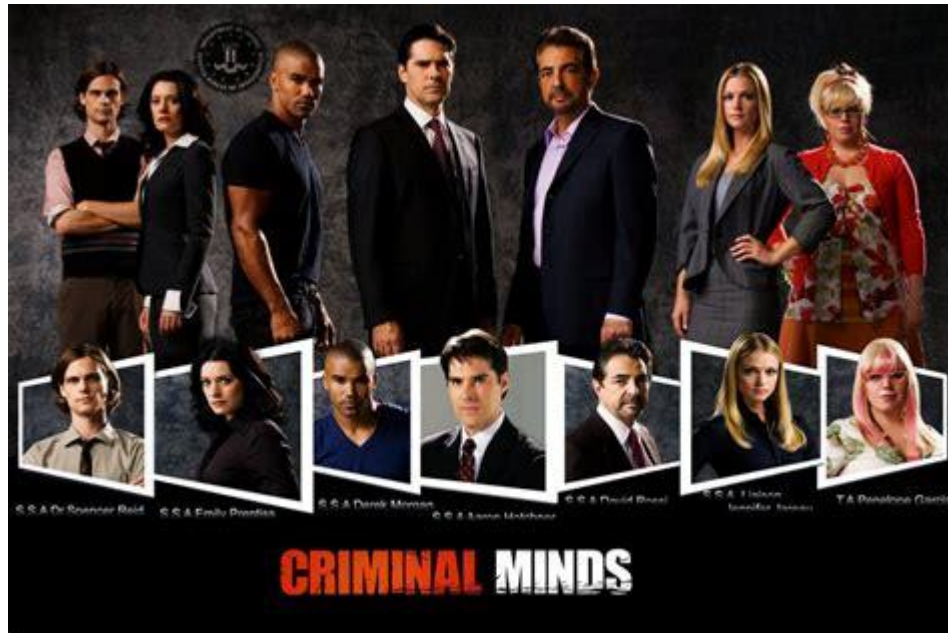


Alps Precious Metals Group

Monthly Commentary and Update

April 2019



Source - https://www.cbs.com/shows/criminal_minds/about/

Excerpt from an interview of James Grant by “The Market – NZZ”:

<https://themarket.ch/interview/the-world-wide-suppression-of-interest-rates-has-been-something-very-near-to-a-crime-ld.85>

TM: Then again, Bernanke and other central bankers claim that their low interest rate policies have preserved the world from an economic depression. What’s your conclusion when you look back on the last decade since the financial crisis?

JG: I’m of the view that the world-wide suppression of interest rates over the past ten years has been not only inadvisable but, **on moral grounds, something very near to a crime.**

TM: That’s a tough judgement.

JG: By that I mean that the suppression of interest rates has served to advantage one class of people: The savers have been disadvantaged whereas big banks have been very greatly advantaged, and the financial community has been advantaged. *In short: the saver’s loss has been the speculators’ gain.* **So, the ordinary working person has been disadvantaged and that is apolitical. To speak metaphorically but, I still think truthfully, that kind of policy is bordering on criminal – and I stand by that.**

We have been told since we were young that there is a truism which states: "When one 'reaches a certain threshold of Experience and Wisdom' (better said "When one GETS OLD"), he begins to care little for what others think of what he says or does. As James Grant will turn 73 years of age on July 26th of this year, we suggest he is well into his "devil may care" phase of speaking his mind. We are younger than Jim, but we agree with his assessment of the proper name for the behavior of the Fed and its global Central Bank buddies.

Does this get tedious, watching "the market" go up, while Precious Metals chop and struggle? Are we tempted to throw in the towel? In a word, No. This type of excess leads to problems, no matter how loud a defender of current policies screams they won't. The same is true for Criminal behavior - it ultimately gets found out and punished.

