Five Stocks to Own for the New Year

With just days to go until 2018, it's never too early to start preparing your portfolio for the New Year. That being the case, I set out to find five of the best opportunities I could find with a respectable future ahead of them.

No. 1 – Spark Therapeutics Inc. (NASDAQ:ONCE)

ONCE focuses on the development of gene therapy products for patients suffering from debilitating genetic diseases. Its products include voretigene neparvovec, which is in Phase III clinical trial for the treatment of genetic blinding conditions called inherited retinal diseases caused by non sex-linked, autosomal recessive, or biallelic mutations in the RPE65 gene; and SPK-CHM that is in Phase I/II clinical trial for the treatment of choroideremia. The company's products also comprise SPK-7001 that is in Phase 1/2 trial for choroideremia; SPK-9001, which is in Phase 1/2 trial for hemophilia B; and SPK-8011 that is in Phase 1/2 trial hemophilia A. In addition, its product candidates and development programs include SPK-FVIII program to treat hemophilia A; SPK-TPP1 program for the treatment of a form of Batten disease and Huntington's disease; RhoNova for the treatment of rhodopsin-linked autosomal dominant retinitis pigmentosa; and SPK-LHON for treating Leber hereditary optic neuropathy, as well as preclinical programs in development for the treatment of rare genetic blinding conditions, hematologic disorders, and other neurodegenerative diseases. The company has collaboration agreement with Pfizer, Inc. for the development and commercialization of SPK-FIX product candidates in its gene therapy program for the treatment of hemophilia B.

The other day, shares of Spark Therapeutics (ONCE) fell 40% on disappointing drug data. However, we believe the Street is overlooking other opportunities this company has to offer. Also, it's become aggressively oversold at this point with a good deal of upside potential. For one, the company recently secured a unanimous recommendation from a key FDA advisory committee for Luxturna, a gene therapy that can restore functional vision in a small subset of patients. We expect for the FDA to announce its decision on Luxturna in January, which could give ONCE exposure to a multi-million dollar market. Also, ONCE's hemophilia B gene therapy appears to work well. Should its efficacy and safety remain on course, this could also generate hundreds of millions of dollars in annual sales. For an idea of what kind of sales, Pfizer's hemophilia B drug saw $151 million in sales.

Technically, ONCE is excessively oversold and could refill its bearish gap at $70 with patience. As you can see in the chart, RSI is deep in oversold territory, as is MACD and Williams' %R. As long as $46.40 holds, the stock should rebound nicely.

No. 2 – BioTelemetry Inc. (NASDAQ:BEAT)

BEAT provides cardiac monitoring, cardiac monitoring device manufacturing, and centralized cardiac core laboratory services. The company operates in three segments: Healthcare, Research, and Technology. The Healthcare segment focuses on the diagnosis and monitoring of cardiac arrhythmias or heart rhythm disorders. It offers Mobile Cardiac Outpatient Telemetry and External Cardiac Ambulatory Telemetry services, which incorporates a lightweight patient-worn sensor attached to electrodes that capture two-channel electrocardiography (ECG) data, measuring electrical activity of the heart, on a compact wireless handheld monitor; event monitoring services to prescribe wireless event monitors, digital loop event monitors, memory loop event monitors, and non-loop event monitors; and a Holter and extended-wear Holter monitors to cardiologists and electrophysiologists. The Research Services segment provides cardiac monitoring, imaging, scientific consulting, and data management services for drug, medical treatment, and device trials to pharmaceutical companies and contract research organizations. Its centralized services include ECG, Holter monitoring, ambulatory blood pressure monitoring, echocardiography, multigated acquisition scan, imaging, protocol development, and expert reporting and statistical analysis. This segment also offers services in the cardiovascular, oncology, musculoskeletal, and neurologic therapeutic areas; and support services, such as project coordination, setup and management, equipment rental, data transfer, processing, analysis, and 24/7 customer support and site training. The Technology segment focuses on the manufacture, engineering, and development of non-invasive cardiac monitors for healthcare companies, clinics, and hospitals worldwide. This segment offers various devices, including cardiac event monitors, digital Holter monitors, and mobile cardiac telemetry monitors.

In November 2017, Apple released news that it had an FDA-approved bank that can be used to track EKG readers through the Apple Watch. That may not sound really exciting, but once you consider that it has $612 billion market potential it becomes quite an opportunity. What makes this even more exciting for BEAT is that it's the main strategic partner with Apple.

Even better, the company has great earnings. In fact, BEAT just posted 53% revenue growth to $81 million, representing its 21st consecutive quarter of growth. It also posted EBITDA of $17.5 million, which is 43% year over year growth for it, too.

Technically, BEAT is establishing a strong uptrend after finding support at $24. If the stock can break above it s 200-day moving average, we'd like to see a near-term test of $35.

No. 3 – Square Inc. (NYSE:SQ)

SQ develops and provides payment processing, point-of-sale, financial, and marketing services worldwide. It provides Square Point of Sale, a POS application software that offers managed payments solutions and advanced software products, including Square Dashboard, a cloud-based reporting and analytics tool that provides sellers with real-time data and insights about sales, items, customers, and employees; Square Payroll, which empowers sellers to hire, onboard, and pay employees and the associated taxes; and customer engagement tools that help sellers to enhance their business through digital customer feedback, marketing, and loyalty programs.

This has been one of the hottest stocks to own this year.

And we expect to see higher highs as we move forward, as it crushes earnings.

