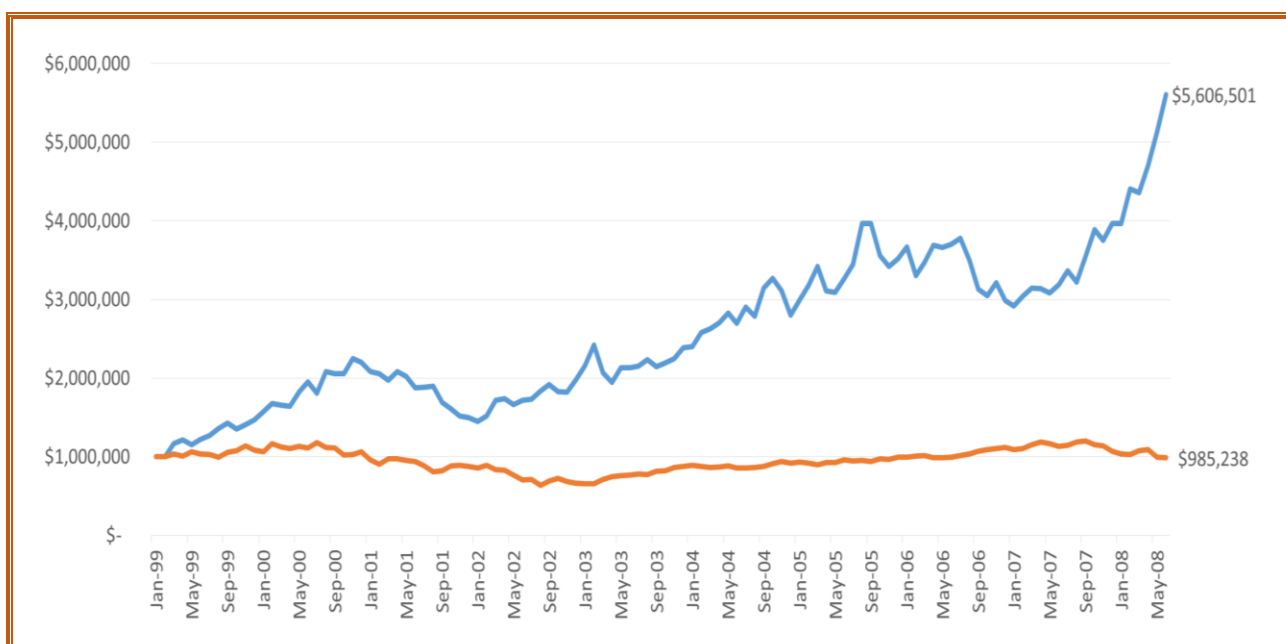


The background features a series of overlapping diamond shapes in shades of gray and orange. On the left, a bright sun-like glow is visible. In the bottom right corner, there is a 3D bar chart with seven bars of increasing height, overlaid with a thick, curved yellow arrow pointing upwards and to the right.

War Stocks to Watch with Big ETF Movers

War Stocks to Watch with Big ETF Movers Strategy for the Next 5 Years

easy to understand Stock and ETF strategies for normal investors!



Created by TopTradeTools.com Hedge Fund Research Team

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Research Report Disclaimer

The information contained in this research report is our opinion about what we believe to be a special opportunity for long-term investors. We are not registered investment advisors nor do we want to be. Our experience is primarily from researching winning investment and trading strategies for award winning hedge funds, so we would like to think that we know a thing or two about the markets. The goal of this report is to make you aware of what we are seeing in the markets right now. Be sure to understand that there is both a possibility of gain and a risk of loss when investing or trading. In addition, past performance is not necessarily indicative of future results.

The information presented in this report is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, TopTradeTools.com is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA and the Internal Revenue Code. TopTradeTools.com has no knowledge of and has not been provided any information regarding any investor. Financial advisors must determine whether particular investments are appropriate for their clients. TopTradeTools.com believes the financial advisor is a fiduciary, is capable of evaluating investment risks independently and is responsible for exercising independent judgment with respect to its investment clients.

War Stocks (and Markets) to Watch 2022 and Beyond

With the Russian invasion of Ukraine well under way, at a time when the global supply chain is plagued with problems and at a time with potential runaway inflation, this is no time for investors to put their heads in the sand. Investors need to remember that some of the biggest profit opportunities happen when the world is in crisis, and that includes war as well. With Russia being one of the largest global oil producers and with Russia's proximity to Europe, this war brings a new dynamic to the financial markets. But remember, with every crisis there are silver lining investment opportunities. War is bad, nobody is arguing this point. But as investors, we have no control over most political and economic crises. We therefore may as well look for ways we can profit in today's crazy global climate.

On the following page is a quick summary list of some stocks and markets that you should keep on your radar screen over the upcoming weeks and months. These stocks and markets are well positioned to benefit from inflation and or war.

Crude Oil – You might think that this is too obvious to mention. But what may not be obvious is that Crude Oil may reach \$200 or even \$300 per barrel or more. There is plenty of upside potential still in this market.

USO and UCO (Leveraged) – For you stock and ETF investors, check out United States Oil Field LP (USO) or Pro Shares Ultra Bloomberg Crude (UCO) to participate in further up moves in Crude Oil.

CHK, AR, CTRA, EQT, RRC, SWN, and TRMLF – Energy stocks should move much higher.

Gold or GLD – Gold has been sideways and rangebound for most of 2021. It may not be an obvious choice here, but Gold just broke out of a well-defined long-term pennant pattern which is very bullish. Look for Gold to move much, much higher.

Silver or SLV – Same as Gold. Silver should move much higher in upcoming months and years.

Cotton or BAL – You may be surprised to see Cotton here, but Cotton has experienced a massive breakout of a multi-year resistance level. In our experience, this can lead to a massive long-term move. Look for Cotton to hit 200 plus over upcoming months and years.

X and STLD – Like most commodity-based stocks, look for U.S. Steel Corporation (X) and Steel Dynamics (STLD) to move higher.

GD, LMT, NOC, and RTX – War can make defense contractors wealthy and these stocks are already heading higher.

AEP and XEL – Utilities seem to be in favor with smart money investors.

A Simple ETF Investment Solution for the Next Five Years

Wall Street has a habit of making investment reports complicated so we all feel that we need them to invest our hard earned assets. Investment advisors tend to recommend passive investment approaches that generally increase in value over the long-term. However, during down stock markets, passive investments in stocks can lose substantial money.

