



Retirement *Lifestyle* Advocates

RADIO PROGRAM

Expert Interview Series

Guest Expert: Mark Jeftovic
The CryptoCapitalist Letter

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Dennis Tubbergen:

I'm Dennis Tubbergen. You are listening to RLA radio. I am pleased to have joining me, first time guest on the program, Mr. Mark Jeftovic. Mark, you may be surprised that I have this gentleman on the program. He actually is the publisher of The Crypto Capitalist Letter, and you can learn more about his work at thecryptocapitalist.com. We'll talk more about that. But, Mark, welcome to the program. A pleasure to have you.

Mark Jeftovic:

Hey, Dennis, thanks for having me on. Happy to be here.

Dennis Tubbergen:

So, I took a look at The Crypto Capitalist Letter, and it's almost like a book. It's extensive. I was extremely impressed, Mark. Let me start with that. And in the February issue, you talked about the fact that you laid out four possible scenarios for the post-pandemic world, and I thought that your perspective was terrific. Can you explain to the listeners a little bit about what you were forecasting?

Mark Jeftovic:

Sure. Yeah. That scenario, sort of exercise, goes back to last summer, or actually, maybe it was the summer of 2020 when it first happened. And I put out a series on my free blog, which was over at bombthrower.com. And I called it The JackPot Chronicle. And the jackpot is a term I cribbed from William Gibson novels. I'm sure a lot of your listeners are familiar with him, and that was in a series of near-future cyberpunk scenarios.

Mark Jeftovic:

There was this cataclysm that happened that he called "The Jackpot," and it was started by a pandemic. It took on various forms, and it just was typified or characterized by the world just going into this prolonged phase of lurching from crisis to crisis. And there was never a return to normality. As I said, there was a pandemic, and in one of his scenarios, there was a limited thermal nuclear exchange with Russia. It was all kind of creepily prescient looking at it now.

Mark Jeftovic:

But I use that phrase to lay out four possible post-pandemic scenarios, and I called that The JackPot Chronicles. I'll just tell you the four scenarios quickly now, and if you want to dig into them, we can. But the first scenario was Mad Max, which was a complete collapse of institutions and social cohesion. The second scenario I called "Tin Foil Hat," which was all the unhinged

conspiracy theories around the Great Reset, the New World Order, the Plandemic, that they were all true.

Mark Jeftovic:

The third scenario I called "The Great Bifurcation," which was almost a controlled demolition of the middle class and the rise of a starkly divided two-tier society of haves and have nots. And the last one I called "The Great Reject," which is a rift on the Great Reset, and that's a scenario where the people largely on-mass just reject all of the edicts coming from on high. The centers don't hold, and we have this secular opt-out and categorical rejection of the obsolete institutions. It's like a fourth turning kind of scenario.

Mark Jeftovic:

And then, of course, my punchline to all this is, "Which one are we going to experience?" And it's all four simultaneously forever. So, that's what that was all about.

Dennis Tubbergen:

Well, Mark, just maybe fast forward to what we're seeing today around the world, and it seems that you are pretty much spot on. Do you want to comment?

Mark Jeftovic:

Well, I wasn't really predicting anything as just looking. I mean, everyone was predicting a lot of different things, and I would just sort of look at them and think, "Which one feels the most plausible to me." And what I've said for a long time is it's almost impossible to predict the future, obviously, by definition. But what I find a little more useful is the looking at, what are the assumptions or the linear extrapolations of normalcy that are assumed to continue forever that can't sustain?

Mark Jeftovic:

So, you look at people like the Davos crowd and the World Economic Forum, everything they're trying to do is sort of like a linear extrapolation of the last 20 years of the neoliberal order. And I look at things like that and think, "Is that realistic that that's just going to continue in a linear fashion or not?" And I came to the conclusion that a lot of these things we assume are just not going to continue or are not sustainable.

Mark Jeftovic:

And the common denominator to all of it really is debt. So, when you look at debt, I bet you everyone listening to this show has seen the graphs. You look at the debt, especially since 1971, the end of the Bretton Woods era and the beginning of the fiat currency era, which is more of an experiment than the norm throughout history, and you look at that graph, and you think, "This is the core, the root of all of the instability that we're experiencing."

Mark Jeftovic:

And I'll just wind it down by saying, we've been kicking the can for that entire era, the 50-year fiat currency era, and we finally ran out of runway. And that's where we are now. And then at around the same time we're running out of runway, we have this systemic shock to the system from some exogenous factor like COVID, whatever's happening now, like the Ukraine and this is going to change the structure and the very fabric of how we organize our societies.

