



PENNY STOCK
PUBLISHING

Welcome To *Penny Stock Research*

As the Chief Investment Strategist for *Penny Stock Research*, I want to welcome you to the premier site on the web for timely penny stock research and analysis. My team and I promise to work hard to bring you insightful market analysis and profitable penny stock investment ideas every week.

Whether you're looking for up-to-date market information, individual penny stocks to invest in, or warnings about penny stock scams... we've got you covered.

What's more, you can always count on our research to be 100% unbiased.

By that I mean, we don't accept compensation in any form from any third parties or any of the companies we talk about. The opinions you read in our articles and special reports are always entirely our own... free from any outside influences or biases.

And best of all...

Your membership to *Penny Stock Research* is always 100% FREE!

As a member, you have full access to everything we publish at zero cost to you. You may read every article and every special report we put out as many times as you want, and it won't cost you one red cent.

There's absolutely no reason to go anywhere else for your penny stock research than *Penny Stock Research*!

Before we move on, I want to thank you for choosing to become a member of our site. We hope you find our content useful, informative, and easy-to-read. But most of all, we hope you make tons of money with our investment ideas.

Now, I'm sure your chomping at the bit to get going.

So without further ado, let's dig into our **Top Three Penny Stocks for 2014!**

Penny Stock #1:

This Micro-Cap's Exploiting Several Profitable Niche Markets Within The \$695 Billion US Aerospace & Defense Industry

The world is a dangerous place.

The US military remains embroiled in a protracted war in Afghanistan that is now entering its thirteenth year with no end in sight. The Middle East is a powder keg that could erupt in all out war at any moment.

Iran has accelerated its efforts to develop nuclear weapons with which it may threaten US interests and allies in the region. North Korea is also working tirelessly to develop the capability to strike the US with nukes.

And here at home, we face a growing threat from terrorists hell bent on attacking our way of life with chemical, biological, radiological, nuclear, and explosive weapons.

Yes, the world is a dangerous place.

And the only thing that stands between these threats to our way of life and our very existence is the US military.

That's why all the talk about cutting back on defense spending is just that... all talk.

Given the multitude and severity of the threats to our national security, the US has no choice but to continue spending more and more each year on defense.

This year, the US defense budget is the highest of any country on the planet at \$613.9 billion. And according to new report from Strategic Defence Intelligence, US defense spending is expected to increase at a compound annual growth of 1.93% through 2018.

Whether you agree or disagree with this policy, one thing is certain... this is good news for one particular penny stock... **Arotech Corporation** (NASDAQ: ARTX).

Arotech is a defense and security products company based in Ann Arbor, Michigan. The company provides interactive simulation for military, law enforcement, and commercial markets as well as batteries and charging systems for the US military.

The Training and Simulation division is the larger of the company's two business segments, representing approximately 74% of total revenue.

It produces high-tech multi-media and interactive digital solutions for use-of-force training and driving training. This division is also a top developer of analytical models and simulations of tactical air and land warfare systems for all branches of the Defense Department.

Now, check this out...

This tiny company provides simulations for air combat and maneuver training ranges (such as Top Gun) and full task training devices like the F-18 Weapon Tactics Trainer. And it also supplies on-board software to support weapon launch decisions for the F-15, F-16, F-18, F-22, and Joint Strike Fighter aircraft.

Arotech clearly plays an important role in the preparation and performance of key elements within our armed forces.

But that's not all...

The company also boasts a Battery and Charging Systems division.

This division supplies lithium batteries, zinc-air batteries, and charging systems to the US military. However, the division's claim to fame is the incredibly innovative Solider Wearable Integrated Power Equipment System (SWIPES).

SWIPES utilizes a MOLLE vest and integrates force protection electronics and communications equipment with an advanced battery.

The SWIPES power hub contains batteries that continuously charge the secondary batteries inside two-way radios, GPS units, shot detection systems and other devices. As such, it enables extended mission times without the burden of power source swaps or charging. And it reduces battery weight soldiers carry by 30%.

This amazing product was recognized by the US Army Research, Development, and Engineering Command as one of the US Army's ten greatest inventions of 2010.

No question about it, Arotech has carved out several lucrative niche markets within the massive US defense industry.

It should come as no surprise then that Arotech is growing rapidly.

In fact, revenues have increased nearly five-fold over the past decade and are closing in on \$100 million. After ten years of losses, the company now sports a profit over the past twelve months. And management just upped their revenue guidance for the full year.

We believe Arotech is perfectly positioned to continue landing lucrative defense contracts from all branches of the US military. And as the company's revenue and earnings increase, its stock price will move significantly higher.

