



# GOLD, GOATS 'N GUNS

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## The Tide Goes Out



Warren Buffet is famous for saying that only when the tide goes out do we find out who has been swimming naked. If I look around the political and financial landscape today I see a lot of people caught without their pants on.

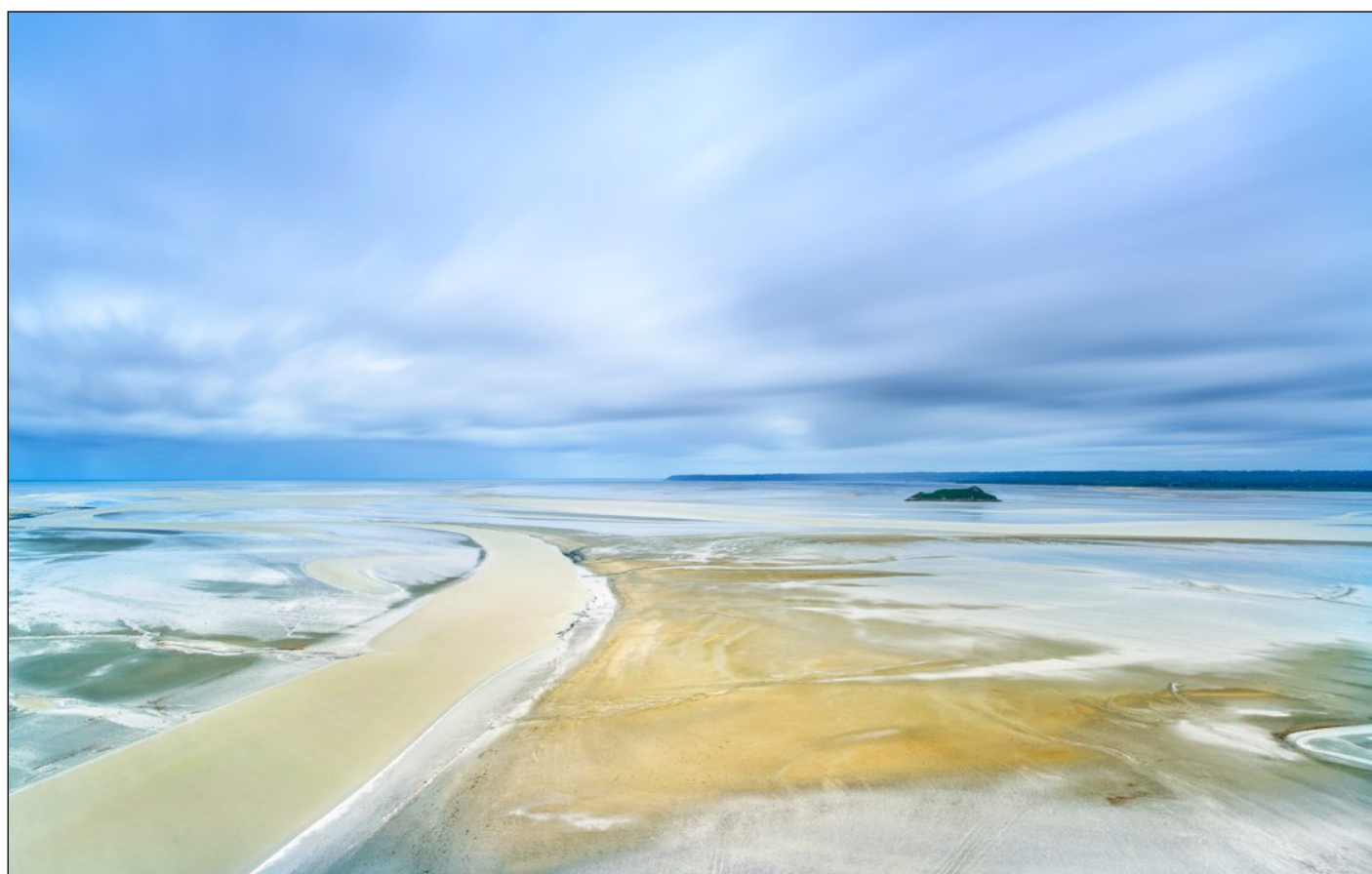
And it's not a pretty sight.

The central banks, led by the Fed, are trapped as decades of destroying risk assessment has so thoroughly distorted markets they have President Trump making dangerous moves politically to remake global trade.

Together they've set off a bomb at sea so big there's no way to avoid the tsunami coming back at us.

