StreetAuthority

TOP 10 STOCKS

ELLIOTT GUE'S FAVORITE PICKS FROM ALL OF STREETAUTHORITY'S ADVISORIES

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StreetAuthority, LLC is a financial newsletter publisher founded on the belief that individual investors can earn above-average returns if they are given access to the right information. We'd like to thank you for ordering this special research report, *Top 10 Stocks for 2014*, and we sincerely hope you will benefit from the following investing ideas and analysis.

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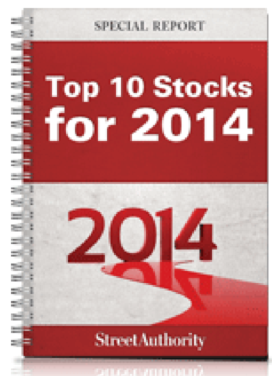
Top 10 Stocks for 2014



Here at StreetAuthority, we spend a great deal of our research efforts digging through hundreds of investment ideas before cherry-picking the best ones for our various newsletters. And throughout the year, we track our picks, making sure that they are still positioned to meet the expectations we've set for them. We keep an eye on prices as well. Some of our best ideas perform so well that it becomes harder to envision further gains in the months ahead.

Still, some of our top investment ideas are not even close to what we perceive as fully valued. These stocks still hold, in our view, considerable upside for the road ahead. And every year, we like to identify those ideas in our annual look at *Top 10 Stocks*.

The stocks you'll read about in this report are exactly what this report title implies: These are our "Top 10 Stocks for 2014." They run the gamut, from a $137 billion tobacco giant to a unique exchange-traded fund (ETF) that captures one of our favorite investment themes of the current decade. Without further ado...

Top 10 Stocks for 2014

(1.) Enterprise Products Partners (NYSE: EPD)

Natural gas prices have retreated from the peaks seen five years ago, but the volume of natural gas being pumped and shipped grows ever larger, which is why we are a big fan of MLPs that operate networks of pipelines. And with 21,530 miles of gas pipelines crossing the United States, this company is one of the biggest. It's also one of the best-run operators in the industry.

Of course, shipping natural gas isn't the only major theme powering the U.S. energy patch. Enterprise Products Partners also:

- Runs a 17,500-mile pipeline network that transports NGLS (natural gas liquids).
- Operates a 6,300-mile crude oil pipeline.
- Owns a 5,400-mile pipeline network that carries distilled energy products.
- Has 25 natural gas processing plants.
- Controls storage terminals that can hold the equivalent of 190 million barrels of oil, gas and NGLs.

About 75% of EPD's business is fee-based -- meaning most of its cash flow isn't directly impacted by the price of oil or gas. It simply earns a fee for every barrel of oil or gas shipped through its network. And it's certainly a growth business: The U.S. Energy Information Administration says 14% of our natural gas supply came from shale deposits in 2009. By 2035, that's estimated to grow to 45%.

Though EPD has a national footprint with exposure to nearly a dozen key energy-producing regions, management at this MLP was wise enough to put a lot of its money into developments into the Eagle Ford Shale in South Texas, which has emerged as one of the most prolific energy producing regions in the country.

Indeed, wherever this company has decided to deploy its capital, the payoffs have been immense. And since 2008, every new project that EPD has pursued has helped produced solid margins and cash flow. That helps explain a phenomenal leap in EPS: The company earned more than $1 per unit just once in its history (2006, when it earned $1.21). Per-unit profits surged to $2.71 last year and appear poised to keep rising at a solid clip.

Of course, rising profits means higher dividends. EPD has hiked the quarterly payout 36 straight times going back to 2004, and its current yield stands at 4.6%. What was then just a dividend of $1.51 per unit now stands at $2.72, which is good for a yield in the 4% to 5% range, even though shares have already risen 550% since 2000.

Investors who missed the chance to buy this steady dividend grower back then -- when shares traded for less than $10 (which equates to a 25% yield today) -- might be kicking themselves. But that's the wrong way to think about it. Instead, focus on what kind of dividends you'll likely be getting five or 10 years from now by buying shares at today's prices.

