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Stansberry's
Investment Advisory

The World's Most Valuable Asset
in a Time of Crisis



Stansberry & Associates
Investment Research



The World's Most Valuable Asset in a Time of Crisis

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If things get as bad as I expect in America in the coming years, most people are going to lose a lot of money.

So how can you protect yourself... and even potentially make a profit over the next decade?

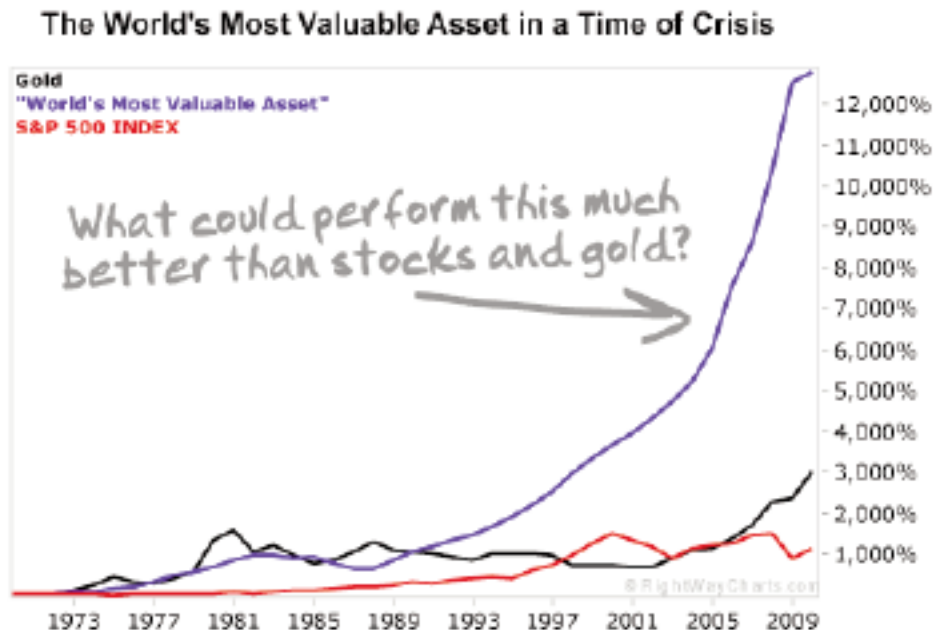
Well, you should certainly own a significant amount of precious metals... real, hold-in-your-hand gold and silver. Both of these metals have skyrocketed in recent years, gaining more than 400%, in anticipation of this crisis.

But guess what...

There's one investment that might prove to be even better than gold or silver when America's currency crisis hits full tilt.

In fact, since 1970, a year before the U.S. went off the gold standard, this investment has easily outpaced both stocks and gold.

See the chart below...



So what is this incredible asset that has crushed stocks and gold, and how does it beat these things handily?

We're talking about farmland. The chart above shows the total returns of U.S. farmland versus the total returns of the stock market (including dividends) and the total returns of gold (which, of course, pays no dividend).

The returns from farmland come from two sources. According to a recent edition of *Ag Decision Maker*, published by Iowa State University, roughly half of the overall returns come from the appreciation of the actual land.

The other half comes from the "rent" you can get by farming your land – or hiring someone else to do it for you. Add these components together, and it's easy to see why the overall returns of farmland have outpaced gold, stocks, and just about any other asset we could name.

In fact, some call farmland "gold with yield" – because you book steady income from rents while you wait for the value to grow. I can think of no better asset to own during any kind of financial crisis.

Why does farmland do so well?

When food prices go up, farmland prices go up. There's no shortage of mouths to feed – on this side of the globe or the other.

And as an added benefit, farmland returns have little correlation to the returns on stocks and bonds. Farmland didn't fall in a single quarter during the financial meltdown.

If you believe, as I do, that inflation will only get worse, then you'll want to look closely at an investment in farmland.

Consider...

If you had invested your money in the stock market at the beginning of the 1970s, you would have made about 16%... TOTAL... over the course of the entire decade. Adjusted for inflation, you would have lost about half your money.

But during the same time the total returns of U.S. farmland were more than 600%!

Now imagine what farmland might do today.

I can guarantee, as I've written many times over the past few years, that we are going to experience major inflation.

On top of that, other factors are pushing farmland prices higher...