Gold has this sniffed out, as have the bond markets. This month's issue focuses on what happens when the blind fight the trapped and the rest of us try to hang on for dear life.

— Tom



### Quote of the month:

"I've never seen so many men wasted so badly."

— The Good, the Bad and the Ugly

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Please visit the blog at <http://goldgoatsnguns.com> for additional content

# THE BLIND LEADING THE TRAPPED

## TRUMP AND THE FED ARE MADE FOR EACH OTHER



The central banks are trapped. July's policy statements and the Federal Reserve's rate cut proved this.

President Donald Trump is blind. He's blind to what is truly the cause of the U.S.'s malaise.

At the end of July, we witnessed the stupidest twenty-four hours in my twenty-plus years of following markets. The Fed tried to assure markets that the U.S. economy was strong while warning of the problems brewing internationally and cut rates by 25 basis points.

The markets responded to the rate cut predictably.

First, they dumped. The Dow Jones fell 400+ points, gold sagged to \$1408 and short-duration U.S. treasury yields fell. The markets priced in fifty basis points and didn't get that. But, predictably, by the next morning the selling was done, and the markets were up a few hundred points and moving higher.

Trump was predictably angry at both the Fed for not cutting more aggressively and at China for not giving up its financial and regulatory sovereignty. So, he responded with more than his usual tweetstorm, adding a 10% tariff on the remaining \$300 billion in goods imported from China.

That put the kibosh on the rally in stocks sending them to the worst week of 2019. Gold popped back above \$1450 while oil clung on to near-term support.

The Fed tried to thread a needle with its rate cut and subsequent statements by FOMC Chair Jerome Powell that this rate cut was a 'mid-cycle adjustment,' whatever that means. It wanted to reassure international markets that it would support greater dollar liquidity while not over-reacting to what is still, nominally, good U.S. economic data.

Trump wanted to punish the Fed and China for not taking him seriously enough.

The problem is that neither the Fed nor Trump have a good handle on what is happening and neither have the tools to stop it because it is, frankly, out of their control.

So, while they can't solve the brewing crisis they can certainly make it worse.

The Fed knows that things in Europe, emerging markets, and even Japan are far worse than the headline data suggests. It said so in its policy statement.

Trump keeps thinking his bullying and mercantilism can make America great again. Too bad he can't actually achieve that.

### *Production Data Malaise*

I keep looking at Manufacturing PMIs – Purchasing Manager's Index – as a strong indicator of where we're headed globally. These, along with moribund oil prices despite the continued threat of war with Iran, keep signaling that the global economy is slowing down.

ISM Manufacturing PMI for the U.S. missed expectations badly at 51.7, while manufacturing prices are dropping and falling faster than expectations. This index peaked near 57 in 2018 and is now near the point of contraction (values below 50 indicate contraction and above 50 expansion).

The overall PMI for the European Union continues to contract this month with France finally joining everyone else. All metrics for German manufacturing continued degrading and they were already terrible. This will have huge effects in September's state elections in Saxony and Brandenburg, both strongholds for Alternative for Germany (AfD) which is a nightmare for Angela Merkel's tenuous coalition government.

Let's go one-step further. U.S. non-financial corporate debt rose to more than \$10.4 trillion in July. This has been fueled by a near-insatiable demand for credit at near zero-bound interest rates for the past eleven years.

The Fed has tried to extricate the U.S. from the pension fund nightmare it has created for itself. State-run, defined benefit pension plans need 7.5% annual returns to maintain payouts to retirees.

*(Blind, con't.)*

And they have turned to the corporate debt markets to get that return, regardless of the quality of it.

This is partly where the continued boom in shale has come from. There is always room for more of this junk, which still produces billions in negative free cash flow, as long as the coupons blend together for that magic yield.

The pensions wait for a pull back in stocks, as engineered by either Trump or the Fed, then bid up stock prices which, in turn, allows firms to issue more debt to drill more wells to make less money.

Eventually the entire Ponzi scheme has to collapse, right?

Not if things are worse everywhere else. The signs of deflation are everywhere, which is part of why the Fed cut rates. But capital has to flow somewhere. And with that much U.S. corporate paper out there along with the staggering amount of foreign U.S. denominated debt, how anyone could be predicting a collapse in the dollar at this point in time is beyond me.

### *The Bull in the Tariff Shop*

And this is why Trump is blind to reality. He still thinks the Fed is trying to undermine his 'best economy ever' by raising rates when they are trying to offset the effects of his destroying supply chains around the world with his 'tariff the world, sanction the world' approach to trade.

