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LOOKING FOR SILVER LININGS

By Gordon Pape, Editor and Publisher

The Bank of Canada holds the line on interest rates and slashes its GDP growth projection for this year to 1.7%.

A BMO analyst knocks 1,000 points off his projected TSX high for 2019.

Canada's trade deficit in November ballooned to $2.15 billion, higher than economists' estimates.

None of this is good news. So why did the Toronto Stock Exchange move higher on the week? Let's take a closer look.

We'll start with the Bank of Canada. Although it cut its economic outlook for this year, the Bank said the economy has been performing well overall. The main problem is the energy sector, specifically the decline in oil prices, especially for Western Canadian Select (WCS).

"Growth has been running close to potential, employment growth has been strong, and unemployment is at a 40-year low," the press release said. "Looking ahead, exports and non-energy investment are projected to grow solidly, supported by foreign demand, the CUSMA (our acronym for the new North American trade deal), the lower Canadian dollar, and federal tax measures targeted at investment."

That's not such a bad picture. Yes, the oil price drop is taking its toll on energy investment, household spending in Alberta, and trade income, but the Bank says the situation is not as bad as in 2014-16 and should be only temporary.

"Indicators of demand should start to show renewed momentum in early 2019, leading to above-potential growth of 2.1% in 2020," the Bank said.

In short, if the Bank is correct in its analysis, the economy will go through a rough patch in the early part of this year but should gradually gain momentum as we move towards summer.

Of course, this is contingent on a lot of things going right. They include a recovery in the oil price and a successful resolution of the U.S.-China trade dispute, which, the Bank says, "is weighing on global demand and commodity prices".

While we wait for all this to play out, the Bank is postponing more rate increases – good news for consumers, home buyers, and for the broad

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market generally. Some economists have suggested that we may not see any increases at all this year. In the U.S., the minutes from the Federal Reserve Board's December meeting also suggest it may pause for a while.

The November trade numbers reflect some of the Bank's comments. According to Statistics Canada, total exports fell 2.9% month-over-month. Most of the drop related to oil exports to the U.S., which were down 3.9% to $35.3 billion. Much of that decline was due to the deeply discounted price for WCS.

The numbers are a reminder of the significance of the energy sector to Canadian performance. But none of this came as a shock to the stock market, which had already priced the discounts into the valuation of energy stocks. Interestingly, as of the close on Jan. 10 the S&P/TSX Capped Energy Index was showing a 8.2% year-to-date gain.

So, what about the Bank of Montreal cutting its 2019 forecast for the TSX by 1,000 points? In a report to clients, BMO's chief investment strategist, Brian Belski, said it's impossible to ignore the sharp drop in stocks at the end of last year. Even though it was fueled by "speculation, rhetoric, innuendo, and fear", he felt it necessary to reduce his forecast for this year from 18,000 to 17,000.

The good news in that is that, even at the lower level, it still represents a gain of 13.8% from the current level of 14,939.18 and 18.7% from 14,322.86 at the end of 2018.

If Mr. Belski is on target, that would represent an advance of 18.7% for the TSX. That would be the largest one-year jump since 2009, when the Composite gained 30.6% when stocks snapped back in the aftermath of the subprime mortgage crisis.

That would be a great recovery from the double-digit loss of 2018. Let's hope he's right.

IBM AND THE HIDDEN PROMISE OF NEW TECHNOLOGIES

By Adam Mayers, Contributing Editor

The promise of new technologies lies in their ability to drive down costs, increase efficiency, and create new ways of doing things that save time, money, or both. Unlocking that value takes time and the companies and products first out of the gate aren't necessarily the ones that will win the race.

Blackberry lost out to the iPhone and America Online (AOL) to MSN. Netscape was the original go-to browser, but Google dominates now. Corel's WordPerfect was overwhelmed quickly by Microsoft's Word, even though some people contend to this day that WordPerfect was a superior product.

A year ago, the financial news was dominated by the hype and elusive promise of Bitcoin and other artificial currencies. They were taking on the global banking system and in short order would replace dollars and euros with electronic IOUs.

I suspect few average investors understand how these currencies work, how the coins are created, and the high-level computer hardware that validates transactions and "mines" to create the coins. It is pretty complex and certainly not easily explained in one or two sentences.

The mania pushed the value of a Bitcoin to US$19,783 by late 2017. Then the bubble burst. As of Jan. 9, Bitcoin was trading at about US$4,000 per unit, or about 20% of its peak value.

