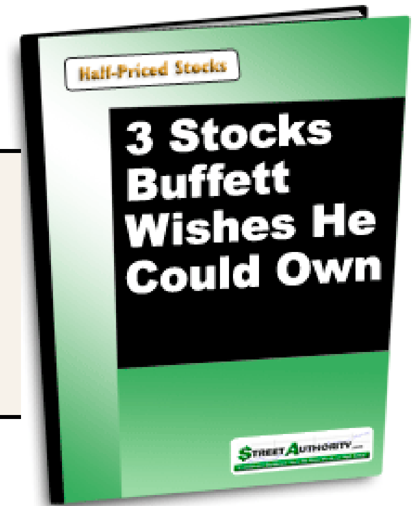
Nathan Slaughter's

Half-Priced Stocks

Top value stock guru Nathan Slaughter -- who has already helped his readers to ultra-safe profits of +205.10% . . . +554.30% . . . and +964.70% -- reveals how you can . . .



Make Money With Companies Warren Buffett Wants to Own -- But Can't!

These ripe-for-the-picking companies are selling at such bargain-basement prices, Warren Buffett only *wishes* he could own them.

He can't ... but YOU can.

Click here for your FREE Research Report

Dear Investor:

In the privacy of his offices at Berkshire Hathaway, billionaire investor Warren Buffett might be feeling a tad peevish just about now.

Because he wants to buy something he can't have -- but you can.

How do I know?

It's no secret that the Oracle of Omaha built a $42 billion personal fortune, and became one of the richest men in the world . . .

Just by buying stocks of companies whose shares were deeply undervalued by the market.

This is a stock picking technique Mr. Buffett, arguably the most successful stock market investor who ever lived, picked up from his mentor, legendary investor Ben Graham.

Graham made his own fortune simply by owning the stocks of companies selling below their "net current asset value" *(NCAV).*

By that, I mean that if you bought every single share of the company -- paying its full market capitalization -- you'd still be paying LESS than the company's assets are actually worth.

Seems simple and sensible . . . but does it work in the real world?

Meet Your Editor

NATHAN SLAUGHTER ... has developed a long and successful track record over the years by investing primarily in deeply discounted securities. He uses advanced discounted cash flow techniques, along with a host of fundamental research, to uncover quality stocks that are trading well below their actual intrinsic value.

Nathan's previous experience includes a long tenure at AXA/Equitable Advisors, where he provided comprehensive investment advisory services to small businesses and high net-worth clients. He also honed his research skills at Morgan

Yes, like crazy . . . enough to make both Graham and Buffett -- and their followers -- filthy rich.

By buying and holding companies selling below their fair market value, Mr. Buffett's Berkshire Hathaway portfolio produced an average annual return of +21.4% from 1964 to 2006.

That's more than double the +10.4% average annual gain earned by the S&P 500 during the same period.

Had you bought 100 shares of Berkshire Hathaway in 1965, it would have cost you $1,800.

Today, those hundred shares would be worth a staggering $11.8 million -- enough to put you, your kids, and *their* children on easy street for life!

But in today's overpriced market, are there still good companies out there selling below their true market value?

Yes, if you know where to look. And we do.

Just this month, we've found 3 such companies ripe for the picking . . . businesses whose shares are selling for far less than we believe the company is actually worth!

Keegan, performing asset allocation, retirement planning, and consultative portfolio management services.

Several years ago Nathan switched gears and decided to devote his time exclusively to financial analysis and writing. He has since published hundreds of articles for a variety of prominent nationwide publications.

Nathan's educational background includes NASD series 6, 7, 63, & 65 certifications, as well as a degree in Finance/Investment Management. He currently resides in Shreveport, LA with wife Julie and sons Aidan and Riley.

I call these undervalued companies "half-priced stocks," because their shares sell at deep discounts to the fair market value of the business, giving us the potential for double and triple-digit gains.

You and I can buy these half-priced stocks for a song -- as little as fifty cents on the dollar.

Ironically, Warren Buffett can't touch the 3 half-priced stocks I'm about to show you . . . as much as I'm sure he'd like to.

I'll explain why in a minute.

