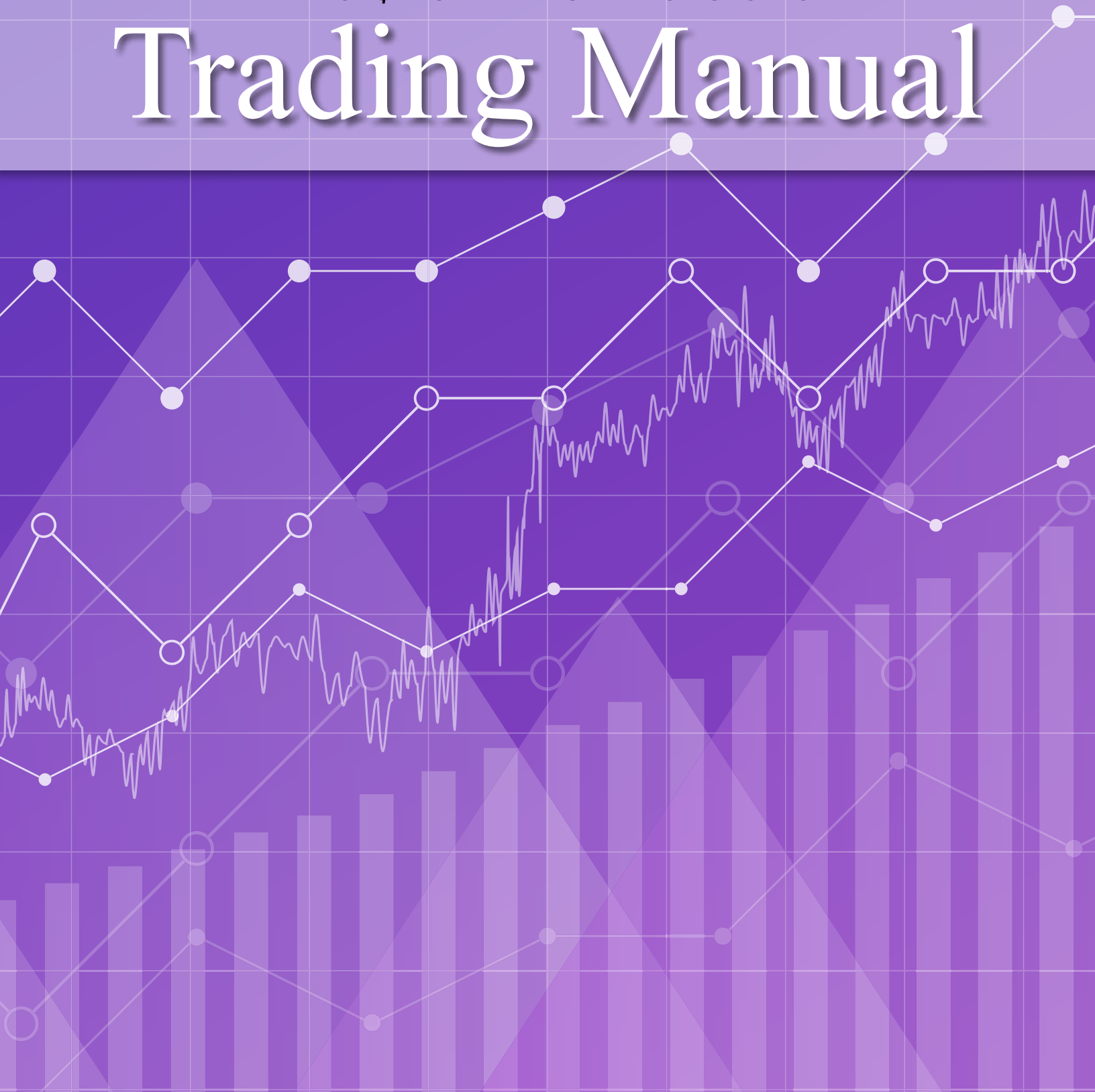


Finding Hidden Market Opportunities:
The \$10 Million Portfolio

Trading Manual



Finding Hidden Market Opportunities:

The \$10 Million Portfolio **Trading Manual**

GROWING up, my father was my hero.

