TAIPAN

PROFITS COURAGE FORESIGHT

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Get ready to profit from the limited comeback of biotechnology stocks:

The world's only self-contained artificial heart is made by a company whose beaten-up stock you can purchase for the price of a Big Mac Value Meal!

"Buy it for US$4.27 a share—sell it at US$12!"

J. Christoph Amberger

New technologies are great, no doubt about it! Especially if you're an analyst. Unencumbered by dull fact and dreary reality, you can analyze to your heart's content… and speculate about long-forgotten concepts of "market share," sales potential, and projected revenues until the cows come home.

At some point or other, however, reality has a way of catching up with you.

That can be a minor embarrassment—for example, if you're the chief promoter of a telecommunications company that arranged its "short-term" market penetration parameters around the erroneous assumption that every man, woman and child in the United States would be using one of its highly specialized devices within a half dozen years after the product launch. (I remember the *Taipan* team investigating a case just like that in the early 90's.)

Or it can be a major economic cataclysm. Look at the late and lamented Internet Bubble, which derived much of its inflated valuation from the daily affirmation that somehow, somewhere, all those "clicks" and "eyeballs" would be "monetized" to generate unheard-of revenue flows that would justify paying US$150 a share for a company whose sole bestselling product was a sock puppet of its promotional mascot.

over, please…

email: editor@taipanonline.com

Diamonds in the rough

Of course, overly optimistic sentiment about a technology stock or sector more often than not is due to the spin of the market and the media. And frequently the stock of such a company provides at least two phases of opportunity for investors to profit from it: First, on the emotional, publicity-driven upswing. And a second, a year or two later, when the froth has disappeared, the company has survived its first major setbacks and is about to start generating honest-to-goodness revenues.

"Buy Abiomed, (ABMD:NASDAQ) under US$4.50 today!"

If you've been following the activities of the *Taipan* brain trust at all over the last couple of years, you may know that one of our editorial board members specializes in identifying opportunities just like that.

Christian DeHaemer, who joined our staff back in 1997 as the original *Taipan* "World Investor," has perfected an analytical tool that pinpoints the various phases or "zones" companies go through, from their initial public offerings through the "widowmaker" phase of flagging publicity into a "red zone of profits"—*right before the company stages a stock market comeback based on sales and revenues rather than irrational exuberance.*

Christian's success with this "Red Zone" analysis—which coincidentally is the name of his trading service—has been so stunning over the last couple of months that he had my undivided attention when he introduced his February stock recommendation during our last editorial board meeting.

Here is his report:

Christian DeHaemer

The telltale heart:

This US$4.27 technology stock is about to enter the Red Zone of Profits—buy now for 300% gains!

When I first came across this company, I was told that someday it would provide the catalyst for an easy fortune. The math is deceptively simple. Heart disease causes 100,000 deaths a year in the U.S. But there are only 2,000 heart transplants a year.

That leaves 98,000 people a year who die because their hearts give out. And yet, we live in a world where a workable, battery-operated, fully insertable mechanical heart exists. There is one public company that has the clear lead in this field. You may have heard of them. They go by the name of **Abiomed (ABMD:NASDAQ).**

Smooth operator

Two years ago, in the summer of 2001, Abiomed became the darling of Wall Street after inserting the first AbioCor hearts into critically ill patients. At one point the stock was trading at US$28. (And I recall readers of the Taipan Group's daily e-letter, the 247profits e-Dispatch, had the opportunity to hitch a ride or two on ABMD's stellar rise, netting profits of 18% to 46% between various entry opportunities in 2001—gains that disappeared as the stock hit one stop loss after the other in 2002.)

Abiomed garnered the attention of every newspaper, magazine, and broadcast television show in the United States. After all, it had a great story. Its technology cheated death. It turned invalids knocking loudly at death's door into rosy-cheeked convalescents who for the first time in years were able to leave their beds and roam the neighborhood.

There's just one problem with cheating death: death always wins out. Even a life extension of several months beyond the wildest expectations of the doctors comes to an end. Thus far, eight artificial hearts have been inserted over the past two years. Six people died. Two are still alive, one of them a spectacular eighteen months after surgery.

But if cheating death sells stock, death winning out sends prices plunging. Until last week, no implants had been performed for eight months. A moratorium was called while the company worked out some bugs. It seems the valves caused blood clots, which led to strokes. The stock hit a low of US$2.35. But the most recent insertion suggests that these problems have been solved.