Why should you be counting on nicely higher dividends down the road? Because EPD is in the midst of nearly two dozen expansion projects that will set the stage for far higher sales and profits -- and dividends -- when they are completed. The company is spending roughly $7 billion over the next few years on new projects but aims to garner much higher returns over the lifetime of those assets.

You can already see the impact of all of those expansion projects starting to bear fruit. EPD's revenues are slated to rise around 13% this year, to around $48 billion, and perhaps approach $52 billion by next year, according to analysts. Considering that half of the company's expansion projects are in earlier stages, a $60 billion revenue base is starting to take shape, perhaps by 2015 or 2016.

Another reason we're a fan of this MLP: Many firms in this industry write a hefty check every year to a group of executives that have carved out their own large slice of stock in exchange for management services. In 2010, Enterprise bought out its general partner. Now all dividends go only to EPD investors. None are distributed to a general partner. This move should allow distributions to grow much faster in the years ahead.

Risks to Consider: *If Enterprise experiences delays with its $7.5 billion in growth projects, then it could weigh on the stock, which has traded higher based on its bright outlook and* *growing dividend.*

"Buy Under" Price: $63 Target Price: $70

(2.) Cisco Systems (Nasdaq: CSCO)

There are a few basic principles to follow when it comes to finding great companies. It starts with industry leadership -- not just in the United States but around the globe. Industry leadership comes from strong investments in new products, a savvy sales organization, and a focus on the market niches that form the backbone of today's economy.

By those measures, you won't find a better company than Cisco Systems. This company took the technology industry by storm in the 1990s with a world-class set of telecom switches and routers. And while many telecom equipment providers eventually flamed out, Cisco just kept going.

CEO John Chambers gets the credit for identifying hot new growth niches, and Cisco has been attacking them with abandon ever since. In fact, while many giant tech companies struggle to find new growth niches, Cisco is already at that vanguard of tomorrow's tech trends. The company's strategic focus is quite simple:

Much more than telecom. Thanks to heavy spending on research and development (R&D) and acquisitions, Cisco is now well-positioned for industry leadership in mobile computing, cloud computing, video-delivery services, network security, Web conferencing and network storage. No other vendor can provide clients this comprehensive suite of offerings, a key consideration when information technology managers worry about the interoperability of components in their corporate ecosystem.

Rising software sales. Cisco has set an ambitious target of doubling the revenue it derives from software in the next five years. This is a page right out of the IBM (NYSE: IBM) playbook. Cisco's strategists are surely aware of IBM's 140% stock price gain since the start of 2009 (compared with an 87% gain in the S&P 500 index and a 56% gain for Cisco), as investors have come to embrace Big Blue's increasing emphasis on high-margin software sales.

Tapping emerging markets. Chambers now spends a considerable amount of time on the road in Latin America and Asia. He's directed his sales force to treat these markets as a top priority. Emerging markets currently represent about $9 billion in annual sales (20% of the entire sales base), though Cisco aims to boost that figure by 10% annually in the next three to five years. To get there, Cisco is developing lower-cost solutions for these price-sensitive markets.

Though Chambers is a true tech visionary, that may not even be his greatest strength. Instead, you can look for his influence all over the company's financial statements. Cisco's ability to develop best-of-breed products, and the company's ability to get premium prices for them, has translated into some of the most impressive profit margin structures in the tech industry -- or any industry, for that matter.

A quick snapshot of Cisco's fiscal 2013 results tells an impressive tale. Once again the company posted record sales, operating profits and earnings per share (EPS). Meanwhile, despite massive stock buybacks (totaling 1.3 billion shares over the past eight years) and a second straight year of triple-digit dividend growth, Cisco's net cash position swelled to a new record.

Cisco's 2013 Financial Performance				
Sales ($bill.)*	$48.6		Operating margins*	23.0%
Gross profits ($bill.)*	$29.4		EPS*	$ 2.02
Gross margins	60.6%		Free cash flow	$ 8.4
Oper. profits ($bill.)*	$11.2		Net cash on hand ($bill.)*	$38.3
*** company records**				

Perhaps the most remarkable aspect of Cisco's recent financial results is the harsh economic reality that exists in many of the company's key markets. Management has repeatedly noted that Cisco is working to do the best it can at a time when key government and corporate customers are hunkering down. Cisco will also be the first to tell you that when the global mood brightens, the company's products should see a solid uptick in demand. That's why we expect this company to keep setting a new bar in terms of financial performance.

