



5 Technology Stocks That Will Power The Next Industrial Revolution

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S OON everything you see is going to become a two-way communication object, from your car to your shoes to the road you drive on. Data will get pulled out of your water pipes, your house and your windows.

This will happen by loading everything around you with sensors that produce data.

If you have a Nest Thermostat at home, you already know how this works. The Nest Thermostat learns your heating/cooling preferences. It learns when you usually leave the house, and when you come back.

The thermostat is recording data. It has algorithms inside to help it convert the data into valuable information. After a little learning, the device will turn the A/C off in the summer when you go to work and turn it back on to cool the house right before you get home.

In a nutshell, Internet 2.0, or the Internet of Things (IoT), is a shift to smarter household items that collect data and predict actions. It sucks in data, and then uses algorithms to make your life easier.

In a few years, no one will have to adjust a thermostat. In a few years, your HVAC system at home is going to tell your service person when a part is wearing out before it happens. It'll be programmed with sensors to detect the problem and then report it.

The entire IoT opportunity is seen in this loop that I described with the Nest Thermostat.

First, you have a machine or device that creates data. Second, this data is sent, stored and then analyzed using algorithms. Once the programs find useful patterns that save you time, effort and money, that information that is put to use. This information is used to control the machine or device without any input or effort from you.

For all this to happen, we need smart devices that can collect and send data.

Second, we need networks that can carry this enormous amount of data to a computer storage facility. These are server farms.

And then we need analytics. These include algorithms to search through this vast amount of data to find the patterns that will make our lives better. This is information — the reason why doing all this makes sense.

This information will give us more precise answers faster for less money. That'll lead to incredible savings compared to our current methods of finding information today, which are often wrong, slow and too expensive.

“IoT-izing” the World

Information is the gold that drives the entire Internet of Things universe. But to collect information, we first have to make everything around us measurable and trackable. This is known as data collection.

The key components of data collection are sensors, computer chips and semiconductors.

Soon, every device in our lives will have this technology built into it, regardless of where you live. Everyone across the globe is going to feel some part of this IoT revolution change their lives.

Because this technological revolution will happen on a global scale, the need for sensors, chips and semiconductors will also be global. It only makes sense to be invested in a company that can mass produce one of these critical parts. I've already told you about one company that's monopolizing the sensor field. You can read about in the report *The Company Leading the \$19 Trillion Revolution*.

Today, we're going to add a second major global supplier of semiconductors to our portfolio. It's one of the world's largest manufacturers of these components. While most other companies only design the semiconductors for smart devices, this company actually makes them itself.

In order to do that, you need a foundry. That's why my second pick for this emerging trend is **Taiwan Semiconductor Mfg. Co. (NYSE: TSM)**, creator of the world's first semiconductor foundry in 1987.

Taiwan Semiconductor has come a long way since the '80s. Since that time, it's created new foundries in both the U.S. and China. It now serves over 440 customers, and has 9,275 different products to-date.

I believe that Taiwan Semiconductor will be an incredible player in the Internet of Things mega trend. So far, its revenue reflects that.

For 2017, its fourth-quarter revenue was \$9.21 billion. This is an increase of 10.7% from the previous quarter, and an increase of 11.6% year-over-year. Combine that with the surging demand for crypto mining, and you're looking at a rock-solid financial investment.

Now, if you want to get in on this company, I suggest you do so soon, because Taiwan Semiconductor's stock is going to keep increasing in value as more and more devices start to use its components.

Action to take: Buy Taiwan Semiconductor Mfg. Co. Ltd. (NYSE: TSM).



Note: When I first told readers about Taiwan Semiconductor in early October of 2017, it was trading at \$38.13. The stock has since moved a little higher than my entry price. However, because I believe that Taiwan Semiconductor could hand early investors gains of at least 150%, it's still a great buy. That means you can still add it to your portfolio if you're comfortable paying more than my buy-in price. Just know that your results may vary from mine depending on what you pay for your shares.

A New Manufacturing Shortcut

Manufacturing is starting to undergo its greatest transformation ever, and this firm is at the forefront. If this field develops as expected, the money here will be breathtaking. IoT is going to completely revolutionize manufacturing by changing the way we make things.

