



***TRUE WEALTH
RESEARCH REPORT***

The New Switzerland

The Last Safe Country on Earth

Stansberry & Associates
1217 Saint Paul Street
Baltimore MD 21202 USA
www.StansberryResearch.com



Published by Stansberry & Associates Investment Research.

Stansberry & Associates welcomes comments or suggestions at feedback@stansberryresearch.com. This address is for feedback only. For questions about your account or to speak with customer service, call 888-261-2693 (U.S.) or 410-895-7964 (international) Monday-Friday, 9 a.m.-5 p.m. Eastern time. Or e-mail info@stansberrycustomerservice.com. Please note: The law prohibits us from giving personalized investment advice.

© 2011 Stansberry & Associates Investment Research. All rights reserved. Any reproduction, copying, or redistribution, in whole or in part, is prohibited without written permission from Stansberry & Associates, 1217 Saint Paul Street, Baltimore, MD 21202 or www.stansberryresearch.com.

Any brokers mentioned constitute a partial list of available brokers and is for your information only. Stansberry & Associates does not recommend or endorse any brokers, dealers, or investment advisors.

Stansberry & Associates forbids its writers from having a financial interest in any security they recommend to our subscribers. All employees of Stansberry & Associates (and affiliated companies) must wait 24 hours after an investment recommendation is published online – or 72 hours after a direct mail publication is sent – before acting on that recommendation.

This work is based on SEC filings, current events, interviews, corporate press releases, and what we've learned as financial journalists. It may contain errors, and you shouldn't make any investment decision based solely on what you read here. It's your money and your responsibility.

The New Switzerland

Dr. Steve Sjuggurud, Ph.D.

One of the financial rules I live by is this:

"Money flows to where it's treated best."

What that means is, over time, companies and countries that offer investors the best and safest gains will always attract the most capital.

One of the best examples of this rule is Switzerland...

For years, it was THE safe haven for investors around the globe to stash their money. Did you know that if you took some of your U.S. dollars and converted them to Swiss francs back in 1971, you'd now have 369% more money, when you converted back to U.S. dollars?

And that doesn't even factor in the interest you could have received. Since 1971, the Swiss franc has gotten 396% more valuable than the U.S. dollar. Since 1985, the Swiss franc has gained 212% against the dollar... and since the year 2000, the Swiss franc has gotten 96% more valuable than the dollar.

But here's the problem...

Switzerland doesn't look so safe anymore. This year, Switzerland decided it doesn't want a strong currency. It has been printing money to weaken the value of the Swiss franc. And Swiss banks have not been immune to the financial bust.

The good news, however, is that I believe I have found the "New Switzerland"...

And I believe that by putting some of your money in this currency today, you will protect a portion of your savings, and you could potentially make hundreds of percent over the next decade or so, as the value of this currency soars against the U.S. dollar. Let me explain...

The Trailing Stop Strategy

If you're a new investor, please note the "Trailing Stop" instruction. Trailing stops are a vital tool we use to protect our capital in cases where an investment turns against us.

Losses happen even to the best investors. Common sense dictates two fundamentals: 1) taking small losses is much better than taking big losses and 2) letting your profits run is much better than cutting them off prematurely.

That's why I advocate the use of Trailing Stops. The main element to this simple exit strategy is the 25% rule. I will sell any and all positions at 25% off their highs. For example, if I buy a stock at \$50, and it rises to \$100, when do I sell it? If it closes below \$75 – no matter what.

For more details on how our Trailing Stop Strategy works and why you should use it, please read this essay: www.stansberryresearch.com/secure/trw/reports/html/201003trw_report_lasting.asp

The Last Safe Country on Earth

"The streets here were originally paved with gold," my guide told me, with a straight face.

I waited for the punch line... But he was serious. He continued...

"Calaverite was used to pave the streets here over 100 years ago," he explained. "But when people figured out that calaverite contains about 42% gold, the streets were ripped up fast."

"Here" is Kalgoorlie, Australia – in Australia's Outback. I was in Western Australia, looking at investment

opportunities in commodities. My guide was the CEO of a small mining company. “There’s gold everywhere here,” he said.

This man was about to make a lot of money... He was re-commissioning old gold mines that were “mothballed” in the 1980s after gold’s last peak. He was using new technology to find previously unknown gold around the mines and sell it for a profit. It’s been a couple years since we spoke, and the price of gold is up a lot. He should be a very rich man by now.