Risks to Consider: *Cisco is pursuing many new technology niches simultaneously, which may dilute management's attention on the core telecom market.*

"Buy Under" Price: $28 Target Price: $35

(3.) Brookfield Infrastructure Partners (NYSE: BIP)

There's a global crisis that few are talking about. It's not the cash crunch being seen in Southern Europe, nor is it the perilous levels of debt that many governments carry on their books. Instead, it's a profound lack of spending on infrastructure. From India to China to Brazil to right here in the United States, rusting bridges, overloaded rail networks, congested highways and clogged shipping ports are causing all kinds of bottlenecks.

Yet governments are ill-equipped to tackle the problem, which would by some estimates cost hundreds of billions of dollars to remedy. And that's just in the United States. In response, governments are turning to the private sector. Their plea: Build infrastructure, and you can be reimbursed by charging tolls and tariffs.

Of course, tackling major infrastructure projects requires vast sums of money, and there are just a handful of global companies that are able to take them on. For more than a century, Brookfield Asset Management (NYSE: BAM) has been taking on big projects, reaping handsome profits for its investors in the process. According to the company, investors have bagged a nearly 20% average annual return over the past two decades.

Though Brookfield invests in a variety of projects (it owns more than $100 billion in real estate, for example), investors can directly focus on specific niches, and Brookfield Infrastructure Partners is one of our favorites. The limited partnership has direct and indirect stakes in toll roads, electricity-transmission grids, ports and railroads spread across five continents. Brookfield Asset Management still owns 41% of BIP, and public investors own the rest.

As an example, assets in the utilities business include a coal terminal in Australia, an electricity and natural gas distribution business in the U.K., and electric transmission networks in the Americas. BIP's transportation segment is led by a 3,000-mile Australian rail network that carries mining output to various sea ports.

Yet this isn't a company that just stands back and collects payments from its projects. Instead, management seeks to invest in projects that will create great cash flow and offer the chance for an increase in value. Once the market fully appreciates the value of the project (and its cash flows), BIP simply sells its stake and redeploys the funds into newer, yet-to-ripen investments.

As an example, the company recently identified its 15% stake in Brazilian toll road operator Arteris as an unappreciated cash flow generator. So management shelled out $490 million to boost the ownership stake to 31%. BIP is run by seasoned managers who carefully measure the projected returns of any investment against the firm's cost of capital.

And management has been quite busy. Thanks to a combination of strong organic cash flow and a series of financings, BIP now manages more than $20 billion in global infrastructure assets, up from $6 billion in 2009.

Of course the best measure of this business model is in how it delivers rising payouts. The dividend has risen from $1.10 in 2010 to $1.50 in 2012, and was hiked again in 2013 to $1.72 per unit. That translates into a yield of nearly 5%.

Can that dividend move even higher in coming years? When you consider that many billions of dollars' worth of infrastructure will be deployed in coming years around the globe, then you can see a virtually unlimited path to growth for this firm.

Risks to Consider: Infrastructure investing has proven so lucrative that other global financial firms may jump into this niche, creating a more competitive bidding environment.

"Buy Under" Price: $40 | Target Price: $47

(4.) MPLX (NYSE: MPLX)

Over the years, we've identified a number of promising energy stocks. It's an incredibly fertile sector, as rising energy prices, or rising production volumes, can lead to great profits. Yet investors are asked to stomach a great deal of volatility with many of these businesses. Take oil refining, for example. It was an industry that really rocketed in 2012 and early this year as profit margins at major refiners grew far above historical levels. Yet more recently, those margins have compressed due to a series of factors beyond their control.

And that has led to a roller-coaster rise for stocks such as oil refiner Marathon Petroleum (NYSE: MPC). Its shares surged this past winter but slumped badly in ensuing months.

If that kind of wild ride holds little appeal to you and you'd rather generate steadier gains, then you should check out MPLX, an offspring of Marathon Petroleum. MPLX operates nearly 3,000 miles of pipelines on behalf of its parent company, which still owns 72% of MPLX. And as our longtime subscribers know, master limited partnerships (MLPs) such as MPLX offer investors juicy dividend yields and virtually guaranteed rates of return.

