

Double Your Money... Save 37%... and Relieve What Ails You

It's the Power of Know-How, and We're Devoting a Whole Issue to It

Dear Reader,

This may be the most valuable piece of paper you ever hold.

It could be worth thousands of dollars... tens of thousands of dollars... or even hundreds of thousands of dollars.

And yet, you paid less than you would for a decent meal to get it.

Isn't it funny how those things work?

I've spent a lot of my life focused on increasing my Know-How. But like most folks, I have no idea how much it's worth.

I can tell you what my portfolio is worth. I can tell you what my neighbor just paid for his property. And I can even tell you how much each of my Facebook followers is worth.

It's crazy.

But there's no way to put a price tag on our Know-How...

"There's No Market for It"

With things like gold or stocks, we have markets that efficiently price an asset. They join buyers with sellers, and a price is agreed on.

With Know-How, things don't work as well.

In a truly free market, this wouldn't be the case. The folks who know the most would get the most. They'd succeed in their jobs... they'd rise to the highest ranks... and they'd earn the most money.

But look around... that clearly ain't the case.



In Wall Street terms, Know-How is chronically undervalued and underappreciated.

But no matter your age, no matter your career and no matter your aspirations, I can't think of anything more important for your success and health than a heaping dose of Know-How.

That's why this issue is so important. It means everything for your wealth, and it answers critical questions for your health.

Understand the words and the ideas in the pages ahead – and, most important, implement these ideas – and I guarantee you'll be rewarded quite handsomely.

Getting Started

I spent a lot of time on the first article.

It answers questions that I hear nearly every day: "How do I get started investing? And where do I put my money?"

These are foundational questions. I lay out everything you need to know about where to put your money in the pages that follow.

LIBERTY



KNOW-HOW



CONNECTIONS



But even if you aren't a novice investor... even if you already have a seven-figure portfolio... I urge you to read what's ahead and take it very seriously.

Again, it could add tens or hundreds of thousands of dollars to your wealth... with just a few simple moves. It could mean the difference between spending the rest of your life struggling to get by on a fixed income and living the retirement that truly represents what you worked for.

Understanding the difference between a taxable account and one that lets your money grow tax-free and out of the reach of the greedy souls in Washington is a key piece of investing knowledge. And yet, I bet not 1 out of 10 Americans has a basic understanding of it all.

You soon will.

If you're looking to boost your returns by 15%, 25% or even 37%... read what follows carefully... and then pass the issue on to somebody you care about.

Common Questions... Answered

As always, though, we're not just focused on money.

Financial well-being, of course, is secondary to our physical well-being.

That's why we take time to answer some of the most common questions related to CBD – the natural “do it all” compound that's grabbed the attention of so many health-focused Americans.

I recently went to the FDA and told its experts my thoughts on things. I called CBD one of “God's greatest gifts.”

Some folks praised me... while others wagged their fingers. Standing in front of that group of powerful folks was not easy. I put a lot on the line.

But I'm quite serious about CBD and what it can do. That's why Manward just made a huge move.

As you may have heard, we teamed up with Dr. Sanjay Jain to bring a one-of-a-kind relief cream out of imaginations and into the market.

The reviews have been phenomenal.

It's another example of how we're bringing our mission to life.

But it wouldn't be possible without Know-How. It took us more than a year of researching and testing to find exactly the right ingredients for the cream.

And now... I want to share what I learned with you.

You will hear a lot about CBD over the next few years. It's one of the biggest things to hit the medical industry in decades. A lot of the information will be true. A lot will be hype. And some of it will be flat-out confusing (nature is rarely simple).

I hope to clear up much of the confusion in this month's issue... an issue focused almost entirely on Know-How.

I hope you enjoy reading it as much as I enjoyed researching and writing it.

Be well,

Andy

Save Money – and Make More Money – With This Essential Know-How

If it's harmful, the government slaps a tax on it.

Gasoline... the feds get 18.4 cents for each gallon sold. That's about 7% of the retail price.

Cigarettes... Uncle Sam gets a buck for every pack sold. It's about 20% of the total price.

Gambling... Washington gets 25% of anything you win.

And now states are rejoicing news that a 10% tax on soda has reduced consumption by 10%.

If this soda tax truly is a victory and not simply a change in consumer tastes, it begs a question.

