A publication from STANSBERRY RESEARCH

DR. DAVID EIFRIG'S
Retirement Millionaire

The Wild Beasts Are at Odds

Dear *Retirement Millionaire* subscriber,

One of the problems with studying the human body is the humans.

When we want to know how behaviors affect health, we have to rely on people reporting what they ate or drank or how much they moved.

But people just aren't reliable.

Given the ethics of science, we can't just lock people up and force them to eat this or that... unless they volunteer.

That's led to the latest development in the study of nutrition – the metabolic chamber.

This is a little room, barely bigger than a closet, that can hold a willing volunteer for a few days.

Scientists can control and measure every aspect of the subject's biology: They know exactly what calories go into the chamber, because they control them... They know how many calories the subject is burning by measuring heartrate and the ambient temperature of the room... They know how much oxygen the subject is breathing... They even know exactly what nutrients the subject absorbs into his or her blood stream by examining what comes out of, well, the room's plumbing.

I have a little bit of claustrophobia, so you won't catch me going into one of these chambers. But this sci-fi escape room is putting medical science on the path to a better understanding of weight loss.

The modern, multimillion-dollar version of these machines only came into use a little more than 10 years ago. The National Institutes of Health opened three chambers in 2007. Since then, they've helped show how massive weight loss (think *Biggest Loser* crash diets) can permanently *slow* someone's metabolism... and sleeping in a cold room can help burn calories.

But one of the big mysteries researchers are now using the machines to solve is how to *sustain* weight loss.

One of the key tenets of health is the assumption that there's a "healthy weight" for everyone. A $70 billion-a-year industry has grown around the promise of helping people get there... But even when people succeed in losing weight, most still fail to keep it off.

INSIDE THIS ISSUE:

Portfolio Snapshot:

Average Open Position Gain:
61%

Open Position Win Rate:
19 of 23 (82.6%)

Top Three Buys Today:
MSI, RMD, CVS

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We used to think that "all calories are created equal." If you eat a little less and move a little more, your body will have a caloric deficit and the pounds will come off. And that's true. Moving more and eating better is good advice for nearly everyone. But it just doesn't seem to be enough for sustained weight loss.

Newer research suggests that what type of calories you eat matter a lot if you're going to keep weight off.

The most popular theory behind this is that sugar and carbohydrates change the way insulin works in our bodies. A sugary diet ramps up insulin levels, which then causes the body to store fat and leads to cravings for more sugar.

When you eat a lot of carbs and try to cut calories, your body just screams for you to eat more. That's why lower carbohydrate diets and periods of fasting can help change the body's chemistry and make it easier to stay healthy.

But even under this theory, no mathematical formula works perfectly for every person. While science has come a long way, we just don't fully understand how metabolism and nutrition work together.

The metabolic chambers are one approach to trying to clear up this relationship. How much do carbs matter? Can you change your metabolism by eating something different? The studies coming from the chambers will start to answer these questions in the coming years.

Personally, I think we'll find out that people all have their own optimum diets that are determined by their genes. Some folks will do better with diets that are high in fats and low in carbs. Others will be able to eat more carbs without wrecking their metabolism.

The start of the year is a good time to read our newsletter. After all, the most popular New Year's resolutions are to get healthier and improve your finances… and our mission is to help people with both.

So this month, we're featuring my top tips for improving your health in 2019. This is one of our most popular annual features. For decades, I've personally kept a list of the best simple lifestyle changes you can make to improve your health based on my reading of medical literature. I've been publishing it in *Retirement Millionaire* since 2011.

This year, we have 12 steps you should take to improve your health. (And yes, several of them help if you just resolved to lose some weight and keep it off.)

But first, we're going to make sure our financial health is stable and protected.

Just like the problem with studying human health is humans… the trouble with investing is investors. Our emotions and experiences cloud our judgement. And choices we make lead markets in directions the facts don't justify.

In this issue, we're going to put the market and the economy in our own "metabolic chamber." We going to look at the key facts about where the economy is… and the data that tell us how the market will react.

HOW DOES THE STOCK MARKET WORK?

Has anyone asked you that simple question? It's pretty basic, but it's hard to know where to start. When you own a stock, you hold a small ownership stake in a business. You should do better as the business makes more money. But it's not that simple.

Explanations delve into what "usually happens" and rely on phrases like "over the long term." And we've all seen stocks of healthy, well-run companies fall for no obvious reason.

The hardest question today takes two forms, but asks the same thing: If the economy is so good, why does the stock market ever crash?

Or, alternately: Does the stock market crash mean the economy is tanking?

Today, we see two wild beasts – the economy and the stock market – operating at odds. You can't just draw a straight line from the economy to your investment accounts.

To parse this out, we need to check in on exactly how the economy is doing, where it's headed, and how it all relates to our investments.

THE CLEAREST SIGNS OF STRENGTH

A lot of people are talking about a coming recession and weakening economy, but that's all perception at this point. All the numbers tell us that the economy is still doing well.

The most basic measure of proof here is real gross domestic product (GDP) growth. This measures the growth of the output of the U.S. economy after considering inflation. For an economy the size of ours, the best you can really hope for over an extended period is 3% growth. And our last reading came in right at 3%.