Dennis Tubbergen:

Just to focus mark on monetary policy, I mean, we've seen the Federal Reserve over the past couple years here in the states create immense amounts of currency out of thin air. Now, we have inflation that's rampant. And you mentioned debt, and when you look at the time of the financial crisis about a dozen years ago or so now, there was about \$120 trillion in world debt. My numbers tell me there's about 300 trillion now. So, all this currency creation has just been to mask the debt.

Dennis Tubbergen:

So, my question to you is, in your view, when does the inflation stop, and maybe how bad does it get? And when does the deflationary effect of this debt unwinding kick in, if you agree with that scenario?

Mark Jeftovic:

I mean, the inflation-deflation duality or argument has been ongoing for a long time. I've got a good friend, Charles Hugh Smith. We used to do a podcast together. He's written a number of books I'm sure some of your readers have read. And has always been deflation first, inflation second. And I was always along the lines of, "I can't see deflation happening... I think it's got to be inflation because there will not be a whole scale debt liquidation until the entire system either falls apart or gets restructured or completely reinvented."

Mark Jeftovic:

So, until then, they're going to try frantically, by they, I mean, the central bankers and the political class, to keep the train on the tracks and to keep the wheels going. And all that has to be continued monetary expansion. They can't let interest rates rise meaningfully, and all of that's going to lead to inflation.

Mark Jeftovic:

Whether it becomes hyperinflation, who knows? You used to be automatically labeled bonkers for saying hyperinflation maybe 10 years ago. Today, not so much. You don't get the strange looks anymore if you say that in the polite company.

Dennis Tubbergen:

So, Mark, that brings us to your publication, The Crypto Capitalist Letter. And if you're just joining us, I'm chatting today with Mark Jeftovic. Mark is the publisher of The Crypto Capitalist Letter. You can learn more at thecryptocapitalist.com, and Mark has offered the listeners a month for seven bucks. If you want to check it out, it's thecryptocapitalist.com/trial. So, mark, give us the background. What motivated you to start The Crypto Capitalist Letter?

Mark Jeftovic:

Well, we were under lockdowns, and like most people, I was pretty unhappy about being under lockdown. I was fortunate in the sense that my main gig is I run an internet company called easyDNS out of Toronto, so I was lucky in that I was already working from home. We had already moved to a virtual office set up in mid-2019, just a crazy turn of luck there.

Mark Jeftovic:

But we were under lockdown, and I was getting very frustrated, feeling pretty negative. And I just thought, "What can I control? What can I do?" And I thought I just buckled down on my investment game. I've always been a value investor at heart. I love studying the stories of the Warren Buffetts, the Charlie Mungers. I know they hate crypto, but I still respect them as investors, and the Mark Spitznagels and Seth Klarman, all those guys.

Mark Jeftovic:

So, I thought, "I'm just going to study the craft of investing," and I thought I would concentrate on microcaps and nano caps. And I kept finding these really undervalued penny stocks at the time that had one common denominator. They were all cryptocurrency companies, like Bitcoin miners or

something like that. And I just started buying the shares, and I started writing up reports about them. And it turned into The Crypto Capitalist Letter.

Mark Jeftovic:

So, I've been into crypto since 2013. On the first big run-ups, there weren't really a lot of publicly traded crypto companies. But this time there were. In 2020, there were publicly traded crypto companies, and they were penny stocks that were actually trading at, some of them were real Ben Graham style net nets, trading for less than net asset value. When you looked at the Bitcoin they had on their balance sheet and things like that, it was really asymmetric.

Mark Jeftovic:

So, I just started buying up these companies, and I started writing a letter that had this macro focus on why crypto because of the monetary policy and the way the world was going. And then it had this tactical focus on publicly traded Bitcoin or crypto companies.

Dennis Tubbergen:

Well, I'm chatting today with Mr. Mark Jeftovic. He is the publisher of The Crypto Capitalist Letter. You can learn more at thecryptocapitalist.com. If you'd like to try the letter out for a month for seven bucks, go to thecryptocapitalist.com/trial. And the good news is we have one more segment with Mark, and we'll get to that when our RLA radio returns. Stay with us.

Dennis Tubbergen:

Welcome back to RLA radio. I'm your host, Dennis Tubbergen. Joining me on today's program is first-time guest Mr. Mark Jeftovic. Mark is the publisher of The Crypto Capitalist Letter. You can learn more at thecryptocapitalist.com.