If taxing something truly reduces demand, why is it the government has so many ways to tax our income? And does the state's insistence on raising my property taxes mean it doesn't want me to own real assets?

Of course, any of us paying attention knows the rhetoric used when passing a new sin tax is all a lie.



The government doesn't tax sin because it wants us to cut it out.

It taxes sin because it knows we're all sinners. It knows we'll keep paying and feeding its spending addiction no matter what.

Our keepers know that when it comes to taxes, we'll take more of a squeeze in some spots than other spots. We'll buy that beer despite the hefty tax. But tax those Brussels sprouts... and we're gone.

When it comes to investing, it's this concept that troubles folks the most.

The government has done a fine job of baffling American savers... of tweaking the free market... and of creating economic incentives to make one look better than another.

While it's good business for the folks collecting a government paycheck, it's horrible news for the average investor.

It makes investing far more complex than it should be.

In many ways, it leads to what we call "analysis paralysis." That's when there are so many options and complicated choices to make that our mind simply closes up shop and walks away.

When it comes to investing and saving for retirement, the government has made the waters so muddy and so choppy that many folks won't even put a toe into them.

There's no simple solution. Washington won't rewrite its tax code anytime soon.

But with a bit of Know-How, we can make the best of a very bad situation.

Taxes and Investing 101

It's impossible for us to cover all the nuances of the very best way to manage your portfolio to reduce your tax burden. Our lawyers would tell us to remind you to consult a tax accountant for the very best advice.

We tend to agree... but if you're not starting with much, a trip to the accountant will cost you far more than he'll save you. And if you've got much... we bet you already know a good accountant.

So we'll begin with the basics... some simple Know-How that will serve as a compass to get you headed in the right direction.

To get started, it's important you know the many, many ways Uncle Sam can dig into your pocket.

The most common tax for investors is the levy on capital gains.

It's pretty simple. You'll cut a check that represents a percentage of your profits.

On stocks owned for more than a year, the "long-term" capital gains rate is 0%, 15% or 20% – depending on your income.

But, of course, as it does with everything it deems "sinful," the federal government charges us more for the things it knows we won't stop doing. That's why profits on assets owned for less than a year (short-term capital gains) are taxed at our ordinary income rate, which can go as high as 37%.

For the first time EVER, I'm letting cameras into my top-secret command center...

Why am I pulling back the curtain NOW? After all this time?

I've discovered something here that all investors – big AND small – have to know about.

The data I've mined has shown something BIG about to happen in the stock market...

For more details, go to **www.CodebreakerProfits10.com**. Or call **844.201.1980** or **443.541.4636** and mention priority code **GCBPV800** to take advantage of this special offer.



Clearly it's best (from a tax standpoint, at least) to hold stocks for a year or more.

Of course, not all the money we make from investing comes from selling our stocks for a gain. There are also things like bond payouts and dividends.

Interest received from corporate and Treasury bond payouts is taxed at your ordinary income rate. Up to 37% of the payout could go to the feds. Interest from municipal bonds, on the other hand, is not taxed at the federal level.

Confused yet?

Like I said... the government sure doesn't make it easy.

But don't worry. Here's a table with all the need-to-know information.

Uncle Sam's Share	
Long-term capital gains	Taxed at 0%, 15% or 20% (depending on income)
Short-term capital gains	Taxed at ordinary income rate – up to 37%
Corporate and Treasury bond payouts	Taxed at ordinary income rate – up to 37%
Municipal bond payouts	Not taxed at federal level
Dividend payouts	Taxed at ordinary income rate or capital gains rate

Now we know the problem. But that's only the start... the first step.

The question from here is, what to do about it?

Fighting Back

As you've probably heard, there are lots of ways to lower your taxes; you just need to be savvy enough to know how to use them.

We can't dive into the many ways companies and big-league investors are able to slash their tax rates (many of them aren't even fit for print).

Fortunately, a solid understanding of the basics will do you just fine.

Broadly speaking, there are two main types of investment accounts – **taxable and tax-advantaged**.

Since that's what we're here for, we'll start with the latter.

Tax-advantaged accounts are tools the government created as a way to incentivize Americans to save for retirement.

The most popular form of a tax-advantaged account is an individual retirement account (better known, of course, as an IRA).

There are two types of IRAs.