We are stunned (though we really shouldn't be) that we have returned to the same insanity of 20 years ago in terms of valuations and market behavior. Uber and Lyft pricing for Billions in market cap when they have no defined means (no matter how derived from fantasy) whatsoever to profitability in any ProForma model. Profit margins well past any excess of the past. Credit default swaps heading for the perfection pricing they had just prior to the meltdown. Nothing has been learned, so it will all have to be relearned. Oh, yeah, and add ideas like MMT which are absolute, pure-bred insanity and the pathway straight to hyperinflation.

How can we possibly find ourselves right back in 1999/early 2000/the fall of 2007 again? We couldn't tell you but we suggest that those two previews should have all of us prepared for what happens next. The following graphs and tables tell the tale that all is in place for a repeat of the forgettable days which followed those excessive times; however, we may get more excessive than them both before the Piper comes for his remuneration.

What will drive the herds out of risk assets and fiat currencies and into Precious Metals? Again, loss of confidence in the system. What will be the catalyst to start the avalanche, and when will it occur? Your guess is as good as ours. But suffice it to say that we have extremely high confidence that *something* will trigger the reset and that when it comes to pass it will be imbued with a "take-no-prisoners" persona.

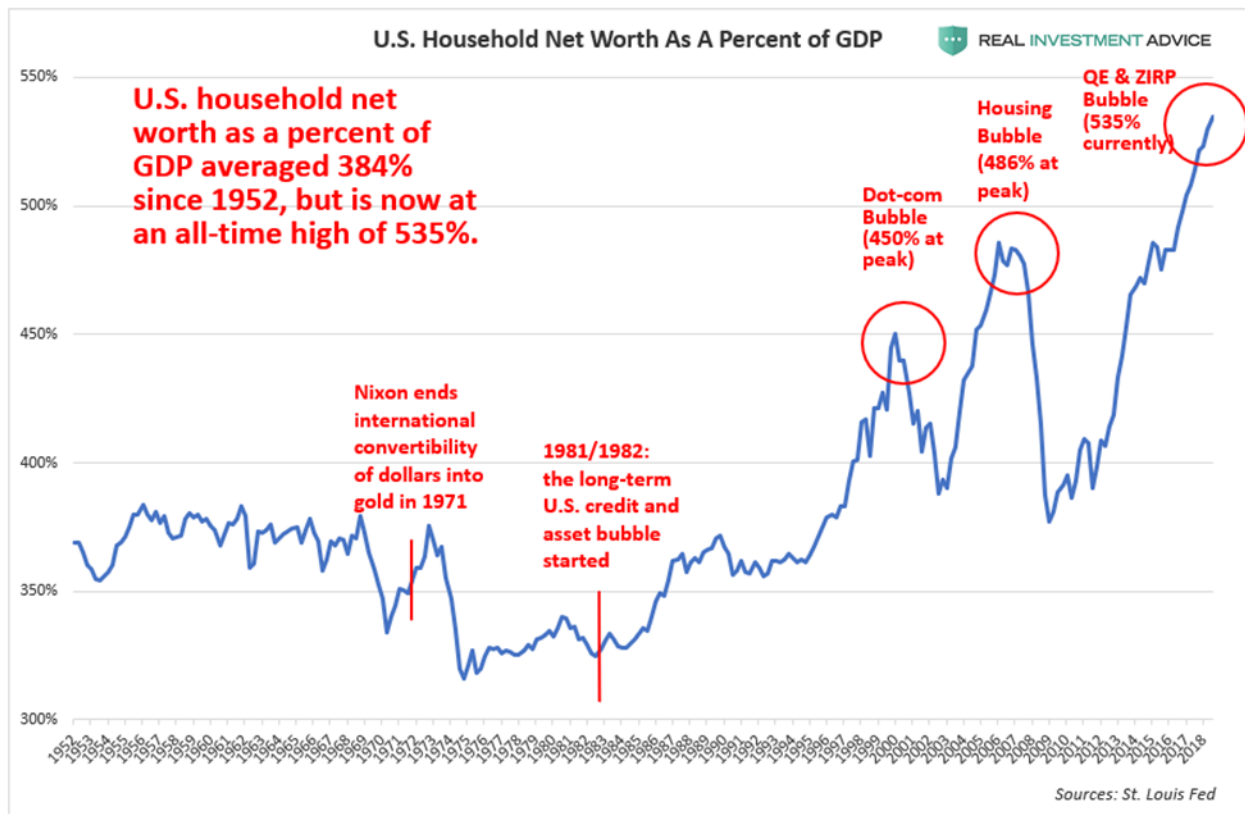
We continue to believe that the initial catalyst will be something "going wrong" somewhere in the geo-political realm. When that gets followed by a Central Bank move *that doesn't work*, the game will be on. Or perhaps, when it comes to asset prices falling in value, "that just won't be allowed", and inflation of ALL prices will eventually be produced. Either way, the search for something that can be trusted, something that is reliable, something that is SOLID in terms of stable and transferable value, will be the new "In-thing". That will be the dawn of the new time for Precious Metals.

