MANWARD letter
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Money Matters: How to Double Your Money (or More!) as a Tiny Tech Startup Rewrites the Rules of Finance

Plus… How to Own, Sell and Make Money With Gold

Dear Reader,

If you have money… spend money… or simply want more money… please pay close attention to this issue.

It may be the most important thing you read this year.

You see, last September, I broke the rules… the "modern" rules of how to make money.

Despite the fact that unemployment was at record lows, markets were surging and inflation was nonexistent, I told my readers to go long on gold.

On September 6, I told *Codebreaker Profits* subscribers to buy shares of three small gold miners. It was a gutsy call that went against the "rules."

But if they took my advice, those subscribers doubled their money… and then some.

My rationale was simple.

"The rules have changed," I wrote in the lengthy report I sent those subscribers. They continue to change today.

Addicted

In the simplest terms, starting with its heavy-handed action in 2008, the Federal Reserve has lit a fire that it can't afford to let burn out.

It is now painfully obvious that for the nation's economy to survive (at least in a form that keeps the masses happy), the Fed must keep pouring on the fuel.

Take this Bloomberg headline from mid-August:

Trump's Stimulus Stalemate With Democrats Leaves Economy Limping

The ensuing article featured a quote that should scare you.

"If the economy has to wait until the end of September," said Mark Zandi of Moody's Analytics, "it will come to a virtual standstill between now and then, and vulnerable to anything else that goes wrong."

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 Digest*, as well as in the pages of *Manward Letter*. He also helms the award-winning investment advisory services *Alpha Money Flow* and *Codebreaker Profits*.

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It's scary stuff that proves the stimulating money printing and all the side effects that come with it (like Dow 100,000) will continue.

But again, my gold call came in September... long before any signs of a coronavirus shutdown or more than $10 trillion in global stimulus.

Even then, it was clear that our lackluster economy was running out of steam.

As much as the Federal Reserve wanted to raise rates and push things back to "normal," it couldn't. Each rate hike led to an oversized downturn in stocks and the profit streams they represent.

All the market needed was a catalyst.

And then came that nasty little virus... the catalyst of the century.

Left to its own forces, the new strain of coronavirus would have been devastating – for both our health and our money.

But the government, as you know, went in hard and fast.

I won't rehash the many mighty money moves it made (and their many nasty consequences).

Instead, I will focus your attention on just one key number.

That number is 40%.

That's the percentage, according to the CEO of Bank of America, that the average bank account with $5,000 or less in it grew in May.

Why the big surge? You know why. It's all thanks to one of the largest check-writing campaigns in history.

Washington sent free money to the living ($1,200 each)... the dead ($1.4 billion worth)... and even noncitizens living overseas (in at least 129 countries).

But all this free-money stuff worked.

A New Strategy

Boat dealers are sold out.

RV sales are through the roof.

And the nation's big-box stores are seeing business like never before.

In fact, back in July, the CEO of Home Depot, Craig Menear, said something I want you to know and understand.

"All of the historical benchmarks that we've used to think about the business and what the growth in the business would be, like GDP and housing," he said. "None of that has a correlation anymore."

That was the idea on my mind as I picked up my pen to write you this issue... That old correlations don't matter.

When Uncle Sam and his sovereign brethren around the globe are printing and stimulating like never before, we must manage our money and invest like never before.

That doesn't mean to go crazy and speculate on everything in sight.

Instead, it means to toss out the old rules and follow a new set.

It's why this issue focuses tightly on just two big ideas – banks and gold.

With so much money manipulation happening right now, these are the areas with the biggest potential for outsized returns.

What's happening in the banking sector right now is crazy.

The death of cash is upon us.

And, thanks to the coronavirus, the government hardly has much convincing to do.

Many folks are now too scared to use cash.

It's dirty, they think. (Although we're not sure how it's any dirtier than a credit card machine keypad.)

That's one of the reasons I'm so excited to tell you about a brand-new bank... that doesn't deal in cash.

It's a perfect example of the new rules of banking.

But a cashless society can't exist without technology.

