SPECIAL REPORT

Top Picks 2022

FREDERICK & OLIVER

Contents

MANY MAJOR STOCK INDICES REGISTER RECORD-HIGHS IN 2021, HOW WILL 2022 SHAPE UP?

WELCOME

What. A. Year.

2021 felt somewhat 'stop/start' with the ongoing Covid disruption.

That said, the markets turned in a spectacular performance!

All major US indices closed the year at record-highs with the **Dow Jones gaining 22%, the S&P 500 up 28% and the NASDAQ advancing an incredible 33%**.

Even the sluggish FTSE 100 index mustered a gain of 14%.

Covid, sadly remains the dominant theme in financial markets. The first sign of a new strain prompts selling amid fears of fresh lockdown measures, whilst falling case numbers can result in buying activity.

Some sectors have remained resilient to Covid concerns, predominantly technology stocks.

Shares in **Apple**, for example, gained steadily throughout 2021, closing the year 43% and at a **record-high of $180**.

Meanwhile, travel related stocks, the most sensitive to lockdown restrictions, have endured a tough year.

London-listed holiday firm **TUI** started the year trading at 500p a share only to close out 2021 at 229p. **A decline of 54%.**

Stock picking amid the current circumstances has a 'hero or zero' feel about it. Should the health pandemic subside, it would be a brave investor to bet against a market rally despite the current, lofty levels.

The flip side, a new virus scare could lead to an aggressive correction, something witnessed just recently. When the Omicron variant was discovered, the Dow Jones slipped almost 3,000pts between November and December, a 7% decline.

Frederick & Oliver, never shying away from a challenge, has identified 10 stocks for your consideration in 2022.

Ranging across sectors from travel to telecoms, oil to technology, both listed in the UK and the US, analysts believe they have identified a diverse spread of stocks for your portfolio.

Furthermore, analysts have managed to identify stocks trading near to their respective 52-week lows, presenting quite remarkable potential upside in the event of a recovery.

The 10 stocks, on average, are trading just 8.9% from their 52-week low and 106.2% from their 52-week high.

Remember, not all trades prove profitable and we champion the market maxim 'cut your losses'.

Good luck with your investments.

Frederick & Oliver

easyJet Plc

CLOSED BORDERS, GROUNDED AIRCRAFT AND RIGHTS ISSUES - TRAVEL HAS NEVER HAD IT SO BAD. THE PERFECT TIME TO BUY?

The global travel sector has been decimated over the past two years due the ongoing health pandemic.

In a bid to contain the Covid-19 virus, governments around the world restricted the freedom of movement in and out of their respective countries, forcing the grounding of aircraft.

Despite attempts to reopen the skies, a combination of new virus variants, vaccine requirements and infection levels have hampered efforts.

The ever-moving travel goalposts have led to crisis of confidence amongst holiday makers and this is why easyJet shares are trading at a 'fiver' versus their pre-pandemic price of 1600p.

easyJet revealed an annual loss in excess of £1bn, raised £1.2bn via rights issue (its second rights issue of the pandemic era) and has recently asked the UK government, along with fellow UK airlines, for aid following the latest Omicron-induced travel restrictions.

This is also the reason easyJet has been included this report.

The old stock market maxim 'buy low, sell high' is oddly difficult to adhere to, for the opportunity to 'buy low' always comes at the most distressed time, at which point one's brain sends messages of caution.

City analysts are almost unanimous in their 'buy low' view of easyJet shares, with only 2 analysts rating the stock as 'sell' currently (see table opposite).

The average target price among analysts presents 45% upside from the current level, which whilst appearing punchy, the chart opposite reveals shares were trading above 700p as recently as the 5th October.

Further City endorsement comes in the form of a significant disclosure from Goldman Sachs, which on November 11th revealed it had increased its stake from a token 0.3% to 5.3%, clearly speculating on a brighter future for the European carrier.

Speaking of the future, despite the current uncertainty, easyJet has been taking advantage of the sector's victims in buying and/or leasing take-off and landing slots from Norwegian, Thomas Cook and British Airways, throughout the pandemic.

Whilst turbulence will persist in the sector, at this price, and with much bad news already known and 'priced in', we find it hard to disagree with the analysts' forecasts.

Reassess level - 450p. At this price, shares would be challenging the pandemic low.

WHAT DO THE ANALYSTS SAY?

See the following ratings and target prices:

Buys	Holds	Sells
18	4	2

Most Bullish Analyst	Most Bearish Analyst
Morgan Stanley 900p	Kepler Cheuvreux 460p
Average 12 month target	Potential up/downside %
729p	+45%

COMPANY INFORMATION

easyJet Plc is a British multinational low-cost airline group headquartered at London Luton Airport. It operates domestic and international scheduled services on over 1,000 routes in more than 30 countries.

Listing	Market Cap	52-week range	Dividend yield
FTSE 250	£4bn	457p - 921p	Nil

CHART OBSERVATIONS

Current Price	52-week Low	52-week High	Distance to Low	Distance to High
503p	457p	921p	-9%	+83%

Micro Focus Plc

WITH SHARES TRADING 87% LOWER THAN IN 2017 AND ANNOUNCING A TIE-UP WITH AMAZON, IS IT TIME TO BUY?

In 2017, Micro Focus bought Hewlett Packard's software business for £6.8bn, making it the biggest UK-based technology firm. Shares traded as high as 2700p that year.