Generally, passive approaches to investing in the stock market work over the long-term...over many decades. We are not here to knock long-term Buy and Hold investing.

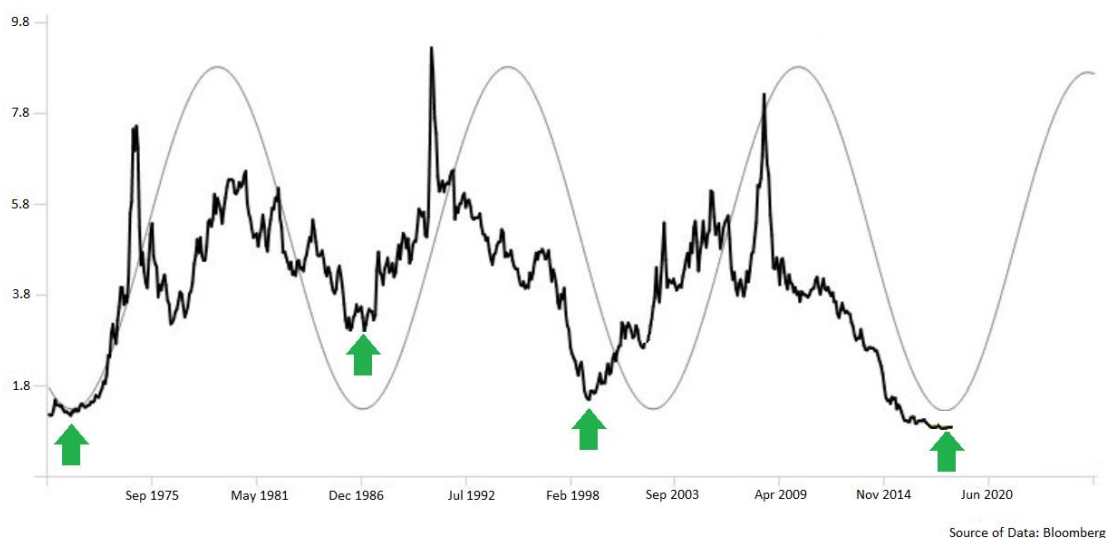
But the reality is, in our opinion, that you can make a lot more money if you are willing to keep an eye out for important market developments over time.

This report has been created to alert you to what we consider to be a very important long-term development in the markets. We are convinced that this important market development, which we will call the Trigger Event, can represent a huge opportunity for investors who know what to do and who are willing to take action.

The Trigger Event Defined

Over the past 50 years, we have only seen this market condition, or Trigger Event, happen three times before now. And now it is happening again, right now in 2018. So let's dive right in.

Commodities/S&P 500 Ratio with Long term Cycle



The Trigger Event is simply this...stocks have become very expensive and commodities are now very cheap relative to stocks. In the chart above, you can see that when this market condition has happened before, commodity prices tended to severely outperform stocks over the following five to eight year period.

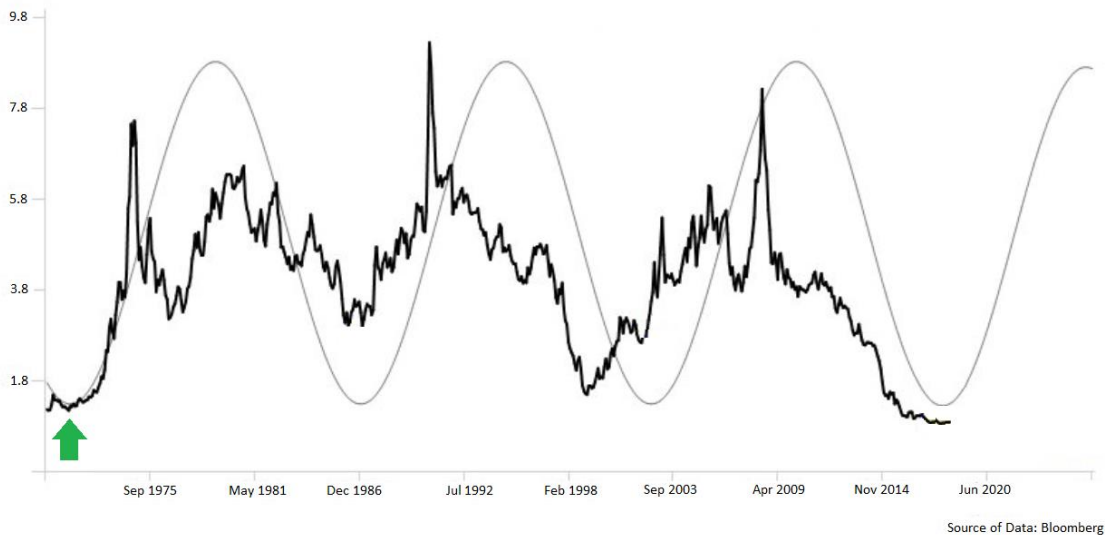
If you thought that we were going to wow you with some complex research report, you are mistaken. We are not Wall Street and there is no reason why this has to be complicated. But make no mistake, this Trigger Event can be, in our opinion, a way to make huge profits over the next five years while most stock investors suffer losses. **We**

believe that there is a major shift taking place right now and that the smart money has already started to shift their wealth out of stocks. There are a number of additional factors that support that idea that commodities are about to take off that we are not including in this report. Suggested reading includes articles about the next commodity super cycle.

Trigger Event #1 (1970 - 1974)

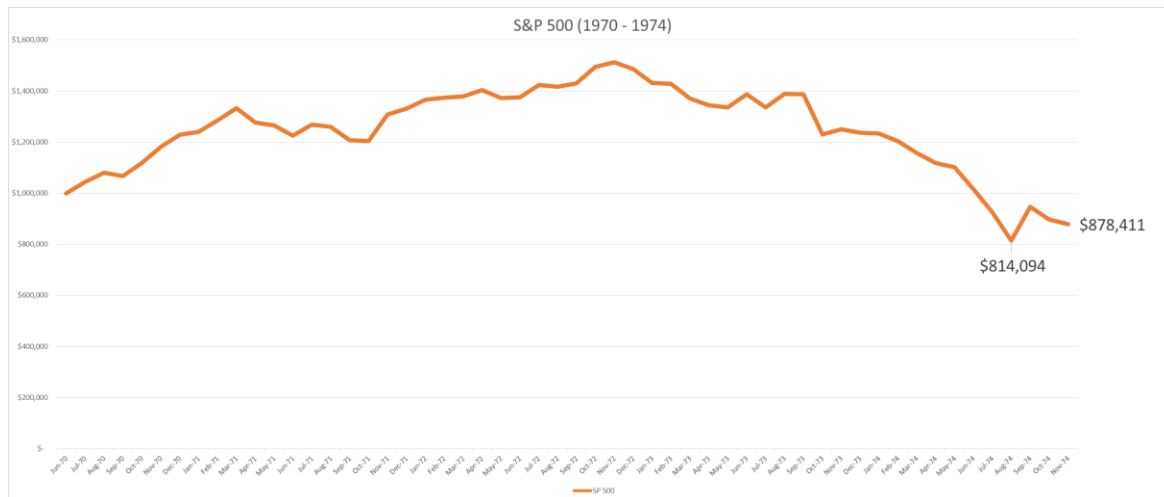
The first Trigger Event on our chart below occurred in 1970. The price of commodities become very cheap compared to the price of stocks.

