Forbes NEWSLETTERS

GURU PICKS: 35 PROFIT MAKER$ FOR VOLATILE TIMES

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Now that QE2 is officially over, many investors wonder whether or not the relatively gentle environment of the past year, including low interest rates, low inflation and a generally positive market for stocks will continue. While some of Forbes' smartest market gurus are expecting interest rates to begin an upward climb others are convinced that QE3 is on its way to ease the pain now flaring up in the Eurozone.

What's an investor to do? We polled Forbes' top advisors for their best ideas for the next 12 months. In the following pages you will find 35 investment picks from 20 gurus ranging from staid big-cap dividend stocks to commodity ETFs and low-priced stocks.

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Guru: Richard Lehmann Forbes/Lehmann Income Securities Investor

Recommendations: iShares Comex Gold (IAU), Gabelli Gold, Natural Resources & Income (GGN)

Despite a tremendous run since 2008, gold still holds great appeal, especially for those who think that uncertainty will define the future for at least another 18 months. By then, inflation will probably have taken over. Another reason to like gold is that its role in world affairs has fundamentally changed. The dollar is weak and the Euro has a dubious future. Coun tries like China, India, Brazil and Russia, which are building huge foreign exchange reserves, know this and are using gold as a diversification of their reserves away from fiat currencies. Their buying will put a floor under gold prices for years to come. Adding to demand is that Chinese citizens have recently been allowed to own gold. This should greatly increase demand since they are huge savers and their only other investment choices are real estate and stocks, both of which are sky high and require choice and judgment.

Source: Yahoo Finance

Source: Yahoo Finance

While holding gold in bullion form is comforting, it lacks flexibility and carries a high acquisition cost. A more liquid substitute is **iShares Comex Gold Trust**, an exchange-traded fund that holds gold bullion. It has a low annual management and storage fee of only 0.25%. A second way to play the price of gold is the **Gabelli Gold, Natural Resources & Income Trust.** This fund invests mainly in gold (51%) and oil and gas (45%) and pays out an annual 9.45% yield funded mainly from trading profits. It's one way to have your gold and a yield as well.

Guru: John Buckingham The Prudent Speculator

Recommendations: Nucor (NUE), Whirlpool (WHR), Norfolk Southern (NSC)

As there remains plenty about which to be concerned, ranging from the European sovereign debt mess and slowing growth in emerging economies to the giant budget deficit and recent string of weak economic data points here at home, I think the attractiveness of value-priced, generally-less-volatile dividend-paying stocks continues to grow. This is especially true, given the historically low interest rate environment and the recent outperformance of growth stocks. I continue to like steelmaker **Nucor**, mentioned in January's special report ***32 Great Investments For 2011***, and I am also partial to appliance manufacturer **Whirlpool** and railroad operator **Norfolk Southern**.

Source: Yahoo Finance

Source: Yahoo Finance

Source: Yahoo Finance

While steel prices are well into the process of bottoming out, I also like Nucor's relatively strong balance sheet and solid cash flow generating ability, which positions management to not only seize growth opportunities and market share, but also partake in shareholder friendly activities like share buybacks and dividend increases. We like that the firm's vertical integration helps to mitigate earnings volatility and that it has improved its cost structure. Nucor has paid a dividend for 153 consecutive quarters and the shares currently offer a yield of 3.6%.

North American operations continue to battle near-term headwinds, but Whirlpool's growing international presence is a key driver of our optimism. International sales account for 45% of revenue and are projected to jump to 50% over the next few years. Much of this growth is being captured in Latin America—which accounted for 25% of sales last year—with Asia and its emerging markets steadily gaining ground. Recently, the company's strong free cash flow allowed management to increase the dividend by more than 16% and the current yield is 2.7%.

In addition to boasting an extensive intermodal and coal service network and a significant general freight business, including an automotive business that is the largest in North America, Norfolk Southern is one of the best-run railroads. The company is posting solid double-digit volume growth, which, coupled with its inflation-plus pricing and favorable product mix, allows it to generate one of the top operating ratios in the industry. With solid business execution, a good financial footing and strong free cash flow generation, we expect attractive long-term returns. NSC shares currently offer a yield of 2.2%.

Guru: Jim Stack InvesTech Research

Recommendation: Medtronic (MDT)

Medtronic, which was our recommendation in the report earlier this year, is a premier medical device manufacturer. In this mid-term update, it's important to note that the firm continues to expand its global reach at a brisk pace. For the most recent quarter MDT reported a 20% increase in emerging markets revenue with sales in China, India, Latin America, the Middle East and Africa all providing momentum to this growth. With a broad array of products already in the lineup and many in the pipeline, the company remains poised to continue capturing tremendous growth opportunities in these rapidly expanding markets.

The stock is a part of the health care group, a favored sector at this point in the market cycle. The recent pullback offers a renewed opportunity to add a position in this quality firm as the stock sits at an attractive 11.6x earnings compared to its 10-year median of 23x.

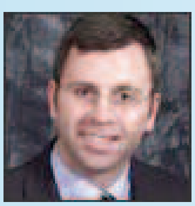
A new CEO took over the helm at the start of Medtronic's fiscal year beginning in May. Although the firm issued conservative guidance for the coming year, it would not be a surprise if projections were revised higher in upcoming quarters. In total, the factors noted here, plus the firm's financial and technical strength, continue to support this investment as a great opportunity in 2011.

