MANWARD letter

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The Big Question: Is America – and Your Money – Ready for "Mongrel Economics"?

This $6 Stock Will Help

Dear Reader,

Let's get serious.

Let's talk about the big question these days.

What does a changing America mean for your money and your way of living?

What does it mean when so many folks rely on a check from the government… when the government prints money to pay its bills… when regulations are stiffer now than at any time before… and when so many Americans – perhaps the majority now – are pleading for something different?

I was invited to speak at a local college recently. The topic was entrepreneurialism and its role in the economy.

I was worried going into the building. Yes, I was honored to be the first guest to speak in the new space… but I was concerned about who I'd be in front of.

It was a college class that grew up entirely in a post-9/11 world. The TSA isn't new to them. Social media isn't some newfangled contraption that they're still trying to figure out. It's their standard form of fact gathering. And a "stimulus check" from the government is just something that shows up in the mail every few years.

To them, entrepreneurialism starts with a permit from the government. The lucky ones – perhaps those who fall into a group of swing voters – get a check.

Never before, even during the Great Depression, has a generation seen an economy with such a big government shadow lurking over it.

With that idea dancing through my head, I told the students about the notion of "mongrel economics."

I told them to read their history books, to understand the past… but don't for a second think that any of it predicts the future. For the past is a purebred, and the future is a big, ugly mutt.

Let me explain…

On our farm, we raise a flock of sheep called katahdins.

They're a strong breed. They grow fast and put on a lot of muscle. There's an ever-increasing group of folks who go nuts over them.

Andy Snyder is the founder of Manward Press, the nation's premier source of unfiltered, unorthodox views on money. An American author, investor and serial entrepreneur, Andy cut his teeth at an esteemed financial firm with nearly $100 billion in assets under management.

Known for his outspoken market commentary, Andy's been a keynote speaker and panelist at events all over the world, from four-star ballrooms to Senate hearing rooms.

Today, Andy's dissident thoughts on wealth and investing can be found exclusively in *Manward Financial Digest*, as well as in the pages of *Manward Letter*. He also helms the award-winning investment advisory services *Alpha Money Flow* and *Venture Fortunes*.

Inside…

To the purists, these sheep don't belong. They're mongrels.

But those folks are getting pushed aside. There's a new group of purists who are quite snobby about katahdins and are equally picky. They say the breed needs to be just right – the colors, the body shape, even the fertility rate. Anything outside of that standard must be culled.

They'd never introduce anything that's not pure by their standards.

When Purity Gets Dirty

Given the prices folks pay and the seriousness of their standards, it's easy to see why an outsider would believe the breed must be centuries old – perhaps with royal lineage. But that's not the case at all. Nope. Some farmer with friends in the right places bred a bunch of sheep together until he got exactly what he wanted.

The breed has been recognized only since the mid-1980s. That's when the mongrel became a purebred. Now the breed brings top dollar... unless it's mixed with something new.

Like a newfound breed, new ideas are useful only when enough folks agree they're desirable. Once that happens... watch out. Fans rave, prices soar and folks compete to see who has the "purest" mutt of them all.

Conformity, a breeder will tell you, is everything.

That's where we are today with our economy.

We've got a mutt once again. To many, the America of yesteryear is a purebred. She stood for something we all knew: unfettered capitalism and a clear and robust form of democracy.

Things were pure and right.

But the America of tomorrow is different.

Her economy seems to revolve around what happens in Washington. Never before, for instance, has the Federal Reserve had such dominance in America's DNA. Never before have so many folks believed that the rich are too rich. And never before have so many students sat in a classroom and wondered about regulations before pondering the size of a market.

This is a hugely important topic for investors – and yet even my colleagues in the industry refuse to speak of it. They stick with what's "pure"... what they knew before. But as the nation puts together a new mongrel, how we make money, how we invest it and how much of it we get to keep will change immensely.

The New Standard

I read a piece the other day about the popular idea of "democratic socialism." Almost certainly, this way of thinking will be a part of America's new identity. Whether it will be the dominating gene or just some small influence is yet to be seen. But it will certainly be introduced into the bloodline.

In the piece, fans of the idea call for big changes to the economy and the companies that comprise it.

They want everybody unionized. They want to make it much harder for workers to get fired from their jobs. They want employees to have seats on corporate boards.