Commodities/S&P 500 Ratio with Long term Cycle



As you can see, the green arrow in the chart above in 1970 pointed to an extreme when commodities became very cheap against the price of stocks. Then, over the course of the next several years, commodities proceeded to severely outperform stocks.

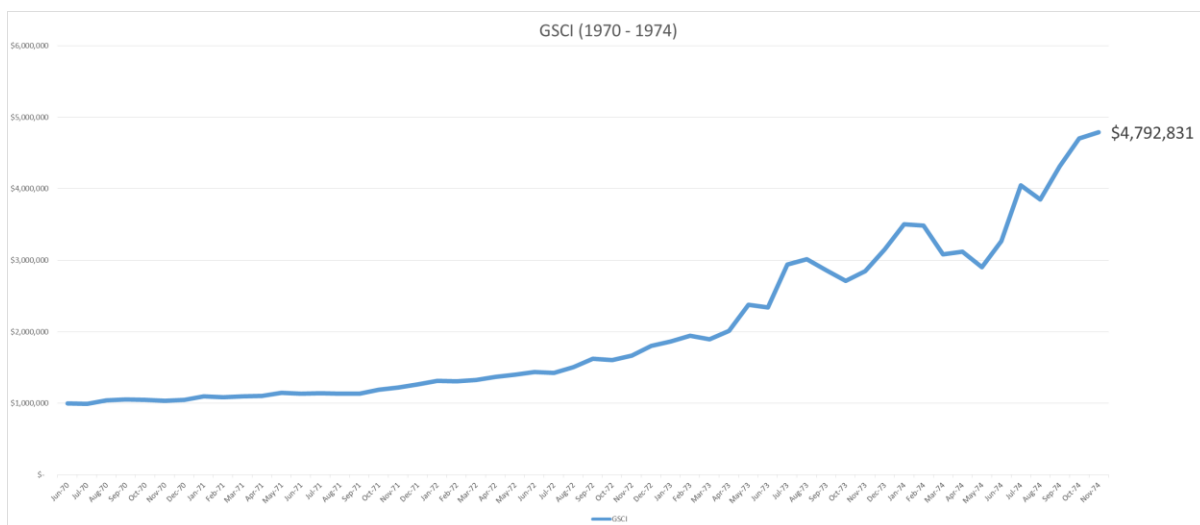
\$1 Million Invested in Stocks (1970 – 1974)



As you can see in the previous chart, stocks had a rough time over the next several years after 1970 as a \$1 million portfolio fell in value to a low of \$814,094.

For those investors who invested in commodities over the same four year period between 1970 and 1974, however, the story was very different.

\$1 Million Invested in Commodities (1970 – 1974)



The Goldman Sachs Commodity Index, which invests in commodities, grew a hypothetical \$1 million portfolio into \$4.7 million over the same period that stocks declined. That's a difference in value of \$3,914,420!

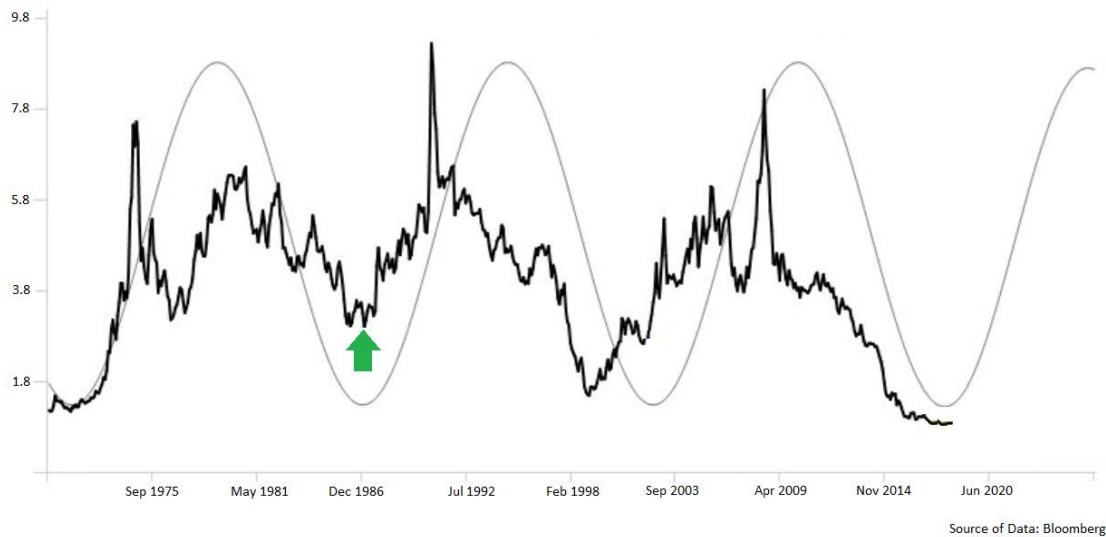
Think of the difference in practice terms. The astute investor in 1970 who invested in the GSCI Commodity Index instead of Stocks finished with an investment portfolio worth

\$4,792,831 versus a stock investor who was left with a portfolio worth \$878, 411. That is a massive difference!