One technology that is going to have a huge role in this revolution is 3-D printing. **Stratasys (Nasdaq: SSYS)** has a patented technology that's completely revolutionizing how things are done.

Stratasys makes 3-D printers that are being used at companies such as airplane manufacturer Airbus, and carmaker Honda. These 3-D printers allow these companies to design a part on a computer using software.

With a button, the thing you designed prints out. From there, you can see how the part works and fits. You can then refine it again and again until it's perfect.

This process used to take months.

Now it can be done in hours or minutes, depending on the job.

That's not all. Before, you would need to send your design to a separate group that would make this part in a huge quantity. That process would take many months, too.

However, with 3-D printing, once you figure out the right design, you can send a file to the factory floor.

There, they can just print the part in huge quantities. It's a significant change from the way things were done.

Now companies get better parts, faster and cheaper. And Stratasys is the leading company in making this new way of manufacturing happen all over the world.

Action to take: Buy Stratasys Ltd. (Nasdaq: SSYS).

Note: When I first told readers about Stratasys in June of 2016, it was trading at \$22.88. The stock is still well within this range, but that doesn't have me worried. I still believe that Stratasys could hand early investors gains of at least 150%, so you can still add it to your portfolio if you'd like. Just know that your results may vary from mine depending on what you pay for your shares.



A Unique, Open-Source Solution

Up next, we're going to look at one of the most unusual software monopolies in the world. The leader of this monopoly is a company called **Red Hat Inc. (NYSE: RHT)**.

Red Hat dominates the open-source software field, which is basically software that's available for free on the Internet. It specializes in Linux software, which is largely used to run server operations and most modern heavy-duty computing. There are three main benefits to using open-source software like Linux:

1. It's free.
2. It's customizable for your particular application needs.
3. You can get software solutions from anyone that understands the program.

Let's compare this to a company like Microsoft that sells a similar product. For one, Microsoft's software is proprietary, meaning it's patented — and you have to pay for it.

Microsoft's software is only slightly customizable. In other words, you have to organize yourself around the software. If anything goes wrong, Microsoft is the only place that you can go to for a solution.

So, you can see the benefits to using open-source software.

Right now, about 3% of all the world's desktops run on Linux, which includes 498 of the world's 500 fastest supercomputers. All of Android's software is based on Linux, which encompasses 87.5% of new smart phones hitting the market.

Yet despite Linux's vast market opportunity, only one company has been able to build its business around this software — Red Hat. Now, I call this an unusual software monopoly because even though Red Hat installs, services and maintains Linux for other companies, this software is available to anyone willing to do the work themselves, for free.

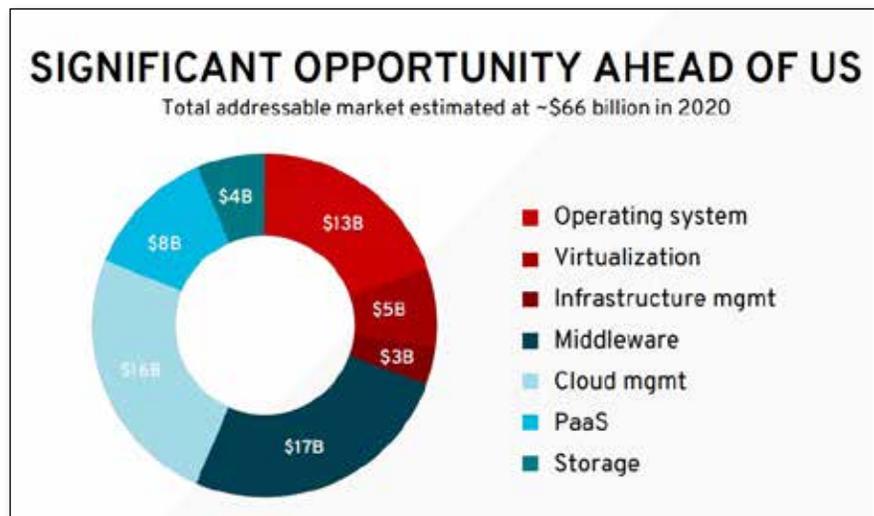
Despite this, business is still being driven to Red Hat. For that reason, Red Hat has created a monopoly around Linux.