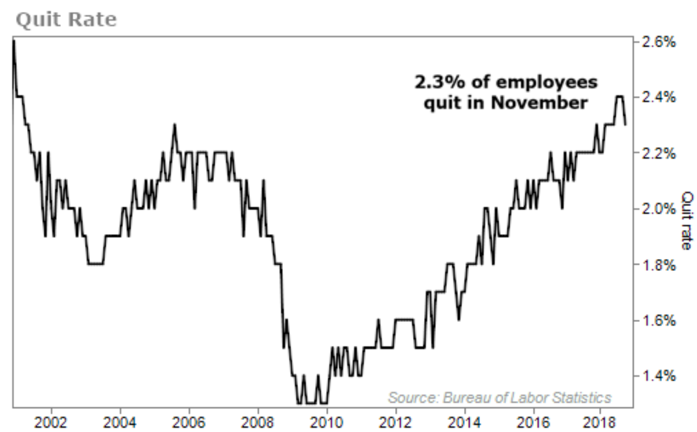
This is a healthy and sustainable rate – and the trend is up...

The place most people will experience this powerful economy will be in employment data.

The unemployment rate is historically low at 3.9%. And the number of people filing for unemployment claims – meaning those laid off or fired – has also stayed remarkably low.

You can probably see this happening with your own eyes. Employers just can't find enough people for jobs typically filled by lower-wage workers. A Taco Bell in Baltimore has a 20-foot banner advertising "Open Interviews Saturday From 7 a.m. to 3 p.m." We asked a construction project manager how hiring looked in his industry and he told us, "If you can swing a hammer, I'll give you $25 an hour tomorrow."

Business are feeling the effects of low unemployment at the higher end of the career spectrum, too. Even if you've already got a good job, there hasn't been a better time to seek out a promotion or career change in the last decade. In October, the most recent month available, 3.5 million people voluntarily quit their jobs. That's 2.3% of the workforce... in one single month.



Despite the downturn in the market, the economy has not shown signs of slowing yet. It only appears to be getting better.

So why is the market collapsing?

PREDICTIONS ABOUT THE FUTURE

The market is priced on expectations of the future. It doesn't matter how profitable a company may be today. What matters for its stock prices is what it will make in the future.

Those who are new to the stock market often don't know this. They think a growing or profitable company always makes for a good stock. But growing profits are already reflected in the price of a stock. To outperform, *you need to find stocks that will grow at a higher rate than the market expects.*

Take Apple (AAPL)... It's one of the most profitable companies in the world – second only to **Berkshire Hathaway (NYSE: BRK.B)** by net income. But that's no secret. Everyone knows Apple makes gobs of money.

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Secrets of the Retirement Millionaire

■ January is the best time of year to buy exercise equipment. Many retailers take advantage of customers' New Year's resolutions by offering discounts on equipment like treadmills and ellipticals. *Consumer Reports* suggests big-box stores for the best values. Or you can go for a fitness-equipment dealer that may offer better delivery and setup options. Costco's latest circular has treadmills for nearly 40% off in January (and it offers delivery).

■ If you're looking to get away from the cold winter weather, use this tip...

Although airline travel slows after the peak holiday season, many folks use this time to get away from the cold and snow. If you're looking to book a flight, make sure you get a comfortable one. Back in the 1980s, airplane seats were about 19 to 20 inches across... nowadays they're down to 16.5 to 18 inches. That difference will make a long flight worse, so it's always good to check your airline in advance.

One of my favorite travel sites, Airfarewatchdog, lists airline seating info. You can find the list here. And don't forget, it offers great deals on travel as well... it's a great way to save some money – along with your knees. Plus, if you want to check seat dimensions on a specific flight, you can look that up on its sister website SeatGuru.

■ Can a "dry January" keep you from catching the flu?

After all the holiday parties, many folks swear off alcohol during the month of January. The term "dry January" pops up in news outlets and so-called "health" magazines. They claim quitting alcohol for a month helps with everything from weight loss to preventing the flu.

Overall, it's a bad idea to quit anything cold turkey. Most folks rebound, just like dieters. Even if you stay dry through the month, you're more likely to overindulge come February. And if you use the month to curb a heavy drinking habit, you could face withdrawal from alcohol – which can lead to even bigger health problems. But really, full-on asceticism seems ridiculous to me. There's nothing wrong with alcohol in small amounts. Remember, a glass or two of wine a few times a week offers far more benefits than harm.

As for preventing the flu... Alcohol can suppress your immune system. But it's unclear how much you need to drink to jeopardize your health. Different studies suggest the amount varies per person. And you can take many other simple steps that are far more effective to protect your health.

Do what I do to stay healthy... Wash your hands often with regular soap and water (not antibacterial). And boost your immune system by focusing on moving more, exposing yourself to sunlight, and getting lots of sleep.

■ Do you want to trade stocks for free?

Reducing fees in your investment account can make a major difference in your returns. And a new Silicon Valley startup, Robinhood, offers completely commission-free trading. Since Robinhood has caught on with younger investors, my team tested it out to see if it's worth all the hype.

The app-based brokerage allows you to buy and sell stocks for free. My team went from visiting the website to buying our first stock within 20 minutes. We executed trades quickly and at reasonable prices. We also tried some advanced option trades, but the calculated gains didn't appear correctly. The error was in the display, not the money in the account.

Bottom line: The platform is good for trades, but not great for analysis. And like a social network, we suspect it's designed for addiction. The app explodes with a confetti graphic whenever you open a trade. (How about when you close a winner?) And it inundates you with ideas to trade... rising stocks that you're "missing out on" and hot ideas like cryptos. The site clearly wants you to trade a lot – which is generally harmful to your financial health.

A free service like this may be beneficial if you want to invest in something that incurs high commission costs – like investing $100 a month into an index fund. The low cost would boost your returns. But Robinhood has drawbacks and needs time to prove itself reliable before I'd use it for anything other than "play money."

■ Don't use Facebook for shortcuts...

