17 Stocks for 2017

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If you're confused or frustrated by your investing options right now, you're not alone.

Valuations continue to be stretched in the equity market, with the forward price-to-earnings ratio of the S&P 500 as a whole sitting above 18. Many so-called "conservative" investments like utility stock **Sempra Energy** (NYSE:SRE) and beer giant **Anheuser-Busch InBev** (NYSE:BUD) have forward P/Es in the 20s as of this writing, and other popular names from **Tesla Motors Inc** (NASDAQ:TSLA) to **Under Armour** (NYSE:UA) have lost the momentum of years past in a big way.

But what are you going to do? Hide in cash? That's a self-defeating strategy – just ask anyone tried to time the market and bailed out in 2011, 2012 or 2013.

Bonds aren't much better, either. While bonds do offer less volatility, the continued talk of another hike by the Federal Reserve leaves investors exposed to interest rate risk even as they settle for rather anemic returns. Current yields are about 2.4% on T-Notes even after the big bond spike after Election Day, and about 2.6% on investment-grade corporates. You can get better than that in a host of dividend stocks right now.

So despite all the uncertainty out there, stocks remain your best bet. And a balanced portfolio of growth, value and income investments is sure to outpace the 1% or so you get in a CD or the measly 2% or so you get from a bond fund.

I've hand-picked a portfolio of 17 excellent stocks to buy now for what should be a big year in 2017. They include:

- 7 growth stocks, all with impressive revenue and profit expansion
- 5 value stocks, all with modest dividends and bargain pricing
- 5 income stocks, with huge payouts as much as 10%

Individually, each one of these picks has a lot to offer. But I think you'll agree that together, this is a diversified group of investments that will allow you to weather any trouble in the New Year and tap into outsize gains thanks to some unique opportunities.

Pick and choose from this list based on your style, or put all the picks together for a diversified and holistic approach to income investing in 2017.

And please, let me know what your own research and investing experience tells you! I'm always interested in helping, and you can contact me via email at editor@investorplace.com or on Twitter at @JeffReevesIP.

Thanks for your interest in InvestorPlace, and best of luck in 2017!

Jeff Reeves
Executive Editor

7 Growth Stocks for Big Profits

There's a lot of talk about stagnant corporate earnings, and a lack of growth for the global economy.

But keep in mind the old line that it is a market of stocks, not a stock market. Some sectors fall out of favor and others are rising – so your goal as an investor is to focus on the opportunities and limit your exposure to the segments of Wall Street that are underperforming.

No matter what kind of macro environment we face, there always is a growth story somewhere. And the following seven stocks are all proving their growth power right now with rising sales and profits that put the rest of the market to shame.

All are conviction buys for 2017 regardless of the big picture, because all have growth stories that cannot be stopped. Here they are:

Growth Stock #1 – Abiomed (ABMD)

- Industry: Healthcare equipment
- 2016 Performance: +32%
- Market Cap: $5 billion
- Buy Below: $125

Abiomed Inc (NASDAQ:ABMD) is a dynamic healthcare company with innovative products that include special catheters and other devices to help people in heart failure.

It's a midcap company, but is growing fast with revenue set to jump about 35% this year and another 31% in 2017. And unlike some smaller biotech or medical device companies, Abiomed is soundly profitable with projections for $1.15 in EPS this year, up 35% from the prior year's earnings. Even more impressive are projections of $1.84 in EPS for next year, which would be another 60% surge.

This company is at the center of a robust industry, with aging Baby Boomers creating a lot of opportunity for healthcare stocks that fight heart disease and a GOP-controlled regulatory environment that will be more sympathetic to medical companies in 2017. Also, ABMD stock is pretty recession-proof since its intervention devices are used in an emergency and aren't exactly the kind of discretionary expenses consumers are going to skimp on.

The massive growth story here coupled with the rather defensive nature of healthcare makes ABMD stock a lock for 2017 no matter what comes our way.