You see, he wasn’t kidding about gold being everywhere... Two years ago, a man near Kalgoorlie found a 51-pound nugget of gold – worth over \$1 million – with a metal detector.

And Australia is not just rich in gold. It is chock full of commodities that are in demand around the world...

I remember standing in Iceland a couple years ago, staring at a massive aluminum smelter that was a few city blocks long. The raw bauxite was shipped in from Australia – as far across the planet as you could get. In short, the far corners of the world need bauxite... and Australia has it.

Australia leads the world in “economically recoverable reserves” in many commodities... lead, zinc, uranium, nickel, and more. It ranks second in the world in economically recoverable reserves in gold, silver, copper, and more, according to the Australian Bureau of Statistics.

And then there’s “China’s Gold” – iron ore... the raw material in steel making. China needs it. Australia’s got it.

Who owns all this stuff? Whoever does must be rich and powerful.

It turns out, the Australian government owns the mineral and petroleum resources of Australia. (That’s different from the U.S., where mineral rights can be privately owned.) And that makes Australia rich.

It also makes Australia a safe country for your money. In a way, the nation’s currency – the Australian dollar issued by the government – is solidly “backed” by the country’s vast natural resources, owned by the government.

In short, our money is safe in Australia. Today, I’ll show you multiple reasons why... And I’ll share with you multiple ways to safely maximize your returns in Australia.

Australia – Net Debt Free By 2020

While the Australian government is busy cashing mining royalty checks with no end in sight, the U.S. government is busy printing money to pay its debts with no end in sight.

Knowing this, let’s look ahead a bit...

By the year 2020, America’s national debt will have grown to over \$20 trillion (according to the Congressional Budget Office). But in 2020... astoundingly, Australia as a nation will be net debt free (according to the IMF).

Debt free? When I first heard that, my jaw dropped...



A country that's net debt free? I was waiting for the punch line... just like when my Australian guide told me "these streets were paved with gold." But once again, there was no punch line. It's true.

"Where on earth is your money safe these days?" That is THE question. When you look at the debt trends, it's NOT safe in America. And it's NOT safe in Europe.

But there is a developed country out there that's not up to its eyeballs in debt... That country is Australia.

"Money flows where it's treated best," the old saying goes. It's true. And today, money is treated best in Australia. Here's just one example...

Right now, you earn next-to-nothing in interest on your money in the bank in U.S. dollars and euros. But in Australia, astoundingly, you earn 4.5% interest on your cash.

So as you might guess, money has flowed to where it's treated best... This major discrepancy between interest rates in Australia and the rest of the developed world started in 2009. Since then, the Australian dollar has climbed 54%.

I expect the Aussie dollar could continue to climb... even beyond anyone's expectations...

Australia Is the New Switzerland...

And that should cause the currency to soar

The truth is, Switzerland's currency has been ridiculously overvalued by any mathematical model for as long as I can remember. But the thing is, you can't fit "peace of mind" into an academic model. And over history, even though it made no mathematical sense, investors got it right. Switzerland's currency kept going up. Starting in 1985, the Swiss franc went from \$0.40 to \$1.30.

Today, I think of Australia as "The Next Switzerland."

The Australian dollar could "settle in" at ridiculously overvalued levels for the long term, like Switzerland did. I'm talking about a level much higher than today – a level that makes no sense to academics... but makes sense to safety-seeking investors.

The situation in Australia today shares a lot of similarities with what caused Switzerland's currency to soar:

Australia is rich (it owns its gold and resources). It's a safe haven (it likely won't be invaded). It has strong banks today (particularly after the economic crisis). It has a legitimate rule of law. It has a strong currency (implicitly backed by resources). Its people enjoy a high standard of living, with solid health care, culture, and education systems.

Sounds like Switzerland to me!

Additionally, Australia has a leg up on Switzerland going forward, thanks to a couple accidents of geography. Australia happens to be geographically close to China. And Australia has the natural resources that China wants. For example, China takes 70% of Australia's iron ore exports.