But what he's doing is creating the very slowdown that is putting upward pressure on the dollar, which he doesn't want.

What he's doing, however, with his biggest budget deficits ever is extending the problem even further in the future and setting up the U.S. for a fiscal nightmare.

The one thing Trump can't seem to get through his head is that you cannot create a weaker currency by raising the confidence of the economy that represents it. He thinks he can restructure global manufacturing by forcing capital to go where it doesn't want to go (The U.S.) through tariffs and bringing forward trillions from the future (debt) to invest in the future to support it.

But it's not going to happen. What's happening is exactly what is predicted by any first semester macroeconomics textbook. For a year or so a falling currency creates a short-lived boom which then collapses as the costs of the cheaper currency fall on the domestic economy. Consumer costs rise. Production slows. GDP rises but on the back of rising inventories. The trade deficit gets better then worse.

And eventually the chaos unleashed by the tariffs and cheap currency retards investment and production globally. Everyone takes a step back and says, "I'll wait."

In this case, since the world is so over-leveraged that "I'll wait" turns into "Uh, oh!" when there's not enough revenue to cover expenses. When the consumer is incapable of taking on more debt, regardless of the low, nominal unemployment rate, there's no room for growth.

Trump has grown Debt to GDP to over 106% and his boomlet is over, by nearly every important metric.

We've had three mid-sized bank failures in China which the Chinese central bank, also trapped by a massive credit bubble, did not respond to.

**Nissan** (AMEX:NSANY) joined **Ford** (NYSE:F) as yet another car company having to cut its staff deeply. Nissan announced 12,500 layoffs, or 9% of its workforce after an abysmal earnings report.

**BMW** (AMEX:BMWYY) and **Volkswagen** (AMEX:VWAGY) group will not be far behind, especially if Boris Johnson goes through with a No-Deal Brexit on October 31st.

For us this means that our fundamental thesis holds. The dollar is pushing higher while the euro sinks. Our short of the euro through the **ProShares Ultra Short Euro ETF** (AMEX:EUO) in the **Guns Portfolio** continues to perform nicely for us.

The Euro closed July just below near-term support at \$1.1155 and entered August weak thanks to the Fed and Trump. It should begin its descent towards the 2016 low of \$1.034 and beyond that parity with the U.S. dollar in 2020.

As the global growth story fades and the U.S. data really begins to roll over, there will be no escape for incoming ECB President Christine Lagarde. She will be tasked with keeping the euro-zone from imploding and that means flooding the world with more internal transfers, i.e. more OMT, TARGET 2 and other alphabet soup programs, while prepping the world for a post-Brexit EU that will need to be bailed out by her former employer, the International Monetary Fund.

Our position in EUO is up 20.8% as of the end of July. A move in Q3 to \$1.034, which is very possible, gives us a target of around \$30, for a 34% return over eighteen months. If there is a quick move on the euro to that level, I will look at selling our position in EUO, waiting for the next leg up to short it again.

As for our other position in the **Guns Portfolio**, the **Dow Jones Industrials ETF** (AMEX:DIA), I expect these next few months to be choppy. But despite bearishness in conventional wisdom and technical analysis, the U.S. equity markets still continue to make new highs, even if they do so with extreme levels of volatility.

Until this strong dollar environment ends, I don't see how the Dow will fall significantly. In fact, if the rush into sovereign bonds continues, then equity markets have yet to see their best days as the shift from debt to tangible assets is only just beginning.





## THE BOOM THAT BUSTS

### *Driving Through Boomtown*

Recently I drove from Florida to New Mexico. We took the Interstate-40 route mostly because I wanted to tick off a couple more states on my personal “I’ve visited” list, namely Arkansas and Oklahoma. During the trip I was able to tick off Colorado as well, since I don’t count an hour in the Denver airport as a visit.

We stopped in Oklahoma City for the evening. At times it was like driving through Miami or Atlanta with 12 lanes and cloverleaves. The problem was the roads were mostly empty. At the city limit, eleven miles outside of town, there were overpasses under construction which I couldn’t figure out why they were needed, since there was literally nothing there other than this construction.

For the past fifteen years I’ve heard numerous accounts about China building these highways to nowhere and ghost cities with no one living in them. I’m not accusing the city planners of Oklahoma City of that because it’s true that U.S. oil and gas production is growing at a rate the world has never seen.

But, by the same token, knowing that so much of that industry is mired in producing negative cash flow and is as cyclic as it is, I have to wonder if all of that building won’t create one of the biggest boomtowns of all time when the oil tide flows out.

