*Steve Sjuggerud:* Good morning, everybody. Good morning, Stansberry people. Good morning, Stansberry people at home. Thank you for joining us online and here in Vegas. I hope you had a great time last night. Vegas is unlike anywhere else, isn’t it? I know my friend, one of our colleagues here, went to see Lady Gaga last night and we're not doing that at home in Florida. Last night actually, I had Wagyu beef. Have you heard of this? Has anyone ever tried Wagyu beef? Wow, a number of you have. I had never tried it and I was just thinking the first issue of *True Wealth* came out in October in 2001 and today it's October of 2021. So right now is the 20th anniversary of my newsletter, *True Wealth*.

 *[Applause]*

So thank you very much. Thank you. It just made me so proud to see how far we had come sitting in this fancy place and having this Wagyu beef dinner last night versus where we started from. And so what I wanted to talk a little bit about today was where I've come from, what lessons I've learned over 20 years of writing *True Wealth*. I also want to talk about the melt up of course and where we stand in the melt up today and where I see that. And then last, I wanted to finish by sharing a new idea with you, but sharing that idea. I wanted to introduce you to my colleague, Brett Eversole, who's been with me over a decade now. Truly my right hand man and is involved in so many things. So that’s kind of the outline of where I want to go today and let's just go ahead and start right with the melt up. I'm sure that’s what's on your mind right now.

 And so where are we in the melt up? Well, we are literally at all-time highs as I speak. We just hit all time highs in the S&P 500 and the Dow yesterday. Today there's a great chance we'll hit an all time high in the NASDAQ. So we are by definition at the all time peak. Now it could go higher of course. It could go lower. What will happen from here? So what I like to look at is what is the sentiment of investors at this very moment and you would think that the sentiment would be off the charts. We've just hit higher high after higher high, but interestingly and fascinatingly to me, the most recent Bank of America Merril Lynch survey came out and it showed that fund managers are the least optimistic, the most bearish that they’ve been at any time in the last 12 months.

 So this is extraordinary and this is like a Goldilocks situation for the stock market to keep going higher. Because the markets peak when everybody is all in and right now fund managers, they're scared. They're not all in. They're raising cash. They're pulling cash off the table and this creates an extraordinary opportunity. As the year end approaches, as the market goes higher and higher, what you'll see is these fund managers start to enter the FOMO stage, the fear of missing out. And what they end up doing is they end up having to buy more at the end to try to catch up on their performance. And they buy risky things and they push the market higher as we approach year end. So I'm actually very bullish on the markets right now. Those two core reasons that the market – the trend is still up and we'll talk a little bit about that, but meanwhile investors are not supremely bullish. That’s almost all you need to know. Now there's all kinds of other things we could talk about: inflation, interest rates, and so many things. The core pieces are that the market is going up and the sentiment is not at a peak. And so there's still more room to run for this melt up, which is extraordinary.

 So the next thing I wanted to talk a little bit about was lessons learned really over the last 20 years and there have been a lot of lessons learned. I don’t know if you know this, but when I started True Wealth in 2001, I was actually broke. I had no money at all. I had to cash in the only money I had, which was my 401k of $15,000. I had a newborn son and it was questionable whether or not this True Wealth thing could even take off. Now I had accomplished a lot in the previous few years. I was – completed my PhD, but still had bills for that and had run a global mutual fund and started my own hedge fund. At that moment, I had no money. So it's extraordinary to see how far our business has come and thank you for being a part of that and sort of making my dreams come true with this – these basic ideas that Porter and I started out with in really 1995, 1996.

 I started writing my own investment newsletter then and I hired Porter Stansberry about two months later in that and Porter moved in. We lived in an efficiency apartment. It was two couches and a refrigerator. He slept on one couch. I slept on the other and that was the start. That was the genesis of this thing, Stansberry Research. We had a lot of ideas. We wanted to treat our readers right. We didn’t want them to lose much money. We wanted to protect them and so we started with the idea of trialing stops right from the very beginning. This is gonna be a critical piece of surviving the melt up is having a system on the downside.