Growth Stock #2 – Weibo (WB)

- Industry: Social media
- 2016 Performance: +140%
- Market Cap: $9 billion
- Buy Below: $57

Weibo Corp (NASDAQ:WB) is a lesser-known stock that is commonly known as the Chinese version of **Twitter Inc** (NYSE:TWTR). But while Twitter stock continues to suffer mightily, Weibo is actually doing very well – up some 130% so far in 2016, as a matter of fact!

That's because while Twitter always seems to be struggling to find an interested buyer, Weibo is incredibly attractive thanks to sustained growth and big upside potential in China and beyond. Just consider that while Twitter has gone nowhere but down since its IPO in late 2013, WB stock – which came public in 2014 – is soaring over the past year.

The numbers speak for themselves. Last quarter, Weibo's advertising and marketing revenue was up 45% year-over-year. Daily active users were up 36%, as was net revenue. Oh, and while Twitter has failed to post a profit ever, Weibo saw net income soar 500% year-over-year, from 2 cents a share to 12 cents a share!

There are always risks in momentum stocks like this, particularly a Chinese mid-cap. But the growth here is too powerful to ignore and will continue to attract big Wall Street interest in 2017.

Growth Stock #3 – Netflix (NFLX)

- Industry: Media
- 2016 Performance: +9%
- Market Cap: $53 billion
- Buy Below: $143

Netflix, Inc. (NASDAQ:NFLX) exploded higher in mid-October on strong earnings, sending it into the black on the year. The reasons were obvious as NFLX crushed expectations on international subscriber growth, and posted a better-than-expected outlook for the future.

Specific to revenue and profits, the top line jumped 36% year-over-year to $2.3 billion on the quarter as earnings per share surged over 70% from 7 cents to 12 cents.

It's not just a story of big subscriber growth and big revenue, either, as Netflix continued to gain mindshare among consumers with original content including smash hits *Stranger Things* and *Narcos*.

"In 2017, we intend to release over 1,000 hours of premium original programming, up from over 600 hours this year," the company said in a letter to shareholders.

Between big growth overseas, critical acclaim for its programming at home and a heaping dose of momentum for shares, NFLX is a lock for 2017 under $143 a share.

Growth Stock #4 – Facebook (FB)

- Industry: Social media
- 2016 Performance: +16%
- Market Cap: $340 billion
- Buy Below: $140

Facebook Inc (NASDAQ:FB) was recently dinged after its Q3 earnings report at the start of November. But investors should see this dip as a rare opportunity to buy in, because longer-term, FB stock seems to do nothing but go up.

Even accounting for the modest decline recently, the stock is up over 230% since its 2012 initial public offering – almost four times the return of the S&P 500 in the same period. And in the past 12 months, FB is up 15% while the S&P has pretty much gone nowhere.

Many investors think the stock is too pricey or too overhyped, but that's how momentum stocks work – particularly in tech, and particularly when you're a company like Facebook that is wildly profitable and full of future potential. But the forward P/E of the S&P 500 as a group is about 18 right now, and the forward

P/E of Facebook is just 23 – hardly seems outrageous.

Besides, that growth premium is called for. In its Q3 report, Facebook earned $1.09 per share on revenues of $7.01 billion, up 56% year-over-year. Both figures topped Street consensus views for 97 cents per share and revenues of $6.92 billion – and it also beat its monthly average user forecasts to boot, boasting an amazing 1.79 billion monthly users!

If you're waiting for Facebook to crash, you'll likely be waiting for a while. So don't delay – buy the brief pullback before this stock continues to rally in 2017.

Growth Stock #5 – Visa (V)

- Industry: Financial services
- 2016 Performance: +2%
- Market Cap: $180 billion
- Buy Below: $88

Visa Inc (NYSE:V) is at the center of a massive growth industry via innovations in mobile payments and cashless transactions. As the world's largest payment processor, Visa is already sitting on big market share with a valuable brand presence, so it remains one of the early favorites in this emerging field.

Of course, paper money isn't going to disappear tomorrow, and mobile payments aren't going to become the default way consumers make purchases in 2017. So it's important to note that this secular trend isn't the only reason to jump into V stock.

