



**>: Great Profits Behind the Great Wall.**

*Wednesday, April 19, 2006 / Wayne Mulligan*

Good morning! I hope you had a great Easter Weekend. Being that the market was closed on Friday, I had a little extra time to do something I've really come to enjoy over the last few months: Read e-mails from Tycoon Report readers.

It might sound weird, but I really enjoy hearing what people have to say about my writing, and what they think about my overall outlook on the markets.

It might sound even stranger, but I actually get excited when there are a lot of people out there disagreeing with me. Let me tell you what I mean by that ?

First of all, it shows people are actually reading what I write, and are having a reaction to it. Even if they don't agree, it's good to see that I'm writing on topics that folks are passionate about.

The second reason is that the vast majority of the investing public never truly profit in the stock market. They never see the big trends coming down the pipe until it's too late, and the ship has already sailed.

So if I'm writing about something that the investing public just isn't seeing yet, I feel better than if everybody was patting me on the back saying, "Wayne you're 100% right, investing in this sector is a great idea, my friends and I all agree!"

At that point there's a good chance that any real profits to be made are gone.

I can't stress this enough: To be a great investor, you have to stay ahead of the investing public. You have to place yourself *ahead of the curve*.

Let me give you some examples of questions and comments that I received after publishing my recent columns on China and the Chinese Wireless Sector.

**Q: "Wayne, I completely disagree with you - I could never see myself investing in a Chinese company. China is a communist country and its companies have no concept of shareholder value."**

A: Let me start off by saying that I completely understand and respect your opinion. I feel that sometimes I am both blessed and burdened by my age.

I am a fairly young guy, and the perception I have of China hasn't been tainted by years of news reports about human rights abuses and various "Closed Door" policies.

I had the opportunity to live in the country during one of its most prosperous periods in modern history, and I have personal friends who have moved there in recent years to establish multi-million dollar factories or to start Internet and Software companies.

Needless to say, if American capitalists these days are willing to travel 12,000 miles from home to start a business in China, then our fear of the Communist regime has definitely subsided a bit.

At this point I wouldn't even consider China a communist nation. The Communist Party doesn't even refer to China as a communist country ? they call it a "Socialist Market Economy." And within the next 2 years, we can even drop the "Socialist" from the title.

In regard to shareholder value, let me first stress that I am NOT suggesting you sell your home, move to China, and start investing in stocks that are traded on local Chinese stock exchanges.

Any company that I ever recommend will be traded on either the NYSE or the Nasdaq.

What does that mean for you as an investor?

Well, it means these companies have had the same amount of scrutiny applied to them as any American company. They have to maintain almost identical listing and reporting requirements.

So your chances of investing in a "sham" Chinese company are the same as investing in another Enron here in the U.S.

Another thing that makes me very comfortable is that the world's greatest investor has been placing his bets in China.

That's right, Warren Buffett owns a 13% stake in Petro-China (NYSE: PTR)!

As early as last summer, the Oracle of Omaha wrote a letter to Petro's Chairman thanking him for his ability to create shareholder value, and the stock has more than doubled since Buffett originally took his position.

If it's good enough for Buffett, it should be good enough for you!

**Q: "There are American companies that also stand to benefit from the growth of China - Why not just invest in those?"**

A: You'll get no argument from me on that one. There are certainly smart U.S. companies out there that have positioned themselves to take advantage of the wave of growth sweeping across China and Asia.

National Semiconductor (NYSE: NSM) is one of them. Intel (Nasdaq: INTC) is another.

There are countless examples.

But the bottom line is this: In which "basket" do you think you'll have a better chance of finding undervalued stocks:

Basket #1: Stocks that everybody in the U.S. already knows about, and actively follow, or ? Basket #2: Stocks that practically nobody here knows about?

The answer is obvious: Stocks that the investing public doesn't know much about will likely give you higher returns!

A number of studies have even shown that small-mid cap stocks typically yield higher returns than large caps. Reason being: Nobody knows about them, hence their value has not been pushed artificially high. It gives you a chance to get involved before the rest of the crowd.

It's common sense that you have a *much* better chance of finding undervalued equities if fewer people know about them. Eventually, word about these stocks will trickle down through the mainstream press, and their prices will surely gap.

But as an investor, you have a rare opportunity to *finally* be ahead of the curve for once.

The key here is to get involved in a sector or a trend before your friends, your family, or even *your broker* even know that it's the place to be!

That is really what I'm offering, and what I get paid to do:

To keep you ahead of the pack and up-to-date on the mega-trends that will change your net worth over the next 2 years.

Anybody could tell you to invest in National Semi because they have a great presence in China. But it takes somebody who really knows the sector, has contacts all over Asia, and has really done his homework to recommend a company that has the possibility to triple its stock price over the next year.

I hope I've answered some of your questions today, and I definitely look forward to getting more feedback from you.

**You'll need to join Tech Stock Insider for the specifics,** but this ought to give you a taste. Enjoy!