 So for two things that I've really learned over these 20 years. One of them is conviction in when to buy and conviction in when to sell. It's easy to have conviction in when you buy because if someone writes a great newsletter and you get excited and you buy that, but when do you sell? And so the more conviction that you have in these times, the better off you'll be. And that’s why we started trade stops and I also want you to see a very simple idea. Hopefully, you can see the chart on the screen here. How do you know when to buy and when to sell?

 I wanted to share this very simple idea on the left here on the chart. And this chart is from when I started as an investment analyst and I didn’t show it all the way until present because you know the line just goes all the way off – continues higher and higher. But this is a very simple chart. This is the S&P 500 since I started doing this – since I started writing about investing. And what I want you to see is there are some very simple trends in place. And something that is really shocking to me is if you simply owned the stock market when stocks were above trend, you would've made an annualized 13 percent a year. And if you stayed out of stocks when the trend was down, you'd see that stocks fell at a rate – an annualized rate of minus three percent a year.

 Now this is extraordinary because you don’t know anything else. You don’t know about September 11. You don’t know about the dotcom bust. You don’t know about the global financial crisis. It's all in this chart, but all you needed to know was that in an uptrend, you want to own stocks and in a downtrend, you want to step aside. There's no fancy math here. This is basically your basic sort of 200 day moving average. It's actually a ten month moving average. There's about 20 trading days in a month. It's a really simple, simple thing. I'm not trying to pull the wool over you with any fancy math. The point is that you want to be in an investment when it's going up and you want to step aside when it's going down. And you don’t need anything fancy to do that. And so one of the critical factors is that you know that I want to buy what's cheap and hated and in an uptrend.

 And so we can see from this chart when things bottom out and we finally get that uptrend started. You haven’t missed it. You may miss the first 10, 20, 30 percent off the bottom, but these trends are incredible and powerful. And if you simply are on board when the trend is up and step aside when it's down, it's shocking what your returns can possibly be. And really over the 20 years, that has been one of the most shocking things for me is just how powerful this simple idea is. So my friend, Meb Fabor, who said – who is very kind. He said in *Barron's* about me that I've been more right about the market over the last ten years than anyone else. And ultimately, I've just been sticking with these basic ideas of buying what's going up and staying in as long as it's hated. And then when it's loved and the trend is down, I'm gonna step aside. So it's a very simple idea, but if you can have conviction in your buys and you can have conviction in your sells, mostly through using trade stops, you can be extremely successful.

 And so the question is, as of now, what is hated? What is a buy right now? You’ve got Bitcoin soaring. You’ve got real estate soaring. You’ve got stocks near all time highs. What am I missing? You’ve got oil at eighty something. Everything is soaring. There's nothing left to buy. There's plenty out there actually to buy and this is part of the fun of what I do is looking at all asset classes. So when I look out there, I see bonds are incredibly hated. Now I don’t have the trend in my favor yet, but bonds are incredibly hated. Nobody wants to touch a bond. Emerging market stocks are absolutely incredibly hated right now. Everybody's looking at so many of these other asset classes that nobody's looking at emerging markets. So there's incredible opportunity in plenty of places around the world and it's all with this lens that Porter and I developed over all these years.

 So to get to some specific ideas, I want to introduce you to my longtime righthand man, Brett Eversole. Now Brett has been with me over a decade and his background – he is a probabilities guy. He is a math guy. When we started developing True Wealthsystems, we were able to use his – he has a degree in actuarial science. So we were able to use his skills to develop the True Wealth systems and – but Brett is just incredible and I'm proud to introduce Brett Eversole. So please give him a big hand.

