Weird Science

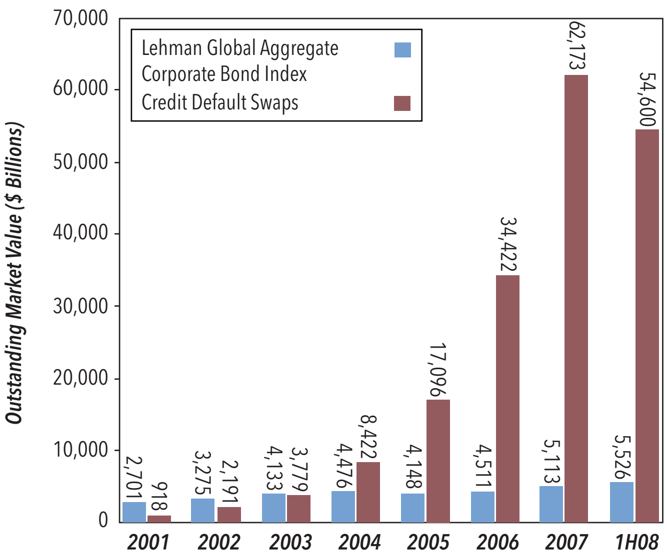
MAY 2011
CIO COMMENTARY

Our previous Commentary, entitled *"Slumdog Millionaire,"* touched on *"Gilligan's Island"* and *"Keynesianism."* These equally silly topics from the 20th century, along with the actions of the Federal Reserve thus far in the 21st century, once again brings to mind a movie (and theme song) geared towards adolescents. The discussions at hand are "Derivatives" and "Central Banks."

Starting with the lighter side of our perverse world, many of us have enjoyed comedians such as Gallagher and George Carlin when they have pointed out humorous inconsistencies in everyday life. For example: Why do we drive on a parkway and park on a driveway? Unfortunately, logical inconsistencies are much less humorous when they infiltrate the complex worlds of economics, government, and finance. We'll strive to broach many examples but, in general, they all fit nicely within the category of "Derivatives." **Instruments that derive their value from something else have, in a perverse way, become more "important" and "valuable" than the underlying source of that value.** This is an extreme example of "The tail wagging the dog."

For instance, one of the first things one learns in the insurance world is not to insure things for more than they are worth. As they say, if you insure a $1 million dollar building for $5 million dollars, an untimely fire is likely to break out. And there's a reason people aren't allowed to take out a big life insurance contract on their neighbor down the street. When considering this insurance basic, it is hard to understand the legality of Credit Default Swaps (CDS). In effect, CDS enable "investors" to purchase insurance on bonds. Due to superior liquidity, many investors prefer to gain their yield by selling CDS (to others betting against the bond) rather than go to the trouble of buying the bond outright (earning similar yield). It does have legitimate uses. For example, if an owner of a bond would like

CREDIT DEFAULT SWAPS VS. THE BOND MARKET



Source: Barclays, ISDA

to continue holding their bond, but hedge his/her exposure, purchasing insurance via CDS is a good option. However, often CDS is transacted between parties that don't have anything to do with the underlying bond, often creating insurance that is worth many times the value of the bond. At best, this is gambling. More likely, it will result in the corporate equivalent of "warehouse fires." At worst, it has been a major contributor to the recent, near-destruction of the world's financial system.

Another principle of insurance is diversification. 20th Century Insurance (now 21st Century) learned this the hard way in the early 1990s, when all of the earthquake insurance that they were writing was covering one location—Southern California. One earthquake changed their fate from being the "next GEICO," to needing to be rescued by AIG. Ironically, AIG met a similar near-death experience during the recent financial "quake" when they, too, forgot the principle of diversification. They went from "Wall Street darling" to "Ward of the State" in a corporate nanosecond when their book of CDS proved to be too highly correlated.

CDOs (Collateralized Debt Obligations) also suffered badly when many of them turned out to own pieces of the same mortgage pools, or of similar ones based on very poor underwriting standards. Synthetic CDOs (a derivative of a derivative) compounded all of these problems by allowing the "bets" to be bigger than the value of the mortgages and apparently allowing the buyers of CDS on Synthetic CDOs (3rd derivative) to introduce adverse selection to the equation (by hand-picking the worst mortgages for inclusion in the CDOs they were betting against). For those interested in more details on this subject, the following are informative and quite entertaining, as well: *The Big Short*, Michael Lewis; *The Greatest Trade Ever—The Story Behind the Scenes*, Gregory Zuckerman; and most of Grant's *Interest Rate Observers* from 2005 through 2009.