They want national healthcare. They want paid leave from work... free childcare... free college... 10 million government-owned homes and, a policy that's already been put in place, a monthly allowance for every child in a household.

They also call for the government to establish a "social wealth fund" – an idea that should make every entrepreneur scratch their head. This fund would use public money to buy assets on the open market. The returns from the fund would either go back to Americans in the form of a dividend (much like Alaska does with its Permanent Fund) or go to paying the government's bills.

The opposition, of course, wants none of this. They want what they know as pure. Whether any of this is a good idea is not for us to question in these pages. No. I'd rather warn you that the mongrel is coming.

All of us know change – perhaps a sudden and sweeping change – is afoot. The American breed that we know and so many are used to is changing. Some will say it's good – that it's about time. Others will disagree.

It doesn't matter, at least not in these pages. The key thing to know is that "mongrel economics" is where fortunes are made or lost.

As you'll read in the pages that follow, history is filled with the introduction of new breeds and the extinction of others.

Few policies are pure. With each change, great wealth shifts direction.

It's the person who sees the change coming who thrives through it all.

Enjoy the issue.

Be well,

Andy

Big Shock Ahead

History Tells Us Our Money Is Changing

"I was told this place was safe."

Those were the naive words of a young student who witnessed a shooting at a nearby state-run school. Three people were shot during a large party on campus. The three victims were likely told the same thing: "Don't worry. This school is safe."

All survived the gunshots... and their ignorance. Everybody involved learned that 1) the folks in charge lie and 2) safety isn't what it seems.

As more and more Americans fall into the trap of thinking our economy and the mighty dollar behind it are "safe," those fateful words of that oh-so-innocent young woman seem quite appropriate.

Now imagine folks saying those words as the effects of "mongrel economics" take hold – as the dollar plunges because we've printed too much of it... as inflation surges because the government buys votes with socialist ideas in a capitalist system... and as Uncle Sam buys his own debt because no one else will.

After becoming convinced that our nation is heading for a major economic shock, I predict we'll hear those words more and more.

"I Thought This Was Safe"

It's been nearly a century, but as a country we've seen these shocks before. As a planet, we see them every day. El Salvador just deemed Bitcoin real money. Greek lenders recently took a "haircut" in order to help "save the nation's economy." And government debts got so bad in Hungary that the country told its citizens to either give up their retirement savings or lose the right to their state pensions (which they've paid for... and will continue to pay for).

It's been awhile since Americans had to ponder such an idea. But it's happened.

Many folks still remember President Richard Nixon's infamous "gold shock" in 1971. That's when the president – with virtually no warning – broke all ties between the dollar and gold.

It set us up for the massive spending that we're seeing today – and the hangover that will follow.

But most folks don't know about the fight that happened more than a generation before Nixon's move. The feeling back then – even the notion of a president ready (and perhaps eager) to abandon the Constitution – is quite similar to the feeling we have as a nation today.

That's when the Supreme Court allowed something quite heinous to happen. The court and most of its justices agreed that what they were giving their nod to was grossly illegal... but they argued that the very fate of the nation was at stake.

Laws be damned... The union must hold. It mirrors so much of what we see today and, sadly, what I see coming next.

Let me explain...

The Case That Destroyed America

We'll start this historic tale on the morning of February 18, 1935.

Few folks know it – virtually no history books include it – but that's the day the ties that bind the American union almost fell apart. It was the day a newly elected president paced in his office, pondering how he'd proceed if forced to push the Constitution aside.

President Franklin Roosevelt was prepared to abandon the very idea that this nation is built upon. In fact, he was just one vote away. And it was all in the name of money... gold... and economic manipulation.

But FDR had friends in high places. The case that would decide the fate of the nation and all that makes it great was before the Supreme Court. Its decision later that day would spur the president's next move. And in a surprise 5-4 vote, FDR won.

The court ruled in his favor, later admitting it had no other choice but to give Public Resolution No. 10 its nod of approval.

The majority was made after Chief Justice Charles Evans Hughes – the former governor of New York, a former secretary of state and a politically connected former presidential candidate – cast his vote.

But it's not the politics or the reasons why Hughes voted the way he did that beg our attention today. It's the dissenting minority's views on the resolution that deserve our examination some 86 years later.

The Constitution Is Gone

The opinion barking against the resolution was signed by the court's four conservative members, known as the "Four Horsemen."