High number of deaths

The seemingly high failure rate has to do with the tough criteria required for recipients. A patient must have less than 30 days to live to qualify for the trial. This means that Abiomed must find people who are going to die, but who are strong enough to live if they get the heart.

Abiomed received permission to perform 15 heart implants in the first trial. There are seven left, and they are not about to squander their remaining chances. It is an absurd set of circumstances that leads to hyper-caution and a lack of testing.

Abiomed has simple goals: if the patient lives more than 60 days, the heart has extended life and the product works in terms of this trial. All patients have met this limited criterion. The investment community didn't sell the deaths so much as they sold the moratorium.

As I've said, the eighth operation happened in mid January. The result: so far, so good. The stock price jumped to US$5.03 and is starting to settle back.

How the thing works

The AbioCor Implanatable Replacement Heart is a fully self-contained system for patients suffering from end-stage coronary heart disease. There are no wires running outside your body. It is recharged through the skin.

The AbioCor has two blood pumping chambers, each capable of delivering two gallons of blood a minute. The right pump goes to the lungs. The left pump

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Knocked out cold—the safe way

Reducing hospital infection at US$3.26 a share

William Colburn

When people are asked to come up with two words to describe hospitals, dirty and diseased aren't usually among the top contenders. Hospitals bring to mind high white walls and ugly fluorescent lights. You can almost smell the odor of disinfected hallways.

The sanitary smell and white look mean the hospital is clean, right? **Wrong.** Every year, 90,000 people die in the United States from infections received while under hospital care.

Something as seemingly insignificant as a doctor's failure to wash his hands between patients could be the cause.

And the risk of infection doesn't come only from slovenly medical staff. Spreading like the common cold, it has begun to affect medicine itself.

One of the most popular and successful drugs on the hospital circuit is propofol. Propofol is an intravenous drug administered as an anesthetic. It works quickly, usually knocking the patient out within 40 seconds.

But propofol has some dangerous side effects, including cardiovascular problems such as reduced heart rate and decreased blood pressure, depressed respiration, elevated blood lipid levels, pain at the site of injection, and bacterial contamination that could lead to infection.

We've found a company that could ensure the safety of patients in need of surgical care. This company's name is **Guilford Pharmaceuticals (GLFD:NASDAQ)**, and they have developed an alternative to propofol.

Aquavan is GLFD's safe answer to the propofol question. Guilford's technology borders on medical genius. Upon entering the bloodstream, Aquavan actually transforms itself into propofol.

Since Aquavan is water soluble, there is less risk of infection than with propofol's lipid-based formulation. It's amazing that, with this exciting new technology, GLFD is a veritable unknown.

Aquavan is now in Phase II FDA trials, and hopes are high for GLFD. The company is currently trading at US$3.26. It has an EPS of US$2.09 with a P/S ratio of 4.93. Compared with other companies in the medical sector, GLFD seems a bit undervalued.

Take the opportunity and buy at current levels under US$4. Trends point towards a spike in Guilford Pharmaceuticals in the near future. ■

sends blood to the rest of the body. The amount of blood pumped is scaled to the body's needs. The heart is about the size of a softball and is constructed from a special material called Angioflex created by Abiomed.

> **"All of the weak hands are out. The volume has dried up, and there is no one left to sell. The upside is vastly greater than the downside."**

How they make money

AbioCor is in the early development phase. Abiomed makes money from the BVS 5000—the most widely used biventricular assist device in the world. Last year, this product made up most of the company's US$20 million in revenues.

Other companies such as Thoratec (THOR:NASDAQ) and World Heart (WHT:Toronto) also make biventricular assist devices. THOR has US$98 million in sales and a US$502 million market cap. That puts them at roughly 4.10 times sales.

World Heart has about US$9 million in revenues and trades at about 3.57 times sales. But it trades on the bulletin boards and is still fishing for private placements in order to continue as a going concern. They have US$1.5 million in cash and a US$27 million market cap. I expect you will see a great deal of dilution of shares before you see any real return from this company.

Cost cutting

Abiomed is on track to lose US$1.02 a share (US$21.42m) this year with revenues of US$20 million. They have 21 million shares out with a small float of 13.6 million, which puts their market capitalization at US$88 million. That means they trade at 3.38 times sales—less than the two biggest competitors, even though they don't have the advanced technology of a fully insertable heart. Absurd!

