The Million Dollar Tech Portfolio

Your Road to Wealth Begins Today
By Michael A. Robinson

Dear Reader,

The Nasdaq Composite Index just eclipsed the 5,000 level for the first time in 15 years – meaning this popular proxy for the tech sector is back where it was just before the dot-com crash of 2000.

And that has a lot of folks worrying that we’re in another bubble – and that we’ve set ourselves up for another tech-stock freefall.

Having seen these predictions of gloom and doom, I feel compelled to let you in on a little secret – one that will set you up for the kind of future you and your family dream of having.

And here’s that secret....

Despite what those gloom-and-doomers will tell you, there is no bubble.

There’s never been a better time to invest in technology.

Indeed, we’re at the starting line for the greatest wealth-creation cycle the tech sector has ever seen. With patience, regular contributions – and the “right” tech stocks, of course – just about every investor has a real shot at amassing a million-dollar fortune.

That isn’t hype.

In fact, with this special research report – “The Million Dollar Tech Portfolio” – we’re giving you five stocks and two other investments that will start you down the path toward a fortune of your own.

But before I share the details on the actual recommendations, let me show you why I’m so confident that my bullish view of the future is the right one.

“Ignition” System

I’ve been in and around the tech mecca of Silicon Valley for 30 years. And during that time I’ve worked as an analyst, as a venture capital firm board member and even as an advisor to a startup incubator. I’m also a sought-after commentator: Each week, in fact, I’m a regularly scheduled guest on the popular Fox Business show Varney & Co.
Hi, I'm Michael Robinson.

I hope you’re having as much fun reading this “Million Dollar Tech Portfolio” as I had putting it together.

From here on, I promise that we'll check in on these companies from time to time in Strategic Tech Investor as you make your move to building a million-dollar fortune.

But before you start following STI, let me tell you a little about myself.

I've spent most of my 35-year career in and around Silicon Valley. I've sat on the board of one venture capital firm and served as a senior advisor for two more. I also spent time as a senior advisor for a startup incubator.

I've long been a leading analyst and tech journalist in Silicon Valley and in the home of the American auto industry, Detroit. And I've been at the forefront of just about every major technology story of the last decade – I've even been nominated for a Pulitzer Prize.

I regularly talk with CEOs, prize-winning scientists and other high-profile industry insiders. I've worked personally with top executives at Boeing, the cutting-edge medical device company InVivo Therapeutics and the cloud computing company Symantec.

I've also worked beside household names like Lee Iacocca of Chrysler, Fred Smith of FedEx and Dave DeWalt of FireEye.

And I'm a sought-after commentator: Look for me each week on the popular Fox Business show Varney & Co.

And with that kind of “insider” Silicon Valley access, I'll bring you all I know about the many “ignition points” popping up across the tech landscape. I'm talking about whole new industries like cloud computing, Big Data and the Internet of Everything – and the profit catalysts they cause in technologies like smartphones, connected cars, and semiconductors and sensors.

I'll also be sharing with you the winning investing strategies I've developed and perfected over 30 years that show you how to make money consistently. I call it my Tech Wealth Blueprint.

And twice every week in Strategic Tech Investor, I'll tell you all about even more tech companies that are primed to make the biggest gains for their investors and put them on the road to wealth.

I can't wait to be your guide to technology investing from here on.
This total immersion in the Silicon Valley culture gives me a perspective almost no one else can bring you.

It’s also why I know that it’s never been easier to amass a tech-stock fortune.

Right now I can identify more than a dozen tech-sector “ignition points” – catalysts for growth – including such areas as digital payments, mobile communications, cloud computing, connected cars, medical tech and biotechnology, miracle materials, the Internet of Everything (IoE), sensors and semiconductors and Big Data.

Each of these pools of innovation are actually vibrant growth markets unto themselves.

But there's a difference between the Nasdaq of today and its predecessor back in 2000.

And that difference is big – even huge.

The pockets of innovation that helped fuel the dot-com bubble of the late 1990s were just that – pockets with limited abilities to trigger growth in other sectors of the tech market. The Internet was still in its infancy as a consumer enterprise, meaning many of the companies being launched had no chance at all of making money. And if they weren’t profitable, there was little potential for creating “ripple-effect” beneficiaries.

It's a wholly different story now. Today's innovations – from mobile payments to Big Data – are all interconnected. And those connections have created a gigantic, tech-sector-wide “ecosystem” that will supercharge growth across Silicon Valley – creating investor fortunes as this happens.

And when we talk about this spreading impact, we aren't referring to some gentle little “ripple effects.” We’re talking about powerful waves.