Source: Yahoo Finance

Guru: George Putnam — The Turnaround Letter
Recommendation: Owens Corning (OC)

Owens Corning's stock has performed well over the first half of the year despite the continued weakness in the construction sector. The maker of insulation and roofing products has a market cap of $4.6 billion and $5 billion in revenue. OC's composites business remained strong while the roofing and insulation businesses struggled. I believe that Owens Corning stock will go considerably higher once the building markets begin to improve.

Source: Yahoo Finance



Guru: Richard Moroney — Dow Theory Forecasts, Upside
Recommendation: Apple (AAPL)

Apple's iPod helped upend the music industry's business model, and its iPad tablet could pose a similar threat to personal computers. One day after Apple unveiled its iPad 2, industry researcher Gartner (IT) shaved more than 4% off its 2011 PC-sales forecast. Apple sees tablet sales eventually overtaking PCs, with low-end laptops most vulnerable. If a company is only as good as the products it makes, then Apple and its portfolio of winners—including the iPhone (39% of sales in the 12 months ended December), Macintosh (24%), iPad (13%), and iPod (11%)—looks quite strong. The stock is a *Dow Theory Forecasts* Focus List Buy and a Long-Term Buy.

Apple's slimmed-down iPad 2 runs on a processor twice as fast as the original model. Apple says about 80% of Fortune 100 companies are testing the iPad, with early adopters including General Electric, Wells Fargo and Medtronic.

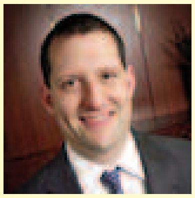
The iPad already accompanies executives on sales calls, and hotels use it to check out guests. The iPad is even creeping into airplane cockpits as an alternative to paper charts.

Ultimately, the strength of Apple's security features will be critical to corporate customers. Apple finds itself in a suddenly crowded field that includes Motorola Mobility's (MMI) Xoom and forthcoming models from Hewlett-Packard (HPQ) and Research In Motion (RIMM). Apple estimates that 64 companies have tablets in development or production, but rivals will have trouble competing with the iPad's $499 price.

The iPad isn't Apple's only growth product. Shipments of the iPhone surged 87% in 2010, ahead of the 72% advance for all smartphones. Apple holds a 16% slice of the global smartphone market and a 27% share in the U.S. Since ending an exclusive U.S. partnership with AT&T (T), Apple reports brisk sales for its iPhone 4 on Verizon Communications' (VZ) network. Apple is also considering a partnership with China Mobile (CHL).

Source: Yahoo Finance

The health of CEO Steve Jobs, who has been treated for a rare form of cancer and in January took his third medical leave since 2004, can move the stock. Jobs' frailty represents a significant risk, as he is literally the face of the company. But Apple has a deep bench of longtime managers and an army of developers among its nearly 47,000 employees. Even without Jobs, Apple should do just fine. Moreover, the stock’s valuation already reflects expectations of a slowdown in profit growth. At 13 times expected current-year earnings, Apple trades in line with the computer-hardware group despite superior growth prospects and a cash position exceeding $30 per share.



Gurus: Jim Oberweis and Dave Covas

The Oberweis Report

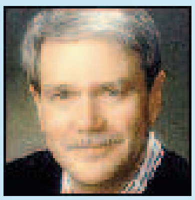
Recommendations: Amerigon (ARGN), Broadsoft (BSFT)

Amerigon uses a proprietary thermoelectric technology to offer climate controlled seats to the automotive industry. Its seat is both heated and cooled and is offered as an optional or standard feature in more than 44 automobile models. Its recently launched heated/cooled cup holder for the auto market, which allows the driver and passenger to individually control the temperature of their respective beverage, will be offered on the 2011 Dodge Charger. Management expects it to generate $8-10 million in revenues in 2011 from this product alone. ARGN also recently partnered with Mattress Firm to develop the YuME bed, a luxury mattress that allows each side to be independently heated or cooled. What little competition Amerigon did face from private German firm W.E.T. went away with its recently announced acquisition of the company, at what we believe to be quite favorable terms. Amerigon grew revenues at close to a 50% clip in the latest quarter and earnings close to 90%. With shares trading at 25x our estimate for 2011 earnings, it's a good time to buy.

Source: Yahoo Finance

Source: Yahoo Finance

Broadsoft provides software to telecom service providers, which allows them to provide customers with a range of cloud-based, or hosted, IP multimedia communications such as video calling. Network operators looking to build lower-cost networks and to differentiate their service offerings given heightened competition have been increasingly deploying an IP infrastructure. Once in place, they need a software offering such as Broadsoft to deliver and coordinate voice, video and messaging communications through that new IP-based network. Verizon (VZ), for example, uses Broadsoft products to enhance the offerings it provides to both its enterprise customers and individual consumers. With the explosion of IP-enabled devices (smartphones and other mobile devices that can connect to the Internet) the demand for these services grows, driving customers like Verizon to buy more licenses from Broadsoft. While new to Wall Street with an IPO in mid-2010, Broadsoft is the market leader with roughly 40% worldwide market share and counts 15 of the world's top 20 telecom carriers as customers. Broadsoft grew revenues more than 60% in the latest quarter, and we expect earnings to grow more than 50% in 2011.



