



SPECIAL REPORT

# *An Insider's Guide to Making a Fortune from Small Tech Stocks*

*By Jeff Brown*

# An Insider's Guide to Making a Fortune from Small Tech Stocks

By Jeff Brown, Chief Technology Analyst, Brownstone Research

Over the next 10 years, advances in technology will bring such fundamental changes to our lives, they'll dwarf all the progress we've seen since the great tech revolution that began in the late 1990s.

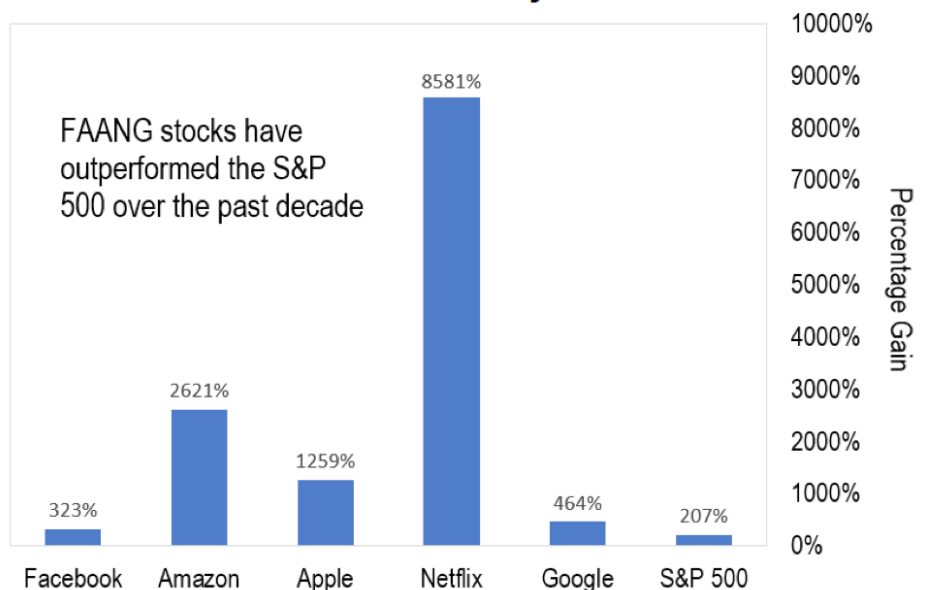
Everything will change. The ways in which we work, shop, sleep, eat, travel, bank, communicate, entertain ourselves, conduct warfare, manufacture, design, distribute, create, transact, and maintain our own health will all be different.

Already we've seen radical changes in technology during the last two decades – streaming video, cellphones, the internet, etc.

This has resulted in some life-changing returns from the high technology companies powering these transformations. The nearby chart gives you an idea of what I mean. It shows the returns from some of the largest technology companies over the past 10 years.

But the advancements in technology we've seen to date are only incremental...

**FAANG vs. S&P 500: Past 10 years**



 BONNER & PARTNERS

Source: Bloomberg

In fact, they're just the foundation for technology-based changes that will be exponential.

We're on the cusp of a new revolution. And those who act now will be the first to realize the extraordinary wealth these changes will bring.

If you're an investor looking to stake a claim in early-stage, cutting-edge technology companies, then you'll want to read the next few pages carefully.

I'll show you why investing in the right technology companies can deliver you gains as high as 1,000%, 5,000%, even 10,000% in the years ahead.

I'll also show you why transformative technology, and the companies behind them, are progressing faster than any other time in history.

I'll reveal why now is the perfect time to gain exposure to these companies.

Finally, I'll show you the top tech trends that need to be on your radar, including one technology that I believe could reshape entire industries, create 3 million new jobs, add \$500 billion to America's GDP, and provide investors with the chance to see 10 times their money.

Let's get started...

## **Silicon Valley's Inner Circle**

First, allow me to introduce myself and show you how I know as much about technology as I do.

My name is Jeff Brown. For almost three decades, I worked at the executive level for some of the world's top technology companies.

I was the Head of Global Strategy and Development for a division of semiconductor company and wireless technology giant Qualcomm.

I was also a division President at NXP Semiconductors. That's the company that creates the microchips that go into the iPhone and just about every automobile manufactured.

Every year, I attend about 50 technology conferences, from New York City to Tokyo to Silicon Valley. Many of these conferences are invite-only.

I'm also an active angel investor. I've now invested my own money in over 140 early-stage private technology companies. By my own

estimates, several of these investments will likely yield 100x returns.

I've built early-stage startups. I've run organizations generating hundreds of millions of dollars in annual revenues.