With so many headlines about online security breaches, it amazes me how many folks still cut corners. Late last year, Facebook faced a breach of about 50 million users. What most folks don't think about, though – all the other accounts they have linked to Facebook.

For example, you may sign into your Ancestry.com account, TripAdvisor, or even Amazon using your Facebook account. That means a Facebook hack puts you at risk for exposing all that data. (Imagine losing your credit card information this way!)

To check which websites and apps you access through Facebook, click on "Settings," then "Apps and Websites." You can deny access to any of these with "Remove." And to further improve your security, turn on two-factor authentication, so any new sign-in requires you to enter a code sent to your phone or e-mail. Finally, if you don't want to track so many passwords and accounts, try a password manager like LastPass.

■ How to freeze out hackers...

Last September, the government actually did something in our best interest. It ordered the three major credit bureaus to offer credit freezes for free. With more hackers stealing more of our personal data in 2018 than any year before, it's a good time to think about putting a freeze on your credit.

You might remember we discussed this idea in our security report. With fees removed (and a growing number of hacks), it becomes a more viable option. Just remember, if you freeze your credit, you'll have to unfreeze it before any credit checks. That means before opening a new credit card, applying for a home loan, or buying a car. Be sure to contact Experian, Equifax, and TransUnion to set it up with each one. And always make sure to check your credit reports. You can get a free report once a year from each bureau. Speaking of hacks...

■ No, the IRS will NOT call you...

We know some folks who received calls from people claiming to be with the IRS and warning about a problem with their tax returns. This is a scam. The IRS will never notify you by phone. You will receive a letter instead. So never, ever give out your information to anyone calling saying he or she is from the IRS.

In fact, get ahead of hackers by getting a jumpstart on your taxes. January 31 is the deadline for employers to mail W-2 and 1099 forms. Start collecting your tax forms as they come in and **don't wait** to file your taxes.

If you do receive a letter stating you filed multiple returns, this means someone filed a fraudulent return in your name to get the refund. Immediately contact the IRS's Identity Protection Specialized Unit at 800-908-4490.

■ Does spinach fight liver cancer?

A new study from the Karolinska Institutet medical university in Sweden just found another great reason to eat your leafy greens. That's because a nutrient in these green vegetables, inorganic nitrate, prevents the buildup of harmful fat in our livers. That's important, since about 30% to 40% of us have non-alcoholic fatty liver disease. This creates scar tissue and contributes to liver cancer, one of the deadliest types.

Researchers saw that mice who ate both a high-fat diet and nitrate had less weight gain and lower blood sugar levels than the mice who only ate the high-fat diet. They also had lower blood pressure.

The good news is that we can get inorganic nitrate in our diets with foods like celery, spinach, lettuce, and arugula. You need about 200 grams a day to match what the mice ate in the lab... that's a little less than a cup of spinach. Do what I do and add it to a daily salad or cook it up with your eggs in the morning.

CONTINUED FROM PAGE 3

This month, Apple CEO Tim Cook announced that iPhone sales would fall short of expectations.

This doesn't mean Apple is losing money. Far from it... the company will earn something like $60 billion in free cash flow ("FCF") – the purest measure of profits. It will pay the same dividends and buy back the same number of shares as it has in past years.

Even so, shares shed about $50 billion worth of value after the announcement (and $430 billion since the market downturn started in October). All because the outlook for *future* earnings have dropped a bit. Analyst consensus estimates for 2019 revenue have declined from $276 billion to $259 billion. Earnings per share fell from $13.20 to $12.

In a sense, nothing has changed about Apple. But *sentiment* has changed. The collective feelings of market participants have assigned Apple a different price. In September, investors would pay about 20 times current earnings for the future of Apple. Today, they'll only pay 12.5 times earnings.

It's the same with stocks in general. As measured by the S&P 500, they've reduced their price from 21.1 times earnings to 17.3 times earnings.

The price of stocks is a pure measure of investor sentiment. It distills every idea every investor has into one single number.

But we can break down some other measures of sentiment to see what's driving current prices.

While the economic statistics we mentioned above measure actual activity from the past months or quarter, some indicators ask questions to see what decision makers are thinking.

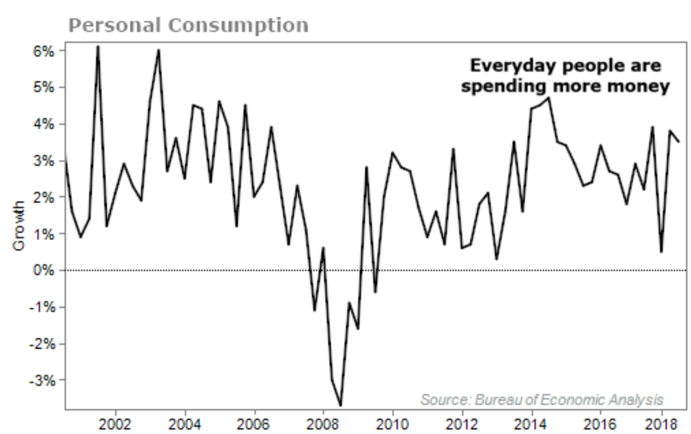
For instance, industrial production is growing well at 3.9% a year.

That measures actual production. But the sentiment among industrial producers is falling. The Institute for Supply Management ("ISM") survey asks production managers whether they expect expansion or contraction in their industry.

A reading over 50 indicates managers expect expansion. While we're still in expansion mode at 54, the optimism of the manufacturing sector has declined. The index peaked at over 60 in February and August 2018.

The sentiment moves a lot faster than the actual economic activity.

We can see the shifting sentiment in consumers as well. People are spending their money. On the whole, they've spent about 3.5% more on goods and services than they did last year – a healthy growth rate.