The older, “traditional” IRA is tax-deferred. An investor can deduct the money he's putting into the account from his ordinary income, and he doesn't have to pay any taxes on dividends or other forms of income he collects along the way.

But he does have to pay his ordinary income tax rate – not the standard capital gains rate – on the money he withdraws from the account.

Again, this rate can be as high as 37%, but since that rate comes only with income of more than \$500,000... most folks pay nowhere close to that rate. A tax rate of closer to 20% is much more likely in retirement.

Of course, there are some downsides to an IRA.

First, if you want to use your money before you hit the minimum age of 59 1/2, you'll pay a penalty of 10%, plus you'll lose your tax benefits.

Another downside of a traditional IRA is that once you're at the age of 70 1/2, the government forces you to take minimum withdrawals each year.

And don't forget, big accounts can run into heavy taxes. If you're lucky enough to be in a high tax bracket when you retire, the taxes are going to hurt.

That's not as much the case with a Roth IRA (named after one of the original sponsors of the idea, Senator William Roth).

These tax-exempt IRAs don't require taxes to be paid on the back end and don't come with a minimum distribution requirement. In other words, your assets grow tax-free and the income you withdraw does not face the sting of Uncle Sam collecting his portion.

But calling a Roth IRA tax-exempt is certainly a misnomer. With these newer forms of investment accounts, you simply pay income tax on the money upfront.



It means Uncle Sam gets his money today, leaving you not just with less cash to invest but also with all the risk if your investments don't pay off.

In the most general of terms, Roth IRAs are a good idea for folks who believe they will retire in a higher tax bracket.

It's a roll of the dice... but if you think America's debt burden will force it to raise rates in the future or if you think you'll retire in a higher tax bracket, a Roth is a good idea.

Of course, Uncle Sam doesn't want you to get too much of a good thing.

While Washington would never limit how much you can gamble, how much you can drink or how much gasoline you buy... it does have some pretty strict caps on how much you can put in your tax-saving IRA each year.

The limit for 2019 is \$6,000 if you're under the age of 50 and \$7,000 if you're over.

Plus, there are income limits. If you are married and have a household income of more than \$193,000... the amount you can invest in an IRA starts to fall. Earn more than \$203,000, and the tax benefits are gone.

As I said, the government doesn't want you getting too much of a good thing.

Free Money

The next common form of a tax-advantaged investing account is a 401(k) – named after the subsection of the IRS code that outlines the plan.

Americans can invest as much as \$19,000 each year into their 401(k)s. But there's a catch. You must be employed... and work for a company that offers a plan.

The rules for 401(k)s are not that much different from those for IRAs. The main difference is that a company must sponsor the plan and therefore can limit the types of investments its employees can participate in.

Historically, the plans have been a boon for mutual fund and ETF providers, which tend to steer less knowledgeable investors into their high-fee products. But self-directed forms are becoming more and more popular.

Perhaps the biggest benefit of a typical 401(k) plan is that the employer often matches its employee contributions.

Of course, most businesses place a limit on the free money, but the average match is somewhere between 3% and 6% of a person's salary.

If you make \$100,000 per year, for example, and pull 3% from your paycheck to put in your 401(k), the company will contribute \$3,000 of its own cash each year to the plan.

It's free money. If you are lucky enough to work for a firm that matches, be sure to take full advantage of the opportunity. Unlike with IRAs, there are no income limits. But a person can contribute no more than \$19,000 to his 401(k) each year.

Fortunately, the law does allow an investor to fund both an IRA and a 401(k).

And as with IRAs, there is a Roth alternative for these employer-sponsored plans. Under that option, invested dollars grow tax-free and are withdrawn without tax because they're taxed prior to going into the account.

Again, with a "traditional" account, a person can deduct their contribution from their annual income and then pay income taxes on the funds when they withdraw them.

When it comes to the big day when you get to start taking money from your 401(k), the rules are similar to those of IRAs. They are penalty-free after the age of 59 1/2. And both forms of 401(k)s have no minimum distribution requirements.

When "Taxable" Is Your Best Bet

As the saying goes, "The Lord giveth and the government taketh."

But when it comes to saving for retirement, the fine folks in Washington give us a bit of a reprieve.

Of course, they do it only until we get to a certain level of wealth. After that, the limits kick in and Uncle Sam reaches into our pockets as deep as he can.

