THE 7 MUST HAVE

Stocks to Buy Now

MONEY MORNING

The 7 Must-Have Stocks to Buy Now

We are facing a generational buying opportunity for stocks.

The fallout from the global COVID-19 outbreak will be monumental. Some industries will have to significantly transform, others will completely disappear, others have become more necessary than ever.

The market is a trader's paradise right now, as all this uncertainty and change plays out in stocks.

And the long-term investing picture has never looked stronger.

Global growth *will* continue. A decline in manufacturing and consumer spending over the next few months, maybe quarters, will cause growth to slow, but it will not stop completely.

Don't worry about trying to time the bottom. It's near impossible to get that right.

All you have to do is buy in to good stocks a little at a time, on the way down and the way up. You'll still be getting in at a great price, and you'll see your money double and triple as stocks recover.

It's the most successful way to build wealth over time.

To get you started, here's our list of the best stocks to buy now.

They've each been picked by ***Money Morning***'s team of market experts, each with decades of trading and investing experience.

Our experts don't work for big banks or brokerage houses. They aren't money managers hoping to skim off a percentage of your portfolio. They are offering their experience and expertise directly to our readers because they are sick of Wall Street parting everyday folks with their money.

They've identified these seven stocks as having outstanding short-term *and* long-term profit potential.

This could be the only chance you have in your life to get into great companies at such low prices. Let's get started.

The Best E-Commerce Stock to Buy Now: Alibaba Group

Who They Are: Alibaba Group Holding Ltd. (NYSE: BABA) is one of the world's largest e-commerce companies, with a market cap over $540 billion. It operates a network of sites in China.

The company isn't just focused on e-commerce. Alibaba has expanded into cloud computing, digital media, entertainment, and even healthcare platforms. Because of this growth, Alibaba is often referred to as the "Amazon of China."

In fact, its earnings over the last 12 months *doubled* Amazon's. If it were priced the same way Amazon was, its stock would skyrocket 298%.

Why Now Is the Time to Buy: *Money Morning* Executive Editor Bill Patalon has called Alibaba a "single-stock wealth machine" and "one of the single greatest wealth opportunities of our lifetime." He sees every share of Alibaba you buy – trading around $200 at the start of Q2 – being worth $2.1 *million* in four decades.

There are three big reasons behind Alibaba's potential…

Why BABA Is a Buy: The Biggest Shopping Day of the Year

Alibaba has turned "Singles Day," an anti-Valentine's Day tradition, into a global shopping event. In November 2019, more than $38.4 billion was spent by more than 500 million people worldwide over Alibaba's networks of sites. It was the most money ever spent on a single shopping event. The number of buyers was more than the combined population of the United States, Mexico, and Canada.

The buying was so frenzied that more than $1 billion was spent by consumers in just 68 seconds. Ten billion dollars was spent in the first 30 minutes.

That's *more than twice* what shoppers spent on Black Friday and Cyber Monday last year *combined*.

There is truly nothing like Singles Day anywhere else in the world. And the holiday is only growing.

Those 2019 numbers represented a 25% increase from 2018.

That staggering sales growth has translated to a significant earnings boost…

Why BABA Is a BUY: Alibaba Is an Earnings Machine

For such a large company, Alibaba is still growing its earnings at a breakneck pace.

For the full year 2020, BABA is expected to earn $7.20 per share. That would be a 29% increase from FY 2019.

Those earnings are expected to climb 23% to $8.80 in 2021 and 27% to $11.24 in 2022.

Those estimates are likely conservative.

After all, Alibaba has crushed earnings estimates by an average of 21% each of the last four quarters.

Revenue is expected to grow at a similar pace. Consensus estimates call for 32% revenue growth in 2020 and 30% in 2021.

It's really no surprise the company has an impressive 34.4% profit margin. Since its founding in 1999, Alibaba has had one of the most innovative leadership teams in the world…

Why BABA Is a Buy: The Right Leader Is Guiding the Way

Singles Day 2019 was the first since visionary founder Jack Ma left the company.

There was a lot of nail-biting on Wall Street when Ma's retirement was announced in 2018. But in fact, the care with which Ma's succession was handled only demonstrates what an exceptionally well-run company Alibaba is.