That's where my stock recommendation comes in. It's the leader in 21st-century banking technology.

I'd be willing to bet you use its services every time you shop, and yet most folks have never heard the name of the company.

And finally, in what is sure to be an invaluable tool that you'll want to save and reread many times over, Mark Ford gives us his very best (and most pragmatic) advice on buying, selling and storing gold.

It's quite good.

As I said, if you have money... spend money... or simply want more money, this issue is for you.

Be well,

Andy

The Most Disruptive Force to Hit Banks... Since Credit Cards

The death of cash is real. It's happening right now.

It's not happening by rule of law – at least, not yet. It's happening because of convenience, fear and an unprecedented chain of events.

It changes the way we must think about money and, importantly, how we make more of it.

The death of cash is a key theme in my "long short" hypothesis. In the end, I am convinced it will be a lack of physical currency to serve as a counterweight to government spending that will allow the system to spin out of control.

But it won't happen overnight. That's why this "short" – or bet against the economy – is a long-term play. Like a car running out of gas, the economy will rev higher, hitting an uncontrolled peak, just before it runs out of fuel.

The Big Threat

I've written a lot about this theme in recent years.

Perhaps to the boredom of my readers, I've been the loudest and most pervasive financial commentator on the subject. I've written about the history of our currency, its ties to gold and the sad reasons gold will never become the standard again.

I've also pounded the table about the death of interest rates... even as the Fed purposefully fought the idea and hiked rates in 2018. But there's now a new trend you must be aware of. It's quite powerful. It combines all of these ideas.

It's the biggest threat to the banking system since the 2008 housing implosion.

It's also one of the biggest opportunities the system has seen since the invention of credit cards.

What's happening in the realm of banks will soon have your local store of cash looking less like a brick-and-mortar joint with a lineup of tellers and a big vault in the back... and more like the offices of Google, Facebook and Amazon.

That's because the death of cash has virtually eliminated the need for physical banks and opened the door to a huge new trend... data banking.

We Hereby Deem You a "Bank"

Few folks in the financial world are talking about it, but on August 1, something big happened. The Office of the Comptroller of the Currency granted an official bank charter to a small but quickly growing company.

It's the same "bank" that has this crazy line in its user agreement:

> ***Cash** – We do not accept deposits made in cash. If we receive a cash deposit by mail, the cash will be mailed back to the address we have for you on file.*

It's the same bank that does not issue paper checks with its checking accounts... And the only way to cash a check written to you is through its app.

This unprecedented nod by our financial keepers marks the first time in history that a fintech firm – which puts it in the same category as PayPal, Stripe and even Bitcoin – has received such a nod.

This has everything to do with the death of cash... and the death of interest rates.

The Death of Tradition

You see, without much of a spread between short-term and long-term interest rates, the traditional banking model has been tossed out the door like a drunk who's spewing gibberish.

Take **Wells Fargo** (WFC), for example. Its share price has been cut in half this year. Unlike its fintech cousins listed above, it has taken no part in the rally that kicked off in March. Instead, it continues to trend downward... as it should.

That's because the profit it makes from borrowing at low rates and lending at higher rates has plunged by 13% since the start of the latest crisis.

The industry must either loan more money – a scary leap that most banks have closed their eyes and made – or take a hit to its bottom line.

But that's not the case for Varo – the fintech-turned-bank that's changing the rules of banking.

The company has been around for just four years, but already it's acquired more than a million customers. It's done this by offering things no traditional bank could dream of these days:

- No overdraft fees (a charge the big banks use to rake in more than $30 billion each year)
- No monthly fees or minimum balances
- No ATM fees
- Interest rates on savings accounts starting at 1.21% and going as high as 2.8%.

But before you think this is a sponsored push for Varo... it's not.

What's happening here represents a huge investing opportunity, but it could also be highly destructive and ultimately dangerous for investors who don't know what's coming.

That's because, as I mentioned, Varo is much more like Facebook and Amazon than it is Wells Fargo or JPMorgan Chase.

