MANWARD letter

Volume 4, October 2020

The Big Debut: A "Modern" Market Twist Gives Us a Shot at a 10X Crypto Opportunity

Dear Reader,

"We're officially in a bear market."

I still remember where I was, what I was doing and who I was speaking to when I said those words.

It was late June in 2008. I was fishing with a famous movie producer in Southeast Alaska and had just checked in on the markets back home.

Things weren't looking too good.

"What comes next?" asked the mega-millionaire.

"I don't know," I replied. "You need to find a psychologist."

It wasn't an insult. And I wasn't warning the talented investor about his mental health.

Instead, I told him that it was a pivotal election year, hype was high and the markets were having a hard time explaining their valuations.

"I'm just an investor," I said. "And right now, I'd rather be fishing with you than buying anything new."

The market dipped for another two weeks or so before a double-digit climb. After that... you know the story. The bottom fell out.

It wasn't math that created the mess. That's what so many folks get wrong about the markets. It was psychology.

A Big Debut

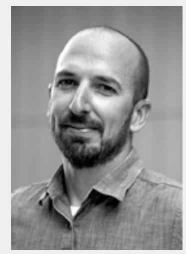
Investors went nuts in one direction... and then went nuts in another.

Again, it has more to do with psychology than mathematics – a big theme in the pages ahead.

In this very special issue, I'm debuting something revolutionary. It's a new way to invest... a modern way to invest.

It takes today's "standard" investment models and points out the flaws... and, like a well-trained martial artist, takes those flaws and turns them into strengths.

To convince you why this idea is so important to your wealth and why a healthy understanding of investor psychology is vital, let me tell you about two real estate opportunities.



Andy Snyder is the founder of Manward Press, the nation's premier source of unfiltered, unorthodox views on money. An American author, investor and serial entrepreneur, Andy cut his teeth at an esteemed financial firm with nearly $100 billion in assets under management.

Known for his outspoken market commentary, Andy's been a keynote speaker and panelist at events all over the world, from four-star ballrooms to Senate hearing rooms.

Today, Andy's dissident thoughts on wealth and investing can be found exclusively in *Manward Digest*, as well as in the pages of *Manward Letter*. He also helms the award-winning investment advisory services *Alpha Money Flow* and *Codebreaker Profits*.

Inside...

Why You Can't Ignore My No. 1 Tip for Making A LOT of Money... **Page 2**

All the Details on the Portfolio You Need for Today's Markets... **Page 7**

The World's Most Private and Secure Digital Coin Is About to Surge... **Page 9**

Both offer similar properties in similar areas. In fact, don't even consider the actual properties. For our purposes, they're identical. The only differences are their prices... and how they move.

In one neighborhood, prices are steady and reliable. Over the course of 400 years, values have risen an average of just 0.2% each year. Again... slow and steady.

The traditional description of such an asset would be a "widows and orphans" play. It's safe and reliable.

But the other real estate opportunity... not so much.

Its neighborhood is quite volatile. Looking back through its numbers (I'll link to them in the Appendix), we see that in some years, prices jumped by a third or more. In others, they fell by the same proportions.

This isn't where you'd put grandma's money... unless she's a cigarette-smoking, whiskey-slugging gambler.

But how about you?

Are you in the conservative stage of investing your money... or are you looking to speculate and risk a bit more? In other words, do you want 0.2% each year or the shot at 33% in less than 12 months?

The skeptical readers know where I'm going with this.

My two real estate examples are actually the same asset. And the price action isn't all that unusual.

While American real estate markets aren't all that "mature," we have the luxury of hundreds of years of European real estate data. For the numbers above, I tapped into the Herengracht index. It tracked prices in a part of Amsterdam from 1628 to 1973.

For many, real estate is considered an asset that only goes up in price. After all, the textbook realtor sales pitch says they're not making any more land.

Over the course of centuries, they're right (although inflation tends to eat up most of the gains). But in the short term, real estate can be quite volatile.

That's the lesson investors – large and small – learned in 2008. The wisdom of the day told us that real estate was steady and reliable. "Go ahead and collateralize and leverage those mortgages," the books practically begged us.

A bubble was born. It was what psychologists would dub a classic "mania."

But where there's a mania... there's a bust.

And you know what came next. Psychologists got very busy as the market melted down.

As I said, that's the crux of this special issue. As I debut the cornerstone of what will surely become the foundation of our investing philosophy, I want you to understand that investing "wisdom" is not static. Not only does it change... but our psychological wiring means it must change.

Few folks understand that idea.

But those who do... are doing well.

The words ahead prove it. I hope you enjoy reading them as much as I enjoyed researching and writing this issue.