But first, let me run down the facts and figures on these companies . . . and then reveal how you can get our full research recommendations on each absolutely FREE.

Send Me My Free Research Report!

A FREE Special Report for You!
3 half-priced stocks you should own now

Each month, our StreetAuthority research team screens thousands of publicly traded companies.

The screening process identifies companies selling at discounts of -20% to -50% or more below their net current asset value . . . giving us potential price appreciation of as much as +100% or higher.

Subscribers Praise *Half-Priced Stocks*

"I have found the reporting and analysis to be in-depth and first class. The writing is clear and understandable to those lesser mortals, and results have so far proven higher than expected."
-- Garry Cleverdon
Springfield, VA

"I love it. It has more research and teaches better than any other newsletter out there. Keep up the great work!"
-- Mike
Pleasant Grove, UT

"I particularly like your inside, close-up view of the stocks you present, as the information put forth is not easily attainable."
-- Louis Johnson

Editor Nathan Slaughter then applies a proprietary formula to select the handful -- sometimes only 4 or 5 a month -- that give you the best combination of low downside risk and high upside potential.

The companies below are Nathan's top 3 current stock recommendations, because for the reasons noted, they offer investors great value with higher-than-normal price appreciation potential:

HALF-PRICED STOCK #1

Insurance is a business Buffett knows very well indeed. He's made billions with GEICO and other insurance companies owned by Berkshire Hathaway.

So the Oracle of Omaha most likely has his eye on a small, undervalued insurance firm we'll call Company X. However, for reasons I'll make clear in a bit, Mr. Buffett can't buy the stock. But you can.

Company X's revenues are more than $100 million -- triple the $35 million reported just 5 years ago. Over the past 3 years, they've posted +20% annualized sales growth. The company serves more than 50,000 personal and small-business policyholders in Florida alone.

And outside of this market, the firm has actively begun expanding its geographic footprint around the nation. In fact, Company X is now licensed to conduct business in ten states, from Texas to Virginia.

In these new states, Company X is focusing sales efforts on its highly profitable line of general commercial liability insurance. Margins are higher -- and loss ratios are smaller -- than for consumer policies like homeowner's and auto.

All of this bodes well for future cash flows and dividend payments. Following back-to-back dividend hikes in excess of +50%, shareholders now enjoy annual payments of $0.72 per share, giving the stock a rich dividend yield of better than 5%.

The firm's book value has more than doubled since 2004 to reach $9.50 per share. That means Company X now trades at just 1.5 times book value vs. an average of 4.0 for the S&P 500. From 2002 to 2007, the stock outperformed the Nasdaq nearly 10 to 1 -- and also beat the SNL Property & Casualty Insurance Index by almost 8 to 1 (see chart).

Brooklyn, NY

"It is refreshing to find a good analysis of value stocks, and [I] value your opinions and recommendations. Keep up the good work."
-- John
Vancouver, WA

"I like all the stuff I've gotten from StreetAuthority, and I'm glad to know that I got the recommendation for Aluminum Corp. of China (ACH) from Half-Priced Stocks -- very impressive!"
-- Jean Poindexter
Yonkers, NY

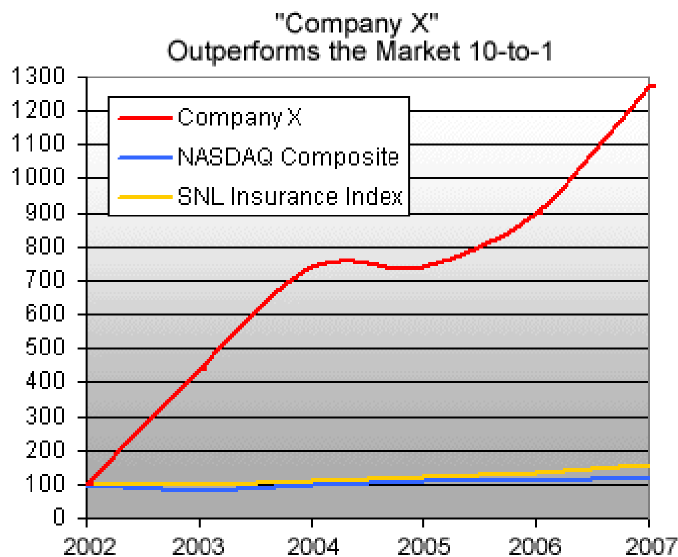
"It is well written and highly informative. I read it avidly when it comes out. Thank you!"
-- Paul Dorion
Killington, VT