And I have a wide range of technology industry experience. From semiconductors to mobility, broadcasting to video technology, technology infrastructure to networking, cybersecurity to automotive, and even consumer electronics... I've done it all.

I don't say all of this to brag.

I just want to show you that I've devoted my life to the technology industry. And I've used my decades of experience and my numerous Silicon Valley contacts to gain an inside track on the biggest technology trends before they hit the front pages of Bloomberg or *The Wall Street Journal*.

So believe me when I say that investing in the most exciting technology companies will be a winning strategy in the years ahead. That's because the rate of innovation and growth in bleeding-edge technology won't be linear. It will be exponential.

## **The Power of Exponential Growth**

The difference between linear and exponential growth is summed up by the first chart on the next page.

With exponential growth, changes appear to grow quite slowly in the early stages. But when they reach a certain tipping point – the steep “ramp” you see in the chart – they take off like a rocket.

As an investor, you want to be in position *just before* the ramp up.

Think about a company like Apple. It enjoyed explosive growth – and explosive returns on its share price – during the early years of the computer revolution. After that, the company held steady for quite a while.

But then, with the introduction of the iPhone in 2007, Apple's stock began its meteoric rise. In August 2018, Apple became the first publicly traded company valued at \$1 trillion. Had you purchased shares in Apple back in 2008, you'd now be seeing returns of more than 1,000%.

Or take a look at the exponential growth in another well-known technology company... Amazon.

Amazon experienced rapid growth during the dot-com era. But for most of the 2000s, growth in its share price was roughly flat.

But starting around 2015, many of Amazon's innovative services like Amazon Prime and Amazon Web Services began to have a noticeable effect on the company's bottom line.

Shares soared. Amazon was the second publicly traded company to hit the \$1 trillion valuation mark.

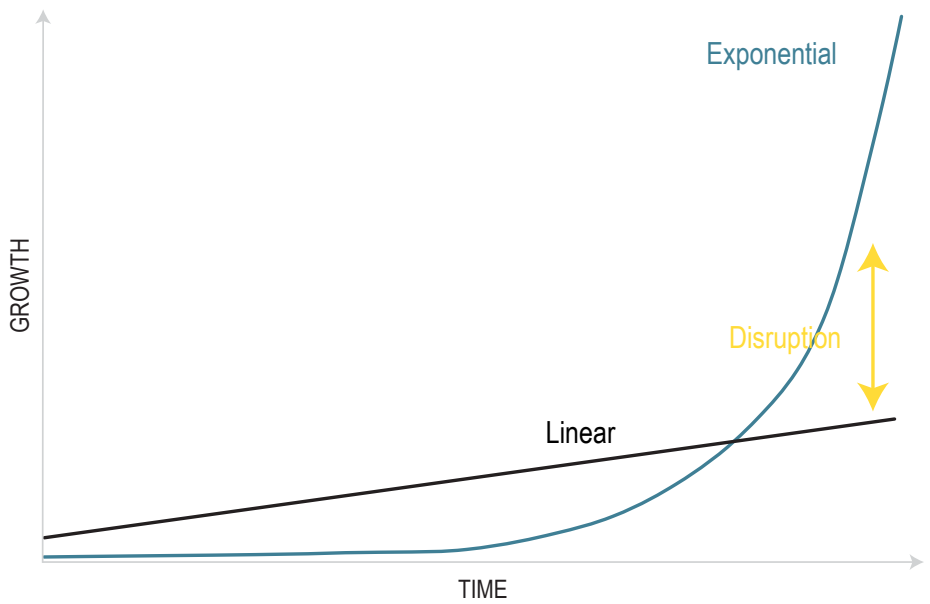
Had you purchased Amazon as recently as 2015, you'd now be sitting on gains of more than 700%.

We see other examples of exponential growth in the technology sector.

Over the last few decades, it took about 20 years on average for the typical Fortune 500 company to reach a valuation of \$1 billion.

In 1998, Google was able to reach \$1 billion in market cap in only eight years, which was considered