Integrating the much larger US-based Hewlett Packard Enterprise has proved a struggle, a costly one. Resulting in profit-warnings and an 87% reduction in share price over the past four years, to today's price of 362p.

Micro Focus' share price capitulation has been so spectacular it has slipped from the FTSE 100 to the FTSE 250 and is now valued at less than the AIM-listed 'fast fashion' company, Boohoo, which features later in this report.

Micro Focus is a long way from former glory in terms of share price, and that is precisely why we like it. The scope for a recovery is great.

Indeed, Micro Focus is one year into a 3-year turnaround plan, one which is seemingly progressing well. The company recently reinstated its dividend, a not-to-be-sniffed-at 4.7% accompanied by an upbeat statement "Having now completed the Hewlett Packard Enterprise integration we can once again focus on our core objectives that we know deliver success," from Chief Executive, Stephen Murdoch.

Micro Focus is one of those companies that many may not have heard of. That said, it provides critical infrastructure to major banks, retailers, and governments that underpin the services millions of customers use every day.

The company has a suite of 300 products and approximately 40,000 clients around the world. Its software solutions enable organisations to scale their IT infrastructure by bridging the gap between existing and emerging IT.

Micro Focus has relationships with technology behemoths such as Oracle and Microsoft, but the new partnership which really got the market excited is with Amazon Web Services.

Micro Focus announced the deal back in March, sending the shares higher on the day by 15%, further evidencing progress in the turnaround plan.

Whilst analyst ratings on the stock are light (it is typical 'smaller' companies receive less coverage), the most bullish, Stifel, with a target price 250% higher than the current, believes the stock could be a potential takeover target.

Stifel's target price of 1272p seems somewhat dreamy but remember, if this could be achieved, the price would still be less than half of what it was back in 2017.

Reassess level - 450p. At this price, shares would be challenging the pandemic low.

WHAT DO THE ANALYSTS SAY?

See the following ratings and target prices:

Buys	Holds	Sells
3	5	0

Most Bullish Analyst	Most Bearish Analyst
Stifel 1272p	Investec 400p
Average 12 month target	**Potential up/downside %**
613p	+69%

COMPANY INFORMATION

Micro Focus International Plc is a British multinational software and information technology business which provides software and consultancy services.

Listing	Market Cap	52-week range	Dividend yield
FTSE 250	£1.3bn	327p - 596p	4.7%

CHART OBSERVATIONS

Current Price	52-week Low	52-week High	Distance to Low	Distance to High
362p	327p	596p	-10%	+64%

NIO Inc

CONSIDERED BY MANY AS THE 'TESLA OF CHINA' - CAN NIO LIVE UP TO CITY EXPECTATIONS?

Some refer to the Chinese EV maker 'The Tesla of China' - no pressure NIO!

NIO operates at the premium end of the market offering 3 SUV models, a 5, 6 and 7 seater, and an executive saloon.

NIO is certainly operating in the right market, China accounted for 42% of global new EV sales in the first half of 2021.

China's EV sales went on to reach 2 million units in the first 9 months of this year, with NIO contributing 66,395 units towards this total, 3.3% market share, compared with Tesla's 11%.

Looking to build upon its success in China, NIO is eyeing the fast-growing European market. The company has started deliveries in Norway and plans to enter Germany by the end of 2022.

NIO boasts some novel technology and services. The battery swap subscription service takes place at over 160 stations across China. When power is running low, simply drive your NIO into a swap station and watch robots switch out your depleted battery for a fully charged one in under 3 minutes. On the subject of batteries, NIO claims some vehicle specifications have a Tesla rivalling range of over 620 miles.

NIO is considered to be a market leader when it comes to autonomous driving tech. Its system features 33 sensors, 11 cameras, five radars and 12 ultrasonic sensors as well as hardware capable of processing 8 gigabytes of data per second.

NIO's recent Q3 trading update should reassure investors, the company reported revenue of $1.52bn, an increase of 117% year-on-year, resulting in a profit of $309m, up 240% year-on-year.

CEO William Bin Li boasted "Our demand continues to be strong and our new orders reached a new record high in October".

As you can see from the table below, the City analysts are fans with only Bernstein bearish on the stock.

27 of 32 analysts rate the stock as 'buy' with an average target price across all analysts of $60, a huge 107% higher than the current price.

Reassess level - $22. At this price, shares would be trading at a fresh 12-month low.

WHAT DO THE ANALYSTS SAY?

See the following ratings and target prices:

Buys	Holds	Sells
27	4	1

Most Bullish Analyst	Most Bearish Analyst
Credit Suisse	Bernstein
$83	$45
Average 12 month target	**Potential up/downside %**
$60	+107%

COMPANY INFORMATION

NIO Inc designs, develops, manufactures, and sells smart electric vehicles in China. The company offers five, six, and seven-seater electric SUVs, as well as smart electric sedans.

Listing	Market Cap	52-week range	Dividend yield
NYSE	$45bn	$28 - $67	Nil

CHART OBSERVATIONS

Current Price	52-week Low	52-week High	Distance to Low	Distance to High
$29	$28	$67	-3%	+131%

Boohoo Plc

BOOHOO SHARES SLIPPED 74% IN 2021. ARE ITS TROUBLES BEHIND IT? IS NOW THE TIME TO BUY?

Online fashion retailer, Boohoo, sells clothing from its own labels as well as those labels it has purchased in recent years, including Karen Millen, Coast, Debenhams, Dorothy Perkins, Wallis and Burton - the latter three from the now collapsed Arcadia Group.

