KEITH FITZ-GERALD'S TOTAL Wealth

UNSTOPPABLE TREND REPORT

THIS STOCK COULD MAKE 420% GAINS AS AMERICA'S PRESIDENTIAL BATTLE RAGES

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Investor's Report
From: Keith Fitz-Gerald, Chief Investment Strategist
For: *Total Wealth* Members

Unstoppable Trend Report:

This Stock Could Make 420% Gains as America's Presidential Battle Rages

Dear *Total Wealth* Investor,

No doubt you're following America's Presidential Election closely – even if you'd rather not.

As investors, we have no choice but to monitor one of the most consequential races in American history. Entire sectors hang in the balance: defense, health, technology, housing, manufacturing… you name it.

The next President of the United States will dramatically shape the stock market.

My job is to make sure you're among the winners, and that your portfolio thrives no matter what agenda our next president brings to the White House.

And, trust me, there will be an agenda.

That's your opportunity.

The small-cap company I've found could return 420% or more by the time the election ballots are counted.

This "Unstoppable Trend" Dictates Election Outcomes Every Time

Before I tell you what it is, though, let me tell you how it fits in with the Total Wealth Investment Approach.

The investment opportunity I want to share with you today is derived from one of six primary *Unstoppable Trends.* I call them that because these are the greatest investment opportunities of our time. Every one of them is backed by trillions of dollars in spending that central bankers cannot screw up, Wall Street cannot hijack, ISIS cannot defeat, and politicians cannot derail.

In fact, the political chaos, name-calling, and the finger pointing dominating the airwaves and Internet at the moment actually *improves* this investment's potential.

That's because politics is an offshoot of the **Scarcity/Allocation** Trend.

This Trend is based on the premise that Earth's resources are never equally distributed, nor are they ideally allocated. Instinctively, that's a simple concept to understand.

What most people don't get is the connection to politics.

You see, every great societal shift creates humongous shifts in wealth and resources that are almost always accompanied by profitable opportunities. To be blunt, I'm talking about wealth and resources that are so critical, voters and investors alike *have* to pursue them.

In this case, it's political capital.

The late Harold Lasswell, a political scientist and communications theorist who taught at Yale, distilled politics down to its very essence. Politics, he observed, is the process that determines "who gets what, when, and how."

That sentiment is the driving force behind the **Scarcity/Allocation** Trend – and just like any opportunity this Trend powers, the 2016 election will answer who gets what, when, and how.

Every political question – who gets tax breaks, who gets handouts, who sees their preferred policies become law – is a function of this Trend. The fight over resources galvanizes voters, determining their loyalties and shaping elections everywhere.

Billionaires, political interest groups, major parties, and individuals are going to spend a record-breaking total to make their visions into reality.

Here’s the rub though: Contrary to what most people think, their policies may or may not bring you prosperity, any more than they may make you a millionaire.

But the *fight* over what they bring to the table will.

When Guardian Angels in Government Enable Mega-Gains

It’s not a secret how profitable investments can be when they’re backed by our politicians in Washington.

Look at health care companies like **UnitedHealth Inc.** (NYSE:UNH), which has seen its stock more than double since Obamacare required Americans to get health insurance and guaranteed companies like UNH millions more customers.

Or government defense contractors.

Congress has routinely ratified national defense budgets north of $550 billion in recent years, so it’s no wonder that companies like **Lockheed Martin Corp.** (NYSE:LMT), **Northrop Grumman Corp.** (NYSE:NOC), and **Raytheon Co.** (NYSE:RTN) have seen their stocks more than double in the last few years.

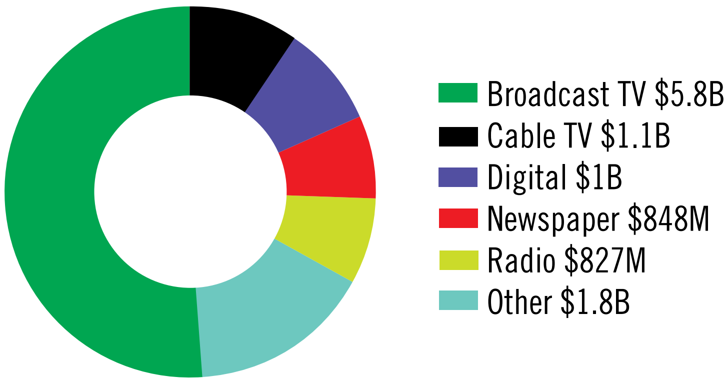
Just like defense and health care companies, the investment play I’m recommending today to capitalize on election chaos has its own “guardian angels in government.”

