



Retirement *Lifestyle*
Advocates

RADIO PROGRAM

Expert Interview Series

Guest Expert: Simon Popple, Founder
Brookville Capital Intelligence Report

Date: January 17, 2021

Produced by:

Retirement Lifestyle Advocates
961 Four Mile Road, NW
Grand Rapids, MI 49544

Phone: (866) 921-3613

Email: info@plplanners.com

Website: www.RetirementLifestyleAdvocates.com

Dennis Tubbergen:

You are listening to RLA Radio. I'm your host, Dennis Tubbergen. I have the pleasure of chatting once again today with Mr. Simon Popple, Simon is the author of the Brookville Capital Intelligence Report. That is a weekly publication that predominantly covers gold and silver companies in Canada and Australia. If you'd like more information about Simon or his work, you can visit brookvillecapital.com and Brookville is spelled B-R-O-O-K-V-I-L-L-E, brookvillecapital.com. And Simon, welcome back to the program.

Simon Popple:

Great to be here.

Dennis Tubbergen:

So Simon, the world is, as we talked a bit before we started recording, to use a word that probably doesn't do it justice, interesting. Things are rapidly evolving. A lot going on politically, a lot going on socially, economically, so let's focus a bit on what's going on as far as monetary policy is concerned because that particular topic is kind of taking a back seat on certainly mainstream news. But when you look at the level of debt that exists around the world, both in the private sector and in sovereign debt, the numbers are staggering. And we are on a trajectory that it's going to be impossible to sustain. So can you comment a bit on that topic?

Simon Popple:

Yeah, absolutely. I mean, one of the reasons I like gold and silver, and for that matter other commodities is you can't print them. And as you rightly say, debt levels globally are reaching kind of eye-watering levels. And not only that, but interest rates are essentially plunging, in some areas they're negative. So I think from an investor's perspective, you have to be a lot more thoughtful and creative about how you plan for the future, because certainly my folks, they would take out annuity or buy government bonds that paid up a decent annual income, which you could live off. But with negative interest rates and debt just spiraling, I don't think that that's going to be the case for people looking to retire anytime soon. So it's a worrying time even without that, but I think if you add that to the mix, especially if we have any inflation, then people really do need to think about the future.

Dennis Tubbergen:

Simon, when you look at the level of money creation that is taking place globally, in fact, a story that I commented on this past week in my newsletter I send out to listeners and clients, it was really not reported that The Fed in December just quietly changed the way they were going to report M1 and M2 money supply, that the reporting would now take place monthly starting in February versus weekly, and they were changing the methodology. To me, that's a red flag that, "Uh-oh, this is getting a little bit out of hand. We don't want people to see exactly how much money we're creating so let's change the reporting methodology." How long can this continue in your view and how will gold and silver and tangible investments ultimately perform in your opinion?

Simon Popple:

Well, I saw a graph, this actually was last week, that showed gold and the M2 money supply correlating very closely indeed. And so even though they changed the reporting it doesn't change the results. And it be very interesting to see if that correlation continues because if it does, and there's no reason to believe that it won't, then as the M2 supply increases then, if history is any indicator of what's going to happen in the future, then one would expect the gold price to move up as well.

Dennis Tubbergen:

So when you look at different tangible assets, in which an investor might move some of their portfolio to hedge from inflation, there's gold, there's silver, do you have a favorite?

Simon Popple:

I think, to be honest, you need a bit of diversity, and I throw precious metal groups into that, so platinum and palladium. I don't think there is any perfect hedge for inflation, but by having a diverse portfolio of tangible assets, I think you certainly help your cause. And the thing about gold is it's pretty close to its all time highs, whereas silver is nowhere near as all time highs. So gold is, it's quite interesting actually, because Bitcoin is actually depicted as a gold coin, which makes me smile a little bit. But I think having a bit of all of those in your portfolio, along with other things as well should put you in pretty good stead for whatever the future throws at us.