## Linear vs. Exponential



 BONNER & PARTNERS

### Apple (AAPL)



 BONNER & PARTNERS

Source: Bloomberg

### Amazon (AMZN)

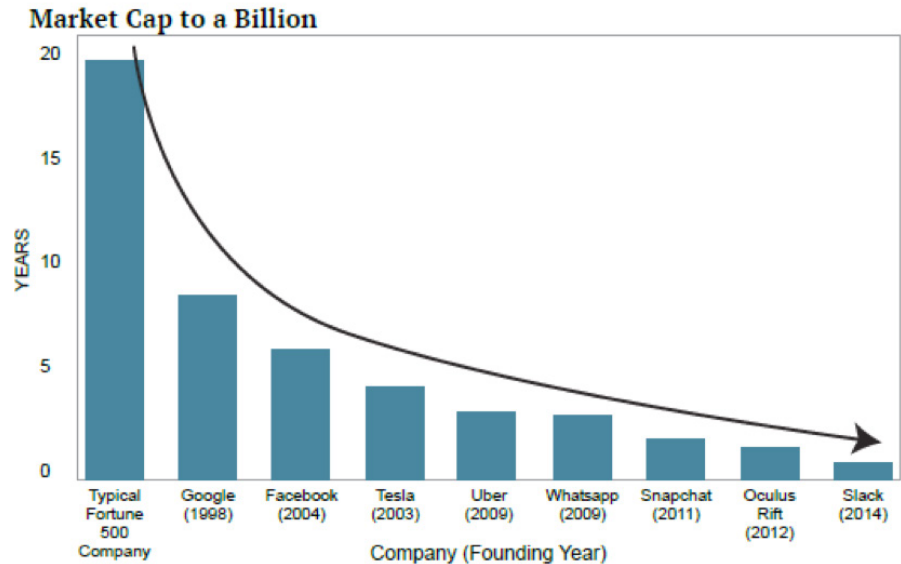


 BONNER & PARTNERS

Source: Bloomberg

fast at the time. By 2004, Facebook had done it in five years. By 2009, Uber had done it in less than three years. In 2012, virtual-reality firm Oculus Rift did it in just over a year. And back in 2014, a workplace productivity company called Slack pulled it off in eight months.

As you can see in the chart at right, this trend is speeding up. And investors are reaping the benefits.



Facebook shareholders who bought at the initial public offering (IPO) are now enjoying returns of over 300% on their investment. And they're the laggards. Tesla shareholders who bought at the IPO are up more than 2,500%. And for Google... around 3,000%.

You may be wondering, what accounts for this exponential growth in technology?

It's all explained by one of the most well-known observations from a Silicon Valley giant.

### Moore's Law

In 1965, before he was a billionaire and cofounded Intel, Gordon Moore was working as the director of research and development (R&D) for a company called Fairchild Semiconductor. He was asked by Electronics magazine, a popular trade journal at the time, to predict what would happen in the semiconductor components industry.

(You've probably heard of semiconductors. They are the electronic components made up of integrated circuits that are essentially the "brains" of any kind of electronic machinery or consumer electronics product.)

But back in 1965, semiconductors were still in

their infancy. That's why what Moore said to *Electronics* magazine was so shocking.

Moore noted that the number of components in an integrated circuit doubled approximately every year. He predicted that this trend would continue for at least the next 10 years. Later, Moore revised his prediction to say that a doubling would occur every two years.

This prediction, known today as "Moore's Law," has been astoundingly accurate. Microprocessors have become smaller, cheaper, and more powerful since 1965. And as Moore predicted, the number of components in a semiconductor have doubled approximately every two years.

Thanks to Moore's Law, we have an abundance of affordable, powerful electronics today. It's the reason why the smartphone in your pocket has more computing power than all the computers used by NASA to send astronauts to the moon.

And while Gordon Moore originally made this observation with regards to computer chips, it's also held true for many other innovations in the tech space.

For instance, the number of bits per second that can be sent through an optical fiber cable has increased roughly *10 million-fold* since 1980.

That rate of growth actually far outpaces Moore's Law.

And consider another example. The cost to sequence a human genome – providing a “blueprint” of a human’s genetic code – has fallen dramatically in recent years.

As you can see in the chart at right, the cost to sequence a human genome kept pace with Moore's Law for the first eight years of the 21st century. But then, the cost plunged exponentially.

In 2001, the cost to sequence a human genome was \$100 million. At the time of this writing, the cost is less than \$1,000. That's a reduction in cost of 99.99% in less than two decades.

That's the power of exponential growth. And this sort of accelerated innovation will only continue in the years ahead.

And as an investor, there has never been a better time to invest in cutting-edge technology companies.

Here's why...