Justice James McReynolds stood before the press and issued his pointed take on things. But instead of reading the court's official dissent, filled with legal jargon and thick rhetoric, the former attorney general went right to the heart of the matter.

"The Constitution as many of us understood it, the instrument that has meant so much to us, is gone," he said. **"Shame and humiliation are upon us now. Moral and financial chaos may be confidently expected."**

It's no wonder the history books don't talk much of this case. It's an embarrassment to our system. It proves that the idea that so many patriots have fought for is not just fallible... It's often a lone vote away from destruction.

Perhaps feeling guilty for his vote that changed the nation and pushed aside its laws, Justice Hughes gave a very public nod to that idea several years later, in 1937. That's when FDR raised his hand on a rainy, windy January day to take the oath of office for a second time. Hughes administered the sacred task.

And when the judge got to the part of the oath about defending the Constitution, he famously, as historians tell the tale, spoke slowly and with special emphasis.

The president matched the judge's staccato cadence and tone as if to mock the idea.

FDR later confessed to an aide, Sam Rosenman, what was going through his mind as he repeated the judge's words:

> *Yes, but it's the Constitution as* I *understand it, flexible enough to meet any new problem of democracy – not the kind of Constitution your court has raised up as a barrier to progress and democracy.*

You may be seeing the parallels to today. Some things, time loves to tell us, never change. The Constitution means more to some than others.

But to understand just how parallel this historical tale is to what we're dealing with today, you must understand the case that had FDR ready to rip up the work of our Founding Fathers. You must understand just how far back our money woes go.

Once you do... you'll know why I'm convinced we're soon in for the next big shock.

When Money Was Illegal

Many readers know that FDR issued a bold mandate on April 5, 1933. He forced all Americans to sell their gold to the government. He'd give them $20.67 per ounce for it.

The mandate was blasted over the airwaves. It was printed in all major newspapers. And signs were posted in post offices across the nation.

Those who didn't comply faced a $10,000 fine, 10 years in prison... or both.

The secretary of the treasury at the time, Will Woodin, said, "Gold in private hoards serves no useful purpose under current circumstances." And he didn't stop there...

> *When added to the stock of the Federal Reserve banks, it serves as a basis for currency and credit. This further strengthening of the banking structure adds to its power of service toward recovery.*

Ah... what's good for the goose *isn't* good for the gander. Gold is a store of wealth for the government and its chosen banks... but not for the people's own store of wealth.

Just over a month after the decree, Washington took more than $300 million worth of gold and another $470 million worth of gold certificates off the streets.

That's bad, but the tale gets darker...

Just days after announcing his confiscation scheme, FDR held a press conference. On April 19, he told the world he'd signed an order to break the nation from the gold standard.

Why should currency be backed by gold, after all, if gold was illegal to own?

Americans were stunned. But the president said it was in the best interest of the nation and its economy.

It was all about farmers, he said. They've got too much debt and not enough income.

Sound Familiar?

Farmers are still in debt and still don't make enough to pay their bills. But now the man in charge points the same finger at even more folks: student debtors... renters who can't pay... and state and local governments that dug holes a bit too deep.

"The whole problem before us is to raise commodity prices," FDR said.

By unhinging the dollar from gold, the former could be devalued and inflation could slowly wipe away the pain of massive debt.

But there was a hitch – perhaps something the new president (he did all of this within the first few months of his term, by the way) didn't think through. Perhaps his aides hid it from him. Or perhaps he simply didn't care.

Whatever the case, much of the nation's debt at the time had something quite smart included in the contract. It was a "gold clause."

It ensured the lender was repaid with real money – money that wasn't devalued due to any government shenanigans... like massive money printing.

With the gold clause intact, borrowers were put in a jam. FDR's devalued dollar left them with two options to pay off their debt – the "real" price in gold or the lesser new price in dollars worth less.

The difference between the price of gold and devalued dollars was a whopping 69%. Of course, lenders demanded the gold. It was still worth what they had lent out.

Theft by Bad Law

FDR's power was limited.

He couldn't sign an executive order as he'd done to outlaw gold. He needed Congress to wield its power.

And even then its lawful ability to remove a key clause from a private contract was quite debatable.

But as a weak, party-led Congress tends to do... it bowed to the president's pressure and voted in favor of Public Resolution No. 10.

With the president's signature, the idea of a "gold clause" in a contract was null and void. In an instant, more than $100 billion worth of government and corporate bonds lost much of their value.