Boohoo first listed on the London Stock Exchange in 2014 at 50p. A year later the shares had halved to 25p. Share price volatility has been ever-present for the company.

Boohoo has generally benefitted from online retail sales growth, boosted by Covid-induced lockdown restrictions, coupled with the slow death of the High Street, in recent years.

Pre-Covid, Boohoo had achieved aggressive sales growth over a 5 year period, averaging 52% revenue growth year-on-year.

2020 turned out to be a rollercoaster year for the 'fast fashion' company. The global health pandemic, allegations of poor working practices at some of its suppliers in Britain and abroad, the resignation of auditor PwC, all contributed to unprecedented levels of share price volatility.

Let's take a look at the share price volatility of 2020 in more detail:

- Jan - Mar -60% COVID-19 outbreak
- Mar - Jun +200% Recovery amid talk of lockdown
- Jun - Jul -55% Allegations of slave labour
- Jul - Oct +100% Recovery amid lockdown
- Oct - Nov -50% PwC resigns as auditor
- Nov - Dec +60% Rally ahead of Xmas trading

So if 2020 is to be compared to a rollercoaster, 2021 must be described as a bungee jump, only without the cord!

Shares started the year at 370p and in recent days traded as low as 97p. A decline of 74%.

Rising freight and labour costs coupled with narrowing margins and supply chain disruptions, led to Boohoo warning investors sales would rise between 12-14% for the financial year, around half of the previous forecast of 20-25%.

At a 74% discount for the year, many analysts believe now is the time to buy (see table below), with even the most bearish broker (Investec, with a 95p target) predicting 'only' a 10% decline from the current price, compared with an average target price of 200p (+89%).

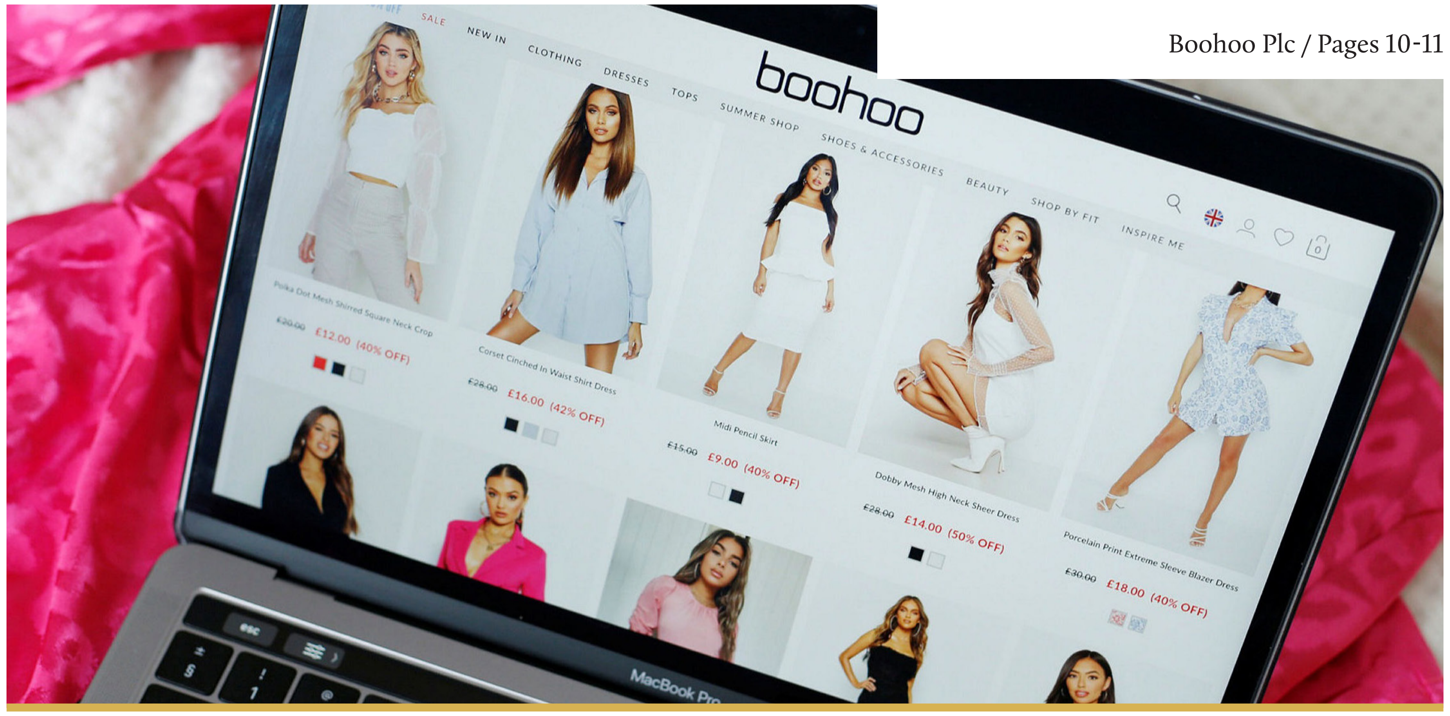
Reassess level - 95p. At this price, shares would have recorded a fresh pandemic-low.

WHAT DO THE ANALYSTS SAY?

See the following ratings and target prices:

Buys	Holds	Sells
16	4	3

Most Bullish Analyst	Most Bearish Analyst
BNP Paribas 335p	Investec 95p
Average 12 month target 200p	Potential up/downside % +89%



COMPANY INFORMATION

Boohoo Group Plc operates as an online fashion retailer in the United Kingdom and internationally. The company designs, sources, markets, and sells clothing, shoes, accessories, and beauty products.