Whether crypto currencies replace the global financial order is still unknown. It's an interesting idea, but it is hard to imagine that in its present form governments will get behind an unregulated, untaxed, and opaque currency that allows us to hide transactions – legal or otherwise. But perhaps it will play a role in mainstream financial transactions in a way that is not yet apparent.

Even so, the hype surrounding Bitcoin confused two related notions. The coins are a piece of computer code representing ownership of an artificial unit of money. The process behind the coins and the evolving commercial applications are more important.

The process is called Blockchain and in simple terms it allows transactions to be shared among participants on the same network. The important part is that nobody can change a transaction once entered, because it is part of a chain that cannot be altered. This is because the information is entered simultaneously on hundreds or thousands of computers on a network. Once validated, it would have to be changed on each one. Since all the computers are independent, the system is tamper-proof.

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New technologies – continued from page 2…

Companies are exploring applications that relate to this feature. The focus is initiatives to streamline their own operations, or those of their customers. By improving productivity, they are improving profitability. Many of the companies taking the lead are those we know and whose products we use – Walmart, Microsoft, IBM, Visa, and PayPal. Banking, insurance, financial services, healthcare, and food safety are just a few of the sectors where Blockchain holds promise.

Here are some examples:

Walmart and food safety

Two outbreaks of E. Coli bacteria in lettuce and other greens this year sent 96 Americans to hospital, where five died. Eight Canadians were affected, and the outbreak prompted North America-wide grocery store recalls.

This included Walmart, which sells groceries at its big box stores and neighbourhood supermarkets. In 2016, Walmart and a group of companies including Unilever, Nestlé, and Dole teamed up with IBM to use Blockchain to create a tamper-proof way to track produce from farm to store. At the time, it took Walmart seven days to do that. Now it takes a few seconds via an IBM-created piece of shared software. It logs the voyage of a mango from the moment it is picked, to the pallet where it is piled, to when it was washed, the time it was packed, and the moment the truck left to deliver it.

As a result of the E. Coli outbreaks, Walmart is requiring all of its food suppliers to work with the IBM Food Trust network to create the same end-to-end traceability using Blockchain technology.

(The spring E. Coli outbreak was traced to contaminated canal water used to irrigate romaine lettuce grown near Yuma, Arizona.)

The Walmart executive who started the initiative has joined the U.S. Food and Drug Administration (FDA) in a senior role. He is using Blockchain to introduce tools to assist the FDA in tracing the causes of food contamination down to a specific distributor, farm, or grower.

Delivering food aid

The United Nations sees potential in Blockchain to improve the delivery of food aid and reduce the risk of bribes and fraud by local officials.

As reported by Associated Press, the technology uses Microsoft's Azure cloud computing platform to process and store information taken from retina scans. A retina scan, like a fingerprint, is a unique record. When refugees pick up their flour, rice, and other foodstuffs, the scan of their eyes records the delivery as part of a chain of all related transactions.

The UN's World Food Program has been testing this since 2017 to manage aid for 100,000 refugees in camps in Jordan. It aims to extend it to 500,000 refugees. The World Bank, UNICEF, and the Red Cross are looking at ways to implement Blockchain into their own projects.

Other experiments

Facebook has formed a Blockchain unit headed up by the former president of PayPal. Facebook is developing a digital currency to be tested in India. It will be pegged to the U.S. dollar, will let users transfer money on Facebook's WhatsApp messaging app. (India is a leader in implementing new forms of non-bank online payments.)

PayPal, meantime, has launched an internal Blockchain pilot. PayPal does not accept Bitcoin as payment, but one day might. Its innovation lab built an in-house software application that rewards employees with electronic tokens for such things as work well done or contributing ideas. They can trade the tokens for rewards and the transactions are recorded on a blockchain ledger.

Insurance is another area of opportunity. Experiments are streamlining processes, data storage, and the many interactions involved in an insurance claim.

Maersk, the Danish shipping company, worked with Microsoft to develop a system that tracks ships and their cargoes down to the second.

The common denominator in these examples is mature players looking for ways to profit from a new technology. Tagging along with these multinationals is a low risk way to take advantage. They are potentially most affected and so most motivated to explore the potential. They have the wherewithal to invest in R&D, the resources to acquire startups to learn about the technology, and with the leeway to make mistakes.

