



Retirement *Lifestyle* Advocates

RADIO PROGRAM

Expert Interview Series

Guest Expert: Mark Jeftovic
The CryptoCapitalist Letter

Date Aired: June 26, 2022

Produced by:

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Dennis Tubbergen:

Welcome back to RLA Radio. I'm your host, Dennis Tubbergen. Joining me on today's program, once again, is returning guest, Mr. Mark Jeftovic. Mark is offering all the listeners a free newsletter. We'll learn more about his work in this segment. You can go to bombthrower.com and get more information or sign up for that newsletter. There's also a premium newsletter. He publishes the Crypto Capitalist Letter. You can go to thecryptocapitalist.com and learn more about the premium newsletter. Mark, welcome back to the program.

Mark Jeftovic:

Hey, Dennis. Thanks for having me back.

Dennis Tubbergen:

So Mark, this past week, the Atlanta Fed has revised second quarter growth estimates, I believe it was the fourth revision, to 0% growth for the second quarter. Combined with negative growth for the first quarter, that would technically put us in a recession. What's your take? Is recession here?

Mark Jeftovic:

I think it is. What you see happen a lot with the central bankers, when they run it through the filter of Fed speak, is recessions are always something that's going to be a soft landing or in the rear-view mirror, or they don't see one on the horizon. They try to soft pedal it as much as they can. It's rare for it to be almost acknowledged this early in. But I think we've been in a recession for a while. I think people have been feeling it at the gas pump and in their pocketbooks. All over the place. It's just when you run almost made-up economic statistics through hedonic adjustments that you can sort of rationalize that the recession is some theoretical possibility in the future or something that's just kind of happening right now. But we're in one. I think we've been in one for a while. I think it gets worse before it gets better.

Dennis Tubbergen:

Mark, you mentioned soft landing. Jerome Powell, the chair of the Fed, I think said ... the same day, in fact, I think that the Atlanta Fed released their revised growth or non-growth estimates, to use that term. He said basically that the Fed's going to engineer a soft landing here. I guess I would define that as getting inflation under control without a recession. Is there any prayer that the Fed can somehow navigate out of the current situation?

Mark Jeftovic:

I don't think so. The Fed and central banks globally, the world over, are trapped. People who have been sort of outside the mainstream financial commentators, like people who don't get guest slots on CNBC and MSNBC, they've been saying for years, the Fed has painted itself into a corner. Central banks the world over have painted themselves into a corner. They're trapped. They've blown up an everything bubble. You can't taper a Ponzi. You can't have a soft landing out of an everything bubble. This is just the culmination of all of these flawed policies, finally coming home to roost.

Mark Jeftovic:

The real underlying premise that is flawed here is that the economy can be carefully tweaked and dialed and managed by this council of wizened experts who know all the inputs and can engineer all the outputs. That's not the way the world works. There's too many moving parts to it. All you really do when you try to adjust it and manage it and massage out all the undesirable outcomes is you create bigger problems. You create larger bubbles. And then you engineer your way into a corner that you can't engineer your way out of. That's where we are today. The Fed is trapped. They can't raise interest rates, even though they're trying. They can't lower interest rates without destroying the currency.

Mark Jeftovic:

Over in Europe, they haven't even moved yet and they know they have to. And then Japan is a whole different story. The thing is just ... the yen is imploding, and their peg is breaking. It's just pandemonium across the board. This is all self-induced. This is all a product of their own misguided philosophy that they can direct and control the global economy, which by its nature, can't be managed and controlled.

Dennis Tubbergen:

Well, if you're just joining me, I'm chatting today with Mr. Mark Jeftovic. He's the publisher of the Crypto Capitalist Letter. Mark, before we continue that conversation, this might be a great time to talk a bit about your work, if you'd be so kind.

Mark Jeftovic:

Sure. I mean, my day job is I'm co-founder and CEO of a tech company called easyDNS out of Toronto. We're like a domain registrar and a web host. Oddly enough, being a small business owner, I consider us a small business compared to the VC funded unicorns, it's given me a unique perspective on macroeconomics, operating over the last 20 years. Along that path, I became introduced to cryptocurrencies and Bitcoin in 2013. So we

started taking Bitcoin as a payment method. We've been getting involved, peripherally, into the crypto business over the years. Mainly in crypto naming, decentralized naming. And then over the COVID lockdowns and stuff, I started doubling down on my investment process and my thinking around investing, which is largely value based. I kept winding up looking at cryptocurrency stocks, like crypto stocks, Bitcoin miners, so I started allocating heavily into that sector. And starting to write reports and research reports and coverage on this, which turned into the Crypto Capitalist Letter. We've been up and running for about a year and a half now. It's going pretty good.