### *Bears Stalk These Hills*

Oil is in a bear market today. Oil will be in a bear market for a while. With the U.S. dollar breaking out and a massive safe-haven trade underway across all asset classes, oil prices aren’t likely to rise in dollar terms for a couple of years.

Oil is a *risk asset*, one whose price rises with a strong economy thanks to rising demand (demand-pull) rather than internal costs pushing the price up. When costs rise above the selling price in a primary commodity market there is no passing that onto the consumer.

People stop driving. They stop demanding chemical precursors to fertilizers and materials like plastics and nylons. They use less motor oil. They buy fewer cars, houses, G.I. Joe’s with the Kung Fu Grip, etc.

And all the oil companies can do is live with it. They do what all primary commodity producers do, they cut back production as much as their balance sheet will let them or sell untapped assets at losses.

We’ve seen this story before. With a global slowdown headed our way, possibly one for the ages, I look at the growth of a place like Oklahoma City and I shake my head.

After driving through there, we got off I-40 and drove state highways to New Mexico. There we saw dozens of oil wells, most of which weren’t running. I know where I was driving wasn’t anywhere close to the hot spots of the Eagle Ford or Permian basins, they are much farther south, but the surreality of it hit me nonetheless.

Entrepreneurs respond to incentives just like all other humans. And in an environment where borrowing costs have been inordinately cheap and the sitting administration uniquely hostile to competition, U.S. oil and gas production has been able to double in the past five years without completely gutting the price of oil.

We have been living on borrowed time since the 2008 financial crisis. The coordinated expansion of global money supplies by the central banks to keep asset prices from falling has spilled over into the U.S. oil industry.

### *Cost Competition*

And even though costs have come down from the first wave of U.S. shale production they are still higher than competitors like Saudi Arabia, Russia, Iran, Iraq and Nigeria. The only country on that list vulnerable to sub-\$50 per barrel oil is Saudi Arabia and that is only because their currency, the Riyal, is pegged to the U.S. dollar.

If the Saudis were to float the Riyal and, in doing so, accept any other currency than the dollar for their oil, they too would be more immune to oil’s swings in price.

(Boom, con't.)

It wouldn't be so bad if the U.S. frackers were producing paper losses and positive cash flows. At least there would be a light at the end of the tunnel. But in Q1 the industry put on another \$2.5 billion in total cash burned. And that was an acceleration after a dismal Q4 2018.

Moreover, in 2018 West Texas Intermediate prices were far higher than they are now, with WTI trading around \$55 per barrel. So, whatever financial troubles these companies are having now will only intensify as 2019 comes to an end.

President Trump, like the Fed, is trying to thread a needle with oil prices. He's trying to restrict supply of competitors like Iran and Venezuela to support domestic prices while also looking for lower interest rates from the Fed to support even more growth in oil production and the needed infrastructure to transport all of this oil.

What is missing from the mainstream analysis of what's happening in the oil industry is the monetary component. The basic supply and demand fundamentals are poor. It's a given that oil is oversupplied right now on balance.

But no one is truly factoring in what a global slowdown looks like for oil in the case of another financial crisis. Remember, our core thesis is that the mountain of dollar-denominated debt is a synthetic short against the dollar, which means that there is demand for dollars first and everything else second.

The more debt you pile on the less flexibility you have with your marginal dollar. The fracking industry is beginning to see this. And there is only so much that the central banks can do to alleviate a shortage of dollars.

I've read so many people accuse The Fed of pushing on a string in lowering interest rates, as if that's the reason the Fed did this. It didn't. It did it to alleviate the stresses building in the overnight lending markets.

But it will grant financially undisciplined frackers another opportunity to finance another round of drilling. But will they? The Baker Hughes Rig Count keeps falling week-to-week. Overall U.S. production looks like it has topped in the near term. The rate of growth coming out of places like Permian have cratered to less than half of what it was a year ago.

## Permian Strategy

For us this means that the difficulties for our position in **Permian Basin Royalty Trust** (NYSE:PBT) which we have, frankly, gotten killed on should be behind us. PBT, like most royalty trusts, are not a part of the debt-fueled mania of the general industry. It's a legacy asset that **Conoco-Philips** (NYSE:COP) manages independently for the trustees of the land, in this case you the unitholder.

No new wells were drilled in 2018 and two are planned for this year.