 *[Applause]*

*Brett Eversole:* Thank you, Steve, for that kind introduction. For any of you who know Steve personally, you know that he's about the nicest and most generous person that you'll ever meet. I learned that personally about just a few months after I started working with Steve. I had graduated college and moved from Indiana down to Florida to start working with him and I'd gotten engaged shortly thereafter. At that time, Steve was in the process of building a house on the beach. And I came into work one day and at this point, we'd worked together for a few months, but he didn’t know me that well. I didn’t know him that well. I came into work one day and he said, "Have you decided where you're gonna do the wedding ceremony?" And we hadn’t at that point and he had this all mapped out in his head. He said, "Well, we'll have the house done three or four months beforehand. If you want to, I know it's gonna be a small wedding. We could do it in the backyard. It'd be great, the beach in the background. It'd be great. We'd be happy to host."

 So my fiancé and I talked about it. We decided we'd take him up on that offer, but if you ever built a house, you might understand that there's delays that go along with that. And unfortunately for Steve and his family, that was the norm, not the exception. They had delay after delay after delay with the house. They ended up moving in about a week before our wedding ceremony and it was a benefit to them because his wife was able to just hound contractors that things had to be done by this date because there's a wedding happening. But I didn’t realize it at the time, but they had two young kids at that point and moving into a new house and hosting a wedding a week after isn’t exactly ideal. But they did it happily and made us feel like family, and that’s just the generosity that Steve and his wife Cassie have.

 So it's a big blessing to have had the opportunity to work with Steve for so long. Again, I've worked with him for a decade now and in that time, I've learned a lot. We've done a lot together. We've traveled all over the world both learning about investment opportunities and other things. I've picked up a lot of tidbits from Steve. I've learned a lot from him and it's just been a great experience for me. I've spent that time with him, but I've never had the opportunity to speak to this audience – to our Alliance subscribers. So when I was given the opportunity to do that, I knew there was one of two ways I could go with the talk. I figured I could take the easy road or the hard road. Now the easy road is talking about an opportunity that most people in this room would agree with, something that most people understand and is generally accepted by the mainstream. Now doing that is – it's pretty easy. It's not difficult, but as an analyst, it's not very interesting. And more importantly than that, those ideas, the ones that everyone agrees with, those aren’t where you find the biggest investment returns.

 So today, I'm gonna do the opposite. I'm gonna take the hard path and I'm gonna talk about something that most of you are gonna hate the idea of owning. Something that a lot of people in this room probably think is a toxic and un-investable idea. And I realize I probably won't make any friends here today doing that and a few of you might be irritated and wanna come up and tell me why I'm wrong afterwards, but I'm okay with that because what we have in front of us is the buying opportunity of the decade in a certain group of stocks that I'm gonna share with you today. So hopefully you'll see me – see what I see by the time I'm done.

 But again, I've worked with Steve for a long time and I've seen him do exactly what I'm gonna do today over the years. I saw him give the keynote presentation at a goldmining conference a few years back. He walked on stage that day. He was the first speaker of the day of a four day conference. Told the audience that he'd sold all of his gold stocks the week prior and that he expected the market to crash. The audience didn’t wanna hear that, but it turned out that he was exactly right because that’s what happened over the next few months. I've also seen him walk into a room full of perma bears, people that expected doom and gloom for the markets, and give his melt up thesis. Again, this isn’t what the audience wanted to hear, but it was exactly the right call. So hopefully I can get you on my side with this toxic investment today.

 But in a decade working with Steve, I've learned a lot and I've seen a lot. He and I have traveled the world together. We've had a lot of fun and seen a lot of – learned a lot about investments. On the slide here, that’s a shot of Steve and I alongside Seabridge Gold CEO Rudi Fronk. We were in northern Canada, helicoptering into their main project to check it out with our own eyes. we've also been to China several times together. Here's a shot of Steve at the Shanghai stock exchange on the last trip we took together. It's synthesizing everything I've learned from him over a decade and I could talk about all those things I've learned for a lot more than the 15 minutes I have left in this talk.