But if you ask people how confident they are – as the Conference Board Consumer Confidence Index does – they aren't as optimistic. That survey has fallen from a high of 136 in October to 128 in December.

Just like calorie counting, this adds another dimension of complexity. The economy is doing one thing, but sentiment may be doing another.

The divergence between sentiment and economics stresses investors and makes a path forward harder to find. But there's even more...

THE CONFUSION MULTIPLIER

As we noted in those sentiment measures, people who build factories, hire workers, and buy goods for their own homes make decisions based on how optimistic they are about the future.

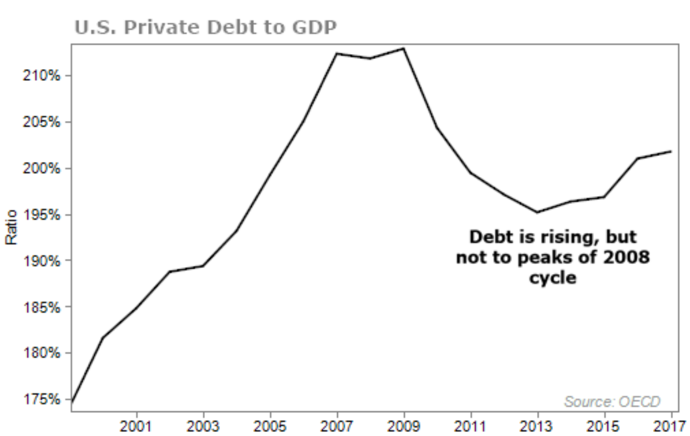
When you expect something to pay off in the future, you don't need to spend your money to build it. You can spend someone else's money. That amplifies the whole process.

Laid on top of the economic cycle is the debt cycle. If people are optimistic, they can borrow. They can borrow to build. They can borrow to buy. They can borrow to invest.

Incidentally, when everyone is so optimistic that they want to borrow, the lenders are optimistic that they can get paid back. In this way, the extension of credit expands during good times. This credit fuels growth and boosts optimism. It amplifies the swings of the market, both up and down.

For instance, the stock market dropped 37% during the 2008 financial crisis. What was the largest contraction in economic growth over that period? Just 4%.

I'd bet most folks would have guessed the contraction was much greater. The moves in the market can be many times those in the economy.



The debt cycle is still in the upswing right now. Private debt as a percentage of GDP hasn't quite reached the peaks before the financial crisis, but it's on its way there.

The cycle ends when banks and other lenders decide that they don't want to lend money anymore. That's when they start reining in lending and tightening credit conditions.

That hasn't happened yet.

The Chicago Federal Reserve's National Financial Conditions Index gauges how willing creditors are to lend. Credit conditions are still "looser" than average as shown by a reading below zero. But they've been that way for a long time...

If things retract in credit markets, that's what turns a bear market into a recession. Just look at what happened in 2008-2009.

The debt cycle moves the market one step further from the underlying economy, but more accurately, it amplifies its signals.

WHAT IS THE MARKET SAYING?

Since sentiment can move faster than the economy, and the market is a measure of sentiment that's amplified by the debt cycle. That leads to the question: Does this downturn in the market portend an economic recession?

Not just yet.

Historically, the market does turn down *before* the economy does.

The typical definition of bear market is a drawdown of 20%, but we also like a list compiled by Ned Davis

Research that has more nuanced criteria. According to that list, the bear market starts about eight months ahead of the initial recession on average... though the range is wide.

More important, perhaps, is that the market is often wrong.

If you just look at the market, you'll see lots of false starts. Since 1900, according to the Ned Davis calendar, we've experienced 36 bear markets – but only 22 recessions. If the economy is going to tank, the market will tell you beforehand. But if you think every turn in the market means a recession is coming, you'll be way too fearful.

That phenomenon led Nobel Prize-winning economist Paul Samuelson to quip, "The stock market has forecast nine of the last five recessions."

In the end, here's what we're thinking... If we don't see a recession, the market today will represent a price closer to the bottom than the top. In other words, now's not the time to sell. You missed the big move.

However, if credit conditions tighten, we could see the economy sliding toward a recession. We'll be watching our economic indicators more closely than ever to understand exactly when that is happening.

The good news is, aside from a truly drastic market decline, the worst has passed. If you've got a well-balanced portfolio of fixed income, conservative stocks, and just the right amount of speculations for your risk tolerance, you don't need to do anything drastic today. The time to move to safe investments was October, not today.

(That's why, on October 3, I told attendees of our Stansberry Conference to increase their holdings of "cash-like stuff." And I published the same advice in *Retirement Millionaire* about a week later.)

So... how did we do in the first down year for the S&P 500 since 2008? And what will we do going forward?

2018 IN REVIEW

From December 29, 2017 to December 31, 2018 the S&P 500 fell about 6%. The tech-heavy Nasdaq was down nearly 4%.

We run a model portfolio via a newsletter. We don't publish specific allocations or manage a cash balance. (And we can't really be out of the market unless we sell everything.) That means our results don't compare directly with the index.

However, on average, we beat the S&P 500.

The stocks that we currently hold in our *Retirement Millionaire* portfolio posted a small average gain over the course of 2018. We can call it breakeven.

Breaking even is never fun, but it's sure better than losing money.

That calculation does not take into account any positions that stopped out or closed in 2018. If you add in those losses, our average return is -2.3%.

For years, we held a large portfolio and mostly watched it climb higher. When everything rises, your exit strategy doesn't command much attention. Now, with so many stocks falling, we'll start our review with the question of whether our stop-loss strategy is working.