Now, some pictures that we believe paint a thousand words:

Valuations

Don't Mention Dot Com

Value shares reach an ominous level versus their growth peers



S&P 500 Valuations

Factors	Most Recent Value	Historical Percentile
Median Price to Book	3.6	99%
Median EV To Sales (Ex-Financials)	3.1	99%
Margin-Adjusted CAPE	44	99%
US Total Market Cap to GDP	140%	98%
Cyclically-Adjusted P/E (CAPE)	33.2	98%
Median EV to EBITDA (Ex-Financials)	12.7	96%
EV to Free Cash Flow Margin-Adjusted (Ex-Financials)	40.6	95%
Median Price to Sales	2.53	94%

Source: Bloomberg; Yale/Robert Shiller; John Hussman

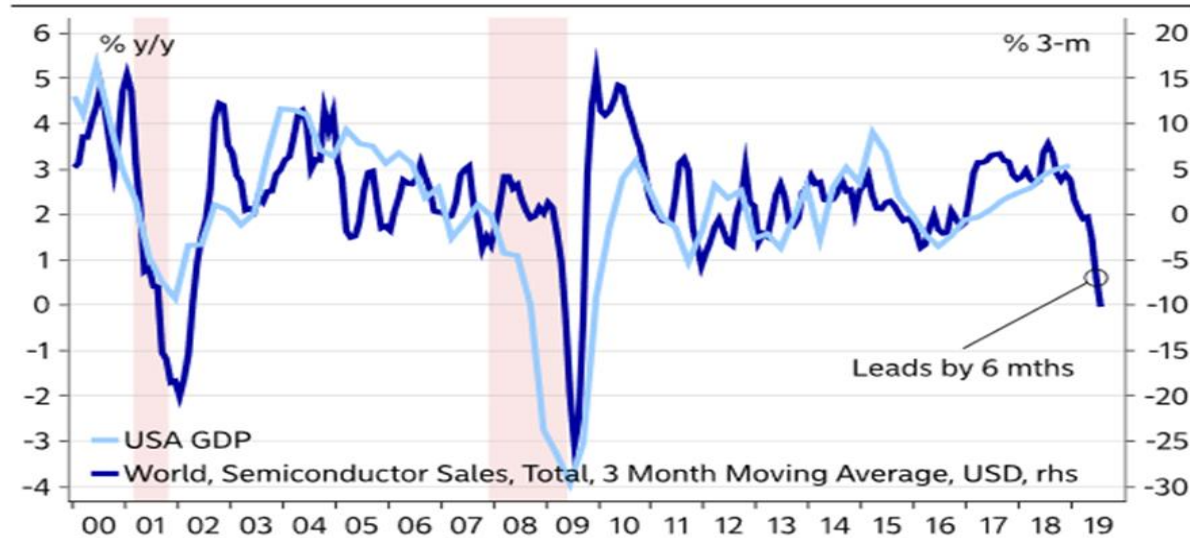
*Numbers as of March of 2019

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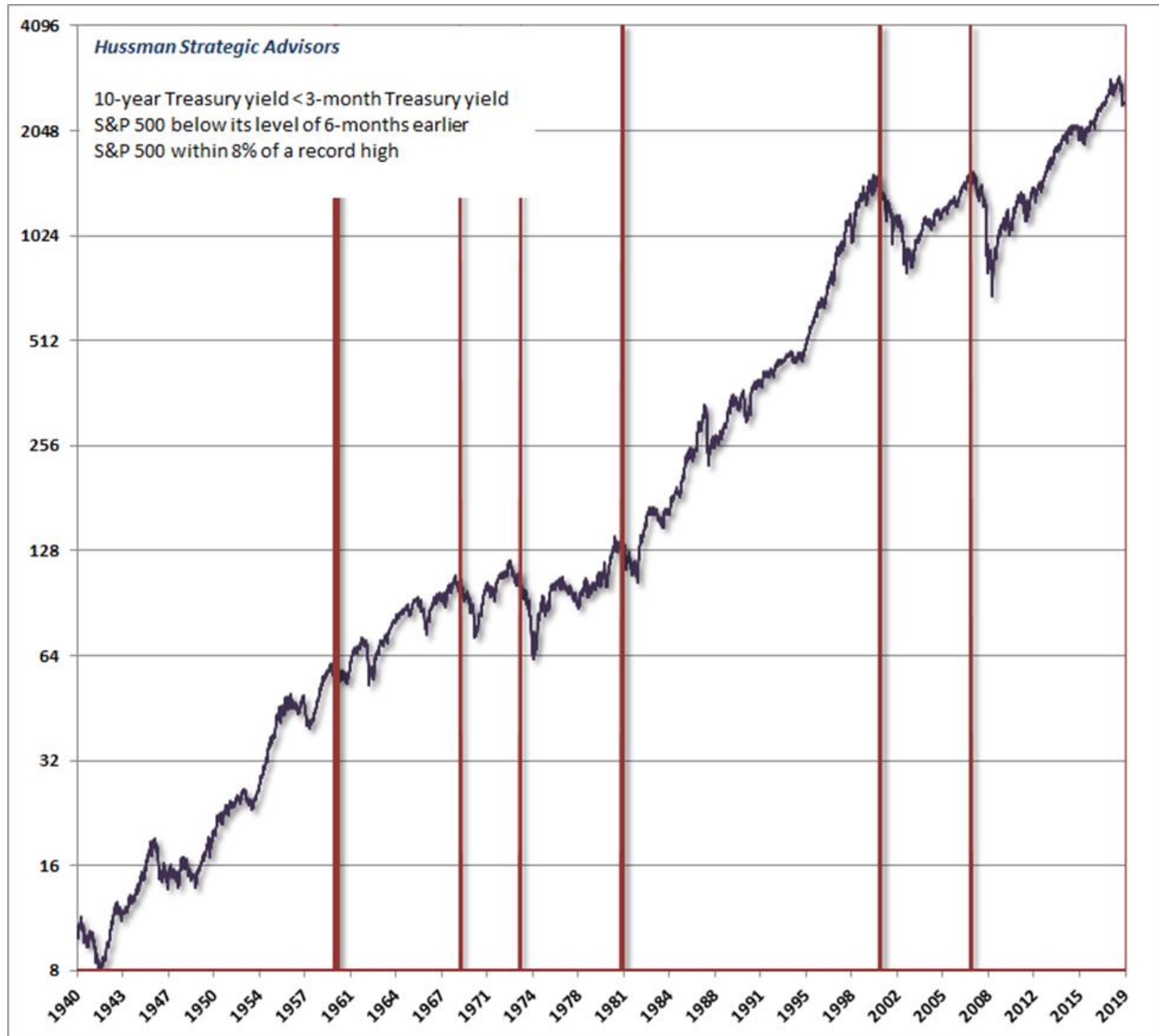
Source: Bloomberg. Changes are net (raised minus lowered), three week average.