I’ve labeled each of these pockets of innovation as “ignition points” – because I understand the explosive reverberations each one has.

To give you a tangible example of what I’m talking about here, let’s start with one of my examples – mobile payments – and see where it leads us.

Follow the Money

According to Gartner, a respected market researcher, the value of mobile-payment transactions will nearly triple in the next few years, zooming from $235 billion in 2013 to $720 billion by 2017.
That jump in digital payments will serve as an “ignition point” for related areas of growth. So another sector of our “ecosystem” – mobile communications – will reap the benefits in several different ways.

Stores – from big-box chains like Walmart down to your mom-and-pop shop on the corner – will have to add the gear needed to process all those digital-payment sales. Because of this “upgrade cycle,” the market for mobile-payment terminals will grow at a compound annual rate of 57.9% from 2014 to 2018.

And beneficial impact on mobile doesn’t end there. Because folks will be using their smartphones even more, keeping those devices charged will be paramount. That opens the door for an innovation known as “wireless charging” – the proverbial “Next Big Thing” in mobile devices. According to market research firm IHS, global revenue from wireless charging technology will soar 10-fold from $785 million in 2014 to $8.5 billion in 2018.

We’re clearly destined to become more and more reliant on our smartphones, so the mobile market will serve as an “ignition point” for two of our other pools of innovation – the chips-and-sensors market, as well as the one for miracle materials.

Because smartphones will be doing more, they’ll need more powerful (and more efficient) microchips. And they’ll also need a sensor capability known as “near-field communications,” or NFC, which allows you to swipe or tap your phone at a checkout terminal to buy sodas, snacks or fuel. ResearchandMarkets says the global NFC market – estimated at $1.06 billion in 2012 – will race ahead at a 43.7% annual pace through 2019.

As part of this new chapter in technology, designers will have to create smartphones that are not only easier to use, but more durable, too. That will spark demand for new miracle materials: Some will have stronger, more-scratch-resistant touch screens; others will be designed around cool new “form factors” – including devices that are “bendable.”

You get the idea. A development in one part of our ecosystem ignites growth in two, three or even four of our other “pools of innovation.”

Each of these “pools” are standalone markets that are growing at annual clips of 30%, 40% or more. Each of these pools are hefty standalone profit opportunities. And because of that frenetic growth, each of these pools are also “ignition points” – catalysts – that will combine with other pools of innovation that we’ve also identified to create massive new profit opportunities.

And if you pick the “right” tech stock in any of these markets or – even better – identify stocks that stand to benefit from multiple ignition points, chances are good
that you've latched onto an investment that will deliver market-smoking profits for years to come.

Just like the stocks we've selected for your “Million Dollar Tech Portfolio.”

It's a robust portfolio that will help you reach your financial goals, no matter what they are – a stress-free retirement, a college tuition, a second-house down payment or just $1 million cash.

And while the investments I'm sharing with you today are designed to start you down the path toward millionaire status, they are not the well-known “starter kit” tech stocks that you'll find in Money magazine, USA Today or your local newspaper.

In other words, you won't find Apple Inc. or Intel Corp. or Microsoft Corp. here.

Instead, I've researched and am recommending five stocks that have the potential to make big gains – and keep them coming for years to come.

I'm talking about gains of 99.7%, 207.9% and 124.3% in just a few years. Those are the kinds of gains my Strategic Tech Investor readers have come to expect.

These are companies – most of which you've likely never heard of before – that are either creating or benefiting from entirely new industries... like wireless charging and mobile payments. We're talking about powerful trends with true “staying power” – meaning these companies will keep growing (and you'll keep reaping their profits) for years to come.

So let's look at the recommendations, as well as the trends that will power you to your first $1 million.

**Why You Must Kick-Start Your Wealth**

Let's face it: We're well past the point where having $1 million is a “nice to have” dream.

That million-dollar portfolio has achieved “need to have” status.

That's because $1 million is the starting sticker price for a decent retirement.

And if you're like most Americans, you're locked in a nightmarish cycle.

You work. You spend. You work some more. You earn enough to cover most of your bills – pretty much.
You fear those financial emergencies that show up at the worst time.

If I’ve just described your life, don’t feel too bad. You’ve got plenty of company.

About half of American families have no net worth at all.

And forget about retirement. Millions of working Americans – more than one-third of us – have absolutely nothing saved for those vaunted “Golden Years.”

Even the folks who have been saving have little to show for their effort. A year ago, the median retirement nest egg among those aged 55 to 64 was a paltry $14,500.

And the shortfall – the gap between what we have and what we need – just keeps getting wider.