In *Retirement Millionaire*, we use a 25% hard stop on our positions. Our stops were triggered at various times during the year for blue-collar retailer Tractor Supply (TSCO), life insurer Brighthouse Financial (BHF), semiconductor maker Lam Research (LRCX), and Chinese travel site Ctrip (CTRP).

The balance with a sell stop is finding one wide enough to give your intelligent investments enough wiggle room to find their true value, while being small enough to protect your capital when you are wrong.

Our hard stops batted 0.750 this year. A stop worked against us once, causing us to miss a rebound in one stock. They saved us from greater losses in the other three.

On January 10, we recommended Tractor Supply as a way to take advantage of the growth we saw in rural America. Shortly after we bought shares, Tractor Supply posted a poor quarterly report and shares got caught up in the selling from the January correction.

Our stop was triggered when the stock fell a few cents below our stop. As disciplined investors, we sold. A couple days later, the stock recovered and proceeded to hit a two-year high in November.

If we had ignored our stop and kept holding, we'd be sitting on an 8% gain right now. And that includes the tumble the stock took in December. In hindsight, we would have been better holding shares.

On the other hand, our stops worked to our advantage with our trade our other closed positions.

In June, I had just returned from China and was blown away with the country's growth.

We thought online travel in China would explode, and Ctrip was the stock that would benefit. The fundamentals were there. The growth story made sense.

Of course, we knew that China was risky. We named Ctrip a speculative position on the thesis that we were willing to risk 25% to make 100% or 200%.

What we didn't account for was a trade war between President Donald Trump and China's leader Xi Jinping, and the rapidity of the slowdown in China's growth.

Our stop was triggered a few months into the trade, and we took a 25% loss. If we would have ignored our stop and kept holding, we'd be sitting on a 41% loss right now, as Chinese stocks have gotten hammered.

We'll be the first to admit that our stop-loss strategy isn't perfect. Sometimes we get stopped out of a stock we probably shouldn't sell. But in the end, protecting our money is important to us. Taking a few 25% losses hurts, but we avoid the big losses of 50% or 75%. That's what matters.

The other thing about our 25% hard stop is that it allows us to let our winners ride. Because we used a hard stop and not a trailing stop – which is a type of stop loss that calculates your stop from the stock's recent high price – we aren't forced to sell because of regular market volatility.

Let me show you why we use such wide stops in our long-term *Retirement Millionaire* portfolio with a former holding: aerospace engineering firm Boeing...

The August 2015 recommendation was a huge winner for us. We sold it this past May for a 151% gain. We earned about 55% a year, which doesn't just happen every day. But if we had used a trailing stop instead of a hard stop, our results would have looked a lot different...

We came within a couple dollars of hitting our hard stop in February 2016. If we had used a trailing stop, we would have sold for a loss. We would have missed the chance to more than double our money.

Hard stops give our investments some room to play out.

Should we use a 40% hard stop? A 50% stop? A 10% stop? You could make the case for all three. Each has its own advantages and disadvantages. We feel comfortable risking 25% on the downside, and we also feel 25% gives our recommendations some breathing room, so we're not forced to sell to early.

Aside from Boeing, we closed some other long-held positions in 2018 for big profits...

Stock	Return
Cisco (CSCO)	184%
AllianzGI Equity & Convertible Income Fund (NIE)	161%
Johnson & Johnson (JNJ)	144%
Invesco High Income Trust II (VLT)	82%
iShares Core S&P Small-Cap Fund (IJR)	56%
Invesco Value Municipal Income Trust (IIM)	49%

Looking back, our hard-stop strategy paired with selling upon our discretion is working.

Now, let's review our current portfolio to find out what stocks deserve extra money and what may warrant caution.

While the Nasdaq was down 4% for the year, the tech stocks we own fared much better...

Stock	2018 return
Match Group (MTCH)	50%
Amazon (AMZN)	28%
Microsoft (MSFT)	20%
Alphabet (GOOGL)	0%

Last month, we told you we're confident owning **Match Group (Nasdaq: MTCH)** and **Amazon (Nasdaq: AMZN)** moving forward. And although **Alphabet (Nasdaq: GOOGL)** was flat for the year, we're still bullish.

Any time a company's product becomes a verb (instead of saying "let's look it up on the Internet," we say "let's Google it"), you know that company has a dominant market share. There's little competition in sight for Google's search engine and advertising business. And Alphabet is projected to double its cloud revenue next year, from $1.6 billion to $3.2 billion. We think it will be a better performer in 2019.

All our tech positions are buys or strong buys in our portfolio. Since we opened our trade on **Microsoft (Nasdaq: MSFT)** back in 2010, some newer subscribers may not own shares. If you don't own Microsoft, we think now is a great time to start.

Shares are down a bit thanks to the market correction, but the company's future never looked brighter. Its Windows products dominate the market, its gaming division is strong, and what really gets us excited is its recent shift into "the cloud."

Ever since Satya Nadella took over as Microsoft's CEO in 2014, he's been pouring money into its cloud business – and it's been paying off. From a recent *Forbes* article...

> Revenue, at $110 billion, is growing at a double-digit percentage after slumping for most of the past decade, in large part because of the hard-charging – and high-margin – cloud suite the company has built around Office and Azure, Microsoft's challenger to Amazon's cloud juggernaut.
>
> Net profits are at $16.6 billion, an increasing share of which is attributable to Azure, which is growing at 91% annually with multiyear contracts only just starting to boost the bottom line.

Microsoft has been a four-bagger for us (up 318%), and we still expect more gains to come. It won't be long before Microsoft is a $1 trillion company. And if our colleague Steve Sjuggerud is right about the "Melt Up," all the tech stocks we own could have an outstanding 2019.

