BEAR MARKET SURVIVAL EVENT PRIMER

Why the Next Crash Will Be the Worst in Our Lifetimes

2019 BEAR MARKET SURVIVAL EVENT

STANSBERRY RESEARCH

Today, more than a decade after the 2008 financial crisis... one in three Americans say they have yet to recover — or never will.

Others — perhaps you — have prospered during the longest bull market in recorded history. They're looking at big gains on paper, with no real plan for what comes next.

Americans have grown complacent.

Many have forgotten the turmoil of 2008. And they've dismissed the big wake-up call last December (the worst December since the Great Depression), when it looked nearly certain the next big crash was beginning.

The fact is: Almost every possible signal is now worse than before the last crisis.

The time to prepare is now.

For the past 20 years, our financial publishing firm Stansberry Research has been writing urgent and important messages through two major bear markets and through a dozen major "corrections" — which always feel like bear markets at the time.

We have worked closely with leading professionals in just about every kind of investment strategy offered to the public.

And we've even invented a few approaches of our own.

During the past two bear markets — after the dot-com bubble in 2000 and the housing bubble in 2008 — we told our subscribers what was going to happen as our views emerged. We emphasized "stop losses," which could help make sure subscribers had cash to invest at the bottom. And then we urged subscribers to make big investments at the bottoms in 2002 and in early 2009 with the money they should have set aside following their stop losses.

We alerted investors — more urgently, more consistently, and more accurately than anyone else — about the collapse that was coming in 2008 and the rebound that began in 2009. That's why our track record is much better than the market as a whole over the past 10 years.

And the good news is that today, it only takes a few simple steps to protect your wealth from the next bear market.

With the right moves, you can even thrive while nearly every conventional investment (like stocks and bonds) is plummeting.

You can protect your savings... your home... your retirement fund... and your children's and grandchildren's futures.

But first, you need to know three things:

- Why the next bear market will likely be far worse than in 2008.
- How to know when the next bear market is arriving... before it's too late.
- And what to do before, during, and after the bear market to grow your wealth while others are wrestling with disaster.

On **Wednesday, May 15, at 8 p.m. Eastern time**, we'll be hosting a discussion between investing legend Jim Rogers and Stansberry Research founder Porter Stansberry that will answer these questions... and help you with the steps you must take to protect your family, your money, and your retirement.

And to prepare you for what we expect will be an illuminating night, in this report we detail a few of the reasons why a bear market is inevitable...

How Things Can Get Bad Fast

In 2008, the economy's collapse was triggered largely because of one specific type of debt: housing debt.

Today, nearly every type of debt is soaring...

During the last financial crisis, **total household debt** peaked at $12.7 trillion. Today, that figure sits at $13.5 trillion... And half of that increase – $400 billion – has come in the last year alone, according to the New York Federal Reserve.

Mortgage debt is back up to $9.1 trillion... $200 billion shy of the peak reached during the last financial crisis. Since the beginning of 2008, **auto-loan debt** has risen 60% — from $810 billion to $1.3 trillion. And **student-loan debt** increased about 160% — from $580 billion to $1.5 trillion.

Meanwhile, **credit-card debt** is now back to an all-time high of $870 billion, up nearly 20% over the past three years. Credit-card debt is growing so fast, it's even outpacing strong wage growth — which, according to the Atlanta Fed, is around 10-year highs.

Since the last financial crisis, companies have gorged themselves on cheap credit. Yield-starved investors have gobbled up this debt in record numbers... **U.S. corporate debt** has ballooned to $9 trillion today, roughly double the amount from 2007. Today, corporate debt is at all-time highs both nominally and as a percentage of GDP...

And it's not just the sheer size of corporate debt that's troubling... It's also the quality.

The largest portion of this debt today — a record $3 trillion — is rated as the lowest level of investment-grade debt, one level above junk status. Meanwhile, companies are even more leveraged today than they were before the last financial crisis. Making matters worse, $3.5 trillion in debt is coming due over the next three years.

Something has to give.

It's clear that we're nearing the end of the current cycle. When the current credit bubble pops, enormous amounts of capital will be lost, wiping out unprepared investors.

And the government won't be able to help this time. The Fed's balance sheet has already grown nearly fivefold. The federal deficit is on track to reach $2 trillion within a decade.

Meanwhile, wages and the U.S. economy aren't keeping pace.

Not only are we likely to see a severe bear market and one of the biggest credit-default cycles on record... but the vast majority of Americans — even responsible folks who diligently avoided going into debt themselves — could see their standards of living cut in half, virtually overnight.

The good times can't last forever. A bear market is coming... And probably sooner than you think.

What Will the Trigger Be?

The warning signs are everywhere. And it frankly doesn't matter which one straw finally breaks the camel's back.