"Good research and analysis, easy-to-read-and-understand reports. In today's volatile, momentum-driven market, where patience is a rare commodity, long-term perspectives like yours are a refreshing oasis."
-- Andrick Tong
Honolulu, HI

"Stocks purchased through your newsletter have been very productive and a boon to my increasing net worth."
-- Laurent Rivet
Webster, NY

About the Publisher

Half-Priced Stocks is a specialized service from StreetAuthority -- a research-intensive advisory firm that is leveling the playing field for small investors by giving them access to the insights of the country's top investment



This is precisely the kind of bargain that Buffett loves. Unfortunately for Mr. B, Company X is off limits to him. But you and I can grab the stock for pennies on the dollar.

HALF-PRICED STOCK #2

Founded in 1993 as a tiny one-store operation on the outskirts of New Orleans, this company has grown to become the world's largest wholesale distributor of swimming pool supplies.

With annual sales of $1.9 billion, the company markets 100,000 different products from a nationwide network of nearly 300 customer service centers to 70,000 swimming pool builders, service companies, and retail outlets.

Of course, this tremendous growth has translated into equally impressive gains for shareholders. Since hitting the market back in 1995 at a split-adjusted price below $1 per share, the stock has since soared to over $40 -- a genuine 40-bagger!

Americans love swimming pools: according to *Investor's Business Daily*, the base of installed swimming pools in the U.S. currently stands at more than 7 million, and another 200,000 are built every year. Swimming pools and hot tubs are a $20 billion a year industry, growing +11.4% in just the past 2 years.

As the effects of global warming are increasingly felt in the United States, more and more homeowners will be seeking relief on hot, humid summer days -- and nothing beats a refreshing dip in a backyard pool filled with clear, clean water.

Naturally, once homeowners have made the commitment to install a pool, a good deal of routine maintenance comes with the territory. They need chlorine and other chemicals, filters, and other items to keep the water sparkling clear, giving this company a source of recurring revenues.

A homeowner can easily spend $1,000 to $2,000 a year on pool supplies

analysts. More than 250,000 subscribers already rely on StreetAuthority as a valued source of financial research and investment advice.

How are we different?

Experience -- Our team of researchers and editors has over a century of combined experience in the equity markets. We've seen every type of market imaginable over the past several decades, and have the experience needed to earn above-average returns under any conditions.

Unique Methodology -- StreetAuthority specializes in uncovering investment ideas and opportunities overlooked by more conventional Wall Street sources. Our readers tell us that StreetAuthority gives them a unique focus on specific, actionable stock tips -- not a rehashing of widely available corporate news -- that helps them make more money in the markets.

Unbiased Research -- Many financial publishers, brokerage firms and investment specialists accept advertising payments and promotional fees from the companies that they cover. Others are involved in a variety of business relationships with the firms that they write about.

Not StreetAuthority. We pride ourselves on our independence as a 100% *unbiased* source of investing information. We accept no compensation from the companies we cover, and therefore have no incentive to

and maintenance. Best of all, this company has also branched out into other pool-related products including patio furniture, spas, and pool toys -- further multiplying their potential sales from every new customer.

recommend any stock we aren't utterly convinced is a superior investment for our readers.

Despite this bullish picture, investors' concerns over the slumping housing market have caused the stock to shed more than one-fourth of its value over the past few months -- putting it within reach of value investors. In fact, shares are selling today for 37% below the most recent 52-week high.

However, earnings are still expected to remain strong in the years ahead, with forecasts calling for +16% annual growth. That upbeat outlook has given management the confidence to authorize an aggressive $100 million stock buyback program -- another good sign that the stock is worth owning.

Nobody knows more about a company than senior management. They would not buy back shares in large volume unless they were convinced the stock price is headed higher.