Lenders were, pardon our grit, screwed.

Proponents of killing gold clauses argued that forcing debtors to pay in gold not only was impossible now that the metal was outlawed... but would kick off a wave of personal bankruptcies as the devalued dollar made the relative price of gold soar.

The Great Depression would get even greater.

But the president wasn't done yet. On January 31, 1934, FDR fixed the price of gold at $35 per ounce, up 69% from its confiscation price.

Put another way... he lowered the value of the dollar by the same amount.

He said he had no choice – that Britain's devaluation of the sterling adversely affected America's buying power.

It was the start of the race to the bottom that still plagues us today.

A Supreme Flaw

With the value of the dollar plunging and the price of gold soaring, courts lit up with cases.

Lenders fought to eradicate the ban on gold clauses. They didn't just want the money they were owed... They wanted the buying power they were owed.

Four of the cases they brought to the courts made it to the nation's top court.

They all focused on the same core questions: Can Congress annul private debt? And if not, how much does Washington owe the folks damaged by such an illegal move?

You already know which way the court voted: 5-4 in favor of outlawing gold clauses.

Many experts say the ruling spelled the end of the rule of law. Others say the fact that the court temporarily turned a blind eye to the Constitution and the laws of the land is what brought the nation out of the Great Depression and saved us from financial ruin.

The truth, of course, is somewhere in between. The rule of law isn't dead... but it sure isn't healthy.

And there's no question the nation has yet to be saved from itself. Congress, the president and the Supreme Court only kept themselves out of hot water.

The price of gold is now $1,800 per ounce. The nation has $28.7 trillion worth of debt. And Washington now funds its own spending simply by printing more money.

We can trace the tentacles of all this evilness to the decision made by a single justice on February 18, 1935. He thought the good of the people was more important than the good of the law.

Does it sound familiar? If, like that poor college girl who witnessed a shooting, you thought this place was safe... think again.

I'm convinced a big surprise is on its way. FDR shocked the world by outlawing gold.

Nixon shocked it again by undoing all ties with gold. And now that our nation is back in the same monetary shackles, another shock cannot be far behind.

It's happened before. And every time it has, gold has proved that it's the only form of money greater than the law.

THIS MONTH'S STOCK PICK

This Small $6 Stock Is the Perfect Way to Play Gold

Over the long term, there's only one way gold prices can go.

Up.

Thanks to the mongrel economy first unleashed by FDR and jolted to life by Richard Nixon, the dollar's long-term direction is down (and down and down and down)... and the price of gold is up (and up and up and up).

It's not just gold. It's just about everything. Seventy years ago, the minimum wage was $0.75.

Now it's 10 times that. Are the people worth more? Or are the dollars they're paid in worth less?

Back then, a gallon of gas was $0.27. The same stuff today costs at least 12 times as much... And supply has never been greater.

A loaf of bread was $0.16. Today, it's $2.50 and most folks would argue it's half as nutritious as it once was.

In that same time span, gold's price has risen from just $370 per ounce to $1,800... an increase of nearly 400%.

Going by those numbers, we'd rather invest in people, fuel and food. The returns have been much better.

It's why the vast majority of our Modern Asset Portfolio is in stocks... not gold. Shares of businesses represent the people behind the companies and the worth of the products they make and sell.

But also going by those numbers, gold is underpriced.

Although so many gold bulls say it should, gold hasn't quite kept up with inflation.

Overall, its correlation with inflation is just 0.16 – hardly making it the hedge so many want it to be.

So then, why do I recommend a 10% allocation of our Modern Asset Portfolio to gold?

Simple. First, it's an insurance policy. And second, when gold takes off... it takes off.

The insurance angle is clear. If the dollar falters in a big way (something we've yet to see in this country), historical correlations won't matter. New rules will be written.

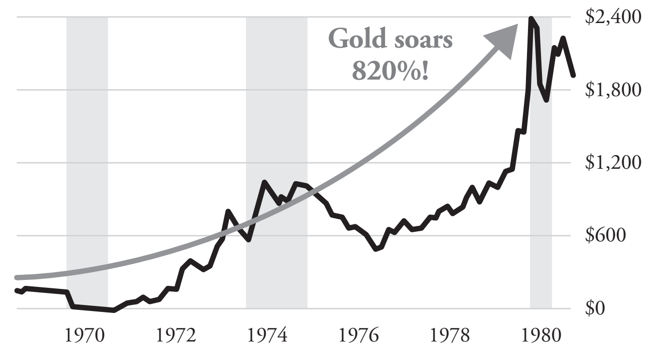
When it happens, there is no doubt – economists are in near-unanimous agreement – that you'll want to own gold. Its price will soar.

