



**STANSBERRY**  
RESEARCH

## Investing in the Roaring 2020s

Matt McCall, Editor *The McCall Report*, *Matt McCall's MegaTrend Investor*, *Matt McCall's Daily Insight*

**[www.TheMcCallDaily.com](http://www.TheMcCallDaily.com)**

# The Roaring 2020s

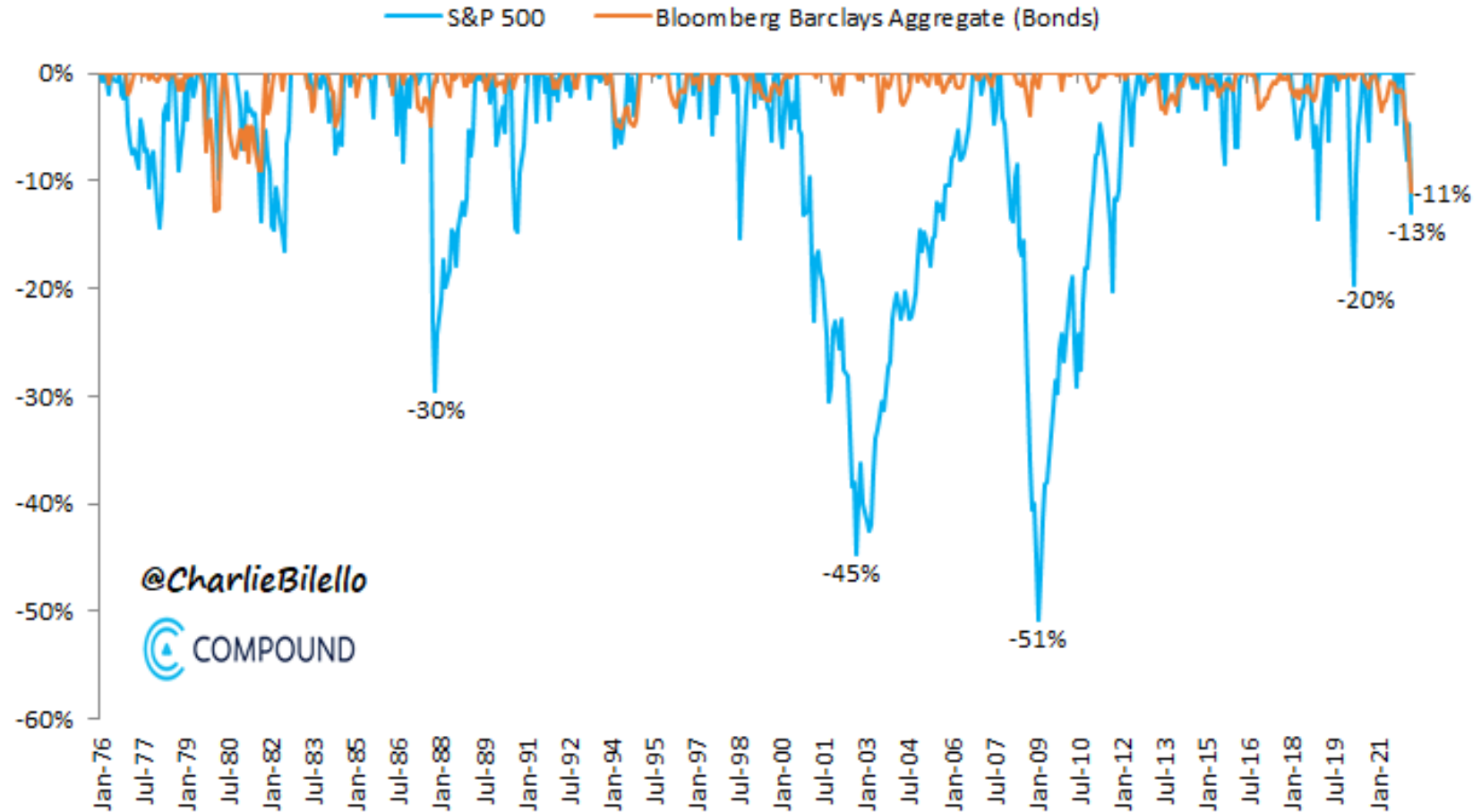
- Convergence of several technologies unleashing an era more transformational than the 1990s
- Several Megatrends that cannot be ignored or stopped
- The market is in the middle of a long-term bullish cycle
- Innovation accelerating



# Nowhere to Hide

- 60/40 Portfolio getting crushed
- First time since 1976 that both bonds and stocks are down at least 10% at same time