Penny Stock #2:

Skyrocketing Global Demand For Optical Components Bodes Well For This Penny Stock

The market for components used in optical networks is just beginning a multi-year growth cycle.

According to global analyst firm Ovum, this market is expected to grow 8% annually to a new high of \$10.5 billion by 2018. The firm says data centers and enterprise networks will drive the cycle thanks to strong demand for 10G, 40G, and 100G components to support server, switch, and storage connectivity.

And the management team for our next penny stock recommendation wholeheartedly agrees.

The company is none other than **Lightpath Technologies** (NASDAQ: LPTH).

LightPath makes optical components like molded glass aspheric optics, isolators assemblies, proprietary high-performance fiber optic- collimators, and GRADIUM glass lenses. These products are incorporated into a wide variety of applications by customers in the defense, medical device, laser-aided industrial tools, automotive, and telecom industries.

Like Ovum, Lightpath's leaders say demand for the company's primary product, precision molded optic lenses, is expected to grow nicely over the next several years. They point to four major trends that are driving the cycle - cloud computing, video distribution via digital technology, wireless broadband, and machine-to-machine connection.

Let's take a closer look at each of these trends individually...

The ongoing transition to cloud computing is causing a major shift in enterprise technology. Companies are spending more on software-as-a-service (SAAS) and infrastructure-as-a-service (IAAS) capital investments. However, the delivery of applications and technology using SAAS or IAAS requires larger and faster network bandwidth.

In addition, the explosion of mobile devices, especially smartphones and tablets, is also requiring a major expansion of network bandwidth. Users are downloading and transferring larger amounts of data via their mobile devices every day. And by 2016, the number of mobile devices will exceed the global population at an estimated 1.4 devices per person.

Individuals are also streaming more video on their mobile devices or through their smart TVs. This type of video distribution, which is estimated to account for 70% of all network traffic by 2016, is also creating huge demand for larger and faster bandwidth.

Finally, demand for machine-to-machine connection technology is rising thanks to the widespread proliferation of mobile devices. This technology allows wireless and wired systems to communicate with

other devices of the same type. And networking of this kind requires an ever increasing amount of bandwidth.

No question about it, each of the trends mentioned above are combining to drive massive, worldwide demand for more bandwidth, and thus, the growth of optical communication networks.

As such, Lightpath expects a multi-year growth cycle for its optical network component products.

In fact, the company anticipates this increase in demand will begin phasing in over the next three quarters. And because it will be high-volume, low-cost products benefiting from stronger demand, management sees a greater than 15% increase in annualized revenues going forward.

Now here's the really exciting part of the story...

After nine straight years of losses, LightPath turned a profit in its most recent fiscal year (ending June 2013). The company reported a profit of \$0.02 per share compared to a loss of \$0.09 in the prior fiscal year.

This marks a major turning point for LightPath.

As you might imagine, LightPath shares have suffered while the company has tried to achieve profitability. In fact, LPTH has fallen from a high of \$6.65 in March 2007 to its current price around \$1.40 per share.

However, with the company having turned the corner on profitability and a new multi-year growth cycle just beginning, we think LPTH is poised for huge gains over the years ahead. If the stock can climb its way back to the pre-financial crisis highs, investors who buy in today stand to reap a profit of 375% or more.

Penny Stock #3:

The Next Big Thing In The Oil & Gas Equipment Industry!

The oil and gas equipment industry is enjoying a global growth boom. According to market analyst Lucintel, the industry is expected to increase by a compound annual growth rate of 8.7% over the next five years (including 2013).

At that rate, industry revenues are expected to hit \$217.9 billion in 2017.

The market's growing thanks to the ongoing expansion of drilling activity in shale gas formations and an increase in pipeline construction. As such, North America is expected to continue dominating this market over the forecast period.

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That's great news for our next penny stock pick... **Profire Energy** (OTCBB: PFIE).

This fascinating company supplies oilfield combustion management technologies and related products to oil and natural gas producers. These products and services assist in the safe and efficient transportation, refinement, and production of oil and natural gas.

The company's main product is its proprietary burner management systems.

Oilfield vessels of all kinds require sources of heat to perform their various functions. This heat is typically provided by a burner flame inside the vessel.

The burner flame is integral to the proper function of oilfield vessels. You see, these vessels use the flame's heat to help separate, store, transport, and purify oil and gas.

What's more, the viscosity of the oil and gas is critical to a number of oilfield processes. And this viscosity is directly affected by the heat provided by the burner flame inside the vessel.