But just because we may be maxing out our tax-advantaged accounts and investing some of our cash outside of an IRA or 401(k), it's vital to understand that a "taxable" account can be managed in a very efficient way.

It's not all that hard. As I said... it's a matter of Know-How.

There are two main types of investment accounts – taxable and nontaxable. We've covered the latter.



Fortunately, I don't have to worry about putting you to sleep with more words about limits and complicated rules.

Taxable accounts are quite easy to understand. These are your standard brokerage accounts.

Money gets taxed on the way in... and any profits or income the cash generates is taxed on the way out.

There are no penalties for taking money out before you retire. There are no required distributions. And you can invest as much as you'd like in just about anything you'd like.

But just because these accounts are not considered tax-advantaged doesn't mean there aren't savvy ways to use them to reduce your taxes.

Location... Location... Location

There's long been a saying in the money management world that it's not **just your asset allocation that matters... but also your asset location.**

We know the amount of assets we can stuff into our tax-advantaged accounts is finite. That means we need to be very careful with the funds that we put in those plans.

If we're investing in tax-heavy assets that pay big annual dividends or interest, we should put those assets in our IRA or 401(k). That way the full amount can grow within our account and is taxed only when we withdraw it.

On the other hand, if you're investing in stocks that you'll buy today and hold for a long time, those assets will do fine in a taxable account, especially if your tax-friendly accounts are already maxed out with less efficient investments.

And don't forget, not all saving is about saving for retirement. This is key.

Once money is put into an IRA or 401(k), withdrawing it before the proper age will come with a hefty penalty. That's not the case for a standard account.

Perhaps you're saving to buy a sailboat in a few years. Or maybe you want to celebrate a big anniversary with a grand trip to Europe. A smart investing strategy can make it happen. But taking a 10% penalty on top of your taxes because you withdrew too early from an IRA won't help.

That's where a standard "taxable" account will be very useful and very valuable.

Lesser-Known Alternatives

But before you go pouring money into a standard trading account, there are two other tax-advantaged accounts you should be aware of.

They aren't for everybody, which is why I didn't include them above. But if they fit your situation, they could keep thousands of your hard-earned dollars out of the hands of Uncle Sam.

One of the riskiest (and often dumbest) financial decisions today's generation of youngsters must make is whether to go to college... and how much to pay for it.

If they make poor decisions, they'll be riddled with debt (with monthly payments that easily rival a mortgage) and earn a degree that's virtually useless. It's one of the greatest threats to American kids.

But thanks to a little-understood strategy, there is a solution. Most serious investors have heard of 529 plans. But few realize their true power.

They are not just for young parents. Far from it.

They're perfect for grandparents... aunts... uncles... anybody who wants to boost their own economic fate by lowering their taxes.

Washington Did Good?

Congress created the plans in 1996 as a way to spark interest in saving for college education (and, of course, to funnel more dollars to its state-funded schools).

Earnings generated through the plans are not subject to federal tax and, in most cases, are not subject to state tax when the money is used to pay for necessary college expenses (the list of qualified expenditures is actually quite expansive).

Right off the top, that could boost your profits by as much as 20%. But in at least 34 states, the tale gets even better.

You can deduct 529 contributions from your state income tax each year. Because I live in Pennsylvania, I can remove as much as \$28,000 worth of income... per beneficiary.

And what's really powerful is that the law allows us to transfer funds from one beneficiary to another without triggering a taxable event.



In other words, in many instances, it makes sense for high-income earners to open their own 529 plans just for the annual deduction on their state income taxes.

They may never use the money, but it can easily be withdrawn or transferred to their children or grandchildren. (Many 529s, like Pennsylvania's, also provide appealing inheritance and gift provisions.)

Another rather unknown benefit of these plans is that you can open an account in any state. You're not locked into your home state's plan.

I recommend looking at Utah's plan. It allows savers to invest in a wide array of assets, including ultra-cheap Vanguard funds. Its most expensive option comes with an annual fee of just 0.38%.

And here's one of the best perks of a 529 plan... you are in control of the money.

In other words, your money is still yours. If a medical bill or other financial emergency hits, you can withdraw from the account and simply pay the taxes you would normally owe.

The money remains in your control until it is spent.

If you're planning to help a loved one pay for college anyway, doing it through a 529 is the ideal way.

Best of the Best

Finally, another way to keep money out of Washington's hands is through a health savings account (HSA).