Listing	Market Cap	52-week range	Dividend yield
FTSE AIM 100	£1.5bn	97p - 379p	Nil

CHART OBSERVATIONS

Current Price	52-week Low	52-week High	Distance to Low	Distance to High
106p	97p	379p	-8%	+257%

DocuSign Inc

DOCUSIGN'S CEO AND ARK'S CATHIE WOOD HAVE RECENTLY BOUGHT SHARES IN THE COMPANY. SHOULD YOU?

In March 2020, shares in DocuSign traded as low as $65, then along came Covid.

Fast forward for August 2021, shares had topped out at $315 each, a meteoric gain of 385%. What a trade that would have been!

DocuSign's technology is ingeniously simplistic - replacing the 'wet' signature.

Signing for something doesn't sound too laborious but DocuSign has eradicated the need to travel, for example to a solicitors office, an estate agent, or await documents arriving by post or courier. A process which could have taken hours at best, or days at worst has been replaced by a safe and secure service whereby documents can be delivered by email and 'signed' online - executed in seconds.

The 385% share price growth mentioned earlier, materialised in just 18 months during the global health pandemic.

During this time many parts of the world were in and out of lockdown restrictions, rendering DocuSign's services a necessity not just a convenience.

Success was reflected in the company's earnings as well as its share price. In 2019, DocuSign boasted earnings-per-share (EPS) of $0.90 from revenue of $701m. In the current year, analysts predict the company will generate $2.1bn in revenue, resulting in EPS of $1.98.

So far, so good. However, from September to December this year, shares dropped almost 60% from $315 to $130, hence DocuSign's inclusion in this report.

Concerns of rising interest rates and the easing of lockdown restrictions initially led to profit-taking. Then, on December 3rd, DocuSign provided its Q3 trading update in which it revealed demand for its services had slowed faster-than-expected, sparking a 40% share price decline on the day.

Buy low? CEO, Daniel Springer, took advantage. According to SEC filings, Springer purchased $4.85m of shares at prices ranging from $138 to $147.

Famed tech-lover, Cathie Wood of Ark Investment also 'bought the dip'. Ark snapped up 746,964 shares of DocuSign valued at $100m.

The majority of City analysts side with Springer and Wood (see table below). On average shares have been given a target price of $205, representing 39% potential upside from the current price.

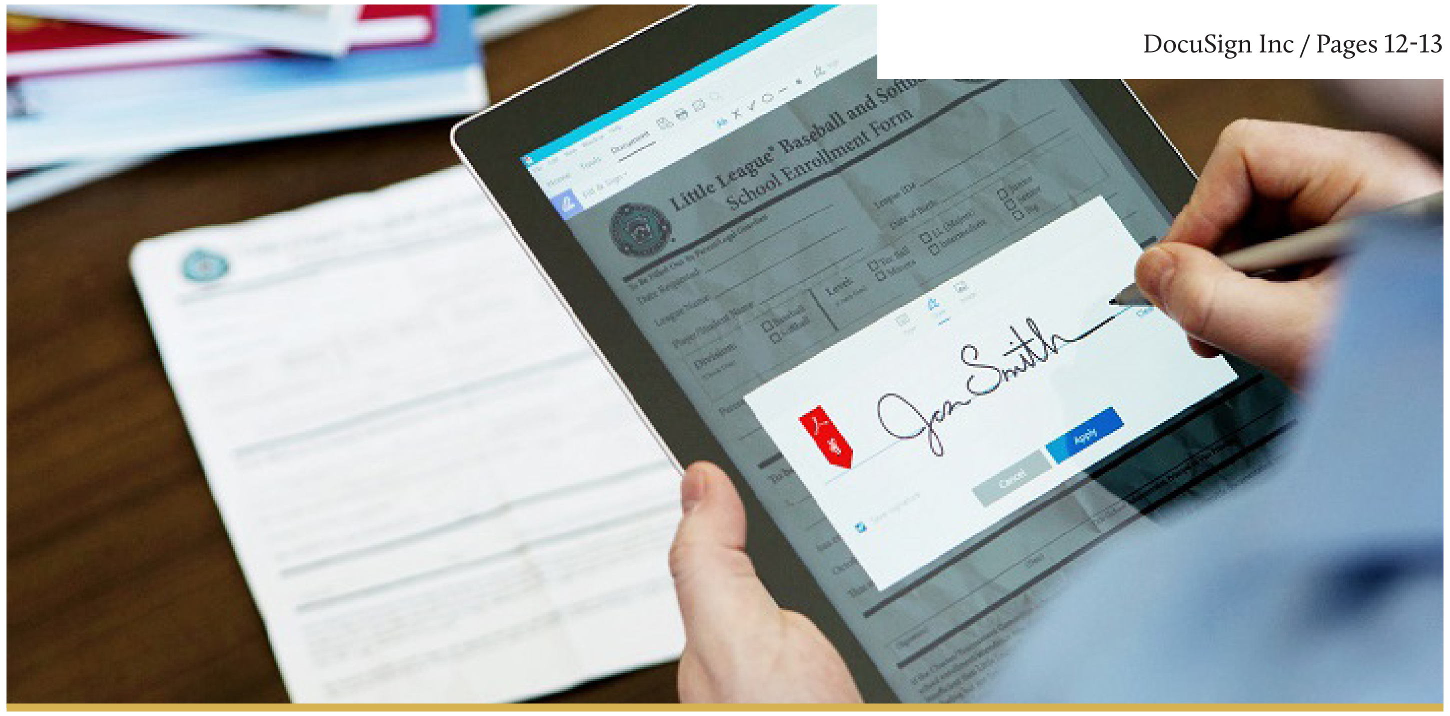
Reassess level - $125. This price would supercede December's low and suggest the bout of selling is not over.