The glut has the entire industry under pressure, suppressing gas prices to below the cost of extraction. This has hurt PBT's price as it is based on the expectation of future dividends. With U.S. production finally peaking, financial stresses limiting new drilling and new pipeline

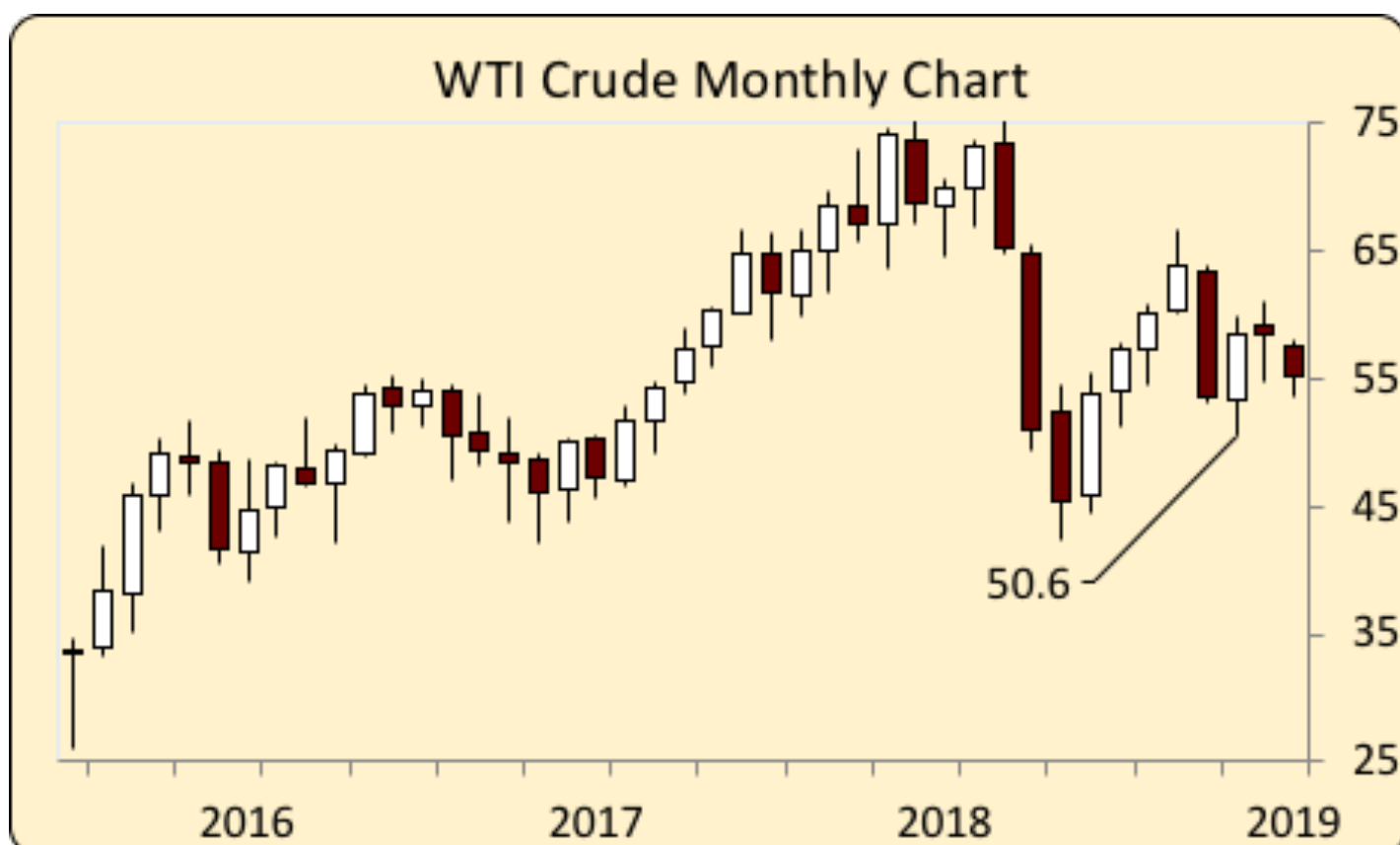
infrastructure incoming to help get the products to market, gas and oil prices locally should stabilize, especially if we see the rate of bankruptcies increase.

Over the past three months PBT has increased its payout to shareholders as the price of the stock continues to fall. This pushes the trailing 12-month yield to 8.4% with August's declared dividend. This makes the valuation on PBT very interesting. It's trading near \$5 per share. Adding a tranche here would drop our effective buy in price to \$6.30 per share while tripling our monthly income.