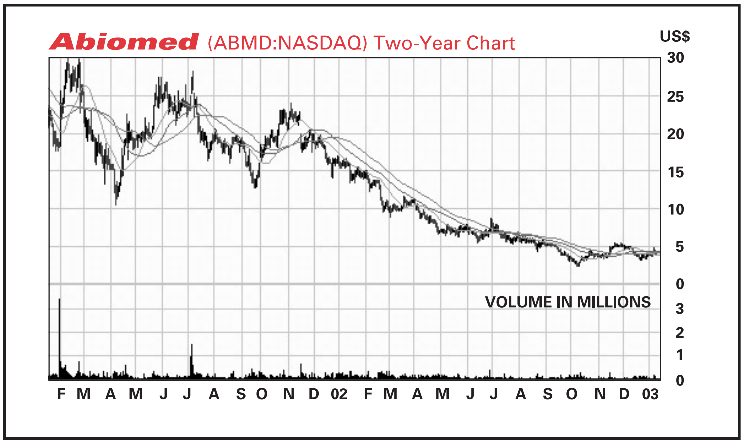
Furthermore, Abiomed has US$60 million in cash and short-term investments. That means they can last another three quarters without further dilution.

The company maintains that it will be a going concern at the end of its current trial, i.e. halfway through 2004. To do this, Abiomed is cutting costs to slow down the burn rate. So far restructuring has included axing 21 of 290 employees and outsourcing most manufacturing of electronic components.

Catalyst for share price appreciation

By the time you read this, the latest implant will be almost a month along. I expect some remarks about the patient at the conference call in late January. (Check the *Taipan* website for updates.) Also, the long-term survivor will be approaching 17 months with great quality of life.

As you can tell by this chart, Abiomed is "long gone and forgotten". <u>By the way, this is my favorite chart pattern.</u> All of the weak hands are out. The volume has dried up, and there is no one left to sell. The upside is vastly greater than the downside. Any positive information, such as a string of successful implants, would propel this stock into the US$8 to US$12 range for a possible 300% return. Interest is coming back. Things are starting to percolate.



Buy Abiomed, (ABMD:NASDAQ) under US$4.50 today. Investor Contact: Abiomed, Inc., tel. 978-777-5410.

Chile: land of opportunity, undiscovered beauty... and profits!

Siu-Yee Ng

It's been almost three years since my investment expedition to Chile. Spanning over 10% of the earth's circumference, this country offers climate and investment diversity. The world's driest desert is located in the north, Mediterranean-like coast and countryside in the central region, lakes and rainforests in the south, fjords and glaciers in Patagonia and stormy steppes in Tierra del Fuego.

But why write about Chile now instead of three years ago? Since then, new economic policies have made Chile a more favorable investment. I'll tell you why.

After the military took over the government in September 1973, a period of dramatic economic changes began. Chile was gradually transformed from an economy under strong government intervention and isolated from the rest of the world into a liberalized, globally integrated economy where market forces were left free to guide most economic decisions.

This period was characterized by several important economic achievements: inflation was greatly reduced, government deficits were virtually eliminated, the foreign sector of the economy underwent a dramatic liberalization, and a strong market system was established.

As of 2000, foreign investors no longer had to keep their capital in the Chilean market for at least a year. And the 15% capital gains tax was also eliminated.

According to a 2002 report by the International Institute for Management Development, Chile ranked the most competitive country in Latin America. The same report placed Chile third among emerging countries and twentieth among all countries.

Despite troubles in neighboring countries, Chile has managed to maintain political and social stability combined with robust growth and decreasing inflation rates.

Bases loaded

The Chilean economy grew at an annual rate of 6.4% between 1990 and 2000. This was not only the highest growth in Latin America, but in the world as a whole. With the global economic slowdown in 2001, the growth rate dropped to 3.1%. Not bad, considering growth in many other countries came to a halt.

Corruption in Chile is the lowest in Latin America and crime is nearly nonexistent. The country has become a prime location not only for tourism, but for foreign investments as well. And a Chilean holding company at US$5 a share has managed to capitalize on increasing foreign interest. This company offers the stability of the Chilean economy while taking advantage of the recovering markets of Brazil, Argentina and Peru.

Quinenco S.A. (LQ:NYSE) is a holding company that invests in telecommunications through its Entel subsidiary, which offers long-distance and PCS services in Chile. Quinenco's Madeco unit makes copper, aluminum, and consumer packaging; Lucchetti distributes food; Compañía Cervecerías Unidas makes beer, wine, and soft drinks. Other operations are local phone service provider Telsur, hotel chain Hoteles Carrera, real estate business Habitaria, and the financial institutions of Banco A. Edwards and Banco de Chile.