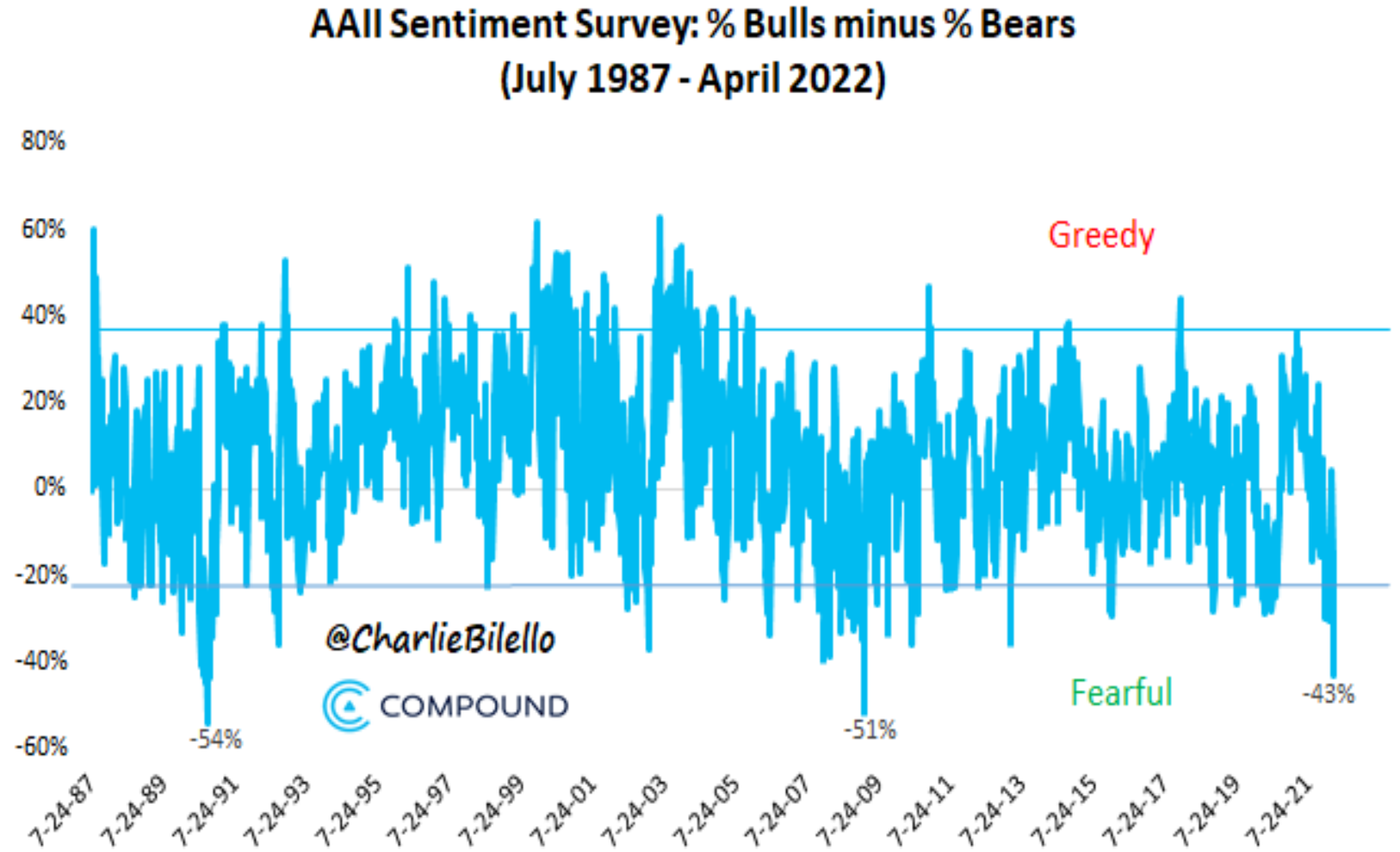
Historical Drawdowns (Monthly, 1976 - 2022)



# AAll Reading

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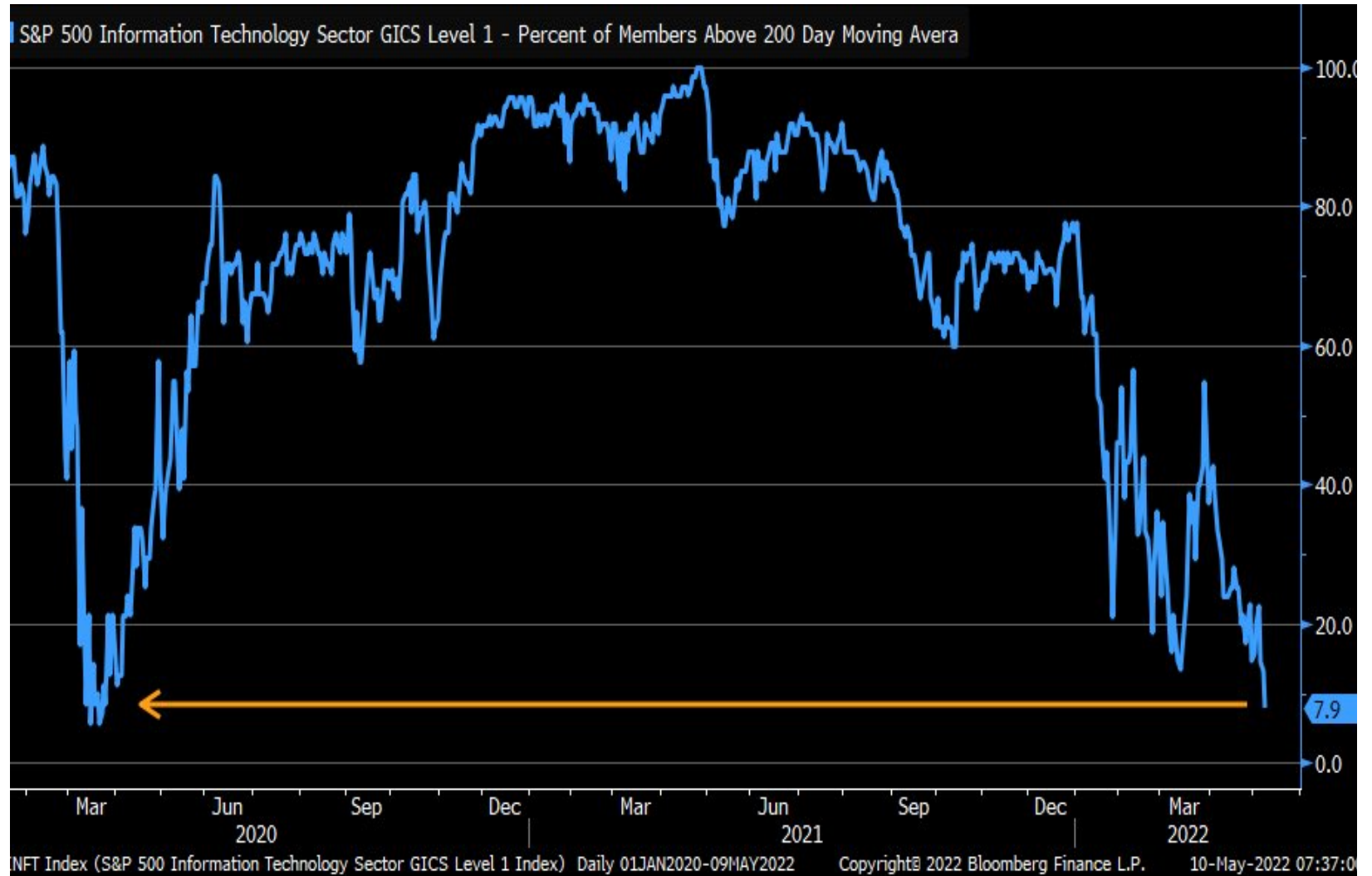
- Massive Fear
- At levels that marked long-term bottoms in the past