Dennis Tubbergen:

Terrific. Well, I would encourage the listeners to go to thecryptocapitalist.com to learn more. Mark, you mentioned just a moment ago that the yen is in trouble. When you look at the fact that the US dollar index is strong, and you see mainstream news media report that we have a strong US dollar, I think a lot of people forget that compares the US dollar largely to the euro and the yen. Aren't we really talking about kind of like the best house in a bad neighborhood here when it comes to the strength of the US dollar?

Mark Jeftovic:

More like the dirtiest clean shirt in the hamper, right? So, all of these currencies are debasing themselves to be valueless over time. It's a race to the bottom. And the US dollar because of its somewhat privileged position as the US world reserve currency, for now, is the relative strength in the market. So, it still serves a safe haven function when the going gets tough. I've heard it called the dollar milkshake phenomena, where people who are fleeing risk are going to wherever they perceive safety. That, for now, is the US dollar, in relation to all the other currencies.

Dennis Tubbergen:

Let's get back to this recession, Mark. On a severity standpoint, how do you see this recession playing out? Do you think it's going to be a deep recession? What's your forecast?

Mark Jeftovic:

Well, if you look at the magnitude of the bubble that was blown up, the everything bubble, and then posit that any recession or pullback is going to be on the same order of magnitude as the bubble, mean reversion is what you hear a lot, not only do things mean revert, they also overshoot the mean, to both the upside and the downside. So this could get really bad. We could get into a really horrific draw down in the markets, and liquidations,

cascading liquidations. But even worse for everyday people, you're going to feel it at the pump. You're going to feel it in inflation. There's going to probably be job losses. It could get really, really bad. I don't see a soft landing on the horizon, no matter which policy track the Fed and the other central banks decide to pursue.

Dennis Tubbergen:

Mark, you mentioned the everything bubble a couple times. I would infer from that you're talking about stocks and real estate and bonds. When you take a look at this coming recession, just based on some of the comments you've made, would you forecast that we'll likely see a decline in the value of assets while at the same time seeing consumer essentials be affected by inflation?

Mark Jeftovic:

Yeah, we could very well be headed for a stagflationary recession, depression, whatever you want to call it. We've had an everything bubble for at least 10 years, and it really accelerated when COVID hit. Now we're going to have an everything collapse. So, all of the leverage is going to deleverage out of the system. At the same time, the central bank says they're trying to tame inflation, but the US hasn't even ... the central bank hasn't even started to taper yet. I think they're supposed to taper this month, but the taper hasn't even really kicked in yet. Europe and Japan hasn't even started tapering yet. And then you add to that supply chain problems across the globe. That's not making things any easier. So yeah, you're going to see supplies go down, prices go up, and at the same time, your wealth effect just got thrown into reverse gear with a vengeance. So, it's going to be getting hit from all sides.

Dennis Tubbergen:

Do you see, from just an investing perspective ... and in the next segment, I want to get into cryptos and crypto businesses specifically and get your take on that given what's happened to cryptos. But do you see, other than maybe your area of expertise, cryptocurrencies, do you see any area where there's going to be a safe haven for investors to maybe park some money as we work through this deep recession or depression?

Mark Jeftovic:

I don't know about safe anymore, but I think we're going to have some sector rotation where things that were euphemistically called unicorns on the ride up are going to see their value come back to a more normalized valuation. And real things are going to trade at a premium, so that means commodities are going to probably hold up well. Consumer staples. Any

businesses that have cash flow and pricing power, things that you have to buy, they should be able to adjust as best as ... better than most to this kind of new reality, this new paradigm. But if you're running a Silicon Valley funded unicorn, that just has a lot of eyeballs and no revenues, you've got a big problem, and there's a lot of that out there.

Dennis Tubbergen:

Well, my guest today is Mr. Mark Jeftovic. He is the publisher of the Crypto Capitalist Letter. You can learn more about that premium newsletter at thecryptocapitalist.com. Mark also publishes a free newsletter, and you can learn more at bombthrower.com. I'll continue my conversation with Mark when RLA Radio returns. Stay with us.

Dennis Tubbergen:

I'm Dennis Tubbergen. You are listening to RLA Radio. My guest on today's program is Mr. Mark Jeftovic. Mark is the publisher of the Crypto Capitalist Letter. You can learn more about that premium publication at thecryptocapitalist.com. Mark is also offering the listeners today, a free newsletter available at bombthrower.com. Mark, for our listeners, maybe that have heard the term cryptocurrency, but maybe they're not 100% certain as to what a cryptocurrency is, let's start with cryptocurrencies 101 here. Can you give them a basic explanation?

