MANWARD*letter*

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The Market Has Changed: It Could Be the Biggest Danger of Our Lifetimes... or the Biggest Opportunity

Dear Reader,

There's something happening on Wall Street.

It could be the biggest danger of our lifetimes... or the biggest opportunity.

It all depends on what move you make next.

What's happening has been growing for years. It started when then-President Richard Nixon burned the ties between gold and the dollar. The 50 years since have seen a steady devaluation of our money.

That devaluation has come in many forms.

Some are obvious. A dollar buys less, of course.

Because of that, our government borrows more than it ever could before... and simply prints when borrowing is too much of a hassle.

It's created a mess.

But that's talked about often... perhaps too often. The damage is clear and obvious.

There's something else that all this funny money has done. It's equally dangerous. But instead of dancing around in the spotlight like a drunken fool... this enemy likes the shadows. It hides behind the curtains, whispering ill thoughts to anybody who stumbles by.

The Haywire Trade

We see it across the stock market these days.

Folks claim the game is rigged. They say that the hedge funds are "parasites." And they say owning stocks is a rich man's game.

We saw this clearly in the mess around GameStop.

The company is expected to lose money this year and next. Its sales are down. Its business model has been pushed aside by new technology and a new way of doing things.

But that hasn't stopped mobs of folks from tossing their money at the stock. They've become a perverse type of activist investor. But they're not buying shares to get more votes at the annual shareholder meeting.

No... they're buying so they can "stick it to Wall Street."

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 Financial Digest*, as well as in the pages of *Manward Letter*. He also helms the award-winning investment advisory services *Alpha Money Flow* and *Venture Fortunes*.

Inside...

And that's where things go haywire.

It's the result of trillions in funny money... maddening economic policy... and a generation that's never been anything but digital.

It's created a massive disconnect between owning a stock and owning the company behind it.

I'd be willing to bet that not one in a hundred – no, not one in a thousand – GameStop traders bothered to look at the company's balance sheet.

Even fewer bothered to research the cost of the debt on its books. Fewer still researched the company's inventory... or pondered how much real estate it owned versus rented.

Instead, they followed the hype... trusted the headlines... and dove in headfirst.

When they lose money, they don't blame the fellas in the mirror. They don't admit they never looked at their moves as a business owner would. They don't go back and figure out where their calculations were wrong.

They merely say the game is rigged.

Investing Is Real

When I first started in the industry, analysts were paid to count desks and walk through factories. They put a price tag on everything they saw – phones, conveyors... even bins of bolts.

After all, the investors who followed their research were buying a company – even if just a small slice of it.

Today, the stakes are even higher. Megacorporations are valued in the trillions, and great fortunes can be made – or lost – as trillions of freshly printed dollars flow into circulation.

It's why the hedge funds that are supposed to have "rigged" the system are paying for expensive satellite technology to monitor parking lots for sales trends.

It's why they pay millions for credit card data. And it's why a big-time analyst might focus his entire work on just one or two companies.

These folks know that they're not buying a meme stock. They're not investing on emotion or to prove their social standings.

They're buying real companies with real businesses.

In that way, the stock market is one of the greatest inventions of all time. It gives equal access to all.

But it's up to us to understand it and take advantage of it.

If your next stock purchase is made just to show you're socially "woke," you'd better get used to being broke.

But if your next move is driven by a yearning to own a slice in one of the best companies – and best revenue streams – on the planet... then, congratulations, you're well on your way.

A Healthy View

I'm not saying America has lost its entrepreneurial might.

It hasn't and, I pray, never will. But many Americans have lost sight of the dream that's synonymous with our flag.

They instead rely on funny money. They play a whim. And they follow the crowd.

It's forced us to change the way we invest. Business fundamentals don't play the role they once did. Some of the greatest trades in the Manward world this year have taken advantage of this shift.

But here's what hasn't changed...

When we buy a stock, we are buying a slice of the company behind it. We own a piece of the desks in the office. We own a cut of the inventory. And we're entitled to a chunk of the profits.

From that perspective, things are quite appealing.

It's a refreshing view of a market that may otherwise appear maddening.

The "dangers" of Wall Street wash away, and the opportunity becomes clear.

That's why the pages that follow are dedicated to the idea of entrepreneurialism and the immense wealth-generating power that comes with it.