Trigger Event #2 (1986 - 1990)

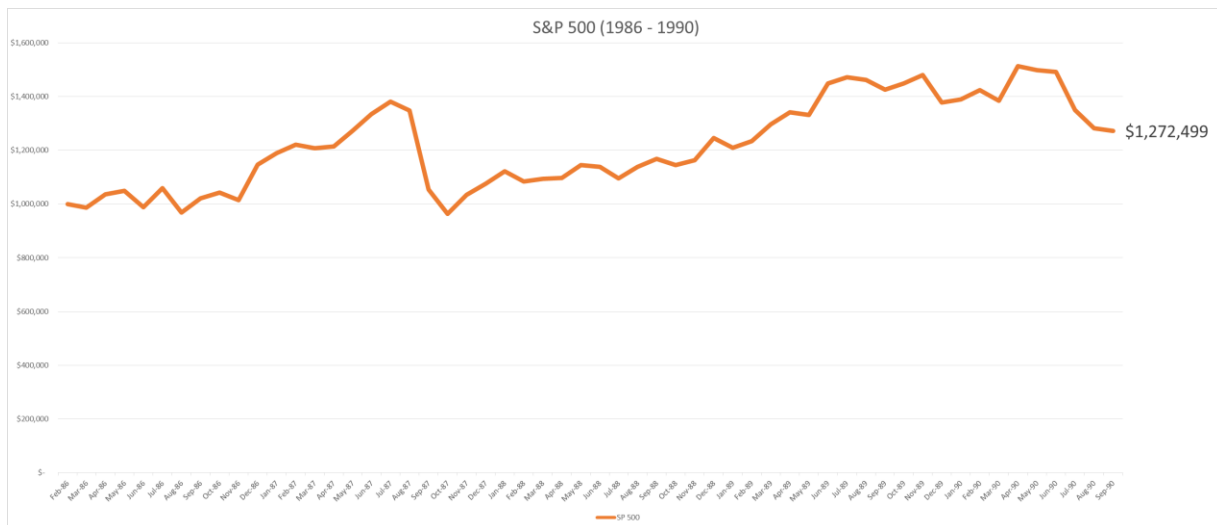
The second Trigger Event on our chart below occurred in 1986. This trigger was not as extreme as the other Trigger Events, but it was still an extreme that was worth tracking.

Commodities/S&P 500 Ratio with Long term Cycle



As you can see, the green arrow in the chart above in 1986 pointed to an extreme when commodities became very cheap against the price of stocks. Then, over the course of the next several years, commodities proceeded to severely outperform stocks.

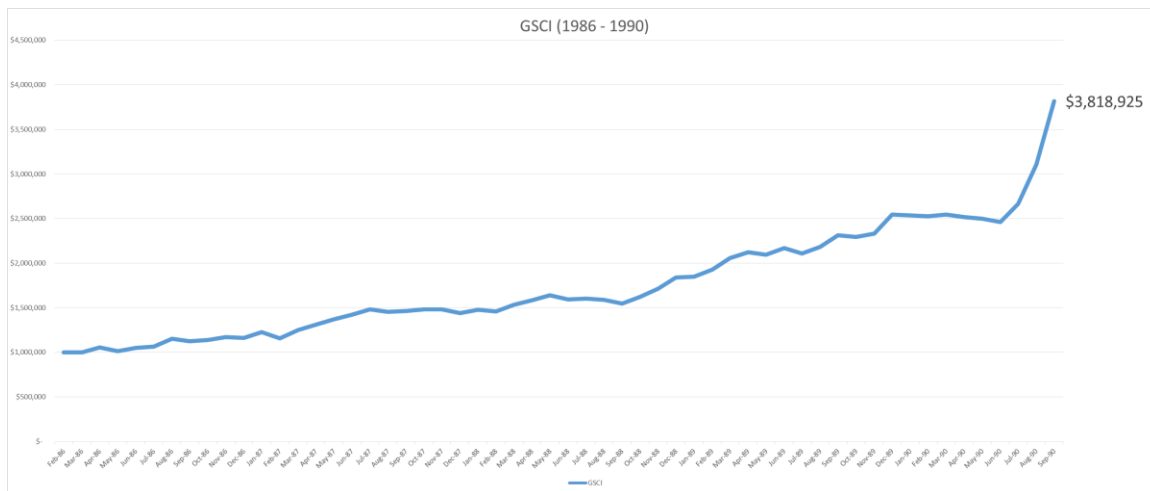
\$1 Million Invested in Stocks (1986 – 1990)



As you can see in the previous chart, stocks trended up moderately over the next several years as a \$1 million portfolio moderately increased in value to \$1,272,499.

For those investors who invested in commodities over the same four year period between 1986 and 1990, the story again was very different.

\$1 Million Invested in Commodities (1986 – 1990)



The Goldman Sachs Commodity Index grew a hypothetical \$1 million portfolio into \$3.8 million over the same period when stocks only climbed moderately. That's a difference of \$2,546,426!

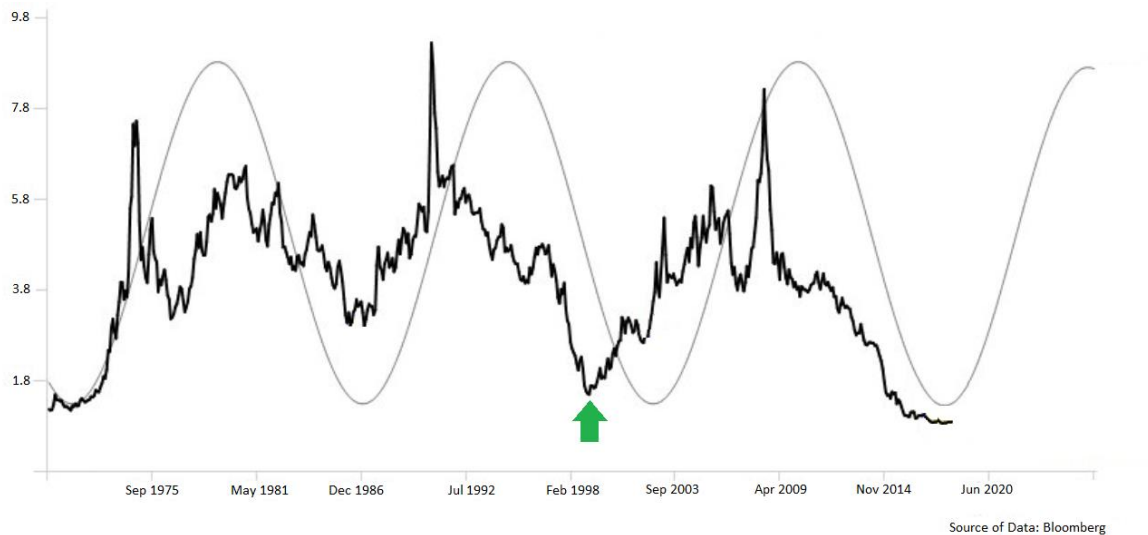
The astute investor in 1986 who invested in the GSCI Commodity Index instead of Stocks finished with an investment portfolio worth \$3,818,925 versus the stock investor who had an investment portfolio worth \$1,272,499 at the end of the same period. Again, that is a massive difference!