Another derivative that is much more harmful than it first appears is the Management Incentive Award (option). These are positioned as aligning managements' interest with that of equity holders. This is not the case. Paying management with **equity** aligns the equity holding management team with the other equity-holders. **Options**, however, are a derivative of equity that offers the upside, but NOT the downside experienced by true equity holders. Clearly this incentivizes risk-taking. Often, it also leads to accounting games, which we will not address at this point.

Another form of derivative that works better on paper than it has lately in the real world is the representative form of government (republic). Representatives are elected to make decisions on behalf of the people. Their power is derived from the people. It is much more efficient than having millions of people collectively make every decision. Unfortunately, in the corporate and investment worlds, it has been a failure due to the OPM syndrome (Other People's Money). Similar to the root problem for CDOs (where the mortgage salesman, mortgage brokers, investment bankers, rating agencies, CDO managers and fund managers had one thing in common: while they profited, it wasn't their money being put to risk); when the Board of Directors, whose job it is to oversee management as "representatives" of the shareholders, is hand-picked and compensated by the management team that it is supposed to be monitoring, interests are misaligned. Compounding the situation, the vote may be cast by a proxy voting service, a custodian, a money manager (such as Tradewinds), a trust fund owner (pension, etc.) or others who are voting shares owned by other people. *(Tradewinds has a fiduciary duty to manage other people's money as if it were our own. As such, we* *have a proxy committee; we vote against options programs, but for reasonable grants of restricted stock for management teams. We are happy to furnish additional information regarding our disciplined approach to proxy issues.)*

At the government level, theory and recent experience in California, and elsewhere, show that pure democracy doesn't work. (Please see the special insert to the Economist Magazines, April 23rd – 29th, for more on the subject). Therefore, a democratic republic seems the logical choice. Unfortunately, it increasingly appears that in the U.S., like many other places, we now have, as the saying goes, "the best government money can buy." This applies equally to both parties, as powerful interest groups have a big say as to on which individuals or propositions we are even given the opportunity to vote, come Election Day. In defense of our elected officials, we as a society seem to want to cut the other guy's benefits, but will energetically try to defeat anyone who tries to take away our perks. Nobody seems to want to take responsibility for things. It's easier to sweep it under the rug until the next election or hope that it will just go away.

"It's not his fault that he can't ~~budget~~ behave
Society made him go astray
Perhaps if we're nice he'll go away
Only a lad, you really can't blame him
Only a lad, society made him
Only a lad, he's our responsibility
Only a lad, he really couldn't help it
Only a lad, he didn't want to do it
Only a lad, he's underprivileged and abused
Perhaps a little bit confused"

–Danny Elfman (Oingo Boingo)

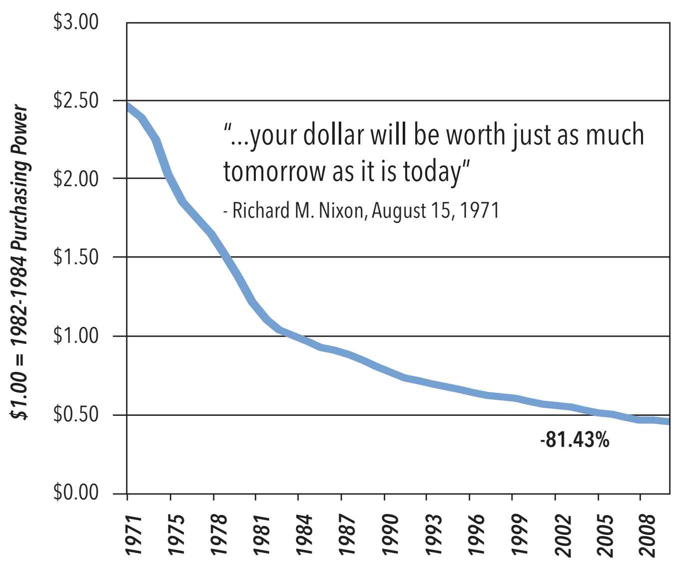
I didn't know whether to substitute "lad" with: senator, legislator, special interest group, banker, central banker, debtor or whatever. So I'll leave that to the reader. At any rate, this all suggests that deficit spending is likely endemic to a democratic-republic form of government. Why are we talking politics? We are doing so to set the stage for a discussion of the most meaningful type of derivative available in today's world; the most dangerous as well.