By understanding these concepts, we can make smart investment decisions. We can invest in the very best companies with the very best products. And, most importantly, we can prove that the market is absolutely not rigged against the little guy.

Keep reading to learn why I'm convinced we're on the cusp of something big... the very best way to play it... and a whole lot more.

Be well,

Andy

The "Next Big Thing" Was Just Born... This Is the Perfect Way to Play It

We are on the cusp of the biggest boom in innovation we've seen in decades... perhaps generations.

Everything we need for it to happen is here.

We've had a big economic downturn. Lots of folks are unemployed. At the same time... there's new technology. And there is plenty of money to go around.

History tells us that the fuse is lit. **We're about to see a very big, very profitable boom.**

It's no secret that some of the biggest, most successful companies of our time were created during a strong recession. Uber and Airbnb both came to life during the Great Recession.

They are products of their times.

Airbnb, for instance, got its start when its unemployed founders needed some quick cash to pay their rent. With a big conference in town, they decided to open their home to strangers.

They rented out a few air mattresses and created a website called Air Bed and Breakfast to advertise their new – and, at least at the time, temporary – venture.

They charged $80 per night and soon had folks sleeping on their floor. Today, thanks to their entrepreneurial drive and the ideal economic conditions when they kicked off their business, Airbnb is now worth $90 billion and employs some 5,400 folks.

And this isn't just a modern phenomenon. It's a common theme throughout history.

The company that became IBM got its start in 1911... in the midst of a two-year panic. The timing was right to combine four companies into one.

Knowing folks could use a smile in 1929, Walt Disney incorporated his namesake firm that year. He did it in very scary times. Stocks were losing value quickly... and Disney made his move just 13 days before Black Tuesday. He made smiles... and a pile of money.

Entrepreneur Jay Pritzker knew a good deal when he saw one during the recession of 1958. He used the cheap prices created by a downturn in travel to snap up the Hyatt House motel outside of LAX. His dirt cheap entry price and the returns that ensued helped build a company worth $8 billion today.

I could go on. The history books are filled with tales of huge companies that not only got a start during an economic slowdown... but were successful because of it.

Again, that's when unemployment is high, when new ideas are needed to overcome new obstacles, and when savvy thinkers and investors know that the rewards are greater than the risk.

Right Time... Wrong Person

Given where we've been over the last 18 months, I can't help but think that the next blue chip billionaires are just now nailing shingles beside their doors. I'm utterly convinced that, despite the headlines and the fear, we're watching the birth of the next big thing.

Sadly, though, most folks will not take advantage of the boom. Most folks will never start a business.

It takes a rare combination of enthusiasm, timing and idea to create an entrepreneur. Research shows that only 1% to 2% of the workforce will start a business in any given year.

When I recently chatted over the fence with a neighbor, I told him of the obstacles I face with the local government. In order to bring my latest venture to life, I must appear at a hearing and prove to a reluctant zoning board that my plan meets all its criteria.

"Good for you," he said. "Forget about any naysayers. The folks around here don't like any change. Most would never have the guts to start a new business."

Doing some finger counting, I'm on my fourth venture in as many years... with a fifth one currently maturing on the back of a napkin.

To be fair, I've got resources, experience and education that most folks don't. An MBA and thousands of hours studying business models and financials are valuable assets most folks don't have.

But does that mean the average person needs to sit this boom out? Will they be forced to watch as yet another cycle creates more millionaires next door? Absolutely not.

Over the years, I've determined an entrepreneur needs four key things to survive:

- Drive
- An idea
- Risk tolerance
- The right personality.

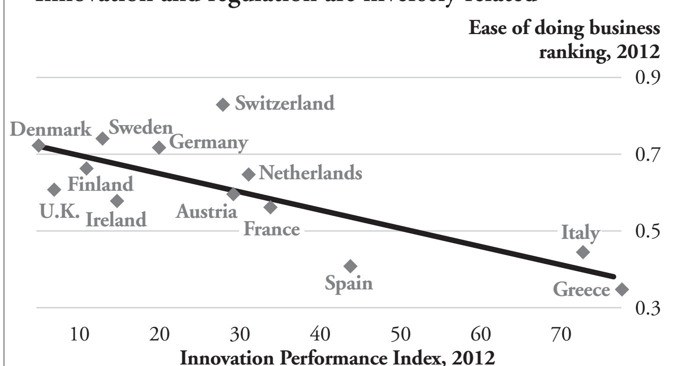
And even if they have all that, they need something else... something that's even more important. I already alluded to it.