On a side note, shifting a portion of an investment portfolio out of stocks into commodities may be the right move for many investors. We would recommend that you consult your investment advisor and tax attorney to determine what is appropriate and advisable for your situation. **It is important to remember that shifting assets in an investment portfolio can result in large tax implications, so be sure to consult with your advisors before you make any investment decisions.**

Trigger Event #3 (1999 - 2008)

The third Trigger Event on our chart below occurred in 1999. This Trigger Event was almost as extreme as the Trigger Event in 1970.

Commodities/S&P 500 Ratio with Long term Cycle



As you can see, the green arrow in the chart above in 1999 pointed to an extreme when commodities yet again became very cheap against the price of stocks. Similar to previous Trigger Events, over the course of the next eight years, commodities severely outperform stocks.

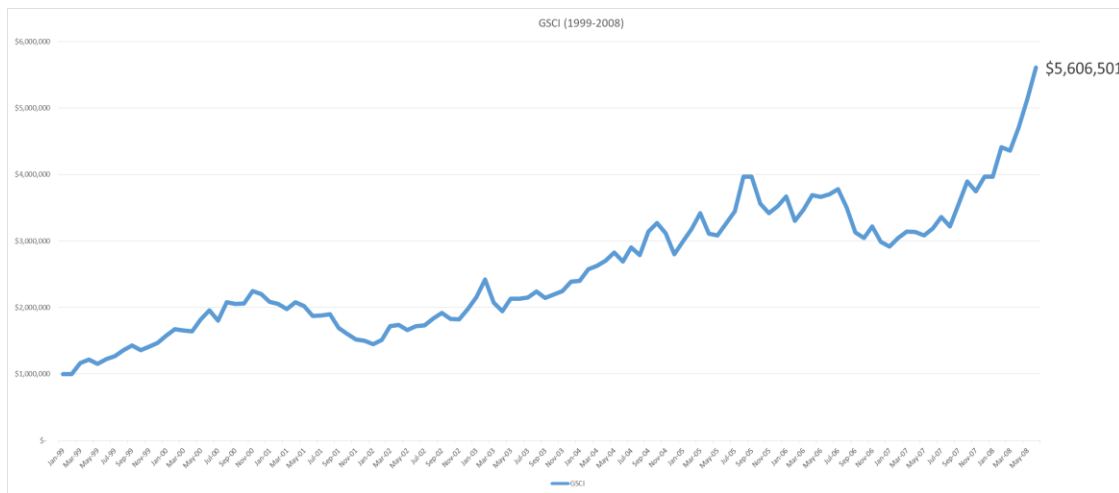
\$1 Million Invested in Stocks (1986 – 1990)



As you can see in the previous chart, stocks lost value over the following eight years as a \$1 million portfolio in stocks dropped in value to \$985,238.

For those investors who invested in commodities over the same eight year period between 1999 and 2008, the story again was very different.

\$1 Million Invested in Commodities (1999 – 2008)



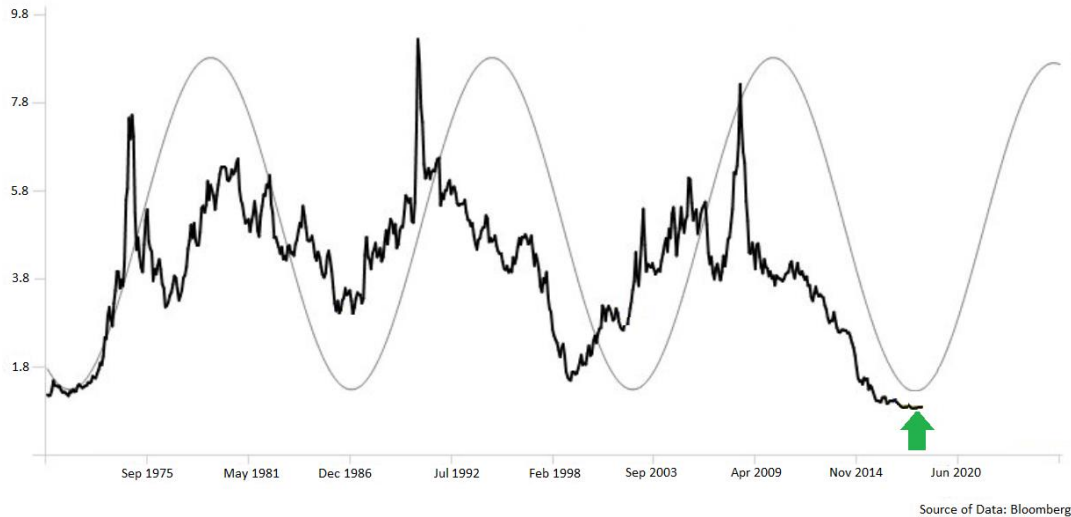
The Goldman Sachs Commodity Index grew a hypothetical \$1 million portfolio into \$5.6 million over the same eight year period that stocks fell in value. That's a difference of \$4,621,263!

The astute investor in 1999 who invested in the GSCI Commodity Index instead of Stocks finished with an investment portfolio worth \$5,606,501 versus the stock investor who had an investment portfolio worth \$985,238 at the end of the same period. The numbers speak for themselves.