Northern Chile is covered with abandoned nitrate mines. Chile was the main producer of natural nitrate between the mid 1800's and the 1930's. But the discovery of artificial nitrate in Germany brought an end to nitrate mining, while leaving Chile with an efficient infrastructure for travelers and investors.

After the nitrate mines were abandoned, copper became Chile's main export commodity. New technologies made it possible to extract copper from lower grade ores, and United States companies bought existing Chilean mines for large-scale development. Copper accounts for around 40% of Chile's total exports. And copper prices have been falling.

Madeco (Quinenco's copper and aluminum subsidiary) accounted for 65.4% of the company's total revenues in the third quarter of 2002. Consolidated revenues for the third quarter of 2002 were CLP106,411 million (US$142.1 million), 14.9% lower than the CLP124,998 million (US$166.9 million) registered in the third quarter of 2001. This is mostly due to the fall in copper prices.

Hidden treasures

While its political development and economic growth have been impressive, Chile remains a well-

over, please…

kept secret for tourists, investors, and international businessmen. Unlike other countries with stronger public relations campaigns (e.g. Costa Rica), Chile has not taken full advantage of its competitive lead in attracting investment and leisure dollars to its shores.

Real estate along Chile's 2,650-mile coastline is still some of the cheapest in the world. Wages are low compared to industrialized countries, with average annual income levels in the mid US$3,000 range. Half of the population of 14 million is under age 24, providing a strong, well-educated labor pool. Roads, telecommunications and public utilities infrastructure is one of the best in Central and South America, with reasonable prices driven by a privatized economy.

So you can see why Quinenco is investing in the hotel and real-estate business in Chile. Tourism has become a major source of foreign exchange. Three years ago, I stayed at the five-star Hotel Carrera in Santiago for pennies on the dollar. Excellent service, convenient location and superior facilities made me want to stay longer. And, of course, a short ride will take you to some of the most beautiful vineyards in Chile.

We know that the worldwide tourism industry has been hit hard by the terrorist threat. But Carrera reported sales revenues of CLP1,439 million (US$1.9 million) in the third quarter of 2002, a decrease of only 6.1% compared to the third quarter of 2001. That's really not too bad compared to what the Vegas hotels are doing.

Hotel Carrera of Santiago was the main source of revenue, accounting for 60% of the hotel chain's sales in the quarter. Its sales fell by 1.3% during the quarter because of weak demand for five-star hotels in the metropolitan area as well as an increase in the number of hotels in this category. The hotels in the north of Chile suffered from a downturn in the number of Argentine tourists visiting the region.

The operating loss during the third quarter of 2002 came in at CLP228 million (US$0.3 million), down from the CLP294 (US$0.4 million) reported in the same period in 2001. The company was able to lower its expenses, a positive sign of a capable management team.

According to our tour and travel department, last year was one of their busiest years—and this year is shaping up to be even more hectic. If you're interested in seeing investments in Chile and Argentina firsthand, Agora Travel and Conferences is planning an expedition later this year. For more information, contact Agora Travel at 235 N.E. 4th Avenue, Suite 102, Delray Beach, FL 33483, tel. 800-926-6575 or 561-243-6276, fax 561-278-8765, email tours@internationalliving.com.

Red or white?

Bottom line, Quinenco has all its bases covered for an economic recovery. Sectors that are particularly attractive to foreign investors include mining (Madeco), forestry, tourism (Hotel Carrera), wine (Compañía Cervecerías Unidas) and agricultural products like apples, wheat, corn and fisheries.

Even in an industry like wine, whose products are supposed to improve with age, one marvels at the difference ten years have made. A decade ago, Americans still considered Chilean wineries to be synonymous with the economy-size magnums of simple Cabernet served at off-Broadway parties and East Village gallery openings. This image was about the same in Chile, where the wine business was conducted in shady working-class districts.

Today, many wineries are surrounded by landscaped gardens and the best vineyards. The land and the mild climate of the central region are ideal for cultivating quality wine. In fact, there are two Chilean vineyards currently producing premium bottled wine for around US$50 a bottle.

But most of the money still comes from Chilean table wines, wines that people drink daily with dinner. Chile is renowned for producing inexpensive, quality wine. In fact, Chile is the third largest exporter of wine to the United States, the largest market for imported wines in the world.

Since 2003, I've seen more and more inexpensive and good quality Chilean wines on liquor store shelves. But I'm still trying to find the one I had in Chile three years ago.

Holding up

Quinenco's operating income for the third quarter of 2002 was CLP2,624 million (US$3.5 million), up by 14.2% from the CLP2,297 million (US$3.1 million) reported in the third quarter of 2001. And with the recent success of Chile's US$1 billion bond sale, Chilean ADR's are attracting more investors.