Not everyone will qualify, though. If you want to contribute to one of these underutilized accounts, you must be enrolled in a high-deductible health insurance plan.

If that's you, it means you can contribute as much as \$8,000 each year... in one of the most tax-efficient accounts available.

The dollars you put in can be deducted from your income. The earnings the money generates won't be taxed. And if you use the cash to pay for a qualified medical expense, the money you withdraw will be tax-free.

And get this... if the account has money in it after you turn 65, you can withdraw the money and use it for anything. You'll have to pay only your ordinary income tax rate — as you would with a traditional IRA or 401(k).

Done right, it's a way to instantly save 20% or more on your healthcare costs. And that figure is compared with a "tax-advantaged" account. The savings are much, much higher if you're forced to pay for your healthcare from a traditional investing account.

That's huge... and it shows the immense value of protecting your money from the taxman.

If you are able to maximize your IRA and/or 401(k) each year, I recommend seeing a tax accountant to help determine the best location for each asset. Every situation is different... and every person will benefit in a different way.

Clearly this is something you want to get right.

It's where our Know-How intersects with our Liberty.

The more you know about how to reduce your taxes, the more freedom you'll have in retirement.

Your choice is to either understand and take full advantage of what's above or just blow your money on cigarettes, booze and gambling.

Either way, Uncle Sam will come looking.

I say we give him as little to find as possible.

THIS MONTH'S STOCK PICK

Andy Snyder has made his followers rich. After leaving one of the nation's leading brokerages, Andy decided to take his wealth-exploding advice to the masses. Using his nearly two decades in the investing business, he provides clear and easy-to-follow guidance on the best stocks to invest in each month in Manward Letter.

Double Your Money A Year of Pain Turns Into a Year of Gains

It's one of the easiest ways to make money that I've ever seen.

I'm sure you've seen it too. You've likely even slapped yourself for not taking advantage of it.

I call it the "eyeball indicator." It represents a different kind of Know-How... a much subtler form.



It's super simple. Drive down the street and look for common themes.

If you're in the city, it will be just a few seconds before you see somebody talking on their cellphone.

Thanks to that trend, shares of **Apple** (AAPL) have soared more than 750% in the last decade.

Drive a bit more and you'll see a **FedEx** (FDX) driver carrying a box from **Amazon** (AMZN).

In the last 10 years, the former has gone up over 100%, while the latter climbed more than 2,100%.

But keep driving until the sidewalks end, the road narrows and the grassy backyards turn into cornfields. Your eyeballs will pick up on a different trend.

And this one is just getting started. It has immense potential. It could certainly double your money in the next year.

An “Inefficient” Opportunity

If you've followed my research, you know that I've written a lot about the idea of computerized trading and its effects on the efficient market.

With machines now making more than 80% of all trades, traditional fundamental analysis is tossed out the window. The stuff that made Ben Graham famous and Warren Buffett rich doesn't work like it used to.

There's no way any of us can outsmart a computer.

But that's only true when the inputs given to a computer are honest and accurate. As any data wonk will tell you... garbage going in means garbage coming out.

And in rural America, 2019 has been the year of garbage.

It's especially true for the companies that make the nation's agricultural equipment. For them, America's trade spat with China is the worst of all possible scenarios.

Not only did steel and aluminum tariffs raise input costs, but China's retaliatory restrictions on corn and soybean imports slashed demand.

John Deere made a bold bet. In its first earnings announcement of the year, it told us that, despite all the bad news, it kept producing equipment and building its product stockpile. It hoped the stalemate with China

would end and demand — and therefore prices — would return to normal.

It's a move that may pay off. Shares of the icon are currently trading higher than they were at the beginning of the year. That's a good sign. And there's hope that things will continue to get better.

Cashing the Check

One thing that will help buoy the sector is Uncle Sam's fat wallet and his ceaseless generosity. You may recall that, shortly after the trade spat heated up, President Trump made a bold move. He told the USDA to cut checks worth more than \$20 billion and send them to farmers affected by his fight.

Some farmers are getting \$125,000 or more in payouts. One family I found while doing my research got a payout of over \$860,000.

But that's not all that's helping these folks.

Trump also told the folks in charge to buy another \$1.4 billion worth of agricultural products and use them at food banks and in the nation's school systems. It was a move made to help put a floor in commodity prices.

It worked.