And what are fiat currencies if not a derivative? Money is a fascinating subject! I highly recommend reading up on this increasingly important topic. Jim Grant wrote an interesting book *"Money of the Mind"* years ago. A little further from the mainstream but well worth the read is *"The Creature from Jekyll Island,"* by G. Edward Griffin. Also worth a read are: *"Dying of Money: Lessons of the Great German and American Inflations,"* by Jens O. Parsson; *"Fiat Money Inflation in France,"* by Andrew Dickson White; and *"Millionaire: The Philanderer, Gambler, and Duelist Who Invented Modern Finance,"* by Janet Gleeson.

To quickly summarize what many of you already know, many years ago, at various times and places, people decided that creating a form of "money", to serve as a store of value and as a medium of transaction, would be advantageous. At various times, people have used shells, wood carvings, base metals, precious metals, jewelry, and "you name it" as money. Over time, most societies migrated to the use of precious metals due to their scarcity, divisibility, attractiveness, desirability, difficulty to counterfeit, and ease of use in transactions. Eventually, enterprising individuals developed mediums of transaction that were less cumbersome to carry around than precious metals. Banks and others agreed to hold peoples' gold in a safe, secure place and issued them a receipt. People found it easier to use the receipts as money rather than go to the bank, exchange the receipt for gold, make the payment in gold to a seller of a good, who presumably took the gold back to the bank to receive his own receipt. And thus, a currency form of money was born. The currency **derived** its value from the "money" (gold) into which it was exchangeable. Over time, governments decided that they were a more appropriate custodian of the gold and began issuing their own receipts (currencies exchangeable into gold and/or silver). Later, banks found even easier mediums of exchange. Why should people even have to carry around paper money when they could exchange money electronically via credit cards, debit cards, checks, wires, etc. And thus money has evolved, mostly for the better from a transaction standpoint.

Of greater importance than the trans-active property of money is its ability to store value. Unfortunately, governments have generally proven untrustworthy as custodians of the value of their currencies. In ancient Rome they used to shave the edges of the coins (causing them to contain less metal and thus be less valuable). There are countless examples of governments printing more bills (receipts for metal) than they had metal with which to back. Numerous booms and busts have resulted over the centuries. Often complete collapse and the demise of the currency have resulted. In more recent history, the Bretton Woods System, where the U.S. dollar was anchored to gold and other currencies were anchored to the dollar, collapsed when the world discovered that the U.S. had been cheating, printing dollars for which it had insufficient gold to back. Other governments asked to exchange their dollars for the gold to which they were entitled. President Nixon told them effectively to take a hike and pronounced that the dollar was no longer exchangeable into gold. It would thus forth be exchangeable into nothing.

U.S. DOLLAR PURCHASING POWER



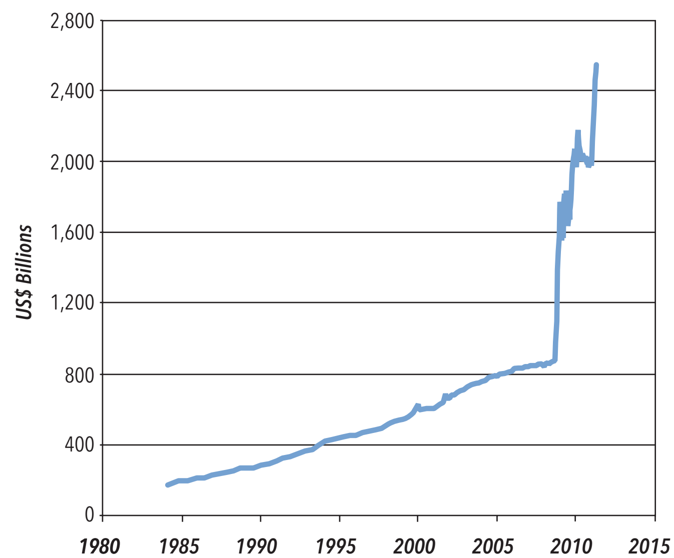
Source: FactSet

"Magic and technology
(voodoo dolls and chants)
Weird Science
Things we never seen before (behind open doors)
Weird Science
Not what teachers said to do"

–Danny Elfman (Oingo Boingo)

After centuries of worrying about how and when the government would cheat (succumbing to the temptation to print the derivative form of money for which they had an inadequate supply of real money with which to back), we no longer have to worry. They no longer even pretend to back derivative money with anything of real value; it has become a derivative of nothing. A possibly more accurate description is "a derivative of trust." Governments no longer even try to make us believe that they will keep the quantity of currencies scarce. Au contraire! The Fed is dramatically creating new currency—twice as much over the past 2 ½ years as over the prior 94 years, combined. The question at hand is: Has tripling the money supply created wealth?