Market liberalization, increased shareholder protections, the economic outlook, and the proactive government of President Ricardo Lagos make Chile an ideal place for investment and retirement.

Quinenco S.A. (LQ:NYSE) is a buy on dips under US$5.25. For more information, contact Cindi Freeman, Enrique Foster Sur 20, 14th Floor, Las Condes, Santiago, Chile, tel. +562-750-7221 or +562-750-7100, fax +562-245-6241 or +562-750-7101, email cfreeman@lq.cl. ■

Regeneron Pharmaceuticals (REGN:NASDAQ) completes pivotal Phase III trial... receives fast-track status from FDA... and rises 34% in the *Taipan* portfolio

Brian Hicks

It's been a pretty good start of the year for **Regeneron Pharmaceuticals (REGN:NASDAQ).**

On January 7, the company announced that the U.S. Food and Drug Administration (FDA) had granted "fast track" designation to an important component of the development program of Axokine, Regeneron's drug for obesity.

On the same day, it announced the completion of the 12-month placebo-controlled portion of its Phase III pivotal trial designed to assess the efficacy and safety of Axokine for weight loss in overweight and obese subjects.

As a result, the stock has rallied—up 16% since January 2... and up 34% since our recommendation.

"I anticipate Regeneron to be on the receiving end of positive coverage from the Johnny-come-lately crowd."

What does it mean?

When I say that Regeneron could have a blockbuster on its hands, that's exactly what I mean.

The FDA granted Regeneron's anti-obesity drug—Axokine—fast track status because of the continuing fat epidemic in the United States.

Current statistics put the obesity epidemic in the U.S. at 120 million people.

That's a potentially huge market.

The heaviest of the heavy

The FDA grants fast track designation to a therapeutic development program that the agency determines has the potential to address an unmet medical need in treating serious or life-threatening disease conditions.

Assuming the best-case scenario for Axokine, the drug could be approved in a year.

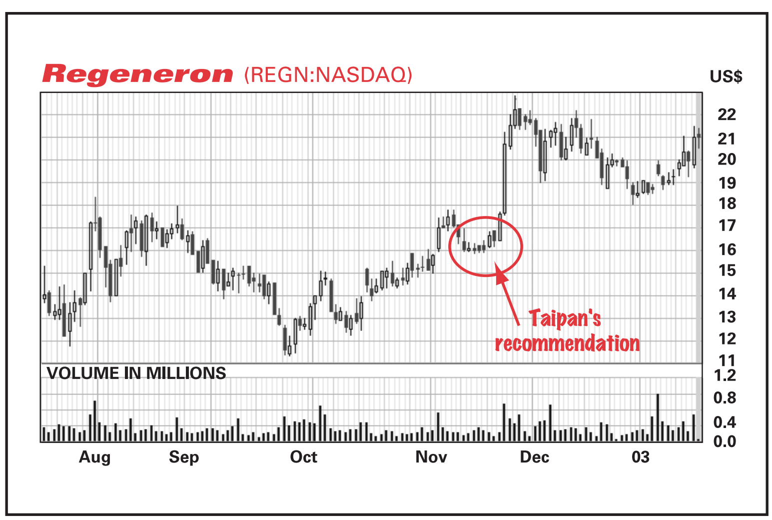
However, if it were approved, it would probably be allowed to treat only the morbidly obese—those patients who are so overweight, they're literally on a countdown to death.

The fast track designation covers treatment of severely obese people who are unresponsive to, intolerant of, or unsuitable candidates for certain FDA approved medicines for long-term treatment of obesity. As part of its ongoing development program for Axokine, Regeneron plans to study the use of Axokine in this patient population.

With that said, I anticipate Regeneron to be on the receiving end of positive coverage from the Johnny-come-lately crowd.

With the technology sector in a complete wreck, biotech and medical technologies are the only two sectors where speculation in emerging cures and treatment will pay off for aggressive traders.

I continue to rate Regeneron Pharmaceuticals (REGN:NASDAQ) a buy at up to US$23 a share. ■



Perhaps Dunkirk?

The Dow's strategic retreat offers a superb second entry

Adam T. Lass

The White House has a two-front war on its hands that threatens to strain its financial and intellectual capital as well as its reservoir of public good will. With confusion like this in the general's tent, it should be no surprise that the markets are sounding the retreat.