CEO Daniel Zhang, who took over as executive chair in September 2019, was the creator of the Singles Day sales event.

Since he became CEO in 2015, Alibaba became the first Asian company to pass $400 billion in market value and has emerged as one of the top 10 most valuable public companies in the world.

Even with Ma's departure, there's no reason to think the company will slow down. Between Alibaba's business model and rapid growth in Asia, this is the online retail giant with the most room to grow in the next few decades.

The Best Tech Stock to Buy Now: Adobe Inc.

Who They Are: Adobe Inc. (NASDAQ: ADBE) is highly regarded for products like Illustrator for creating, editing, and managing graphics as well as Photoshop for managing and editing pictures.

They're products that ***Money Morning*** Defense and Tech Specialist Michael A. Robinson has been using for decades.

Like most technology companies, Adobe continuously updates its offerings – keeping them current with contemporary needs.

Why Now Is the Time to Buy: In a wild-and-wooly market like the one we're navigating now, focusing on a company whose products, services, and technologies you know, like, and use can give you one heck of a competitive advantage: You'll zero in on discount stocks before the deep-pocketed investment pros even realize there's a bargain to grab.

That's why Robinson loves the stock so much. Throughout his more than 30-year career, Robinson has relied on Adobe and its suite of products.

Why ADBE Is a Buy: It Knows How to Sell

Back in 2009, the firm quietly began moving from a "sales" model to a *de facto* "rental" model. This means users pay monthly fees on an ongoing basis to gain and maintain access to a range of products delivered via the Web, or "the Cloud."

The timing of this shift was perfect.

It's not just because the global cloud market is growing at 21.4% a year and will be worth $185.8 billion by 2024, according to KBV Research.

It's something far more fundamental. A well-run firm that uses the cloud to deliver software as a service (SaaS) has two factors operating in its favor that hardware companies can only dream about.

The first is high profit margins. The second – which is even better – is recurring revenue: The money literally rolls in month after month after month.

The firm says that – as of the end of this year, when you add up of all its various services – its total addressable market will be $80 billion.

Over the past three years, Adobe has grown its sales an average of 24% annually, meaning the firm is doubling sales roughly every three years. But it did even better in its most recent quarter, with sales rising 33% on a year-over-year basis.

At that rate, sales could hit $22.4 billion by the end of 2023. By 2026, they could come in at a stunning $45 billion.

Why ADBE Is a Buy: Excellent Partnerships

Robinson is always on the hunt for well-run firms captained by top-notch leaders.

One way you can judge that is by looking at key partners. And Adobe is working closely with Microsoft Corp. (NASDAQ: MSFT), one of the world's very best cloud-services players – and a firm that itself made the jump from software publisher to the SaaS model.

Microsoft ranks No. 2 in cloud hosting behind Amazon Web Services. Back in December, Adobe and Microsoft unveiled a sweeping alliance. Adobe Experience Cloud and Adobe Document Cloud integrated with Microsoft's Dynamics 365, Office 365, LinkedIn, and Azure cloud infrastructure services.

The move gives Adobe access to 180 million of Microsoft's commercial customers. Adobe has said it's getting a "phenomenal response" for the Microsoft integration.

Why ADBE Is a Buy: This Stock Could Double Your Money

To find stocks that can jump 100%, you need to look at the firm's earnings, its earnings growth rate – and then calculate how long it will take to double profits.

By doing that, we can figure out how long – on average – it should take for the stock price to double, as well.

With Adobe, after a detailed review of its financials, Robinson projects earnings per share (EPS) will grow by an average 30% over the next three years.

This is a conservative forecast.

The fact is that – over the past three years – Adobe has grown its EPS at an average annual rate of 37%.

That figure dropped a bit in the most recent quarter – but only to 33%.

To be conservative, Robinson reduced his growth-rate estimate to 30%.

By inputting that number into his "doubling calculator" (an equation mathematicians refer to as the "Rule of 72"), we find that the stock should double in 2.4 years (**No. 72/EPS Growth Rate of 30% = Doubling Time Frame of 2.4 years**).