Guaranteed? That's a bold claim -- but that's the deal that was struck back in 2012 when Marathon Petroleum decided to spin out is pipeline business. Marathon pays a preset minimum fee for access to the MLPX's pipelines and storage facilities, regardless of whether these assets are actually utilized or lie idle. Whether energy prices rise or fall, we already have a clear sense of what kind of money MPLX will make. Better still, Marathon has even agreed to hike its payments to MPLX in line with inflation.

Yet there's a simpler explanation of why MPLX is our favorite MLP for the year ahead. In coming quarters, look for parent company Marathon Petroleum to hand over control of many more pipelines to MPLX, known in the industry as asset drop-downs. The two parties are still working through a complex set of contracts to make sure that shareholders on each side of the deal are best served, but the asset exchanges should help MLPX to deliver solid cash flow gains in 2014.

These assets include:

- The 44% stake in subsidiary MPLX Pipe Line Holdings that is still owned by the parent.
- 30% to 60% stakes in seven other pipelines operated by Marathon.
- Roughly 80 storage terminals, 250 trucks and 1,900 rail cars.

Taken together, these assets generate more than $300 million in earnings before interest, taxes, depreciation and amortization (EBITDA) every year. Of course, MPLX will have to pay Marathon for these assets. The MLP went public in October 2012 with zero debt and has the ability to borrow funds at attractive rates to pay for these assets. But on a per-unit basis, the economics of these transactions should be a clear positive for MPLX.

Putting specific numbers behind this story, look for MPLX's dividend to rise from around $1.20 per unit in 2013 to around $1.40 per unit in 2014 and around $1.70 per unit by 2015. That's a projected yield of around 5%, which is nicely higher than other rock-solid investments such as government and blue-chip bonds.

Risks to Consider: *Beyond 2015, MPLX will need to pursue other company's pipeline assets if it is to sustain robust growth.*

"Buy Under" Price: $40 Target Price: $46

(5.) Starbucks (Nasdaq: SBUX)

As company executives arrive at the office in the morning, they invariably make the same first move: They check the previous day's sales. In an era when one bad quarter can lead to pink slip for a CEO, positive daily sales trends help reassure that their jobs are safe.

But for the executives at Starbucks, that's simply not a concern. The company's stores see solid traffic day after day, month after month and year after year. Remarkably, the coffee chain manages to retain customer interest without ever resorting to gimmicks or promotions.

Could it be that the company is simply benefiting from the addictive nature of coffee? After all, many of us can't function without our daily jolt of caffeine. But if it were that easy, other cafes would be just as successful as Starbucks.

Instead, you can point to a strategy laid out nearly three decades ago when the company was founded. That strategy focused on procuring the best coffee beans, creating an inviting in-store environment, and premium pricing.

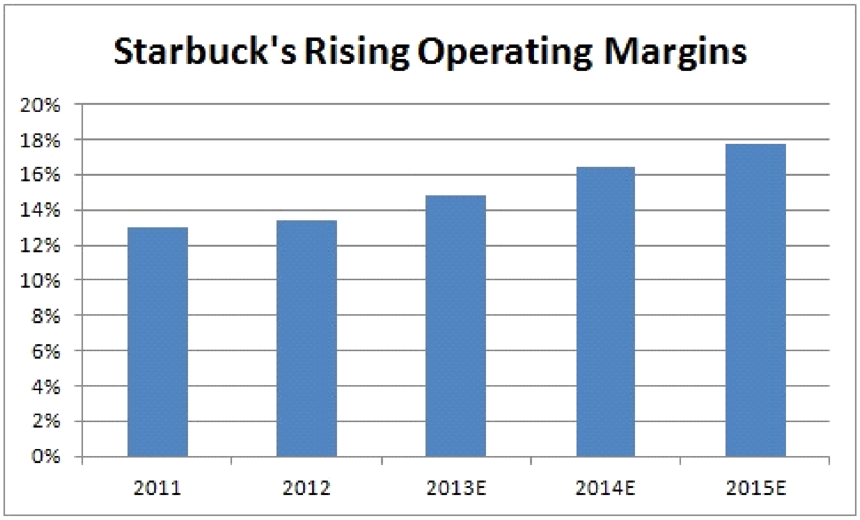
Notice that these are similar to the traits displayed by Cisco Systems discussed in this report. If you have the best products, and back them up with a high level of customer service, you can charge premium prices. And as we've seen, robust pricing yields superior profit margins. The company generated roughly $2 billion in operating income last year on a revenue base of $13.3 billion.