The growth story is already very clear in the top-line performance of Visa over the last five years, where revenue has grown at a 20% annual rate. Earnings continue to soar as well, with EPS set to surge fourfold in five years, from 79 cents in 2012 to a projected $3.84 in fiscal 2017. In the immediate-term, year-over-year growth is set to hit 20% on revenue from FY2016 to FY2017 and EPS should grow 16%.

In Q3, Visa earnings surged 28% thanks in part to the acquisition of previously independent business Visa Europe as well as continued growth from global payment volume – including a 36% improvement in international transaction revenue.

This company clearly is at the center of mobile payments in every corner of the globe and is a great play for 2017 and beyond.

Growth Stock #6 – Amazon (AMZN)

- Industry: Business services
- 2016 Performance: +15%
- Market Cap: $360 billion
- Buy Below: $825

Like Facebook, **Amazon.com, Inc.** (NASDAQ:AMZN) is another stock that has softened up just a tiny bit on earnings but is a big buy for 2017.

Yes, Amazon missed profit expectations after a string of surprisingly upbeat reports over the last year or so. However, any long-term investors in AMZN stock should know that Jeff Bezos & Co. are unconcerned with managing quarter-to-quarter and are instead focused on success that lasts.

That success is hard to argue even in the face of the Q3 miss, with Amazon.com stock up more than

20% in the past 12 months against a flat market. And in the last five years, Amazon has soared over 250% vs. just 63% for the S&P.

You're not buying a typical stock in Amazon. It's actually many businesses rolled into one – a low-margin but massively scaled e-commerce business, a high-growth cloud company via Amazon Web Services that saw sales jump 55% in the third quarter, and a budding media company with Amazon Instant Video originals like Emmy award-winning comedy *Transparent*.

There's so much to like about AMZN stock, and so much potential. It seems almost trite to tout this dynamic tech company as a great bet, but there's a reason for that. Just make sure you don't waste this brief dip, since pullbacks typically don't last for long in this highflier.

Growth Stock #7 – Costco (COST)

- Industry: Retail
- 2016 Performance: -1%
- Market Cap: $63 billion
- Buy Below: $160

Big-box giant **Costco Wholesale Corporation** (NASDAQ:COST) hasn't done well in 2016, falling lower since its July highs and with shares basically flat year-to-date. And broadly speaking, brick-and-mortar retail in general is in deep trouble in the age of e-commerce.

However, Costco continues to show it has tremendous long-term value thanks to its low-cost appeal and its important stream of revenue that comes in from more than 80 million memberships at $55 a pop. This makes it far more stable than just about any other player in big-box retail right now.

Costco has been incredibly reliable as a long-term investment, up almost 70% in the past five years to slightly outperform the S&P 500, and up about 170% in the last 10 years vs. just 51% for the S&P.

While its current price-to-earnings ratio is a bit elevated compared with the broader market, it is a rare bright spot in retail, tracking 7% top-line growth in FY2016 and another 7% in FY2017 to boot. What's more, profits will jump 11% this year and 11% in 2017.

Aside from the all-powerful Amazon, which is a unique beast with its fingers in many pies, you won't find a better growth story in retail than Costco.

5 Value Stocks for Stability

Growth is nice, but in an uncertain market, there's a lot to be said for having a firm foundation for your portfolio. A good stock at a good price isn't quite as sexy as a roaring momentum stock, but these value plays can be crucial to sustaining you in tough times.

As Benjamin Graham was quoted as saying, "In the short run, the market is a voting machine but in the long run, it is a weighing machine." That means it's crucial to have some substantive stocks in your portfolio that aren't just a lot of hot air.

Valuations for many equities are stretched as investors have piled into stocks, so it's getting harder to find bargains than it was five years ago. But the following five names offer a great combination of stability from recessionary forces, a modest stream of income via a dividend and plenty of cushion to weather any Wall Street storm in 2017.

Value Stock #1 – Hershey (HSY)

- Industry: Processed foods
- 2016 Performance: +13%
- Market Cap: $21 billion
- Buy Below: $110

Chocolate king **Hershey Co** (NYSE:HSY) is down about 15% from a 52-week high in mid-2016, but long-term investors shouldn't read too much into the flop. There is great value and stability to be had here.