But as I said, gold's moves over the last few decades have been lackluster. The metal hasn't kept up as the prices of nearly everything else have moved up.

All signs say it's due for a move. And, again, when gold moves, *it really moves*.

From Nixon's big shock in 1971 to gold's peak just nine years later, its price jumped 820%.

Gold Takes Off After the Nixon Shock



Another shock – especially the kind I'm expecting – could lead to even larger gains.

A Better Way to Play Gold

But what if there were a way to own gold at not just a discount to its spot price but a HUGE discount? What if you could buy gold today for just $400 per ounce... or even $360 per ounce?

There is.

And it's the perfect way to ensure that, no matter what happens to the price of gold, you have the best possible shot at outsized gains.

You see, right now, most folks take a stake in gold through one of four ways.

1. They buy the physical stuff.
2. They buy a junior gold miner (and hope it hits a pay streak).
3. They buy a miner that's already producing.
4. They buy an exchange-traded fund that offers exposure to any of the above three.

But there's a fifth way: gold royalty companies.

To explain how this simple yet little-known concept works, let me introduce you to **Sandstorm Gold** (SAND). It's a small $1.25 billion company... with an even smaller $6 share price.

But what it's up to offers huge potential, especially as the nation puts its toes over a very high ledge. Sandstorm is a gold royalty company. It doesn't own any mines. It doesn't have a bunch of expensive, heavy equipment. And it has just a few employees.

Yet it offers its investors a shot at the huge upside in today's gold market... with very little downside.

Here's how it works...

Some of This for a Whole Lot of That

Gold mining, as you know, takes a lot of exploration... and luck.

There are hundreds of companies right now digging holes and examining core samples for signs of hidden gold. Most of these companies have no intention of ever mining for gold. They just want to find it, stake a claim and get paid by the miners who want to access that claim.

Most often, these explorers are paid via royalty streams. For their exploration work, they might get 2% or 3% of a given mine's future gold sales. Or they may get access to 10% or 20% of the gold mined at a big discount to the spot price.

Either way, they make money as the mine makes money. But it can take years for these companies to recoup their costs. That's where Sandstorm comes in. It buys the royalties, gives the explorer a big check (at a discount to the future value, of course) and takes over the royalty stream.

This gives the explorer a big payday and gives Sandstorm and its shareholders a steady stream of long-term income.

A Gold Bank

The company also works directly with miners. It acts almost like a bank that deals solely in gold. In this case, the company makes a loan to the mine and, again, either receives a percentage of the company's gold sales or has the right to buy a chunk of its output at a big discount.

As an example of how this works, we can look at a deal the company just made in June.

Through it, Sandstorm wrote a $30 million check to Vatukoula Gold Mines. In exchange, the company gets to purchase 25,920 ounces of gold from the mine over the span of six years. Sandstorm will buy the gold at 20% of its spot price – as I write, that's roughly $360 per ounce.

Let's do some math on that. At that price, the company will pay $9.3 million for nearly 26,000 ounces of gold. If the spot price simply remains at $1,800 per ounce, it can turn around and immediately sell that gold for $46.7 million. Subtracting the $9.3 million it paid, that's a gross profit of about $37.4 million.

This would mean the company gets back its $30 million investment... plus another $7 million – earning about 23% interest on its money in just six years.

But it doesn't stop there. After those six years, Sandstorm will get between 2.55% and 2.9% of all the gold pulled from the mine during its life. And as there are at least half a million more ounces to pull from the ground, the payout could last decades.

Of course, this recent Vatukoula deal isn't the only arrow in the company's moneymaking quiver. **In all, it has 229 deals currently in its portfolio.** With most of them, it gets 1% to 5% of a mine's production at no cost. It simply sells the gold at the spot price and pockets the revenue.

Add it all up and, well, it's quite a gold mine.

All the Reward... Less Risk

But before you log on to your broker's platform and buy some shares of Sandstorm, there's one more aspect of gold royalty companies you should understand: risk.

What are the risks of owning what is essentially a bank that deals only in gold?