In its most recent quarter, adjusted revenue came in at $257 million. It also earned seven cents a share. Both beat expectations for $244.9 million in revenue and EPS of just five cents. Total revenue was up 33% year over year. Adjusted revenue was up 45% year over year. Gross payment volume was $17.4 billion, which is 31% annual growth and a 6% jump quarter over quarter. The company also raised full-year guidance.

What makes Square such an exciting trade is its disruptive technology.

It's disrupting every thing we know about credit card processing, which still uses old, expensive machines to process transactions. Frustration with such archaic processing is what created Square's product that allows merchants to accept mobile credit card payments using a credit card reader attached to the port of a phone. Square then takes a percentage of the transaction cost.

Such a solution has caught the attention of millions of people. And there's still plenty of growth ahead that could fuel hefty revenue streams and profit growth for years to come. In fact, the company believes it can grow revenue by 20% to 25% a year with margins of 35% to 40%. That's strong growth. Plus, consider this. There are millions of small- and mid-sized businesses just in the U.S., which generate a total of $6 trillion in revenue.

Even better, the company believes it can capture a good deal of the international market, too, which is five times bigger than the U.S. markets.

The company also just unveiled its newest hardware offering, Square Register, a versatile, fully integrated point-of-sale, built in-house to work seamlessly with any business. Square Register gives sellers a powerful combination of dedicated hardware, embedded point-of-sale software, and Square's fast and secure payments technology, all built to work together perfectly, according to its latest press release.

No. 4 – FireEye (NASDAQ:FEYE)

There are several reasons cyber security is one of the hottest sectors on the market.

For one, President Donald Trump recently signed an executive order aimed at strengthening federal government security efforts, as well as protecting the nation's critical infrastructure.

That alone could be a major catalyst over the next five years.

With the order in place, it'll help cyber security companies improve their revenue streams, as they develop new technologies for the government.

Two, with global cyber attacks like WannaCry and a growing number of companies and consumers deathly afraid of the next attack, investors just poured $3.5 billion into cyber security deals just in 2016 alone.

Those numbers, according to Business Insider, are only likely to rise.

Three, corporate America is finally waking up to the threat.

It's why we're seeing companies spend upwards of $81.7 billion globally each year on security hardware, software and services. Better yet, according to market intelligence firm, IDC sales could grow at a yearly rate of 9% through 2020.

That's growth that none of us can afford to miss.

Four, industry consolidation has been incredible, too. Cisco for example recently announced it would acquire Observable Networks, which makes network security software for the cloud. Symantec just acquired three small security companies, too.

Even Microsoft paid $100 million to acquire cyber startup, Hexadite, which focuses on using artificial intelligence to detect potential attacks.

As investors, we need to understand that IT security is clearly a vital for any business that relies on computers – millions of them. We also need to understand that as society progresses towards the Internet of Things, cars and home appliances will all of a sudden be connected online.

Consider this, for example.

According to Tech Hive, nearly all of that "fancy" hardware in a connected home is "inherently flawed when it comes to security." In fact, as they note, "It's only a matter of time until there is a widespread breach of hack of personal data involving one more IoT devices…"

> "Think about that for a moment. There's an uncomfortable level of creepiness that comes from knowing a hacker could be using your cameras against you, whether it's to map out the times you come and go during the week, or to create a blueprint of possible entry and exit points by looking through your baby monitor. Ideally, Moore recommends all communication use bidirectional encryption."

Also, consider that the electric components in your car can be vulnerable to hackers who can take full control of your brakes, engine and steering, as you're driving it.

This isn't science fiction. This is cold-hearted reality.

And because of that, it's also very clear that cyber security will be under considerable demand.

One of the best stocks to keep an eye on is FireEye for those very reasons.

FireEye is a cyber security firm that detects, prevents analyzes and resolves cyber attacks. The company offers vector-specific appliance solutions that provide threat protection from network to endpoint for inbound and outbound network traffic that may contain sensitive information. It also offers Central Management System that provides cross-enterprise threat data correlation to identify and block attacks across multiple attack vectors; and Threat Analytics Platform to identify and respond to cyber threats by correlating enterprise-generated security event data from any security product with real-time threat intelligence, as well as Malware Analysis System to manually execute and inspect advanced malware, zero-day, and other advanced cyber-attacks embedded in files, email attachments, and Web objects. In addition, the company offers Network Forensics Platform that helps in detecting threats and view specific packets and sessions before, during, and after the attack to confirm what may have triggered a malware download or callback.

Not only is it one of the hottest "go to" stocks of the cyber security sector again, but underlying fundamentals look polished, too.

No. 5 – USA Technologies (NASDAQ:USAT)

As we move toward a cashless society, look to stocks that are likely to benefit, like USA Technologies, which provides wireless networking, cashless transactions, asset monitoring, and other value-added services in the United States and internationally. It designs and markets systems and solutions that facilitate electronic payment options, as well as telemetry and machine-to-machine (M2M) services. The company's ePort Connect solution offers various POS options, card processing, wireless connectivity, customer/consumer, online sales reporting, M2M telemetry and DEX data transfer, over-the-air update capabilities, deployment planning, and value-added services, as well as planning, project management, installation support, marketing, and performance evaluation services.

Even after an explosive run higher, the company shows no signs of slowing. In fact, the company, which assists with cashless transactions, is likely to continue growing, as the global community goes cashless. Right now, more than a third of Europeans and Americans would be happy to go without cash and rely solely on electronic forms of payments if they could, notes Reuters. Already, up to 20% are doing so. So it came as no surprise that the company is still achieving record revenues. Fourth quarter 2017 revenue of $34.28 million crushed a year-earlier report of $21.94 million. Net income shot from a loss of $872,000 to $243,000. Net income per share bounced from a year-earlier loss of two cents to a one-cent gain.