Trading Interest... for Data

It doesn't make its money as a traditional bank would – at least not to the degree a big bank would. Instead, it makes money through the ultimate currency of big industry these days... data.

Think about Amazon, for instance. It tracks your buying habits, tosses them into its algorithm and sends you ads for things you've shown you like or need.

Facebook is the same way. It knows what you're looking at, what you're interested in and what products you're likely to buy next. It then sends you ads for them.

It's very lucrative.

Both companies have rewritten the rules of commerce... altering the course of the American economy and making their investors rich in the process.

Varo and banking-focused startups just like it are doing the same thing.

Take this quote from the company's founder and CEO, Collin Walsh, for example. He says his bank can boost its profits by using "a machine-learning algorithm to predict [customers'] incoming income and their bills." This way Varo can offer them a loan exactly when the customers need it.

In other words, the bank can keep track of your spending habits, learn your income cycle, and match products and offerings that best fit it.

From there, it can offer (aka sell) this data to a wide range of partners. In fact, the top "benefit" Varo boasts on its website is the various offers from its partners – firms like insurers, credit counselors, savings monitors and even career services.

Here it is straight from the site:

> *When you join the Varo community, you get access to a network of partners carefully selected to fit your lifestyle.*
>
> *We work hard to pair up with other tech-forward companies on a mission to help simplify your financial life. They offer ways for you to earn, save, and build credit.*

Again, I'm not telling you all this because I like the business model or want you to buy shares of Varo. I'm just reporting what I've uncovered... and you can't invest in Varo. It's privately owned (and well-funded by some very big investors).

I'm telling you about it because this is a highly disruptive business model that will hasten the death of cash and ensure that interest rates stay down for the count.

That's a critical idea, especially when we step back and ponder the ultimate role of our banks.

They're the oil that lubes the economy. They're the firms that ensure the price discovery (the pricing of an asset) that makes for an efficient market.

This new data-driven "banking" idea does none of that – or, at least, very little. It will have consequences for the economy... good and bad consequences that we must be aware of and enter into our investing equations.

The Start of It All

And here's the thing. Whether we like it or not, this is the future.

For proof, all we have to do is turn to another disruptive fintech startup... Robinhood. I remember when it came out. Young traders were the first to show it to me. They liked its simple app-based interface and commission-free trades.

The industry has not been the same since. Robinhood rewrote the business model for nearly every brokerage firm in the country.

Now almost all of them offer free trades. They have to. It's the only way to compete.

Soon – mark my words – we'll see more banks doing what Varo is doing. Instead of making money through old-school banking, they'll mine customer data and use it as their profit driver – just like Google, Amazon, Facebook, Netflix and all the other major market leaders do.

That's why this is a trend you must be aware of.

Just as those other companies helped rewrite the rules of the American economy (and forced many companies into bankruptcy), this trend in the oh-so-vital banking sector will double down on the idea.

Think about it...

It will change the way the Federal Reserve does its job. After all, does a bank that profits mainly from customer data care all that much about overnight interest rates?

It will change the way we save and spend money.

Cash will become an antiquated novelty.

And it will change the way the markets work and the way we invest. Fintech firms like Varo, for instance, don't care or know much about the traditional lending and borrowing world. They're tech companies... not corporate financiers.

To finish off the idea (and before we get to how you can make some serious money from this trend), I'll leave you with a bit of a story.

My wife runs a small cut flower business from our farm. One of our most popular offerings is our U-pick field. Folks can come, browse the rows and rows of flowers, and pick their own bouquet.

Nearly every day somebody asks my wife not if we accept credit cards... but if we accept cash.

Mind you, this is in the middle of a field in rural Pennsylvania... and the assumption is not only that we can take credit cards... but that it's all we take.

It shows just how prevalent this trend has become and that the death of cash isn't just coming... It's here.

And yes, we take credit cards... thanks to technology from the following must-own stock.

THIS MONTH'S STOCK PICK

Half of Cashless Payments Flow Through This Company... and Its Stock Just Got Twice as Hot

It's been a long time since I rolled up to a gas pump and said, "Fill 'er up."

