The Top Five Tech Stocks for 2023

The year 2022 has been driven by rising interest rates, a strong dollar, a weak economy, and a bear market in stocks.

A massive reversal is about to take place. 2023 will gain the benefit of gale-force macroeconomic tail winds.

So far this year, ***Mad Hedge*** earned an astounding 77.20% profit cashing in on this year's trends. We could earn the same return by taking advantage of next year's trends.

If you want to ride along on my coattails next year that is fine with me. But it requires you to take a leap of faith.

I refer you to the motto of Britain's Special Air Service: "***Qui audet adipiscitur,"*** or **"Who dares wins."**

For it only makes sense that the most volatile stocks of 2022 will be the best performers of 2023.

I have no doubt that tech stocks will bottom out sometime in 2023. Those who get in early will build some of the largest fortunes of this century. Those who miss the boat will spend their retirement years working at Taco Bell.

The reasons are very simple.

* Ultra-high interest rates will force a mild recession in early 2023. Then suddenly, inflation will plummet. We know this has already started because the largest element in the inflation calculation is housing costs, which are already in free fall.

* The Fed will panic and deliver 2023 the sharpest ***DECLINE*** in interest rates in American history.

* Plunging interest rates will bring a crash in the US dollar.

* Foreign currencies like the Euro (FXE), the Japanese Yen (FXY), and the Australian dollar (FXA) will soar.

* And guess who gets the bulk of their earnings from abroad, sometimes up to two-thirds? The technology industry. ***Kaching!***

If you think I'm out of my mind just look at the top performers of the historic stock market rally in November.

All the interest rate-sensitive sectors caught on fire. Technology stocks took off like a scalded cat, with Cathy Woods' Ark Innovation Fund (ARKK) up an astounding 14% in a single day.

Bank shares soared. Homebuilders (LEN), (KBH), (DHI) caught a strong bid for the first time in ages. Junk bonds went bid only. US Treasury Bonds had their best day in 20 years (TLT) while the greenback (UUP) had its worst.

The bottom line here is so clear that I'll write it on a wall for you. Falling interest rates will be the primary driver of stock prices for 2023 and 2024.

Of course, there is a better way to play this than buying the first technology index you stumble across.

So, let me boil this strategy down to just five names, close your eyes, and buy them.

Rivian (RIVN) – ($34) - I had the good fortune to grab a few minutes this week with RJ Scaringe, the founder and CEO of electric truck maker Rivian (RIVN).

Rivian produces three types of EVs: the R1T pickup truck, the R1S SUV, and Amazon's EDV (electric delivery van). Its R1 vehicles start at under $70,000 and can travel more than 300 miles on a single charge. High-end Rivian competitors include Range Rover, Mercedes G Class Gelandewagen, and Tesla Cybertruck. Rivian doesn't manufacture any electric sedans, the focus of other EV competitors.

And here is the key to buying Rivian at this particular time. At 25,000, it is right at the mass production point where Tesla shares when ballistic all those years ago. And it already has an 80% decline in the price, in the rear-view mirror.

Scaringe has been a car nut his whole life, spending his youth restoring vintage classics in his garage. He is no lightweight. He earned a bachelor's degree from the famed Rensselaer Polytechnic in upstate New York, and a PhD from MIT in Mechanical Engineering.

Today he is a billionaire in his own right. It's nice to know that Rivian has a backup plan. Rivian now has 14,000 employees and boasts a market capitalization of $30.4 billion. Sure, that is down from a peak value of $176 billion in 2020. But that is where the big money is made, buying Cadillacs at Volkswagen prices.

Of course, Rivian's will be compared with the Tesla (TSLA) Model X, which lack the ground clearance and towing power of a Rivian. Perhaps a better comparison will be made against the Tesla Cybertruck, due out in 2023.

In 2024, Rivian plans to open its second plant in Georgia. After it fully expands its Illinois plant, it expects its annual production capacity to reach 600,000 vehicles -- but it hasn't set a firm deadline for reaching that milestone yet. Rivian expects to produce 25,000 vehicles in 2022 and has already added a second shift. The company came in with a strong performance, with 4,400 units manufactured in Q2 ending in July.