However, I'm going to hold off for one more month before making this move. There may be more downside here as we wait to see if oil prices stabilize. West Texas Intermediate needs to hold above the June low price at \$50.60 per barrel to avoid breaking down the three-year bull market that began in February 2016. As long as WTI does not make a low below that level, there is a chance that it avoids a major collapse in price when things start to unravel globally (see chart).

If WTI holds above that level in August, I'll be likely to add a second tranche of PBT to the **Gold Portfolio**.

*"It wouldn't be so bad if the U.S. frackers were producing paper losses and positive cash flows...But in Q1 the industry put on another \$2.5 billion in total cash burned."*



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# PORTFOLIO REVIEW

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## From Pot to Eternity

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Events are accelerating around the world. And the markets are getting scarier by the day. Looking at our overall investment thesis, however, our patience looks like it is getting rewarded in a couple of key areas.

Gold and silver are showing real strength. Bitcoin and the cryptocurrency markets are right alongside them. These moves continue to support a safe-haven mentality among investors worldwide.

After Trump's temper tantrum over lack of movement on a trade deal with China all safe-haven assets saw huge moves as Bitcoin rose against a falling Chinese yuan and the belly of the U.S. yield curve inverted drastically, signaling that global economic growth is now the primary motivator for investors.

Gold performed well, breaking towards \$1,500 per ounce and lighting a fire under stocks like the **GAMCO Global Gold and Resources Trust** (NYSE:GGN) and **Pretium Resources** (NYSE:PVG). Pretium hit a high of \$13.50 recently as gold broke above \$1,530, further confirming, along with a strong Q2 earnings report, that the bears have left that building.

But the real star of this month's earnings was **Scotts Miracle-Gro** (NYSE:SMG), so let's start there.

### Great Scotts

I put Scotts in the **Goats Portfolio** last year based on its realigning the company towards the legalization of marijuana in the U.S. Scotts derives more than 80% of its business from the U.S. and in recent years has pulled back its market exposure in Europe, while it focused on bolting on a full hydroponics supply chain to its existing market leading position in lawn care and home gardening.

The core of Scotts' business is mostly uninteresting from a growth perspective. It's a highly cyclic business based solely around the spring and summer lawn and garden business and its relationships with major retailers.

Where it became interesting to me is the moves made by CEO Jim Hagedorn to position Scotts to be the prime mover in the hydroponics industry supporting marijuana production. Not only would moving into hydroponics smooth out the cyclic nature of the company's revenue and earnings, it is strategically placing itself into the picks and shovels part of the growing industry around marijuana.

The company's Hawthorne division is where this lives inside Scotts. When I first made the Scotts recommendation the company had just purchased Sunlight Supply, one of the biggest hydroponics suppliers in the country. The integration of Sunlight

into Hawthorne took a couple of rocky quarters but in Q2 we finally saw the dividends pay off.

Revenue from Hawthorne rose 49% year-over-year adjusting for a full quarter of Sunlight's revenue a year ago before they were part of Scotts. The company, overall, beat earnings estimates by nearly \$0.45 per share, earning \$3.15 in this most important of quarters for the company.

Forward guidance was strong as well, as Scotts is now expecting top-line revenue growth for 2019 at 16-17% year-over-year.

Scotts strategy for Hawthorne for this year and next is about sacrificing profit margin for market share. They can do this because their core business is so profitable. For the latest quarter Hawthorne came in with just 8% net margins with the goal of reaching 15% in the next three years.



This was a point management was pressed on pretty hard by analysts during the earnings call, but they seemed confident, if conservative, in their guidance on this. It is the key to the Scotts growth story. If Hawthorne finds itself in a commodity price war with other hydroponics competitors then it's a race to the bottom in the long run, no matter how many states legalize pot.

Management stressed their strong relationships with channel partners, financing options, and innovation to stay ahead of the competition.

For now, Scotts seems to have turned a corner on its big push into the marijuana business. The stock has returned us over 30% in the past year despite a rocky initial period. The dividend is now below 2% for new entrants and I would only consider buying more here on any pullbacks as it is trading at sixteen times trailing earnings.

Scotts is one of the few major U.S. companies that raised forward guidance in Q2, so the market rewarded it handsomely for outperforming. At some point it will regress to the mean and consolidate its recent gains.

Going into 2020, if Hawthorne does provide low double-digits net margins by year-end Scotts will likely raise the dividend by 10-15%. I'll be watching for that.

### Endeavor Silver

I haven't talked much about **Endeavor Silver Corp.** (NYSE:EXK) in recent months because there has been very little to talk about. Silver, until very recently, languished behind gold and it doing so has caused a lot of people to doubt the validity of this new gold bull market.