Yet here's the most remarkable thing about Starbucks. After 12% annual sales growth over the past 10 years, this company is showing no signs of slowing down.

Sure, the U.S. market is approaching saturation for the coffee chain, with 11,000 stores across the country. But international growth remains on a fast track. In the fiscal year that begins October 1, Starbucks plans to open more than 1,400 stores. Half of those new stores will be placed in China. That puts Starbucks on a path to have nearly 10,000 foreign stores -- up from a current 7,000 -- in the next three to four years.

To put those numbers -- and the company's growth potential -- in context, note that Subway operates more than 37,000 stores worldwide. Starbucks is still less than half that size.

Those store openings are expected to help Starbucks boost sales at a low-teens pace in fiscal 2014 and 2015. Yet the real payoff will come further down the income statement. An expanded base of sales can yield economies of scale as the company strikes better deals with suppliers, operates a more efficient supply chain, and generates greater leverage on its marketing and branding costs. As a result, look for Starbucks' profit margins to keep rising.



Source: Merrill Lynch

Sales growth in the range of 10% to 12%, coupled with rising margins, leads to one conclusion: Starbucks' bottom line is poised to grow at a really fast pace. The company earned $1.79 a share in fiscal 2012, yet that figure is expected to rise at a 20% compound annual growth rate, to more than $3 a share by fiscal 2015. That kind of strong and steady growth explains why this stock has yet to reach its full potential.

Risks to Consider: *Coffee prices have slumped in 2013, giving Starbucks a profit boost, but an uptick in coffee prices would lead to reduced profit growth forecasts.*

"Buy Under" Price: $82 Target Price: $90

(6.) Philip Morris International (NYSE: PM)

This tobacco giant faced an increasingly restrictive set of laws in the United States and Europe roughly a decade ago, and responded with a pair of key moves that are still reaping benefits today: diversification into new markets where tobacco consumption trends remain robust, and squeezing every last drop of cash flow out of the business.

Over the past decade, Philip Morris wrote the textbook on how to build a brand in new markets. The company's eight global brands have been cultivated through savvy marketing, leading to a remarkable statistic: Excluding China (which is dominated by a state-run tobacco firm), Philip Morris has claimed an eye-popping 28% global market share. That's not a claim that Ford (NYSE: F), Coca-Cola (NYSE: KO), McDonald's (NYSE: MCD) or any other blue-chip multi-national firm can make.

And how have those market share gains affected the income statement? Consider that Philip Morris had $40 billion in revenue back in 2004. That figure exceeded $75 billion in 2012. And that's impressive when you consider the challenges the company faced here in the United States, which has historically been its most important market.

These days, the U.S. market is becoming an afterthought for many tobacco producers. Goldman Sachs took a look at a wide variety of factors -- such as market size, regulation, pricing power and industry profits -- and ranked the United States 10th. Russia, Pakistan, India and China, respectively, are the most appealing markets, according to Goldman Sachs -- and notably, those countries are home to more than half of the world's population.

Here's another stat to ponder: In 2012, Philip Morris paid out $46 billion in excise taxes to governments around the world. That helps explain why tobacco is likely to still be widely sold in many countries for years to come.

Let's face it. There are a lot of other industries with more robust growth prospects. In fact, tobacco demand may not rise at all in coming years. That's a reality that many investors have already come to understand. And yet they still buy shares of this company. That's because few companies can deliver the kind of bottom-line results that Philip Morris has come to be known for.

Even when you consider the burden of tens of billions of dollars in annual excise taxes that the company must pay, Philip Morris still manages to generate more than $10 billion in annual operating profits. And since the company has relatively small cash requirements for capital expenditures, much of that operating income is converted right into free cash flow. And with each passing year, free cash flow marches ever higher.

