



SPECIAL REPORT

Top Picks 2023

FREDERICK
— & —
OLIVER

Contents

COVID, RUSSIA/UKRAINE, INFLATION, INTEREST RATES... GOOD RIDDANCE TO 2022. HERE’S TO 2023!

- Pages 2-3
Welcome
- Pages 4-5
Visa & easyJet
- Pages 6-7
McDonald’s & Microsoft
- Pages 8-9
Netflix & Amazon
- Pages 10-11
Nvidia & Disney
- Pages 12-13
Tesla & Prudential
- Pages 14-15
Apple & About Frederick & Oliver

Welcome

FREDERICK & OLIVER TOP PICKS 2023



For investors, 2022 should have been a great year, a provocative claim, but the year’s winners and losers will not surprise anyone, and for the most part, you have Mr Putin to thank!

Russia’s invasion of Ukraine led to a shortage of oil and disrupted supply chains, which drove prices higher, causing inflation to reach multi-decade highs, prompting an aggressive response from global central banks.

In London, the best performers, **BAE Systems**, **Shell** and **BP**, boasted gains of approximately 50%, whilst Stateside, **Occidental Petroleum** and **Exxon** rallied 122% and 80% respectively.

The worst performers included **Persimmon**, **Meta**, **PayPal**,

Scottish Mortgage Investment Trust, **Tesla** and **Barratt Developments**, down as much as 65%.

So to 2023, ‘the West’ will likely enter a **recession**, leading to a **fall in inflation** and central banks **cutting interest rates**, prompting a **recovery** in high quality **technology stocks**, partially supported by the ‘**reopening**’ of **China**, now seemingly prepared to drop its ‘zero-covid’ policy.

The graphic above details our **Top Picks 2023** with many stocks benefitting from an overlap in circumstances. Read on for more information.

Good luck with your investments.

Frederick & Oliver

Visa Inc

CREDIT CARD USAGE IS SET TO RISE AS RECESSION LOOMS

Credit card usage hit a record-high in the US this year, whilst 1 in 4 Brits said the cost of living crisis is the main reason for using their credit cards. Inflation is expected to halve by the end of 2023, reducing the financial burden on households. Until then the credit card may have some more swiping to do yet.

WHAT DO THE ANALYSTS SAY? See the following ratings and target prices:

Buys	Holds	Sells
36	3	1

Most Bullish Analyst Evercore \$290	Most Bearish Analyst Oppenheimer \$210
Average 12 month target \$248	Potential upside % +20.4%

CHART OBSERVATIONS

Current Price	2022 Low	2022 High	Distance to Low	Distance to High
\$206	\$174	\$235	-15.5%	+14.1%



easyJet Plc

ARE SHARES IN EASYJET SET TO TAKE-OFF IN 2023?

Having plummeted from a pre-pandemic price of 1600p, easyJet has been a stock of much speculation among retail investors – will it survive, merge, a takeover target, return to former glory? Whilst a recession is likely incoming, families will unlikely sacrifice a week in the sun. In fact UK data shows 20% of credit card spend is on holidays.

WHAT DO THE ANALYSTS SAY? See the following ratings and target prices:

Buys	Holds	Sells
12	1	6

Most Bullish Analyst Bernstein 700p	Most Bearish Analyst JP Morgan 260p
Average 12 month target 463p	Potential upside % +28.2%

CHART OBSERVATIONS

Current Price	2022 Low	2022 High	Distance to Low	Distance to High
361p	277p	729p	-23.2%	+101.9%



McDonald's

MCDONALD'S - SHOULD INVESTORS BE 'LOVING IT'?

As 'belts tighten' they may need to be loosened again to accommodate a trip to the golden arches. Whilst significant purchases may be off the menu for many households during a recession, a Happy Meal will likely prove an adequate treat. McDonald's is considered by many to be recession-proof, having raised its dividend for 43 consecutive years.

WHAT DO THE ANALYSTS SAY? See the following ratings and target prices:

Buys	Holds	Sells
28	12	1
Most Bullish Analyst Loop Capital \$290	Most Bearish Analyst Morningstar \$247	
Average 12 month target \$287	Potential upside % +6.3%	

CHART OBSERVATIONS

Current Price	2022 Low	2022 High	Distance to Low	Distance to High
\$270	\$204	\$283	-24.4%	+4.8%



Microsoft

HYBRID WORKING AND XBOX GAMING TO BOOST 2023

A winner of the 'work from home' movement, Microsoft will continue to benefit from flexible working practices. A victim of higher inflation, the tech giant will benefit from falling interest rates in 2023 and an army of online Xbox button-bashers, whom might find themselves online more often in a looser labour market.