# S&P Tech Stocks

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- Only 7.9% of all tech stocks in the S&P 500 are above the 200-day moving average
- Near the 2020 pandemic low



# Yearly Gains & Drawdowns

- Average annual drawdown is 16.3%
- Average annual return is 10%

S&P 500 Index: Max Intra-Year Drawdowns vs. End of Year Total Returns (1928 - 2022)														
Year	DD	TR	Year	DD	TR	Year	DD	TR	Year	DD	TR	Year	DD	TR
1928	-10.3%	43.8%	1947	-14.7%	5.2%	1966	-22.2%	-10.0%	1985	-7.7%	31.2%	2004	-8.2%	10.9%
1929	-44.6%	-8.3%	1948	-13.5%	5.7%	1967	-6.6%	23.8%	1986	-9.4%	18.5%	2005	-7.2%	4.9%
1930	-44.3%	-25.1%	1949	-13.2%	18.3%	1968	-9.3%	10.8%	1987	-33.5%	5.8%	2006	-7.7%	15.8%
1931	-57.5%	-43.8%	1950	-14.0%	30.8%	1969	-16.0%	-8.2%	1988	-7.6%	16.6%	2007	-10.1%	5.5%
1932	-51.0%	-8.6%	1951	-8.1%	23.7%	1970	-25.9%	3.6%	1989	-7.6%	31.7%	2008	-48.8%	-37.0%
1933	-29.4%	50.0%	1952	-6.8%	18.2%	1971	-13.9%	14.2%	1990	-19.9%	-3.1%	2009	-27.6%	26.5%
1934	-29.3%	-1.2%	1953	-14.8%	-1.2%	1972	-5.1%	18.8%	1991	-5.7%	30.5%	2010	-16.0%	15.1%
1935	-15.9%	46.7%	1954	-4.4%	52.6%	1973	-23.4%	-14.3%	1992	-6.2%	7.6%	2011	-19.4%	2.1%
1936	-12.8%	31.9%	1955	-10.6%	32.6%	1974	-37.6%	-25.9%	1993	-5.0%	10.1%	2012	-9.9%	16.0%
1937	-45.5%	-35.3%	1956	-10.8%	7.4%	1975	-14.1%	37.0%	1994	-8.9%	1.3%	2013	-5.8%	32.4%
1938	-28.9%	29.3%	1957	-20.7%	-10.5%	1976	-8.4%	23.8%	1995	-2.5%	37.6%	2014	-7.4%	13.7%
1939	-21.2%	-1.1%	1958	-4.4%	43.7%	1977	-15.6%	-7.0%	1996	-7.6%	23.0%	2015	-12.4%	1.4%
1940	-29.6%	-10.7%	1959	-9.2%	12.1%	1978	-13.6%	6.5%	1997	-10.8%	33.4%	2016	-10.5%	12.0%
1941	-22.9%	-12.8%	1960	-13.4%	0.3%	1979	-10.2%	18.5%	1998	-19.3%	28.6%	2017	-2.8%	21.8%
1942	-17.8%	19.2%	1961	-4.4%	26.6%	1980	-17.1%	31.7%	1999	-12.1%	21.0%	2018	-19.8%	-4.4%
1943	-13.1%	25.1%	1962	-26.9%	-8.8%	1981	-18.4%	-4.7%	2000	-17.2%	-9.1%	2019	-6.8%	31.5%
1944	-6.9%	19.0%	1963	-6.5%	22.6%	1982	-16.6%	20.4%	2001	-29.7%	-11.9%	2020	-33.9%	18.4%
1945	-6.9%	35.8%	1964	-3.5%	16.4%	1983	-6.9%	22.3%	2002	-33.8%	-22.1%	2021	-5.2%	28.7%
1946	-26.6%	-8.4%	1965	-9.6%	12.4%	1984	-12.7%	6.1%	2003	-14.1%	28.7%	2022	-16.8%	?