For most of us, the first inclination is to work harder, earn and save a bit more, hoping this bit of “financial catch-up” will be enough to bridge the gap.

Truth is that solution is like one of those nightmares you used to have as a kid – where you’re running to escape an unseen evil “something,” but can’t seem to get anywhere.

Starting today, I want you to forget about these gloomy scenarios I just described.

You see, there’s a solution to all these problems.

And I’m going to share it with you right now.

A Total System

Some folks might first describe what I’m about to tell you as a “catch-up” strategy.

But it’s actually much more.

It’s a financial “solution.”

It’s a total “system” that will let you erase that financial deficit. But once that’s done, it’ll let you keep going – to keep generating wealth – until you have all the money you’ll ever need.

The linchpin of this solution is the “Million Dollar Tech Portfolio” – and the seven investments it contains.
Technology, you see, is where the action is when it comes to wealth creation. Tech stocks can deliver yearly returns that are 50% greater than their more conventional counterparts in the Standard & Poor’s 500 Index or the Dow Jones Industrial Average.

And with the benefit of compounding – the building of profits on profits that occurs over time – these tech recommendations can deliver the meaningful wealth that all of us seek.

There’s a second component to our push to make each of you tech millionaires.

And that’s the five-rule system that I employ in Strategic Tech Investor. This Tech Wealth Blueprint helps me identify the best new profit opportunities and then shows us how to manage the profits and the risk once we’ve made our investments.

Your Tech Wealth Blueprint
The Five Rules to High-Tech Wealth

The road to wealth is paved by tech – but only if you follow my Tech Wealth Blueprint.

As a result of my three decades as a leading technology investor, I’ve developed five rules that I use to identify the most powerful trends and the companies best-positioned to capitalize.

Just as important: My five-rule strategy also guides you past the most damaging investing pitfalls – like chasing a sexy-sounding, but ultimately worthless IPO.

Ultimately, with these strategies you’ll amass the wealth that eludes most investors. These five guiding precepts tell you to:

1. Identify companies with great operations.
2. Separate the signals from the noise.
3. Ride the unstoppable trends.
4. Focus on growth.
5. And target stocks that can double your money.

These five tech wealth rules will come to seem like old friends as you continue to follow along each week at Strategic Tech Investor.

My Tech Wealth Blueprint has led me to all of our biggest winners – and all seven investments in our Million Dollar Tech Portfolio.
Starting today – with this “Million Dollar Tech Portfolio” special report, the Tech Wealth Blueprint and my Strategic Tech Investor service – I’m making it my personal mission to deliver these high-profit techs... and help you pursue millionaire status.

With the recommendations that follow, I’ll show you why I can say with confidence that “The road to wealth is paved by tech.”

Let’s get started.

Million Dollar Stock #1
The “Video Everywhere” Company

No other small-cap stock better represents the “ignition points” I’ve been talking about than Ambarella Inc. (Nasdaq: AMBA).

Just about every one of the pools of innovation – the “ignition points” – that I follow desperately need Ambarella’s high-quality camera chips.

Ambarella’s video-compression secrets and image processors can be found in smartphones, connected cars, wearable tech, ultra-high-definition televisions (UHDTV), security cameras for the “smart home” and advanced television broadcast systems.

The Santa Clara, Calif.-based Ambarella is best known as a supplier of video-processing microchips to GoPro Inc. (Nasdaq: GPRO), the maker of Hero-brand wearable action cameras – and as a way to “play” GoPro’s highly publicized initial public offering (IPO). And it’s been excellent for that purpose.

If anything, Ambarella is a tangible example that pick-and-shovel plays are often the most profitable ways to profit from a trends. Since June 27, 2014, when GoPro went public, the helmet-cam stock
is up 37.2% – while Ambarella has made gains of 117.4%. The stock was recently trading at $67.50.

But Ambarella is a lot more than a play on the extreme-sports, wearable camera trend.

Ambarella is a developer of semiconductor solutions that record and deliver beautiful high-definition images.

As a chipmaker, Ambarella has traditionally operated “behind the scenes.” But it is a company that you should get to know and put in your portfolio immediately.

Take the connected car. Ambarella serves that market by making and marketing the chips used in HD backup cameras, as well as the imaging devices that are becoming ubiquitous dashboard denizens.

Beginning in 2018, new federal rules mandate that all new cars sold in the United States must have backup cameras. Over the past 15 years, the U.S. has averaged 15.5 million new vehicle sales a year – and that number is projected to rise 2.6% this year to reach 17 million new vehicles.

So the U.S. car market is already healthy. And the connected car market offers tremendous incremental growth. According to a PwC report, the hardware and software sales from this “ignition point” will grow at a compound annual rate of 29% – and will reach $152 billion in 2020.