DISTURBINGLY LARGE DROP IN SEMICONDUCTOR SALES



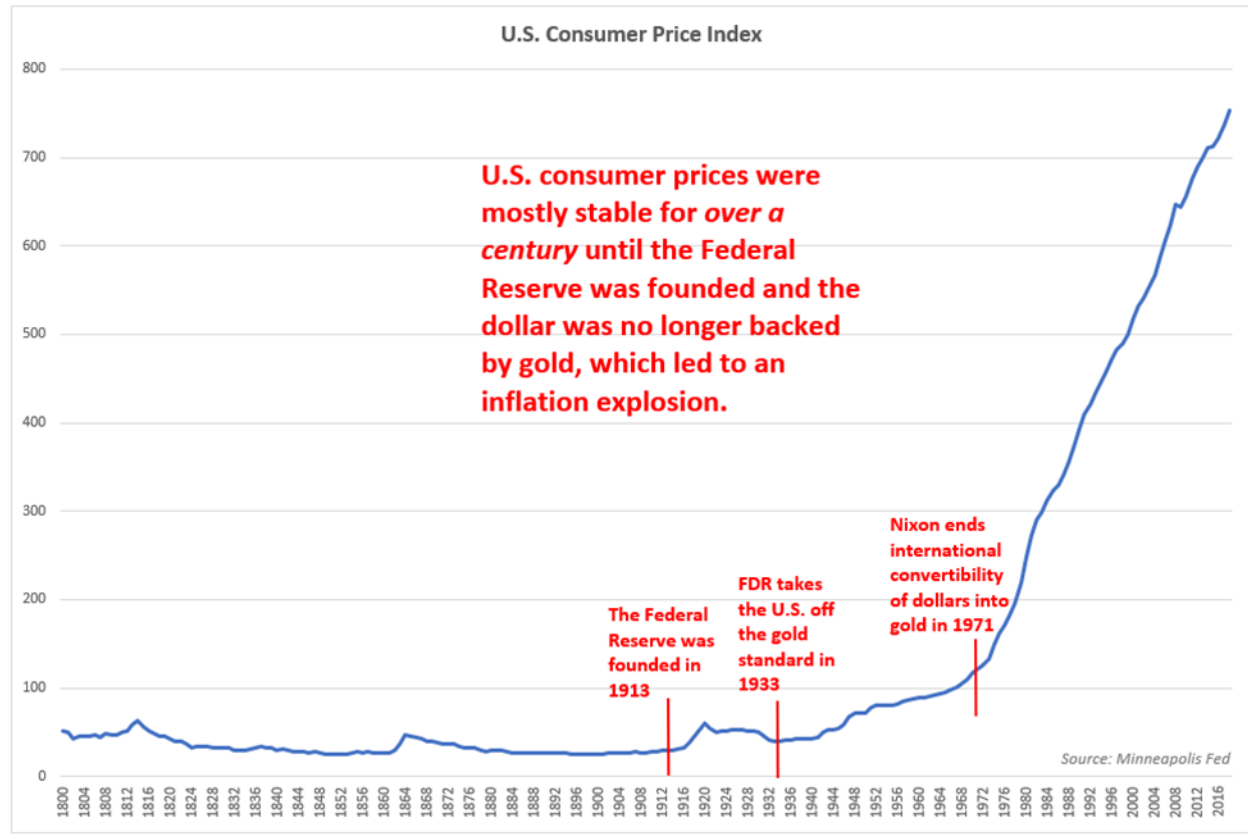
Source: Macrobond and Nordea

The Post-WW2 batting average is 1.000 for material market selloffs when we see the union of the factors listed below in Dr. Hussman's key.