Corn and soybean prices bottomed in May and have since climbed steadily higher.

Because of it, the USDA now reports average farm income in the U.S. is expected to surge by 10% or more in 2019. That's a big move that any household — not just farmers — would be proud of.

But, once again, it wasn't just the government's heavy hand that did the heavy lifting... it was Ma Nature.

It's Raining Money

Growers throughout the Midwest had to keep their equipment in the shed as rain pelted the area throughout June's prime planting season. And if seeds can't go in the ground, corn and soybeans can't be added to the supply later in the year.

To have prices surge as far and as fast as they did, despite the many dire headlines, shows there is immense potential in the ag sector once the headline risk wanes.



But that's something you and I — as flesh-and-blood humans — can understand. It's not something the computers can pick up on or weigh in their equations.

It makes companies like John Deere and its competitors quite an interesting opportunity.

But John Deere isn't the farm-centric company it used to be. Its farm equipment business is hardly half of its total sales.

Thinking its shares will double thanks to what's happening in the ag sector is a bit generous.

To see the truly big opportunity, we need to turn back to the "eyeball indicator."

New Kid in the Field

There's a new company giving John Deere and its multicolored brethren some stiff competition. Drive down any rural road in America and you're likely to see one of its products in bright, shiny new paint.

Actually, calling this company "new" is a bit of a misnomer. It's anything but. Its history dates back centuries, but **AGCO** (AGCO) didn't get its official start until 1990.

My research into the company makes it impossible to think of AGCO as a standard brand. It's not — anything but. I think of it as an ever-growing conglomeration of businesses and ideas.

To understand why that's true, we simply need to look at the company's name. Contrary to what you may first think, the "AG" in AGCO isn't short for agriculture.

No, the name is a shortened version of Allis-Gleaner Corporation — a combination of the names of the two heavy-hitting groups that merged to form the company.

And over the last 30 years, many more big-dollar deals have been made.

The company picked up iconic Massey Ferguson. Then it acquired Fendt, a major European tractor brand. And in 2002 it acquired the rights (from Caterpillar) to the tracked tractor brand Challenger — a highly popular offering these days.

Almost every year since its creation, the company has been involved in a major deal.

It's what has made it a quiet but now serious competitor for more popular brands.

The "Real" Efficient Market

The realm of conventional farming has gotten a lot of flak over the last two decades. A lot of it has come from guys like me. The industry deserves its bad reputation. It's dirty, chemical-laced and riddled with harmful government subsidies.

But not everybody deserves the blame. Some folks are making a name for themselves by pushing the industry to clean up its act.

Many of them work for AGCO.

The company is a leader in the realm of digital farming. Its Fuse brand of electronic products is enabling farmers to boost their efficiency, lower their costs and minimize the amount of chemicals they need to put on their crops.

Starting next year, American farmers will have access to a brand-new set of digital products from the company. It's thanks to a partnership with Solinftec.

It will let AGCO customers tap into a wide range of soil analytics, weather stations, onboard computers and proprietary algorithms.

This push for efficiency is one of the most competitive aspects of the ag business... and, thanks to its dealings, AGCO is winning.

For example, its Fendt brand now offers balers with something called Intelligent Hay. Compared with the technology of just a few years ago, this is insane.

As hay is being scooped out of the field and compressed into a bale, the machine takes precise measurements.

It tracks things like weight, moisture content, chemical additives and even GPS coordinates. It then records that data on an RFID tag, which is wrapped into the bale and stored on the cloud.

If a farmer wants specific data from the bale, say to sell it or to know the best place to store it, all he has to do is scan it.

It's this sort of stuff that is changing the nation's agricultural landscape.



And AGCO is quickly growing into a leader in the space, which is why we can't drive down a dirt road without seeing one of its products working in a field.

I'm confident the "eyeball indicator" has led us to a great stock with great potential. As the nation's ag industry recovers from a year where everything seems to have gone against it, AGCO will emerge as a clear leader.

Because you'll soon be seeing its iconic equipment every time you go for a drive, we're adding this one to our Own What You Know Portfolio.

Action to Take: Buy shares of **AGCO** (NYSE: AGCO) at the market price. We'll use a 25% trailing stop on this play.