Be well,

Andy

Bitcoin, Gold and Options?

A New Moneymaking System for 21st-Century Markets

I'm going to show you my No. 1 tip for making a lot of money. Follow these basic instructions and your ability to earn big money in the stock market will soar.

It's not hard. If you can read a map, you can do this.

It takes just a bit of understanding.

But first off... Here's what's NOT working.

If you've ever picked up a book on investing, you know much of the investing world follows a model known as "modern portfolio theory."

It's the idea that if we put a mix of stocks together, measure their correlations and adjust our position sizes based on those figures, we can optimize our portfolio's returns and reduce our risk.

Its debut revolutionized the world of money. In fact, it won a Nobel Prize.

Then again, so did António Moniz... the man behind the frontal lobotomy.

And so did Paul Krugman... an economist who's never been right about anything.

There was even a recent president (we won't name names) who stirred controversy for earning a Nobel Peace Prize... after getting nominated just 12 days into his term.

The controversies that have long plagued the various versions of Alfred Nobel's coveted prize are one of the reasons *The Guardian* ran a story in 2015 that warned its readers not to get too excited about the ideas behind the prize and the schemes used to win it.

The headline said it all... "Don't Let the Nobel Prize Fool You. Economics Is Not a Science."

Financial Botulism

That's such a vital idea. And yet few investors understand it.

"The problem," *The Guardian* says, "is not so much that there is a Nobel Prize in economics, but that there are no equivalent prizes in psychology, sociology, anthropology. Economics, this seems to say, is not a social science, but an exact one, like physics or chemistry – a distinction that not only encourages hubris among economists but also changes the way we think about the economy."

In other words, the strength of a radio antenna is always a function of the square of its height... as proven by Nobel Prize-winning physicist Guglielmo Marconi. But the way we minimize our portfolio's risk and maximize its reward isn't quite as fixed as we'd be led to believe by the praise surrounding Harry Markowitz's Prize-winning formula.

He's the man, by the way, behind modern portfolio theory.

On its face, the math behind the idea is sound.

If we add the right mix of this... a little bit of that... and spice with just a splash of something else, we can optimize our portfolio.

Economists rejoiced when they first did the math. It all adds up.

The recipe is delicious. But there's a problem... a big one. It turns out botulism kicks in the second we pull the soup from the burner.

Problems... Lots of 'Em

I recently sat down to list all the problems with this Nobel Prize-winning theory of "modern" money management. I quickly needed a second sheet of paper.

The first problem is obvious. **The theory is about as modern as a black-and-white TV.** In fact, the first color set didn't hit the market until 1953... a year *after* Markowitz published his coveted research.

That's important because, again, economics isn't a physical science... it's a **psychological** science. Math formulas may not change, but markets and the investors who make them do.

Take, for example, the fact that Markowitz's theory of reducing risk was penned before the first stock options were widely available... decades before exchange-traded funds (ETFs) became popular... and generations before the internet... and it was devised while – this is *huge* – a buck was still backed by a sliver of gold.

Quantitative easing... the death of interest rates... and runaway government debt... were never part of the math.

But in today's market, these things shouldn't just be part of the math... They are the math.

To have a "modern" system that doesn't include truly modern assets, like options, Bitcoin, ETFs and ultra-efficient markets spurred by the instantaneous spread of ideas on the internet... is flat-out silly.

Bad Assumptions... Big Losses

That's the idea that takes us to the biggest flaw in this not-so-modern formula... **correlations**.

Again, the math behind the theory is sound. It all adds up. In fact, in business school, I spent an entire semester building a program that mapped out what Markowitz dubbed the "efficient frontier" – the ultimate mix of assets for performance and risk.

But again... the soup went sour as soon as it was served. By the time I entered a correlation into my spreadsheet, it was already old and inaccurate.

That's the problem with theory and reality.

One sounds good... but the other is either ignorant or deaf to what it hears.

In reality, correlations go to hell when we need them most. I've written you about this before.

For example, when Markowitz and his cult followers were penning their first drafts of the idea, it was widely believed – and the math at the time backed it up – that bonds and stocks moved in opposite directions.

It's the same with gold and stocks... the dollar and stocks... and even inflation and interest rates.

The textbooks say one thing, but reality hits us with its own ever-evolving opinion.

These assets are tethered... until they're not.

We saw it during the 2008 crash and then again during this year's meltdown. All at once, historically negatively correlated assets (those that move in opposite directions) moved in tandem. And it happened at exactly the same time as investors – who depended on Markowitz's theory – needed protection the most.