He was born in 1933 in a tiny village in India at a time when the country was incredibly poor, with people dying of hunger every day. His mother died when he was three, and his father passed away when he was 20.

Somehow, he managed to put himself through college. But even when Dad got a job in Bombay — India's biggest city — he was still broke, with a family to support.

So in 1974, he applied for a job in Dubai, a little-known place at the time.

His friends and family begged him not to go when he got the position. But while India's prospects were horrible, Dubai had just found oil. My dad knew taking a chance on Dubai was a better bet — a calculated risk.

"I have nothing to lose," he told his family when he took the job.

In hindsight, going to Dubai was a no-brainer. The city grew spectacularly, and Dad made 100,000 times more money than if he'd stayed in India.

By the time he died in 2000, he'd put my sister and me through college. And he'd saved enough so my mom never had to work or worry about money.

My dad took a calculated risk when he took a chance on Dubai, and it paid off in spades.

I'm my father's son. Calculated risk-taking is my philosophy when it comes to investing and trading. If there's one thing I've learned from my 25 years in finance, it's that there's always money to be made somewhere.

And just like my dad discovered when he took a chance on Dubai, sometimes the best opportunities come from the most unlikely of places.

For example, one of the biggest trades of my career came during the 2008 financial crisis. During that time, Fannie Mae — the country's largest holder of mortgages — went into bankruptcy.

After making a few calls to my network on Wall Street, I found out Fannie Mae was issuing preferred stocks to raise money as quickly as possible. The firm was willing to do just about anything to stay out of the graveyard.

To sweeten the deal, the preferred stocks had an 8% coupon with a par value of \$25. That means investors would get paid an 8% dividend if they invested \$25 per share. But here's the thing ... Fannie Mae needed money so badly that, back in 2008, I was able to pick up these preferred stocks for as little as 35 cents a share.

As an added sweetener, I was given a warrant for every preferred share I bought. These warrants gave me the right to buy additional common stock at a set price per share.

All told, I knew this was an amazing opportunity to make a huge amount of money. So, I called my broker and put in my order.

Fast-forward to today, and I'm already up *7,142% on this one single trade*. When all is said and done, I expect to make 10,000% or more.

While I don't feel comfortable saying exactly how much money I've made ... let's just say that I could easily bring in \$100,000 for every \$1,000 I initially invested.

Clearly, this was the trade of a lifetime. But here's the thing: Back in 2008, this looked like one of the riskiest investments of my career.

In fact, my friends and family called me crazy for getting tied up with Fannie Mae. They told me I was making a huge mistake, and that I'd never see my money again.

I don't blame them for thinking that way. At the time, Fannie Mae looked dead as a doornail. But after making a few calls on Wall Street, I knew I was witnessing a sizable investment opportunity.

I call trades like these "spec op" investments, because only highly skilled experts with honed analytical skills are able to target these special-situation trades and not lose their shirts.

And that's where *The \$10 Million Portfolio* comes into play.

See, I've been assembling a highly skilled team of analysts with expertise in multiple disciplines. Their sole purpose is to help me find these hidden spec ops trades — investments that other analysts either don't know exist, or are too afraid to make on their own.

One of these members is a financial expert with over 25 years of experience in the field. His specialties lie in educating other investors about current market situations and in pinpointing hard-to-find, obscure investment opportunities that even seasoned analysts are hesitant to jump on.

By combining my Wall Street insight with his expert analysis, we're going to show you how to turn a small \$10,000 account into a \$10 million fortune.

You'll make the same kind of winning trades that handed me 7,142% on a single investment ... without the added risk of going it alone.

With that said, I'm going to turn the remainder of this trading manual over to the leader of my spec ops task force, Rick Pendergraft.

— *Paul Mampilly*

Introducing Rick Pendergraft

As Paul just mentioned, we're going to target unique stock market opportunities in this portfolio. Some of them you might be familiar with, and others you may have never heard of.

But each individual investment will be made with the same goal in mind: building your current portfolio into a \$10 million windfall.