Getting It Right on CBD

Boosting Know-How on Nature's Miracle Worker

We've devoted many essays in our e-letter *Manward Digest* to the wonders of CBD. But time and again, readers have written in, trying to better understand what it is, how it can help and *if it's legal*. So I'm answering some of the most important questions on this natural cure-all. Be sure to drop us a line at mailbag@manwardpress.com with any other questions you may have.

What is CBD?

CBD – cannabidiol – is one of many active ingredients (called cannabinoids) found in cannabis. It interacts with our bodies' endocannabinoid system, helping to regulate our systems in many beneficial ways.

What is the difference between hemp and cannabis?

Hemp is cannabis. And so is marijuana. A lot of people think hemp and marijuana are two different plants, but that's not quite right. They're just two different forms of cannabis. The only major difference is that marijuana has a high THC (tetrahydrocannabinol) content while hemp contains virtually none.

Will CBD get me high?

No. CBD is nonpsychoactive, unlike its more infamous counterpart, THC.

What are the benefits of CBD?

There's growing evidence that CBD helps with myriad health issues, from anxiety and pain to seizures, headaches and sleeplessness. Not to mention it's showing positive results in studies as an effective antibiotic.

How can CBD help with pain?

CBD helps maximize the amount of anandamide – a fatty acid that's critical in our body's fight against pain – in our bloodstream. In fact, it appears CBD may be one of the very best ways to trigger this key pain-fighting neurotransmitter.

Even better, CBD has shown it has the ability to limit inflammation – one of the leading causes of pain – in our bodies.

Is CBD legal?

With the passage of the 2018 Farm Bill, hemp-derived CBD became legal at the federal level. Other forms (like those derived from marijuana) are still illegal. The FDA is watching the CBD market closely, particularly when it comes to claims about health benefits. It's likely to tighten regulations in some areas (like food and drinks) while loosening them in others (like creams and supplements).

If I use CBD, can I still pass a federal drug test?

A good CBD cream or supplement contains such a low level of THC that it will not register on a test. (THC is the psychoactive element in cannabis – i.e., the part that gets you high.)

If the CBD is derived from hemp, THC levels should be less than 0.3%. (To compare, there are strains of marijuana that contain more than 25% THC.) And thanks to modern technology, it's now possible to create CBD oils, lotions and other products that contain zero THC.

Is CBD safe?

Current evidence suggests it is safe. What's unknown is whether it could have serious interactions with other medications. It's important to do lots of research before



you try any new product. Read the label. Check that it contains no THC. Look up reviews online. And find out whether or not the product was sent to an independent lab to verify the “no THC” claim.

Is there any CBD in hemp seeds?

Nope. You won't get any CBD (or THC) from hemp seeds. It must be extracted from the flowers, leaves and stalk

of the actual plant. Hemp seeds have lots of other health benefits though; they're a great source of protein, fiber, and numerous vitamins and minerals. Just not CBD.

Can you travel with CBD?

Now, for the first time ever, passengers can carry hemp-derived CBD products and medications – like the FDA-approved epilepsy drug Epidiolex – on flights. ■

The Everyman Portfolio

Company/Symbol	Rec. Date	Rec. Price	Curr. Price	Rating	Trailing Stop	Total Gains
Assurant Inc. (NYSE: AIZ)	Apr-17	\$95.11	\$112.06	Buy	\$84.17	23.18%
CACI International (NYSE: CACI)	Feb-19	\$172.51	\$214.00	Buy	\$161.00	24.05%
Constellation Brands (NYSE: STZ)	Dec-18	\$193.21	\$197.88	Buy	\$158.83	3.19%
Golub Capital BDC (Nasdaq: GBDC)	May-18	\$17.96	\$18.01	Buy	\$13.29	9.86%
Herc Holdings (NYSE: HRI)	Jun-19	\$37.91	\$44.99	Buy	\$34.76	18.68%
Novocure (Nasdaq: NVCR)	Jul-19	\$63.36	\$68.73	Buy	\$51.86	8.48%
ProShares Short FTSE China 50 ETF (NYSE: YXI)	Jan-19	\$21.42	\$19.04	Buy	\$16.14	-10.65%
ResMed Inc. (NYSE: RMD)	Oct-17	\$76.53	\$123.37	Buy	\$93.54	64.51%
Waste Management Inc. (NYSE: WM)	Apr-17	\$72.84	\$118.17	Buy	\$100.33	67.94%