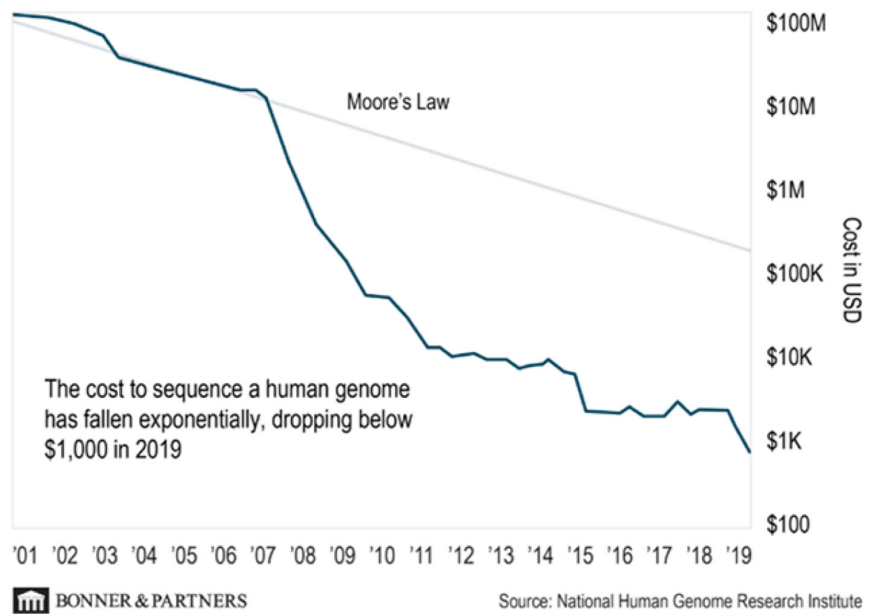
### Tech IPOs Picking Up

The number of exciting technology companies coming to market has picked up in recent years.

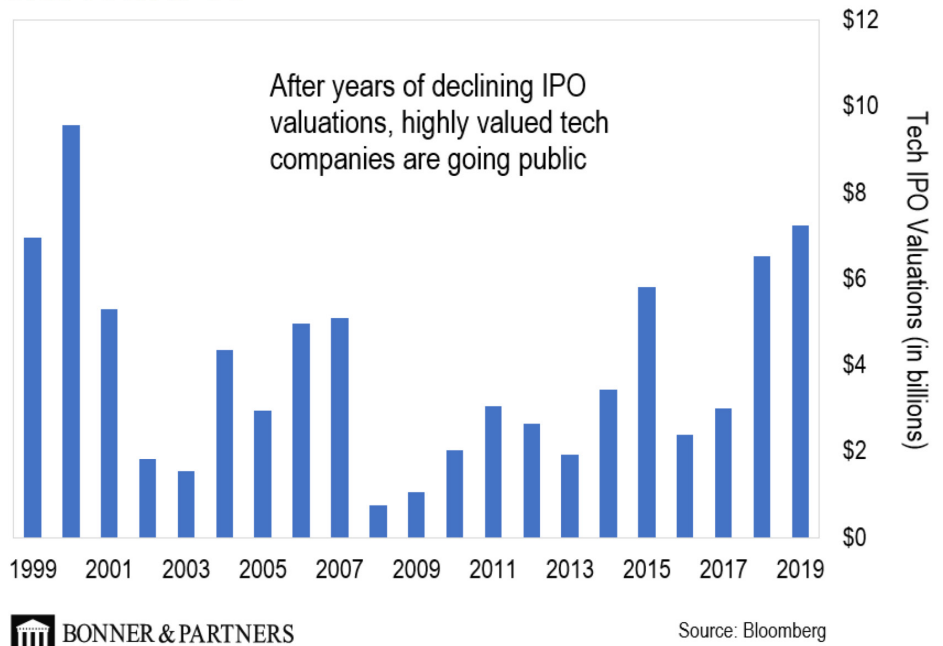
As I've explained to my readers in the past, the pace of exciting technology IPOs over the past 10 years has been underwhelming.

That's due to a flood of venture capital (VC)

### Cost to Sequence a Human Genome



### U.S. Tech IPOs



and private equity funding that's been readily available for private technology companies. This has made it easier for companies to stay private and raise round after round of private capital rather than having an IPO.

And while this has been good news for technology executives and venture capitalists, it's meant that average investors have been locked out of investing in some of the most innovative companies in the world.

But the good news is that, after years of low IPO numbers, we're finally seeing the pace of tech IPOs pick up.

Have a look at the chart on the previous page.

As you can see, the valuations of tech IPOs stayed relatively low after the 2000 dot-com bubble. This has caused a bottleneck in exciting companies going public. But that bottleneck is breaking up.

Many of these companies will experience exponential growth in the coming years. A handful of them may prove to be the next Apple or Amazon. And their stock price will skyrocket tens of thousands of percent as a result.

Of course, the question is which companies? And how can you select the best ones?

There are a few methods I'm using to help my readers pinpoint the biggest winners.

## Two Winning Strategies

My mission is to pinpoint world-changing technology companies for my readers. Make no mistake, the companies I write about have the potential to be the next Apple or Amazon.

But how do we do this?

In business, it's critical to track a well-defined pipeline of potential opportunities. This is essential for resourcing, product development, forecasting, and strategy decisions.