The recommendations below offer two ways to capture blockchain's potential. One is very conservative. The other carries more risk, but also has more upside potential.

Contributing editor Adam Mayers is a former Business Editor and investing columnist at The Toronto Star. His website is adammayers.com.

ADAM MAYERS LIKES IBM, HARVEST ETF

IBM (NYSE: IBM)

Closed Friday at $121.46. All figures in U.S. dollars.

Background: International Business Machines is a master of adaptation and renewal. What started as a merger of time-clock manufacturers in 1911 eventually brought us the mainframe computer in 1949 and the first PCs in the 1970s. IBM sold its PC business to Lenovo in 2005 to concentrate on consulting and software services.

Today the company is transforming again, moving into cloud computing, artificial intelligence, and Blockchain applications. The latter includes food safety as well as initiatives that speed shipments of goods and bypass slower international payments systems with simultaneous clearing and settlement options.

IBM's plan is to integrate these processes into end-to-end services that help companies plan, build, and manage their information technology infrastructure. IT services accounted for 59% of IBM's revenue in 2017 with another 31% coming from software development.

IBM operates in over 175 countries and gets 60% of its revenue outside of the U.S. It strives for innovation and had an R&D budget of $5.8 billion in 2018, which was approximately 7% of revenues. R&D is a hidden asset because it creates a pipeline for new products and services. IBM was awarded more than 9,100 U.S. patents in 2018, more than any other company for the 26th consecutive year.

Recent developments: In October, IBM offered $34 billion to buy an open source software stalwart, Red Hat. It followed Microsoft's smaller purchase in June of a similar software repository called GitHub.

Both companies want to bolster their cloud computing and storage abilities, where IBM has lagged the leaders. GitHub and Red Hat are leading developers of software for cloud-based systems, which enables customers to store and get access to files and programs on Internet servers.

Red Hat is IBM's biggest acquisition. Given IBM's market capitalization of $107 billion, it is a sizeable bet. It increases IBM's long-term debt considerably and so IBM will pause share repurchases in 2020 and 2021.

Performance: IBM's shares lost more than 25% of their value in 2018 as investors viewed its transformation as too slow. The Red Hat purchase towards the end of year was encouraging but coincided with a broader market downturn.

Since the New Year the shares are up 10% but remain near a two-year low.

The silver lining is that IBM's dividend yield is 5.2% – the highest in more than 20 years. It raised its dividend in 2018 for the 23rd consecutive year, indicating a confidence in the future. The trailing price-to earnings ratio is 19.6.

In the three months to Sept. 30, IBM reported revenue of $18.8 billion, a 2.1% decline from a year earlier. Net income fell to $2.69 billion from $2.73 billion a year earlier. On a per-share basis, earnings rose to $2.94 from $2.92 due to a lower number of outstanding shares.

Outlook: IBM paid a 60% premium to market for Red Hat and is betting that after five years of slow growth it can turn itself around with the help of a bigger cloud footprint. The purchase gives Red Hat's products the power of wider distribution through IBM's sales staff. Open source software is released under a license which lets users make changes and distribute the software. The initiative helps IBMs expand its growing presence in artificial intelligence (AI) and its Blockchain initiatives.

IBM expects Red Hat to add $3.2 billion to annual revenues. The deal is expected to close by the end of this year.

Action now: Buy. The hallmark of a good company is its ability to adapt to new circumstances. IBM has proved it can do that and what began as a gradual transformation five years ago is gathering momentum in 2019.

Harvest Portfolios Blockchain Technology Fund (TSX: HBLK)

Closed Friday at $5.85.

Background: Harvest Portfolio Group launched Canada's first Blockchain ETF in February 2018 and like all funds in the group, it has suffered as the Bitcoin fad has fallen out of favor. But the ETF holds many mature multinationals – including IBM – and many promising newcomers.

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The fund was rebalanced in September and holds 21 stocks. Ten core large cap holdings include IBM, Microsoft, Visa, Intel, Accenture Plc, and SAP. They make up 49% of the ETF. Profitable emerging players account for the rest.

Performance: As of the time of writing, the unit price value was off 41.5% from its issue price of $10.

Key metrics: The fund had an average market capitalization of US$135 billion through Nov. 30. The dividend yield is 0.78%. The management fee is 0.65%.

Action now: Buy. For patient investors with some appetite for higher risk in part of their portfolio, this fund offers good upside and limited downside potential after a year-long selloff. The mature companies offer balance and the emerging players growth.