FEDERAL RESERVE BANK OF ST. LOUIS ADJUSTED MONETARY BASE



Source: Federal Reserve Bank of St. Louis

This might be an opportune time to interject with the storyline from our title movie. Per Wikipedia:

"Weird Science is a 1985 American teen comedy film written and directed by John Hughes and starring Anthony Michael Hall, Kelly LeBrock, and Ilan Mitchell-Smith.

Gary Wallace (Anthony Michael Hall) and his best friend, Wyatt Donnelly (Ilan Mitchell-Smith), are 15-year-old nerds with low social standing at their Shermer, Illinois high school, who, in the opening scene, are pantsed by two bullies, Ian (Robert Downey, Jr.) and Max (Robert Rusler) in front of a gymnasium full of beautiful girls.

During a weekend at Wyatt's house in which his parents are out of town, the boys are inspired, by the film Frankenstein, to create a woman by feeding their desired statistics of beauty and great intelligence into Wyatt's computer and hacking into a government computer for more power, while connecting Wyatt's computer to a Barbie doll. After a lightning bolt during their experiment creates a violent explosion, a beautiful woman (Kelly LeBrock) appears before them who, in addition to being totally devoted to them, has a number of superhuman abilities, such as memory manipulation, molecular manipulation, and reality warping."

Just as the boys were inspired by the movie Frankenstein, one cannot help but imagine a younger Bernanke, back in 1985, watching Weird Science and hatching a plan to use a few computer models, some creative nomenclature, some green pieces of paper and maybe a little lightening, to create beauty and wealth. Maybe using "molecular manipulation" he could turn paper into gold!

Creatively, he decided that calling this experiment "Quantitative Easing (QE)" made it somehow more palatable than using a more forthright—"Dollar Debasement." There is even a stated goal for debasement—2% every year. They call this "Inflation Targeting." Keynes, the author of many theories that have been embraced by inflation apologists to defend spurious government policy, had a more honest appraisal of inflationary policy. Quoting Vladimir Lenin of all people, Keynes stated, **"Lenin is said to have declared that the best way to destroy the capitalist system was to debauch the currency."** He added, **"By a continuing process of inflation, governments can confiscate, secretly and unobserved, an important part of the wealth of their citizens. By this method they cannot only confiscate but they confiscate arbitrarily."** Even the father of the communist Soviet Union understood some economic principles that Bernanke does not seem to. The following quotes suggest that he isn't especially prescient.

"At this juncture… the impact on the broader economy and financial markets of the problems in the sub-prime markets seems likely to be contained,"

– Ben Bernanke, March 2008

"Housing markets are cooling a bit. Our expectation is that the decline in activity or the slowing in activity will be moderate, that house prices will probably continue to rise."

– Ben Bernanke, February 2006

"The Federal Reserve is not currently forecasting a recession."

– Ben Bernanke, January 2008

"The risk that the economy has entered a substantial downturn appears to have diminished over the past month or so."

– Ben Bernanke, June 2008

"I expect there will be some failures [referring to smaller regional banks]. Among the largest banks, the capital ratios remain good and I don't anticipate any serious problems of that sort among the large, internationally active banks that make up a very substantial part of our banking system."

– Ben Bernanke, February 2008

(As to how and why inflation results in a highly regressive "tax" on the poorer segments of society, it is too lengthy a discussion to include here, but is explained well in the readings highlighted earlier.)

Uttering perhaps the most scary quote ever made by a Fed Chairman, in a December interview on 60 Minutes, Mr. Bernanke claimed that he was **"100% certain"** that he could contain inflation.

"From my heart and from my hand, why can't people understand My intentions. Oooooh weird."

– ~~Ben Bernanke~~ Danny Elfman (Weird Science)

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INVESTMENT STRATEGY

"It's getting so a businessman can't expect no return from a fixed fight. Now, if you can't trust a fix what can you trust?"