Philip Morris' Projected Free Cash Flow per Share			
2012	2013E	2014E	2015E
$ 5.39	$ 5.63	$ 6.18	$ 6.88
Source: Goldman Sachs			

That rising free cash flow should translate into more robust payouts. The dividend stood at $2.24 a share in 2009 but has risen at a 13% annual pace (to $3.24 a share in 2012) and is likely to exceed $4 a share by 2015, according to consensus forecasts.

Risks to Consider: *Emerging markets continue to hold a more benign view regarding tobacco consumption, but if they adopt strong anti-tobacco measures, then Philip Morris's revenue could come under pressure.*

"Buy Under" Price: $93 Target Price: $102

(7.) iShares High Dividend ETF (NYSE: HDV)

Let's face it. We can't expect the stock market to rise every single year. The occasional flat or down market is a fact of life, especially when the market has been in an extended bull phase. That's not a reason to avoid stocks, but it is a reason to make sure your portfolio has ample exposure to defensive, value-oriented investments as well.

To find those opportunities, you need to search for investments that carry a low beta. Low betas mean that a particular investment's performance isn't highly correlated with the broader market. (A beta of 1.0 means it will move in tandem with the market; a beta of zero means it's completely unaffected by the market.)

This ETF tracks the performance of the Morningstar Dividend Yield Focus Index. The index, in turn, tracks the performance of dividend-paying stocks that have a long history of paying and, more importantly, increasing their dividends over time. These dividends are backed by solid free cash flows generated by companies that have a strong competitive position in their core markets.

With a beta of just 0.33, the iShares High Dividend ETF is a true rain-or-shine performer. Sure, its 35% gain over the past two years lags behind the S&P 500 index by roughly 10 percentage points, but it's about the most defensive investment you will find in the universe of U.S. large-cap-focused funds.

Among the many dividend-focused ETFs, what makes this one so special? It focuses solely on companies capable of supporting the largest absolute dividends. Top holdings include AT&T (NYSE: T) and Chevron (NYSE: CVX), which paid out $10.3 billion and $6.9 billion in dividends, respectively, in 2012.

Top 10 Holdings			
Company	% of Assets	Company	% of Assets
AT&T (T)	8.1%	Pfizer (PFE)	5.6%
Chevron (CVX)	7.1%	Verizon (VZ)	5.0%
Johnson & Johnson (JNJ)	7.0%	Merck (MRK)	4.7%
Procter & Gamble (PG)	5.9%	Philip Morris (PM)	4.7%
Microsoft (MSFT)	5.9%	Intel (INTC)	3.7%
Source: iShares			**57.7%**

Take a close look at the top 10 holdings. Every single one of these companies generates a high degree of recurring revenue, which helps them hold up very well when the economy hits a temporary rough patch. And their massive size -- along with the stability that implies -- means that they'll be paying huge sums of dividend payments for a long time to come.

Of course, such great companies come with a trade-off. Their relative safety means many investors gravitate toward them, so their dividend yields will never be nearly as robust as more speculative stocks. Indeed, you can do better than the 3.2% dividend yield that this ETF sports, but you'll sleep very well at night. And investors should also expect solid share price appreciation as the underlying companies in the portfolio continue to find new paths to growth.

Risks to Consider: *The highly concentrated portfolio means this fund would underperform the market if a key holding stumbles.*

"Buy Under" Price: $72 Target Price: $80

(8.) Intel (Nasdaq: INTC)

As noted in this special report, both Cisco Systems and Philip Morris have faced considerable obstacles to growth in their markets, and each firm managed to make the best of a very tough situation. Now it's Intel's turn.

The company's stock has underperformed the Nasdaq composite index by 35 percentage points over the past two years, thanks in large part to tectonic shifts taking place in the personal computer market. Intel's laser-like focus on PCs was a prime virtue for several decades -- but a clear impediment once consumers began to quickly gravitate toward tablet computers.

Intel's leading engineers haven't been standing idly by. Over the past 18 months, they've hunkered down and assessed all of the key changes taking place in computing and consumer electronics, and they've recently unveiled a comprehensive strategy to help Intel once again be seen as the premier semiconductor company in the world.