Guru: Curtis Hesler Professional Timing Service

Recommendations: Goldcorp (GG), Enerplus (ERF)

Gold has finally cooled off a little, but my opinion remains unchanged. This is only a pause in the great 20-year precious metals bull market that began in 1999. The dollar is destined to fall much further. In fact, all fiat currencies are losing purchasing power, and gold may be the only way to protect your wealth, regardless of your national allegiance. Consequently, gold is not only for the rich. Everyone should hold some **Goldcorp** at the core of his portfolio. Goldcorp is simply the very best gold miner on the planet. First quarter results were fabulous. Revenues were up 69% over the first quarter of last year, and operating cash flow increased 108% over the first quarter of 2010. Earnings were up 150% quarter-over-quarter. This was all on an increase of realized gold prices of 26%, which reflects the leverage we expect as Goldcorp shareholders. Gold bullion has throttled back after hitting all-time highs at $1,550 per ounce, and those wishing to participate in solid capital gains over the next 24 months would do well to take advantage of this respite to nail down gold positions at advantageous prices. Gold looks like it could hit $1,800 by early next year on its way to $2,500. Goldcorp is an easy double.

Source: Yahoo Finance

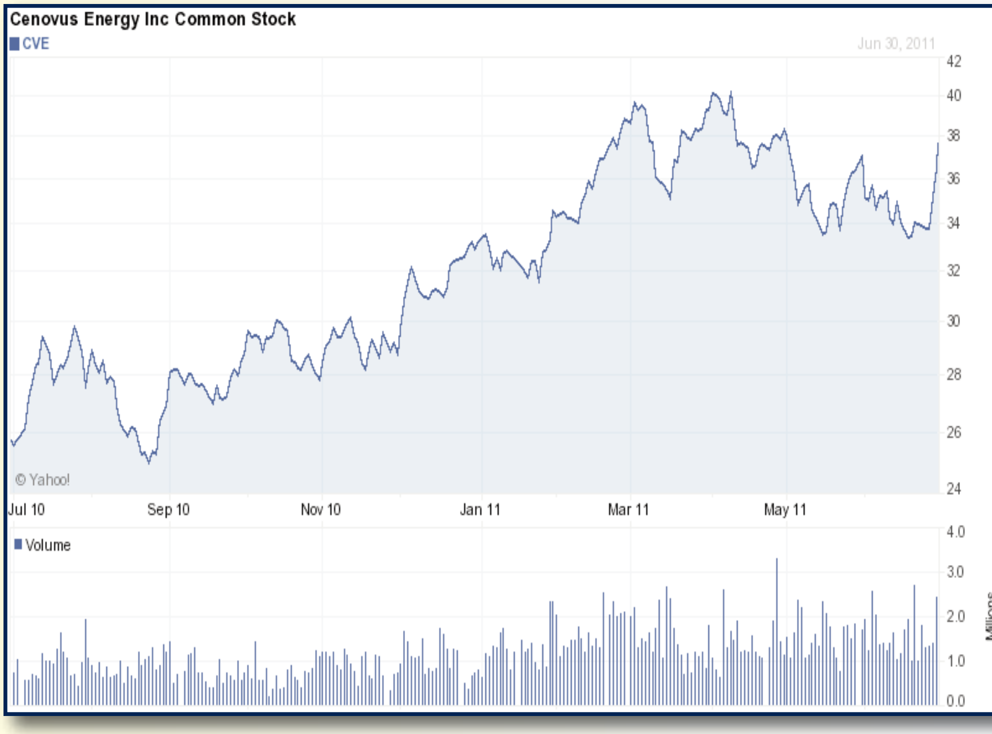
However, there is not much current income to be found in precious metals, and we would all like to find an alternative to ridiculously low-paying CDs and T-bills. Energy is where the money is if you want income. Crude oil (like gold) has corrected over the last several weeks. Some will argue that crude oil prices have to fall because the economy is weakening and the second leg of the recession is on the horizon. Remember the 1970's? The economy was in the dumps, the stock market was getting creamed, and crude oil prices were rising. As Yogi Berra would so aptly say, "It's about to become déjà vu all over again." Tight supplies due to unrest in sensitive areas like Yemen along with more countries like Egypt opting to halt exports in order to retain production for domestic use insures tighter supplies in the West. Crude prices are going higher, and it is time to take advantage of the current softness in the sector to pick up some yield. In keeping with the theme of concentrating our core investments in North America and out of harm's way, you should consider **Enerplus.** The dividend is respectable at a bit above 7%. Along with its tried-and-true portfolio of producing properties, it is developing extremely exciting production and growth prospects in both the Bakken shale reserves as well as the Marcellus natural gas shale reserves, both of which promise to significantly increase its production and proven reserves.