I've shown you the following table before. It shows how when times are good, the diversification called for by modern portfolio theory holds us back. And worse, it shows that when times get tough, historically uncorrelated assets suddenly move together, costing us even more money.

This is a dangerous trait that far too many textbooks and so-called financial experts blindly overlook.

Again, it's the difference between theory and reality.

It's all because economics is a social science... not a physical one. Once the majority of folks are following the rules, the rules change.

Understand that and you're automatically ahead of the majority of investors. It's my No. 1 tip for investing – **if you do what everyone else is doing, then the very best you can hope for is mediocrity**.

(You can send the Nobel Prize to Manward's office.)

Introducing...

That's why I want to introduce you to something else – something better.

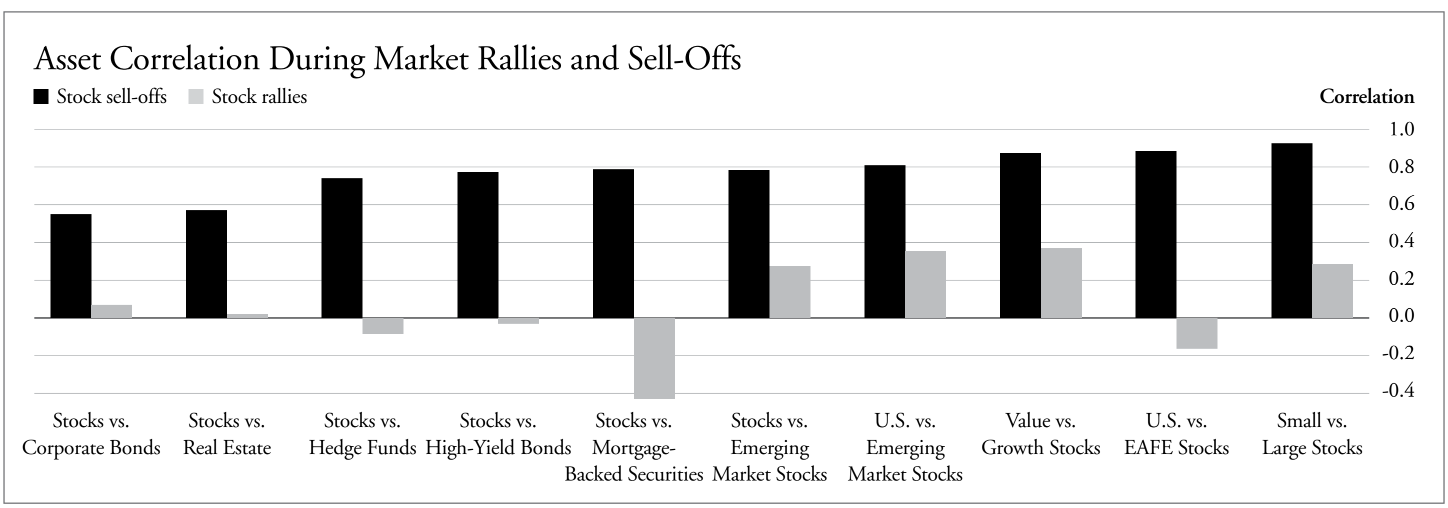
I call it "modern asset portfolio" (MAP) theory.

It is a smarter – and potentially much more lucrative – way to invest. It answers the sorts of questions I get over and over from readers whose intuition tells them the "norm" is wrong.

Questions like...

> *What about Bitcoin?*
>
> *Where do I find income when rates are locked at zero?*
>
> *Should I still own bonds if the government is buying them too?*
>
> *How do options fit into all of this?*

Like I said, none of those ideas were around when Markowitz won his big prize.



Clearly the thought of protecting a portfolio with options didn't cross his mind… After all, options weren't widely available for another two decades. But all these things do fit our MAP theory.

"Hold My Beer!" – Jay Powell

I've said many, many times that interest rates are the hormones of the economy. It's not a revolutionary idea. It's why the Federal Reserve uses them as its most powerful tool.

When rates are high… consumers tend to do one thing. When rates are low… they're incentivized to do another.

Once again, it proves the idea that the economy is a social science… not a physical one.

Interest rates – and our interpretation of where they will head next – change the choices we make.

Since that's the case, why do our most coveted investing models not include rates as a major variable?

Simple. When Markowitz penned his theory, the Federal Reserve had far less power. It didn't hold televised press conferences, and its moves were hardly considered a driving force for the market.

It sat in the back and quietly pulled levers. Now it screams, "Hold my beer!" while it wildly mashes down the gas pedal.

Bottom line… Things have changed. Our modern markets look a whole lot different. That means our investing models must look different.