– Joel Coen and Ethan Coen, Miller's Crossing

Investors are feeling confident again. And why not, the **Fed has fixed the game for us.** And yet, we all intuitively know that using hocus pocus and other weird science to fix the game can't work for an extended period. The Piper will call. For over two years now, these Commentaries have suggested that the government's attempts to: borrow our way out of debt; spend our way to fiscal order; and "print" our way to prosperity; will prove to be a short-term positive for common stocks and commodities, bad for cash, and disastrous for long term bonds. We hereby strongly reiterate our negative view of long term bonds, and believe that it is noteworthy that Warren Buffet and "Bond King" Bill Gross have been publically espousing similar views. Following a strong run-up since the start of QE, we still believe that gold fundamentals remain solid and that it deserves consideration for a home in everyone's investment portfolio. The remainder of this Commentary will be used to tweak our formerly bullish stance on equities (and commodities) following impressive market gains over the past two years.

Is inflation good or bad for stocks? Yes—is our answer. Stocks represent ownership claims on businesses, many of which possess real, tangible wealth. As people continue to lose faith in our eroding, irredeemable, paper currencies they will continue to invest in perceived stores of wealth, including common stocks. There is a reason that Mr. Buffett bought a railroad at a premium valuation to what he might have paid in the past. Lubrizol appears to be even more of a stretch. He is increasingly vocal as to his concerns about cash.

Another wonderful attribute of stocks—many companies offer diversification across countries, currencies and businesses. This benefit cannot be overstated.

However, stocks are typically valued by assigning value to cash that is expected to be generated in the future. The more confident and excited investors are about prospects for the future, the higher the valuation they will accord to stocks. This makes sense—better fundamentals deserve higher valuations since cash flow should increase. The drawback is that predicting the future can be quite tricky and awarding generous valuations based on predictions can be quite dangerous. Real life often fails to measure up. When discounting future cash flows, we are guessing profit margins, growth rates and appropriate discount rates. All three are difficult to ascertain, especially for "growth" stocks.

Easy money usually leads to higher asset prices—at least initially. Later, the price of an asset often **gets divorced from the underlying fundamentals from which its value is derived.** Usually one specific stock or asset class captures the peoples' fancy, resulting in truly mind-blowing valuations. In the sixteen hundreds, the Dutch bid the price of tulip bulbs up to levels in excess of house prices. Later, in response to the notorious John Law's easy money experiment, the French population became smitten with the shares of the Mississippi Company, enamored with prospects of riches from the New World. Shortly thereafter, the British followed suit, driving shares of the South Seas Corporation to the moon. Closer to home, when the Fed erred with easy money in the late 1920s, stocks such as RCA became so overpriced that it took almost three decades of subsequent corporate success for its stock to rebound to 1929's price level. Following the extremely inflationary 1971 decision to decouple the dollar from gold, money poured into the popular stocks of the day: Avon, J & J, Coca-Cola, Xerox, Polaroid, AMP, Eastman Kodak, Eli Lilly, GE, J.C. Penney, Schlitz Brewing and McDonald's to name a sampling. They were commonly known as the Nifty Fifty. By January of 1973, these "one decision" stocks sold at stratospheric levels. Those who invested in the true future growth companies such as Coca-Cola, Proctor & Gamble or 3M made good money over the next 30 years, if they withstood the decade long drubbing that inflicted huge losses on them. These stocks could be purchased for a song in 1982, just prior to a two-decade bull market. Those who incorrectly expected sustainable growth from Sears, Avon, Xerox, Polaroid, Schlitz, Burroughs, or Simplicity Patterns never recovered from the drubbing they took.

In the late '90s, Mr. Greenspan famously erred by printing massive quantities of money to "fix" various troubles and faux troubles (Y2K). The result was a still hard-to-comprehend bubble in tech, media and telecom stocks. The NASDAQ subsequently fell over 80%. When the Fed compounded its errors by printing even more money to bail out the NASDAQ problem, the public went overboard buying increasingly over-priced real estate. The inevitable housing bust has, of course, been addressed by even more currency printing. As discussed ad naseum in previous commentaries, the result has been a bubble in bonds and currencies.

