

### Three of the Best Stocks to Own in 2019

Like most investors, one of your top goals has been to enjoy financial freedom at whatever age you choose. So, it stands to reason that your money should ideally generate above-market returns with below market risk.

Truth is – if you really want to become a better investor then you need to be looking at where the smart money is heading. You need to understand what is truly driving the markets and how you can take advantage of these moves as – and before – they hit the mainstream.

That’s how the long-term wealth can be found.

For 2019, after one of the most bizarre, aggravating years on record for the markets, a great deal of top stocks fell too much too fast, including these three “must own” trades for the year.

#### Hot Stock No. 1 – Square Inc. (SQ)

As 2019 begins, we believe Square is one of the must-own stocks of the year. Granted, last year wasn’t its finest and we were knocked out of a previous trade, but it’s got a lot going for it. For one, third quarter revenue was up 51% year over year. Adjusted revenue was up 68%. That’s up from growth rates of 48% and 60% in the second quarter.



Analysts are taking advantage of the pullback, too. Canaccord Genuity for example just upgraded SQ to a Buy from a Hold, stating they had “been on the wrong side of Square stock for some time,” as noted by Barron’s. The firm also noted it sees a long-term opportunity given Square’s status as a “truly disruptive company.”

## Hot Stock No. 2 – First Trust US Equity Opportunities ETF (FPX)

The FPX tracks hot IPOs in their first 1,000 days of trading. The investment objective of the Fund is to replicate as closely as possible, before fees and expenses, the price and yield of the IPOX-100 U.S. Index.



By buying it, not only can you avoid paying gobs of money for IPOs that may or may not work out, but you're also being exposed to multiple hot IPOs at the same time at lesser cost. In fact, even with some of the most obnoxious IPO failures, the ETF managed to run from a 2009 low of around \$11 to a recent high of \$75. It's a safer alternative than risking your hard-earned money to another potential flop, as SNAP-like stocks turned out to be.

At the same time, the FPX ETF gives you exposure to some of the hottest IPOs coming up in 2019, including Uber, Lyft, Palantir, Pinterest, and Rackspace.

## Hot Stock No. 3 – Etsy Inc. (ETSY)

Etsy Inc. operates as a commerce platform to make, sell, and buy goods online and offline worldwide. Its platform includes its markets, services, and technology, which enabled users to engage its community of sellers and buyers. The company offers approximately 45 million items across approximately 50 retail categories to buyers. It also provides various seller services, including direct checkouts, promoted listings, and shipping labels, as well as Pattern by Etsy to create custom Websites; and seller tool and education resources to start, manage, and scale businesses to entrepreneurs primarily through Etsy.com.



With a new CEO at the helm, the stock went from being a near-term disaster to gaining considerable upside in recent months.

Plus, it's beginning to draw a lot of activist attention.

TPG Capital and Black and White Capital for example have taken a stake in the company.

And earnings growth is exceptional.

In fact, the company just posted another quarter of solid, accelerating growth. Revenue just soared 41.3% year over year, a big acceleration from 30.2% growth in the second quarter. Net income of \$19.9 million may have been down 22.9% year over year, but was up nicely from the \$3.4 million posted in the second quarter, as well.

With this strong quarter, Etsy revised its full-year outlook. Management said it now expects full-year 2018 revenue to rise 35% to 36% year over year. This is up from a previous forecast for revenue to rise 33% to 35%.

The company also announced a \$200 million repurchase program.

"The stock repurchase program has no time limit and may be modified, suspended or terminated at any time by the Board of Directors," the company said in its third-quarter earnings release. "Repurchases under the stock repurchase program will be funded from Etsy's existing cash and cash equivalents or future cash flow."

Aside from our bullishness, other analysts are just as bullish.

RBC Capital lifted its price target from \$45 to \$52 on the strength of accelerating growth and margin expansion. Loop Capital analysts also boost their price target from \$57 to \$65, believing that Etsy's guidance is conservative at best.