ADAM MAYERS UPDATES MCDONALD'S

McDonald's (NYSE: MCD)

Originally recommended on July 9/18 at $159.94. Closed Friday at $182.37. (All figures in U.S. dollars.)

Background: McDonald's is the world's largest operator of fast-food restaurants, with more than 37,000 outlets in 120 countries. More than 44% are in Asia, or other emerging markets.

Performance: The shares had been trending up all fall but then went into a slump around Christmas, falling to the $170 range. They have since rallied back.

Recent developments: Apple shares tumbled last week on news of slowing iPhone sales in China and the development was seen as the canary in the coal mine.

But while Apple fell, McDonald's shares rose 3.8 % over the four days to Jan. 10. It's up 14% since we recommended it in July. McDonald's was one the best U.S. stock performers of 2018, in a year when the S&P 500 index fell 4.4%.

McDonald's has high hopes for China and it has a strong base there. The Golden Arches were China's first taste of western fast food and the iconic brand has a lot of power and loyalty**.** Of course, a Big Mac meal is also a lot more affordable than an iPhone!

McDonald's is on track to nearly double the number of restaurants in China by 2022. The company expects to have 4,500 Chinese restaurants by then, when it will surpass Japan as the chain's second-biggest market outside the U.S. McDonald's continues to implement a revitalization plan that aims to have franchisees operate 95% of locations. It believes franchising is the key to future profitability since owners have an incentive to react quickly to changing food tastes.

In its quarter ended Sept. 30, McDonald's reported better-than-expected results led by international markets and higher spending per customer in the U.S., where value deals brought in more traffic.

Revenue fell 7% from a year earlier, as the sales of stores to franchisees continued. Net income fell 13% for the same reason, but the decline was smaller than expected. Same-store sales rose 4.2% globally, ahead of analyst expectations.

Dividend: In September, McDonald's increased its quarterly dividend for the 42nd consecutive year to $1.16 per share. It yields 2.5% at current prices.

Action now: McDonald's continues to adapt and thrive. It is a Buy for long term dividends and capital gains.

GORDON PAPE'S UPDATES

CGI Group (TSX: GIB.A, NYSE: GIB)

Originally recommended on Aug. 19/12 at C$24.42, US$24.66. Closed Friday at C$86.08, US$64.84.

Background: Montreal-based CGI is the fifth largest independent information technology and business process services firm in the world. It employs about 74,000 professionals in offices and delivery centres across the Americas, Europe, and the Asia Pacific region.

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Gordon Pape's updates – continued from page 5…

Performance: The stock held up very well during the recent correction and is trading at close to its all-time high of $87.22, reached in in July.

Recent developments: CGI reported better than expected fourth-quarter and year-end results and the stock moved higher on the news.

For the quarter, revenue was $2.8 billion, up 7.3% from the year before (5% in constant currency). Net earnings were $293.5 million ($1.03 per share, fully diluted). In EPS terms, that was an increase of 47.1% over the year before. Cash provided by operating activities was $340.4 million or 12.2% of revenue. Especially encouraging was new bookings of $3.5 billion, or 126.2% of revenue.

For the full 2018 fiscal year, revenue came in at $11.5 billion, up 6.1% from 2017 (4.6% in constant currency). Net earnings were $1.1 billion ($3.95 per share), up 15.8% in EPS terms. Cash provided by operating activities was $1.5 billion. Bookings were $13.5 billion, or 117.3% of revenue, and the company reported a backlog of $22.6 billion, up $1.8 billion from the year before.

"The fourth quarter results demonstrate our ongoing ability to create value for all stakeholders through the disciplined implementation of our build and buy strategy," said CEO George D. Schindler.

"Building on this momentum and as we look ahead to fiscal 2019, we are well positioned – strategically, operationally, and financially – to deliver EPS expansion, and remain an active consolidator in markets around the world."

The balance sheet looks solid and showed year-over-year improvement. At fiscal year-end, the company had $184.1 million in cash and $1.3 billion in unused credit facilities. Net debt was $1.6 billion dollars, compared to $1.7 billion in the year ago period. As a result, the net debt to capitalization ratio decreased to 19.2% from 21.5%.

Subsequently, CGI announced it has entered into an agreement with the U.S. National Association of State Boards of Accountancy (NASBA) to provide IT management and software services. NASBA advances the common interests of the state boards of accountancy as they license and regulate U.S. certified public accountants and firms nationwide. The value of the contract was not made public.