But, to finally get to the point of all of this build up, the public has once again stampeded into the stocks of their favorite companies, without regard to price. We believe that this has created a dangerous "Contemporary Nifty-Fifty." The following illustrates a sampling of our nominees:

THE CONTEMPORARY "NIFTY-FIFTY"

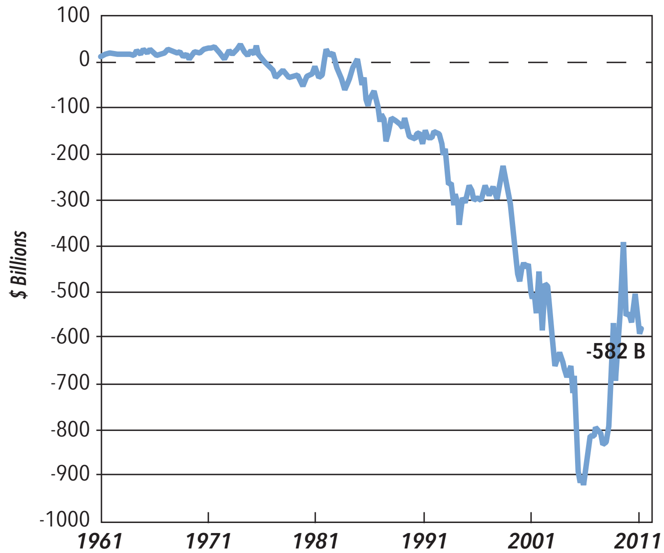
Ticker	Company	Price/Book*	EV/Sales*	P/E TTM*	Total Return TTM (US$)*
AKAM US Equity	Akamai Technologies Inc	3.0x	6.2x	37.1x	-9%
ALTR US Equity	Altera Corp	6.0x	5.3x	18.0x	98%
AMT US Equity	American Tower Corp	6.1x	12.3x	59.0x	31%
AAPL US Equity	Apple Inc	5.3x	3.4x	16.7x	38%
ADSK US Equity	Autodesk Inc	6.4x	4.1x	48.1x	39%
FFIV US Equity	F5 Networks Inc	7.6x	7.6x	42.4x	52%
ISRG US Equity	Intuitive Surgical Inc	6.3x	8.2x	36.2x	5%
LLTC US Equity	Linear Technology Corp	20.1x	5.1x	14.5x	22%
NFLX US Equity	Netflix Inc	45.2x	5.2x	68.2x	143%
ORCL US Equity	Oracle Corp	4.9x	4.6x	21.7x	47%
PAYX US Equity	Paychex Inc	8.0x	5.7x	23.1x	12%
PCLN US Equity	priceline.com Inc	14.4x	7.2x	46.2x	112%
QCOM US Equity	QUALCOMM Inc	3.8x	5.9x	21.1x	55%
CRM US Equity	Salesforce.com Inc	14.1x	10.3x	329.9x	58%
TROW US Equity	T Rowe Price Group Inc	4.7x	6.4x	23.7x	17%
VRSN US Equity	VeriSign Inc	11.1x	6.7x	65.1x	59%
DB1 GR Equity	Deutsche Boerse AG	3.6x	4.9x	22.3x	7%
IPR LN Equity	International Power PLC	2.1x	4.0x	33.5x	38%
EMG LN Equity	Man Group PLC	1.9x	2.8x	22.6x	20%
1928 HK Equity	Sands China Ltd	5.1x	4.8x	33.2x	95%
STO AU Equity	Santos Ltd	1.7x	4.6x	24.1x	16%
SDR LN Equity	Schroders PLC	2.7x	1.3x	15.7x	27%
69 HK Equity	Shangri-La Asia Ltd	1.7x	6.6x	27.6x	50%
SGX SP Equity	Singapore Exchange Ltd	10.9x	12.0x	27.6x	2%
1128 HK Equity	Wynn Macau Ltd	31.3x	4.1x	30.5x	141%
SINA US Equity	Sina Corp/China	6.0x	8.6x	141.2x	248%
AZO US Equity	AutoZone Inc	(11.7x)	1.8x	17.0x	56%
TIF US Equity	Tiffany & Co	4.0x	2.4x	23.7x	52%
CMG US Equity	Chipotle Mexican Grill Inc	9.7x	4.2x	44.7x	97%
DD US Equity	EI du Pont de Nemours & Co	4.9x	1.8x	15.6x	52%
AMZN US Equity	Amazon.com Inc	12.6x	2.0x	88.4x	55%
HANS US Equity	Hansen Natural Corp	6.8x	3.3x	25.9x	70%
SIAL US Equity	Sigma-Aldrich Corp	4.1x	3.3x	20.7x	25%
BCR US Equity	CR Bard Inc	5.1x	3.1x	18.6x	30%
URBN US Equity	Urban Outfitters Inc	3.8x	2.2x	20.4x	-15%
FAST US Equity	Fastenal Co	7.7x	3.9x	34.3x	29%
GMCR US Equity	Green Mountain Coffee Roasters Inc	10.3x	5.2x	76.3x	203%
PNRA US Equity	Panera Bread Co	5.8x	2.2x	31.2x	55%
BRBY LN Equity	Burberry Group PLC	9.9x	3.2x	53.6x	94%