This year there’s a special twist, though.

Nine Justices Opened the Floodgates of Advertising Through Judicial Fiat

In addition to the Presidency, the 2016 election cycle will decide a staggering 12 governorships, 34 Senate seats, and all 435 U.S. House of Representatives seats.

Projected Political Ad Spending in the 2016 Election Season



Source: Borrell Associates Inc.

An estimated $8-$11.4 billion are going to be raised and spent, with approximately 80% of that going into *advertising*, according to Wells Fargo Securities and Borrell Associations, Inc. In 2012 that figure stood at $5.2 billion, to put that in context.

A whopping $1 billion of that will be spent on digital media alone, which represents a jaw-dropping 4,344% increase from the $22.25 million spent eight years ago in 2008. By 2020, this may hit $3.3 billion – a figure I find on the low side, by the way.

The surge in campaign spending was triggered by the 2010 Supreme Court ruling ***Citizens United v. Federal Election Commission***.

In a nutshell, the ruling held that the First Amendment actually restricts the government itself from limiting independent political expenditures by non-profit corporations. And, in a single vote, it completely redefined the political landscape. The ruling means that individuals and independent third parties can now spend whatever they want to promote their political views in elections.

It's the law of unintended consequences at its finest. What the ruling really did was allow special interests and their lobbyists to receive unlimited funding that can be used to undermine the influence of everyday Americans when they try to support their candidates.

Naturally, corporate America took notice.

Les Moonves, the CEO of CBS, noted that while *Citizens United* might have been bad for American democracy, it was "very good for CBS."

That's the understatement of the century… err… industry.

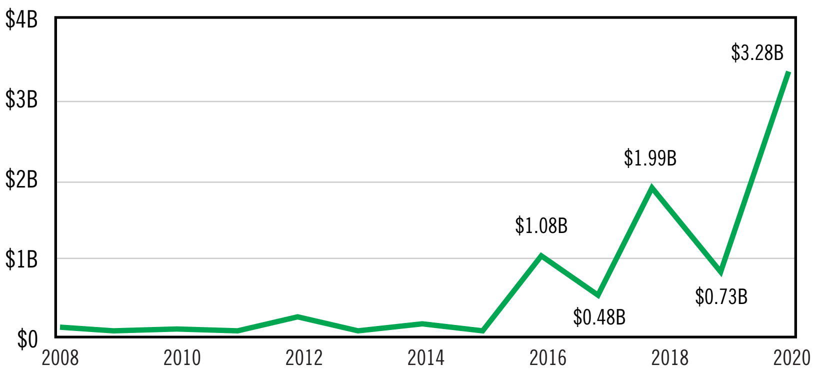
Thanks to that single decision, political spending is going to skyrocket – as will the revenues of companies that tap into it.

Many, like CBS, have already benefited astronomically. CBS stock is up 244% since *Citizens United* all but guaranteed stations a flood in revenue from political ads. Time Warner is up 163% in the same time frame, while FOX has also more than doubled. Viacom is up 132%.

With gains like these, you can appreciate CEO Moonves' dry humor in his prepared remarks to CBS shareholders in late 2015 when he noted, "The 2016 election is right around the corner, and thank God, the rancor has already begun!"

Other media executives are looking at 2016's political landscape with similarly undisguised glee.

U.S. Total Online/Digital Political Ad Spending, 2008 - 2020



Source: Borrell Associates Inc.

Peter Liguoiri, the CEO of Tribune Company, predicted at a conference hosted by JPMorgan that his media empire would bring in up to $200 million from political ads this year, up sharply from the $115 million last cycle. Vince Sadusky, CEO of Media General, let it be known in a February conference with investors how much he was looking forward to an election where political spending "could pass $5 billion *on the presidency alone*" (emphasis added).

Again, I think that's extremely conservative.

And, I think Moonves is wrong… the rancor *hasn't even begun!*

Both Parties Are Mobilizing for the Most Consequential Election of Our Lives

It's *not* because the fate of Obamacare is at stake (and with it, the outgoing President's overhaul of America's $3 trillion health care sector.)

It's *not* because of America's ballooning national debt, which demands a fiscally responsible President to combat it before it permanently erodes the American Dream.

It's *not* even because of the incredibly high-stakes foreign policy outlook. ISIS poses an existential threat to our nation, but America has beaten existential threats before.

The 2016 election became *the most important election of our lifetimes* on February 13, 2016, when Supreme Court Justice Antonin Scalia died at a ranch in Texas, leaving the bench evenly split between liberals and conservatives.