WHAT DO THE ANALYSTS SAY?

See the following ratings and target prices:

Buys	Holds	Sells
12	7	1

Most Bullish Analyst	Most Bearish Analyst
JMP Securities $307	Wolfe Research $160
Average 12 month target	**Potential up/downside %**
$205	+39%



COMPANY INFORMATION

DocuSign, Inc allows organisations to manage electronic agreements using eSignature, a way to sign electronically on different devices. DocuSign has over 1 million customers and hundreds of millions of users in more than 180 countries.

Listing	Market Cap	52-week range	Dividend yield
NASDAQ	$29bn	$131 - $315	Nil

CHART OBSERVATIONS

Current Price	52-week Low	52-week High	Distance to Low	Distance to High
$148	$131	$315	-11%	+112%

Vodafone Plc

IS THIS COMMUNICATIONS BEHEMOTH SET TO PROSPER FROM OUR GREATEST ADVANCE IN TECHNOLOGY?

A long term favourite at Frederick & Oliver, Vodafone presents a buying opportunity once again.

Vodafone is at the forefront of the most innovative new technology, 5G.

The global 5G services market size is estimated to reach \$665bn by 2028, according to a study by Grand View Research Inc.

Grand View Research names Vodafone as one of 14 'key players' in the global 5G services market. Vodafone has already capitalised on the value of this technology with its 5G tower listing, which yielded €2.3bn.

The date of 2028 is significant. Automotive manufacturers Volkswagen, Daimler, BMW, Ford and General Motors have announced they will sell only electrically powered vehicles come this time. These vehicles will communicate with infrastructure, and each other, via 5G networks as autonomous driving becomes the norm.

At the current price of 111p, Vodafone could also be ripe for a takeover approach.

In 2014 AT&T approached Vodafone with a deal worth £70bn which was ultimately blocked by the CMA.

If such a deal presented itself today, Vodafone shares could be valued at 250p given the company's market capitalisation of £30bn.

Mergers and acquisitions activity in the sector has been rife in recent weeks. Private equity group KKR bid €33bn for european peer Telecom Italia, whilst French telecoms and media company, Altice, increased its stake in BT Group to 18%.

In a Sunday Times interview in November, Vodafone CEO, Nick Read, touched on the possibility of a merger with rival Three or an investment in the newly-merged Virgin Media O2, as well as talking about his role in lobbying European regulators to loosen up on telco tie-ups.

In December 2021 reports emerged, Orange, France's largest telecoms operator, and Vodafone discussed a merger earlier in the year but abandoned the project due to French opposition.

At 111p, shares are trading towards the lower end of a near 20-year trading range, shares have rarely been below 100p during this time (see chart opposite).

City analysts appear to agree on the direction in which shares should be headed, with an average 12-month target price of 165p (see table below).

Reassess level - 100p. A meaningful breakdown of this psychological price point would be cause for concern.

WHAT DO THE ANALYSTS SAY?

See the following ratings and target prices:

Buys	Holds	Sells
23	1	1

Most Bullish Analyst	Most Bearish Analyst
New Street Research	Societe Generale
190p	120p
Average 12 month target	**Potential up/downside %**
165p	+49%

COMPANY INFORMATION

Vodafone Group Plc engages in telecommunication services in Europe and internationally. The company offers mobile services that enable customers to call, text, and access data and fixed line services including broadband.

Listing	Market Cap	52-week range	Dividend yield
FTSE 100	£30bn	106p - 143p	6.7%

CHART OBSERVATIONS

Current Price	52-week Low	52-week High	Distance to Low	Distance to High
111p	106p	143p	-4%	+29%

BP Plc

THE PRICE OF OIL RECOVERED BEYOND PRE-PANDEMIC LEVELS, IS NOW THE TIME TO BACK BP SHARES TO CATCH UP?

Frederick & Oliver has featured BP Plc in its research reports on three occasions over the past year.

Once in a report titled **FTSE Vaccine Victors**, published in October 2020 when the shares were trading at 194p, in April 2021 at 297p in a report titled **BP - Special Report** and in an oil focused report, **BP & GKP** at 318p.

These reports can be downloaded from the **Report Library** found on the Research page of our website.

For a fourth time in 14 months, the research team is prepared to champion the stock once again.

To back BP is to back the price of oil. Let's recap some of the themes supporting the oil prices currently:

- President Biden has had a \$2tn Covid relief fund and a \$2.5tn infrastructure spending programme approved.
- A multitude of data suggests China's industrial-led economy is roaring back.
- Global central banks continue to support economies.
- OPEC predicts demand for oil in 2022 will exceed pre-pandemic demand seen in 2019.

In recent weeks we have noticed a number of analysts issuing positive comments on oil stocks.

In our City View newsletter (subscribe for free on the Research page of our website) of 7th September we reported Goldman Sachs had published a report titled **'Recovery Beneficiaries'** tipping BP shares to advance 70% to 505p over the next 12 months.

Analysts at JP Morgan issued a target price of 510p on BP, noted in our City View newsletter of 23rd September, only to increase that target price to a 'street-high' of 570p just two months later (29th November 2021).