No, I'm not referring to the crises simultaneously bubbling over in the Middle East and the Korean Peninsula. I'm referring to the battle between the President and just about everyone on Cap Hill over his latest proposed round of high-end tax relief, the much ballyhooed "stimulus" package.

I put stimulus in quotes because no one on either side of the aisle is quite sure how this Byzantine proposal will actually stimulate the economy. It's certainly not surprising that the 46 or so Democrats who want to run against W. in 2004 are trotting out every starving orphan and widow they can lay their hands on to star in fundraising videos... complete with stern voiceovers in their best "man-of-the-people" drawls.

And I suppose it's not a real shocker when former admin-stars like Paul O'Neill describe the package as doing little or nothing to improve the nation's economy. At least he had good things to say about W.'s record on education. It does rock one's faith in Karl Rove, however, when major Republican players on the hill band together to castigate the White House for being "arrogant" and "cavalier" with senior members of its own support cadre.

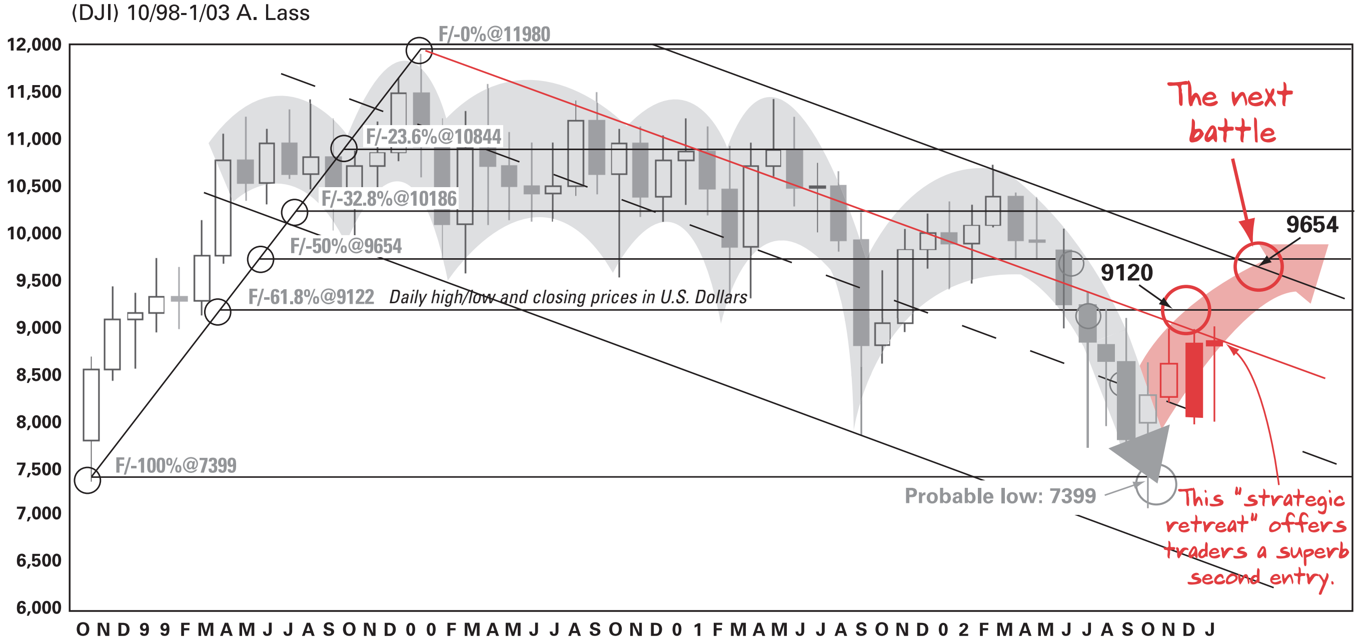
Better men then I have attempted to parse this mammoth and twisted rewriting of the tax code, but near as I can tell, the big losers will be REIT's, Muni's, 401(k)'s, all of which already enjoyed substantial protection from taxes, and growth stocks, which will now suffer from a comparatively higher tax rate.

The winners seem to be slow-moving stocks that can think of nothing better to do with their capital than to bribe investors into holding onto these 19th-century fossils. Oh, and tax accountants (who certainly have needed a shot in the arm lately), the only ones who have the stamina to wade through all the ramifications of this beast.

And that's just if the darn thing works like the White House claims it will, with enough cash oozing down from the top 10%—who might garner 40% to 60% of the plan's ostensible benefits. Not to worry: the word I get from my sources on the Hill is that it

WaveStrength Analysis™ Dow Jones Industrial Average

(DJI) 10/98-1/03 A. Lass



F: Fibonacci retracement series based on 10/98-01/00 rally will never actually happen. It's all just an '04-oriented campaign ploy to force the Democratic deficit hawks into shouldering the blame for any further recession.

