

# 2020 TECH OUTLOOK

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THREE STOCKS POISED TO  
TAKE A LION'S SHARE OF THE  
\$12.5 TRILLION 5G SECTOR

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BIG BREAKTHROUGHS. BIG PROFITS.

# 2020 Tech Outlook: Three Stocks Poised to Take a Lion's Share of the \$12.5 Trillion 5G Sector

Dear Reader,

I've been writing about 5G high-speed cellular networks for more than five years now, and I couldn't be more excited about what we can expect throughout 2020.

Sure, 2019 saw a fair amount of progress in rolling out this advanced new platform. The next-gen mobile network is available in a few markets.

But we have a *big* catalyst coming in fall 2020.

That's when **Apple Inc. (AAPL)** unveils a new 5G-native iPhone. But don't underestimate the importance of this move. Sure, it might sound like *just* another iPhone, but the implications are huge.

You see, Apple sets the standard for the rest of the sector, and this move could unleash millions – even billions – in new wealth for investors that latch on now.

5G will be important for the entire tech ecosystem in the year ahead, and it's just one major catalyst that investors should be tracking – because of all the new wealth it's creating in hundreds of different sectors.

But I have my sight set on three that could turn out to be the most profitable. There are key developments with chip stocks, beaten-down software, and cloud players that, if you find the right companies, can show you huge returns ahead.

That's why, right now, I'm going to show you how you can profit from all three of these exciting growth sectors in the upcoming year...

## Tech Will Continue Paving the Path to Wealth in 2020

As a longtime Silicon Valley insider, I can tell you unequivocally that tech will continue to be a big profit driver all year long. Not just for the market after a blazing 2019, but literally for every single sector out there.

We're living in what I call the "convergence economy." Never before in the history of the world have so many tech platforms zoomed ahead – all at the same time.

In our new, interconnected world, it's almost impossible to separate out the mobile wave from fintech, chips, software, AI, and the cloud. Each one drives the other forward so that tech investors have a target-rich opportunity.

As you might imagine, 5G sits right in the heart of it all.

I predicted to readers of my [\*\*\*Nova-X Report\*\*\*](#) newsletter way back in May 2014 that 5G would be a game changer. The new standard is more than just blazing fast – it's *100 times* faster than the current 4G platform.

It's the linchpin for such factors as smart cities, the Internet of Things (IoT), driverless cars, and a sensor- and software-laden

global supply chain. We're also talking about remote patient monitoring that lowers health-care costs and enables long-distance robotic surgery.

It's no wonder then that 5G will have a huge financial impact. It will force a massive upgrade cycle for handsets, laptops, modems, and antennas, just to name a few.

**MarketsandMarkets** says that firms will be spending \$33.72 billion per year on 5G by 2026. And that may be conservative. Another prediction, by **Research and Markets**, pegs the 5G sector at \$251 billion by 2025.

I believe that both of those are way too cautious...

The actual global economic impact could be as high as \$12 trillion a decade out as the entire world adopts 5G technology.

Even with a 5G iPhone likely not debuting until the fall, other handset makers and all the wireless carriers are adopting the technology literally as we speak.

In a case like this, I believe it pays to look for a great backend play – a company that stands to gain from the entire build-out.

## Three Growth Plays to Get Ahead of All the Upside

That's just what we have with **Keysight Technologies Inc. (KEYS)**. The firm provides testing and measurement gear for electronics with a big emphasis on 5G products.

Keysight boasts an impressive client roster. These clients need Keysight's gear to test and measure the quality of their products before releasing them. Clients include:

- All of the 10 top telecom equipment companies...
- All of the 10 top semiconductor suppliers...
- 23 of the 25 top aerospace and defense contractors...
- 24 of the 25 top technology companies...
- All of the 25 top auto electronics suppliers, and...
- All of the 25 top telecom operators.

Now, the 5G rollout will also be a big catalyst for the rebounding chip sector. Every 5G handset will need specialized chips that can tap into the high-speed networks.



But this is not just limited to handsets. It will also cover chips used in server farms, automobiles, tablets, cell towers, and laptops.

And that means chips are now getting a positive one-two punch. Wall Street beat the stuffing out of the sector last spring on fears of slowing growth and worries about our trade tensions with China.

Since that time, Wall Street has awakened to a simple and powerful fact: no chips, no economy.

Semiconductors are in just about every aspect of the global supply chain that goes beyond electronics. That includes “mundane” things like washing machines, printers, blu-ray players, 4K TVs, refrigerators, and even coffee pots.

After a record 2018, chip sales are estimated to have fallen by over 12% during 2019. I see them bouncing back this year by a modest 6%.

Bear in mind, that’s an average for the industry. Some stocks will grow several times that amount and hand investors big paydays.

**Lattice Semiconductor Corp. (LSCC)** specializes in programmable chips, literally those that can be tweaked out in the real world for very specialized applications.



With this play, it’s almost like owning a chip ETF. Its applications include embedded vision, hardware security, AI, surveillance, wearables, and 5G smartphones.

It also offers savvy leadership. Jim Anderson became CEO in September 2018. He hails from **Advanced Micro Devices Inc. (AMD)** and has a great track record. Anderson also logged stints at chip leaders **Intel Corp. (INTC)**, **Broadcom Inc. (AVGO)**, and **LSI Corp.**

In the meantime, software stocks are set for a rebound after a very tough 2019. They sold off en masse last summer after Wall Street began fretting that these high-octane stocks had gotten overvalued.

Well, as the saying goes, their loss is our gain. And I'm expecting big things from **Zendesk Inc. (ZEN)**. It specializes in cloud-based software that helps companies better engage with their customers.



Zendesk started with a focus on small companies but has since added enterprise clients to the mix. It offers everything from customer-relationship management tools to applications for live chat and messaging to call centers.

The stock was heavily oversold last summer. Between July 24 and October 23, it fell by nearly 32%.

But after the firm reported a 140% profit increase in the third quarter of 2019, Wall Street started to wake up to the great story here. The stock has since gotten some more positive attention.



I still see plenty of upside ahead. Zendesk has grown sales by an average 39% over the past three years. If its earnings growth was just half that rate, we'd see it double in as little as four years.

Add this all up, and you can see that 2020 will be another great year for tech stocks. And the three we've covered today should greatly outperform the broader market for the rest of this year.

Cheers and good investing,

Michael A. Robinson



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