Source: Yahoo Finance

Guru: Gordon Pape The Canada Report
Recommendations: Cenovus Energy (CVE), Brookfield Infrastructure Partners (BIP)

Cenovus has been around for less than two years, having been spun out of Canadian energy giant Encana (ECA) in fall, 2009. It's a company you should get to know if you're interested in an up-and-coming oil sands producer with huge reserves, an aggressive expansion plan, and production costs that are among the lowest in the industry. Cenovus, which is based in Calgary, recently announced that it will invest between C$3 billion and C$3.5 billion annually over the next decade to develop its rich oil resources. The aim is to produce 500,000 barrels a day by 2021, of which more than 400,000 will come from the oil sands. That's about six times more than current oil sands production. Cenovus ranks as one of the top mid-tier companies in North America and is on track to join the major producers when its expansion plans are complete. The stock pays an annualized dividend of C$0.78 a share to yield 2.3%.

Based in Bermuda, **Brookfield Infrastructure Partners** publicly-traded limited partnership was spun out of Canadian conglomerate Brookfield Asset Management in early 2008 (Brookfield retains a 41% stake). The business consists of the ownership and operation of utilities and timber assets in North and South America, Australasia and Europe, as well as access fees for the transportation, storage and handling of energy, freight and bulk commodities. The partnership controls the transmission lines that provide electricity to 98% of the population of Chile. It is the second largest distributor of energy in New Zealand and the second largest independent owner of utility connections in the United Kingdom. It is a major player in coal handling, accounting for 8% of global seaborne coal exports and more than 20% of global seaborne metallurgical coal exports. There's a lot more—railroad lines in Australia, natural gas transmission lines in the U.S., and 1.3 million acres of timberlands in the U.S. Pacific Northwest and Canada. There's a lot of growth potential here but there is excellent cash flow as well. The units are currently paying out $0.31 per quarter ($1.24 annualized) for a yield of 5.1% and management's goal is to steadily increase the distribution. This security is an excellent choice for investors who want a decent yield, a stable business, and good long-term growth potential.



Source: Yahoo Finance

Source: Yahoo Finance

Guru: A. Gary Shilling

Gary Shilling's Insight

Six months ago, I bucked the consensus by recommending 30-year Treasury bonds and the dollar, especially against the euro. Since then, the long bond has beaten the S&P 500 despite widespread inflation fears and concerns that Treasurys will nosedive as QE2 ends. I'm sticking with this winner, since the slowing global economy and potential U.S. recession in 2012 should switch concerns from inflation to deflation. Also, Treasurys will benefit from the continuing eurozone crisis, post-earthquake/tsunami problems in Japan and the unfolding hard landing in China.

Source: Yahoo Finance

***Forbes Advice: Buy Vanguard Extended Duration Treasury Index (EDV)**

I also still like the dollar. The eurozone's miserable choice between continual bailouts of the Club Med South by the Teutonic North or the disintegration of the common currency bloc and the buck's safe haven appeal should outweigh the faltering U.S. economy and unresolved federal deficit.

Source: Yahoo Finance

***Forbes Advice: Buy PowerShares DB U.S. Dollar Index Bullish (UUP)**

**Gary Shilling does not make specific recommendations, the pick represents Forbes' interpretation of his strategies.*

Guru: Taesik Yoon   Forbes Growth Investor

Recommendations: Microsoft (MSFT), NetEase.com (NTES)

Microsoft has not fared as well as I had hoped when I initially recommended the stock at the beginning of the year. This is disappointing since many of the factors that led to my initial favorable opinion on the stock remain intact. Indeed, MSFT continues to exceed profit expectations, maintain a very strong balance sheet and offer compelling valuation. However, investors seemed skeptical regarding long-term growth prospects in light of certain developments that have been announced this year. The one that grabbed the most attention was Microsoft's announcement that it will acquire Internet communications provider Skype Global for $8.5 billion in cash. At nearly ten times the $860 million in revenues Skype generated in 2010, MSFT is paying a hefty sum. As such, that the company may be overpaying for assets in order to find ways to support future growth. While I still remain high on MSFT over the longer term, this investor skepticism may linger over the near term. Additionally, the recent sell-off in equities has created attractive buying opportunities in other stocks with more promising growth prospects.

Source: Yahoo Finance

Source: Yahoo Finance

One of the more compelling opportunities is **NetEase.com** (NTES), a leading China-based provider of online communities and personalized premium Internet services. The company specializes in the online gaming market, focusing on massively multiplayer online role-playing games (MMORPGs). Current game offerings include

Fantasy Westward Journey online series, *Tianxia II* and *Datang*, which were all developed in-house. It also includes the incredibly popular *World of Warcraft* MMORPG licensed from Blizzard Entertainment. NTES has benefited immensely from China's booming economic growth over the past decade, which has increased penetration of Internet access and raised consumer disposable income levels within the region. Indeed, total revenues grew from just $27 million in 2002 to $858 million last year. Earnings improved to $2.60 per share from just 2 cents during the same period. While results in the current year have continued to show strong growth, the stock has suffered from growing concern regarding the accuracy of accounting practices by China-based firms spurred by multiple disclosures of accounting issues and the resignations of auditors at many Chinese companies over the past three months. Nevertheless, there is a lot to like about NTES. Its finances are a model of health with no debt and a growing cash balance (includes cash, time deposits and restricted cash) that stood at $1.60 billion at the end of the first quarter, up $473.9 million from the prior year. NTES' consensus earnings estimate for 2011 currently stands at $3.40 per share, representing an increase of 31% from 2010. Based on its forward price/earnings ratio of 12, the stock sells for just 0.4 times its expected growth rate. Near-term prospects remain favorable with the recent launch of *Starcraft* by Blizzard Entertainment—the fastest selling strategy game of all time—in the Chinese market. Therefore, while accounting concerns may continue to plague Chinese stocks in general, I think NTES' combination of attractive value and growth potential will win out with investors and result in a strong rebound in share value in the back half of the year.