Moving on, two of our worst-performing stocks in 2018 were **Lockheed Martin (NYSE: LMT)** and **Huntington Ingalls (NYSE: HII)**. For the year, shares finished down 16% and 18%, respectively. But we've held for longer than just this year and had some gains in our pocket. We're about breakeven on Lockheed since we bought back in 2017, and up 5% on Huntington.

Both companies will be fine. Lockheed delivered 91 F-35 fighter jets to the U.S. and its allies in 2018, meeting its target. The F-35 jets are in high demand and account for about a quarter of Lockheed's revenue. Just one month ago, Japan announced it would spend around $10 billion on Lockheed's F-35s. It increased its existing order from 42 jets to 147. Business is booming.

As for Huntington, the U.S. Navy informed lawmakers of its intent to pursue a purchase of two Ford-class aircraft carriers, which Huntington makes. The Navy said it would spend about $43 billion to build the first three ships in the Ford class, the first of which went into service in 2017 at a cost of $13 billion. And the Defense Department just awarded Huntington a $874 million contract for submarine maintenance and modernization.

In a worldwide race to see which country can wield the biggest stick, it only makes sense to own the companies that make the sticks. We want to continue to hold Lockheed and Huntington.

Elsewhere in the portfolio, all eyes have been on U.S. District Judge Richard Leon. A few weeks ago, the merger between **CVS Health (NYSE: CVS)** and Aetna was a forgone conclusion. This merger, in our view, would put CVS in a unique position to be an end-to-end provider of health care services.

The Justice Department cleared the proposed deal after it required the sale of Aetna's Medicare prescription-drug plans to WellCare Health Plans. By finding a willing buyer, CVS thought it addressed the government's key antitrust complaint.

CVS even closed the takeover on November 28 after it received final regulatory approval. But a federal law known as the Tunney Act requires court approval of settlements the Justice Department reaches with merging companies. That's where Judge Leon comes in.

He wasn't ready to give his approval on the deal. He is concerned that the Justice Department did not challenge the merger forcefully enough.

However, in mid-December, Judge Leon did not order CVS to stop its integration efforts, like some thought he would. He accepted CVS's offer to keep certain aspects of the two businesses separate while he conducts his review. This process could take six months or longer.

We think all of this is just noise.

In the end, we think the deal will get approved. Our thesis on CVS hasn't changed. If anything, it's just made shares cheaper and more attractive. And even if the deal doesn't go through, CVS will save $68 billion by not buying Aetna.

We're a buyer at today's price.

Another blue-chip that has suffered a rough few weeks is **JPMorgan Chase (NYSE: JPM)**. It fell about 6% in 2018, with most of its losses occurring in December.

Investors lately have hated bank stocks. Slowing global growth fears have been picking up lately and the possibility of a recession has crushed bank stocks. The Financial Select Sector SPDR Fund (XLF) fell 12% in December.

If you're going to pick one bank to bet on rising, it should be the biggest and the best. That's JPMorgan... Especially at its depressed price of 11 times earnings.

Shares of Warren Buffett's **Berkshire Hathaway (NYSE: BRK.B)** posted a small 3% gain for the year. Right now, more than $100 billion of cash sits on Berkshire's balance sheet. If you give a great investor like Buffett that much cash, he'll find a way to put it to good use.

Since we bought back in 2009, we're up 248%.

Our recent recommendations of **Spirit AeroSystems (NYSE: SPR)** and **Motorola Solutions (NYSE: MSI)** are down 13% and 8%, respectively. We'll keep watching our stop prices, but much of these losses reflect the recent market correction. We think better times are ahead for both stocks. Spirit in particular just signed a contract with Boeing solidifying prices for years into the future.

Real estate services company **CBRE Group (NYSE: CBRE)** continues to dominate its market. It has the No. 1 position in leasing, property sales, outsourcing, appraisal and valuation, and property management. It is the top U.S. commercial developer.

In its most recent quarter, revenue rose 13% year-over-year and earnings per share jumped 22%. What we liked the most from its recent report was that revenues are becoming more predictable. Contractual revenue and leasing, which largely recur over time, now represent 75% of revenue. That's up from 71% of revenue two years ago. CBRE lost about 7% in 2018, but we're still up 77% since our 2016 recommendation.

Ingersoll Rand (NYSE: IR) posted a 4.4% gain in a down year. Perhaps more impressive, as housing slowed down, housing stocks got hurt. Ingersoll works in that sector – selling and installing HVAC systems – but rebounded quickly. We still think there's a long run ahead as the giant housing stock built in the last bubble, now reaching 10 years old, starts needing replacement units.

The **Invesco High Yield Equity Dividend Achievers Fund (Nasdaq: PEY)** fell about 7% for the year. One down year for dividend achievers won't change our mind about this fund...

The beauty of owning PEY is collecting growing dividends year after year, reinvesting them, and letting the power of compounding do the work for you. It's one of the easiest ways to grow wealth.

We think everyone – especially younger folks who are just starting out in investing – should own this fund. If you already own it, encourage your kids and grandkids to pick up a few shares.

Finally, it appears the Stansberry editors are on the same page. We all think gold is a buy right now. A couple months ago in *True Wealth*, Steve Sjuggerud made his case for why he's bullish on gold. In the November issue of *Retirement Millionaire*, we told you now was the time to buy gold... and that **SPDR Gold Shares (NYSE: GLD)** is the quickest, easiest way to do it. GLD is up 8% since that issue.

And just a few days ago, the *Stansberry's Investment Advisory* team put out a bullish note on gold, saying it may soar over the next few years.

