This is an edited version of an article posted by The Investor's Edge on Seeking Alpha.*

Joseph Shaefer, CEO and Chief Investment Officer of Stanford Wealth Management, is both a risk manager and a wealth manager. Mr. Shaefer is also editor of *The Investor's Edge*. Readers can view the results of 21 years of investing success across every market sector in his Growth and Value portfolio as well as his current thinking at the *Marketplace* on [www.SeekingAlpha.com](http://www.SeekingAlpha.com).

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### Canadian miner wins lawsuit in Mexico

"A Vancouver-based mineral company just announced that it has won a lawsuit filed by a local mining co-operative in Mexico called Minera Norteños in relation to the Sierra Mojada project. Shares of

**Silver Bull Resources Inc.** (TSX: SVB) soared on the news.

Silver Bull Resources Inc. is an exploration stage company engaged in acquiring and developing mineral properties. The company holds interests in various property concessions in Mexico within a mining district known as the Sierra Mojada District. The main project of the company is the Sierra Mojada Project, which is comprised of 20 concessions consisting of 6,496 hectares. Its geographical segments are Mexico, Canada, and others.

This news is welcomed by investors as shares of this micro cap rallied up to a session high of \$0.99/share (+8.79%), which is a strong continuation of the multi-month rally the stock has had. Tim Barry, President and CEO of Silver Bull went on to say that "this ruling is welcomed, but not unanticipated. This is the fourth time that the courts have ruled in our favor on this issue."

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### **Investment Newsletter Profile:**

## **Investment Models, Inc.**

*The Bull & Bear Financial Report* recently profiled **Investment Models, Inc.** on [www.TheBullandBear.com](http://www.TheBullandBear.com). This highly-regarded service has a very impressive 40+ year track record and is consistently ranked a "Top Ten Timer" by *Timer Digest*.

James O. Rohrbach, R.I.A. is the founder and President of Investment Models, Inc. He has been identifying changes in the trend of the stock market in real-time since 1970. He created the RIX (Rohrbach) Index which mathematically translates the action of the stock market into a number that represents the trend of the market, every day.

Rohrbach believes that he may be the only Market Timer who does this. The RIX Index is a mathematical formula that provides numbers that are simple to understand and have been successfully used for over 47 years.

There is no guessing, hedging, predicting, or what ifs. He does not make any attempts to forecast the future course of the stock market. He simply identifies the changes in the trend and goes with those changes. Rohrbach's stock market signal alerts will tell you exactly when to get in and when to get out of the stock market. No guessing!

An annual subscription to *Investment-Models*, weekly newsletter, is \$395. Included in the annual fee is unlimited *free* consultations with Jim Rohrbach. Also, frequent Daily Bonus Reports.

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# Gold: A Rising Tide Lifts All Boats

[Continued from page 5](#)

• **IAMGold Corp. (IMG)** – IAMGold had a disappointing quarter producing 653,000 ounces last year but AISC jumped to \$1,300 an ounce. This year, IAMGold's production will be flat with reserves slipping to 14 million ounces since the miner did not replace reserves last year. Essakane was a bright light producing 364,000 ounces. However, the company must spend a good part of \$1 billion to fund the joint venture Côté Gold over the next two years with \$355 million to be spent this year. Also, IAMGold's total sustaining capital will top \$120 million while non-sustaining capital totals \$590 million. We thus believe IAMGold's shares are dead money, particularly given the potential downside risk if Côté is not be the project as advertised. *Sell*.

• **Kinross Gold Corporation (K)** – Kinross had a flat year producing 2.4 million gold equivalent ounces from flagship Paracatu in Brazil, Kupol in Russia and Tasiast in Mauritania. Cash flow was almost one billion and Kinross ended the year with over \$1.2 billion in cash and equivalents versus total debt of \$1.9 billion. Kinross should produce 2.4 million ounces this year but Tasiast will produce fewer ounces pushing AISC to \$1,025 an ounce. Kinross is expected to spend \$900 million this year and \$120 million on exploration. Reserves were boosted at Lobo Marte where a feasibility study is set to be released before yearend. Unfortunately, Kinross' big capex plans will drain cash over the next few years so the shares are dead money for a while. *We prefer B2Gold here*.

• **Kirkland Lake Gold Ltd. (KL)** – Kirkland reported a solid quarter producing 370,000 ounces in the quarter for record full year production of 1.4 million ounces at AISC of \$800 an ounce. Free cash flow was \$733 million with Detour contributing 40 percent. Kirkland's balance sheet is strong with cash piling up to \$850 million and no debt. As a result, the miner bought back almost 19 million shares and paid \$115 million in dividends. Guidance for this year was unchanged. Fosterville in Australia reserve grade slipped largely due to depletion and the high-grade mine has a short life. Overall, Kinross' resources are pegged at 20 million ounces reflecting the rationale for acquiring Detour Lake mine which has a long reserve life. Sustaining capex at Detour was \$270 million. At Macassa, shaft sinking is at 4,240 feet with a targeted depth at 6,400 feet to be reached late 2022, a year ahead of schedule. *Kirkland shares have done well and we expect them to be on the acquisition trail again, using their richly valued paper*.

• **Lundin Gold Inc. (LUG)** – High grade miner, Lundin had a good quarter producing 97,000 ounces and 242,000 ounces in its first year of production at Fruta del Norte (FDN) in Ecuador. Generating positive cash flow, FDN is expected to produce about 400,000 ounces at a low AISC of \$800 an ounce, generating free cash flow of \$300 million. We expect Lundin to aggressively pay down debt incurred to

build FDN and the Company has begun an aggressive exploration programme on its extensive Ecuadorian land position. We like the shares here for potential exploration surprises. *Buy*.