 To keep it simple, what I've learned from Steve is that investing can and should be simple, but that doesn’t mean that it's easy. And what I mean by that is let's think about Steve's idea that he talked about a minute ago, cheap, hated, and in an uptrend. This is a simple concept. You wanna buy things that are cheap. You wanna buy good value. You wanna buy things when other people aren’t interested in them and you wanna buy those things that are cheap and hated when the prices are going up.

 A simple idea, but that doesn’t mean it's easy to execute. Things get cheap oftentimes because they’ve just crashed in price. Things are hated because a lot of bad stuff has just happened and the assumption is that bad stuff is going to continue. So when you see an opportunity that’s cheap and hated but prices are moving up, your brain isn’t conditioned to see that as an opportunity. Instead you see that as a dead cat bounce or a sucker's rally. The assumption is that the next hammer is gonna drop and anyone who buys here is just gonna get wrecked. So again, simple investing concept, difficult to execute.

 What I've also learned from Steve is that – like I said, we've traveled a lot and seeing things firsthand is always best. You can learn so much in such a short period of time by hitting the road and talking to local experts and seeing things yourself. You'll learn that not everything is what is at seems. Sometimes those cheap and hated opportunities are cheap and hated for a reason. Because they're on their way to bankruptcy or have no future prospects. But more than that and what brings us to the idea I'm gonna talk to you about today, you'll find stories and opportunities that you didn’t even know existed.

 So that brings us back to the China trip Steve and I took a few years back. Yes, I'm gonna pitch you on Chinese stocks today. So we went to China in 2016 with a simple thought. We wanted to verify a couple of big investment theses that we were interested in. First, we knew that Chinese bank and real estate stocks were about the cheapest stocks on the planet at that time. Many of those stocks were paying six to eight percent dividend yields, but only trading for five to six times earnings. And as I'm sure everyone in this room knows, if you have a dividend yield that’s higher than a PE ration, that’s a situation that shouldn’t really happen. So we wanted to go and see are these companies on their way to bankruptcy or is this a great opportunity.

 We were also tracking a technical idea around inflows that were about to happen into Chinese stocks through an index inclusion story. Nobody in the western media was really tracking this at the time, but we thought it could force up to a trillion dollars to flow into Chinese stocks in the coming years. So we left our desks in Florida, got on a plane and flew to Shanghai. We spent a week there doing meetings, talking to local experts. And after that week, we realized that we did have these two stories exactly right. We were excited to come home and write about them, but we were much more excited about something else.

 On the ground there, we found an even bigger story and it happened in the very first meeting we had. What we discovered is that in just two or three short years, China had gone from a society where people pay for almost everything in cash to going almost completely cashless. And while that mobile payment story was a big story, the bigger story was that technology adoption happens in China much more quickly than anywhere else in the world and certainly here in the U.S. And that told us that the Chinese technology sector was just a massive story that we had to get in front of our readers.

 So we got home and we realized this is a bit much for True Wealth. There's too much here. So we decided against the thoughts of our marketing team that we needed to launch a China focused newsletter. We knew it was the right thing to do even if it would be difficult to sell. And so we got it through and we got that launched, True Wealth Opportunities China, and I'm – of all the products I've helped launch since I've been here at Stansberry Research, this is the one I'm most proud of. And that’s because we've helped thousands of readers who probably would've never thought about investing in Chinese markets and take advantage of the great opportunities over there.

 So the track record we put together, multiple triple digit winners, 36 percent average gain and a 77 percent win rate. It's pretty impressive considering the five year span we've seen in sentiment towards China. U.S. sentiment towards Chinese stocks has just gotten worse and worse and worse, but incredibly that’s managed to actually go lower than I ever thought it possibly could in the past 12 months. You might think that’s a bad thing, but honestly that’s what's setting up what I believe is the buying opportunity of a decade in Chinese technology stocks. Today you can buy most of China's biggest, most important tech stocks at around 50 percent off. In most cases, the valuations are the lowest on record and as of the last few weeks, we have an uptrend starting to creep in, which is perfect. We have cheap, hated in an uptrend. Simple concept, but I realize it'll be difficult to execute.