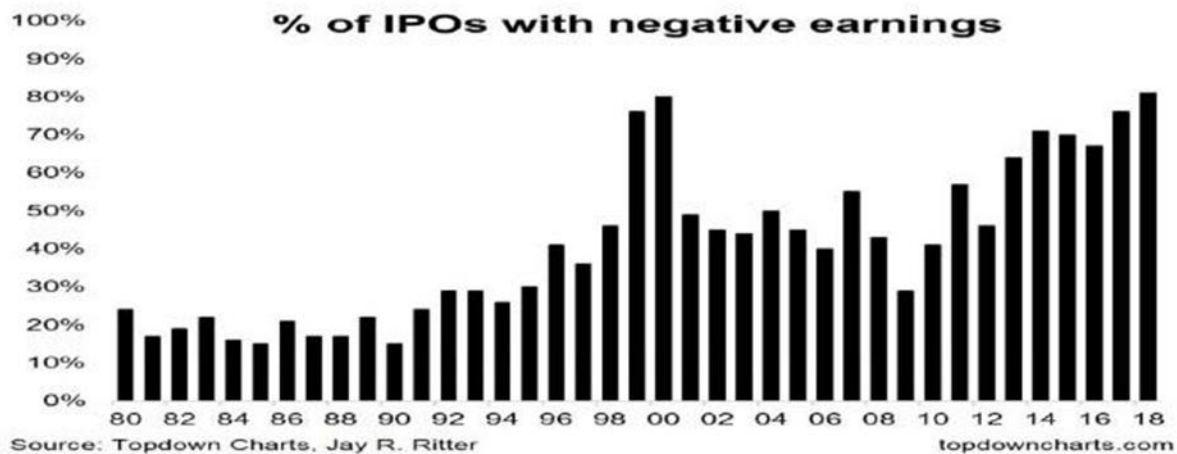
Consequences for Criminal Behavior

Average Consumer has been hammered:



Speculative behavior encouraged:





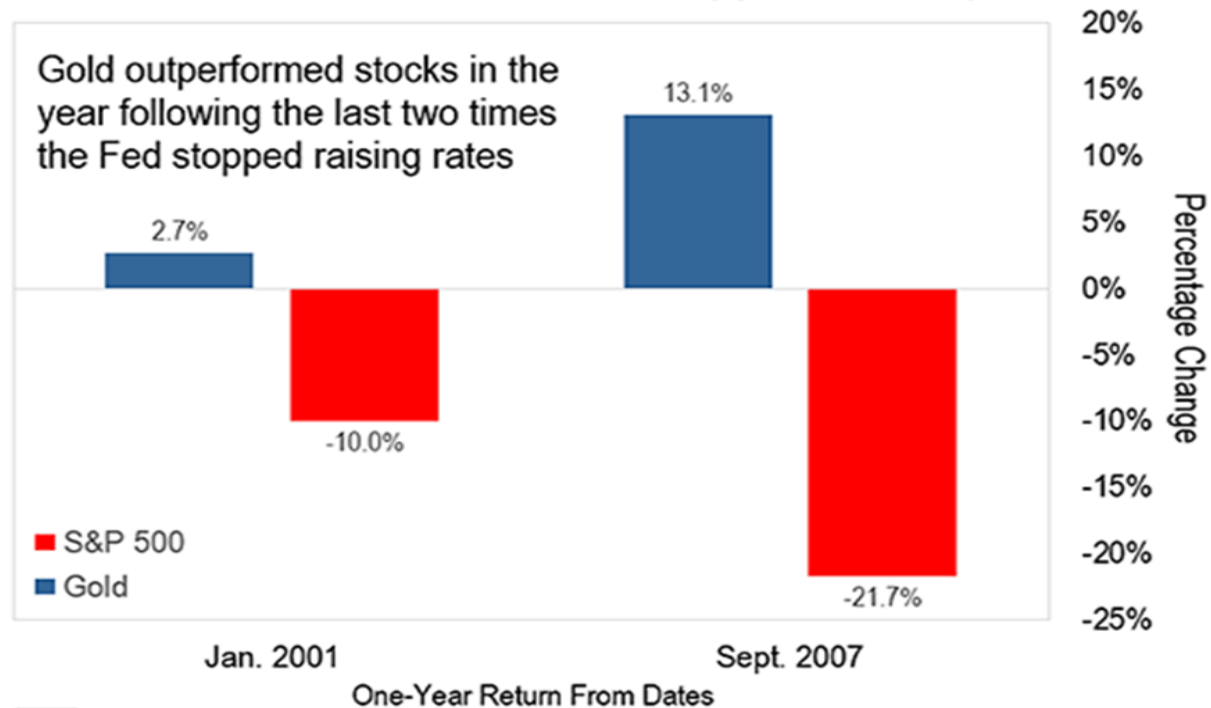
Source: Albert Edwards/Zero Hedge – 4/14/2019