This is monumental because Supreme Court justices, after all, have a lifetime appointment. That means the November election results could hand effective control of the Supreme Court to either liberals or conservatives for a generation – or longer.

The heightened stakes will bring election bickering to an entirely new level.

Either way, that's billions flowing into messaging, political influence, and – yes – advertising.

92 Stations in 50 Critical Election Markets

The best way to play that is **Gray Television Inc.** (NYSE:GTN), a $794 million broadcasting company that owns or operates 92 TV stations in 50 TV markets.

The company's stations include channels affiliated with a wide array of media giants, with FOX, ABC, CBS, and NBC each represented by at least 10 channels. Over the years this has given Gray Television a big benefit as its bigger brothers reach millions more viewers each year through its stations.

Gray Television has made a huge jump forward since 2008, when its annual report revealed ownership of just 36 TV stations. But even at half its current size, the little media company still strived for excellence, reporting eight years ago that it operated the #1 or #2 rated stations in an impressive 29 of the 30 markets it served.

By February 1, 2015, Gray Television had extended its empire to 44 media markets. Just as importantly, it retained its traditional command on audiences as it grew, boasting the #1 or #2 ranking in 41 out of 44 media markets it competed in, including 31 top rankings, according to its annual report filed with the SEC.

The company is on a hot streak of expansion, having snapped up 12 TV and satellite stations (and three entire media markets) in 2014 alone.

But on February 16, 2016, Gray Television scored what amounts, in my view, to its biggest coup so far: it closed its acquisition of a string of TV stations from Schurz Communications, boosting its presence to 50 media markets covered by 92 stations.

The deal was financed by a $425 million term loan… hefty, you might say, for a company that reported revenue of $427.8 million in revenue for the first nine months of 2015.

But the move by CEO Hilton Howell has all the markings of a masterstroke. It's the 13th acquisition that Howell has inked since 2013, and this boldness in a CEO of a small-cap company is attention-grabbing for two reasons:

First, it means he's shrewd enough to take advantage of the Federal Reserve's low-interest rate regime by buying growth when it's cheap to do so.

And, second, his acquisition of 11 TV stations has to potential to boost revenue immediately. Analysts Carl Salas and John Diaz, analysts at Moody's, project that the deal will result in approximately $150 million added revenue for Gray Television per year.

They also project the deal will give Gray Television, once all transfers occur, the top-rated station in 40 of the 50 media markets it competes in – and the #2 position in nine others.

My Price Projection for Gray Television by 2016

- Gray Television captures 10% of the projected $18 billion in ad spending, in accordance with its audience reach
- Assume it retains its 9.17% profit margin
- Thus, GTN achieves net income of $165 million.
- Assuming no additional share dilution, that means 64.47 million shares outstanding
- Therefore, earnings of $1.71
- PE ratio of 22 (based on its peers)
- Therefore, potential share price of $56.43, a more than 420% gain from today's prices.

Then there's the fact that Gray Television's new audience will expand from about 8.1% of America to approximately 9.4%. That may seem insignificant at first blush.

What makes it important is *where* Gray Television's audience resides.

The Next President's Path to Power Goes Through These Media Markets

A few analysts have picked up on the incredibly shrewd nature of the acquisition – mainly, the fact that it boosts Gray Television's ability to profit from the tsunami of election-year spending.

"The transaction enhances Gray's political advertising revenues due to Schurz's leading rankings in traditional political battleground states such as Florida, Ohio and Virginia," Diaz and Salas wrote in their January 2016 report for Moody's.

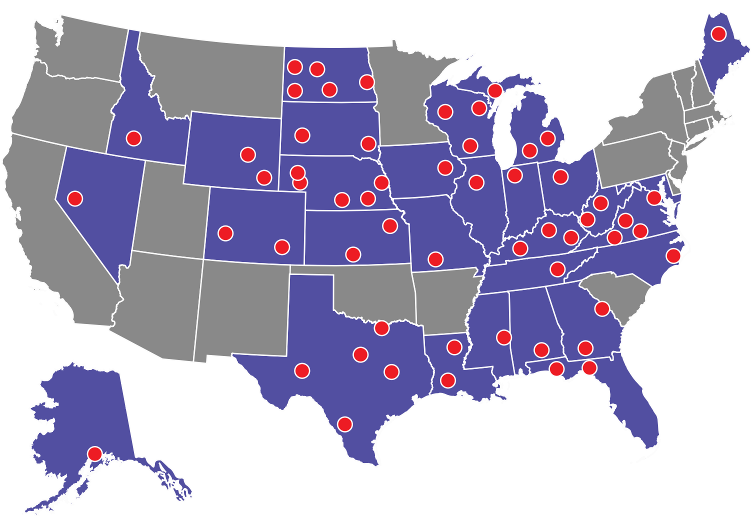
That's important because it tells me that Gray may have the best broadcast "portfolio" when it comes to the major networks that will receive the lion's share of billions in political spending this year.