Dividend and buybacks: The stock does not pay a dividend, but the company has been actively buying back shares. CGI invested a total of $797.9 million throughout the year to purchase 10.4 million Class A subordinate voting shares for cancellation, at an average price of $76.90. Under the current Normal Course Issuer Bid, an additional 10.2 million shares can be purchased for cancellation until Feb. 5, 2019.

Action now: We have been well-rewarded by this investment. To date, we have a capital gain of 252% and cautious investors may wish to take half profits in view of the market uncertainty. However, the fact the stock held up so well while the broad market was selling off gives us some confidence for the future, so we are maintaining our Buy position on this stock.

McKesson Corp. (NYSE: MCK)

Originally recommended on Feb. 27/17 (#21709) at $150.85. Closed Friday at $122.16. (All figures in U.S. dollars.)

Background: This company provides a variety of services to the pharmaceutical industry but one of the main ones is drug distribution. Along with two other companies (Cardinal Health and AmeriSource Bergen) it acts as the middleman between drug manufacturers and dispensers (pharmacies, hospitals, doctors, etc.). Those three firms operate as an oligarchy in their segment of the economy, similar to the big five banks in the Canadian financial sector.

Performance: The stock has been trending lower since the time of our last review in July. It bottomed out at $106.11 in late December but has since staged a modest rally.

Recent developments: The company reported revenue for the second quarter of fiscal 2019 (to Sept. 30) of $53.1 billion. That was up 2% from $52.1 billion in the same period of 2017.

Adjusted earnings per share came in at $3.60 (fully diluted). That was up 10% compared to $3.28 a year ago, but the improvement was mainly due to a lower tax rate, resulting from the reduction in U.S. corporate taxes that came into effect in January.

The quarterly results were negatively affected by what retiring CEO John H. Hammergren described as "headwinds we are facing in the U.K. and French markets". He said the company is having on-going talks with the British government to attempt to resolve the issues in that country.

Last April, McKesson launched a multi-year strategic

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growth initiative that included plans to optimize the company's operating and cost structures. The goal is to improve the company's ability to focus resources, reduce complexity, and improve efficiency and cost-competitiveness. Management expects these initiatives and actions will generate approximately $300 to $400 million in annual pre-tax gross savings by the end of fiscal 2021.

Subsequently, the company announced it is relocating its corporate headquarters from San Francisco to Las Colinas, Texas, effective April 1, 2019. Las Colinas is in the Dallas area, where the company already has a substantial presence.

Dividend and buybacks: The company raised its quarterly dividend by 14.7% to $0.39 per share ($1.56 annually), effective with the August payment. The stock yields 1.3% at the current price.

During the first half of the fiscal year, McKesson repurchased $877 million worth of common stock.

Outlook: The company slightly increased its earnings per share outlook for fiscal 2019 from $13-$13.80 to $13.20-$13.80.

Conclusion: McKesson is going through a transition period and problems with overseas operations are hurting revenue and profits. If the strategic plan works as planned, we should start to see some improvement in results over the next couple of years. In the meantime, investors will need to be patient.

Action now: Hold. If you own shares in the company, maintain your position but do not make new purchases until we see some positive results from the strategic plan.

Norfolk Southern Corp. (NYSE: NSC)

Originally recommended by Tom Slee on Nov. 13/09 (#2944) at $52.22. Closed Friday at $163.58. (All figures in U.S. dollars.)

Background: Norfolk Southern Railway operates almost 20,000 route miles in 22 states and the District of Columbia. It serves every major container port in the eastern United States, operates the most extensive intermodal network in the East, and is a major transporter of coal, automotive, and industrial products.

Performance: It's been some time since I looked at this stock – there was no pressing need to do so as the shares had been steadily trending higher until they suffered a minor setback in December. As things stand right now, we have more than tripled our investment since retired contributing editor Tom Slee first advised buying shares in 2009.

Recent developments: Third-quarter results were very strong, fueled by a 14% increase in income from railway operations and a reduced income tax rate.

Railway operating revenues were $2.9 billion, up 10% from the same quarter in 2017. This was due to higher volumes and an increase in revenue per unit, including higher fuel surcharge revenue as well as increased rates. Overall volumes were up 5%, reflecting growth in the major commodity categories of intermodal and merchandise, which offset a decline in coal.