WHAT DO THE ANALYSTS SAY? See the following ratings and target prices:

Buys	Holds	Sells
53	4	0
Most Bullish Analyst Tigress Financial \$411	Most Bearish Analyst Macquarie \$234	
Average 12 month target \$296	Potential up/downside % +21.3%	

CHART OBSERVATIONS

Current Price	2022 Low	2022 High	Distance to Low	Distance to High
\$244	\$209	\$338	-14.3%	+38.5%



Netflix

NETFLIX ROLLER COASTER SET TO CLIMB AGAIN IN 2023?

A Covid beneficiary, turned rate hike victim. Shares more than doubled during Covid, only to slide more than 75% thereafter, as tech stocks fell victim to a higher interest rate environment. We believe Netflix shares will rise once again as inflation falls, and remain a ‘cheap treat’ consumers will refrain from cancelling during a recession.

WHAT DO THE ANALYSTS SAY?

See the following ratings and target prices:

Buys	Holds	Sells
23	23	4

Most Bullish Analyst President Capital \$480	Most Bearish Analyst Benchmark Co \$162
--	---

Average 12 month target \$301	Potential up/downside % +5.2%
----------------------------------	----------------------------------

CHART OBSERVATIONS

Current Price \$286	2022 Low \$162	2022 High \$609	Distance to Low -43.3%	Distance to High +112.9%
------------------------	-------------------	--------------------	---------------------------	-----------------------------



Amazon

SHARES ARE DOWN ALMOST 50% IN 2022 - TIME TO BUY?

The western world’s largest e-commerce company is trading at a 50% discount in 2022 - another tech stock to benefit from cooling inflation in 2023? An ever present for savvy, online shoppers looking for competitive deals without leaving house.

WHAT DO THE ANALYSTS SAY?

See the following ratings and target prices:

Buys	Holds	Sells
54	3	1

Most Bullish Analyst Tigress Financial \$192	Most Bearish Analyst BNP Paribas \$80
--	---

Average 12 month target \$139	Potential up/downside % +57.9%
----------------------------------	-----------------------------------

CHART OBSERVATIONS

Current Price \$88	52-week Low \$85	52-week High \$171	Distance to Low -3.4%	Distance to High +94.3%
-----------------------	---------------------	-----------------------	--------------------------	----------------------------



Nvidia

TIME TO TAKE ADVANTAGE OF A 50% DISCOUNT?

Not a household name, but if you own a few electrical gadgets, you're probably in possession of an Nvidia micro processing chip. The stock, like its tech peers, has fallen 50% over the past year, further hampered by the 'zero-covid' policy in China. Cooling inflation and the relaxing of Covid restrictions in China should benefit Nvidia in 2023.

WHAT DO THE ANALYSTS SAY? See the following ratings and target prices:

Buys	Holds	Sells
36	14	2

Most Bullish Analyst Rosenblatt Securities \$320	Most Bearish Analyst BNP Paribas \$110
---	---

Average 12 month target \$198	Potential up/downside % +19.2%
----------------------------------	-----------------------------------

CHART OBSERVATIONS

Current Price	2022 Low	2022 High	Distance to Low	Distance to High
\$166	\$108	\$307	-34.9%	+84.9%



Disney

WILL YOUR PORTFOLIO BENEFIT FROM THE MAGIC OF DISNEY?

Like Apple, Disney could benefit from all 3 scenarios. The Disney+ streaming service has 164 million subscribers, the Shanghai and Hong Kong parks have reopened (50% of Disney's income comes from park operations) and a resurgence in technology stocks could see Disney begin to recover some of its 50% decline over the past year.

WHAT DO THE ANALYSTS SAY? See the following ratings and target prices:

Buys	Holds	Sells
29	5	0

Most Bullish Analyst Tigress Financial \$177	Most Bearish Analyst Cowen & Co \$94
---	---

Average 12 month target \$129	Potential up/downside % +44.9%
----------------------------------	-----------------------------------

CHART OBSERVATIONS

Current Price	2022 Low	2022 High	Distance to Low	Distance to High
\$89	\$86	\$162	-3.3%	+82.1%



Tesla

TIME TO BUY SHARES IN THE BATTERED EV MAKER?