Note: Closing Prices (does not include intra-day or dividends)



@CharlieBilello

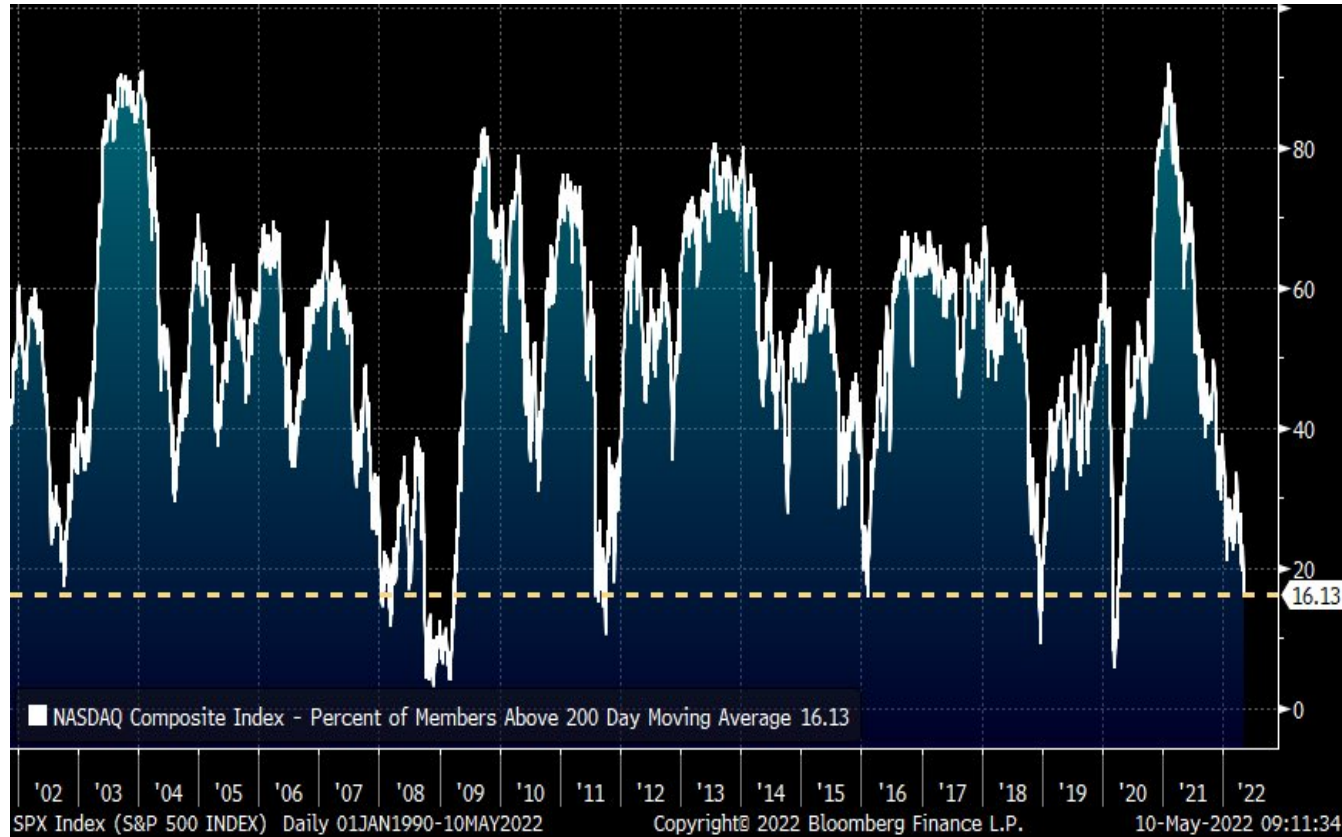
# Bear Markets

- Every bear market is followed by an economic expansion and a new all-time high in stocks
- Is this time different?

S&P 500 Bear Markets (defined by 20% Peak to Trough Decline): 1929 - Present						
Bear Market Period	Length of Bear Market (Months)	NBER Recessions	Length of Recession (Months)	S&P Start	S&P End	% Change
Feb 2020 to Mar 2020	1	Feb 2020 to Apr 2020	2	3394	2192	-35%
Sep 2018 to Dec 2018	3			2941	2347	-20%
May 2011 to Oct 2011	5			1371	1075	-22%
Oct 2007 to Mar 2009	17	Dec 2007 to Jun 2009	18	1576	667	-58%
Mar 2000 to Oct 2002	31	Mar 2001 to Nov 2001	8	1553	769	-51%
Jul 1998 to Oct 1998	3			1191	923	-22%
Jul 1990 to Oct 1990	3	Jul 1990 to Mar 1991	8	370	295	-20%
Aug 1987 to Oct 1987	2			338	216	-36%
Nov 1980 to Aug 1982	22	Jul 1981 to Nov 1982	16	142	102	-28%
Sep 1976 to Mar 1978	18			109	86	-20%
Jan 1973 to Oct 1974	21	Nov 1973 to Mar 1975	16	122	61	-50%
Dec 1968 to May 1970	17	Dec 1969 to Nov 1970	11	109	69	-37%
Feb 1966 to Oct 1966	8			95	72	-24%
Dec 1961 to Jun 1962	6			73	51	-29%
Aug 1956 to Oct 1957	14	Aug 1957 to Apr 1958	8	50	39	-21%
Jun 1948 to Jun 1949	12	Nov 1948 to Oct 1949	11	17	14	-21%
May 1946 to May 1947	12			19	14	-28%
Nov 1938 to Apr 1942	36			14	7	-46%
Mar 1937 to Mar 1938	12	May 1937 to Jun 1938	13	19	9	-54%
Jul 1933 to Mar 1935	20			12	8	-34%
Sep 1932 to Feb 1933	5	Aug 1929 to Mar 1933	43	9	6	-41%
Sep 1929 to Jun 1932	33	Aug 1929 to Mar 1933	43	32	4	-86%
<b>Average All</b>	<b>14</b>					<b>-36%</b>