To say that Rivian is the hot car of the day would be a vast understatement. New cars are trading for double list on the grey market. Owners complain of getting mobbed with gawkers whenever they hit the beach or the ski slopes. The buzz has led to an outstanding order book of an impressive 98,000 or four years of current production. The obvious cool factor allows enormous pricing power

Rivian just completed deployments of its 600 horsepower, four-wheel drive R1 vehicle across the country to gain operational feedback.

The inflation Reduction Act passed this summer greatly accelerated the rollout of the entire EV industry, which created a $7,500 per vehicle tax credit on top of state benefits. Rivian is expanding the charging network to accommodate greater traffic.

Looking at the earnings report shows this company is still at the venture capital level. It posted $364 million Q2 revenues but lost $704 million. High material costs, supply chain problems, and $304 million in write-downs on accounting changes added to operating woes. That brought a $1.3 billion total Q2 loss. There should be a $5.45 billion loss for all of 2022.

Scaringe remains optimistic. Rivian has $15 billion in cash to complete its buildout. He sees a clear path to 25% gross profit margin, EBITDA in the high teens, and a 10% free cash flow.

Building four vehicles on two assembly lines is costing it money. As sales ramp up dedicated model assembly lines become more cost-efficient. Supply chain problems with semiconductors, as with the rest of the EV industry.

Data collection could eventually make the company more valuable than the truck manufacturing alone, as is the case with Tesla. Rivian's are hard to buy because Amazon (AMZN), a 25% owner of the company, gets first dibs on deliveries.

Yes, this company offers venture capital-type risks. But it offers venture capital type returns as well, up 10X-50X from here.

Ark Innovation Fund (ARKK) – ($40) – Cathy Woods' high-tech fund was the proverbial red-headed stepchild of this bear market. It fell a gut-punching 80% from the 2021 top until last week. Just to get back to its old high, likely over the next five years, it has to rise by 400%. Its largest holdings are a real rollcall of the severely abused, Tesla (TSLA), Roku (ROKU), Exact Sciences (EXAS), Intellia (INTL), and Teladoc Health (TDOC), which Woods actively trades. But they are also a valuable insight into the future, EVs, CRISPR technology, robotic surgery, and molecular diagnostics. To learn more about the **Ark Innovation Fund** please click here at https://ark-funds.com/funds/arkk/

ProShares Ultra Technology ETF (ROM) – ($27) – This is a 2X long technology ETF that gives you an extremely aggressive position across the tech sector. It has 19% of its holdings in Apple (AAPL), 16% in Microsoft (MSFT), 10% in Alphabet (GOOGL) and Google (GOOG), at 3.5% in NVIDIA (NVDA), and 120 other smaller names. To learn more about the (ROM) please click here at https://www.proshares.com/our-etfs/leveraged-and-inverse/rom

Palo Alto Networks (PANW) - $165 – Hacking is one of the fastest-growing sectors in technology, it is recession-proof and immune to the economic cycle. As a result, spending on the defense against hacking is absolutely exploding. Palo Alto Networks, Inc. is an American multinational cybersecurity company with headquarters in Santa Clara, California. Its core products are a platform that includes advanced firewalls and cloud-based offerings that extend those firewalls to cover other aspects of security. I have already earned a tenfold return over the past decade and expect to make another 10X in the coming years. To learn more about the Palo Alto Networks please click here at https://www.paloaltonetworks.com

Salesforce (CRM) - $157 – The baby of tech genius Mark Benioff, this company is the dominant player in customer relationship management. If you want to do any business in the cloud, and almost all big companies do, you are up to your eyeballs in customer relationship management. Salesforce is the largest San Francisco based cloud-oriented software company with virtually all of the Fortune 500 as its customer list. It provides customer relationship management software and applications focused on sales, customer service, marketing automation, analytics, and application development. To learn more about Salesforce please click here at https://www.salesforce.com

You know what? I can do better than this.

I can create customized options LEAPS for you that will deliver a tenfold return on whatever performance these ultra-high beta stocks deliver. If the shares of one of my picks rises by 100%, you will make 1,000%.

This is an investment strategy that will enable you to retire early, real early. Tired of punching a time clock or logging into the next Zoom meeting on time?

Those will become a distant memory if you pursue my ***Mad Hedge*** Investment strategy for 2023.