Having doubled in value in 2021, shares in Tesla have suffered at the hands of profiteering in 2022. Losses have been further compounded by lockdowns in China and soaring interest rate rises in the US, not to mention heavy selling from Elon Musk to fund his Twitter acquisition. Now, 60% down in 2022, is now the time to buy?

WHAT DO THE ANALYSTS SAY? See the following ratings and target prices:

Buys	Holds	Sells
27	12	6

Most Bullish Analyst New Street Research \$530	Most Bearish Analyst Roth Capital Partners \$85
Average 12 month target \$280	Potential up/downside % +79.5%

CHART OBSERVATIONS

Current Price	2022 Low	2022 High	Distance to Low	Distance to High
\$156	\$151	\$404	-3.2%	+158.9%



Prudential

ANALYSTS ARE TIPPING PRU FOR A RETURN TO 2022-HIGHS

Prudential experienced a steep fall in new business profits in 2022, due to harsh Covid restrictions throughout China and Hong Kong, causing shares to fall 40%. With Chinese authorities now seemingly prepared to ditch their 'catch every cold' policy, Prudential could once again flourish.

WHAT DO THE ANALYSTS SAY? See the following ratings and target prices:

Buys	Holds	Sells
21	2	1

Most Bullish Analyst HSBC 1670p	Most Bearish Analyst Mediobanca 985p
Average 12 month target 1356p	Potential up/downside % +28.5%

CHART OBSERVATIONS

Current Price	2022 Low	2022 High	Distance to Low	Distance to High
1055p	782p	1339p	-25.8%	+26.9%





COULD APPLE BE THE TOP PICK FOR 2023?

The beneficiary of all 3 circumstances we hypothesise in 2023? Stuttering production lines will recover as China reopens. A rate-easing induced, tech recovery will likely render shares a ‘bargain’ at \$134. Recession? Handset refresh cycles will provide the impoverished consumer with a new very welcome, ‘free’ iPhone.

WHAT DO THE ANALYSTS SAY?

See the following ratings and target prices:

Buys	Holds	Sells
37	7	2
Most Bullish Analyst Tigress Financial \$210	Most Bearish Analyst Aletheia Capital \$118	
Average 12 month target \$173	Potential up/downside % +29.1%	

CHART OBSERVATIONS

Current Price	2022 Low	2022 High	Distance to Low	Distance to High
\$134	\$129	\$183	-3.7%	+36.5%



WE'RE GOOD, BUT DON'T TAKE OUR WORD FOR IT.

Frederick & Oliver is the proud winner of a number of industry awards in recognition of its services to Retail and Professional Investors, including this year's UK Investor Magazine Awards, the ADVFN International Finance Awards and the City of London Wealth Management Awards.



RISK WARNING

All content provided in this report is for your information only.

This article may contain opinions and is not advice or a recommendation to buy, sell or hold any investment. No representation or warranty is given on the present or future value or price of any investment, and investors should form their own view on any proposed investment.

This article has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is considered a marketing communication. Non-independent research is not subject to FCA rules prohibiting dealing ahead of research, however we have put controls in place (including dealing restrictions, physical and information barriers) to manage potential conflicts of interest presented by such dealing.

Frederick & Oliver (F&O) is an Appointed Representative of Axi Financial Services (UK) Ltd (trading as One Financial Markets). Your account is held with Axi Financial Services

(UK) Ltd and all dealing, administration and settlement is carried out by them. Axi Financial Services (UK) Ltd is registered in England with company number 6050593.

Axi Financial Services (UK) Ltd is authorised and regulated by the Financial Conduct Authority in the UK (under firm reference number 466201) and the Financial Sector Conduct Authority in South Africa (with FSP number 45784).

Frederick & Oliver expressly disclaims all liability from actions or transactions arising out of the usage of this content. By using our services, you expressly agree to hold Frederick & Oliver harmless against any claims whatsoever and confirm that your actions are at your sole discretion and risk.

CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. **84.2% of retail investor accounts lose money when trading CFDs with this provider.** You should consider whether you understand how CFDs work and whether you can afford to take the high risk of losing your money.