Right Person... Wrong Place

To have the best chances of succeeding, a person must live in a place that is open to the entrepreneurial mindset. Study after study proves that where we live plays just as important a role as the idea we have.

This chart shows the results from a World Bank study of European markets. It shows the ease of doing business directly correlates to a startup's success.

Innovation Needs a Business-Friendly Home
Innovation and regulation are inversely related



Source: Innovation Union Scorecard; World Bank

It makes perfect sense. Fewer regulations, fees and obstacles surely lead to better business. But it's not all quite so obvious.

We must also consider the very mindset that leads to fewer regulations and a more business-friendly environment.

In these areas, folks are open to new ideas, they know the value of a young firm that does things differently, and – this is big – folks want to work for companies doing new things.

It's one thing to have a big idea... It's a whole different thing to scale a business with folks who see things the way the founder does. In some areas, the latter can be downright impossible.

Changing Direction

Research out of China proves the idea...

In 2000, Beijing began a concentrated effort to embrace entrepreneurs. It realized that private businesses are far better at creating growth than the state. And, boy, was it proven right.

Twenty years ago, the total sales of the country's state-owned firms equaled those of its privately owned companies.

The economy was essentially divided in half. By 2013, revenue at companies owned by Beijing had risen sixfold. But in the 13 years after China changed its mindset on business... private companies saw sales surge 18 times.

Even more importantly, profits at state-owned companies went up seven times, while private profits soared 23 times.

Clearly, the right mindset and the right legal environment matter. But, again, not all investors 1) have the drive or the ideas to start a new business, 2) live in a business-friendly area, and 3) have the resources or time it takes.

Does it mean they can't take part in this upcoming boom? Absolutely not.

Publicly Traded Entrepreneurs

It was May 2018 when I first told *Manward Letter* readers about the profit potential of business development companies (BDCs). "Think of BDCs as private equity funds for the mom-and-pop investor," I wrote.

Created in 1980 when then-President Jimmy Carter signed an update to the Investment Company Act of 1940, BDCs are a clever (and lucrative) way to invest in some of the country's most innovative companies. They are simple. BDCs are closed-end funds that are investment companies.

They collect cash by selling shares of their stock and then invest that cash in small to midsize businesses. The cash goes toward deals that are typically in the form of loans (which makes a stake in a BDC an ideal income-generating asset), but equity stakes are also common.

By law, a BDC must invest at least 70% of its cash in nonpublic U.S. companies with market values of less than $250 million. That means many of the stakes are in young businesses. Most represent fresh, new ideas. And almost all of them are in small firms looking to grow much bigger.

Sounds perfect for our current environment, right? It is.

It's like investing in a private equity firm... but all it takes to get in is a single ticker traded on a major exchange.

As a BDC's investments pay off... shareholders profit handsomely. As I write, dozens of BDCs offer yields of 8%... 10%... and even 12%. And, better yet, many of them are starting to see their share prices surge higher as economic conditions ripen. Again, the timing is ideal.

With interest rates at or very near record lows, with oodles of free money looking for a home, and with the winds shifting greatly in favor of eager entrepreneurs, adding a BDC to our Modern Asset Portfolio makes great sense.

It will pay to own a stake in a firm that profits as this entrepreneurial boom takes shape.

BDCs do not get much coverage from financial pundits... but they should. They offer tremendous profit potential.

I detail my absolute favorite on the next page.

Introducing Alpesh Patel: The Queen's Dealmaker

I'm quite serious about my passion for entrepreneurialism and the boom we're about to see.

Over the last 18 months, savvy thinkers have transformed huge parts of the economy. Many did it in record time.

Smart investors are about to reap the rewards. The opportunity is so large that I recently refocused one of our trading research services – *Venture Fortunes* – on the opportunities in the realm of venture capital. These include SPACs, IPOs and young, quickly growing startups. But that's not all...

In August, my team and I finalized a huge deal with one of the greatest entrepreneurial experts and thinkers on the planet. Alpesh Patel has worked directly with Tony Blair, the queen of England and leaders of countries all over the globe. They all want to tap his insights on business building and attracting big sums of capital to their markets.