It's important, for starters, to acknowledge that the decline was actually part of a head-fake when HSY ran up on hopes of a merger with **Mondelez International** (NASDAQ:MDLZ). When the deal fell through, Hershey fell right back to where it was before rumors swirled. And in fact, HSY is actually up soundly on the year regardless.

While the merger news is disappointing, it's not the end of the world. Hershey is hugely popular, the company makes up approximately 45% of the chocolate market and it has one of the most powerful brands on the planet.

A 2.5% dividend is sweet, too, and "sin stocks" like this candy maker have historically performed well in recessions where consumers splurge on simple pleasures like junk food when difficult times make them forgo big vacations or other spending.

The recession-proof nature of this stock and the fact it has been out of favor more recently makes it a great pick to hold strong in 2017, and potentially see serious appreciation again.

Value Stock #2 – JPMorgan Chase (JPM)

- Industry: Banking
- 2016 Performance: +28%
- Market Cap: $300 billion
- Buy Below: $89

Financial stocks have exploded higher since Election Day, thanks in large part to the hope of a more favorable regulatory environment and higher interest rates boosting margins on loans. But not all financial stocks are equal after this run, and some may be running into a ceiling.

Not so with **But JPMorgan Chase & Co.** (NYSE:JPM). It remains the largest bank in America with over $2.3 trillion in total assets. And while not exactly known to be squeaky clean, recent trouble at **Wells Fargo & Co** (NYSE:WFC) makes JPM look much more principled by comparison and could help both investor sentiment and consumer perceptions of the bank.

Unlike Wells, which investors have piled into undiscerningly since the November vote, JPMorgan is one of the best-run operations out there and has a lot more going for it than just short-term sentiment trends.

JPM has gotten its groove back, and with CEO Jaime Dimon working closely with Republican lawmakers, you can bet it will continue to power higher in a more favorable environment across 2017. You shouldn't chase all banks here after the run, but JPM is a name worth holding and adding to.

Value Stock #3 – Cisco (CSCO)

- Industry: Communications
- 2016 Performance: +13%
- Market Cap: $154 billion
- Buy Below: $32

Cisco Systems, Inc. (NASDAQ:CSCO) is not the tech powerhouse it once was, but value investors still can find a lot to like in this enterprise technology leader.

Chuck Robbins took over from longtime leader John Chambers as CEO in mid-2015, and he's already started reshaping the company to be more agile. Although revenue is only set to improve by low single digits in 2017, earnings per share are expected to grow by high single digits. That's thanks in part to efficiencies that include the painful decision to lay off 20% of its workforce this summer.

Furthermore, while top-line growth isn't burning down the house, there is assuredly good growth ahead in the CSCO's dividends. The payout has surged more than fourfold in five years, from just 6 cents a quarter in 2011 to 26 cents currently. And even now, the payouts are highly sustainable at less than half next year's earnings.

Looking forward, Cisco continues to reshape its company via acquisitions including six deals in 2016 across everything from semiconductor designers to data center managers to cloud computing companies. This will position CSCO very nicely for success in the New Year and beyond.

Value Stock #4 – Caterpillar (CAT)

- Industry: Heavy machinery
- 2016 Performance: +40%
- Market Cap: $56 billion
- Buy Below: $91

You may think it's silly to consider any stock that has run up 40% in a year as a "value" play. But when you compare current pricing of **Caterpillar Inc.** (NYSE:CAT) vs. highs of about $110 in 2011, 2012 and most recently in 2015, you can see why this company isn't exactly overbought despite recent momentum.

The thing holding back CAT during the past few years has been commodity prices, of course. An ill-timed move into mining equipment via the 2011 acquisition of Bucyrus International – at a massive premium, no less – has ruined the company's performance since then. But it looks like we've hit a bottom in commodity prices as oil and gold have stabilized after long-term declines, and that bodes well for Caterpillar.

Investors piling in lately have noticed this, but more importantly is a 12-month target price target from Goldman Sachs at $112 – up big-time from a prior target of $76 that was long overdue for revision. And that was before talk of infrastructure spending in a Republican administration had gathered steam.