BP's management team has worked wonders in reducing its production costs by 25% to \$42 per barrel, from \$56 per barrel in 2019. Furthermore, the company believes it will reduce the breakeven cost to \$35 in the coming months.

In August, CEO Bernard Looney revealed the company had made a second quarter profit of \$2.8bn, ahead of analysts expectations of \$2.06bn.

The company expanded its dividend and share buyback programmes, and pledged to continue doing so if performance can be sustained.

At a cost of \$42 per barrel, if the underlying oil price can hold steady above \$70 for the next 6 to 12 months, BP would likely report another 2 to 4 profitable quarters.

Reassess level - 285p. From a technical perspective, a revisit of this price would have resulted in a breakdown from the current rising channel (rising green lines).

WHAT DO THE ANALYSTS SAY?

See the following ratings and target prices:

Buys	Holds	Sells
13	9	3

Most Bullish Analyst JP Morgan 570p	Most Bearish Analyst AlphaValue 325p
Average 12 month target 420p	Potential up/downside % +30%

COMPANY INFORMATION

BP Plc engages in the energy business worldwide. It operates through Gas & Low Carbon Energy, Oil Production & Operations, Customers & Products, and Rosneft segments.

Listing	Market Cap	52-week range	Dividend yield
FTSE 100	£62bn	250p - 508p	4.7%

CHART OBSERVATIONS

Current Price	52-week Low	52-week High	Distance to Low	Distance to High
323p	250p	508p	-22%	+57%

PayPal Inc

PAYPAL HAS RECENTLY EXPANDED ITS PRODUCT OFFERING AND ANNOUNCED A DEAL WITH AMAZON. TIME TO BUY?

PayPal emerged as a pandemic beneficiary with shares rallying from a 2020-low of $82 to a 2021-high of $312, a gain of 280%.

During much of the last 2 years, people have turned to tech for convenience, the avoidance of social mixing and during periods of lockdown.

E-commerce activity went through the roof and so too the shares relating to such activities.

PayPal is a major player in the world of online retail with a whopping 430 million active PayPal accounts around the world.

Over the years PayPal has become much more than a payment option at the online checkouts. PayPal's services include, money transfer, savings, bill paying, business merchant services, buy-now-pay-later and more recently digital wallets incorporating cryptocurrency services.

PayPal is experiencing rapid growth in its buy-now-pay-later platform. "We saw a 400% year-on-year rise on our volumes going through 'buy now, pay later' this past Black Friday," PayPal CEO Dan Schulman said earlier this month. "It's booming right now." He added that more than 9 million people have used its service.

Part of the PayPal network includes the US brand Venmo which started out as mobile payments service aimed at friends and family wishing to split bills for rent, dinner, movies etc.

Venmo was incorporated into PayPal's stable back in 2012, since then it has grown into a 'mini PayPal' offering a broader range of financial services.

PayPal recently announced a deal with fellow tech giant Amazon to allow shoppers to pay using Venmo at checkout starting in 2022.

This is a significant deal for PayPal, as Venmo has been growing rapidly, with over 80 million users, up double from 2019 and up eightfold from 2017.

Like DocuSign on the previous page, PayPal shares have been punished over the past 5 months falling from $310 in July to $180 more recently, a decline of 42%.

Analysts at MoffetNathanson are tipping shares for a return to former glory, citing 75% upside to their target price of $320 (see table below). More conservatively, the average target price among analysts is $272.

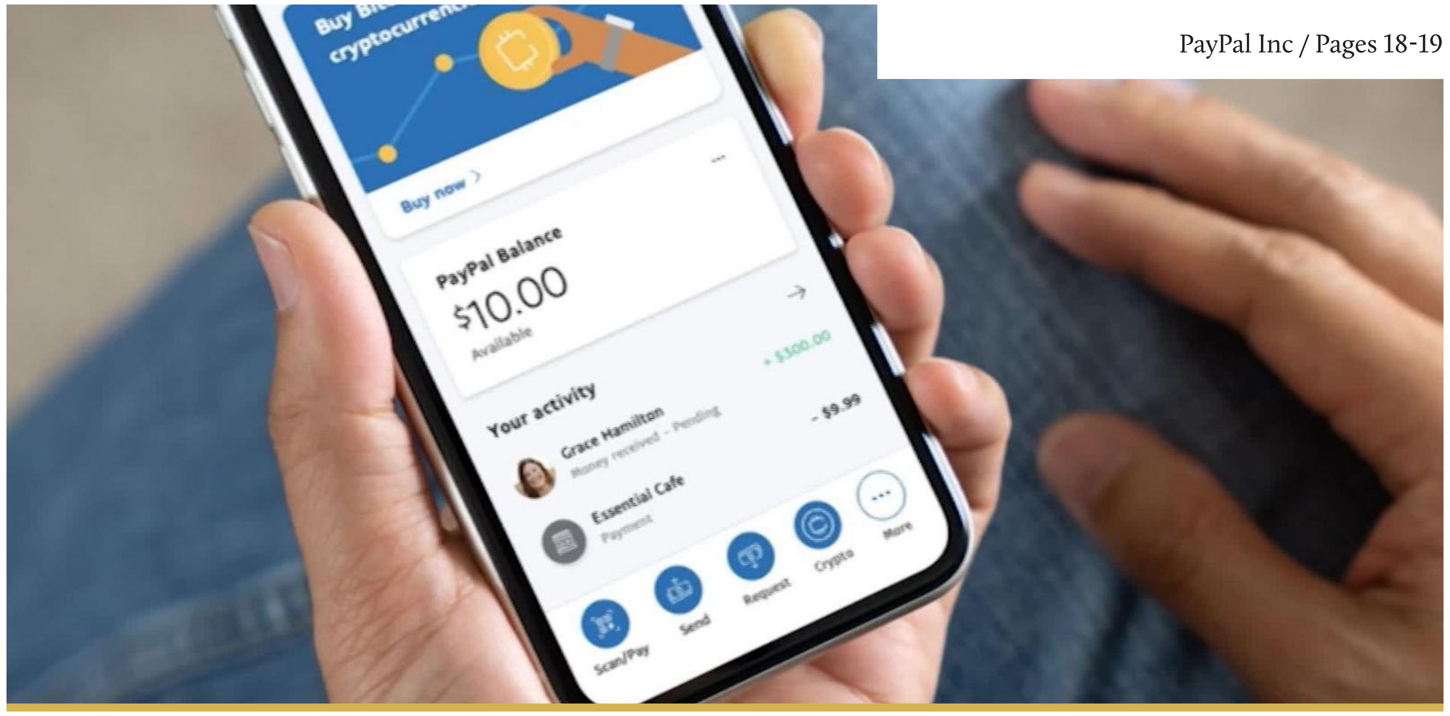
Reassess level - $160. This price would represent a fresh 18-month low and confirm a technical breakdown of rising support.