When I sat down to chat with Alpesh on a recent Zoom call, he chuckled as he showed me his official business card from the U.K. government. It simply says "Dealmaker."

I am very excited to have Alpesh bringing his expertise and ideas to Manward readers.

As a *Manward Letter* subscriber, you will receive his commentary and, very soon, have the opportunity to directly take advantage of his investment ideas.

His unique perspective has helped him significantly outpace the market and take top spot in *Financial Times'* prestigious investing contest. I'm serious about bringing you the very best ideas and wisdom.

You're going to love what Alpesh has to offer.

THIS MONTH'S STOCK PICK

A Rock-Solid 7% Yield From the Biggest and Best Venture Investor on the Planet

This is it… your chance to invest in tomorrow's big-name stocks… with just a single ticker.

It's your shot at market dominators like DoorDash, Plug Power, Trulia, Uber, Lyft, Nextdoor, 23andMe, Codiak Biosciences, Geron, Wheels Up… and dozens and dozens of other companies (most of which are yet to hit the public market).

It's your chance to get in on a play that yields more than 7% annually... and is in the midst of a record-crushing year. And, best of all, it's your opportunity to get in on some of the best and most lucrative deals in the market… all thoroughly vetted by some of the savviest investors on the planet.

Hercules Capital (HTGC) is a different kind of BDC.

While most of the industry is considered "publicly traded private equity," Hercules is the dominator in a unique niche of the market. It's the leader in "publicly traded venture capital." It's exactly where we want to be in times like this.

When cheap money, fresh technology and a shaken-up economy are set to create an eruption of new, fast-moving businesses, we don't want to play the stodgy, conservative side of the sector.

We want a stake in a company that's focused its expertise on getting new ventures to the next level.

Funding the World

Hercules has a simple mission: to be the best source of funding for startups and young companies. Since its launch in 2003, the BDC has done just that.

It's made more than $12 billion in capital commitments (in the form of equity, warrants and loans) to well over 500 companies – including all of those big names I mentioned.

And, this is big, it is now considered the largest non-bank source of venture lending on the planet.

That means it has a steady stream of deals coming its way, allowing its analysts to be quite particular with the company's investments.

This explains why Hercules has some of the best and fastest-growing names in its portfolio of investments.

It also explains why the company just marked a big milestone. During the first six months of the year, the company made fresh equity and debt commitments of $971.7 million... a record.

With a figure that large, it is important to understand what sorts of things the company invests in. It doesn't put its money into collateralized loans – the troublesome and hard-to-value assets that got banks in trouble in 2008.

It doesn't invest in oil, gas or minerals. Commodities like those are too volatile and don't fit its goal of investing in good, quickly growing companies.

Instead, Hercules focuses on pre-IPO companies and publicly traded firms that are active in the mergers and acquisitions realm.

The BDC is typically a company's only lender, and 8 in 10 of its loans are senior secured loans. And because shareholder return is the ultimate goal, the majority of Hercules' deals include warrants that add a strong kicker if a company takes off and its value surges.

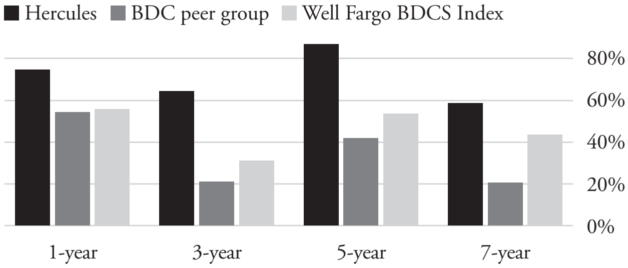
It's a model that has treated shareholders quite well.

Best in Show

Over the last seven years, Hercules has easily outperformed its closest competitors and the BDC industry as a whole.

Best in Class

Hercules' total shareholder return vs. BDC peer group vs. Wells Fargo BDCS Index



Source: Company reports

But as the latest entrepreneurial boom takes shape, I'm convinced that not only will this trend continue, but the gap between Hercules and the rest of the bunch will continue to grow.

That's what has me convinced that not only is Hercules' big 7% annual payout perfectly safe, but its share price is likely to rise significantly in the coming months.