Investing is no different. In order to be prepared for profitable opportunities, it is critical to understand where those sharp "elbows," like the ones you see in the charts above, will be.

This is something I've always focused on as an angel investor – and it's given me great success. As I mentioned, as an angel investor, I've invested in over 140 private deals. By my estimations, many of those deals have increased 100x in value.

I break it down into two winning strategies.

## Early Trend Spotting

One of the best ways to be a successful investor is to identify trends before they become mainstream. This is especially true in the rapidly changing tech sector.

My research in fact starts with scientific papers. I go to great lengths to understand technological developments which have yet to be commercialized, but have fantastic potential.

Then I look for the companies that take that technology and build new companies. It is not unusual for me to track private companies for years waiting for a potential IPO, or perhaps being acquired by a larger technology firm.

Through regular contact with my peers and associates across the tech landscape, I'm also able to get firsthand answers to the most important questions...

- How are tech companies spending their money?
- What are the current pain points for end customers?
- What technologies are gaining momentum?

Questions like these help me target emerging trends before the typical investor does.

The other area that I follow closely is the venture capital community. This helps me understand what sectors of technology are getting support – in the form of VC money – to create the next generation of disruptive technology.

In this context, "disruptive" is a good thing. It refers to the type of game-changing innovations that forever alter an industry.

And these are the kinds of companies I identify through early trend spotting.

A few years ago, I really started to pay attention to the emergence of what is now called “fintech.” This is short for financial technology, and some of the developments here are truly disruptive.

For instance, back in 2016, a small company called “Square” caught my attention. Square is an innovative technology company that made it easy and affordable for small businesses to accept credit cards.

Before Square, businesses would have to purchase expensive “point of sale” systems. And the processing fees for these systems were often unrealistic for a small business operating on a narrow margin.

But Square changed that. Square’s hardware plugs directly into a smartphone or tablet. And it comes with an easy, flat processing fee of 1%.

I recommended Square to my readers in August 2016, saying that it would at least double in value.

And as you can see from the nearby chart, the stock certainly hasn’t disappointed.

Another trend I’ve been following closely is the development of genetic editing technology.

For those of you who don’t know, one of the biggest revolutions in modern medicine today is happening around a technology known as CRISPR-Cas9.

CRISPR-Cas9 stands for Clustered Regularly Interspaced Short Palindromic Repeats/CRISPR

## Square (SQ)



## CRISPR Therapeutics (CRSP)



Associated Protein 9. It’s known as “CRISPR” for short.

It’s not essential for you to know all the science behind CRISPR. But at a high level, the technology has the potential to permanently cure thousands of genetic diseases by “editing” strands of mutated DNA.

In October 2016, I recommended a “best of breed” company researching CRISPR: CRISPR Therapeutics.

Again, that recommendation has worked out well for my readers...



## Sector Cycle Investing

Understanding sector cycles is another excellent strategy for technology investing. It helps us know when there's a strong, broad trend lifting a certain sector.

During those times, the best equities will tend to outperform. And by knowing which companies are the strongest in that sector, we can generate outsized returns.

A simple example is the semiconductor industry. It goes through classic boom-and-bust cycles every few years. Why does this happen?

As economic activity picks up, semiconductor factories across the industry become fully utilized, requiring a lot of investment to build out new capacity. This is a very profitable period as demand exceeds supply, driving up prices and profits. This is a great time to invest in semiconductor companies.

But then, once capacity catches up with – and eventually surpasses – demand, factories are no longer fully utilized. Those larger fixed costs eat away at profitability, requiring deep spending cuts.

Gradually, the industry scales back until supply once again falls short of demand, and the cycle starts all over again.

By using these two strategies, identifying which sectors are trending up and which technology trends have the potential for massive industry disruption, you can position yourself for outsized gains like the ones my readers have already seen.

And if you're interested in investing in technology companies, there are a few trends that need to be on your radar.

## Four Trends to Watch Today

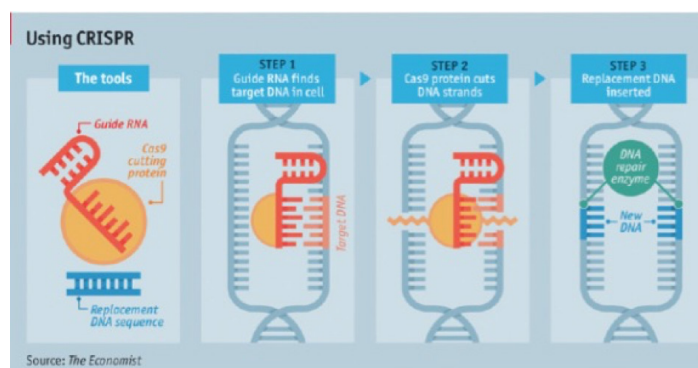
The first trend you need to watch today is the advancements being made in genetic editing.