For the 12-month stretch that ended Feb. 19 – when Adobe hit its most recent high – the company's shares had risen 48.7%. That's more than double the return of the S&P 500, which rose 21.8% during that same time frame.

The Best Pharma Stock to Buy Now: Eli Lilly & Co.

Who They Are: Eli Lilly & Co. (NYSE: LLY) is an American pharmaceutical company that's been working to develop treatment for COVID-19. After partnering with a therapeutic antibody discovery company, LLY has been searching for antibodies that can defeat the novel coronavirus.

It's a healthcare behemoth with a market cap nearing $150 billion. It also boasts more than 33,000 employees around the world.

The company made headlines in April when it capped the out-of-pocket cost of its insulin to $35 per month in the wake of the coronavirus pandemic.

Why Now Is the Time to Buy: With a beta of just 0.17, investors in Lilly today are not taking outsized risks to generate returns going forward.

As a pharmaceutical company with steady and quantifiable cash flows, there is little to fear about the future when owning a stock like Lilly. After all, the company has total cash of $2.4 billion on hand and is growing earnings significantly year over year (more on that later).

The biggest risk in owning Lilly today is mostly ephemeral. Investors must be rightly concerned about government intervention with respect to drug prices. In March, the U.S. federal government announced it would cap insulin payments at $35 per month for Medicare patients. But LLY quickly addressed those concerns, capping payments itself.

And as you'll see, the growth story for LLY significantly outweighs any risks.

Why LLY Is a Buy: Earnings Growth Is Extraordinary

It's not often you find a biotech stock with the type of earnings growth you have with LLY.

In 2019, LLY posted earnings per share of $6.04. In case that wasn't impressive enough, the firm is projected to boost that total 11.4% to $6.73 in 2020. Looking ahead to 2021, analysts estimate another 15% jump to $7.70 per share.

And it's a likely bet that Eli Lilly will surpass those estimates. In each of the last four quarters, LLY has topped analysts' estimates by more than 6% on average.

Revenue projections look excellent as well. Sales are expected to jump nearly 7% in 2020 to $23.8 billion. In 2021, the projections call for 6.7% revenue growth to $25.4 billion.

Why LLY Is a Buy: A Winning Drug Pipeline

One of the biggest indicators of success for biotech stocks is a strong drug pipeline.

Currently, Eli Lilly has 27 different therapies in phase 1 trials. Those are designed to treat a variety of ailments including cancer, pain, diabetes, Alzheimer's, and dementia.

It also has 10 different drugs in phase 2 testing, along with 15 treatments in phase 3 testing.

Two of the company's biggest wins in 2019 were the approval of new drugs Reyvow and Baqsimi. They treat acute migraines and hypoglycemia in diabetes respectively.

Company officials anticipate two more potential launches in 2020. That's on top of the seven they anticipate by 2023.

Plus, the company announced in April 2020 that it would be testing its drug baricitinib on patients with severe COVID-19. The drug is designed for rheumatoid arthritis, but any viability with COVID-19 patients would obviously be a huge breakthrough for the stock.

Why LLY Is a Buy: A Rock-Solid Dividend

It may not be flashy, but at 2%, LLY offers one of the most rock-solid dividends you'll find in the biotech sector.

As we mentioned earlier, its cash on hand total of $2.4 billion provides it a solid base. And as earnings continue to grow, paying (and growing) its dividend should be no problem at all.

Not to mention, LLY has raised its dividend payments every single year since 2013.

With Eli Lilly, you get the upside of one of the biggest biotech companies in the world, along with the safety of a well-run blue-chip stock.

The Best Cannabis Stock to Buy Now: Constellation Brands

Who They Are: Constellation Brands Inc. (NYSE: STZ) is the beverage giant behind Corona beer, Ravenswood wine, and Svedka vodka. Since 2017, the company has been expanding into the legal cannabis market. And it's the best cannabis stock to buy before legalization becomes even more widespread.

In 2017, Constellation Brands became the first Fortune 500 company to invest in legal cannabis, buying a $191 million stake in Canopy Growth Corp. (NYSE: CGC). Since then, it has upped its investment to more than $4 billion.