 So today, I'm gonna tell you why I think you should take advantage of this now and I'm gonna share two ways you can do that. So how did we get here? How did Beijing do the impossible and take negative Chinese sentiment and drive it through the floor? This is a story about regulation and it started last November. That’s when Ant Group attempted to IPO in Shanghai and Hong Kong. Now at the last minute – well, Ant Group is a spinoff of Alibaba, China's largest ecommerce company. Ant holds the payment processing and financial services aspects of Alibaba. And at the last minute, the Chinese regulators came in and blocked the IPO.

 Now this was a big deal because Ant was scheduled to raise $34.5 billion. It would've been the largest IPO in world history, but at the last minute, it got shut down and the explanation was that they were concerned about data security issues with the company. What I believe and what is the consensus is that for the last decade or so, China let these big tech companies grow without much oversight. And they’ve decided now they need to start putting these companies in check a bit. So they blocked the IPO.

 A month later, they announced that they're looking into Alibaba for monopolistic like behavior. In April of this year, Chinese regulators slap Alibaba with a $2.8 billion fine. That was the largest on record and they hit them for monopoly like behavior. What Alibaba was doing was allowing merchants to sell either on their platform or on someone else's, but they couldn’t sell on Alibaba and someone else. So Beijing said you can't do that anymore and hit them with this big fine.

 These two stories didn’t really catch much interest of the western media, but in June, we got a little – another piece that made the rounds here in the U.S. That’s when Didi went public here in the U.S. Didi is a rideshare company, kind of like the Uber of China. It went public and the IPO went off without a hitch. And then two or three days later, China banned Didi's app from the app store effectively cutting the company off from new subscribers or from new customers. And the thought is that they wanted to shut down the IPO, but because it happened in the U.S., they couldn’t and it was a punitive measure.

 So again, this starts to get more in the western media and then in July, the real – the stuff hits the fan. That’s when overnight China wiped out multibillion dollars in market cap by banning profiting from – banning for profit education. There are two main players in that space that are public in the U.S.: TAL Education and New Oriental Education. Those companies both fell 70 percent on the news and they're down 90 percent plus from their highs earlier this year. And that makes sense because they were basically banned from earning profits going forward. But what this has all done is put this massive regulatory cloud and overhang over this entire sector and we've seen the stocks in that sector absolutely crash.

 So Tencent, the largest Chinese tech stock, is down as much as 45 percent. Alibaba crashed as much as 55 percent. Meituan, which is a food delivery company, fell as much as 55 percent. And it's not just the big companies. This is the KraneShares China Internet Fund that holds the entire sector and it fell around 50 percent. So we've now landed at this spot where Chinese stocks are – Chinese tech stocks specifically are completely radioactive to investors. They're the most toxic investment in the world. Retail investors want nothing to do with them and that makes sense. Why would they bother with these weird Chinese stocks that the government is trying to destroy when they could take advantage of cryptos and invest in the melt up?

 But more importantly, the institutional crowd is now at a position where they can't own these stocks. Earlier this year, Cathy Wood of Ark Funds held about eight percent of her fund in these big Chinese tech stocks and she sold that down to almost nothing. The reality is the career risk of owning these stocks is not worth the potential upside. So the institutional crowd has completely moved out and this is at the worst possible time. Right now, we have, in many cases, the lowest valuations on record. This is Tencent price to earnings and price to sales. And you can see prices haven’t been this low since the mid-2000s. The last time they were close was in 2011 and the stock ended up soaring about 300 percent in two and a half years back then. So that was a pretty good time to buy.