WHAT DO THE ANALYSTS SAY?

See the following ratings and target prices:

Buys	Holds	Sells
42	8	2

Most Bullish Analyst	Most Bearish Analyst
MoffetNathanson $320	Bernstein $220
Average 12 month target $272	**Potential up/downside %** +48%



COMPANY INFORMATION

PayPal Holdings Inc operates an online payments system in the majority of countries that support online money transfers, and serves as an electronic alternative to traditional paper methods such as checks and money orders.

Listing	Market Cap	52-week range	Dividend yield
NASDAQ	$222bn	$179 - $310	Nil

CHART OBSERVATIONS

Current Price	52-week Low	52-week High	Distance to Low	Distance to High
$183	$179	$310	-2%	+69%

Zoom Video Inc

TRADING 66% OFF A RECORD-HIGH, CATHIE WOOD SNAPPED UP SHARES AT $206. SHOULD YOU?

I partially detest Zoom. Not from an investment perspective, but because it reminds me of the dark days of lockdown!

The Zoom birthday parties, Zoom home schooling, Zoom calls for work...

That said, it did facilitate social, educational and working endeavours when traditional forms of communication were off limits.

Like many tech companies, Zoom turned out to be a beneficiary of the global health pandemic and subsequent lockdown measures.

Whilst one hopes for a return to normal (whatever that looks like!), Zoom is a technology that is here to stay.

At the beginning of 2020, shares in Zoom traded at $69, by October 2020 they had hit a record-high of $589, an increase of 753%. Wow.

Shares can now be found trading at $199, which is precisely why Zoom is included in this report.

66% lower than the record-high of $589 represents a discount too good to pass up.

Why the aggressive decline? Inflation concerns typically spook technology stocks. Investors draw the conclusion central banks will increase interest rates to tackle inflation. Higher interest rates mean future profits are worth less today and that impacts fast-growing technology stocks.

When you couple this with gargantuan gains, in this case of 753%, investors move quickly to sell and bank profits, this can snowball quickly and lead to sharp declines.

There is also an old saying 'the stock market is 6 months ahead of reality' - it attempts to 'price in' the future. For example, heading into the health crisis, the assumption was that demand for Zoom's services would increase, it did and so the share price rocketed. Conversely, talk of effective vaccines and easing of lockdowns saw investors question future demand.

In November, Zoom reported quarterly revenue had risen 35% to $1.05bn despite workers and children returning to offices and schools.

Life may return to something resembling normality but Zoom has proved too valuable to do without and we believe the 66% decline in share price from $589 to $199 is overdone.

ARK's Cathie Wood thought so too, snapping up $133m worth of shares at approximately $206 recently.

Reassess level - $170. This price would represent a fresh 18-month low.

WHAT DO THE ANALYSTS SAY?

See the following ratings and target prices:

Buys	Holds	Sells
14	14	1

Most Bullish Analyst	Most Bearish Analyst
Argus	Wells Fargo
$350	$200

Average 12 month target	Potential up/downside %
$287	+44%

COMPANY INFORMATION

Zoom Video Communications Inc is a communications technology company providing videotelephony and online chat services through a cloud-based peer-to-peer software platform and is used for teleconferencing, telecommuting, distance education, and social relations.

Listing	Market Cap	52-week range	Dividend yield
NASDAQ	$59bn	$174 - $451	Nil

CHART OBSERVATIONS

Current Price	52-week Low	52-week High	Distance to Low	Distance to High
$199	$174	$451	-13%	+126%

Alibaba Group Ltd

IF ALIBABA SHARES ARE GOOD ENOUGH FOR GOLDMAN SACHS AND THE SAUDI PIF, ARE THEY GOOD ENOUGH FOR YOU?

Shares in Alibaba are trading near to a 5-year low at $117.

In October 2020, shares topped out at $332.

Like the other technology stocks featured in this report, Alibaba has fallen on concerns of rising interest rates and profit-taking, following a lockdown-induced rally to record levels.