Its favorable position to capture much of the recreational cannabis market has analysts at the ***National Institute of Cannabis Investors*** (NICI) calling it a "stock to retire on."

Why Now Is the Time to Buy: Constellation is a powerhouse company you'll want to keep in your portfolio on a *very* long-term basis – because it's only going to grow every year. Its beverage lineup alone makes it a great buy.

And as the market for cannabis-infused beverages opens up in Canada and elsewhere, its partnership with Canopy gives it a leg up now that cannabis-infused beverages are legal in Canada.

It's more than legalization fueling Constellation Brands' rise. There are three reasons this stock will be making shareholders a fortune…

Why STZ Is a Buy: Constellation Is Already an Outstanding Blue-Chip Company

While many cannabis companies are young startups without a proven track record, Constellation has already built a massively profitable empire with its beverage brands, averaging over $2 billion in profits each of the last four years.

The road to success wasn't always an easy one. Going back to the late 1980s, Constellation lost 70% of its value over three and a half years. But it bounced back in a big way in the 1990s, and it has since acquired some of the most recognized brands in beer, wine, and spirits.

Analysts at NICI have called CEO Bill Newlands and the controlling shareholders "the best management team of any company in any industry in the world."

Constellation also pays a dividend, which you won't get from any pure play cannabis stocks. The 2% dividend yield can help you ride out any turbulence to greater and greater wealth.

Why STZ Is a Buy: Canopy Is One of the Largest Growers in Canada

Constellation now holds a 38% percent stake in Canopy. So an investment in Constellation is also an investment in Canopy – which is definitely to investors' advantage.

Canopy was already one of the dominant players in the Canadian medical cannabis market when Constellation made its investment. Canopy has the highest revenue of all Canadian marijuana companies. Now armed with a multibillion-dollar war chest, Canopy has made a slew of acquisitions all around the world.

That includes a deal with U.S.-based Acreage Holdings Inc. (OTCMKTS: ACRGF), which sets up a potential acquisition that will be triggered if the U.S. federal government legalizes cannabis.

The move ensures that Canopy – and Constellation Brands – will be ready to pounce if the U.S. market opens up on a broad scale.

Canopy isn't limiting its scope to North America either. It has acquired cannabis enterprises in European countries as well, including Spain and Denmark. In May 2019, Canopy acquired the German company Cannabinoid Compound Co., or C3, the largest CBD-based pharmaceuticals company in Europe.

At this point, you might be tempted to buy shares of Canopy too. There's certainly nothing wrong with that. But buying Constellation gives you an extra level of profit potential. Here's why…

Why STZ Is a Buy: Cannabis Beverages Are Ready to Explode

Cannabis-infused beverages are set to be legal in Canada in December 2019. And they are a prime candidate to take over as the cannabis consumption method of choice for a number of reasons…

First, they are simply a more familiar option to many people. A Canadian government survey showed 77% of adult residents drink alcohol, but only 17% smoke.

And unlike alcohol, cannabis is calorie-free, giving drinkers an alternative that won't contribute to weight gain. (Researchers are currently working out ways to eliminate the infamous "munchies" experienced by some marijuana users.)

Plus, cannabis doesn't cause hangovers.

So Constellation and Canopy have a chance to attract not just cannabis users looking for new consumption methods, but also drinkers who want the kick without the side effects.

Constellation already has a dominant beverage empire. Add cannabis to the mix, and the sky's the limit.

The Best "Resilient" Stock to Buy Now: Microsoft Corp.

Who They Are: Microsoft Corp. (MSFT) needs no introduction. It's one of the biggest tech companies in the world, with more than 144,000 employees.

The company is a household name due to the success of its software products, as well as its productivity products like Microsoft Office and Office 365 Security. But it's become much more than the software company Bill Gates founded in 1975.

And it's the favorite pick of ***Money Morning*** Technical Trading Specialist D.R. Barton, Jr., right now.

Why Now Is the Time to Buy: "If history has taught us anything, it's that the economy and the market are resilient. In time, we'll get through this crisis, and the market will come roaring back," D.R. said.