Dennis Tubbergen:

So, Mark, the listeners know that I have been an advocate of having a good share of your portfolio... It's different, obviously, depending on who you are, but to hedge from this monetary policy, this fiat currency devaluation, I've been an advocate of holding some metals in a portfolio. And while I regret not buying Bitcoin when it was 10 or \$20 and wished I would have, I have not been in that camp. So, let's talk a little bit about how you see cryptocurrencies fitting into a portfolio moving ahead. And how would you relate Bitcoin to precious metals?

Mark Jeftovic:

Well, I've never thought of crypto or Bitcoin as a Bitcoin versus precious metals ever. I've always been Bitcoin and precious metals. More accurately, I've always been precious metals and Bitcoin. I've been invested in metals since the late '90s. I have positions in gold mining stocks that are older than my teenage daughter. I have been in it for a long time. I've been unapologetically overweight gold and silver for, I guess, most of my adult investing life, and I don't regret it.

Mark Jeftovic:

So, when Bitcoin came along, well, there's a little bit of a reason why Bitcoin struck me so glaringly when I came across it. And that was in the early '00s. There was a movement of digital gold currencies that you probably remember, and a lot of your listeners probably remember, E-gold and PC Unix and e-Bullion. Goldmoney is still around today, so my main company was the first domain registrar to accept E-gold as a payment method.

Mark Jeftovic:

So, we would just through domain registrations and web hosting, and people would just pay with E-gold. And we would just redeem it out in physical coins, and we still have those to this day. We have it in our vaults and our safety deposit boxes, all this physical gold that we earned in those days. And I really thought that was going to be what Bitcoin became today, but it had some governance issues. It had some architectural issues. So, we all know E-gold didn't make it, and neither did most of the other ones. And Goldmoney is the only one that's still around.

Mark Jeftovic:

There are a few others, and now I'll just quickly add that there are blockchain-based physical gold like Kinesis and cache.gold and things like that. So, those exist today as well, these actual hybrids of cryptocurrency and physical, vaulted gold.

Mark Jeftovic:

But when Bitcoin came along, it seemed like this one could make it. This could really be the one that changes the game, and so I did the same thing all over again. My company easyDNS became the first domain registrar to accept Bitcoin as a payment method. We hung out our shingle 2013. We started taking Bitcoin and we still do to this day. We just took the payments, and we hodled it. We just put it on the side and stashed it the same way we did with the E-gold 10 years earlier.

Mark Jeftovic:

And that's actually how I advocate your main... My preferred way for acquiring Bitcoin is really to earn it at your business, or as in your earning, whatever you do in your day-to-day life. I like owning businesses. I like having multiple streams of income. So, if you can start having some of that income coming in in cryptos and you just hold that Bitcoin or you just hold that crypto, then that's the preferred way to do it.

Mark Jeftovic:

So, for my outlook on all this, it's all about having tools. And I think gold is a tool, and I think cryptos are a tool. And they give you different options for protecting yourself from central banks and from government confiscation, which is now very much more in the forefront. And for me, what I say is the ultimate commodity when we're living in the jackpot is optionality, and gold and cryptos give you different kinds of optionality. So, I want both. I want to be long optionality across as many different vectors as possible.

Dennis Tubbergen:

So, Mark, I want to talk to you a bit about your philosophy when choosing these crypto companies and maybe zero in a little bit more on what those are. But let me just ask you first, China, Russia, South Korea have all attacked Bitcoin. How do you see government attempts at regulation playing out?

Mark Jeftovic:

Yeah, there will be government regulation in the West. Everyone expects it. No one is surprised by it, but I think what does surprise everybody is that Bitcoin is unkillable. I mean, there's a meme in the Bitcoin community called the honey badger, and the honey badger don't care, right? Whatever you throw at it, the honey badger doesn't really care. It's just going to get on with its business.

Mark Jeftovic:

We've missed... Or not we. I think if anyone was going to shut down Bitcoin or ban it or try it in the West, that ship has sailed. There's just simply too much involved with it now. It's part of the plumbing. It's part of the system. It's still very early in the game, but we are past the point of no return.

Mark Jeftovic:

And look at China, they banned Bitcoin. They kicked out all the minors. The hash rate on the network dropped 60% practically instantly, but the network kept right on going. And today we're already, I mean, we were hitting new

all-time highs in hash rates since six months ago. It took a very short amount of time.