It's rare all three investment advisories are on the same page about a specific investment idea. If you don't own physical gold or a gold fund like GLD, now is the time.

CHECK YOUR WATCHLIST

Now is not the time to panic. The market is doing that for you. Now is the time to review your portfolio. Make sure that it's safe enough for your comfort level and figure out which of your holdings (including the ones on your wish list) deserve a greater allocation of your capital.

Take a look at our "Strong Buys" in our online Model Portfolio and see if you've been missing out on any of them. And get yourself primed for the next move in the market.

TWELVE SIMPLE WAYS TO TAKE CONTROL OF YOUR 2019

Many of us sabotage our own best intentions.

For example, we've written about how our psychology interferes with our portfolio results. Things like loss aversion and ownership bias lead us to hold on to our failing investments too long and wreck our returns. We're often our own worst enemies... (That's why we recommend stop losses and pray for discipline.)

The same holds true for our health and wellness. This time of year, folks make New Year's resolutions. But by mid-February, nearly everyone abandons their goals. Fewer than 10% of people follow through with their resolutions each year.

The problem is, most of us don't set the right goals.

Think about the most popular goals: lose weight... eat healthy... exercise more. These aren't clear, defined goals. You're shooting yourself in the foot before you even begin.

If you want to succeed this year, set "SMART" goals. That stands for Specific, Measurable, Achievable, Relevant, and Timely. Here are some examples:

- Instead of "lose weight," say "lose three pounds a month for a total loss of 36 pounds."
- Instead of "exercise more," say "exercise seven minutes today, 14 minutes this week, and increase that by seven minutes every week. By year-end, I can be at six full hours of exercise a week."
- Instead of "eat healthy," say "cook at least four meals a week instead of takeout."

With this kind of planning, goals are much easier to achieve. It also helps you maintain changes to your diet and exercise routine more easily after you've met your goal.

That's why my annual list of health tips for the year this time focuses on actionable steps to improve your health and wellness. I encourage you to print these out and work each one into your life with easy-to-follow, SMART goals.

MY TOP 12 ACTIONS FOR 2019

1. Move for at least 20 minutes every day.

Movement is better than any health care plan in medicine. And I'm not talking about boring exercise routines. Get up and go for a walk with your friends or family. Do what I do and try some YouTube yoga videos. Get up during commercial breaks for your favorite TV show and do some stretches and routines from the Royal Canadian Air Force "5BX" workout (read more about that here).

2. Manage your stress by adding a stress-busting routine to your day.

First, understand that there are two types of stress: eustress (good stress) and distress (bad stress). Eustress comes from things that might seem uncomfortable, but ultimately make our lives better. Travel is a good example. It may cause stress planning a trip and reaching your destination on time, but the payoff of relaxation and exploration make it more than worthwhile. So welcome "eustressors," like travel or learning, with open arms and benefit your mind and wellbeing.

Distress, on the other hand, causes harm. It contributes to heart disease, inflammation, and a host of other problems. This is the daily stress many of us face concerning work, relationships, finances, and other negative factors. The best ways I know how to combat distress include movement (particularly yoga) and meditation. Meditation is simple, and *you can start with just 10 minutes a day*. Eventually, you'll train your brain to quiet down and release happiness neurotransmitters that lower stress naturally.

3. Get the proper amount of good-quality sleep.

Older adults typically need about seven to eight hours of sleep per night, though many folks face insomnia or other sleep problems with age. Practicing good sleep hygiene will create a routine to help you get better sleep every night.

Sleep hygiene covers everything from cutting back on caffeine by mid-afternoon to keeping your bedroom cool and dark (and free of electronics). It's important to pick a set bedtime as well and stick to it. Don't change it for travel, holidays, weekends, or anything else. There's so much more to say about sleep... I even considered making it my No. 1 tip this year. But we're going to cover much more in an upcoming *Retirement Millionaire* issue, so stay tuned for more.

4. Cut out sugar... including all that fake stuff.

In an issue last year of my free e-letter, *Health & Wealth Bulletin*, I angered folks by declaring how terrible artificial sugars are for our health. It turns out even "natural" sugars cause problems with weight gain, insulin resistance, and inflammation. Remember, inflammation is a key factor for heart disease, diabetes, and cancer.

More and more research points to the problems with sugar replacements. They also lead to insulin resistance and massive amounts of inflammation, since the body sees them as "foreign" substances it needs to fight. Worse, getting that sweetness without the calories of regular sugar messes with our hunger monitors (like hormones), often leading to overeating. Artificial sugars include saccharin (Sweet 'N Low), aspartame (Equal), acesulfame potassium (Sunett), and sucralose (Splenda). They also destroy the healthy bacteria in our gut, which control not just digestion, but our immune systems as well.

Try to cut out as much sugar and as many sweeteners as possible. Keep track, if you are interested – using a food diary will help you remember to cut back. Switch out sweets for other flavors instead... try salty or bitter foods.

5 & 6. Add a colorful food to your diet every day. And by colorful, I mean add in red and blue fruits (our fifth tip) and green, yellow, and red vegetables (our sixth).

Start with reds and greens for great antioxidants and fiber. As we wrote earlier in this issue, leafy greens like lettuce and spinach boast plenty of inorganic nitrate, which helps our livers. I've also written before about adding red foods, like tomatoes, for the lycopene... We know that helps prevent prostate cancer.

With more of us spending time looking at screens, a good way to protect your eyes is with a tropical snack. Mangoes contain an antioxidant called zeaxanthin, which helps protect our eyes against blue-light damage. They're also packed with vitamin C, making them a good choice to prevent any winter colds. Add some blues as well... Blueberries contain antioxidants, which lower inflammation. They boost heart health, protect memory, and moderate the "happiness" hormone, serotonin. My researcher likes to enjoy sliced mango with blueberries as an after-dinner treat. I love "blues" mixed in with plain yogurt in the morning, too.