I'll answer that question by looking at the risks of a typical gold mine. For the juniors, the risk is high. Not only do they have to find gold – and lots of it – but they have to find the cash flow to fund them until they find it.

It's typically not a lack of gold that puts these firms in front of a bankruptcy judge... It's the lack of cash flow to get them to the gold. (That's why they like to work with companies like Sandstorm.)

For larger miners, the risks are similar but not as exaggerated. For them, it's the price of gold that matters the most. They need to get the stuff from the ground with costs that are lower than the price of the metal. It's why their share prices rise and fall with the price of gold.

But royalty companies like Sandstorm are different. They offer much lower risk. After all, as long as a miner is pulling gold from the ground, the company gets paid. It may not always get paid back as fast as it would like, but the chances of not getting paid back are small.

And with Sandstorm's well-diversified portfolio (again, the company has hundreds of contracts), the risk is quite low that a default from even a handful of miners would cause serious harm.

Even better, because many of Sandstorm's deals are structured like the Vatukoula deal that I mentioned, margins tend to remain fat, no matter the price of gold. In the case of Vatukoula, you'll remember, Sandstorm pays 20% of the spot price for its gold – no matter whether gold is $2,000 per once or $200.

It means royalty companies like Sandstorm offer us lower risk… with just as much upside as owning a miner – if not more. As I say so often in these pages… It's a no-brainer.

Let's take advantage of this opportunity and be prepared to profit as any shocks to the economy jolt the price of gold higher.

Action to Take: Buy shares of **Sandstorm Gold** (NYSE: SAND) at the market's price. We will use our standard 25% trailing stop on the play and will add this stock to the "Gold" allocation within our Modern Asset Portfolio.

Manward contributor Joel Salatin calls himself a Christian libertarian environmentalist capitalist lunatic farmer. Others call him the most famous farmer in the world, the high priest of the pasture and the most eclectic thinker from Virginia since Thomas Jefferson. He's been featured in radio, TV and print – everything from Food, Inc. *and* The Omnivore's Dilemma *to* National Geographic *and* The Washington Post.

What Bill Gates Gets About Farmland


Joel Salatin

About 15 years ago, I had a conversation with my mentor, Allan Nation, about the escalating price of farmland and how it was the biggest hurdle to farmers just starting out.

He predicted that the U.S. was headed toward a more European model of farmland ownership in which the property is owned by wealthy people and managed by the unwealthy.

He saw farmland ownership as an economic defensive measure used by the wealthy as a hedge against economic crisis. Farmland management, he suggested, would more and more be the responsibility of unwealthy folks.

When you look at Bill Gates' farmland acquisitions (more than 250,000 acres) in recent years and those of many of his wealthy buddies, Allan's observations seem prescient indeed.

Remarkable

Why would Bill Gates and friends suddenly invest in farmland? Believe me, they are not driving tractors. They'll lease that land to managers.

About 30 years ago, Ted Turner was the largest agricultural property owner, but he did not buy farmland for cropping.

He purchased ranchland for raising bison. Gates and friends are convinced that livestock will be replaced by lab-grown protein, or "fake meat." They're not buying land to raise food.

It's not for income… Farmland will not yield a return on investment in real time like residential or commercial properties do, where rent often covers the mortgage.

After all, the going annual rent for farmland is around 0.5% of the value of the land.

Whenever wealthy people make big financial moves, it's a good idea to pay attention. Normally, very wealthy people know things that the rest of us don't.

So what is driving this sudden and remarkable interest in farmland?

The short answer is this: It's leaving. Rapidly. And that makes it a precious – and valuable – commodity.

An Eroding Nation

Plowing and erosion go hand in hand. Cropland erodes much faster than grassland, prairie or forests.

Right now, virtually all U.S. cropland is eroding at about an inch every 40 years. With natural processes, it takes about 1,000 years for nature to build an inch of soil.

The problem is that losing an inch in 40 years is imperceptible to the human eye. But that's 25 times faster than nature replenishes it.

The study of civilization collapse centers on agriculture, erosion, and the economics surrounding food production and availability. Pockets of people have figured out how to hold on to soil for centuries, but these pockets are rare, and most are in Asia.

The sad fact is farmland is disappearing, but careful investment can change our course.

Protect and Profit

Now, over the long term, a farmland investment will catch up to other investments. For example, in 1961, our farm sold for $49,000. Today it's valued at $1.5 million.