Trigger Event #4 (2018 -)

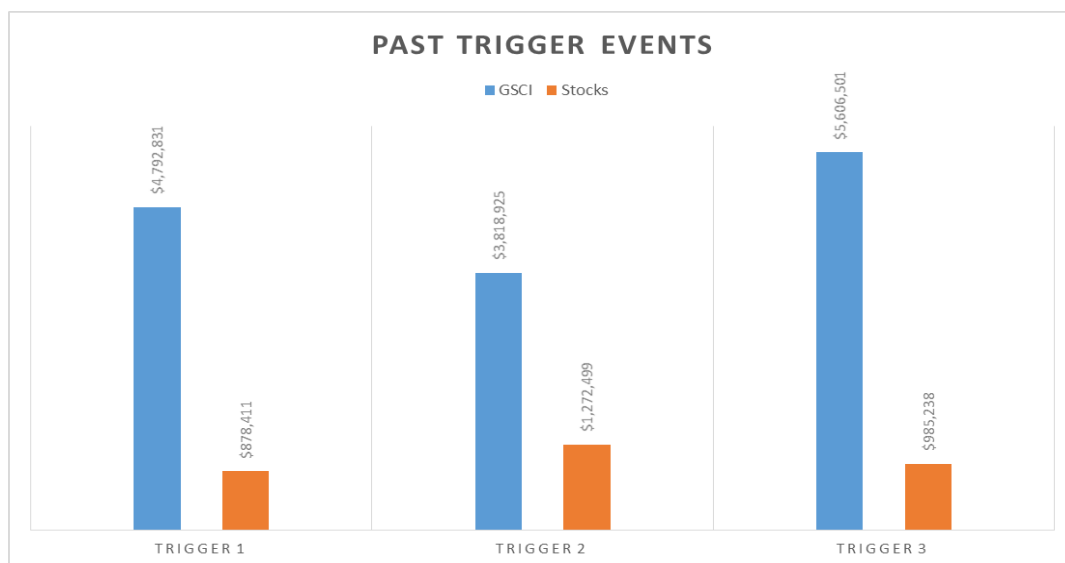
The fourth Trigger Event on our chart below is happening right now in 2022. This is one of the most extreme Trigger Events we have seen in the past 50 years, so we believe that the opportunity present with the current Trigger Event could be significant!

Commodities/S&P 500 Ratio with Long term Cycle



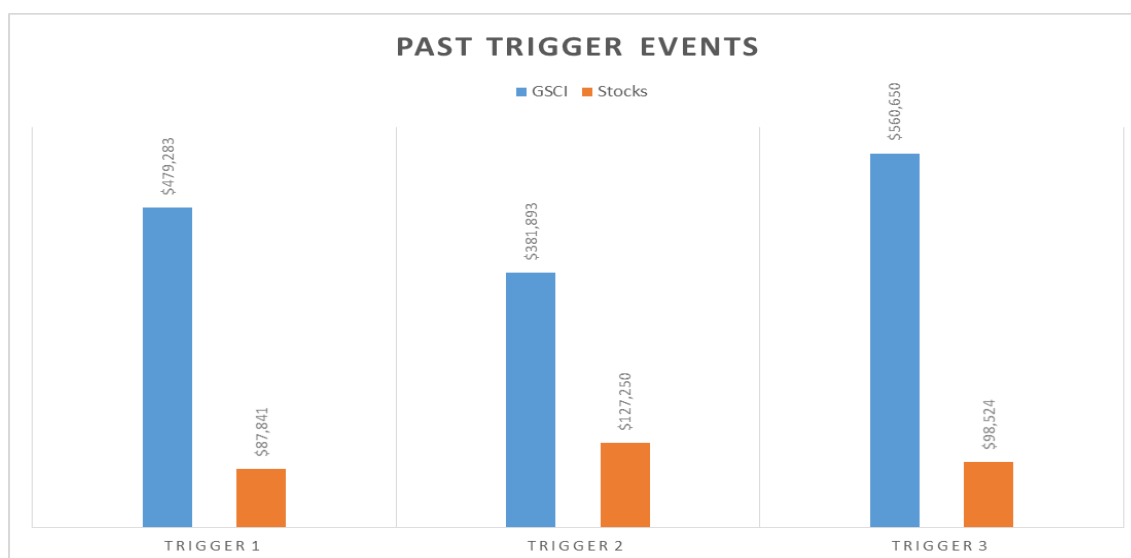
Not only are we at an extreme with the prices of commodities relative to stocks, there is also a compelling 15 year cycle present with these Trigger Events. You can see the cycle overlay in the chart above which projects that over the next 7 to 8 years the prices of commodities should severely outperform stocks.

\$1 Million Hypothetical Portfolio in the Past Three Trigger Events



When examining the three past Trigger Events for a hypothetical \$1 million portfolio above, we note that on average the GSCI Commodity Portfolio outperformed stocks by \$3,694,036 assuming a starting \$1 million portfolio! This is compelling to say the least!

\$100,000 Hypothetical Portfolio in the Past Three Trigger Events



When examining the three past Trigger Events for a hypothetical \$100,000 portfolio above, we note that on average the GSCI Commodity Portfolio outperformed stocks by \$369,404 assuming a starting \$100,000 portfolio! Even for smaller portfolios, the difference is striking.

So, “How important is this Trigger Event?”

The numbers speak for themselves. When we view the past three Trigger Events over the past 50 years, it is plain to see that commodities have severely outperformed stocks during post-trigger periods. Now it's time to look at a specific ETF strategy to take full advantage of Trigger Event #4 which is happening right now in 2008.

Beyond the Commodities/S&P 500 Ratio that we have examined in the above Trigger Event examples, we believe that there are other compelling factors that support the idea that commodities should severely outperform stocks over the next five to eight years. These additional factors have not been included in this report.

Recommending an ETF Strategy

Now, we have been telling you that we are going to recommend a single ETF, and we will. But the reality is that there are 4 ETFs that we like and any or all of them should perform well over the next five to seven years. Below are the four ETFs that we like the most:

- DBC (PowerShares DB Commodity Index Tracking ETF)
- **DJP (iPath Dow Jones UBS Commodity Index ETN) Recommended**
- GSG (iShares S&P GSCI Commodity-Indexed Trust ETF)