This is a stock that was worthy of a buy recommendation before the coronavirus outbreak. The discounted price only makes it a better buy now.

In early Q2 2020, MSFT was trading near $167 per share. That's down nearly 10% from its all-time high above $185 per share from February 2020.

Discounts like that simply don't come around every day, especially for a stock as stable as Microsoft.

As Bill Gates commits to donate billions of dollars to coronavirus vaccine research, the company that he co-founded is working hard to stay healthy. To this point, MSFT's peak-to-trough drop during the outbreak crisis was only around 27% and has rallied well since.

Why MSFT Is a Buy: Its Strong Core

MSFT stock has been a victim of the larger market correction but is poised to experience one of the biggest bounce-backs once the COVID-19 virus is brought under control. Microsoft was one of the best stocks on the planet going into the pandemic and still will be coming out of it.

A big reason for its comeback: It's a cash machine.

"My favorite fundamental metric for stocks is how much net cash flow from operations they generate because it gives such a pure picture of how the core business is doing," D.R. said.

Here's how those numbers have looked for the past four years: 2016 = $33.3 billion; 2017 = $39.5 billion; 2018 = $43.9 billion; 2019 = $52.2 billion. That's some impressive growth in cash generation.

So, when the market does come back into bull mode, MSFT will be one of the biggest winners.

Why MSFT Is a Buy: A Leader in Cloud Computing

Its cloud computing arm continues to thrive, growing revenue and market share faster even than the juggernaut that is Amazon.

Back in 2018, 80% of all enterprises were running their applications through Amazon Web Services (AWS). But by the end of that year, the adoption rate for Microsoft Azure jumped to 58%.

Cloud-computing platforms and services are an essential part of enterprises in today's market – increasing the number of new digital businesses and operating an IT infrastructure for existing conglomerates.

In 2019, 84% of all major enterprises had a multi-cloud system to help manage their operations. And large public companies were spending, on average, $1.2 million on cloud-computing technology.

According to Statista, the global cloud computing industry will hit $236 billion in 2020. That's up a whopping 33% from 2018.

And cloud computing isn't the only industry Microsoft is a major player in…

Why MSFT Is a Buy: The Growing E-Sports Market

"Let's not forget the substantial video game segment of MSFT's business, which actually could get a boost from the coronavirus due to the massive amount of people being forced to stay at home," D.R. said.

During this time of social distancing, numerous video game platforms have reported significant spikes in interest, particularly in e-sports.

The new Xbox Series X game console – scheduled to be released later this year – carries big expectations in the gaming community and should provide MSFT with a massive amount of revenue.

D.R. recommends beginning to take a position in MSFT now, and to continue buying shares on any pullback.

The Best Social Media Stock to Buy Now: Facebook Inc.

Who They Are: Facebook Inc. (NASDAQ: FB) is the most well-known social media company in the world. In fact, at the end of 2019, the company reported roughly 2.5 billion active monthly users. That's nearly one out of every three people *on Earth.*

The company was famously founded at Harvard University in 2004 by a group of students, including now billionaire Mark Zuckerberg.

In less than two decades, it has become a +$500 billion company. It's also one of the most attractive stocks to buy today according to Bill Patalon.

Why Now Is the Time to Buy: Now that we're dealing with a market filled with more risk than just a few months ago, finding "low risk" stocks can help build a strong portfolio foundation.

As Bill points out, Facebook checks three important boxes for "low risk" stocks.

1. It is trading at a discount – down nearly a quarter from its peak.
2. It has a hefty "margin of safety" – with a ton of cash and no debt.

3. It has a big upside – the stock should *easily* double by 2025, a great return for a stock with lower downside risk.

Each of those reasons alone is a great reason to buy a stock. But adding them all up makes FB one of the top stocks to buy today…

Why FB Is a Buy: Facebook Stock May Never Be Cheaper

Bill initially recommended Facebook stock along with ***Money Morning*** Capital Wave Strategist Shah Gilani back in February 2014. At the time, it was trading at just under $69.

The stock soared from there.

At the peak of the "Super Bull," it traded north of $224 – for a peak gain of 225%.