Now, I told you earlier that Linux is used in all major data farms and storage servers for major Internet applications. We can see this reflected in Red Hat's revenue numbers. At the end of 2017, third-quarter revenue was \$748 million. Year over year, that's an increase of 22%! With this increase in profits, Red Hat has quite a bit of free cash flow. It now has \$2.32 billion in free cash flow, which is up from just \$540 million a few years ago.

I believe this is just the beginning for Red Hat.

Right now, the company is projecting that it can capture \$66 billion of the available market by 2020. But I know that over 80 billion devices are expected to be connected through the Internet of Things by 2025, and if that's the case, we're going to need even more data and server farms than we have now.

For that reason, Red Hat's estimates could even be conservative considering the huge increase its business should see in the years ahead.



Action to take: Buy Red Hat Inc. (NYSE: RHT).

Note: When I first told readers about Red Hat in early October of 2017, it was trading at \$112.18. The stock has since moved a little higher than my entry price. However, because I believe that Red Hat could hand early investors gains of at least 150%, it's still a great buy. That means you can still add it to your portfolio if you're comfortable paying more than my buy-in price. Just know that your results may vary from mine depending on what you pay for -your shares.

Big Data = Big Profits

Now, I mentioned earlier that the key to IoT is taking data and turning it into information. This process of converting data into information is frequently called "Big Data."

Big Data is the fuel that powers the IoT. And there's a \$6 billion firm in Seattle with insanely complex algorithms that can interpret terabytes of data and turn it into useful information. Major corporations need this business intelligence technology, and early investors stand to bank a small fortune.

The company is **Tableau Software (Nasdaq: DATA)**. Tableau has three products. In each of these products, Tableau takes your raw data and then uses algorithms to tease out useful information.

For example, if you were a clothing company, Tableau Software can tell you if people in one zip code are suddenly nuts about buying yellow sweaters. That may not be so impressive right now. However, Tableau can take the next step and tell you that when people buy yellow sweaters, they also like to buy blue berets, and that you should try pitching these to the same people. Tableau can give you that little extra insight because it has so much data that it can see connections that no human can. And from these connections, it can generate valuable information that people find priceless.

Without question, Tableau is the leader in taking data and turning it into valuable information.

Action to take: Tableau Software (NYSE: DATA).

Note: When I first told readers about Tableau Software in June of 2016, it was trading at \$54.32. The stock has since moved higher than my entry price. However, because I believe that Tableau Software could hand early investors gains of at least 150%, it's still a great buy. That means you can still add it to your portfolio if you're comfortable paying more than my buy-in price. Just know that your results may vary from mine depending on what you pay for your shares.



 Tableau Desktop Make powerful data visualizations using any data. Fast and easy. <ul style="list-style-type: none">• Interactive data visualizations and dashboards.• Works with hundreds of data sources. LEARN MORE	 Tableau Server Share dashboards & data. Collaborate with governance. <ul style="list-style-type: none">• Keep data secure on your servers.• Use Tableau Mobile for data on the go. LEARN MORE	 Tableau Online Skip the hardware setup. Tableau Online is a hosted Tableau Server. <ul style="list-style-type: none">• Reliable, secure, and always up-to-date.• Use Tableau Mobile for data on the go. LEARN MORE
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This Is the Driver Your Portfolio Needs

What started as a simple page-crawling web search site has turned into so much more. Google is not just a website anymore, but something you do. If you want to look up a stock, you Google it. No matter if you're searching for a new home or just a recipe for dinner, you Google it.

Yet Google's parent company, **Alphabet Inc. (Nasdaq: GOOGL)**, has its sights on something even greater. And that something is autonomous vehicles, better known as self-driving cars.

Alphabet's Waymo project is spearheading this race to the future, and it's been in the making for nearly a

decade now. Since 2009, it's been creating a car run entirely by computers and sensors.