We'll start with the payout. Reliable yields this big are tough to find... but we've got one here.

Get this... During the first half of the year, Hercules generated enough from net interest income to cover 100% of its dividend.

That means the money it received from its loans more than covered the payout and the company could use the sale of stock, warrants or underperforming loans to make new investments.

The strong performance led not only to the company's highest-ever internal credit rating... but also to record levels of new debt ($972 million) and equity commitments ($634 million).

It's those last two figures that have me expecting a significant rise in share price over the coming quarters.

As the current trend continues, the BDC's portfolio will continue to expand and spin off large amounts of cash and value for shareholders.

The numbers add up to one of the safest yields in the entire BDC sector.

Even better, especially for an interest rate wonk like me, the majority of the company's loans are short term, maturing in just 36 months or so. And almost all of them are variable-rate loans with strong floors.

This means that if rates rise, the company won't be burdened for years to come with today's low interest rates.

Ready for Big Profits?

But here's the kicker that makes this stock an absolute no-brainer both for investors looking for a safe yield and for folks looking for a stock that could double in the next couple of years. It's the IPO boom.

As you've surely heard, IPO activity has never been hotter than it is right now.

With stocks at record highs, company founders and their backers (like Hercules) are taking full advantage of this trend. As of the end of July, there were $89 billion in IPO proceeds this year.

That smashed the record for the first seven months of a year and is only $8 billion away from the all-time full-year record.

Hercules is geared up to take advantage of it. As the companies it has stakes in go public, its equity and the warrants (which can lead to even more equity) surge in value.

So far, more than 200 of the firms Hercules invested in either went public via an IPO or merged with other companies. These have created billions of dollars in profits for the BDC and its shareholders.

Income... Profits... and the Next Big Thing

So what exactly are you getting when you buy a share of Hercules?

You're getting a slice of a private venture firm that trades on the public market and pays a healthy 7% yield.

It buys stakes in the hottest publicly traded companies, grabs large pre-IPO positions in the country's most promising startups and creates senior-level loans for companies that are growing quickly.

As I mentioned, it has ownership stakes in companies like Uber, DoorDash and Lyft. It loaned $50 million to Geron. And it has a senior loan with Evernote worth $20 million.

Right now, in fact, it has loans of between $5 million and $200 million outstanding with 92 companies. It has an equity stake in 67 companies and warrants in another 93.

With the stage set for a big boom in startups and with dirt cheap interest rates creating huge demand for what Hercules offers, this is an ideal play for our Modern Asset Portfolio.

Because Hercules is the biggest and best in the industry, we will add this high-yielding, rather conservative stock to the **Domestic Blue Chips** portion of our portfolio.

Action to Take: Buy shares of **Hercules Capital** (NYSE: HTGC) at the market's price. We will use our standard 25% trailing stop on the play.

Manward contributor Joel Salatin calls himself a Christian libertarian environmentalist capitalist lunatic farmer. Others call him the most famous farmer in the world, the high priest of the pasture and the most eclectic thinker from Virginia since Thomas Jefferson. He's been featured in radio, TV and print – everything from Food, Inc. *and* The Omnivore's Dilemma *to* National Geographic *and* The Washington Post.

Small Business vs. Big Gov: How Things Really Work

Before returning to the farm full time, I spent a couple of years as an investigative reporter for our local daily newspaper. I've always been a newsaholic and loved being "in the know."


Joel Salatin

I had a couple of experiences during that time that forever impressed me with how things really work.

A young couple came into a Board of Zoning Appeals meeting asking for a variance in order to build a car wash. Their rural town was small, unincorporated and several miles from the nearest commercial area. The county administrator grilled the couple about their business plans, the traffic count on the road, water retention and other things pertinent to a car wash business.

Although somewhat intimidated, these would-be entrepreneurs had good answers. They'd done their homework and were convinced it would work. But the unimpressed county administrator, in tyrannical, condescending fashion, concluded the public hearing with "This is not a good business plan, and it won't be successful."

The board denied the request on the spot. Over the many years since, I've often wondered what happened to that enterprising couple. Did they ever turn their dream into a small business? Or are they flipping burgers at McDonald's?

Big Favors

Around the same time, a massive Little Debbie plant came knocking on the county's door. The company asked to rezone a large parcel of agricultural land. The zoning board approved the change quickly and easily.