Just to name a few: A tightening supply of farmland, rising demand for crops, and skyrocketing commodity prices. In short, I expect farmland could be one of the best investments of the next decade.

Of course, farmland has another great benefit as well...

It can actually save your family during a serious crisis.

Barton Biggs, in his excellent book, *Wealth, War, and Wisdom*, reports farmland was the one thing that saved families in occupied France, Poland, Holland, Germany, and Italy.

An unostentatious farm, not a great estate, is probably best. Bricks and mortar real estate can be expropriated or bombed, but the land is always there. Your land can't be plundered or shipped off to somewhere else.

During World War II in most of the occupied countries, if you had a self-sufficient farm, you could hunker down on it and with luck wait out the disaster. At the very least you were supplied with food in a starving country.

A working farm protected both your wealth and your life.

As my good friend (and multimillionaire investor) Doug Casey likes to say, in a time of crisis, “The best thing you can do is buy a really good farm.”

So how can you play it?

Well, just like I prefer owning real, hold-in-your-hand gold and silver rather than owning precious metals on the stock market... I suggest you seriously consider a private land deal. Quite literally, you should investigate buying a plot of farmland.

But if your only option is the stock market, my favorite is a company called **Cresud (Nasdaq: CRESY)**.

Cresud is run by one of the world's best investors, a man I'm almost sure you've never heard of, named Eduardo Elsztein.

I've been a longtime admirer of Eduardo, and in recent years I've gotten to know him on a personal level too. He even invited me to ring the opening bell with him on the New York Stock Exchange last year, to commemorate a new business deal.

One of the things I love about Eduardo is he has survived and prospered through more government-debt pileups and busts than any big investor I'm aware of. You see, Eduardo has lived his life in Argentina, which has a history of wiping out investors time and again.

Eduardo's firsthand knowledge of how to invest through an inflationary time is important right now... as our U.S. government is inflating our money at an unprecedented, off-the-charts rate. To me, nobody is more experienced than Eduardo at profiting from this situation.

Cresud is Argentina's largest cattle raiser and owner of private farmland and cattle raiser in a country with some of the world's best agricultural lands. The company's 600,000-acre Los Pozos farm is recorded on the books at its historic cost of around \$4.50 an acre (plus improvements). That's the way accounting works. But according to a sale two years ago, the land is worth as much as 25 times more than what is on the books.

The company is also the biggest owner of commercial real estate in one of the world's finest cities –

Buenos Aires. Eduardo buys real estate (buildings) through a company he built called IRSA. He tries to buy it extremely cheaply, improve its value, and then sell it.

He does this because real property is a proven store of value during government inflations. Argentine farmland is some of the world's most productive farmland... A hundred years ago, Argentina was "the breadbasket of Europe." Its agriculture and natural resources led it to become the world's 10th-wealthiest nation.

So what happened in the last 100 years? How could Argentina fall so far in that time? To me, the blame lies significantly with the government...

For nearly 100 years, Argentina has had bad politicians who consistently rang up large government debts while putting the people through excessive regulation/socialism... only to see this unsuccessful formula blow up on the people, over and over again.

Hopefully, our next 100 years in the U.S. will turn out better than Argentina's. But these days, it sure feels like the U.S. government wants to repeat Argentina's formula for failure – large debts, excessive regulation, and more socialist tendencies.

There is one thing we can do to protect our wealth. We can follow Eduardo... we can buy farms, real estate, and gold – REAL things that hold their value when the government goes too far.

Over the last 20 years, Eduardo has built one of the world's finest portfolios of real estate. He's made his fortune by being patient for opportunities to appear... and then being bold and aggressive when the time is right. Right now, Cresud owns about 1.2 million acres of farmland. About 800,000 acres of this land is in productive use. They have about 80,000 beef cattle... and 9,000 dairy cattle.

And Cresud is well-run and incredibly profitable. Last quarter, the company's operating income rose 103% – from 93.4 million to 183.6 million Argentinean pesos. Crop, beef cattle, and milk prices all increased, boosting the company's margins. The company is increasing its planting area going into 2011 by 24%. Profits will continue to grow.

So what's not to like? There's one catch: The stock is expensive right now.

Over the years, the time to buy Cresud has been when the stock has been trading for less than book value. Right now, shares trade for close to two times book value. No matter how fantastic the business is, that's just too much to pay for the shares. We're going to wait for a better entry point.

Action to take: Put it on your watch list and buy it when it trades for less than book.

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