Ambarella is one of the few chips firms with products optimized for the emerging field of UHDTV, which offers resolution four times that of traditional HD sets. The Consumer Electronics Association trade group estimates that Americans will buy 1.43 million UHDTV sets in 2016. That represents a 60-fold increase from 2013, when UHDTVs debuted. But it will still only be 5% of the marketplace. That means the growth phase of that new TV market has really just begun – underscoring that there’s plenty of upside potential there.

Wearables, connected cars, UHDTVs – I can’t think of any other small company so “interconnected” into so many ignition points. (And that’s not even mentioning Ambarella’s contribution to the smart home, where IP security cameras will become welcomed guests.)

According to my analysis, Ambarella’s earnings per share (EPS) will grow by at an average annual rate of 22% over the next five years. And I’m being conservative. Over the past three years, the firm has grown EPS at double that clip.
Using what I call my “doubling calculator” – the “Rule of 72” – we divide the compound growth rate of 22 into 72. We find that, at that pace, it should take Ambarella’s shares about 3.2 years to double in price.

**Million Dollar Stock #2**

*Super Profits With Supercomputers*

Sometimes the emergence of a new “ignition point” can relight the profit pilot light on an old one.

And that’s just what’s happening with **Big Data** and **supercomputers**.

We are already using Big Data to track consumer buying patterns, weather and traffic – and to sort through billions of online transactions per day to smoke out embezzlement or other forms of cyber fraud. In the decades to come, we’ll be using it to cure diseases, sidestep market crashes and to crack “cold-case” crimes.

The projections for the Big Data sector are staggering. According to the forecasters at **IDC**, the market for Big Data technology and services will grow at a 26.24% CAGR from 2014 to reach $41.52 billion in 2018.

And Big Data will need supercomputers to process all that information.

The PCs and mobile devices of today are much more powerful than the supercomputers of the 1960s and ’70s. However, we still need more and more powerful computers in fields like quantum mechanics, weather forecasting and climate research, oil-and-gas exploration, DNA and molecular modeling, and many kinds of simulations.

According to **Market Research Media**, the global supercomputing market that’s also known as **high-performance computing (HPC)** will reach $44 billion in 2020, growing at an 8.3% CAGR between now and the end of the decade.

And the next addition to our “**Million Dollar Tech Portfolio**” – **Cray Inc.** (Nasdaq: **CRAY**) – makes the world’s fastest supercomputer.

This **Seattle**-based company is the go-to firm right now in supercomputers. And it continues to announce new partnerships and contracts.

After acquiring No. 3 supercomputer maker **Appro International Inc.** in 2012 – and the leadership team of networking hardware leader **Gnodal** in 2013 – Cray just announced a new alliance with fast-growing chipmaker **Cavium Inc.** (Nasdaq: **CAVM**).
While Cray’s 2014 results are expected to come up a bit short – ostensibly because of nonrecurring bookkeeping rules – Cray is very upbeat for the current fiscal year.

And so am I.

It’s now projecting total 2014 revenue of $560 million – up just 6.5% from 2013 – bit Cray says it expects to bring in $715 million in fiscal 2015.

With its business in unsexy supercomputers, it’s not surprising Cray’s future is being overlooked by Wall Street. But that won’t be the case for long

With shares recently trading at roughly $31, we should expect to see some hefty share-price appreciation – as much as 34% in the next 12 months, which much more to follow.

**Million Dollar Stock #3**

*The Landlord’s Best Friend*

With this entry in the “Million Dollar Tech Portfolio,” we go from one end of the Big Data ignition point to the other. While Cray’s supercomputers crunch data from all kinds of fields, CoreLogic Inc. (NYSE: CLGX) collects and sells data in just one field – real estate.

In a recent survey of potential homebuyers, the National Association of Realtors (NAR) trade group found that 74% were planning to use the Internet to search for a new house. And according to the media analysts at Borrell Associates, more than half of all real estate advertising is spent online – and real estate is the No. 1 spender in online advertising.

Rental inflation and the tight apartment market is another big factor in the Web’s growing role in real estate.

According to the most recent Reis.com quarterly report on the U.S. apartment market, rents continue to rise – up 0.6% since the third quarter, and 3.5% since
a year earlier. Meanwhile, the 2015 National Apartment Research Report, by Marcus & Millichap, says that the apartment vacancy rate is a low 4.7%.

That tight market means landlords can afford to be far more selective when choosing tenants and have every incentive to conduct extensive background checks before renting.