That's why my MAP theory starts with interest rates. It has five distinct levels, all based on "real" interest rates at the time (in this case, that's the 10-year Treasury rate minus inflation):

- Negative
- 0% to 1%
- 1% to 3%
- 3% to 5%
- Greater than 5%.

Each level calls for its own unique mix of assets.

After all, if we compare an economy that has negative real rates with one that has rates above 5%, we'd see some stark differences. Wouldn't it make sense, then, that our investing strategy would be starkly different as well?

Amazingly, Markowitz's theory doesn't allow for it… nor does it allow room for correlations that adjust based on changing rates.

[**Note**: I don't have the space in these pages to aptly detail all five levels and the asset strategies behind them, but below I spell out the ideal asset allocation for today's negative interest rate environment. I'll detail more on each level of our strategy in the coming months.]

A Faster Way to Get Rich

Let me be very clear about MAP theory.

The assets and allocations of each level are based on the mindset and conditions of the time. After all, that's what "modern" means.

In other words, if the masses are rushing into something new and shiny (like tech stocks or Bitcoin), we must adjust our equations accordingly.

Again, that's the downfall with Markowitz's model. It fails to capture the constant – and often sudden – movements of correlations.

A 50-year correlation does you no good if it breaks in the 10 years before your retirement because of a fast-moving, new (or modern) trend.

That means we can't lay out a strict investment thesis for our "Greater than 5%" level with any sense of accuracy until we get closer to that environment – which could be many, many years from now.

To describe today what that will look like would be mere guesswork.

But – and this is critical – using interest rates gives us the catalyst to adjust our allocations and make smart, forward-looking adjustments as we transition from one level to another.

Again, Markowitz's theory does not allow for that. With his outdated model, there's no catalyst for looking at current correlations and comparing them with historical numbers – a deadly flaw.

Take, for example, the level that we are currently at – negative real rates.

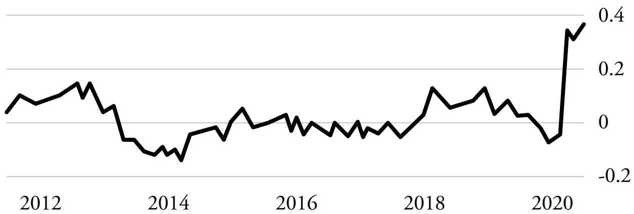
It calls for a relatively heavy dose of non-income-producing assets, like gold and cryptocurrency.

To say Bitcoin has a "historical" correlation with stocks is nonsense. It's too new. To say it does or doesn't have a tie to stocks is like getting married after a first date – we wouldn't have much of a sense for each other.

But here are some key things.

Take this chart, for instance...

Historical One-Year Correlation of Bitcoin to the S&P 500



Source: Coin Metrics

It shows that Bitcoin's correlation to the S&P has been all over the place since its creation. And it has soared to a record high this year. It won't last. But the reason the tie got so strong will. Again... it's psychology.

As the Federal Reserve slashed rates and promised us it "isn't even thinking about thinking about raising rates," investors ditched the idea of finding income from traditional sources and poured into speculative assets.

Tech stocks... small caps... gold... and crypto soared. They will continue to do so as long as interest rates are low and consumers are willing to speculate.

Another class of stocks has found a massive amount of buyers as rates have plunged as well... buyback stocks.

It's my favorite realm these days for big profits. It's why these types of stocks get a big allocation in our current negative interest rate Modern Asset Portfolio.

Buybacks certainly aren't part of Markowitz's equation. Like options, cryptos and ETFs... they weren't even around when he did his work. In fact, they were illegal until the Reagan administration signed off on SEC Rule 10b-18 in 1982. Prior to that, they were deemed a form of market manipulation and were off-limits.

But in an economy with negative interest rates, they're one of the biggest drivers of stock price appreciation.

So, manipulation or not, we must own stocks of companies buying back their shares when rates are negative. We'll sell them – hopefully at a big profit – if and when rates rise. Because, at that point, the math behind our buyback strategy won't make sense.

That's the key to MAP theory.

We do what makes sense right now based on the biggest driver of the modern market... interest rates. And, bigger yet, we do it with modern assets – like Bitcoin, ETFs, options and buyback stocks.

The Real Market Driver...

So what does our portfolio look like when real interest rates are below zero?

To answer that question, we need to examine why interest rates are so low.

This is what most investors get wrong.

They assume – following the textbook advice – that rates are low because the economy is weak. After all, the Fed tends to lower rates in an attempt to avoid a recession.

But there's another largely unspoken reason rates are low. It has to do with one of the Fed's two key mandates – keeping inflation at 2% and maximizing employment.