HALF-PRICED STOCK #3

Many things about Warren Buffett remain a mystery. But we know one thing for sure -- he loves Coca-Cola.

In fact, Buffett has jokingly attributed his good health to a Cherry Coke addiction, and is said to drink about five per day. Coca-Cola is one of Buffett's oldest and largest holdings -- Berkshire owns 8.5% of the firm's outstanding shares, a stake worth about $9.7 billion.

Today, there's a *second* beverage business -- Company Y -- that Buffett is likely dying to buy. And once again, he can't... but you can.

This company is poised to dominate its niche, just as Coca-Cola owns a market leadership position in cola.

One of the bottlenecks in the beverage business is distribution: getting your product onto store shelves. That's not a problem for Company Y, which sells its products through a network of more than 70 sales and distribution facilities.

The market for the soda Company Y sells to retailers nationwide is booming. Although the United States is home to less than 5% of the world's population, we drink one-third of all the soda on the planet, generating $48 billion in annual sales for the soda industry. No nation drinks more soda than America!

While giant Coca Cola has a huge market cap -- nearly $140 billion -- Company Y is valued at less than $500 million, which means it still has room for growth. The company is also more attractively valued, trading at roughly 5 times last year's operating cash flows vs. nearly 20 for Coke.

Last year's cash flows were over $100 million. Management has diligently returned much of its excess cash to shareholders as a stable $1 per share annual dividend.

You can find our complete research recommendations on these 3

Become 4X richer than your friends and neighbors!

Warren Buffett and Ben Graham are widely recognized as the "fathers" of value investing: buying and holding companies based on intrinsic value of the business rather than price momentum, charting, and other technical analysis. Over the long haul, no other approach has proven to be more effective or reliable than value investing.

A classic study by Ibbotson found that value stocks generated average annual returns of +11% over a recent 34-year period vs. just +6.5% for the S&P 500. Ten thousand dollars invested in value stocks during this period would have grown to $347,521 vs. only $85,091 for the S&P 500 -- making the value stock investor *4 times richer* than an investor who put his money in the S&P 500.

undervalued companies -- and of course, the names and symbols of these stocks -- in a new special report from StreetAuthority, *3 Stocks Warren Buffett Wishes He Could Own Now -- But Can't.*

The bad news is: you can't buy this special report anywhere, at any price. The good news is: a copy is yours FREE when you agree to try our *Half-Priced Stocks* service absolutely risk-free for the next 30 days.

To get started, just click below now:

Send Me My Free Research Report!

Why Buffett can't own these 3 companies -- but you can

At the beginning of this letter, I said that Warren Buffett would love to scoop up the 3 half-priced stocks featured in our new FREE report, *3 Stocks Warren Buffett Wishes He Could Own Now.*

But he can't. And here's why . . .

Berkshire Hathaway's assets have ballooned over the past few decades. Today, Mr. Buffett simply has too much money to invest.

Strange as it sounds, that's actually a disadvantage. Why? Because it essentially means that all but the largest of companies are now off-limits -- severely narrowing the available pool of stocks that Buffett can invest in.

Consider that Berkshire's investment portfolio is currently worth somewhere in the neighborhood of $60 billion. Company X, one of the 3 stocks I recommend in my new research report, has a market cap of just over $100 million.

A few decades ago, an investment of $100 million or so would have represented a meaningful position, and it could have had a big impact on Buffett's portfolio.

Today, that amount would represent just one-fifth of one percent of Berkshire's investment holdings. Even if such an investment performed well and gained 100%, it would barely make a dent on his total returns.

To have a material impact, a holding needs to represent at least around 1.5% of the total portfolio -- or in this case about $1 billion.

The bottom line: for all practical purposes, any company with a market capitalization under $1 billion simply isn't worth the effort for Buffett.

And when it comes to Berkshire's portfolio of publicly-traded stocks, Buffett typically looks to establish a minority interest in the target company -- not buy it outright.