Guru: Charles Carlson DRIP Investor

Recommendation: Ameriprise Financial (AMP)

I continue to like **Ameriprise Financial**. The stock has pulled back in line with the market correction. However, I remain a fan given the demographics (older investor populace) that will need the company's financial-planning services. Ameriprise just announced another stock buyback program totaling $2 billion. AMP has $10.4 billion in revenue and a market cap of $13.8 billion. I expect AMP to continue to beat the consensus earnings estimates. The current stock price is offering a good entry point.

Source: Yahoo Finance

Guru: Marc Gerstein

Low-Priced Stock Report

Recommendation: Nanophase Technologies (NANX)

Source: Yahoo Finance

Investors have always loved great stories—railroads in the 19th century, biotech in the '70s, computer technology in the '80s, Internet etc. at the turn of the 21st century—but even though the stories have often turned out even better than initially expected, investors have tended to get burned by jumping in too early and accepting sky-high valuations for shares of companies whose commercial capabilities have not yet been fully baked. Low-priced stock investors, however, have a different perspective. Such fashionable stocks don't get onto their radar until others have given up and prices slide to low-single digits. Ironically, by the time this happens, companies may have actually reached commercial viability. This is where we find ourselves with **Nanophase Technologies**, a nanotech company that works with particles less than 100 nanometers in diameter (one nanometer is 100,000 times smaller than the width of a human hair).

Don't panic. This isn't science fiction. All we're talking about here is utilizing distinct properties resulting from such small particle size to come up with materials that offer new and useful properties. About 65% of NANX's revenues come from supplying nano materials to BASF, as a middleman, with the idea that they will be incorporated into consumer products, such as sunscreen. One use is elimination of the thick pasty quality normally associated with zinc oxide. Consumers hate the paste but like the way zinc oxide protects against ultra-violet radiation. In late 2010, NANX decided to stretch beyond its relationship with BASF by working with others to incorporate nano materials into their products. The first such offering was NanoUltra®, a line of architectural window cleaning and restoration products sold to distributors of professional window cleaning supplies that removes a "microroughness" that comes from cleaning and, thus helps protect windows from further staining from, say, raindrops. NanoArc®, introduced in late 2010, is used to help zinc oxide (which protects against scratches and abrasions in hard surfaces) function effectively without the excess gloss and diminished transparency that had traditionally inhibited its use thus enhancing its appeal for protection of wood surfaces and in electronic products. These two new products, along with others to come, should help investors stop techno-dreaming and start bean counting, thus turning the stock from a fad to a growth vehicle.

Guru: John Reese Validea Hot List
Recommendation: Dollar Tree (DLTR)

Source: Yahoo Finance

This Virginia-based dollar store excelled during the "Great Recession," and has continued to thrive since the economic turnaround began. Its focus on bargain-priced merchandise should give it downside protection if the economy struggles, and the $7.6-billion-market-cap company gets high marks from several of my Guru Strategies, each of which is based on the approach of a different investing great. My Peter Lynch-inspired model likes **Dollar Tree**'s impressive 26.7% long-term EPS growth rate and very reasonable 0.67 P/E/Growth ratio, while my James O'Shaughnessy-based growth model likes its combination of a strong relative strength and reasonably priced shares (1.24 price/sales ratio). My Martin Zweig-based growth model, meanwhile, likes that Dollar Tree's earnings have not only been growing, but growing at an accelerating rate, and my Ken Fisher-based strategy likes DLTR's 18% debt/equity ratio and $2.66 in free cash per share.

Guru: Jim Lowell Fidelity Investor, Forbes ETF Advisor

Recommendations: Fidelity Mega Cap Stock (FGRTX), State Street SPDR Dow Diamonds (DIA), PowerShares Dollar Bull (UUP), ProShares Ultra Short Euro (EUO), Fidelity Select Consumer Staples (FDFAX), Fidelity Select Consumer Finance (FSVLX)

After quarters of accelerating earnings and economic growth I think we're staring at two quarters of decelerating growth on both fronts. For the second half of 2011 I like flight-to-quality mega cap stocks, dollar strength on geopolitical weakness, as well as consumer staples and consumer debt. My contrarian stance is that brand America has not only not been damaged by the global snafus of the past decade, but that it has become more of a status to "own" the brand; especially among the dramatically growing emerging market consumer base. Here, I think you need a Mercedes symbol on the hood of your car to toot your own horn. There, a Coke and a Big Mac on the table effect the same point.