Alibaba, along with other China-based stocks trading in New York, have been threatened with de-listing by US officials although many see this as political posturing.

The City's expectations of the company are high and perhaps are in need of readjustment. Alibaba's latest quarterly earnings update revealed revenue rose year-on-year by 29% to $31bn, yet the stock slipped 11% on day as analysts had expected more.

But a 65% decline from October 2020's record price appears harsh and an oppportunity to buy stock in one of the world's largest e-commerce companies.

Goldman Sachs and Saudi's Public Investment Fund (PIF) seem to agree after recently increasing their stakes in Alibaba.

In December, reports emerged that Goldman Sachs bought 5.87m shares in Alibaba thought to be worth $700m, making it the bank's fifth largest stock holding.

A month earlier, SEC filings revealed Saudi's PIF had tripled its holdings in US-listed companies to $43bn, including positions in Alibaba, Walmart and Induoduo.

Additionally, Alibaba recently got a big vote of confidence with New York University's Aswath Damodaran, who is known on Wall Street as the "Dean of Valuation." Damodaran said he's now ready to buy shares of Alibaba at current levels as the stock has become extremely undervalued.

It would appear most City analysts are in agreement, with a whopping 55 of 62 rating the stock as 'buy' and just one broker rating the stock as 'sell'.

Reassess level - $95. Should shares slip below the psychological price of $100, the trade would require some attention.

WHAT DO THE ANALYSTS SAY?

See the following ratings and target prices:

Buys	Holds	Sells
55	6	1

Most Bullish Analyst	Most Bearish Analyst
Barclays	Wolfe Research
$252	$160

Average 12 month target	Potential up/downside %
$200	+71%

COMPANY INFORMATION

Alibaba Group Holding Ltd also known as Alibaba, is a Chinese multinational technology company specialising in e-commerce, retail, internet, and technology.

Listing	Market Cap	52-week range	Dividend yield
NYSE	$334bn	$109 - $274	Nil

CHART OBSERVATIONS

Current Price	52-week Low	52-week High	Distance to Low	Distance to High
$117	$109	$274	-7%	+134%

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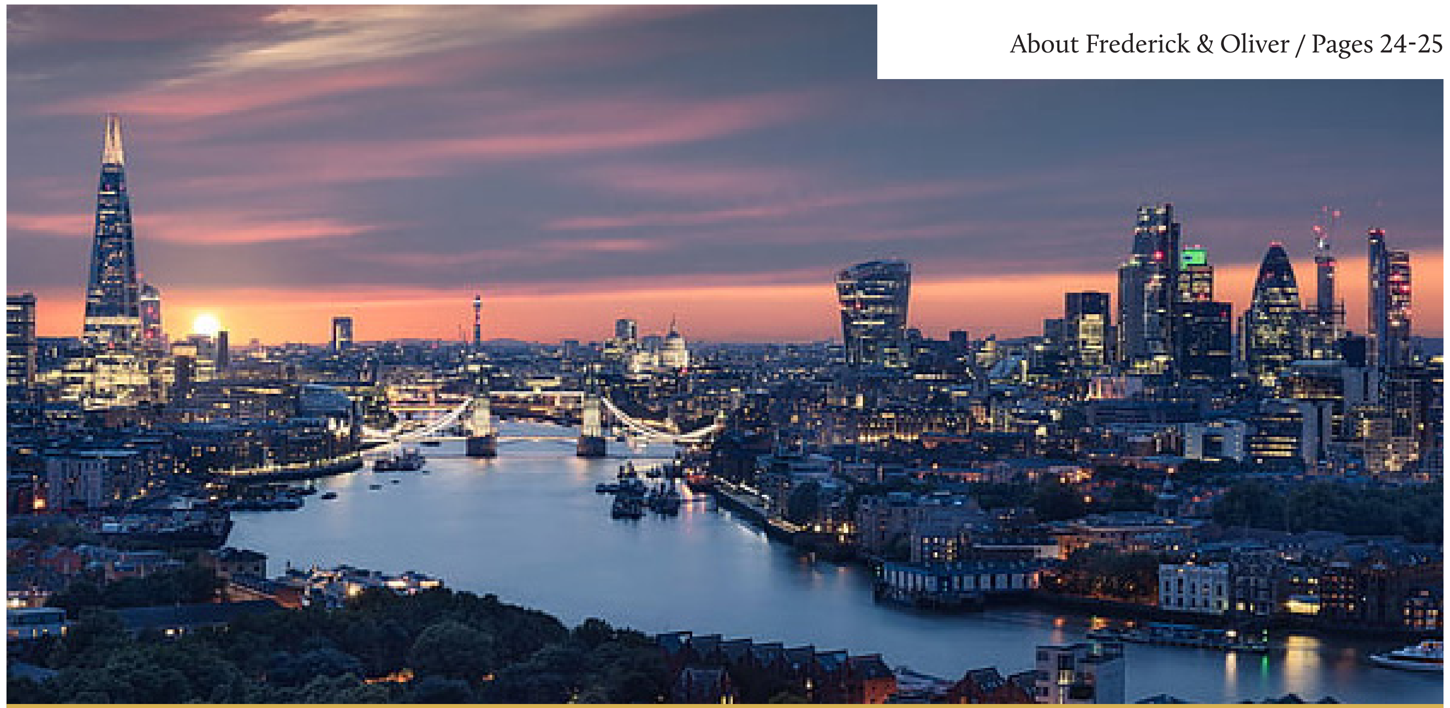

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