Realistically, then, assuming an ownership stake of 10%, if Buffett wants to sink $1 billion into a company, then he must target those with a market cap of at least *$10 billion.*

SEC forces Buffett to "show his hand"

Whenever an institutional or other large shareholder acquires a sizeable stake in a company, they are required by law to file a quarterly "13F" form that discloses their current holdings.

They must also file a "13G" when their ownership position surpasses 5% of a company's shares. And their buy orders must be chopped up to avoid driving the price up.

For example, Berkshire's 53-million share position in railroad Burlington Northern (NYSE: BNI), which has an average daily trading volume of around 2.5 million shares, has been made block by block. Again, this constrains Mr. Buffett to focus on large, highly liquid and widely-held companies.

Because he must stick to the giants, Buffett has trouble finding companies that meet his strict criteria. The result: Berkshire's cash stockpile has swelled to around $40 billion.

That much idle money is far from efficient and drags down investment returns. This is precisely why so many small-cap mutual funds close their

How many companies meet that criterion? A simple stock screen reveals that of more than 10,000 domestic stocks, only about 600 -- just 6% -- have market caps in excess of $10 billion.

That means Warren Buffett can't buy 94% of all domestic, publicly-traded companies -- even those selling at deep discounts to fair market value.

The bottom line: I'm confident Warren Buffett would love to own the 3 half-priced stocks I've found for you.

He can't. But you can. Click below to get started and request your FREE copy of my just-published special report, *3 Stocks Warren Buffett Wishes He Could Own Now.*

Send Me My Free Research Report!

doors to new assets once they reach a certain asset level.

Best of all, the 3 undervalued stocks recommended in our new special report, *3 Stocks Warren Buffett Wishes He Could Own Now,* are way too small for Buffett to touch -- ever.

To get your FREE copy of: *3 Stocks Warren Buffett Wishes He Could Own Now*, click here.

Profits that leave the Dow in the dust

Nathan Slaughter is the Editor of *Half-Priced Stocks*. He's StreetAuthority's "secret weapon" for picking undervalued stocks ready to rise. Now he can be yours, too.

Why is Nathan so successful in identifying stocks that are selling at deeply discounted prices?

He's going to yell at me when he reads this, but I think it's because he's so cheap **. . .** I mean, frugal. He doesn't pay even a penny more for the things he buys than he absolutely has to. And he doesn't think you should, either.

For instance, a while back, Moody's -- the credit ratings agency -- caught his eye.

"With relatively light capital expenditures and healthy operating margins -- 54.1% last quarter -- Moody's has been able to generate buckets of cash flow, as well as owner earnings," wrote Nathan in *Half-Priced Stocks.*

The company converts every dollar of revenues into approximately 37 cents of free cash flow, and its return on equity (ROE) is over 100%.

We also like companies that enjoy a competitive advantage in their marketplace, because this makes it difficult for their competitors to dislodge them.

Moody's fits the bill. Nearly every debt issuer relies on Moody's independent ratings, and the company rated 90% of the debt volume in the U.S. and Europe last year.

So Nathan told our readers: "Buy Moody's." In short order, we made a respectable +44.0% gain on the Moody's investment.

Double your money with our half-priced stocks!

A stock's price appreciation potential (PAP) is the potential gain you can earn by buying the stock at a discount and then holding as the stock price moves to reflect its true value.

Example: Let's say Company X is truly a half-priced stock -- selling at a 50% discount to its fair market value.

Let's also assume the shares are trading at a price of $75 each. If the stock eventually reached its fair value, then the shares would be worth $150 each.

You buy at $75 a share on Nathan's recommendation. If the price climbs to $150 to reflect its fair value, then you will double your money for a +100% gain.