# Stocks Above 200-Day MA



- Only 16% of Nasdaq stocks above 200-day moving average
- Near other bottoms (2020, 2018, 2009, 2002)



# MegaTrend: Transportation 2.0

- Electric Vehicles
- Autonomous Vehicles
- eVTOLs
- Charging Stations



# Li Auto (LI)

- EV Leader in China
- \$20.8B market cap
- Growth
  - Revenue 35.8%
  - Earnings 63.9%
- Valuation
  - Forward P/S = 1.54
  - Forward P/E = 69



# Proterra (PTRA)

- Technology for commercial EVs; powertrains for heavy duty vehicles
- \$1.1B market cap
- Growth
  - Revenue 58.7%
  - Earnings 58.2%
- Valuation
  - Forward P/S = 1.79
  - Profitable in 2024



# Wallbox NV (WBX)

- Spanish EV charging company
- Sold 51,000 chargers in Q1 – up 180%
- \$1.7B market cap
- Growth
  - Revenue 35.8%
  - Earnings 63.9%
- Valuation
  - Forward P/S = 3.8
  - Profitable in 2024



# MegaTrend: 3D Printing

- Industry 4.0
- Solves Supply Chain issues
- Future of Manufacturing
- Lower costs, increased productivity
- All about industry – sector rebirth



# Xometry (XMTR)

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- \$1.5B market cap
- Growth
  - Revenue 34.9%
  - Earnings 50.1%
- Valuation
  - Forward P/S = 2.7
  - Profitable 2024





# MegaTrend: Clean Energy

- Solar, Wind, Nuclear, Hydrogen



# Energy Fuels (UUUU)

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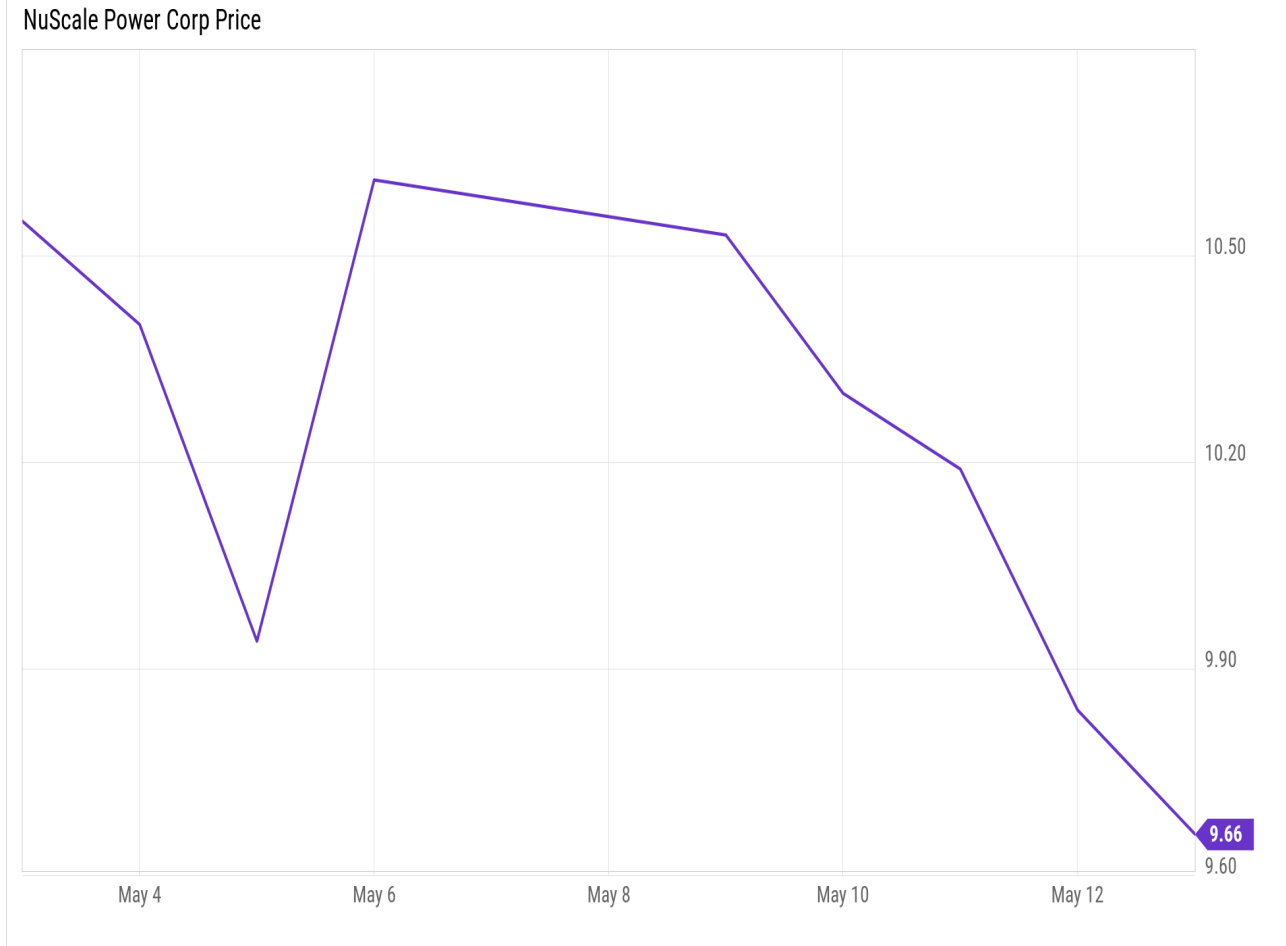
- Uranium producer; also involved in REE and vanadium
- \$920MM market cap
- Growth
  - Revenue 128.6%
  - Earnings 130.1%
- Valuation
  - Forward P/S = 3.9
  - Profitable 2023