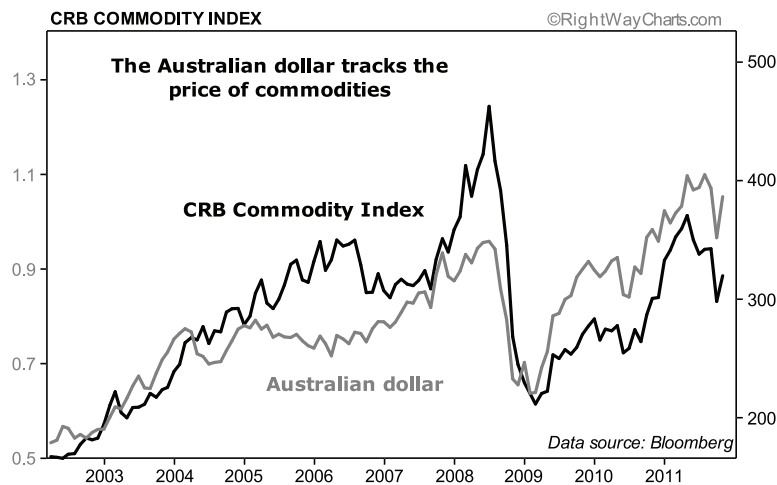
This is a huge advantage. China will continue growing. And Australia will get rich off China's growth for decades.

Of course, the Chinese demand can be a blessing and a curse. What happens to Australia if China crashes? That's a big question for doubters of this Australia story...

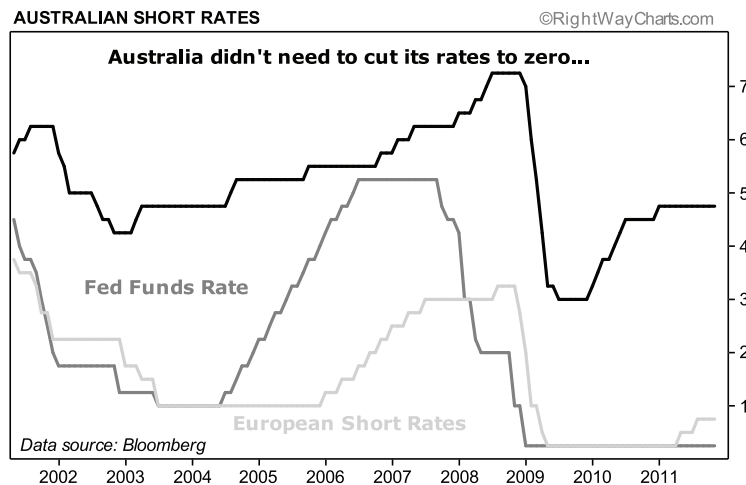
There's no mistaking the fact that the Australian dollar is highly correlated to commodity prices. And the chart on this page shows that. Exports of iron and coal alone make up 39% of Australia's total merchandise exports. If China stops buying, Australia will take a big hit.

However, the Australian government is in better shape to handle a crisis than any country in the world. The typical government “tools” to fight back a crisis are to 1) borrow money and 2) cut interest rates.

With no debt, and a very high 4.5% deposit rate, Australia has plenty of room to do both today...



For the long run, Australia's dollar is safe. It might just be the last safe country on earth for your money.



It's time to be invested in Aussie dollars for the long run, earning much bigger interest than we can in the U.S.

The simplest way for Americans to own Aussie dollars is through the **CurrencyShares Australian Dollar Trust** (NYSE: FXA). It's an exchange-traded fund you can buy through any U.S. broker. It currently pays a 4.4% dividend.

FXA has perfectly tracked the Australian dollar through its history, AND it's paid solid dividends along the way.

High short-term interest rates are expected to hang around in Australia through 2013, as Australia remains committed to preventing strong growth and inflation. Meanwhile, low short-term rates are expected to hang around in the U.S. through 2013, as the U.S. tries to stimulate its economy.

Money should continue to flow to where it's treated best... Over the next two years at least, money will be treated best in Australia. That will cause the currency to continue to trade higher.



Buy shares of FXA today. Get some of your cash diversified out of the dollar and start collecting a 4.4% dividend. Use a 25% trailing stop.

I expect we could make as much as 75% over the next few years. That sound crazy for a currency play. But the Swiss franc gained hundreds of percent versus the U.S. dollar over the years. We could see that happen again here.

True Wealth
1217 St. Paul Street
Baltimore, MD 21202
1-888-261-2693