It's the first that's the real driver these days.

Again, the textbooks tell us inflation surges when too much money is chasing too few goods. It's why the Fed raises rates – lowering the supply of money – when inflation surges.

But what if the "goods" are driving things?

We know that when there's not enough of something, its price rises. But what about the other side of the coin? It says when there's too much of something… its price falls.

As we've seen, the Fed can't do much about either. It can't tell a factory to slow production. It can't tell a store to hike its prices.

No, the competition would gladly fill the void such mandates would create.

That's where we are now. Efficiency, technology and especially the internet have made it vastly cheaper to sell and market products… and therefore have drastically reduced prices.

New Rules

Again, this sort of economic revolution wasn't around in the 1950s. Back then, nearly instant price discovery using just a few clicks of a keyboard was unimaginable.

Nobody dreamed that we'd be able to go to a computer, shop for an item and with just one search result find the absolute cheapest provider of that item… perhaps in the world.

It's the biggest driver of "disinflation" in modern times. And it explains why shares of Amazon went from $2 in 1997 to more than $3,400 in September. The rise of the mega-retailer – and its soaring share price – is surely correlated with the nation's lack of inflation over the last decade. But it's not just Amazon.

Technology has rewritten all sorts of long-standing "rules" of the economy. Remember that in the decades after Markowitz's theory won its big prize, the dollar ultimately found its value in the world's oil fields. America imported oil and exported dollars.

Thanks to fracking technology, that's far from the case these days. Again, the economic textbooks haven't picked up on the idea yet, but it's no coincidence that at the same time as America has become the world's largest oil producer, she's had to keep her economy afloat with trillions of freshly printed dollars.

Cheap oil means cheap products, which means deflation… and, aha, more money printing.

It's funny how that works. And it's absurd to think a 68-year-old theory based on "historical" correlations can adjust for such major economic and psychological shifts.

I could go on, but you either already get the idea or don't care. ("Just give us the good stuff, Andy!")

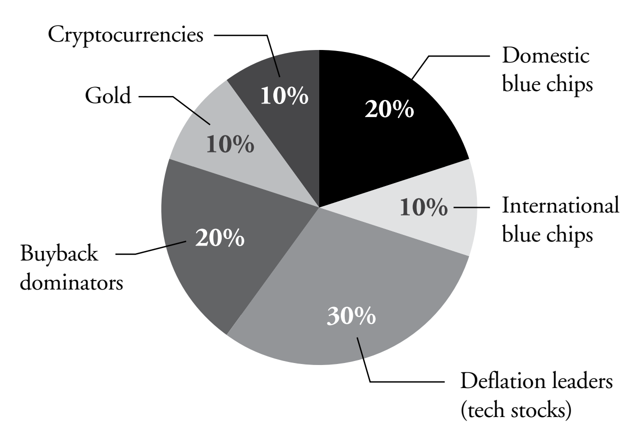
The bottom line is if your portfolio is falling short when markets are zooming and isn't protecting you when prices retreat… it's time to do something different.

It's time to put my Modern Asset Portfolio to work… today.

A "Modern" Asset Allocation

So here's what your base portfolio should look like when real rates are negative (at time of print, the yield on the 10-year Treasury is -0.97%)…

A Modern Asset Portfolio for Negative Real Interest Rates



There are seven parts of our Modern Asset Portfolio. While the holdings within each can be adjusted based on your risk tolerance, the proportion of the total portfolio allocated to each asset class should not.

For example, the definition of a blue chip stock is pretty wide. For our purposes, it's a company with a $10 billion or higher market cap that pays a dividend and is part of a major index – like the Dow or S&P 500.

For the ultra-conservative, it could be a company like **Johnson & Johnson** (JNJ) or maybe even a broad-market ETF. For more speculative investors, this section of the portfolio could hold a stock like **Target** (TGT). No matter your choice, you'll do well if 20% of your portfolio contains American-based blue chips.

It's the same story with international blue chips, except the allocation should be smaller... just 10%. This allocation is because of a big assumption – that if real rates in the States are negative, they're even more negative elsewhere in the world.

That's true today and will likely remain true for at least the next five years. It adds risk to international stocks. If rates change, of course, we will change. But, until then, hold about 10% of your portfolio in big international companies.

Focusing on international companies with dividends is optional – but preferred. Companies like **China Mobile** (CHL)... **Diageo** (DEO)... or, in our portfolio now, **Logitech** (LOGI). The main variable is whether you buy a domestically listed American depository receipt (ADR) or invest in a foreign currency on an overseas exchange. Tax rates and currency fluctuations are a concern, but holding assets in foreign currency is ideal.