A 3.2% dividend and hopes of continued economic recovery could also help this heavy equipment company power even higher. But most important is the notion that the worst is over for CAT in terms of commodity prices and in terms of hangover from its snake-bitten 2011 buyout of Bucyrus.

Invest with confidence here now that the worst is behind Caterpillar and momentum has returned in 2016 … even if the company still isn't quite back to where it was before.

Value Stock #5 – Delta Air Lines (DAL)

- Industry: Airlines
- 2016 Performance: -1%
- Market Cap: $36 billion
- Buy Below: $45

Delta Air Lines, Inc. (NYSE:DAL) has taken a beating in 2016 as oil prices have surged from their spring lows. But while the firm's share price has fallen big time, it remains comfortably profitable. And as one of the world's largest passenger airlines in an industry that remains highly regulated, Delta certainly isn't going anywhere.

The rise in oil prices admittedly are a headwind. However, for the long-term value investors, now is a good opportunity to pick up a financially sound airline at a bargain price-to-earnings ratio of less than 7.

Yes, some air travel is cyclical, but as a large carrier, Delta is not as volatile as other regional players that are dependent on tourism or local business travelers. And for those worried bankruptcy is a perpetual fear for airlines, the company's debt-to-equity ratio is just over 60%, far below most of its peers and very sustainable even if oil prices remain elevated.

A bargain valuation and modest 1.6% dividend, then, make Delta worth taking a flier on in 2017 – particularly if hopes of economic "reflation" come to pass in the New Year.

5 Dividend Stocks for Income

Every investor needs to be biased toward stocks right now, even those who are very conservative and in search of income. Again, Treasuries and corporate bonds are stuck around piddling 2% rates.

Even some of the value stocks we just discussed in the last section significantly outpace these figures!

While the Federal Reserve was supposed to be undergoing "liftoff" after its December 2015 rate hike, 2016 didn't usher in a sustained sequence of rate increases the way some had suspected. Thus, it's safe to assume that 2017 will be another year where the Fed is all talk on rates … but no action.

If you want yield, then, you simply can't ignore the potential of high-yield dividend stocks – and you REALLY can't ignore the picks here, which range from between 4% and 10% in current dividend yields.

Dividend Stock #1 – Seagate Technology (STX)

- Industry: Computer hardware
- 2016 Performance: +12%
- Market Cap: $12 billion
- Current Yield: 6.1%
- Buy Below: $44

Seagate Technology PLC (NASDAQ:STX) is one of the largest hard disk drive manufacturers in the world. Some investors are leery of a PC-focused business like Seagate, but while the stock has flopped considerably from its 2014 highs, it remains fairly valued with a forward price-to-earnings ratio of less than 11, and it continues to hang tough in this mobile age.

That bargain P/E comes even as Seagate has rallied strongly over the past few months. Shares of STX bottomed at under $19 in mid-2016 and have doubled through the second half of the year. That momentum bodes very well for 2017.

But more importantly, who cares if the lion's share of the gains are behind us when Seagate is such an income powerhouse? Seagate is one of the biggest dividend plays in the tech world, with its 63-cent payout each quarter equaling a yield over 6% right now. And since the dividend is about 67% of next year's earnings, it is very secure in 2017 and not at risk of a cut.

Dividend Stock #2 – Ventas (VTR)

- Industry: REITs
- 2016 Performance: +11%
- Market Cap: $22 billion
- Current Yield: 4.9%
- Buy Below: $70

Ventas, Inc. (NYSE:VTR) is a real estate investment trust (REIT) that is capitalizing on the graying of America, and is one of the largest operators of senior living facilities in the U.S. VTR owns approximately 1,300 properties, ranging from skilled nursing facilities to specialty hospitals.

While the long-term trend lifting Ventas is powerful, you won't have to wait years for the profits to transpire. VTR stock has outperformed nicely in 2016, and continues to power higher thanks to a great portfolio of properties and efficient operation.

Almost half of Ventas properties operate under the lucrative "triple net lease" model where tenants are responsible for paying real estate taxes, building insurance and maintenance. That's a streamlined and cost-effective deal for the operator, and VTR investors have been paid back nicely via a 4.9% dividend fueled by these properties.