Before we get into the finer details of this service, I want to tell you a little bit about me.

I started investing at the age of 17. The minute I started, I was hooked.

I've now been investing in the market for over 25 years, having started my career at Schaeffer's Investment Research. While there, I trained under famed options trader Bernie Schaeffer, who taught me everything he knew about the market.

It was also there that I received an award for "top trader" at the firm.

Eventually, I went on to work in a number of different avenues in the financial industry, including investment research, investment publishing, banking and mortgage finance.

I've been quoted by the likes of Reuters, *Businessweek*, *Forbes*, *USA Today*, *The New York Times* and *The*

Washington Post, and have also given high-profile, on-air interviews on CNBC, Bloomberg and Fox Business News.

But despite all this, my greatest joy lies in educating other investors about current market situations, and helping them find alternative investment opportunities that largely get overlooked.

That's why Paul brought me on to help with *The \$10 Million Portfolio*. And I have to say, it's a huge honor.

With this service, Paul and I hope to make you more aware of alternative investment opportunities that go beyond your typical stock and options plays. While both of these assets can hand investors a large amount of money — there's a whole world out there full of lesser-known investment opportunities.

It's our mission to help you find them.

Our \$10 Million Portfolio Investment Opportunities

Before you can start making money with *The \$10 Million Portfolio*, it's important for you to understand the types of investment opportunities we're going to look at in this service.

Now, we may not get into each asset listed right away — this will entirely depend on market conditions and the companies we're looking to profit from. We may even add to this list as time goes on. But if that's the case, we'll let you know right away.

In the meantime, here's a rundown of all the things you may find in *The \$10 Million Portfolio*:

- **Preferred stocks:** In the beginning of this manual, Paul told you about the 7,142% he made buying preferred shares of Fannie Mae stock. But just what is preferred stock, you may be wondering?

Preferred stock gives investors priority over common shareholders. This comes into play when stocks come with a dividend — a sum of money paid regularly (usually every quarter) by a company to its shareholders.

So, when a company pays its shareholders a dividend, investors who own preferred stock always get paid first. Some companies offer something called a cumulative dividend, which allows unpaid dividends to accumulate.

Unpaid dividends pile up when a company experiences financial trouble. But if a shareholder bought cumulative shares, then all of that money gets paid back once the company's cash flow is back in the positive. And if you're a preferred shareholder, you get paid in full first — before all other common shareholders.

- **Warrants:** Again, Paul gave an earlier example of Fannie Mae warrants that he was issued when he bought preferred shares of the company in 2008.

A warrant is an asset that gives a shareholder the right to buy the underlying stock of the issuing company at a fixed price (called the exercise price) until a set expiration date. These function similarly to options.

Warrants are attractive to investors for many reasons. First, the price of a warrant is low, which gives the investor the opportunity to purchase underlying shares of a company's stock for a much cheaper price than they'd normally pay.

Second, the maximum loss on your investment is already known. That's because the maximum loss that you can take on a warrant is never more than the amount you initially invested. So, in a worst-case scenario, you may lose your entire premium (or 100% of your investment), but that's still a small amount compared to the losses you may have felt buying the underlying stock.

Lastly, warrants usually have very long expiration dates, which let you wait for the optimum moment to buy or sell the underlying asset. This gives you time to see how the underlying shares of a company are performing before you commit to buying them. And if the shares don't perform like you'd hoped before the warrant expires, your loss is again limited to the premium you paid for the warrant.

Keep in mind that while the potential loss on a warrant is 100%, this amount is still considerably

smaller than buying stock typically would be. Put it this way, would you rather lose 100% on a \$1,000 investment, or 20% on a \$100,000 investment?

I prefer not to take losses at all, but in this case, I'll take the first option every time.

- **Royalty trusts:** These give you the right to buy royalties on the production and sale of a natural resource company. They're mainly issued by oil and gas companies, though sometimes you'll see mining companies use them as well.

Royalty trusts are issued by a company as a way to raise capital. They're attractive to investors because they offer high yields compared to stocks and bonds — sometimes by as much as 30%.