And that’s where CoreLogic comes in. The Irvine, Calif.-based company operates deep databases on real-estate sectors ranging from single-family homes and apartment buildings to oil-and-gas pipelines and telecommunications networks.

Here again we see one ignition point – Big Data – “interlocking” with another... real estate.

Essentially, CoreLogic sifts through vast amounts of raw unstructured data and then provides actionable analysis to real estate investors, landlords and banks. It does credit checks and criminal record searches, with a laser focus on property damage-related criminal charges.

As such, the company is capitalizing on the nation’s steadily appreciating real estate market. CoreLogic’s own most recent Home Price Index shows that the toxic effects of foreclosed housing have been mostly cooked out of the system – and that U.S. home prices increased 5.3% from November 2013 to November 2014.

Its recent price of $33 a share gave CoreLogic a market cap of $3.0 billion.

That makes one of the nation’s largest Big Data plays on the real estate business.

And CoreLogic’s numbers make it one of the sector’s best profit opportunities.

At its recent price level, the stock had a forward price/earnings (P/E) ratio of roughly 19.48, operating margins of 12.1% and an 8.6% return on equity (ROE).

We can see that in the net income of $45.3 million it reported for the third
quarter. That’s only a 3.8% increase from a year ago but a whopping 243.5% increase from the second quarter.

Barclays PLC analysts recently raised their price target on the stock to $40. That represents a 16% upside from where CLGX has recently been trading.

I believe the upside on this stock is much, much greater.

Over the last three years, it has grown its earnings per share at a rate of more than 37%. At that rate, I see the stock’s value rising 26% to $43 within the year – and doubling in less than three years.

Million Dollar Stock #4  
Biotech Gold

In the world of biopharmaceuticals, there was a general rule of thumb that held that it could take as much as 10 years, and $1 billion or more, to create a new drug.

In recent years, the cost of drug development has zoomed even higher. In a recent report, the Tufts Center for the Study of Drug Development – which came up with that original $1 billion drug-cost estimate – has updated its figures and boosted that cost projection to a staggering $2.9 billion.

As a result of these escalating costs, Big Pharma firms do all they can to streamline development, boost their odds of success and reduce the chances of a miscue.

Trusted suppliers and partners – the “pick-and-shovel” firms of biotech – seem to grow more and more important with time.

And that includes the biopharma pick-and-shovel firm I’m recommending here: Repligen Corp. (Nasdaq: RGEN).

This Waltham, Mass.-based company makes and supplies the high-value

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**Repligen**

**Nasdaq:** RGEN  
**Business:** Development, production and commercialization of biologics  
**Headquarters:** Waltham, Mass.  
**Employees:** 116  
**Market Cap:** $834.1 million  
**2013 Revenue:** $68.2 million  
**2013 Net Income:** $16.1 million  
**Return on Equity:** 11.08%  
**52-Week Range:** $12.04–$26.89
ingredients other biopharma firms use to develop their own pharmaceuticals. Because it’s a supplier rather than a drugmaker, Repligen gives you the big-upside potential of new drug development – but without the downside risks and long waiting times posed by the U.S. Food and Drug Administration (FDA) approval process.

Repligen is a leading provider of a substance known as **Protein A**, which is used to produce many leading drugs. For instance, Protein A is used to separate and purify cancer fighters known as “**monoclonal antibodies**.”

Drugs of this type are part of the promising area known as “**biologics.**” It got this label because the compounds are derived from biological sources – such as cells and tissues – instead of being chemically synthesized.

Because of its business strategy, Repligen gets to work on some of the world’s biggest drug-development programs. And that means there’s plenty of growth potential.

A **Companies and Markets** forecast calls for the global biologic-cancer-treatment market to reach $66 billion in 2019. And the overall biologics market is expected to almost double in size to reach almost $240 billion by the end of this decade.

Can you see the “ignition points” lining up there?

Even the healthcare business benefits from the “interlocking” pools of innovation that are part of the tech sector’s ecosystem. Indeed, the tech “ignition points” we watch often trigger growth in some very surprising places.

For instance, much of the data that researchers and doctors collect from the use of these drugs will end up in the tech sector “cloud.” At that point, all that stored data creates a “management” opportunity for companies able to create tech tools that will let hospital nurses and physicians access and use that data in ways that lead to better patient care.

**Persistence Market Research** expects this global healthcare cloud computing market to grow at a CAGR of 20.1% through to 2020, when it will be worth $12.65 billion.

Beside monoclonal antibodies, other biologics include vaccines, allergenics and gene therapies. Repligen is a supplier for such leading drugs as:

- **Avastin**, used to treat colon cancer.
- **Herceptin**, a treatment for breast cancer.
- And **Humira**, prescribed for rheumatoid arthritis (RA) and several other conditions.
Repligen has two other lines of business: supplying several growth factors to increase cell culture yields during drug production's fermentation stage and making devices used to purify biotech products.

