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## KEY TAKEAWAYS

- ⇒ *Turmoil in the Middle East and summertime in the U.S. are signals that oil and sin stocks are the place to be*
- ⇒ *We highlight 2 disparate defense stocks*
- ⇒ *Gaming stocks of companies here and in Asia should outperform*
- ⇒ *I'll drink to this brew*
- ⇒ *Last week's Guide and Market Monitor pick proved to be accurate and provided good returns*
- ⇒ *The stock pick is due to pay a 10% dividend this year*

## KEY STATISTICS

<u>Index</u>	<u>Close</u>	<u>2014</u>
DJIA	16776	1.2%
S&P 500	1936	4.8%
NASDAQ	4311	3.2%
Russell 2000	1163	0.0%

(figures are rounded)

## BUY SIN STOCKS NOW

Sometimes it seems as if events turn on a dime when they actually take months or years to develop. Take the situation in Iraq, for example. All was seemingly quiet and it seems as if very scary rebels have taken over key swaths of the country in brutal fashion. Now we are led to believe that Iran wishes to have us assist them in quelling the violence lest we have Iran—Iraq War II?

More drama in Ukraine is not to be outdone by violence at the World Cup in Brazil. On the home front, it is summertime here, and that usually means that crime will rise with stupidity. Add all of this up and I foresee a couple of interesting scenarios taking shape in the near term.

First up, as we predicted early last week, crude oil prices are likely to continue to rise as long as the geopolitical situation in Iraq does not change for the better. Frankly, we would not be surprised to see a run on oil stocks if the rebels appear as if they will overtake Baghdad. As unlikely as it is, it could turn ugly.

On a related front, President Obama has vowed not to send troops to Iraq to help the nation's troops. However, a prolonged series of fighting could result in a run on defense stocks. Therefore, in addition to playing the oil run, we recommend considering the purchase of select defense stocks.

Finally, adding a gambling stock or two may prove to enable you to hit the jackpot rather than crap out in the near term. With all of this in mind, what stocks should you consider? I am glad you asked.

## ***Sin Stocks to Take You to the Promised Land***

GSCR Sin Stocks Special

Company	Ticker	Price	Industry	P/E FY15E
Innov. Sol. & Supp.	ISSC	\$6.97	Defense	16x
Flir Systems	FLIR	\$35.76	Defense	21x
Pinnacle Ent.	PNK	\$25.30	Gaming	12.5x
Melco Crown	MPEL	\$33.29	Gaming	15.8x
Craft Brew	BREW	\$10.34	Alcohol	33x

ISSC is growing like a weed. Sales and revenue are expected to go from \$31M and \$0.14 in EPS last year to \$45M and \$0.22 this year, and \$51M and \$0.43 next year. Although the company makes flight cockpit systems, which is usually a slow-growth proposition, its high growth rate warrants purchase. FLIR is a leader in thermal imaging, HUDs, surveillance, etc. and could be a real recipient of product sales in conjunction with drones down the road, despite its high P/E.

PNK owns a number of casinos in the Midwest and Deep South and is enjoying unusually strong growth. Sales and EPS are expected to leap from \$1.5B in revenue and \$0.78 in EPS last year to \$2.23B in sales next year with EPS of \$2.02, following \$1.78 in EPS this year. Therefore, the stock is cheap. MPEL is a casino and entertainment operator in Asia and is a great proxy for the region.

Finally, BREW may be frothy but it typically has a strong summer season.

## ***Last Week's Highlights***

In case you missed it...

In last week's Guide we highlighted top investor mistakes and why the VIX spells trouble. <http://www.goldmanresearch.com/20140609783/The-Goldman-Guide/top-investing-mistakes.html>

Tuesday's Market Monitor Pick reached a peak return of 17% before retreating and is still slated to pay a 10% annual dividend. <http://www.goldmanresearch.com/20140610784/Daily-Blogs/big-dividend-yield-on-exciting-microcap.html>

## ***The Uncensored Sensibility***

Thousands of people feel that regardless of how much they love their country, they must abandon it. The strife, danger, trauma of living everyday there has placed hundreds of thousands on the move, on foot, perhaps with little or no clothing except what they wear. Still, they leave. It has been all over the news this past week, and the only thing that prevents us from seeing for ourselves just how horrible the situation has become are the restrictions placed by the government which forbid anyone to take pictures of the situation. Yes, even today, in today's 24/7 news cycle, there are places in the world where we are purposely shielded from seeing the truth by governments and despots so corrupt that they want to make sure all they do is done under cover.

Yes, Iraq has become a tragedy of massive proportions. Oh, but wait a minute.....I have seen plenty of pictures and videos of refugees on the move in Iraq.

NO, it cannot be there....where may you ask are we restricted from seeing this? America.

Yes, you remember America, the place where its constitution was more than just a piece of paper. The place where laws protect its citizens from the threat from within that a despot or group of them could ever seize power legally or otherwise and trash the people's sacred freedoms, but there it is. By order of the Obama Administration, no one is allowed to fully report on the mass immigration--all illegal--from Mexico taking place now, and which includes thousands of children and an as of yet immeasurable number of gang members, including MS-13 members.

Jimmy Carter allowed Fidel Castro to empty out his jails into Florida....and any DEA agent stationed there will tell you that it was this influx of criminals from Cuba which changed the drug game, and made it far more violent, and equally far more widespread and profitable. There is no way to say how much havoc this new group may wreak, but it is easy to see how it has already damaged this country. Even Congressmen have been told they are not allowed to take pictures of the processing and housing on the borders because the Obama Administration does not want people to see what it is doing there. A free press as part of the protectorate of a free society is an idea which emigrated out of America when this administration was ushered to power in America. This damage may be even more harmful than Jimmy and Fidel's flotilla of drug thugs.

Have a great week!



# The Goldman Guide

1498 Reisterstown Road, Suite 286 Baltimore Maryland 21208 Phone: 410.609.7100

[info@goldmanresearch.com](mailto:info@goldmanresearch.com) [www.goldmanresearch.com](http://www.goldmanresearch.com)

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