Source: Yahoo Finance

Source: Yahoo Finance

Fidelity Mega Cap Stock, run by a savvy large-cap stock selector, Matt Fruhan, who is relatively new to this fund (he took over in April, 2009) but has a long and good track record running Fidelity Large Cap Stock (FLCSX) since May, 2005. Fruhan has Mega Cap Stock underweight energy and overweight consumer staples—the first time he's truly made such a bid on staples, and not the first time he's been bearish on near-term oil. Technology trumps utilities and its synonym telecommunications; he prefers owning Apple to the bankshot of, for example, Verizon's ability to sell iPhones. He's got a bold and possibly early bet on financials (it has been an early bet on them so far).

ETF investors could get there from here in the simplest of all mega-cap stakes, the **State Street SPDR Dow Diamonds**. IBM (10%), Caterpillar (7%), Chevron (7%), 3M (6%), United Technologies (5%) are the top five holdings amounting to 35% of DIA's assets. Exxon, McDonald's, Boeing, Coca-Cola and Procter & Gamble round out the top 10 positions, amounting to more than 55% of the DIA's footprint.

Source: Yahoo Finance

What pulls the dollar's trigger best is a marketplace shoot 'em up that leaves all customers looking for a table to dive under. I have been a longstanding dollar bull, which is a kind way of saying I have been poked in the eye more than once by that call. But, chin out and charge the mountain: I like the **PowerShares Dollar Bull** in a pairing with the **ProShares Ultra Short Euro** ; UUP is a dollar proxy, whereas EUO is double the inverse price of the in-turmoil Euro.

I'd also up the active management ante a bit and own **Fidelity Select Consumer Staples** in tandem with a unique twist on consumer discretionary by buying the financing behind it via **Fidelity Select Consumer Finance**. Both no-loads, one doubles down on the likes of Procter & Gamble, Coca-Cola, CVS and other necessary sundries while the other pokes its nose in a former pig pen; Discover, Visa, Capital One, Mastercard and more.

Guru: Rudy Martin Latin Stock Investing

Recommendation: Banco Latinoamericano de Comercio Exterior (BLX)

We all know that most large banks in the U.S. and Europe have been in deep doodoo. Even with free money from the Federal Reserve and Europe's central banks, they're still not making tons of money. The main reason is that consumers in the U.S. and Europe are spending less, saving more, and naturally, borrowing a lot less. But that's not so in emerging markets. Banks, especially in Asia and Latin America, have never been stronger or more profitable. Take the emerging market bank I'm eyeing right now. It focuses only on commercial banking, financing the booming foreign trade that's occurring between emerging market countries. **Banco Latinoamericano de Comercio Exterior** is one misunderstood, unique bank. Known as Bladex for short, it is a supranational bank in the heart of Latin America—created by the initiative of the 23 central banks of Latin America and the Caribbean in 1975. With shareholders including local, regional and international banks, along with private investors, Bladex's mission is to finance and promote trade in the region.

Source: Yahoo Finance

Here are my main reasons why Bladex could hand you a potential 140% gain in the next year:

1) Regional growth potential: With GDP growth projections in many developed economies being lowered, the IMF expects Latin American growth in 2011 to reach 4.7%, a significant increase over the 4.3% figure published in January. Bladex operates in a market that continues to expand steadily, in spite of some level of concern about inflation. According to the World Trade Organization, global trade made an important return to growth in 2010. Its latest report shows growth in trade volumes of 13.5% in 2010. Significantly for Bladex, recovering economic activity brought about a 26% increase in Latin America's trade flows to $1.7 trillion. Bladex's infrastructure and delivery platform expansion efforts of the previous two years have paid off handsomely, allowing it to increase disbursements in 2010 by 79% to $7.4 billion. It also grew year-end credit balances by 35%, to $4.9 billion.

2) Bladex plays a unique role in regional trade flows. Over the last 30 years, it has dispensed more than $169 billion of accumulated credits in 23 countries.

3) Bladex has access to capital and deals from institutional sponsors. It has been an investment-grade institution since 1992. Current ratings are BBB by S&P, and Baa2 by Moody's. About 45% of its business is bank-related. The bank's capital cushion (based on Tier 1 capital at year-end 2010) was nearly three times the average of the typical U.S. bank.

4) Management stands out. Bladex is lead by Jaime Rivera, who joined in March 2002 from Bank of America. Rivera spent more than 20 years in commercial and investment banking at Bank of America, focusing on Latin America.

5) Flight-to-quality benefits Bladex. The banking and trade financing landscape in the region changed in 2009 with decreased consumer and construction financing, reduced activity in the capital markets, tightening of credit standards for corporate credit with increased collateral requirements, and higher rates and fees for credits and transactions. All this worked in favor of Bladex because the flight to quality brought it more business and better rates.

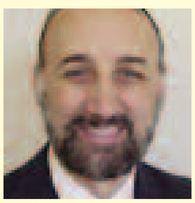
But here's why I think Rivera's team will generate even better results going forward:

1) Portfolio and product growth. Loan and transaction volume should really pick up in 2011. By opening offices in Mexico and Brazil last year, it's starting to get into some of the more lucrative deal flows from its major sectors such as Brazil's oil and gas industry. Its new Asian syndicated loans business also holds some promising growth potential.

2) Improving return on assets. Interest spreads should continue improving. Recent initiatives to source deposits from Asia and improved ties with central banks are reducing the relative cost of funding the balance sheet.

3) Fears about investing losses should eventually disappear.