And because they're considered capital gains, royalty trust distributions are also taxed at a lower rate. In some cases, you may even be able to defer tax payment on these assets, or be eligible for certain tax credits.

- **Collateralized debt obligations (CDOs):** These allow people to invest in a bundle of debt securities such as mortgages, bonds or loans. By buying a CDO, you're buying an asset that's being used as collateral for a loan.

Basically, it's an asset that's backed by either a collection of companies' or people's ability to pay off a mortgage, bond, loan or any other form of debt.

One thing to keep in mind is that CDOs are tiered. So, if you buy a top-tier CDO, the companies that have to make the payments on their loans are more credit worthy (and less risky) than a bottom-tier CDO.

CDOs are good tools for investors because they allow people to diversify their portfolios through one single investment. Top-tier CDOs are also incredibly safe investments, though it's important to note that they'll yield a lower return than a bottom-tier CDO.

- **Crypto coins (also called altcoins):** These are any cryptocurrency similar to bitcoin. They're built on blockchain technology, which acts as a global ledger that can't be controlled by any single entity.

The blockchain network automatically checks itself, or refreshes, every 10 minutes. Think of it as a self-auditing entity that records every digital transaction that takes place. This has two main benefits:

1. Transparency — All data that's embedded on the network is available to the public.

2. Incorruptibility — The amount of computing power that it would take to override the information stored on the blockchain network is so large, it's virtually impossible. This means that its data can't be manipulated.

While Paul and I are bearish on cryptocurrencies, believing they're in a bubble, we do like the underlying blockchain technology. So with that said, we're going to be extremely cautious about adding these assets to our portfolio — and will only do so when we feel it's exactly the right time.

And should we add any cryptocurrency to our portfolio, we will supply in-depth information on how to trade and manage these digital coins.

- **Foreign stocks:** One of the investments you're most likely to see in *The \$10 Million Portfolio* is foreign stock. Investing in foreign stocks means that you're holding shares of companies not only in different areas of the world, but that also are subject to different economic factors.

Investing in foreign companies is a great way to diversify your portfolio, because it opens you up to different market opportunities. And with 630,000 publicly traded companies around the world, there are plenty of different opportunities to go around.

One thing to keep in mind is that foreign stocks are subject to an exchange rate. This can be both an advantage and a disadvantage, because sometimes the U.S. dollar will be stronger or weaker compared to a foreign country's currency.

It is important that if we recommend a stock that's purchased on a foreign exchange that you actually

buy it on that exchange. Do **not** buy the American depository receipt (ADR), or American depository shares (ADS) that may trade on the U.S. over-the-counter market.

They are often thinly traded on the over-the-counter market and are vulnerable to increased volatility that could hurt your returns.

If you've invested with Paul before, then you know that he likes to issue buyzone charts with each of his recommendations. We'll be doing something similar for each foreign recommendation that we put into our portfolio, with one slight difference.

Each buyzone chart for a foreign-traded stock will have both the value of the shares you're buying in dollars and its corresponding foreign currency value.

Below is an example of a fictional Japanese stock:

Mampilly Holding – Symbol: MAM				
Value in Dollars and Japanese Yen				
BUYZONE				
Cheap	Less Cheap	Middle (Current Price)	Expensive	Very Expensive
\$42	\$45	\$47	\$49	\$52
¥46,541	¥40,195	¥42,310	¥44,426	¥46,541
-10.00%	-5.00%		5.00%	10.00%

Use the buy-up-to price based on your preference.

Don't worry about trying to figure out the exchange rate yourself. Again, this will be provided for you with each foreign stock trade, and each stock will have a different exchange rate based on the country the stock trades in.

Now, you may be wondering how we'll choose our foreign stock picks. The answer should sound familiar to you if you've followed any of Paul's other services.

We're going to use his same method of GoingUpness to choose global stocks, because while the country may be different, the core tenets of GoingUpness remain the same no matter where a company is located.

Some of you may already be familiar with GoingUpness. But in case you need a refresher, let's take a look at how this system works.

The GoingUpness System

So, how will we use the GoingUpness system to make big gains in global stock opportunities?