In fact, the county guaranteed that any management-level employee who relocated to the county to lead the plant would be guaranteed spousal employment in the county school system if the spouse was a teacher. Meanwhile, county born and raised young folks trying to get teaching positions were told nothing was available.

The county charged less for that massive 40-acre plant's water hookup than it charges for a residential hookup.

The Bigger the Better

Over the 2 1/2 years I reported on these goings-on, I saw many similar handlings within local county government.

When I stepped into our farm business full time, it was no different. Whether government officials are local or national, they seem to generally bow at the altar of big. The bigger the project, the more bureaucrats like it.

Regulators move heaven and earth to accommodate big business, but a small business can't get a handshake.

These experiences have led me to conclude that a society cannot have thriving small business if it supports Big Government. In other words, the chances of vibrant small-business opportunities are inversely correlated to the size of government.

The bigger the government, the bigger the business. The smaller the government, the more positive the habitat that exists for small-business development. The reason is fairly simple: compliance.

Hidden Tax

Perhaps the largest hidden tax in any culture is the cost of compliance. As regulations multiply, with their required licenses and paperwork, the overall cost of compliance grows.

Generally, licenses do not differentiate size or type. They tend to use a "least common denominator" mentality.

In other words, the license for a food establishment is the same whether that business takes in $10 million a year or $500,000. It's one license and hangs prominently on the kitchen wall.

The license to make and sell cheese, for example, makes no concession if you're simply dipping your toe in the water, trying some recipes and seeing if this is something you enjoy.

Selling 1 pound of trial Colby requires the same license as a cheese manufacturer making and selling 100,000 pounds a day.

Because bureaucrats cater to bigger businesses, they routinely refine the rules to bring big business "innovations" of protocol and infrastructure into the licensing process.

This license creep escalates the capital costs for startups, reducing new outfits and, therefore, the competition facing those already in the business.

Someone launching a smoked meat business 50 years ago had almost no regulatory hurdles. Today, the same entrepreneur faces a 2-inch-thick book of requirements.

All of this is done, of course, to ensure safety. But what is ultimately safe about denying choice in the marketplace and discouraging competition that succeeds only on a standard of excellence?

Small businesses need to provide better services or products in order to compete with big brands.

As government oversight hampers small-business competition, big brands enjoy unwarranted success.

It's not success based on merit. It's success based on artificial regulatory intervention.

Blatant Disrespect

Several years ago, my wife and I purchased a 40% interest in the local abattoir our farm uses for beef and pork processing. I was there one day talking business with our partner.

All our workers had gone home... It was right at quitting time. In strode two federal Food Safety and Inspection Service agents, flashing their bronze badges and asking whether we had a license to sell meat.

Now, folks, our packages carry our federal establishment number, known as the "blue buzz" in meat processing circles. Every licensed abattoir in the nation has an establishment number.

That number costs about $1 million in paperwork and regulatory compliance, all in addition to the actual facilities and tools.

Does anyone reading this think these two gumshoes would walk into a Cargill or Iowa Beef Processors plant at quitting time to accost the owners with asinine questions? Their department issued our license, for goodness' sake.

The blatant disrespect and condescension on the part of these men made me want to go postal. In fact, I left immediately because I couldn't handle that level of intrusion and stupidity. These fellows draw nice, fat paychecks, get a bunch of paid holidays a year and have fancy pension plans. They don't give a lick whether we can meet payroll or make a profit.

Damage Control

Perhaps the most egregious example came a couple of years later when my partner-owner called me in a panic to report that our plant had been shut down by inspectors for violating animal welfare standards.

Our kill floor manager had retired, so the second in command moved up. On his first day, we had a brand-new inspector, fresh out of food police school, visit. As it turns out, she'd been prepped by the senior men in the department: "Make sure you establish your authority quickly and early, or these guys will run all over you."

A new inspector, like anything new, creates its own tension. Will she be nice? Will she be a tyrant? What's her hot button? Add to that tension the fact that our kill floor guy was in charge for the first time in his life, and you have a stressful situation.

When he administered the captive bolt to a pig, he missed. The pig squealed. He reloaded and got it the second time. The brand-new inspector freaked out, shut down the plant and wrote us up for a major infraction.