Net income was $702 million, up 39% year-over-year. Diluted earnings per share were $2.52, up 44% and a third-quarter record.

Dividend: The company increased its quarterly dividend by 11%, to $0.80 per share ($3.20 annually), effective with the August payment. The stock yields about 2% at the current level.

Conclusion: Railroads are economically sensitive. Right now, the U.S. economy is strong and Norfolk Southern is prospering. However, the stock will lose ground if the economy falters.

Action now: Take half profits. We have a gain of 213% to date. Let's put some of that in our pockets and play with house money.

Sherwin-Williams (NYSE: SHW)

Originally recommended on July 18/16 (#21627) at $300. Closed Friday at $395.93. (All figures in U.S. dollars.)

Background: Sherwin-Williams's core business is the manufacture, distribution, and sale of paints and related products. The company has been in business since 1866 and has increased dividends annually since 1979. Headquartered in Cleveland, the company operates more than 4,900 stores and facilities. Its products are distributed in 110 countries.

Performance: When I last reviewed this stock in June, it had just completed a strong run. I advised selling half your position at a profit of almost $100 per share. Today, the shares are trading at almost the same level, after having retreated from an all-time high of $479.64 in September.

Recent developments: Third-quarter results were good but fell short of investors' expectations. Consolidated net sales were up 5% to $4.7 billion.

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Net income increased 11.7% year-over-year, to $3.72 per share (fully diluted). That included a litigation charge of $1.09 per share and acquisition-related charges of $0.87 per share. Stripping out those one-time costs, adjusted earnings were up 19.6% to $5.68 per share, compared to $4.75 the previous year.

The company is forecasting its earnings per share for the full year will be in the range of $19.05 to $19.20, excluding litigation and acquisition expenses.

Dividend and buybacks: The stock pays a quarterly dividend of $0.86 per share ($3.44 per year) to yield 0.9%.

Sherwin-Williams repurchased 925,000 shares on the open market during the first nine months of the year.

Conclusion: The pace of new home construction in the U.S. has been slowing, which could be bad news for paint companies going forward.

Action now: Sell. We have a nice return on this one. Let's move on.

YOUR QUESTIONS

Asset mix

Q – Enjoyed your latest newsletter as always. I want to own a little of each of your "Four stocks to watch" to make sure I am monitoring their direction. Finally, what is your view of geographic weightings for 2019 – U.S. vs. Canada vs. Emerging Markets? – Dale W.

A – I think the TSX will outperform the S&P 500 in 2019. Emerging markets will likely have a difficult year, especially if China falters. So, for the equities side of a portfolio, I would see a geographic mix as follows:

Canada – 40%
U.S. - 30%
EAFE – 20%
EM – 10%

For the total asset mix I suggest a conservative posture:

Equities – 50%
Fixed income – 40%
Cash – 10%

For older people (65+) I would reduce the equity exposure by 10% and add the difference to cash.

If markets go into a deep slide, use the cash to buy quality stocks at bargain prices. – G.P.

HOUSEKEEPING

The following stocks have been deleted from our website Recommended List. Sell advisories were issued previously so this notice appears only for record-keeping purposes.

Allergan plc. (NYSE: AGN): Recommended July 6/15 by Glenn Rogers at US$307.51. Sold Dec. 12/16 US$192.25.

American Airlines Group (NYSE: AAL): Recommended Nov. 24/13 by Glenn Rogers at US$24.27. Sold Feb. 23/15 at US$51.02.

American National Insurance Company (NDQ: ANAT): Recommended Jan. 4/04 by Irwin Michael at US$85.57. Sold June 29/15 at US$103.29.

Atlas Air Worldwide (NDQ: AAWW): Recommended Feb. 23/15 by Glenn Rogers at US$47.23. Sold July 25/16 at US$42.01.

Beam Inc. (NYSE: BEAM): Recommended Sept. 16/12 by Gavin Graham at US$58.97. Sold Jan. 20/14 at US$83.50.

Broadcom Corp. (NDQ: BRCM): Recommended Aug. 25/08 by Glenn Rogers at US$27.42. Sold June 23/14 at US$38.28.

Chicago Bridge and Iron (NYSE: CBI): Recommended April 28/13 by Tom Slee at US$53.28. Sold March 30/14 at US$85.06.

Constellation Brands (NYSE: STZ): Recommended Nov. 24/14, by Glenn Rogers at US$93.76. Sold April 18/16 at US$156.71.