• **New Gold Inc. (NGD)** – New Gold produced almost 67,000 ounces in the latest quarter due to higher grades at Rainy River and New Afton. However, AISC increased to \$1,491 per equivalent ounce. Cash on hand improved to \$185 million allowing them to redeem \$200 million of notes. Renaud Adams has turned around operations and Rainy River's mill ran at 150,000 tpd which should result in a pick-up in production and lower costs. However, a new mine plan at New Afton following the mud-slide has become now a four-year project. On a brighter note, the Company surfaced hidden value by selling Blackwater for \$190 million of cash and an 8 percent gold stream. Although Blackwater has reserves of 8 million ounces of gold and 61 million ounces of silver, the capital cost was too high for New Gold. *While New Gold may be a turnaround situation, over the near term, there are better buys like B2Gold or Eldorado*.

• **Newmont Mining Corp (NGT)** Newmont reserves were flat last year joining other miners who encountered difficulties replacing reserves with the drill bit. Newmont's reserves fell to 94 million ounces of which 35 percent are in North America. Newmont plans to spend \$215 million on exploration and purchased GT gold for \$400 million whose Tatogga copper-gold Saddle North project is in the Golden Triangle. While Newmont produced 1.6 million ounces in the fourth quarter, meeting guidance of 5.9 million ounces, production slipped 11 percent from a year earlier as they pruned the Goldcorp portfolio. Newmont generated a whopping \$3.6 billion of free cash flow and holds \$5.5 billion in cash allowing them to buy back shares (last year share buyback \$1 billion) as well maintain a liberal dividend policy tied to the gold price. At Tanami, Newmont produced 600,000 ounces at AISC of \$745 an ounce. Tanami's expansion will involve a 1.6-kilometre deep production shaft to boost output by 150,000 or 200,000 ounces per year. *Nonetheless, we prefer Barrick shares for its upside superior potential*.

• **Yamana Gold Inc. (YRI)** – Yamana provided 901,000 ounces of (geQ), meeting guidance. Jacobina produced 44,000 ounces in the quarter and almost 180,000 ounces for the year. El Penon in Chile, continues producing 43,000 ounces and 930,000 ounces of silver but the mine is mature. Yamana's profile for the next few years is flat with AISC around \$1,000 an ounce. Resources are almost 14 million ounces of gold with newly acquired Wasamac in Quebec adding 1.8 million ounces and an updated feasibility study is planned for this year. Nonetheless, Yamana has too much debt for our liking. *Sell*.

**Editor's Note:** This is an edited version of Maison Placements Canada Inc. *Gold Report*, prepared by John Ing, President and CEO of Maison Placements Canada Inc. for the complete report [Click Here](#).

Founded in 1955, Maison Placements provides a comprehensive array of financial services to institutional investors and small to midsize corporate clients. For more information on Maison Placements Canada Inc., visit [www.maisonplacements.com](http://www.maisonplacements.com).

# How Green are your Bonds?

[Continued from page 1](#)

an even bigger market of unlabeled bonds that make worthy, impactful investments, says Stephen Liberatore, lead manager of TIAA-CREF Green Bond fund.

It helps to go with an experienced bond picker if you're investing in this sector. But fund choices are slim. Two of Kiplinger's favorites focus on bonds that help the environment; another two invest in debt that further environmental and social goals.

• **Brown Advisory Sustainable Bond (BASBX):** Thomas Graff and Amy Hauter invest in a mix of bonds that finance projects that make a positive impact in one of three areas: health and well-being, economic development and social inclusion, or the environment. More than one-fourth of the fund is invested in bonds carrying the green, sustainable and social labels. But the managers also buy non-labeled bonds tied to sustainable goals and bonds issued by organizations that actively solve environmental and social challenges with innovative

products or services.

• **Calvert Green Bond (CGAFX):** For every \$1 invested in this fund, 38 cents goes toward renewable energy and projects that boost energy efficiency, 22 cents finances green-building retrofitting or construction, and 8 cents backs low-carbon transportation, according to the fund's fact sheet. The fund takes extra steps to verify the impact of each security it considers, says fund comanager Khanduja. The fund carries a 3.75% sales charge, but you can buy shares for no fee or load at discount brokers. Including Charles Schwab, Fidelity and TD Ameritrade.

• **Domini Impact Bond (DSBFX):** Green bonds make up just 7% of Domini Impact Bond. Manager Campe Goodman, of subadviser Wellington Management, invests across a range of themes, including access to housing, community development and health. A sustainability bond from the nonprofit BlueHub Loan Fund, for instance, finances projects that generate economic opportunity and stability

in low-income communities.

• **TIAA-CREF Green Bond (TGROX):** Green investing is "still so subjective," says lead manager Liberatore. In Paris, for instance, nuclear power is considered a clean energy, but other parts of the world might disagree. "What each investor wants varies, so we follow our own approach."

He and Jessica Zarzycki buy mostly high-quality bonds that deliver a direct and measurable environmental effect. Not every bond in the fund is labeled green, but all make an impact. The fund holds a California water utility bond, for one, that uses solar panels for its wastewater treatment plant. "The panels power the plant, and the utility sells energy it doesn't use back to the grid," says Liberatore.

The portfolio's investments in 2019 generated enough renewable energy to power 17.9 million houses for one year, according to the fund's latest impact report.

**Editor's Note:** Nellie S. Huang is senior associate editor at Kiplinger's Personal Finance magazine, [www.Kiplinger.com](http://www.Kiplinger.com).



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