The Own What You Know Portfolio

Company/Symbol	Rec. Date	Rec. Price	Curr. Price	Rating	Trailing Stop	Total Gains
AGCO (NYSE: AGCO)	Aug-19	New	New	Buy	25% TS	New
Alamo Group (NYSE: ALG)	Oct-18	\$90.33	\$98.48	Buy	\$79.07	9.54%
Copart (Nasdaq: CPRT)	Nov-18	\$50.30	\$77.47	Buy	\$58.13	54.02%
Flagstar Bancorp Inc. (NYSE: FBC)	May-19	\$35.25	\$32.60	Buy	\$26.29	-7.40%
Visa (NYSE: V)	Sep-18	\$147.80	\$179.31	Buy	\$135.56	21.83%
Zoetis Inc. (NYSE: ZTS)	Mar-19	\$95.72	\$113.48	Buy	\$86.51	18.73%

Gains include dividends.

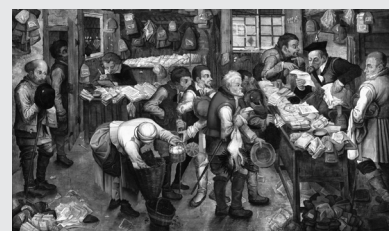
Last Update: 7/16/19



Appendix

About the cover image:

Modern IRS offices may look nothing like the scene depicted in this 17th-century painting by the artist Pieter Brueghel the Younger, but they certainly don't cause any less anxiety. While tax collection is a centuries-old practice, the U.S. didn't formally adopt a system for taxing income until the Civil War. Known as the Revenue Act of 1862, it was a "temporary" measure to help fund war expenses. It wasn't until 1913 that the 16th Amendment established the Bureau of Internal Revenue (now the IRS) and the dreaded Form 1040 made its debut.



Location, Location, Location... of Investable Assets

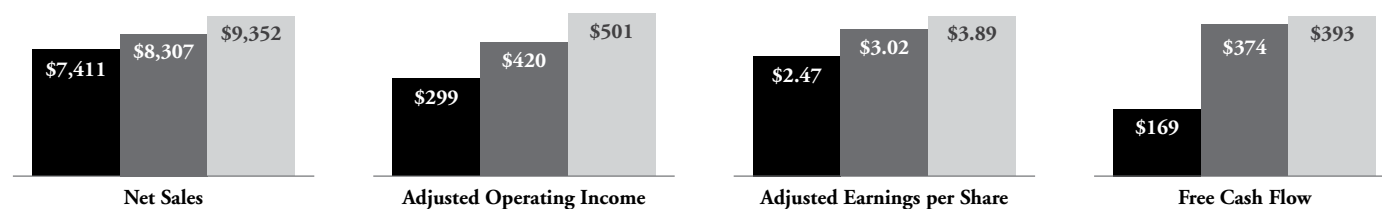
	Tax treatment of expected returns	Taxable	Tax-deferred	Tax-exempt
Tax-free municipal securities and municipal mutual funds	Exempt	■	▲	▲
Equity securities held long term for growth	Taxed at long-term capital gain rates	■	●	●
Equity index funds/ETFs (other than REITs)		■	●	●
Tax-managed mutual funds and managed accounts		■	▲	▲
Qualified dividends (must have held the stock for at least 61 of the 121 days surrounding the ex-dividend date)		▲	■	■
Real estate investment trusts (REITs)	Taxed at ordinary income rates	▲	■	■
High-turnover stock mutual funds that deliver effectively all returns as short-term capital gains		▲	■	■
Fully taxable bonds and bond funds (i.e., corporates)		▲	■	■
Ordinary dividends		▲	■	■

Source: Fidelity

■ More appropriate ● Appropriate ▲ Less appropriate

AGCO Financial Highlights ● 2016 ● 2017 ● 2018

(In millions, except per share amounts)



Source: Company Reports

Further Reading

"Why Asset Location Matters," Fidelity: <https://www.fidelity.com/viewpoints/investing-ideas/asset-location-lower-taxes/>.

"Some Big Farms Collect Big Checks From Trump Aid Package," KTAR News: <https://ktar.com/story/2639623/big-farms-find-easy-ways-around-trump-trade-aid-limits/>.

"Human Endocannabinoid System," UCLA Health: <https://www.uclahealth.org/cannabis/human-endocannabinoid-system/>.

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