 Similarly, Alibaba, which went public in 2014, is the cheapest that it's ever been based on both sales and earnings. And this is KWEB, that fund I spoke about before. This is the price to earnings ratio and you can see that it's the lowest it's ever been. So I think we have the buying opportunity of the decade in Chinese technology stocks right now. And the first way that you can take advantage of it is through shares of KWEB. We've recommended this in many of our products throughout the years and it is the simplest and easiest way to take advantage of this. It allows you to buy the entire China internet and technology sector all in one fell swoop. It's around 50 percent below highs and most of the companies that it holds are at the lowest valuations on record. And again, by putting money to work now, you can get in ahead of the institutional crowd.

 And these institutions do want to own these stocks. These are big globally important companies. They just can't afford the risk of owning them right now, but buying now means you can buy ahead of those future buys that they will certainly do. Now there's two ways you can mentally think about this. You can either think of owning KWEB as a trade or as an investment. If you think about it as a trade, you can see on the chart there the recent low is at about $44 a share and it's in the mid fifties right now. So if you buy today and set a stop at that recent low, you’ve got about 15 to 18 percent downside risk. Now given the setup we have with prices down by half and the lowest valuations on record, we could see 50 to 100 percent upside in the next 12 to 18 months. That sets up a fantastic risk reward setup.

 The other option is to take a longer term view and simply buy this as a long term investment. I think that’s a great idea as well. If you do that, I would encourage you to buy whatever you are comfortable with and forget that you own it. Ignore the headlines. Ignore the volatility because there will be more bad news and there will be volatility, but given this entire setup, there's no way you won't do incredibly well in the next two to three years.

 Now if you want to own an individual stock to take advantage of this, the one I recommend you buy is Alibaba. Alibaba is China's largest ecommerce business. It's the second largest publicly traded stock in China and it's the right individual company to own because the worst of the company's regulatory issues are likely behind it. Again, let's talk about what they’ve gone through. First, that Ant Group IPO was canceled. Alibaba owns around a third of Ant Group and that IPO was gonna be valued at around $300 billion. There have been some new valuations that have come out that are around 60 percent lower than that initial thought if the company is able to go public. So that’s around $60 billion in losses for Alibaba. That hurts, but the company is down from its high around $400 billion in market cap.

 So even if Ant Group went to zero, the sell off is still completely overdone given the recent value of the company. The company has also been through the ringer with the Chinese government as far as this monopoly and antitrust issue. They’ve already been investigated and slapped with that $2.8 billion fine. And while it's possible the Beijing regulators come at them for round two, it doesn’t seem likely considering the broader scope of companies they're trying to hit with this – these regulatory – new regulatory issues. So in my view, the worst has already happened for Alibaba. The backdrop of all of that is that the business that Alibaba operates is doing fantastic.

 Ecommerce in China is a growth industry and that’s interesting because China's already the world's largest ecommerce market. Over the last five years, ecommerce sales grew 70 percent and growth is about to be – is expected to be around the same clip through 2025, around 60 to 70 percent. The crazy thing is always the size of – whenever you discuss anything related to China – there are currently one billion Chinese who are buying things online. But through 2025, that number should go by around 250 million. So the ecommerce story in China is long from over and Alibaba is the largest and most dominant player in that space, but we can buy it again at the cheapest valuations on record.

 So this is a no brainer opportunity and the recent movement in Alibaba means you can set this up the same way, either as a trade or as an investment. The recent low is around $140 a share. It trades in the 170s right now. So again, you have about 18 to 20 percent downside risk, but given the selloff we've seen and the values, the value we see in the stock, we could see 50 to 100 percent upside again here.

 So I realize that coming up here and pitching Chinese stocks the first time I ever talk to this audience is not the easiest thing to do, but I hope that I've won you over. I hope that you take advantage of this because this truly is, in my view, the buying opportunity of the decade in these Chinese technology stocks. I don’t think we'll see an opportunity this good again and if you don’t take advantage of it, you're gonna end up kicking yourself in two to three years' time. This is the world's most hated investment and the two ways you can take advantage of it are either through shares of KWEB or through shares of Alibaba, depending how you prefer, but I hope you take advantage of it. Thank you.

 *[Applause]*

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