Energy Fuels Inc Price



# NuScale Power (SMR)

- Small Modular Reactors
- \$265MM market cap
- Growth
  - Revenue expected from \$3MM in 2021 to \$672MM by 2024
- Valuation
  - Profitable 2024/2025



# MegaTrend: NexGen Battery Technology

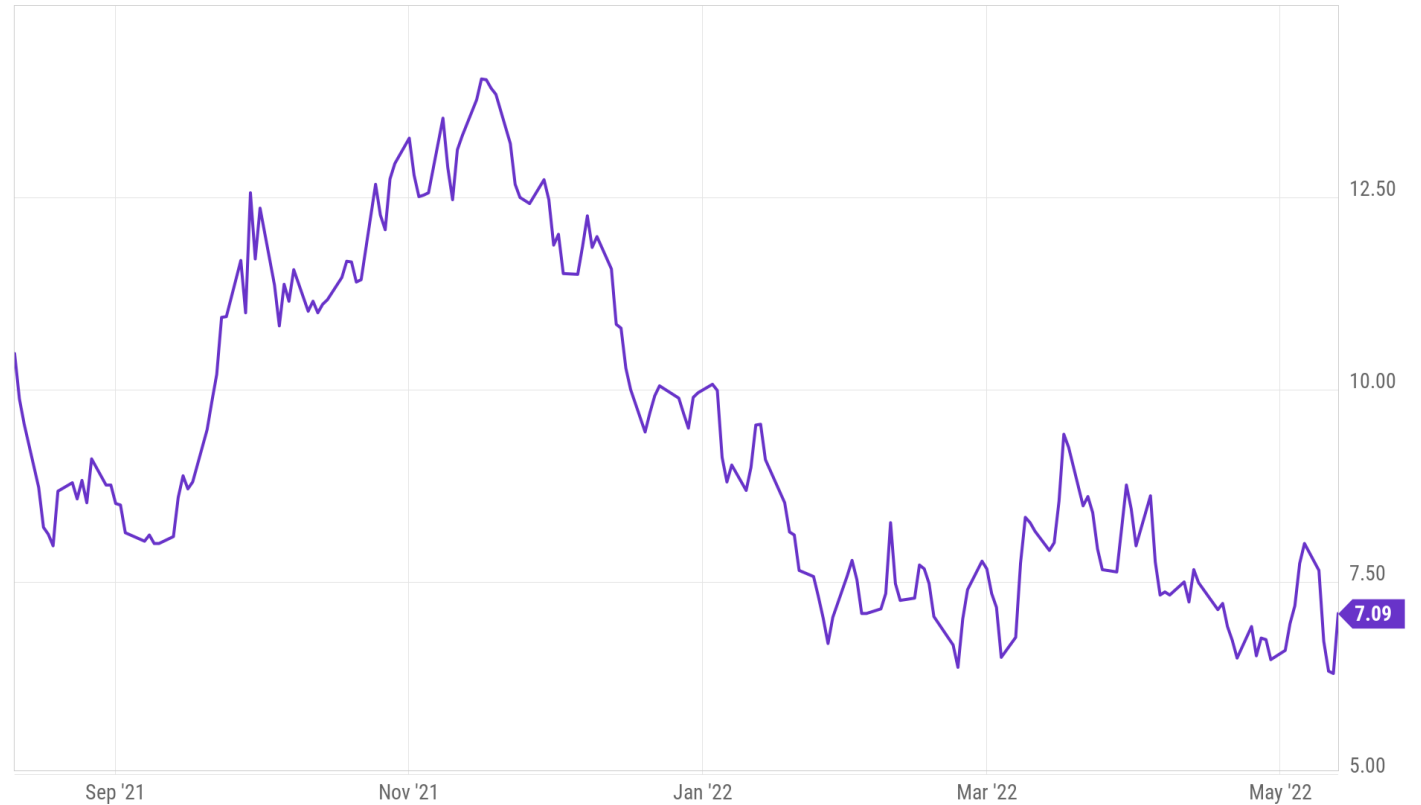
- Needed for the future of several megatrends
- EVs will create the biggest demand



