

January 1, 2015

Hello Friends,

Another year is in the books and another new year is upon us. That adds to 28 years in the business for me and I hope that I have learned at least a thing or two along the way.

I really don't know if the market is going to move higher or lower in 2015 and I find it quite amusing to hear all of the TV pundits with their market predictions for the New Year. But how does anybody really know? There are geopolitical risks and events that no one can predict and only Janet Yellen knows if and when the Fed will start to raise interest rates.

Given the premise that I don't know the direction of the market in the coming year, I still have an opinion. And my opinion is that stocks are a good investment. I believe that an investment in US stocks is the best vehicle to create wealth over a period of years. I'm still putting the finishing touches on my "Market Manifesto" for 2015. My conclusion is that stock prices have a high probability of delivering strong gains in the year ahead for those of us willing to take a risk. Short term volatility usually gives way to long term wealth creation.

A 12% move higher for the market averages puts the Dow above 20,000 for 2015. I certainly don't know if that is going to happen. Instead, I'm saying that the market averages have a decent probability of reaching this lofty physiological threshold. And if that should happen, I wouldn't want to be sitting in a zero percent money market or 1% CD watching everyone else create wealth. That would be painful.

With this in mind, I've enclosed a list of my 12 favorite stocks for 2015. Again, I don't know if any of these names are going to go up or go down, but all I can do is assess the business climate that surrounds the US economy and attempt to invest in an enterprise that seems poised to capture market share from its competition, or has new and exciting products in the pipeline.

In the interest of full disclosure, I'm disappointed with the results of last year's list. Of the 13 stocks that I recommended a year ago, only 4 outperformed the market averages. My best gain came from Northrup Grumman, up 31% and Baidu, Yahoo and Schwab also beat the averages. The others were duds, but I'm still holding most of those picks anticipating stronger gains sometime in the future.

I just want to remind everyone that the short term price of a stock can bounce around quite a bit. Unfortunately, there is a casino element in US stock markets that can move prices in one direction or the other to quite an extreme. The downside volatility can interfere with the long term investment process. Of course, when the volatility is to the upside, that's a good thing. So if the downside volatility creates stress and anxiety, then stocks are not a suitable investment and I can assist you with other investment vehicles.

I am pleased to answer any questions, or provide more information, just ask. Best wishes for a Happy, Healthy and Prosperous New Year.

Sincerely,



Jim Aljian