Of course, the stock has sold off and started Q2 2020 near $160 per share.

"For a dyed-in-the-wool contrarian investor like me, a decline of that magnitude in an innovative leader is an unqualified 'interest-peaker,'" Bill said. "And make no mistake; I *am* interested. That's because in today's coronavirus-ridden, crisis-mode market, this is the kind of stock you want to have in your portfolio."

But not just because of the sell-off…

Just look at Facebook's price/earnings (P/E) ratio. It's right now trading at a "trailing" P/E of 27 and a "forward" P/E of about 19 – in essence, the lowest valuation level in five years.

That's crucial, given the growth Bill projects for Facebook stock…

Why FB Is a Buy: Facebook Has a Massive "Safety Net"

"Classic value investors like Benjamin Graham and Warren Buffett talk extensively about a 'margin of safety' – cash or other assets that provide a company with a cushion against times of trouble," Bill said. "That kind of a financial 'safety net' is great at any time. But during a stretch as uncertain as this one, it can mean the difference between a firm's success or outright failure."

That cash can be used to cover lean periods, to effectively increase earnings per share via stock buybacks, to boost dividends (which is not an issue with Facebook, since it doesn't yet pay a dividend), or to finance – innovation for future growth.

"Cash can also create opportunities: During bear markets, when share prices are down, or during economic downturns or outright recessions, a war chest of cash can allow a company to buy competitors, new technologies, or companies that will pave the way into new venues," he said.

At the close of 2019, Facebook had $54 billion in cash and short-term investments. And that's "net cash," since Facebook has essentially no long-term debt to speak of. That's plenty of cash to invest in growth, which brings us to our next point…

Why FB Is a Buy: Facebook Stock Could Double Your Money

One of the biggest catalysts for Facebook stock is the additional franchises the company has added.

"It's going to better utilize Instagram and WhatsApp – platforms that each boast active daily user bases a billion strong," Bill explained. "The company's Watch TV platform also has great promise. And Facebook has designs on the online dating market in the bigger, developed economies."

Despite controversies that still linger from the last election, Facebook is also one of today's biggest digital advertising platforms – a fact that's only aided by the loyal user base the company possesses.

The coronavirus pandemic is hindering Facebook's ad revenue in the short term – possibly significantly. Of the advertisers that generated $70.7 billion in revenue for Facebook last year, a hefty slice are small businesses that are taking it on the chin as a result of the COVID-19 disaster, ***MarketWatch*** says.

In Q4 2019, Facebook reported $21.08 billion in revenue – almost all of it from advertising.

But other pandemic-related gains could provide a longer-term tailwind.

In March 2020, Facebook said total messaging across its ecosystem has rocketed 50% across countries where the virus is escalating – with video messaging on Messenger and WhatsApp more than doubling. In Italy, time spent on Facebook has soared 70% during the pandemic, ***MarketWatch*** reported.

"Even when using especially conservative numbers, I still believe that it will allow Facebook shares to zoom about 126% over that stretch of time," Bill said."The table below illustrates projected earnings-per-share (EPS) growth on a year-by-year basis. By using the April 2020 trading price of $174 as the baseline and projecting stock-price growth in lockstep with EPS growth, we get to a stock price of nearly $394 in 2025."

Bill thinks this could even be conservative…

"I'll be candid: This is an overly simplistic way of "modeling" the company's financial trends and forecasting its share price," he said. "But I wanted to find an easy-to-comprehend way to show how Facebook's profits – and its stock price – could advance over the next five years."

Fiscal Year	Estimated EPS Growth	Projected FB Price @ Year End
2020	8.19%	$188.27
2021	18.34%	$227.80
2022	19.25%	$265.69
2023	13.23%	$300.83
2024	11.12%	$334.29
2025	17.86%	$393.99

Gains of this magnitude – on a low-risk stock with a huge margin of safety – make this a winner.

The Best "All-Around" Stock to Buy Now: Apple Inc.