*(Portfolio, con't.)*

Endeavor is a primary silver producer with a series of rehabilitated mines across Mexico. Why it's in the **Goats Portfolio** is because of its business model. Endeavor is a mid-tier producer with zero debt. This company has financed itself solely through equity raises to buy old silver mines dotting the Mexican landscape and bringing them back on-line.

That means, however, that some of their properties are not the lowest-cost from a sustaining-cash-cost perspective. And during bear markets it means shutting down production and limping along until things improve.

Unlike a lot of fracking companies (and most gold producers), since they have no debt, they can do that without hollowing out the company. It makes the stock price very vulnerable to swings in the price of silver but not as much as other, leveraged players who have to keep drilling at a loss to service their debts.

Endeavor shut down its most recent spin-up, El Cubo, at the beginning of the year. El Cubo was not profitable at \$14.50 silver. It will make it back into the company's portfolio of active mines once silver is safely trading above \$20 per ounce, but for now El Cubo remains shuttered.

Why Endeavor is of interest this month is because the company, very smartly, pulled the trigger at the bottom of the market to buy the exploration and exploitation rights to two properties adjoining one of its most important mines, Guanacevi.

This purchase occurred a month after new exploration at Guanacevi encountered high-grade intercepts, extending the ore body in June. Guanacevi is the company's biggest producer, producing more than half of the company's revenue.

So both of these bits of news were welcome, along with the rise in the silver price back above \$17.00 per ounce.

From a growth perspective, Endeavor received its final environmental permit for its Terronova project in Jalisco state, Mexico. Terronova is expected to be the company's biggest mine and will change the face of it completely, especially if silver follows gold into a new bull market.

There is a lot of room for Endeavor to run here. This stock, because of its lack of debt, is one of the best pure silver plays out there. It acts as an open-dated options contract on the price of silver. Its mine portfolio is profitable above \$16 silver and since its operations are in Mexico it pays its bills in Mexican pesos.

Since I foresee a stronger dollar between now and this time next year, Endeavor should outperform domestic silver producers on that fact alone as it brings Terronova on-line and potentially restarts operations at El Cubo. Management is very conservative so I won't expect any decision on El Cubo before year-end and silver prices much higher than \$16.50.

All of these bits of news, along with silver's price rise, saw Endeavor's stock price pop back over \$2.50 per share, peaking at \$2.86. We bought into this company last year at \$2.19. It's provided a solid 18% return as of early August.

So, again, like with Scotts, a rocky start and a difficult market produced some initial losses but now both positions are solidly profitable with a lot of upside in front of them.



# THE TREE ON A CLIFF

## To fly is to simply not fall

When I was something north of twelve and something less than fifteen, I nearly died. Or at least I think I nearly died. I grew up in upstate New York. My neighborhood was cut out of the side of a small mountain and the street I grew up on was at least a 5% grade.

Where the development stopped the mountain continued, revealing a sheet of red shale. I would climb up and down that thing all the time. There were only a few access points.

I climbed that mountain like a two-legged goat. But there were certain areas that were really dangerous; shale flows that were nearly impossible to get your purchase on. I was up there one summer day, bored and by myself, climbing this one that was above a twenty foot plus drop off where the slope stopped, and a sheer shale face started.

Below was nothing but jagged bits of stone.

Now, I'm both impulsive and stupidly over-confident on the worst of days. So, you can imagine what happened next. I slipped and started to slide in a way that, for once, I couldn't control. I was headed straight off that small cliff for, at a minimum, some busted ribs and a concussion.

There was this one tree growing out from the top of the cliff, clinging to life where it was hard to imagine anything should. At the last moment I grabbed it with both hands and my momentum carried me out over the fall, but I held on.

Getting my feet planted on the ground near the exposed roots, I hung there for, of course, what felt like a lifetime, looking down and finally realizing just how alone and stupid I was.

I was really glad the tree held on as well.

I was reminded of this while hiking through the mountains of New Mexico a few weeks ago. For the record I was a lot less impulsive. But it brought back memories of climbing over rocks and remembering how to map out a path up, even if my stamina wasn't always up to the task.

I was acutely aware of the differences even though the eyes and the brain were seeing the same things they did when I was a kid.

Looking back, my life resembles that morning hanging from that tree — not much of a plan. At times when I

have planned, and with Camille as general contractor, I stayed mostly on schedule. But, in reality, I've simply gone where my nose led me.

And, at times, it's been really messy.