Unless you live in a state like New Jersey that requires an attendant to do the pumping for you, uttering those three words is about as commonplace these days as refilling the icebox.

But if you hit your turn signal and pull into to an Exxon gas station, you may soon have the chance to say them once again.

This time, though, you won't be saying those words to the man wiping down your windshield... You'll be saying them to Alexa.

"Alexa... pay for my gas" may soon be a common phrase at a gas station near you.

And while the idea may not feel like a revolution in the realm of high technology... don't make up your mind until you hear all I have to reveal on the subject.

This is big.

Paying It Forward

You see, this new way to pay is the result of a big deal between **Amazon** (AMZN), **Exxon Mobil** (XOM) and a company you've likely never heard of... **Fiserv** (FISV). They've teamed up to try out a new form of payment that allows a person to pay for things right from their car... while using nothing but their voice.

In this case, a driver will roll up to a pump and utter a simple command, and Alexa will respond by confirming the location and pump number.

The driver never has to pull out a credit card or open his wallet.

Again, it's not like we've just discovered fire here, but the deal between this trio isn't really about paying for gas. It's about the technology that makes it happen.

Some incredible things have to happen when a driver tells Alexa to foot the bill. Identities must be verified... companies must communicate... and money must flow from one hand to the other. And all of it has to happen quickly, securely and reliably.

Amazon can't do it. Exxon certainly can't do it. But Fiserv can.

As perhaps the world's oldest fintech firm (it was founded in 1984 long before the term was first uttered), it's the leader in this sort of technology.

Leading the Revolution

It's the company that creates the spokes that tie consumers, banks, merchants and all their technology together.

And although most folks have never heard of the company, it'd be tough to find a major bank or retailer that does not use its technology.

Its list of customers is long and includes names like Amazon (of course), Google, Apple, Visa, Mastercard, Bank of America, Wells Fargo, SAP... and on and on.

But there's a whole different set of companies Fiserv could soon see a payday bonanza from. That idea comes from our story above.

There's no doubt the banking world is going digital. Thanks to companies like Varo, the industry's business model is quickly changing. Companies that can't keep up will fail.

But here's the thing... Many small-town banks and credit unions (and there are a lot of them) don't have the people or technology to do what Varo and its fintech brethren are doing.

They're bankers... not tech geeks.

That's why Varo is quickly signing up more and more customers.

Take the American Eagle Financial Credit Union, for instance. It's a small 85-year-old bank with 20 locations throughout Connecticut. It doesn't have a lot of employees... let alone tech experts.

There's no way it could compete with what Varo has done through its app and mobile offerings. But that's okay. Fiserv can.

As so many similar banks are doing, the two recently struck a deal that puts the credit union on Fiserv's "DNA" program.

If the connections between retailers, banks and consumers are the spokes, this platform is the computer system that serves as the hub of it all. It's happening just as I said...

Pennies on the Dollar

"Members increasingly expect Amazon-like experiences in every aspect of their lives, and want us to understand and even predict their needs," said Jim Evans, the credit union's chief information officer. "The extensibility and scalability enabled by the open architecture of DNA will allow us to be more flexible in how we deliver services to our members."

Another credit union boss put it this way...

"Our goal is to transform operationally and culturally from a credit union that uses technology to a technology company with a purpose: to serve our members and communities," said Sean Cahill, CEO at True Sky Credit Union.

He too has teamed up with Fiserv. It's how the company is making big money as dollars go digital. The tech giant can get a slice of every dollar that goes through its system.

This trend is a big deal... especially as the "Amazoning" of the banking sector gains immense speed.

But remember, Amazon isn't just a retailer. And banks can't just be banks these days.

Jeff Bezos wouldn't be the world's richest man if he didn't tap into the gold mine of data his company collects each day. It's the same with Varo. Data is key. And Fiserv knows it.

The Deal of the Decade

That's why just 14 months ago, Fiserv merged with First Data... the leader in banking-sector data. It offers payment processing to some 6 million merchants, handling roughly half of all debit and credit card transactions.

That makes it a very powerful force, especially when we consider how it relates to its namesake product... data.