At its annual Intel Developers Forum this month, the company revealed the wide range of chips it aims to roll out over the next 12 to 24 months. That's the payoff of a $60 billion three-year spending spree that began in 2011 at the chip giant.

The company's new chips will all share a few key traits: They are incredibly fast and use very little energy, and thanks to Intel's advanced manufacturing processes, they will be less expensive to manufacture than any offerings from rivals.

Intel's new Quark chip, slated for release this coming winter, is a great example. The chip is one-fifth the size of Intel's current smallest chip, the Atom, and uses one-tenth of the power. Intel is already helping potential clients understand how these chips can be used in futuristic wearable computers.

There's been a great deal of buzz around wristwatch-style computers, but that product only scratches the surface. Intel thinks the Quark chip will open up a number of niche computing possibilities that engineers haven't even imagined yet. They couldn't -- because a chip like this never existed before. Intel calls this new chip niche "embedded/wearables," and it will be fascinating to hear about what kind of new applications are dreamed up over the next year or two. Industrial and medical device firms will be a key point of attack for Intel's sales engineers.

Make no mistake. Intel isn't abandoning its traditional computer markets. Billions are still at stake in this segment, and at its developers forum, the company unveiled significant upgrades to many of its high-end chips that go into PCs and computer servers. (Intel's 90% share in the computer server market highlights how leading-edge this company remains.)

Intel's shares have bounced around between the upper teens and mid-$20s for the past five years, giving investors the impression of a company stuck in the mud. Yet we believe that Intel's current product development efforts are a game-changer, finally putting the company not just at the front of the technology curve but well ahead of it. By the way, demand for Intel's server chips keeps growing at a double-digit pace, a trend which management expects to continue into 2014 and 2015 as well.

Meanwhile, investors can take solace in this stock's impressive value metrics, which provide solid downside support until this next wave of chips is able to boost the income statement. (Intel's sales are expected to be roughly flat this year with 2012 levels).

Key value metrics include:

- A 4.0% dividend yield.
- A price-to-earnings (P/E) ratio of about 12 times projected 2013 profits.
- An ongoing share buyback program that has already retired 1.4 billion shares since 2004.
- Roughly $8 billion in annual free cash flow generation, despite heavy investments in new chip designs. That free cash flow may strengthen significantly if Intel succeeds in luring other companies to use its spare foundry manufacturing capacity.

Intel's rangebound share price implies that the company is spinning its wheels. Yet management appears increasingly determined to bring this company back into the forefront of the technology industry. Our view: A lot of eyes will be opened in 2014 as these new products gain traction and analysts start raising their growth expectations for this chip giant.

Risks to Consider: *Intel must overcome a lingering perception that the company is no longer capable of solid growth, and it may take a year or two for that perception to change.*

"Buy Under" Price: $27 Target Price: $35

(9.) Automatic Data Processing (Nasdaq: ADP)

Over the next few years, you'll be hearing a lot about the implementation of the Affordable Health Care Act, aka Obamacare. It's a remarkably complex piece of legislation that is bound to cause headaches in many human-resources departments as companies adapt to a wide range of new regulations. Thankfully, payroll management firm Automatic Data Processing (ADP) will be taking care of much of the heavy lifting.

ADP has built a long-standing reputation among payroll clerks, who gladly outsource tasks to an organization that knows the tax codes, retirement benefit calculations and other employee benefits inside and out. A sure sign of client appeal: The average ADP customer keeps their business with ADP for 11 years.

Yet here's the most incredible aspect of this business: ADP doesn't employ thousands of internal administrators to handle the payrolls of its 570,000 clients. Instead, the machines do the work. This is a fully automated business model that can handle payrolls (and implement the upcoming Obamacare payroll changes) without breaking a sweat.

Of course, ADP incurs a considerable amount of expenses prepping any new customer as the payroll outsourcing process begins. And the company's ample sales force needs to continue uncovering new potential clients. But despite those expenses, ADP's EBITDA margins have always exceeded 20%, which these days, translates into roughly $2 billion in annual operating income.