CRISPR technology is like a software development platform for hacking plant, animal, and human genomes. (The genome is an organism's complete set of DNA, or genetic material.) It's a way to program the genome and remove the "bugs" – or, in genetic terms, the "mutations" – from DNA.

CRISPR can be used to "fix" or improve the genetics of any living thing. To say that this technology is revolutionary is an understatement. It will empower the human race to do things like:

- Cure serious genetic diseases, such as Huntington's disease, cystic fibrosis, or muscular dystrophy
- Eradicate major diseases like malaria by genetically changing a mosquito's ability to carry and transmit the disease
- Create higher-yield, pest-resistant crops that can solve the world's hunger problem
- Engineer healthier livestock
- Accelerate new drug development

What makes CRISPR so revolutionary is the simplicity of its use.



Above is a simple diagram of the CRISPR-Cas9 system at work. First, the scientist or doctor finds the segment of DNA that contains a genetic mutation responsible for a disease or condition.

Next, a guide RNA (ribonucleic acid) is

programmed to target the segment of the DNA that contains the genetic mutation. The guide RNA (in dark orange above) is designed to be complementary to the segment of the DNA that is targeted for repair. Put simply, it is drawn to it.

After the guide finds the target DNA, the Cas9 protein is used to “cut” the defective DNA and “insert” the healthy replacement DNA. The replacement DNA has the potential to cure the disease originally caused by the genetic mutation. The DNA has been “edited,” hence the name genetic editing.

Recently, a study was released showing how CRISPR-Cas9 gene editing can be used to fight cancer. Scientists were able to use CRISPR to edit cancer cells using CRISPR in mice. They then released the edited cells back on the cancerous tumors they came from... and the CRISPR'd cells destroyed the tumor.

How’s that for amazing? And remember, we’re still in the R&D phase with CRISPR technology... We haven’t even started commercializing therapies yet.

I expect exponential growth in this technology in the years ahead.

## Replace Your Smartphone

The next trend I want to put on your radar is augmented reality (AR).

Augmented or “mixed” reality overlays graphics, images, or data on top of the world you normally see. You’re able to view the real world. But it’s augmented, or mixed, with these other visuals.

The example of AR that you’re likely most familiar with is *Pokémon Go*. Soon after this AR game was released in July 2016, a lot of young people started walking around, exploring the outdoors, looking through their smartphone cameras.

They were playing *Pokémon Go*. It lets you view the world through your smartphone camera, but it overlays images of these Pokémon – animated “pocket monsters” who “live” in the augmented reality world alongside humans – on top of it.

So you might look at a park and just see a park. But if you look at the same park through *Pokémon Go*, you might see a little animated character standing in the real-world park.



*How a Pokémon Go character appears in the real-world view on your screen*

The aim of the game is to catch and catalog the hundreds of Pokémon within the game’s world and battle against other Pokémon.

The game was an overnight success. Twenty-four hours after it launched, the number of users was 50 times higher than the developers originally expected.

What will really kick off interest in AR technology, and what will ultimately replace your smartphone, is the next generation of AR hardware. I’m talking about true AR glasses.

When you put on a pair of AR glasses, it displays information, messages, alerts, or updates right in your field of vision.

And this technology is fast becoming a reality. And it could soon be part of our day-to-day lives. Apple CEO Tim Cook recently said AR would soon be as commonplace as eating three meals a day.

Imagine you're sitting in a café. You put on a pair of AR glasses. Without looking at your phone, you can read all your emails, check the most recent stock prices, or scroll through the pages of *The Wall Street Journal*. All the information will appear as though it were floating just a few feet in front of your face.

Once that sort of technology becomes widespread, what use would you have for a smartphone?

AR will make it possible to do everything you can do on a phone – text, call, check emails, browse the web – using voice commands, hand gestures, and even eye movements and an intuitive pair of AR glasses. No more hunching over, squinting at a tiny screen, hammering at tiny icons.

That's what makes me say that AR technology will replace the smartphone.

In 2017, the market for augmented and virtual reality was about \$14 billion. But by 2022, the global market is expected to hit \$209 billion. That's a compounded annual growth rate of 71%.