Confused yet? You're not alone. Millions of investors are right there with you, leafing through the plan without much enthusiasm, trying to decide if it's a good or a bad thing. That indecision is clearly reflected in the Dow's chart, and it couldn't have come at worse time, just as the index was trying to beat the strong resistance node at the confluence of the top edge of the current wave, the 75% mark of the 50-month long bear trend and the -61.8% Fibonacci retracement of the 10/'98–01/'00 rally.

As I intimated last month, penetrating this node with conviction and converting this level to support is an absolute prerequisite for the larger mega-cycle move on toward Dow 10,000. While I do believe that this move is still in the cards, and in fact still reasonably on schedule for summer 2003, further uncertainty at the top of the world's greatest economy occurring at critical moments like this will certainly produce second entrance opportunities over the next four months—opportunities which we plan to capitalize on. For starters, **buy the DJX March 88.00 contracts now, below US$3.00, with a sell target of US$4.50 in 30 to 60 days.** ■

Bush let the dogs out

Ian L. Cooper

In January 2002, Christian DeHaemer recommended that you sink your funds into a diversified portfolio of Dow stocks that had been battered beyond recognition yet still paid out hefty cash dividends in the bear market of 2001. Known as the Dogs of the Dow, DeHaemer's picks returned an average gain of 8% in less than three months. With the idea that 2003 will be a turnaround bull market year for the major markets, we want to play the trend once again and pull in some quick profits.

"The key to making a good profit from the Dogs of the Dow is to hold the plays for a period of a year to 18 months."

The idea is straightforward. You buy the Dow stocks with the highest dividend yields and watch them outperform the rest of the market. Dogs of the Dow stocks are a good buy for several reasons. One, these stocks most likely will not go out of business. They are still financially sound and have enough strength to ride out a tough economy. Two, these dogs pay dividends. Three, we're buying the stocks at low prices.

The key to making a good profit from the Dogs of the Dow is to hold the plays for a period of a year to 18 months. That gives management and the boards of directors enough time to bring their stock prices up to market value. Plus, if you sell your investment after 18 months, any gains you pull from the Dogs will be treated as long-term capital gains rather than short-term.

And here's the best part: if the Bush Administration gets its way, our Dogs of the Dow should receive a nice-sized profit bone to chew on for a few months. As everybody knows by now, part of the Bush economic stimulus package is to eliminate taxes on dividends. This is great news for us, as it would remove the tax penalty for holding a high-yield stock. In layman's terms, the Bush package would re-ignite the investment fire under the seats of investors and increase the appeal of high-dividend stocks.

Instead of playing all ten Dogs of the Dow, we have chosen five that could provide you with some nice returns over the next year. By investing equal dollar amounts in each of the following high-dividend stocks, you are safely diversified. This limits your risk of losing everything plus the kitchen sink.

Company	Dividend Yield
Phillip Morris Co. (MO:NYSE)	6.19%
JP Morgan Chase & Co. (JPM:NYSE)	4.98%
Eastman Kodak Co. (EK:NYSE)	4.49%
SBC Communications Inc (SBC:NYSE)	3.71%
Honeywell International (HON:NYSE)	2.92%

These are all speculative buys that we will look to take profits from later this year. For now, if you should decide to buy in, plan to hold for the long haul. Happy profiting! Note: this originally ran on January 3 as a *Taipan* hotline. For more information and hotlines, please visit www.taipanonline.com. ■

over, please…

Engine of profits:

Our Chinese Dragon play CBA:NYSE doubles in less than three months!

J. Christoph Amberger

You know the feeling: You've done the research, checked and double checked your sources, and made what you consider a judicious investment in a company that seems a sure-fire way to make handsome profits. At the beginning, you can't go wrong. The stock climbs and climbs. Then it hits a snag... which within days turns into a major setback... which in turn sends the stock into a tailspin that appears as unreasonable as it is inexplicable.

Believe me, we know all about that.

Just take one of our favorite plays on China, **Brilliance China Automotive (CBA:NYSE)**, one of the few easily accessed American-traded vehicles for China's economic boom.