One of the greatest charms of this business model is its rain-or-shine consistency. Although the U.S. economy lost a stunning 6.7 million jobs from July 1, 2008, through June 30, 2009, ADP actually reported a 1% increase in revenue, to $8.8 billion. Credit goes to that customer loyalty and a savvy move by management to offer ancillary business services to clients.

Yet here's why we're talking about ADP right now. Companies are no longer fearful of hiring and are beginning to add jobs at a solid pace. If current trends hold, the United States will add more than 2 million jobs in 2013 for the third straight year. You'd have to go back to 2005 and 2006 to find that kind of robust job formation.

U.S. Employment Growth		
2010	2011	2012
1,022,000	2,103,000	2,193,000

Source: U.S. Bureau of Labor Statistics

Notably, much of the job growth these days is coming from the private sector, as government employment continues to shrink. That plays right into the hands of ADP, which is squarely focused on the private sector.

The firming economy should bring another benefit to ADP: The company will start to earn much more interest income on the funds that it holds to meet clients' payrolls. Back in fiscal 2008, that amounted to a hefty $685 million in extra profits (based on a 4.4% average interest rate). Of course, low interest rates have wiped out that opportunity in recent years, but with rates now on the rise, ADP expects to get a material profit boost in coming quarters and years. It's just one of the reasons that analysts anticipate accelerating profit growth of 9% in fiscal 2014 and 11% in fiscal 2015. According to Merrill Lynch, "Over the last 20 years, ADP shares have had average annual gains of 16% when U.S. short-term interest rates were stable or rising."

Rising profits means that ADP's streak of 38 straight annual dividend increases is likely to be extended. The dividend has already nearly tripled since 2005 (from $0.61 a share to a recent $1.74), and ADP is shaping up to be one of the best dividend growth stories of the next decade as well.

Risks to Consider: *If the U.S. economy stumbles, employment growth might vanish, making it hard for ADP to grow at a meaningful pace.*

"Buy Under" Price: $80 Target Price: $95

(10.) Abbott Labs (NYSE: ABT)

Although ADP is approaching its 40th straight year of rising dividends, this health care company wins the race, recently celebrating its 41st consecutive boost. That's remarkable, considering how different the health care industry was back then. Many of today's most popular medical devices and drugs didn't even exist then. Yet Abbott has managed to stay abreast of this fast-changing market by consistently developing (or acquiring) products that now hold the first or second market share in dozens of niches.

In early 2013, Abbott spun off its new drug development business in a new company called AbbVie (NYSE: ABBV), but its remaining portfolio of products is still quite impressive, including:

- Nutritional products such as Ensure and Similac (roughly $7 billion in annual sales)
- Established pharmaceuticals ($5 billion)
- Vascular surgery products ($3 billion)
- Diabetes care ($1 billion)

- Medical optics ($1 billion)

(The company traditionally generated $35 billion to $38 billion a year in sales, but that figure is now in the $20 billion to $25 billion range after AbbVie was divested.)

Although Abbott's core U.S. market is likely to grow at a modest pace in coming years, thanks to health care cost pressures, the company is looking to bolster growth through an aggressive international expansion. Sales into emerging markets are now growing at a 15% pace and equate to roughly 40% of total company sales. Management would like to move that threshold above 50% in the coming half-decade.

Even though management concedes that top-line growth is likely to never exceed 10% (unless the company develops a blockbuster new product or maker a bold acquisition), investors should still expect more inspiring bottom-line results.

Management is now tackling excess costs in every part of the business and thinks that each division can boost operating margins by 1 or 2 percentage points. That may not sound like much -- until you see the impact on profits. Analysts think Abbott can boost EBITDA at a 10% pace in 2014 and 2015, leading to earnings of $2.50 a share by then. That's not bad for a company that earned just $1.70 a share last year.

Lastly, one of this stock's greatest virtues is its ability to weather bear markets and bad economies. While the major market averages fell sharply in 2008 and early 2009 (and some stocks lost 70% or 80% of their value), Abbott witnessed a more modest 25% pullback during that time.

Risks to Consider: *Abbott's increasing dependence on emerging markets means that sales growth will suffer if those markets remain under duress.*

"Buy Under" Price: $38 Target Price: $42

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-- *Top 10 Stocks* Research Staff
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