Next up is the big one... deflation leaders. When rates are negative, this is where the bulk of your returns will come from.

Right now, the heaviest weighting within this class should go to technology stocks – the sorts of companies that are behind big economic shifts.

Think **Netflix** (NFLX), **Amazon** (AMZN) and **Walmart** (WMT) for the more risk-averse and smaller, game-changing firms like **Limelight Networks** (LLNW) for more speculative investors.

To know whether a company fits this class, ask yourself a simple question... Is this company making prices throughout an industry cheaper? We're not looking for companies that benefit from cheap prices or industries whose own prices are falling. We want the companies that are making prices fall. The four listed above have done it... and rewarded their shareholders handsomely for it.

Make sure these stocks make up 30% of your Modern Asset Portfolio.

Next up... buyback dominators. We've covered this one a lot in recent months. With negative real rates, it makes great sense for many companies to borrow money to buy their own shares. The return for shareholders can be far higher than the return they'd get with companies using cash for any other reason... especially when deflation reigns. Think Apple and Logitech, for example.

These stocks should make up 20% of your portfolio.

Next up... gold. This is another asset class I've talked a fair bit about in recent months. I even sent you a video with my thoughts on it in August.

As so many have said, gold loses its luster when interest rates are "normal." That's why the textbooks say it is negatively correlated with stock prices. When one goes up, the other goes down. But nothing over the last decade has been normal. Both asset types have risen because money is cheap – thanks to Fed money printing.

It's important to note that a 10% allocation to gold in this Modern Asset Portfolio is not about security... at least not entirely. **In a rare mix – at least for the economic historians – owning gold is now equal parts fear and greed.**

The Dow is going to 100K. I'm on the record in many places calling for it. It's doing it on the back of ultra-cheap money. As it does, folks who see things the way

What if a stock matches more than one criteria... like Logitech?

Easy. Simply divide your position size into all the categories it meets. In other words, if you own $1,000 worth of Logitech, which is a dividend-paying blue chip that is buying back tremendous amounts of its own shares, allocate $500 to each category.

we do will push gold prices higher. They'll do it in anticipation of a big bust.

Gold will be a vital safety asset when things collapse. And it will be a vital appreciation asset as we head in that direction.

And the crowd favorite...

The same can be said of cryptocurrencies. Nobody knows the ultimate path for cryptos like Bitcoin and Ethereum. That's what makes them 100% speculative. There's no real value... nothing to back most coins with... and the rules seem to change every day.

That's what makes them risky... and quite attractive when rates are below zero.

Just like gold, cryptocurrencies don't have much of a use... until they do. And when they do, they're quite valuable.

As long as interest rates are at record lows and money is flying off the Fed's printing press, the winds of the economy will blow in a favorable direction for cryptos.

I detail my favorite to buy right now in the pages that follow.

Portfolio Insurance

But before we get there, we must talk about something Markowitz and his theory never could have dreamed up. As I said, when the mathematician jotted down his ideas, the options market as we know it today did not exist.

When his work was truly "modern," few folks could have imagined opening a browser, pressing a few buttons and buying an options contract to hedge against the market's fall.

If they could have, then we must wonder whether Markowitz's idea would have ever found itself on the printed page. After all, do we need to care all that much about our portfolio's risk-reward profile if it's possible to insure away much of the risk?

Right now, as I write, I can go online, pick up a few **SPDR S&P 500 ETF Trust** (SPY) put contracts and buy some protection against a major downturn in the market. It's even quicker and easier than buying car insurance.

It should absolutely be a part of all our Modern Asset Portfolio levels, no matter the prevailing rates.

For now, though, I have some final words about this MAP idea of mine.

I want you to understand that there's a whole lot more to it.

I am very serious about this idea and know it could reshape your financial fortune – truly making good on a promise to maximize your return and lower your risk.

We won't do it in this issue, but I plan to rename our two main portfolios (keeping the Long Short Portfolio separate) and reshape them to match the ideas here.

Right now, nobody is thinking this way about portfolios. **Nobody is challenging the textbooks and wondering why nothing in them makes sense in today's markets.**

Given the headlines and recent action, clearly somebody should be. I'm happy to lead the charge.

And I certainly have much more explaining to do about each of the categories, when we must adjust them and what criteria we must use to adjust them.

We will tackle it in the months ahead.

Just know this... A lot has changed in the last 70 years. Many of the prize-winning ideas that once dropped jaws have long been debunked. Many are even laughed at today.

Markowitz was a smart guy. His modern portfolio theory made sense back then.

But now we have a fresh set of truly modern assets and technology to add to the mix. Markowitz wasn't wrong... but the folks who still follow his logic today are.