Put it all together, and this is a growth machine.

When it closes the books on its most recent fiscal year, Repligen is forecasting revenue in the range of $63 million to $63.5 million. That will be well above the consensus of $60.5 million – and you know how Wall Street loves upside surprises.

That $63.5 million in projected revenue consists of $3 million in revenue from outlicensed therapeutic programs and as much as $60.5 million in product revenue.

Repligen’s shares recently traded at $25, giving it a market cap of $834.1 million and a P/E of 69.36.

And the further forward we go, the better Repligen’s outlook seems to get.

In 2015, Repligen projects product revenue of $69 million to $72 million – representing sales growth of 15% to 20% from 2014.

As a company, Repligen is a reminder that – if you’re looking to build a true “Million Dollar Tech Portfolio” – a piece of that investment must be in biotech.

Over the past five years, the Nasdaq Biotechnology Index has risen a whopping 299%, more than three times the 96.7% return posted by the S&P 500.

Biotech continues racking up strong performances – in the past year, the Nasdaq Biotechnology Index is up a healthy 23.2%.

The biotech sector will outperform again in 2015. And biopharmaceutical companies – including Repligen – will keep having tremendous success for years to come.

**Million Dollar Stock #5**

*The Next “Usual Suspect”*

Imagine if you had been an early investor in such companies as Facebook Inc. (Nasdaq: FB), Google Inc. (Nasdaq: GOOGL) – or Amazon.com Inc. (Nasdaq: AMZN). From their initial public offerings (IPOs), you’d be looking at gains of 109%, 966% and 22,167%, respectively.
I told you I wasn’t going to stuff this portfolio with those sorts of big caps – the kind that mainstream investment advisors love to tell you about but that you already are well aware of.

I believe this next company, however, will eventually become one of those “usual suspects.”

But it won’t hit that “mature,” slower-growth phase for years.

And that means investors who take a stake now are getting in early – and at a bargain-basement price.

I’ve been watching Alibaba Group Holding Ltd. (NYSE: BABA) for some time now to look for the right entry point. And now that it’s selling at a huge discount from its recent high, that time is now.

And that’s why I’m including Alibaba as a keystone stock in your “Million Dollar Tech Portfolio.”

Alibaba, of course, is the Chinese Internet heavyweight whose September IPO was the largest ever.

The e-commerce giant – already bigger than its peer companies Amazon.com and eBay Inc. (Nasdaq: EBAY) combined – represents the future of the Internet as we know it.

According to Statista, in 2013, global e-commerce retail sales were at $638.16 billion. They’re advancing at a CAGR rate of 16.1% and are expected to reach $1.35 trillion in 2018.

That e-commerce “ignition point” is just the start for Alibaba. Based in China, it is riding the emerging-markets wave – and I expect the company to expand into other markets, including the United States, very soon.
Alibaba is already dominant in its home market. And that market, as huge as it is, is just getting started.

In a report from last year, analysts at the Australia and New Zealand Banking Group Ltd. said that China last year leapfrogged the United States to become the No. 1 online marketplace in the world. Online shopping there reached $298 billion in 2013, easily surpassing U.S. sales of $263 billion.

And the growth rate is dizzying: According to German research firm yStats, China’s consumer e-commerce market soared more than 60% in 2013.

That’s the past, though. When attempting to value a stock like Alibaba, you should demand to know: “What’s next?”

The answer: China’s online market will continue to zoom – and at a frenetic rate.

China’s Internet population – 632 million people – is roughly double the entire U.S. populace. And the China Internet Network Information Centre (CNNIC) is projecting that the country’s total online population will hit 800 million by 2016.

That’s because China’s middle class is just starting to emerge – much like the U.S. middle class did from the 1950s to the 1970s.

That means, with Alibaba, we have generational wealth potential.

Just take a look at what happened with Amazon.

Amazon went public on May 15, 1997, at a split-adjusted $1.50 a share. Fast-forward nearly 18 years to today. Amazon was recently trading at about $385.

Tell me you wouldn’t like to have that kind of a return to boast about.

So you can see the profit potential when a well-chosen and well-timed investment such as Amazon is held for the long run.

Alibaba is that kind of investment – and one that trades on several of those “ignition points” we’ve been talking about, including e-commerce and emerging markets.

So buy a stake in Alibaba now. And then keep buying bits and pieces regularly – whatever you can afford at the time – whenever it sells off.