Therefore, at $75 a share, and with a fair value of $150,

But many of Nathan's *Half-Priced Stocks* picks did even better:

- Our screens indicated eBay was undervalued, with strong Price Appreciation Potential. Readers who followed Nathan's recommendations on this purchase made **+60.42%** gains.
- On Gamestop, a chain of video game stores, we're already up **+80.96%** in less than 7 months.
- Recently Nathan saw lots of opportunity in the shipping business, and on Genco Shipping, led our subscribers to a handsome **+293.20%** return.
- On alternative energy play First Solar, we bought at $68.04. The firm's share price soared to $137.35 for a **+101.90%** gain -- doubling our money in less than 5 months.
- Fairfax Financial Holdings was selling at a deep discount to fair value, and sure enough, gave us a gain of **+102.70%** -- once again doubling our money.
- We bought computer storage giant EMC at $13.61 with a target appreciation price of $19. When the stock reached $20.66, Nathan said it was time to sell, and subscribers who listened locked in a **+52.90%** profit.
- On Activision, Nathan spotted another opportunity for solid price appreciation, and traded the stock for a **+69.21%** return.
- Shipping continued to be the industry to watch, and on Excel Maritime Carriers, Nathan delivered a hefty **+554.36%** gain for our readers -- buying low at $10.35 and watching the stock rocket to $67.72.
- On Expedia, the Internet company, we made a **+71.50%** gain as the market began to realize this online market leader's true value.
- Another winner in the shipping sector, Diana Shipping, gave us solid price appreciation as its share price rose **+205.10%**.
- Semiconductor manufacturer Cree Inc. produced a **+77.90%** gain in less than 8 months **. . .** proving that profits from undervalued stocks can be made even in the often-overvalued technology sector.
- China is rapidly becoming the world's biggest metals buyer. On Aluminum Corp. of China, readers who followed Nathan's advice are sitting on a **+379.00%** gain on the stock.
- With shipping stock Dry Ships, Nathan hit one out of the park, giving us a **+964.70%** return in 14 months.

Make +50% to +100% profit or more per trade

In *Half-Priced Stocks*, we look for companies selling at a deep discount

Company X offers price appreciation potential of +100%.

5 keys to finding the best undervalued stocks

While Ben Graham simply bought companies with market caps at deep discounts to their net current asset value, our system is somewhat more sophisticated. It centers on the most important factor determining a business' profitability: *future cash flow (FCF).*

While our system is too involved to explain here, let me summarize 5 of the key factors we look at when evaluating half-priced stocks.

(1.) Discount pricing -- the stock must be selling at a 20% to 50% or greater discount to the company's fair market value, giving us Price Appreciation Potential as high as +100% **. . .** and we also like a stock to be selling substantially below its 52-week high.

(2.) Free cash flow -- the companies that we recommend in Half-Priced Stocks generate truckloads of cash flow. Their future cash flow to sales ratios are typically far above sector norms.

(3.) Return on invested capital (ROIC) -- ROIC should exceed the company's cost of capital to ensure that shareholder value is being

to fair value . . . and therefore have enviable *price appreciation potential.*

As the market recognizes the true value of the company, more and more investors start buying.

Result: share prices start to move toward fair value, and those who bought when Nathan first recommended the stock earn handsome gains.

Right now, for example, companies that Nathan Slaughter is recommending to *Half-Priced Stocks* members include:

- An undervalued chain of children's stores ready to double in share price -- *price appreciation potential: +143%.*
- A manufacturer of high-performance semiconductors living in Intel's shadow -- *price appreciation potential: +97%.*
- A major player in cable TV -- *price appreciation potential: +55%.*
- A company poised to profit handsomely from the booming gambling industry, even though it doesn't own a single casino -- *price appreciation potential: +109%.*
- A brand-name used car seller -- *price appreciation potential: +52%.*

created and not destroyed.

(4.) Return on equity (ROE) -- A high ROE indicates that management allocates its capital efficiently and does not spend recklessly to obtain growth.

5.) Wide economic moats -- An "economic moat" is a market factor that helps defend the business from its competitors -- for instance, a pharmaceutical company with key patents on a particular class of drugs.

Your no-risk trial subscription to *Half-Priced Stocks* brings you our latest issue PLUS online access to our model portfolios and past issues listing all of the above companies and more.

To view our research recommendations on these and other undervalued stocks with high price appreciation potential, click below now:

Send Me My Free Research Report!

Would you pay $50 for a $100 bill?

One of the reasons *Half-Priced Stocks* readers enjoy significant gains with greater safety is our philosophy of only buying companies that sell below their fair value.