Let's do something different... something better.

Buy This Truly Private Crypto Now Before It Surges 10X

The last time I wrote about Bitcoin, I didn't have good things to say:

> *Washington – just as China is actively doing – will soon use its monetary might to stomp Bitcoin out of any*

useful existence. It'll do it as easily as one would flick a flea from a dog...

As Washington and its brethren across the globe make their moves, all this talk of cryptocurrency millionaires will vanish.

When it does, so will the good fortunes of many well-intended investors.

That was in November 2017... just a few weeks before Bitcoin screamed to a high of $20,000 and began its plunge to a low around $3,400.

At print, it's priced just under $11,000 and is now trading in a strong, positive correlation with the stock market.

Sovereign Coins

True to the previous quote, at the same time as Bitcoin is inching higher, China is toying around with a digital currency of its own. The nation has rolled it out all over the place with seemingly good results.

And it's not the only country with the yearning to create a "central bank digital currency."

As the world's powers race to the bottom of the currency bucket, the notion of a coin that can 1) trade outside the current dollar-based system and 2) be added to and subtracted from at the whim of central banks is getting quite popular.

All the big boys are in on the game – the U.K., the U.S., the EU, Australia, and even a few African and Caribbean countries. Sweden is in advanced testing stages too.

None of these countries is doing much that threatens Bitcoin or its rival Ethereum – at least when it comes to the technology. **But central banks hate two things – gold bugs and competition.**

My opinion that governments will outlaw the use of Bitcoin and its big-name brethren stands firm. They'll eventually get flicked away like fleas from a dog.

But there's good news in the fact that the government is too big and slow to get out of its own way.

It means it will be years, if not decades, until a sovereign digital currency is here and Washington gets serious about getting rid of its competition.

That means Bitcoin and other cryptoccurencies in the crypto section of our Modern Asset Portfolio have plenty of speculative fervor left in them.

Digital currencies don't represent real money... but then again, neither do today's freshly printed dollar bills. They are legal only because somebody with handcuffs says they are.

That's why I want to introduce you to another form of cryptocurrency.

Going Dark

It's not a household name. It doesn't get a ton of press. And it's likely not something you'll see touted by a major broker like Fidelity – which, by the way, just stunned Wall Street by announcing a new Bitcoin fund last month (which has a minimum investment requirement of $100,000).

That's why I like it.

As the crypto market enters a more sustainable bull market driven by bigger, more serious money, a crypto known as **Monero** (XMR) will be a high performer.

It's already ridden the crypto boom this year (see the chart in the Appendix) and is up by more than 140% from its March lows. But as the crypto market roars back to life and privacy becomes a paramount concern, Monero will be a leader.

Trading for about $90 today, there's no reason to think it couldn't be an $800 coin in just a few years. Maybe less.

It's known as the world's most private and secure digital coin.

You may recall that Bitcoin and so many of the cryptos like it are well-known for their transparent blockchains.

Their ledgers are out in the open for the world to see. Names and account numbers may be concealed, but transfers are wide open.

In today's age, it doesn't take much work to link a person to a transfer and make their identity known.

For privacy buffs, it's a no-go.

Last year, you may remember, we invited a top Secret Service agent and money crime expert to our Manward getaway. He scoffed at Bitcoin's anonymity.

It means nothing to the folks who get paid to track such things.

But Monero is different.

Every transfer is encrypted. The receiving and sending addresses are entirely private, as is the amount being sent.

That is what makes the coin a standout in the crypto world... and will entitle it to a growing price premium as financial security and privacy become bigger and bigger areas of concern.

Pushing Back

Last month, I detailed how a small startup fintech – Varo – recently earned its bank charter.

This "bank" doesn't deal in cash. It doesn't have physical branches. And you can't even write checks from your account.

That's because it doesn't use the traditional banking model.

Instead of relying on a steady stream of loans and customer deposits to feed its profit machine, this new bank's main focus is gathering user data... and then offering products and services to customers based on that data.

There's no doubt this is the wave of the future. There's big money to be made.

That's why I think of Monero as the counterweight to the trend. As more consumers see that their spending is being tracked and that their bank, its partners and the industry's keepers are watching every transaction they make, they're going to open their eyes to the oh-so-private realm of a fully encrypted coin like Monero.

But there is a catch. This is important...

Bad Money Turns Good

Monero is used by crooks. There's no denying it. They use the currency to pay for illicit things... things that none of us should support.

And while Bitcoin remains the top choice of criminals, law enforcement has been eager for a way to track Monero.