More often than not I made my life a lot harder than it needed to be, blundering through where my instincts took me, but having to grasp at the first opportunity that came my way. Because, if I didn't, the alternative was oblivion.

Strategic thought is hard for me. Tactics, calculating current board state, that I'm a good at. It's why I'm a miserable chess player. I've had to learn strategy the hard way. One mistake at a time.

What struck me about driving through that part of the

country was how stubborn people were, in the best of ways. I saw houses in impossible places, clinging to rocks like the tree that, arguably, saved my life.

I understood immediately why these people did that. It's no different than what Camille and I did building our home where and how we did. It was a refuge, a place of calm among the mess. It was something under our control. It was also a thing to achieve. These people looked up and said, "What a grand idea," where others saw hardship.

The world is going crazy right now. It's messy, ugly and full of nasty surprises, no matter what our plans are. Who would want to make plans during times like this? Things are coming at

us so fast, how can you?

At many times in my life I've felt just like that kid, hanging over the cliff and wondering how I got where I am. But there's no time for that. There's only time for dealing with the next thing that comes my way.

And you hope that the experience of having been out over that cliff will guide you to the right decision and the next and the next. Because you know, no matter how hard you try there's no controlling things.

Maybe, if you're lucky, you can, in retrospect, put the whole thing together in a narrative, where you can see the through line of events, what they mean, and realize that to become the person you are today you couldn't have done this any other way.





# THE GOLD, GOATS 'N GUNS PORTFOLIO

## PORTFOLIO TABLE AND ALLOCATION RECOMMENDATIONS

### GOLD Portfolio

Holding	Holding	Entry Date	Entry Price	Recent Price	Current Yield	Total Return *	Position Value(1)
GAMCO Global Gold	GGN	Various	\$4.69	\$4.54	13.22%	12.60%	\$5,630.24
Dynagas LNG Partners Preferred Series B	DLNG.PB	12/7/18	\$21.18	\$17.99	12.16%	-9.54%	\$2,261.56
Golar LNG Partners Preferred	GMLPP	10/5/17	\$26.11	\$25.08	8.72%	12.00%	\$2,800.02
Permian Basin Royalty Trust	PBT	4/6/18	\$9.49	\$4.96	13.02%	-42.67%	\$1,433.19

### GOATS Portfolio

Holding	Symbol	Entry Date	Entry Price	Recent Price	Current Yield	Total Return *	Position Value(1)
Gazprom	OGZPY	9/4/17	\$4.03	\$7.00	7.52%	97.15%	\$4,928.82
Pretium Resources	PVG	Various	\$8.44	\$12.92	0.00%	53.12%	\$7,656.05
Rayonier	RYN	2/6/18	\$31.40	\$26.06	3.84%	-12.86%	\$2,178.58
ScottsMiracle-Gro	SMG	7/15/18	\$85.09	\$109.85	1.93%	32.72%	\$3,318.12
Endeavor Silver	EXK	9/7/18	\$2.19	\$2.60	0.00%	18.99%	\$2,974.83

### GUNS Portfolio

Holding	Symbol	Entry Date	Entry Price	Recent Price	Current Yield	Total Return *	Position Value(1)
ProShares UltraShort Euro	EUO	5/8/18	\$22.40	\$26.35	0.00%	17.63%	\$1,176.34
SPDR Dow Jones ETF	DIA	7/15/18	\$260.09	\$263.18	2.12%	2.67%	\$1,026.71

(1) Position Values are based on Initial Positions for GOLD and GOATS of \$2,500 and for GUNS of \$1,000.

\* Returns calculated based on recommended actions and assumes reinvestment of all dividends at market price.

### Found Money List

Holding	Symbol	Entry Date	Entry Price	Recent Price	Current Yield	Total Return *	Position Value(2)
Select Sands	SLSDF	9/4/17	\$0.39	\$0.03	0.00%	-92.04%	\$19.89
Newrange Gold	NRGOF	Various	\$0.22	\$0.15	0.00%	-33.67%	\$331.67
Komodo	KMD	Various	\$3.93	\$0.81	0.05%	-77.97%	\$110.15
Gold Standard Ventures	GSV	8/9/18	\$1.64	\$1.00	N/A	-39.09%	\$152.29
Decred	DCR	9/4/17	\$38.79	\$26.71	0.00%	-31.14%	\$172.15
Basic Attention Token	BAT	6/9/19	\$0.33	\$0.20	0.00%	0.00%	\$149.70

(2) - Position Values for Found Money List are based on initial purchases of \$250.00.

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