When you buy an asset worth $100 for only $50, it's like buying money at a discount . . . and your risks are naturally lower than the investor who overpays for "hot" stocks in the hopes they'll go even higher. (That kind of thinking caused U.S. investors to lose $8 trillion in wealth in the tech stock meltdown of 2000.)

Another reason why our *Half-Priced Stocks* members sleep so well at night is that Nathan is an extremely *conservative* analyst.

He prefers to err on the side of safety when evaluating companies, so his estimates of fair value tend, if anything, to be on the low side.

As a result, many of his picks actually *surpass* their target, with the stock price reaching or beating its fair value within months or even weeks after he first recommends it in *Half-Priced Stocks*.

Of course, not every *Half-Priced Stocks* pick makes money. But with the winners outnumbering the losers, readers who follow Nathan's advice can grow their portfolios by leaps and bounds.

In June 2006, Nathan told our readers to buy DryShips at $10.79, noting that it was selling at almost a 50% discount to its fair value of $21.

Sure enough, DryShips' share price rose to $21 within 8 months, hitting its fair value in March 2007.

But, like the Energizer Bunny, DryShips kept going and going -- all the way up to $114.88 a share by October 2007 -- for a hefty **+964.70%** gain.

Had you bought a thousand shares of DryShips when Nathan first recommended it more than a year ago, your original $10,790 would have turned into $114,880 -- nearly a tenfold return on your investment.

With your $104,090 in profits from the trade, you could have indulged yourself in a new BMW or Mercedes **. . .** or paid for several years of college tuition, room, and board for your kids or grandkids.

That's the kind of difference Nathan Slaughter's *Half-Priced Stocks* can make in your financial life.

So **. . .** what's on Nathan's radar right now?

His latest recommendation is an undervalued steel maker that happens to be sitting at the back door of China -- a country that consumes more steel than any other nation on the planet.

Since Nathan first recommended the company just 4 months ago, its share price has already climbed +55%. But with a solid lock on a large chunk of China's steel orders, this company still has significant upside potential.

Sales jumped an impressive +38% last quarter, up from +32% the prior quarter. The company has also benefited from a major contract win to supply steel to India, as well as renewed ties between North and South Korea.

Or take a look at another terrific play he's hot to trot on -- a company operating one of the nation's most successful casual dining chains.

Its restaurants rake in average annual sales in excess of $10 million per location -- among the best in the industry. And the company is expected to deliver earnings growth of +19% per year over the next 5 years.

Yet the stock is trading with a Price Appreciation Potential of +32%. So investors who buy now could see their shares jump by a third before the stock hits its fair value.

Now, you may have missed the most recent issues of *Half-Priced Stocks* featuring Nathan's recommendations on each of these companies. But you haven't missed your opportunity to get in on Nathan's best bargains so far this year, which you'll find in your FREE Report, *3 Stocks Buffett Wishes He Could Own Now*.

You also get a 30-day no-risk trial of *Half-Priced Stocks*, which includes unlimited access to our Subscribers-Only web site. You can check Nathan's current portfolio, read current and past issues (to catch up on ALL his picks), and scoop up shares of deeply discounted companies you may have missed:

Send Me My Free Research Report!

A 1-2 combination for unparalleled profits with minimal risk

There are 2 enormous advantages to buying and holding stocks selling

at a deep discount to the company's fair value:

1. **PRICE APPRECIATION POTENTIAL OF +50% TO +100%**
   You buy companies selling for one-third to one-half of their true value. Typically, some temporary condition -- downgrading by analysts, a slump in sales -- temporarily depresses a firm's share price far below the company's true value. When the condition reverses, share prices revert to the fair value, giving you gains of +50% to +100% or higher.

2. **YOU REDUCE YOUR RISK**
   You own sound businesses -- many leaders in their industries -- with bright prospects for potential price appreciation, many selling at discounts of as much as 20% to 50% or more to their fair value.

What's more, *Half-Priced Stocks* helps you avoid microcaps **. . .** high-tech start-ups **. . .** junior Canadian mining companies **. . .** undercapitalized ventures **. . .** hyped-up biotechs **. . .** weird Internet businesses **. . .** and other overvalued companies.