Source: Crescat Capital Q1-2019 Investor Letter

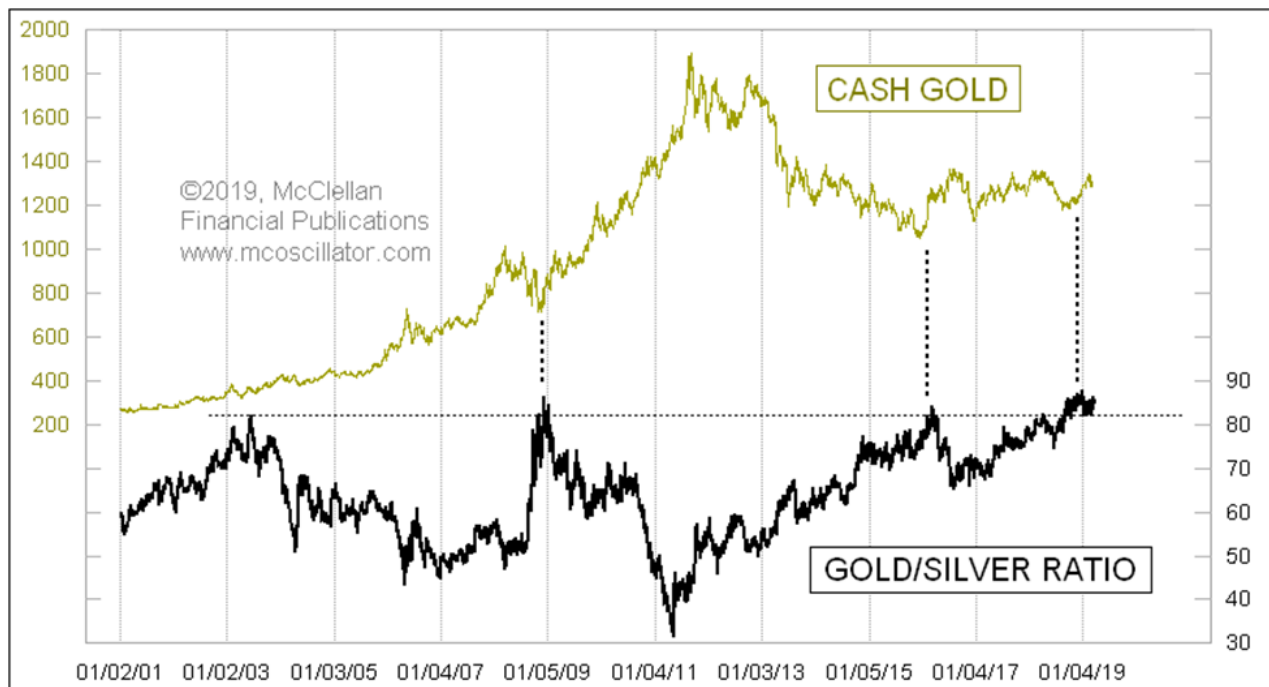
Implications for Precious Metals

Gold vs. Stocks After the Fed Stopped Raising Rates

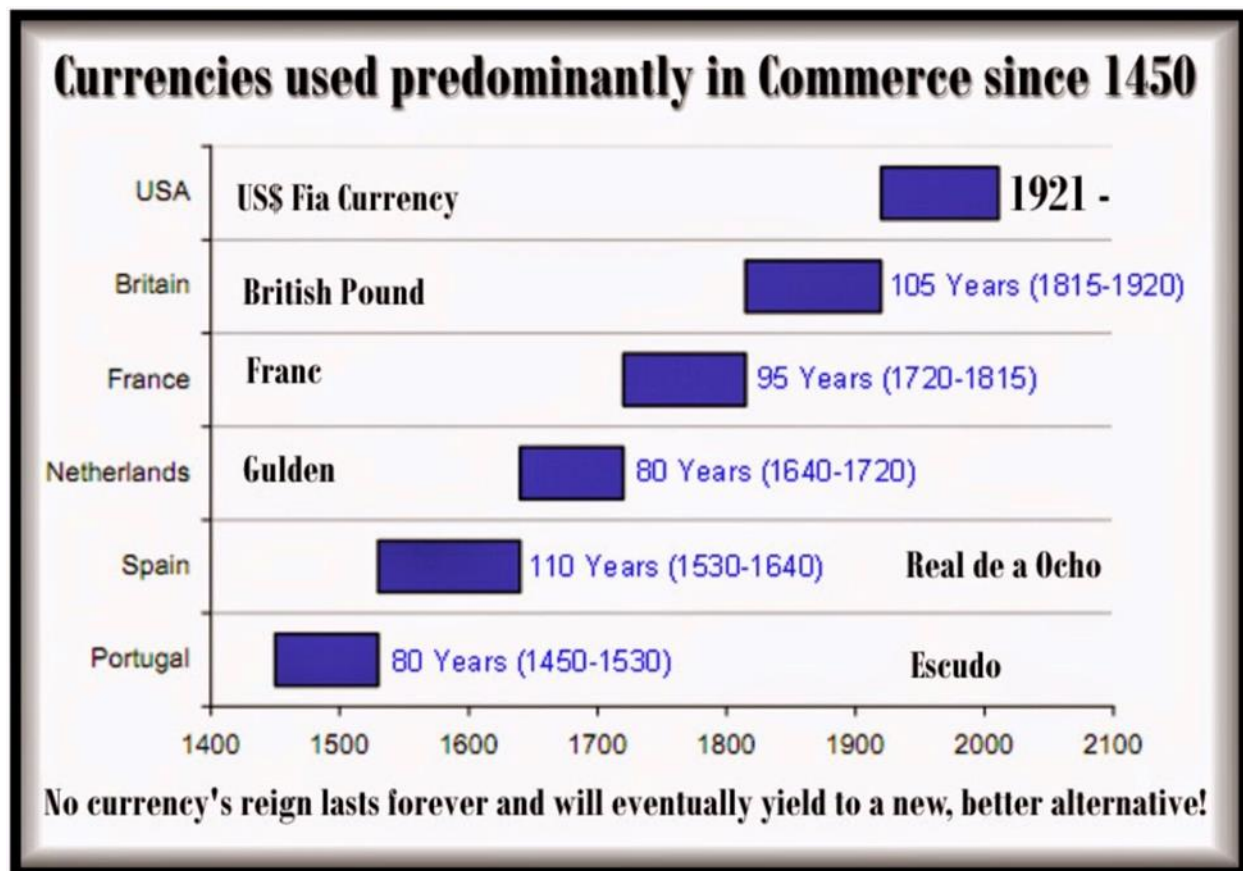


BONNER & PARTNERS

Source: World Gold Council, Bloomberg



Time's Up for the Dollar?:



Source: Egon von Greyerz, Matterhorn Asset Management; King World News

APMG, LPMG and St. Joseph Partners

Alps Precious Metals Group via our partnerships with Liechtenstein Precious Metals Group (Global and Offshore clients) and St. Joseph Partners (U.S. focused clients) is dedicated to providing the global standard for the finest and most secure storage and trading of Physical Precious Metals. Our Vaults have some of the highest security standards in the world ("Class 10" at LPMG) and, via our insurance partners, each client's specie is insured at 100% of its market value. Our trading desks provide liquidity on each and every business day with as little as next day settlement. All of these benefits are enjoyed while simultaneously being freed from the status quo global financial system. Contact us (www.alpspmg.com) to discuss how Alps can become a trusted partner in the creation, protection and utilization of the hard money portion of your portfolio.

James P. Hunter
Managing Partner
Alps Precious Metals Group