But here's what you'll never see an analyst point out.

Gray Television has a presence in a cluster of *swing* states: Wisconsin, Virginia, Ohio, Nevada, Colorado, Iowa, Michigan, and Maine including two in Florida's panhandle region.

A glance at the electoral map tells you why this is such a big deal. Florida is a must-win for either party, since its treasure trove of 29 electoral votes offers more than 10% of the 270 needed to win the presidency.

Gray Television's Media Empire



Source: Company Presentation

That means we can expect a ferocious battle, easily accounting for tens of millions of dollars, between billionaire Donald Trump and Hillary Clinton's own lavishly funded campaign.

As it would happen, the Florida panhandle where Gray Television's stations reside is easily the most conservative part of the state, making it the place to be advertising if you want to mobilize your base voters as a Republican candidate.

It's not at all a stretch to expect the entire GOP establishment, desperate to stopClinton, to pour $50 million into Florida to block her path to the presidency, lher, even as her labor union allies and well-funded SuperPACs happily return fire.

It has the potential to be an enormous windfall for Gray Television, which by merit of its media presence will also be thriving from other high-stakes, winner-take-all swing state battles in Ohio, Virginia, Colorado, Texas, Michigan, and Georgia.

Forget "new math."

This opportunity is all about "electoral math."

Your Purest Political Play Is Also the Cheapest

Thanks to its acquisitions in strategic swing states, Gray Television is arguably better-positioned than its more famous rivals like CBS and FOX, which have disproportionate numbers of TV stations clustered in "safe" election states where there will be less demand for advertising.

What's more, Gray Television has something else going for it: It's far cheaper than other alternatives given its fundamentals.

The company sports a price-to-earnings (PE) ratio of just 13, making it roughly half as expensive as FOX (which trades at 22x earnings as I write this). That's because it's sold off along with the broader markets since early this year.

Still, GTN is a volatile stock, so you want to keep risk management in the top drawer at all times, just like with every recommendation.

You can't just buy blindly with the way the markets are at the moment, although that's precisely what millions of unsuspecting investors will do, much to their detriment.

Remember, GTN has a beta of 3.0, which means it's roughly 3X as volatile as the broader markets, so you want to pick a **Total Wealth Tactic** that plays to that as a means of a) achieving higher returns and b) minimizing risk.

My favorite **Total Wealth Tactic** in this instance is **Dollar Cost Averaging**.

If you're not familiar with dollar-cost averaging, it's a strategy investors use to buy a fixed dollar amount of a stock over a period of regular intervals. For example, assume you wish to buy shares of stock XYZ. Using dollar-cost averaging, you might commit to buying $100 worth of shares for three months. In May, the hypothetical stock is trading at $10/share – you snatch up 10 shares. In June, it's dipped to $5/share, and you buy 20 shares. In July, it's back to $10/share, so you scoop up $10 more. Congratulations – you own 40 shares at an average cost of $7.50/share, 25% less than what you would have paid had you bought all shares at once in two of those three months.

At the same time, you don't want to go "all in" either.

And that's where another related **Total Wealth Tactic** comes in, **Position Sizing.**

While there are a variety of ways to define position sizing depending on your individual sophistication, the easiest is to simply never allocate more than 2% of your investable capital to any trade including this one. That way you're never at risk of a catastrophic loss.

Split your capital into four chunks and pay no more than $12 a share for Gray the first time around. Then, every month, buy more shares using the same amount of capital no matter whether the price is higher or lower. This will help you capture the market's natural ebbs and flows while also lowering your basis and – I love this part – increasing your returns over time.

Plan on using a **24 month calendar stop** when you place your order. This is a **Total Wealth Tactic** that gives you enough time for markets to catch up to the company's potential while making sure you don't get bounced out of the trade prematurely.

Speaking of which, I'll be watching Gray Television carefully in the months ahead, just like I do with all our Total Wealth recommendations. And, when there's a change requiring your immediate action, I'll be in touch.

I'm thrilled you're here.

Best regards for great investing and welcome to the Total Wealth Family,

Keith Fitz-Gerald
Chief Investment Strategist, *Total Wealth*

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16 W. Madison Street, Baltimore, MD 21201
Phone: 888.384.8339 or 443.353.4519

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