Well, Paul has spent hours researching how to get the best out of the stock market. And with his unique professional experience as a Wall Street insider, combined with his lessons from countless trial-and-error trades in which he tested this system with his own money, he's created something that works.

Of course, there are no guarantees in the stock market, so we won't pocket a winner every single time — that's simply the nature of the beast. But more often than not, we're going to pick a winner instead of a loser. Here's how we're going to do it...

When you boil it down, GoingUpness is a simple system that looks to find cues to tell you if a stock will rise.

As Paul researched and tested this system, he found that there are six main cues.

It's possible to find a stock that has all six cues, but just keep in mind that it is exceedingly rare. If we waited for that, we could end up waiting years in between opportunities, all while perfectly good trades pass us by.

So most of the time, we're looking for stocks with at least a couple of cues. And the most cues we'll likely ever see is four — but that's fine. In the end, more cues don't necessarily mean a better opportunity. In fact, depending on the stock, one cue can be more important than the rest combined.

Think of it as if you're a detective sniffing out clues. In one case, one great clue can solve the case. In another case, you might need three small clues to solve it.

That's why Paul likes to say that successful investing is not a pure science. Ultimately, it's an art — one in which you connect possibilities and make inferences between observations. So the key is not in connecting the dots, but in finding the right dots.

With that said, let's turn to Paul's six cues of GoingUpness.

They are broken into two sets. I'll list them out and then give you the details of each one. The first set is comprised of the qualities you look for in a stock, and each quality ends in "ness."

1. InDemandness

2. Insiderness

3. Buyness

The second set are the three abilities that stocks need to have. Each factor ends in "Ability."

4. ScarceAbility

5. ValueAbility

6. ManageAbility

Now for the details. Let's start with the first set:

- **InDemandness** means that a stock is in demand by buyers. Essentially, someone keeps buying the stock at current prices or higher. Paul's GoingUpness system has two ways to measure, monitor and track this...

1. Most of the time, an InDemand stock trades at or below its trend line. The 10-day moving average is the best example of the short-term trend line.

Keep in mind that "trend" is just short form for supply and demand. A dip, for example, means too many shares are being sold in the market, and that there's no demand for those shares at current prices. That's not good if you own the stock. It means that supply is too much for the current demand. As a result, the current price of the stock plummets.

Most of the time, once it falls below the trend line, you can expect it to keep dropping. Because of this, we want to buy stocks that are at or above their trend lines — aka their 10-day moving averages.

2. We also want stocks that are at least 20% above their 52-week averages. We use those numbers because an official bull market is one where a stock has gone up by 20%.

We also want to pay attention to a stock's 52-week low. This is an important indicator for investment analysts because if a stock hits it, it's probably headed lower.

On the other hand, if a stock hits a 52-week low and then climbs 20%, it's officially in a bull market — which is what we're looking to benefit from. Once a stock is in a bull market, we'll want to see it rise steadily to its 52-week high, because then it's a good bet that it will keep going higher.

Now, there are special cases in which this doesn't signal a solid stock: Stocks with very low prices can jump around by 20% or more in a single day. So you have to use your common sense and judgment with this element of InDemandness.

In the end, you can see that a stock has InDemandness when it goes up two days in a row, with rising volume. In other words, more people are willing to pay higher prices for the stock one day later. When you see this happening three days out of five, for two or three weeks, that's a sign the stock is going to keep climbing.

- **Insiderness** means that one of these things has happened to the stock recently, which reveals insider knowledge:

1. Insiders, namely the company's management, bought shares in the last six months, or they granted options to themselves.

A good sign, in particular, is if management buys back stock after a rapid decline. It means that they don't believe whatever put pressure on the stock is going to be permanent. It's also a sign that they think the stock is cheap and likely to go up soon.

2. If you see one company buying another company during a down-cycle in the industry, or when stocks are in a bear market, that's another sign of Insiderness. Good management knows its business, so it can tell when the industry is bottoming out and when stocks are cheap.

- **Buyness** means that a stock is hard to buy. See, when a stock is being accumulated by insiders, they make the stock unattractive to other investors.