Dennis Tubbergen:

Well, if you're just joining us, my guest today is Mr. Simon Popple. He is the author of the Brookville Capital Intelligence Report. You can learn more at brookvillecapital.com. As we're chatting Simon, I should point out to the listeners that we're recording this on the 11th, and this interview obviously is going to air as soon as five days after we record it, so a lot can change. But as we're talking now, we've seen a pretty good pullback and gold and silver prices. To what extent do you think that this is market driven? And to what extent do you think that there's still some price suppression going on in the market? There's been proven manipulation in the market by several entities in the past, so how do you view what's going on now as far as gold and silver prices?

Simon Popple:

Well, you can't change the fundamentals, and I think the fundamentals are very supportive of gold and silver prices. I think what one of the problems of the market is actually one of its strengths and that is it's so liquid and such a deep market. So if you do need to sell assets to cover other positions, there's generally a buyer for your gold and silver. So quite often, if people are, perhaps some are covering a short or they've got a need for cash on some liquidity, then the gold and silver is a sort of go-to asset to liquidate. I think also, psychologically, it's much easier to liquidate a profit position rather than a loss position. So I think when you have a good run-up, like we've had in gold and silver over the last few weeks, it doesn't surprise me at all if there's a bit of profit taking, but I would expect it to kind of revert back to the norm and the price to improve over the next few weeks.

Dennis Tubbergen:

We're going to talk a bit about specific investment strategies in the next segment with Simon, but I would like Simon your take on exactly how much longer all this money creation can continue, and what's your view of the end game? History tells us that Fiat currencies have a 100% failure rate, do you see that as being the ultimate outcome? Do you see a reset? How do you see the end game playing out here?

Simon Popple:

Well, I mean, that's the million dollar question or the multi-million dollar question as the case will probably be. But I mean, we're on a path that no one really wants to be on. I think some sort of reset is inevitable, but we've got no idea when that's going to be. And there's a lot of minds thinking about the future, no one seems to have come up with an answer yet, but things are certainly getting worse. I mean, with the amount of money printing going on we haven't had inflation yet, and hopefully we won't have it for a long time, but I think once we get inflation, that is a strong indication that things are starting to get out of control.

Dennis Tubbergen:

So Simon, just to provide a different perspective on that, I have had Ed Butowsky on the program, he is the founder of The Chapwood Index, I've had John Williams on the program. And they would argue that if you go back and calculate the inflation rate using methodologies that were used in the past, that arguably we've got inflation of eight or 9%, what would your position be as far as the real inflation rate?

Simon Popple:

Yeah, that's John from Shadowstats, is it that you're talking about?

Dennis Tubbergen:

Correct, correct, exactly.

Simon Popple:

I mean, 8% doesn't surprise me. And certainly if you look at the inflation in the '60s and '70s, if you use 8% as your sort of yardstick, then that would be viewed as very normal. What is actually quite scary when you use that level of inflation is if you do a present value of an asset in 10 years time, so for example someone's going to retire in 10 years time, or need some money in 10 years time, then the multiplier is less than half. So even if you're working towards having \$2 million in 10 years time, in today's money that is less than a million dollars, which I think is pretty scary. I think personally, my level is above what the headline inflation level is, which is I think around two, two and a half percent, but a lot depends on what you're buying.

Simon Popple:

And if you're buying fuel and things like that, which are pretty stable, then your inflation rate is pretty low. But if you're buying certain foods, your inflation rate is probably well over 8%. So I wouldn't disagree with them, but I think a lot depends on what you're buying. And I think if people are interested in the subject, they really need to look at the basket that the government is using to calculate inflation.

Dennis Tubbergen:

Well, I visited your website, brookvillecapital.com, and you have a very strong background in this area, including you set up Gold Speculator with Jim Rickards, which I just learned. And Mr. Rickards has been a guest here on the program in the past as well, and he just came out and predicted that we would see \$15,000 per ounce gold within the next five years. Would you agree with him?