Commodity ETF Index Weights

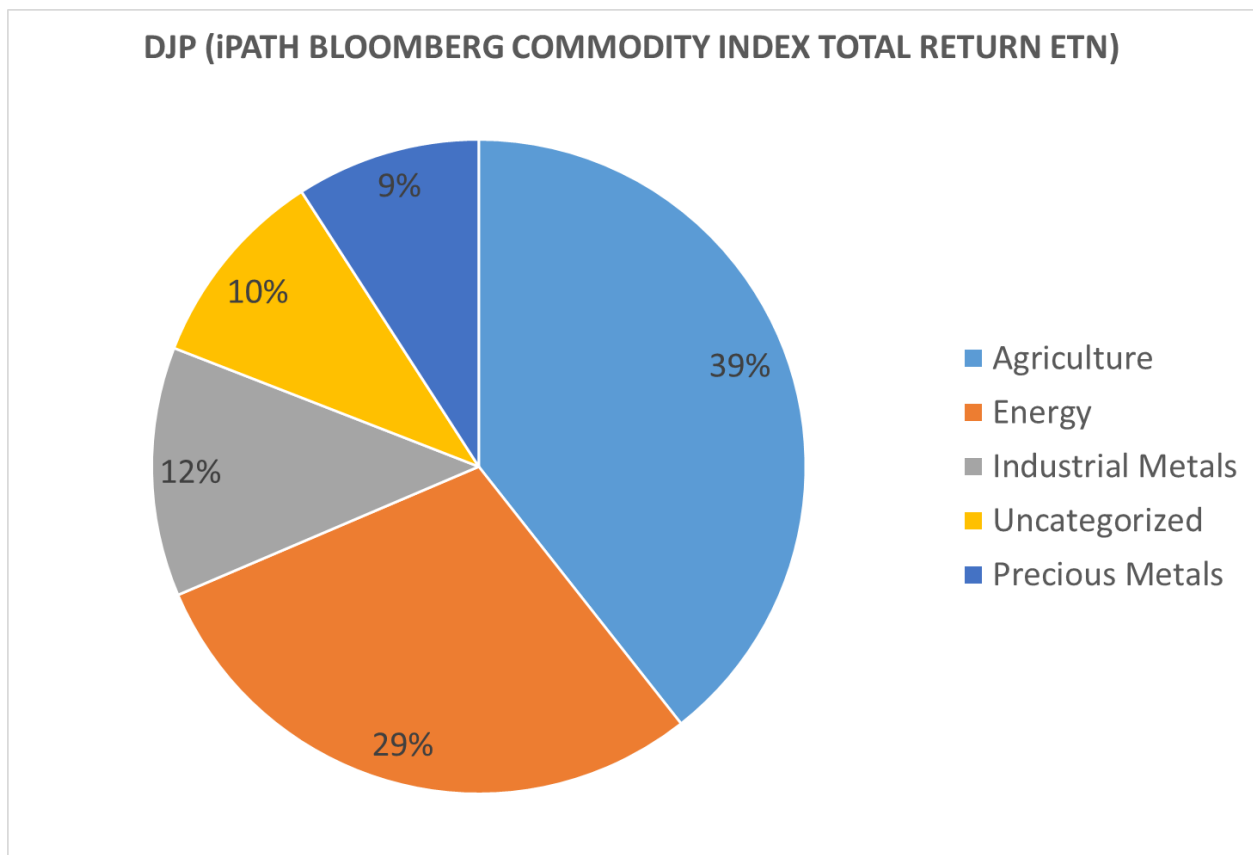
In general, when analyzing the components of commodity ETFs, we tend to place them in the following broad categories: Energy, Precious Metals, Industrial Metals, Livestock, and Agriculture. While commodity ETFs track a broad basket of commodities, their individual compositions can vary significantly. You will observe in the table below the allocation differences, by looking at the percentages allocated to each major commodity category:

	DJP	GSG	DBC
Energy	29%	64%	55%
Precious Metals	9%	4%	10%
Industrial Metals	12%	11%	13%
Livestock (Other)	10%	6%	0%
Agriculture	39%	15%	23%

Taking the time to understand the difference in these ETF weights can help you make a better investment decision. For example, investors in GSG and DBC will learn that these ETFs are heavily weighted in oil and gas commodities (comprising 64% of GSG and 55% of DBC). DBC doesn't include Livestock commodities at all, whereas the other commodity ETFs allocate as much as 10% to this category. GSG has a small 4% allocation to precious metals, compared to 9% for DJP and 10% for DBC.

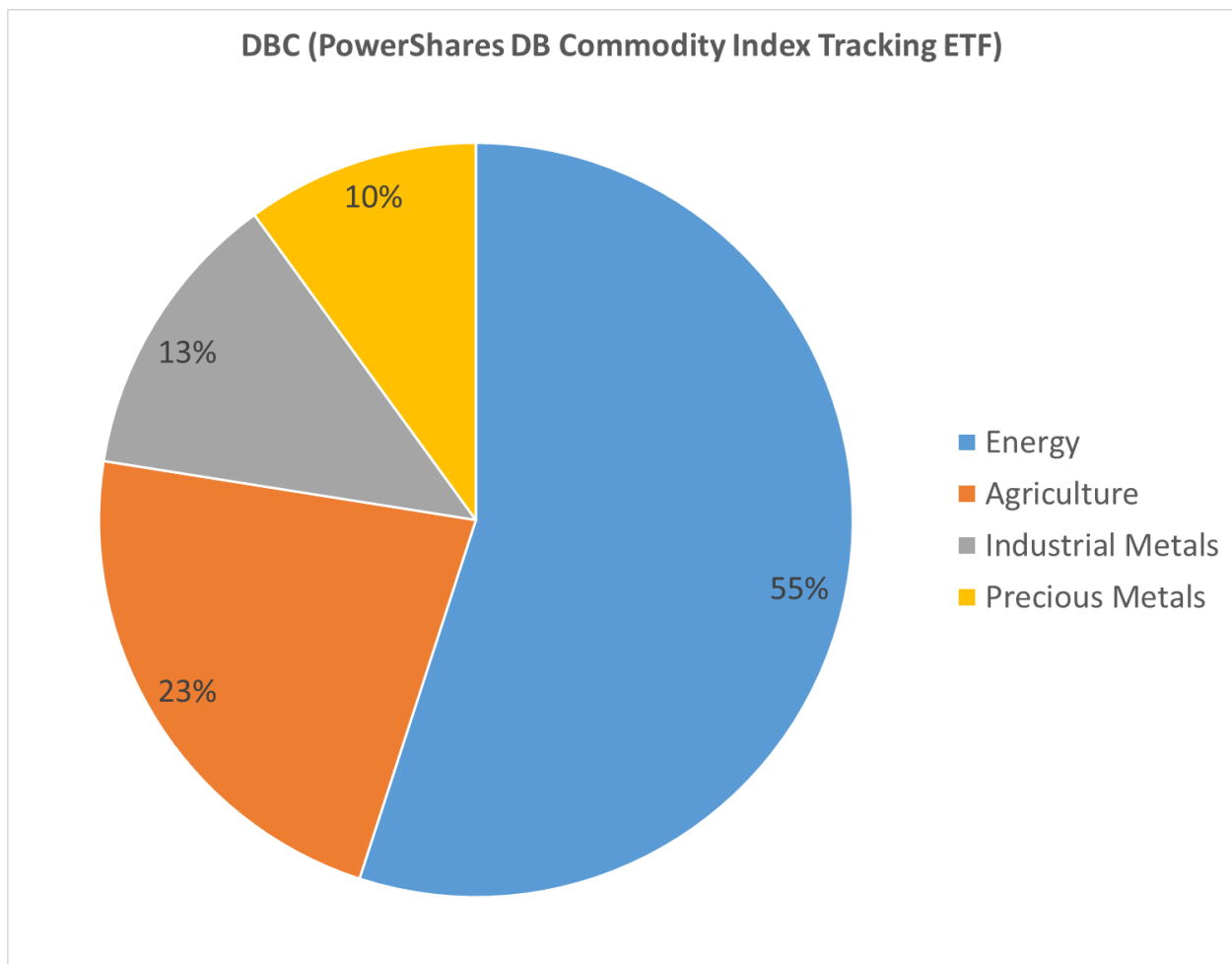
DJP (iPath Bloomberg Commodity Index Total Return)