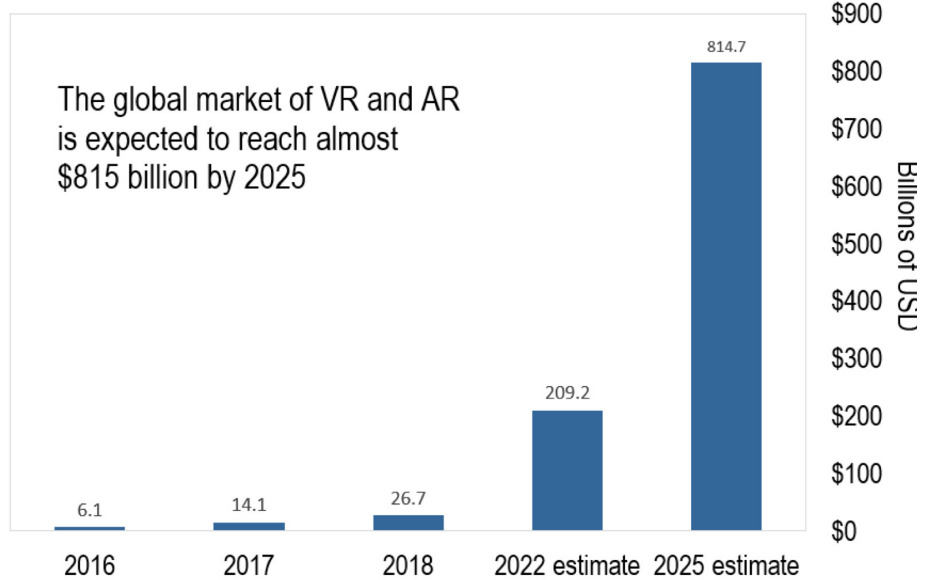
We will begin to see consumer-facing, mass market AR glasses that look a lot like a normal pair of sunglasses by the end of 2021. Don't be surprised when you see a company like Apple offering a pair of AR glasses as the next consumer electronics craze.

## The Power Behind Cryptocurrencies

The next trend you want to pay close attention to is blockchain technology.

You may have heard of blockchain. You may associate it with the cryptocurrency bitcoin. But blockchain technology goes well beyond that.

## Forecasted Global Combined VR and AR Market



 BONNER & PARTNERS

Source: imda.gov, Statista, Zion Market Research

Blockchain technology is also known as distributed ledger technology (DLT). We can think of a distributed ledger in its simplest form as a distributed database. Essentially, a database that holds the exact same records of transactions, in thousands, or tens of thousands, of locations.

Historically, businesses, governments, and individuals all keep their records in one centralized database. (Imagine a room with racks of computers that store information.)

But centralized databases can be manipulated, records can be changed, hard drives can fail, and data can be lost. What's more, records held in a centralized database represent only one party's view of any given transaction.

In the world of blockchain and distributed ledger technology, the exact opposite is true. The transactions recorded on the ledger represent the views of all parties that were involved in that individual transaction.

Furthermore, the majority of the participants on that blockchain network have to confirm and agree to "write" that transaction onto the blockchain. This method is called consensus.

And once consensus is reached, and a new block is written into a blockchain, it becomes immutable – it cannot be changed.

The value and utility that a well-designed blockchain provides is remarkable. Immutability, secure transactions, privacy, lack of friction, transparency, reduction or elimination of fraud, and reduced costs are among the many reasons blockchain technology is being adopted so quickly.

And blockchain technology can be applied to almost every industry. Finance, supply chain logistics, insurance, and even property title management can be improved with the application of a well-designed blockchain solution.

The table below gives you a quick idea of which industries are susceptible to disruption from blockchain technology.

Industry	Blockchain Threat Synopsis
Custody	An immutable public record on the blockchain could eliminate the need for custody, storage, and record-keeping services
Securities Exchanges	Blockchain enables direct value transfer and record-keeping, eliminating the need for costly capital markets intermediation
Payments	Blockchain enables direct value transfer without issuers, acquirers, networks and other intermediaries
Cloud Computing	A decentralized network of computers can be used for data processing and storage
Transportation Brokerage	Third-party intermediaries connect buyers and sellers of transportation services

Industry	Blockchain Threat Synopsis
Marketplace and Distributors	Buyers and suppliers can coordinate activities via blockchain
Credit Reporting	Blockchain enablers secure storage and personalized control of private customer data

Blockchain technology will reshape our world the way the internet did in the late 1990s. In fact, I believe the impact will be even more profound.

### The Most Important Infrastructure Buildout in History

Finally, there's one last trend I need to put on your radar. It's no exaggeration to say that this could be one of the most important infrastructure buildouts in history. But it has nothing to do with roads, bridges, or canals.

I'm talking about the buildout of the next-generation wireless networks.

When you connect to the internet on your computer, smartphone, or smart TV, a vast physical communications infrastructure makes that connection possible.