Mark Jeftovic:

We'll try. It all began with Bitcoin, which came out in 2000 and ... I think it was announced in 2008 and the first block was mined in 2009. Bitcoin is a truly decentralized neutral, non-state digital bearer asset, which means there's nobody in control that can change the monetary policy of Bitcoin. It is governed by consensus. It is secured by a mining network that is getting stronger every day. And it has no barriers to entry and is unseizable by governments or any third party. That set off an entire revolution. These new digital assets are called cryptocurrencies.

Mark Jeftovic:

But then the term crypto, I think, has come to mean something a bit different. I know I call my newsletter the Crypto Capitalist, but I've actually been thinking of renaming it the Bitcoin Capitalist. But crypto, you have a lot of crypto projects that are not really decentralized, and they're not really open public ledgers, they're more like startups that are building organizations or ideas within this new digital asset space. This is great. The innovation is amazing. What they're doing to revolutionize FinTech, or financial technology, is amazing. But there's a lot of grift and there's a lot of

centralized projects that are trying to pass themselves off as decentralized or the next Bitcoin.

Mark Jeftovic:

What I mean by that is you'll have a company that's created by a group of individuals. They'll create this new digital asset or a token. And then they will like award themselves a chunk of the treasury and then open it up and sort of try to induce the outside world into seeing value into something that they've already amassed a large portion of. Nothing like that has happened in Bitcoin. Everyone started from square zero. If you wanted to be involved in Bitcoin, you just set up a computer and you started mining it, or you started trading for it in later years.

Mark Jeftovic:

So, there is this difference, and it's important because, now, and we'll probably talk about this, I'm sure, with this meltdown in the markets that are including cryptos, a lot of this contagion that you're hearing about in the news, that's rippling through the crypto markets, are affecting 100%, exclusively, some of these crypto projects that are not truly decentralized, neutral digital bearer assets. They're affecting these companies that were almost loan platforms, or in some extreme cases, outright Ponzis. That's where this contagion is rippling through. A lot of people are pointing at that and saying, "Well, this proves Bitcoin is a Ponzi." It does not. You just have to look at the underlying technology behind each project and understand what the differences are between them.

Dennis Tubbergen:

Lots of places I want to go, Mark, after that explanation, but let me just start with the fact that we have seen Bitcoin and other cryptocurrencies also decline in value as priced in US dollars. Do you see that Bitcoin in particular, and maybe some other cryptos, and I'll let you specify to the extent you think it makes sense and you maybe need to clarify, but do you see that as maybe stocks continue to unwind, should that happen in real estate, and this everything bubble deflates, do you see cryptos also following that same course or that same trajectory? Or do you think at some point that while stocks go down, you see cryptos recover?

Mark Jeftovic:

Well, right now we're in a massive deleveraging event that's affecting everything. It wasn't surprising to me. I was warning readers for the months leading up to when the Feds said they were going to ... When they were threatening to hike rates, we were saying, "When that happens, if that happens, everything's going to go down, cryptos included." It reminds me of

2008, the global financial crisis, when I was a gold bug leading up to that. I still am to this day. I still have my investments in gold and precious metals. It surprised me then, but gold went down with everything else. It tanked hard. It came off like 50, 60%. Some of the stocks even harder. But when you look at the charts of 2008, 2009, gold then decoupled from the wider markets. So, you had a massive deleveraging event then, and then gold, the sounder money out of everything, decoupled and it took off like a rocket. Went up, going up 500% over the next couple of years. And that's including the stocks.

Mark Jeftovic:

That's what I think is going to happen with Bitcoin and some of the other cryptocurrencies, is right now they're just caught in the down draft of the complete system-wide deleveraging of the everything bubble. It's working out its own toxic liquidity within it. The great thing about crypto is, and Bitcoin, there are no bailouts. There are no bailouts in Bitcoin, and there are no bailouts in crypto. We've had these implosions before in isolated pockets of crypto, like the Mt. Gox back in 2013 and so forth. The system just keeps on going. It's actually a testament to what can happen when you preach the philosophy of, "There should be no bailouts. Everyone covers their own risk. Everyone takes their own chances. And everyone is on the hook for their own skin in the game." We see that here, and that's a great thing.