Our plant was down for a week – no paychecks, no work. We reopened only after promising the moon to the inspectors. In the process, we learned that if we had one additional step in our written protocol (a plan B), we would have been compliant.

Technical nuances of compliance occupy hours at industry trade conventions. "How I comply in four easy steps" is a favorite topic among the big brand managers when they get together. In our little neighborhood facility, however, we don't have a big expense account to attend these exotic industry get-togethers, keeping us out of the inside information track.

The point here is that we got shut down NOT because of an animal welfare issue (which is what the report said) but because we did not have a written fallback plan in case the first procedure didn't work. Our fault was not procedural. It was proper paper instructions. Since our plan did not have a plan B in case plan A failed, we had a violation.

Of course, people who troll these violations saw this pop up and immediately forced me into reputational damage control.

"Look at this guy, who purports to honor the pigness of the pig, and his own processing plant violates animal welfare standards." It was ugly. But the whole debacle occurred because we were a small plant, not a big one.

It's Simple

Success demands that small-business folks band together to share workarounds and techniques for dealing with the burdensome bureaucracy. That's why I've helped launch the Rogue Food movement with helpful stories and successful noncompliance practitioners from around the country.

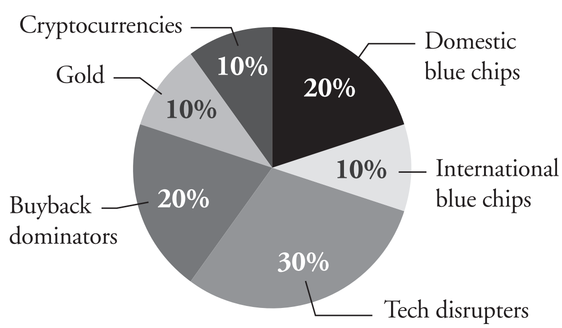
In Virginia, we have the Virginia Independent Consumers and Farmers Association. We've been instrumental in carving out regulatory concessions for small outfits.

It's simple. The more small businesses we have, the more choice we'll enjoy in the marketplace. And the less government oversight we have that is tailor-made for big business... the more small businesses we'll have. ■

Modern Asset Portfolio — Negative Real Interest Rates

Company/Symbol	Rec. Date	Rec. Price	Curr. Price	Rating	Trailing Stop	Total Gains	Category
ABB (NYSE: ABB)	May-21	$32.42	$37.52	Buy	$28.49	15.73%	Buyback Dominators
CME Group (Nasdaq: CME)	Jun-20	$178.90	$197.58	Buy	$164.14	14.27%	Domestic Blue Chips
CSX Corp. (Nasdaq: CSX)	Mar-21	$30.60	$33.76	Buy	$25.72	10.63%	Buyback Dominators and Domestic Blue Chips
Fiserv (Nasdaq: FISV)	Sep-20	$99.85	$114.26	Buy	$94.91	14.43%	Tech Disrupters
Gartner (NYSE: IT)	Jun-21	$233.70	$302.20	Buy	$232.37	29.31%	Buyback Dominators and Domestic Blue Chips
Hercules Capital (NYSE: HTGC)	**Sep-21**	**New**	**New**	**Buy**	**25% TS**	**New**	**Domestic Blue Chips**
Kearny Financial (Nasdaq: KRNY)	Aug-21	$12.06	$12.75	Buy	$9.74	5.72%	Buyback Dominators
KBR (NYSE: KBR)	Apr-20	$21.45	$38.52	Buy	$31.76	82.00%	Domestic Blue Chips
Logitech (Nasdaq: LOGI)	**Jul-20**	**$65.22**	**$104.65***	**Sell**	**$104.03**	**61.80%**	**Buyback Dominators**
Monero (XMR)	Oct-20	$95.52	$253.23	Buy	None	165.11%	Cryptos
Nano-X Imaging (Nasdaq: NNOX)	**Jul-21**	**$31.53**	**$24.06***	**Sell**	**$24.04**	**-23.69%**	**Tech Disrupters**
Qiagen (NYSE: QGEN)	Apr-21	$49.78	$52.63	Buy	$39.56	5.73%	International Blue Chips
Physical Gold							Gold

MAP Allocation — Negative Real Interest Rates



Interest Rate Monitor

This Month	Last Month
-1.05%	-0.98%

10-Year Real Interest Rate

Last Update: 08/18/21. Gains include dividends.
***Based on official sell date.**