We recommend this Commodity ETF because it has the most balanced commodity allocation in our opinion, including a higher allocation to precious metals. This ETF contains futures contracts for 19 different commodities, including Crude Oil, Heating Oil, Unleaded Gas, Natural Gas, Gold, Silver, Copper, Aluminum, Zinc, Nickel, Live Cattle, Lean Hogs, Corn, Soybeans, Soybean Oil, Sugar, Wheat, Coffee, and Cotton. DJP was first made available to investors in July 2006. The graph below shows the percentage allocation to each commodity sector:



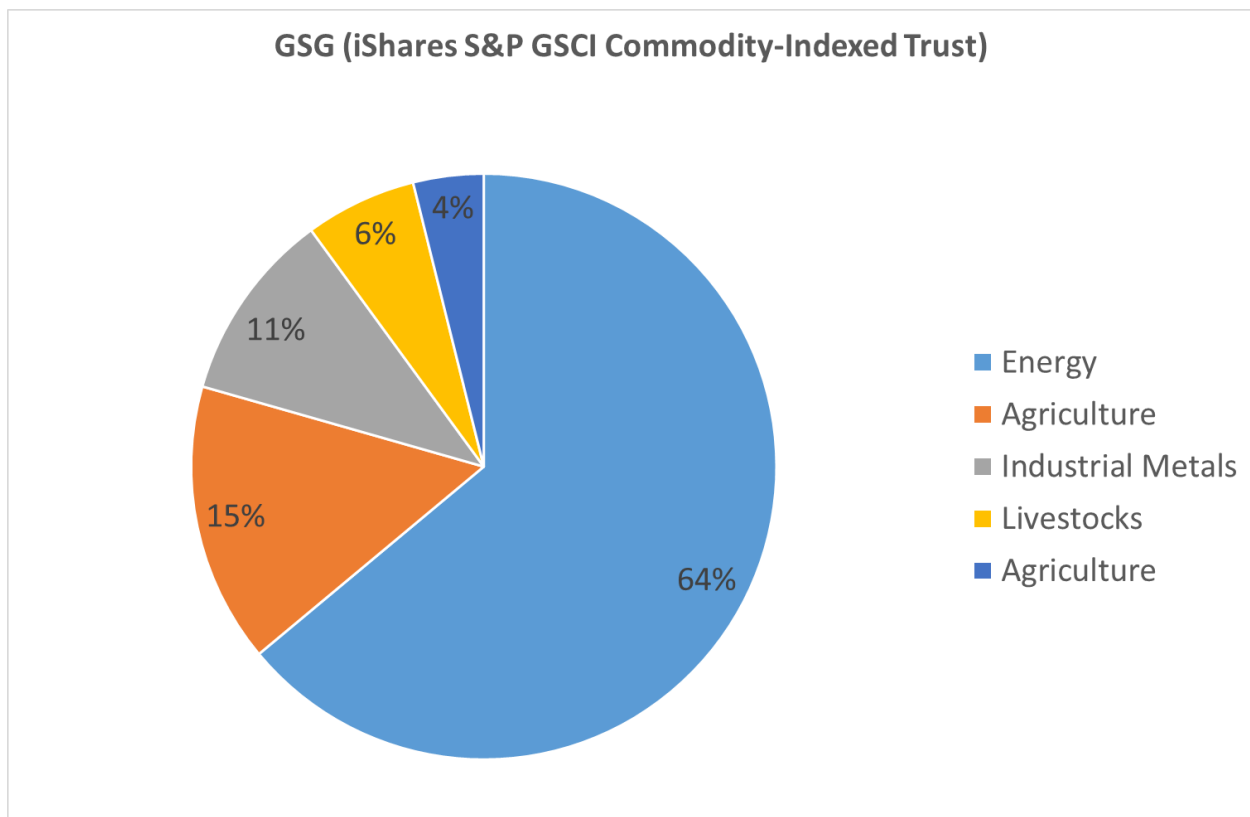
DBC (PowerShares DB Commodity Index Tracking ETF)

This ETF would be our second recommendation simply because it contains a large allocation to precious metals than GSG. This ETF holds futures contracts on 14 of the most heavily-traded and important physical commodities in the world: Brent Crude, Light Crude, Heating Oil, RBOB Gasoline, Natural Gas, Gold, Silver, Copper – Grade A, Aluminum, Zinc, Corn, Soybeans, Sugar # 11, and Wheat. With over 2.57 billion U.S. dollars under management, it's one of the most widely held commodity index funds. It started trading in February 2006, making it the first available commodity index fund. The chart below shows the percentage allocation to each commodity sector:



GSG (iShares S&P GSCI Commodity Indexed Trust)

This commodity fund tracks Standard & Poor's GSCI index (formerly known as the Goldman Sachs Commodity Index). The GSG index contains 24 commodities: Brent Crude, Crude Oil, Heating Oil, Unleaded Gasoline, Natural Gas, Gas Oil, Gold, Silver, Copper, Aluminum, Zinc, Nickel, Lead, Live Cattle, Feeder Cattle, Lean Hogs, Corn, Soybeans, Sugar, Wheat, Kansas Wheat, Coffee, Cocoa, and Cotton. The GSG fund started trading in October 2006. The graph below shows the percentage allocation to each commodity sector:



Conclusion

We are convinced that the commodity ETFs contained in this report will outperform stocks over the next five to eight years. We recommend that you consult your financial advisor and tax advisor to discuss the right strategy and allocation for your personal situation. It is important to remember that shifting your investment portfolio could trigger tax events. So do your homework.

Risk Disclaimers

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