It could be the trade war... interest-rate hikes... Brexit... unsustainable government debt... the corporate debt bubble... the student debt bubble... subprime auto loans... a China collapse... a major corporate fraud... overvalued Big Tech... rising socialism in America... slowing global growth... war with North Korea, Venezuela, China, or Iran... algorithmic trading... health care debt... mean reversion... job automation... or an American recession.

It hardly matters.

It won't be good for your portfolio.

The time to prepare is NOW.

When the crash arrives, it will already be too late. The rush to the exits will be unlike anything you've seen before. Market algorithms will liquidate trillions of dollars of stock market value before ordinary people have any clue what's going on.

We know that these are bold predictions.

Some will say we are overreacting... or fearmongering. The S&P 500 Index has bounced back from its December lows.

But don't be fooled. Nothing about the underlying problem has changed.

Fortunately, if you learn how to act when the bear market arrives, you will know how to prepare. Even if we're early with our predictions, your portfolio will prosper.

Those who choose to ignore the warning signs will likely get wiped out.

But if you're prepared, the next 12-36 months will be a great investment period for you.

For example, take investing legend David Tepper...

How to Profit During a Crisis

Prior to 2009, David Tepper was relatively unknown.

After leaving the investment bank Goldman Sachs in 1993 as the head of its junk-bond desk, he co-founded the hedge fund Appaloosa Management with another Goldman Sachs junk-bond trader, Jack Walton.

But following the subprime mortgage crisis in 2008, he made $7 billion for his hedge fund and $4 billion for himself, the highest ever for a hedge-fund manager. His fund returned an incredible 132% that year.

How did he do it?

Tepper was willing to buy when no one else was. That was the key to his success.

He buys at market bottoms and makes fantastic returns when "normalcy" returns to the markets.

During the last financial crisis, he made huge bets on beaten-down bank shares. No other large investors were buying at the time. Most investors were afraid that the government would nationalize the banks and wipe out common shareholders.

For example, in early 2009, he bought Bank of America shares when they were trading for less than $3 and Citigroup preferred shares when they were less than $1 according to *The Wall Street Journal*. By the summer, he was sitting on profits of $1 billion on just his Bank of America and Citigroup investments.

The good news is, you don't have to have millions of dollars and invest in expensive hedge funds to follow Tepper's strategy.

You just need the discipline to buy stocks of companies that have been decimated by the markets' fear... stocks that have sold off by 70% or more.

When the markets really panic, lots of stocks will meet this criteria. But the reality is that most investors simply don't have the fortitude to follow this strategy. They'll be paralyzed by fear, worried that the markets could fall further.

Here's the key: If you buy stock of the right kinds of companies, you'll know that eventually their values will rise and make you huge profits — even if their stock prices fall after you first buy them.

After all, no one can time the market's bottom perfectly. But if you know you're buying the right kinds of businesses at great prices, you won't have to worry.

That's why you need to research and prepare now, to know what to buy when the bear market comes. Because it will come...

How Big Will the Crash Be?

Investors who understand how to find opportunities love crises because they create "deep value" investments.

Deep-value investments have less downside risk and more upside potential than any other financial opportunity in existence. These kinds of investments are only possible during periods of extreme stress in the markets — like the crisis that's just now beginning to unfold.

U.S. stocks have already reached their most over-valued level in history, according to economist John Hussman. He predicts a 60% crash in the S&P 500 within the next two years.

And many other leading experts are predicting America's next financial crisis — when it arrives — will be worse than anything we've ever seen before...

> **"The next bear market will be the worst in my lifetime."**
> *– Jim Rogers, Quantum Fund founder and multimillionaire investing legend*

And this market crash could happen much sooner than many people think...

> **"The probability of a recession prior to the next presidential election is relatively high, 70%."**
> *– Ray Dalio, billionaire, founder of the world's largest and most profitable hedge fund*

The next crash will affect our entire economy...

> **"There are two bubbles: a stock market bubble and a bond market bubble."**
> *– Alan Greenspan, Former Chair of the Federal Reserve*

And today, most Americans are completely unprepared for the next big downturn...

> **"In 2020, Wile E. Coyote is going to go off the cliff and look down."**
> *– Ben Bernanke, Former Chair of the Federal Reserve*

But This Doesn't Have to Be a Problem for You...

Some will call what's coming a bear market. Some will call it a crisis. Others will call it a credit collapse and the continuation of the problems that started back in 2008.

Whatever you call it, it's clear that there will be many losers... and few winners.

But with some preparation, you can sleep easy during a bear market while most Americans scramble for the exits... and spend a decade or more licking their wounds.

And not only that...

You can thrive. Some of America's greatest investors actually make more money when things turn south.

You can, too.

You can handle a bear market.

You can turn this situation from a crisis into an opportunity.

It isn't hard. It just takes a little knowledge and action.

We'll explain more of the specific steps you can take to prepare for a bear market on May 15 at 8 p.m. Eastern time. All you need is a computer, tablet, or smartphone to join this live event from the comfort of your home.

We hope that you'll join us to get the facts and protect your wealth.