Profire's products help monitor and manage this burner flame, reducing the need for employee interaction with the burner. This results in greater operational efficiencies, increased safety, and improved compliance for the oil or gas producer.

The company's systems are widely used in Western Canada, and they've been well received in US markets. In fact, the company's customer list reads like a who's who of the oil and gas industry. Companies like Chesapeake, Exxon Mobil, Shell, Conoco Phillips, and Devon Energy, just to name a few all use Profire's burner management systems.

And the company is just getting started...

Management estimates there are currently 1.3 million wells in North America alone. And there are approximately 45,000 to 50,000 new wells being drilled just this year.

Here's the thing... the overwhelming majority of these wells do not yet use sophisticated burner management technology. In other words, there is a massive untapped market just waiting for Profire to step in and dominate.

No question about it, the sky's the limit for this \$100 million company.

In fact, Profire is already making huge strides financially speaking.

Over the past year, sales have increased by 95% and earnings per share have skyrocketed 300%. And in the most recent quarter (ending in June 2013), the company reported record quarterly revenue and net income.

Best of all, it's not too late to get in on the action.

The stock has just started to make a meaningful move to the upside. And given the huge market opportunity and the company's innovative technology, PFIE is poised for much higher prices ahead.

The Top 9 Penny Stocks To Avoid In 2014 And Beyond...

We've just told you about the three penny stocks that we believe are the best picks for huge gains next year. Each one was handpicked for quality and growth potential after going through our rigorous research and due diligence process.

And any one of them by itself could generate life-changing returns for you.

But here at *Penny Stock Research* we strive to go above and beyond the call of duty. As such, we're going to highlight 9 penny stocks to avoid like the plague in 2014.

This section is offered as an added bonus to show you just how much we truly value your membership. We know all too well that a key to success in penny stock investing is to avoid the massive losses a lousy penny stock can generate.

One thing that we do regularly at *Penny Stock Research* is draw your attention to penny stocks that are being promoted by nefarious penny stock promoters. We've found over the years that these stocks carry a high risk of being the subject of pump and dump scams.

What's a pump and dump scam?

These scams are designed to entice unsuspecting investors to buy into penny stocks of companies that have little to no real business operations, shaky financials, or other problems. The goal is to artificially pump up the share price so that the company insiders and major shareholders can unload their shares at a tidy profit.

However, when these shareholders begin dumping their shares, the penny stock's price typically plunges.

There usually just aren't enough buyers to absorb the massive amount of shares being sold at one time. And as a result, those unsuspecting buyers who were hoodwinked by the promotion campaign tend to lose their shirts on these trades.

With that in mind, we're going to alert you to 9 penny stocks that are now the subject of penny stock promotion campaigns or have been in the recent past. You'd do well to steer clear of these stocks at all costs. And if you own any of these stocks, we suggest you dump them immediately and limit your losses.

Here are the 9 penny stocks to avoid for 2014 and beyond...

1. **Pacific Clean Water Technologies** (OTCQB: PCWT)
2. **Solar Thin Films** (OTCPINK: SLTZ)
3. **Nouveau Holdings** (OTCPINK: NHLI)

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4. **mLight Tech** (OTCQB: MLGT)
5. **On The Move Systems** (OTCQB: OMVS)
6. **Exlites Holdings** (OTCPINK: EXHI)
7. **Blueforest** (OTCQB: BLUF)
8. **Globaltech Holdings** (OTCPINK: GLBH)
9. **Bayside Corporation** (OTCPINK: BYSD)

By the way, I've written extensively about each and every one of the penny stocks on this list. For the full story about these companies and the promotion campaigns behind them, check out the Pump and Dump Alerts section of the Archives on the *Penny Stock Research* website.

A Final Word

We hope you enjoyed our write-ups on the three penny stocks we feel are the best of the bunch for 2014. Each one is a high quality penny stock with terrific products and sound management. And best of all, each stock we've recommended has huge upside potential.

To say I'm excited to watch their progress would be an understatement!

What's more, we hope we've helped you avoid taking significant losses (or at least cut them short) by sharing our list of nine heavily promoted penny stocks. Unfortunately, there are many more of these nasty penny stocks out there just waiting to part the unsuspecting investor from their hard-earned money.

The good news is... you can stay one step ahead of the promoters by reading our weekly Pump and Dump Alert article published every Friday.

Thanks again for becoming a member of *Penny Stock Research*, the premier site on the web for timely penny stock research and analysis. We're glad to have you as a member of our growing penny stock investment community. And we wish you great success in your penny stock trading.

Profitably yours,

Robert Morris, Chief Investment Strategist
Penny Stock Research

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