The vision is to remove the driver from the equation altogether. When you remove the driver's role, you eliminate the room for error due to distraction, fatigue or simple carelessness.

And this is a huge vision. But the steps are already being made. Since 2009, Waymo has run over 4 million driver-less miles. Stop and think of how many miles you've driven in your life to get to the experience level you are at today. Waymo is testing and driving over 25,000 miles every single week.



On top of this, there was a public trial on the roads of Phoenix, Arizona where people have started using Waymo cars to run errands, or for commuting to work and school. There's also a planned autonomous taxi service for Phoenix and its suburbs.

The fact of the matter is that the tech for a self-driving future is just about here. Already, California has given Waymo approval to test its cars on public roads throughout the state.

Now, the most important part of any investment we make is to look at what market is being disrupted — and by how much.

A company that can create a totally driver-less car stands to eliminate the entirety of the \$715 billion auto industry. Imagine a technology so revolutionary that names like Ford, Honda and Toyota become completely obsolete.

That's the kind of opportunity Waymo has in its grasp. And Alphabet can provide the stability for a project like Waymo to take off. After all, it is the second biggest publicly traded company in the United States, with a market cap of \$790 billion.

Alphabet holds almost \$102 billion in cash and less than \$4 billion in debt. It holds more than enough capital to keep its lead in this type of market. The only other company big enough to put together this kind of production is Apple, which is too far behind to catch up to the decade of work and engineering Waymo has already put in.

Even though it's such a huge, established company, Alphabet still has impressive revenue growth, having gone from \$55.5 billion in 2013 to \$110.9 billion in 2017. Because of that, I believe that this giant still has room to grow. In fact, its revenue is expected to grow by 16% per year through 2022.

The key is that Alphabet ticks off any number of our GoingUpness indicators. Since its stock is up 33% in 2017 alone, it shows strong InDemandness.

By holding Alphabet stock in our portfolio, we'll be holding something of great value. Not only is Alphabet an established company with rock-solid financials, but it's positioning itself to disrupt many existing industries.

With Waymo, Alphabet has the ability to obliterate the car market as we know it, which would change the way that every person uses transportation. That's the kind of mega trend I want to get into, and that's why we're putting Alphabet in our portfolio.

Action to take: Buy Alphabet Inc. (Nasdaq: GOOGL).

2 Bonus Plays for Massive Profits

As you can see, the IoT opportunity I'm presenting you with is a massive one. It's going to disrupt everything from the auto industry to 3-D printing, and will hand investors a fortune if they get in on this trend early enough.

While I've recommended individual stocks that I believe are going to be major players in the IoT revolution, there is another way for you to take advantage of this growing market.

That other way is to invest in an exchange-traded fund (ETF), which is a basket of assets that trade just like a normal stock. Basically, ETFs let you trade the entire market as though it were one single stock.

One of the ETFs that I like is the ROBO Global Robotics and Automation Index ETF (Nasdaq: ROBO), which one of the oldest robotics ETFs on the market. I believe that the robotics field is still in its early innings, and that this market still has plenty of room left to climb.

So, common sense says that companies aiding in robotics development, automation or software should benefit greatly as robots become a more prevalent part of our lives.

Another great investment is the ARK Industrial Innovation ETF (NYSE: ARKQ), which invests in companies offering innovative new products and services across a range of sectors. These sectors might include autonomous vehicles, 3-D printing, robotics and energy storage.

ARKQ gets us into a wide array of industries that I believe will see major growth in the years ahead, and is another great way to benefit from today's leading tech innovations.

Now, please know that I will not be officially tracking these ETFs in *Profits Unlimited*. But if you want a broad way to invest in each of the trends I've discussed in this report, then either ROBO or ARKQ would be a great addition to your portfolio.

Regards,



Paul Mampilly
Editor, *Profits Unlimited*

P.S. Remember, I only suggest the top, cutting-edge BUY NOW firms of the moment to you. So you may notice new recommendations that were not mentioned in my video. That's because the market is always changing — and I'm committed to staying on top of it for you. I want this report to give you the absolute best tech stocks to power the next industrial revolution. And these phenomenal stocks are it.



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