This is your chance to build something your grandkids will be talking about one day – a true “generational” fortune.
Million Dollar ETF #1
The Shortcut to IPO Profits

The technology sector runs on initial public offerings (IPOs).

The promise of buckets of IPO cash is why Silicon Valley venture capitalists back promising tech companies in the first place.

And a healthy IPO market is good for the stock market in general.

Just take a look at the $25 billion that Alibaba raised on Sept. 18. The Chinese e-commerce giant’s IPO attracted media attention for months and ended up setting a record as the largest-ever global IPO.

While nowhere near as large as the Alibaba IPO, the initial offerings of tech companies King Digital Entertainment PLC (NYSE: KING), GoPro and Zendesk Inc. (NYSE: ZEN) also attracted both tons of cash and lots of headlines.

According to Renaissance Capital, 273 issuers raised nearly $85 billion in the United States in 2014. That’s up 54.5% from 2013.

Even if we back out the Alibaba IPO numbers, the remaining dollar figures show us that the IPO market remains healthy – and not overinflated, as it was during the dot-com bubble of 1999–2000.

For retail investors, IPOs offer three big challenges, including:

• **Being overly exclusive:** IPOs generally keep out everyone but huge mutual funds and connected insiders.

• **Being overly expensive:** When retail investors finally do get in, it’s usually in the “aftermarket,” when the stock has shot up from its offering price.

• **Being overly risky:** Because Main Street investors buy in at the high, they typically bear the biggest risk – and often suffer when IPO shares correct.

Now you know why should stay away from most IPOs – and why I waited six months before recommending Alibaba.

Just look at King Digital. Since going public on March 26, shares of the mobile game company are down 15.5%.
However, IPOs remain an integral part of the U.S. tech “ecosystem” – and so our “Million Dollar Tech Portfolio” needs some exposure to that market. Many of those companies – our earlier profile of Amazon.com is a fine example – do very well over the long term. And the “long term” is what our next investment recommendation focuses on.

I’m talking about the First Trust IPOX-100 Index Fund (NYSE: FPX). This exchange-traded fund (ETF) gives you the great long-term upside from IPOs without all that short-term volatility.

Of its top 20 holdings, 40% relate to tech or tech-centric healthcare. And FPX also holds positions in finance, auto, retail, heavy industry, energy and a smattering of metals and materials.

The ETF doesn’t chase sexy small- and micro-cap firms. Instead, it is weighted toward mid-caps, with an average market valuation of $3.3 billion.

Its holdings are small enough to offer solid upside, but large enough to avoid the high volatility of more thinly traded stocks.

Consider that its two largest holdings have greatly outperformed the broader market over the past year. Facebook Inc. (Nasdaq: FB) is FPX’s top holding, making up nearly 10% of the fund. The stock is up 181% over the past two years.

Over the same 24-month stretch, AbbVie Inc. (Nasdaq: ABBV), the pharmaceutical company behind the blockbuster rheumatoid arthritis treatment Humira, returned 56.8%. AbbVie is FPX’s second-largest holding, at 8.37%.

Recently trading at around $53, the FPX ETF is the best way for most investors to cash in on the healthy and burgeoning IPO market.

The ETF has returned 58.4% over the past two years – 49% better than the performance of the S&P 500 during the same period.

We don’t usually look for screaming-fast growth from ETFs – and I usually recommend holding ETFs for five years or more. But at that rate, you could be seeing a double well before 2020.
Million Dollar ETF #2  
*If You Only Make One Investment...*

Before I outline the final entry in our “Million Dollar Tech Portfolio,” let me tell you how excited I am that you’ve joined us here at *Strategic Tech Investor.*

For an awful lot of people, money makes them nervous, and they find it hard to talk about.

However, the fact that you’ve signed on with us shows me that you’re ready to make some life-changing moves. You’re ready to beat back the fear, the naysayers and the second-guessers and take responsibility for your own financial future.

I promise you’ll be rewarded for your initiative and courage.

After all, the biggest risk comes not from being in the market when it goes down – but from being out of the market when it goes up.

Now, I should tell you right up front that this is not a “trading service.” I won’t be issuing “Buy” and “Sell” orders or tracking the recommendations I make on a day-to-day basis. If you desire that kind of support, I’m happy to provide it in my *Nova-X Report* and *Radical Technology Profits* services.

However, I will be following these companies and bringing you updates on their performance regularly here in *Strategic Tech Investor.*

Two times each week, I’ll also be bringing you even more profit-making investments in technology that will put you on the road to wealth. I do that by spotting the unstoppable tech trends – and the companies that are best taking advantage of them.