With 2,800 transactions per second flowing through its network, First Data has access to a lot of consumer information. It pulls it all together and markets it in various ways – including by selling it back to the merchants making sales, investors looking for the most up-to-the-minute sales data and big-name companies looking to keep up with consumer trends.

The merger with Fiserv marries this data with the technology it takes to do 21st-century things with money.

And as more and more banks and retailers are forced to compete with data-driven business models, they will need the help of a company like Fiserv more and more every day.

This is an ideal play for our Long Short Portfolio. As American money goes digital, the printing presses roll and the rules of the banking sector change, it's companies like Fiserv that will prosper the most.

Action to Take: Buy shares of **Fiserv** (Nasdaq: FISV) at the market's price. Since this is going in our Long Short Portfolio, we will not use a trailing stop.

Mark Ford is an icon in the realm of wealth and business. And now he's sharing with Manward Letter *readers all the wealth-building secrets and investing strategies needed to build lasting wealth. His common-sense advice has the power to change the lives of everyone who takes it.*

How to Buy Gold Bullion Coins

A Quick Guide for Beginners

Suddenly, everyone wants to buy gold!

Mark Ford

I've been reading about gold for 40 years and writing about it for the last 20. During that time, gold's popularity among investors has gone up and down in longish waves. Recently, the tide has been rising like a tsunami.

To answer all the questions I've been getting on gold, I've put together the following Q&A.

It's meant for beginners, but there may be information here that will surprise experienced coin buyers.

One caveat: The market is hot right now – which means that prices are high.

Keep that in mind when you read the following and when you make your decisions.

Q: What is gold bullion?

A: Gold bullion is gold in the form of bars, ingots or coins. In terms of purity, gold bullion can be 22 karats (91.67% gold) or 24 karats (99.9% gold). The value of gold bullion generally tracks the spot price of gold, plus a "premium" (additional charge) that covers the cost of minting, storage, distribution and sales commission.

Q: What is the "spot price" of gold?

A: The spot price is what it costs to buy at any given minute. It goes up and down, like virtually every commodity's price, due to speculation in the markets, currency values, current events and other factors. Although the spot price is very exact (down to the penny) and tracked to the second, it is a theoretical number in the sense that it represents the cost of gold without a premium. And there is almost always a premium, even between dealers. Still, it is a very useful metric because it tells you, as a buyer, how much of a premium you are paying for the coins you buy.

Q: What is a gold bullion coin?

A: It is a coin made by a private or public mint that is either 22 or 24 karats. Bullion coins are usually distinguished from numismatic coins.

Q: What is a numismatic coin?

A: It is a coin that is limited in supply and bought for its rarity and beauty, like fine art. Rare coins can make good investments. What I like about rare coins is that if you buy a bad one – a common coin in poor condition – it will still be worth at least the spot price of gold. But if you buy a truly rare coin in mint condition, it can eventually have a value that is 10 to 100 times the spot price of gold.

Q: Bullion coins vs. numismatic coins: Which type should I buy?

A: If you are buying gold coins as a hedge against inflation or insurance against the collapse of the dollar, you should definitely buy bullion coins, not numismatics. If you are buying gold coins as an investment, you should consider numismatics. You can, of course, buy both kinds of coins – at a ratio of maybe 60-40 or 80-20 bullion to numismatics. If you do buy rare coins, it is very important to buy from a trusted source. (See more on that at the end.)

Q: Are there different kinds of bullion coins?

A: Yes, there are hundreds – probably thousands – of unique bullion coins. But for beginners, it's smart to group them in two categories: those minted by governments and those minted by private companies.

Q: So which kind should I buy?

A: For beginners... government-minted bullion coins – for several reasons.

1. They are minted in larger quantities, which makes them more liquid than privately minted coins.
2. The premiums (cost above the spot price of gold) are easy to track, and, therefore, it's easier to avoid overpaying for them.
3. They come with the inherent (and, in some cases, stated) backing of the government that mints them.

Q: Which government-minted coins do you recommend?