Some of these businesses may sound appealing, with their promises of big, fast profits. But they are fraught with peril.

Remember the boom and bust of the last dot-com cycle? Lack of free cash flow forced countless tech companies to close their doors -- many before their products even hit the market.

Investing in a tiny oil and gas exploration company is not much different. Their story sounds promising, with millions of barrels of oil in the fields they own. But it costs a small fortune to drill oil and gas wells and bring them to production, so most burn through their cash before the first barrel ever gets pumped.

When a business generates enormous revenues and cash flows, it can avoid these rough patches, weather storms in the marketplace or its industry, and sustain long-term profitability.

Even better is a business whose assets are so extensive, their value actually exceeds the capital invested in the business by shareholders and debt holders. There is no greater hedge against financial difficulties than knowing you can always sell some assets to raise necessary capital.

That's why our *Half-Priced Stocks* give you the best of both worlds: the market-beating returns of the best value stocks combined with the safety and security of knowing the company's assets, all by themselves, are often worth more than the entire price you paid for the business.

Big profits in *Half-Priced Stocks*!

The greatest opportunity for you to preserve your hard-earned capital while outperforming the Dow is to do like Buffett and Graham do: own good companies selling at deep discounts to their fair value.

And the best way to profit from these companies is with a risk-free

How Eddie Lampert Made $10 Billion

When you buy a company whose asset value is greater than the price you pay for the stock, you can sell the assets, recover your costs, and own what remains for essentially zero out-of-pocket cost.

Take Kmart as a case in point. Several years ago, the giant discount retailer declared bankruptcy. The stock tanked, and Wall Street considered the company dead.

But billionaire investor Eddie Lampert realized that Kmart still possessed great value in its real estate holdings -- 16 distribution centers and 1,500 stores nationwide.

By buying a majority interest in the beaten-down discount retailer in bankruptcy court, Mr. Lampert controlled all 1,500 stores -- and every other Kmart asset -- for less than a billion dollars.

When Kmart emerged from bankruptcy, he sold 68 of the Kmart stores -- representing less than 5% of Kmart's real estate assets -- to Home Depot and Sears -- for about the same price he paid for the whole company.

Having recovered his costs, Lampert now owned a slightly smaller, trimmer Kmart with over 1,400 operating stores.

Next, Lampert took measures to improve Kmart's operating results and cash flow, leading to a string of profitable quarters.

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The stock went from $15 in March 2003 to over $150 by the summer of 2005, generating a +900% gain in a little over 2 years -- making Eddie Lampert one of the wealthiest men in America.

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Did you know that Buffett is such a savvy businessman, he began making money buying and selling Coca Cola when he was only 6 years old?

Of course, at that age, he wasn't buying Coca Cola stock.

Instead, he bought 6-packs of Coca Cola from his grandfather's grocery store for 25 cents.

Young Warren then resold each of the bottles for a nickel, pocketing a 5-cent profit.

He began buying stocks at age 11, and by the time he graduated high school at age 17, had amassed a net worth equal to $42,610 in today's dollars.

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Plus: common mistakes to avoid when evaluating P/E ratios **. . .** how and why to calculate "cash flow yield" **. . .** the importance of ROE (return on equity) **. . .** and more. In addition, we'll introduce you to 4 high-quality value plays that should outperform the broader market in the years ahead.

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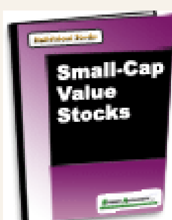
We've seen this before, and we're seeing it again now. Just a few short weeks ago, the SEC forced Buffett to "show his hand" -- requiring him to disclose his recent stock purchases. In that disclosure, we discovered Buffett is loading up on shares of an undervalued Korean steel maker that has delivered +40% revenue growth. He also just purchased 14 million shares of one of our favorite stocks -- this little-known car dealership has already gained +1,130%, but with a market share of less than 2%, the firm is still at the early stages of an unprecedented growth streak.



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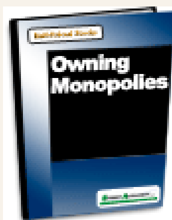

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