4) Bladex is undervalued. While most emerging market banks are selling for about 2 to 2.5 times book value, BLX's share price is selling for less than book value, fully 70% cheaper than its competitors. Although the bank's share price has already jumped more than 48% since August, it's still dirt cheap at current levels. Based on its steeply discounted book value, I wouldn't be surprised to see shares jump as much as 140% in the next 12 months. That doesn't even include the rich, nearly 4.75% indicated dividend, with 20% dividend growth last year.



Guru: Jack Adamo Insiders Plus

Recommendations: Goldcorp (GG), ETFS Physical Swiss Gold Shares (SGOL), Royal Dutch Shell (RDS-B)

The best defense is a good offense. Back in January I warned that the buying power of the U.S. Dollar had eroded 33% in the last decade, leaving stock investors with little in the way of inflation-adjusted gains. Nothing has changed since January. The dollar has brief rallies as other currencies weaken, then it resumes the relentless downward trajectory that U.S. fiscal and monetary policies make inevitable. I continue to recommend a two-pronged investment strategy that, according to *Hulbert's Financial Digest*, had my *Insiders Plus* newsletter delivering a compound annualized return more than three times greater than the market over the last ten years, and more than five times the risk-adjusted return. (January 2011)

Source: Yahoo Finance

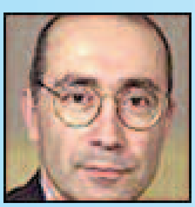
The first prong of my strategy is to own gold as 15-20% of our portfolio. My favorite stock for years was Compania de Minas Buenaventura (BVN). I made more than 200% on it, but I sold it in February when it became obvious that radical leftist Ollante Humala would become President of Peru where BVN is located. I replaced it with **Goldcorp**, a great company with very little exposure to politically unstable countries. The stock is up 7.2% since I bought it on February 14. The S&P 500 is down 11%. I also hold bullion via **ETFS Physical Swiss Gold Shares**. The ETF is up 5.2% year-to-date versus 2.5% for the S&P.

The second part of my strategy focuses on solid companies with a history of healthy dividend growth. My favorite remains **Royal Dutch Shell, Class-B.** Energy has outperformed the market for decades and is still relatively cheap. Shell is the fifth-largest integrated oil company, and one of the oldest companies in the world. New management is reining-in expenses and improving return on equity. EPS rose 29% to $1.02 in the first quarter. RDS is also very forward thinking. It recently announced a multi-billion dollar joint venture to produce biofuels in Brazil from sugar cane—the lowest-carbon biofuel commercially available. It's also building the world's first floating liquefied natural gas (LNG) platform to produce LNG cheaply and safely. Shell's dividend is near 5%. Like most foreign companies, the dividend varies year to year, but should remain high and grow steadily, since the payout ratio is a modest 50% and debt/equity is under 20%. The stock has returned 11.7% since our November 1 purchase. The S&P has returned 6.1%. Buy Shell up to $78.

I would use any significant summer pullbacks as opportunities to add more to these positions.

Source: Yahoo Finance

Source: Yahoo Finance



Guru: Vahan Janjigian **Special Situation Survey**
Recommendation: Corinthian Colleges (COCO)

For-profit education company **Corinthian Colleges** operates schools under the Everest, WyoTech and Heald names. The industry was been rocked by scandal and government investigations. Some experts said the industry would die. However, I am convinced that COCO will be able to comply with the new and more stringent rules, which were announced in early June. Revenues and earnings may shrink in the near term, but long long-term prospects remain promising. The stock is down 6% year-to-date, but it is up about 4% since I recommended it to my subscribers last November. I expect Corinthian Colleges rally through the second half of the year as investors grow comfortable with new regulatory requirements.

Source: Yahoo Finance

Guru: Eric Parnes Shortex

Recommendations: Strayer Education (STRA), Ford (F)

Strayer Education, a for-profit college, is being pressured by the oversight of the Department of Education. Strayer is amongst the strongest in the sector. Heavily shorted. Rocketed with upped-gap of 35 points above its 50-day moving average. Earnings for fiscal year December 2010 at $9.64 per share and fiscal year December 2011 at $11.08 per share warrants P/E expansion. Its market cap is $1.5 billion and its beta is 0.50, which is volatile. Strayer has a 52-week high of $255.65 and a 52-week low of $115.20 I recommend a buying range of

Source: Yahoo Finance

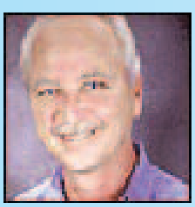
$124-$132 with a near-term objective of $150, intermediate objective of $180 and a stop loss of $115.

Note: Originally recommended at $142.59 on December 8, 2010. Gapped-down to ($123-$126) in late January 2011. Trading below its 200-day moving average with low volume. Positive news in early June 2011 caused short-squeeze: manifested with an upped-gap to $150 area.

Source: Yahoo Finance

The major automobile manufacturing company **Ford** has earned its quality title, without government bail-out. Ford has increased its market share to 18.0%. It has a P/E of 7.46, which warrants expansion. Global market expansion by 50%. We could see profit margins above 8% for the next five years. Retraction/correction since February is near completion. Its 52-week high is $18.97 and 52-week low is $9.75. Ford's market cap is $50.8 billion. I recommend a buying range of $12-15 with a near-term objective of $21, intermediate-term objective of $29 and a stop loss of $12.10. At $12.80-$13.60, oversold condition is apparent.