A: Most people buy bullion coins that are minted by the country they live in. Thus, most Americans buy American Eagles and American Buffalos. Most Britons buy British Sovereigns. And most Canadians buy Canadian Maple Leafs. But many experienced coin buyers like South African Krugerrands. My own stash of gold bullion coins is 50% American Eagles, 40% South African Krugerrands and 10% Canadian Maple Leafs. I feel comfortable recommending all three.

Q: What are the differences between those – the pros and cons?

A: The first difference is the purity of the gold. American Eagles and Krugerrands are 22 karat, which means they are about 92% (91.67%) pure gold. Canadian Maple Leafs and American Buffalos are 24 karat, which means they are 99.9% pure gold.

The second difference is the amount of gold. Maple Leafs and Buffalos are more pure, but Krugerrands and American Eagles are slightly bigger and weigh slightly more than their 24-karat cousins. That difference equalizes the difference. In other words, the amount of gold is the same (1 troy ounce) for all four coins.

The third and most important difference is the liquidity of a particular coin – how easy it is to buy and sell. Like every other asset class, the liquidity of gold coins depends on how many are available in a given market.

Of the four, American Eagles are by far the most liquid. About 80% of the gold bullion in circulation in the U.S. is in the form of the American Eagle. It is also the most traded coin in the world. Krugerrands come in second. More than 50 million ounces of gold Krugerrands have been sold since production began in 1967. Maple Leafs come in third, with about 20 million in circulation. And Buffalos come in way behind with only about 2.5 million in circulation.

In terms of liquidity, I think Eagles, Krugerrands and Maple Leafs are all a safe bet. Buffalos are safe, but I would not recommend them for beginners.

Q: Are there any other differences that I should be aware of?

A: There are a few that could be important.

Maple Leafs and Buffalos, being 24 karat, are softer than American Eagles and Krugerrands. That makes them more prone to bending and scratching. But condition is not a consideration in terms of tracking to the spot price of gold. They are all equal in this regard.

Another difference is the question of government backing as legal tender. As legal tender, the government that issues the coin guarantees that it can be used to settle a debt or meet a financial obligation. All four of these coins are guaranteed as legal tender.

Two final differences relate to investing and privacy. The American Eagle is an approved investment vehicle for individual retirement accounts (IRAs). It is also exempt from the IRS' Form 1099-B reporting requirements, which means your buys and sells are not publicly recorded.

My bottom line on these differences: All four of these coins are suitable as a chaos hedge and/or insurance against the collapse of the dollar. In terms of gold content and government backing, all four are equal. The small circulation of the Buffalo puts it fourth on my personal preference list. And the IRA and privacy advantages of the American Eagle put it at the top.

Q: I heard that Krugerrands are illegal for U.S. citizens. Is that true?

A: No longer. They were banned in 1985 as a strategy to push South Africa to end apartheid. The ban was lifted in 1991.

Q: Are there denominations of bullion coins like there are with dollars?

A: Yes. Eagles, Buffalos, Maple Leafs and Krugerrands all come in four sizes: 1-ounce, 1/2-ounce, 1/4-ounce and 1/10-ounce denominations.

Q: What denomination should I buy?

A: That depends on your budget and your purpose.

In general, the smaller the denomination, the greater, in percentage terms, the premium. This is not unfair. Think of the premium as the cost of minting, storage, distribution and sales. Those fixed costs are the same regardless of the size of the coin. So it stands to reason that the smaller coins will tend to have relatively higher premiums.

If your objective is to minimize the premium you will pay, you should buy the largest denomination you feel comfortable buying. However, there is an interesting argument for buying the smaller denominations: In a scenario of total economic collapse, gold (and silver) will become the currency of choice. In that situation, having smaller coins will make trading them for things that you need much easier.

Q: I've seen bullion coins. Some of them have dollar amounts printed on them. For example, the American Eagle has $50 on it. Does that mean the coin is really worth only $50?

A: Not really. What you're looking at is the face value of the coins.