Mark Jeftovic:

The game theory and the incentive structure of Bitcoin is pure genius to the point where it doesn't really matter what governments try to do to ban it, because the incentive structure is such that it's going to be adapted. The more governments clamp down on Bitcoin, the stronger the incentive is to acquire Bitcoin. And we saw that happen in Canada. We're seeing it happen right now with the weaponization of the entire financial system.

Mark Jeftovic:

And the last thing I'll say about it is, look at the countries where they are attempting to ban Bitcoin. They are complete 100% authoritarian, totalitarian, police state dictatorships that are centrally planned. We all know that those kinds of societies can't last long-term. But here in the West, I know we're making head space or we're making movements toward that kind of society. I think some lawmakers would prefer it.

Mark Jeftovic:

But overall, the ethos here in the developed world, Western world is people like autonomy. People like economic sovereignty. And here in the West, we have the means to acquire that. And Bitcoin and gold, but Bitcoin is one of those ways to acquire that. We're way past the point of being able to ban it.

Dennis Tubbergen:

So, Mark, in the time we have left, let's talk about your what I would describe as a very unique approach to getting exposure to cryptocurrencies in a portfolio. Maybe you're going out and buying Bitcoin or Ethereum or some of the other cryptos, but you're really focusing on companies that work in that sector. So, can you just explain a little bit about what types of companies you're looking for and how you find them?

Mark Jeftovic:

Yeah, sure. So, there's a whole plethora of publicly traded crypto companies now, and I guess one of the reasons I went in that direction is, here in Canada we have these things called registered retirement savings accounts. And so, you've got... Excuse me. You've got money in there that's kind of captive until you retire.

Mark Jeftovic:

So, your options for what to do with it aren't super varied. You can put it in the stock market. You can put it in mutual funds. You can put it in bonds. That's about it. I mean, there's some other exotic things, but they're not terribly accessible. So, I thought, I have this money that's stuck here until I'm 65 as a tax-reduction strategy, so I'm going to just start getting more exposure to crypto by just allocating some of this money into crypto stocks, because I've never been one to buy the unicorns like the Shopify and the Teslas. It just never made any sense to me.

Mark Jeftovic:

So, as I said in the other segment, I'm a value investor at heart. I'm looking at all these companies a couple years ago, seeing where the value is. I practically stumbled into the crypto stocks because I would find a Bitcoin mining company that has more Bitcoin on its balance sheet than its shares are worth. So, it's trading for less than net asset value, so it kind of becomes a no brainer, especially if Bitcoin is going up in a secular fashion, which we think it is.

Mark Jeftovic:

So, I look for companies. I don't look for crypto companies that are just trying to glom onto the trend, like they don't have a business, or they don't have activities. I'm looking for real companies that are mining crypto. I prefer the ones that don't sell the crypto. They mine. They just mine it, and they hodle it or they even lend it out to get more yield. But that's sort of what most of the Bitcoin miners do.

Mark Jeftovic:

There's decentralized finance companies that have these wide arsenals or wide ranges of cryptocurrency assets that they own, that they then derive yield and income from them in various, different ways. There are companies that run master nodes and validators, which is similar to mining, but this is proof of stake, not proof of work. So, there's that argument to be made there for less energy usage. So, I look for companies that have real businesses, real assets, real income coming in in the form of crypto assets, and I want to own those companies.

Mark Jeftovic:

Yeah, there's one company, I'll just mention it, Galaxy Digital. I think I like them because they are an investment company that invests in crypto companies. I think they're going to be the Berkshire Hathaway of the crypto age. I really like them, and they're listed on the Toronto Stock Exchange.

They're moving to the NASDAQ at any time, and that's just one of our core holdings that we just stay.

Mark Jeftovic:

Whatever you're going to put into crypto, take 15% of it and put it into this one because then you own 85 other companies in the crypto space. You're just leveraging the brains of that operation.

Dennis Tubbergen:

Well, the clock says we're going to have to leave it there. My guest today has been Mr. Mark Jeftovic. He is the publisher of The Crypto Capitalist Letter. Mark has graciously offered the listeners a \$7 trial for a month. Go to thecryptocapitalist.com/trial to claim your \$7 trial. And, Mark, really enjoyed the conversation. You taught me something. I'd love to have you back down the road.

Mark Jeftovic:

Thanks, Dennis. I'd be happy to come back.

Dennis Tubbergen:

We'll return after these words.