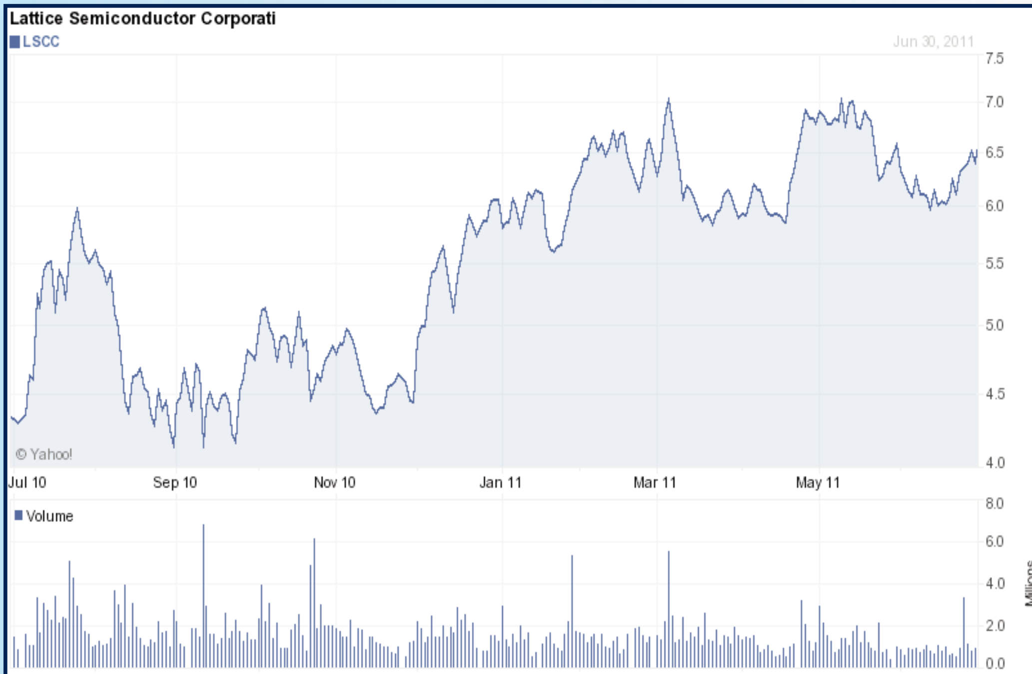
Note: Originally recommended at $16.56 on December 8, 2010. Ford hit a new high of $18.97 in early February 2011. Negative news ranging from shortage of parts to rise in gasoline price to consumer hesitation on discretionary caused a slide to continue below 50 & 200-day moving average. Reversal in the offing, with accumulation on positive side. Upping its relative strength.



Paul McWilliams Next Inning

Recommendation: Lattice Semiconductor (LSCC)

Lattice Semiconductor is a speculative investment. The short story: LSCC has been around since the early 1980s, and until recently I've been as critical of the company as anyone you might find. However, due to the fact that Lattice radically changed its business model a few years ago, I flipped to a positive opinion on the stock in late 2008 when the price dipped below its 1990 IPO price. Prior to this change, the core problem for Lattice was it suffered from "engineering management syndrome" (EMS). Companies that suffer from EMS believe the best focus for R&D investment is to out-engineer the competition. While this might seem like a logical goal on the surface, it doesn't work well in practice. The way you make money in the semiconductor industry is not by winning ribbons at the science fair, but by leveraging R&D to develop differentiated solutions that targeted customers will actually buy. While this most certainly includes advancing the state-of-the-art, setting that as the primary goal is, at best, a recipe for frustration. With a market based strategy in place, we've seen LSCC perform with better consistency than it has at any time in the past. As a result, Wall Street has reacted positively. Since last December we've seen the spread of estimates narrow substantially from what was a range of estimates running from $0.25 to $0.46, with a consensus of $0.40, to a very tight range of $0.45 to $0.48, with a consensus of $0.46. As I see it, LSCC will prove even the most optimistic of these analysts wrong—my estimate remains at $0.55.



Source: Yahoo Finance

The short story here is that it's not that the leaders, Altera (ALTR) and Xilinx (XLNX), can't compete with LSCC; they most certainly could. The reality though, is they both have much larger fish to fry here. ALTR and XLNX are focused today on acquiring intellectual property that will position them better to compete with ASICs and ASSPs. In addition to these more traditional battlegrounds where both ALTR and XLNX have been winning during the last few years, I think both companies are very mindful of the emerging competitive threat that will soon come from Knowledge Based Processors (KBPs). Due to these very high-stakes focus efforts, LSCC is optimally positioned to leverage its advantages and grow a solid and profitable market in what are now considered to be mid-size solutions. Bottom line for LSCC: My thinking at this juncture is that LSCC will most likely report in line with second quarter expectations, but at the midpoint, guide for about $0.14 to $0.15 in non-GAAP third quarter earnings and then report $0.15 to $0.16. I believe this will push LSCC's trading range up out of the $6 range, and comfortably into the $7s, with some pops to $8.

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