An example is if the difference between the ask price (the price you pay to buy the stock) and the bid price (what you would sell the stock at) is higher than normal.

The difference is typically 2 or 5 cents, maximum. So in our picks, we'll look for a difference of 10 or 20 cents.

A wide gap between the bid/ask price makes the stock unattractive to naive buyers, who don't understand what's going on. So this tells me the stock is probably being accumulated by insiders who really don't want outsiders involved.

You may also find that when you go to buy the stock, the price keeps jumping higher or your order never gets filled — more deterrents. Another sign is sharp up-and-down spiking in the stock within the same day, which tends to scare people into selling their shares.

So, those are the three qualities that you want to see in a stock that has GoingUpness.

Now, let's move on to the three abilities that a stock needs to showcase to have GoingUpness.

As you might have noticed, Paul uses a different term when describing the second set. These are "abilities" instead of "qualities."

The difference between a "quality" and an "ability" is that an ability is something that relates to the company's stock, rather than the people associated with it.

Let's start with the first ability...

- **ScarceAbility** means there's a limited quantity of stock — and that the quantity is staying scarce, which is exactly what we want.

See, companies that constantly issue shares, especially ones that have just launched their IPOs, are making their stock less scarce and, therefore, less valuable. For example, many companies use shares to pay compensation and bonuses to their employees — and this can run in the millions.

The technical term for this is dilution, and most investors don't track this watering down of the shares. But diluted shares hit stakeholders hard. It's like invisible selling, or a tap that's dripping water all the time. And you'll mainly feel it when a bear market hits or investors are panicking for some reason — because then these diluted stocks crash.

We want to avoid these companies.

It's actually fairly easy to do, since ScarceAbility is simple enough to track. You just look at the shares outstanding that a company reports every quarter. It's that easy. By tracking this number, you can see if a stock is getting watered down from quarter to quarter.

Now, there's one more element to ScarceAbility that you need to track: share buybacks. This adds to a stock's scarceness, but you have to figure out the reason. Context tells us a lot in this instance.

For example, a company may buy back shares to offset the watering down of its stock from compensation and bonus plans. In this case, that's not improving a stock's ScarceAbility — it's just evening out the playing field. And now many companies have a policy to that extent.

On the other hand, some companies are opportunistic. They realize their shares are valued at extreme discounts, so they go in and buy shares. That kind of stock buyback is what we look for.

Finally, large investor holdings can also make a stock scarce. For example, Warren Buffett has held over 9% of Coca-Cola for 29 years now.

Buffet's gains are so large, and the dividends he collects are so big, that he's likely to never sell a single share. That means 400 million shares of Coca-Cola are unavailable. So anyone who wants to build a big holding will be forced to bid up the price to get their shares. Bottom line: Buffett's large holding of Coca-Cola makes it scarcer, giving the stock ScarceAbility.

- **ValueAbility** means that a stock has to control something of value, and there are two main types:

1. It owns a growing business, where sales are rising, profits are expanding and free cash flow is soaring. That's the best kind of ValueAbility.

That's because most people buy stocks for growth. So as growth becomes more reliable — for example, we continue to see sales rise in the company's quarterly earnings report — a stock rises in ValueAbility. Most investors are simply going to want it.

Apple is a good example. Its profits have been growing by 64% for five years, while its sales have been rising by 32% for 10 years. It's a steady blue-chip company — and most investors would kill to have bought a nice stake in the business early on.

2. It owns a highly valued asset, such as prime real estate, a big stake in another company, a huge amount of gold or silver, a collection of valuable art, etc. Sometimes, the value could be in the company's large cash holdings.

The key to this kind of ValueAbility, though, is that the stock must be selling at a large discount (20% or more) to the value of these assets.

- **ManageAbility** means that a stock's primary business is easily managed. Essentially, this means there's nothing innately wrong with the economics of the company. So we should feel that it could be led by a regular person and still do well.

“When a management with a reputation for brilliance tackles a business with a reputation for bad economics, it is the reputation of the business that remains intact,” said Warren Buffett. And that's been our experience as well. A bad business won't become a better business because of brilliant new management. A bad business is just that — a bad business. And a brilliant new manager won't make a difference. Sooner or later, the business's internal problems are going to rise to the surface.