* Source: Bloomberg as of 5/10/2011; "Price/Book" is Stock Price to Book Value, "EV/Sales" is Enterprise Value to Sales, "P/E TTM" is Stock Price to Earnings on a Trailing Twelve Month basis, and "Total Return TTM (US$)" is Total Return on a Trailing Twelve Month basis in U.S. Dollar terms.

These valuations are predicated on sustainably high rates of growth and high profitability for more than a decade into the future. Our next commentary will discuss why we believe this to be highly unlikely. In Jeremy Grantham's latest commentary, perhaps his best yet, he does a superb job of arguing against betting on the sustainability of current growth trends.

It is interesting to us, at Tradewinds, that this list of expensive stocks is generally filled with companies that produce products or services that people clearly want **but don't need!** They also generally have low barriers to competition. This all bodes ill for the likelihood that these aggressive assumptions stand the test of time. We've all seen this movie before.

INCOME EXCLUDING BENEFITS MINUS CONSUMER SPENDING



Source: MacroMavens

While we are worried about the stock market in general and U.S. consumer companies in particular, we'd like to end on a more positive note. Whereas we suspect that fiat currencies are inherently much less valuable than people yet recognize, there are many companies that offer products and/or services that are quite valuable and correspondingly are much in demand. These companies can and **should continue to be able to exchange their goods/services for wealth, in whatever form wealth may be stored in the future.** To again paraphrase Mr. Buffett,

"If the dollar becomes worth way less, we will sell See's Candy for more money. It won't be more "real" dollars but if somebody's willing to give up 15 minutes of their labor for a pound (of chocolate), they'll continue to do the same thing and it won't make any difference whether shark's teeth are being used for money."

With that in mind, Tradewinds continues to hold a portfolio of businesses that tend to meet the needs of the world's growing population, have a competitive advantage over other companies, and are expected to sustainably do so in the future. As always, Tradewinds insists that our stocks trade sufficiently below our estimate of their intrinsic value. Which of the following will likely sustain their worth over the next decade or two?

CONCLUSION

"Waiting for an invitation to arrive
Going to a party where no one's still alive
It's a dead man's party, who could ask for more
Everybody's coming, leave your body at the door
Leave your body and soul at the door"

– Danny Elfman (Oingo Boingo)
Title Song from Weird Science Album

Using many weird forms of social science, the Federal Reserve has been conducting experiments on the very currency in which many of us store an important part of our life savings. They've tried QE1, QE2, TARP, TALF, TLGP, etc. The results look nothing like Kelly Le Brock. In late 2007 we penned "Weekend at Bernie's" illustrating how odd it was that Wall Street was partying (DOW hit an all time high in October), apparently not yet aware that the banking system was dead. With a sense of déjà vu, we seem to be witnessing another "Dead Man's Party." Stocks have doubled and bonds are near all time low yields. Wall Street seems blissfully unaware that the monetary system that we've "enjoyed" for the past forty years is effectively dead.

When discounting future cash flows, the "value" of that cash at the time it is received in the future should be in the forefront of peoples' minds. **Fiat currencies and bonds are somebody's liability.** Governments' ability to make good on these obligations is imperative. In light of the current, precarious situation of most issuers of paper currency and sovereign bonds, Tradewinds prefers to own good business franchises and tangible wealth. We hope 2011 is off to a good start for you.

Cheers.

David B. Iben, CFA
Chief Investment Officer
Tradewinds Global Investors

"It's taken almost two centuries for bankers to pull the wool over Americans' eyes, but today you and I are working for intrinsically worthless paper that can be created by bureaucrats–created without sweat, without creative ability, without work, without anything but a decision by the Federal Reserve. This is the disease at the base of today's monetary system. And like a cancer, it will spread until the system ultimately falls apart. This is the tragedy of the great lie. The great lie is that fiat paper represents a store of value, money of lasting wealth."

– *Richard Russell*

IMPORTANT DISCLOSURES

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