In theory, face value is what the coin would be worth as legal tender. And if you were concerned about that, Krugerrands would be your choice since they have no face value and the South African government's guarantee behind them is correlated to the spot price of gold. But in practice, the value of all bullion coins is correlated to the spot price. This is not an issue I'm worried about.

Q: Can I buy bullion coins directly from the U.S. and Canadian mints?

A: No. You have to buy them from a registered private dealer – and each government publishes a list of those dealers. There was a time when you could buy American bullion coins from U.S. banks, but that is no longer true.

Q: What about dealers that sell online? Is it safe to buy from them? Or is it better to go with a local dealer?

A: It is usually just as safe to buy from a well-established dealer online (or by phone) as it is to buy directly from a local dealer – and there are some distinct advantages to both. When you buy directly, you get immediate possession, have no shipping or insurance fees, and have more privacy. On the other hand, the selection is likely to be more limited than it is with an online dealer. Plus, the price you pay will usually be slightly higher (because of the extra costs involved in retail business), and liquidity will be less for large buybacks.

Q: What about the coins that I see advertised on TV and in newspapers? Are those dealers safe sources?

A: Sometimes yes. Sometimes no. But considering the cost of that sort of advertising, the possibility of paying more than you should is something to consider. So long as you compare the price of the coin with the spot price of gold, you can figure out whether you are being overcharged. A problem with some of these dealers is that they have very persuasive salespeople who will try to get you to buy other types of gold coins with prices that are much higher than the spot price. The bottom line in buying gold bullion coins is the premium: how much the dealer is charging you above the spot price. Know the spot price. Demand a fair premium.

Q: So what is a fair premium for a gold bullion coin?

A: When I was buying gold coins, from 2002 through 2004, the spot price of gold was low (in the $400s) and the premiums were low – about 3% for 1-ounce coins and 5% to 6% for 1/2-ounce coins.

Today, the spot price of gold is nearly $2,000 and the premiums are about twice what they were back then.

My crack researcher did a survey recently and found that even the most competitive dealers are charging 6% premiums for 1-ounce coins and 12%-plus for half-ounce coins.

Q: So, historically speaking, both the spot price of gold and the premiums are high. Is that fair?

A: The spot price is absolutely fair. It reflects supply and demand in a free market.

The premiums are also fair in the sense that dealers have the right to charge what they want. They aren't holding a gun to your head. But if you know the spot price and do a bit of shopping on the premiums, you should be okay.

Q: Should those high prices dissuade me from buying coins?

A: No. If you think of gold as an inflation hedge and/or insurance against economic Armageddon, the premiums are reasonable. The one-time premiums you pay for almost any other form of insurance are typically in these ranges – and for life insurance, sometimes higher.

If you are buying bullion coins for investment purposes, a premium of 6% or 10% is relatively high. It means that the spot price for gold will have to go up $120 to $200 an ounce before you make your first percent of profit.

Of course, if the spot price of gold goes to $10,000, as some are predicting, current prices and premiums will seem cheap.

I didn't buy gold as an investment, and I'm not starting now. But I certainly understand the reasons you might want to. If you do decide to buy bullion for investment purposes, consider this: Krugerrands or Maple Leafs have, on average, premiums that are significantly lower than Eagles'. If, instead of paying a $120 premium for a 1-ounce Eagle you could buy a 1-ounce Krugerrand or Maple Leaf for a premium of only $80, why wouldn't you do it?

Q: Are there any dealers that you can personally recommend?

A: I can recommend two companies: David Hall Rare Coins (my personal dealer) and APMEX.

David Hall Rare Coins: These are my go-to people because I've known them for 30 years and trust them 100%. The owners are David Hall and Van Simmons. They specialize in high-quality rare coins, but they will sell you bullion coins at competitive prices. If you are interested, contact Van Simmons at Van@Davidhall.com or call 800.759.7575.