One way to gauge if a business is solid and easily managed is by looking at the language used in company reports or press releases. In our experience, companies that use jargon and technical language are often looking to hide things, such as a sales miss. Straight-talkers, on the other hand, put us at ease. If they can easily explain it to you, there's probably little to nothing that they're trying to hide.

As a side note, “ease of understanding” should also go for your trading decisions: You should only buy into stocks where you fully understand the risks and the opportunities.

So if you don't understand the investment thesis for a stock, that's OK. Just pass on it. Wait for an opportunity that makes sense to you. That way, you'll always feel in control of your investment and your emotions in regard to the stock. Because, in the end, that's the key to being a successful investor: Don't get too low when you lose, and don't get too high when you win.

Now that you know how we're going to select our foreign-traded stocks in *The \$10 Million Portfolio*, let's look at the steps you'll need to take to execute a trade...

Setting up Your Brokerage Account

If you haven't already, you'll need to open a brokerage account to make trades in this service. If you already have an account set up, you'll still want to contact your broker to make sure you can trade on a foreign exchange, or have an international account.

This usually requires filling out a simple, one-page form. However, this may vary by broker.

If you're looking for a broker, the list below provides contact details for firms that allow foreign trading. I don't recommend that you use any particular broker. Just pick one that has low service fees and an interface you find easy to use.

Broker Contact Information

Charles Schwab	www.schwab.com	1-866-232-9890
Fidelity	www.fidelity.com	1-800-343-3548
Interactive Brokers	www.interactivebrokers.com	1-877-442-2757

Of course, if you ever have any questions, feel free to reach out to us at 10million@banyanhill.com.

While we may not be able to answer your questions individually, we'll always keep your feedback in mind and will be sure to answer your most frequently asked questions in our various updates.

That said, I want to welcome you again to our new service!

I can't wait to get you started with this new system — one that Paul and I believe could turn every \$10,000 portfolio into a \$10 million windfall.

With *The \$10 Million Portfolio*, we'll rely on a three-phase strategy to find hidden opportunities in the market. Once we find one, we'll send you a detailed trade alert with all the steps you'll need to take advantage of that particular investment. It's that simple. All you'll have to do is follow our trade instructions.

On behalf of Paul, I want to say that we both look forward to bringing you some of the most profitable opportunities the market has to offer.

Regards,



Rick Pendergraft and Paul Mampilly
Editors, *The \$10 Million Portfolio*



Banyan Hill

P.O. Box 8378

Delray Beach, FL 33482 USA

USA Toll Free Tel.: (866) 584-4096

Email: <http://banyanhill.com/contact-us>

Website: www.banyanhill.com

LEGAL NOTICE: This work is based on what we've learned as financial journalists. It may contain errors and you should not base investment decisions solely on what you read here. It's your money and your responsibility. Nothing herein should be considered personalized investment advice. Although our employees may answer general customer service questions, they are not licensed to address your particular investment situation. Our track record is based on hypothetical results and may not reflect the same results as actual trades. Likewise, past performance is no guarantee of future returns. Certain investments carry large potential rewards but also large potential risk. Don't trade in these markets with money you can't afford to lose. Banyan Hill Publishing expressly forbids its writers from having a financial interest in their own securities or commodities recommendations to readers. Such recommendations may be traded, however, by other editors, its affiliated entities, employees, and agents, but only after waiting 24 hours after an internet broadcast or 72 hours after a publication only circulated through the mail. Also, please note that due to our commercial relationship with EverBank, we may receive compensation if you choose to invest in any of their offerings.

(c) 2018 Banyan Hill Publishing. All Rights Reserved. Protected by copyright laws of the United States and treaties. This report may only be used pursuant to the subscription agreement. Any reproduction, copying, or redistribution, (electronic or otherwise) in whole or in part, is strictly prohibited without the express written permission of Banyan Hill Publishing. P.O. Box 8378, Delray Beach, FL 33482 USA. (TEL.: 866-584-4096)