That's why the Department of Homeland Security recently joined up with crypto intelligence firm CipherTrace to find a way to see who's doing what with Monero.

There's no exact word on what the firm has been able to do. But it hinted in late August that it can now narrow down users to a few different addresses... which law enforcement can then investigate.

In other words, CipherTrace can say something like, "There's a 75% probability these transactions were made by this handful of addresses."

And while that doesn't sound like great news for privacy advocates, it's great news for Monero's law-abiding users.

It proves that the system does maintain individual autonomy... and it legitimizes the coin. In other words, no banks can track what we're doing (they have no use for the sort of unrefined – and expensive – data CipherTrace says it can get), but it opens the privacy door just enough that Monero could soon be relisted on some of the exchanges that have previously brushed this 18th-largest crypto aside because of its untraceable nature.

If it happens, prices will surge... big-time.

It makes it an ideal speculative entry into the realm of cryptocurrencies.

Hold On

Again, it's that "speculative" word that must be emphasized. In no way do I think all of us will be paying our electric bill in Monero – or any other crypto – anytime soon.

And that's okay.

As long as more and more folks realize the value in having a fully encrypted alternative currency... its value will rise.

That's all that matters.

In a world with no interest rates and where the textbooks have no clue what's going on... we're here only for the money.

This is a long-term play you should expect to hold for several years.

Action to Take: Add a small portion of **Monero** (XMR) to your portfolio. I included a link in the Appendix that shows you exactly how to buy the coin. It's very simple. We'll use our standard 25% trailing stop on the play.

Portfolio

The Everyman Portfolio

Company/Symbol	Rec. Date	Rec. Price	Curr. Price	Rating	Trailing Stop	Total Gains
Alarm.com (Nasdaq: ALRM)	Aug-20	$67.09	$57.46	Buy	$52.53	-14.35%

The Own What You Know Portfolio

Company/Symbol	Rec. Date	Rec. Price	Curr. Price	Rating	Trailing Stop	Total Gains
KBR (NYSE: KBR)	Apr-20	$21.45	$24.67	Buy	$20.21	15.94%
Scotts Miracle-Gro Co. (NYSE: SMG)	May-20	$122.53	$160.57	Buy	$131.17	32.53%

The Long Short Portfolio

Company/Symbol	Rec. Date	Rec. Price	Curr. Price	Rating	Trailing Stop	Total Gains
CME Group (Nasdaq: CME)	Jun-20	$178.90	$168.10	Buy	None	-5.09%
Fiserv (Nasdaq: FISV)	Sep-20	$99.85	$100.59	Buy	None	0.74%
Logitech (Nasdaq: LOGI)	Jul-20	$65.22	$71.03	Buy	None	8.91%

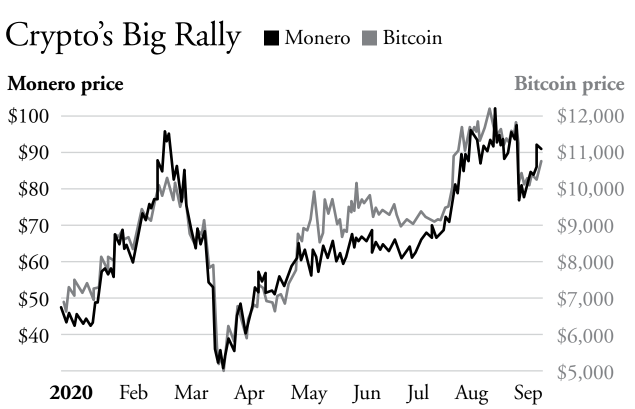
Note: Because this is a long-term portfolio based on the eventual unfolding of volatile, unpredictable events, we will not use trailing stops. Do not put more than 5% of your total portfolio into these positions.

Modern Asset Portfolio

Company/Symbol	Rec. Date	Rec. Price	Curr. Price	Rating	Trailing Stop	Total Gains
Monero (XMR)	**Oct-20**	**New**	**New**	**Buy**	**New**	**New**

Last Update: 9/15/20. Gains include dividends.

Appendix



Source: StockCharts

Further Reading

"A Long Run House Price Index: The Herengracht Index, 1628-1973," Social Science Research Network: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=598.

"Don't Let the Nobel Prize Fool You. Economics Is Not a Science," *The Guardian*: https://www.theguardian.com/commentisfree/2015/oct/11/nobel-prize-economics-not-science-hubris-disaster.

The Current State of Gold... and How to Profit, Manward Press: https://manwardpress.com/video/the-current-state-of-gold-and-how-to-profit.

"How to Buy Monero (XMR)," Kraken: https://www.kraken.com/en-us/learn/buy-monero-xmr.