# Li-Cycle (LICY)

- NA leading lithium battery recycler
- \$1.2B market cap
- Growth
  - Revenue 81.7%
  - Earnings 77.1%
- Valuation
  - Forward P/S = 6.3
  - Profitable 2024

Li-Cycle Holdings Corp Price



# Lynas (LYSDY)

- REE – only producer of scale outside of China; Texas facility
- \$5.4B market cap
- Growth
  - Revenue 17.1%
  - Earnings 11.5%
- Valuation
  - Forward P/S 6.1
  - Forward P/E 13.5

Lynas Rare Earths Ltd Price





# MegaTrend: Future of Health Care

- Genomics
- Genetic Testing
- Eradication of Diseases
- Prevention
- Telehealth



# Teladoc (TDOC)

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- Global leader in telehealth
- \$4.75B market cap
- Growth
  - Revenue 18.2%
  - Earnings 107.5%
- Valuation
  - Forward P/S = 1.62
  - Profitable 2025ish



# Progyny (PGNY)

- Fertility and family building
- \$3.0B market cap
- Growth
  - Revenue 29.5%
  - Earnings 44.9%
- Valuation
  - Forward P/S = 2.9
  - Forward P/E = 36.6



# Natera (NTRA)

- Prenatal genetic testing
- \$2.6B market cap
- Growth
  - Revenue 18.2%
  - Earnings 17.7%
- Valuation
  - Forward P/S = 2.7
  - Profitable in next 5 years



# Biotech Index

- Sector back to same level in December 2018 and COVID 2020 sell-off

S&P Biotech ETF Price



# MegaTrend: AR/VR/Metaverse

- The next iteration of the Internet
- Gaming
- Work
- Education





# Meta (FB)

- Remains a leader in social media and the metaverse
- \$537B market cap
- Growth
  - Revenue 12.7%
  - Earnings 13.6%
- Valuation
  - Forward P/S = 3.6
  - Forward P/E = 14.1