Our property has not received more rainfall or any magic dust that makes it more valuable. That price escalation is purely market driven.

But my forestry mentor, Bill, exemplified someone who actually became wealthy investing in and upgrading farm properties over a far shorter time frame.

After World War II, he bought a small property in New Jersey, planted trees, built a pond on it and sold it a few years later for double what he paid for it.

With that money, he purchased a much larger rundown property in Pennsylvania and spent a decade planting trees, building ponds and carving well-graded roads.

He tripled his money on that one and then moved to Virginia (where I met him), purchasing three properties.

Although he worked as a Stihl equipment salesman, he spent every waking minute beautifying these properties by cutting out dead and crooked trees, thinning, building ponds, and upgrading access.

Those improvements made the properties desirable for the next buyer.

He's proof that the best way to protect and leverage a long-term farmland investment is to build the soil and increase resiliency through hydrologic development and access.

Whether it's woods, cropland or pasture, the land needs innovative and aggressive management to get better.

If the land has buildings on it, they are liabilities unless you can figure out how to use them.

The trick is to partner with someone who knows and can do things to make the most out of your investment.

More and more I'm seeing older investors who realize the value of owning a piece of land partner with young people with energy and management skills.

After all, the most common mistake when buying farmland for wealth protection is pouring unnecessary money into it.

Unfortunately, most wealthy new farmland owners I've worked with over the years treat it like an expensive hobby.

In fact, most would be far better off financially if they quit doing anything on the land. If you're losing $20,000 a year on a property, you'd be better off stopping all your activity and just letting it sit idle.

New owners have a hankering to tinker. And too often they want a golf course look. Golf courses are expensive to maintain. A couple of new tractors, broken mowers and dilapidated building remodels later, and the honeymoon normally begins to sour. The biggest trap for new farmland owners is failing to have a plan. Re-creating a pretty painting is not a plan.

The best investments – and they are not easy to create – develop from multigenerational collaborations. In general, these thrive when the owner gives the manager room to experiment, fail and succeed.

Right now, our farm operation leases 15 properties in the area. We've let a few go over the years. Some landowners saw us as park rangers. Others saw us as on-call servants.

The good ones understand that we're in business, we build soil and we build ecological diversity even while commercially pasturing livestock.

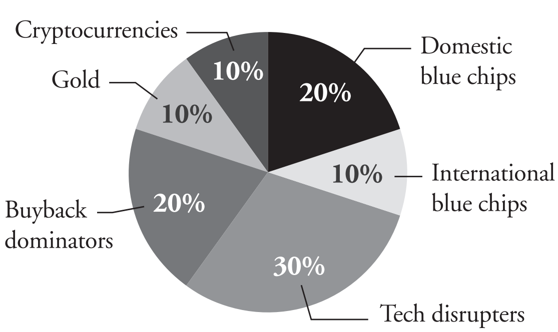
Whether just as an investment or as an agrarian bunker, farmland ownership offers protection in unsettled times.

And if well-heeled farmland investors see themselves as providing an entrepreneurial platform for a young farmer, both parties can enjoy the best of a partnership... and investment. ■

Modern Asset Portfolio — Negative Real Interest Rates

Company/Symbol	Rec. Date	Rec. Price	Curr. Price	Rating	Trailing Stop	Total Gains	Category
ABB (NYSE: ABB)	May-21	$32.42	$34.95	Buy	$28.49	7.80%	Buyback Dominators
CME Group (Nasdaq: CME)	Jun-20	$178.90	$185.84	Buy	$163.38	8.21%	Domestic Blue Chips
CSX Corp. (Nasdaq: CSX)	Mar-21	$30.60	$29.71	Buy	$25.65	-2.30%	Buyback Dominators and Domestic Blue Chips
Fiserv (Nasdaq: FISV)	Sep-20	$99.85	$106.21	Buy	$94.91	6.37%	Tech Disrupters
Gartner (NYSE: IT)	Jun-21	$233.70	$307.50	Buy	$237.73	31.58%	Buyback Dominators and Domestic Blue Chips
Hercules Capital (NYSE: HTGC)	Sep-21	$16.61	$16.54	Buy	$12.64	-0.42%	Domestic Blue Chips
Kearny Financial (Nasdaq: KRNY)	Aug-21	$12.06	$11.59	Buy	$9.85	-3.07%	Buyback Dominators
KBR (NYSE: KBR)	Apr-20	$21.45	$37.21	Buy	$31.76	76.41%	Domestic Blue Chips
Monero (XMR)	Oct-20	$95.52	$217.43	Buy	None	127.63%	Cryptos
Qiagen (NYSE: QGEN)	Apr-21	$49.78	$54.83	Buy	$42.62	10.14%	International Blue Chips
Sandstorm Gold (NYSE: SAND)	**Oct-21**	**New**	**New**	**Buy**	**25% TS**	**New**	**Gold**
Physical Gold							Gold