Simon Popple:

I wouldn't disagree with him. I think a lot depends on how things unfold. I mean, it's very difficult to sort of put a number on or forecast on where the gold price will be. But I think the gold price could be significantly higher than it is today if this money printing continues and we get inflation, anything like the levels that you were referring to earlier of sort of eight, 9%. If we get that, then yes, I think the gold price could increase dramatically and potentially even to the kind of levels that Jim's referring to.

Dennis Tubbergen:

Well, my guest today is Mr. Simon Popple, his website is brookvillecapital.com. I would encourage you to check it out. I'll be back with Simon in the next segment, stay with us.

Dennis Tubbergen:

Welcome back to RLA Radio, I'm your host, Dennis Tubbergen. I'm chatting today with Mr. Simon Popple, and Simon's website is Brookville Capital. He is the author of the Brookville Capital Intelligence Report. And Simon, in the last segment, we talked about the importance of having tangible assets in someone's portfolio, and there are a number of listeners out there that say, "Okay, tangible assets, why don't I go buy an exchange traded fund that tracks the price of gold and silver. Can you talk a bit about getting exposure to tangible assets using an ETF versus maybe owning the physical metals?"

Simon Popple:

Yeah, absolutely. I mean, my preference is to avoid the kind of counterparty risk you'd have with an ETF. I liked the chain to be as short as possible, which means that you own either the physical asset or shares in a company that owns those sort of assets. So that's one of the reasons I like to invest in either physical gold or gold and silver mining companies, because you can't print it and you don't have the counterparty risk that you would with an ETF, with all the links in a chain.

Dennis Tubbergen:

Well, Simon, you mentioned mining shares, so let's go down that road a minute if we could. Talk about the relationship as far as price movement is concerned, and this is typical obviously, what's happened historically. So when gold moves up and mining shares move up, talk a bit about that relationship.

Simon Popple:

No, sure. Well, I mean, I think the first point to pick up on it is the fact that all mining stocks are different. Some mining companies are really explorers, others are producing, so you really need to understand what you're investing in in the first place. But just to keep it simple, let's look at a producer. Now, again, keeping numbers simple, if we assume a gold price of about \$1,500 an ounce and the mining costs, the all-in sustainable costs are about a thousand dollars per ounce, then that's a profit to the mining company of about \$500 an ounce.

Simon Popple:

So let's say the gold price goes up to about \$1,800 an ounce, now it's unlikely that the costs will go up by the same amount, but let's assume they go up to about 1100 per ounce. So what you have there is you've then got a notional profit of \$700 an ounce, which compared to your previous \$500 an ounce you've got an increase of 40% in the profitability of the company your investing in, yet the price of gold has only gone up 20%. So it kind of shows how, by investing in this sector, you can get some really good leverage if the metal prices and costs work in your favor.

Dennis Tubbergen:

So when people start to investigate and explore mining shares to determine whether or not it makes sense for them to invest, there's the term senior miners and there's the term junior miners, can you explain to the listeners just on a very basic level, the difference between the two?

Simon Popple:

Well, yeah, I mean, I must say I've never heard the term senior miners before, I mean, I think they're really produces, but it's a very good analogy. Because basically when people look at a mining company, what you need to look at is, are they already producing the product? Because if they're already producing gold or silver, then what you tend to find is that their performance is very much linked to the gold or silver price. If they are exploring for gold or silver on the one hand, yes, that price does tend to improve or decline with moving to gold and silver prices. But also if they find something, and now that's a big if, but if they do find something, then the price can move dramatically.

Dennis Tubbergen:

So when you're talking about a company that is exploring, are these typically startup companies, and what type of investors should be looking at the companies that are already producing versus those that are exploring?

Simon Popple:

Yeah, well, I think that people need to realize that explorers are certainly riskier. So if you are looking at those sort of companies, you want to have a broader portfolio, which obviously increases your chances of one of them finding something. But if they do find something, I mean, a good case was Chalice that recently made a discovery at Julimar, and Chalice share price went from about 12 and a half cents, I think it's around sort of 430-ish now, \$4.30. But you can see how, if they do find something the shares really can take off, but people do need to be aware of the risk, that's what I try and do with my report is to really condense my knowledge and expertise to try and improve people's chances of finding some winners.