APMEX: Founded in 1999, APMEX (American Precious Metals Exchange) is one of the largest online bullion dealers in the country, with more than $11 billion in transactions. Based out of Oklahoma City, APMEX sells gold, silver, platinum and palladium products, and also buys gold and silver from customers. Its prices are competitive and transparent (no hidden fees beyond shipping/item costs). ■

Portfolio

The Everyman Portfolio

Company/Symbol	Rec. Date	Rec. Price	Curr. Price	Rating	Trailing Stop	Total Gains
Alarm.com (Nasdaq: ALRM)	Aug-20	$67.09	$57.13	Buy	$52.53	-14.85%

The Own What You Know Portfolio

Company/Symbol	Rec. Date	Rec. Price	Curr. Price	Rating	Trailing Stop	Total Gains
KBR (NYSE: KBR)	Apr-20	$21.45	$22.57	Buy	$20.21	5.69%
Scotts Miracle-Gro Co. (NYSE: SMG)	May-20	$122.53	$166.38	Buy	$122.72	36.26%

The Long Short Portfolio

Company/Symbol	Rec. Date	Rec. Price	Curr. Price	Rating	Trailing Stop	Total Gains
CME Group (Nasdaq: CME)	Jun-20	$178.90	$174.61	Buy	None	-1.92%
Fiserv (Nasdaq: FISV)	**Sep-20**	**New**	**New**	**Buy**	**New**	**New**
Logitech (Nasdaq: LOGI)	Jul-20	$65.22	$75.59	Buy	None	15.90%

Note: Because this is a long-term portfolio based on the eventual unfolding of volatile, unpredictable events, we will not use trailing stops. Do not put more than 5% of your total portfolio into these positions.

Last Update: 8/17/20. Gains include dividends.

Appendix

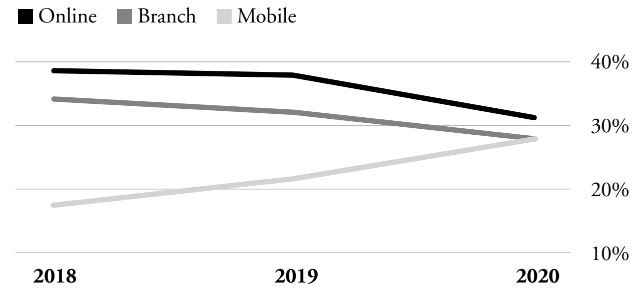
Fiserv GAAP Revenue Up 129% for the Quarter

	Three months ended June 30		Six months ended June 30	
	2020	2019	**2020**	2019
Revenue (millions)				
Processing and services	**$2,890**	$1,328	**$5,965**	$2,621
Product	**$575**	$184	**$1,269**	$393
Total revenue	**$3,465**	$1,512	**$7,234**	$3,014

Source: Company Reports

Times Are Changing

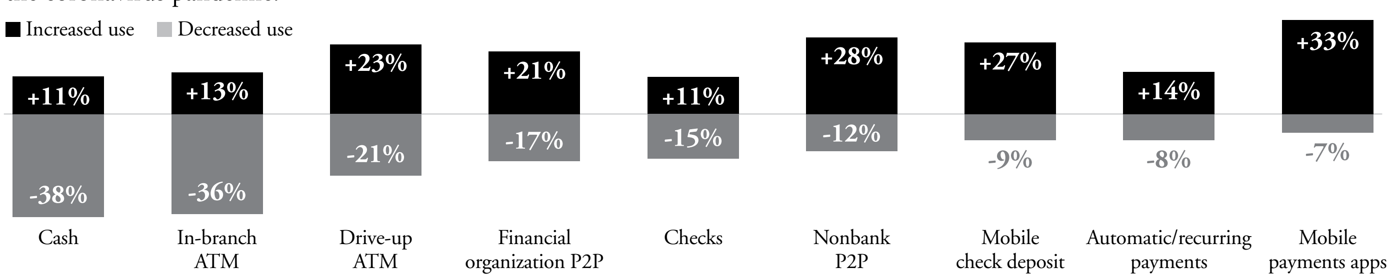
How People Prefer to Interact With Their Bank



Source: Fiserv

The Pandemic Has Changed the Way People Pay for Goods and Services

Percentage of survey respondents who say they've changed their usage in any of the following payment methods since the coronavirus pandemic.



Source: Fiserv

Further Reading

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