MAP Allocation — Negative Real Interest Rates



Interest Rate Monitor

This Month	Last Month
-0.96%	**-1.05%**

10-Year Real Interest Rate

Last Update: 09/21/21. Gains include dividends.

Further Reading

“European Nations Begin Seizing Private Pensions,” The Christian Science Monitor: https://www.csmonitor.com/Business/The-Adam-Smith-Institute-Blog/2011/0102/European-nations-begin-seizing-private-pensions

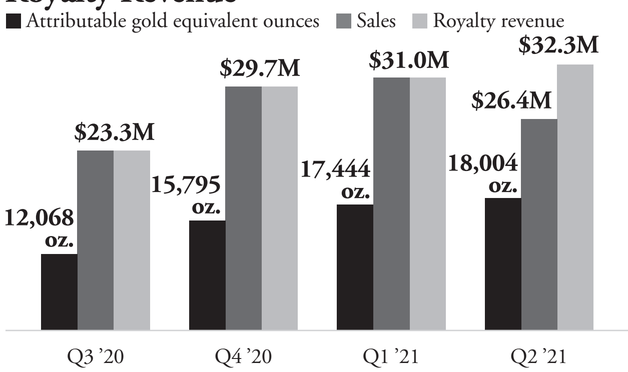
“Greek Creditors Receive Official ‘Haircut’ Notification,” Deutsche Welle: https://www.dw.com/en/greek-creditors-receive-official-haircut-notification/a-15767530

American Default: The Untold Story of FDR, the Supreme Court, and the Battle Over Gold, Sebastian Edwards.

“Abandoning Gold and the Constitution?” *Law & Liberty*: https://lawliberty.org/abandoning-gold-and-the-constitution

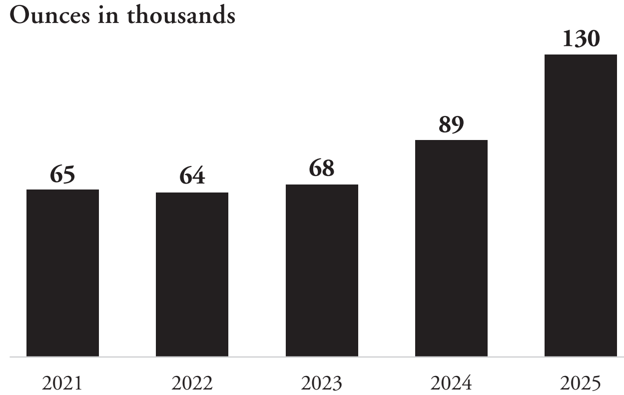
Appendix

Sandstorm Quarterly Sales and Royalty Revenue



Source: Company reports

Sandstorm Future Gold Production
Ounces in thousands



Source: Company reports

Sandstorm Quarterly Results

In thousands (except for per share and per ounce amounts)	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sep. 30, 2020
Total revenue	$26,446	$30,997	$29,696	$23,267
Attributable gold equivalent ounces	18,004	17,444	15,795	12,068
Sales	$17,487	$21,584	$17,560	$14,187
Royalty revenue	$8,959	$9,413	$12,136	$9,080
Average realized gold price per attributable ounce	$1,796	$1,777	$1,880	$1,928
Average cash cost per attributable ounce	$227	$307	$248	$258
Cash flows from operating activities	$19,998	$23,722	$19,806	$18,085
Net income	$8,636	$4,969	$10,504	$6,518
Basic income per share	$0.04	$0.03	$0.05	$0.03
Diluted income per share	$0.04	$0.03	$0.05	$0.03
Total assets	$648,741	$638,659	$649,921	$608,748
Total long-term liabilities	$14,342	$10,723	$8,345	$3,638

Source: Company reports