Dennis Tubbergen:

And let's talk a bit about the producing companies. Compare, if you will, the volatility in share price to that of an exploring company. And what type of shares, if any, might be suitable for someone who is retired and are looking to generate income in their portfolio, which as we talked about in the first segment is very difficult to do these days.

Simon Popple:

Yeah, and absolutely. I mean, I think that if people are retired then they're probably better off looking at producers because a lot of producers, they have a dividend and more importantly, they're still paying it. And in some cases they are actually increasing it, which is different to many other non-mining companies that are either slashing their dividends or they stopped paying them, and I think that's the first point. The second point is that even though the yield may be relatively low at the moment, if the gold or silver price does take off, then some of these companies have got dividend policies, which are very much linked to gold and silver prices. So not only could you get some appreciation in the value of your shares, but higher dividend payouts may mean that you get a dramatically better dividend yield than you're getting at the moment.

Dennis Tubbergen:

So I think for a lot of our listeners that maybe aren't familiar with this topic, it might be interesting to talk about the difference between a company that... Are companies within this field typically mining for just silver, just gold? Do they do both? What do these companies businesses typically look like?

Simon Popple:

Well, they vary enormously. I mean, some are really just looking at gold, others are just looking at silver. Some have combinations and what they call it, in terms of the way they report it is either a gold equivalent ounces or silver equivalent ounces. Where quite often they're, let's say, primarily looking for gold, but there's silver, coppers, zinc and other valuable commodities down there. So when they bring the raw up, they're actually separating that out and they'll press produce a lead or zinc or silver concentrate as well, which clearly has got value.

Simon Popple:

But most of them, they are predominantly linked to a particular commodity, and therefore the share price's commodity is predominantly linked to the movement in that commodity price. But what I like about it is we're talking about tangible commodities here, you can't print them. And therefore, if people invest in this sector, if that commodity does well, then not only can the shares do well, but they can also get a nice income from their investment.

Dennis Tubbergen:

So Simon, looking ahead, and we talked about the global debt levels in the first segment, we talked about monetary policy, can you envision any event, any policy change that would make you bearish on this sector in the near term, say over the next 12 to 24 months?

Simon Popple:

Not really. I mean, I think the fundamentals really are very much lining up in favor of these sort of companies, unless there was something that was really left field, some sort of major tax, new tax or something like that. I can't see how the companies shouldn't perform pretty well.

Dennis Tubbergen:

Well, let's take a minute and let you just explain to the listeners a bit about your website, maybe give the web address and some of the resources that they find there, and if someone wanted to learn more, what they might do.

Simon Popple:

No, absolutely. Well, I mean, my name is Simon Popple, I've previously written newsletters for Money Week, at Agora Financial, with a guy called Jim Rickards. So I've done this for a number of years, and the ideas I've come up with have by and large performed very well, probably my best performer is Chalice, which is up over 2000%.

Simon Popple:

But what I basically do is provide a weekly report that gives you research on a company that I particularly like, it's then up to you to take a look at it yourself, discuss it with your own financial advisor and decide whether or not it's for you. What I do is I break these companies down in terms of risk. Some are far riskier than others, but quite a few of them pay dividends, so if you're interested in an income, then you can design a portfolio that kind of works for you. And at least what I'm doing is I'm providing you with some sort of expert advice on a sector that I've been involved in for a very long time.

Dennis Tubbergen:

Well, my guest today is Mr. Simon Popple and Brookville Capital is his company, I would encourage you to check it out. Simon, always a pleasure to chat with you, and I would love to have you back down the road again.

Simon Popple:

Great talk and look forward to speaking to you soon.

Dennis Tubbergen:

We will return after these words, stay with us.