7. Add olive oil to your diet.

I've lauded the benefits of olive oil for years. It lowers cholesterol levels and helps keep your blood sugar levels steady. And earlier this year, I wrote that adding olive oil to raw vegetables (like a good salad) helps your body break down and absorb the nutrients from the veggies more easily.

Start by trying new types of olive oil each month. Over this past holiday I tried two different ones (one from Greece and one from Costco). And challenge yourself to add a couple tablespoons to at least one meal a day. You can use it to scramble up some eggs for breakfast, drizzle it over tomatoes or a salad for lunch, or use it to marinate a steak before throwing it on the grill. And olive oil is great for your skin, too. Try using it as a massage oil to rub away soreness in your feet or back.

8. Listen to music every day.

I'm convinced music is a cure-all for many ailments. It quickly improves mood, immune function, exercise stamina, learning, and spatial reasoning. Music is also a great way to ease pain and reduce stress. If you don't already, try to carve out at least a half hour every day to sit back with some tea or coffee and listen to music. It's also an excellent way to pseudo-meditate if you can lose yourself in the music.

I enjoy classical music for relaxing or focusing on work, but I also love to get up and move to the latest Top 40 hits. Just be sure to protect your ears if you use headphones. Try to stay below 50%-60% of maximum volume.

9. Get (the right) medical tests.

I wrote a few years ago about patients with low-risk prostate and breast cancers receiving too many imaging tests. And a similar issue has cropped up with older folks getting too many medical tests they don't need. For example, sending an 80-year-old woman with severe dementia to get a mammogram won't help her. It's a question of quality of life – do you want her to suffer through painful treatments for a slow-growing cancer when she'll more than likely die from other causes first? And put yourself in her shoes...

The best thing to do is to check any test or procedure with the United States Preventive Services Task Force (USPSTF). The group is committed to the same sort of scientific rigor and thought we practice at *Retirement Millionaire*. It thoroughly vets the benefits and risks of medical tests and grades them. We like to follow its recommendations that earn an A rating, such as a blood-pressure screening for all adults and colon cancer screening to 75.

10. Track and reduce your pills.

This one really hits home. In 2018, news broke of just how many so-called dietary supplements actually contain pharmaceutical grade drugs. That's right – that "all natural" pill you took for erectile dysfunction? It likely contained the same compound found in Viagra.

According to the physician-reference portal UpToDate, 87% of folks between 62 and 85 took at least one prescription medication. And 36% took five or more prescriptions. But even worse is the growth in over-the-counter supplements. One survey found that about 75% of people 75 and older took at least one prescription medication PLUS a supplement.

But a common issue... drug interactions. If you don't already, keep a detailed list of all your medications. And make sure each of your doctors has a copy. If you don't tell your doctor about taking an herbal supplement, he won't know about any dangerous interactions with your prescriptions. For example, maybe you started taking St. John's wort to help with seasonal depression. But if you're on the pain and antidepression drug Cymbalta, you could set yourself up for seizures or a coma.

Personally, I hate our country's obsession with "Silver Bullet" pills for anything that ails you. Most ailments require some simple work... eating a better diet, moving more, and getting better sleep. Please, let's make an effort this year to add my other 11 tips to your life and see if you can ditch some of these extra pills.

11. Switch "screen light" for sunlight.

You might have noticed over the past few years that we've added tons to this list about the problems surrounding our digital lives.

The University of Southern California recently reported that we spend about one whole day of every week on the Internet. That's a lot of time spent staring at screens that give off blue light. Blue light from electronics interrupts the body's internal clock, causing problems with insomnia. It also damages our eyes.

But an easy fix can reset our internal clocks and improve our sleep. Go outside and get plenty of sunshine. Sunlight not only helps us make the best forms of vitamin D, but also stimulates the photoreceptors in our eyes. Those help us regulate our internal clocks. What's more, sunlight stimulates our pineal glands. That's a part of the brain that makes melatonin, a hormone we need to regulate our sleep cycles.

This year, make it part of your daily routine to go outside. Take a walk or simply sit in the garden and enjoy the sunshine for about 30 minutes a day. We hate sunscreen, too. The chemicals are easily as carcinogenic as the sun's UV rays. So if you burn easily, try to get your sun in before 10 a.m. or after 3 p.m. when the sun's rays are weaker.

12. Make time to socialize every day.

This goal is an easy one to combine with the others. I've discussed the growing epidemic of loneliness in the past year. Loneliness increases our risk for dementia, suicide, and other life-threatening issues.

Take some proactive steps to stay social. Call a friend once a week. Sign up for a new class at your local senior center or community college. Form a walking group with your neighbors or family. Join a local gardening club.

A recent study in *Mayo Clinic Proceedings* showed that benefits come from working out with friends. Exercising with others through activities like tennis or soccer added five to 10 years to people's lives compared with those who exercised alone. So get out there and get moving with your friends and neighbors. You don't have to break out into a run... a simple walk or jog while chatting is all you need for maximum benefits.

At *Retirement Millionaire*, we want to remind you that no one will take care of you better than yourself – be your own advocate. This year, I want you to be proactive in your journey toward a healthier and happier retirement. Create a list of your own SMART goals based on my 12 tips and let us know how you're doing: feedback@retirementmillionaire.com.

Here's to our health, wealth, and a great retirement,

Dr. David Eifrig, MD, MBA
Buffalo, New York
January 9, 2019