As Baby Boomers age and rely on facilities from companies like Ventas to keep them healthy and active, there will only be increased demand for these kinds of services in the coming years. That demographic shift makes VTR all but a sure thing no matter what turmoil should strike Wall Street in the next year or so.

Dividend Stock #3 – Telefonica (TEF)

- Industry: Telecom
- 2016 Performance: -18%
- Market Cap: $46 billion
- Current Yield: 9.0%
- Buy Below: $10.50

Spanish telecommunications giant **Telefonica S.A. (ADR)** (NYSE:TEF) is not just a big player in Europe, but also in Latin America. This exposure has been a double-edged sword, because while it has allowed for big growth in some areas, it also has caused headaches recently – particularly as the threat of higher interest rates have some investors worried about a flight of capital from emerging markets. However, Latin American markets like Brazil and Argentina have put up significant outperformance since spring 2016, and there are signs the future is once again bright for TEF stock.

Beyond the short-term outlook, the longer-term prospects of emerging markets remain very bright as a growing middle-class consumer base increasingly turns to cell phones and mobile technology. And while Europe itself isn't exactly going like gangbusters, the economy on the continent has certainly improved from the double-dip recession a few years ago, and it's much more stable.

If you're looking for growth, in all honesty, TEF isn't going to really provide it. But with a big dividend and a fair price now that the telecom trades at just 12 times next year's earnings, this pick is a great way to add an international flavor to your dividend portfolio.

The payout is huge, too, at roughly 9% based on the last year of distributions. And while foreign stocks like this have dividends that can be volatile and only pay twice a year instead of quarterly, buy-and-hold investors will assuredly be well-served by this stable European telecom amid an otherwise uncertain outlook for 2017.

Dividend Stock #4 – Ares Capital (ARCC)

- Industry: Business development
- 2016 Performance: 15%
- Market Cap: $5 billion
- Current Yield: 9.3%
- Buy Below: $18

Business development companies like **Ares Capital Corporation** (NASDAQ:ARCC) are popular options for investors chasing yield because these publicly traded stocks operate much like investment funds. When you buy in, you are buying their portfolio of equity and debt investments.

Since ARCC has a close relationship with private equity giant Ares Management LP (NYSE:ARES), that means ready-made access to financing in some big-ticket deals. And while there is always risk in these loans, both Q1 and Q2 numbers from Ares showed a marked improvement in non-performing loans compared with previous quarters.

An additional plus is that Ares Capital is savvy about buying up smaller and sometimes even bigger rivals, consolidating power while debt is relatively cheap in an effort to maximize its control of the market. And in 2017, even as rates rise, a more favorable regulatory environment may make dealmaking much easier.

Shares probably won't move much, judging by the rangebound nature of this stock since 2010 after a snap-back from the Great Recession bottom. But with a yield approaching double digits, who needs share appreciation from ARCC when you can get huge dividend checks each quarter?

Dividend Stock #5 – Chevron (CVX)

- Industry: Integrated energy
- 2016 Performance: 31%
- Market Cap: $225 billion
- Current Yield: 3.7%
- Buy Below: $107

Chevron Corporation (NYSE:CVX) is up big lately, fighting back nicely from its spring lows when we saw crude oil prices bottom at under $27. But while Chevron has been riding a recovery in oil in 2016, its outlook for 2017 remains even brighter as a former Big Oil exec joins the Trump Administration and as

OPEC looks to cut production in the New Year.

These benefits come after serious restructuring that included laying off 12% of Chevron's workforce in the wake of lower oil prices. The OPEC move will keep oil prices firm, and the efficiencies will keep Chevron's costs low going forward – a win-win.

CVX also is in the middle of a large asset sale to strengthen its balance sheet and improve its margins in the era of $50-per-barrel oil. In 2015, Chevron sold $5.7 billion in assets, and its goal for 2016 and into 2017 is $5 billion to $10 billion in additional cash.

This will not only support the business, but also the company's nice 4%-plus dividend yield. CVX is not just one of the best performers in the Dow Jones Industrial Average with a double-digit return in 2016, but also one of the highest-yielding with this kind of payout.