We have been following this stock since 2001... and, via our daily e-Dispatch, used the blood-in-the-streets opportunity created by September 11 to buy the stock as low as US$11.50 a share. By January 2, 2002 (our carryover date for last calendar year), we were looking at a share price of US$18.70. And that was only the beginning: the company was about to enter into several high-profile joint ventures with foreign manufacturers like Germany's BMW... the rumors of which had propelled jumps of 2 to 3 dollars every time they surfaced. And just at the point when we were ready to rub our hands and lean back to enjoy the spectacle, the stock price starts dropping.

CBA hit a low of US$10.65 in October 2002. And if we hadn't been convinced that this was one of the best investments in the markets, we would have been tempted to bail.

Lucky we didn't. Because those among you who heeded the updates in our daily e-Dispatch were able to see the stock rebound over 100% from its October lows... trading at up to US$23 per share in mid January.

> **"Those among you who heeded the updates in our daily e-Dispatch were able to see the stock rebound over 100% from its October lows... trading at up to US$23 per share in mid January."**

Time to take profits?

We think there's more to come. For one, China's car sector has been characterized as "turbocharged" by mainstream analysts... zooming way past the million sales mark in 2002. In terms of total vehicle sales, China ranked fourth in the world last year. Car sales exploded upward by 55.4% in the first 11 months of 2002. Conservative forecasts expect sales to grow by roughly 20% to 30% this year. (Compare that to car companies in the western countries, which at annual sales growth of less than half a percentage point were considering 2002 a pretty darn good year!)

Brilliance China Automotive Holdings, which is traded in Hong Kong and as an ADR on the New York Stock Exchange, is China's largest minibus maker. The company sold more than 65,000 minibuses in 2002, a 3% increase over the previous year. In 2003, CBA hopes to sell 25,000 to 30,000 Zhonghua cars.

Two factors have contributed to the recent upswing in CBA's stock price. First, yielding to the pressure of Chinese authorities, shareholders in November passed a special resolution to approve the removal of renegade tycoon Mr. Yang Rong as a director. Yang had run afoul of Beijing and fled to the United States. Second, an arm of the Chinese government acquired a hefty 34% stake in the company in December.

We generally do not look fondly on Beijing's law enforcement habits or economic policies. In this case, however, we have to admit that they had a stabilizing effect that allowed the stock to unleash its pent-up potential.

Currently, we consider the upside of the ADR to be around US$20-30. For the time being, hold on to your shares and use potential drawbacks to US$18 and below to expand your position.

Buenos dias, Argentina

Our Argentine telecom speculation on **TEOBF** has finally turned around. As you may remember, we recommended a speculative position in the e-Dispatch last spring when the stock traded at US$0.50 a share.

What followed wasn't pretty: with the Argentinean economy spiraling down the tubes, the stock price at times was as as low as 6 cents. Now that the IMF and Argentina are approaching each other like mature business partners again, those of you who held on to your positions during the stock's rollercoaster ride last year were able to witness a spectacular turnaround that has brought the price back up to US$0.75 as I write this.

The next danger zone lurks around April 27, the date of Argentina's presidential election. The current upside is at US$1 per share. ■

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The Agora Wealth Options Seminar

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You may not know this, but options and futures contracts are the most powerful wealth-producing tools on the planet—*once you know how to use them!* Futures contracts provide a means of hedging, risk management, asset allocation and speculation.

And according to the Futures Industry Association, the total number of contracts traded on futures exchanges worldwide grew from 475 million in 1990 to 1.8 billion in 2001!

There are a number of reasons why futures trading has gained global popularity. Investors realize that with increased market volatility, risk management becomes a key element in holding on to their money. And buying a futures contract is a cheaper hedge than buying the financial institution or commodity.

But for many investors, options trading remains a mystery. The Wealth Options Seminar was originally a one-day course. But it was impossible to cover everything about options in so short a period. So we added an extra day. In these two jam-packed days of meetings, we'll cover everything from what it means to have a long/short position, protective equity puts, buying put options and covered call selling to the different strategies in hedging your risk with options.

We've lined up a panel of options specialists who will help you understand and use options to succeed in the market. Speakers include *Taipan's* in-house options gurus and the masterminds behind *Q-Wave, X-Wave* and *D-Wave*, **Bryan Botterelli** and **Adam Lass**; *True Wealth Trader's* **Steve Sjuggerud**; world-renowned author and trading coach **Dr Van K. Tharp**; *Options Hotline's* **Steve Sarnoff**; and *Instant Profit System's* and *Options Advantage's* **Karim Rahemtulla.**

For more information on this two-day seminar, please call Event Director Vickie Beard at tel. 410-454-0495, fax 410-454-0401, or email vbeard@agora-inc.com. ■

TAIPAN

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