Hundreds of thousands of miles of transoceanic cables connect to vast, land-based fiber optic networks, which in turn connect to consumers' homes and businesses.

Over the years, these wireless networks – and the infrastructure that supports them – have evolved. But not all of it has lived up to consumers' expectations.

For example, the current 4G cellular networks are a disappointment.

The developers that built the 4G network thought it would deliver average download speeds of 100 megabits per second (Mbps). But in reality, most people only see speeds of about 10 Mbps.

(Megabits per second, or Mbps, is a common measurement for internet connection and download speeds. For example, to stream a high-definition video from Netflix, you need a download speed of at least 5 Mbps.)

At 10 Mbps, the U.S. has some of the slowest internet speeds in the world.

But with 5G, the peak speed jumps to 10 gigabits per second (Gbps). One gigabit is 1,000 megabits. So, at peak speed, 5G will be 1,000 times faster than the average 4G connection we have today.

Even if we just assume that average 5G speeds would be 10% of their potential, we're still looking at 1,000 Mbps. That means that average 5G speeds will be 100 times faster than what we have today.

With that kind of speed, you'll be able to download a two-hour movie in 10 seconds. Dropped phone calls and slow-loading web pages will be a thing of the past.

And I recently had a chance to try 5G for myself. Click the video below to see my 5G speed test from Washington, D.C.



Plus, some previously “sci-fi” tech will finally become a reality. Technologies like self-driving cars, virtual reality, and holographic telepresence will all operate over high-speed 5G connections. The applications are endless.

5G is a game-changer because of all the technological innovation it will bring about.

Some estimates cite that it'll be responsible for more than \$12 trillion worth of new goods and services by 2035. That's about 60% of America's total GDP.

## The World Is Changing

Just 20 years ago, our world was a very different place.

Laptops and the modern internet were both a few years old, but neither had reached mainstream acceptance.

There were no digital music players... no smartphones... no tablets... We didn't have Facebook or texting. And if we got lost, there was no Google Maps to save us.

Over the next 10 years, we'll see plenty more of these types of exponential advances. Barriers will be broken... whole new industries will be created... fortunes will be made.

- Computing power will surpass human brain power, and AI (artificial intelligence) will be everywhere.
- Millions of autonomous, self-driving vehicles will shuttle passengers back and forth on U.S. highways. This will save lives, saving gasoline, reducing traffic, reducing car insurance, and freeing up time.
- DNA sequencing, which now costs about \$1,000, will soon cost less than \$100, opening the door for new preventative and personalized medicines (and insurance coverage).
- The average human lifespan for anyone born in the last 20 years will exceed 100 years.
- Everyone will be “plugged in,” as more than 6 billion people – three-quarters of the earth's population – will have smartphones and access to high-speed wireless networks.

And of course, the companies enabling these technological revolutions will soar in value. Smart investors will make a fortune.

There has never been a better time than now to invest in cutting-edge technologies. And with what you've read today, you already have a leg up on 99% of all other investors.

And if you'd like to begin your journey as a high-technology investor, I'd invite you to join me as a subscriber of my flagship investing service, *The Near Future Report*.

With *The Near Future Report*, I share detailed recommendations on the technology stocks that are powering the trends I shared in this report.

And becoming a member has never been easier. Simply go [right here](#) to join the thousands of readers who are already profiting from the technology shaping our future. Join [here](#).

Regards,

Jeff Brown  
Editor, *The Near Future Report*

---

To contact us, call toll free Domestic/International: 1-800-681-1765, Mon-Fri: 9am-5pm ET or email [memberservices@brownstoneresearch.com](mailto:memberservices@brownstoneresearch.com).

© 2020 Brownstone Research, 55 NE 5th Avenue, Delray Beach, FL 33483. All rights reserved. Any reproduction, copying, or redistribution, in whole or in part, is prohibited without written permission from the publisher.

Information contained herein is obtained from sources believed to be reliable, but its accuracy cannot be guaranteed. It is not designed to meet your personal situation—we are not financial advisors nor do we give personalized advice. The opinions expressed herein are those of the publisher and are subject to change without notice. It may become outdated and there is no obligation to update any such information.

Recommendations in Brownstone Research publications should be made only after consulting with your advisor and only after reviewing the prospectus or financial statements of the company in question. You shouldn't make any decision based solely on what you read here.

Brownstone Research writers and publications do not take compensation in any form for covering those securities or commodities.

Brownstone Research expressly forbids its writers from owning or having an interest in any security that they recommend to their readers. Furthermore, all other employees and agents of Brownstone Research and its affiliate companies must wait 24 hours before following an initial recommendation published on the Internet, or 72 hours after a printed publication is mailed.