Who They Are: Apple Inc. (NASDAQ: AAPL) is another household name, and one of the favorite stocks of ***Money Morning*** Executive Editor Bill Patalon. Even after the COVID-19 sell-off, AAPL still has a market share of nearly $1.2 *trillion.*

The company is best known for its tech devices, including the iPhone, Mac computer, iPad tablet, Apple Watch, AirPods, Apple TV, and Beats headphones. But the company is more than its devices. Apple is renowned for its Apple Care support services, digital content streaming services, cloud storage, and even the cashless payment service Apple Pay.

Founded in 1976 by Steve Jobs, Steve Wozniak, and Ronald Wayne, the company is now run by one of the world's most recognizable execs, Tim Cook.

Why Now Is the Time to Buy: Because of Apple's long-term performance and reliability, Bill considers it one of his "Accumulate" stocks. That means it's a stock you can keep buying more of year after year to increase your wealth.

"The pioneer and perfector of the 'ecosystem' strategy, Apple sells more than just tech – it sells an end-to-end way of running your life – from work, to health, to communication, to entertainment," Bill said. "Apple's innovative array of devices, software, and services work together seamlessly, which has cemented its reputation for ease of use."

From its all-time high in February, AAPL dropped 29% (at its lowest) during the coronavirus sell-off. But in the three weeks that followed, it had already rebounded 28%.

Any chance to get AAPL shares at a discount is an opportunity not to be missed…

Why AAPL Is a Buy: It's More Than Its Devices

Apple is not just a device company anymore.

That is, it's not unit sales of Apple devices that are driving the company's growth. It's the services Apple delivers to the devices people already own.

Sales of those services, including Apple Music, iCloud, and the App Store, hit $12.5 billion in the last quarter of FY 2019. That puts them on pace for a record $50 billion annually.

Overall, the company is expected to bring in an astronomical $279 billion in revenue in 2020. That's an increase of 7% from full-year 2019 numbers. In 2021, revenue is expected to jump nearly 10% to $307 billion.

Why AAPL Is a Buy: Apple's Sights Are Set on Healthcare

Growth estimates for Apple are healthy – but we see it as underestimating the profit potential here.

In 2019, Morgan Stanley (NYSE: MS) did a deep dive on Apple's healthcare opportunity. The investment bank concluded that healthcare could add anywhere from $15 billion to $313 billion annually to Apple's top line. The report pegged the midpoint at $90 billion of additional revenue by 2027.

Revenue for Apple's 2019 fiscal year (which ended Sept. 30) was $260.17 billion. So if the Morgan Stanley report is right, that represents a revenue increase of nearly 35%.

At Apple's price/earnings (P/E) ratio at the time of the report of 22, you end up with a stock price of about $360 per share.

But Morgan Stanley's midline of $90 billion of additional revenue isn't in the middle of its range. The mathematical midpoint is actually $164 billion of additional revenue.

If you round that down to $150 billion, you end up with a projected share price of $422.

The approximate revenue required just to get AAPL to $400 is $120.68 billion. Given the range in the Morgan Stanley report, that's not particularly outlandish.

And even though we've focused on "services" so far, Apple's devices are still an absolute cash cow…

Why AAPL Is a Buy: Device Sales Are Rock Solid

"The company's roster of devices has grown from the venerable **Mac** to the **iPhone**, the **iPad**, and the **Apple Watch**, while it has added lucrative services like the **App Store**, **Apple Music**, and the new **Apple TV Plus** streaming service," Bill said.

"With **5G** coming, we could see a whole new 'upgrade cycle' heading our way once this pandemic clears," he added.

Plus, Apple's hardware sales continue to expand the installed base of Apple users. In Q4 2019, the company said half the customers who bought a Mac were new to the platform.

One-quarter of those who bought an iPad were new to the iPad.

The installed base matters because all those users – approximately 1 billion people own at least one Apple device – are also signing up for Apple's services. And that's where most of its revenue growth is coming from now.

That revenue growth has made Apple one of the richest companies in the world.

"If you include 'treasury securities,' you're talking about cash on hand of $207 billion – or about $47 a share (about 20% of its share price), Bill pointed out. "But Apple carries $117 billion in debt, which brings net cash down to $90 billion. It also pays a modest dividend of $3.08 a share – for a yield of 1.1%."

A Lifetime of Profits

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