In addition to spotting those trends and finding those investments, I will be sharing with you a great number of trading and risk-busting strategies that you can use to make sure you make the most money you can from every play you make.

I’m suggesting all these investments as long-term holds – but how you play them is up to you.

However, for the trades I’ve shared with you today – besides Alibaba – here’s what I recommend. Commit 1.5% to 3% of your portfolio money toward each holding. Then, I suggest that you apply “split entries.” Break your intended position into three equal tranches. Buy a third now, the second third at a price 15% below your “Buy” price and the final third 15% below that.
For this last entry in the “Million Dollar Tech Portfolio,” however, I’m going to suggest something different.

This is an investment you should invest in regularly – and never sell.

If you follow my advice on this, I can promise that, years from now, you’ll recall this move as a difference-maker in your life.

Let me explain.

The investment that I’m talking about is the Technology Select Sector SPDR Fund (NYSE: XLK).

This is an ETF that covers a wide swath of technology, mostly U.S. leaders. This is a great foundational type of investment – the kind you want to own for a long, long time… if not forever.

Let me show you what this fund is. Then I’ll show you how to use it.

With more than 70 stocks in its portfolio, XLK offers investors the chance to specialize in high tech while at the same time diversifying across multiple sectors, including the Web, software, semiconductors, computers, wireless services and cybersecurity.

It holds several mega-cap firms, like Intel Corp. (Nasdaq: INTC). Intel is a play on the booming U.S. semiconductor industry and, at 3.39% of the fund, is one of XLK’s top holdings.

About 4.1% of the fund is invested in Facebook Inc. (Nasdaq: FB), and XLK also holds online media company Yahoo Inc. (Nasdaq: YHOO), which counts 800 million users.

Plus, you also get to profit from XLK’s largest holding, Apple Inc. (Nasdaq: AAPL). The Cupertino, Calif.-based iDevice King accounts for 18.14% of this ETF’s holdings. About 8.54% of XLK is dedicated to Microsoft Corp. (Nasdaq: MSFT), which is benefiting from PC software, mobile, online search and computer gaming.

Technology Select Sector SPDR ETF

NYSE: XLK

Focus: Corresponds to the Technology Select Sector of the S&P 500

Market Cap: $13.33 billion

Number of Holdings: 71

Top Three Holdings: Apple Inc. (18.14%), Microsoft Corp. (8.54%), Verizon Communications Inc. (4.93%)

52-Week High: $35.13–$43.46
Its other holdings include Qualcomm, Inc. (Nasdaq: QCOM), Adobe Systems Inc. (Nasdaq: ADBE), Cognizant Technology Solutions Corp. (Nasdaq: CTSH), Avago Technologies Ltd. (Nasdaq: AVGO) and SanDisk Corp. (Nasdaq: SNDK).

XLK also pays a dividend at 1.68% yield.

And if you employ this single fund like I suggest, you'll be putting your savings program on “autopilot.”

The best way to capitalize on an investment like this is by “dollar-cost averaging.” This is a savings strategy that will have you, after starting the fund with a decent-sized initial investment, make consistent investments at regular intervals over a long time period.

By making regular-sized, consistently spaced contributions, you'll automatically buy more shares when stocks are cheap and fewer when they are expensive.

I also like the fact that this particular strategy “drafts” a powerful ally – the “power of compounding.”

Let’s work through an example.

Let’s assume a reasonable 12% return over 10 years. With an initial investment of $100 and a regular contribution of $30 a month, you’ll have established an investment plan with a lot of muscle. In 10 years, you'd find yourself with $7,387.

And roughly half of that – $3,690 – is pure profit.

In 20 years, that same strategy would turn into $30,000 (a $22,717 profit). And in 30 it would turn into $100,000 (an $89,400 profit).

And that’s with a small upfront investment and a very small monthly contribution. Just think what you could achieve with a bigger initial outlay and a more aggressive monthly investment.

And here’s the key thing to remember: I’m recommending this fund as part of your “Million Dollar Tech Portfolio” – a keystone that creates a savings discipline.

If you’re aggressive, you might put devote as little as 2% of your portfolio into something like XLK. If you’re more conservative, you might raise that to 15% to 20%.
Then start devoting additional investment cash to the other holdings in our “Million Dollar Tech Portfolio” – and, later, to the other stocks and funds I’ll be sharing each week in Strategic Tech Investor.

With the quality of the stocks I’ll be sharing with you and your own tenacity, you’ll soon be thinking about $2 million... and beyond.

With these recommendations in hand, you’re now ready to take your first step down the road to wealth – and toward your first million dollars.

See you there...

Cheers and good investing,

Michael A. Robinson
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