Mark Jeftovic:

So now, we have the everything bubble turning into an everything collapse that's taking everything down. That's set off some cascading liquidity events within crypto. So, the people who were using more marginally constructed capital structures, you know, Luna vaporized 50 billion in three days, and that's cascading through the system. Nobody's asking for a bailout and everybody is taking their medicine. This is not going to kill Bitcoin. It's not going to kill cryptos as a sector. Everyone is going to take their medicine. This thing is then, at some point, going to decouple from the wider markets. When things start moving up again, or crypto will move up on its own for its own reasons, and when the wider markets turn, I think it will be among the leading sectors.

Dennis Tubbergen:

So, let's talk specifically, Mark, in the time we have left about the Crypto Capitalist Letter. Talk a bit about your work. What are you advising your readers at this point in time?

Mark Jeftovic:

Great. We started with a focus on crypto equities, like Bitcoin stocks, publicly traded companies in the crypto space. We still have that focus. We have a pretty streamlined portfolio. It's got 10 names in it and then a couple of ETFs. We don't trade in out a lot. We take our positions. During moments like this, the big question is, "Do you want to add more, or do you just want to hold through?" And we don't try to pick intermediate tops and bottoms. So, what we do is if something compelling comes along that is stronger than our weakest position, we may swap them out. We'll drop one, put one in. But we try to keep it, the portfolio, pretty concentrated and focused.

Mark Jeftovic:

We say, "This shouldn't be your entire portfolio." You take your entire equity's exposure and take, I've been saying 5 to 7%, put that ... That's your crypto exposure, and then you allocate that slice to this portfolio that we maintain. Now, I'm higher than that. I'm well higher than that because I have a lot of conviction. But that's what we've been doing there. And then lately, with this meltdown, I've been telling our readers, "It is now time, if you haven't done this already, to start getting direct exposure to Bitcoin. So, if you don't hold Bitcoin directly, this may be the last best chance on this pullback to start doing that."

Mark Jeftovic:

If you're a family office or a high net worth, put 1% into Bitcoin. If you're not, if you're on a budget, working for a living, take five bucks down to the corner store, put it into a Bitcoin ATM, put it in your wallet, and do that every week or every month. Just start stacking some sats. Now is the time, because this ... What happens after this liquidity crunch is what I call the financial end game. That's when everything turns into central bank, digital currencies. That's when capital controls start coming down the pipe. It's when everything gets really off the hook from here.

Mark Jeftovic:

The last thing that we're starting to focus on in the letter is multiple streams of crypto income. Because there are ways to ... I've always said the best way to accumulate Bitcoin and crypto is to earn it. That's how I got almost all of my crypto HODL is I earned it through the business. So we're going to look at ways to earn Bitcoin, earn crypto and keep it in crypto form. If it's not Bitcoin, convert it into Bitcoin and just keep gradually building your stack.

Dennis Tubbergen:

Mark, we have just time for one more question. You had mentioned, once the liquidity crisis maybe passes, at that point, you're looking for central bank issued digital currencies to become mainstream, as well as capital controls. In a minute and a half or so, could you describe what you think that might look like?

Mark Jeftovic:

Yeah. We think that we're headed for almost a world, a two-tier system where if you're dependent on government entitlements, like stimulus payments or food stamps or welfare, or anything like that, that's going to be converted into a CBDC, a central bank digital currency. Central bank digital currencies are going to be the rails for things like universal basic income. We're headed into a world with less jobs because of automation and tougher economic times. There's going to be UBI. UBI will be done through central bank digital currencies, and central bank digital currencies will become social credit systems.

Mark Jeftovic:

So, no job, no stimmy. If you don't do what the system is ... That may be changed on the fly. Well, today, we don't want people to do this. Today, we want people to do that. The money in your wallet, you can't even really call it money anymore. It'll be kind of like a digital script. That is what you don't want to try. They're going to be specially ... they're going to be ... they're going to be specifically constructed to preclude capital formation and wealth accumulation. The way that you're going to do that in the future, in this world, is by holding a neutral digital bearer asset like Bitcoin and having streams of income coming in that are not CBDCs.

Dennis Tubbergen:

Well, so many more things I'd like to chat with you about, but the clock says we have to quit right there. My guest today is then Mr. Mark Jeftovic. I'd encourage you to check out his free newsletter at bombthrower.com. His premium newsletter, the Crypto Capitalist Letter, you can get more information at thecryptocapitalist.com. Mark, thanks for joining us today. I would love to have you back down the road.

Mark Jeftovic:

Anytime, Dennis. Thanks.

Dennis Tubbergen:

We will return after these words.