Further Reading

"The Rise of Entrepreneurship in China," *Forbes*: https://www.forbes.com/sites/tseedward/2016/04/05/the-rise-of-entrepreneurship-in-china

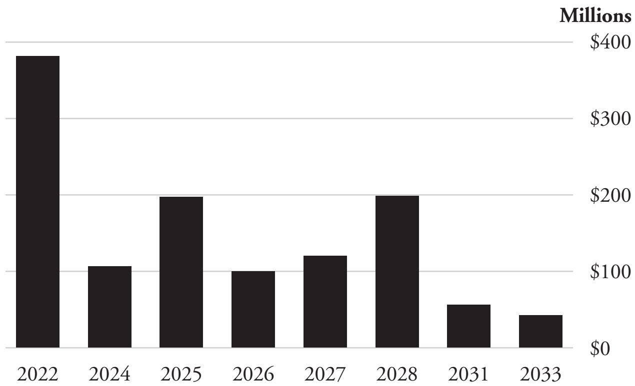
"The Pandemic Has Created a New Generation of Entrepreneurs," Nasdaq: https://www.nasdaq.com/articles/the-pandemic-has-created-a-new-generation-of-entrepreneurs-2021-08-11

"Why a Recession Can Be a Good Time to Start a Business," BBC: https://www.bbc.com/news/business-53075485

Appendix

Hercules Debt Maturity Schedule

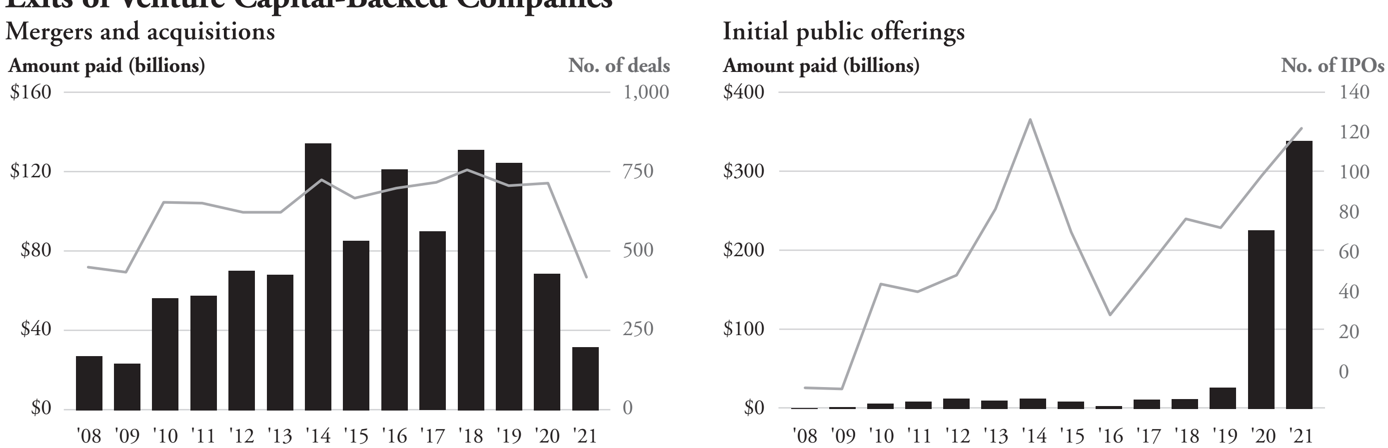
A steady influx of cash coming back to the company



Source: Company reports

Big Recession-Born Companies	
Disney	1929-1933 Depression
Hewlett-Packard	1937-1938 Recession
Hyatt Hotels	1957-1958 Recession
Trader Joe's	1957-1958 Recession
FedEx	1969-1970 Recession
Microsoft	1973-1975 Recession
Electronic Arts	1981-1982 Recession
Mailchimp	2001 and 2009 Recession
Uber	2007-2009 Recession
Airbnb	2007-2009 Recession
Slack	2007-2009 Recession
Warby Parker	2007-2009 Recession
Venmo	2007-2009 Recession

Exits of Venture Capital-Backed Companies



Source: Dow Jones VentureSource (through 2019); PitchBook-NVCA Venture Monitor (through Q2 2021)