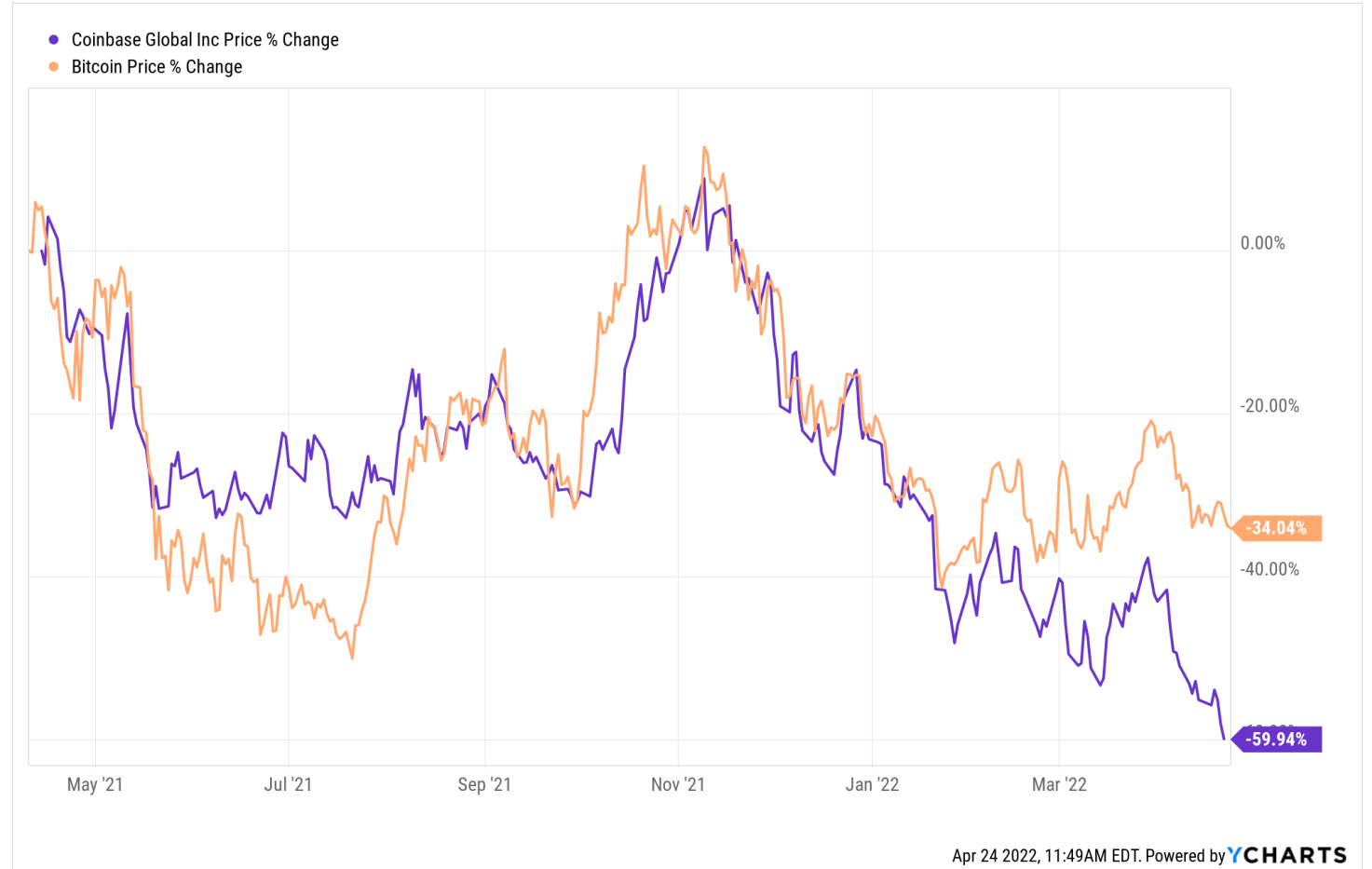


# MegaTrend: Bitcoin and Cryptos

- Central Banks out of control
- Eventually the old guard will move on
  - Buffett, Dimon, Fink
  - Peter Thiel refers to them as enemy number 1
- Supply-Demand
- Store of Value
  - Replacement for Gold
- More big names/institutions getting behind it
  - Thiel, Dalio, Tudor Jones, Bill Miller
- Cathie Wood ARK Invest
  - If 2.5% of institutional money moves into bitcoin it will lead to a base case scenario of \$2MM per coin

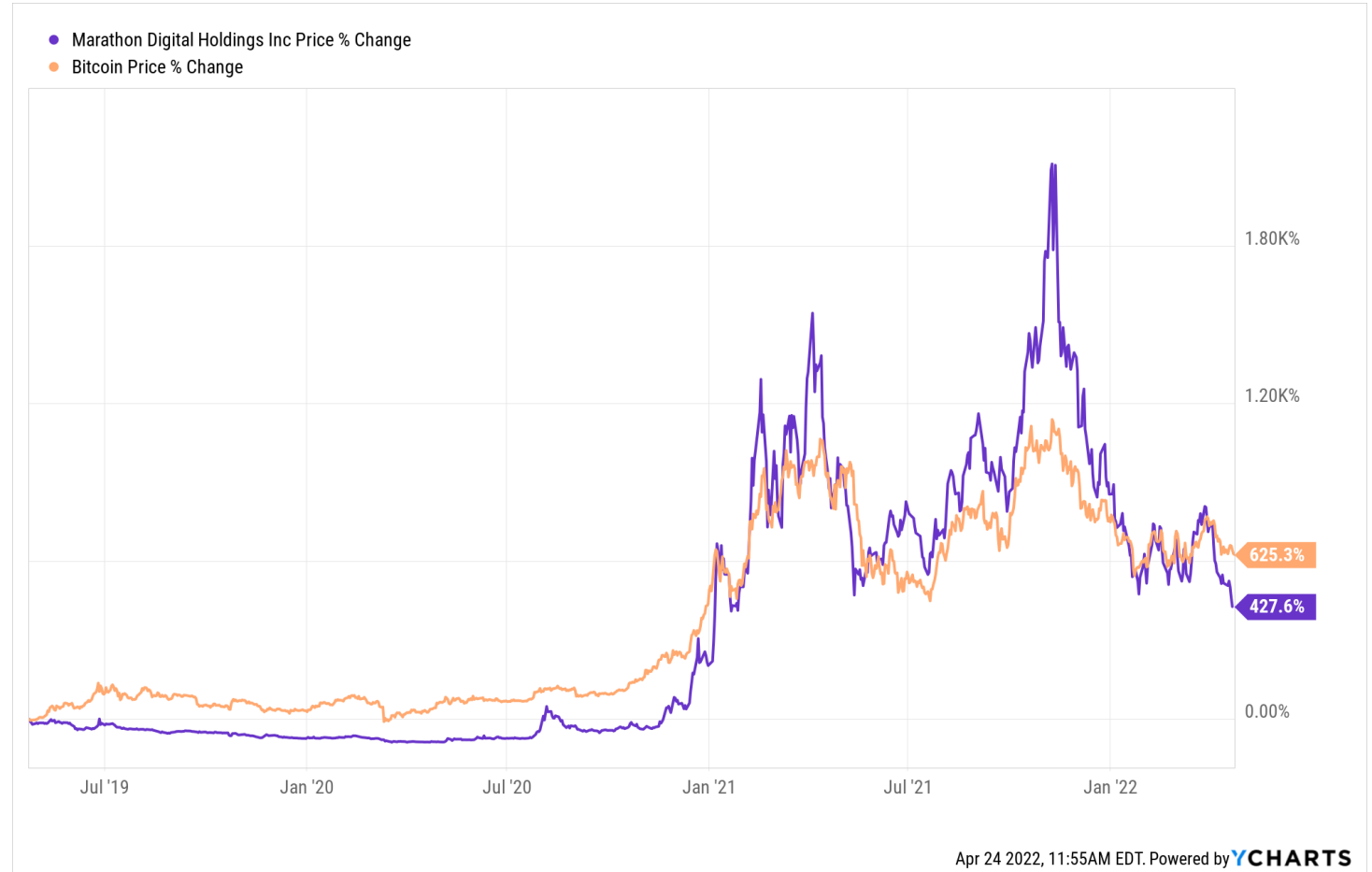
# Investment Opportunity

- Coinbase (COIN)
  - \$29B market cap
  - Trades with BTC
  - 3.4X Sales
  - PE Ratio 23.9
  - Growth is slowing



# Investment Opportunity

- Silvergate Capital (SI)
  - \$4.0B market cap
  - Leading crypto bank
  - 7.5X Sales
  - PE Ratio 18.1



# MegaTrend: The Best of the Rest

- Sports Betting
- Space
- Agtech
- Fintech
- Robotics
- Infrastructure
- AI





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